



Chart of the Week



Weekly Highlights

- **Domestic stock prices slid this week.** Broad equity indices ended their worst month since January 2014, primarily as a result of continuing concerns about growth in the eurozone and domestically. Today's first estimate of fourth quarter real gross domestic product (GDP) came in at 2.6%, well below expectations.
- **Global markets also retreated on the week.** World markets declined along with domestic U.S. indices, but performed slightly better on a relative basis. European stocks declined on the week, but still posted their best January performance since 1989. China stocks suffered their worst weekly decline in a year amid concerns about stricter lending requirements and slowing economic growth.
- **Treasury prices were higher for the week.** The yield on the benchmark 10-year U.S. Treasury declined as investors digested news about slowing U.S. economic growth.
- **Commodity indices sank again this week.** Each of the three major complexes – energy, metals and grains – declined sharply this week in the face of slowing growth and demand.

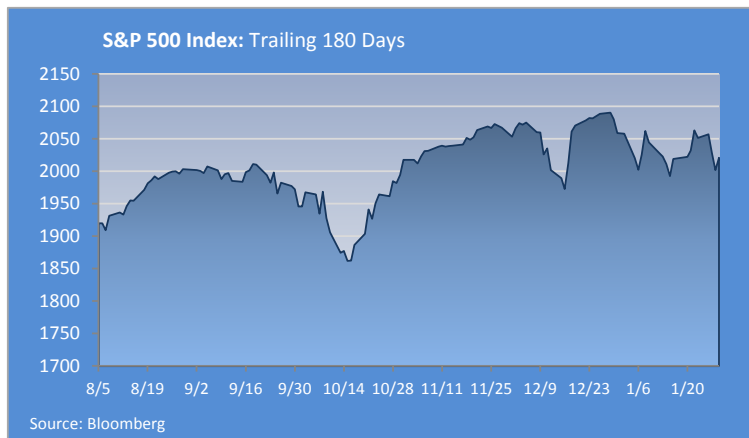
Talking Points

- **Among equities**, large-caps underperformed small-caps, and growth stocks outperformed value-oriented issues. Domestic stocks underperformed international equities. Developed markets outperformed emerging market stocks.
- **Treasury prices were higher this week.** The yield on the 10-year T-note declined.
- **Commodity prices sank again on the week.** Energy, metals and grains all declined.
- **The dollar was mixed** this week against a basket of currencies.
- **Among economic data released this week**, the first estimate of fourth quarter GDP came in lower than forecast; durable goods orders declined for the fourth straight month; new-home sales rose more than forecast, but pending home sales declined; and initial jobless claims plunged to a 15-week low in the latest week.

MARKET DASHBOARD

	Last Price	Change	% Chg.	YTD %
S&P 500	1,994.99	-56.83	-2.77%	-3.1%
Dow Industrials	17,164.95	-507.65	-2.87%	-3.7%
Nasdaq	4,635.24	-122.64	-2.58%	-2.1%
Russell 2000	1,165.39	-23.54	-1.98%	-3.3%
Euro Stoxx Index	367.05	-3.32	-0.90%	7.2%
Shanghai Composite	3,210.36	-141.40	-4.22%	-0.8%
Russell Global	1,700.01	-31.00	-1.79%	-1.6%

Source: Bloomberg; Index % change is based on price.



	Last Price	Change	% Chg.	YTD %
Russell Global EM	3,028.10	-52.37	-1.70%	1.6%
10-Year US Treas.	1.68	-14 bps	NM	NM
DJ UBS Comm. Idx.	100.84	-0.29	-0.29%	-3.3%
Gold	\$1,283.82	-\$10.10	-0.78%	8.4%
Crude Oil	\$47.70	\$2.09	4.58%	-11.2%
Dollar Index	94.87	0.10	0.11%	5.1%
VIX Index	20.97	4.31	25.87%	9.2%

One Week				YTD		
	Value		Growth	Value		Growth
L	-3.80%	-2.99%	-2.21%	-5.25%	-3.39%	-1.55%
	-1.66%	-1.76%	-1.86%	-1.49%	-1.61%	-1.72%
S	-2.31%	-1.98%	-1.66%	-4.23%	-3.26%	-2.31%

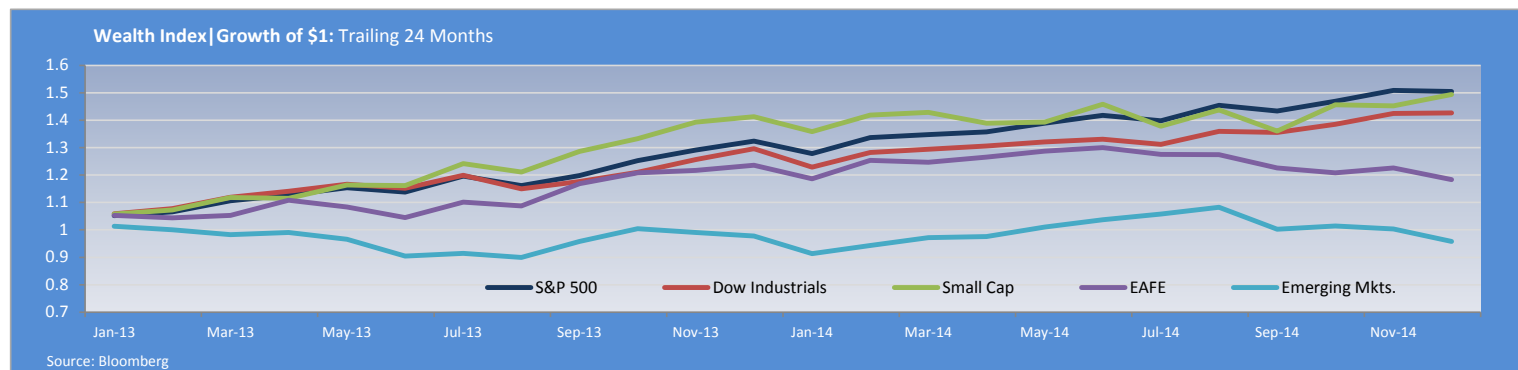
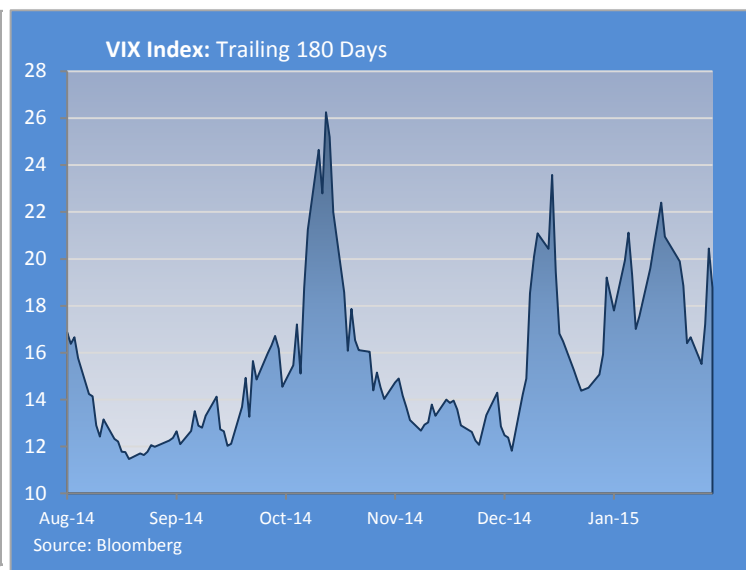
Source: Bloomberg

Sector Performance:

S&P/Global Industry Classification Sectors (GICS)

	% Wgt in S&P 500	Week % Chg.	YTD % Chg.
Consumer Discretionary	12.1	-1.33%	-3.1%
Consumer Staples	9.9	-3.47%	-1.3%
Energy	8.3	-1.82%	-4.9%
Financials	16.0	-3.28%	-7.0%
Health Care	14.9	-2.45%	1.2%
Industrials	10.3	-2.52%	-3.7%
Information Technology	19.5	-4.11%	-3.9%
Materials	3.2	-1.20%	-2.0%
Telecom Services	2.3	-2.37%	-2.2%
Utilities	3.4	-1.75%	2.3%

Source: Bloomberg



THE ECONOMY AND MARKETS

A Macro View – Plunging Oil Prices

Largely due to the price wars among major world oil producing countries, the crude oil price has tumbled more than 50% since last summer. The magnitude of the drop within such a short period is astounding and has caused great confusion regarding its impact. How will it affect different sectors and companies? Is it overall a good or bad thing for investors?

There is no doubt that plunging oil prices is a disaster for the energy sector. Hailed and embraced by many as a revolutionary growth sector for decades to come in recent years, the sector may suffer as much as the technology sector experienced during the aftermath of the explosion of dot com bubble. However, the damage might not be contained to the energy sector, currently only 8% of the S&P 500 Index. Industrial companies that supply equipment to energy companies may suffer, financial companies that lend money to the energy sector may suffer, lodging and leisure companies that serve mostly the energy companies may suffer, etc. Some quintessential American industrial companies have already mentioned their exposure to the energy sector as a source of disappointment in their recent earnings release and more may come if oil prices keep plunging or simply stay at current levels.

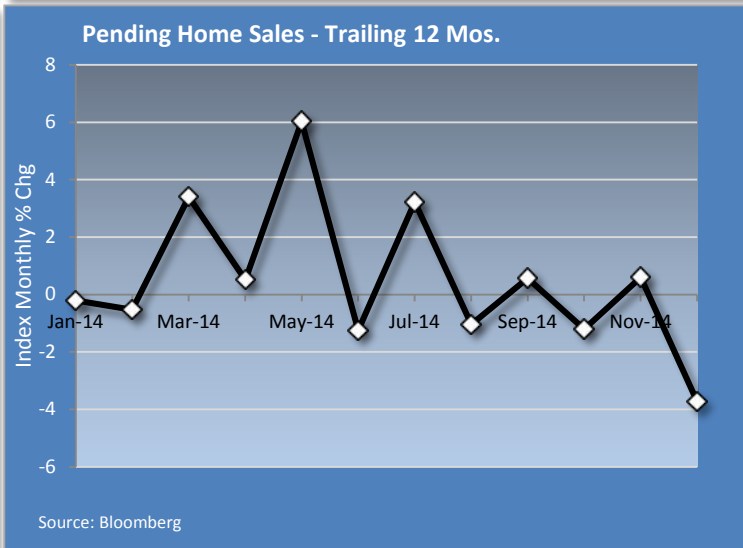
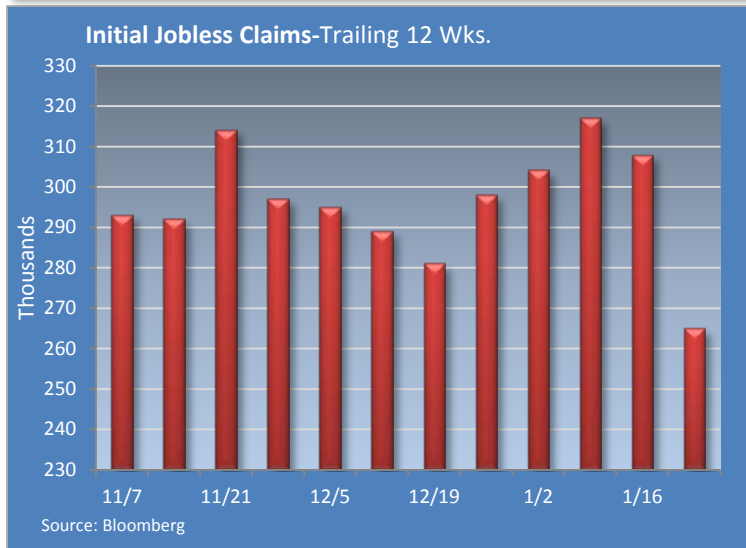
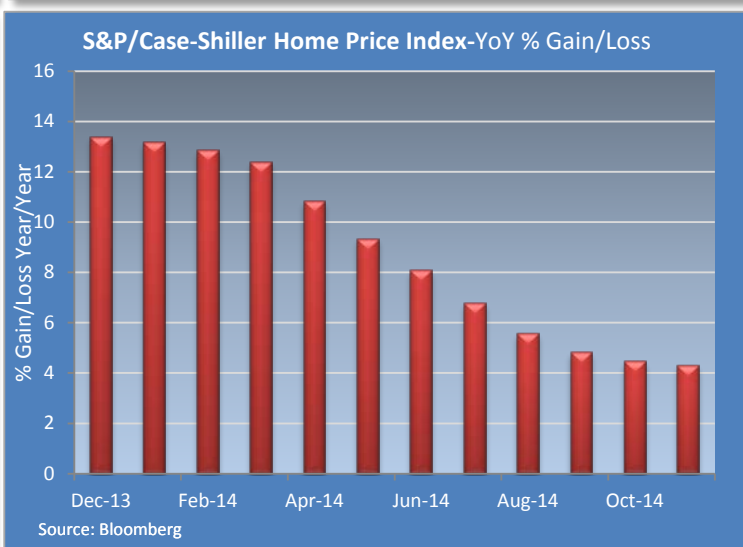
There is no doubt either that plunging oil prices should boost consumer spending and thus the companies could benefit from rising consumer demand. However, compared with the damage to the energy companies that is swift and relatively easy to quantify, there is a delayed effect on consumer behavior and it is far more challenging to quantify the benefit. Corporate America, especially the energy companies, is the most capitalist and efficient entity on earth. Energy companies essentially drill for profit/money not for oil and they have already reacted to plunging oil price through merger & acquisition, cut in spending and mass layoffs. Unlike Corporate America, consumers do not react to oil prices in real time. Just because a consumer saves \$100 last month on gasoline does not mean they will “pre-spend” \$1,200 projected savings of next year or even spend \$100 more next month. The average consumer probably has not figured out the amount of the savings or does not even bother to do so yet. Plus, they might be skeptical on how long oil prices will stay low. It takes time for consumers to change their spending behavior and boost their spending even if they are convinced that low oil prices are here to stay.

It is even trickier for companies that may potentially benefit from rise in consumer demand to figure out the exact benefit. Consumer discretionary companies in theory are the biggest beneficiaries of plunging oil prices, as consumers can spend their gas savings on things like restaurants, clothes, etc. However, this is also a very competitive sector and gaining advantages over their competition is far more important than how to benefit from macro factors, such as lower gasoline prices. That is why while energy companies and other potential “victims” of plunging oil prices are busy slashing their earnings projections, very few potential “beneficiaries” advertise their good fortune.

In conclusion, the damage of plunging oil prices to the affected companies is generally front-ended and relatively easy to quantify. The potential benefit is more back-ended (the time lag effect) and difficult to discern. While low oil prices are a net positive for the U.S. economy and companies, especially in the long run, the sudden change is likely to cause confusion and turmoil in the short term.

Frank Wei, CFA
Senior Investment Analyst

THIS WEEK IN THE ECONOMY AND MARKETS



EUROZONE

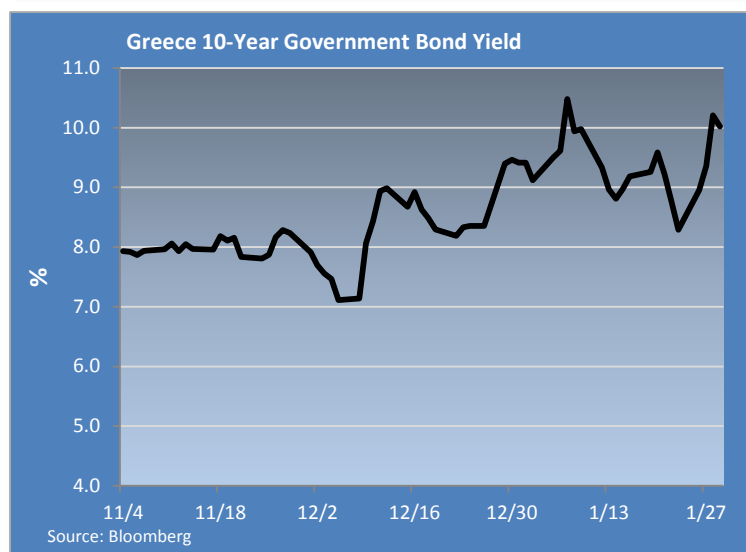
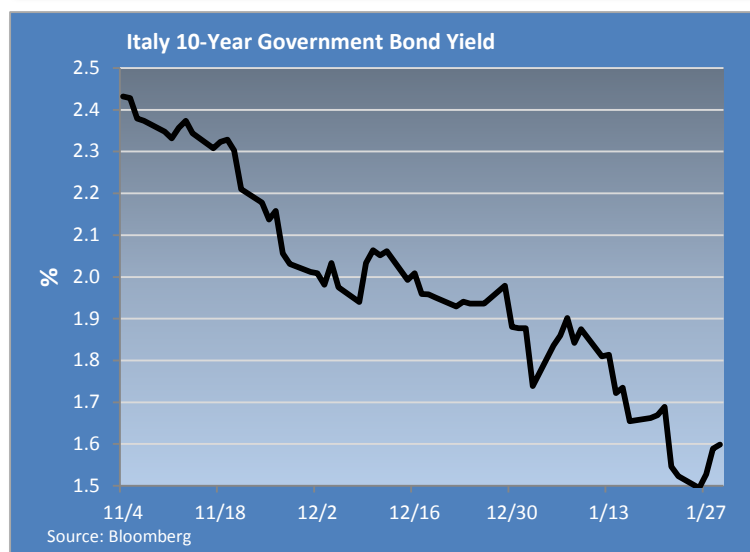
SELECTED EUROPEAN SOVEREIGN YIELD PERFORMANCE

	Last	Change	% Chg.	YTD %
Germany 10-Yr. Govt.	0.30	6 bps	NM	NM
Greece 10-Yr. Govt.	10.98	-125 bps	NM	NM
Italy 10-Yr. Govt.	1.59	-7 bps	NM	NM
Spain 10-Yr. Govt.	1.42	-5 bps	NM	NM
Belgium 10-Yr. Govt.	0.60	3 bps	NM	NM

Source: Bloomberg

Basis points (bps)

	Last	Change	% Chg.	YTD %
France 10-Yr. Govt.	0.54	0 bps	NM	NM
Ireland 10-Yr. Govt.	1.13	-8 bps	NM	NM
Portugal 10-Yr. Govt.	2.62	-18 bps	NM	NM
Netherlands 10-Yr. Govt.	0.37	2 bps	NM	NM
U.K. 10-Yr. Govt.	1.33	14 bps	NM	NM



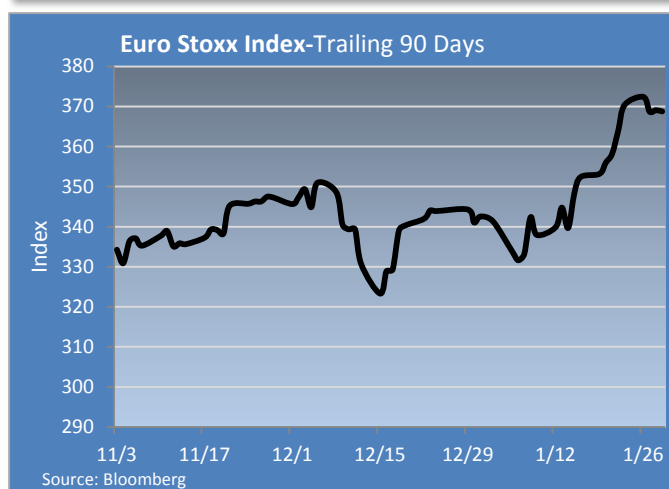
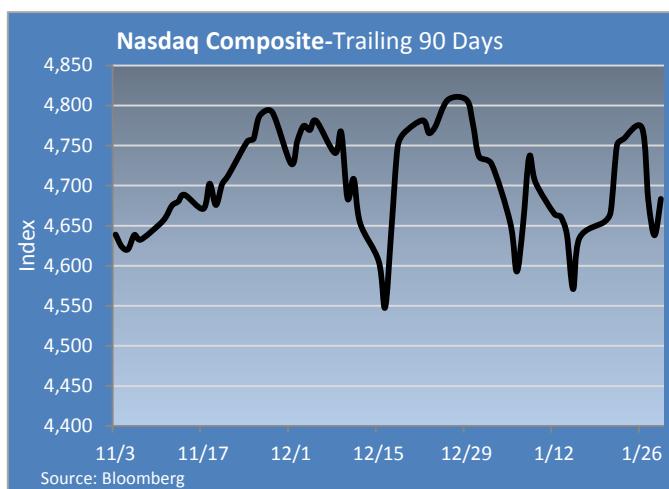
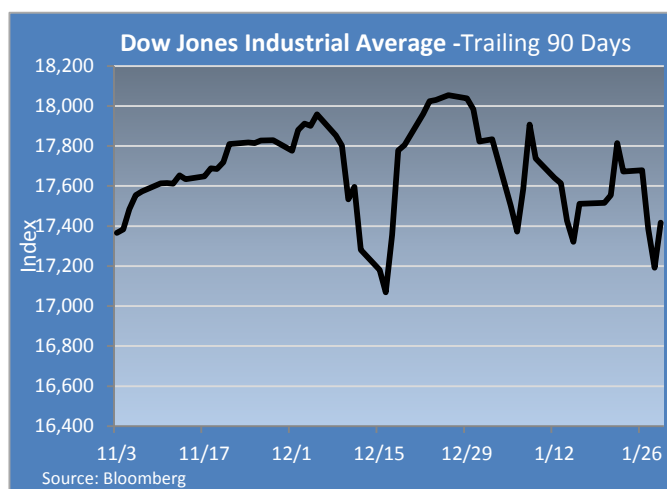
EQUITIES

WORLD MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
S&P 500	1,994.99	-56.83	-2.77%	-3.10%
Dow Industrials	17,164.95	-507.65	-2.87%	-3.69%
Nasdaq Composite	4,635.24	-122.64	-2.58%	-2.13%
Russell Global	1,700.01	-31.00	-1.79%	-1.6%
Russell Global EM	3,028.10	-52.37	-1.70%	1.6%
S&P/TSX (Canada)	14,673.48	-105.87	-0.72%	0.28%
Mexico IPC	40,950.58	-1699.14	-3.98%	-5.09%
Brazil Bovespa	46,907.68	-1867.62	-3.83%	-6.20%
Euro Stoxx 600	367.05	-3.32	-0.90%	7.16%
FTSE 100	6,749.40	-83.43	-1.22%	2.79%
IBEX 35 (Spain)	10,403.30	-178.20	-1.68%	1.20%

Source: Bloomberg; Index % change is based on price.

	Last	Change	% Chg.	YTD %
Swiss Market Index	8,385.13	223.97	2.74%	-6.66%
CAC 40 Index (France)	4,604.25	-36.44	-0.79%	7.76%
DAX Index (Germany)	10,694.32	44.74	0.42%	9.06%
Irish Overall Index	5,471.52	-106.30	-1.91%	4.73%
Nikkei 225	17,674.39	162.64	0.93%	1.28%
Hang Seng Index	24,507.05	-343.40	-1.38%	3.82%
Shanghai Composite	3,210.36	-141.40	-4.22%	-0.75%
Kospi Index (S. Korea)	1,949.26	13.17	0.68%	1.76%
Taiwan Taiex Index	9,361.91	-109.03	-1.15%	0.59%
Tel Aviv 25 Index	1,447.85	-7.81	-0.54%	-1.17%
MICEX Index (Russia)	1,647.69	-24.11	-1.44%	17.98%



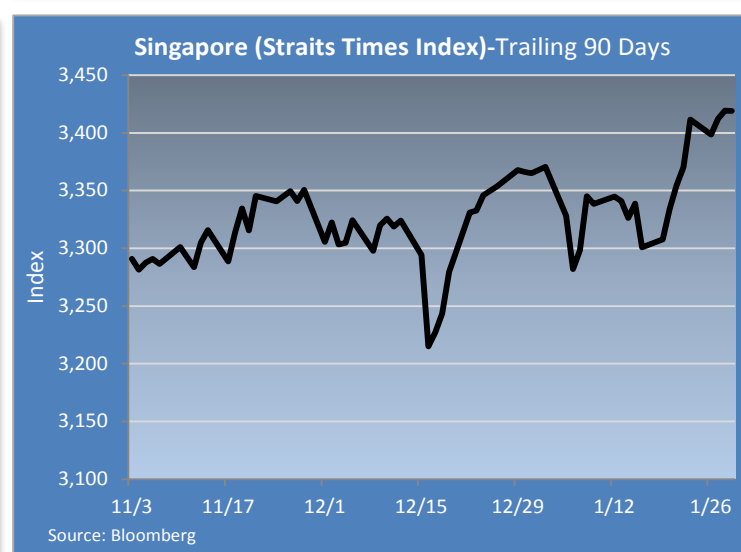
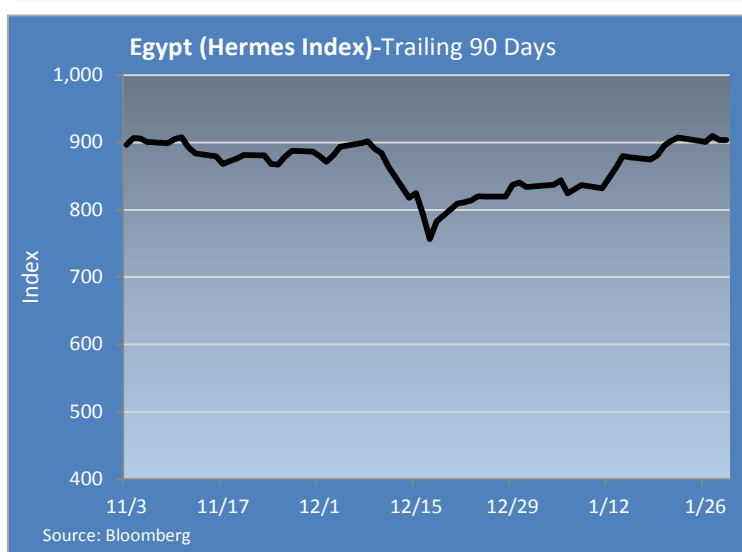
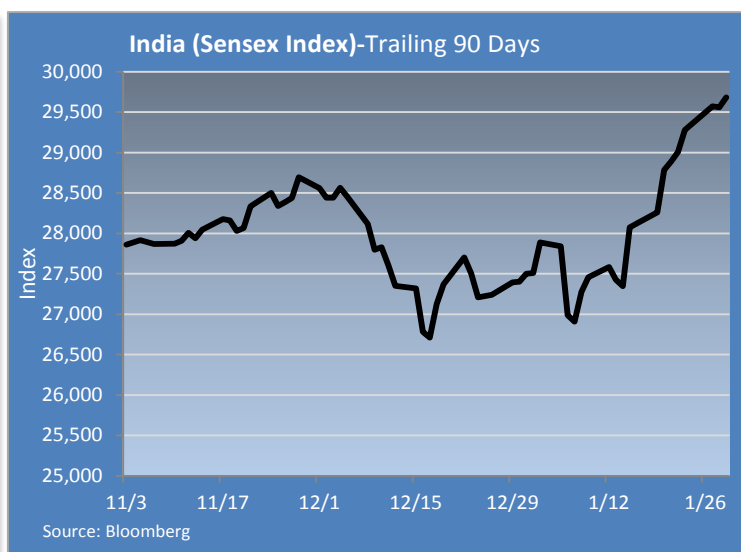
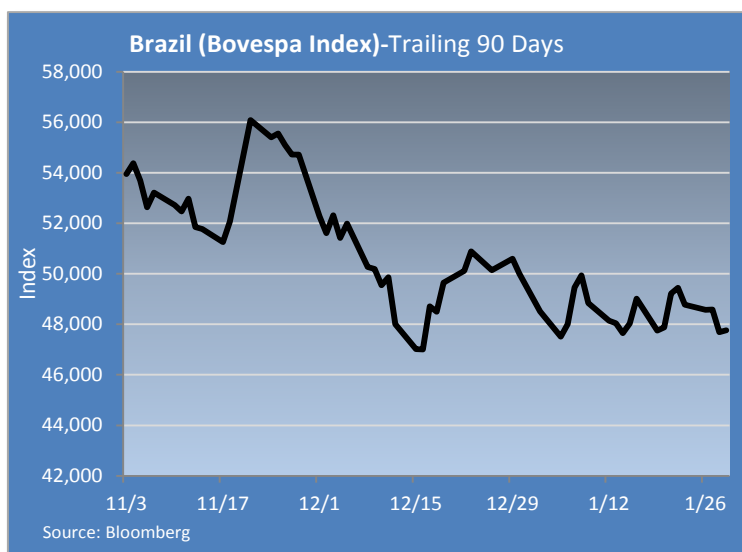
EQUITIES – EMERGING AND FRONTIER MARKETS

EMERGING AND FRONTIER MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
Mexico IPC	40,950.58	-1699.14	-4.0%	-5.1%
Brazil (Bovespa Index)	46,907.68	-1867.62	-3.8%	-6.2%
MICEX Index (Russia)	1,647.69	-24.11	-1.4%	18.0%
Czech Republic (Prague)	955.78	-6.16	-0.6%	1.0%
Turkey (Istanbul)	88,945.82	-1790.23	-2.0%	3.8%
Egypt (Hermes Index)	903.48	-4.19	-0.5%	8.3%
Kenya (Nairobi 20 Index)	5,212.11	-5.77	-0.1%	1.9%
Saudi Arabia (TASI Index)	8,878.54	484.73	5.8%	6.5%
Lebanon (Beirut BLOM Index)	1,170.93	2.32	0.2%	0.1%
Palestine	501.43	-3.71	-0.7%	-0.3%

Source: Bloomberg; Index % change is based on price.

	Last	Change	% Chg.	YTD %
Hang Seng Index	24,507.05	-343.40	-1.4%	3.8%
India (Sensex 30)	29,182.95	-95.89	-0.3%	6.1%
Malaysia (KLCI Index)	1,781.26	-21.82	-1.2%	1.1%
Singapore (Straits Times Index)	3,391.20	-20.30	-0.6%	0.8%
Thailand (SET Index)	1,581.25	-17.08	-1.1%	5.6%
Indonesia (Jakarta)	5,289.40	-34.48	-0.6%	1.2%
Pakistan (Karachi KSE 100)	34,443.87	417.28	1.2%	7.2%
Vietnam (Ho Chi Minh)	576.07	-6.31	-1.1%	5.6%
Sri Lanka (Colombo)	7,180.05	-96.58	-1.3%	-1.6%
Cambodia (Laos)	1,402.11	-11.47	-0.8%	-0.9%

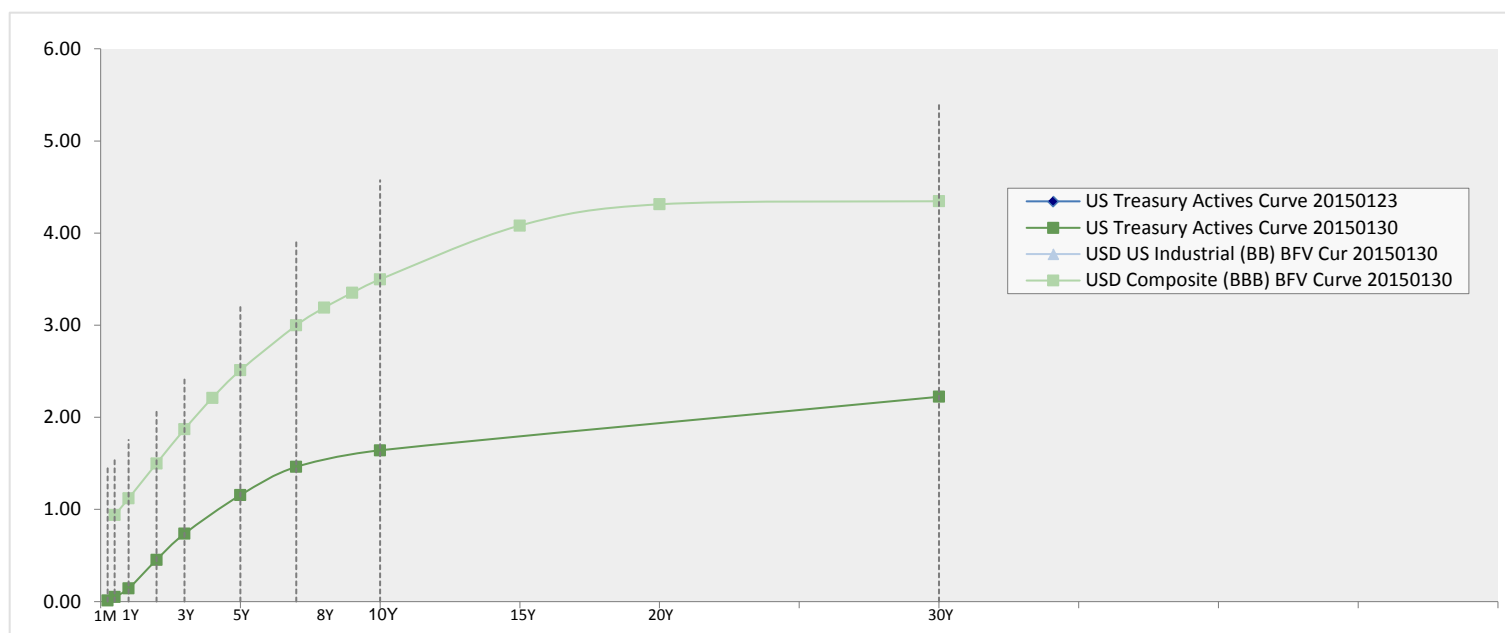


INTEREST RATES

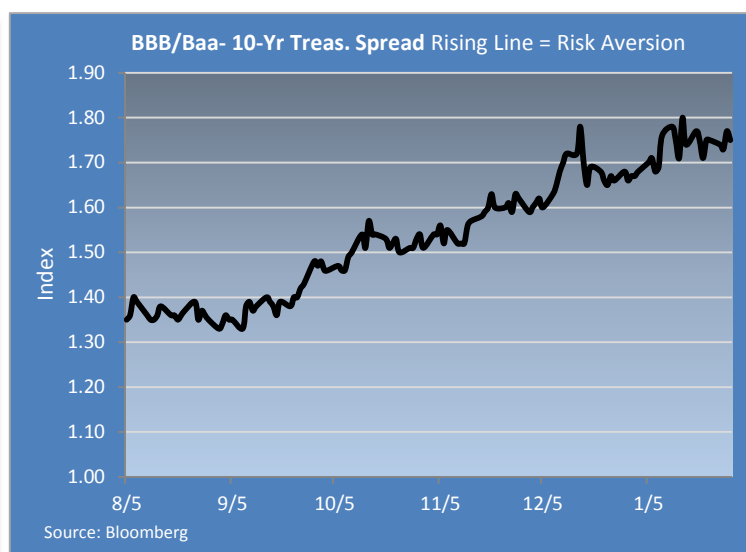
SELECTED INTEREST RATES

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
2-Yr. U.S. Treasury	0.45%	0 bps	NM	NM	Prime Rate	3.25%	0.00	NM	NM
5-Yr. U.S. Treasury	1.19%	-14 bps	NM	NM	Fed Funds Rate	0.25%	0.00	NM	NM
10-Yr. U.S. Treasury	1.68%	-14 bps	NM	NM	Discount Rate	0.75%	0.00	NM	NM
30-Yr. U.S. Treasury	2.25%	-14 bps	NM	NM	LIBOR (3 Mo.)	0.25%	0 bps	NM	NM
German 10-Yr. Govt.	0.30%	6 bps	NM	NM	Bond Buyer 40 Muni	3.35%	-6 bps	NM	NM
France 10-Yr.	0.54%	0 bps	NM	NM	Bond Buyer 40 G.O.	3.36%	NA	NM	NM
Italy 10-Yr.	1.59%	-7 bps	NM	NM	Bond Buyer 40 Rev.	4.06%	NA	NM	NM
Fed 5-Yr Fwd BE Inf.	1.78%	-2 bps	NM	NM					

Source: Bloomberg



Source: Bloomberg



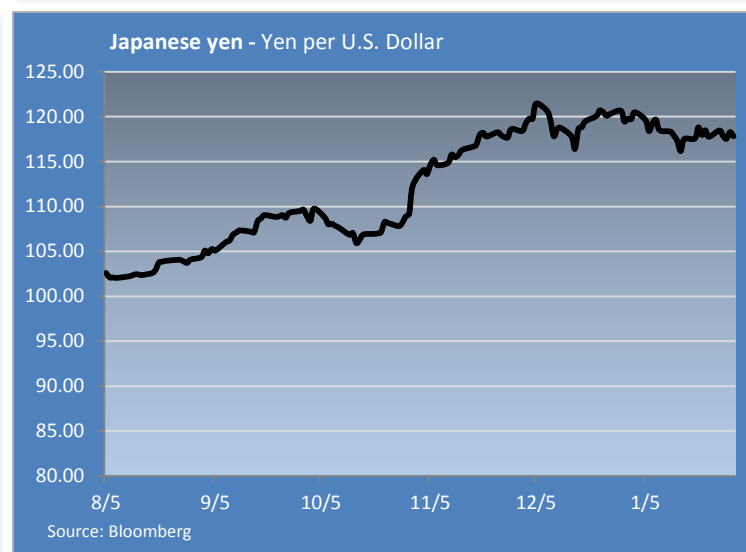
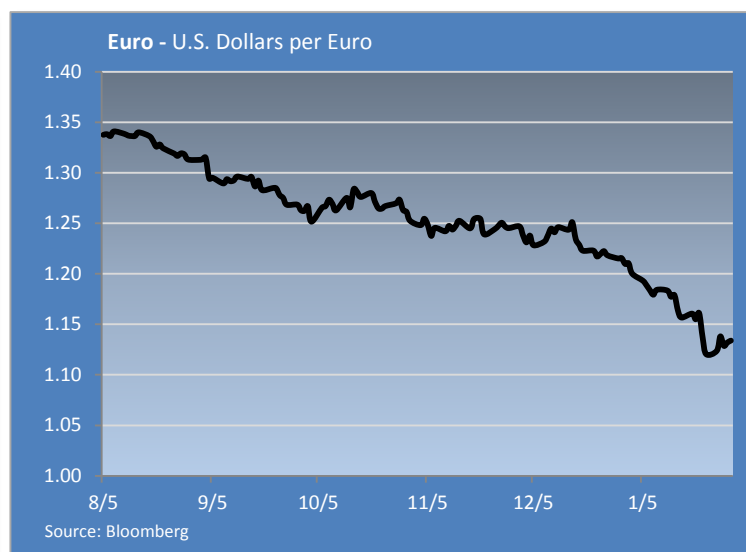
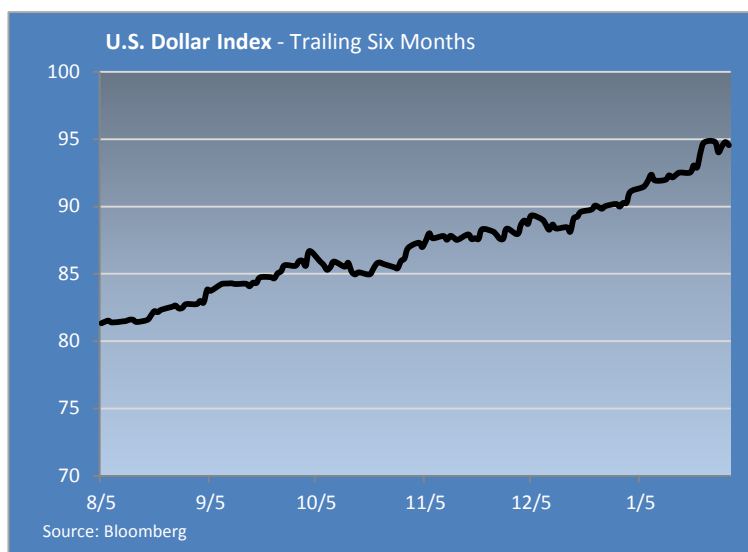
CURRENCIES

SELECTED CURRENCY PERFORMANCE

	Last	Change	% Chg.	YTD %
Dollar Index	94.87	0.105	0.11%	5.09%
Euro	1.13	0.008	0.75%	-6.70%
Japanese Yen	117.54	-0.270	0.23%	1.94%
British Pound	1.50	0.007	0.43%	-3.36%
Canadian Dollar	1.27	0.031	-2.41%	-8.69%

Source: Bloomberg

	Last	Change	% Chg.	YTD %
Chinese Yuan	6.25	0.022	-0.35%	-0.72%
Swiss Franc	0.92	0.041	-4.41%	7.99%
New Zealand Dollar	0.73	-0.019	-2.52%	-6.86%
Brazilian Real	2.68	0.103	-3.83%	-0.94%
Mexican Peso	14.97	0.321	-2.14%	-1.51%

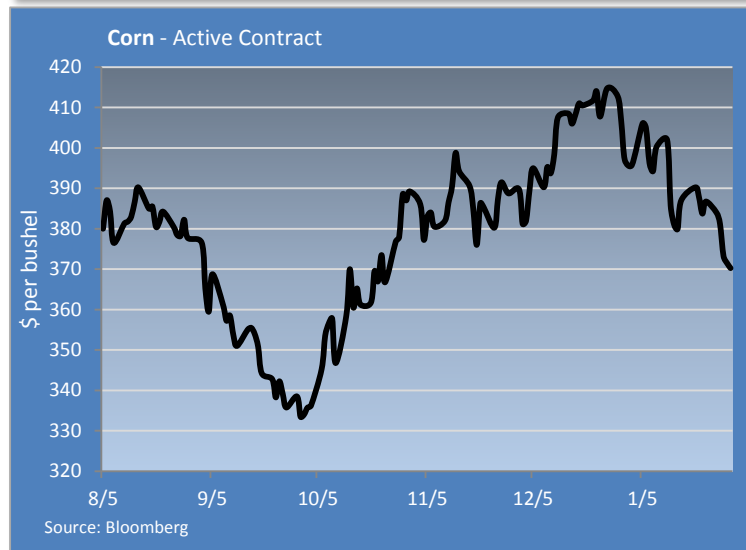
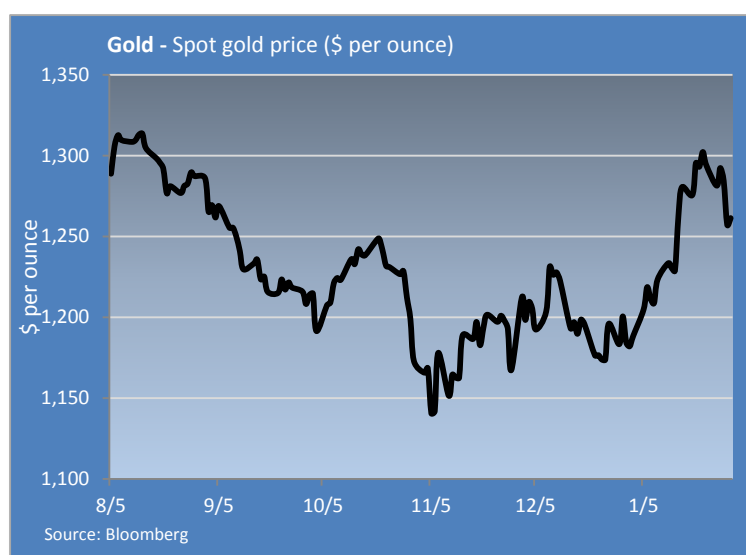
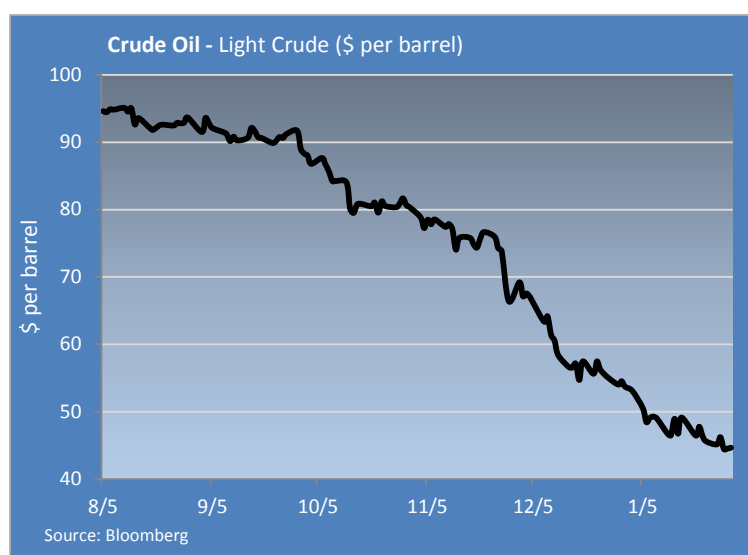


COMMODITIES

SELECTED COMMODITY MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
DJ UBS Comm. Idx.	100.84	-0.29	-0.29%	-3.34%	Platinum Spot	\$1,241.56	-\$26.94	-2.12%	2.80%
Rogers Int. Comm. Idx.	2529.95	-63.62	-2.45%	-9.41%	Corn	370.00	-16.75	-4.33%	-6.80%
Crude Oil	\$47.73	\$2.09	4.58%	-11.21%	Wheat	502.75	-27.25	-5.14%	-14.75%
Natural Gas	\$2.67	-\$0.29	-9.70%	-7.77%	Soybeans	961.00	-11.75	-1.21%	-6.11%
Gasoline (\$/Gal.)	\$2.05	\$0.01	0.69%	-8.44%	Sugar	14.79	0.00	0.00%	1.86%
Heating Oil	168.72	6.45	3.98%	-7.24%	Orange Juice	140.00	0.00	0.00%	0.14%
Gold Spot	\$1,283.73	-\$10.10	-0.78%	8.41%	Aluminum	1,819.00	-12.00	-0.66%	-1.81%
Silver Spot	\$17.25	-\$1.05	-5.72%	9.81%	Copper	5,395.00	-124.50	-2.26%	-14.37%

Source: Bloomberg; % change is based on price.



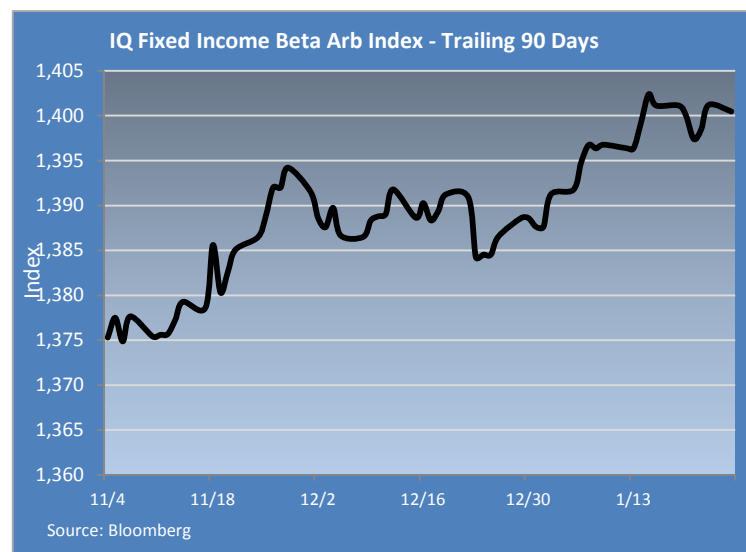
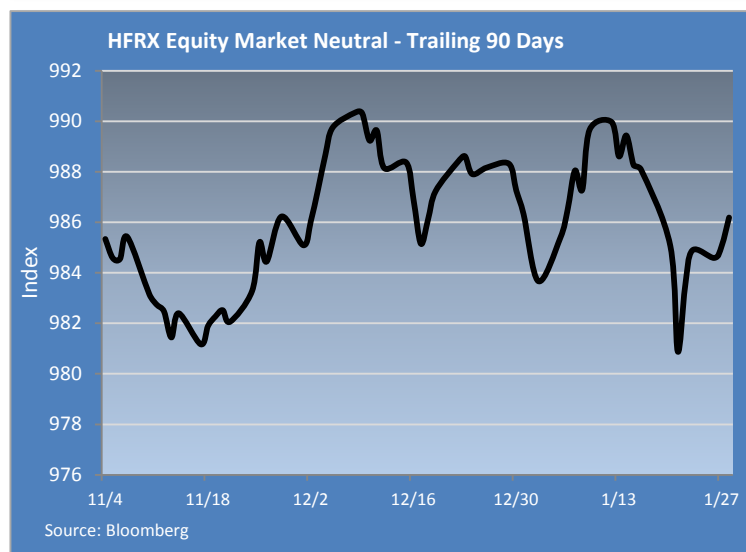
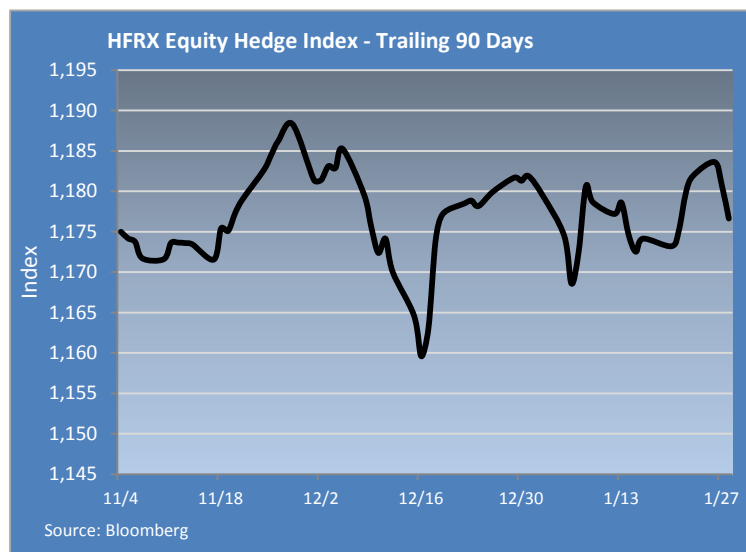
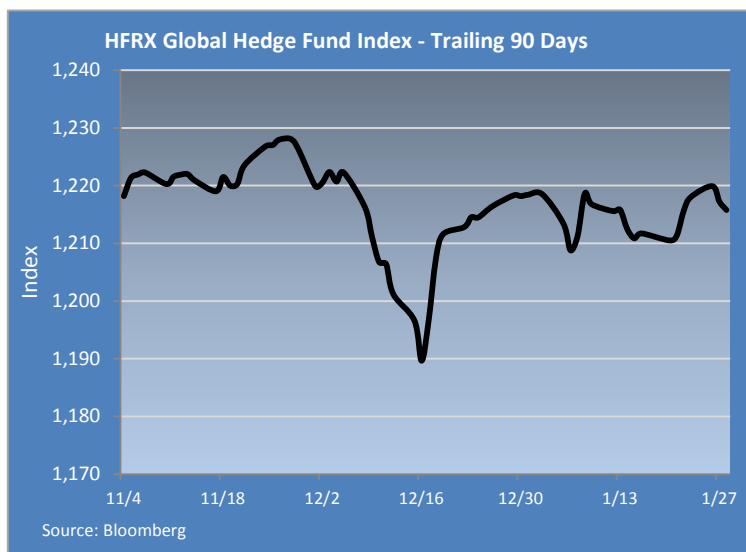
ALTERNATIVE INVESTMENTS

SELECTED ALTERNATIVE INVESTMENT INDEX PERFORMANCE

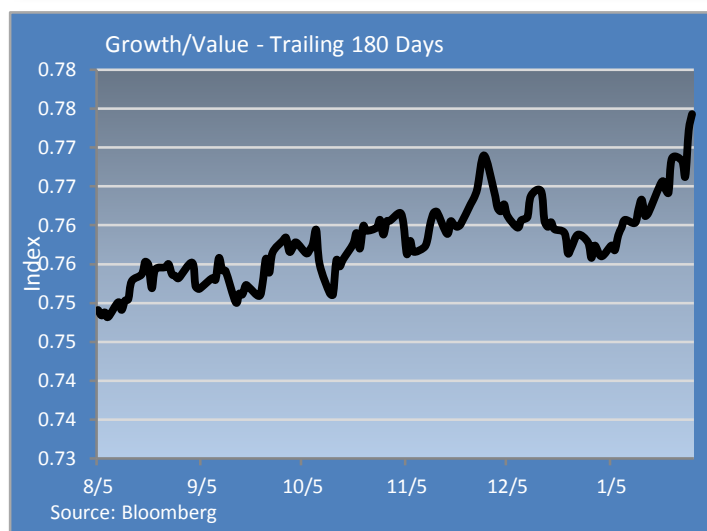
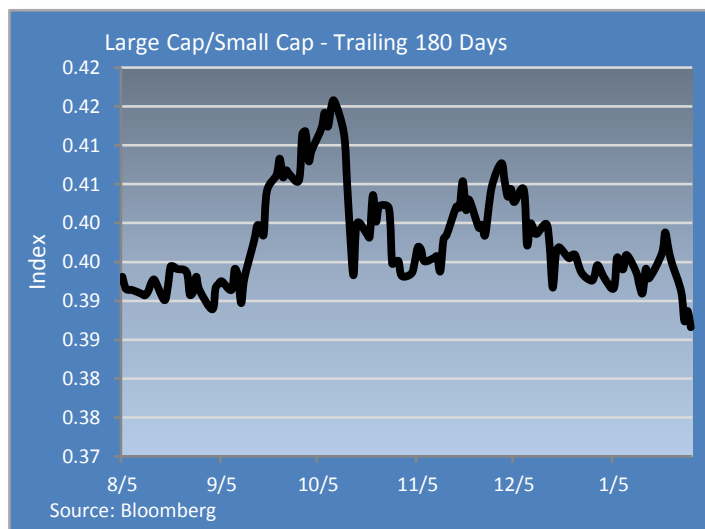
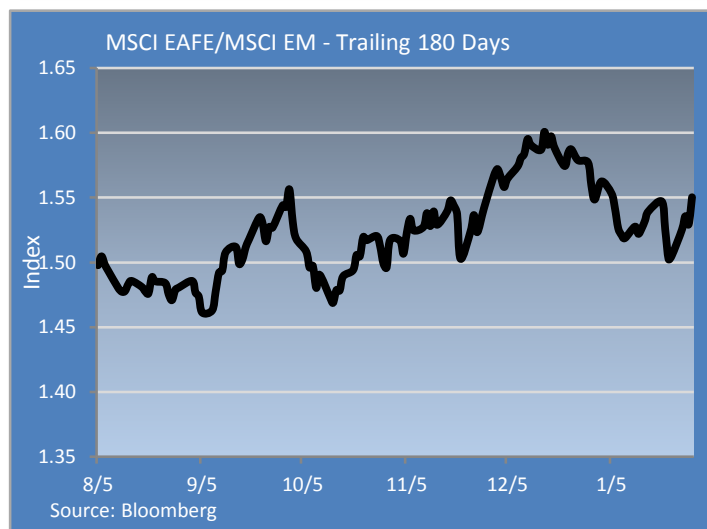
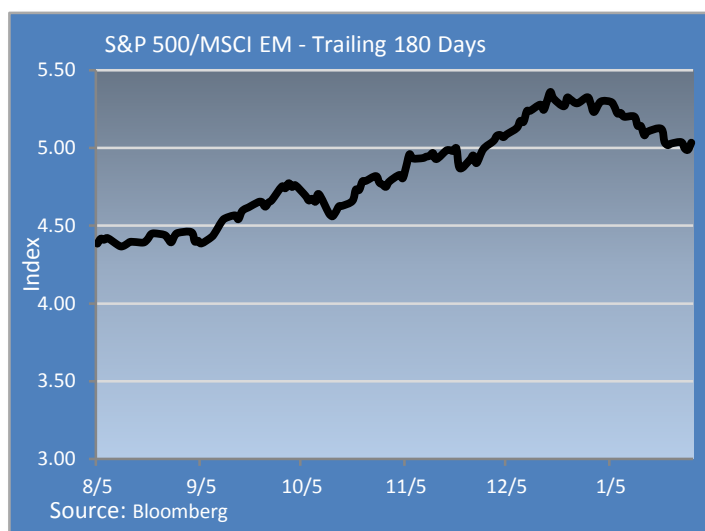
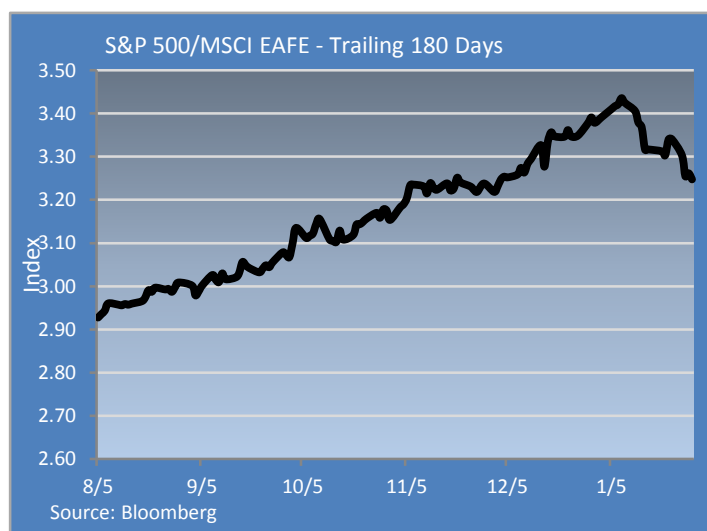
	Last	Change	% Chg.	YTD %
HFRX Global Hedge Fund Index	1215.77	-2.03	-0.17%	-0.20%
HFRX Equity Market Neutral	983.43	4.60	0.47%	0.32%
HFRX Equity Hedge Index	1179.84	-3.38	-0.29%	-0.28%
HFRX Event-Driven Index	1493.37	-7.32	-0.49%	-1.47%
HFRX Absolute Return Index	1001.00	2.99	0.30%	0.65%

	Last	Change	% Chg.	YTD %
HFRX Distressed Index	999.36	-6.70	-0.67%	-1.57%
HFRX Merger Arbitrage Index	1608.82	14.41	0.90%	1.24%
HFRX Convertible Arbitrage Index	698.63	1.41	0.20%	-0.56%
HFRX Macro CTA Index	1208.24	0.47	0.04%	1.94%
IQ Fixed Income Beta Arb Index	1405.46	4.25	0.30%	1.29%

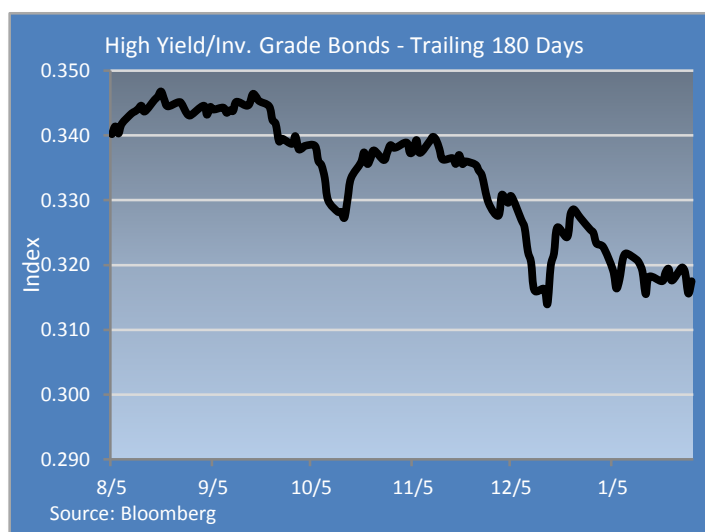
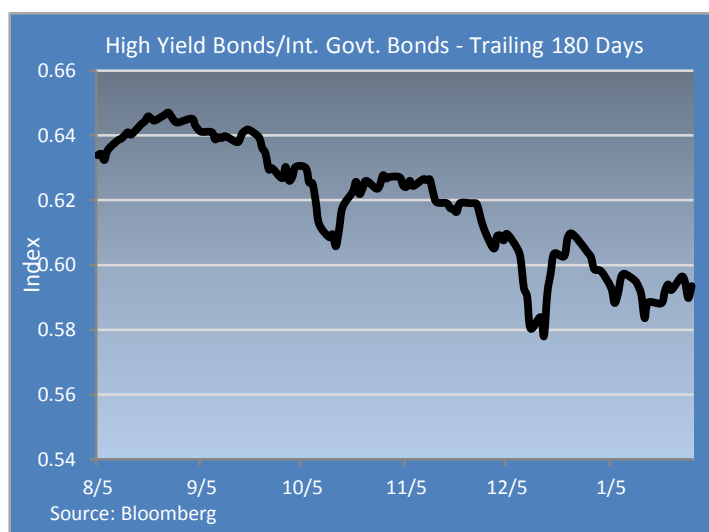
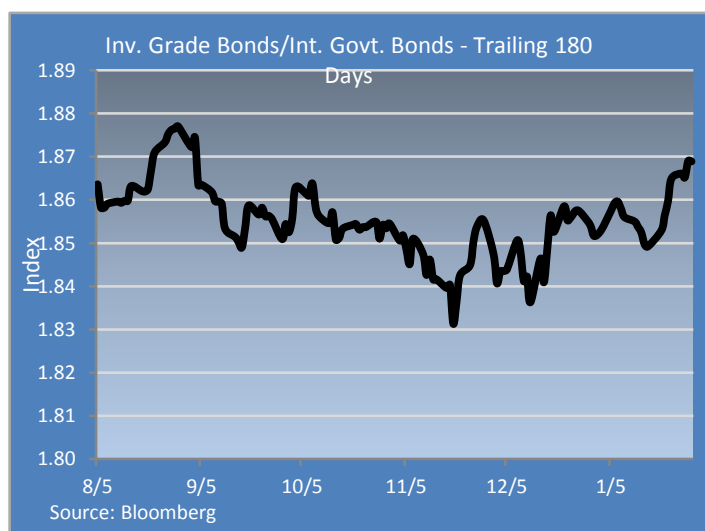
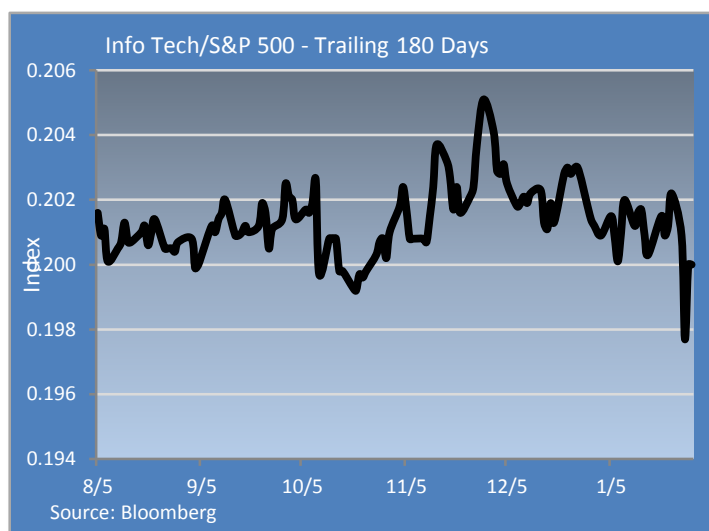
Source: Bloomberg; Index % change is based on price.



PORTFOLIO CONSTRUCTION



PORTFOLIO CONSTRUCTION (cont'd.)



WEEKLY ASSET CLASS PERFORMANCE (Prior 12 weeks ending Thursday)

			#N/A	11/20	11/27	12/4	12/11	12/18	12/25	1/1	1/8	1/15	1/22	1/29
Equity	Domestic Equity	Large Cap (R200)	0.49%	0.61%	0.99%	-0.04%	-1.84%	1.21%	0.94%	-1.11%	0.13%	-3.39%	3.56%	-2.34%
		Small Cap (R2000)	0.30%	-0.40%	1.70%	-1.48%	-0.52%	2.16%	1.23%	-0.17%	-0.71%	-3.46%	3.09%	-0.02%
	Int'l. Equity	MSCI EAFE	0.47%	0.14%	1.51%	-0.67%	-2.34%	-1.12%	1.25%	-0.81%	-2.31%	0.64%	2.01%	0.67%
		MSCI Em. Mkts.	0.14%	-0.26%	2.27%	-2.54%	-4.14%	-1.15%	1.66%	0.60%	0.27%	0.12%	2.45%	-1.05%
Fixed Income	BarCap Agg. (AGG)		0.20%	0.01%	0.46%	-0.16%	0.11%	-0.10%	-0.37%	0.39%	0.58%	1.06%	-0.45%	0.49%
	High Yield (JNK)		-0.42%	-0.85%	0.83%	-2.03%	-2.78%	0.95%	1.64%	-1.18%	0.23%	-0.47%	0.80%	0.49%
Commodities	DJ UBS Index		-0.90%	1.70%	0.36%	-4.50%	-1.35%	-1.95%	-2.17%	-1.73%	-0.66%	-1.85%	-0.13%	-2.78%
Alternatives	Hedge Funds (HFRX Global)		0.00%	-0.14%	0.63%	-0.59%	-1.17%	0.07%	0.60%	0.32%	0.01%	-0.63%	0.41%	0.00%
Asset Allocation	60/40*		0.30%	0.11%	1.01%	-0.55%	-1.26%	0.36%	0.63%	-0.36%	-0.15%	-0.92%	1.69%	-0.46%
	48/32/20 (w/Alts.)**		0.24%	0.06%	0.93%	-0.56%	-1.25%	0.31%	0.62%	-0.23%	-0.12%	-0.86%	1.43%	-0.37%

Source: Bloomberg; *60/40 portfolio = 30% Large Cap/10% Small Cap/15% EAFE/5% Emerging Markets/35% BarCap Agg./5% High Yield.

**48/32/20 portfolio = 24% Large Cap/8% Small Cap/12% EAFE/4% Emerging Markets/28% BarCap Agg./4% High Yield/20% HFRX Global Index.

RELATIVE STRENGTH MATRIX (BASED ON 30-DAY RSI)

	Large Cap Core	Large Cap Growth	Large Cap Value	Mid Cap Core	Mid Cap Growth	Mid Cap Value	Small Cap Core	Small Cap Growth	Small Cap Value	Int'l. Developed	Emerging Markets	REITs	Comm.	Int. Bond	High Yield
Large Cap Core	1.00	0.95	1.06	0.91	0.91	0.92	0.92	0.89	0.95	0.94	0.96	0.69	1.61	0.78	0.98
Large Cap Growth	1.06	1.00	1.12	0.97	0.96	0.97	0.97	0.94	1.01	0.99	1.02	0.73	1.70	0.83	1.04
Large Cap Value	0.95	0.89	1.00	0.86	0.86	0.87	0.87	0.84	0.90	0.89	0.91	0.66	1.52	0.74	0.93
Mid Cap Core	1.09	1.03	1.16	1.00	1.00	1.00	1.00	0.98	1.04	1.03	1.05	0.76	1.76	0.85	1.07
Mid Cap Growth	1.10	1.04	1.16	1.00	1.00	1.01	1.01	0.98	1.04	1.03	1.06	0.76	1.77	0.86	1.08
Mid Cap Value	1.09	1.03	1.15	1.00	0.99	1.00	1.00	0.97	1.04	1.02	1.05	0.76	1.75	0.85	1.07
Small Cap Core	1.09	1.03	1.15	1.00	0.99	1.00	1.00	0.97	1.04	1.02	1.05	0.76	1.75	0.85	1.07
Small Cap Growth	1.12	1.06	1.19	1.03	1.02	1.03	1.03	1.00	1.07	1.05	1.08	0.78	1.81	0.88	1.10
Small Cap Value	1.05	0.99	1.11	0.96	0.96	0.96	0.96	0.94	1.00	0.99	1.01	0.73	1.69	0.82	1.03
Int'l. Developed	1.06	1.01	1.13	0.97	0.97	0.98	0.98	0.95	1.01	1.00	1.02	0.74	1.71	0.83	1.04
Emerging Markets	1.04	0.98	1.10	0.95	0.95	0.95	0.95	0.93	0.99	0.98	1.00	0.72	1.67	0.81	1.02
REITs	1.44	1.36	1.52	1.32	1.31	1.32	1.32	1.28	1.37	1.35	1.39	1.00	2.32	1.12	1.41
Commodities	0.62	0.59	0.66	0.57	0.57	0.57	0.57	0.55	0.59	0.58	0.60	0.43	1.00	0.48	0.61
Int. Bond	1.28	1.21	1.36	1.17	1.17	1.18	1.18	1.14	1.22	1.20	1.23	0.89	2.06	1.00	1.26
High Yield	1.02	0.96	1.08	0.93	0.93	0.94	0.94	0.91	0.97	0.96	0.98	0.71	1.64	0.80	1.00

Source: Bloomberg

The Relative Strength Matrix provides an indication of how the various asset classes have performed relative to one another over the past 30 days. A number greater than 1.0 indicates that the asset class in the far left column has outperformed the corresponding asset class in the top row over the past 30 days. A number below 1.0 means the asset class on the left has underperformed the asset class at the top. The green shading indicates outperformance, and the red shading indicates underperformance.

INDEX OVERVIEW

The S&P 500 Index is an unmanaged index comprised of 500 widely held securities considered to be representative of the stock market in general. The S&P/Case-Shiller Home Price Indices measure the residential housing market, tracking changes in the value of the residential real estate market in 20 metropolitan regions across the United States. The Nasdaq Composite is a stock market index of the common stocks and similar securities listed on the NASDAQ stock market. The MSCI EAFE Index represents 21 developed markets outside of North America. The MSCI EAFE Growth Index is an unmanaged index considered representative of growth stocks of Europe, Australasia and the Far East. The MSCI EAFE Value Index is an unmanaged index considered representative of value stocks of Europe, Australasia and the Far East. The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The MSCI Europe Index is an unmanaged index considered representative of stocks of developed European countries. The MSCI Pacific Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the developed markets in the Pacific region. The Barclays US Credit Index is an unmanaged index considered representative of publicly issued, SEC-registered US corporate and specified foreign debentures and secured notes. The Barclays US Aggregate Bond Index is a market capitalization-weighted index of investment-grade, fixed-rate debt issues, including government, corporate, asset-backed, and mortgage-backed securities, with maturities of at least one year. The Barclays US Corporate High Yield Index covers the USD-denominated, non-investment grade, fixed-rate, taxable corporate bond market. Securities are classified as high-yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. The index may include emerging market debt. The Barclays Capital Municipal Bond Index is an unmanaged index comprised of investment-grade, fixed-rate municipal securities representative of the tax-exempt bond market in general. The Barclays US Treasury Total Return Index is an unmanaged index of public obligations of the US Treasury with a remaining maturity of one year or more. The Citigroup World Government Bond Index is a market capitalization weighted bond index consisting of the government bond markets of Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, Japan, Malaysia, Mexico, the Netherlands, Norway, Poland, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States. The DJ-UBS Commodity Index Total ReturnSM measures the collateralized returns from a basket of 19 commodity futures contracts representing the energy, precious metals, industrial metals, grains, softs and livestock sectors. The Russell 1000 Index is a market capitalization-weighted benchmark index made up of the 1000 largest U.S. companies in the Russell 3000 Index. The Russell 1000 Growth Index is an unmanaged index considered representative of large-cap growth stocks. The Russell 1000 Value Index is an unmanaged index considered representative of large-cap value stocks. The Russell 2000 Index is an unmanaged index considered representative of small-cap stocks. The Russell 2000 Growth Index is an unmanaged index considered representative of small-cap growth stocks. The Russell 2000 Value Index is an unmanaged index considered representative of small-cap value stocks. The Russell 3000 Index is an unmanaged index considered representative of the US stock market. The Russell Midcap Index is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The Russell Midcap Growth Index is an unmanaged index considered representative of mid-cap growth stocks. The Russell Midcap Value Index is an unmanaged index considered representative of mid-cap value stocks. The HFRX Indices are a series of benchmarks of hedge fund industry performance which are engineered to achieve representative performance of a larger universe of hedge fund strategies. Hedge Fund Research, Inc. employs the HFRX Methodology (UCITS compliant), a proprietary and highly quantitative process by which hedge funds are selected as constituents for the HFRX Indices. The ISM Non-Manufacturing Index is an index based on surveys of more than 400 non-manufacturing firms' purchasing and supply executives, within 60 sectors across the nation, by the Institute of Supply Management (ISM). The ISM Non-Manufacturing Index tracks economic data, like the ISM Non-Manufacturing Business Activity Index. A composite diffusion index is created based on the data from these surveys that monitors economic conditions of the nation. The ISM Manufacturing Index is an index based on surveys of more than 300 manufacturing firms by the Institute of Supply Management. The ISM Manufacturing Index monitors employment, production inventories, new orders and supplier deliveries. A composite diffusion index is created that monitors conditions in national manufacturing based on the data from these surveys. The Consumer Price Index (CPI) measures the change in the cost of a fixed basket of products and services. The Gross Domestic Product (GDP) rate is a measurement of the output of goods and services produced by labor and property located in the United States. Basis Point(s) is a unit that is equal to 1/100th of 1%, and is used to denote the change in a financial instrument. The basis point is commonly used for calculating changes in interest rates, equity indexes and the yield of a fixed-income security. The CBOE Volatility Index (VIX) is an up-to-the-minute market estimate of expected volatility that is calculated by using real-time S&P 500 Index option bid/ask quotes. The Index uses nearby and second nearby options with at least 8 days left to expiration and then weights them to yield a constant, 30-day measure of the expected volatility of the S&P 500 Index. The MSCI World ex-U.S. Index - captures large and mid-cap representation across 22 of 23 Developed Markets DM countries*--excluding the United States. With 1,002 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country. (* DM countries include: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the UK.) The MSCI Japan Index - is designed to measure the performance of the large and mid-cap segments of the Japanese market. With 320 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in Japan. The Barclays Global Aggregate ex-U.S. Index - is a market capitalization-weighted index, meaning the securities in the index are weighted according to the market size of each bond type. Most U.S. traded investment grade bonds are represented. Municipal bonds, and Treasury Inflation-Protected Securities are excluded, due to tax treatment issues. The index includes Treasury securities, Government agency bonds, Mortgage-backed bonds, Corporate bonds, and a small amount of foreign bonds traded in U.S. The University of Michigan Consumer Sentiment Index (MCSI) is a survey of consumer confidence conducted by the University of Michigan. The Michigan Consumer Sentiment Index (MCSI) uses telephone surveys to gather information on consumer expectations regarding the overall economy. A separately managed account (SMA) is an individual managed investment account offered typically by a brokerage firm through one of their brokers or financial consultants and managed by independent investment management firms (often called money managers for short) and have varying fee structures. An open-end index fund continuously issues and redeems shares based on investor demand. As an index fund, its investment objective is to duplicate the performance of the index it uses as a benchmark. The MSCI EM (Emerging Markets) Latin America Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of emerging markets in Latin America. The Barclays U.S. 5-10 Year Corporate Bond Index measures the investment return of U.S. dollar denominated, investment-grade, fixed rate, taxable securities issued by industrial, utility, and financial companies with maturities between 5 and 10 years. Barclays U.S. Aggregate Bond Index is weighted according to market capitalization, which means the securities represented in the index are weighted according to the market size of the bond category. Treasury securities, mortgage-backed securities (MBS) foreign bonds, government agency bonds and corporate bonds are some of the categories included in the index. Barclays U.S. Corporate High-Yield Index is composed of fixed-rate, publicly issued, non-investment grade debt. Barclays U.S. Corporate 5-10 Year Index includes U.S. dollar-denominated, investment-grade, fixed-rate, taxable securities issued by industrial, utility, and financial companies, with maturities between 5 and 10 years.

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