M Financial Wealth Management™

M WEALTH PERSPECTIVE

October 2008

September 2008 Capital Markets Review

M Wealth provides Member Firms with exceptional fee-based wealth management solutions for their clients.

To help Member Firms grow their wealth management businesses, M Wealth offers everything from component solutions and value-added wealth services to turnkey asset management and investment consulting.

INDEX	PERIOD RETURNS				3 YEAR STATISTICS	
BROAD MARKET EQUITY	SEP 2008	PAST 3 MONTHS	YTD	12 MONTHS	3 YR RETURN*	RISK (ST. DEV.)*
S&P 500 Index	**(8.91%)**	**(8.37%)**	**(19.29%)**	**(21.98%)**	**0.21%**	**11.62%**
S&P 500 Growth Index	(10.15%)	(11.24%)	(18.40%)	(19.44%)	0.03%	12.10%
S&P 500 Value Index	(7.48%)	(4.97%)	(20.21%)	(24.48%)	0.14%	11.93%
Russell 2000 Index	**(7.97%)**	**(1.11%)**	**(10.38%)**	**(14.49%)**	**1.84%**	**14.55%**
Russell 2000 Growth Index	(11.30%)	(6.99%)	(15.29%)	(17.07%)	1.45%	16.21%
Russell 2000 Value Index	(4.69%)	4.96%	(5.37%)	(12.25%)	2.00%	13.83%
NON-US DEVELOPED MARKETS EQUITY	SEP 2008	PAST 3 MONTHS	YTD	12 MONTHS	3 YR RETURN*	RISK (ST. DEV.)*
MSCI EAFE Index	(14.42%)	(20.50%)	(28.91%)	(30.13%)	1.59%	15.29%
EMERGING MARKETS EQUITY	SEP 2008	PAST 3 MONTHS	YTD	12 MONTHS	3 YR RETURN*	RISK (ST. DEV.)*
MSCI Emerging Markets Index	(14.71%)	(24.39%)	(33.19%)	(30.74%)	9.90%	23.57%
FIXED INCOME	SEP 2008	PAST 3 MONTHS	YTD	12 MONTHS	3 YR RETURN*	RISK (ST. DEV.)*
Lehman Bros. US Aggregate	(1.34%)	(0.49%)	0.63%	3.65%	4.15%	3.51%
REAL ASSETS / COMMODITIES	SEP 2008	PAST 3 MONTHS	YTD	12 MONTHS	3 YR RETURN*	RISK (ST. DEV.)*
FTSE NAREIT Equity REIT Index	(0.19%)	5.55%	1.76%	(11.14%)	5.57%	17.48%
Dow Jones AIG Commodity Index	(11.53%)	(27.70%)	(8.01%)	(3.66%)	1.90%	10.15%
Crude Oil U.S. (WTI Midland)**	(13.18%)	(28.43%)	4.39%	22.46%	14.86%	28.15%

** Returns over one year have been annualized.*
*** West Texas Intermediate Midland crude oil spot price per barrel as of 9/30/08 was $100.34.*
NOTE: Data is current as of 8/31/08 and subject to future revision.

Commentary

- September was a historic month in the U.S. financial markets, with all major equity indices experiencing a sharp correction stemming from turmoil in the Financial and Banking sectors. A host of events converged to send equity indices lower, including Lehman Brothers filing Chapter 11 Bankruptcy, the government placing mortgage giants Fannie Mae and Freddie Mac in a conservatorship in addition to acquiring a majority stake in worldwide insurer AIG, Merrill Lynch's sale to Bank of America, the oldest money market fund "breaking the buck," and the Federal Reserve granting permission for the last two major investment banks, Goldman Sachs and Morgan Stanley, to become bank holding companies. September concluded with the failure of Washington Mutual, the largest bank failure in U.S. history, which was acquired by JP Morgan, and Wachovia's sale to Citigroup. Federal Reserve Chairman Bernanke and Treasury Secretary Paulson attempted to calm the financial markets with the proposed $700 billion financial relief plan placed before Congress on September 29th. However, this first version of the bailout plan was rejected in the House, triggering a massive selloff in the markets the same day. As a result, the NASDAQ and S&P 500 Index experienced the largest declines since 1987's Black Monday, while the Dow Jones Industrial Average lost over 777 points in its largest one-day drop ever. Overall, the Dow Jones Industrial Average, NASDAQ, and S&P 500 Index all ended the month lower by 5.83%, 12.00% and 8.78% respectively. Volatility, as measured by the VIX index, spiked to 39.39, representing an increase of 90.75% from the prior month.
- Domestic economic news continued to depict a deteriorating picture of the U.S. economy. The U.S. Commerce Department revised its second quarter GDP estimate to 2.8%, down from

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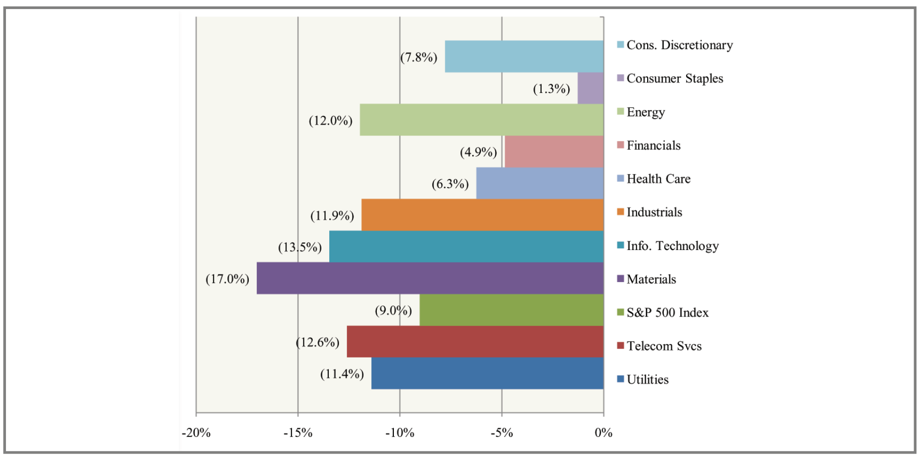
the originally reported 3.3%. Unemployment rose to a five year high of 6.1% in August. Inflation, measured by the CPI, actually fell during July by 0.1% while PPI declined by 0.9%. The Federal Reserve responded by leaving the Federal Funds Target Rate unchanged at 2.00% during its September meeting.

- International equity markets, as measured by the MSCI EAFE Index, fell 14.42% in September. Fears of a dilapidated financial system and declining economic growth in the U.S. affected stock markets around the world. The three month London Interbank Offer Rate spiked to its highest level since January, reaching 6.88% as credit markets seized up and banks became unwilling to lend to each other. In Asia, China's central bank cut a key interest rate to stimulate growth as inflation eased. This was the first rate cut in nearly six years as Chinese regulators had been steadily increasing interest rates to contain inflationary pressures.
- Foreclosures surged to a record high of 1.2 million during the second quarter and data released by the Commerce Department indicated that both new home construction and new home sales fell to the lowest levels in 17 years. According to the S&P Case/Schiller Home Price Index, nationwide house prices fell 0.88% in July, marking a decline in home prices of 16.34% from one year ago as almost 1/3 of borrowers who bought their homes in the past five years now owe more on their mortgages than their property is worth.
- Commodities, as measured by the Reuters/Jefferies CRB Index, declined by 11.80% in September. Crude Oil declined further, reaching a bottom near $90 per barrel before recovering over turmoil in the financial markets to end the month down 13.18%. Gold experienced its greatest historical gain in both dollar and percentage terms, rising more than $80 per ounce mid-month as investors fled to safety.

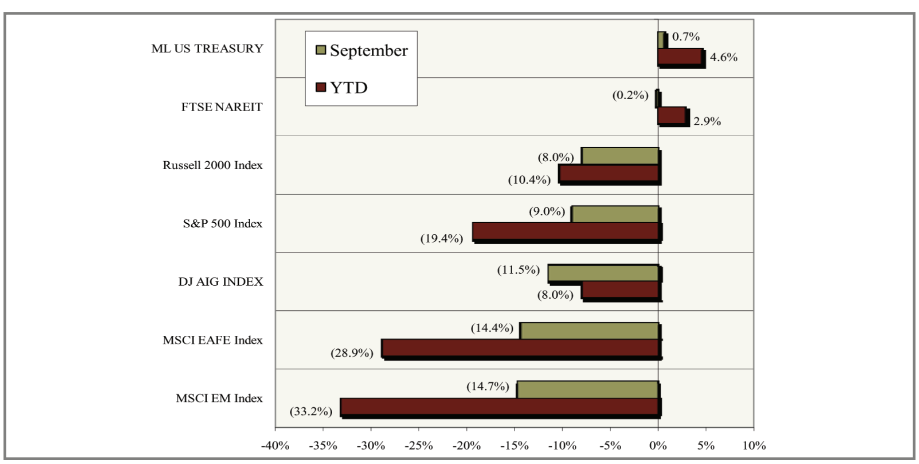
S&P 500 SECTOR MONTHLY PERFORMANCE

All sectors of the S&P 500 ended the month negative, *with Consumer Staples and, somewhat surprisingly, Financials declining the least.*



MONTH & YTD INDEX RETURNS

Emerging Markets measured by the MSCI EM Index suffered another negative month *as worldwide markets suffered from financial concerns in the U.S.*



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