

Economic Update

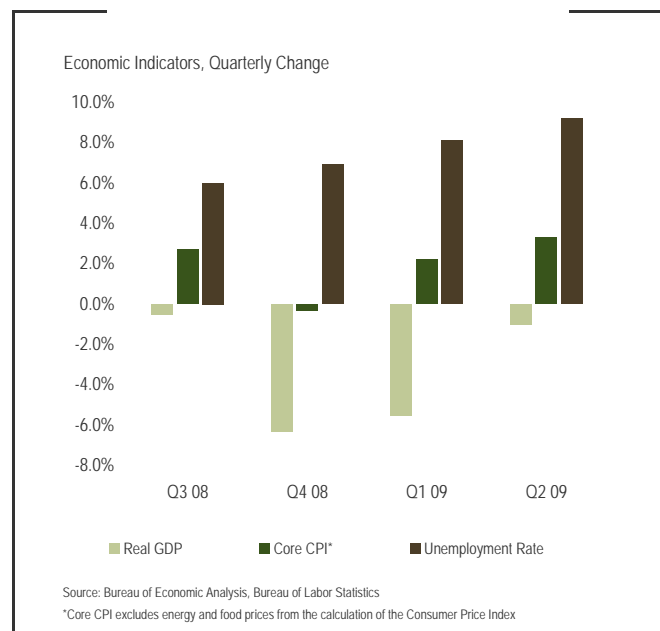
President Barack Obama spoke in Tokyo on Friday, stressing the importance for the global economy to become less dependent on the U.S. consumer for growth. The message that the world economy needs to rebalance echoed conclusions presented by Federal Reserve Chairman Ben Bernanke in mid-October. This concept is a likely topic at the upcoming Asia-Pacific Economic Cooperation forum and the Association of Southeast Asian Nations meeting this weekend.

The U.S. international trade gap widened in September as exports increased by \$3.7 billion and imports grew by \$9.3 billion, according to data released by the U.S. Department of Commerce on Friday. The \$36.47 billion deficit marked an 18% increase from August—the greatest monthly gain in more than ten years and the highest level in ten months. The higher levels of both export and import activity suggest that global trade may be recovering. The Labor Department reported that the U.S. Import Price Index advanced 0.7% in October amid a 1.8% rise in fuel prices. Overall import prices have risen seven of the past eight months. Meanwhile, export prices increased 0.3% for the month after declining 0.2% in September.

Data released by Eurostat this week indicated that the Euro-zone economy advanced for the first time since the first quarter in 2008. Although gross domestic product grew 0.4% in the third quarter, it missed consensus estimates due to an unexpectedly weak quarter in France.

U.S. consumer sentiment retreated further in early November, as shown by the Reuters/University of Michigan Surveys of Consumers. The survey indicated continued concerns surrounding softening in the labor market and a perceived dismal outlook for job prospects. The 66.0-reading represented the weakest level of consumer sentiment since August, a signal that consumer spending is likely to remain muted in the coming months. Reuters noted that the survey occurred prior to the announcement of the latest employment report which suggests a possibility that sentiment will continue to slide further. In addition, the survey showed that the one-year outlook reached the lowest level since April.

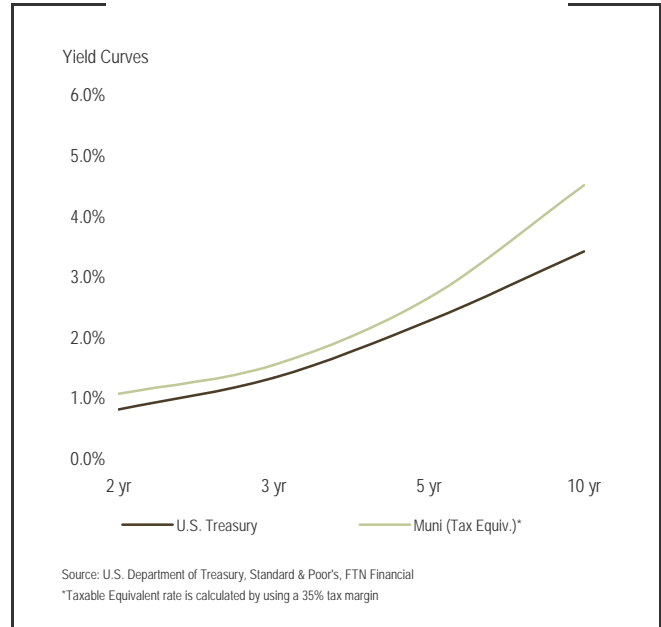
Source: Bureau of Economic Analysis, U.S. Department of Commerce, Federal Reserve Banks, U.S. Department of Labor, The Wall Street Journal, Bloomberg, Reuters, Eurostat.



Nov. 10 th	ICSC-Goldman Same Store Sales, Wkly. Chg.	-0.1%
Nov. 12 th	MBA Purchase Applications Index, Wkly. Chg.	-11.7%
Nov. 12 th	Initial Jobless Claims (Week ending 11/7)	502,000
Nov. 12 th	EIA Petroleum Status Report, Wkly. Chg.	1.8M Barrels
Nov. 13 th	International Trade Balance Level, September	-36.5B
Nov. 13 th	Import Prices, October Monthly Chg.	0.7%
Nov. 13 th	Export Prices, October Monthly Chg.	0.3%
Nov. 13 th	Consumer Sentiment Index, November	66.0
Nov. 13 th	EIA Natural Gas Report, Wkly. Chg.	25 bcf

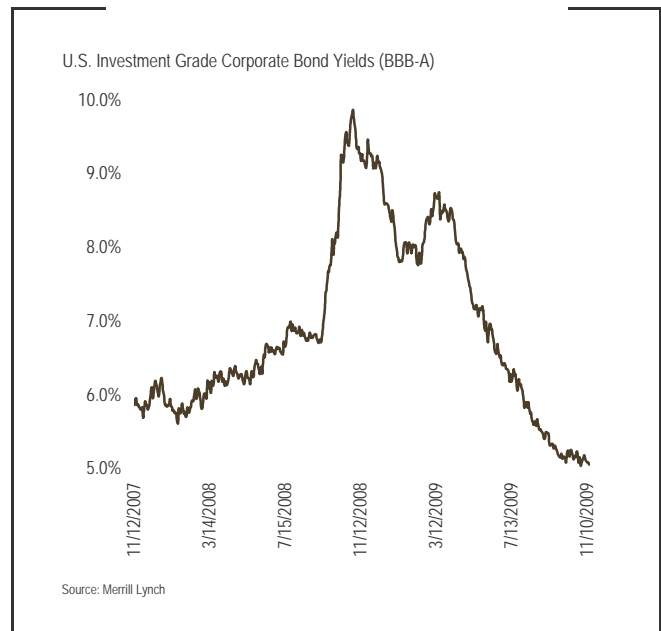
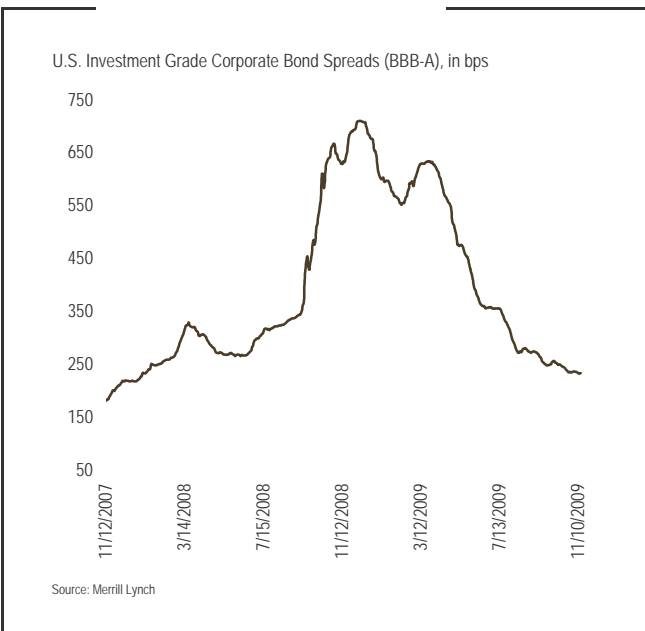
Bond Market Update

U.S. Treasuries finished the week modestly higher, supported by comments from Chicago Federal Reserve Bank President Charles Evans that suggested interest rates will remain low for the foreseeable future. "Unless there are unusual developments, I think the policy is going to be highly accommodative, as it is now, for quite some period of time," Evans told reporters after a recent speech in Paris. The comments prompted traders to again reduce odds for an increase in borrowing costs with futures on the Chicago Board of Trade indicating a small chance that policy makers will increase the target lending rate by their January meeting. Last week the central bank reiterated its intentions to keep interest rates near zero for an extended period. Meanwhile, the sustainability of the U.S. economic recovery by the private sector after government stimulus programs ends remains in question, according to Bill Gross of Pimco. Mortgage and high yield bonds are "overvalued," making investment grade and emerging market debt attractive, Gross said in a recent interview. Below average economic growth may prompt yield spreads on high yield debt to increase. High yield bonds have returned a record 52% this year, compared with 19% for investment grade debt and a loss of 2.5% for Treasuries, according to Merrill Lynch.



Issue	11.6.09	11.13.09	Change
3 month T-Bill	0.04%	0.06%	0.02%
2-Year Treasury	0.90%	0.82%	-0.08%
5-Year Treasury	2.35%	2.28%	-0.07%
10-Year Treasury	3.57%	3.43%	-0.14%
30-Year Treasury	4.41%	4.36%	-0.05%

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



Stock Market Update

Stocks rose for a second straight week with the Dow Jones Industrial Average (DJIA) closing at 10,270.47 on Friday for a gain of 247.05 points or 2.46%. The broader S&P 500 gained 2.26% to close the week at 1,093.48.

Disney (DIS) reported third quarter profit 18 percent higher-than-expected by analysts on higher fees for its ESPN channels, according to Bloomberg. Disney gained 4.5% on the news. In positive retail news, Abercrombie & Fitch (ANF) and JC Penny (JCP) reported better-than-expected results and raised their 2010 outlooks; the stocks gained 10.66% and 6.19%, respectively, on the news.

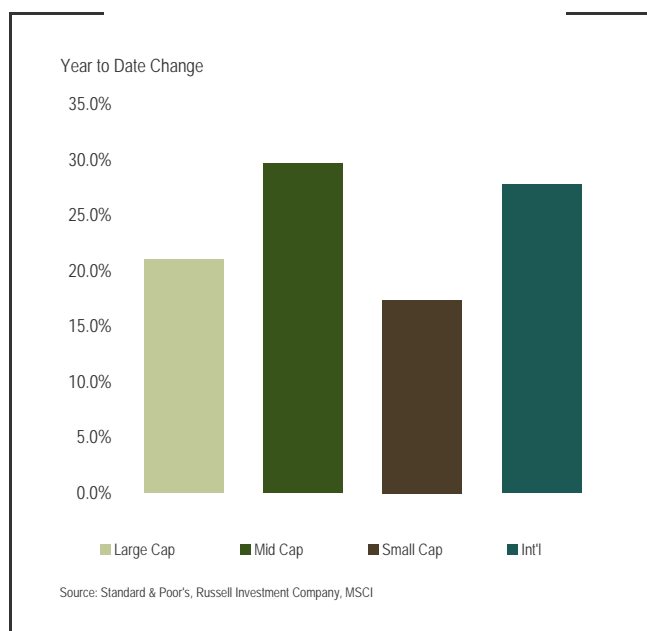
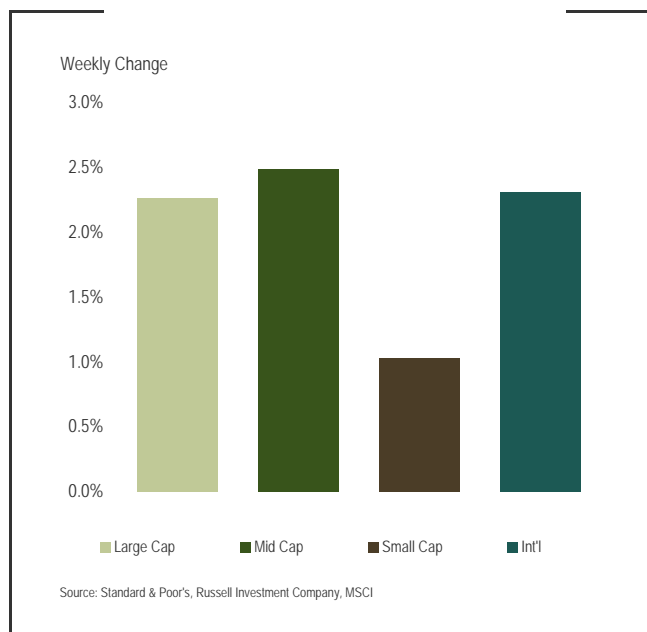
With earnings season winding down, Bloomberg reports that over 80% of S&P 500 companies reporting third quarter results have exceeded analysts' expectations, the largest percentage since Bloomberg began tracking quarterly results in 1993.

Small cap stocks, as measured by the S&P 600, have gained 69% since the market's bottom and are now trading at 34 times trailing twelve month earnings, the highest level in 13 years, according to Bloomberg. The large cap S&P 500 index has gained 61% and trades at approximately 22 times trailing twelve month earnings.

Amid renewed confidence that the Federal Reserve would keep interest rates low for a prolonged period of time, Bloomberg reported that EPFR Global's fund flow report found investors poured the most money into equity mutual funds in 11 months. According to the report, a total of \$10 billion was added to global equity funds in the week ended November 11.

Issue	11.6.09	11.13.09	Change
Dow Jones	10,023.19	10,270.47	2.47%
S&P 500	1,069.30	1,093.48	2.26%
NASDAQ	2,112.44	2,167.88	2.62%
Russell 1000 Growth	474.96	486.63	2.46%
S&P MidCap 400	681.35	698.26	2.48%
Russell 2000	580.33	586.28	1.03%
MSCI EAFE	1,545.48	1,581.11	2.31%
MSCI EM	930.09	958.88	3.10%
MSCI Small Cap	142.79	144.77	1.38%

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

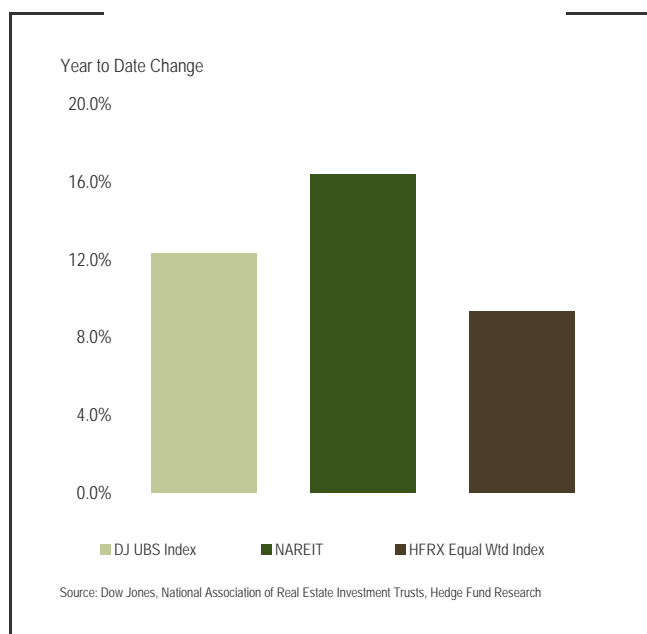
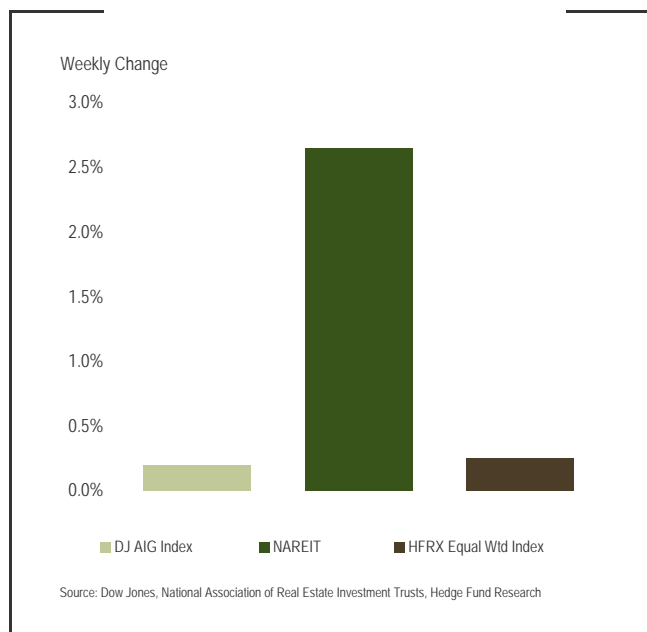
Despite a story in the Wall Street Journal depicting the amount of U.S. dollar buying by Russia, Thailand, South Korea, and the Philippines, the impact on the dollar was slight, but gold declined 1% on the news. A surprising jump in the monthly trade deficit continued to support the year long rally in gold and commodities. Comments by U.S. Treasury Timothy Geithner about the country's commitment to a "strong dollar" had little impact on gold, and it remained over \$1,100 per ounce for most of the week. On Thursday, gold futures prices hit a contract record high of \$1,123.40 per ounce for the most actively traded contract.

For several consecutive weeks, oil futures have been mired in the upper \$70s and have not been able to make it over \$80 bbl. Despite news that Europe posted GDP growth for the first time since last year, oil prices failed to advance over this key level on the perception of higher demand. A report by the U.S. Energy Information Agency released Thursday showed that stockpiles of crude oil rose by 1.76 million barrels, compared to a consensus forecast of 200,000. In addition, the report indicated that the amount petroleum distillates like diesel fuel and heating oil actually built up by 349,000 barrels when normally this time of year stockpiles begin to draw down.

Another legendary hedge fund manager has retired. John Horseman has announced that he will retire from managing the \$3.6 billion Horseman Fund, which has declined about 23% through October, significantly behind its benchmark.

Issue	Previous Week	Current ¹	Change
Gold	1,096.30	1,119.40	2.11%
Crude Oil Futures	77.62	76.40	-1.57%
Copper	295.30	299.65	1.47%
Sugar	22.43	22.72	1.29%
HFRX Equal Wtd. Strat. Index	1,094.48	1,097.20	0.25%
HFRX Equity Hedge Index	1,118.67	1,133.66	1.34%
HFRX Equity Market Neutral	984.55	988.05	0.36%
HFRX Event Driven	1,322.61	1,330.89	0.63%
HFRX Merger Arbitrage	1,420.76	1,423.68	0.21%
Dow Jones UBS Commodity Index	131.42	131.68	0.19%
FTSE/NAREIT All REIT	99.74	102.38	2.65%

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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