

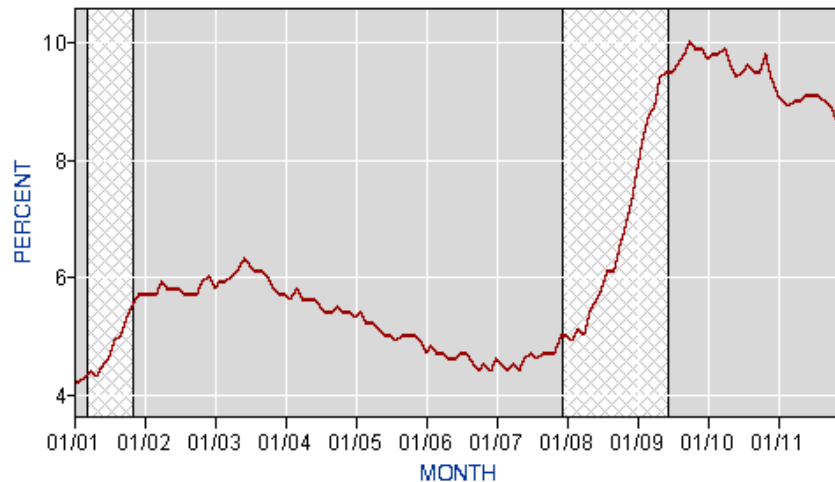
Market Commentary - 4th Quarter 2011



	Qtr	1 Yr	3 Yrs	5 Yrs	10 Yrs
S&P 500 Index	11.82	2.11	14.11	-0.25	2.92
DJ US Total Stock Mkt Idx (Full-Cap)	11.97	0.52	15.24	0.28	3.90
NASDAQ Comp	7.86	-1.80	18.21	1.52	2.94
NASDAQ 100	6.48	2.70	23.42	5.33	3.75
Russell 1000 Index	11.84	1.50	14.81	-0.02	3.34
Russell 1000 Value Index	13.11	0.39	11.55	-2.64	3.89
Russell 1000 Growth Index	10.61	2.64	18.02	2.50	2.60
Russell 2000 Index	15.47	-4.18	15.63	0.15	5.62
Russell 2000 Value Index	15.97	-5.50	12.36	-1.87	6.40
Russell 2000 Growth Index	14.99	-2.91	19.00	2.09	4.48
MSCI EAFE ND	3.33	-12.14	7.65	-4.72	4.67
MSCI EAFE Small Cap ND	-0.56	-15.94	14.62	-4.14	9.01
MSCI Europe ND	5.39	-11.06	7.86	-5.20	4.35
MSCI Japan ND	-3.86	-14.33	1.66	-6.56	2.99
MSCI EM ND	4.42	-18.42	20.07	2.40	13.86
DJ World Real Estate	6.30	-8.81	15.53	-5.96	8.64
DJ US Select REIT Index	15.36	9.37	21.63	-2.04	10.12
ML 3-month T-Bill	0.00	0.10	0.15	1.48	1.95
BC US Gov 1-3Y Bonds	0.21	1.56	1.79	3.80	3.38
BC US Gov/Corp Bonds	1.18	8.74	6.60	6.55	5.85
BC US Aggregate Bond	1.12	7.84	6.77	6.50	5.78
BC US Gov Long Bonds	1.80	29.15	7.46	10.79	8.94
BC US Corp Long Bonds	3.38	15.91	15.47	8.51	7.98
BC US High Yield Bonds	6.46	4.98	24.12	7.54	8.85
BC TIPS	2.69	13.56	10.38	7.95	7.57
CPI, AUC Seasonally Adj.	-0.09	2.98	2.38	2.23	2.48

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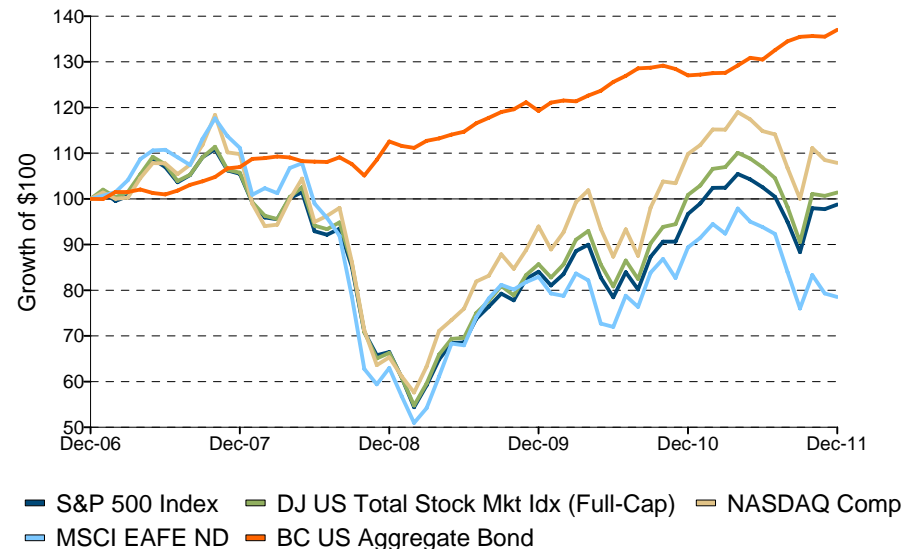
Unemployment rate (seasonally adjusted)



Note: Cross-hatched area represents recession.

Broad Markets - Five Years

Dec-06 - Dec-11

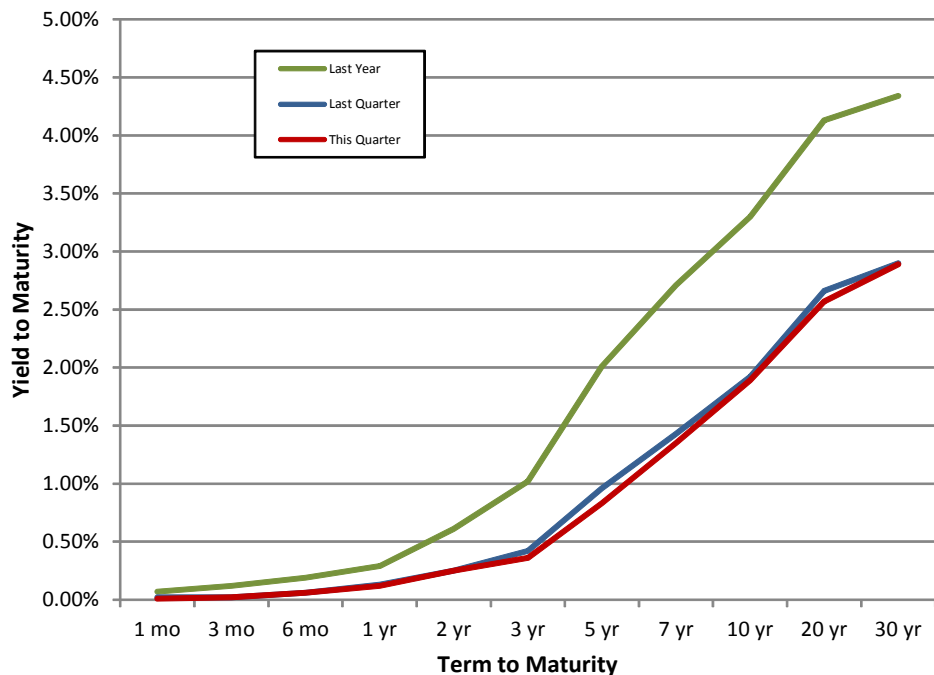


Market Commentary

- The U.S. stock market rebounded in the 4th quarter on strong corporate earnings, improved U.S. economic data, and optimism surrounding the European debt crisis.
- The international equity markets were mixed on concerns about slowing global economic growth and the potential impact of the European debt crisis.
- The Federal Reserve Bank continued to sell shorter-term U.S. Treasuries and buy longer-term bonds, with the goal of pushing down long-term interest rates to stimulate borrowing and spending.
- As the quarter ended, investors increased their holdings in bonds and decreased their holdings in stocks. For the quarter, bond funds had net inflows of \$43.7 billion, while stock funds had net outflows of \$62.9 billion. Total money market mutual fund assets increased by \$60.8 billion to \$2.695 trillion.
- The unemployment rate fell from 9.1% to 8.5%, as total employment increased by 412,000 jobs.
- The price of oil increased from \$86 per barrel to \$99 during the quarter, an increase of 15.1%.
- For the three months ending December 31, 2011, annualized seasonally adjusted CPI – U was -0.4%. Seasonally adjusted gasoline prices drove the decrease.

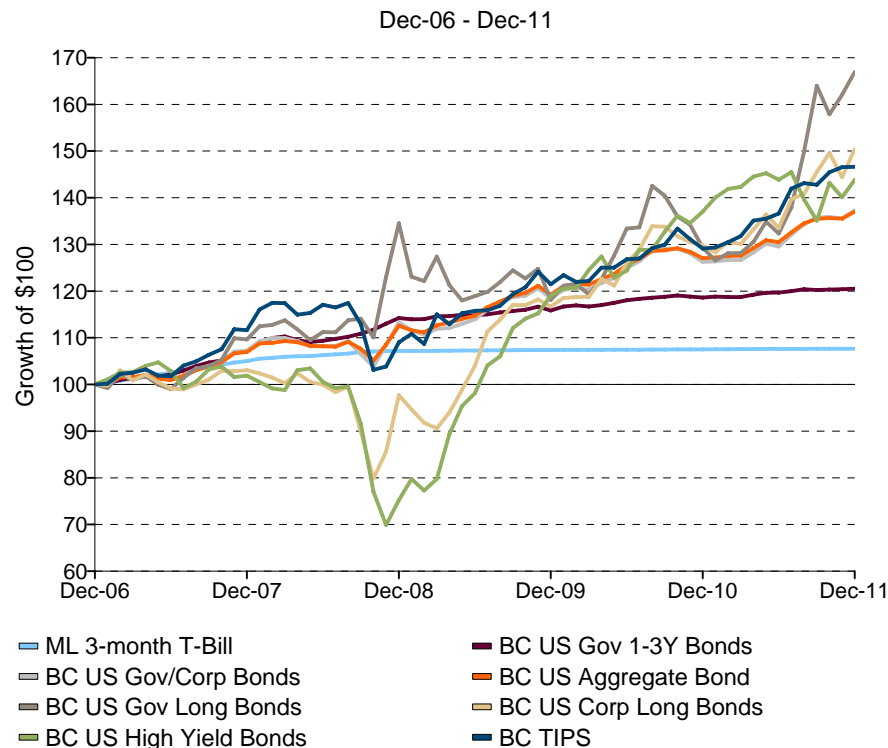
Market Commentary - 4th Quarter 2011

U.S. Treasury Yield Curve



Source: Department of US Treasury

US Fixed Income - Five Years



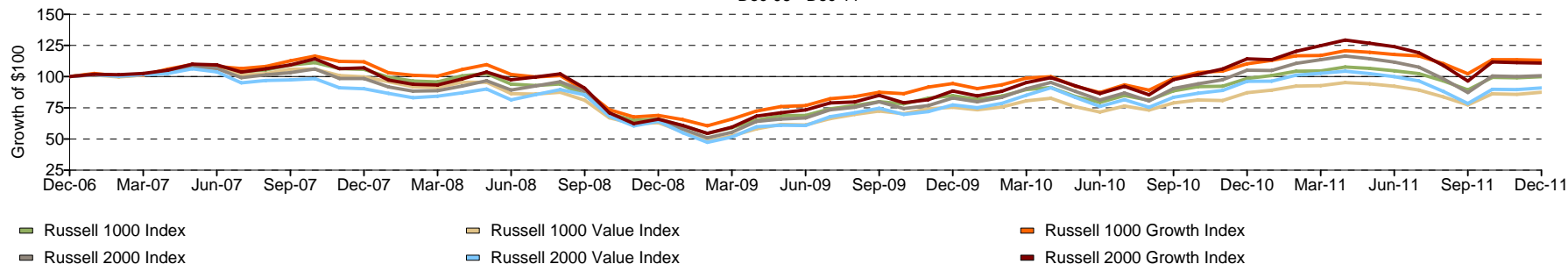
US Bond Market

- Most fixed income markets rose in the 4th quarter, as investors sought bonds with longer duration and once again embraced risk.
- The short end of the yield curve remained unchanged as the Fed maintained its near-zero interest rate policy.
- Interest rates declined slightly in the 10- and 30-year Treasury rates.
- High-yield bonds were the best performing sector this quarter, up 6.46%, as investors sought securities with higher yields.
- Asset-backed securities were the worst performing sector this quarter, up 0.23%, on an increase in auto loan delinquencies and a shorter duration than the broad market.
- 91-Day T-Bill returned 0.00% in the fourth quarter as compared with 0.02% in the third quarter.

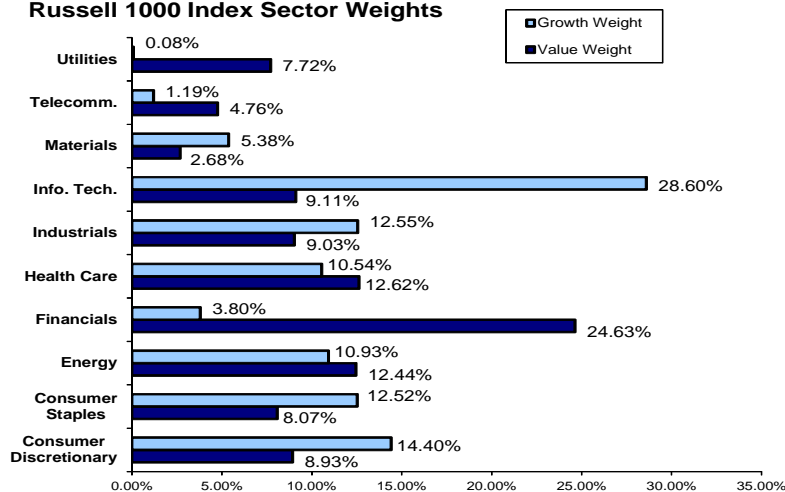
Market Commentary - 4th Quarter 2011

Russell Indices - Five Years

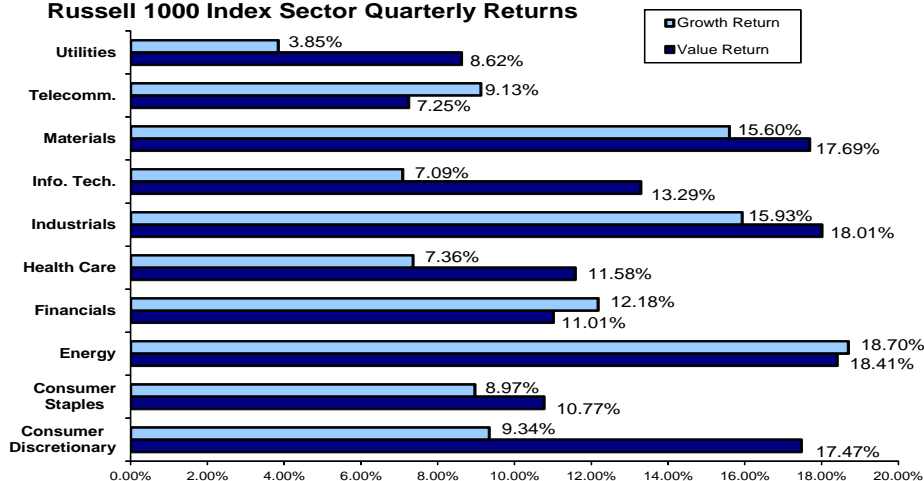
Dec-06 - Dec-11



Russell 1000 Index Sector Weights



Russell 1000 Index Sector Quarterly Returns



Source: Russell/Mellon Analytical Services

US Stock Market

- Most major domestic equity indices posted a gain for the quarter. The small-cap Russell 2000 Value Index had the best return, up 16.0%. The S&P 500 Index was flat for the year (not including dividends).
- Small-cap stocks outperformed large-caps, up 15.5% versus 11.8%.
- In comparing styles, value stocks did better than growth stocks.
- In a reversal from last quarter, REITs had a strong quarter, up 15.36%, on expectations that the economy will improve and help the recovery in real estate. The best performing sectors were self-storage and industrials.
- Energy was the best performing sector, up 18.55%, as the price of oil rose on lower supply and geopolitical tension in the Middle East.
- Telecommunication services were the worst performing sector, up 7.62%, as defensive companies lagged the broad market.

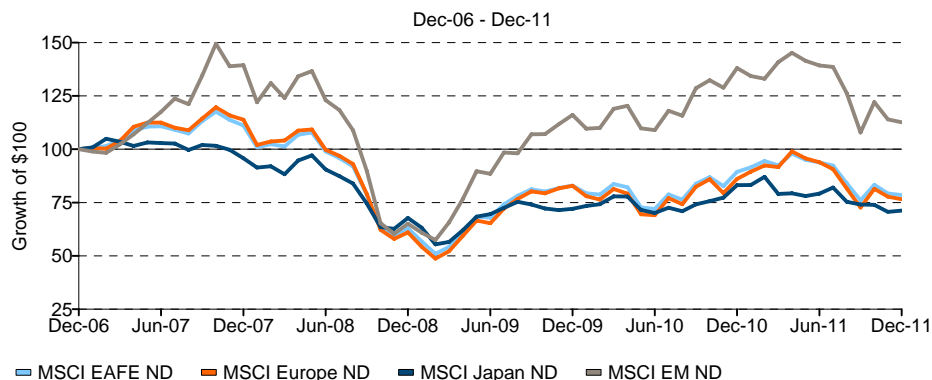
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Currency Exchange Rates

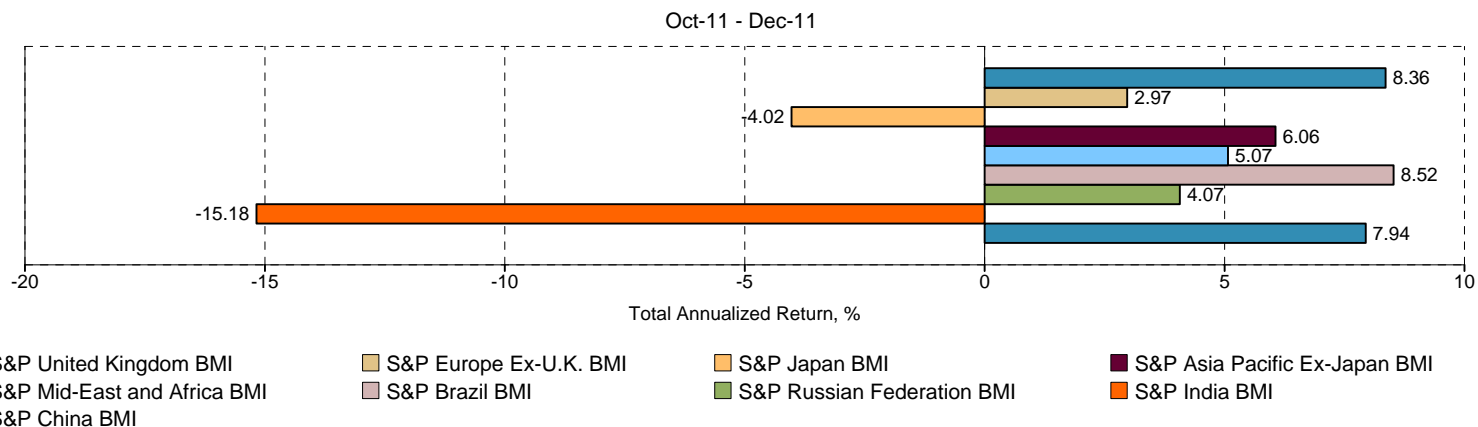
	Units per US Dollar		
	This Quarter	Last Quarter	% Change
Brazil Reais	1.85	1.63	13.91%
China Yuan Renminbi	6.32	6.54	-3.49%
Euro	0.79	0.70	11.54%
India Rupees	52.67	44.40	18.64%
Japan Yen	77.10	82.81	-6.90%
Mexico Pesos	13.73	11.92	15.17%
Russia Rubles	31.98	28.41	12.59%
United Kingdom Pounds	0.65	0.62	4.23%

Source: www.xe.com

International - Five Years



Regional Performance - Quarter



International Markets

- The dollar was up against the euro and pound, but down against the yen.
- For the quarter, the EAFE Index was up 3.3% and Emerging Markets were up 4.4%. Local currency returns for the EAFE Index and Emerging Markets were 4.1% and 4.8%, respectively.
- Among the major international regions, Brazilian stocks had the highest return (+8.5%) as oil and bank stocks posted significant gains.
- Stocks in India had the lowest return (-15.2%) on concerns about corruption, political gridlock, and expectations for weaker corporate earnings.
- Small-cap stocks, down 0.6%, underperformed large-cap stocks.