

Economic Update

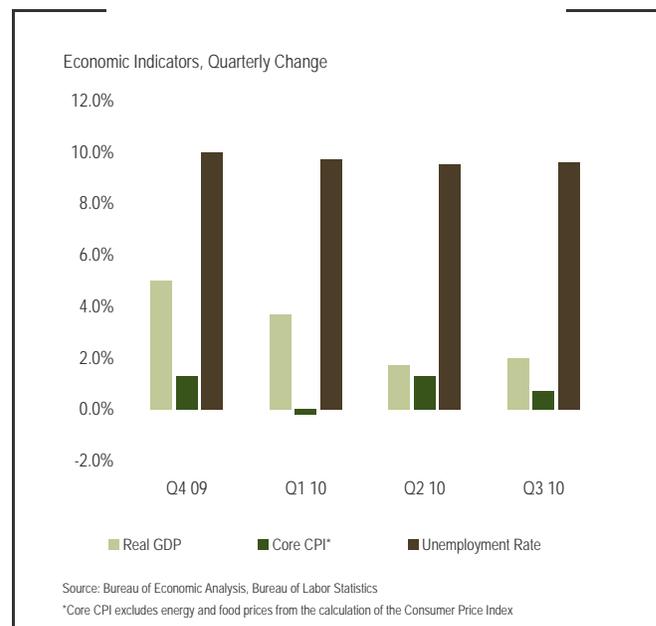
Optimism was boosted in the labor market this week after the U.S. Labor Department released reports that were predominantly positive. Jobless claims data announced on Thursday showed a sharp drop of 20,000 for the week ending February 26, coming in at 360,000 for the third consecutive week under 400,000 claims. The upbeat findings foreshadowed the strong job market performance reflected the following day in the Labor Department's broader employment report, which included an impressive 192,000 jump in overall payrolls for the month of February. Job creation in the private sector rose the most since April 2010, adding a substantial 222,000 jobs. The unemployment rate dropped a marginal 0.1% to a rate of 8.9%, marking the first time that the measure has fallen below 9% in almost two years. Many economists interpret this week's data as a signal that the job market has passed through an inflection point and is heading toward sustainable growth.

The U.S. Commerce Department announced on Friday that new factory orders rose 3.1% for the month of January, the largest monthly increase in over four years. The strong gain can largely be attributed to a substantial 5,137% surge in the non-defense aircraft category, which is typically a volatile segment. Excluding transportation, factory orders still managed to rise 0.7% to continue a six-month streak of gains without transportation products.

Reports released by the Institute of Supply Management this week reflected acceleration for manufacturing and non-manufacturing activity in the month of February. The manufacturing index rose 0.6% to 61.4 as the manufacturing sector continues to emerge as one of the nation's strongest sectors during the recovery. The non-manufacturing index increased 0.3% to 59.7, with the gain centered around strong business growth

Much needed relief in the housing sector was not provided this week as the National Association of Realtors announced that the pending home sales index declined 2.8% in the month of December, resulting in a 1.5% year-over-year decrease. The market continues to lag behind the overall economic recovery due to high inventory and falling prices.

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, the National Association of Realtors, the National Association of Home Builders, the European Central Bank.

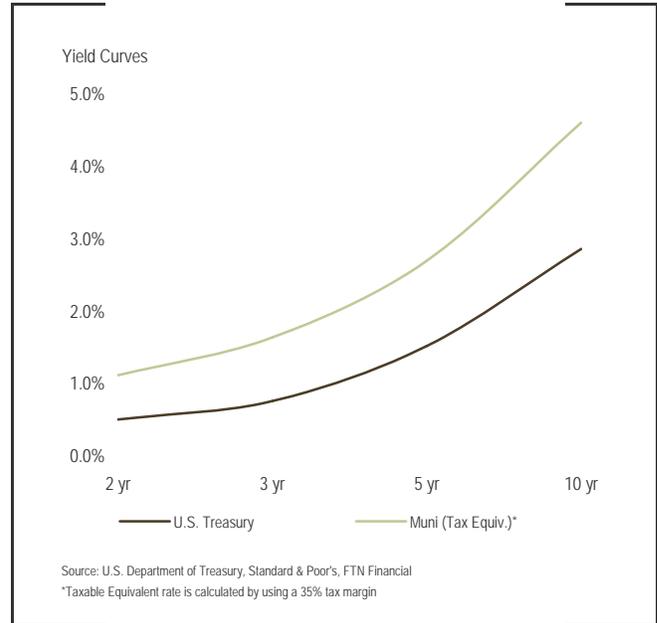


Feb. 28 th	Personal Income, Jan. Monthly Chg.	1.0%
Feb. 28 th	Consumer Spending, Jan. Monthly Chg.	0.2%
Feb. 28 th	Core PCE Price Index, Jan. Monthly Chg.	0.1%
Mar. 1 st	Domestic Motor Vehicle Sales, February	10.2M
Mar. 1 st	ICSC-Goldman Same Store Sales, Wkly. Chg.	-0.5%
Mar. 1 st	ISM Mfg. Index - Level, February	61.4
Mar. 1 st	Construction Spending, Jan. Monthly Chg.	-0.7%
Mar. 2 nd	MBA Purchase Applications Index, Wkly. Chg.	-6.1%
Mar. 2 nd	EIA Petroleum Status Report, Wkly. Chg.	-0.4M Barrels
Mar. 3 rd	Initial Jobless Claims (Week ending 2/26)	368,000
Mar. 3 rd	ISM Non-Mfg. Index, February	59.7
Mar. 3 rd	EIA Natural Gas Report, Wkly. Chg.	-85 bcf
Mar. 4 th	Non-farm Payrolls, Feb. Monthly Chg.	192,000
Mar. 4 th	Unemployment Rate, February	8.9%
Mar. 4 th	Factory Orders, Jan. Monthly Chg.	3.1%

Bond Market Update

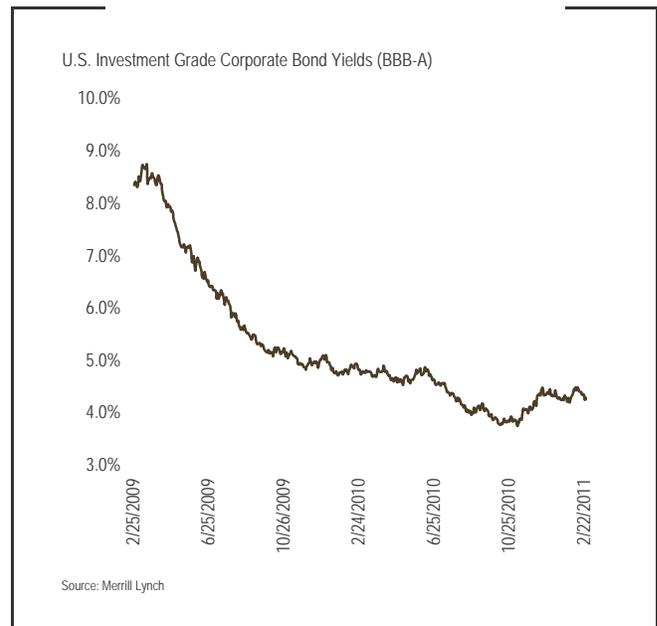
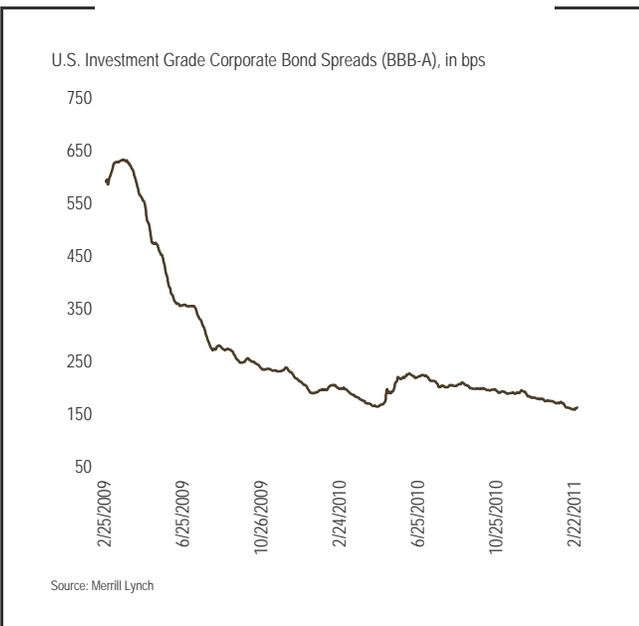
Treasuries rose Friday for the first time in three days after a government report showed that wage growth was flat in February and the economy added fewer jobs than some traders expected, although they finished the week mostly unchanged. Traders said prices may have some upside potential in coming days amid more rounds of bond purchases next week. Bonds may also be supported by demand from companies and funds seeking to acquire liquid assets for distributions at quarter end, especially Treasury Bills and other short-dated notes. Finally, buying related to portfolio rebalancing among bond funds in response to month-end adjustments in benchmark indexes may lend some support.

Meanwhile, Federal Reserve policy makers are signaling that they favor an abrupt end to \$600 billion in Treasury purchases in June, abandoning their prior strategy of gradually pulling back on intervention in bond markets, according to market reports. Central bankers, who next meet March 15, are about halfway through their second round of bond purchases. To bring the program to a full stop in June, market strategists suggest they must be confident that the economy is strong enough to endure higher long-term interest rates and rising expectations of an exit from the most expansive monetary policy in Fed history.



Issue	2.25.11	3.4.11	Change
3 month T-Bill	0.13%	0.13%	0.00%
2-Year Treasury	0.73%	0.79%	0.06%
5-Year Treasury	2.19%	2.30%	0.11%
10-Year Treasury	3.46%	3.58%	0.12%
30-Year Treasury	4.54%	4.64%	0.10%

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



Stock Market Update

Stocks recovered from steep losses late on Friday to end the week with a slight gain. Rising oil prices sent stocks lower on Friday, but left the Dow Jones Industrial Average at 12,169.88, a slight weekly gain of 0.33%, or 39.43 points. The broader S&P 500 rose 0.10%, or 1.27 points, to 1,321.15. The technology-heavy NASDAQ Composite Index gained 0.13%.

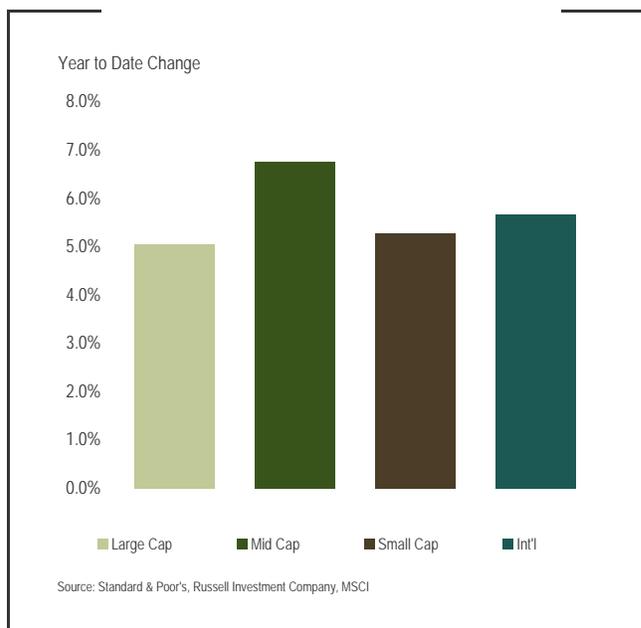
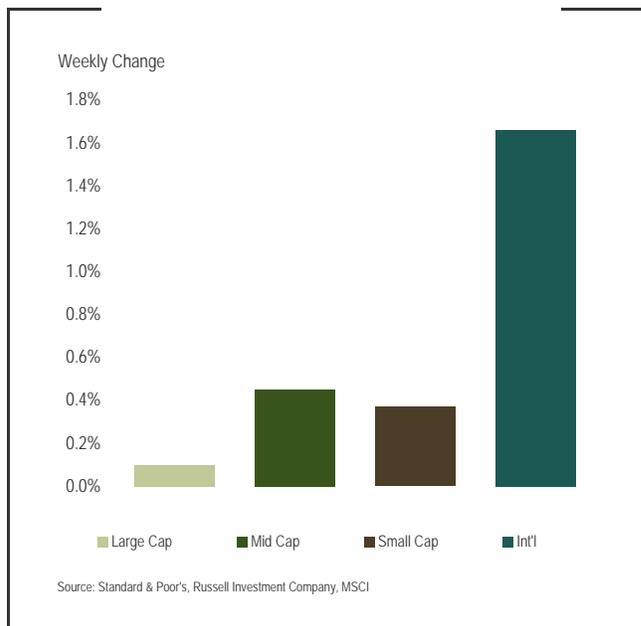
Thursday, just one day after Apple Inc. (AAPL) unveiled its latest iPad tablet, Gartner Inc., a technology research firm, cited the popularity of tablets as its reason to slash its forecast for PC shipment growth from 15.9% to 10.5% in 2011. PC maker Hewlett-Packard Co. (HPQ) closed flat Thursday, a significant underperformance relative to the broader market gain of 1.70%.

The Obama administration granted Houston-based Noble Energy Inc. (NE) the first deep-water drilling permit since the Deepwater Horizon explosion and oil spill last year. The Obama administration formally lifted its deep-water drilling moratorium, but declined to approve any new drilling permits claiming that drillers had not proven they could drill safely and contain a large spill, according to the Wall Street Journal.

On Thursday, retail giant Wal-Mart Inc. raised its annual dividend by 21%, citing "ample cash flow" and a strong financial position. The increase raises the company's dividend to \$1.46 a share, or a 2.81% dividend yield as of the close of trading Friday. Wal-Mart has increased its dividend every year since 1974, the year the company first declared a dividend, according to the Wall Street Journal.

Issue	2.25.11	3.4.11	Change
Dow Jones	12,130.45	12,169.88	0.33%
S&P 500	1,319.88	1,321.15	0.10%
NASDAQ	2,781.05	2,784.67	0.13%
Russell 1000 Growth	605.18	606.17	0.16%
S&P MidCap 400	964.21	968.55	0.45%
Russell 2000	821.95	824.99	0.37%
MSCI EAFE	1,714.78	1,743.22	1.66%
MSCI EM	1,087.10	1,127.45	3.71%
MSCI Small Cap	170.92	175.42	2.63%

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

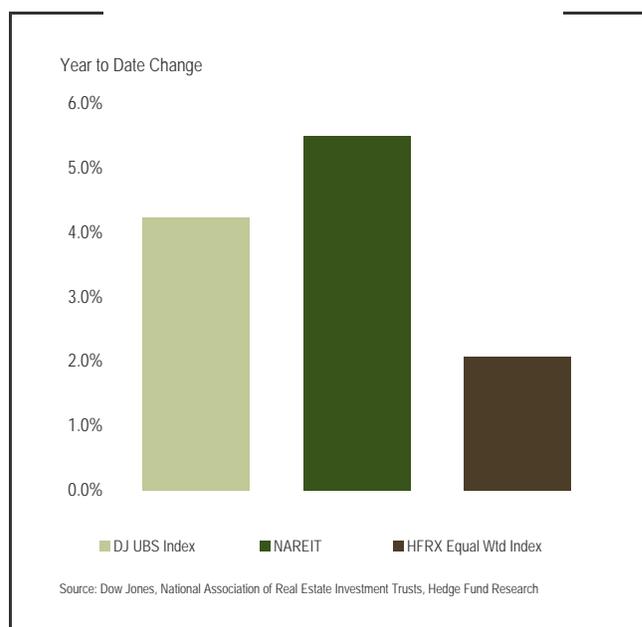
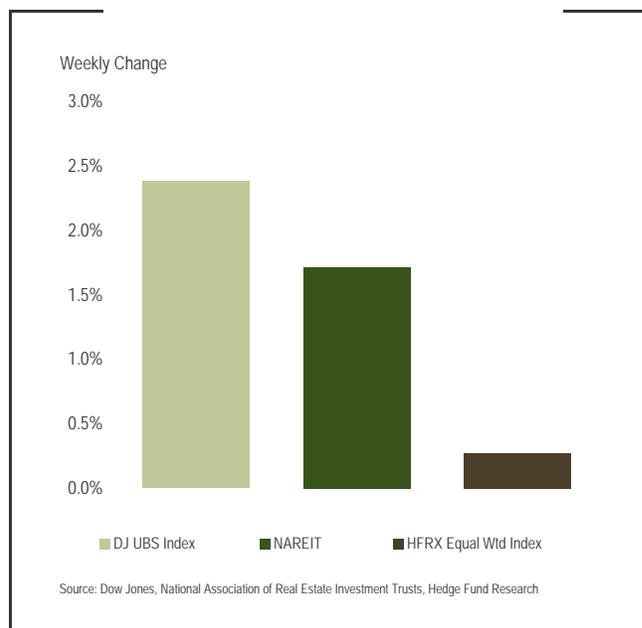
Oil rose to a 29-month high on the New York Mercantile Exchange over concern that the unrest in Libya will spread to other regional oil producers. Crude closed at \$104.86 a barrel, a 6.56% increase from the previous week. In order to keep soaring oil prices from disrupting a global recovery, U.S. Treasury Secretary Timothy Geithner stated that the United States, along with other major economies, can tap into their strategic oil reserves. Geithner downplayed risks that political unrest in the Middle East was a major threat and said there was plenty of spare oil production capacity in addition to reserves.

According to Bloomberg, global food prices rose to a record in February and grain costs may continue to rise in the next several months – with only rice keeping the world from a repeat of the crisis three years ago. An index of 55 food commodities rose 2.2% to 236 points from 230.7 in January, the eighth consecutive gain, the United Nation's Food and Agriculture Organization stated this week. Wheat rose as much as 58% on the Chicago Board of Trade in the past 12 months, corn gained 87% and rice added 6.5%.

Private equity firms are still seeking deals in the Middle East although recent turmoil in the region could halt investment and cause deal terms to be re-negotiated. According to figures from London-based research firm Preqin, the Middle East and North Africa regions are important investment areas for private equity firms, which have raised \$22.7 billion to sink into the area in the past five years. Experts say that uncertainty in the Middle East region clearly isn't a positive, but it isn't necessarily an overall long term negative—it may end up making negotiations easier in the future.

Issue	Previous Week	Current ¹	Change
Gold	1,409.90	1,429.30	1.38%
Crude Oil Futures	98.25	104.70	6.56%
Copper	447.10	449.15	0.46%
Sugar	28.74	29.88	3.97%
HFRX Equal Wtd. Strat. Index	1,188.21	1,191.44	0.27%
HFRX Equity Hedge Index	1,228.74	1,234.23	0.45%
HFRX Equity Market Neutral	1,020.69	1,026.11	0.53%
HFRX Event Driven	1,403.22	1,407.20	0.28%
HFRX Merger Arbitrage	1,545.70	1,549.56	0.25%
Dow Jones UBS Commodity Index	165.34	169.28	2.38%
FTSE/NAREIT All REIT	139.39	141.78	1.71%

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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