

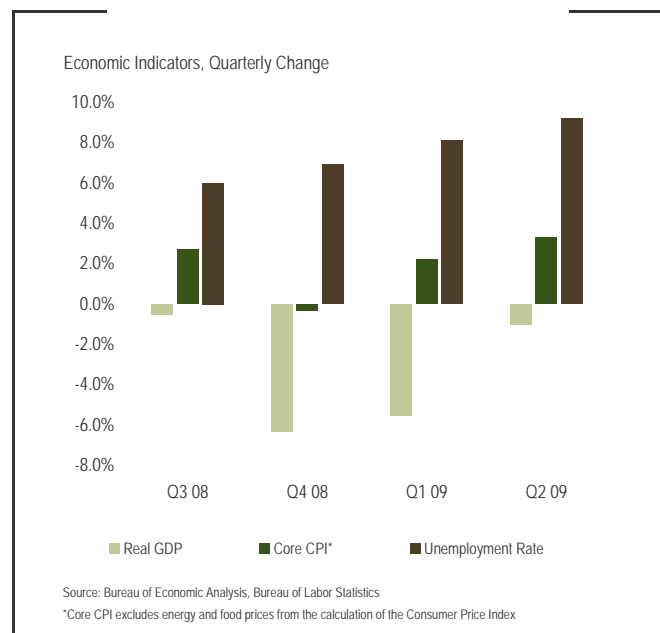
## Economic Update

The Labor Department reported that the unemployment rate increased 0.3% to 9.7% in August, its highest level since June 1983. However, the pace of job loss slowed with non-farm payroll employment decreasing only 216,000, as compared to a 276,000 decrease in July. According to the Wall Street Journal, this data indicates that a recovery in the labor market may be sluggish. The Labor Department also announced that non-farm business sector labor productivity rose 6.6% in the second quarter of 2009, the largest increase since the third quarter of 2003, while labor costs fell 5.9%, the largest decrease in nine years. Higher productivity and lower expenses may help in easing the employment slump, while limiting inflation.

As reported by the Institute for Supply Management (ISM), eleven of eighteen manufacturing industries are reporting growth in August as compared with the previous month. The Purchasing Managers' Index increased 4 percentage points to 52.9%, its highest level since June of last year. This increase was driven by strength in the New Orders Index which rose 9.6 points to 64.9%. The ISM also announced continued contraction in the non-manufacturing sector in August. The Non-Manufacturing Index rose from 46.4% to 48.4%, indicating the sector is contracting at a slower rate.

Minutes from the August Federal Open Market Committee indicated that the staff's outlook for the economy remained positive. They expect real gross domestic product to begin increasing in the second half of 2009 with financial conditions continuing to improve in 2010.

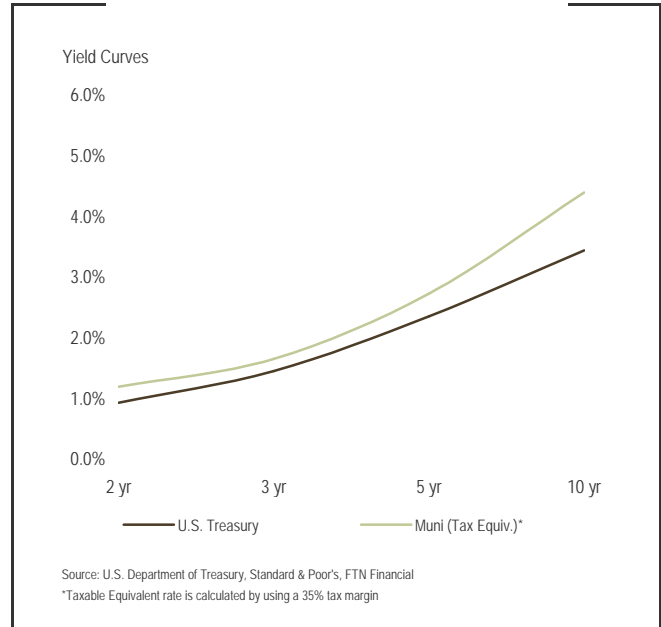
After a large sales drop in July, retailers recovered in August with a boost from early back-to-school purchases. However, sales at stores open more than a year, a key indicator of retail strength, decreased 2.9%. According to the Wall Street Journal, sales, though weak, were the strongest since September 2008.



|                       |  |               |
|-----------------------|--|---------------|
| Aug. 31 <sup>st</sup> | Chicago PMI Business Barometer Index, August | 50.0          |
| Sep. 1 <sup>st</sup>  | Domestic Motor Vehicle Sales, August         | 10.1M         |
| Sep. 1 <sup>st</sup>  | ICSC-Goldman Same Store Sales, Wkly. Chg.    | -0.5%         |
| Sep. 1 <sup>st</sup>  | ISM Mfg. Index - Level, August               | 52.9          |
| Sep. 1 <sup>st</sup>  | Construction Spending, July Monthly Chg.     | -0.2%         |
| Sep. 1 <sup>st</sup>  | Pending Home Sales, July Monthly Chg.        | 3.2%          |
| Sep. 2 <sup>nd</sup>  | MBA Purchase Applications Index, Wkly. Chg.  | -1.0%         |
| Sep. 2 <sup>nd</sup>  | Announced Layoffs, August                    | 76,456        |
| Sep. 2 <sup>nd</sup>  | Factory Orders, July Monthly Chg.            | 1.3%          |
| Sep. 2 <sup>nd</sup>  | EIA Petroleum Status Report, Wkly. Chg.      | -0.4M Barrels |
| Sep. 2 <sup>nd</sup>  | Initial Jobless Claims ( Week ending 8/29)   | 570,000       |
| Sep. 3 <sup>rd</sup>  | ISM Non-Mfg. Index, August                   | 48.4          |
| Sep. 3 <sup>rd</sup>  | EIA Natural Gas Report, Wkly. Chg.           | 65 bcf        |
| Sep. 4 <sup>th</sup>  | Non-farm Payrolls, August Monthly Chg.       | -216,000      |
| Sep. 4 <sup>th</sup>  | Unemployment Rate, August                    | 9.7%          |

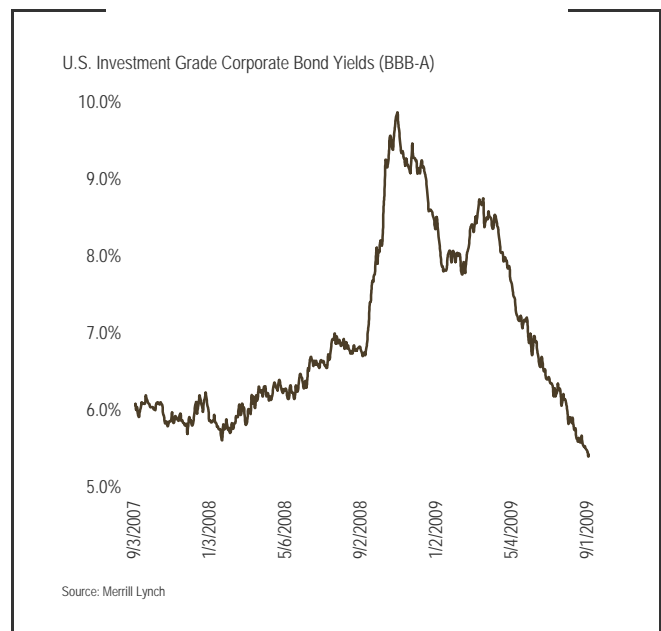
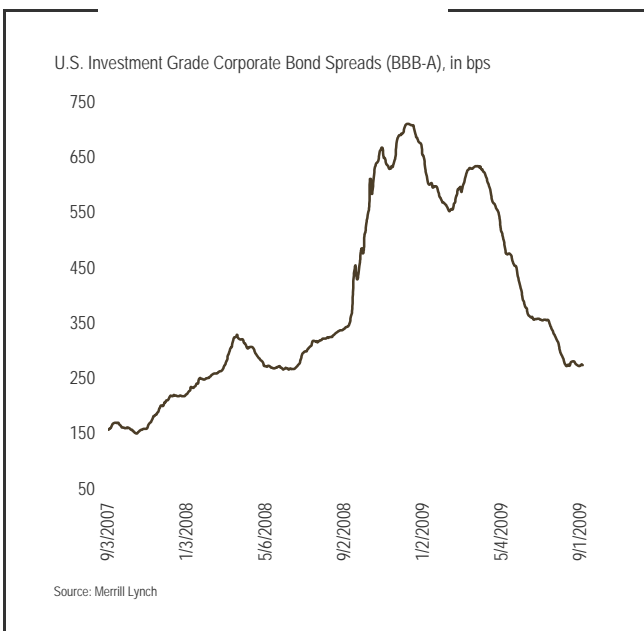
Bond Market Update

The U.S. Treasury yield curve steepened for the week, with the long-end dropping modestly as the upcoming \$70 billion government debt auction overshadowed a still weak employment report. Market makers tend to push up long-term bond yields as a way to underwrite bond auctions at more attractive levels. Despite this weakness on the long-end, short-term notes have rallied amid increased purchases by banks with funds from investors saving more. Given the rise in unemployment and slowing wage gains, market participants now anticipate a muted inflation outlook, as the difference in yield between 10-year Treasury notes and 10-year TIPS narrowed to 1.69% from last month's high of 2.05%. Meanwhile, municipal bond yield spreads between high and low rated investment-grade bonds narrowed to the lowest level since October 2008, according to Bloomberg. Demand from mutual funds that invest in lower rated securities has driven much of this recent shift in yields. Flows into high yield municipal bond funds also rose to the highest level in more than 18 months, as investors anticipate a below average supply of new tax-exempt bonds going forward. The Build America Bonds program, which gives state and local governments interest rebates on taxable municipal debt, has stimulated almost \$30 billion in sales since mid-April, representing approximately 30% of all municipal market new issuance.



| Issue            | 8.28.09 | 9.4.09 | Change |
|------------------|---------|--------|--------|
| 3 month T-Bill   | 0.15%   | 0.14%  | -0.01% |
| 2-Year Treasury  | 1.01%   | 0.94%  | -0.07% |
| 5-Year Treasury  | 2.46%   | 2.36%  | -0.10% |
| 10-Year Treasury | 3.46%   | 3.45%  | -0.01% |
| 30-Year Treasury | 4.21%   | 4.27%  | 0.06%  |

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



Stock Market Update

Stocks rebounded on Thursday and Friday after four straight days of losses. Concerns about demand from China weighed on stocks but the sour mood was snapped on some positive economic news late in the week. The Dow Jones Industrial Average (DJIA) entered the long Labor Day weekend at 9,441.34, down 103.46 points, or 1.08%. The broader S&P 500 lost 12.53 points, or 1.22%, to end at 1,016.40.

Disney Company (DIS) announced on Monday it had agreed to purchase Marvel Entertainment (MVL) for \$4 billion. The cash and stock deal values Marvel at approximately \$50 a share, a 29% premium over its close last Friday, according to the Wall Street Journal. The deal adds the Spider-Man, Iron Man, X-Men and Indredible Hulk franchises to Disney's entertainment empire.

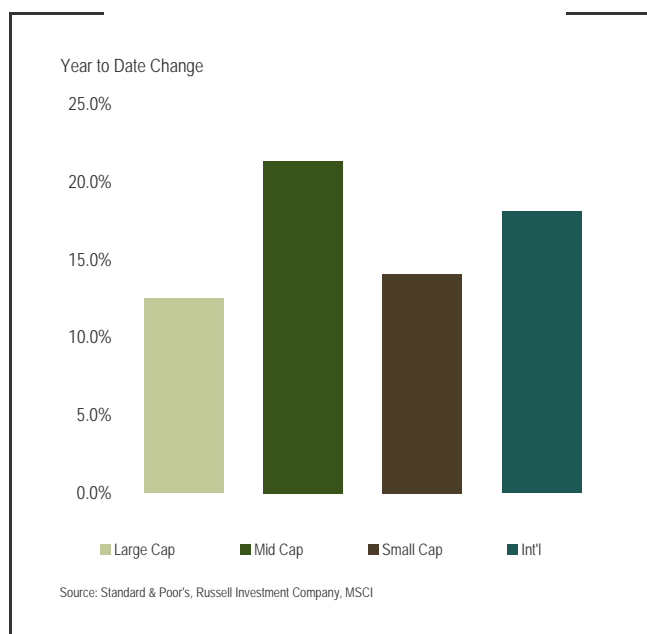
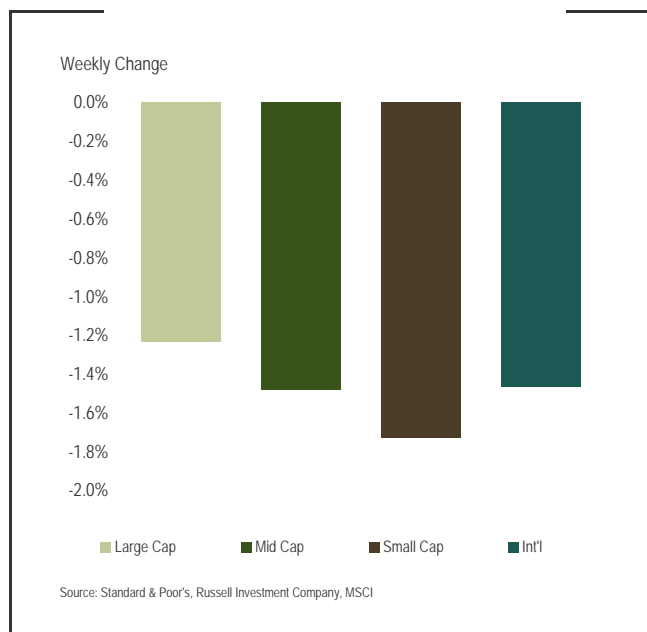
EBay Inc. (EBAY) announced its plans to sell a 65% stake of Skype to a group of private investors for \$2.75 billion. The deal values the Skype, the Internet-phone company, just higher than the \$2.6 billion eBay paid for the company in 2005, according to the Wall Street Journal.

Bank of America Corp. (BAC) offered to pay back part of the bailout money it received from the U.S. government as part of the banks purchase of Merrill Lynch. The arrangement had the U.S. government and Bank of America sharing in any losses that resulted from the Merrill acquisition. The repayment would mean, according to the Wall Street Journal, that Bank of America's pay packages would not be subject to federal review.

The early week declines were led by weakness in the financial sector, which also led the declines for the full week. The financial sector as a group lost 3.86% this week with the next-worse sector, energy, losing 2.18%. Consumer staples eked out a small gain on the week, adding 0.28%.

| Issue               | 8.28.09  | 9.4.09   | Change |
|---------------------|----------|----------|--------|
| Dow Jones           | 9,544.20 | 9,434.24 | -1.15% |
| S&P 500             | 1,028.93 | 1,016.25 | -1.23% |
| NASDAQ              | 2,028.77 | 2,016.34 | -0.61% |
| Russell 1000 Growth | 450.19   | 448.08   | -0.47% |
| S&P MidCap 400      | 663.15   | 653.35   | -1.48% |
| Russell 2000        | 579.86   | 569.84   | -1.73% |
| MSCI EAFE           | 1,483.19 | 1,461.47 | -1.46% |
| MSCI EM             | 843.99   | 840.99   | -0.36% |
| MSCI Small Cap      | 136.25   | 134.93   | -0.97% |

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

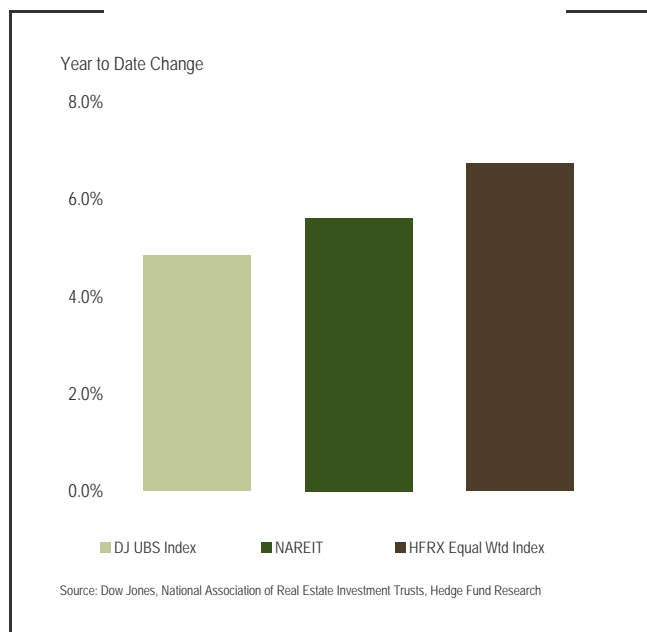
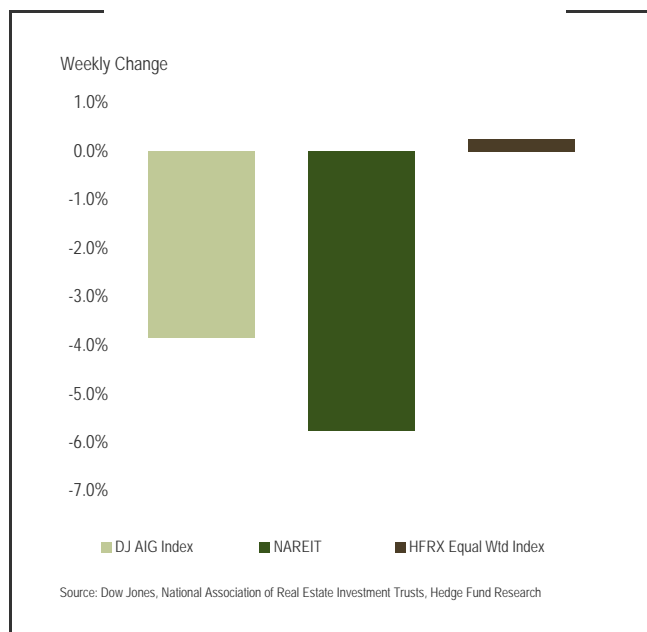
Gold prices soared 3.95% this week, marking the best week of performance in nearly four months. Futures hit a six-month high on Thursday and approached \$1,000 an ounce before edging lower Friday following a dismal employment report. This particular price movement has garnered investor's attention because it has not been accompanied by large market movements. Gold's rise can be seen as a sign of increasing nervousness that markets may take another downturn; the commodity is often used as a hedge against inflation or as a safe-haven investment.

It was a down week for crude oil, with futures prices dropping 6.49%, the biggest weekly loss in nearly two months. Oil was pushed lower by high levels of inventory, Friday's jobs report, and the U.S. dollar strengthening against most of its rivals. Bloomberg reported that oil is on a "slippery slope" after failing to break through its resistance, making crude vulnerable to a "significant decline." Prices have traded in a range between about \$67 and \$69.40 a barrel for three days, and some analysts believe that crude oil is poised to test the \$60 mark in the near future.

Pork commodities received a boost this week as the Agriculture Department said on Thursday that it would buy another \$30 million of pork to help foster price increases. This is in addition to the \$121 million that the USDA has already pledged to purchase from the pork industry this year for government food-assistance programs. Despite the efforts, producers have continued to struggle.

| Issue                         | Previous Week | Current <sup>1</sup> | Change |
|-------------------------------|---------------|----------------------|--------|
| Gold                          | 958.80        | 996.70               | 3.95%  |
| Crude Oil Futures             | 72.74         | 68.02                | -6.49% |
| Copper                        | 2.95          | 2.87                 | -2.71% |
| Sugar                         | 23.52         | 21.65                | -7.95% |
| HFRX Equal Wtd. Strat. Index  | 1,068.56      | 1,071.25             | 0.25%  |
| HFRX Equity Hedge Index       | 1,099.09      | 1,087.28             | -1.07% |
| HFRX Equity Market Neutral    | 991.96        | 990.17               | -0.18% |
| HFRX Event Driven             | 1,294.86      | 1,292.45             | -0.19% |
| HFRX Merger Arbitrage         | 1,404.14      | 1,401.49             | -0.19% |
| Dow Jones UBS Commodity Index | 127.84        | 122.93               | -3.84% |
| FTSE/NAREIT All REIT          | 98.57         | 92.90                | -5.75% |

<sup>1</sup> 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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