MainStreet Advisors
Financial Market Update

January 20, 2012

Economic Update

Economic growth in China slowed in the fourth quarter to an annual pace of 8.9%, according to the National Bureau of Statistics. While this would be considered blistering growth by U.S. standards, it is rather slow for the world's second largest economy where 10% has been the norm for the past three decades. The number was better than expected, though, and gives credence to the belief that China can manage a soft economic landing. Taming inflation was one of the government's top priorities last year, and tighter credit appears to have brought the housing boom under control. China's top leaders are shifting away from inflation concerns in 2012 and instead focusing on stabilizing growth.

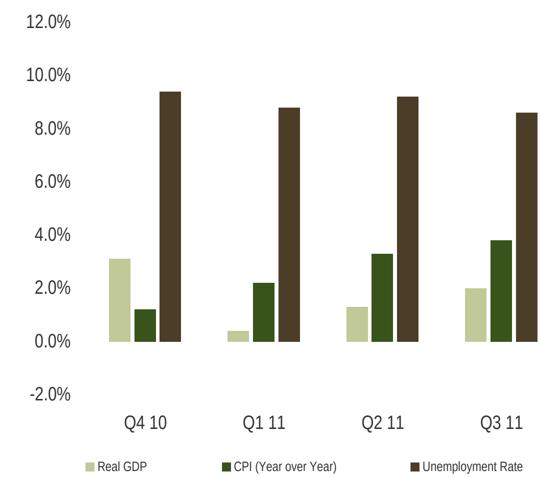
Inflation pressures for the consumer were kept in check for the third month in a row thanks to falling energy prices. A report from the Labor Department showed headline inflation was flat for December. Year-over-year CPI inflation decelerated to 3.0% from 3.4% in November. Inflation at the producer level edged down 0.1% during the month after climbing 0.3% the previous month. The decrease was largely attributable to a 0.8% drop in energy prices. Inflation has now moderated to a level that allows the Fed to comfortably keep its accommodative monetary policies in place for the time being.

Existing home sales were up for the third straight month, according to the National Association of Realtors (NAR). Sales rose 5.0% to a 4.610 million unit rate, enough to bring down supply on the market to 6.2 months – the lowest level since 2006. Lawrence Yun, NAR chief economist, said "Record low mortgage interest rates, job growth and bargain home prices are giving more consumers the confidence they need to enter the market."

Initial jobless claims fell a dramatic 50,000 to 352,000 for the week ended January 14, according to the Labor Department. It was the biggest drop since September 2005 and the lowest reading since April 2008. This is a level that can be considered typical for run-of-the-mill economic conditions and would result in sustained improvements in the unemployment rate if it is maintained.

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.

Economic Indicators, Quarterly Change



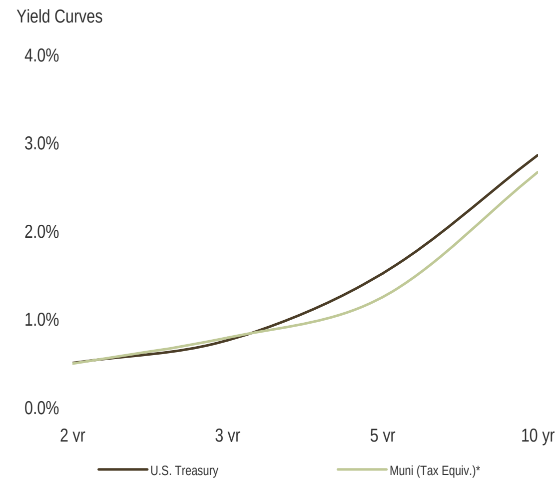
Source: Bureau of Economic Analysis, Bureau of Labor Statistics

Jan. 17th	Empire State Mfg Survey, January	13.48
Jan. 18th	MBA Purchase Applications Index, Wkly. Chg.	23.1%
Jan. 18th	ICSC-Goldman Same Store Sales, Wkly. Chg.	0.1%
Jan. 18th	Producer Price Index, December Monthly Chg.	-0.1%
Jan. 18th	Industrial Production, Dec. Monthly Chg.	0.4%
Jan. 18th	Housing Market Index, January	25.0
Jan. 19th	Consumer Price Index, December Monthly Chg.	0.0%
Jan. 19th	Housing Starts, December	657,000
Jan. 19th	Initial Jobless Claims (week ending 1/14)	352,000
Jan. 19th	Philidelphia Fed Survey, January	7.3
Jan. 19th	EIA Natural Gas Report, Wkly. Chg.	-87 bcf
Jan. 19th	EIA Petroleum Status Report, Wkly. Chg.	-3.4M Barrels
Jan. 20th	Existing Home Sales, December SAAR*	4.61M

Bond Market Update

Positive economic news in the U.S. and some encouraging signs out of Europe prompted investors to nibble on riskier fixed income assets this week, although trepidation remains evident. U.S. economic data this week included housing starts and initial weekly jobless claims that showed continued strength in the U.S. economy and prompted a sell-off in U.S. Treasuries. Losses on U.S. government securities extended to 0.34% for the year and marked the worst start of a year for nearly a decade. Instead, investors moved to riskier debt with corporate bonds outperforming Treasuries by 100 basis points so far in 2012. Despite the increase in investor risk appetite, 10-year U.S. Treasury Inflation Protected Securities (TIPS) were auctioned at a -0.46% yield. This marked the first time a 10-year TIP auction went negative and highlighted the continued fear in the markets..

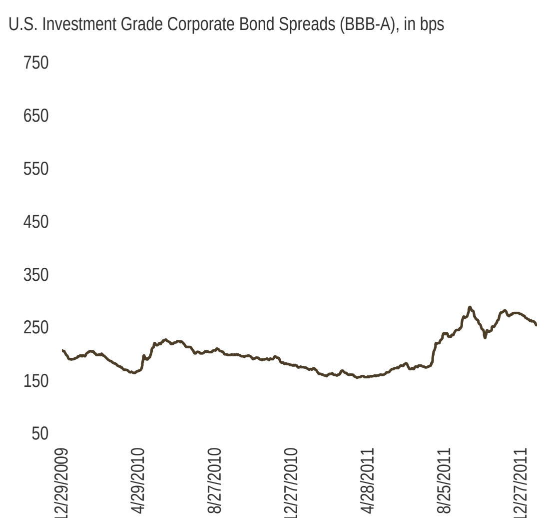
European bond markets shrugged off an S&P downgrade of the European Financial Stability Facility (EFSF) and followed the U.S. with riskier assets outperforming the German bund. The downgrade was largely expected and had no effect on the markets. Investors did, however, note progress being made in Greece's renegotiation of its debt with creditors. A deal appears imminent between the parties and would greatly reduce the possibility of a disorderly Greek default. These positive signs gave investors confidence to buy into sovereign auctions, witnessed by France and Spain seeing yields on medium and long term debt reduced.



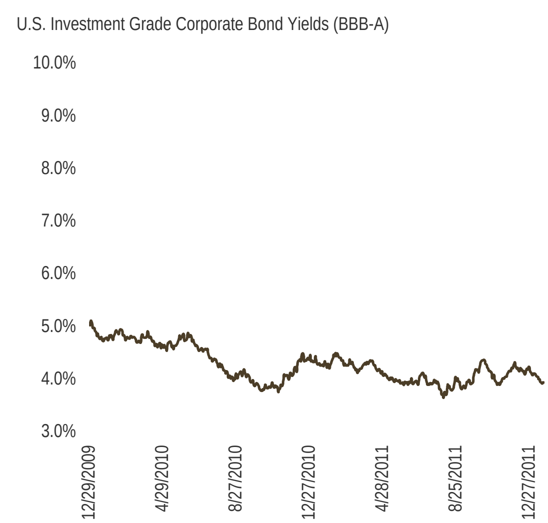
Source: U.S. Department of Treasury, Standard & Poor's, FTN Financial
*Taxable Equivalent rate is calculated by using a 35% tax margin

Issue	1.13.12	1.20.12	Change
3 month T-Bill	0.03%	0.05%	0.02%
2-Year Treasury	0.22%	0.26%	0.04%
5-Year Treasury	0.84%	0.91%	0.07%
10-Year Treasury	1.94%	2.05%	0.11%
30-Year Treasury	2.97%	3.10%	0.13%

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



Source: Merrill Lynch



Source: Merrill Lynch

Stock Market Update

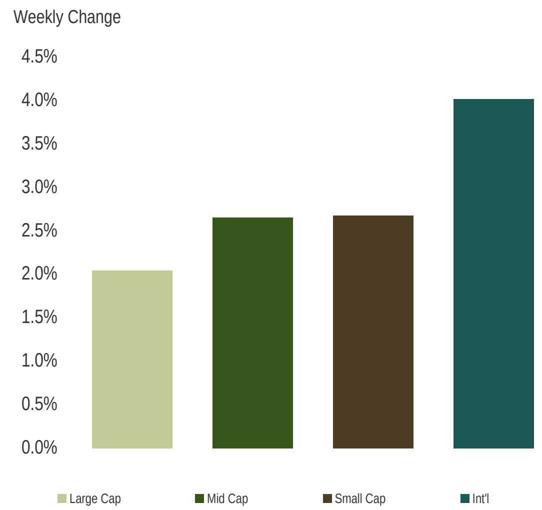
Stocks finished higher for the third week in a row of this New Year. Investors returned from the holiday weekend to news of favorable economic data and better than expected fourth quarter loan growth data from Citigroup and Wells Fargo. The lack of any negative news out of Europe also helped push stocks higher this week. The Dow Jones Industrial Average increased 2.4% to end the week at 12720.48. The broader S&P 500 Index closed at 1315.38, up 2.0%. The NASDAQ Composite Index rose 2.8% to 2786.70. The S&P and the NASDAQ both reached highs not seen since July, 2011.

International markets were also higher this past week. Asian stocks rallied on Tuesday, with commodity-linked companies strong after China reported GDP growth ahead of estimates for the fourth quarter. Japan's Nikkei Index and the Shanghai Composite Index closed just over 3% for the week. Tuesday's report that German investor confidence rose sharply in January also helped overseas markets. The DAX Index increased 4.3%, France's CAC 40 Index rose 3.9%, and the FTSE 100 index in the UK closed 1.6% higher than last Friday.

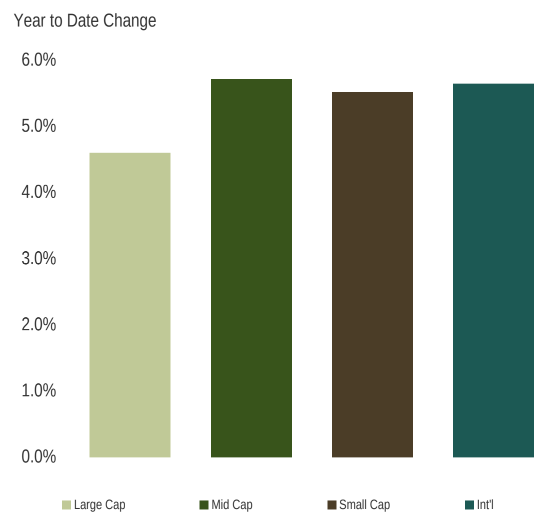
It was a busy week for earnings reports from the major banks and technology companies. Thomson Reuters reported of the 72 companies in the S&P 500 Index that have reported so far this month 60% have beaten expectations. This is slightly lower than the past four quarters, although it is still early in earnings season. General Electric reported improved margins over third quarter, but with revenue weakness in the industrial and healthcare businesses. GE CEO Chairman & CEO Jeff Immelt said in a statement, "We are restructuring our business in Europe to reflect market conditions." Microsoft reached a new 52-week high after reporting solid results on Friday. Google shares fell 8.5% when it reported a rare earnings miss.

Issue	1.13.12	1.20.12	Change
Dow Jones	12,422.06	12,720.48	2.40%
S&P 500	1,289.09	1,315.38	2.04%
NASDAQ	2,710.67	2,786.70	2.80%
Russell 1000 Growth	595.23	609.13	2.34%
S&P MidCap 400	906.59	930.62	2.65%
Russell 2000	764.2	784.62	2.67%
MSCI EAFE	1,415.22	1,472.05	4.02%
MSCI Small Cap	953.48	991.38	4.25%

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

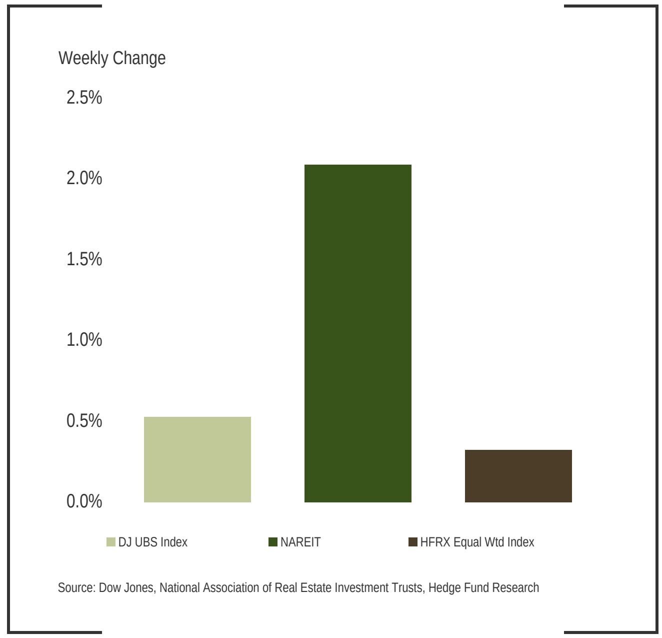
Alternative Investments Market Update

Facing ongoing pressure due to economic uncertainty, along with concerns regarding China's sluggish manufacturing sector and a weak U.S. petroleum demand, crude fell 0.71% this week, settling at $98.41 a barrel. Manufacturing in China fell for the third straight month after preliminary results from HSBC's survey of the country showed little improvement in January, with weakness in output and new orders suggesting an even deeper slowdown in the near future. According to the BP Statistical Review of World Energy, China is the world's second-largest oil user, trailing only the U.S., and used 9.06 million barrels a day last year. Gold closed the week at $1,667.00 an ounce, up 1.72%, benefitting from the recent "risk on" theme. The belief that the metal serves as a hedge against inflation, a refuge in times of economic uncertainty, while still generating impressive returns has re-sparked interest from speculators for the time being.

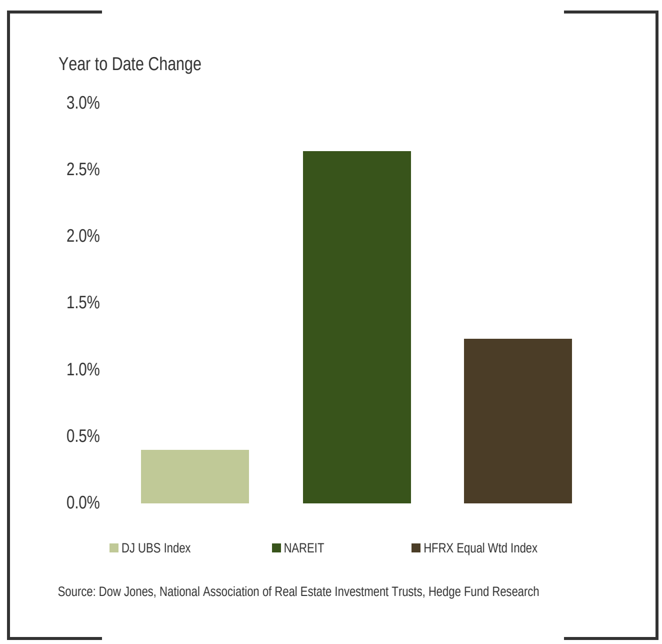
For the first time since Q2 2009, when the markets were still crawling out of an historic financial crisis, investors pulled out more money from hedge funds than they put in during Q4. According to data by Hedge Fund Research, the $2 trillion hedge fund industry saw net investor withdrawals of about $127 million in Q4, with the majority of these withdrawals coming from equity strategies. Nearly 60% of all hedge funds experienced outflows for the quarter, while just over 40% attracted inflows. While these withdrawals amounted to a minimal portion, 0.007% of the industry's total assets, the pullback signals that investors may be starting to "lose patience". In each of the past three years, hedge funds' average returns have trailed the benchmark stock indices, including the S&P 500. The HFRI Fund Weighted Composite Index produced an annualized return of 7.9% over the past three years, whereas the S&P 500 had a total return of 14.1% for the same period. It was not all bad news for the industry though, as investors allocated $70 billion of new capital to hedge funds, despite the HFRI Fund Weighted Composite Index's decline of 5.0% for the year.

Issue	Previous Week	Current[1]	Change
Gold	1,638.80	1,667.00	1.72%
Crude Oil Futures	99.11	98.41	-0.71%
Copper	363.80	374.85	3.04%
Sugar	23.84	24.89	4.40%
HFRX Equal Wtd. Strat. Index	1,107.39	1,110.94	0.32%
HFRX Equity Hedge Index	1,011.60	1,013.41	0.18%
HFRX Equity Market Neutral	987.48	989.41	0.20%
HFRX Event Driven	1,325.40	1,333.70	0.63%
HFRX Merger Arbitrage	1,494.80	1,500.55	0.38%
Dow Jones UBS Commodity Index	140.51	141.24	0.52%
FTSE/NAREIT All REIT	138.98	141.88	2.09%

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