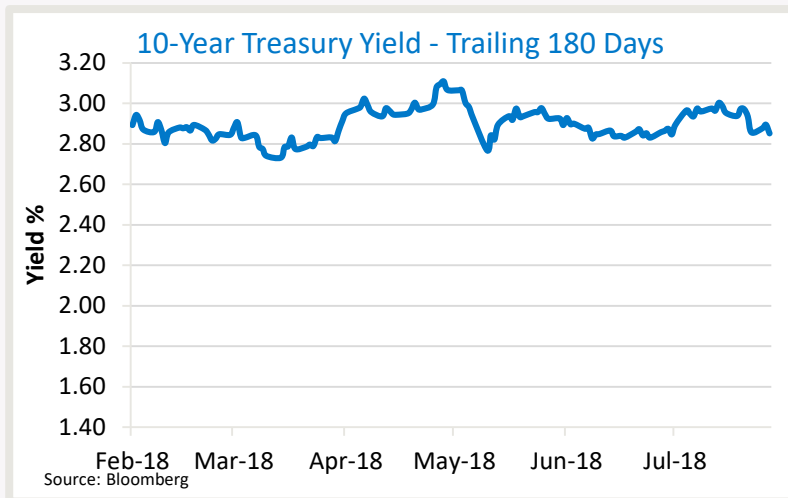


Chart of the Week



Weekly Highlights

- **Turkey remained in the headlines, as investors continue to worry the situation could begin to affect additional countries and cause contagion.** Emerging markets were affected, experiencing broad declines throughout the week. Adding fuel to the fire is the diplomatic dispute between the US and Turkey. Last week, the US doubled tariffs on metal imports from Turkey, and this week, President Trump has threatened additional sanctions over the detainment of an American Evangelical pastor on terrorism charges.
- **The Philadelphia Fed Index dropped to 11.9 in August, a decrease of 13.9 points from July's reading.** This was the lowest reading for the Index in 21 months. Most components fell for the month, with the New Orders Index experiencing the largest decline. However, there was an uptick in future expectations, as more than half of the firms expect increased activity over the next six months.
- **Trade tensions between the US and China eased somewhat this week, as officials from both countries announced they would hold lower-level talks later this month regarding the trade dispute.** In recent weeks, the US has imposed tariffs on billions of dollars of Chinese goods, prompting retaliatory tariffs from Beijing. Although the announced talks fall short of any resolution, there is hope they can help avoid a further decline in US-China relations.

Talking Points

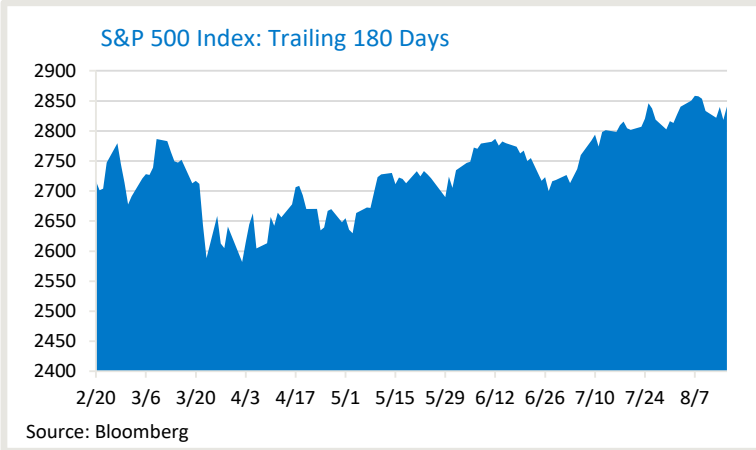
- **Global equity markets** have been mixed this week. US markets are mostly flat, but value stocks have managed small gains; international stocks are down, and emerging markets continue to experience significant declines.
- **Treasury yields** have remained flat this week, with the yield on the key 10-Year US Treasury Note trading near 2.85%.
- **Commodity prices** were mixed for the week. Crude oil prices finished the week lower, and grain prices were higher for the week.
- **Among economic data** released this week, housing data was mixed, with the NAHB Housing Market Index coming in above forecasts, and both housing starts and building permits increased from prior readings but fell short of expectations. Consumer Sentiment softened, with the Michigan Sentiment Index for August declining to 95.3, its lowest level in nearly a year. However, Leading Economic Indicators ticked up to .6% versus expectations of 0.5%.

Market Dashboard

	Last Price	Change	% Chg.	YTD %
S&P 500	2,850.13	16.85	0.59%	6.6%
Dow Industrials	25,669.32	356.18	1.41%	3.8%
Nasdaq	7,816.33	-22.78	-0.29%	13.2%
Russell 2000	1,692.95	6.14	0.36%	10.3%
Euro Stoxx Index	381.06	-4.80	-1.24%	-2.1%
Shanghai Composite	2,668.97	-126.34	-4.52%	-19.3%
Russell Global	2,139.08	-17.85	-0.83%	-0.2%

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

	Last Price	Change	% Chg.	YTD %
Russell Global EM	3,217.30	-122.06	-3.66%	-11.7%
10-Year US Treas.	2.87	2 bps	NM	NM
Bloomberg Cmdts. Idx.	83.35	-0.88	-1.05%	-5.5%
Gold	\$1,184.25	-\$26.13	-2.16%	-9.1%
Crude Oil	\$65.89	-\$1.73	-2.56%	11.6%
Dollar Index	96.12	-0.25	-0.26%	4.3%
VIX Index	12.64	-0.52	-3.95%	14.5%



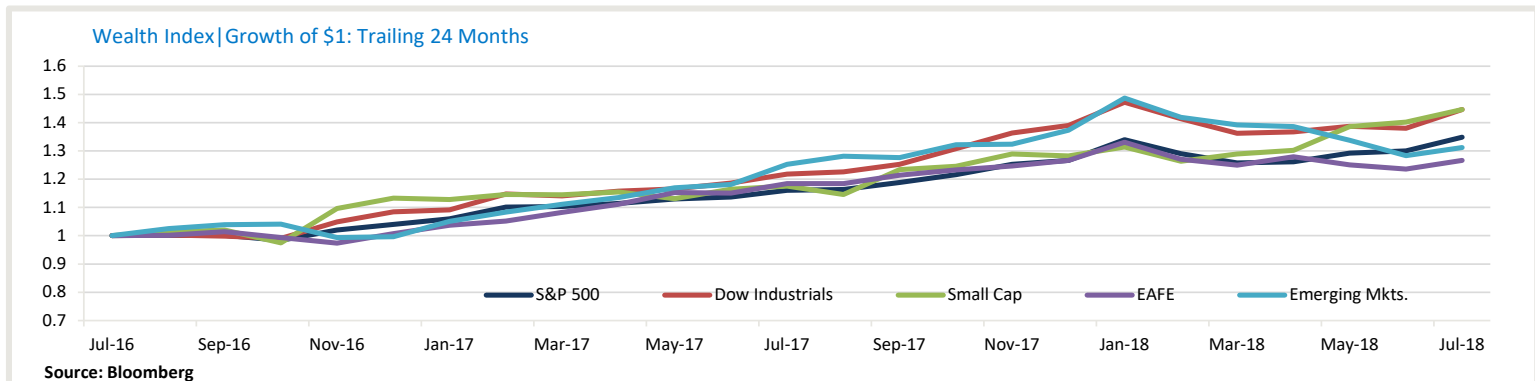
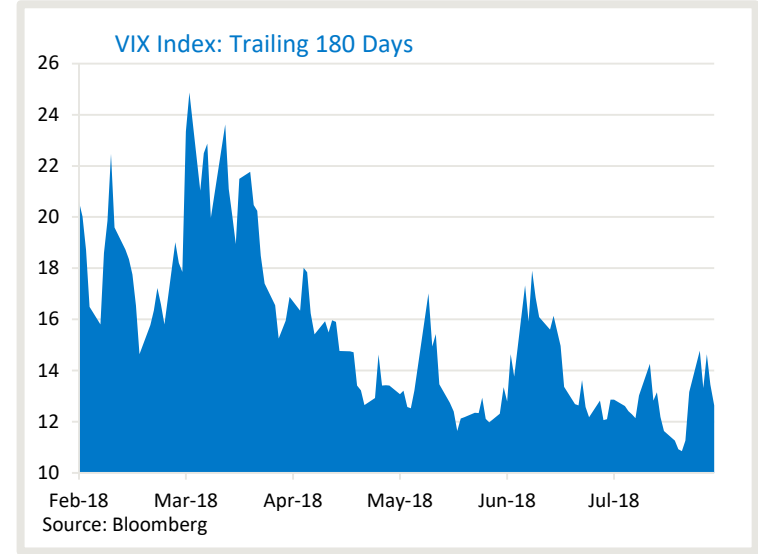
	One Week			YTD		
	Value	Growth		Value	Growth	
L	0.78%	0.46%	0.19%	1.06%	7.27%	12.76%
	1.00%	0.75%	0.38%	1.87%	5.13%	9.31%
S	0.66%	0.36%	0.08%	7.23%	10.25%	13.09%

Source: Bloomberg

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

	% Wgt in S&P 500	Week % Chg.	YTD % Chg.
Consumer Discretionary	12.7	0.22%	13.9%
Consumer Staples	7.0	3.23%	-4.0%
Energy	5.8	3.59%	0.2%
Financials	14.0	0.61%	0.6%
Health Care	14.6	1.60%	10.1%
Industrials	9.7	1.42%	0.3%
Information Technology	26.0	0.17%	15.6%
Materials	2.5	0.50%	-3.4%
Real Estate	2.8	2.90%	2.5%
Telecom Services	2.0	3.65%	-5.0%
Utilities	2.9	2.54%	2.9%

Source: Bloomberg



The Economy and Markets

A Macro View – Are Emerging Markets Signaling Contagion?

Emerging markets stocks have declined significantly thus far in 2018, after a solid rally last year that led to the asset class's best return since 2009. After reaching highs in late January, the space has slumped nearly 20%, stoking fears of further downside and potential contagion. The sharp pullback has caused many investors to question their commitment to emerging markets. Should they be worried, or is this pullback to be expected, given the historical volatility of the asset class?

First, it's important to understand the causes of the current decline. A strengthening dollar, tightening US central bank policy, and increased geopolitical tensions and trade rhetoric are contributing to the current weakness. Last year, emerging markets were buoyed by a weak dollar, but this year's reversal has had the opposite effect. As the US has gradually tightened monetary policy, several currencies, including the Turkish lira, Indian rupee, Argentine peso, and South African rand, have steeply declined against the dollar. Years of cheap borrowing costs have led to significantly higher costs for countries dependent on external financing, along with increased energy costs, as oil is denominated in dollars. A more volatile geopolitical environment hasn't helped: Global tensions and increased trade rhetoric have contributed to uncertainty, as China and the US risk an escalating trade war, and President Trump and Turkey's Erdogan continue to engage in a war of words.

When emerging markets decline, the risk of contagion escalates. One of the most notable examples of this is the 1997 Asian financial crisis, which began with a currency crisis in Thailand that quickly spread throughout Asia, and then to Russia and Brazil. The speed with which this crisis spread to other countries led to a proliferation of research on the linkages between economies and the risk of financial contagion. One such study, *Financial Crises and Contagion in Emerging Market Countries*,¹ presents a framework we can use to evaluate the current environment. The authors presented three reasons why crisis may occur in countries simultaneously: coincidence; a common shock to economies across countries; and a financial crisis that causes a contagious loss of confidence in local financial markets. Examples of common shocks include the Gulf War, the Tiananmen Square protests, and the September 11 terrorist attack. Examples of financial crises resulting in contagion include the US stock market crash in 1987, the Mexican peso crisis in 1994, and the Asian financial crisis in 1997.

The authors cite four models to explain the causes of contagion: economic linkages, poor economic fundamentals, lack of liquidity, and herd behavior. The first model, economic linkages, examines the trade and investment links between the country experiencing crisis and its trade competitors. Based on current information, this model doesn't predict a high probability of contagion now, but a potential crisis likely would start with Turkey. If this occurred, linkages between Turkey and other vulnerable countries probably would be limited. Although Turkey has significant trade partnerships with China, Russia, and India, they represent only a small portion of these countries' overall trade. Additionally, Turkey only accounts for less than 1% of the world economy, and global exposure to Turkish banks is limited. Spanish banks are the most exposed, yet still comprise only a small portion of total assets.

The second model theorizes that investors will ignore poor economic fundamentals in some countries until a crisis occurs. However, once they become aware of the crisis, investors will project the problems of the country in crisis onto other countries facing similar issues. Again, this seems to be a weak argument for the current situation evolving into contagion. The issues facing Turkey appear to be country specific. Turkey has been a huge borrower in recent years, with more than half of its borrowing being denominated in foreign currencies; however, private companies have accumulated much of this debt. Other countries, such as South Africa and Argentina, carry large current account deficits but have less domestic debt, whereas Eastern European countries have strong external balances, low inflation, and strong banking systems.

The third theory is that liquidity-constrained portfolio managers will sell other countries' debt to meet an expected increase in redemptions. After 18 weeks of consecutive inflows earlier in the year, emerging markets have reversed course and have had months of outflows, indicating that liquidity could become an issue. However, the magnitude of flows to date has been contained, relative to the overall market.

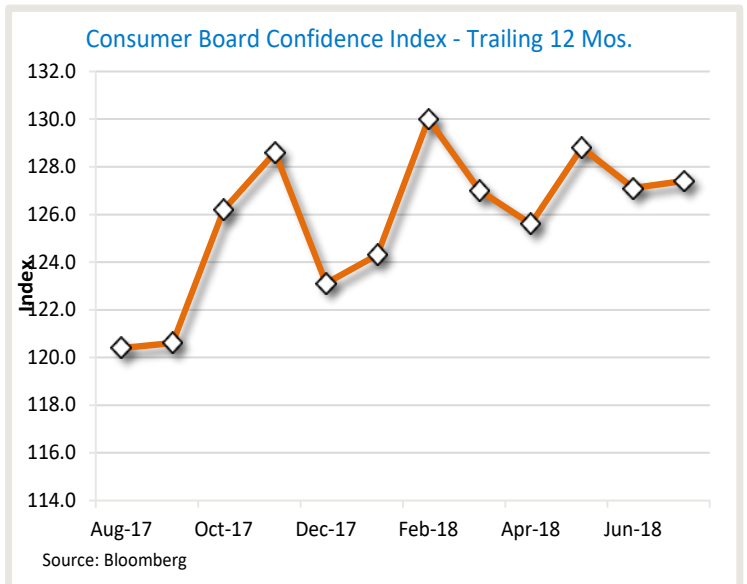
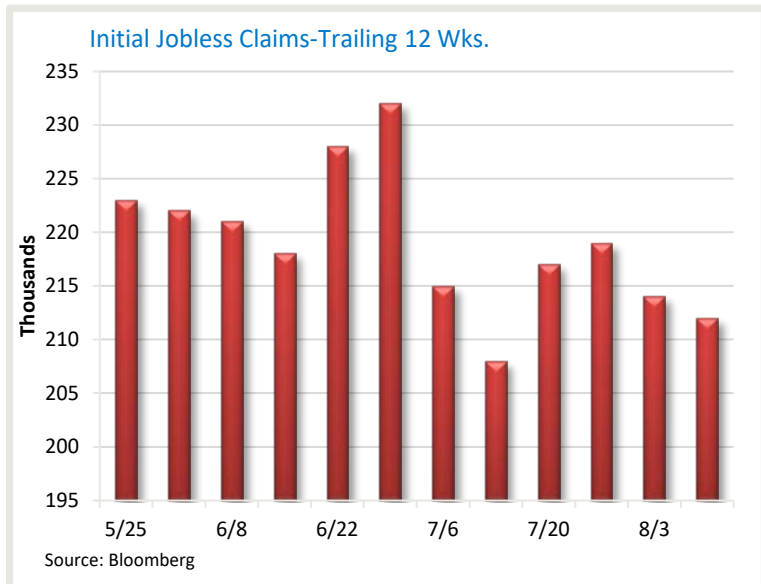
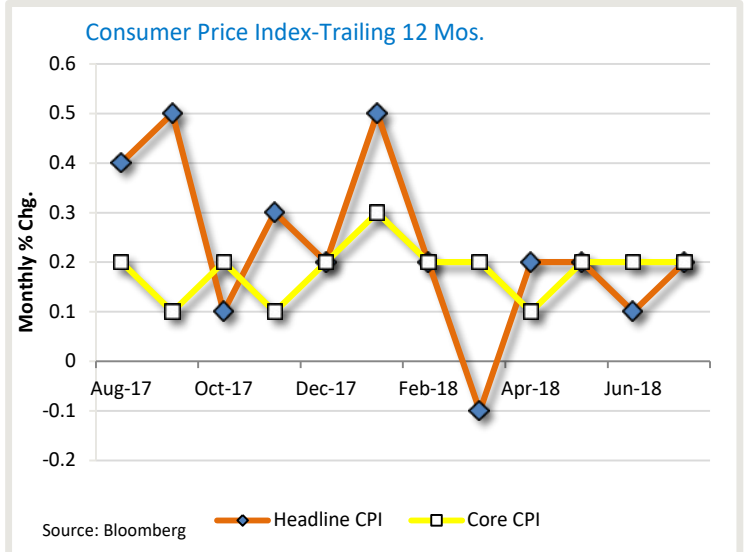
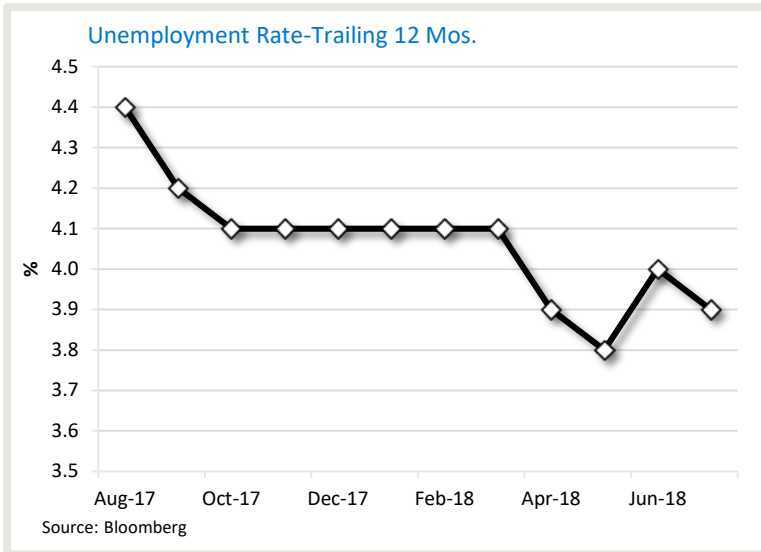
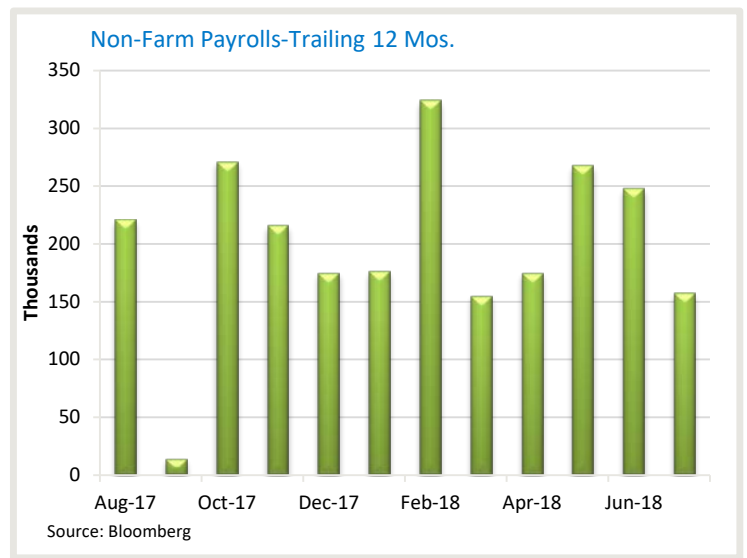
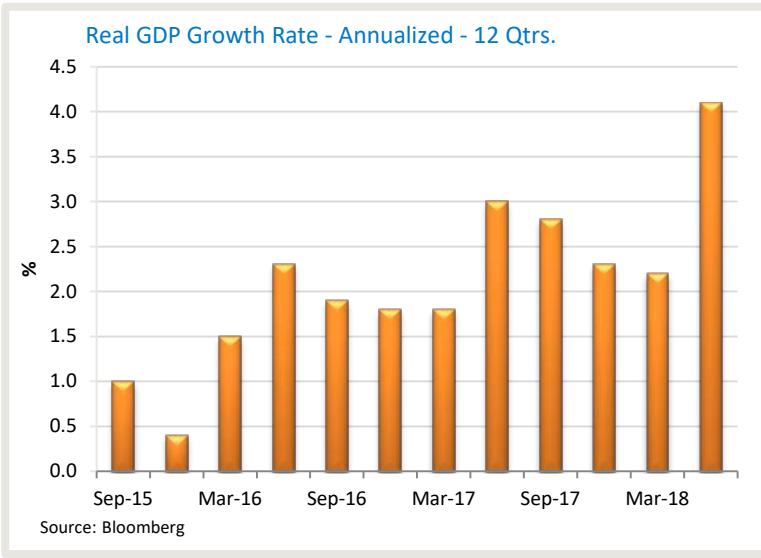
The final model for emerging markets contagion is herd behavior. This widely accepted theory states that investors will abandon markets based on what they think other investors are doing, and in the current environment, could be the most likely cause of potential contagion. To date, the broad-based sell-off seems to be based more on investors' fear that other countries in a poor financial position will follow in Turkey's footsteps. Based on fundamentals, these fears may be unfounded, as Turkey's problems appear unique to Turkey, and the overall financial position in emerging markets countries is much stronger than in past crises. Unfortunately, contagion based on herd behavior can be difficult to predict, and comes with limited prevention options.

Overall, some risk exists that the current problems in emerging markets, and in Turkey specifically, could deteriorate into contagion, with herd behavior being the most likely cause. However, this is both difficult to predict and far from certain. Historically, large declines have been followed by large gains in the asset class, making it potentially attractive. Given this uncertainty, investors should carefully evaluate their exposure to emerging markets. Rather than avoiding the asset class, investors should consider emerging markets exposure in a total portfolio context, focusing on how it relates to their goals, risk tolerance, and time horizon.

Sources:

¹ https://www.rand.org/pubs/monograph_reports/MR962.html

Economic Data



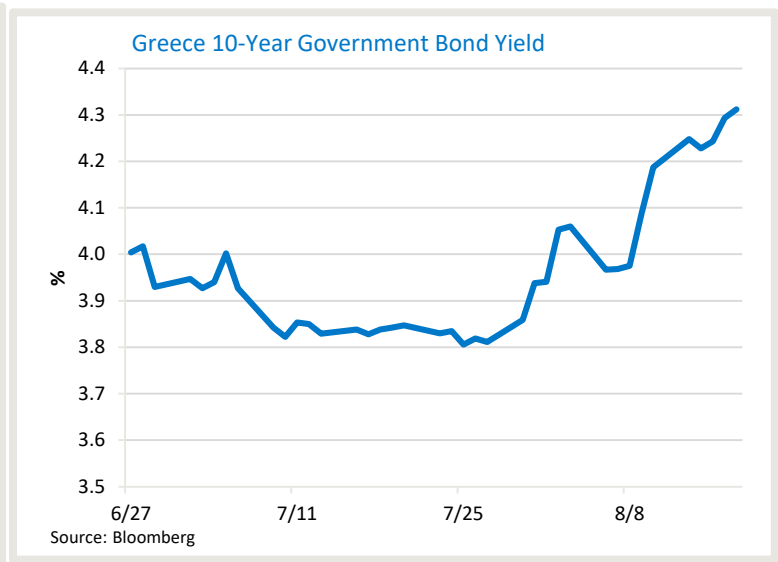
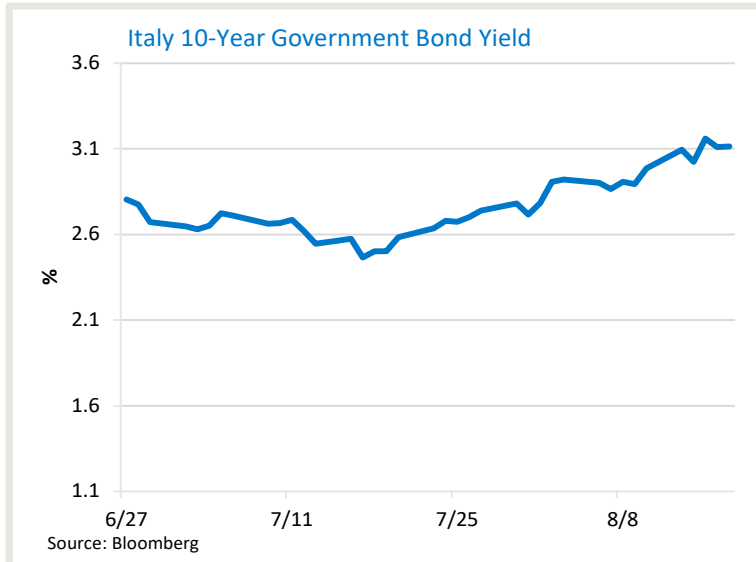
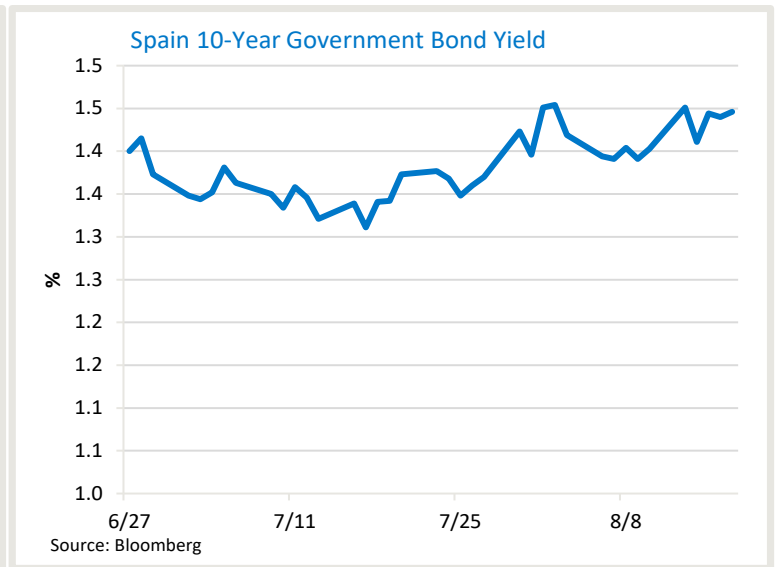
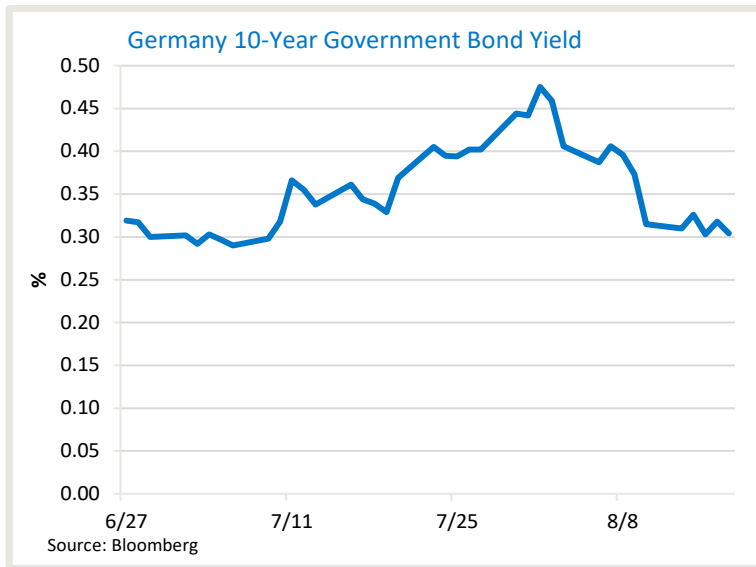
Eurozone

SELECTED EUROPEAN SOVEREIGN YIELD PERFORMANCE

	Last	Change	% Chg.	YTD %
Germany 10-Yr. Govt.	0.30	1 bps	NM	NM
Greece 10-Yr. Govt.	4.31	-9 bps	NM	NM
Italy 10-Yr. Govt.	3.11	-10 bps	NM	NM
Spain 10-Yr. Govt.	1.45	-4 bps	NM	NM
Belgium 10-Yr. Govt.	0.69	0 bps	NM	NM

	Last	Change	% Chg.	YTD %
France 10-Yr. Govt.	0.66	0 bps	NM	NM
Ireland 10-Yr. Govt.	0.83	-1 bps	NM	NM
Portugal 10-Yr. Govt.	1.84	-7 bps	NM	NM
Netherlands 10-Yr. Govt.	0.42	1 bps	NM	NM
U.K. 10-Yr. Govt.	1.23	0 bps	NM	NM

Source: Bloomberg
 Basis points (bps)

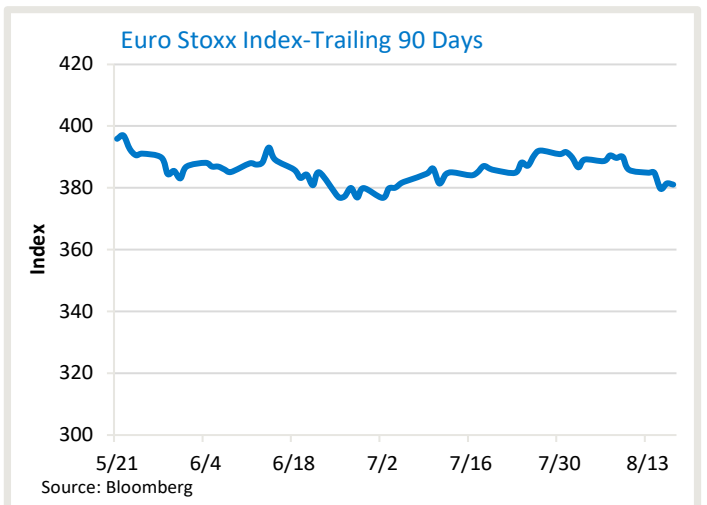
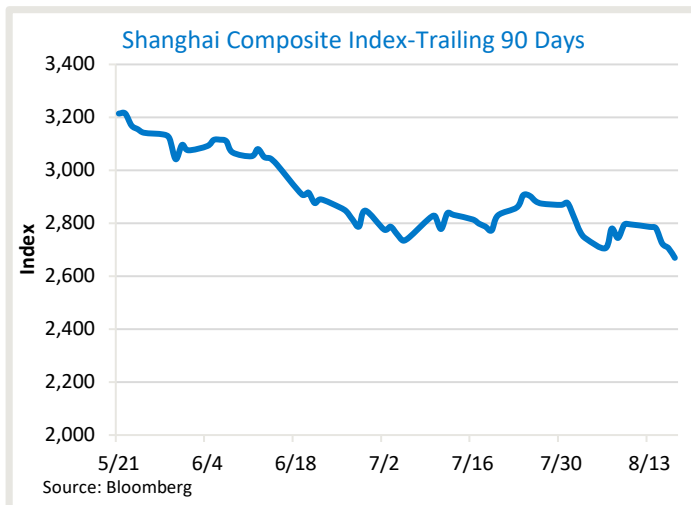
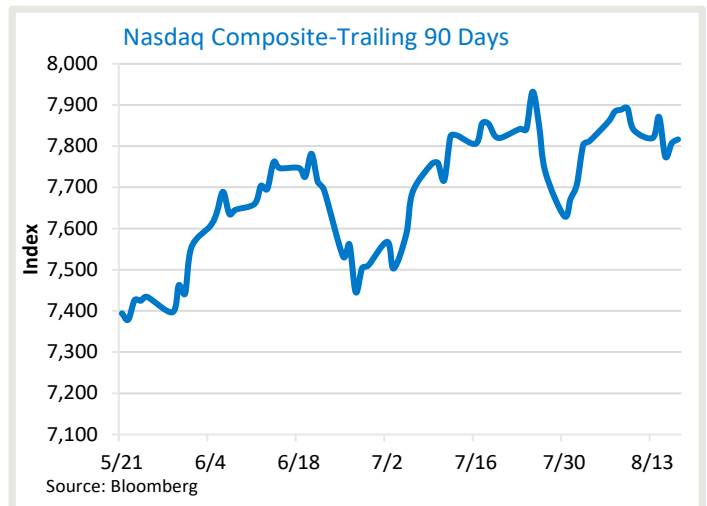
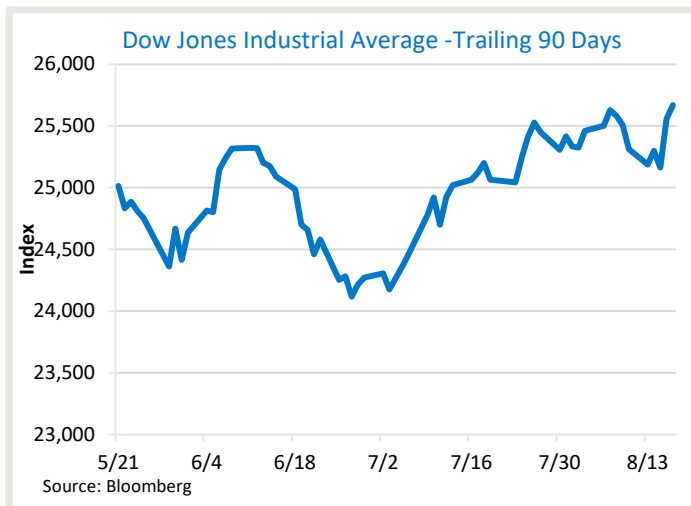


Equities

WORLD MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
S&P 500	2,850.13	16.85	0.59%	6.60%	Swiss Market Index	9,003.91	-27.42	-0.30%	-4.03%
Dow Industrials	25,669.32	356.18	1.41%	3.84%	CAC 40 Index (France)	5,344.93	-69.75	-1.29%	0.61%
Nasdaq Composite	7,816.33	-22.78	-0.29%	13.22%	DAX Index (Germany)	12,210.55	-213.80	-1.72%	-5.47%
Russell Global	2,139.08	-17.85	-0.83%	-0.2%	Irish Overall Index	6,698.59	16.62	0.25%	-4.83%
Russell Global EM	3,217.30	-122.06	-3.66%	-11.7%	Nikkei 225	22,270.38	-27.70	-0.12%	-2.17%
S&P/TSX (Canada)	16,323.71	-2.80	-0.02%	0.71%	Hang Seng Index	27,213.41	-1153.21	-4.07%	-9.04%
Mexico IPC	48,264.63	-126.43	-0.26%	-2.22%	Shanghai Composite	2,668.97	-126.34	-4.52%	-19.30%
Brazil Bovespa	76,028.50	-485.85	-0.63%	-0.49%	Kospi Index (S. Korea)	2,247.05	-56.66	-2.46%	-8.93%
Euro Stoxx 600	381.06	-4.80	-1.24%	-2.09%	Taiwan Taiex Index	10,690.96	-292.72	-2.67%	0.45%
FTSE 100	7,558.59	-108.42	-1.41%	-1.68%	Tel Aviv 25 Index	1,582.79	-7.05	-0.44%	4.84%
IBEX 35 (Spain)	9,417.30	-184.80	-1.92%	-6.24%	MOEX Index (Russia)	2,255.12	-19.93	-0.88%	6.89%

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



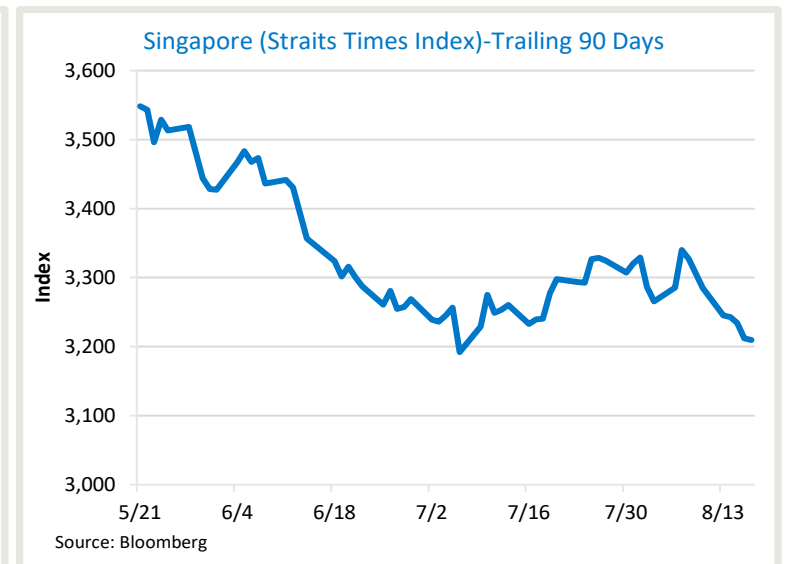
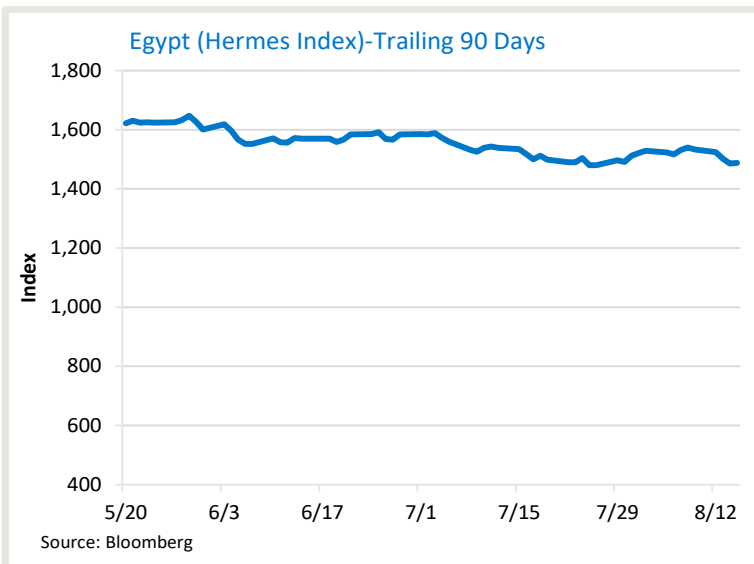
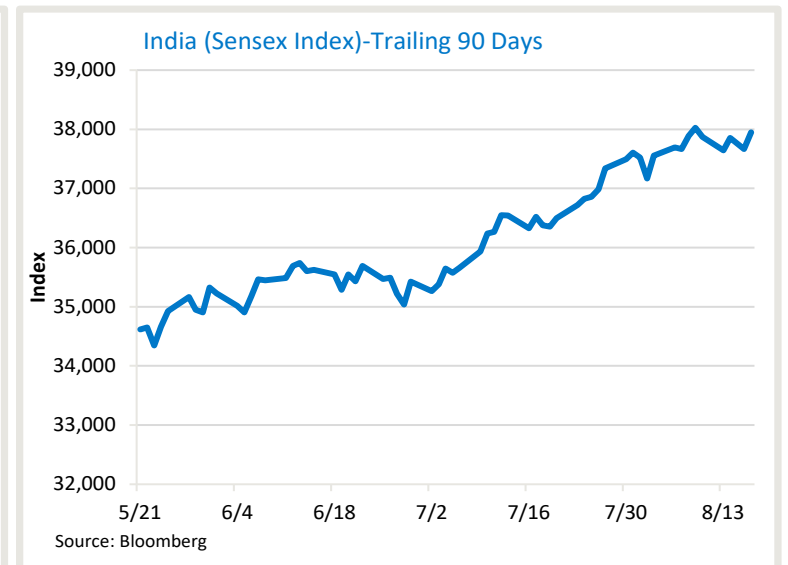
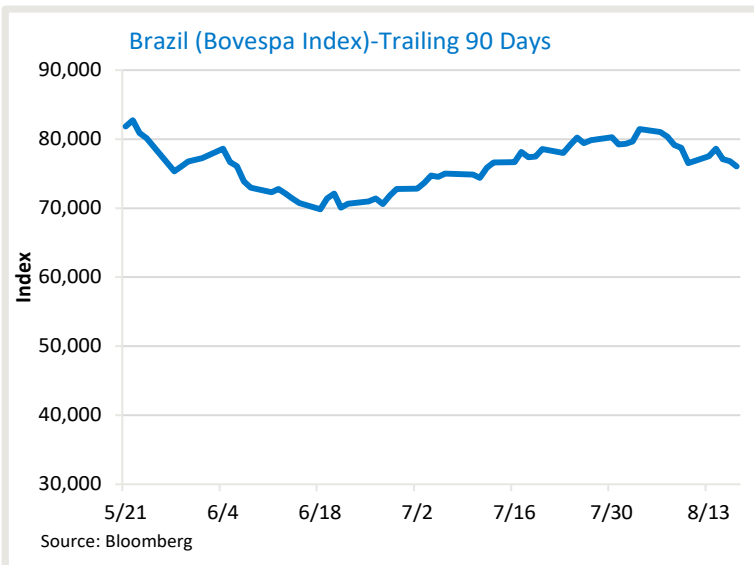
Equities – Emerging and Frontier Markets

EMERGING AND FRONTIER MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
Mexico IPC	48,264.63	-126.43	-0.3%	-2.2%
Brazil (Bovespa Index)	76,028.50	-485.85	-0.6%	-0.5%
MOEX Index (Russia)	2,255.12	-19.93	-0.9%	6.9%
Czech Republic (Prague)	1,058.05	-15.35	-1.4%	-1.9%
Turkey (Istanbul)	88,734.75	-6204.88	-6.5%	-23.1%
Egypt (Hermes Index)	1,482.15	-51.23	-3.3%	3.1%
Kenya (Nairobi 20 Index)	3,336.06	21.14	0.6%	-10.1%
Saudi Arabia (TASI Index)	7,867.16	-309.02	-3.8%	8.9%
Lebanon (Beirut BLOM Index)	1,012.37	-10.64	-1.0%	-11.9%
Palestine	541.56	-2.39	-0.4%	-5.7%

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

	Last	Change	% Chg.	YTD %
Hang Seng Index	27,213.41	-1153.21	-4.1%	-9.0%
India (Sensex 30)	37,947.88	78.65	0.2%	11.4%
Malaysia (KLCI Index)	1,783.47	-22.28	-1.2%	-0.7%
Singapore (Straits Times Index)	3,209.44	-75.34	-2.3%	-5.7%
Thailand (SET Index)	1,690.04	-32.44	-1.9%	-3.6%
Indonesia (Jakarta)	5,783.80	-281.46	-4.6%	-9.0%
Pakistan (Karachi KSE 100)	42,446.62	-395.56	-0.9%	4.9%
Vietnam (Ho Chi Minh)	968.88	0.41	0.0%	-1.6%
Sri Lanka (Colombo)	6,051.10	-90.45	-1.5%	-5.0%
Cambodia (Laos)	871.43	-1.79	-0.2%	-12.7%

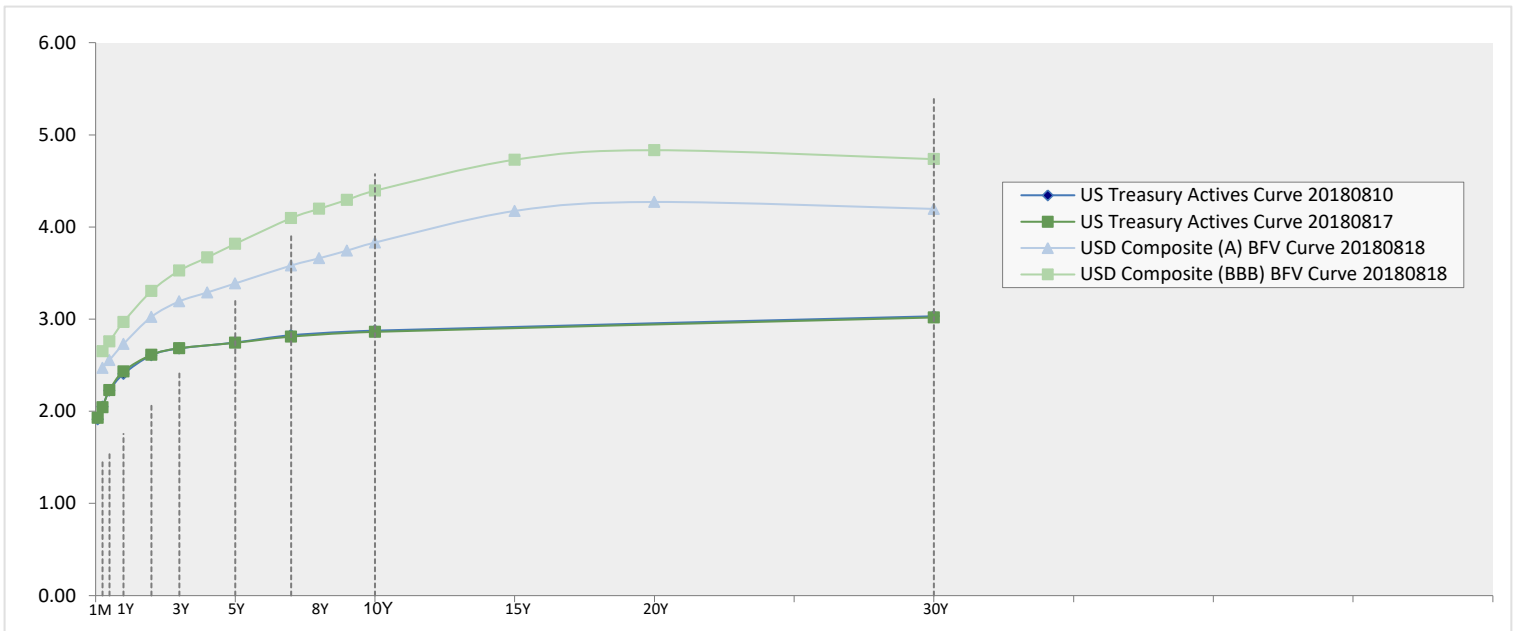


Interest Rates

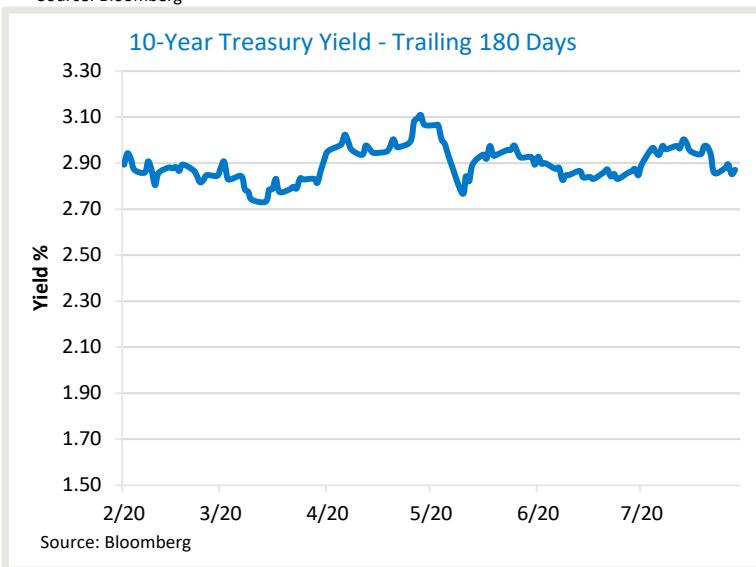
SELECTED INTEREST RATES

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
2-Yr. U.S. Treasury	2.61%	0 bps	NM	NM	Prime Rate	5.00%	0.00	NM	NM
5-Yr. U.S. Treasury	2.75%	2 bps	NM	NM	Fed Funds Rate	2.00%	0.00	NM	NM
10-Yr. U.S. Treasury	2.87%	2 bps	NM	NM	Discount Rate	2.50%	0.00	NM	NM
30-Yr. U.S. Treasury	3.03%	1 bps	NM	NM	LIBOR (3 Mo.)	2.32%	0 bps	NM	NM
German 10-Yr. Govt.	0.30%	1 bps	NM	NM	Bond Buyer 40 Muni	3.84%	-3 bps	NM	NM
France 10-Yr.	0.66%	0 bps	NM	NM	Bond Buyer 40 G.O.	3.95%	NA	NM	NM
Italy 10-Yr.	3.11%	-10 bps	NM	NM	Bond Buyer 40 Rev.	4.45%	NA	NM	NM
Fed 5-Yr Fwd BE Inf.	2.13%	-1 bps	NM	NM					

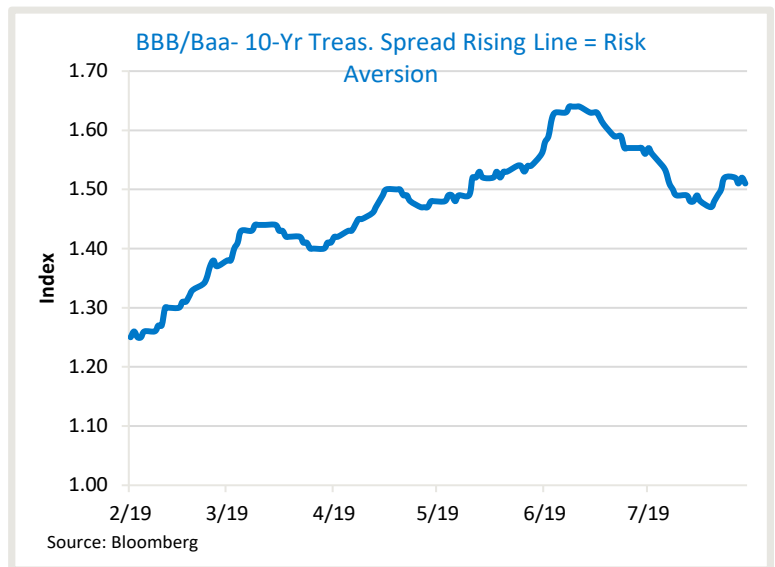
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Source: Bloomberg



Source: Bloomberg



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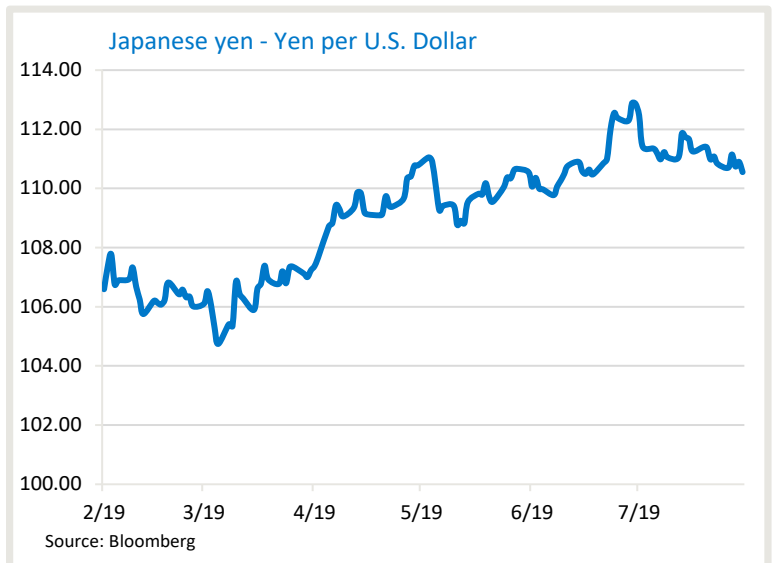
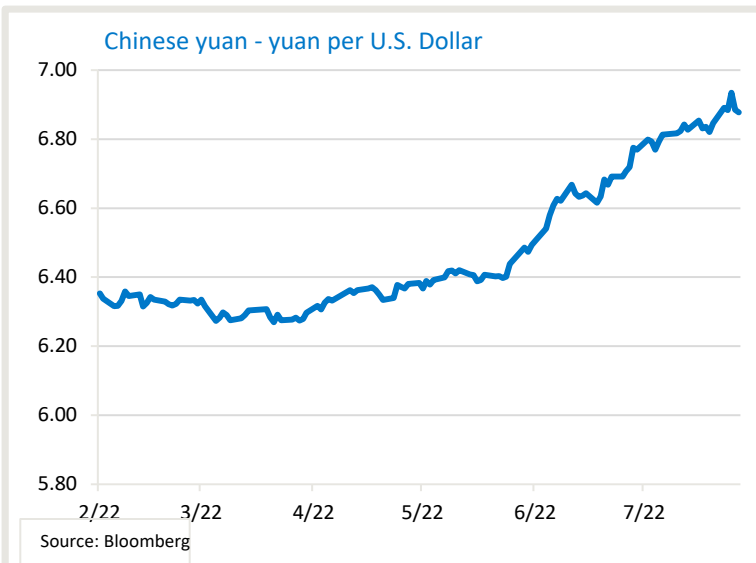
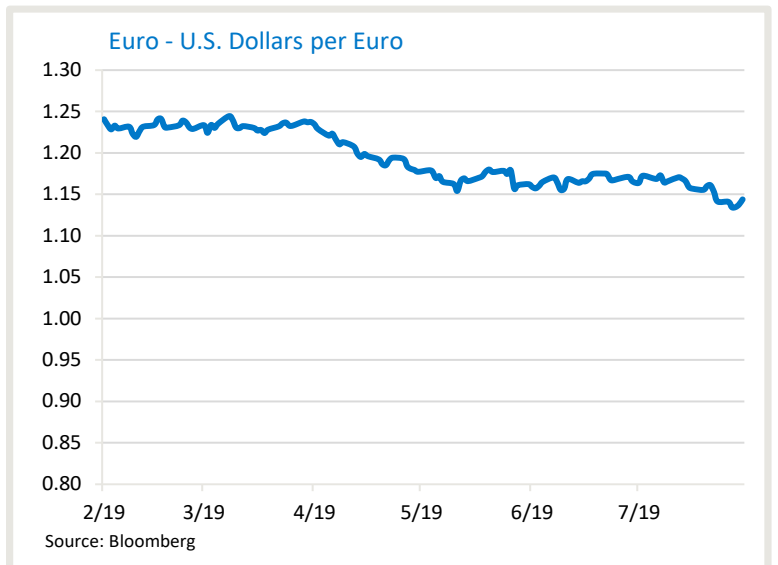
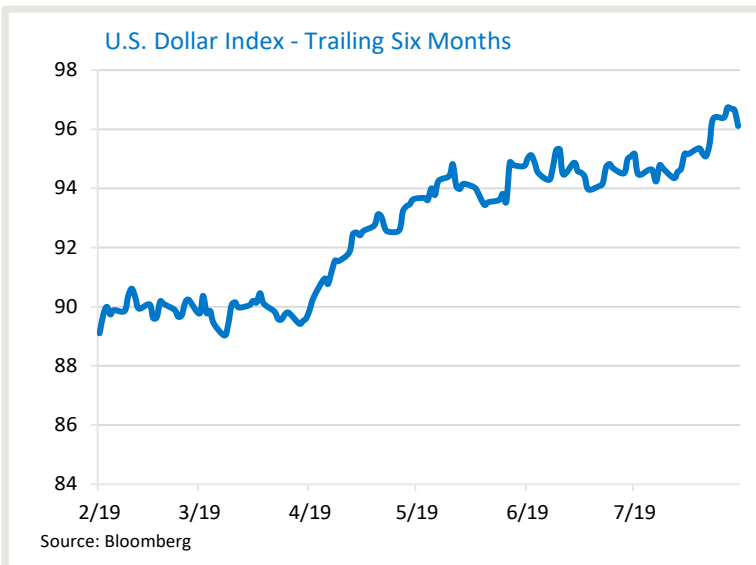
Currencies

SELECTED CURRENCY PERFORMANCE

	Last	Change	% Chg.	YTD %
Dollar Index	96.12	-0.248	-0.26%	4.33%
Euro	1.14	0.003	0.23%	-4.71%
Japanese Yen	110.53	-0.280	0.25%	1.94%
British Pound	1.28	-0.001	-0.07%	-5.65%
Canadian Dollar	1.31	-0.008	0.60%	-3.75%

Source: Bloomberg

	Last	Change	% Chg.	YTD %
Chinese Yuan	6.88	0.031	-0.45%	-5.39%
Swiss Franc	1.00	0.000	-0.02%	-2.12%
New Zealand Dollar	0.66	0.004	0.62%	-6.58%
Brazilian Real	3.91	0.052	-1.33%	-15.47%
Mexican Peso	18.89	-0.031	0.17%	4.13%

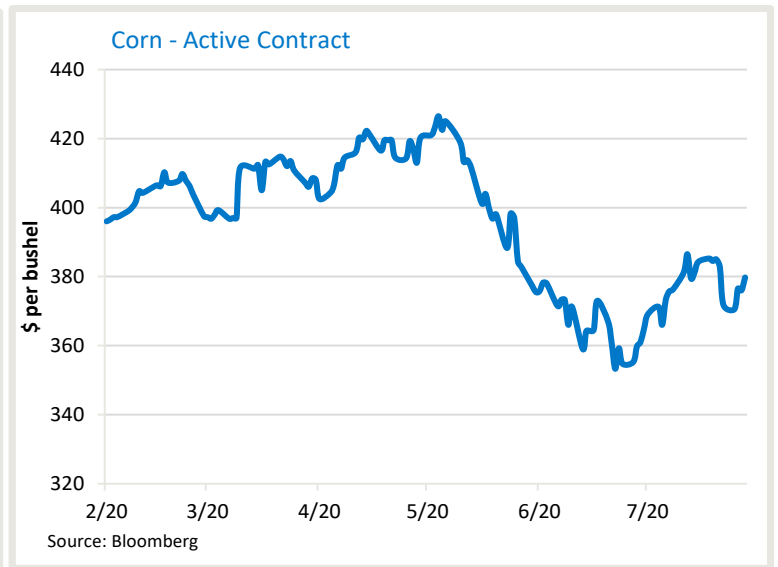
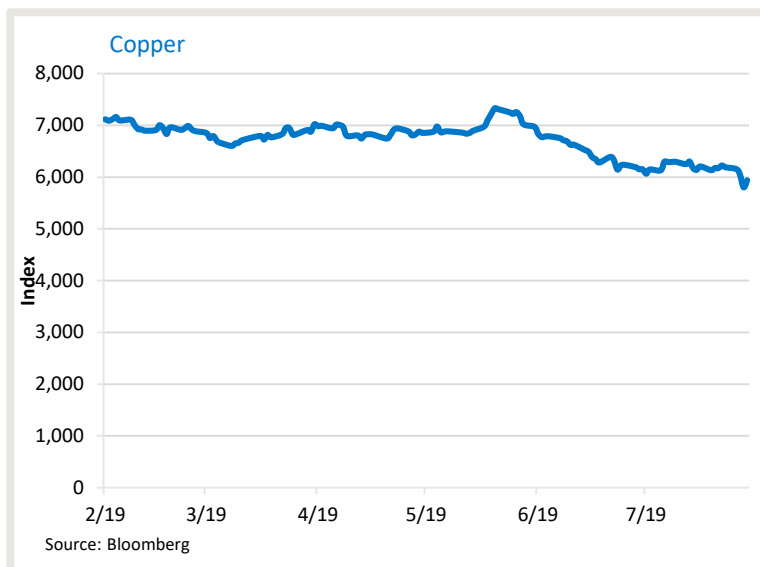
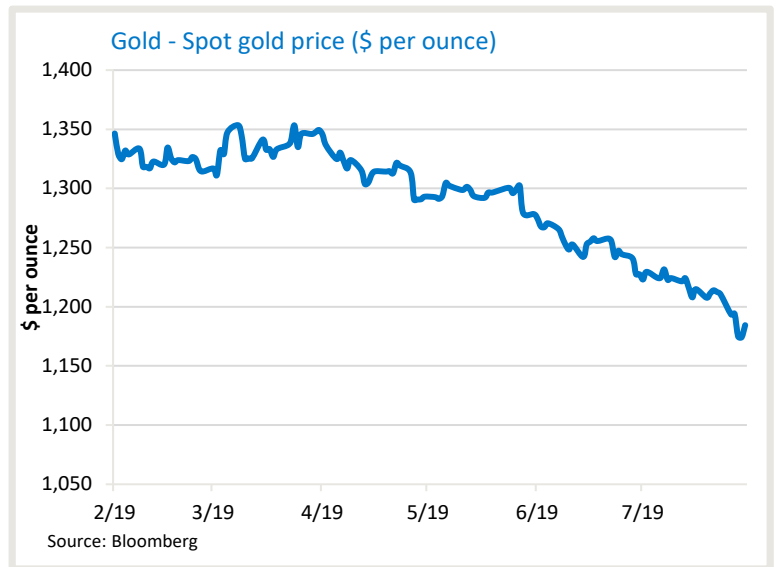
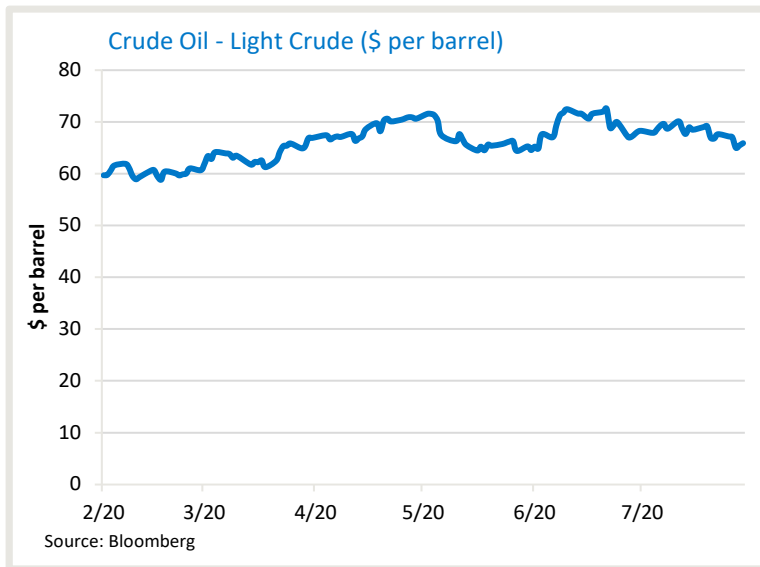


Commodities

SELECTED COMMODITY MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
Bloomberg Comm. Idx.	83.35	-0.88	-1.05%	-5.47%	Platinum Spot	\$788.87	-\$38.33	-4.63%	-14.97%
Crude Oil	\$65.90	-\$1.73	-2.56%	11.56%	Corn	378.75	7.00	1.88%	-1.37%
Natural Gas	\$2.95	\$0.00	0.10%	5.67%	Wheat	579.75	10.25	1.80%	20.28%
Gasoline (\$/Gal.)	\$2.85	-\$0.01	-0.45%	14.60%	Soybeans	892.75	31.00	3.60%	-8.51%
Heating Oil	209.88	-3.99	-1.86%	7.13%	Sugar	10.18	-0.36	-3.42%	-33.07%
Gold Spot	\$1,184.23	-\$26.13	-2.16%	-9.09%	Orange Juice	157.35	-6.00	-3.67%	10.81%
Silver Spot	\$14.79	-\$0.51	-3.36%	-12.62%	Aluminum	2,048.00	-57.00	-2.71%	-9.70%
					Copper	5,938.00	-252.00	-4.07%	-18.06%

Source: Bloomberg; % change is based on price.

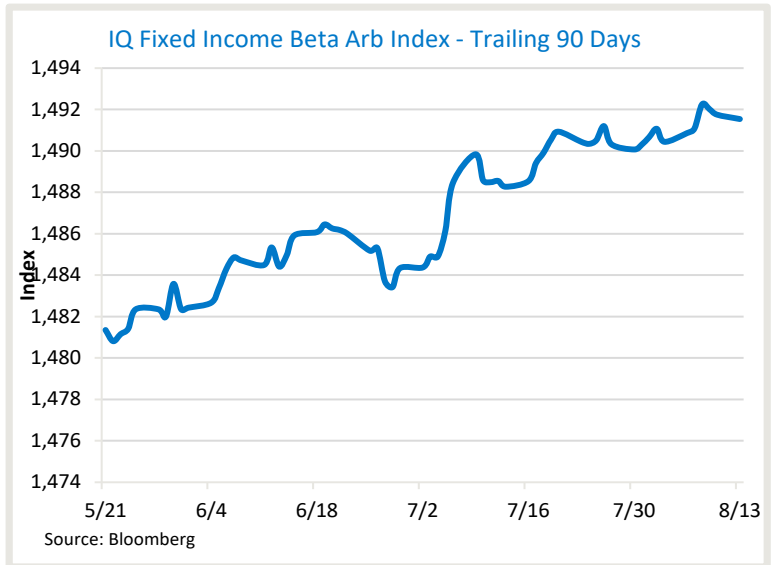
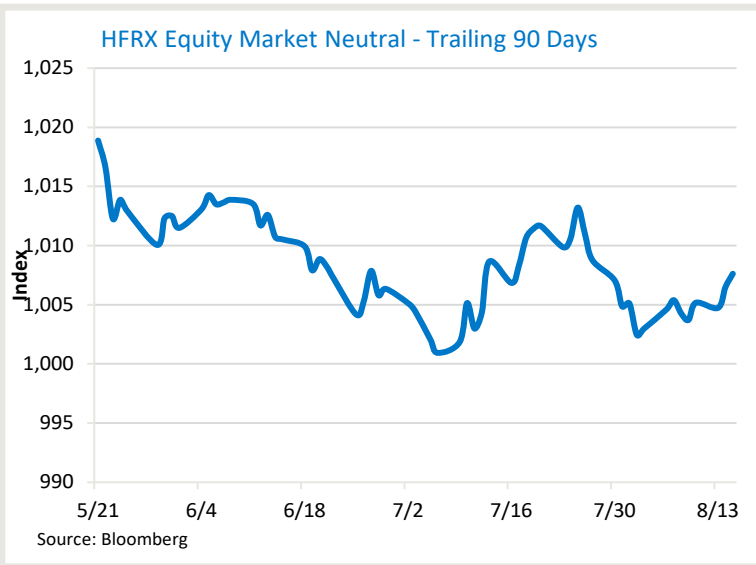
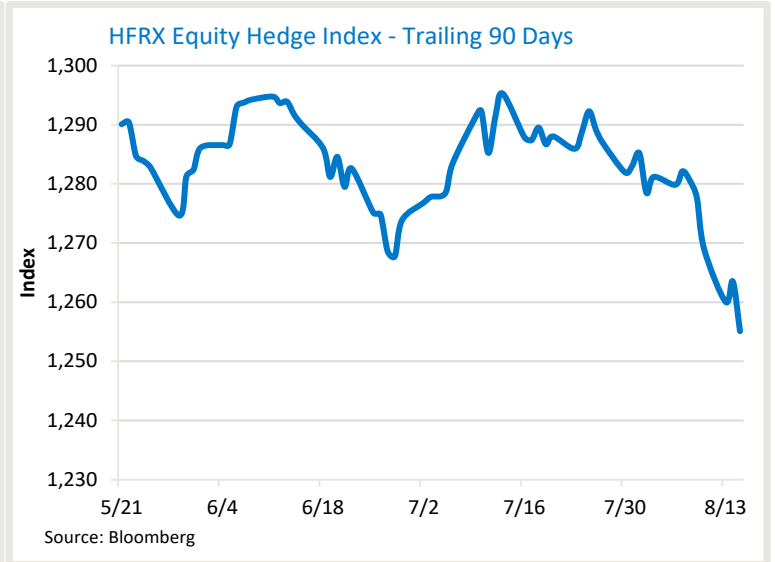
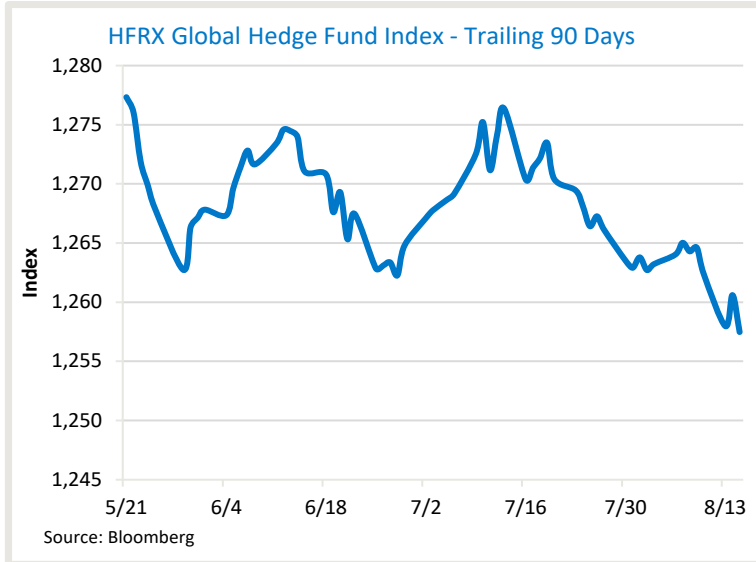


Alternative Investments

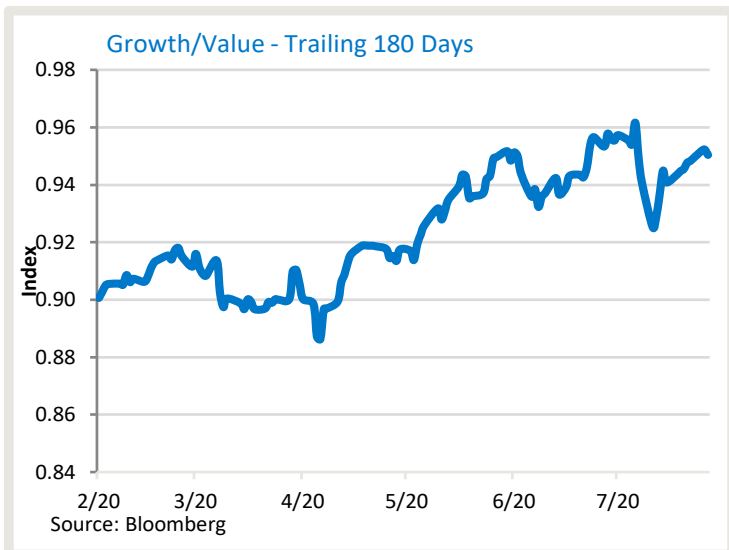
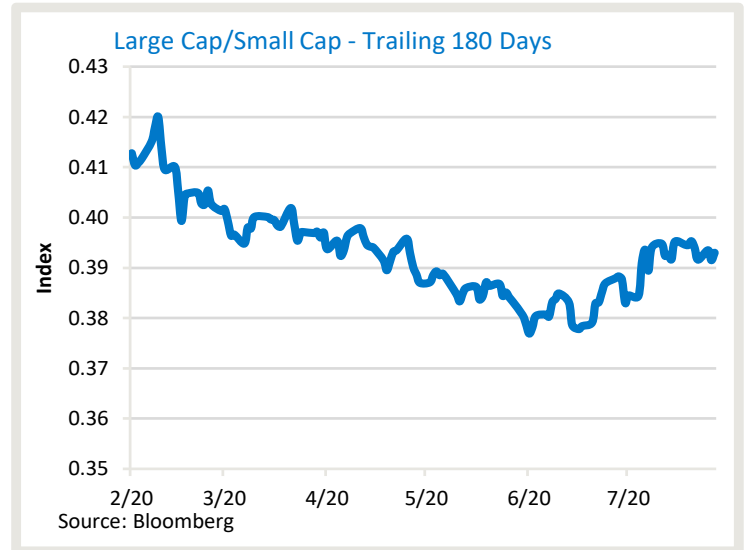
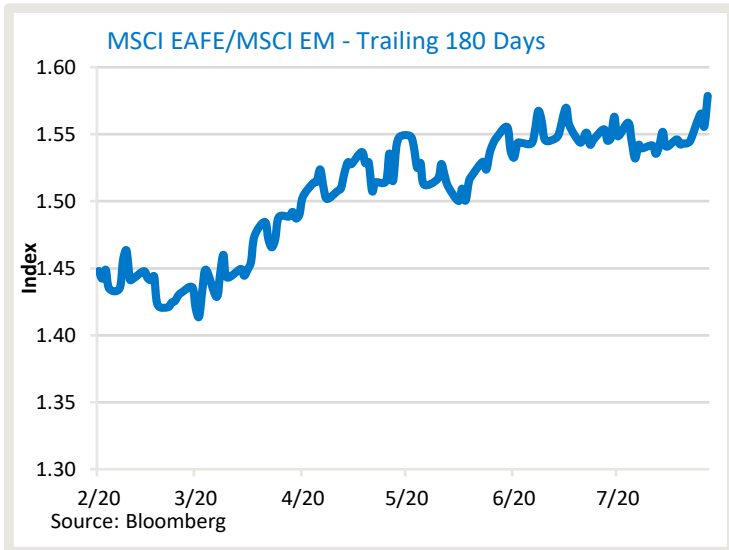
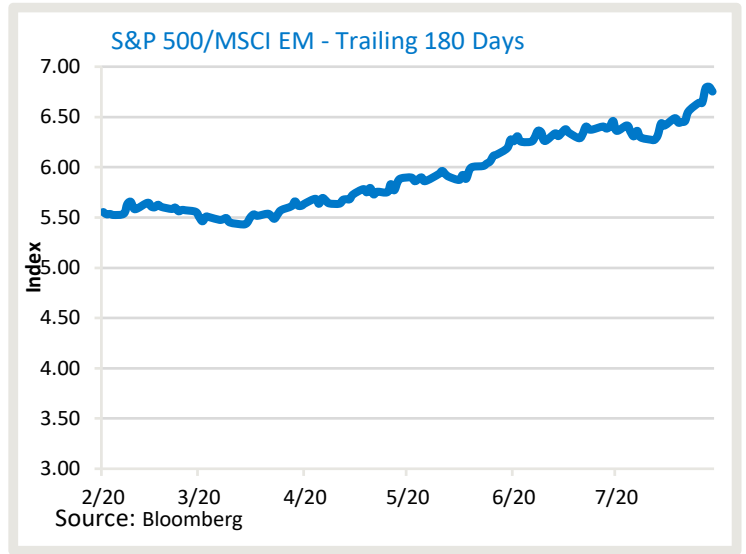
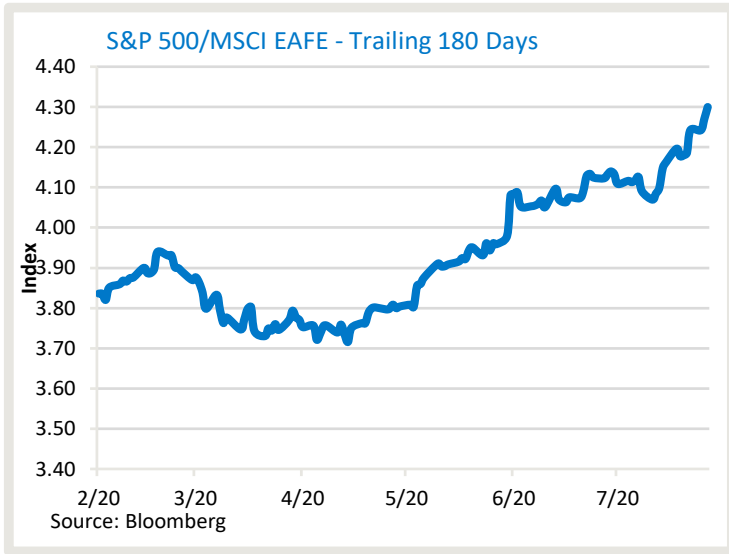
SELECTED ALTERNATIVE INVESTMENT INDEX PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
HFRX Global Hedge Fund Index	1257.47	-4.85	-0.38%	-1.42%	HFRX Distressed Index	1039.22	-1.31	-0.13%	-6.09%
HFRX Equity Market Neutral	1007.62	2.45	0.24%	0.32%	HFRX Merger Arbitrage Index	1842.79	0.38	0.02%	-0.55%
HFRX Equity Hedge Index	1255.09	-13.92	-1.10%	-1.23%	HFRX Convertible Arbitrage Index	801.61	0.08	0.01%	0.68%
HFRX Event-Driven Index	1566.53	-10.15	-0.64%	-5.96%	HFRX Macro CTA Index	1159.75	9.66	0.84%	-0.35%
HFRX Absolute Return Index	1077.08	0.86	0.08%	1.30%	IQ Fixed Income Beta Arb Index	1493.66	1.91	0.13%	1.58%

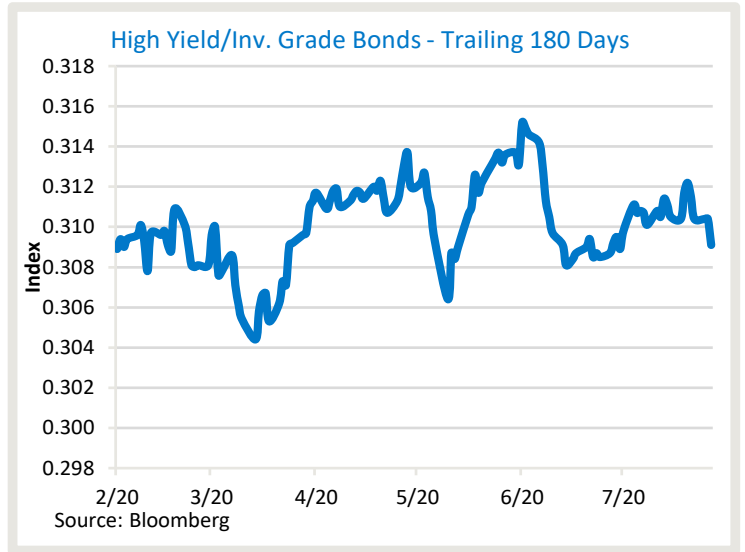
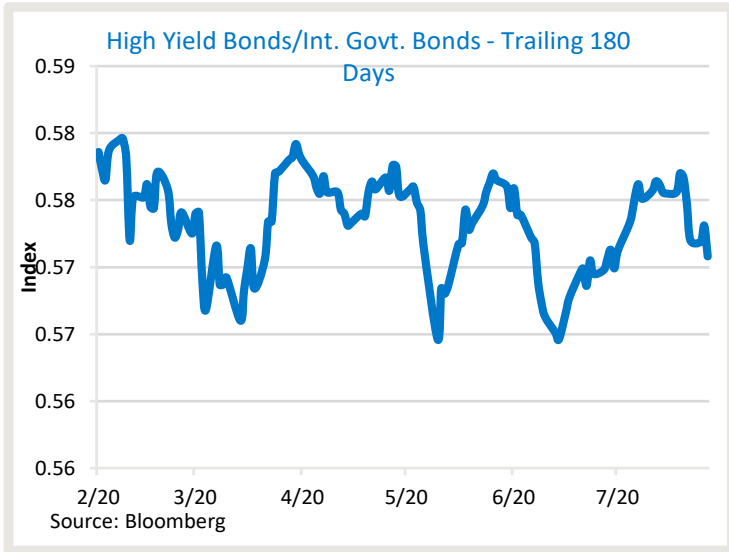
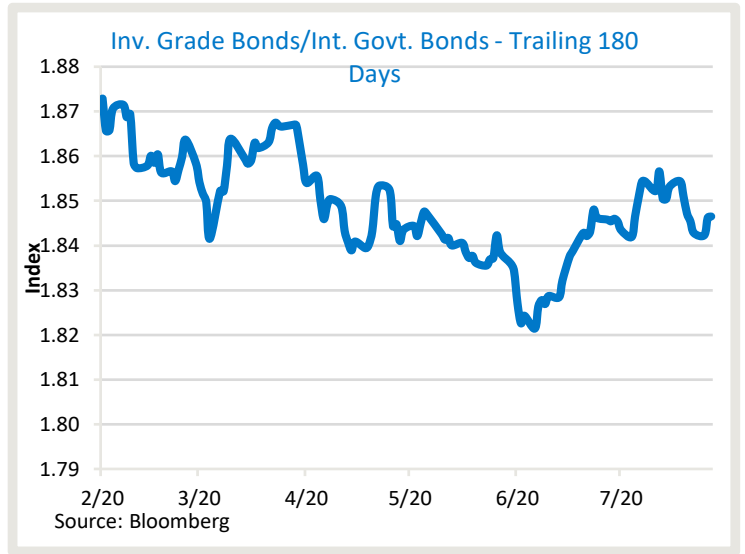
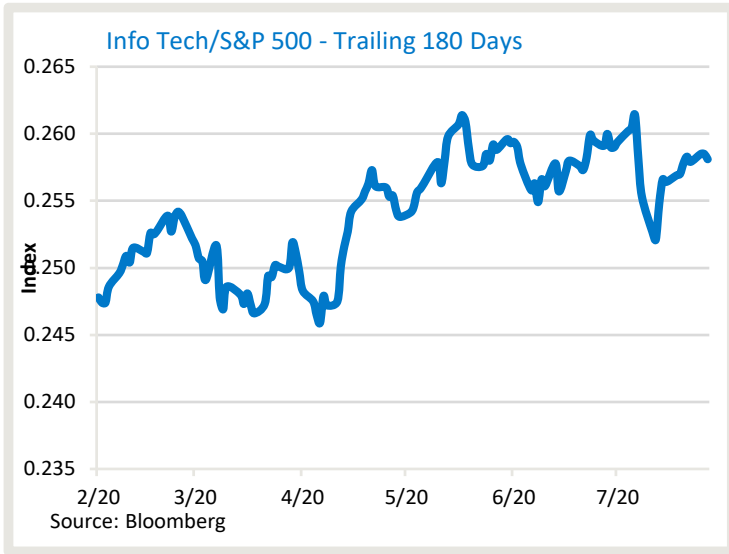
Source: Bloomberg; Index % change is based on price.



Portfolio Construction



Portfolio Construction (continued)



WEEKLY ASSET CLASS PERFORMANCE (Prior 12 weeks ending Thursday)

			5/31	6/7	6/14	6/21	6/28	7/5	7/12	7/19	7/26	8/2	8/9	8/16
Equity	Domestic Equity	Large Cap (R200)	-0.72%	2.53%	0.35%	-1.24%	-1.14%	0.68%	2.47%	0.15%	1.22%	-0.21%	1.01%	-0.49%
		Small Cap (R2000)	0.33%	2.09%	1.02%	0.25%	-2.60%	2.10%	0.64%	0.65%	0.35%	-0.78%	0.52%	-0.30%
	Int'l. Equity	MSCI EAFE	-1.82%	1.76%	-0.29%	-2.54%	-1.27%	0.80%	0.60%	0.25%	1.59%	-1.28%	0.54%	-3.26%
		MSCI Em. Mkts.	-1.26%	2.58%	-2.09%	-4.04%	-3.10%	0.73%	1.51%	-0.90%	2.69%	-2.00%	1.05%	-5.29%
Fixed Income	BarCap Agg. (AGG)	0.54%	-0.53%	-0.06%	0.00%	0.37%	0.08%	0.09%	0.07%	0.45%	-0.25%	0.25%	0.38%	
	High Yield (JNK)	-0.36%	0.36%	0.59%	-0.31%	-0.81%	-0.25%	0.62%	0.03%	0.45%	-0.11%	0.14%	-0.11%	
Commodities	Bloomberg Commodity Index	-0.87%	-0.74%	-0.92%	-3.13%	0.43%	-1.45%	-1.78%	-1.12%	2.27%	-0.52%	0.45%	-2.21%	
Alternatives	Hedge Funds (HFRX Global)	-0.22%	0.45%	0.09%	-0.68%	-0.24%	0.51%	0.44%	-0.06%	0.49%	-0.36%	0.15%	-0.56%	
Asset Allocation	60/40*	-0.35%	1.20%	0.07%	-0.95%	-0.86%	0.58%	1.03%	0.13%	0.57%	-0.52%	0.58%	-0.80%	
	48/32/20 (w/Alts.)**	-0.32%	1.05%	0.07%	-0.89%	-0.74%	0.57%	0.91%	0.09%	0.36%	-0.49%	0.50%	-0.76%	

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	1.01	1.02	1.06	1.06	1.06	1.07	1.08	1.06	1.43	1.66	0.95	1.41	1.07	1.12
Large Cap Growth	0.99	1.00	1.01	1.05	1.05	1.05	1.06	1.07	1.06	1.42	1.65	0.94	1.41	1.07	1.11
Large Cap Value	0.98	0.99	1.00	1.04	1.04	1.04	1.05	1.06	1.04	1.40	1.63	0.93	1.39	1.05	1.10
Mid Cap Core	0.95	0.95	0.96	1.00	1.00	1.00	1.01	1.02	1.00	1.35	1.57	0.89	1.34	1.01	1.06
Mid Cap Growth	0.94	0.95	0.96	1.00	1.00	1.00	1.01	1.02	1.00	1.35	1.56	0.89	1.33	1.01	1.05
Mid Cap Value	0.94	0.95	0.96	1.00	1.00	1.00	1.01	1.02	1.00	1.35	1.56	0.89	1.34	1.01	1.05
Small Cap Core	0.93	0.94	0.95	0.99	0.99	0.99	1.00	1.01	0.99	1.33	1.55	0.88	1.32	1.00	1.04
Small Cap Growth	0.93	0.93	0.94	0.98	0.98	0.98	0.99	1.00	0.98	1.32	1.54	0.88	1.31	0.99	1.04
Small Cap Value	0.94	0.95	0.96	1.00	1.00	1.00	1.01	1.02	1.00	1.35	1.56	0.89	1.33	1.01	1.05
Int'l. Developed	0.70	0.70	0.71	0.74	0.74	0.74	0.75	0.76	0.74	1.00	1.16	0.66	0.99	0.75	0.78
Emerging Markets	0.60	0.61	0.62	0.64	0.64	0.64	0.65	0.65	0.64	0.86	1.00	0.57	0.85	0.65	0.67
REITs	1.06	1.06	1.08	1.12	1.12	1.12	1.13	1.14	1.12	1.51	1.75	1.00	1.50	1.13	1.18
Commodities	0.71	0.71	0.72	0.75	0.75	0.75	0.76	0.76	0.75	1.01	1.17	0.67	1.00	0.76	0.79
Int. Bond	0.93	0.94	0.95	0.99	0.99	0.99	1.00	1.01	0.99	1.33	1.55	0.88	1.32	1.00	1.04
High Yield	0.90	0.90	0.91	0.95	0.95	0.95	0.96	0.97	0.95	1.28	1.48	0.85	1.27	0.96	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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