

PFM WEEKLY MARKET UPDATE

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Name	Ticker	1 Wk	MTD	QTD	YTD
<i>Russell 3000 Index</i>		11.09	-17.74	-17.74	-33.21
BlackRock Equity Dividend	MADVX	10.05	-14.56	-14.56	-28.72
Fidelity Advisor New Insights	FINSX	9.52	-15.61	-15.61	-33.77
Fidelity Contrafund	FCNTX	9.57	-15.84	-15.84	-33.54
Janus Adviser Mid Cap Growth	JDMAX	13.58	-20.96	-20.96	-36.51
iShares Russell Mid cap Value Index	IWS	12.07	-22.67	-22.67	-34.59
Eaton Vance Tax-Managed Small Cap	ETMGX	11.89	-24.12	-24.12	-32.74
Allianz NFJ Small Cap Value	PNVDX	12.26	-18.02	-18.02	-23.67
Royce Low-Priced Stock	RYLPX	13.72	-25.37	-25.37	-35.52
DWS Disciplined Market Neutral	DDMSX	1.28	1.39	1.39	3.48
The Gateway Fund	GATEX	5.61	-9.17	-9.17	-12.00
Morgan Stanley FX Alpha Strategy	FXADX	-0.96	-1.16	-1.16	-0.14
<i>MSCI EAFE Index</i>		8.90	-20.24	-20.24	-45.02
Artio International Equity	JIEIX	7.23	-17.93	-17.93	-43.55
Artio International Equity II	JETIX	8.60	-17.10	-17.10	-40.52
BlackRock International Opportunities	BISIX	11.42	-23.23	-23.23	-45.35
Lazard Emerging Markets Equity	LZEMX	18.66	-29.30	-29.30	-46.98
<i>LB Global Aggregate Bond Index</i>		-1.50	-3.69	-3.69	-4.11
PIMCO Total Return	PTTRX	-0.29	-0.88	-0.88	-1.02
Templeton Global Bond	TGBAX	2.13	-1.36	-1.36	0.62

*Performance of our Major Holdings

Snapshot of the Week that Was

The month of October ended on a high note, with the Russell 3000 closing the final week of the month up 11.09%. Domestic U.S. markets continued to outperform the international markets with the Russell 3000 outperforming the MSCI EAFE Index by 2.19%. On the domestic front, small cap stocks outperformed large cap stocks by 3.31% and growth stocks slightly outperformed value by 0.88%. On the fixed income side, the markets continued to struggle with the Lehman Brothers Global Aggregate Bond Index declining 1.50%. In the U.S., high yield bonds out performed investment grade bonds by 2.31%.

Economic Headlines

The big news centered around the actions of the U.S. Federal Reserve, who cut interest rates by 50 basis points, bringing the fed funds rate down to 1%. There was plenty of other economic news as well. Despite the struggling economy personal income rose 0.2% in September. The recent economic concerns seem to have encouraged Americans to increase their savings as personal saving as a percentage of disposable personal income increased ½ a percent from August, rising to 1.3%; this may also have been the catalyst for the 0.3% decline in consumer spending in September. The most telling sign that people are concerned about the economy going forward was consumer confidence, which fell to an all time low of 38.0. Despite the continued struggles of the U.S. housing market new home sales unexpectedly rose 2.7% in September possibly signaling that there is light at the end of the tunnel. As expected GDP finally posted a negative quarter in Q3, at -0.30%, but the number was still better than expected, indicating GDP remains relatively flat year to date.

A Look Ahead

There are several announcements and events that will likely impact the markets this week, the most important being the election results. We believe that no matter the outcome, removing any market uncertainty related to who will be the next president of the United States will be positive for the markets going forward. On the economic front, some very important economic figures will be reported on November 7th, including Nonfarm payrolls and the October unemployment rate. We believe unemployment will see an increase in October, and would expect it to be around 7% for the month.

Fun Fact of the Week

With the election upon us, many people wonder how the election of a democrat or a republican impacts the market. The surprising answer is it doesn't make a huge difference, it's really how the entire government is comprised that seems to have the greater effect. The chart below illustrates the returns of the S&P 500 under different political party control scenarios.

	Equity Performance (S&P 500)								
	President			Senate			House of Representatives		
	Total	Republican	Democrat	Total	Republican	Democrat	Total	Republican	Democrat
Median Returns	10.77%	8.96%	13.09%	10.77%	12.87%	10.35%	10.77%	11.64%	10.69%
Average		4.48%	10.67%		8.77%	7.00%		5.66%	8.22%
Lagged		6.76%	8.20%		11.83%	5.49%		8.74%	7.03%
Party Transition		-6.60%	40.36%		5.90%	0.53%		3.54%	-1.03%
Transition	16.88%	5.08%	8.92%	3.02%	10.06%	6.98%	0.99%	5.96%	8.49%

Source: Bryan Keller, SeekingAlpha.com

<http://seekingalpha.com/article/80324-political-party-power-and-its-affect-on-u-s-market-return>