

PFM WEEKLY MARKET UPDATE

December 12th, 2008

Shana Orczyk, Research Analyst

Performance of Our Major Holdings

Name	Ticker	1 Wk	MTD	QTD	YTD
<i>Russell 3000 Index</i>		<i>0.85</i>	<i>-1.50</i>	<i>-25.37</i>	<i>-39.41</i>
BlackRock Equity Dividend	MADVX	1.35	-1.63	-20.95	-34.05
Fidelity Advisor New Insights	FINSX	0.08	-2.62	-23.59	-40.03
Fidelity Contrafund	FCNTX	0.53	-2.24	-23.46	-39.56
Janus Adviser Mid Cap Growth	JDMAX	2.60	-0.28	-30.18	-43.92
iShares Russell Midcap Value Index	IWS	0.94	-0.45	-30.78	-41.45
Eaton Vance Tax-Managed Small-Cap	ETMGX	2.49	-3.62	-34.77	-42.18
Allianz NFJ Small Cap Value	PNVDX	3.55	-1.13	-24.79	-29.97
Royce Low-Priced Stock	RYLPX	6.37	0.90	-32.45	-41.63
DWS Disciplined Market Neutral	DDMSX	2.32	3.08	3.52	5.66
The Gateway Fund	GATEX	0.56	0.30	-14.35	-17.02
Morgan Stanley FX Alpha Strategy	FXADX	-0.17	0.13	-1.59	-0.57
<i>MSCI EAFE Index</i>		<i>8.40</i>	<i>0.92</i>	<i>-24.09</i>	<i>-47.68</i>
Artio International Equity I	JIEIX	5.91	0.67	-21.87	-46.26
Artio International Equity II	JETIX	6.05	0.72	-20.42	-42.91
BlackRock International Opportunities	BISIX	8.21	3.63	-23.60	-45.62
Lazard Emerging Markets Equity	LZEMX	7.29	4.87	-32.66	-49.50
<i>BarCap Global Aggregate Bond Index</i>		<i>1.92</i>	<i>3.02</i>	<i>2.10</i>	<i>1.64</i>
iShares Barclays U.S. Aggregate Bond	AGG	0.83	1.61	3.34	3.99
PIMCO Total Return	PTTRX	1.58	1.39	2.51	2.36
Templeton Global Bond	TGBAX	0.71	2.63	1.68	3.72

Snapshot of the Week that Was

The market moved up for the week ending December 12th. The Russell 3000 Index gained 0.85%. The international markets outperformed their U.S. domestic counterparts as the MSCI EAFE Index outperformed the Russell 3000 by 7.55%. On the domestic front, small cap stocks outperformed large cap stocks by 0.86% and growth stocks outperformed value by 1.83%. On the fixed income side, the markets continued their steady rise with the Barclays Global Aggregate Bond Index up 1.92%. In the U.S., investment grade bonds outperformed high yield bonds by 1.69%.

Economic Headlines

The big news revolved around the auto industry bailout package, which stalled in the Senate after passing by a large margin in the U.S. House of Representatives. The markets seemed to be against a bailout package for the automakers and rallied on the news. Inflation rates were mixed, with the Producer Product Index (PPI) dropping 2.2% but the core PPI (excludes food and energy) actually gained 0.1% in November. As expected retail sales were down 1.8% in November. On a positive note Consumer Sentiment continued to improve, moving to 59.1 from 55.3 in November. This was actually much better than the market anticipated 55.0.

A Look Ahead

Several key indicators report this week. On December 16th the November CPI (Consumer Product Index) numbers will be reported. Also reporting on December 16th the November Housing Starts will be announced.

Fun Fact of the Week

Despite the turmoil in the financial markets, the actual number of bank failures has been very low in 2008. According to the FDIC website only 25 banks have failed in the U.S. year to date, compared with the 1,921 bank failures that occurred between 1987-1991.

**Federal Deposit Insurance Corporation Failures and Assistance Transactions
Number of Institutions United States and Other Areas
1934 - 2008**

