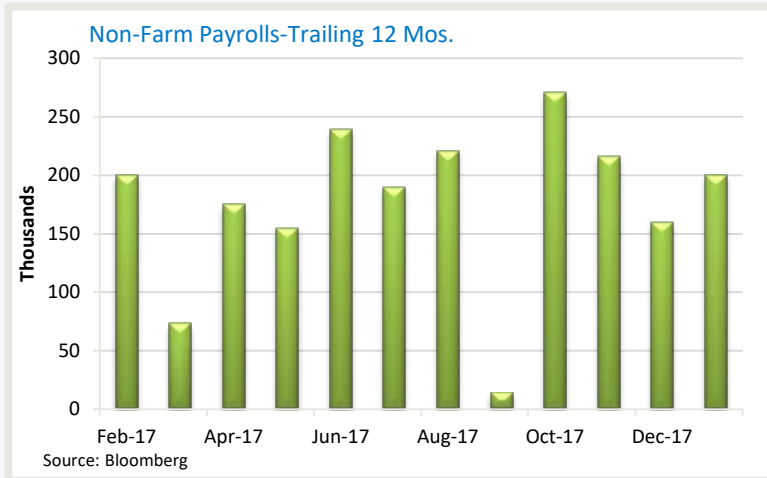




### Chart of the Week



### Weekly Highlights

- **Stock markets plunged.** The S&P 500 Index nosedived more than 7% during the week, wiping out all of 2018's gains plus a big chunk of those of fourth quarter 2017.
- **Stock market volatility skyrocketed.** After more than doubling on Monday (2/5) from the previous close, the CBOE Volatility Index, VIX, stayed elevated and closed the week above 30.
- **No risk-off movement.** Unlike most other stock market selloffs in the past, there was no risk-off movement or rush to safe-haven assets. Treasury yields stayed firm, and defensive sectors, such as utilities and consumer staples, also suffered significant losses.

### Talking Points

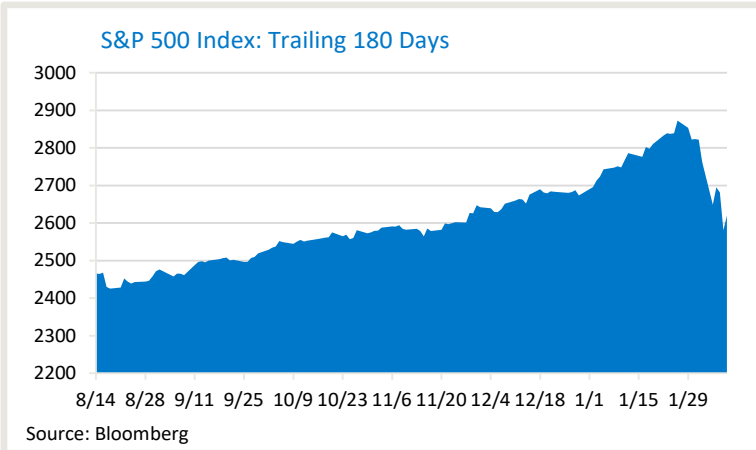
- **Among equities,** small caps outperformed large caps; growth stocks led value stocks; international stocks outperformed domestic stocks; and emerging markets trailed developed markets.
- **Treasury yields stayed firm despite the equity mark selloff.** The yield on the 10-Year Treasury Note stayed above 2.8%, closing in on the 2.9% level.
- **Commodity indices fell.** Crude oil prices plunged, with the WTI price dipping below \$60 a barrel.
- **The dollar rebounded.** The dollar index climbed back above 90, as the dollar rose against most major currencies except for the Japanese Yen.
- **Among major economic data:** the January 2018 ISM Non-Manufacturing Index soared to 59.9, the highest since August 2005; the December 2017 trade deficit widened to \$53.1 billion, largely due to a jump in imports.

## Market Dashboard

	Last Price	Change	% Chg.	YTD %
<b>S&amp;P 500</b>	2,619.55	-142.58	-5.16%	-2.0%
<b>Dow Industrials</b>	24,190.90	-1,330.06	-5.21%	-2.1%
<b>Nasdaq</b>	6,874.49	-366.45	-5.06%	-0.4%
<b>Russell 2000</b>	1,477.84	-69.44	-4.49%	-3.8%
<b>Euro Stoxx Index</b>	368.61	-19.46	-5.01%	-5.3%
<b>Shanghai Composite</b>	3,129.85	-332.23	-9.60%	-5.4%
<b>Russell Global</b>	2,090.51	-126.10	-5.69%	-2.5%

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

	Last Price	Change	% Chg.	YTD %
<b>Russell Global EM</b>	3,657.88	-202.58	-5.25%	0.4%
<b>10-Year US Treas.</b>	2.83	-3 bps	NM	NM
<b>DJ UBS Comm. Idx.</b>	85.64	-3.48	-3.90%	-2.9%
<b>Gold</b>	\$1,317.15	-\$17.07	-1.28%	1.0%
<b>Crude Oil</b>	\$59.23	-\$6.23	-9.52%	-2.0%
<b>Dollar Index</b>	90.37	1.18	1.32%	-1.9%
<b>VIX Index</b>	29.06	11.75	67.88%	163.2%



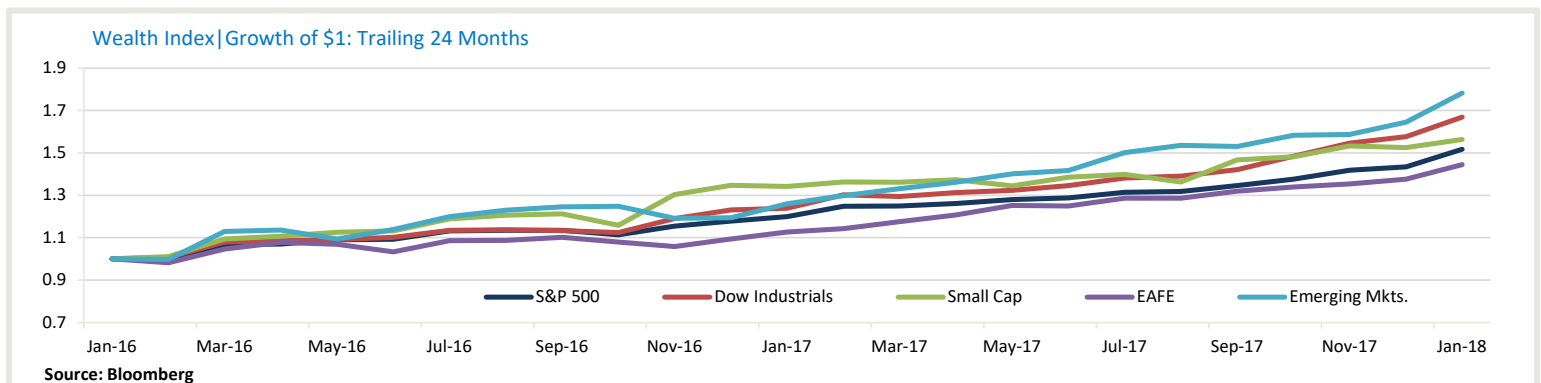
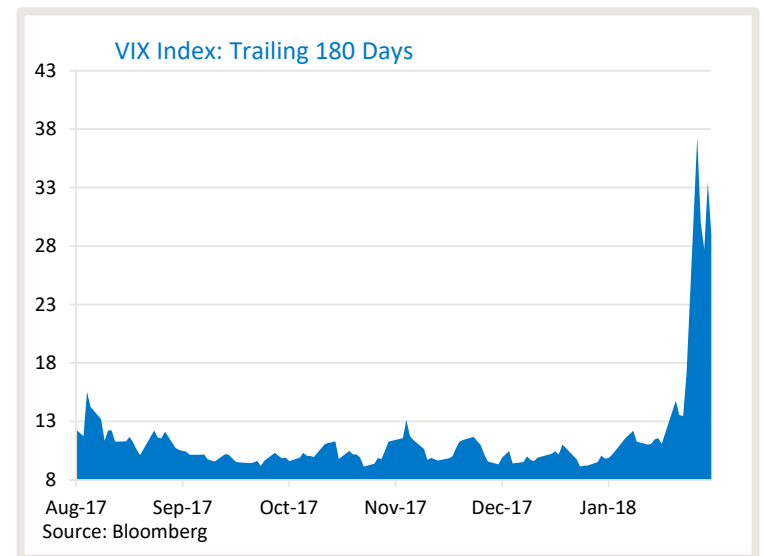
	One Week			YTD		
	Value	Growth		Value	Growth	
<b>L</b>	-5.68%	-5.25%	-4.88%	-3.29%	-1.68%	-0.27%
	-4.76%	-4.85%	-4.97%	-4.74%	-3.41%	-1.70%
<b>S</b>	-4.22%	-4.49%	-4.73%	-4.77%	-3.76%	-2.82%

Source: Bloomberg

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

	% Wgt in S&P 500	Week % Chg.	YTD % Chg.
<b>Consumer Discretionary</b>	12.7	-4.59%	2.2%
<b>Consumer Staples</b>	7.9	-5.10%	-5.9%
<b>Energy</b>	5.7	-8.46%	-7.9%
<b>Financials</b>	14.9	-5.80%	-1.1%
<b>Health Care</b>	13.9	-5.63%	-0.8%
<b>Industrials</b>	10.2	-5.43%	-2.7%
<b>Information Technology</b>	24.2	-4.43%	-0.3%
<b>Materials</b>	3.0	-3.41%	-3.4%
<b>Real Estate</b>	2.7	-4.11%	-8.7%
<b>Telecom Services</b>	2.0	-5.72%	-6.5%
<b>Utilities</b>	2.8	-2.77%	-7.9%

Source: Bloomberg



## The Economy and Markets

### ***A Macro View – What Goes Up, Comes Down***

Market volatility has not been much of a topic lately, with consistently rising stock markets being fueled by solid economic data, expanding global gross domestic product (GDP) growth, strong corporate earnings, minimal inflation, and low interest rates. Volatility, measured by the VIX Index (aka the 'fear index'), traded at an average of roughly 11 during 2017, which was 45% below its long-term average of approximately 20 since its 1990 inception, confirming investors' complacency that global synchronized growth and the economic expansion would continue. In fact, the S&P 500 Index achieved something that has not been observed since the 1960s: fluctuating no more than 2% during any one day throughout all of 2017. Additionally, 2017 was the first year ever that the S&P 500 Index posted a positive return during every month. Furthermore, in October 2017, consumer sentiment rose to its highest level in 14 years, and economies around the world were all in acceleration mode. This all occurred during a year with significant headlines, which included the threat of nuclear war with North Korea, ongoing political drama in Washington, and broadly stretched equity valuations.

However, the headlines abruptly turned negative last week, as the major stock market indices around the world declined between 4%-8% in a matter of days. Ten-year interest rates spiked to 2.85% on Friday on the back of a strong wage growth report, bringing inflationary concerns into the forefront and sparking fears that central banks may tighten monetary policy faster than expected. Volatility in the stock market spiked, as the VIX jumped over 55% last week and another 115% on Monday, Feb 5, to close at 37. Investors are beginning to ask, Is this just a market correction, or is it something bigger?

A market 'correction' can be defined as a decline of 10% or more from recent highs in the major market indices, and are usually short-term events. They can last for a few days or a few months, but are less in duration and severity than a bear market or recession. Although markets have not yet closed at these levels, this latest activity is out of the ordinary for recent times, as US markets haven't experienced this type of volatility in more than two years. Will stocks continue to slide, or is this just a revaluation?

The moving parts to this equation are relatively ironic, as it has seemed like nothing could go wrong during 2017: The economy seems to be in great shape, growth is accelerating around the globe, central banks' policies are still relatively accommodative, and the US tax overhaul should spur continued growth as companies' earnings rise. However, political worries, rising inflationary concerns, uncertainties around Federal Reserve policy, the speed of future interest rate hikes, and the end of a 30-year bull market for bonds are rocking stock markets and spooking investors in what could be the end of the current economic expansion. Although no one can predict what might happen next, investors should always be prepared for unforeseen turmoil in the markets.

Conversely, this current bout of volatility could actually be positive, bringing valuations back into check and allowing company fundamentals to shine through. Active managers are seeing this as a welcomed and long-awaited event that should present opportunities to find undervalued names. Additionally, active managers can position their portfolio away from overvalued names and into areas with more attractive opportunities that may benefit during the later stages of an economic cycle, thereby bracing the portfolio for continued volatility and exploiting any pricing dislocations that emerge. On the other hand, index funds, which have posted impressive returns during this bull run, yet lack the flexibility to make these positioning changes, may overexpose them to what has worked in the past (i.e., large cap technology stocks), resulting in significant weakness during a market correction.

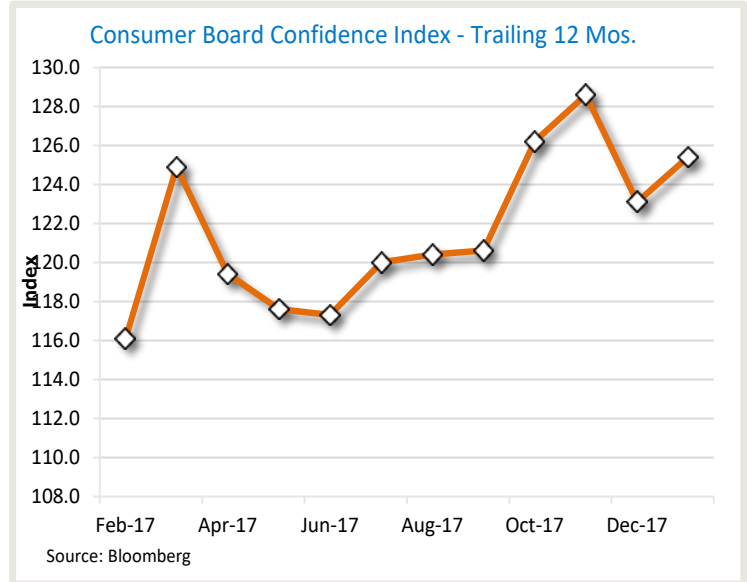
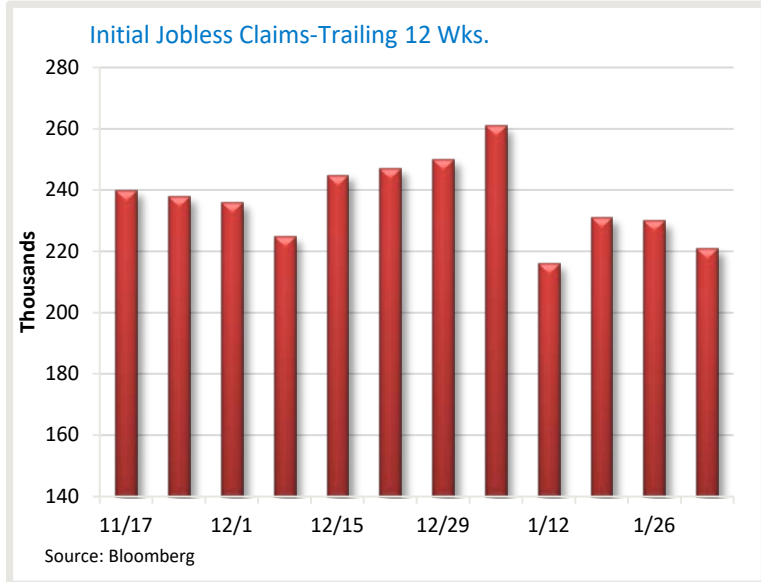
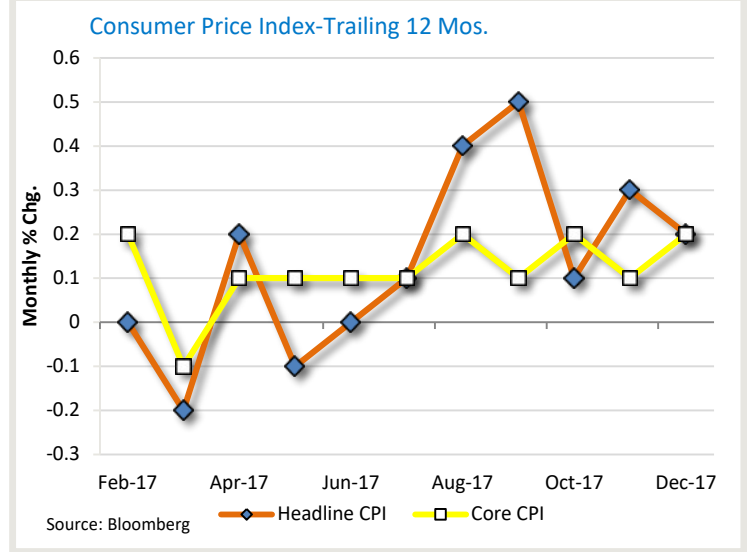
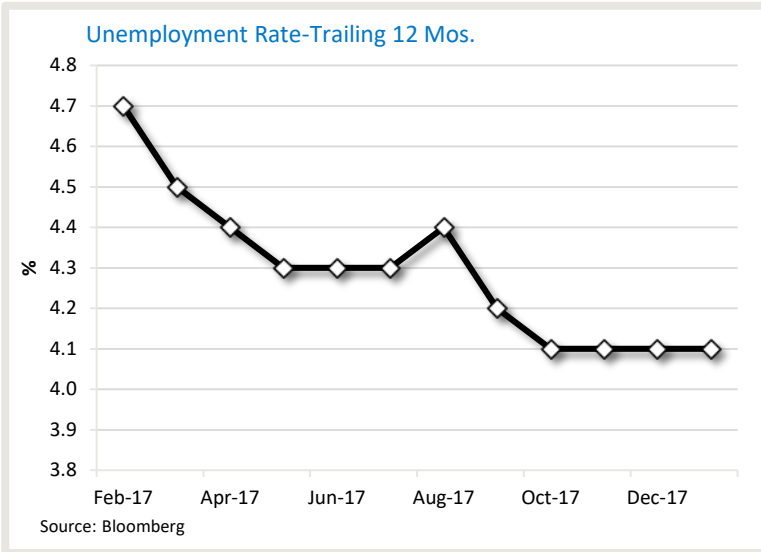
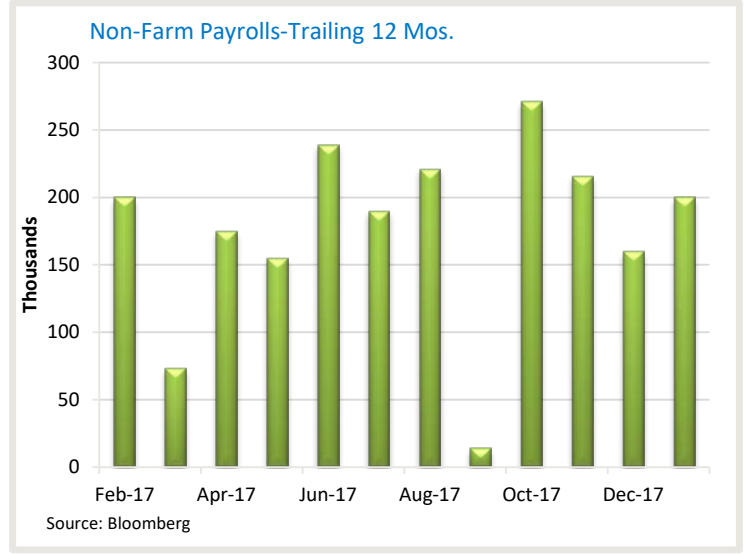
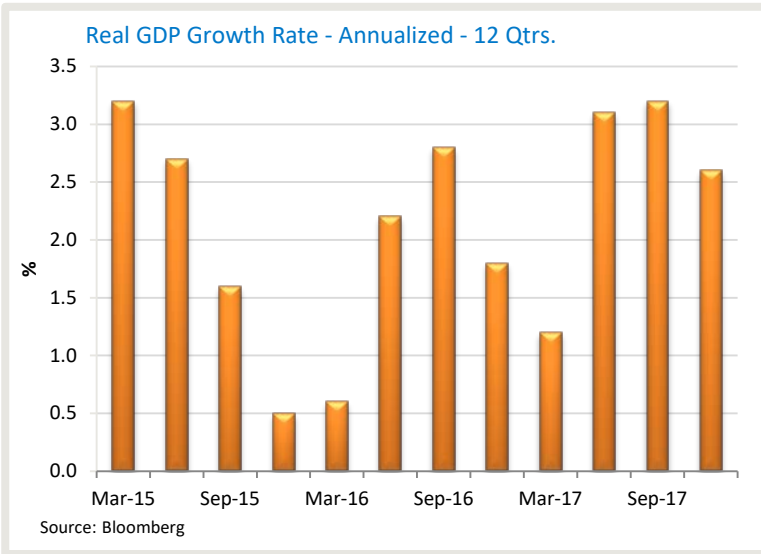
Either way, investors should remember a few key tenets: What goes up, comes down; volatility is not necessarily a bad thing; and as quickly as markets can reach new highs (as they did many times in 2017), they also can reverse and reach lows just as fast. With these points in mind, maintaining a long-term investment focus can help weather volatility when it rears its ugly head.

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Sources:

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<https://www.marketwatch.com/story/the-hidden-reason-why-stock-market-volatility-has-been-so-low-2018-01-03>  
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<https://www.cnbc.com/2018/02/02/investors-believe-size-of-correction-will-depend-on-interest-rate-pain.html>

Economic Data



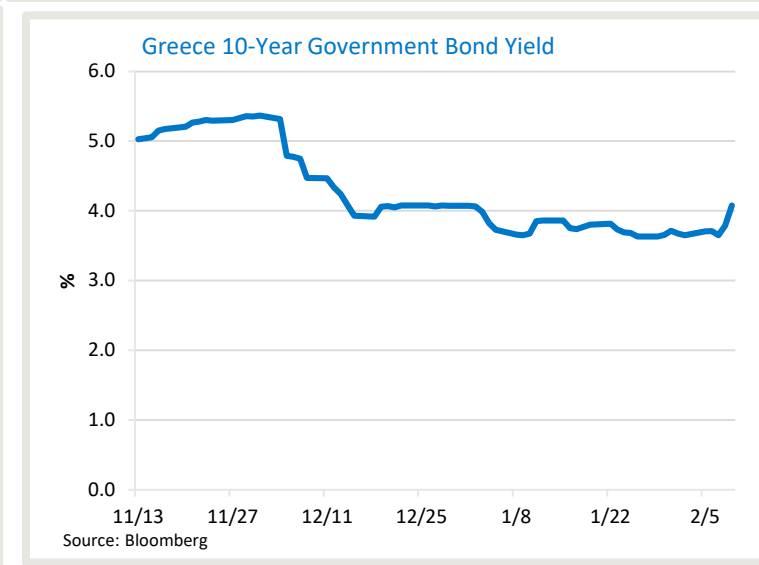
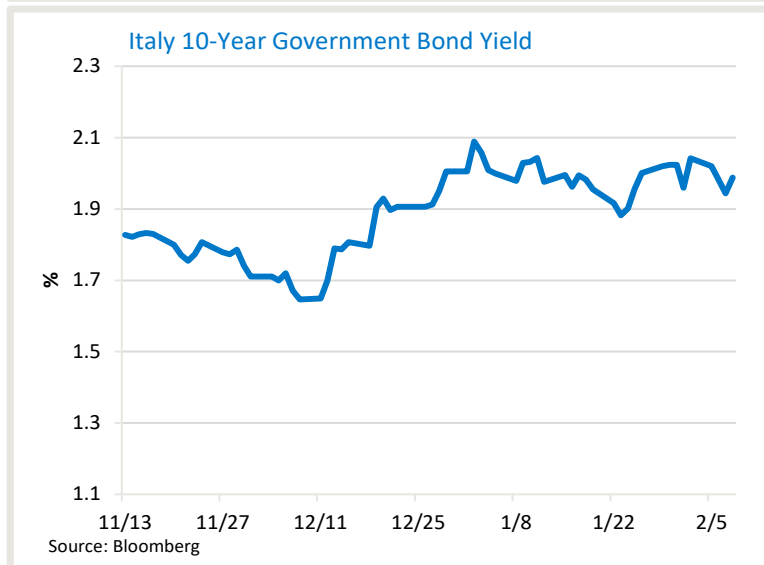
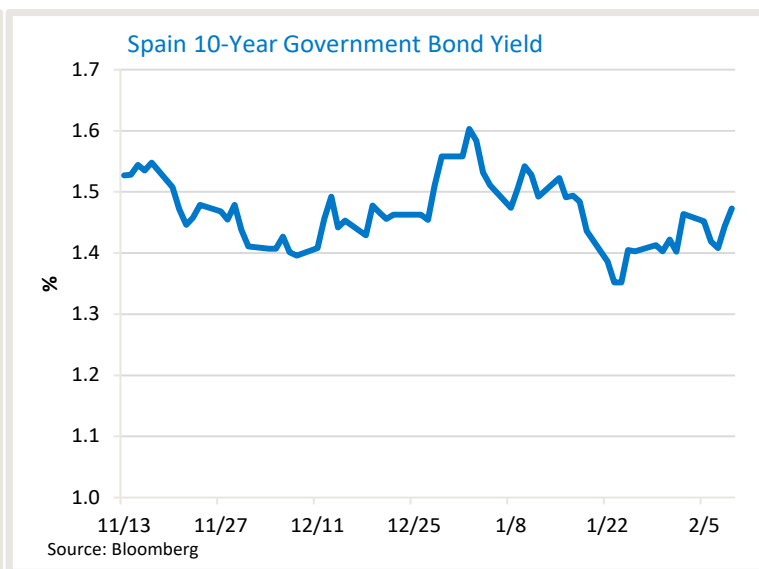
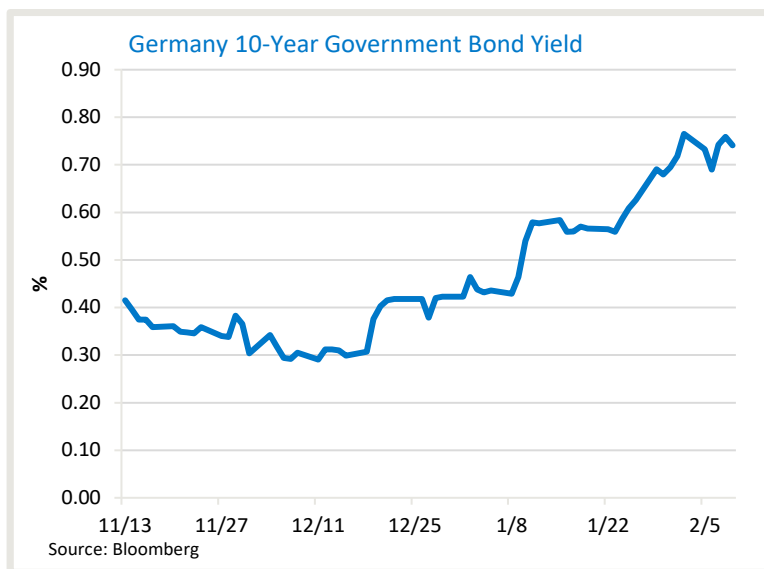
## Eurozone

### SELECTED EUROPEAN SOVEREIGN YIELD PERFORMANCE

	Last	Change	% Chg.	YTD %
Germany 10-Yr. Govt.	0.74	2 bps	NM	NM
Greece 10-Yr. Govt.	4.08	-35 bps	NM	NM
Italy 10-Yr. Govt.	2.04	0 bps	NM	NM
Spain 10-Yr. Govt.	1.47	-1 bps	NM	NM
Belgium 10-Yr. Govt.	0.99	3 bps	NM	NM

	Last	Change	% Chg.	YTD %
France 10-Yr. Govt.	0.98	3 bps	NM	NM
Ireland 10-Yr. Govt.	1.13	4 bps	NM	NM
Portugal 10-Yr. Govt.	2.09	-8 bps	NM	NM
Netherlands 10-Yr. Govt.	0.77	3 bps	NM	NM
U.K. 10-Yr. Govt.	1.57	0 bps	NM	NM

Source: Bloomberg  
Basis points (bps)

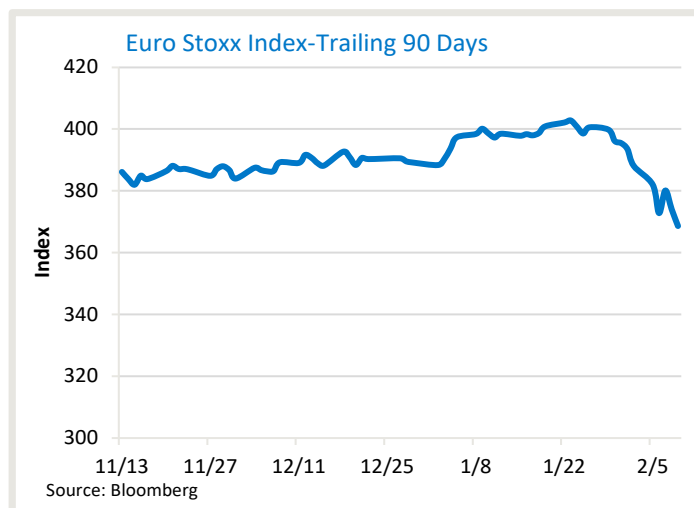
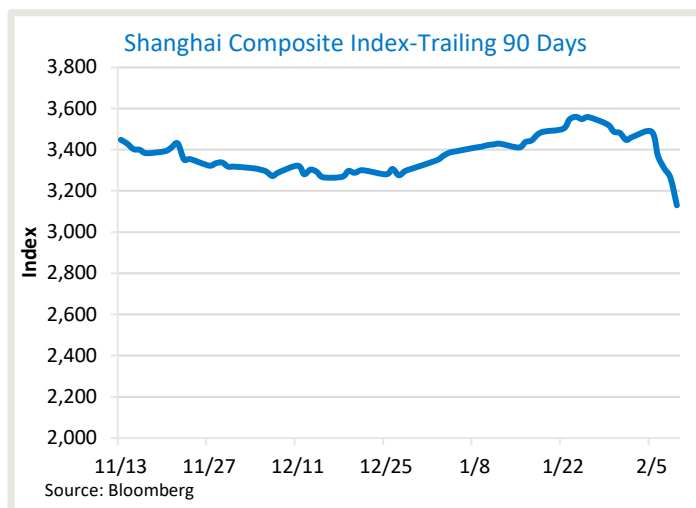
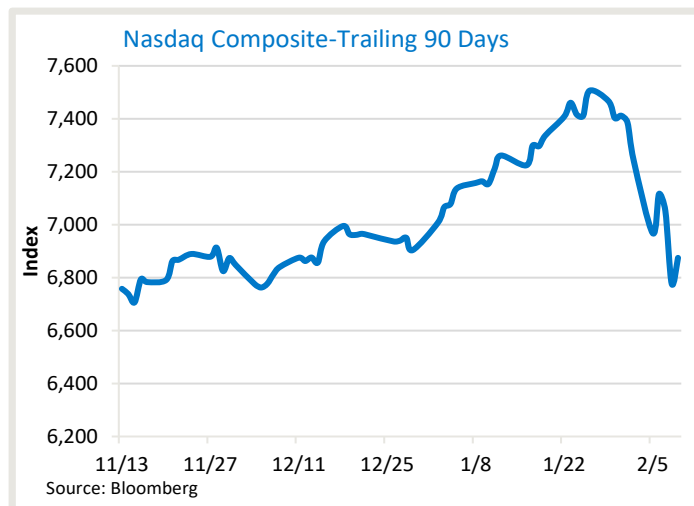
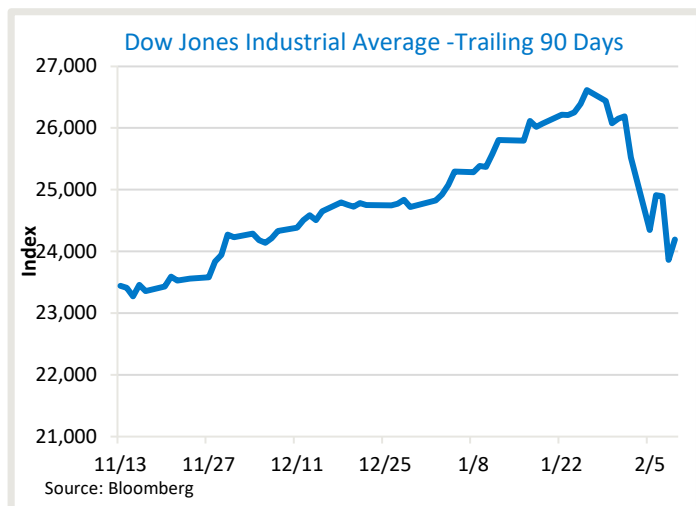


Equities

WORLD MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
S&P 500	2,619.55	-142.58	-5.16%	-2.02%	Swiss Market Index	8,682.00	-538.69	-5.84%	-7.46%
Dow Industrials	24,190.90	-1330.06	-5.21%	-2.14%	CAC 40 Index (France)	5,079.21	-285.77	-5.33%	-4.39%
Nasdaq Composite	6,874.49	-366.45	-5.06%	-0.42%	DAX Index (Germany)	12,107.48	-677.68	-5.30%	-6.27%
Russell Global	2,090.51	-126.10	-5.69%	-2.5%	Irish Overall Index	6,599.67	-285.56	-4.15%	-6.23%
Russell Global EM	3,657.88	-202.58	-5.25%	0.4%	Nikkei 225	21,382.62	-1891.91	-8.13%	-6.07%
S&P/TSX (Canada)	15,034.53	-571.50	-3.66%	-7.25%	Hang Seng Index	29,507.42	-3094.36	-9.49%	-1.38%
Mexico IPC	47,799.09	-2575.24	-5.11%	-3.11%	Shanghai Composite	3,129.85	-332.23	-9.60%	-5.36%
Brazil Bovespa	80,898.70	-3142.64	-3.74%	5.89%	Kospi Index (S. Korea)	2,363.77	-161.62	-6.40%	-4.20%
Euro Stoxx 600	368.61	-19.46	-5.01%	-5.29%	Taiwan Taiex Index	10,371.75	-754.48	-6.78%	-2.55%
FTSE 100	7,092.43	-351.00	-4.72%	-7.74%	Tel Aviv 25 Index	1,478.52	-61.76	-4.01%	-2.07%
IBEX 35 (Spain)	9,639.60	-571.60	-5.60%	-4.03%	MICEX Index (Russia)	2,197.12	-84.72	-3.71%	4.14%

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



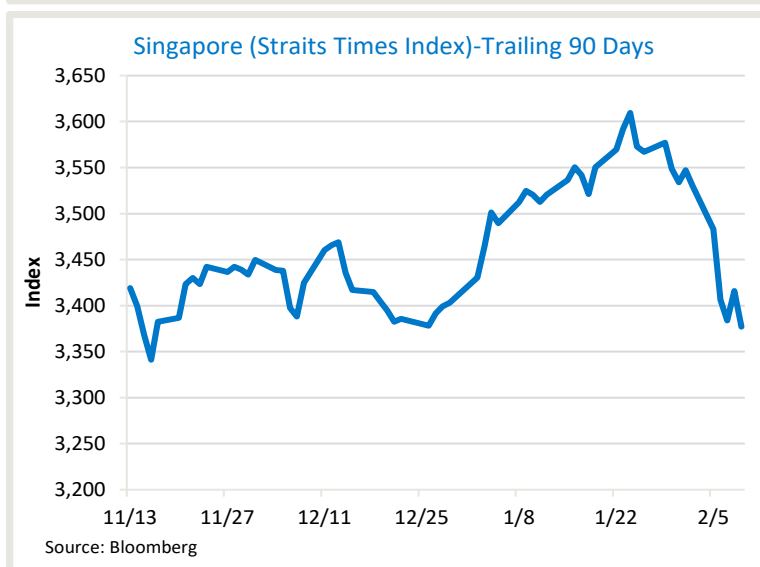
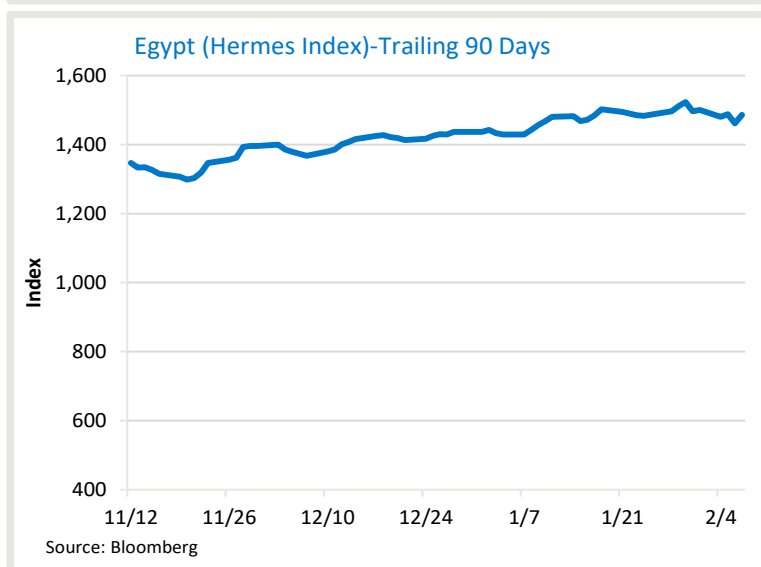
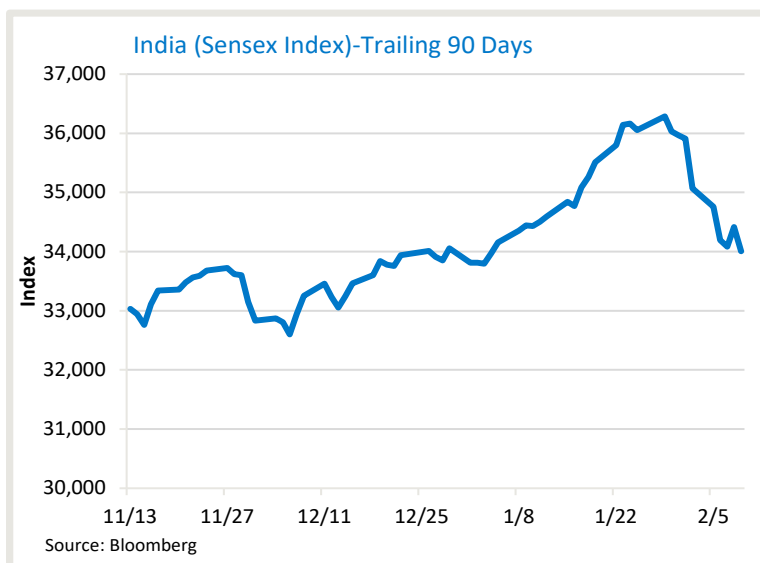
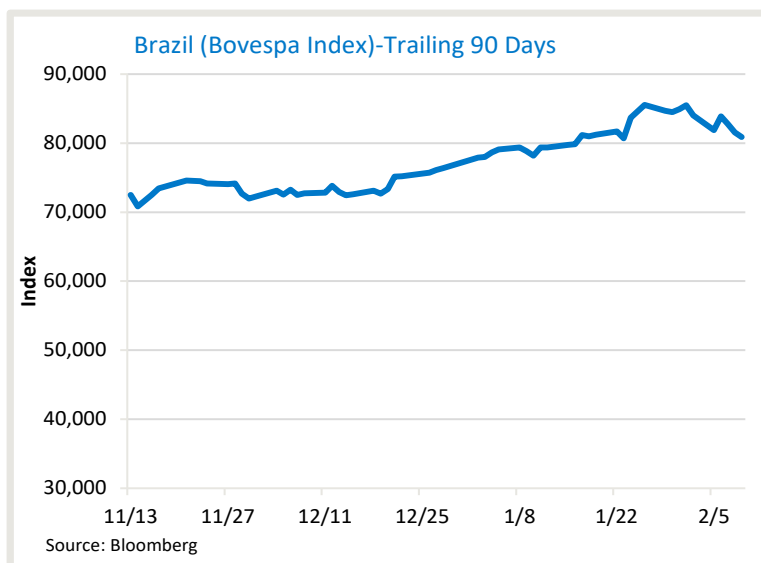
## Equities – Emerging and Frontier Markets

### EMERGING AND FRONTIER MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
Mexico IPC	47,799.09	-2575.24	-5.1%	-3.1%
Brazil (Bovespa Index)	80,898.70	-3142.64	-3.7%	5.9%
MICEX Index (Russia)	2,197.12	-84.72	-3.7%	4.1%
Czech Republic (Prague)	1,106.06	-23.04	-2.0%	2.6%
Turkey (Istanbul)	113,590.27	-4529.10	-3.8%	-1.5%
Egypt (Hermes Index)	1,477.05	-23.70	-1.6%	2.8%
Kenya (Nairobi 20 Index)	3,741.02	-17.16	-0.5%	0.8%
Saudi Arabia (TASI Index)	7,403.15	-252.92	-3.3%	2.4%
Lebanon (Beirut BLOM Index)	1,170.06	-3.81	-0.3%	1.9%
Palestine	575.59	-1.34	-0.2%	0.2%

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

	Last	Change	% Chg.	YTD %
Hang Seng Index	29,507.42	-3094.36	-9.5%	-1.4%
India (Sensex 30)	34,005.76	-1060.99	-3.0%	-0.1%
Malaysia (KLCI Index)	1,819.82	-50.66	-2.7%	1.3%
Singapore (Straits Times Index)	3,377.24	-152.58	-4.3%	-0.8%
Thailand (SET Index)	1,786.45	-40.90	-2.2%	1.9%
Indonesia (Jakarta)	6,505.52	-123.30	-1.9%	2.4%
Pakistan (Karachi KSE 100)	43,808.80	-492.40	-1.1%	8.2%
Vietnam (Ho Chi Minh)	1,003.94	-101.10	-9.1%	2.0%
Sri Lanka (Colombo)	6,572.29	73.84	1.1%	3.2%
Cambodia (Laos)	970.06	22.19	2.3%	-2.8%

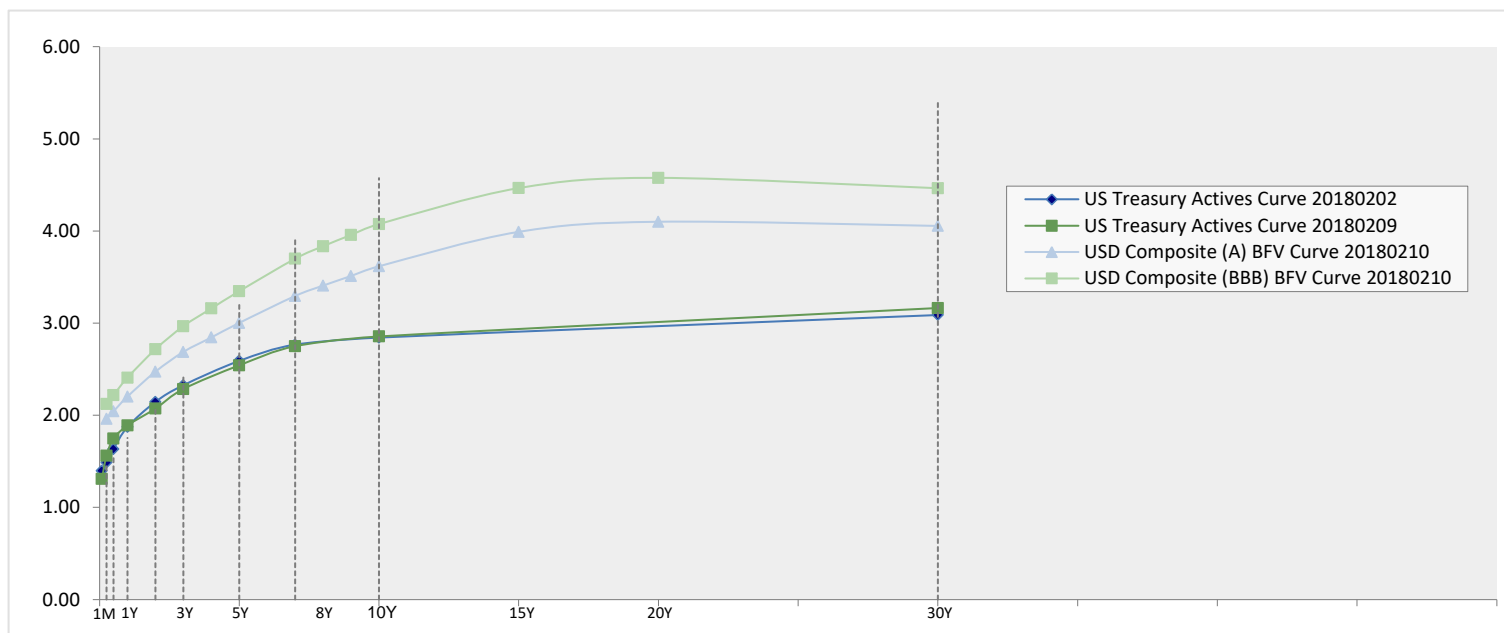


## Interest Rates

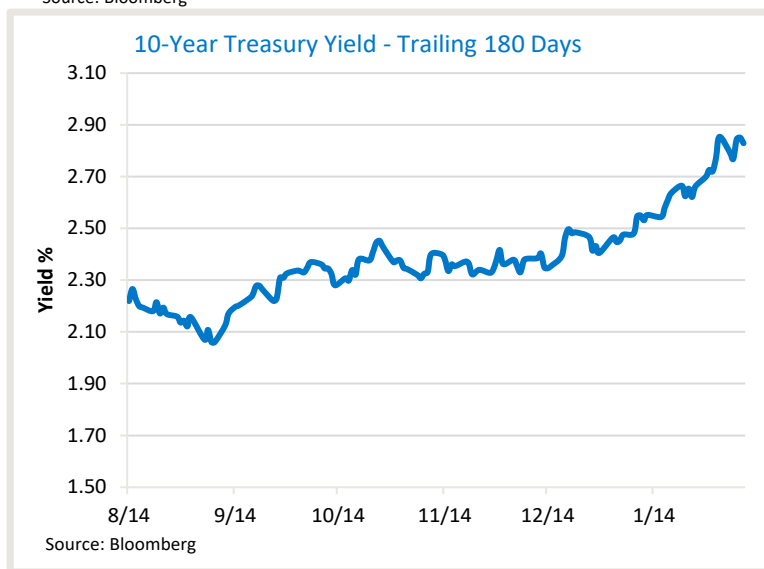
SELECTED INTEREST RATES

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
2-Yr. U.S. Treasury	2.07%	1 bps	NM	NM	Prime Rate	4.50%	0.00	NM	NM
5-Yr. U.S. Treasury	2.52%	-8 bps	NM	NM	Fed Funds Rate	1.50%	0.00	NM	NM
10-Yr. U.S. Treasury	2.83%	-3 bps	NM	NM	Discount Rate	2.00%	0.00	NM	NM
30-Yr. U.S. Treasury	3.14%	4 bps	NM	NM	LIBOR (3 Mo.)	1.81%	2 bps	NM	NM
German 10-Yr. Govt.	0.74%	2 bps	NM	NM	Bond Buyer 40 Muni	3.80%	-2 bps	NM	NM
France 10-Yr.	0.98%	3 bps	NM	NM	Bond Buyer 40 G.O.	3.73%	NA	NM	NM
Italy 10-Yr.	2.04%	0 bps	NM	NM	Bond Buyer 40 Rev.	4.22%	NA	NM	NM
Fed 5-Yr Fwd BE Inf.	2.19%	13 bps	NM	NM					

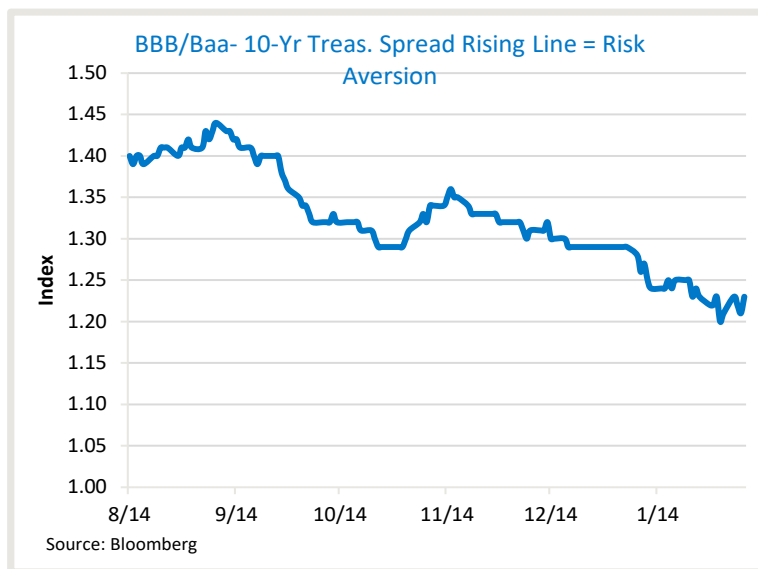
Source: Bloomberg



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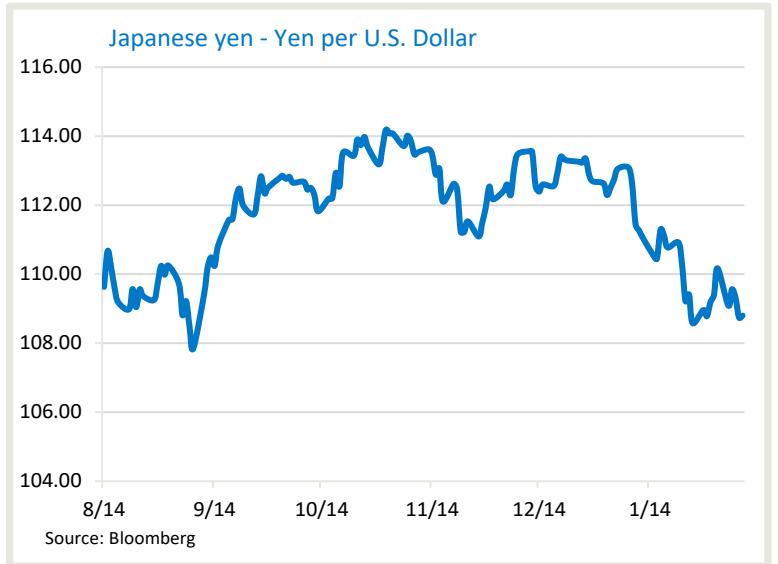
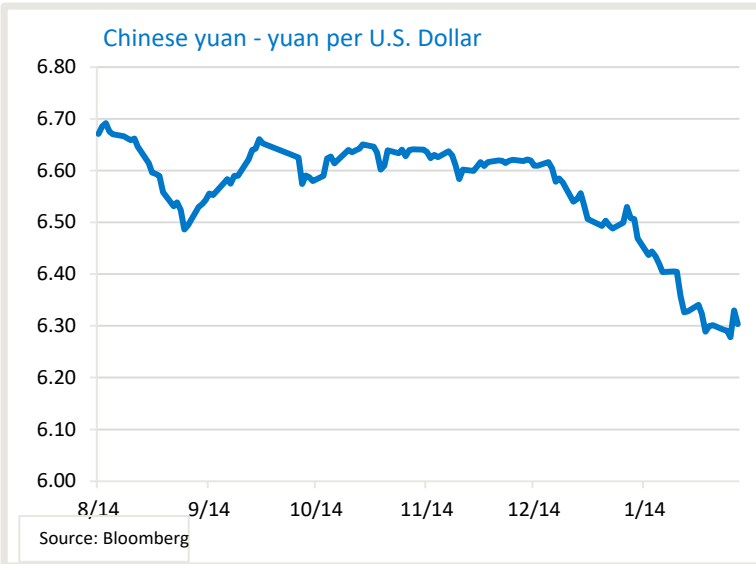
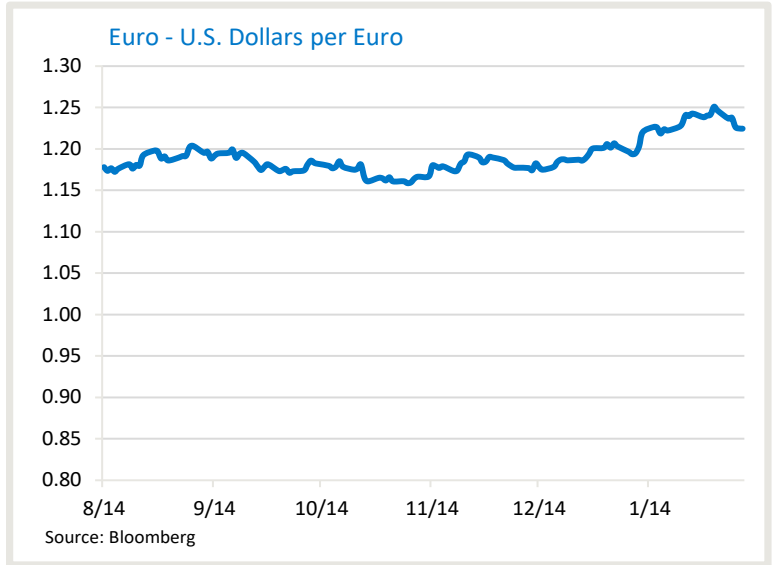
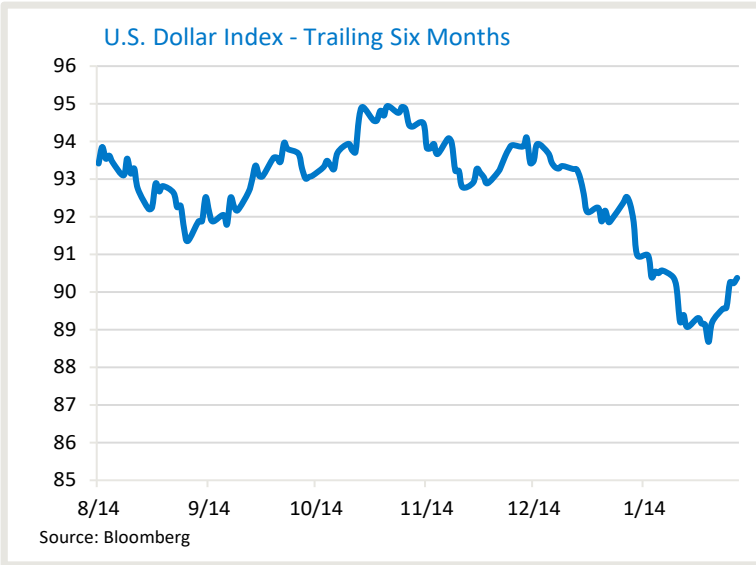
Currencies

SELECTED CURRENCY PERFORMANCE

	Last	Change	% Chg.	YTD %
Dollar Index	90.36	1.180	1.32%	-1.90%
Euro	1.22	-0.022	-1.75%	2.00%
Japanese Yen	108.80	-1.370	1.26%	3.58%
British Pound	1.38	-0.029	-2.07%	2.32%
Canadian Dollar	1.26	0.016	-1.24%	-0.11%

	Last	Change	% Chg.	YTD %
Chinese Yuan	6.30	0.002	-0.03%	3.23%
Swiss Franc	0.94	0.008	-0.88%	3.68%
New Zealand Dollar	0.73	-0.005	-0.62%	2.21%
Brazilian Real	3.30	0.083	-2.50%	0.19%
Mexican Peso	18.68	0.099	-0.53%	5.16%

Source: Bloomberg

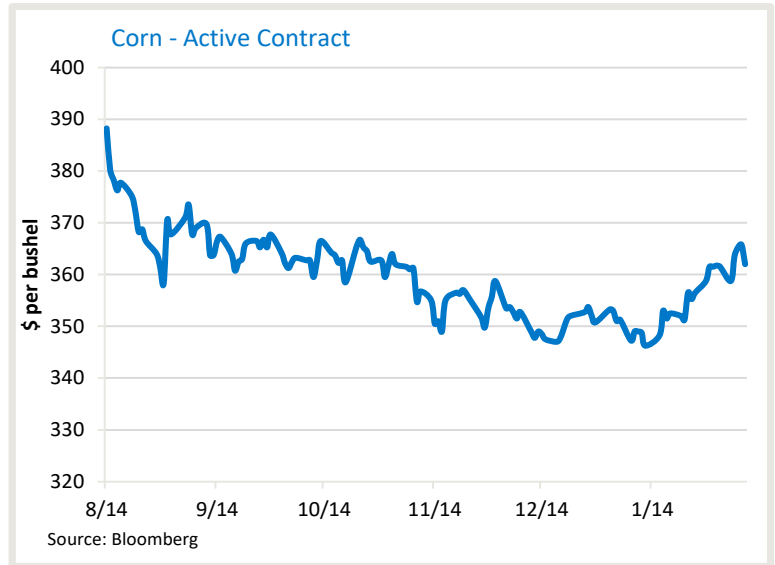
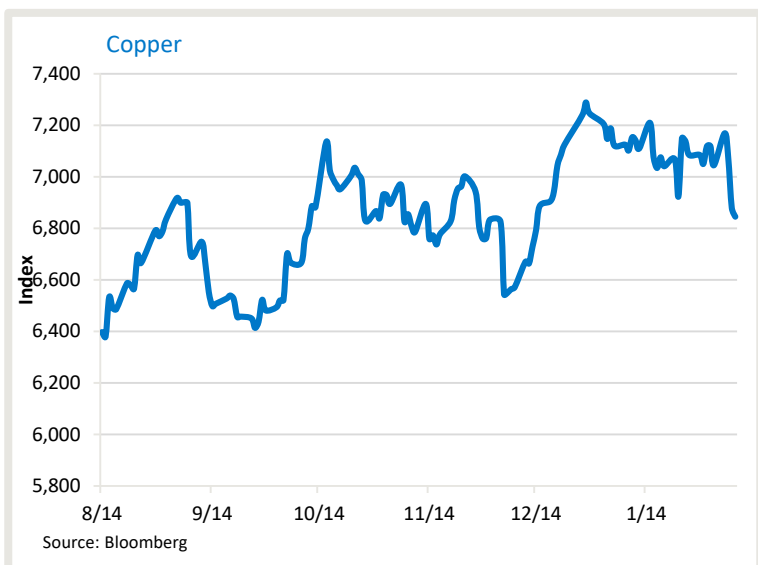
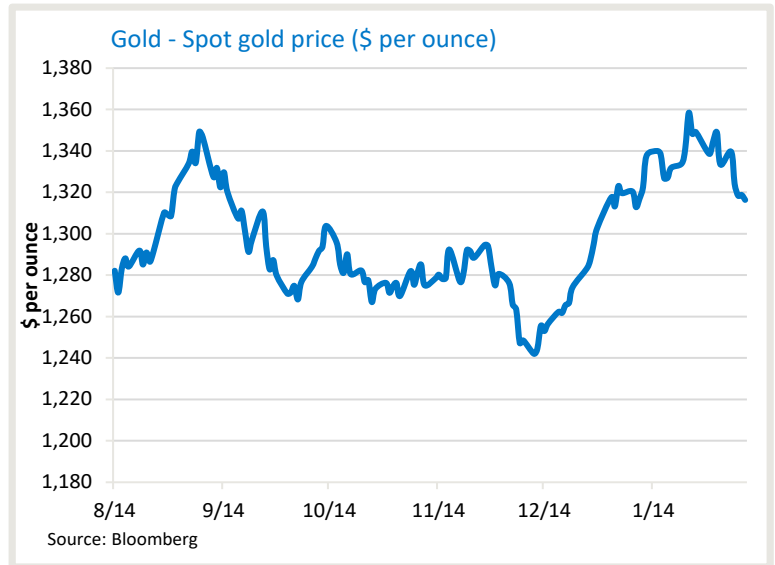
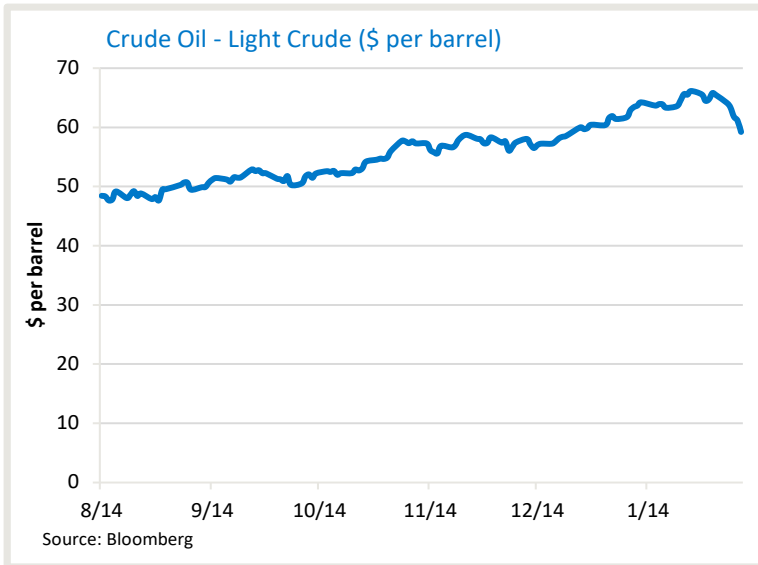


## Commodities

### SELECTED COMMODITY MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
Bloomberg Comm. Idx.	85.64	-3.48	-3.90%	-2.86%	Platinum Spot	\$964.47	-\$26.53	-2.68%	3.93%
Crude Oil	\$59.23	-\$6.23	-9.52%	-2.02%	Corn	362.00	0.50	0.14%	3.21%
Natural Gas	\$2.61	-\$0.23	-8.12%	-10.01%	Wheat	449.00	2.25	0.50%	5.15%
Gasoline (\$/Gal.)	\$2.60	-\$0.01	-0.27%	4.38%	Soybeans	983.00	4.25	0.43%	2.21%
Heating Oil	185.59	-19.81	-9.65%	-9.22%	Sugar	13.55	-0.13	-0.95%	-9.79%
Gold Spot	\$1,316.85	-\$17.07	-1.28%	1.04%	Orange Juice	147.60	0.60	0.41%	7.86%
Silver Spot	\$16.36	-\$0.23	-1.40%	-3.42%	Aluminum	2,170.00	-40.00	-1.81%	-4.32%
					Copper	6,845.00	-200.00	-2.84%	-5.55%

Source: Bloomberg; % change is based on price.

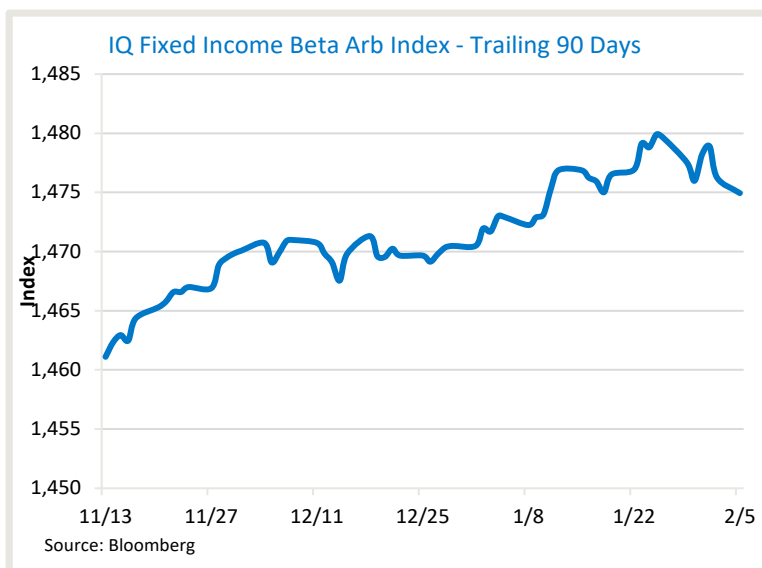
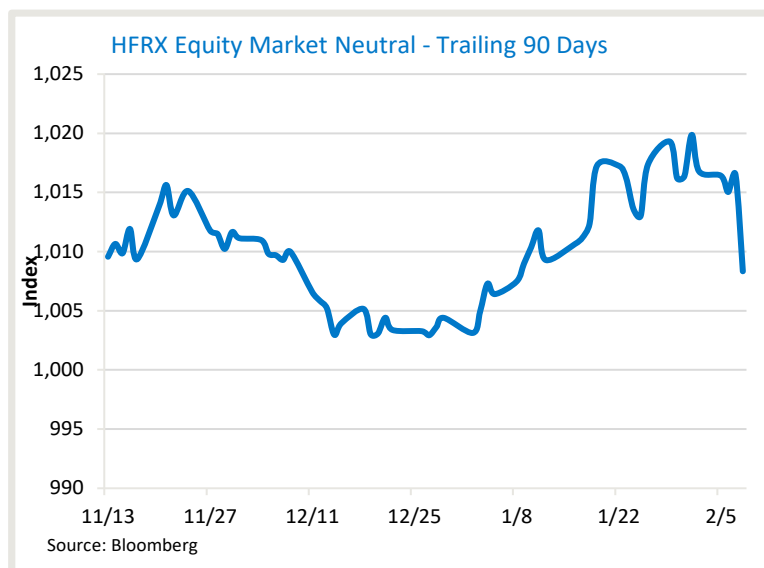
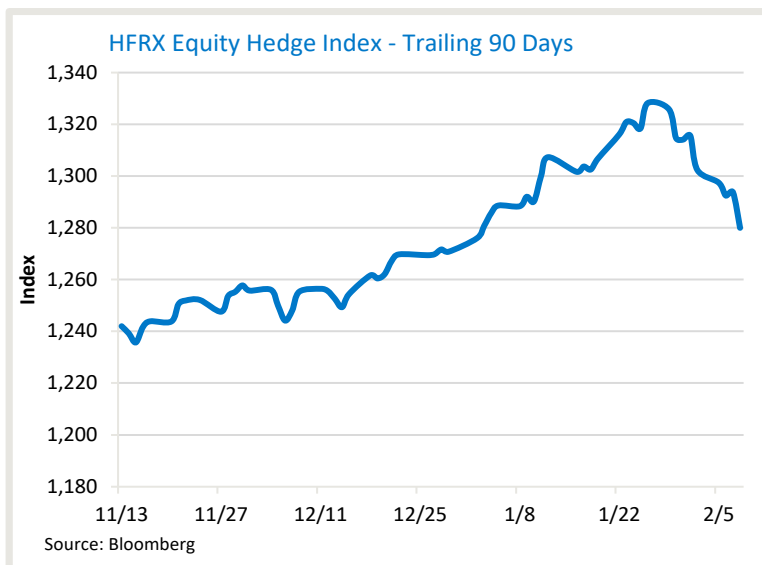
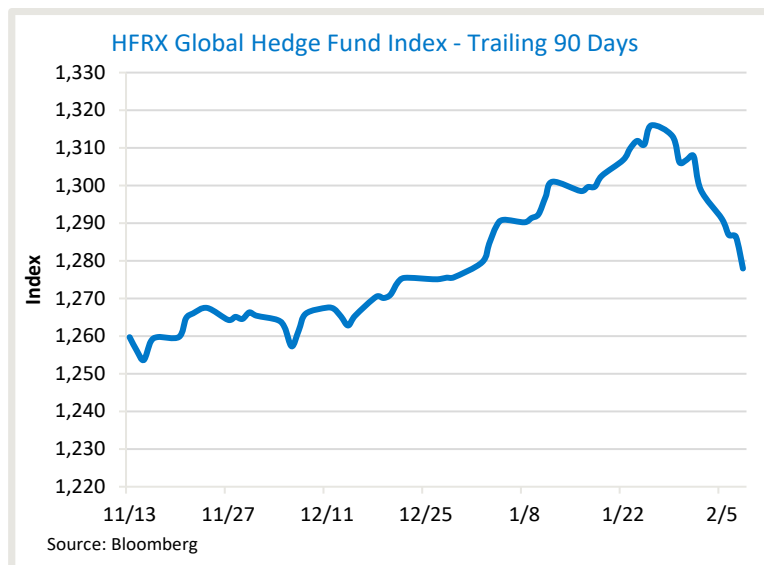


## Alternative Investments

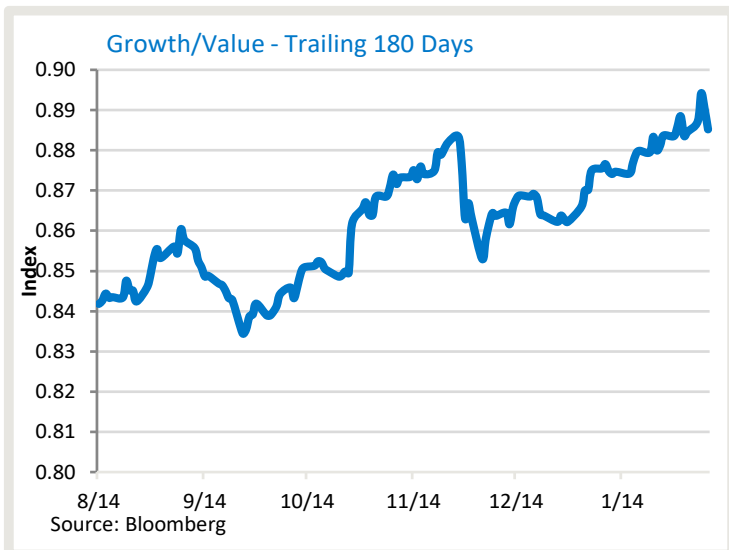
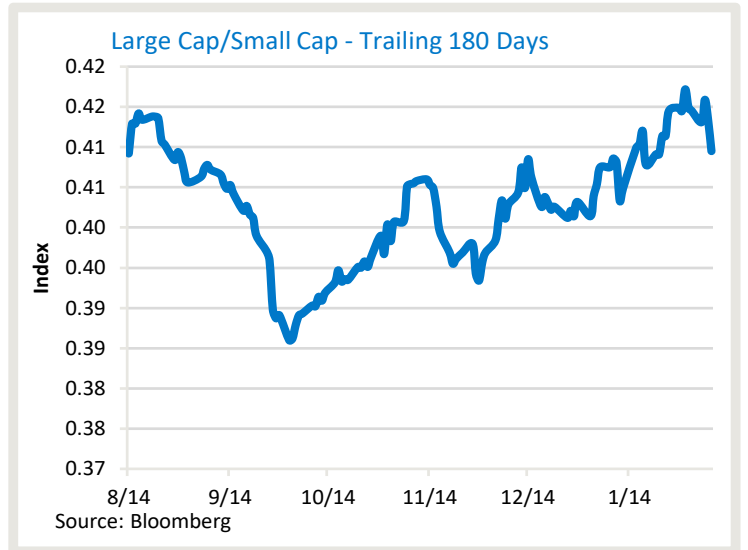
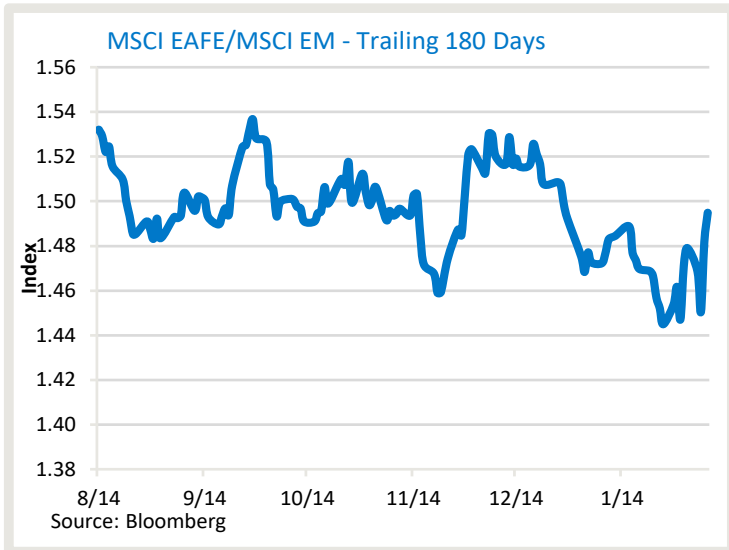
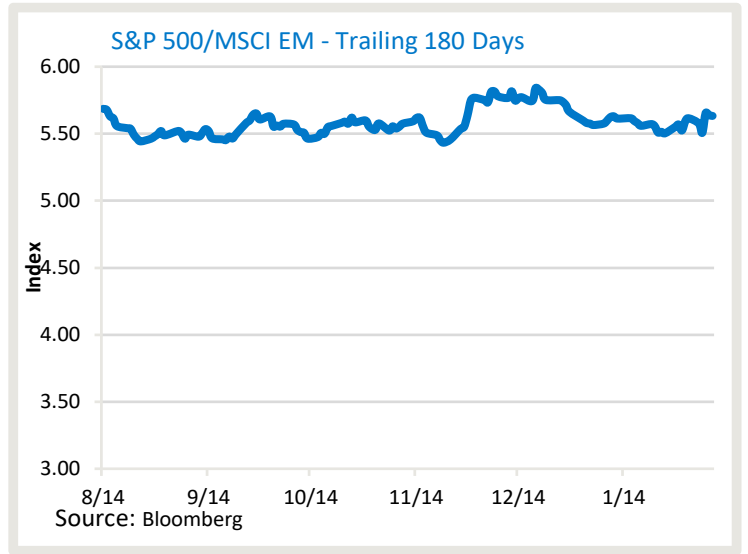
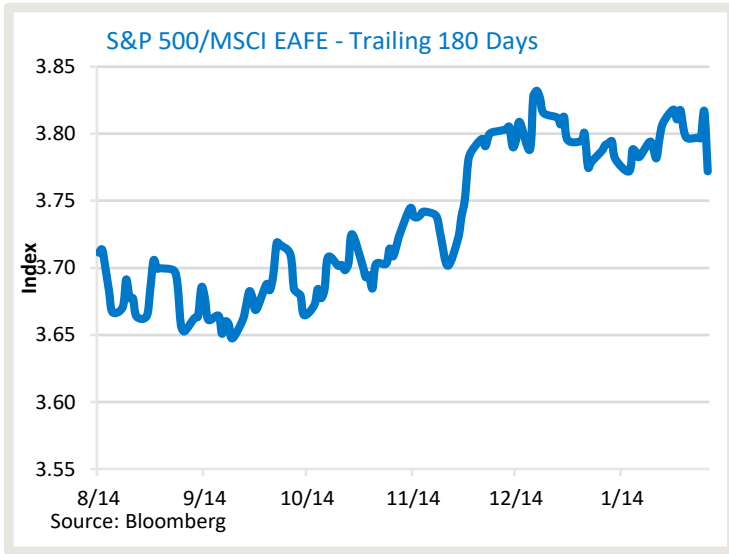
### SELECTED ALTERNATIVE INVESTMENT INDEX PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
HFRX Global Hedge Fund Index	1277.94	-20.95	-1.61%	0.18%	HFRX Distressed Index	1118.44	-5.71	-0.51%	1.06%
HFRX Equity Market Neutral	1008.33	-8.45	-0.83%	0.39%	HFRX Merger Arbitrage Index	1850.51	-4.97	-0.27%	-0.13%
HFRX Equity Hedge Index	1279.98	-22.34	-1.72%	0.73%	HFRX Convertible Arbitrage Index	790.55	-6.40	-0.80%	-0.71%
HFRX Event-Driven Index	1656.94	-29.35	-1.74%	-0.53%	HFRX Macro CTA Index	1164.46	-32.71	-2.73%	0.05%
HFRX Absolute Return Index	1070.06	-1.52	-0.14%	0.64%	IQ Fixed Income Beta Arb Index	1467.69	-8.54	-0.58%	-0.19%

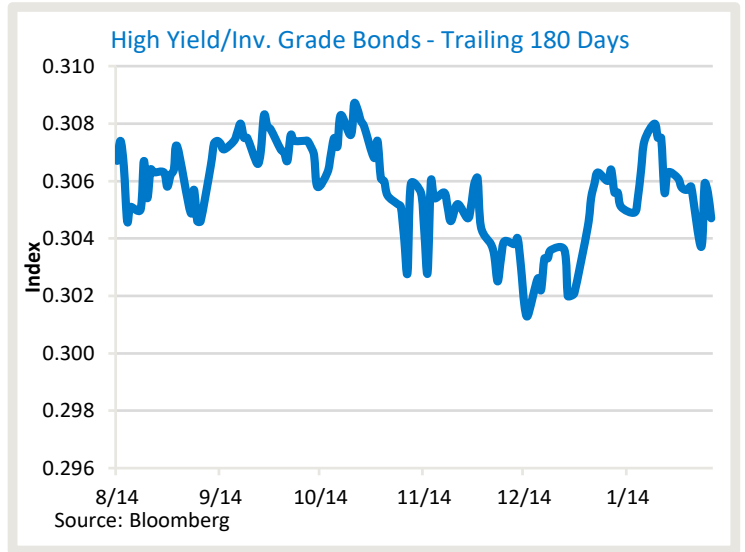
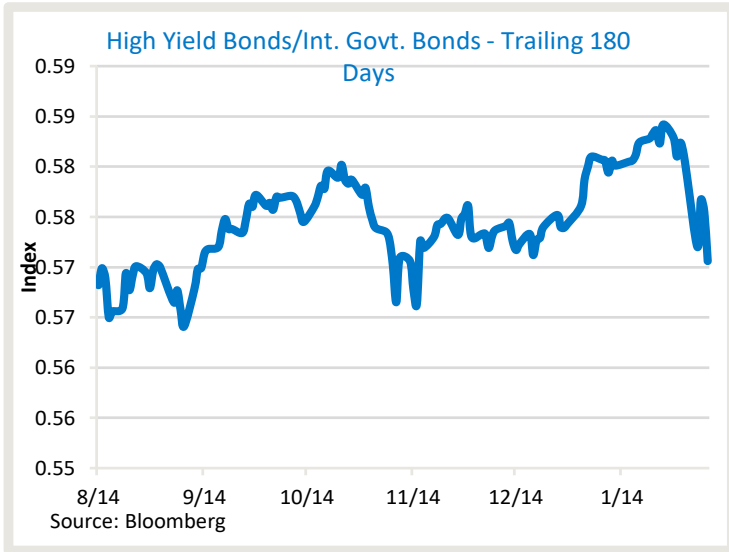
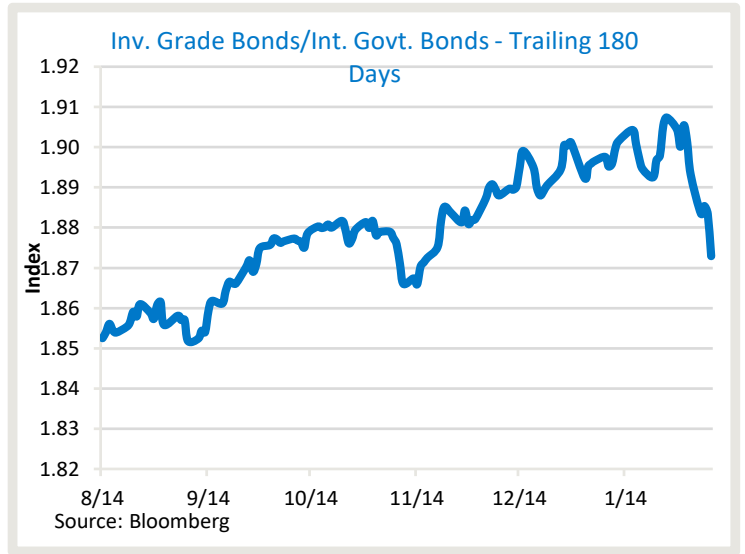
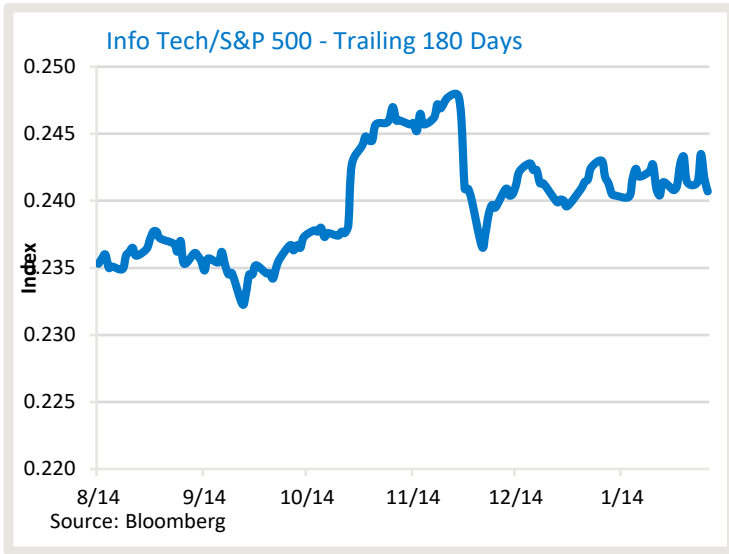
Source: Bloomberg; Index % change is based on price.



## Portfolio Construction



Portfolio Construction (continued)



WEEKLY ASSET CLASS PERFORMANCE (Prior 12 weeks ending Thursday)

			11/23	11/30	12/7	12/14	12/21	12/28	1/4	1/11	1/18	1/25	2/1	2/8
Equity	Domestic Equity	Large Cap (R200)	0.41%	1.89%	-0.38%	0.83%	1.16%	-0.02%	1.42%	1.65%	1.29%	1.45%	-0.43%	-8.67%
		Small Cap (R2000)	2.01%	1.81%	-1.53%	-0.89%	2.66%	0.12%	0.44%	2.00%	-0.63%	1.58%	-1.36%	-7.35%
	Int'l. Equity	MSCI EAFE	1.43%	0.31%	-1.10%	0.94%	0.85%	0.47%	2.24%	1.15%	1.35%	2.10%	-1.48%	-6.11%
		MSCI Em. Mkts.	2.40%	-2.74%	-1.81%	1.88%	1.17%	1.69%	3.38%	0.37%	2.55%	2.93%	-1.17%	-6.85%
Fixed Income	BarCap Agg. (AGG)	6.91%	11.44%	3.87%	3.72%	47.24%	-10.88%	1.05%	-9.17%	-6.31%	0.12%	0.12%	-2.20%	
	High Yield (JNK)	0.41%	-0.05%	-0.54%	-0.14%	-0.35%	0.27%	0.90%	-0.19%	-0.30%	0.22%	-1.19%	-1.70%	
Commodities	Bloomberg Commodity Index	1.61%	-1.54%	-2.22%	0.04%	1.72%	2.84%	0.99%	-0.30%	0.44%	1.99%	-0.66%	-3.18%	
Alternatives	Hedge Funds (HFRX Global)	0.59%	0.02%	-0.38%	0.10%	0.90%	0.11%	1.06%	0.61%	0.21%	0.86%	-0.23%	-2.28%	
Asset Allocation	60/40*	3.10%	4.66%	0.81%	1.69%	17.32%	-3.63%	1.39%	-2.33%	-1.57%	1.11%	-0.56%	-5.45%	
	48/32/20 (w/Alts.)**	2.60%	3.73%	0.57%	1.37%	14.03%	-2.89%	1.32%	-1.74%	-1.21%	1.06%	-0.50%	-4.82%	

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	0.94	1.05	1.06	0.98	1.11	1.02	0.96	1.08	0.95	0.86	1.29	0.83	0.77	1.21
Large Cap Growth	1.06	1.00	1.11	1.12	1.05	1.18	1.08	1.02	1.15	1.01	0.92	1.37	0.88	0.82	1.28
Large Cap Value	0.96	0.90	1.00	1.01	0.94	1.06	0.97	0.91	1.04	0.90	0.82	1.23	0.79	0.74	1.16
Mid Cap Core	0.95	0.89	0.99	1.00	0.93	1.05	0.96	0.91	1.03	0.90	0.82	1.22	0.78	0.73	1.14
Mid Cap Growth	1.02	0.96	1.06	1.07	1.00	1.13	1.03	0.97	1.10	0.96	0.88	1.31	0.84	0.78	1.23
Mid Cap Value	0.90	0.85	0.94	0.95	0.89	1.00	0.92	0.86	0.98	0.85	0.78	1.16	0.74	0.69	1.09
Small Cap Core	0.98	0.92	1.03	1.04	0.97	1.09	1.00	0.94	1.07	0.93	0.85	1.27	0.81	0.76	1.19
Small Cap Growth	1.05	0.98	1.09	1.10	1.03	1.16	1.06	1.00	1.14	0.99	0.90	1.35	0.87	0.80	1.27
Small Cap Value	0.92	0.87	0.96	0.97	0.91	1.02	0.94	0.88	1.00	0.87	0.79	1.19	0.76	0.71	1.11
Int'l. Developed	1.06	0.99	1.11	1.12	1.04	1.17	1.07	1.01	1.15	1.00	0.91	1.36	0.87	0.81	1.28
Emerging Markets	1.16	1.09	1.21	1.23	1.14	1.29	1.18	1.11	1.26	1.10	1.00	1.50	0.96	0.89	1.40
REITs	0.78	0.73	0.81	0.82	0.76	0.86	0.79	0.74	0.84	0.73	0.67	1.00	0.64	0.60	0.94
Commodities	1.21	1.14	1.26	1.28	1.19	1.34	1.23	1.16	1.31	1.14	1.04	1.56	1.00	0.93	1.46
Int. Bond	1.30	1.22	1.36	1.37	1.28	1.44	1.32	1.24	1.41	1.23	1.12	1.68	1.08	1.00	1.57
High Yield	0.83	0.78	0.87	0.87	0.81	0.92	0.84	0.79	0.90	0.78	0.71	1.07	0.68	0.64	1.00

Source: Bloomberg

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

## **INDEX OVERVIEW**

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

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