

Economic Update

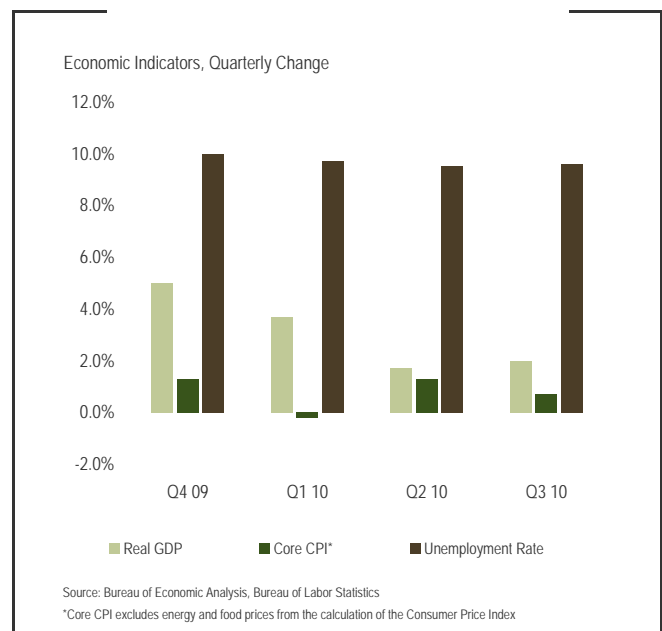
On Friday, the U.S. Department of Labor reported that non-farm payrolls added 39,000 jobs in November amid gains in the temporary help services and the health care sector. The unemployment rate, however, increased slightly to 9.8% following a 9.6% rate for three consecutive months. The average duration of unemployment remained essentially unchanged at 33.8 weeks.

Ahead of the holiday season, The Conference Board Consumer Confidence Index advanced again in November. The survey of 5,000 U.S. households indicated that consumer morale is at its highest in five months. Consumers' assessment of current economic conditions and the job market remained essentially flat, but expectations for the economy over the next six months have strengthened. Consumers anticipating improved business conditions in the coming months increased to 16.7%; those expecting conditions to deteriorate decreased to 12.1%.

In the U.S., the Institute for Supply Management (ISM) Purchasing Managers' Index (PMI) increased in November, reflecting expansion in the manufacturing sector for the 16th consecutive month. Ten of the 18 industries surveyed reported growth for the month. Composite indexes for new orders, production, and employment all grew at a decelerating pace. Many survey respondents noted concerns about increasing pricing pressures. Separately, the Fed released the November Beige Book on Wednesday, which reflected that the manufacturing sector continued to strengthen in almost all of its 12 Federal Reserve Districts. The ISM Non-Manufacturing Index showed the sector expanded at a faster pace for the month, despite slowing growth in business activity and production.

Encouraging economic data drove global financial markets midweek. Investors responded well to strong manufacturing activity in China and Germany, improved consumer confidence in the U.K., and expectations for the European Central Bank to take more robust actions to curb its sovereign debt crisis. On Thursday, however, Eurostat released GDP data that showed the Euro Zone grew 0.4% from the second to the third quarter and 1.9% since Q3 2009.

Source: Bureau of Economic Analysis, U.S. Department of Commerce, Federal Reserve Banks, U.S. Department of Labor, U.S. Department of Commerce, the Institute for Supply Management, Markit Economics, EuroStat.

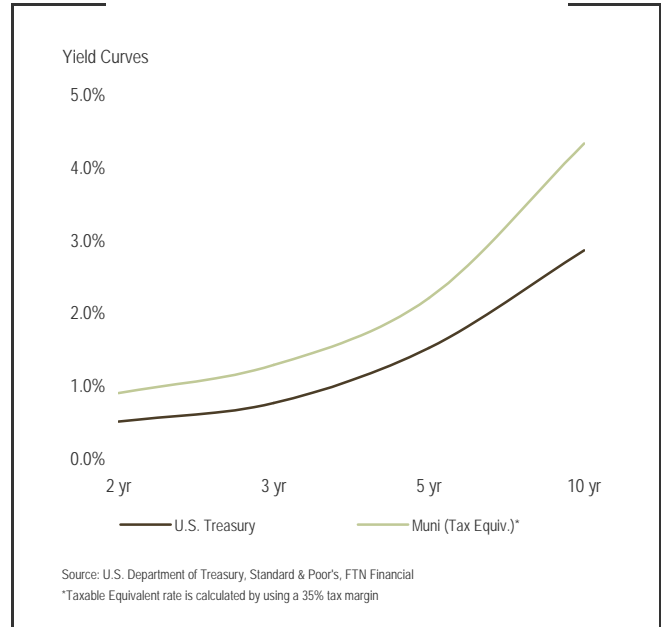


Nov. 30 th	Consumer Confidence Index, November	54.1
Dec. 1 st	Domestic Motor Vehicle Sales, November	9.1M
Dec. 1 st	MBA Purchase Applications Index, Wkly. Chg.	1.1%
Dec. 1 st	Announced Layoffs, November	48,711
Dec. 1 st	Non-farm Productivity, Q3 Quarterly Change	2.3%
Dec. 1 st	ISM Mfg. Index - Level, November	56.6
Dec. 1 st	Construction Spending, Oct. Monthly Chg.	0.7%
Dec. 1 st	EIA Petroleum Status Report, Wkly. Chg.	1.1M Barrels
Dec. 2 nd	Initial Jobless Claims (Week ending 1/17)	436,000
Dec. 2 nd	Pending Home Sales, Oct. Monthly Chg.	10.4%
Dec. 2 nd	EIA Natural Gas Report, Wkly. Chg.	-23 bcf
Dec. 3 rd	Non-farm Payrolls, Dec. Monthly Chg.	39,000
Dec. 3 rd	Unemployment Rate, November	9.8%
Dec. 3 rd	Factory Orders, Oct. Monthly Chg.	-0.9%
Dec. 3 rd	ISM Non-Mfg. Index, November	55.0
Dec. 3 rd	ICSC-Goldman Same Store Sales, Wkly. Chg.	0.5%

Bond Market Update

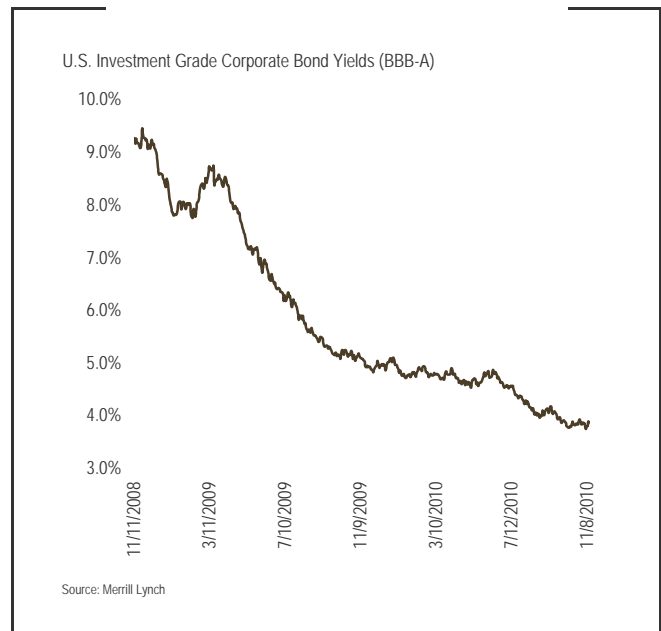
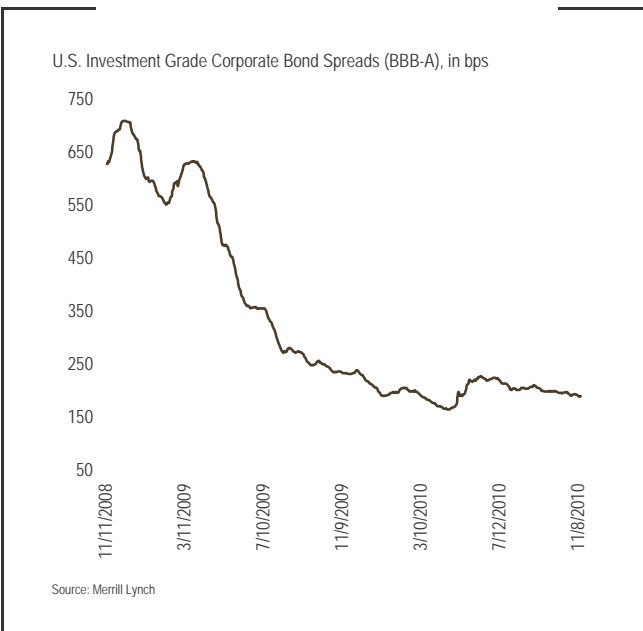
After a string of recent positive economic reports, Treasuries rallied on Friday after the Labor Department announced jobs growth in November that missed consensus estimates and reignited concerns about the strength on the economic recovery. Treasury notes maturing five-years and less rose and long-dated Treasuries lost momentum. This caused the yield premium between the 10- and two-year notes to reach the highest level in six months, according to the Wall Street Journal. Yields on the two-year Treasury note retreated to 49 basis points, still significantly higher than a month ago.

Record investor demand for speculative-grade issuance, or junk bonds, seen in September and October faded in November. Junk bond issuance has totaled \$269 billion so far this year, as reported by Bloomberg. Reduced demand in November coincided with escalating concerns about the European sovereign debt crisis, which eased late month as bailout plans became clearer. Junk bond issuance in the final days of the month suggests this riskier trade has returned.



Issue	11.26.10	12.3.10	Change
3 month T-Bill	0.16%	0.14%	-0.02%
2-Year Treasury	0.52%	0.49%	-0.03%
5-Year Treasury	1.53%	1.64%	0.11%
10-Year Treasury	2.87%	3.03%	0.16%
30-Year Treasury	4.21%	4.32%	0.11%

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



Stock Market Update

Stocks had a strong start to the month of December, paring losses from the final two days in November and sending each of the major indices up over 2% for the week. Markets started the week lower as concerns over European sovereign debt overshadowed optimism resulting from stronger domestic retail demand. The first trading session of December pushed stocks into an upswing amid upbeat economic reports and news that the U.S. would support extending the European Financial Stability Facility through the International Monetary Fund. The rally continued through the end of trading Friday, with the S&P 500, Dow Jones Industrial Average, and NASDAQ Composite indices finishing up 2.97%, 2.62%, and 2.24% for the week, respectively.

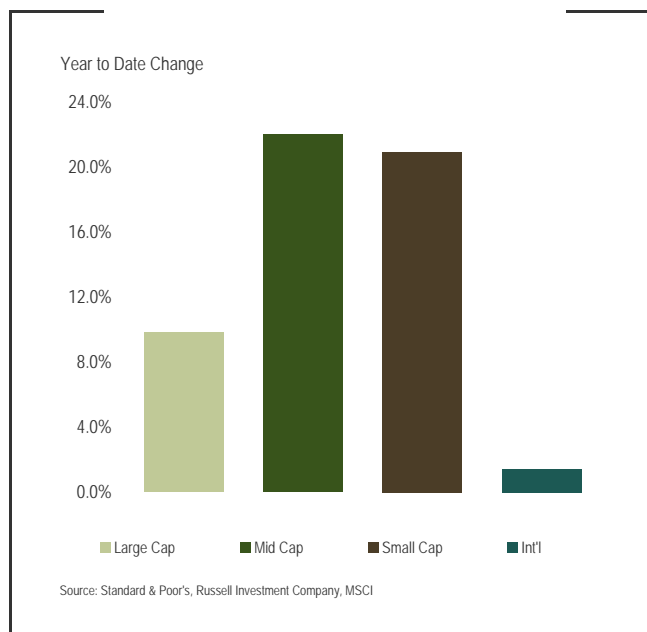
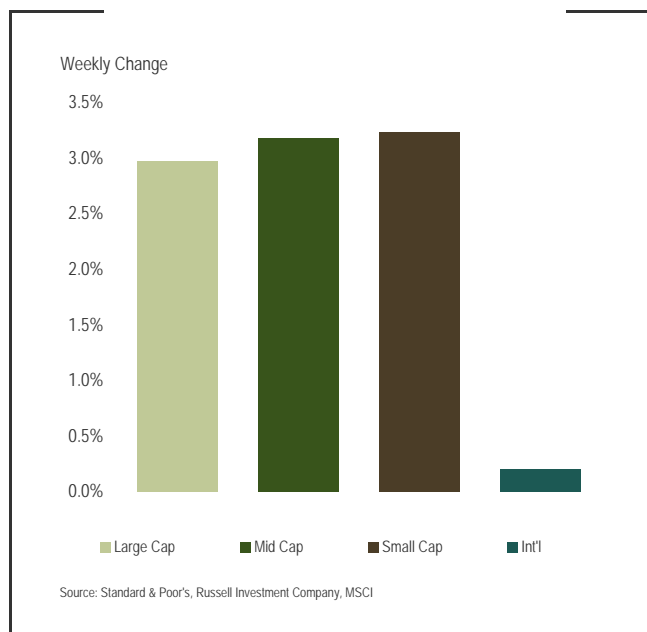
Walgreen Company (WAG) reported an increase in same-store sales of 3.2% for November, beating analyst forecasts. The company attributes the jump to a shift in its calendar and the stability of its pharmacies. The stock ended the week up 9.44%. Apollo Group Inc. (APOL) climbed 5.57% this week, rising with other for-profit schools after the Labor Department released data reflecting a 9.8% unemployment rate in November.

Starbucks Corporation (SBUX) will enter arbitrage proceedings with Kraft Foods Inc. (KFT) regarding the coffee company's intentions of ending a distribution deal with Kraft. The 12-year-old disputed agreement deals with Kraft handling the distribution of bagged Starbucks coffee in retail stores. Shares of Starbucks jumped 5.07% this week, contributing to an impressive year-to-date return of 41.89%, while Kraft stock finished the week relatively flat.

Caterpillar Inc. (CAT) surged 6.24% this week, reaching a 52-week high of \$89.37 during trading on Friday. The company, which is the largest heavy-equipment manufacturer in the world, has used growth in emerging economies and exposure to commodities to fuel its strong performance. Caterpillar has gained over 56% this year, more than any other stock in the Dow Jones Industrial Average.

Issue	11.26.10	12.3.10	Change
Dow Jones	11,092.00	11,382.09	2.62%
S&P 500	1,189.40	1,224.71	2.97%
NASDAQ	2,534.56	2,591.46	2.24%
Russell 1000 Growth	550.72	564.96	2.59%
S&P MidCap 400	859.43	886.74	3.18%
Russell 2000	732.73	756.42	3.23%
MSCI EAFE	1,591.96	1,595.08	0.20%
MSCI EM	1,099.06	1,114.03	1.36%
MSCI Small Cap	157.17	158.67	0.96%

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

Commodities concluded the week in positive territory as the Dow Jones-UBS Commodity Index rose 5.10 % by the close of trading Friday. Cotton futures experienced the largest weekly gain in nearly 39 years, surging nearly 18% on increasing concerns that the Indian government will limit cotton-yard shipments in an attempt to increase supply and stabilize prices. Crude oil futures hit a new two-year high on Friday despite weakness resulting from a lackluster U.S. employment report, with a fall in the U.S. dollar helping to boost contracts 6.72% by the end of the week. Gold benefitted from the situation as well, jumping 4.14% as investors fled to the precious metal as a safety investment.

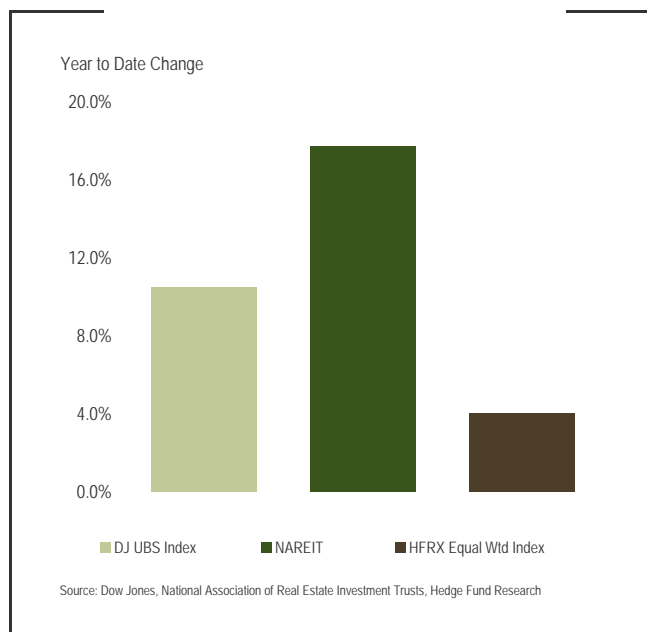
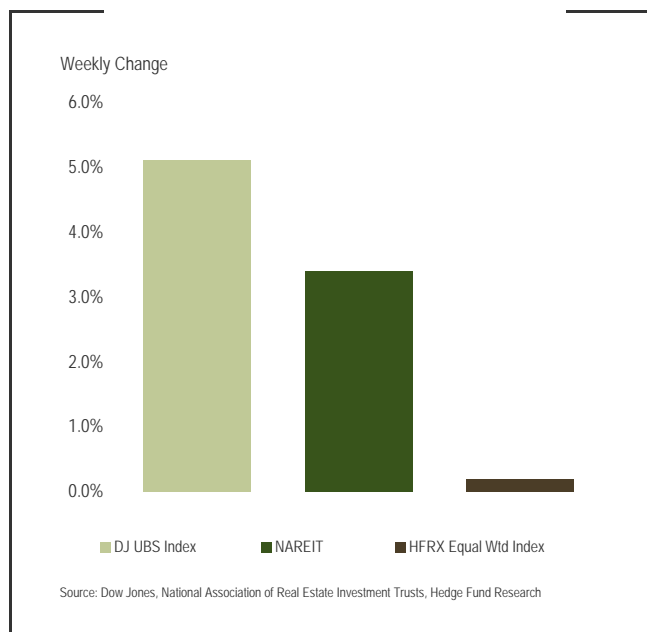
The Wall Street Journal reported that the federal investigation that is sweeping the nation regarding insider trading at major hedge funds could be focused on health care deals. The article stated that the hedge funds under scrutiny invested in health-care companies whose stocks rose in price after mergers were announced. The investigation has also pulled into question two well-known mutual fund companies, Janus Capital Group Inc. and Wellington Management Co. While not targets of the case, the companies were questioned about their use of "expert-network" firms for research.

The FTSE NAREIT All REIT Total Return Index dropped 1.6% in November, with health care REITs losing 7.3% as the worst performing sector. The largest gains were in the retail and residential sectors, which increased 0.9% and 1.9%, respectively. The decline in REITs can be partially attributed to increased yields on U.S. Treasuries resulting from concerns over the European debt situation.

Issue	Previous Week	Current ¹	Change
Gold	1,359.60	1,415.90	4.14%
Crude Oil Futures	83.76	89.39	6.72%
Copper	375.30	400.55	6.73%
Sugar	28.30	29.50	4.24%
HFRX Equal Wtd. Strat. Index	1,154.20	1,156.42	0.19%
HFRX Equity Hedge Index	1,167.78	1,187.83	1.72%
HFRX Equity Market Neutral	1,016.68	1,017.89	0.12%
HFRX Event Driven	1,363.32	1,360.17	-0.23%
HFRX Merger Arbitrage	1,506.34	1,510.00	0.24%
Dow Jones UBS Commodity Index	146.34	153.81	5.10%
FTSE/NAREIT All REIT	127.92	132.27	3.40%

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.



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MAINSTREET ADVISORS™

120 North LaSalle Street Suite 3750
Chicago, Illinois 60602
312.223.0270 direct
312.223.0276 fax
www.mainstreetadv.com