

MainStreet Advisors Financial Market Update

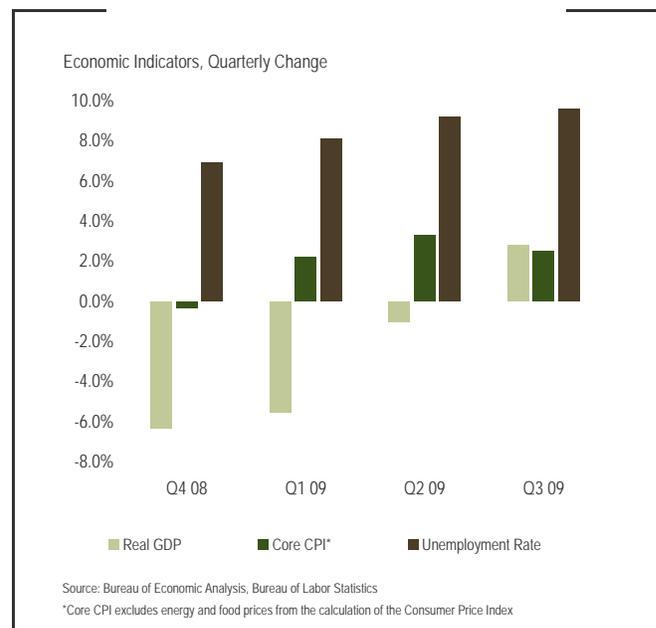
December 31, 2009
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Economic Update

Initial claims for unemployment benefits unexpectedly fell in the week ending December 26, according to the U.S. Department of Labor. Claims declined by 22,000 to a level of 432,000, marking the lowest level since June 2008. The continued downtrend in the four-week moving average bodes well for the employment outlook. Consumer expectations for conditions in the labor market to improve were apparent in The Conference Board Consumer Confidence Index report, released earlier this week. Indeed, consumers' brighter forecast for business and job market conditions led the index higher to a 52.9-point reading in December. Director of The Conference Board Consumer Research Center Lynn Franco noted that economic expectations for the short-term rose to the strongest level since December 2007. However, consumers' appraisal of personal financial conditions remained cautious, which will likely temper spending in the coming months.

The S&P/Case-Shiller Home Price Indices, released Tuesday with data through October 2009, reflected further deceleration in annual rates of decline in national home prices. Annual readings for both the 10-City and 20-City Composite Indices, down 6.4% and 7.3% respectively, have improved for about nine straight months. Only seven of the 20 largest U.S. metropolitan cities posted month-over-month gains in October, partially offsetting news of improved annual rates.

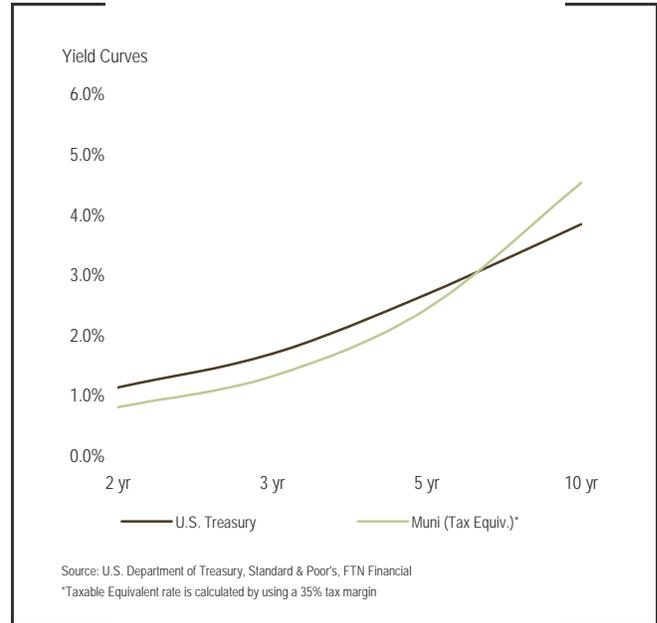
On Wednesday, the Chicago Purchasing Managers announced that national business activity expanded for the third consecutive month in December, as shown by the Chicago Business Barometer. The reading of 60.0 is significantly above the recession low of 31.4 experienced in March—readings above 50.0 signify an expansion in the economy. The report, produced by Institute for Supply Management and Kingsbury International, Ltd. indicated that production reached the highest level in more than a year and new orders were the highest since May 2007.



| | | |
|-----------------------|--|---------------|
| Dec. 29 th | ICSC-Goldman Same Store Sales, Wkly. Chg. | 0.4% |
| Dec. 29 th | S&P/Case-Shiller Composite 20 Index, October | 146.58 |
| Dec. 29 th | Consumer Confidence Index, December | 52.9 |
| Dec. 29 th | State Street Investor Confidence Index, December | 103.9 |
| Dec. 30 th | Chicago PMI Business Barometer Index, December | 60.0 |
| Dec. 30 th | EIA Petroleum Status Report, Wkly. Chg. | -1.5M Barrels |
| Dec. 31 st | Initial Jobless Claims (Week ending 12/26) | 432,000 |
| Dec. 31 st | EIA Natural Gas Report, Wkly. Chg. | -124 bcf |

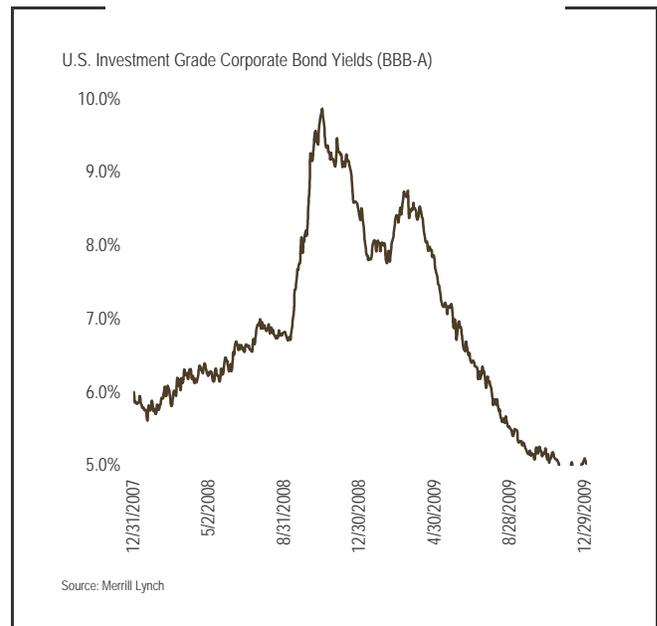
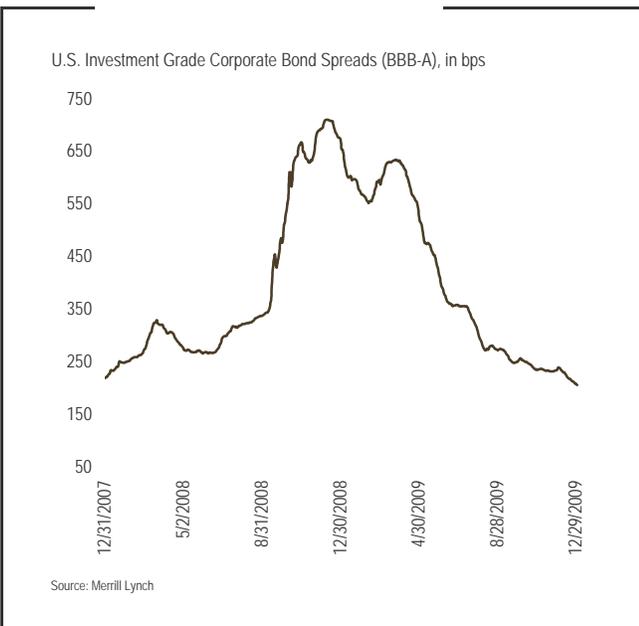
Bond Market Update

U.S. Treasuries fell for the week, particularly on the short-end, as an unexpected drop in jobless claims and a better-than-expected Chicago Institute for Supply Management report increased the likelihood that the Federal Reserve may consider raising rates sooner than anticipated. Another increase in yield on the 10-year note pushed the security's price back toward "oversold" conditions, according to technical analysts. This yield rose to 3.91% during the week, the highest level since June 11 when it reached 4% and marked the high for the year. Significant "yield resistance" remains at the 4% level, according to David Ader and Ian Lyngen, well-respected government bond analysts at CRT Capital. Yield resistance refers to an area on price charts where buy orders may be clustered, making further price decreases more difficult. Momentum measures, another technical analysis tool, also indicate an oversold market. Meanwhile, investor appetite for corporate bonds continued to surge. The spread, or difference in yield, that market participants demand to purchase investment grade corporate bonds rather than Treasuries fell to 2.06% from a high of 7.10% in December of 2008, according to Barclays. The 2.06% level represents the lowest level of 2009 and suggests that investors feel defaults in this segment of the market will remain low.



| Issue | 12.24.09 | 12.31.09 | Change |
|------------------|----------|----------|--------|
| 3 month T-Bill | 0.07% | 0.06% | -0.01% |
| 2-Year Treasury | 0.96% | 1.14% | 0.18% |
| 5-Year Treasury | 2.51% | 2.69% | 0.18% |
| 10-Year Treasury | 3.77% | 3.85% | 0.08% |
| 30-Year Treasury | 4.61% | 4.63% | 0.02% |

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



Stock Market Update

Stocks finished the year on a down note Thursday, with the Dow Jones Industrial (DJIA) dropping 120.46; most of the losses were made in the last half-hour of trading. The late day sell-off pushed stocks into negative territory for the week, with the DJIA ending at 10,428.05, a loss of 38.39 points or 0.37%. The broader S&P 500 ended at 1,115.10, down 5.49 points or 0.49%. The technology-heavy NASDAQ Composite posted a slight loss of 0.02% over last week. In the best year for stocks since 2003, the DJIA, S&P 500 and the NASDAQ Composite gained 18.82%, 23.45% and 50.34%, respectively.

The S&P Retail Index jumped 2.45% this week when retailers announced that total holiday sales were up 3.6% relative to 2008. The news quashed fears that the Christmas shopping season was disrupted by a Nor'easter that hit in the heart of the holiday shopping season.

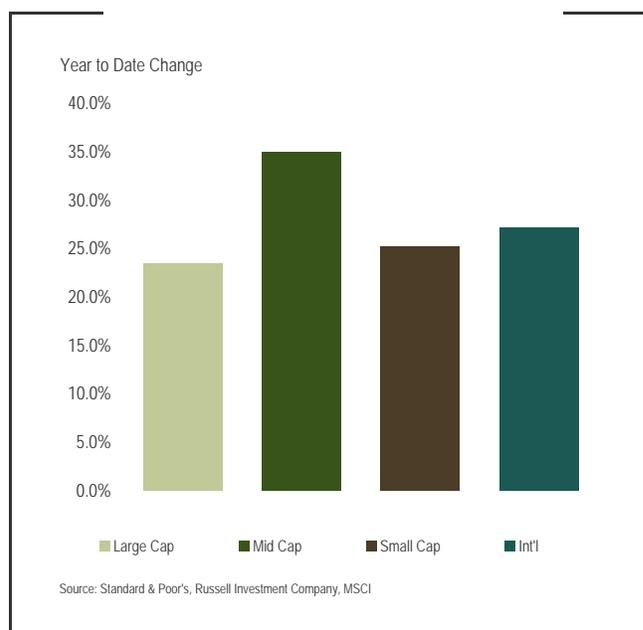
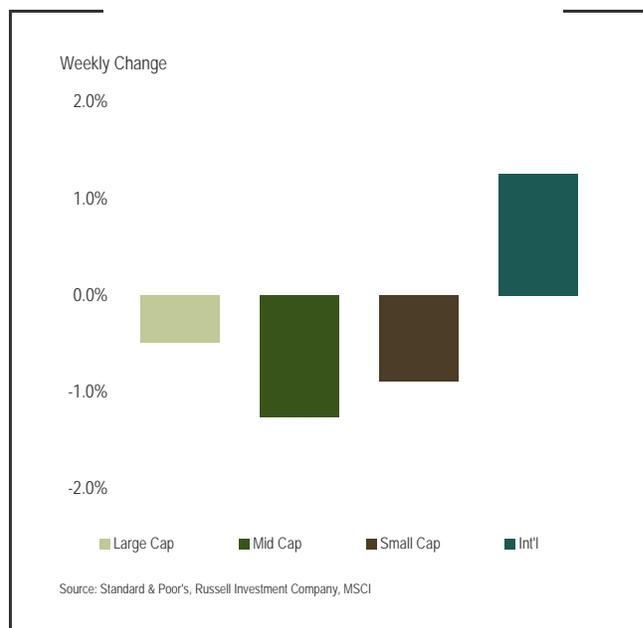
A terrorist's failed attempt to blow up a Northwest airliner on Christmas day caused the Amex Airline Index to lose 2.54% this week. The incident will likely increase security measures at airports, making air travel more time-consuming, a negative for airline companies.

In future auctions of failed banks, the FDIC will begin to ask bidders for participation in any rally of the winner's stock. After watching the stock prices of several auction winners soar, the FDIC tested the provision in its auction of the failed Cleveland bank, AmTrust Bank, which was won by New York Community Bankcorp Inc. (NYB). A similar provision was first used during the savings and loan crisis in the 1980s.

The Wall Street Journal reported Wednesday that GMAC Financial Services, after suffering additional mortgage losses, was close to getting \$3.5 billion in government aid. The additional sum would bring the total aid package for the company to \$16 billion. However, in its initial estimates made earlier this year, the Treasury department said the company would need as much as \$5.6 billion in additional capital, far more than the \$3.5 billion being discussed.

| Issue | 12.24.09 | 12.31.09 | Change |
|---------------------|-----------|-----------|--------|
| Dow Jones | 10,466.44 | 10,426.76 | -0.38% |
| S&P 500 | 1,120.59 | 1,115.10 | -0.49% |
| NASDAQ | 2,269.64 | 2,269.15 | -0.02% |
| Russell 1000 Growth | 502.19 | 500.22 | -0.39% |
| S&P MidCap 400 | 735.95 | 726.67 | -1.26% |
| Russell 2000 | 630.98 | 625.38 | -0.89% |
| MSCI EAFE | 1,553.72 | 1,573.17 | 1.25% |
| MSCI EM | 953.92 | 980.61 | 2.80% |
| MSCI Small Cap | 139.66 | 141.89 | 1.60% |

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

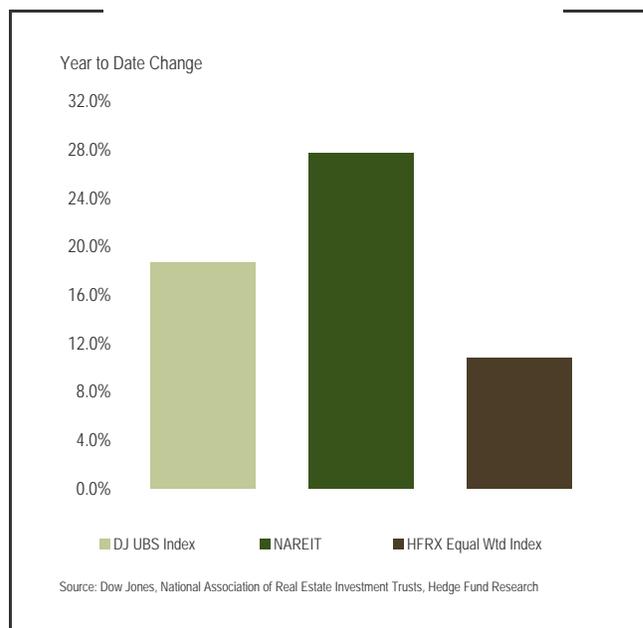
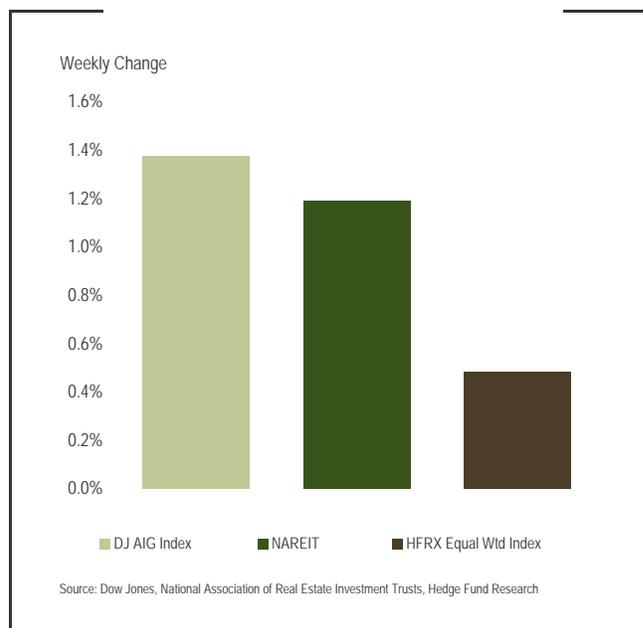
Crude oil futures climbed on the final day of 2009 on declines in U.S. oil inventories and falling temperatures across the country. Oil briefly reached \$80 per barrel on Thursday, marking an 80% increase in the last year and a level not seen since November 18. The U.S. Energy Information Agency reported that the crude stock declined by 1.5 million barrels last week causing crude and oil-product reserves to be at the lowest combined level in nine months, according to the Wall Street Journal. Cold weather also drove natural gas prices higher this week to greatest levels since January 2009. Separately, gold futures passed \$1,100 per ounce on Thursday to close the week at \$1,095.70 per ounce as the U.S. dollar pared some of its earlier gains.

On Wednesday, the International Monetary Fund (IMF) announced its expectations for commodity prices to continue their uptrend in 2010 amid strengthening global economic conditions. The IMF noted more significant price fluctuations in commodities than in previous recessions, with its commodity price index up more than 40% since global industrial production reached a low in March. The IMF acknowledged that commodity prices will also depend on price development of internationally traded goods and services and that the chance of another surge in commodity prices "would seem remote over the near-term."

The Wall Street Journal reported that while shopping mall operator Simon Property Group (SPG) and developer AvalonBay Communities (AVB) were making new 52-week highs, options traders were preparing for a drop in real estate stocks. Nine times more put options were traded than call options on Wednesday, indicating that traders are protecting themselves from a decline in the underlying stock price. The trading action may be indicative of an overall trend that real estate investment trusts (REITs) may be overvalued. As reported in the Wall Street Journal, Mike Kirby, chief analyst for real-estate research firm Green

| Issue | Previous Week | Current ¹ | Change |
|-------------------------------|---------------|----------------------|--------|
| Gold | 1,088.40 | 1,095.70 | 0.67% |
| Crude Oil Futures | 76.65 | 79.53 | 3.76% |
| Copper | 320.35 | 334.70 | 4.48% |
| Sugar | 26.50 | 26.95 | 1.70% |
| HFRX Equal Wtd. Strat. Index | 1,106.47 | 1,111.79 | 0.48% |
| HFRX Equity Hedge Index | 1,130.81 | 1,135.61 | 0.42% |
| HFRX Equity Market Neutral | 985.32 | 986.89 | 0.16% |
| HFRX Event Driven | 1,339.98 | 1,347.91 | 0.59% |
| HFRX Merger Arbitrage | 1,434.89 | 1,447.03 | 0.85% |
| Dow Jones UBS Commodity Index | 137.30 | 139.19 | 1.37% |
| FTSE/NAREIT All REIT | 111.02 | 112.34 | 1.19% |

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, The International Monetary Fund.



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MAINSTREET ADVISORS™

120 North LaSalle Street Suite 3750
Chicago, Illinois 60602
312.223.0270 direct
312.223.0276 fax
www.mainstreetadv.com