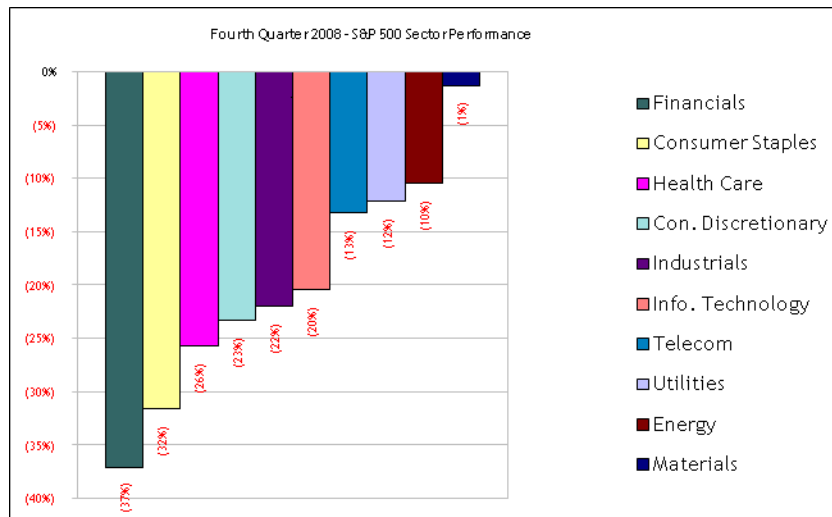


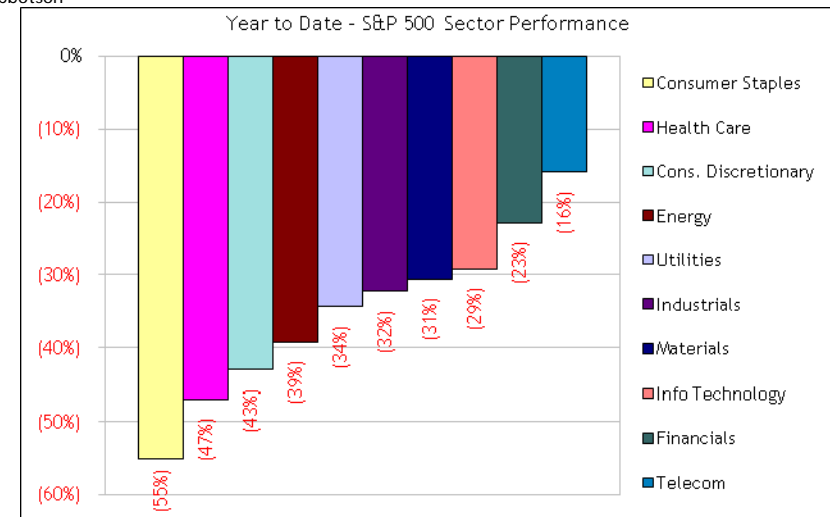
Domestic Equities - December 2008

- Domestic equities fell across the board during 2008 as market participants flocked to safety from all risky asset classes.
- Financials and consumer staples were the worst performing sectors for the 4th quarter as the financial crisis remained unresolved and GDP growth expectations fell.
- Thirty to forty percent annual losses were the norm for domestic equities during 2008, which have put many indices into negative territory for as long as the last ten years.
- The S&P 500 returned negative 1.4% for the last decade, noticeably underperforming US mid and small cap stocks.

	Quarter	YTD	One Year	Last 3 Years	Last 5 Years	Last 10 Years
<u>Core Index Performance</u>						
S&P 500	(22.0)	(37.0)	(37.0)	(8.4)	(2.2)	(1.4)
S&P 500 Equal Weighted	(26.6)	(39.7)	(39.7)	(10.9)	(2.1)	2.8
DJ Industrial Average	(18.4)	(31.9)	(31.9)	(4.1)	(1.1)	1.7
Russell Top 200	(20.6)	(36.1)	(36.1)	(7.9)	(2.5)	(2.5)
Russell 1000	(22.5)	(37.6)	(37.6)	(8.7)	(2.0)	(1.1)
Russell 2000	(26.1)	(33.8)	(33.8)	(8.3)	(0.9)	3.0
Russell 3000	(22.8)	(37.3)	(37.3)	(8.6)	(2.0)	(0.8)
Russell Mid Cap	(27.3)	(41.5)	(41.5)	(10.7)	(0.7)	3.2
<u>Style Index Performance</u>						
Russell 1000 Growth	(22.8)	(38.4)	(38.4)	(9.1)	(3.4)	(4.3)
Russell 1000 Value	(22.2)	(36.9)	(36.9)	(8.3)	(0.8)	1.4
Russell 2000 Growth	(27.4)	(38.5)	(38.5)	(9.3)	(2.4)	(0.8)
Russell 2000 Value	(24.9)	(28.9)	(28.9)	(7.5)	0.3	6.1



Source: Ibbotson



Source: ICC

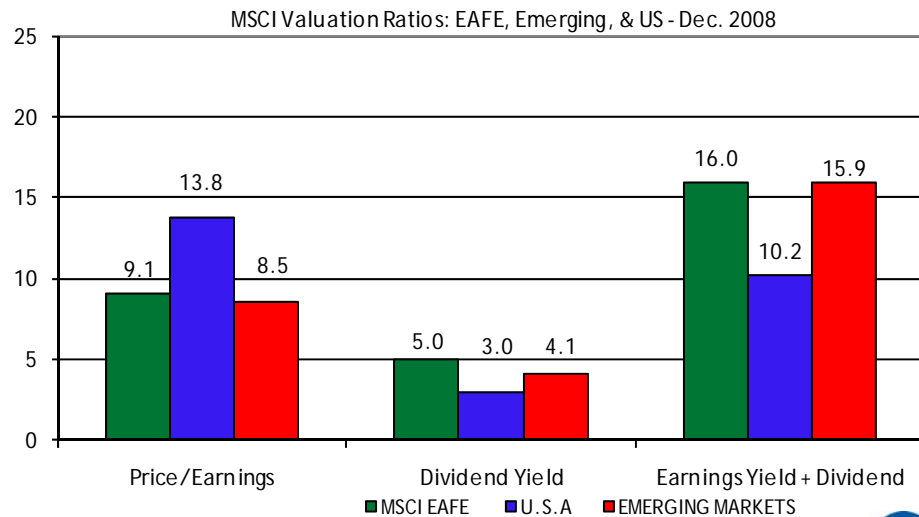


International Equities - December 2008

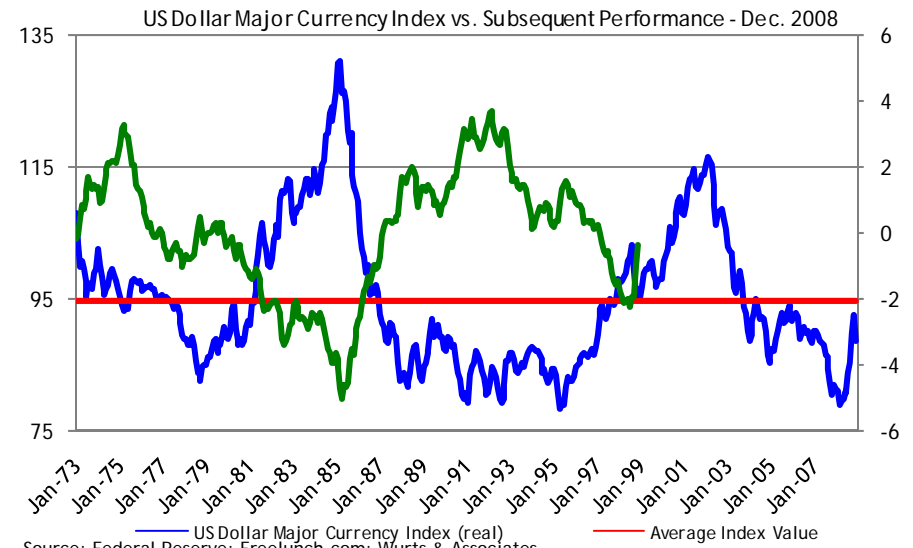
- A global flight to safety pushed the value of the US dollar much higher during the 4th quarter 2008.
- This in turn helped international equities outperform domestic equities during the quarter.
- However overall losses for 2008 were worse.
- As a result of these sharp losses, international valuations are much cheaper, and remain well below those of US equity markets.

	Quarter	YTD	One Year	Last 3 Years	Last 5 Years	Last 10 Years
<i>Broad Index Performance</i>						
MSCI EAFE	(19.9)	(43.1)	(43.1)	(6.9)	2.1	1.2
MSCI AC World	(22.3)	(45.3)	(45.3)	(6.6)	3.0	2.3
MSCI Emerging Mkts	(27.6)	(53.2)	(53.2)	(4.6)	8.0	9.3
MSCI EAFE Small Cap	(22.1)	(46.8)	(46.8)	(13.5)	1.5	4.7
<i>Style Index Performance</i>						
MSCI EAFE Growth	(20.1)	(42.5)	(45.5)	(6.2)	1.8	(1.1)
MSCI EAFE Value	(19.7)	(43.7)	(43.7)	(7.7)	2.3	3.2
<i>Regional Index Performance</i>						
MSCI United Kingdom	(26.4)	(48.3)	(48.3)	(9.9)	(1.2)	NA
MSCI Japan	(9.0)	(29.1)	(29.1)	(10.3)	1.0	NA
MSCI AC Asia	(14.4)	(41.6)	(41.6)	(10.1)	0.4	0.6
MSCI EM Latin America	(34.0)	(51.3)	(51.3)	1.8	17.2	14.7

Source: Ibbotson



Source: MSCI



Source: Federal Reserve; Freelunch.com; Wurts & Associates

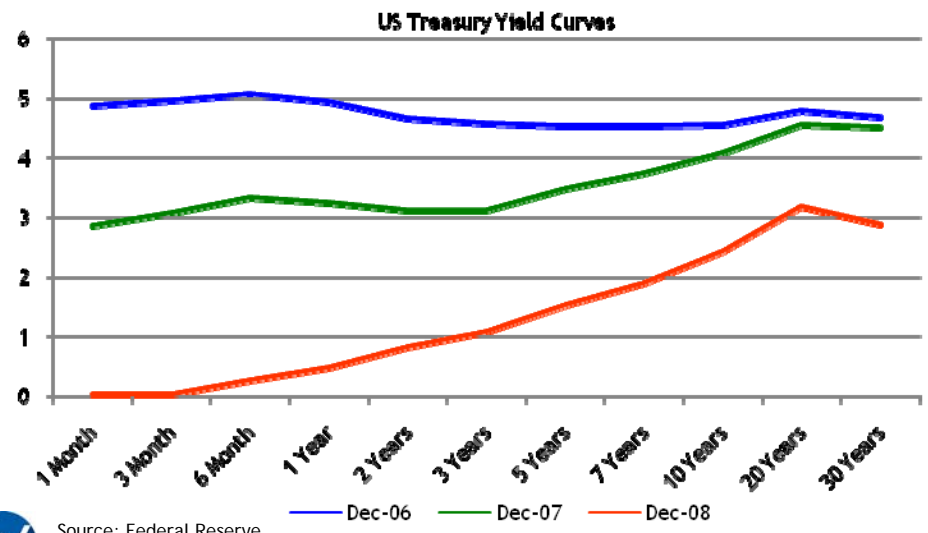
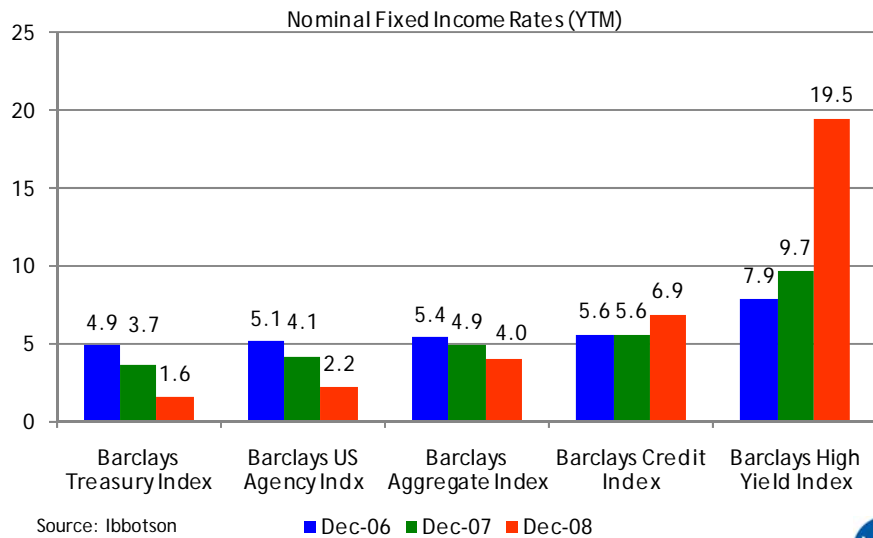


Fixed Income - December 2008

- Fixed income markets offered the only respite from huge losses during 2008.
- Most notably, US Treasuries posted strong returns during the recent flight to safety.
- Going forward though one must be concerned at current yields for Treasuries, which portend a potential bubble in this asset class.
- Any credit-based fixed income investment took heavy losses during 2008, with high yield bonds leading the way by posting losses in excess of 25%.

	Quarter	YTD	One Year	Last 3 Years	Last 5 Years	Last 10 Years
<i>Index Performance</i>						
BC US Aggregate Bond	4.6	5.2	5.2	5.5	4.7	5.6
BC US Treasury US TIPS	(3.5)	(2.4)	(2.4)	3.1	4.1	6.8
BC US Treasury Bills	0.2	2.1	2.1	4.0	3.3	3.5
<i>Maturity Evaluation</i>						
BC US Treasury 1-3 Yr	2.8	6.7	6.7	6.0	4.1	4.7
BC US Treasury Intermediate	6.5	11.4	11.4	7.9	5.4	5.7
BC US Treasury Long	18.7	24.0	24.0	11.5	9.7	8.1
<i>Issuer Performance</i>						
BC US Agcy Intermediate	5.6	8.7	8.7	7.0	5.1	5.8
BC US Credit	4.0	(3.1)	(3.1)	2.0	2.7	4.9
BC US Mortgage	4.3	8.3	8.3	6.8	5.5	6.0
BC US Corporate High Yield	(17.9)	(26.2)	(26.2)	(5.6)	(0.8)	2.2
BC Emerging Markets	(9.3)	(14.8)	(14.8)	(0.5)	4.4	9.7

Source: Ibbotson



History of Bear Markets

A Historical Perspective of Market Corrections & Bear Markets

Timeframes for the Recovery of Losses

As of December 31, 2008

Bear Market	Total Months	Total Decline (S&P 500 Index)	First Year After Decline (Total Return)	Second Year After Decline (Total Return)	Months to Break Even	
					From End of Bear Market	From Start of Bear Market
Sep 1929 to June 1932	34	-83.4%	162.9%	-6.1%	151	185
Nov 1948 to May 1949	7	-10.0%	42.4%	23.8%	4	11
Jan 1953 to Aug 1953	8	-8.7%	35.0%	51.2%	5	13
Aug 1957 to Dec 1957	5	-15.0%	43.4%	12.0%	6	11
Jan 1960 to Oct 1960	10	-8.4%	32.6%	-14.9%	2	12
Jan 1962 to Jun 1962	6	-22.3%	31.2%	21.5%	7	13
Feb 1966 to Sep 1966	8	-15.6%	30.6%	9.6%	6	14
Dec 1968 to Jun 1970	19	-29.3%	41.8%	10.7%	7	26
Jan 1973 to Sep 1974	21	-42.6%	38.1%	30.5%	8	29
Jan 1977 to Feb 1978	14	-14.3%	16.6%	24.5%	5	19
Dec 1980 to Jul 1982	20	-16.5%	59.3%	-2.9%	3	23
Sep 1987 to Nov 1987	3	-29.6%	23.3%	30.8%	14	17
Jun 1990 to Oct 1990	5	-14.8%	33.4%	9.9%	4	9
Jul 1998 to Aug 1998	2	-15.4%	39.8%	16.3%	3	5
Apr 2000 to Sep 2002	30	-43.8%	24.4%	13.9%	49	79
Avg w/ 1929-1932 Period	12.8	-24.6%	43.7%	15.4%	18.3	31.1
Avg w/o 1929-1932 Period	11.3	-20.5%	35.1%	16.9%	8.8	20.1
Nov 2007 to Dec 2008+ (?)	14+ ?	-40.0%	N/A	N/A	N/A	14 and counting

Though it offers little consolation to investors, the current bear markets is not the worse we've seen.

Try not to miss the upside when markets recover by abandoning risky assets. The point at which markets rebound is literally unknowable.

Source: Ibbotson



Periodic Table of Returns - December 2008

	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Best	29.5	35.9	17.5	51.2	29.1	32.9	8.1	38.3	23.1	35.2	38.7	43.1	22.8	14.0	10.3	48.5	22.3	18.9	26.9	15.8	5.2
	28.6	25.2	8.9	41.7	13.8	26.3	6.4	37.2	21.6	31.8	20.3	33.2	12.3	8.4	6.7	46.0	20.7	14.0	23.5	11.8	1.8
	23.2	20.2	7.9	41.2	12.3	23.8	4.2	31.0	21.4	30.5	16.2	27.3	11.6	7.3	1.7	38.6	16.5	7.5	22.2	11.6	-20.0
	20.4	18.8	2.6	24.6	8.0	18.1	2.7	25.8	14.4	18.6	15.6	26.5	7.0	4.1	1.0	30.0	14.3	7.1	16.1	10.3	-28.9
	11.7	14.5	2.3	21.7	7.8	13.4	-0.8	24.6	14.1	16.2	13.6	13.0	6.0	2.8	-8.6	29.7	13.1	7.1	13.4	7.9	-36.9
	11.3	12.4	-0.3	16.0	7.4	11.5	-1.5	18.5	11.3	13.9	8.7	11.4	4.1	-2.7	-11.4	21.6	11.1	5.3	12.8	7.1	-38.4
	9.6	10.8	-8.1	14.5	5.0	9.8	-2.0	11.6	10.3	12.9	5.1	7.3	1.9	-5.6	-15.5	11.6	6.9	4.7	10.4	7.0	-38.5
	7.9	8.6	-17.4	12.5	3.6	3.1	-2.4	11.1	6.4	9.7	1.2	4.7	-14.0	-9.2	-15.7	9.0	6.3	4.1	9.1	4.7	-43.1
	6.8	7.8	-21.8	5.8	-4.3	2.9	-2.9	7.5	5.3	5.3	-5.1	-0.8	-22.4	-20.4	-27.9	4.1	4.3	3.0	4.8	-0.2	n/a
	Worst	N/A	N/A	-23.2	-5.6	-11.9	1.4	-3.5	5.8	3.6	2.1	-6.5	-1.5	-22.4	-21.2	-30.3	1.1	1.2	2.4	4.3	-9.8

- Large Cap Growth US Stocks (Russell 1000 Growth Index)
- Large Cap Value US Stocks (Russell 1000 Value Index)
- Small Cap Growth US Stocks (Russell 2000 Growth Index)
- Small Cap Value US Stocks (Russell 2000 Value Index)
- Hedge Fund of Funds (HFRI Fund of Funds Index)
- International Stocks (MSCI EAFE Index)
- Domestic Fixed Income (Barclays Capital Aggregate Bond Index)
- Real Estate (NCREIF Property Index)
- Cash (Citigroup 3-Mo Treasury)
- ICC Universe Median (Total Funds)

Data: Ibbotson Associates, As of 12/31/2008; Independent Consultants Cooperative.



Additional Research is Available

Wurts & Associates offers its clientele an in depth analysis and proactive view of economic and capital markets conditions.

Our [December 2008 Market Environment](#) can be found at www.wurts.com/knowledge/, and discusses:

- Macroeconomic conditions for the United States with respect to credit markets, GDP, debt, inflation, etc.
- Global equity market valuations, including detailed analysis of domestic equity markets
- Opportunities in fixed income and credit markets
- Conditions in the hedge fund universe

Additionally, clients may access a recording of our [Quarterly Research Conference Call](#) that took place on January 20, 2009.

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