

Economic Update

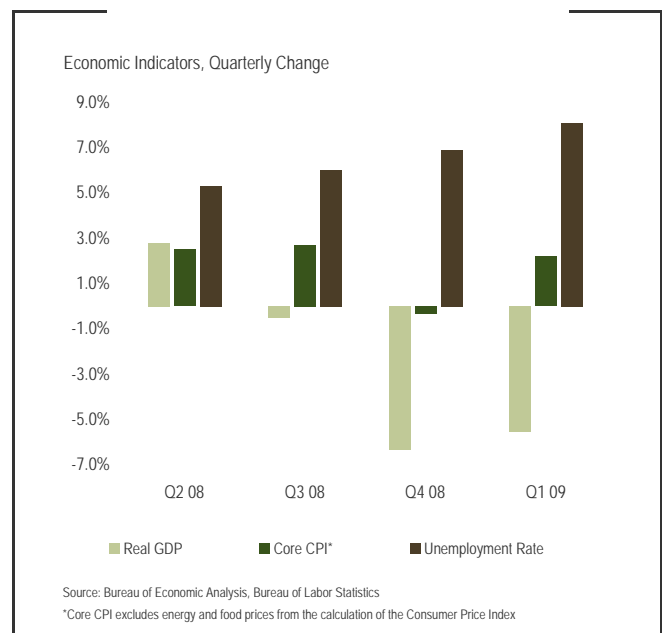
The minutes released from the June 23-24 FOMC meeting reflected the Fed's satisfaction with the progression of its monetary policy. Improvement in the financial markets pushed the focus of the meeting toward planning the development of tools that will allow for a timely withdrawal of policy accommodation when appropriate. This is in response to the Fed's vastly expanded balance sheet, which staff project will peak late this year and decline gradually thereafter. Economic growth projections were revised up for the remainder of 2009 and 2010, offering confirmation that the Fed views the economy as on the path to a fragile recovery later this year.

Despite the relatively positive forecast for the economy as a whole, the Fed also increased its projections for unemployment and core inflation, suggesting a continued dreary outlook for the labor market. Former Federal Reserve Governor Laurence Meyer said that he doesn't predict the U.S. returning to full employment – or a jobless rate around 5% – for another 6 years. In an interview with Bloomberg.com, Meyer stated that since we are starting "in a hole" at a near 10% unemployment rate, relief is going to come very slowly. The U.S. has lost 7.2 million jobs since the beginning of the recession in December 2007.

Housing starts in the U.S. for June rose to a seven-month high, jumping 3.6% to 582,000. This number exceeded forecasts by over 50,000, suggesting that the housing market meltdown could be reaching an end. Some economists are not as optimistic, fearing that rising mortgage rates and high foreclosure rates could potentially send the housing market into a renewed decline.

Newly released data showed that the China's GDP grew 7.9% this year through the second quarter, indicating that the country's economic stimulus package has been very effective. Goldman Sachs estimates that annualized second quarter growth was 16.5% as compared with the previous 3 months.

Source: Bureau of Economic Analysis, U.S. Department of Commerce, Federal Reserve Banks, U.S. Department of Labor, The Wall Street Journal, Bloomberg, Reuters, International Council for Shopping Centers, International Monetary Fund.



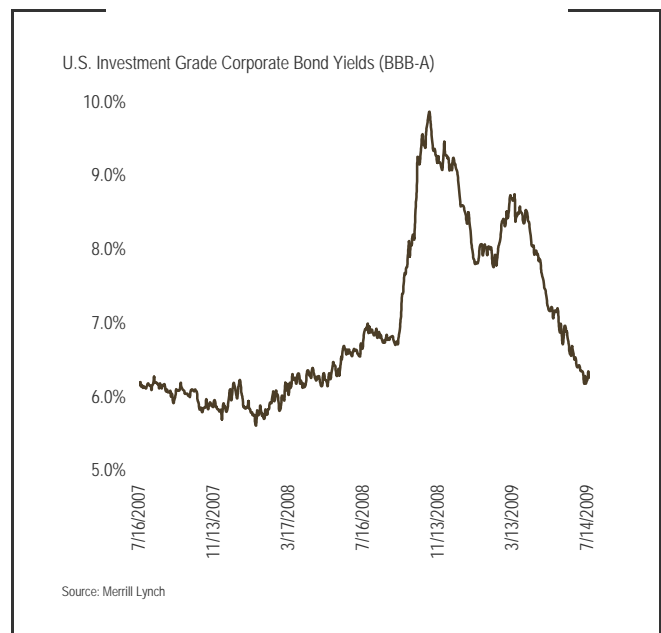
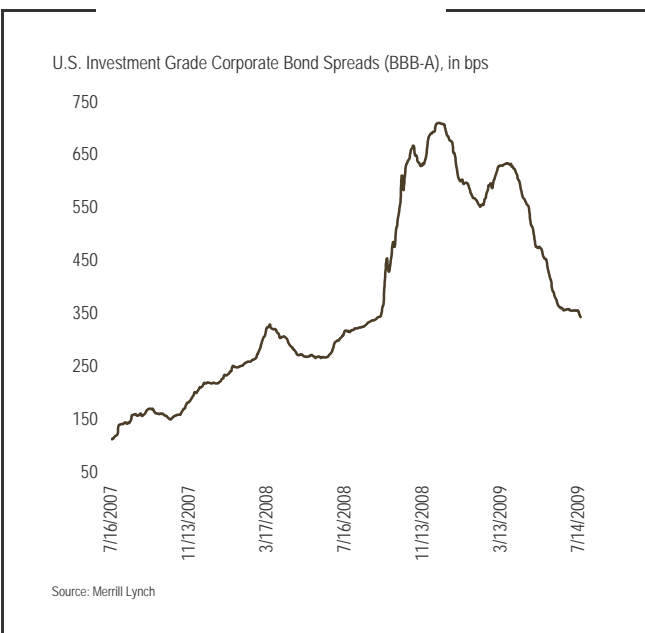
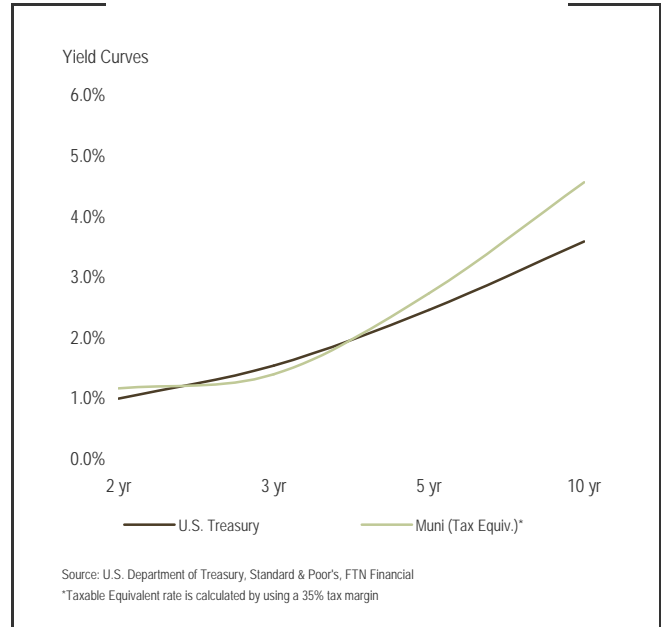
July 14 th	ICSC-Goldman Same Store Sales, Wkly. Chg.	-0.9%
July 14 th	Producer Price Index, June Monthly Chg.	1.8%
July 14 th	Retail Sales, June Monthly Chg.	0.6%
July 14 th	Business Inventories, May Monthly Chg.	-1.0%
July 15 th	MBA Purchase Applications Index Level	258.8
July 15 th	Consumer Price Index, June Monthly Chg.	0.7%
July 15 th	Empire State Mfg Survey, July	-0.55
July 15 th	Industrial Production, June Monthly Chg.	-0.4%
July 15 th	EIA Petroleum Status Report, Wkly. Chg.	-2.8M Barrels
July 16 th	Initial Jobless Claims (Week ending 7/11)	522,000
July 16 th	Frgn Dmnd for LT US Securities, May	-19.8B
July 16 th	RBC Cash Index, July	22.4
July 16 th	Philidelphia Fed Survey, July	-7.5
July 16 th	EIA Natural Gas Report, Wkly. Chg.	90 bcf
July 16 th	Housing Market Index, July	17.0
July 17 th	Housing Starts, June	582,000

Bond Market Update

U.S. Treasuries fell, marking the first weekly decline in six weeks, as housing starts in the U.S. unexpectedly rose in June, suggesting the housing market may be stabilizing. Selling pressure from major European government bond markets also weighed on Treasury prices. Brian Edmonds, head of interest rates at Cantor Fitzgerald, noted a "large" stop-loss sell order in German government bonds. Market participants also sold government debt to hedge against possible new issuance from the financial sector after several major banks reported better than expected earnings this week. All else equal, new issuance tends to raise interest rates as supply increases and demand remains unchanged. Meanwhile CIT Group, a commercial finance company, announced that it is in talks with potential lenders to avoid bankruptcy after failing to receive federal guarantees for its bonds. CIT may need as much as \$6 billion to avoid filing for bankruptcy protection, according to Bloomberg. JPMorgan and Morgan Stanley are in talks with other banks about a debtor-in-possession loan, used to fund a company's operations after it seeks court protection from creditors, said people familiar with the matter, who declined to be identified because the negotiations are private. CIT and its advisers, including Morgan Stanley and Evercore Partners Inc., are also trying to arrange rescue financing to avert bankruptcy.

Issue	7.13.09	7.20.09	Change
3 month T-Bill	0.18%	0.19%	0.01%
2-Year Treasury	0.91%	1.00%	0.09%
5-Year Treasury	2.22%	2.46%	0.24%
10-Year Treasury	3.32%	3.59%	0.27%
30-Year Treasury	4.20%	4.45%	0.25%

Source: Bloomberg, FTN Financial, The Wall Street Journal, U.S. Department of Treasury.



Stock Market Update

Stocks broke the recent down trend with strong gains in four out of five days. The Dow Jones Industrial Average closed at 8,743.94, up 597.42 points, or 7.33% for the week. The broader S&P 500 gained 6.97% on the week to close Friday at 940.38. The NASDAQ Composite gained the most of the major indices, adding 7.44% this week.

The rally was sparked by positive economic reports and better than expected earnings from Goldman Sachs (GS) and JP Morgan Chase (JPM). Goldman reported record quarterly revenues in equity underwriting, trading and principal investments. Goldman, according to the Wall Street Journal, was able to successfully take business from its weakened rivals. The company reported net income in the second quarter of \$3.44 billion. JP Morgan also reported better than expected earnings, and announced that it had repaid the \$25 billion capital injection it had received under the Troubled Asset Relief Program (TARP).

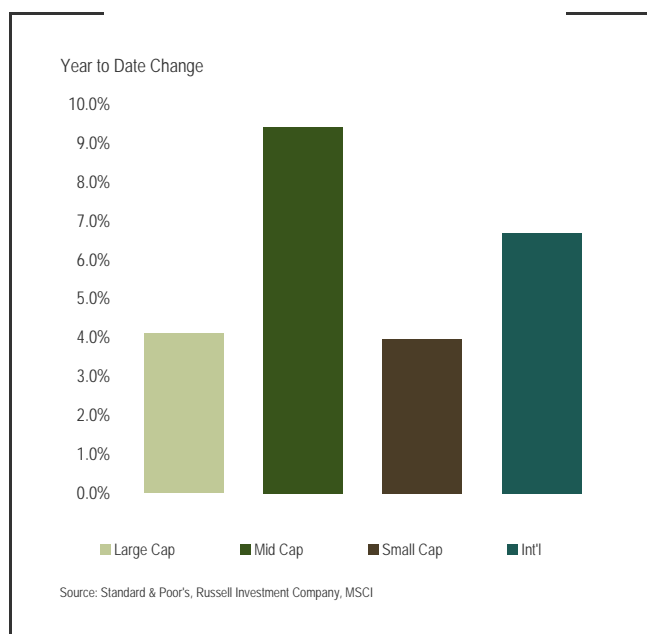
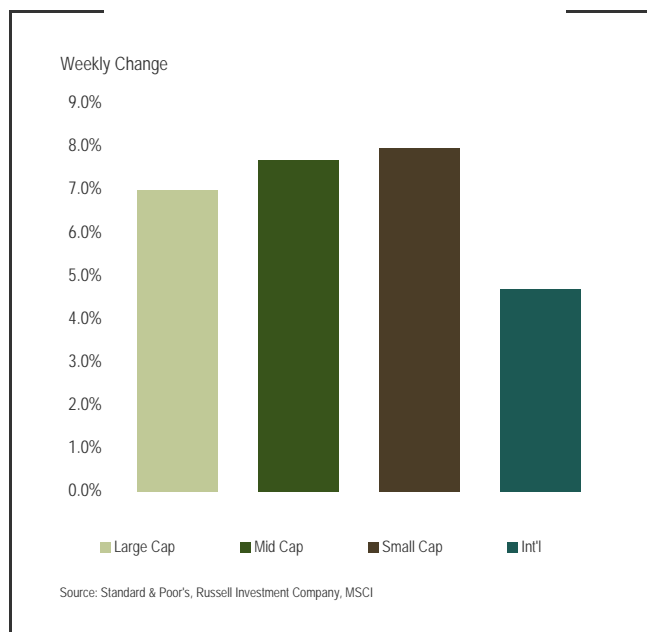
While good news was posted by Goldman Sachs and JP Morgan, other companies continued to struggle. Citigroup (C) posted a profit for the second quarter, but when the one time gain on the sale of its Smith Barney brokerage unit is removed, earnings missed analyst expectations. General Electric (GE) fell the most in three months on Friday, according to Bloomberg, when the company reported that revenue fell by 17% in the second quarter, a larger drop than analysts expected.

Financial and material stocks led the broad-based rally this week, each posting gains in excess of 9%. The laggards were health care, utilities, and consumer staples, posting gains of 3.47%, 4.12% and 4.54%, respectively.

International stocks rallied this week as well, driven by the positive news in the U.S. The NIKKEI 225 gained 1.16% in Japan and the FTSE 100 gained 5.69% in the U.K.

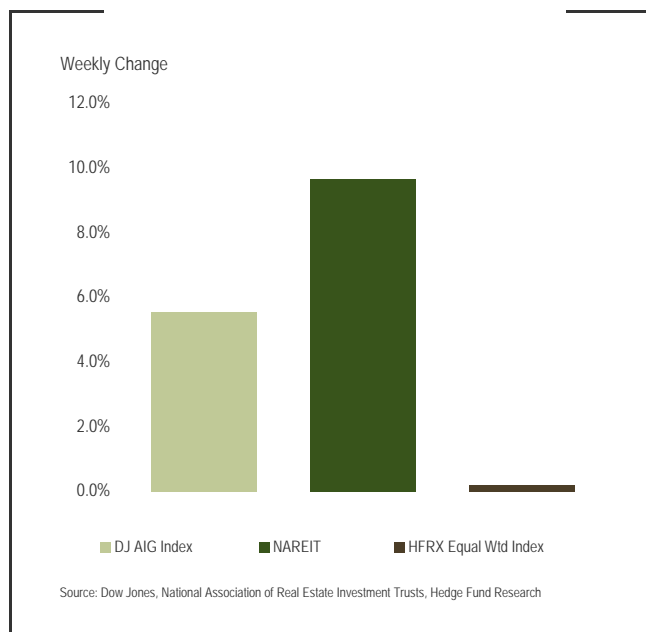
Issue	7.13.09	7.20.09	Change
Dow Jones	8,146.52	8,743.94	7.33%
S&P 500	879.13	940.38	6.97%
NASDAQ	1,756.03	1,886.61	7.44%
Russell 1000 Growth	396.06	422.18	6.59%
S&P MidCap 400	547.08	589	7.66%
Russell 2000	480.98	519.22	7.95%
MSCI EAFE	1,261.18	1,320.25	4.68%
MSCI EM	741.75	773.41	4.27%
MSCI Small Cap	115.12	118.94	3.31%

Prices reflect most recent data available at the time of publication
Source: Bloomberg, Russell Investment Company, Standard & Poor's, Morgan Stanley Capital International, The Wall Street Journal, MarketWatch.



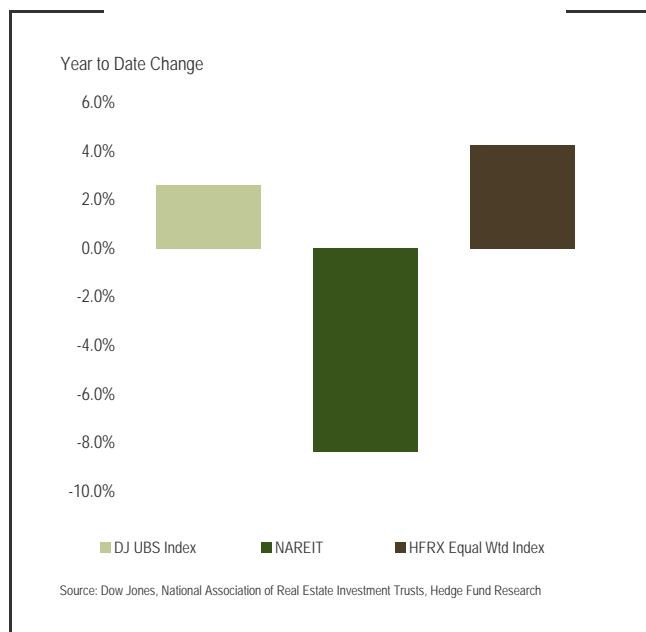
Alternative Investments Market Update

Industrial metals fared the best for the week with a gain of 9.36%. Nickel (11.25%), Copper (9.57%), Aluminum (8.60%), and Zinc (8.44%) all experienced significant price appreciations likely as a result of increased stability in U.S. manufacturing and strong Chinese imports. Natural gas prices, up 9.22%, rose over 11.00% on Thursday after a government report was released which showed a narrowing surplus of the factory and power-plant fuel, according to Bloomberg. Also contributing was the Commerce Department which reported the highest level of single family home starts since November 2008.



Issue	Previous Week	Current ¹	Change
Gold	912.50	937.50	2.74%
Crude Oil Futures	59.89	63.56	6.13%
Copper	2.21	2.42	9.50%
Sugar	22.55	23.15	2.66%
HFRX Equal Wtd. Strat. Index	1,044.17	1,046.09	0.18%
HFRX Equity Hedge Index	1,053.36	1,061.20	0.74%
HFRX Equity Market Neutral	1,005.67	1,002.58	-0.31%
HFRX Event Driven	1,257.79	1,259.52	0.14%
HFRX Merger Arbitrage	1,384.65	1,384.55	-0.01%
Dow Jones UBS Commodity Index	113.99	120.29	5.53%
FTSE/NAREIT All REIT	73.51	80.60	9.64%

¹ Prices reflect most recent data available at the time of publication
Source: Dow Jones, National Association of Real Estate Investment Trusts, Hedge Fund Research, Bloomberg, The Wall Street Journal.



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