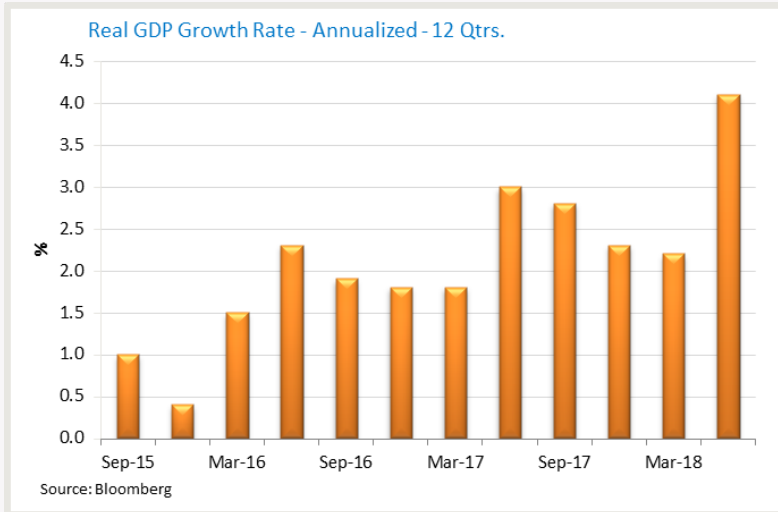




Chart of the Week



Weekly Highlights

- **US GDP hits 4.1%, best in nearly four years.** The initial estimate for growth in the second quarter came in at 4.1%, driven by higher consumer and government spending. The final estimate for first quarter GDP was revised higher from 2.0 to 2.2%. The trade gap narrowed in the second quarter, but primarily due to foreign buyers increasing purchases before the Administration's new tariffs take effect later this year.
- **Inflation moderated in the second quarter.** The PCE Index, the Fed's preferred inflation measure, rose at a 1.8% annual pace during the second quarter, down from 2.5% in the first quarter. The core rate rose 2.0% vs. 2.2% in the previous quarter. With inflation remaining around the 2% level despite the jump in growth, the Fed is expected to stay on its current pace of quarter-point rate hikes every three months.
- **Home sales struggle to find upward path.** Existing home sales fell for the third straight month in June, but primarily due to lack of supply. The average home sold in June was on the market for just 26 days, and the median price was up 5.2% from a year ago. New home sales fell 5.3% in June, from a downwardly revised May estimate, but were still 2.4% higher than a year ago. The median price of new homes sold in the month was actually 4.2% lower than a year ago.

Talking Points

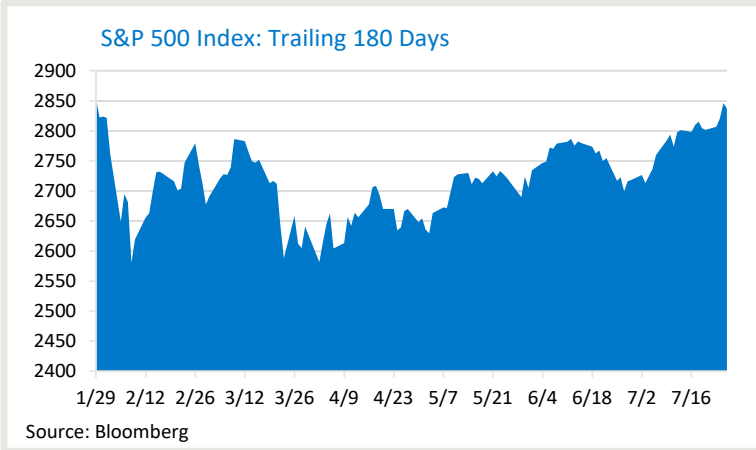
- **Among equities,** the emerging markets were the big winner in the week, led by Russia, India, and China. Japanese equities were up almost 2% on the week. Europe was mixed, with Germany also up nearly 2%, but Italy, Spain, and the UK were up less than 1%. US large cap equities were up about 1%, whereas small caps were essentially flat on the week.
- **Treasury yields jump.** Treasury yields moved higher by 9-10 basis points across the curve this week, with the yield on the 10-Year Note flirting with the 3.0% level. Most of the increase came early in the week, as Japanese JGB's also sold off on reports of a change being discussed in the Bank of Japan's quantitative easing program.
- **The US Dollar Index** ended a relatively volatile week largely unchanged. A modest rally on Monday and Tuesday was reversed on Wednesday on news of a "truce" with the EU on trade. It rallied again on Thursday, mostly against the euro, as the ECB left rates unchanged.
- **Crude Oil** was up slightly on the week and is now up just slightly more than 15% for the year. Tensions with Iran and a labor strike on several North Sea platforms pushed prices higher, even as a strike in Norway was settled last Friday.
- **Among other economic data** released this week: Durable goods orders were up 1.0% in June, but well below the expected increase of 3.7%. The US goods trade deficit widened by 5.5% in June, as exports fell by 1.5% and imports rose by 0.6%. US consumer sentiment remains high, despite falling to a six-month low in June.

Market Dashboard

	Last Price	Change	% Chg.	YTD %
S&P 500	2,818.82	16.99	0.61%	5.4%
Dow Industrials	25,451.06	392.94	1.57%	3.0%
Nasdaq	7,737.42	-82.78	-1.06%	12.1%
Russell 2000	1,663.34	-33.47	-1.97%	8.3%
Euro Stoxx Index	392.08	6.46	1.68%	0.7%
Shanghai Composite	2,873.59	44.32	1.57%	-13.1%
Russell Global	2,182.68	22.84	1.06%	1.8%

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

	Last Price	Change	% Chg.	YTD %
Russell Global EM	3,418.58	58.32	1.74%	-6.2%
10-Year US Treas.	2.96	6 bps	NM	NM
Bloomberg Cmdts. Idx.	84.84	1.16	1.38%	-3.8%
Gold	\$1,223.41	-\$6.29	-0.51%	-6.1%
Crude Oil	\$69.07	\$0.71	1.04%	16.8%
Dollar Index	94.67	0.20	0.21%	2.8%
VIX Index	13.03	0.17	1.32%	18.0%



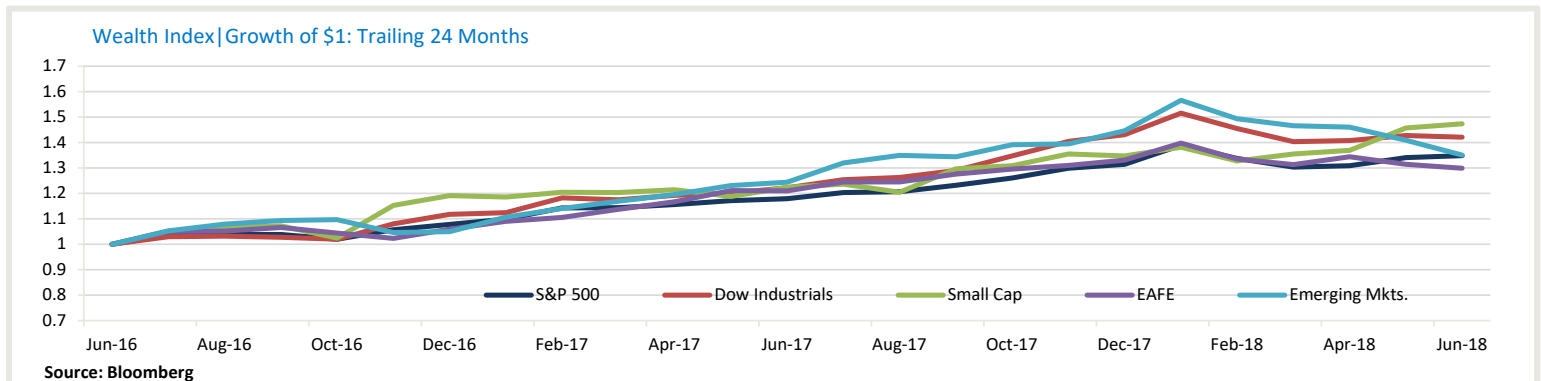
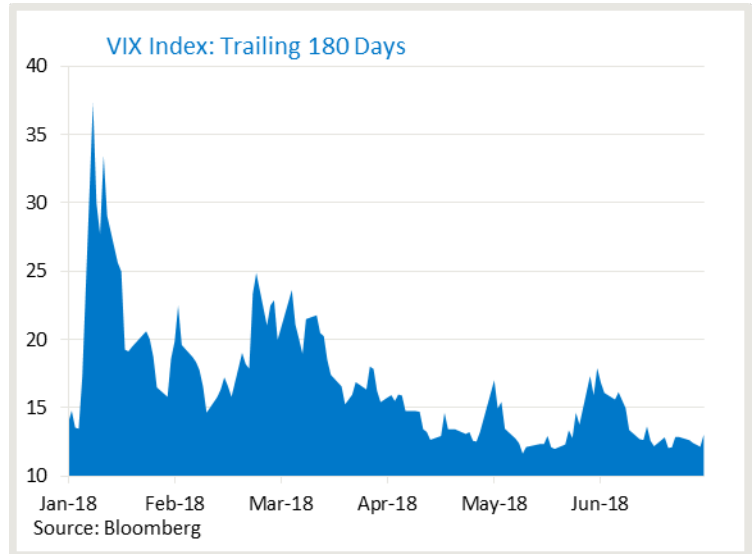
	One Week			YTD		
	Value	Growth		Value	Growth	
L	1.77%	0.63%	-0.34%	0.07%	6.01%	11.22%
	0.44%	-0.20%	-1.14%	0.78%	3.92%	7.90%
S	-1.32%	-1.97%	-2.60%	5.43%	8.32%	11.03%

Source: Bloomberg

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

	% Wgt in S&P 500	Week % Chg.	YTD % Chg.
Consumer Discretionary	12.7	-0.47%	13.1%
Consumer Staples	6.9	0.99%	-6.8%
Energy	6.2	2.32%	6.2%
Financials	14.1	2.04%	0.6%
Health Care	14.3	1.38%	6.4%
Industrials	9.8	2.07%	0.1%
Information Technology	25.9	-1.15%	14.1%
Materials	2.6	1.82%	-1.9%
Real Estate	2.7	-0.16%	-1.8%
Telecom Services	1.9	1.15%	11.0%
Utilities	2.9	0.69%	-0.2%

Source: Bloomberg



The Economy and Markets

A Macro View – Domestic Fixed Income: Where to Now?

Beginning in the second half of 2010, asset managers and economists began forecasting the Federal Reserve's (the Fed) first post-financial crisis rate hikes, and higher rates across the curve by the middle of 2011. It would be more than five years before the Fed's first actual rate hike at the end of 2015, but for most of that period, the belief that higher rates were just around the corner convinced most asset managers to position their portfolios with shorter average maturities to minimize potential losses the higher rates would inflict. In order to offset the lower yields created by shortening the average maturity of their portfolios (and the absolute lower yields associated with a 0% federal funds rate), most portfolio managers increased their exposure to the spread sectors, particularly lower-quality bonds offering more yield. This positioning worked, and worked well. In the five-year period ending December 31, 2007, less than 25% of intermediate-term taxable bond mutual funds outperformed the Bloomberg Barclays Aggregate Index.¹ In the seven-year period ended December 31, 2017, more than 60% of that peer group managed to beat the Index. But, as we contemplate the next five years, the opportunity set is decidedly narrower.

The primary driver of outperformance for many mutual funds in the 2011-2017 period was a high exposure to A- and BBB-rated corporate bonds. Entering 2011, the option-adjusted spread on A-rated corporate bonds was 151 basis points, and 211 basis points for BBB-rated issues.² By the end of 2017, these had fallen to 77 basis points and 128 basis points, respectively, creating significant capital gains for holders of these issues (along with near nonexistent defaults). Despite a modest widening since the end of the year, a significant contraction in these spreads is unlikely, as the 10-year precrisis average spread for the A-rated Index is 101 basis points. A similar story can be told for investment grade corporate bonds (for those managers whose mandate allowed a limited exposure to these bonds), as spreads fell from 532 basis points (just slightly above the precrisis average) to 363 basis points from the beginning of 2011 to the end of 2017,³ even as defaults remained well below 2% for the period. Agency MBS spreads fell to record lows in early 2011, as the Fed's quantitative easing bond-buying program took virtually all of the new supply out of the market, but have widened in the last 18 months as the Fed began tapering its purchases in late 2016.

In fact, in speaking with a large number of portfolio managers over the last six months, we found little optimism for returns through 2019 and even into 2020. Virtually all of the managers we have spoken to this year believe the A- and BBB-rated corporate market is fairly valued to richly valued (assuming they are being honest). They point out that company fundamentals, generally speaking, are solid enough to warrant the current narrow spreads. They also emphasize that should fundamentals begin to falter at some point in the future, liquidity and trading desks will be sorely tested. The high yield portfolio managers might be slightly more optimistic, if only due to the higher coupon income. Many of the portfolio managers we have spoken to over the last year have expressed positive opinions on various segments of the ABS market (securities backed by a wide variety of consumer loans, such as credit cards, auto loans, and student loans). However, these securities comprise a tiny fraction of the overall market, potentially able to provide some excess return at the margin, but not significant enough to drive portfolio performance.

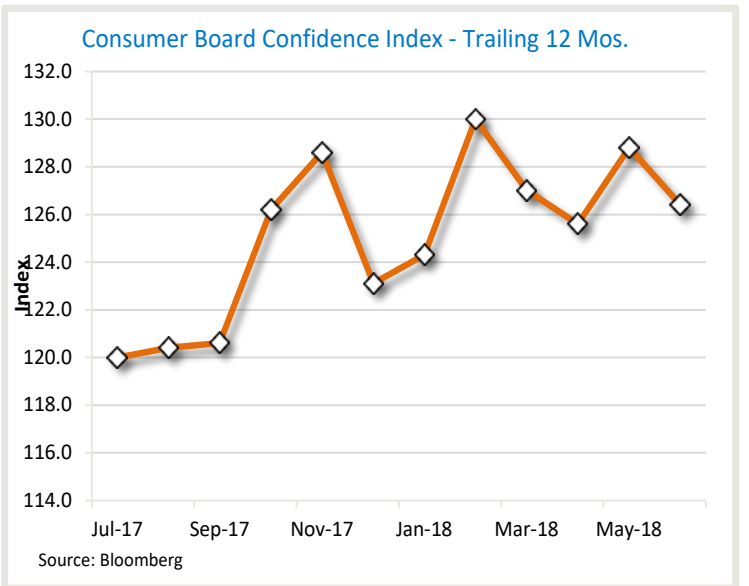
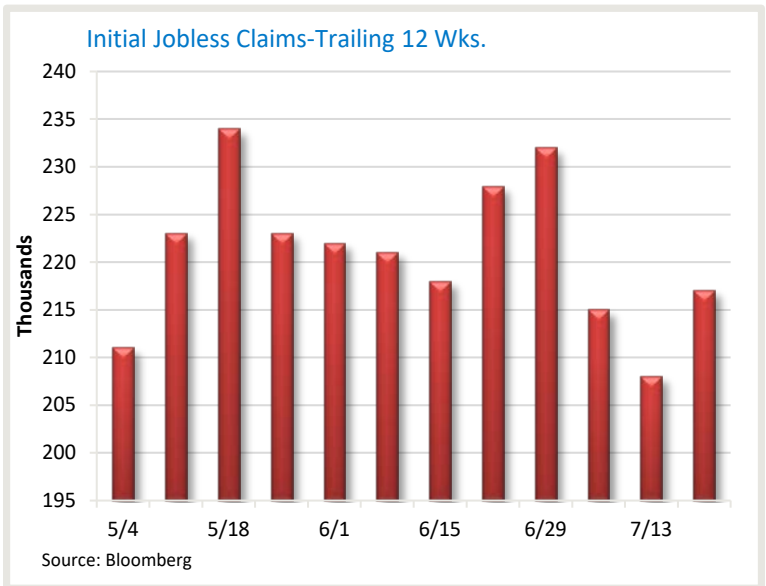
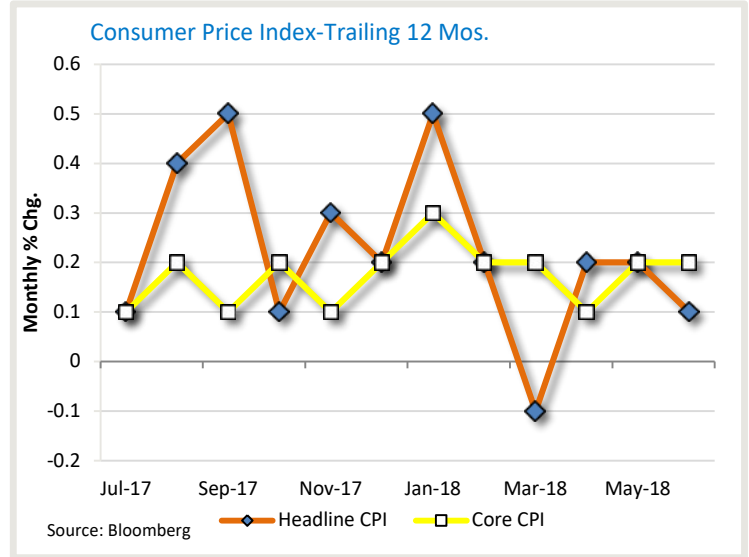
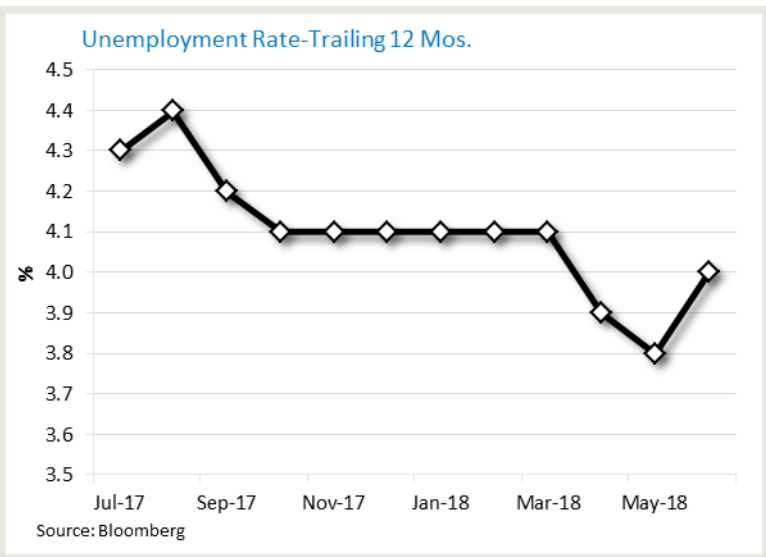
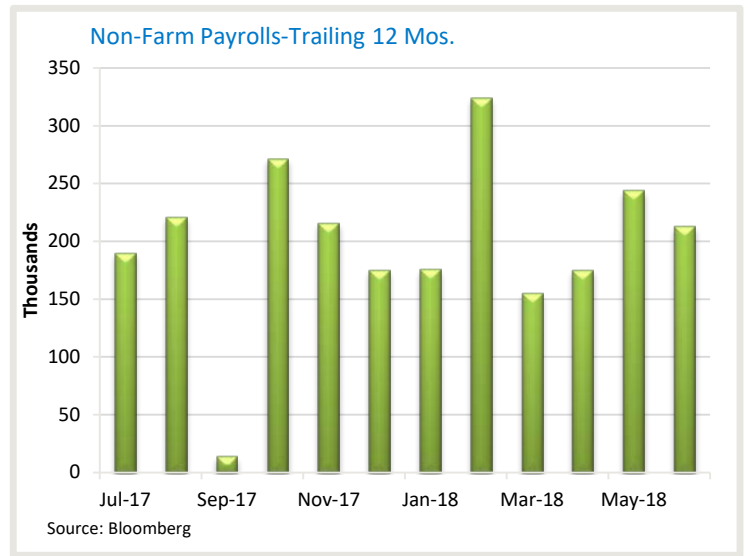
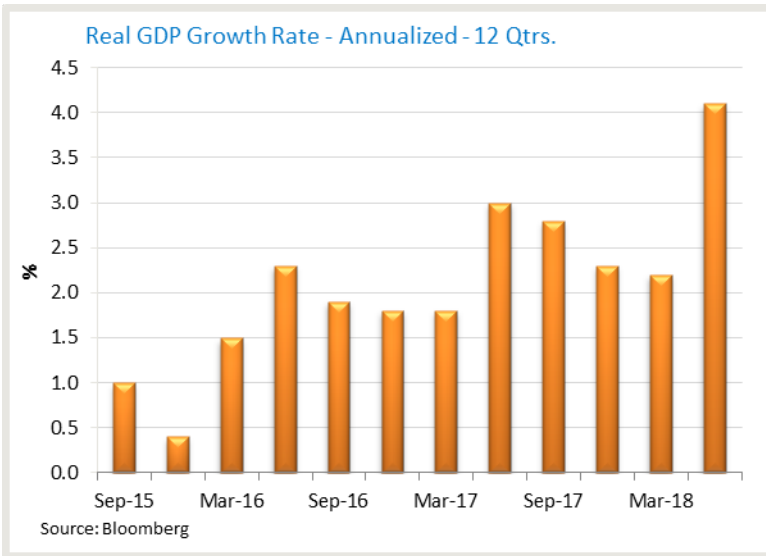
If the "easy" money from tightening credit spreads is mostly gone and now replaced with the risks of widening spreads and slowly rising interest rates, can domestic fixed income managers outperform their respective benchmarks over the next few years? The short answer is, yes, it is possible, through active management. Spreads may be tight in all of the various sectors, but they still are providing additional income over Treasuries, allowing skilled managers to increase the total return of their portfolios by remaining selectively overweight to the spread sectors. Pure beta exposure to the spread sectors won't be enough, and caution and timing will rule the day. Active yield-curve management also will allow for some excess returns, as the Fed's upward push on the front end of the curve fights the global demand for Treasuries in the intermediate maturities. Active portfolio managers also can take advantage of new issuance in the market, with higher coupons over the next few years, selling off their lower coupon holdings (likely at some capital loss), and increasing their total portfolio income more quickly than the rules-based benchmarks. All of these potential sources of excess return are easy to identify in theory, but are likely to be very difficult to execute in practice. The next five years may look very much like the 2003-2007 period, with 75% of active mutual funds failing to outperform the Aggregate Index. Or it may look more like the 2010-2015 period, with the brightest minds continually calling for weak performance for the asset class, which fails to materialize for five years.

¹ Per Morningstar Data

² ICE BofAML US Corporate A and BBB OAS – Federal Reserve of St. Louis

³ ICE BofAML High Yield Master II OAS – Federal Reserve of St. Louis

Economic Data



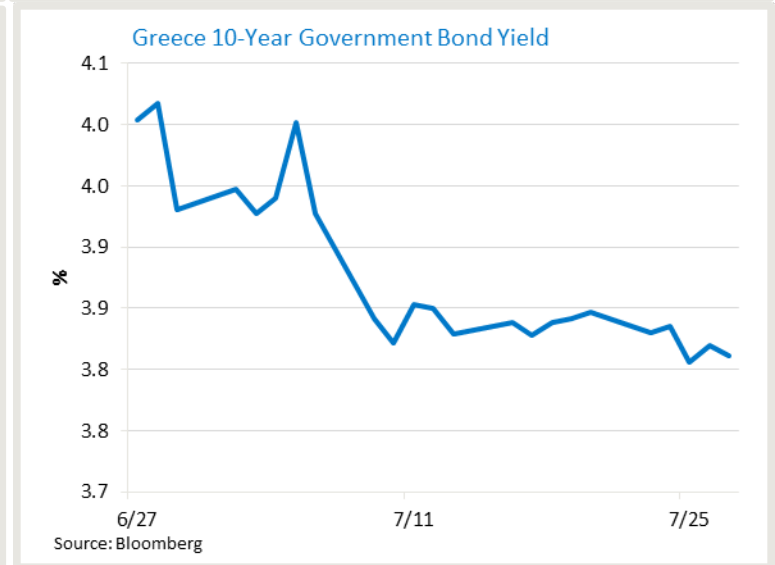
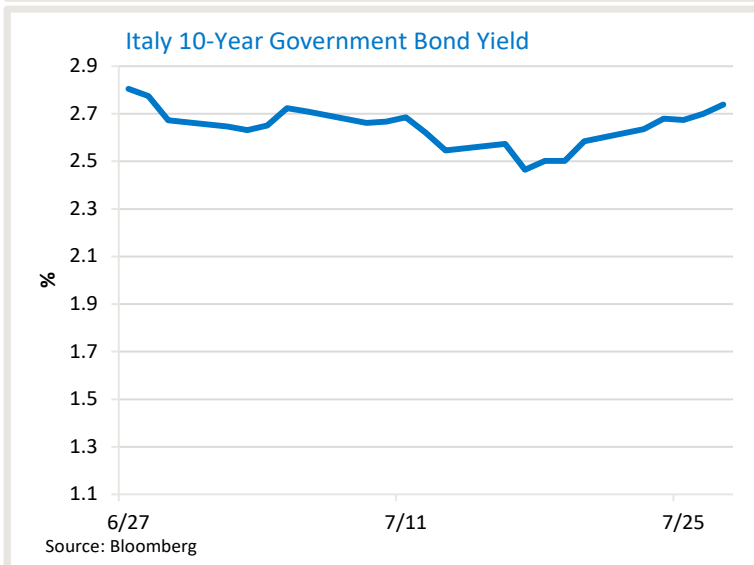
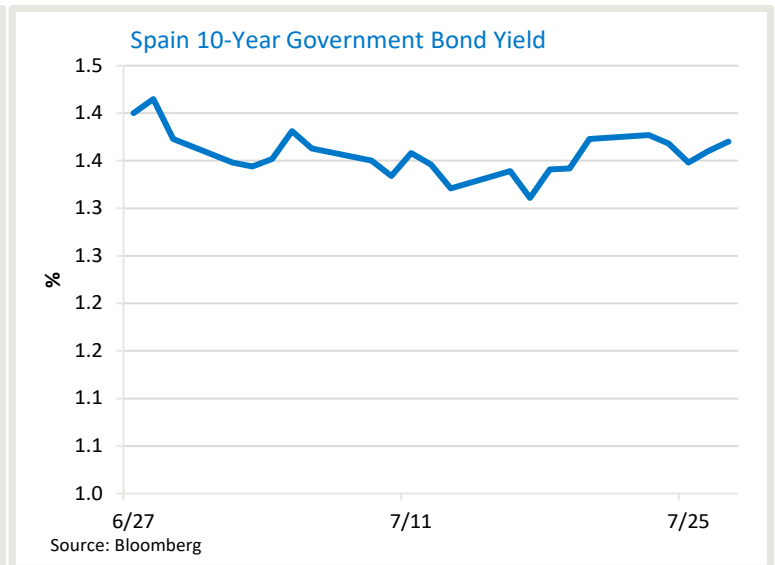
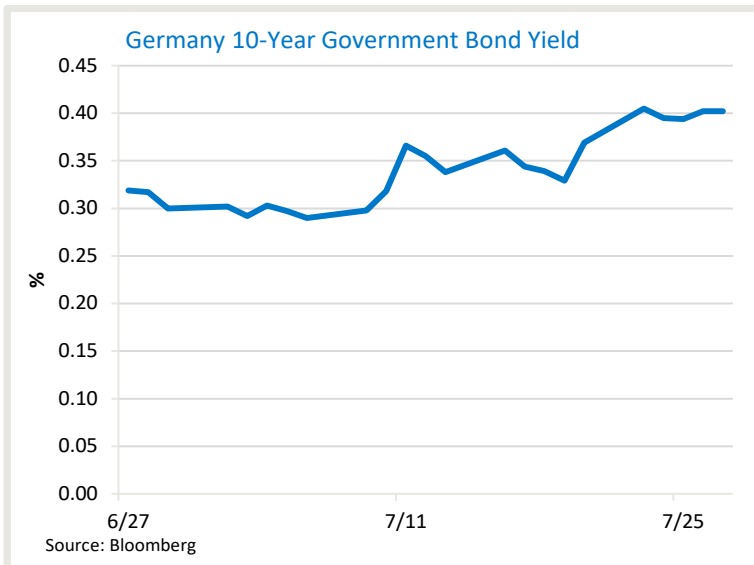
Eurozone

SELECTED EUROPEAN SOVEREIGN YIELD PERFORMANCE

	Last	Change	% Chg.	YTD %
Germany 10-Yr. Govt.	0.40	-3 bps	NM	NM
Greece 10-Yr. Govt.	3.81	3 bps	NM	NM
Italy 10-Yr. Govt.	2.74	-12 bps	NM	NM
Spain 10-Yr. Govt.	1.37	0 bps	NM	NM
Belgium 10-Yr. Govt.	0.70	-1 bps	NM	NM

	Last	Change	% Chg.	YTD %
France 10-Yr. Govt.	0.70	-2 bps	NM	NM
Ireland 10-Yr. Govt.	0.86	-2 bps	NM	NM
Portugal 10-Yr. Govt.	1.72	5 bps	NM	NM
Netherlands 10-Yr. Govt.	0.50	-3 bps	NM	NM
U.K. 10-Yr. Govt.	1.28	-5 bps	NM	NM

Source: Bloomberg
 Basis points (bps)

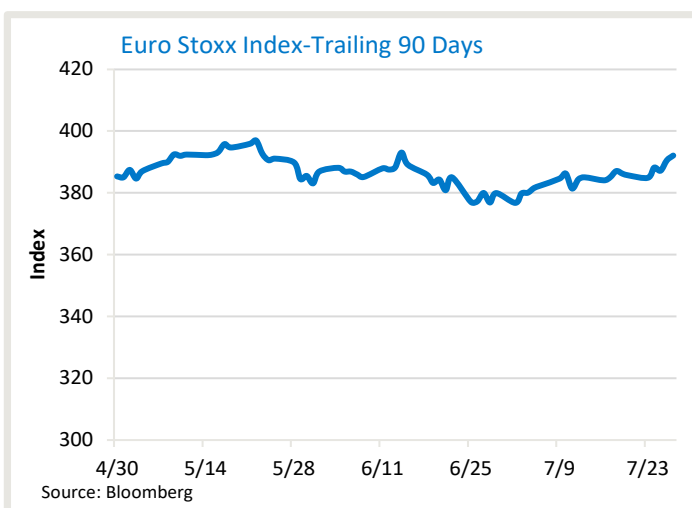
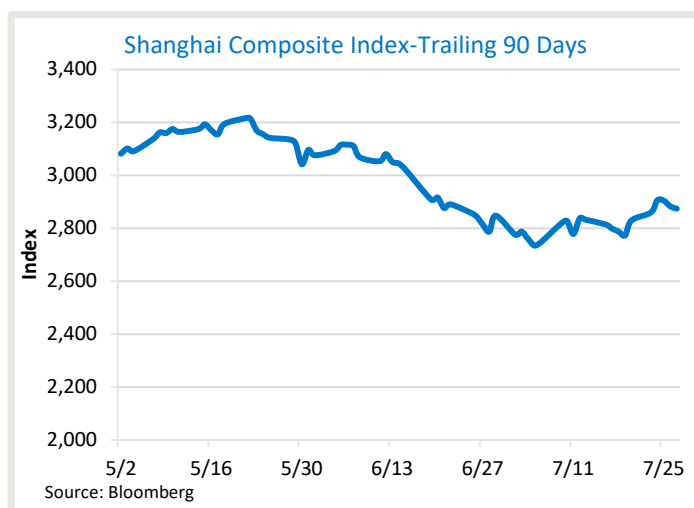
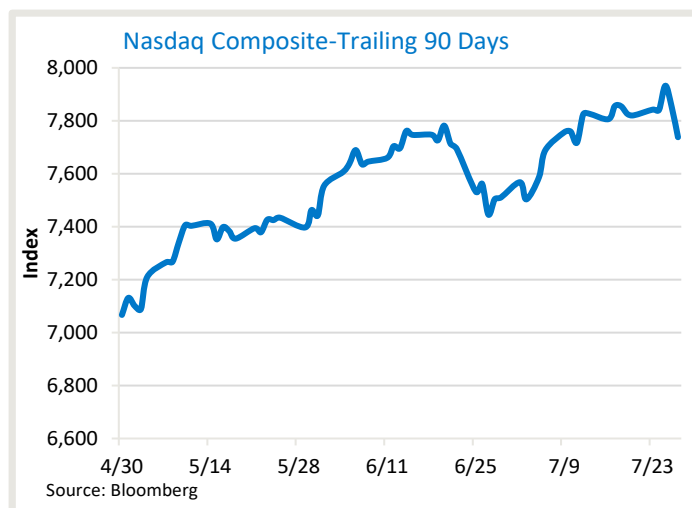
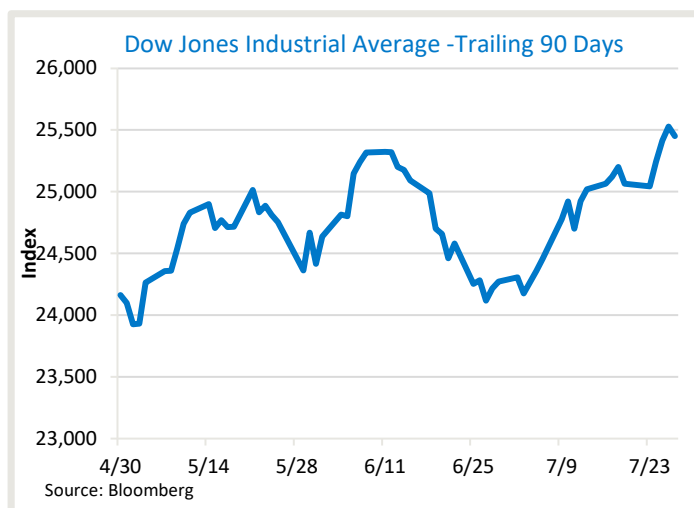


Equities

WORLD MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
S&P 500	2,818.82	16.99	0.61%	5.43%	Swiss Market Index	9,173.20	181.86	2.02%	-2.22%
Dow Industrials	25,451.06	392.94	1.57%	2.96%	CAC 40 Index (France)	5,511.76	113.44	2.10%	3.75%
Nasdaq Composite	7,737.42	-82.78	-1.06%	12.08%	DAX Index (Germany)	12,860.40	298.98	2.38%	-0.44%
Russell Global	2,182.68	22.84	1.06%	1.8%	Irish Overall Index	6,898.11	-37.62	-0.54%	-1.99%
Russell Global EM	3,418.58	58.32	1.74%	-6.2%	Nikkei 225	22,712.75	14.87	0.07%	-0.23%
S&P/TSX (Canada)	16,393.95	-41.51	-0.25%	1.14%	Hang Seng Index	28,804.28	579.80	2.05%	-3.73%
Mexico IPC	49,643.94	715.01	1.46%	0.54%	Shanghai Composite	2,873.59	44.32	1.57%	-13.11%
Brazil Bovespa	79,866.13	1294.81	1.65%	4.53%	Kospi Index (S. Korea)	2,294.99	5.80	0.25%	-6.99%
Euro Stoxx 600	392.08	6.46	1.68%	0.75%	Taiwan Taiex Index	11,075.78	143.67	1.31%	4.07%
FTSE 100	7,701.31	22.52	0.29%	0.18%	Tel Aviv 25 Index	1,577.70	33.57	2.17%	4.50%
IBEX 35 (Spain)	9,867.90	143.10	1.47%	-1.75%	MOEX Index (Russia)	2,292.72	44.90	2.00%	8.67%

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



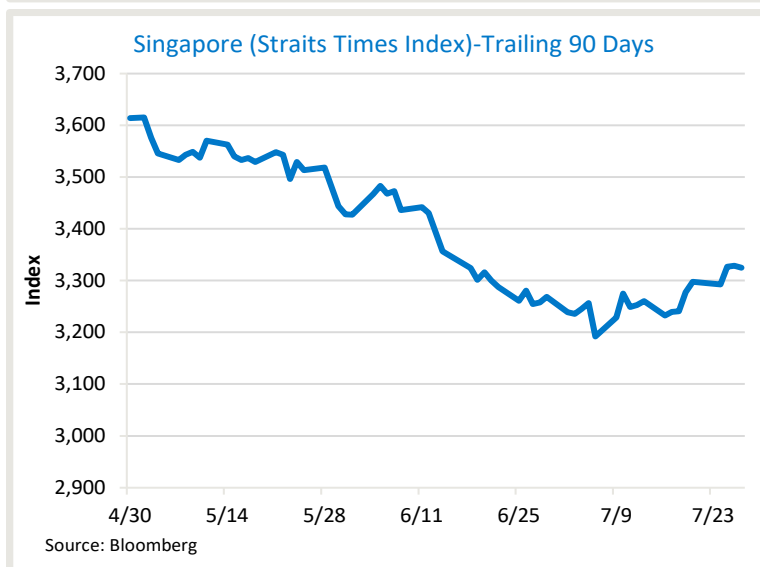
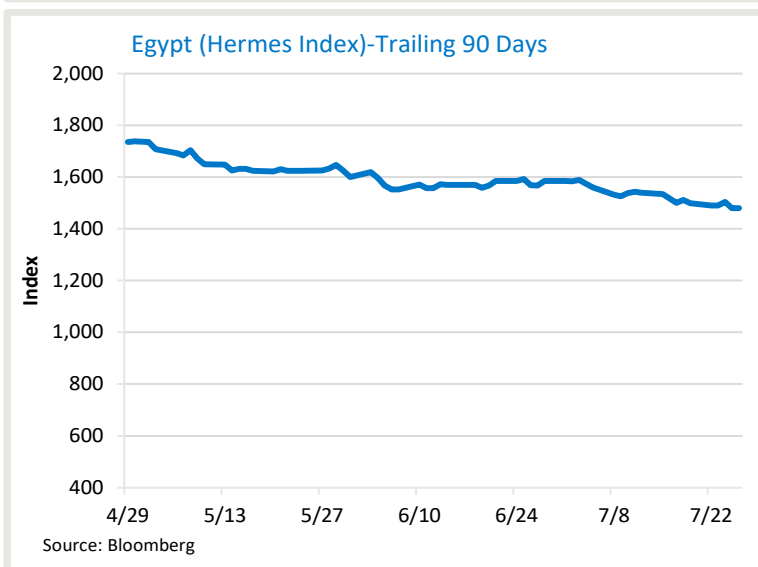
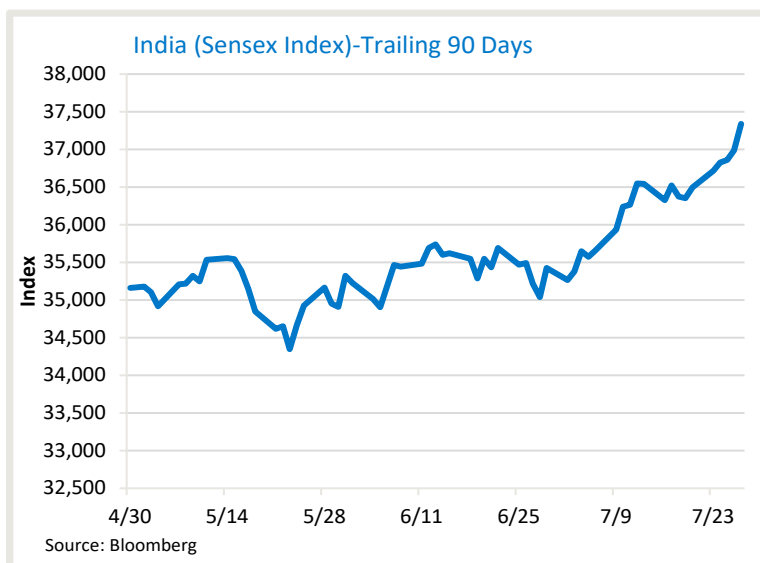
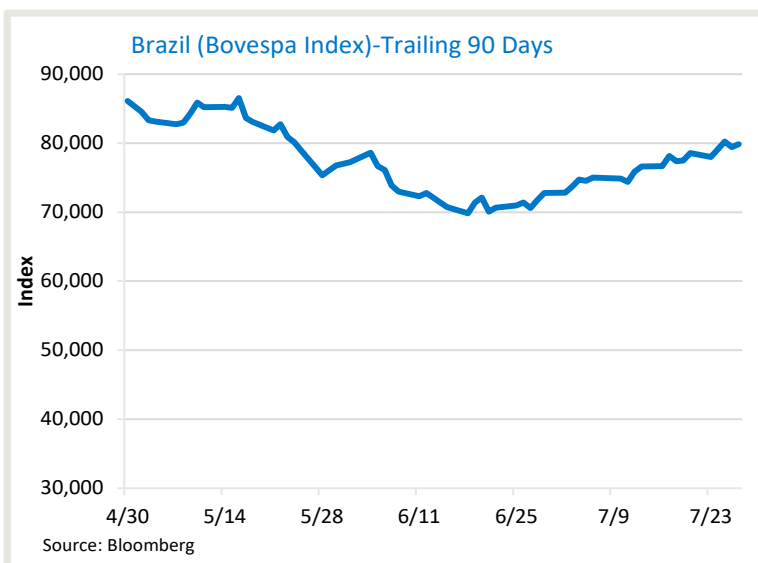
Equities – Emerging and Frontier Markets

EMERGING AND FRONTIER MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
Mexico IPC	49,643.94	715.01	1.5%	0.5%
Brazil (Bovespa Index)	79,866.13	1294.81	1.6%	4.5%
MOEX Index (Russia)	2,292.72	44.90	2.0%	8.7%
Czech Republic (Prague)	1,093.02	8.05	0.7%	1.4%
Turkey (Istanbul)	95,584.84	1502.50	1.6%	-17.1%
Egypt (Hermes Index)	1,480.33	-18.07	-1.2%	3.0%
Kenya (Nairobi 20 Index)	3,320.44	5.84	0.2%	-10.5%
Saudi Arabia (TASI Index)	8,367.70	-82.27	-1.0%	15.8%
Lebanon (Beirut BLOM Index)	1,042.89	10.15	1.0%	-9.2%
Palestine	541.24	-2.32	-0.4%	-5.8%

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

	Last	Change	% Chg.	YTD %
Hang Seng Index	28,804.28	579.80	2.1%	-3.7%
India (Sensex 30)	37,336.85	840.48	2.3%	9.6%
Malaysia (KLCI Index)	1,769.14	14.47	0.8%	-1.5%
Singapore (Straits Times Index)	3,324.98	27.15	0.8%	-2.3%
Thailand (SET Index)	1,701.87	54.98	3.3%	-3.0%
Indonesia (Jakarta)	5,989.14	116.35	2.0%	-5.8%
Pakistan (Karachi KSE 100)	42,786.45	1564.70	3.8%	5.7%
Vietnam (Ho Chi Minh)	935.52	2.13	0.2%	-5.0%
Sri Lanka (Colombo)	6,153.99	-29.03	-0.5%	-3.4%
Cambodia (Laos)	894.29	-18.70	-2.0%	-10.4%

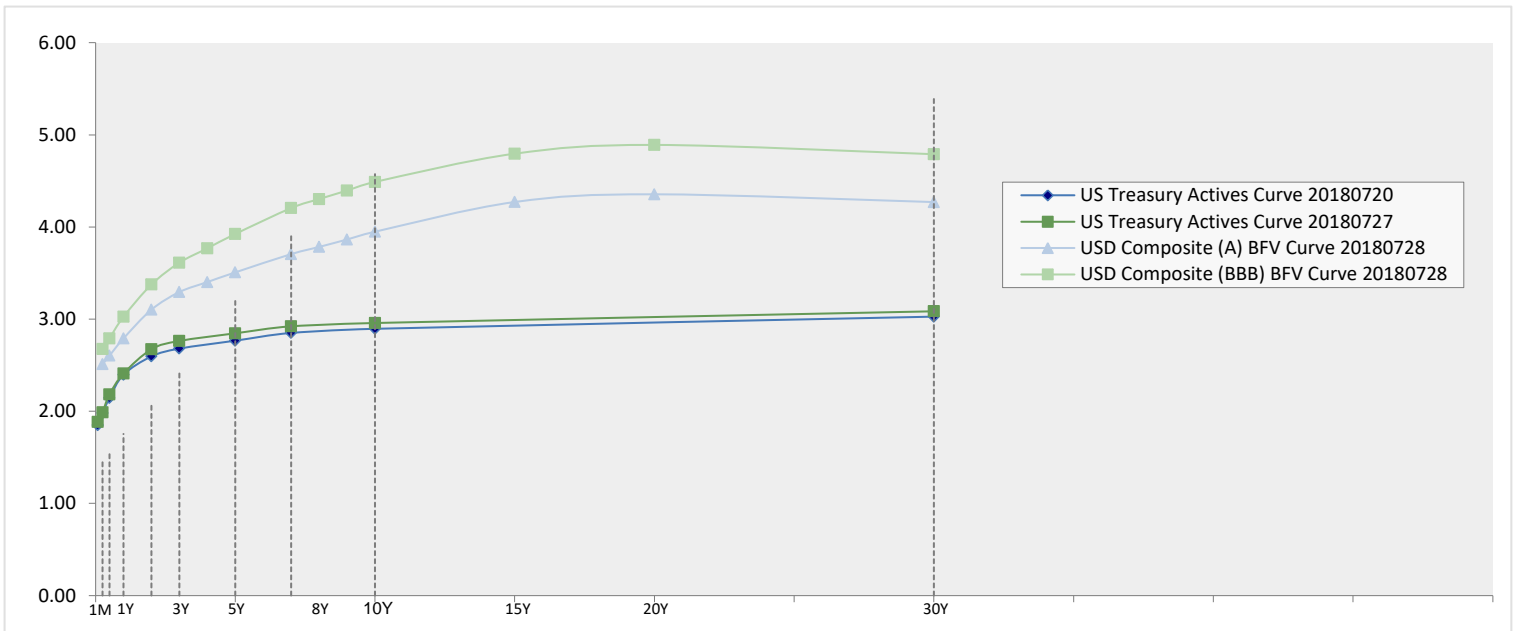


Interest Rates

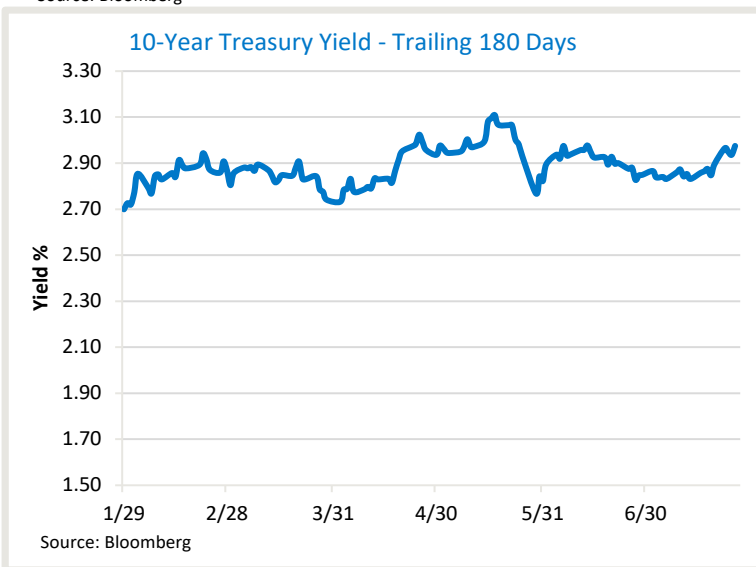
SELECTED INTEREST RATES

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
2-Yr. U.S. Treasury	2.67%	0 bps	NM	NM	Prime Rate	5.00%	0.00	NM	NM
5-Yr. U.S. Treasury	2.85%	8 bps	NM	NM	Fed Funds Rate	2.00%	0.00	NM	NM
10-Yr. U.S. Treasury	2.96%	6 bps	NM	NM	Discount Rate	2.50%	0.00	NM	NM
30-Yr. U.S. Treasury	3.09%	6 bps	NM	NM	LIBOR (3 Mo.)	2.34%	0 bps	NM	NM
German 10-Yr. Govt.	0.40%	-3 bps	NM	NM	Bond Buyer 40 Muni	3.83%	10 bps	NM	NM
France 10-Yr.	0.70%	-2 bps	NM	NM	Bond Buyer 40 G.O.	3.90%	NA	NM	NM
Italy 10-Yr.	2.74%	-12 bps	NM	NM	Bond Buyer 40 Rev.	4.40%	NA	NM	NM
Fed 5-Yr Fwd BE Inf.	2.14%	2 bps	NM	NM					

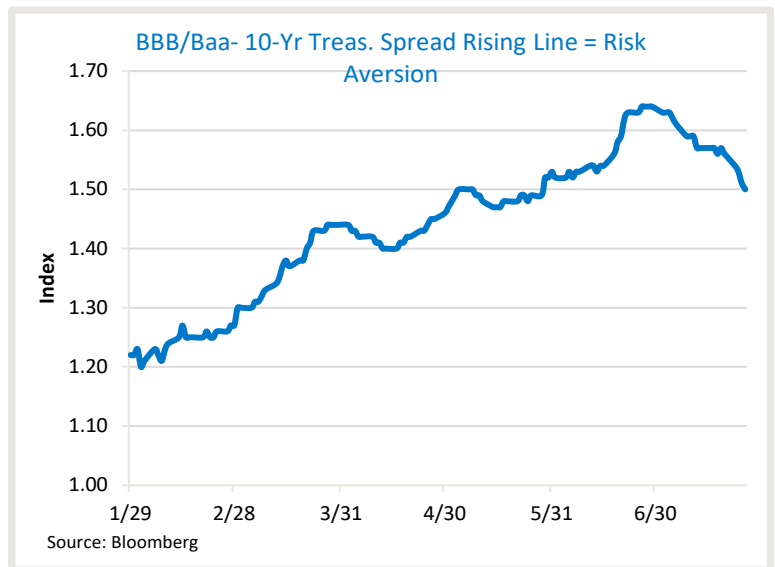
Source: Bloomberg



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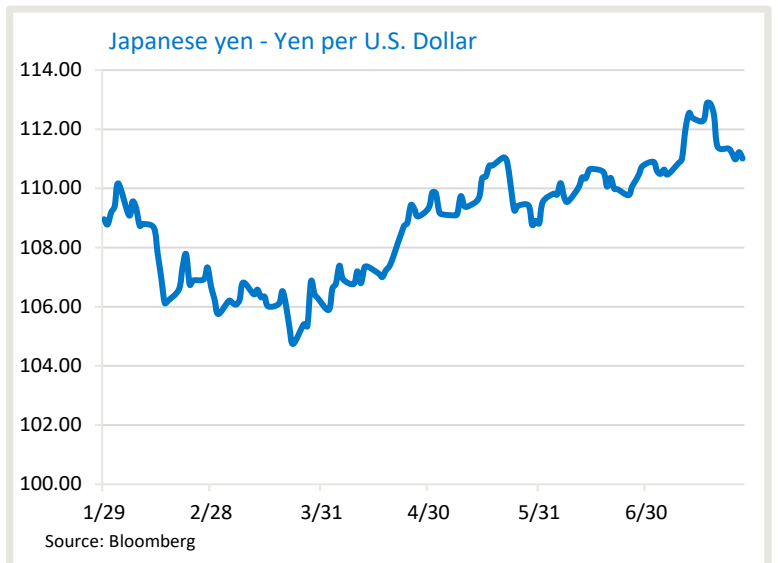
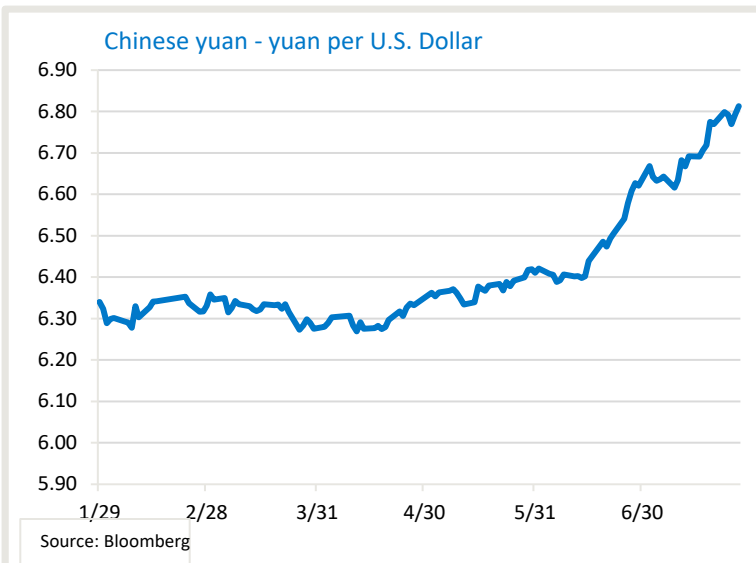
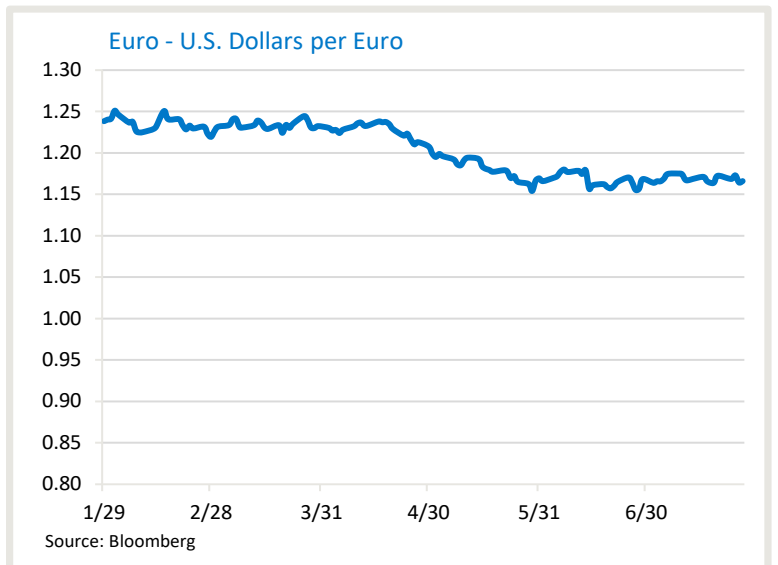
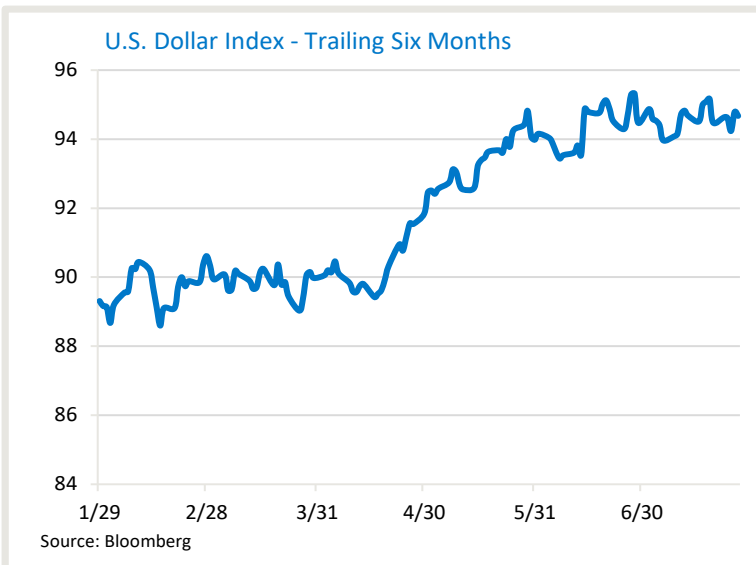
Currencies

SELECTED CURRENCY PERFORMANCE

	Last	Change	% Chg.	YTD %
Dollar Index	94.67	0.196	0.21%	2.77%
Euro	1.17	-0.006	-0.55%	-2.87%
Japanese Yen	111.00	-0.400	0.36%	1.51%
British Pound	1.31	-0.003	-0.24%	-3.02%
Canadian Dollar	1.31	-0.008	0.63%	-3.77%

Source: Bloomberg

	Last	Change	% Chg.	YTD %
Chinese Yuan	6.81	0.044	-0.64%	-4.50%
Swiss Franc	0.99	0.002	-0.22%	-2.03%
New Zealand Dollar	0.68	-0.001	-0.21%	-4.27%
Brazilian Real	3.71	-0.054	1.44%	-10.93%
Mexican Peso	18.62	-0.397	2.13%	5.54%

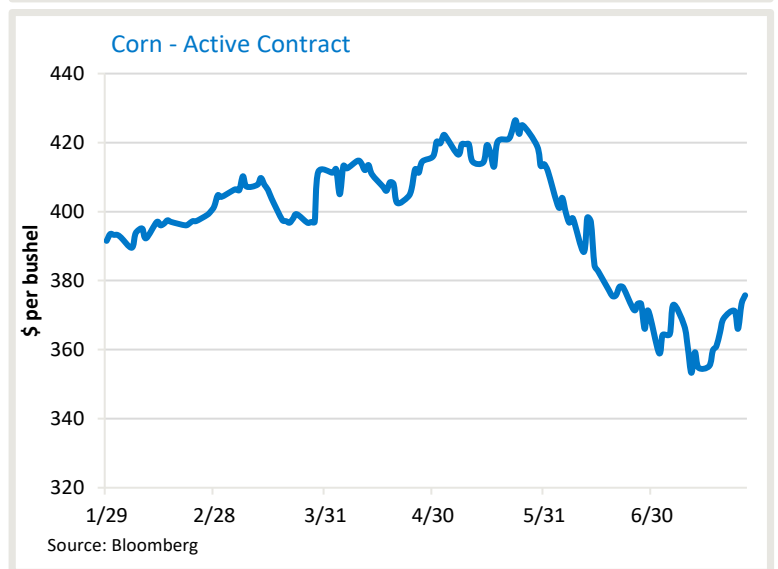
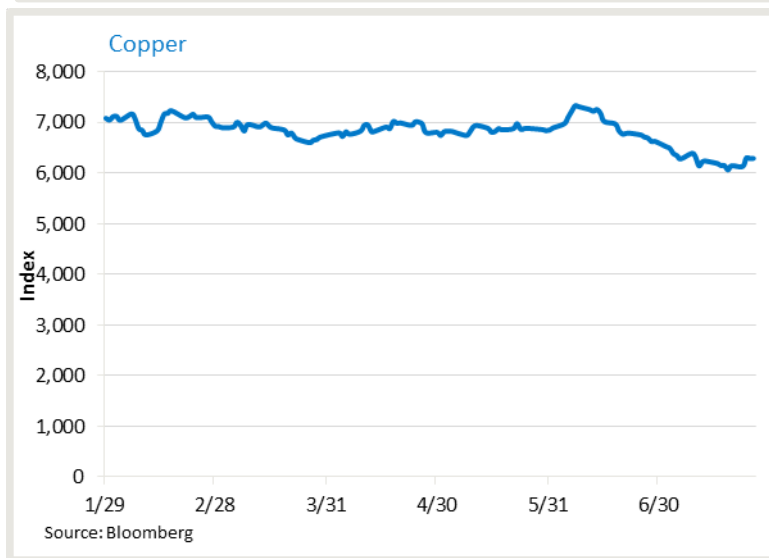
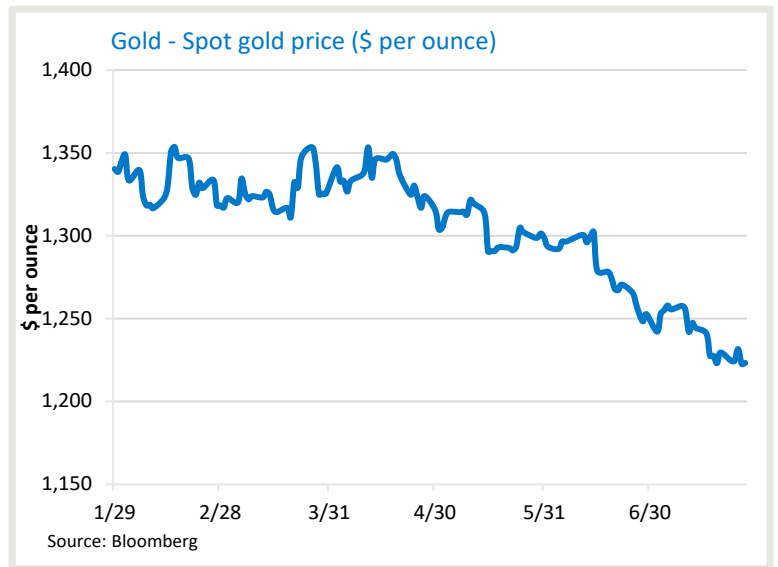
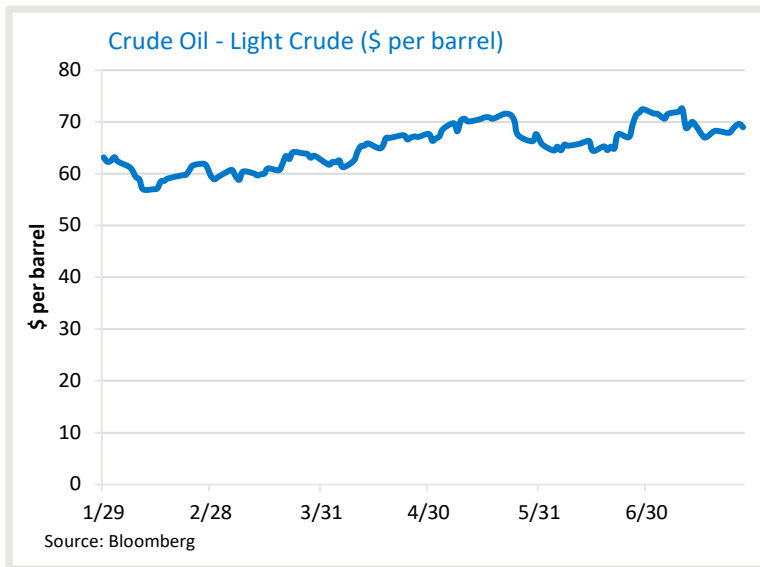


Commodities

SELECTED COMMODITY MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
Bloomberg Comm. Idx.	84.84	1.16	1.38%	-3.77%	Platinum Spot	\$831.03	\$2.41	0.29%	-10.47%
Crude Oil	\$69.06	\$0.71	1.04%	16.76%	Corn	376.25	7.25	1.96%	-2.02%
Natural Gas	\$2.78	\$0.06	2.05%	-0.18%	Wheat	530.50	14.50	2.81%	13.90%
Gasoline (\$/Gal.)	\$2.86	\$0.01	0.32%	14.80%	Soybeans	885.25	20.50	2.37%	-9.27%
Heating Oil	215.65	5.12	2.43%	9.74%	Sugar	10.88	-0.24	-2.16%	-28.47%
Gold Spot	\$1,223.48	-\$6.29	-0.51%	-6.11%	Orange Juice	163.80	-7.15	-4.18%	16.87%
Silver Spot	\$15.49	-\$0.02	-0.14%	-8.53%	Aluminum	2,067.00	38.00	1.87%	-8.86%
					Copper	6,291.00	143.50	2.33%	-13.19%

Source: Bloomberg; % change is based on price.

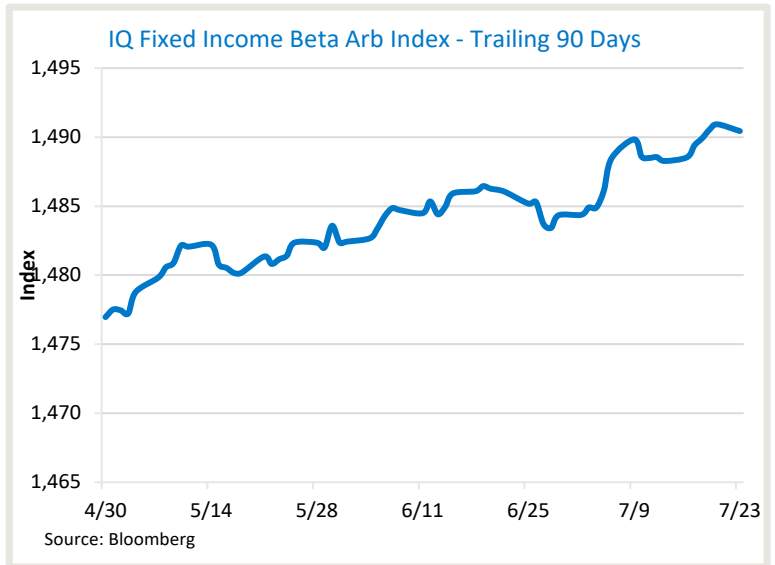
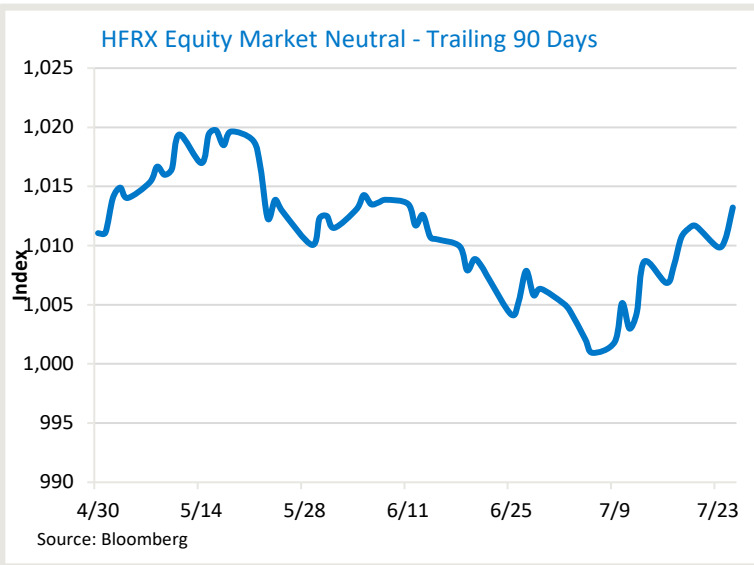
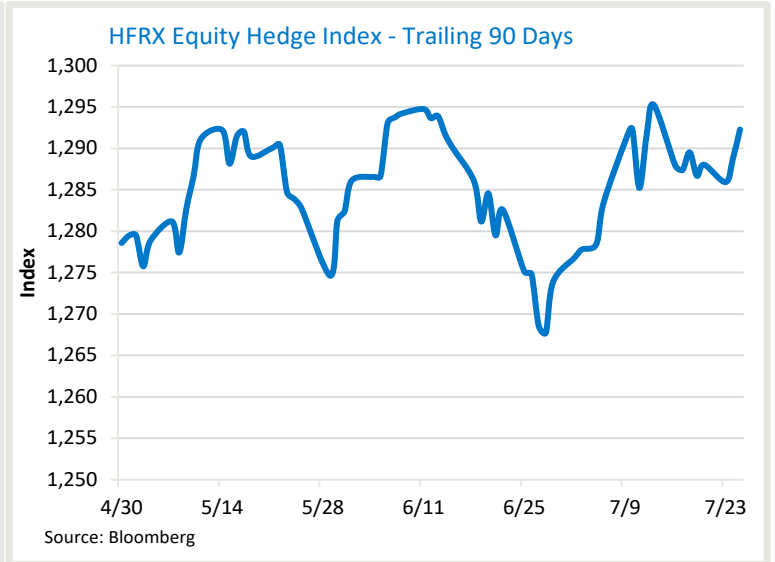
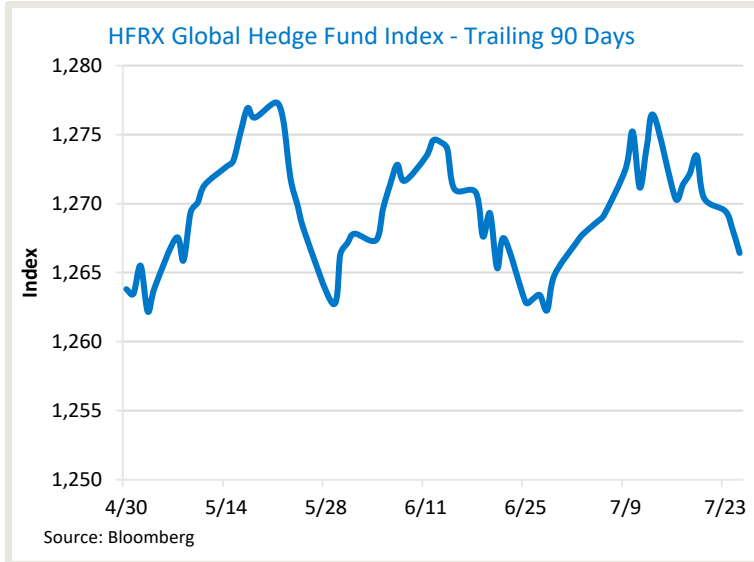


Alternative Investments

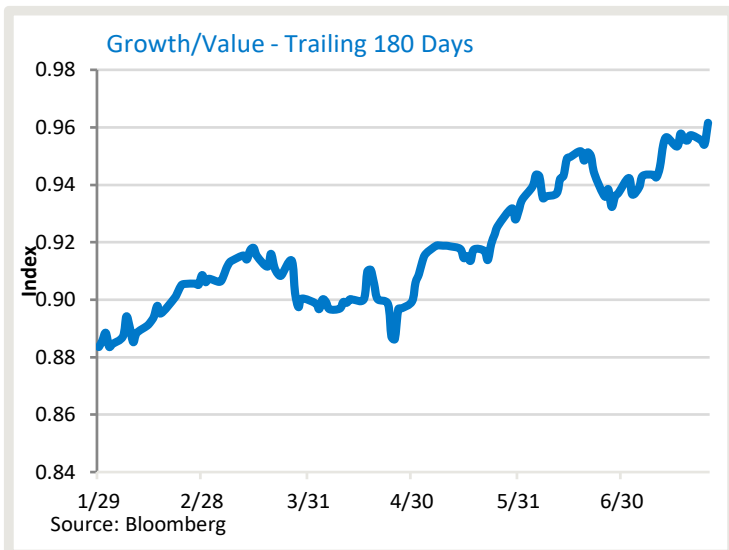
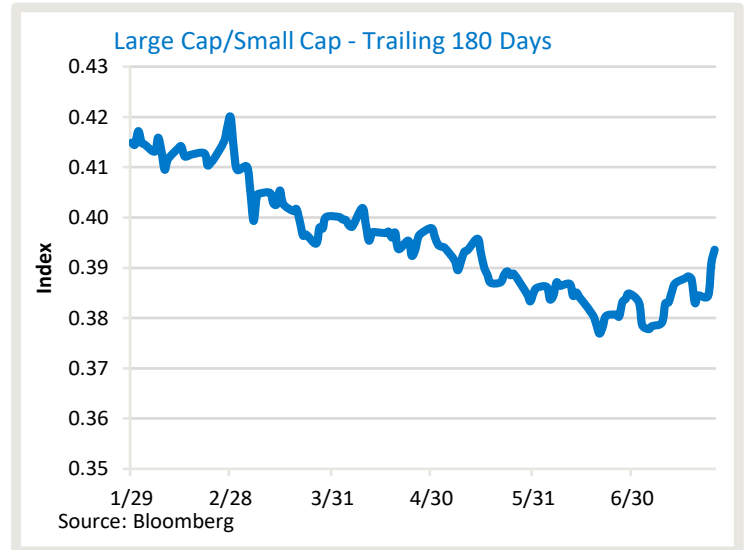
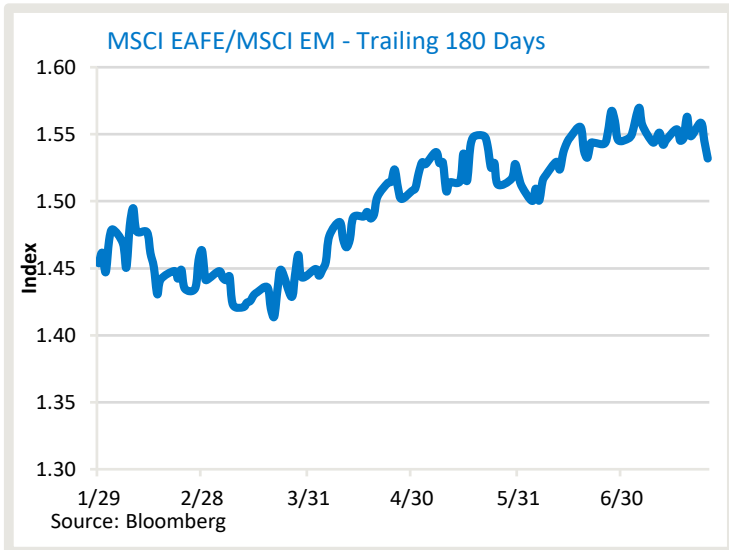
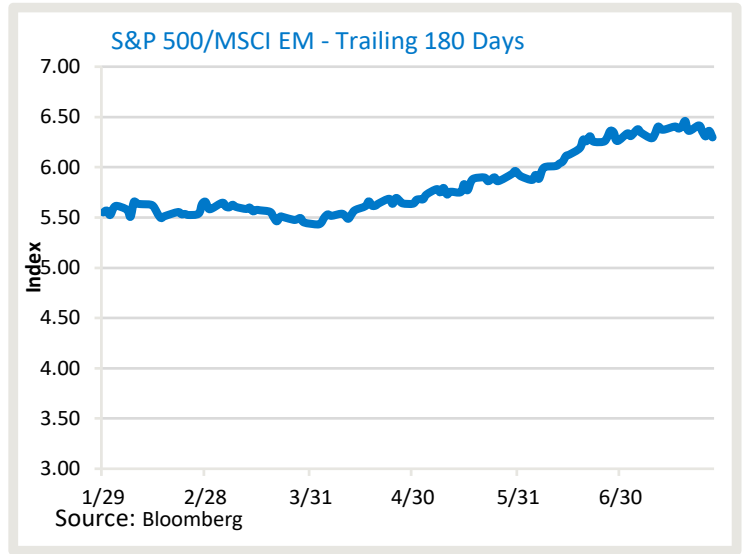
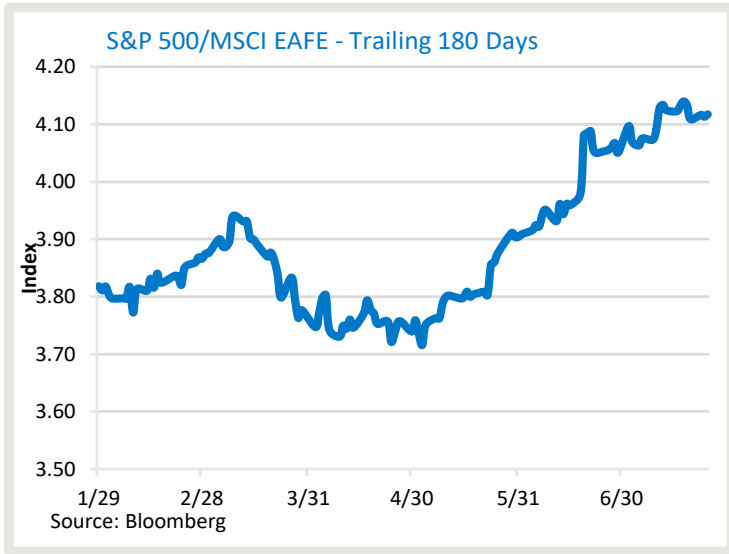
SELECTED ALTERNATIVE INVESTMENT INDEX PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
HFRX Global Hedge Fund Index	1267.26	-3.99	-0.31%	-0.72%	HFRX Distressed Index	1040.48	0.39	0.04%	-6.00%
HFRX Equity Market Neutral	1010.89	1.57	0.16%	0.88%	HFRX Merger Arbitrage Index	1836.80	-3.05	-0.17%	-0.72%
HFRX Equity Hedge Index	1289.04	4.25	0.33%	1.69%	HFRX Convertible Arbitrage Index	799.95	-2.08	-0.26%	0.58%
HFRX Event-Driven Index	1579.42	-12.59	-0.79%	-5.17%	HFRX Macro CTA Index	1144.58	-10.57	-0.92%	-2.33%
HFRX Absolute Return Index	1074.92	-2.37	-0.22%	1.10%	IQ Fixed Income Beta Arb Index	1490.32	-0.61	-0.04%	1.35%

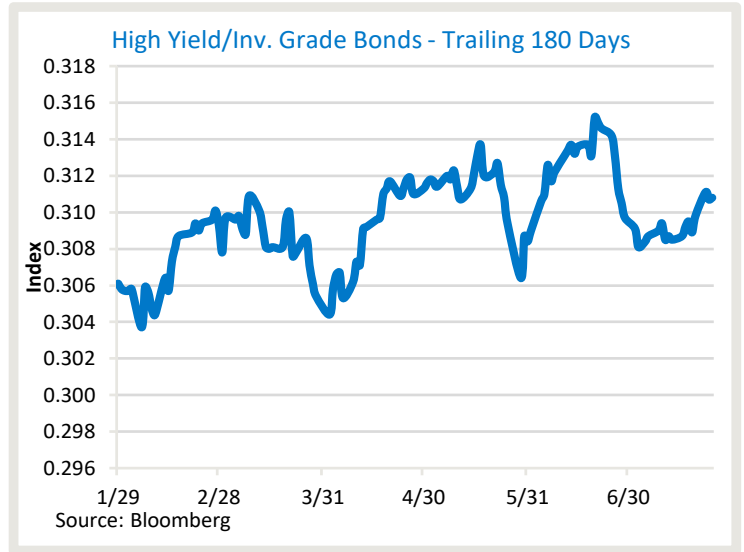
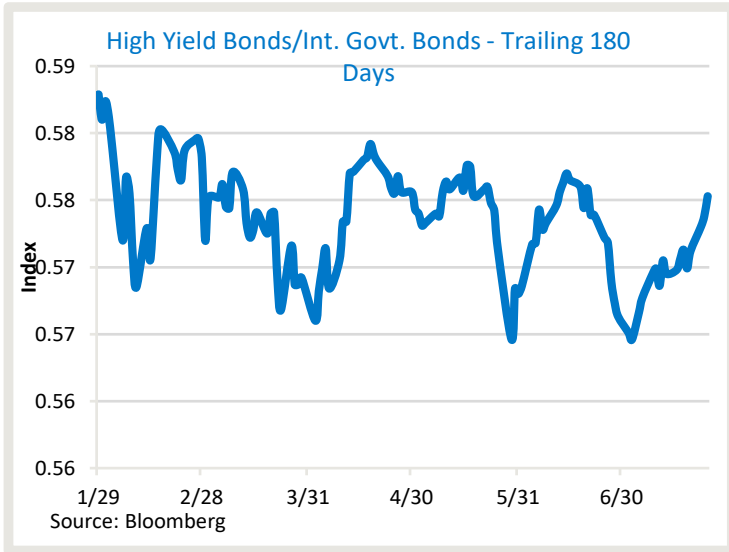
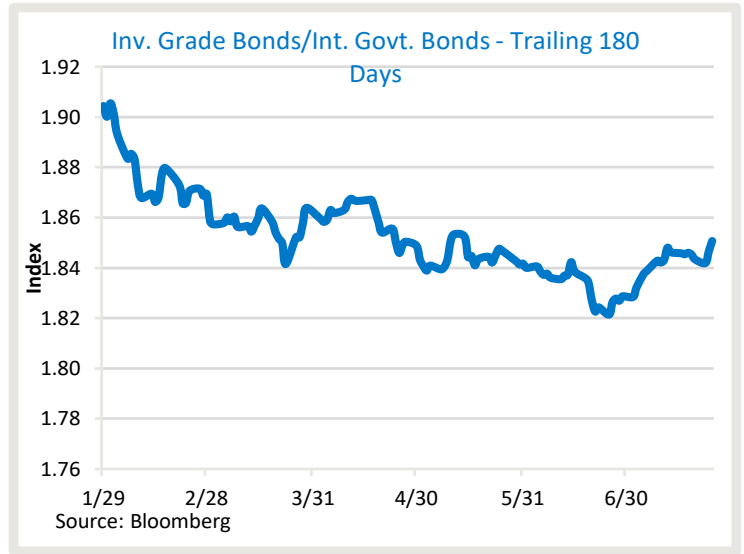
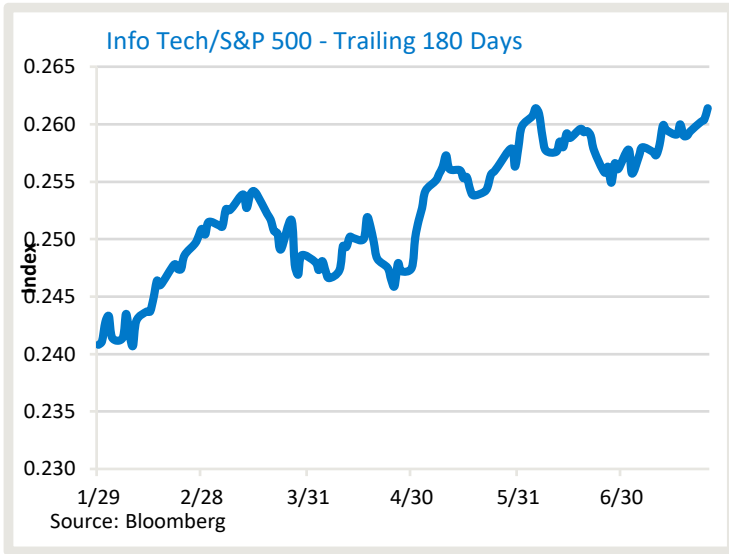
Source: Bloomberg; Index % change is based on price.



Portfolio Construction



Portfolio Construction (continued)



WEEKLY ASSET CLASS PERFORMANCE (Prior 12 weeks ending Thursday)

			5/10	5/17	5/24	5/31	6/7	6/14	6/21	6/28	7/5	7/12	7/19	7/26
Equity	Domestic Equity	Large Cap (R200)	3.69%	-0.14%	0.29%	-0.72%	2.53%	0.35%	-1.24%	-1.14%	0.68%	2.47%	0.15%	1.22%
		Small Cap (R2000)	3.70%	1.35%	0.18%	0.33%	2.09%	1.02%	0.25%	-2.60%	2.10%	0.64%	0.65%	-0.35%
	Int'l. Equity	MSCI EAFE	0.84%	0.33%	-1.54%	-1.82%	1.76%	-0.29%	-2.54%	-1.27%	0.80%	0.60%	0.25%	1.59%
		MSCI Em. Mkts.	1.64%	-1.08%	-0.79%	-1.26%	2.58%	-2.09%	-4.04%	-3.10%	0.73%	1.51%	-0.90%	2.69%
Fixed Income	BarCap Agg. (AGG)	0.02%	-0.74%	0.82%	0.54%	-0.53%	-0.06%	0.00%	0.37%	0.08%	0.09%	0.07%	-0.45%	
	High Yield (JNK)	0.39%	-0.36%	0.14%	-0.36%	0.36%	0.59%	-0.31%	-0.81%	-0.25%	0.62%	0.03%	0.45%	
Commodities	Bloomberg Commodity Index	0.98%	-0.27%	1.33%	-0.87%	-0.74%	-0.92%	-3.13%	0.43%	-1.45%	-1.78%	-1.12%	2.27%	
Alternatives	Hedge Funds (HFRX Global)	0.63%	0.54%	-0.55%	-0.22%	0.45%	0.09%	-0.68%	-0.24%	0.51%	0.44%	-0.06%	-0.49%	
Asset Allocation	60/40*	1.71%	-0.19%	0.16%	-0.35%	1.20%	0.07%	-0.95%	-0.86%	0.58%	1.03%	0.13%	0.57%	
	48/32/20 (w/Alts.)**	1.49%	-0.04%	0.02%	-0.32%	1.05%	0.07%	-0.89%	-0.74%	0.57%	0.91%	0.09%	0.36%	

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	1.03	1.03	1.03	1.05	1.05	1.05	1.05	1.16	1.27	1.06	1.38	1.25	1.12
Large Cap Growth	1.00	1.00	1.03	1.03	1.03	1.05	1.04	1.05	1.05	1.16	1.27	1.06	1.38	1.25	1.12
Large Cap Value	0.97	0.97	1.00	1.00	1.00	1.01	1.01	1.02	1.02	1.12	1.23	1.03	1.34	1.21	1.09
Mid Cap Core	0.97	0.97	1.00	1.00	1.00	1.01	1.01	1.02	1.02	1.12	1.23	1.03	1.34	1.21	1.09
Mid Cap Growth	0.97	0.97	1.00	1.00	1.00	1.02	1.02	1.02	1.02	1.13	1.24	1.03	1.34	1.22	1.09
Mid Cap Value	0.95	0.96	0.99	0.99	0.98	1.00	1.00	1.00	1.00	1.11	1.22	1.01	1.32	1.19	1.07
Small Cap Core	0.96	0.96	0.99	0.99	0.98	1.00	1.00	1.00	1.01	1.11	1.22	1.02	1.32	1.20	1.07
Small Cap Growth	0.95	0.95	0.98	0.98	0.98	1.00	1.00	1.00	1.00	1.10	1.22	1.01	1.32	1.19	1.07
Small Cap Value	0.95	0.95	0.98	0.98	0.98	1.00	0.99	1.00	1.00	1.10	1.21	1.01	1.31	1.19	1.07
Int'l. Developed	0.86	0.87	0.89	0.89	0.89	0.90	0.90	0.91	0.91	1.00	1.10	0.92	1.19	1.08	0.97
Emerging Markets	0.78	0.79	0.81	0.81	0.81	0.82	0.82	0.82	0.83	0.91	1.00	0.83	1.08	0.98	0.88
REITs	0.94	0.94	0.97	0.97	0.97	0.99	0.98	0.99	0.99	1.09	1.20	1.00	1.30	1.18	1.06
Commodities	0.72	0.73	0.75	0.75	0.74	0.76	0.76	0.76	0.76	0.84	0.92	0.77	1.00	0.91	0.81
Int. Bond	0.80	0.80	0.83	0.82	0.82	0.84	0.84	0.84	0.84	0.93	1.02	0.85	1.10	1.00	0.90
High Yield	0.89	0.89	0.92	0.92	0.92	0.93	0.93	0.94	0.94	1.03	1.14	0.95	1.23	1.12	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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