

PFM WEEKLY MARKET UPDATE

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Performance of Our Major Holdings

Name	Ticker	1 Wk	MTD	QTD	YTD
<i>Russell 3000 Index</i>		-4.12	-1.22	-1.22	-1.22
BlackRock Equity Dividend	MADVX	-3.90	-1.36	-1.36	-1.36
Fidelity Advisor New Insights	FINSX	-3.91	-1.70	-1.70	-1.70
Fidelity Contrafund	FCNTX	-4.08	-1.77	-1.77	-1.77
Janus Adviser Mid Cap Growth	JDMAX	-2.70	0.92	0.92	0.92
iShares Russell Midcap Value Index	IWS	-3.12	-0.72	-0.72	-0.72
Eaton Vance Tax-Managed Small-Cap	ETMGX	-3.20	-0.53	-0.53	-0.53
Allianz NFJ Small Cap Value	PNVDX	-4.06	-1.85	-1.85	-1.85
Royce Low Priced Stock	RYLPX	-2.87	-0.33	-0.33	-0.33
DWS Disciplined Market Neutral	DDMSX	0.00	0.11	0.11	0.11
The Gateway Fund	GATEX	-1.67	-0.12	-0.12	-0.12
<i>MSCI EAFE Index</i>		-0.81	1.45	1.45	1.45
Artio International Equity	JIEIX	-3.33	-0.73	-0.73	-0.73
Artio International Equity II	JETIX	-3.34	-0.71	-0.71	-0.71
BlackRock International Opportunities	BISIX	-4.21	-2.09	-2.09	-2.09
Lazard Emerging Markets Equity	LZEMX	-3.58	-1.10	-1.10	-1.10
<i>BarCap Global Aggregate Bond Index</i>		-0.27	-0.40	-0.40	-0.40
iShares Barclays Aggregate Bond	AGG	0.79	0.34	0.34	0.34
PIMCO Total Return	PTTRX	2.35	2.19	2.19	2.19
Templeton Global Bond	TGBAX	2.51	2.42	2.42	2.42

Snapshot of the Week that Was

The broad markets sold off some of their early month gains as economic conditions continued to deteriorate. The international markets outperformed their U.S. domestic counterparts as the MSCI EAFE Index outperformed the Russell 3000 by 3.31%. On the domestic front, large cap stocks edged out small cap stocks by 0.78%, and growth outperformed value by 1.77%. On the fixed income side, the markets continued to pull back with the Barclays Global Aggregate Bond Index declining 0.27%. In the U.S., high yield bonds outperformed investment grade bonds by 4.96%.

Economic Headlines

The biggest economic news of the week was unemployment, which rose to its highest levels in 16 years, reporting 7.2% in December. The U.S. real estate market continued to struggle with pending home sales dropping by 4.0% last month. On the heels of the bad economic news President-Elect Obama continued to promote his stimulus plan, which aims to add 3 million jobs for Americans over the next 2 years.

A Look Ahead

The upcoming week marks a few economic announcements. On January 14th, December Retail Sales will be reported with the market already anticipating a 1.2% drop. On January 15th December PPI (Producer Price Index) will be announced, and on January 16th its consumer counterpart, CPI, will be reported.

Fun Fact of the Week

Although 2008 brought dismal market returns for investors, there is reason to be hopeful in 2009. While the economic picture will likely get worse before it gets better, the markets are a leading indicator and tend to rebound 4-6 months before the economy does. History also provides us with another reason to be optimistic this year, of the seven times the DOW has experienced an annual decline of 25% or more, the following year saw positive returns five times. Even more telling is that the three best periods to enter the stock market followed 3 periods of extraordinary market stress.

<i>3 Best Periods to Enter the U.S. Stock Market since 1926</i>		
Date	Subsequent 5-Year Return	Coincidental Event
May 1932	367%	Great Depression
July 1982	267%	Worst recession since the 1950s
December 1994	251%	Most dramatic Fed tightening in 20 years

U.S. Stock market returns represented by the total return of the S&P 500. Indices are not illustrative of any particular investment and an investment cannot be made in any index.
Source: Ibbotson, FMR Co. (MARE)