

Chart of the Week



Weekly Highlights

- **Domestic stock prices surged to all-time high this week.** Stock markets continued to rally with the S&P 500 Index hitting record high. As expected, the Federal Reserve ended QE and made little changes to its guidance. The surprising decision of the Bank of Japan to expand its QE program excited the global equity markets.
- **Global markets also gained ground on the week.** World markets followed the lead of the U.S., generating significant gains. Japan jumped to seven-year high after its surprising QE decision and put more pressure on European Central Bank to follow suit.
- **Treasury prices declined for the week.** The yield on the benchmark 10-year U.S. Treasury rose modestly as the first read of 3Q GDP growth exceeded expectation.
- **Commodity indices were mixed on the week.** While grains jumped, crude oil and gold plunged to multi-year lows as the dollar index jumped to a four-year high.

Talking Points

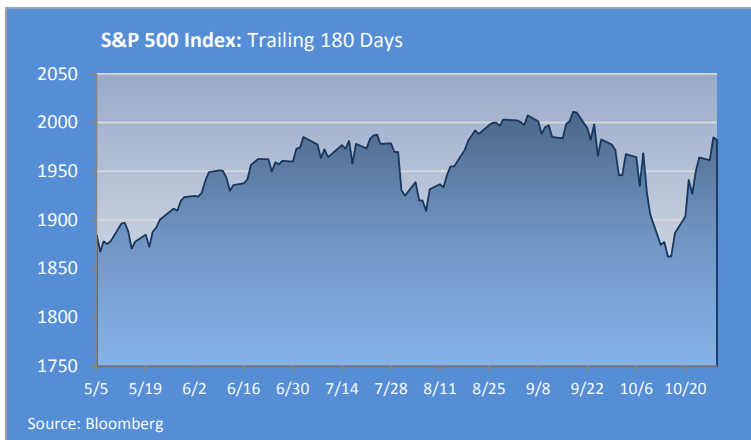
- **Among equities**, small-caps outperformed large-caps, and growth stocks outperformed value-oriented issues. Domestic stocks outperformed international equities. Emerging markets outperformed developed market stocks.
- **Treasury prices were lower this week.** The yield on the 10-year T-note rose modestly.
- **Commodity prices were mixed on the week.** Crude oil and gold plunged to multi-year lows, but grains jumped.
- **The dollar was sharply higher** this week against a basket of currencies with the dollar index hitting a multi-year high.
- **Among economic data released this week**, real gross domestic product (GDP) grew more than forecast in the third quarter; pending home sales rose less than expected in September; durables goods orders declined for the second straight month; the Federal Reserve ended its asset-purchase program; and initial jobless claims in the latest week declined somewhat.

MARKET DASHBOARD

	Last Price	Change	% Chg.	YTD %
S&P 500	2,018.05	52.19	2.66%	9.1%
Dow Industrials	17,390.52	584.91	3.48%	4.9%
Nasdaq	4,630.74	147.03	3.28%	10.9%
Russell 2000	1,173.51	54.22	4.85%	0.8%
Euro Stoxx Index	336.80	9.63	2.94%	2.6%
Shanghai Composite	2,420.18	117.90	5.12%	14.4%
Russell Global	1,735.94	42.01	2.48%	2.4%

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

	Last Price	Change	% Chg.	YTD %
Russell Global EM	3,142.93	67.57	2.20%	1.2%
10-Year US Treas.	2.34	6 bps	NM	NM
DJ UBS Comm. Idx.	117.74	1.16	0.99%	-6.4%
Gold	\$1,171.75	-\$59.14	-4.80%	-2.5%
Crude Oil	\$80.72	-\$0.31	-0.38%	-13.0%
Dollar Index	86.86	1.15	1.34%	8.6%
VIX Index	14.04	-1.99	-12.35%	2.9%



	One Week			YTD		
	Value	Growth		Value	Growth	
L	2.54%	2.60%	2.67%	7.70%	8.84%	10.00%
	2.54%	2.67%	2.79%	10.07%	8.77%	7.67%
S	4.61%	4.85%	5.08%	0.28%	0.81%	1.35%

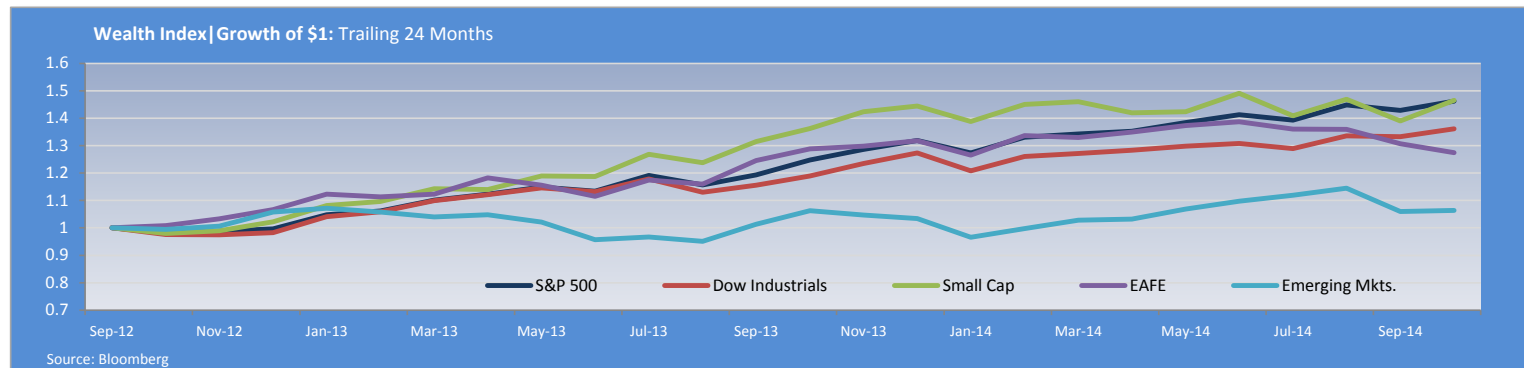
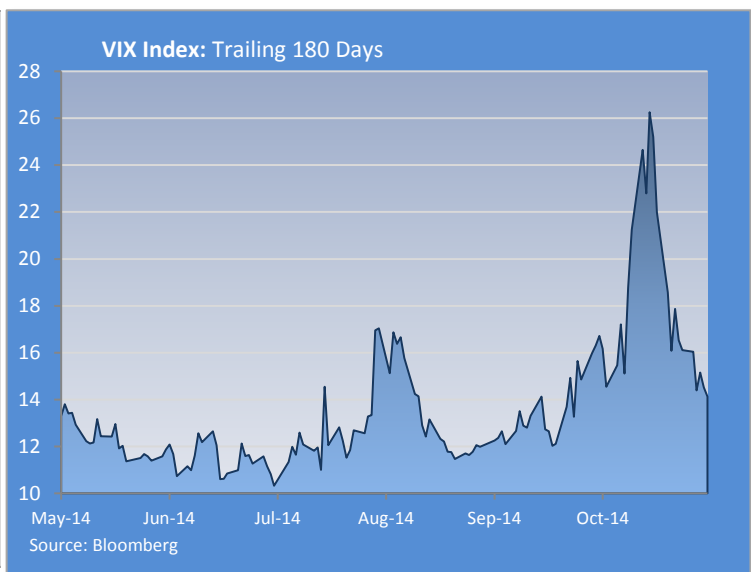
Source: Bloomberg

Sector Performance:

S&P/Global Industry Classification Sectors (GICS)

	% Wgt in S&P 500	Week % Chg.	YTD % Chg.
Consumer Discretionary	11.7	2.61%	1.9%
Consumer Staples	9.7	1.77%	8.6%
Energy	9.2	2.08%	-1.6%
Financials	16.4	3.24%	9.0%
Health Care	14.3	3.24%	21.3%
Industrials	10.4	2.66%	4.9%
Information Technology	19.6	3.32%	14.6%
Materials	3.3	0.18%	4.4%
Telecom Services	2.4	3.02%	3.4%
Utilities	3.2	1.98%	19.5%

Source: Bloomberg



THE ECONOMY AND MARKETS

A Macro View – 2014 Market Pullback Reflections

The U.S. equity market rebounded significantly in recent weeks with the S&P 500 Index recouping almost all of the lost ground during the most recent market pullback started in mid-September. As of the close of business on October 30, 2014, the S&P 500 Index had a year-to-date total return of +9.7%, within just striking distance of its all-time high. As 2014 is winding down with the seasonally-strong months of November and December remaining, the S&P 500 Index is poised for a potential double-digit-gain for the year.

The U.S. equity market has been resilient in 2014, with the S&P 500 Index shaking off four major market pullbacks. At the beginning of the year, concerns about emerging markets (“emerging market scare”) caused the first market pullback in 2014; in April, worries about excessive valuation of social media and biotech stocks (“social media/biotech scare”) dragged the index down by nearly 5% in only a week; during late July and early August, concerns about a potential escalation of the conflict between Russia and Ukraine (“Russian/Ukraine scare”) rattled the market once again; last but certainly not least, the recent plunge due to global growth worries (“global growth scare”) caused the S&P 500 Index to tumble as much as 9.8%, just shy of the 10% mark generally considered as the threshold of market correction.

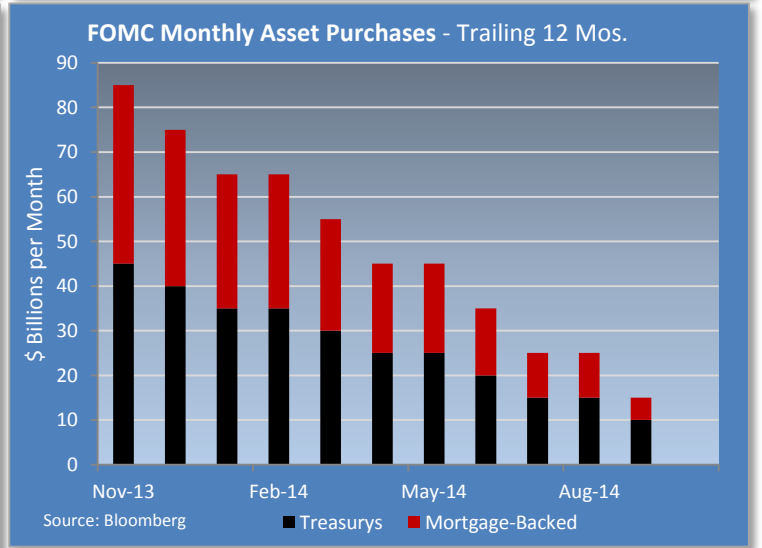
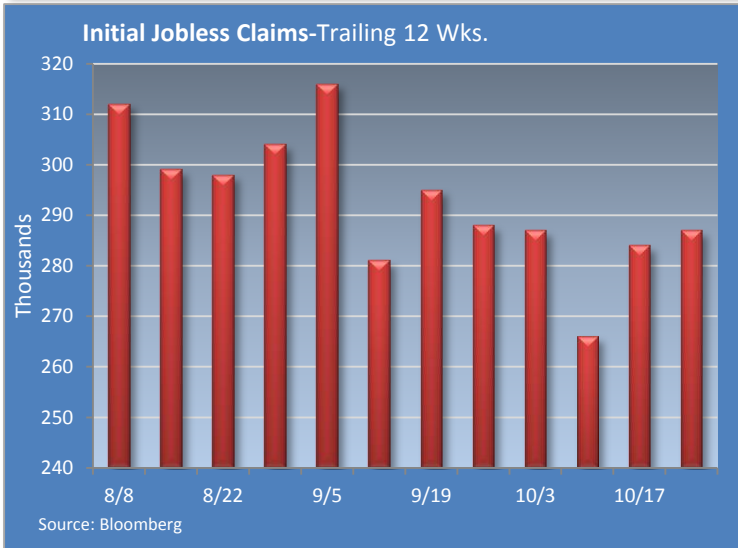
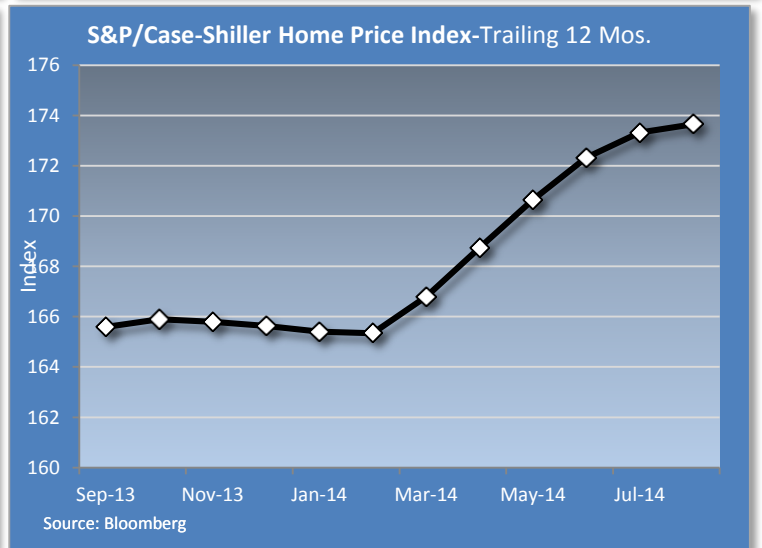
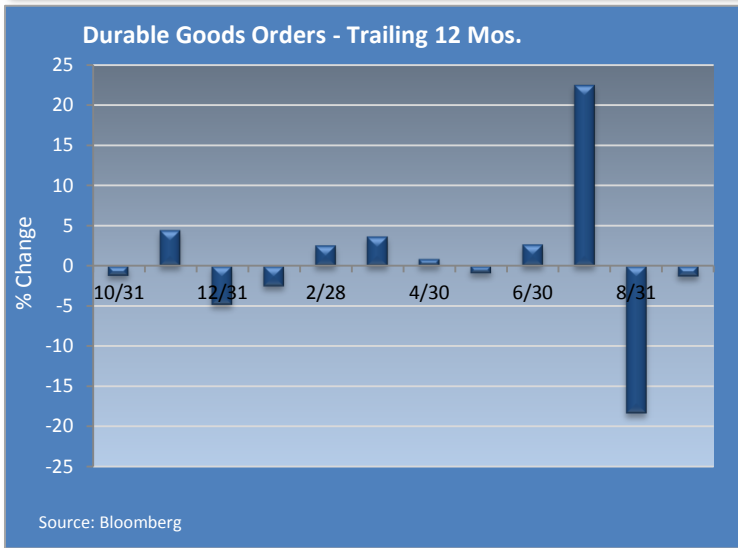
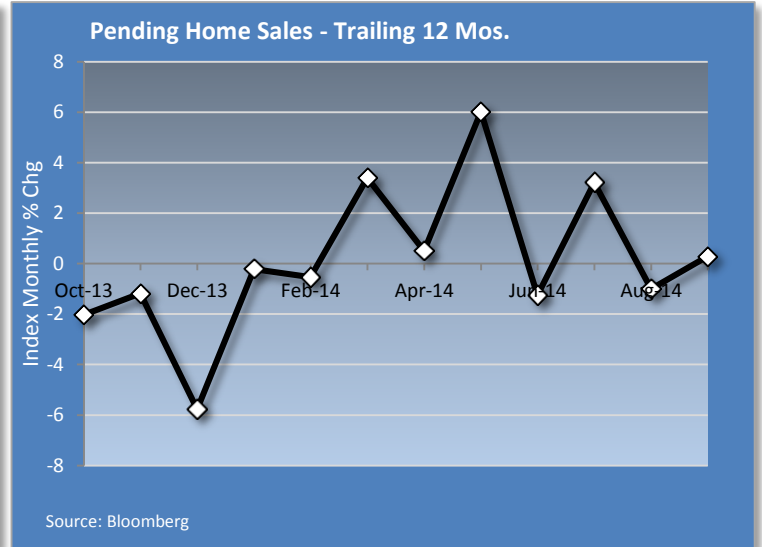
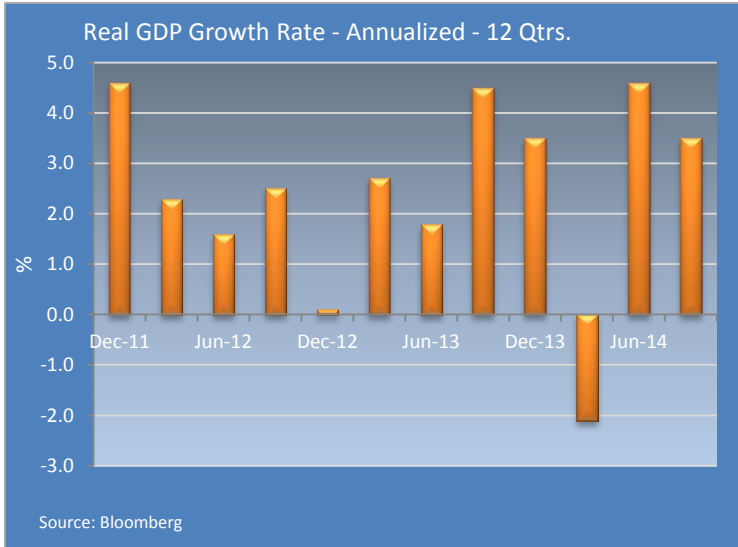
	Start Date	End Date	Duration (days)	Drawdown
Emerging Market Scare	1/15/2014	2/5/2014	21	-6.1%
Social Media/Biotech Scare	4/4/2014	4/11/2014	7	-4.4%
Russia/Ukraine Scare	7/24/2014	8/7/2014	14	-4.3%
Global Growth Scare	9/19/2014	10/15/2014	26	-9.8%

All market pullbacks in 2014 did not last long, though, ranging from 7 to 26 days. While the short duration of market pullbacks makes it easier for buy-and-holders to stick around, this type of quick-in-quick-out market downturns is difficult to time for tactical investors such as most hedge funds. The quick and sharp change in market directions is difficult even for the most nimble investors. For example, to successfully take advantage of the April “social media/biotech scare”, you have to be correct – not once, but twice – within a short seven-day span.

During these downturns, there was much talk among market pundits about the 10% correction mark. The suspicion is that the market has not had a 10%-plus pullback for a while and thus is due for one imminently. It is true that the last 10%-plus drawdown of the S&P 500 Index occurred as far back as April – June of 2012, but there is nothing magic about the 10% mark. The theory is that once the market drops 10% to reach the so-called correction territory, it will go down further and thus it is scary. Really? Look at what happened after the last 10%-plus fall, and you can conclude that this 10% anxiety is a bit far-fetched. After the S&P 500 Index experienced the 10% sell-off in 2012, it declined only 0.9% and then bounced back with a vengeance. The most-recent pullback (“the global growth scare”) was the severest since then with a peak-to-trough loss of 9.8%. If we have to worry about lack of market correction, this one is as good as it gets. Just because it is 0.2% shy of the 10% mark and thus “disqualifying” it as a legitimate market correction is not valid.

Frank Wei, CFA
Senior Investment Analyst

THIS WEEK IN THE ECONOMY AND MARKETS



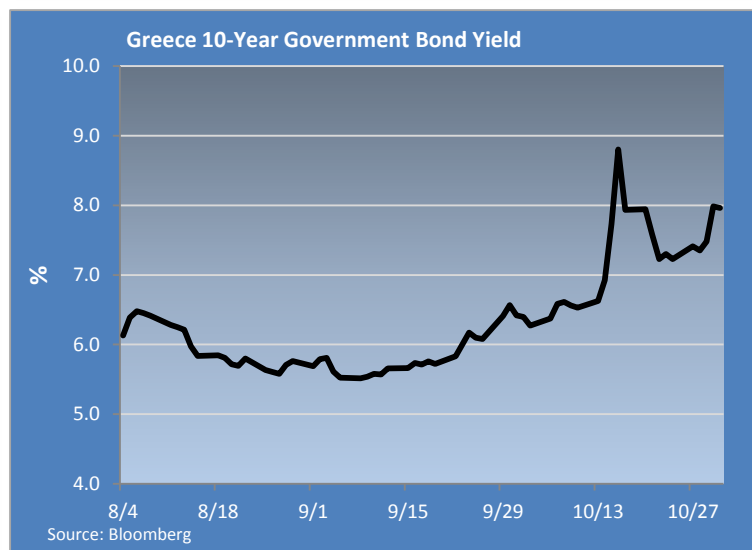
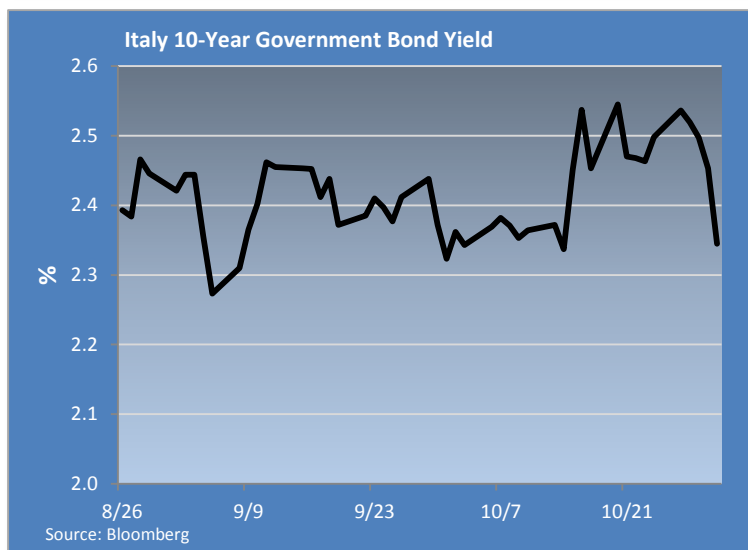
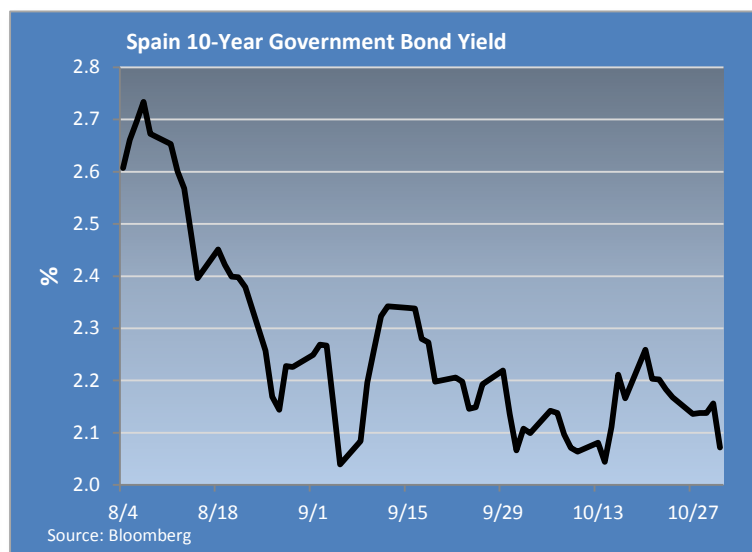
EUROZONE

SELECTED EUROPEAN SOVEREIGN YIELD PERFORMANCE

	Last	Change	% Chg.	YTD %
Germany 10-Yr. Govt.	0.84	5 bps	NM	NM
Greece 10-Yr. Govt.	7.96	-39 bps	NM	NM
Italy 10-Yr. Govt.	2.35	13 bps	NM	NM
Spain 10-Yr. Govt.	2.07	9 bps	NM	NM
Belgium 10-Yr. Govt.	1.11	12 bps	NM	NM

	Last	Change	% Chg.	YTD %
France 10-Yr. Govt.	1.18	12 bps	NM	NM
Ireland 10-Yr. Govt.	1.70	9 bps	NM	NM
Portugal 10-Yr. Govt.	3.21	3 bps	NM	NM
Netherlands 10-Yr. Govt.	0.98	7 bps	NM	NM
U.K. 10-Yr. Govt.	2.25	-2 bps	NM	NM

Source: Bloomberg
Basis points (bps)



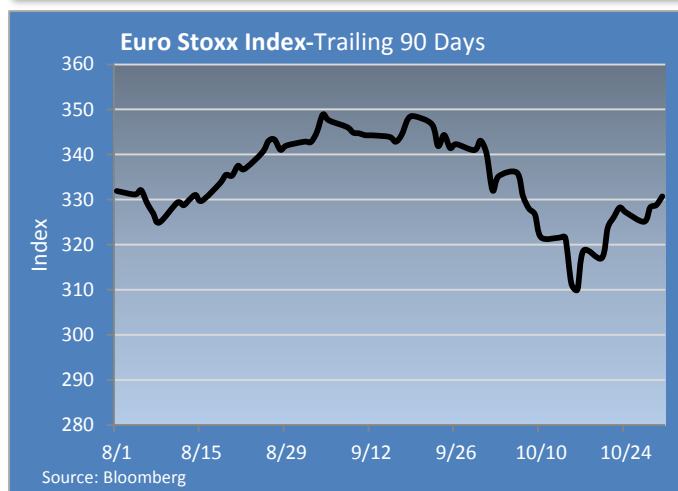
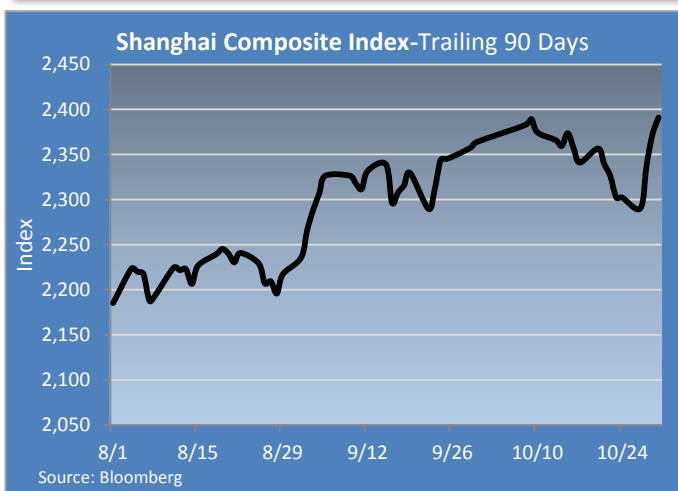
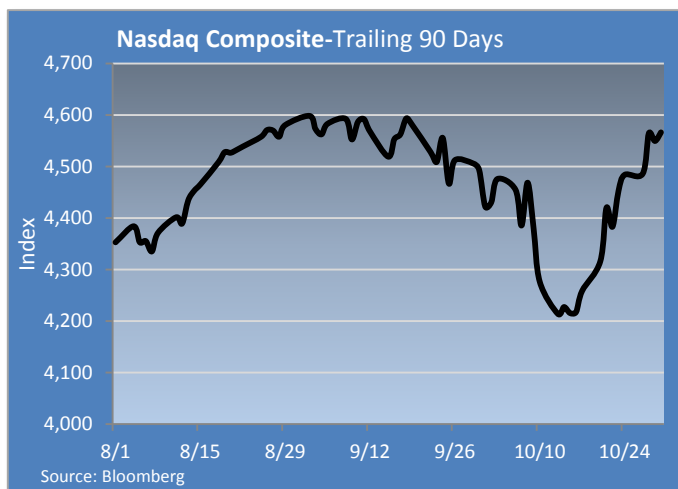
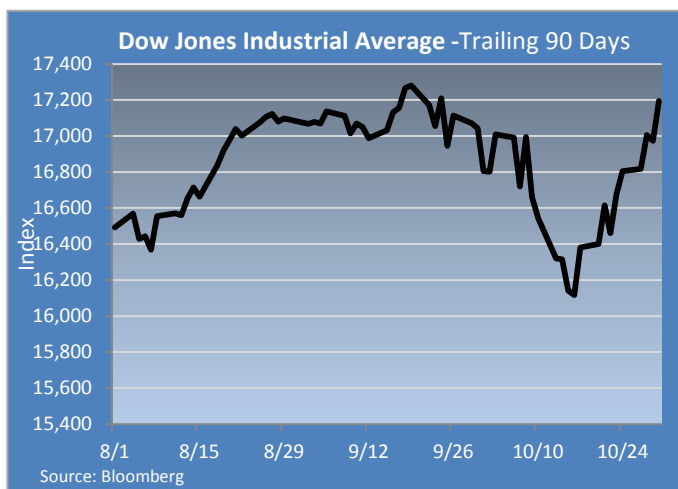
EQUITIES

WORLD MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
S&P 500	2,018.05	52.19	2.66%	9.11%
Dow Industrials	17,390.52	584.91	3.48%	4.91%
Nasdaq Composite	4,630.74	147.03	3.28%	10.87%
Russell Global	1,735.94	42.01	2.48%	2.4%
Russell Global EM	3,142.93	67.57	2.20%	1.2%
S&P/TSX (Canada)	14,613.32	74.20	0.51%	7.32%
Mexico IPC	45,027.52	1317.23	3.02%	5.28%
Brazil Bovespa	54,628.60	2687.87	5.17%	6.06%
Euro Stoxx 600	336.80	9.63	2.94%	2.60%
FTSE 100	6,546.47	157.74	2.47%	-3.00%
IBEX 35 (Spain)	10,477.80	138.50	1.34%	5.66%

	Last	Change	% Chg.	YTD %
Swiss Market Index	8,837.78	305.69	3.58%	7.74%
CAC 40 Index (France)	4,233.09	104.19	2.52%	-1.46%
DAX Index (Germany)	9,326.87	339.07	3.77%	-2.36%
Irish Overall Index	4,763.13	96.71	2.07%	4.93%
Nikkei 225	16,413.76	1122.12	7.34%	0.75%
Hang Seng Index	23,998.06	695.86	2.99%	2.97%
Shanghai Composite	2,420.18	117.90	5.12%	14.38%
Kospi Index (S. Korea)	1,964.43	38.74	2.01%	-2.33%
Taiwan Taiex Index	8,974.76	328.75	3.80%	4.22%
Tel Aviv 25 Index	1,424.37	-21.46	-1.48%	7.14%
MICEX Index (Russia)	1,488.47	108.08	7.83%	-1.04%

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



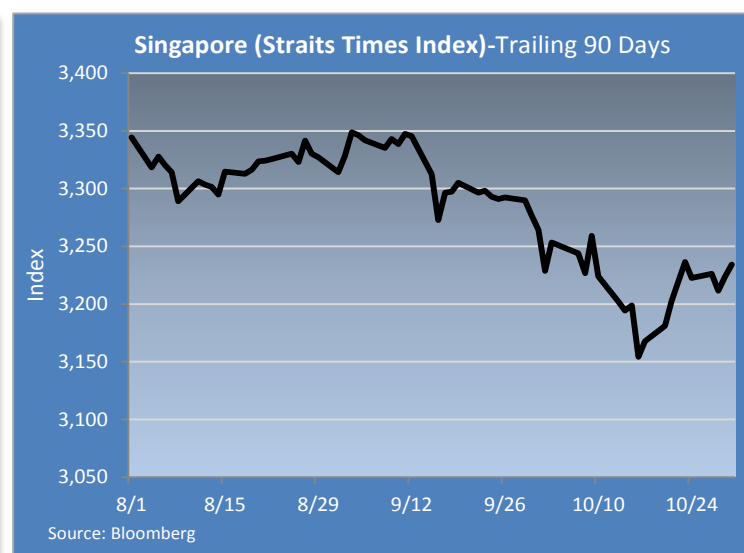
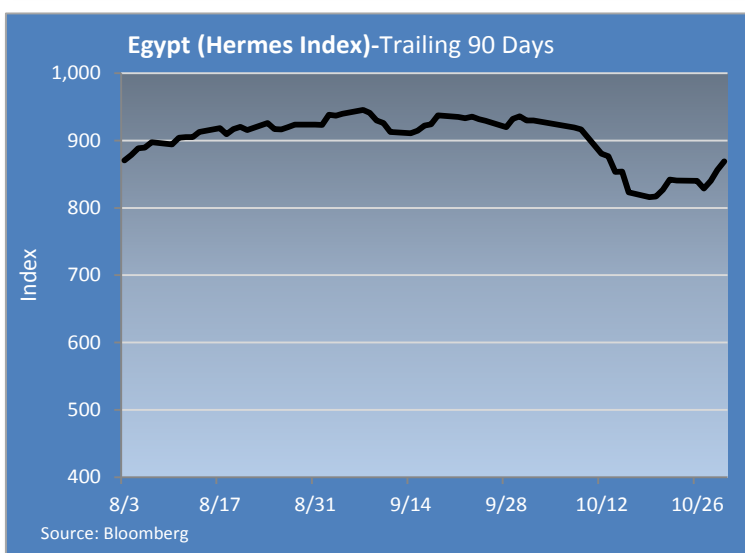
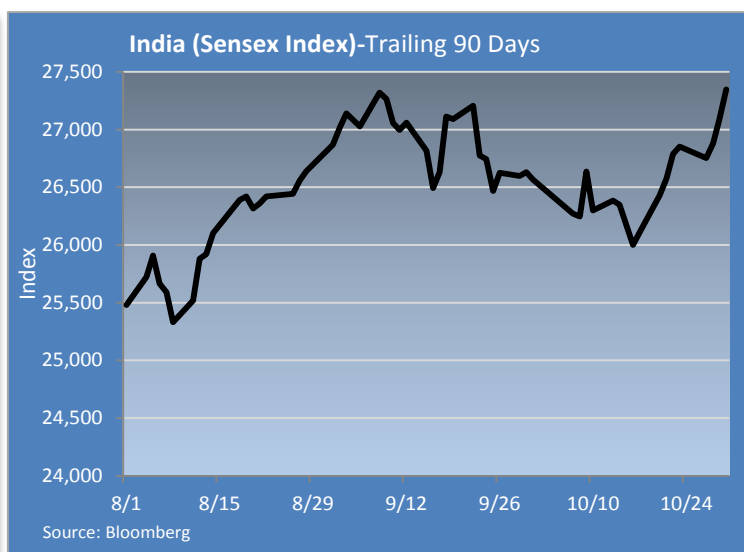
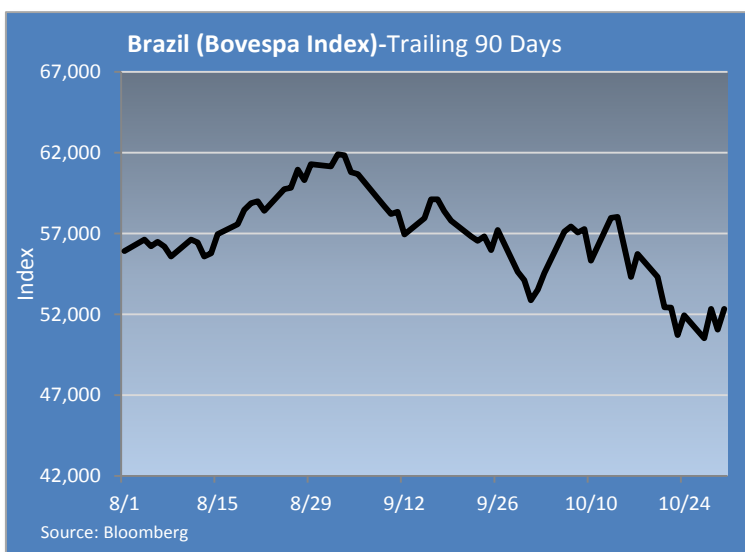
EQUITIES – EMERGING AND FRONTIER MARKETS

EMERGING AND FRONTIER MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
Mexico IPC	45,027.52	1317.23	3.0%	5.3%
Brazil (Bovespa Index)	54,628.60	2687.87	5.2%	6.1%
MICEX Index (Russia)	1,488.47	108.08	7.8%	-1.0%
Czech Republic (Prague)	981.43	31.26	3.3%	-0.8%
Turkey (Istanbul)	80,579.66	1162.52	1.5%	18.8%
Egypt (Hermes Index)	869.25	28.50	3.4%	28.7%
Kenya (Nairobi 20 Index)	5,233.42	35.75	0.7%	6.2%
Saudi Arabia (TASI Index)	10,034.92	-130.41	-1.3%	17.6%
Lebanon (Beirut BLOM Index)	1,180.48	19.64	1.7%	2.6%
Palestine	500.59	-5.10	-1.0%	-7.6%

	Last	Change	% Chg.	YTD %
Hang Seng Index	23,998.06	695.86	3.0%	3.0%
India (Sensex 30)	27,865.83	1014.78	3.8%	31.6%
Malaysia (KLCI Index)	1,855.15	36.29	2.0%	-0.6%
Singapore (Straits Times Index)	3,274.25	51.70	1.6%	3.4%
Thailand (SET Index)	1,584.16	44.25	2.9%	22.0%
Indonesia (Jakarta)	5,089.55	16.48	0.3%	19.1%
Pakistan (Karachi KSE 100)	30,376.53	278.04	0.9%	20.3%
Vietnam (Ho Chi Minh)	600.84	9.33	1.6%	19.1%
Sri Lanka (Colombo)	7,326.81	113.33	1.6%	23.9%
Cambodia (Laos)	1,396.76	-35.79	-2.5%	11.4%

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

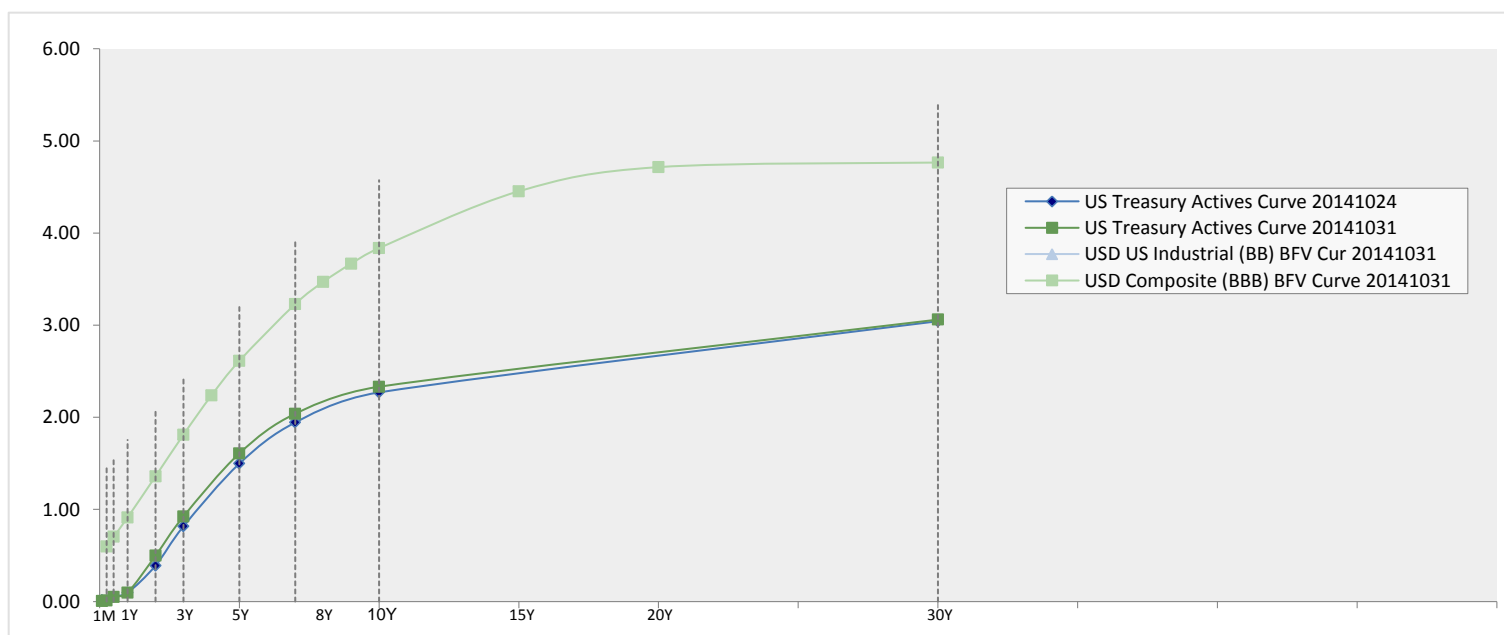


INTEREST RATES

SELECTED INTEREST RATES

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
2-Yr. U.S. Treasury	0.50%	0 bps	NM	NM	Prime Rate	3.25%	0.00	NM	NM
5-Yr. U.S. Treasury	1.61%	12 bps	NM	NM	Fed Funds Rate	0.25%	0.00	NM	NM
10-Yr. U.S. Treasury	2.34%	6 bps	NM	NM	Discount Rate	0.75%	0.00	NM	NM
30-Yr. U.S. Treasury	3.06%	1 bps	NM	NM	LIBOR (3 Mo.)	0.23%	0 bps	NM	NM
German 10-Yr. Govt.	0.84%	5 bps	NM	NM	Bond Buyer 40 Muni	3.73%	-1 bps	NM	NM
France 10-Yr.	1.18%	12 bps	NM	NM	Bond Buyer 40 G.O.	3.90%	NA	NM	NM
Italy 10-Yr.	2.35%	13 bps	NM	NM	Bond Buyer 40 Rev.	4.53%	NA	NM	NM
Fed 5-Yr Fwd BE Inf.	2.20%	1 bps	NM	NM					

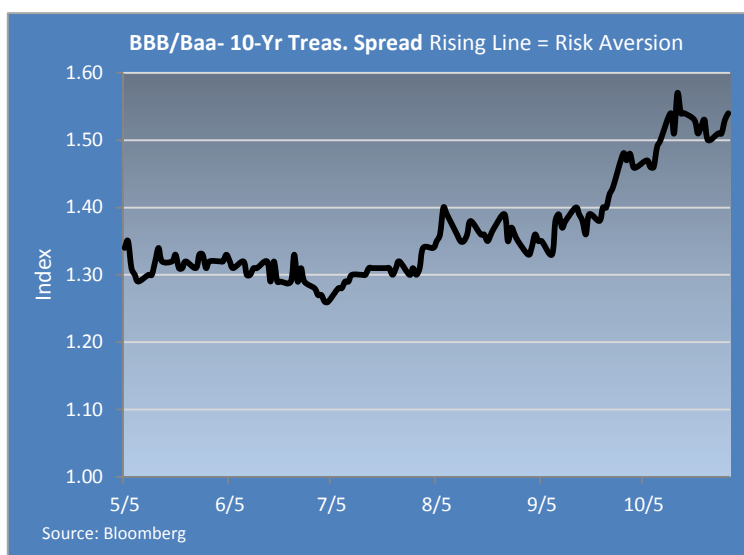
Source: Bloomberg



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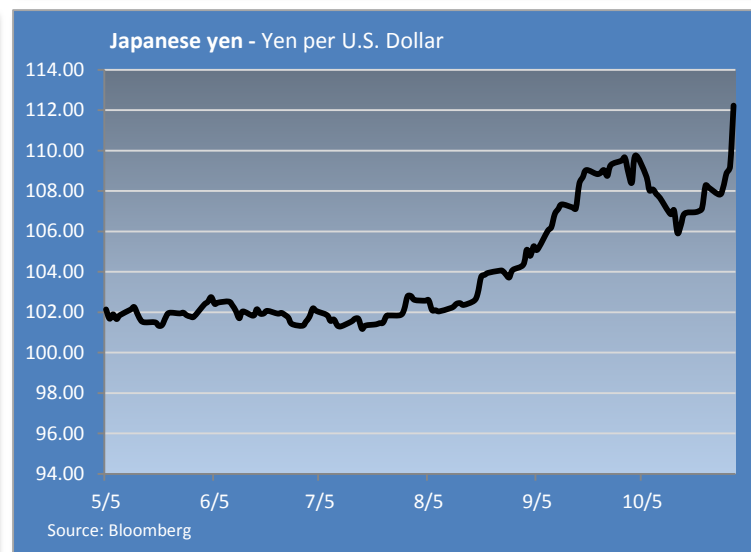
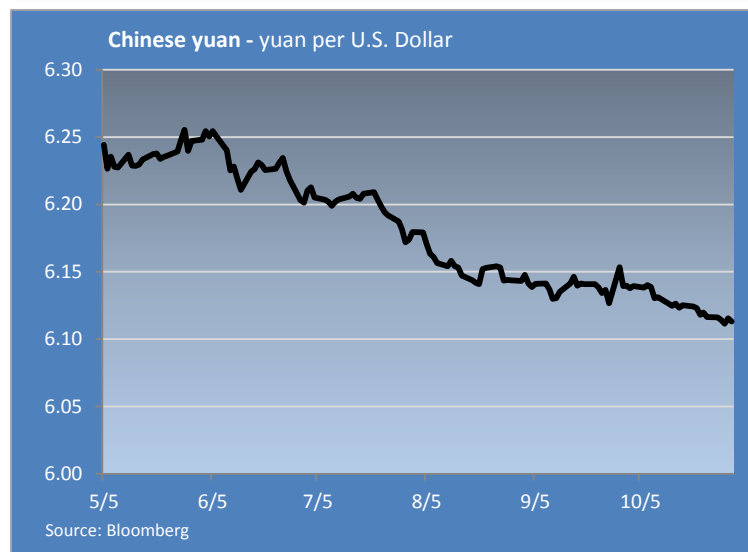
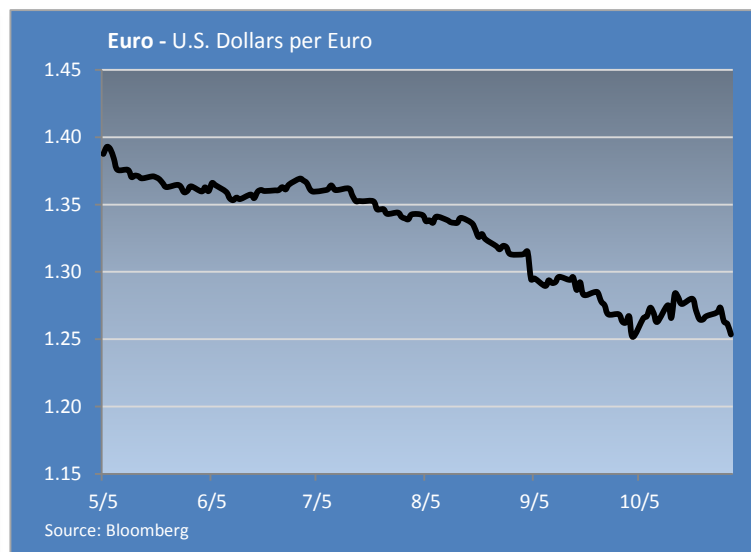
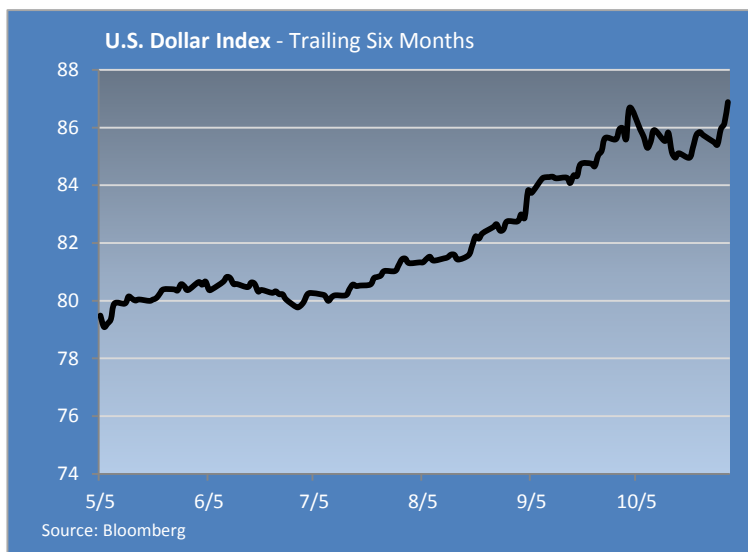
CURRENCIES

SELECTED CURRENCY PERFORMANCE

	Last	Change	% Chg.	YTD %
Dollar Index	86.85	1.151	1.34%	8.56%
Euro	1.25	-0.014	-1.07%	-8.79%
Japanese Yen	112.34	4.070	-3.63%	-6.17%
British Pound	1.60	-0.009	-0.57%	-3.37%
Canadian Dollar	1.13	0.003	-0.30%	-5.70%

	Last	Change	% Chg.	YTD %
Chinese Yuan	6.11	-0.004	0.06%	-0.96%
Swiss Franc	0.96	0.010	-1.04%	-7.17%
New Zealand Dollar	0.78	-0.006	-0.76%	-5.11%
Brazilian Real	2.48	0.004	-0.16%	-4.67%
Mexican Peso	13.47	-0.091	0.68%	-3.21%

Source: Bloomberg

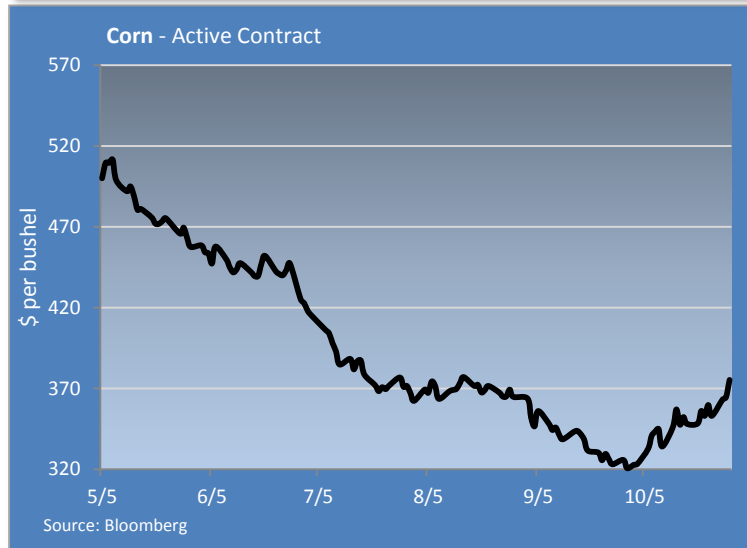
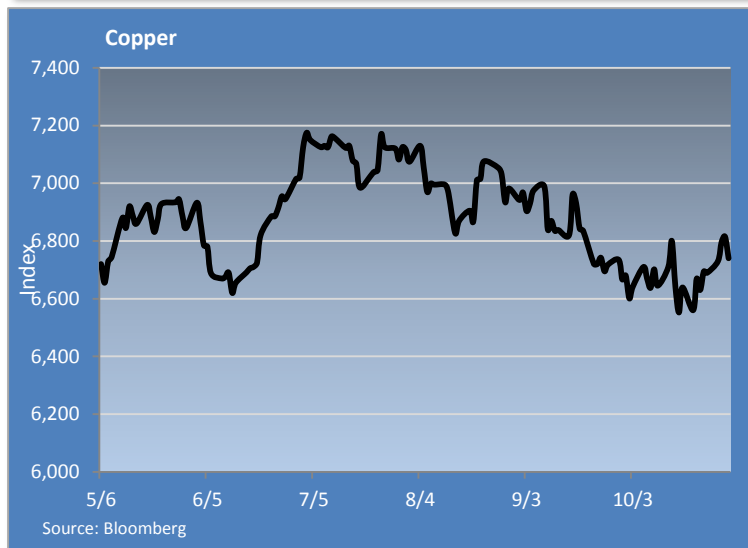
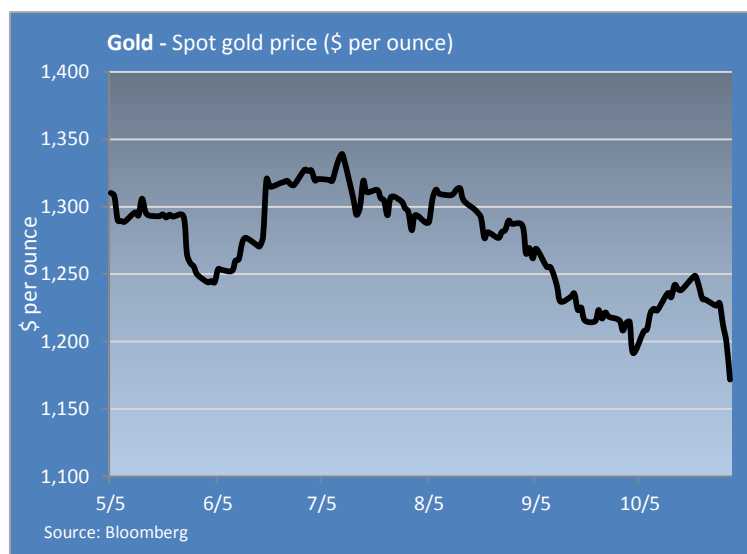
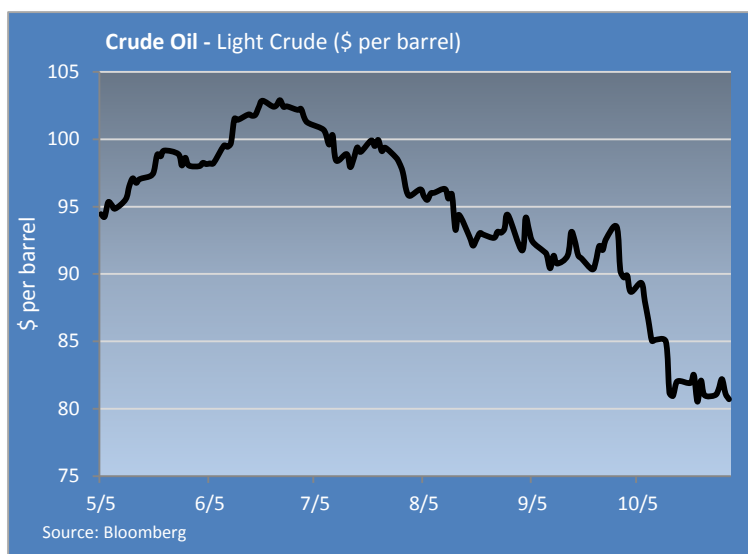


COMMODITIES

SELECTED COMMODITY MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
DJ UBS Comm. Idx.	117.74	1.16	0.99%	-6.37%	Platinum Spot	\$1,235.00	-\$15.25	-1.22%	-9.94%
Rogers Int. Comm. Idx.	3229.19	14.42	0.45%	-9.19%	Corn	376.75	23.75	6.73%	-16.32%
Crude Oil	\$80.73	-\$0.31	-0.38%	-12.96%	Wheat	532.50	14.75	2.85%	-16.86%
Natural Gas	\$3.87	\$0.18	4.81%	-10.11%	Soybeans	1,049.25	66.00	6.71%	-8.00%
Gasoline (\$/Gal.)	\$3.00	-\$0.06	-1.83%	-9.63%	Sugar	16.04	0.00	0.00%	-9.63%
Heating Oil	251.45	0.00	0.00%	-15.99%	Orange Juice	138.85	0.00	0.00%	-5.80%
Gold Spot	\$1,172.08	-\$59.14	-4.80%	-2.48%	Aluminum	2,025.00	57.00	2.90%	12.48%
Silver Spot	\$16.12	-\$1.06	-6.17%	-17.09%	Copper	6,740.00	50.00	0.75%	-8.42%

Source: Bloomberg; % change is based on price.



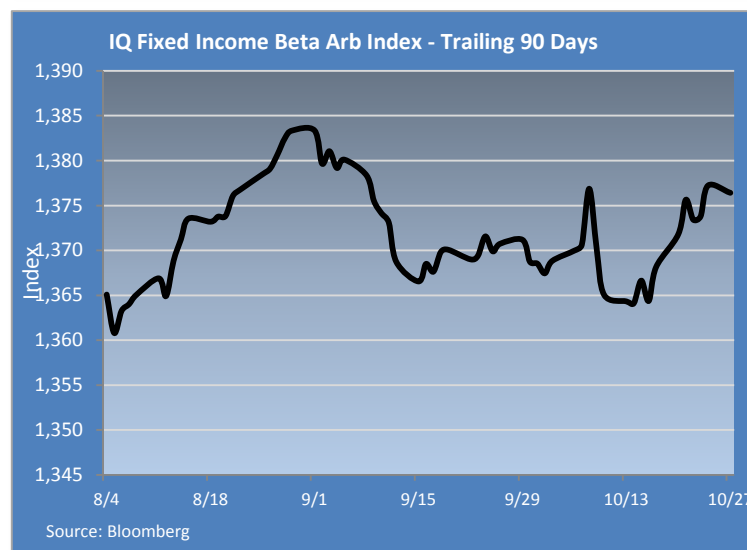
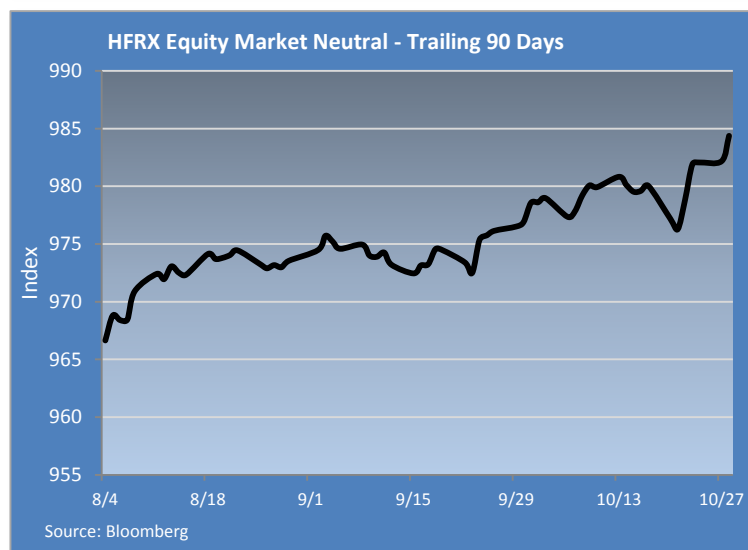
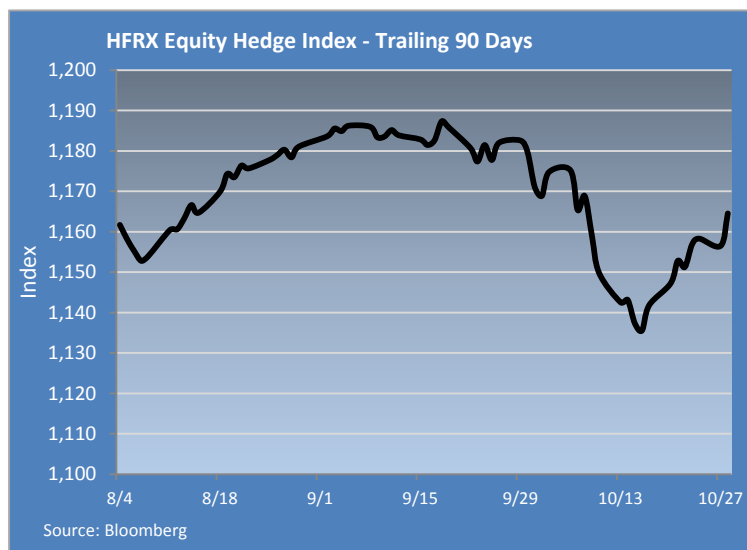
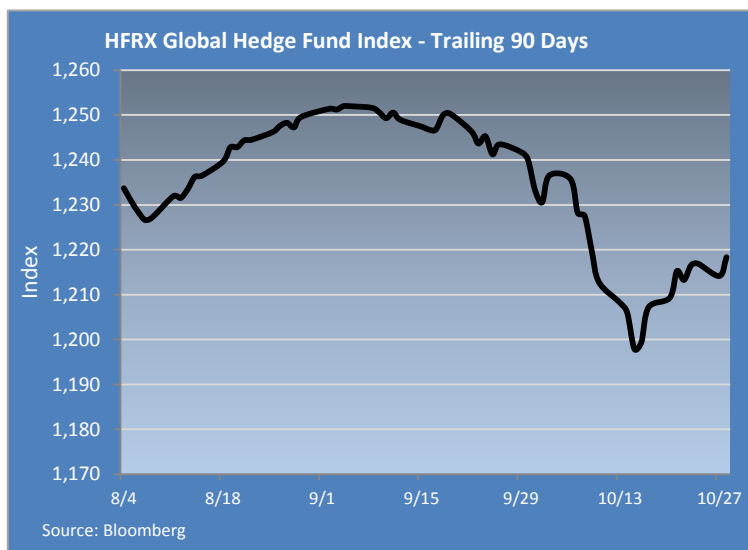
ALTERNATIVE INVESTMENTS

SELECTED ALTERNATIVE INVESTMENT INDEX PERFORMANCE

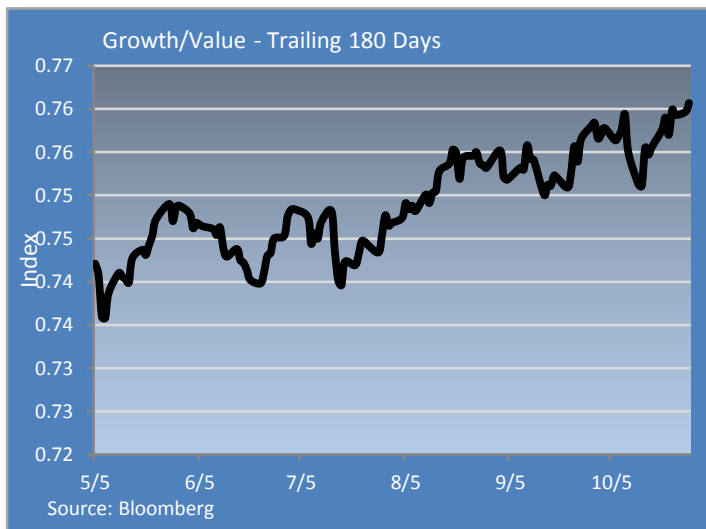
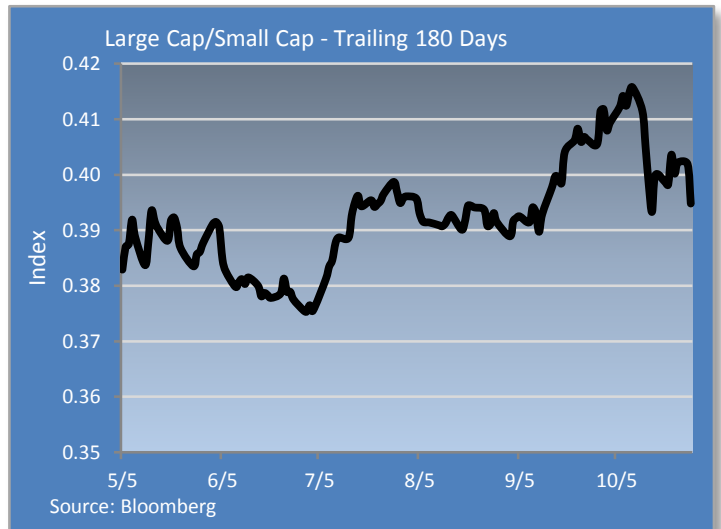
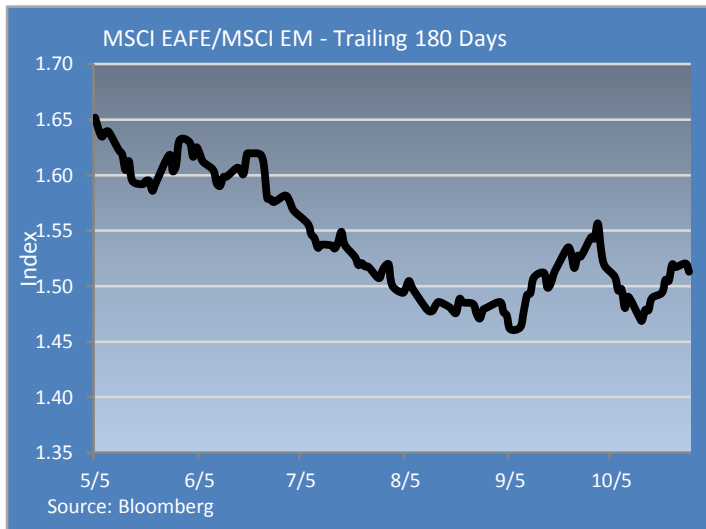
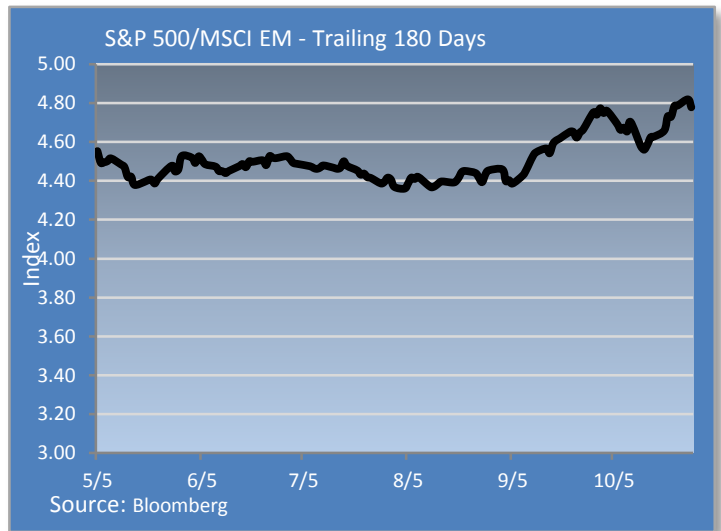
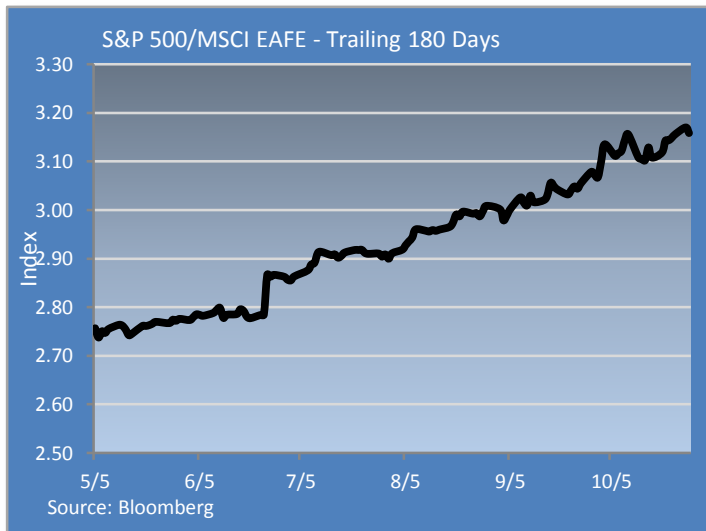
	Last	Change	% Chg.	YTD %
HFRX Global Hedge Fund Index	1216.87	2.63	0.22%	-0.49%
HFRX Equity Market Neutral	982.18	4.06	0.41%	3.61%
HFRX Equity Hedge Index	1156.86	11.53	1.00%	0.38%
HFRX Event-Driven Index	1528.02	-12.77	-0.84%	-3.90%
HFRX Absolute Return Index	1002.34	3.01	0.30%	1.35%

	Last	Change	% Chg.	YTD %
HFRX Distressed Index	1006.17	1.59	0.16%	0.43%
HFRX Merger Arbitrage Index	1582.63	4.02	0.25%	1.19%
HFRX Convertible Arbitrage Index	752.63	3.82	0.51%	-2.09%
HFRX Macro CTA Index	1155.64	9.32	0.81%	2.62%
IQ Fixed Income Beta Arb Index	1379.74	2.26	0.16%	6.22%

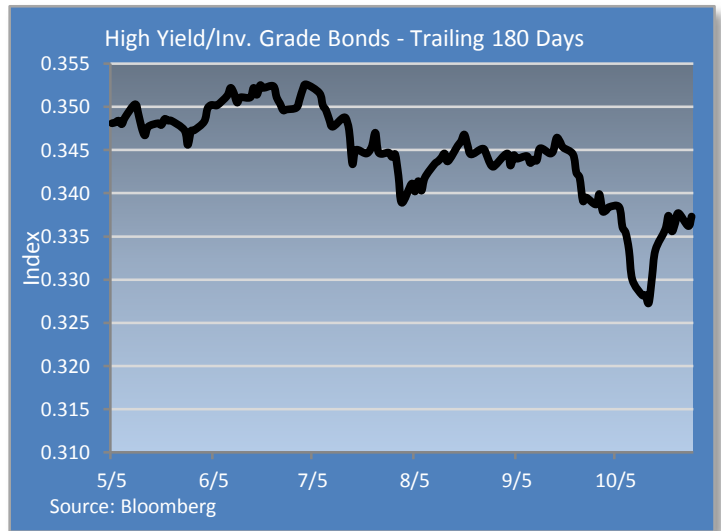
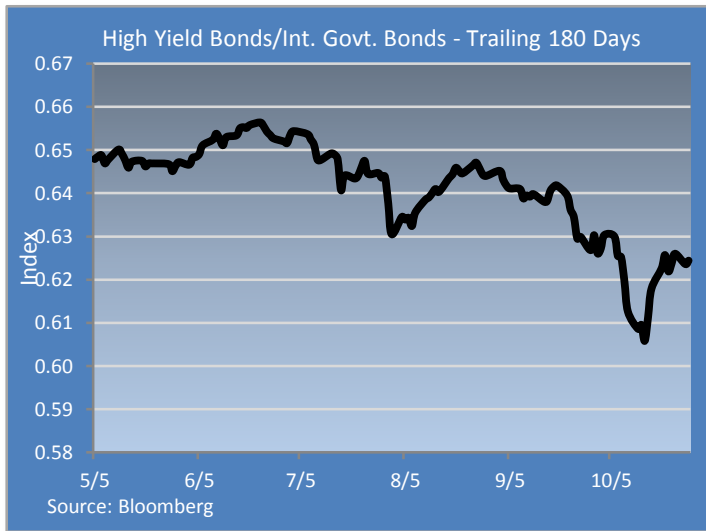
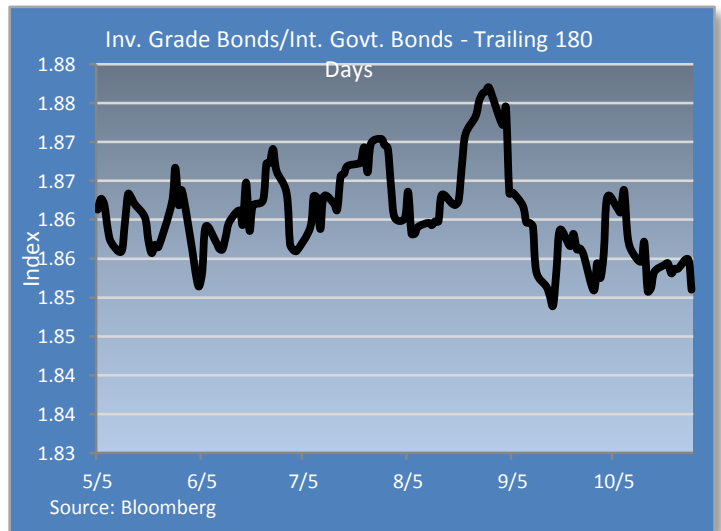
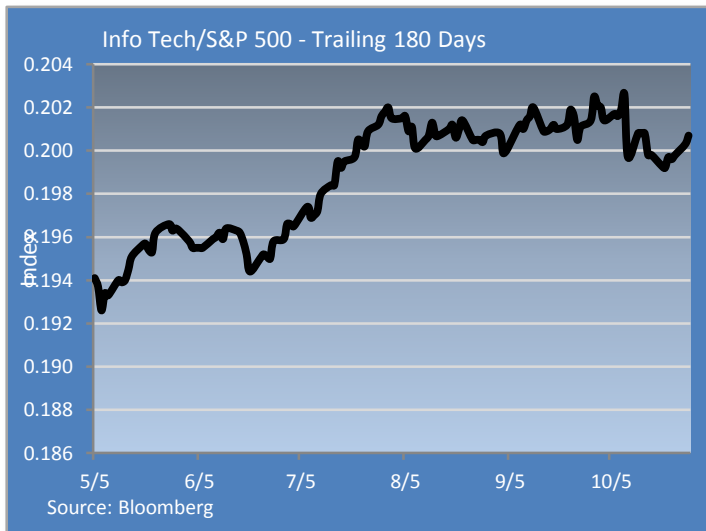
Source: Bloomberg; Index % change is based on price.



PORTFOLIO CONSTRUCTION



PORTFOLIO CONSTRUCTION (cont'd.)



WEEKLY ASSET CLASS PERFORMANCE (Prior 12 weeks ending Thursday)

			8/14	8/21	8/28	9/4	9/11	9/18	9/25	10/2	10/9	10/16	10/23	10/30
Equity	Domestic Equity	Large Cap (R200)	2.36%	1.89%	0.18%	-0.01%	0.05%	0.89%	-2.18%	-0.96%	-0.87%	-3.63%	4.70%	2.23%
		Small Cap (R2000)	2.11%	1.46%	-0.51%	0.11%	0.44%	-1.11%	-4.23%	-1.25%	-2.59%	1.67%	2.82%	3.52%
	Int'l. Equity	MSCI EAFE	1.16%	1.02%	-0.08%	0.50%	-1.49%	-0.03%	-1.94%	-3.58%	-0.74%	-4.01%	3.61%	1.24%
		MSCI Em. Mkts.	2.01%	0.89%	0.47%	1.22%	-2.80%	-1.22%	-2.91%	-3.23%	1.59%	-3.74%	1.14%	2.63%
Fixed Income	BarCap Agg. (AGG)	0.26%	-0.04%	0.40%	-0.54%	-0.53%	-0.32%	0.53%	0.26%	0.51%	0.69%	-0.40%	-0.14%	
	High Yield (JNK)	1.55%	0.44%	0.10%	-0.94%	-0.83%	0.07%	-1.30%	-0.15%	-0.57%	-0.53%	1.61%	0.20%	
Commodities	DJ UBS Index	-1.63%	-0.13%	0.67%	-1.31%	-2.44%	-0.94%	-1.16%	-0.73%	0.52%	-1.08%	-0.26%	0.60%	
Alternatives	Hedge Funds (HFRX Global)	0.79%	0.66%	0.23%	0.38%	-0.12%	-0.05%	-0.70%	-0.86%	-0.88%	-1.66%	1.42%	0.25%	
Asset Allocation	60/40*	1.36%	0.92%	0.26%	-0.09%	-0.53%	-0.02%	-1.40%	-1.03%	-0.40%	-1.49%	2.23%	1.30%	
	48/32/20 (w/Alts.)**	1.24%	0.87%	0.25%	0.00%	-0.45%	-0.02%	-1.26%	-1.00%	-0.50%	-1.53%	2.07%	1.09%	

Source: Bloomberg; *60/40 portfolio = 30% Large Cap/10% Small Cap/15% EAFE/5% Emerging Markets/35% BarCap Agg./5% High Yield.
 **48/32/20 portfolio = 24% Large Cap/8% Small Cap/12% EAFE/4% Emerging Markets/28% BarCap Agg./4% High Yield/20% HFRX Global Index.

RELATIVE STRENGTH MATRIX (BASED ON 30-DAY RSI)

	Large Cap Core	Large Cap Growth	Large Cap Value	Mid Cap Core	Mid Cap Growth	Mid Cap Value	Small Cap Core	Small Cap Growth	Small Cap Value	Int'l. Developed	Emerging Markets	REITs	Comm.	Int. Bond	High Yield
Large Cap Core	1.00	0.98	1.03	1.02	1.02	1.01	1.00	1.00	1.00	1.29	1.20	0.87	1.34	1.01	1.14
Large Cap Growth	1.02	1.00	1.05	1.04	1.04	1.04	1.02	1.02	1.02	1.32	1.23	0.89	1.37	1.03	1.16
Large Cap Value	0.97	0.95	1.00	0.99	0.99	0.99	0.97	0.97	0.97	1.26	1.17	0.85	1.31	0.98	1.11
Mid Cap Core	0.98	0.96	1.01	1.00	1.00	1.00	0.98	0.98	0.98	1.27	1.18	0.86	1.32	0.99	1.12
Mid Cap Growth	0.98	0.96	1.01	1.00	1.00	1.00	0.98	0.98	0.98	1.27	1.18	0.86	1.32	0.99	1.12
Mid Cap Value	0.99	0.97	1.01	1.00	1.00	1.00	0.98	0.98	0.98	1.27	1.19	0.86	1.32	0.99	1.12
Small Cap Core	1.00	0.98	1.03	1.02	1.02	1.02	1.00	1.00	1.00	1.30	1.21	0.87	1.35	1.01	1.14
Small Cap Growth	1.00	0.98	1.03	1.02	1.02	1.02	1.00	1.00	1.00	1.29	1.21	0.87	1.35	1.01	1.14
Small Cap Value	1.00	0.98	1.03	1.02	1.02	1.02	1.00	1.00	1.00	1.29	1.21	0.87	1.35	1.01	1.14
Int'l. Developed	0.77	0.76	0.79	0.79	0.79	0.79	0.77	0.77	0.77	1.00	0.93	0.67	1.04	0.78	0.88
Emerging Markets	0.83	0.81	0.85	0.84	0.85	0.84	0.83	0.83	0.83	1.07	1.00	0.72	1.12	0.84	0.94
REITs	1.15	1.13	1.18	1.17	1.17	1.17	1.15	1.15	1.15	1.48	1.38	1.00	1.54	1.16	1.31
Commodities	0.74	0.73	0.76	0.76	0.76	0.76	0.74	0.74	0.74	0.96	0.90	0.65	1.00	0.75	0.85
Int. Bond	0.99	0.97	1.02	1.01	1.01	1.01	0.99	0.99	0.99	1.28	1.20	0.86	1.33	1.00	1.13
High Yield	0.88	0.86	0.90	0.89	0.90	0.89	0.88	0.88	0.88	1.14	1.06	0.77	1.18	0.89	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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