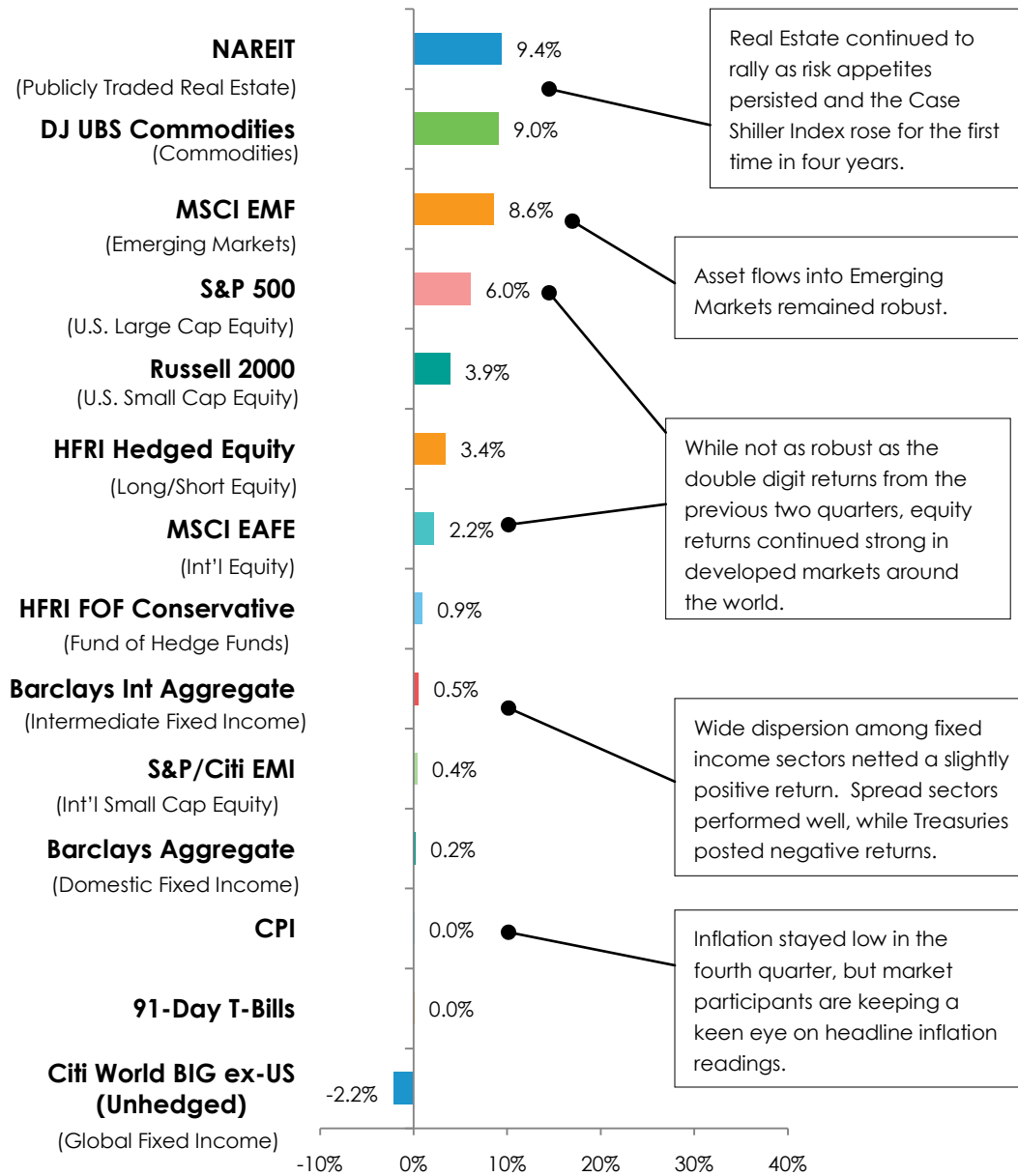
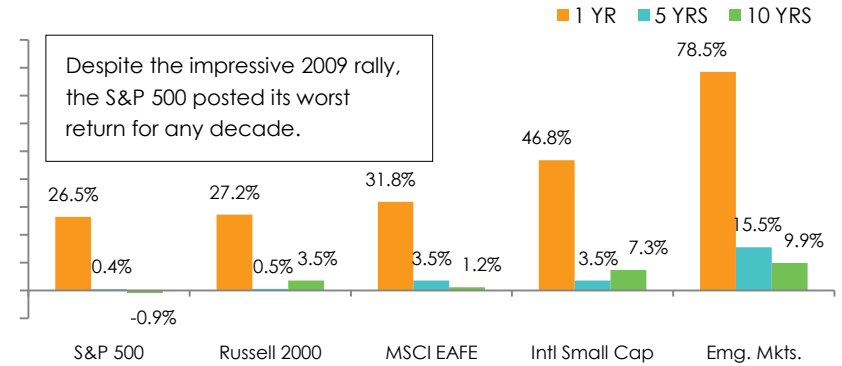


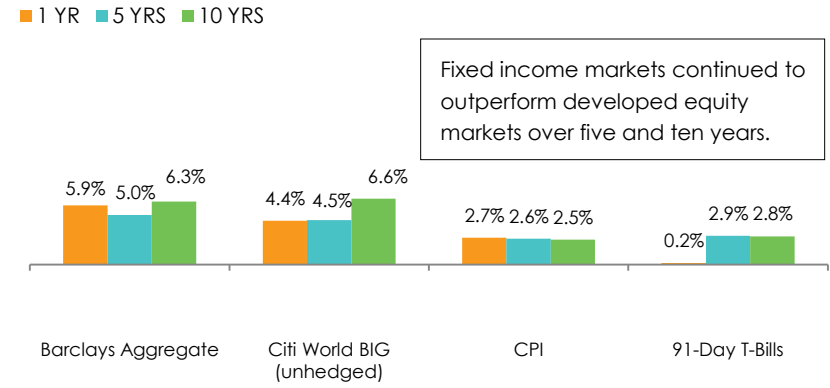
4th Quarter 2009 Performance



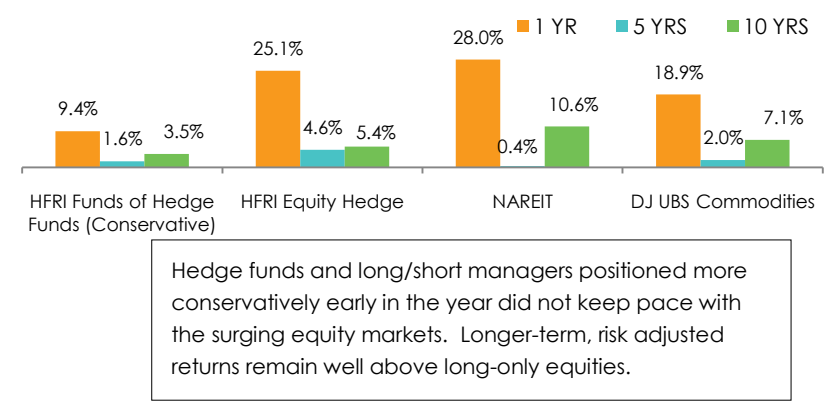
Equity Performance



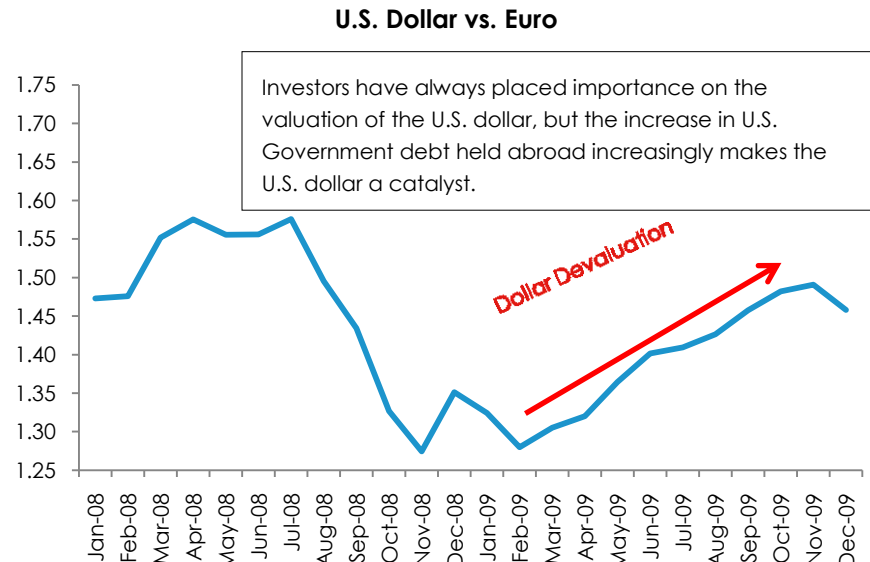
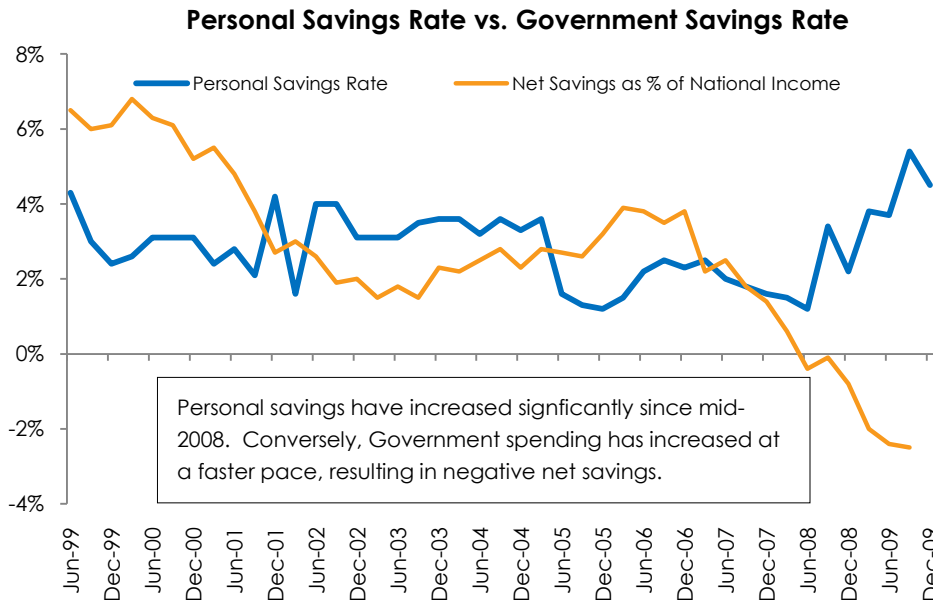
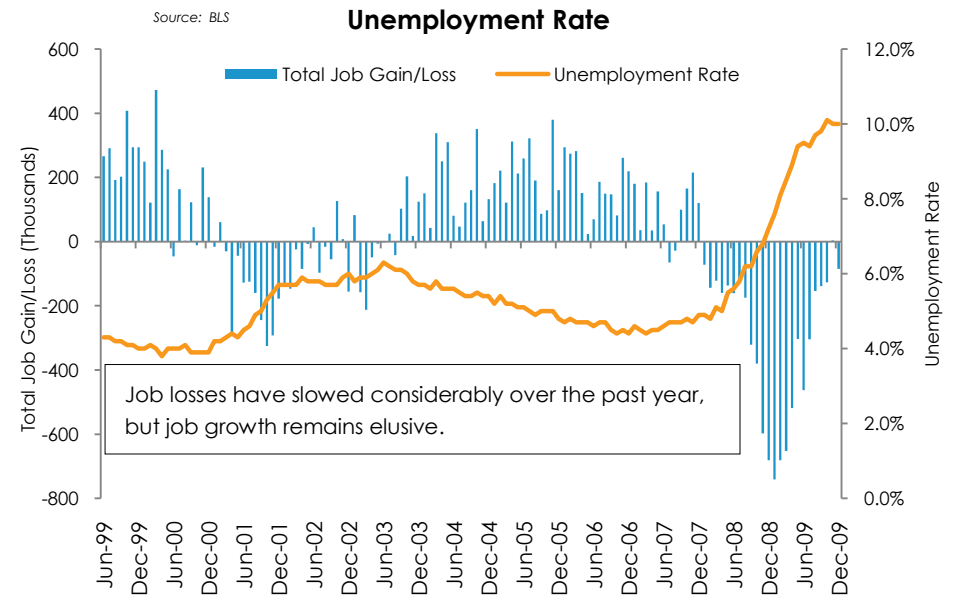
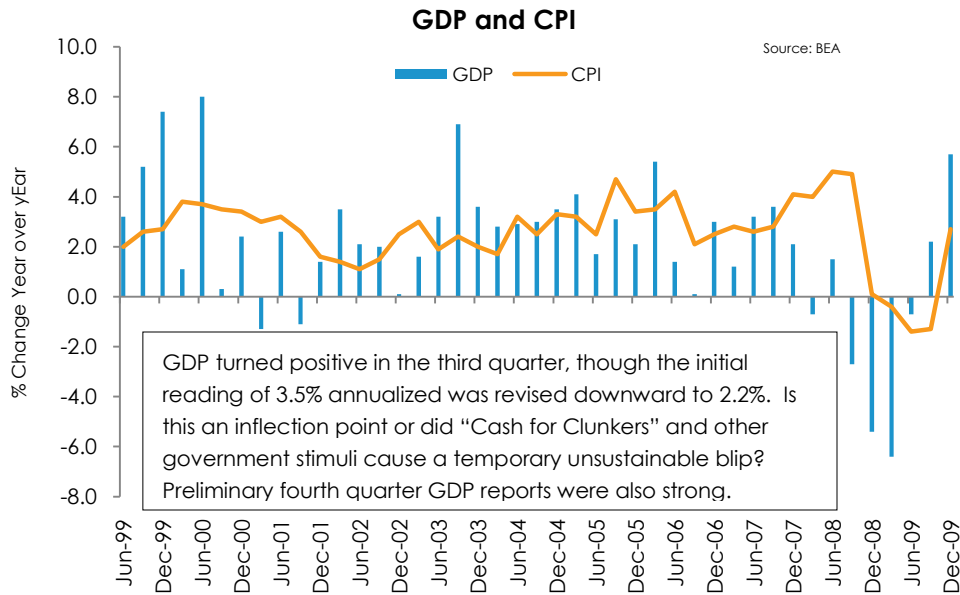
Fixed Income Performance



Alternative Investments



## Economic Environment

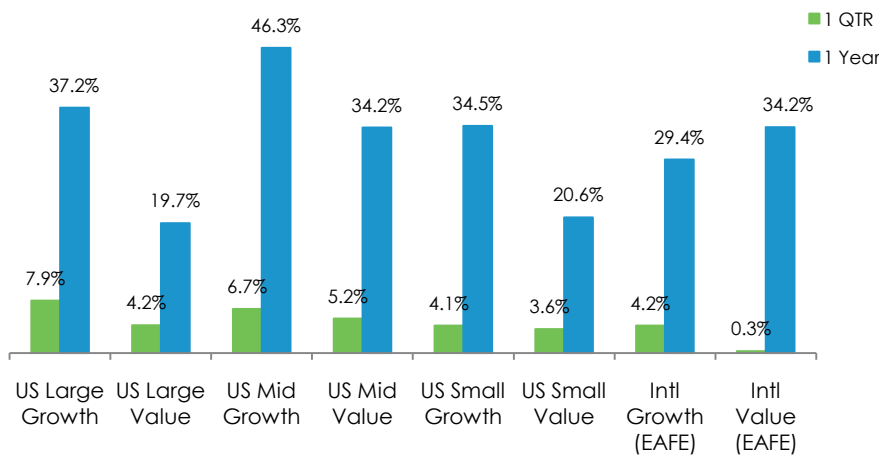


Source: BEA

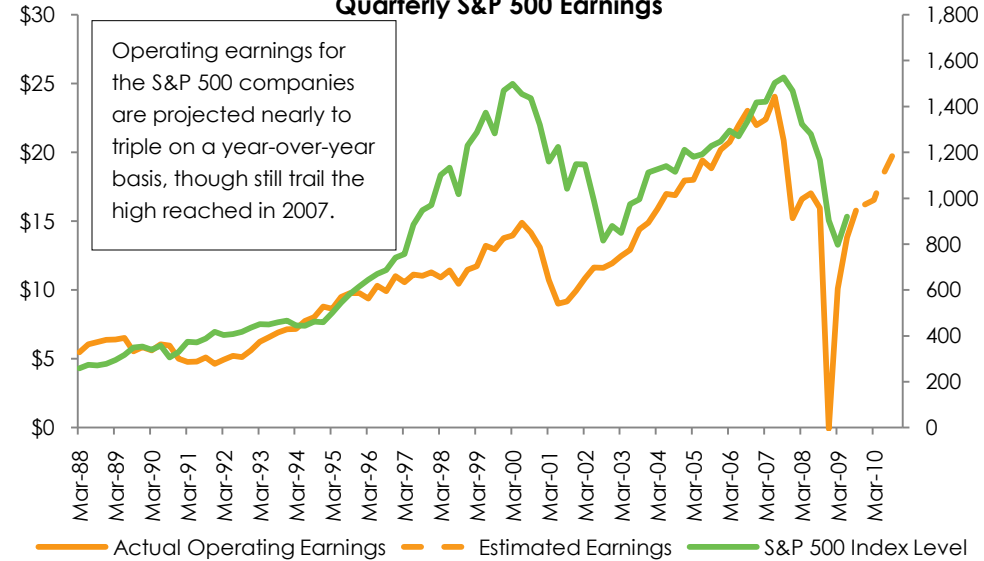
Source: The Federal Reserve

## Global Equity

**Value versus Growth / Large versus Small**

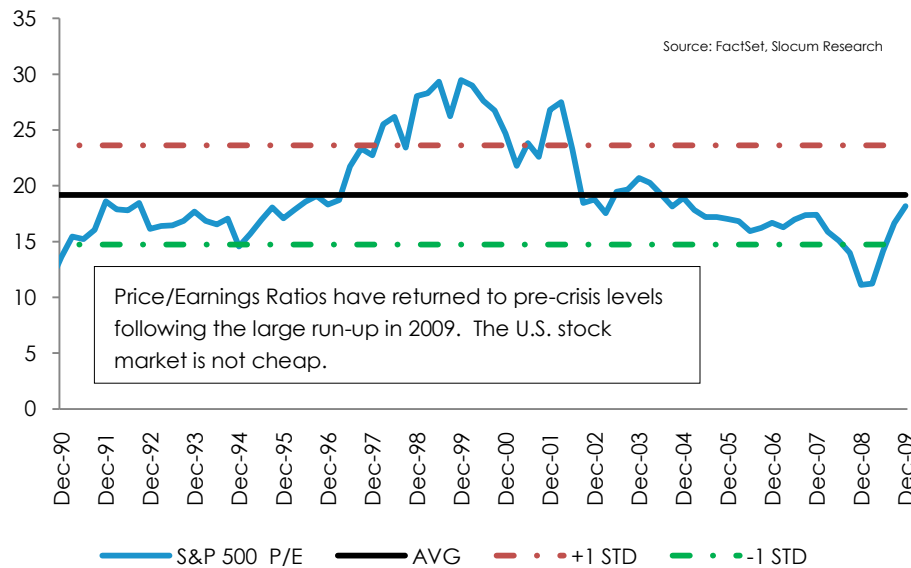


**Quarterly S&P 500 Earnings**

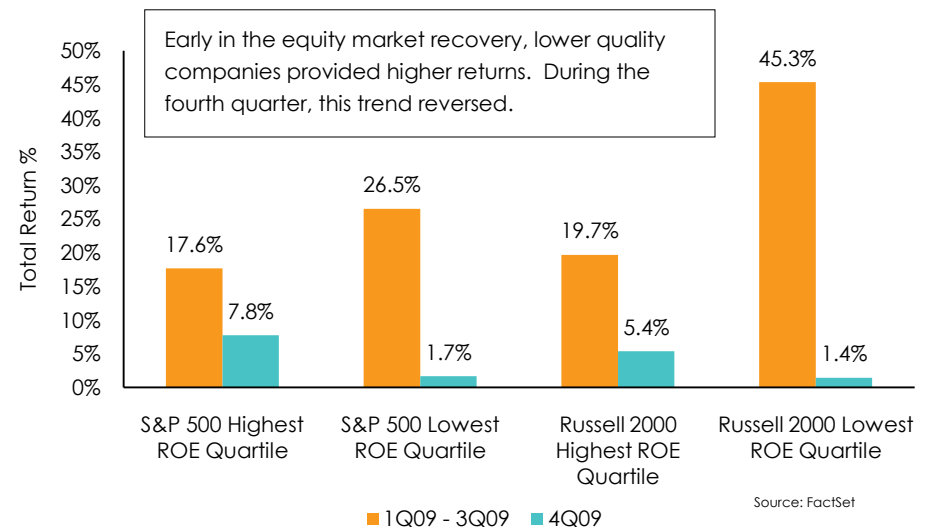


Source: Standard and Poor's

**Trailing S&P 500 Price/Earning Ratio**

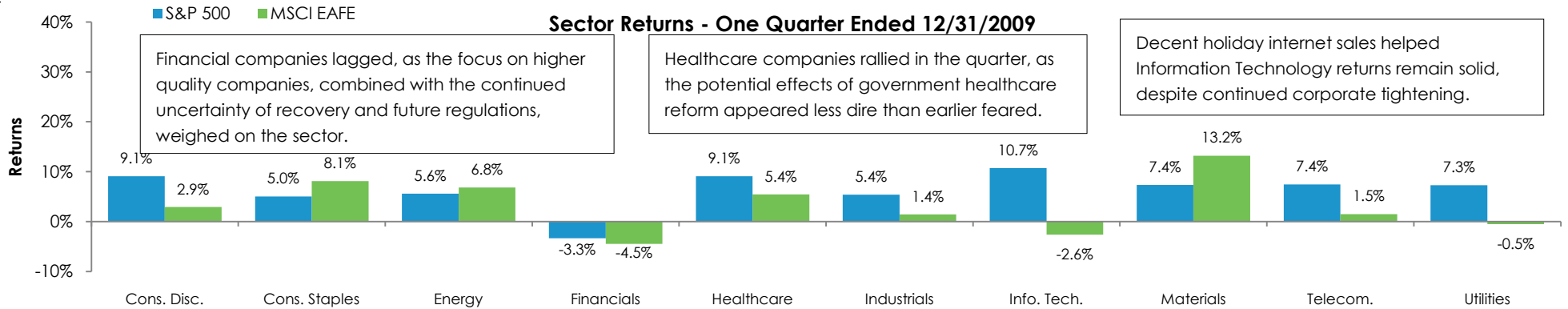


**Performance of High ROE Stocks vs. Low ROE Stocks**



Source: FactSet

**Sector Returns - One Quarter Ended 12/31/2009**



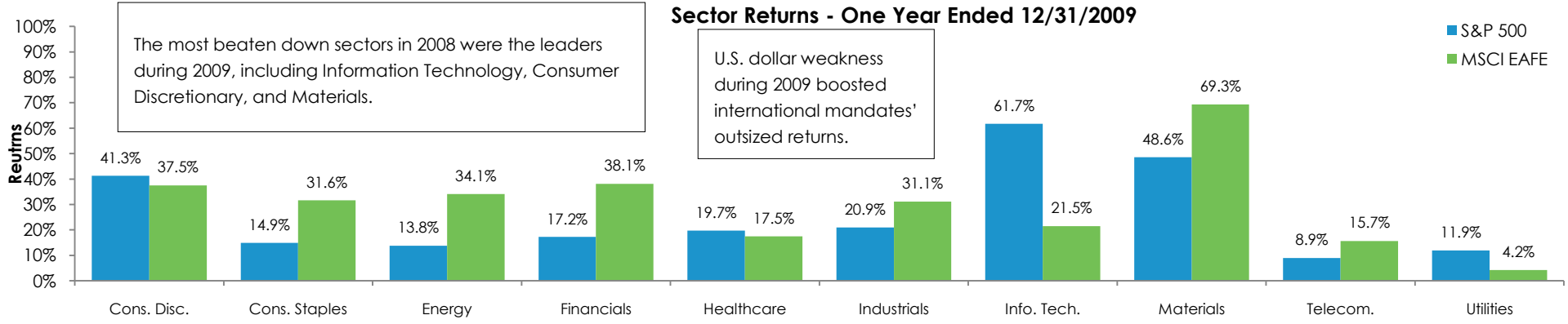
Financial companies lagged, as the focus on higher quality companies, combined with the continued uncertainty of recovery and future regulations, weighed on the sector.

Healthcare companies rallied in the quarter, as the potential effects of government healthcare reform appeared less dire than earlier feared.

Decent holiday internet sales helped Information Technology returns remain solid, despite continued corporate tightening.

Despite a challenging first quarter of 2009, all sectors posted impressive 1-year returns and rebounded considerably from lows.

**Sector Returns - One Year Ended 12/31/2009**

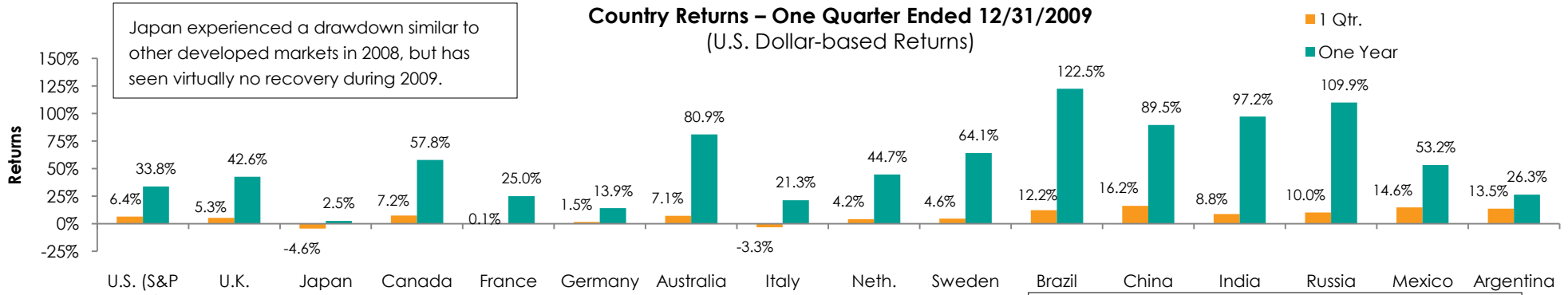


The most beaten down sectors in 2008 were the leaders during 2009, including Information Technology, Consumer Discretionary, and Materials.

U.S. dollar weakness during 2009 boosted international mandates' outsized returns.

**Country Returns - One Quarter Ended 12/31/2009**

(U.S. Dollar-based Returns)



Japan experienced a drawdown similar to other developed markets in 2008, but has seen virtually no recovery during 2009.

Globally, commodity-based Australia has recovered faster than any other nation by adding jobs during the second half of 2009 and raising interest rates.

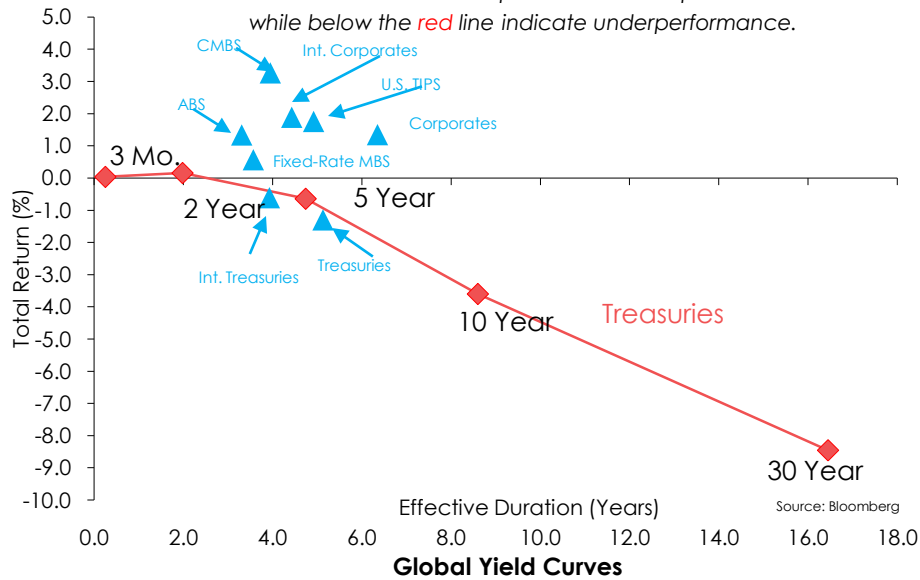
Emerging Markets led the way in both the fourth quarter and in 2009, as demand from the developed world for products and commodities returned.

Source: FactSet

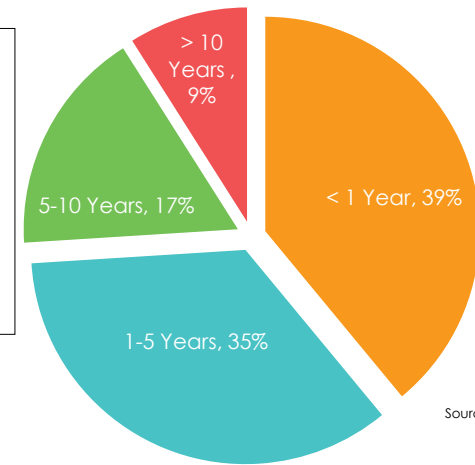
# Fixed Income

## Spread Sector Performance vs. Treasuries

Plots above the red line indicate spread sectors outperformed Treasuries while below the red line indicate underperformance.



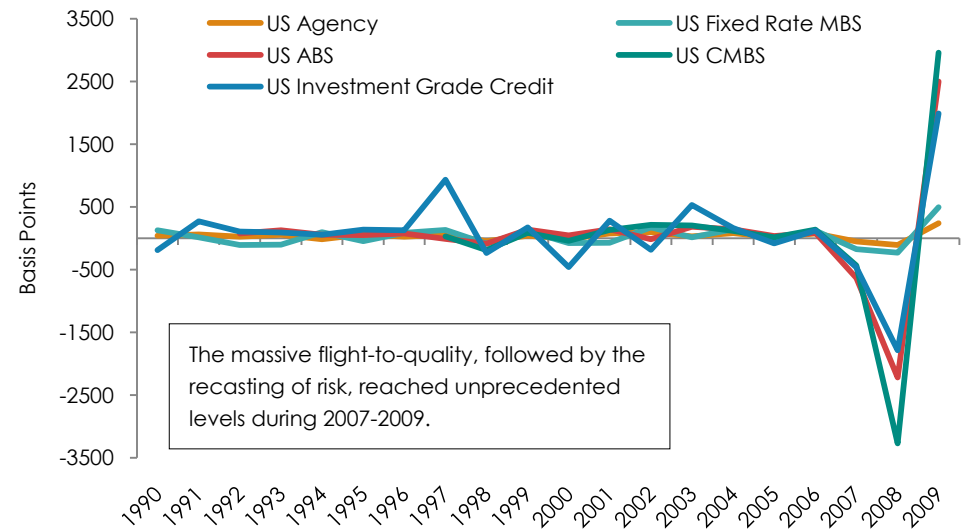
## Treasuries Outstanding (By Maturity)



Foreign investors' demand for shorter maturities has resulted in nearly 75% of outstanding U.S. Treasuries carrying maturities of less than 5 years. This represents significant refinancing risk for the U.S. if interest rates rise.

Source: U.S. Treasury and UBS

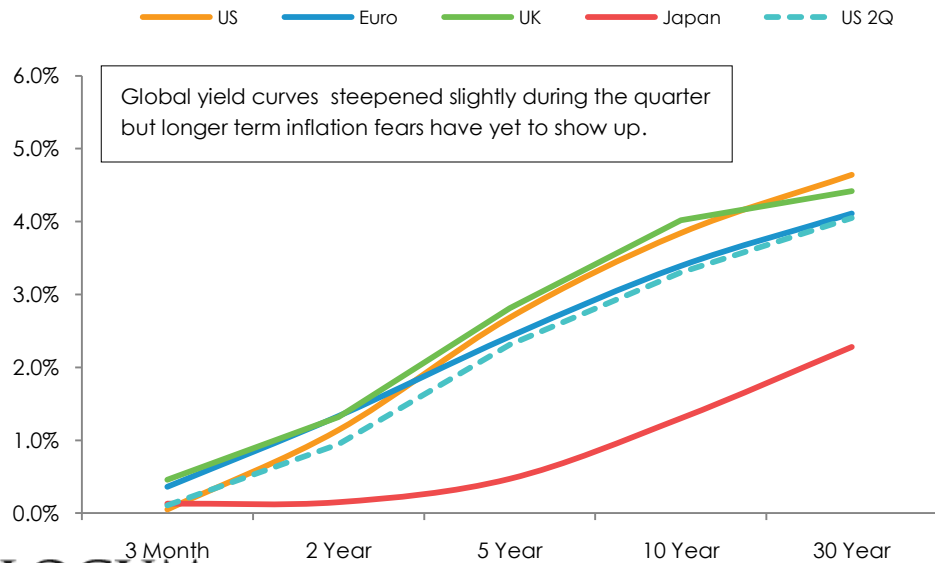
## Excess Returns vs. Treasuries



The massive flight-to-quality, followed by the recasting of risk, reached unprecedented levels during 2007-2009.

Source: Western and Barclays Capital

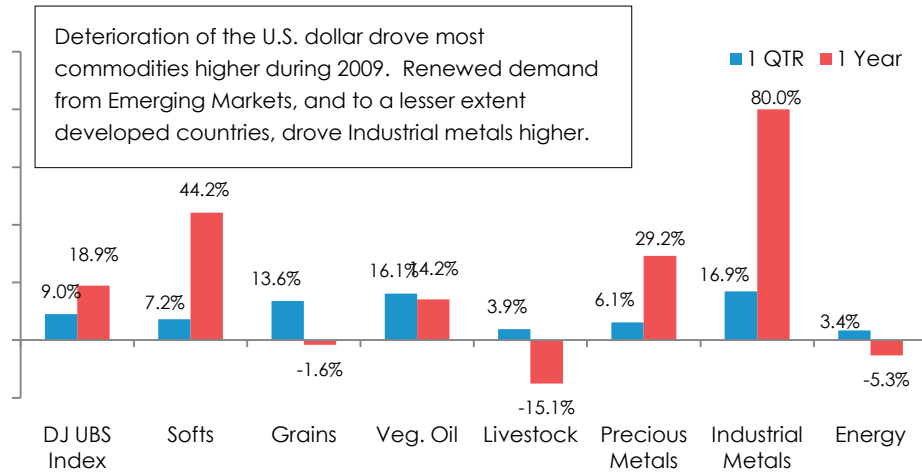
Global yield curves steepened slightly during the quarter but longer term inflation fears have yet to show up.



Source: Barclays Capital

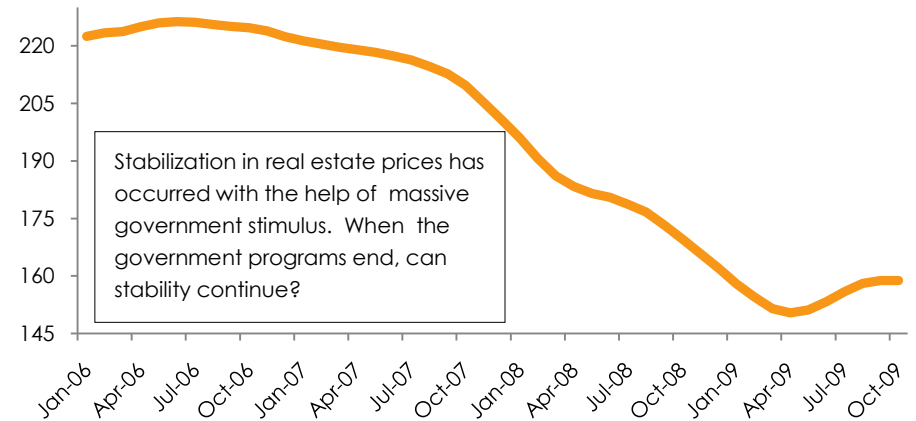
## Real Assets / Private Equity

### Commodities



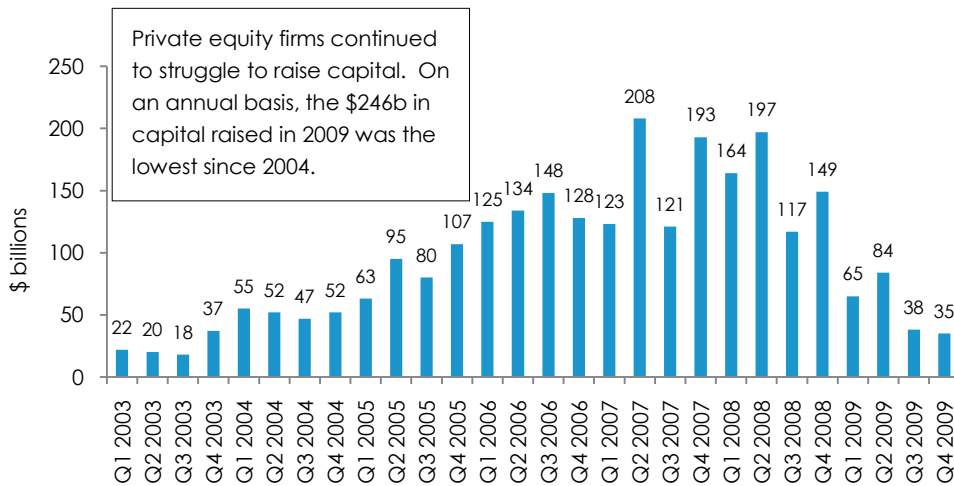
Source: Bloomberg

### S&P Case Shiller Home Price Index



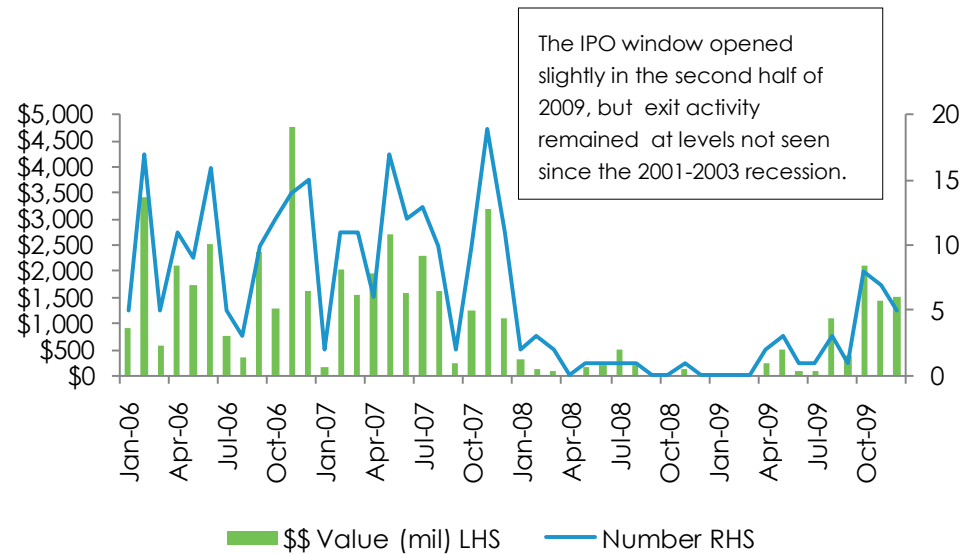
Source: Standard & Pools

### Quarterly Global PE Fundraising



Source: Preqin

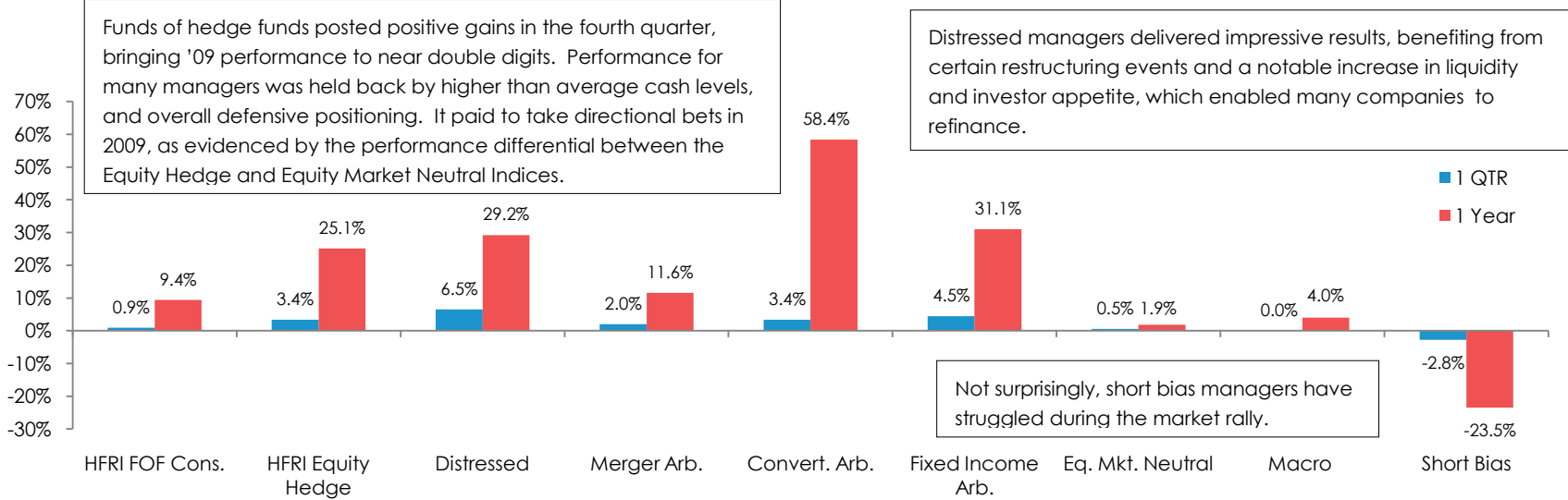
### U.S. Private Equity Backed IPOs



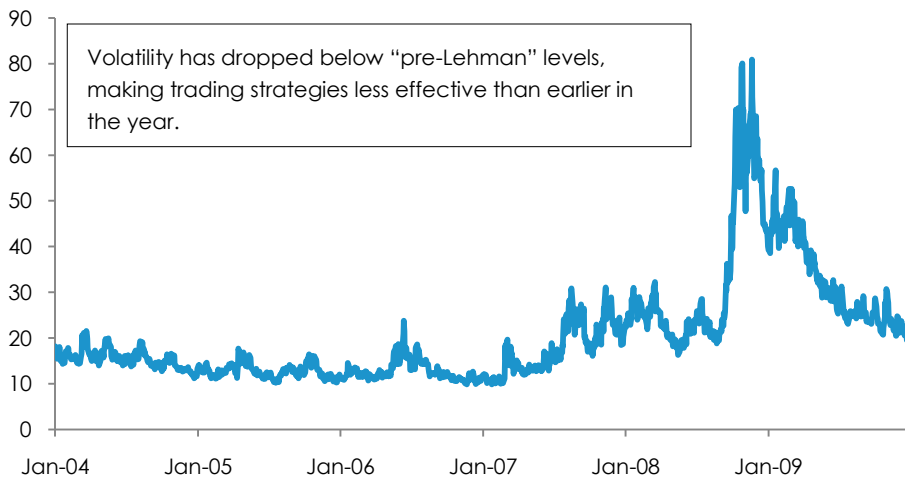
Source: Thomson One

# Hedge Funds

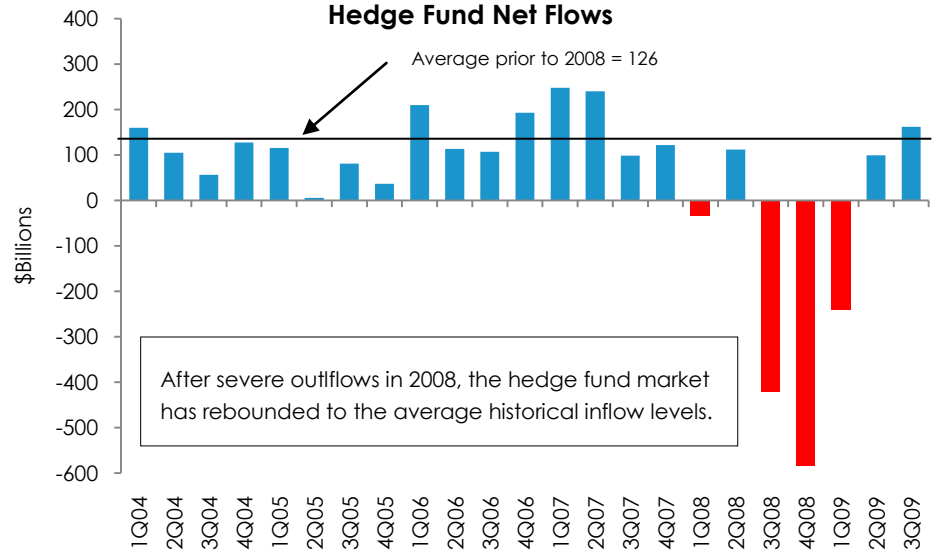
**Hedge Fund Index Performance**



**Volatility Index (VIX)**



**Hedge Fund Net Flows**



<b>*Annualized</b>	<b>Fourth Quarter</b>	<b>One Year</b>	<b>Two Years*</b>	<b>Three Years*</b>	<b>Five Years*</b>	<b>Ten Years*</b>
<b>U.S. Markets</b>						
CPI	0.0	2.7	1.4	2.3	2.6	2.5
Dow Jones Industrial Average	8.1	22.7	-8.6	-3.1	1.9	1.3
Russell 3000 Index	5.9	28.3	-10.3	-5.4	0.8	-0.2
NASDAQ Index	6.9	43.9	-7.5	-2.0	0.9	-5.7
S&P 500 Index	6.0	26.5	-10.7	-5.6	0.4	-0.9
Russell 1000 Index	6.1	28.4	-10.5	-5.4	0.8	-0.5
Russell 1000 Value Index	4.2	19.7	-13.1	-9.0	-0.3	2.5
Russell 1000 Growth Index	7.9	37.2	-8.1	-1.9	1.6	-4.0
Russell Mid Cap Index	5.9	40.5	-9.3	-4.6	2.4	5.0
Russell Mid Cap Value Index	5.2	34.2	-9.1	-6.6	2.0	7.6
Russell Mid Cap Growth Index	6.7	46.3	-9.7	-3.2	2.4	-0.5
Russell 2000 Index	3.9	27.2	-8.2	-6.1	0.5	3.5
Russell 2000 Value Index	3.6	20.6	-7.4	-8.2	0.0	8.3
Russell 2000 Growth Index	4.1	34.5	-9.1	-4.0	0.9	-1.4
91-Day T-Bills Index	0.0	0.2	1.0	2.2	2.9	2.8
Barclays Aggregate Bond Index	0.2	5.9	5.6	6.0	5.0	6.3
Barclays Intermediate Aggregate Bond Index	0.5	6.5	5.7	6.1	5.0	6.1
Barclays Gov't/Credit Index	-0.2	4.5	5.1	5.8	4.7	6.3
Barclays Intermediate Gov't/Credit Index	0.3	5.2	5.2	5.9	4.7	5.9
ML 1-3 year Treasury Index	0.0	0.8	3.7	4.9	4.0	4.5
Dow Jones UBS Commodity Index	9.0	18.9	-12.5	-3.8	2.0	7.1
HFR Fund of Funds Conservative Index	0.9	9.4	-6.4	-1.9	1.6	4.0
HFR Equity Hedge Index	3.4	25.1	-4.2	0.5	4.6	5.4
NAREIT Equity Index	9.4	28.0	-10.7	-12.4	0.4	10.6
<b>Non-U.S. Markets</b>						
MSCI EAFE Index	2.2	31.8	-13.6	-6.0	3.5	1.2
MSCI EAFE Growth Index	4.2	29.4	-13.9	-4.8	3.6	-1.3
MSCI EAFE Value Index	0.3	34.2	-13.4	-7.4	3.4	3.5
S&P/Citigroup EMI World ex-U.S. Index	0.4	45.1	-12.9	-6.6	5.2	6.0
MSCI Emerging Markets Index	8.5	78.5	-8.7	5.1	15.5	9.9
S&P/Citigroup -World Broad Investment Grade Bond ex-U.S. Index (unhedged)	-2.1	4.4	7.2	8.6	4.5	6.6
S&P/Citigroup -World Broad Investment Grade Bond ex-U.S. Index (hedged)	0.1	2.4	5.2	5.1	4.8	5.3