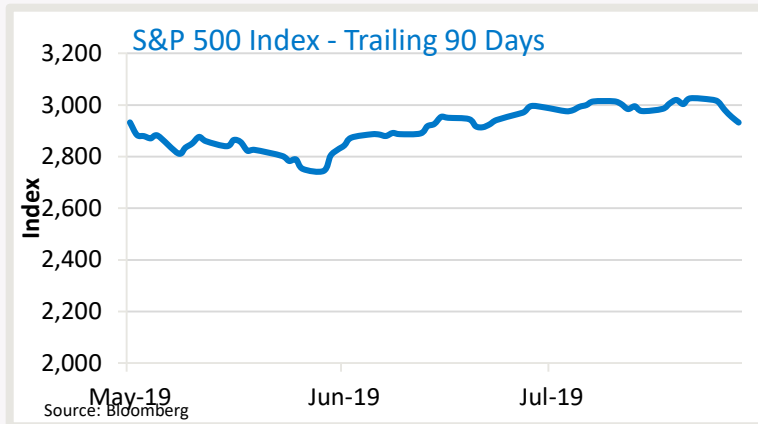


## Chart of the Week



## Weekly Highlights

- **The Federal Reserve (Fed) cut rates for the first time in more than ten years.** On Wednesday, July 31, Fed Chair Jerome Powell and the central bank's rate-setting committee lowered the target range for the federal funds rate 25 basis points to 2.00-2.25%. The move comes as monetary policymakers have grown increasingly concerned about the durability of the current expansion amid heightened trade tensions.
- **Jobless claims are higher than expected, still near historic lows.** Initial jobless claims rose to 215,000 for the week ended July 27, while the four-week average fell to 211,500. Both measures remain near their lowest in 50 years. Continuing claims at 1.70 million for the week ended July 20 also are near lows not seen since the 1970s.
- **Unemployment is historically low, but wage growth is stalling.** The US economy added 164,000 jobs in July, while unemployment remained at 3.70%. However, average hourly earnings growth clocked in at only 3.20% over the 12 months ended in July. This figure is down from the post-crisis high of 3.40% recorded in February 2019 and lower than gains seen in the last economic cycle.

## Talking Points

- **Global equity markets** were led by Japan and Turkey, which posted returns between 19 and 24 basis points through Thursday. India and Argentina, down more than 3.10% and 4.30%, respectively, were the worst performers.
- **The Treasury yield curve shifted downward through Thursday.** Yields across the curve fell precipitously in response to the Fed's rate cut.
- **Commodities were broadly down on the week.** Oil, agriculture, and precious and industrial metals were down on the week.
- **The US dollar** strengthened against a basket of major trade partners' currencies. The dollar index remains at highs not seen since 2017.
- **In other economic news:** The US trade deficit grew in January as exports fell due to ongoing trade tensions. Construction spending fell 1.30% in June in a greater drop than economists had forecast. The Conference Board's Consumer Confidence Survey approached post-crisis heights in July, as unemployment remains low.

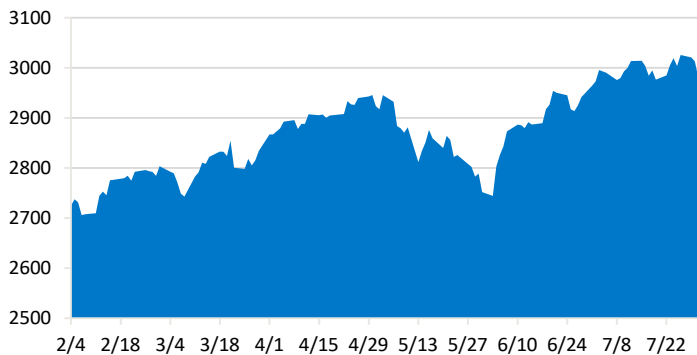
## Market Dashboard

	Last Price	Change	% Chg.	YTD %
<b>S&amp;P 500</b>	2,932.05	-93.81	-3.10%	17.0%
<b>Dow Industrials</b>	26,485.01	-707.44	-2.60%	13.5%
<b>Nasdaq</b>	8,004.07	-326.14	-3.92%	20.6%
<b>Russell 2000</b>	1,533.66	-45.31	-2.87%	13.7%
<b>Euro Stoxx Index</b>	378.15	-12.58	-3.22%	12.0%
<b>Shanghai Composite</b>	2,867.84	-76.70	-2.60%	15.0%
<b>MSCI ACWI</b>	520.57	-10.43	-1.96%	14.2%

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

	Last Price	Change	% Chg.	YTD %
<b>MSCI EM</b>	1,024.56	-24.10	-2.30%	6.1%
<b>10-Year US Treas.</b>	1.86	-23 bps	NM	NM
<b>Bloomberg Cmdts. Idx.</b>	77.23	-1.51	-1.92%	0.7%
<b>Gold</b>	\$1,439.88	\$22.16	1.56%	12.4%
<b>Crude Oil</b>	\$55.22	-\$1.00	-1.78%	15.4%
<b>Dollar Index</b>	98.10	0.09	0.09%	2.0%
<b>VIX Index</b>	17.61	5.45	44.82%	-30.7%

S&P 500 Index: Trailing 180 Days



Source: Bloomberg

One Week			YTD		
Value	Growth		Value	Growth	
L -3.09%	-3.11%	-3.12%	12.58%	16.59%	20.16%
-3.00%	-3.36%	-3.91%	14.94%	19.21%	25.45%
S -3.20%	-2.87%	-2.55%	8.90%	13.73%	18.44%

Source: Bloomberg

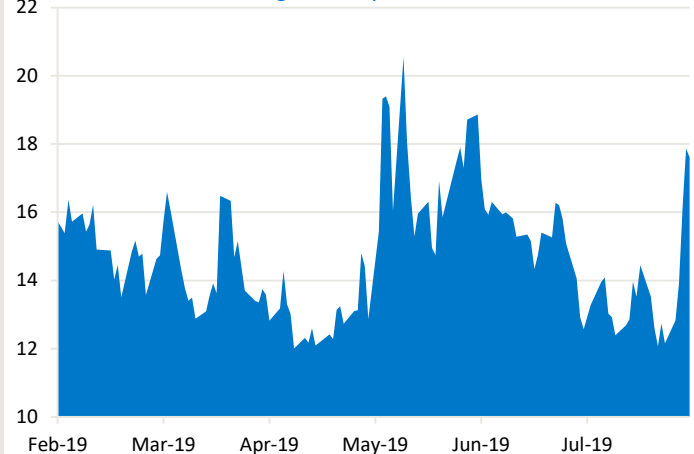
### Sector Performance:

#### S&P/Global Industry Classification Sectors (GICS)

	% Wgt in S&P 500	Week % Chg.	YTD % Chg.
<b>Consumer Discretionary</b>	10.1	-4.57%	19.4%
<b>Consumer Staples</b>	7.4	-1.93%	16.7%
<b>Energy</b>	4.8	-3.38%	5.1%
<b>Financials</b>	13.1	-3.89%	15.6%
<b>Health Care</b>	13.9	-1.13%	5.2%
<b>Industrials</b>	9.2	-3.45%	17.8%
<b>Information Technology</b>	21.8	-4.36%	27.4%
<b>Materials</b>	2.7	-2.98%	13.4%
<b>Real Estate</b>	3.1	2.05%	21.7%
<b>Communication Services</b>	10.5	-3.49%	20.3%
<b>Utilities</b>	3.3	0.25%	13.6%

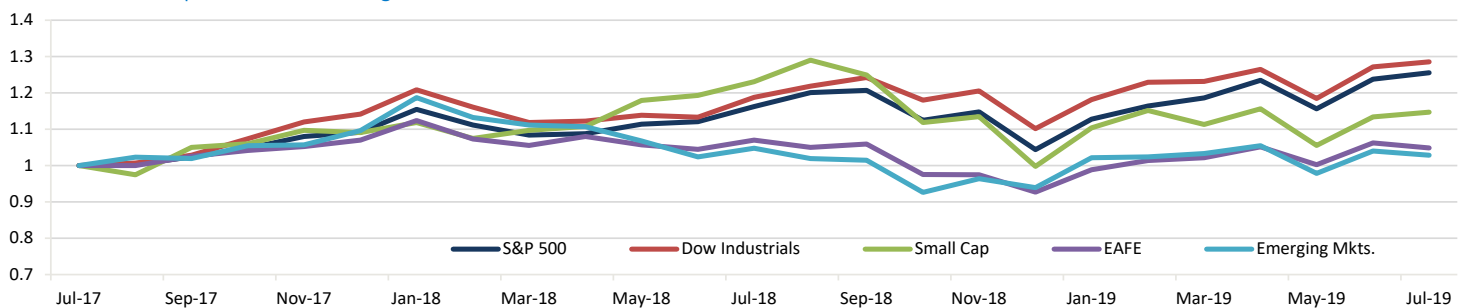
Source: Bloomberg

VIX Index: Trailing 180 Days



Source: Bloomberg

Wealth Index|Growth of \$1: Trailing 24 Months



Source: Bloomberg

**A Macro View: Shifting Winds at the Federal Reserve**

A year ago, the Federal Reserve (the Fed) was well along its path to normalize short-term interest rates and shrink its massive balance sheet, reversing a decade of cheap money and quantitative easing in a shift designed to provide the central bank with the flexibility to maneuver when the next recession hits. The Fed embarked on this tightening trail in late 2015, when former Chair Janet Yellen began to slowly, methodically remove the proverbial punch bowl. On Wednesday, however, Chair Jerome Powell and the Fed's rate-setting body brought the target range for the federal funds rate down 25 basis points to 2.00-2.25%—its first such move in more than ten years. Policymakers typically cut interest rates as the economy approaches or enters a recession, so this cut is notable for its occurrence as the US forges further into its longest economic expansion in recorded history.

As the length of this cycle suggests, the economy is doing well from one perspective, with unemployment hovering near multi-decade lows, 121 consecutive months of economic growth in the bag (and counting), and inflation below the Fed's 2% target. Had such tight labor market conditions existed in any previous economic cycle in the post-World War II period, the monetary managers at the central bank likely would have seen signs of increasing inflationary pressures, leading them to pump the economy's brakes to prevent an inflationary spiral. However, a lot has changed in the US economy since the last inflation scare in the 1970s, and the conspicuous lack of inflation this late in a cycle initiated by the most significant downturn since the Great Depression is just one of the indicators that this expansion is quite different from those that preceded it.

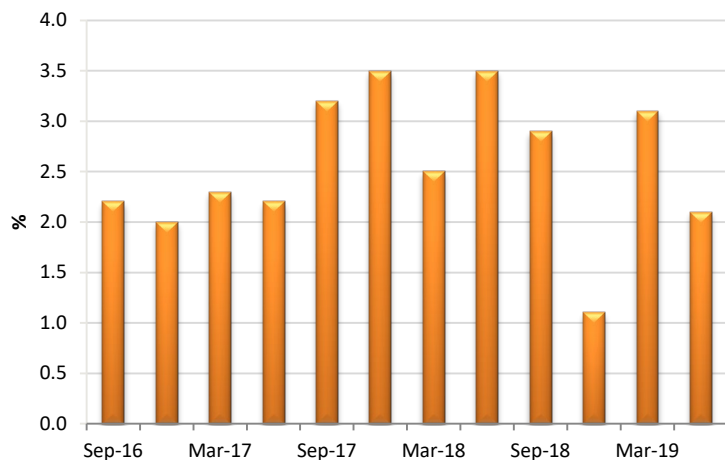
Part of the reason that inflation remains below the Fed's target, despite such tight labor market conditions, stems from the falling share of national production going to wage earners versus asset owners at the peaks of the most recent economic cycles. According to data from the Bureau of Economic Analysis, labor's share of national income, which typically rises toward the end of an economic expansion, stood at 52.70% for 2017 (the most recent data available), compared with 56.10% in 2008 and the postwar peak of 58.40% in 1970. Furthermore, average hourly earnings increased only 3.10% on a nominal basis over the 12 months ended in June, and inflation at 1.77% over the same period eroded more than half of this growth. Chair Powell noted how wages are finally beginning to increase appreciably on an inflation-adjusted basis, particularly for those at the lower end of the income distribution. With its rate cut, the Fed expressed its concern that continuing to tighten monetary conditions, especially when the global economy is facing trade and investment headwinds, risked tipping the economy into recession.

The other piece of the inflation puzzle is the increasingly fraught trade and investment environment. Although trade tensions between the US and China, the world's two largest economies, were certainly rising at this time last year, their persistence has increasingly weighed on business confidence and capital expenditures. The Trump Administration has repeatedly wielded tariffs as a stick to extract concessions from trading partners, as well as from regional allies in an attempt to effectuate his immigration agenda. On Thursday, August 1, President Trump announced additional tariffs on \$300 billion of consumer goods manufactured in China, to go into effect on September 1, in response to what he viewed as insufficient progress in trade negotiations in Shanghai. Although these threats arguably have brought partners to the negotiating table and benefited favored industries, they have contributed to stagnation in manufacturing and domestic investment. In July, for example, the Institute for Supply Management's manufacturing index fell to a three-year low of 51.2%. Although any reading above 50% indicates expansion, the comparatively low reading caught the Fed's attention. Similarly, growth in capital expenditures fell to 1.40% year over year in June—not far from this figure's post-crisis nadir at the beginning of 2016—while US construction spending fell 2.00% over the same period, according to the Commerce Department.

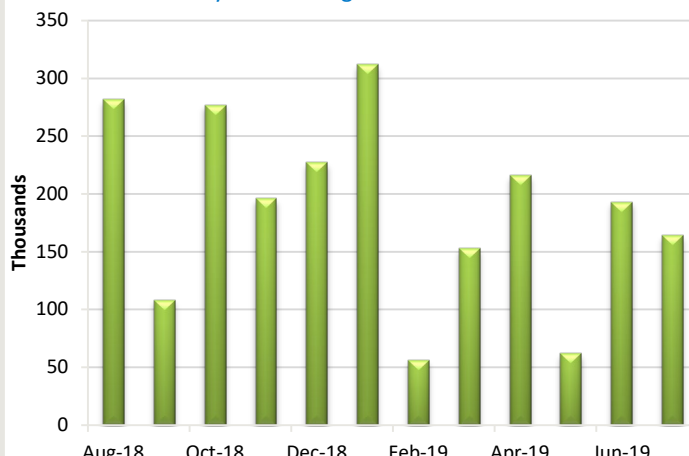
By way of an inverted Treasury yield curve, the bond market has long expressed the collective view that economic growth and inflation expectations are exceedingly modest. Therefore, in the market's view, the Fed needed to cut to avoid the dreaded incidence of a policy mistake. As predicted, the Fed cut rates in recognition that normalization cannot come at the expense of the expansion. No doubt aware that options markets are still heavily implying another 25-basis-point cut at the FOMC's September meeting, Mr. Powell warned that this cut should not be viewed as the first of many. Both the Chair and the Committee clearly hope that marginally easier financial conditions will provide enough juice to keep the economy humming. Whether the global environment will oblige is another matter.

## Economic Data

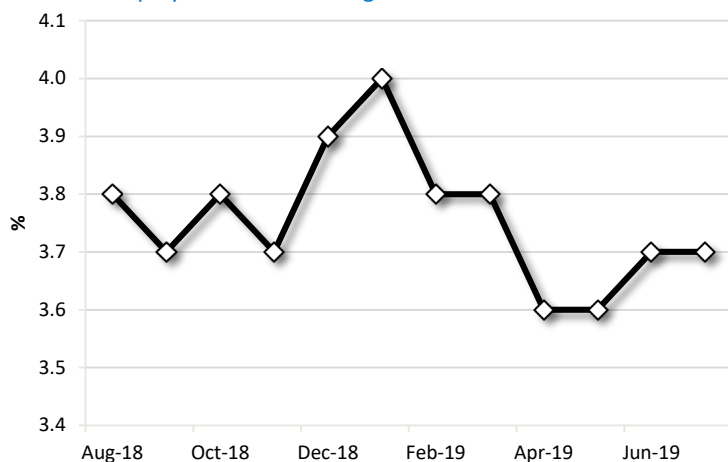
Real GDP Growth Rate - Annualized - 12 Qtrs.



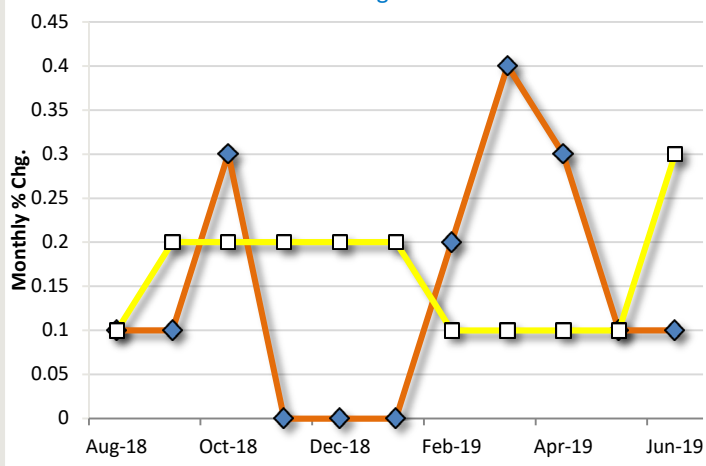
Non-Farm Payrolls-Trailing 12 Mos.



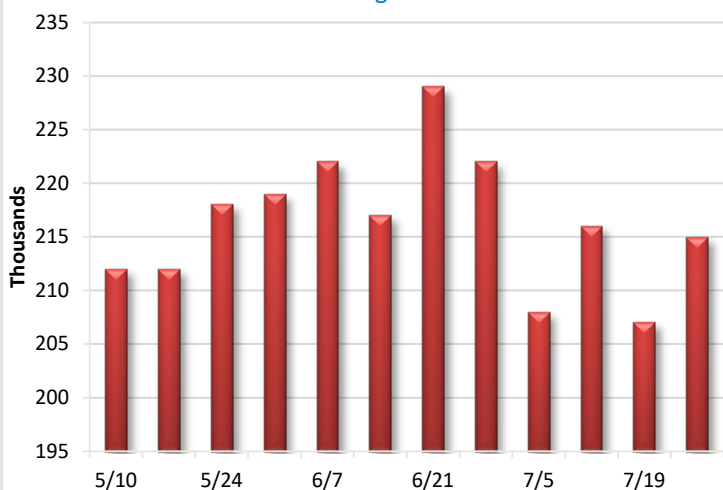
Unemployment Rate-Trailing 12 Mos.



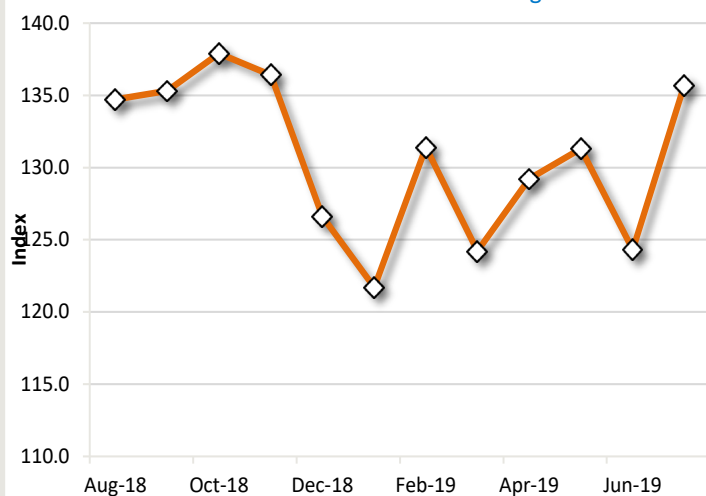
Consumer Price Index-Trailing 12 Mos.



Initial Jobless Claims-Trailing 12 Wks.



Consumer Board Confidence Index - Trailing 12 Mos.



## Eurozone

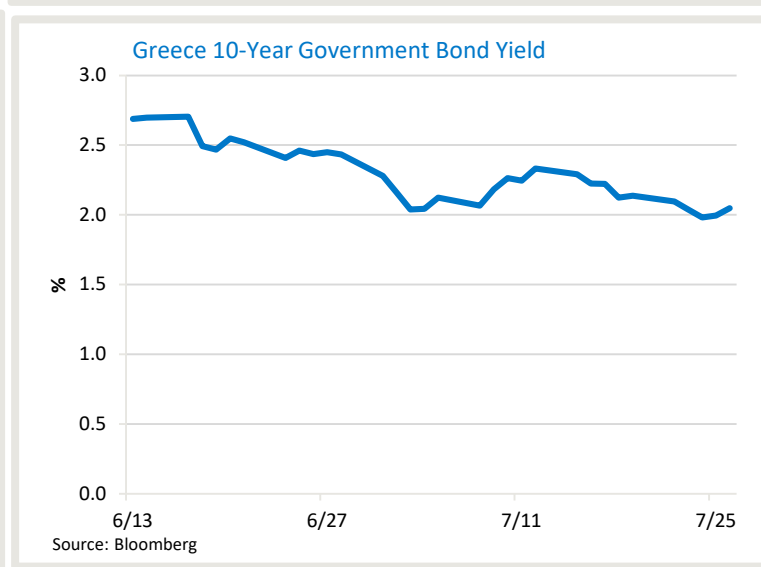
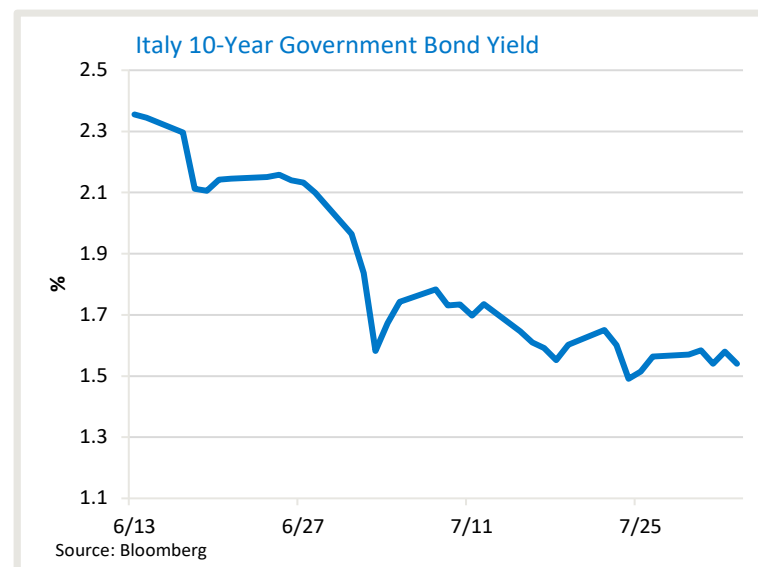
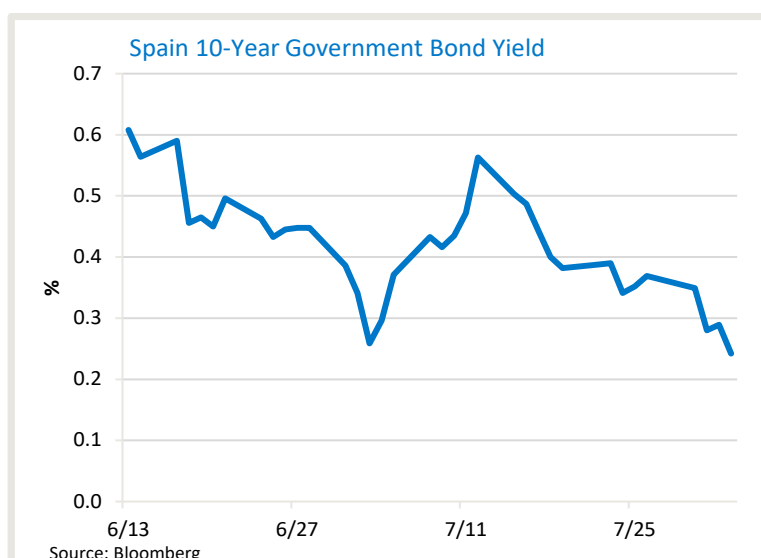
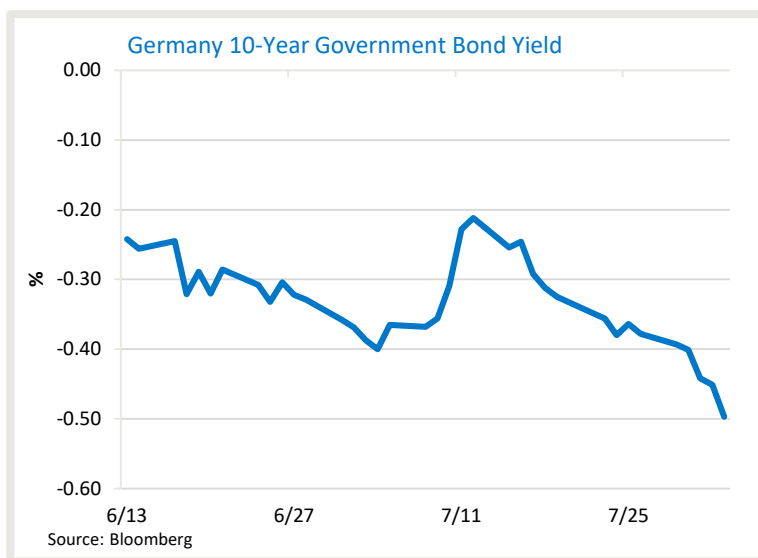
### SELECTED EUROPEAN SOVEREIGN YIELD PERFORMANCE

	Last	Change	% Chg.	YTD %
Germany 10-Yr. Govt.	-0.50	12 bps	NM	NM
Greece 10-Yr. Govt.	2.03	2 bps	NM	NM
Italy 10-Yr. Govt.	1.54	2 bps	NM	NM
Spain 10-Yr. Govt.	0.24	13 bps	NM	NM
Belgium 10-Yr. Govt.	-0.17	11 bps	NM	NM

Source: Bloomberg

Basis points (bps)

	Last	Change	% Chg.	YTD %
France 10-Yr. Govt.	-0.24	12 bps	NM	NM
Ireland 10-Yr. Govt.	0.03	9 bps	NM	NM
Portugal 10-Yr. Govt.	0.29	15 bps	NM	NM
Netherlands 10-Yr. Govt.	-0.38	12 bps	NM	NM
U.K. 10-Yr. Govt.	0.55	13 bps	NM	NM



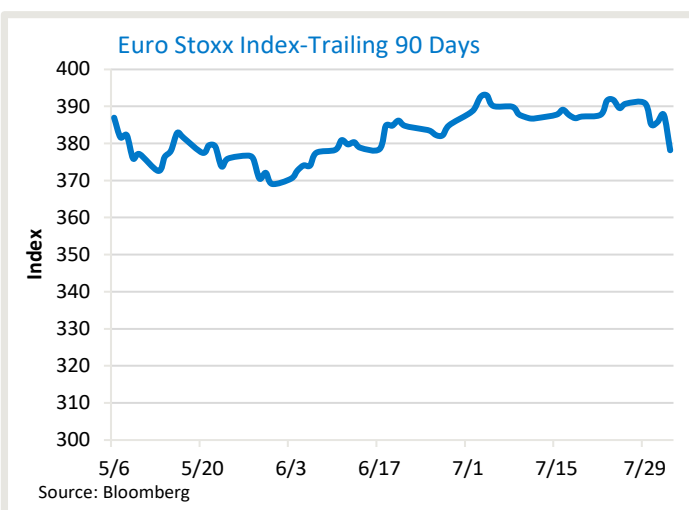
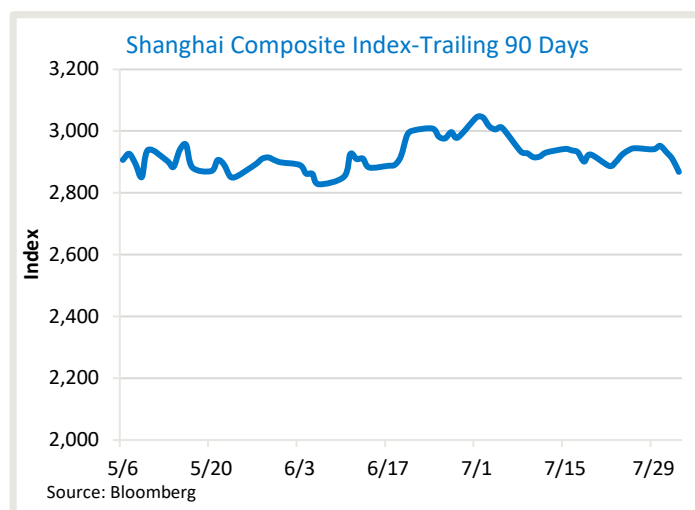
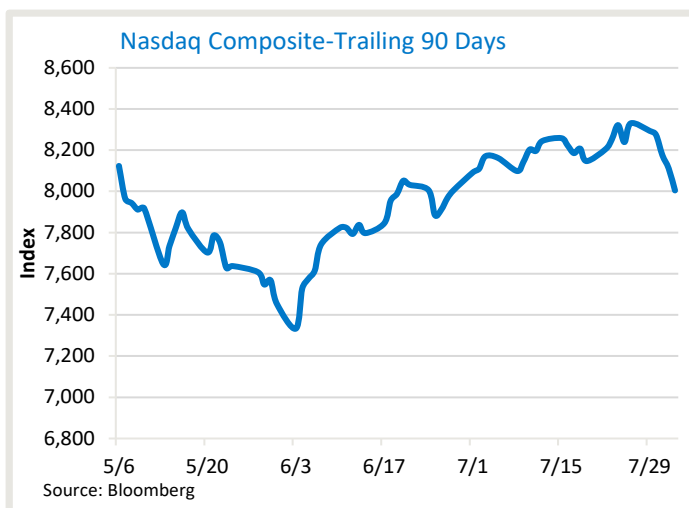
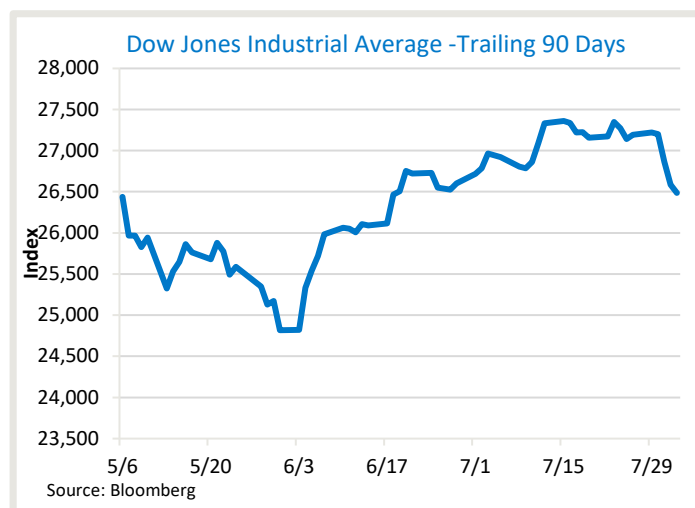
## Equities

### WORLD MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
<b>S&amp;P 500</b>	<b>2,932.05</b>	<b>-93.81</b>	<b>-3.10%</b>	<b>16.96%</b>
<b>Dow Industrials</b>	<b>26,485.01</b>	<b>-707.44</b>	<b>-2.60%</b>	<b>13.54%</b>
<b>Nasdaq Composite</b>	<b>8,004.07</b>	<b>-326.14</b>	<b>-3.92%</b>	<b>20.63%</b>
<b>MSCI ACWI</b>	<b>520.57</b>	<b>-10.43</b>	<b>-1.96%</b>	<b>14.2%</b>
<b>MSCI EM</b>	<b>1,024.56</b>	<b>-24.10</b>	<b>-2.30%</b>	<b>6.1%</b>
<b>S&amp;P/TSX (Canada)</b>	<b>16,271.66</b>	<b>-259.38</b>	<b>-1.57%</b>	<b>13.61%</b>
<b>Mexico IPC</b>	<b>39,977.52</b>	<b>-696.26</b>	<b>-1.71%</b>	<b>-3.99%</b>
<b>Brazil Bovespa</b>	<b>102,673.70</b>	<b>-145.20</b>	<b>-0.14%</b>	<b>16.82%</b>
<b>Euro Stoxx 600</b>	<b>378.15</b>	<b>-12.58</b>	<b>-3.22%</b>	<b>11.99%</b>
<b>FTSE 100</b>	<b>7,407.06</b>	<b>-142.00</b>	<b>-1.88%</b>	<b>10.09%</b>
<b>IBEX 35 (Spain)</b>	<b>8,897.60</b>	<b>-327.90</b>	<b>-3.55%</b>	<b>4.19%</b>

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

	Last	Change	% Chg.	YTD %
<b>Swiss Market Index</b>	<b>9,803.69</b>	<b>-164.39</b>	<b>-1.65%</b>	<b>16.30%</b>
<b>CAC 40 Index (France)</b>	<b>5,359.00</b>	<b>-251.05</b>	<b>-4.48%</b>	<b>13.28%</b>
<b>DAX Index (Germany)</b>	<b>11,872.44</b>	<b>-547.46</b>	<b>-4.41%</b>	<b>12.44%</b>
<b>Irish Overall Index</b>	<b>5,978.15</b>	<b>-346.14</b>	<b>-5.47%</b>	<b>9.09%</b>
<b>Nikkei 225</b>	<b>21,087.16</b>	<b>-570.99</b>	<b>-2.64%</b>	<b>5.36%</b>
<b>Hang Seng Index</b>	<b>26,918.58</b>	<b>-1479.16</b>	<b>-5.21%</b>	<b>4.15%</b>
<b>Shanghai Composite</b>	<b>2,867.84</b>	<b>-76.70</b>	<b>-2.60%</b>	<b>14.99%</b>
<b>Kospi Index (S. Korea)</b>	<b>1,998.13</b>	<b>-68.13</b>	<b>-3.30%</b>	<b>-2.10%</b>
<b>Taiwan Taie Index</b>	<b>10,549.04</b>	<b>-342.94</b>	<b>-3.15%</b>	<b>8.45%</b>
<b>Tel Aviv 25 Index</b>	<b>1,631.09</b>	<b>21.57</b>	<b>1.34%</b>	<b>11.42%</b>
<b>MOEX Index (Russia)</b>	<b>2,674.90</b>	<b>-40.78</b>	<b>-1.50%</b>	<b>12.90%</b>



## Equities – Emerging and Frontier Markets

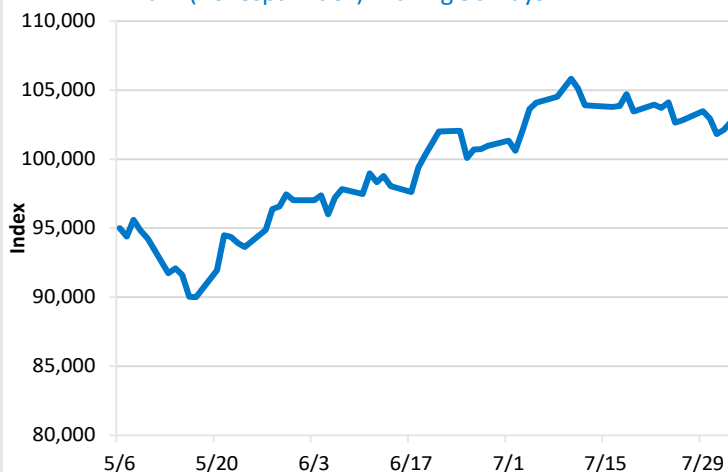
### EMERGING AND FRONTIER MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
Mexico IPC	39,977.52	-696.26	-1.7%	-4.0%
Brazil (Bovespa Index)	102,673.70	-145.20	-0.1%	16.8%
MOEX Index (Russia)	2,674.90	-40.78	-1.5%	12.9%
Czech Republic (Prague)	1,040.37	-30.21	-2.8%	5.5%
Turkey (Istanbul)	99,679.44	-3157.77	-3.1%	9.2%
Egypt (Hermes Index)	1,278.72	-9.54	-0.7%	0.1%
Kenya (Nairobi 20 Index)	2,586.68	-65.12	-2.5%	-8.7%
Saudi Arabia (TASI Index)	8,666.39	-152.61	-1.7%	10.7%
Lebanon (Beirut BLOM Index)	817.86	-22.70	-2.7%	-16.3%
Palestine	531.01	5.31	1.0%	0.3%

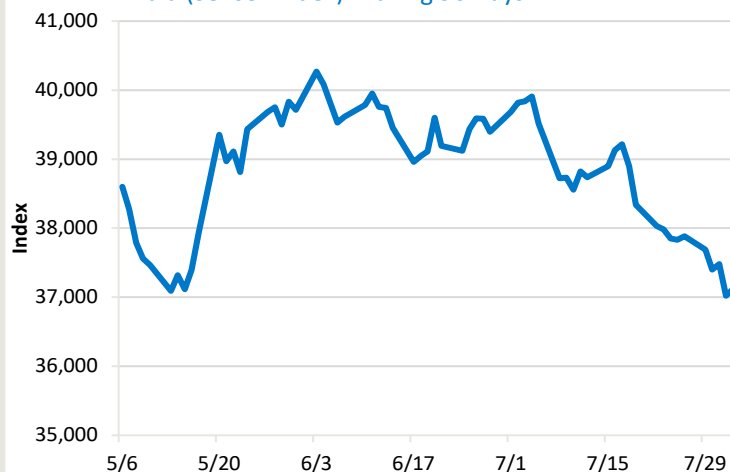
Source: Bloomberg; Index % change is based on price.

	Last	Change	% Chg.	YTD %
Hang Seng Index	26,918.58	-1479.16	-5.2%	4.2%
India (Sensex 30)	37,118.22	-764.57	-2.0%	2.9%
Malaysia (KLCI Index)	1,626.76	-29.82	-1.8%	-3.8%
Singapore (Straits Times Index)	3,261.11	-102.65	-3.1%	6.3%
Thailand (SET Index)	1,684.71	-46.19	-2.7%	7.7%
Indonesia (Jakarta)	6,340.18	14.94	0.2%	2.4%
Pakistan (Karachi KSE 100)	31,666.41	-436.86	-1.4%	-14.6%
Vietnam (Ho Chi Minh)	991.10	-2.25	-0.2%	11.0%
Sri Lanka (Colombo)	5,894.70	21.81	0.4%	-2.6%
Cambodia (Laos)	782.39	6.62	0.9%	-6.5%

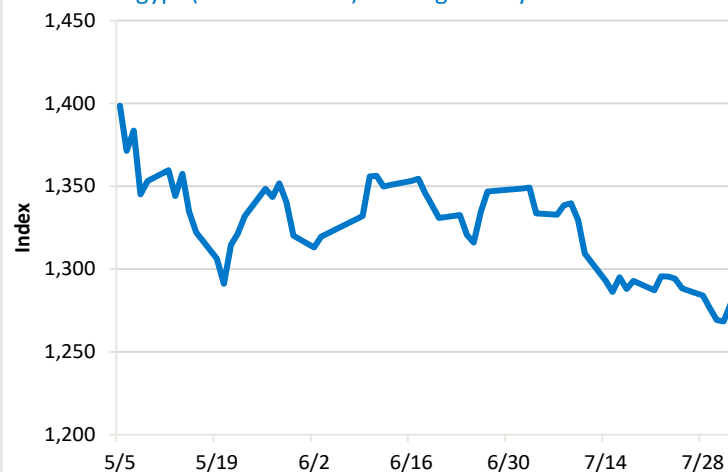
Brazil (Bovespa Index)-Trailing 90 Days



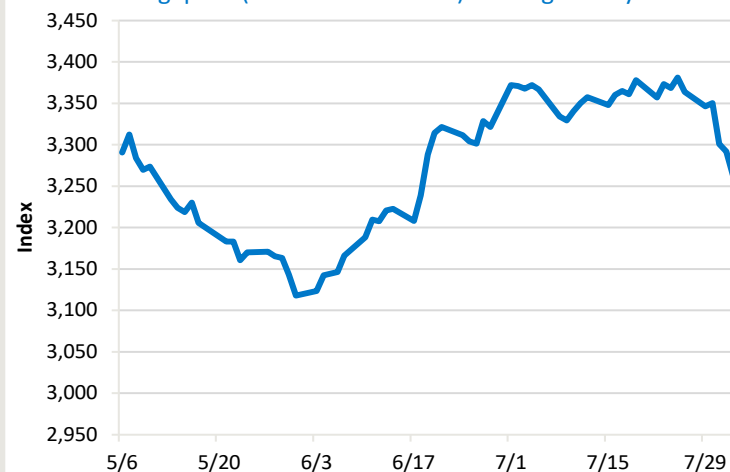
India (Sensex Index)-Trailing 90 Days



Egypt (Hermes Index)-Trailing 90 Days



Singapore (Straits Times Index)-Trailing 90 Days

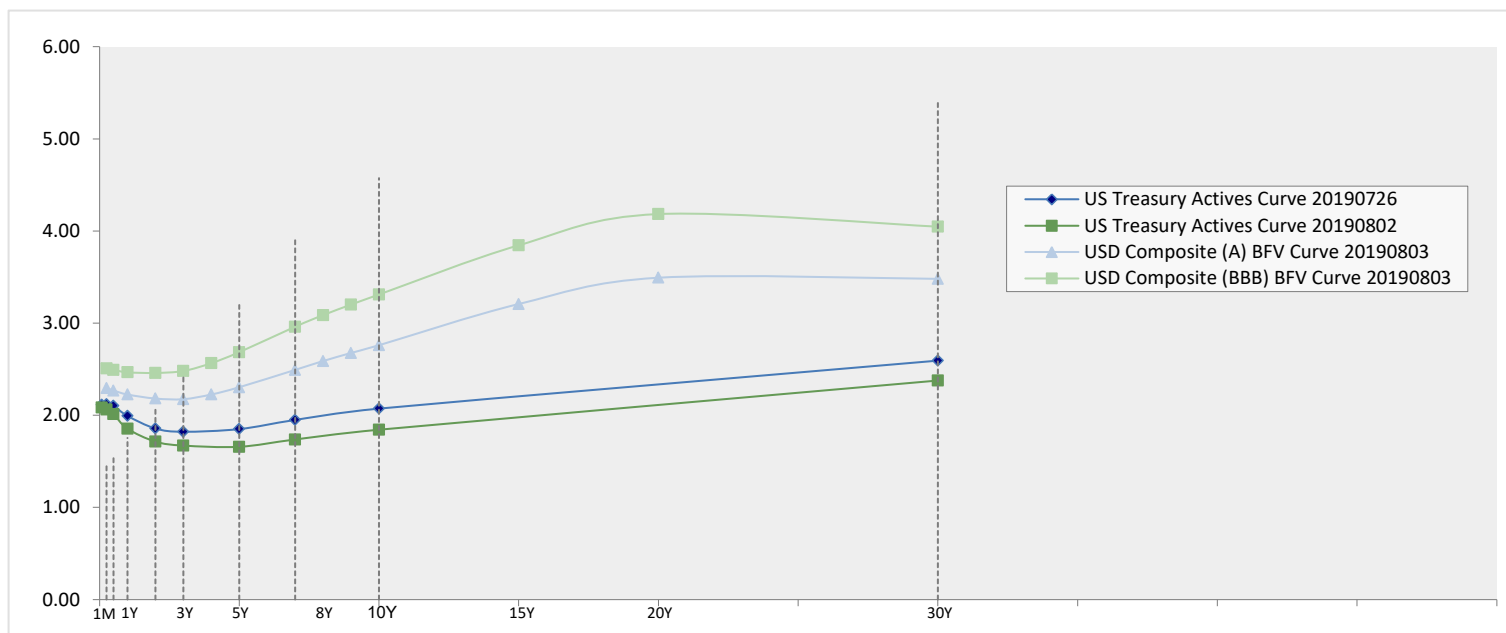


## Interest Rates

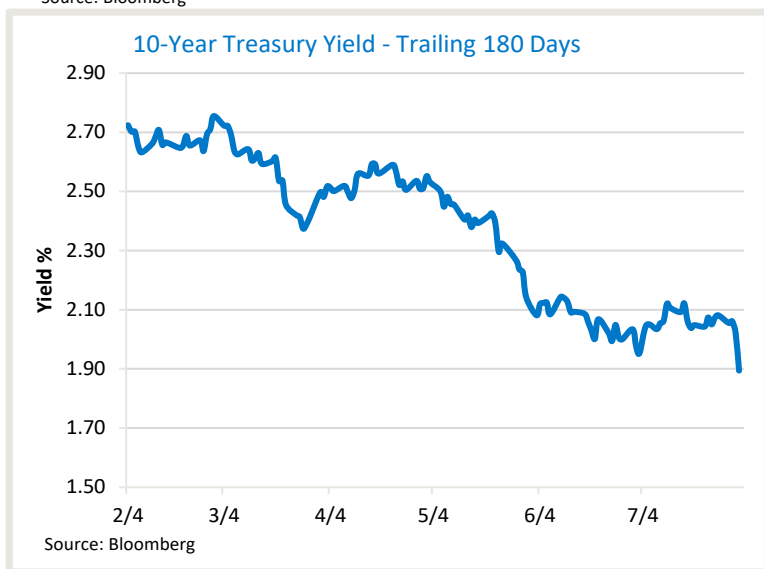
SELECTED INTEREST RATES

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
2-Yr. U.S. Treasury	1.71%	3 bps	NM	NM	Prime Rate	5.25%	-0.25	NM	NM
5-Yr. U.S. Treasury	1.67%	-19 bps	NM	NM	Fed Funds Rate	2.25%	-0.25	NM	NM
10-Yr. U.S. Treasury	1.86%	-23 bps	NM	NM	Discount Rate	2.75%	-0.25	NM	NM
30-Yr. U.S. Treasury	2.39%	-21 bps	NM	NM	LIBOR (3 Mo.)	2.29%	2 bps	NM	NM
German 10-Yr. Govt.	-0.50%	12 bps	NM	NM	Bond Buyer 40 Muni	2.89%	-5 bps	NM	NM
France 10-Yr.	-0.24%	12 bps	NM	NM	Bond Buyer 40 G.O.	3.42%	NA	NM	NM
Italy 10-Yr.	1.54%	2 bps	NM	NM	Bond Buyer 40 Rev.	3.90%	NA	NM	NM
Fed 5-Yr Fwd BE Inf.	1.82%	0 bps	NM	NM					

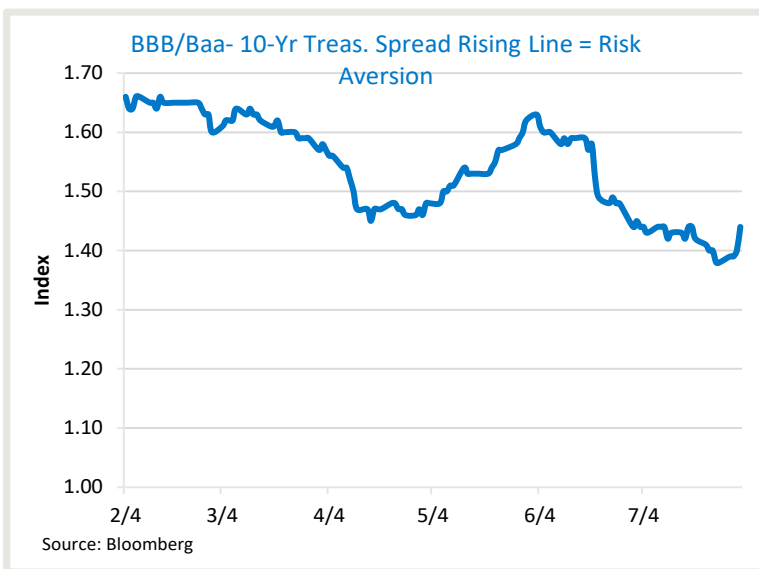
Source: Bloomberg



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg



## Currencies

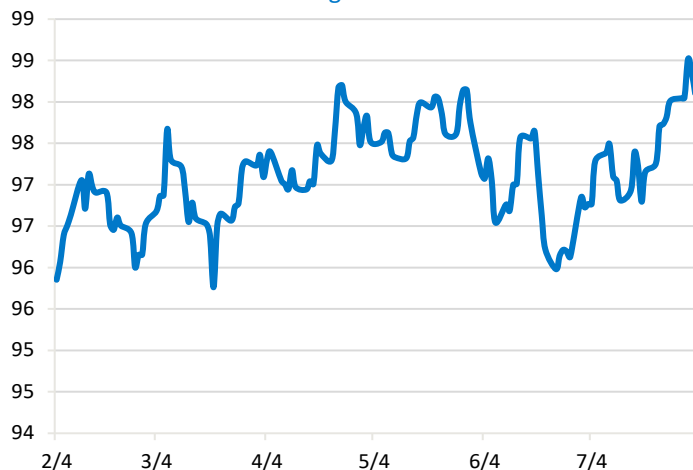
### SELECTED CURRENCY PERFORMANCE

	Last	Change	% Chg.	YTD %
Dollar Index	98.10	0.092	0.09%	2.01%
Euro	1.11	-0.002	-0.20%	-3.15%
Japanese Yen	106.60	-2.100	1.97%	2.92%
British Pound	1.22	-0.022	-1.81%	-4.66%
Canadian Dollar	1.32	0.004	-0.33%	3.23%

Source: Bloomberg

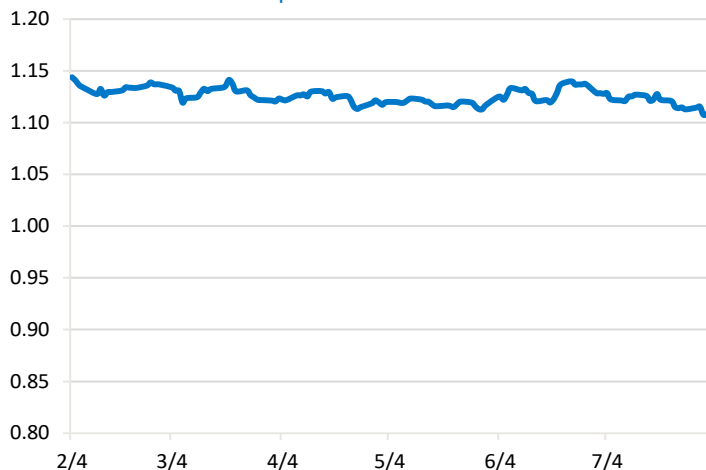
	Last	Change	% Chg.	YTD %
Chinese Yuan	6.94	0.061	-0.88%	-0.89%
Swiss Franc	0.98	-0.011	1.09%	-0.04%
New Zealand Dollar	0.65	-0.010	-1.52%	-2.74%
Brazilian Real	3.88	0.108	-2.78%	-0.29%
Mexican Peso	19.31	0.256	-1.33%	1.78%

U.S. Dollar Index - Trailing Six Months



Source: Bloomberg

Euro - U.S. Dollars per Euro



Source: Bloomberg

Chinese yuan - yuan per U.S. Dollar



Source: Bloomberg

Japanese yen - Yen per U.S. Dollar



Source: Bloomberg

## Commodities

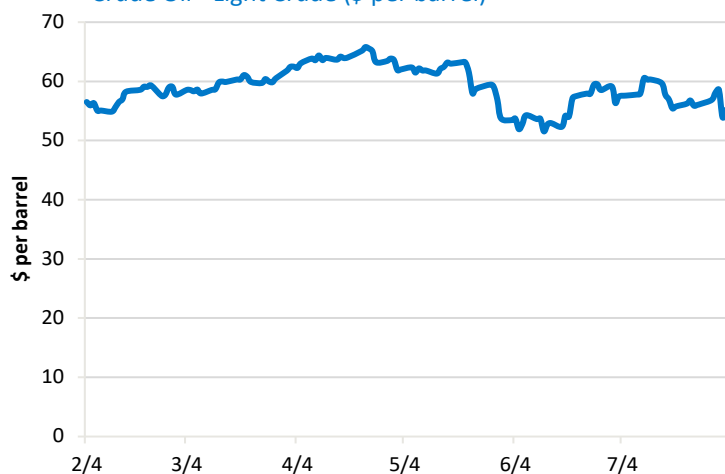
### SELECTED COMMODITY MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
<b>Bloomberg Comm. Idx.</b>	<b>77.23</b>	<b>-1.51</b>	<b>-1.92%</b>	<b>0.67%</b>
<b>Crude Oil</b>	<b>\$55.21</b>	<b>-\$1.00</b>	<b>-1.78%</b>	<b>15.38%</b>
<b>Natural Gas</b>	<b>\$2.14</b>	<b>-\$0.01</b>	<b>-0.47%</b>	<b>-21.47%</b>
<b>Gasoline (\$/Gal.)</b>	<b>\$2.72</b>	<b>-\$0.02</b>	<b>-0.77%</b>	<b>20.56%</b>
<b>Heating Oil</b>	<b>187.69</b>	<b>-3.67</b>	<b>-1.92%</b>	<b>10.36%</b>
<b>Gold Spot</b>	<b>\$1,440.02</b>	<b>\$22.16</b>	<b>1.56%</b>	<b>12.36%</b>
<b>Silver Spot</b>	<b>\$16.20</b>	<b>-\$0.19</b>	<b>-1.16%</b>	<b>4.61%</b>

Source: Bloomberg; % change is based on price.

	Last	Change	% Chg.	YTD %
<b>Platinum Spot</b>	<b>\$844.75</b>	<b>-\$19.60</b>	<b>-2.27%</b>	<b>6.29%</b>
<b>Corn</b>	<b>409.50</b>	<b>-15.00</b>	<b>-3.53%</b>	<b>3.02%</b>
<b>Wheat</b>	<b>490.75</b>	<b>-5.25</b>	<b>-1.06%</b>	<b>-7.10%</b>
<b>Soybeans</b>	<b>868.50</b>	<b>-32.50</b>	<b>-3.61%</b>	<b>-7.14%</b>
<b>Sugar</b>	<b>12.02</b>	<b>0.00</b>	<b>0.00%</b>	<b>-4.07%</b>
<b>Orange Juice</b>	<b>99.20</b>	<b>-3.25</b>	<b>-3.17%</b>	<b>-23.63%</b>
<b>Aluminum</b>	<b>1,780.00</b>	<b>-22.00</b>	<b>-1.22%</b>	<b>-3.58%</b>
<b>Copper</b>	<b>5,899.00</b>	<b>-64.00</b>	<b>-1.07%</b>	<b>-1.11%</b>

Crude Oil - Light Crude (\$ per barrel)



Source: Bloomberg

Gold - Spot gold price (\$ per ounce)



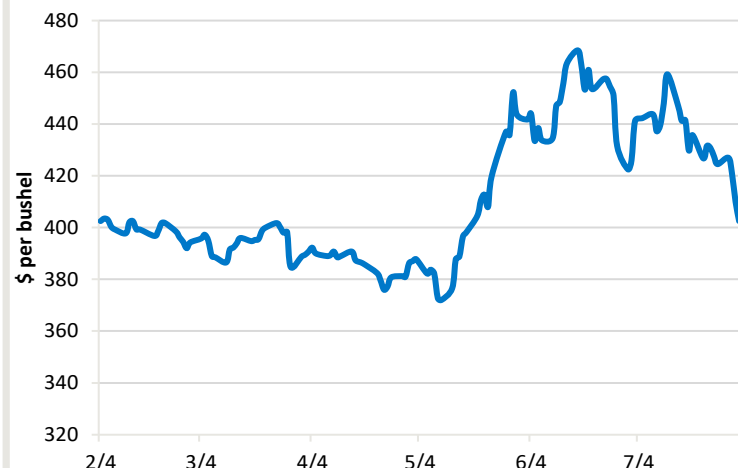
Source: Bloomberg

Copper



Source: Bloomberg

Corn - Active Contract



Source: Bloomberg

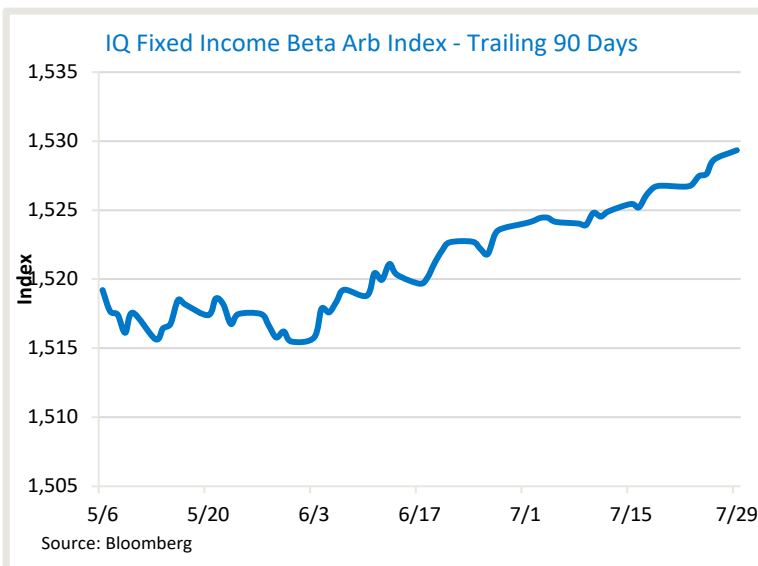
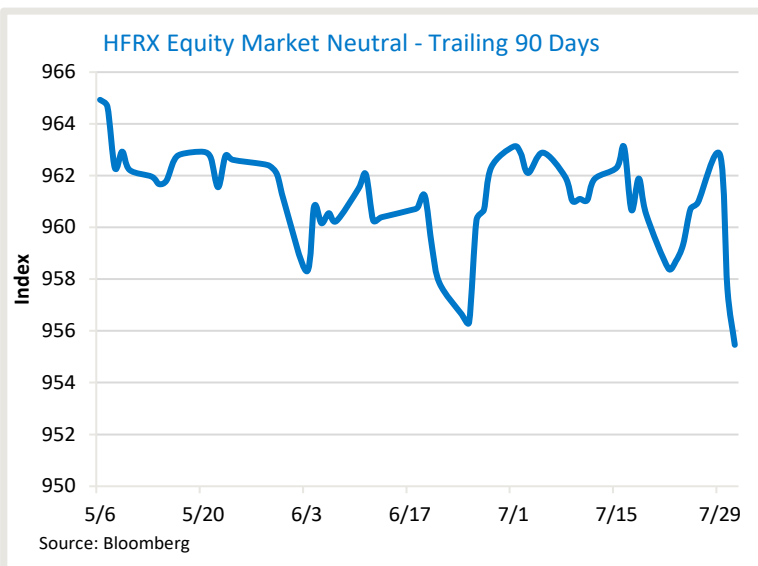
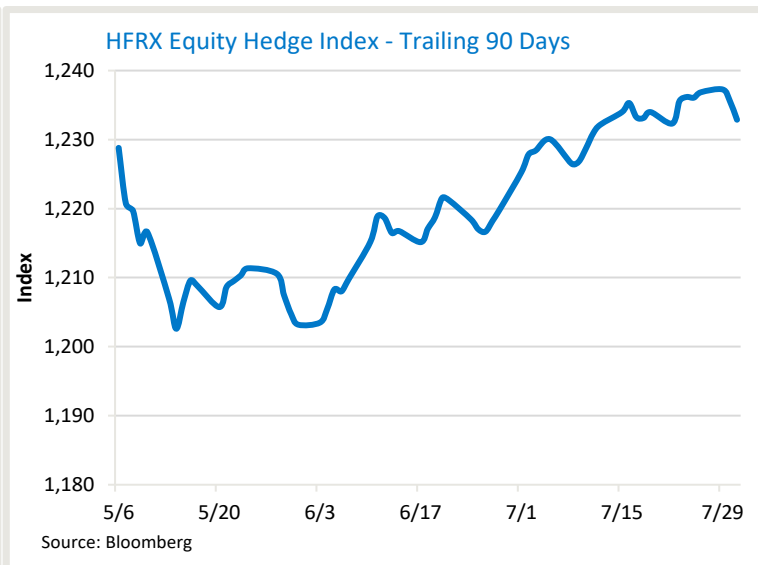
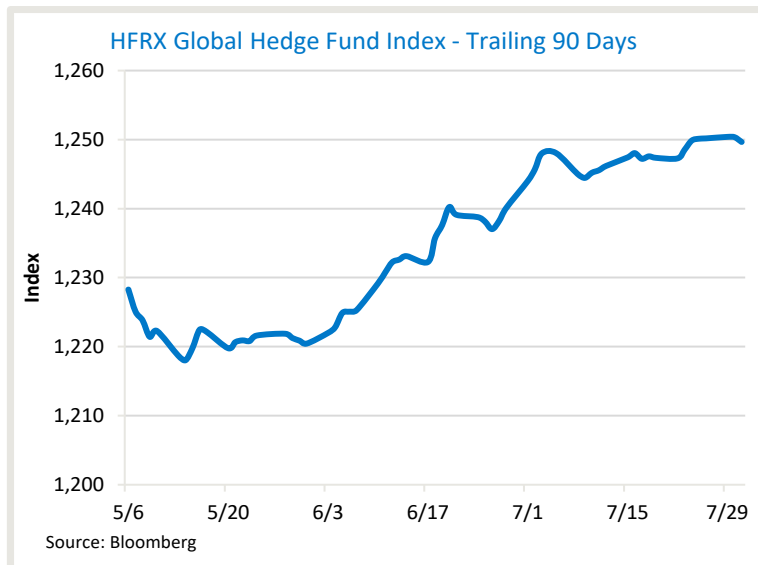
## Alternative Investments

### SELECTED ALTERNATIVE INVESTMENT INDEX PERFORMANCE

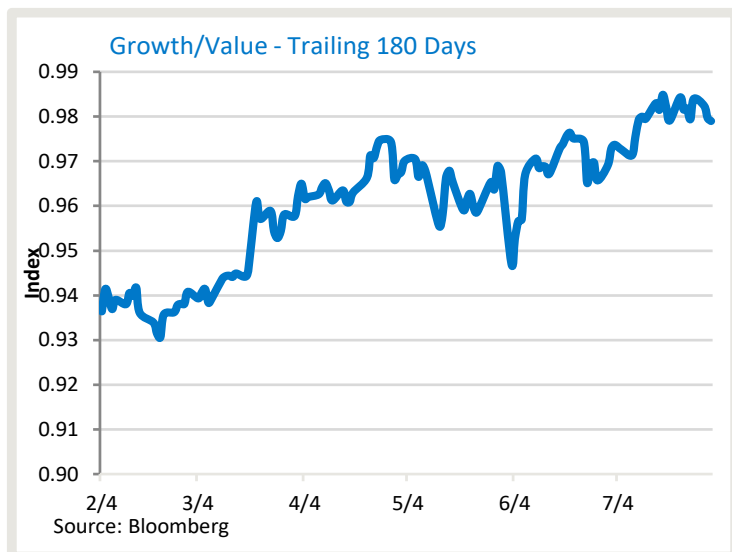
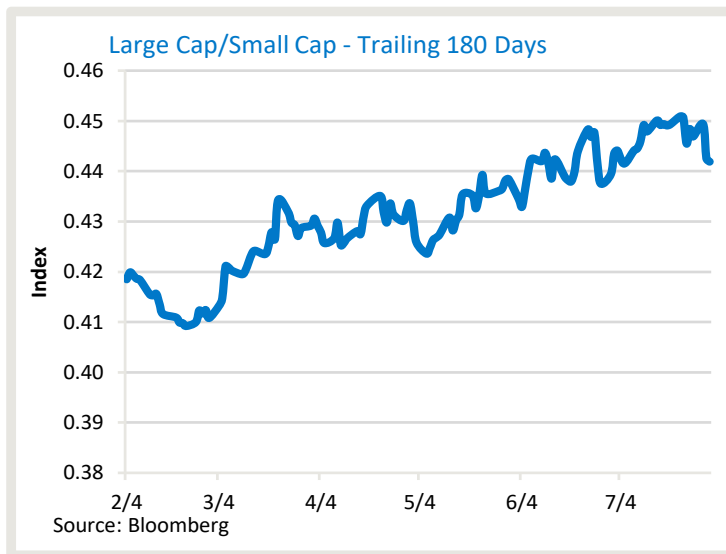
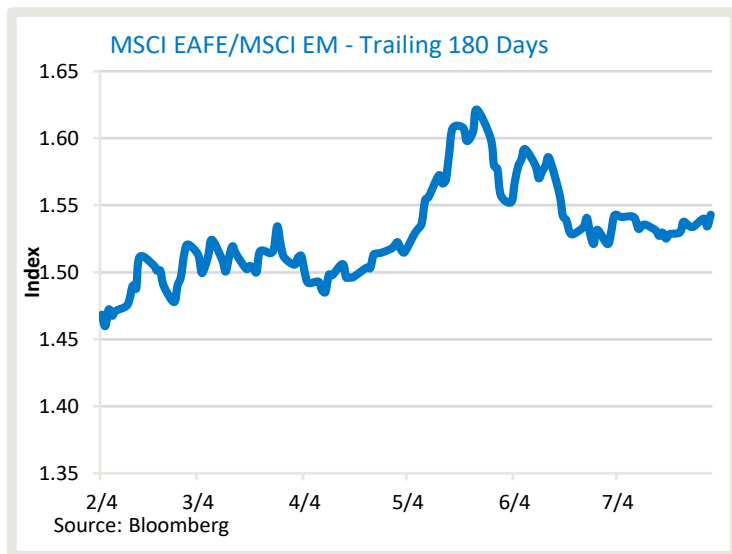
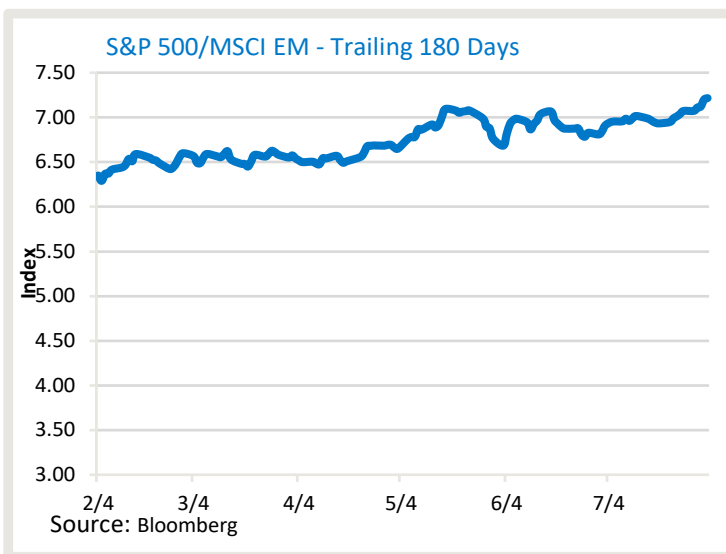
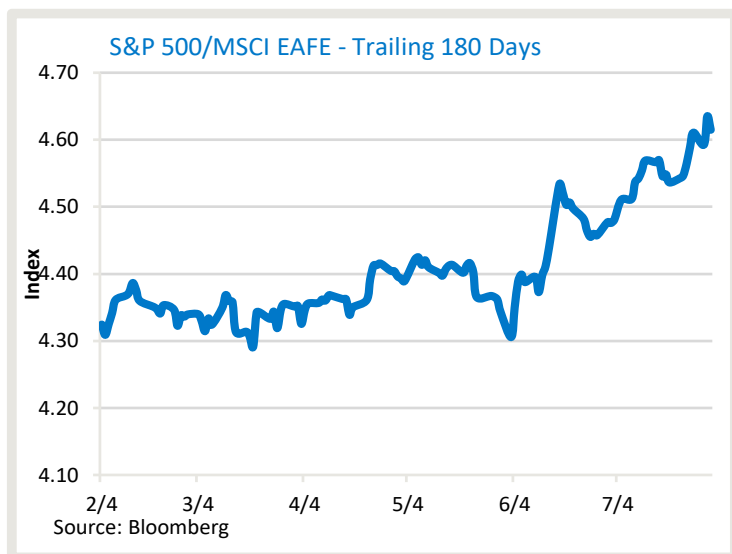
	Last	Change	% Chg.	YTD %
HFRX Global Hedge Fund Index	1249.65	-0.52	-0.04%	5.02%
HFRX Equity Market Neutral	955.46	-5.50	-0.57%	-1.77%
HFRX Equity Hedge Index	1232.87	-3.99	-0.32%	7.10%
HFRX Event-Driven Index	1510.45	-0.85	-0.06%	2.66%
HFRX Absolute Return Index	1078.04	-0.25	-0.02%	1.89%

	Last	Change	% Chg.	YTD %
HFRX Special Situation Index	1220.43	-0.87	-0.07%	1.45%
HFRX Merger Arbitrage Index	1780.61	3.54	0.20%	-2.04%
HFRX Convertible Arbitrage Index	814.76	-0.72	-0.09%	3.44%
HFRX Macro CTA Index	1176.26	3.74	0.32%	4.46%
IQ Fixed Income Beta Arb Index	1527.86	-0.80	-0.05%	4.47%

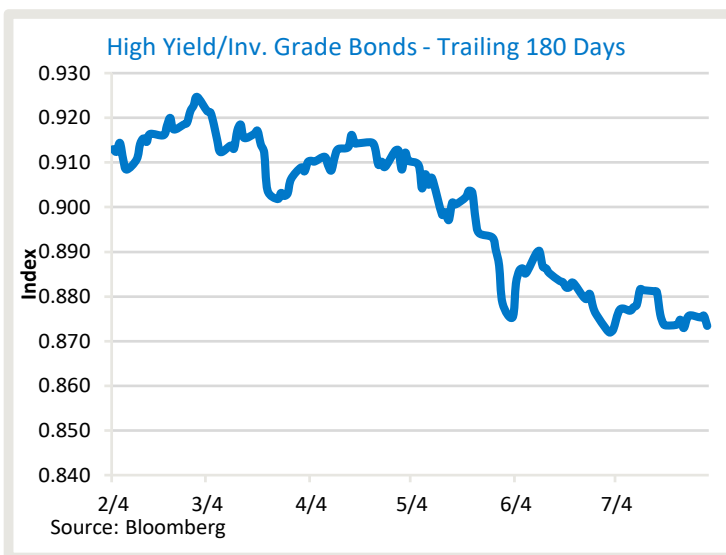
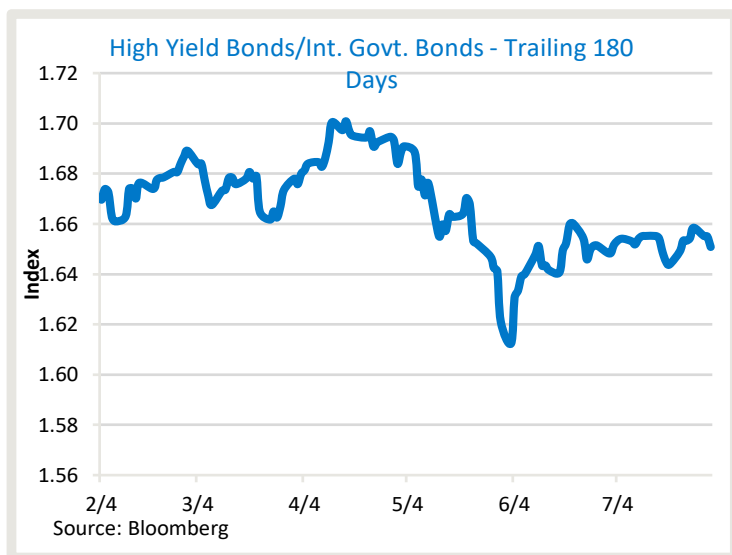
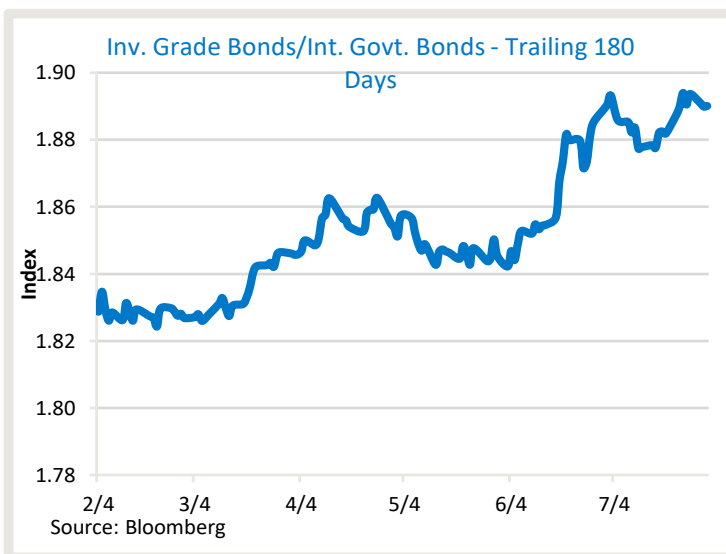
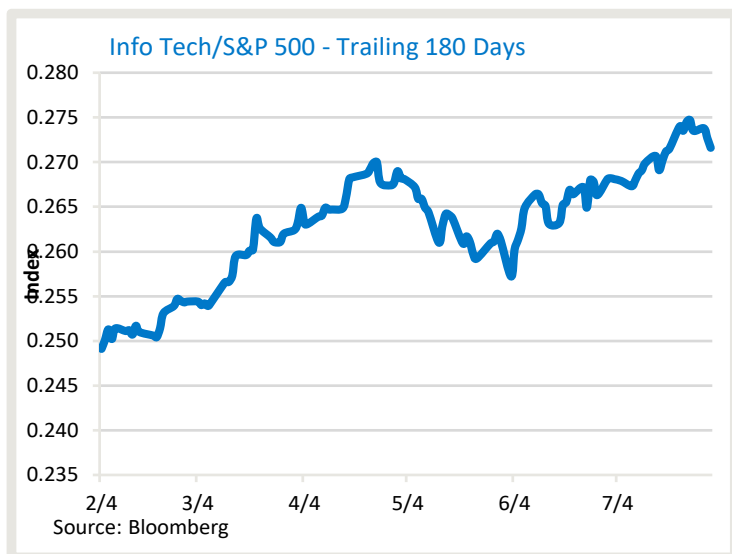
Source: Bloomberg; Index % change is based on price.



## Portfolio Construction



## Portfolio Construction (continued)



WEEKLY ASSET CLASS PERFORMANCE (Prior 12 weeks ending Thursday)

			5/16	5/23	5/30	6/6	6/13	6/20	6/27	7/4	7/11	7/18	7/25	8/1
Equity	Domestic Equity	Large Cap (R200)	0.28%	-1.92%	-1.18%	1.68%	1.82%	2.25%	-0.91%	2.44%	0.27%	-0.17%	0.26%	-1.62%
		Small Cap (R2000)	-0.82%	-3.59%	-1.06%	1.21%	2.15%	1.80%	-1.08%	1.65%	-0.90%	-0.15%	0.37%	-0.68%
	Int'l. Equity	MSCI EAFE	0.46%	-1.55%	-0.74%	1.54%	1.36%	2.08%	-0.24%	1.87%	-1.54%	-0.69%	0.66%	-1.28%
		MSCI Em. Mkts.	-1.58%	-2.60%	1.03%	0.79%	1.93%	3.10%	0.10%	0.93%	-0.89%	-0.33%	0.24%	-2.82%
Fixed Income	BarCap Agg. (AGG)		0.32%	0.34%	0.48%	0.30%	0.34%	0.73%	-0.01%	0.14%	-0.80%	0.57%	-0.10%	0.65%
	High Yield (JNK)		-0.07%	-0.21%	-0.26%	0.32%	0.58%	1.46%	-0.54%	0.13%	-0.57%	-0.06%	0.31%	-0.52%
Commodities	Bloomberg Commodity Index		2.22%	-2.91%	1.45%	-2.52%	0.65%	2.00%	1.29%	-1.23%	1.72%	-2.04%	0.10%	-2.52%
Alternatives	Hedge Funds (HFRX Global)		0.09%	-0.14%	0.00%	0.34%	0.62%	0.62%	-0.16%	0.79%	-0.20%	0.16%	0.20%	-0.04%
Asset Allocation	60/40*		0.10%	-1.19%	-0.86%	1.02%	1.21%	1.65%	-0.44%	1.28%	-0.59%	0.01%	0.21%	-0.69%
	48/32/20 (w/Alts.)**		0.09%	-0.98%	-0.29%	0.88%	1.09%	1.44%	-0.39%	1.18%	-0.51%	0.04%	0.21%	-0.56%

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

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

RELATIVE STRENGTH MATRIX (BASED ON 30-DAY RSI)

	Large Cap Core	Large Cap Growth	Large Cap Value	Mid Cap Core	Mid Cap Growth	Mid Cap Value	Small Cap Core	Small Cap Growth	Small Cap Value	Int'l. Developed	Emerging Markets	REITs	Comm.	Int. Bond	High Yield
Large Cap Core	1.00	0.97	1.06	1.02	0.98	1.06	1.05	1.00	1.10	1.08	1.19	0.98	1.26	0.81	1.06
Large Cap Growth	1.03	1.00	1.10	1.06	1.01	1.10	1.09	1.04	1.14	1.12	1.23	1.02	1.31	0.83	1.09
Large Cap Value	0.94	0.91	1.00	0.96	0.92	1.00	0.99	0.94	1.04	1.02	1.12	0.93	1.19	0.76	1.00
Mid Cap Core	0.98	0.95	1.04	1.00	0.96	1.04	1.03	0.98	1.08	1.06	1.17	0.96	1.24	0.79	1.03
Mid Cap Growth	1.03	0.99	1.09	1.05	1.00	1.09	1.07	1.03	1.13	1.11	1.22	1.01	1.29	0.83	1.08
Mid Cap Value	0.94	0.91	1.00	0.96	0.92	1.00	0.99	0.94	1.04	1.02	1.12	0.93	1.19	0.76	1.00
Small Cap Core	0.95	0.92	1.01	0.97	0.93	1.01	1.00	0.95	1.05	1.03	1.14	0.94	1.20	0.77	1.01
Small Cap Growth	1.00	0.97	1.06	1.02	0.97	1.06	1.05	1.00	1.10	1.08	1.19	0.98	1.26	0.81	1.06
Small Cap Value	0.91	0.87	0.96	0.92	0.88	0.96	0.95	0.91	1.00	0.98	1.08	0.89	1.14	0.73	0.96
Int'l. Developed	0.93	0.89	0.98	0.94	0.90	0.98	0.97	0.93	1.02	1.00	1.10	0.91	1.17	0.75	0.98
Emerging Markets	0.84	0.81	0.89	0.86	0.82	0.89	0.88	0.84	0.93	0.91	1.00	0.83	1.06	0.68	0.89
REITs	1.02	0.98	1.08	1.04	0.99	1.08	1.07	1.02	1.12	1.10	1.21	1.00	1.28	0.82	1.07
Commodities	0.79	0.77	0.84	0.81	0.77	0.84	0.83	0.79	0.88	0.86	0.94	0.78	1.00	0.64	0.84
Int. Bond	1.24	1.20	1.31	1.27	1.21	1.32	1.30	1.24	1.37	1.34	1.48	1.22	1.57	1.00	1.31
High Yield	0.95	0.92	1.00	0.97	0.92	1.00	0.99	0.95	1.05	1.02	1.13	0.93	1.20	0.76	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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