

MainStreet Advisors Financial Market Update

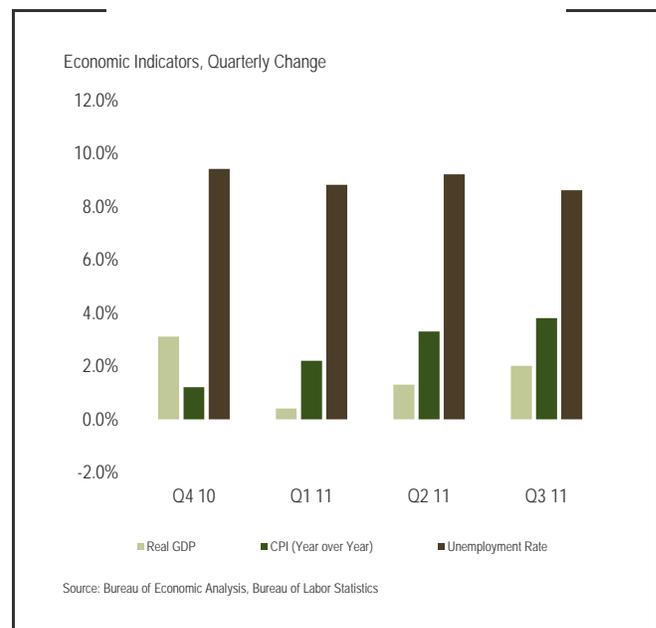
December 30, 2011
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Economic Update

Consumer confidence ended the year on a high note, according to the Conference Board's index. The index rose 9.3 points to 64.5 in December, following a 15.1 point jump the previous month. Lynn Franco, Director of The Conference Board Consumer Research Center said "After two months of considerable gains, the Consumer Confidence Index is now back to levels seen last spring (April 2011, 66.0). Consumers' assessment of current business and labor market conditions improved again. Looking ahead, consumers are more optimistic that business conditions, employment prospects, and their financial situations will continue to get better." It is too soon to tell whether this upbeat mood will lead to a sustainable improvement in confidence in 2012.

Home prices continued to slide in October, with the Case-Shiller 20 city index edging down 1.2% for the month on an unadjusted basis. On a year-over-year basis, home prices have now fallen 3.4%. "Some of the other housing statistics posted relatively healthy figures for November, but it seems that most of the good news was confined to the multi-family sector," says David M. Blitzer, Chairman of the Index Committee at S&P Indices. This marks the third straight month of declines, and reinforces the notion that recent gains in the number of homes sold are coming at the expense of lower prices. A report released later in the week by the National Association of Realtors showed the pending home sales index was up a strong 7.3% in November, following a 10.4% increase the previous month.

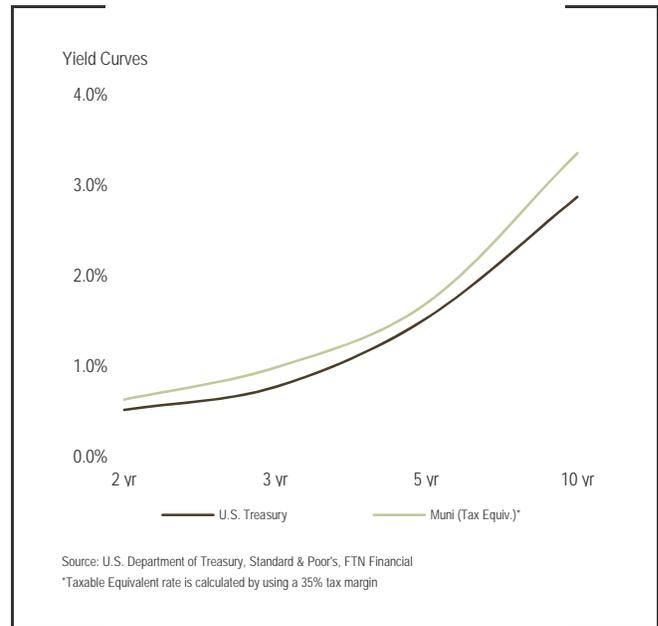
Initial jobless claims rose by 15,000 to 381,000 in the week ended December 24, according to the Labor Department. Despite the rise, the number is still comfortably below the key 400,000 level and the four-week average continued its downward trend falling 5,750 to 375,000. This is the best level yet during the recovery and indicates the improving labor market is starting to find its footing. It should be noted that the figures lack some clarity as estimates were needed for seven states, which is not unusual for a holiday week.



Dec. 27 th	S&P/Case-Shiller 20-city Index, Oct. Monthly Chg.	-0.6%
Dec. 27 th	Consumer Confidence Index, December	64.5
Dec. 27 th	State Street Investor Confidence Index, December	99.3
Dec. 28 th	ICSC-Goldman Same Store Sales, Wkly. Chg.	0.9%
Dec. 29 th	Initial Jobless Claims (week ending 12/24)	381,000
Dec. 29 th	Chicago PMI Business Barometer Index, December	62.5
Dec. 29 th	Pending Home Sales, Nov. Monthly Chg.	7.3%
Dec. 29 th	EIA Natural Gas Report, Wkly. Chg.	-81 bcf
Dec. 29 th	EIA Petroleum Status Report, Wkly. Chg.	3.9M Barrels

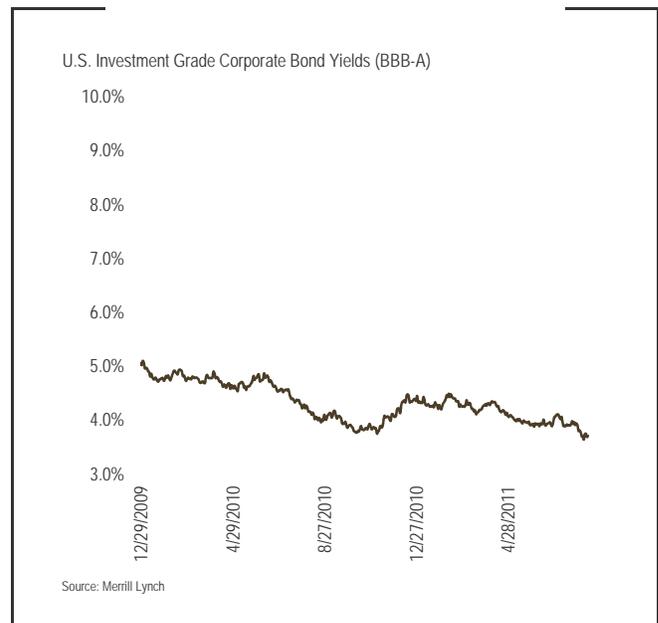
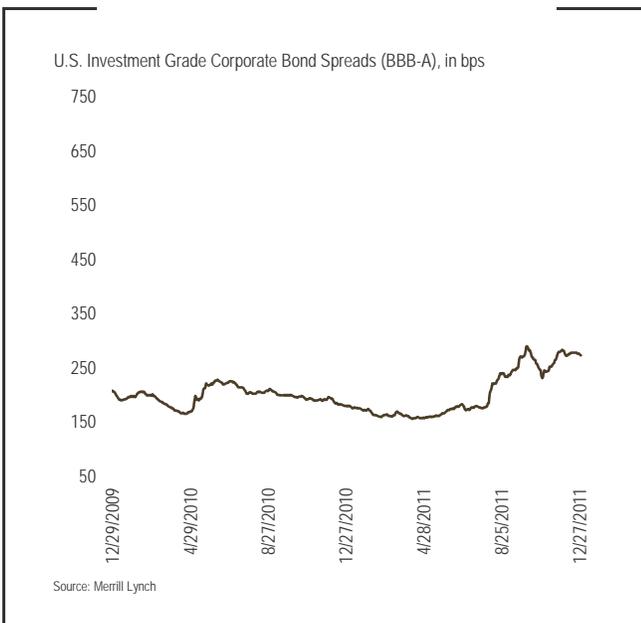
Bond Market Update

Trading on light volume, U.S. Treasuries advanced for the week, as Spain's new government moved to increase taxes and reduce spending to curb its large budget deficit. In a year marked by a global flight from the eurozone's sovereign debt crisis into safe-haven securities, U.S. government debt returned almost 10%, as measured by Barclay's U.S. Treasury index, the largest yearly return since 2008. The biggest gainer was the 30-year bond, with a return of 35%, far outpacing gold, another favorite safe-haven asset class. Treasury Inflation-Protected Securities (TIPS) gained almost 14%, the most since 2002. Spreads, or the difference in yields, between 10-year Treasury notes and similar maturity TIPS, a gauge of trader expectations for consumer prices over the life of the securities, closed the year at 1.95%, indicating below average expectations for inflation. Looking ahead, analysts are split on how the market will perform next year, reflecting continued uncertainty regarding global economic growth. With fears of a U.S. recession waning, the bond bears argue bond yields will rise as demand for safety moderates. Conversely, the bond bulls suggest global economic risks and political concerns will provide the catalyst for continued gains in the bond markets. Meanwhile, the yield on new 10-year Italian bonds issued this week came in at slightly below the market sensitive level of 7%, lower than November's auction of 7.56%, but not at a rate that would calm market anxieties over the country's ability to raise funds next year.



Issue	12.23.11	12.30.11	Change
3 month T-Bill	0.01%	0.02%	0.01%
2-Year Treasury	0.28%	0.28%	0.00%
5-Year Treasury	0.97%	0.88%	-0.09%
10-Year Treasury	2.03%	1.91%	-0.12%
30-Year Treasury	3.05%	2.90%	-0.15%

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

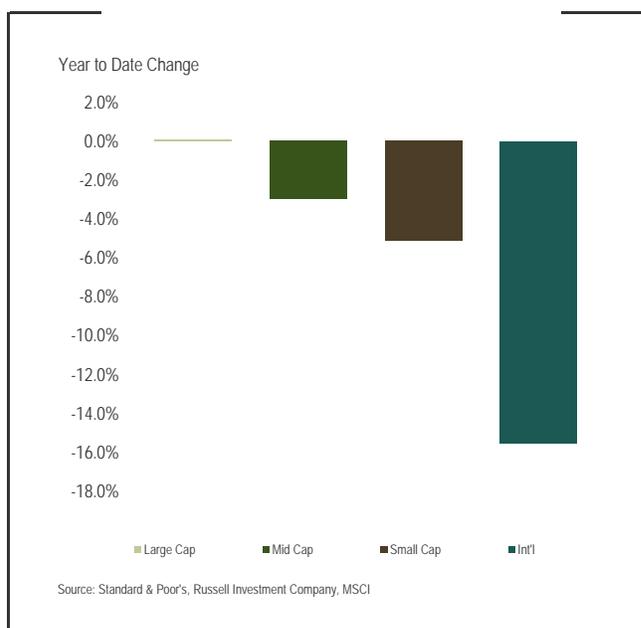
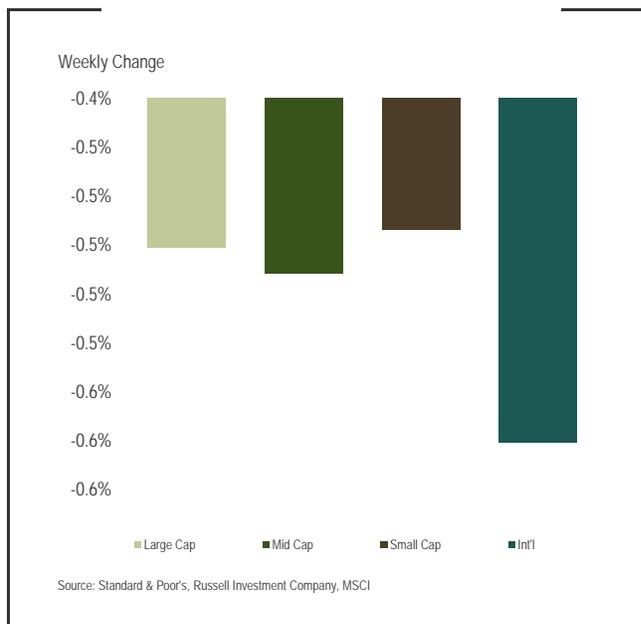


Stock Market Update

Stocks were little changed over the last week of the trading year for 2011 on little volume. Thursday, stocks ended higher putting the S&P 500 back into positive territory for the year in what has otherwise been a volatile year for investors. The Dow Jones Industrial Average closed at 12,228.42, or down 0.53%. The broader S&P 500 Index ended the week down 0.50% to close at 1,258.99, while the NASDAQ Composite finished lower to close the week out at 2,607.69, or down 0.42% .

Shares of AMR Corp., the parent company of American Airlines, fell 35% on Friday. Late in November the company filed for bankruptcy protection, and, after 70 years of being listed on the NYSE, the company will be delisted based on the exchanges minimum requirements. AMR Corp. avoided bankruptcy earlier in the decade when US Airways, United and Delta all filed for protection during the years of 2002 and 2005. Through the restructuring, AMR is looking to alleviate some of the burdensome labor costs and pension obligations.

Sears Holdings (SHLD) was another company ending the year on a negative note. The company announced poor holiday sales and subsequently announced that it will be closing 120 Sears and Kmart stores. The company announced that holiday sales had a 5.2% decline over the prior year and that earnings over the fourth quarter could be half of what they were in 2010. The company has lost 30% of its value this week and over 60% of its value since it traded in the low \$80s in late October and early November.



Issue	12.23.11	12.30.11	Change
Dow Jones	12,293.85	12,228.42	-0.53%
S&P 500	1,265.33	1,258.99	-0.50%
NASDAQ	2,618.64	2,607.69	-0.42%
Russell 1000 Growth	578.76	582.07	0.57%
S&P MidCap 400	884.89	880.36	-0.51%
Russell 2000	747.33	743.64	-0.49%
MSCI EAFE	1,401.60	1,393.45	-0.58%
MSCI Small Cap	919.55	914.21	-0.65%

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.

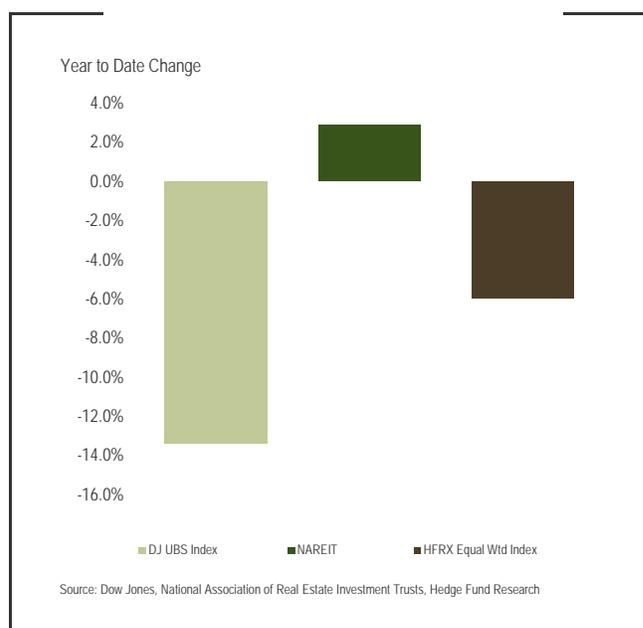
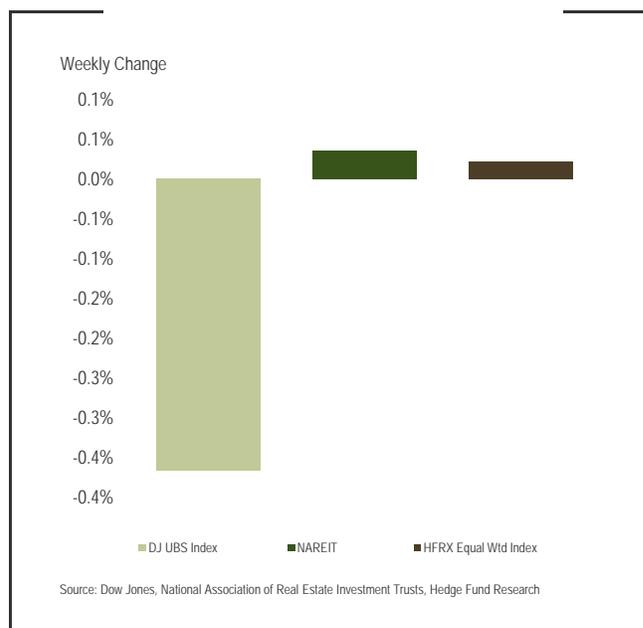
Alternative Investments Market Update

Along with the rest of the market, real estate stocks fluctuated in Q4, but are expected to end the year at approximately fair value, similar to levels three months prior. Within the real estate sector, a flight to safety toward cyclically defensive property sectors has been evident as investors remain fearful of a slowdown in the macro-economy. However, according to a recent report from Morningstar detailing the outlook for real estate stocks, some sectors, especially those that renew leases on a near-term basis, such as lodging and apartments, could see a reversal in operating performance where the fundamental improvements seen through most of 2011 should hold in the near-term; this bodes well for investors. The report went on to note how, relative to private investors and the public non-traded real estate investment trust (REIT) space, publicly traded REITs remain well-positioned. REITs are currently yielding around 4%, and dividend payout as a percentage of funds from operation, in aggregate, is approximately 70%, according to the National Association of Real Estate Investment Trusts. Experts believe the commercial real estate cycle is in the early stages of improvement, and though there may be payout concerns on a granular company-by-company basis, the industry as a whole likely will not suffer rolling dividend cuts across the board in the near future.

Crude oil futures closed lower this week with the market wary of the unclear outlook for global oil demand. However, prices finished the year with more than an 8% increase, reflecting the incredible Q4 performance for oil as prices gained approximately 25% quarter-to-date. Volatility in this space is expected to ensue as developments in Europe continue to muddle along. Similarly, gold closed higher this week, rebounding from recent losses, to close the year with a 10% gain. Analysts expect the debt issues facing many economies coupled with record low interest rates will advance the surge behind the bullish run on gold in 2012. However, experts recommend investors closely watch interest rates and volatility that may stem from the potential deregulation of gold in China.

Issue	Previous Week	Current ¹	Change
Gold	1,607.60	1,566.20	-2.58%
Crude Oil Futures	99.80	98.99	-0.81%
Copper	346.45	342.70	-1.08%
Sugar	23.59	23.30	-1.23%
HFRX Equal Wtd. Strat. Index	1,097.17	1,097.41	0.02%
HFRX Equity Hedge Index	997.88	997.97	0.01%
HFRX Equity Market Neutral	980.56	981.77	0.12%
HFRX Event Driven	1,305.31	1,305.71	0.03%
HFRX Merger Arbitrage	1,486.00	1,485.91	-0.01%
Dow Jones UBS Commodity Index	141.20	140.68	-0.37%
FTSE/NAREIT All REIT	138.18	138.23	0.04%

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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