



Market Update

Asset Consulting Group

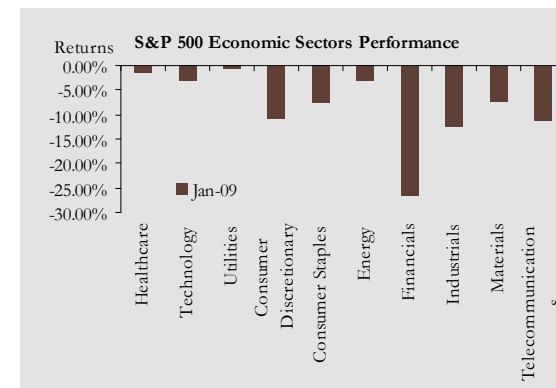
The Economy

- The U.S. recession intensified during the fourth quarter of 2008 as consumers reduced spending in the wake of wealth destruction from falling home and stock values and a deteriorating job market.
- U.S. consumers may pull back further as employers slashed another 598,000 jobs in January sending the nation's unemployment rate up to 7.6% from 7.2% in December. The economy has now lost over 3.5 million jobs since the recession started in December 2007 as businesses continue to retrench in this dismal economic environment.
- The Federal Reserve voted to keep its key lending rate near zero and said there was a "significant" risk that the economy may not recover until 2010. They also stated that they plan to keep interest rates low for the foreseeable future.
- U.S. service industries, which make up nearly 90% of the economy, contracted at a slower pace in January as the level of business activity and new orders rose from December 2008.
- An index that points to the direction of the economy over the next three to six months increased in January for the first time in six months, largely due to the Federal Reserve's efforts to restore bank lending by adding cash to the financial system.

Global Equities

U.S. Equities

- U.S. stocks fell again last month, capping the worst January on record for the S&P 500 as corporate earnings continued to decline. Profits have decreased 42% for the 236 companies in the S&P 500 that have released fourth-quarter results as of January 31.
- All ten sectors in the S&P 500 posted declines, led by Financials (-26.55%) and Industrials (-12.65%), while Utilities managed a small loss of 0.82%.
- The U.S. small-cap Russell 2000 Index also posted its worst January on record, led by the Financial Services (-19.3%) and Materials (-13.7%) sectors.
- Growth stocks outperformed value stocks at every market capitalization tier, ranging from a 5.7% gap among midcaps to a 8.1% gap among microcaps.



Source: Bloomberg

International Equities

- The U.S. dollar recorded its largest monthly gain against the euro since October 2008 as continued evidence of a global economic slowdown increased demand for the safe haven of the U.S. greenback.
- European stocks tumbled in January after it was reported that the euro zone economy contracted during the third quarter. The European Central Bank projected the euro area economy will contract in 2009 for the first time in its history.
- For January, the broad based MSCI EAFE index declined 9.80% on a USD basis (-6.25% in local currency) and the MSCI Emerging Markets index lost 6.42% on a USD basis (-2.92% in local currency).

Global Fixed-Income

- U.S. Treasuries fell as investors speculated that the U.S. government will probably need to issue a record amount of debt this year to pay for fiscal stimulus programs. Treasury yields rose, with two-year yields jumping 18 basis points (bps) to 0.95%, while ten year yields rose 63 bps to 2.84%.
- Yields on U.S. corporate high-yield rated bonds fell to 17.87% from December's close of 19.43% as investors were attracted to record high spreads. The decline in yields was enough to send the Barclays Capital U.S. Corporate High Yield Index to a gain of 5.99%.
- Speculation that governments around Europe will sell massive amounts of debt to stimulate their economies helped send European government 10-year yields higher. At the same time, the euro two-year yield dropped as investors anticipated further cuts in interest rates by the European Central Bank.

Indices Report (periods ending January 31, 2009)

<i>Domestic Equity</i>	<i>Month</i>	<i>Qtr</i>	<i>YTD</i>	<i>1 Year</i>	<i>3 Years</i>	<i>5 Years</i>
S&P 500	(8.43)%	(14.09)%	(8.43)%	(38.62)%	(11.78)%	(4.24)%
Russell 1000 Growth	(4.81)%	(10.79)%	(4.81)%	(36.44)%	(11.10)%	(4.75)%
Russell 1000 Value	(11.50)%	(16.70)%	(11.50)%	(41.78)%	(13.10)%	(3.53)%
Russell Mid Cap	(7.40)%	(13.28)%	(7.40)%	(42.01)%	(14.39)%	(2.78)%
Russell 2000	(11.12)%	(17.09)%	(11.12)%	(36.85)%	(14.31)%	(4.06)%
Russell 2000 Growth	(7.61)%	(14.39)%	(7.61)%	(37.48)%	(14.35)%	(4.86)%
Russell 2000 Value	(14.28)%	(19.55)%	(14.28)%	(36.47)%	(14.41)%	(3.43)%
HFRI Equity Hedge	(0.29)%	(3.67)%	(0.29)%	(23.16)%	(4.30)%	1.26%

International Equity

MSCI EAFE	(9.80)%	(9.50)%	(9.80)%	(43.42)%	(11.84)%	(0.26)%
MSCI World	(8.73)%	(11.79)%	(8.73)%	(41.04)%	(11.67)%	(2.12)%
MSCI EAFE Growth	(8.54)%	(8.87)%	(8.54)%	(42.05)%	(10.77)%	(0.42)%
MSCI EAFE Value	(11.12)%	(10.18)%	(11.12)%	(44.83)%	(13.01)%	(0.22)%
MSCI Emerging Mkts.	(6.42)%	(6.68)%	(6.42)%	(49.95)%	(9.95)%	5.85%

<i>Domestic Fixed Income</i>	<i>Month</i>	<i>Qtr</i>	<i>YTD</i>	<i>1 Year</i>	<i>3 Years</i>	<i>5 Years</i>
Barclays Aggregate	(0.88)%	6.16%	(0.88)%	2.59%	5.19%	4.30%
Treasury Bills	(0.01)%	0.10%	(0.01)%	1.55%	3.85%	3.23%
Barclays Muni 5 Yr	3.05%	7.10%	3.05%	6.37%	5.72%	4.09%
Merrill Lynch High Yield	5.32%	3.80%	5.32%	(21.23)%	(4.45)%	(0.12)%
Barclays Government	(2.49)%	5.65%	(2.49)%	7.03%	7.26%	5.35%
Barclays U.S. Credit Index	(0.01)%	10.44%	(0.01)%	(4.25)%	2.09%	2.44%
HFRI FOF: Conservative Index	1.49%	(3.58)%	1.49%	(16.50)%	(1.81)%	1.19%

Real Estate

NCREIF Property*	N/A	(8.29)%	(6.46)%	(6.46)%	8.10%	11.66%
NAREIT	(17.31)%	(25.95)%	(17.31)%	(47.98)%	(18.26)%	(3.68)%

* For comparison purposes, prior quarter returns are used
All time period returns are rolling returns except for YTD

Domestic Equity

S&P 500

Standard and Poor's 500 Index is a capitalization-weighted index of 500 large U.S. stocks. The index is designed to measure performance of the broad domestic stock market through changes in the aggregate market value of 500 stocks representing all major industries. The index was developed with a base level of 10 for the 1941-1943 base period.

Russell 1000® Growth Index

The Russell 1000 Growth Index measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth rates. The Russell 1000 Growth Index is constructed to provide a comprehensive and unbiased barometer for the large-cap growth segment. The Index is completely reconstituted annually to ensure new and growing equities are included and that the represented companies continue to reflect growth characteristics. The index was developed with a base value of 200 as of August 31, 1992.

Russell 1000® Value Index

The Russell 1000 Value Index measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 companies with lower price-to-book ratios and lower expected growth rates. The Russell 1000 Value Index is constructed to provide a comprehensive and unbiased barometer for the large-cap value segment. The Index is completely reconstituted annually to ensure new and growing equities are included and that the represented companies continue to reflect value characteristics. The index was developed with a base value of 200 as of August 31, 1992.

Russell Midcap® Index

The Russell Midcap Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell Midcap Index is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities in the Russell 1000 Index based on a combination of their market cap and current index membership. The Russell Midcap Index represents approximately 31% of the total market capitalization of the Russell 1000 companies. The Russell Midcap Index is constructed to provide a comprehensive and unbiased barometer for the mid-cap segment. The Index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true mid-cap opportunity set.

Russell 2000® Index

The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000 Index is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership. The Russell 2000 is constructed to provide a comprehensive and unbiased small-cap barometer and is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set.

Russell 2000® Growth Index

The Russell 2000 Growth Index measures the performance of the small-cap growth segment of the U.S. equity universe. It includes those Russell 2000 companies with higher price-to-value ratios and higher forecasted growth rates. The Russell 2000 Growth Index is constructed to provide a comprehensive and unbiased barometer for the small-cap growth segment. The Index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set and that the represented companies continue to reflect growth characteristics.

Russell 2000® Value Index

The Russell 2000 Value Index measures the performance of small-cap value segment of the U.S. equity universe. It includes those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values. The Russell 2000 Value Index is constructed to provide a comprehensive and unbiased barometer for the small-cap value segment. The Index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set and that the represented companies continue to reflect value characteristics.

HFRI Equity Hedge Index

The HFRI Monthly Indices (HFRI) are equally weighted performance indexes, utilized by numerous hedge fund managers as a benchmark for their own hedge funds. Equity Hedge (EH): Investment Managers who maintain positions both long and short in primarily equity and equity derivative securities. A wide variety of investment processes can be employed to arrive at an investment decision, including both quantitative and fundamental techniques; strategies can be broadly diversified or narrowly focused on specific sectors and can range broadly in terms of levels of net exposure, leverage employed, holding period, concentrations of market capitalizations and valuation ranges of typical portfolios. EH managers would typically maintain at least 50%, and may in some cases be substantially entirely invested in equities, both long and short..

International Equity

MSCI EAFE® Index

The MSCI EAFE Index (Europe, Australasia, Far East) is an unmanaged free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the US & Canada. As of June 2006 the MSCI EAFE Index consisted of the following 21 developed market country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the United Kingdom. There are 1,100 members designed to represent the performance of developed stock markets outside of the United States and Canada. It assumes reinvestment of dividends and interest, and does not reflect deductions of fees or expenses.

MSCI World Index

The MSCI World Index is an unmanaged free float-adjusted market capitalization index that is designed to measure global developed market equity performance. As of June 2006 the MSCI World Index consisted of the following 23 developed market country indices: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States.

MSCI-EAFE Growth Index

The MSCI-EAFE Growth Index is an unmanaged index constructed from the constituents of the MSCI EAFE Index on a country-by-country basis for the 21 countries included in the index. The index is generally considered to be representative of the international growth stock market activity and often used as a benchmark for international growth equity portfolios.

MSCI-EAFE Value Index

The MSCI-EAFE Value Index

is an unmanaged index constructed from the constituents of the MSCI EAFE Index on a country-by-country basis for the 21 countries included in the index. The index is generally considered to be representative of the international value stock market activity and often used as a benchmark for international value equity portfolios.

MSCI Emerging Markets Index

The MSCI Emerging Markets Index is an unmanaged float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. As of June 2006 the MSCI Emerging Markets Index consisted of the following 25 emerging market country indices: Argentina, Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Israel, Jordan, Korea, Malaysia, Mexico, Morocco, Pakistan, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, and Turkey.

Domestic Fixed Income

Barclays Capital Aggregate

The Barclays Capital Aggregate index covers the U.S. investment grade fixed rate bond market, including government and corporate securities, agency mortgage pass-through securities, and asset-backed securities. These major sectors are subdivided into more specific indices that are calculated and reported on a regular basis.

Salomon Smith Barney US Treasury Bill Indexes

This index measures monthly return equivalents of yield averages that are not marked to market. The Six-Month Treasury-Bill Index is an average of the last six six-month Treasury bill issues. Similarly, the One-Month and Three-Month Treasury Bill Indexes consist of the last one one-month and three three-month Treasury bill issues, respectively. Returns for these indexes are calculated on a monthly basis only.

Barclays Capital Muni 5 Yr

The Barclays Capital Municipal Bond Index is a rules-based, market-value-weighted index engineered for the long-term tax-exempt bond market. To be included in the index, bonds must be rated investment-grade (Baa3/BBB- or higher) by at least two of the following ratings agencies: Moody's, S&P, Fitch. They must have an outstanding par value of at least \$7 million and be issued as part of a transaction of at least \$75 million. The bonds must be fixed rate, have a dated-date after December 31, 1990, and must be at least one year from their maturity date.

The Merrill Lynch High-Yield Index

The Merrill Lynch High-Yield Index is an unmanaged index that tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market. This unmanaged index does not reflect fees and expenses and is not available for direct investment.

Barclays Capital US Government Index

This index is the U.S. Government component of the US Government/Credit Index. [It consists of] securities issued by the US Government (i.e., securities in the Treasury and Agency Indices). [This includes] public obligations of the U.S. Treasury with a remaining maturity of one year or more and publicly issued debt of US Government agencies, quasi-federal corporations, and corporate or foreign debt.

Barclays Capital US Credit Index

This index is the U.S. Credit component of the US Government/Credit Index. [It consists of] publicly issued U.S. corporate and specified foreign debentures and secured notes that meet the specified maturity, liquidity, and quality requirements. To qualify, bonds must be SEC-registered. The U.S. Credit Index is the same as the former U.S. Corporate Investment Grade Index, which has been renamed the U.S. Credit Index.

HFRI Fund of Funds (FOF) Conservative Index

The HFRI Monthly Indices (HFRI) are equally weighted performance indexes, utilized by numerous hedge fund managers as a benchmark for their own hedge funds. FOFs classified as "Conservative" exhibit one or more of the following characteristics: seeks consistent returns by primarily investing in funds that generally engage in more "conservative" strategies such as Equity Market Neutral, Fixed Income Arbitrage, and Convertible Arbitrage; exhibits a lower historical annual standard deviation than the HFRI Fund of Funds Composite Index. A fund in the HFRI FOF Conservative Index shows generally consistent performance regardless of market conditions.

Real Estate

Ncreif Property Index

Ncreif Property Index is a quarterly time series composite total rate of return measure of investment performance of a very large pool of individual commercial real estate properties acquired in the private market for investment purposes only.

NAREIT Equity

All of the data is based upon the last closing price of the month for all tax-qualified REITs listed on the New York Stock Exchange, American Stock Exchange, and the NASDAQ National Market System. The data is market weighted. Newly issued shares by existing REITs are added to the total shares outstanding figure in the month that the shares are issued. Only common shares issued by the REIT are included in the index. The total return calculation is based upon the weighting at the beginning of the period. Only those REITs listed for the entire period are used in the total return calculation. Dividends are included in the month based upon their payment date. There is no smoothing of income. Liquidating dividends, whether full or partial, are treated as income.

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