

Chart of the Week



Weekly Highlights

- **Domestic stock prices were generally much lower in volatile trading this week.** Large cap equity indices again retreated in extremely volatile trading, as investors worried about global growth as well as the implications of the end of the Federal Reserve's quantitative easing program. One hopeful sign, however, is that small cap stocks jumped in the face of the overall market's weakness. Small caps, of course, have significantly underperformed this year, and a resurgence in the asset class indicates that a bottom may be near.
- **Global markets also dropped on the week.** World markets for the most part posted declines on par with U.S. indices. The decline in European stocks seems to be moderating as pressure builds on policymakers to provide further economic stimulus. Emerging markets stocks have declined four out of the past five weeks, and are down 12% over that period.
- **Treasury prices surged for the week.** The yield on the benchmark 10-year U.S. Treasury declined significantly again this week.
- **Commodity indices were generally lower on the week.** Crude oil dropped again, but staged a recovery near the end of the week. Precious metals and grains were mostly higher.

Talking Points

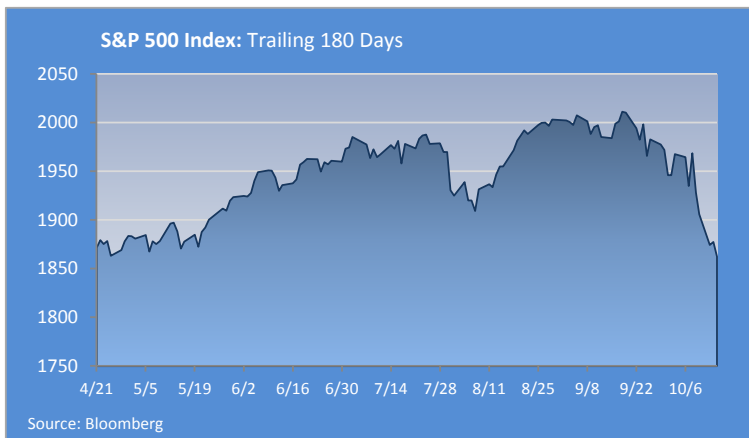
- **Among equities,** large-caps underperformed small-caps, and growth stocks outperformed value-oriented issues. Domestic stocks underperformed international equities. Developed markets underperformed emerging market stocks.
- **Treasury prices were much higher this week.** The yield on the 10-year T-note was lower.
- **Commodity prices were lower on the week.** Crude oil declined again, but metals and grains advanced.
- **The dollar was sharply lower** this week against a basket of currencies.
- **Among economic data released this week,** housing starts rose in September in line with expectations; a measure of consumer sentiment climbed to a seven-year high; retail sales declined in September; wholesale prices declined slightly; and initial jobless claims in the latest week unexpectedly declined to a 14-year low.

MARKET DASHBOARD

	Last Price	Change	% Chg.	YTD %
S&P 500	1,886.75	-43.37	-2.28%	0.8%
Dow Industrials	16,380.41	-426.86	-2.58%	-2.8%
Nasdaq	4,258.44	-58.85	-1.38%	1.0%
Russell 2000	1,082.32	32.52	3.09%	-6.7%
Euro Stoxx Index	318.68	-6.18	-1.92%	-3.9%
Shanghai Composite	2,341.18	-33.36	-1.40%	10.6%
Russell Global	1,642.48	-24.49	-1.48%	-3.9%

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

	Last Price	Change	% Chg.	YTD %
Russell Global EM	3,029.68	-59.10	-1.91%	-2.5%
10-Year US Treas.	2.20	-12 bps	NM	NM
DJ UBS Comm. Idx.	117.45	-0.75	-0.63%	-6.6%
Gold	\$1,238.08	\$14.95	1.22%	3.0%
Crude Oil	\$82.95	-\$2.55	-2.97%	-10.8%
Dollar Index	85.21	-0.98	-1.14%	6.1%
VIX Index	22.12	3.96	18.64%	83.7%



	One Week			YTD		
	Value	Growth		Value	Growth	
L	-2.51%	-2.57%	-2.62%	-0.10%	0.61%	1.32%
	-0.67%	-0.69%	-0.70%	2.09%	0.41%	-1.05%
S	2.90%	3.09%	3.28%	-6.62%	-6.69%	-6.74%

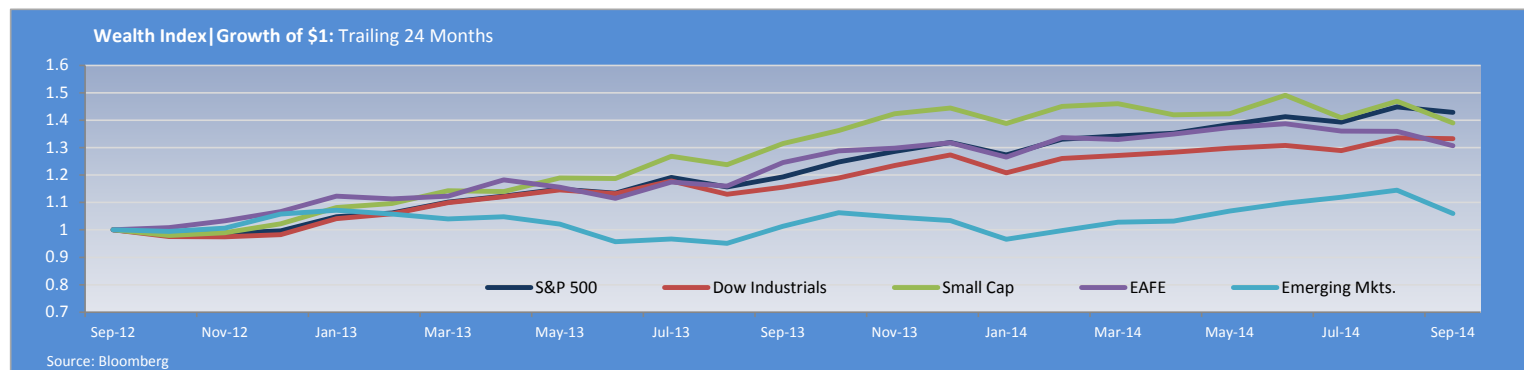
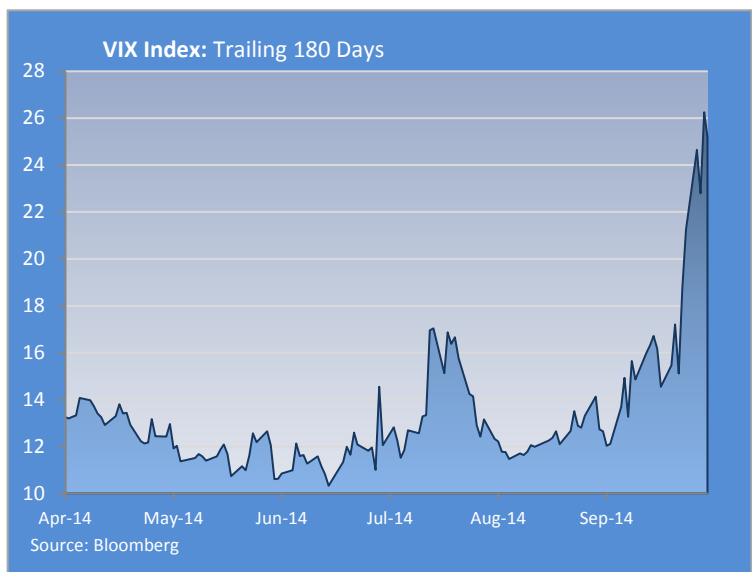
Source: Bloomberg

Sector Performance:

S&P/Global Industry Classification Sectors (GICS)

	% Wgt in S&P 500	Week % Chg.	YTD % Chg.
Consumer Discretionary	11.8	-2.03%	-5.4%
Consumer Staples	9.9	-3.36%	2.8%
Energy	9.3	-2.01%	-7.7%
Financials	16.4	-2.40%	0.7%
Health Care	13.9	-4.39%	8.5%
Industrials	10.3	0.28%	-3.9%
Information Technology	19.3	-2.26%	4.7%
Materials	3.4	-0.67%	-0.7%
Telecom Services	2.5	-2.11%	-1.3%
Utilities	3.2	-0.43%	12.5%

Source: Bloomberg



THE ECONOMY AND MARKETS

A Macro View – Volatility and Fundamentals

For much of the past year, markets have been calm. And for much of the past year, there has been a steady drumbeat of warnings that markets will not stay calm forever, and that the period of low volatility, low volume, and no real correction would not last. But until something happens, it hasn't, and as much as people claim that they are prepared, when pandemonium ensues, many people still run screaming for the exits.

The past two weeks have witnessed a run on almost all asset classes: global equities have sold off hard, with some indices heading into outright correction (the Nasdaq briefly touched 10% down), and others such as the S&P 500 coming within a hair. The volatility index (the VIX) more than doubled. Equity trade volumes surged, and volume usually surges when traders, hedge funds and high-frequency algorithms combine to create rapid gyrations. Bond yields of perceived safe-haven assets such as U.S. Treasuries and German bonds dropped fast and hard, with the U.S. 10-year dipping below 1.9% when most had expected only a few weeks ago that the next major move would be toward 3%. Commodities fell; the price of oil sank, with West Texas Crude coming close to breaking \$80, something that seemed very unlikely as late as Labor Day. And sovereign yields of countries perceived as riskier – Greece, Spain, and other peripheral countries – rose higher.

The proximate causes of these wild market moves were not entirely clear. In the space of a few days, the International Monetary Fund warned of zero growth and deflation in the European Union; the crisis in Syria worsened and the advances of ISIS appeared to threaten the Iraq government; and the spread of the Ebola virus to two healthcare workers in Dallas did little to calm nerves.

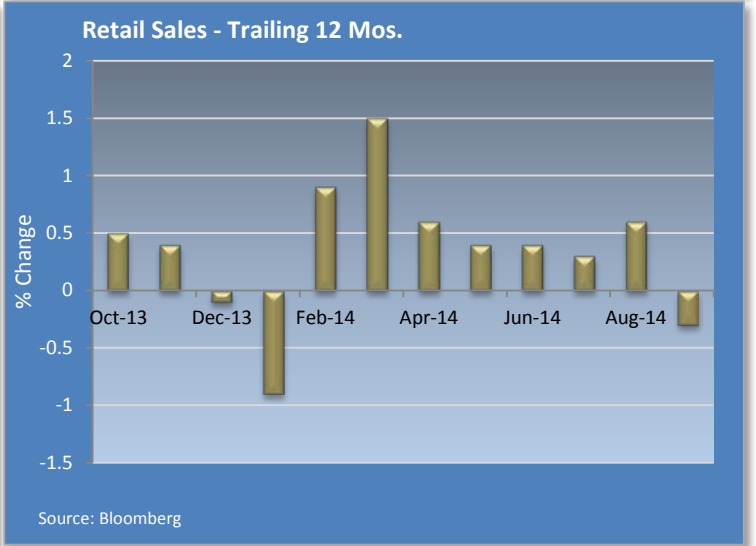
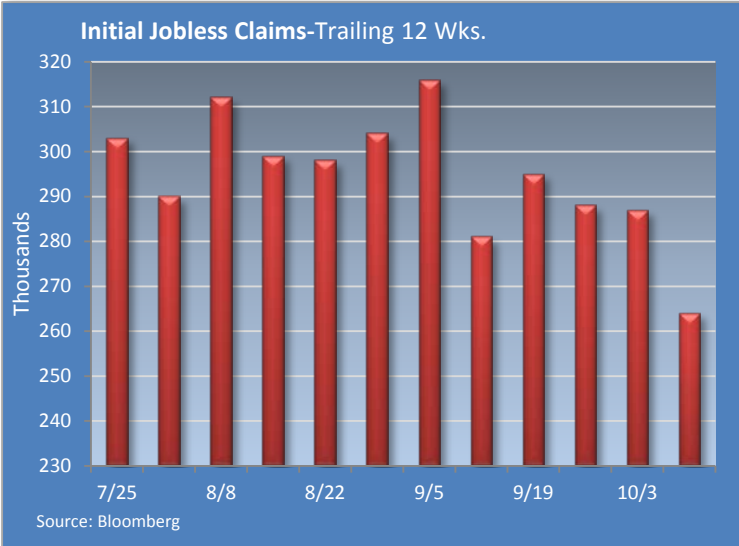
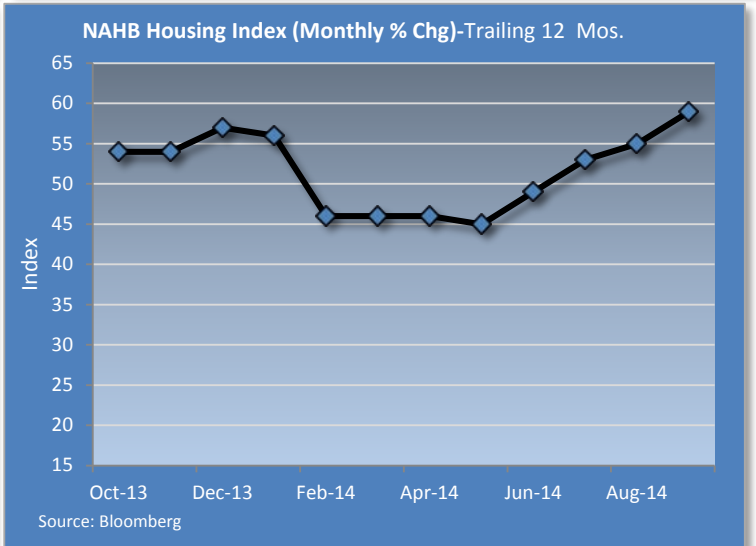
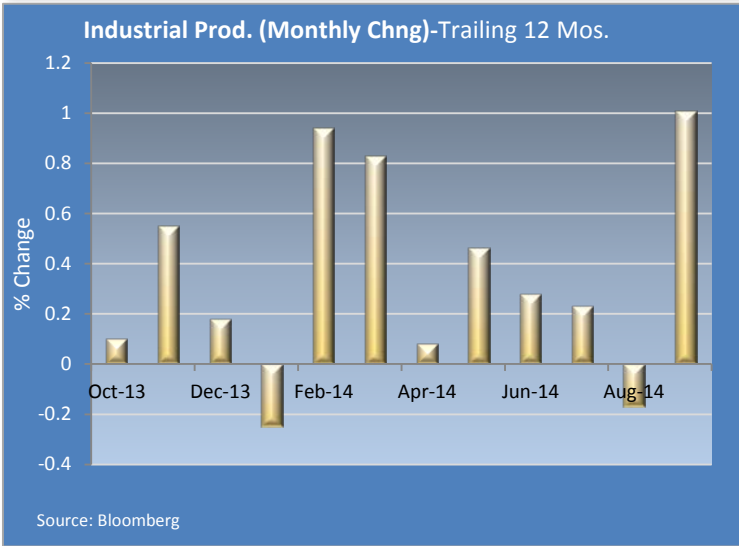
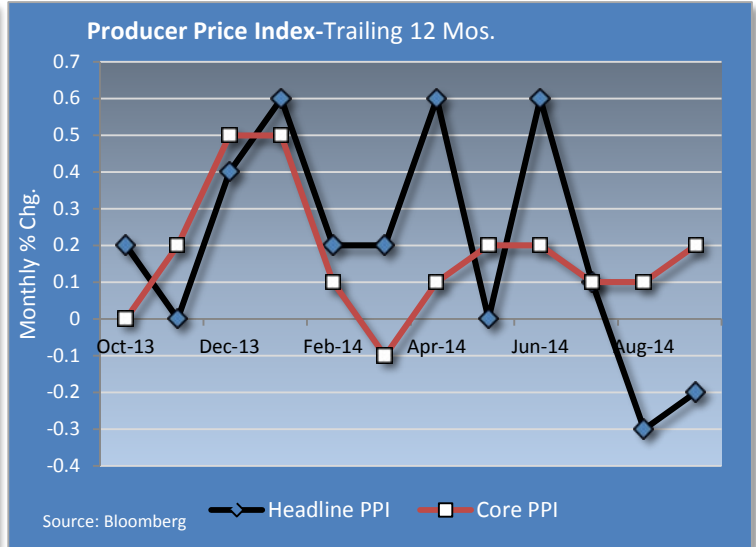
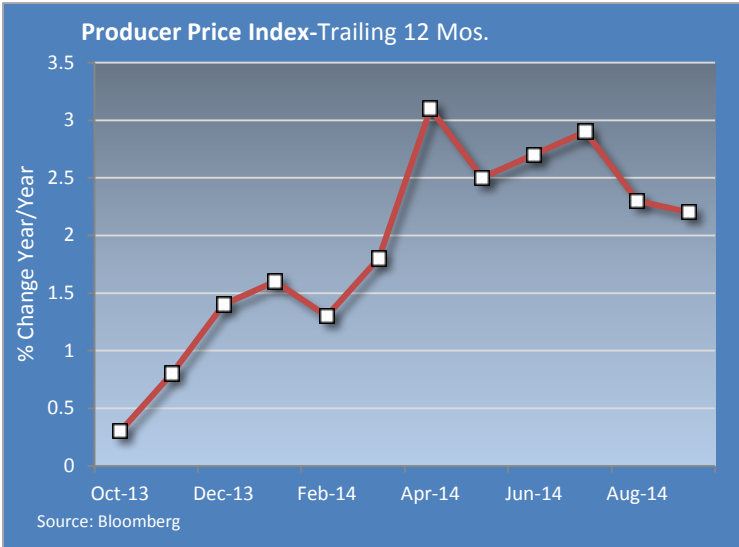
Yet most of these risks were well known over the summer and even before (though the spread of Ebola to the U.S. is new). The fundamentals of the global economy and of thousands of companies were the same in mid-September when stocks reached their high for the years and this past week in October when stocks touched their lows. What changed – sharply as it tends to – was sentiment. Fear and anxiety replaced complacency.

But fear and anxiety are not investment strategies. They are powerful emotions that lead to flight (given that there isn't much to fight in the electronic world of trading). Sometimes such selling is warranted by a change in fundamentals, excessive risk taking, and overvaluation. Though there are many making those arguments about stocks today, there are compelling arguments that stocks, and especially U.S.-listed equities, are reflecting the positive economics and earnings of many companies. Indeed, the first slew of third quarter earnings, buried though they were in the market onslaught, have been quite positive, from Intel to the major banks.

Absent clear indications that global financial markets are about the freeze up, it seems more likely that the current sell-off and plunge in yields are a panic moment and a trading phenomenon and not a harbinger of a bear market in stocks or a new phase of the bull market in bonds. Panic and selling can, of course, take on a life of their own, and that is always a risk. But we have had a long period between corrections, more than two years, and while the past weeks may be unnerving, they are normal aspect of markets, even if they feel like unwanted roller-coasters when they arrive.

Zachary Karabell
Head of Global Strategy

THIS WEEK IN THE ECONOMY AND MARKETS



EUROZONE

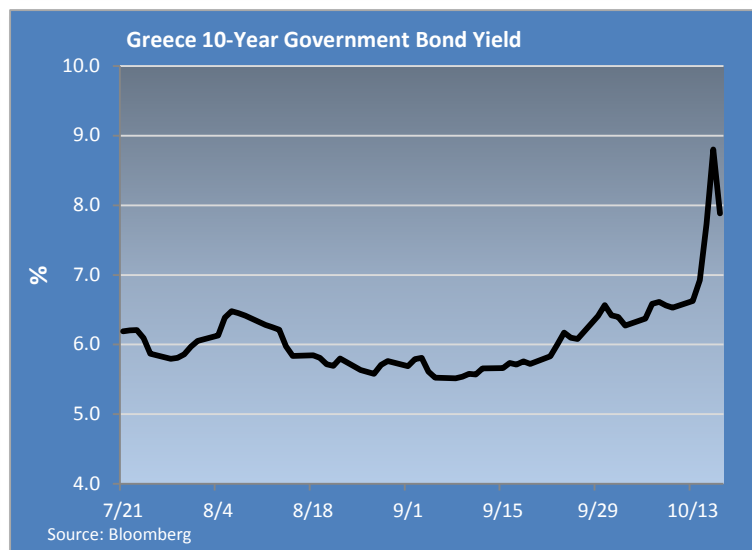
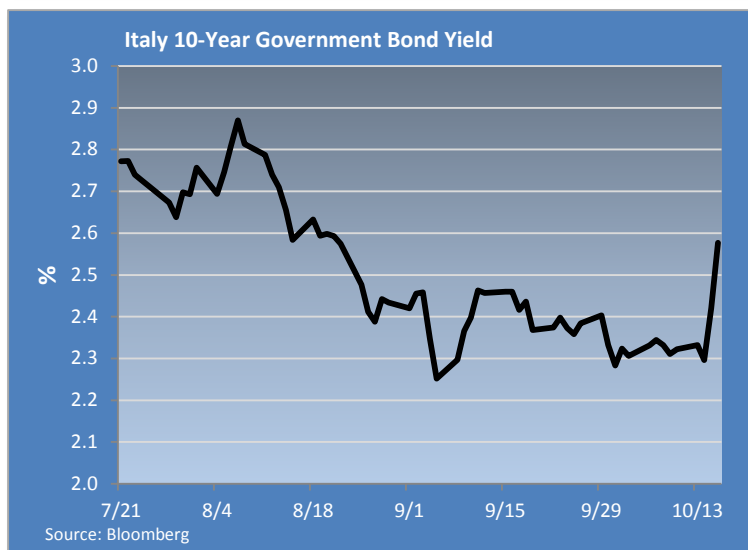
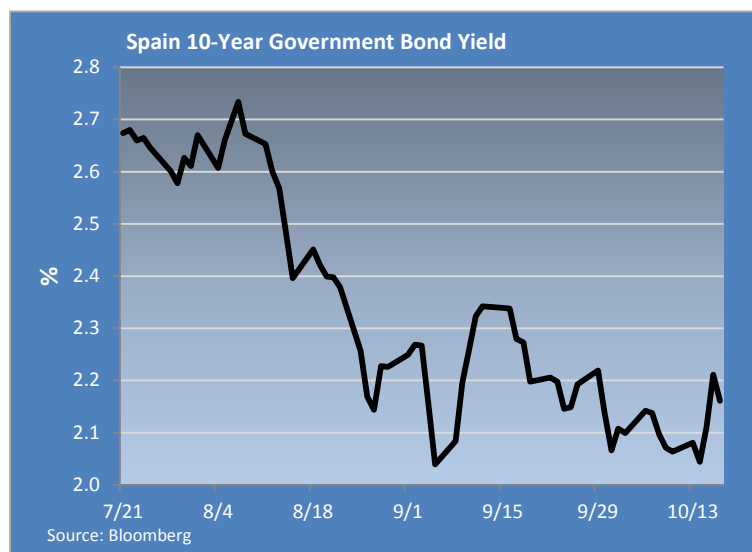
SELECTED EUROPEAN SOVEREIGN YIELD PERFORMANCE

	Last	Change	% Chg.	YTD %
Germany 10-Yr. Govt.	0.86	2 bps	NM	NM
Greece 10-Yr. Govt.	7.88	-75 bps	NM	NM
Italy 10-Yr. Govt.	2.50	-17 bps	NM	NM
Spain 10-Yr. Govt.	2.16	-9 bps	NM	NM
Belgium 10-Yr. Govt.	1.22	-6 bps	NM	NM

	Last	Change	% Chg.	YTD %
France 10-Yr. Govt.	1.29	-4 bps	NM	NM
Ireland 10-Yr. Govt.	1.75	-7 bps	NM	NM
Portugal 10-Yr. Govt.	3.33	-34 bps	NM	NM
Netherlands 10-Yr. Govt.	1.04	0 bps	NM	NM
U.K. 10-Yr. Govt.	2.16	5 bps	NM	NM

Source: Bloomberg

Basis points (bps)

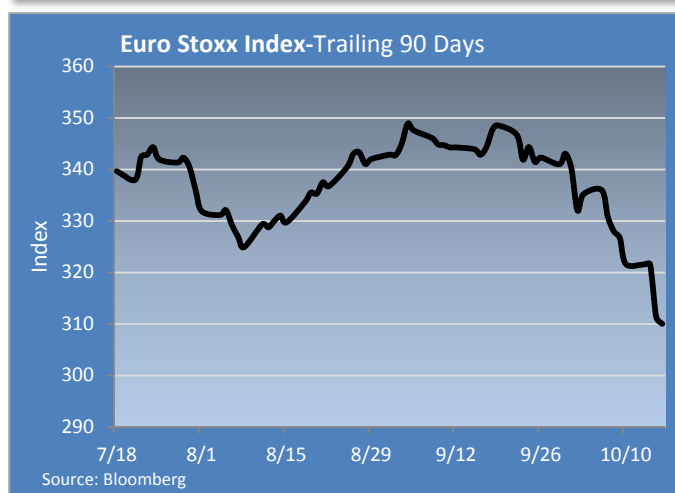
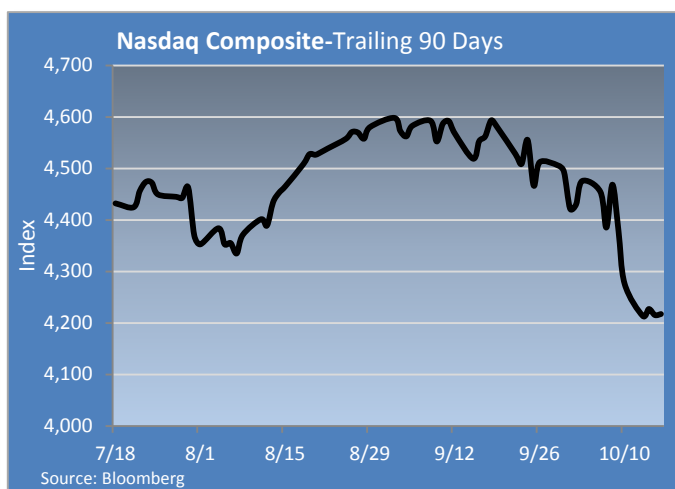
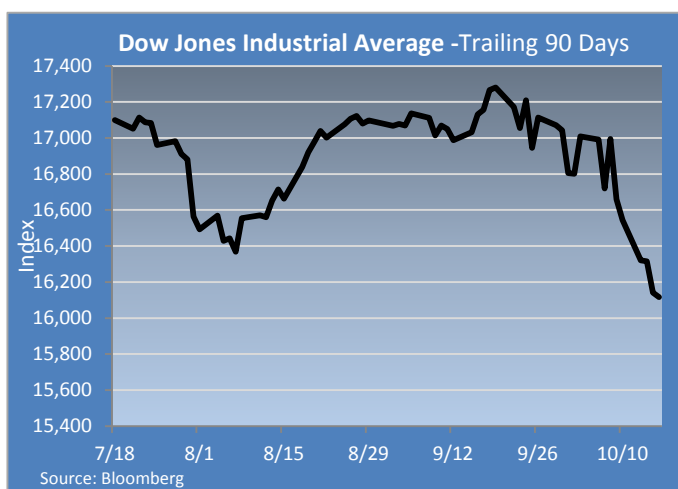


EQUITIES

WORLD MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
S&P 500	1,886.75	-43.37	-2.28%	0.78%	Swiss Market Index	8,250.10	-201.61	-2.41%	-0.37%
Dow Industrials	16,380.41	-426.86	-2.58%	-2.77%	CAC 40 Index (France)	4,033.18	-78.20	-1.92%	-6.99%
Nasdaq Composite	4,258.44	-58.85	-1.38%	0.98%	DAX Index (Germany)	8,850.27	-52.06	-0.59%	-8.54%
Russell Global	1,642.48	-24.49	-1.48%	-3.9%	Irish Overall Index	4,487.62	-31.40	-0.70%	-1.78%
Russell Global EM	3,029.68	-59.10	-1.91%	-2.5%	Nikkei 225	14,532.51	-946.42	-6.11%	-10.80%
S&P/TSX (Canada)	14,227.68	-174.39	-1.23%	3.17%	Hang Seng Index	23,023.21	-65.33	-0.28%	-1.22%
Mexico IPC	43,273.50	-528.11	-1.22%	0.42%	Shanghai Composite	2,341.18	-33.36	-1.40%	10.64%
Brazil Bovespa	55,723.79	-206.05	-0.37%	6.99%	Kospi Index (S. Korea)	1,900.66	-40.26	-2.07%	-5.50%
Euro Stoxx 600	318.68	-6.18	-1.92%	-3.91%	Taiwan Taiex Index	8,512.88	-453.56	-5.06%	-1.15%
FTSE 100	6,310.29	-89.07	-1.40%	-7.38%	Tel Aviv 25 Index	1,433.24	-29.73	-2.03%	7.81%
IBEX 35 (Spain)	9,956.80	-247.40	-2.44%	-0.14%	MICEX Index (Russia)	1,384.72	22.56	1.65%	-7.80%

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



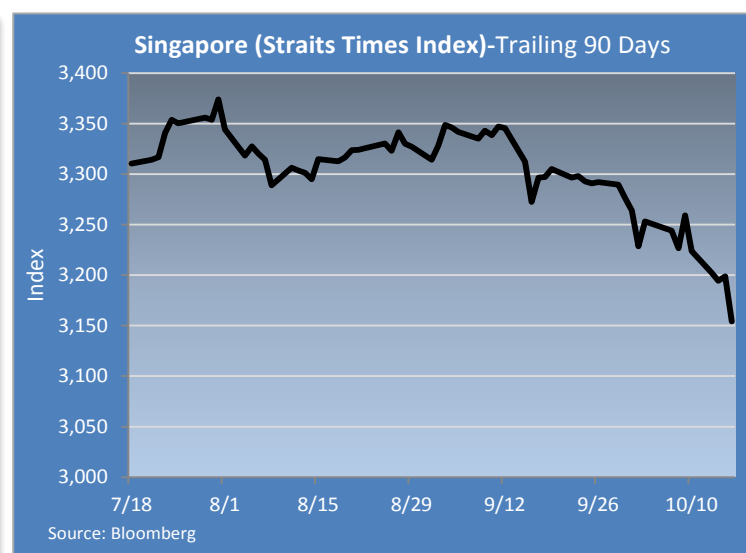
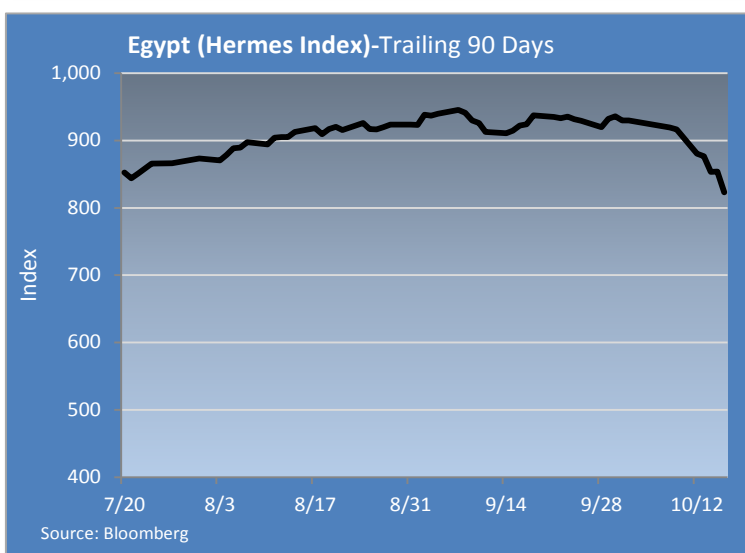
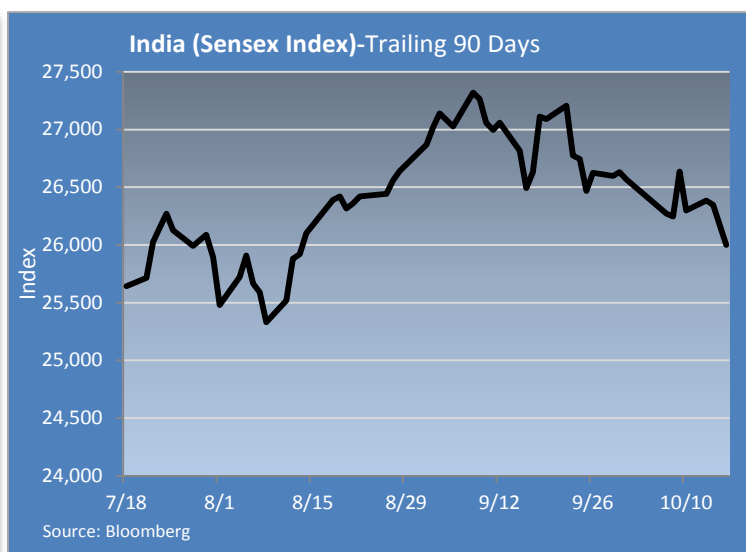
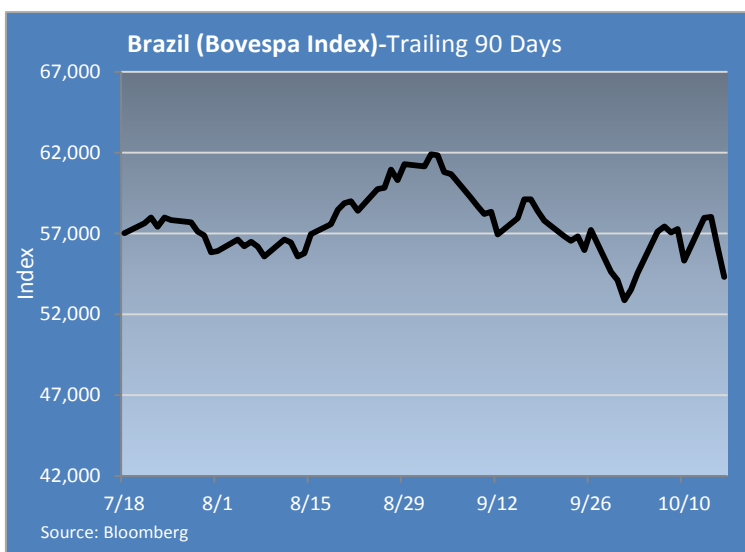
EQUITIES – EMERGING AND FRONTIER MARKETS

EMERGING AND FRONTIER MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
Mexico IPC	43,273.50	-528.11	-1.2%	0.4%
Brazil (Bovespa Index)	55,723.79	-206.05	-0.4%	7.0%
MICEX Index (Russia)	1,384.72	22.56	1.7%	-7.8%
Czech Republic (Prague)	926.84	-31.88	-3.4%	-7.0%
Turkey (Istanbul)	75,533.29	2056.59	2.8%	11.4%
Egypt (Hermes Index)	823.24	-93.26	-10.2%	21.9%
Kenya (Nairobi 20 Index)	5,279.88	-0.58	0.0%	7.2%
Saudi Arabia (TASI Index)	9,547.54	-1303.94	-12.0%	11.9%
Lebanon (Beirut BLOM Index)	1,169.79	-5.05	-0.4%	1.7%
Palestine	512.62	-1.11	-0.2%	-5.3%

	Last	Change	% Chg.	YTD %
Hang Seng Index	23,023.21	-65.33	-0.3%	-1.2%
India (Sensex 30)	26,108.53	-188.85	-0.7%	23.3%
Malaysia (KLCI Index)	1,788.31	-20.57	-1.1%	-4.2%
Singapore (Straits Times Index)	3,167.73	-56.14	-1.7%	0.0%
Thailand (SET Index)	1,528.71	-24.01	-1.5%	17.7%
Indonesia (Jakarta)	5,028.95	65.99	1.3%	17.7%
Pakistan (Karachi KSE 100)	29,883.10	-275.53	-0.9%	18.3%
Vietnam (Ho Chi Minh)	585.28	-32.44	-5.3%	16.0%
Sri Lanka (Colombo)	7,234.47	-86.53	-1.2%	22.4%
Cambodia (Laos)	1,423.85	8.71	0.6%	13.6%

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

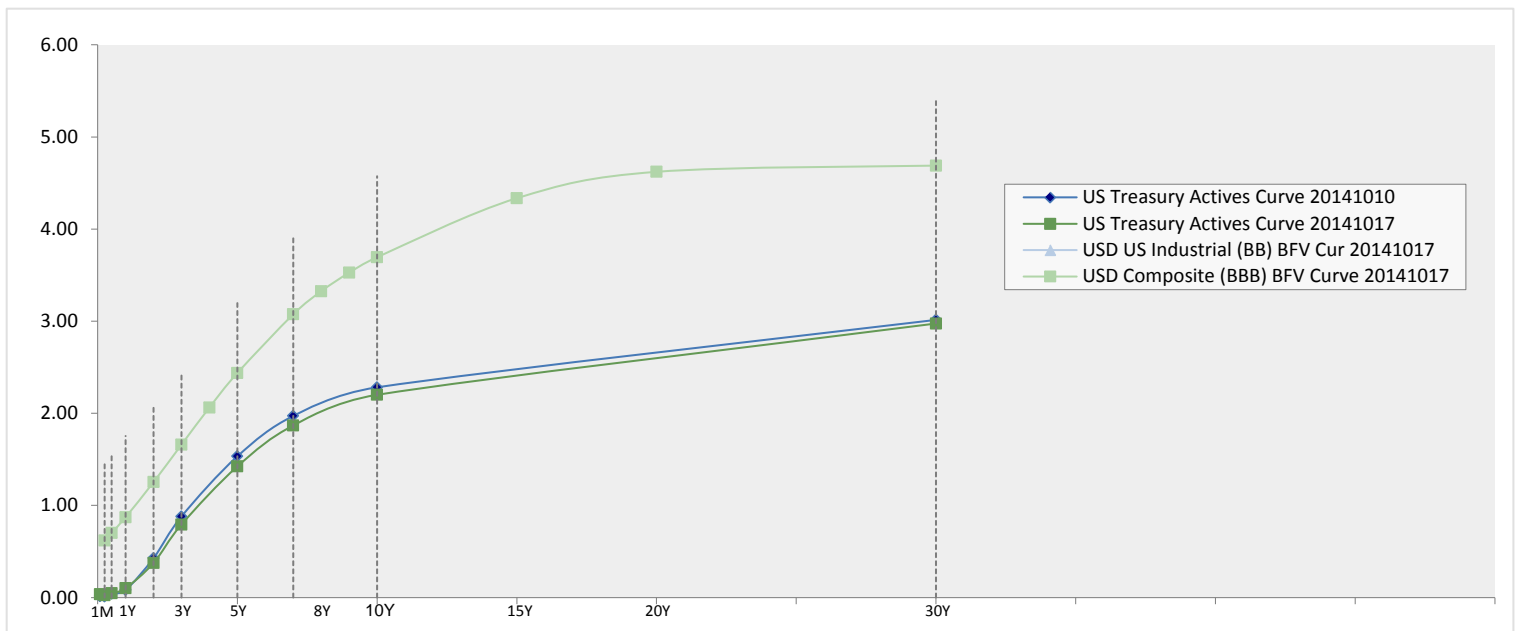


INTEREST RATES

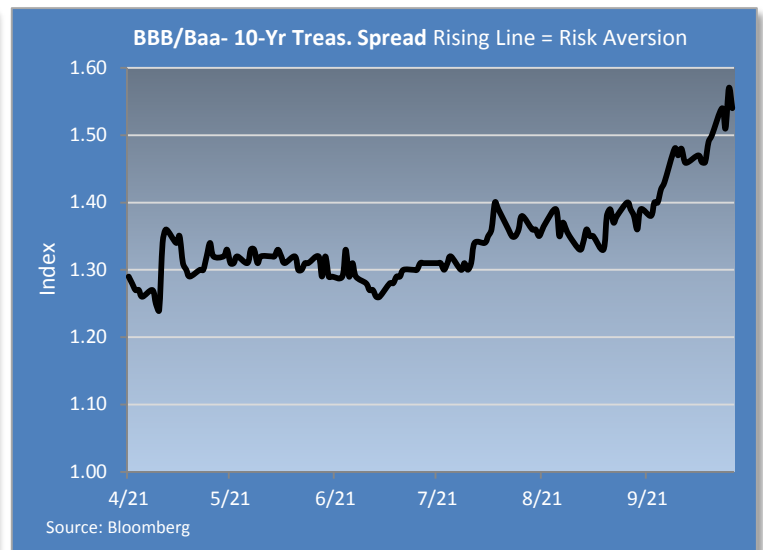
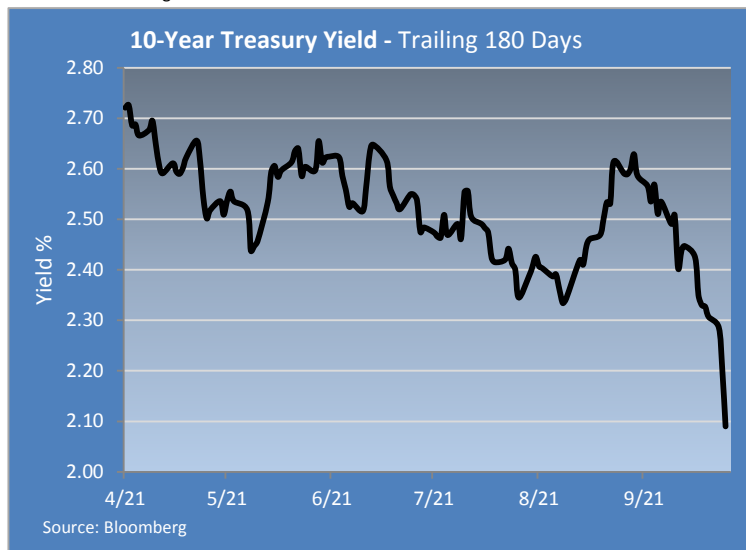
SELECTED INTEREST RATES

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
2-Yr. U.S. Treasury	0.35%	1 bps	NM	NM	Prime Rate	3.25%	0.00	NM	NM
5-Yr. U.S. Treasury	1.42%	-16 bps	NM	NM	Fed Funds Rate	0.25%	0.00	NM	NM
10-Yr. U.S. Treasury	2.20%	-12 bps	NM	NM	Discount Rate	0.75%	0.00	NM	NM
30-Yr. U.S. Treasury	2.97%	-7 bps	NM	NM	LIBOR (3 Mo.)	0.23%	0 bps	NM	NM
German 10-Yr. Govt.	0.86%	2 bps	NM	NM	Bond Buyer 40 Muni	3.53%	-15 bps	NM	NM
France 10-Yr.	1.29%	-4 bps	NM	NM	Bond Buyer 40 G.O.	3.87%	NA	NM	NM
Italy 10-Yr.	2.50%	-17 bps	NM	NM	Bond Buyer 40 Rev.	4.46%	NA	NM	NM
Fed 5-Yr Fwd BE Inf.	2.18%	-4 bps	NM	NM					

Source: Bloomberg



Source: Bloomberg



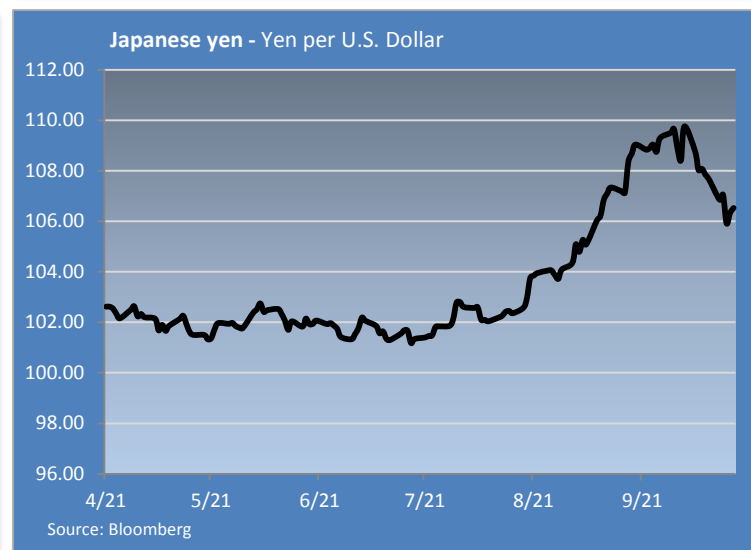
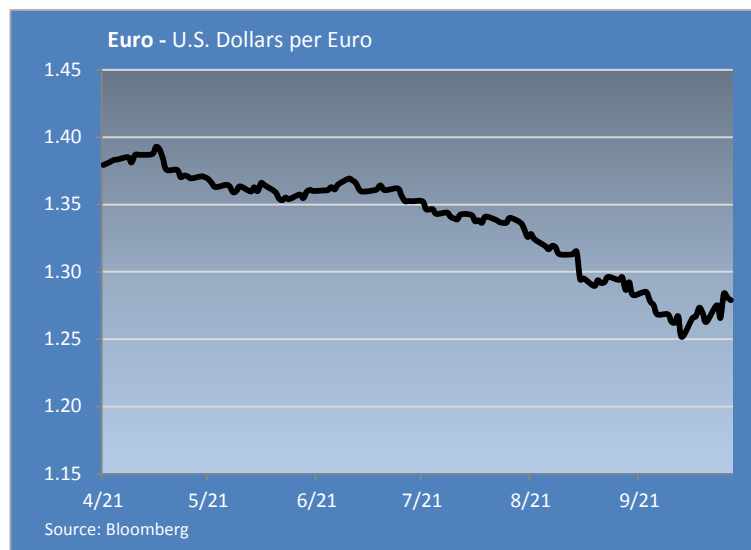
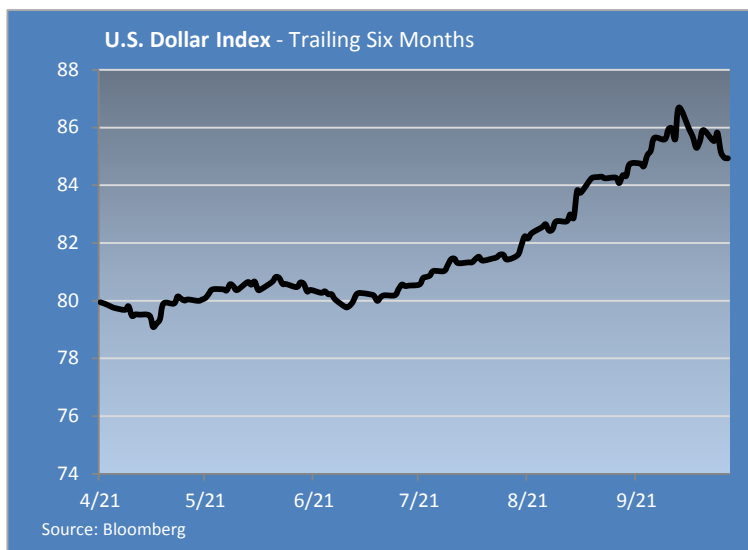
CURRENCIES

SELECTED CURRENCY PERFORMANCE

	Last	Change	% Chg.	YTD %
Dollar Index	85.21	-0.977	-1.14%	6.12%
Euro	1.28	0.016	1.27%	-6.94%
Japanese Yen	106.87	-1.130	1.06%	-1.15%
British Pound	1.61	0.001	0.06%	-2.84%
Canadian Dollar	1.13	0.005	-0.44%	-5.56%

	Last	Change	% Chg.	YTD %
Chinese Yuan	6.13	-0.006	0.09%	-1.16%
Swiss Franc	0.95	-0.013	1.38%	-5.42%
New Zealand Dollar	0.79	0.011	1.46%	-3.47%
Brazilian Real	2.44	0.030	-1.24%	-3.96%
Mexican Peso	13.54	0.042	-0.31%	-3.59%

Source: Bloomberg



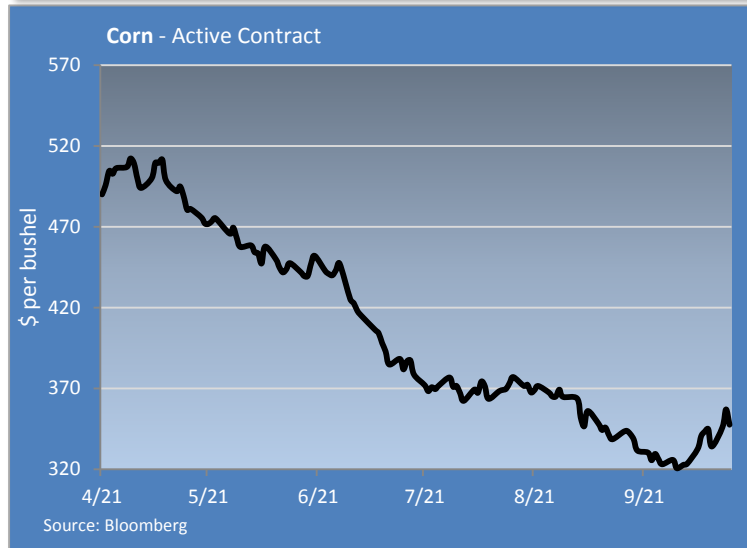
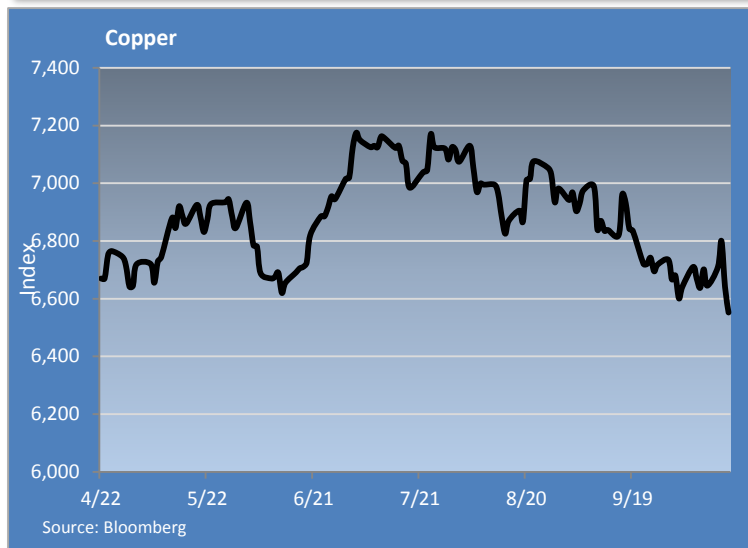
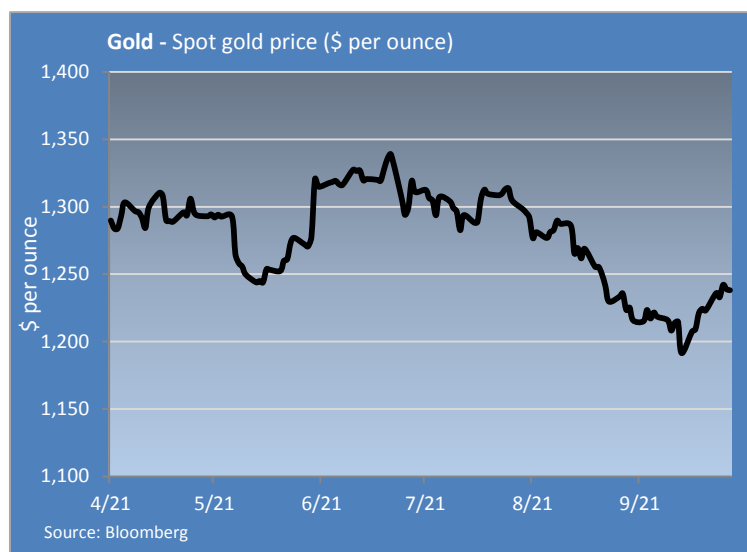
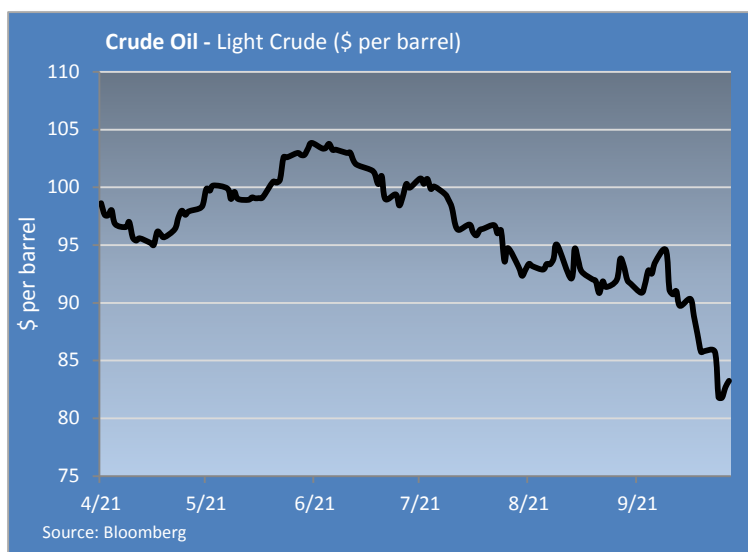
COMMODITIES

SELECTED COMMODITY MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
DJ UBS Comm. Idx.	117.45	-0.75	-0.63%	-6.60%
Rogers Int. Comm. Idx.	3198.19	-49.99	-1.54%	-10.06%
Crude Oil	\$82.94	-\$2.55	-2.97%	-10.79%
Natural Gas	\$3.77	-\$0.09	-2.41%	-10.42%
Gasoline (\$/Gal.)	\$3.14	-\$0.08	-2.39%	-5.39%
Heating Oil	249.90	-8.33	-3.25%	-17.25%
Gold Spot	\$1,238.05	\$14.95	1.22%	3.04%
Silver Spot	\$17.29	-\$0.07	-0.43%	-11.05%

	Last	Change	% Chg.	YTD %
Platinum Spot	\$1,258.94	-\$5.14	-0.41%	-8.30%
Corn	348.00	16.25	4.87%	-22.21%
Wheat	516.00	17.25	3.46%	-19.48%
Soybeans	951.75	38.50	4.17%	-15.33%
Sugar	16.62	0.05	0.30%	-6.48%
Orange Juice	137.40	-3.00	-2.13%	-6.55%
Aluminum	1,913.00	-17.00	-0.88%	6.26%
Copper	6,552.00	-93.00	-1.40%	-10.98%

Source: Bloomberg; % change is based on price.



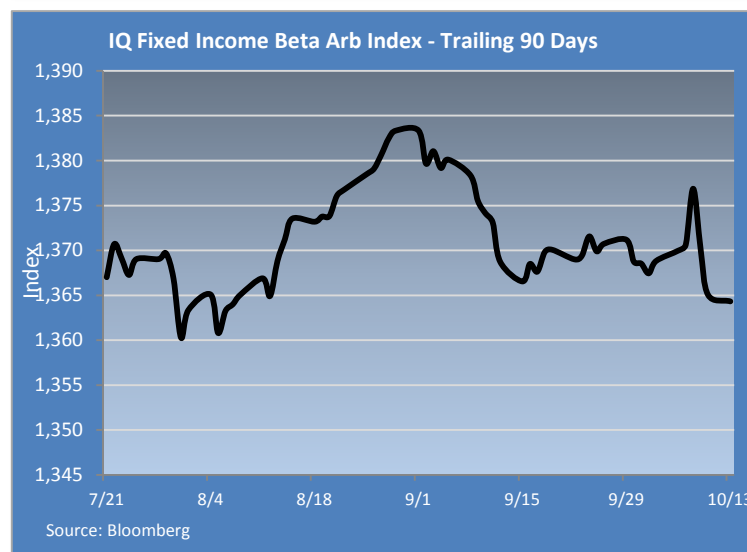
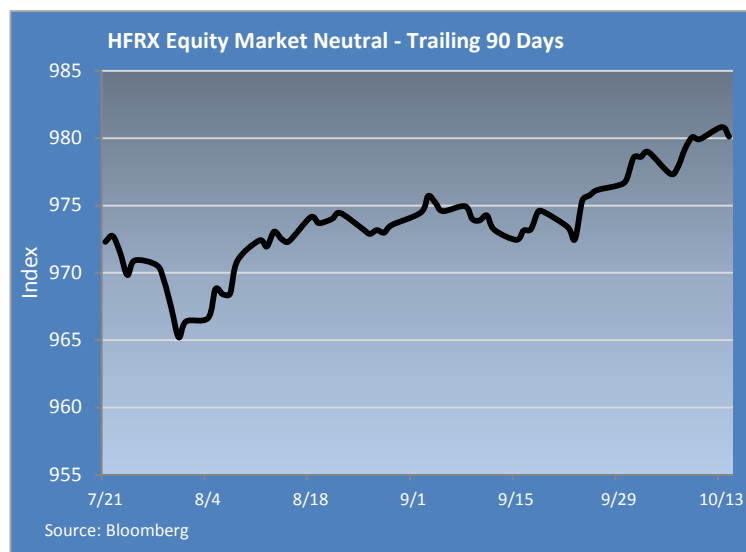
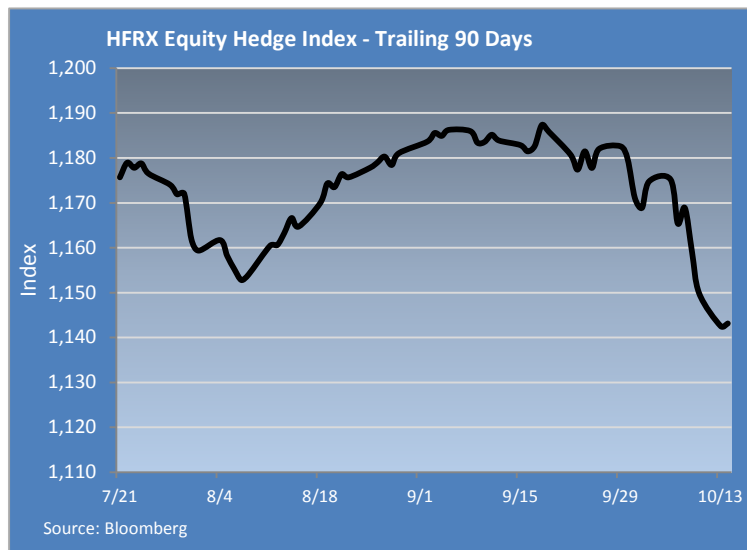
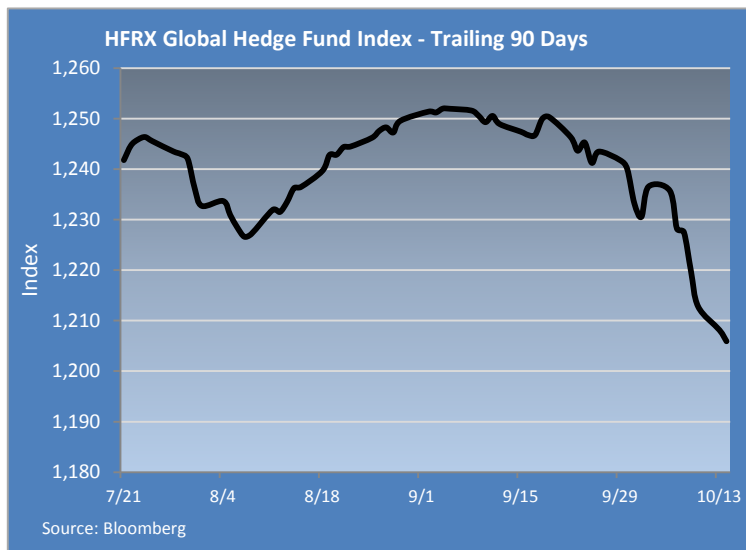
ALTERNATIVE INVESTMENTS

SELECTED ALTERNATIVE INVESTMENT INDEX PERFORMANCE

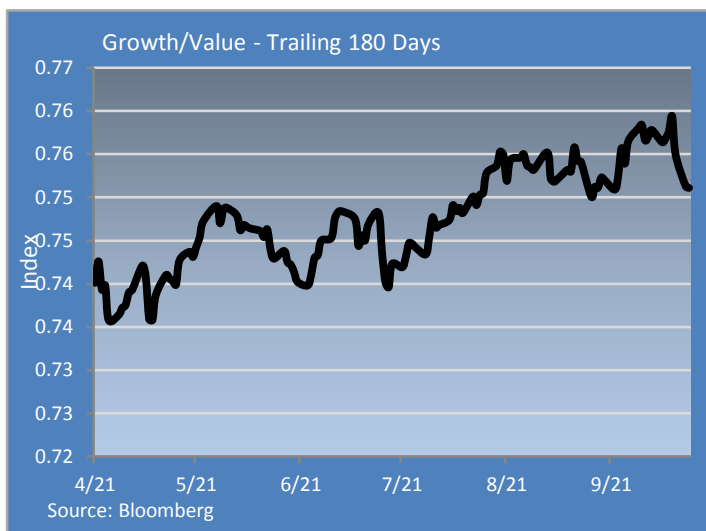
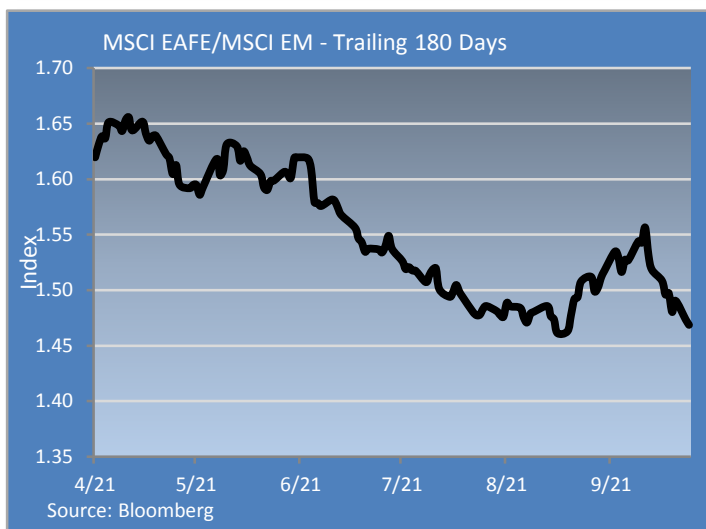
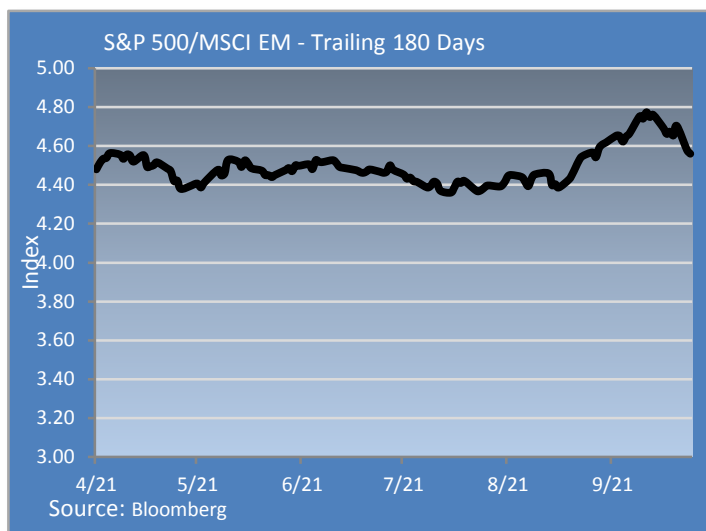
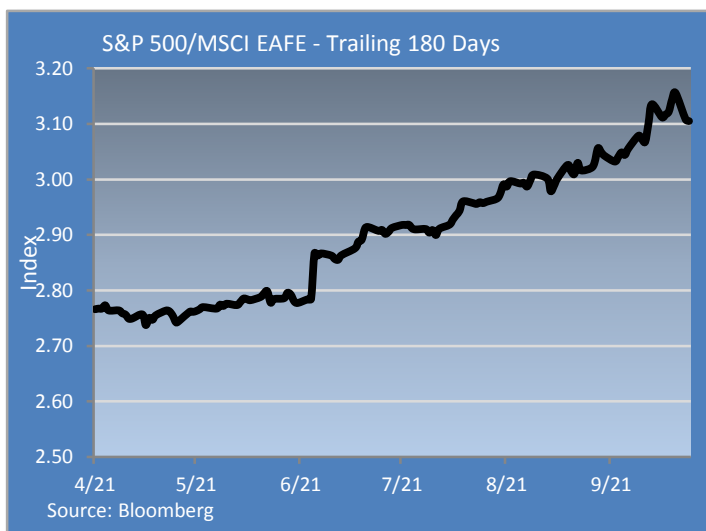
	Last	Change	% Chg.	YTD %
HFRX Global Hedge Fund Index	1219.70	-14.89	-1.23%	-2.25%
HFRX Equity Market Neutral	980.08	-0.40	-0.04%	2.91%
HFRX Equity Hedge Index	1142.54	-12.48	-1.09%	-2.41%
HFRX Event-Driven Index	1548.41	-35.13	-2.29%	-4.88%
HFRX Absolute Return Index	993.47	-8.82	-0.88%	0.45%

	Last	Change	% Chg.	YTD %
HFRX Distressed Index	1015.14	-13.72	-1.36%	-0.67%
HFRX Merger Arbitrage Index	1583.12	-15.90	-1.00%	-0.10%
HFRX Convertible Arbitrage Index	749.52	-9.30	-1.24%	-4.43%
HFRX Macro CTA Index	1157.45	-4.76	-0.41%	1.62%
IQ Fixed Income Beta Arb Index	1368.14	-0.68	-0.05%	5.06%

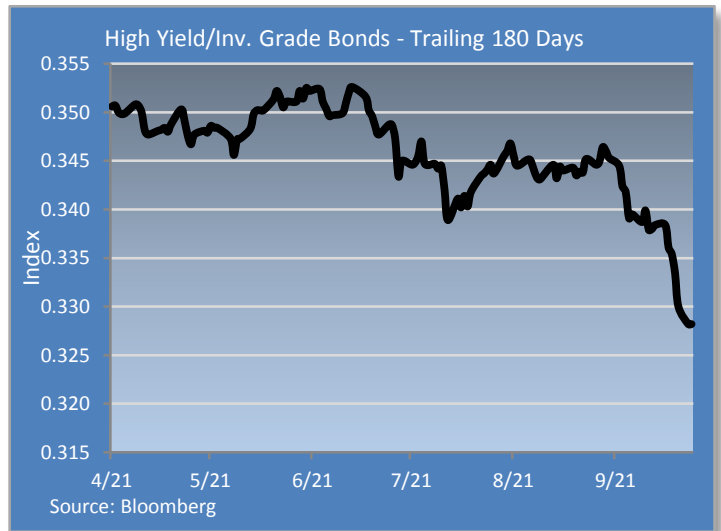
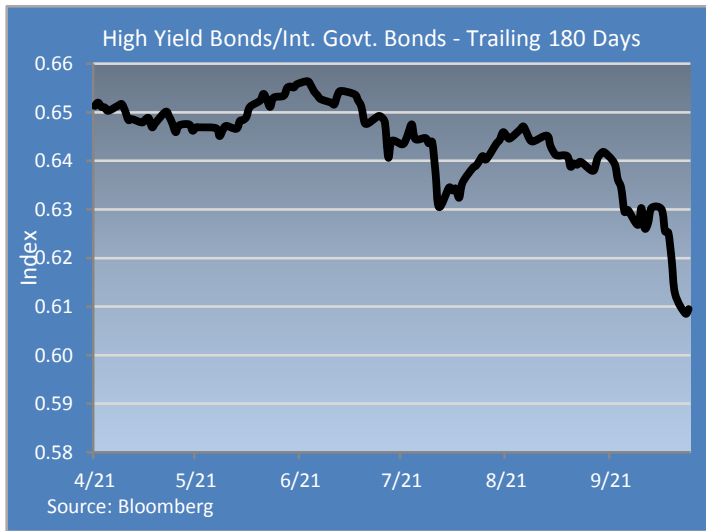
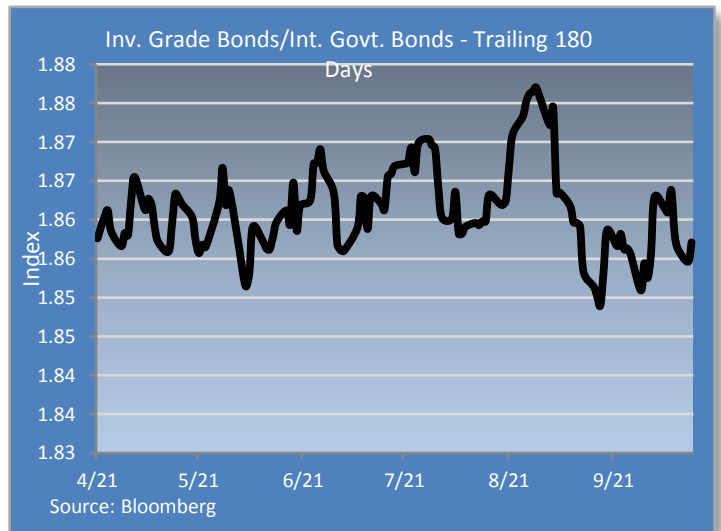
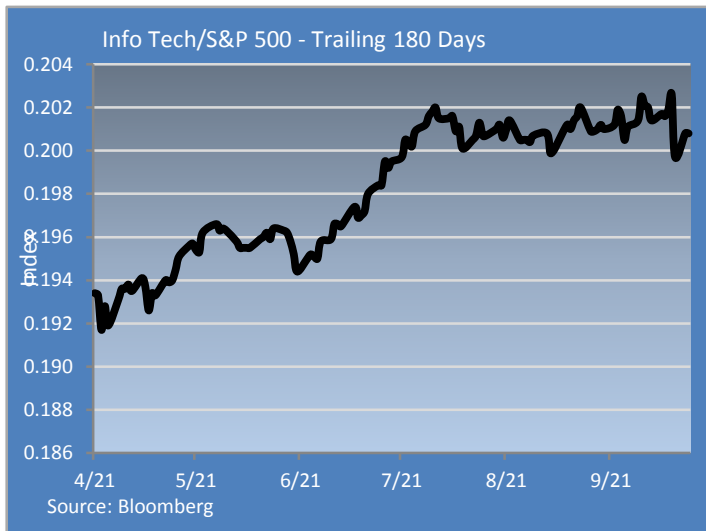
Source: Bloomberg; Index % change is based on price.



PORTFOLIO CONSTRUCTION



PORTFOLIO CONSTRUCTION (cont'd.)



WEEKLY ASSET CLASS PERFORMANCE (Prior 12 weeks ending Thursday)

			7/31	8/7	8/14	8/21	8/28	9/4	9/11	9/18	9/25	10/2	10/9	10/16
Equity	Domestic Equity	Large Cap (R200)	-2.89%	-1.16%	2.36%	1.89%	0.18%	-0.01%	0.05%	0.89%	-2.18%	-0.96%	-0.87%	-3.63%
		Small Cap (R2000)	-3.13%	-0.03%	2.11%	1.46%	0.51%	0.11%	0.44%	-1.11%	-4.23%	-1.25%	-2.59%	1.67%
	Int'l. Equity	MSCI EAFE	-1.86%	-2.57%	1.16%	1.02%	-0.08%	0.50%	-1.49%	-0.08%	-1.94%	-3.58%	-0.74%	-4.01%
		MSCI Em. Mkts.	-1.40%	-1.37%	2.01%	0.89%	0.47%	1.22%	-2.80%	-1.22%	-2.91%	-3.23%	1.59%	-3.74%
Fixed Income	BarCap Agg. (AGG)	-0.17%	0.38%	0.26%	-0.04%	0.40%	-0.54%	-0.53%	-0.32%	0.53%	0.26%	0.51%	0.69%	
	High Yield (JNK)	-1.79%	-0.07%	1.55%	0.44%	0.10%	-0.94%	-0.83%	0.07%	-1.30%	-0.15%	-0.57%	-0.53%	
Commodities	DJ UBS Index	-0.88%	-0.14%	-1.63%	-0.13%	0.67%	-1.31%	-2.44%	-0.94%	-1.16%	-0.73%	0.52%	-1.08%	
Alternatives	Hedge Funds (HFRX Global)	-0.82%	-0.77%	0.79%	0.66%	0.23%	0.38%	-0.12%	-0.05%	-0.70%	-0.86%	-0.88%	-1.79%	
Asset Allocation	60/40*	-1.68%	-0.68%	1.36%	0.92%	0.26%	-0.09%	-0.53%	-0.02%	-1.40%	-1.03%	-0.40%	-1.49%	
	48/32/20 (w/Alts.)**	-1.51%	-0.69%	1.24%	0.87%	0.25%	0.00%	-0.45%	-0.02%	-1.26%	-1.00%	-0.50%	-1.55%	

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	0.96	1.03	0.98	0.96	1.00	0.84	0.83	0.86	1.59	1.16	0.70	1.06	0.58	1.02
Large Cap Growth	1.04	1.00	1.07	1.02	1.00	1.04	0.88	0.86	0.90	1.65	1.21	0.73	1.11	0.60	1.06
Large Cap Value	0.97	0.94	1.00	0.95	0.93	0.97	0.82	0.81	0.84	1.55	1.13	0.68	1.03	0.56	0.99
Mid Cap Core	1.02	0.98	1.05	1.00	0.98	1.02	0.86	0.85	0.88	1.62	1.18	0.71	1.08	0.59	1.03
Mid Cap Growth	1.04	1.00	1.07	1.02	1.00	1.04	0.88	0.87	0.90	1.66	1.21	0.73	1.11	0.60	1.06
Mid Cap Value	1.00	0.96	1.03	0.98	0.96	1.00	0.84	0.83	0.86	1.59	1.16	0.70	1.06	0.58	1.02
Small Cap Core	1.18	1.14	1.22	1.16	1.14	1.18	1.00	0.98	1.02	1.88	1.37	0.83	1.26	0.68	1.20
Small Cap Growth	1.20	1.16	1.24	1.18	1.16	1.20	1.02	1.00	1.04	1.91	1.40	0.84	1.28	0.69	1.22
Small Cap Value	1.16	1.11	1.19	1.14	1.11	1.16	0.98	0.96	1.00	1.84	1.34	0.81	1.23	0.67	1.18
Int'l. Developed	0.63	0.60	0.65	0.62	0.60	0.63	0.53	0.52	0.54	1.00	0.73	0.44	0.67	0.36	0.64
Emerging Markets	0.86	0.83	0.89	0.85	0.83	0.86	0.73	0.72	0.74	1.37	1.00	0.60	0.92	0.50	0.88
REITs	1.43	1.37	1.47	1.40	1.37	1.43	1.21	1.19	1.23	2.27	1.66	1.00	1.52	0.82	1.45
Commodities	0.94	0.90	0.97	0.92	0.90	0.94	0.80	0.78	0.81	1.50	1.09	0.66	1.00	0.54	0.96
Int. Bond	1.74	1.67	1.78	1.70	1.67	1.74	1.47	1.44	1.50	2.76	2.01	1.22	1.84	1.00	1.76
High Yield	0.99	0.95	1.01	0.97	0.95	0.99	0.83	0.82	0.85	1.57	1.14	0.69	1.05	0.57	1.00

Source: Bloomberg

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

INDEX OVERVIEW

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

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