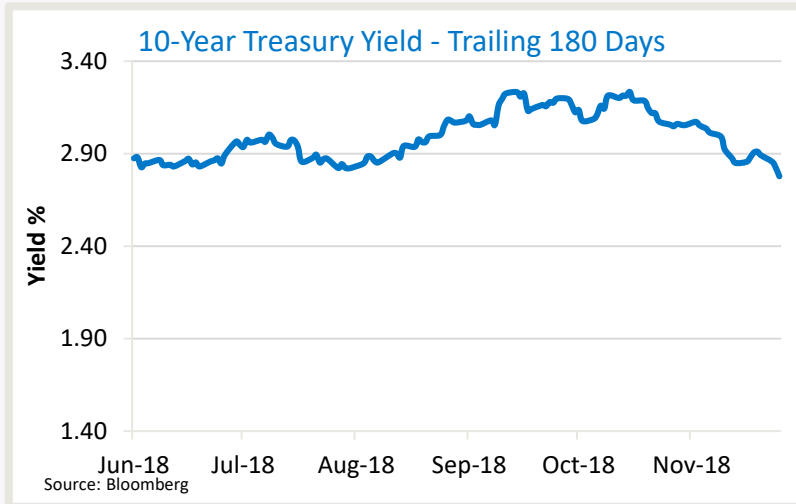




Chart of the Week



Weekly Highlights

- **The Federal Reserve raised its benchmark rate.** On Wednesday, the Federal Open Market Committee (FOMC) voted to increase the federal funds rate 25 basis points to 2.25%-2.50%, its fourth increase in 2018 and ninth since 2015. The Fed also cut its projection for 2019 rate hikes to two from three, but with a less dovish tone in its messaging.
- **December selloff continues.** With Christmas around the corner and no Santa Claus rally in sight, stocks continued to face selling pressure this week. The Dow Jones Industrial Average is on track for its worst December since 1931, and more than the half of the S&P 500 Index stocks have entered bear market territory, defined as a decline of greater than 20% from their high. Some of the largest stocks in bear territory include Amazon (AMZN), Apple (AAPL), Bank of America (BAC), Walmart (WMT), Exxon Mobil (XOM), and AT&T (ATT), among others.
- **The possibility of a government shutdown** added to the volatility and pushed stocks even lower, as House Speaker Paul Ryan said that President Trump will not sign a temporary funding bill that would avoid a partial government shutdown without the promise of funding for a Mexico/US border wall.

Talking Points

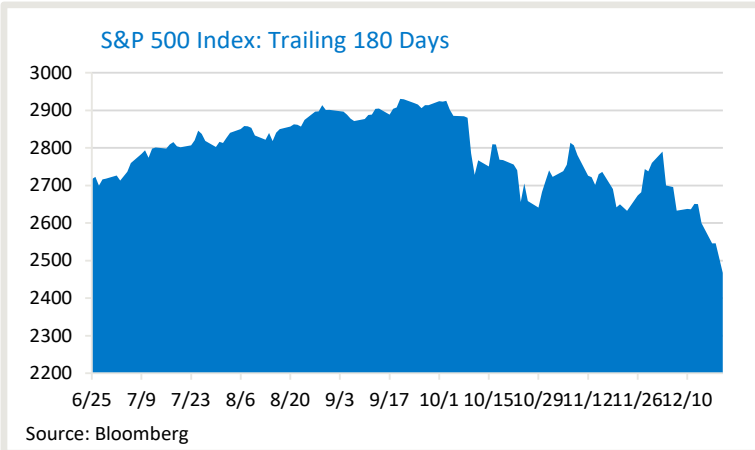
- **Domestic equities traded mostly lower over the week**, with the S&P 500 Index on track for its worst year since 2008. Value stocks outpaced growth stocks, but both were sold pretty heavily. International and emerging markets equities outpaced domestic stocks.
- **The yield on the 10-Year Treasury Note** traded lower on the week, reaching 2.75% on Thursday, its lowest level in nine months, and the yield on the 30-Year Treasury Bond traded below 3%.
- **Gold was higher**, as investors flocked to the safe haven asset. Oil traded lower. Commodities as a whole were lower, but outpaced domestic equities.
- **Bitcoin marked the one-year anniversary** of its all-time high near \$20,000, and is down more than 80% since this week last year.
- **Facebook (FB) shares fell 7%** on Wednesday, wiping out \$30 billion in market value after it was announced that the company was sued by Washington, DC, over its relationship with Cambridge Analytica and collecting users' private information.
- **Among major economic data**, initial jobless claims rose marginally last week, increasing by 8,000 to 214,000. The Empire State Manufacturing Index fell to its weakest level in 19 months.

Market Dashboard

	Last Price	Change	% Chg.	YTD %
S&P 500	2,416.58	-183.37	-7.05%	-9.6%
Dow Industrials	22,445.37	-1,655.14	-6.87%	-9.2%
Nasdaq	6,333.00	-577.67	-8.36%	-8.3%
Russell 2000	1,292.09	-118.73	-8.42%	-15.9%
Euro Stoxx Index	336.67	-10.54	-3.04%	-13.5%
Shanghai Composite	2,516.25	-77.49	-2.99%	-23.9%
Russell Global	1,870.91	-74.48	-3.83%	-12.7%

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

	Last Price	Change	% Chg.	YTD %
Russell Global EM	3,009.15	-31.96	-1.05%	-17.4%
10-Year US Treas.	2.79	-10 bps	NM	NM
Bloomberg Cmdts. Idx.	78.70	-2.57	-3.16%	-10.7%
Gold	\$1,255.65	\$16.43	1.33%	-3.6%
Crude Oil	\$45.40	-\$6.07	-11.79%	-20.9%
Dollar Index	97.02	-0.43	-0.44%	5.3%
VIX Index	30.11	8.48	39.20%	172.7%



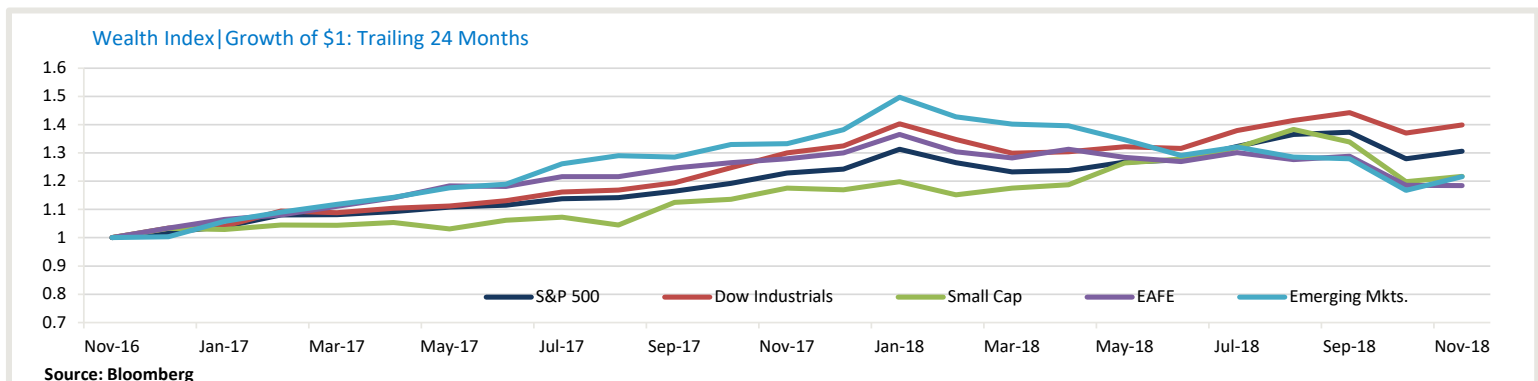
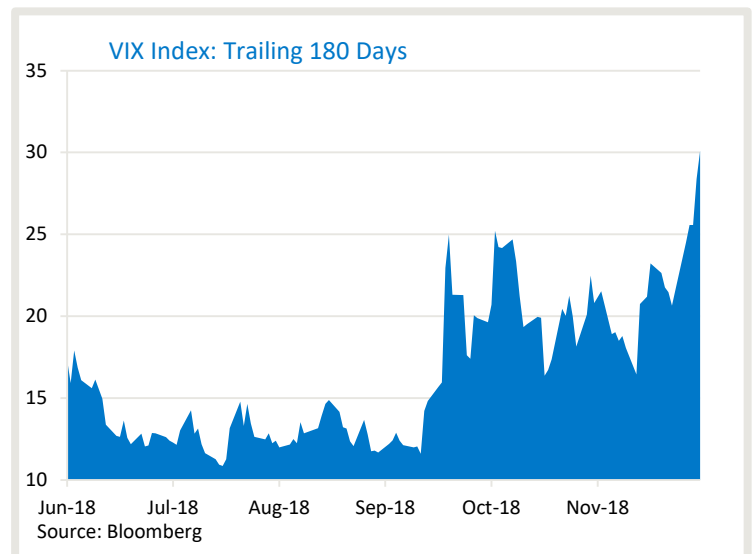
	One Week			YTD		
	Value	Growth		Value	Growth	
L	-6.20%	-7.07%	-7.86%	-11.30%	-8.58%	-6.42%
	-6.99%	-7.28%	-7.71%	-16.12%	-13.49%	-10.13%
S	-7.32%	-8.42%	-9.47%	-16.87%	-15.85%	-14.99%

Source: Bloomberg

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

	% Wgt in S&P 500	Week % Chg.	YTD % Chg.
Consumer Discretionary	9.7	-8.59%	-6.0%
Consumer Staples	7.6	-7.13%	-12.2%
Energy	5.4	-8.96%	-22.2%
Financials	13.3	-5.32%	-18.2%
Health Care	15.5	-6.70%	0.2%
Industrials	9.2	-6.62%	-17.9%
Information Technology	20.0	-7.94%	-6.0%
Materials	2.7	-4.75%	-19.6%
Real Estate	3.1	-6.36%	-5.5%
Communication Services	10.1	-7.50%	-19.6%
Utilities	3.5	-4.51%	2.2%

Source: Bloomberg



The Economy and Markets

A Macro View – Can a Santa Claus Rally Save December and 2018?

Traditionally, the fourth quarter and December have been strong periods for equity returns. The surge in retail spending, the upbeat mood of the holiday season, and general optimism heading into a new year historically have carried over to the stock market, with a rally closing out most years. Since 1950, the S&P 500 Index has averaged its highest monthly gain in December, a 1.6% increase. Also, most of these gains have occurred in the final trading week surrounding Christmas and the New Year, in a phenomenon known as the Santa Claus rally. However, this December has proven to be an outlier, with the S&P 500 Index losing 13.6% in Q4 and 9.1% in December (thru 12/19). The Dow Jones Industrial Average (DJIA) is now on track for its worst December since 1931. As we prepare to enter Christmas week, let's dive into what has been driving these poor results in December, and see if perhaps a Santa Claus rally can turn things around as we head into 2019.

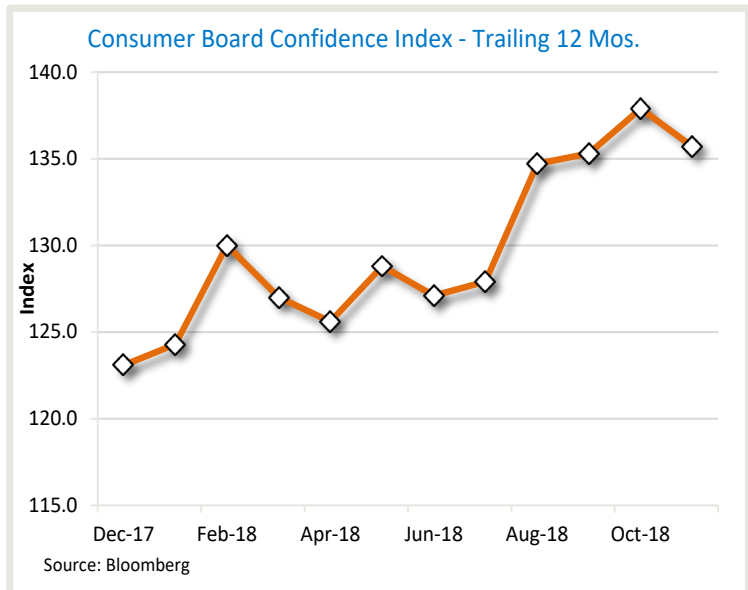
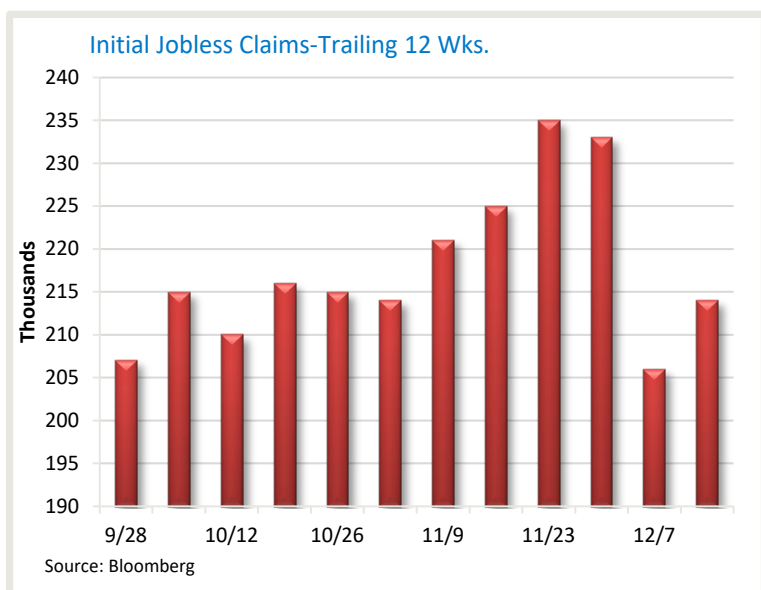
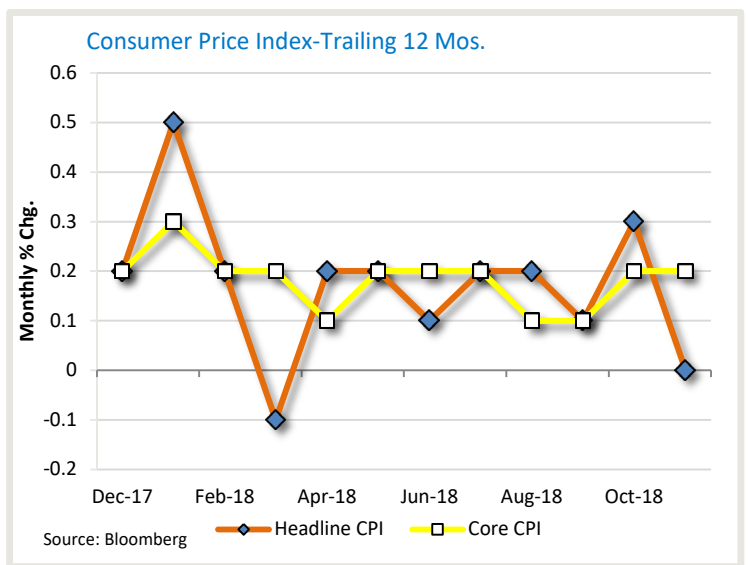
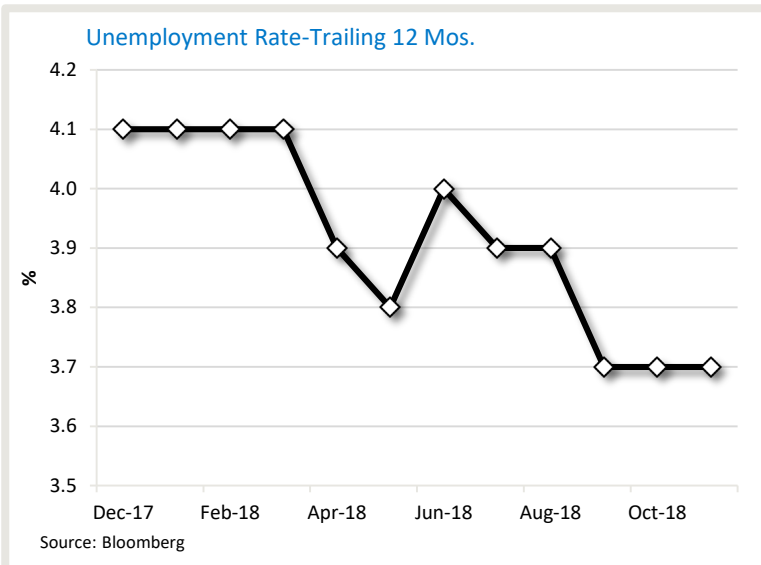
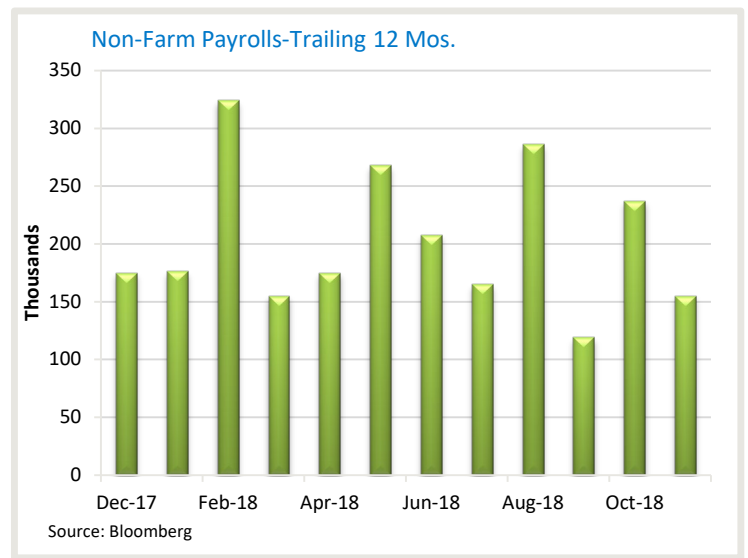
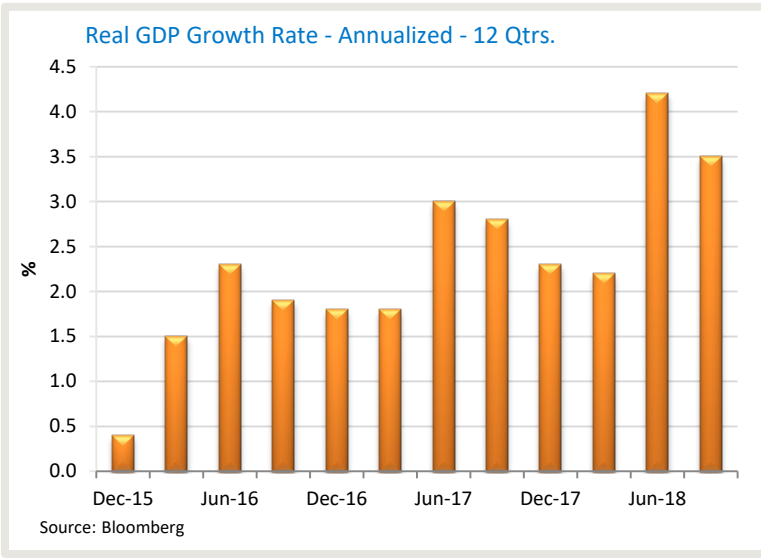
First, let's dig into the negatives driving the market lower, ones that would make Santa's "naughty list" and lead to lumps of coal in Wall Street's stocking. At the top of the list is the current trade war with China that has dominated the news cycle over the past few months. December began with President Trump and President Xi Jinping having a productive dinner meeting ahead of the G20 Summit in Argentina, one that was viewed favorably and resulted in a temporary ceasefire on tariffs. Since then, the likelihood of a trade deal or trade truce has deteriorated, with rhetoric marked by a highly nationalistic tone from both sides. The US government is on the edge of a government shutdown. In Europe, investors have been met with the challenges of Brexit negotiations, Italy's budget standoff with the European Union, strikes and protests in France, and Europe's overall economy failing to deliver on growth expectations this year.

Moving beyond geopolitical issues, an inverted yield curve (or short-term rates exceeding long-term rates) may have finally caught up with market participants. It is not the official two-year-over-ten-year reading. Instead, it is the yield on the three-year Treasury that surpassed the five-year Treasury yield on December 4 that spooked investors and led to a 795-point selloff on the DJIA. Fears that a recession could be on the horizon, which is typically foretold by an inverted yield curve, has pushed investors out of risk assets and into safer long-term Treasuries, driving longer-term yields even lower. This move out of risk assets is especially true for equities, which had benefited from ultra-low rates and highly accommodative Federal Reserve (Fed) policy for a long time. For the week ending December 14, investors pulled \$39 billion out of equity mutual funds, according to data from Bank of America Merrill Lynch. Also, single-stock news has not been extremely positive for investors this month, including Johnson & Johnson (JNJ) dropping 10% last Friday, its largest one-day decline in 16 years, after it was reported that the company knew for decades that its baby powder contained asbestos.

Before running out of space listing the negative drivers, we should make sure we hit on some positive items for our "nice list." The flipside of much of the selling pressure this fourth quarter, with most indices snapping into correction territory and more than half of S&P 500 Index companies now in a bear market, is that the market slide may be overdone. The "buy-the-dip" mentality has worked for investors on pullbacks since 2009, so it is fair to think that same strategy could continue to work going forward. Overall, US economic data continues to be positive, with strong readings on labor, manufacturing, and consumer spending. We are currently in the second-longest economic expansion since WW II, and GDP growth of 3% is expected for 2018. The Fed's hiking of rates four times in 2018 (including Wednesday's 25-basis-point increase) could be argued for either list. However, in trimming the forecast for two hikes in 2019 (from three previously), the Fed is providing a dovish tone, although perhaps less dovish than some would like, heading into the New Year. It also is important to note that the federal funds and short-term rates are at a near 0% real rate level. And finally, corporate fundamentals and earnings remain quite strong, companies are continuing with share buybacks, and capex is rising.

As the losses continue to pile up in December, it would be pretty shocking if even a monster Santa Claus rally could save December and 2018. However, as we prepare for 2019, it is important to keep in focus not only the negatives but also the positive drivers noted above, as these positives, for much of this year (and in previous years), have been able to outweigh and combat the negatives. Perhaps in 2019 we will provide Santa with a better list to work with. Happy Holidays!

Economic Data



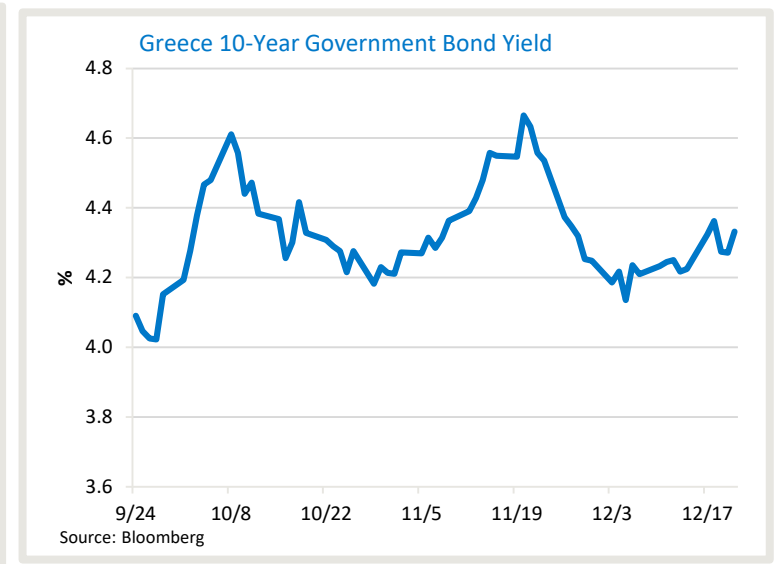
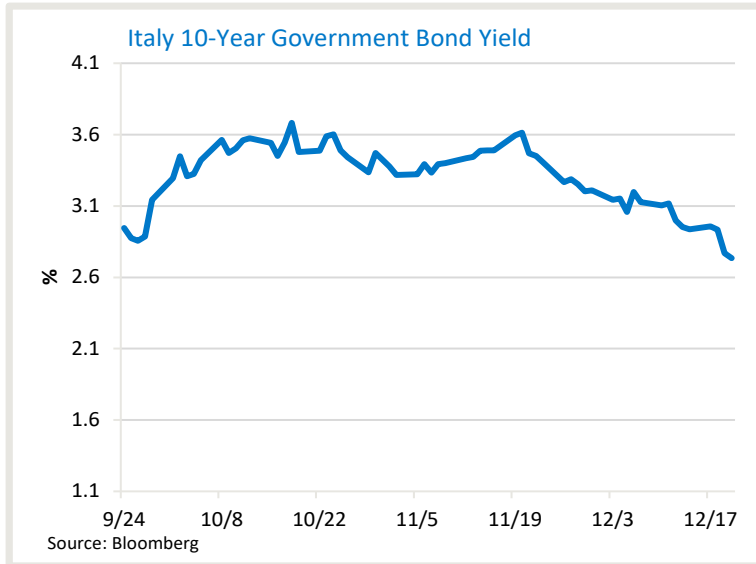
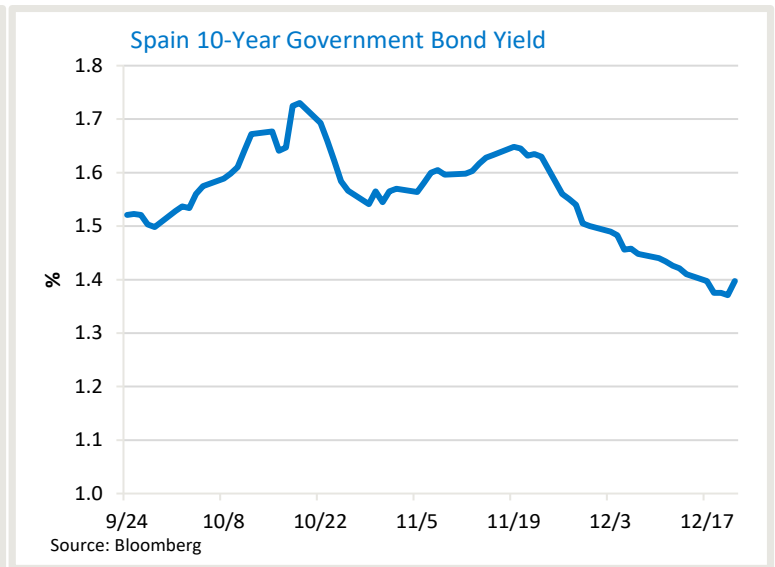
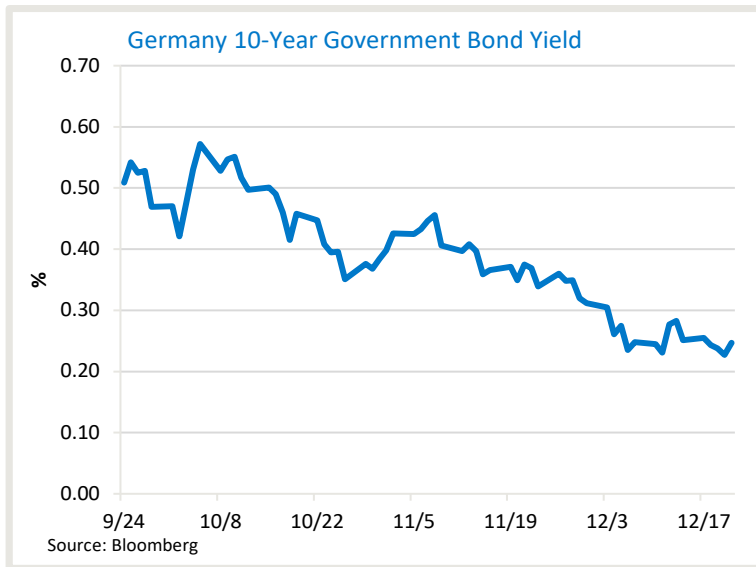
Eurozone

SELECTED EUROPEAN SOVEREIGN YIELD PERFORMANCE

	Last	Change	% Chg.	YTD %
Germany 10-Yr. Govt.	0.25	0 bps	NM	NM
Greece 10-Yr. Govt.	4.33	-8 bps	NM	NM
Italy 10-Yr. Govt.	2.83	9 bps	NM	NM
Spain 10-Yr. Govt.	1.40	1 bps	NM	NM
Belgium 10-Yr. Govt.	0.76	-2 bps	NM	NM

	Last	Change	% Chg.	YTD %
France 10-Yr. Govt.	0.69	2 bps	NM	NM
Ireland 10-Yr. Govt.	0.89	5 bps	NM	NM
Portugal 10-Yr. Govt.	1.68	-2 bps	NM	NM
Netherlands 10-Yr. Govt.	0.39	1 bps	NM	NM
U.K. 10-Yr. Govt.	1.32	-7 bps	NM	NM

Source: Bloomberg
 Basis points (bps)

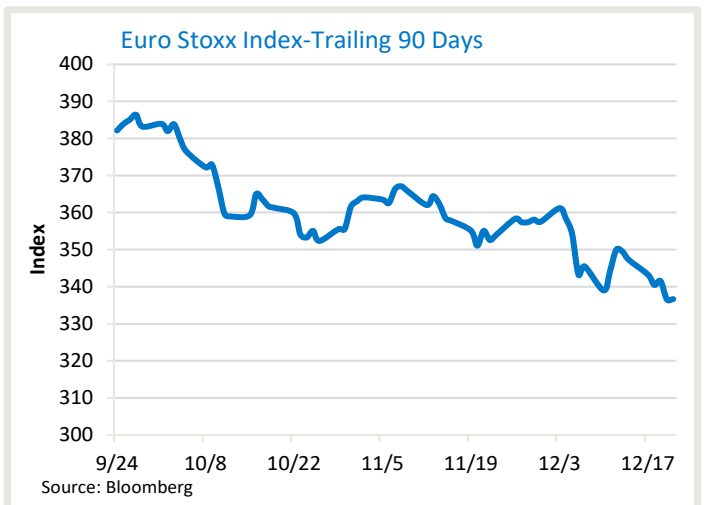
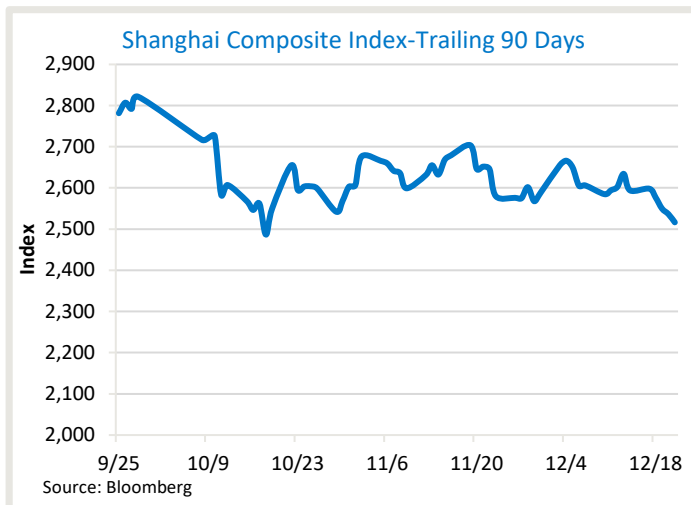
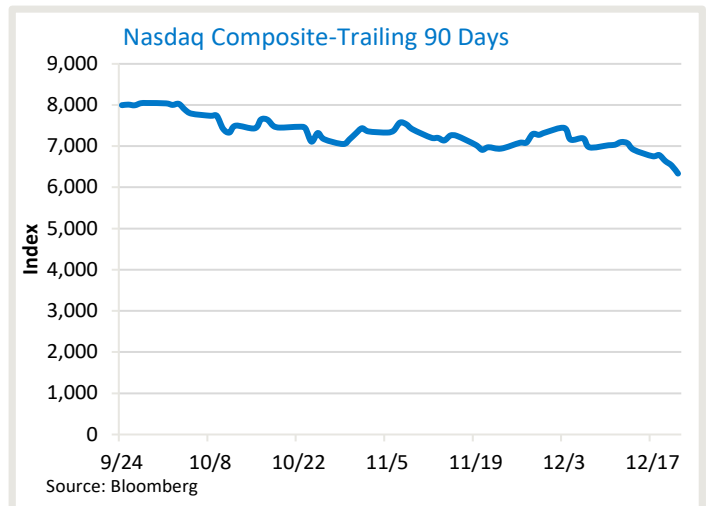
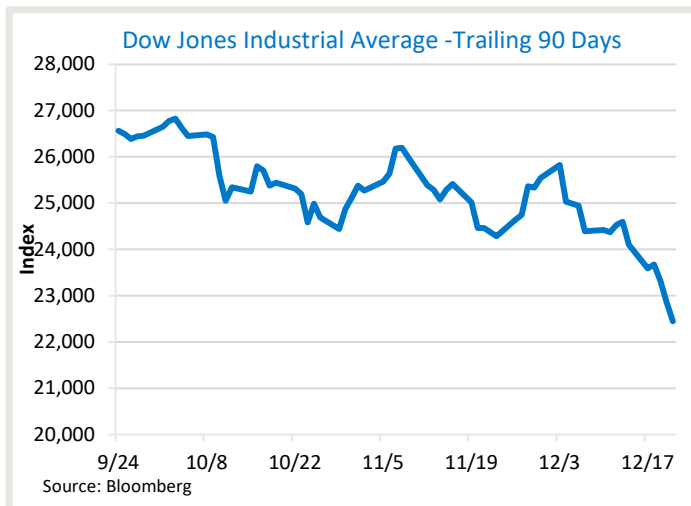


Equities

WORLD MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
S&P 500	2,416.58	-183.37	-7.05%	-9.61%	Swiss Market Index	8,417.29	-296.39	-3.40%	-10.28%
Dow Industrials	22,445.37	-1655.14	-6.87%	-9.20%	CAC 40 Index (France)	4,694.38	-159.32	-3.28%	-11.64%
Nasdaq Composite	6,333.00	-577.67	-8.36%	-8.26%	DAX Index (Germany)	10,633.82	-231.95	-2.13%	-17.68%
Russell Global	1,870.91	-74.48	-3.83%	-12.7%	Irish Overall Index	5,391.42	-127.84	-2.32%	-23.40%
Russell Global EM	3,009.15	-31.96	-1.05%	-17.4%	Nikkei 225	20,166.19	-1208.64	-5.65%	-11.42%
S&P/TSX (Canada)	13,935.44	-659.63	-4.52%	-14.03%	Hang Seng Index	25,753.42	-341.37	-1.31%	-13.92%
Mexico IPC	41,468.56	143.50	0.35%	-16.00%	Shanghai Composite	2,516.25	-77.49	-2.99%	-23.92%
Brazil Bovespa	85,697.13	-1752.35	-2.00%	12.17%	Kospi Index (S. Korea)	2,061.49	-7.89	-0.38%	-16.45%
Euro Stoxx 600	336.67	-10.54	-3.04%	-13.49%	Taiwan Taiex Index	9,676.67	-97.49	-1.00%	-9.08%
FTSE 100	6,721.17	-124.00	-1.81%	-12.57%	Tel Aviv 25 Index	1,526.55	-69.48	-4.35%	1.11%
IBEX 35 (Spain)	8,556.80	-329.30	-3.71%	-14.81%	MOEX Index (Russia)	2,347.17	-18.52	-0.78%	11.25%

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



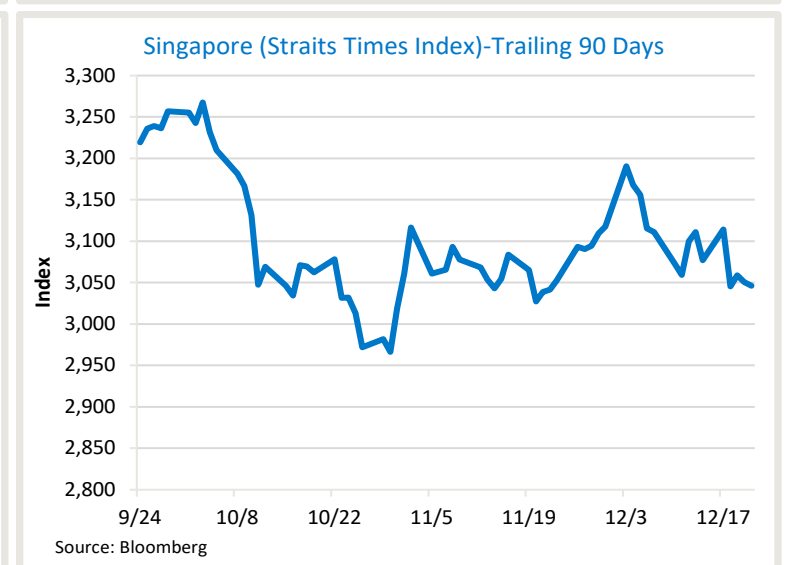
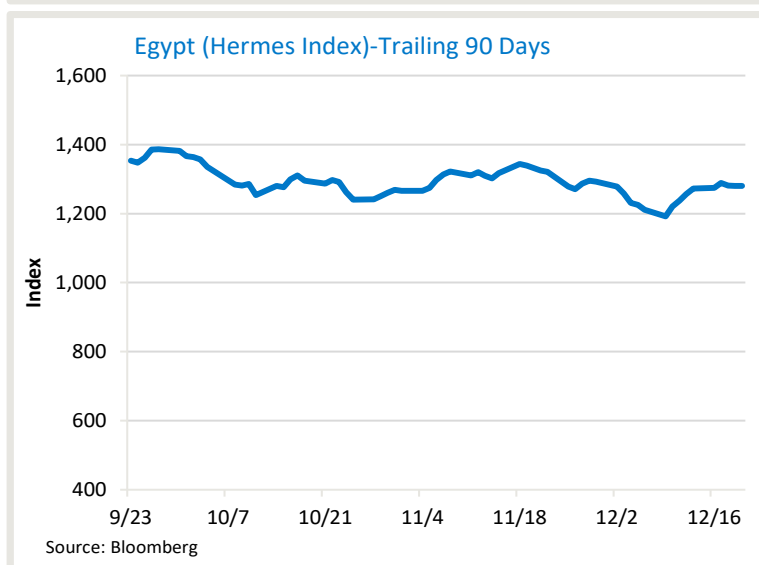
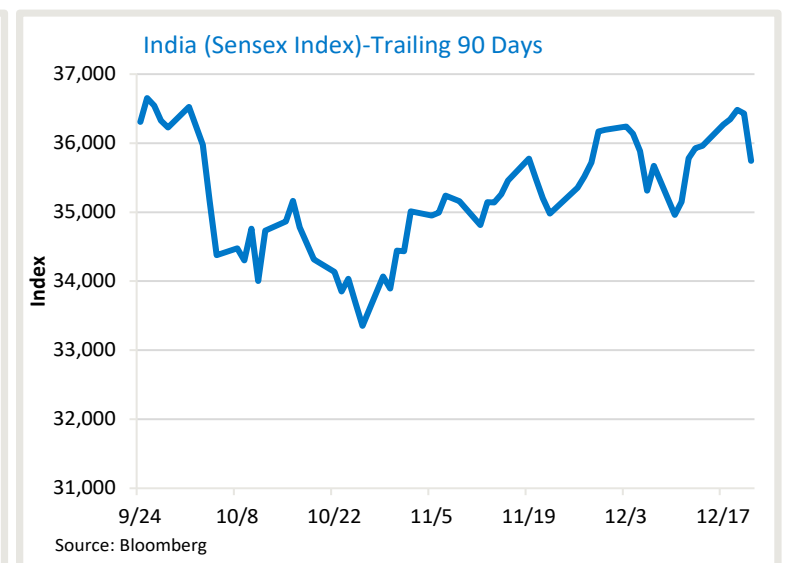
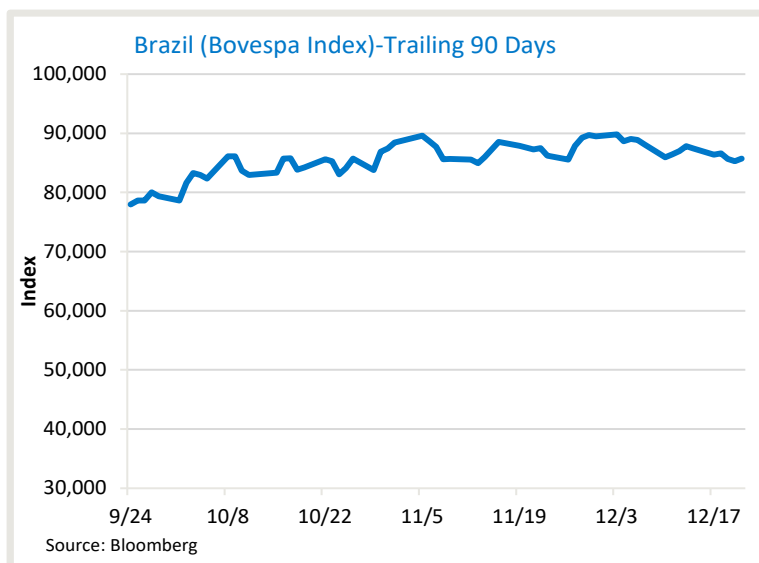
Equities – Emerging and Frontier Markets

EMERGING AND FRONTIER MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
Mexico IPC	41,468.56	143.50	0.3%	-16.0%
Brazil (Bovespa Index)	85,697.13	-1752.35	-2.0%	12.2%
MOEX Index (Russia)	2,347.17	-18.52	-0.8%	11.3%
Czech Republic (Prague)	983.35	-45.05	-4.4%	-8.8%
Turkey (Istanbul)	91,860.75	1332.11	1.5%	-20.4%
Egypt (Hermes Index)	1,280.09	7.77	0.6%	-10.9%
Kenya (Nairobi 20 Index)	2,755.00	-4.18	-0.2%	-25.8%
Saudi Arabia (TASI Index)	7,753.36	-160.93	-2.0%	7.3%
Lebanon (Beirut BLOM Index)	984.78	22.13	2.3%	-14.3%
Palestine	524.80	0.09	0.0%	-8.7%

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

	Last	Change	% Chg.	YTD %
Hang Seng Index	25,753.42	-341.37	-1.3%	-13.9%
India (Sensex 30)	35,742.07	-220.86	-0.6%	4.9%
Malaysia (KLCI Index)	1,670.28	8.32	0.5%	-7.0%
Singapore (Straits Times Index)	3,046.04	-31.05	-1.0%	-10.5%
Thailand (SET Index)	1,595.33	-14.12	-0.9%	-9.0%
Indonesia (Jakarta)	6,163.60	-6.25	-0.1%	-3.0%
Pakistan (Karachi KSE 100)	38,251.04	-334.62	-0.9%	-5.5%
Vietnam (Ho Chi Minh)	912.26	-39.78	-4.2%	-7.3%
Sri Lanka (Colombo)	6,005.65	-56.90	-0.9%	-5.7%
Cambodia (Laos)	824.92	1.65	0.2%	-17.4%

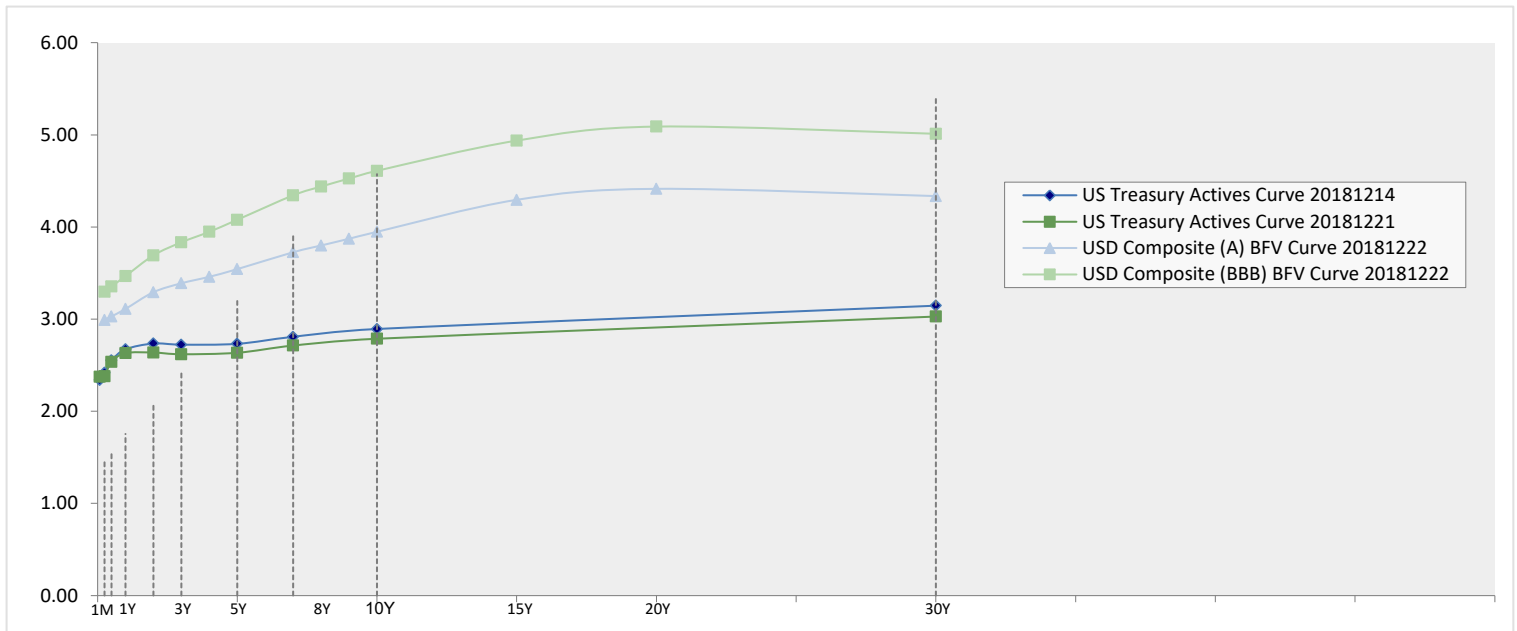


Interest Rates

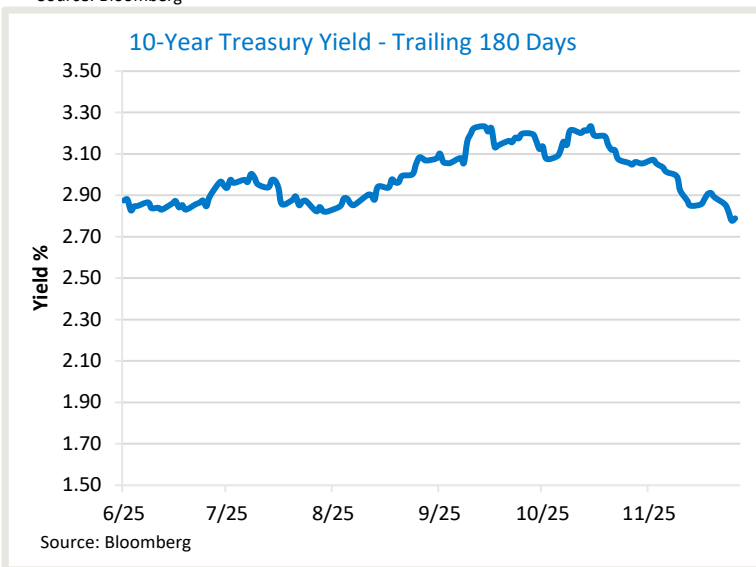
SELECTED INTEREST RATES

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
2-Yr. U.S. Treasury	2.64%	2 bps	NM	NM	Prime Rate	5.50%	0.25	NM	NM
5-Yr. U.S. Treasury	2.64%	-9 bps	NM	NM	Fed Funds Rate	2.50%	0.25	NM	NM
10-Yr. U.S. Treasury	2.79%	-10 bps	NM	NM	Discount Rate	3.00%	0.25	NM	NM
30-Yr. U.S. Treasury	3.03%	-12 bps	NM	NM	LIBOR (3 Mo.)	2.82%	2 bps	NM	NM
German 10-Yr. Govt.	0.25%	0 bps	NM	NM	Bond Buyer 40 Muni	4.03%	-15 bps	NM	NM
France 10-Yr.	0.69%	2 bps	NM	NM	Bond Buyer 40 G.O.	4.11%	NA	NM	NM
Italy 10-Yr.	2.83%	9 bps	NM	NM	Bond Buyer 40 Rev.	4.59%	NA	NM	NM
Fed 5-Yr Fwd BE Inf.	1.83%	-11 bps	NM	NM					

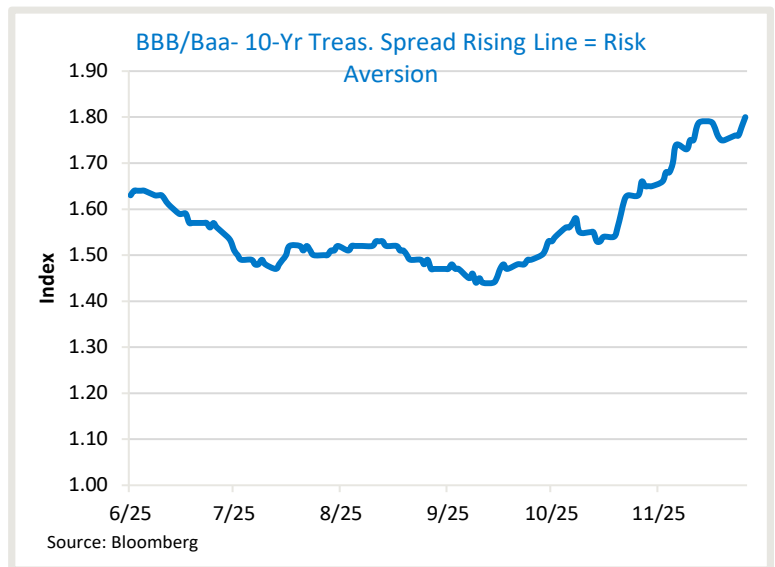
Source: Bloomberg



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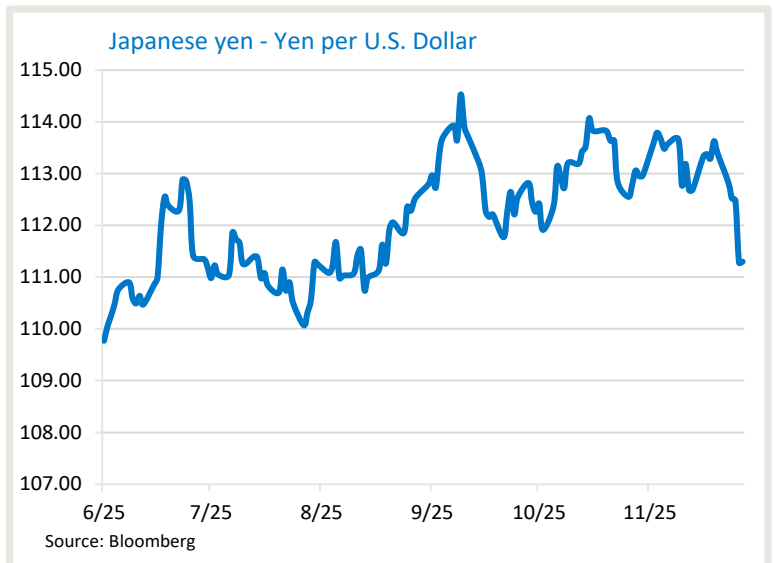
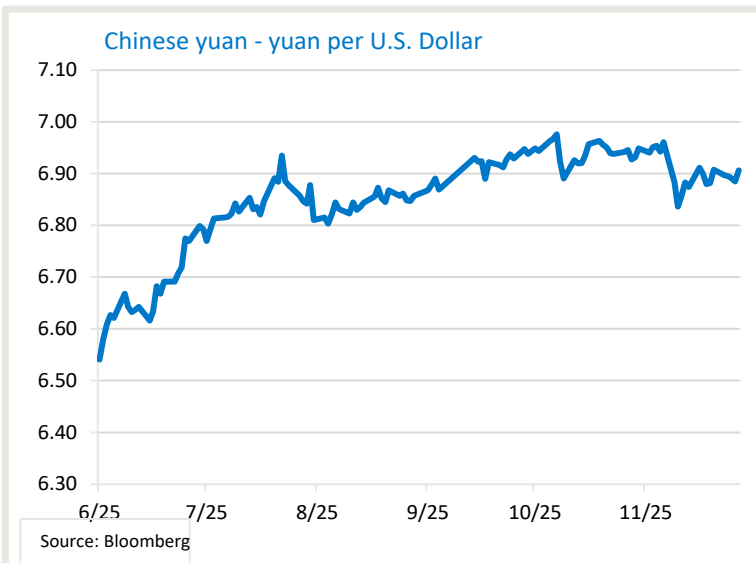
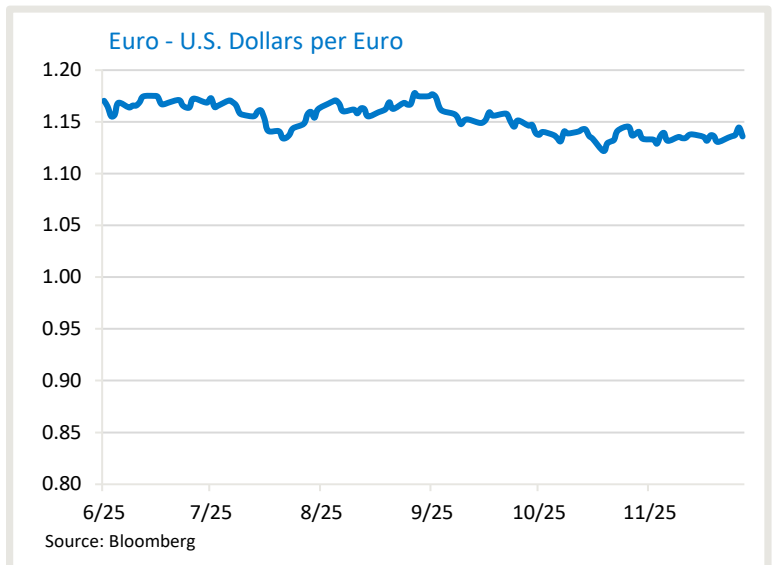
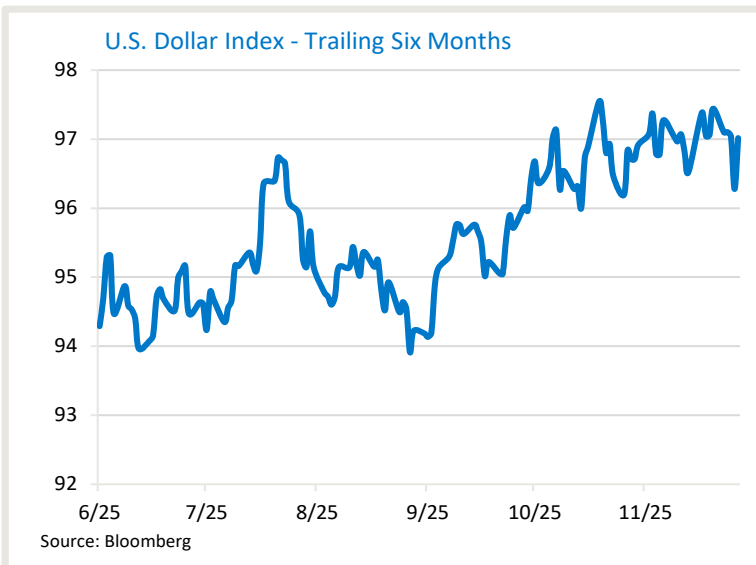
Currencies

SELECTED CURRENCY PERFORMANCE

	Last	Change	% Chg.	YTD %
Dollar Index	97.01	-0.427	-0.44%	5.31%
Euro	1.14	0.005	0.47%	-5.38%
Japanese Yen	111.27	-2.090	1.88%	1.25%
British Pound	1.26	0.005	0.37%	-6.53%
Canadian Dollar	1.36	0.022	-1.58%	-7.56%

	Last	Change	% Chg.	YTD %
Chinese Yuan	6.91	-0.001	0.02%	-5.79%
Swiss Franc	1.00	-0.003	0.26%	-2.12%
New Zealand Dollar	0.67	-0.009	-1.34%	-5.52%
Brazilian Real	3.90	-0.014	0.35%	-15.17%
Mexican Peso	19.95	-0.285	1.43%	-1.47%

Source: Bloomberg

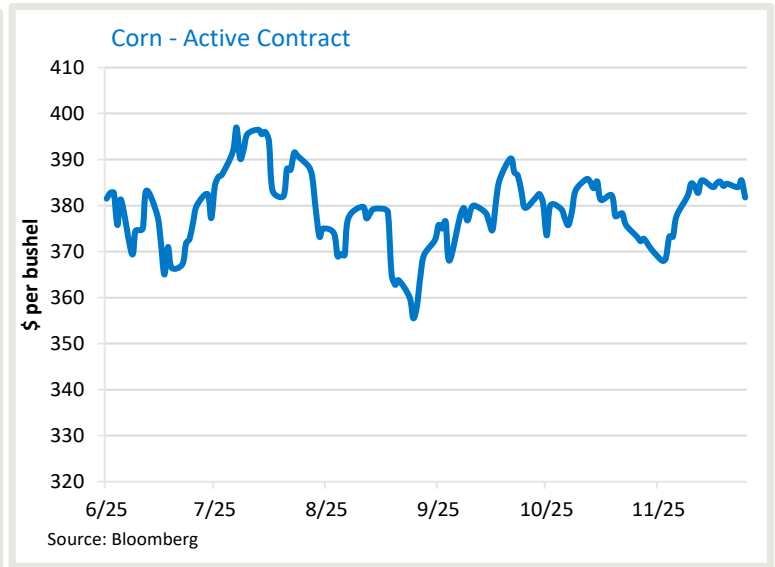
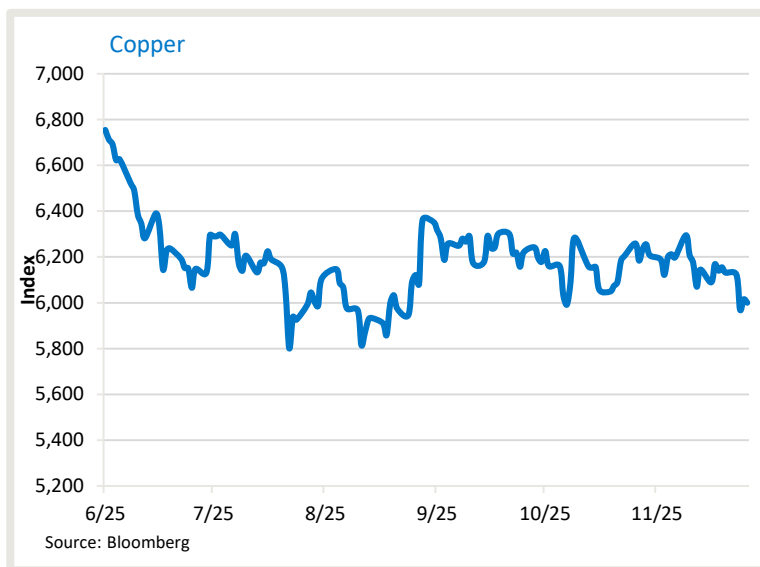
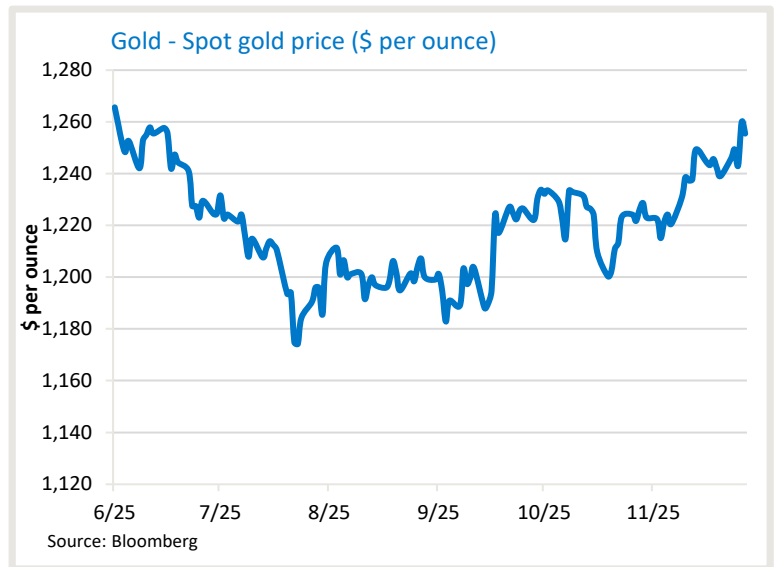
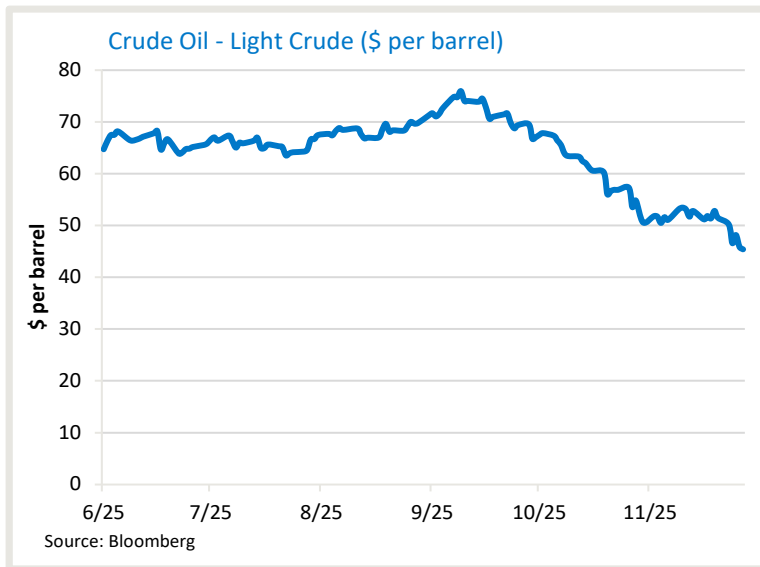


Commodities

SELECTED COMMODITY MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
Bloomberg Comm. Idx.	78.70	-2.57	-3.16%	-10.74%	Platinum Spot	\$787.68	\$0.52	0.07%	-15.16%
Crude Oil	\$45.39	-\$6.07	-11.79%	-20.91%	Corn	378.50	-6.25	-1.62%	-3.75%
Natural Gas	\$3.71	-\$0.12	-3.00%	20.48%	Wheat	514.00	-16.00	-3.02%	4.21%
Gasoline (\$/Gal.)	\$2.35	-\$0.03	-1.43%	-5.55%	Soybeans	897.75	-16.00	-1.75%	-9.16%
Heating Oil	173.09	-11.49	-6.23%	-11.44%	Sugar	12.34	-0.31	-2.45%	-21.35%
Gold Spot	\$1,255.80	\$16.43	1.33%	-3.63%	Orange Juice	128.65	-9.55	-6.91%	-10.50%
Silver Spot	\$14.64	\$0.05	0.32%	-13.64%	Aluminum	1,912.00	-14.00	-0.73%	-15.70%
					Copper	6,000.00	-131.50	-2.14%	-17.21%

Source: Bloomberg; % change is based on price.

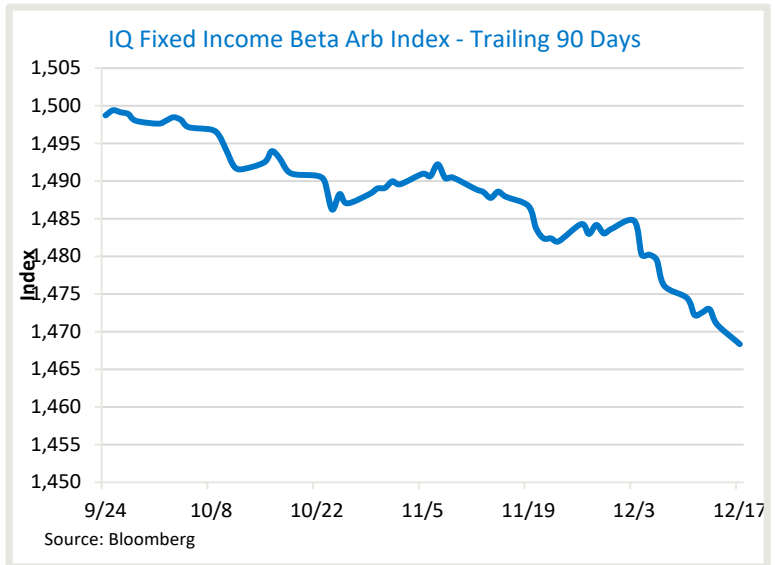
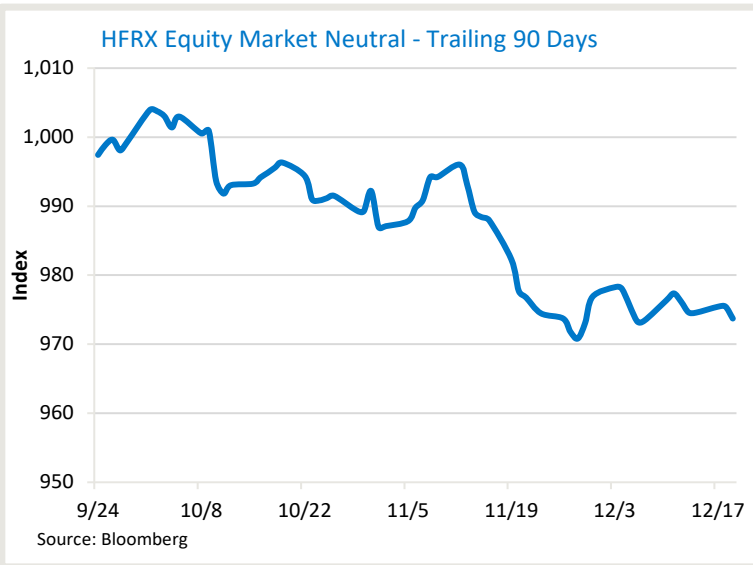
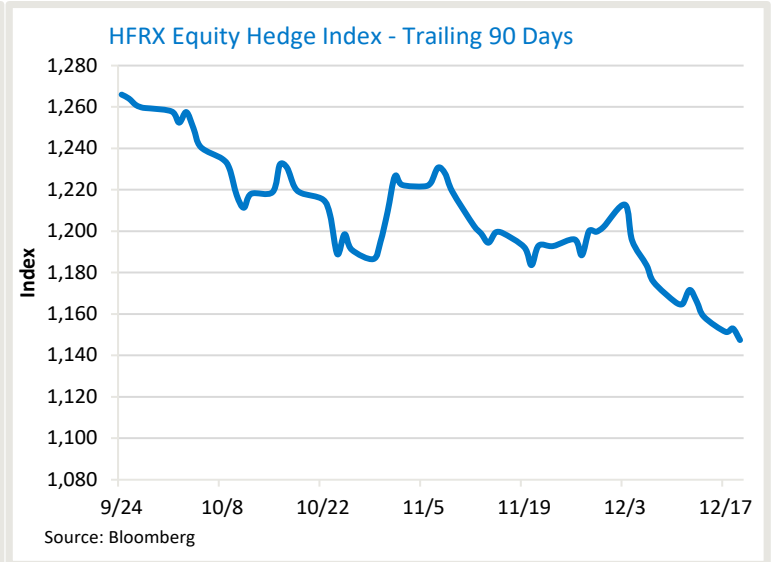
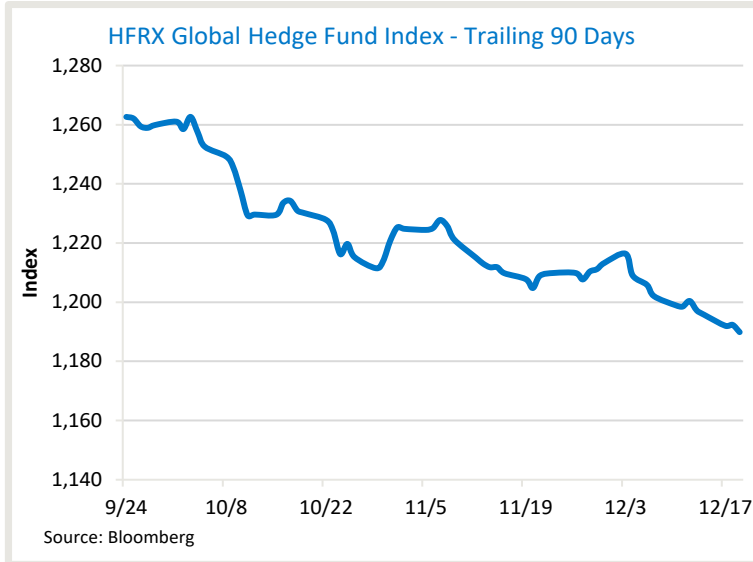


Alternative Investments

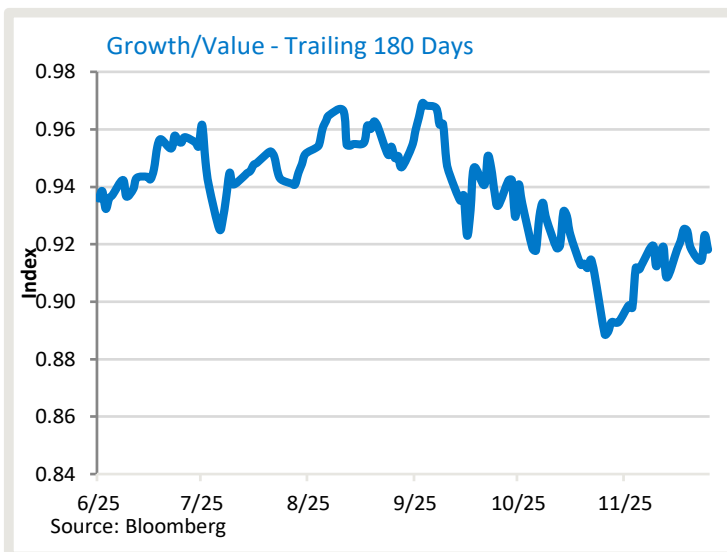
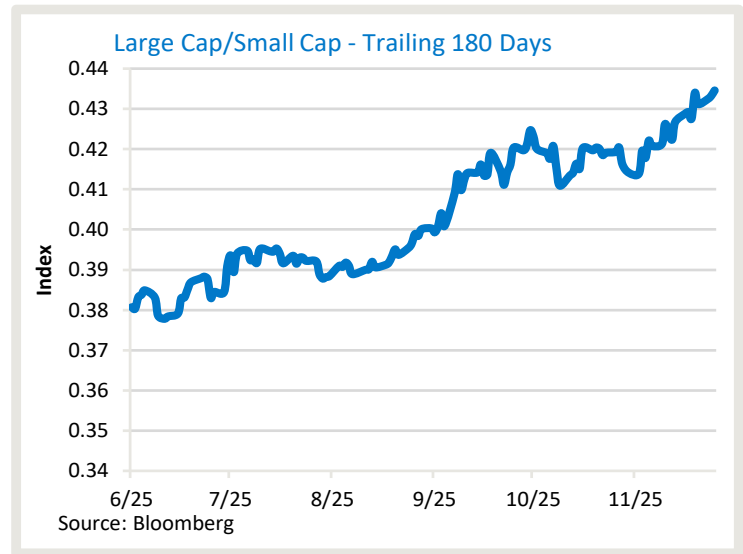
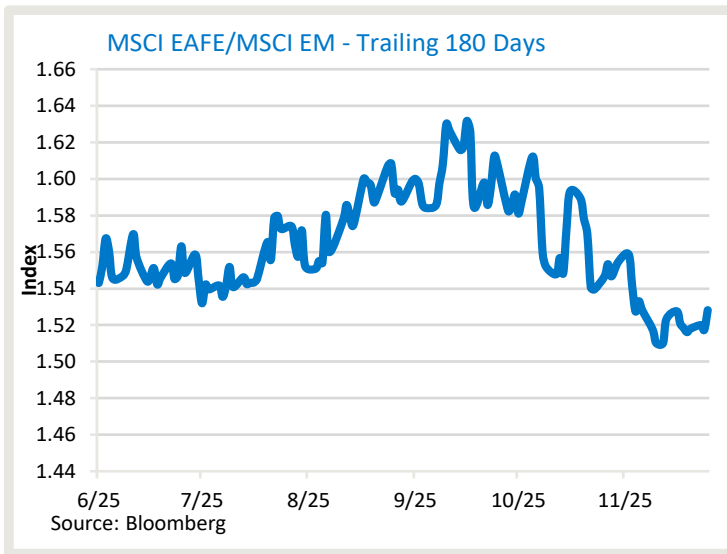
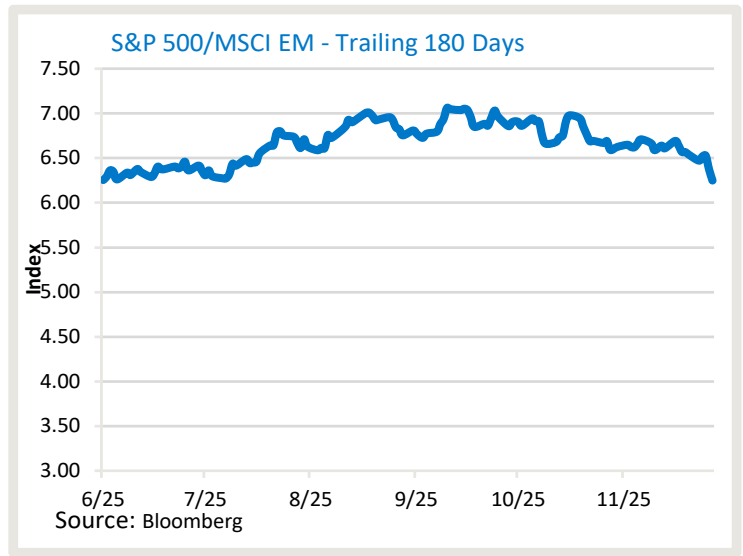
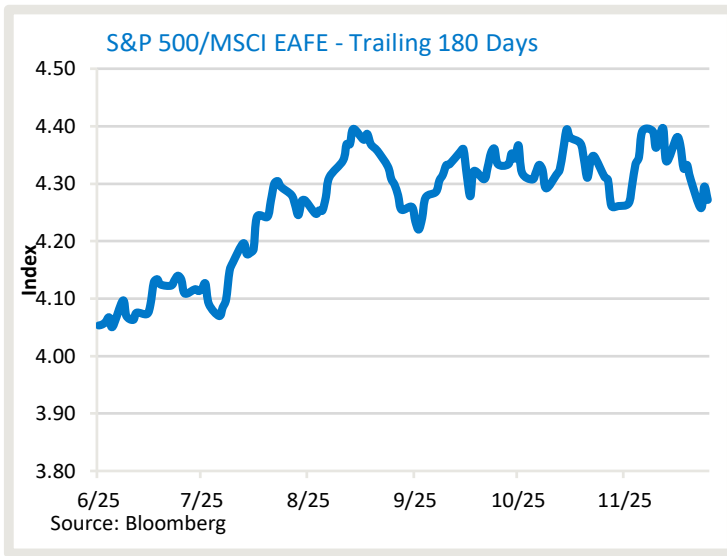
SELECTED ALTERNATIVE INVESTMENT INDEX PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
HFRX Global Hedge Fund Index	1184.27	-5.90	-0.49%	-6.72%	HFRX Distressed Index	1004.31	-3.99	-0.39%	-8.69%
HFRX Equity Market Neutral	973.62	-0.85	-0.09%	-3.06%	HFRX Merger Arbitrage Index	1809.03	-10.15	-0.56%	-2.12%
HFRX Equity Hedge Index	1137.53	-11.20	-0.97%	-9.71%	HFRX Convertible Arbitrage Index	788.92	-0.88	-0.11%	-0.29%
HFRX Event-Driven Index	1461.30	-9.20	-0.62%	-11.70%	HFRX Macro CTA Index	1122.07	5.34	0.48%	-4.00%
HFRX Absolute Return Index	1057.72	-4.68	-0.44%	-0.21%	IQ Fixed Income Beta Arb Index	1459.03	-11.91	-0.81%	-0.78%

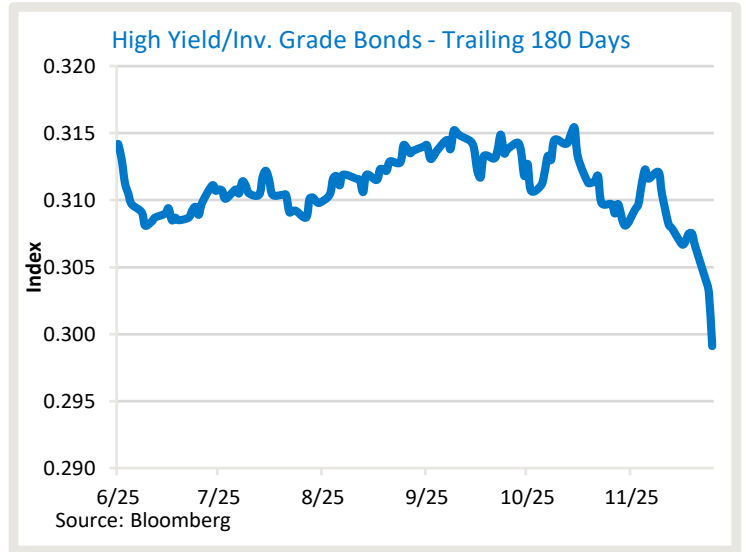
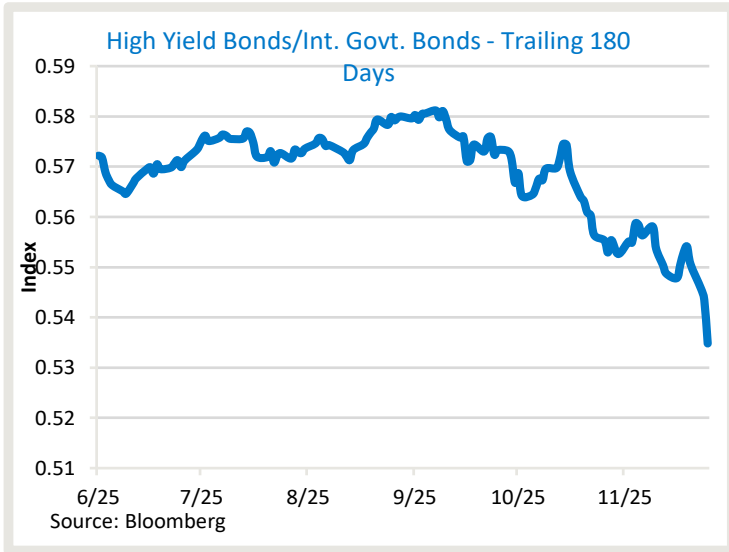
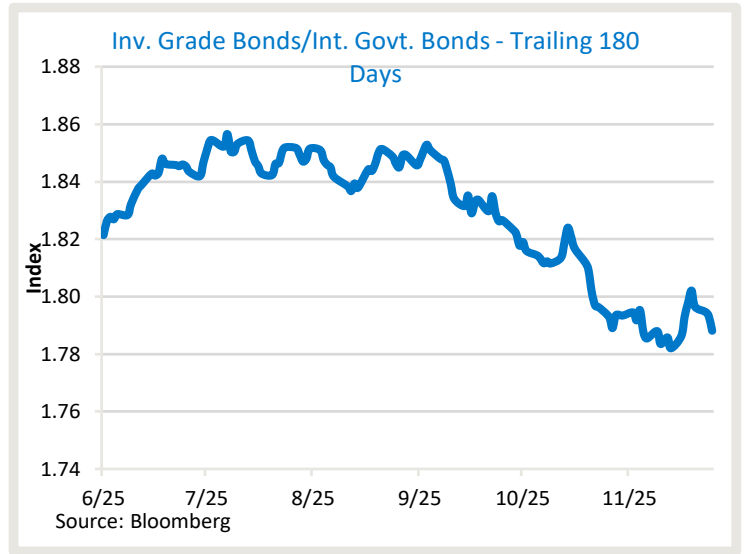
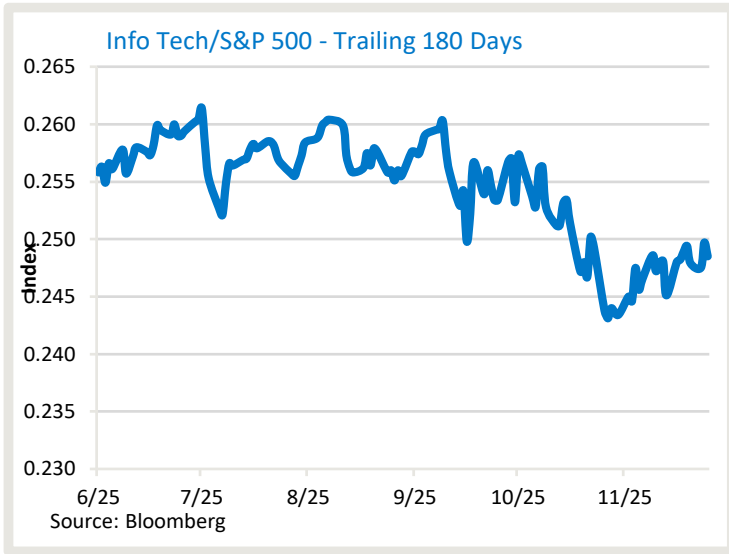
Source: Bloomberg; Index % change is based on price.



Portfolio Construction



Portfolio Construction (continued)



WEEKLY ASSET CLASS PERFORMANCE (Prior 12 weeks ending Thursday)

			10/4	10/11	10/18	10/25	11/1	11/8	11/15	11/22	11/29	12/6	12/13	12/20
Equity	Domestic Equity	Large Cap (R200)	-0.29%	-6.01%	1.52%	-2.08%	0.99%	2.39%	-2.79%	-3.18%	3.52%	-1.43%	-1.49%	-6.97%
		Small Cap (R2000)	-2.58%	-6.16%	0.99%	-3.87%	2.97%	2.15%	-3.43%	-2.35%	2.49%	-3.15%	-3.03%	-7.45%
	Int'l. Equity	MSCI EAFE	-2.23%	-4.66%	0.06%	-3.68%	2.36%	1.68%	-2.68%	-0.74%	1.45%	-3.38%	0.86%	-3.39%
		MSCI Em. Mkts.	-3.89%	-5.51%	1.70%	-2.26%	2.37%	2.27%	-1.28%	-0.50%	2.26%	-1.92%	0.67%	-2.61%
Fixed Income	BarCap Agg. (AGG)	-1.01%	0.15%	-0.25%	0.19%	-0.31%	-0.32%	0.46%	0.18%	0.22%	0.41%	0.18%	0.29%	
	High Yield (JNK)	-0.86%	-1.12%	0.14%	-0.34%	-0.37%	0.68%	-1.67%	-0.60%	0.78%	-1.00%	0.64%	-3.75%	
Commodities	Bloomberg Commodity Index	2.40%	-1.00%	-0.20%	-1.31%	-1.23%	-0.37%	-0.50%	0.62%	-0.88%	-0.44%	0.30%	-4.49%	
Alternatives	Hedge Funds (HFRX Global)	-0.12%	-2.23%	0.13%	-0.91%	0.46%	0.03%	-1.13%	-0.24%	0.19%	-0.44%	-0.72%	-1.08%	
Asset Allocation	60/40*	-1.27%	-3.40%	0.57%	-1.62%	0.94%	1.22%	-1.57%	-1.29%	1.75%	-1.25%	-0.49%	-3.56%	
	48/32/20 (w/Alts.)**	-1.04%	-3.16%	0.48%	-1.48%	0.85%	0.98%	-1.48%	-1.08%	1.44%	-1.09%	-0.54%	-3.06%	

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	1.08	0.98	1.16	1.13	1.05	1.20	0.96	0.79	0.83	0.91	0.57	1.25
Large Cap Growth	1.07	1.00	1.12	1.15	1.04	1.24	1.20	1.12	1.28	1.03	0.84	0.88	0.97	0.61	1.34
Large Cap Value	0.95	0.89	1.00	1.03	0.93	1.11	1.08	1.00	1.14	0.92	0.75	0.79	0.87	0.54	1.20
Mid Cap Core	0.93	0.87	0.97	1.00	0.90	1.08	1.04	0.98	1.11	0.89	0.73	0.77	0.84	0.53	1.16
Mid Cap Growth	1.02	0.96	1.07	1.11	1.00	1.19	1.16	1.08	1.23	0.98	0.81	0.85	0.93	0.58	1.28
Mid Cap Value	0.86	0.81	0.90	0.93	0.84	1.00	0.97	0.91	1.03	0.83	0.68	0.71	0.78	0.49	1.08
Small Cap Core	0.89	0.83	0.93	0.96	0.87	1.03	1.00	0.93	1.06	0.85	0.70	0.74	0.81	0.50	1.11
Small Cap Growth	0.95	0.89	1.00	1.03	0.93	1.10	1.07	1.00	1.14	0.91	0.75	0.79	0.87	0.54	1.19
Small Cap Value	0.83	0.78	0.87	0.90	0.81	0.97	0.94	0.88	1.00	0.80	0.66	0.69	0.76	0.47	1.05
Int'l. Developed	1.04	0.98	1.09	1.12	1.02	1.21	1.17	1.10	1.25	1.00	0.82	0.86	0.95	0.59	1.30
Emerging Markets	1.27	1.19	1.33	1.37	1.24	1.48	1.43	1.34	1.52	1.22	1.00	1.05	1.16	0.72	1.59
REITs	1.21	1.13	1.26	1.30	1.18	1.40	1.36	1.27	1.45	1.16	0.95	1.00	1.10	0.68	1.51
Commodities	1.10	1.03	1.15	1.18	1.07	1.28	1.24	1.16	1.32	1.05	0.86	0.91	1.00	0.62	1.38
Int. Bond	1.76	1.65	1.85	1.90	1.72	2.05	1.99	1.85	2.11	1.69	1.39	1.46	1.60	1.00	2.21
High Yield	0.80	0.75	0.84	0.86	0.78	0.93	0.90	0.84	0.96	0.77	0.63	0.66	0.73	0.45	1.00

Source: Bloomberg

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

INDEX OVERVIEW

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