

Weekly Market Review

August 26, 2016

Chart of the Week



Weekly Highlights

- **The week closed with Chair Yellen's speech** from the Federal Reserve's (Fed's) annual retreat in Jackson Hole, Wyoming. Chair Yellen noted the solid domestic labor market and a positive economic and inflation outlook, which she believes have strengthened the case for an increase in the federal funds rate. The remainder of her speech focused on the Fed's policy tools and a call for fiscal policy and structural reforms to enhance economic stability and boost productivity.
- **Second quarter GDP revised modestly lower.** Real US GDP was revised downward to an annualized growth rate of 1.1% for the second quarter from the advance estimate of 1.2%. Lower-than-expected state and local government spending and private inventory investment, as well as an upward revision to imports, were the main drivers of the decrease. The PCE Index, the Fed's preferred measure of inflation, was revised upward to 2.0% annualized from the original estimate of 1.9%.
- **Housing market continues to show strength.** Sales of new homes jumped to an eight-year high of 654,000 in July. This represents a 12.4% annualized jump over June's sales, and is 31% higher than the same period a year ago. Separately, July's existing home sales fell -0.2%, to 5.39 million from June's numbers, though June's sales were the highest in more than eight years. The median home price jumped 5.3% over the year-ago levels to just over \$244,000.

Talking Points

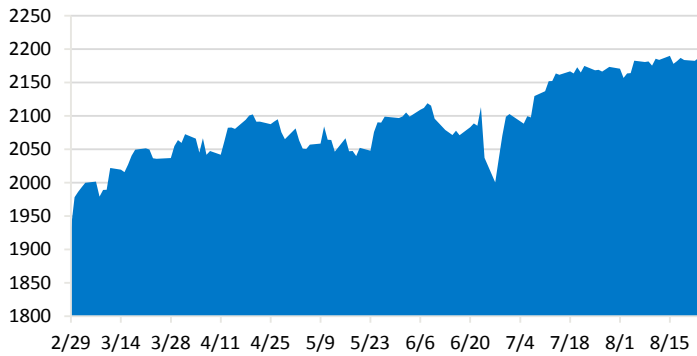
- **Among equities,** European markets turned in a positive week, led by Italy, Spain, and Greece. France and Germany were the laggards, posting modest losses. US equities were largely unchanged, with small caps outperforming large caps. Emerging market equities were broadly lower.
- **Treasury yields remained range bound.** 10-year Treasury yields traded between 1.55 and 1.60% through Thursday, much as they have all month.
- **Crude oil** followed through on its sell off from late last week after it approached \$50 a barrel. Precious metals were off modestly as well.
- **The US Dollar Index spiked** after Chair Yellen's speech, but remained in the middle of its six-month range.
- **Among other economic data released:** Weekly jobless claims dropped by 1,000, to 261,000, while the four-week average dropped by 1,250, to 264,000. Durable goods orders were up 1.5%, after taking out the volatile transportation sector.

Market Dashboard

	Last Price	Change	% Chg.	YTD %
S&P 500	2,169.04	-14.83	-0.68%	6.1%
Dow Industrials	18,395.40	-157.17	-0.85%	5.6%
Nasdaq	5,218.92	-19.46	-0.37%	4.2%
Russell 2000	1,238.03	1.26	0.10%	9.0%
Euro Stoxx Index	343.72	3.58	1.05%	-6.0%
Shanghai Composite	3,070.31	-37.79	-1.22%	-13.2%
Russell Global	1,743.83	-5.70	-0.33%	5.1%

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

S&P 500 Index: Trailing 180 Days



Source: Bloomberg

	Last Price	Change	% Chg.	YTD %
Russell Global EM	2,842.40	-38.06	-1.32%	12.0%
10-Year US Treas.	1.64	6 bps	NM	NM
DJ UBS Comm. Idx.	84.98	-1.25	-1.45%	8.2%
Gold	\$1,322.09	-\$19.93	-1.49%	24.5%
Crude Oil	\$47.39	-\$1.75	-3.56%	10.5%
Dollar Index	95.48	0.94	0.99%	-3.2%
VIX Index	13.65	2.31	20.37%	-25.0%

One Week			YTD		
Value	Growth		Value	Growth	
L -0.53%	-0.62%	-0.71%	6.24%	5.16%	4.18%
-0.81%	-0.70%	-0.57%	11.19%	8.65%	6.20%
S 0.15%	0.10%	0.05%	12.62%	8.99%	5.40%

Source: Bloomberg

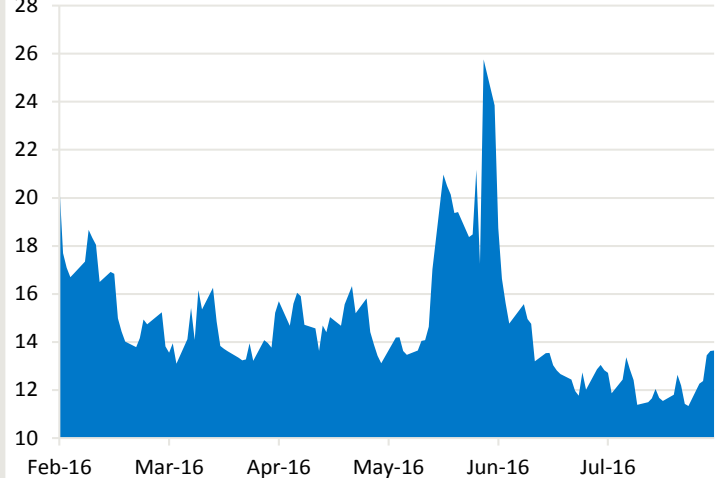
Sector Performance:

S&P/Global Industry Classification Sectors (GICS)

	% Wgt in S&P 500	Week % Chg.	YTD % Chg.
Consumer Discretionary	12.3	-0.69%	3.4%
Consumer Staples	10.0	-1.16%	7.1%
Energy	7.1	-1.34%	14.0%
Financials	16.0	0.36%	0.8%
Health Care	14.7	-1.80%	1.1%
Industrials	10.0	-0.69%	9.4%
Information Technology	21.0	0.04%	8.6%
Materials	2.9	-0.56%	11.5%
Telecom Services	2.6	-0.70%	14.5%
Utilities	3.2	-2.28%	12.9%

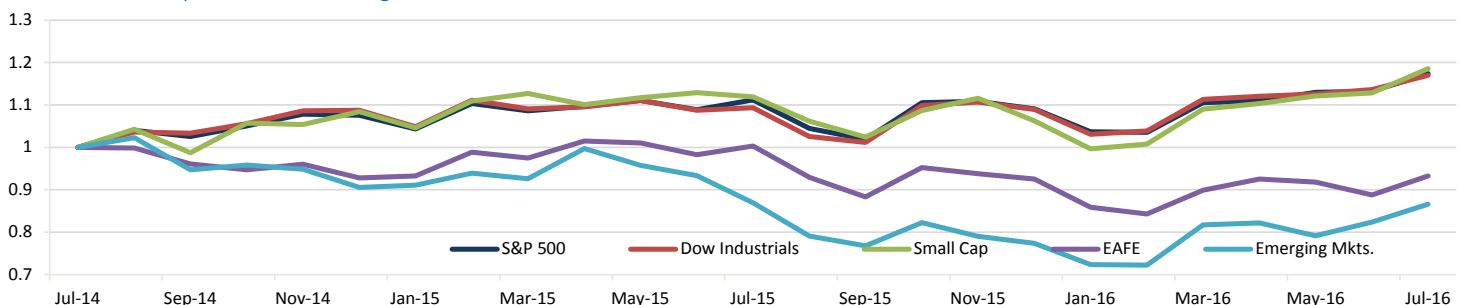
Source: Bloomberg

VIX Index: Trailing 180 Days



Source: Bloomberg

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



Source: Bloomberg

The Economy and Markets

A Macro View – Should We (and the Fed) Be More Concerned About Inflation in 2017?

Since the end of 2010, economists, pundits, portfolio managers, and even the average homeowner have tried to forecast (a fancy word for “guess”) when the Fed would raise interest rates. Most of these “will they or won’t they” arguments centered on US GDP growth and unemployment. More recently, non-US economic growth has been considered and discussed, largely due to the Fed’s use of weak global growth justification for not raising rates at the end of the first quarter. Largely missing from the conversation has been any discussion of inflation, which is not surprising, given that central banks in Japan and the Eurozone have been desperately fighting deflationary trends, and plummeting energy prices over the last two years have kept global inflation to a minimum. But signs of kindling inflation in the US have increased this quarter as the housing market strengthens and employment and wages rise. Mixed data on more traditional manufacturing and business sentiment are also keeping a lid on inflation expectations now, which could have several implications for investors’ portfolios in 2017 and beyond.

As noted in depth in this space last week, the US housing market is rebounding, and the home builders’ confidence index and new housing starts are rising as new permit applications stay flat. New data released this week showed even more strength: new home sales in July hit an eight-year high, a rise of more than 30% higher from a year ago. Existing home sales were modestly lower for the month, though June’s sales were the highest in more than eight years. This demand drove up both the median home price and rents over the last year, by 5.3% and 3.8%, respectively, matching their highest level since 2008. Housing costs are both an obvious and significant part of the average household budget. July’s job report also was strong: 255,000 jobs were created during the month. The headline unemployment rate stayed steady at 4.9%, as more people either entered or re-entered the workforce. Importantly, the report also showed that average hourly wages increased at an annualized rate of 2.6%. In addition, the Atlanta Fed’s Wage Growth Tracker shows median wage growth (a slightly different measure of wage growth) exceeding 3.4% on a rolling three-month basis since the beginning of the second quarter of 2016, a level not seen since early 2009. Finally, core CPI (ex food and energy) came in at 2.2% for the 12 months ended July, above the Fed’s stated target.

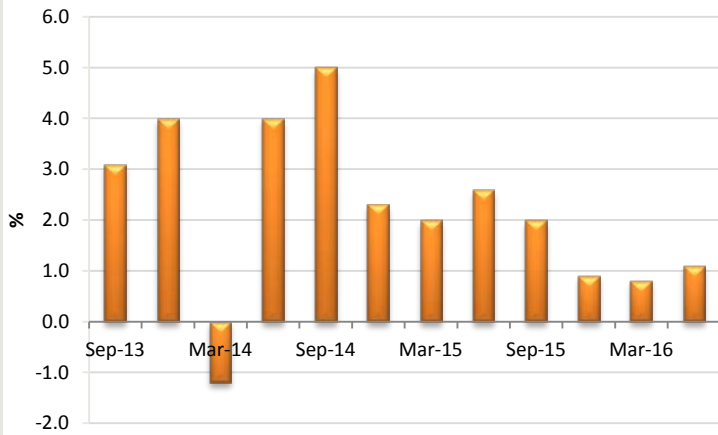
However, measures of broader economic growth remain mixed thus far in the third quarter. On the positive side, July’s industrial production jumped 0.7% over June, the largest increase since 2014. Manufacturing capacity utilization also rose to 75.9%, an increase of 0.5%, and the US Leading Economic Indicators Index rose 0.4% in July, and 2.1% over the trailing 12 months. Durable goods orders jumped 4.4% in July, and even when the volatile transportation sector was stripped out, the 1.5% gain was the biggest increase this year. But the Empire State Manufacturing Survey unexpectedly fell into negative territory, whereas the Philly Fed Manufacturing Index turned positive, although the new orders and employment components of the Index were significantly lower than last month.

Headline unemployment has been at or below 5.0% for the last 10 months, and core CPI has been above 2.0% for the last nine. The relatively strong housing market and wage growth normally would be a classic foundation for significant and rising inflation. Yet GDP growth remains weak, broader economic growth indicators are mixed, at best, and interest rates, both here and abroad, remain mired in multi-decade lows. The next 12 weeks will take us beyond the Presidential election, two more Fed meetings, and a raft of economic data. The final spark that ignites the inflationary cycle and leads to higher interest rates could come from several factors. These include: commodity and energy prices continuing to rise, as they have done since mid-first quarter; higher confidence in the election outcome (removing uncertainty); increasing anticipation of a Fed rate hike that strengthens the dollar; or even passage of a fiscal stimulus bill by Congress (or other data points). If and when that spark comes, rising interest rates (predicted for each of the last five calendar years) will have a negative impact on fixed income portfolios, as well as many dividend-oriented equity portfolios. Protecting a broader portfolio can be done through shorter maturities or an increased exposure to TIPS, whose breakeven rate is now well below the actual 12-month core CPI reading. Additional options may include: exposure to commodities, which historically have a high correlation to inflation, or floating rate securities, whose income increases in tandem with higher short-term interest rates. How and when to implement these measures are much more difficult questions, and the answers are specific to investors, but they should ponder them over the next few months.

Nathan Behan, CFA, CAIA
Senior Vice President, Investment Research

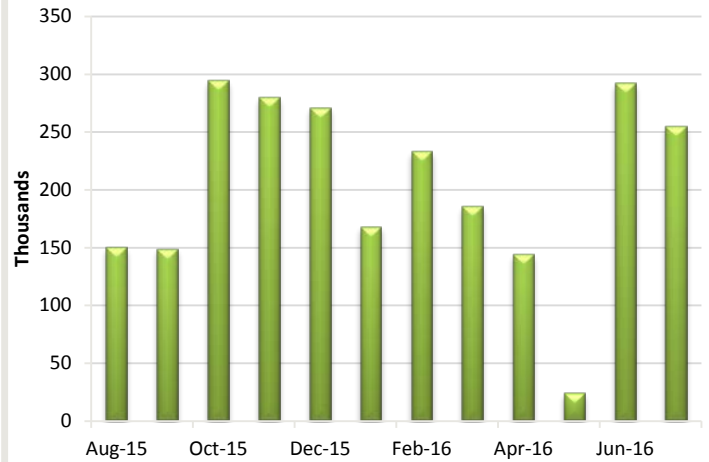
Economic Data

Real GDP Growth Rate - Annualized - 12 Qtrs.



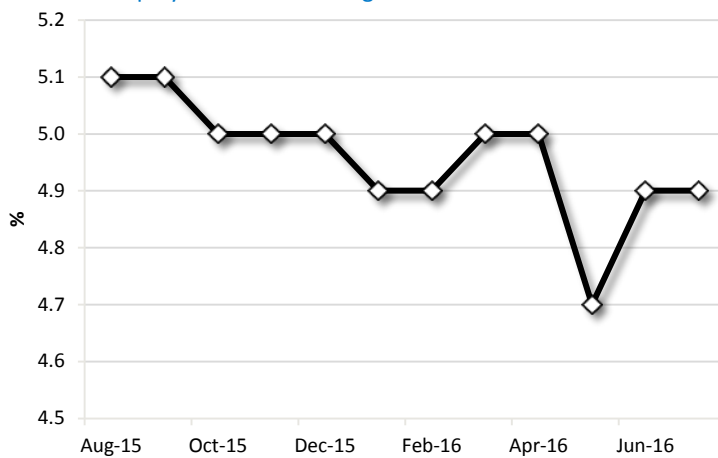
Source: Bloomberg

Non-Farm Payrolls-Trailing 12 Mos.



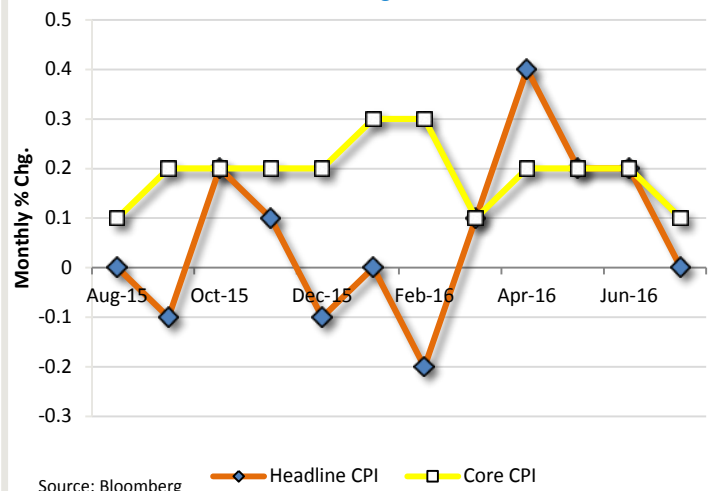
Source: Bloomberg

Unemployment Rate-Trailing 12 Mos.



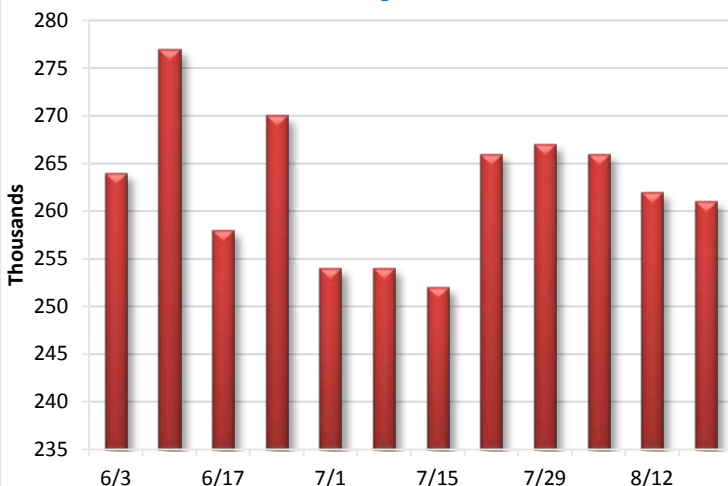
Source: Bloomberg

Consumer Price Index-Trailing 12 Mos.



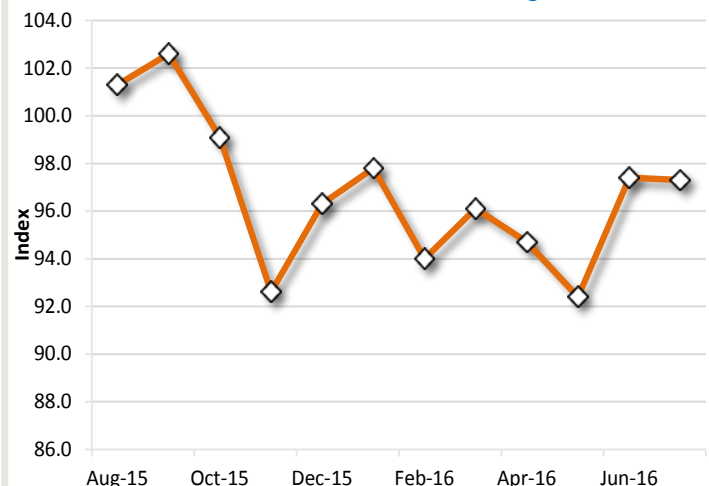
Source: Bloomberg

Initial Jobless Claims-Trailing 12 Wks.



Source: Bloomberg

Consumer Board Confidence Index - Trailing 12 Mos.



Source: Bloomberg

Eurozone

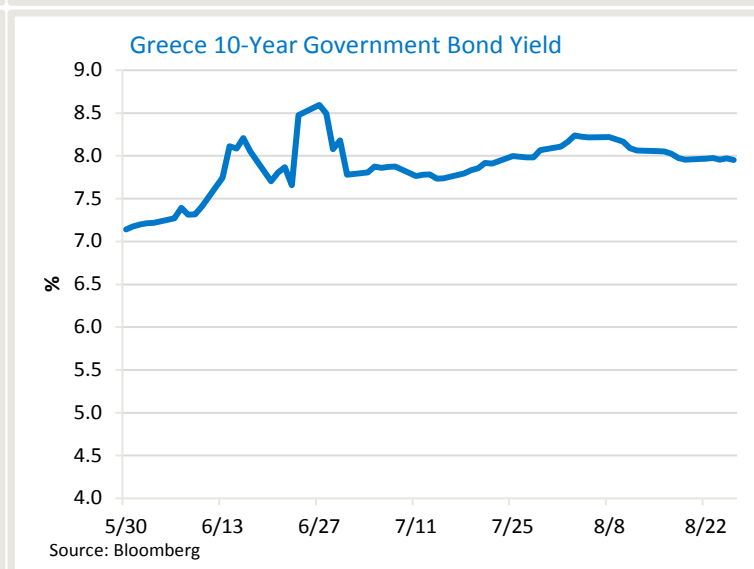
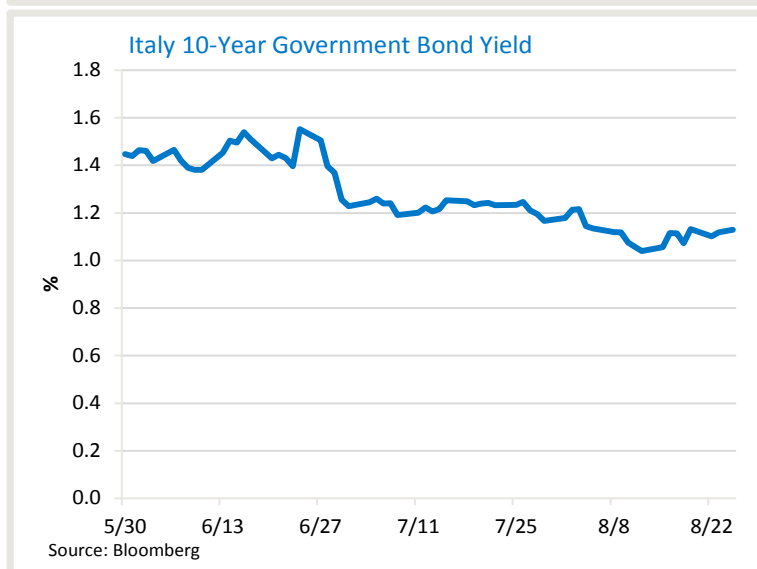
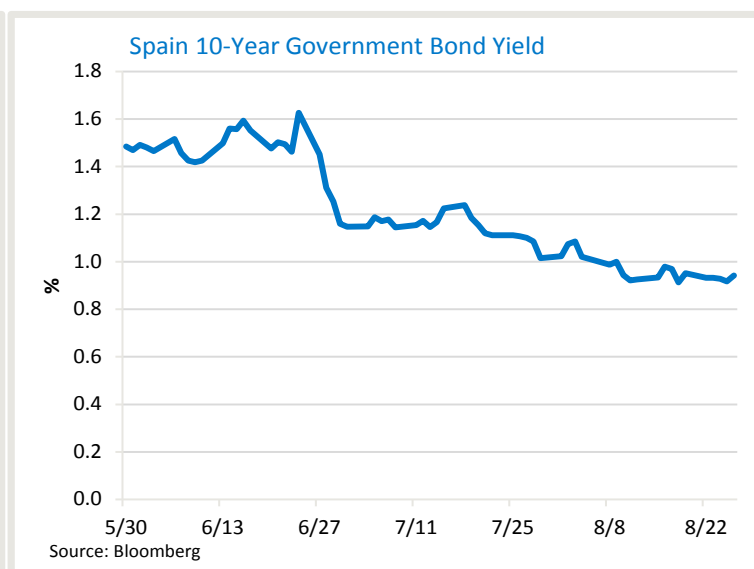
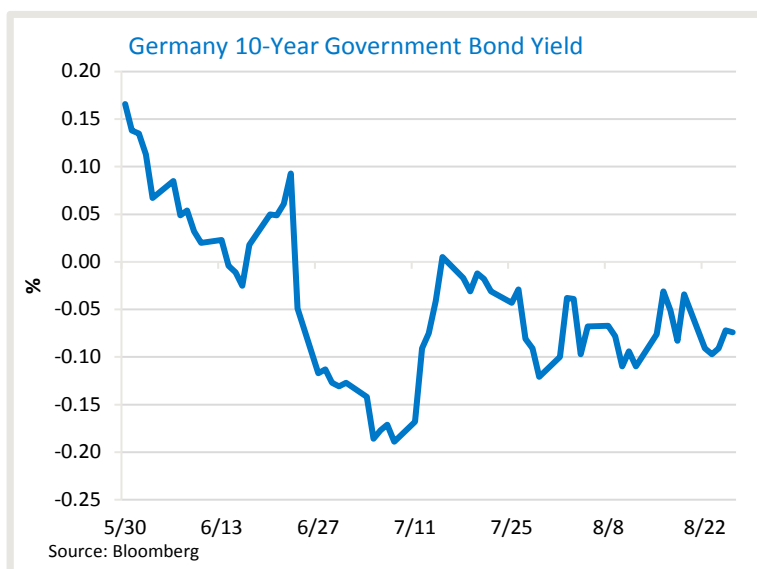
SELECTED EUROPEAN SOVEREIGN YIELD PERFORMANCE

	Last	Change	% Chg.	YTD %
Germany 10-Yr. Govt.	-0.07	4 bps	NM	NM
Greece 10-Yr. Govt.	7.95	1 bps	NM	NM
Italy 10-Yr. Govt.	1.13	0 bps	NM	NM
Spain 10-Yr. Govt.	0.94	1 bps	NM	NM
Belgium 10-Yr. Govt.	0.16	2 bps	NM	NM

Source: Bloomberg

Basis points (bps)

	Last	Change	% Chg.	YTD %
France 10-Yr. Govt.	0.17	2 bps	NM	NM
Ireland 10-Yr. Govt.	0.41	3 bps	NM	NM
Portugal 10-Yr. Govt.	3.03	-3 bps	NM	NM
Netherlands 10-Yr. Govt.	0.03	4 bps	NM	NM
U.K. 10-Yr. Govt.	0.56	5 bps	NM	NM

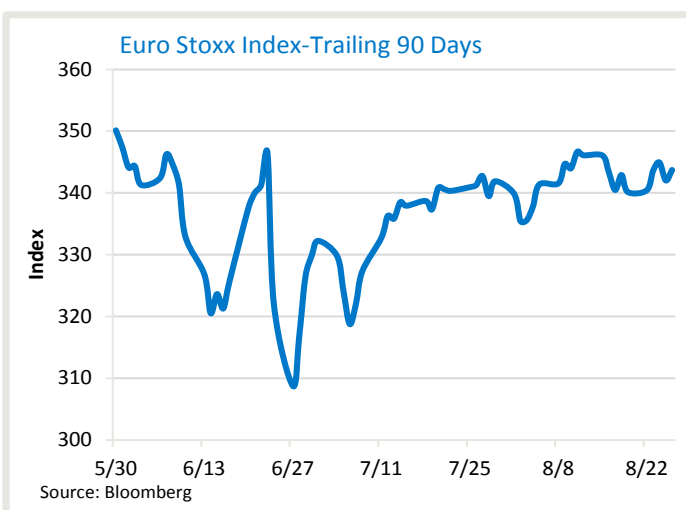
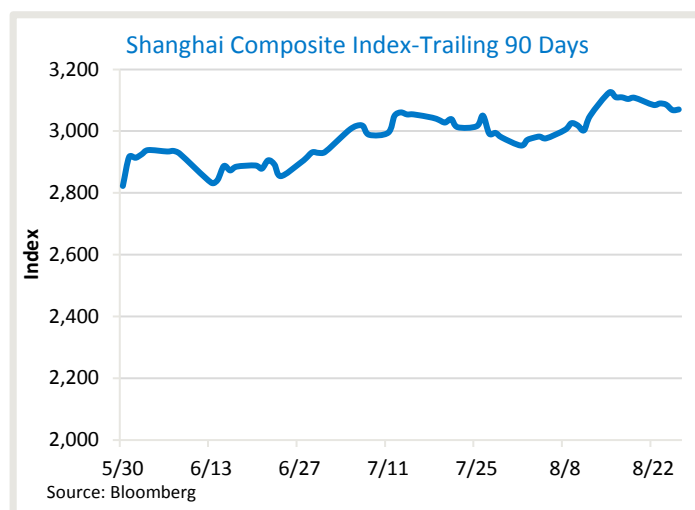
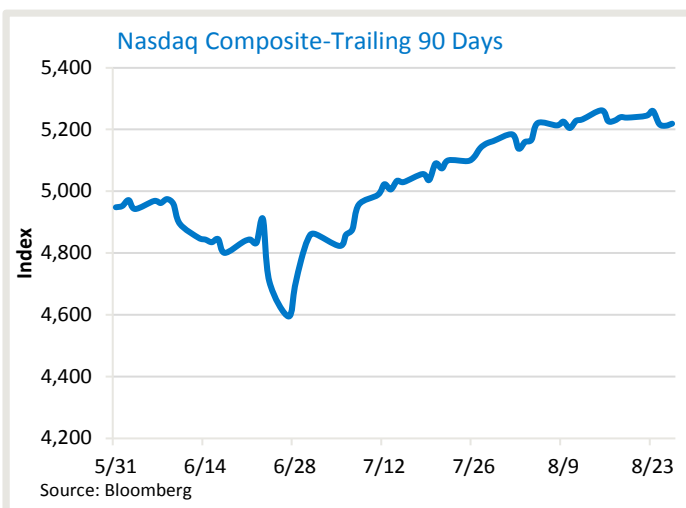
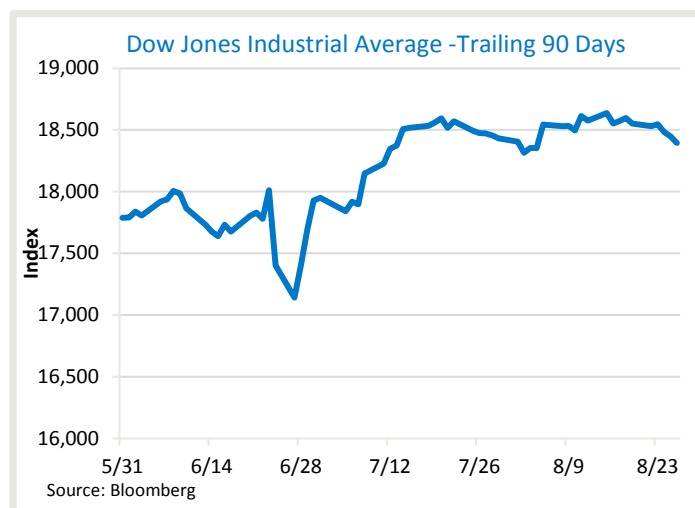


Equities

WORLD MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
S&P 500	2,169.04	-14.83	-0.68%	6.12%	Swiss Market Index	8,168.32	41.04	0.50%	-7.37%
Dow Industrials	18,395.40	-157.17	-0.85%	5.57%	CAC 40 Index (France)	4,441.87	41.35	0.94%	-4.21%
Nasdaq Composite	5,218.92	-19.46	-0.37%	4.22%	DAX Index (Germany)	10,587.77	43.41	0.41%	-1.45%
Russell Global	1,743.83	-5.70	-0.33%	5.1%	Irish Overall Index	6,170.20	127.31	2.11%	-9.15%
Russell Global EM	2,842.40	-38.06	-1.32%	12.0%	Nikkei 225	16,360.71	-185.11	-1.12%	-14.04%
S&P/TSX (Canada)	14,639.88	-47.58	-0.32%	12.53%	Hang Seng Index	22,909.54	-27.68	-0.12%	4.54%
Mexico IPC	47,369.57	-927.89	-1.92%	10.22%	Shanghai Composite	3,070.31	-37.79	-1.22%	-13.25%
Brazil Bovespa	57,716.25	-1382.67	-2.34%	33.14%	Kospi Index (S. Korea)	2,037.50	-18.74	-0.91%	3.88%
Euro Stoxx 600	343.72	3.58	1.05%	-6.04%	Taiwan Taiex Index	9,131.72	97.45	1.08%	9.52%
FTSE 100	6,838.05	-20.90	-0.30%	9.54%	Tel Aviv 25 Index	1,453.84	-14.57	-0.99%	-4.90%
IBEX 35 (Spain)	8,659.50	208.90	2.47%	-9.27%	MICEX Index (Russia)	1,993.35	33.63	1.72%	13.17%

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



Equities – Emerging and Frontier Markets

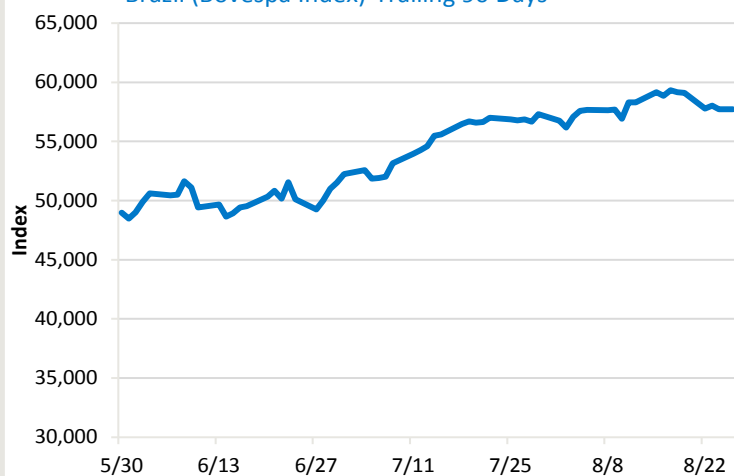
EMERGING AND FRONTIER MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
Mexico IPC	47,369.57	-927.89	-1.9%	10.2%
Brazil (Bovespa Index)	57,716.25	-1382.67	-2.3%	33.1%
MICEX Index (Russia)	1,993.35	33.63	1.7%	13.2%
Czech Republic (Prague)	853.19	5.59	0.7%	-10.8%
Turkey (Istanbul)	77,119.65	-1025.95	-1.3%	7.5%
Egypt (Hermes Index)	726.32	-13.74	-1.9%	15.2%
Kenya (Nairobi 20 Index)	3,216.62	-245.94	-7.1%	-20.4%
Saudi Arabia (TASI Index)	5,976.89	-250.14	-4.0%	-13.5%
Lebanon (Beirut BLOM Index)	1,147.58	2.47	0.2%	-1.9%
Palestine	513.17	5.53	1.1%	-3.7%

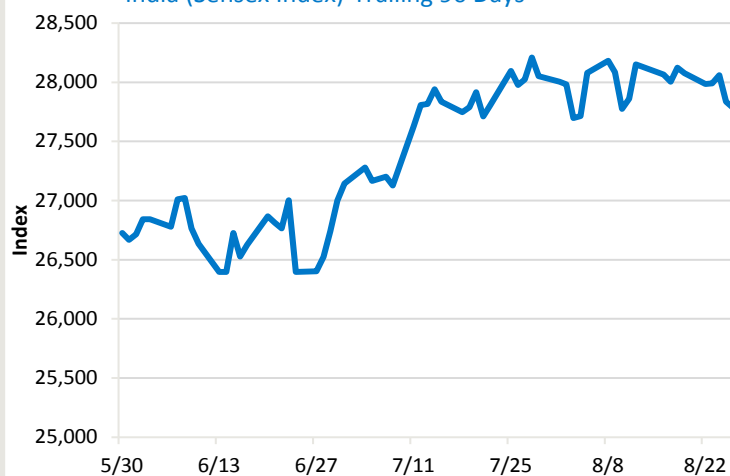
Source: Bloomberg; Index % change is based on price.

	Last	Change	% Chg.	YTD %
Hang Seng Index	22,909.54	-27.68	-0.1%	4.5%
India (Sensex 30)	27,782.25	-294.75	-1.0%	6.4%
Malaysia (KLCI Index)	1,683.09	-4.59	-0.3%	-0.6%
Singapore (Straits Times Index)	2,857.65	13.63	0.5%	-0.9%
Thailand (SET Index)	1,549.41	10.65	0.7%	20.3%
Indonesia (Jakarta)	5,438.83	22.80	0.4%	18.4%
Pakistan (Karachi KSE 100)	39,926.70	427.62	1.1%	21.7%
Vietnam (Ho Chi Minh)	667.75	5.47	0.8%	15.3%
Sri Lanka (Colombo)	6,550.91	-51.33	-0.8%	-5.0%
Cambodia (Laos)	992.47	-14.27	-1.4%	-15.4%

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

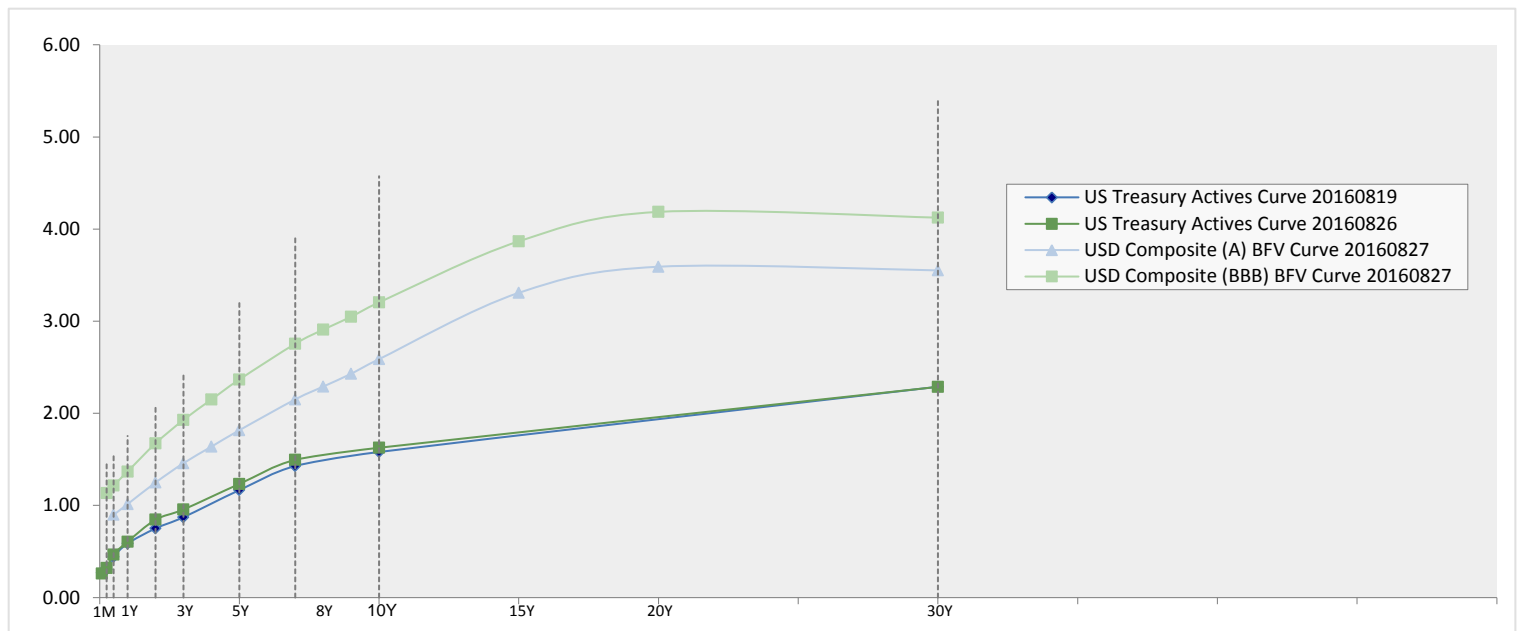


Interest Rates

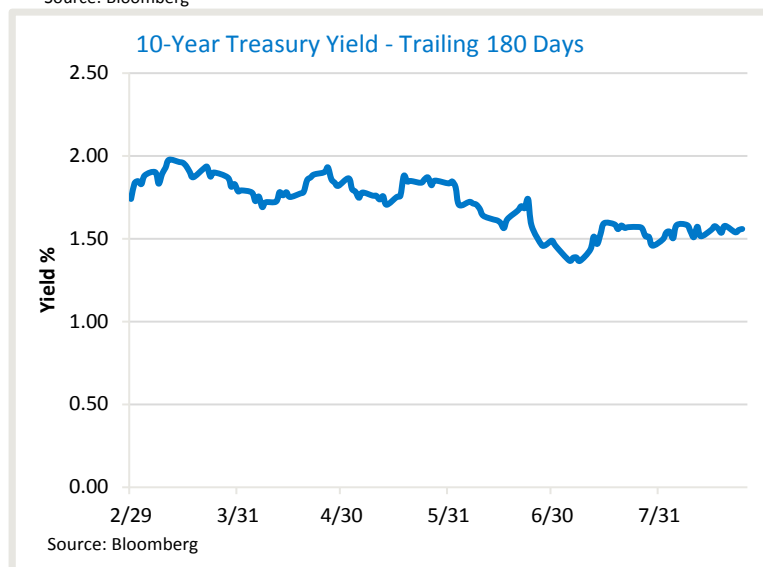
SELECTED INTEREST RATES

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
2-Yr. U.S. Treasury	0.84%	0 bps	NM	NM	Prime Rate	3.50%	0.00	NM	NM
5-Yr. U.S. Treasury	1.24%	8 bps	NM	NM	Fed Funds Rate	0.50%	0.00	NM	NM
10-Yr. U.S. Treasury	1.64%	6 bps	NM	NM	Discount Rate	1.00%	0.00	NM	NM
30-Yr. U.S. Treasury	2.30%	1 bps	NM	NM	LIBOR (3 Mo.)	0.83%	1 bps	NM	NM
German 10-Yr. Govt.	-0.07%	4 bps	NM	NM	Bond Buyer 40 Muni	2.69%	-1 bps	NM	NM
France 10-Yr.	0.17%	2 bps	NM	NM	Bond Buyer 40 G.O.	2.84%	NA	NM	NM
Italy 10-Yr.	1.13%	0 bps	NM	NM	Bond Buyer 40 Rev.	3.06%	NA	NM	NM
Fed 5-Yr Fwd BE Inf.	1.42%	-2 bps	NM	NM					

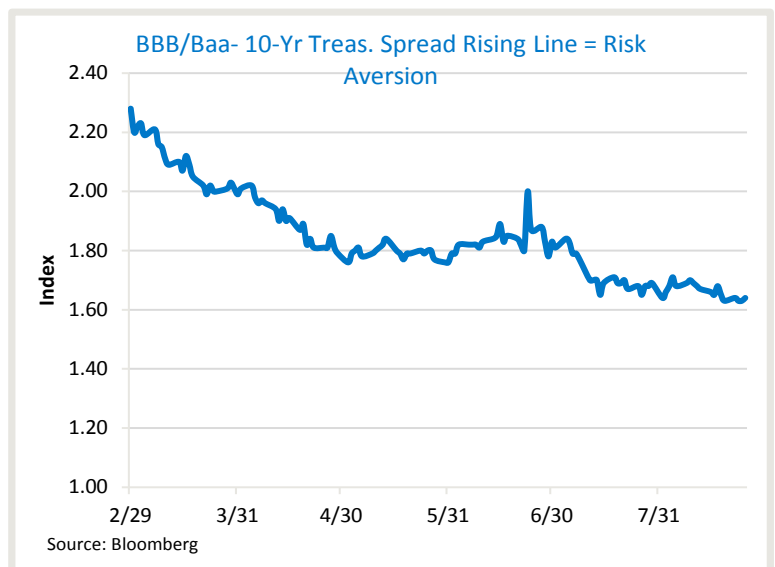
Source: Bloomberg



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg

Currencies

SELECTED CURRENCY PERFORMANCE

	Last	Change	% Chg.	YTD %
Dollar Index	95.46	0.940	0.99%	-3.22%
Euro	1.12	-0.013	-1.11%	3.10%
Japanese Yen	101.75	1.540	-1.51%	18.14%
British Pound	1.31	0.007	0.50%	-10.83%
Canadian Dollar	1.30	0.013	-0.98%	6.47%

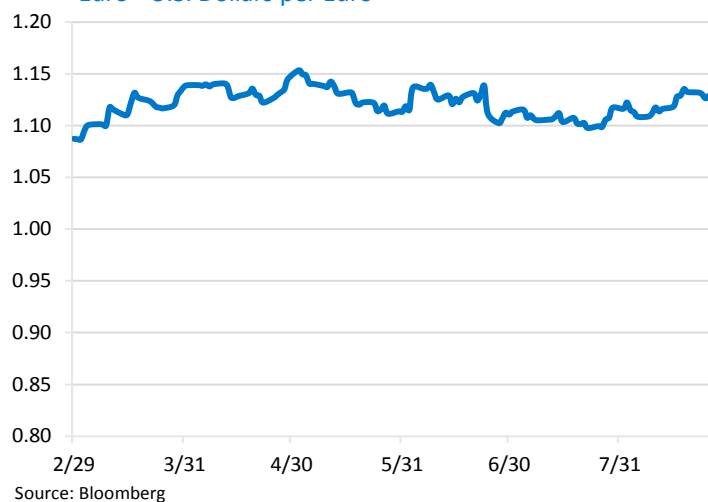
Source: Bloomberg

	Last	Change	% Chg.	YTD %
Chinese Yuan	6.67	0.016	-0.24%	-2.64%
Swiss Franc	0.98	0.018	-1.81%	2.44%
New Zealand Dollar	0.72	-0.004	-0.51%	5.91%
Brazilian Real	3.27	0.065	-2.00%	21.11%
Mexican Peso	18.58	0.362	-1.95%	-7.40%

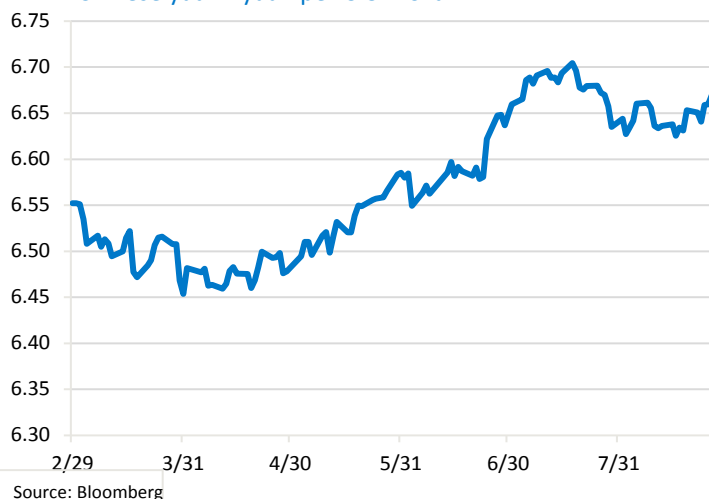
U.S. Dollar Index - Trailing Six Months



Euro - U.S. Dollars per Euro



Chinese yuan - yuan per U.S. Dollar



Japanese yen - Yen per U.S. Dollar



Commodities

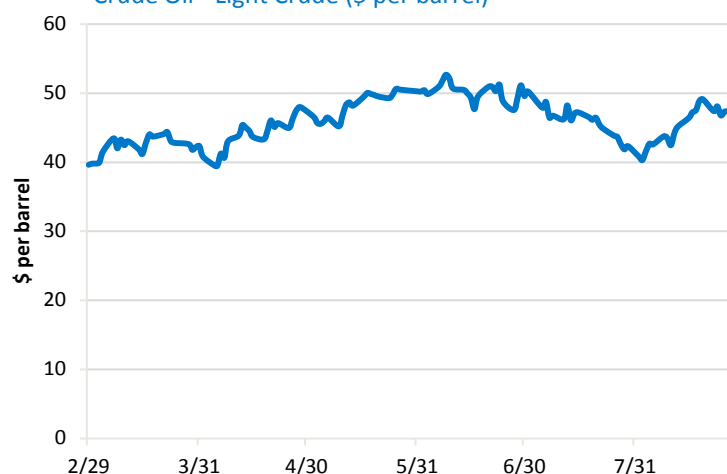
SELECTED COMMODITY MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
Bloomberg Comm. Idx.	84.98	-1.25	-1.45%	8.18%
Crude Oil	\$47.36	-\$1.75	-3.56%	10.47%
Natural Gas	\$2.86	\$0.27	10.53%	13.29%
Gasoline (\$/Gal.)	\$2.21	\$0.05	2.46%	10.47%
Heating Oil	149.72	-2.56	-1.68%	15.99%
Gold Spot	\$1,322.20	-\$19.93	-1.49%	24.54%
Silver Spot	\$18.66	-\$0.65	-3.35%	34.75%

Source: Bloomberg; % change is based on price.

	Last	Change	% Chg.	YTD %
Platinum Spot	\$1,073.15	-\$41.15	-3.69%	20.37%
Corn	325.00	-18.75	-5.45%	-15.14%
Wheat	407.50	-37.25	-8.38%	-19.70%
Soybeans	967.25	-37.25	-3.71%	9.57%
Sugar	20.61	0.84	4.25%	40.40%
Orange Juice	185.65	5.45	3.02%	28.12%
Aluminum	1,644.50	-22.50	-1.35%	9.12%
Copper	4,626.00	-172.00	-3.58%	-1.68%

Crude Oil - Light Crude (\$ per barrel)



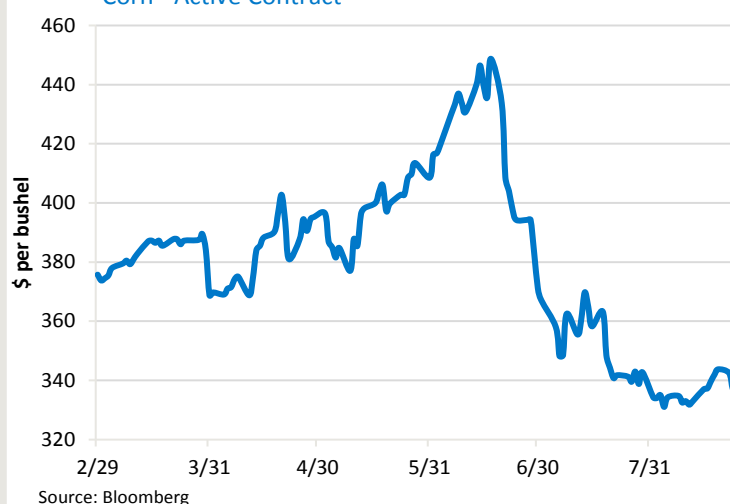
Gold - Spot gold price (\$ per ounce)



Copper



Corn - Active Contract



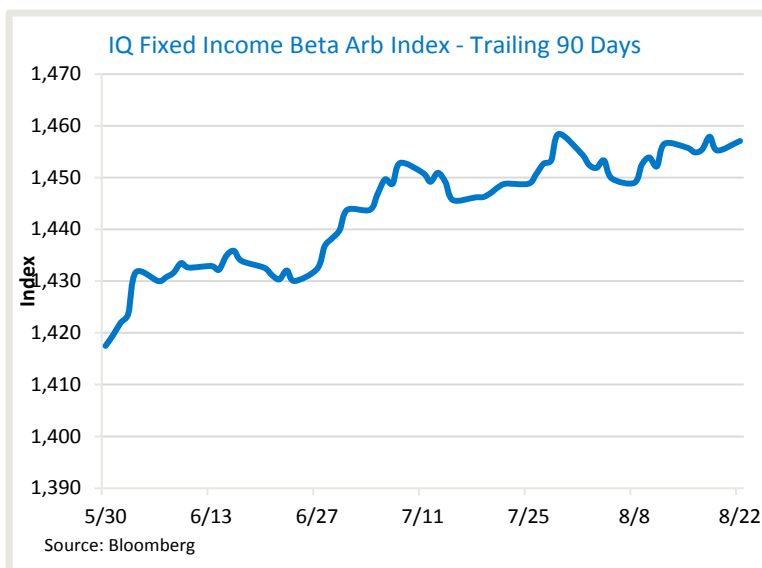
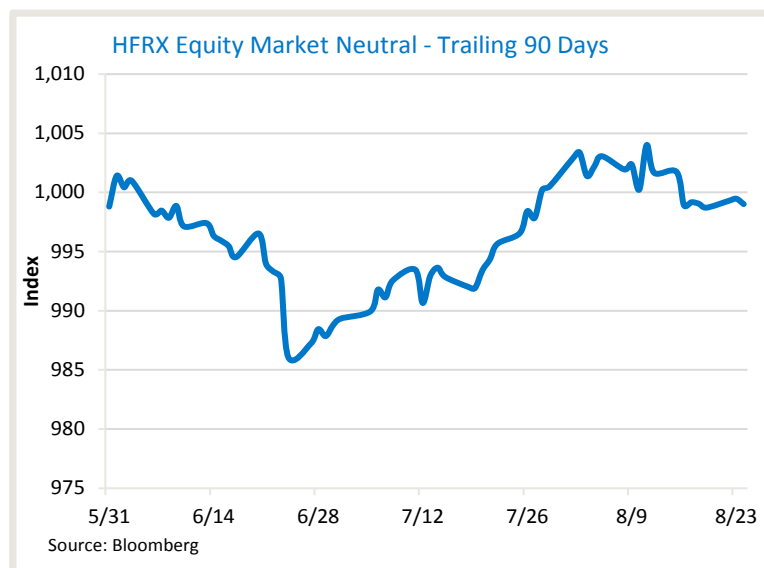
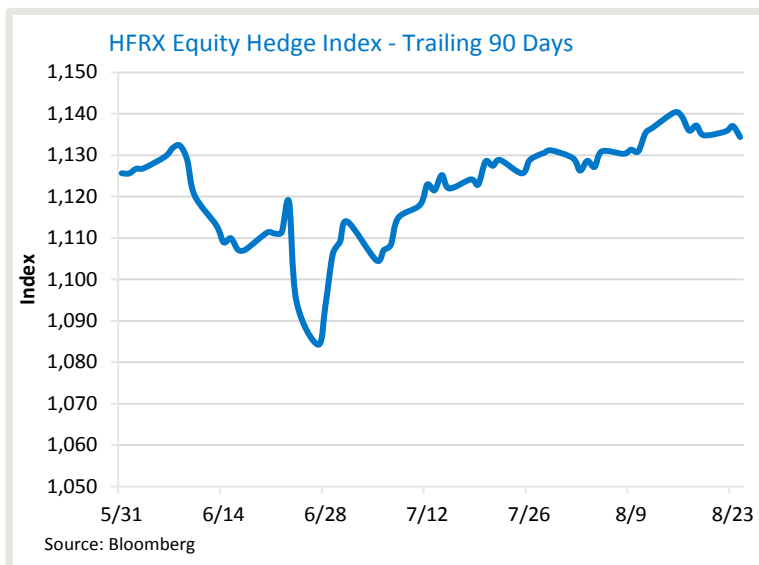
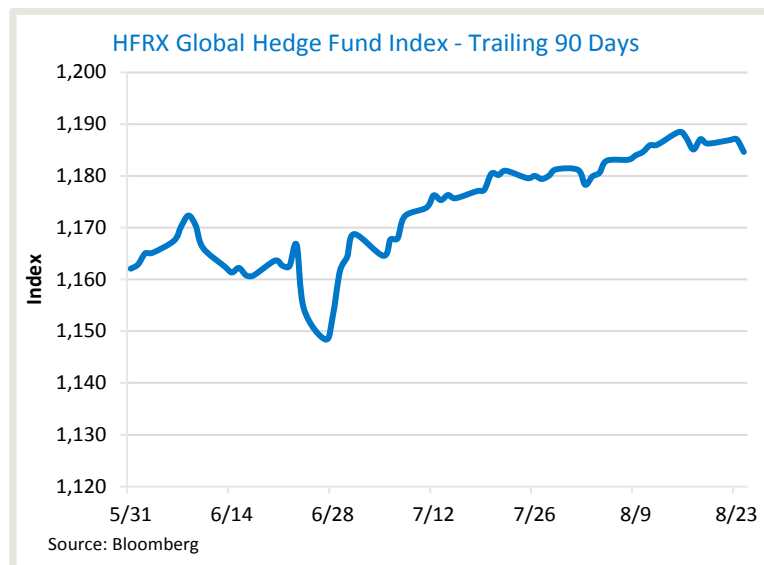
Alternative Investments

SELECTED ALTERNATIVE INVESTMENT INDEX PERFORMANCE

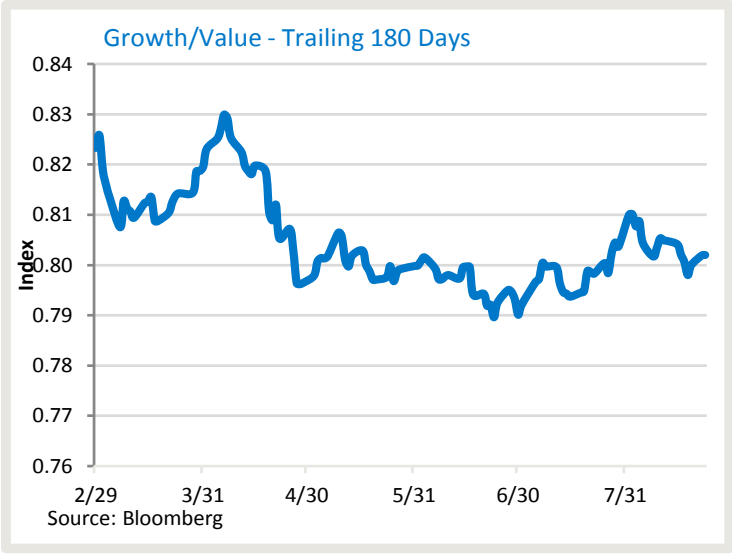
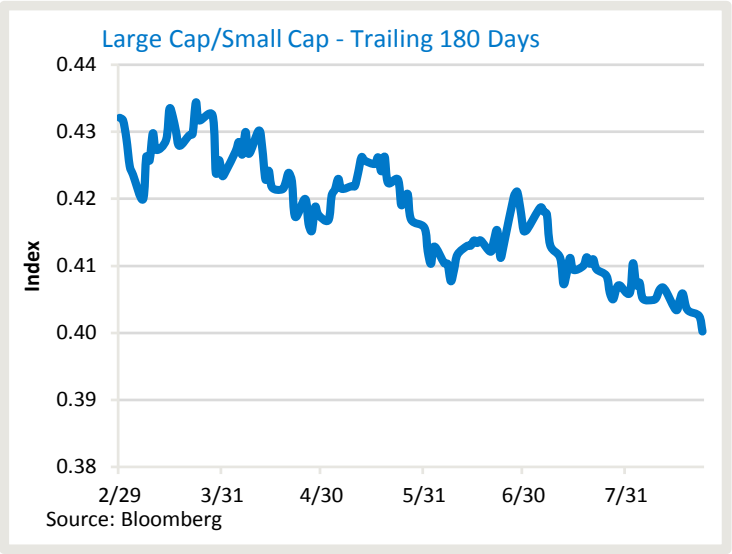
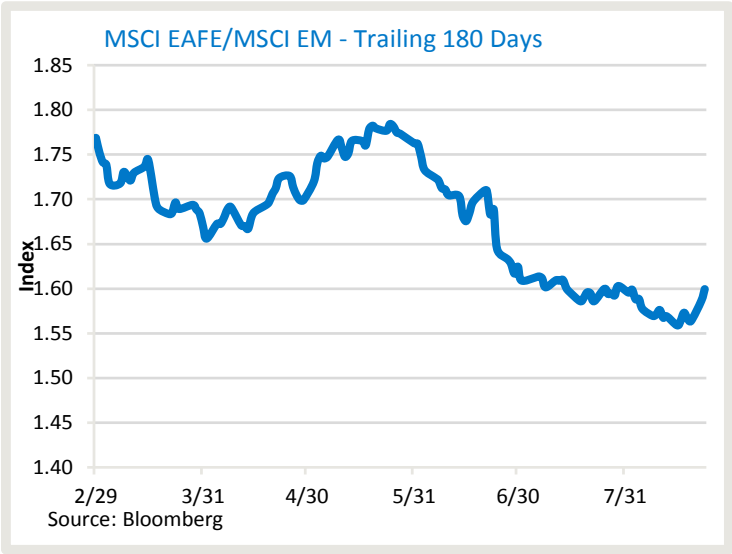
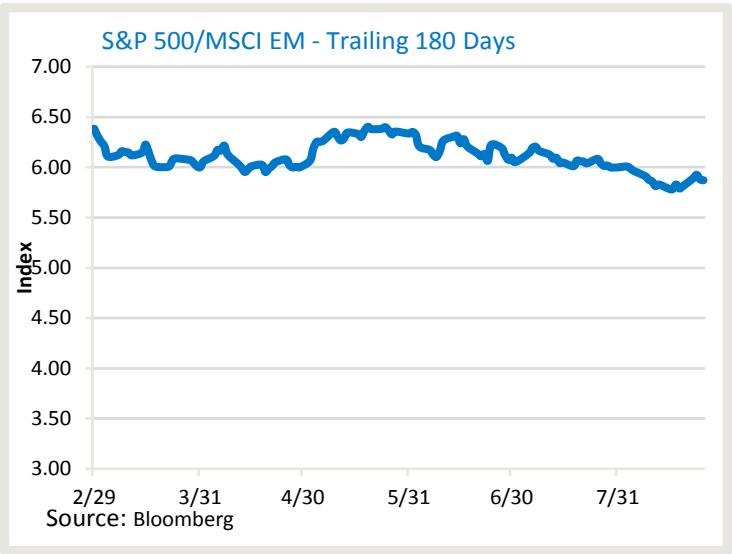
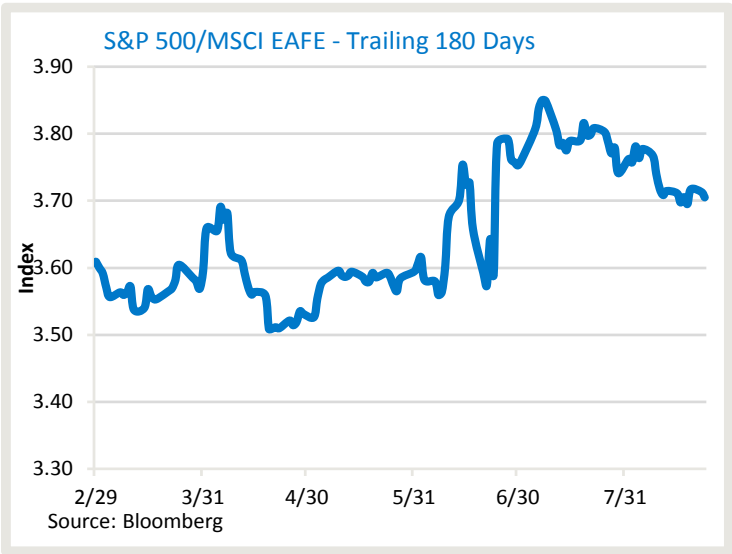
	Last	Change	% Chg.	YTD %
HFRX Global Hedge Fund Index	1184.64	-1.62	-0.14%	0.90%
HFRX Equity Market Neutral	999.01	0.30	0.03%	-3.95%
HFRX Equity Hedge Index	1134.40	-0.43	-0.04%	-1.72%
HFRX Event-Driven Index	1506.06	1.98	0.13%	6.94%
HFRX Absolute Return Index	1028.72	-0.68	-0.07%	0.33%

	Last	Change	% Chg.	YTD %
HFRX Distressed Index	1006.91	-0.16	-0.02%	12.35%
HFRX Merger Arbitrage Index	1785.29	3.58	0.20%	2.73%
HFRX Convertible Arbitrage Index	737.75	1.18	0.16%	5.07%
HFRX Macro CTA Index	1161.08	-8.78	-0.75%	-0.73%
IQ Fixed Income Beta Arb Index	1450.94	-4.31	-0.30%	4.60%

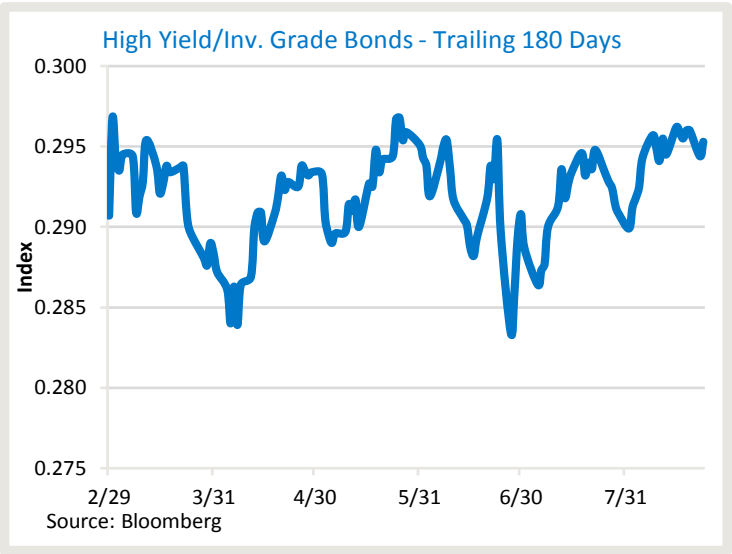
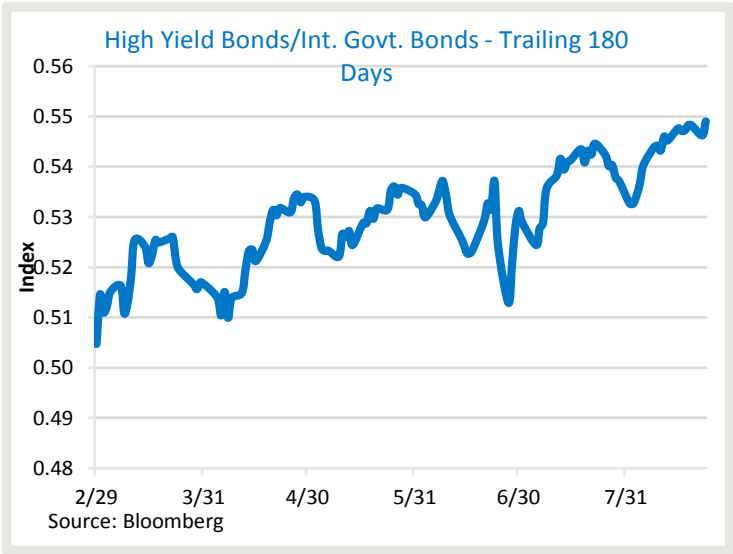
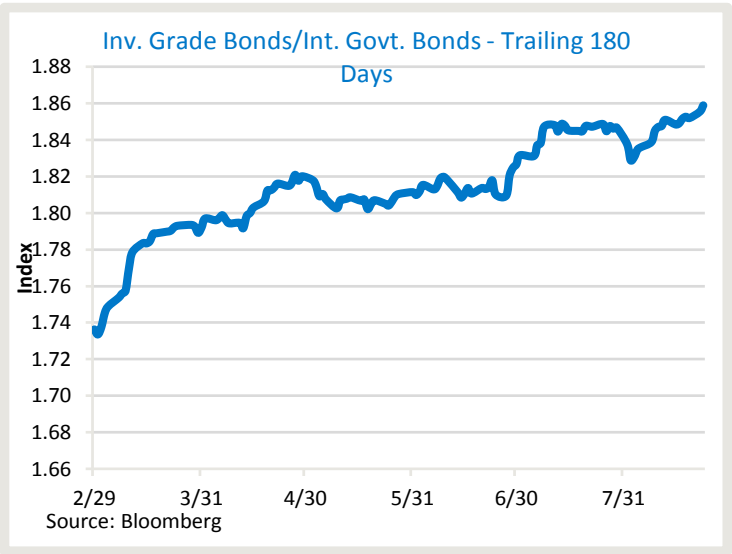
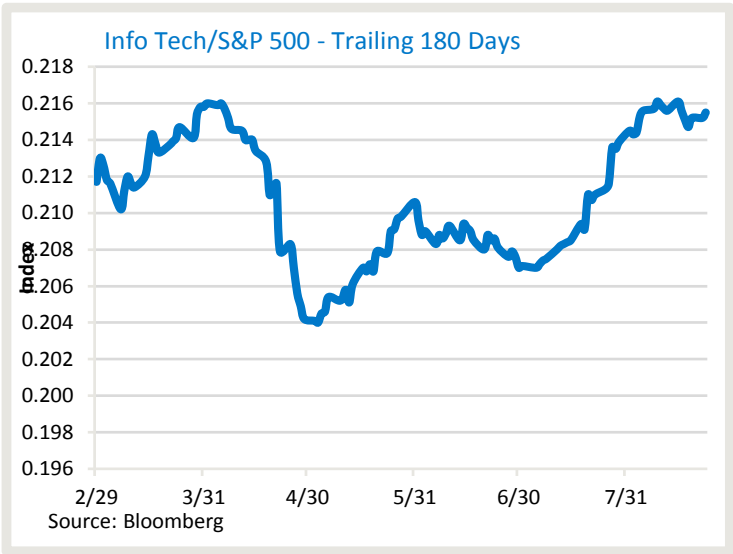
Source: Bloomberg; Index % change is based on price.



Portfolio Construction



Portfolio Construction (continued)



WEEKLY ASSET CLASS PERFORMANCE (Prior 12 weeks ending Thursday)

			6/9	6/16	6/23	6/30	7/7	7/14	7/21	7/28	8/4	8/11	8/18	8/25
Equity	Domestic Equity	Large Cap (R200)	0.39%	-1.65%	1.50%	-0.59%	0.07%	2.98%	0.10%	0.07%	-0.12%	1.01%	-0.04%	-0.70%
		Small Cap (R2000)	0.91%	-2.79%	2.09%	-1.73%	-0.19%	4.56%	0.14%	1.12%	-0.29%	1.27%	0.63%	0.26%
	Int'l. Equity	MSCI EAFE	1.35%	-6.36%	7.53%	-4.66%	-1.58%	4.51%	0.16%	0.06%	0.32%	2.69%	-0.02%	-0.34%
		MSCI Em. Mkts.	3.42%	-4.45%	4.46%	-0.16%	-0.85%	4.71%	0.61%	0.50%	0.06%	3.60%	0.97%	-2.00%
Fixed Income		BarCap Agg. (AGG)	0.61%	0.45%	-0.53%	1.20%	0.41%	-0.36%	-0.14%	0.19%	-0.15%	-0.17%	0.33%	-0.19%
		High Yield (JNK)	1.14%	-1.58%	2.06%	0.17%	-0.28%	1.63%	0.17%	-0.66%	-0.06%	1.22%	0.63%	-0.30%
Commodities		Bloomberg Commodity Index	3.66%	-2.94%	1.27%	0.56%	-3.72%	1.85%	-2.49%	-1.83%	0.61%	0.08%	3.29%	-1.95%
Alternatives		Hedge Funds (HFRX Global)	0.46%	-0.82%	0.51%	-0.20%	0.31%	0.72%	0.33%	-0.01%	0.05%	0.45%	0.10%	-0.21%
Asset Allocation		60/40*	0.85%	-1.87%	1.93%	-0.63%	-0.15%	2.21%	0.06%	0.20%	-0.07%	1.02%	0.24%	-0.41%
		48/32/20 (w/Alts.)**	0.77%	-1.66%	1.65%	-0.54%	-0.06%	1.92%	0.11%	0.16%	-0.05%	0.90%	0.21%	-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	1.01	1.00	0.98	0.99	0.99	0.94	0.96	0.92	1.00	0.94	1.06	1.12	1.04	0.95
Large Cap Growth	0.99	1.00	0.99	0.97	0.98	0.98	0.93	0.95	0.91	0.99	0.93	1.05	1.11	1.03	0.94
Large Cap Value	1.00	1.01	1.00	0.98	0.98	0.98	0.94	0.96	0.92	1.00	0.94	1.06	1.12	1.04	0.95
Mid Cap Core	1.02	1.03	1.02	1.00	1.01	1.01	0.96	0.98	0.94	1.02	0.96	1.08	1.14	1.06	0.97
Mid Cap Growth	1.01	1.03	1.02	0.99	1.00	1.00	0.95	0.98	0.93	1.01	0.95	1.07	1.14	1.06	0.97
Mid Cap Value	1.01	1.02	1.02	0.99	1.00	1.00	0.95	0.97	0.93	1.01	0.95	1.07	1.13	1.06	0.96
Small Cap Core	1.07	1.08	1.07	1.04	1.05	1.05	1.00	1.03	0.98	1.07	1.00	1.13	1.19	1.11	1.02
Small Cap Growth	1.04	1.05	1.04	1.02	1.02	1.03	0.98	1.00	0.96	1.04	0.98	1.10	1.16	1.08	0.99
Small Cap Value	1.09	1.10	1.09	1.07	1.07	1.07	1.02	1.05	1.00	1.09	1.02	1.15	1.22	1.13	1.04
Int'l. Developed	1.00	1.01	1.00	0.98	0.99	0.99	0.94	0.96	0.92	1.00	0.94	1.06	1.12	1.04	0.95
Emerging Markets	1.07	1.08	1.07	1.04	1.05	1.05	1.00	1.02	0.98	1.07	1.00	1.13	1.19	1.11	1.02
REITs	0.94	0.95	0.95	0.93	0.93	0.93	0.89	0.91	0.87	0.94	0.89	1.00	1.06	0.98	0.90
Commodities	0.89	0.90	0.90	0.88	0.88	0.88	0.84	0.86	0.82	0.89	0.84	0.95	1.00	0.93	0.85
Int. Bond	0.96	0.97	0.96	0.94	0.94	0.95	0.90	0.92	0.88	0.96	0.90	1.02	1.07	1.00	0.91
High Yield	1.05	1.06	1.05	1.03	1.03	1.04	0.98	1.01	0.96	1.05	0.99	1.11	1.17	1.09	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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