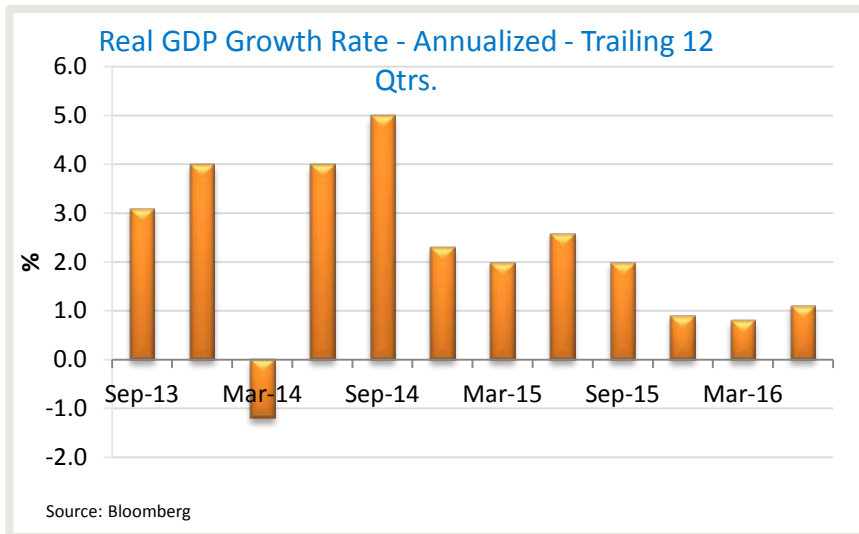


Weekly Market Review

September 23, 2016

Chart of the Week



Weekly Highlights

- **The Federal Reserve (Fed) left its federal funds target range unchanged** following the two-day Federal Open Market Committee (FOMC) meeting. In its policy statement, the Fed highlighted that the case for an increase in the federal funds rate has strengthened, but decided to wait for further evidence of continued progress towards its objectives. Going into the decision, traders priced in only a 24% likelihood of a rate hike.
- **The Bank of Japan (BOJ) announced it would target the shape of the yield curve.** With its key rate already at -0.1%, the central bank will move to purchase Japanese government bonds (JGBs) with the aim of keeping the 10-year JGB rate at roughly 0% and steepening the yield curve.
- **Fed Chair Janet Yellen discussed the FOMC decision at a press conference** following its release. She stated that the labor market has continued to improve, and inflation has not risen above the 2% target. Although she described the November meeting as a “live” meeting, many expect that if a rate hike does occur, it will be at the December meeting rather than a few days prior to the Presidential election.
- **Microsoft announced a huge share-buyback of \$40 billion of stock,** roughly 40% of the shares outstanding, and an increase in its quarterly dividend to \$0.39 from \$0.03.

Talking Points

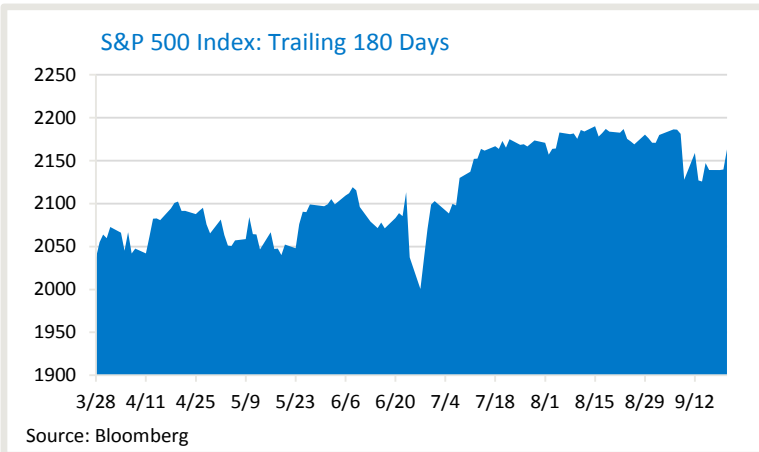
- **Among equities,** small cap continued its strong performance, edging out large cap stocks. Returns were split fairly evenly across large and small caps. Growth and value stocks were more evenly split. International stocks mostly outperformed developed equities, and emerging markets equities posted strong gains.
- **Commodities gained on the week** as oil posted strong gains, and precious metals prices rose following the Fed’s accommodative stance.
- **The yield on the 10-Year Treasury note moved lower.**
- **The dollar index was lower,** following the FOMC announcement and the potential delaying of the rate hike until the December meeting.
- **Despite the FOMC voting to hold off on raising rates,** three voting members (George, Mester, and Rosengren) dissented from the consensus opinion, the largest disagreement on Fed policy since December 2014.
- **Among major economic data released,** initial jobless claims fell to a two-month low of 252,000 versus an estimate of 262,000, dropping by 8,000 from the prior week. Existing home sales were 5.33 million units in August, which was lower than expected, and declined for the second month in a row. Preliminary European PMI fell to 52.6 in September (close to a two-year low) from 52.9 in August.

Market Dashboard

	Last Price	Change	% Chg.	YTD %
S&P 500	2,164.69	25.53	1.19%	5.9%
Dow Industrials	18,261.45	137.65	0.76%	4.8%
Nasdaq	5,305.75	61.18	1.17%	6.0%
Russell 2000	1,254.62	29.84	2.44%	10.5%
Euro Stoxx Index	345.34	7.52	2.23%	-5.6%
Shanghai Composite	3,033.90	31.05	1.03%	-14.3%
Russell Global	1,761.95	47.46	2.77%	6.2%

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

	Last Price	Change	% Chg.	YTD %
Russell Global EM	2,913.37	107.25	3.82%	14.8%
10-Year US Treas.	1.62	-9 bps	NM	NM
DJ UBS Comm. Idx.	84.32	1.09	1.31%	7.3%
Gold	\$1,339.00	\$27.33	2.09%	26.1%
Crude Oil	\$44.72	\$1.12	2.57%	3.2%
Dollar Index	95.47	-0.64	-0.66%	-3.2%
VIX Index	12.29	-3.08	-20.04%	-32.5%



	One Week			YTD		
	Value	Growth		Value	Growth	
L	0.87%	1.01%	1.14%	5.74%	5.07%	4.47%
	2.14%	1.92%	1.65%	11.44%	8.48%	5.56%
S	2.63%	2.44%	2.25%	13.49%	10.45%	7.41%

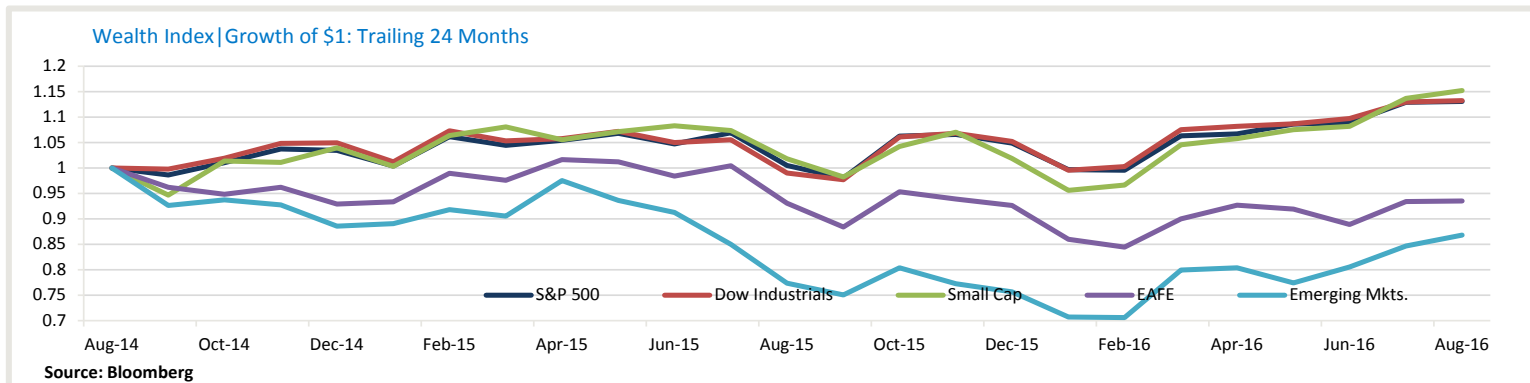
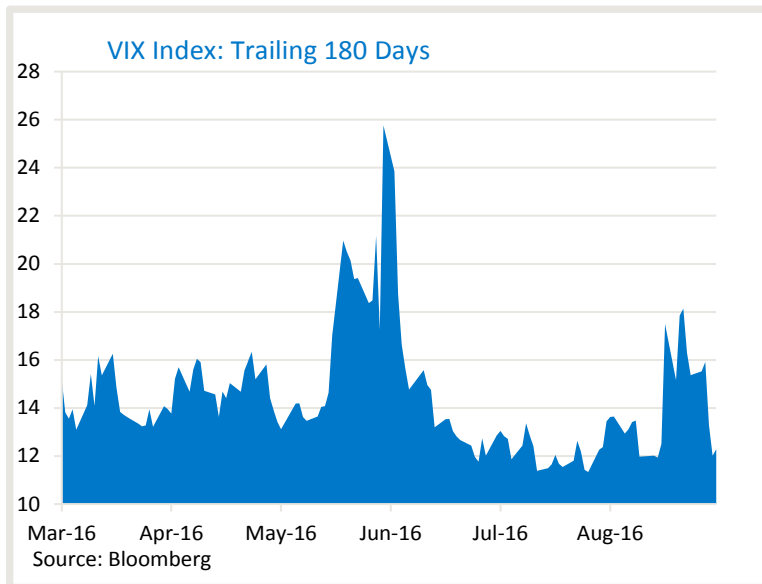
Source: Bloomberg

Sector Performance:

S&P/Global Industry Classification Sectors (GICS)

	% Wgt in S&P 500	Week % Chg.	YTD % Chg.
Consumer Discretionary	12.5	1.45%	1.9%
Consumer Staples	9.9	1.04%	5.7%
Energy	7.0	0.10%	10.9%
Financials	12.8	0.83%	0.0%
Health Care	14.9	1.39%	1.5%
Industrials	9.6	1.83%	7.8%
Information Technology	21.1	0.42%	10.2%
Materials	2.9	1.16%	8.7%
Telecom Services	2.7	1.92%	15.4%
Utilities	3.4	3.37%	17.6%

Source: Bloomberg



The Economy and Markets

A Macro View – A Stock Market Mandate: The Tail Wagging the Fed

For the sixth time this year, market participants around the world set their sights on the Federal Reserve (Fed). Once again, there were slim prospects of a decision from the Federal Open Market Committee (FOMC) to hike interest rates, and based on the market's expectations, the Fed did not disappoint. In 2016, FOMC is batting one thousand: six-for-six with no changes in monetary policy or the fed funds rate. Despite the lack of policy modification, the Fed has changed some of its language, speeches, and the wording of its policy statement. A closer look at these updates reveals that the Fed has been either more dovish or hawkish, depending on the current stock market sentiment. *This leaves one to question whether a robust stock market is an additional FOMC mandate and the tail wagging Fed policy?*

Based on the Federal Reserve Reform Act of 1977, the FOMC is tasked with a dual mandate that holds the Fed accountable for fostering maximum employment, stable prices, and moderate long-term interest rates. Whereas the Fed's attention to the dual mandate has been clear over the past forty years, its new directive of a rising stock market has more recently crept into focus. The concern with the stock market's reaction to Fed policy has never been higher than in the post- financial- crisis era. This year, each glimpse into a hawkish stance by the Fed has been followed by heightened volatility, a pause in the grind higher, or a selloff in equities, before a shift back to an accommodative stance.

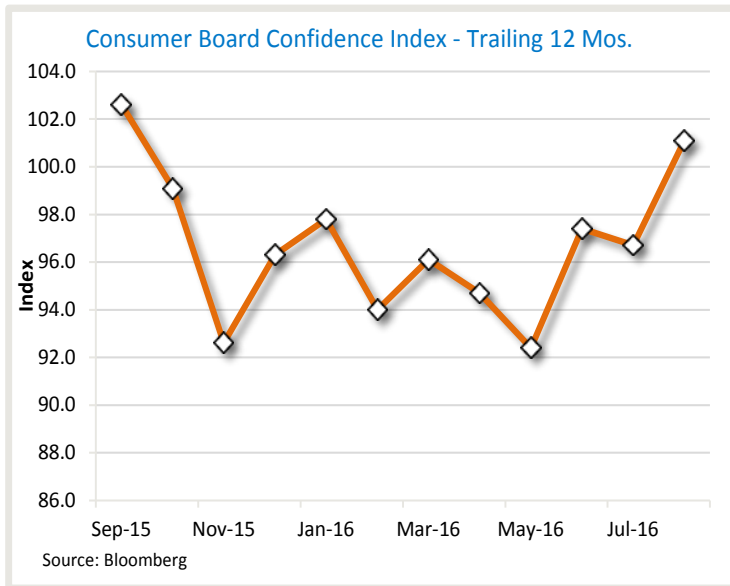
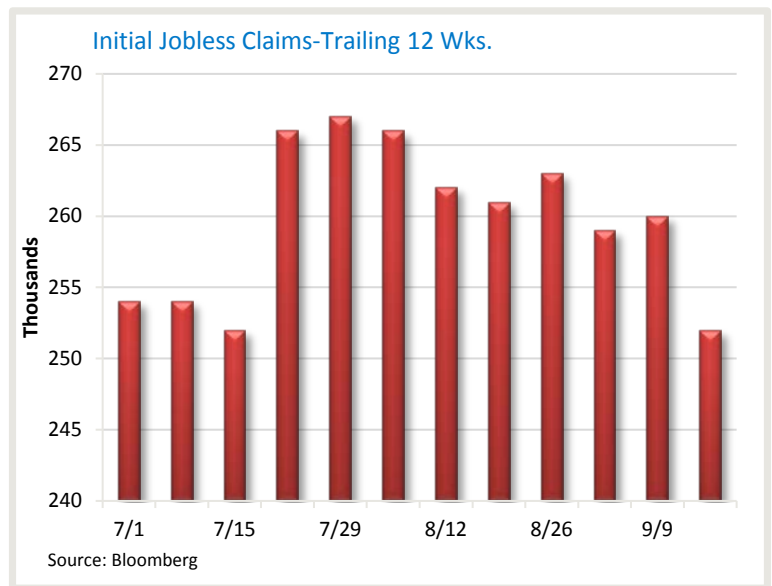
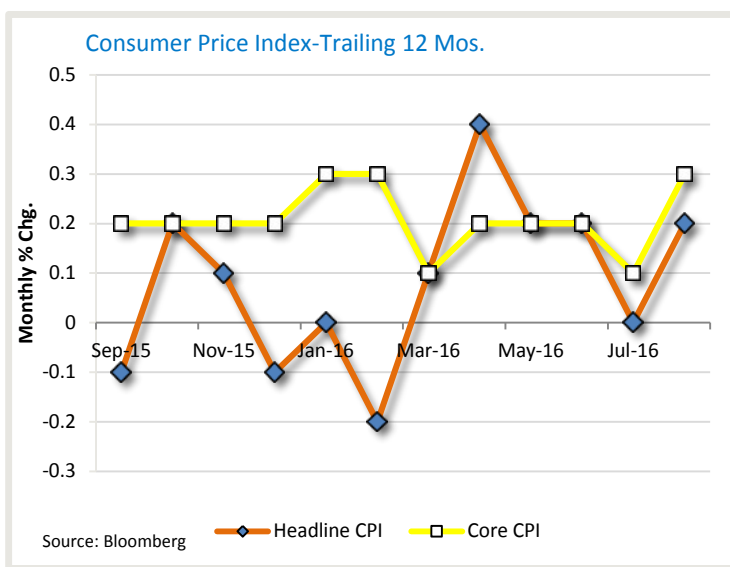
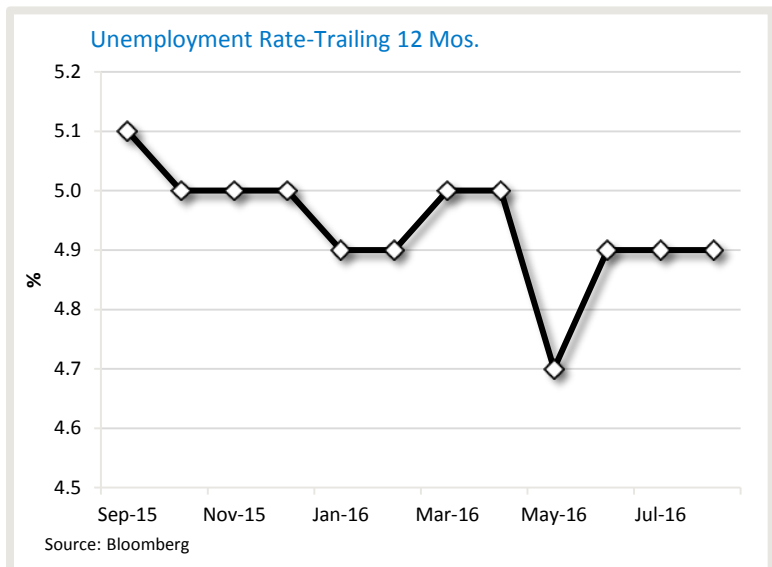
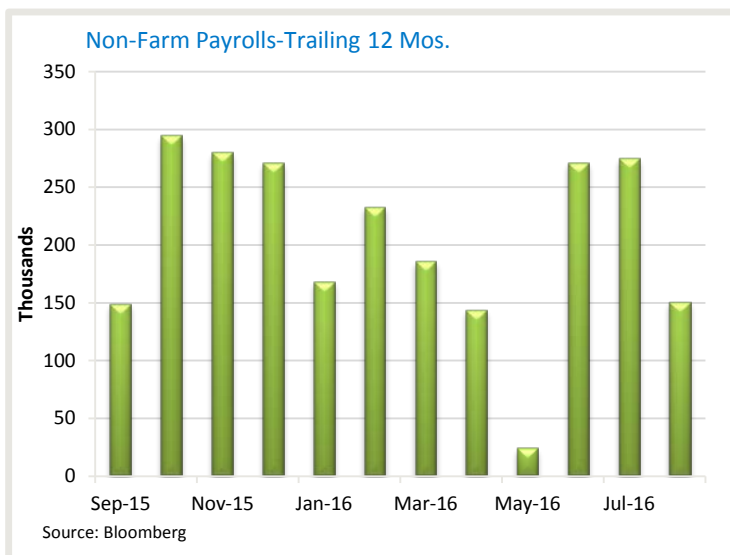
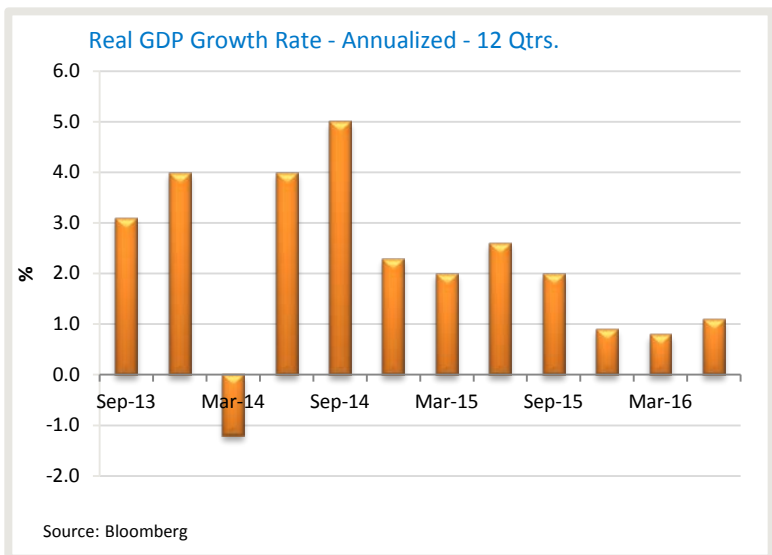
Following a December 2015 rate hike, the FOMC started backpedaling early in 2016 (when U.S. stocks experienced the worst 10-day start of the year in history), proceeded to lighten its hawkish tone, and held off tightening at its next few meetings. Similarly, the heightened volatility experienced post-Brexit in June led to both a weaker Fed stance and language at the July FOMC meeting. Despite the indications of a solid labor market (with the unemployment rate below 5%), and stable price levels, it seems the FOMC would like to raise rates, but a strong force is holding it back.

Although the Fed's accommodative stance has expanded the money supply, pushing businesses and consumers to spend, in a much larger way it also has increased asset prices, boosting investors' account balances. This positive externality has helped drive market indices to all-time highs, and pushed Americans (who have been very pleased with their 401K statements over the past few years), to spend, driving the roughly 70% personal consumption component of GDP higher. Removing the accommodation and the stock market support may have unintended consequences that lead to a larger-than-expected growth slowdown.

In looking at all the motivations for continued accommodation, one can understand why the FOMC would vote in favor of holding off on raising rates. However, this action is difficult to defend through the lens of the Fed's dual mandate. In her comments following the policy statement, Chair Janet Yellen hinted that the FOMC intends to hike rates before the year ends. With only November and December FOMC meetings remaining this year, we are left to wonder if the Fed can raise rates (without concern for the stock market) and regain control of its tail.

Tim Murphy
VP, Portfolio Manager

Economic Data



Eurozone

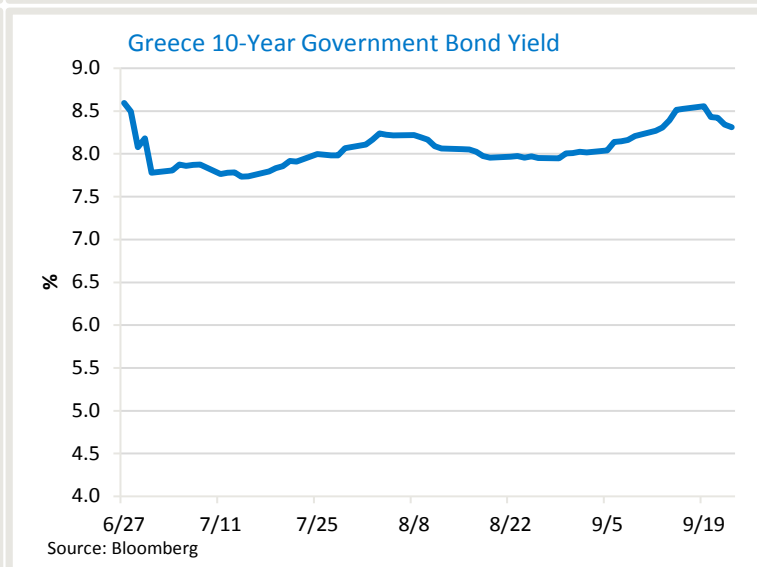
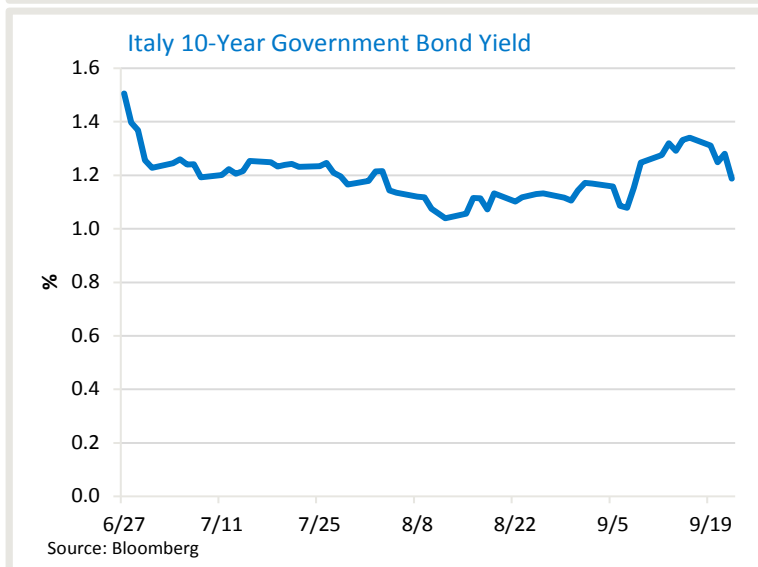
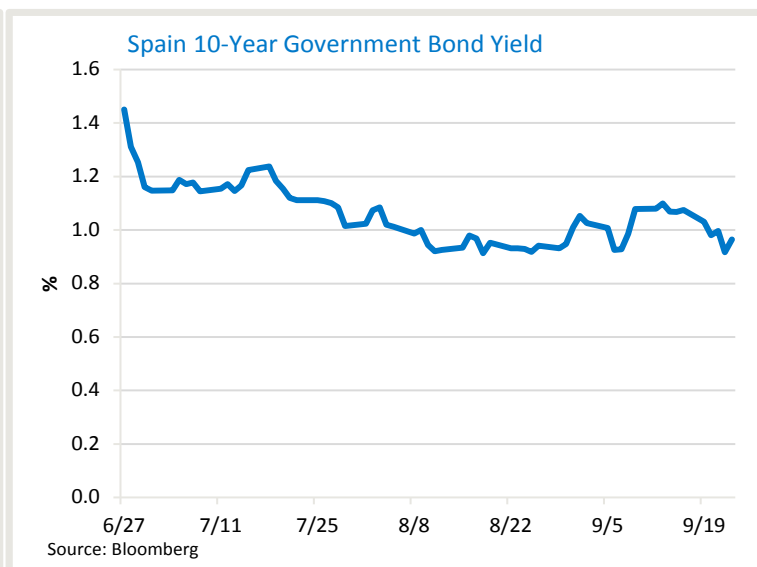
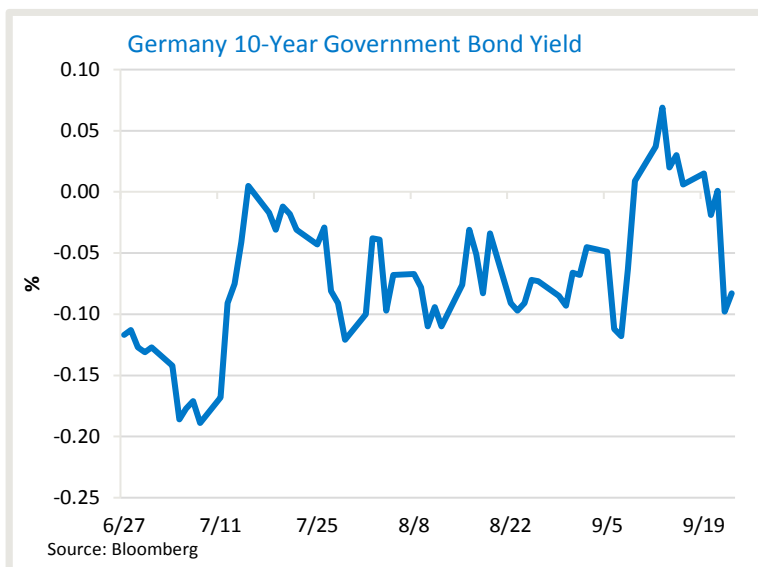
SELECTED EUROPEAN SOVEREIGN YIELD PERFORMANCE

	Last	Change	% Chg.	YTD %
Germany 10-Yr. Govt.	-0.08	9 bps	NM	NM
Greece 10-Yr. Govt.	8.31	12 bps	NM	NM
Italy 10-Yr. Govt.	1.21	12 bps	NM	NM
Spain 10-Yr. Govt.	0.96	10 bps	NM	NM
Belgium 10-Yr. Govt.	0.14	9 bps	NM	NM

	Last	Change	% Chg.	YTD %
France 10-Yr. Govt.	0.21	9 bps	NM	NM
Ireland 10-Yr. Govt.	0.38	8 bps	NM	NM
Portugal 10-Yr. Govt.	3.36	3 bps	NM	NM
Netherlands 10-Yr. Govt.	0.03	8 bps	NM	NM
U.K. 10-Yr. Govt.	0.73	14 bps	NM	NM

Source: Bloomberg

Basis points (bps)

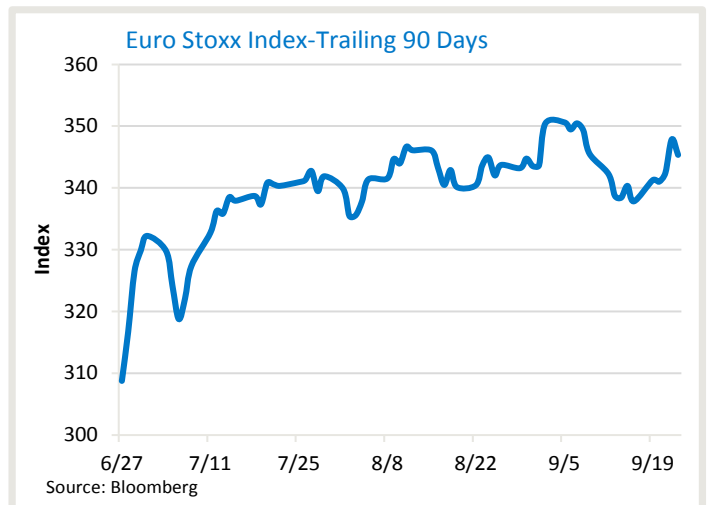
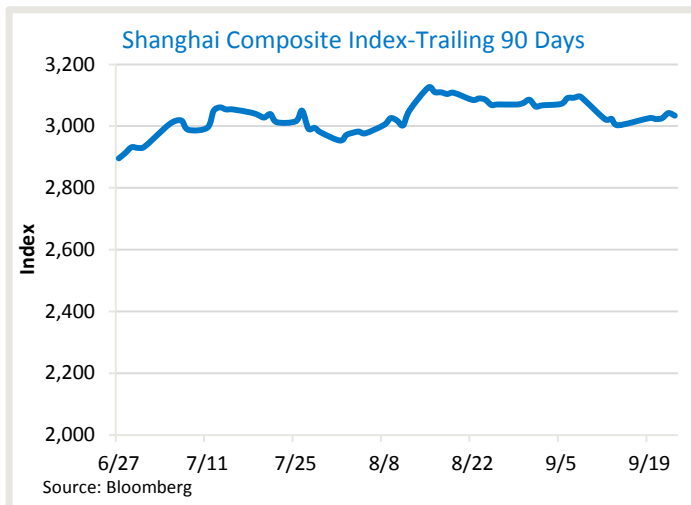
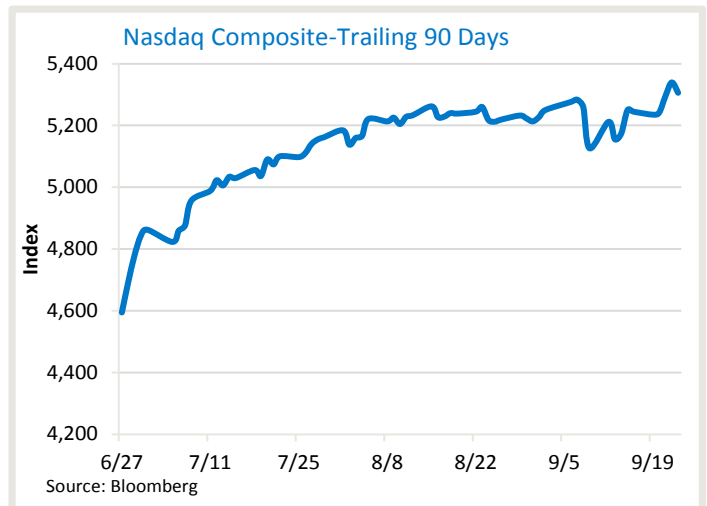
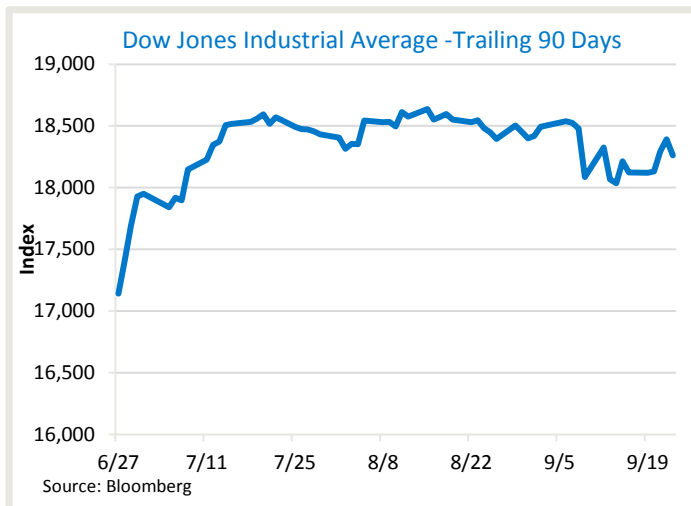


Equities

WORLD MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
S&P 500	2,164.69	25.53	1.19%	5.91%	Swiss Market Index	8,272.89	142.45	1.75%	-6.18%
Dow Industrials	18,261.45	137.65	0.76%	4.80%	CAC 40 Index (France)	4,488.69	156.24	3.61%	-3.20%
Nasdaq Composite	5,305.75	61.18	1.17%	5.96%	DAX Index (Germany)	10,626.97	350.80	3.41%	-1.08%
Russell Global	1,761.95	47.46	2.77%	6.2%	Irish Overall Index	6,108.86	-2.59	-0.04%	-10.05%
Russell Global EM	2,913.37	107.25	3.82%	14.8%	Nikkei 225	16,754.02	139.78	0.84%	-11.98%
S&P/TSX (Canada)	14,697.93	247.24	1.71%	12.97%	Hang Seng Index	23,686.48	350.89	1.50%	8.09%
Mexico IPC	47,778.48	1855.57	4.04%	11.17%	Shanghai Composite	3,033.90	31.05	1.03%	-14.28%
Brazil Bovespa	58,697.00	1617.24	2.83%	35.40%	Kospi Index (S. Korea)	2,054.07	54.71	2.74%	4.73%
Euro Stoxx 600	345.34	7.52	2.23%	-5.60%	Taiwan Taiex Index	9,284.62	382.32	4.29%	11.35%
FTSE 100	6,909.43	199.15	2.97%	10.69%	Tel Aviv 25 Index	1,461.56	26.96	1.88%	-4.39%
IBEX 35 (Spain)	8,823.60	190.20	2.20%	-7.55%	MICEX Index (Russia)	2,011.83	29.87	1.51%	14.22%

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



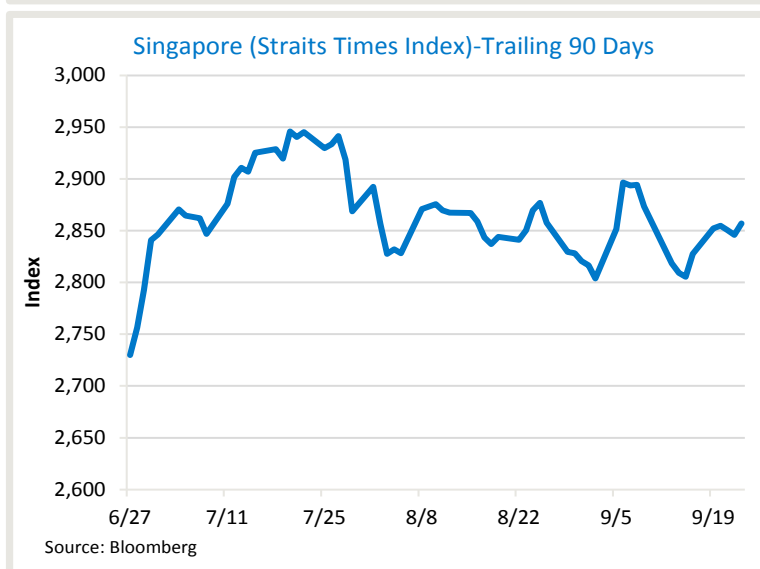
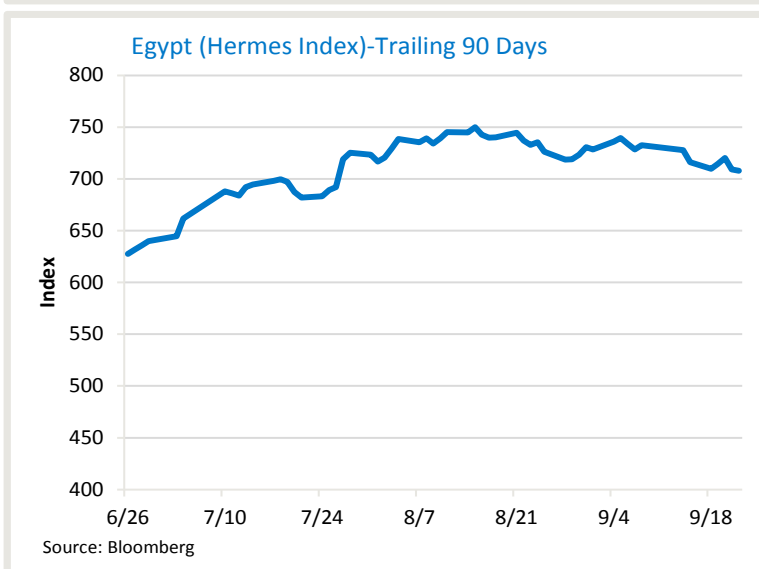
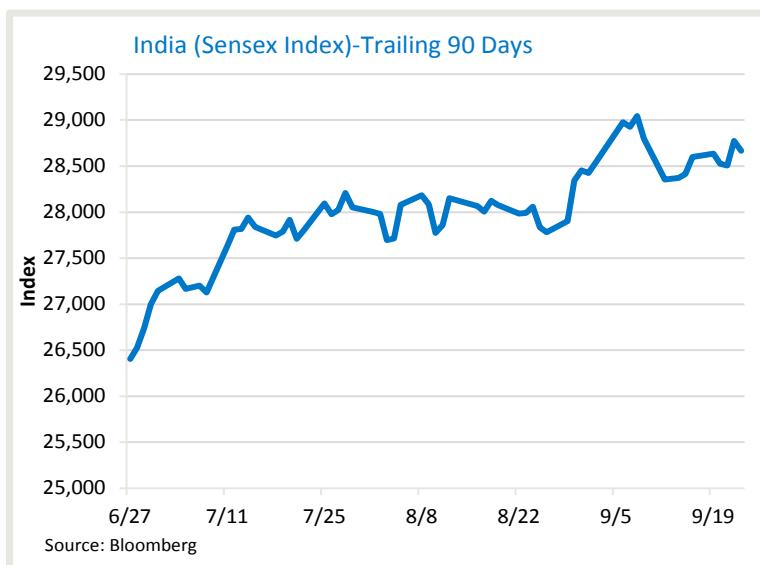
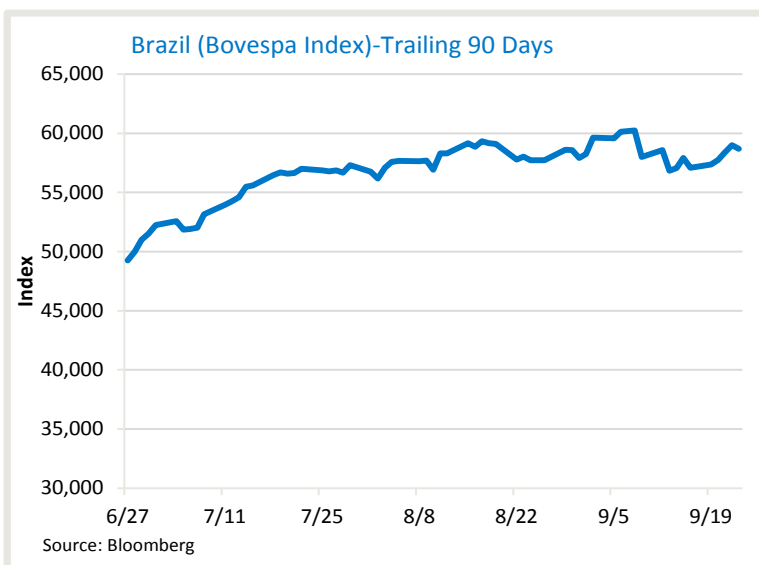
Equities – Emerging and Frontier Markets

EMERGING AND FRONTIER MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
Mexico IPC	47,778.48	1855.57	4.0%	11.2%
Brazil (Bovespa Index)	58,697.00	1617.24	2.8%	35.4%
MICEX Index (Russia)	2,011.83	29.87	1.5%	14.2%
Czech Republic (Prague)	874.05	13.24	1.5%	-8.6%
Turkey (Istanbul)	79,756.44	3736.15	4.9%	11.2%
Egypt (Hermes Index)	708.00	-8.00	-1.1%	12.3%
Kenya (Nairobi 20 Index)	3,174.15	-31.97	-1.0%	-21.4%
Saudi Arabia (TASI Index)	5,948.92	-190.46	-3.1%	-13.9%
Lebanon (Beirut BLOM Index)	1,149.44	0.17	0.0%	-1.7%
Palestine	525.06	0.34	0.1%	-1.4%

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

	Last	Change	% Chg.	YTD %
Hang Seng Index	23,686.48	350.89	1.5%	8.1%
India (Sensex 30)	28,668.22	69.19	0.2%	9.8%
Malaysia (KLCI Index)	1,670.99	18.00	1.1%	-1.3%
Singapore (Straits Times Index)	2,856.95	29.50	1.0%	-0.9%
Thailand (SET Index)	1,492.88	13.81	0.9%	15.9%
Indonesia (Jakarta)	5,388.91	121.14	2.3%	17.3%
Pakistan (Karachi KSE 100)	39,781.95	-581.73	-1.4%	21.2%
Vietnam (Ho Chi Minh)	674.09	22.78	3.5%	16.4%
Sri Lanka (Colombo)	6,479.21	6.74	0.1%	-6.0%
Cambodia (Laos)	1,014.15	1.33	0.1%	-13.6%

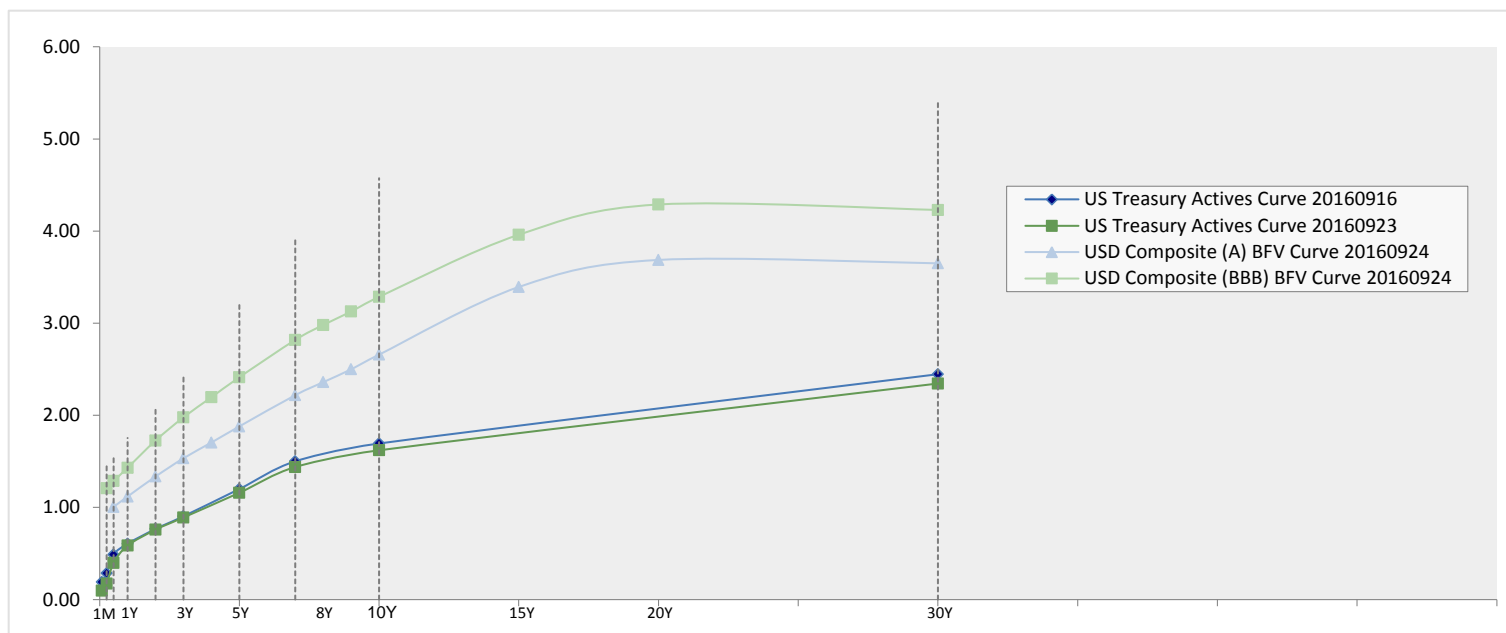


Interest Rates

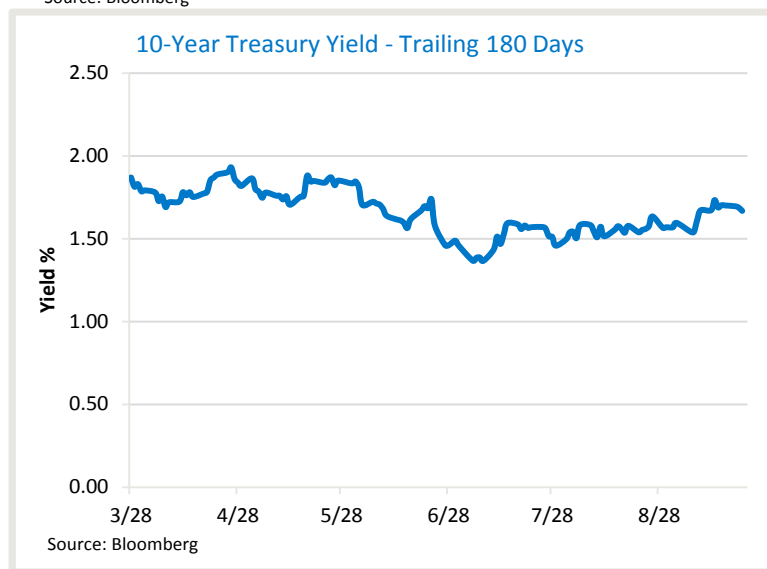
SELECTED INTEREST RATES

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
2-Yr. U.S. Treasury	0.76%	0 bps	NM	NM	Prime Rate	3.50%	0.00	NM	NM
5-Yr. U.S. Treasury	1.15%	-6 bps	NM	NM	Fed Funds Rate	0.50%	0.00	NM	NM
10-Yr. U.S. Treasury	1.62%	-9 bps	NM	NM	Discount Rate	1.00%	0.00	NM	NM
30-Yr. U.S. Treasury	2.34%	-11 bps	NM	NM	LIBOR (3 Mo.)	0.86%	0 bps	NM	NM
German 10-Yr. Govt.	-0.08%	9 bps	NM	NM	Bond Buyer 40 Muni	2.86%	0 bps	NM	NM
France 10-Yr.	0.21%	9 bps	NM	NM	Bond Buyer 40 G.O.	2.98%	NA	NM	NM
Italy 10-Yr.	1.21%	12 bps	NM	NM	Bond Buyer 40 Rev.	3.23%	NA	NM	NM
Fed 5-Yr Fwd BE Inf.	1.43%	-1 bps	NM	NM					

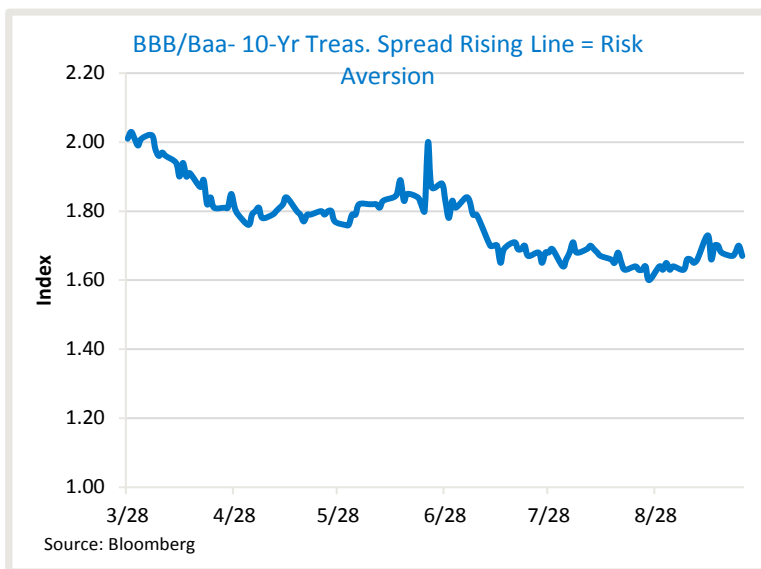
Source: Bloomberg



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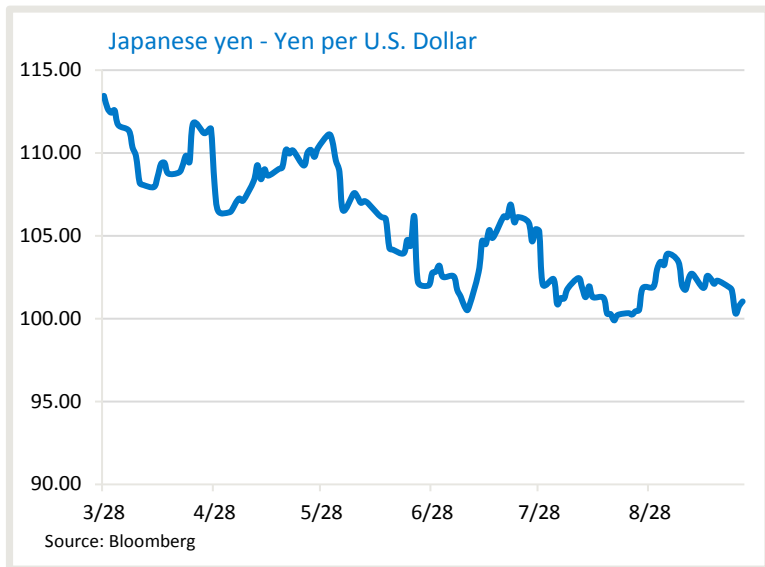
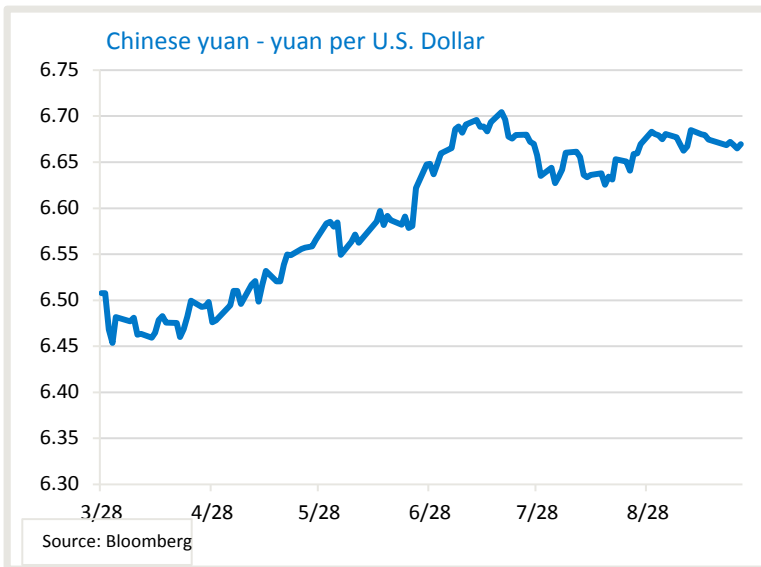
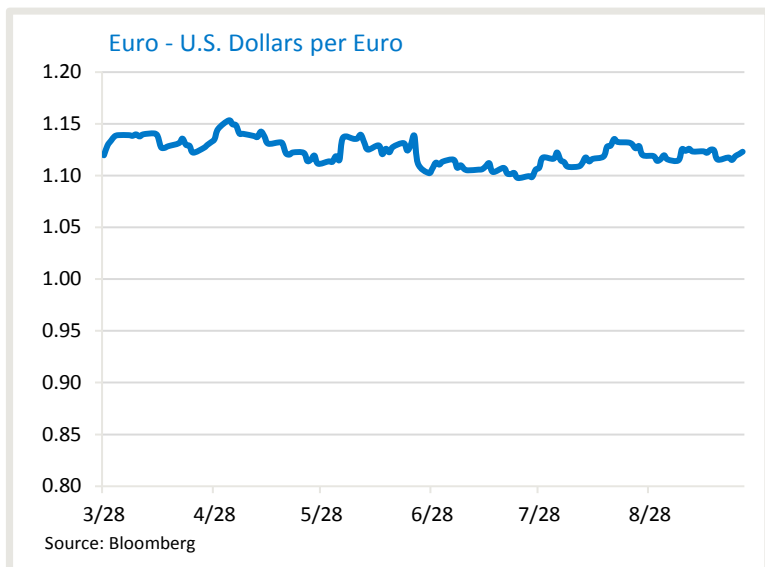
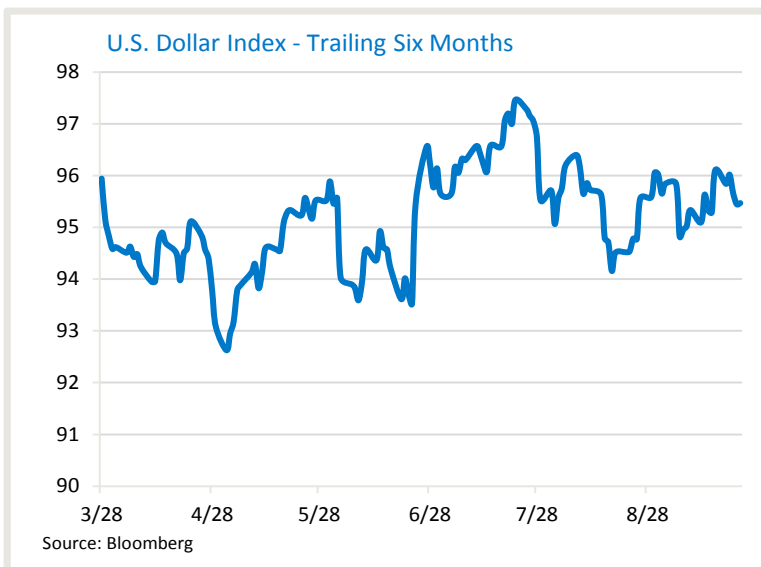
Currencies

SELECTED CURRENCY PERFORMANCE

	Last	Change	% Chg.	YTD %
Dollar Index	95.48	-0.638	-0.66%	-3.20%
Euro	1.12	0.008	0.68%	3.40%
Japanese Yen	101.03	-1.250	1.24%	18.98%
British Pound	1.30	-0.003	-0.25%	-11.98%
Canadian Dollar	1.32	-0.005	0.36%	5.13%

	Last	Change	% Chg.	YTD %
Chinese Yuan	6.67	-0.005	0.08%	-2.63%
Swiss Franc	0.97	-0.011	1.11%	3.35%
New Zealand Dollar	0.72	-0.002	-0.32%	6.03%
Brazilian Real	3.25	-0.019	0.57%	22.08%
Mexican Peso	19.80	0.205	-1.04%	-13.16%

Source: Bloomberg



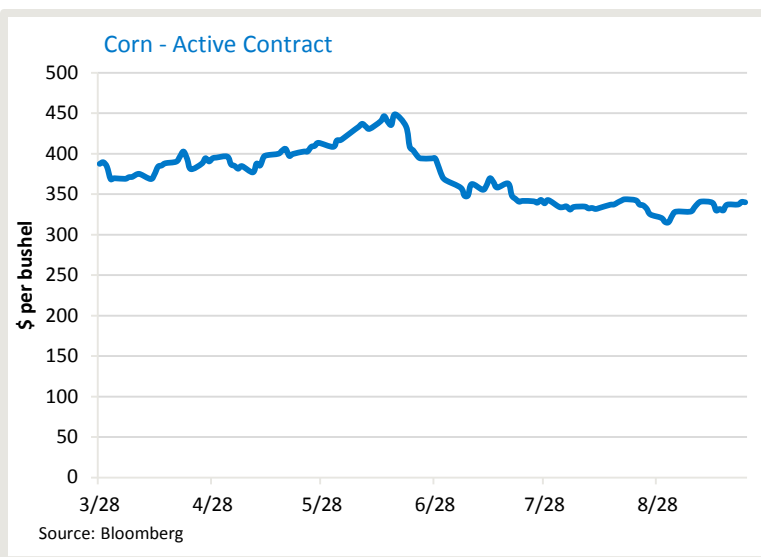
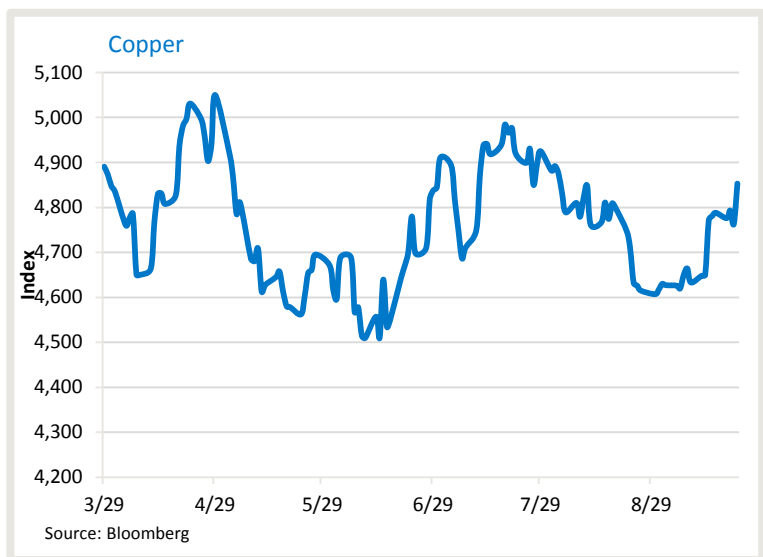
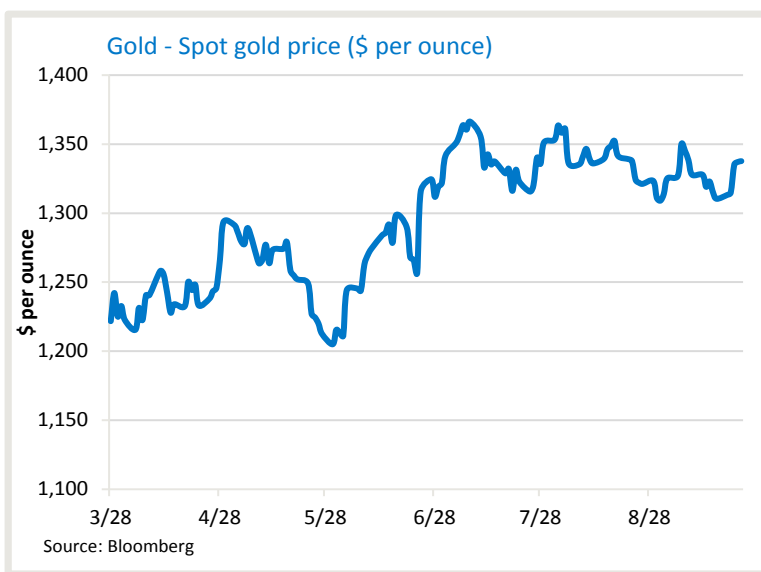
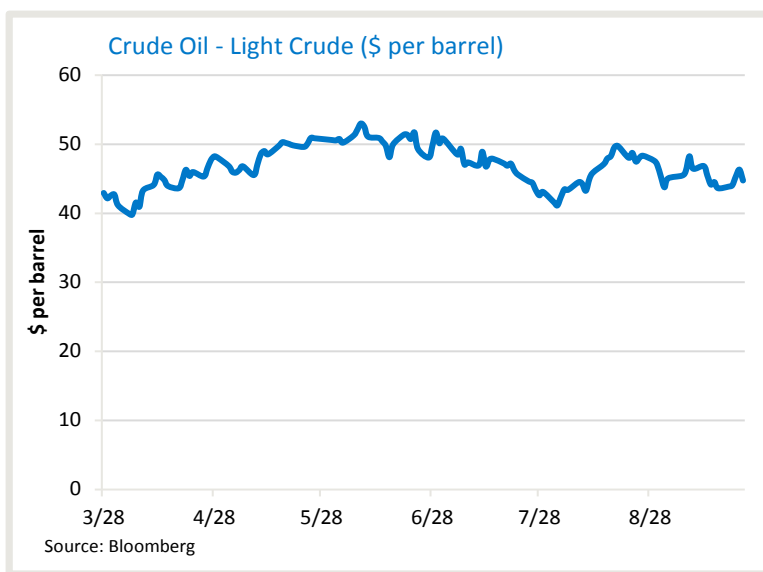
Commodities

SELECTED COMMODITY MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
Bloomberg Comm. Idx.	84.32	1.09	1.31%	7.34%
Crude Oil	\$44.71	\$1.12	2.57%	3.23%
Natural Gas	\$2.97	\$0.02	0.75%	16.70%
Gasoline (\$/Gal.)	\$2.21	\$0.02	1.05%	10.87%
Heating Oil	141.13	0.91	0.65%	7.88%
Gold Spot	\$1,338.57	\$27.33	2.09%	26.07%
Silver Spot	\$19.67	\$0.88	4.69%	42.01%

Source: Bloomberg; % change is based on price.

	Last	Change	% Chg.	YTD %
Platinum Spot	\$1,055.09	\$38.66	3.80%	18.32%
Corn	336.50	-0.50	-0.15%	-12.14%
Wheat	404.75	1.50	0.37%	-20.25%
Soybeans	955.00	-11.00	-1.14%	8.18%
Sugar	22.70	0.23	1.02%	50.33%
Orange Juice	202.70	6.00	3.05%	39.89%
Aluminum	1,633.00	57.50	3.65%	8.36%
Copper	4,853.00	65.00	1.36%	3.15%

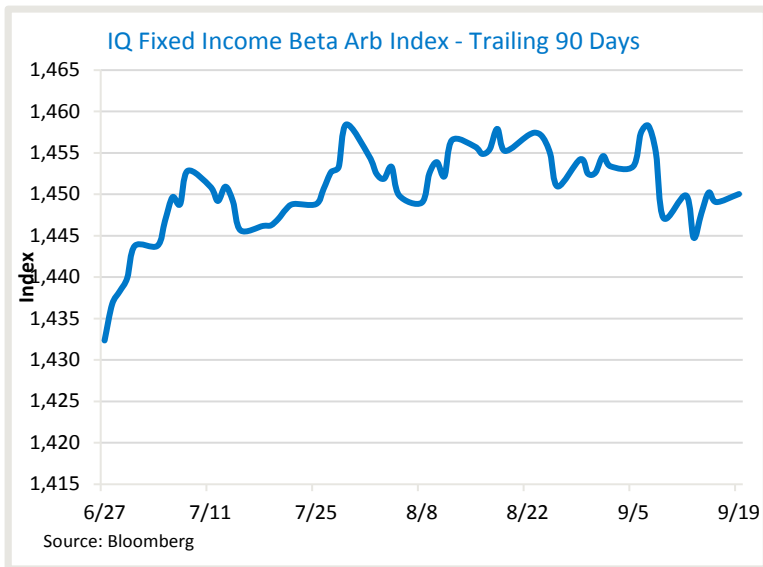
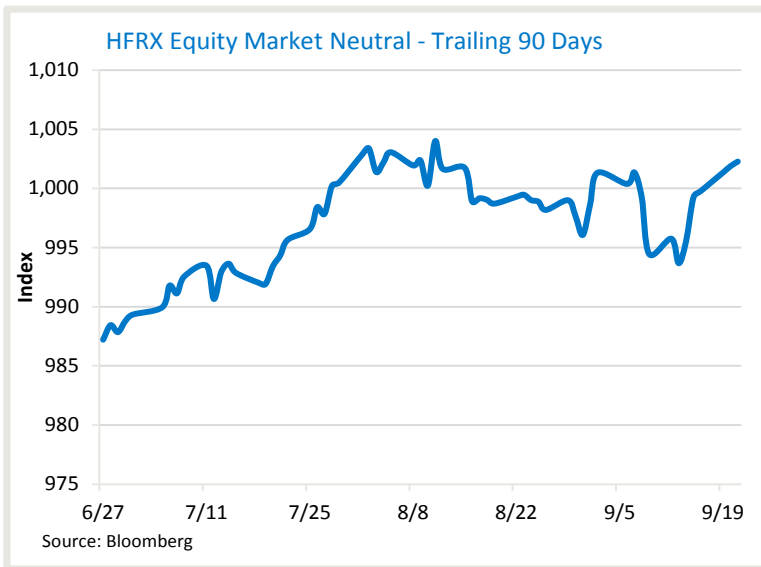
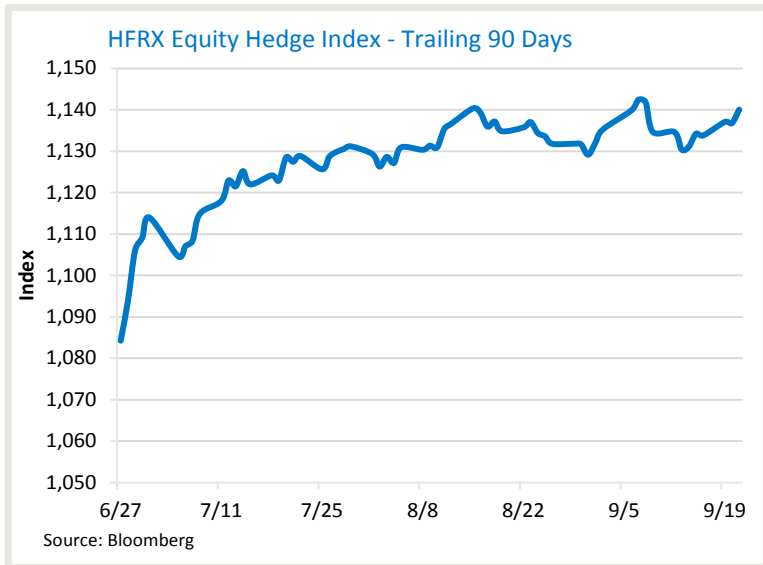
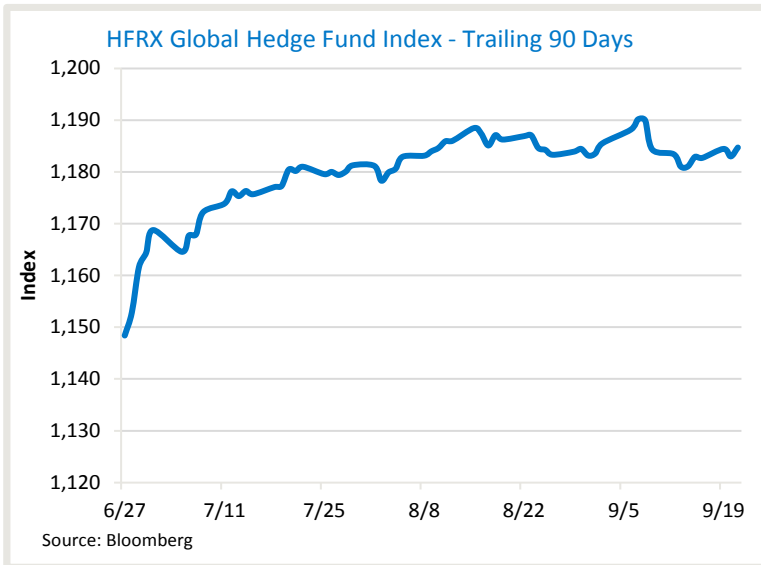


Alternative Investments

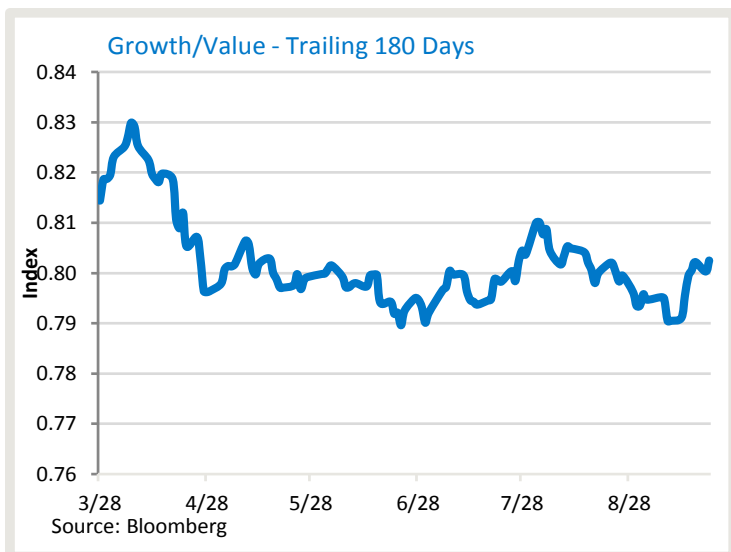
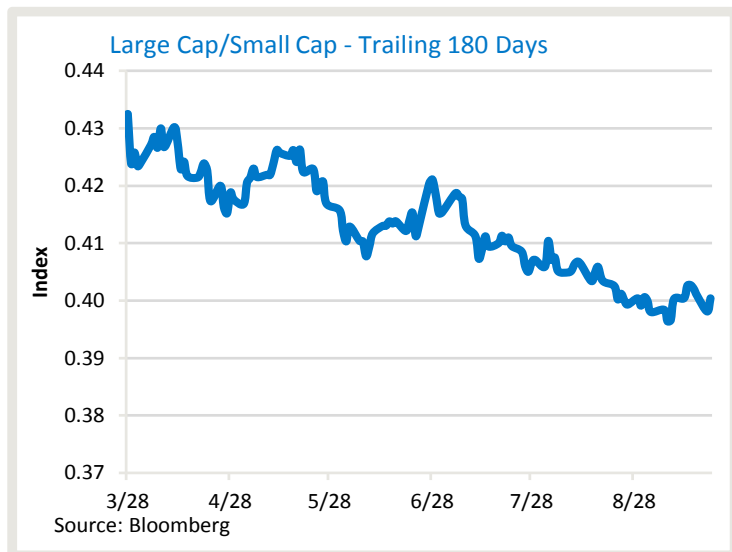
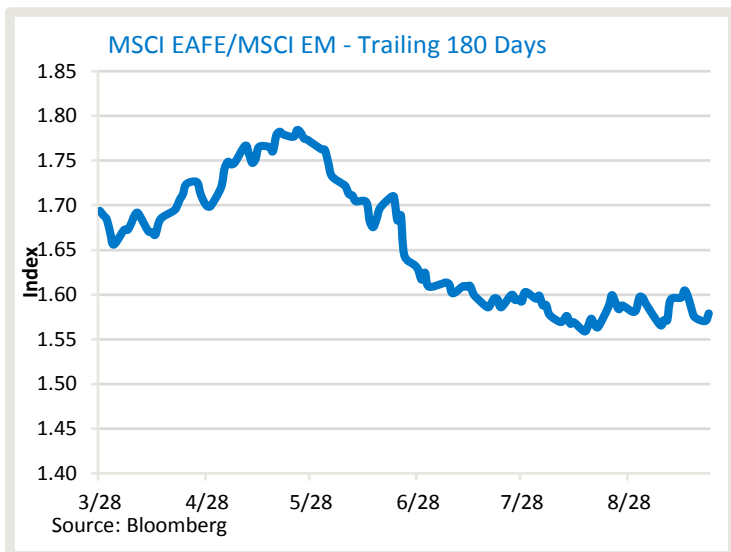
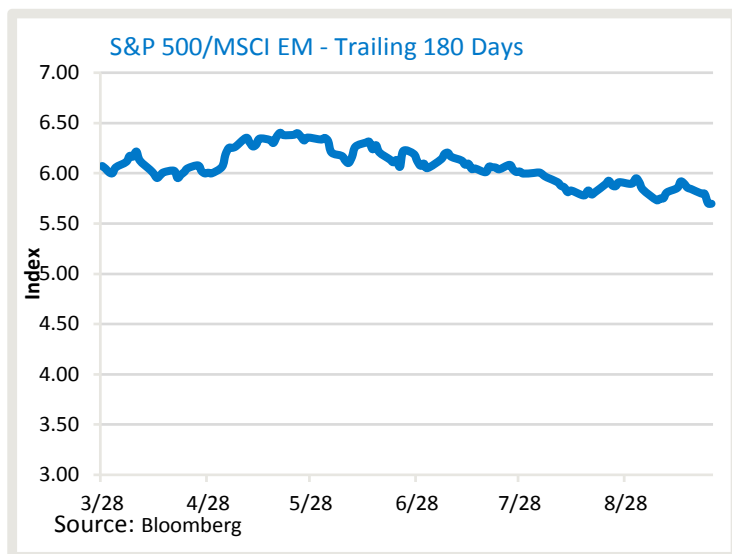
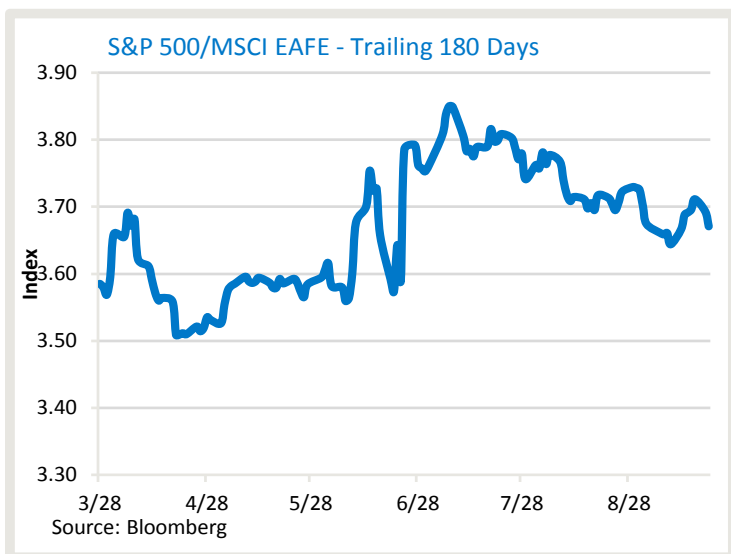
SELECTED ALTERNATIVE INVESTMENT INDEX PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
HFRX Global Hedge Fund Index	1187.38	4.67	0.39%	1.13%	HFRX Distressed Index	1019.51	8.38	0.83%	13.75%
HFRX Equity Market Neutral	1002.56	2.78	0.28%	-3.61%	HFRX Merger Arbitrage Index	1788.69	1.53	0.09%	2.93%
HFRX Equity Hedge Index	1142.93	9.12	0.80%	-0.99%	HFRX Convertible Arbitrage Index	738.41	3.16	0.43%	5.16%
HFRX Event-Driven Index	1514.29	2.83	0.19%	7.52%	HFRX Macro CTA Index	1152.57	6.09	0.53%	-1.46%
HFRX Absolute Return Index	1031.22	2.57	0.25%	0.58%	IQ Fixed Income Beta Arb Index	1457.17	8.11	0.56%	5.05%

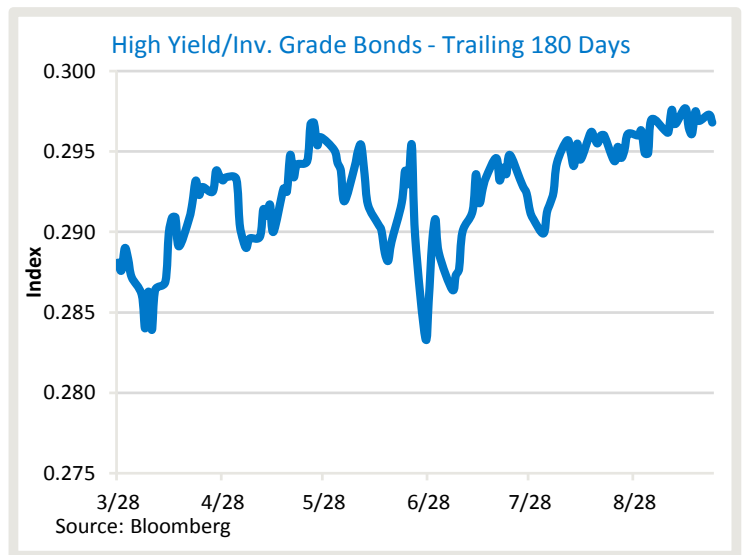
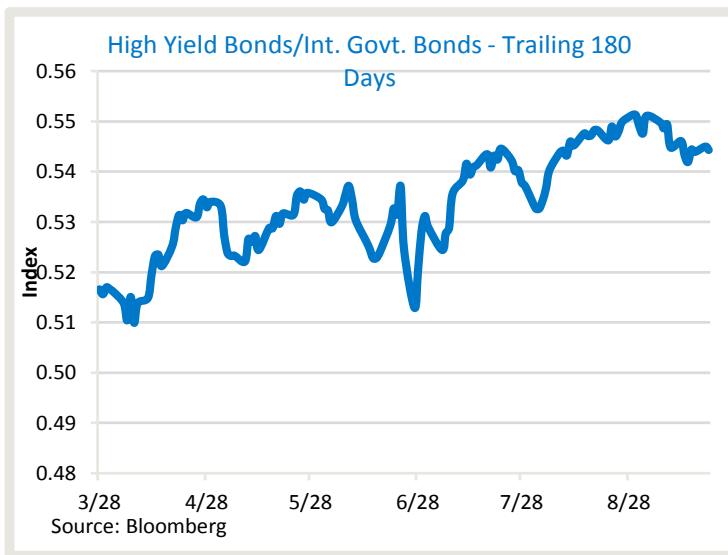
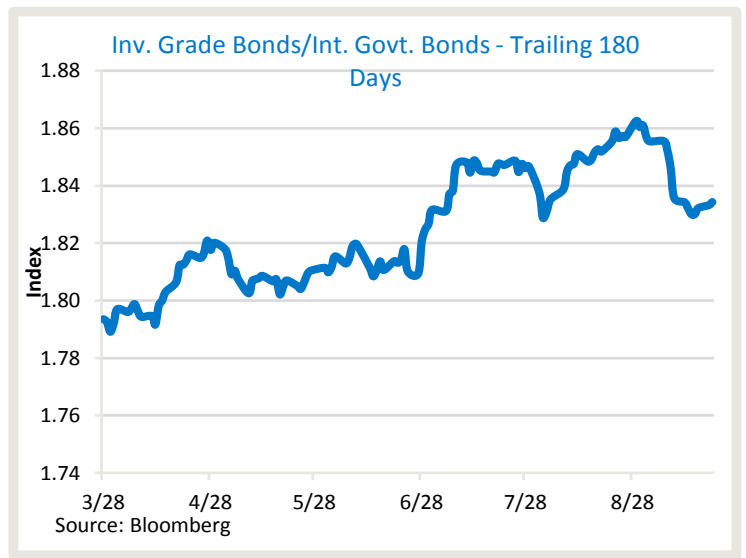
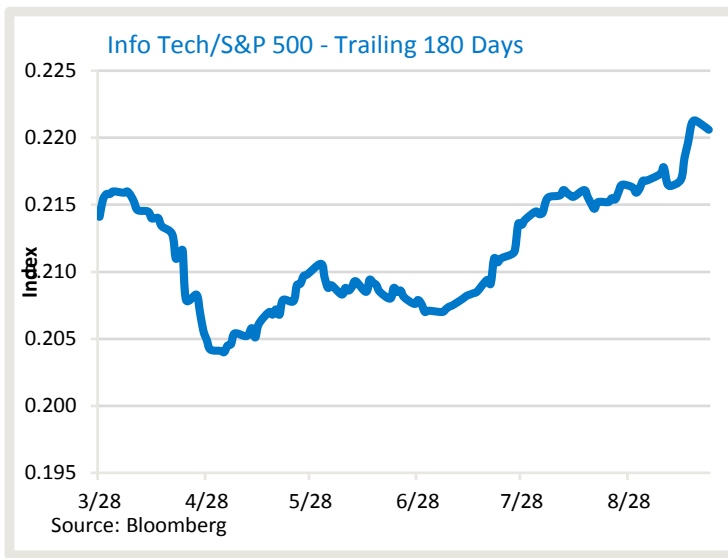
Source: Bloomberg; Index % change is based on price.



Portfolio Construction



Portfolio Construction (continued)



WEEKLY ASSET CLASS PERFORMANCE (Prior 12 weeks ending Thursday)

			7/7	7/14	7/21	7/28	8/4	8/11	8/18	8/25	9/1	9/8	9/15	9/22
Equity	Domestic Equity	Large Cap (R200)	0.07%	2.98%	0.10%	0.07%	-0.12%	1.01%	-0.04%	-0.70%	0.04%	0.46%	-1.32%	1.24%
		Small Cap (R2000)	-0.19%	4.56%	0.14%	1.12%	-0.29%	1.27%	0.63%	0.26%	-0.02%	1.50%	-2.49%	2.97%
	Int'l. Equity	MSCI EAFE	-1.58%	4.51%	0.16%	0.06%	0.32%	2.69%	-0.02%	-0.34%	-0.45%	2.27%	-3.27%	3.10%
		MSCI Em. Mkts.	-0.85%	4.71%	0.61%	0.50%	0.06%	3.60%	0.97%	-2.00%	-0.78%	4.06%	-4.13%	3.59%
Fixed Income	BarCap Agg. (AGG)	0.41%	-0.36%	-0.14%	0.19%	-0.15%	-0.17%	0.33%	-0.19%	-0.05%	-0.21%	-0.45%	0.48%	
	High Yield (JNK)	-0.28%	1.63%	0.17%	-0.66%	-0.06%	1.22%	0.63%	-0.30%	-0.25%	0.25%	-0.99%	1.16%	
Commodities	Bloomberg Commodity Index	-3.72%	1.85%	-2.49%	-1.83%	0.61%	0.08%	3.29%	-1.95%	-3.47%	3.71%	-2.43%	2.92%	
Alternatives	Hedge Funds (HFRX Global)	0.31%	0.72%	0.33%	-0.01%	0.05%	0.45%	0.10%	-0.24%	-0.06%	0.54%	-0.59%	0.38%	
Asset Allocation	60/40*	-0.15%	2.21%	0.06%	0.20%	-0.07%	1.02%	0.24%	-0.41%	-0.13%	0.77%	-1.55%	1.54%	
	48/32/20 (w/Alts.)**	-0.06%	1.92%	0.11%	0.16%	-0.05%	0.90%	0.21%	-0.38%	-0.11%	0.72%	-1.36%	1.31%	

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	1.01	1.02	1.00	0.93	0.92	0.94	0.96	0.92	1.04	1.04	1.07	0.97
Large Cap Growth	1.02	1.00	1.05	1.03	1.04	1.02	0.95	0.94	0.96	0.97	0.93	1.06	1.06	1.09	0.99
Large Cap Value	0.97	0.95	1.00	0.98	0.99	0.97	0.90	0.89	0.92	0.93	0.89	1.01	1.00	1.04	0.94
Mid Cap Core	0.99	0.97	1.02	1.00	1.01	1.00	0.92	0.91	0.94	0.95	0.91	1.03	1.03	1.06	0.97
Mid Cap Growth	0.98	0.96	1.01	0.99	1.00	0.98	0.91	0.90	0.92	0.94	0.90	1.02	1.01	1.05	0.95
Mid Cap Value	1.00	0.98	1.03	1.00	1.02	1.00	0.92	0.92	0.94	0.95	0.91	1.04	1.03	1.06	0.97
Small Cap Core	1.08	1.06	1.11	1.09	1.10	1.08	1.00	0.99	1.02	1.03	0.99	1.12	1.12	1.15	1.05
Small Cap Growth	1.08	1.06	1.12	1.09	1.11	1.09	1.01	1.00	1.02	1.04	0.99	1.13	1.12	1.16	1.06
Small Cap Value	1.06	1.04	1.09	1.07	1.08	1.06	0.98	0.98	1.00	1.01	0.97	1.10	1.10	1.13	1.03
Int'l. Developed	1.05	1.03	1.08	1.06	1.07	1.05	0.97	0.96	0.99	1.00	0.96	1.09	1.08	1.12	1.02
Emerging Markets	1.09	1.07	1.13	1.10	1.12	1.10	1.01	1.01	1.03	1.04	1.00	1.14	1.13	1.17	1.06
REITs	0.96	0.94	0.99	0.97	0.98	0.96	0.89	0.88	0.91	0.92	0.88	1.00	0.99	1.03	0.93
Commodities	0.97	0.95	1.00	0.97	0.99	0.97	0.90	0.89	0.91	0.92	0.88	1.01	1.00	1.03	0.94
Int. Bond	0.94	0.92	0.97	0.94	0.96	0.94	0.87	0.86	0.88	0.89	0.86	0.98	0.97	1.00	0.91
High Yield	1.03	1.01	1.06	1.04	1.05	1.03	0.95	0.95	0.97	0.98	0.94	1.07	1.06	1.10	1.00

Source: Bloomberg

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

Index Overview & Key Definitions

Fed, The Fed or FED refers to the Federal Reserve System, the central bank of the United States. The **Federal Open Market Committee (FOMC)** is the monetary policymaking body of the Federal Reserve System. **Fed Funds Rate**, the interest rate at which a depository institution lends funds maintained at the Federal Reserve to another depository institution overnight. The **European Central Bank (ECB)** is the central bank for Europe's single currency, the euro. The ECB's main task is to maintain the euro's purchasing power and thus price stability in the euro area. The euro area comprises the 19 European Union countries that have introduced the euro since 1999. The **Gross Domestic Product (GDP)** rate is a measurement of the output of goods and services produced by labor and property located in the United States. **Basis Point(s)** is a unit that is equal to 1/100th of 1%, and is used to denote the change in a financial instrument. The basis point is commonly used for calculating changes in interest rates, equity indexes and the yield of a fixed-income security. A **separately managed account (SMA)** is an individual managed investment account offered typically by a brokerage firm through one of their brokers or financial consultants and managed by independent investment management firms (often called money managers for short) and have varying fee structures. The **Consumer Price Index (CPI)** measures the change in the cost of a fixed basket of products and services. The **Producer Price Index (PPI)** program measures the average change over time in the selling prices received by domestic producers for their output. The prices included in the PPI are from the first commercial transaction for many products and some services. **Core CPI** is an additional CPI Index, excludes energy and food item price changes, and measures the "core" or "underlying" rate of inflation. The **PCE (Personal Consumption Expenditure) Index of Prices** is a US-wide indicator of the average increase in prices for all domestic personal consumption. Using a variety of data including U.S. Consumer Price Index and Producer Price Index prices, it is derived from personal consumption expenditures; essentially a measure of goods and services targeted towards individuals and consumed by individuals.

The **Dow Jones Industrial Average (DOW or DJIA)** is an unmanaged index of 30 common stocks comprised of 30 actively traded blue chip stocks, primarily industrials and assumes reinvestment of dividends. The **S&P 500 Index** is an unmanaged index comprised of 500 widely held securities considered to be representative of the stock market in general. The **S&P/Case-Shiller Home Price Indices** measure the residential housing market, tracking changes in the value of the residential real estate market in 20 metropolitan regions across the United States. The **Nasdaq Composite Index** is a stock market index of the common stocks and similar securities listed on the NASDAQ stock market. The **US Dollar Index** is a measure of the value of the United States dollar relative to a basket of foreign currencies. It is a weighted geometric mean of the dollar's value relative to other select currencies (Euro, Japanese yen, Pound sterling, Canadian dollar, Swedish krona (SEK) & Swiss franc). The **Nikkei Index (Nikkei 225 or Nikkei)** is a stock market index for the Tokyo Stock Exchange calculated daily by the Nihon Keizai Shimbun (Nikkei) newspaper since 1950. It is a price-weighted index (the unit is yen), and the components are reviewed once a year. The **FTSE 100 Index (FTSE 100)** is a share index of the 100 companies listed on the London Stock Exchange (LSE) with the highest market capitalization. The **Bloomberg Commodity Index (formerly the Dow Jones-UBS Commodity Index)** tracks prices of futures contracts on physical commodities on the commodity markets and is designed to minimize concentration in any one commodity or sector (currently 22 commodity futures in seven sectors). The **Barclays Capital US Credit Index** is an unmanaged index considered representative of publicly issued, SEC-registered US corporate and specified foreign debentures and secured notes. The **Barclays Capital US Aggregate Bond Index** is a market capitalization-weighted index of investment-grade, fixed-rate debt issues, including government, corporate, asset-backed, and mortgage-backed securities, with maturities of at least one year. The **Barclays Capital US Corporate High Yield Index** covers the USD-denominated, non-investment grade, fixed-rate, taxable corporate bond market. Securities are classified as high-yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. The index may include emerging market debt. The **Barclays Capital Municipal Bond Index** is an unmanaged index comprised of investment-grade, fixed-rate municipal securities representative of the tax-exempt bond market in general. The **Barclays Capital US Treasury Total Return Index** is an unmanaged index of public obligations of the US Treasury with a remaining maturity of one year or more. The **Barclays Capital Global Aggregate ex-U.S. Index** is a market capitalization-weighted index, meaning the securities in the index are weighted according to the market size of each bond type. Most U.S. traded investment grade bonds are represented. Municipal bonds, and Treasury Inflation-Protected Securities are excluded, due to tax treatment issues. The index includes Treasury securities, Government agency bonds, Mortgage-backed bonds, Corporate bonds, and a small amount of foreign bonds traded in U.S. The **Barclays Capital U.S. 5-10 Year Corporate Bond Index** measures the investment return of U.S. dollar denominated, investment-grade, fixed rate, taxable securities issued by industrial, utility, and financial companies with maturities between 5 and 10 years. Treasury securities, mortgage-backed securities (MBS) foreign bonds, government agency bonds and corporate bonds are some of the categories included in the index. The **Barclays Capital U.S. Corporate High-Yield Index** is composed of fixed-rate, publicly issued, non-investment grade debt. The **Barclays Capital U.S. Corporate 5-10 Year Index** includes U.S. dollar-denominated, investment-grade, fixed-rate, taxable securities issued by industrial, utility, & financial companies, with maturities between 5 & 10 years. The **DJ-UBS Commodity Index Total Return SM** measures the collateralized returns from a basket of 19 commodity futures contracts representing the energy, precious metals, industrial metals, grains, softs and livestock sectors. The **Russell 1000 Index** is a market capitalization-weighted benchmark index made up of the 1000 largest U.S. companies in the Russell 3000 Index. The **Russell 1000 Growth Index** is an unmanaged index considered representative of large-cap growth stocks. The **Russell 1000 Value Index** is an unmanaged index considered representative of large-cap value stocks. The **Russell 2000 Index** is an unmanaged index considered representative of small-cap stocks. The **Russell 2000 Growth Index** is an unmanaged index considered representative of small-cap growth stocks. The **Russell 2000 Value Index** is an unmanaged index considered representative of small-cap value stocks. The **Russell 3000 Index** is an unmanaged index considered representative of the US stock market. The **Russell Midcap Index** is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The **Russell Midcap Growth Index** is an unmanaged index considered representative of mid-cap growth stocks. The **Russell Midcap Value Index** is an unmanaged index considered representative of mid-cap value stocks. The **HFRX Indices** are a series of benchmarks of hedge fund industry performance which are engineered to achieve representative performance of a larger universe of hedge fund strategies. Hedge Fund Research, Inc. employs the HFRX Methodology (UCITS compliant), a proprietary and highly quantitative process by which hedge funds are selected as constituents for the HFRX Indices. The **University of Michigan Consumer Sentiment Index (MCSI)** is a survey of consumer confidence conducted by the University of Michigan using telephone surveys to gather information on consumer expectations regarding the overall economy. The **CBOE Volatility Index (VIX)** is an up-to-the-minute market estimate of expected volatility that is calculated by using real-time S&P 500 Index option bid/ask quotes. The Index uses nearby and second nearby options with at least 8 days left to expiration and then weights them to yield a constant, 30-day measure of the expected volatility of the S&P 500 Index. The **MSCI EAFE Index** is designed to measure the equity market performance of developed markets outside of the U.S. & Canada. The **MSCI EAFE Growth Index** is an unmanaged index considered representative of growth stocks of Europe, Australasia and the Far East. The **MSCI EAFE Value Index** is an unmanaged index considered representative of value stocks of Europe, Australasia and the Far East. The **MSCI EM (Emerging Markets) Latin America Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of emerging markets in Latin America. The **MSCI World ex-U.S. Index** captures large and mid-cap representation across 22 of 23 Developed Markets (DM) countries - excluding the US. With 1,002 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country. The **MSCI Japan Index** is designed to measure the performance of the large and mid-cap segments of the Japanese market. With 320 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in Japan. The **MSCI Emerging Markets Index** is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The **MSCI Europe Index** is an unmanaged index considered representative of stocks of developed European countries. The **MSCI Pacific Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the developed markets in the Pacific region. The **Barclays Intermediate US Government/Credit Bond Index** is a market capitalization-weighted index of investment-grade, fixed-rate debt issues, including Treasuries, government-related and U.S. corporate securities, with maturities of at least one year and less than 10 years. The **Philadelphia Fed Manufacturing Index** is a regional Federal Reserve Bank index measuring changes in business growth and is constructed from a survey of participants who voluntarily answer questions regarding the direction of change in their overall business activities. The **ISM Non-Manufacturing Index** is an index based on surveys of more than 400 non-manufacturing firms' purchasing and supply executives, within 60 sectors across the nation, by the Institute of Supply Management (ISM) and also tracks economic data, like the ISM Non-Manufacturing Business Activity Index. A composite diffusion index is created based on the data from these surveys that monitors economic conditions of the nation. The **Housing Market Index (HMI)** is based on a monthly survey of NAHB members designed to take the pulse of the single-family housing market. In May 2007, **Markit's U.S. PMI** research was extended out to cover producers of metal goods. In October 2009, Markit's U.S. Manufacturing PMI survey panel was extended further to cover all areas of U.S. manufacturing activity. The **NY Empire State Index** is an index based on the monthly survey of manufacturers in New York State - known as the Empire State Manufacturing Survey - conducted by the Federal Reserve Bank of New York. The headline number for the NY Empire State Index refers to the survey's main index, which summarizes general business conditions in New York State.

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