Economic Update

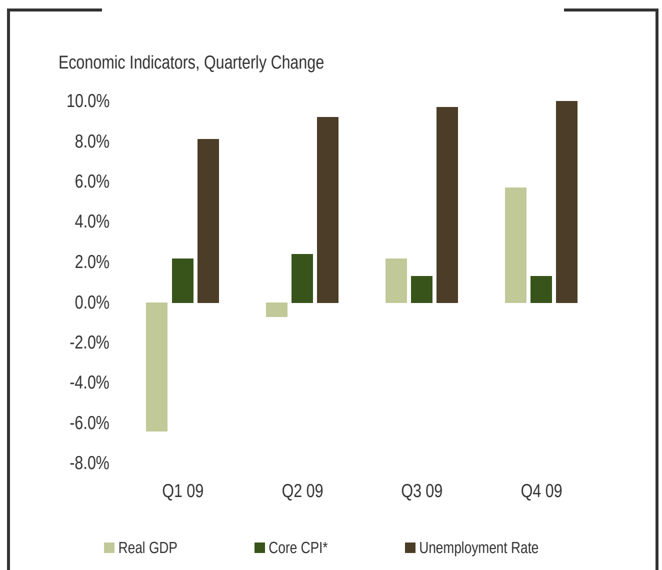
Data released by the U.S. Department of Commerce indicated that consumer spending remained flat in April, following six months of increases. Instead, consumers focused on saving. Personal income increased by 0.4% from the previous month, while the savings rate, as a percentage of disposable personal income, increase to 3.6% from 3.1% in March.

On Thursday, the Commerce Department downwardly revised previous estimates for first quarter economic growth. Real gross domestic product (GDP) increased at an annual rate of 3.0% for the quarter compared with advance estimates of 3.2%. As previously reported, increases in personal spending, private inventory investment, exports and nonresidential fixed investment led the growth.

Consumer confidence climbed the third consecutive month in May, as shown by The Conference Board Consumer Confidence Index. The survey of 5,000 U.S. households indicated that consumers' concerns about current business conditions and the labor market have continued to gradually ease. Although expectations for income prospects remain low, consumers have become increasingly encouraged about the outlook for business and labor markets. Separately, the Thomson Reuters/University of Michigan Surveys of Consumers showed a slight increase in consumer confidence in May. Interestingly, the survey indicated that consumer expectations for inflation reached the highest level since September 2008. Director of the surveys, Richard Curtin, stated that the survey "represents troublesome increases in inflation expectations, especially given the recent declines in gas prices."

The National Association of Realtors (NAR) announced that sales of existing single family homes increased again last month. The gain was attributed to the first time buyers tax credit, consumers' improved assessment of economic conditions, and attractive affordability. Sales increased 7.6% to a seasonally adjusted annual rate of 5.77 million—a 22.8% increase from April 2009. New family home sales soared 14.8% to a seasonally adjusted annual rate of 504,000 in April, according to data released by the U.S. Department of Commerce this week.

Source: Bureau of Economic Analysis, U.S. Department of Commerce, Federal Reserve Banks, U.S. Department of Labor, U.S. Department of Commerce, The Conference Board, Thomson Reuters, the National Association of Realtors.



Source: Bureau of Economic Analysis, Bureau of Labor Statistics

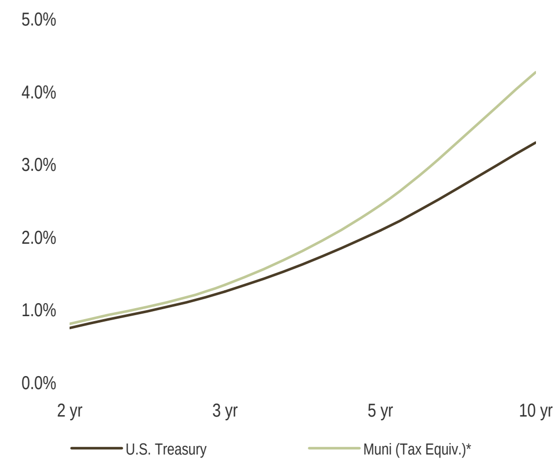
*Core CPI excludes energy and food prices from the calculation of the Consumer Price Index

May 24th	Existing Home Sales, April SAAR*	5.77M
May 25th	ICSC-Goldman Same Store Sales, Wkly. Chg.	-0.8%
May 25th	Consumer Confidence Index, May	63.3
May 25th	State Street Investor Confidence Index, May	88.2
May 26th	MBA Purchase Applications Index, Wkly. Chg.	-3.3%
May 26th	Durable Goods New Orders, Apr. Monthly Chg.	2.9%
May 26th	New Home Sales, April	504,000
May 26th	EIA Petroleum Status Report, Wkly. Chg.	2.4M Barrels
May 27th	GDP Price Index, Q1 Quarterly Change SAAR*	1.0%
May 27th	Real GDP, Q1 Quarterly Change SAAR*	3.0%
May 27th	Initial Jobless Claims (Week ending 5/22)	460,000
May 27th	After-tax Corporate Profits, Q1 Annual Change	42.7%
May 27th	EIA Natural Gas Report, Wkly. Chg.	104 bcf
May 28th	Personal Income, March Monthly Chg.	-0.3%
May 28th	Consumer Spending, March Monthly Chg.	-0.2%
May 28th	Consumer Sentiment Index, May	73.6

Bond Market Update

On Friday, Fitch Ratings downgraded Spain's credit rating one step to AA+ from AAA, but assigned a stable outlook going forward. Although the Spanish government proposed significant austerity measures, the fallout from Greece and the euro region's $1 trillion bailout package was enough to provoke Fitch Ratings to follow the downgrade issued by Standard and Poor's on Friday. According to Bloomberg, Spain currently has the third largest budget deficit in the euro region, in large part due to the construction boom that was fueled largely by debt. On news that consumer spending unexpectedly slowed during the month of April, treasury prices continued to rise and are heading for the largest monthly gain since January. Ten year yields finished May down 36 basis points, the largest monthly loss since December 2008, which was when the Fed reduced the benchmark interest rate to near zero. The relative safety of U.S. government debt has again become in high demand as investors flee risky assets due to the uncertainty surrounding Europe. The concern around Europe has driven borrowing costs to the highest level since the collapse of Lehman Brothers. As firms struggle to secure financing, companies sold the least amount of corporate debt in a decade this month. The extra yield investors demand for riskier corporate offerings soared as spreads widened by 44 basis points.

Yield Curves

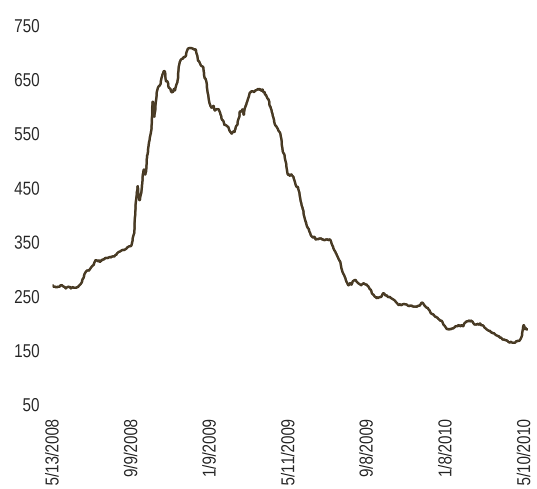


Source: U.S. Department of Treasury, Standard & Poor's, FTN Financial
*Taxable Equivalent rate is calculated by using a 35% tax margin

Issue	5.21.10	5.28.10	Change
3 month T-Bill	0.17%	0.16%	-0.01%
2-Year Treasury	0.76%	0.76%	0.00%
5-Year Treasury	2.04%	2.10%	0.06%
10-Year Treasury	3.25%	3.31%	0.06%
30-Year Treasury	4.13%	4.22%	0.09%

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

U.S. Investment Grade Corporate Bond Spreads (BBB-A), in bps



Source: Merrill Lynch

U.S. Investment Grade Corporate Bond Yields (BBB-A)

Source: Merrill Lynch

Stock Market Update

Heavy volatility continued this week in domestic equity markets as investor sentiment proceeds to fluctuate between international concerns and increasingly positive U.S. economic and corporate fundamentals. The week began on a downward slide, with major domestic indexes down 1.48% or more through Wednesday's close. Thursday brought a rally that was sparked by China's promise to not unload European debt and austerity moves in Spain, pushing stocks to their second-best day of the year. The increase was short lived however, as a downgrade of Spain's debt rating on Friday intensified investors' fears about European credit and sent markets tumbling. This led to mixed results at market close, with S&P 500 and NASDAQ indexes up 0.16% and 1.26%, respectively, and the Dow Jones Industrial Average down 0.56% for the week.

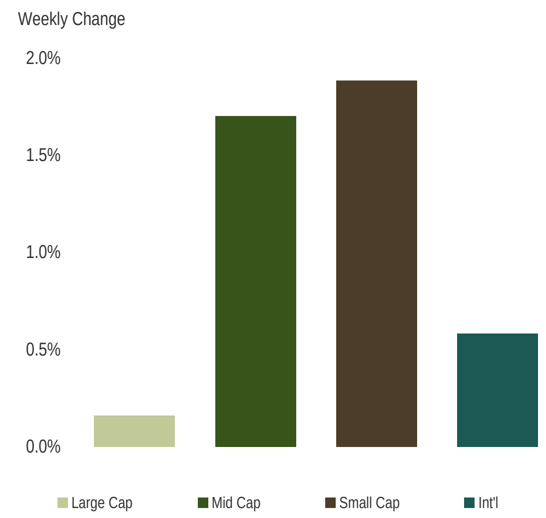
Technology stocks erased most of the week's gains on Friday, adding to an already difficult May for the sector. The NASDAQ is down nearly 9% for the month, its biggest monthly decline since giving up almost 11% in November 2008. The selloff can be attributed to investors' concerns regarding demand for high-tech goods and services in the wake of economic instability in Europe. Apple (AAPL) is one exception to the trend, rising 1.50% Friday on healthy domestic and international demand for its iPhone and iPad products.

Fresh concerns regarding the euro-zone exasperated worries that global demand for industrials could slip. This led to poor performance in the sector on Friday, with Boeing (BOE), General Electric (GE), and Caterpillar (CAT) dropping 1.46%, 1.86%, and 2.09%, respectively.

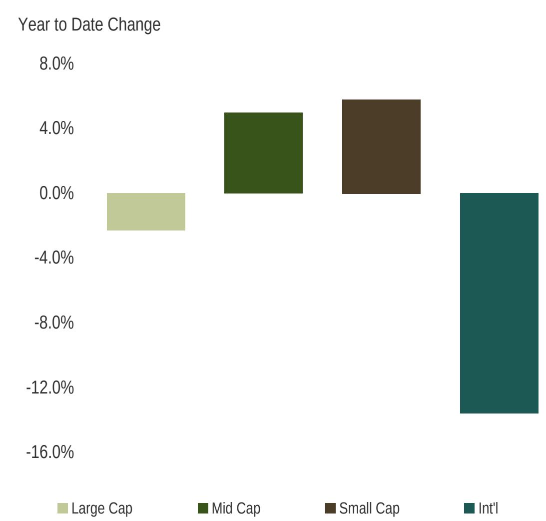
BP was down 2.07% this week as the company worked to address the devastating oil spill that is quickly becoming the largest oil spill in U.S. history. Earlier this week, BP began what is known as a "top kill" effort to plug the oil well. The process involves shooting heavy drilling mud into the well; BP officials believe the attempt will work but the weekend is needed to fully evaluate the success or failure.

Issue	5.21.10	5.28.10	Change
Dow Jones	10,193.39	10,136.63	-0.56%
S&P 500	1,087.69	1,089.41	0.16%
NASDAQ	2,229.04	2,257.04	1.26%
Russell 1000 Growth	481.18	485.65	0.93%
S&P MidCap 400	750.01	762.76	1.70%
Russell 2000	649.37	661.61	1.88%
MSCI EAFE	1,351.69	1,359.55	0.58%
MSCI EM	882.42	904.18	2.47%
MSCI Small Cap	130.49	130.24	-0.19%

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.



Source: Standard & Poor's, Russell Investment Company, MSCI

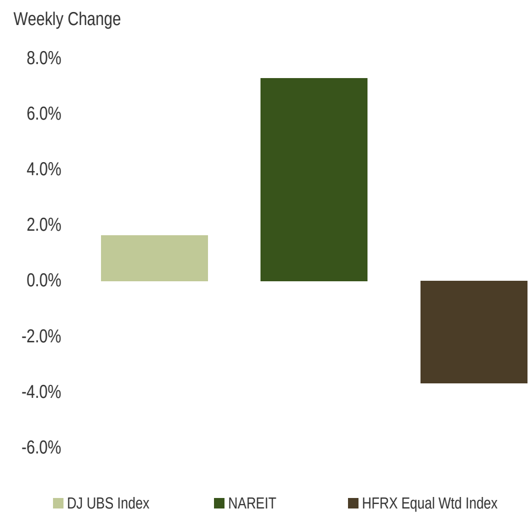


Source: Standard & Poor's, Russell Investment Company, MSCI

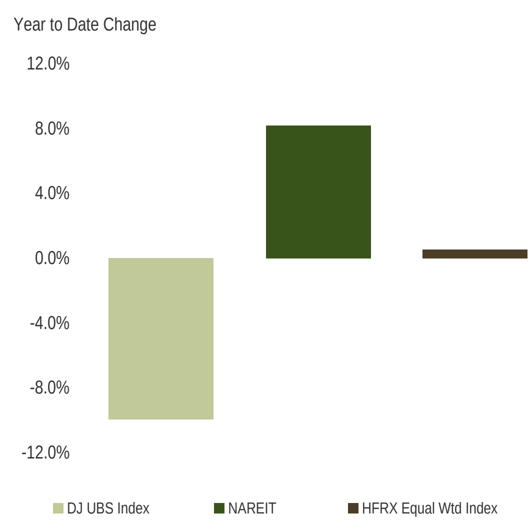
Alternative Investments Market Update

Alternatives put in a good week in the face of higher than normal equity volatility. During Tuesday's near 300-point swing for the Dow Jones Industrial Average, oil followed the overall rebound, while gold put in a modest gain, and the DJ-UBS Commodity Index modestly lagged gold. However, from Wednesday through the end of the week, oil continued to rally while other markets remained flat. Crude oil began the week at $70 per barrel, reached an intraday low of about $68 on Tuesday and traded as high as $75 on Friday before closing at $74.08. For the week, gold managed to rally back above $1,200 per ounce. Natural gas, which has been threatening to close below $4 btu, considered to be the marginal cost of production, rallied nearly 10% for the week. This resulted amid investors' growing concerns regarding deepwater offshore drilling restrictions that could limit future production.

Real estate investment trusts also performed well this week despite news that private equity funds investing in commercial real estate have begun to return capital back to investors. Investors in private equity have noted that it is extremely rare for fund sponsors to return cash, and there could be increased concerns that limited opportunities may persist. Merger arbitrage and leveraged buyout (LBO) spreads have widened as market volatility increased since the end of April. For example, the LBO of Fidelity National Information Services has a 2.6% difference between the price offered by Apollo Management and a recent price for FNIS. That may sound low; however, with the deal expected to close by the end of June, it is closer to 20% on an annualized basis.



Source: Dow Jones, National Association of Real Estate Investment Trusts, Hedge Fund Research



Source: Dow Jones, National Association of Real Estate Investment Trusts, Hedge Fund Research

Issue	Previous Week	Current[1]	Change
Gold	1,178.00	1,215.60	3.19%
Crude Oil Futures	70.06	74.08	5.74%
Copper	307.35	310.90	1.16%
Sugar	15.65	14.19	-9.33%
HFRX Equal Wtd. Strat. Index	1,160.45	1,117.77	-3.68%
HFRX Equity Hedge Index	1,114.51	1,100.35	-1.27%
HFRX Equity Market Neutral	1,007.19	1,007.14	0.00%
HFRX Event Driven	1,357.65	1,341.60	-1.18%
HFRX Merger Arbitrage	1,455.94	1,441.92	-0.96%
Dow Jones UBS Commodity Index	123.35	125.36	1.64%
FTSE/NAREIT All REIT	113.28	121.53	7.28%

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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