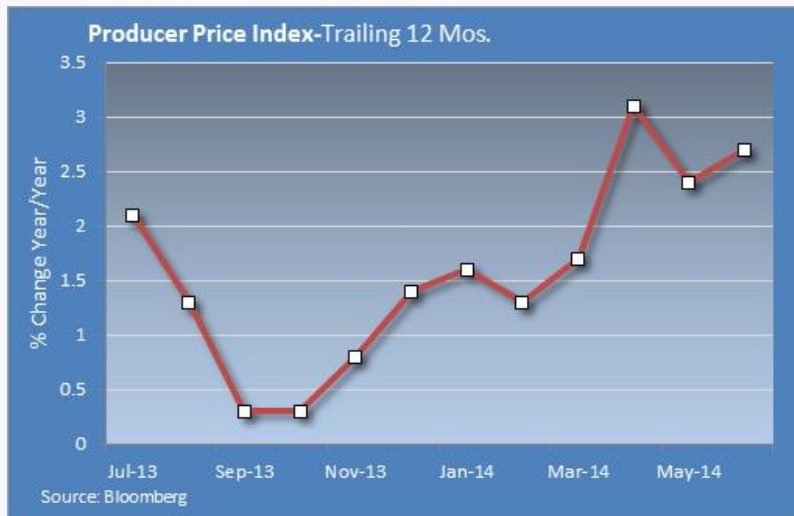




Chart of the Week



Weekly Highlights

- **Domestic stock prices were generally higher this week.** Most major equity indices were moderately higher this week, despite Thursday's 1.2% decline in the S&P 500, its largest loss since April. The drop also ended the S&P 500's 62-day streak of not having a gain or loss of more than 1%. Investors have been skittish this week over rising tensions in the Middle East and Ukraine. The Chicago Board Options Exchange's VIX index, which measures equity market volatility, jumped 32% yesterday, its largest increase since April 2013.
- **Global markets were also modestly higher on the week.** With the notable exception of Russia, world markets on balance posted moderate gains. Yesterday's missile strike on a Malaysian passenger jet over Ukraine heightened investor anxiety in both developed and emerging markets. China's markets gained ground on speculation that curbs on property investment will be loosened.
- **Treasury prices were slightly higher for the week.** The yield on the benchmark 10-year U.S. Treasury declined modestly on the week.
- **Commodity indices were lower on the week.** Crude oil climbed, grains were mixed, and metals were lower.

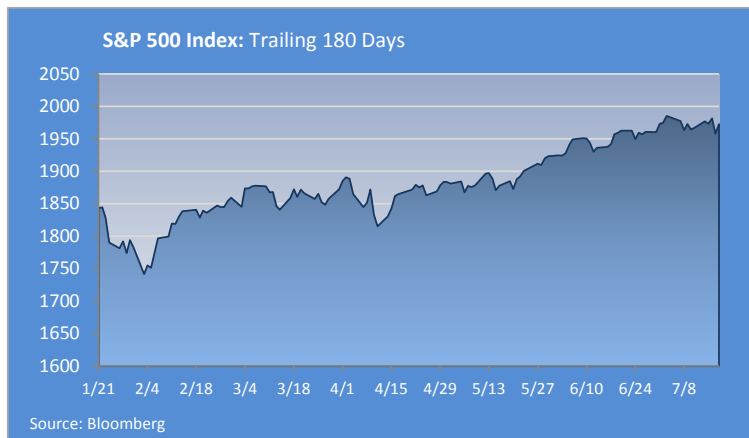
Talking Points

- **Among equities**, large-caps outperformed small-caps, and value stocks outperformed growth-oriented issues. Domestic stocks underperformed international equities. Developed markets underperformed emerging market stocks.
- **Treasury prices rose slightly this week.** The yield on the 10-year T-note was modestly lower.
- **Commodity prices declined on the week.** Energy rose, grains were mixed and metals fell.
- **The dollar was higher** this week against a basket of currencies.
- **Among economic data released this week**, retail sales gained in June; wholesale prices rose more than forecast as a result of rising energy prices; industrial production climbed in June to close the strongest quarter in about four years; housing starts unexpectedly declined; and initial jobless claims declined in the latest week.

MARKET DASHBOARD

	Last Price	Change	% Chg.	YTD %
S&P 500	1,978.22	5.54	0.28%	6.7%
Dow Industrials	17,100.18	135.98	0.80%	3.0%
Nasdaq	4,432.15	1.33	0.03%	5.8%
Russell 2000	1,151.60	-12.08	-1.04%	-1.4%
Euro Stoxx Index	339.66	2.75	0.82%	3.5%
Shanghai Composite	2,059.07	12.11	0.59%	-2.7%
Russell Global	1,778.56	4.42	0.25%	4.9%

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



	Last Price	Change	% Chg.	YTD %
Russell Global EM	3,298.79	11.56	0.35%	6.2%
10-Year US Treas.	2.48	-4 bps	NM	NM
DJ UBS Comm. Idx.	129.29	-0.78	-0.60%	2.9%
Gold	\$1,310.34	-\$31.64	-2.36%	8.8%
Crude Oil	\$103.01	\$2.09	2.07%	7.7%
Dollar Index	80.54	0.39	0.49%	0.7%
VIX Index	12.21	0.21	1.74%	-10.4%

One Week			YTD		
	Value	Growth	Value	Growth	
L	0.74%	0.41%	0.08%	6.90%	6.55%
				6.22%	
	0.13%	-0.14%	-0.40%	9.38%	6.80%
				4.52%	
S	-0.64%	-1.04%	-1.44%	0.00%	-1.36%
				-2.68%	

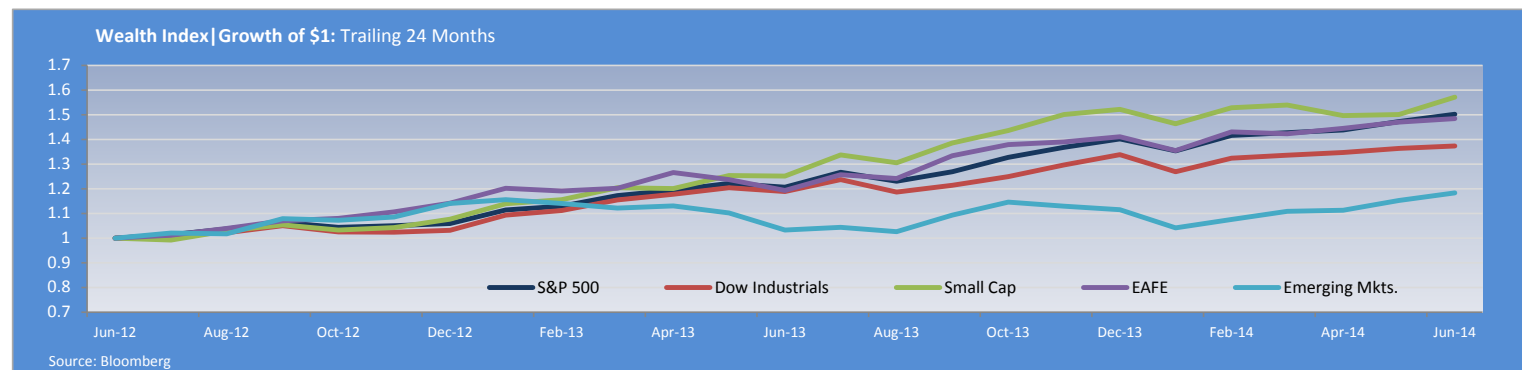
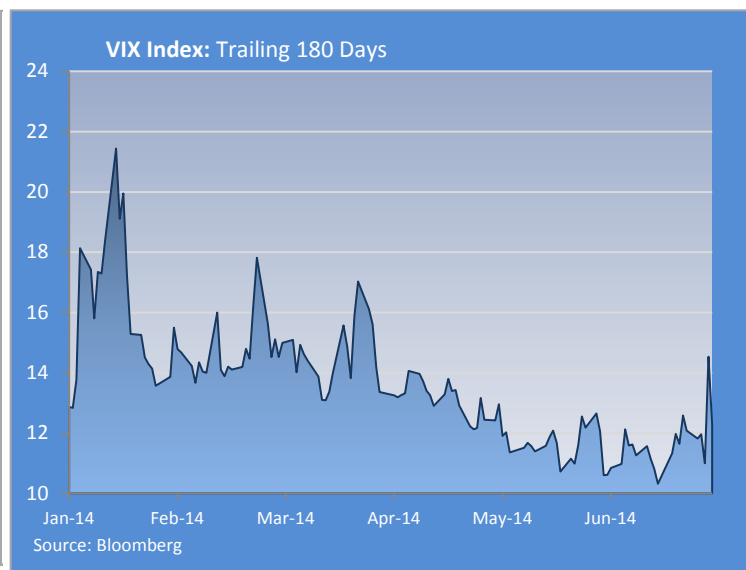
Source: Bloomberg

Sector Performance:

S&P/Global Industry Classification Sectors (GICS)

	% Wgt in S&P 500	Week % Chg.	YTD % Chg.
Consumer Discretionary	11.9	-0.08%	0.8%
Consumer Staples	9.5	-0.39%	4.8%
Energy	10.7	0.53%	10.6%
Financials	16.1	0.94%	4.7%
Health Care	13.3	-0.80%	10.1%
Industrials	10.5	0.19%	3.1%
Information Technology	19.1	1.16%	10.6%
Materials	3.5	0.68%	8.1%
Telecom Services	2.5	0.80%	4.6%
Utilities	3.0	-0.48%	12.1%

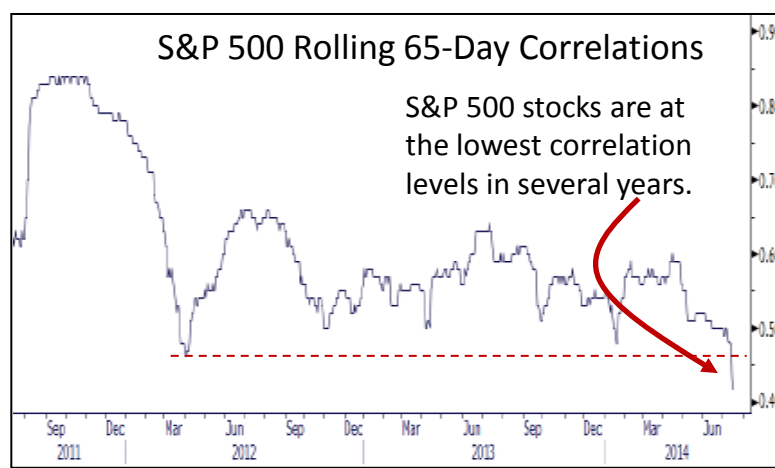
Source: Bloomberg



A Macro View – An Improving Environment for Active Management?

After several years of rising correlations across stocks, it appears the market is now in a period of increasing dispersion, creating an environment potentially favorable for active management. When correlations rise – and stocks generally move in the same direction – it is more difficult for an active manager to add value through security selection. However, as correlations decline, opportunities for outperforming the benchmark are more plentiful.

Several reasons have been posited for the rise in correlations over the past few years. Some analysts have stated that the explosion in growth of exchange-traded funds (ETFs) has been the primary driver, as the ETF sponsors must buy all the stocks in the index as investors buy the ETF and new shares are created as a result. Another prevalent rationale is that correlations of all assets tend to rise in periods of market distress similar to that which occurred in 2008 and early 2009. In this type of environment, the macro situation is the biggest influence on asset prices, and individual company fundamentals matter less.

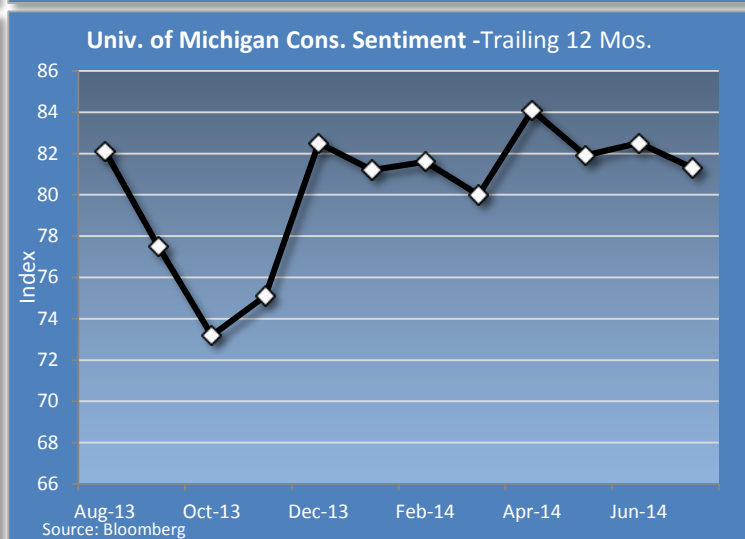
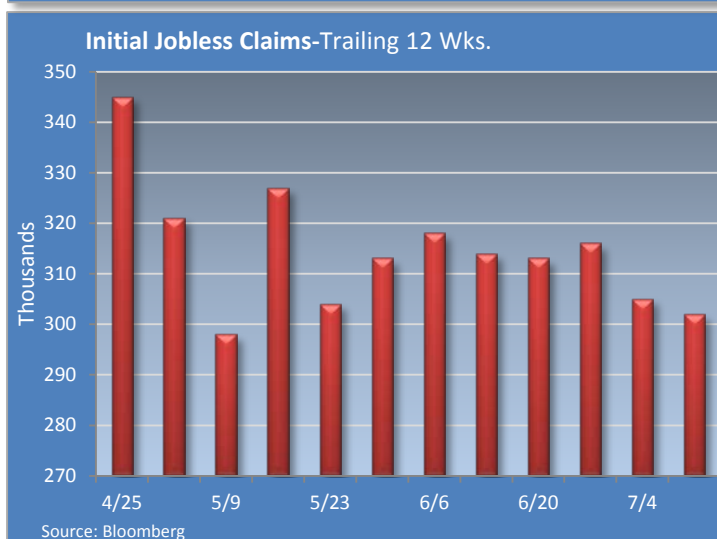
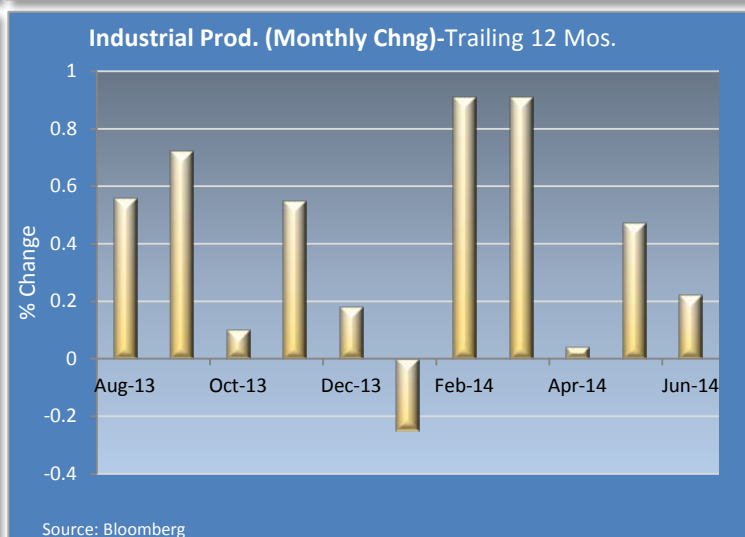
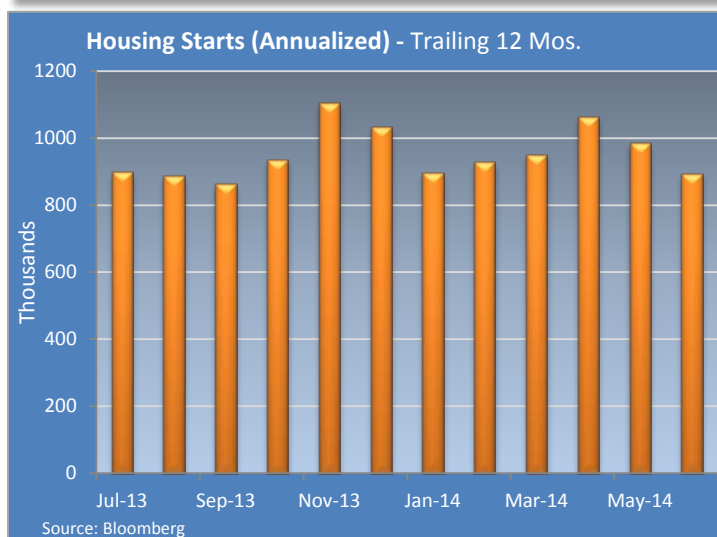
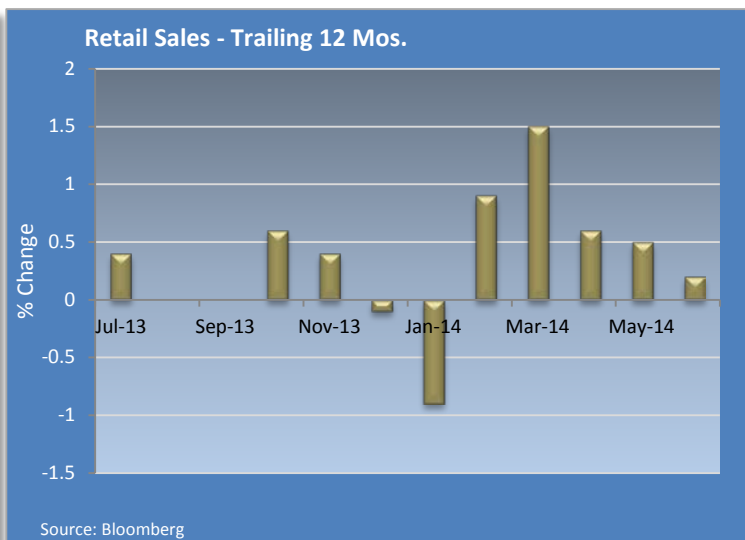
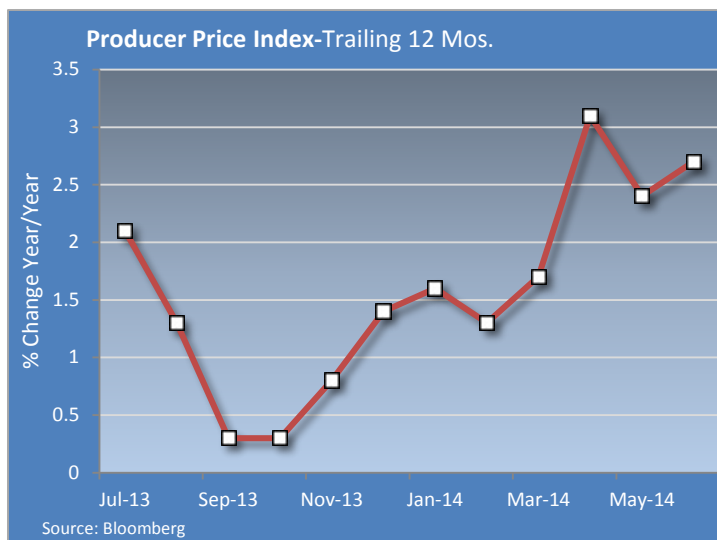


Over the past several months, equity market volatility has declined to the lowest level in seven years. Periods of low volatility tend to correspond to lower investor risk aversion, meaning worries about systemic macro issues are less of a factor in determining stock prices. Within this type of backdrop, fundamentals play an important role, and active managers can distinguish themselves.

Does a low volatility, declining correlation environment like the present mean that an investor's entire portfolio should be actively managed? As one might expect, the answer is: it depends. For advisors and clients having a philosophy favoring active management, this point in the cycle should prove helpful with respect to relative performance, assuming alpha-generating managers have been selected. On the other hand, research indicates that for many asset classes it is extremely difficult to pick managers that can consistently outperform the benchmark, so creating a portfolio that combines both active managers in the less efficient asset classes such as small cap and emerging markets with passive strategies in the more efficient segments can be highly effective.

Brandon Thomas
Chief Investment Officer

THIS WEEK IN THE ECONOMY AND MARKETS



EUROZONE

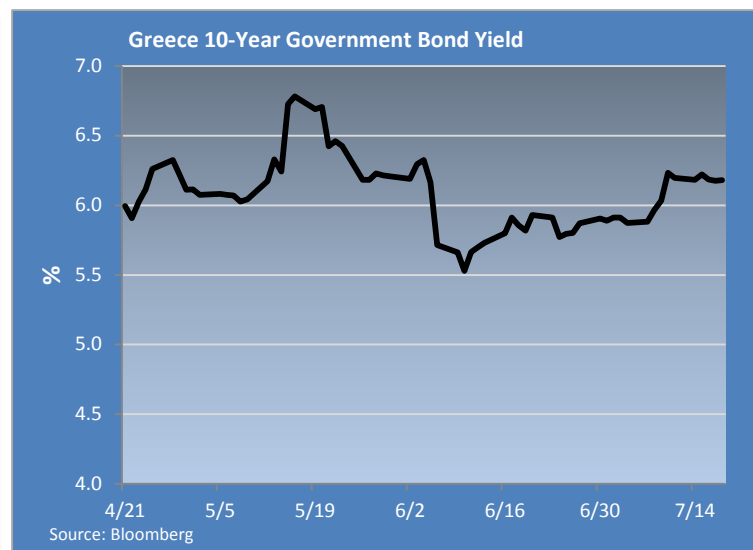
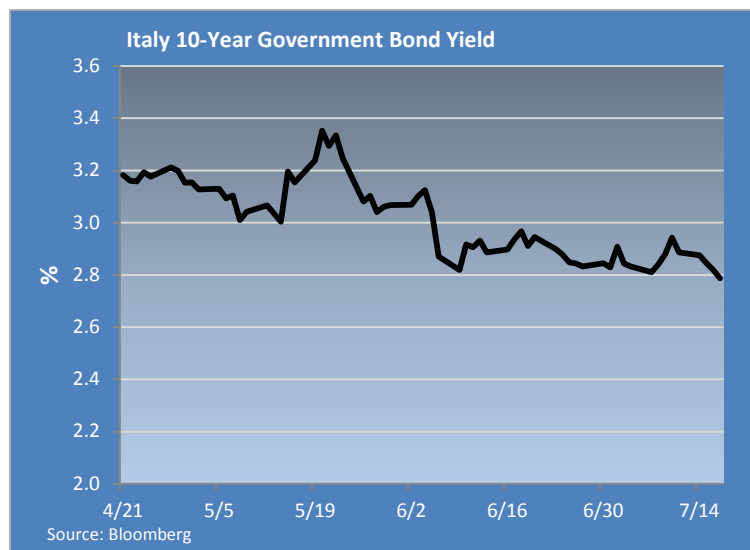
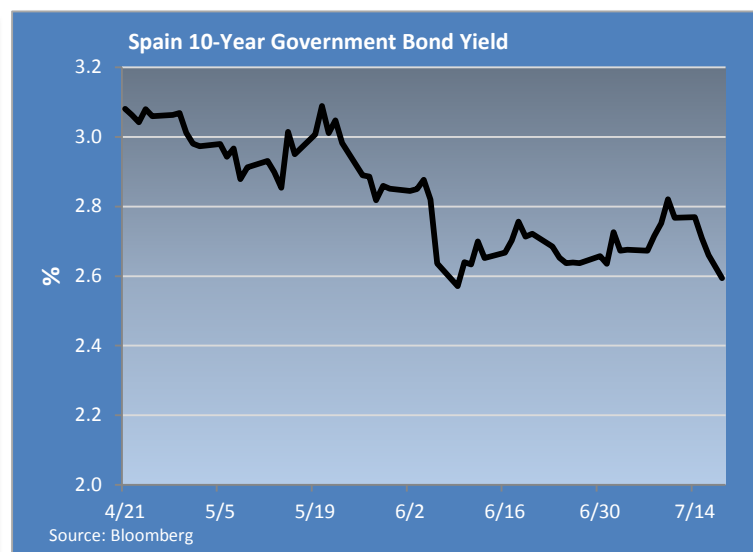
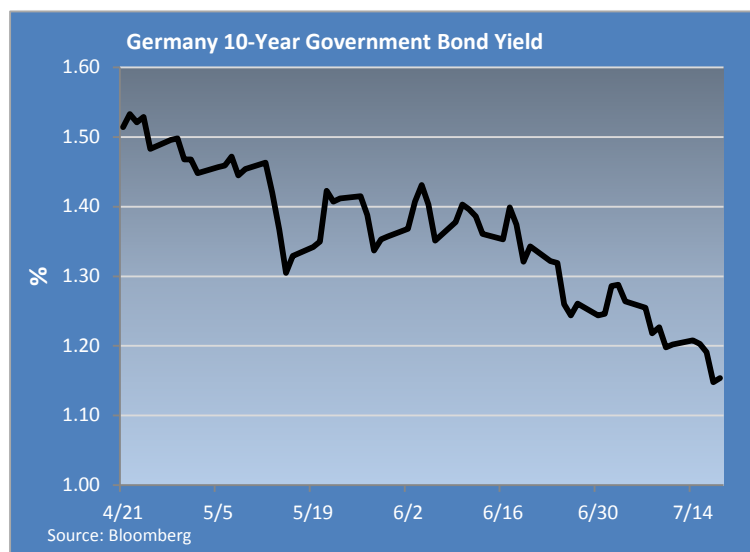
SELECTED EUROPEAN SOVEREIGN YIELD PERFORMANCE

	Last	Change	% Chg.	YTD %
Germany 10-Yr. Govt.	1.15	4 bps	NM	NM
Greece 10-Yr. Govt.	6.18	2 bps	NM	NM
Italy 10-Yr. Govt.	2.78	10 bps	NM	NM
Spain 10-Yr. Govt.	2.59	15 bps	NM	NM
Belgium 10-Yr. Govt.	1.57	6 bps	NM	NM

Source: Bloomberg

Basis points (bps)

	Last	Change	% Chg.	YTD %
France 10-Yr. Govt.	1.57	6 bps	NM	NM
Ireland 10-Yr. Govt.	2.27	3 bps	NM	NM
Portugal 10-Yr. Govt.	3.65	17 bps	NM	NM
Netherlands 10-Yr. Govt.	1.36	6 bps	NM	NM
U.K. 10-Yr. Govt.	2.57	2 bps	NM	NM



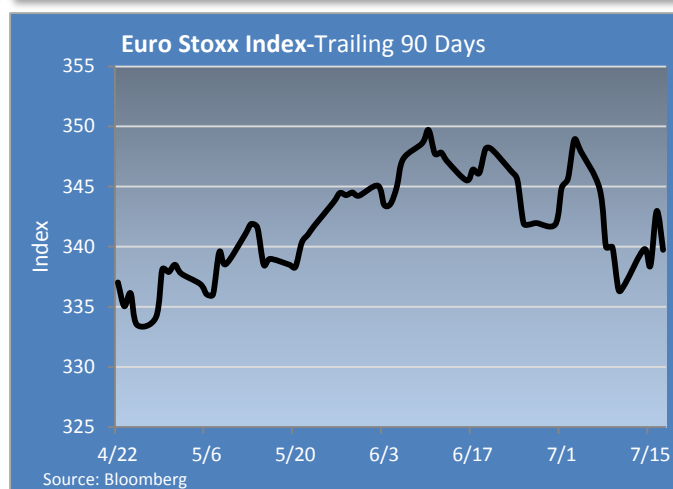
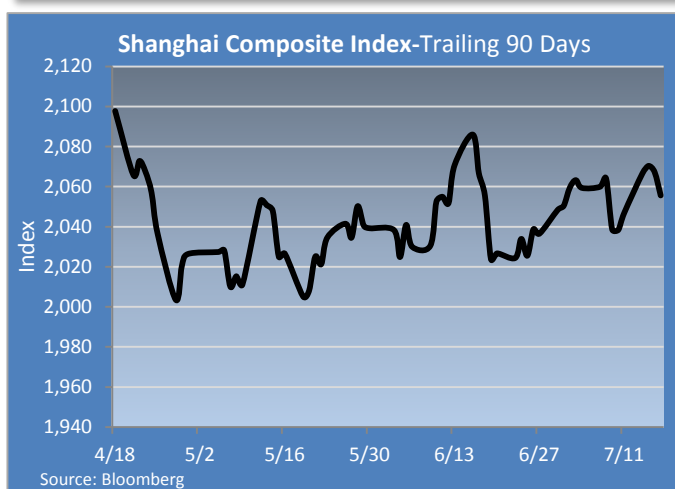
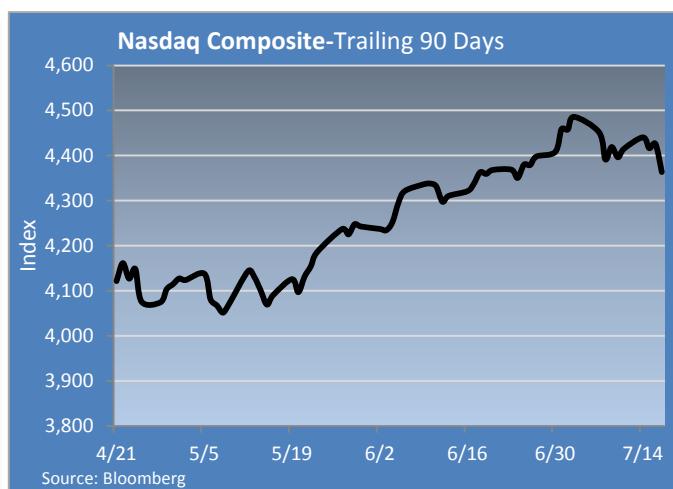
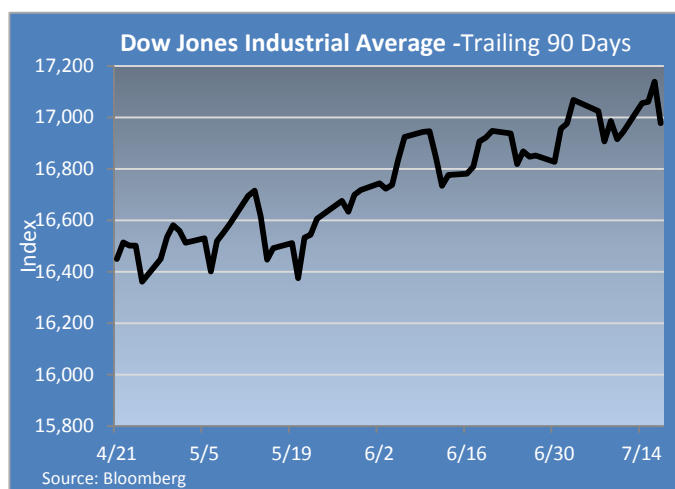
EQUITIES

WORLD MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
S&P 500	1,978.22	5.54	0.28%	6.75%
Dow Industrials	17,100.18	135.98	0.80%	3.04%
Nasdaq Composite	4,432.15	1.33	0.03%	5.75%
Russell Global	1,778.56	4.42	0.25%	4.9%
Russell Global EM	3,298.79	11.56	0.35%	6.2%
S&P/TSX (Canada)	15,268.11	138.64	0.92%	12.06%
Mexico IPC	44,278.90	601.66	1.38%	3.17%
Brazil Bovespa	57,012.90	2626.41	4.79%	11.46%
Euro Stoxx 600	339.66	2.75	0.82%	3.47%
FTSE 100	6,749.45	59.28	0.89%	0.01%
IBEX 35 (Spain)	10,527.00	-11.80	-0.11%	6.15%

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

	Last	Change	% Chg.	YTD %
Swiss Market Index	8,511.43	42.91	0.51%	3.76%
CAC 40 Index (France)	4,335.31	18.81	0.44%	0.92%
DAX Index (Germany)	9,720.02	53.68	0.56%	1.76%
Irish Overall Index	4,700.71	43.57	0.94%	3.55%
Nikkei 225	15,215.71	51.67	0.34%	-6.60%
Hang Seng Index	23,454.79	221.34	0.95%	0.64%
Shanghai Composite	2,059.07	12.11	0.59%	-2.69%
Kospi Index (S. Korea)	2,019.42	30.68	1.54%	0.40%
Taiwan Taiex Index	9,400.97	-94.87	-1.00%	9.17%
Tel Aviv 25 Index	1,401.26	29.65	2.16%	5.41%
MICEX Index (Russia)	1,422.53	-77.29	-5.15%	-5.42%



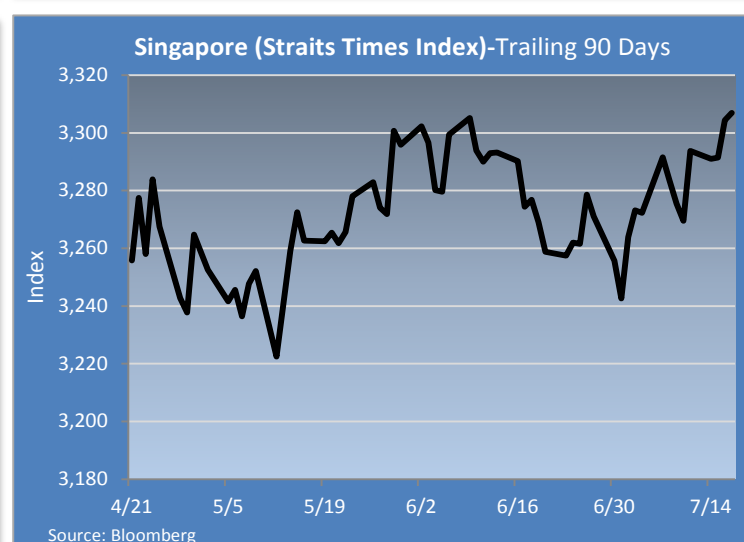
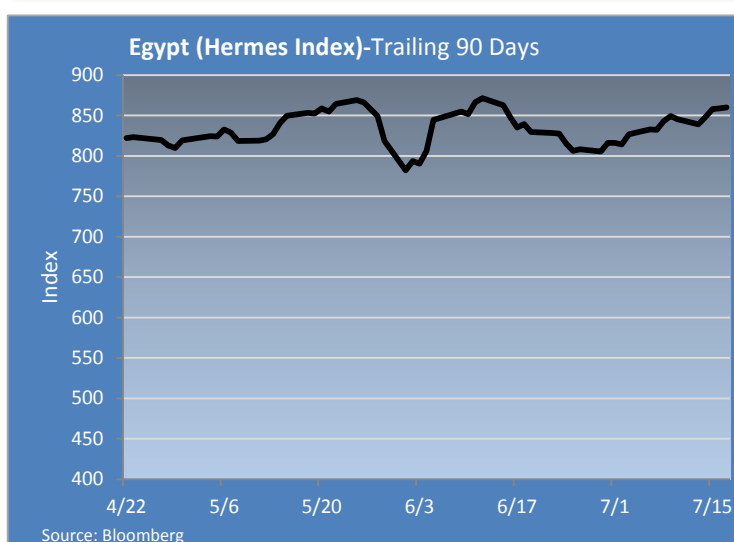
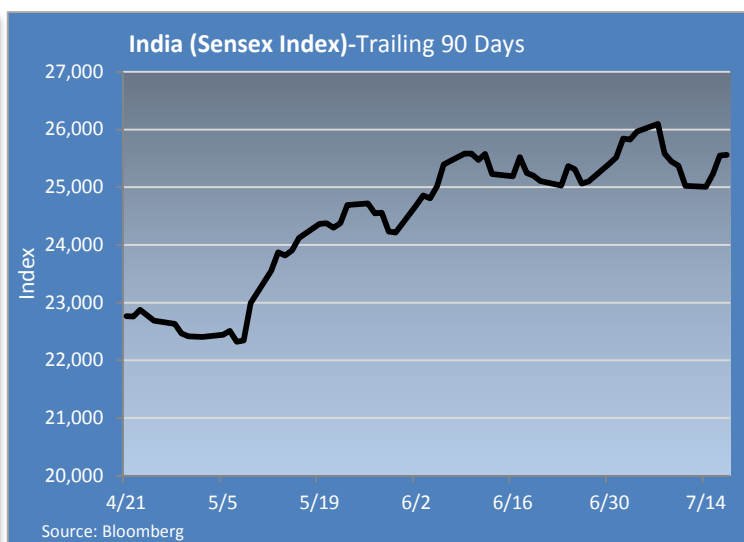
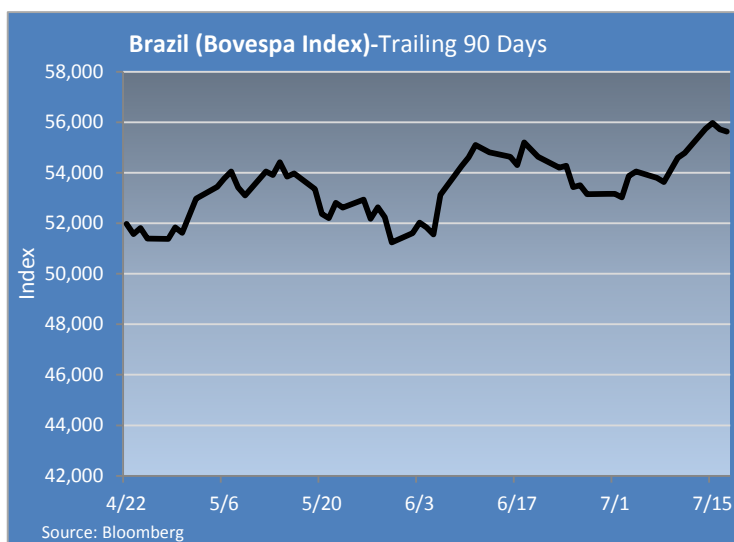
EQUITIES – EMERGING AND FRONTIER MARKETS

EMERGING AND FRONTIER MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
Mexico IPC	44,282.09	601.66	1.4%	3.2%
Brazil (Bovespa Index)	57,012.90	2626.41	4.8%	11.5%
MICEX Index (Russia)	1,422.53	-77.29	-5.2%	-5.4%
Czech Republic (Prague)	944.10	-16.44	-1.7%	-4.5%
Turkey (Istanbul)	82,314.53	2950.10	3.7%	21.4%
Egypt (Hermes Index)	859.90	14.68	1.7%	27.3%
Kenya (Nairobi 20 Index)	4,910.60	8.42	0.2%	-0.3%
Saudi Arabia (TASI Index)	9,786.58	-16.71	-0.2%	14.7%
Lebanon (Beirut BLOM Index)	1,197.44	-3.46	-0.3%	4.1%
Palestine	508.80	8.87	1.8%	-6.0%

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

	Last	Change	% Chg.	YTD %
Hang Seng Index	23,454.79	221.34	1.0%	0.6%
India (Sensex 30)	25,641.56	617.21	2.5%	21.1%
Malaysia (KLCI Index)	1,872.97	-10.18	-0.5%	0.3%
Singapore (Straits Times Index)	3,310.53	16.80	0.5%	4.5%
Thailand (SET Index)	1,533.41	15.40	1.0%	18.1%
Indonesia (Jakarta)	5,087.01	54.41	1.1%	19.0%
Pakistan (Karachi KSE 100)	30,224.89	906.83	3.1%	19.6%
Vietnam (Ho Chi Minh)	596.26	13.49	2.3%	18.2%
Sri Lanka (Colombo)	6,722.20	60.80	0.9%	13.7%
Cambodia (Laos)	1,353.77	-28.05	-2.0%	8.0%

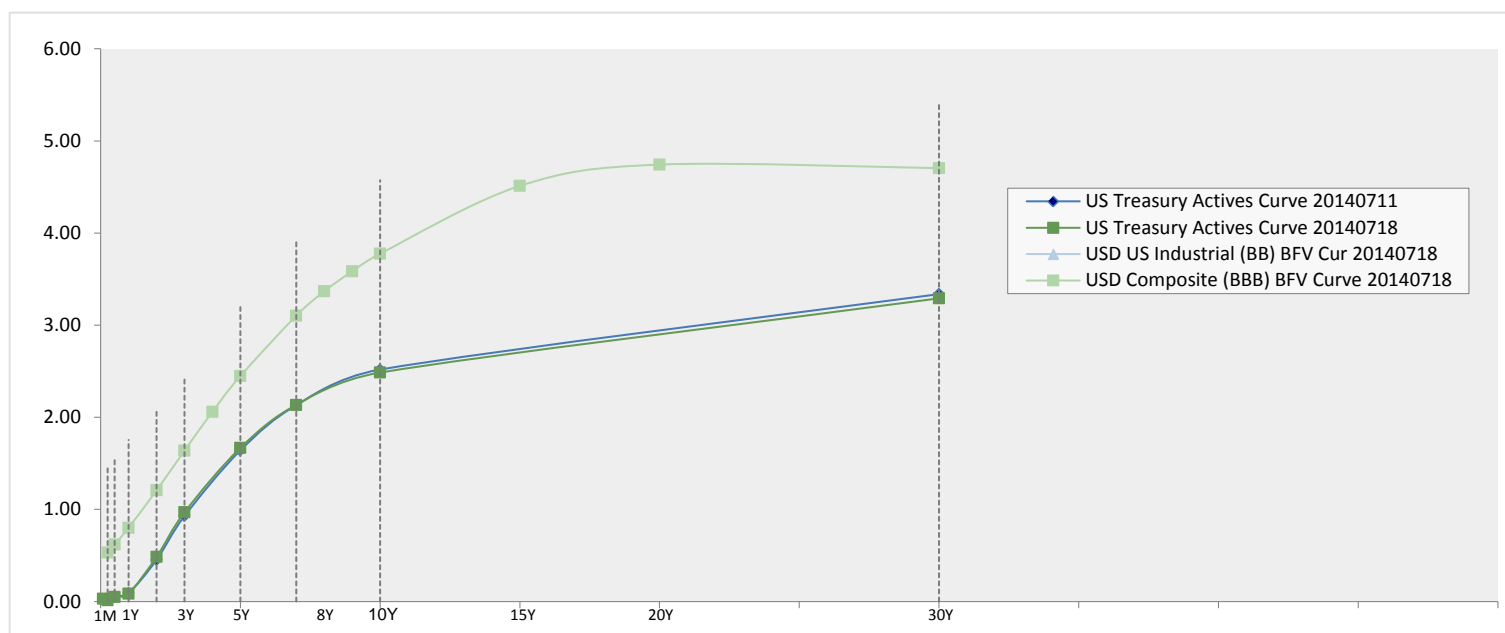


INTEREST RATES

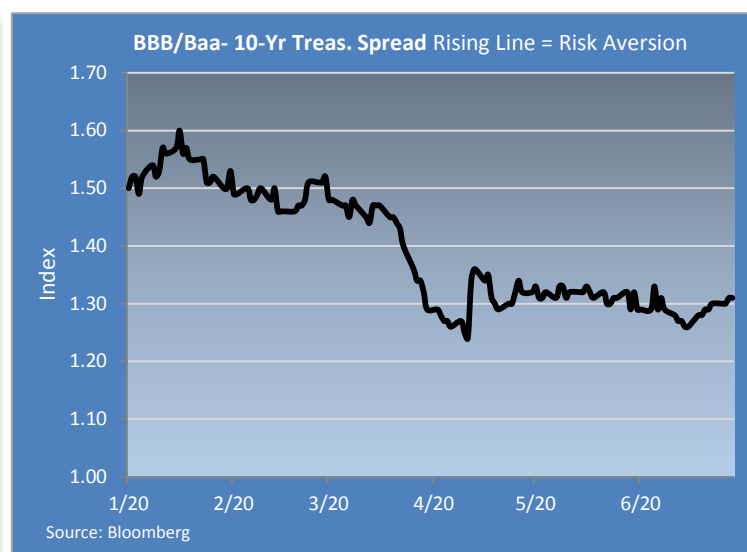
SELECTED INTEREST RATES

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
2-Yr. U.S. Treasury	0.48%	-1 bps	NM	NM	Prime Rate	3.25%	0.00	NM	NM
5-Yr. U.S. Treasury	1.67%	2 bps	NM	NM	Fed Funds Rate	0.25%	0.00	NM	NM
10-Yr. U.S. Treasury	2.48%	-4 bps	NM	NM	Discount Rate	0.75%	0.00	NM	NM
30-Yr. U.S. Treasury	3.29%	-5 bps	NM	NM	LIBOR (3 Mo.)	0.23%	0 bps	NM	NM
German 10-Yr. Govt.	1.15%	4 bps	NM	NM	Bond Buyer 40 Muni	4.16%	-7 bps	NM	NM
France 10-Yr.	1.57%	6 bps	NM	NM	Bond Buyer 40 G.O.	4.36%	NA	NM	NM
Italy 10-Yr.	2.78%	10 bps	NM	NM	Bond Buyer 40 Rev.	5.07%	NA	NM	NM
Fed 5-Yr Fwd BE Inf.	2.50%	0 bps	NM	NM					

Source: Bloomberg



Source: Bloomberg



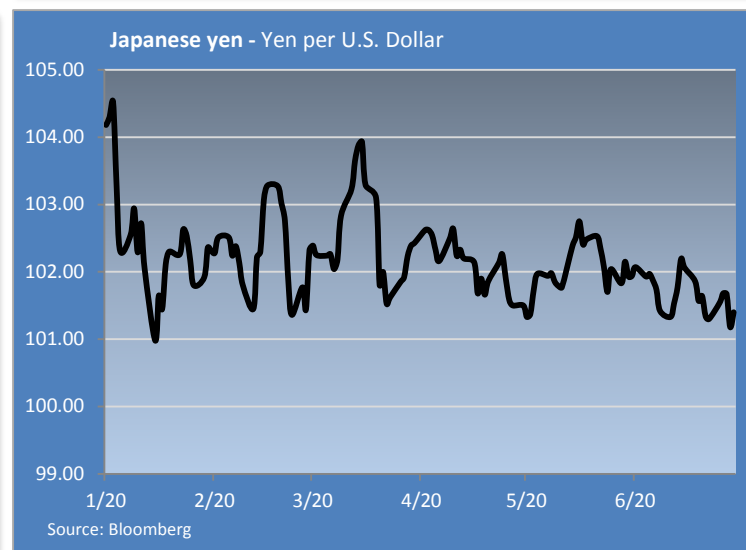
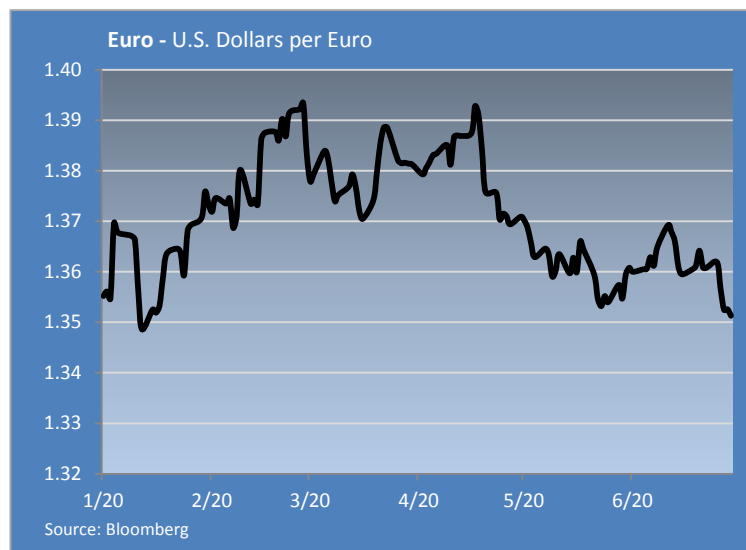
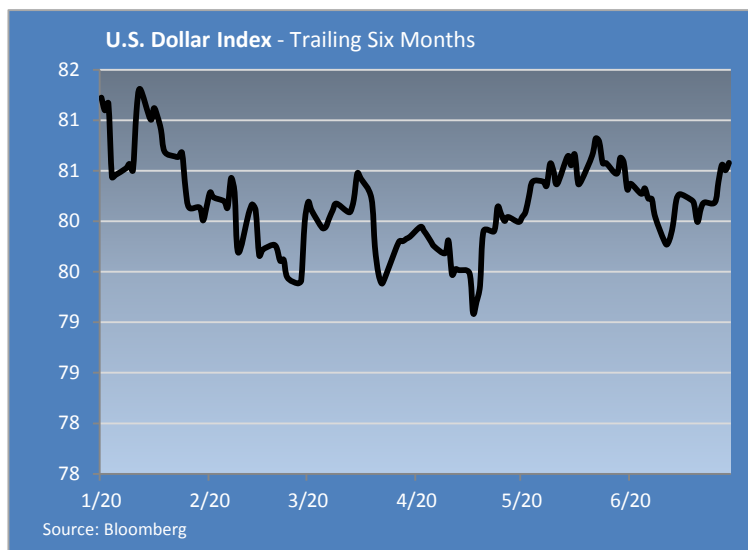
CURRENCIES

SELECTED CURRENCY PERFORMANCE

	Last	Change	% Chg.	YTD %
Dollar Index	80.54	0.392	0.49%	0.68%
Euro	1.35	-0.010	-0.70%	-1.67%
Japanese Yen	101.36	0.100	-0.10%	3.86%
British Pound	1.71	-0.005	-0.29%	3.07%
Canadian Dollar	1.07	0.000	-0.01%	-1.04%

	Last	Change	% Chg.	YTD %
Chinese Yuan	6.21	0.004	-0.07%	-2.47%
Swiss Franc	0.90	0.007	-0.75%	-0.67%
New Zealand Dollar	0.87	-0.013	-1.45%	5.70%
Brazilian Real	2.23	0.010	-0.47%	5.86%
Mexican Peso	12.96	-0.033	0.25%	0.57%

Source: Bloomberg

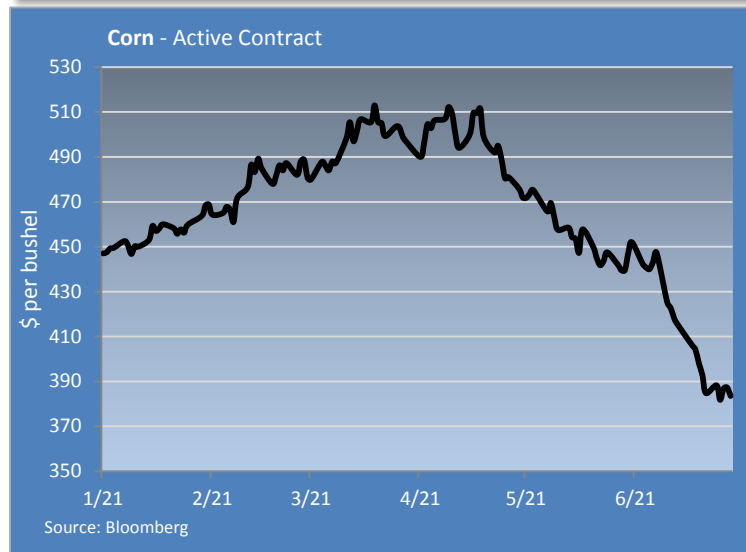
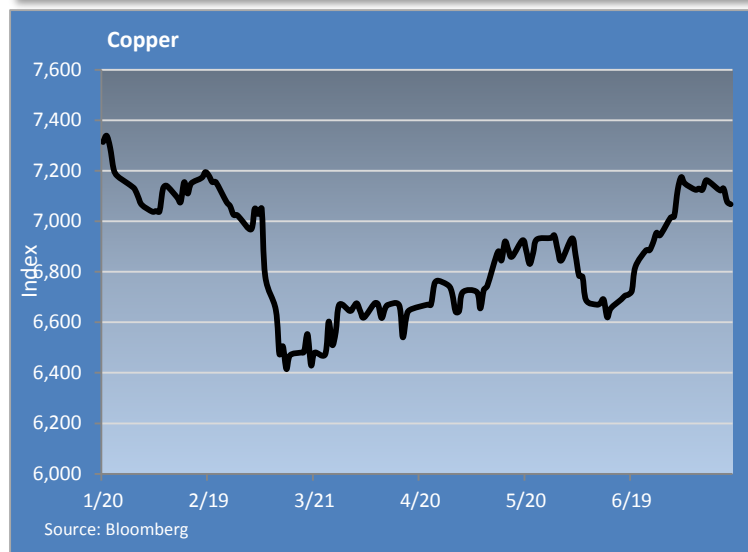
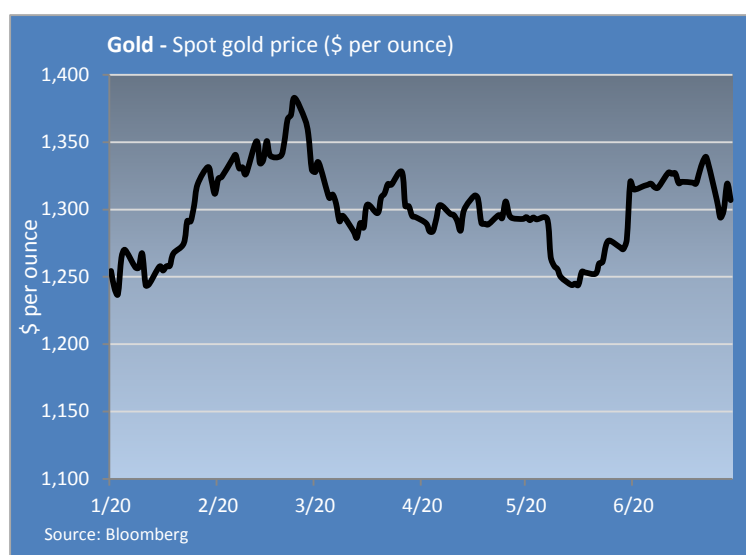
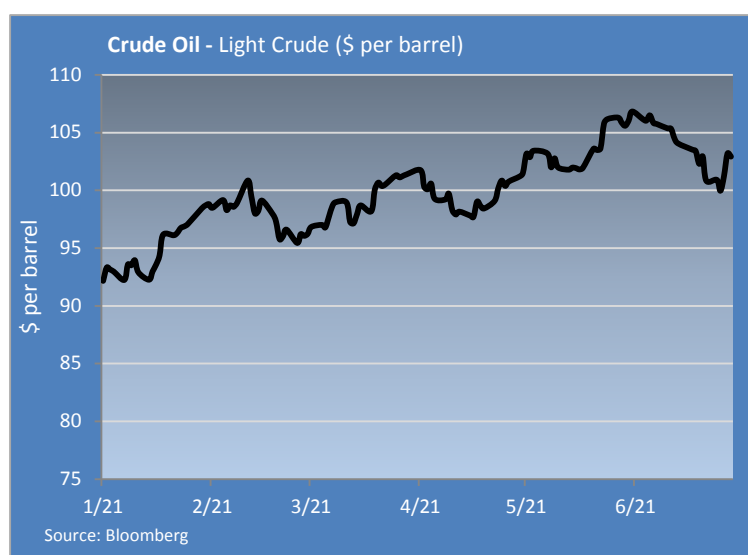


COMMODITIES

SELECTED COMMODITY MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
DJ UBS Comm. Idx.	129.29	-0.78	-0.60%	2.91%	Platinum Spot	\$1,489.63	-\$25.62	-1.69%	8.40%
Rogers Int. Comm. Idx.	3616.70	-26.35	-0.72%	1.71%	Corn	378.50	-1.25	-0.32%	-14.83%
Crude Oil	\$103.14	\$2.09	2.07%	7.66%	Wheat	532.25	9.25	1.76%	-14.57%
Natural Gas	\$3.95	-\$0.19	-4.53%	-4.79%	Soybeans	1,085.25	21.75	2.02%	-3.37%
Gasoline (\$/Gal.)	\$3.59	-\$0.04	-0.97%	7.98%	Sugar	16.97	-0.09	-0.53%	-0.41%
Heating Oil	284.92	-0.23	-0.08%	-5.08%	Orange Juice	152.60	2.30	1.54%	5.37%
Gold Spot	\$1,310.41	-\$31.64	-2.36%	8.77%	Aluminum	1,989.00	48.00	2.47%	10.48%
Silver Spot	\$20.87	-\$0.64	-2.99%	6.85%	Copper	7,067.50	-88.50	-1.24%	-3.97%

Source: Bloomberg; % change is based on price.



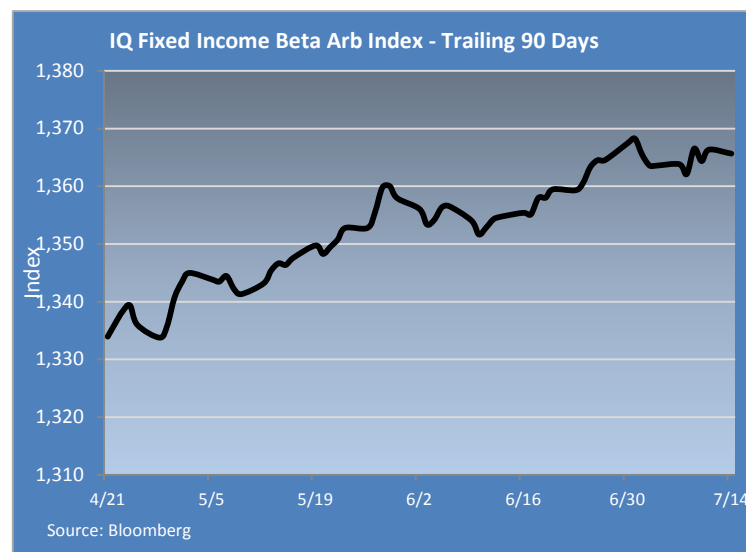
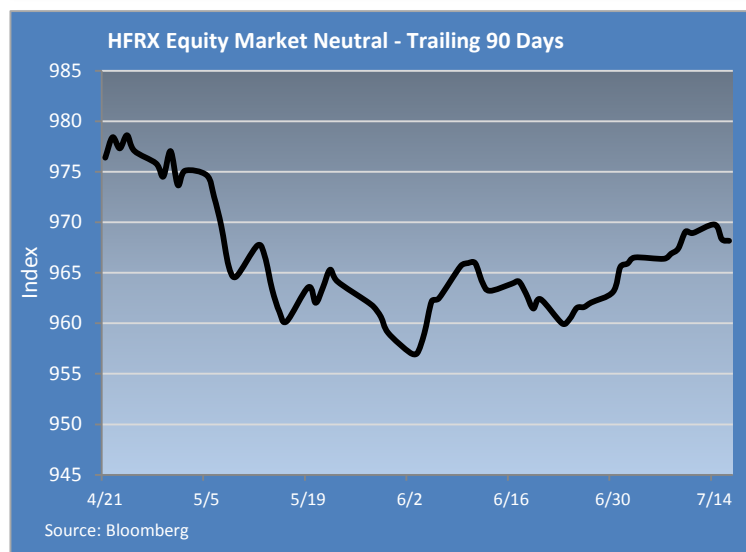
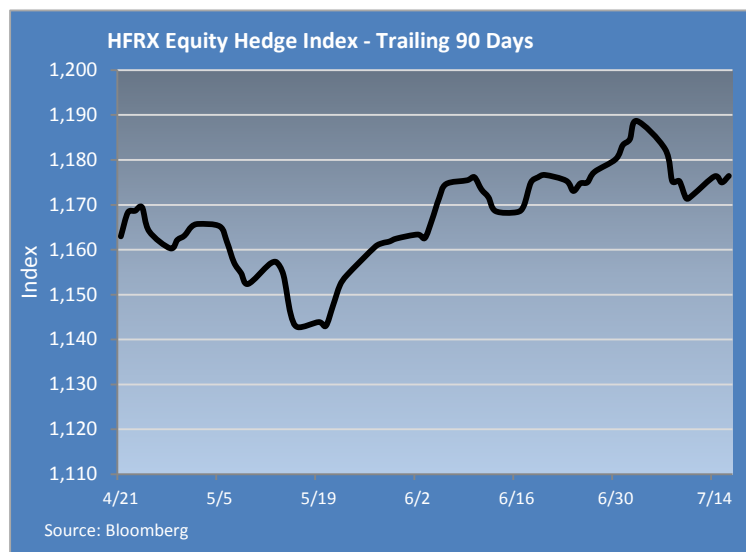
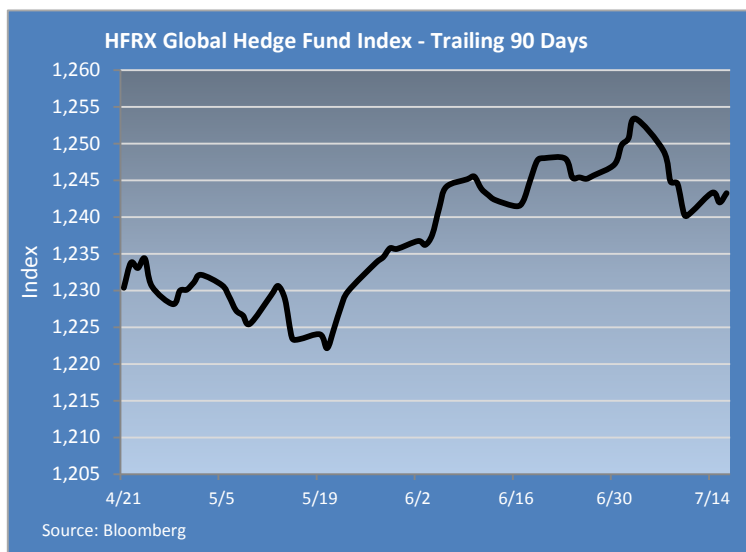
ALTERNATIVE INVESTMENTS

SELECTED ALTERNATIVE INVESTMENT INDEX PERFORMANCE

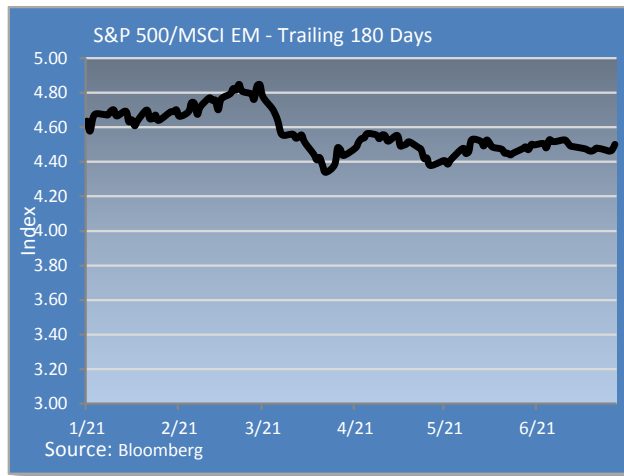
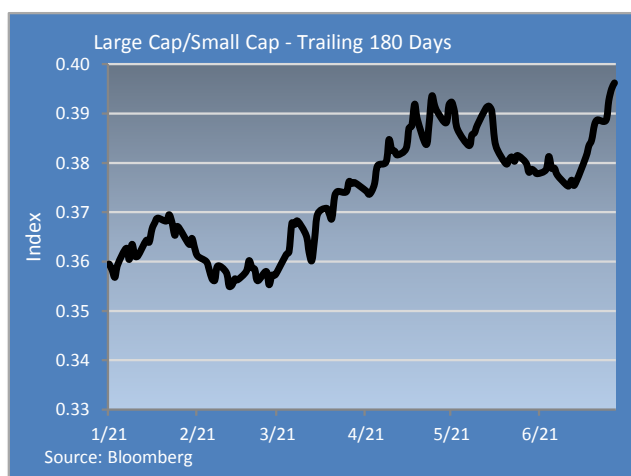
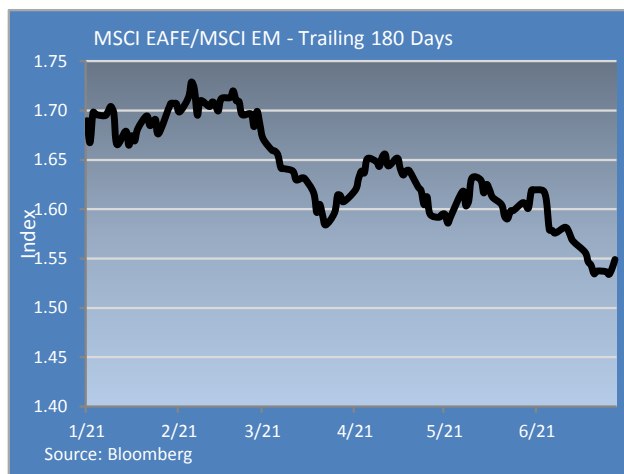
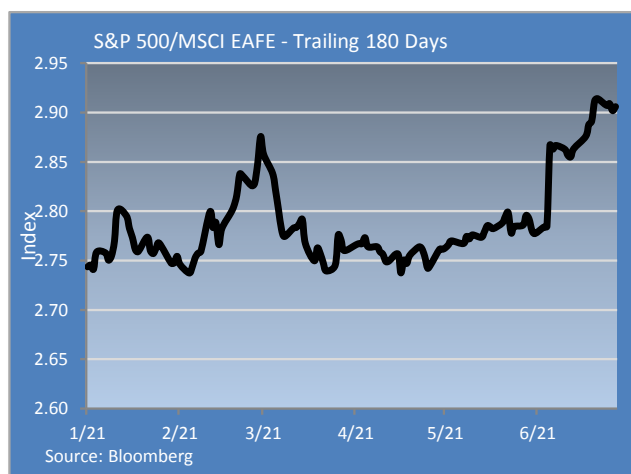
	Last	Change	% Chg.	YTD %
HFRX Global Hedge Fund Index	1244.54	2.57	0.21%	1.45%
HFRX Equity Market Neutral	967.41	-0.77	-0.08%	1.72%
HFRX Equity Hedge Index	1175.28	4.10	0.35%	0.95%
HFRX Event-Driven Index	1642.09	1.54	0.09%	3.83%
HFRX Absolute Return Index	1001.85	2.13	0.21%	1.30%

	Last	Change	% Chg.	YTD %
HFRX Distressed Index	1073.06	1.53	0.14%	6.91%
HFRX Merger Arbitrage Index	1583.35	0.82	0.05%	0.67%
HFRX Convertible Arbitrage Index	774.56	3.29	0.42%	0.27%
HFRX Macro CTA Index	1126.35	6.10	0.54%	-0.36%
IQ Fixed Income Beta Arb Index	1368.56	1.44	0.11%	5.32%

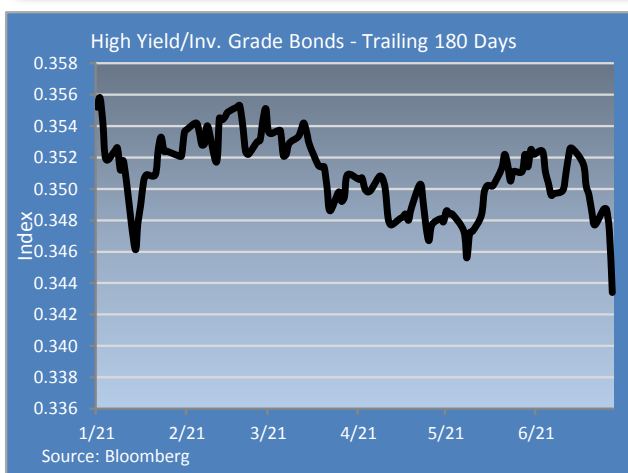
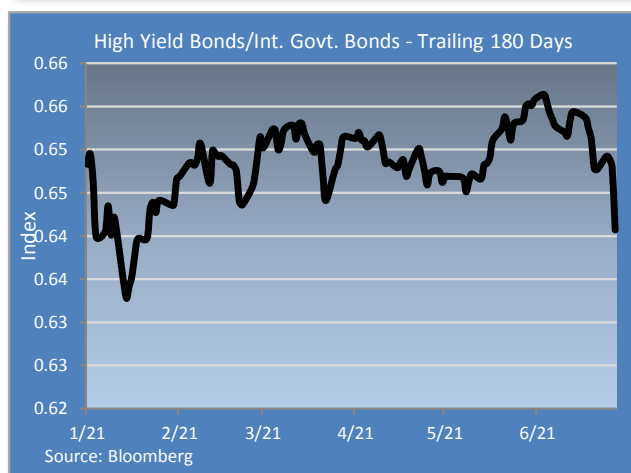
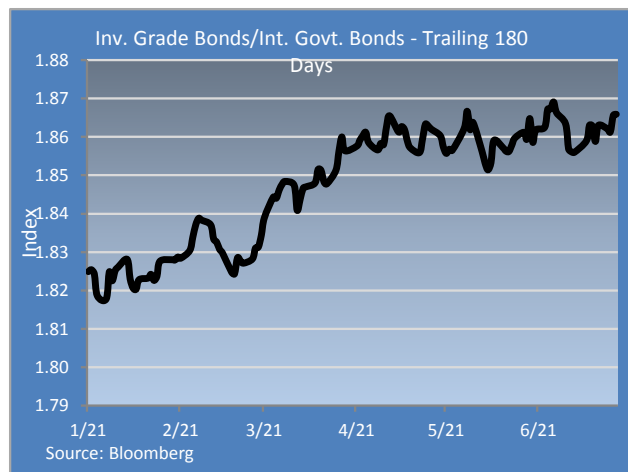
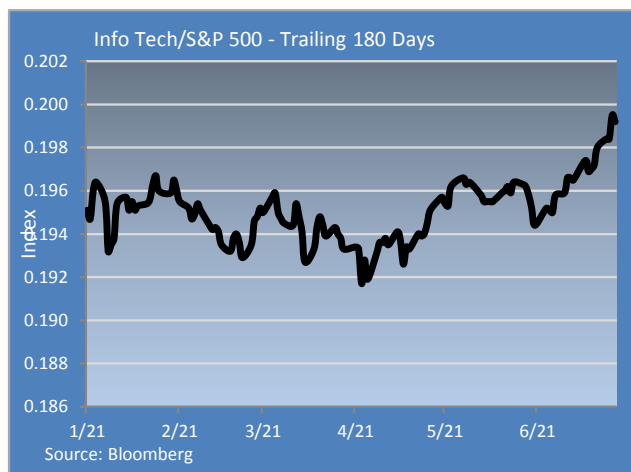
Source: Bloomberg; Index % change is based on price.



PORTFOLIO CONSTRUCTION



PORTFOLIO CONSTRUCTION (cont'd.)



WEEKLY ASSET CLASS PERFORMANCE (Prior 12 weeks ending Thursday)

			5/1	5/8	5/15	5/22	5/29	6/5	6/12	6/19	6/26	7/3	7/10	7/17
Equity	Domestic Equity	Large Cap (R200)	0.38%	-0.41%	-0.24%	1.19%	1.37%	0.96%	-0.52%	1.48%	-0.16%	1.47%	-0.97%	-0.15%
		Small Cap (R2000)	-1.61%	-2.54%	-0.13%	1.63%	2.35%	1.22%	0.47%	2.12%	-0.28%	2.32%	-3.83%	-2.43%
	Int'l. Equity	MSCI EAFE	0.84%	0.06%	-0.36%	-0.16%	1.09%	0.30%	0.52%	1.06%	-1.48%	1.64%	-2.59%	0.56%
		MSCI Em. Mkts.	-0.84%	1.29%	2.01%	1.17%	-0.24%	-0.35%	1.91%	-0.46%	-0.30%	1.47%	0.02%	0.02%
Fixed Income		BarCap Agg. (AGG)	0.33%	0.39%	0.71%	0.30%	0.23%	-0.16%	-0.60%	-0.17%	0.44%	-0.12%	-0.35%	0.66%
		High Yield (JNK)	-0.10%	-0.09%	0.46%	0.36%	0.34%	0.05%	0.05%	0.72%	0.51%	-0.31%	-0.91%	-1.39%
Commodities		DJ UBS Index	-1.36%	0.00%	0.36%	-0.14%	-0.63%	-1.08%	0.74%	1.48%	0.07%	-1.57%	-2.29%	-0.88%
Alternatives		Hedge Funds (HFRX Global)	-0.26%	-0.37%	-0.25%	0.35%	0.65%	0.44%	0.14%	0.38%	-0.20%	0.66%	-1.05%	0.24%
Asset Allocation		60/40*	0.15%	-0.17%	0.23%	0.68%	0.90%	0.38%	-0.14%	0.77%	-0.13%	0.94%	-1.23%	-0.04%
		48/32/20 (w/Alts.)**	0.07%	-0.21%	0.14%	0.61%	0.85%	0.39%	-0.09%	0.69%	-0.15%	0.88%	-1.19%	0.02%

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	1.03	0.98	1.10	1.14	1.05	1.26	1.27	1.24	1.13	0.94	0.92	1.56	1.00	1.53
Large Cap Growth	0.97	1.00	0.95	1.07	1.11	1.03	1.22	1.23	1.21	1.10	0.91	0.90	1.52	0.98	1.49
Large Cap Value	1.02	1.05	1.00	1.13	1.16	1.08	1.29	1.30	1.27	1.15	0.96	0.94	1.60	1.03	1.57
Mid Cap Core	0.91	0.93	0.89	1.00	1.03	0.96	1.14	1.15	1.13	1.03	0.85	0.84	1.42	0.91	1.40
Mid Cap Growth	0.88	0.90	0.86	0.97	1.00	0.93	1.10	1.11	1.09	0.99	0.82	0.81	1.37	0.88	1.35
Mid Cap Value	0.95	0.98	0.93	1.04	1.08	1.00	1.19	1.20	1.18	1.07	0.89	0.87	1.49	0.95	1.46
Small Cap Core	0.80	0.82	0.78	0.88	0.91	0.84	1.00	1.01	0.99	0.90	0.75	0.73	1.25	0.80	1.22
Small Cap Growth	0.79	0.81	0.77	0.87	0.90	0.83	0.99	1.00	0.98	0.89	0.74	0.73	1.24	0.79	1.21
Small Cap Value	0.81	0.83	0.79	0.89	0.92	0.85	1.01	1.02	1.00	0.91	0.75	0.74	1.26	0.81	1.24
Int'l. Developed	0.89	0.91	0.87	0.97	1.01	0.93	1.11	1.12	1.10	1.00	0.83	0.82	1.39	0.89	1.36
Emerging Markets	1.07	1.10	1.04	1.17	1.21	1.12	1.34	1.35	1.33	1.20	1.00	0.98	1.67	1.07	1.64
REITs	1.09	1.12	1.06	1.19	1.24	1.14	1.36	1.37	1.35	1.23	1.02	1.00	1.70	1.09	1.67
Commodities	0.64	0.66	0.62	0.70	0.73	0.67	0.80	0.81	0.79	0.72	0.60	0.59	1.00	0.64	0.98
Int. Bond	1.00	1.02	0.97	1.10	1.13	1.05	1.25	1.26	1.24	1.12	0.93	0.92	1.56	1.00	1.53
High Yield	0.65	0.67	0.64	0.72	0.74	0.69	0.82	0.82	0.81	0.73	0.61	0.60	1.02	0.65	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. Investment Grade or Investment Grade Bond – The broad credit designation given to corporate and municipal bonds which have a high probability of being paid and minor, if any, speculative features. Bonds rated Baa and higher by Moody's Investor Services or BBB and higher by Standard & Poor's are deemed by those agencies to be "investment grade". Non-Investment Grade - By definition, junk bonds are non-investment grade. A bond rated lower than Baa/BBB, also called a "high-yield" bond. Junk bonds are speculative compared with investment grade bonds. Risk-On Risk-Off - An investment setting in which price behavior responds to, and is driven by, changes in investor risk tolerance. Risk-on risk-off refers to changes in investment activity in response to global economic patterns. During periods when risk is perceived as low, risk-on risk-off theory states that investors tend to engage in higher-risk investments. When risk is perceived as high, investors have the tendency to gravitate toward lower-risk investments.

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