MainStreet Advisors
Financial Market Update

June 11, 2010

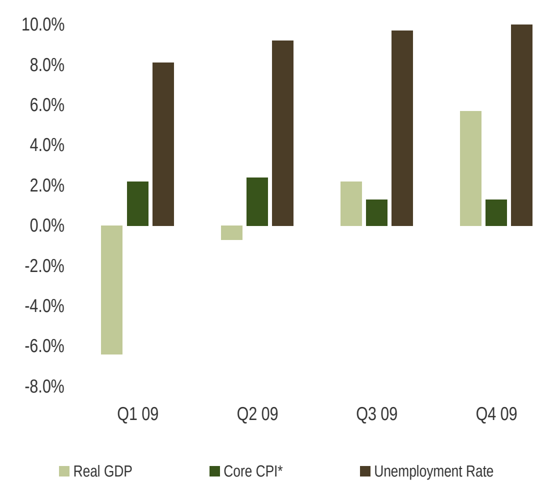
Economic Update

On Wednesday, Federal Reserve Chairman Ben Bernanke addressed to the Committee on the Budget of the U.S. House of Representatives regarding economic and financial conditions and the federal budget. He noted the Fed's expectations for the economic recovery to continue throughout 2010 and next year as well. As of the end of April, the Fed anticipated gross domestic product (GDP) of 3.5% for the year, with "only a slow reduction in the unemployment rate over time." The Fed expects consumer and business spending to continue to support the economic recovery. Remaining challenges include the housing market, state and local budgets, and a weak albeit improving jobs market. When discussing fiscal sustainability, Bernanke acknowledged how the U.S. fiscal position has deteriorated significantly since the beginning of the financial crisis. He ventured that even once economic and financial conditions improve to a normal state "the federal budget appears to be or an unsustainable path" if more continued policy actions are not taken.

Consumer sentiment has risen this month, as shown by the Thomson Reuters/University of Michigan Surveys of Consumers. The survey indicated that although the stock market has pulled back over the last month, sentiment is at the highest level since January 2008. However, Reuters noted continued concerns regarding consumers' personal financial situations. Director of surveys, Richard Curtin, said that "the data is strong enough to support the continued growth in consumption, although the pace of growth will slow during the balance of the year and into the start of 2011." Despite the consumers' improved mood, retail sales unexpectedly dropped in May. The U.S. Commerce Department reported that retail sales declined 1.2% for the month, but sales are 6.9% higher than one year ago.

The U.S. international trade deficit expanded in April, although less than the consensus estimate reported by the Wall Street Journal. The Commerce Department reported that the $40.3 billion deficit resulted from a $1.0 billion decline in exports and a $0.8 billion decline in imports from March.

Economic Indicators, Quarterly Change



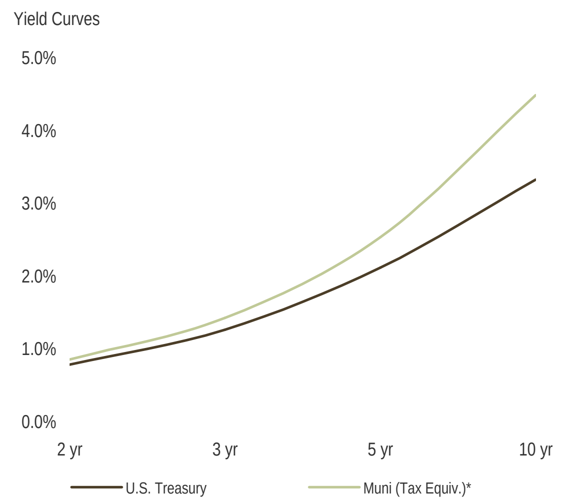
Source: Bureau of Economic Analysis, Bureau of Labor Statistics
*Core CPI excludes energy and food prices from the calculation of the Consumer Price Index

June 7th	Consumer Credit, April Monthly Chg.	1.0B
June 8th	ICSC-Goldman Same Store Sales, Wkly. Chg.	0.8%
June 9th	MBA Purchase Applications Index, Wkly. Chg.	-5.7%
June 9th	Wholesale Inventories, April Monthly Chg.	0.4%
June 9th	EIA Petroleum Status Report, Wkly. Chg.	-1.8M Barrels
June 10th	International Trade Balance Level, April	-40.3B
June 10th	Initial Jobless Claims (Week ending 6/5)	456,000
June 10th	EIA Natural Gas Report, Wkly. Chg.	99 bcf
June 11th	Retail Sales, May Monthly Chg.	-1.2%
June 11th	Consumer Sentiment Index, June	75.5
June 11th	Business Inventories, April Monthly Chg.	0.4%

Source: Bureau of Economic Analysis, U.S. Department of Commerce, Federal Reserve Banks, U.S. Department of Labor, U.S. Department of Commerce, Thomson Reuters.

Bond Market Update

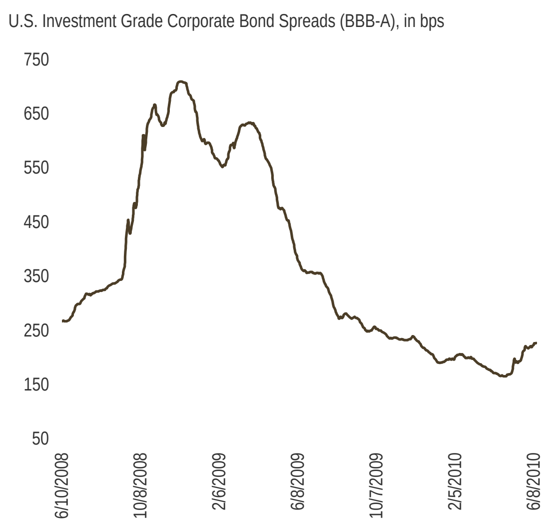
After several days of volatile trading, Treasuries finished the week mostly unchanged. Sharp losses earlier in the week were reversed Friday as a weaker than expected retail sales report revived the flight-to-safety trade. In a sign of strength, the government's $70 billion in bond auctions attracted strong demand even though the market had rallied to expensive levels in recent weeks. Meanwhile, ongoing sovereign challenges coupled with a volatile bond market have left investors exceedingly uncertain about the direction of the markets. Looking ahead, the bond bears point out that the Treasury has been issuing record amounts of debt to finance growing budget deficits, and that yields may need to rise to continue to attract buyers. China, the largest foreign owner of Treasuries, will likely pare its purchases over the year in order to allow its currency to appreciate against the dollar. The bond bulls forecast an extended period of below-average economic growth and weak discretionary spending. Although prices for Treasury securities could rise even more if the situation in Europe worsens, we continue to believe that current yields provide insufficient income to investors with long-term goals. While Treasuries may be appropriate for very conservative investors, investors may consider other alternatives including munis, investment grade corporates, high yield and foreign bonds.



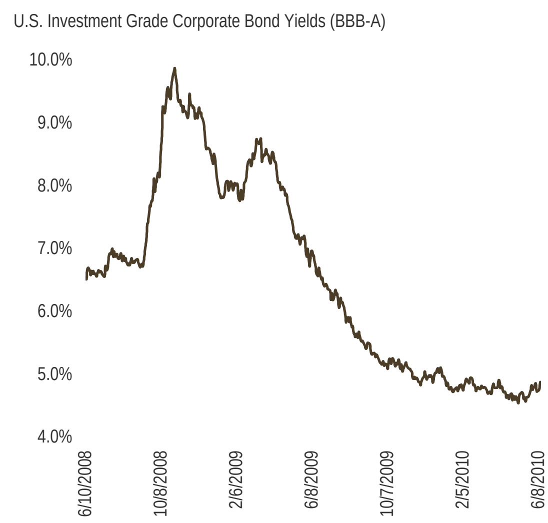
Source: U.S. Department of Treasury, Standard & Poor's, FTN Financial
*Taxable Equivalent rate is calculated by using a 35% tax margin

Issue	6.4.10	6.11.10	Change
3 month T-Bill	0.14%	0.10%	-0.04%
2-Year Treasury	0.72%	0.79%	0.07%
5-Year Treasury	1.98%	2.12%	0.14%
10-Year Treasury	3.20%	3.33%	0.13%
30-Year Treasury	4.13%	4.25%	0.12%

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



Source: Merrill Lynch



Source: Merrill Lynch

Stock Market Update

Stocks traded higher this week with low volume as investors' fears regarding global growth started to ease. Thursday saw gains of over 2.75% across the major indices on news of the European Central Bank maintaining its monetary policy and China's positive report detailing a nearly 50% surge in exports. Activity was choppy on Friday after a poor consumer spending report showed that retail sales fell 1.2% in May, with the Dow Jones Industrial Average (DJIA) down as much as 90 points in early trading. A late surge put all major indices into positive territory for the week, with the DJIA, Standard & Poor's 500, and NASDAQ Composite Indices finishing the week up 2.81%, 2.51%, and 1.10%, respectively.

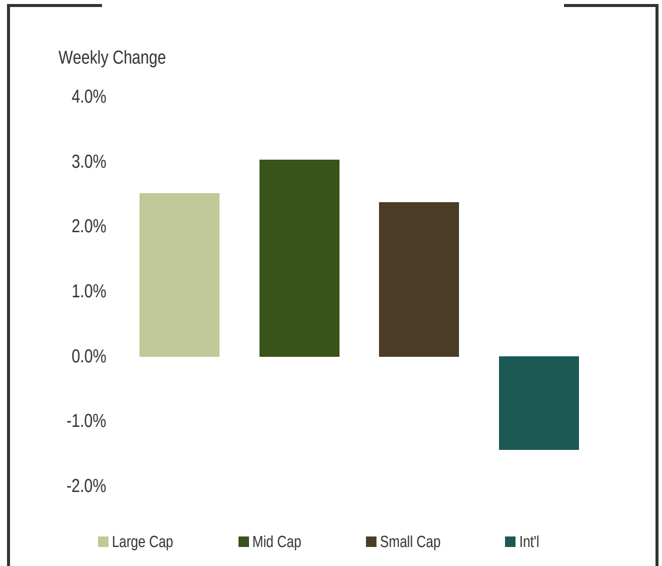
Reports emerged Friday that Morgan Stanley (MS) and J.P. Morgan (JPM) will be the lead underwriters on a $10-20 billion initial public offering (IPO) of General Motors stock. This IPO could be one of the largest underwriting deals in the past five years and was hotly contested among Wall Street banks. The IPO is expected to generate less than 1% in underwriting fees, in comparison to the typical fee of 7%. Proceeds from the IPO will be used to pay off government loans after General Motors received nearly $50 billion in bailout financing—the U.S. government currently holds a 61% stake in GM.

For-profit education companies climbed on Friday after the government announced that it would delay pending legislation that would penalize schools for graduating students with high debt-to-income ratios, a measure that would hurt institutions with high tuition and default rates. The U.S. Department of Education proposed the regulations earlier this year, recommending that students' debt load be capped at 8% of their average incomes. Apollo Group (APOL), DeVry Inc. (DV), and American Public Education Inc. (APEI) were up 1.67%, 2.94%, and 2.86% at the end of trading Friday, respectively.

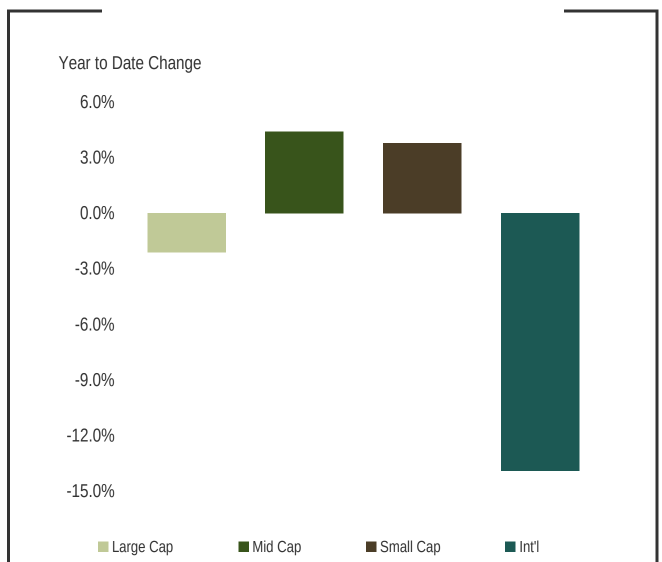
BP (BP) had a bad start to the week, dropping 22.54% through Wednesday, but trimmed off some of the losses on Thursday and Friday as investors regained some confidence in the company's ability to remedy the political and financial consequences of its oil spill disaster.

Issue	6.4.10	6.11.10	Change
Dow Jones	9,931.97	10,211.07	2.81%
S&P 500	1,064.88	1,091.60	2.51%
NASDAQ	2,219.17	2,243.60	1.10%
Russell 1000 Growth	477.43	486.73	1.95%
S&P MidCap 400	736.27	758.57	3.03%
Russell 2000	633.97	649	2.37%
MSCI EAFE	1,374.52	1,354.77	-1.44%
MSCI EM	924.67	906.98	-1.91%
MSCI Small Cap	132.41	130.52	-1.43%

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



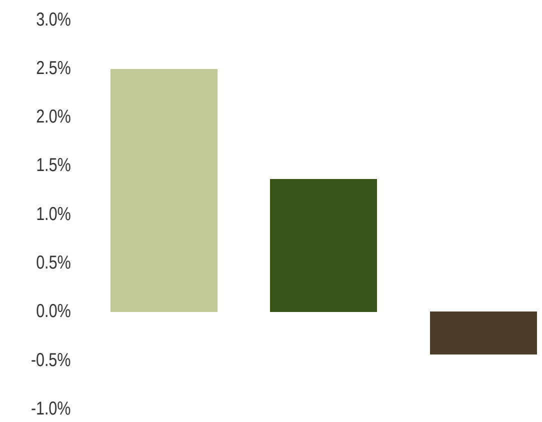
Source: Standard & Poor's, Russell Investment Company, MSCI

Alternative Investments Market Update

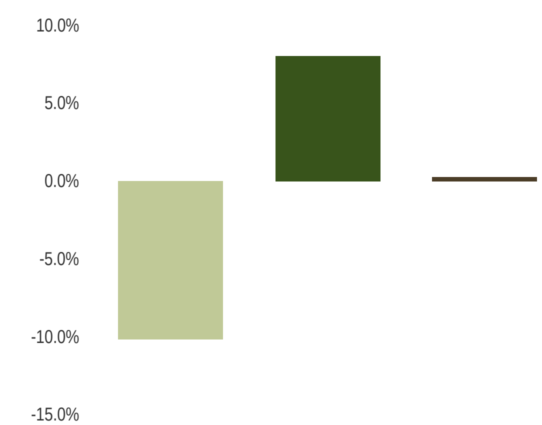
Early in the week, gold futures rose to another intraday high price of $1,254.50 per share and closed at a record price of $1,245.60. On Monday, it was reported that European based hedge funds have recently been large buyers of gold; however, this burst of investment failed carry through the week as gold closed at $1,230. Crude oil opened the week trading in the low $70 per barrel range, but the Energy Information Administration's petroleum status report revealed an unexpectedly large drop in U.S. oil inventories—1.8 million barrels consumed compared to an expectation of only 900,000. This news sparked a near $3 rally in prices at the open of trade on Wednesday—oil traded as high as $76 mid week. The rally lost a little steam as the week wore on, closing at $74.

General Electric (GE) announced that it plan to reduce the commercial real estate division of GE Capital by 50%, causing GE Capital to shrink from $650 billion to approximately $450 billion. GE holds approximately $80 billion in properties and real estate backed loans.

British bank HSBC Holdings PLC announced that it will sell its private equity management business to existing management. This move follows similar announcements from other banks to pare back or eliminate their private equity arms, possibly over concerns of heightened European taxes and regulation.



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	1,221.50	1,228.20	0.55%
Crude Oil Futures	71.09	74.26	4.46%
Copper	280.45	293.00	4.47%
Sugar	14.52	15.84	9.09%
HFRX Equal Wtd. Strat. Index	1,119.69	1,114.79	-0.44%
HFRX Equity Hedge Index	1,109.94	1,096.76	-1.19%
HFRX Equity Market Neutral	1,005.35	1,003.52	-0.18%
HFRX Event Driven	1,341.99	1,334.44	-0.56%
HFRX Merger Arbitrage	1,450.40	1,443.12	-0.50%
Dow Jones UBS Commodity Index	122.02	125.06	2.49%
FTSE/NAREIT All REIT	119.74	121.37	1.36%

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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