

Chart of the Week



Weekly Highlights

- **Domestic stock prices were little changed this week.** Most major equity indices ended with slight gains this week, after the S&P 500 pierced the 2000 level for the first time. Investors weighed both mixed economic data and heightening tensions in Ukraine and the Middle East. There was a bit of profit-taking following the S&P's close above 2000 on Thursday. Volume was very light this week as investors prepared for the Labor Day holiday weekend.
- **Global markets were mostly higher on the week.** World equity indices were on balance slightly higher this week, with the situation in Ukraine of primary concern to European investors. Chinese indices suffered their worst weekly decline in two months, largely due to a flood of IPOs hitting that market.
- **Treasury prices were higher for the week.** The yield on the benchmark 10-year U.S. Treasury declined on the week as traders sought safe-haven investments in the wake of fighting in Ukraine and the Middle East.
- **Commodity indices were higher on the week.** Crude oil posted its first weekly gain in more than a month. Metals and grains also advanced for the week.

Talking Points

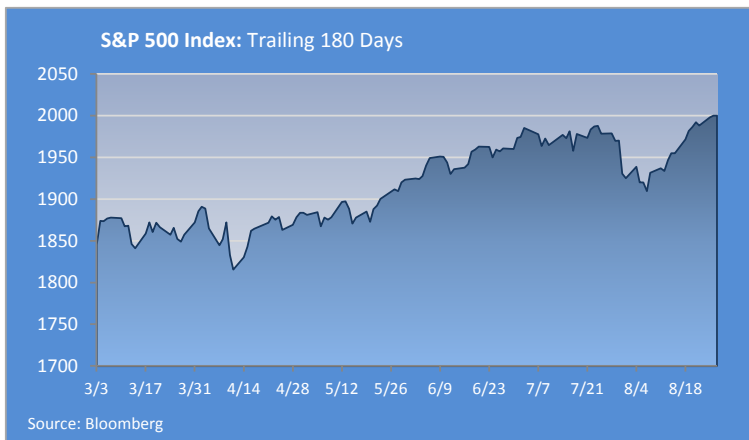
- **Among equities,** large-caps outperformed small-caps, and growth stocks outperformed value-oriented issues. Domestic stocks underperformed international equities. Developed markets underperformed emerging market stocks.
- **Treasury prices rose this week.** The yield on the 10-year T-note was lower.
- **Commodity prices were mostly higher on the week.** Crude oil, metals and grains all advanced.
- **The dollar was modestly higher** this week against a basket of currencies.
- **Among economic data released this week,** the second estimate of second quarter real GDP was up 4.2%, slightly higher than the initial forecast of 4.0%; sales of new homes unexpectedly fell to a four-month low in July; durable goods orders surged 22% in July, in part due to an increase in airplane orders; and initial jobless claims were little changed in the latest week.

MARKET DASHBOARD

	Last Price	Change	% Chg.	YTD %
S&P 500	2,003.37	14.97	0.75%	8.4%
Dow Industrials	17,098.45	97.23	0.57%	3.1%
Nasdaq	4,580.27	41.72	0.92%	9.7%
Russell 2000	1,174.35	14.01	1.21%	0.9%
Euro Stoxx Index	342.00	5.25	1.56%	4.2%
Shanghai Composite	2,217.20	-23.61	-1.05%	4.8%
Russell Global	1,788.88	12.60	0.71%	5.6%

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

	Last Price	Change	% Chg.	YTD %
Russell Global EM	3,373.35	11.83	0.35%	8.6%
10-Year US Treas.	2.34	-6 bps	NM	NM
DJ UBS Comm. Idx.	126.57	1.15	0.92%	0.7%
Gold	\$1,287.32	\$6.22	0.49%	7.1%
Crude Oil	\$95.96	\$0.00	0.00%	2.1%
Dollar Index	82.74	0.40	0.49%	3.4%
VIX Index	11.98	0.51	4.45%	-12.7%



	One Week			YTD		
	Value	Growth		Value	Growth	
L	0.89%	0.70%	0.51%	7.67%	8.03%	8.40%
	0.97%	0.99%	1.01%	11.06%	9.48%	8.12%
S	0.75%	1.21%	1.67%	0.89%	0.92%	0.97%

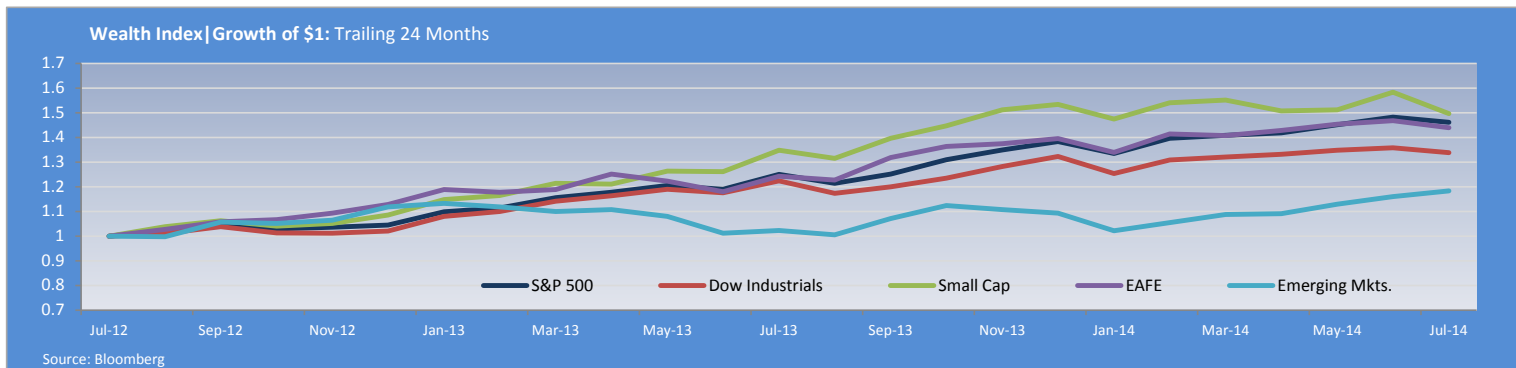
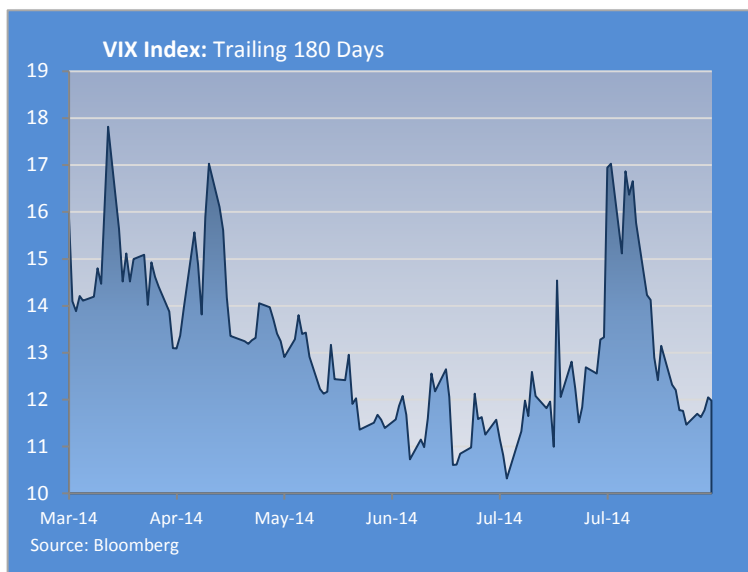
Source: Bloomberg

Sector Performance:

S&P/Global Industry Classification Sectors (GICS)

	% Wgt in S&P 500	Week % Chg.	YTD % Chg.
Consumer Discretionary	11.9	0.22%	2.8%
Consumer Staples	9.4	0.61%	4.8%
Energy	10.4	1.66%	9.8%
Financials	16.1	1.02%	6.5%
Health Care	13.7	1.41%	14.8%
Industrials	10.2	-0.31%	2.6%
Information Technology	19.4	0.27%	13.6%
Materials	3.5	0.70%	9.1%
Telecom Services	2.4	1.81%	3.2%
Utilities	3.0	1.84%	13.2%

Source: Bloomberg



A Macro View – Factor-Enhanced Investing

As more sophisticated means of analyzing stock price performance have emerged over the years, factor investing increasingly has become a viable and important approach to portfolio management. A “factor” is generally considered to be a characteristic common to a group of stocks that helps to explain the risk and return of that group. There are certain factors that academic research has shown persistently generate a significant excess return, or a risk premium, over a market capitalization-weighted index. Factor investing is the systematic process by which these risk premia are captured.

There have been many factors identified by researchers over the past 40 years or so, with a handful generally recognized as being the most persistent: **Value, Momentum, Size, Liquidity, Quality** and **Profitability** are among the most prominent. There is a large body of academic literature supporting the existence of, and intuition behind, these factors.

The capital asset pricing model (CAPM), introduced in the early 1960s by Sharpe (1964) and Lintner (1965) built upon the seminal Modern Portfolio Theory (MPT) work of Markowitz (1952) over a decade earlier. The CAPM is a so-called **single-factor** model in that it attempts to explain stock returns as being a function of one factor: the stock’s sensitivity to the overall market’s excess return (the return on the broad market less the risk-free rate), with the sensitivity represented by the stock’s beta.

While the CAPM provides a simple and intuitive framework for measuring the relationship between risk and expected return, its critics cite numerous shortcomings that have been manifested in poor empirical results. Fama and French (1993), among others, set forth a well-known **three-factor** model, which added size and value to the market factor. Fama’s and French’s research, which has been corroborated extensively in the academic literature, found that stocks with smaller market capitalizations and those exhibiting more pronounced value (such as a low P/E ratio or a high book-to-market ratio) characteristics performed better than stocks that were either larger or more growth-oriented.

In 1997, Carhart added momentum as an additional factor to the Fama-French three-factor model. The momentum factor is based on research that shows that stocks that have performed well over the past 12 months tend to continue that strong performance over the next month. Momentum has been demonstrated across many markets, asset classes and time periods, making it one of the most persistent and significant asset pricing anomalies. Several other factors have been put forth over the years, including liquidity (i.e., less liquid stocks outperform those with greater liquidity), quality (i.e., stocks whose companies have superior financial strength outperform stocks of less stable companies) and profitability.

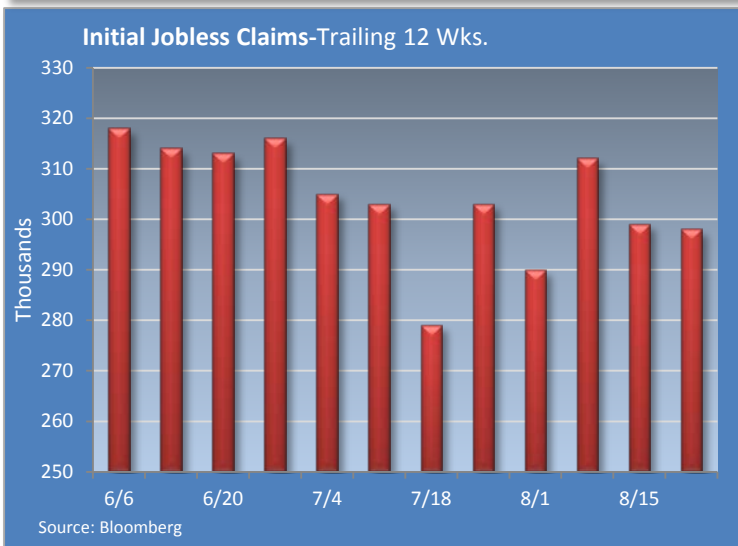
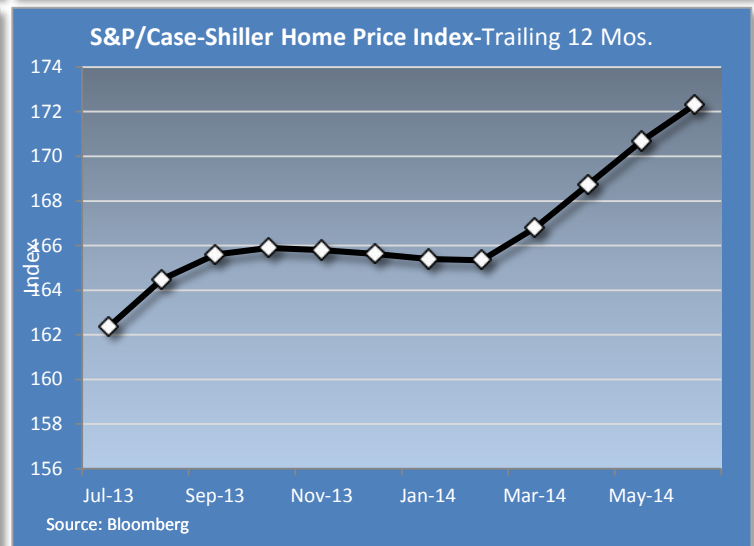
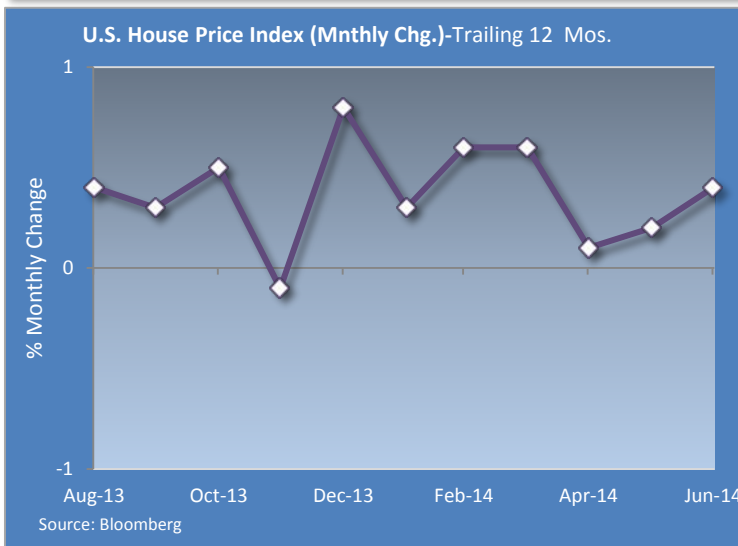
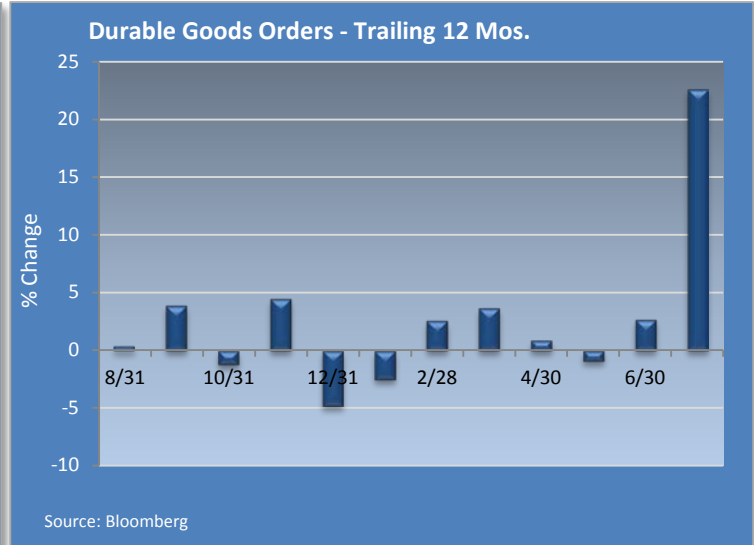
Many investment managers use information about factor performance by “tilting” their portfolio to gain greater exposures to the factors, thereby attempting to capture the risk premium. Tilting a portfolio toward smaller cap and more value-oriented stocks, for example, is one way managers attempt to outperform the benchmarks.

While the performance of factors is cyclical – value does not always outperform growth, nor do small caps always outperform large caps – they seem to be persistent, even after a vast amount of research has been published about them. There are various explanations as to why these risk premia continue, with some asserting that there is some additional risk associated with the factors, and others promoting a behavioral finance rationale.

Whatever the reason behind the risk premia, it appears that factor-enhanced investing is here to stay.

Brandon Thomas
Chief Investment Officer

THIS WEEK IN THE ECONOMY AND MARKETS



EUROZONE

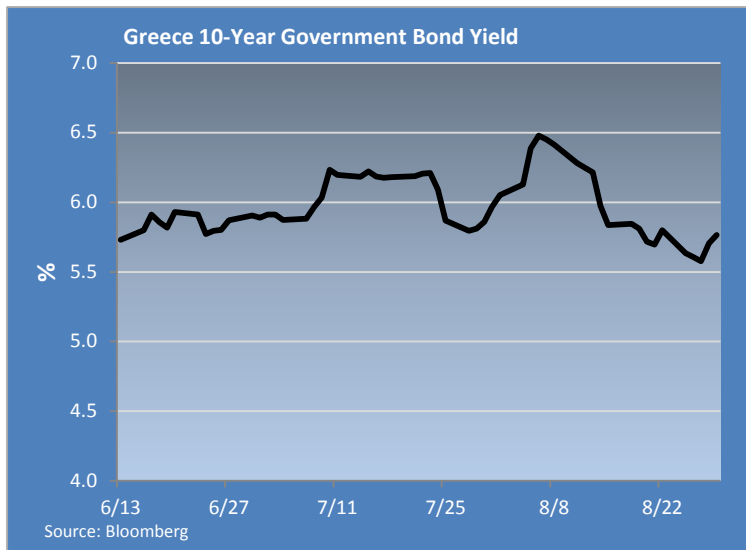
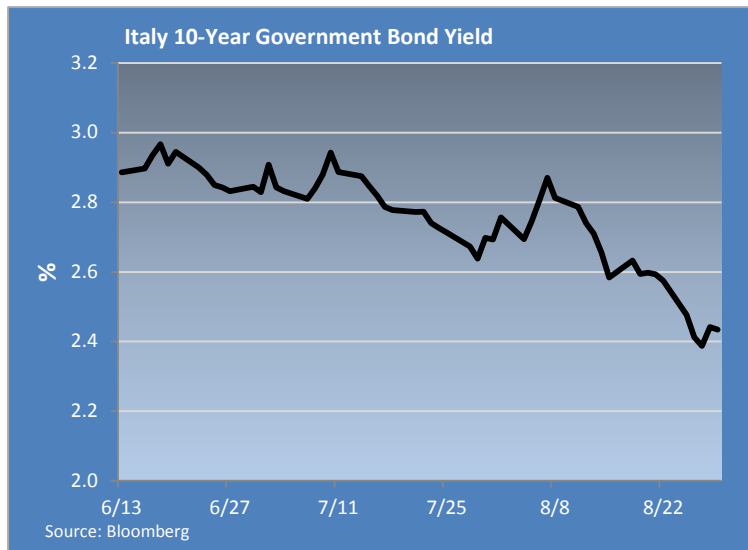
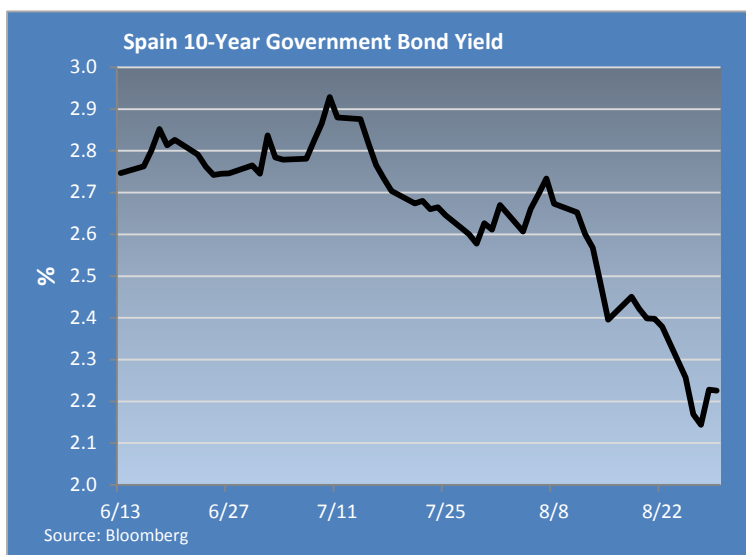
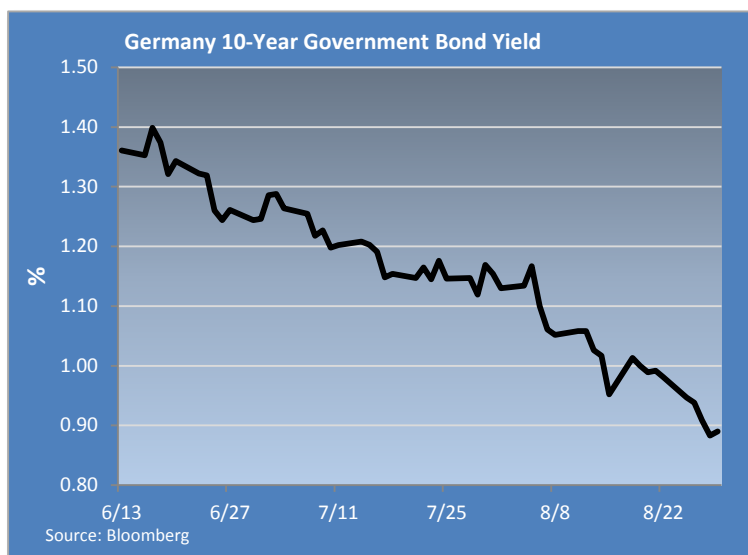
SELECTED EUROPEAN SOVEREIGN YIELD PERFORMANCE

	Last	Change	% Chg.	YTD %
Germany 10-Yr. Govt.	0.89	9 bps	NM	NM
Greece 10-Yr. Govt.	5.76	3 bps	NM	NM
Italy 10-Yr. Govt.	2.43	13 bps	NM	NM
Spain 10-Yr. Govt.	2.23	14 bps	NM	NM
Belgium 10-Yr. Govt.	1.23	11 bps	NM	NM

	Last	Change	% Chg.	YTD %
France 10-Yr. Govt.	1.25	11 bps	NM	NM
Ireland 10-Yr. Govt.	1.77	11 bps	NM	NM
Portugal 10-Yr. Govt.	3.20	2 bps	NM	NM
Netherlands 10-Yr. Govt.	1.05	11 bps	NM	NM
U.K. 10-Yr. Govt.	2.37	14 bps	NM	NM

Source: Bloomberg

Basis points (bps)



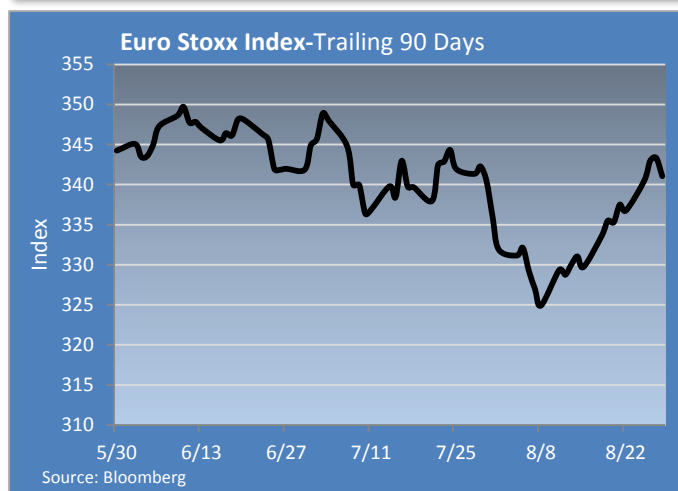
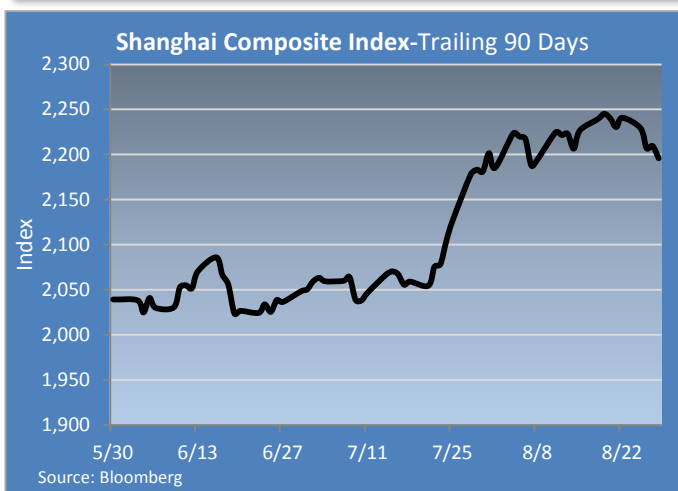
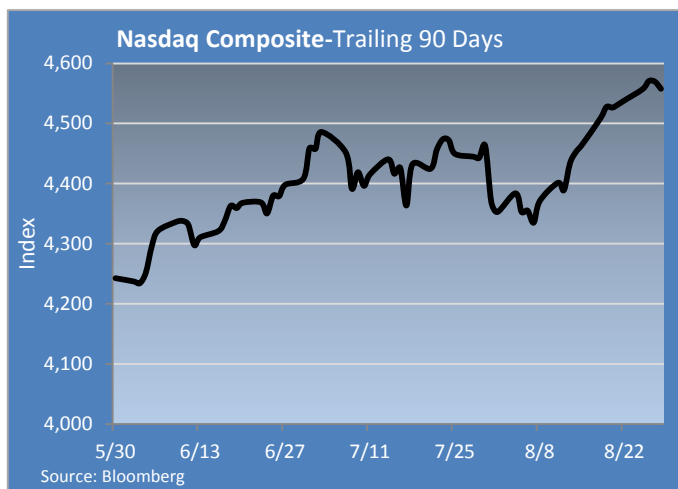
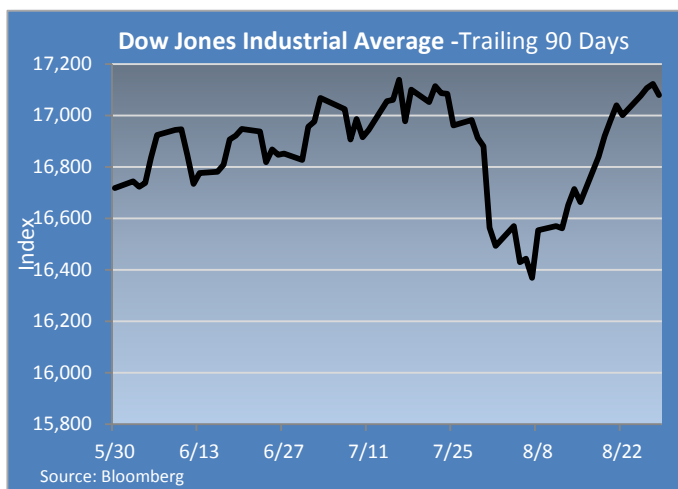
EQUITIES

WORLD MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
S&P 500	2,003.37	14.97	0.75%	8.39%
Dow Industrials	17,098.45	97.23	0.57%	3.15%
Nasdaq Composite	4,580.27	41.72	0.92%	9.67%
Russell Global	1,788.88	12.60	0.71%	5.6%
Russell Global EM	3,373.35	11.83	0.35%	8.6%
S&P/TSX (Canada)	15,625.73	90.18	0.58%	14.71%
Mexico IPC	45,628.09	253.10	0.56%	6.79%
Brazil Bovespa	61,288.15	2880.83	4.93%	18.99%
Euro Stoxx 600	342.00	5.25	1.56%	4.19%
FTSE 100	6,819.75	44.50	0.66%	1.05%
IBEX 35 (Spain)	10,728.80	228.60	2.18%	8.19%

	Last	Change	% Chg.	YTD %
Swiss Market Index	8,658.97	104.81	1.23%	5.56%
CAC 40 Index (France)	4,381.04	128.24	3.02%	1.98%
DAX Index (Germany)	9,470.17	131.00	1.40%	-0.86%
Irish Overall Index	4,783.13	91.11	1.94%	5.37%
Nikkei 225	15,424.59	-114.60	-0.74%	-5.32%
Hang Seng Index	24,742.06	-370.17	-1.47%	6.16%
Shanghai Composite	2,217.20	-23.61	-1.05%	4.78%
Kospi Index (S. Korea)	2,068.54	11.84	0.58%	2.84%
Taiwan Taiex Index	9,436.27	56.17	0.60%	9.58%
Tel Aviv 25 Index	1,404.41	25.40	1.84%	5.64%
MICEX Index (Russia)	1,400.71	-45.89	-3.17%	-6.87%

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



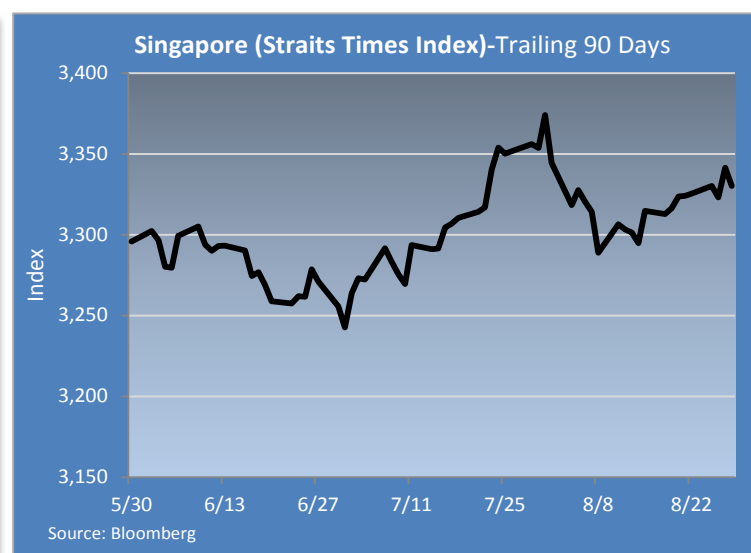
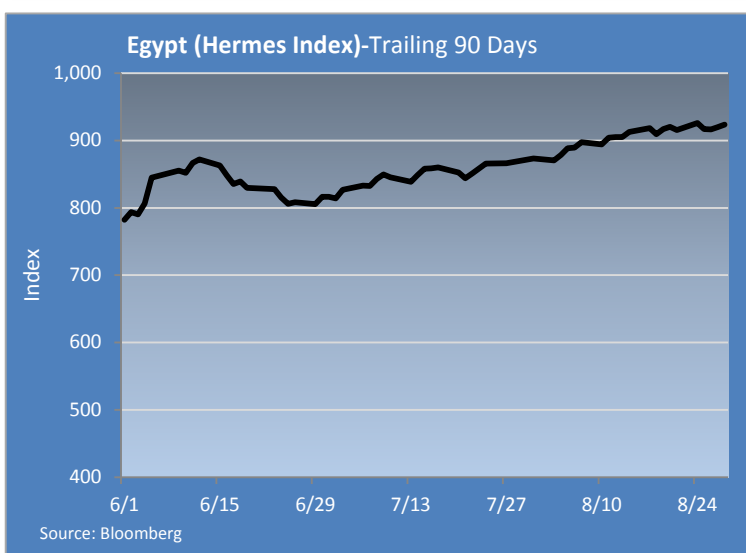
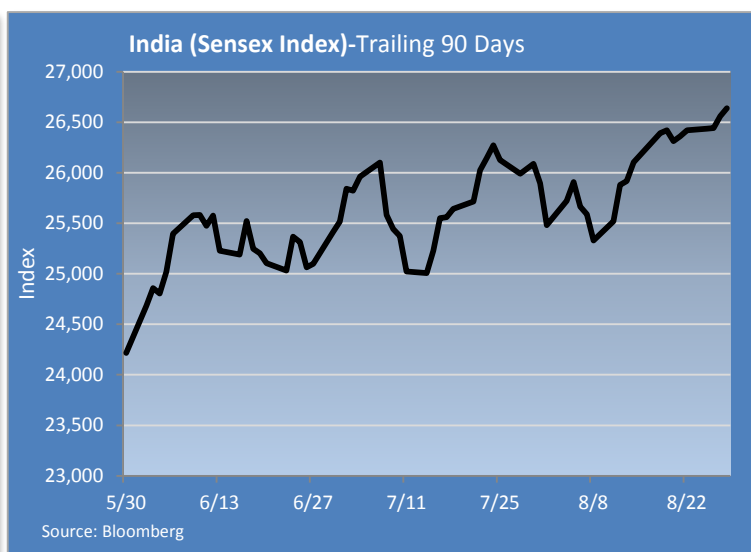
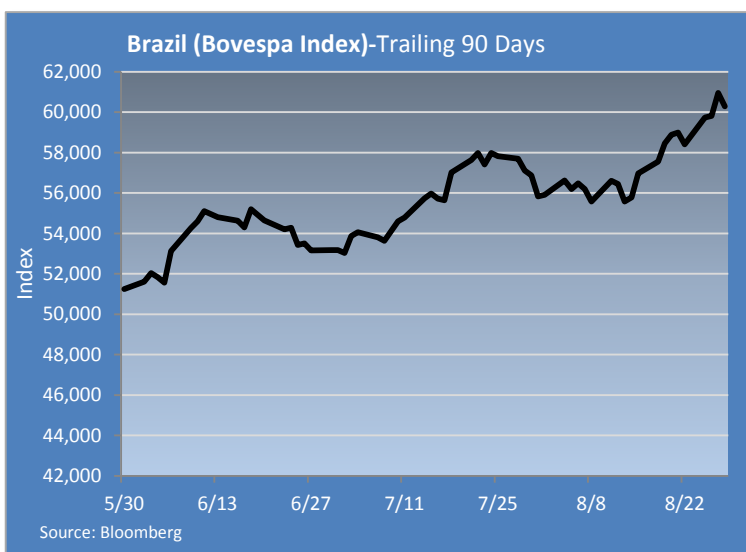
EQUITIES – EMERGING AND FRONTIER MARKETS

EMERGING AND FRONTIER MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
Mexico IPC	45,628.09	253.10	0.6%	6.8%
Brazil (Bovespa Index)	61,288.15	2880.83	4.9%	19.0%
MICEX Index (Russia)	1,400.71	-45.89	-3.2%	-6.9%
Czech Republic (Prague)	980.01	-6.52	-0.7%	-0.9%
Turkey (Istanbul)	80,312.94	1383.34	1.8%	18.5%
Egypt (Hermes Index)	923.70	8.10	0.9%	36.8%
Kenya (Nairobi 20 Index)	5,139.39	111.33	2.2%	4.3%
Saudi Arabia (TASI Index)	11,042.03	307.27	2.9%	29.4%
Lebanon (Beirut BLOM Index)	1,193.09	1.34	0.1%	3.7%
Palestine	522.06	5.45	1.1%	-3.6%

	Last	Change	% Chg.	YTD %
Hang Seng Index	24,742.06	-370.17	-1.5%	6.2%
India (Sensex 30)	26,638.11	218.56	0.8%	25.8%
Malaysia (KLCI Index)	1,866.11	-4.88	-0.3%	0.0%
Singapore (Straits Times Index)	3,327.09	1.59	0.0%	5.0%
Thailand (SET Index)	1,561.63	4.66	0.3%	20.2%
Indonesia (Jakarta)	5,136.86	-62.03	-1.2%	20.2%
Pakistan (Karachi KSE 100)	28,567.74	-304.01	-1.1%	13.1%
Vietnam (Ho Chi Minh)	636.65	16.51	2.7%	26.2%
Sri Lanka (Colombo)	7,034.09	26.07	0.4%	19.0%
Cambodia (Laos)	1,434.49	-1.28	-0.1%	14.5%

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

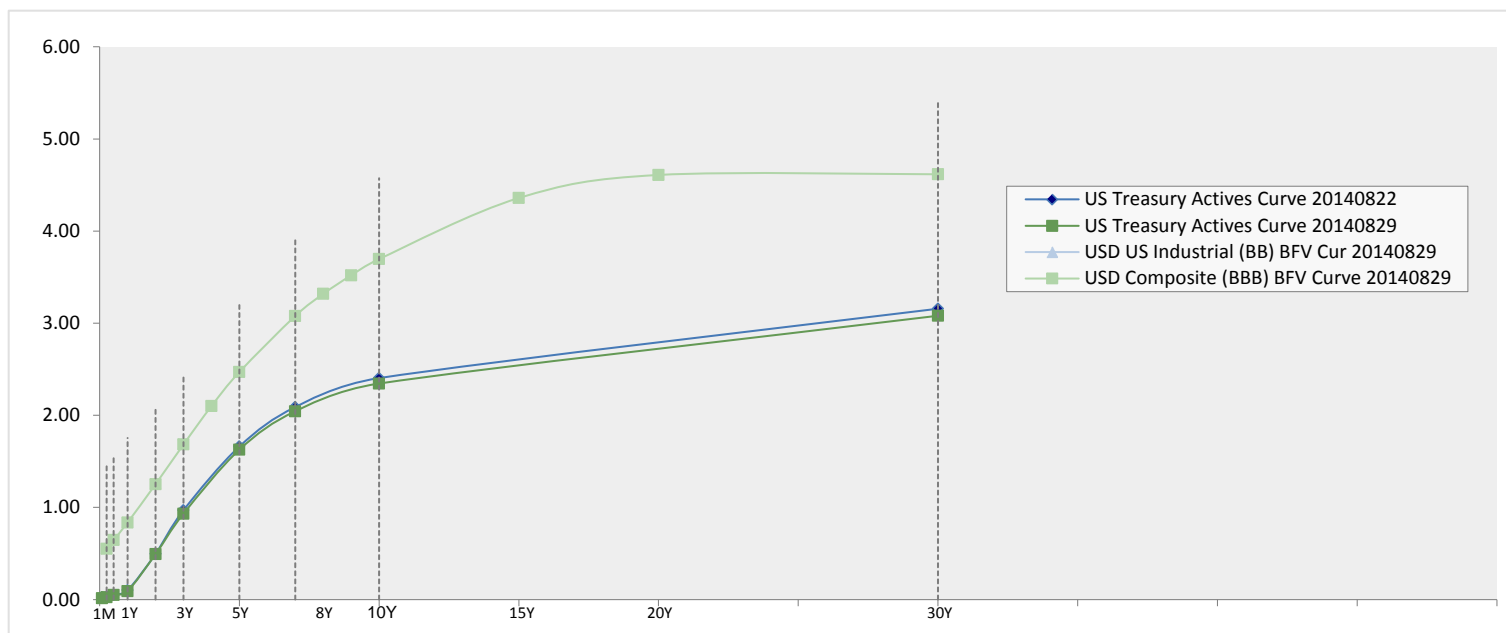


INTEREST RATES

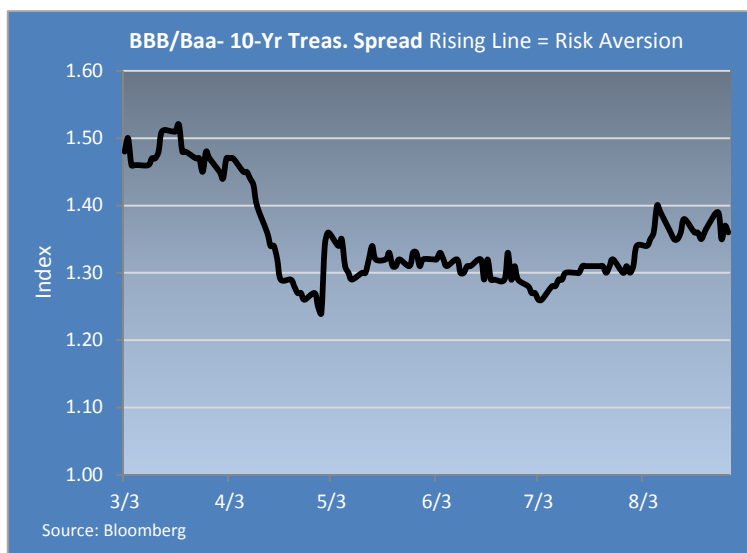
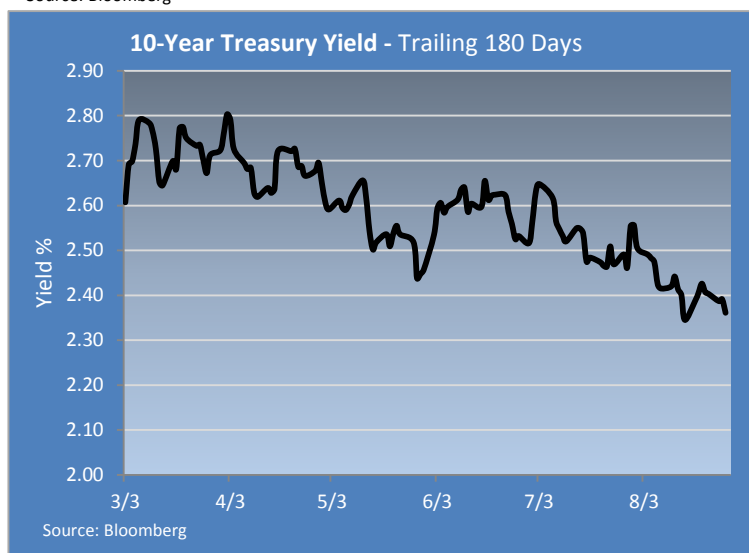
SELECTED INTEREST RATES

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
2-Yr. U.S. Treasury	0.49%	0 bps	NM	NM	Prime Rate	3.25%	0.00	NM	NM
5-Yr. U.S. Treasury	1.63%	-3 bps	NM	NM	Fed Funds Rate	0.25%	0.00	NM	NM
10-Yr. U.S. Treasury	2.34%	-6 bps	NM	NM	Discount Rate	0.75%	0.00	NM	NM
30-Yr. U.S. Treasury	3.08%	-8 bps	NM	NM	LIBOR (3 Mo.)	0.23%	0 bps	NM	NM
German 10-Yr. Govt.	0.89%	9 bps	NM	NM	Bond Buyer 40 Muni	3.86%	-9 bps	NM	NM
France 10-Yr.	1.25%	11 bps	NM	NM	Bond Buyer 40 G.O.	4.17%	NA	NM	NM
Italy 10-Yr.	2.43%	13 bps	NM	NM	Bond Buyer 40 Rev.	4.80%	NA	NM	NM
Fed 5-Yr Fwd BE Inf.	2.36%	-2 bps	NM	NM					

Source: Bloomberg



Source: Bloomberg



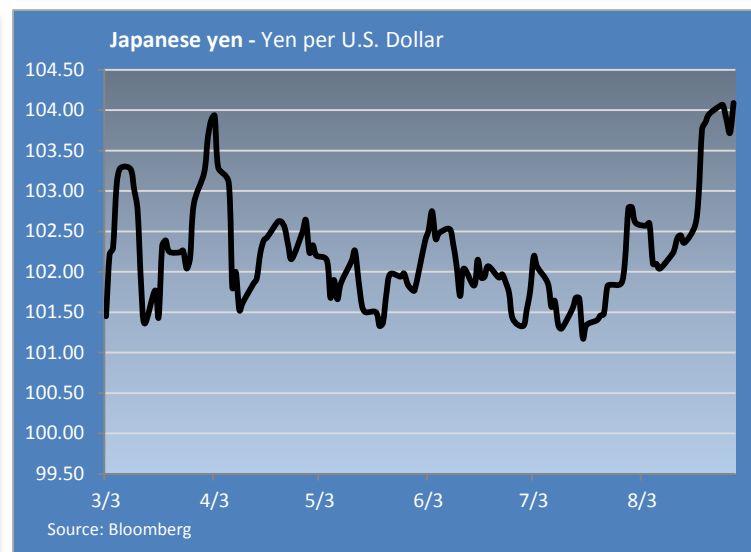
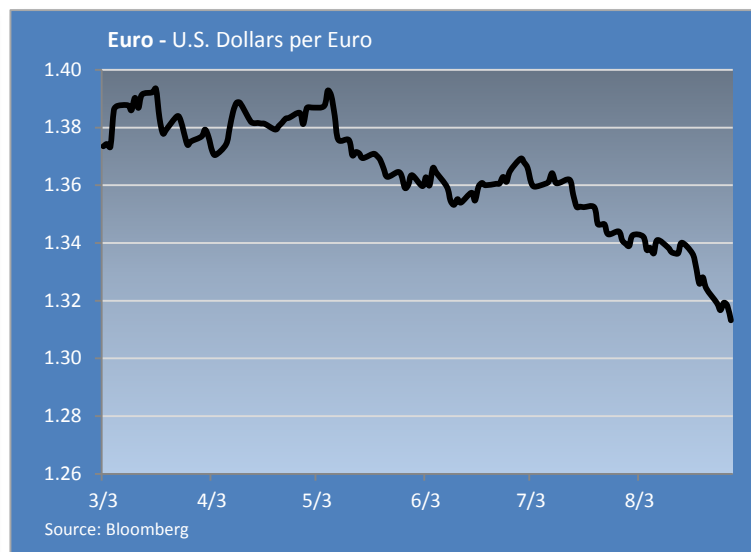
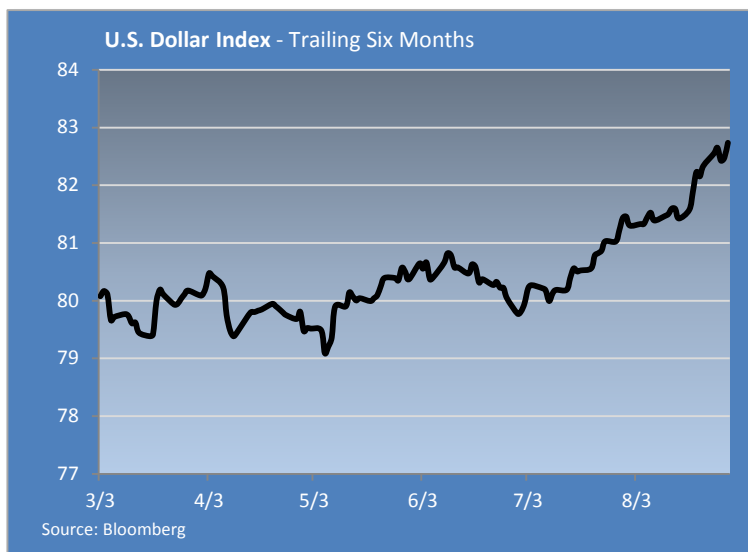
CURRENCIES

SELECTED CURRENCY PERFORMANCE

	Last	Change	% Chg.	YTD %
Dollar Index	82.74	0.400	0.49%	3.37%
Euro	1.31	-0.011	-0.83%	-4.45%
Japanese Yen	104.09	0.140	-0.13%	1.17%
British Pound	1.66	0.003	0.16%	0.25%
Canadian Dollar	1.09	-0.007	0.60%	-2.34%

	Last	Change	% Chg.	YTD %
Chinese Yuan	6.14	-0.009	0.15%	-1.45%
Swiss Franc	0.92	0.004	-0.48%	-2.76%
New Zealand Dollar	0.84	-0.005	-0.56%	1.80%
Brazilian Real	2.24	-0.042	1.86%	5.64%
Mexican Peso	13.08	-0.052	0.40%	-0.37%

Source: Bloomberg

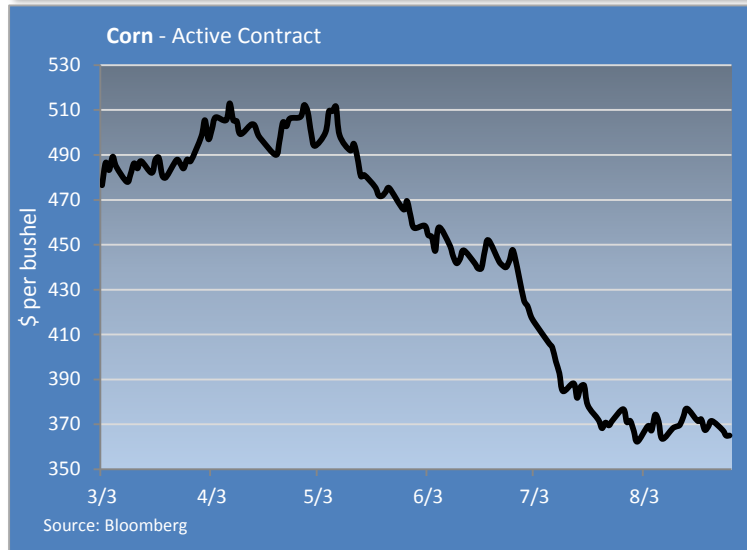
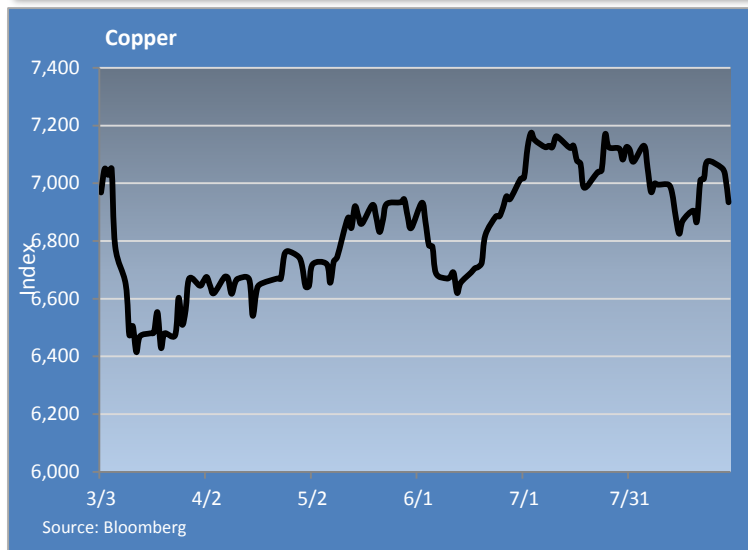
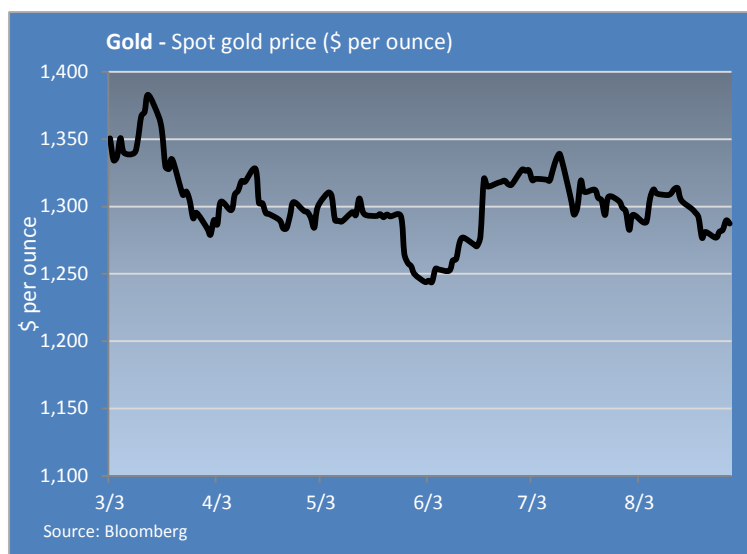
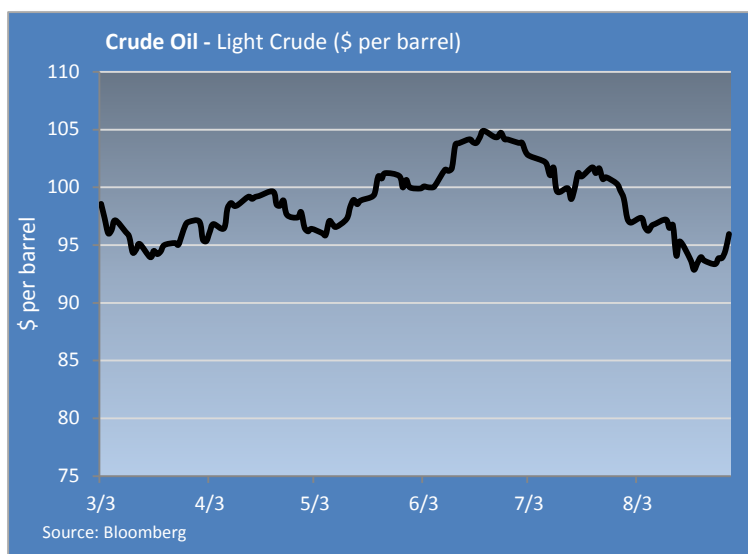


COMMODITIES

SELECTED COMMODITY MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
DJ UBS Comm. Idx.	126.57	1.15	0.92%	0.65%	Platinum Spot	\$1,424.25	\$2.44	0.17%	3.88%
Rogers Int. Comm. Idx.	3498.54	18.03	0.52%	-1.62%	Corn	364.75	-6.75	-1.82%	-18.99%
Crude Oil	\$95.96	\$0.00	0.00%	2.09%	Wheat	563.50	1.25	0.22%	-12.02%
Natural Gas	\$4.07	\$0.20	5.18%	-1.87%	Soybeans	1,024.25	-17.75	-1.70%	-9.76%
Gasoline (\$/Gal.)	\$3.44	\$0.00	-0.09%	3.40%	Sugar	15.49	0.00	0.00%	-9.15%
Heating Oil	286.01	0.00	0.00%	-4.66%	Orange Juice	150.05	0.00	0.00%	3.16%
Gold Spot	\$1,287.32	\$6.22	0.49%	7.13%	Aluminum	2,081.00	18.00	0.87%	15.60%
Silver Spot	\$19.47	\$0.04	0.19%	-0.03%	Copper	6,934.00	-142.00	-2.01%	-5.79%

Source: Bloomberg; % change is based on price.



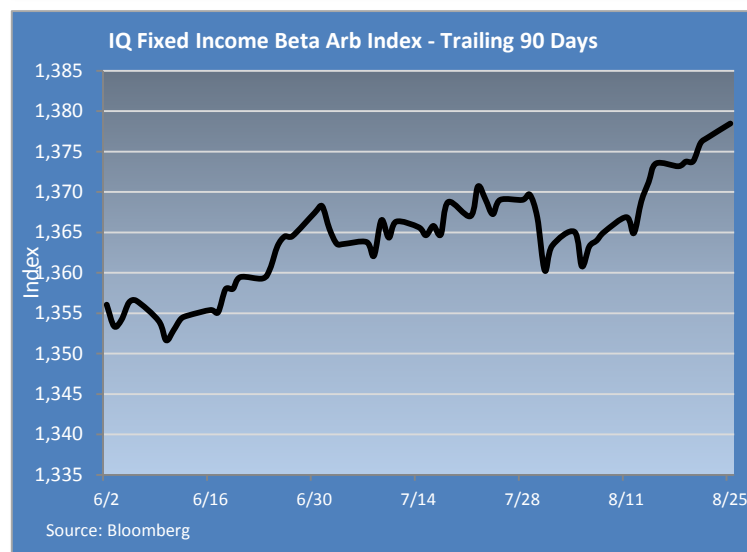
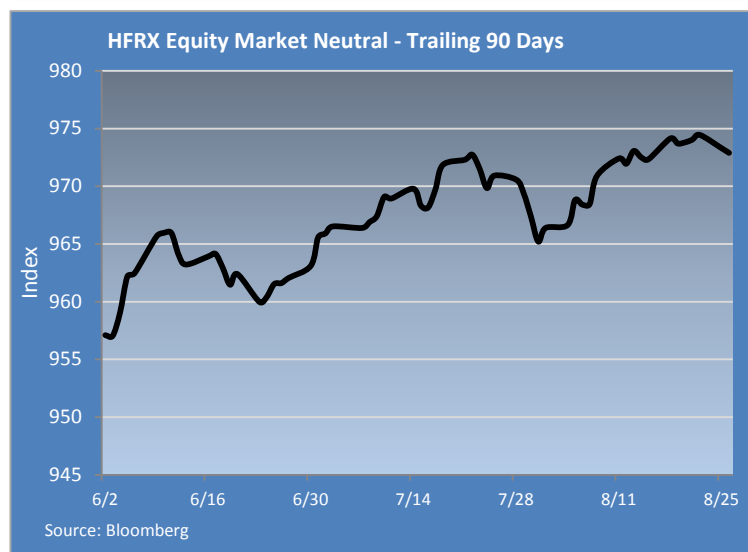
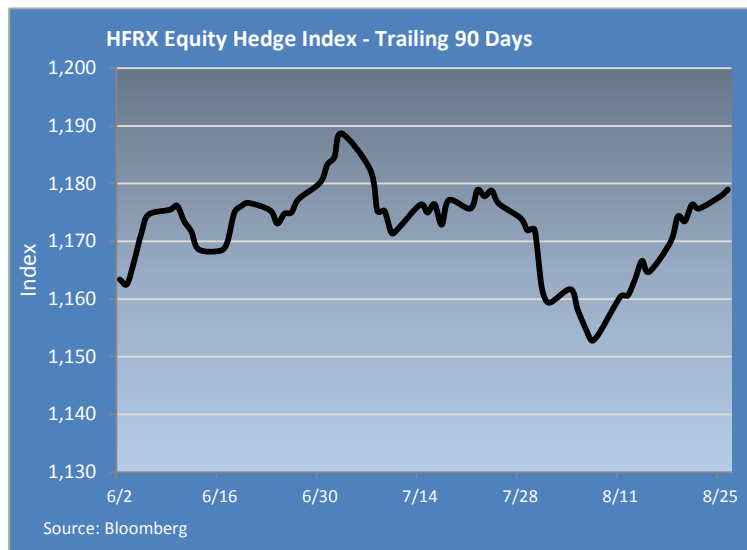
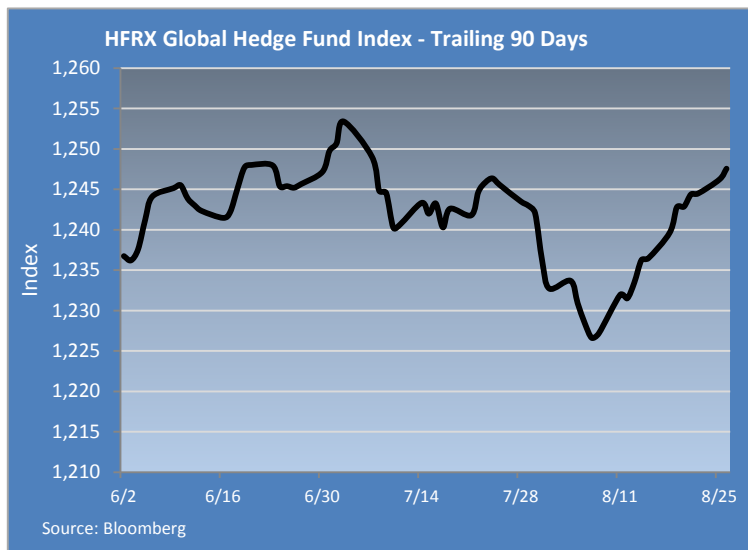
ALTERNATIVE INVESTMENTS

SELECTED ALTERNATIVE INVESTMENT INDEX PERFORMANCE

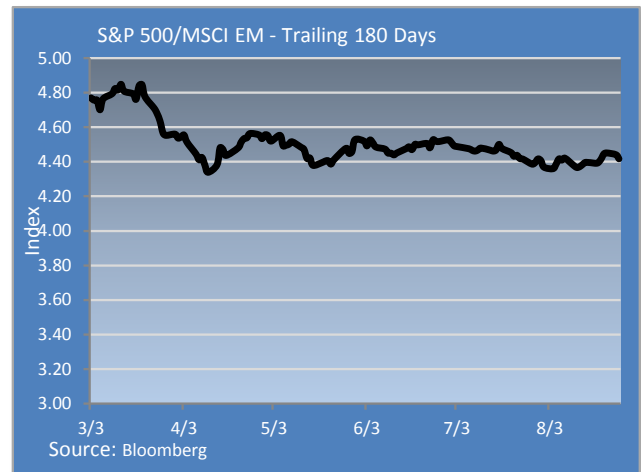
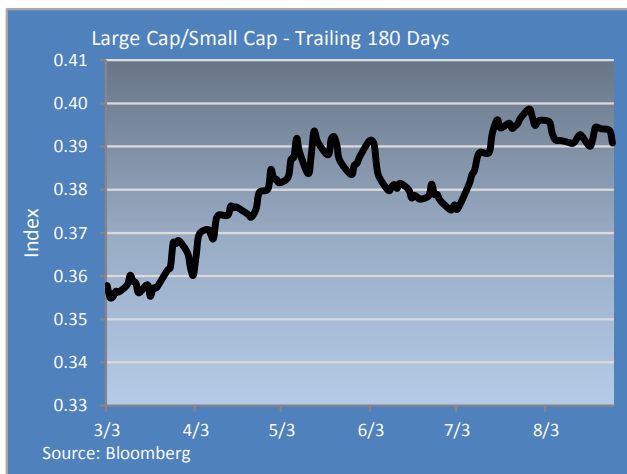
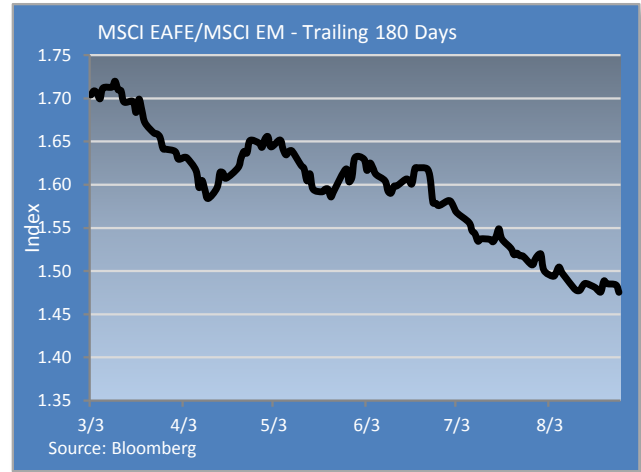
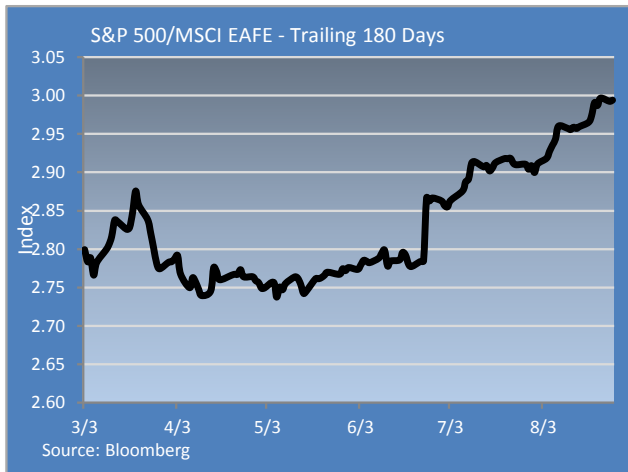
	Last	Change	% Chg.	YTD %
HFRX Global Hedge Fund Index	1247.26	2.77	0.22%	1.78%
HFRX Equity Market Neutral	972.98	-1.47	-0.15%	2.23%
HFRX Equity Hedge Index	1178.42	2.74	0.23%	1.12%
HFRX Event-Driven Index	1649.70	3.74	0.23%	4.59%
HFRX Absolute Return Index	1006.12	2.84	0.28%	1.73%

	Last	Change	% Chg.	YTD %
HFRX Distressed Index	1060.96	-1.70	-0.16%	5.70%
HFRX Merger Arbitrage Index	1575.88	7.34	0.47%	0.46%
HFRX Convertible Arbitrage Index	774.59	0.49	0.06%	-0.12%
HFRX Macro CTA Index	1139.78	4.81	0.42%	0.54%
IQ Fixed Income Beta Arb Index	1383.35	6.58	0.48%	6.52%

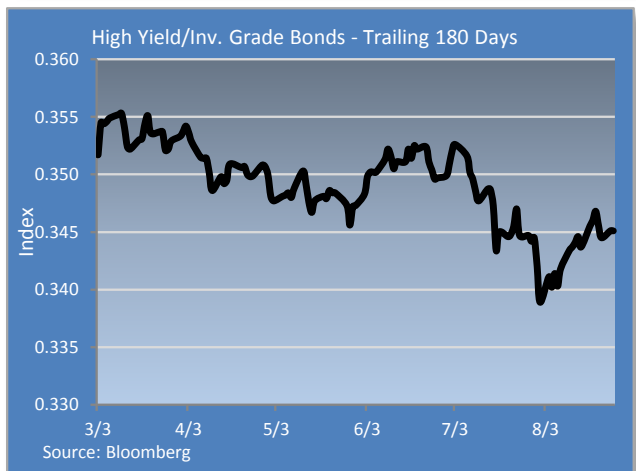
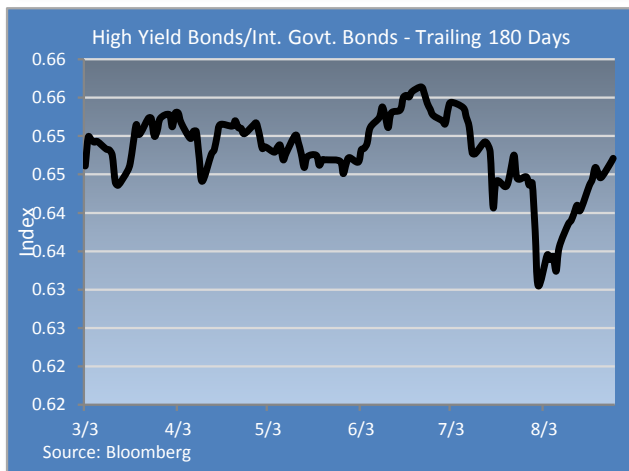
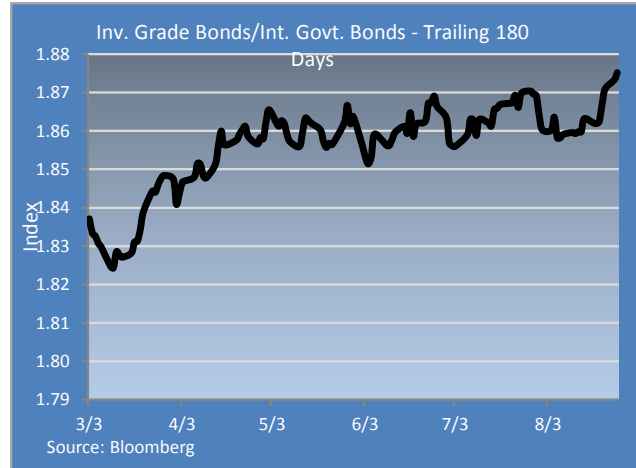
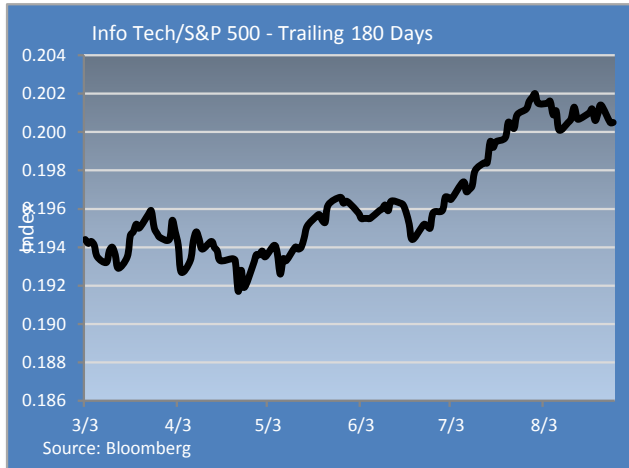
Source: Bloomberg; Index % change is based on price.



PORTFOLIO CONSTRUCTION



PORTFOLIO CONSTRUCTION (cont'd.)



WEEKLY ASSET CLASS PERFORMANCE (Prior 12 weeks ending Thursday)

			6/12	6/19	6/26	7/3	7/10	7/17	7/24	7/31	8/7	8/14	8/21	8/28
Equity	Domestic Equity	Large Cap (R200)	-0.52%	1.48%	-0.16%	1.47%	-0.97%	-0.15%	1.55%	-2.89%	-1.16%	2.36%	1.89%	0.18%
		Small Cap (R2000)	0.47%	2.12%	-0.28%	2.32%	-3.83%	-2.43%	2.00%	-3.13%	-0.03%	2.11%	1.46%	0.51%
	Int'l. Equity	MSCI EAFE	0.52%	1.06%	-1.48%	1.54%	-2.59%	0.56%	0.74%	-1.86%	-2.56%	1.16%	1.02%	-0.08%
		MSCI Em. Mkts.	1.91%	0.46%	-0.30%	1.47%	0.02%	0.02%	1.72%	-1.40%	-1.37%	2.01%	0.89%	0.47%
Fixed Income	BarCap Agg. (AGG)	-0.03%	-0.15%	0.59%	-0.70%	0.36%	0.30%	-0.20%	-0.17%	0.38%	0.26%	-0.04%	0.40%	
	High Yield (JNK)	0.29%	0.43%	0.07%	-0.38%	-0.53%	-0.87%	0.71%	-1.79%	-0.07%	1.55%	0.44%	0.10%	
Commodities	DJ UBS Index	0.74%	1.48%	0.07%	-1.57%	-2.29%	-0.88%	-0.72%	-0.88%	-0.14%	-1.63%	-0.13%	0.67%	
Alternatives	Hedge Funds (HFRX Global)	0.14%	0.38%	-0.20%	0.66%	-1.05%	0.00%	0.49%	-0.82%	-0.77%	0.79%	0.66%	0.23%	
Asset Allocation	60/40*	0.07%	0.76%	-0.10%	0.73%	-0.96%	-0.14%	0.83%	-1.68%	-0.68%	1.36%	0.92%	0.26%	
	48/32/20 (w/Alts.)**	0.08%	0.69%	-0.12%	0.71%	-0.98%	-0.11%	0.76%	-1.51%	-0.69%	1.24%	0.87%	0.25%	

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	0.98	1.03	0.98	0.98	1.00	1.11	1.09	1.13	1.23	0.98	1.00	1.57	0.98	1.10
Large Cap Growth	1.02	1.00	1.05	1.00	1.00	1.02	1.13	1.11	1.15	1.25	1.00	1.01	1.60	1.00	1.12
Large Cap Value	0.97	0.95	1.00	0.95	0.95	0.98	1.08	1.06	1.10	1.19	0.95	0.97	1.53	0.95	1.07
Mid Cap Core	1.02	1.00	1.05	1.00	1.00	1.02	1.13	1.11	1.15	1.25	1.00	1.01	1.60	1.00	1.12
Mid Cap Growth	1.02	1.00	1.05	1.00	1.00	1.03	1.13	1.11	1.16	1.26	1.00	1.02	1.60	1.00	1.12
Mid Cap Value	1.00	0.98	1.03	0.98	0.97	1.00	1.10	1.09	1.13	1.23	0.98	0.99	1.56	0.98	1.10
Small Cap Core	0.90	0.89	0.93	0.89	0.88	0.91	1.00	0.98	1.02	1.11	0.89	0.90	1.42	0.88	0.99
Small Cap Growth	0.92	0.90	0.94	0.90	0.90	0.92	1.02	1.00	1.04	1.13	0.90	0.91	1.44	0.90	1.01
Small Cap Value	0.88	0.87	0.91	0.87	0.86	0.88	0.98	0.96	1.00	1.08	0.87	0.88	1.38	0.86	0.97
Int'l. Developed	0.81	0.80	0.84	0.80	0.80	0.82	0.90	0.89	0.92	1.00	0.80	0.81	1.28	0.80	0.89
Emerging Markets	1.02	1.00	1.05	1.00	1.00	1.02	1.13	1.11	1.15	1.25	1.00	1.01	1.60	1.00	1.12
REITs	1.00	0.99	1.03	0.99	0.98	1.01	1.11	1.10	1.14	1.24	0.99	1.00	1.58	0.98	1.10
Commodities	0.64	0.63	0.66	0.63	0.62	0.64	0.71	0.69	0.72	0.78	0.63	0.63	1.00	0.62	0.70
Int. Bond	1.02	1.00	1.05	1.00	1.00	1.03	1.13	1.11	1.16	1.26	1.00	1.02	1.60	1.00	1.12
High Yield	0.91	0.89	0.94	0.89	0.89	0.91	1.01	0.99	1.03	1.12	0.89	0.91	1.43	0.89	1.00

Source: Bloomberg

The Relative Strength Matrix provides an indication of how the various asset classes have performed relative to one another over the past 30 days. A number greater than 1.0 indicates that the asset class in the far left column has outperformed the corresponding asset class in the top row over the past 30 days. A number below 1.0 means the asset class on the left has underperformed the asset class at the top. The green shading indicates outperformance, and the red shading indicates underperformance.

INDEX OVERVIEW

The S&P 500 Index is an unmanaged index comprised of 500 widely held securities considered to be representative of the stock market in general. The S&P/Case-Shiller Home Price Indices measure the residential housing market, tracking changes in the value of the residential real estate market in 20 metropolitan regions across the United States. The Nasdaq Composite is a stock market index of the common stocks and similar securities listed on the NASDAQ stock market. The MSCI EAFE Index represents 21 developed markets outside of North America. The MSCI EAFE Growth Index is an unmanaged index considered representative of growth stocks of Europe, Australasia and the Far East. The MSCI EAFE Value Index is an unmanaged index considered representative of value stocks of Europe, Australasia and the Far East. The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The MSCI Europe Index is an unmanaged index considered representative of stocks of developed European countries. The MSCI Pacific Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the developed markets in the Pacific region. The Barclays US Credit Index is an unmanaged index considered representative of publicly issued, SEC-registered US corporate and specified foreign debentures and secured notes. The Barclays US Aggregate Bond Index is a market capitalization-weighted index of investment-grade, fixed-rate debt issues, including government, corporate, asset-backed, and mortgage-backed securities, with maturities of at least one year. The Barclays US Corporate High Yield Index covers the USD-denominated, non-investment grade, fixed-rate, taxable corporate bond market. Securities are classified as high-yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. The index may include emerging market debt. The Barclays Capital Municipal Bond Index is an unmanaged index comprised of investment-grade, fixed-rate municipal securities representative of the tax-exempt bond market in general. The Barclays US Treasury Total Return Index is an unmanaged index of public obligations of the US Treasury with a remaining maturity of one year or more. The Citigroup World Government Bond Index is a market capitalization weighted bond index consisting of the government bond markets of Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, Japan, Malaysia, Mexico, the Netherlands, Norway, Poland, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States. The DJ-UBS Commodity Index Total ReturnSM measures the collateralized returns from a basket of 19 commodity futures contracts representing the energy, precious metals, industrial metals, grains, softs and livestock sectors. The Russell 1000 Index is a market capitalization-weighted benchmark index made up of the 1000 largest U.S. companies in the Russell 3000 Index. The Russell 1000 Growth Index is an unmanaged index considered representative of large-cap growth stocks. The Russell 1000 Value Index is an unmanaged index considered representative of large-cap value stocks. The Russell 2000 Index is an unmanaged index considered representative of small-cap stocks. The Russell 2000 Growth Index is an unmanaged index considered representative of small-cap growth stocks. The Russell 2000 Value Index is an unmanaged index considered representative of small-cap value stocks. The Russell 3000 Index is an unmanaged index considered representative of the US stock market. The Russell Midcap Index is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The Russell Midcap Growth Index is an unmanaged index considered representative of mid-cap growth stocks. The Russell Midcap Value Index is an unmanaged index considered representative of mid-cap value stocks. The HFRX Indices are a series of benchmarks of hedge fund industry performance which are engineered to achieve representative performance of a larger universe of hedge fund strategies. Hedge Fund Research, Inc. employs the HFRX Methodology (UCITS compliant), a proprietary and highly quantitative process by which hedge funds are selected as constituents for the HFRX Indices. The ISM Non-Manufacturing Index is an index based on surveys of more than 400 non-manufacturing firms' purchasing and supply executives, within 60 sectors across the nation, by the Institute of Supply Management (ISM). The ISM Non-Manufacturing Index tracks economic data, like the ISM Non-Manufacturing Business Activity Index. A composite diffusion index is created based on the data from these surveys that monitors economic conditions of the nation. The ISM Manufacturing Index is an index based on surveys of more than 300 manufacturing firms by the Institute of Supply Management. The ISM Manufacturing Index monitors employment, production inventories, new orders and supplier deliveries. A composite diffusion index is created that monitors conditions in national manufacturing based on the data from these surveys. The Consumer Price Index (CPI) measures the change in the cost of a fixed basket of products and services. The Gross Domestic Product (GDP) rate is a measurement of the output of goods and services produced by labor and property located in the United States. Basis Point(s) is a unit that is equal to 1/100th of 1%, and is used to denote the change in a financial instrument. The basis point is commonly used for calculating changes in interest rates, equity indexes and the yield of a fixed-income security. The CBOE Volatility Index (VIX) is an up-to-the-minute market estimate of expected volatility that is calculated by using real-time S&P 500 Index option bid/ask quotes. The Index uses nearby and second nearby options with at least 8 days left to expiration and then weights them to yield a constant, 30-day measure of the expected volatility of the S&P 500 Index. The MSCI World ex-U.S. Index - captures large and mid-cap representation across 22 of 23 Developed Markets DM countries*--excluding the United States. With 1,002 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country. (* DM countries include: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the UK.) The MSCI Japan Index - is designed to measure the performance of the large and mid-cap segments of the Japanese market. With 320 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in Japan. The Barclays Global Aggregate ex-U.S. Index - is a market capitalization-weighted index, meaning the securities in the index are weighted according to the market size of each bond type. Most U.S. traded investment grade bonds are represented. Municipal bonds, and Treasury Inflation-Protected Securities are excluded, due to tax treatment issues. The index includes Treasury securities, Government agency bonds, Mortgage-backed bonds, Corporate bonds, and a small amount of foreign bonds traded in U.S. The University of Michigan Consumer Sentiment Index (MCSI) is a survey of consumer confidence conducted by the University of Michigan. The Michigan Consumer Sentiment Index (MCSI) uses telephone surveys to gather information on consumer expectations regarding the overall economy. A separately managed account (SMA) is an individual managed investment account offered typically by a brokerage firm through one of their brokers or financial consultants and managed by independent investment management firms (often called money managers for short) and have varying fee structures. An open-end index fund continuously issues and redeems shares based on investor demand. As an index fund, its investment objective is to duplicate the performance of the index it uses as a benchmark. Investment Grade or Investment Grade Bond – The broad credit designation given to corporate and municipal bonds which have a high probability of being paid and minor, if any, speculative features. Bonds rated Baa and higher by Moody's Investor Services or BBB and higher by Standard & Poor's are deemed by those agencies to be "investment grade". Non-Investment Grade - By definition, junk bonds are non-investment grade. A bond rated lower than Baa/BBB, also called a "high-yield" bond. Junk bonds are speculative compared with investment grade bonds. Risk-On Risk-Off - An investment setting in which price behavior responds to, and is driven by, changes in investor risk tolerance. Risk-on risk-off refers to changes in investment activity in response to global economic patterns. During periods when risk is perceived as low, risk-on risk-off theory states that investors tend to engage in higher-risk investments. When risk is perceived as high, investors have the tendency to gravitate toward lower-risk investments. MICEX Index is cap-weighted composite index calculated based on prices of the 50 most liquid Russian stocks of the largest and dynamically developing Russian issuers presented on the Moscow Exchange.

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