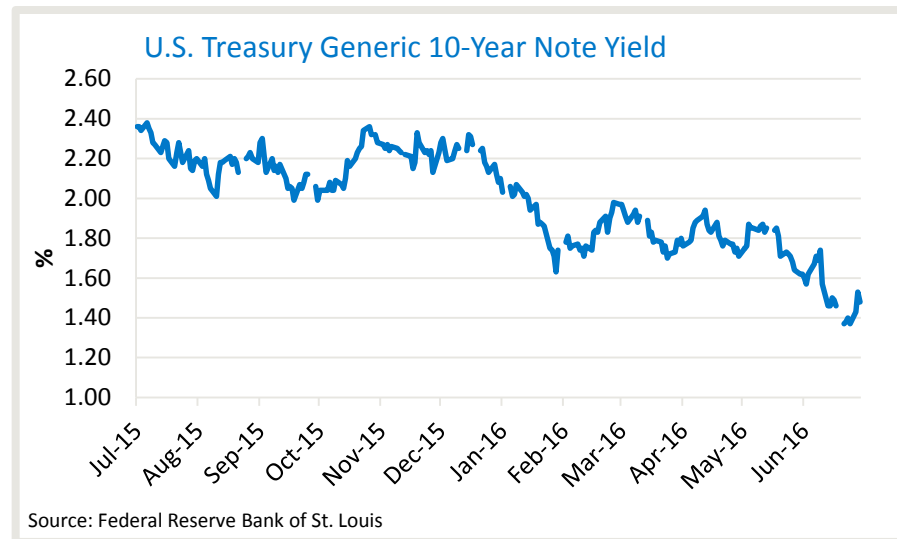


Weekly Market Review

July 15, 2016

Chart of the Week



Weekly Highlights

- **The U.S. 10-Year Treasury Note yield stays low.** Demand for safety and yield, especially from abroad following Brexit, has kept Treasury yields low.
- **Manufacturing solid in June, July survey disappoints.** The Fed's monthly index of industrial production showed strong growth in June, due primarily to a surge in motor vehicles and parts. Utilities production grew at a moderate pace, and mining posted modest growth. However, the New York Fed's Empire State Manufacturing Survey for July came in below forecaster's expectations and barely remained positive. The index was weighed down by new orders, which fell after a strong June. Backlogs and employment in the sector were drags on the index. If the Empire State Survey is any indication, manufacturing may slow in July.
- **Initial jobless claims come in below expectations.** Initial jobless claims for the week ended July 9 were flat from the previous week at 254,000, indicating continued improvement in the labor market. Continuing claims of 2.15 million for the week ended July 2 increased by 32,000, but the four-week average is down slightly.
- **June Retail sales beat forecasts.** According to the U.S. Census Bureau, retail sales rose 0.6% in June, led by building materials & garden equipment and e-commerce. Department store and sporting goods sales also rose.

Talking Points

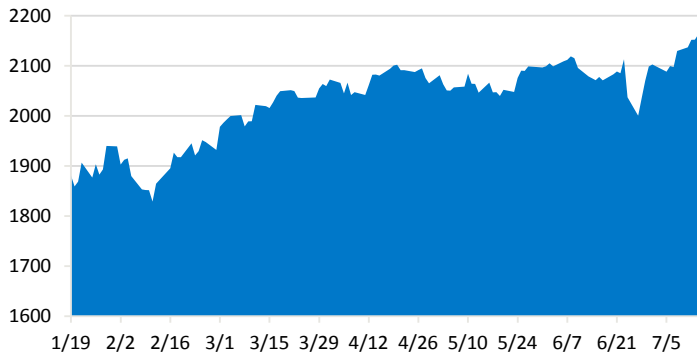
- **Global equity markets** were led by Greece, Italy, and Spain, with strong single-digit returns, while the U.K., Japan, and the U.S. had low single-digit performance.
- **The Treasury curve steepened.** Intermediate and long Treasury yields climbed, whereas yields on T-bills and short notes remained flat.
- **Commodities were mixed on the week.** With the exception of natural gas, energy is up broadly. Precious metals (except silver) were down through Friday. Agricultural commodities were mixed, and livestock rose through Friday morning.
- **The US Dollar** is down slightly against a basket of major trade partners' currencies, but up slightly from the beginning of July.
- **In other economic news:** the Fed's Beige Book shows 11 of 12 districts reporting modest to moderate growth. Fed officials view the consumer sector and labor market positively. The manufacturing and agricultural sectors are mixed, whereas construction and housing are improving.

Market Dashboard

	Last Price	Change	% Chg.	YTD %
S&P 500	2,161.74	31.84	1.49%	5.8%
Dow Industrials	18,516.55	369.81	2.04%	6.3%
Nasdaq	5,029.59	72.83	1.47%	0.4%
Russell 2000	1,205.31	27.95	2.37%	6.1%
Euro Stoxx Index	337.92	10.57	3.23%	-7.6%
Shanghai Composite	3,054.30	66.20	2.22%	-13.7%
Russell Global	1,685.51	44.29	2.65%	3.3%

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

S&P 500 Index: Trailing 180 Days



	Last Price	Change	% Chg.	YTD %
Russell Global EM	2,749.66	109.19	4.14%	8.4%
10-Year US Treas.	1.59	23 bps	NM	NM
DJ UBS Comm. Idx.	86.70	0.30	0.34%	10.4%
Gold	\$1,337.17	-\$29.18	-2.14%	26.0%
Crude Oil	\$46.24	\$0.55	1.21%	9.7%
Dollar Index	96.65	0.30	0.32%	-2.1%
VIX Index	12.67	-0.53	-4.02%	-30.4%

One Week			YTD		
Value	Growth		Value	Growth	
L 1.77%	1.44%	1.13%	6.42%	4.84%	3.41%
2.00%	1.56%	1.05%	10.84%	7.83%	4.86%
S 3.06%	2.37%	1.70%	9.86%	6.11%	2.42%

Source: Bloomberg

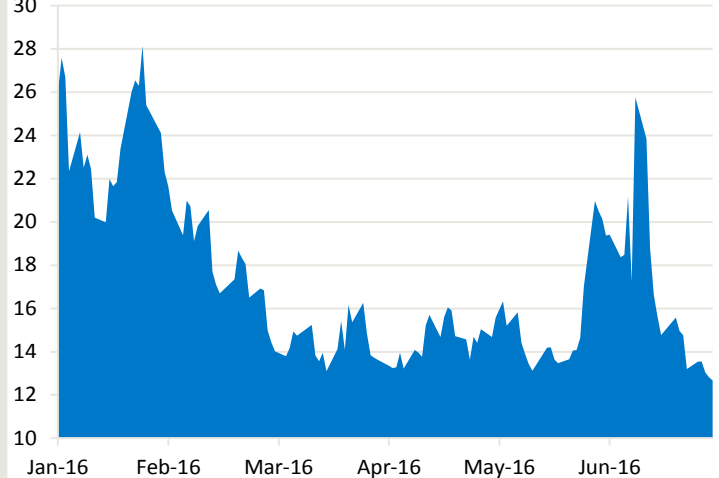
Sector Performance:

S&P/Global Industry Classification Sectors (GICS)

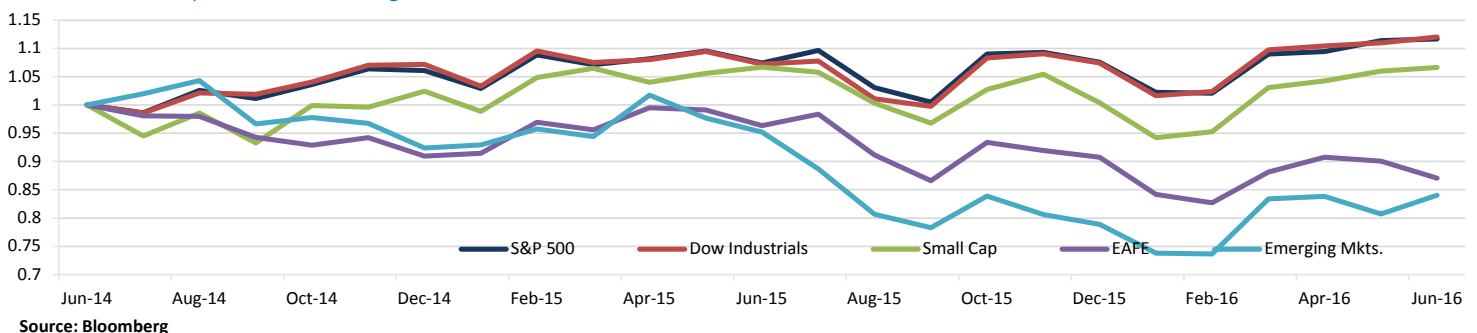
	% Wgt in S&P 500	Week % Chg.	YTD % Chg.
Consumer Discretionary	12.4	0.49%	3.6%
Consumer Staples	10.4	0.08%	10.3%
Energy	7.2	2.08%	15.9%
Financials	15.7	2.57%	-1.5%
Health Care	15.0	0.63%	2.8%
Industrials	10.1	2.55%	10.2%
Information Technology	20.0	2.17%	2.8%
Materials	2.9	3.91%	11.7%
Telecom Services	2.8	0.65%	22.1%
Utilities	3.5	-1.05%	20.0%

Source: Bloomberg

VIX Index: Trailing 180 Days



Wealth Index|Growth of \$1: Trailing 24 Months



The Economy and Markets

A Macro View – The Specter of Inflation

Low inflation has been the norm in much of the western world since the Great Recession, and broad price increases have been nearly nonexistent in Japan since the early 1990s. In the United States, the Federal Reserve's (Fed) preferred measure of inflation, the personal consumption expenditures index (PCE), has hovered below the Fed's 2% target since 2012 – well below its historical average. Whereas the low growth in prices is good for consumers' wallets, it goes hand in hand with lower economic growth and indicates a mismatch between aggregate supply and demand for goods and services. Perhaps more importantly for bond investors, any change in the current paradigm could present a challenge for their portfolios.

Attempts by central bankers to remedy the situation, such as ZIRP (zero interest rate policy), purchases of sovereign and corporate bonds, and negative interest rates, have been unsuccessful in spurring their economies back to pre-crisis growth levels and stoking higher inflation. Although they have decreased the cost of borrowing for governments, firms, and consumers, such efforts have been most successful in inflating the prices of sovereign and corporate bonds, as well as equities. Just this week, Germany became the second major economy (after Japan) to issue a 10-year note with a negative yield. Last week, the yield on generic 10-year U.S. Treasury notes reached an all-time low of 1.37% following Britain's decision to leave the European Union.

Despite the historically low yields on U.S. Treasuries, the even lower, or non-existent, income paid by the debt of the governments of Japan and many countries in Europe has created an incentive for investors in those countries to search for greener pastures. This flood of assets from abroad has anchored U.S. Treasury yields just as the Fed had wanted to return to some semblance of normality. With the yields on developed market sovereigns at historic lows, there is little in the way of income to cushion investors against an unexpected spike in interest rates. One event that could precipitate this spike would be a sudden jump in inflation and/or inflation expectations. For example, a short-term inflation scare could lead to an event similar to the spike in German Bund yields last year, when the yield on the 10-year note shot from 6 basis points to over 1% in two months.

But how likely is an inflation scare in the U.S.? To answer this question, we need to understand what the market anticipates inflation to be going forward and whether there is any clear catalyst to change these expectations. To derive market inflation expectations, market participants generally look at the difference, or spread, in the return offered by inflation-linked government bonds ("TIPS" in the U.S.) and nominal bonds that are not indexed to some measure of inflation. The current five-year TIPS spread is 1.43%, which is below the 2% spread that would coincide with the Fed's inflation target. This indicates that the market does not believe inflation will reach the Fed's target over the next five years. Another popular measure derives anticipated inflation from interest rate swaps. The "five-year, five-year" swap, which refers to the rate paid on money borrowed for five years starting in 2021, implies inflation of only 1.47%, on average, through the next ten years.

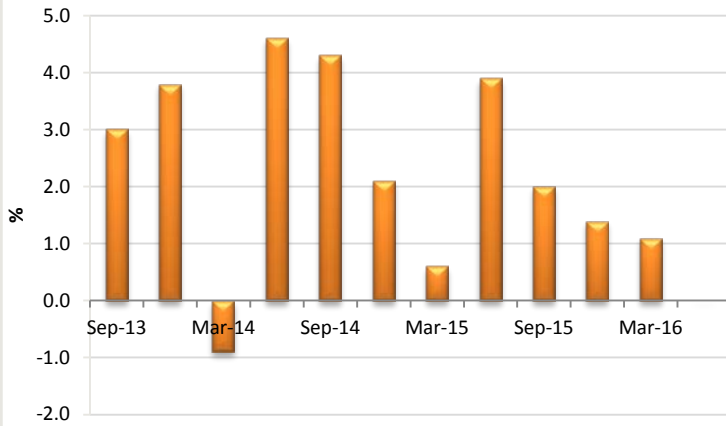
Clearly, expectations are vanishingly low, but do they reflect what inflation will actually be in the future? At this point, it's obligatory to say that no one actually knows, but in a recent economics piece, Strategas Research Partners, a strategy consulting firm, notes that, by breaking out goods and services inflation from the PCE, two useful relationships point to the potential for near-term bumps in U.S. inflation. Goods inflation, which has been negative recently due to commodity price declines, is currently rebounding as oil prices stabilize. However, this potentiality could be offset if oil prices decline anew. Relatively stable services inflation has been near 2% for the past five years, but it is inversely related to the national rental vacancy rate, which over the past twelve months has hit lows not seen since the mid-eighties. In addition, wage growth, as measured by the Atlanta Fed, has trended above GDP growth for several quarters. If these trends continue, they could lead to higher inflation and perhaps a painful spike in yields.

Although inflation like that of the 1970s is now a distant memory and likely won't be returning soon, it wouldn't take a beast like the one Paul Volker slew to spook the market – its greatly diminished specter might do the trick. While no one knows when or if such an event will occur, trends in the labor market, housing, and commodities could stoke inflation, however briefly, and investors could benefit from ensuring their portfolio has at least some hedge against it.

Michael Wedekind
Investment Analyst

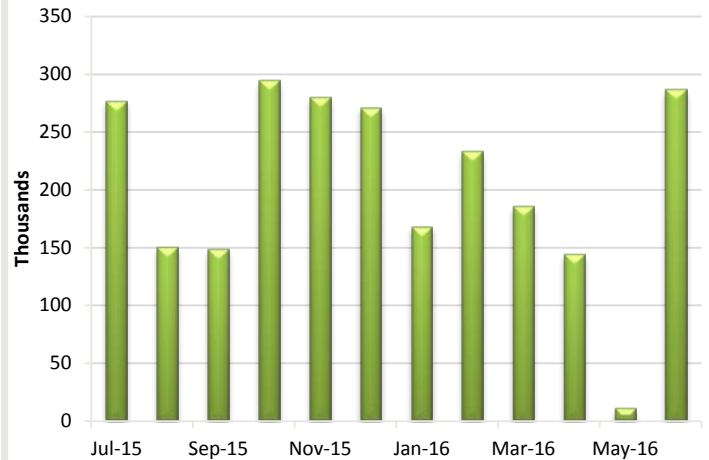
Economic Data

Real GDP Growth Rate - Annualized - 12 Qtrs.



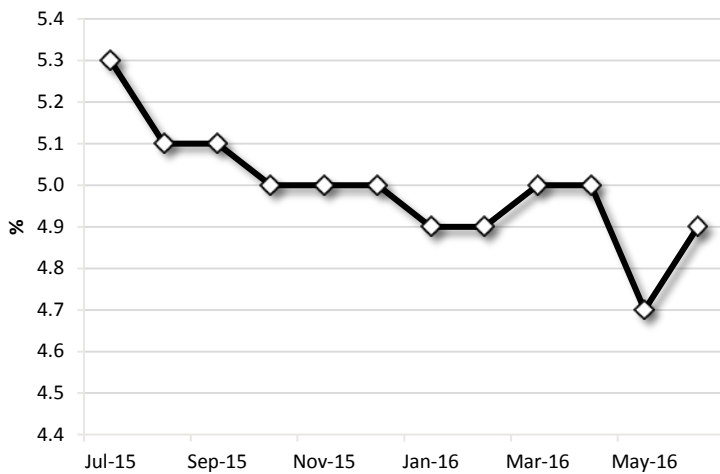
Source: Bloomberg

Non-Farm Payrolls-Trailing 12 Mos.



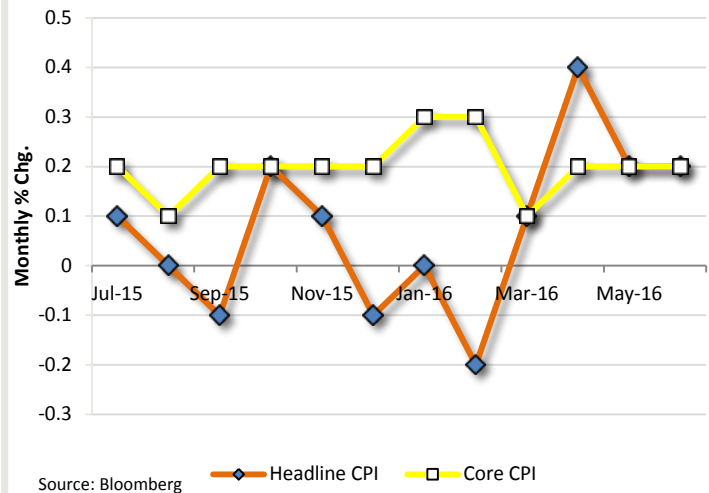
Source: Bloomberg

Unemployment Rate-Trailing 12 Mos.



Source: Bloomberg

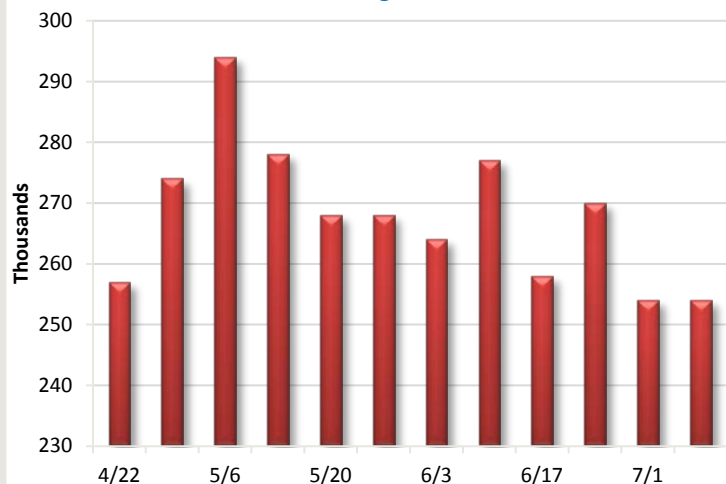
Consumer Price Index-Trailing 12 Mos.



Source: Bloomberg

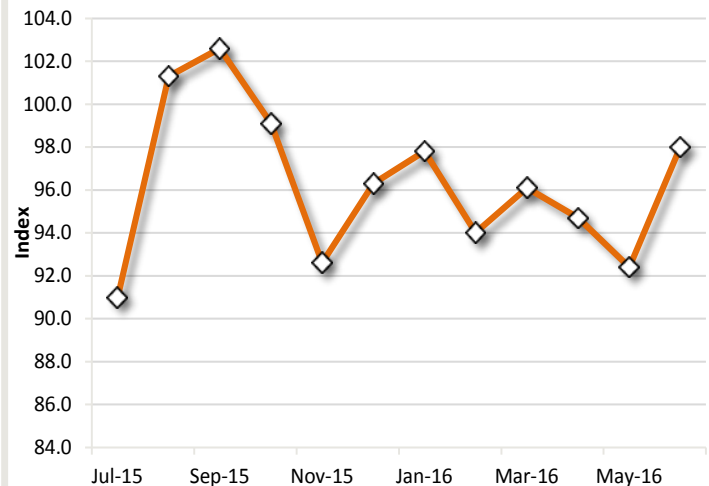
Headline CPI Core CPI

Initial Jobless Claims-Trailing 12 Wks.



Source: Bloomberg

Consumer Board Confidence Index - Trailing 12 Mos.



Source: Bloomberg

Eurozone

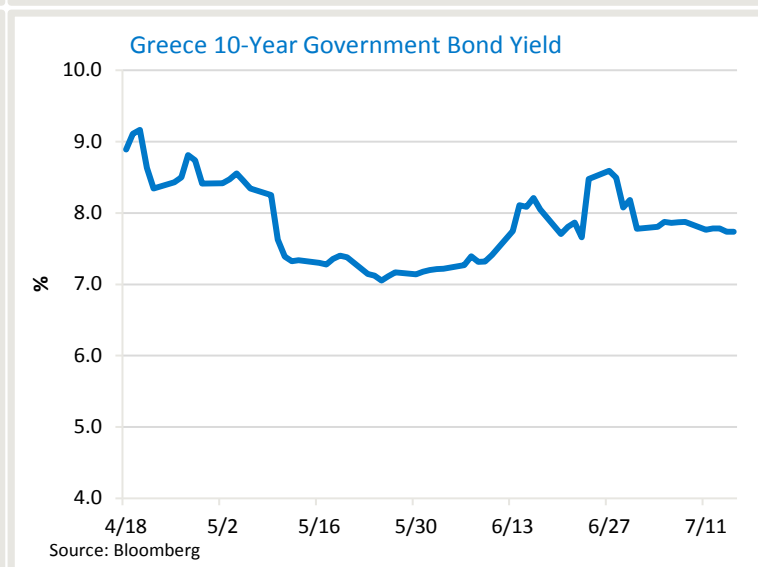
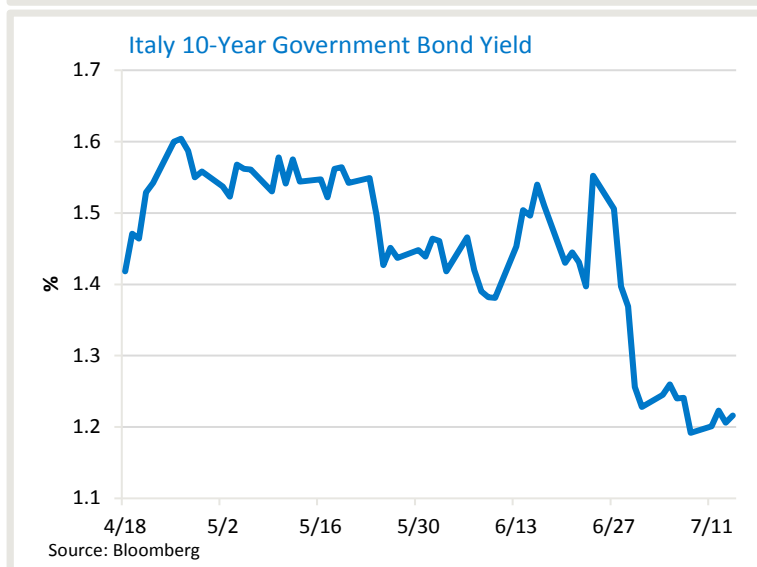
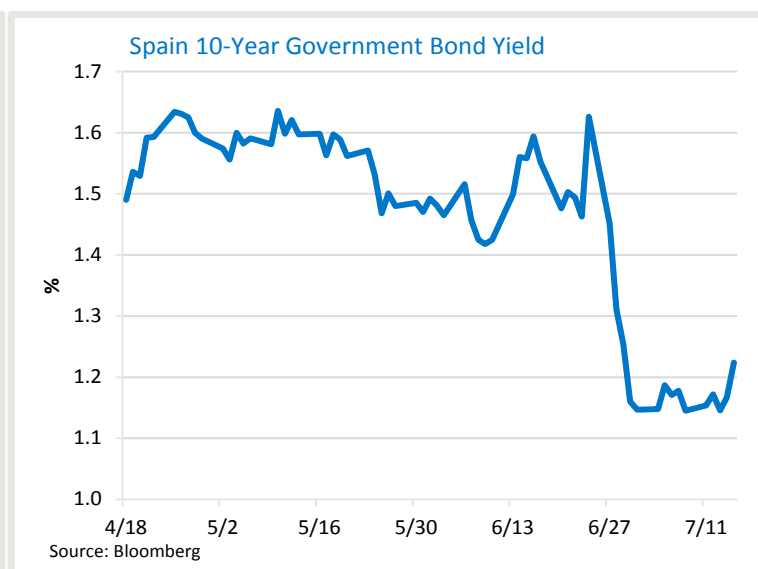
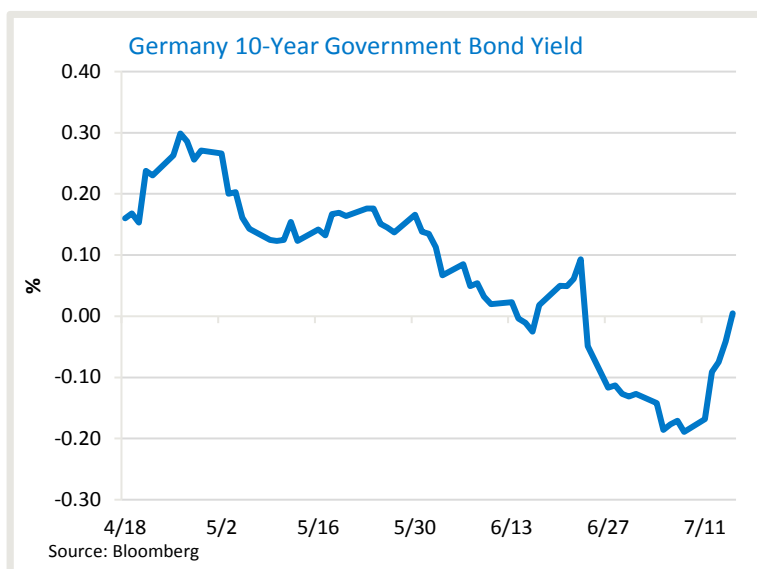
SELECTED EUROPEAN SOVEREIGN YIELD PERFORMANCE

	Last	Change	% Chg.	YTD %
Germany 10-Yr. Govt.	0.00	0 bps	NM	NM
Greece 10-Yr. Govt.	7.74	8 bps	NM	NM
Italy 10-Yr. Govt.	1.25	-6 bps	NM	NM
Spain 10-Yr. Govt.	1.22	-8 bps	NM	NM
Belgium 10-Yr. Govt.	0.25	-11 bps	NM	NM

Source: Bloomberg

Basis points (bps)

	Last	Change	% Chg.	YTD %
France 10-Yr. Govt.	0.23	-13 bps	NM	NM
Ireland 10-Yr. Govt.	0.50	-7 bps	NM	NM
Portugal 10-Yr. Govt.	3.12	-5 bps	NM	NM
Netherlands 10-Yr. Govt.	0.12	-12 bps	NM	NM
U.K. 10-Yr. Govt.	0.83	-9 bps	NM	NM

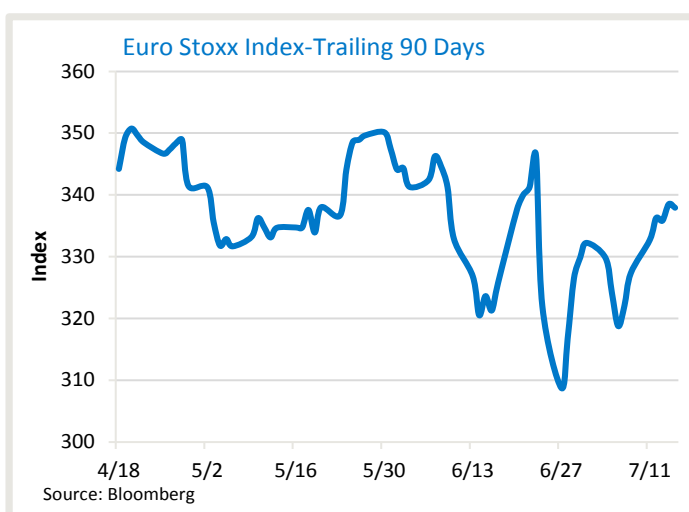
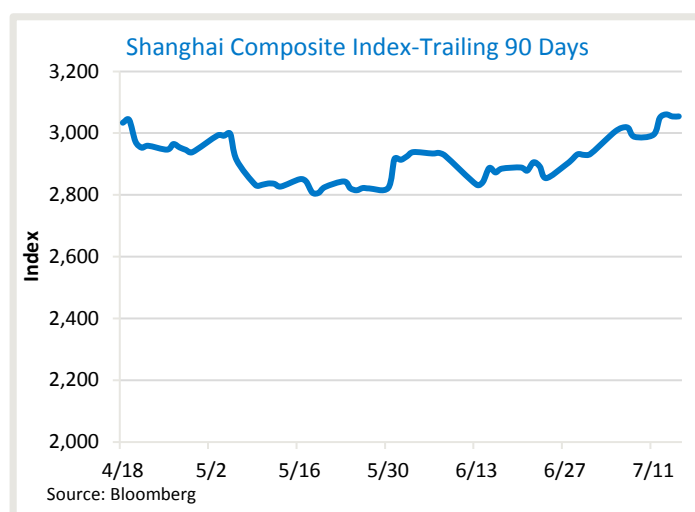
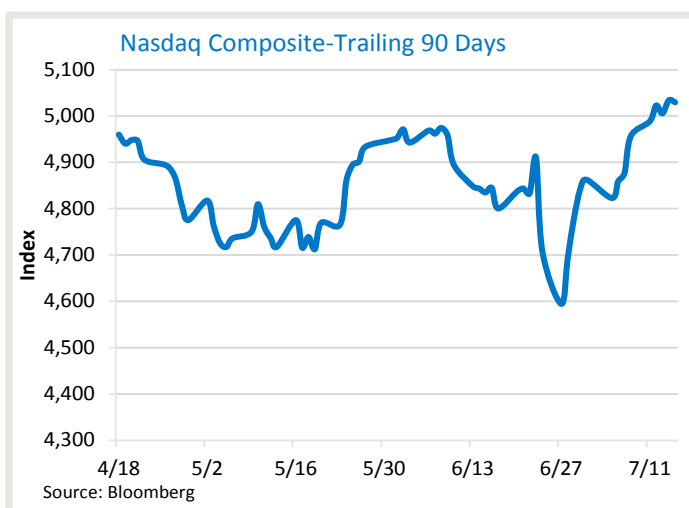
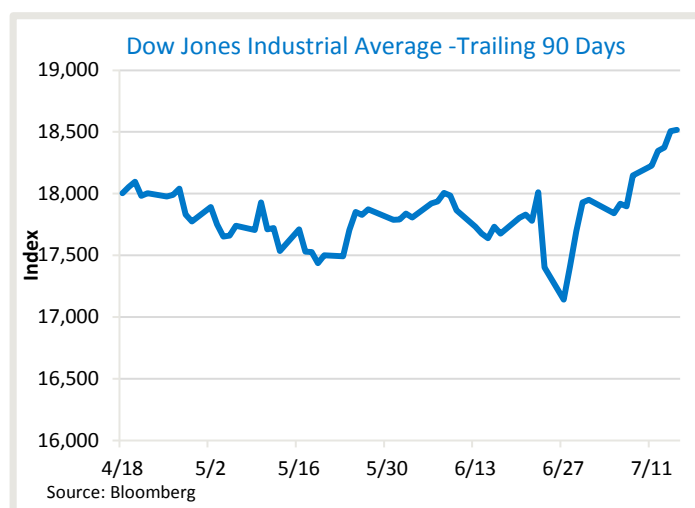


Equities

WORLD MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
S&P 500	2,161.74	31.84	1.49%	5.76%	Swiss Market Index	8,156.26	118.32	1.47%	-7.51%
Dow Industrials	18,516.55	369.81	2.04%	6.26%	CAC 40 Index (France)	4,372.51	181.83	4.34%	-5.71%
Nasdaq Composite	5,029.59	72.83	1.47%	0.44%	DAX Index (Germany)	10,066.90	437.24	4.54%	-6.29%
Russell Global	1,685.51	44.29	2.65%	3.3%	Irish Overall Index	5,790.94	210.52	3.77%	-14.73%
Russell Global EM	2,749.66	109.19	4.14%	8.4%	Nikkei 225	16,497.85	1390.87	9.21%	-13.32%
S&P/TSX (Canada)	14,482.42	222.58	1.56%	11.32%	Hang Seng Index	21,659.25	1095.08	5.33%	-1.16%
Mexico IPC	46,713.43	969.14	2.12%	8.69%	Shanghai Composite	3,054.30	66.20	2.22%	-13.70%
Brazil Bovespa	55,578.24	2437.50	4.59%	28.21%	Kospi Index (S. Korea)	2,017.26	54.16	2.76%	2.85%
Euro Stoxx 600	337.92	10.57	3.23%	-7.62%	Taiwan Taiex Index	8,949.85	308.94	3.58%	7.34%
FTSE 100	6,669.24	78.60	1.19%	6.84%	Tel Aviv 25 Index	1,460.97	48.53	3.44%	-4.43%
IBEX 35 (Spain)	8,531.00	345.10	4.22%	-10.62%	MICEX Index (Russia)	1,940.85	46.50	2.45%	10.19%

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



Equities – Emerging and Frontier Markets

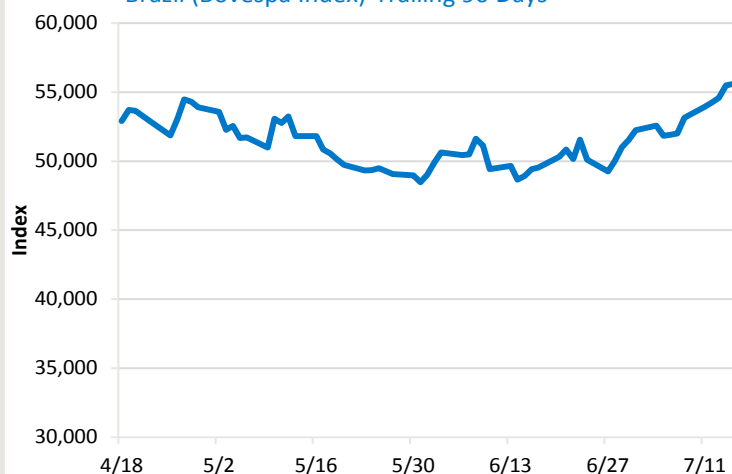
EMERGING AND FRONTIER MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
Mexico IPC	46,713.43	969.14	2.1%	8.7%
Brazil (Bovespa Index)	55,578.24	2437.50	4.6%	28.2%
MICEX Index (Russia)	1,940.85	46.50	2.5%	10.2%
Czech Republic (Prague)	863.55	52.29	6.4%	-9.7%
Turkey (Istanbul)	82,825.38	4805.88	6.2%	15.5%
Egypt (Hermes Index)	694.53	32.78	5.0%	10.2%
Kenya (Nairobi 20 Index)	3,596.98	-91.48	-2.5%	-11.0%
Saudi Arabia (TASI Index)	6,661.65	161.77	2.5%	-3.6%
Lebanon (Beirut BLOM Index)	1,156.44	0.87	0.1%	-1.1%
Palestine	514.04	8.64	1.7%	-3.5%

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

	Last	Change	% Chg.	YTD %
Hang Seng Index	21,659.25	1095.08	5.3%	-1.2%
India (Sensex 30)	27,836.50	709.60	2.6%	6.6%
Malaysia (KLCI Index)	1,668.40	23.86	1.5%	-1.4%
Singapore (Straits Times Index)	2,925.35	78.31	2.8%	1.5%
Thailand (SET Index)	1,492.00	36.35	2.5%	15.8%
Indonesia (Jakarta)	5,110.18	138.60	2.8%	11.3%
Pakistan (Karachi KSE 100)	39,188.47	1221.71	3.2%	19.4%
Vietnam (Ho Chi Minh)	664.56	5.88	0.9%	14.8%
Sri Lanka (Colombo)	6,422.69	56.38	0.9%	-6.8%
Cambodia (Laos)	1,110.82	4.58	0.4%	-5.4%

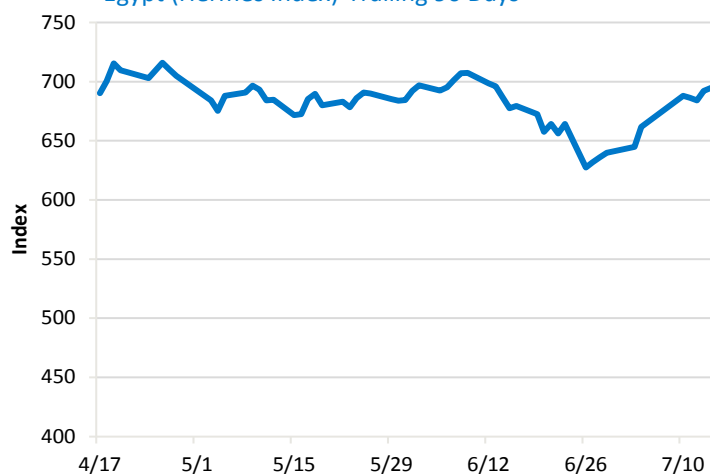
Brazil (Bovespa Index)-Trailing 90 Days



India (Sensex Index)-Trailing 90 Days



Egypt (Hermes Index)-Trailing 90 Days



Singapore (Straits Times Index)-Trailing 90 Days

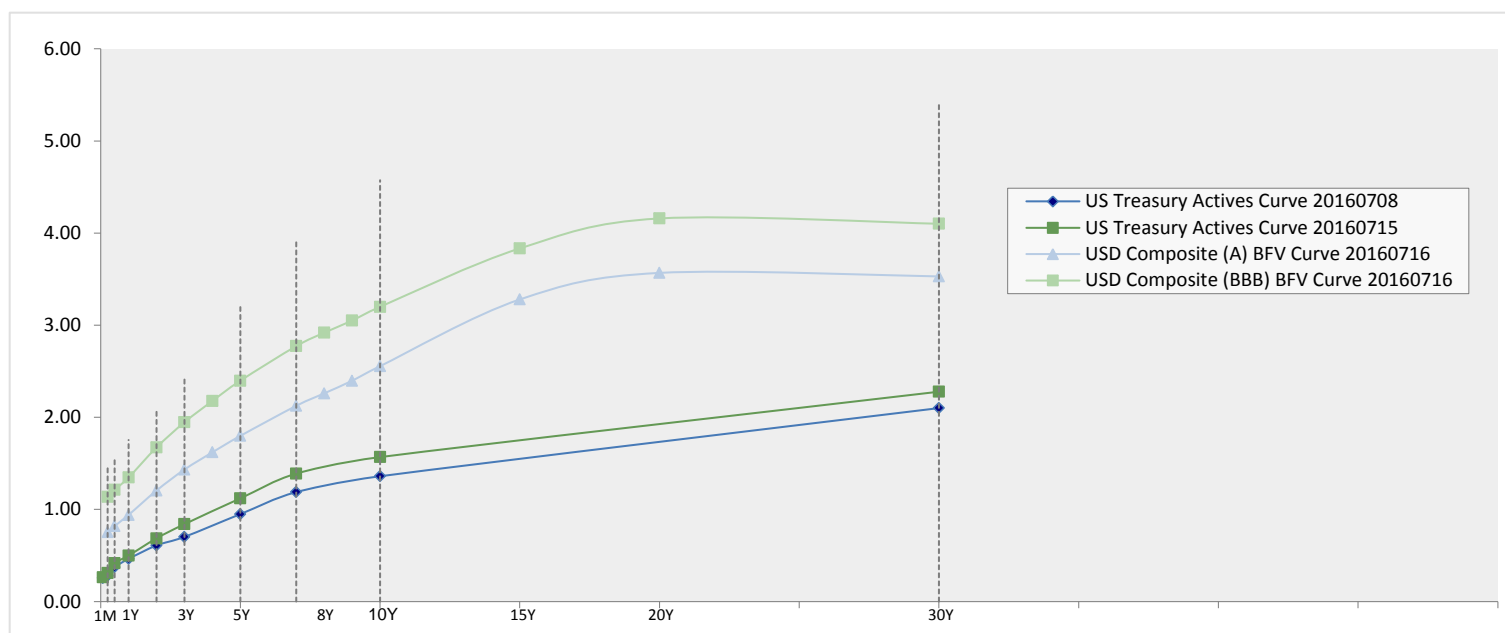


Interest Rates

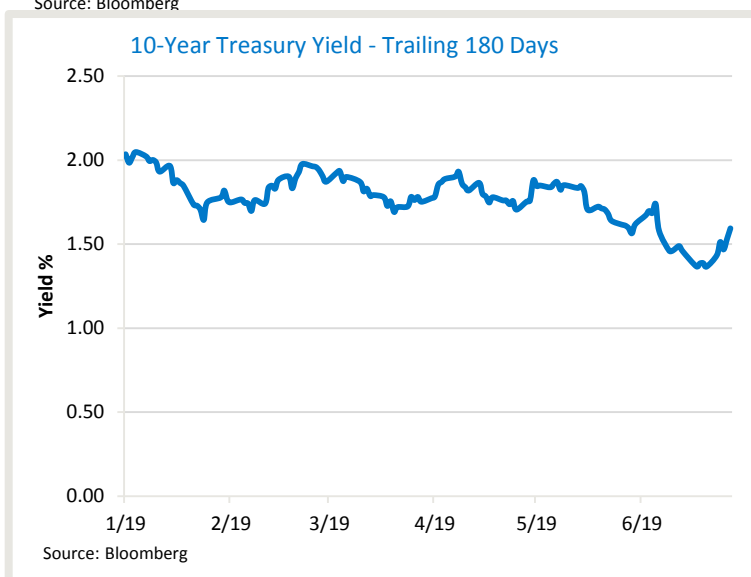
SELECTED INTEREST RATES

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
2-Yr. U.S. Treasury	0.68%	-1 bps	NM	NM	Prime Rate	3.50%	0.00	NM	NM
5-Yr. U.S. Treasury	1.15%	19 bps	NM	NM	Fed Funds Rate	0.50%	0.00	NM	NM
10-Yr. U.S. Treasury	1.59%	23 bps	NM	NM	Discount Rate	1.00%	0.00	NM	NM
30-Yr. U.S. Treasury	2.30%	19 bps	NM	NM	LIBOR (3 Mo.)	0.68%	1 bps	NM	NM
German 10-Yr. Govt.	0.00%	0 bps	NM	NM	Bond Buyer 40 Muni	2.64%	10 bps	NM	NM
France 10-Yr.	0.23%	-13 bps	NM	NM	Bond Buyer 40 G.O.	2.80%	NA	NM	NM
Italy 10-Yr.	1.25%	-6 bps	NM	NM	Bond Buyer 40 Rev.	2.98%	NA	NM	NM
Fed 5-Yr Fwd BE Inf.	1.35%	3 bps	NM	NM					

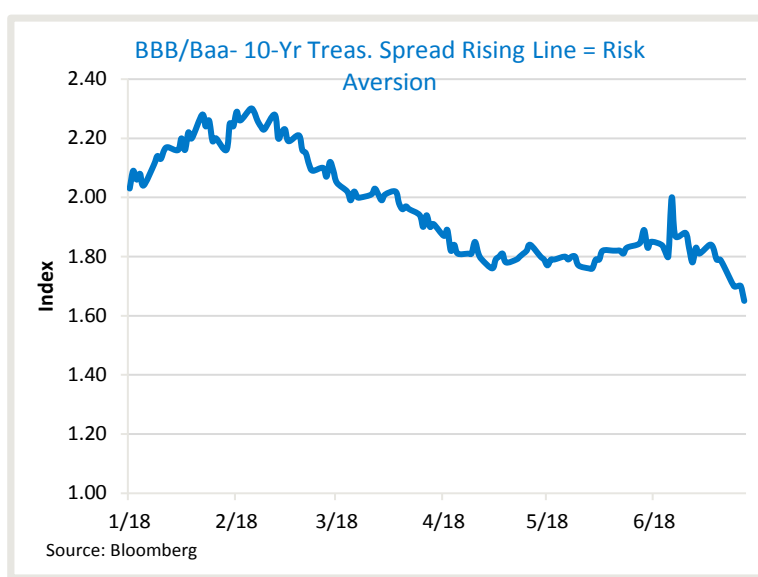
Source: Bloomberg



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg

Currencies

SELECTED CURRENCY PERFORMANCE

	Last	Change	% Chg.	YTD %
Dollar Index	96.62	0.305	0.32%	-2.05%
Euro	1.10	-0.001	-0.09%	1.65%
Japanese Yen	104.79	4.340	-4.14%	14.63%
British Pound	1.32	0.023	1.80%	-10.51%
Canadian Dollar	1.30	-0.008	0.65%	6.78%

Source: Bloomberg

	Last	Change	% Chg.	YTD %
Chinese Yuan	6.69	0.003	-0.04%	-2.99%
Swiss Franc	0.98	-0.001	0.14%	2.06%
New Zealand Dollar	0.71	-0.018	-2.44%	4.35%
Brazilian Real	3.27	-0.022	0.66%	20.81%
Mexican Peso	18.58	0.086	-0.46%	-7.44%

U.S. Dollar Index - Trailing Six Months



Source: Bloomberg

Euro - U.S. Dollars per Euro



Source: Bloomberg

Chinese yuan - yuan per U.S. Dollar



Source: Bloomberg

Japanese yen - Yen per U.S. Dollar



Source: Bloomberg

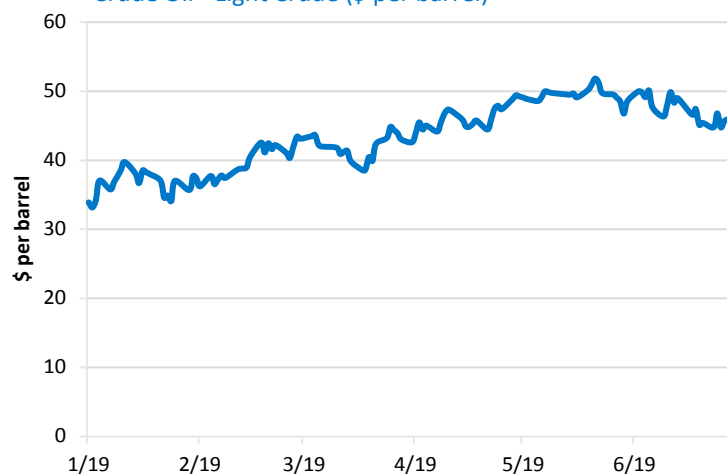
Commodities

SELECTED COMMODITY MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
Bloomberg Comm. Idx.	86.70	0.30	0.34%	10.36%	Platinum Spot	\$1,091.65	-\$6.35	-0.58%	22.37%
Rogers Int. Comm. Idx.	2252.65	0.00	0.00%	11.60%	Corn	358.25	-4.25	-1.17%	-6.46%
Crude Oil	\$46.17	\$0.55	1.21%	9.74%	Wheat	424.75	-10.25	-2.36%	-13.71%
Natural Gas	\$2.75	-\$0.05	-1.75%	9.08%	Soybeans	1,057.25	-0.50	-0.05%	19.77%
Gasoline (\$/Gal.)	\$2.22	-\$0.02	-1.07%	11.22%	Sugar	19.31	-0.26	-1.33%	31.54%
Heating Oil	140.38	-1.44	-1.02%	10.44%	Orange Juice	183.85	-4.10	-2.18%	26.88%
Gold Spot	\$1,338.10	-\$29.18	-2.14%	26.02%	Aluminum	1,683.00	20.00	1.20%	11.68%
Silver Spot	\$20.20	-\$0.11	-0.55%	45.60%	Copper	4,941.00	230.50	4.89%	5.02%

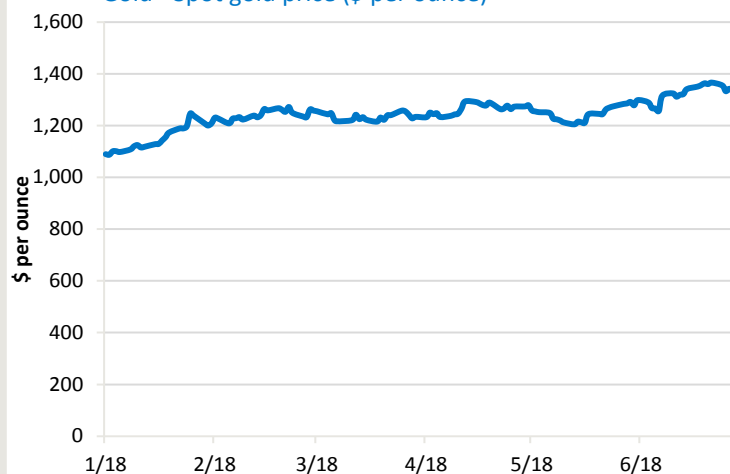
Source: Bloomberg; % change is based on price.

Crude Oil - Light Crude (\$ per barrel)



Source: Bloomberg

Gold - Spot gold price (\$ per ounce)



Source: Bloomberg

Copper



Source: Bloomberg

Corn - Active Contract



Source: Bloomberg

Alternative Investments

SELECTED ALTERNATIVE INVESTMENT INDEX PERFORMANCE

	Last	Change	% Chg.	YTD %
HFRX Global Hedge Fund Index	1176.33	4.10	0.35%	0.19%
HFRX Equity Market Neutral	993.64	1.08	0.11%	-4.47%
HFRX Equity Hedge Index	1125.22	10.35	0.93%	-2.52%
HFRX Event-Driven Index	1476.77	7.25	0.49%	4.86%
HFRX Absolute Return Index	1025.09	0.02	0.00%	-0.02%

	Last	Change	% Chg.	YTD %
HFRX Distressed Index	993.38	8.59	0.87%	10.84%
HFRX Merger Arbitrage Index	1780.11	-0.19	-0.01%	2.44%
HFRX Convertible Arbitrage Index	720.14	3.27	0.46%	2.56%
HFRX Macro CTA Index	1168.74	-4.90	-0.42%	-0.08%
IQ Fixed Income Beta Arb Index	1445.65	-7.19	-0.49%	4.22%

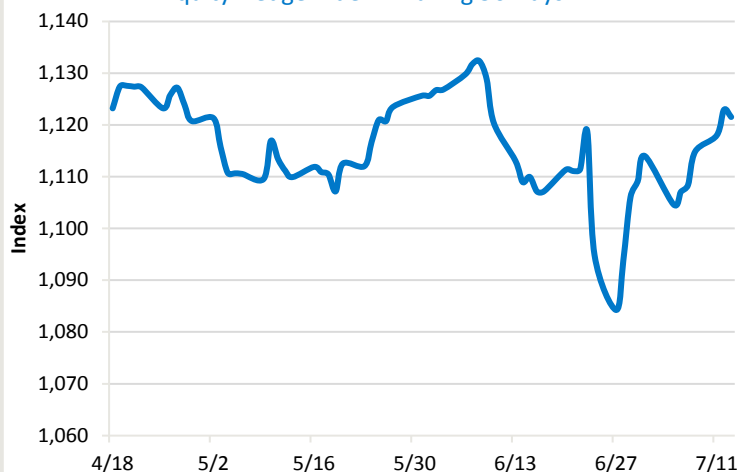
Source: Bloomberg; Index % change is based on price.

HFRX Global Hedge Fund Index - Trailing 90 Days



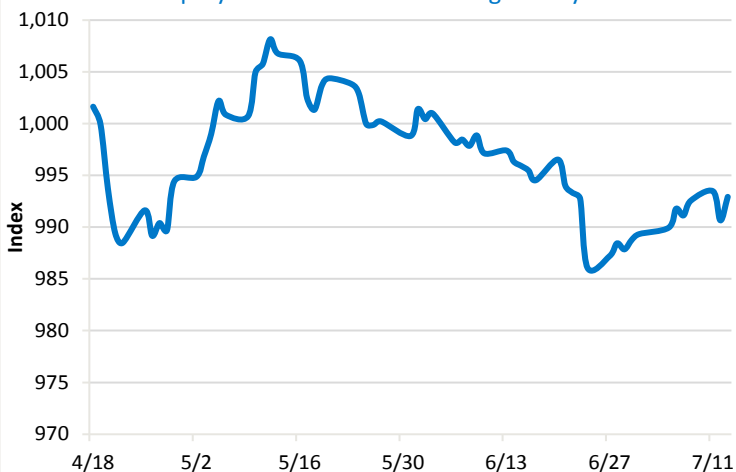
Source: Bloomberg

HFRX Equity Hedge Index - Trailing 90 Days



Source: Bloomberg

HFRX Equity Market Neutral - Trailing 90 Days



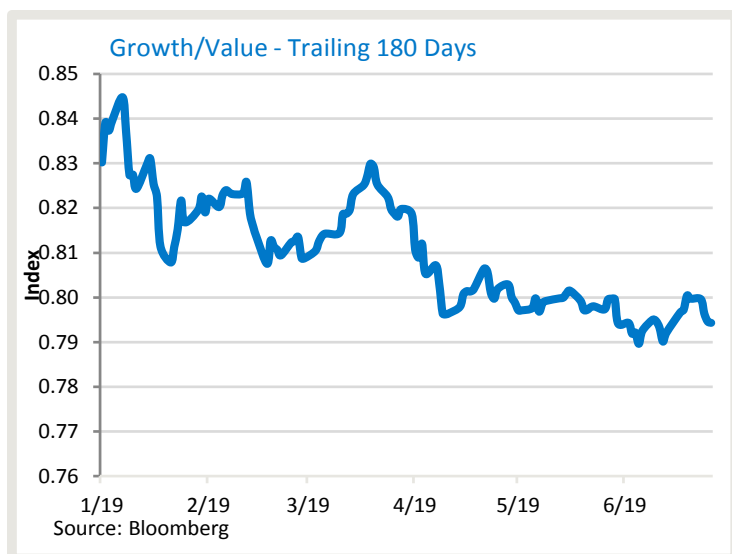
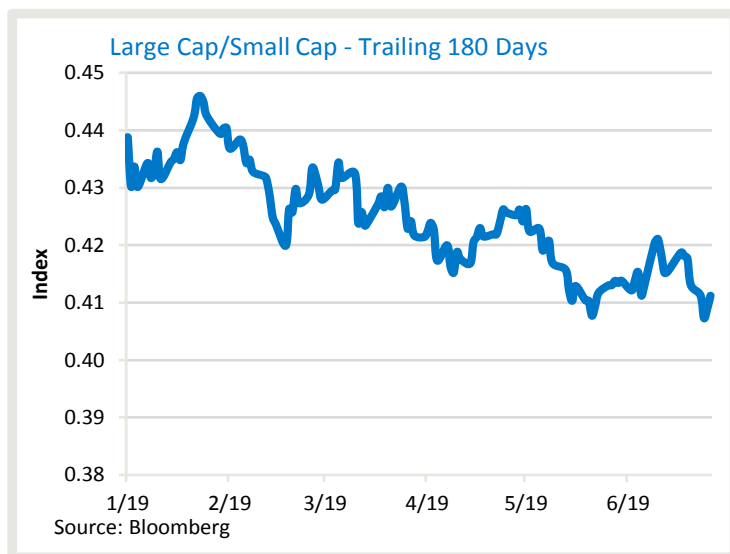
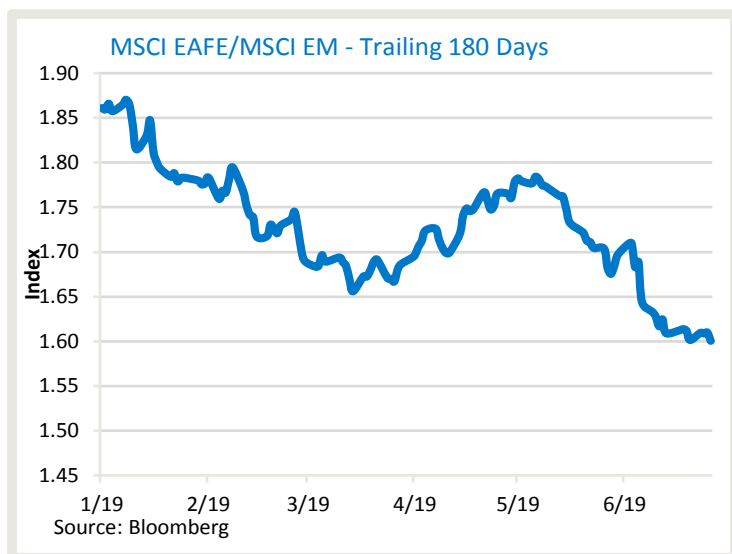
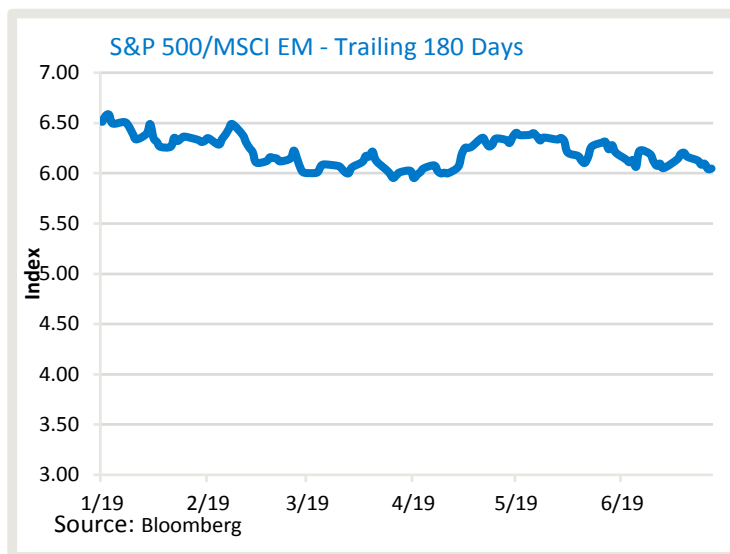
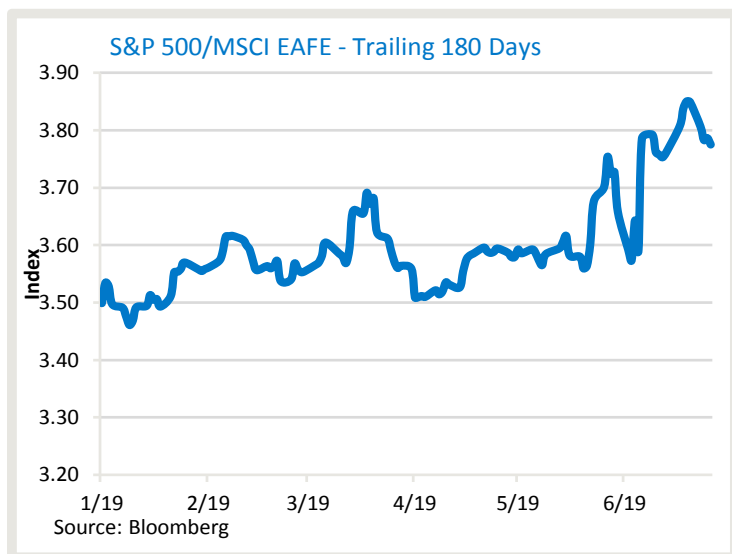
Source: Bloomberg

IQ Fixed Income Beta Arb Index - Trailing 90 Days

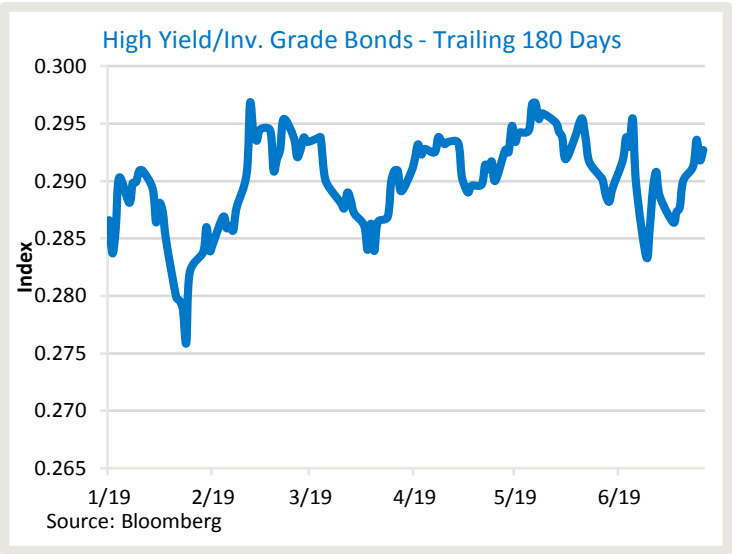
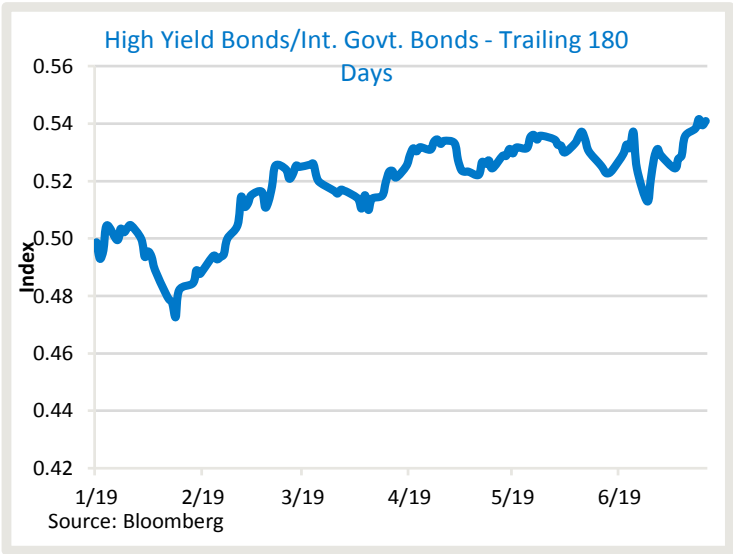
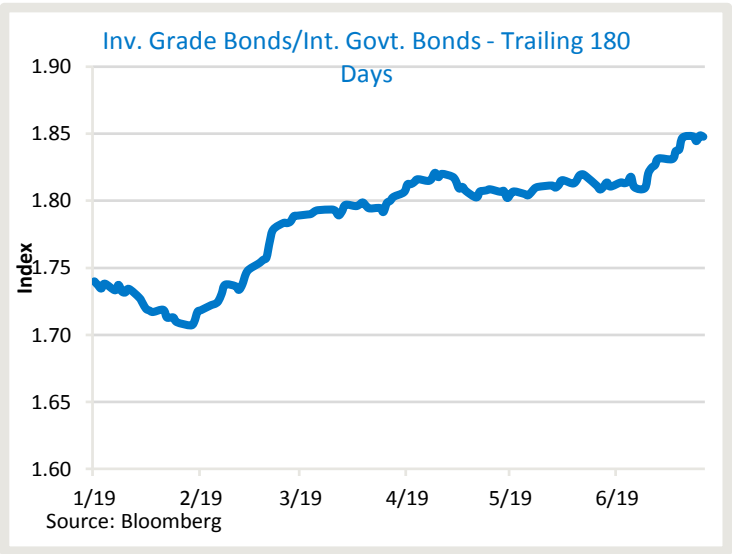
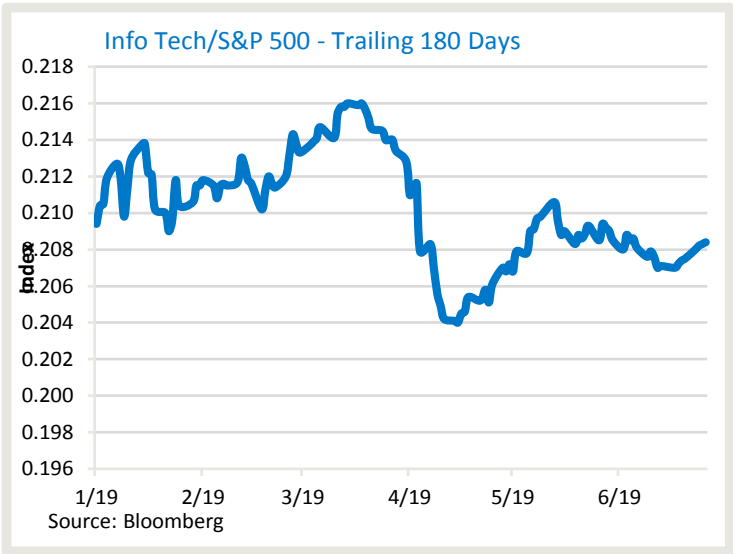


Source: Bloomberg

Portfolio Construction



Portfolio Construction (continued)



WEEKLY ASSET CLASS PERFORMANCE (Prior 12 weeks ending Thursday)

			4/28	5/5	5/12	5/19	5/26	6/2	6/9	6/16	6/23	6/30	7/7	7/14
Equity	Domestic Equity	Large Cap (R200)	-1.11%	-1.24%	0.67%	-1.09%	2.44%	0.60%	0.39%	-1.65%	1.50%	-0.59%	0.07%	2.98%
		Small Cap (R2000)	0.41%	-2.85%	0.06%	-1.25%	4.11%	2.70%	0.91%	-2.79%	2.09%	-1.73%	-0.19%	4.56%
	Int'l. Equity	MSCI EAFE	-1.06%	-3.34%	0.24%	-1.58%	3.11%	-1.01%	1.35%	-6.36%	7.53%	-4.66%	-1.58%	4.51%
		MSCI Em. Mkts.	-1.13%	-4.10%	-0.34%	-3.08%	2.70%	0.80%	3.42%	-4.45%	4.46%	-0.16%	-0.85%	4.71%
Fixed Income	BarCap Agg. (AGG)		0.35%	0.22%	-0.13%	-0.47%	0.16%	0.05%	0.61%	0.45%	-0.53%	1.20%	0.41%	-0.36%
	High Yield (JNK)		0.86%	-1.50%	0.66%	-0.20%	1.03%	-0.45%	1.14%	-1.58%	2.06%	0.17%	-0.28%	1.63%
Commodities	Bloomberg Commodity Index		1.50%	-2.51%	2.47%	-0.08%	0.79%	1.58%	3.66%	-2.94%	1.27%	0.56%	-3.72%	1.85%
Alternatives	Hedge Funds (HFRX Global)		0.02%	-0.75%	0.17%	-0.17%	0.77%	0.49%	0.46%	-0.82%	0.51%	-0.20%	0.31%	0.72%
Asset Allocation	60/40*		-0.34%	-1.36%	0.21%	-1.02%	1.85%	0.33%	0.85%	-1.87%	1.93%	-0.63%	-0.15%	2.21%
	48/32/20 (w/Alts.)**		-0.27%	-1.24%	0.20%	-0.85%	1.64%	0.36%	0.77%	-1.66%	1.65%	-0.54%	-0.06%	1.92%

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	1.01	1.00	1.01	1.02	1.00	1.02	1.03	1.00	1.14	1.00	0.91	1.13	0.98	0.99
Large Cap Growth	0.99	1.00	1.00	1.00	1.01	1.00	1.01	1.03	1.00	1.13	0.99	0.90	1.13	0.98	0.99
Large Cap Value	1.00	1.00	1.00	1.00	1.01	1.00	1.01	1.03	1.00	1.14	0.99	0.90	1.13	0.98	0.99
Mid Cap Core	0.99	1.00	1.00	1.00	1.01	0.99	1.01	1.03	1.00	1.13	0.99	0.90	1.12	0.98	0.99
Mid Cap Growth	0.98	0.99	0.99	0.99	1.00	0.98	1.00	1.02	0.99	1.12	0.98	0.89	1.11	0.97	0.98
Mid Cap Value	1.00	1.00	1.00	1.01	1.02	1.00	1.02	1.03	1.00	1.14	1.00	0.91	1.13	0.98	0.99
Small Cap Core	0.98	0.99	0.99	0.99	1.00	0.98	1.00	1.02	0.99	1.12	0.98	0.89	1.11	0.97	0.98
Small Cap Growth	0.97	0.97	0.97	0.97	0.99	0.97	0.98	1.00	0.97	1.10	0.97	0.88	1.10	0.95	0.96
Small Cap Value	1.00	1.00	1.00	1.00	1.01	1.00	1.01	1.03	1.00	1.14	0.99	0.90	1.13	0.98	0.99
Int'l. Developed	0.88	0.88	0.88	0.88	0.89	0.88	0.89	0.91	0.88	1.00	0.88	0.80	0.99	0.86	0.87
Emerging Markets	1.00	1.01	1.01	1.01	1.02	1.00	1.02	1.04	1.01	1.14	1.00	0.91	1.13	0.98	1.00
REITs	1.10	1.11	1.11	1.11	1.12	1.10	1.12	1.14	1.11	1.26	1.10	1.00	1.25	1.08	1.10
Commodities	0.88	0.89	0.89	0.89	0.90	0.88	0.90	0.91	0.89	1.01	0.88	0.80	1.00	0.87	0.88
Int. Bond	1.02	1.02	1.02	1.02	1.04	1.02	1.04	1.05	1.02	1.16	1.02	0.92	1.15	1.00	1.01
High Yield	1.01	1.01	1.01	1.01	1.02	1.01	1.02	1.04	1.01	1.15	1.00	0.91	1.14	0.99	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 & Key Definitions

Fed, The Fed or FED refers to the Federal Reserve System, the central bank of the United States. The **Federal Open Market Committee (FOMC)** is the monetary policymaking body of the Federal Reserve System. **Fed Funds Rate**, the interest rate at which a depository institution lends funds maintained at the Federal Reserve to another depository institution overnight. The **European Central Bank (ECB)** is the central bank for Europe's single currency, the euro. The ECB's main task is to maintain the euro's purchasing power and thus price stability in the euro area. The euro area comprises the 19 European Union countries that have introduced the euro since 1999. 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. 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. The **Consumer Price Index (CPI)** measures the change in the cost of a fixed basket of products and services. The **Producer Price Index (PPI)** program measures the average change over time in the selling prices received by domestic producers for their output. The prices included in the PPI are from the first commercial transaction for many products and some services. **Core CPI** is an additional CPI Index, excludes energy and food item price changes, and measures the "core" or "underlying" rate of inflation. The **PCE (Personal Consumption Expenditure) Index of Prices** is a US-wide indicator of the average increase in prices for all domestic personal consumption. Using a variety of data including U.S. Consumer Price Index and Producer Price Index prices, it is derived from personal consumption expenditures; essentially a measure of goods and services targeted towards individuals and consumed by individuals.

The **Dow Jones Industrial Average (DOW or DJIA)** is an unmanaged index of 30 common stocks comprised of 30 actively traded blue chip stocks, primarily industrials and assumes reinvestment of dividends. 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 Index** is a stock market index of the common stocks and similar securities listed on the NASDAQ stock market. The **US Dollar Index** is a measure of the value of the United States dollar relative to a basket of foreign currencies. It is a weighted geometric mean of the dollar's value relative to other select currencies (Euro, Japanese yen, Pound sterling, Canadian dollar, Swedish krona (SEK) & Swiss franc). The **Nikkei Index (Nikkei 225 or Nikkei)** is a stock market index for the Tokyo Stock Exchange calculated daily by the Nihon Keizai Shimbun (Nikkei) newspaper since 1950. It is a price-weighted index (the unit is yen), and the components are reviewed once a year. The **FTSE 100 Index (FTSE 100)** is a share index of the 100 companies listed on the London Stock Exchange (LSE) with the highest market capitalization. The **Bloomberg Commodity Index (formerly the Dow Jones-UBS Commodity Index)** tracks prices of futures contracts on physical commodities on the commodity markets and is designed to minimize concentration in any one commodity or sector (currently 22 commodity futures in seven sectors). The **Barclays Capital 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 Capital 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 Capital 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 Capital 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 **Barclays Capital 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 **Barclays Capital 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. Treasury securities, mortgage-backed securities (MBS) foreign bonds, government agency bonds and corporate bonds are some of the categories included in the index. The **Barclays Capital U.S. Corporate High-Yield Index** is composed of fixed-rate, publicly issued, non-investment grade debt. The **Barclays Capital U.S. Corporate 5-10 Year Index** includes U.S. dollar-denominated, investment-grade, fixed-rate, taxable securities issued by industrial, utility, & financial companies, with maturities between 5 & 10 years. The **DJ-UBS Commodity Index Total Return SM** 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 **University of Michigan Consumer Sentiment Index (MCSI)** is a survey of consumer confidence conducted by the University of Michigan using telephone surveys to gather information on consumer expectations regarding the overall economy. 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 EAFE Index** is designed to measure the equity market performance of developed markets outside of the U.S. & Canada. 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 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 **MSCI World ex-U.S. Index** captures large and mid-cap representation across 22 of 23 Developed Markets (DM) countries - excluding the US. With 1,002 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country. 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 **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 Intermediate US Government/Credit Bond Index** is a market capitalization-weighted index of investment-grade, fixed-rate debt issues, including Treasuries, government-related and U.S. corporate securities, with maturities of at least one year and less than 10 years. The **Philadelphia Fed Manufacturing Index** is a regional Federal Reserve Bank index measuring changes in business growth and is constructed from a survey of participants who voluntarily answer questions regarding the direction of change in their overall business activities. 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) and also 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 **Housing Market Index (HMI)** is based on a monthly survey of NAHB members designed to take the pulse of the single-family housing market. In May 2007, **Markit's U.S. PMI** research was extended out to cover producers of metal goods. In October 2009, Markit's U.S. Manufacturing PMI survey panel was extended further to cover all areas of U.S. manufacturing activity. The **NY Empire State Index** is an index based on the monthly survey of manufacturers in New York State - known as the Empire State Manufacturing Survey - conducted by the Federal Reserve Bank of New York. The headline number for the NY Empire State Index refers to the survey's main index, which summarizes general business conditions in New York State.

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