

Weekly Market Review

January 22, 2016

Chart of the Week



Weekly Highlights

- **Stock prices rebounded this week**, after plunging to multi-year lows early in the week. As did commodity prices, driven by crude oil which dropped below \$30 dollars per barrel before rebounding.
- **The European Central Bank (ECB) used the words “no limits” to express its determination to fight deflation and revive the economy, and it worked.** The Euro tumbled and global equity markets, along with commodity prices, rebounded sharply from multi-year lows.
- **U.S. corporate earnings release season started**, and will reach its climax over the next couple of weeks. As global equity markets and commodity markets have slightly stabilized, investor attention is shifting to company earnings.

Talking Points

- **Among equities**, large caps outperformed small caps, growth stocks beat value stocks, and domestic stocks outshined international stocks. Developed markets essentially matched the returns of emerging markets.
- **Treasury yields were slightly higher this week.** After dipping below 2% momentarily, the 10-Year Treasury yield climbed back above 2% and ended the week slightly higher.
- **Commodity indices rebounded.** After plunging to multi-year lows, along with crude oil earlier in the week, they rebounded sharply.
- **The dollar index jumped.** The dollar rose sharply against both the Euro and Japanese Yen.
- **Among economic data released this week**, housing starts disappointed while existing home sales jumped. Inflation was still tame, with the December 2015 CPI mostly unchanged.

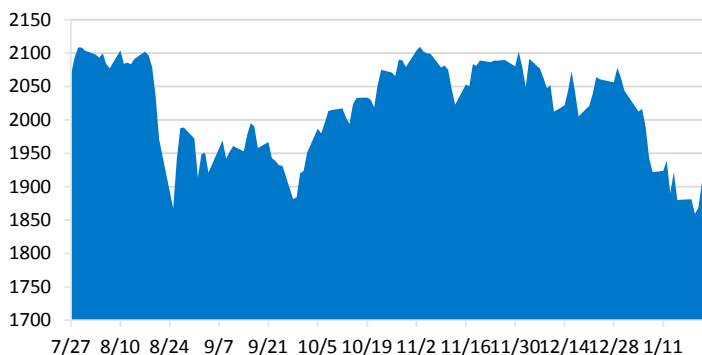
Market Dashboard

	Last Price	Change	% Chg.	YTD %
S&P 500	1,906.90	26.57	1.41%	-6.7%
Dow Industrials	16,093.51	105.43	0.66%	-7.6%
Nasdaq	4,591.18	102.76	2.29%	-8.3%
Russell 2000	1,020.77	13.04	1.29%	-10.1%
Euro Stoxx Index	338.36	8.52	2.58%	-7.5%
Shanghai Composite	2,916.56	15.59	0.54%	-17.6%
Russell Global	1,510.90	-25.78	-1.71%	-10.5%

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

	Last Price	Change	% Chg.	YTD %
Russell Global EM	2,209.97	-61.17	-2.69%	-12.9%
10-Year US Treas.	2.05	1 bps	NM	NM
DJ UBS Comm. Idx.	75.24	1.75	2.38%	-4.2%
Gold	\$1,098.29	\$9.32	0.86%	3.5%
Crude Oil	\$32.14	\$1.70	5.59%	-15.9%
Dollar Index	99.54	0.58	0.59%	0.9%
VIX Index	22.34	-4.69	-17.36%	22.6%

S&P 500 Index: Trailing 180 Days



Source: Bloomberg

	One Week			YTD		
	Value	Growth		Value	Growth	
L	0.43%	1.43%	2.33%	-7.57%	-6.62%	-5.75%
	0.83%	1.19%	1.56%	-7.96%	-8.09%	-8.22%
S	1.05%	1.29%	1.54%	-9.53%	-10.13%	-10.72%

Source: Bloomberg

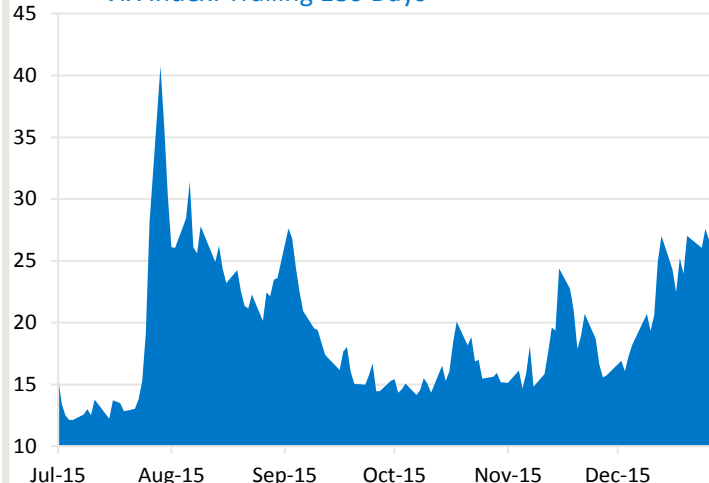
Sector Performance:

S&P/Global Industry Classification Sectors (GICS)

	% Wgt in S&P 500	Week % Chg.	YTD % Chg.
Consumer Discretionary	12.9	2.52%	-6.3%
Consumer Staples	10.5	1.81%	-2.6%
Energy	6.5	1.91%	-7.0%
Financials	15.8	-0.52%	-10.7%
Health Care	15.3	1.40%	-5.9%
Industrials	9.9	-0.04%	-8.4%
Information Technology	20.6	2.42%	-6.8%
Materials	2.6	0.73%	-11.2%
Telecom Services	2.6	4.38%	1.1%
Utilities	3.2	0.89%	1.2%

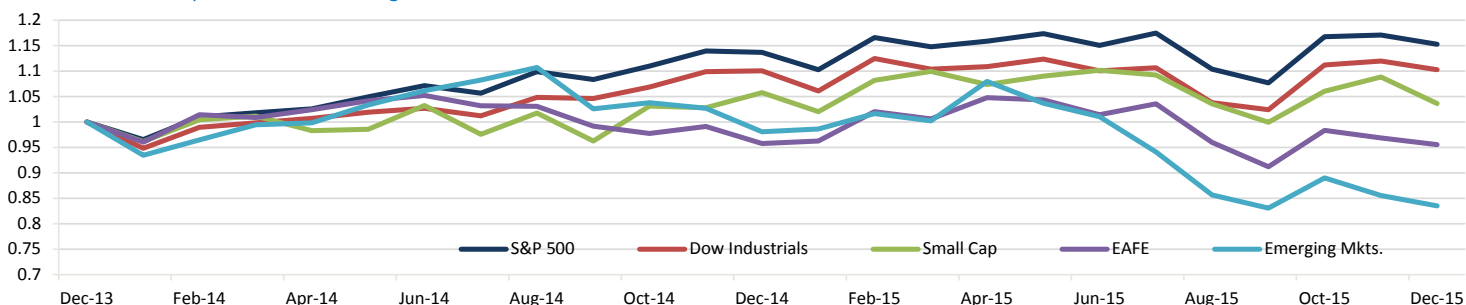
Source: Bloomberg

VIX Index: Trailing 180 Days



Source: Bloomberg

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



Source: Bloomberg

The Economy and Markets

A Macro View – Embrace the Bear

After being stuck in the narrow 2000 – 2100 range for more than a year, the S&P 500 Index moved decidedly lower to start the new year. As of the close on January 21, it already had plunged 8.5% in less than a three-week span since the start of 2016. In fact, at one point the index was as low as 1812, a level last seen in February 2014, and more than 15% lower than the record high reached in May 2015. Although pundits like to argue the exact technicalities of a bear market, for most investors, if it looks like a bear market, feels like a bear market, and smells like a bear market, well, it's a bear market.

Granted, the first thing investors should do is to switch their mentality immediately from wealth maximization mode to capital preservation mode—and the earlier, the better. It sounds easy, but after nearly seven years of a long bull market, it may be easier said than done: old habits die hard. For example, buy-on-the-dip has been one of the most rewarding strategies during the past seven years (as well as during other bull markets.) But in this environment, investors should refrain from doing this too often, and be more cautious when they do it.

Stock price movement is also more volatile in bear markets than in bull markets, whether it is on the way down or on the way up. In bull markets, greed is the major sentiment that drives investor behavior. Greed is a relatively mild human emotion-- people want more and more, but not necessarily all at once. As a result, bull markets are generally slow and steady. In bear markets, however, fear is the dominant sentiment that drives investor behavior. Fear is a dramatic human emotion resulting from survival instincts, and investors tend to overreact out of fear of either losing money or missing out on a rally (or both). Thus, bear markets are generally very “violent”, and they have huge price swings. History demonstrates that the most spectacular, short-term market rallies actually take place during bear markets, rather than in bull markets. For investors, keeping it cool during bear markets is more important than in bull markets.

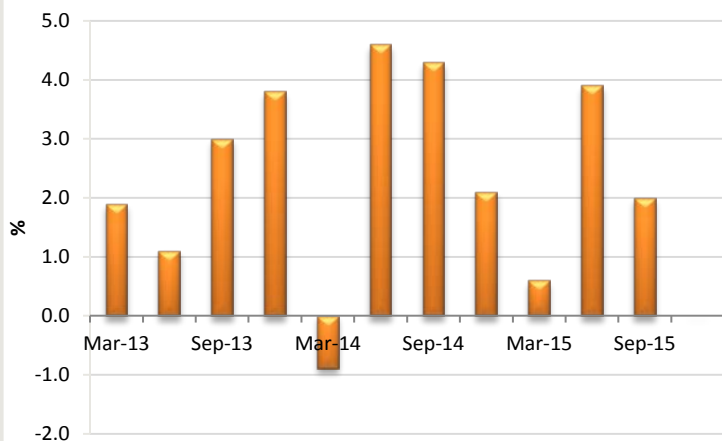
Obsessing over (and hunting for) that elusive bear market bottom is a fool's errand. Except for con artists like Bernie Madoff, no one can catch bear market bottoms consistently, as the odds of succeeding (unless one is faking records) are only slightly better than hitting a billion-dollar lottery. Rather, investors should focus on their risk exposures, liquidity needs, and long-term goals.

Bear markets are scary, but in a structurally-sound equity market, such as U.S. equities, they are generally much shorter and shallower than bull markets. Case in point: suppose an investor had stayed put since the end of 2007, and suffered a whopping 37% investment loss in the S&P 500 Index in 2008 (the S&P 500 Index lost 37% in 2008). Just two years later, that investor would have recouped over 90% of the losses (the S&P 500 Index gained 26% in 2009 and 15% in 2010), and would have recovered all of the losses by April 2011, by doing nothing other than continuing to stay put. For strategic investors with a long-term horizon, bear markets are part of the journey—they are really nothing to fear. Simply embrace and deal with them.

Frank Wei, CFA, CAIA
VP, Senior Investment Analyst

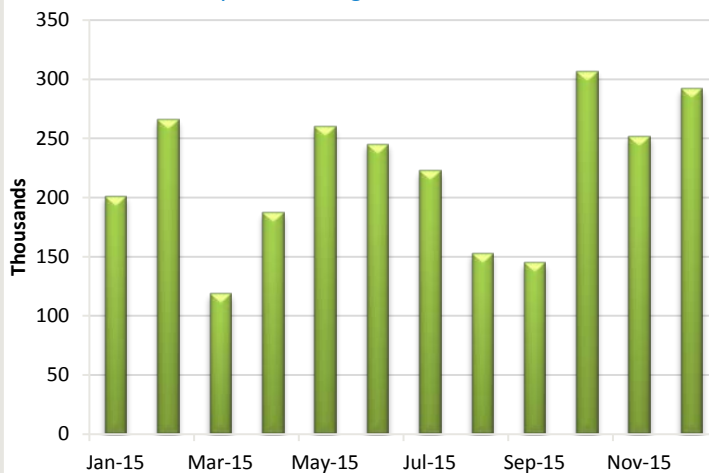
Economic Data

Real GDP Growth Rate - Annualized - 12 Qtrs.



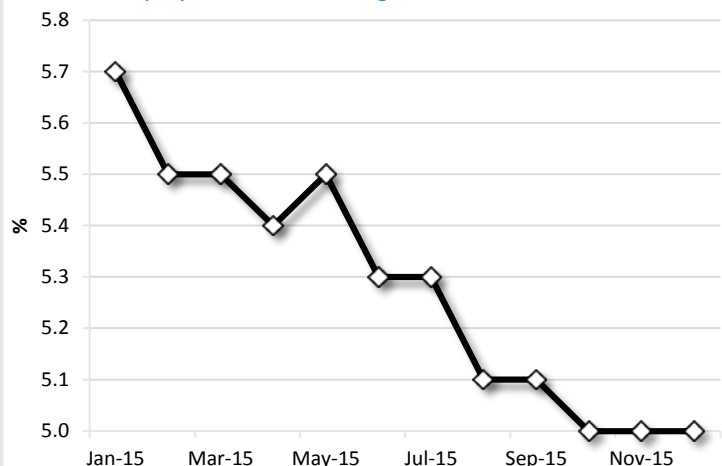
Source: Bloomberg

Non-Farm Payrolls-Trailing 12 Mos.



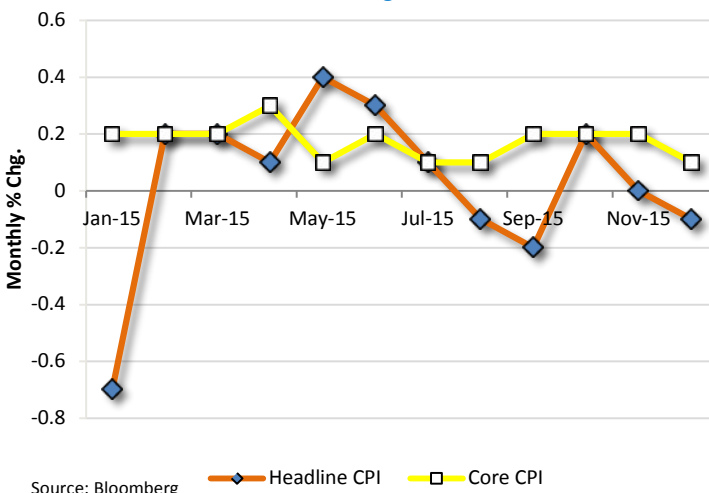
Source: Bloomberg

Unemployment Rate-Trailing 12 Mos.



Source: Bloomberg

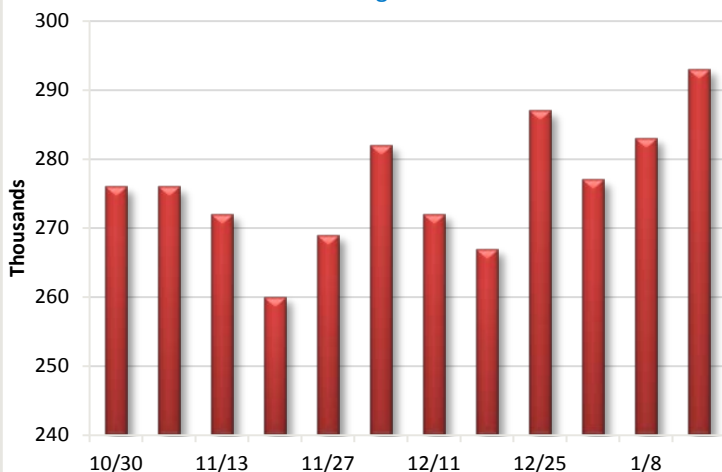
Consumer Price Index-Trailing 12 Mos.



Source: Bloomberg

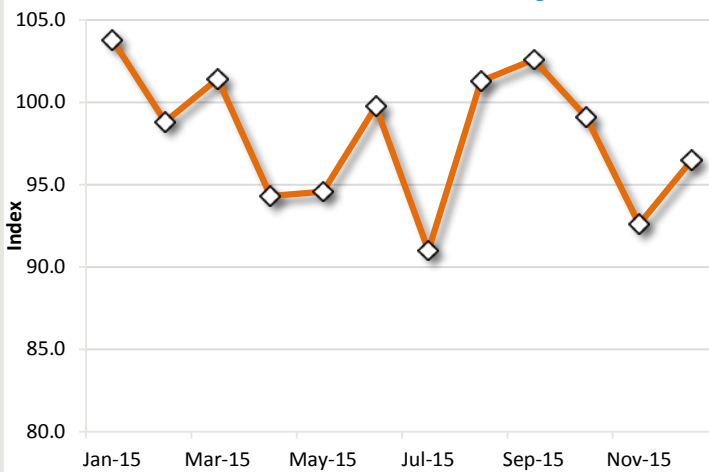
◆ Headline CPI □ Core CPI

Initial Jobless Claims-Trailing 12 Wks.



Source: Bloomberg

Consumer Board Confidence Index - Trailing 12 Mos.



Source: Bloomberg

Eurozone

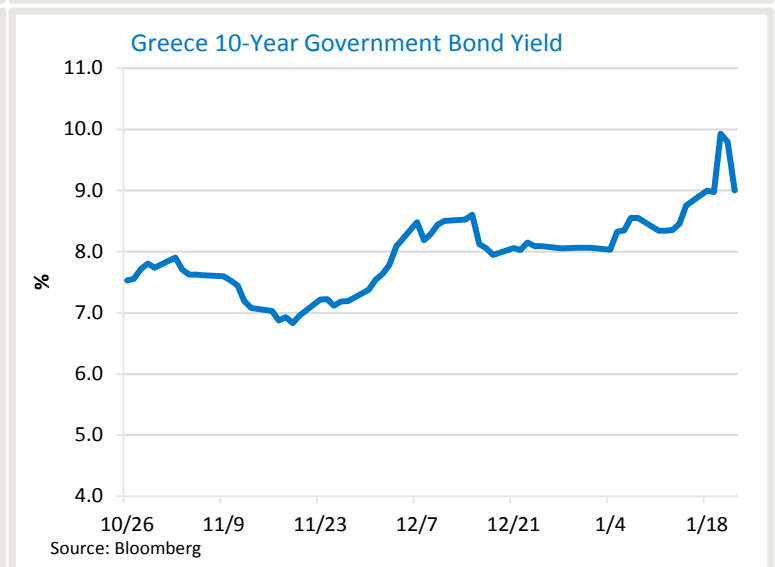
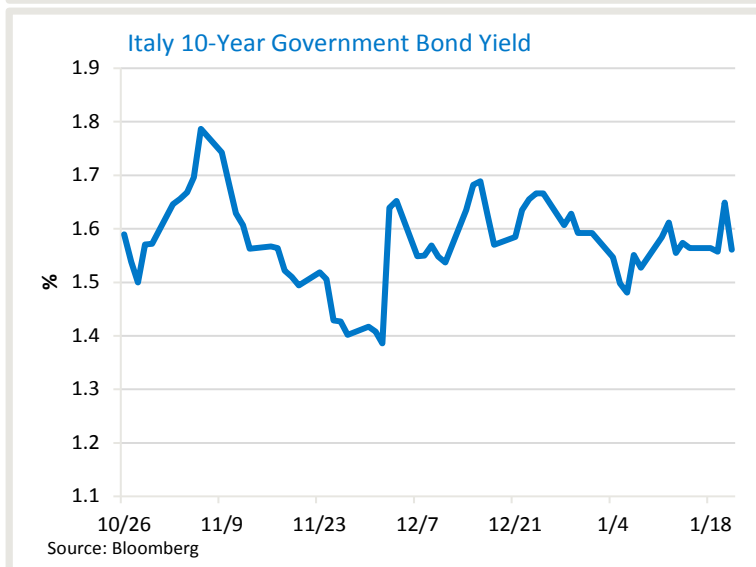
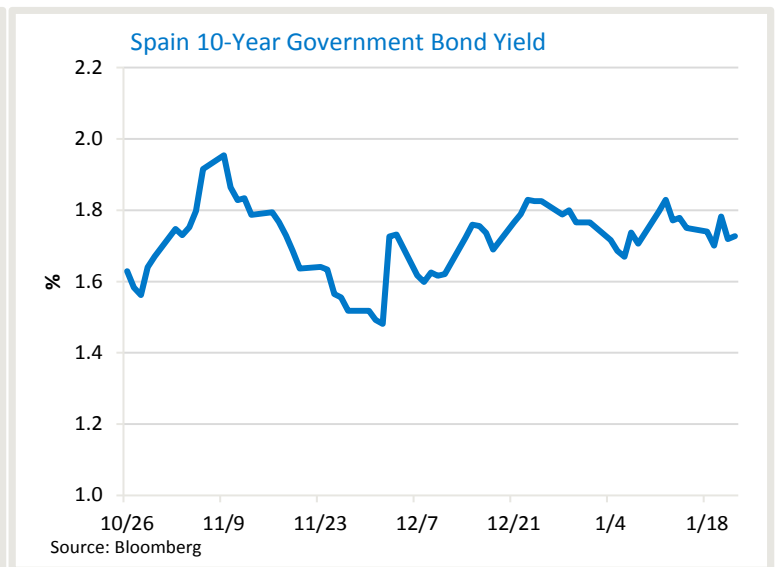
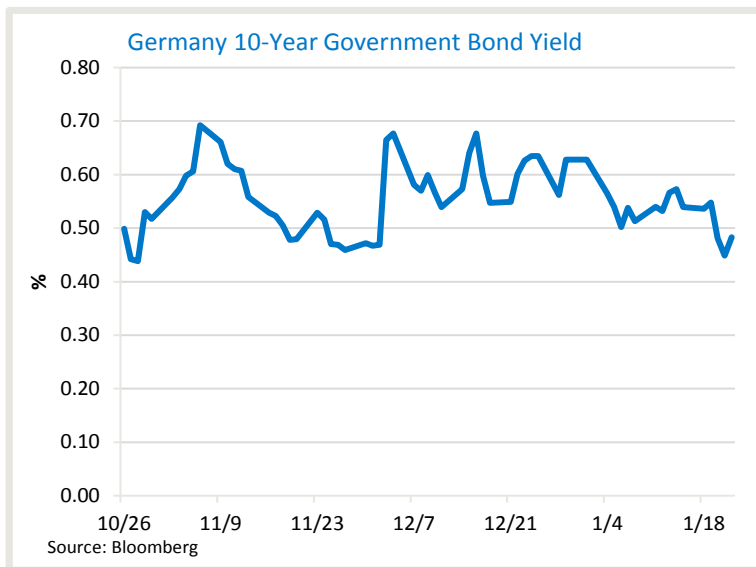
SELECTED EUROPEAN SOVEREIGN YIELD PERFORMANCE

	Last	Change	% Chg.	YTD %
Germany 10-Yr. Govt.	0.48	6 bps	NM	NM
Greece 10-Yr. Govt.	9.00	-12 bps	NM	NM
Italy 10-Yr. Govt.	1.57	-1 bps	NM	NM
Spain 10-Yr. Govt.	1.73	2 bps	NM	NM
Belgium 10-Yr. Govt.	0.94	7 bps	NM	NM

	Last	Change	% Chg.	YTD %
France 10-Yr. Govt.	0.80	7 bps	NM	NM
Ireland 10-Yr. Govt.	1.06	5 bps	NM	NM
Portugal 10-Yr. Govt.	3.02	-8 bps	NM	NM
Netherlands 10-Yr. Govt.	0.60	6 bps	NM	NM
U.K. 10-Yr. Govt.	1.71	-4 bps	NM	NM

Source: Bloomberg

Basis points (bps)

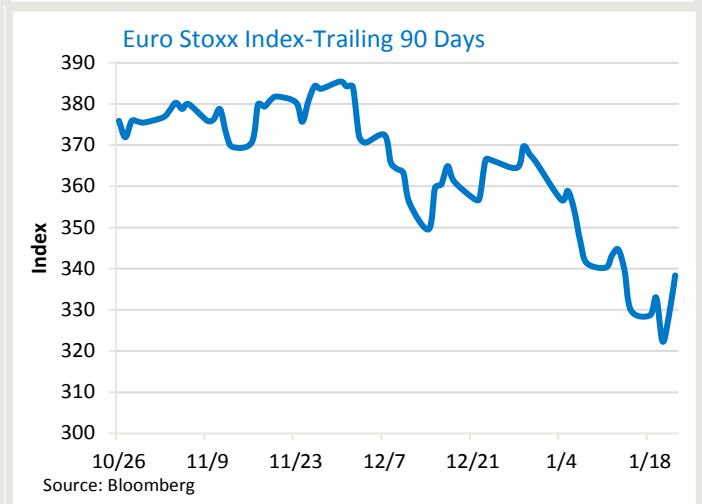
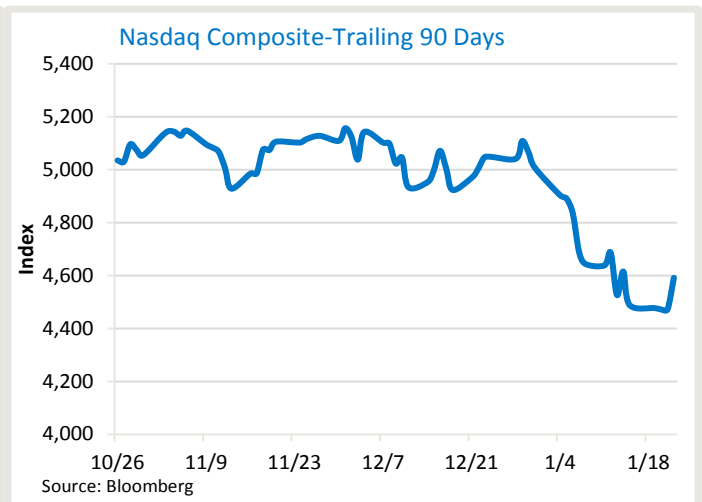
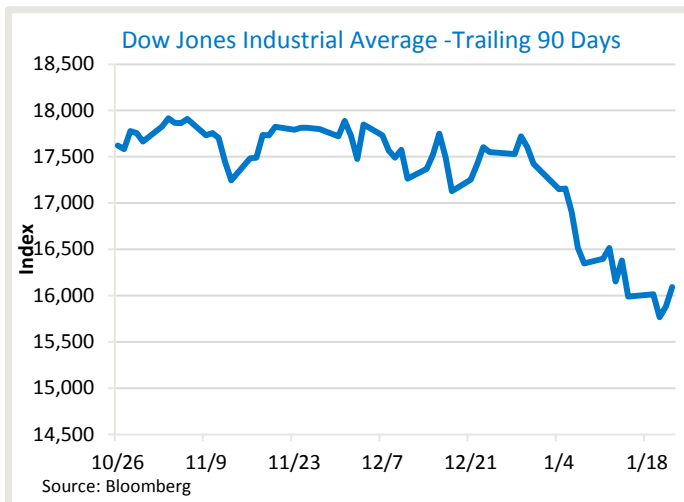


Equities

WORLD MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
S&P 500	1,906.90	26.57	1.41%	-6.70%	Swiss Market Index	8,271.11	163.98	2.02%	-6.20%
Dow Industrials	16,093.51	105.43	0.66%	-7.64%	CAC 40 Index (France)	4,336.69	126.53	3.01%	-6.48%
Nasdaq Composite	4,591.18	102.76	2.29%	-8.31%	DAX Index (Germany)	9,764.88	219.61	2.30%	-9.10%
Russell Global	1,510.90	-25.78	-1.71%	-10.5%	Irish Overall Index	6,356.18	33.88	0.54%	-6.41%
Russell Global EM	2,209.97	-61.17	-2.69%	-12.9%	Nikkei 225	16,958.53	-188.58	-1.10%	-10.90%
S&P/TSX (Canada)	12,389.58	316.12	2.62%	-4.77%	Hang Seng Index	19,080.51	-440.26	-2.26%	-12.93%
Mexico IPC	41,621.31	773.61	1.89%	-3.16%	Shanghai Composite	2,916.56	15.59	0.54%	-17.59%
Brazil Bovespa	38,031.22	-537.91	-1.39%	-12.27%	Kospi Index (S. Korea)	1,879.43	0.56	0.03%	-4.17%
Euro Stoxx 600	338.36	8.52	2.58%	-7.50%	Taiwan Taiex Index	7,756.18	-5.83	-0.08%	-6.98%
FTSE 100	5,900.01	95.91	1.65%	-5.48%	Tel Aviv 25 Index	1,439.99	-14.41	-0.99%	-5.81%
IBEX 35 (Spain)	8,722.90	179.30	2.10%	-8.61%	MICEX Index (Russia)	1,717.98	109.62	6.82%	-2.46%

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



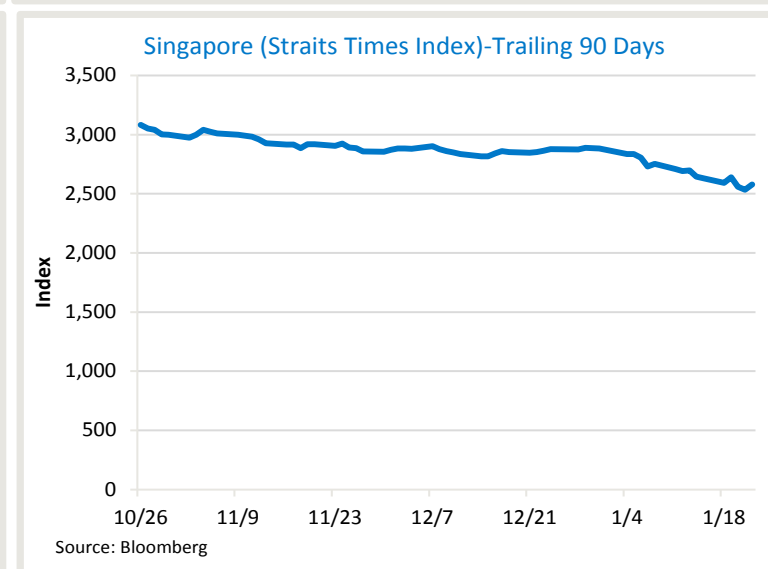
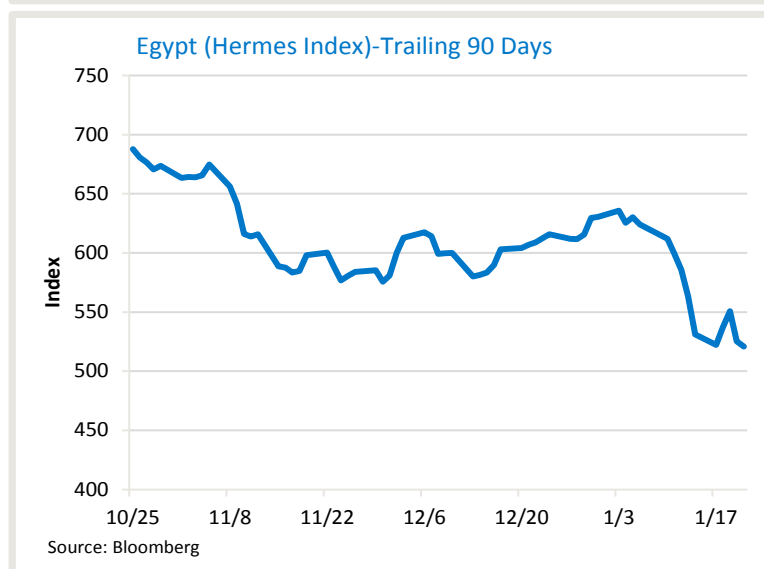
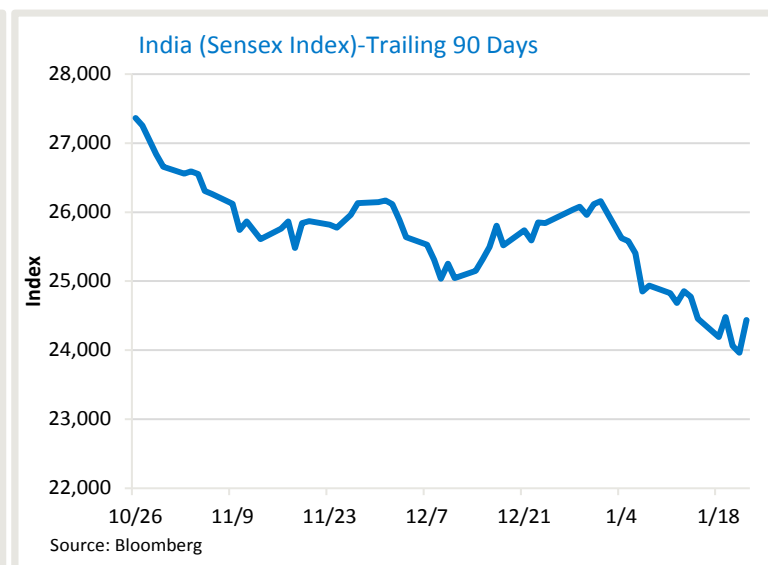
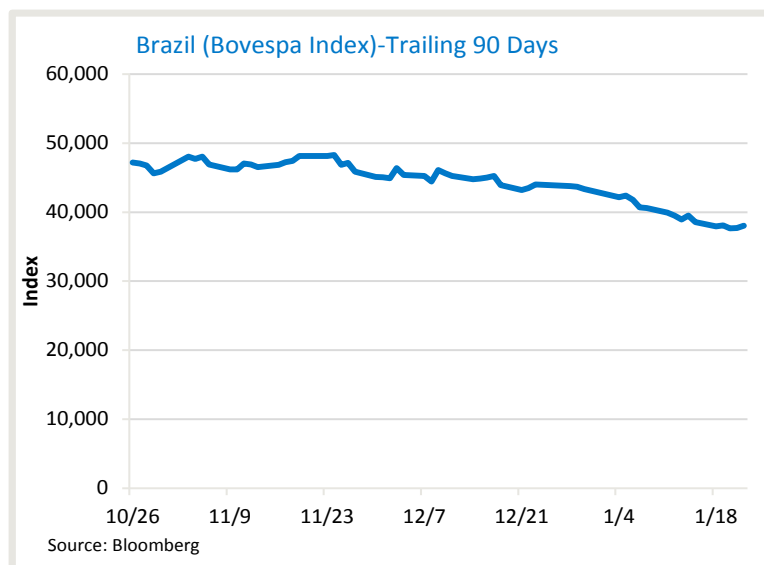
Equities – Emerging and Frontier Markets

EMERGING AND FRONTIER MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
Mexico IPC	41,621.31	773.61	1.9%	-3.2%
Brazil (Bovespa Index)	38,031.22	-537.91	-1.4%	-12.3%
MICEX Index (Russia)	1,717.98	109.62	6.8%	-2.5%
Czech Republic (Prague)	886.77	5.65	0.6%	-7.3%
Turkey (Istanbul)	70,243.91	-818.09	-1.2%	-2.1%
Egypt (Hermes Index)	520.80	-10.28	-1.9%	-17.4%
Kenya (Nairobi 20 Index)	3,747.40	-91.89	-2.4%	-7.3%
Saudi Arabia (TASI Index)	5,463.60	-374.53	-6.4%	-21.0%
Lebanon (Beirut BLOM Index)	1,161.14	12.88	1.1%	-0.7%
Palestine	532.88	-1.03	-0.2%	0.0%

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

	Last	Change	% Chg.	YTD %
Hang Seng Index	19,080.51	-440.26	-2.3%	-12.9%
India (Sensex 30)	24,435.66	-19.38	-0.1%	-6.4%
Malaysia (KLCI Index)	1,625.21	-3.34	-0.2%	-4.0%
Singapore (Straits Times Index)	2,577.09	-53.67	-2.0%	-10.6%
Thailand (SET Index)	1,268.03	22.18	1.8%	-1.6%
Indonesia (Jakarta)	4,456.74	-67.23	-1.5%	-3.0%
Pakistan (Karachi KSE 100)	30,949.02	-52.47	-0.2%	-5.7%
Vietnam (Ho Chi Minh)	522.24	-20.80	-3.8%	-9.8%
Sri Lanka (Colombo)	6,382.24	-63.96	-1.0%	-7.4%
Cambodia (Laos)	1,181.68	-16.75	-1.4%	0.7%

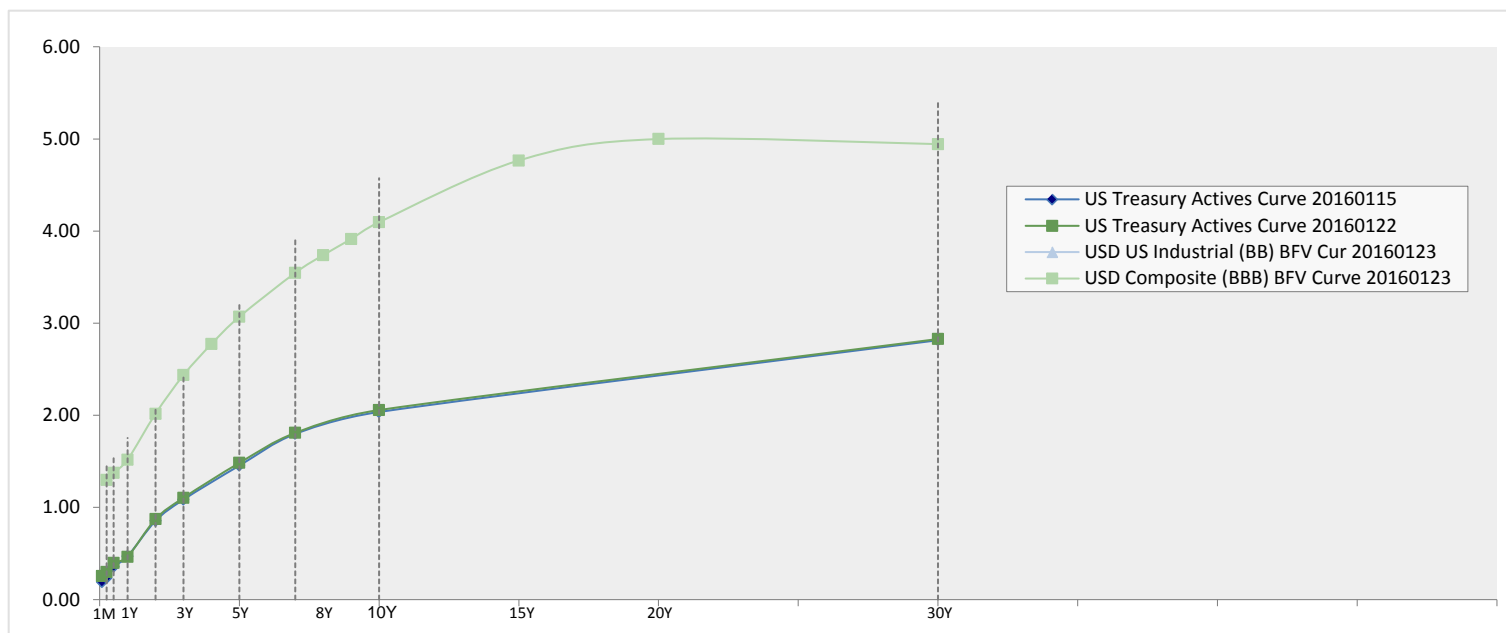


Interest Rates

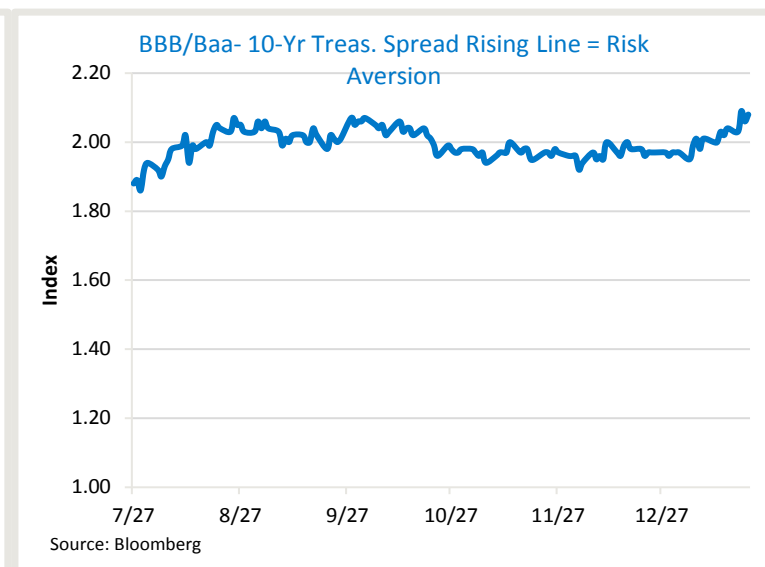
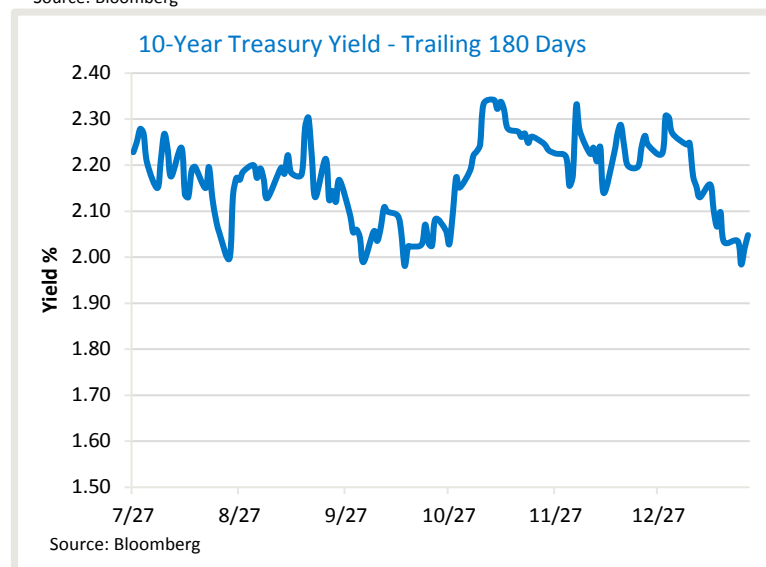
SELECTED INTEREST RATES

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
2-Yr. U.S. Treasury	0.87%	0 bps	NM	NM	Prime Rate	3.50%	0.00	NM	NM
5-Yr. U.S. Treasury	1.48%	2 bps	NM	NM	Fed Funds Rate	0.50%	0.00	NM	NM
10-Yr. U.S. Treasury	2.05%	1 bps	NM	NM	Discount Rate	1.00%	0.00	NM	NM
30-Yr. U.S. Treasury	2.82%	1 bps	NM	NM	LIBOR (3 Mo.)	0.62%	0 bps	NM	NM
German 10-Yr. Govt.	0.48%	6 bps	NM	NM	Bond Buyer 40 Muni	3.50%	1 bps	NM	NM
France 10-Yr.	0.80%	7 bps	NM	NM	Bond Buyer 40 G.O.	3.37%	NA	NM	NM
Italy 10-Yr.	1.57%	-1 bps	NM	NM	Bond Buyer 40 Rev.	3.76%	NA	NM	NM
Fed 5-Yr Fwd BE Inf.	1.55%	2 bps	NM	NM					

Source: Bloomberg



Source: Bloomberg



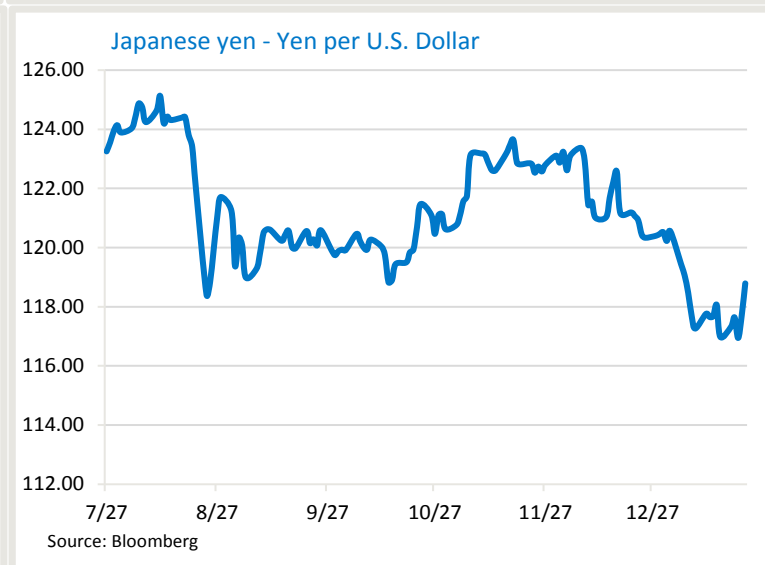
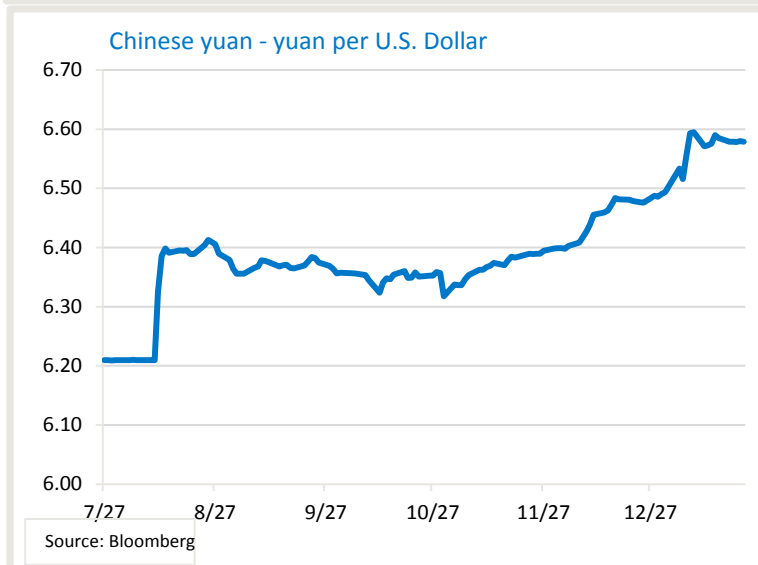
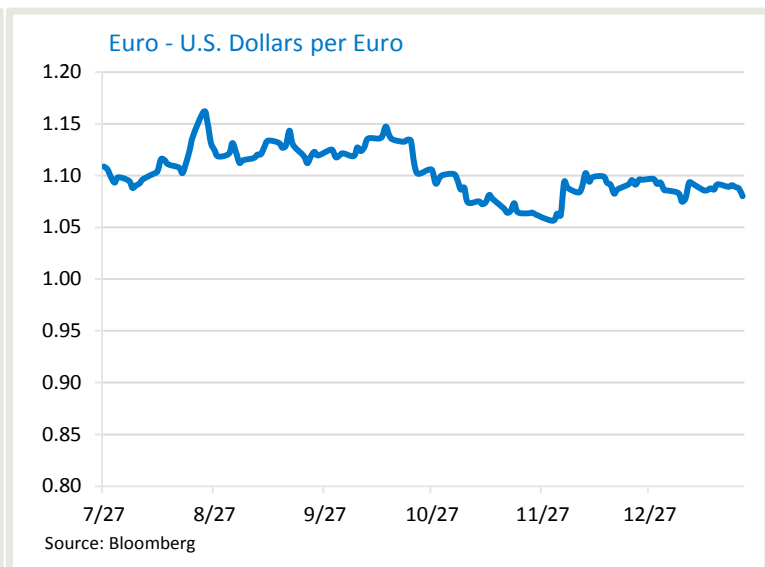
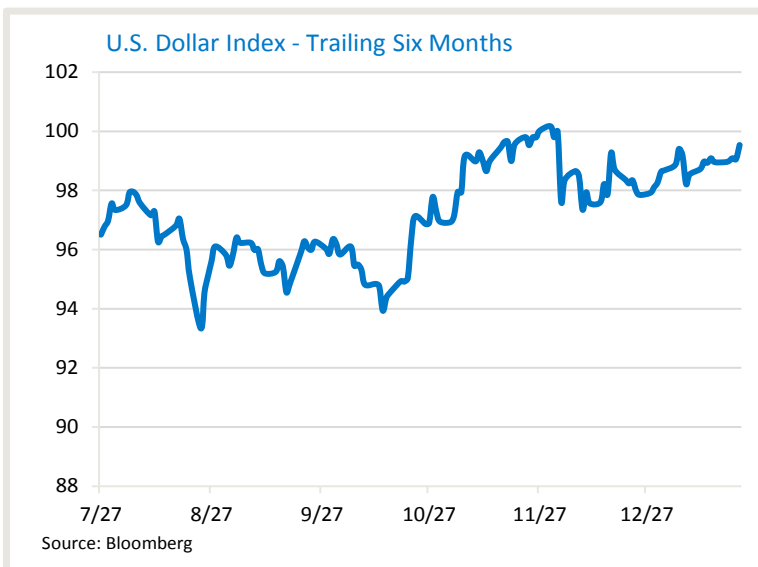
Currencies

SELECTED CURRENCY PERFORMANCE

	Last	Change	% Chg.	YTD %
Dollar Index	99.56	0.581	0.59%	0.92%
Euro	1.08	-0.012	-1.05%	-0.56%
Japanese Yen	118.79	1.810	-1.52%	1.20%
British Pound	1.43	0.000	0.03%	-3.22%
Canadian Dollar	1.41	-0.040	2.84%	-2.12%

	Last	Change	% Chg.	YTD %
Chinese Yuan	6.58	-0.006	0.09%	-1.29%
Swiss Franc	1.02	0.015	-1.46%	-1.37%
New Zealand Dollar	0.65	0.003	0.43%	-4.98%
Brazilian Real	4.09	0.045	-1.09%	-3.25%
Mexican Peso	18.48	0.209	-1.13%	-6.86%

Source: Bloomberg

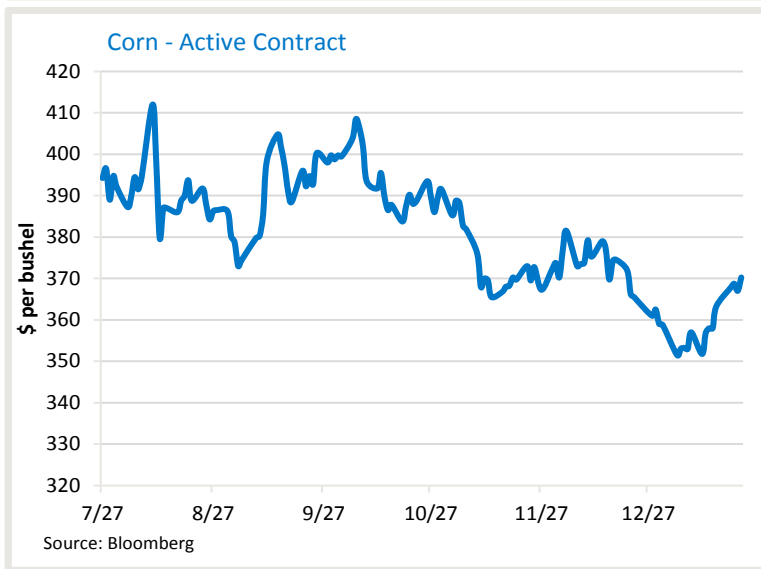
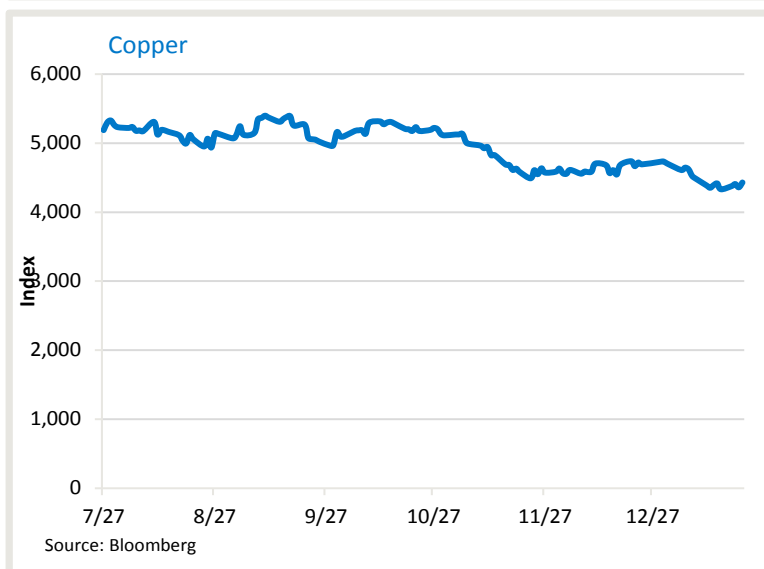
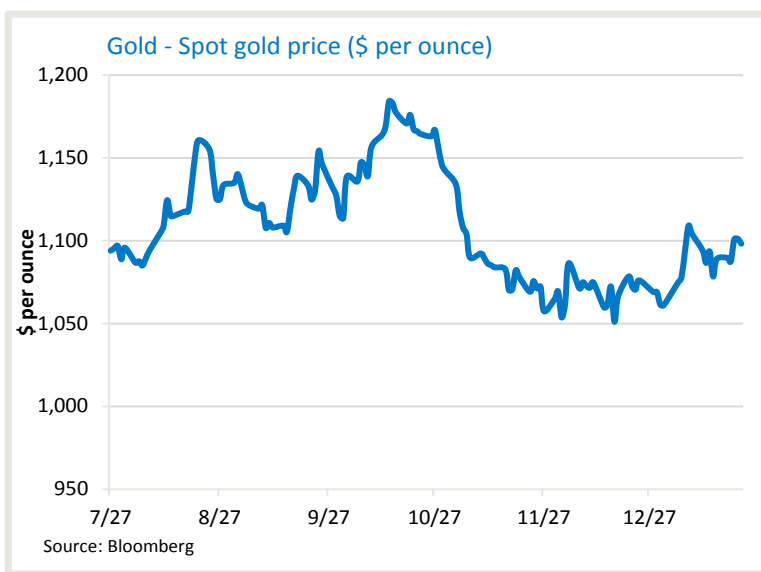
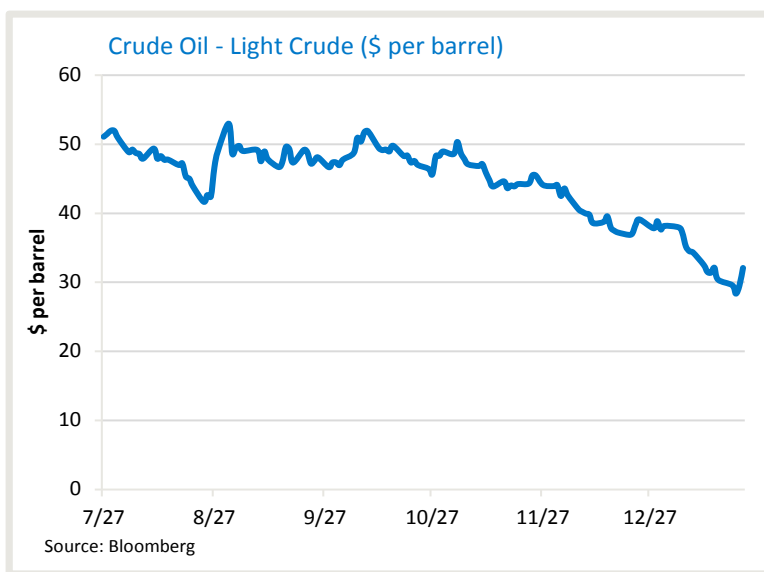


Commodities

SELECTED COMMODITY MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
DJ UBS Comm. Idx.	75.24	1.75	2.38%	-4.23%	Platinum Spot	\$831.75	\$2.20	0.27%	-6.73%
Rogers Int. Comm. Idx.	1840.49	-37.85	-2.02%	-8.82%	Corn	370.25	12.25	3.42%	3.21%
Crude Oil	\$32.16	\$1.70	5.59%	-15.93%	Wheat	475.50	6.75	1.44%	1.17%
Natural Gas	\$2.14	\$0.04	1.90%	-8.43%	Soybeans	876.50	-5.75	-0.65%	1.42%
Gasoline (\$/Gal.)	\$1.85	-\$0.06	-3.35%	-7.52%	Sugar	14.42	-0.46	-3.09%	-5.38%
Heating Oil	99.41	5.79	6.20%	-11.72%	Orange Juice	121.65	-8.60	-6.60%	-15.90%
Gold Spot	\$1,098.19	\$9.32	0.86%	3.50%	Aluminum	1,482.00	9.00	0.61%	-1.66%
Silver Spot	\$14.04	\$0.12	0.85%	1.43%	Copper	4,430.00	99.00	2.29%	-5.84%

Source: Bloomberg; % change is based on price.

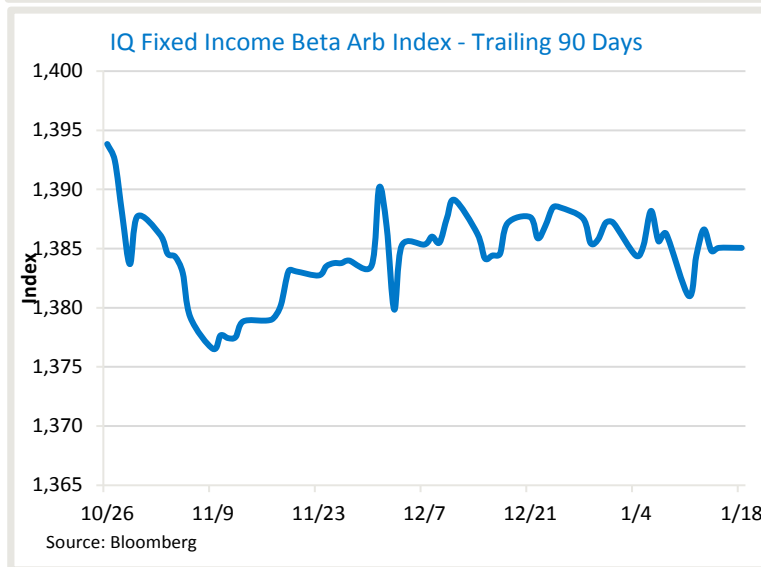
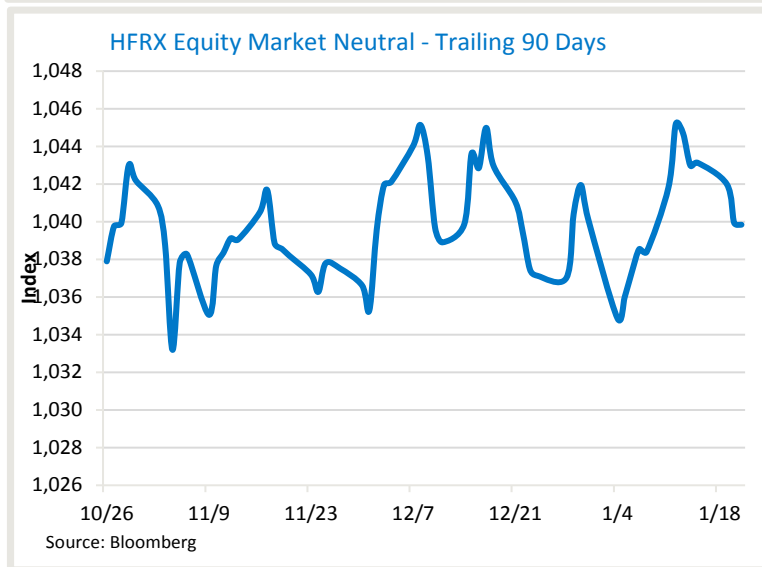
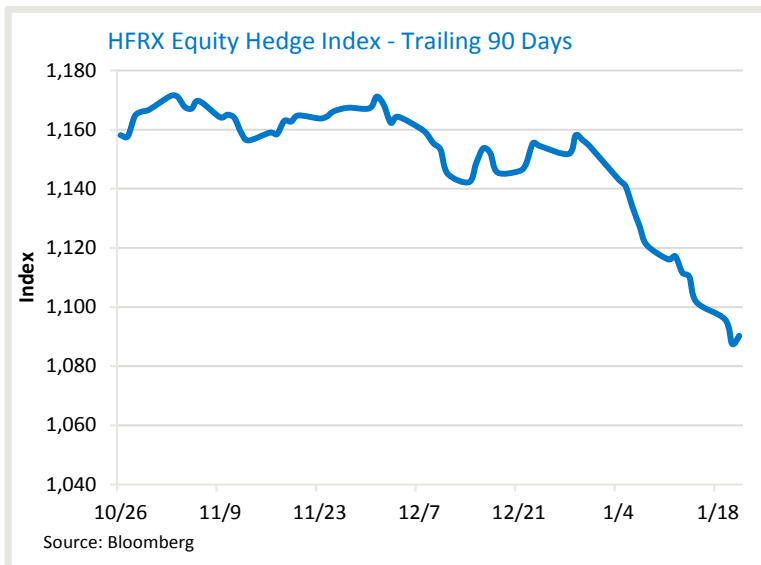
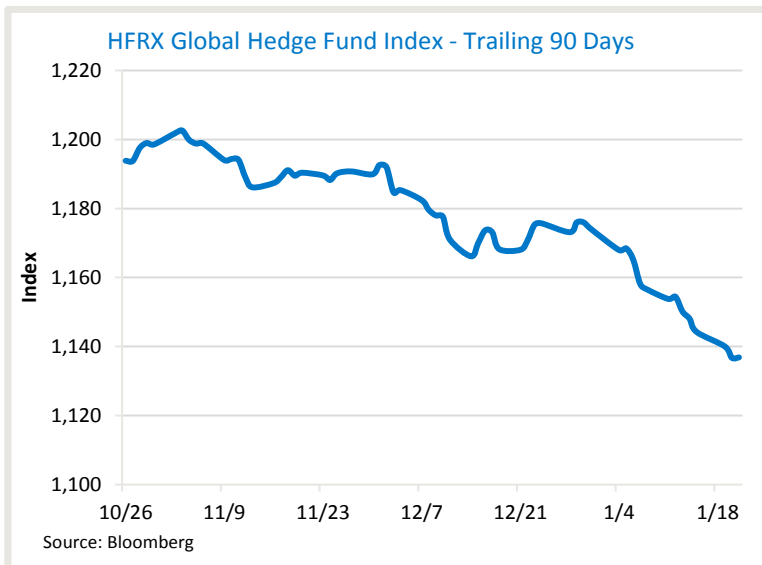


Alternative Investments

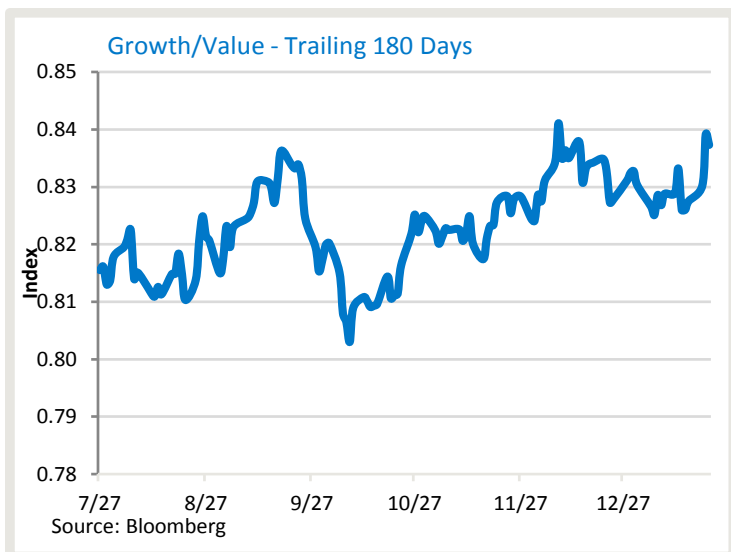
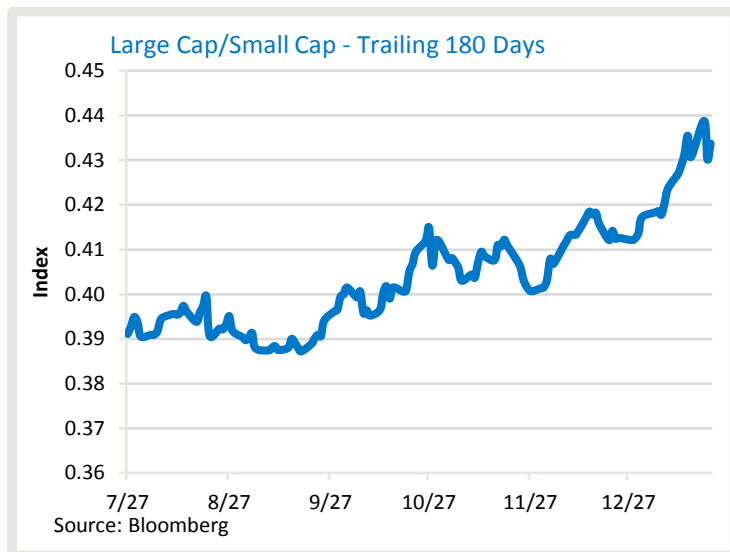
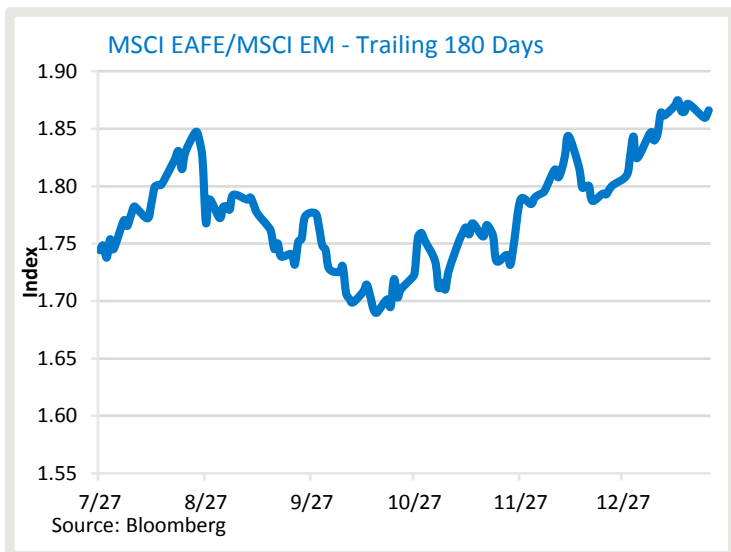
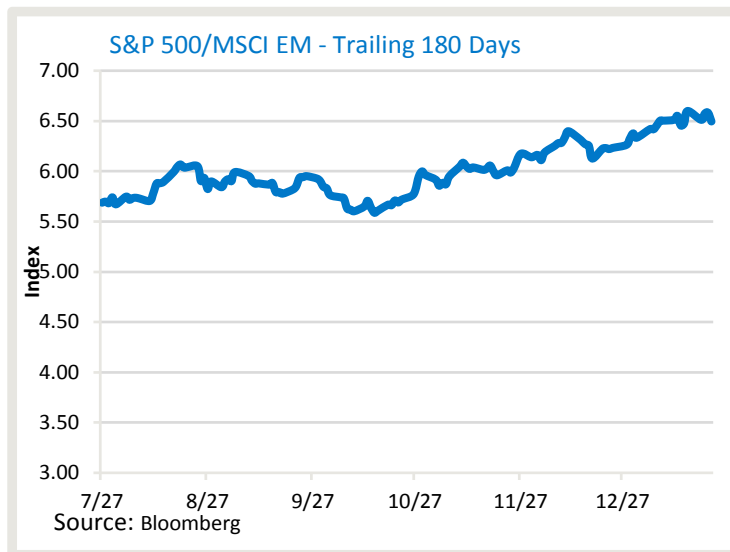
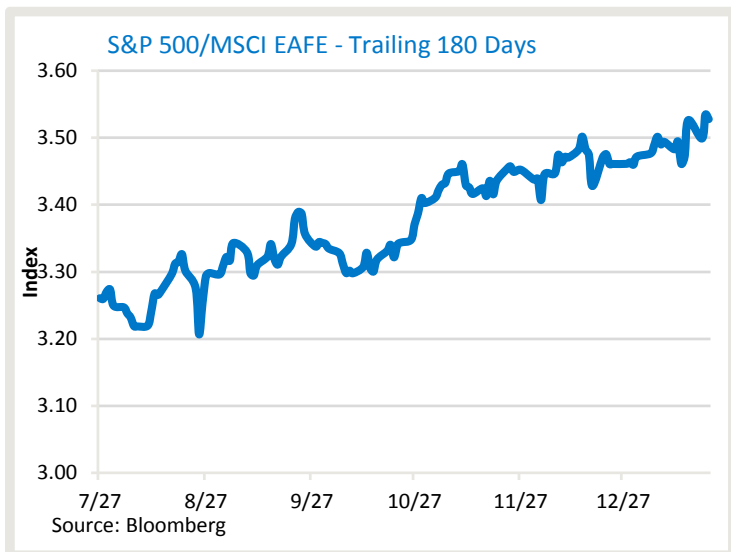
SELECTED ALTERNATIVE INVESTMENT INDEX PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
HFRX Global Hedge Fund Index	1136.84	-7.37	-0.64%	-3.17%	HFRX Distressed Index	860.93	-14.83	-1.69%	-3.94%
HFRX Equity Market Neutral	1039.84	-3.29	-0.32%	-0.03%	HFRX Merger Arbitrage Index	1741.26	4.34	0.25%	0.20%
HFRX Equity Hedge Index	1090.26	-11.36	-1.03%	-5.55%	HFRX Convertible Arbitrage Index	688.33	-3.99	-0.58%	-1.97%
HFRX Event-Driven Index	1346.02	-10.09	-0.74%	-4.42%	HFRX Macro CTA Index	1183.63	-2.67	-0.23%	1.20%
HFRX Absolute Return Index	1021.95	-1.34	-0.13%	-0.33%	IQ Fixed Income Beta Arb Index	1383.97	-1.09	-0.08%	-0.23%

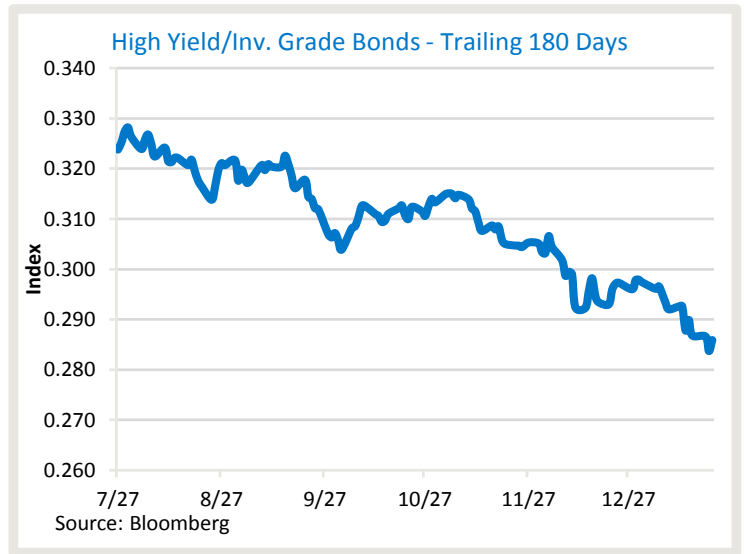
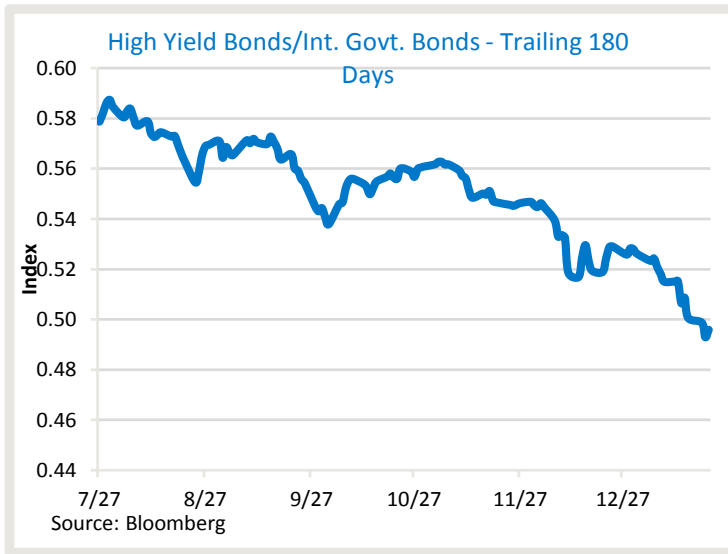
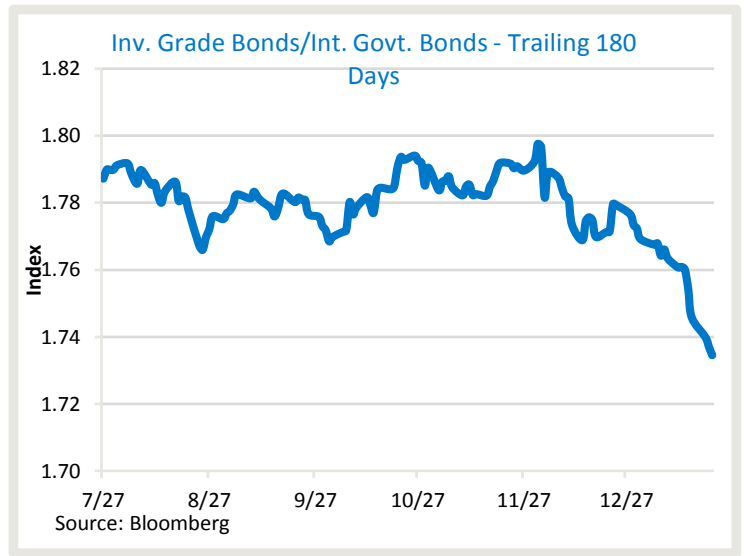
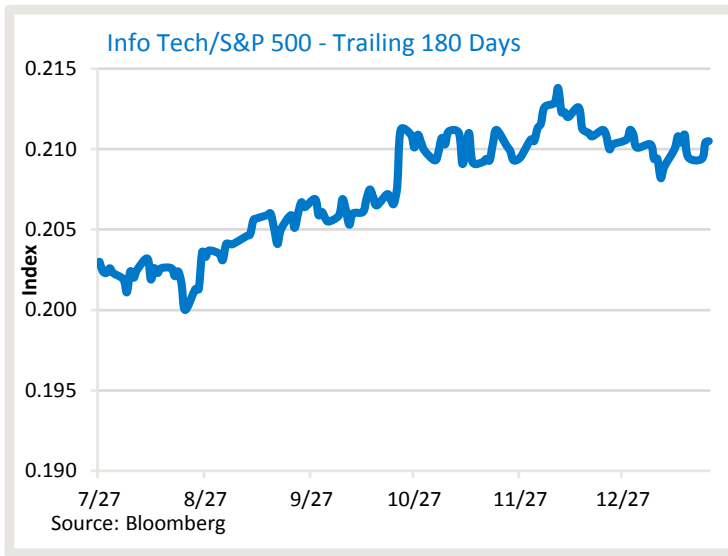
Source: Bloomberg; Index % change is based on price.



Portfolio Construction



Portfolio Construction (continued)



WEEKLY ASSET CLASS PERFORMANCE (Prior 12 weeks ending Thursday)

			11/5	11/12	11/19	11/26	12/3	12/10	12/17	12/24	12/31	1/7	1/14	1/21
Equity	Domestic Equity	Large Cap (R200)	0.43%	-2.44%	1.80%	0.24%	-1.87%	0.24%	-0.37%	0.76%	-0.82%	-5.04%	-0.78%	-2.87%
		Small Cap (R2000)	2.15%	-3.01%	1.03%	2.68%	-2.29%	-1.84%	-1.19%	1.71%	-1.63%	-6.28%	-3.65%	-2.76%
	Int'l. Equity	MSCI EAFE	-0.06%	-1.69%	1.66%	-0.08%	-0.87%	-2.02%	-0.33%	1.27%	-0.31%	-5.46%	-2.40%	-4.11%
		MSCI Em. Mkts.	2.13%	-3.52%	0.41%	0.11%	-2.25%	-3.69%	1.21%	0.68%	-1.23%	-6.96%	-2.13%	-4.79%
Fixed Income	BarCap Agg. (AGG)	-0.36%	-0.40%	0.32%	0.10%	-0.84%	0.49%	-0.25%	-0.13%	0.00%	0.38%	0.35%	-0.04%	
	High Yield (JNK)	-0.49%	-2.15%	-0.39%	-0.28%	-0.31%	-2.19%	-1.92%	1.01%	-0.44%	-0.91%	-1.37%	-2.11%	
Commodities	DJ UBS Index	-1.20%	-3.45%	-1.36%	0.64%	-1.18%	-2.64%	-3.22%	2.45%	0.09%	-2.39%	-2.77%	-1.03%	
Alternatives	Hedge Funds (HFRX Global)	-0.02%	-0.82%	0.05%	0.06%	-0.46%	-0.60%	-0.38%	0.22%	-0.14%	-1.36%	-0.87%	-0.98%	
Asset Allocation	60/40*	0.29%	-1.71%	1.01%	0.36%	-1.34%	-0.54%	-0.40%	0.63%	-0.54%	-3.22%	-1.01%	-2.11%	
	48/32/20 (w/Alts.)**	0.23%	-1.53%	0.81%	0.30%	-1.17%	-0.55%	-0.40%	0.55%	-0.46%	-2.85%	-0.98%	-1.88%	

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

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

RELATIVE STRENGTH MATRIX (BASED ON 30-DAY RSI)

	Large Cap Core	Large Cap Growth	Large Cap Value	Mid Cap Core	Mid Cap Growth	Mid Cap Value	Small Cap Core	Small Cap Growth	Small Cap Value	Int'l. Developed	Emerging Markets	REITs	Comm.	Int. Bond	High Yield
Large Cap Core	1.00	0.97	1.03	1.14	1.13	1.14	1.16	1.11	1.19	1.25	1.33	0.92	1.16	0.73	1.37
Large Cap Growth	1.03	1.00	1.06	1.18	1.17	1.17	1.20	1.15	1.23	1.29	1.38	0.95	1.19	0.76	1.41
Large Cap Value	0.97	0.94	1.00	1.11	1.10	1.10	1.13	1.08	1.16	1.21	1.29	0.89	1.12	0.71	1.33
Mid Cap Core	0.88	0.85	0.90	1.00	1.00	1.00	1.02	0.98	1.05	1.10	1.17	0.81	1.02	0.64	1.20
Mid Cap Growth	0.88	0.85	0.91	1.00	1.00	1.00	1.02	0.98	1.05	1.10	1.18	0.81	1.02	0.65	1.21
Mid Cap Value	0.88	0.85	0.91	1.00	1.00	1.00	1.02	0.98	1.05	1.10	1.17	0.81	1.02	0.64	1.20
Small Cap Core	0.86	0.84	0.89	0.98	0.98	0.98	1.00	0.96	1.03	1.08	1.15	0.79	1.00	0.63	1.18
Small Cap Growth	0.90	0.87	0.92	1.02	1.02	1.02	1.04	1.00	1.07	1.12	1.20	0.82	1.04	0.66	1.23
Small Cap Value	0.84	0.81	0.86	0.96	0.95	0.95	0.97	0.94	1.00	1.05	1.12	0.77	0.97	0.61	1.15
Int'l. Developed	0.80	0.78	0.82	0.91	0.91	0.91	0.93	0.89	0.96	1.00	1.07	0.73	0.93	0.59	1.10
Emerging Markets	0.75	0.73	0.77	0.85	0.85	0.85	0.87	0.84	0.89	0.94	1.00	0.69	0.87	0.55	1.03
REITs	1.09	1.06	1.12	1.24	1.24	1.24	1.26	1.22	1.30	1.36	1.45	1.00	1.26	0.80	1.49
Commodities	0.87	0.84	0.89	0.98	0.98	0.98	1.00	0.96	1.03	1.08	1.15	0.79	1.00	0.63	1.18
Int. Bond	1.37	1.32	1.40	1.55	1.55	1.55	1.58	1.52	1.63	1.70	1.82	1.25	1.58	1.00	1.87
High Yield	0.73	0.71	0.75	0.83	0.83	0.83	0.85	0.82	0.87	0.91	0.97	0.67	0.85	0.54	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. (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 **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

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