

Chart of the Week



Weekly Highlights

- **Domestic stock prices were slightly lower this week.** After closing at a record high last Friday, broad equity indices edged lower this week, with the S&P 500 ending a string of five consecutive weekly gains, its longest this year. Investors reacted to speculation that the Federal Reserve may decide to raise interest rates sooner than expected as a result of strong economic data, including this week's retail sales results. The S&P 500 has not had a series of four consecutive daily losses so far in 2014.
- **Global markets were mostly lower on the week.** World markets were lower this week, with U.K. stocks falling partly as a result of the upcoming Scottish independence referendum. China's indices posted the largest weekly decline since March on weaker-than-expected manufacturing data. Japan bucked the trend, advancing to a six-year high, as retailers gained as a result of the declining yen.
- **Treasury prices were sharply lower for the week.** The yield on the benchmark 10-year U.S. Treasury rose this week to the highest level since July as investors anticipate the outcome of next week's Federal Reserve meeting.
- **Commodity indices plunged on the week.** Energy dropped again this week on slowing demand. Gold was near a seven-month low, and grains also declined.

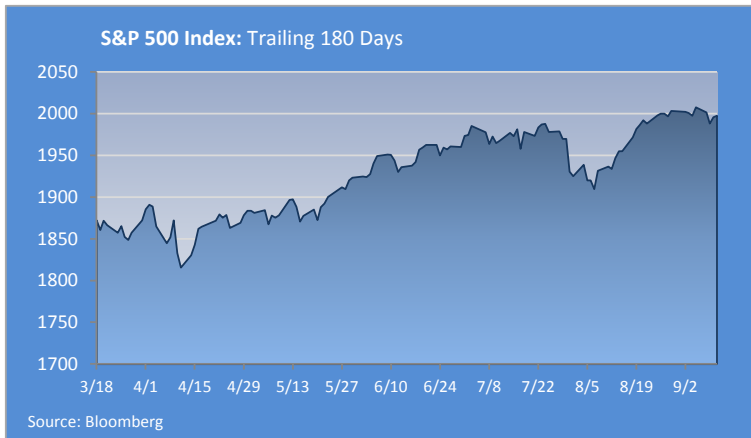
Talking Points

- **Among equities,** large-caps underperformed small-caps, and growth stocks outperformed value-oriented issues. Domestic stocks outperformed international equities. Developed markets outperformed emerging market stocks.
- **Treasury prices were lower this week.** The yield on the 10-year T-note rose sharply.
- **Commodity prices plunged on the week.** Energy, metals and grains all fell sharply.
- **The dollar was higher** this week against a basket of currencies.
- **Among economic data released this week,** retail sales in August rose by the most in four months; a measure of consumer sentiment unexpectedly rose in August; Eurozone industrial production rose in July, the latest available data; and initial jobless claims in the latest week reached the highest level in two months.

MARKET DASHBOARD

	Last Price	Change	% Chg.	YTD %
S&P 500	1,985.54	-22.17	-1.10%	7.4%
Dow Industrials	16,987.51	-149.85	-0.87%	2.5%
Nasdaq	4,567.60	-15.30	-0.33%	9.4%
Russell 2000	1,160.61	-9.53	-0.81%	-0.3%
Euro Stoxx Index	344.27	-3.30	-0.95%	4.9%
Shanghai Composite	2,331.95	25.09	1.09%	10.2%
Russell Global	1,766.03	-25.58	-1.43%	4.2%

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



	Last Price	Change	% Chg.	YTD %
Russell Global EM	3,327.74	-78.89	-2.32%	7.1%
10-Year US Treas.	2.61	15 bps	NM	NM
DJ UBS Comm. Idx.	121.30	-3.55	-2.85%	-3.5%
Gold	\$1,230.39	-\$37.97	-2.99%	2.4%
Crude Oil	\$92.17	-\$1.10	-1.18%	-1.9%
Dollar Index	84.24	0.50	0.59%	5.3%
VIX Index	13.31	1.21	10.01%	-3.1%

	One Week			YTD		
	Value	Growth		Value	Growth	
L	-1.02%	-0.98%	-0.94%	6.95%	7.17%	7.40%
	-1.67%	-1.37%	-1.10%	9.35%	8.29%	7.40%
S	-1.29%	-0.81%	-0.34%	-0.58%	-0.26%	0.08%

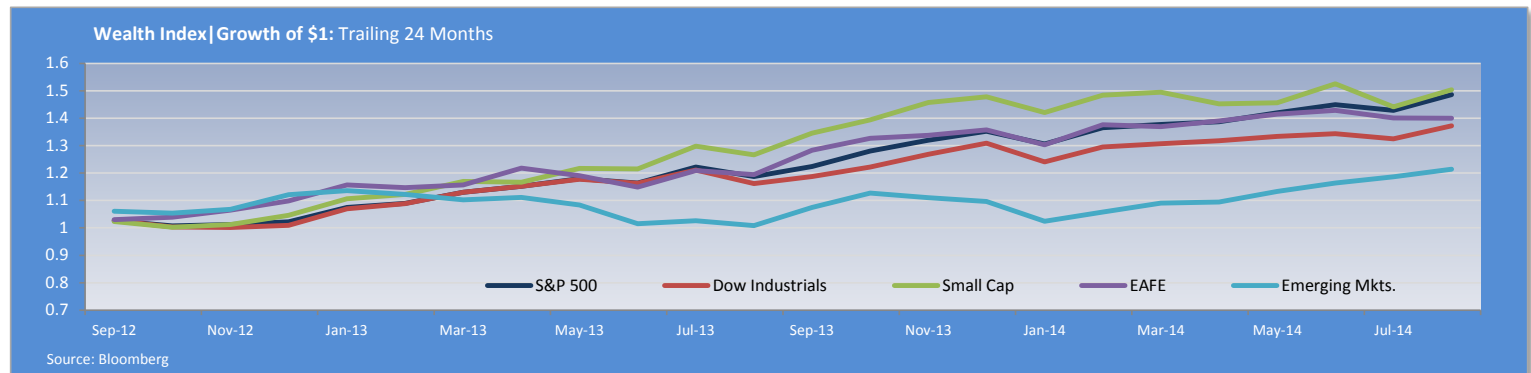
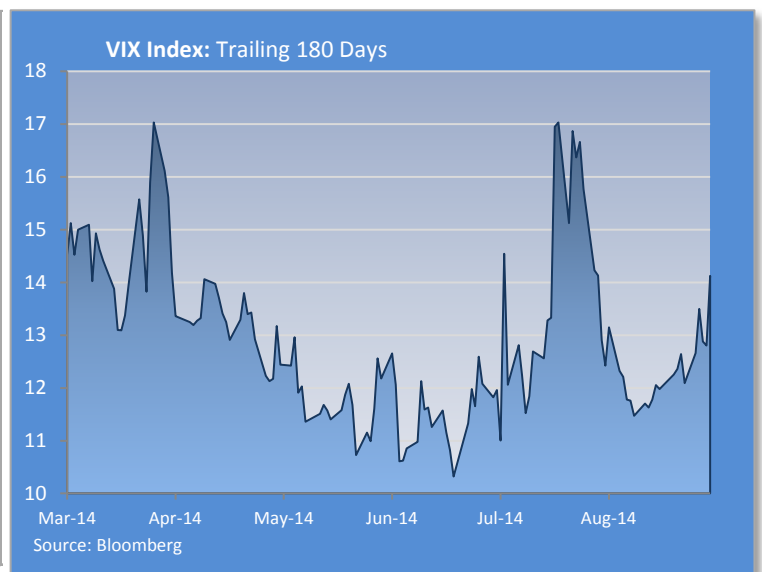
Source: Bloomberg

Sector Performance:

S&P/Global Industry Classification Sectors (GICS)

	% Wgt in S&P 500	Week % Chg.	YTD % Chg.
Consumer Discretionary	11.9	-1.42%	2.0%
Consumer Staples	9.4	-1.21%	4.4%
Energy	10.0	-3.73%	4.1%
Financials	16.3	-0.40%	6.6%
Health Care	13.8	-0.61%	14.7%
Industrials	10.3	-0.65%	2.4%
Information Technology	19.5	0.02%	13.6%
Materials	3.5	-1.89%	7.2%
Telecom Services	2.4	-2.64%	0.9%
Utilities	3.0	-3.25%	10.3%

Source: Bloomberg



THE ECONOMY AND MARKETS

A Macro View – Post-Labor Day Stasis

Well here we are. The operating assumption for much of August was that the end of summer post-Labor Day would lead to a renewed attention to markets after a relatively calm few months. The first week of September, however, has not seen that play out.

Indeed, activity and volume remains muted. Yes, there was a flurry of attention to the unveiling of Apple's new iPhones and the Watch. And there was a new development in the intensifying U.S. campaign against ISIS in northern Iraq and eastern Syria. The Apple event had the potential to be a market-mover but was not. As we discussed several weeks ago in the Investnet Edge, geopolitical crises such as ISIS are unequivocally important concerns but rarely constitute market events.

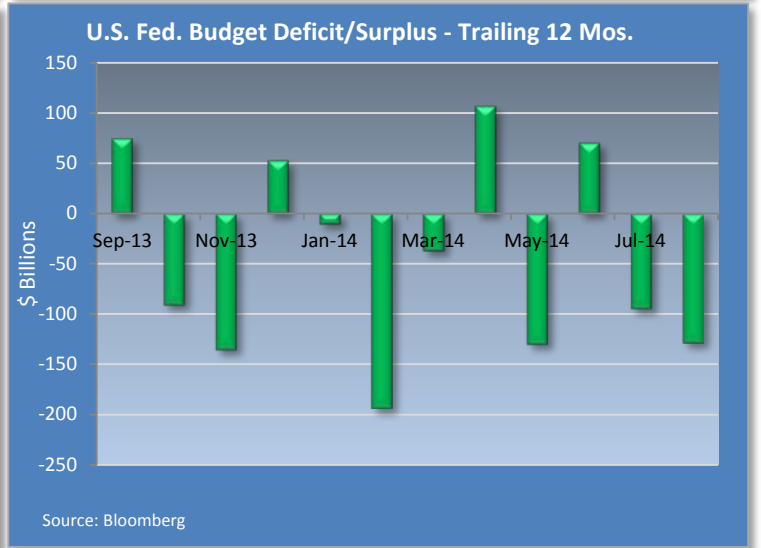
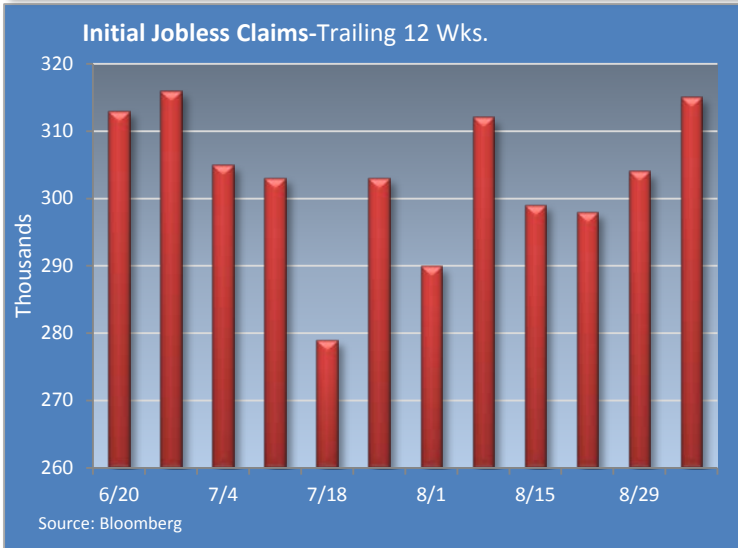
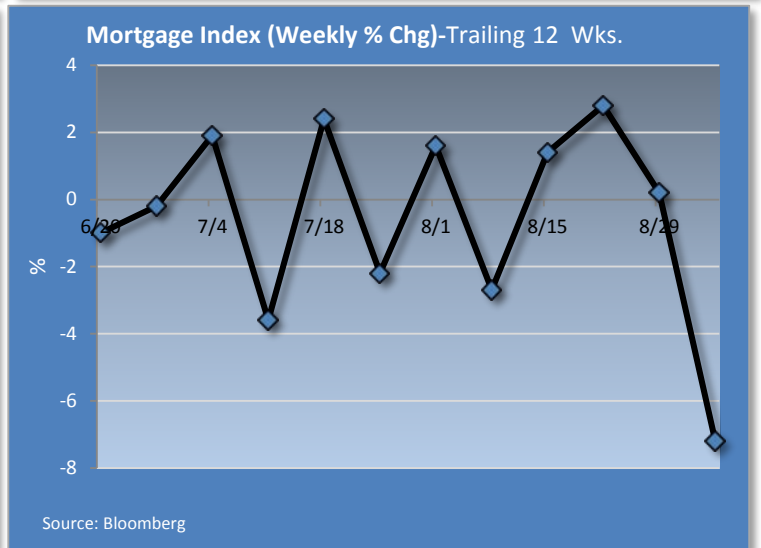
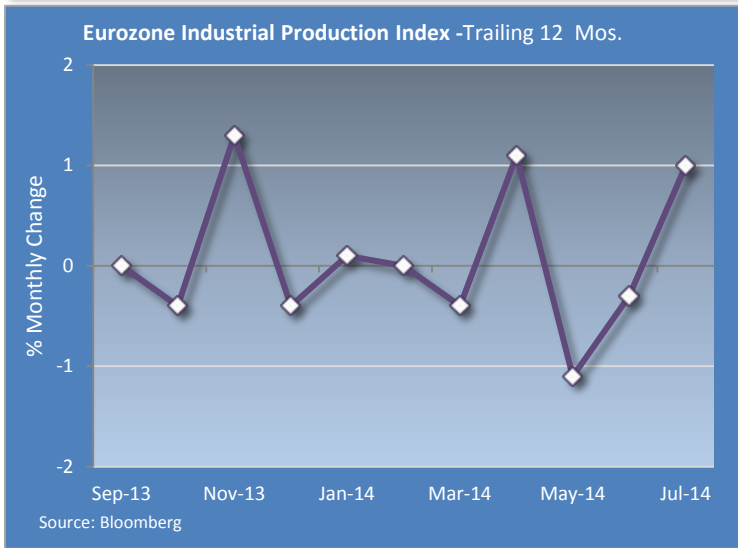
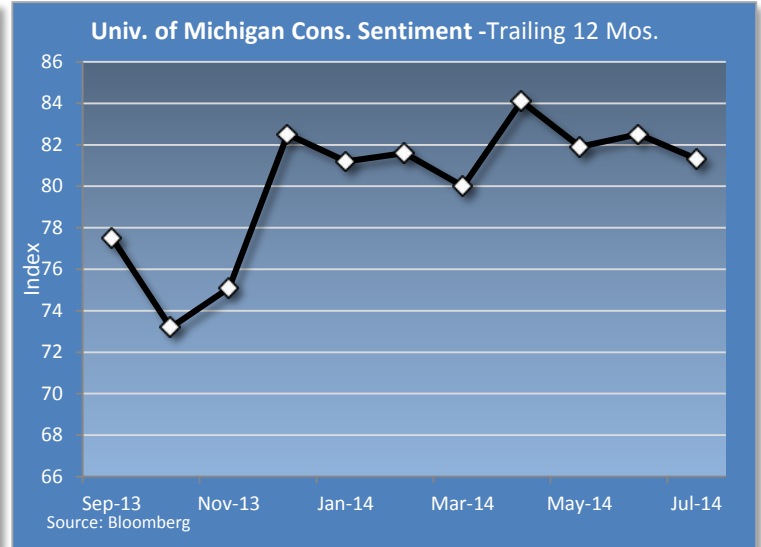
Volatility and tumult always loom on the horizon, but after years of heightened volatility we may be in for a protracted period of stasis. That stasis has seen a definite upside bias to equities and a surprising downward bias to global interest rates. This past week at least, rates began to tick up, even with the announcement by the head of the European Central Bank Mario Draghi to launch Europe's own version of quantitative easing in an attempt to inject life into moribund EU economies. On the flip side, as the Fed winds down its quantitative easing, investors and managers are already beginning to anticipate a rise in U.S. rates, especially against the backdrop of consistently and steadily improving economic numbers.

None of this, however, constitutes dramatic moves. Rates may begin to head back to 3% on the U.S. 10-year from their recent lows below 2.5%, but we are not talking about sharp and destabilizing moves. That concern is out there, naturally, but for now, there is scant evidence of that happening. None of this, in turn, is an excuse for complacency, but the generic stability and modest climate of onward and upward cannot and should not be dismissed. It has, after all, proved to be the dominant trend for some time.

Will next week or the next bring some event or surprise that sees some volatility? Perhaps. The first week of August was a sharply negative one for equities, yet after that flurry, the rest of the month saw very strong gains and low volatility. Another week or two of that in the month ahead is certainly possible but would not, by itself, change the narrative of upward trends in equities and a modest trend of marginally rising interest rates. And as always, this period of continued calm is an opportunity to assess, rebalance and build new positions deliberately and methodically.

Zachary Karabell
Head of Global Strategy

THIS WEEK IN THE ECONOMY AND MARKETS



EUROZONE

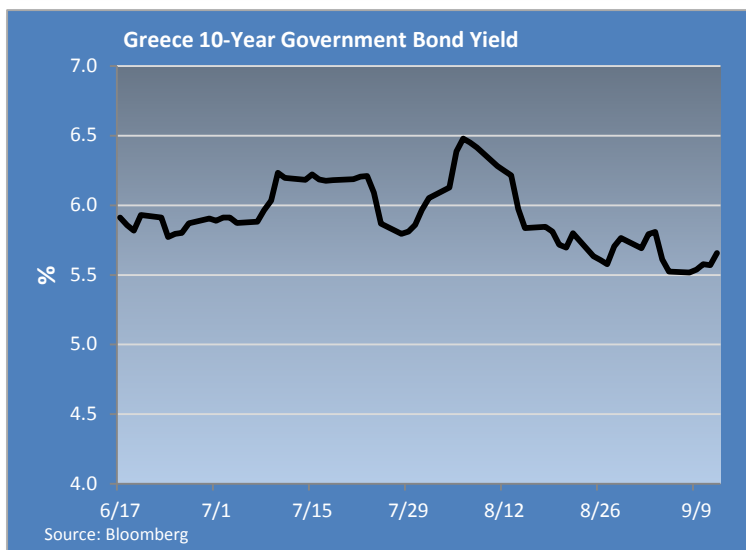
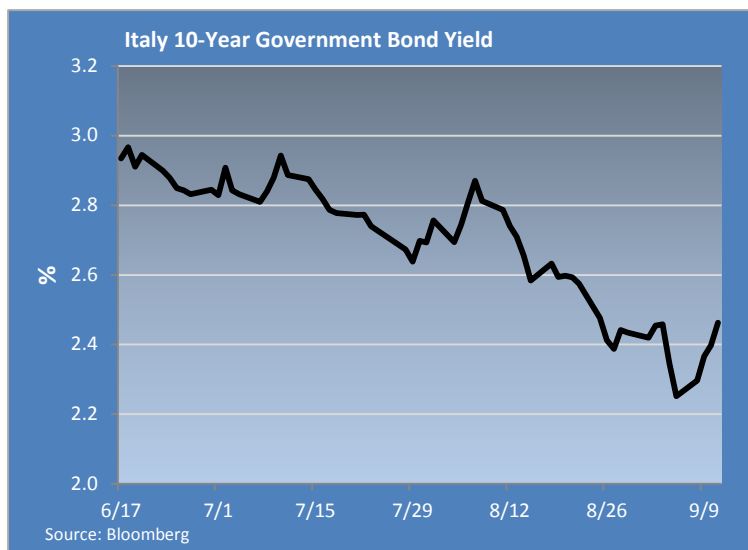
SELECTED EUROPEAN SOVEREIGN YIELD PERFORMANCE

	Last	Change	% Chg.	YTD %
Germany 10-Yr. Govt.	1.08	0 bps	NM	NM
Greece 10-Yr. Govt.	5.66	-8 bps	NM	NM
Italy 10-Yr. Govt.	2.46	-19 bps	NM	NM
Spain 10-Yr. Govt.	2.34	-28 bps	NM	NM
Belgium 10-Yr. Govt.	1.38	-17 bps	NM	NM

	Last	Change	% Chg.	YTD %
France 10-Yr. Govt.	1.43	-17 bps	NM	NM
Ireland 10-Yr. Govt.	1.85	-20 bps	NM	NM
Portugal 10-Yr. Govt.	3.22	-16 bps	NM	NM
Netherlands 10-Yr. Govt.	1.24	-16 bps	NM	NM
U.K. 10-Yr. Govt.	2.53	-6 bps	NM	NM

Source: Bloomberg

Basis points (bps)



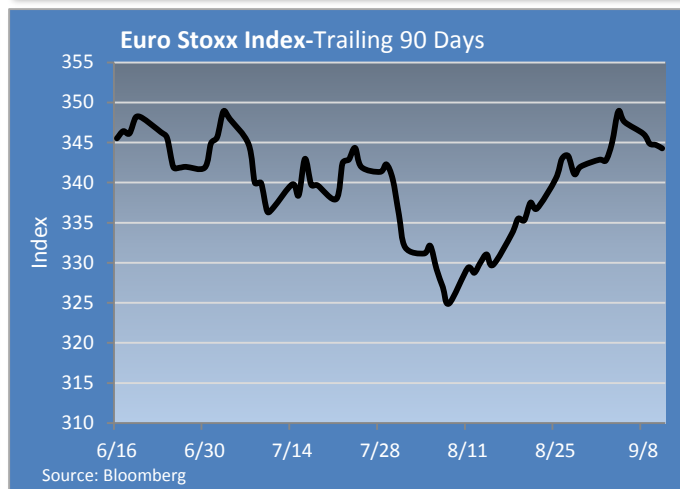
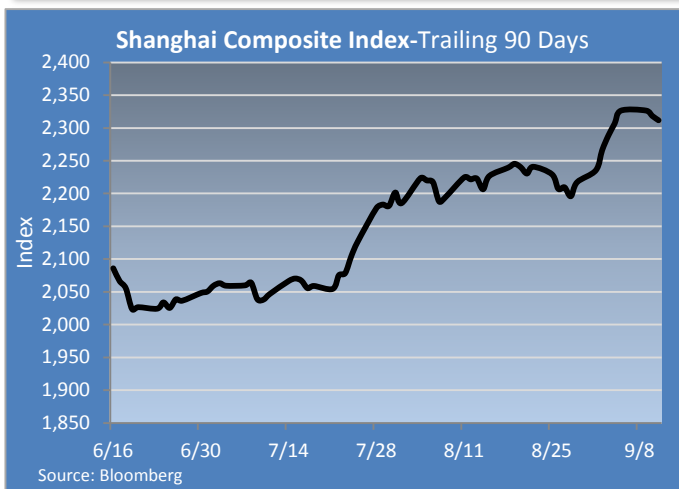
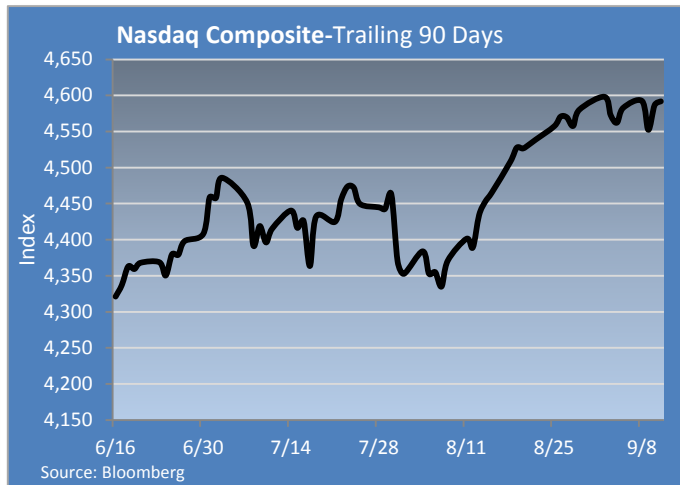
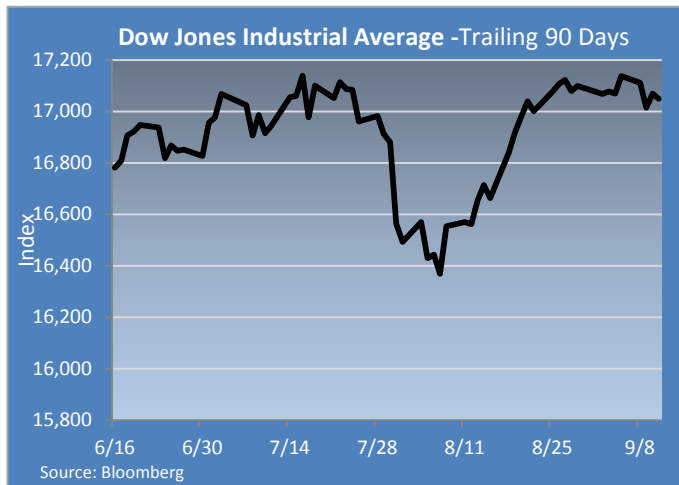
EQUITIES

WORLD MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
S&P 500	1,985.54	-22.17	-1.10%	7.42%
Dow Industrials	16,987.51	-149.85	-0.87%	2.48%
Nasdaq Composite	4,567.60	-15.30	-0.33%	9.36%
Russell Global	1,766.03	-25.58	-1.43%	4.2%
Russell Global EM	3,327.74	-78.89	-2.32%	7.1%
S&P/TSX (Canada)	15,531.58	-38.34	-0.25%	14.02%
Mexico IPC	45,799.70	-431.74	-0.93%	7.19%
Brazil Bovespa	56,927.81	-3754.17	-6.19%	10.52%
Euro Stoxx 600	344.27	-3.30	-0.95%	4.88%
FTSE 100	6,806.96	-48.14	-0.70%	0.86%
IBEX 35 (Spain)	10,888.90	-260.00	-2.33%	9.80%

	Last	Change	% Chg.	YTD %
Swiss Market Index	8,795.93	7.16	0.08%	7.23%
CAC 40 Index (France)	4,441.70	-44.79	-1.00%	3.39%
DAX Index (Germany)	9,651.13	-95.89	-0.98%	1.04%
Irish Overall Index	4,901.74	-52.50	-1.06%	7.98%
Nikkei 225	15,948.29	279.61	1.78%	-2.11%
Hang Seng Index	24,595.32	-702.60	-2.78%	5.53%
Shanghai Composite	2,331.95	25.09	1.09%	10.21%
Kospi Index (S. Korea)	2,041.86	-9.72	-0.47%	1.52%
Taiwan Taiex Index	9,223.18	-184.76	-1.96%	7.10%
Tel Aviv 25 Index	1,424.08	-0.24	-0.02%	7.12%
MICEX Index (Russia)	1,458.52	-16.19	-1.10%	-3.03%

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



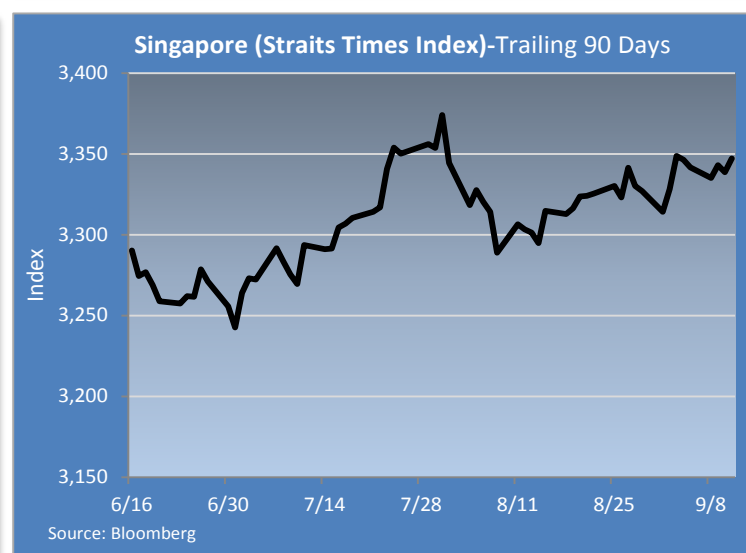
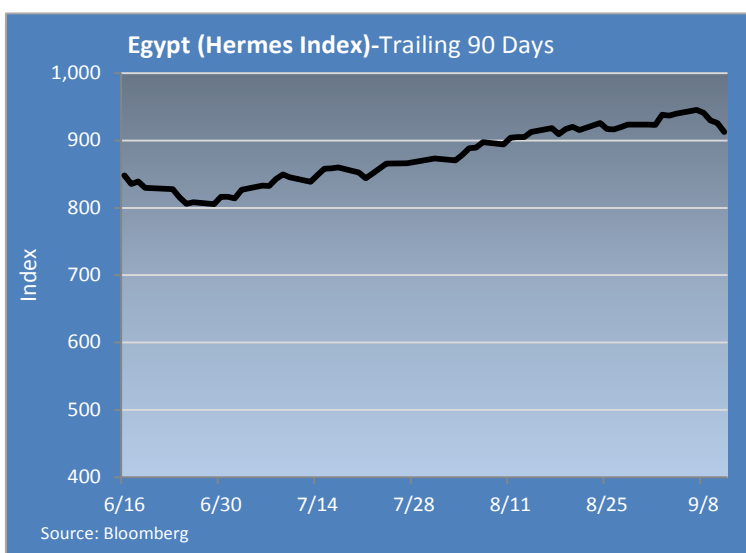
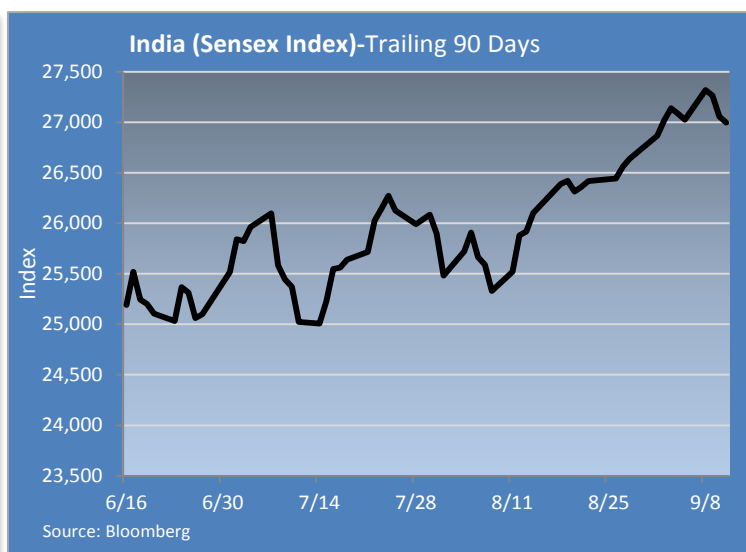
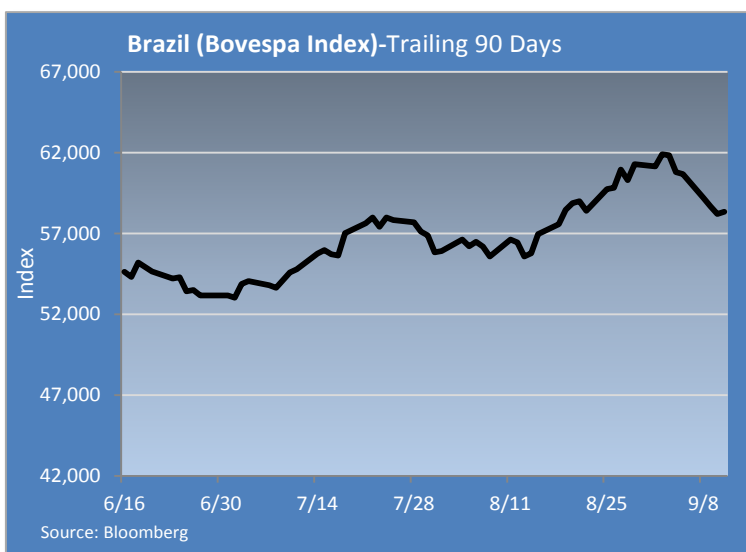
EQUITIES – EMERGING AND FRONTIER MARKETS

EMERGING AND FRONTIER MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
Mexico IPC	45,799.70	-431.74	-0.9%	7.2%
Brazil (Bovespa Index)	56,927.81	-3754.17	-6.2%	10.5%
MICEX Index (Russia)	1,458.52	-16.19	-1.1%	-3.0%
Czech Republic (Prague)	997.46	0.37	0.0%	0.9%
Turkey (Istanbul)	77,820.83	-4372.27	-5.3%	14.8%
Egypt (Hermes Index)	912.74	-27.06	-2.9%	35.1%
Kenya (Nairobi 20 Index)	5,169.50	9.18	0.2%	4.9%
Saudi Arabia (TASI Index)	11,063.14	-5.69	-0.1%	29.6%
Lebanon (Beirut BLOM Index)	1,178.53	-9.02	-0.8%	2.5%
Palestine	517.81	-3.98	-0.8%	-4.4%

	Last	Change	% Chg.	YTD %
Hang Seng Index	24,595.32	-702.60	-2.8%	5.5%
India (Sensex 30)	27,061.04	34.34	0.1%	27.8%
Malaysia (KLCI Index)	1,855.64	-12.82	-0.7%	-0.6%
Singapore (Straits Times Index)	3,345.55	3.82	0.1%	5.6%
Thailand (SET Index)	1,581.36	-2.96	-0.2%	21.8%
Indonesia (Jakarta)	5,143.71	-73.62	-1.4%	20.3%
Pakistan (Karachi KSE 100)	30,044.89	531.11	1.8%	18.9%
Vietnam (Ho Chi Minh)	632.50	-6.15	-1.0%	25.3%
Sri Lanka (Colombo)	7,218.68	158.08	2.2%	22.1%
Cambodia (Laos)	1,435.46	7.74	0.5%	14.5%

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

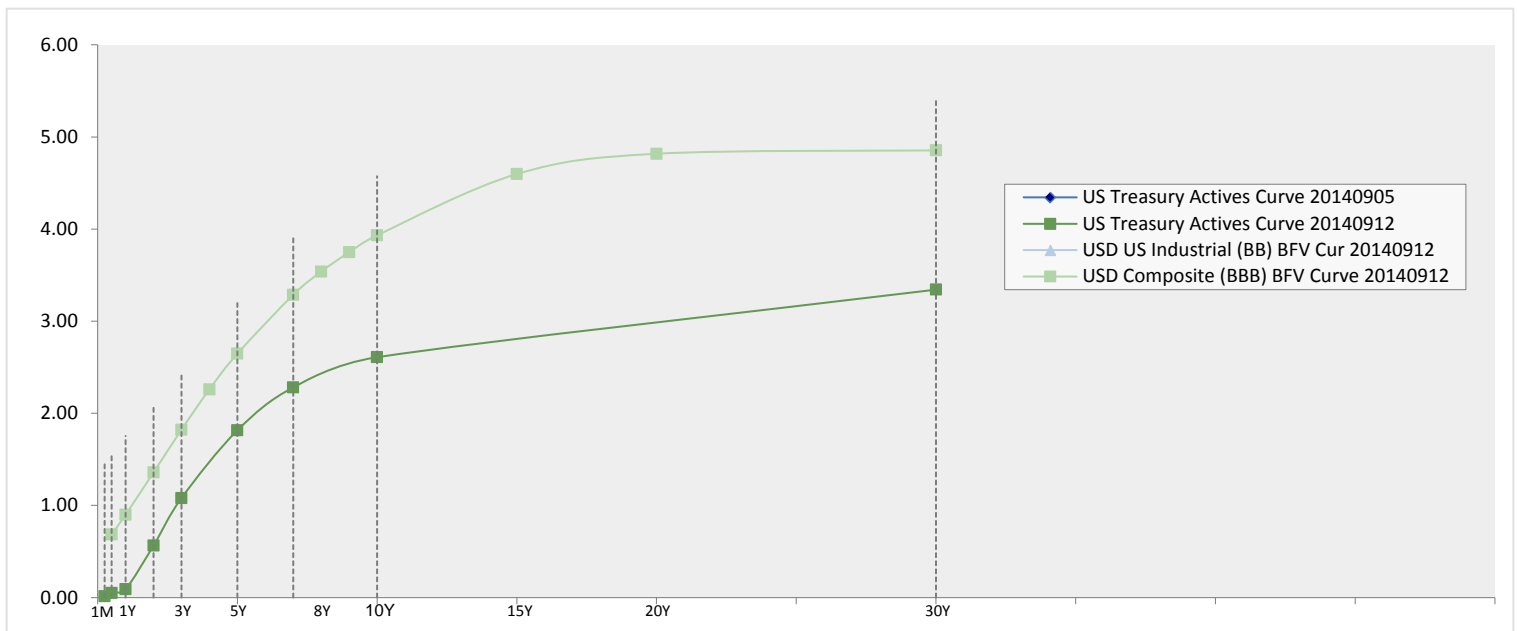


INTEREST RATES

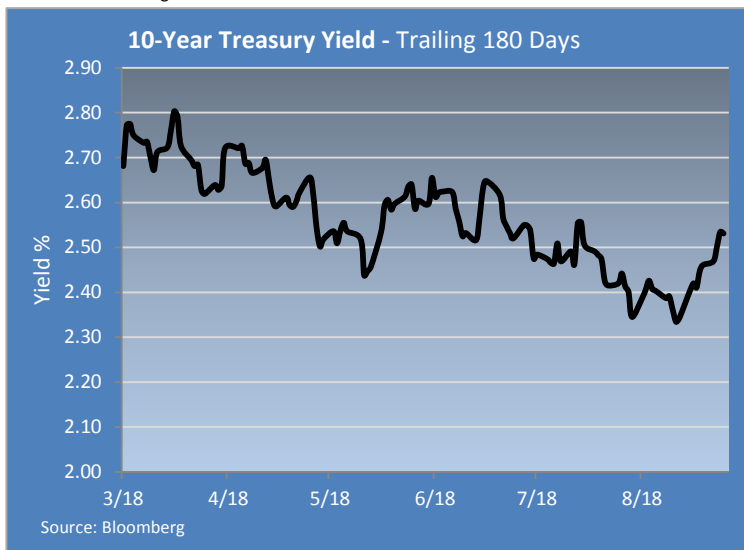
SELECTED INTEREST RATES

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
2-Yr. U.S. Treasury	0.56%	-1 bps	NM	NM	Prime Rate	3.25%	0.00	NM	NM
5-Yr. U.S. Treasury	1.82%	13 bps	NM	NM	Fed Funds Rate	0.25%	0.00	NM	NM
10-Yr. U.S. Treasury	2.61%	15 bps	NM	NM	Discount Rate	0.75%	0.00	NM	NM
30-Yr. U.S. Treasury	3.35%	11 bps	NM	NM	LIBOR (3 Mo.)	0.23%	0 bps	NM	NM
German 10-Yr. Govt.	1.08%	0 bps	NM	NM	Bond Buyer 40 Muni	3.94%	1 bps	NM	NM
France 10-Yr.	1.43%	-17 bps	NM	NM	Bond Buyer 40 G.O.	4.14%	NA	NM	NM
Italy 10-Yr.	2.46%	-19 bps	NM	NM	Bond Buyer 40 Rev.	4.86%	NA	NM	NM
Fed 5-Yr Fwd BE Inf.	2.35%	-4 bps	NM	NM					

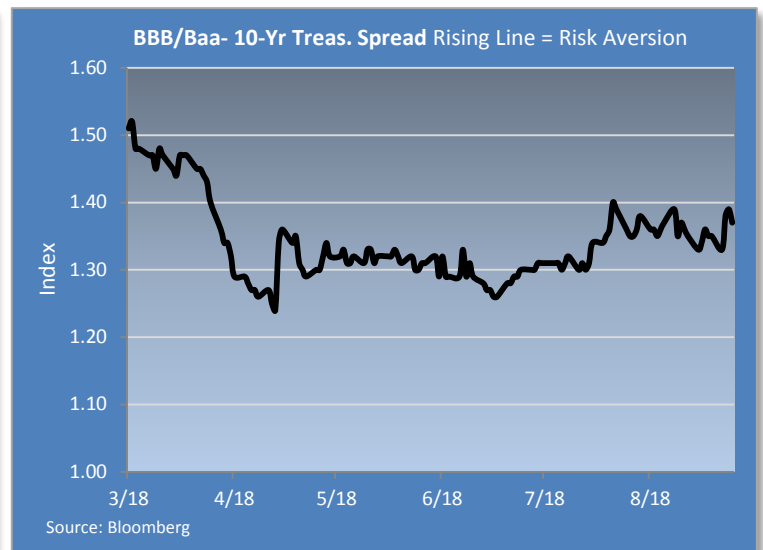
Source: Bloomberg



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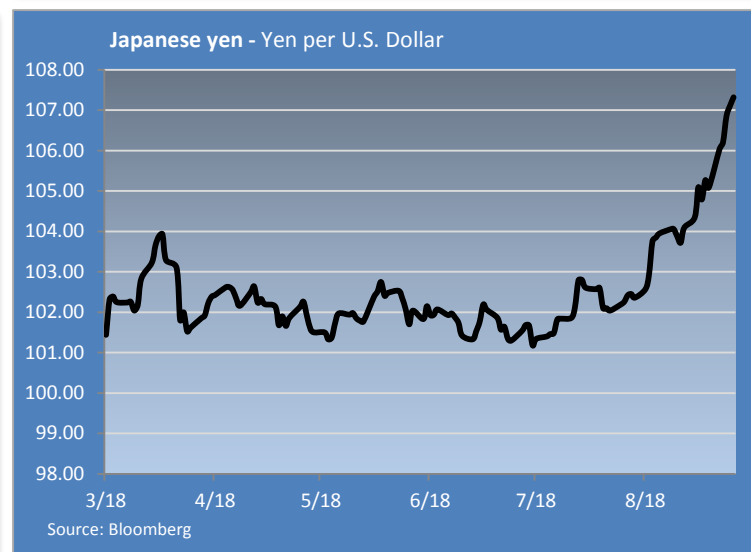
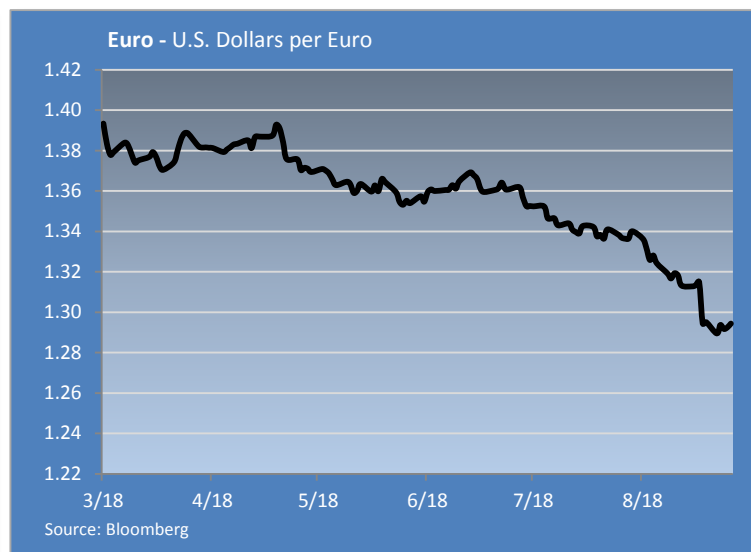
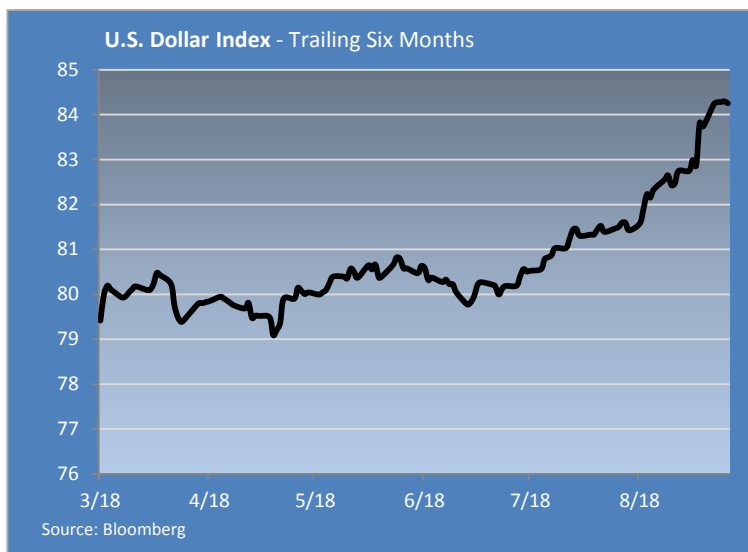
CURRENCIES

SELECTED CURRENCY PERFORMANCE

	Last	Change	% Chg.	YTD %
Dollar Index	84.23	0.498	0.59%	5.25%
Euro	1.30	0.000	0.00%	-5.76%
Japanese Yen	107.36	2.270	-2.11%	-1.91%
British Pound	1.63	-0.007	-0.41%	-1.79%
Canadian Dollar	1.11	0.021	-1.90%	-4.22%

	Last	Change	% Chg.	YTD %
Chinese Yuan	6.14	-0.006	0.10%	-1.32%
Swiss Franc	0.93	0.003	-0.31%	-4.40%
New Zealand Dollar	0.81	-0.018	-2.16%	-0.82%
Brazilian Real	2.34	0.097	-4.13%	1.02%
Mexican Peso	13.24	0.208	-1.57%	-1.54%

Source: Bloomberg

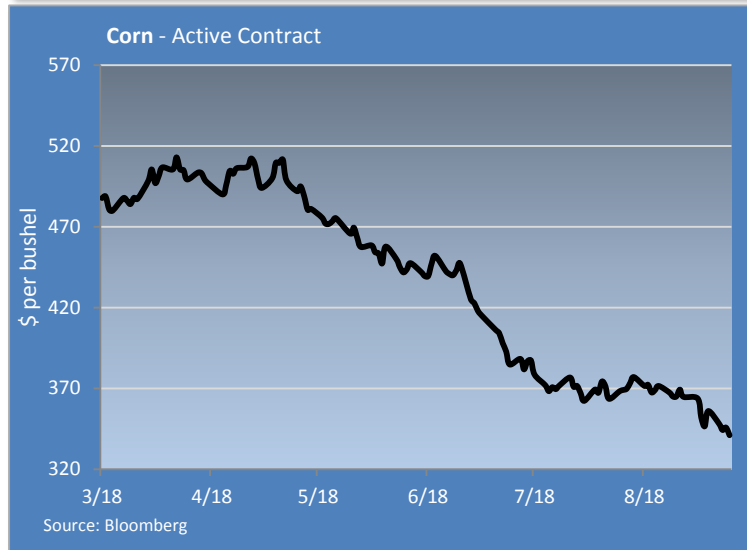
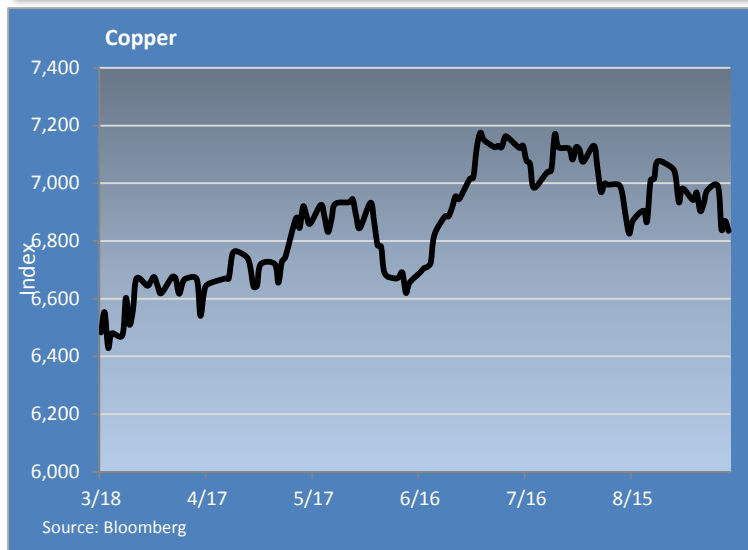
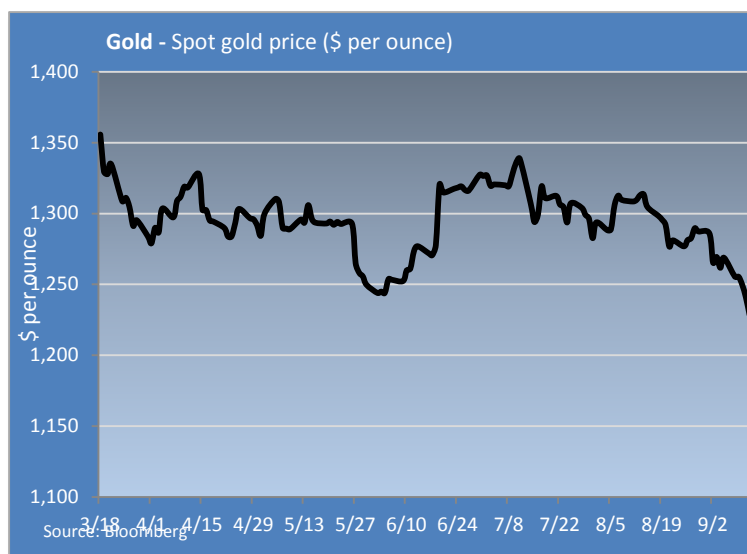
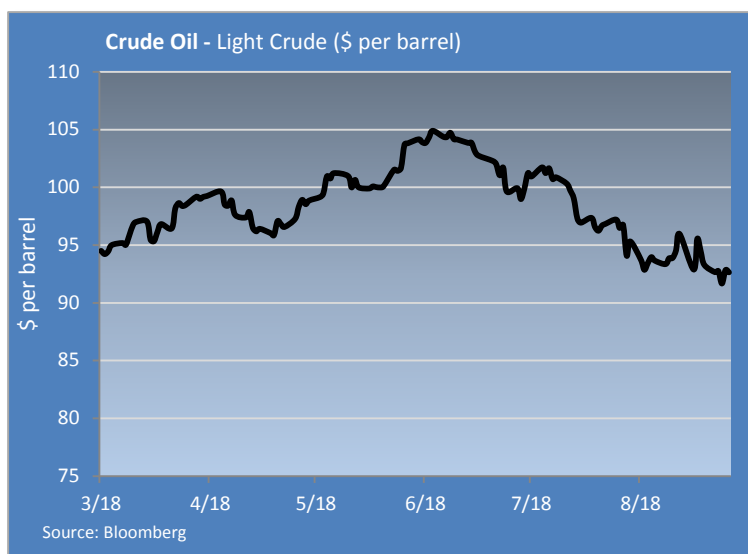


COMMODITIES

SELECTED COMMODITY MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
DJ UBS Comm. Idx.	121.30	-3.55	-2.85%	-3.54%	Platinum Spot	\$1,368.50	-\$41.25	-2.93%	-0.18%
Rogers Int. Comm. Idx.	3372.82	-75.59	-2.19%	-5.15%	Corn	338.50	-17.50	-4.92%	-24.82%
Crude Oil	\$92.19	-\$1.10	-1.18%	-1.93%	Wheat	502.50	-32.75	-6.12%	-21.55%
Natural Gas	\$3.85	\$0.06	1.50%	-7.50%	Soybeans	985.25	-36.25	-3.55%	-13.19%
Gasoline (\$/Gal.)	\$3.41	-\$0.03	-0.84%	2.71%	Sugar	16.32	0.00	0.00%	-8.06%
Heating Oil	274.11	-7.83	-2.78%	-8.63%	Orange Juice	146.45	0.00	0.00%	0.69%
Gold Spot	\$1,230.82	-\$37.97	-2.99%	2.43%	Aluminum	2,040.00	-53.00	-2.53%	13.32%
Silver Spot	\$18.64	-\$0.55	-2.88%	-4.26%	Copper	6,835.00	-140.00	-2.01%	-7.13%

Source: Bloomberg; % change is based on price.



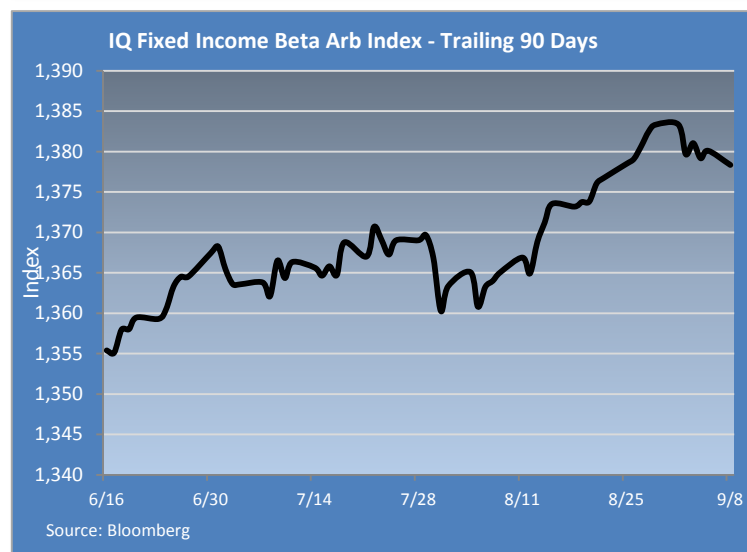
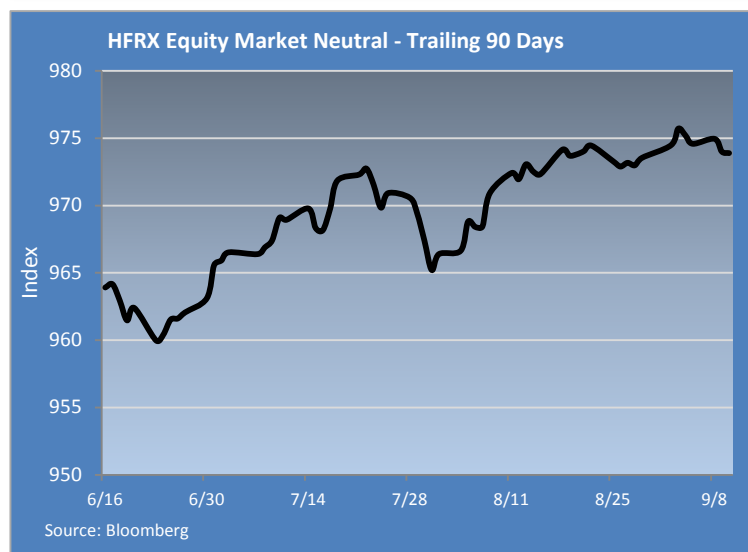
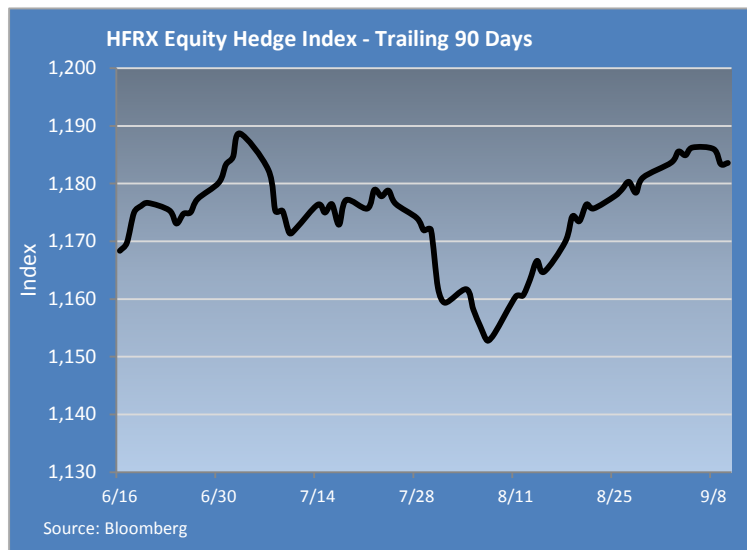
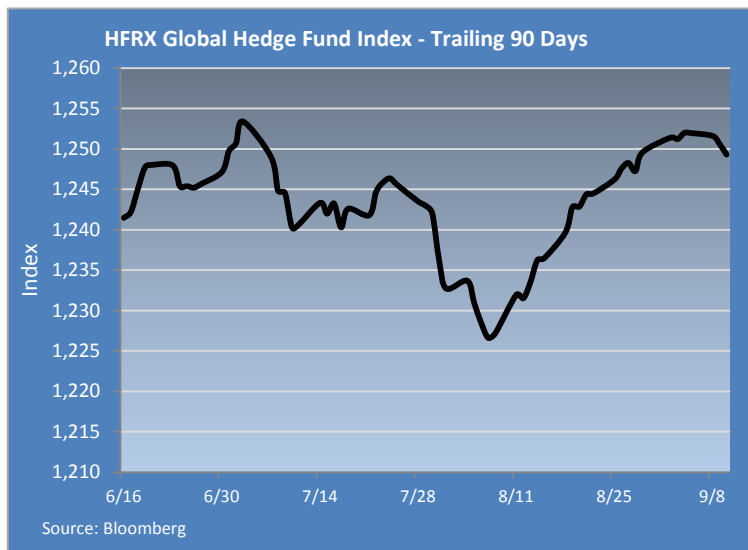
ALTERNATIVE INVESTMENTS

SELECTED ALTERNATIVE INVESTMENT INDEX PERFORMANCE

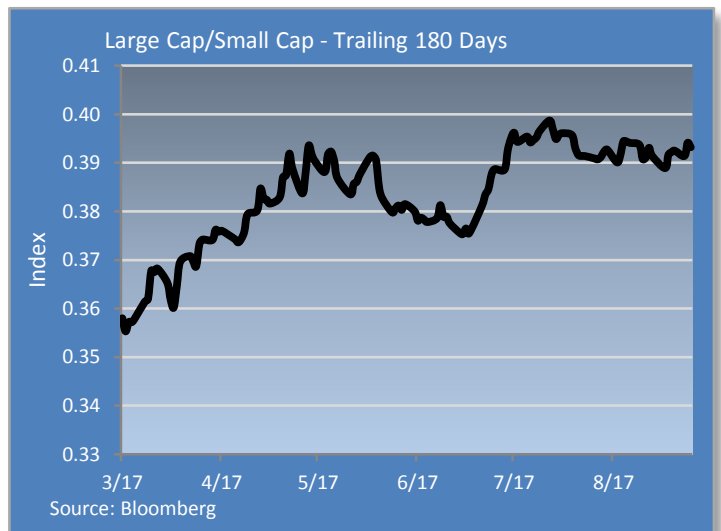
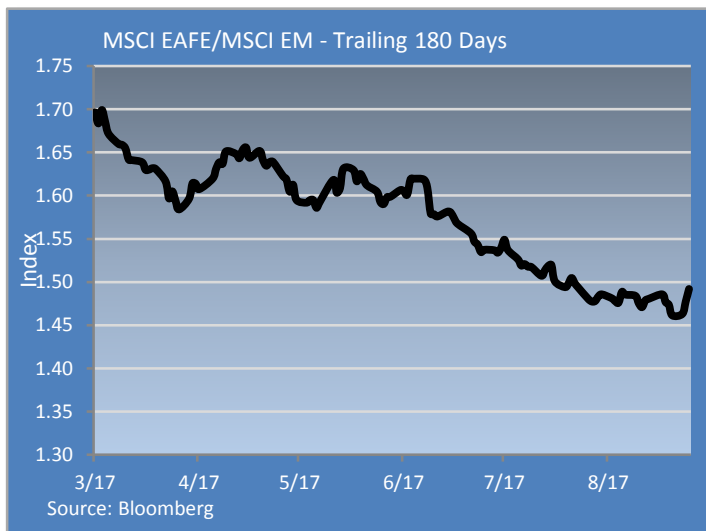
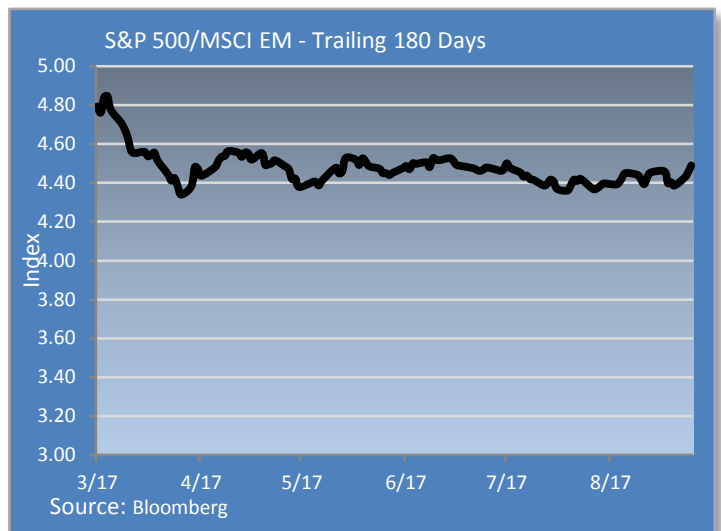
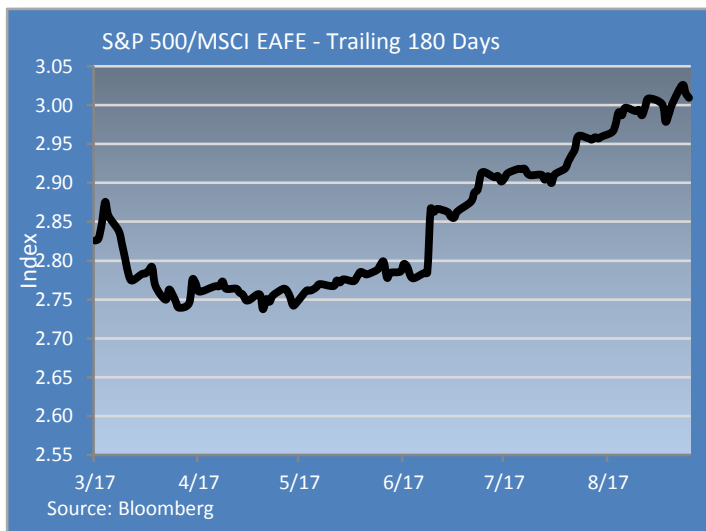
	Last	Change	% Chg.	YTD %
HFRX Global Hedge Fund Index	1252.00	-2.66	-0.21%	1.94%
HFRX Equity Market Neutral	975.19	-0.69	-0.07%	2.32%
HFRX Equity Hedge Index	1184.91	-2.67	-0.23%	1.56%
HFRX Event-Driven Index	1647.47	-6.42	-0.39%	3.99%
HFRX Absolute Return Index	1009.58	-1.22	-0.12%	1.96%

	Last	Change	% Chg.	YTD %
HFRX Distressed Index	1060.20	-5.77	-0.54%	4.96%
HFRX Merger Arbitrage Index	1585.40	2.95	0.19%	1.06%
HFRX Convertible Arbitrage Index	771.26	0.95	0.12%	-0.32%
HFRX Macro CTA Index	1153.92	-0.86	-0.07%	1.78%
IQ Fixed Income Beta Arb Index	1370.36	-10.34	-0.75%	5.47%

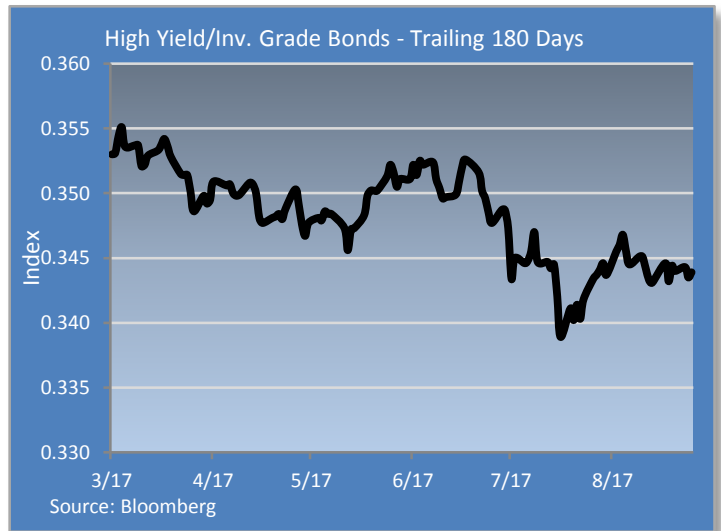
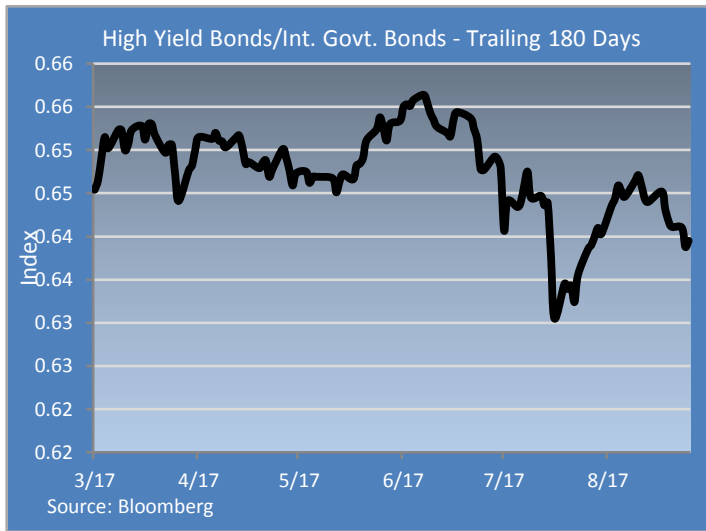
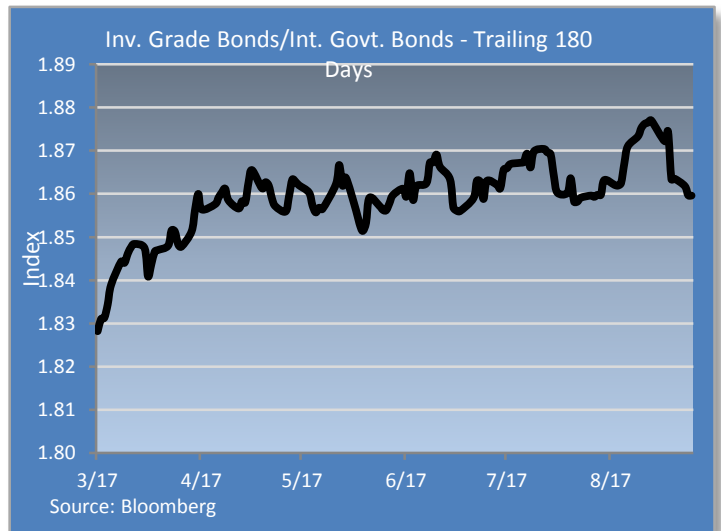
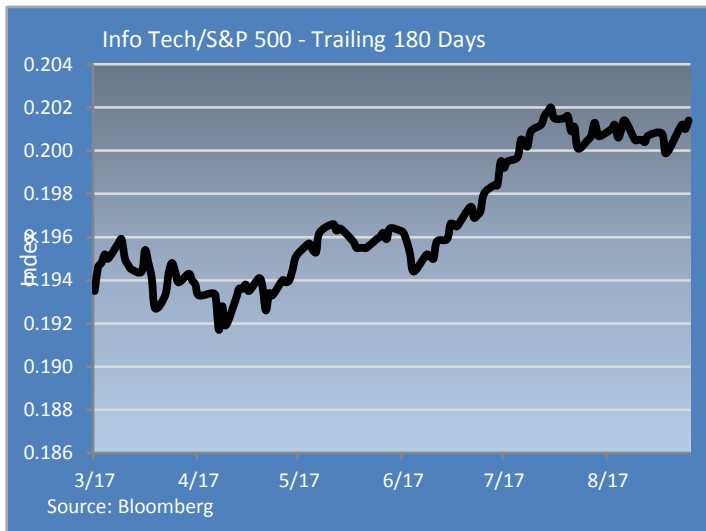
Source: Bloomberg; Index % change is based on price.



PORTFOLIO CONSTRUCTION



PORTFOLIO CONSTRUCTION (cont'd.)



WEEKLY ASSET CLASS PERFORMANCE (Prior 12 weeks ending Thursday)

			6/26	7/3	7/10	7/17	7/24	7/31	8/7	8/14	8/21	8/28	9/4	9/11
Equity	Domestic Equity	Large Cap (R200)	-0.16%	1.47%	-0.97%	-0.15%	1.55%	-2.89%	-1.16%	2.36%	1.89%	0.18%	-0.01%	0.05%
		Small Cap (R2000)	-0.28%	2.32%	-3.83%	-2.43%	2.00%	-3.13%	-0.03%	2.11%	1.46%	0.51%	0.11%	0.44%
	Int'l. Equity	MSCI EAFE	-1.48%	1.54%	-2.59%	0.56%	0.74%	-1.86%	-2.56%	1.16%	1.02%	-0.08%	0.50%	-1.48%
		MSCI Em. Mkts.	-0.30%	1.47%	0.02%	0.02%	1.72%	-1.40%	-1.37%	2.01%	0.89%	0.47%	1.22%	-2.80%
Fixed Income	BarCap Agg. (AGG)	0.59%	-0.70%	0.36%	0.30%	-0.20%	-0.17%	0.38%	0.26%	-0.04%	0.40%	-0.54%	-0.53%	
	High Yield (JNK)	0.07%	-0.38%	-0.53%	-0.87%	0.71%	-1.79%	-0.07%	1.55%	0.44%	0.10%	-0.94%	-0.83%	
Commodities	DJ UBS Index	0.07%	-1.57%	-2.29%	-0.88%	-0.72%	-0.88%	-0.14%	-1.63%	-0.13%	0.67%	-1.31%	-2.44%	
Alternatives	Hedge Funds (HFRX Global)	-0.20%	0.66%	-1.05%	0.00%	0.49%	-0.82%	-0.77%	0.79%	0.66%	0.23%	0.38%	-0.22%	
Asset Allocation	60/40*	-0.10%	0.73%	-0.96%	-0.14%	0.83%	-1.68%	-0.68%	1.36%	0.92%	0.26%	-0.09%	-0.53%	
	48/32/20 (w/Alts.)**	-0.12%	0.71%	-0.98%	-0.11%	0.76%	-1.51%	-0.69%	1.24%	0.87%	0.25%	0.00%	-0.47%	

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	0.99	1.02	0.98	0.96	1.02	1.06	1.04	1.10	1.29	1.14	1.07	2.12	1.27	1.46
Large Cap Growth	1.01	1.00	1.03	0.98	0.97	1.02	1.07	1.05	1.10	1.30	1.15	1.07	2.13	1.28	1.47
Large Cap Value	0.98	0.97	1.00	0.96	0.94	1.00	1.04	1.02	1.08	1.27	1.12	1.05	2.08	1.25	1.43
Mid Cap Core	1.02	1.02	1.04	1.00	0.98	1.04	1.09	1.07	1.12	1.32	1.17	1.09	2.16	1.30	1.49
Mid Cap Growth	1.04	1.04	1.06	1.02	1.00	1.06	1.11	1.09	1.14	1.35	1.19	1.11	2.21	1.32	1.52
Mid Cap Value	0.98	0.98	1.00	0.96	0.94	1.00	1.05	1.03	1.08	1.27	1.13	1.05	2.08	1.25	1.44
Small Cap Core	0.94	0.93	0.96	0.92	0.90	0.95	1.00	0.98	1.03	1.22	1.08	1.00	1.99	1.19	1.37
Small Cap Growth	0.96	0.95	0.98	0.94	0.92	0.97	1.02	1.00	1.05	1.24	1.10	1.02	2.03	1.22	1.40
Small Cap Value	0.91	0.91	0.93	0.89	0.87	0.93	0.97	0.95	1.00	1.18	1.04	0.97	1.93	1.16	1.33
Int'l. Developed	0.77	0.77	0.79	0.76	0.74	0.78	0.82	0.81	0.85	1.00	0.88	0.82	1.63	0.98	1.13
Emerging Markets	0.87	0.87	0.89	0.85	0.84	0.89	0.93	0.91	0.96	1.13	1.00	0.93	1.85	1.11	1.28
REITs	0.94	0.93	0.95	0.92	0.90	0.95	1.00	0.98	1.03	1.21	1.07	1.00	1.98	1.19	1.37
Commodities	0.47	0.47	0.48	0.46	0.45	0.48	0.50	0.49	0.52	0.61	0.54	0.50	1.00	0.60	0.69
Int. Bond	0.79	0.78	0.80	0.77	0.75	0.80	0.84	0.82	0.86	1.02	0.90	0.84	1.67	1.00	1.15
High Yield	0.69	0.68	0.70	0.67	0.66	0.70	0.73	0.71	0.75	0.89	0.78	0.73	1.45	0.87	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. 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.

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