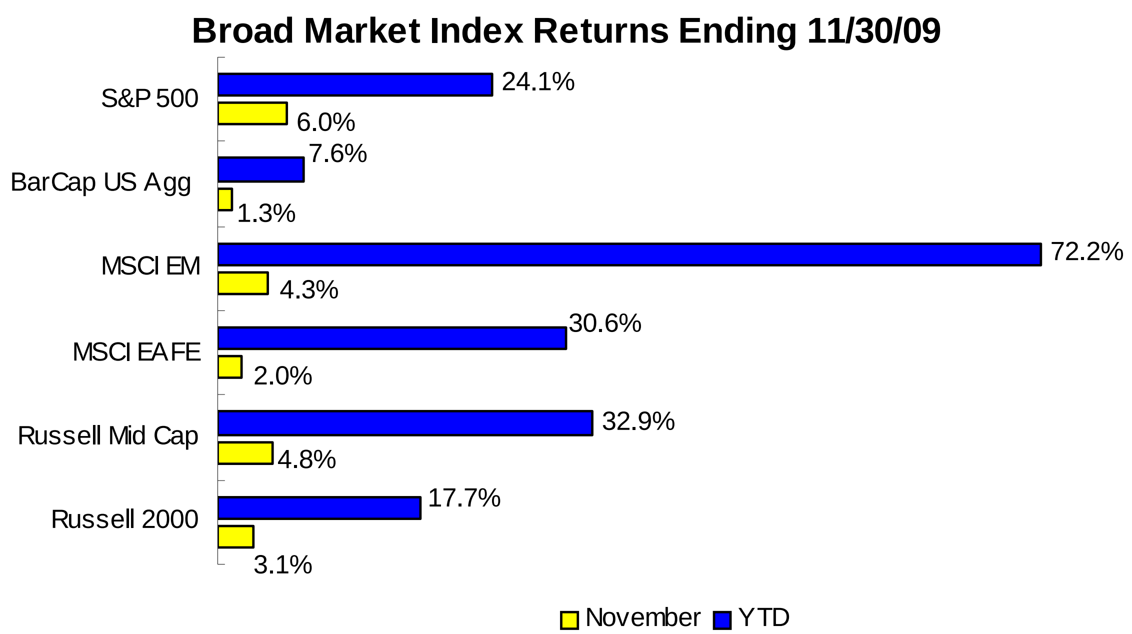
November 2009 Market Commentary

U.S. and overseas equity markets continued their rally on further hopes that the global economic environment was stabilizing.

For the month, the S&P 500 Index and the Russell 2000 Index of smaller companies advanced 6% and 3%, respectively. Materials, industrials and healthcare were among the top performing sectors, while financials, consumer staples and energy underperformed. Across market capitalizations, large- and mid-cap companies generally outperformed smaller companies. No investment style emerged as a favorite as growth fared best among large-caps, but trailed among mid- and small-caps.

U.S. fixed income markets posted positive returns. Investment grade corporate securities posted strong results. Lower quality, higher yielding corporate securities also posted solid gains, with lower quality issues outperforming. U.S. Treasuries ended solidly higher but remain the only domestic sector with negative performance year-to-date. Other sectors, including municipal bonds, asset-backed securities (ABS) and mortgage-backed securities (MBS) also advanced during the month.

International markets moved mostly higher, with the MSCI EAFE ending up 2%. Among the largest European markets, France and Germany advanced 4% and 5%, respectively. Within the Pacific region, results were mixed. Australia and Singapore advanced 3% and 5%, respectively. Meanwhile, Japan declined 1%, while New Zealand fell 5%. In the emerging markets, the MSCI EM gained 4% on strength from select Latin American, Emerging Asian and Eastern European countries.



World Market Recap

Economy

- The third quarter GDP second estimate was revised down to 2.8% from the 3.5% “advance” estimate due to downward revisions in consumer spending and business investment in nonresidential structures, as well as changes to imports and exports.

- The Federal Reserve kept its target for interest rates at a range of 0% to 0.25% and repeated its commitment to keep interest rates low for the foreseeable future, citing slack in the economy and little reason to worry about inflation.

- Housing remains tepid. The percentage of loans that are in the foreclosure process was at 4.47% in 3Q09, up from 4.3% in 2Q09. Mortgage delinquency rates rose to 9.64% in 3Q09, up from 9.24% in 2Q09. Delinquency rates include mortgages that are at least one payment past due but not yet in the foreclosure process. This means over 14% of all loans in the U.S. are either delinquent or in foreclosure, a record high.

U.S. Equity

- Dubai roiled investor nerves toward month end as the city-state’s main investment arm Dubai World and its real estate subsidiary unit Nakheel asked for a six month reprieve on paying interest on billions of dollars of outstanding debt. Dubai World is now seeking to restructure payments on approximately $26 billion of it’s roughly $60 billion in outstanding debt, a move that will be closely watched by investors.

- The healthcare sector was among the top performers as lawmakers are frantically working on one of the most complicated pieces of legislation ever undertaken as they attempt to reform the American healthcare system amid escalating costs and a growing number of uninsured.

- The industrials and materials sectors also posted solid gains during the month of November amid signs of improving demand.

- Financials were among the weakest performers during the month. However, following month-end Bank of America announced that it would repay government bailout money giving a big boost to the stock’s price. Citigroup is now in the uncomfortable position of being the last of the Wall Street giants to remain tied to the government.

Fixed Income

- The Treasury yield curve continued to steepen as short rates fell again. U.S. Treasury returns were strong as intermediate maturities performed best.

- Lower quality, higher yielding corporate securities posted solid gains, with lower quality issues outperforming. The year-to-date return now stands at 53%.

- Investment grade corporate securities also posted gains. The year-to-date return is also impressive at nearly 20% ending in November.

- The mortgage-backed securities (MBS) sector also ended the month with solid gains, continuing to benefit from the Fed’s program of purchasing MBS.

- Other fixed income sectors including municipals, emerging markets debt and asset-backed securities all ended higher for the month.

International Developed Markets

- Canada advanced 8%. The Bank of Canada has kept its key overnight interest rate at a very low 0.25% since April 2009 and continues to reiterate its intention to keep it there through mid-2010.
- The United Kingdom advanced 3% as the Bank of England (BOE) left interest rates unchanged at a historic low of 0.5%, where it has stood since March. The BOE expanded its asset purchase program by 25 billion pounds ($41 billion), boosting its massive and extraordinary monetary stimulus program as it attempts to exit a deep recession.
- The European Central Bank (ECB) left interest rates unchanged at a record low of 1% as the central bank has been battling to pull the region out of a recession. As part of its campaign, the central bank has slashed interest rates, purchased covered bonds on the open market and offered unlimited funds for banks for up to a year at a fixed rock-bottom rate.
- Within the Pacific region, results were mixed. Australia and Singapore advanced 3% and 5%, respectively. Meanwhile, Japan and Hong Kong each declined 1%, while New Zealand fell 5%.

International Emerging Markets

- In Emerging Asia, India rose 8%, while Indonesia and China each gained 3%. In China, the government issued a 50-year sovereign bond for the first time as part of an effort to develop its domestic bond market and to help meet demand among China's institutional investors for longer-dated maturities.
- Within Latin America, Brazil rallied 8% supported by gains in transportation stocks. Brazilian airport operator Gol Intelligent Airlines, Inc. soared during the month. Mexico also moved sharply higher, rising 10%. Meanwhile, the smaller markets of Colombia, Chile and Peru advanced 5%, 6% and 12%, respectively.
- Among the EMEA countries, South Africa advanced 5%. In the Middle East, Turkey fell 7%, while Egypt plunged 16%. Within Eastern Europe, Russia, the Czech Republic and Hungary advanced 2%, 3% and 4%, respectively. Poland was among the strongest performers, rising 9%.

*All indices are unmanaged and investors can not actually invest directly into an index. Past performance is not indicative of future results.

The S&P 500 Index is based on the average performance of the 500 industrial stocks monitored by Standard & Poor's.

The Dow Jones Industrial Average is based on the average performance of the 30 blue-chip stocks monitored.

Russell 2000 Index measures the performance of the small-cap stocks.

The NASDAQ Composite measures all domestic and non-U.S. based common stocks listed on The NASDAQ Stock Market.

MSCI EAFE is a market-cap weighted index representing 20 of the developed markets outside North America. These 20 countries include 14 European countries and 6 Pacific countries. MSCI Emerging Markets is a market-cap weighted index representing 26 of the emerging countries in the world.

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