

Chart of the Week



Weekly Highlights

- Janet Yellen stated it would likely be appropriate to hike rates “sometime later this year”.** Following the uneventful Fed decision last week to hold its target rate at 0.0% - 0.25%, Fed Chair Yellen expressed she personally expects an increase in rates by year end on Thursday. After suffering losses earlier in the week, equity markets reacted favorably during Friday trading and Treasury yields rose.
- Second quarter U.S. GDP upward revision.** On Friday, the second update of domestic economic expansion increased from 3.7% to 3.9% for the second quarter. The strong data in the second quarter was welcomed after a slow first quarter. The rebound was primarily driven by a rise in consumer spending and business investment.
- Japanese consumer prices fell for the first time since April 2013.** Core CPI (Consumer Price Index) in August declined 0.1% following a 0.0% reading in July. The lack of inflationary pressure is expected to lead to further monetary easing from the Bank of Japan (BOJ). It is anticipated further easing will be implemented at the BOJ’s October meeting in order to take steps to reach a 2% inflation goal.

Talking Points

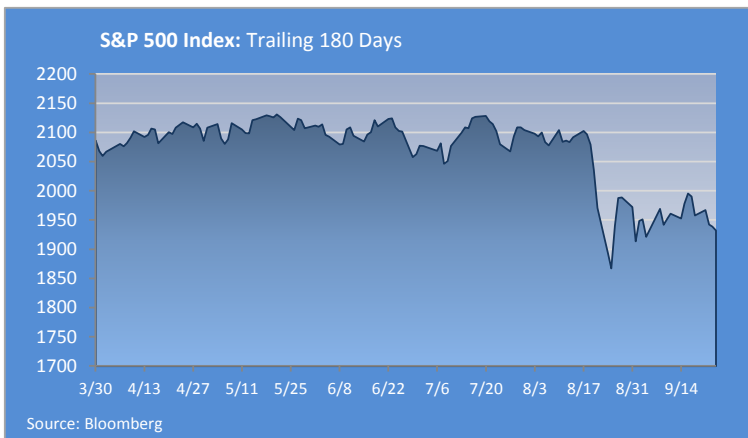
- Among equities,** global equity markets retreated for the week. Domestic equities fared better than international stocks, as Europe declined roughly 4%. On the domestic front, large-caps outperformed small-caps, and value-oriented stocks underperformed growth-oriented issues.
- Treasury yields increased.** After declining last week, the yield on the 10-year T-note reached nearly 2.2% Friday morning following Fed Chair Yellen’s remarks Thursday about potential rate hikes by the end of the year.
- Commodity prices were higher,** driven by an increase in gold. Crude oil was roughly flat and grains rose.
- The dollar strengthened** this week versus a basket of currencies.
- Among other economic data released this week,** U.S. second quarter GDP revised upward 0.2% and boosted domestic equities Friday. Existing homes sales fell for the first time in four months, while new home sales continued to increase in August. The weekly jobless claims crept higher by 3,000, but this marks the 29th straight week where claims have been below 300,000 signaling health in the labor market.

MARKET DASHBOARD

	Last Price	Change	% Chg.	YTD %
S&P 500	1,931.34	-26.69	-1.36%	-6.2%
Dow Industrials	16,314.67	-69.91	-0.43%	-8.5%
Nasdaq	4,686.50	-140.73	-2.92%	-1.0%
Russell 2000	1,122.79	-40.56	-3.49%	-6.8%
Euro Stoxx Index	349.28	-5.49	-1.55%	2.0%
Shanghai Composite	3,092.35	-5.57	-0.18%	-4.4%
Russell Global	1,639.39	-47.64	-2.91%	-7.9%

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

	Last Price	Change	% Chg.	YTD %
Russell Global EM	2,481.25	-130.52	-5.03%	-17.3%
10-Year US Treas.	2.17	4 bps	NM	NM
DJ UBS Comm. Idx.	88.49	0.77	0.87%	-15.2%
Gold	\$1,145.80	\$6.96	0.61%	-3.2%
Crude Oil	\$45.38	\$0.56	1.24%	-22.5%
Dollar Index	96.14	1.30	1.37%	6.5%
VIX Index	23.62	1.34	6.01%	23.0%



	One Week			YTD		
	Value	Growth		Value	Growth	
L	-0.66%	-1.31%	-1.91%	-11.12%	-6.00%	-0.81%
	-1.65%	-2.17%	-2.68%	-8.37%	-5.77%	-3.27%
S	-1.50%	-3.49%	-5.38%	-10.22%	-6.80%	-3.40%

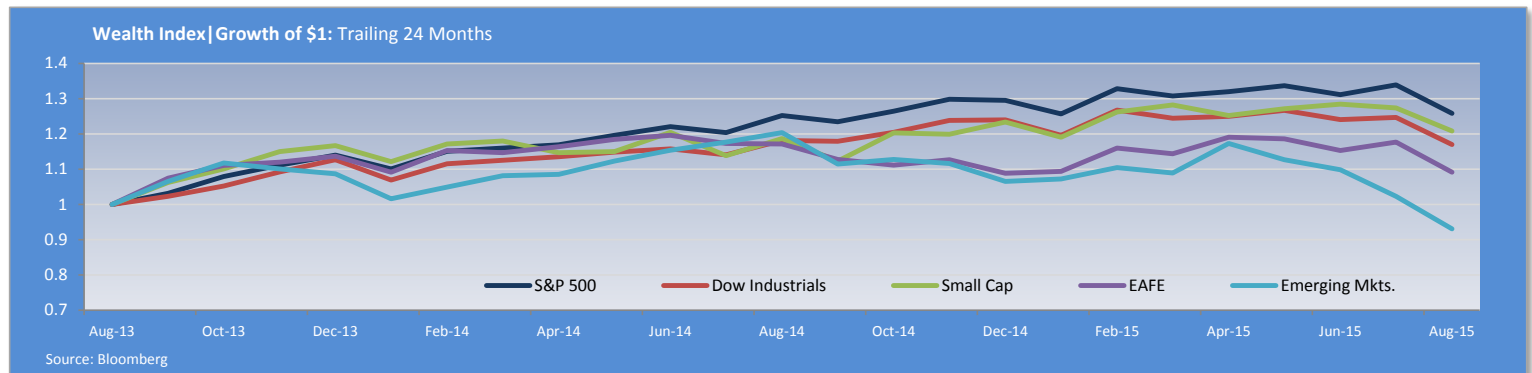
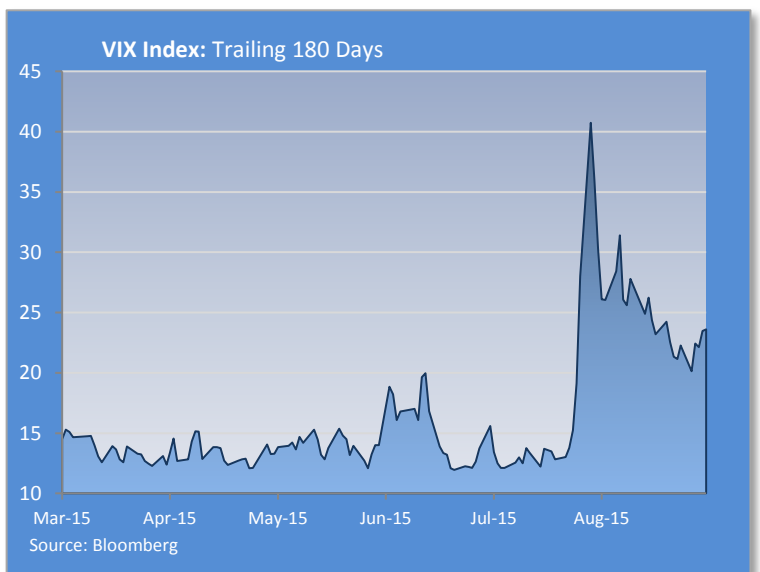
Source: Bloomberg

Sector Performance:

S&P/Global Industry Classification Sectors (GICS)

	% Wgt in S&P 500	Week % Chg.	YTD % Chg.
Consumer Discretionary	13.1	-1.09%	3.5%
Consumer Staples	9.9	0.74%	-2.3%
Energy	7.0	-1.20%	-22.1%
Financials	16.5	0.53%	-7.8%
Health Care	14.7	-5.77%	-2.4%
Industrials	10.0	-1.97%	-11.4%
Information Technology	20.4	-0.53%	-3.4%
Materials	2.8	-4.02%	-17.2%
Telecom Services	2.4	-0.90%	-7.1%
Utilities	3.1	1.24%	-9.6%

Source: Bloomberg



THE ECONOMY AND MARKETS

A Macro View – Biotech: Is the Bubble About to Burst?

Looking back over the recent bull market, it is hard to ignore the high-flying Biotechnology industry. In fact, the NASDAQ Biotechnology Index is up more than 400% since it began its rally in early 2009, and is on pace to outperform the broader equity market for a fifth consecutive year. The industry that uses biologic systems to develop products with the goal of ultimately improving lives and health has indeed benefited from many successful innovations over the past few years.

Biotech's global market capitalization has surged to over \$1 trillion, driven by record breaking IPO issuance, merger and acquisition activity, and new drug approvals. This growth means it is an increasingly significant component of indices and portfolios, and according to Barron's, Biotech's weight has reached an all-time high in most benchmarks. This upward momentum has sparked discussions amongst investors over the past few months about a potential bubble burst similar to Information Technology in the early 2000's. Recent market volatility demonstrates how susceptible the industry is to large price fluctuations. Others suggest that the sector remains fundamentally strong despite all the noise, and attractive opportunities still exist. One thing is certain: Biotech's importance should not be overlooked, given its increased allocation in equity indices, and investors should scrutinize carefully their holdings in this space.

Those who believe Biotech is poised for significant declines emphasize how pricey the sector has become, especially since many of these companies are currently unprofitable. Data from The Wall Street Journal shows more than half of Biotech companies in the NASDAQ Biotechnology Index are losing money, and many investors consider these stock prices to be inflated and their momentum unsustainable. The iShares NASDAQ Biotechnology ETF (NASDAQ: IBB) lists a P/E ratio of over 28x, which is not excessively expensive for a growth sector. However, this P/E figure excludes companies that do not earn a profit; if the multiple were adjusted to include these stocks, it would skyrocket to over 130x, which certainly is pricey. Based on this metric, relative valuations appear to be stretched, which could take a toll on merger and acquisition activity moving forward. On Tuesday, Severin Schwan, CEO of the giant Swiss drug maker Roche, stated "this whole segment is overvalued", attractive purchase opportunities are "far, far away" from fundamental value, and expressed concern about the potential for a "collapse". The diminishing M&A tailwinds, coupled with overvalued P/E multiples, have set the scene for a challenging environment, and one that potentially could burst the Biotech bubble.

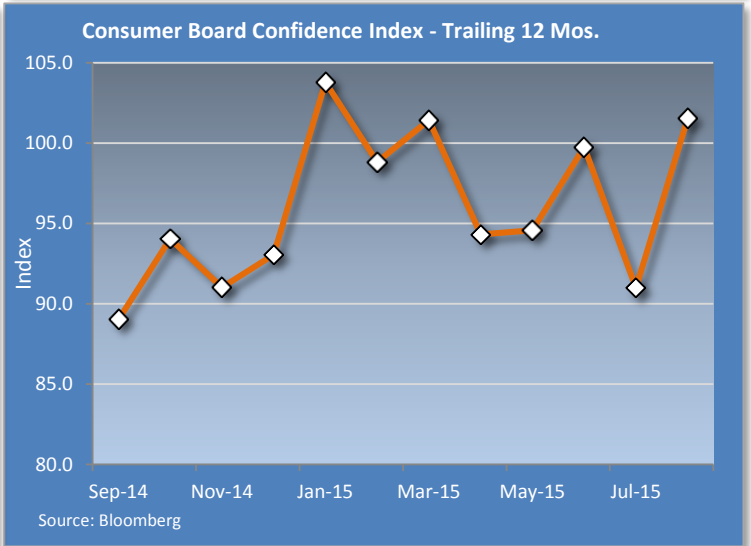
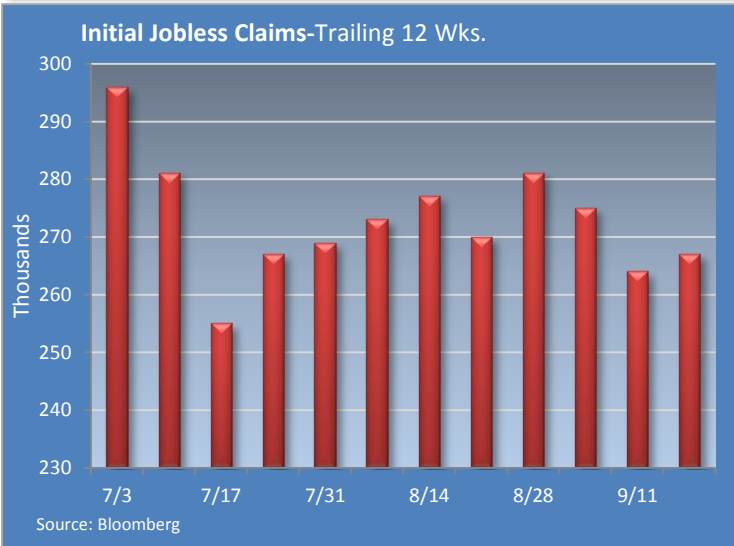
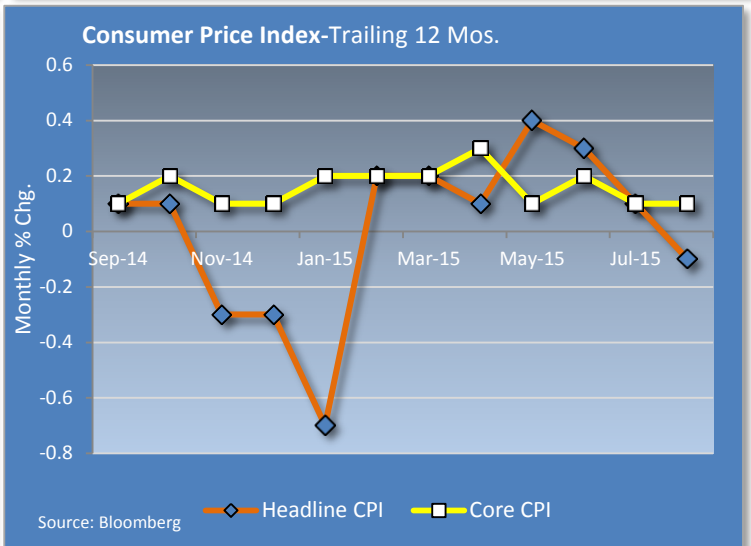
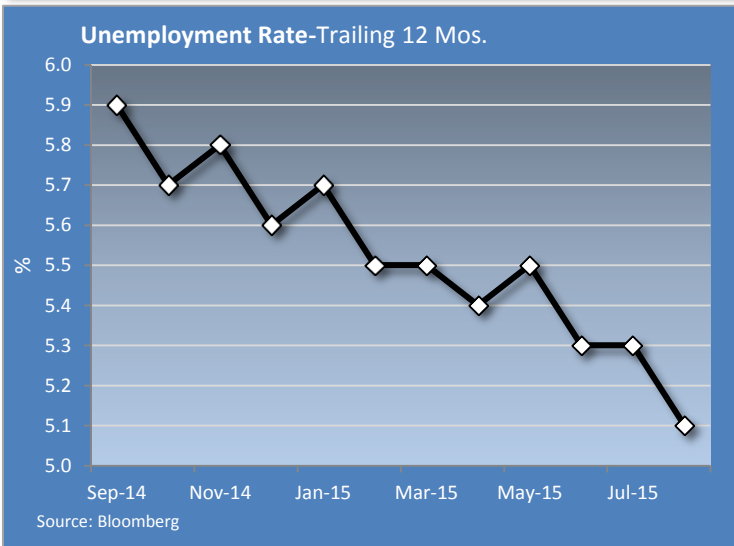
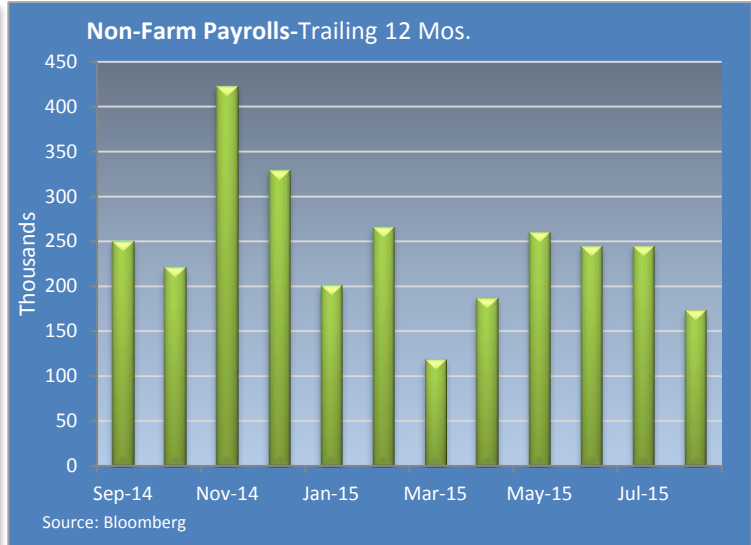
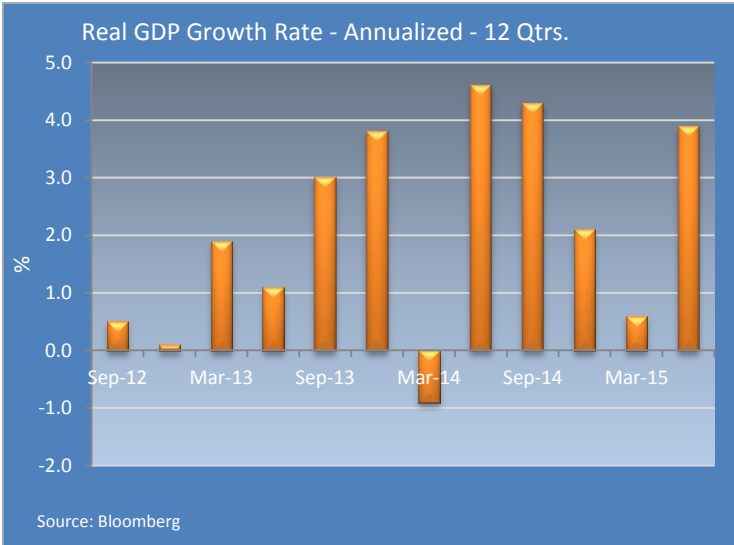
Despite the pullback over the past several weeks, bulls are optimistic there is still room for growth in Biotech, and the volatility will not trigger a widespread crash in the industry. Although some compare the Biotech run-up to that of past market bubbles, others highlight this rally as being nowhere near as extreme as were Information Technology in the late 1990's or Homebuilders in the early 2000's. Illustrated by USA Today, the Biotech rally reached 400% in July, but at their peaks, IT and Homebuilders increased more than 1100% and 800%, respectively, before their subsequent, violent selloffs. From a technical perspective, Biotech is the number one relative strength industry (in relation to the S&P 500). According to the widely followed technical analyst Thomas Dorsey, of Dorsey Wright & Associates, "Everything still suggests the Biotech sector still has the strength, not just in itself, but on a relative basis." Although the recent decline in Biotech was slightly more severe than the broader market, it followed a similar trajectory. Furthermore, in 2015 the S&P 500 Biotech (NYSE: XBI) is still outpacing the S&P 500 by a wide margin, as of market close Thursday: up nearly 17% versus down over 6% in the S&P 500.

No clear conclusions can be drawn about the short-term fate of Biotech, but it is displaying characteristics of a fragile industry. The NASDAQ Biotechnology Index* plunged 4.5% Monday, and was down a total of over 8.5% for the week (as of Thursday's close) amidst a relatively slow week of major economic news after presidential candidate Hilary Clinton tweeted her plan to outlaw certain pricing strategies prevalent in the industry. A good deal of speculation surfaced about whether this may be the beginning of the end for the Biotech rally, while others are calling it merely noise, as fundamentals appear solid. Given the looming uncertainty, investors need to recognize that as Biotech has become a more substantial part of the global equity landscape, it carries greater risks of a potential bubble burst.

Michael Gebhardt
Investment Analyst

* The NASDAQ Biotechnology Index is a stock market index made up of securities of NASDAQ-listed companies classified according to the Industry Classification Benchmark as either Biotechnology or Pharmaceuticals.

ECONOMIC DATA



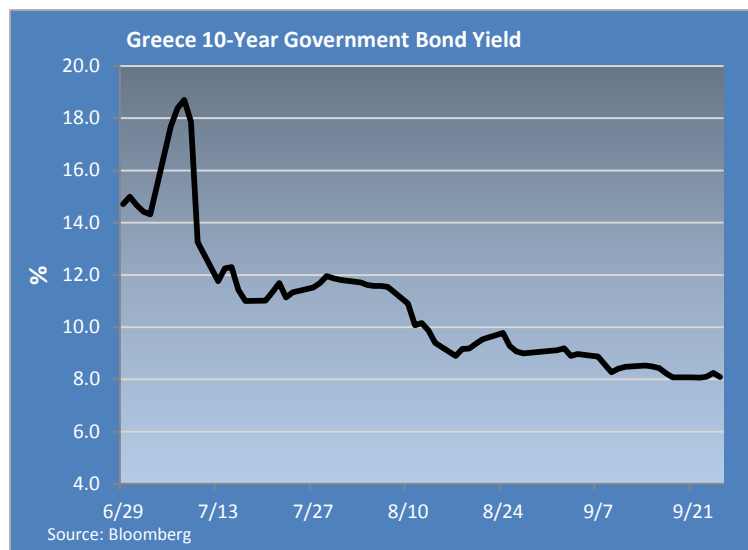
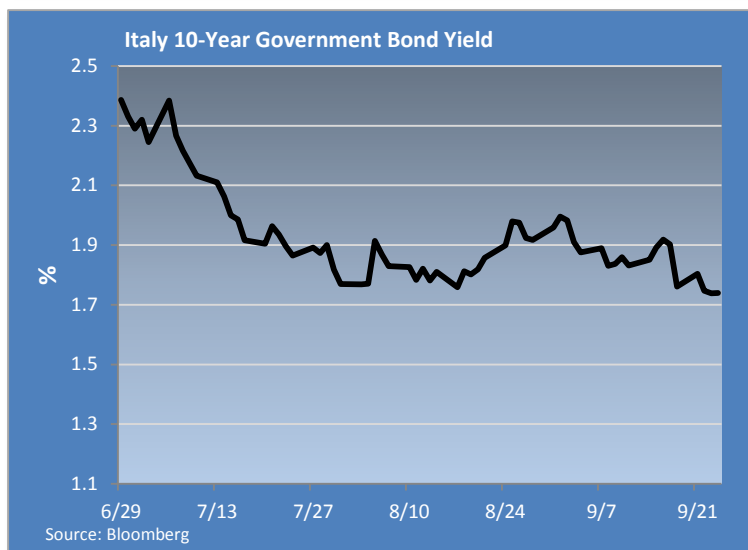
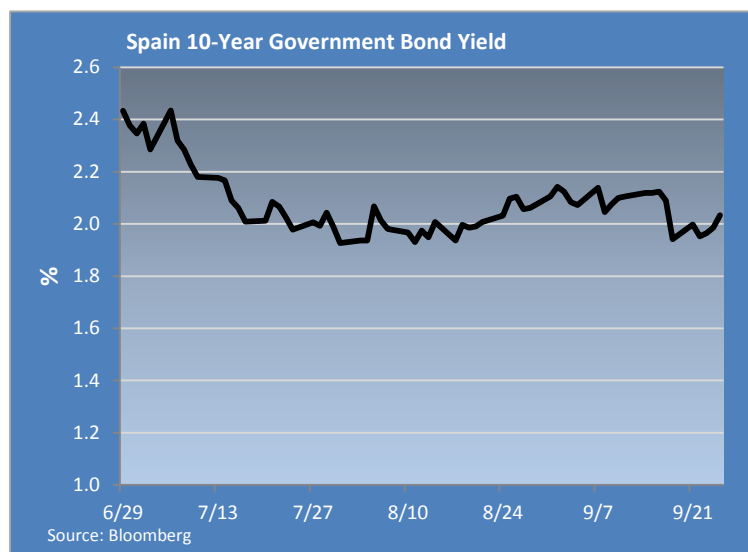
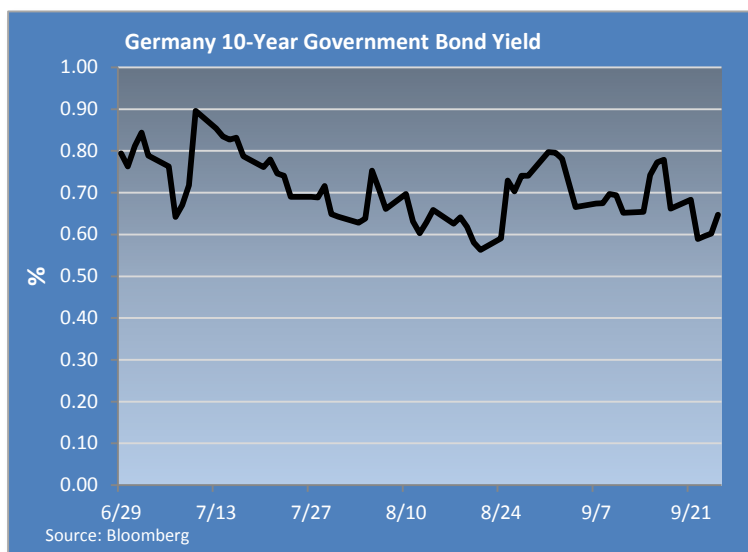
EUROZONE

SELECTED EUROPEAN SOVEREIGN YIELD PERFORMANCE

	Last	Change	% Chg.	YTD %
Germany 10-Yr. Govt.	0.65	1 bps	NM	NM
Greece 10-Yr. Govt.	8.09	-1 bps	NM	NM
Italy 10-Yr. Govt.	1.79	-3 bps	NM	NM
Spain 10-Yr. Govt.	2.03	-8 bps	NM	NM
Belgium 10-Yr. Govt.	0.96	1 bps	NM	NM

	Last	Change	% Chg.	YTD %
France 10-Yr. Govt.	1.04	-1 bps	NM	NM
Ireland 10-Yr. Govt.	1.25	0 bps	NM	NM
Portugal 10-Yr. Govt.	2.55	-4 bps	NM	NM
Netherlands 10-Yr. Govt.	0.83	0 bps	NM	NM
U.K. 10-Yr. Govt.	1.84	-1 bps	NM	NM

Source: Bloomberg
Basis points (bps)



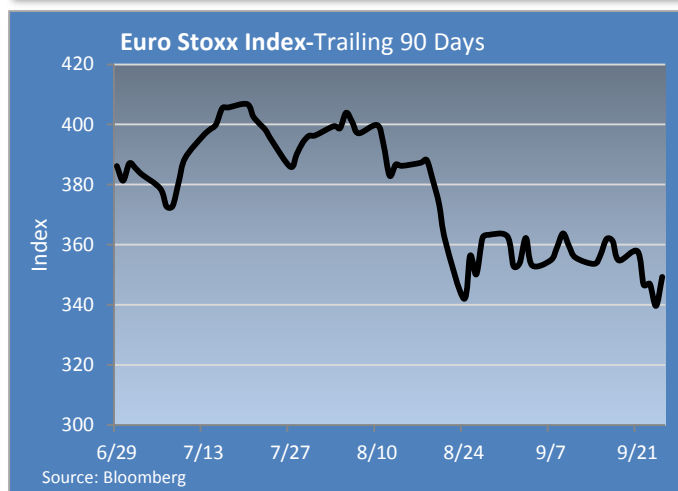
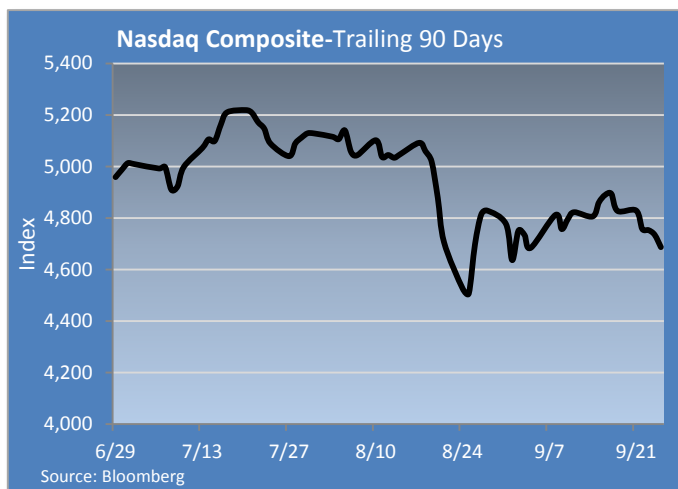
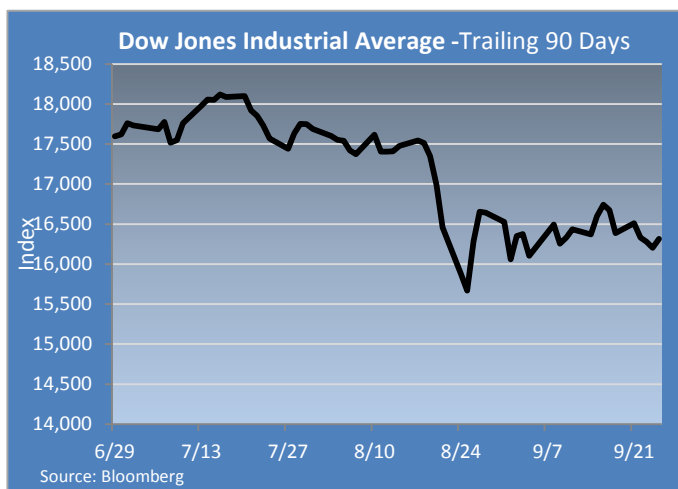
EQUITIES

WORLD MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
S&P 500	1,931.34	-26.69	-1.36%	-6.20%
Dow Industrials	16,314.67	-69.91	-0.43%	-8.46%
Nasdaq Composite	4,686.50	-140.73	-2.92%	-1.05%
Russell Global	1,639.39	-47.64	-2.91%	-7.9%
Russell Global EM	2,481.25	-130.52	-5.03%	-17.3%
S&P/TSX (Canada)	13,378.57	-268.33	-1.97%	-8.57%
Mexico IPC	42,435.23	-1129.82	-2.59%	-1.65%
Brazil Bovespa	44,831.46	-2432.62	-5.15%	-10.35%
Euro Stoxx 600	349.28	-5.49	-1.55%	1.97%
FTSE 100	6,109.01	4.90	0.08%	-6.96%
IBEX 35 (Spain)	9,519.50	-327.70	-3.33%	-7.39%

	Last	Change	% Chg.	YTD %
Swiss Market Index	8,505.94	-233.28	-2.67%	-5.31%
CAC 40 Index (France)	4,480.66	-55.19	-1.22%	4.87%
DAX Index (Germany)	9,688.53	-227.63	-2.30%	-1.19%
Irish Overall Index	6,304.28	-162.89	-2.52%	20.67%
Nikkei 225	17,880.51	-145.97	-0.81%	2.46%
Hang Seng Index	21,186.32	-734.51	-3.35%	-10.25%
Shanghai Composite	3,092.35	-5.57	-0.18%	-4.40%
Kospi Index (S. Korea)	1,942.85	-53.10	-2.66%	1.42%
Taiwan Taiex Index	8,132.35	-329.79	-3.90%	-12.62%
Tel Aviv 25 Index	1,524.08	-71.18	-4.46%	4.03%
MICEX Index (Russia)	1,639.64	-71.20	-4.16%	17.40%

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



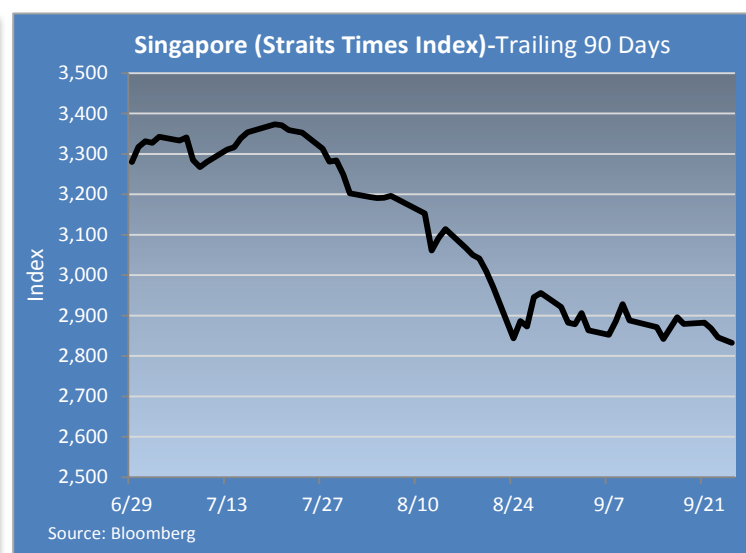
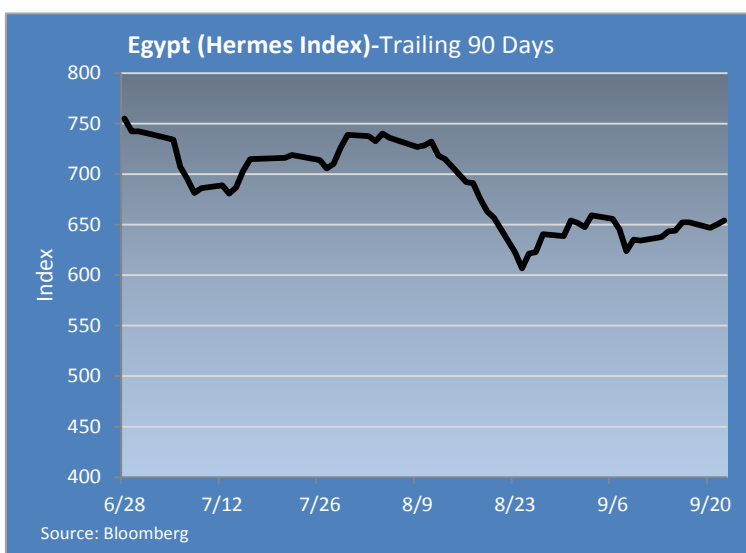
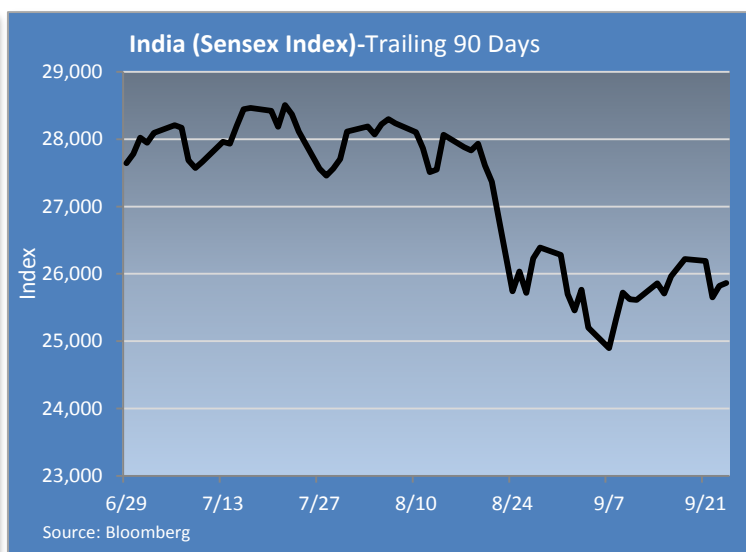
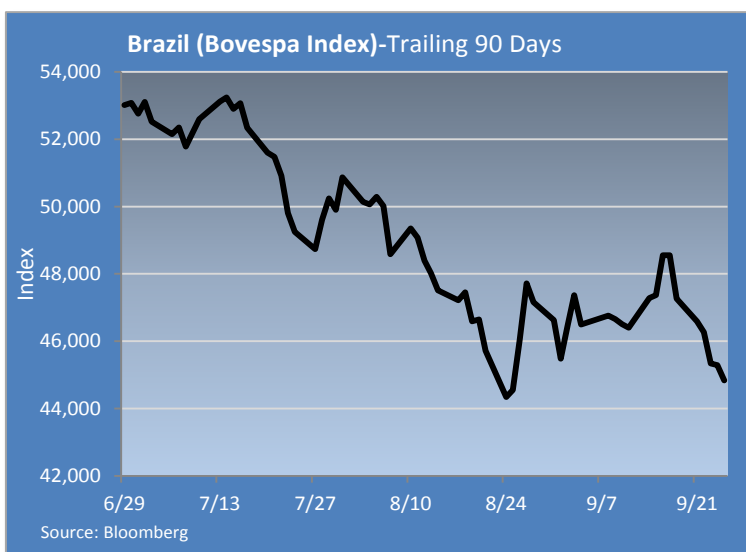
EQUITIES – EMERGING AND FRONTIER MARKETS

EMERGING AND FRONTIER MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
Mexico IPC	42,435.23	-1129.82	-2.6%	-1.6%
Brazil (Bovespa Index)	44,831.46	-2432.62	-5.1%	-10.4%
MICEX Index (Russia)	1,639.64	-71.20	-4.2%	17.4%
Czech Republic (Prague)	962.35	-21.10	-2.1%	1.7%
Turkey (Istanbul)	74,610.20	-488.83	-0.7%	-13.0%
Egypt (Hermes Index)	654.17	1.88	0.3%	-21.5%
Kenya (Nairobi 20 Index)	4,221.10	-15.16	-0.4%	-17.4%
Saudi Arabia (TASI Index)	7,442.71	-107.15	-1.4%	-10.7%
Lebanon (Beirut BLOM Index)	1,136.63	-13.48	-1.2%	-2.9%
Palestine	483.88	-0.97	-0.2%	-3.8%

	Last	Change	% Chg.	YTD %
Hang Seng Index	21,186.32	-734.51	-3.4%	-10.2%
India (Sensex 30)	25,863.50	-355.41	-1.4%	-5.9%
Malaysia (KLCI Index)	1,615.01	-66.53	-4.0%	-8.3%
Singapore (Straits Times Index)	2,832.64	-63.17	-2.2%	-15.8%
Thailand (SET Index)	1,376.83	-13.49	-1.0%	-8.1%
Indonesia (Jakarta)	4,209.44	-168.95	-3.9%	-19.5%
Pakistan (Karachi KSE 100)	32,822.84	61.89	0.2%	2.2%
Vietnam (Ho Chi Minh)	570.38	4.13	0.7%	4.5%
Sri Lanka (Colombo)	7,110.80	-2.71	0.0%	-2.6%
Cambodia (Laos)	1,229.23	8.89	0.7%	-13.1%

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

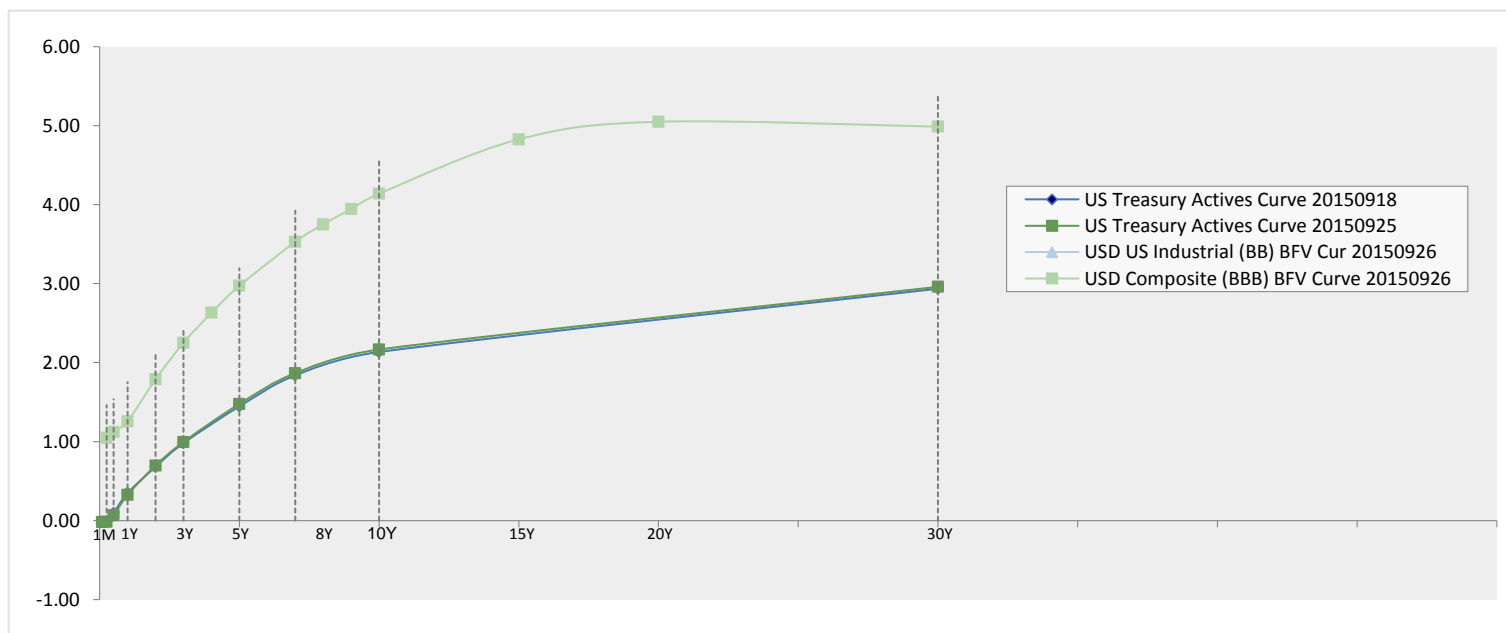


INTEREST RATES

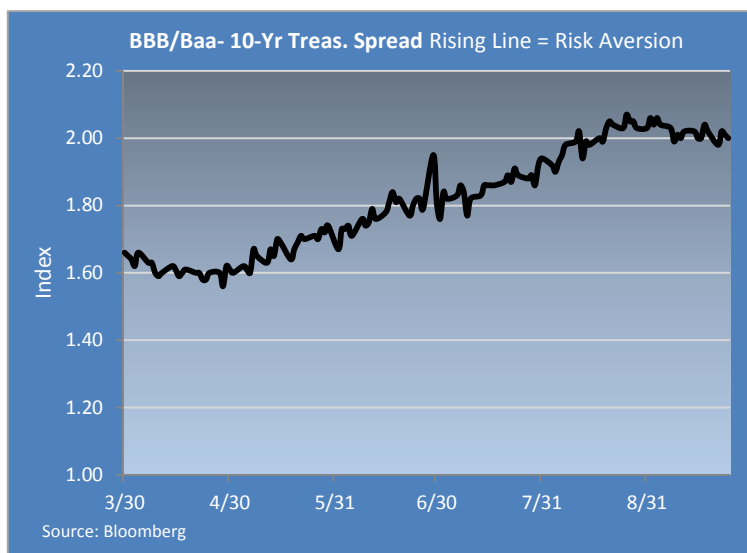
SELECTED INTEREST RATES

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
2-Yr. U.S. Treasury	0.69%	0 bps	NM	NM	Prime Rate	3.25%	0.00	NM	NM
5-Yr. U.S. Treasury	1.48%	4 bps	NM	NM	Fed Funds Rate	0.25%	0.00	NM	NM
10-Yr. U.S. Treasury	2.17%	4 bps	NM	NM	Discount Rate	0.75%	0.00	NM	NM
30-Yr. U.S. Treasury	2.96%	3 bps	NM	NM	LIBOR (3 Mo.)	0.33%	1 bps	NM	NM
German 10-Yr. Govt.	0.65%	1 bps	NM	NM	Bond Buyer 40 Muni	4.07%	-6 bps	NM	NM
France 10-Yr.	1.04%	-1 bps	NM	NM	Bond Buyer 40 G.O.	3.71%	NA	NM	NM
Italy 10-Yr.	1.79%	-3 bps	NM	NM	Bond Buyer 40 Rev.	4.10%	NA	NM	NM
Fed 5-Yr Fwd BE Inf.	1.78%	-4 bps	NM	NM					

Source: Bloomberg



Source: Bloomberg



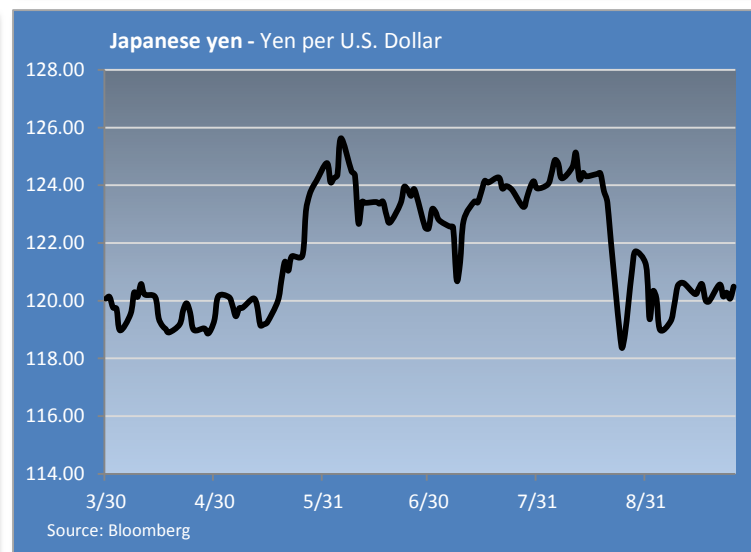
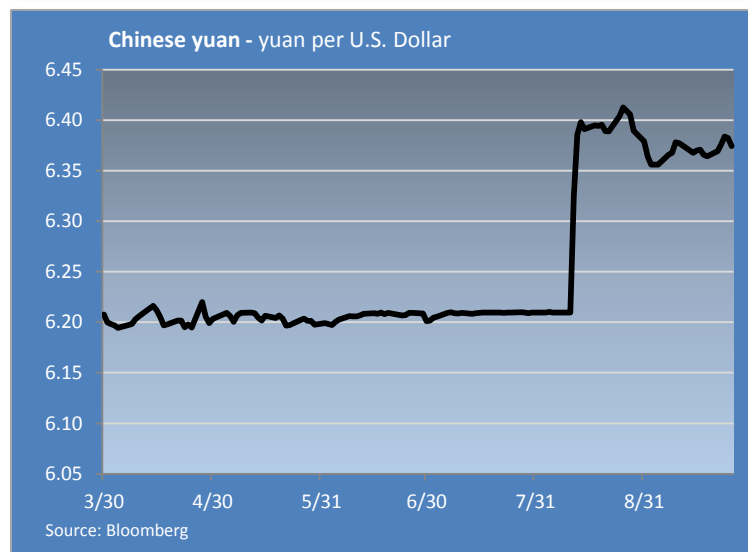
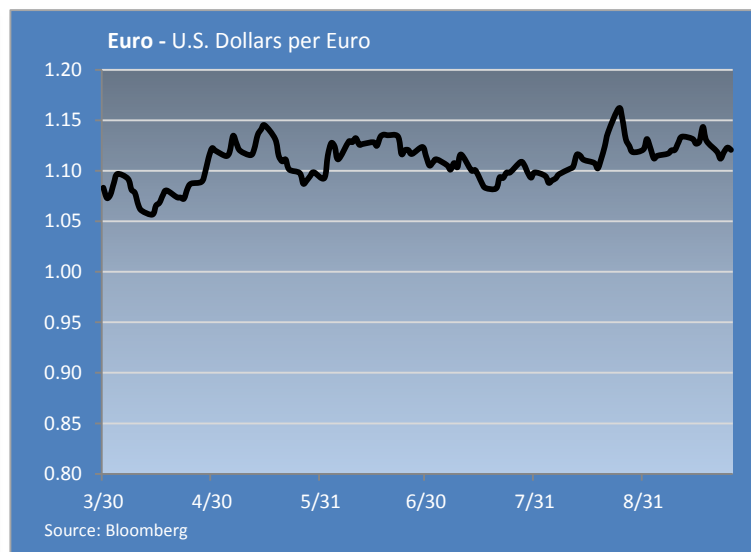
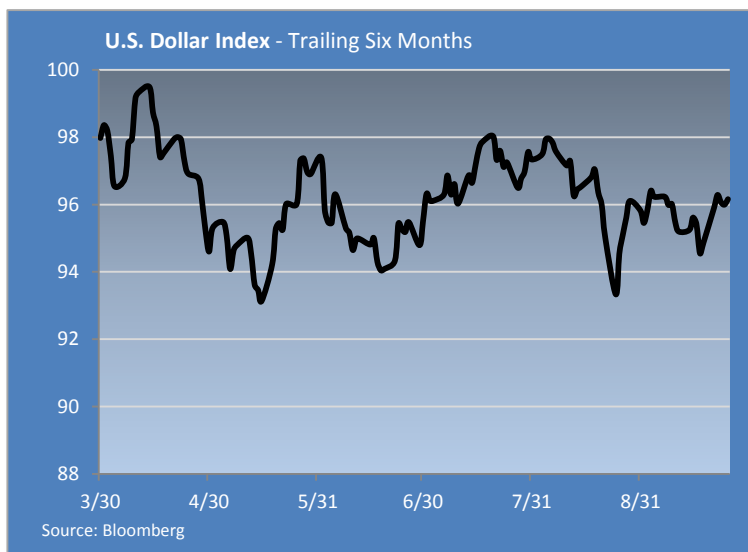
CURRENCIES

SELECTED CURRENCY PERFORMANCE

	Last	Change	% Chg.	YTD %
Dollar Index	96.15	1.296	1.37%	6.52%
Euro	1.12	-0.009	-0.81%	-7.36%
Japanese Yen	120.48	0.510	-0.42%	-0.59%
British Pound	1.52	-0.033	-2.13%	-2.39%
Canadian Dollar	1.33	0.010	-0.76%	-12.80%

	Last	Change	% Chg.	YTD %
Chinese Yuan	6.37	0.010	-0.16%	-2.65%
Swiss Franc	0.98	0.009	-0.94%	1.65%
New Zealand Dollar	0.64	-0.002	-0.25%	-18.14%
Brazilian Real	3.97	0.033	-0.83%	-33.20%
Mexican Peso	16.96	0.313	-1.84%	-13.05%

Source: Bloomberg

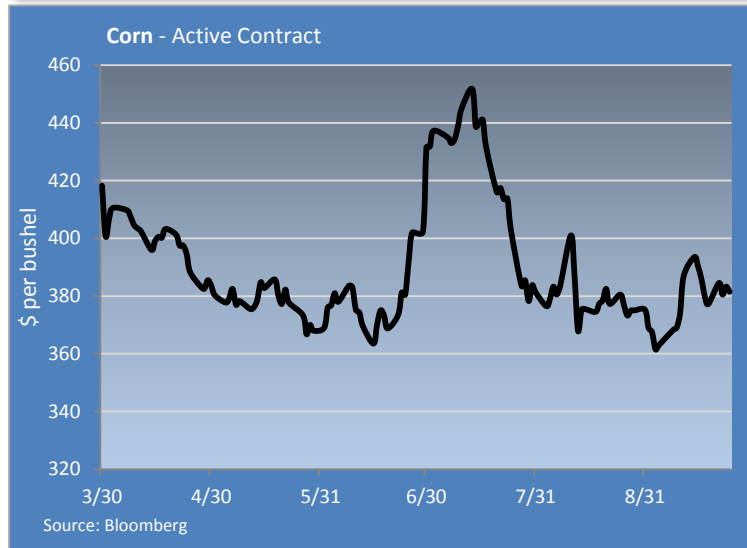
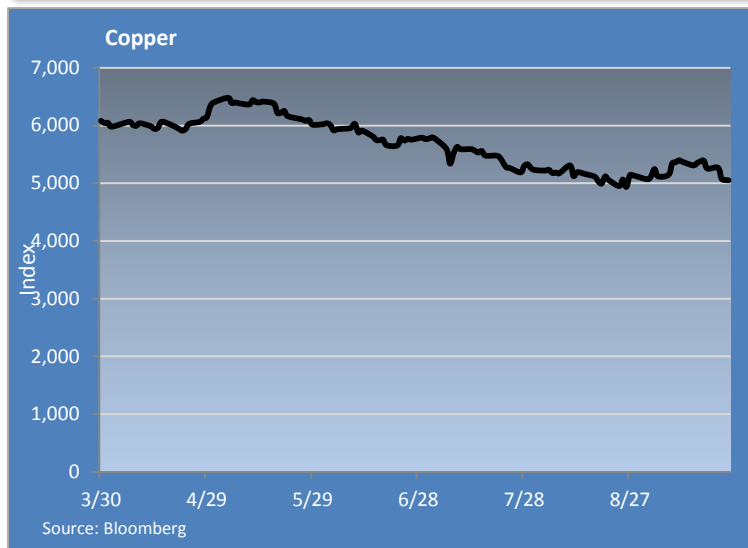
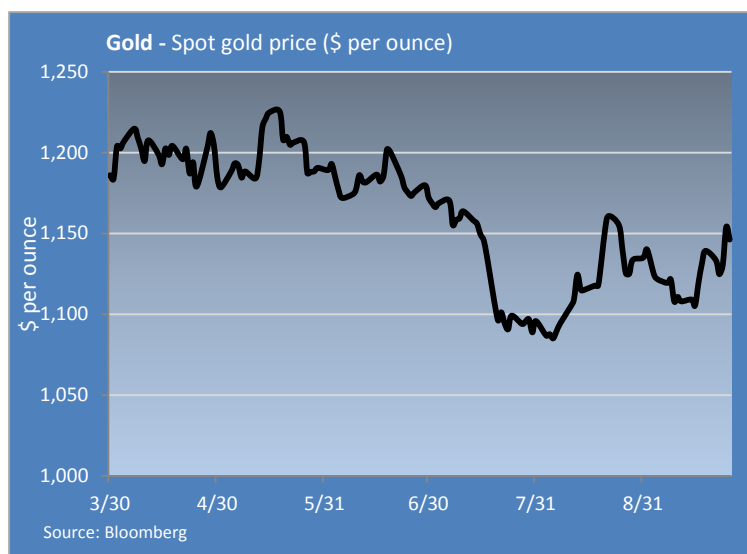
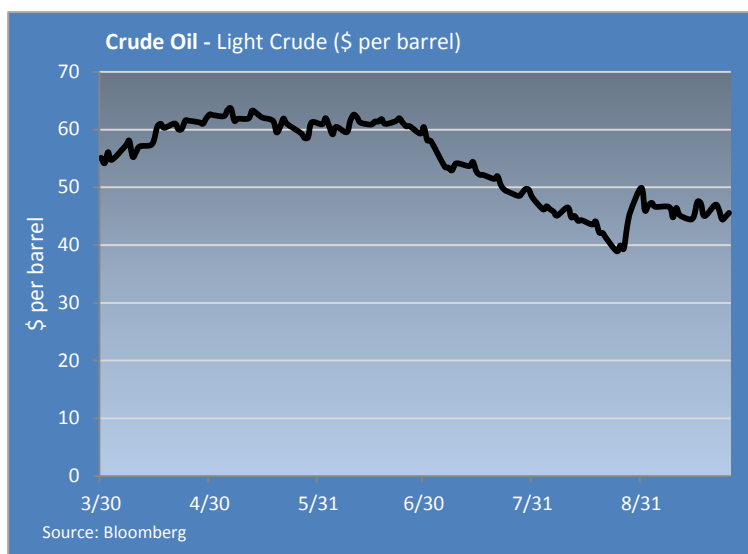


COMMODITIES

SELECTED COMMODITY MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
DJ UBS Comm. Idx.	88.49	0.77	0.87%	-15.18%	Platinum Spot	\$947.45	-\$34.75	-3.54%	-21.60%
Rogers Int. Comm. Idx.	2285.94	-41.74	-1.79%	-18.14%	Corn	389.00	11.75	3.11%	-7.60%
Crude Oil	\$45.54	\$0.56	1.24%	-22.47%	Wheat	507.75	21.00	4.31%	-17.41%
Natural Gas	\$2.56	-\$0.04	-1.65%	-15.67%	Soybeans	889.25	22.00	2.54%	-11.56%
Gasoline (\$/Gal.)	\$2.29	-\$0.01	-0.26%	2.28%	Sugar	12.41	0.71	6.07%	-24.42%
Heating Oil	151.80	2.76	1.85%	-19.45%	Orange Juice	108.05	-12.15	-10.11%	-24.91%
Gold Spot	\$1,146.03	\$6.96	0.61%	-3.22%	Aluminum	1,579.00	-45.00	-2.77%	-14.76%
Silver Spot	\$15.09	-\$0.09	-0.57%	-3.98%	Copper	5,051.00	-203.00	-3.86%	-19.83%

Source: Bloomberg; % change is based on price.



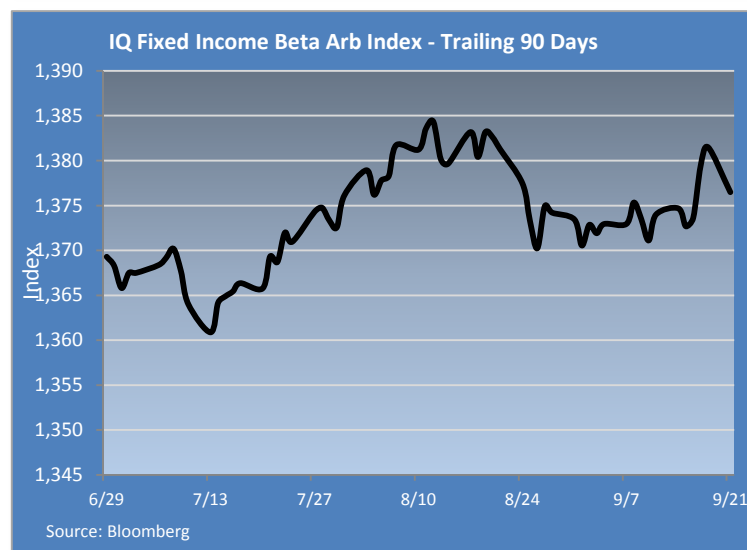
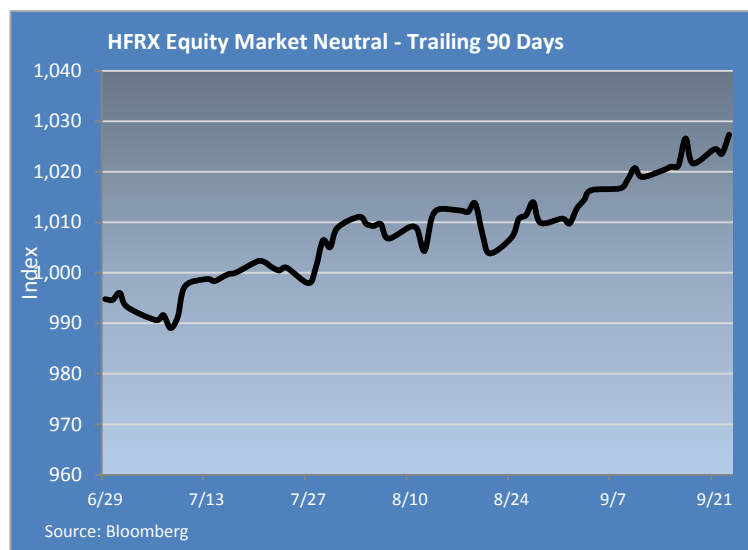
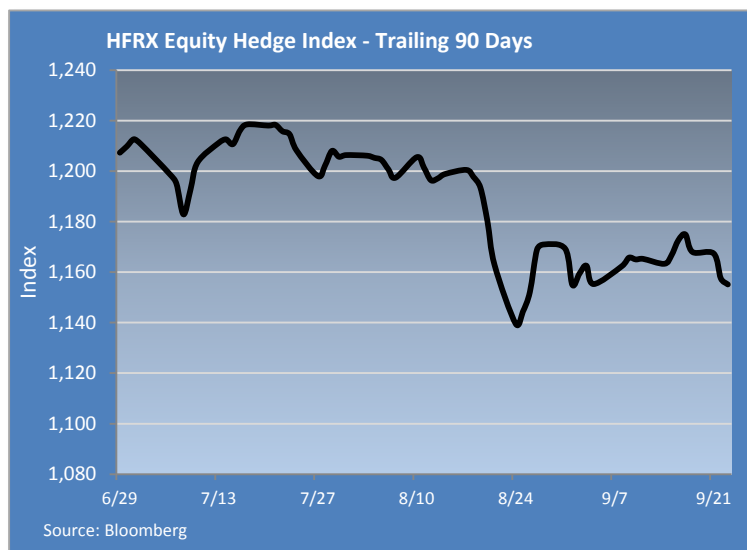
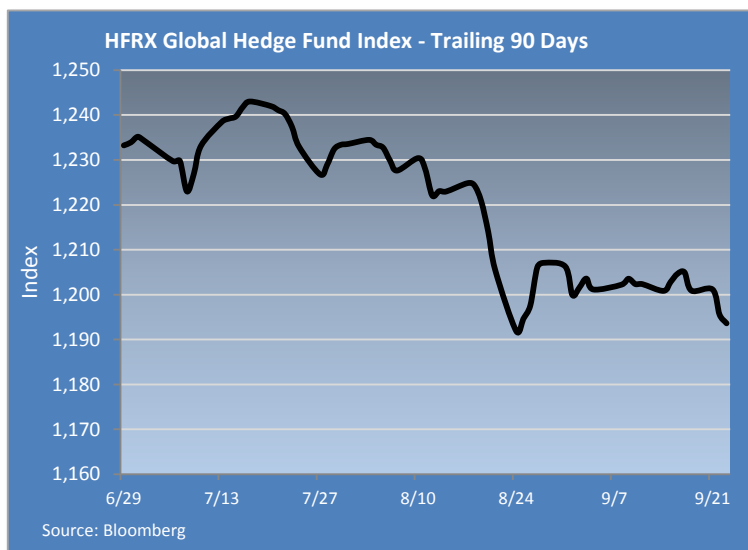
ALTERNATIVE INVESTMENTS

SELECTED ALTERNATIVE INVESTMENT INDEX PERFORMANCE

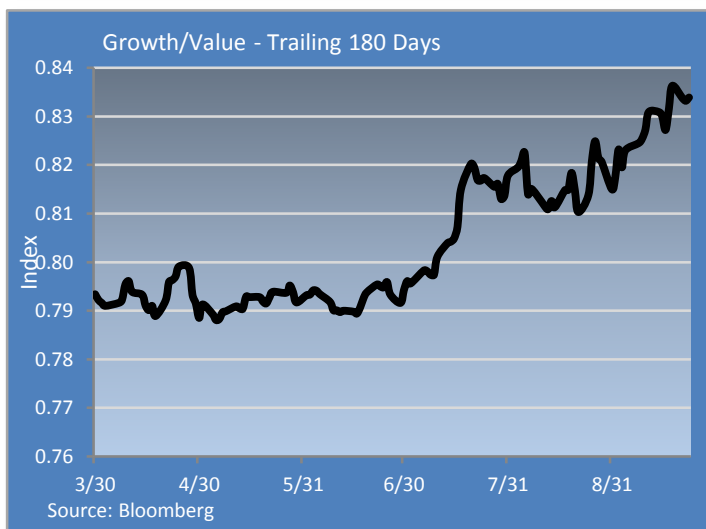
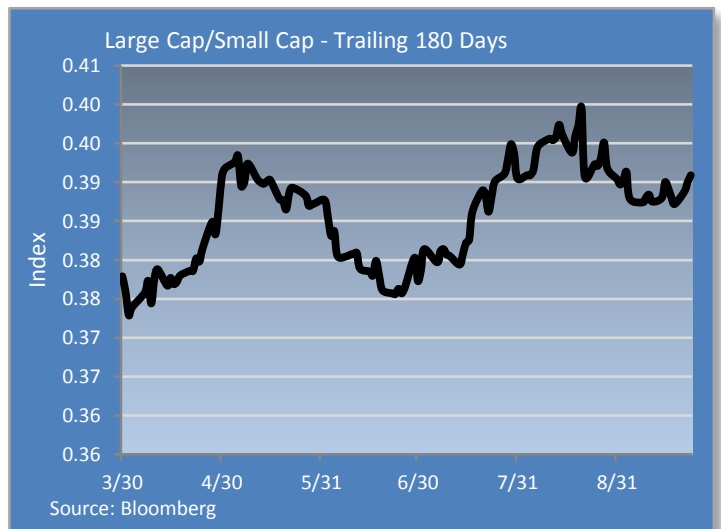
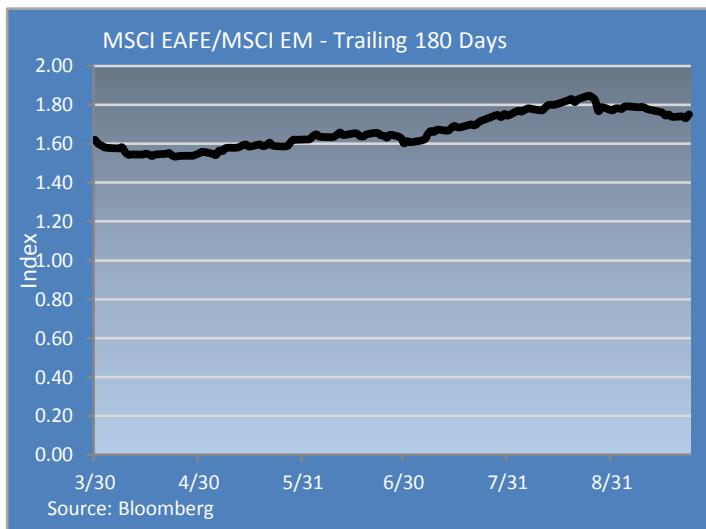
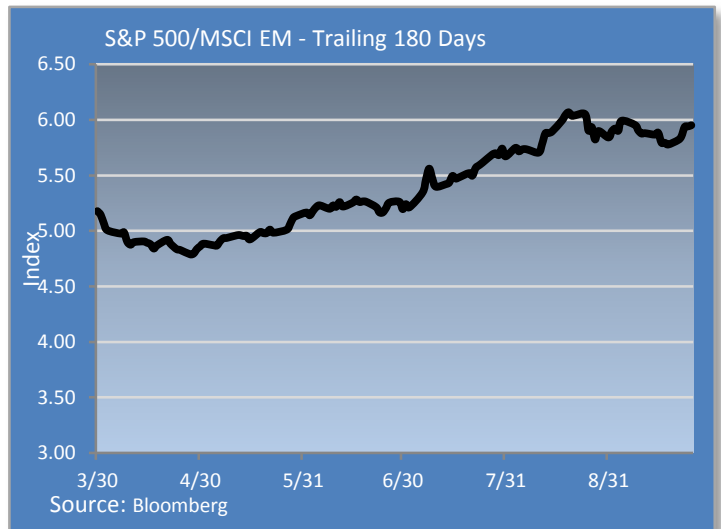
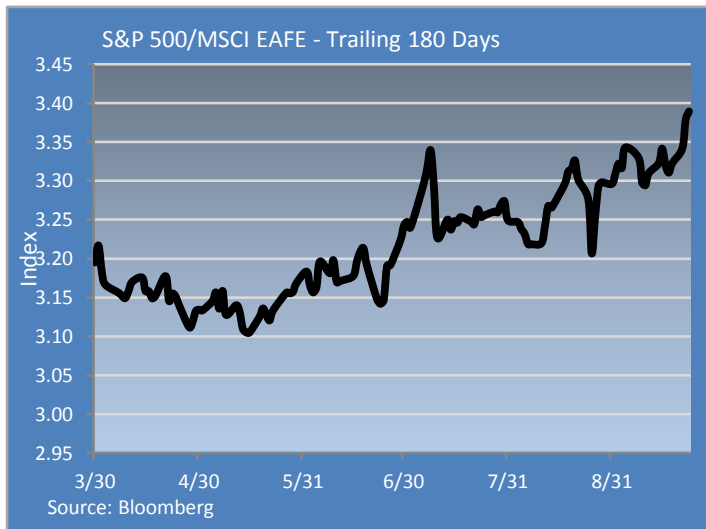
	Last	Change	% Chg.	YTD %
HFRX Global Hedge Fund Index	1204.97	-9.67	-0.81%	-2.23%
HFRX Equity Market Neutral	1026.61	5.00	0.49%	4.09%
HFRX Equity Hedge Index	1174.92	-14.98	-1.28%	-2.44%
HFRX Event-Driven Index	1462.04	-17.98	-1.24%	-5.03%
HFRX Absolute Return Index	1027.40	-2.63	-0.26%	2.56%

	Last	Change	% Chg.	YTD %
HFRX Distressed Index	979.19	-9.20	-0.94%	-3.98%
HFRX Merger Arbitrage Index	1687.09	-1.90	-0.11%	5.01%
HFRX Convertible Arbitrage Index	719.26	-4.43	-0.61%	1.92%
HFRX Macro CTA Index	1170.35	5.17	0.44%	-1.53%
IQ Fixed Income Beta Arb Index	1377.24	-4.24	-0.31%	-0.75%

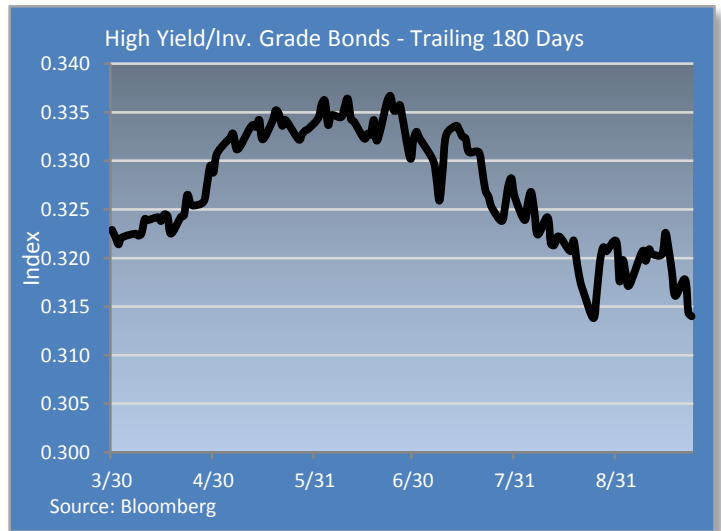
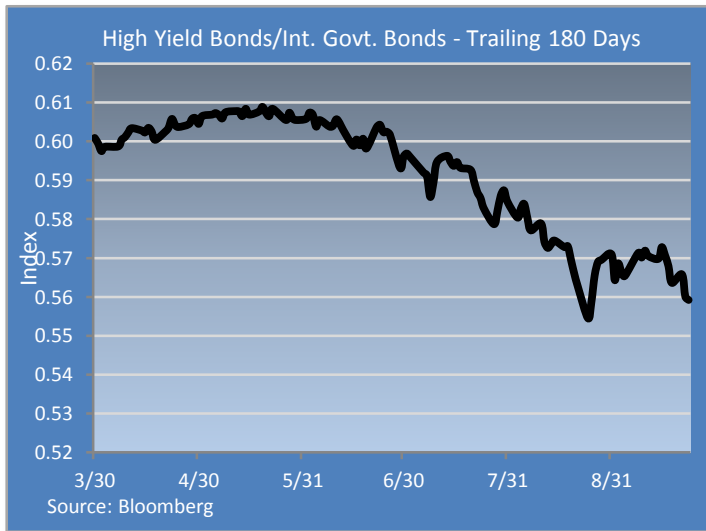
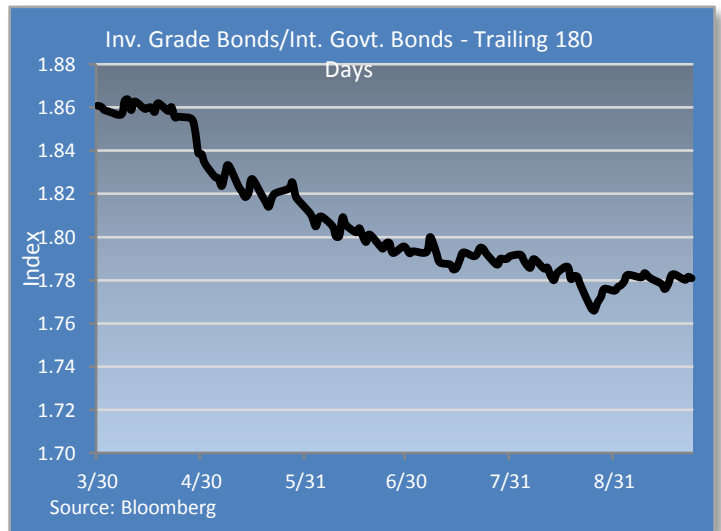
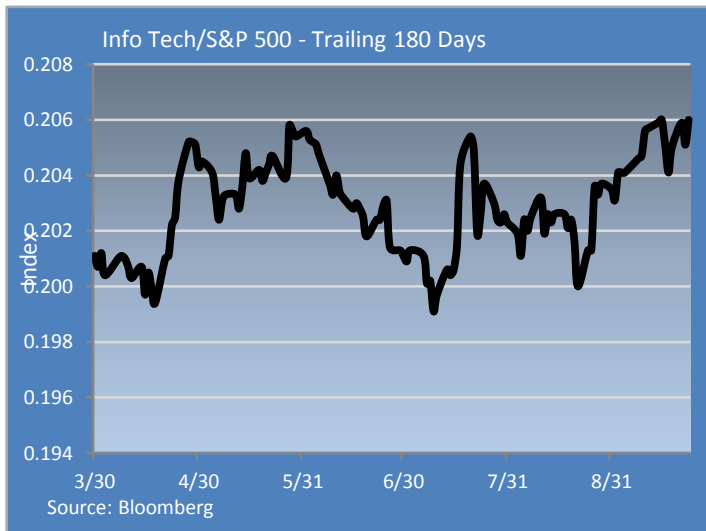
Source: Bloomberg; Index % change is based on price.



PORTFOLIO CONSTRUCTION



PORTFOLIO CONSTRUCTION (cont'd.)



WEEKLY ASSET CLASS PERFORMANCE (Prior 12 weeks ending Thursday)

			7/9	7/16	7/23	7/30	8/6	8/13	8/20	8/27	9/3	9/10	9/17	9/24
Equity	Domestic Equity	Large Cap (R200)	-1.23%	3.86%	-0.95%	0.33%	-1.31%	-0.16%	-2.44%	-2.30%	-1.90%	0.10%	1.94%	-2.79%
		Small Cap (R2000)	-1.13%	3.13%	-2.19%	-1.04%	-1.32%	-0.91%	-2.67%	-1.61%	-0.73%	0.69%	2.40%	-3.66%
	Int'l. Equity	MSCI EAFE	-2.17%	4.28%	-0.89%	-0.97%	0.88%	-1.58%	-2.73%	-3.57%	-1.56%	0.36%	1.27%	-5.35%
		MSCI Em. Mkts.	-5.32%	2.38%	-1.93%	-3.19%	-1.02%	-2.27%	-3.99%	-2.07%	-1.43%	0.33%	2.90%	-5.05%
Fixed Income	BarCap Agg. (AGG)	0.37%	-0.06%	0.33%	-0.06%	-0.06%	0.10%	0.41%	-0.43%	-0.05%	-0.10%	0.24%	0.10%	
	High Yield (JNK)	-0.73%	0.66%	-1.36%	0.45%	-1.26%	-0.96%	-0.86%	0.38%	-0.32%	0.62%	-0.40%	-1.87%	
Commodities	DJ UBS Index	-2.77%	-0.97%	-3.76%	-1.87%	-2.26%	-0.09%	-1.35%	-1.69%	1.94%	-0.31%	-0.13%	-1.30%	
Alternatives	Hedge Funds (HFRX Global)	-0.59%	1.21%	-0.36%	-0.32%	-0.29%	-0.55%	-0.75%	-0.65%	-0.21%	-0.10%	0.22%	-1.14%	
Asset Allocation	60/40*	-0.98%	2.25%	-0.69%	-0.31%	-0.53%	-0.50%	-1.51%	-1.62%	-0.99%	0.16%	1.22%	-2.32%	
	48/32/20 (w/Alts.)**	-0.90%	2.04%	-0.62%	-0.31%	-0.48%	-0.51%	-1.36%	-1.43%	-0.83%	0.11%	1.02%	-2.08%	

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	0.95	1.06	1.03	1.02	1.04	1.02	1.01	1.02	1.21	1.17	0.90	1.01	0.83	1.29
Large Cap Growth	1.06	1.00	1.12	1.09	1.07	1.09	1.08	1.07	1.08	1.28	1.24	0.95	1.06	0.88	1.36
Large Cap Value	0.95	0.90	1.00	0.97	0.96	0.98	0.97	0.96	0.97	1.15	1.11	0.85	0.95	0.79	1.22
Mid Cap Core	0.97	0.92	1.03	1.00	0.99	1.01	0.99	0.98	0.99	1.18	1.14	0.88	0.98	0.81	1.26
Mid Cap Growth	0.98	0.93	1.04	1.01	1.00	1.02	1.00	0.99	1.00	1.19	1.15	0.89	0.99	0.82	1.27
Mid Cap Value	0.96	0.91	1.02	0.99	0.98	1.00	0.99	0.97	0.99	1.17	1.13	0.87	0.97	0.80	1.25
Small Cap Core	0.98	0.93	1.03	1.01	1.00	1.01	1.00	0.99	1.00	1.18	1.15	0.88	0.99	0.81	1.26
Small Cap Growth	0.99	0.94	1.05	1.02	1.01	1.03	1.01	1.00	1.01	1.20	1.16	0.89	1.00	0.82	1.28
Small Cap Value	0.98	0.93	1.03	1.01	1.00	1.01	1.00	0.99	1.00	1.18	1.15	0.88	0.99	0.81	1.26
Int'l. Developed	0.83	0.78	0.87	0.85	0.84	0.86	0.84	0.83	0.84	1.00	0.97	0.75	0.83	0.69	1.07
Emerging Markets	0.85	0.81	0.90	0.88	0.87	0.88	0.87	0.86	0.87	1.03	1.00	0.77	0.86	0.71	1.10
REITs	1.11	1.05	1.17	1.14	1.13	1.15	1.13	1.12	1.13	1.34	1.30	1.00	1.12	0.92	1.43
Commodities	0.99	0.94	1.05	1.02	1.01	1.03	1.01	1.00	1.01	1.20	1.16	0.90	1.00	0.83	1.28
Int. Bond	1.20	1.14	1.27	1.24	1.22	1.25	1.23	1.21	1.23	1.46	1.41	1.08	1.21	1.00	1.55
High Yield	0.77	0.73	0.82	0.80	0.79	0.80	0.79	0.78	0.79	0.94	0.91	0.70	0.78	0.64	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.

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 **Citigroup World Government Bond Index** measures the performance of fixed-rate, local currency, investment grade sovereign bonds and comprises sovereign debt from over 20 countries, denominated in a variety of currencies. 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 **HFRI 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 HFRI Methodology (UCITS compliant), a proprietary and highly quantitative process by which hedge funds are selected as constituents for the HFRI 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 **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 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 **CBOE Volatility Index (VIX)** is an up-to-the-minute market estimate of expected volatility that is calculated by using real-time S&P 500 Index option bid/ask quotes. The Index uses nearby and second nearby options with at least 8 days left to expiration and then weights them to yield a constant, 30-day measure of the expected volatility of the S&P 500 Index. The **MSCI EAFE Index** is designed to measure the equity market performance of developed markets outside of the U.S. & Canada. The **MSCI EAFE Growth Index** is an unmanaged index considered representative of growth stocks of Europe, Australasia and the Far East. The **MSCI EAFE Value Index** is an unmanaged index considered representative of value stocks of Europe, Australasia and the Far East. The **MSCI EM (Emerging Markets) Latin America Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of emerging markets in Latin America. The **MSCI World ex-U.S. Index** captures large and mid-cap representation across 22 of 23 Developed Markets (DM) countries - excluding the US. With 1,002 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country. (DM countries include: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the UK.) The **MSCI Japan Index** is designed to measure the performance of the large and mid-cap segments of the Japanese market. With 320 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in Japan. The **MSCI Emerging Markets Index** is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The **MSCI Europe Index** is an unmanaged index considered representative of stocks of developed European countries. The **MSCI Pacific Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the developed markets in the Pacific region. The **Barclays Intermediate US Government/Credit Bond Index** is a market capitalization-weighted index of investment-grade, fixed-rate debt issues, including Treasuries, government-related and U.S. corporate securities, with maturities of at least one year and less than 10 years.

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