MainStreet Advisors
Financial Market Update

July 8, 2011

Economic Update

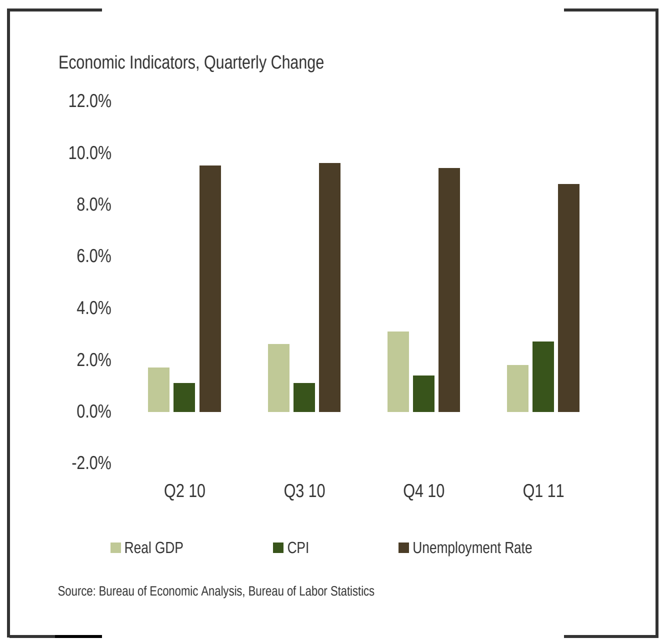
Factory orders data for May released by the Commerce Department on Tuesday reflected a rebound from the 0.9% decline in April, rising 0.8% primarily due to a significant 2.1% spike in orders for durable goods. The increase, which came in slightly under expectations, helps bolster the outlook for manufacturing sector growth after a slowdown in the first part of the year. Federal Reserve officials have maintained that the recent economic lag in manufacturing is likely attributable to temporary factors, namely shortages in parts resulting from the natural disasters in Japan, and the turnaround in factory orders for May supports that perspective.

The non-manufacturing report released on Wednesday by the Institute of Supply Management showed a slight decrease in activity from the prior month, falling 1.3 points to 53.3 in June. The rate remains above 50, however, reflecting month-to-month growth albeit at a slower pace.

The Labor Department reported disappointing employment statistics on Friday highlighted by a 0.1% increase in the unemployment rate to 9.2% in June. The rate would be even higher if the recession had not diluted the labor pool by forcing people out of the market; the Wall Street Journal reports that if participation rates were near pre-recession levels, the unemployment rate would be edging over 11%. The report also showed that the duration of unemployment continues to increase, coming in at a 39.9-week average in June. Nonfarm payrolls slowed considerably, falling far below expectations with a marginal 18,000 gain. The discouraging jobs data acts to reinforce the view that the economy is in a lull, as labor market health is integral to allowing the consumer sector to contribute to economic growth.

The European Central Bank (ECB) announced on Friday that it would raise interest rates for the second time in three months in an effort to keep inflation at a reasonable level, taking the main policy rate from 1.25% to 1.5%. ECB President Jean-Claude Trichet cautioned that additional rate increases are likely despite the ongoing debt crisis in Greece, and once again denied any private-sector efforts to bail out the country that would result in default.

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.

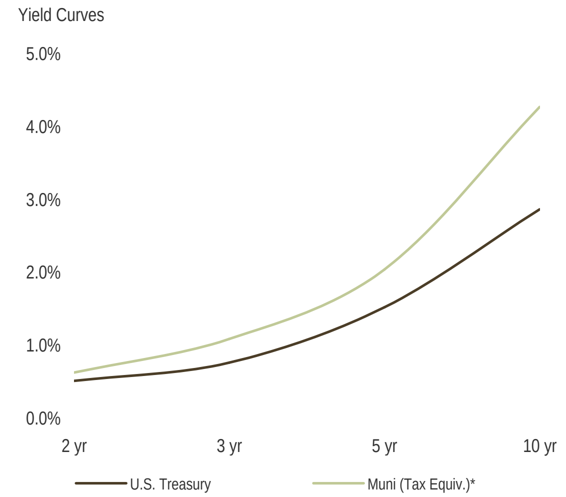


July 5th	Factory Orders, May Monthly Chg.	0.8%
July 6th	MBA Purchase Applications Index, Wkly. Chg.	4.8%
July 6th	ICSC-Goldman Same Store Sales, Wkly. Chg.	1.5%
July 6th	ISM Non-Mfg. Index, June	53.3
July 7th	Initial Jobless Claims (Week ending 7/2)	418,000
July 7th	EIA Natural Gas Report, Wkly. Chg.	95 bcf
July 7th	EIA Petroleum Status Report, Wkly. Chg.	-0.9M Barrels
July 8th	Unemployment Rate, June	9.2%
July 8th	Wholesale Inventories, May Monthly Chg.	1.8%
July 8th	Consumer Credit, May Monthly Change	5.1B

Bond Market Update

After an uneventful beginning to the week, U.S. Treasuries finished higher after a strong rally on Friday. Demand for safe-haven government debt exploded and traders covered significant short positions following a weaker than expected jobs report, which reignited fears about the pace of the economic recovery. Investor sentiment weakened further on comments from President Obama who noted the payrolls report shows "we still have a long way to go and a lot of work to do. Our economy as a whole is just not producing nearly enough jobs." Friday's strength refueled the market's three-month bull run after last week's largest selloff in two years. Concerns about the U.S. economy along with the euro-zone's debt problems continue to drive investors into Treasuries despite relatively low yields.

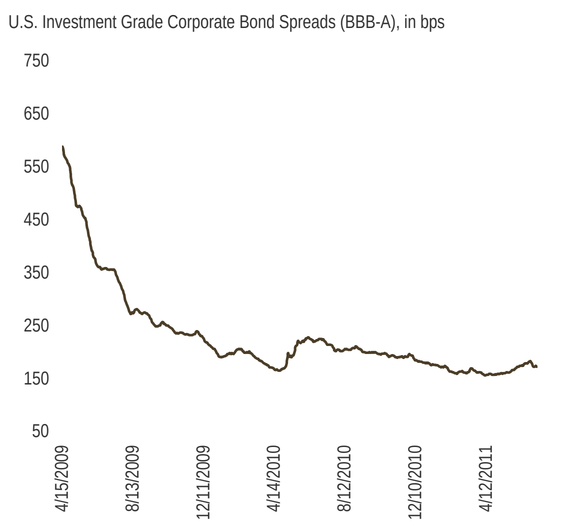
Meanwhile, Moody's cut of Portugal's credit rating to below investment grade amid concerns the country will need a second bailout. Discussions to involve private investors in a new rescue plan for Greece make it more likely that the European Union will require the same pre-conditions in the case of Portugal, Moody's said in a recent report. Strategists feel this is a strong reminder the sovereign debt crisis does not end with Greece, and risks remain with other nations.



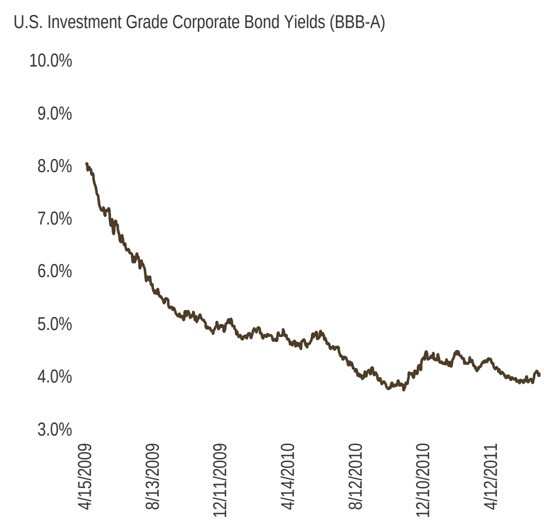
Source: U.S. Department of Treasury, Standard & Poor's, FTN Financial
*Taxable Equivalent rate is calculated by using a 35% tax margin

Issue	7.1.11	7.8.11	Change
3 month T-Bill	0.03%	0.03%	0.00%
2-Year Treasury	0.45%	0.40%	-0.05%
5-Year Treasury	1.76%	1.57%	-0.19%
10-Year Treasury	3.18%	3.03%	-0.15%
30-Year Treasury	4.38%	4.27%	-0.11%

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



Source: Merrill Lynch



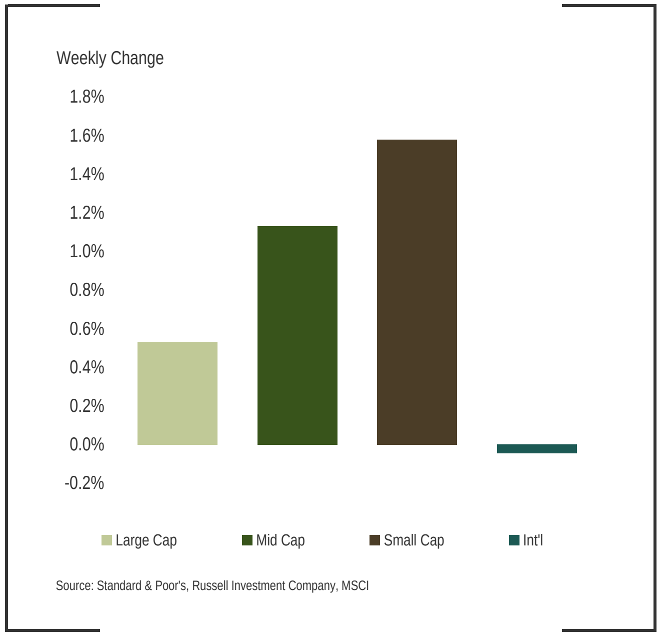
Source: Merrill Lynch

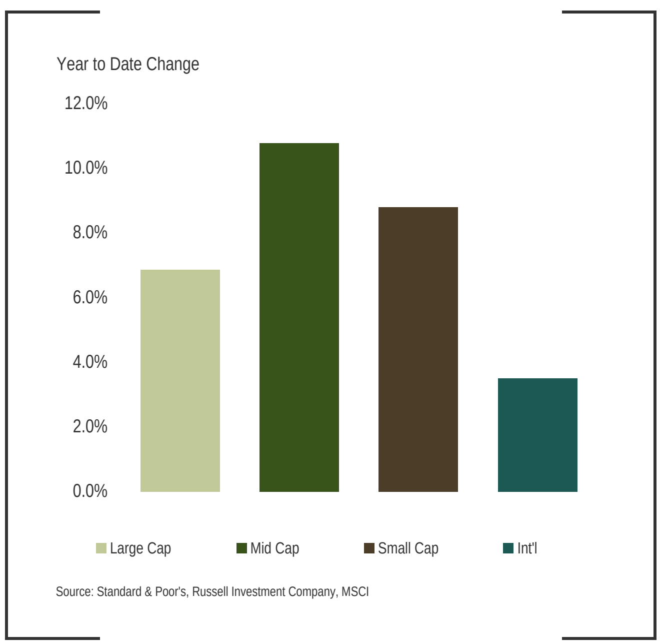
Stock Market Update

Stocks markets were mixed in this holiday-shortened week following last week's rally. Domestic markets were weak on Friday on the news that nonfarm payrolls increased by only 18,000 in June. This was especially disappointing for investors after Thursday's ADP National Employment report showed private sector job growth of 157,000. The Dow Jones Industrial average finished at 12657.20, up 0.4% for the week. The broader S&P 500 Index closed at 1343.80, flat compared to the prior week. The NASDAQ Composite Index had been on an eight day rally until Friday's news led to a decline of 0.5%. The technology-heavy index still increased 1.3% for the week to close at 2859.81. Earnings season for companies reporting calendar quarter results officially begins next week.

International markets were also mixed as the Shanghai composite index rose 1.4% for the week. The People's Bank of China hiked lending and deposit rates by 25 basis points on Wednesday for the third time this year, in line with recent comments by senior Chinese leaders on the need to maintain price stability. In Japan the Nikkei Index increased 2.7%, reaching a post-quake high of 10143.52. Japanese car makers and exporters have been especially strong recently. European markets were mostly flat after weakness on Friday due to the U.S. jobs report. Moody's Investor services officially downgraded Portugal to junk status.

On Thursday retail same store sales were reported. According to Thomson Reuters, sales at stores open at least one year were up 6.5% for the month compared to expectations of 4.9%. The figure compares with 3.1% last year. Only three of the 25 retailers that reported same-store sales missed analysts' estimates.





Issue	7.1.11	7.8.11	Change
Dow Jones	12,561.73	12,657.20	0.76%
S&P 500	1,336.70	1,343.80	0.53%
NASDAQ	2,812.00	2,859.81	1.70%
Russell 1000 Growth	616.66	625.86	1.49%
S&P MidCap 400	993.75	1004.98	1.13%
Russell 2000	839.33	852.57	1.58%
MSCI EAFE	1,708.08	1,707.35	-0.04%
MSCI Small Cap	1,146.22	1,167.61	1.87%

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

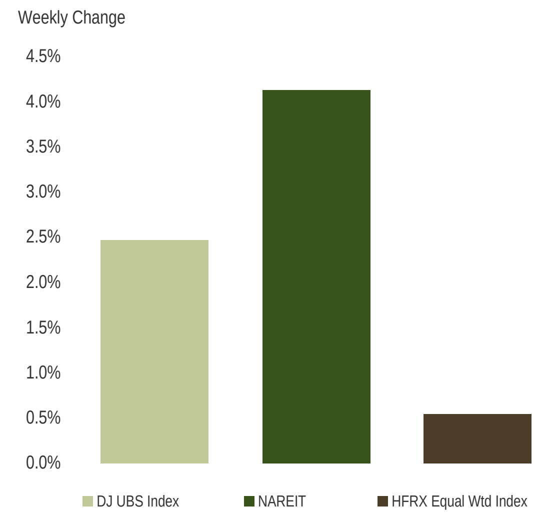
Crude oil managed to gain 1.47% this week, settling at $96.48 barrel, despite the Labor Department announcing that U.S. employers added the fewest amount of jobs in nine months, coupled with the unemployment rate rising to 9.2%, its highest level this year. U.S. nonfarm payrolls rose by only18,000 in June, well below the forecasted 125,000 predicted by many experts.

While oil was affected slightly by the subpar U.S. jobs data, gold, in contrast, reached a two-week high this week. The precious metal surged more than $20 after the Labor Department made its announcement regarding the job market. Gold settled at $1,544.10 an ounce, up 4.06% or $60.20. Analysts believe that a loose monetary policy is in store for an extended period of time, which is only going to benefit gold as investors again turn to the precious metal as a safe haven investment. However, many continue with the notion that gold will remain highly volatile, as the metal has benefited from both good and bad news in the economy.

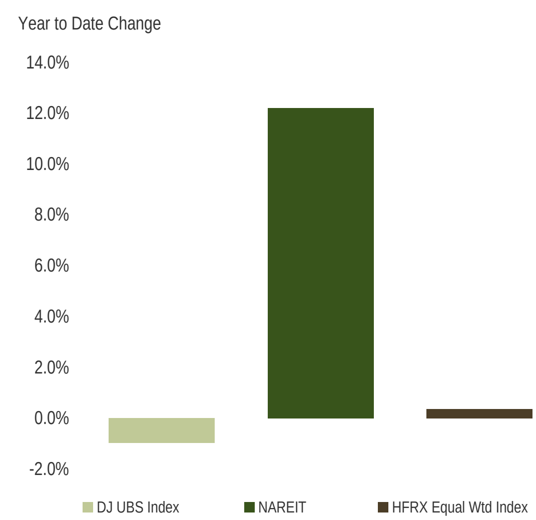
In a report from Reuters, hedge funds made out with tiny gains during the first half of the year, but still lagged well behind the broader stock market. According to Hedge Fund Research (HFR), the average hedge fund increased 0.76% since January, having given back earlier gains during May and June, when the HFRI Fund Weighted Composite Index fell 1.14% and 1.22% respectively. In contrast, the Standard & Poor's 500 Index (S&P 500) gained 6% in the first half of 2011. Struggling with the fallout from Japan's earthquake and nuclear disaster, the U.S. economy's ongoing recovery and Europe's debt crisis, many of the world's biggest hedge funds find themselves in the negative thus far. Nearly all funds were in the red in June, HFR claimed, noting that only so-called short sellers and funds pursuing yield alternatives made a profit for the month. For the year, the biggest losers were funds pursuing commodity strategies, which lost 3.80%, and global macro funds, which traditionally bet on currencies and interest rates, which has dropped 2.16% this year.

Issue	Previous Week	Current[1]	Change
Gold	1,483.90	1,544.10	4.06%
Crude Oil Futures	95.08	96.48	1.47%
Copper	430.45	440.05	2.23%
Sugar	27.25	29.36	7.74%
HFRX Equal Wtd. Strat. Index	1,165.15	1,171.46	0.54%
HFRX Equity Hedge Index	1,125.20	1,136.72	1.02%
HFRX Equity Market Neutral	1,036.62	1,042.88	0.60%
HFRX Event Driven	1,392.06	1,400.65	0.62%
HFRX Merger Arbitrage	1,538.65	1,545.03	0.41%
Dow Jones UBS Commodity Index	156.95	160.83	2.47%
FTSE/NAREIT All REIT	144.81	150.79	4.13%

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.



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

MainStreet Advisors performance results reflect time-weighted rates of returns based upon MainStreet Advisors proprietary trading strategies. Performance results reflect the reinvestment of dividends and other earnings as well as the deduction of management and transaction fees. Performance does not reflect additional fees charged by institutions MainStreet Advisors provides investment services. In some cases, performance reflects the quarterly rebalancing of assets based upon MainStreet Advisors Tactical Asset Allocation Models.

Past performance may not be indicative of future results, and the performance of a specific individual account may vary substantially from performance presented herein. Therefore, no current or prospective client should assume that future performance will be profitable or equal the performance results reflected herein. In calculating account performance, MainStreet Advisors has relied upon information provided by various sources believed to be accurate and reliable but cannot be guaranteed. All past recommendations are available upon request. Investments in equities, fixed income, mutual funds, and exchange traded funds involve risk and may lose value.

Different types of investments involve varying degrees of risk, and there can be no assurance that any specific investment will be profitable. MainStreet Advisors investment strategies may involve portfolio turnover, which could negatively impact the next after-tax gain experienced by an individual client.

MainStreet Advisors displays its performance results in addition to the market index that it believes represents a similar strategy in terms of asset allocation (stocks, bonds), generally accepted investment objectives (growth, income, or balanced), style benchmarks (growth, value, or core), geographic allocations (US, Foreign, or Global), sector allocation potential, and cap size objective (small cap, mid cap, or large cap). The index is shown in order for clients to make a comparison of performance for the designated time period. However, the indices shown above may not completely reflect the risk or volatility of the overall market or of the risk taken by the MainStreet Advisors program. The indices shown are not intended to be an absolute benchmark for the MainStreet Advisors program due to the fact that clients may not be able to duplicate exact holdings in the indices shown. MainStreet Advisors programs may reallocate some or all assets in the program to cash in response to market conditions, and MainStreet Advisors programs utilize a flexible management strategy with regard to equity selection, cap size, style, and asset allocation. It should be noted that market indices are always fully invested and holdings are limited to the index charter. The market index used for comparison is an unmanaged index and is a common measure of performance of the relevant stock markets. They are not available for direct investment.

Any investments purchased or sold are not deposit accounts and are not endorsed by or insured by the Federal Deposit Insurance Corporation (FDIC), are not obligations of the Bank, are not guaranteed by the Bank or any other entity, and involve investment risk, including possible loss of principal. MainStreet Advisors and Bank are independently owned and operated. MainStreet Advisors is an SEC registered investment advisor. Form ADV Part II is available upon request.

MAINSTREET ADVISORS™

120 North LaSalle Street, 37th Floor
Chicago, Illinois 60602
312.223.0270 direct
312.223.0276 fax
www.mainstreetadv.com