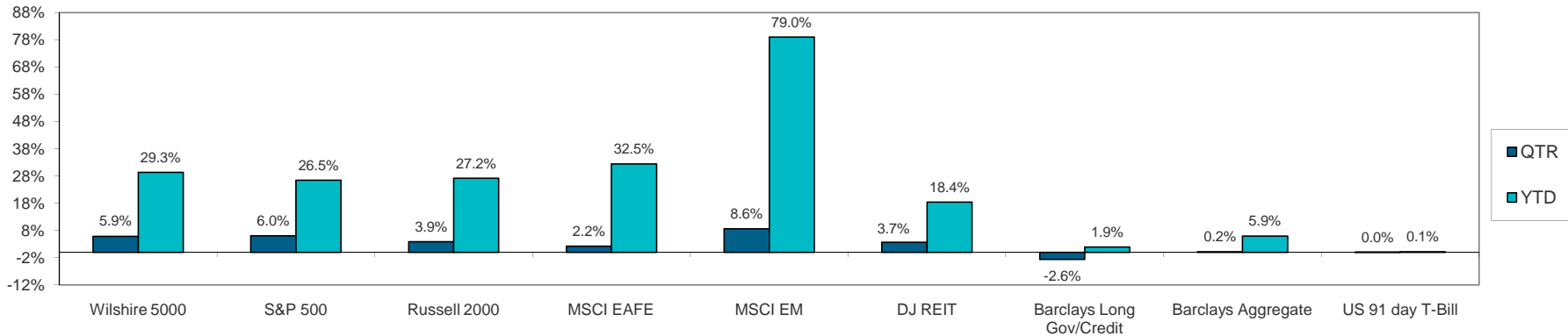


Quarter and Year-End Benchmark Returns



U.S. Market

- 2009 turned out to be a roller coaster ride for the global financial markets with unprecedented highs and lows within the same year. The stock markets came close to a complete meltdown in early March, dropping to levels not witnessed in several decades, only to rebound and generate one of their strongest annual returns in years.
- The S&P 500 Index gained 26.5% during the year, after a sharp recovery in financial stocks. The broad market Wilshire 5000 Index posted a 5.9% return for the fourth quarter to end the year up 29.3%. Several US equity indices across styles and capitalizations chalked impressive returns for the year despite a difficult first couple of months.
- Interest rates remained at historically low levels throughout the year as the Fed tried to keep the economic recovery on track. The yield curve steepened further during the year, with short-term yields close to zero. The BarCap Long Gov't/Credit Index increased 1.9% in 2009, but this gain masked the fact that the BarCap Gov't Treasury Long Index fell 12.9% in 2009, primarily because investors reversed their flight to safety in 2008.

Non-U.S. Markets

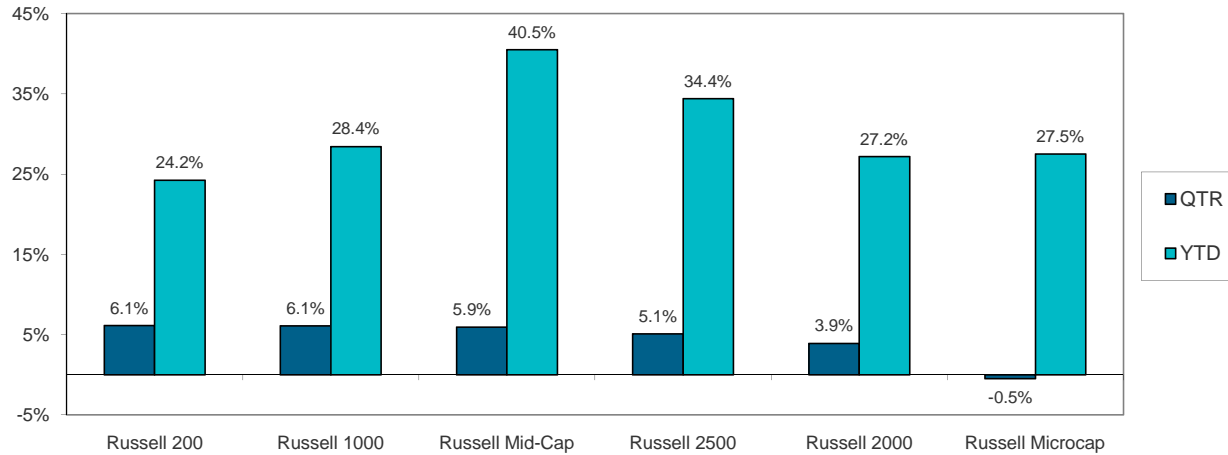
- Globally, stock markets made strong strides this past year. Emerging markets led the way, with the MSCI Emerging Markets Index returning a staggering 79% for the year after a dismal 2008. The developed market MSCI EAFE Index climbed 32.5% aided by a depreciation in the US Dollar relative to other major currencies.
- In terms of performances by region, Pacific ex. Japan put in a strong performance in 2009, returning 73.9% buoyed by strong economic growth in the Chinese and Indian economies. The Japanese market gained just 9.3% for the year, making it one of the worst performing regions. Deflation continues plague the world's second largest economy, a situation that is not helped by a strong yen.

Economic Developments

- Interest rates fell to their lowest levels in post-WWII history after the largest monetary and fiscal infusion of stimuli ever. With several of the major government stimulus programs set to wind down, the debate rages on as to the lasting effects of these programs and overall economic direction.
- Commercial Real Estate could be in for a difficult 2010 as it appears the sector has yet to bottom out. With mortgage rate resets scheduled to peak in the next two years, another wave of foreclosures may not be far behind despite government efforts to limit them.
- The ISM Manufacturing Index rose to 55.9 from 53.6 in November, its highest level since April 2006. An index reading of above 50 indicates that more manufacturing firms surveyed said business was improving than said it was deteriorating. Half of all industrial sectors experienced growth, with petroleum, apparel, manufacturing and electronics leading the way.

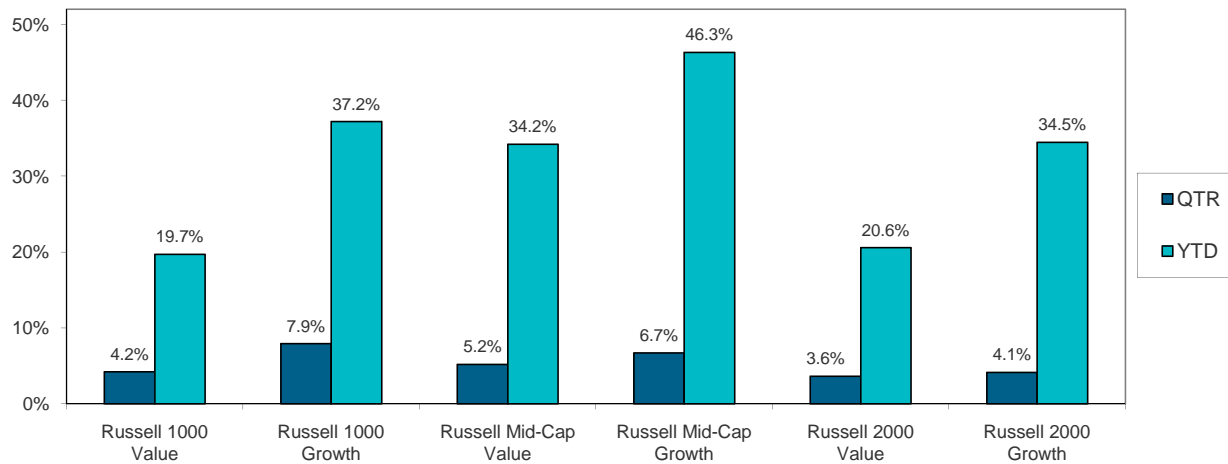
US Equity Markets Overview

December 31, 2009



Capitalization Analysis

- Mid-Cap stocks fared best in 2009 with a return of more than 40%, far outpacing the returns from both Large and Small Caps which rose less than 30%.
- Historically, Mid-Caps have most often generated returns in-between that of Large and Small Caps, however this year was an exception. Outperformance was largely the result of performance at the individual stock level, and less reliant on the intrinsic differences in the underlying sector allocations of the indices.
- Mid-Caps were also the best performing area of the capitalization range for the decade, returning 5.0% compared with 3.5% for Small Caps, and -0.5% for Large Caps.



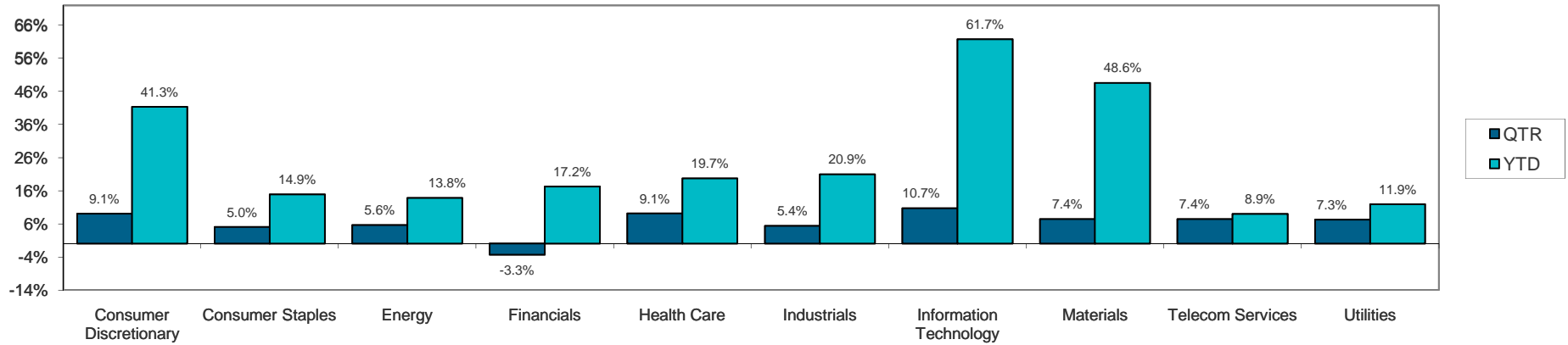
Style Analysis

- Growth stocks outperformed Value by a small margin in the fourth quarter, but ended 2009 outperforming by a very significant margin across the capitalization range.
- Growth also outperformed value in 2007, but this relative advantage was largely erased as value outperformed in 2008.
- Prior to 2007, the last calendar year in which growth was favored was 1999.
- Even with the strong relative performance by Growth stocks in 2009, Value still had a significant advantage over the whole decade. In the Large Cap arena, Value beat growth by roughly 650 basis points on an annualized basis, and with Small Caps, the Value advantage was about 950 basis points per year.

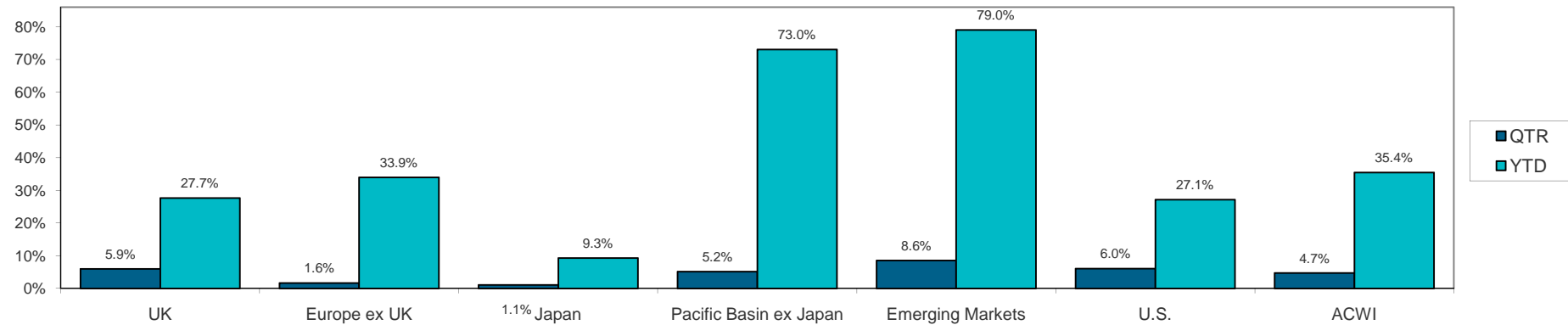
U.S. Equity Sector Returns / Country Returns

December 31, 2009

US Equity Sector Returns



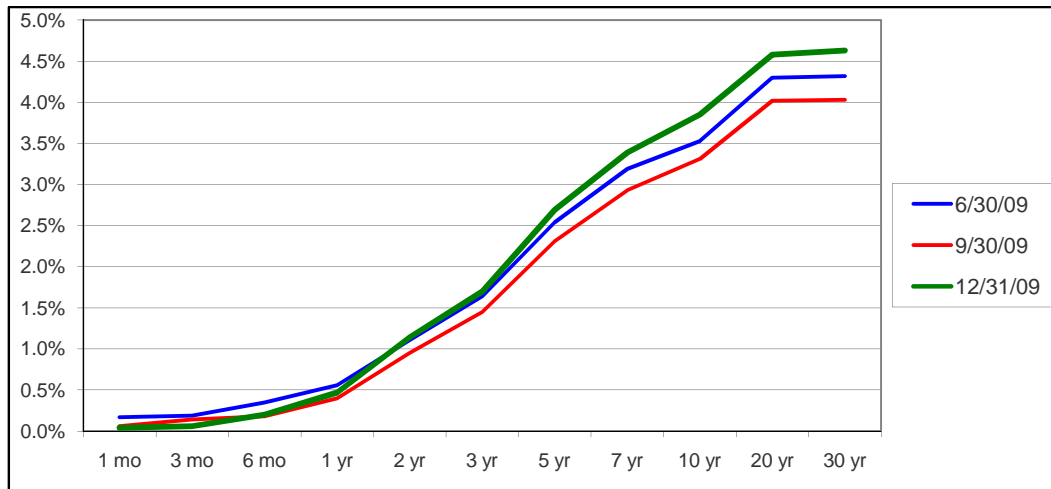
Country Returns



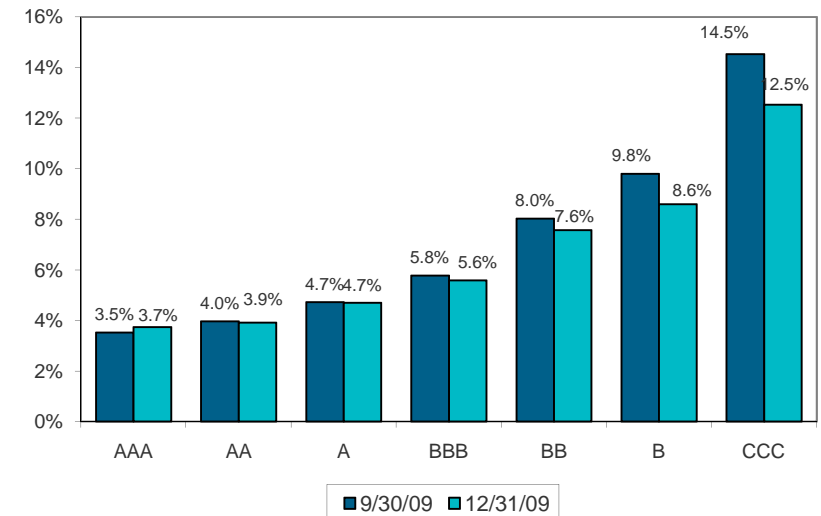
Fixed-Income Markets Overview

December 31, 2009

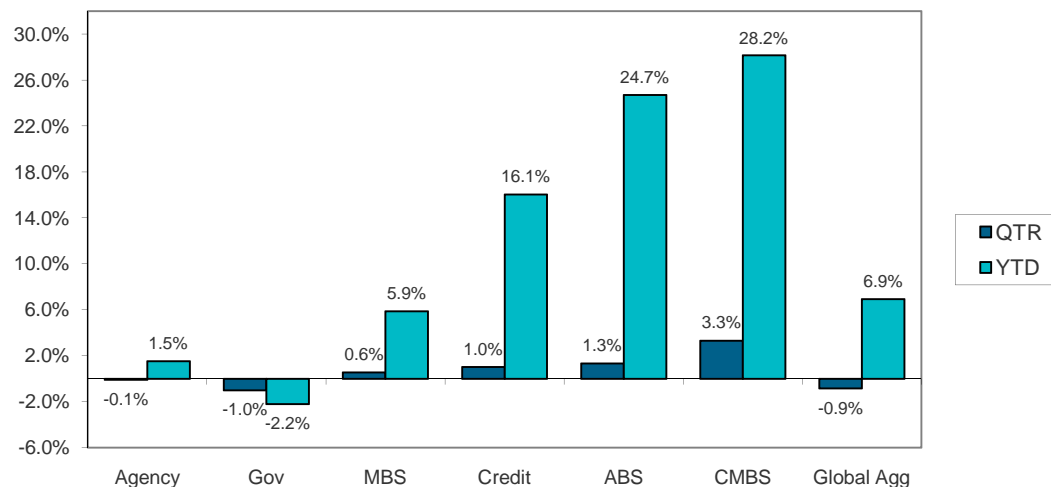
Yield Curve



Yield by Credit Rating



Sector Returns



Commentary

- The Treasury Yield Curve steepened further as concerns regarding the ability of the market to absorb the impending wave of Treasury issuance drove yields higher. Also, in question was the Fed's ability to reign in excess liquidity when the economy gathers strength.
- Credits continued to tighten versus Treasuries, especially for the lowest quality indexes as money flowed into corporates and structured product securities. Estimated corporate defaults for 2010 were lowered considerably as the year progressed.
- The Fed's buying of Agency mortgages starting late in 2008 and into 2009 pre-empted the rally for Agencies but started the forward movement in MBS, ABS, CMBS, SBA structured products. This helped lower the potential borrowing cost for consumers and businesses. The remarkable comeback in investment grade credit was surpassed by the CMBS market. The government's TALF and PPIP programs also contributed to results throughout the year.