

## Economic Update

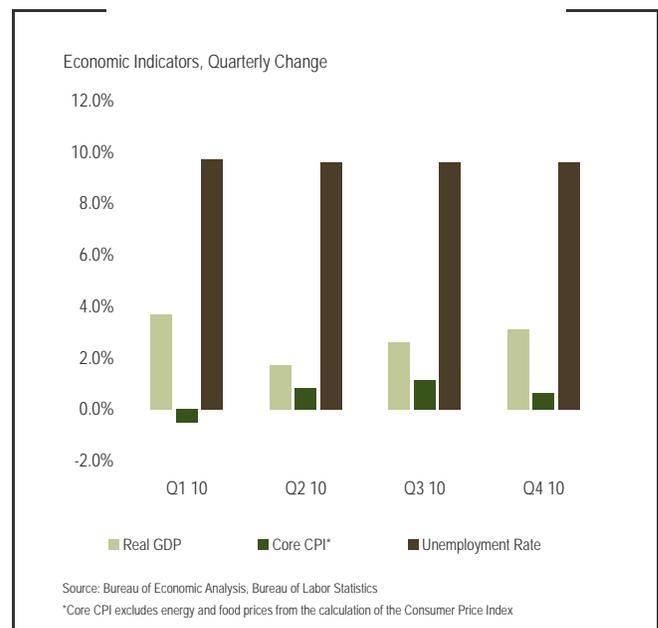
Decreased government spending, continued weakness in the housing market, and higher gas and food prices took some wind out of the sails of the economic recovery in the first quarter, slowing GDP growth down to a 1.8% annual pace, according to the Commerce Department's report released on Thursday. Economists see this as a short-term stumbling block, however, with average estimates for full year GDP growth at 3.1%, according to a survey by CNNMoney.

The Federal Open Market Committee (FOMC) released a statement on Wednesday reaffirming its commitment to complete the purchase of \$600 billion of longer-term Treasury securities by the end of June and to keep the fed funds rate "exceptionally low" for an "extended period." The Committee said that the "economic recovery is proceeding at a moderate pace and overall conditions in the labor market are improving gradually." The Fed also believes that inflation remains contained saying "longer-term inflation expectations have remained stable and measures of underlying inflation are still subdued."

The employment picture took an unexpected turn in the wrong direction as the number of initial jobless claims rose 25,000 to 429,000 in the week ended April 23, according to the Labor Department. This was the third straight week the number came above the key psychological 400,000 mark, and was the highest level in three months. The number of Americans filing for continued claims, however, dropped 68,000 to 3,641,000 in the week ended April 16.

The housing market continued to show signs of weakness as home prices came within a hair of double-dip territory. The S&P/Case-Shiller index of property values in 20 cities fell 0.2% in February from the previous month and 3.3% from the previous year. New home sales did climb 11% in March to 300,000 from the previous month, according to the Census Bureau. However, that was coming off February's all-time low, and was down 21.9% from the previous year. David M. Blitzer, Chairman of the Index Committee at S&P Indices said "there is very little, if any, good news about housing. Prices continue to weaken, trends in sales and construction are disappointing."

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.



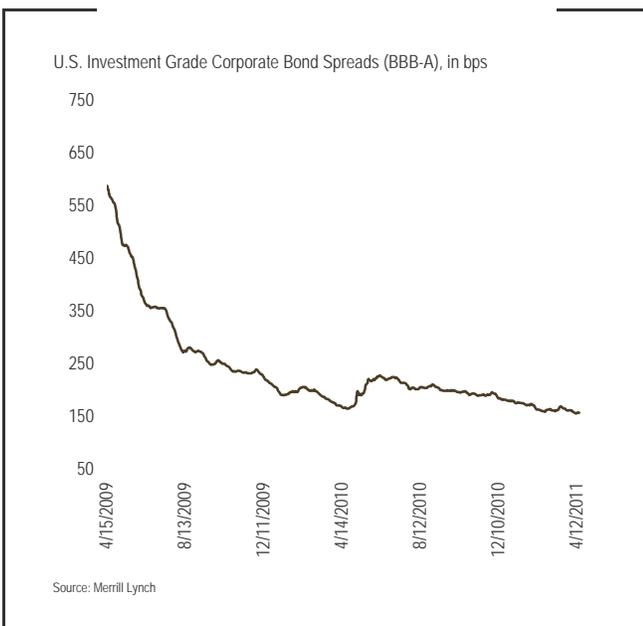
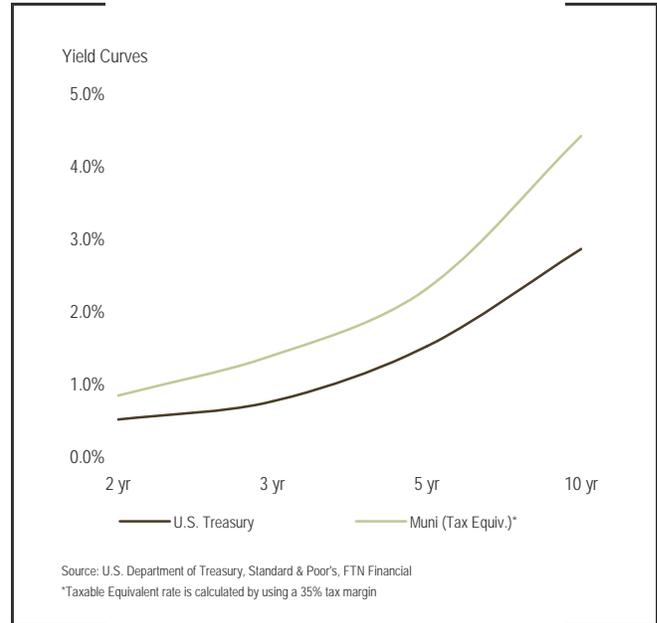
Apr. 25 <sup>th</sup>	New Home Sales, March	300,000
Apr. 26 <sup>th</sup>	ICSC-Goldman Same Store Sales, Wkly. Chg.	0.4%
Apr. 26 <sup>th</sup>	S&P/Case-Shiller 10-city Index, Feb. Monthly Chg.	-1.1%
Apr. 26 <sup>th</sup>	Consumer Confidence Index, April	65.4
Apr. 26 <sup>th</sup>	State Street Investor Confidence Index, April	97
Apr. 27 <sup>th</sup>	MBA Purchase Applications Index, Wkly. Chg.	-13.6%
Apr. 27 <sup>th</sup>	Durable Goods New Orders, March Monthly Chg.	2.5%
Apr. 27 <sup>th</sup>	EIA Petroleum Status Report, Wkly. Chg.	6.2M Barrels
Apr. 28 <sup>th</sup>	GDP Price Index, Q1 Quarterly Change SAAR*	1.8%
Apr. 28 <sup>th</sup>	Initial Jobless Claims ( Week ending 4/23)	429,000
Apr. 28 <sup>th</sup>	Pending Home Sales, March Monthly Chg.	5.1%
Apr. 28 <sup>th</sup>	EIA Natural Gas Report, Wkly. Chg.	31 bcf
Apr. 29 <sup>th</sup>	Personal Income, March Monthly Chg.	0.5%
Apr. 29 <sup>th</sup>	Employment Cost Index, Q1 Quarterly Change	0.6%
Apr. 29 <sup>th</sup>	Consumer Sentiment Index, April	69.8

Bond Market Update

Treasury prices rose for the third straight week pushing yields further down along the yield curve. Currently, the 10-year note is yielding 3.29%, the lowest in over a month. Despite historically low rates, investors' appetite for bonds remains high amid potential adverse effect on the economy from an expected reduction in the federal government spending to fight mounting deficits. As expected, the Federal Open Market Committee (FOMC), decided to leave the short term rates unchanged at a range of 0%-0.25%. In the statement released after the meeting, the FOMC noted that "Inflation has picked up in recent months, but longer-term inflation expectations have remained stable and measures of underlying inflation are still subdued." The core personal consumption expenditure price index, released on Friday, showed a tame increase in March of 0.9% on a year over year basis, further justifying continued accommodative monetary policy. Regional Fed officials and a growing number of market strategists have recently questioned the need for the second round of quantitative easing. The FOMC reiterated the intent to complete the program as planned in June. Furthermore, the Fed expects to maintain its policy of reinvesting proceeds of existing matured holdings back into Treasuries. Clearly, this appears to be the Fed's effort to support the economic recovery by preventing large spikes in interest rates. Moreover, this should ease the bond market fears of losing the biggest Treasury buyer after the QE2 program ends.

Issue	4.22.11	4.29.11	Change
3 month T-Bill	0.06%	0.04%	-0.02%
2-Year Treasury	0.69%	0.61%	-0.08%
5-Year Treasury	2.15%	1.97%	-0.18%
10-Year Treasury	3.43%	3.32%	-0.11%
30-Year Treasury	4.47%	4.40%	-0.07%

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



Stock Market Update

The stock market finished the week and the month of April on a high note as the markets remained positive this week. The first quarter earnings reports were the driving force behind the positive momentum. The Dow Jones Industrial Average closed at 12,810.54, up 305 points for the week, or 2.44%. The broader S&P 500 Index ended the week up 26.23 points, or 1.96% to close at 1,363.61, while the NASDAQ Composite finished higher by 53 points, or 1.89% to close the week out at 2,873.54.

ExxonMobile (XOM) announced earnings on Thursday of this week with an increase of 69% to \$10.65 billion. The earnings were driven by the price in oil and the investments that the company has made in the natural gas space. Advanced drilling technology, like hydraulic fracturing, played a large part in increasing the natural gas output 192% this year.

The technology heavy Nasdaq index saw Microsoft announce better than expected earnings this week. The company announced third quarter revenue of \$16.43 billion, a 13% increase from the same period a year ago. Several business lines are advancing and the company continues to be flush with cash generating annual free cash flow in the \$20-\$25 billion range.

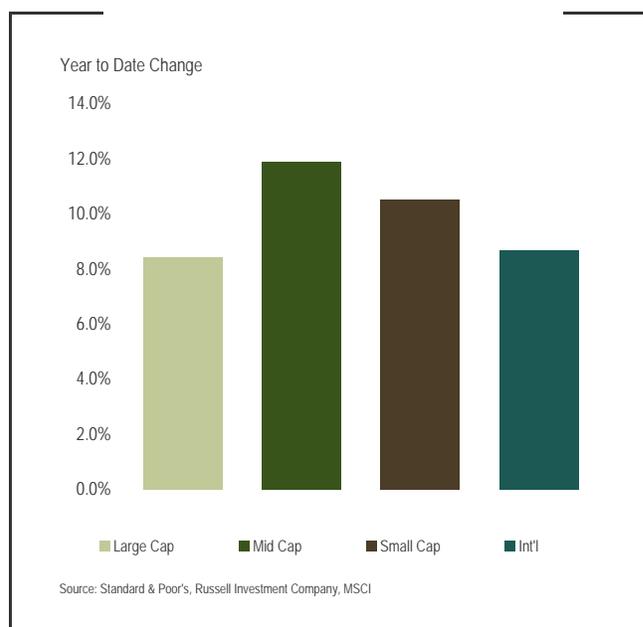
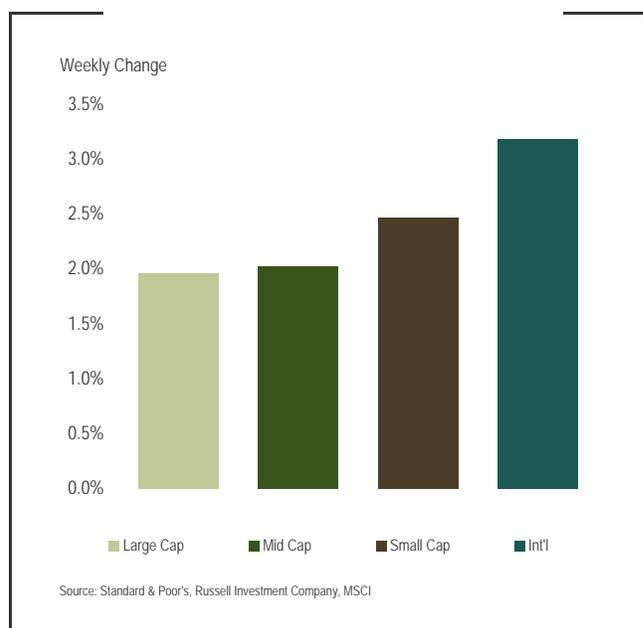
A negative story coming out of the Nasdaq index was the earnings announced Friday morning before the open by Research in Motion (RIMM). The company announced a drop in current earnings and forecast delays in product testing and certification. The shares opened up in negative territory Friday and finished the day down 14%.

The audit committee for Berkshire Hathaway has come out this week and publicly stated that Mr. Sokol clearly violated company policy and his fiduciary duty as a senior executive. This announcement, coming right before the "Woodstock for Capitalism", is set to take place where the "Oracle of Omaha" is sure to face criticism over his earlier remarks about Mr. Sokol's dealings in the Lubrizol transaction.

Issue	4.22.11	4.29.11	Change
Dow Jones	12,505.99	12,810.54	2.44%
S&P 500	1,337.38	1,363.61	1.96%
NASDAQ	2,820.16	2,873.54	1.89%
Russell 1000 Growth	617.07	626.75	1.57%
S&P MidCap 400	995.16	1015.26	2.02%
Russell 2000	845.23	866.08	2.47%
MSCI EAFE	1,737.57	1,792.80	3.18%
MSCI EM	1,194.99	1,200.71	0.48%
MSCI Small Cap	177.13	182.49	3.03%

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

Gold settled at a record \$1559.30 an ounce this week as weakness in the U.S. dollar and concerns about inflation continue to lure investors to precious metals. The dollar is headed for its fifth consecutive monthly decline and analysts state that it will continue to lose ground in the foreseeable future – so it only makes sense that precious metals are being viewed as safe-haven alternatives. Gold prices ended the week 3.5% higher and finished out the month with an 8.1% gain. Copper took a hit this week, falling \$21.65, or 4.92%, to close at \$440.20 a pound. This can be primarily attributed to the ongoing battle against inflation in China, which is the world's largest copper consumer, accounting for around 40% of world demand.

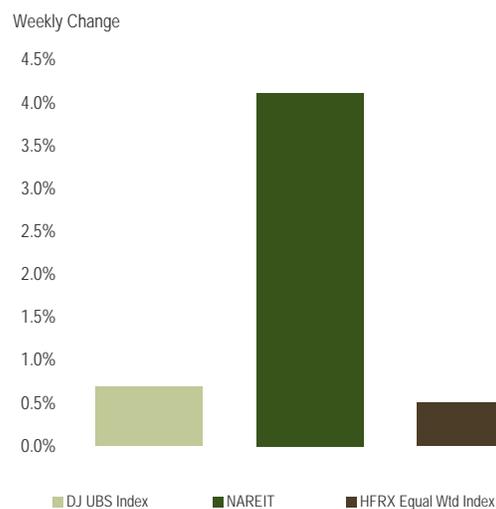
Crude oil futures settled at \$113.67 a barrel, up 1.29% or \$1.45 – capping an unprecedented eight straight month of gains. Traders estimate that the potential for further price gains depends on the ability of refinery processing rates meeting demand, or whether the weight of high fuel prices cuts into consumption. According to the latest forecast from the Energy Information Administration, oil demand in the U.S. is forecasted to climb 1.1% this year to 19.4 million barrels a day.

As valuations in the public market continue to rise, private equity firms' active bidding for consumer companies appears to be on the decline. According to the Wall Street Journal, 2010 was marked by private equity firms taking publicly traded companies private; however, with the recent surge in the equity market, prices may be too high to repeat that process this year. So far this year, buyout firms have spent \$5.4 billion in scooping up 120 consumer-related companies, accounting for 7% of all buyout deals, according to data provider Preqin. The rebound in valuations has stimulated buyout-backed exits as well, with an estimated \$7 billion worth of exits by buyout firms this year alone.

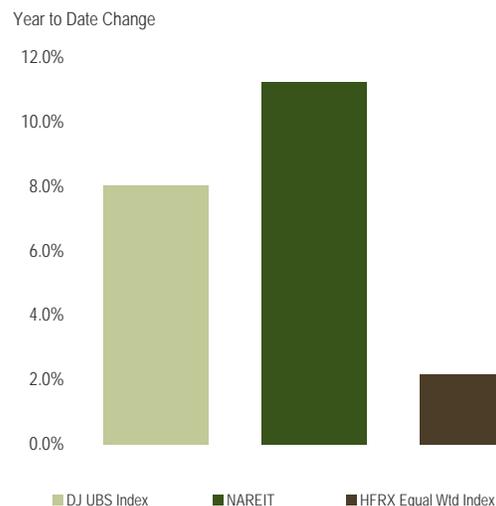
Issue	Previous Week	Current <sup>1</sup>	Change
Gold	1,505.90	1,559.30	3.55%
Crude Oil Futures	112.22	113.67	1.29%
Copper	440.20	418.55	-4.92%
Sugar	23.80	22.25	-6.51%
HFRX Equal Wtd. Strat. Index	1,186.41	1,192.39	0.50%
HFRX Equity Hedge Index	1,179.61	1,190.85	0.95%
HFRX Equity Market Neutral	1,034.63	1,040.12	0.53%
HFRX Event Driven	1,409.04	1,420.49	0.81%
HFRX Merger Arbitrage	1,554.37	1,561.10	0.43%
Dow Jones UBS Commodity Index	174.22	175.42	0.69%
FTSE/NAREIT All REIT	143.59	149.50	4.12%

<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.



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

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