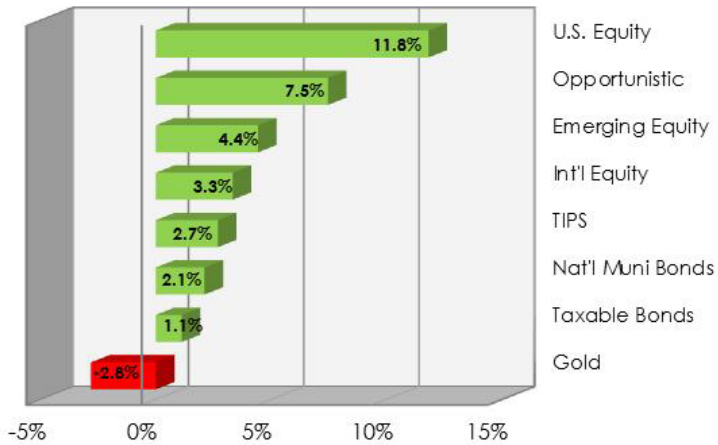


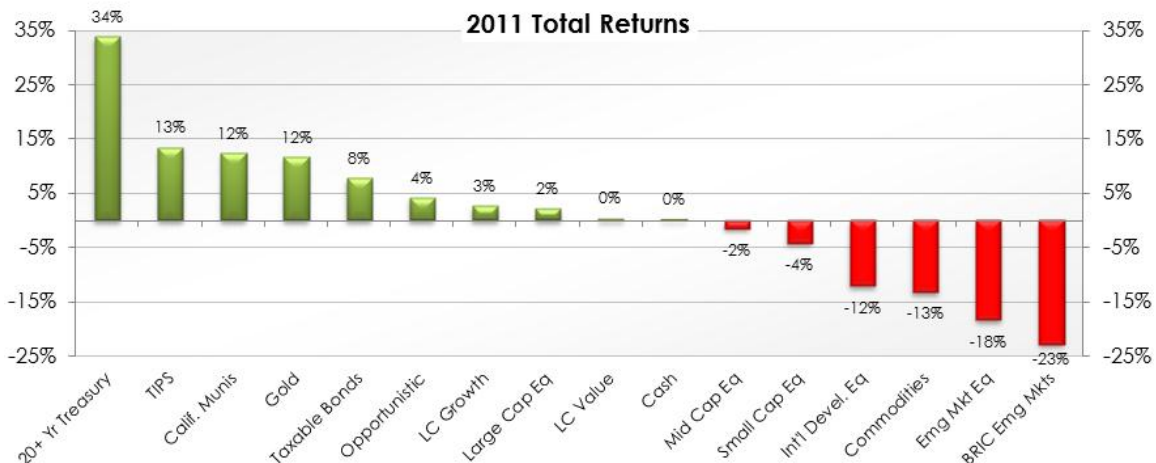
**Performance By Asset Class, Q4 2011**


The fourth quarter, and the month of October specifically, helped many “risk-on” assets to pare earlier losses. U.S. equities rose nearly 12% in Q4, while Emerging Markets and International Developed markets gained 4.4% and 3.3%, respectively. Bonds continued their strong performance with a more than 2% jump in National Munis, and 1% gain in taxable bonds. Gold lost some of its luster in Q4, falling nearly 3% from the previous quarter.

Thanks to the quarter’s gains, the U.S. equity market ended a very volatile year almost exactly where it started. The S&P 500 index closed on December 31<sup>st</sup> at 1257.60, while a year earlier it

was 1257.64. Including dividends, however, the index posted a 2.1% gain for 2011. During the year the index moved as much as 9% higher and nearly 15% lower than where it finished. U.S. equities fared much better than their foreign counterparts. Troubles in Europe and slowing growth in Asia contributed to a negative year for these equity markets. The developed MSCI EAFE index fell -12.1%, while the MSCI Emerging Market index dropped -18.4%. The volatile BRIC countries (Brazil, Russia, India & China) posted an even greater loss of -22.8%. MMA’s Opportunistic holdings outpaced U.S. equities with a 4.2% return.

Fixed income overcame broadly-pessimistic predictions for the year to become the best performing asset class. Treasury bonds rallied despite their already-low yields, and calls for bankruptcies and defaults did not stop investors from flocking to state and municipal debt. Treasury bonds with greater than 20 year maturities posted a gain of almost 34%, while California munis rose 12.4%, and national munis gained 11.2%. Inflation concerns also propelled Treasury Inflation Protected Securities (TIPS) to a 13.5% return. Meanwhile, gold continued its meteoric rise early in the year, but gave back some of these gains in the last four months to rise 11.7% in 2011.



Sources: Barclays Capital, Dow Jones-AIG, Standard & Poor's, MSCI Barra, Russell, London Bullion Market Association, iShares

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