MainStreet Advisors
Financial Market Update

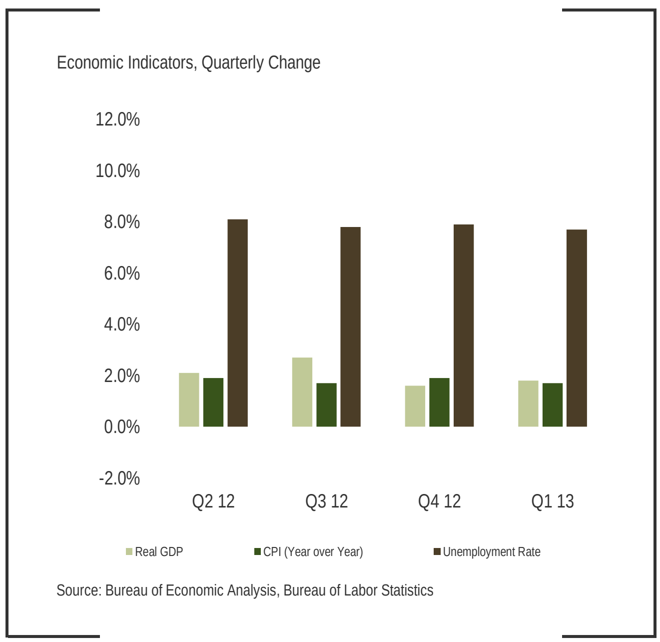
April 26, 2013

Economic Update

U.S. economic growth accelerated in the first quarter of the year, but still fell short of expectations. GDP rose at a 2.5% annualized rate after clocking in at only 0.4% growth in the fourth quarter of 2012. The increase was largely driven by a pick-up in consumer spending which rose at a 3.2% pace while government purchases fell another 4.1% after dropping at a 7.0% pace in the fourth quarter. The headline number looks better than the underlying reality. Government cuts are likely to continue throughout the rest of the year, and many economists expect growth to slow in the second quarter.

Although limited supply of homes on the market is stifling sales, it is having a positive impact on prices. Sales of existing homes for March fell 0.6% to a 4.92 million annual pace. Median prices rose 6.2% from February to $184,300 as the proportion of sales coming from foreclosures fell from 25% to 21% in March. The 1.5% rise in new home sales was a bit disappointing as it fell below consensus estimates. Price movement for new homes was almost a mirror image of existing homes, falling 6.8% during the month to a median of $247,000. Housing is not showing much momentum as it heads into the spring buying season, but higher prices in the existing homes category may help bring more supply to the market.

Economic data outside of the U.S. was not very inspiring this week. HSBC's PMI for China fell from 51.6 to 50.5 in March, indicating manufacturing growth in the world's second largest economy has slowed. The report showed external demand for China's exports was weak, which is not a good sign for the global economy. Manufacturing in Europe was also weak as German activity contracted for the first time since November and the eurozone as a whole contracted for the 19th time in the past 20 months. The European region's unemployment problems deepened as well, with Spain and Greece suffering the most – both with rates of 27.2%. The youth in those two countries are feeling the brunt of it as nearly 60% of them are without work. The good news this week – if you could call it that – is the United Kingdom managed to avoid a triple-dip recession by eking out a 0.3% rise in GDP in the first quarter.



Apr. 22nd	Existing Home Sales, March SAAR	4.92M
Apr. 23rd	ICSC-Goldman Same Store Sales, Wkly. Chg.	0.8%
Apr. 23rd	New Home Sales, March	417,000
Apr. 24th	MBA Purchase Applications Index, Wkly. Chg.	0.2%
Apr. 24th	Durable Goods New Orders, Mar. Monthly Chg.	-5.7%
Apr. 24th	EIA Petroleum Status Report, Wkly. Chg.	0.9M Barrels
Apr. 24th	Initial Jobless Claims (week ending 4/20)	339,000
Apr. 24th	EIA Natural Gas Report, Wkly. Chg.	30 bcf
Apr. 25th	Real GDP, Q1 Quarterly Change SAAR	2.5%
Apr. 25th	GDP Price Index, Q1 Quarterly Change SAAR	1.2%
Apr. 25th	Consumer Sentiment Index, April	76.4

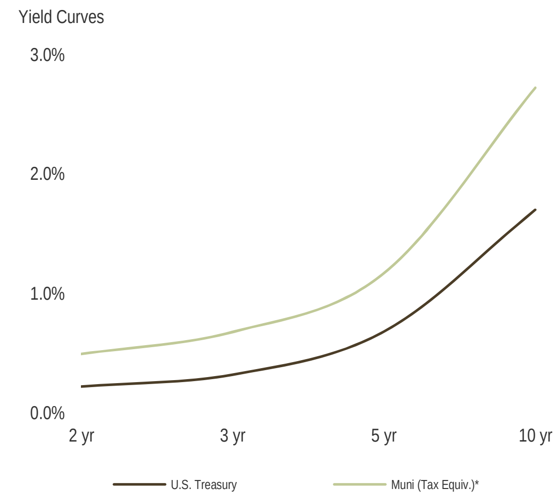
Source: Bureau of Economic Analysis, U.S. Department of Commerce, Federal Reserve Banks, U.S. Department of Labor, U.S. Department of Commerce, The Conference Board, the National Association of Realtors, the National Association of Home Builders, the European Central Bank.

Bond Market Update

U.S. 10-year Treasury yields dipped to four month lows this week after a steady stream of disappointing economic data allayed fears the Federal Reserve would end its Treasury and mortgage debt purchasing program any time soon. Demand was strong along the yield curve as this week's auctions for 7-year and 5-year Treasury notes sold at lower than expected yields, including a near record low for 5-year notes.

In addition to Treasuries, investor demand remained strong across domestic bond markets. U.S. bank bonds, in particular, continued an impressive rally that has been sustained over the last year. Spreads of bank bonds to Treasuries narrowed to lowest levels since 2007 and now offer yields lower than industrial companies. Investors attribute the increased capital levels to regulatory rules as increased safety for bond holders. Additionally, a lingering belief the government would bail out a large financial institution if it failed has added to investor comfort in the sector.

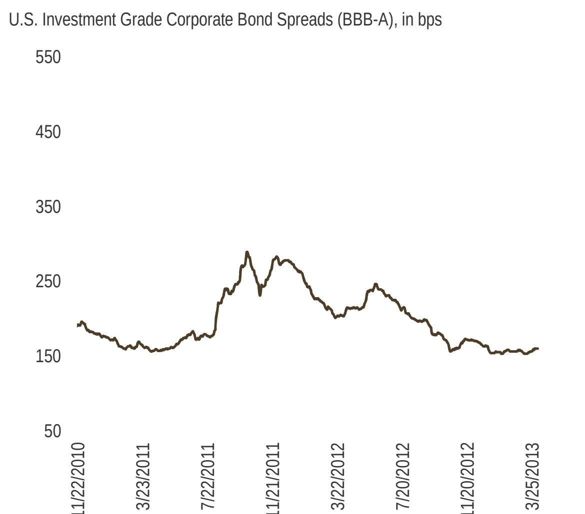
European sovereign debt largely saw strong demand from investors as well with the weak U.S. economic data supporting a slow global growth story. Slow growth, specifically in Europe, has led to strong speculation the ECB will lower interest rates in the near future, which has boosted demand for government bonds.



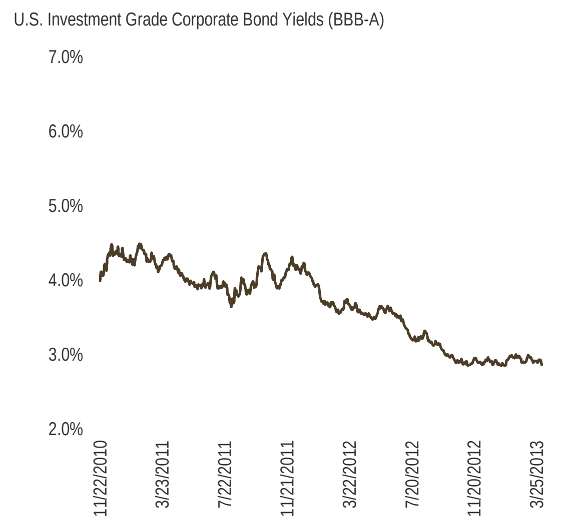
Source: U.S. Department of Treasury, Standard & Poor's, FTN Financial
*Taxable Equivalent rate is calculated by using a 35% tax margin

Issue	4.19.13	4.26.13	Change
3 month T-Bill	0.05%	0.05%	0.00%
2-Year Treasury	0.24%	0.22%	-0.02%
5-Year Treasury	0.72%	0.68%	-0.04%
10-Year Treasury	1.73%	1.70%	-0.03%
30-Year Treasury	2.88%	2.87%	-0.01%

SEE IMPORTANT DISCLOSURES ON BACK PAGE. Source: Bloomberg, FTN Financial, The Wall Street Journal, U.S. Department of Treasury.



Source: Merrill Lynch



Source: Merrill Lynch

Stock Market Update

The equity markets were less volatile this week after the three double digit moves in the DJIA the preceding week and despite mildly disappointing results from Apple, a false tweeted bomb report on Tuesday and softer economic news throughout the week. The week started with the eagerly anticipated earnings report from Apple which has fallen over 40% since September 2012. On Monday Apple reported its first year-over-year per share profit decline in a decade, but continues to generate significant cash flow and announced a 15% increase to its dividend and an additional $50 billion stock buyback program. Apple's stock price has stabilized after initially falling the morning preceding its earnings announcement and finished the week 6% higher.

Stocks went for a rollercoaster ride on Tuesday and briefly tanked due to a fake Associated Report tweet that there were explosions reported at the White House. Stocks quickly recovered and had their strongest rally of the week, with the S&P 500 finishing higher by 1.04%. Stocks also managed to hold modest gains for the week despite a disappointing durable goods report and a first quarter estimate of 2.5% GDP growth coming in below forecasts. The DJIA average closed the week 1.13% higher while the S&P 500 was higher by 1.74%. The Nasdaq also finished higher by 2.28% for the week despite disappointing results on Friday from Amazon which fell by over 7% leading the Nasdaq lower for the day.

International developed markets enjoyed a strong week, with Japan continuing its year-to-date rally and finishing the week higher by over 4%. European markets also enjoyed a strong week, with both the French and German makers higher by 4% and the Euronext 100 index higher by over 3%. European equities are attractively priced, but economic reports continue to point to slowing growth and a lack of consensus on measures to draw the continent out of recession. Emerging markets were also able to finish the week higher despite the Chinese Shanghai Index falling by 3%. Chinese economic data continues to disappoint investors that have come to expect higher economic growth.

Issue	4.19.13	4.26.13	Change
Dow Jones	14,547.51	14,712.55	1.13%
S&P 500	1,555.25	1,582.24	1.74%
NASDAQ	3,206.06	3,279.26	2.28%
Russell 1000 Growth	710.52	723.24	1.79%
S&P MidCap 400	1121.3	1,141.20	1.77%
Russell 2000	912.5	935.25	2.49%
MSCI EAFE	1,671.23	1,729.64	3.50%
MSCI Small Cap	173.14	179.45	3.65%

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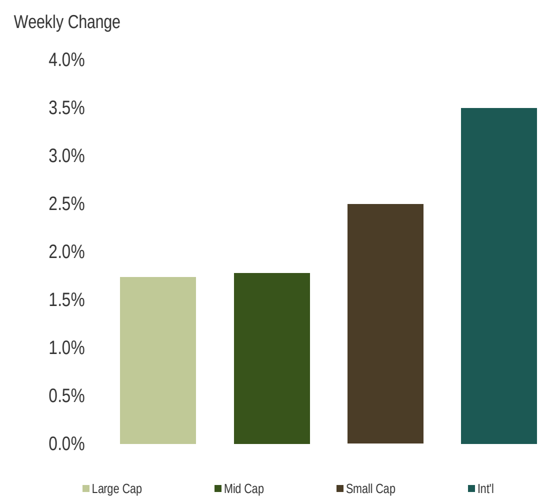
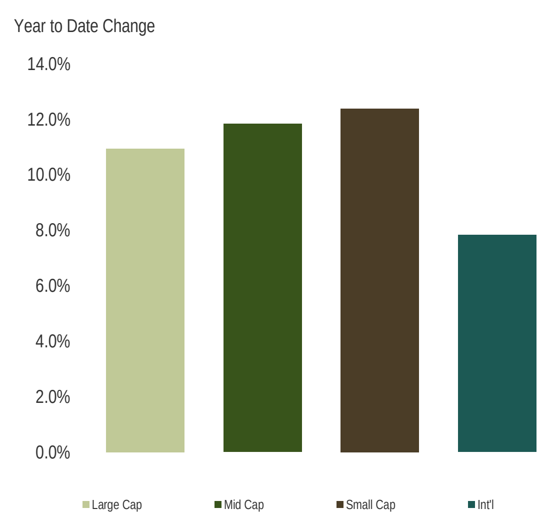
Prices reflect most recent data available at the time of publication
Source: Bloomberg, Russell Investment Company, Standard & Poor's, Morgan Stanley Capital International, The Wall Street Journal, MarketWatch, Wolfe Trahan.



Source: Standard & Poor's, Russell Investment Company, MSCI

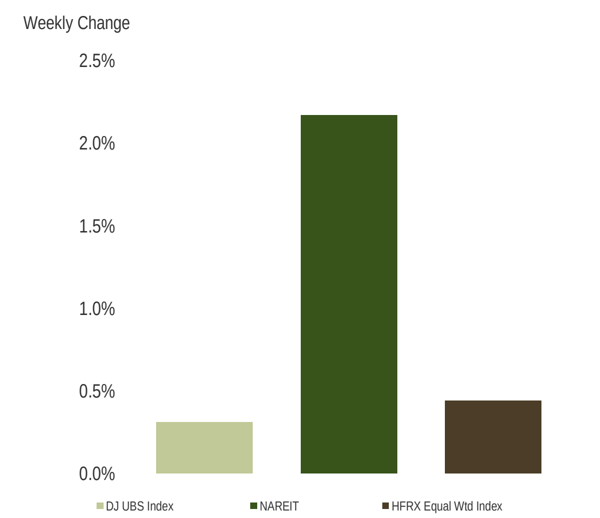


Source: Standard & Poor's, Russell Investment Company, MSCI

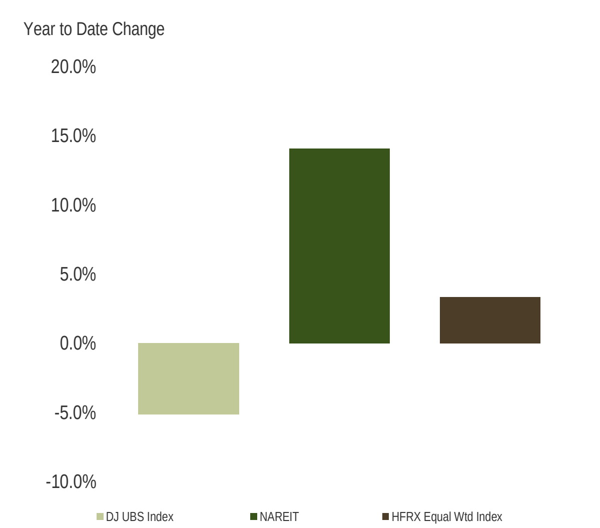
Alternative Investments Market Update

Commodities had a bounce back week as the DOW Jones UBS Commodity Index gained 0.31%, closing at 131.92. Leading the way, crude oil hit two-week highs this week on concerns over tightening supplies, while U.S. gasoline demand heats up ahead of the peak spring-summer driving season. Crude ended the week at $92.76 a barrel, up 5.52%, but could have been higher had it not been for soft GDP data out of the U.S. on Friday renewing fears of the demand growth prospects for oil. Demand for gasoline, the most widely used petroleum product in the world's biggest oil consumer, climbed to its highest level since November last week. The U.S. Energy Information Administration (EIA) forecasted gasoline demand will be slightly down this spring-summer from a year earlier and will drop to a 12-year low. But the near-term strength is spilling over into crude oil prices on expectations that refiners will use more to turn out more refined products. Also, tighter sanctions on Iranian oil sales, led by the U.S and the European Union, cut Iran's crude oil exports by 39% last year to 1.5 million barrels a day, the lowest level since 1986, the EIA announced this week.

Gold also slipped up to end the week, but still managed to post a 4.1% gain, settling at $1,457.61 an ounce. The precious metal posted its biggest weekly gain in more than year and ended a streak of five consecutive weekly drops. With Q1 GDP falling short of expectations, many believed this was a sign that quantitative easing (QE) and real interest rates would continue along the current path. In the past, QE has pressured the dollar which can lead to inflation thereby increasing demand for gold as an inflation hedge. Also, in a report issued Friday, the World Gold Council (WGC) stood behind gold and its benefits in mitigating market risk and preserving wealth while also noting the metal is far from overbought. Annual investment demand for the metal has grown, adding 534.6 metric tons to reserves in 2012, the most in almost a half century, and the WGC expects purchases of 450 to 550 tons this year, valued now at as much as $25.3 billion.



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

Issue	Previous Week	Current[1]	Change
Gold	1,400.20	1,457.61	4.10%
Crude Oil Futures	87.91	92.76	5.52%
Copper	316.55	318.30	0.55%
Sugar	17.88	17.42	-2.57%
HFRX Equal Wtd. Strat. Index	1,156.44	1,161.54	0.44%
HFRX Equity Hedge Index	1,089.74	1,101.96	1.12%
HFRX Equity Market Neutral	939.68	942.33	0.28%
HFRX Event Driven	1,454.16	1,467.40	0.91%
HFRX Merger Arbitrage	1,534.12	1,533.42	-0.05%
Dow Jones UBS Commodity Index	131.51	131.92	0.31%
FTSE/NAREIT All REIT	174.10	177.88	2.17%

SEE IMPORTANT DISCLOSURES ON BACK PAGE.
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.

MAINSTREET ADVISORS™

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