

Equity Market Commentary

Global Equity Markets

	Month	YTD	1 Year	3 Years	5 Years
MSCI World Index	4.1%	28.4%	32.6%	-5.0%	3.0%
MSCI All Country World Index	4.2	32.6	37.5	-4.0	4.0

Periods ending 11/30/09. Annualized for periods greater than one year.

Market Environment: Crediting enormous government stimulus programs across multiple countries, the UN announced that the global economy will expand 2.4% in 2010, though it will remain fragile. Other economists predict even higher world growth, led by the BRIC countries—Brazil, Russia, India and China. Meanwhile, the International Monetary Fund (IMF) cautioned during November against withdrawing government stimulus measures too quickly. Dubai World's month-end plea to postpone \$59 billion in loan payments raised concerns about the effect on the global economic recovery and led to a slide in oil prices. Subsequent reassurances by the Dubai government caused the US dollar to lose strength.

MSCI WORLD INDEX

Leaders: US (5.9%), Australia/New Zealand/Canada (5.4%), Europe ex-UK (3.0%), UK (2.9%)
Materials – US (11.4%), Materials – Europe ex-UK (9.2%), Health Care – US (9.1%),
Industrials – US (8.9%), Utilities – Japan (8.8%), Materials – Australia/New Zealand/
Canada (8.7%)

Laggards: Japan (-1.0%), Hong Kong/Singapore (1.0%)
Materials – Japan (-4.6%), Information Technology – Japan (-3.9%), Consumer Discretionary –
Japan (-3.2%), Banks – Japan (-1.1%)

Outlook/Positioning: Based on Batterymarch's model, which focuses on bottom-up company fundamentals, portfolio positioning at month-end included modest exposure to emerging markets as well as overweights in the UK and Hong Kong/Singapore. The largest underweights were Europe ex-UK, the combined Australia/New Zealand/Canada market and the US, with a smaller underweight position in Japan. At the sector level, Materials, Banks, Energy and Information Technology were the leading overweights. The biggest underweights were Consumer Staples and Financials ex-Banks.

Region/Country Equity Markets

Periods ending 11/30/09	Month	YTD	1 Year	3 Years	5 Years
Russell 1000 Index	5.9%	25.4%	27.4%	-5.7%	1.0%
	2.0	30.6	38.4	-5.1	4.6
FTSE All-Share Index	2.5	42.3	38.3	-7.4	3.0
FTSE World Europe ex UK Index	3.0	33.6	46.0	-3.7	6.6
MSCI Japan Index	-1.0	5.6	14.2	-9.7	0.2
MSCI Emerging Markets Index	4.3	72.2	85.7	5.6	16.1

Periods ending 11/30/09. Annualized for periods greater than one year.

US Market

Market Environment: US manufacturing improved for the fourth month in a row during November and employers cut fewer jobs than anticipated, but consumer sentiment declined, exacerbating worries about holiday sales. A survey by the National Retail Federation revealed a greater number of shoppers this year over Thanksgiving weekend, but they spent less than in 2008. High unemployment is expected to persist, with the Federal Reserve projecting a jobless rate ranging from 9.3% to 9.7% for fourth quarter 2010, hampering the US recovery. Responding to proposed changes in policy, Fed chairman Ben Bernanke stood in defense of the central bank during November, saying that legislative proposals to limit its powers would "seriously impair" the nation's financial stability.

RUSSELL 1000 INDEX

Leaders: Transportation (12.8%), Materials (10.9%), Health Care-Services (9.6%), Consumer
Cyclicals (8.2%), Health Care (8.1%), Industrials (8.0%), Consumer Services (8.0%)

Laggards: Energy Services (1.9%), Financials-Diversified (2.8%), Financials-Insurance (3.1%),
Energy (3.4%), Retailers (4.4%), Utilities (4.6%), Consumer Staples (4.6%)

Outlook/Positioning: On November 30, 2009, the biggest portfolio overweights were Technology, Retailers (primarily specialty), Software & Services and Health Care. Notable underweights included Utilities and Industrials, Financials-Diversified, Transportation, Services & Distribution and Financials-Banks.

Non-US Developed Markets

UK

The UK continues to lag other economies in moving out of recession. Consumer confidence slipped in November, and reports indicated that households are reluctant to take on extra debt. The manufacturing sector lost steam during the month as a drop in both output and new orders slowed its recovery. At the same time, housing prices moved further upward, supported by low interest rates as well as lack of supply. The outlook for the housing market remains dependent on the unemployment level, which currently stands at 7.8%. Additional job losses are on the way, according to some projections, with unemployment reaching 9.3% next year.

Europe ex-UK

Consumer prices in Europe rose during November—their first increase since April—due primarily to the higher cost of oil. Forecasters expect average annual inflation of 0.3% for this year and 1.2% for the next, still short of the 2% target set by the European Central Bank (ECB). Core inflation, which excludes volatile energy and food prices, continued to drop in November. Despite warnings from the IMF to move slowly in lifting emergency measures, the ECB is ready to scale back liquidity support for the banking system on the belief that financial markets have normalized.

Japan

The Bank of Japan said in November that it now agrees with the government that the country is in deflation, and it pledged to act quickly, if needed, to preserve economic stability. Government officials are also concerned about the sharp rise in the yen following the disclosure of debt problems in Dubai. The currency hit a 14-year high against the US dollar at month-end, damaging the profitability of Japanese companies and potentially undermining the export-driven recovery. Whether the government will take steps to curb the yen's appreciation is unclear.

MSCI EAFE INDEX

Leaders: Australia/New Zealand (3.0%), Europe ex-UK (3.0%), UK (2.9%)
Materials – Europe ex-UK (9.2%), Utilities – Japan (8.8%), Materials – Australia/
New Zealand (7.9%), Materials – UK (6.1%)

Laggards: Japan (-1.0%), Hong Kong/Singapore (1.0%)
Materials – Japan (-4.6%), Information Technology – Japan (-3.9%), Consumer Discretionary –
Japan (-3.2%), Banks – Japan (-1.1%)

Outlook/Positioning: Based on Batterymarch's model, portfolio positioning on November 30, 2009 included increased exposure to emerging markets. Japan and Europe ex-UK were the biggest underweights, with less significant underweight positions in the UK, Hong Kong/Singapore and the aggregated Australia/New Zealand market. At the sector level, overweights were led by Banks. Financials ex-Banks and Energy were the largest underweights.

Emerging Markets

Market Environment: The surge of emerging markets IPOs continued in November, with more than 35 new issues. So far this year, emerging markets offerings have attracted far more money than those in the developed world, although the flood of shares may eventually push down prices. Data released during the month showed that India's economy grew 7.9%, year-on-year, for the second quarter—exceeding all predictions—due in part to manufacturing gains. Manufacturing also maintained its upward trend in China, with an increase in profit margins during November. At month-end, Dubai World's request that its creditors delay major loan payments rattled investors and dragged down markets throughout the Middle East.

MSCI EM INDEX

Leaders: Mexico (10.0%), India (8.4%), Brazil (8.2%), small Latin America (7.1%), Israel (6.1%), Eastern Europe (6.0%), South Africa (5.4%), Philippines (5.2%)
Pharmaceuticals & Biotech (8.1%), Materials (8.1%), Household & Personal Products (7.9%), Food & Staples Retailing (7.0%), Media (6.4%), Software & Services (6.1%)

Laggards: Middle East (-12.8%), Turkey (-6.6%), Thailand (0.6%), South Korea (0.8%)
Commercial & Professional Services (-2.1%), Real Estate (-2.0%), Capital Goods (0.6%), Consumer Services (1.4%), Diversified Financials (1.6%)

Outlook/Positioning: Portfolio positioning at month-end included overweights in Russia, Brazil, Turkey and Mexico. The largest underweights were Malaysia, India, Taiwan, Israel and South Africa. The most notable overweights among industry groups were Materials, Capital Goods, Automobiles & Components and Consumer Durables & Apparel. Energy, Utilities, Diversified Financials and Software & Services were the top underweights.

NOTE: All data is shown in US dollars.

This document has been prepared and issued by Batterymarch Financial Management, Inc. (Batterymarch) for informational purposes only. Except where otherwise noted, all information is sourced from Batterymarch. In certain instances, Batterymarch has prepared the information and opinions contained herein using data from external sources believed to be reliable, but which are not guaranteed by Batterymarch as to their timeliness or accuracy and which are subject to change without notice. This document may include forward-looking statements, which are based on current opinions, expectations and projections. Batterymarch undertakes no obligation to update or revise any information, opinions or forward-looking statements should they change. This document does not constitute a recommendation to buy or sell any security or product. Past performance is no guarantee of future results. Actual results could differ materially from those anticipated. Index providers (e.g., Russell Investments, MSCI Barra and FTSE) are the sources and owners of the index data contained or reflected in this document and all copyrights related thereto. The MSCI indices shown are Standard indices. This is Batterymarch's presentation of the underlying index data, which includes a redefinition of sector and regional groupings in accordance with Batterymarch's unique classifications. The index providers are not responsible for the formatting or configuration of this material or for any inaccuracy in presentation thereof.

