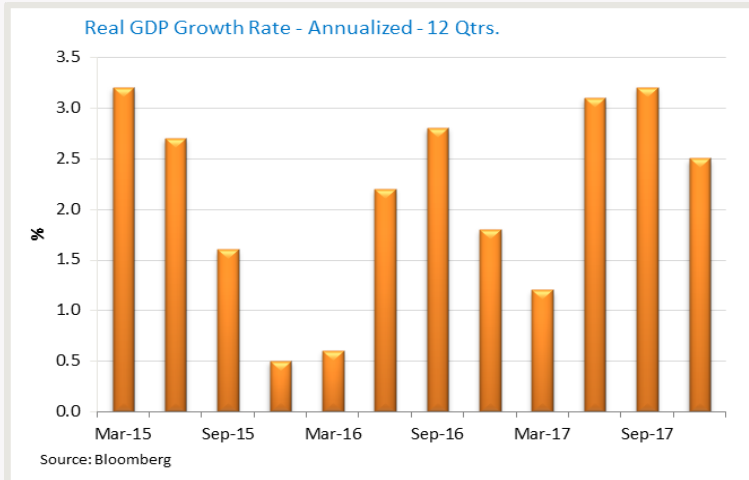




### Chart of the Week



### Weekly Highlights

- **Congress passed a \$1.3 trillion spending bill** in the early hours of Friday morning, which would avert a partial government shutdown if signed by President Trump before Friday evening. In a notably bipartisan bill, Democrats got increases in domestic spending, and Republicans claimed large increases in military spending. As of mid-day Friday, the President indicated he had signed the bill, rather than vetoing it as he had threatened earlier in the day.
- **The Federal Open Market Committee (FOMC) raised the federal funds rate target** to a range of 1.50% to 1.75%. The FOMC projects another two hikes this year, as it expects inflation to rise to its 2% target. The FOMC described economic activity as “moderate”—a slight downgrade from the previous “solid” characterization—but upgraded its gross domestic product (GDP) growth forecast. Additionally, the Federal Reserve’s (Fed’s) dot plot predicted an additional rate rise in 2019.
- **Jobless claims indicate the labor market remains very strong.** Initial jobless claims in the week ended March 17 rose 3,000 from the previous week to 229,000. However, this figure remains near all-time lows, and continuing claims set a new multidecade low of 1.828 million for the week ended March 10.

### Talking Points

- **Global equity markets** were led by Russia and Japan, with returns in the low single digits. Most major developed European indices traded slightly down, and the S&P 500, down nearly 4%, produced the worst returns through Thursday.
- **Treasuries were mostly unchanged** through Thursday. US Treasury yields experienced only de minimis shifts during the week, with three- and six-month T-bill yields falling marginally.
- **Commodities were mixed on the week.** Oil and precious and metals were up through Thursday. Natural gas and copper fell. Corn, wheat, and live cattle were down slightly.
- **The US dollar** is marginally down this week against a basket of major trade partners’ currencies, but the USD is still at roughly the same level as a month ago. The U.S. Dollar (DXY) Index’s current level is near the weakest it has been since 2014.
- **In other economic news:** The March composite PMI fell modestly from February’s reading, though this figure still stands near a three-year high—indicating strength in the manufacturing sector. The housing market made a solid showing in February, with new and existing home sales growing modestly year-over-year.

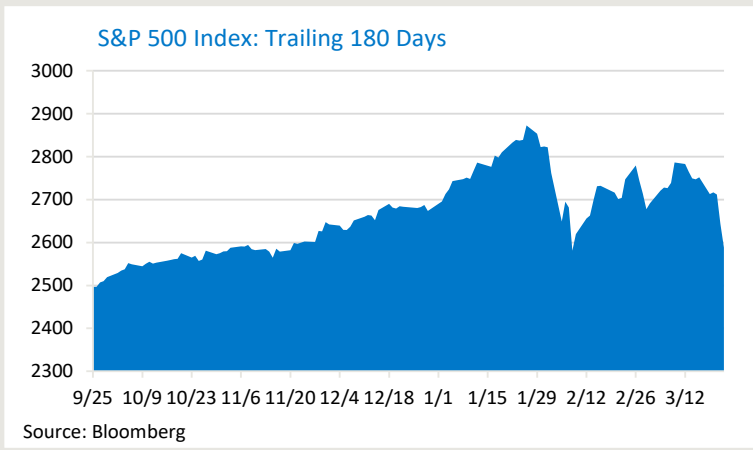
*There will be no Weekly Market Review on 3/30/18*

Market Dashboard

	Last Price	Change	% Chg.	YTD %
<b>S&amp;P 500</b>	2,588.26	-163.75	-5.95%	-3.2%
<b>Dow Industrials</b>	23,533.20	-1,413.31	-5.67%	-4.8%
<b>Nasdaq</b>	6,992.67	-489.32	-6.54%	1.3%
<b>Russell 2000</b>	1,510.08	-75.96	-4.79%	-1.7%
<b>Euro Stoxx Index</b>	365.82	-11.89	-3.15%	-6.0%
<b>Shanghai Composite</b>	3,152.76	-117.12	-3.58%	-4.7%
<b>Russell Global</b>	2,127.27	-55.49	-2.54%	-0.8%

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

	Last Price	Change	% Chg.	YTD %
<b>Russell Global EM</b>	3,749.81	-49.49	-1.30%	2.9%
<b>10-Year US Treas.</b>	2.83	-2 bps	NM	NM
<b>DJ UBS Comm. Idx.</b>	87.44	0.08	0.09%	-0.8%
<b>Gold</b>	\$1,347.88	\$34.06	2.59%	3.5%
<b>Crude Oil</b>	\$65.97	\$3.56	5.70%	9.5%
<b>Dollar Index</b>	89.49	-0.74	-0.82%	-2.9%
<b>VIX Index</b>	24.87	9.07	57.41%	125.3%



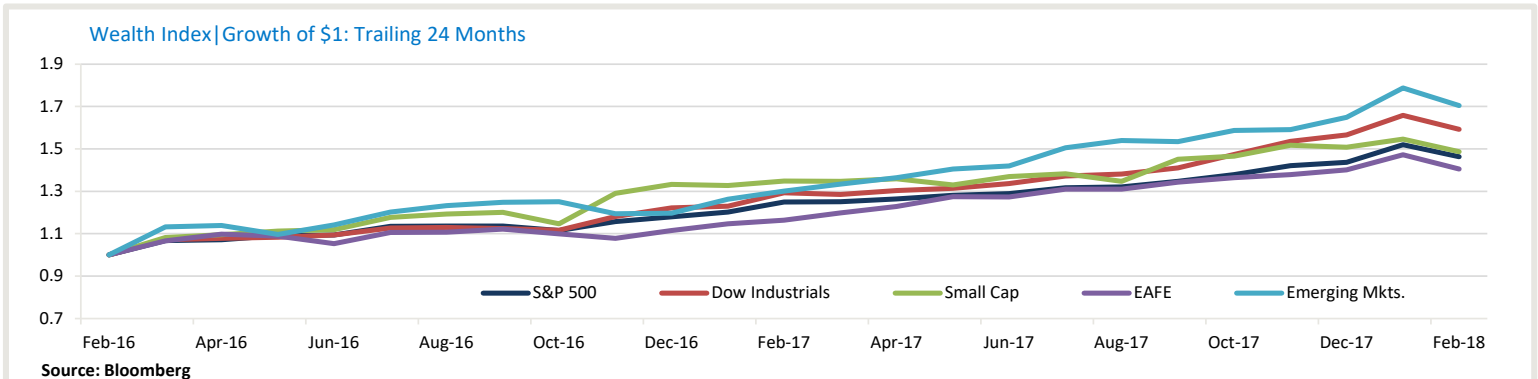
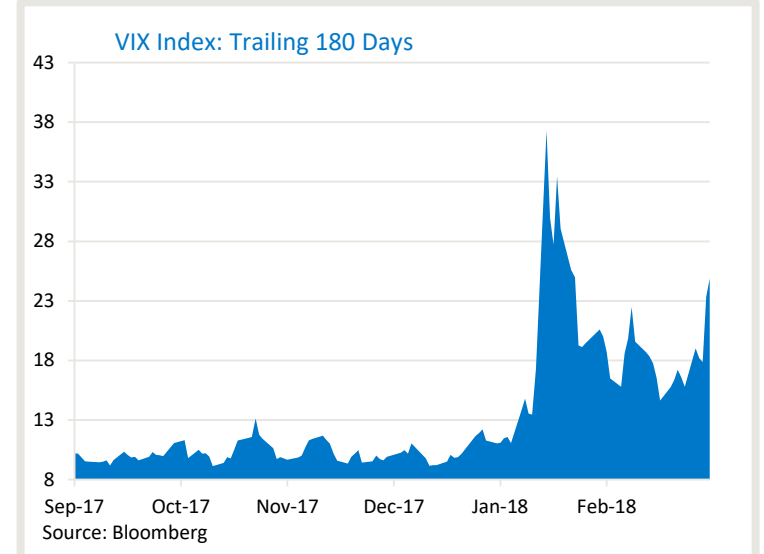
	One Week			YTD		
	Value	Growth		Value	Growth	
<b>L</b>	-5.69%	-6.17%	-6.56%	-5.86%	-3.13%	-0.72%
	-4.79%	-4.88%	-4.99%	-5.29%	-2.82%	0.37%
<b>S</b>	-4.99%	-4.79%	-4.61%	-4.76%	-1.66%	1.23%

Source: Bloomberg

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

	% Wgt in S&P 500	Week % Chg.	YTD % Chg.
<b>Consumer Discretionary</b>	12.8	-4.79%	1.6%
<b>Consumer Staples</b>	7.5	-4.62%	-10.9%
<b>Energy</b>	5.8	-0.93%	-7.5%
<b>Financials</b>	14.6	-7.22%	-3.9%
<b>Health Care</b>	13.7	-6.79%	-3.5%
<b>Industrials</b>	10.2	-4.97%	-4.0%
<b>Information Technology</b>	24.9	-7.88%	1.5%
<b>Materials</b>	2.9	-5.33%	-7.4%
<b>Real Estate</b>	2.7	-3.82%	-8.7%
<b>Telecom Services</b>	1.9	-5.64%	-11.4%
<b>Utilities</b>	2.8	-2.53%	-7.0%

Source: Bloomberg



## The Economy and Markets

### **A Macro View – Junk Bonds: Where Do They Go from Here?**

In its annual communique, the G-20 group of finance ministers and central bankers from the world's largest economies observed that the bloc is experiencing "the broadest synchronised global growth upsurge since 2010, and a pick-up in investment and trade." At the same time, the United States is putting its foot on the fiscal gas pedal, and consumer and business confidence surveys are at post-crisis highs. At first glance, this appears to be the exact type of market environment best suited for risky assets like junk bonds. However, with the end of the first quarter quickly approaching, high yield bonds are in the red year-to-date, and many investors are dumping their junk. What, then, could be driving the most recent pullback in this asset class, and what kind of ride might investors expect from here?

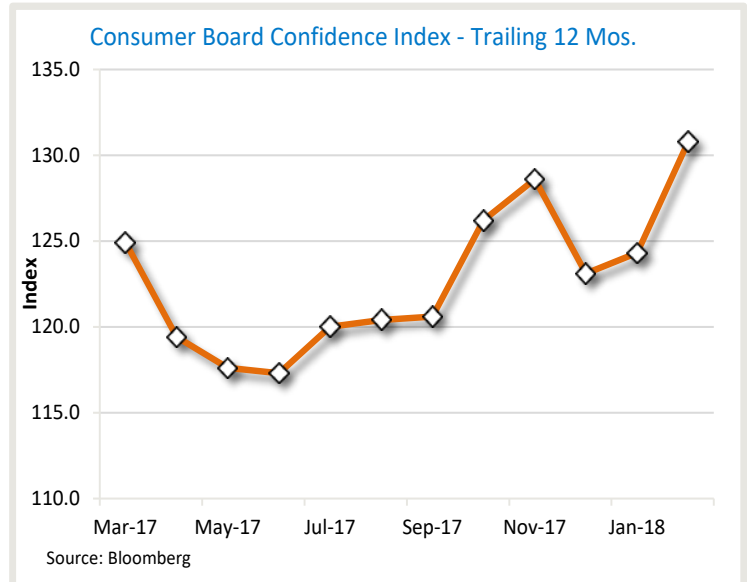
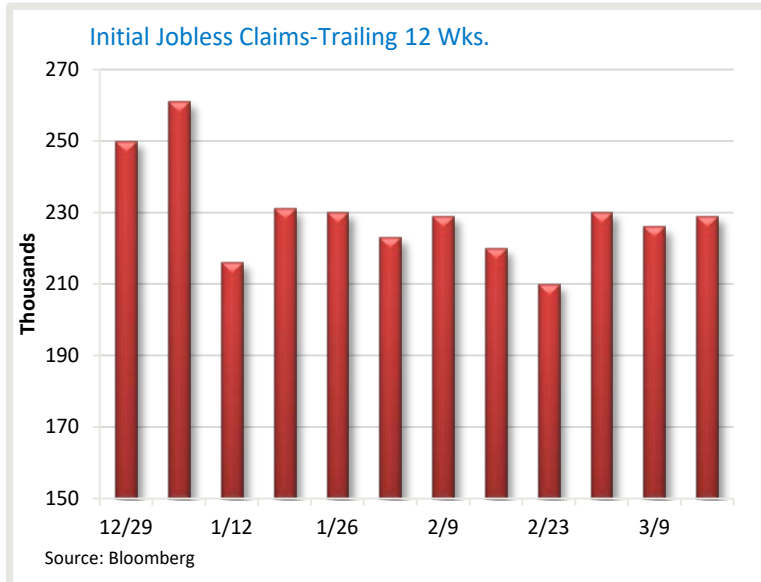
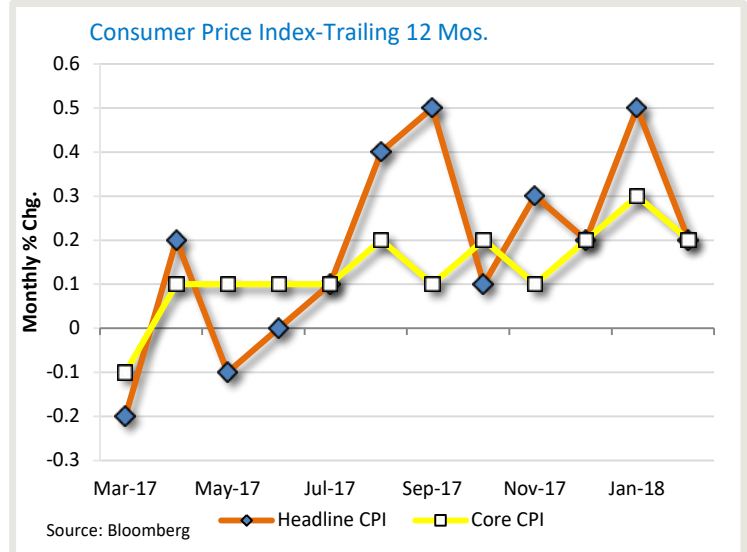
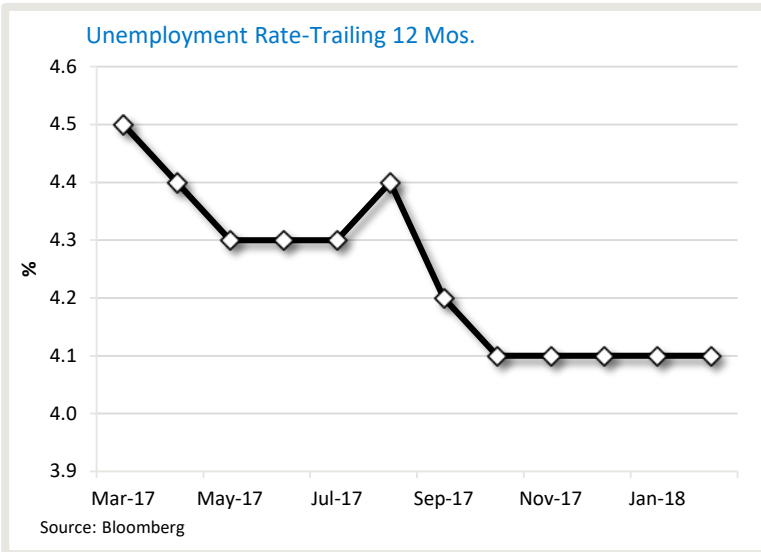
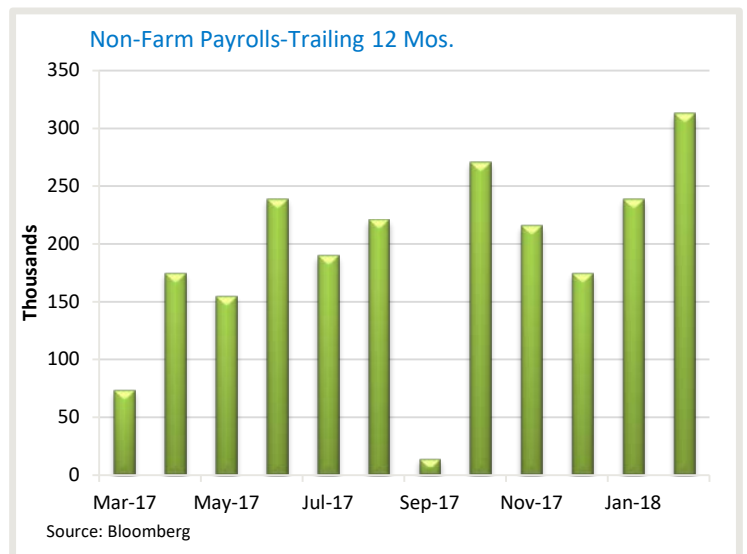
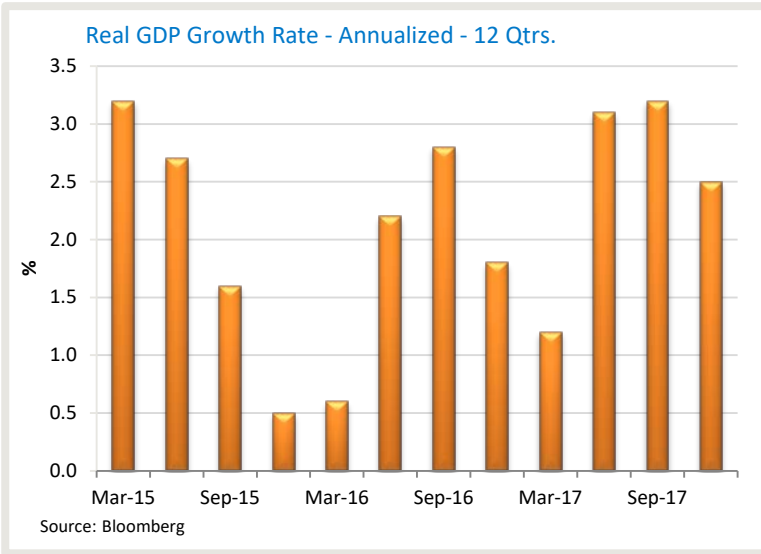
The answer to the first question is simple—rising benchmark interest rates. Following the Federal Open Market Committee (FOMC's) meeting this week, the Federal Reserve (Fed) is now targeting the fed funds rate at 1.50% to 1.75%. Although the central bank's march toward tighter monetary conditions has untethered short-term bond yields from zero, recent tax cuts and higher spending caps are leading to a surge in Treasury issuance. These developments, along with expectations of marginally higher growth and inflation, have shifted the Treasury yield curve higher. Within the investment industry, high yield bonds are known to outperform both higher-rated corporate bonds and Treasuries in rising rate environments, due to their greater yield cushion, or spread, over these higher-quality instruments. In fairness, the only domestic fixed income sector (barring Treasury bills) that has done better than high yield bonds this year is bank loans, which are often issued by the same firms, but have floating coupons. Considering relative performance, high yield has done pretty well so far this year, but comforting ourselves by assuming we can expect more of the same would be to ignore an inauspicious set of current circumstances and even more dark clouds on the horizon.

The current situation features tight valuations in the high yield bond market, which have approached levels last seen before the selloff in commodity-related bonds in 2014 and 2015. The option-adjusted spread (OAS) on the Bloomberg Barclays High Yield Corporate Index stood at 3.38% on March 21—well below the 4.61% median for this figure since 1994. This tells us that the incremental benefit from holding junk bonds over similar-maturity Treasuries has been lower for only a very brief period in mid-2014 and in the run-up to the Great Financial Crisis. Further, JPMorgan notes that the share of index constituents trading with a spread of fewer than 250 basis points has reached nearly 44% as of the end of January. The last time the figure was higher was in 2007. For comparison, this measure fell just shy of 21% in June 2014. Consequently, very little upside remains for the asset class even if today's solid fundamentals were to improve, and history shows that the most likely road from such rich valuations is bumpy and painful in the short to medium term.

The aforementioned clouds represent the potential for higher interest rates, which would mean higher debt service costs for low-rated borrowers. The recent spike in the LIBOR-overnight indexed swap spread (LOIS) indicates that short-term credit conditions have tightened at the same time that Treasury yields have risen. However, rising interest rates are a risk we can easily quantify, and many more looming threats exist that could cast sizable wrenches into the smooth functioning of the high yield market and the American economy writ large. Foremost among these would be a trade war with our major commercial partners, but domestic political turmoil, a drop in commodity prices, tension in the South China Sea, or further sabre rattling with North Korea could also cause investors' appetite for risk to dry up. Many investors have already headed for the doors—high yield mutual funds have experienced five straight months of outflows, and more than \$11 billion in 2018 through February, according to Morningstar.

It is entirely possible that America's speculative debt will keep chugging along in 2018, and investors will fall back in love with their junk. However, the market is priced to perfection, as they say, and expectations for corporate America are high. It would not necessarily take a major political crisis to push spreads wider from their current tights. Missed earnings estimates, a series of defaults, or even continued outflows could make the ride quite a bit rougher for those who stay the course. When high yield bonds were last discussed in January 2017, we noted that high yield investors would be wise not to expect returns in line with 2016 for the coming 12 months. Now that we are being paid even less to take junk credit risk, we suggest that investors equip their portfolios with a good pair of shock absorbers, because the road in 2018 is likely to be bumpy.

Economic Data



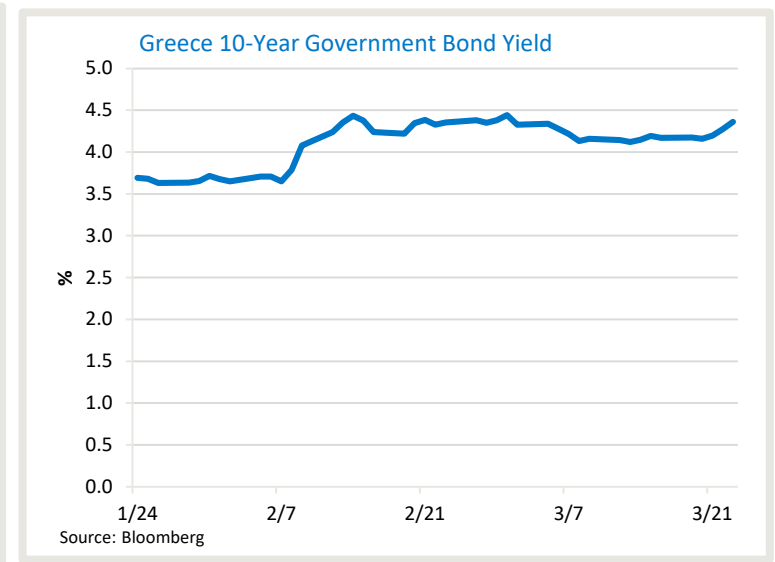
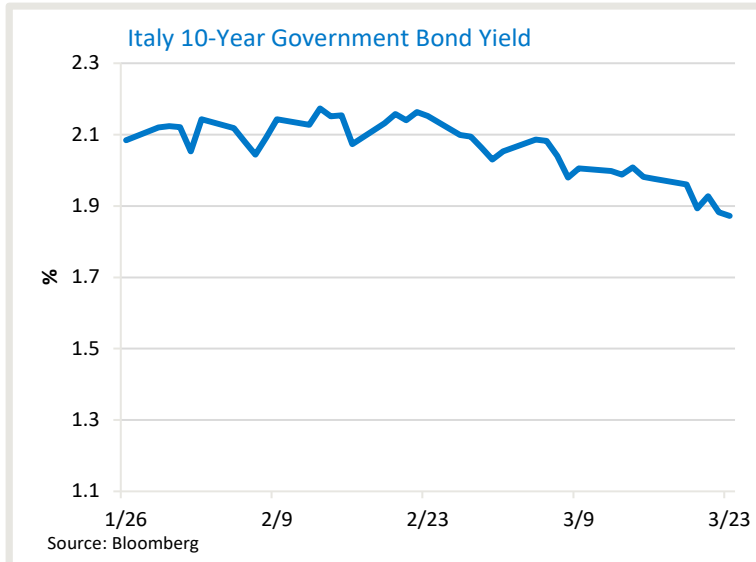
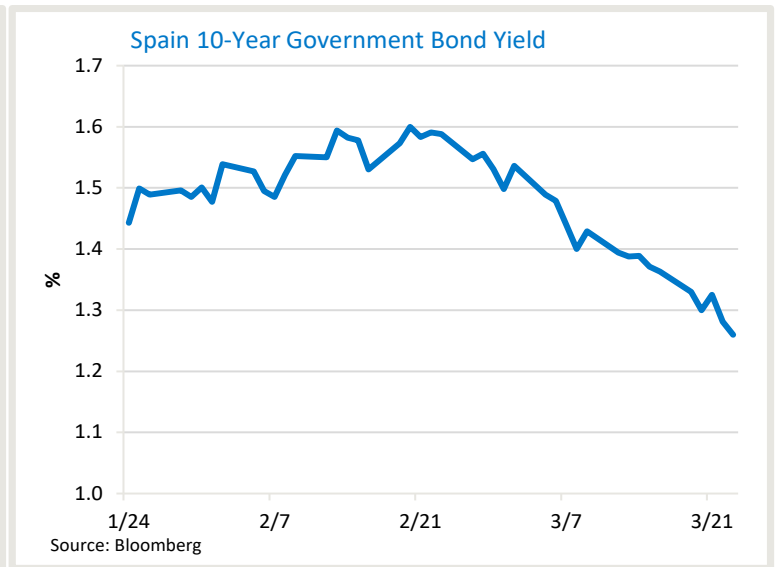
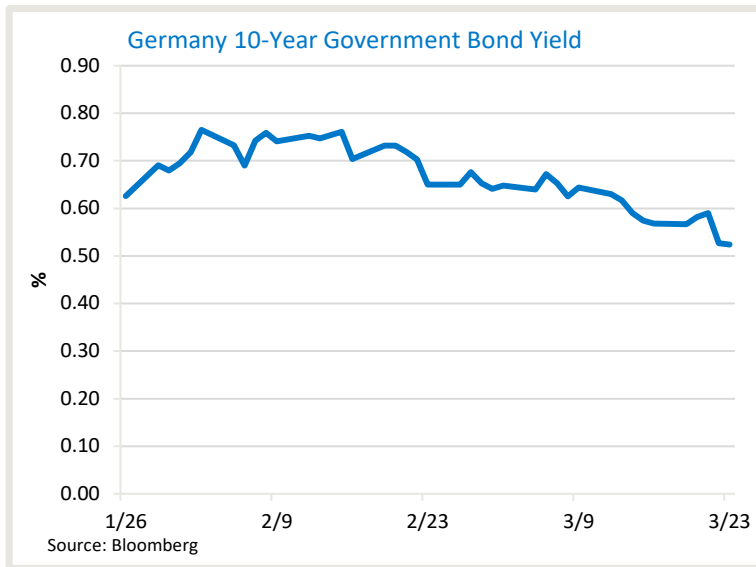
**Eurozone**

SELECTED EUROPEAN SOVEREIGN YIELD PERFORMANCE

	Last	Change	% Chg.	YTD %
Germany 10-Yr. Govt.	0.52	4 bps	NM	NM
Greece 10-Yr. Govt.	4.36	-15 bps	NM	NM
Italy 10-Yr. Govt.	1.87	9 bps	NM	NM
Spain 10-Yr. Govt.	1.26	10 bps	NM	NM
Belgium 10-Yr. Govt.	0.81	4 bps	NM	NM

	Last	Change	% Chg.	YTD %
France 10-Yr. Govt.	0.76	6 bps	NM	NM
Ireland 10-Yr. Govt.	0.95	5 bps	NM	NM
Portugal 10-Yr. Govt.	1.71	3 bps	NM	NM
Netherlands 10-Yr. Govt.	0.67	5 bps	NM	NM
U.K. 10-Yr. Govt.	1.44	-2 bps	NM	NM

Source: Bloomberg  
 Basis points (bps)

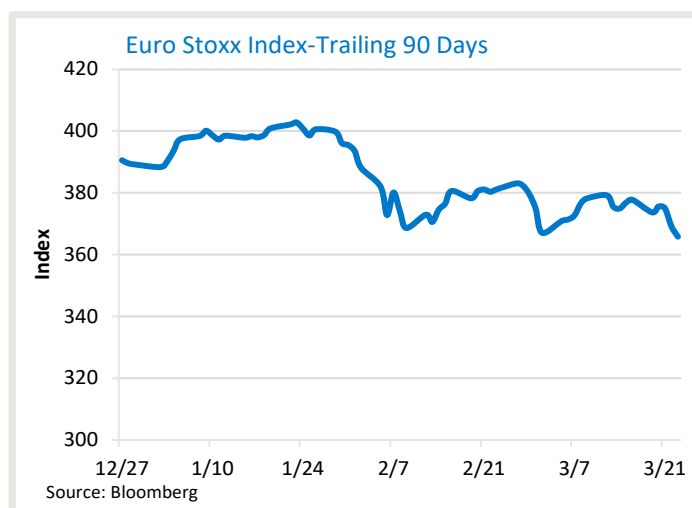
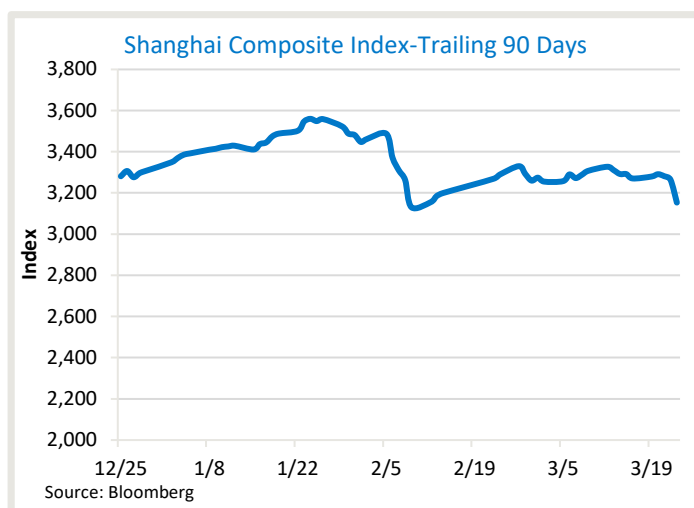
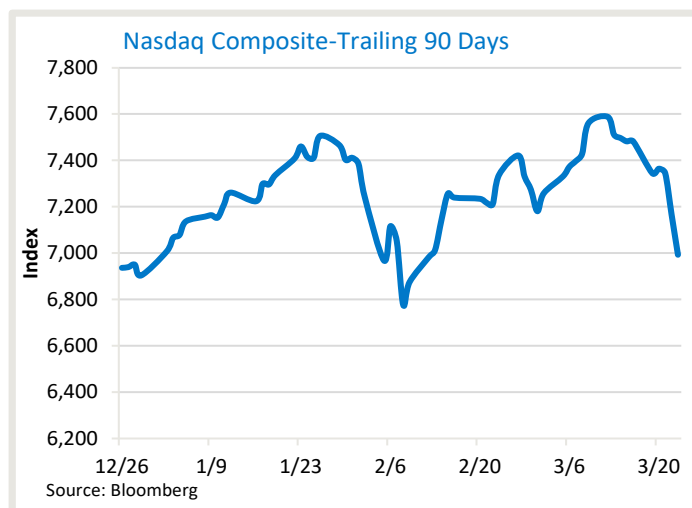
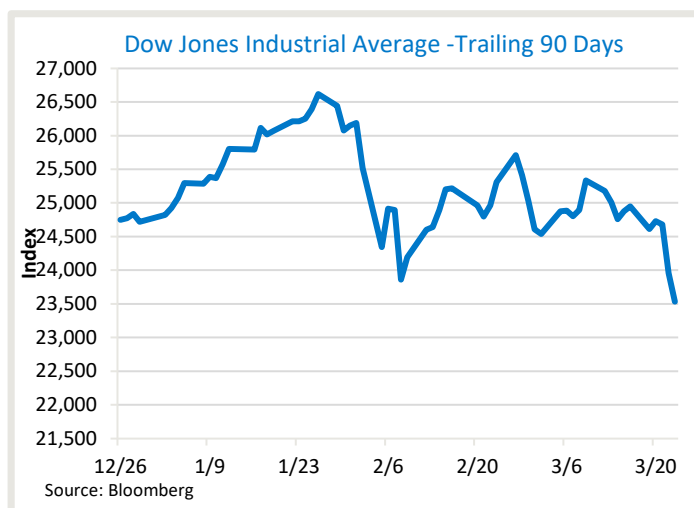


## Equities

### WORLD MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
S&P 500	2,588.26	-163.75	-5.95%	-3.19%	Swiss Market Index	8,569.08	-313.45	-3.53%	-8.66%
Dow Industrials	23,533.20	-1413.31	-5.67%	-4.80%	CAC 40 Index (France)	5,095.22	-187.53	-3.55%	-4.09%
Nasdaq Composite	6,992.67	-489.32	-6.54%	1.29%	DAX Index (Germany)	11,886.31	-503.27	-4.06%	-7.98%
Russell Global	2,127.27	-55.49	-2.54%	-0.8%	Irish Overall Index	6,514.91	-179.03	-2.67%	-7.44%
Russell Global EM	3,749.81	-49.49	-1.30%	2.9%	Nikkei 225	20,617.86	-1186.09	-5.44%	-9.43%
S&P/TSX (Canada)	15,223.74	-487.59	-3.10%	-6.08%	Hang Seng Index	30,309.29	-1192.68	-3.79%	1.30%
Mexico IPC	46,515.93	-1004.09	-2.11%	-5.84%	Shanghai Composite	3,152.76	-117.12	-3.58%	-4.67%
Brazil Bovespa	84,377.20	-509.27	-0.60%	10.44%	Kospi Index (S. Korea)	2,416.76	-77.21	-3.10%	-2.06%
Euro Stoxx 600	365.82	-11.89	-3.15%	-6.00%	Taiwan Taiex Index	10,823.33	-204.37	-1.85%	1.70%
FTSE 100	6,921.94	-242.20	-3.38%	-9.96%	Tel Aviv 25 Index	1,470.44	-34.51	-2.29%	-2.61%
IBEX 35 (Spain)	9,393.10	-367.90	-3.77%	-6.48%	MICEX Index (Russia)	2,285.53	-9.07	-0.40%	8.33%

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



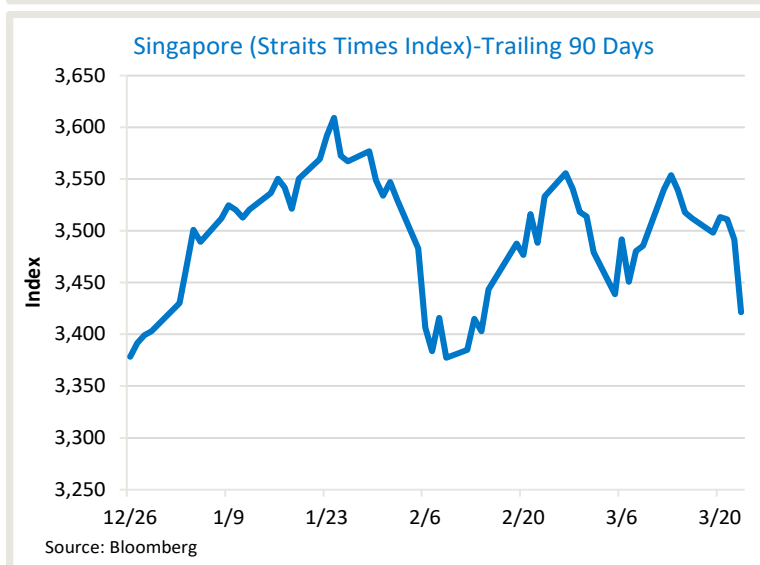
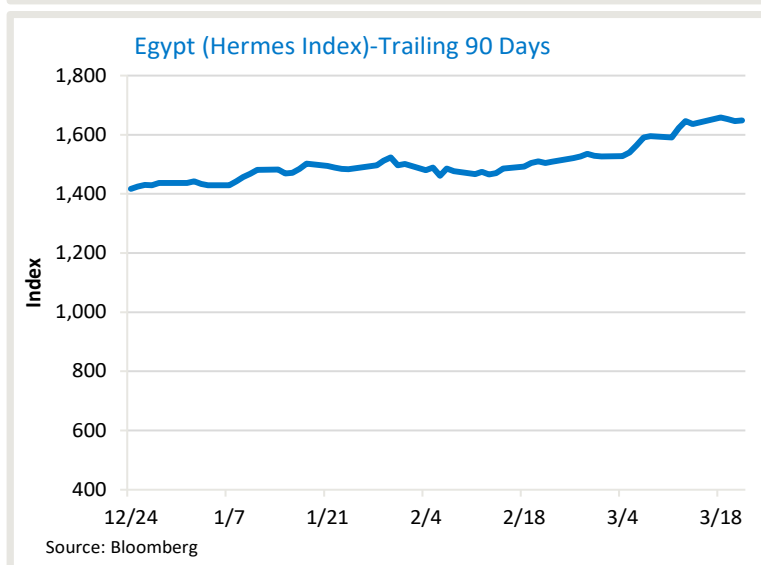
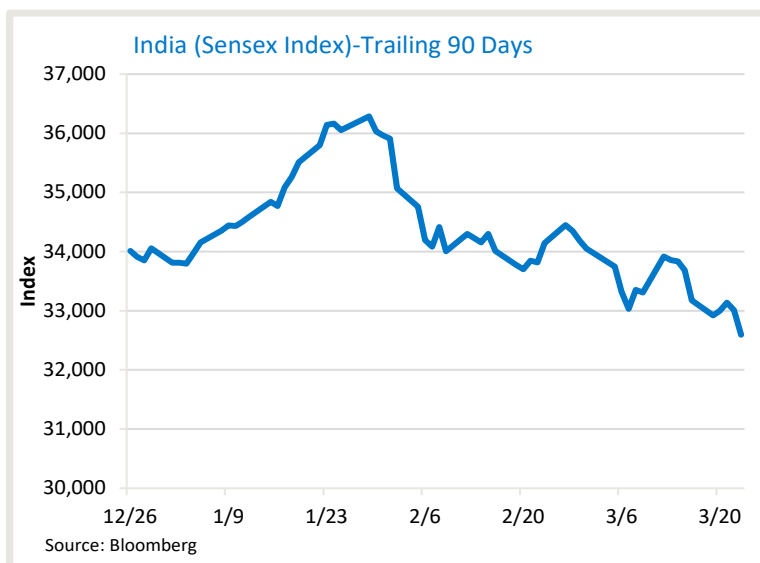
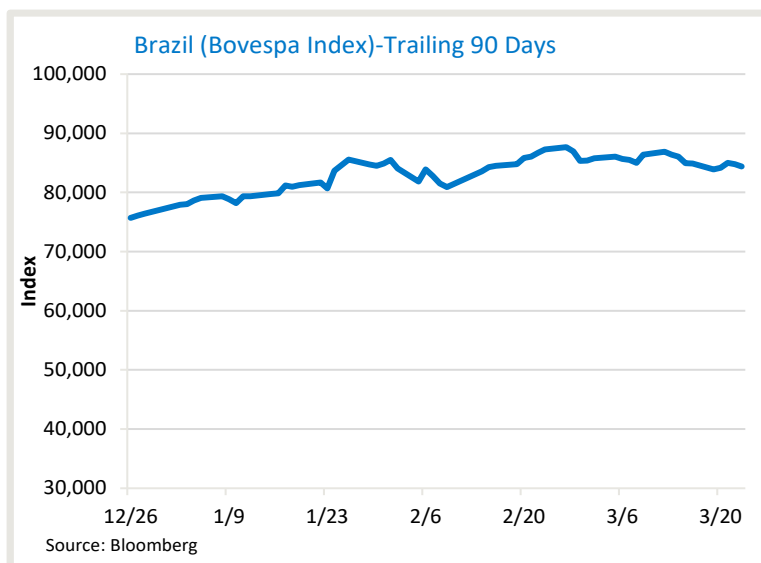
## Equities – Emerging and Frontier Markets

### EMERGING AND FRONTIER MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
Mexico IPC	46,515.93	-1004.09	-2.1%	-5.8%
Brazil (Bovespa Index)	84,377.20	-509.27	-0.6%	10.4%
MICEX Index (Russia)	2,285.53	-9.07	-0.4%	8.3%
Czech Republic (Prague)	1,107.72	-10.80	-1.0%	2.7%
Turkey (Istanbul)	116,602.82	-613.50	-0.5%	1.1%
Egypt (Hermes Index)	1,634.81	-6.39	-0.4%	13.8%
Kenya (Nairobi 20 Index)	3,847.18	45.39	1.2%	3.6%
Saudi Arabia (TASI Index)	7,840.94	96.26	1.2%	8.5%
Lebanon (Beirut BLOM Index)	1,170.76	-0.94	-0.1%	1.9%
Palestine	582.18	-0.25	0.0%	1.3%

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

	Last	Change	% Chg.	YTD %
Hang Seng Index	30,309.29	-1192.68	-3.8%	1.3%
India (Sensex 30)	32,596.54	-579.46	-1.7%	-4.3%
Malaysia (KLCI Index)	1,865.22	18.83	1.0%	3.8%
Singapore (Straits Times Index)	3,421.39	-90.75	-2.6%	0.5%
Thailand (SET Index)	1,794.21	-17.55	-1.0%	2.3%
Indonesia (Jakarta)	6,210.70	-94.25	-1.5%	-2.3%
Pakistan (Karachi KSE 100)	45,030.22	1667.01	3.8%	11.3%
Vietnam (Ho Chi Minh)	1,153.59	3.40	0.3%	17.2%
Sri Lanka (Colombo)	6,443.75	-65.71	-1.0%	1.2%
Cambodia (Laos)	914.38	11.76	1.3%	-8.4%

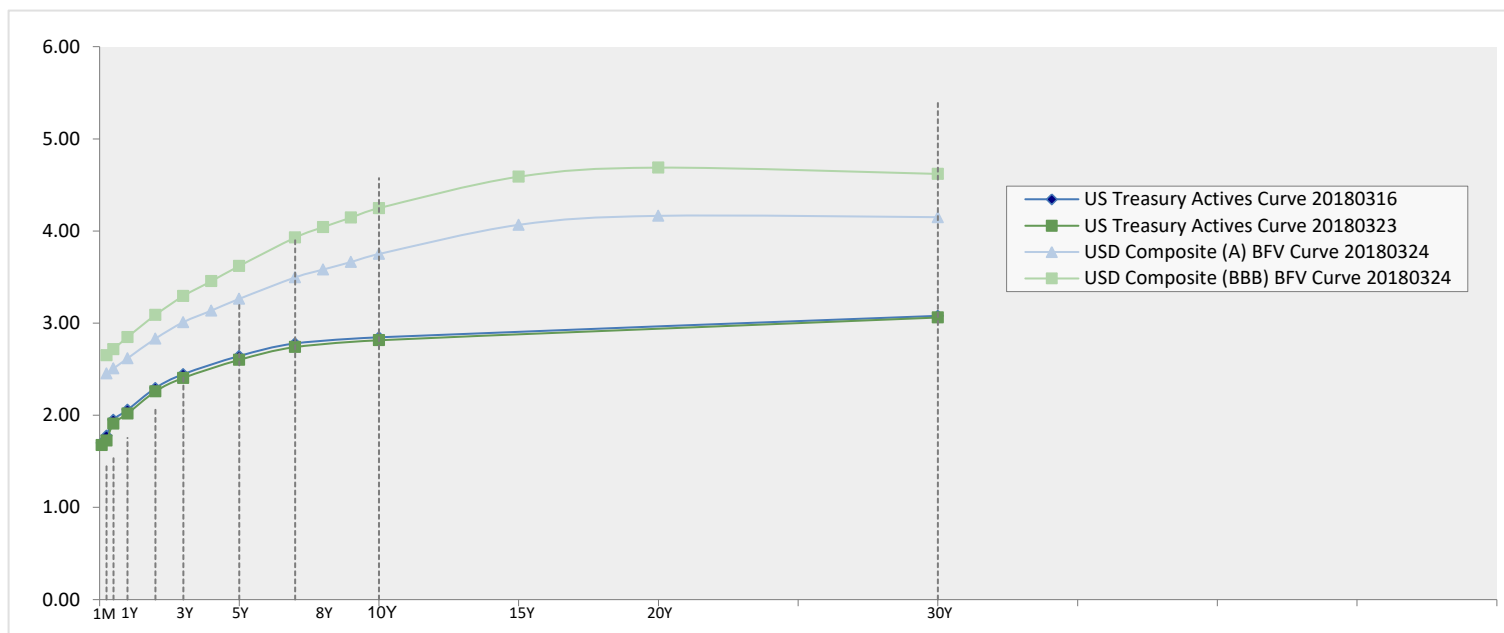


## Interest Rates

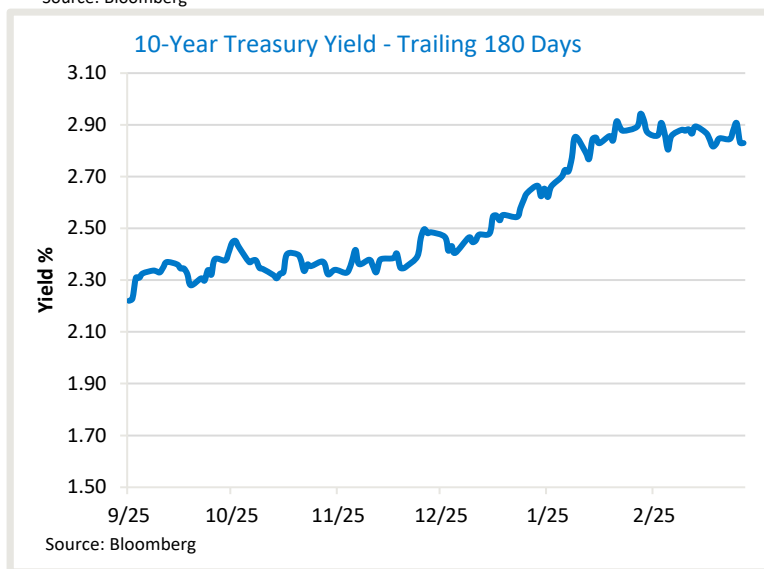
### SELECTED INTEREST RATES

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
2-Yr. U.S. Treasury	2.26%	1 bps	NM	NM	Prime Rate	4.75%	0.25	NM	NM
5-Yr. U.S. Treasury	2.61%	-3 bps	NM	NM	Fed Funds Rate	1.75%	0.25	NM	NM
10-Yr. U.S. Treasury	2.83%	-2 bps	NM	NM	Discount Rate	2.25%	0.25	NM	NM
30-Yr. U.S. Treasury	3.08%	0 bps	NM	NM	LIBOR (3 Mo.)	2.29%	8 bps	NM	NM
German 10-Yr. Govt.	0.52%	4 bps	NM	NM	Bond Buyer 40 Muni	3.83%	-2 bps	NM	NM
France 10-Yr.	0.76%	6 bps	NM	NM	Bond Buyer 40 G.O.	3.90%	NA	NM	NM
Italy 10-Yr.	1.87%	9 bps	NM	NM	Bond Buyer 40 Rev.	4.38%	NA	NM	NM
Fed 5-Yr Fwd BE Inf.	2.06%	-6 bps	NM	NM					

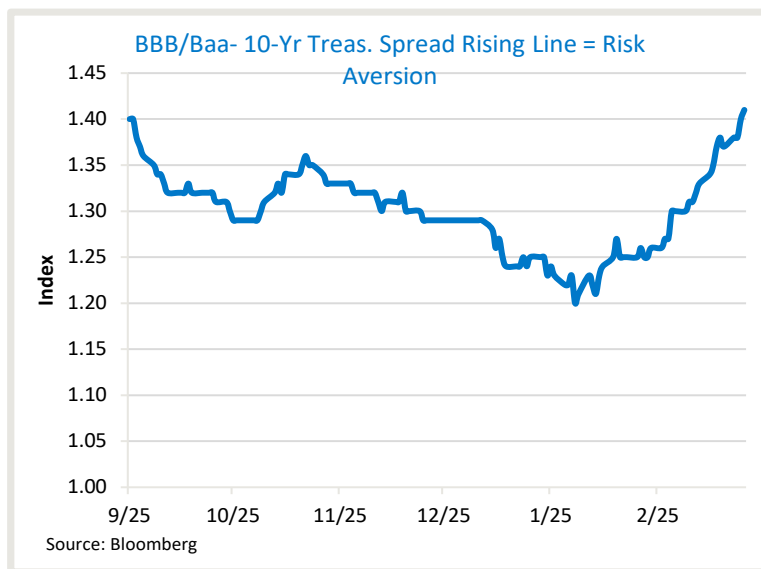
Source: Bloomberg



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg



## Currencies

### SELECTED CURRENCY PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
<b>Dollar Index</b>	<b>89.49</b>	<b>-0.738</b>	<b>-0.82%</b>	<b>-2.85%</b>	<b>Chinese Yuan</b>	<b>6.32</b>	<b>-0.019</b>	<b>0.30%</b>	<b>3.02%</b>
<b>Euro</b>	<b>1.24</b>	<b>0.007</b>	<b>0.55%</b>	<b>2.93%</b>	<b>Swiss Franc</b>	<b>0.95</b>	<b>-0.005</b>	<b>0.53%</b>	<b>2.88%</b>
<b>Japanese Yen</b>	<b>104.79</b>	<b>-1.190</b>	<b>1.14%</b>	<b>7.51%</b>	<b>New Zealand Dollar</b>	<b>0.72</b>	<b>0.002</b>	<b>0.32%</b>	<b>2.01%</b>
<b>British Pound</b>	<b>1.41</b>	<b>0.020</b>	<b>1.40%</b>	<b>4.62%</b>	<b>Brazilian Real</b>	<b>3.32</b>	<b>0.034</b>	<b>-1.02%</b>	<b>-0.18%</b>
<b>Canadian Dollar</b>	<b>1.29</b>	<b>-0.022</b>	<b>1.72%</b>	<b>-2.36%</b>	<b>Mexican Peso</b>	<b>18.52</b>	<b>-0.183</b>	<b>0.99%</b>	<b>6.23%</b>

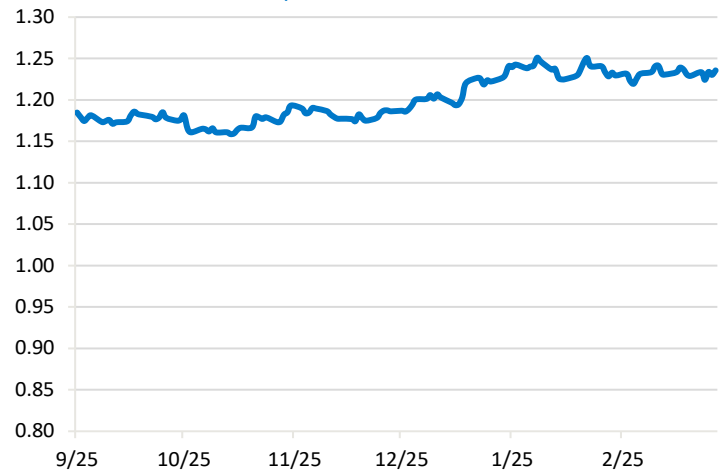
Source: Bloomberg

U.S. Dollar Index - Trailing Six Months



Source: Bloomberg

Euro - U.S. Dollars per Euro



Source: Bloomberg

Chinese yuan - yuan per U.S. Dollar



Source: Bloomberg

Japanese yen - Yen per U.S. Dollar



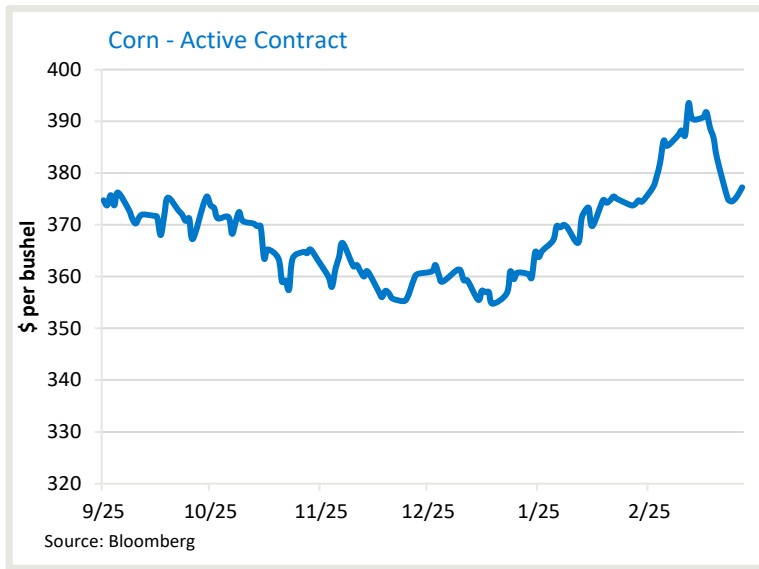
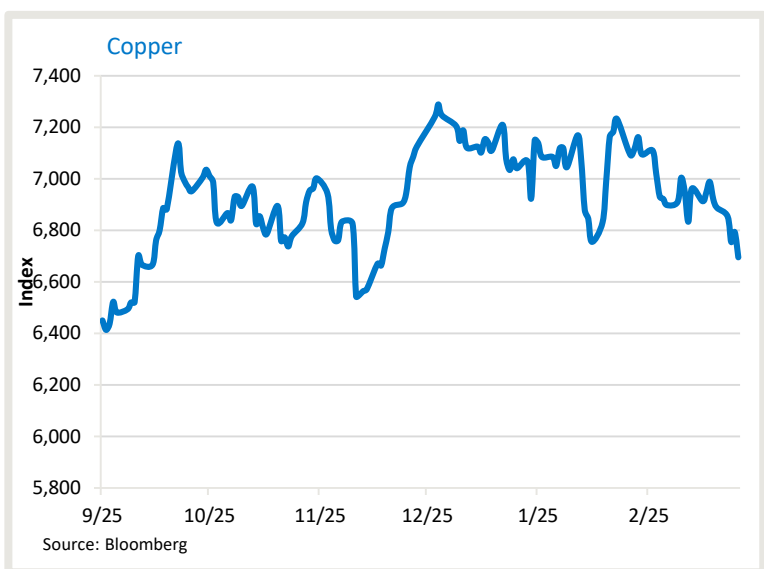
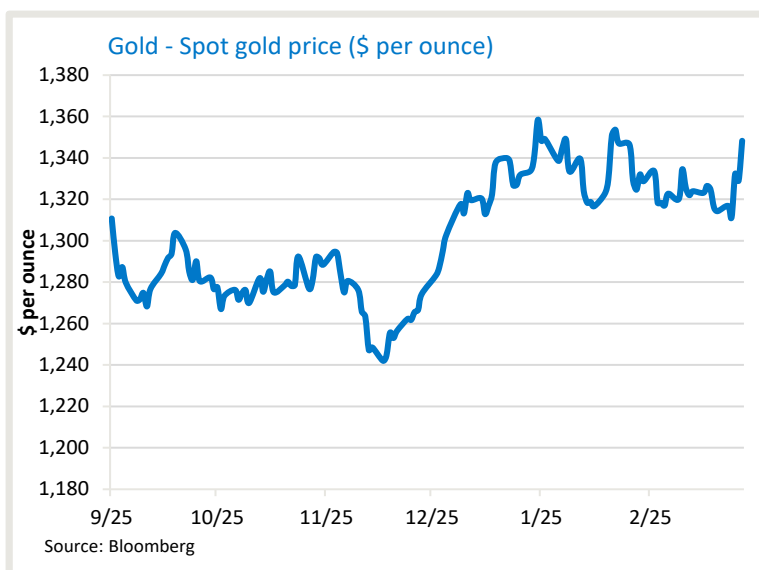
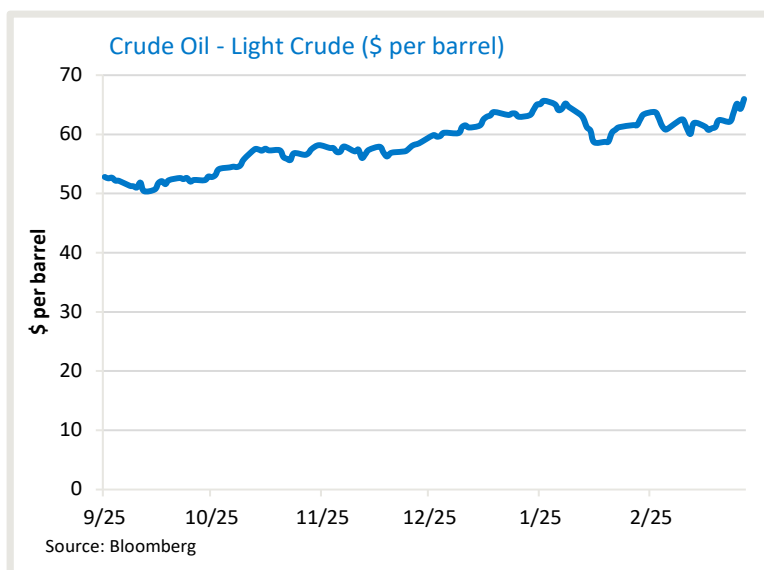
Source: Bloomberg

## Commodities

### SELECTED COMMODITY MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
Bloomberg Comm. Idx.	87.44	0.08	0.09%	-0.82%	Platinum Spot	\$948.50	-\$2.59	-0.27%	2.07%
Crude Oil	\$65.97	\$3.56	5.70%	9.46%	Corn	377.25	-5.50	-1.44%	5.08%
Natural Gas	\$2.59	-\$0.10	-3.76%	-5.89%	Wheat	460.25	-7.50	-1.60%	4.54%
Gasoline (\$/Gal.)	\$2.59	\$0.06	2.17%	4.18%	Soybeans	1,028.25	-21.25	-2.02%	5.68%
Heating Oil	202.19	11.01	5.76%	0.41%	Sugar	12.57	-0.08	-0.63%	-16.31%
Gold Spot	\$1,348.27	\$34.06	2.59%	3.49%	Orange Juice	135.25	-3.05	-2.21%	-1.85%
Silver Spot	\$16.58	\$0.22	1.35%	-2.23%	Aluminum	2,075.00	-10.00	-0.48%	-8.51%
					Copper	6,695.00	-193.00	-2.80%	-7.62%

Source: Bloomberg; % change is based on price.

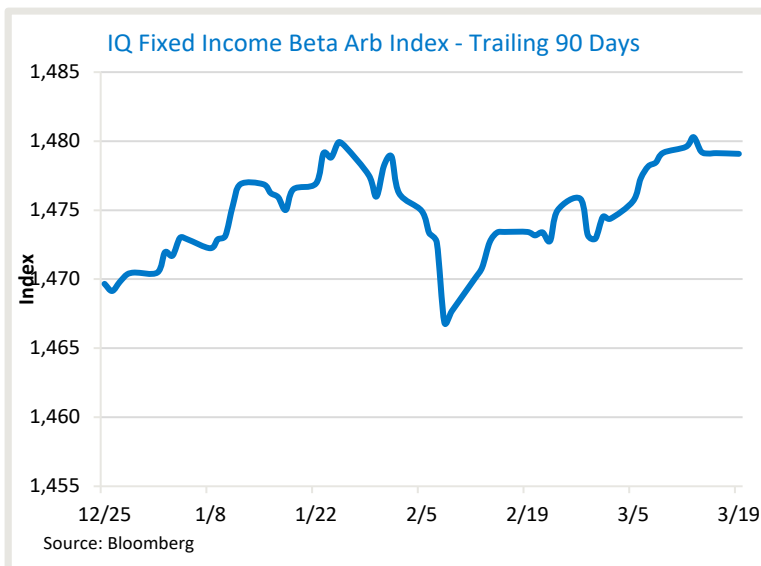
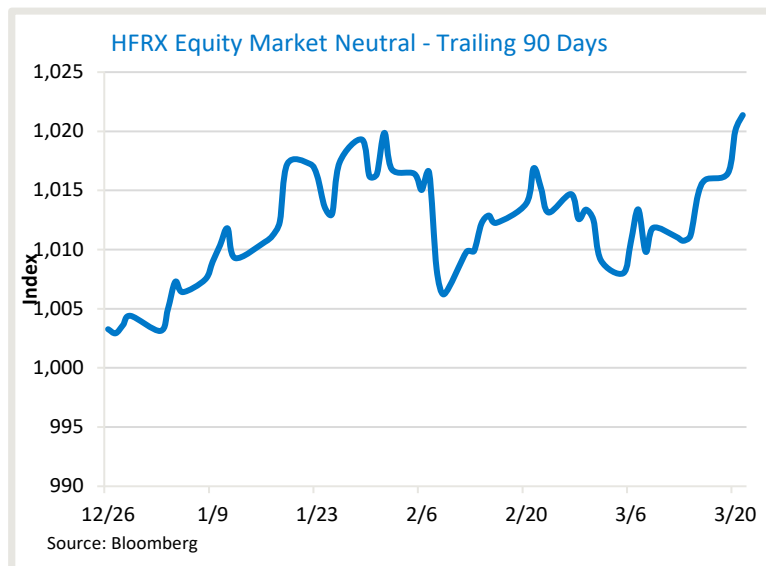
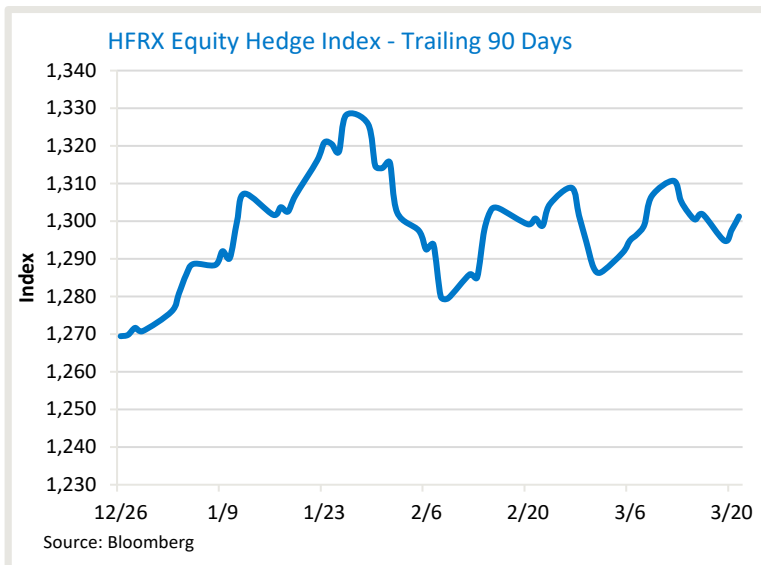
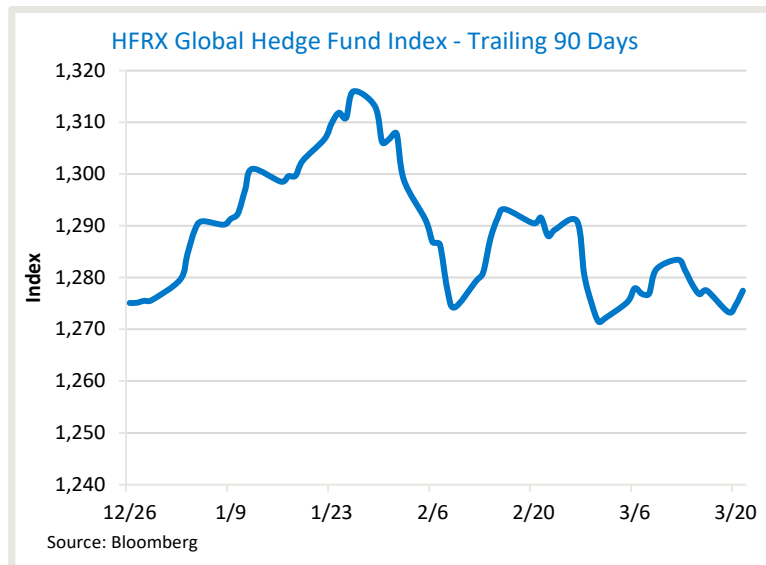


## Alternative Investments

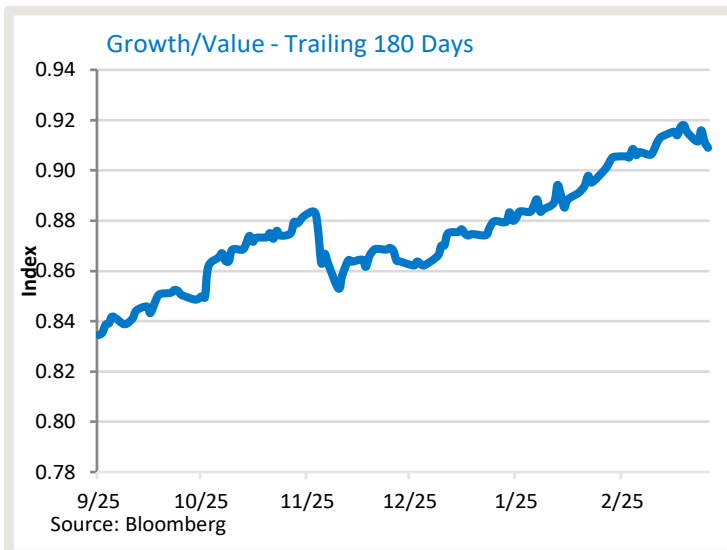
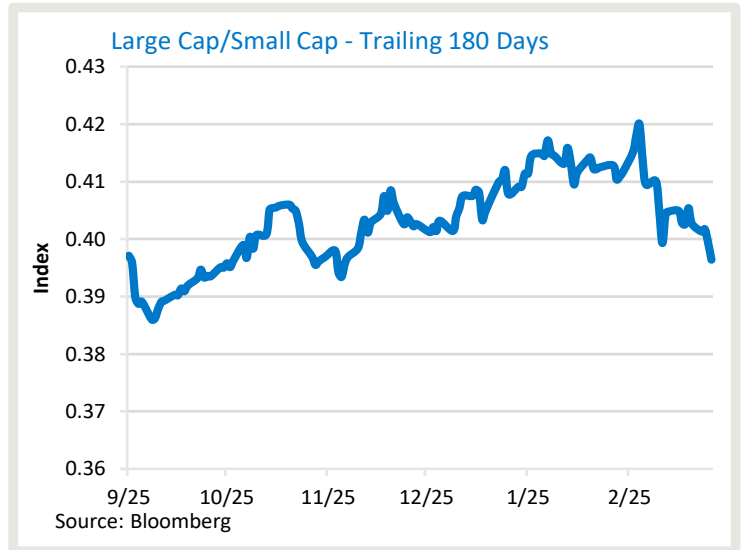
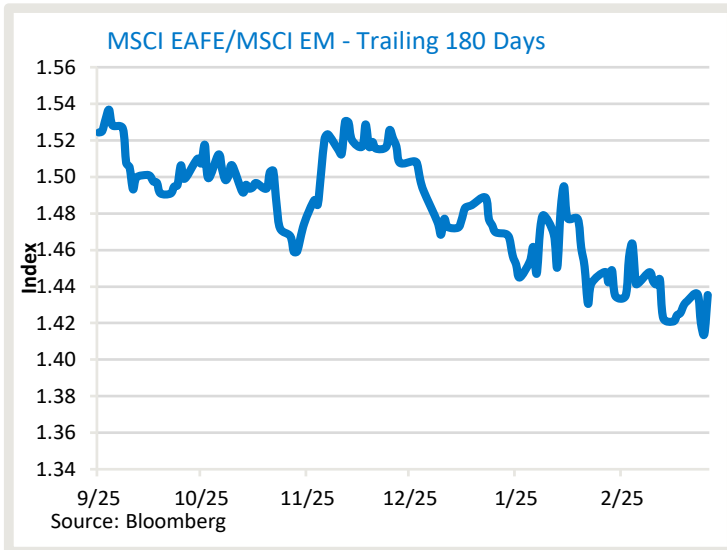
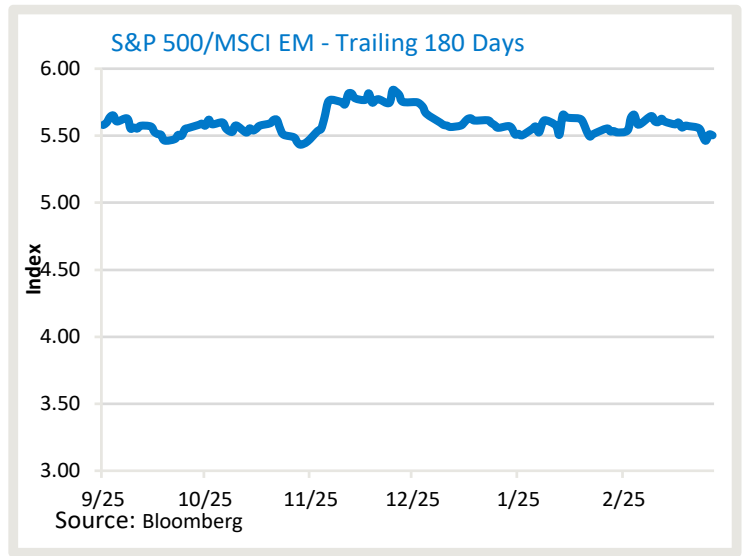
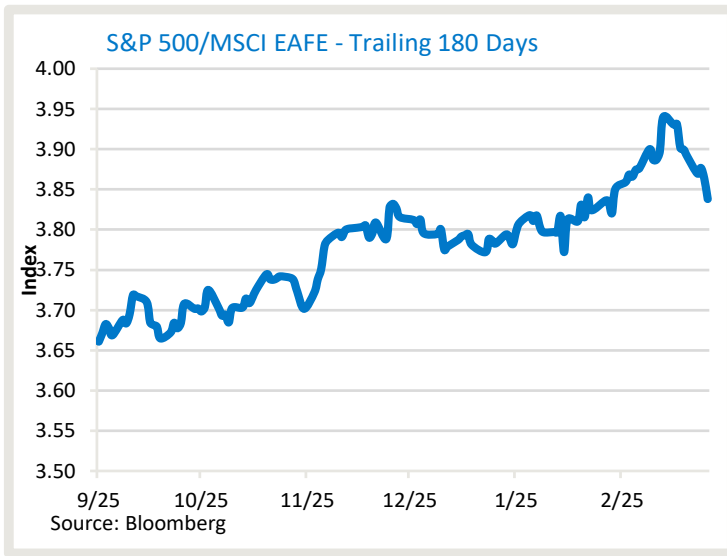
### SELECTED ALTERNATIVE INVESTMENT INDEX PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
HFRX Global Hedge Fund Index	1277.47	-0.03	0.00%	0.15%	HFRX Distressed Index	1078.20	-14.42	-1.32%	-2.57%
HFRX Equity Market Neutral	1021.37	5.47	0.54%	1.69%	HFRX Merger Arbitrage Index	1836.26	4.80	0.26%	-0.90%
HFRX Equity Hedge Index	1301.26	-0.57	-0.04%	2.40%	HFRX Convertible Arbitrage Index	796.87	-0.88	-0.11%	0.08%
HFRX Event-Driven Index	1615.22	-9.08	-0.56%	-3.03%	HFRX Macro CTA Index	1156.48	8.16	0.71%	-0.63%
HFRX Absolute Return Index	1071.12	2.13	0.20%	0.74%	IQ Fixed Income Beta Arb Index	1472.66	-6.47	-0.44%	0.15%

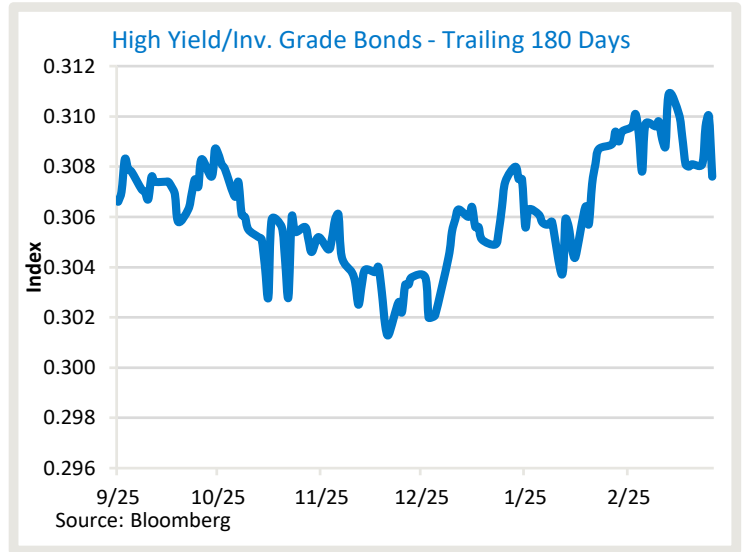
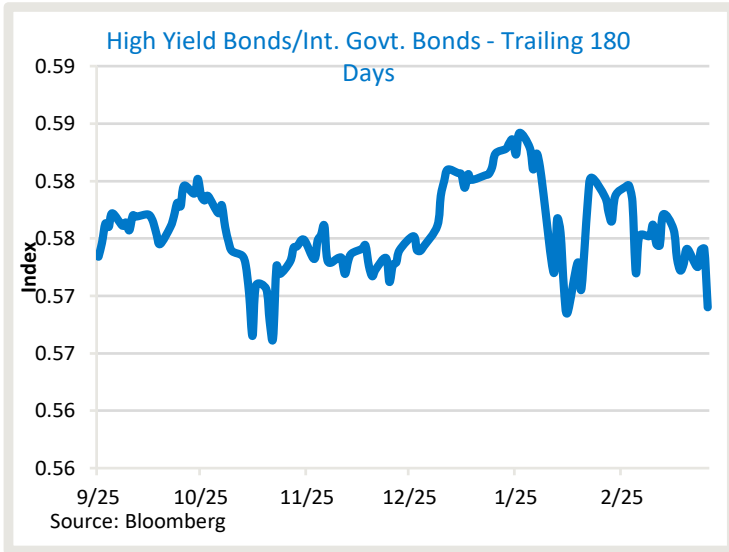
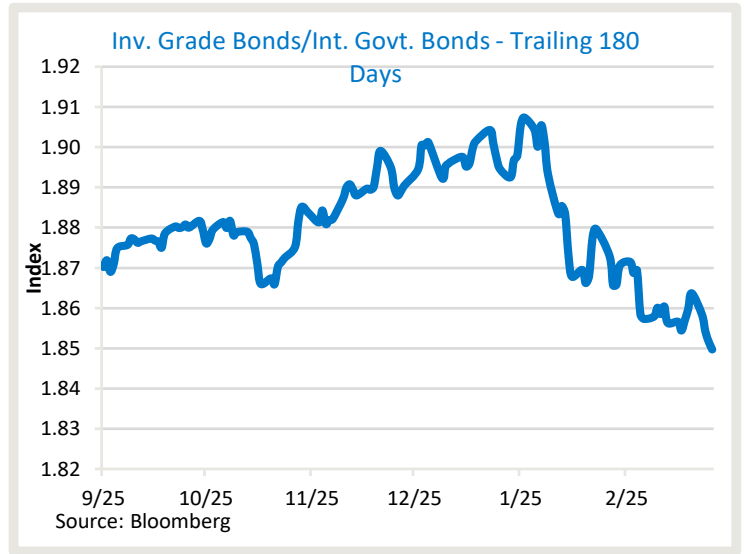
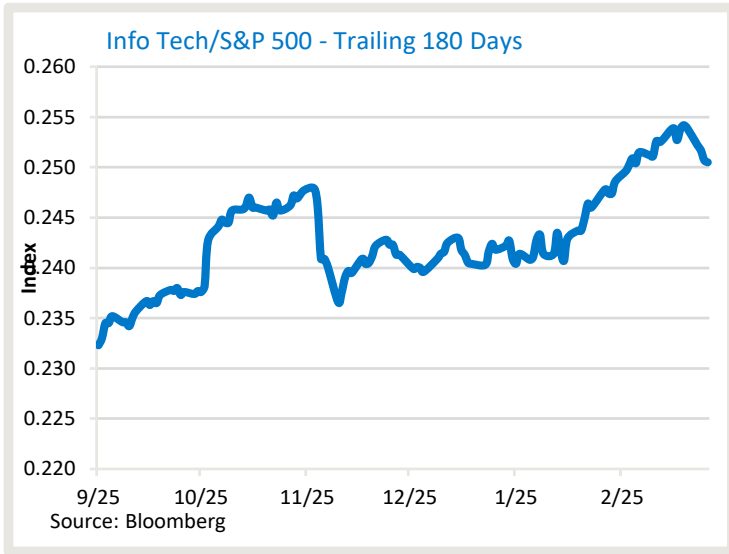
Source: Bloomberg; Index % change is based on price.



## Portfolio Construction



Portfolio Construction (continued)



WEEKLY ASSET CLASS PERFORMANCE (Prior 12 weeks ending Thursday)

			1/4	1/11	1/18	1/25	2/1	2/8	2/15	2/22	3/1	3/8	3/15	3/22
Equity	Domestic Equity	Large Cap (R200)	1.42%	1.65%	1.29%	1.45%	-0.43%	-8.67%	5.89%	-0.96%	-0.89%	2.19%	0.29%	-4.06%
		Small Cap (R2000)	0.44%	2.00%	-0.63%	1.58%	-1.36%	-7.35%	5.01%	-0.47%	-1.48%	4.28%	0.30%	-2.08%
	Int'l. Equity	MSCI EAFE	2.24%	1.15%	1.35%	2.10%	-1.48%	-6.11%	1.78%	-0.04%	-1.72%	0.71%	0.54%	-1.56%
		MSCI Em. Mkts.	3.38%	0.37%	2.55%	2.93%	-1.17%	-6.85%	3.40%	-0.14%	-0.72%	0.25%	1.76%	-1.60%
Fixed Income	BarCap Agg. (AGG)	1.05%	-9.17%	-6.31%	0.12%	0.12%	-2.20%	-2.12%	-13.90%	12.30%	-6.86%	1.13%	-11.90%	
	High Yield (JNK)	0.90%	-0.19%	-0.30%	0.22%	-1.19%	-1.70%	0.87%	-0.25%	-0.44%	0.22%	0.14%	-0.58%	
Commodities	Bloomberg Commodity Index	0.99%	-0.30%	0.44%	1.99%	-0.66%	-3.18%	1.41%	0.49%	-0.52%	-0.70%	0.31%	-0.25%	
Alternatives	Hedge Funds (HFRX Global)	1.06%	0.61%	0.21%	0.86%	-0.23%	-2.28%	1.06%	-0.27%	-1.28%	0.43%	0.01%	0.05%	
Asset Allocation	60/40*	1.39%	-2.33%	-1.57%	1.11%	-0.56%	-5.45%	2.01%	-5.23%	3.57%	-1.19%	0.67%	-5.93%	
	48/32/20 (w/Alts.)**	1.32%	-1.74%	-1.21%	1.06%	-0.50%	-4.82%	1.82%	-4.24%	2.60%	-0.86%	0.54%	-4.74%	

Source: Bloomberg; \*60/40 portfolio = 30% Large Cap/10% Small Cap/15% EAFE/5% Emerging Markets/35% BarCap Agg./5% High Yield.

\*\*48/32/20 portfolio = 24% Large Cap/8% Small Cap/12% EAFE/4% Emerging Markets/28% BarCap Agg./4% High Yield/20% HFRX Global Index.

RELATIVE STRENGTH MATRIX (BASED ON 30-DAY RSI)

	Large Cap Core	Large Cap Growth	Large Cap Value	Mid Cap Core	Mid Cap Growth	Mid Cap Value	Small Cap Core	Small Cap Growth	Small Cap Value	Int'l. Developed	Emerging Markets	REITs	Comm.	Int. Bond	High Yield
Large Cap Core	1.00	0.96	1.05	0.94	0.89	0.99	0.89	0.84	0.94	1.00	0.87	0.98	0.92	1.06	1.09
Large Cap Growth	1.04	1.00	1.09	0.98	0.93	1.03	0.93	0.88	0.99	1.04	0.90	1.02	0.96	1.10	1.14
Large Cap Value	0.96	0.92	1.00	0.90	0.85	0.94	0.85	0.81	0.90	0.95	0.83	0.93	0.88	1.01	1.04
Mid Cap Core	1.06	1.02	1.11	1.00	0.95	1.05	0.94	0.89	1.00	1.06	0.92	1.04	0.97	1.12	1.16
Mid Cap Growth	1.12	1.07	1.17	1.06	1.00	1.11	0.99	0.94	1.06	1.12	0.97	1.10	1.03	1.19	1.22
Mid Cap Value	1.01	0.97	1.06	0.95	0.90	1.00	0.90	0.85	0.96	1.01	0.88	0.99	0.93	1.07	1.10
Small Cap Core	1.13	1.08	1.18	1.06	1.01	1.11	1.00	0.95	1.06	1.12	0.97	1.10	1.03	1.19	1.23
Small Cap Growth	1.19	1.14	1.24	1.12	1.06	1.17	1.05	1.00	1.12	1.18	1.03	1.16	1.09	1.26	1.29
Small Cap Value	1.06	1.01	1.11	1.00	0.94	1.05	0.94	0.89	1.00	1.06	0.92	1.03	0.97	1.12	1.15
Int'l. Developed	1.00	0.96	1.05	0.95	0.90	0.99	0.89	0.84	0.95	1.00	0.87	0.98	0.92	1.06	1.09
Emerging Markets	1.16	1.11	1.21	1.09	1.03	1.14	1.03	0.97	1.09	1.15	1.00	1.13	1.06	1.22	1.26
REITs	1.02	0.98	1.07	0.96	0.91	1.01	0.91	0.86	0.97	1.02	0.88	1.00	0.94	1.08	1.12
Commodities	1.09	1.04	1.14	1.03	0.97	1.08	0.97	0.92	1.03	1.09	0.94	1.07	1.00	1.15	1.19
Int. Bond	0.94	0.91	0.99	0.89	0.84	0.93	0.84	0.80	0.89	0.94	0.82	0.92	0.87	1.00	1.03
High Yield	0.92	0.88	0.96	0.86	0.82	0.91	0.81	0.77	0.87	0.91	0.79	0.90	0.84	0.97	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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