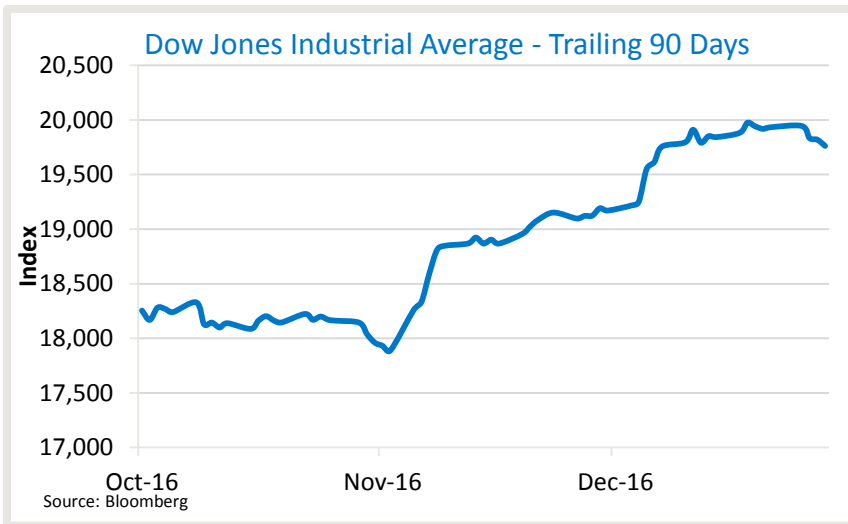


Weekly Market Review

December 30, 2016

Chart of the Week



Weekly Highlights

- **Stocks in the US moved lower in light trading** during the last week of the year. This marks the first weekly decline since president-elect Trump surprised the world by winning the US presidential election. After a month and a half of continued climbing, the market cooled, as market participants contemplated the feasibility of Trump's tax proposals and infrastructure projects.
- **A report from the National Association of Realtors** said that its pending home sales index, which tracks contracts signed for existing homes, fell 2.5% in November from October, and is down 0.4% from November of last year. Mortgage rates have been on the rise recently, which has the potential to weigh on real estate demand. The drop indicates that the real estate market could be petering out after years of recovery following the global financial crisis.
- **The Labor Department reported** that applications for new unemployment benefits declined to 265,000 during the previous week. This marks a continuation of a streak of 95 consecutive weeks of fewer than 300,000 initial jobless claims, the longest streak in over 40 years. Additionally, the unemployment rate fell to 4.6% at the end of November, signaling a strengthening labor market. With solid (if unspectacular) gross domestic product (GDP) growth, a tightening labor market, and increasing inflation, the Federal Reserve (Fed) will have plenty of ammunition for further monetary tightening in the coming year.

Talking Points

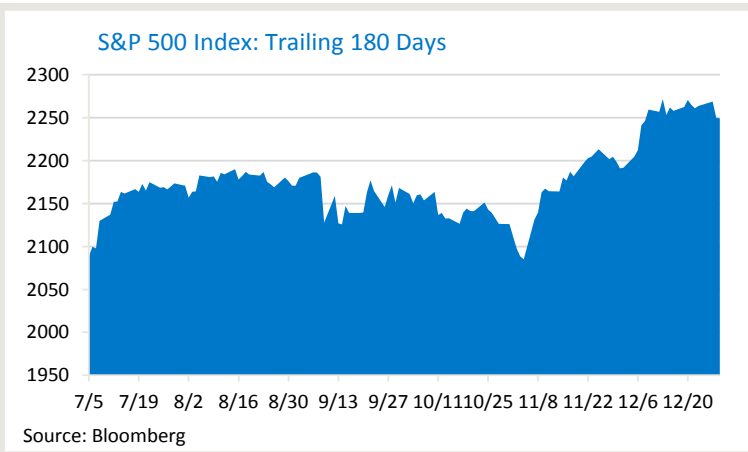
- **Stocks in the US** took a step back this week in light trading. The market appears to be taking a break from the continued rise following Donald Trump's surprise presidential victory. This marks the first week since the election that US stock markets have ended the week with a decline.
- **Treasury yields fell on the long end of the curve**, whereas yields on the short end rose, causing the yield curve to flatten. Yields have been consistently pushing higher in recent months, and this week represents a slight pullback from that trend.
- **The US Dollar pulled back slightly.** The move comes amid light trading, accentuating minor moves, and is viewed mainly as investors repositioning portfolios before the end of the year.
- **Oil prices rose**, primarily on the back of OPEC agreeing to a production cut. Although prices rose overall during the week, they did experience a slight pullback on Thursday, after crude stockpiles unexpectedly grew.
- **Stocks in developing markets** experienced a strong week of gains, while their developed market counterparts ended the week near flat.

Market Dashboard

	Last Price	Change	% Chg.	YTD %
S&P 500	2,238.83	-24.96	-1.10%	9.5%
Dow Industrials	19,762.60	-171.21	-0.86%	13.4%
Nasdaq	5,383.12	-79.57	-1.46%	7.5%
Russell 2000	1,357.13	-14.38	-1.05%	19.5%
Euro Stoxx Index	361.42	1.44	0.40%	-1.2%
Shanghai Composite	3,103.64	-6.52	-0.21%	-12.3%
Russell Global	1,763.03	-1.28	-0.07%	6.3%

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

	Last Price	Change	% Chg.	YTD %
Russell Global EM	2,717.75	49.17	1.84%	7.1%
10-Year US Treas.	2.45	-10 bps	NM	NM
DJ UBS Comm. Idx.	87.51	1.22	1.42%	11.4%
Gold	\$1,151.75	\$18.84	1.66%	8.6%
Crude Oil	\$53.82	\$0.80	1.51%	20.7%
Dollar Index	102.39	-0.62	-0.60%	3.8%
VIX Index	14.04	2.60	22.73%	-22.9%



	One Week			YTD		
	Value	Growth		Value	Growth	
L	-1.07%	-1.11%	-1.15%	13.04%	8.85%	5.06%
	-0.97%	-1.02%	-1.08%	17.22%	11.76%	6.04%
S	-0.98%	-1.05%	-1.13%	28.92%	19.48%	10.37%

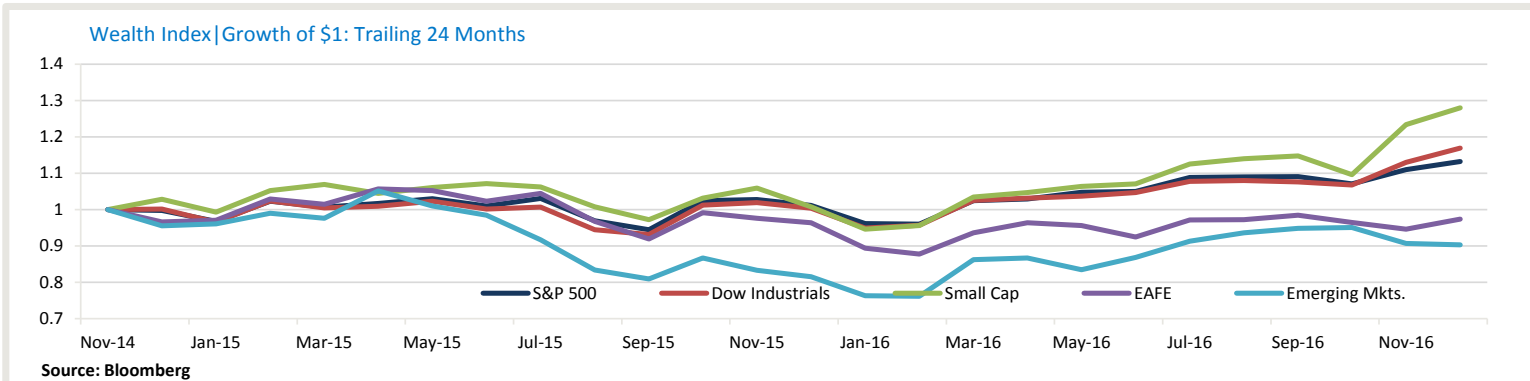
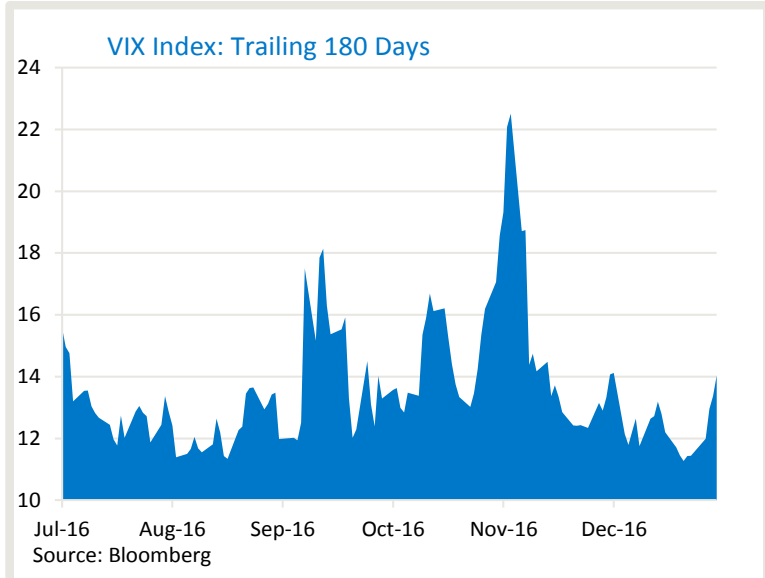
Source: Bloomberg

Sector Performance:

S&P/Global Industry Classification Sectors (GICS)

	% Wgt in S&P 500	Week % Chg.	YTD % Chg.
Consumer Discretionary	12.0	-1.36%	4.3%
Consumer Staples	9.4	-0.66%	2.6%
Energy	7.6	-1.26%	23.7%
Financials	14.8	-1.41%	20.1%
Health Care	13.6	-0.85%	-4.4%
Industrials	10.3	-1.28%	16.1%
Information Technology	20.8	-1.45%	12.0%
Materials	2.8	-1.27%	14.1%
Telecom Services	2.7	-0.54%	17.8%
Utilities	3.2	-0.20%	12.2%

Source: Bloomberg



The Economy and Markets

A Macro View – Post Election EM Trump Dump

Emerging Markets stocks enjoyed something of a renaissance in 2016, after suffering through three consecutive calendar years in which the MSCI Emerging Markets Index dropped in value. Indeed, nobody could fault Emerging Markets equity investors for hitting the exits last year, after the three-year skid culminated in a thoroughly disappointing 2015, with a nearly 15% drop in the MSCI Emerging Markets Index. This trend reversed throughout most of 2016, until the unexpected election of Donald Trump as US President. In fact, as of the close of Tuesday, November 8, the Index was up nearly 16% during the year. Juxtaposing that return with the MSCI EAFE Index return of -1% over that span makes it even more impressive. With EM earnings turning the corner, important market and institutional reforms occurring in many emerging market countries, and attractive valuations on both an absolute basis and relative to developed economies, the turnaround appeared to have legs. However, following the US elections, the MSCI EM Index fell 4.6%, whereas the MSCI EAFE Index gained nearly 1.6%.

Digging into the numbers reveals that since November 9, each of the top 10 highest-weighted countries in the MSCI Emerging Markets Index (which account for nearly 90% of the index's weight), have lost value, ranging from -2.5% (South Korea) to -14.0% (Mexico), with one exception. That single exception is Russia, which has gained nearly 20% since the election. Clearly, the market is expecting a cozier relationship between the next US administration and its Russian counterparts. President-elect Trump has signaled as much during the campaign and, even after his victory, as President-elect, by his choice for Secretary of State, Rex W. Tillerson. In fact, Mr. Tillerson, outgoing CEO of Exxon-Mobil, has had a decades-long close relationship with Russian president Vladimir Putin. It appears the market expects that sanctions on Russia, enacted in response to the annexation of Crimea in February of 2014, will be eased, at the very least—if not completely lifted.

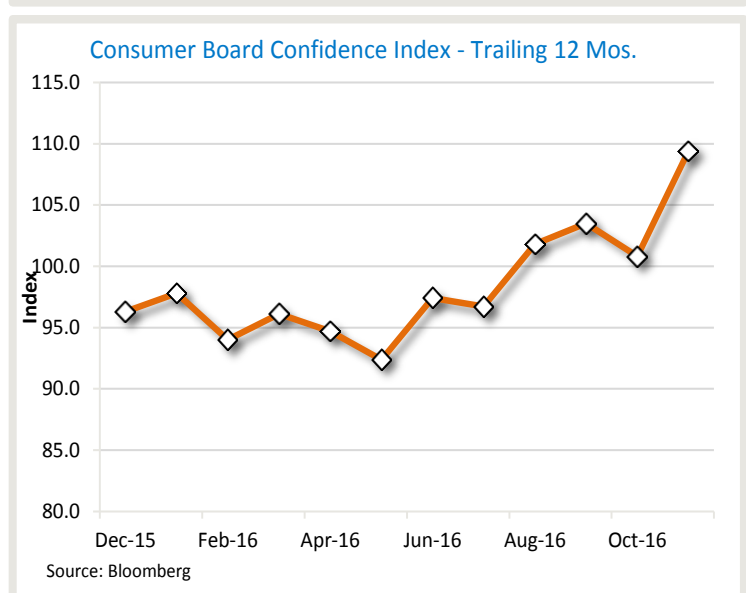
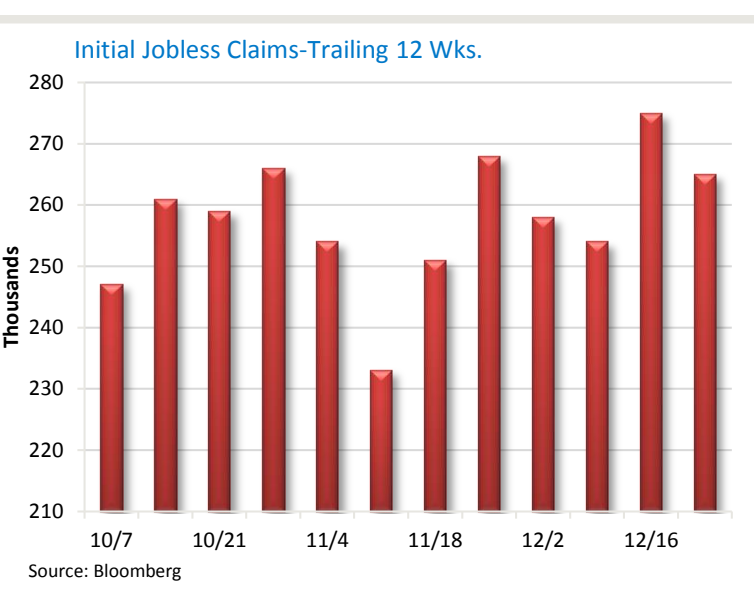
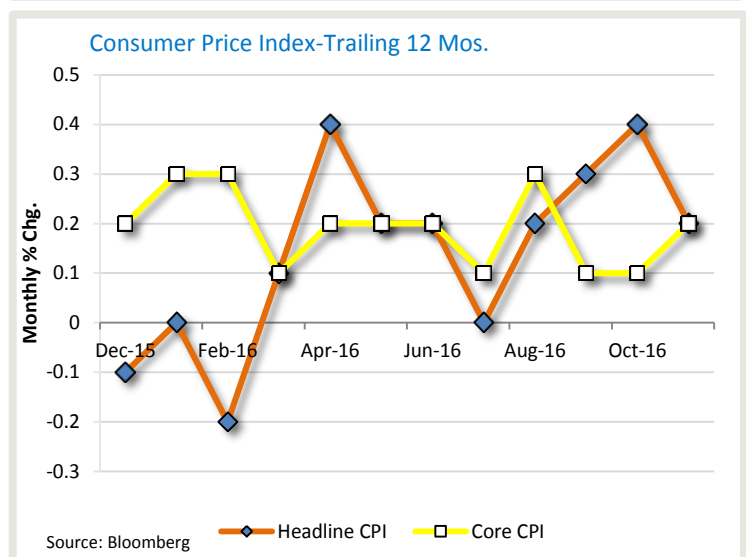
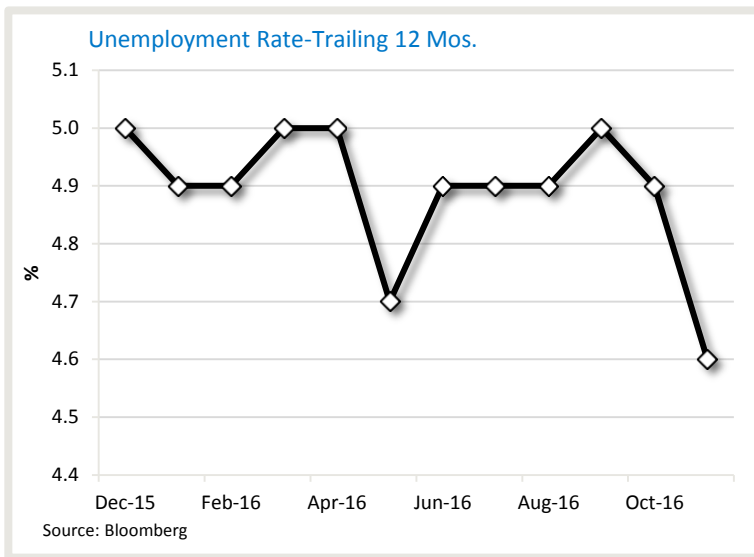
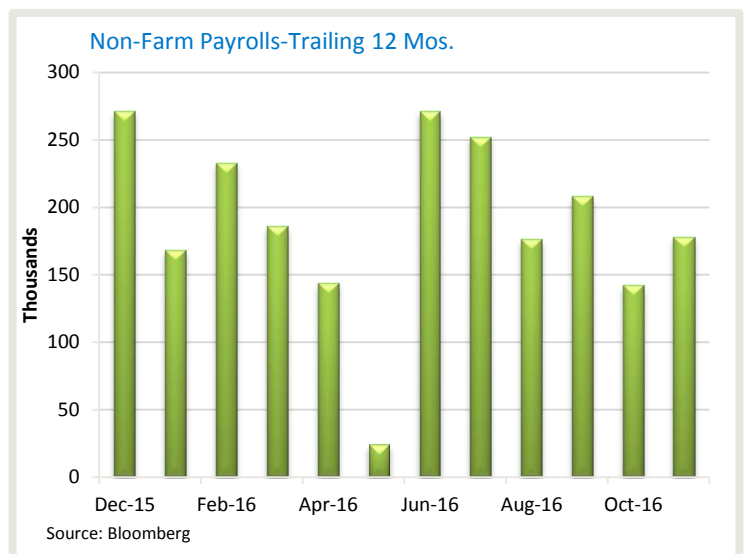
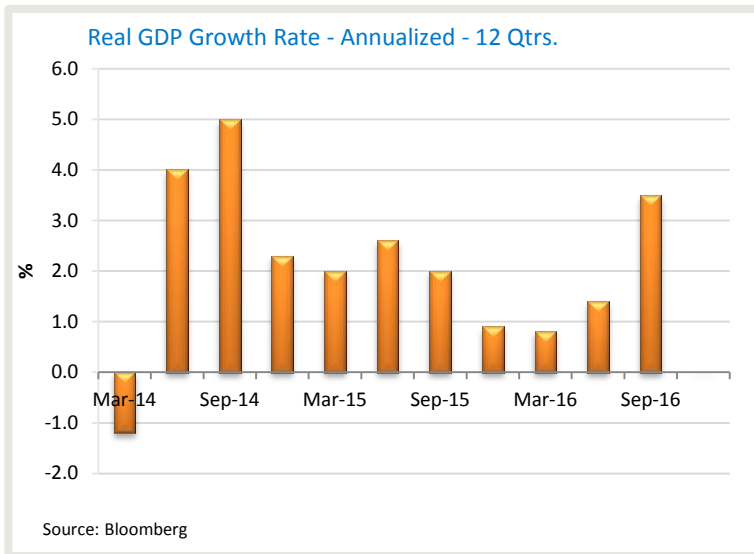
Interpreting the reaction of the remainder of the emerging market (EM) countries to the election is a bit more nuanced. Trump campaigned on a platform of industrial protectionism and the unwinding of trade deals that allow products to cross borders with relatively little friction or tariffs. Given the export-oriented nature of EM economies, these proposals would present a headwind to these countries. In addition, the Fed's tightening of liquidity conditions has resulted in a strengthening US dollar, a steepening US yield curve, and higher global interest rates. These factors have also presented a headwind to emerging markets for a variety of reasons, with the massive amount of dollar-denominated EM debt being among the biggest.

Despite the knee-jerk reaction to the US election by market participants, many reasons exist to be optimistic regarding emerging markets equity investing. First, President-elect Trump's stance on protectionist-type policies may be more pragmatic than anticipated. With a full boat of issues facing him, he is unlikely to expend the political capital necessary to enact meaningful protectionist policies, especially in the face of congressional opposition. Second, although tightening financial conditions are a difficult environment for emerging markets, the prospect of higher US economic growth will probably outweigh them. Last, emerging markets valuation is attractive on both an absolute and relative basis. All of these factors give us confidence that the market will recognize that concerns over the fallout of the US election are overblown, and emerging markets equities will recover in 2017.

Happy New Year!

Daniel Homan, CFA
Investment Analyst

Economic Data



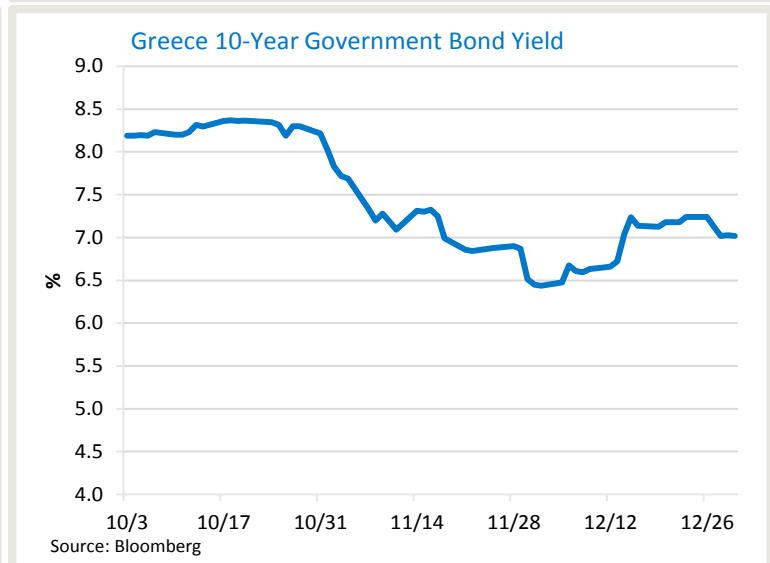
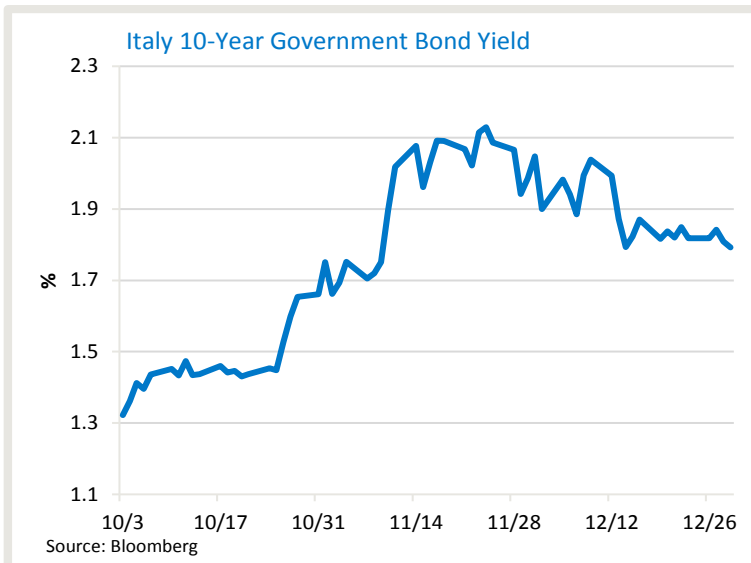
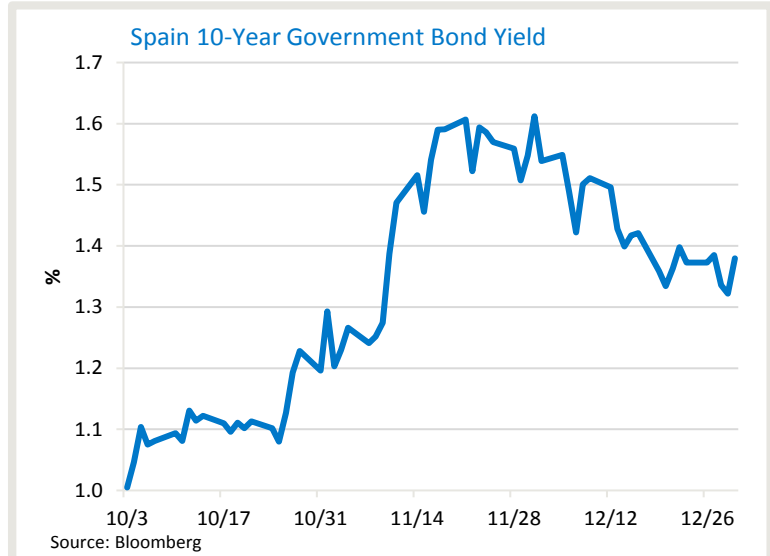
Eurozone

SELECTED EUROPEAN SOVEREIGN YIELD PERFORMANCE

	Last	Change	% Chg.	YTD %
Germany 10-Yr. Govt.	0.20	1 bps	NM	NM
Greece 10-Yr. Govt.	7.02	13 bps	NM	NM
Italy 10-Yr. Govt.	1.81	1 bps	NM	NM
Spain 10-Yr. Govt.	1.38	-1 bps	NM	NM
Belgium 10-Yr. Govt.	0.53	1 bps	NM	NM

	Last	Change	% Chg.	YTD %
France 10-Yr. Govt.	0.68	0 bps	NM	NM
Ireland 10-Yr. Govt.	0.74	4 bps	NM	NM
Portugal 10-Yr. Govt.	3.75	-1 bps	NM	NM
Netherlands 10-Yr. Govt.	0.35	1 bps	NM	NM
U.K. 10-Yr. Govt.	1.24	10 bps	NM	NM

Source: Bloomberg
Basis points (bps)

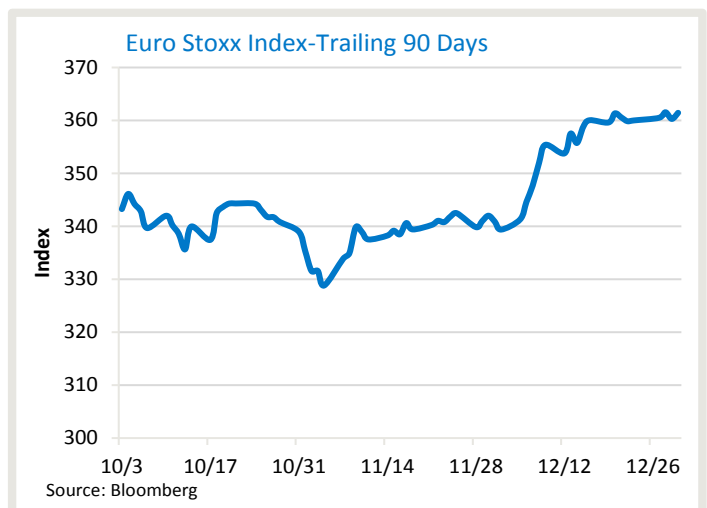
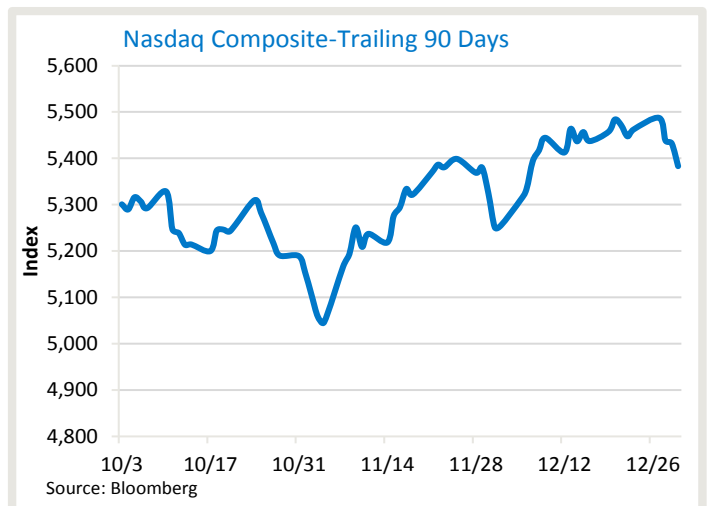
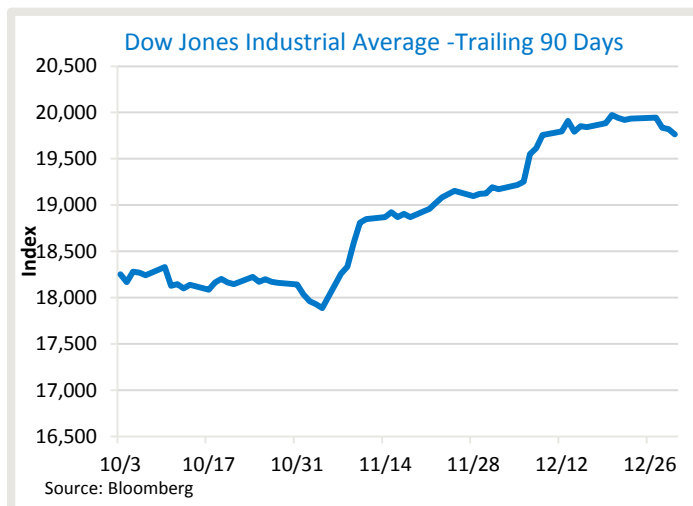


Equities

WORLD MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
S&P 500	2,238.83	-24.96	-1.10%	9.54%	Swiss Market Index	8,219.87	-12.77	-0.16%	-6.78%
Dow Industrials	19,762.60	-171.21	-0.86%	13.42%	CAC 40 Index (France)	4,862.31	22.63	0.47%	4.86%
Nasdaq Composite	5,383.12	-79.57	-1.46%	7.50%	DAX Index (Germany)	11,481.06	31.13	0.27%	6.87%
Russell Global	1,763.03	-1.28	-0.07%	6.3%	Irish Overall Index	6,517.24	1.25	0.02%	-4.04%
Russell Global EM	2,717.75	49.17	1.84%	7.1%	Nikkei 225	19,114.37	-313.30	-1.61%	0.42%
S&P/TSX (Canada)	15,287.59	-40.56	-0.26%	17.51%	Hang Seng Index	22,000.56	190.76	0.87%	0.39%
Mexico IPC	45,642.90	469.36	1.04%	6.20%	Shanghai Composite	3,103.64	-6.52	-0.21%	-12.31%
Brazil Bovespa	60,227.29	2290.18	3.95%	38.93%	Kospi Index (S. Korea)	2,026.46	-9.27	-0.46%	3.32%
Euro Stoxx 600	361.42	1.44	0.40%	-1.20%	Taiwan Taiex Index	9,253.50	174.86	1.93%	10.98%
FTSE 100	7,142.83	74.66	1.06%	14.43%	Tel Aviv 25 Index	1,470.78	7.31	0.50%	-3.79%
IBEX 35 (Spain)	9,352.10	-15.60	-0.17%	-2.01%	MICEX Index (Russia)	2,232.72	59.54	2.74%	26.76%

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



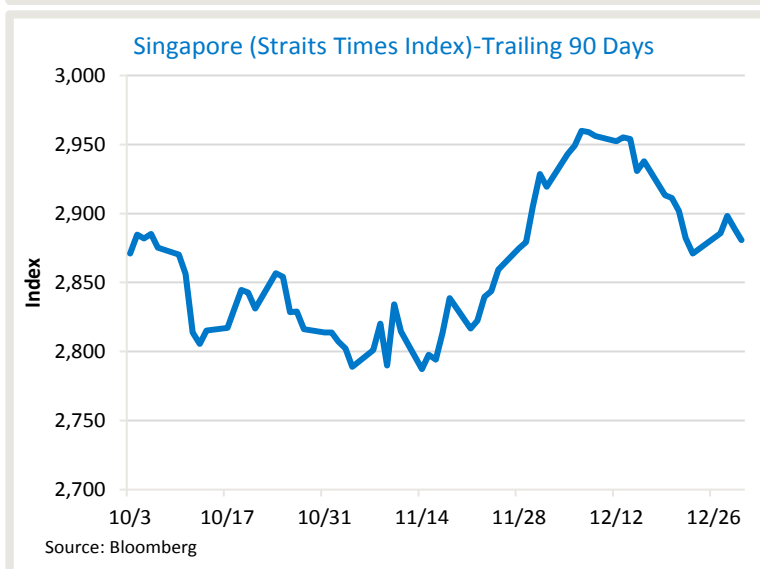
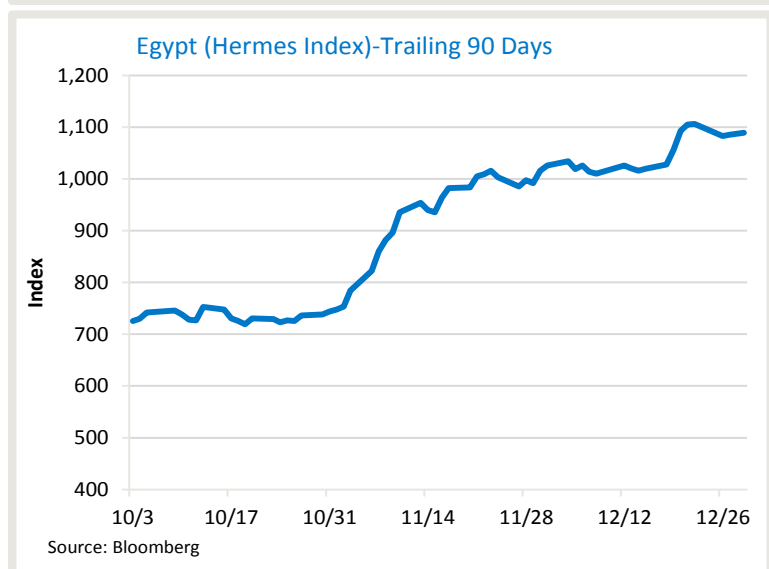
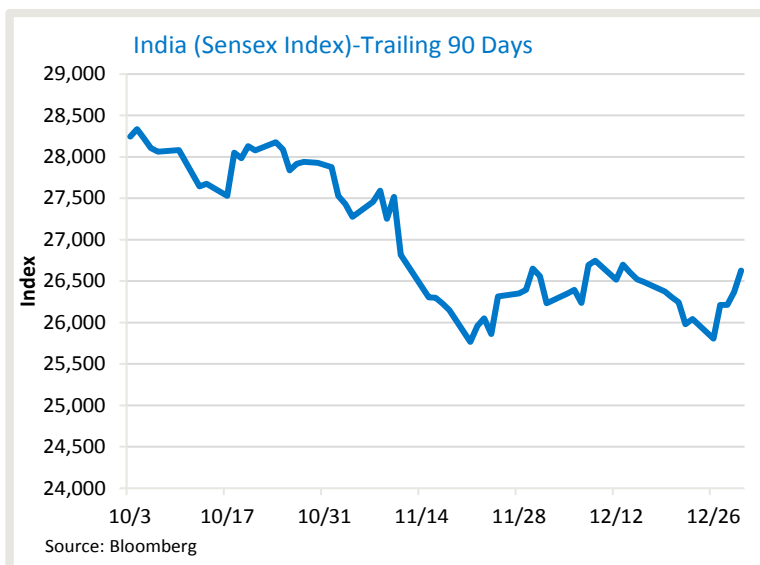
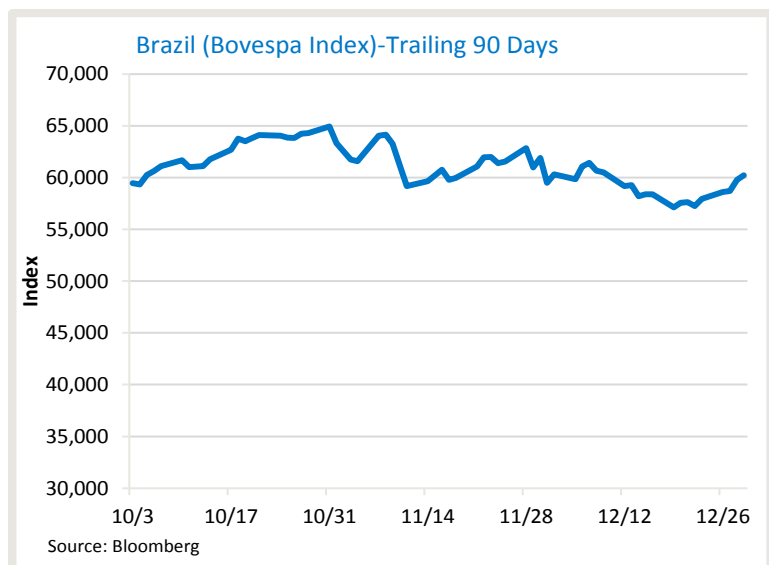
Equities – Emerging and Frontier Markets

EMERGING AND FRONTIER MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
Mexico IPC	45,642.90	469.36	1.0%	6.2%
Brazil (Bovespa Index)	60,227.29	2290.18	4.0%	38.9%
MICEX Index (Russia)	2,232.72	59.54	2.7%	26.8%
Czech Republic (Prague)	921.61	4.86	0.5%	-3.6%
Turkey (Istanbul)	78,138.69	1166.51	1.5%	8.9%
Egypt (Hermes Index)	1,088.98	-17.50	-1.6%	72.7%
Kenya (Nairobi 20 Index)	3,186.21	72.60	2.3%	-21.1%
Saudi Arabia (TASI Index)	7,210.43	122.67	1.7%	4.3%
Lebanon (Beirut BLOM Index)	1,211.76	5.12	0.4%	3.6%
Palestine	530.16	2.06	0.4%	-0.5%

	Last	Change	% Chg.	YTD %
Hang Seng Index	22,000.56	190.76	0.9%	0.4%
India (Sensex 30)	26,626.46	585.76	2.2%	1.9%
Malaysia (KLCI Index)	1,641.73	18.53	1.1%	-3.0%
Singapore (Straits Times Index)	2,880.76	-1.28	0.0%	-0.1%
Thailand (SET Index)	1,542.94	32.96	2.2%	19.8%
Indonesia (Jakarta)	5,296.71	253.84	5.0%	15.3%
Pakistan (Karachi KSE 100)	47,806.97	1172.98	2.5%	45.7%
Vietnam (Ho Chi Minh)	664.87	0.50	0.1%	14.8%
Sri Lanka (Colombo)	6,228.26	18.61	0.3%	-9.7%
Cambodia (Laos)	1,014.55	-15.19	-1.5%	-13.6%

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

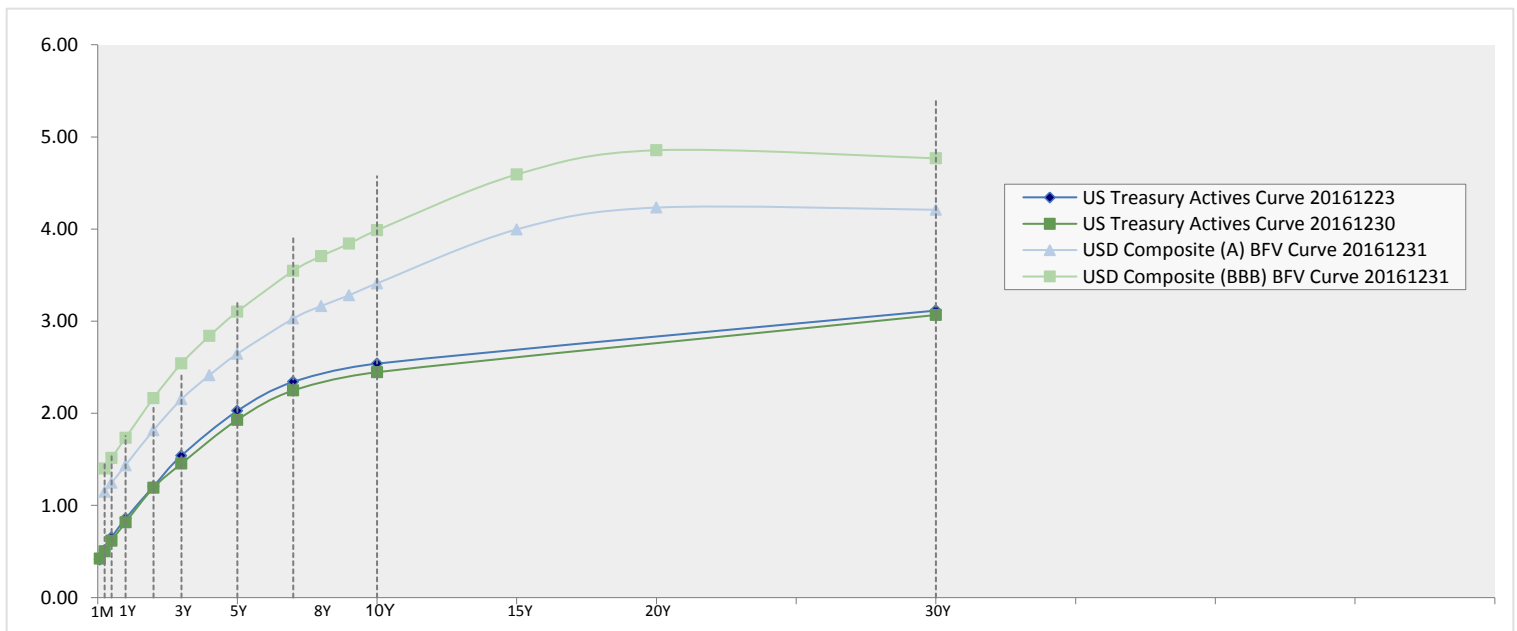


Interest Rates

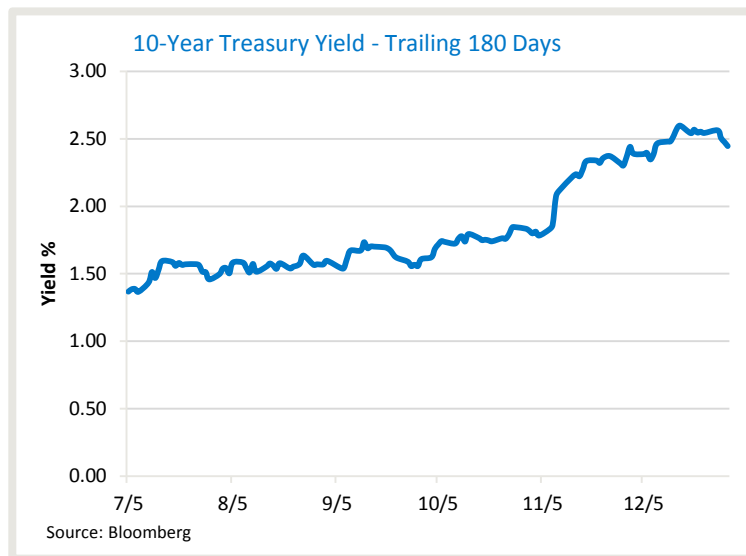
SELECTED INTEREST RATES

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
2-Yr. U.S. Treasury	1.19%	0 bps	NM	NM	Prime Rate	3.75%	0.00	NM	NM
5-Yr. U.S. Treasury	1.93%	-10 bps	NM	NM	Fed Funds Rate	0.75%	0.00	NM	NM
10-Yr. U.S. Treasury	2.45%	-10 bps	NM	NM	Discount Rate	1.25%	0.00	NM	NM
30-Yr. U.S. Treasury	3.06%	-5 bps	NM	NM	LIBOR (3 Mo.)	1.00%	0 bps	NM	NM
German 10-Yr. Govt.	0.20%	1 bps	NM	NM	Bond Buyer 40 Muni	4.10%	-10 bps	NM	NM
France 10-Yr.	0.68%	0 bps	NM	NM	Bond Buyer 40 G.O.	3.78%	NA	NM	NM
Italy 10-Yr.	1.81%	1 bps	NM	NM	Bond Buyer 40 Rev.	3.90%	NA	NM	NM
Fed 5-Yr Fwd BE Inf.	1.91%	2 bps	NM	NM					

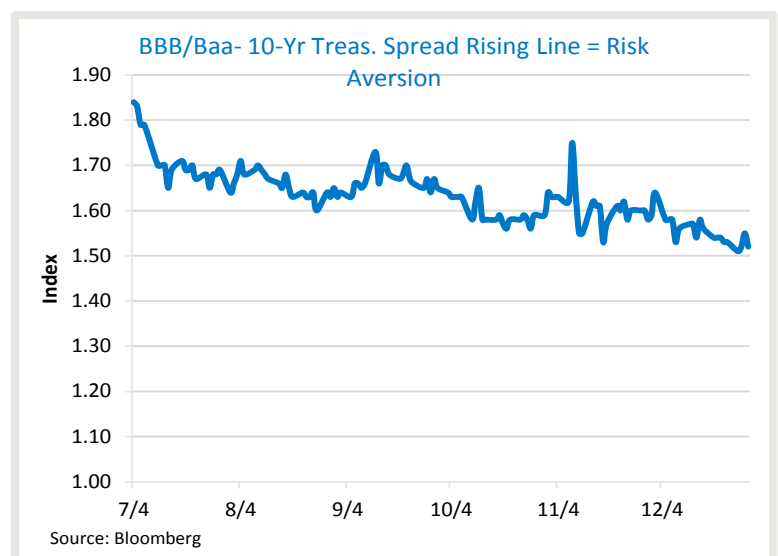
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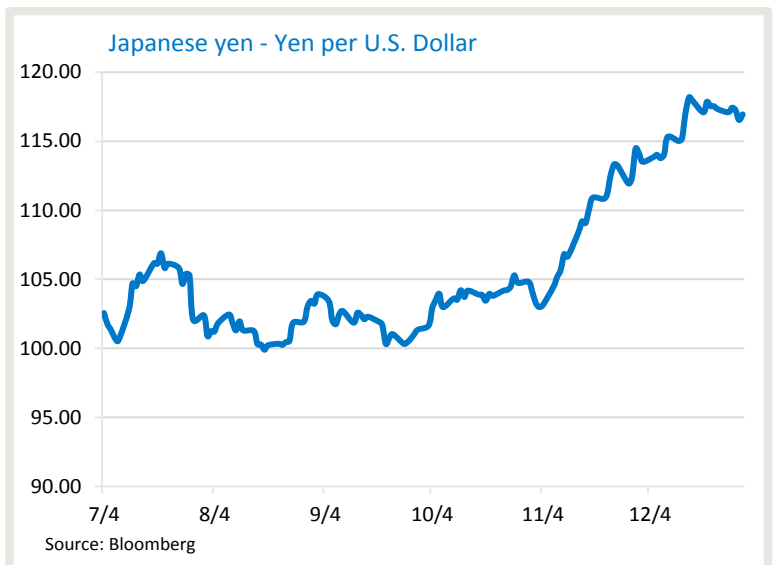
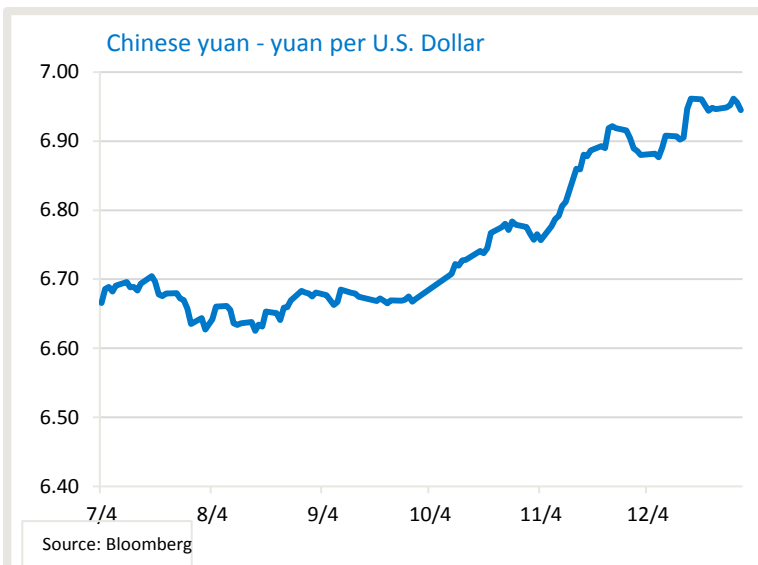
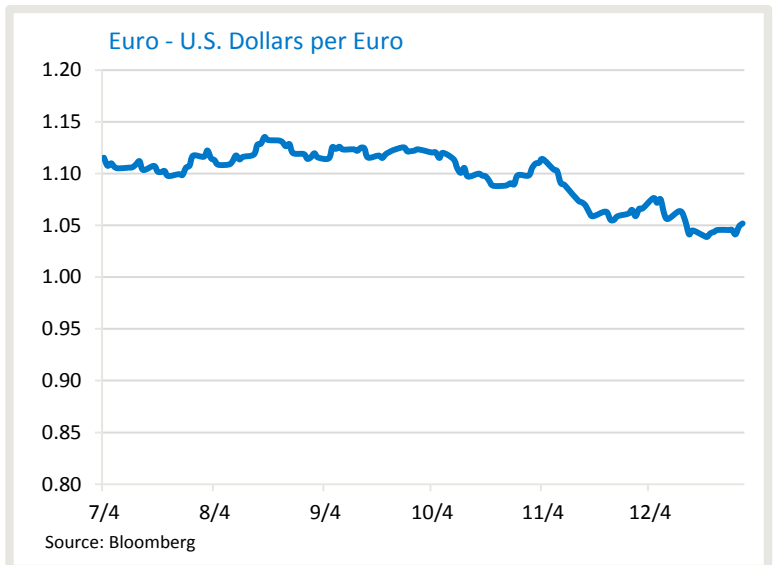
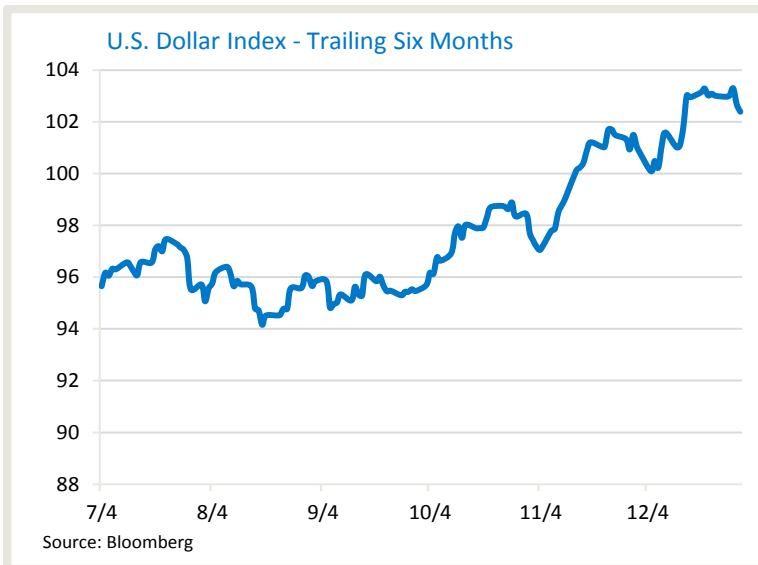
Currencies

SELECTED CURRENCY PERFORMANCE

	Last	Change	% Chg.	YTD %
Dollar Index	102.37	-0.620	-0.60%	3.81%
Euro	1.05	0.006	0.60%	-3.16%
Japanese Yen	116.97	-0.380	0.32%	2.80%
British Pound	1.23	0.005	0.42%	-16.31%
Canadian Dollar	1.34	-0.010	0.76%	3.04%

	Last	Change	% Chg.	YTD %
Chinese Yuan	6.95	-0.001	0.02%	0.00%
Swiss Franc	1.02	-0.008	0.77%	-1.63%
New Zealand Dollar	0.69	0.006	0.84%	1.48%
Brazilian Real	3.26	-0.015	0.46%	0.00%
Mexican Peso	20.73	0.124	-0.60%	-17.01%

Source: Bloomberg



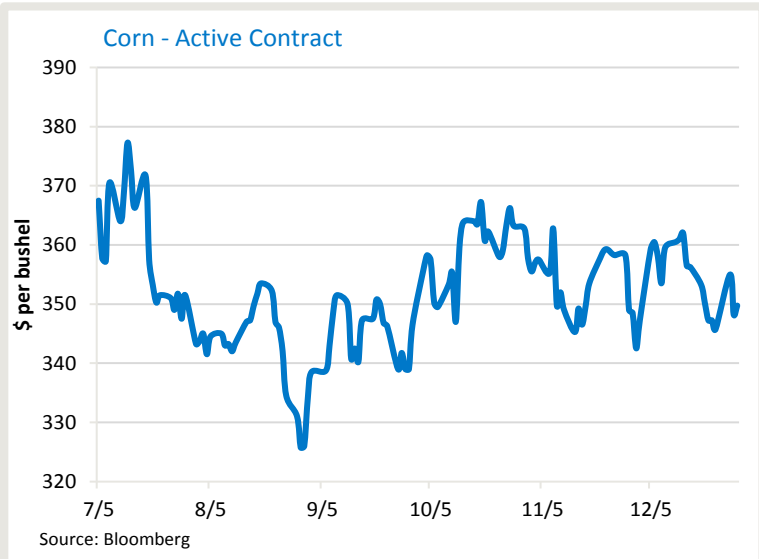
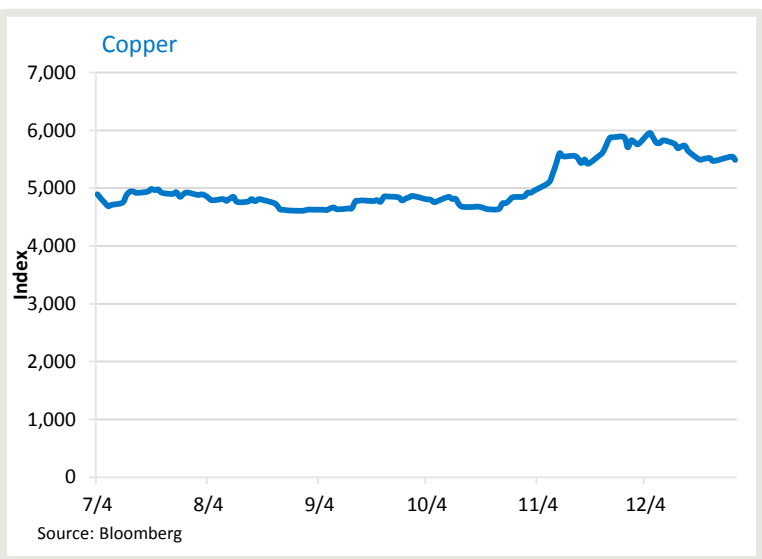
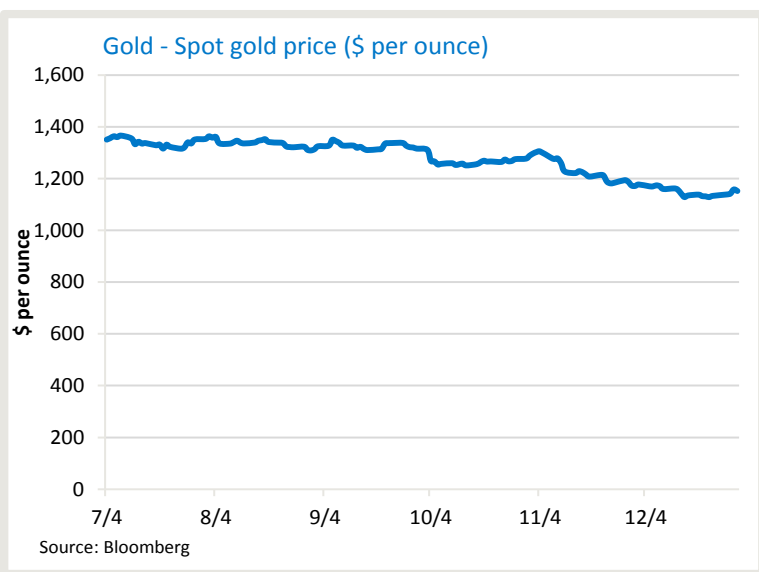
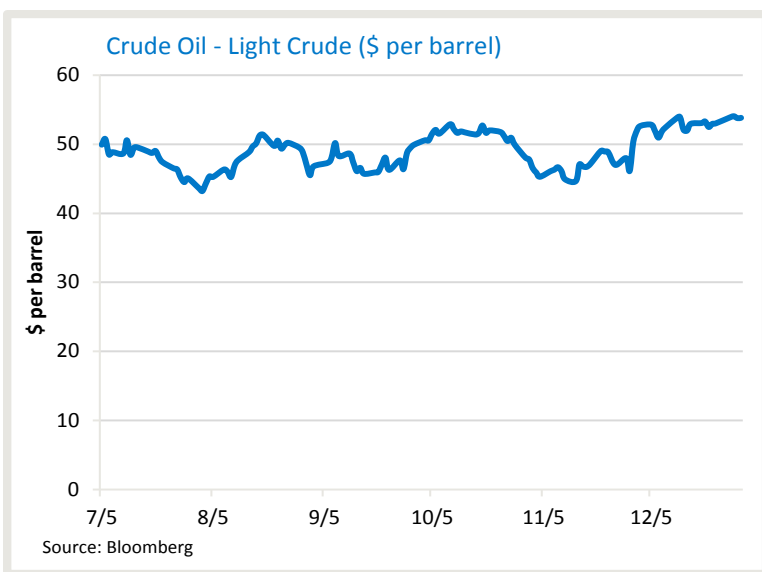
Commodities

SELECTED COMMODITY MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
Bloomberg Comm. Idx.	87.51	1.22	1.42%	11.40%
Crude Oil	\$53.83	\$0.80	1.51%	20.70%
Natural Gas	\$3.74	\$0.06	1.69%	30.59%
Gasoline (\$/Gal.)	\$2.32	\$0.04	1.62%	16.08%
Heating Oil	172.82	4.60	2.74%	24.54%
Gold Spot	\$1,151.57	\$18.84	1.66%	8.58%
Silver Spot	\$15.94	\$0.19	1.18%	15.10%

Source: Bloomberg; % change is based on price.

	Last	Change	% Chg.	YTD %
Platinum Spot	\$902.80	\$11.06	1.24%	1.26%
Corn	352.00	4.75	1.37%	-10.43%
Wheat	408.00	11.00	2.77%	-21.43%
Soybeans	1,004.00	0.00	0.00%	12.59%
Sugar	19.51	1.35	7.43%	29.21%
Orange Juice	193.85	1.90	0.99%	32.82%
Aluminum	1,679.00	-40.00	-2.33%	11.41%
Copper	5,487.00	18.00	0.33%	16.62%

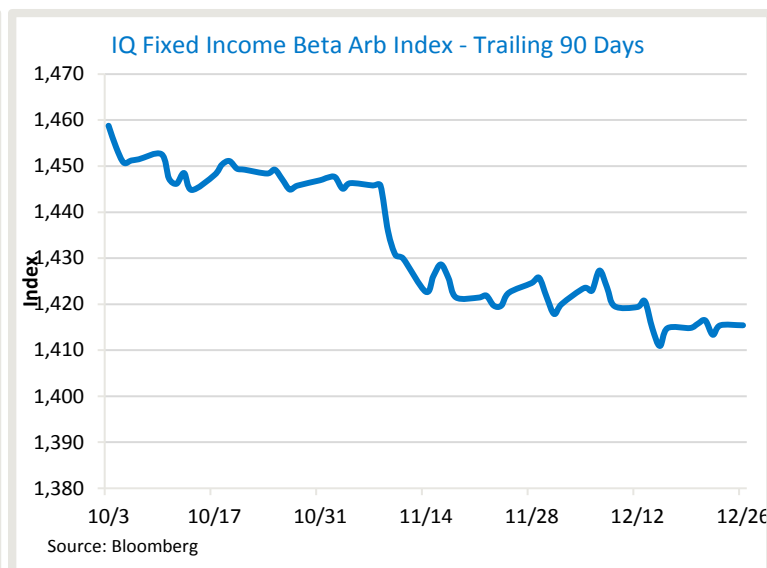
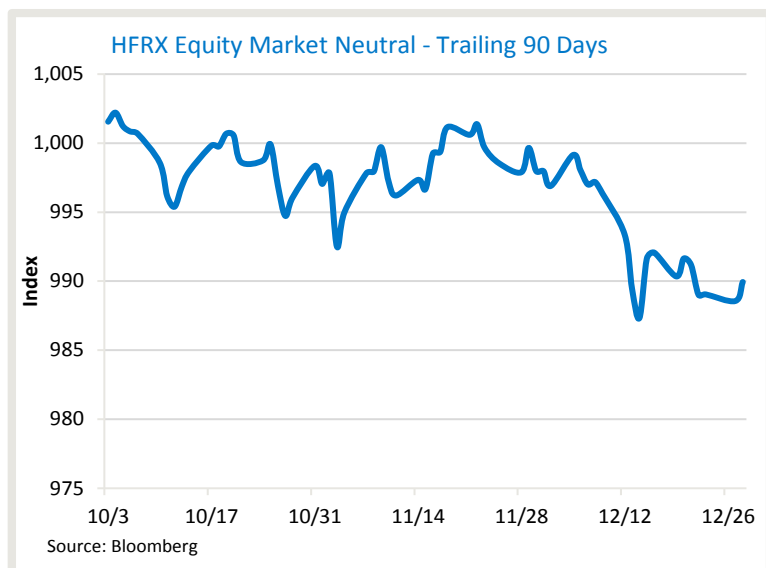
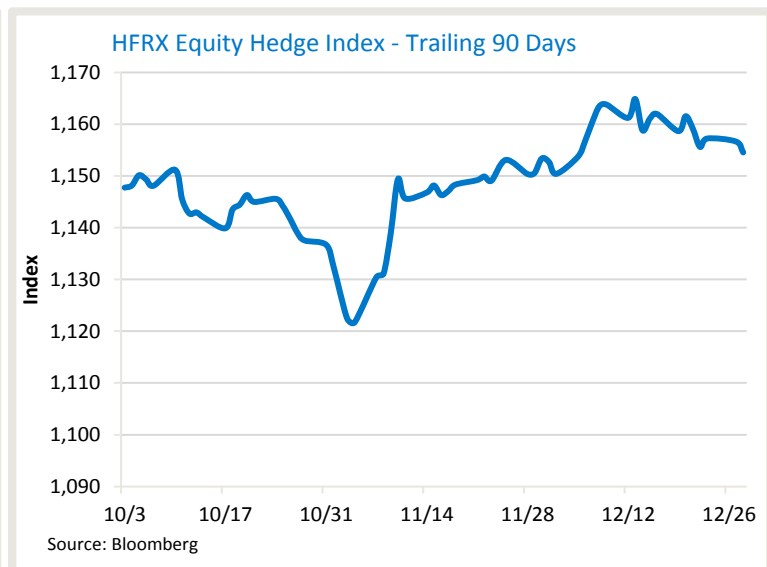
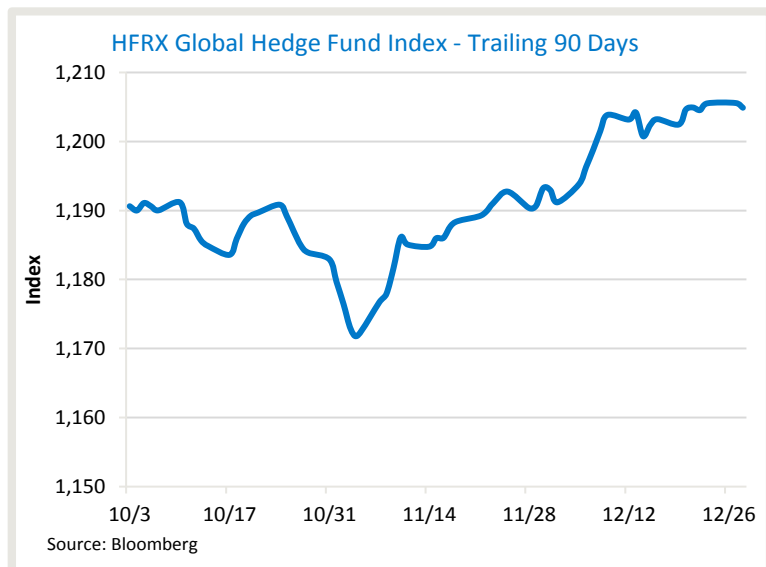


Alternative Investments

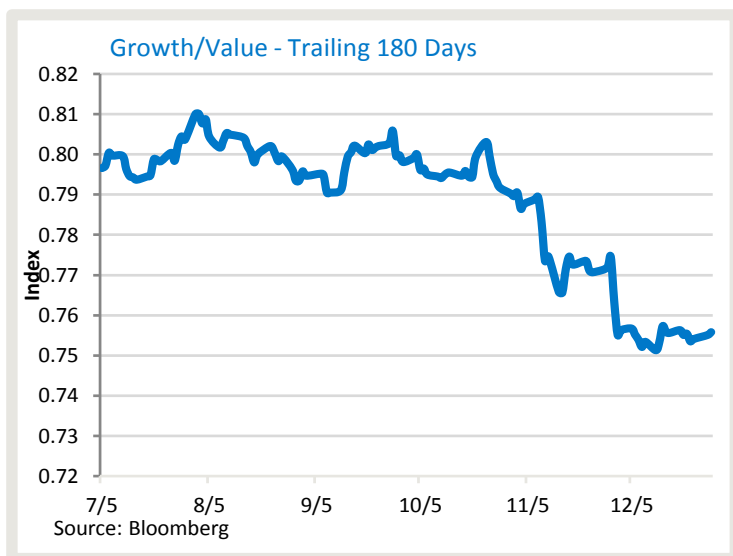
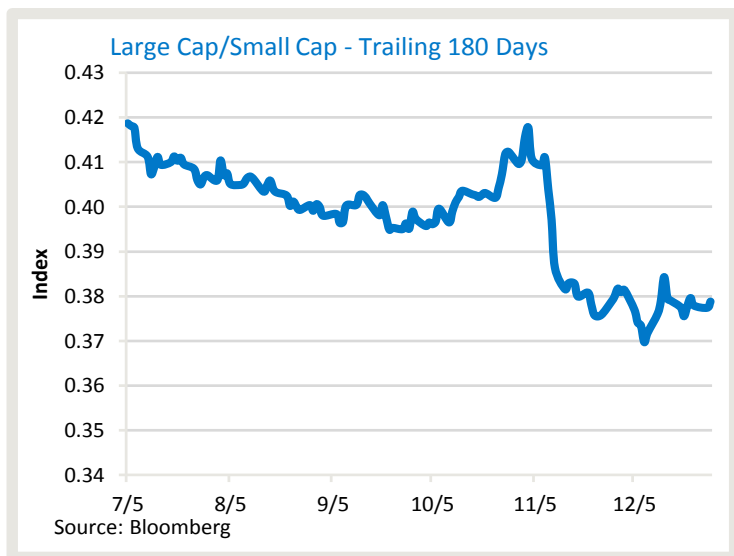
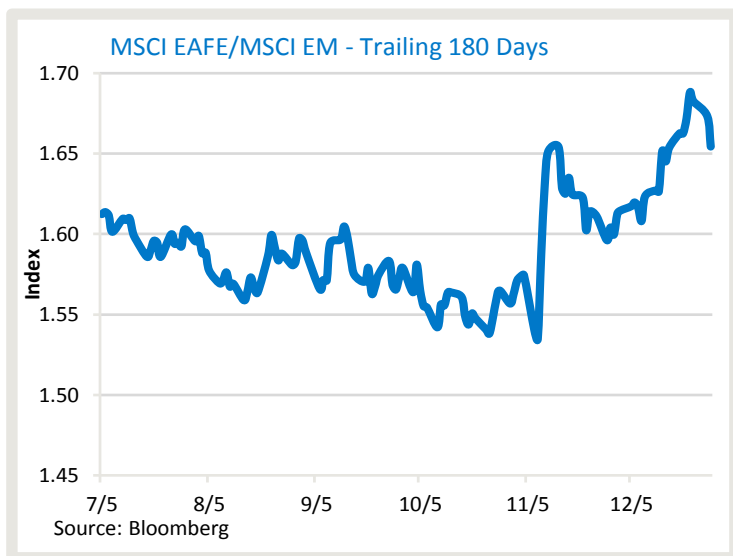
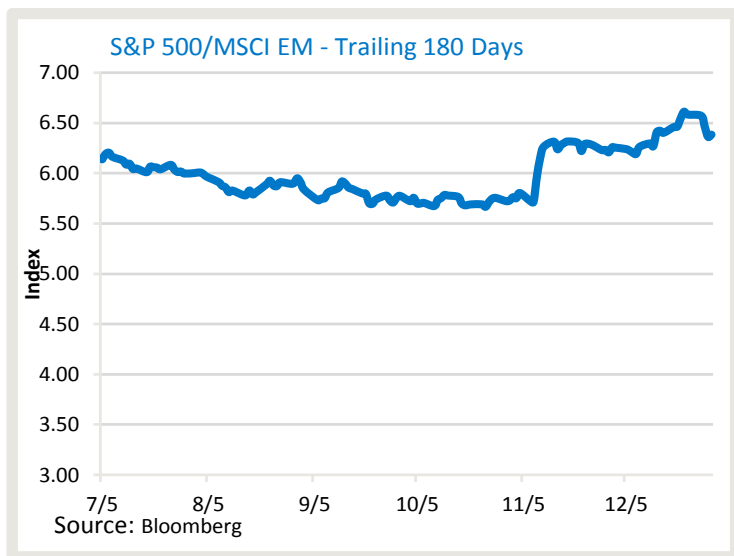
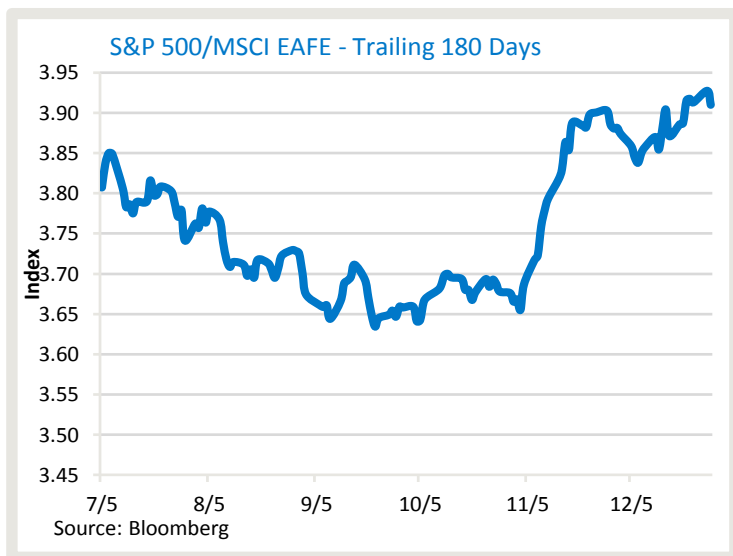
SELECTED ALTERNATIVE INVESTMENT INDEX PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
HFRX Global Hedge Fund Index	1203.21	-2.31	-0.19%	2.48%	HFRX Distressed Index	1081.27	5.63	0.52%	20.64%
HFRX Equity Market Neutral	989.17	0.13	0.01%	-4.90%	HFRX Merger Arbitrage Index	1811.78	1.57	0.09%	4.26%
HFRX Equity Hedge Index	1154.90	-2.34	-0.20%	0.05%	HFRX Convertible Arbitrage Index	742.32	-0.25	-0.03%	5.72%
HFRX Event-Driven Index	1564.97	1.15	0.07%	11.12%	HFRX Macro CTA Index	1133.67	-6.56	-0.58%	-3.07%
HFRX Absolute Return Index	1025.46	-1.63	-0.16%	0.01%	IQ Fixed Income Beta Arb Index	1419.97	4.56	0.32%	2.36%

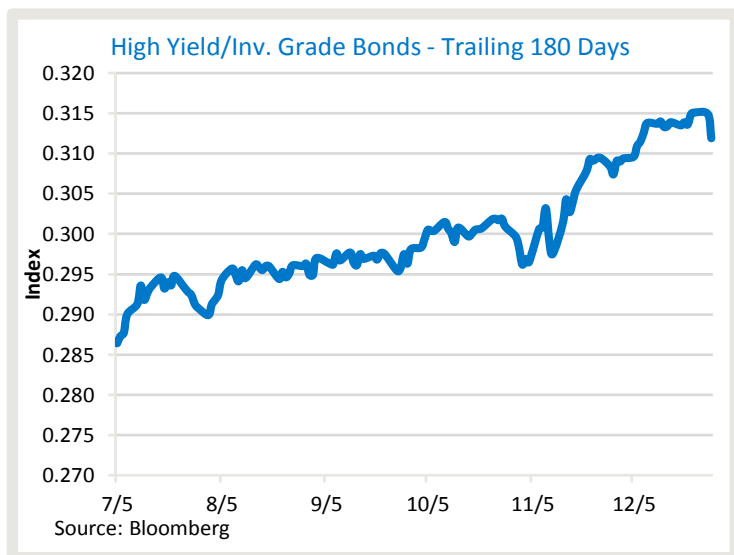
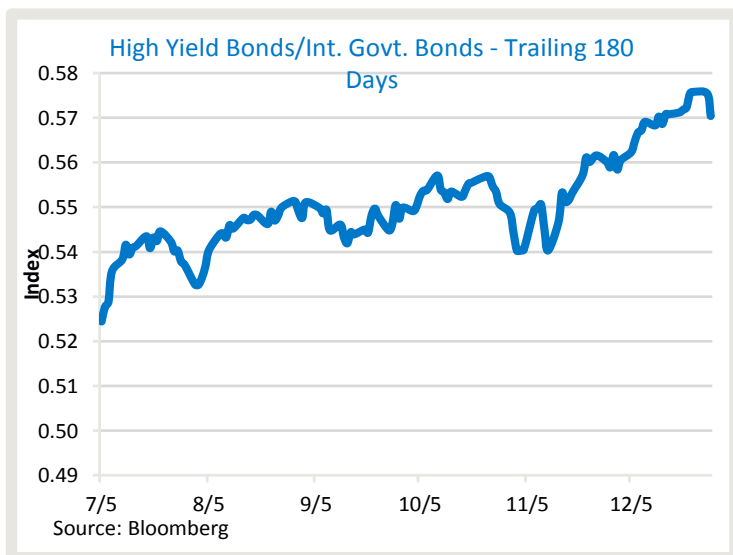
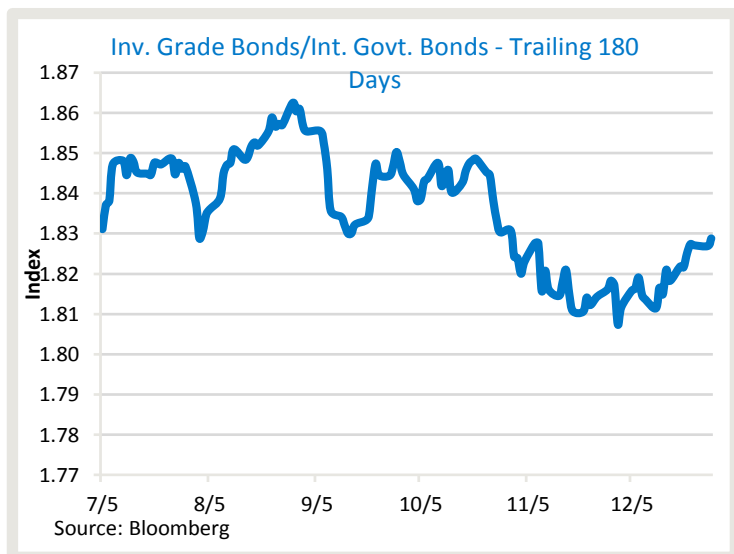
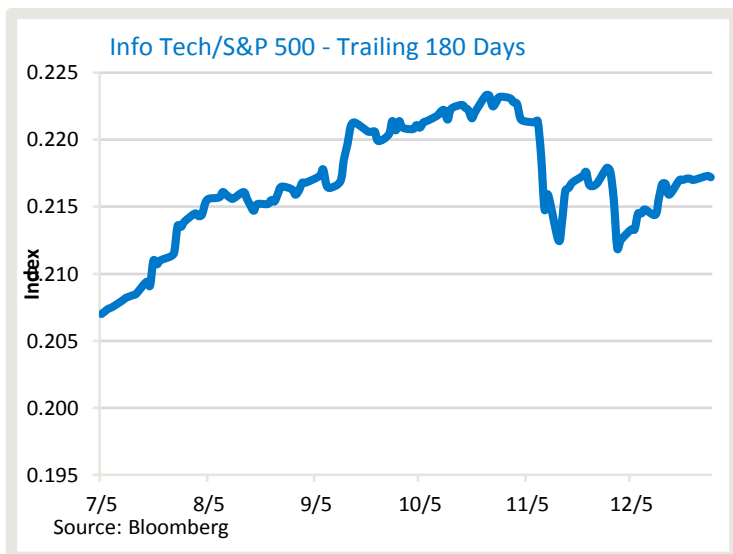
Source: Bloomberg; Index % change is based on price.



Portfolio Construction



Portfolio Construction (continued)



WEEKLY ASSET CLASS PERFORMANCE (Prior 12 weeks ending Thursday)

			10/13	10/20	10/27	11/3	11/10	11/17	11/24	12/1	12/8	12/15	12/22	12/29
Equity	Domestic Equity	Large Cap (R200)	-1.14%	0.36%	-0.04%	-2.22%	3.78%	0.59%	0.66%	-0.51%	2.24%	1.11%	0.00%	-0.54%
		Small Cap (R2000)	-2.45%	0.33%	-2.45%	-2.78%	3.19%	4.62%	2.49%	-2.11%	5.52%	-1.44%	-0.27%	0.04%
	Int'l. Equity	MSCI EAFE	-2.39%	1.54%	-0.75%	-0.87%	-0.42%	-0.79%	-0.46%	0.35%	2.71%	-0.65%	0.60%	0.06%
		MSCI Em. Mkts.	-2.88%	2.55%	-0.88%	-2.25%	1.05%	-3.25%	0.57%	0.75%	2.44%	-2.35%	-1.88%	1.89%
Fixed Income	BarCap Agg. (AGG)	0.00%	0.18%	-0.54%	-0.13%	1.41%	-0.67%	-0.50%	-0.46%	0.46%	-0.93%	0.21%	0.42%	
	High Yield (JNK)	-0.19%	0.74%	-0.73%	-2.11%	0.78%	0.45%	1.09%	-0.64%	1.84%	-0.55%	0.85%	-0.46%	
Commodities	Bloomberg Commodity Index	0.90%	-0.30%	0.23%	-3.03%	0.28%	-1.33%	3.18%	1.83%	0.74%	-0.83%	-0.58%	1.55%	
Alternatives	Hedge Funds (HFRX Global)	-0.42%	0.30%	-0.36%	-1.02%	1.13%	0.14%	0.28%	0.15%	0.72%	0.07%	0.18%	-0.11%	
Asset Allocation	60/40*	-1.10%	0.60%	-0.64%	-1.34%	1.31%	0.15%	0.29%	-0.47%	2.00%	-0.38%	0.09%	0.07%	
	48/32/20 (w/Alts.)**	-0.96%	0.54%	-0.58%	-1.28%	1.27%	0.15%	0.29%	-0.34%	1.75%	-0.29%	0.10%	0.03%	

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	1.08	0.96	1.06	1.12	1.02	1.00	1.07	0.93	1.12	1.27	1.15	1.06	1.50	1.15
Large Cap Growth	0.93	1.00	0.89	0.98	1.04	0.95	0.92	1.00	0.86	1.04	1.18	1.06	0.99	1.39	1.06
Large Cap Value	1.04	1.12	1.00	1.11	1.17	1.06	1.04	1.12	0.97	1.17	1.32	1.19	1.11	1.56	1.20
Mid Cap Core	0.94	1.02	0.90	1.00	1.06	0.96	0.94	1.01	0.88	1.06	1.20	1.08	1.00	1.41	1.08
Mid Cap Growth	0.89	0.96	0.86	0.95	1.00	0.91	0.89	0.96	0.83	1.00	1.13	1.02	0.95	1.34	1.02
Mid Cap Value	0.98	1.06	0.94	1.04	1.10	1.00	0.98	1.05	0.91	1.10	1.24	1.12	1.04	1.47	1.12
Small Cap Core	1.00	1.08	0.96	1.07	1.13	1.02	1.00	1.08	0.93	1.13	1.27	1.15	1.07	1.51	1.15
Small Cap Growth	0.93	1.00	0.89	0.99	1.04	0.95	0.93	1.00	0.87	1.04	1.18	1.07	0.99	1.39	1.07
Small Cap Value	1.08	1.16	1.03	1.14	1.20	1.10	1.07	1.16	1.00	1.21	1.36	1.23	1.14	1.61	1.23
Int'l. Developed	0.89	0.96	0.86	0.95	1.00	0.91	0.89	0.96	0.83	1.00	1.13	1.02	0.95	1.34	1.02
Emerging Markets	0.79	0.85	0.76	0.84	0.88	0.80	0.78	0.85	0.73	0.88	1.00	0.90	0.84	1.18	0.90
REITs	0.87	0.94	0.84	0.93	0.98	0.89	0.87	0.94	0.81	0.98	1.11	1.00	0.93	1.31	1.00
Commodities	0.94	1.01	0.90	1.00	1.05	0.96	0.94	1.01	0.87	1.05	1.19	1.08	1.00	1.41	1.08
Int. Bond	0.67	0.72	0.64	0.71	0.75	0.68	0.66	0.72	0.62	0.75	0.85	0.76	0.71	1.00	0.77
High Yield	0.87	0.94	0.84	0.92	0.98	0.89	0.87	0.94	0.81	0.98	1.11	1.00	0.93	1.31	1.00

Source: Bloomberg

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

Index Overview & Key Definitions

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

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

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