

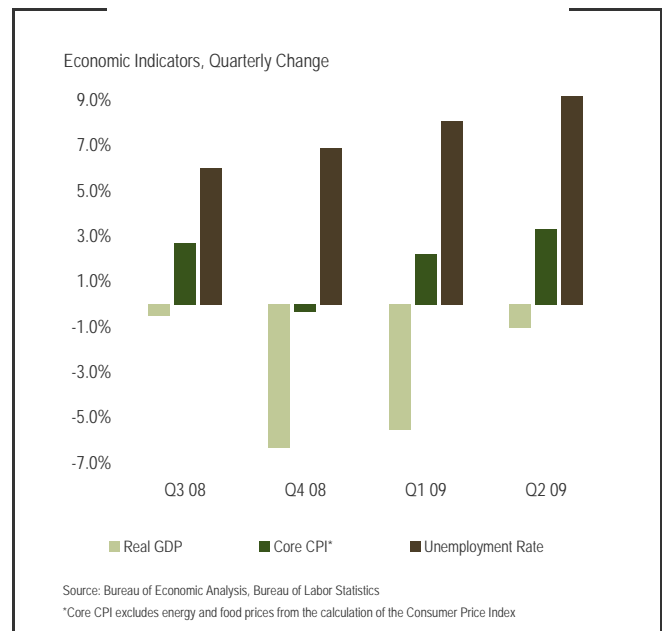
Economic Update

Recession in the U.S. economy has started to ease, as suggested by gross domestic product (GDP) estimates for the second quarter. The Commerce Department reported that the economy contracted at a seasonally adjusted annual rate of 1.0% in the quarter, following a 6.4% decline in the first quarter and a 5.4% in the fourth quarter. This marks the fourth consecutive quarter of negative GDP, the longest period since records began in 1947 according to the Wall Street Journal. Smaller declines in business spending, exports, and inventory investment as well as government stimulus contributed to the better-than-expected figures. The Federal Reserve's latest survey of regional economic regions indicated that the majority of Districts have experienced moderating economic decline or stabilizing low levels of activity. Although economic activity has remained weak this summer, a decelerating rate of decline suggests that conditions will improve during the second half of the year.

Higher sales of new residential homes and stabilizing prices released this week suggest that the housing market has bottomed. The U.S. Department of Commerce announced that June sales surged 11% from the previous month to a seasonally adjusted annual rate of 384,000. Meanwhile, national prices continued to improve in May, as shown by the S&P/Case-Shiller Home Price Indices. Annual price declines in both the 10-City and 20-City Composites, which represent the largest metropolitan cities, slowed for the fourth straight month, with 13 of the 20 metropolitan cities reporting positive monthly returns.

The Conference Board Consumer Confidence Index retreated further in July, as consumers struggle with deteriorating conditions in the labor market. The survey of 5,000 U.S. households reflected significant pessimism about the short-term economic outlook, with more consumers concerned about their income prospects.

The Commerce Department reported this week that new orders for durable goods declined 2.5% in June, following two consecutive months of increases. Orders excluding transportation increased 1.1% for the month, the strongest since February.

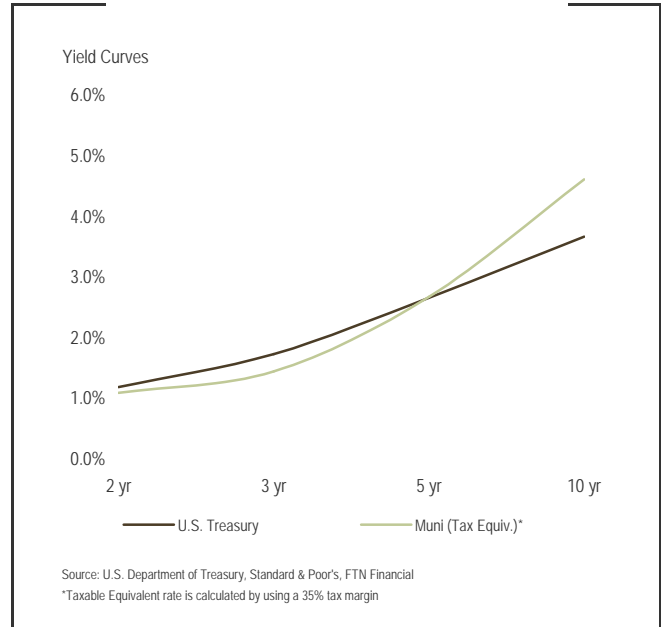


July 27 th	New Home Sales, June	384,000
July 28 th	ICSC-Goldman Same Store Sales, Wkly. Chg.	1.0%
July 28 th	S&P/Case-Shiller Composite 20 Index, May	139.84
July 28 th	Consumer Confidence Index, July	46.6
July 29 th	MBA Purchase Applications	262
July 29 th	Durable Goods New Orders, June Monthly Chg.	-2.5%
July 29 th	EIA Petroleum Status Report, Wkly. Chg.	5.2M Barrels
July 30 th	Initial Jobless Claims (Week ending 7/25)	584,000
July 30 th	EIA Natural Gas Report, Wkly. Chg.	71 bcf
July 31 st	Real GDP, Q2 Quarterly Change SAAR*	-1.0%
July 31 st	GDP Price Index, Q2 Quarterly Change SAAR*	0.2%
July 31 st	Employment Cost Index, Q2 Quarterly Change	0.4%
July 31 st	Chicago PMI Business Barometer Index, July	43.4

Bond Market Update

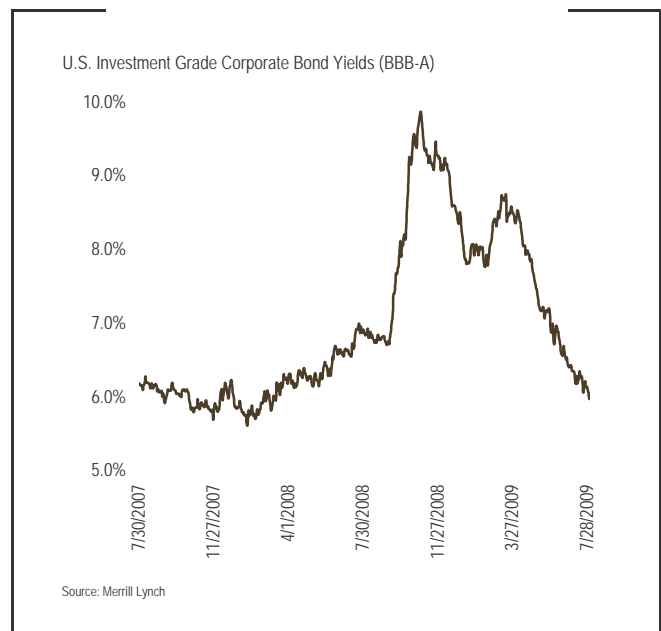
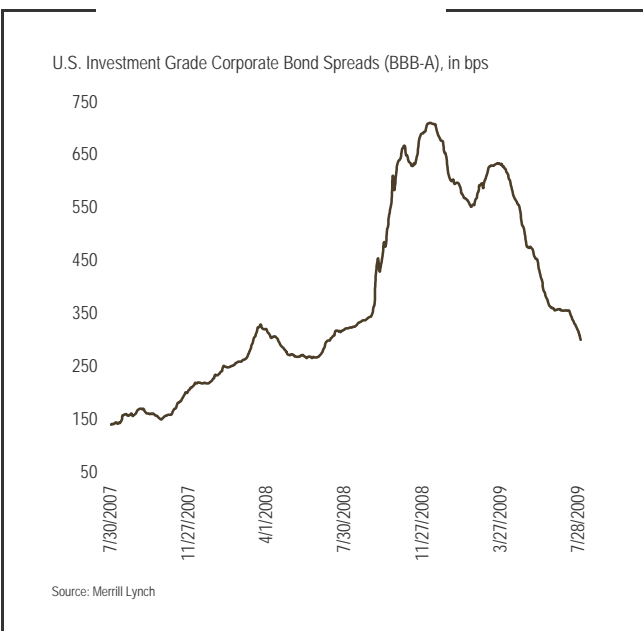
U.S. Treasuries ended the week mixed, with the long end of the curve advancing and the short end dropping modestly. Longer dated maturities ended the week much stronger than where they began, as prices bounced back from the losses suffered amid a string of weaker-than-expected auctions. Treasuries rallied sharply on Friday after the release of second quarter GDP, which showed that consumers and businesses continue to struggle. Friday's rally was yet another reminder of the enduring appeal of risk-free investments in an uncertain economic environment. Long bonds also benefited from month-end buying, as managers adjusted their portfolios to changes in the composition of benchmark indexes.

Weak auctions this week reignited concerns about whether the government can continue to attract buyers from China and other foreign central banks, according to the Wall Street Journal. Traders noted China's absence from direct participation in two Treasury bond auctions. While China may have bought Treasuries just before the auction, market participants read the country's actions as a worrying sign that foreign investors may be decreasing purchases at a time when the U.S. is seeking to fund a \$1.8 trillion budget deficit.



Issue	7.24.09	7.31.09	Change
3 month T-Bill	0.18%	0.18%	0.00%
2-Year Treasury	1.05%	1.19%	0.14%
5-Year Treasury	2.57%	2.66%	0.09%
10-Year Treasury	3.70%	3.67%	-0.03%
30-Year Treasury	4.55%	4.44%	-0.11%

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



Stock Market Update

Stocks ended mixed on Friday but gained for the week. The Dow Jones Industrial Average closed at 9,171.61, 78.37 points, or 0.86% higher on the week. The broader S&P 500 added 8.22 points or 0.84% but the technology-heavy NASDAQ Composite lost 0.29% on the week. The DJIA and S&P closed Friday at levels last seen in early November, 2008. The NASDAQ Composite, despite the small loss on Friday, is at level last seen in early October.

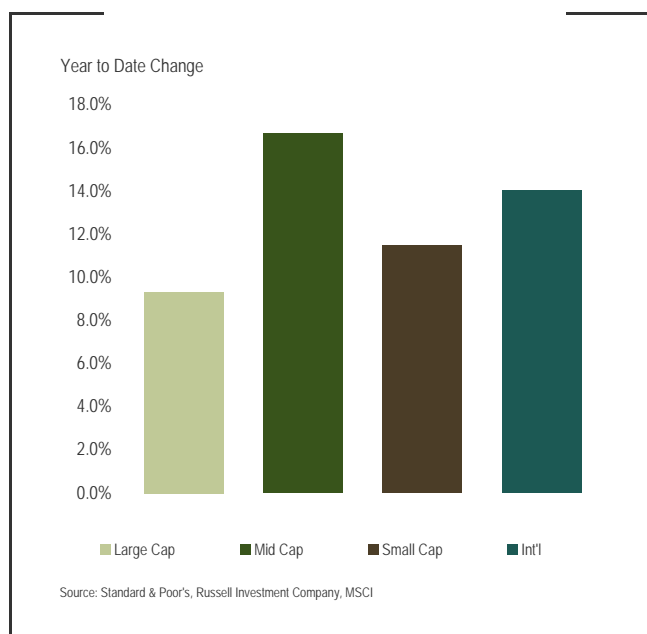
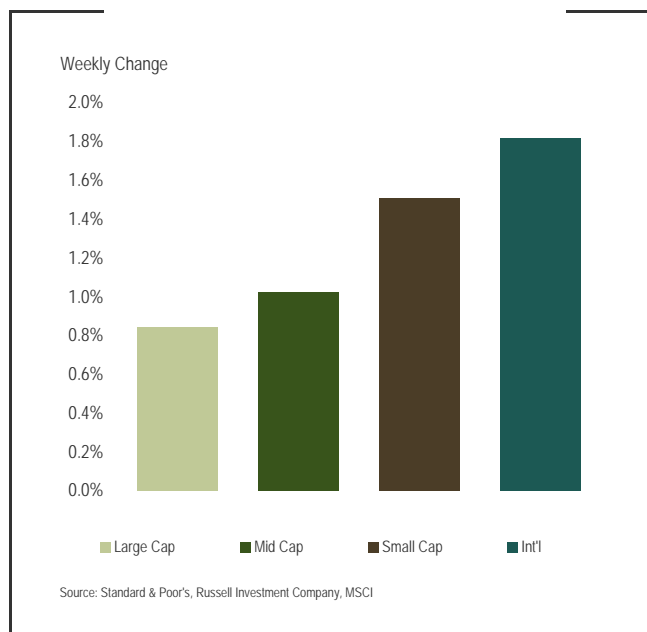
Stocks surged over 1% on Thursday, ahead of Friday's second quarter GDP release on optimism that the worst of the economic downturn might be over, according to the Wall Street Journal. General Electric (GE) gained 7% on Thursday when the Wall Street Journal reported that a Goldman Sachs analyst upgraded the stock, saying that GE may not have to spin off its GE Capital finance arm after all.

Microsoft (MSFT) and Yahoo! (YHOO) announced that they had entered into an agreement that would fight Google's (GOOG) dominance of the Internet search business. Under the proposed deal, according to the Wall Street Journal, Microsoft's Bing search engine would become the Internet search engine on Yahoo!, who would sell advertisements to accompany the searches. The 10-year deal is expected to face stiff regulatory scrutiny.

International stocks rallied this week as well, sending Japan's NIKKEI 225 up 4.15% to its highest level since early October. Stocks gained in Europe as well, with the DJ Euro Stoxx 50 Index adding 2.14% and trading at its highest level since November.

Issue	7.24.09	7.31.09	Change
Dow Jones	9,093.24	9,170.93	0.85%
S&P 500	979.26	987.48	0.84%
NASDAQ	1,965.96	1,978.50	0.64%
Russell 1000 Growth	437.46	438.81	0.31%
S&P MidCap 400	621.7	628.05	1.02%
Russell 2000	548.46	556.71	1.50%
MSCI EAFE	1,385.79	1,410.91	1.81%
MSCI EM	822.11	833.54	1.39%
MSCI Small Cap	124.39	125.61	0.98%

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.

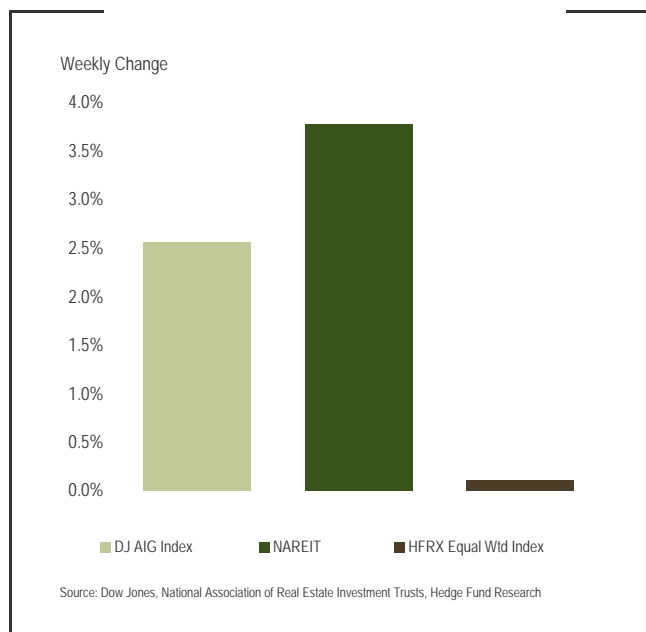


Alternative Investments Market Update

The smaller-than-expected contraction in the U.S. economy and a weaker dollar raised the appeal of gold which closed above \$950 an ounce by the end of the week. Gold rose 2.8% over the month of July. Copper rose 2.3% this week to \$2.62 a pound for September contracts, while silver increased 3.4% to \$13.94 an ounce.

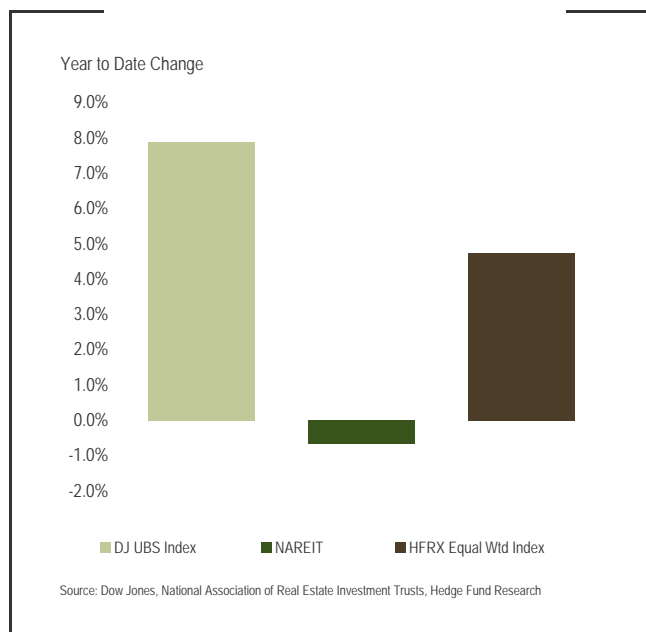
Crude-oil futures rose 2.06% this week to \$68.05, the highest level in a month. Oil prices remain volatile, falling 0.6% in July. Exxon Mobil, the world's largest publicly traded oil company, cited volatile prices and a weak economy as reasons for their 66% decrease in profits in the second quarter.

China Investment Corp. (CIC) has begun to invest in hedge funds, allocating hundreds of millions of dollars to Blackstone Group LP and Morgan Stanley to be invested in new private-fund investments, according to the Wall Street Journal. CIC has recently taken a strong interest in alternative investments, buying a 40% stake in Citic Capital Holdings Ltd., an alternative asset-management firm. In the coming months, CIC is expected to allocate billions more to hedge funds.



Issue	Previous Week	Current ¹	Change
Gold	953.10	955.80	0.28%
Crude Oil Futures	68.05	69.45	2.06%
Copper	2.52	2.63	4.37%
Sugar	23.25	23.20	-0.22%
HFRX Equal Wtd. Strat. Index	1,050.15	1,051.25	0.10%
HFRX Equity Hedge Index	1,069.02	1,068.60	-0.04%
HFRX Equity Market Neutral	1,001.03	996.29	-0.47%
HFRX Event Driven	1,267.79	1,265.53	-0.18%
HFRX Merger Arbitrage	1,385.23	1,384.40	-0.06%
Dow Jones UBS Commodity Index	123.32	126.48	2.56%
FTSE/NAREIT All REIT	84.21	87.39	3.78%

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.



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