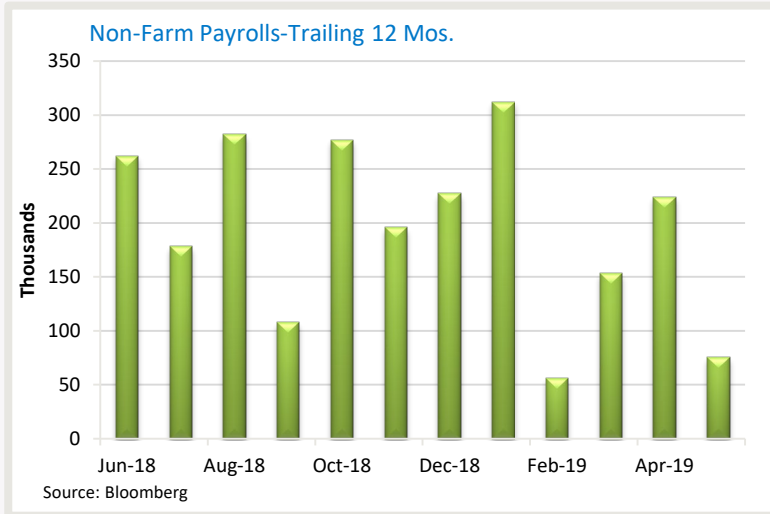




### Chart of the Week



### Weekly Highlights

- **May retail sales were up.** US retail sales rose 0.50% in May. This was slightly below expectations of 0.60%. Meanwhile, April's sales numbers were revised upwards from a 0.20% decline to a 0.30% increase.
- **Inflation is muted.** The Consumer Price Index (CPI) increased 0.10% in May, as expected. The Core CPI measure was similarly up 0.10%. This resulted in year-over-year results of 1.80% and 2.00%, respectively. Inflation remains muted at the consumer level.
- **Oil inventories continue to build.** Crude oil inventories were reported up by 6.8 million barrels. This resulted in the price of oil declining over the week to \$52.74 per barrel.

### Talking Points

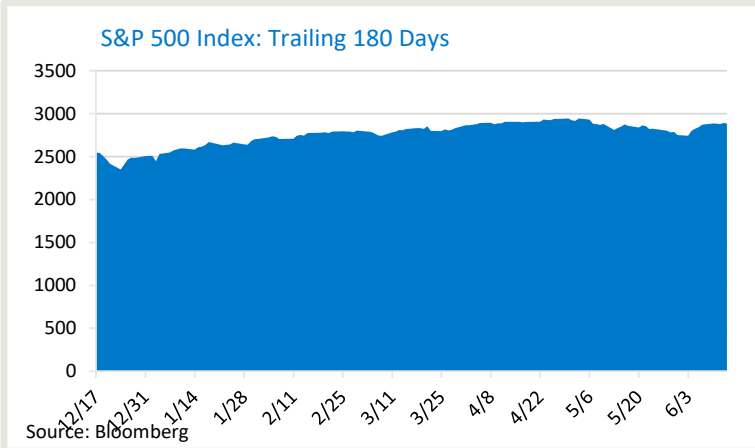
- **Stocks were flat for the week.** Domestic equities, as measured by the S&P 500 Index, declined marginally and were essentially unchanged from the week before. Small cap stocks experienced similar performance.
- **The yield on the 10-Year US Treasury Note was unchanged.** Yields on 10-year bonds ended the week where they started, at 2.08%. The yield curve for Treasuries remains inverted at the short end, with yields for 3-month and 6-month bills being above longer maturities out to 10 years.
- **Geopolitical concerns rise.** Two oil tankers were attacked in the Persian Gulf this week, increasing tensions in the region.
- **China's economy slows.** For the month of May, China reported the slowest growth in its industrial output in 17 years.

## Market Dashboard

	Last Price	Change	% Chg.	YTD %
<b>S&amp;P 500</b>	2,886.98	13.64	0.47%	15.2%
<b>Dow Industrials</b>	26,089.61	105.67	0.41%	11.8%
<b>Nasdaq</b>	7,796.66	54.56	0.70%	17.5%
<b>Russell 2000</b>	1,522.50	8.11	0.54%	12.9%
<b>Euro Stoxx Index</b>	378.81	1.33	0.35%	12.2%
<b>Shanghai Composite</b>	2,881.97	54.18	1.92%	15.6%
<b>MSCI ACWI</b>	512.75	3.00	0.59%	12.5%

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

	Last Price	Change	% Chg.	YTD %
<b>MSCI EM</b>	1,022.08	14.70	1.46%	5.8%
<b>10-Year US Treas.</b>	2.09	1 bps	NM	NM
<b>Bloomberg Cmdts. Idx.</b>	77.83	0.68	0.88%	1.5%
<b>Gold</b>	\$1,341.34	\$0.74	0.06%	4.6%
<b>Crude Oil</b>	\$52.50	-\$1.49	-2.76%	11.0%
<b>Dollar Index</b>	97.57	1.03	1.06%	1.5%
<b>VIX Index</b>	15.28	-1.02	-6.26%	-39.9%



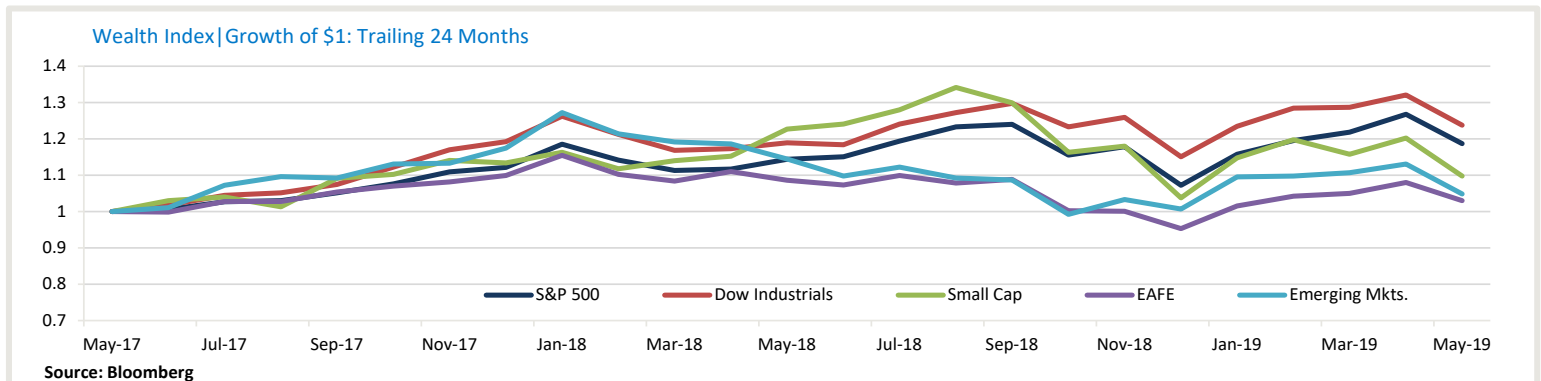
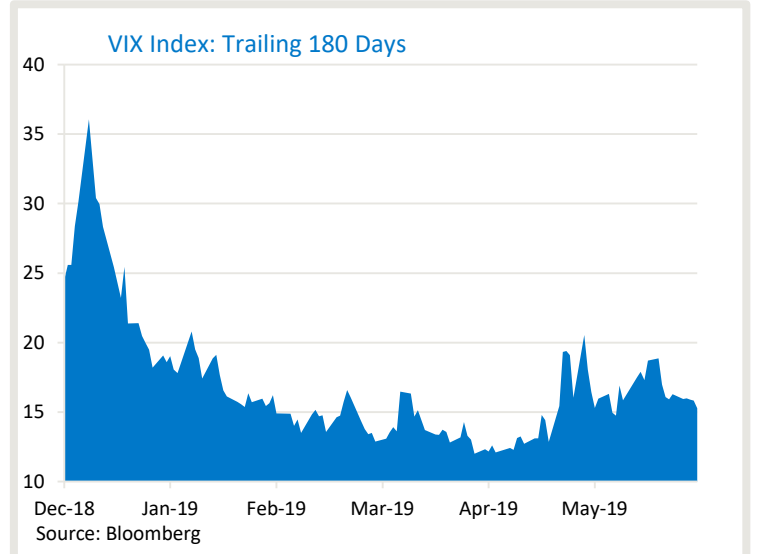
	One Week			YTD		
	Value	Growth		Value	Growth	
<b>L</b>	0.43%	0.50%	0.55%	11.53%	14.48%	17.13%
	0.46%	0.31%	0.12%	14.47%	18.08%	23.23%
<b>S</b>	0.46%	0.54%	0.60%	9.59%	12.90%	16.08%

Source: Bloomberg

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

	% Wgt in S&P 500	Week % Chg.	YTD % Chg.
<b>Consumer Discretionary</b>	10.3	2.44%	19.8%
<b>Consumer Staples</b>	7.5	0.59%	15.5%
<b>Energy</b>	4.9	-0.49%	5.5%
<b>Financials</b>	13.1	0.43%	13.8%
<b>Health Care</b>	14.2	0.17%	5.1%
<b>Industrials</b>	9.3	-0.43%	16.7%
<b>Information Technology</b>	21.3	-0.20%	22.3%
<b>Materials</b>	2.8	0.50%	14.0%
<b>Real Estate</b>	3.1	0.55%	20.7%
<b>Communication Services</b>	10.1	1.39%	16.1%
<b>Utilities</b>	3.4	1.18%	13.9%

Source: Bloomberg



## **The Economy and Markets**

### ***Are Rate Cuts On The Horizon?***

The last few weeks have brought a noticeable change in the interest rates narrative. Many commentators and prognosticators are now discussing the possibility of the Federal Reserve (the Fed) cutting interest rates at either next week's FOMC meeting or the following one in July. What makes this an eyebrow-raising development is that it is a sea change in what was considered common wisdom at the beginning of the year. To some degree, this 180-degree about face is just the way things are in the capital markets. A more cynical and/or jaded observer would probably just add to their ledger another entry on the market's attention-deficit disorder and overemphasis on the short term. Although we cannot predict what the Fed will do at its next meeting, we offer a summary of recent developments that appear to have caused the change in market consensus.

The ongoing trade impasse with China is the most prominent item as of this writing, raising the possibility that tariffs on both sides will be dramatically increased. However, much of this is more likely to be posturing in advance of the upcoming G20 Summit. The threat of raising tariffs is an arrow the Trump Administration often pulls out of its quiver. However, as is standard in most contentious negotiations, what both sides currently are demanding in their starting position is probably higher than what they ultimately will accept. Note that China, for its part, has walked away from what were considered previously agreed-to items, and appears to be taking a harder line going into the Summit. If no deal is struck and tariffs surge, stalled GDP growth may result, forcing the Fed to adopt looser monetary policy as insurance against recession.

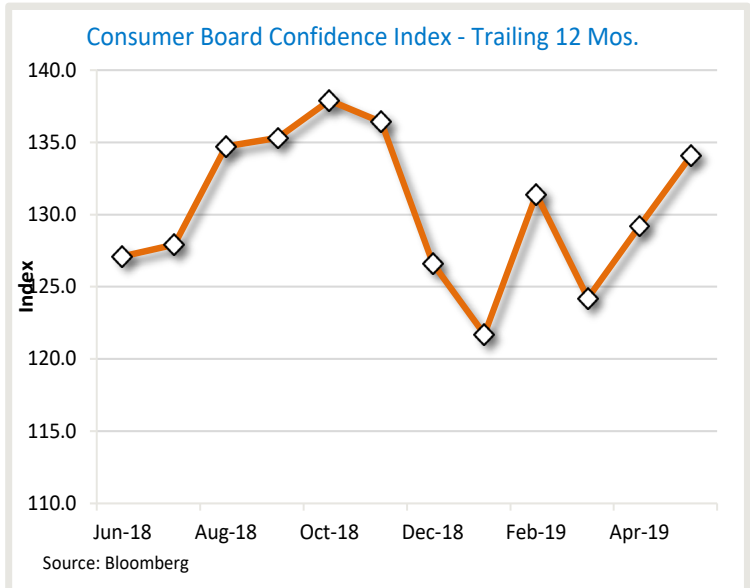
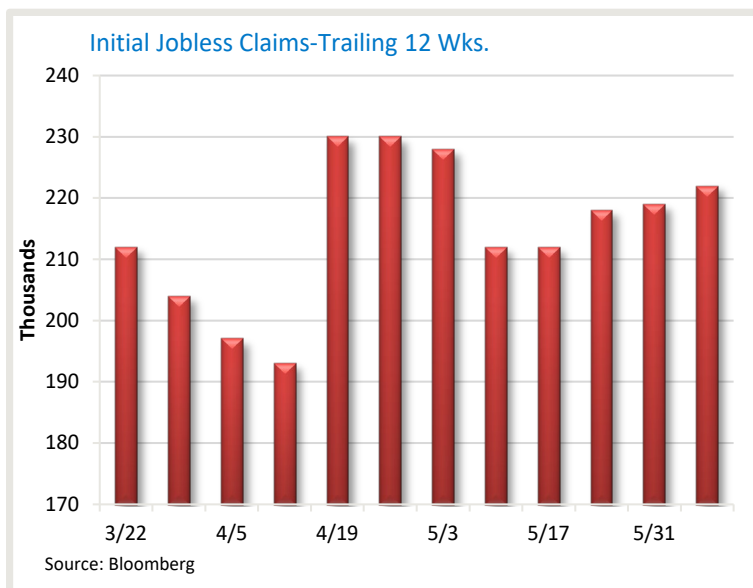
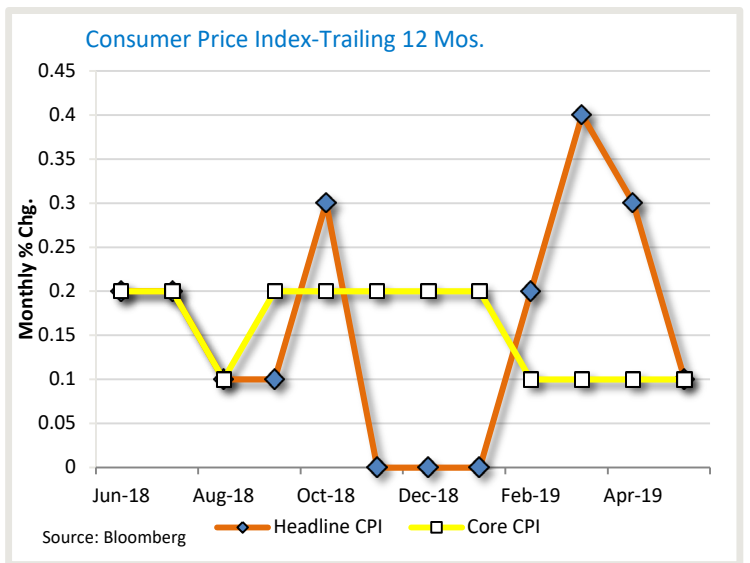
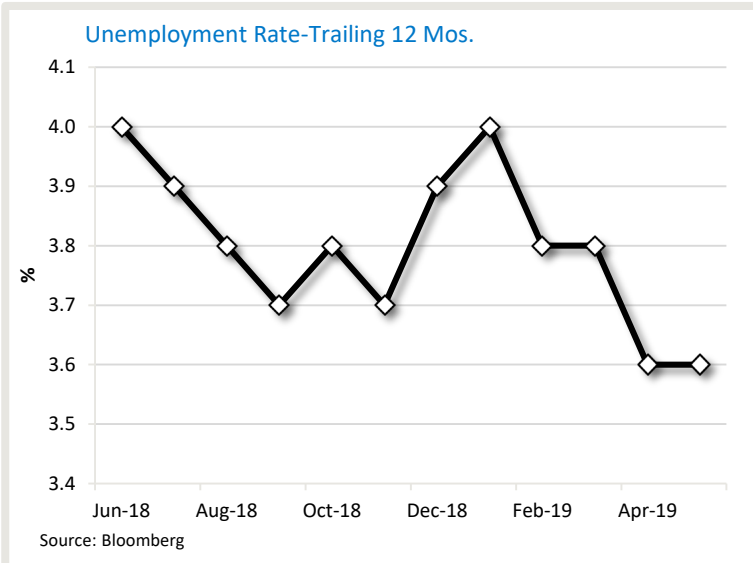
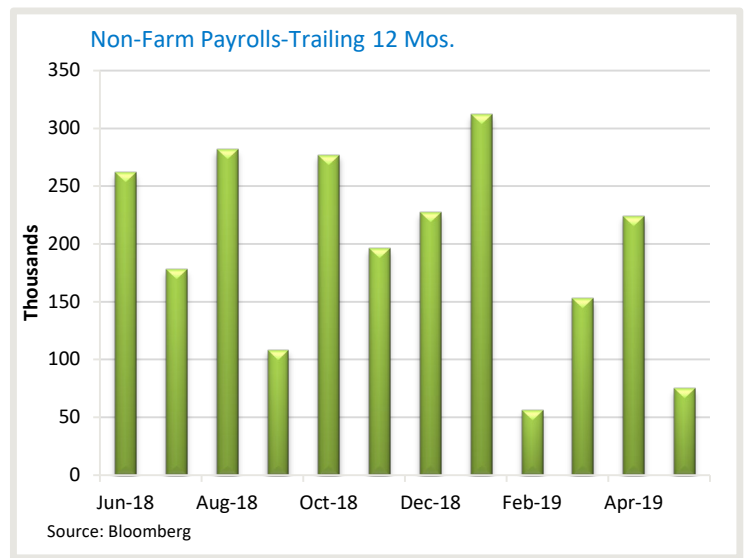
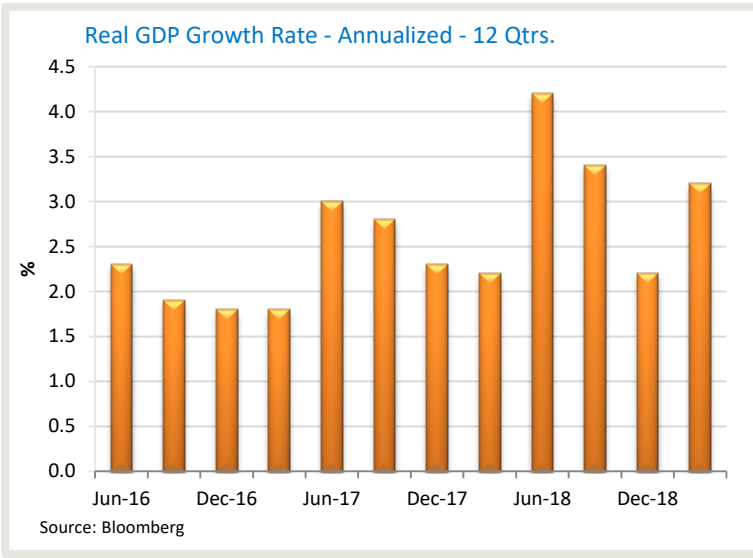
Jobs are another area of concern. The most recent data point on this front, the nonfarm payroll jobs for May, came in much weaker than expected. Only 75,000 jobs were added during the month. Previous months' readings were revised downwards as well. ADP's private payroll survey showed similar weakness of 27,000 jobs created in May vs. expectations of 185,000. The question is whether these are blips in what thus far has been a strong job market. Unemployment in absolute terms is at generational lows. It stands to reason that any concrete action should be delayed until additional evidence shows that a negative trend has truly developed. The Fed does need to be anticipatory rather than reactionary though, so it may take action regardless of definitive evidence.

Also, inflation remains under control. Recent year-over-year core CPI numbers came in at 2.00% for May and 2.10% for April. This is encouraging, given the Fed's dual mandate of encouraging economic growth and controlling inflation. When inflation is low, the Fed is free to act in support of economic growth. These recent CPI data points paint a more benign inflation picture than they did six months ago. It does not appear that the Fed sees inflation being ignited to any great degree.

Last but not least, current opinion is that the Fed itself may be starting to signal a more dovish stance. Federal Reserve Vice Chairman Richard Clarida recently made comments to the effect of "insurance" rate cuts being possible. How much to make of this is hard to decide, as the parsing of Fed commentary is typically as reliable as the portent derived from sacrificing a pig before a Roman legion entered battle. In addition, the comments of individual Fed members do not necessarily extend to the body as a whole. That said, it appears that the consensus view now is that the Fed considers its baseline of actions to be either no change or a decrease in the federal funds rate. Increases seem to be off the table.

Interest rates are, as other, more illustrious commentators have quipped, the gravity of finance. Lower interest rates justify higher valuations for all assets. So this change in the narrative on future Fed policy has, to some degree, nudged markets higher over the last couple of weeks. Long-term investors should keep in mind that in spite of what the Fed does next week, its long-term view is that a normalized rate structure is higher than where we are now.

Economic Data



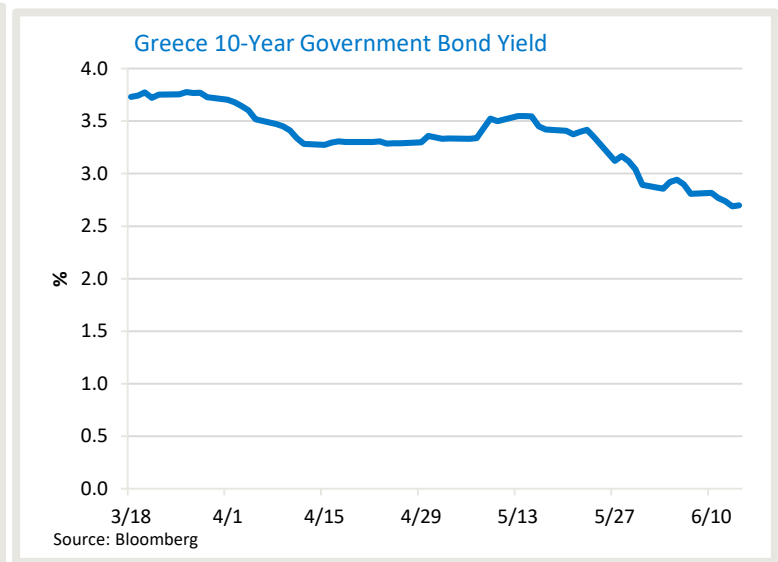
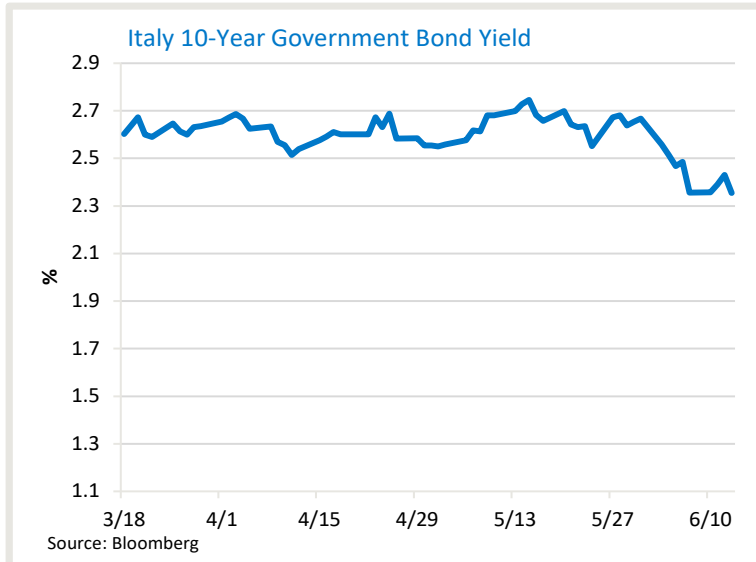
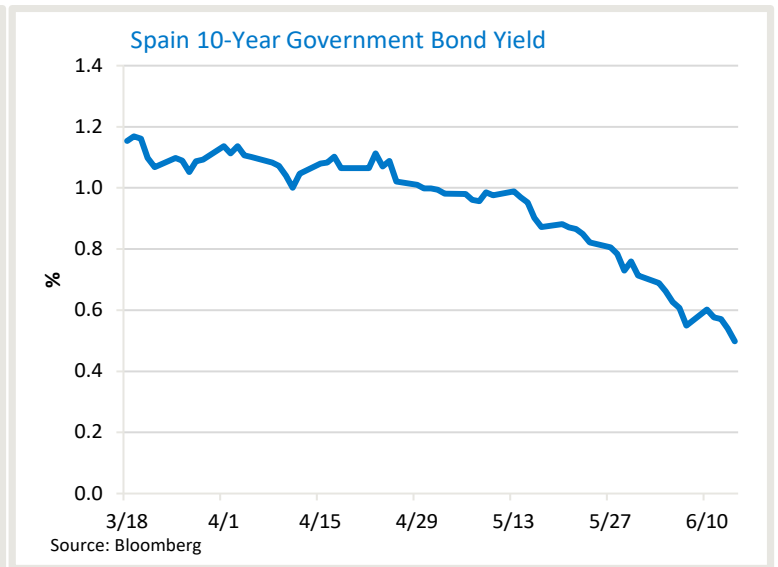
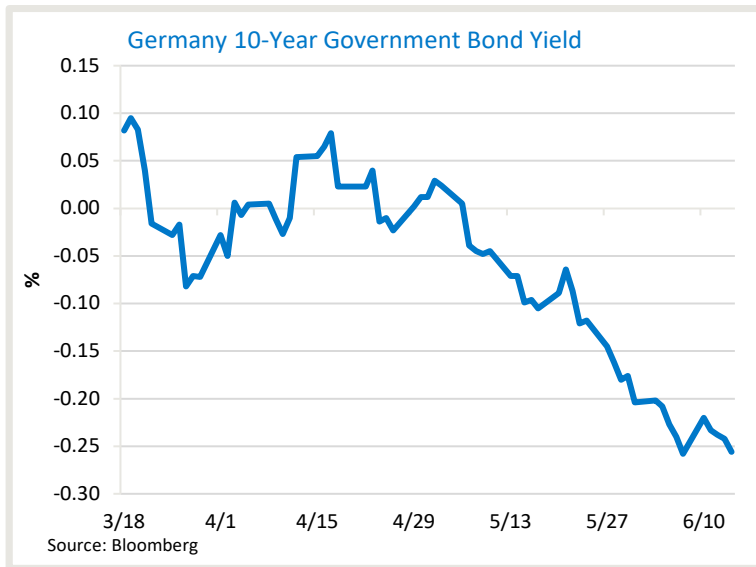
**Eurozone**

SELECTED EUROPEAN SOVEREIGN YIELD PERFORMANCE

	Last	Change	% Chg.	YTD %
Germany 10-Yr. Govt.	-0.26	0 bps	NM	NM
Greece 10-Yr. Govt.	2.70	10 bps	NM	NM
Italy 10-Yr. Govt.	2.34	1 bps	NM	NM
Spain 10-Yr. Govt.	0.50	5 bps	NM	NM
Belgium 10-Yr. Govt.	0.16	0 bps	NM	NM

	Last	Change	% Chg.	YTD %
France 10-Yr. Govt.	0.09	-1 bps	NM	NM
Ireland 10-Yr. Govt.	0.29	-2 bps	NM	NM
Portugal 10-Yr. Govt.	0.61	1 bps	NM	NM
Netherlands 10-Yr. Govt.	-0.08	-1 bps	NM	NM
U.K. 10-Yr. Govt.	0.85	-3 bps	NM	NM

Source: Bloomberg  
 Basis points (bps)

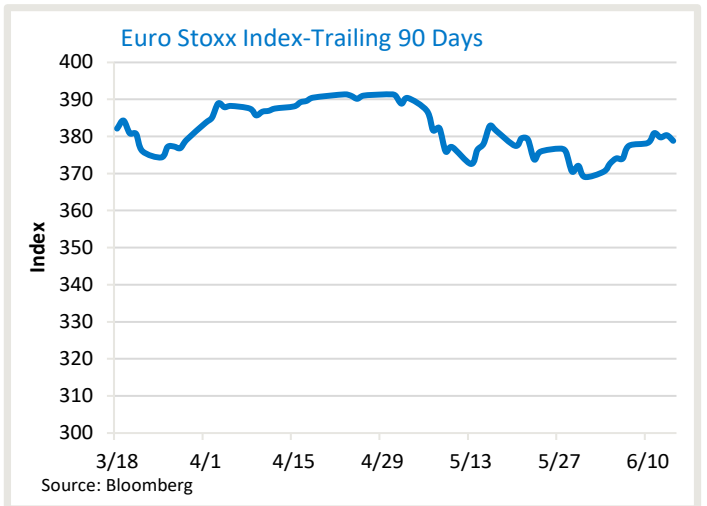
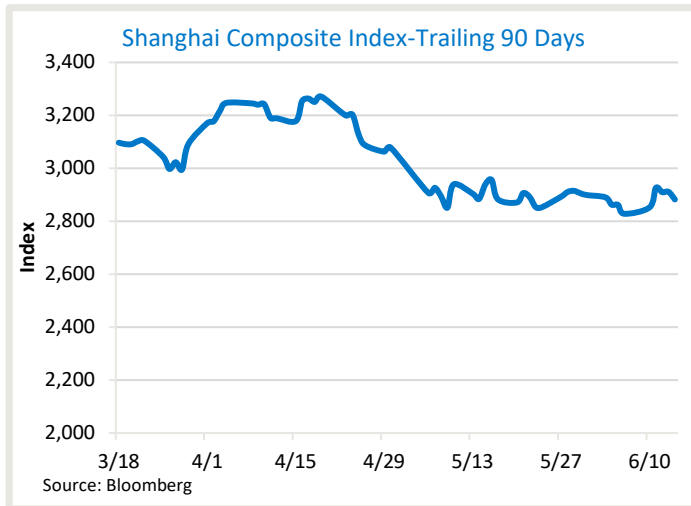
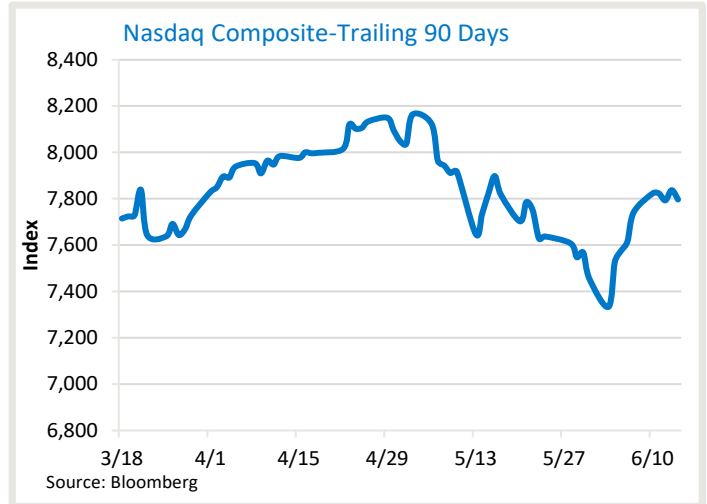
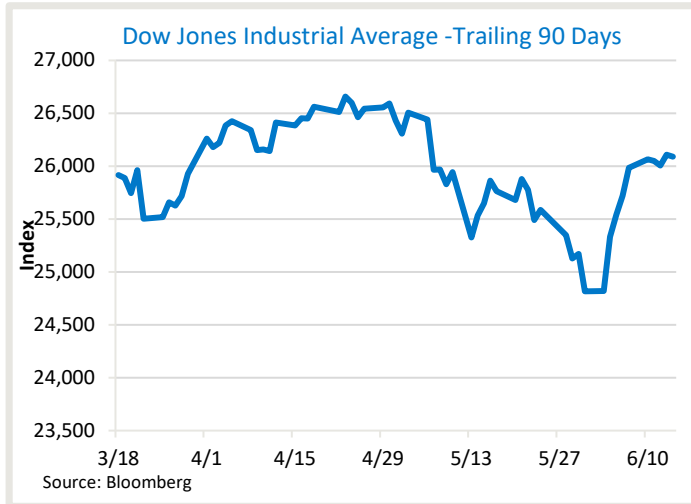


Equities

WORLD MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
S&P 500	2,886.98	13.64	0.47%	15.16%	Swiss Market Index	9,847.61	98.48	1.01%	16.83%
Dow Industrials	26,089.61	105.67	0.41%	11.84%	CAC 40 Index (France)	5,367.62	3.57	0.07%	13.46%
Nasdaq Composite	7,796.66	54.56	0.70%	17.50%	DAX Index (Germany)	12,096.40	51.02	0.42%	14.56%
MSCI ACWI	512.75	3.00	0.59%	12.5%	Irish Overall Index	6,154.53	-23.86	-0.39%	12.31%
MSCI EM	1,022.08	14.70	1.46%	5.8%	Nikkei 225	21,116.89	232.18	1.11%	5.51%
S&P/TSX (Canada)	16,301.91	70.95	0.44%	13.82%	Hang Seng Index	27,118.35	153.07	0.57%	4.92%
Mexico IPC	43,130.65	-160.68	-0.37%	3.58%	Shanghai Composite	2,881.97	54.18	1.92%	15.56%
Brazil Bovespa	98,040.06	218.80	0.22%	11.55%	Kospi Index (S. Korea)	2,095.41	23.08	1.11%	2.66%
Euro Stoxx 600	378.81	1.33	0.35%	12.19%	Taiwan Taiex Index	10,524.67	115.47	1.11%	8.20%
FTSE 100	7,345.78	13.84	0.19%	9.18%	Tel Aviv 25 Index	1,557.95	16.67	1.08%	6.43%
IBEX 35 (Spain)	9,194.20	-41.90	-0.45%	7.66%	MOEX Index (Russia)	2,739.28	9.67	0.35%	15.61%

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



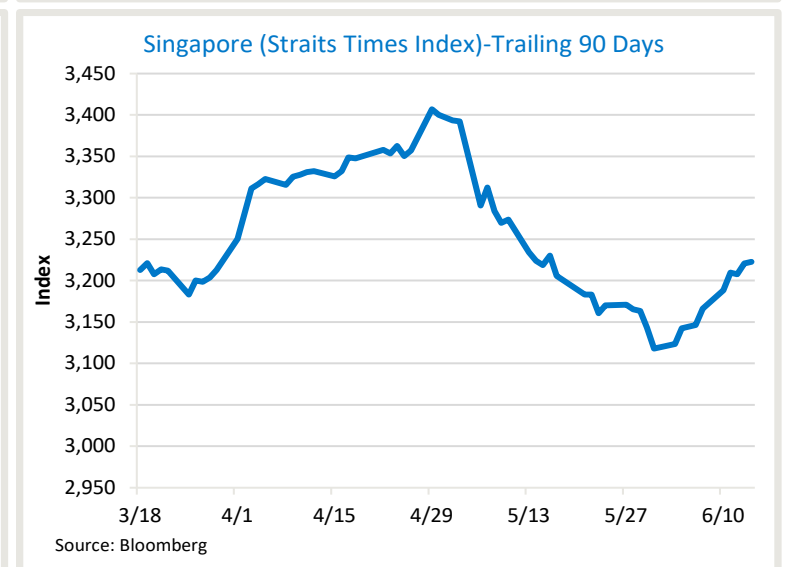
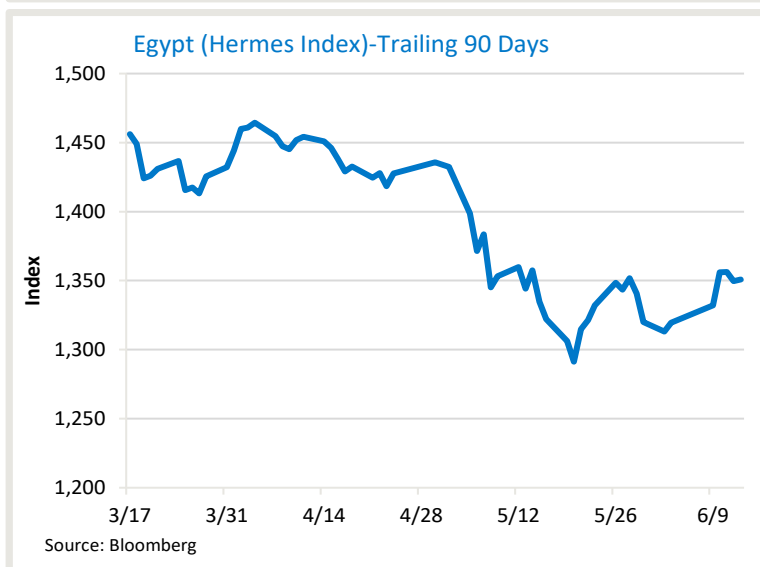
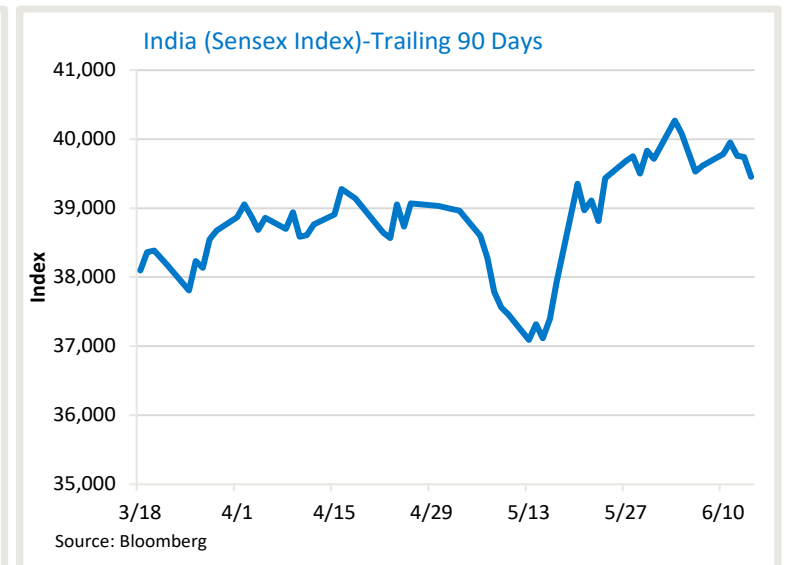
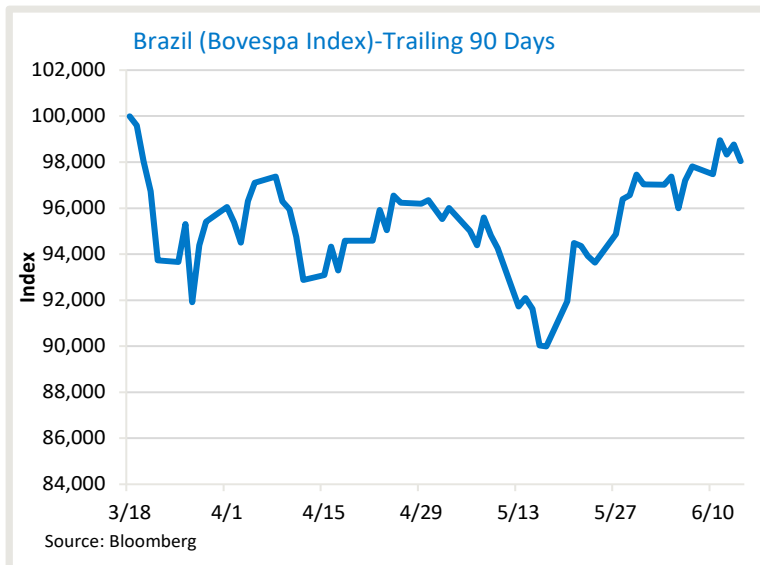
## Equities – Emerging and Frontier Markets

### EMERGING AND FRONTIER MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
Mexico IPC	43,130.65	-160.68	-0.4%	3.6%
Brazil (Bovespa Index)	98,040.06	218.80	0.2%	11.6%
MOEX Index (Russia)	2,739.28	9.67	0.4%	15.6%
Czech Republic (Prague)	1,051.46	1.81	0.2%	6.6%
Turkey (Istanbul)	90,787.01	-3022.09	-3.2%	-0.5%
Egypt (Hermes Index)	1,350.79	31.33	2.4%	5.7%
Kenya (Nairobi 20 Index)	2,706.78	6.32	0.2%	-4.5%
Saudi Arabia (TASI Index)	8,941.54	425.06	5.0%	14.2%
Lebanon (Beirut BLOM Index)	847.25	-5.18	-0.6%	-13.3%
Palestine	525.93	-0.94	-0.2%	-0.6%

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

	Last	Change	% Chg.	YTD %
Hang Seng Index	27,118.35	153.07	0.6%	4.9%
India (Sensex 30)	39,452.07	-163.83	-0.4%	9.4%
Malaysia (KLCI Index)	1,638.63	-10.70	-0.6%	-3.1%
Singapore (Straits Times Index)	3,222.63	56.34	1.8%	5.0%
Thailand (SET Index)	1,672.33	18.83	1.1%	6.9%
Indonesia (Jakarta)	6,250.27	41.15	0.7%	0.9%
Pakistan (Karachi KSE 100)	35,572.95	67.66	0.2%	-4.0%
Vietnam (Ho Chi Minh)	953.61	-4.67	-0.5%	6.8%
Sri Lanka (Colombo)	5,383.72	85.54	1.6%	-11.0%
Cambodia (Laos)	815.69	-2.62	-0.3%	-2.5%

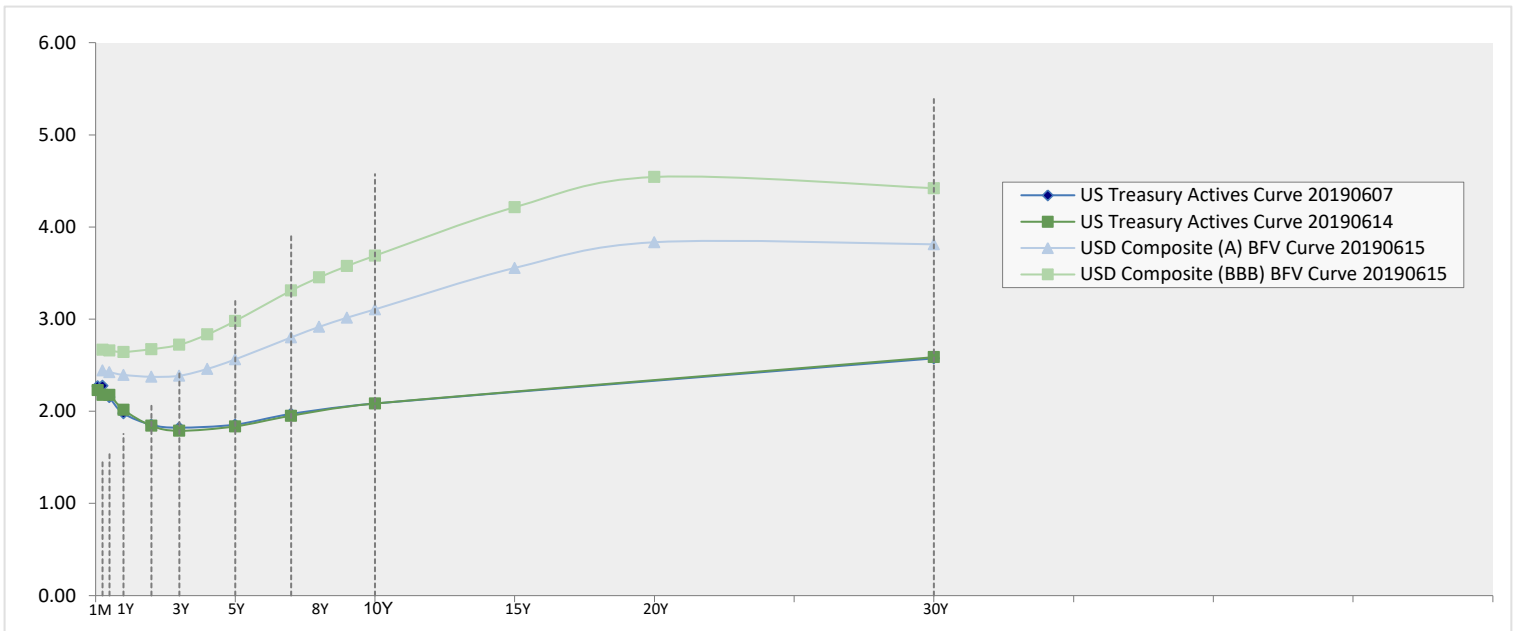


## Interest Rates

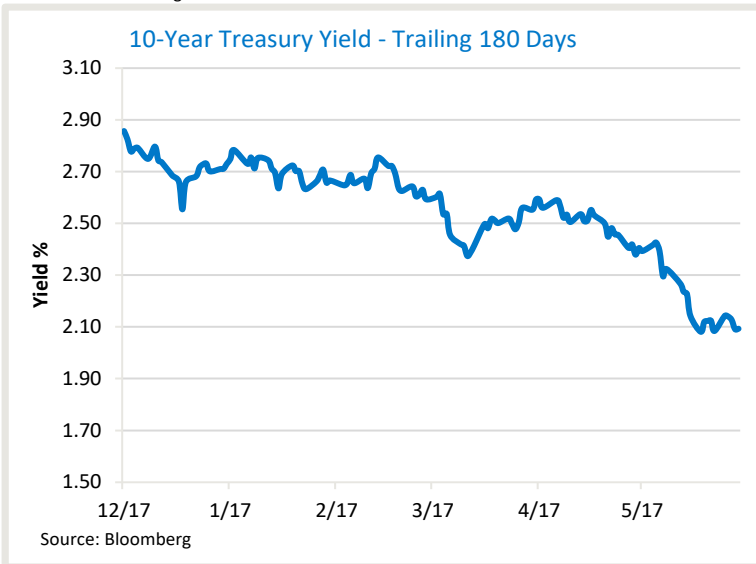
SELECTED INTEREST RATES

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
2-Yr. U.S. Treasury	1.84%	0 bps	NM	NM	Prime Rate	5.50%	0.00	NM	NM
5-Yr. U.S. Treasury	1.85%	-1 bps	NM	NM	Fed Funds Rate	2.50%	0.00	NM	NM
10-Yr. U.S. Treasury	2.09%	1 bps	NM	NM	Discount Rate	3.00%	0.00	NM	NM
30-Yr. U.S. Treasury	2.59%	2 bps	NM	NM	LIBOR (3 Mo.)	2.41%	-4 bps	NM	NM
German 10-Yr. Govt.	-0.26%	0 bps	NM	NM	Bond Buyer 40 Muni	3.08%	6 bps	NM	NM
France 10-Yr.	0.09%	-1 bps	NM	NM	Bond Buyer 40 G.O.	3.52%	NA	NM	NM
Italy 10-Yr.	2.34%	1 bps	NM	NM	Bond Buyer 40 Rev.	4.01%	NA	NM	NM
Fed 5-Yr Fwd BE Inf.	1.82%	-4 bps	NM	NM					

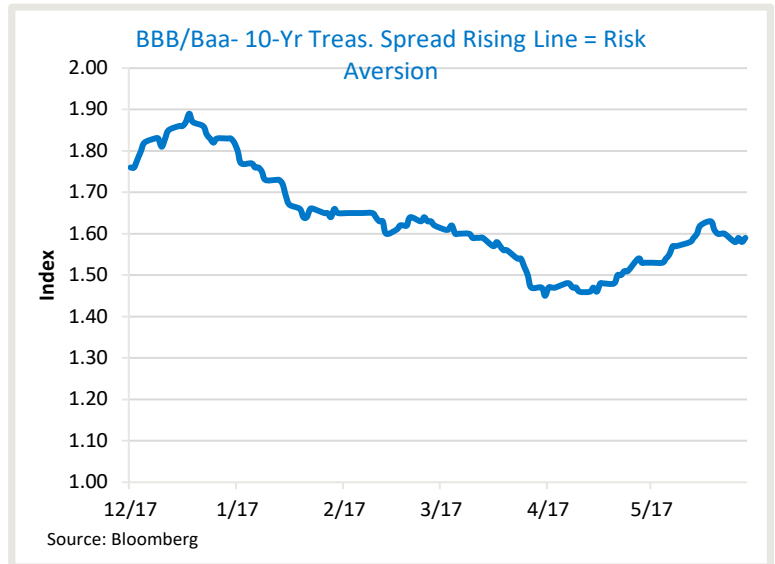
Source: Bloomberg



Source: Bloomberg



Source: Bloomberg



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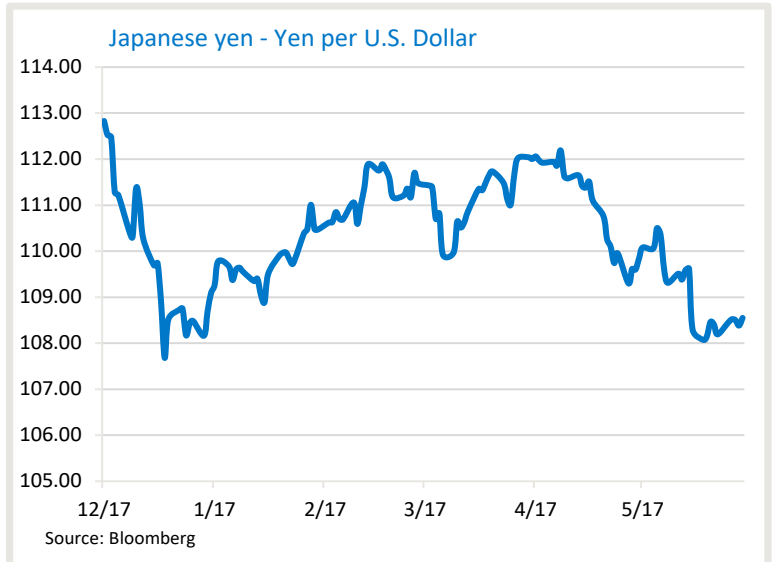
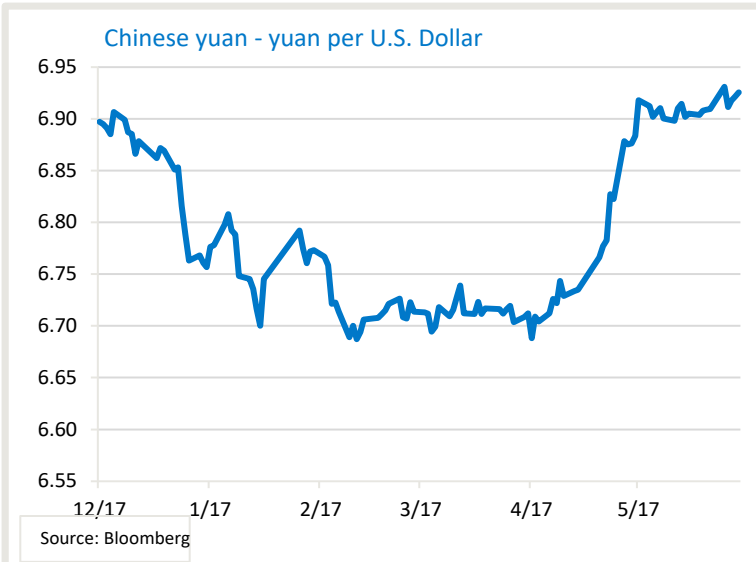
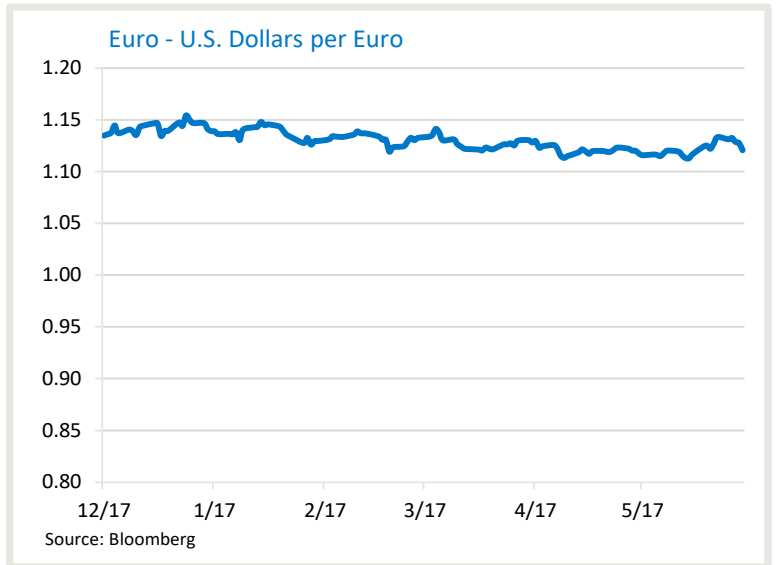
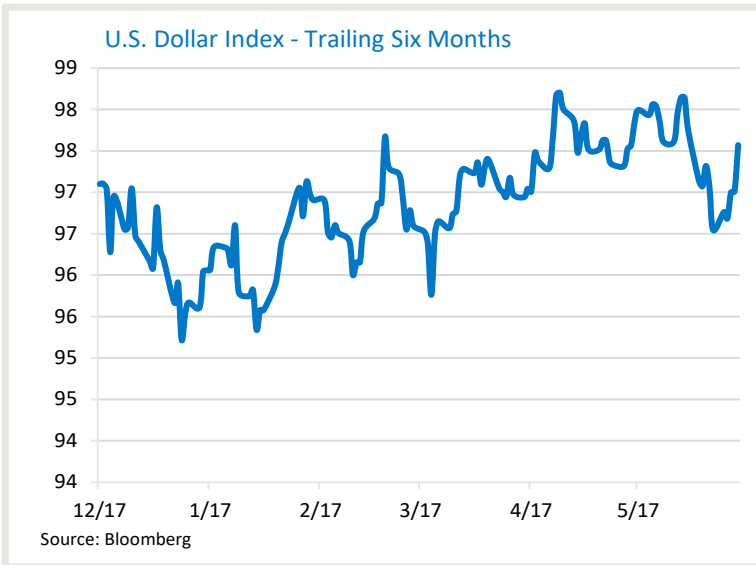
## Currencies

### SELECTED CURRENCY PERFORMANCE

	Last	Change	% Chg.	YTD %
<b>Dollar Index</b>	<b>97.56</b>	<b>1.028</b>	<b>1.06%</b>	<b>1.45%</b>
<b>Euro</b>	<b>1.12</b>	<b>-0.013</b>	<b>-1.12%</b>	<b>-2.27%</b>
<b>Japanese Yen</b>	<b>108.53</b>	<b>0.360</b>	<b>-0.33%</b>	<b>1.05%</b>
<b>British Pound</b>	<b>1.26</b>	<b>-0.015</b>	<b>-1.19%</b>	<b>-1.32%</b>
<b>Canadian Dollar</b>	<b>1.34</b>	<b>0.014</b>	<b>-1.07%</b>	<b>1.69%</b>

Source: Bloomberg

	Last	Change	% Chg.	YTD %
<b>Chinese Yuan</b>	<b>6.93</b>	<b>0.016</b>	<b>-0.23%</b>	<b>-0.68%</b>
<b>Swiss Franc</b>	<b>1.00</b>	<b>0.011</b>	<b>-1.12%</b>	<b>-1.68%</b>
<b>New Zealand Dollar</b>	<b>0.65</b>	<b>-0.018</b>	<b>-2.64%</b>	<b>-3.42%</b>
<b>Brazilian Real</b>	<b>3.90</b>	<b>0.022</b>	<b>-0.57%</b>	<b>-0.70%</b>
<b>Mexican Peso</b>	<b>19.15</b>	<b>-0.469</b>	<b>2.45%</b>	<b>2.60%</b>

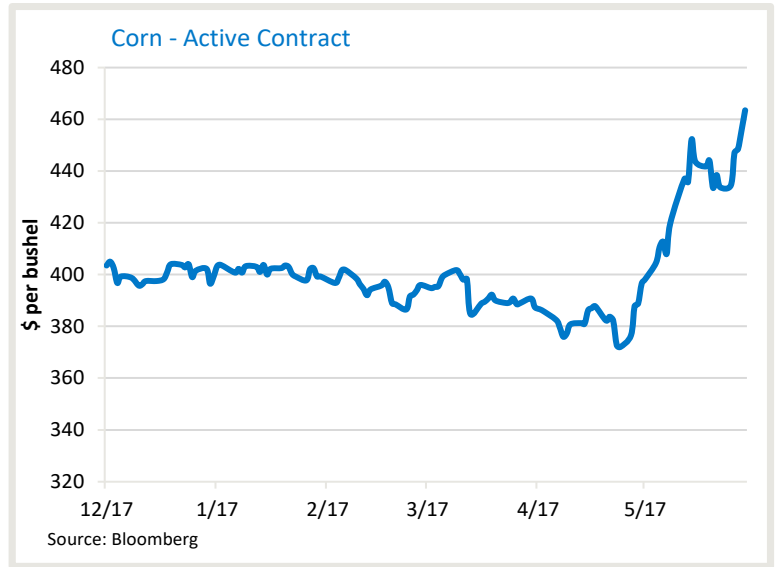
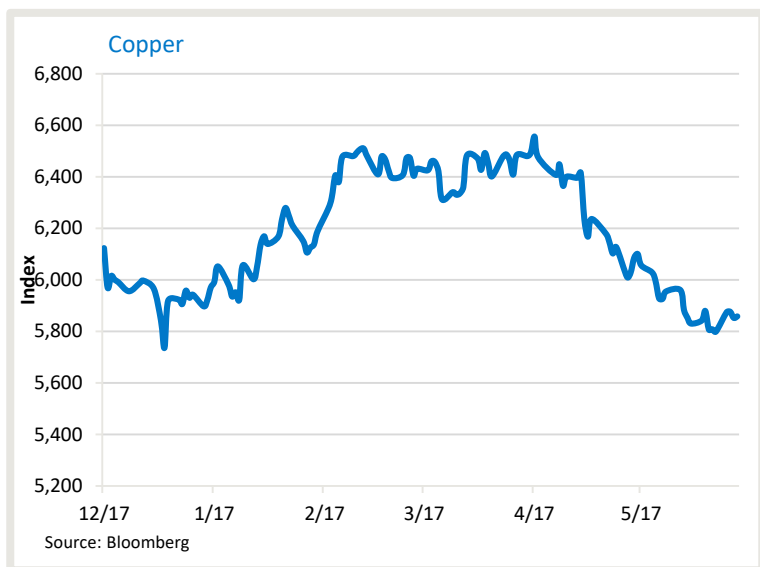
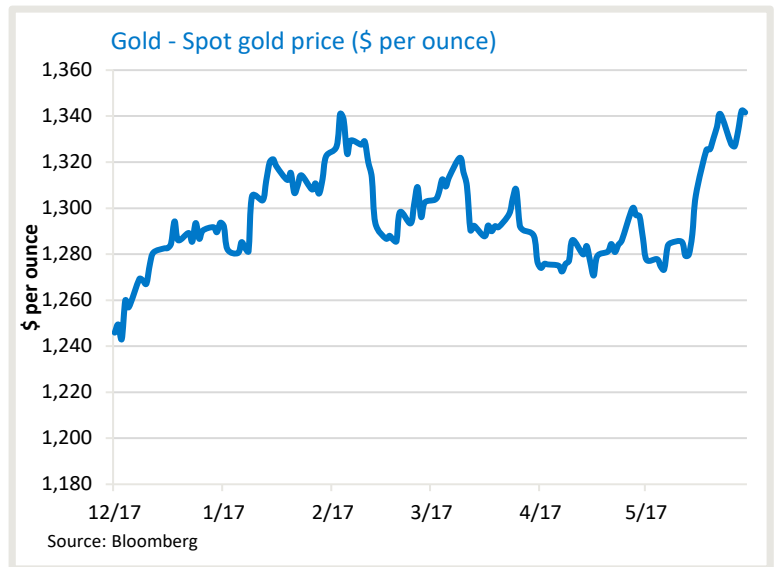
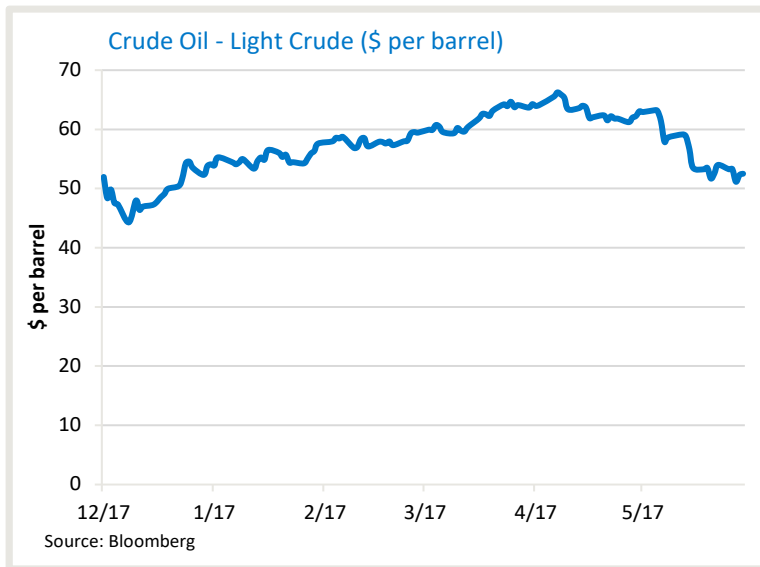


## Commodities

### SELECTED COMMODITY MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
Bloomberg Comm. Idx.	77.83	0.68	0.88%	1.45%	Platinum Spot	\$804.89	-\$2.19	-0.27%	1.16%
Crude Oil	\$52.52	-\$1.49	-2.76%	10.99%	Corn	463.50	29.75	6.86%	16.60%
Natural Gas	\$2.39	\$0.06	2.48%	-13.22%	Wheat	542.00	32.50	6.38%	2.60%
Gasoline (\$/Gal.)	\$2.71	-\$0.05	-1.85%	19.94%	Soybeans	923.50	40.50	4.59%	-1.26%
Heating Oil	183.10	0.58	0.32%	9.24%	Sugar	12.92	0.14	1.10%	3.11%
Gold Spot	\$1,341.38	\$0.74	0.06%	4.61%	Orange Juice	104.50	-1.60	-1.51%	-18.58%
Silver Spot	\$14.87	-\$0.15	-0.98%	-4.01%	Aluminum	1,787.00	23.00	1.30%	-3.20%
					Copper	5,858.00	59.00	1.02%	-1.79%

Source: Bloomberg; % change is based on price.

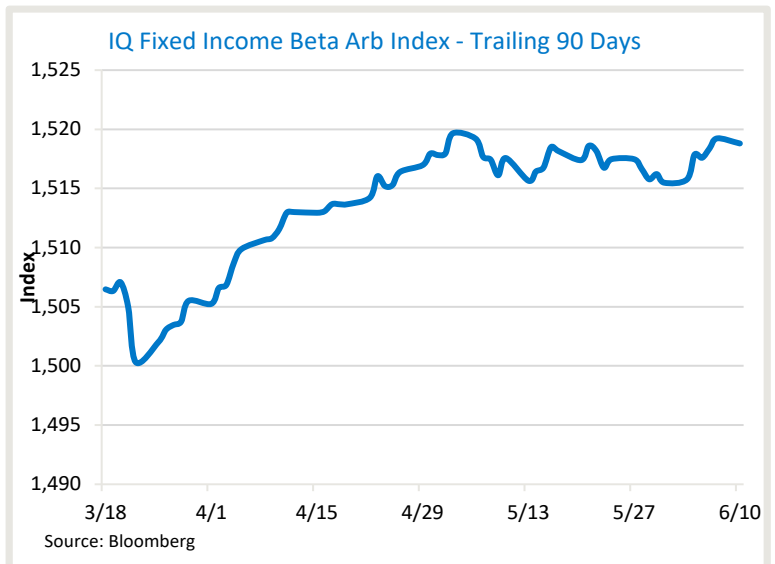
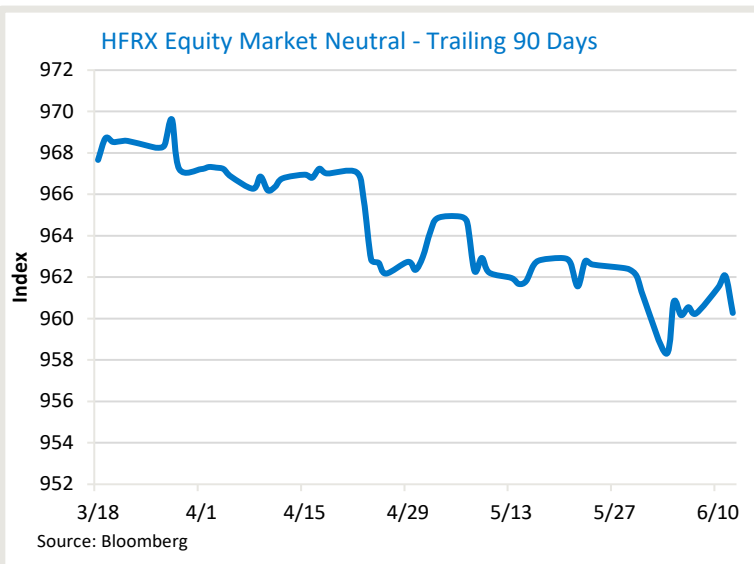
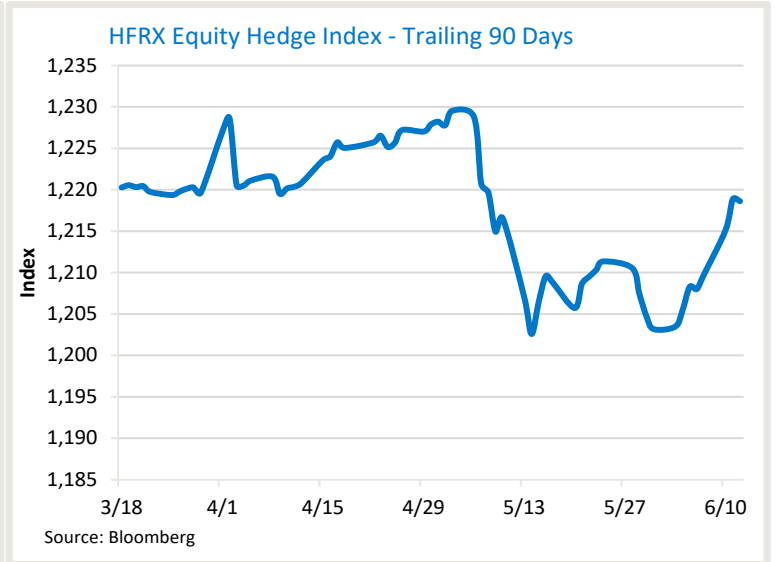
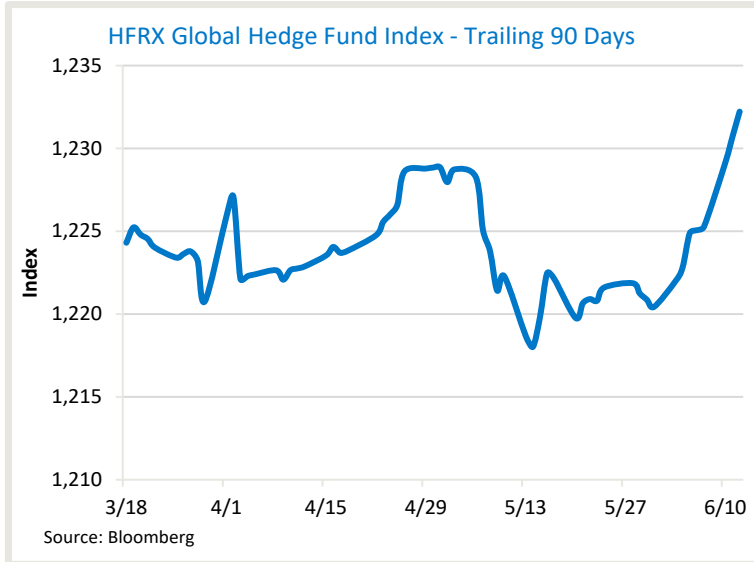


## Alternative Investments

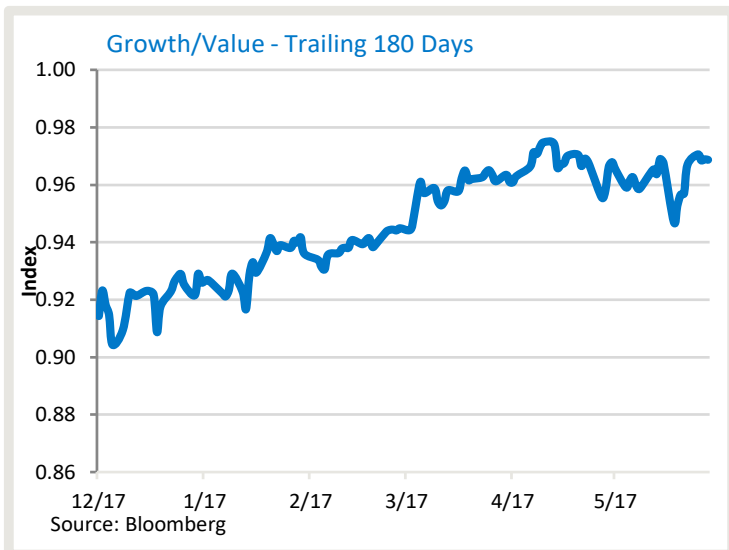
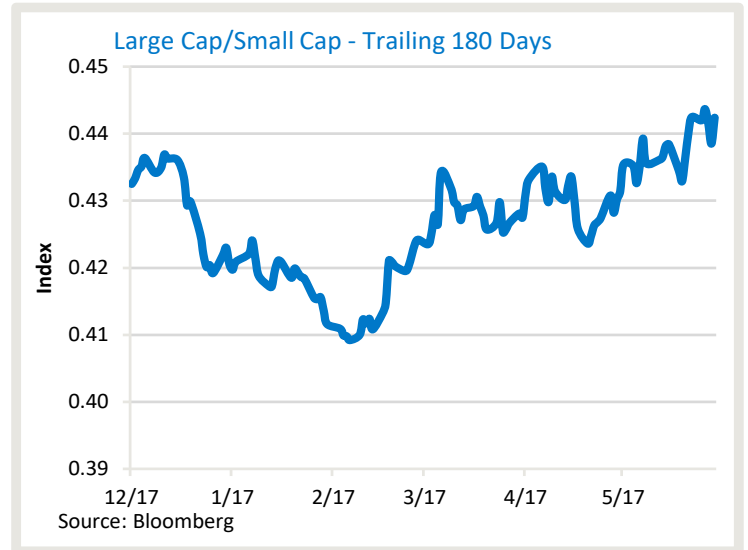
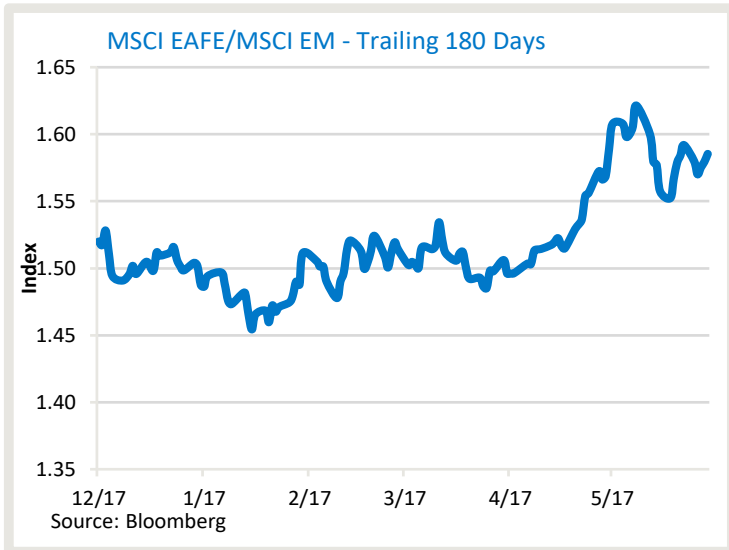
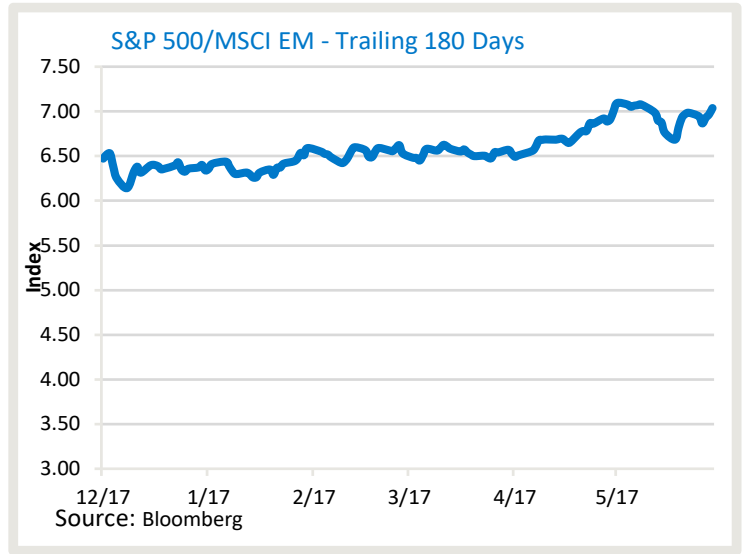
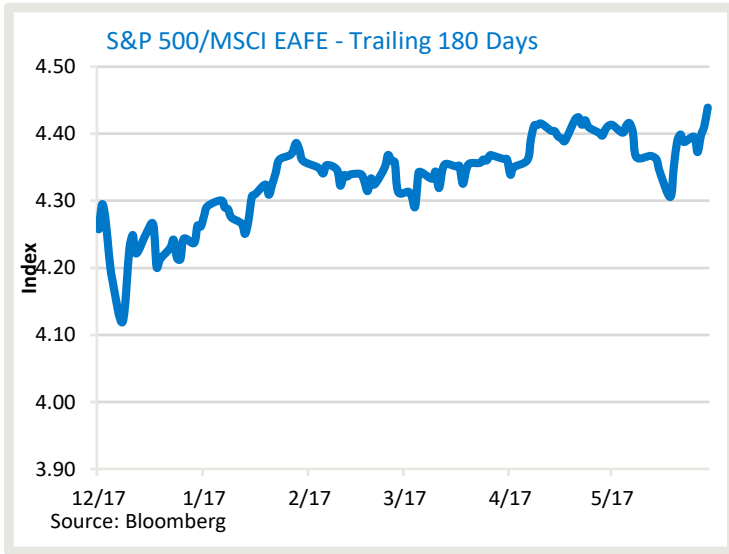
### SELECTED ALTERNATIVE INVESTMENT INDEX PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
HFRX Global Hedge Fund Index	1232.22	6.95	0.57%	3.56%	HFRX Special Situation Index	1210.71	11.81	0.99%	0.64%
HFRX Equity Market Neutral	960.27	0.03	0.00%	-1.27%	HFRX Merger Arbitrage Index	1774.24	-3.02	-0.17%	-2.39%
HFRX Equity Hedge Index	1218.62	8.83	0.73%	5.87%	HFRX Convertible Arbitrage Index	802.71	4.60	0.58%	1.91%
HFRX Event-Driven Index	1500.01	11.72	0.79%	1.95%	HFRX Macro CTA Index	1138.38	6.08	0.54%	1.09%
HFRX Absolute Return Index	1069.79	0.58	0.05%	1.11%	IQ Fixed Income Beta Arb Index	1520.32	1.09	0.07%	3.95%

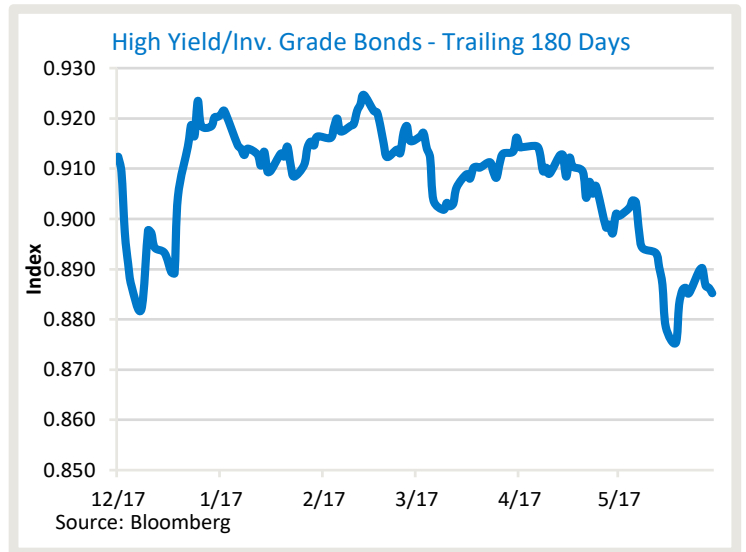
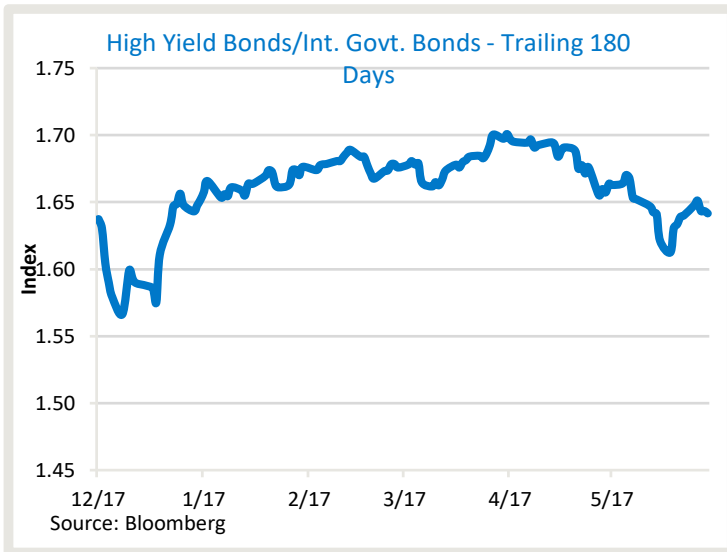
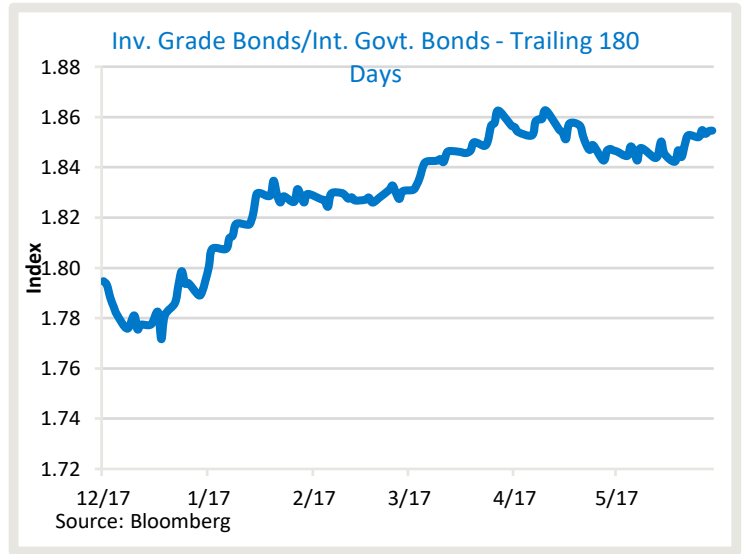
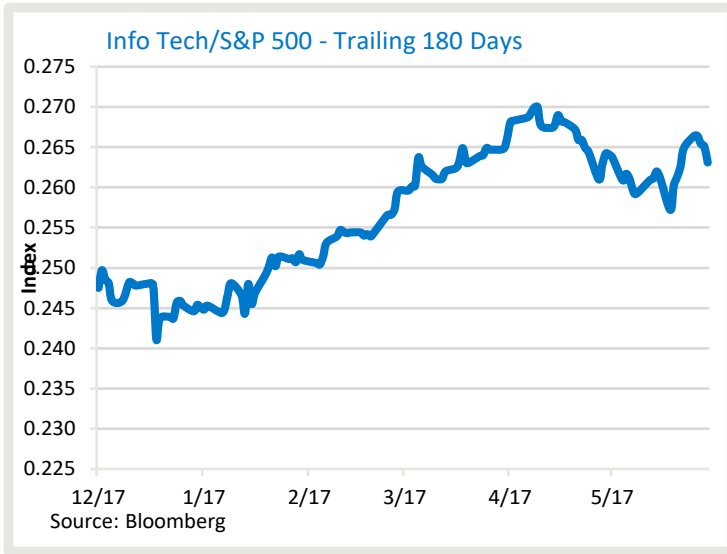
Source: Bloomberg; Index % change is based on price.



## Portfolio Construction



## Portfolio Construction (continued)



WEEKLY ASSET CLASS PERFORMANCE (Prior 12 weeks ending Thursday)

			3/28	4/4	4/11	4/18	4/25	5/2	5/9	5/16	5/23	5/30	6/6	6/13
Equity	Domestic Equity	Large Cap (R200)	-1.51%	2.22%	0.22%	0.75%	0.85%	-0.38%	-1.65%	0.28%	-1.92%	-1.18%	1.68%	1.82%
		Small Cap (R2000)	-1.75%	2.11%	0.74%	-0.85%	0.63%	0.45%	-0.80%	-0.82%	-3.59%	-1.06%	1.21%	2.15%
	Int'l. Equity	MSCI EAFE	-1.80%	2.36%	-0.02%	0.57%	-0.50%	0.04%	-2.70%	0.46%	-1.55%	-0.74%	1.54%	1.36%
		MSCI Em. Mkts.	-2.29%	3.40%	0.63%	0.46%	-1.45%	0.21%	-4.69%	-1.58%	-2.60%	1.03%	0.79%	1.93%
Fixed Income	BarCap Agg. (AGG)	0.93%	0.71%	0.16%	-0.27%	0.28%	-0.30%	0.45%	0.32%	0.34%	0.48%	0.30%	0.34%	
	High Yield (JNK)	0.11%	0.14%	0.70%	-0.08%	0.08%	-0.47%	-0.46%	-0.07%	-0.21%	-0.26%	0.32%	0.58%	
Commodities	Bloomberg Commodity Index	-1.53%	1.41%	0.00%	-0.64%	-0.60%	-1.87%	-1.43%	2.22%	-2.91%	1.45%	-2.52%	0.65%	
Alternatives	Hedge Funds (HFRX Global)	-0.11%	0.08%	0.04%	0.09%	0.23%	0.11%	-0.53%	0.09%	-0.14%	0.00%	0.34%	0.58%	
Asset Allocation	60/40*	-0.68%	1.16%	0.26%	0.15%	0.27%	-0.18%	-1.08%	0.10%	-1.19%	-0.36%	1.02%	1.21%	
	48/32/20 (w/Alts.)**	-0.57%	0.92%	0.21%	0.14%	0.26%	-0.12%	-0.97%	0.09%	-0.98%	-0.29%	0.88%	1.09%	

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

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

RELATIVE STRENGTH MATRIX (BASED ON 30-DAY RSI)

	Large Cap Core	Large Cap Growth	Large Cap Value	Mid Cap Core	Mid Cap Growth	Mid Cap Value	Small Cap Core	Small Cap Growth	Small Cap Value	Int'l. Developed	Emerging Markets	REITs	Comm.	Int. Bond	High Yield
Large Cap Core	1.00	1.00	1.01	0.99	0.96	1.03	1.09	1.06	1.14	1.05	1.15	0.91	1.28	0.79	1.01
Large Cap Growth	1.00	1.00	1.01	0.99	0.96	1.03	1.09	1.05	1.14	1.05	1.15	0.90	1.28	0.79	1.01
Large Cap Value	0.99	0.99	1.00	0.98	0.95	1.02	1.08	1.04	1.13	1.04	1.14	0.90	1.27	0.79	1.00
Mid Cap Core	1.01	1.01	1.02	1.00	0.97	1.04	1.10	1.06	1.15	1.06	1.16	0.91	1.29	0.80	1.02
Mid Cap Growth	1.04	1.04	1.05	1.03	1.00	1.07	1.13	1.10	1.18	1.09	1.19	0.94	1.33	0.83	1.05
Mid Cap Value	0.97	0.97	0.98	0.96	0.93	1.00	1.06	1.02	1.10	1.02	1.11	0.88	1.24	0.77	0.98
Small Cap Core	0.92	0.92	0.93	0.91	0.88	0.95	1.00	0.97	1.04	0.96	1.05	0.83	1.18	0.73	0.93
Small Cap Growth	0.95	0.95	0.96	0.94	0.91	0.98	1.03	1.00	1.08	1.00	1.09	0.86	1.22	0.75	0.96
Small Cap Value	0.88	0.88	0.89	0.87	0.84	0.91	0.96	0.93	1.00	0.92	1.01	0.79	1.13	0.70	0.89
Int'l. Developed	0.95	0.95	0.96	0.94	0.92	0.98	1.04	1.00	1.08	1.00	1.09	0.86	1.22	0.76	0.96
Emerging Markets	0.87	0.87	0.88	0.87	0.84	0.90	0.95	0.92	0.99	0.92	1.00	0.79	1.12	0.69	0.88
REITs	1.10	1.11	1.12	1.10	1.06	1.14	1.20	1.17	1.26	1.16	1.27	1.00	1.42	0.88	1.12
Commodities	0.78	0.78	0.79	0.77	0.75	0.80	0.85	0.82	0.89	0.82	0.89	0.71	1.00	0.62	0.79
Int. Bond	1.26	1.26	1.27	1.25	1.21	1.30	1.37	1.33	1.43	1.32	1.44	1.14	1.61	1.00	1.27
High Yield	0.99	0.99	1.00	0.98	0.95	1.02	1.08	1.04	1.13	1.04	1.13	0.89	1.27	0.79	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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