

Weekly Commentary and Statistics

As of October 2, 2009

- End-of-September weakness in U.S. equity markets carried over into the beginning of October, and the S&P 500 Index posted its second-consecutive weekly decline. European and Asian markets were also down for the week; in Japan, the Nikkei closed the period down more than 5%.
- Despite the sluggish end to September, the third quarter was a robust period for equities. The S&P 500 Index posted a third quarter return of more than 15%, one of its best quarters ever but unimpressive compared to the almost 20% return of the MSCI EAFE Index and the 21% gain of the MSCI Emerging Markets Index.
- The two most important U.S. economic data releases for September — the employment report and the ISM manufacturing survey results — were both weaker than expected. A variety of other recent indicators also show somewhat slower economic activity last month. Short-term reversals like this are typical of the early stages of a business cycle recovery and do not call into question our view that the recession has ended.
- With the cash-for-clunkers program in the rear-view mirror, most automakers reported sharply lower sales figures for September. Total industry sales were down 23% from a year ago and 41% from August.
- In separate appearances, both Treasury Secretary Geithner and Fed Chairman Bernanke spoke out in support of a strong U.S. dollar and its position as a global reserve currency. These comments in response to a statement by the World Bank president earlier in the week that the dollar would face increasing pressure as the

Global Market Returns (%)	One Week		Year to Date	
	Local	USD	Local	USD
Barclays Global Aggregate Bond Index	0.89	0.30	2.87	8.08
MSCI EAFE Index	-2.81	-2.99	17.16	24.90
MSCI United Kingdom Index	-1.84	-2.15	17.08	29.42
MSCI Europe ex-U.K. Index	-2.22	-2.83	20.68	27.10
MSCI Japan Index	-5.31	-4.56	3.88	5.53
MSCI AC Asia ex-Japan Index	-1.38	-1.12	55.56	59.20
MSCI Emerging Markets Index	-0.66	-0.70	50.06	62.64
JPM EMBI+ Emerging Markets Bond Index	NA	0.89	NA	24.04
NAREIT Global Real Estate Index	-2.36	-2.90	16.26	21.61

U.S. Broad Market Indexes	Close	Returns (%)		
	10/2/2009	One Week	Year to Date	One Year
Dow Jones Industrial Average	9487.67	-1.84	8.10	-9.49
S&P 500 Index	1025.21	-1.80	15.67	-5.52
NASDAQ Composite Index	2048.11	-2.05	29.87	3.61
Barclays Capital U.S. Aggregate Index	1541.13	0.34	5.99	10.27
Barclays Capital High Yield Bond Index	985.13	-0.63	48.14	25.57

S&P 500 Sectors			
Consumer Discretionary	-1.58	24.94	1.42
Consumer Staples	0.71	8.98	-5.08
Energy	-2.84	4.12	-10.64
Financials	-2.14	15.87	-25.31
Health Care	-1.00	7.63	-3.94
Industrials	-3.41	10.19	-7.69
Materials	-2.80	32.28	1.26
Technology	-2.01	41.42	12.28
Telecom	-1.20	-0.50	-0.88
Utilities	-2.37	1.57	-7.42

U.S. Returns by Style					
One Week (%)		Year to Date (%)		One Year (%)	
Large Value	Large Growth	Large Value	Large Growth	Large Value	Large Growth
-2.4	-1.3	10.8	23.7	-10.7	1.7
Mid Value	Mid Growth	Mid Value	Mid Growth	Mid Value	Mid Growth
-2.4	-2.0	22.2	31.8	-6.1	3.9
Small Value	Small Growth	Small Value	Small Growth	Small Value	Small Growth
-3.3	-2.8	11.7	24.0	-11.4	-3.1

Large Value: Russell 1000 Value
 MidCap Value: Russell MidCap Value
 Small Value: Russell 2000 Value

Large Growth: Russell 1000 Growth
 MidCap Growth: Russell MidCap Growth
 Small Growth: Russell 2000 Growth

Source: FactSet, Bloomberg

world's predominant reserve currency as the euro and Chinese renminbi grow in prominence.

- In announcing the results of a recent stress test of the region's financial system, European Union finance ministers said that the bloc's top 22 banks had sufficient capital to handle "severe macroeconomic deteriorations."
- The International Olympic Committee announced that Rio de Janeiro had been selected as the site of the 2016 Summer Games, making it the first South American city to host the games. Rio beat out Madrid, Chicago and Tokyo.

Bond Rates (%)	As of			
	10/02/2009	9/25/2009	12/31/2008	10/02/2008
U.S. Federal Funds Target Rate	0.25	0.25	0.25	2.00
U.S. Two-Year Treasury Yield	0.88	1.00	0.76	1.64
U.S. Ten-Year Treasury Yield	3.22	3.33	2.25	3.64
U.S. Ten-Year Muni Yield	2.95	2.97	3.91	4.20
High Yield (Merrill U.S. Corporates)	9.60	9.52	16.58	12.91
Commodity Prices				
Gold (USD/oz)	1004.30	991.60	884.30	844.30
Crude Oil (USD/bbl)	69.95	66.02	44.60	93.97
Gasoline (USD/gal)	1.74	1.64	1.06	2.26
Copper (USD/lb)	268.15	274.05	143.95	264.85
Exchange Rates				
\$ per €	1.46	1.47	1.39	1.38
\$ per £	1.59	1.59	1.44	1.76
¥ per \$	89.23	89.93	90.65	105.29

Source: FactSet, Bloomberg

Index Definitions

Barclays Capital Global Aggregate Bond Index measures a wide range of global government, government-related, corporate and securitized fixed-income investments, all with maturities greater than one year.

Barclays Capital High-Yield Bond Index tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market.

Barclays Capital U.S. Aggregate Index is a bond market index composed of US securities in Treasury, Government-Related, Corporate, and Securitized sectors that are of investment-grade quality or better, have at least one year to maturity, and have an outstanding par value of at least \$250 million.

Dow Jones Industrial Average is a price-weighted average computed from the stock prices of 30 of the largest and most widely held public companies in the United States, adjusted to reflect stock splits and stock dividends.

FTSE EPRA/NAREIT Global Real Estate Index represents general performance trends of the equity securities of real estate companies involved in the ownership, disposition and development of income-producing properties worldwide.

JPMorgan Emerging Markets Bond Index Plus (EMBI+) tracks total returns for traded foreign currency denominated debt instruments in the emerging markets which meet minimum criteria for face value outstanding and market trading liquidity.

MSCI EAFE Index is a free float-adjusted market capitalization weighted index designed to measure developed markets' equity performance, excluding the US & Canada, for 21 countries.

MSCI Europe ex-U.K. Index is a free float-adjusted market capitalization weighted index designed to measure equity performance of the 15 developed European markets except the United Kingdom.

MSCI U.K. Index is a free float-adjusted market capitalization weighted index designed to measure equity performance of listed common stocks in the United Kingdom.

MSCI Asia ex-Japan Index is a free float-adjusted market capitalization weighted index designed to measure equity performance of the 15 developed Asian markets except Japan.

MSCI Japan Index is a free float-adjusted market capitalization weighted index designed to measure equity performance of listed common stocks in Japan.

MSCI Emerging Markets Index is a free float-adjusted market capitalization index that measures emerging market equity performance of 22 countries.

Municipal Bond Index is a bond index that includes investment-grade, tax-exempt fixed-rate bonds with long-term maturities (greater than two years) selected from issues larger than \$50 million.

NASDAQ Composite Index is a market capitalization weighted index of the performance of domestic and international common stocks listed on The Nasdaq Stock Market including over 2,800 securities.

Russell 1000 Growth Index measures the large-cap growth segment of the U.S. equity market including Russell 1000 companies with higher price-to-book ratios and forecasted growth.

Russell 1000 Value Index measures the large-cap value segment of the U.S. equity market including Russell 1000 companies with lower price-to-book ratios and lower expected growth.

Russell Midcap Growth Index measures the performance of the mid-cap growth segment of the U.S. equity market including Russell Midcap Index companies with higher price-to-book ratios and forecasted growth.

Russell Midcap Value Index measures the performance of the mid-cap value segment of the U.S. equity market including Russell Midcap Index companies with lower price-to-book ratios and forecasted growth.

Russell 2000 Growth Index measures the performance of small-cap growth stocks in the U.S. equity market including Russell 2000 companies with higher price-to-value ratios and forecasted growth.

Russell 2000 Value Index measures the performance of small-cap value stocks in the U.S. equity market including Russell 2000 companies with lower price-to-value ratios and forecasted growth.

S&P 500 Index is a widely regarded as the best single gauge of the U.S. equities market, including 500 leading companies in major industries of the U.S. economy.

S&P 500 Sectors are defined as the GICS (Global Industry Classification Standard) sectors which provide standardized industry definitions consisting of 10 sectors, 24 industry groups, and 68 industries.

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