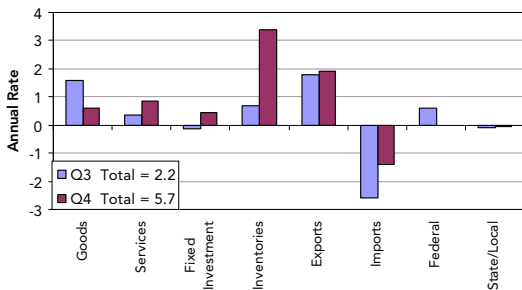


A devastating earthquake in Haiti destroyed much of Port-Au-Prince early in January and caused tremendous loss of life. Outpourings of financial assistance from around the world were immediate, although logistics hampered recovery efforts on the ground. The Massachusetts Senatorial election sent shock waves through the country as the Senate seat occupied by the Democratic Kennedy family between 1953 and 2009 (with the exception of 1961 and 1962) was won by Republican Scott Brown. The victory effectively ended a filibuster-proof majority and cast doubts about the passage of pending healthcare and energy tax legislation. Venezuelan citizens flocked to stores to buy goods before a 50% currency devaluation went into effect. The Venezuelan economy has fallen severely as oil demand dropped and Chavez's rule gutted private industries. Barclays PLC won the first foreclosure case granted by the courts in Dubai. The ruling opens up avenues for property transfers in the once booming Persian Gulf market.

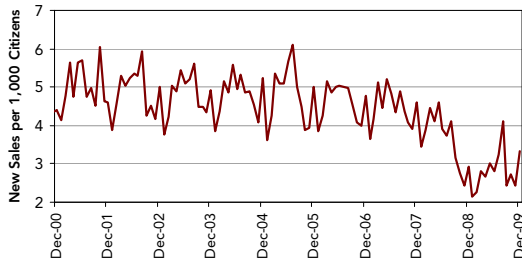
Major Components of GDP



Sources: Bureau of Economic Analysis

Fourth quarter GDP expanded at a 5.7% rate, marking the biggest increase since Q3 2003. During calendar year 2009, GDP fell 2.4%. By far the strongest component was inventory growth, which contributed 3.4%. Household consumption improved, along with business equipment and software spending. Exports markedly improved at an 18% rate during the quarter, well above the 10.5% rate at which imports grew. The growth in imports was heavily dependent on petroleum.

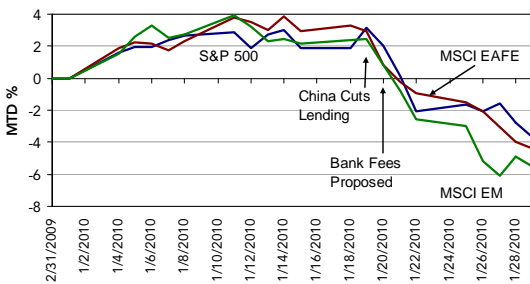
Auto Sales Show Improvement



Sources: Bloomberg, U.S. Census Bureau

Following a contentious review of his performance as chairman of the Federal Reserve, Ben Bernanke was appointed to a second term. The Federal Reserve continued to hold the Fed Funds rate near zero, while citing slight improvements in the labor market. Housing sales wavered more than expected in December, partly due to a late renewal of the homebuyer tax credit. The outlook for housing in 2010 remains weak as tax credits and Federal Reserve support for low mortgage rates are scheduled to end in the spring.

Equities Fall After Policy Notices



Sources: Bloomberg, MSCI

Equity markets moved downward after China announced plans to tighten lending, following 10.7% GDP growth in the fourth quarter. China faces inflationary pressures as it grows quickly, yet maintains currency parity with the U.S. dollar, which had fallen in value through much of 2009. The other blow to stocks came after President Obama proposed banking sector reforms. The two pronged approach consisted of levies on large banks and an eventual splitting of the investment side of banks from the traditional deposit/lending functions. Adding further tension to markets were realizations about sovereign debt levels. State borrowing in Greece and fears of default sent the Euro into a slump as the European Central Bank and European Union searched for solutions to the fiscal crises in several countries.

Market Returns

	As of January 31, 2010		
	January	3 Months	One Year
S&P 500	-3.6%	4.2%	33.1%
Russell 1000 Value	-2.8%	4.5%	31.4%
Russell 1000 Growth	-4.4%	4.7%	37.9%
Russell 2000	-3.7%	7.3%	37.8%
MSCI EAFE	-4.4%	-1.1%	39.7%
Emerging Markets	-5.6%	2.4%	80.7%
Barclays Agg	1.5%	1.2%	8.5%
3-Month T-Bills	0.0%	0.0%	0.2%

Financier T. Boone Pickens dropped part of his alternative energy plan to build massive wind farms in Texas in favor of increasing natural gas exploration and extraction. He reasoned that natural gas prices were too low to justify the investment in wind power, at a time when new extraction methods were yielding exponential growth in usable reserves.

As the car industry continued to rebound from an abysmal first half of 2009, Ford posted a \$2.7 billion profit for the year. Toyota was dealt a setback as it halted a large part of its production while it searched for a solution to malfunctioning accelerators.

The Supreme Court overturned campaign finance laws relating to certain aspects of corporate and union monies. The ruling will allow entities to fund issues-based ads during elections. The ruling is expected to increase the amount of money spent on political advertising. President Obama pledged \$30 billion for small business loans.