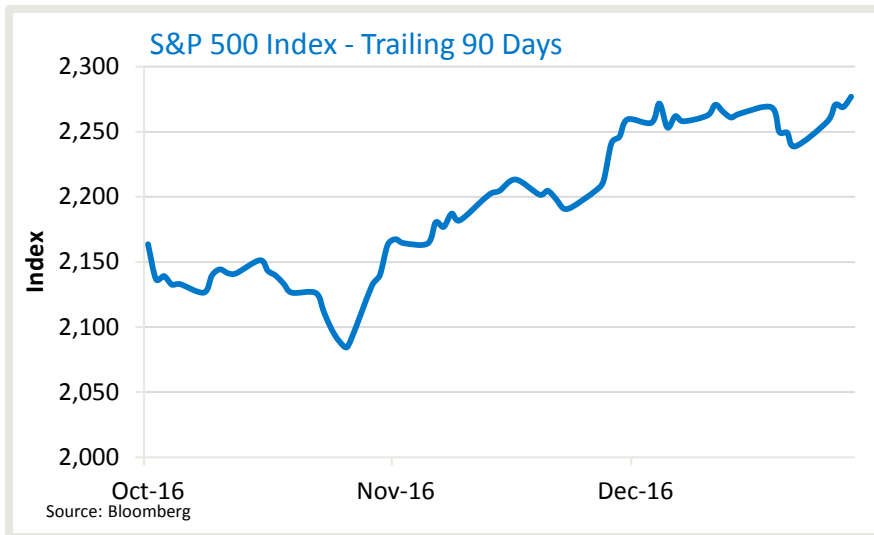


# Weekly Market Review

January 6, 2017

## Chart of the Week



## Weekly Highlights

- **Kicking off 2017, stock prices were mostly higher.** Although the equity rally has lost some momentum from its November post-election gains, it has continued its slow grind higher this week. The largest focus this week was on the Employment Situation report, which showed an increase of 156,000 jobs in December, whereas the unemployment rate ticked slightly higher to 4.7%.
- **The increase of 156K nonfarm jobs in December was lower** than the 175K reading that economists expected. For all of 2016, job growth totaled 2.2 Million, down from 2.7 Million in 2015. Average hourly earnings rose 0.4% in December, which was higher than the 0.3% expectation. The year-over-year increase for 2016 was 2.9%, the largest increase since 2009. Higher wage growth may strengthen the case for multiple rate hikes in 2017.
- **U.S. Treasury yields were slightly lower,** backing off of the large moves experienced in Q4, when the yield curve steepened substantially.
- **Recapping 2016 Performance:** S&P 500 +12%; Russell 2000 +21.3%; MSCI EAFE +1.0%; MCSI EM +11.2%; Barclays Agg +2.7%; Barclays Corp HY +17.1%; Bloomberg Commodity +11.8%; HFRX Global Hedge Fund +2.5%.

## Talking Points

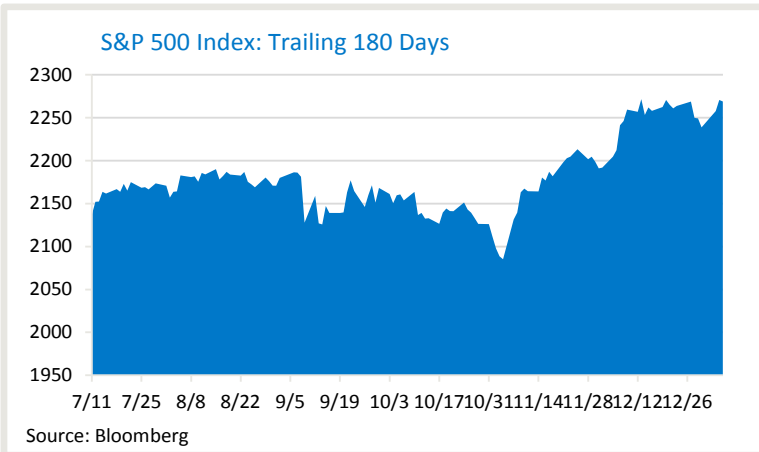
- **Among equities,** large cap outperformed small cap; growth outperformed value stocks, and domestic stocks underperformed international equities. Emerging markets outperformed developed markets.
- **Treasury prices were higher.** The yield on the 10 year decreased slightly.
- **Commodity indices were slightly higher,** as gold prices increased.
- **The dollar was relatively flat** against a basket of six major currencies.
- **Among economic data released this week,** employers added 156,000 jobs in December, below expectation; the unemployment rate rose to 4.7% from 4.6%; weekly Jobless claims were 235K for the prior week, which was lower than the 260K estimate; ISM Manufacturing Data was higher than expected, at 54.7 versus the 53.8 estimate.

## Market Dashboard

	Last Price	Change	% Chg.	YTD %
<b>S&amp;P 500</b>	2,276.98	38.15	1.70%	1.7%
<b>Dow Industrials</b>	19,963.80	201.20	1.02%	1.0%
<b>Nasdaq</b>	5,521.06	137.94	2.56%	2.6%
<b>Russell 2000</b>	1,367.28	10.15	0.75%	0.7%
<b>Euro Stoxx Index</b>	365.45	4.03	1.12%	1.1%
<b>Shanghai Composite</b>	3,154.32	58.22	1.88%	1.6%
<b>Russell Global</b>	1,794.76	32.18	1.83%	1.8%

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

	Last Price	Change	% Chg.	YTD %
<b>Russell Global EM</b>	2,790.92	59.70	2.19%	2.2%
<b>10-Year US Treas.</b>	2.42	-3 bps	NM	NM
<b>DJ UBS Comm. Idx.</b>	87.37	-0.15	-0.17%	-0.2%
<b>Gold</b>	\$1,172.75	\$24.93	2.17%	2.2%
<b>Crude Oil</b>	\$53.69	-\$0.04	-0.07%	-0.1%
<b>Dollar Index</b>	102.20	-0.01	-0.01%	0.0%
<b>VIX Index</b>	11.28	-2.72	-19.37%	-19.4%



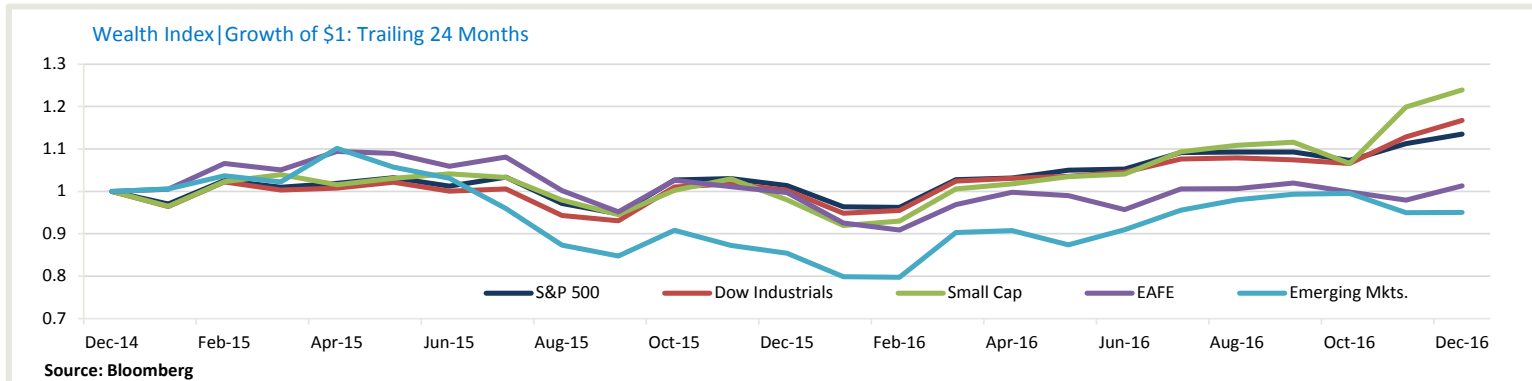
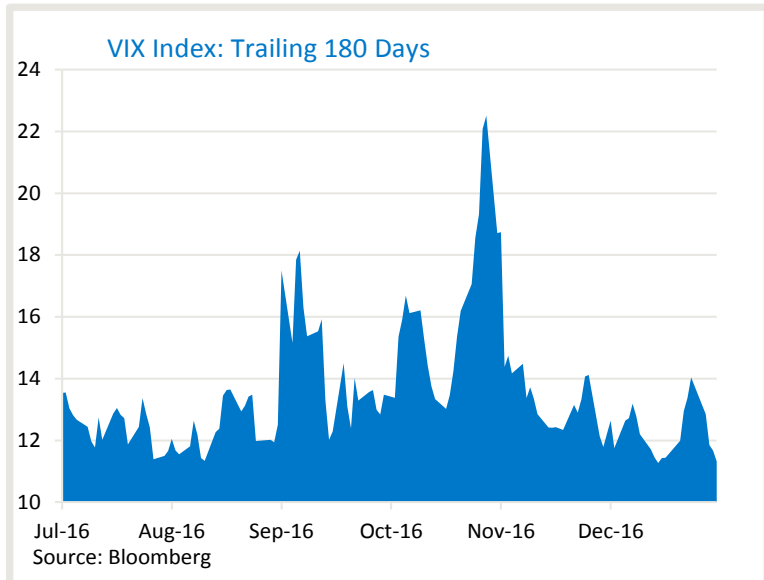
	One Week			YTD		
	Value	Growth		Value	Growth	
L	0.88%	1.71%	2.52%	0.88%	1.71%	2.52%
	1.74%	1.86%	2.02%	1.74%	1.86%	2.02%
S	0.38%	0.75%	1.16%	0.38%	0.75%	1.16%

Source: Bloomberg

**Sector Performance:**  
**S&P/Global Industry Classification Sectors (GICS)**

	% Wgt in S&P 500	Week % Chg.	YTD % Chg.
<b>Consumer Discretionary</b>	12.1	2.33%	2.3%
<b>Consumer Staples</b>	9.3	0.66%	0.7%
<b>Energy</b>	7.5	0.55%	0.6%
<b>Financials</b>	14.7	1.19%	1.2%
<b>Health Care</b>	13.8	2.93%	2.9%
<b>Industrials</b>	10.2	1.38%	1.4%
<b>Information Technology</b>	20.9	2.43%	2.4%
<b>Materials</b>	2.8	1.83%	1.8%
<b>Telecom Services</b>	2.6	-1.16%	-1.2%
<b>Utilities</b>	3.1	0.46%	0.5%

Source: Bloomberg



## The Economy and Markets

### ***A Macro View – December Monthly Recap***

**Domestic equity markets** closed out 2016 with strong gains in December, as investors continued to ride out the rally triggered by the election of Donald Trump in November. On December 14, the Federal Open Market Committee (FOMC) voted unanimously to raise the federal funds rate 25 basis points to a range of 0.50%-0.75%. Investors began pricing in the higher likelihood of a Fed rate hike over the past few months, which reached near certainty in the month leading up to December's FOMC meeting. Approaching the meeting, speculation ensued on how many rate increases to expect in 2017, with the release of post-meeting economic forecasts indicating three hikes for the year ahead. The employment situation continued to show growth with another year of two million jobs added to the labor market. In December, employers added 156,000 jobs, and the unemployment rate rose slightly to 4.7%. The final estimate of third-quarter GDP was reported at +3.5%, an increase from +1.4% in the second quarter, showing continued economic growth.

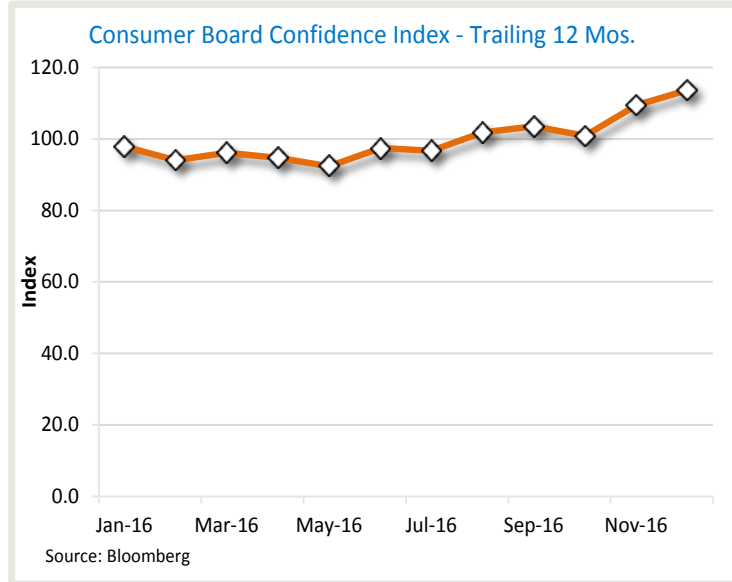
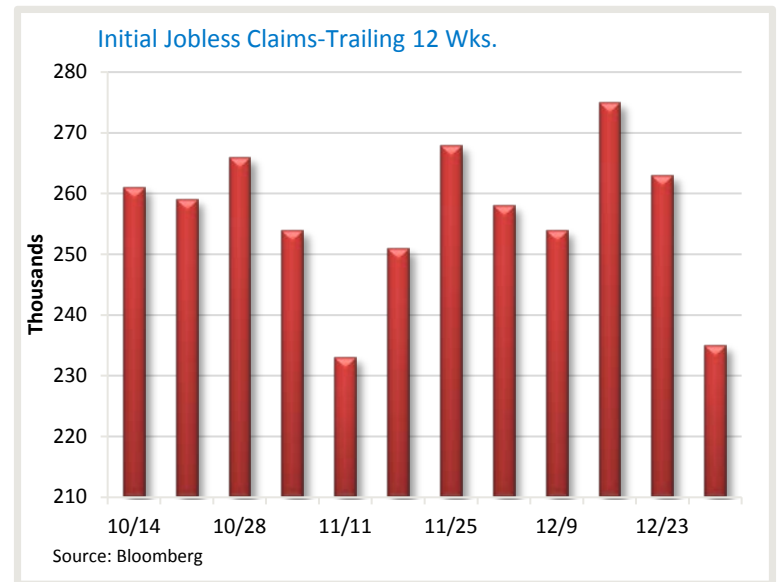
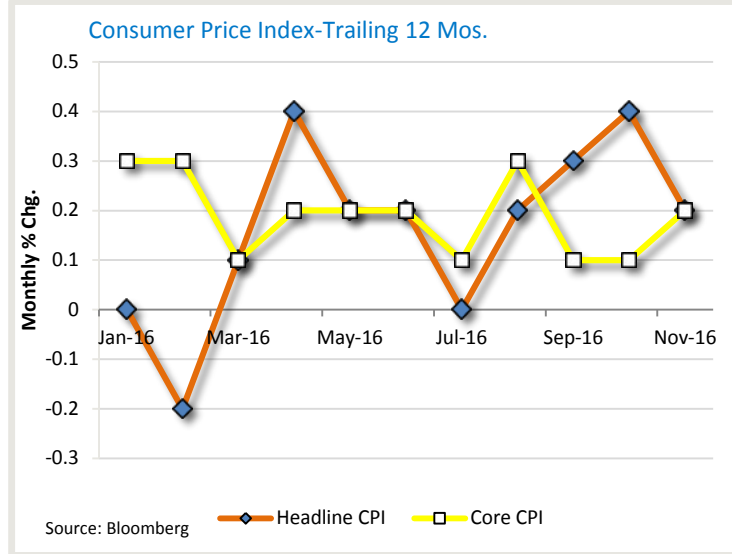
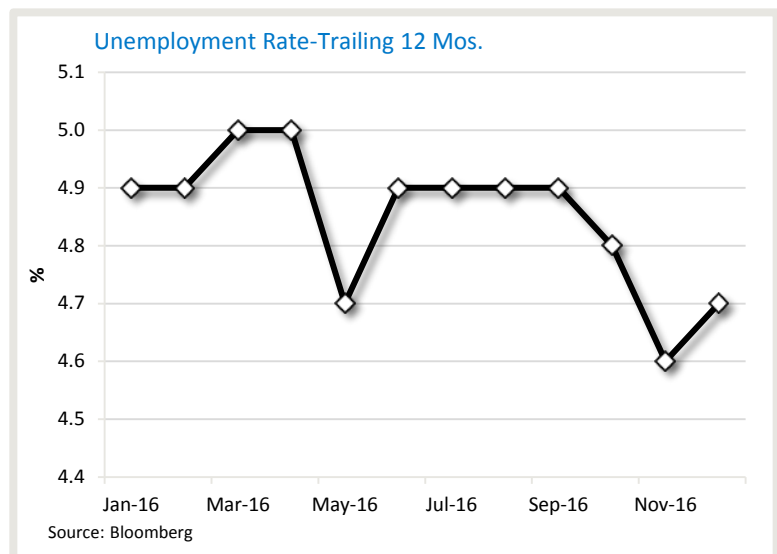
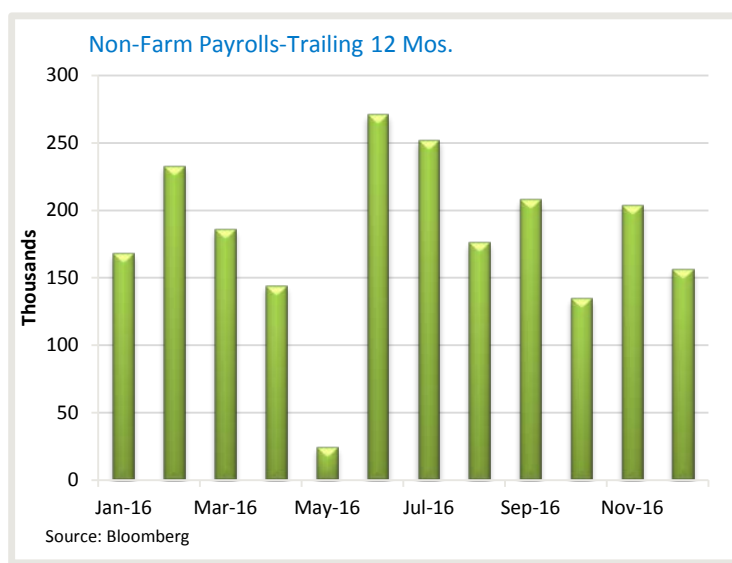
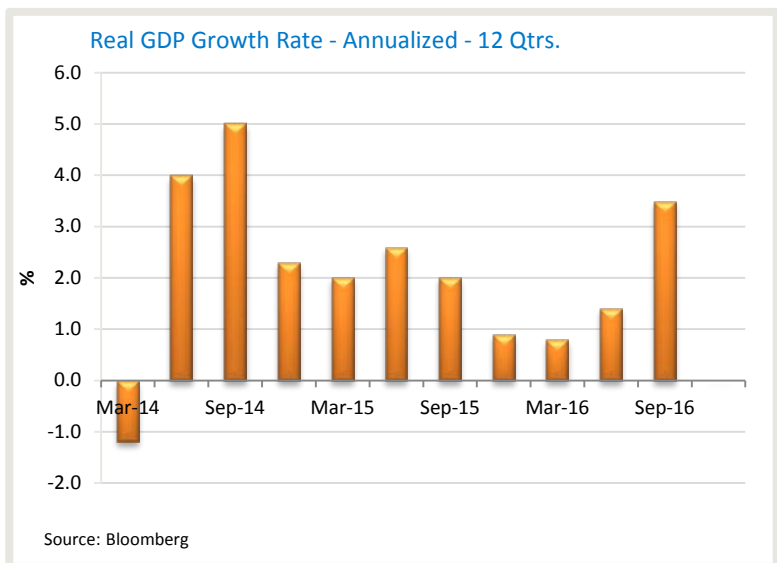
Within this context, domestic equities were mostly higher during the month. The S&P 500 gained +1.98%, finishing the full year up +12%. The Dow Jones Industrial Average (DJIA) also advanced, delivering a gain of +3.4% and leading the major averages. The DJIA flirted with a key psychological level of 20,000 several times before falling just short with a few down days to close out 2016. The tech-heavy Nasdaq Composite Index rose by +1.2%, finishing the year up 8.9%. The Russell 2000 Index of small cap stocks outperformed the Russell 1000 Index of large cap stocks, with a monthly return of 2.8% compared with 1.9%. Value stocks outperformed growth stocks, and for the full year, outperformed by more than 1,100 basis points within the Russell 3000. In terms of sector performance, the top performers in the month were Telecommunications, Financials, and Utilities, with returns of +8.1%, +3.9%, and +4.9%, respectively. Consumer Discretionary, Materials, and Industrials were the poorest performers, with returns of +0.06%, +0.1%, and +0.5%, respectively. Commodity prices increased by +1.8%. REITs bounced back, gaining 4.7%, after posting poor performance in November.

**International equity markets** bounced back in December, after a difficult November, with most markets outperforming US equities. The international market movement over the past two months could be viewed as an overreaction followed by a snapback in several regions. The MSCI World ex-U.S. Index increased by +3.3% for the month, and finished the year up +2.8%. Emerging markets performed poorly on a relative basis, largely as a result of the rise in interest rates. The MSCI Emerging Markets Index posted a gain of +0.2% for the month, finishing up 11.2% for 2016. The MSCI EAFE Index, which measures developed markets performance, gained +3.4%. Regionally, Eastern Europe and Europe were the best relative performers, with returns of +11.1% and +5.2%, respectively. China, Asia EM, and Asia Pacific region ex-Japan were the poorest relative performers, with declines of -4.1%, -1.4%, and -0.6%, respectively.

**Fixed-income markets** improved in December, after a challenging November, with investors fully pricing in a December rate hike one month early. For the fourth quarter, losses were still somewhat steep, as the Bloomberg Barclays U.S. Aggregate Bond lost -3% in Q4 and saw its return decline to +2.65% for the full year. The yield curve was relatively unchanged in December, with both short- and long-term yields rising only slightly but in tandem. This was a much less significant move than in November, when the yield curve steepened substantially following the election and the pricing in of a FOMC rate hike. Within this environment, the yield on the 10-year U.S. Treasury Note ended the month at 2.45%, up 7 basis points from the 2.38% level of November 30. Broad-based fixed income indices eked out slight gains, with the Bloomberg Barclays U.S. Aggregate Bond Index increasing 0.14% for the month. Global fixed income markets performed worse, as the Bloomberg Barclays Global Aggregate ex-U.S. Index declined -1%. Intermediate-term corporate bonds posted slight gains, as the Bloomberg Barclays U.S. Corporate 5-10 Year Index rose by +0.3%. The Bloomberg Barclays U.S. Corporate High Yield Index increased by +1.85%. Municipals posted a gain of +1.2% for December.

Tim Murphy  
VP, Portfolio Manager

## Economic Data



## Eurozone

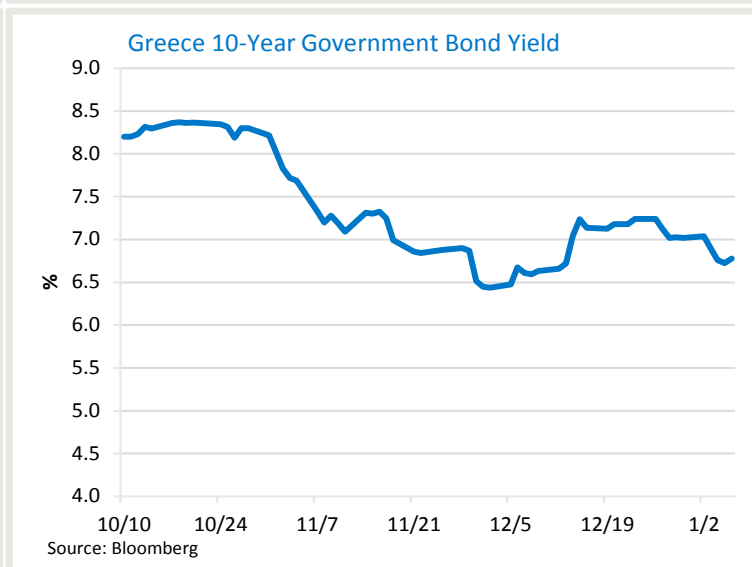
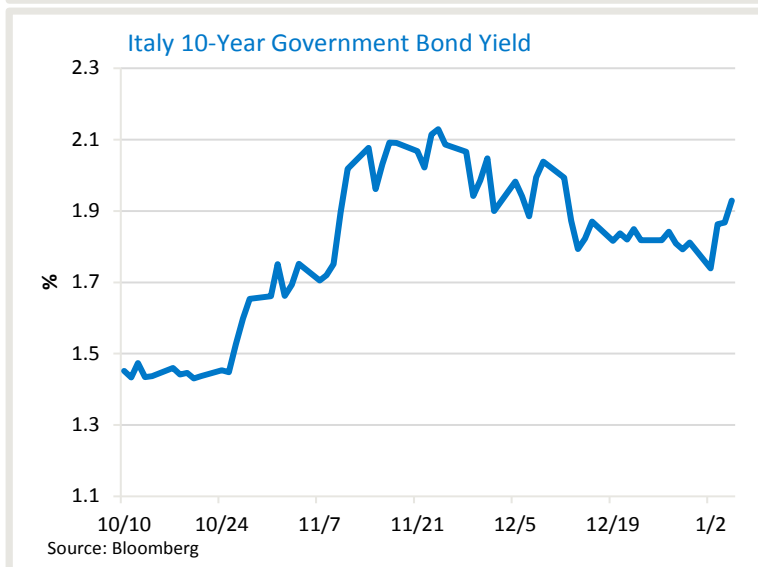
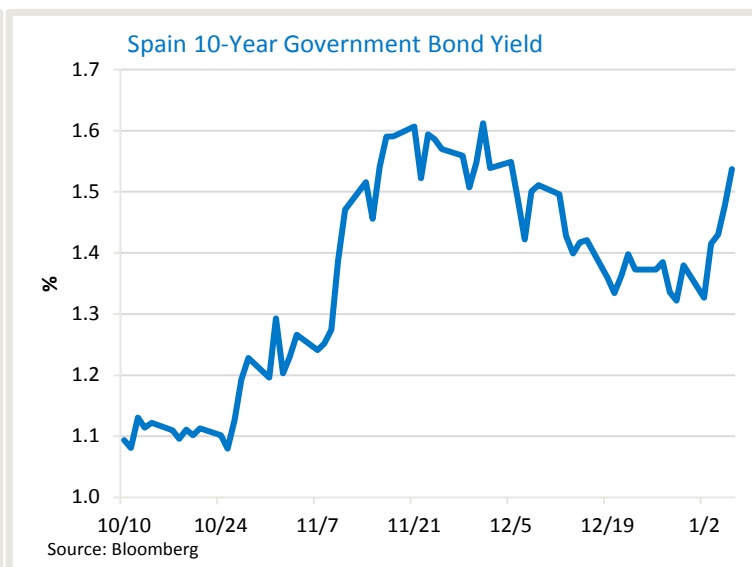
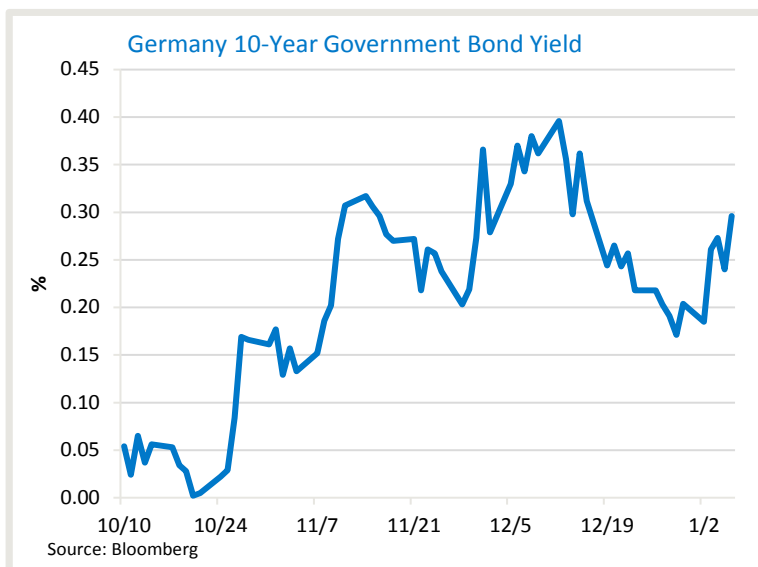
### SELECTED EUROPEAN SOVEREIGN YIELD PERFORMANCE

	Last	Change	% Chg.	YTD %
Germany 10-Yr. Govt.	0.30	-9 bps	NM	NM
Greece 10-Yr. Govt.	6.78	15 bps	NM	NM
Italy 10-Yr. Govt.	1.96	-13 bps	NM	NM
Spain 10-Yr. Govt.	1.54	-14 bps	NM	NM
Belgium 10-Yr. Govt.	0.70	-16 bps	NM	NM

	Last	Change	% Chg.	YTD %
France 10-Yr. Govt.	0.83	-13 bps	NM	NM
Ireland 10-Yr. Govt.	0.96	-19 bps	NM	NM
Portugal 10-Yr. Govt.	4.03	-21 bps	NM	NM
Netherlands 10-Yr. Govt.	0.46	-11 bps	NM	NM
U.K. 10-Yr. Govt.	1.38	-13 bps	NM	NM

Source: Bloomberg

Basis points (bps)

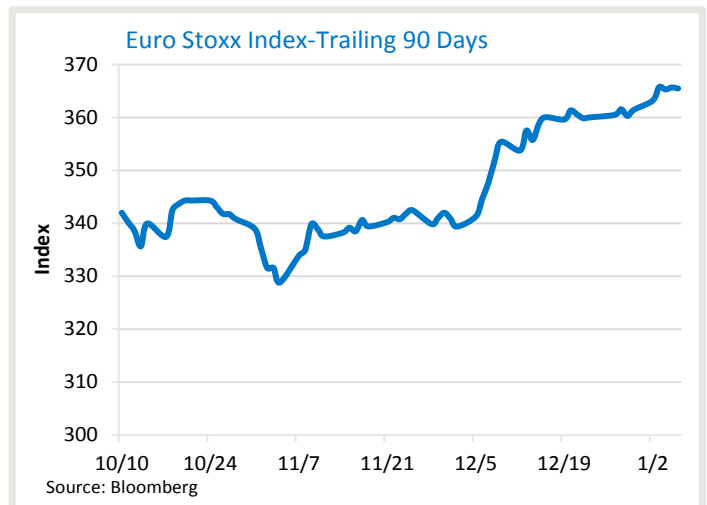
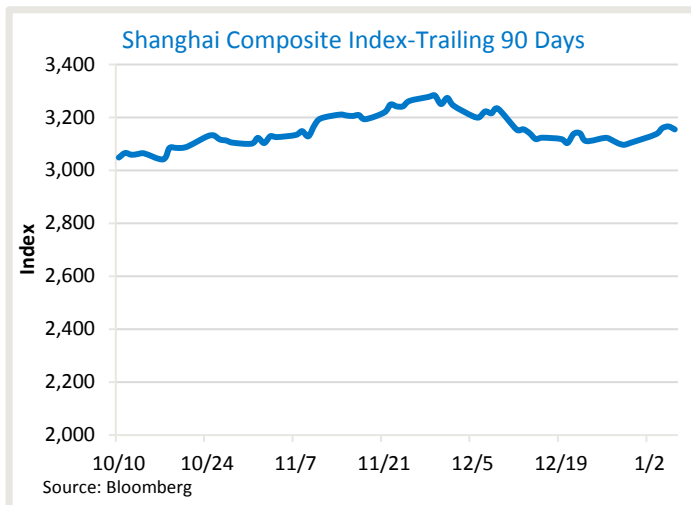
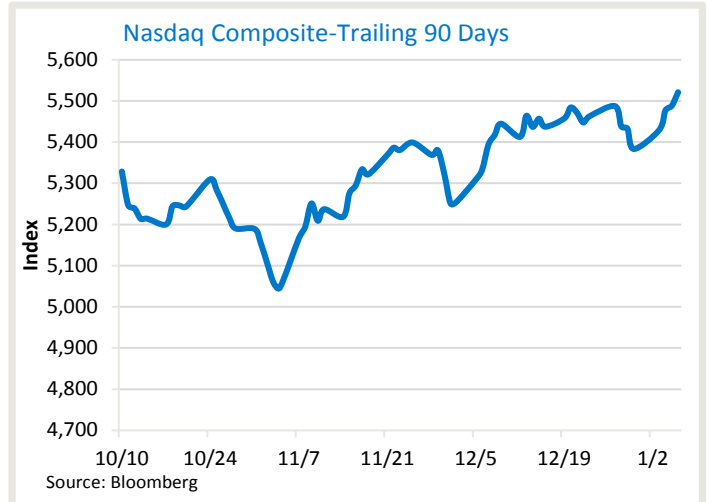
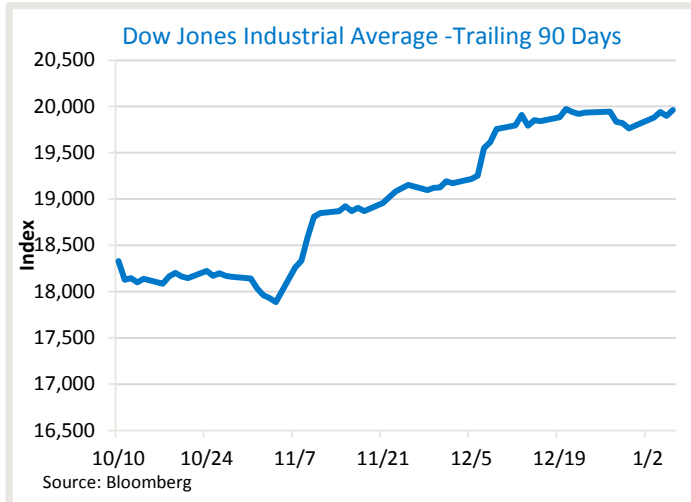


## Equities

### WORLD MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
<b>S&amp;P 500</b>	<b>2,276.98</b>	<b>38.15</b>	<b>1.70%</b>	<b>1.70%</b>	<b>Swiss Market Index</b>	<b>8,417.46</b>	<b>197.59</b>	<b>2.40%</b>	<b>2.40%</b>
<b>Dow Industrials</b>	<b>19,963.80</b>	<b>201.20</b>	<b>1.02%</b>	<b>1.02%</b>	<b>CAC 40 Index (France)</b>	<b>4,909.84</b>	<b>47.53</b>	<b>0.98%</b>	<b>0.98%</b>
<b>Nasdaq Composite</b>	<b>5,521.06</b>	<b>137.94</b>	<b>2.56%</b>	<b>2.56%</b>	<b>DAX Index (Germany)</b>	<b>11,599.01</b>	<b>117.95</b>	<b>1.03%</b>	<b>1.03%</b>
<b>Russell Global</b>	<b>1,794.76</b>	<b>32.18</b>	<b>1.83%</b>	<b>1.8%</b>	<b>Irish Overall Index</b>	<b>6,594.32</b>	<b>77.08</b>	<b>1.18%</b>	<b>1.18%</b>
<b>Russell Global EM</b>	<b>2,790.92</b>	<b>59.70</b>	<b>2.19%</b>	<b>2.2%</b>	<b>Nikkei 225</b>	<b>19,454.33</b>	<b>52.61</b>	<b>0.27%</b>	<b>1.78%</b>
<b>S&amp;P/TSX (Canada)</b>	<b>15,496.05</b>	<b>208.46</b>	<b>1.36%</b>	<b>1.36%</b>	<b>Hang Seng Index</b>	<b>22,503.01</b>	<b>712.10</b>	<b>3.27%</b>	<b>2.28%</b>
<b>Mexico IPC</b>	<b>46,071.57</b>	<b>428.67</b>	<b>0.94%</b>	<b>0.94%</b>	<b>Shanghai Composite</b>	<b>3,154.32</b>	<b>58.22</b>	<b>1.88%</b>	<b>1.63%</b>
<b>Brazil Bovespa</b>	<b>61,665.37</b>	<b>1438.08</b>	<b>2.39%</b>	<b>2.39%</b>	<b>Kospi Index (S. Korea)</b>	<b>2,049.12</b>	<b>22.66</b>	<b>1.12%</b>	<b>1.12%</b>
<b>Euro Stoxx 600</b>	<b>365.45</b>	<b>4.03</b>	<b>1.12%</b>	<b>1.12%</b>	<b>Taiwan Taiex Index</b>	<b>9,372.22</b>	<b>118.72</b>	<b>1.28%</b>	<b>1.28%</b>
<b>FTSE 100</b>	<b>7,210.05</b>	<b>67.22</b>	<b>0.94%</b>	<b>0.94%</b>	<b>Tel Aviv 25 Index</b>	<b>1,467.83</b>	<b>-2.95</b>	<b>-0.20%</b>	<b>-0.20%</b>
<b>IBEX 35 (Spain)</b>	<b>9,515.90</b>	<b>163.80</b>	<b>1.75%</b>	<b>1.75%</b>	<b>MICEX Index (Russia)</b>	<b>2,213.93</b>	<b>-18.79</b>	<b>-0.84%</b>	<b>-0.84%</b>

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



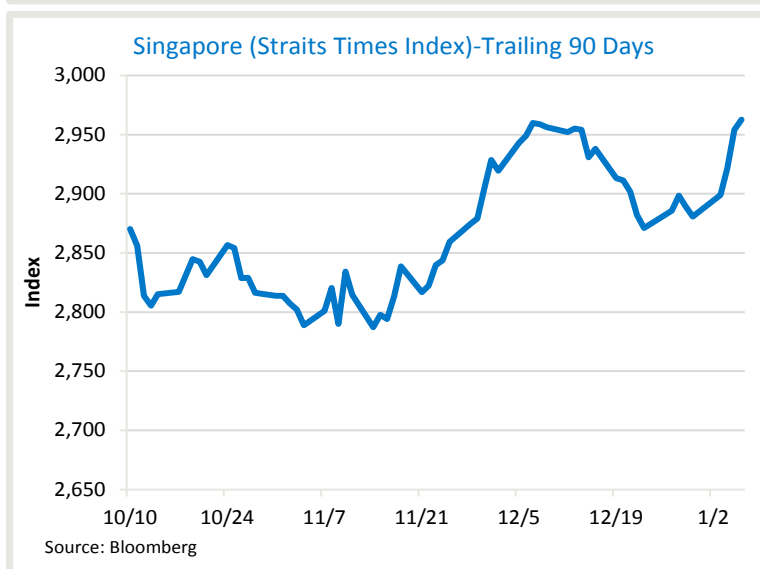
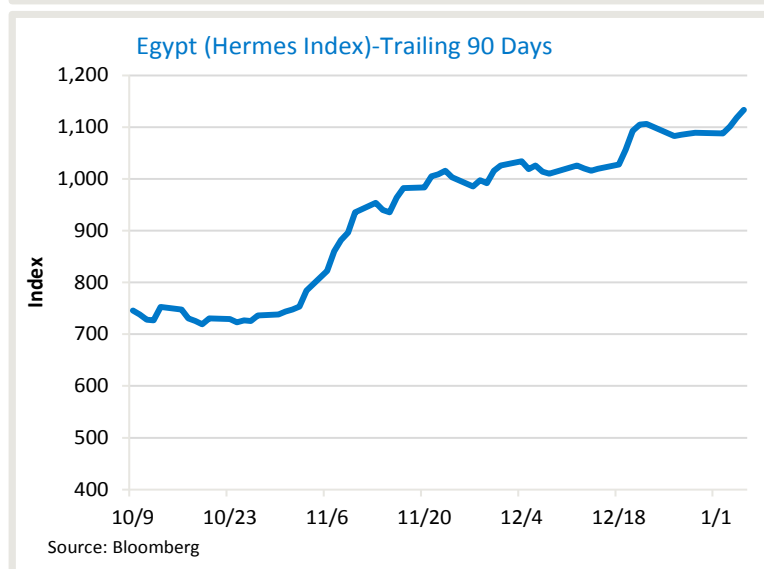
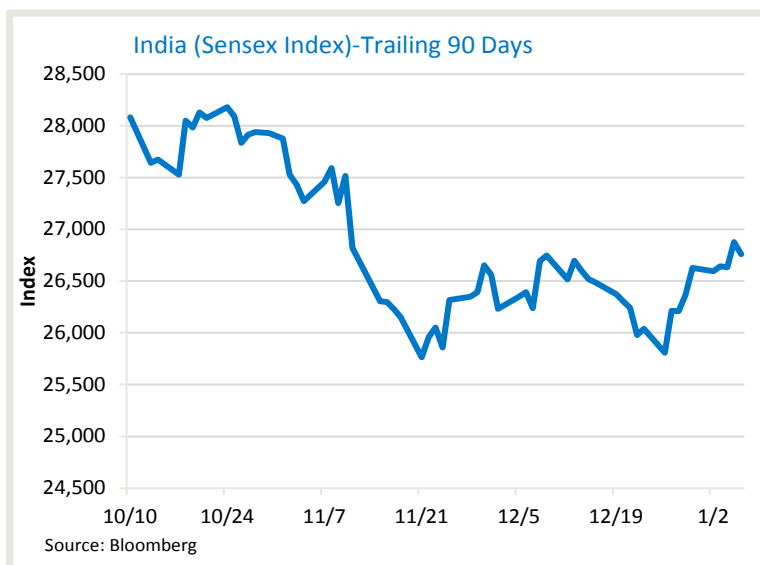
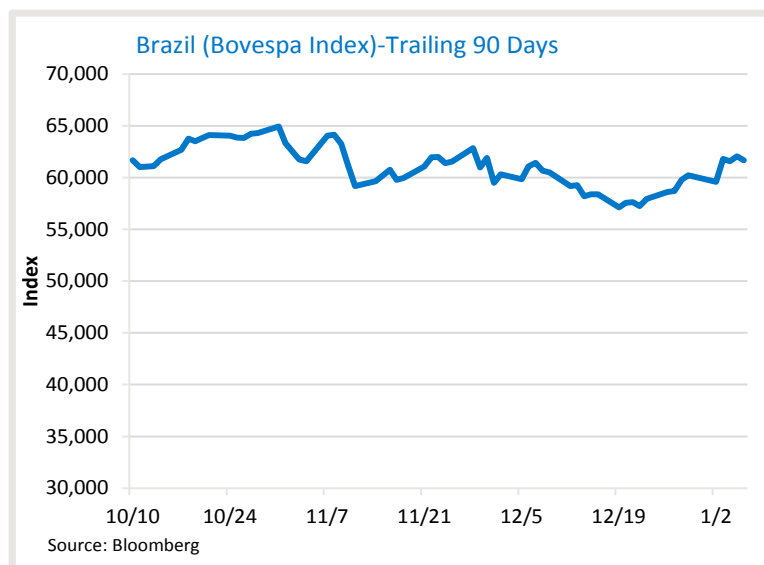
## Equities – Emerging and Frontier Markets

### EMERGING AND FRONTIER MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
Mexico IPC	46,071.57	428.67	0.9%	0.9%
Brazil (Bovespa Index)	61,665.37	1438.08	2.4%	2.4%
MICEX Index (Russia)	2,213.93	-18.79	-0.8%	-0.8%
Czech Republic (Prague)	937.52	15.91	1.7%	1.7%
Turkey (Istanbul)	77,106.56	-1032.09	-1.3%	-1.3%
Egypt (Hermes Index)	1,133.53	44.55	4.1%	4.1%
Kenya (Nairobi 20 Index)	3,139.21	-47.00	-1.5%	-1.5%
Saudi Arabia (TASI Index)	7,198.73	-11.70	-0.2%	-0.2%
Lebanon (Beirut BLOM Index)	1,211.76	0.00	0.0%	0.0%
Palestine	535.12	4.96	0.9%	0.9%

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

	Last	Change	% Chg.	YTD %
Hang Seng Index	22,503.01	712.10	3.3%	2.3%
India (Sensex 30)	26,759.23	132.77	0.5%	0.5%
Malaysia (KLCI Index)	1,675.49	37.56	2.3%	2.1%
Singapore (Straits Times Index)	2,962.63	73.48	2.5%	2.8%
Thailand (SET Index)	1,571.48	46.88	3.1%	1.8%
Indonesia (Jakarta)	5,347.02	44.46	0.8%	0.9%
Pakistan (Karachi KSE 100)	49,038.23	1231.26	2.6%	2.6%
Vietnam (Ho Chi Minh)	679.80	15.08	2.3%	2.2%
Sri Lanka (Colombo)	6,153.02	-75.24	-1.2%	-1.2%
Cambodia (Laos)	1,220.49	205.94	20.3%	20.3%

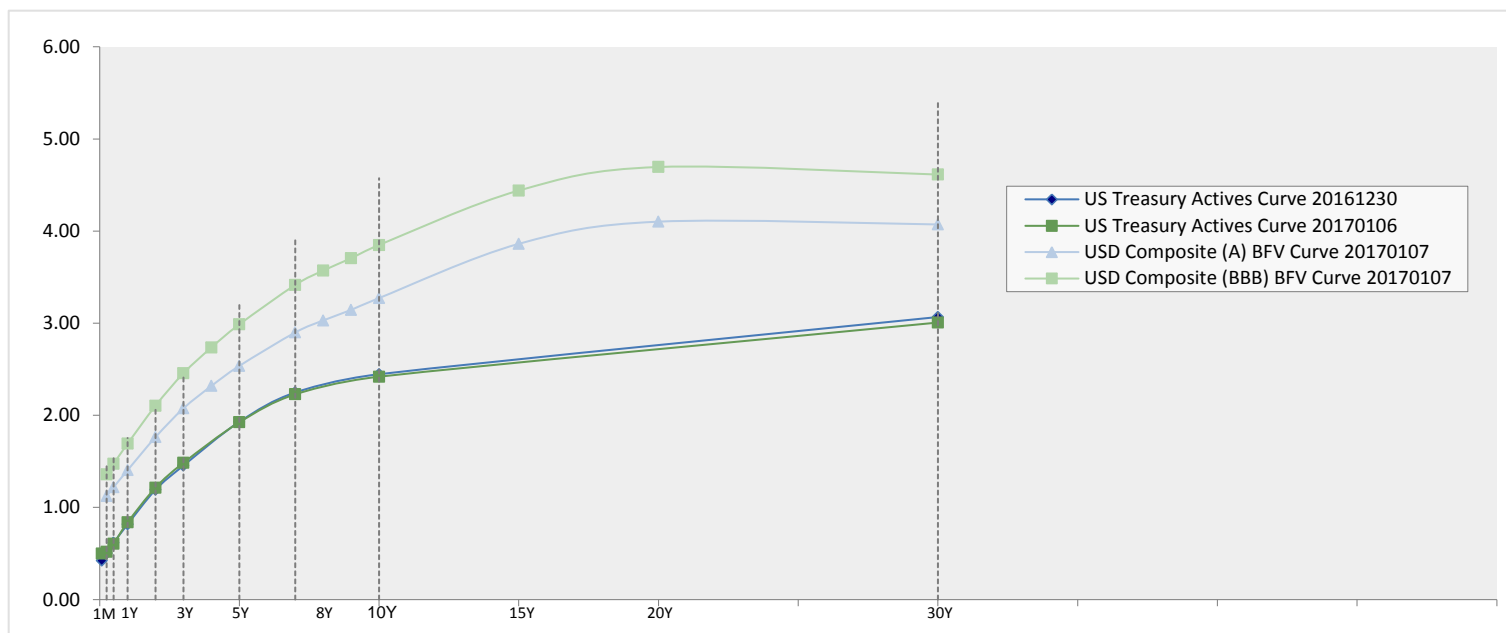


## Interest Rates

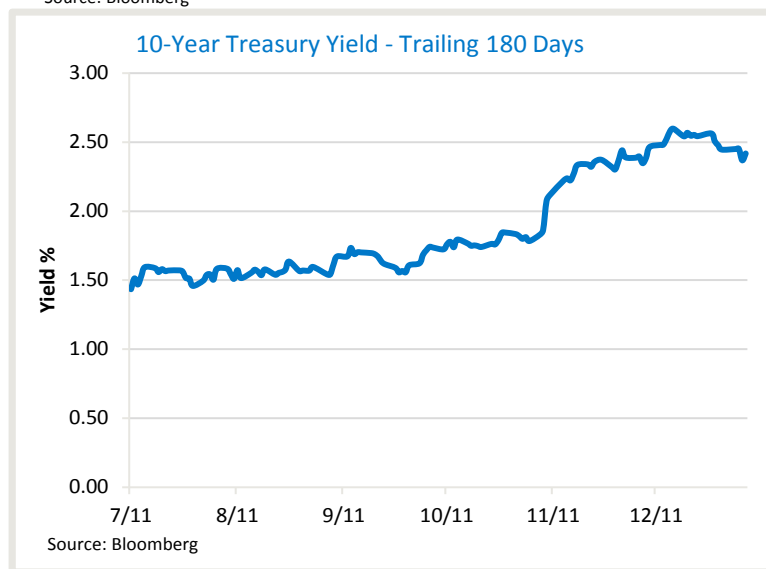
SELECTED INTEREST RATES

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
2-Yr. U.S. Treasury	1.21%	0 bps	NM	NM	Prime Rate	3.75%	0.00	NM	NM
5-Yr. U.S. Treasury	1.92%	-1 bps	NM	NM	Fed Funds Rate	0.75%	0.00	NM	NM
10-Yr. U.S. Treasury	2.42%	-3 bps	NM	NM	Discount Rate	1.25%	0.00	NM	NM
30-Yr. U.S. Treasury	3.00%	-6 bps	NM	NM	LIBOR (3 Mo.)	1.01%	1 bps	NM	NM
German 10-Yr. Govt.	0.30%	-9 bps	NM	NM	Bond Buyer 40 Muni	4.03%	-7 bps	NM	NM
France 10-Yr.	0.83%	-13 bps	NM	NM	Bond Buyer 40 G.O.	3.78%	NA	NM	NM
Italy 10-Yr.	1.96%	-13 bps	NM	NM	Bond Buyer 40 Rev.	3.90%	NA	NM	NM
Fed 5-Yr Fwd BE Inf.	1.91%	2 bps	NM	NM					

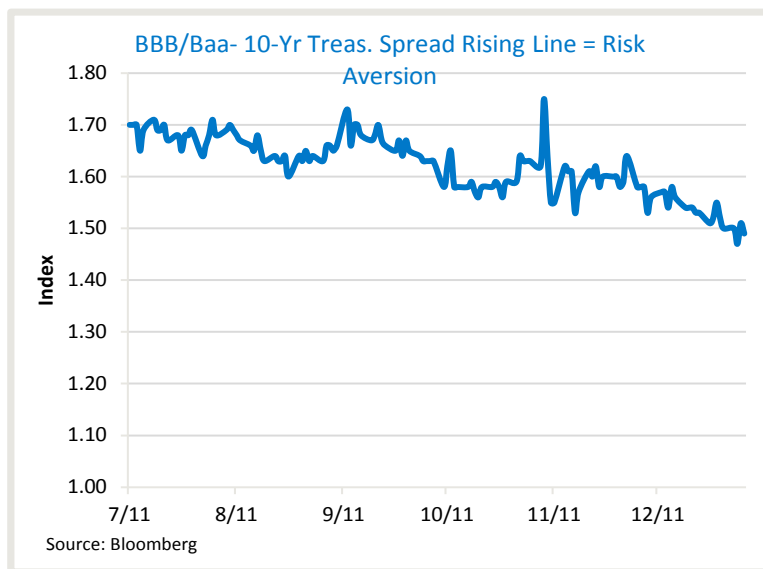
Source: Bloomberg



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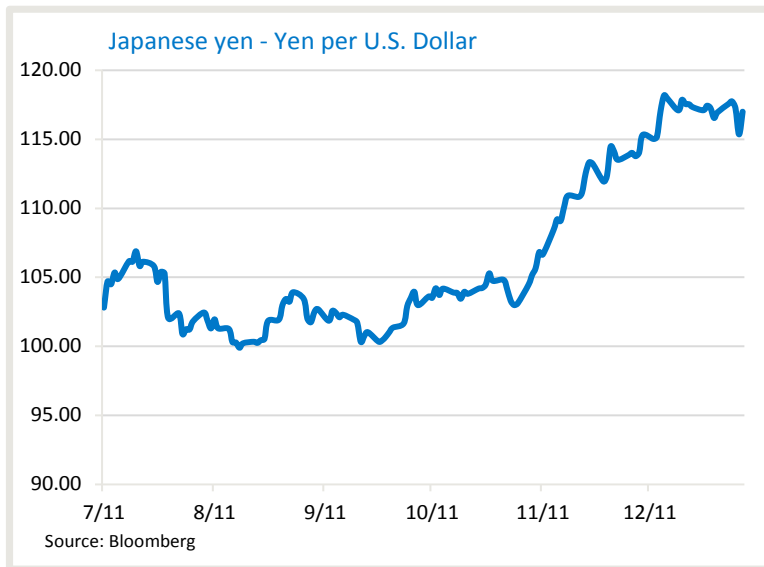
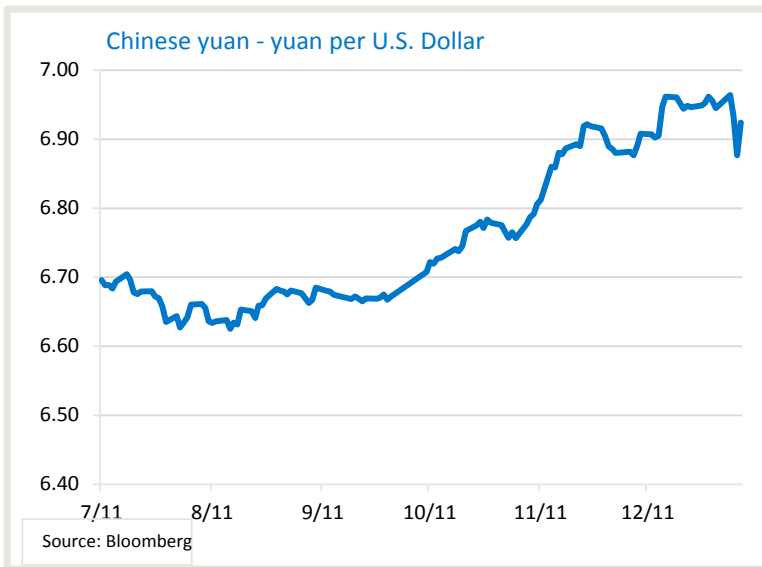
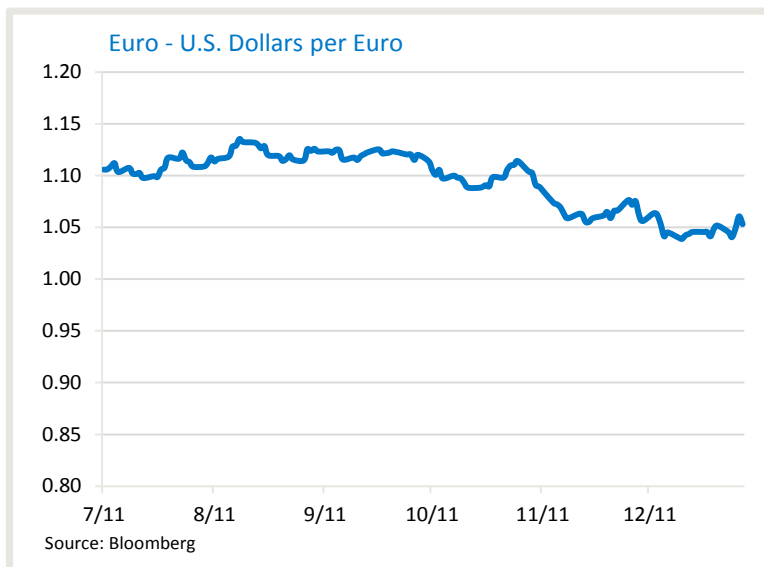
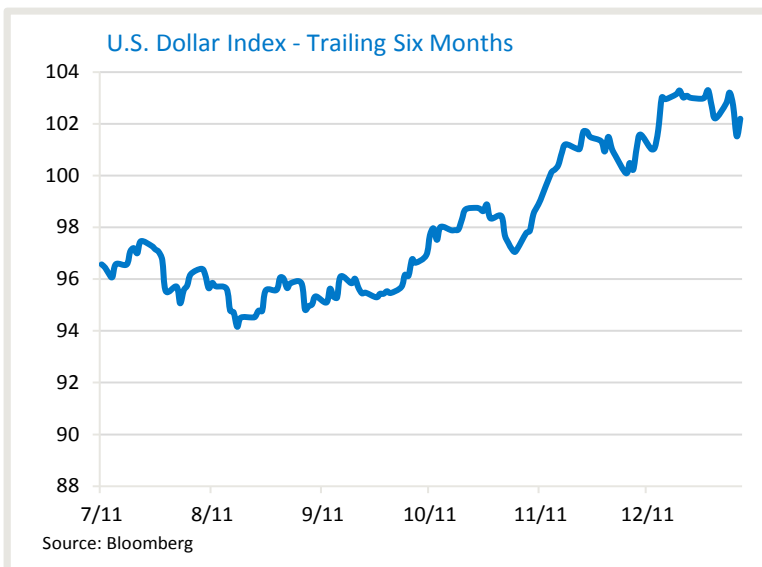
## Currencies

### SELECTED CURRENCY PERFORMANCE

	Last	Change	% Chg.	YTD %
<b>Dollar Index</b>	<b>102.20</b>	<b>-0.010</b>	<b>-0.01%</b>	<b>-0.01%</b>
<b>Euro</b>	<b>1.05</b>	<b>0.001</b>	<b>0.13%</b>	<b>0.13%</b>
<b>Japanese Yen</b>	<b>117.01</b>	<b>0.040</b>	<b>-0.03%</b>	<b>-0.03%</b>
<b>British Pound</b>	<b>1.23</b>	<b>-0.006</b>	<b>-0.46%</b>	<b>-0.46%</b>
<b>Canadian Dollar</b>	<b>1.32</b>	<b>-0.021</b>	<b>1.56%</b>	<b>1.56%</b>

	Last	Change	% Chg.	YTD %
<b>Chinese Yuan</b>	<b>6.92</b>	<b>-0.021</b>	<b>0.30%</b>	<b>0.30%</b>
<b>Swiss Franc</b>	<b>1.02</b>	<b>-0.001</b>	<b>0.11%</b>	<b>0.11%</b>
<b>New Zealand Dollar</b>	<b>0.70</b>	<b>0.003</b>	<b>0.39%</b>	<b>0.39%</b>
<b>Brazilian Real</b>	<b>3.22</b>	<b>-0.033</b>	<b>1.01%</b>	<b>1.01%</b>
<b>Mexican Peso</b>	<b>21.25</b>	<b>0.521</b>	<b>-2.45%</b>	<b>-2.45%</b>

Source: Bloomberg

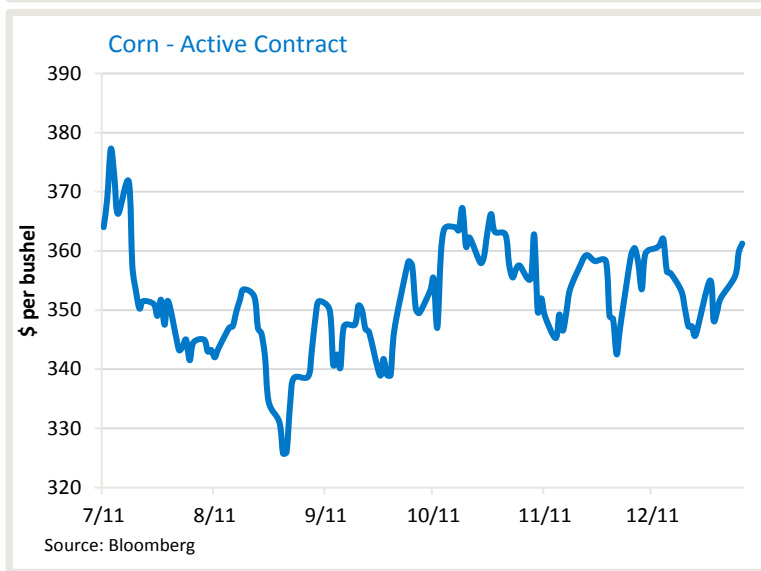
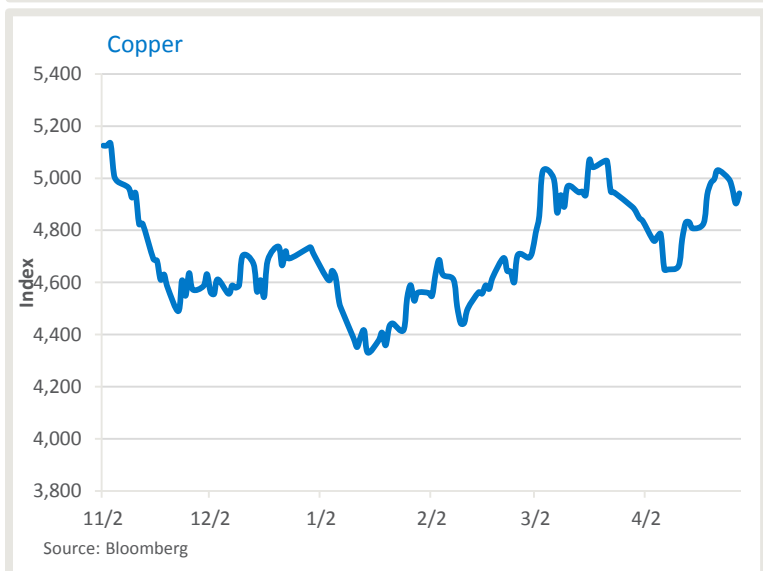
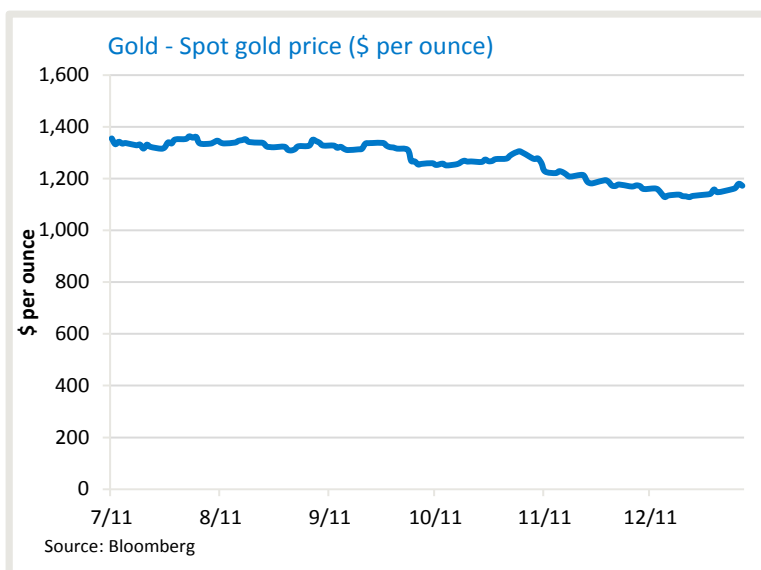
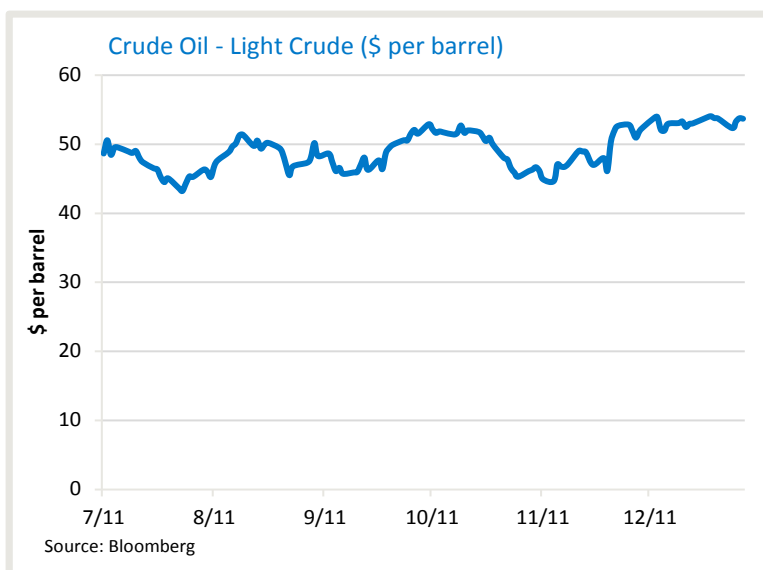


## Commodities

### SELECTED COMMODITY MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
<b>Bloomberg Comm. Idx.</b>	<b>87.37</b>	<b>-0.15</b>	<b>-0.17%</b>	<b>-0.17%</b>	<b>Platinum Spot</b>	<b>\$967.80</b>	<b>\$64.15</b>	<b>7.10%</b>	<b>7.10%</b>
<b>Crude Oil</b>	<b>\$53.69</b>	<b>-\$0.04</b>	<b>-0.07%</b>	<b>-0.07%</b>	<b>Corn</b>	<b>358.00</b>	<b>8.25</b>	<b>2.36%</b>	<b>1.70%</b>
<b>Natural Gas</b>	<b>\$3.27</b>	<b>-\$0.45</b>	<b>-12.19%</b>	<b>-12.19%</b>	<b>Wheat</b>	<b>423.25</b>	<b>18.50</b>	<b>4.57%</b>	<b>3.74%</b>
<b>Gasoline (\$/Gal.)</b>	<b>\$2.37</b>	<b>\$0.04</b>	<b>1.50%</b>	<b>1.24%</b>	<b>Soybeans</b>	<b>994.75</b>	<b>-18.00</b>	<b>-1.78%</b>	<b>-0.92%</b>
<b>Heating Oil</b>	<b>170.32</b>	<b>-3.22</b>	<b>-1.86%</b>	<b>-1.86%</b>	<b>Sugar</b>	<b>20.75</b>	<b>1.26</b>	<b>6.46%</b>	<b>6.36%</b>
<b>Gold Spot</b>	<b>\$1,172.80</b>	<b>\$24.93</b>	<b>2.17%</b>	<b>2.17%</b>	<b>Orange Juice</b>	<b>182.80</b>	<b>-7.70</b>	<b>-4.04%</b>	<b>-5.70%</b>
<b>Silver Spot</b>	<b>\$16.50</b>	<b>\$0.56</b>	<b>3.50%</b>	<b>3.50%</b>	<b>Aluminum</b>	<b>1,702.50</b>	<b>9.50</b>	<b>0.56%</b>	<b>0.56%</b>
					<b>Copper</b>	<b>5,580.00</b>	<b>44.50</b>	<b>0.80%</b>	<b>0.80%</b>

Source: Bloomberg; % change is based on price.

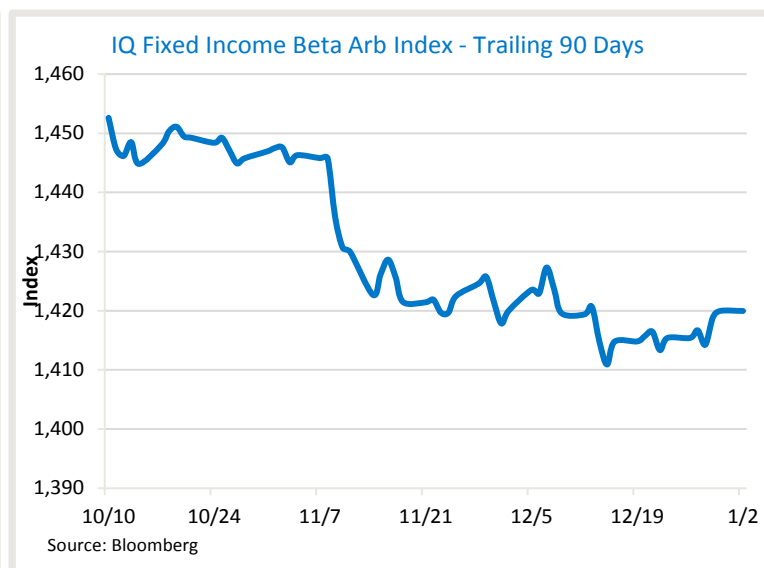
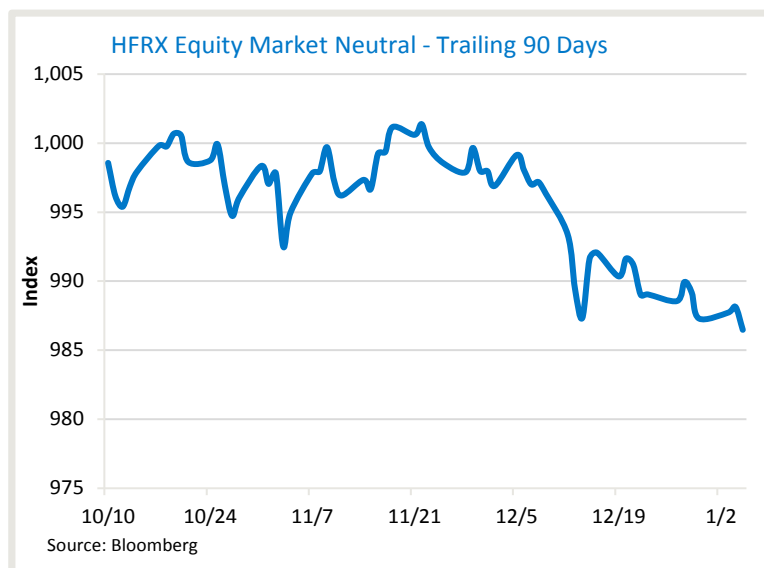
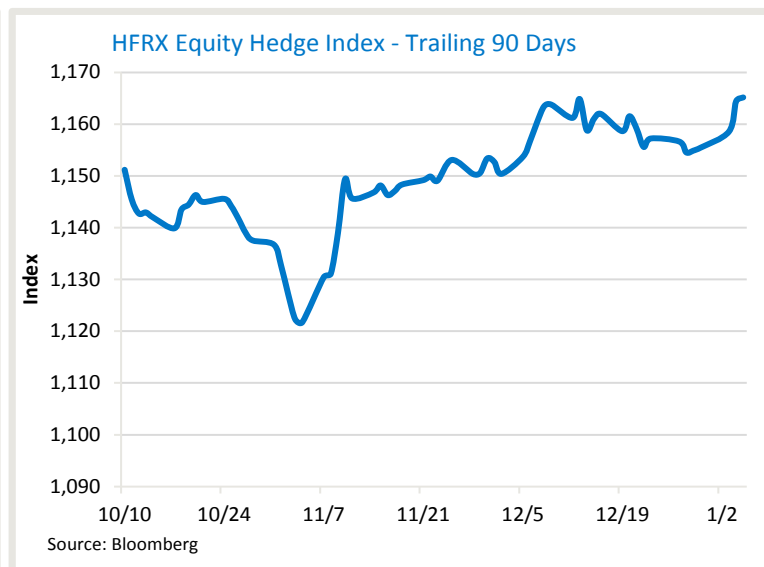
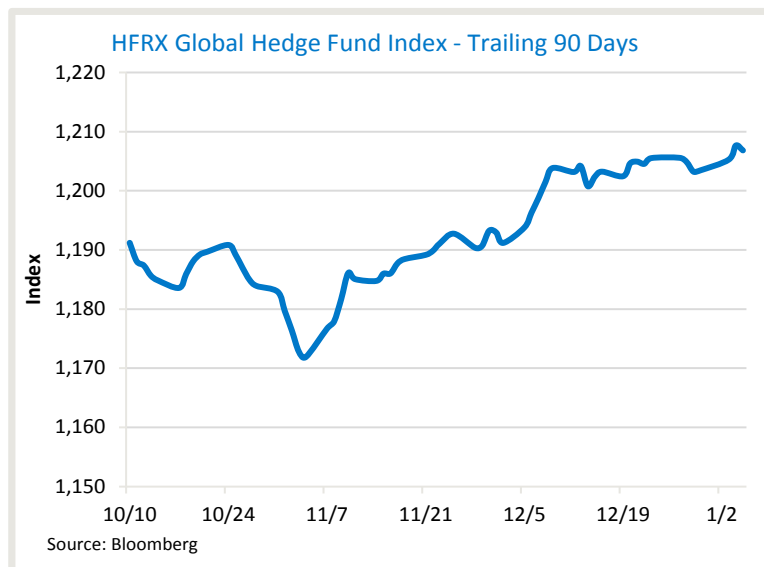


## Alternative Investments

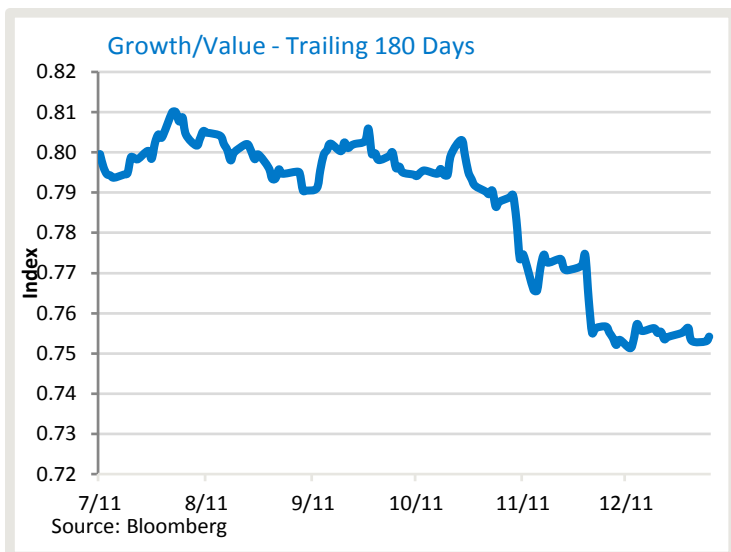
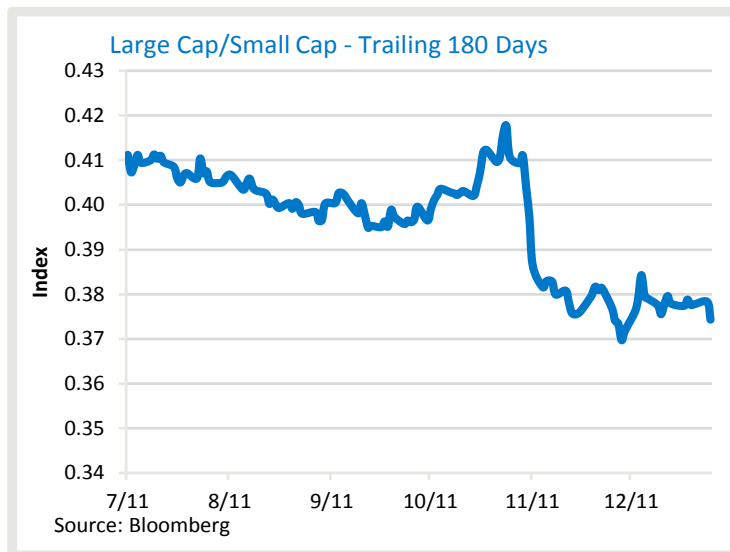
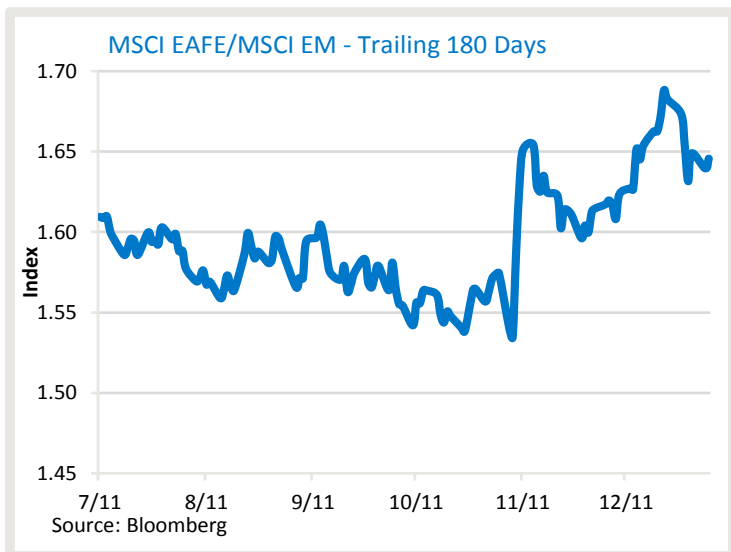
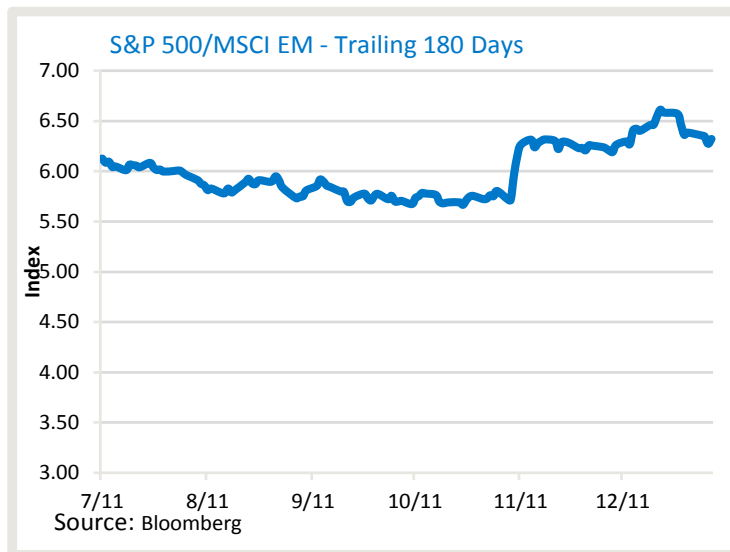
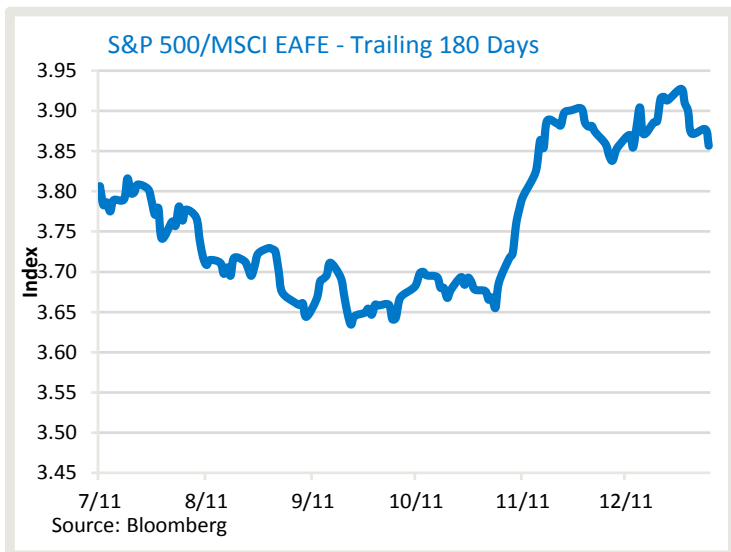
### SELECTED ALTERNATIVE INVESTMENT INDEX PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
HFRX Global Hedge Fund Index	1206.82	3.36	0.28%	0.28%	HFRX Distressed Index	1076.43	3.40	0.32%	0.32%
HFRX Equity Market Neutral	986.47	-0.82	-0.08%	-0.08%	HFRX Merger Arbitrage Index	1810.47	-2.10	-0.12%	-0.12%
HFRX Equity Hedge Index	1165.18	9.72	0.84%	0.84%	HFRX Convertible Arbitrage Index	741.58	-1.03	-0.14%	-0.14%
HFRX Event-Driven Index	1570.74	6.33	0.40%	0.40%	HFRX Macro CTA Index	1127.10	-8.26	-0.73%	-0.73%
HFRX Absolute Return Index	1029.65	1.19	0.12%	0.12%	IQ Fixed Income Beta Arb Index	1424.66	4.70	0.33%	0.33%

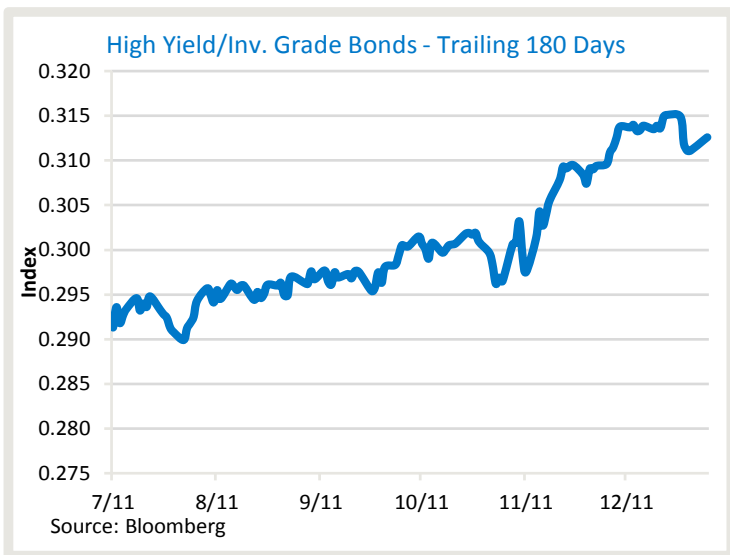
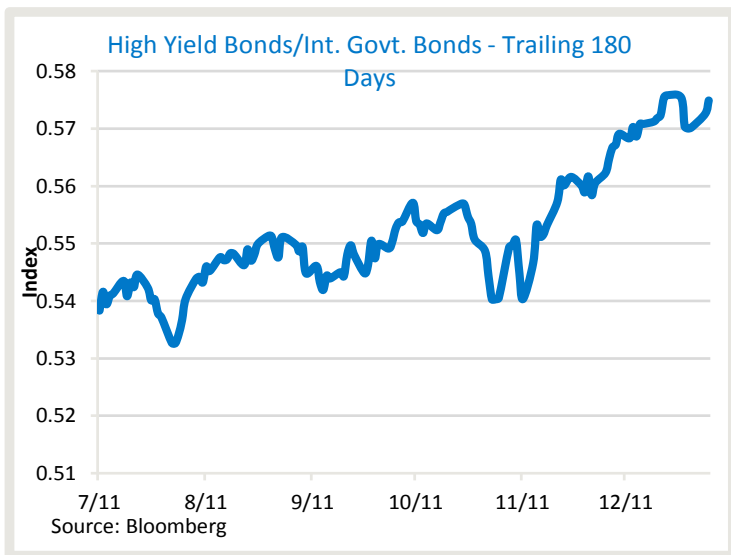
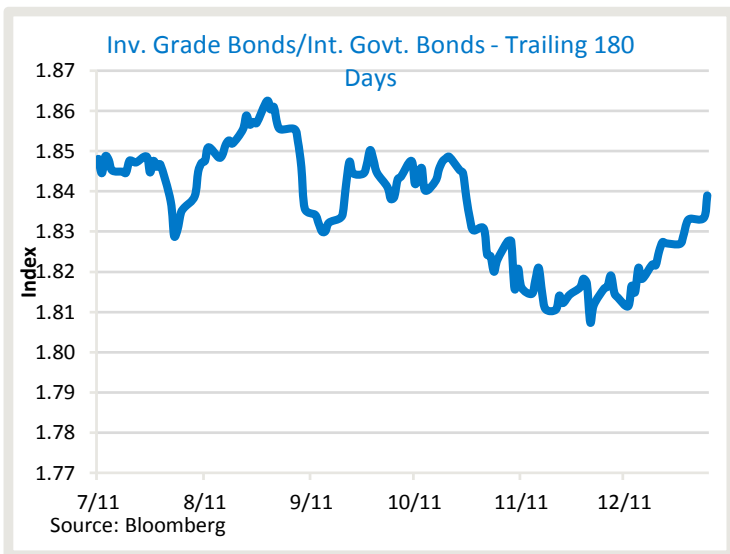
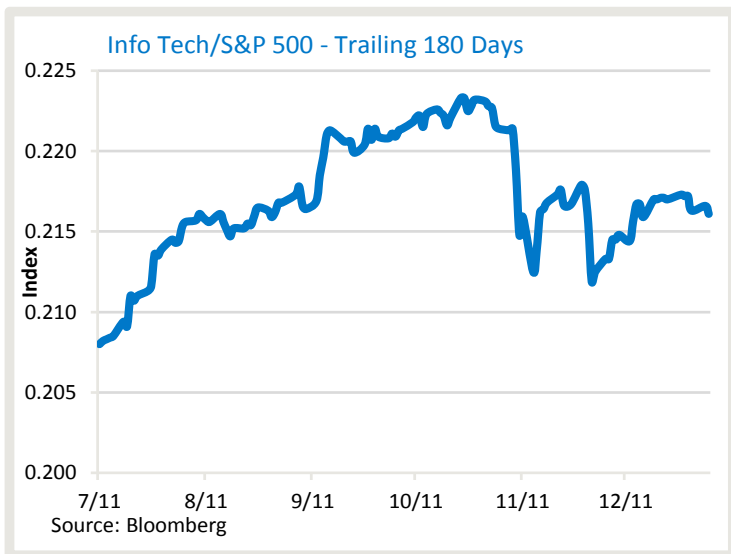
Source: Bloomberg; Index % change is based on price.



## Portfolio Construction



## Portfolio Construction (continued)



WEEKLY ASSET CLASS PERFORMANCE (Prior 12 weeks ending Thursday)

			10/20	10/27	11/3	11/10	11/17	11/24	12/1	12/8	12/15	12/22	12/29	1/5
Equity	Domestic Equity	Large Cap (R200)	0.36%	-0.04%	-2.22%	3.78%	0.59%	0.66%	-0.51%	2.24%	1.11%	0.00%	-0.54%	0.85%
		Small Cap (R2000)	0.33%	-2.45%	-2.78%	8.19%	4.62%	2.49%	-2.11%	5.52%	-1.44%	-0.27%	0.04%	0.64%
	Int'l. Equity	MSCI EAFE	1.54%	-0.75%	-0.87%	-0.42%	-0.79%	-0.46%	0.35%	2.71%	-0.65%	0.60%	0.06%	2.77%
		MSCI Em. Mkts.	2.55%	-0.88%	-2.25%	-1.05%	-3.25%	0.57%	0.75%	2.44%	-2.35%	-1.88%	1.89%	2.71%
Fixed Income	BarCap Agg. (AGG)	0.18%	-0.54%	-0.13%	1.41%	-0.67%	-0.50%	-0.46%	0.46%	-0.93%	0.21%	0.42%	0.75%	
	High Yield (JNK)	0.74%	-0.73%	-2.11%	-0.78%	0.45%	1.09%	-0.64%	1.84%	-0.55%	0.85%	-0.46%	0.91%	
Commodities	Bloomberg Commodity Index	-0.30%	0.23%	-3.03%	0.28%	-1.33%	3.18%	1.83%	0.74%	-0.83%	-0.58%	1.55%	-0.16%	
Alternatives	Hedge Funds (HFRX Global)	0.30%	-0.36%	-1.02%	1.13%	0.14%	0.28%	0.16%	0.72%	0.07%	0.18%	-0.11%	0.30%	
Asset Allocation	60/40*	0.60%	-0.64%	-1.34%	1.31%	0.15%	0.29%	-0.47%	2.00%	-0.38%	0.09%	0.07%	1.18%	
	48/32/20 (w/Alts.)**	0.54%	-0.58%	-1.28%	1.27%	0.15%	0.29%	-0.34%	1.75%	-0.29%	0.10%	0.03%	1.00%	

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	1.06	0.98	1.05	1.11	1.01	1.04	1.09	0.99	1.00	1.14	1.07	1.13	1.31	1.11
Large Cap Growth	0.94	1.00	0.93	0.99	1.04	0.95	0.98	1.03	0.94	0.95	1.07	1.01	1.07	1.23	1.05
Large Cap Value	1.02	1.08	1.00	1.06	1.12	1.02	1.05	1.11	1.01	1.02	1.15	1.09	1.15	1.33	1.13
Mid Cap Core	0.95	1.01	0.94	1.00	1.06	0.96	0.99	1.04	0.95	0.96	1.08	1.02	1.08	1.25	1.06
Mid Cap Growth	0.90	0.96	0.89	0.95	1.00	0.91	0.94	0.99	0.90	0.91	1.03	0.97	1.02	1.18	1.00
Mid Cap Value	0.99	1.05	0.98	1.04	1.10	1.00	1.03	1.08	0.99	0.99	1.13	1.06	1.12	1.30	1.10
Small Cap Core	0.96	1.02	0.95	1.01	1.07	0.97	1.00	1.05	0.96	0.97	1.10	1.03	1.09	1.26	1.07
Small Cap Growth	0.92	0.97	0.90	0.96	1.01	0.92	0.95	1.00	0.91	0.92	1.04	0.98	1.04	1.20	1.02
Small Cap Value	1.01	1.07	0.99	1.06	1.11	1.01	1.04	1.10	1.00	1.01	1.14	1.08	1.14	1.32	1.12
Int'l. Developed	1.00	1.06	0.98	1.05	1.10	1.01	1.04	1.09	0.99	1.00	1.13	1.07	1.13	1.30	1.11
Emerging Markets	0.88	0.93	0.87	0.92	0.97	0.89	0.91	0.96	0.87	0.88	1.00	0.94	0.99	1.15	0.97
REITs	0.94	0.99	0.92	0.98	1.04	0.94	0.97	1.02	0.93	0.94	1.06	1.00	1.06	1.22	1.04
Commodities	0.89	0.94	0.87	0.93	0.98	0.89	0.92	0.97	0.88	0.89	1.01	0.95	1.00	1.16	0.98
Int. Bond	0.77	0.81	0.75	0.80	0.85	0.77	0.79	0.83	0.76	0.77	0.87	0.82	0.86	1.00	0.85
High Yield	0.90	0.96	0.89	0.95	1.00	0.91	0.94	0.98	0.90	0.90	1.03	0.96	1.02	1.18	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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Investments in smaller companies carry greater risk than is customarily associated with larger companies for various reasons such as volatility of earnings and prospects, higher failure rates, and limited markets, product lines or financial resources. Investing overseas involves special risks, including the volatility of currency exchange rates and, in some cases, limited geographic focus, political and economic instability, and relatively illiquid markets. Income (bond) securities are subject to interest rate risk, which is the risk that debt securities in a portfolio will decline in value because of increases in market interest rates.

Exchange Traded Funds (ETFs) are subject to risks similar to those of stocks, such as market risk. Investing in ETFs may bear indirect fees and expenses charged by ETFs in addition to its direct fees and expenses, as well as indirectly bearing the principal risks of those ETFs. ETFs may trade at a discount to their net asset value and are subject to the market fluctuations of their underlying investments. Investing in commodities can be volatile and can suffer from periods of prolonged decline in value and may not be suitable for all investors.

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