

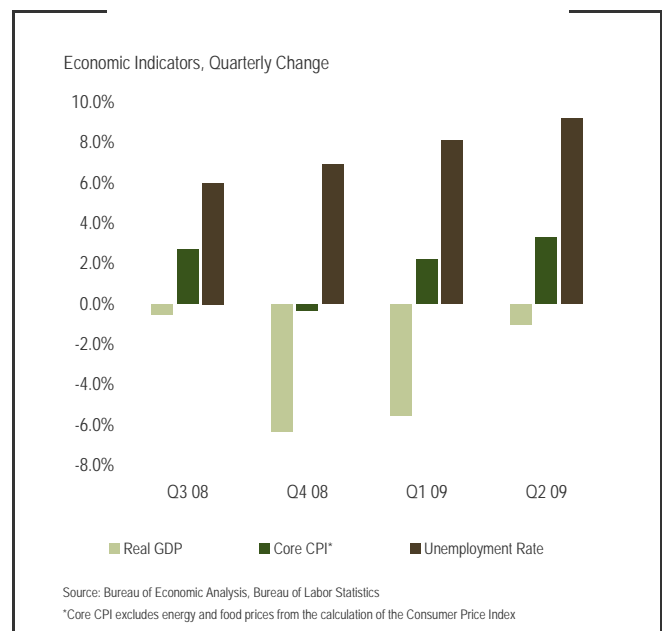
Economic Update

The U.S. economy expanded at an annual rate of 3.5% from the second quarter to the third quarter, according to advance gross domestic product (GDP) estimates released Thursday by the Commerce Department. This marked the first quarterly increase in GDP following four consecutive quarters of declines, suggesting the recession has technically ended. Stimulus programs such as "Cash for Clunkers" and the first-time home buyer's tax credit helped encourage spending. Economic growth was largely driven by increased personal consumption expenditures in addition to private inventory investment, exports, and residential fixed investment, with a decelerating decline in nonresidential fixed investment.

The Conference Board Consumer Confidence Index retreated further in October, down 5.7 points from September. The survey of 5,000 U.S. households showed that perceptions of present economic conditions have deteriorated amid ongoing softening in the jobs market. The survey also indicated that consumers' expectations for the short-term economic outlook have weakened as well, with just 20.8% of respondents anticipating business conditions to strengthen in the next six months. Meanwhile, the Reuters/University of Michigan Surveys of Consumers also showed that consumers remain concerned about their personal financial situations and have focused on paying down debts, suggesting consumer spending will still be muted in the coming months. The Commerce Department reported Friday that consumer spending slipped 0.5% in September while personal income remained unchanged. Personal savings, as a percentage of disposable personal income, ticked up slightly to 3.3% in September from 2.8% the previous month.

Home prices continued to improve for the seventh consecutive month in August, according to the S&P/Case-Shiller Home Price Indices. Both the 10-City and 20-City Composite Indices comprised of the largest 10 and 20 U.S. metropolitan areas posted monthly gains, while annual rates of decline eased. Separately, the U.S. Department of Commerce reported this week that sales of new residential homes increased 3.6% to a seasonally adjusted annual rate of 402,000 in September—an inventory of 7.5 months at the current sales rate.

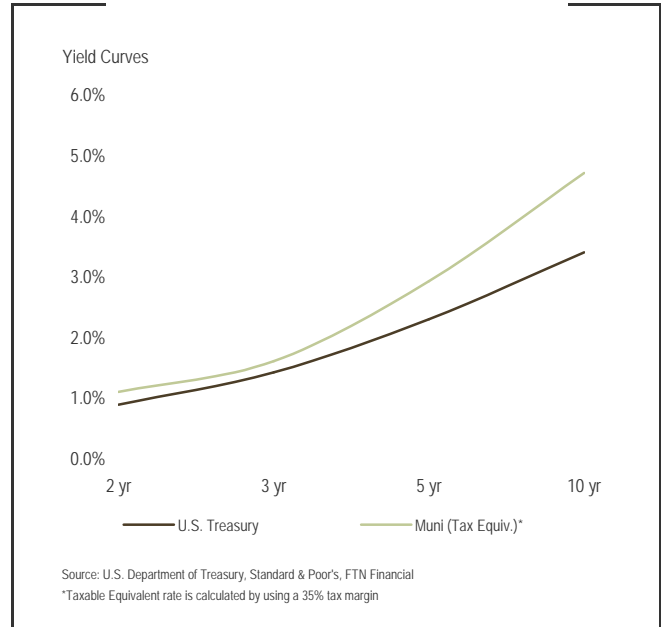
Source: Bureau of Economic Analysis, U.S. Department of Commerce, Federal Reserve Banks, U.S. Department of Labor, The Wall Street Journal, The Conference Board, Reuters, Standard & Poor's.



Oct. 27 th	ICSC-Goldman Same Store Sales, Wkly. Chg.	0.1%
Oct. 27 th	S&P/Case-Shiller Composite 20 Index, August	146
Oct. 27 th	Consumer Confidence Index, October	47.7
Oct. 27 th	State Street Investor Confidence Index, January	108.4
Oct. 28 th	MBA Purchase Applications Index, Wkly. Chg.	-5.2%
Oct. 28 th	Durable Goods New Orders, Sept. Monthly Chg.	-2.6%
Oct. 28 th	New Home Sales, September	402,000
Oct. 28 th	EIA Petroleum Status Report, Wkly. Chg.	0.8M Barrels
Oct. 29 th	GDP Price Index, Q3 Quarterly Change SAAR*	0.8%
Oct. 29 th	Real GDP, Q3 Quarterly Change SAAR*	3.5%
Oct. 29 th	Initial Jobless Claims (Week ending 10/24)	530,000
Oct. 29 th	EIA Natural Gas Report, Wkly. Chg.	25 bcf
Oct. 30 th	Personal Income, September Monthly Chg.	0.0%
Oct. 30 th	Consumer Spending, September Monthly Chg.	-0.5%
Oct. 30 th	Core PCE Price Index, September Monthly Chg.	0.1%
Oct. 30 th	Consumer Sentiment Index, October	70.6

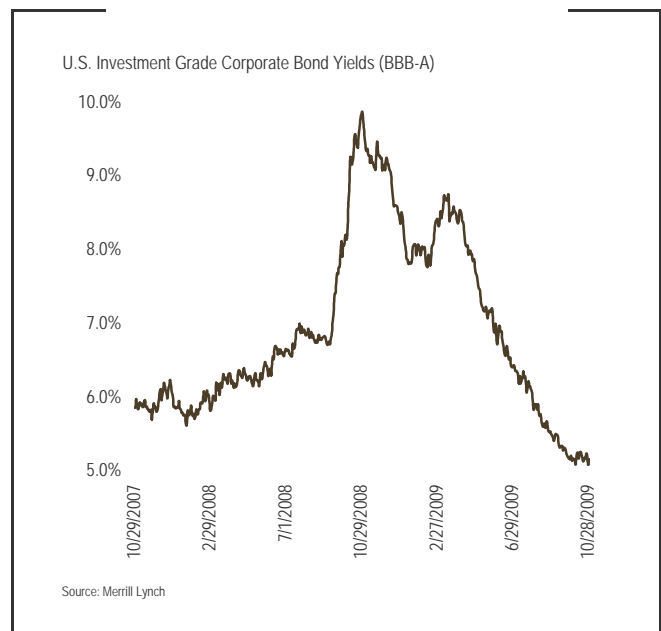
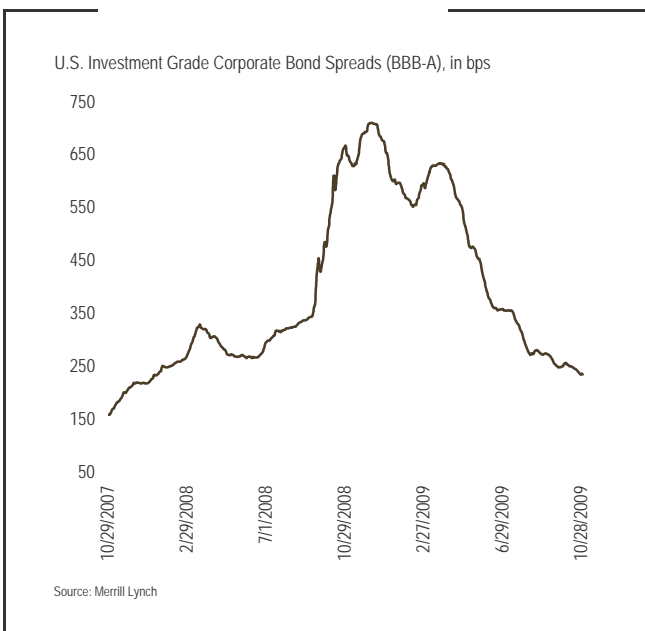
Bond Market Update

U.S. Treasuries finished the week modestly positive after weakness earlier, as the 30-year bond posted a very strong return on Friday benefiting from significant weakness in the U.S. stock markets. The yield on the 10-year note dropped nearly 20 basis points from the week's peak of 3.58% on Monday, the highest level since late August. Monthly rebalancing of bond indexes also added to gains on Friday, as many portfolio managers buy bonds near the time of rebalancing. For the year, Treasuries have dropped 3.1%, while corporate bonds have gained 18%, according to Merrill Lynch indexes. Meanwhile, CIT Group bond and credit-default swap prices indicate that investors are betting the commercial lender will file for bankruptcy after the deadline for a debt exchange expired overnight, according to Bloomberg. The company, which lost \$5 billion over the past two years and failed to get a second round of government funding in July, sought to avert bankruptcy by asking bondholders to agree to a debt exchange or vote for a pre-packaged bankruptcy. If the debt swap fails, CIT plans to file for bankruptcy before \$800 million of bonds mature next week according to people familiar with the situation. A pre-packaged bankruptcy could have the company emerge from insolvency in as little as 60 days.



Issue	10.23.09	10.30.09	Change
3 month T-Bill	0.06%	0.05%	-0.01%
2-Year Treasury	0.97%	0.90%	-0.07%
5-Year Treasury	2.39%	2.31%	-0.08%
10-Year Treasury	3.44%	3.41%	-0.03%
30-Year Treasury	4.24%	4.19%	-0.05%

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



Stock Market Update

Equities slid on Friday to end lower for the second week in a row as investors questioned the strength of the economic recovery. The Dow Jones Industrial Average drop 259.45 points or 2.60% to end the week at 9,712.73. The broader S&P 500 fell to 1,036.18, losing 43.43 points, or 4.02% on the week. The DJIA finished October just above even, adding 0.45 points, while the S&P 500 ended the month down 20.89 points, a loss of 1.98%.

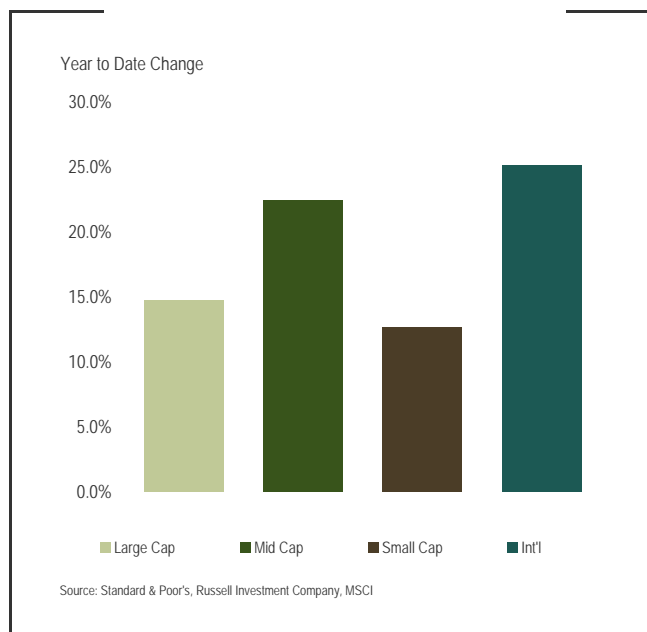
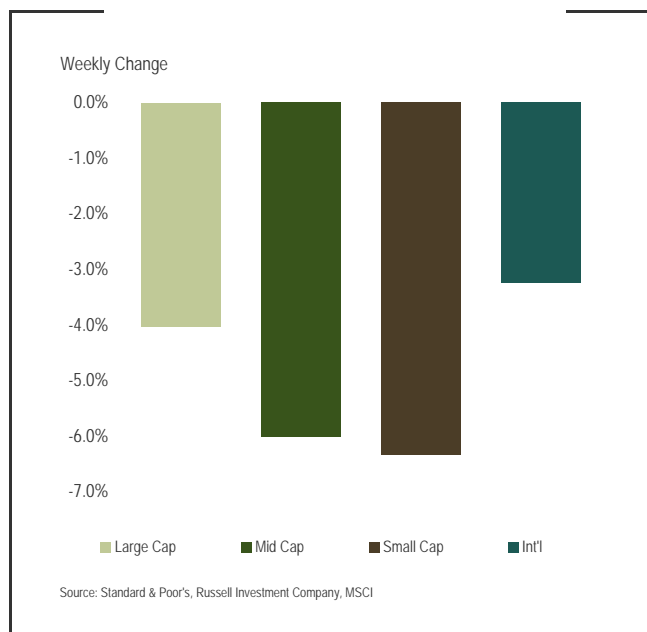
The CBOE Volatility Index (also known as the VIX), jumped on Friday to 30.06 its highest point since early July. The VIX is based on S&P 500 options contracts that on the Chicago Board Options Exchange it is viewed as an indicator of the "fear" inherent in equity markets.

Apollo Group Inc (APOL), the largest U.S. for-profit education company, announced earnings that exceeded analyst expectations on Wednesday; however, the company also announced that the Securities and Exchange Commission (SEC) was looking into the company's revenue recognition policies. The stock lost 17.61% on the news.

On Thursday ExxonMobil (XOM), the largest U.S. oil producer, reported a 65% decline in third-quarter profit from a year ago. The decline was blamed on lower fuel demand due to the slumping economy. The decline was widely expected and the stock ended the day little changed, but underperformed Thursday's broad market rally.

Issue	10.23.09	10.30.09	Change
Dow Jones	9,972.18	9,712.73	-2.60%
S&P 500	1,079.60	1,036.18	-4.02%
NASDAQ	2,154.47	1,037.39	-51.85%
Russell 1000 Growth	476.71	458.73	-3.77%
S&P MidCap 400	701.33	659.15	-6.01%
Russell 2000	600.86	562.77	-6.34%
MSCI EAFE	1,600.60	1,548.82	-3.23%
MSCI EM	961.45	921.35	-4.17%
MSCI Small Cap	148.25	141.83	-4.33%

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 third quarter U.S. GDP report had a significant impact on crude oil and gold this week, while wet weather across America's heartland continued to delay the fall harvest. After strong gains since early September, gold futures began to pull back from record highs and appear to be heading lower. In advance of the GDP report, investors had been selling gold which drove the price lower, but gold rallied 1.6%, or \$16, on Wednesday following the better-than-expected report. By Friday most of the larger than normal intraday swings resulted in little change for the week, but the metal is up 3.8% for the month.

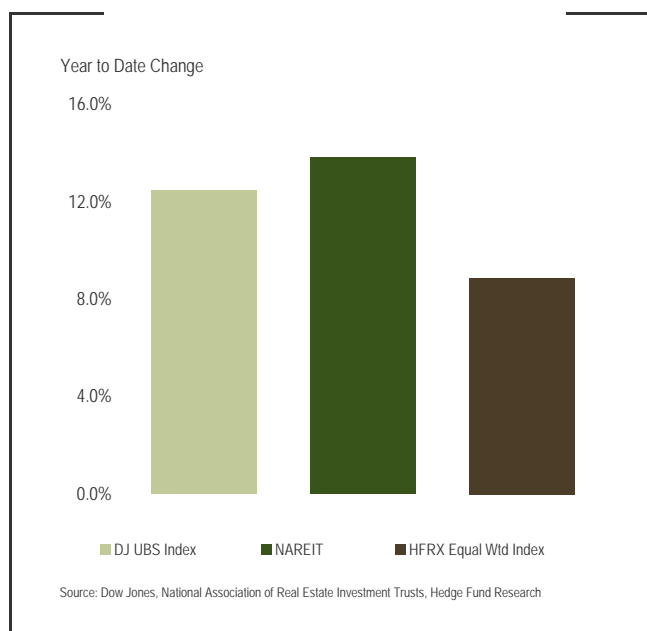
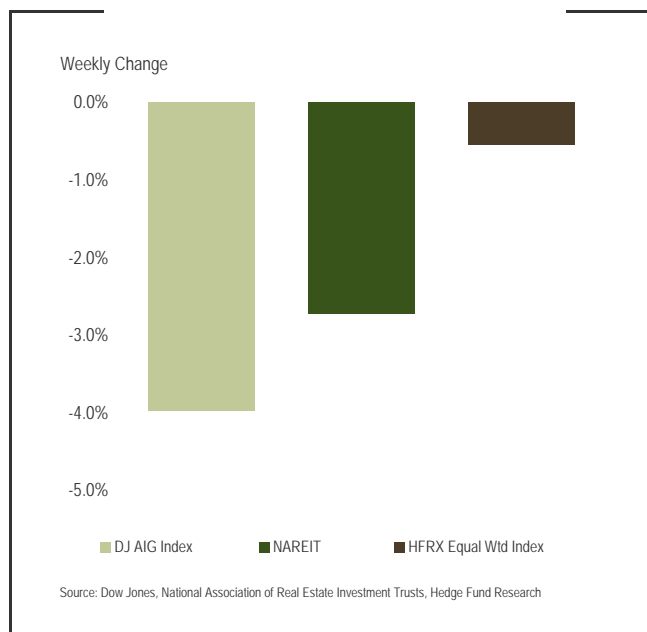
Crude oil continued a decline from last week, with volatility up substantially throughout the week. Historically, daily price changes in oil have been about \$1 per day, but this week saw intraday swings approaching \$4 per barrel—nearly a 5% swing. Crude oil climbed 9% in the month of October.

Wet Midwestern weather continues to delay the fall harvest, and grain prices reflect the potential of a much smaller crop. Since the beginning of October, prices of soybeans and corn have risen 11% and 13% respectively. Grain brokers are expecting prices to come down once the harvest begins, as is the usual fall pattern. Separately, news that China is expected to lift its ban on imported pork from the U.S. caused lean hogs rallied to a three-month high this week.

Chicago-based hedge fund Citadel, which posted declines of around 50% in 2008, halted all redemptions at the end of '08 in the face of more than \$1 billion in investor redemption requests. Earlier in October, Citadel allowed investors to withdraw up to \$250 million on a pro-rata basis, and have just this week overturned the moratorium on investor redemptions. According to a recent Citadel newsletter, its two biggest funds have appreciated nearly 57% year-to-date.

Issue	Previous Week	Current ¹	Change
Gold	1,055.00	1,045.80	-0.87%
Crude Oil Futures	79.61	76.93	-3.37%
Copper	302.10	295.60	-2.15%
Sugar	23.12	22.81	-1.34%
HFRX Equal Wtd. Strat. Index	1,098.61	1,092.58	-0.55%
HFRX Equity Hedge Index	1,141.48	1,100.97	-3.55%
HFRX Equity Market Neutral	984.97	987.21	0.23%
HFRX Event Driven	1,333.31	1,320.35	-0.97%
HFRX Merger Arbitrage	1,417.51	1,419.98	0.17%
Dow Jones UBS Commodity Index	137.32	131.86	-3.97%
FTSE/NAREIT All REIT	102.91	100.11	-2.72%

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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