

## Chart of the Week



## Weekly Highlights

- Domestic stock prices were slumped severely this week.** Broad equity indices plunged on investor concerns about the pace of global economic growth. After setting a record high on Sept. 18, the S&P 500 has declined about 5%. The Nasdaq Composite suffered its worst weekly decline since May 2012. The Chicago Board Options Exchange Volatility Index (VIX) posted the largest weekly percentage jump since January.
- Global markets also suffered on the week.** World markets were also significantly lower this week, with European stocks delivering their worst weekly loss since May 2012. Policymakers in the region are finding it difficult to stimulate growth. Asian stocks fell as well, as China's government called off talks with protesters in Hong Kong.
- Treasury prices were higher for the week.** The yield on the benchmark 10-year U.S. Treasury plunged this week, as investors sought a safe haven from volatile equity markets.
- Commodity indices were mixed on the week.** Crude oil plunged, but precious metals and grains advanced. Broad-based commodity indices are trading near five-year lows due to a glut of supply.

## Talking Points

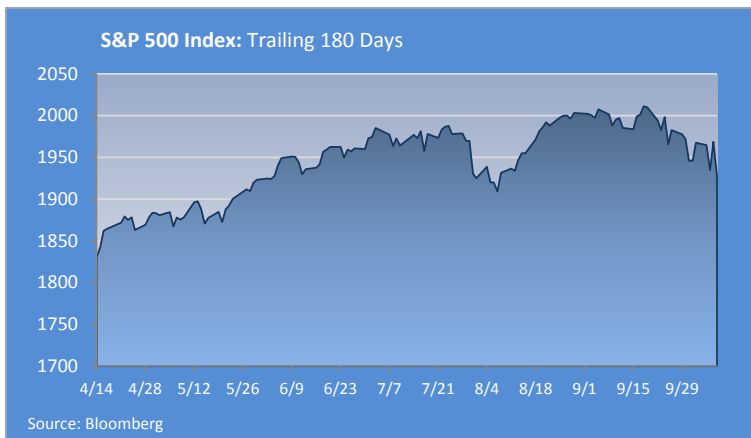
- Among equities**, large-caps outperformed small-caps, and value stocks outperformed growth-oriented issues. Domestic stocks outperformed international equities. Developed markets underperformed emerging market stocks.
- Treasury prices were sharply higher this week.** The yield on the 10-year T-note was significantly lower.
- Commodity prices were mixed on the week.** Crude oil declined, but metals and grains advanced.
- The dollar was lower** this week against a basket of currencies.
- Among economic data released this week**, consumer credit posted its lowest gain since November; in Germany, factory orders and industrial production declined more than expected; in the U.K., industrial production declined, but was in line with expectations; and initial jobless claims in the latest week declined.

### MARKET DASHBOARD

	Last Price	Change	% Chg.	YTD %
<b>S&amp;P 500</b>	1,906.10	-47.38	-2.41%	3.9%
<b>Dow Industrials</b>	16,544.10	-337.05	-1.98%	0.6%
<b>Nasdaq</b>	4,276.24	-141.13	-3.15%	3.8%
<b>Russell 2000</b>	1,053.41	-42.61	-3.86%	-8.7%
<b>Euro Stoxx Index</b>	321.62	-13.57	-4.05%	-2.0%
<b>Shanghai Composite</b>	2,374.54	26.82	1.14%	12.2%
<b>Russell Global</b>	1,652.92	-37.32	-2.19%	-1.8%

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

	Last Price	Change	% Chg.	YTD %
<b>Russell Global EM</b>	3,144.89	30.31	0.97%	1.2%
<b>10-Year US Treas.</b>	2.31	-14 bps	NM	NM
<b>DJ UBS Comm. Idx.</b>	118.20	0.34	0.29%	-5.9%
<b>Gold</b>	\$1,223.05	\$31.74	2.66%	1.8%
<b>Crude Oil</b>	\$85.32	-\$4.41	-4.91%	-8.6%
<b>Dollar Index</b>	85.90	-0.86	-0.99%	7.2%
<b>VIX Index</b>	21.14	5.09	34.98%	43.1%



	One Week			YTD		
	Value	Growth		Value	Growth	
L	-2.75%	-2.31%	-1.88%	3.08%	4.07%	5.07%
	-2.63%	-3.38%	-4.07%	3.35%	1.80%	0.45%
S	-2.88%	-3.86%	-4.82%	-8.67%	-8.72%	-8.76%

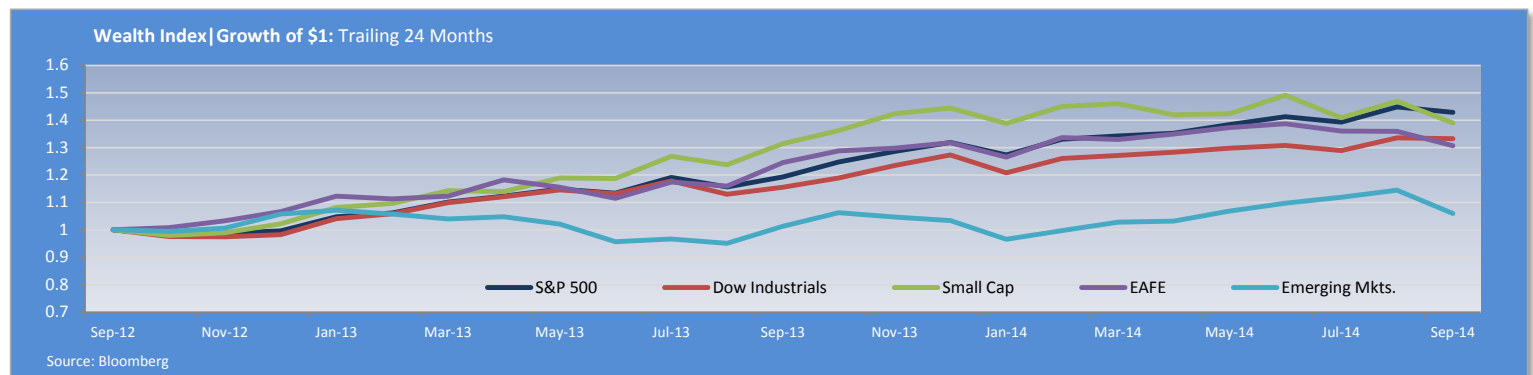
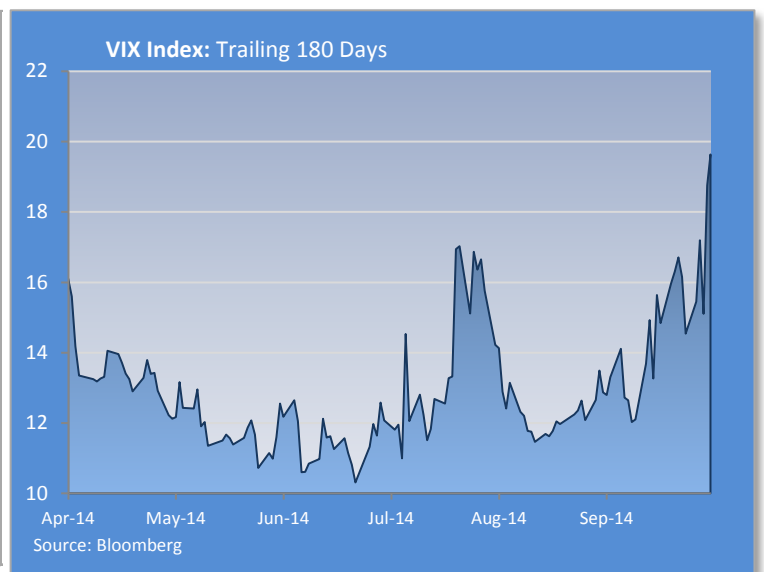
Source: Bloomberg

**Sector Performance:**

**S&P/Global Industry Classification Sectors (GICS)**

	% Wgt in S&P 500	Week % Chg.	YTD % Chg.
<b>Consumer Discretionary</b>	11.7	-2.80%	-2.6%
<b>Consumer Staples</b>	10.0	1.12%	6.9%
<b>Energy</b>	9.3	-4.64%	-5.4%
<b>Financials</b>	16.5	-2.08%	4.2%
<b>Health Care</b>	14.2	-1.14%	14.7%
<b>Industrials</b>	10.1	-4.02%	-3.5%
<b>Information Technology</b>	19.4	-2.76%	8.7%
<b>Materials</b>	3.3	-3.89%	0.7%
<b>Telecom Services</b>	2.4	-2.02%	1.4%
<b>Utilities</b>	3.1	1.09%	13.1%

Source: Bloomberg



## THE ECONOMY AND MARKETS

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### ***A Macro View – Volatility Spike***

Quite the week it has been. For much of the year, we have been recommending that periods of market placidity should be used as precious opportunities to assess and reposition. Those benign times are when changes are best made, but of course, human nature being what it is, those times are also when it feels less urgent to make such changes.

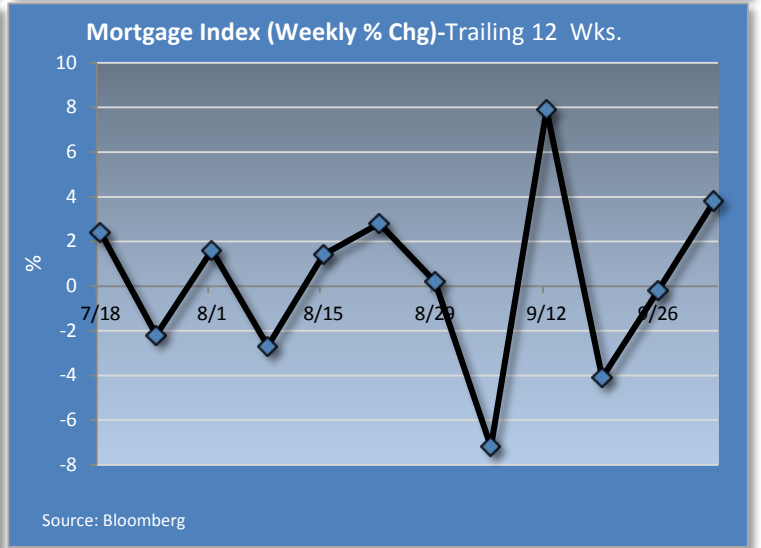
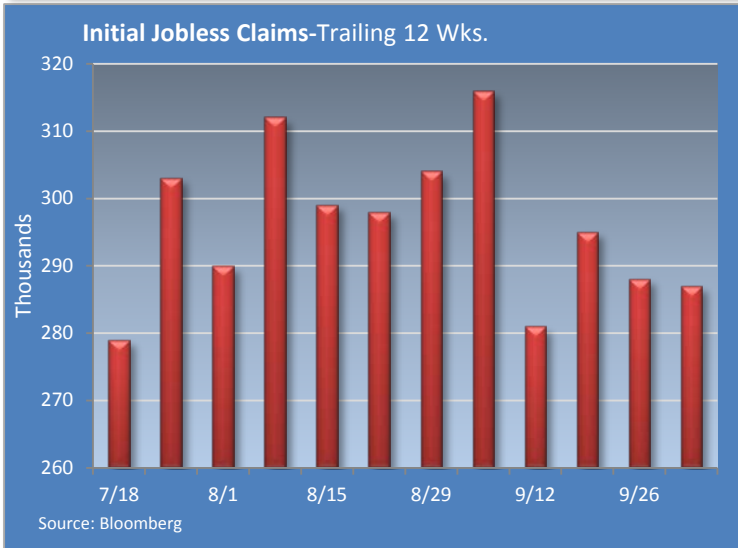
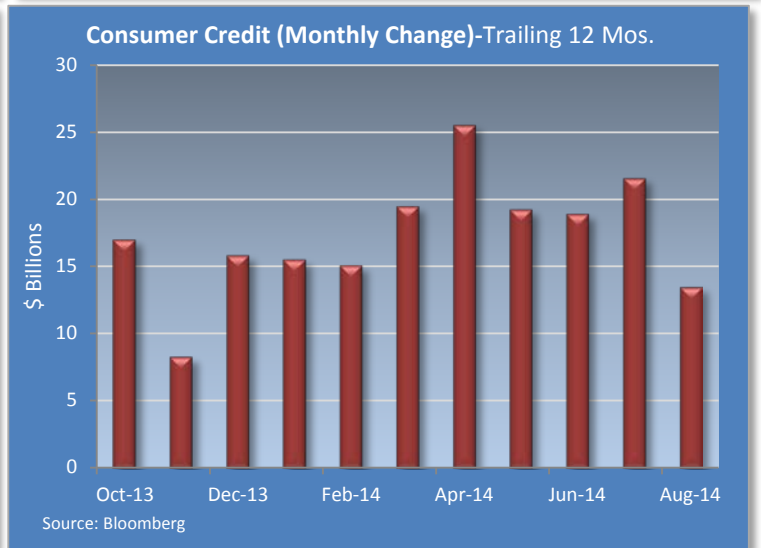
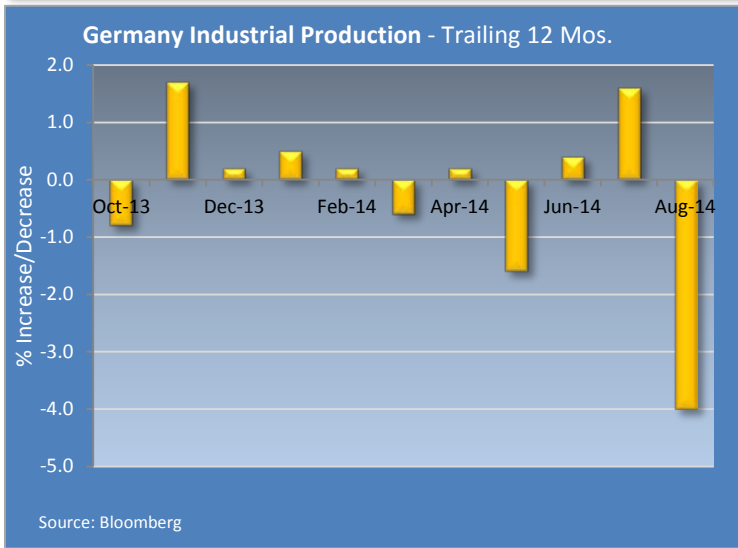
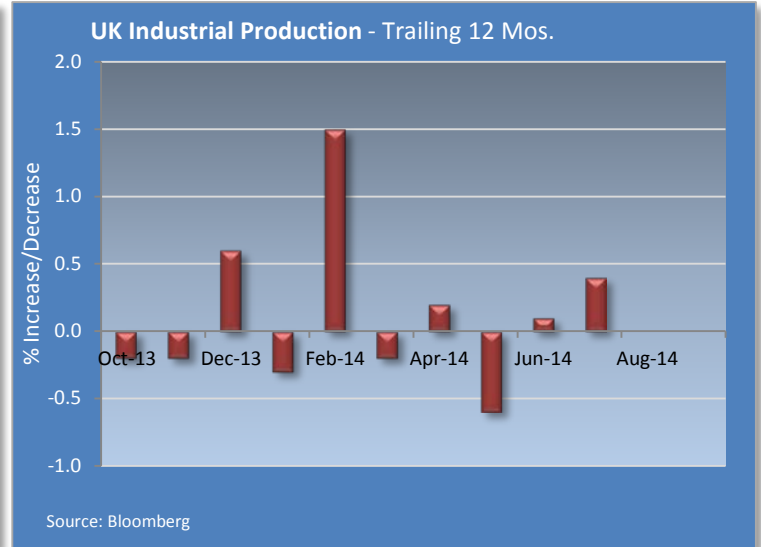
Now we have been greeted with volatility, and then some. One to two percent moves daily in stocks; currencies globally declining with the dollar strengthening; and sovereign yields dropping with negative cascade effects on emerging-market and high-yield instruments. Some of these sharp moves may have been triggered by warnings from the IMF that Europe was on the edge of another dip into recession and that global growth is weakening. Some may be a product of continued digestion of the end of quantitative easing by the Fed. And some may be a nervous environment in the face of multiple global concerns such as Ebola spreading and ISIS advancing.

Next week, market attention will turn to the slew of third quarter earnings, which will likely offer some decent upside surprises akin to what we saw in July. Even so, once markets plunge into volatility, it takes a while to subside. We have had a few bouts this year already, early in the year and again in August, and the past week felt even more substantial. While the S&P 500 has only declined about 5% from highs, other areas of the market are much, much weaker, especially small-cap stocks (as measured by the Russell 2000 Index) which are already in correction and are off in excess of 10% from their highs. While this is not an optimal time to trade and react (unless you are a trader...), it may be a time to dip into sectors or asset classes that seemed too pricey only a few months back. The operative word is dip, given that what now looks less expensive may of course be less expensive still if the current downtrend continues.

Still, this sell-off and global market unease has not been triggered by any clear or radical deterioration, or by a sudden unexpected shift in anything other than sentiment. That matters, as absent genuine crisis, markets will sooner or later follow underlying fundamentals, especially stocks. Those fundamentals may not be stellar (and have not been at any point in the past few years), but they are hardly terrible. Markets can detach from that for a while, but not completely.

Zachary Karabell  
*Head of Global Strategy*

**THIS WEEK IN THE ECONOMY AND MARKETS**



## EUROZONE

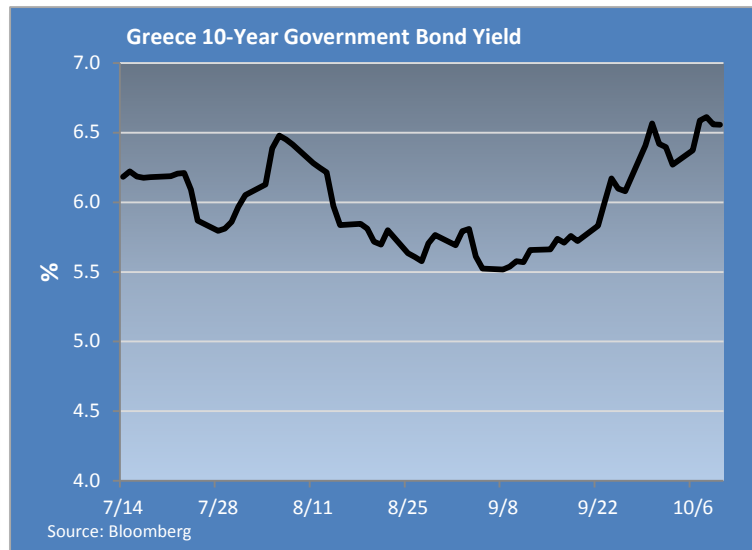
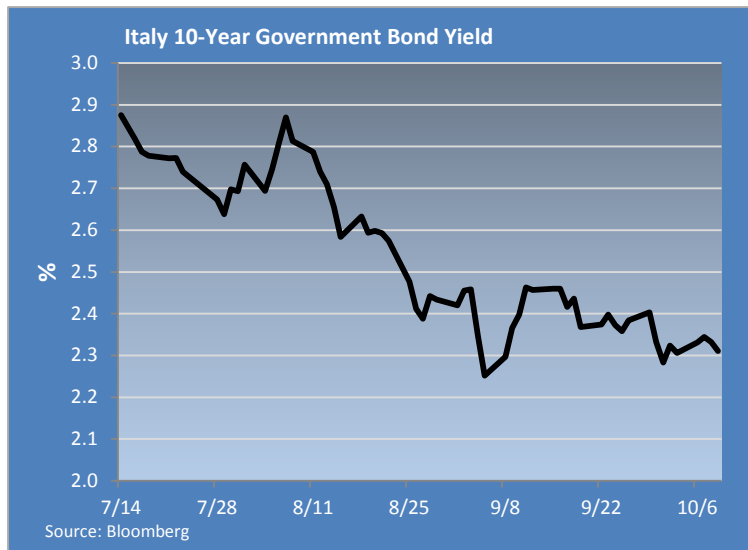
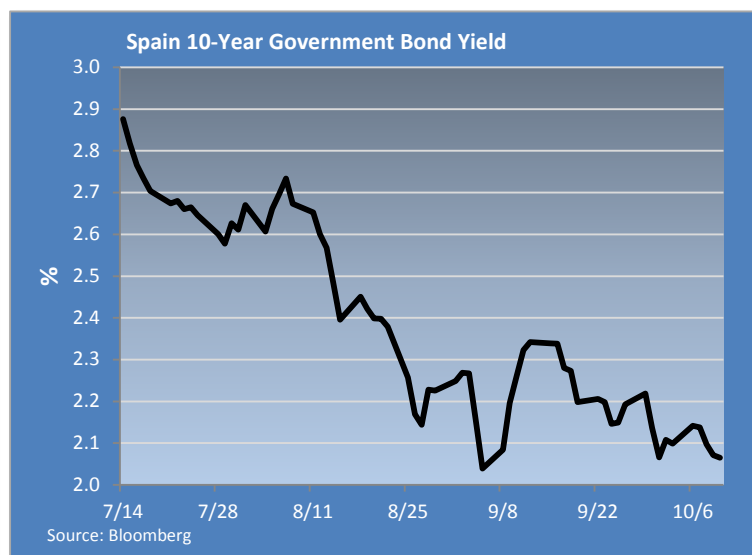
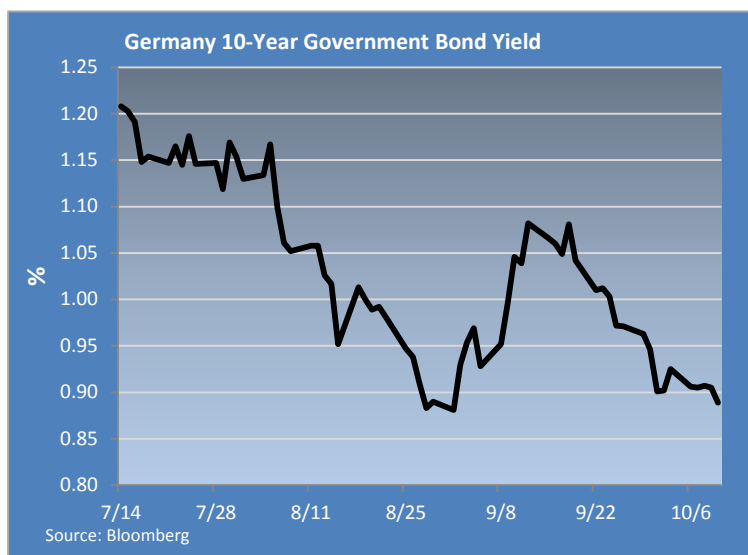
### SELECTED EUROPEAN SOVEREIGN YIELD PERFORMANCE

	Last	Change	% Chg.	YTD %
Germany 10-Yr. Govt.	0.89	3 bps	NM	NM
Greece 10-Yr. Govt.	6.56	-17 bps	NM	NM
Italy 10-Yr. Govt.	2.32	-2 bps	NM	NM
Spain 10-Yr. Govt.	2.07	3 bps	NM	NM
Belgium 10-Yr. Govt.	1.17	1 bps	NM	NM

	Last	Change	% Chg.	YTD %
France 10-Yr. Govt.	1.25	1 bps	NM	NM
Ireland 10-Yr. Govt.	1.69	-4 bps	NM	NM
Portugal 10-Yr. Govt.	2.95	8 bps	NM	NM
Netherlands 10-Yr. Govt.	1.03	3 bps	NM	NM
U.K. 10-Yr. Govt.	2.22	15 bps	NM	NM

Source: Bloomberg

Basis points (bps)



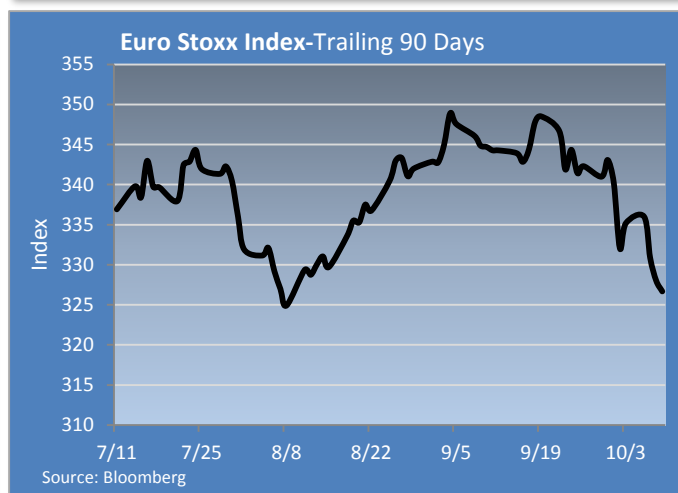
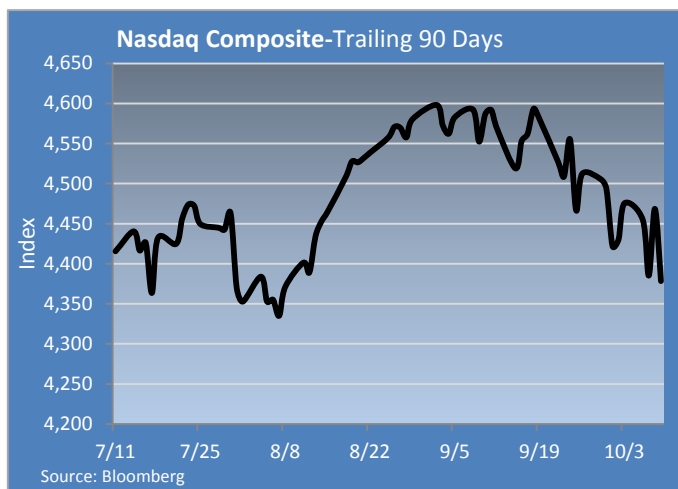
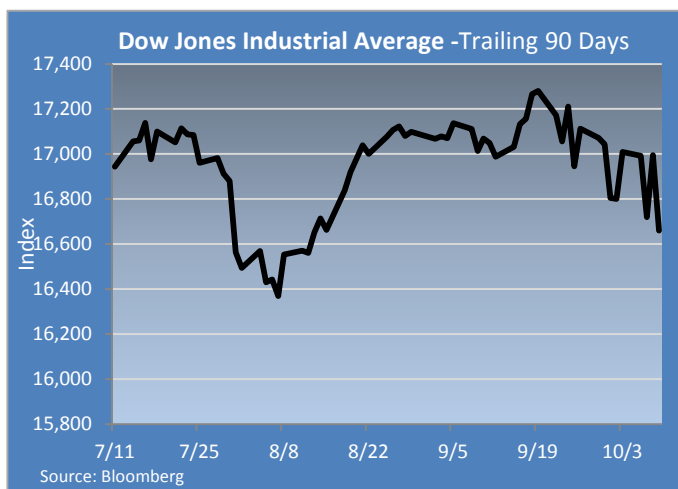
## EQUITIES

### WORLD MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
<b>S&amp;P 500</b>	<b>1,906.10</b>	<b>-47.38</b>	<b>-2.41%</b>	<b>3.90%</b>
<b>Dow Industrials</b>	<b>16,544.10</b>	<b>-337.05</b>	<b>-1.98%</b>	<b>0.58%</b>
<b>Nasdaq Composite</b>	<b>4,276.24</b>	<b>-141.13</b>	<b>-3.15%</b>	<b>3.78%</b>
<b>Russell Global</b>	<b>1,652.92</b>	<b>-37.32</b>	<b>-2.19%</b>	<b>-1.8%</b>
<b>Russell Global EM</b>	<b>3,144.89</b>	<b>30.31</b>	<b>0.97%</b>	<b>1.2%</b>
<b>S&amp;P/TSX (Canada)</b>	<b>14,235.48</b>	<b>-535.16</b>	<b>-3.62%</b>	<b>4.65%</b>
<b>Mexico IPC</b>	<b>43,451.42</b>	<b>-1068.29</b>	<b>-2.39%</b>	<b>2.07%</b>
<b>Brazil Bovespa</b>	<b>55,311.59</b>	<b>1520.95</b>	<b>2.79%</b>	<b>8.84%</b>
<b>Euro Stoxx 600</b>	<b>321.62</b>	<b>-13.57</b>	<b>-4.05%</b>	<b>-2.02%</b>
<b>FTSE 100</b>	<b>6,339.97</b>	<b>-187.94</b>	<b>-2.88%</b>	<b>-6.06%</b>
<b>IBEX 35 (Spain)</b>	<b>10,150.50</b>	<b>-417.10</b>	<b>-3.95%</b>	<b>2.36%</b>

	Last	Change	% Chg.	YTD %
<b>Swiss Market Index</b>	<b>8,374.59</b>	<b>-308.94</b>	<b>-3.56%</b>	<b>2.09%</b>
<b>CAC 40 Index (France)</b>	<b>4,073.71</b>	<b>-208.03</b>	<b>-4.86%</b>	<b>-5.17%</b>
<b>DAX Index (Germany)</b>	<b>8,788.81</b>	<b>-406.87</b>	<b>-4.42%</b>	<b>-7.99%</b>
<b>Irish Overall Index</b>	<b>4,490.04</b>	<b>-301.32</b>	<b>-6.29%</b>	<b>-1.11%</b>
<b>Nikkei 225</b>	<b>15,300.55</b>	<b>-408.10</b>	<b>-2.60%</b>	<b>-6.08%</b>
<b>Hang Seng Index</b>	<b>23,088.54</b>	<b>23.98</b>	<b>0.10%</b>	<b>-0.93%</b>
<b>Shanghai Composite</b>	<b>2,374.54</b>	<b>26.82</b>	<b>1.14%</b>	<b>12.22%</b>
<b>Kospi Index (S. Korea)</b>	<b>1,940.92</b>	<b>-50.62</b>	<b>-2.54%</b>	<b>-3.50%</b>
<b>Taiwan Taiex Index</b>	<b>8,966.44</b>	<b>-139.84</b>	<b>-1.54%</b>	<b>4.12%</b>
<b>Tel Aviv 25 Index</b>	<b>1,462.97</b>	<b>11.70</b>	<b>0.81%</b>	<b>10.05%</b>
<b>MICEX Index (Russia)</b>	<b>1,364.24</b>	<b>-20.42</b>	<b>-1.47%</b>	<b>-9.30%</b>

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



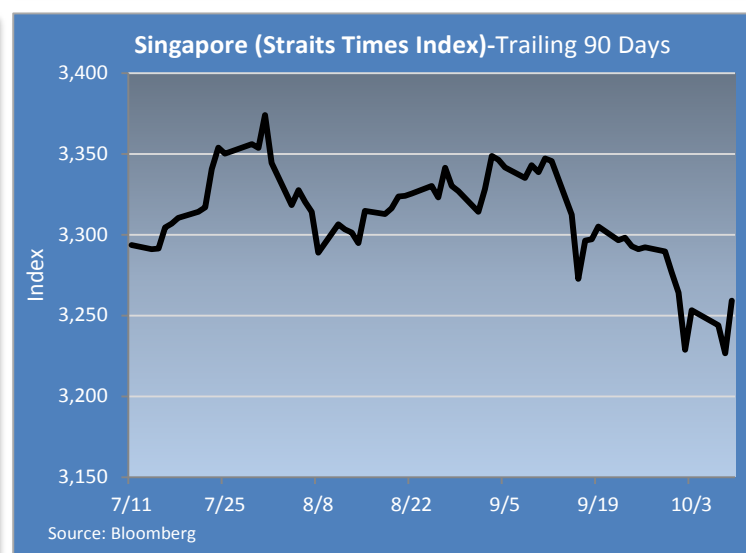
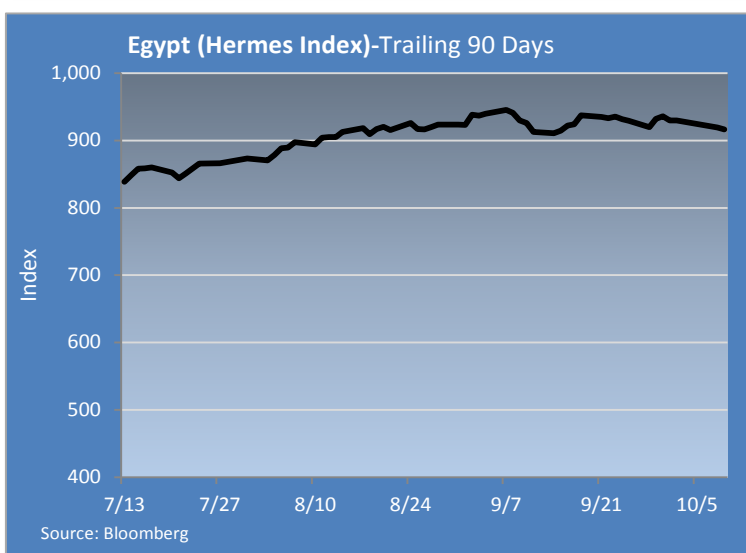
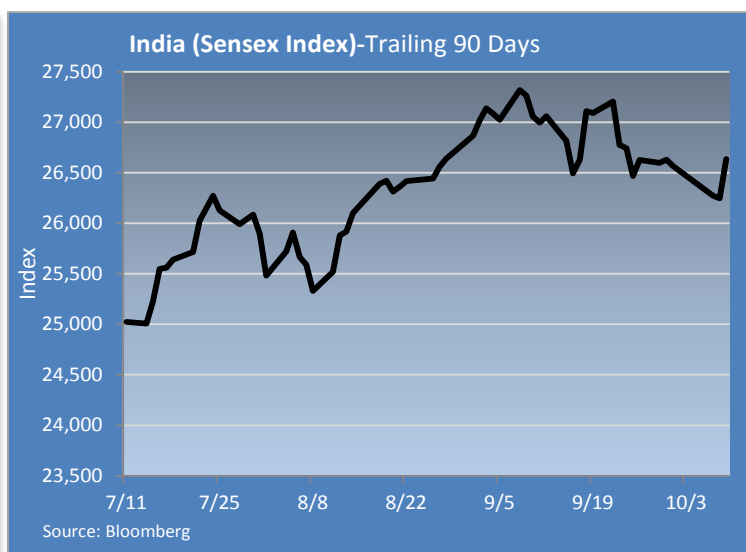
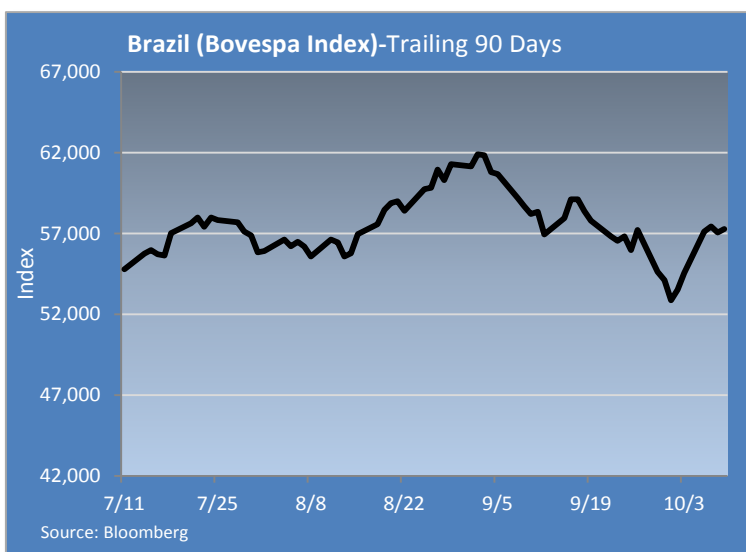
## EQUITIES – EMERGING AND FRONTIER MARKETS

### EMERGING AND FRONTIER MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
Mexico IPC	43,478.38	-1068.29	-2.4%	2.1%
Brazil (Bovespa Index)	55,311.59	1520.95	2.8%	8.8%
MICEX Index (Russia)	1,364.24	-20.42	-1.5%	-9.3%
Czech Republic (Prague)	951.60	-24.63	-2.5%	-3.8%
Turkey (Istanbul)	73,494.06	-890.30	-1.2%	8.4%
Egypt (Hermes Index)	916.50	-13.43	-1.4%	35.7%
Kenya (Nairobi 20 Index)	5,280.46	-11.96	-0.2%	7.2%
Saudi Arabia (TASI Index)	10,851.48	86.46	0.8%	27.1%
Lebanon (Beirut BLOM Index)	1,174.84	0.43	0.0%	2.2%
Palestine	513.73	3.01	0.6%	-5.1%

	Last	Change	% Chg.	YTD %
Hang Seng Index	23,088.54	23.98	0.1%	-0.9%
India (Sensex 30)	26,297.38	-270.61	-1.0%	24.2%
Malaysia (KLCI Index)	1,808.88	-28.80	-1.6%	-3.1%
Singapore (Straits Times Index)	3,223.87	-4.84	-0.1%	1.8%
Thailand (SET Index)	1,552.72	-17.56	-1.1%	19.6%
Indonesia (Jakarta)	4,962.96	13.61	0.3%	16.1%
Pakistan (Karachi KSE 100)	30,158.63	55.40	0.2%	19.4%
Vietnam (Ho Chi Minh)	617.72	6.17	1.0%	22.4%
Sri Lanka (Colombo)	7,321.00	27.92	0.4%	23.8%
Cambodia (Laos)	1,415.14	0.97	0.1%	12.9%

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



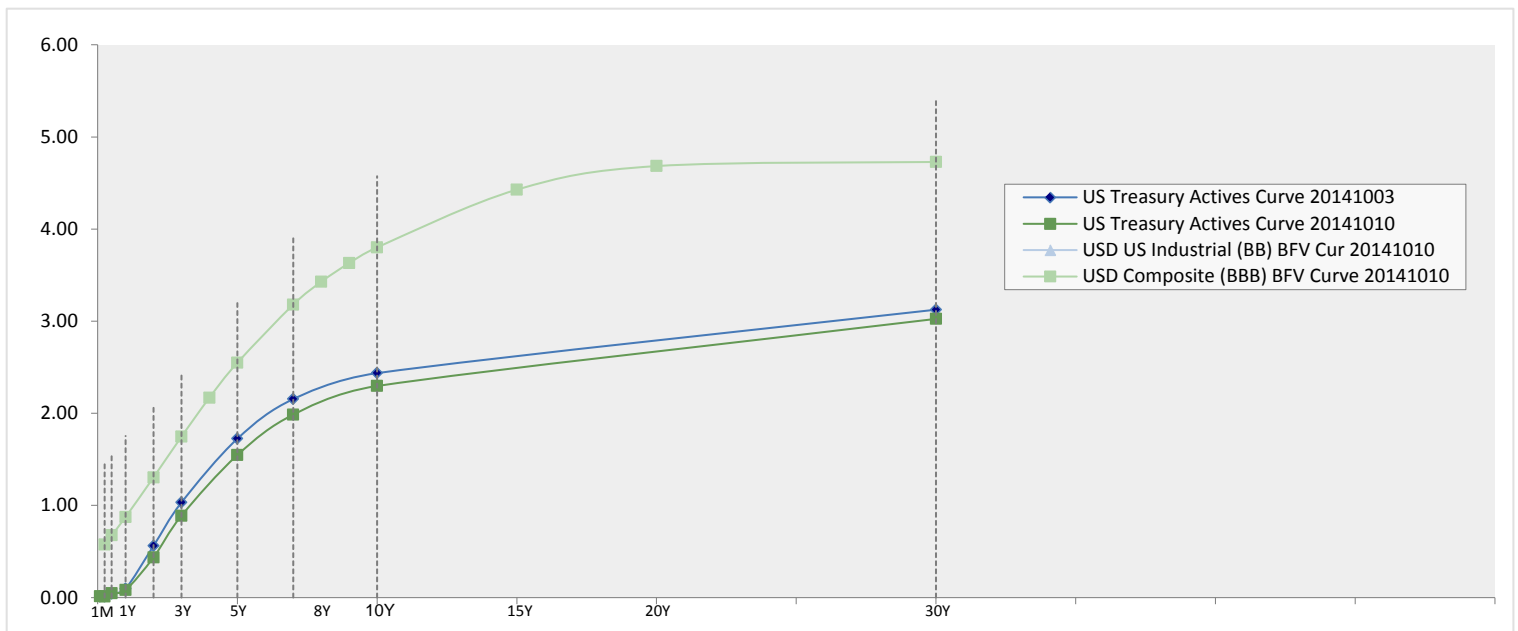
# INTEREST RATES

## SELECTED INTEREST RATES

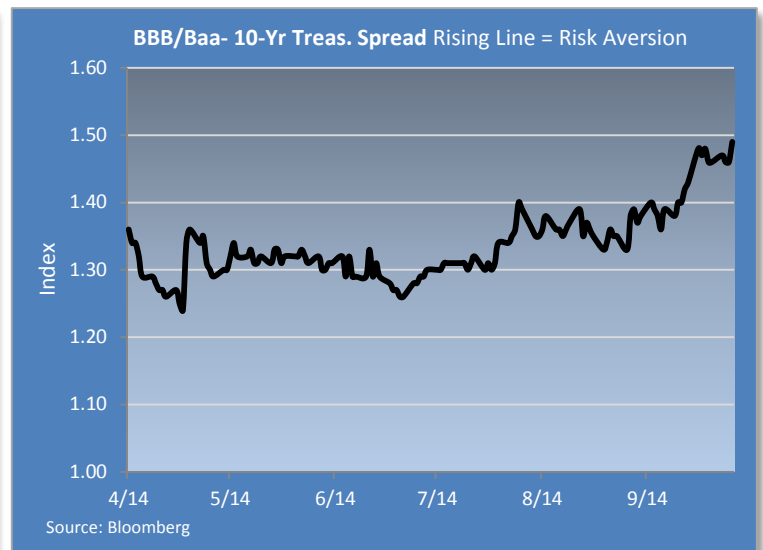
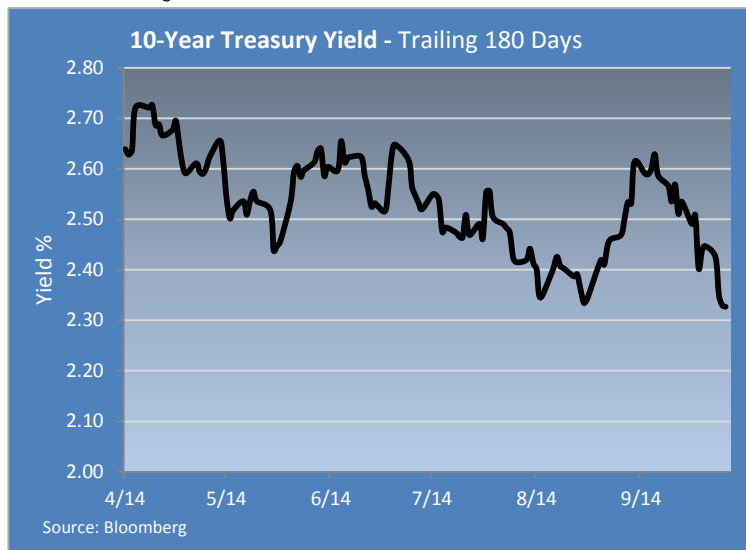
	Last	Change	% Chg.	YTD %
2-Yr. U.S. Treasury	0.45%	2 bps	NM	NM
5-Yr. U.S. Treasury	1.56%	-18 bps	NM	NM
10-Yr. U.S. Treasury	2.31%	-14 bps	NM	NM
30-Yr. U.S. Treasury	3.04%	-9 bps	NM	NM
German 10-Yr. Govt.	0.89%	3 bps	NM	NM
France 10-Yr.	1.25%	1 bps	NM	NM
Italy 10-Yr.	2.32%	-2 bps	NM	NM
Fed 5-Yr Fwd BE Inf.	2.14%	-2 bps	NM	NM

	Last	Change	% Chg.	YTD %
Prime Rate	3.25%	0.00	NM	NM
Fed Funds Rate	0.25%	0.00	NM	NM
Discount Rate	0.75%	0.00	NM	NM
LIBOR (3 Mo.)	0.23%	0 bps	NM	NM
Bond Buyer 40 Muni	3.69%	-13 bps	NM	NM
Bond Buyer 40 G.O.	4.01%	NA	NM	NM
Bond Buyer 40 Rev.	4.65%	NA	NM	NM

Source: Bloomberg



Source: Bloomberg





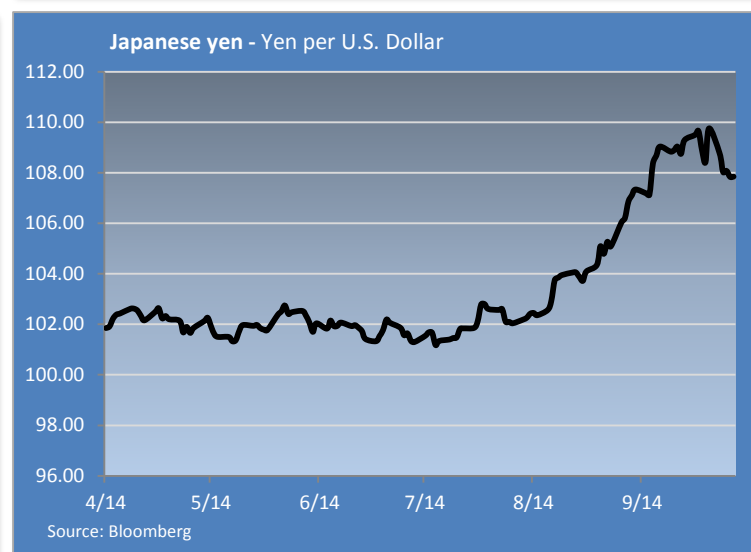
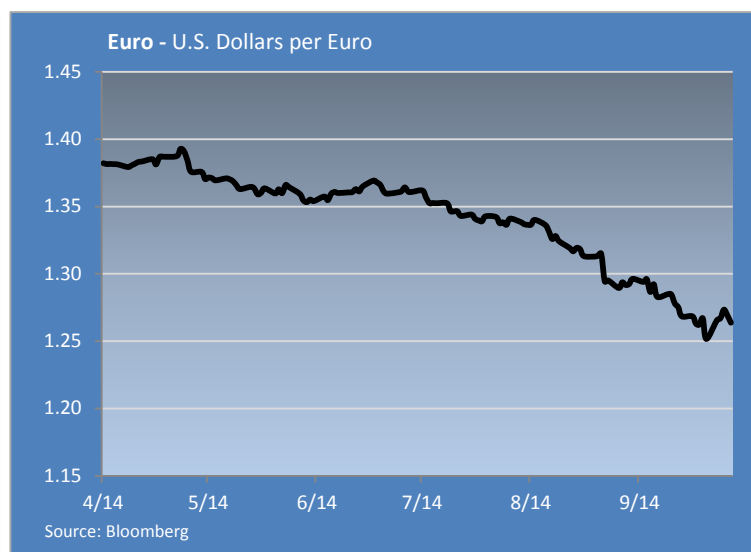
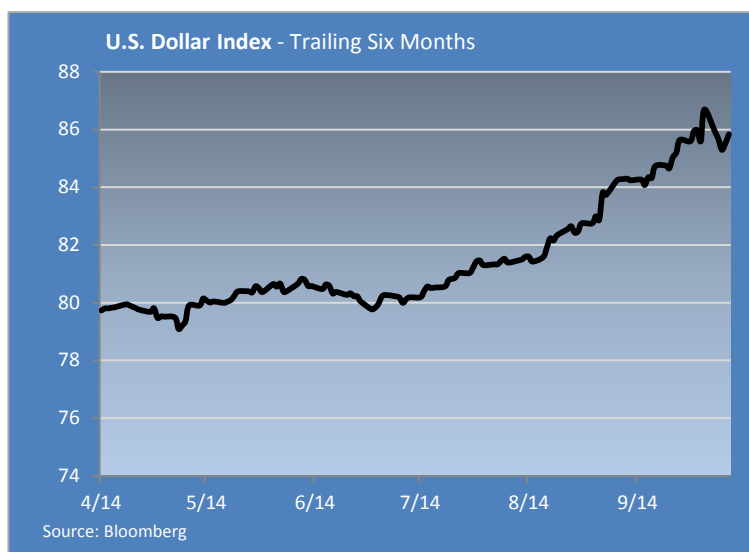
## CURRENCIES

### SELECTED CURRENCY PERFORMANCE

	Last	Change	% Chg.	YTD %
Dollar Index	85.90	-0.860	-0.99%	7.25%
Euro	1.26	0.012	0.97%	-8.05%
Japanese Yen	107.71	-1.910	1.77%	-2.36%
British Pound	1.61	0.007	0.46%	-3.09%
Canadian Dollar	1.12	-0.007	0.64%	-4.92%

	Last	Change	% Chg.	YTD %
Chinese Yuan	6.13	-0.009	0.14%	-1.25%
Swiss Franc	0.96	-0.011	1.11%	-6.69%
New Zealand Dollar	0.78	0.007	0.91%	-4.61%
Brazilian Real	2.42	-0.048	2.00%	-2.00%
Mexican Peso	13.46	-0.064	0.48%	-2.89%

Source: Bloomberg



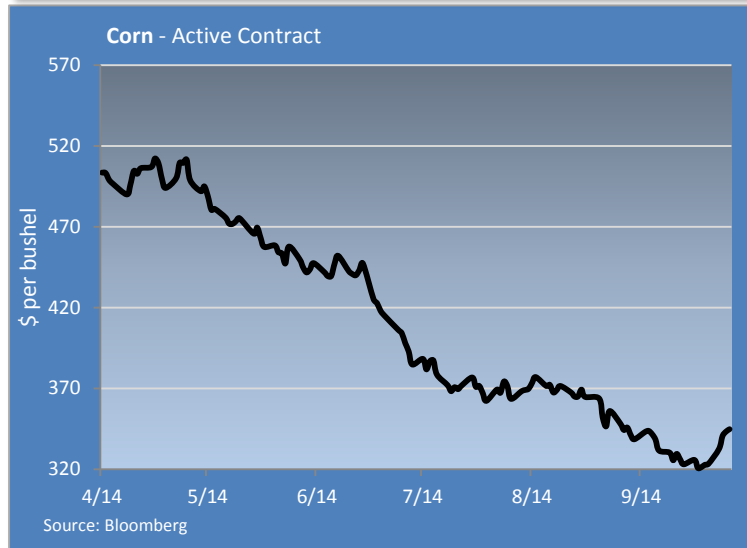
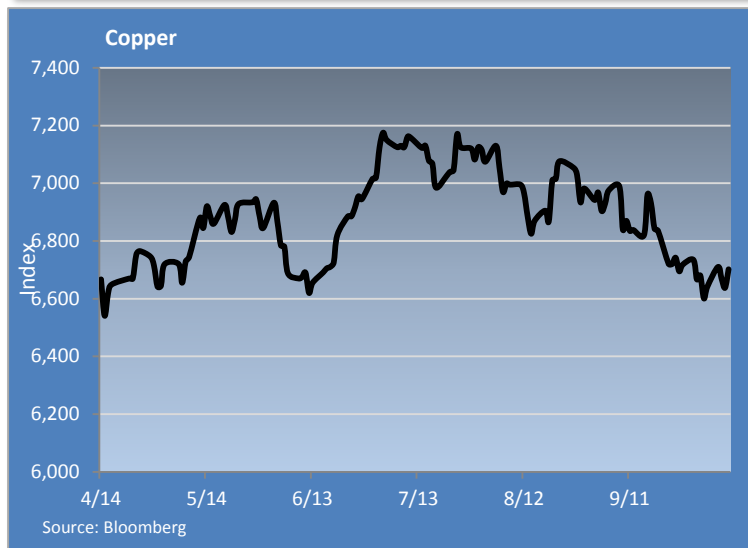
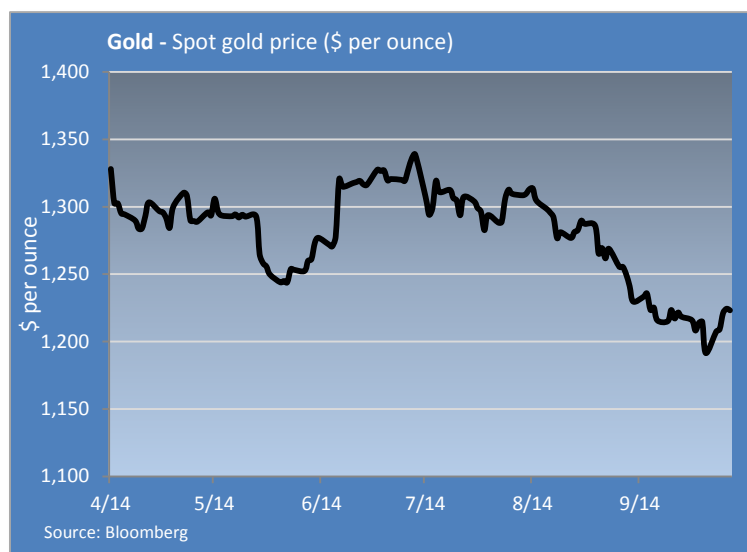
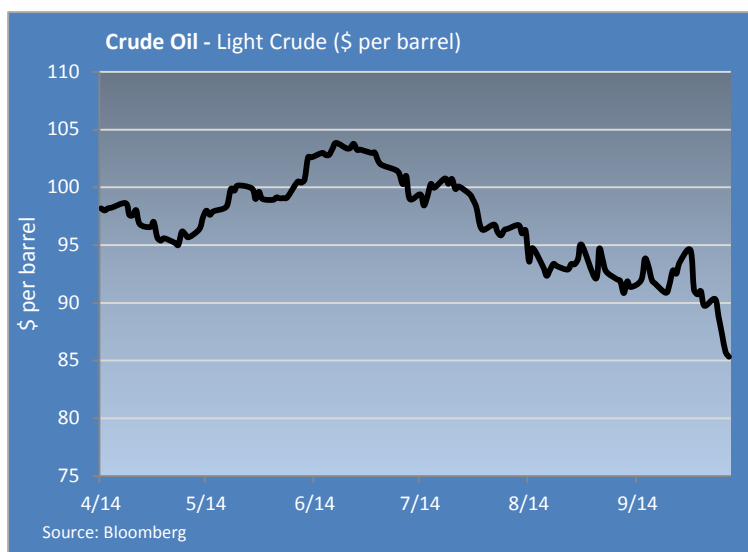
## COMMODITIES

### SELECTED COMMODITY MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
DJ UBS Comm. Idx.	118.20	0.34	0.29%	-5.88%
Rogers Int. Comm. Idx.	3248.18	-8.66	-0.27%	-8.66%
Crude Oil	\$85.50	-\$4.41	-4.91%	-8.58%
Natural Gas	\$3.86	-\$0.16	-3.86%	-7.64%
Gasoline (\$/Gal.)	\$3.24	-\$0.07	-2.03%	-2.50%
Heating Oil	255.76	-6.86	-2.62%	-14.88%
Gold Spot	\$1,223.15	\$31.74	2.66%	1.79%
Silver Spot	\$17.38	\$0.54	3.19%	-10.74%

	Last	Change	% Chg.	YTD %
Platinum Spot	\$1,262.50	\$38.32	3.13%	-7.89%
Corn	334.00	18.50	5.72%	-24.10%
Wheat	498.50	11.50	2.37%	-22.37%
Soybeans	922.50	17.25	1.89%	-18.11%
Sugar	16.55	0.20	1.22%	-6.25%
Orange Juice	138.50	1.10	0.78%	-2.37%
Aluminum	1,950.00	36.00	1.88%	8.32%
Copper	6,702.00	60.00	0.90%	-8.94%

Source: Bloomberg; % change is based on price.



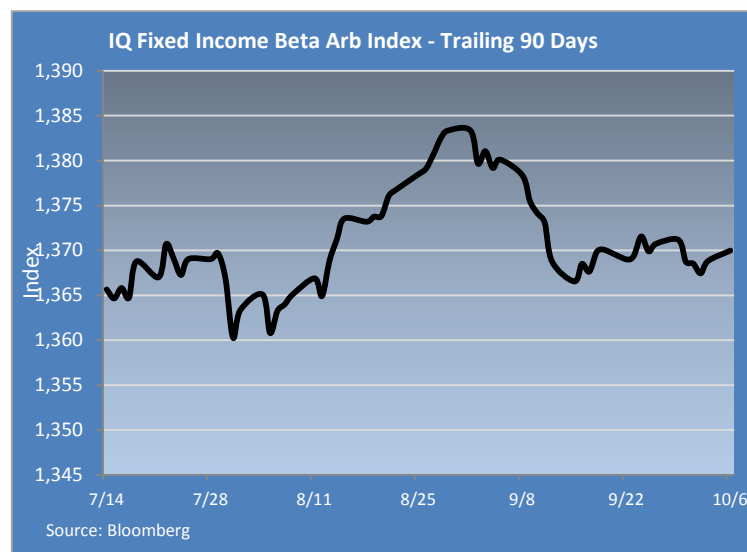
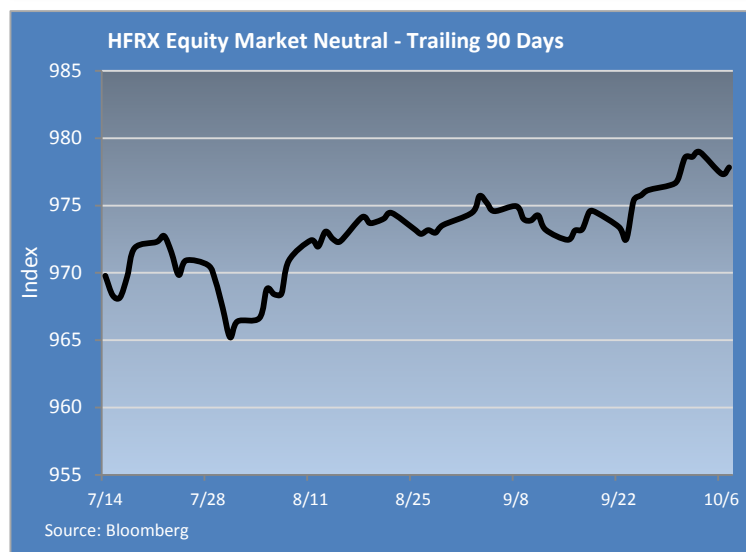
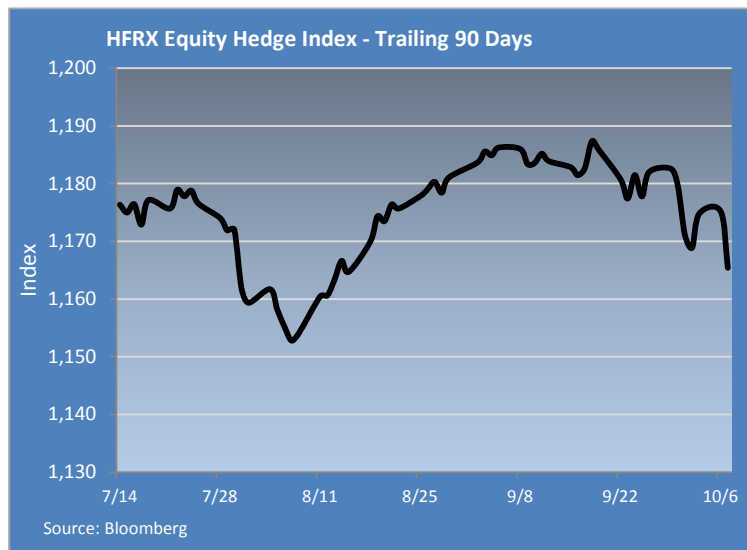
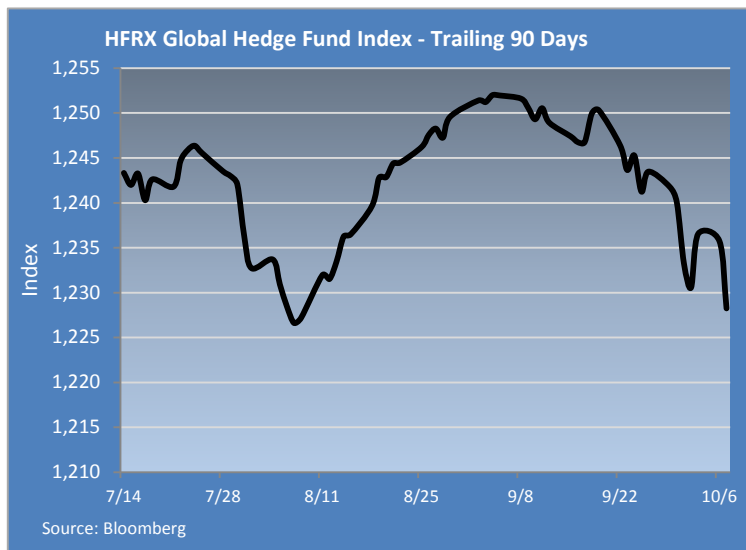
## ALTERNATIVE INVESTMENTS

### SELECTED ALTERNATIVE INVESTMENT INDEX PERFORMANCE

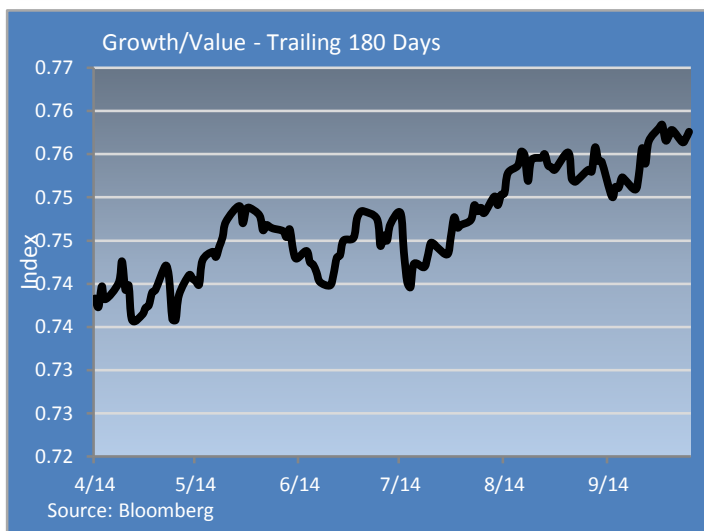
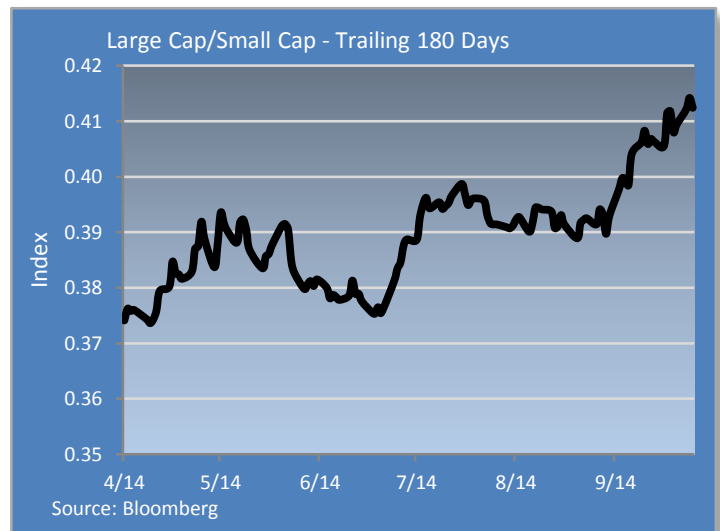
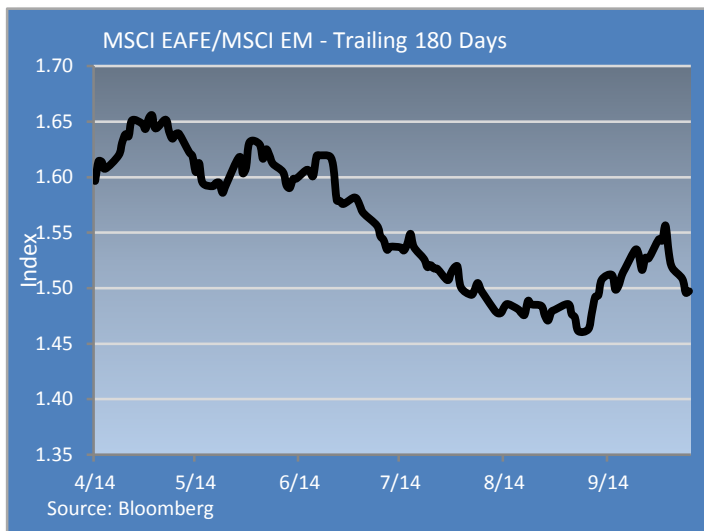
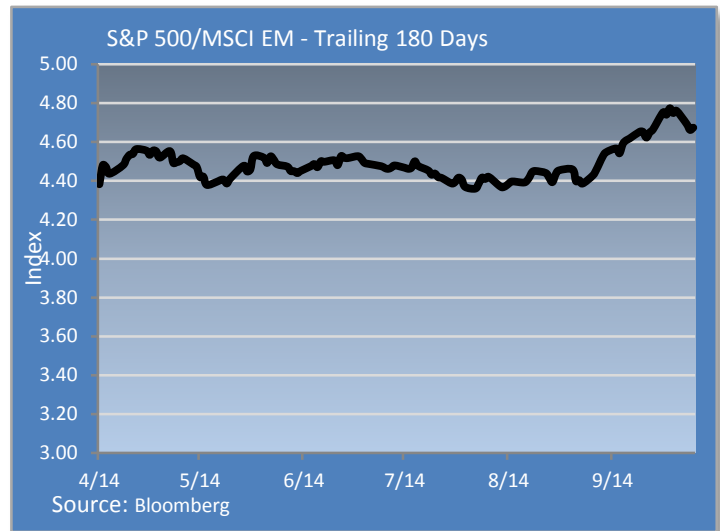
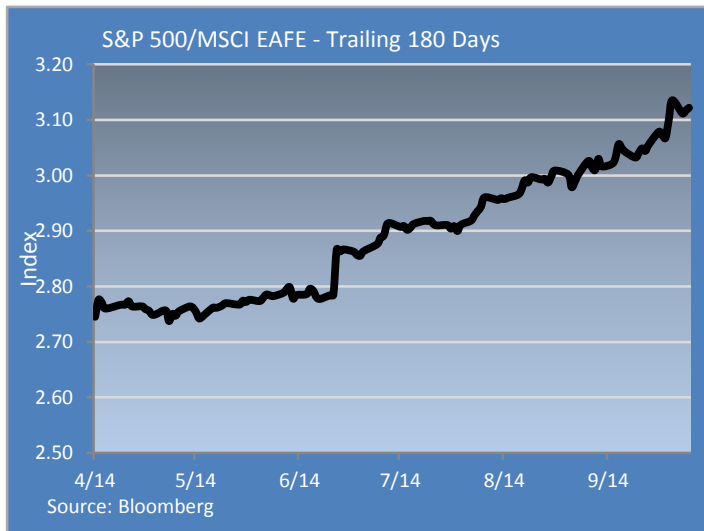
	Last	Change	% Chg.	YTD %
HFRX Global Hedge Fund Index	1230.56	-9.05	-0.73%	0.16%
HFRX Equity Market Neutral	977.83	0.24	0.02%	2.88%
HFRX Equity Hedge Index	1165.40	-5.93	-0.50%	0.30%
HFRX Event-Driven Index	1579.28	-18.84	-1.19%	-0.69%
HFRX Absolute Return Index	1006.32	-3.15	-0.31%	1.63%

	Last	Change	% Chg.	YTD %
HFRX Distressed Index	1028.09	-7.52	-0.73%	1.65%
HFRX Merger Arbitrage Index	1582.73	-0.73	-0.05%	1.07%
HFRX Convertible Arbitrage Index	759.02	-10.35	-1.36%	-3.09%
HFRX Macro CTA Index	1159.81	-9.60	-0.82%	2.31%
IQ Fixed Income Beta Arb Index	1367.34	-2.74	-0.20%	5.19%

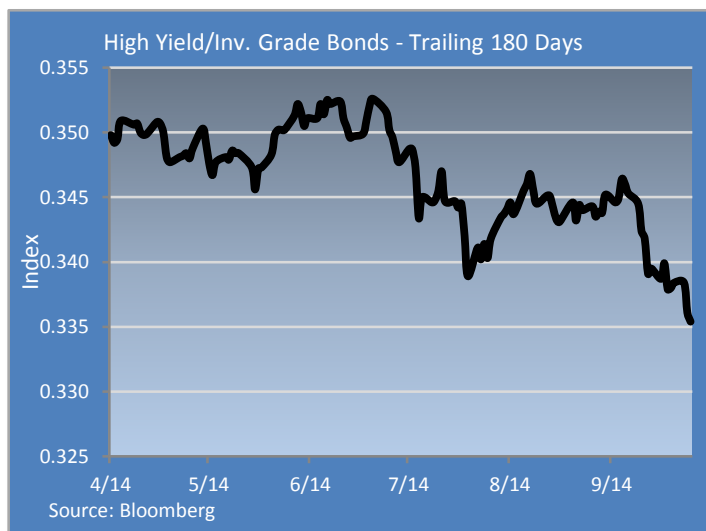
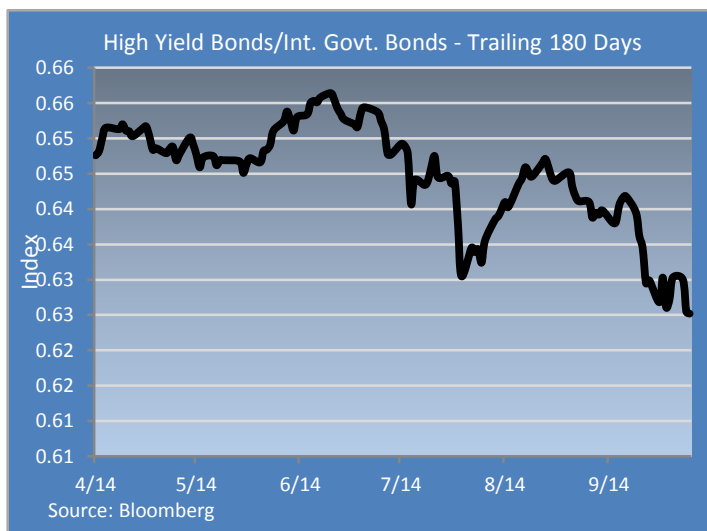
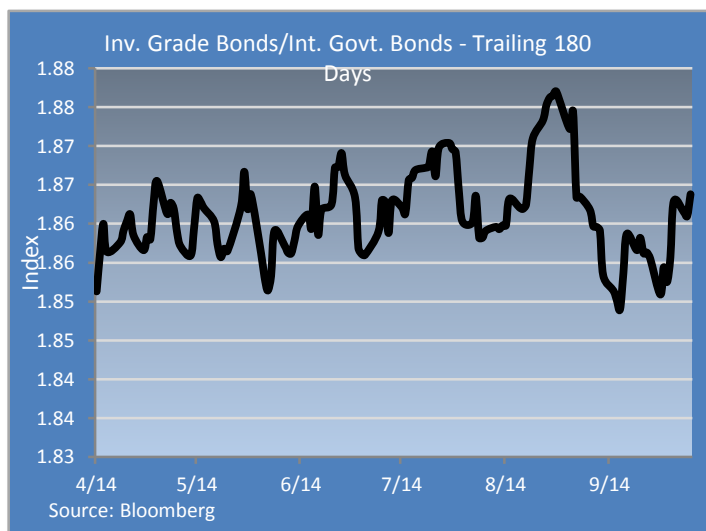
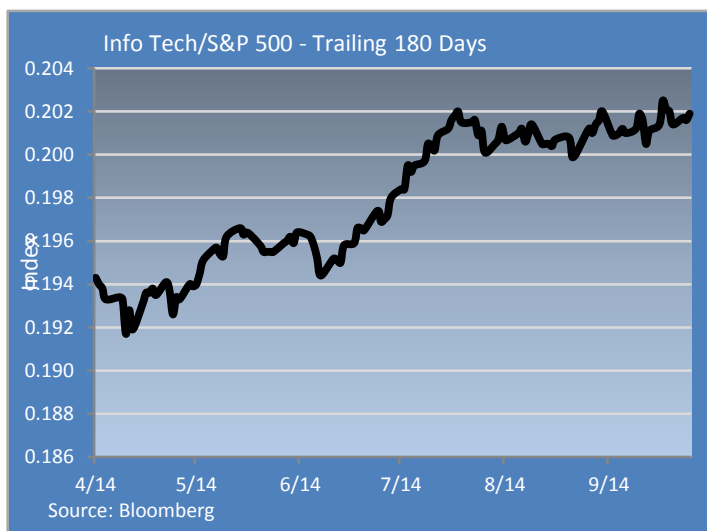
Source: Bloomberg; Index % change is based on price.



## PORTFOLIO CONSTRUCTION



### PORTFOLIO CONSTRUCTION (cont'd.)



WEEKLY ASSET CLASS PERFORMANCE (Prior 12 weeks ending Thursday)

			7/24	7/31	8/7	8/14	8/21	8/28	9/4	9/11	9/18	9/25	10/2	10/9
Equity	Domestic Equity	Large Cap (R200)	1.55%	-2.89%	-1.16%	2.36%	1.89%	0.18%	-0.01%	0.05%	0.89%	-2.18%	-0.96%	-0.87%
		Small Cap (R2000)	2.00%	-3.13%	-0.03%	2.11%	1.46%	0.51%	0.11%	0.44%	-1.11%	-4.23%	-1.25%	-2.59%
	Int'l. Equity	MSCI EAFE	0.74%	-1.86%	-2.57%	1.16%	1.02%	-0.08%	0.50%	-1.49%	-0.08%	-1.94%	-3.58%	-0.74%
		MSCI Em. Mkts.	1.72%	-1.40%	-1.37%	2.01%	0.89%	0.47%	1.22%	-2.80%	-1.22%	-2.91%	-3.23%	1.59%
Fixed Income	BarCap Agg. (AGG)	-0.20%	-0.17%	0.38%	0.26%	-0.04%	0.40%	-0.54%	-0.53%	-0.32%	0.53%	0.26%	0.51%	
	High Yield (JNK)	0.71%	-1.79%	-0.07%	1.55%	0.44%	0.10%	-0.94%	-0.83%	0.07%	-1.30%	-0.15%	-0.57%	
Commodities	DJ UBS Index	-0.72%	-0.88%	-0.14%	-1.53%	-0.13%	0.67%	-1.31%	-2.44%	-0.94%	-1.16%	-0.73%	0.52%	
Alternatives	Hedge Funds (HFRX Global)	0.49%	-0.82%	-0.77%	0.79%	0.66%	0.23%	0.38%	-0.12%	-0.05%	-0.70%	-0.86%	-0.25%	
Asset Allocation	60/40*	0.83%	-1.68%	-0.68%	1.36%	0.92%	0.26%	-0.09%	-0.53%	-0.02%	-1.40%	-1.03%	-0.40%	
	48/32/20 (w/Alts.)**	0.76%	-1.51%	-0.69%	1.24%	0.87%	0.25%	0.00%	-0.45%	-0.02%	-1.26%	-1.00%	-0.37%	

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	1.05	1.11	1.07	1.15	1.16	1.11	1.22	1.54	1.15	0.92	1.28	0.77	1.29
Large Cap Growth	1.05	1.00	1.09	1.16	1.12	1.21	1.22	1.17	1.28	1.62	1.21	0.96	1.34	0.81	1.35
Large Cap Value	0.96	0.91	1.00	1.06	1.03	1.10	1.11	1.06	1.17	1.48	1.10	0.88	1.23	0.74	1.23
Mid Cap Core	0.90	0.86	0.94	1.00	0.97	1.04	1.05	1.00	1.10	1.39	1.04	0.83	1.16	0.69	1.16
Mid Cap Growth	0.93	0.89	0.97	1.03	1.00	1.07	1.08	1.04	1.14	1.44	1.07	0.86	1.20	0.72	1.20
Mid Cap Value	0.87	0.83	0.91	0.96	0.93	1.00	1.01	0.97	1.06	1.34	1.00	0.80	1.11	0.67	1.12
Small Cap Core	0.86	0.82	0.90	0.96	0.92	0.99	1.00	0.96	1.05	1.33	0.99	0.79	1.11	0.66	1.11
Small Cap Growth	0.90	0.86	0.94	1.00	0.96	1.04	1.04	1.00	1.10	1.39	1.03	0.83	1.15	0.69	1.16
Small Cap Value	0.82	0.78	0.86	0.91	0.88	0.94	0.95	0.91	1.00	1.26	0.94	0.75	1.05	0.63	1.05
Int'l. Developed	0.65	0.62	0.68	0.72	0.70	0.75	0.75	0.72	0.79	1.00	0.75	0.60	0.83	0.50	0.83
Emerging Markets	0.87	0.83	0.91	0.96	0.93	1.00	1.01	0.97	1.06	1.34	1.00	0.80	1.11	0.67	1.12
REITs	1.09	1.04	1.14	1.21	1.17	1.25	1.26	1.21	1.33	1.68	1.25	1.00	1.40	0.84	1.40
Commodities	0.78	0.74	0.81	0.87	0.84	0.90	0.90	0.87	0.95	1.20	0.90	0.72	1.00	0.60	1.00
Int. Bond	1.30	1.24	1.36	1.44	1.39	1.50	1.51	1.44	1.58	2.00	1.49	1.19	1.66	1.00	1.67
High Yield	0.78	0.74	0.81	0.86	0.83	0.90	0.90	0.87	0.95	1.20	0.89	0.71	1.00	0.60	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 Return<sup>SM</sup> 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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