

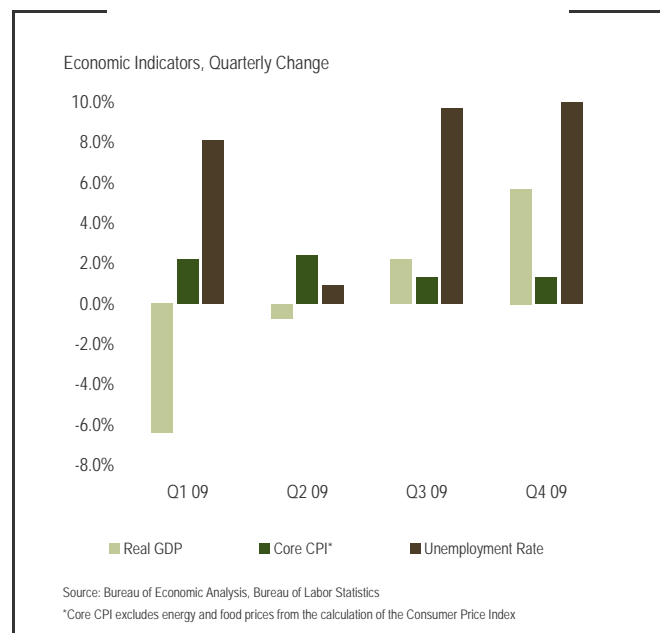
## Economic Update

The economy expanded at a 5.7% annual rate in the fourth quarter, marking the strongest growth in six years. Economists surveyed by Bloomberg had expected an increase of 4.5%. The U.S. Department of Commerce announced the increase in gross domestic product (GDP) was led by private inventory investments, exports, and personal consumption expenditures. Two consecutive quarters of positive growth suggest that the technical end of the recession may soon be called by the National Bureau of Economic Research.

Consumer confidence increased slightly in January, following a modest increase in December, according to The Conference Board Consumer Confidence Index. The third straight month of gains in the index suggests consumers' rosier perception of present economic conditions and the short-term outlook may continue. Despite this, Director of The Conference Board Research Center Lynn Franco concluded that the slightly more positive outlook "does not suggest any significant pickup in activity in the coming months." Separately, the Reuters/University of Michigan Surveys of Consumers indicated that consumer confidence is at the highest level in two years. Survey respondents were more positive about the overall economic outlook yet remain concerned about their personal financial situations and expect flat income and job prospects for the coming year.

The National Association of Realtors (NAR) reported that December sales of existing homes declined 16.7% to a seasonally adjusted rate of 5.45 million homes. The NAR attributed the slump in activity to the fact that many buyers completed sales in November—before the original first-time home buyer tax credit expired. However, NAR Chief Economist Lawrence Yun noted the significance of levels remaining above sales in December 2008. The Commerce Department reported that new home sales declined 7.6% in December to a seasonally adjusted level of 342,000 from November. Home prices have continued to stabilize, as shown by S&P/Case-Shiller Home Price Indices. Data through November 2009 indicated that annual declines for the largest metropolitan cities have continued to decelerate for nearly 10 consecutive months.

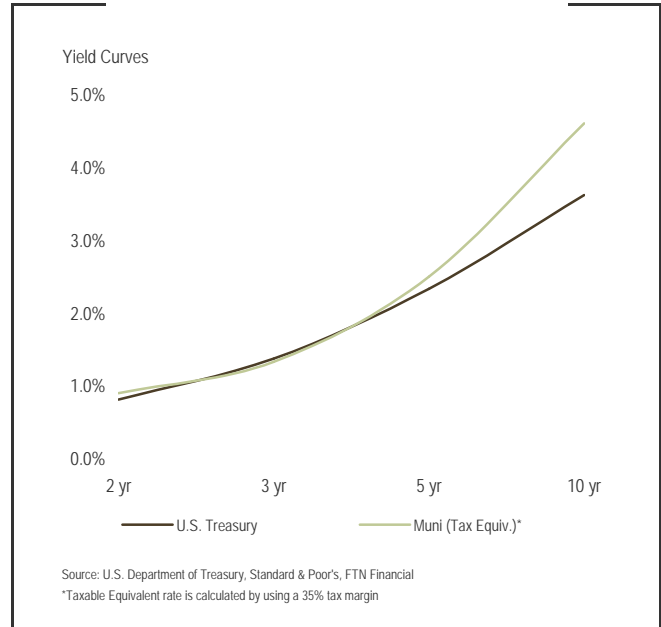
Source: Bureau of Economic Analysis, U.S. Department of Commerce, Federal Reserve Banks, U.S. Department of Labor, Thompsons Reuters, The Conference Board, National Association of Realtors, Standard & Poor's.



Jan. 25 <sup>th</sup>	Existing Home Sales, December SAAR*	5.45M
Jan. 26 <sup>th</sup>	ICSC-Goldman Same Store Sales, Wkly. Chg.	-2.5%
Jan. 26 <sup>th</sup>	S&P/Case-Shiller Composite 20 Index, November	146.3
Jan. 26 <sup>th</sup>	Consumer Confidence Index, January	55.9
Jan. 26 <sup>th</sup>	State Street Investor Confidence Index, January	104.5
Jan. 27 <sup>th</sup>	MBA Purchase Applications Index, Wkly. Chg.	-3.3%
Jan. 27 <sup>th</sup>	New Home Sales, December	342,000
Jan. 27 <sup>th</sup>	EIA Petroleum Status Report, Wkly. Chg.	-3.9M Barrels
Jan. 28 <sup>th</sup>	Durable Goods New Orders, Dec. Monthly Chg.	0.3%
Jan. 28 <sup>th</sup>	Initial Jobless Claims ( Week ending 1/28)	470,000
Jan. 28 <sup>th</sup>	EIA Natural Gas Report, Wkly. Chg.	-86 bcf
Jan. 29 <sup>th</sup>	GDP Price Index, Q4 Quarterly Change SAAR*	5.7%
Jan. 29 <sup>th</sup>	GDP Price Index, Yearly Change	0.6%
Jan. 29 <sup>th</sup>	Employment Cost Index, Q4 Quarterly Change	0.5%
Jan. 29 <sup>th</sup>	Chicago PMI Business Barometer Index, January	61.5
Jan. 29 <sup>th</sup>	Consumer Sentiment Index, January	74.4

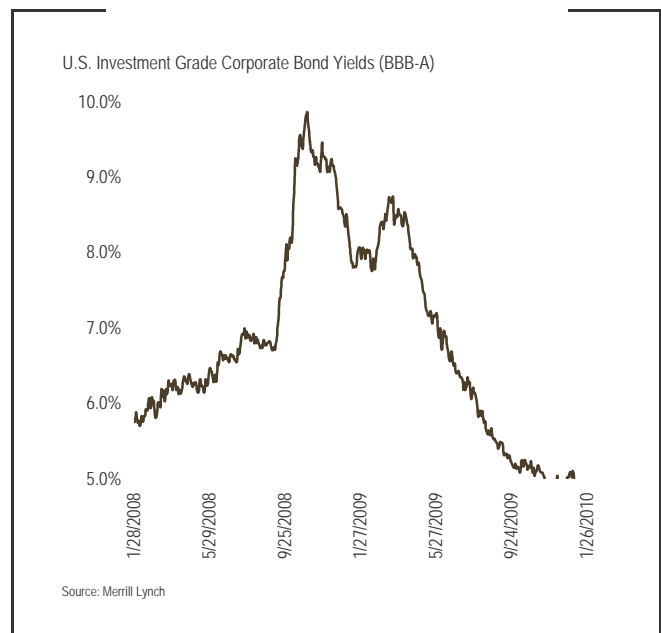
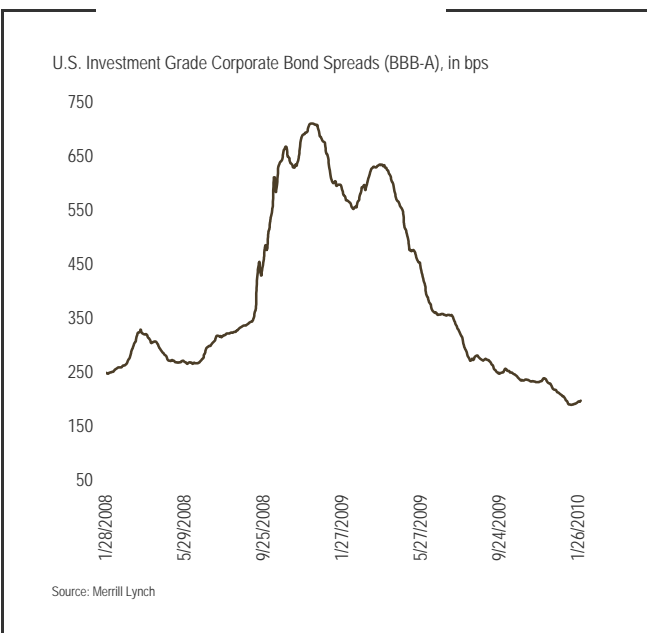
Bond Market Update

U.S. Treasuries finished the week mostly unchanged after being lower earlier, amid mixed economic data. Yields fell Thursday and Friday as losses in major stock markets and an increase in Greek sovereign debt risk fostered the appeal of U.S. bonds. The emergence of buying on the long-end to meet month-end portfolio needs also helped to fuel the rebound in bonds later in the week, according to Reuters. Another modest decrease in yield on the 10-year note pushed the security's price toward its largest monthly increase since March 2009. The Federal Reserve's Open Market Committee upgraded its economic outlook earlier in the week, but noted they will leave interest rates at a record low level for an extended period. Meanwhile, Greece is losing the confidence of bondholders that it can successfully reduce a large deficit, increasing speculation that the country will not have the means to meet its debt obligations, according to Bloomberg. Greece's sovereign bonds have dropped 11% over the last three months amid concerns the government has yet to spell out a credible program to tackle the country's budget deficit of 13% of GDP, which is more than four times the European Union's limit.



Issue	1.22.10	1.29.10	Change
3 month T-Bill	0.06%	0.08%	-0.02%
2-Year Treasury	0.84%	0.82%	-0.02%
5-Year Treasury	2.37%	2.34%	-0.03%
10-Year Treasury	3.62%	3.63%	0.01%
30-Year Treasury	4.50%	4.51%	0.01%

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



Stock Market Update

The equity market concluded an up-and-down week, ultimately falling from the previous week as investors are shedding riskier assets due to raised concerns about the sustainability of a recovery. A large fourth quarter growth rate has many wondering if stocks can continue to keep pace. The broad S&P 500 Index and the Dow Jones Industrial fell 1.64% and 1.04% respectively. The tech-heavy NASDAQ dropped 2.63% largely on poor earnings reports.

January ended down, which to some is a troublesome sign as of the adage, "as January goes, so goes the year." According to historical data, January performance predicts the outcome for the rest of the year—implying a possibly challenging year for equities.

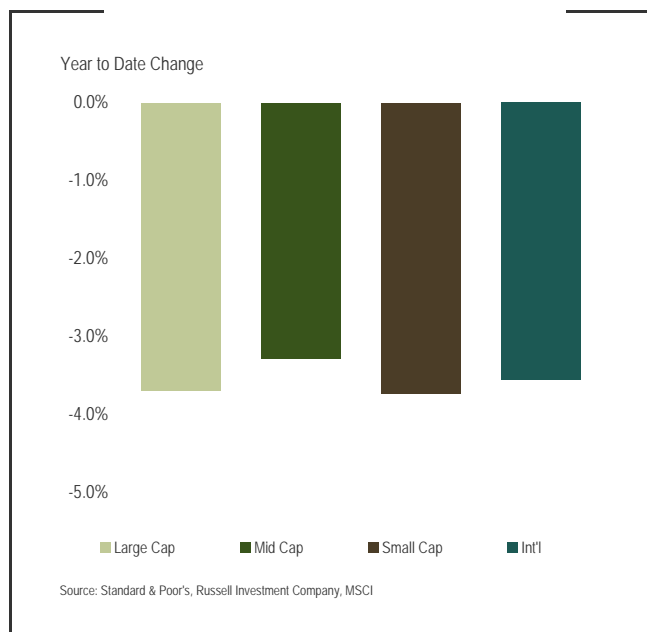
Apple (AAPL) introduced its much anticipated and long-awaited tablet, the iPad, on Wednesday to mixed reviews. The iPad runs an operating system similar to the iPhone, which disappoints many as it lacks capability of a traditional laptop computer. However, Apple is hoping to take market share from the Amazon Kindle as the iPad will include a bookstore similar to iTunes. Prior to the iPad release, on Monday Apple reported a 50% jump in fiscal first quarter profit.

Online retail giant Amazon (AMZN) reported fourth quarter net income of 85 cents per share, greatly exceeding expectations. Also surprising was its announcement of a \$2 billion share buyback despite trading near record highs. Many analysts are still concerned with Amazon's high valuation—shares are trading at nearly 50 times estimated earnings for the next year.

Embattled firm AIG (AIG) remains under intense scrutiny as new details emerge on the \$181 billion bailout. Taxpayer funds were used to make AIG business partners whole and high-ranking officials at the New York Fed, including Treasury Secretary Timothy Geithner, instructed AIG not to release information about the transaction.

Issue	1.22.10	1.29.10	Change
Dow Jones	10,172.98	10,067.33	-1.04%
S&P 500	1,091.76	1,073.87	-1.64%
NASDAQ	2,205.29	2,147.35	-2.63%
Russell 1000 Growth	488.01	478.11	-2.03%
S&P MidCap 400	721.64	702.8	-2.61%
Russell 2000	617.12	602.04	-2.44%
MSCI EAFE	1,576.31	1,517.20	-3.75%
MSCI EM	981.17	940.07	-4.19%
MSCI Small Cap	146.01	141.97	-2.77%

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.



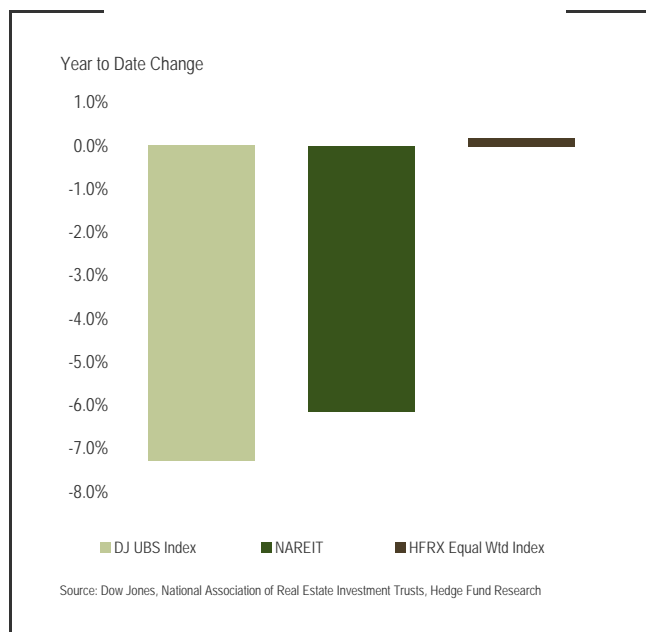
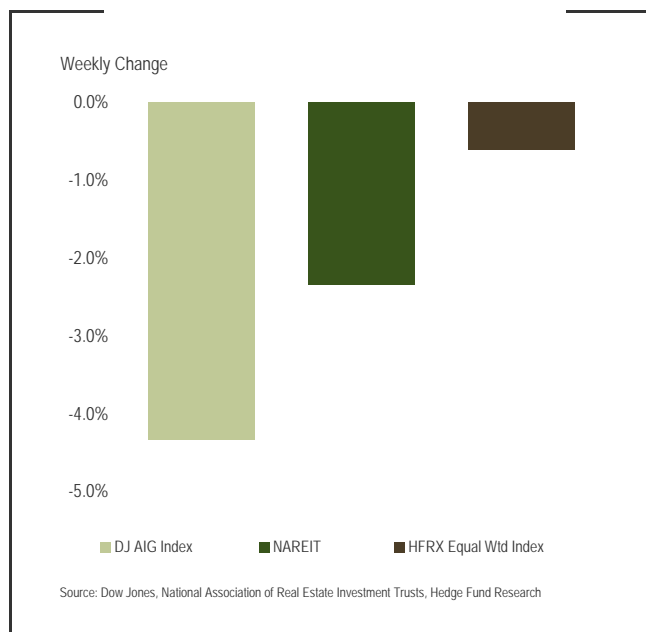


Alternative Investments Market Update

With continued near-term uncertainty over Fed Chair Ben Bernanke's reappointment, interest rates, Congressional hearings on bailouts, sovereign credit risk in Greece, and curtailed lending activity in China, commodity prices trade down reflecting slower growth than expected. Gold's near 5% slide last week was followed by a muted decline of about 2%. Pushing gold lower was continued weakness in the Euro, which fell to the lowest prices in six months at \$1.39. On news of declining oil forecasts, oil fell and is down almost 10% to start 2010.

In real estate, ownership of New York's largest sprawling apartment development, the combined Stuyvesant Town and Peter Cooper Village, was given up by current owners Tishman Speyer and BlackRock Inc to its creditors in a move that avoided bankruptcy. Tishman and BlackRock acquired the historic property, first developed by Metropolitan Life as apartments for GI's returning from World War II, for \$5.4 billion in 2006, the height of real estate prices. Financed by \$4.4 billion in mortgages, the new owners were unable to convert rent-controlled units to market priced rentals.

Amid another round congressional hearings over the bailout of Wall Street, in particular AIG, many private equity firms were reported to be jockeying over who may potentially acquire pieces of the conglomerate, should it be broken up in the future.



Issue	Previous Week	Current <sup>1</sup>	Change
Gold	1,093.60	1,082.50	-1.01%
Crude Oil Futures	74.18	72.71	-1.98%
Copper	334.85	303.75	-9.29%
Sugar	28.78	29.90	3.89%
HFRX Equal Wtd. Strat. Index	1,120.68	1,113.86	-0.61%
HFRX Equity Hedge Index	1,152.41	1,130.78	-1.88%
HFRX Equity Market Neutral	978.54	981.79	0.33%
HFRX Event Driven	1,360.93	1,356.34	-0.34%
HFRX Merger Arbitrage	1,448.30	1,446.43	-0.13%
Dow Jones UBS Commodity Index	134.90	129.05	-4.33%
FTSE/NAREIT All REIT	107.98	105.45	-2.34%

<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, The International Monetary Fund.

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