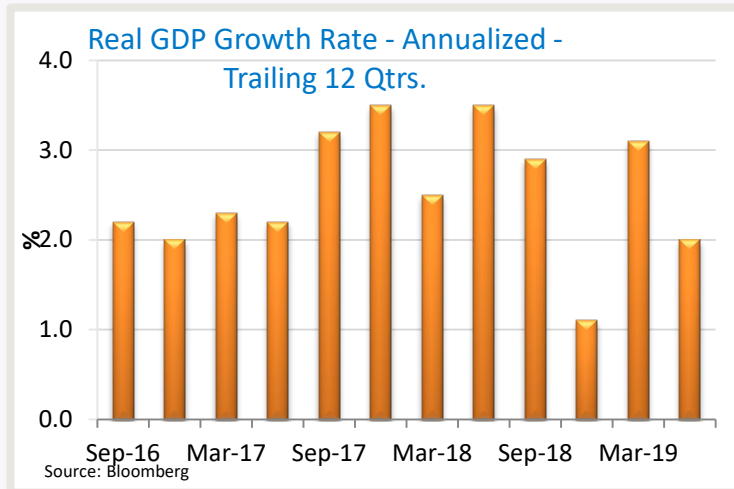




Chart of the Week



Weekly Highlights

- **The dollar index moved higher** two days in a row, reaching its highest level in two years on Thursday. Despite on-going concerns about US trade relations and increased political tensions, investors continue to view the dollar as a safe haven, as global bond yields remain low.
- **Orders for US capital goods, a measure of business investment, declined** slightly in August in a number of categories. Machinery orders were up 0.60%, while transportation and electrical equipment declined 0.40% and 1.30%, respectively.
- **Peloton (NASDAQ: PTON) made its highly anticipated market debut** this week, but faltered as the stock opened \$2 below its targeted IPO price of \$29. Peloton adds to the list of disappointing IPOs as investors weigh economic and valuation concerns for the newly trading companies.

Talking Points

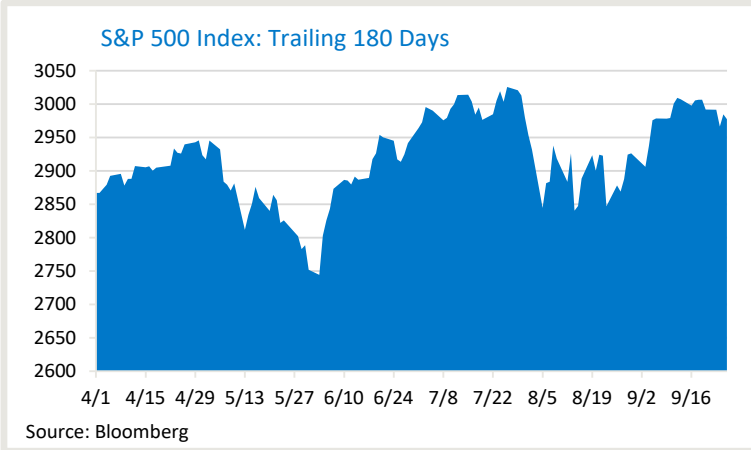
- **US equities experienced some volatility** throughout the week, with the S&P 500 Index breaking the 3,000 level on Tuesday but subsequently trending lower. On the domestic front, larger capitalization stocks outperformed small caps, while international developed markets outperformed emerging markets.
- **The yield on the 10-Year U.S. Treasury Note decreased** slightly over the course of the week, settling at a rate around 1.70%.
- **Commodities were generally lower** in the week, with oil at the center of investors' attention. The WTI slipped to its lowest level in a 10-week span as concerns for global demand persisted.
- **Consumer confidence rose** in September relative to August levels, according to the University of Michigan's Index for Consumer Sentiment.
- **The Personal Consumption Expenditures Price Index (PCE)**, a Federal Reserve (the Fed) favorite for measuring inflation, rose slightly on a monthly basis and was up 1.80% year over year for August. This reading is below the Fed's 2% inflation target.

Market Dashboard

	Last Price	Change	% Chg.	YTD %
S&P 500	2,961.79	-30.28	-1.01%	18.1%
Dow Industrials	26,820.25	-114.82	-0.43%	15.0%
Nasdaq	7,939.63	-178.05	-2.19%	19.7%
Russell 2000	1,520.48	-39.29	-2.52%	12.7%
Euro Stoxx Index	391.79	-1.16	-0.30%	16.0%
Shanghai Composite	2,932.17	-74.28	-2.47%	17.6%
MSCI ACWI	521.87	-3.69	-0.70%	14.5%

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

	Last Price	Change	% Chg.	YTD %
MSCI EM	1,009.30	-11.97	-1.17%	4.5%
10-Year US Treas.	1.68	-8 bps	NM	NM
Bloomberg Cmdts. Idx.	78.34	-0.86	-1.08%	2.1%
Gold	\$1,497.08	-\$19.98	-1.32%	16.7%
Crude Oil	\$56.08	-\$2.11	-3.63%	16.1%
Dollar Index	99.11	0.60	0.61%	3.1%
VIX Index	17.22	1.90	12.40%	-32.3%



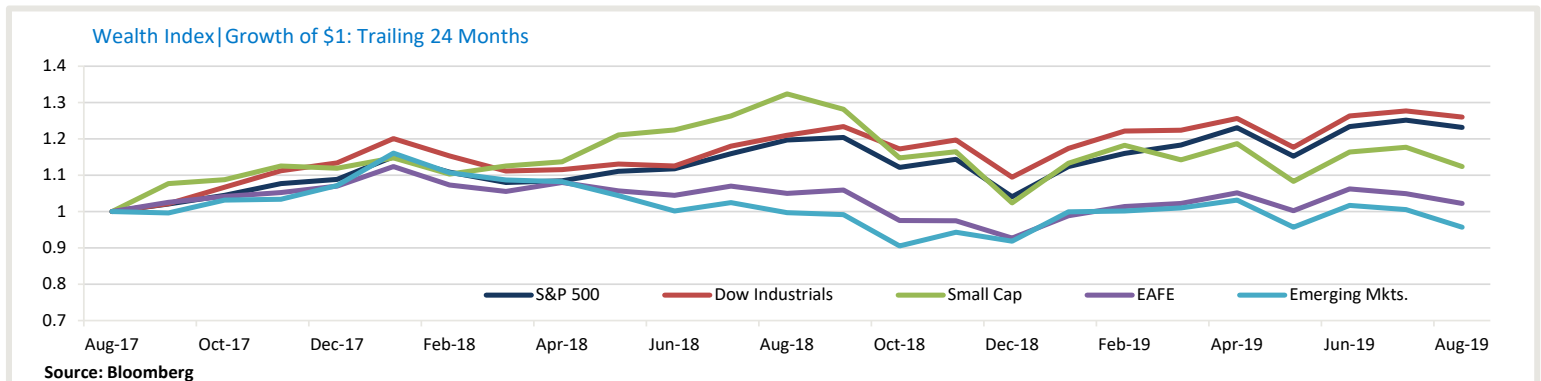
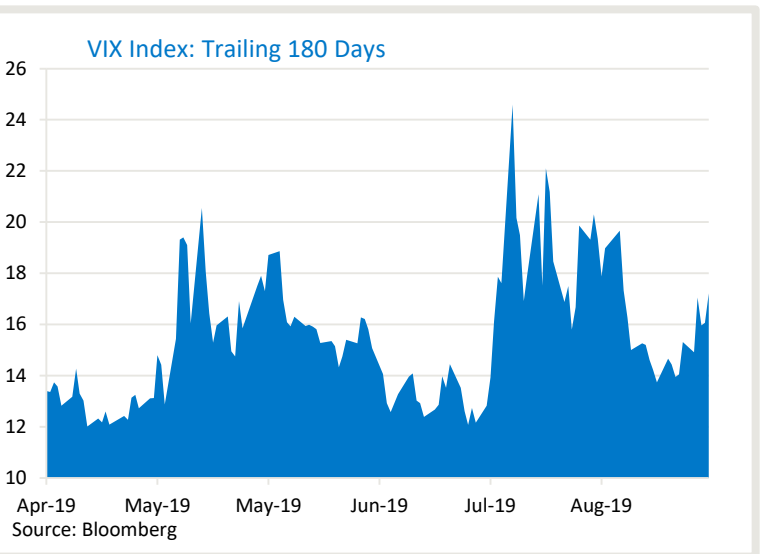
	One Week			YTD		
	Value	Growth		Value	Growth	
L	-0.73%	-1.11%	-1.42%	14.36%	17.57%	20.45%
	-0.59%	-1.15%	-2.01%	16.96%	19.73%	23.48%
S	-1.25%	-2.52%	-3.76%	11.04%	12.75%	14.23%

Source: Bloomberg

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

	% Wgt in S&P 500	Week % Chg.	YTD % Chg.
Consumer Discretionary	10.1	-0.93%	20.2%
Consumer Staples	7.6	1.21%	20.0%
Energy	4.6	-2.61%	3.9%
Financials	13.0	-0.20%	17.7%
Health Care	13.6	-3.01%	3.3%
Industrials	9.4	-0.44%	20.5%
Information Technology	21.8	-0.82%	28.5%
Materials	2.7	-1.12%	14.3%
Real Estate	3.2	0.16%	26.4%
Communication Services	10.4	-2.34%	20.1%
Utilities	3.6	1.30%	22.2%

Source: Bloomberg



A Macro View: Quality: The Key to Dividend-Paying Stocks

Investors traditionally have had an appetite for yield. Sitting back and collecting a quarterly payment from doing nothing more than making an initial investment is attractive, especially to retirees or those depending on a consistent stream of cash flow. Dividend investing not only offers a source of income, but has the potential to provide strong, long-term returns, making it a compelling strategy for a range of investor types.

Selecting a high-dividend strategy typically means that investors are looking for more yield than otherwise obtainable by investing in the broad market index. The S&P 500 ETF (SPY), for example, has a 12-month yield of close to 1.38% but has averaged more than 3% since 1950. Approximately 80% of the S&P 500 Index companies pay a dividend, with a large portion of the index's total return attributed to dividends. Hence, even with plain-vanilla market exposure, investors can thank dividends for playing a large role in benchmark returns. Moreover, purposefully targeting high-yielding or dividend-growing stocks offers both total return prospects and portfolio stability, leading to stronger risk-adjusted returns. High-yielding stocks have outperformed low-dividend-paying stocks in many time periods, including volatile ones such as during the tech bubble of 1999-2000. But this comes with a caveat: Not all high-yielding stocks are created equal.

Imagine an investor who has purchased General Electric (GE), one of the largest US firms and, for a long-time, a darling of the Dow Jones Industrial Average index. For the past ten years, that investor has collected a steady and generally increasing dividend payment, until 2017-2018, when GE began cutting its quarterly payment to shareholders. In those two years, the stock declined a combined 96%, vastly underperforming the Industrials sector. The investor who has held on is now receiving just \$0.01 a share from GE. Though rare, dividend cuts can devastate returns and interrupt the investor's valued cash flow.

Avoiding companies primed to reduce their dividend policies and targeting companies positioned to maintain or increase their payments is one strategy for investing successfully in high-yielding stocks. The quality factor, which is the tendency for higher-quality companies to outperform lower-quality companies, provides a sound framework. The factor examines a company's profitability, growth, and leverage to identify well-managed businesses with strong balance sheets that are likely to continue to make payments to shareholders.

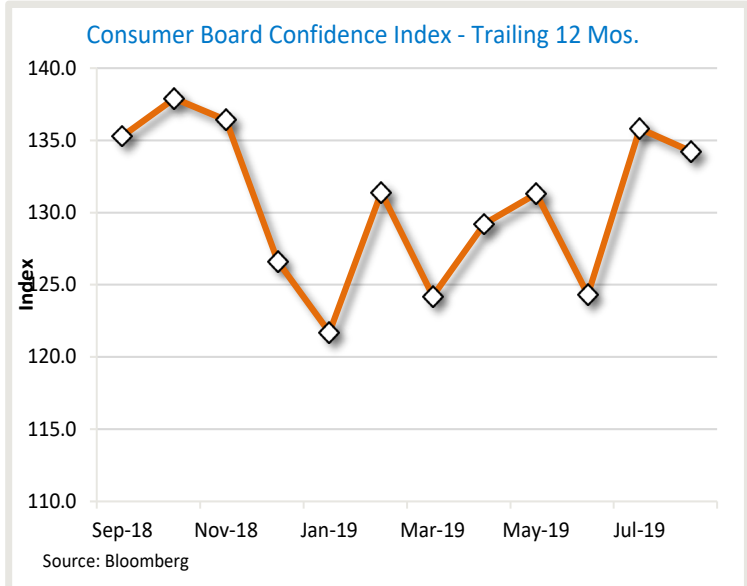
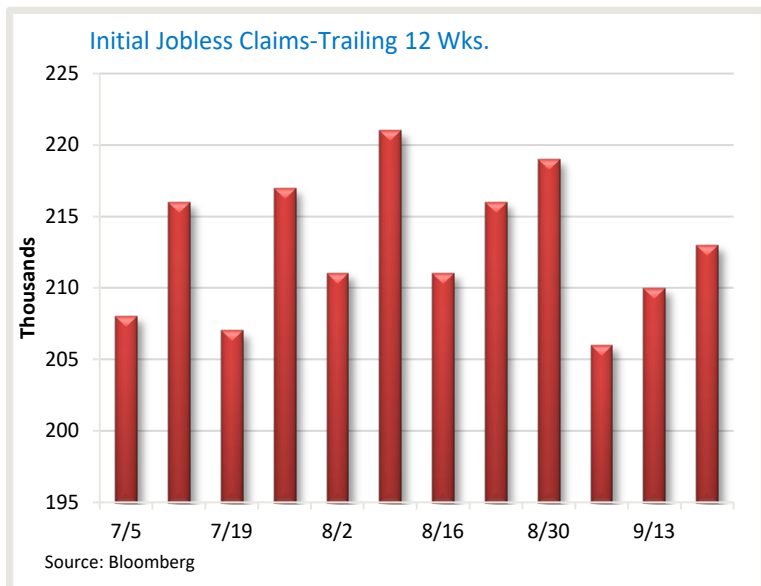
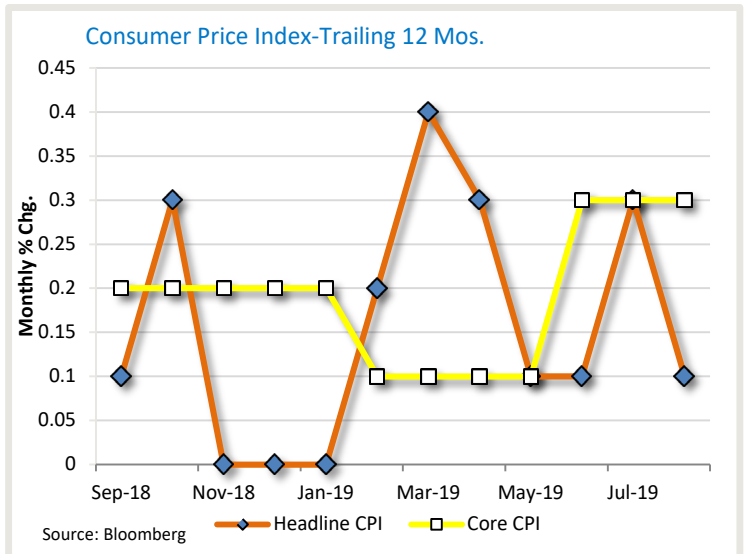
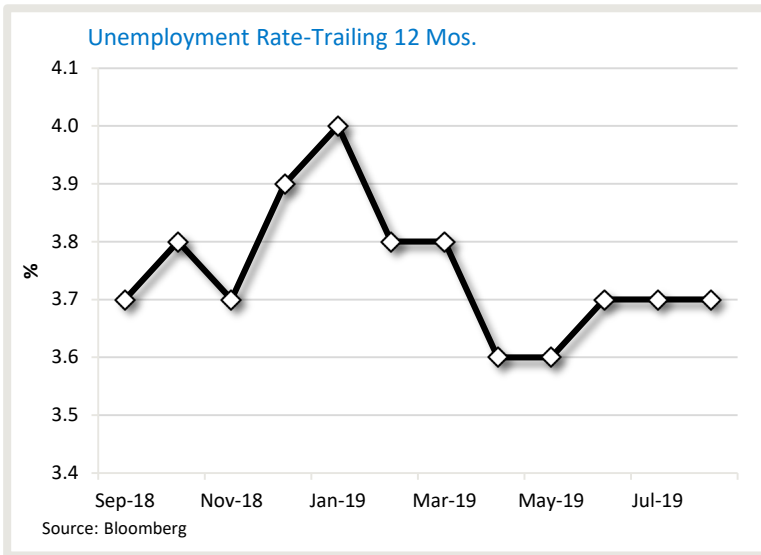
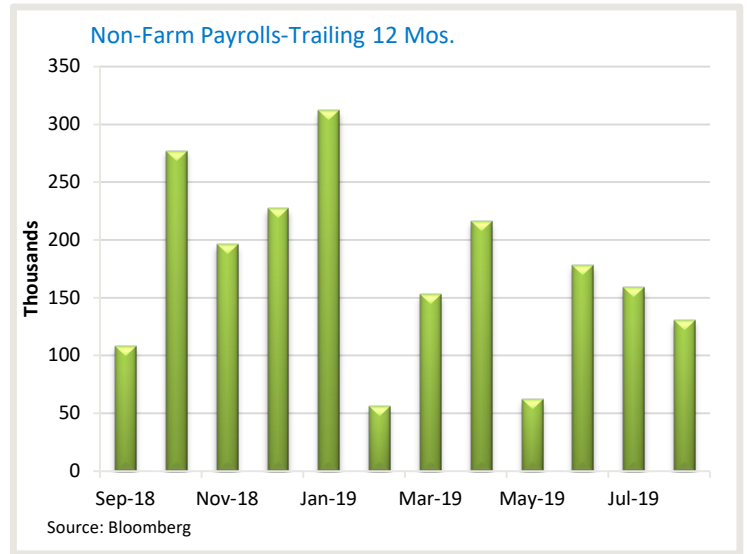
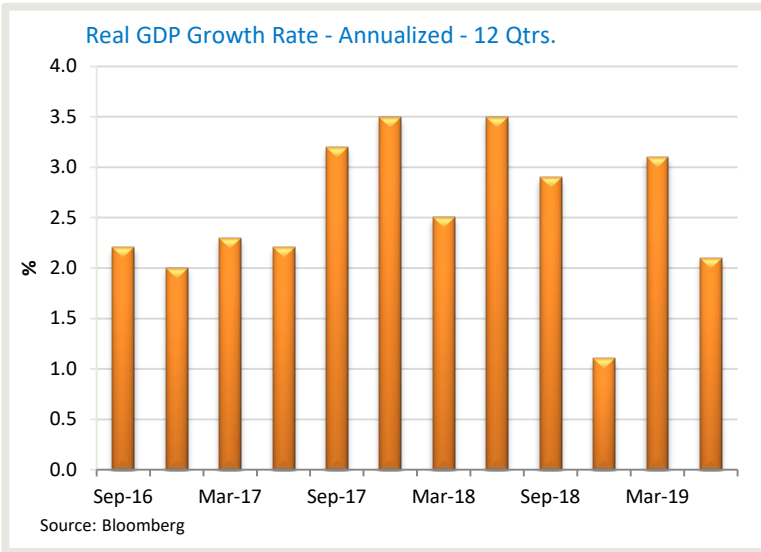
Time and again, researchers have found that financially sound firms, measured by the quality factor, have outperformed. A study from 1964-2014 examined the top 100 high-yielding, high-profitability companies, versus the bottom 100 companies with high yields but low profitability. The companies in the top 100 not only averaged an annualized return of 12.80%, with significantly less volatility, but also had subsequent five-year dividend growth rates of 18.60% vs. 10.50% for their high-yielding but less profitable peers. Applying some of the quality metrics in revisiting the GE example above shows profitability declined and leverage increased in the years leading up to the dividend cut, signaling trouble for the firm and re-enforcing the power of the quality factor.

The persistent low-yielding environment has investors searching for income. A high-dividend strategy, with an eye toward avoiding the "falling knives" of companies with deteriorating profitability, can potentially complement a well-diversified portfolio.

Source: Morningstar, Inc.

Source: Research Affiliates, LLC

Economic Data



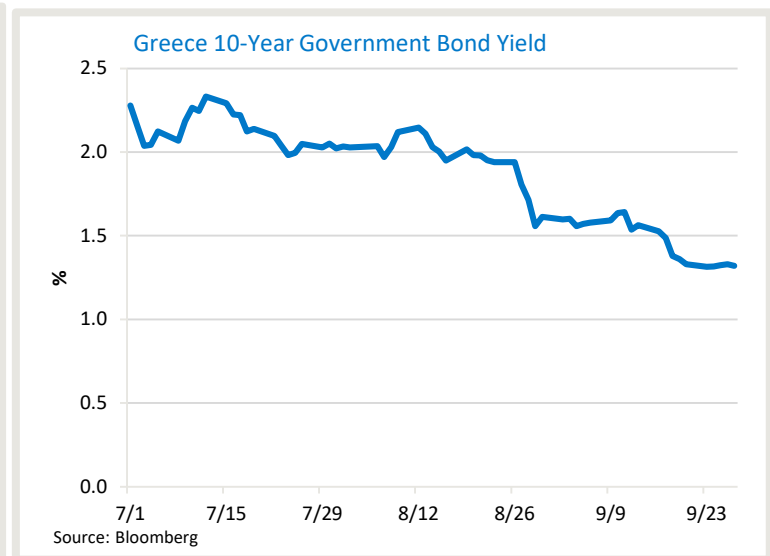
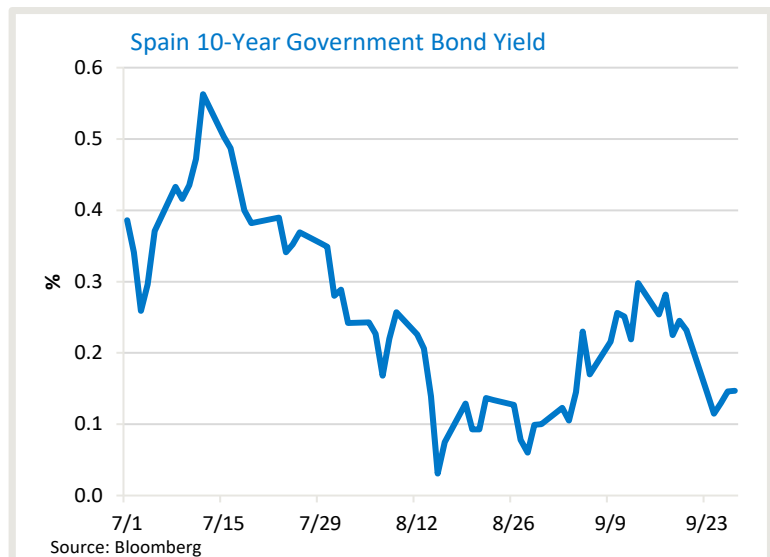
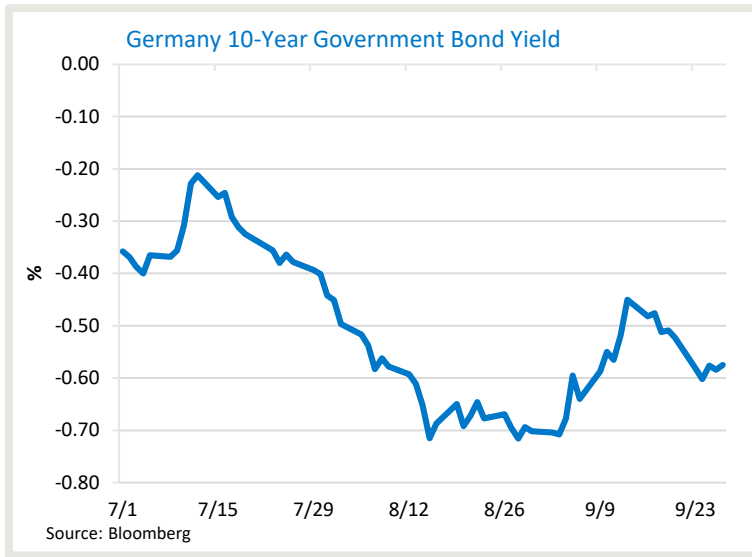
Eurozone

SELECTED EUROPEAN SOVEREIGN YIELD PERFORMANCE

	Last	Change	% Chg.	YTD %
Germany 10-Yr. Govt.	-0.58	5 bps	NM	NM
Greece 10-Yr. Govt.	1.32	1 bps	NM	NM
Italy 10-Yr. Govt.	0.82	10 bps	NM	NM
Spain 10-Yr. Govt.	0.15	9 bps	NM	NM
Belgium 10-Yr. Govt.	-0.26	8 bps	NM	NM

	Last	Change	% Chg.	YTD %
France 10-Yr. Govt.	-0.28	6 bps	NM	NM
Ireland 10-Yr. Govt.	-0.04	6 bps	NM	NM
Portugal 10-Yr. Govt.	0.16	8 bps	NM	NM
Netherlands 10-Yr. Govt.	-0.43	5 bps	NM	NM
U.K. 10-Yr. Govt.	0.50	13 bps	NM	NM

Source: Bloomberg
 Basis points (bps)



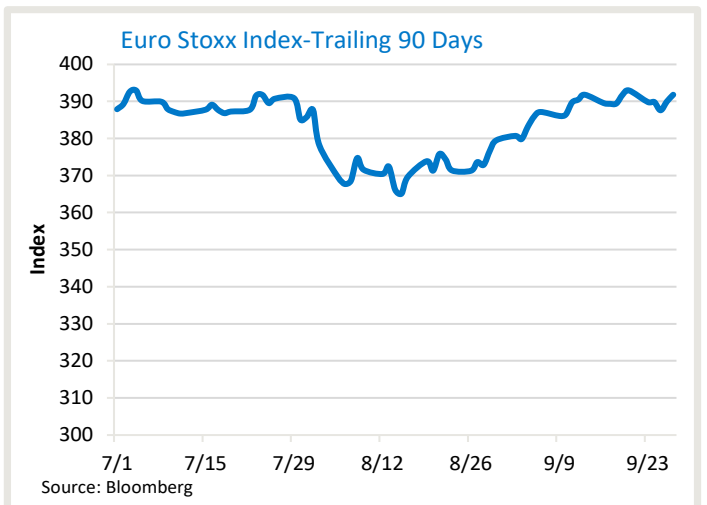
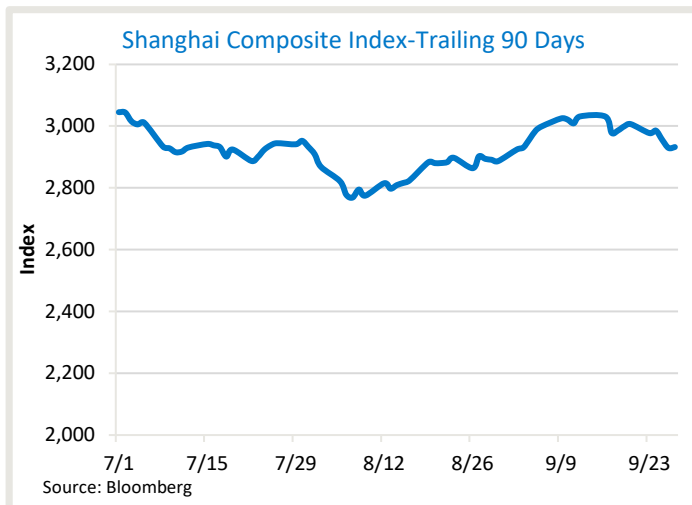
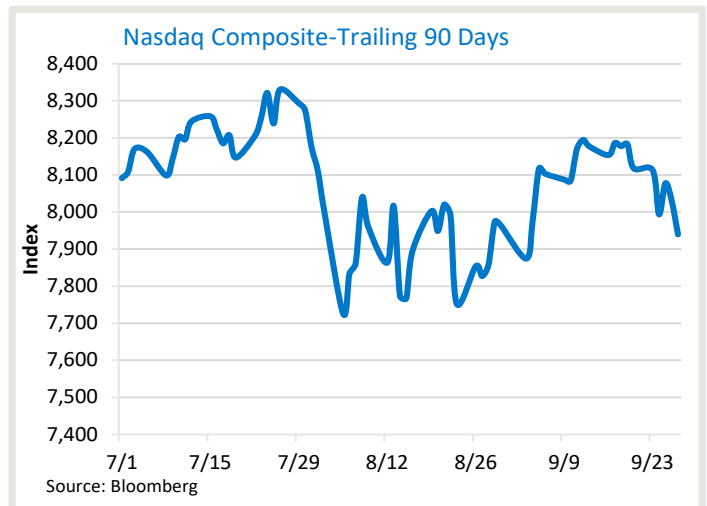
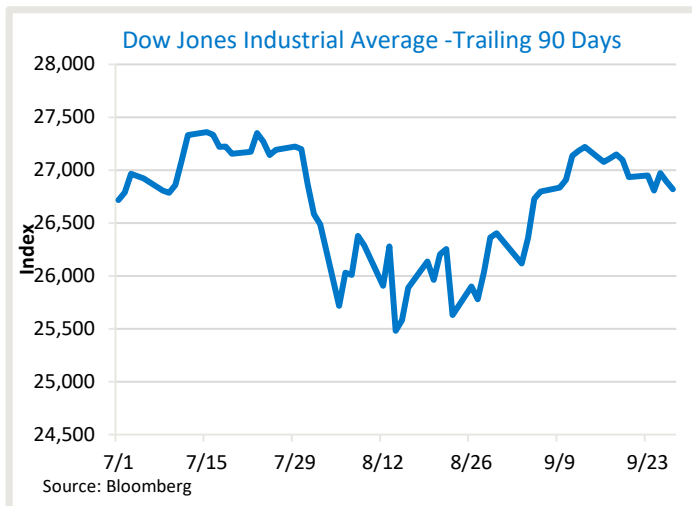
Equities

WORLD MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
S&P 500	2,961.79	-30.28	-1.01%	18.15%
Dow Industrials	26,820.25	-114.82	-0.43%	14.97%
Nasdaq Composite	7,939.63	-178.05	-2.19%	19.66%
MSCI ACWI	521.87	-3.69	-0.70%	14.5%
MSCI EM	1,009.30	-11.97	-1.17%	4.5%
S&P/TSX (Canada)	16,694.27	-205.42	-1.22%	16.56%
Mexico IPC	42,857.58	-701.87	-1.61%	2.92%
Brazil Bovespa	105,077.60	260.20	0.25%	19.56%
Euro Stoxx 600	391.79	-1.16	-0.30%	16.03%
FTSE 100	7,426.21	81.29	1.11%	10.38%
IBEX 35 (Spain)	9,184.10	5.10	0.06%	7.54%

	Last	Change	% Chg.	YTD %
Swiss Market Index	10,037.81	-19.02	-0.19%	19.08%
CAC 40 Index (France)	5,640.58	-50.20	-0.88%	19.23%
DAX Index (Germany)	12,380.94	-87.07	-0.70%	17.26%
Irish Overall Index	6,177.00	56.26	0.92%	12.72%
Nikkei 225	21,878.90	-165.55	-0.75%	9.31%
Hang Seng Index	25,954.81	-480.86	-1.82%	0.42%
Shanghai Composite	2,932.17	-74.28	-2.47%	17.57%
Kospi Index (S. Korea)	2,049.93	-41.59	-1.99%	0.44%
Taiwan Taie Index	10,829.68	-100.01	-0.92%	11.33%
Tel Aviv 25 Index	1,615.48	-6.01	-0.37%	10.36%
MOEX Index (Russia)	2,757.98	-38.43	-1.37%	16.40%

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



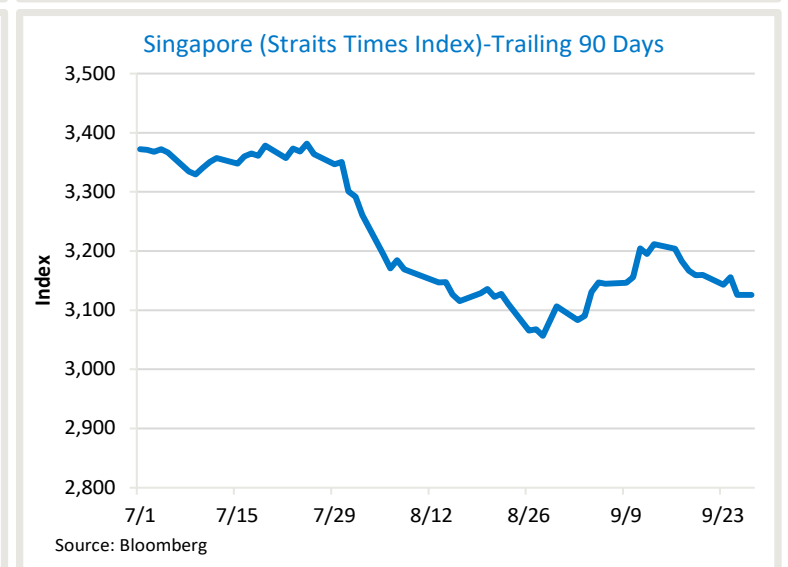
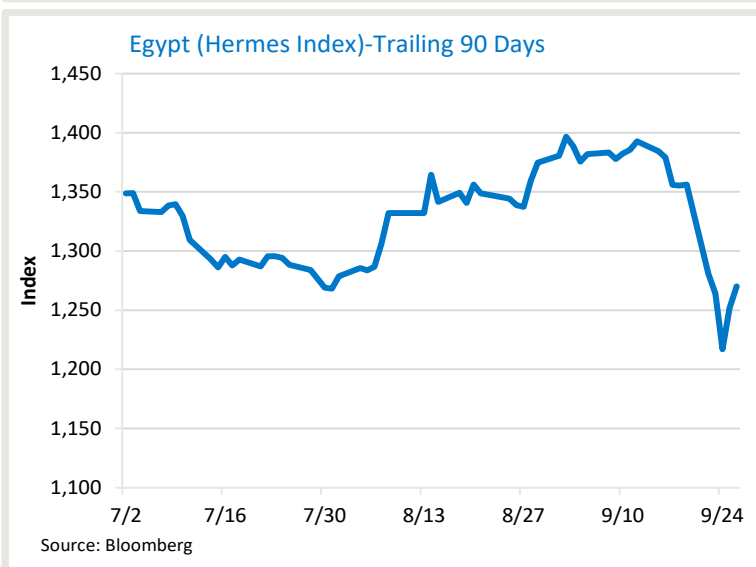
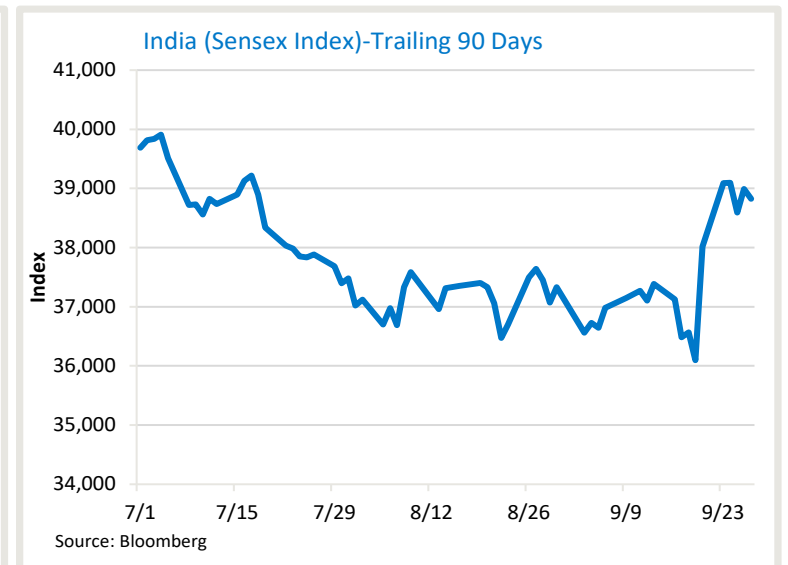
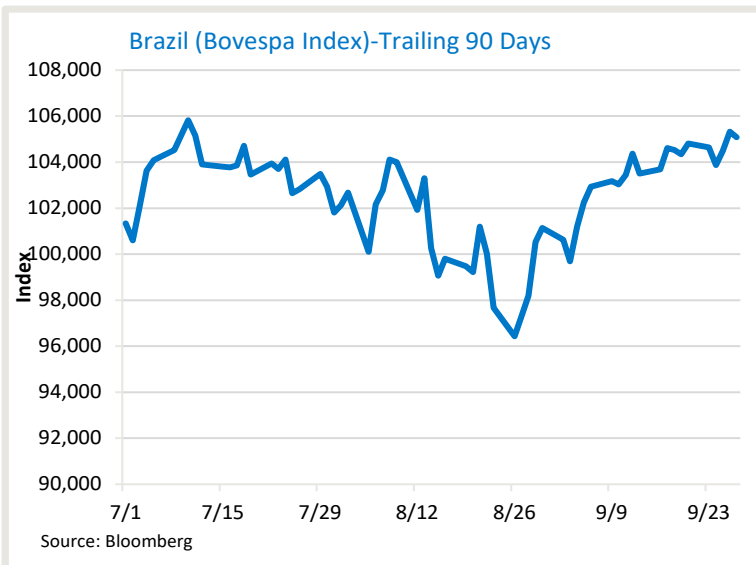
Equities – Emerging and Frontier Markets

EMERGING AND FRONTIER MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
Mexico IPC	42,857.58	-701.87	-1.6%	2.9%
Brazil (Bovespa Index)	105,077.60	260.20	0.2%	19.6%
MOEX Index (Russia)	2,757.98	-38.43	-1.4%	16.4%
Czech Republic (Prague)	1,038.45	-21.87	-2.1%	5.3%
Turkey (Istanbul)	105,152.19	4915.50	4.9%	15.2%
Egypt (Hermes Index)	1,270.02	-86.08	-6.3%	-0.6%
Kenya (Nairobi 20 Index)	2,435.92	-6.58	-0.3%	-14.0%
Saudi Arabia (TASI Index)	8,028.19	206.96	2.6%	2.6%
Lebanon (Beirut BLOM Index)	794.62	5.03	0.6%	-18.6%
Palestine	517.21	-1.43	-0.3%	-2.3%

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

	Last	Change	% Chg.	YTD %
Hang Seng Index	25,954.81	-480.86	-1.8%	0.4%
India (Sensex 30)	38,822.57	0.00	0.0%	7.6%
Malaysia (KLCI Index)	1,584.14	-13.27	-0.8%	-6.3%
Singapore (Straits Times Index)	3,125.63	-34.05	-1.1%	1.9%
Thailand (SET Index)	1,643.76	7.56	0.5%	5.1%
Indonesia (Jakarta)	6,196.89	-34.58	-0.6%	0.0%
Pakistan (Karachi KSE 100)	32,070.81	-40.29	-0.1%	-13.5%
Vietnam (Ho Chi Minh)	997.84	7.48	0.8%	11.8%
Sri Lanka (Colombo)	5,771.69	-22.20	-0.4%	-4.6%
Cambodia (Laos)	721.01	-21.62	-2.9%	-13.8%

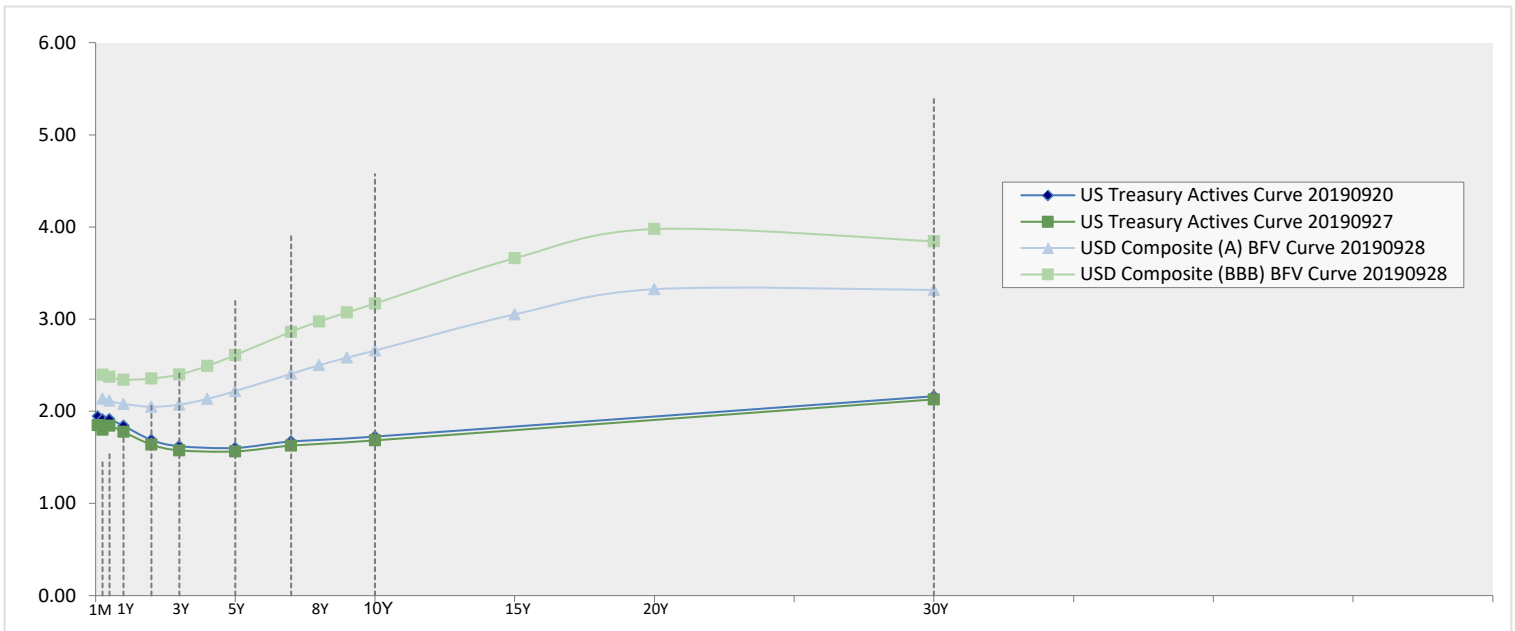


Interest Rates

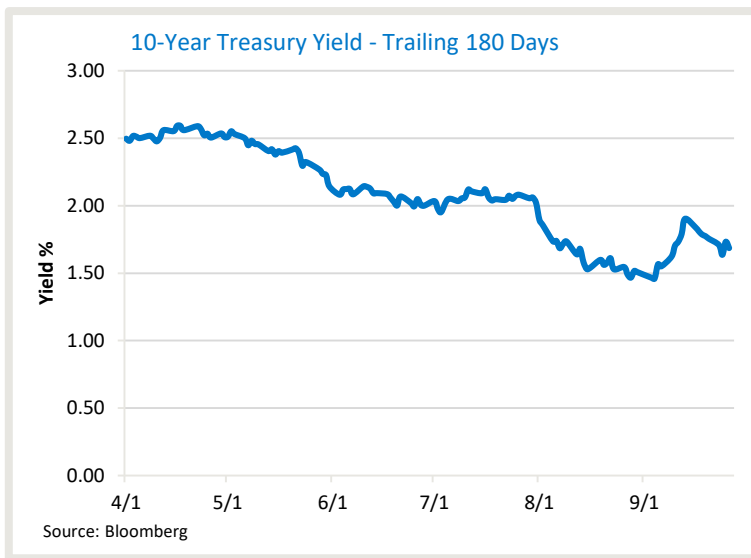
SELECTED INTEREST RATES

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
2-Yr. U.S. Treasury	1.63%	0 bps	NM	NM	Prime Rate	5.00%	0.00	NM	NM
5-Yr. U.S. Treasury	1.55%	-8 bps	NM	NM	Fed Funds Rate	2.00%	0.00	NM	NM
10-Yr. U.S. Treasury	1.68%	-8 bps	NM	NM	Discount Rate	2.50%	0.00	NM	NM
30-Yr. U.S. Treasury	2.12%	-8 bps	NM	NM	LIBOR (3 Mo.)	2.10%	-3 bps	NM	NM
German 10-Yr. Govt.	-0.58%	5 bps	NM	NM	Bond Buyer 40 Muni	2.68%	-8 bps	NM	NM
France 10-Yr.	-0.28%	6 bps	NM	NM	Bond Buyer 40 G.O.	2.66%	NA	NM	NM
Italy 10-Yr.	0.82%	10 bps	NM	NM	Bond Buyer 40 Rev.	3.14%	NA	NM	NM
Fed 5-Yr Fwd BE Inf.	1.66%	-5 bps	NM	NM					

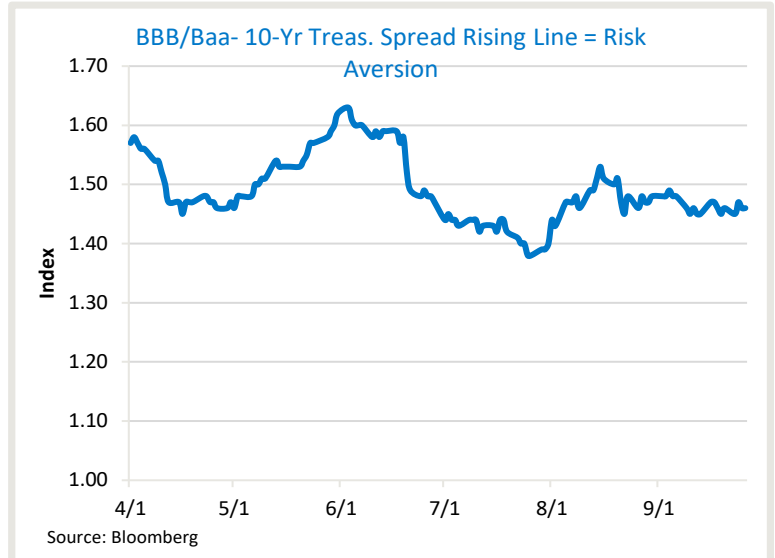
Source: Bloomberg



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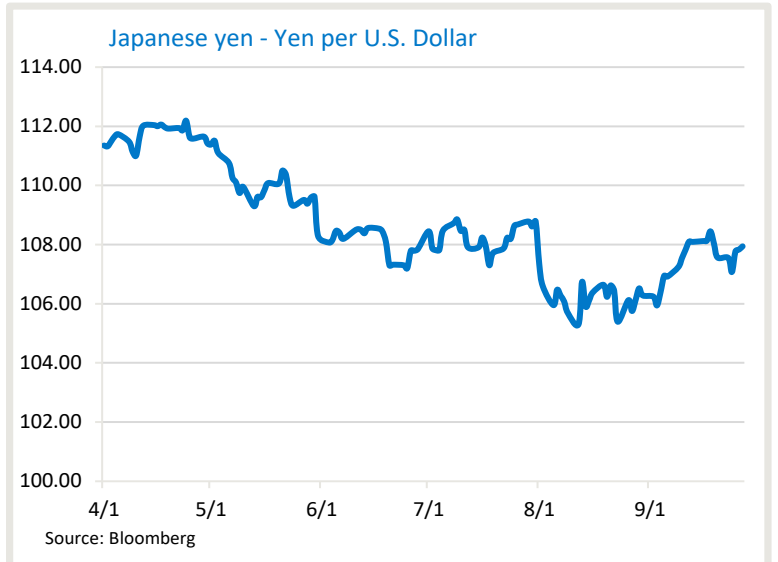
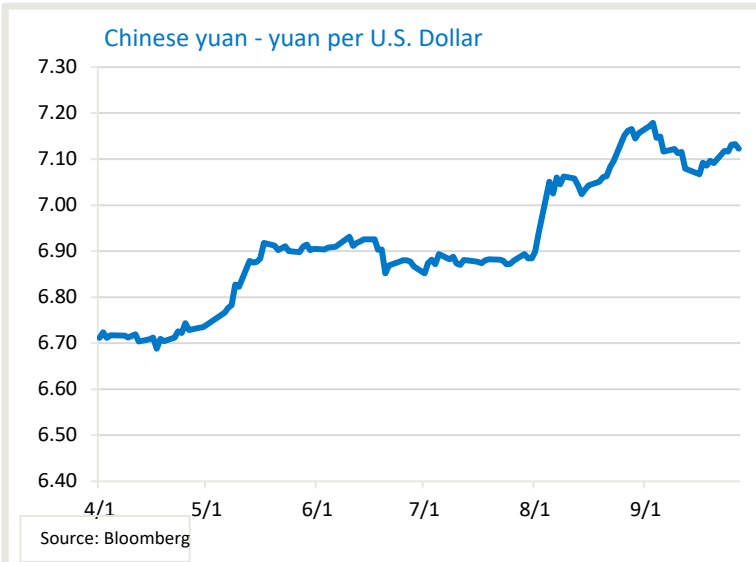
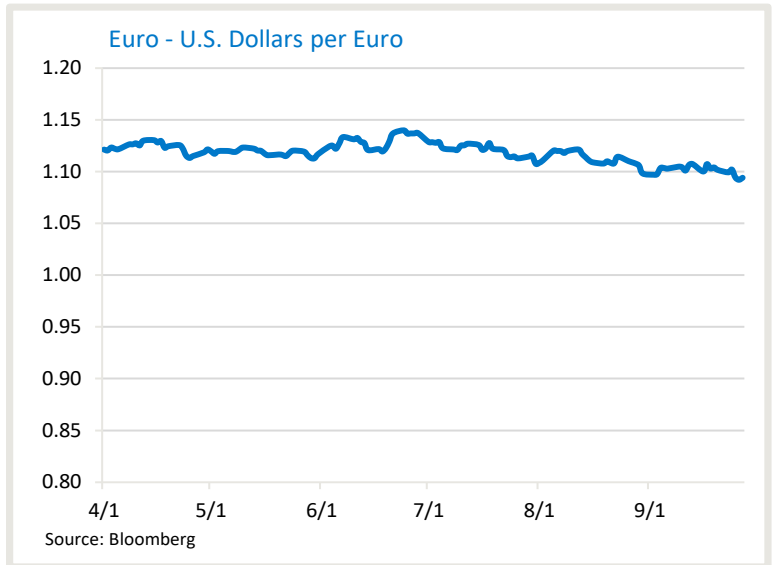
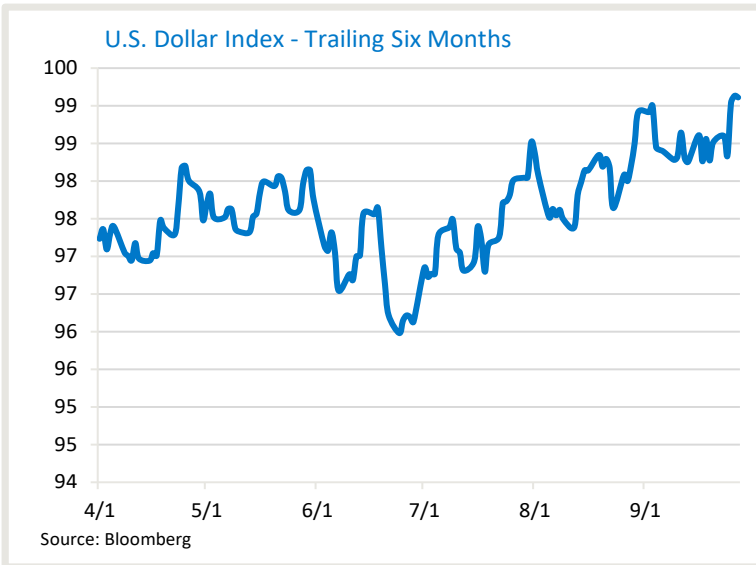
Currencies

SELECTED CURRENCY PERFORMANCE

	Last	Change	% Chg.	YTD %
Dollar Index	99.11	0.597	0.61%	3.05%
Euro	1.09	-0.008	-0.69%	-4.59%
Japanese Yen	107.92	0.380	-0.35%	1.62%
British Pound	1.23	-0.019	-1.50%	-3.63%
Canadian Dollar	1.32	-0.002	0.17%	2.99%

	Last	Change	% Chg.	YTD %
Chinese Yuan	7.12	0.031	-0.44%	-3.43%
Swiss Franc	0.99	0.000	-0.04%	-0.93%
New Zealand Dollar	0.63	0.004	0.59%	-6.31%
Brazilian Real	4.16	0.011	-0.26%	-6.82%
Mexican Peso	19.69	0.240	-1.22%	-0.19%

Source: Bloomberg



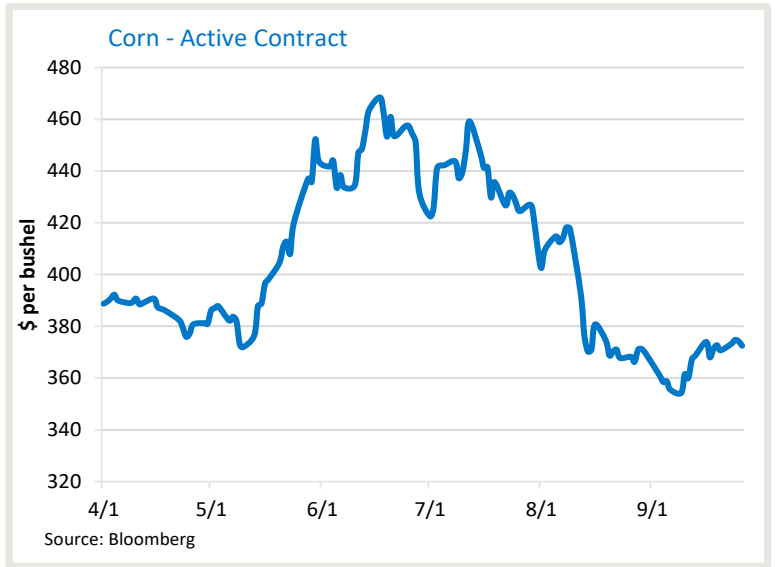
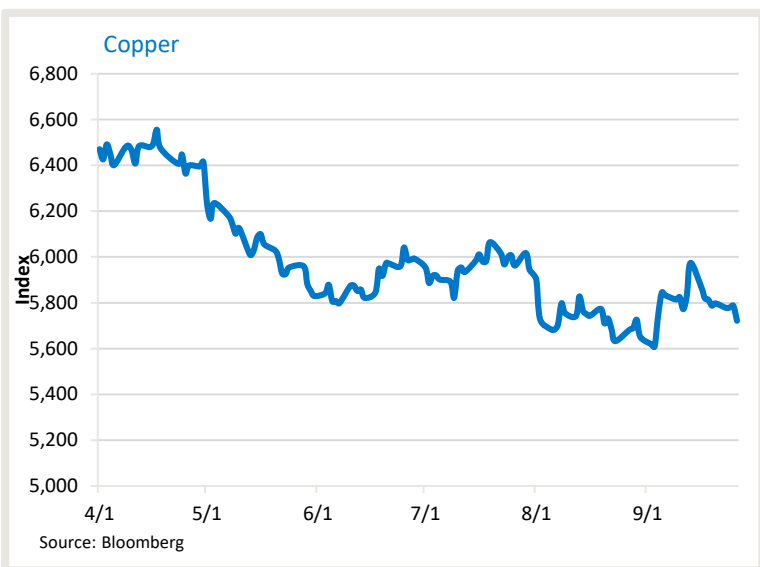
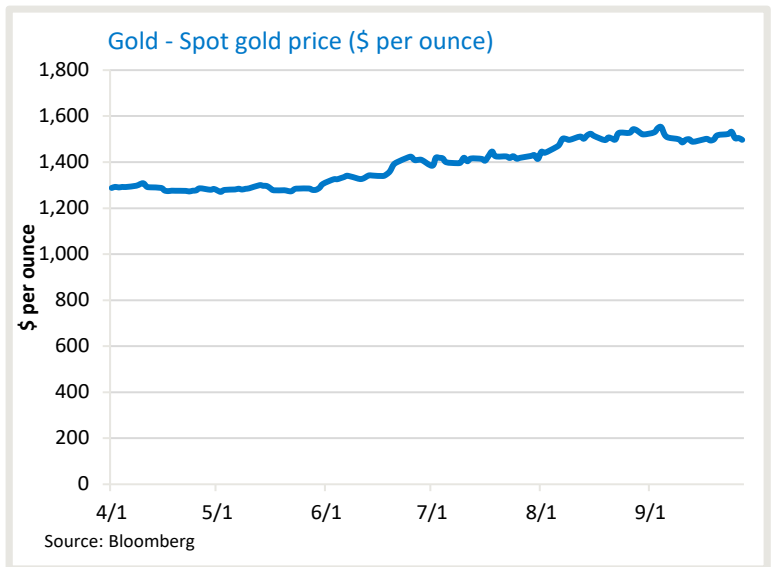
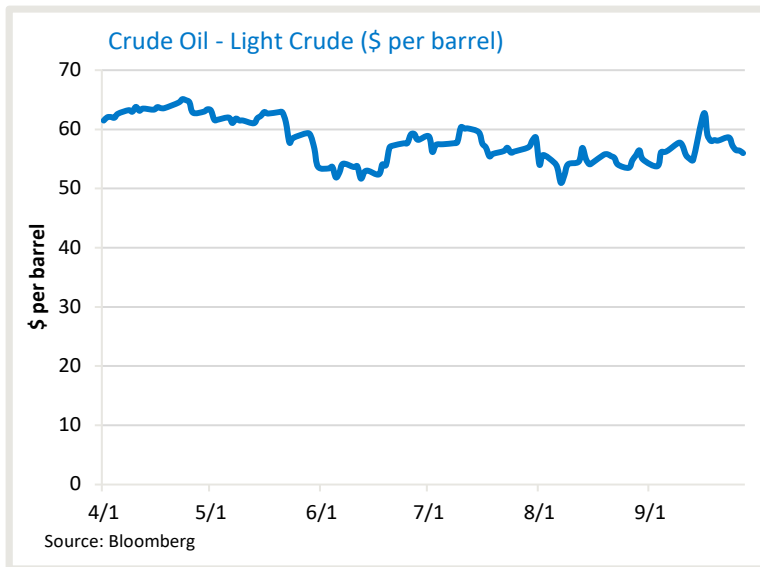
Commodities

SELECTED COMMODITY MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
Bloomberg Comm. Idx.	78.34	-0.86	-1.08%	2.12%
Crude Oil	\$56.00	-\$2.11	-3.63%	16.09%
Natural Gas	\$2.40	-\$0.16	-6.14%	-14.33%
Gasoline (\$/Gal.)	\$2.65	-\$0.02	-0.64%	17.50%
Heating Oil	194.60	-4.19	-2.11%	13.61%
Gold Spot	\$1,496.78	-\$19.98	-1.32%	16.72%
Silver Spot	\$17.53	-\$0.47	-2.62%	13.07%

Source: Bloomberg; % change is based on price.

	Last	Change	% Chg.	YTD %
Platinum Spot	\$931.05	-\$15.31	-1.62%	17.01%
Corn	371.50	0.75	0.20%	-6.54%
Wheat	487.25	3.00	0.62%	-10.18%
Soybeans	883.00	0.25	0.03%	-5.59%
Sugar	12.62	0.55	4.56%	-4.03%
Orange Juice	99.85	-0.30	-0.30%	-23.69%
Aluminum	1,737.00	-58.00	-3.23%	-5.90%
Copper	5,722.00	-76.00	-1.31%	-4.07%

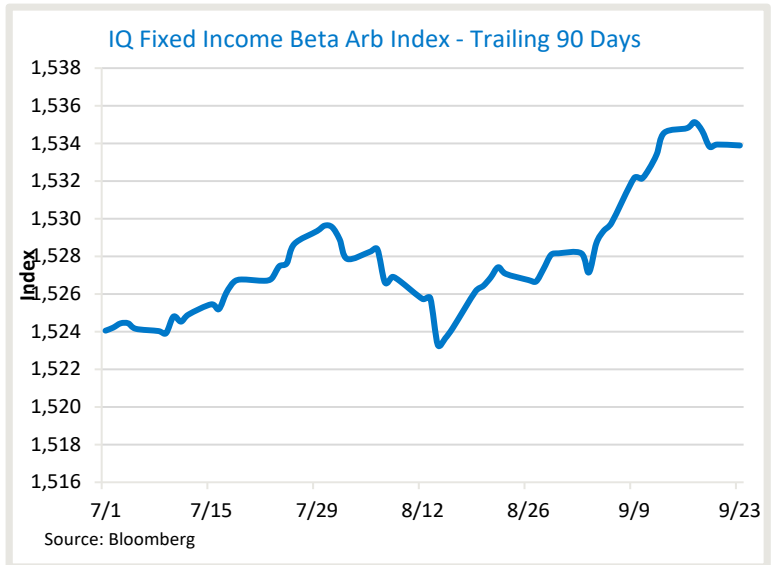
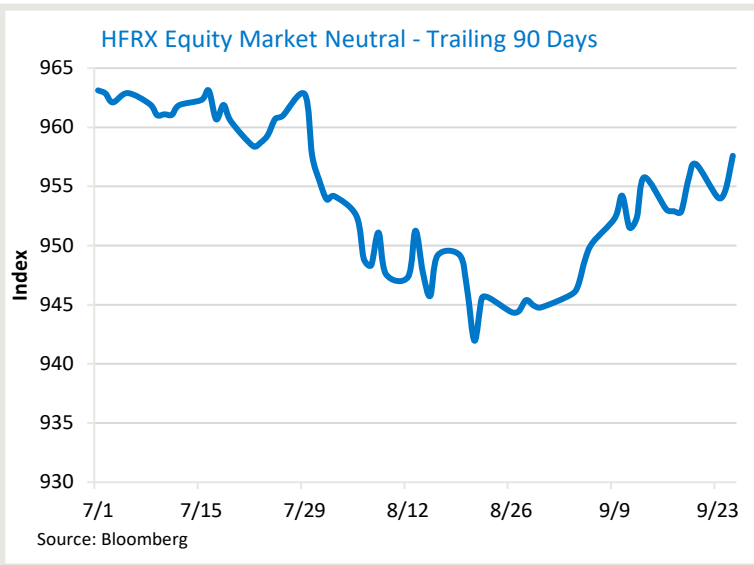
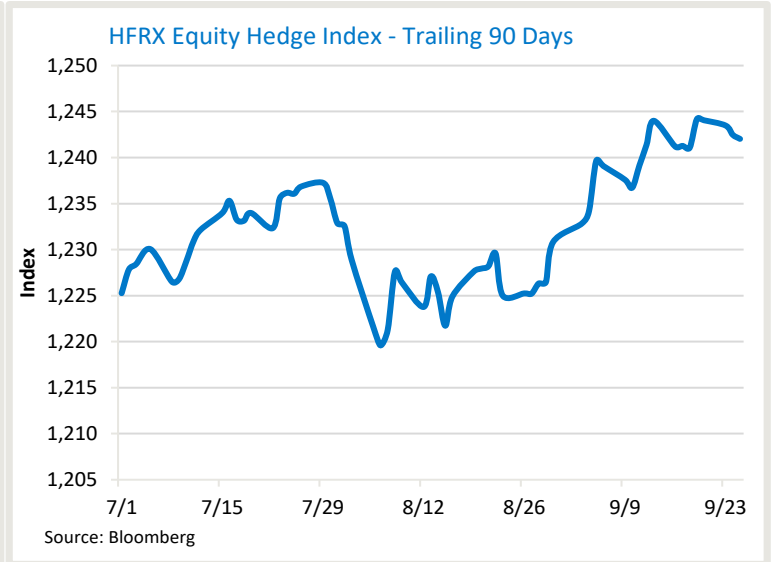
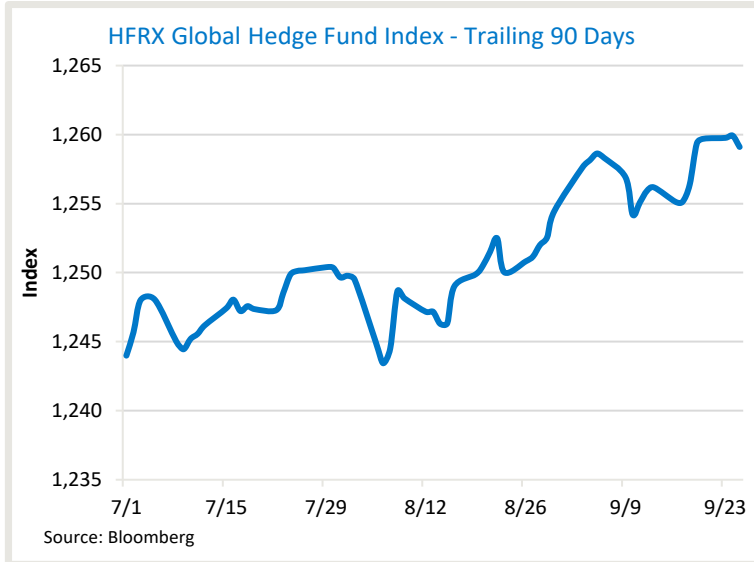


Alternative Investments

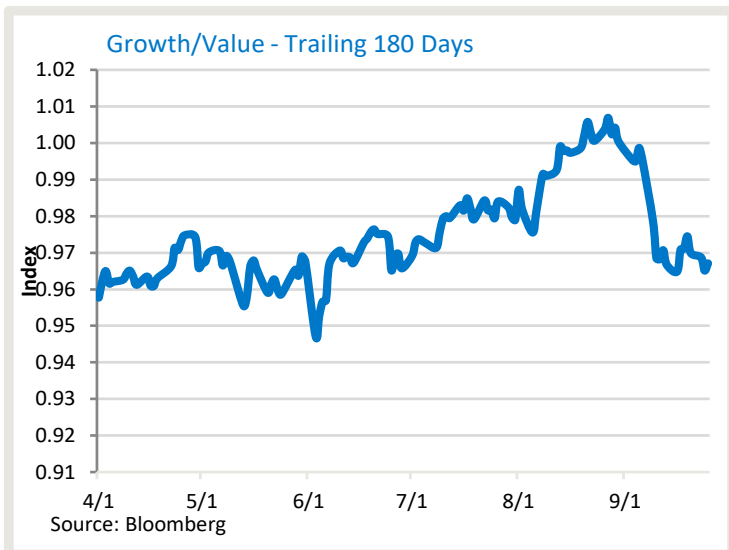
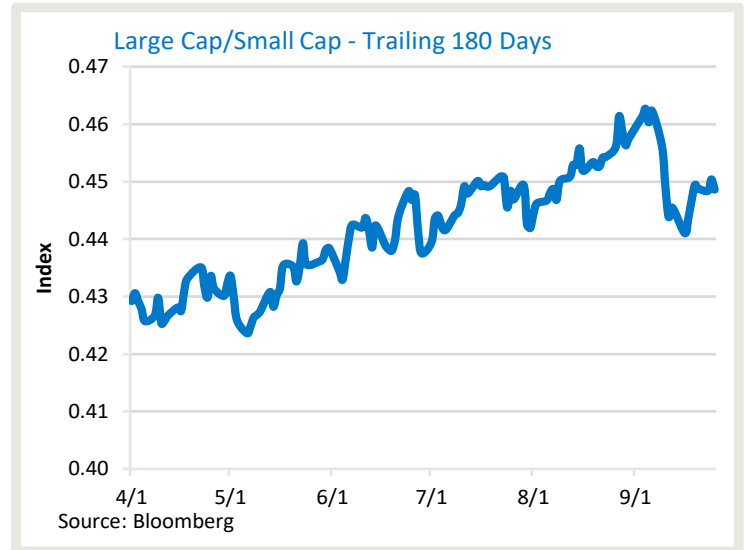
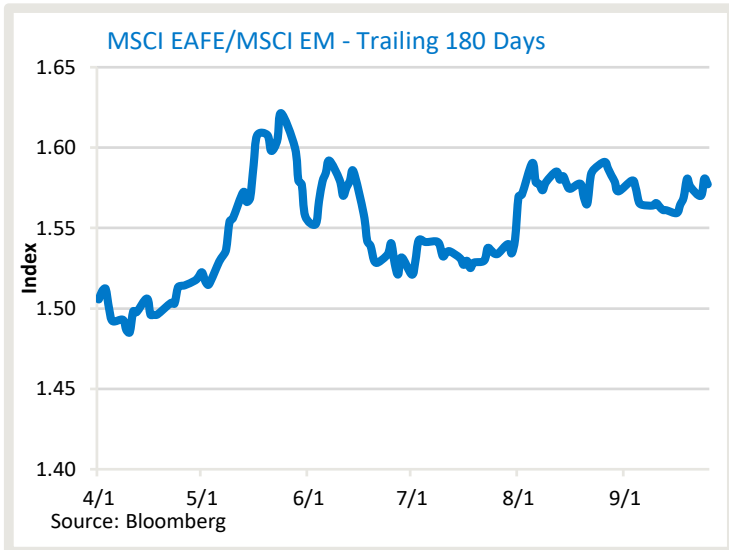
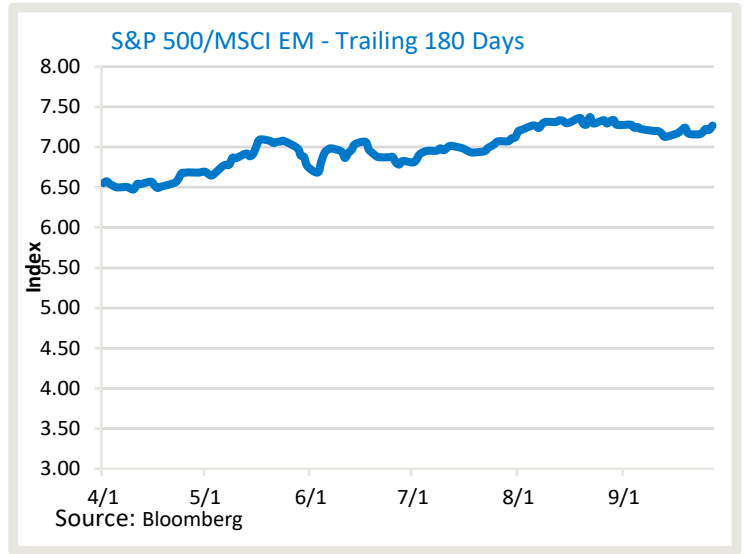
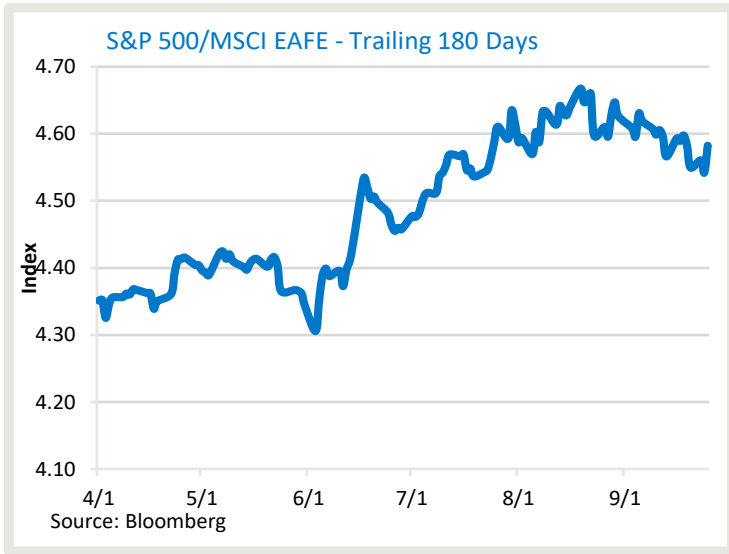
SELECTED ALTERNATIVE INVESTMENT INDEX PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
HFRX Global Hedge Fund Index	1259.73	0.03	0.00%	5.87%	HFRX Special Situation Index	1240.50	-0.68	-0.05%	3.12%
HFRX Equity Market Neutral	956.65	-0.24	-0.03%	-1.65%	HFRX Merger Arbitrage Index	1786.21	-6.94	-0.39%	-1.73%
HFRX Equity Hedge Index	1241.96	-2.09	-0.17%	7.89%	HFRX Convertible Arbitrage Index	814.31	-2.91	-0.36%	3.38%
HFRX Event-Driven Index	1534.34	-1.10	-0.07%	4.29%	HFRX Macro CTA Index	1182.07	5.29	0.45%	4.97%
HFRX Absolute Return Index	1086.02	-2.68	-0.25%	2.64%	IQ Fixed Income Beta Arb Index	1533.43	-0.51	-0.03%	4.85%

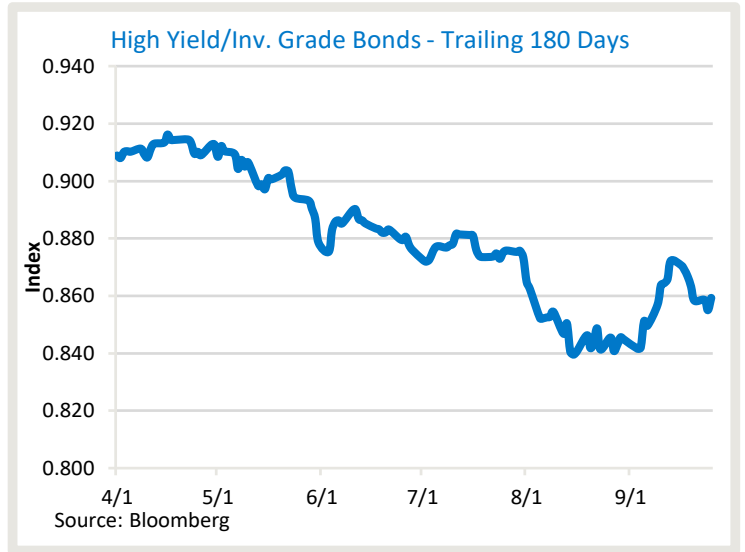
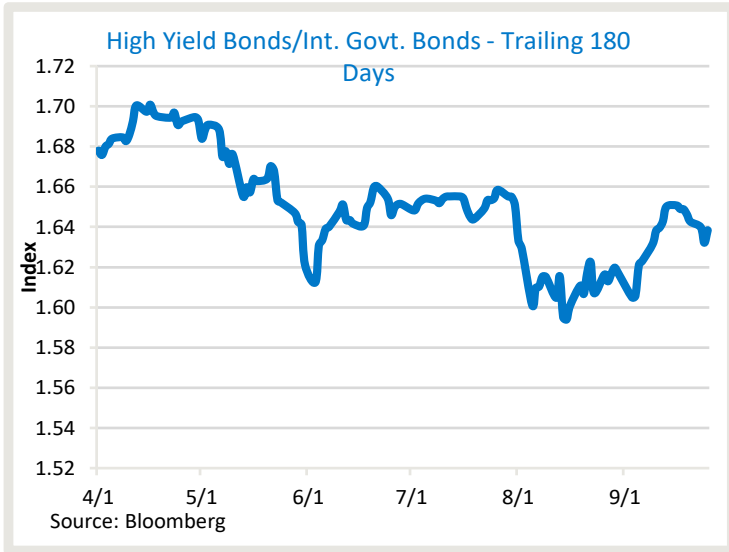
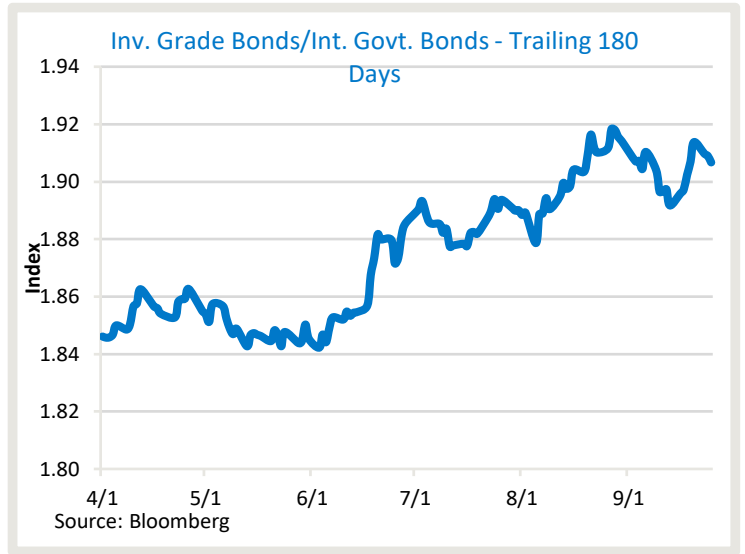
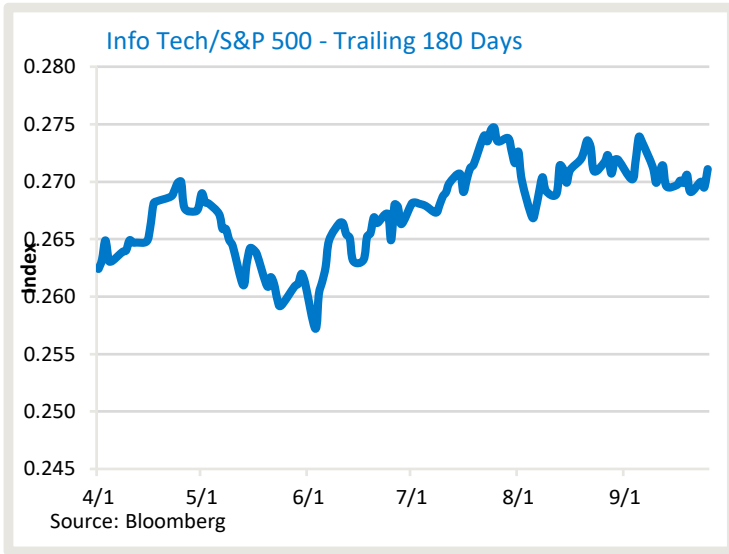
Source: Bloomberg; Index % change is based on price.



Portfolio Construction



Portfolio Construction (continued)



WEEKLY ASSET CLASS PERFORMANCE (Prior 12 weeks ending Thursday)

			7/11	7/18	7/25	8/1	8/8	8/15	8/22	8/29	9/5	9/12	9/19	9/26
Equity	Domestic Equity	Large Cap (R200)	0.27%	-0.17%	0.26%	-1.62%	-0.58%	-2.98%	2.63%	0.07%	1.73%	1.03%	-0.07%	-1.09%
		Small Cap (R2000)	-0.90%	-0.15%	0.37%	-0.68%	-1.20%	-4.60%	3.03%	-0.62%	0.94%	4.26%	-0.86%	-1.80%
	Int'l. Equity	MSCI EAFE	-1.54%	-0.69%	0.66%	-1.28%	-2.53%	-2.66%	1.78%	0.11%	2.32%	1.68%	0.44%	-0.94%
		MSCI Em. Mkts.	-0.89%	-0.33%	0.24%	-2.82%	-3.93%	-2.11%	1.26%	-0.57%	3.39%	1.93%	-0.56%	-0.72%
Fixed Income	BarCap Agg. (AGG)	-0.80%	0.57%	-0.10%	0.65%	0.79%	0.86%	-0.39%	0.63%	-0.42%	1.00%	0.08%	0.44%	
	High Yield (JNK)	-0.57%	-0.06%	0.31%	-0.52%	-0.36%	-0.53%	1.33%	0.33%	-0.27%	0.28%	0.07%	-0.17%	
Commodities	Bloomberg Commodity Index	1.72%	-2.04%	0.10%	-2.52%	0.04%	-0.44%	-0.37%	1.40%	0.70%	0.69%	1.06%	-0.96%	
Alternatives	Hedge Funds (HFRX Global)	-0.20%	0.16%	0.20%	-0.03%	-0.09%	-0.19%	0.49%	0.01%	0.49%	0.22%	0.27%	0.03%	
Asset Allocation	60/40*	-0.59%	0.01%	0.21%	-0.69%	-0.61%	-1.58%	1.35%	0.18%	0.97%	0.75%	-0.04%	-0.54%	
	48/32/20 (w/Alts.)**	-0.51%	0.04%	0.21%	-0.56%	-0.51%	-1.30%	1.18%	0.15%	0.87%	0.55%	0.03%	-0.43%	

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	1.02	0.98	1.01	1.07	0.97	1.05	1.12	0.99	0.98	1.05	0.87	1.04	0.96	0.99
Large Cap Growth	0.98	1.00	0.96	0.99	1.05	0.95	1.03	1.09	0.98	0.96	1.03	0.86	1.02	0.95	0.98
Large Cap Value	1.02	1.04	1.00	1.03	1.09	0.99	1.07	1.14	1.01	1.00	1.07	0.89	1.06	0.98	1.01
Mid Cap Core	0.99	1.01	0.97	1.00	1.07	0.96	1.04	1.11	0.99	0.98	1.05	0.87	1.03	0.96	0.99
Mid Cap Growth	0.93	0.95	0.91	0.94	1.00	0.90	0.98	1.04	0.93	0.92	0.98	0.82	0.97	0.90	0.93
Mid Cap Value	1.03	1.05	1.01	1.04	1.11	1.00	1.09	1.15	1.03	1.01	1.09	0.90	1.07	1.00	1.03
Small Cap Core	0.95	0.97	0.93	0.96	1.02	0.92	1.00	1.06	0.95	0.93	1.00	0.83	0.99	0.92	0.95
Small Cap Growth	0.90	0.91	0.88	0.90	0.96	0.87	0.94	1.00	0.89	0.88	0.94	0.78	0.93	0.86	0.89
Small Cap Value	1.01	1.02	0.99	1.01	1.08	0.97	1.06	1.12	1.00	0.99	1.06	0.88	1.04	0.97	1.00
Int'l. Developed	1.02	1.04	1.00	1.03	1.09	0.99	1.07	1.14	1.01	1.00	1.07	0.89	1.06	0.98	1.01
Emerging Markets	0.95	0.97	0.93	0.96	1.02	0.92	1.00	1.06	0.94	0.93	1.00	0.83	0.99	0.91	0.94
REITs	1.14	1.16	1.12	1.15	1.23	1.11	1.20	1.28	1.14	1.12	1.20	1.00	1.19	1.10	1.14
Commodities	0.96	0.98	0.94	0.97	1.03	0.93	1.01	1.07	0.96	0.95	1.01	0.84	1.00	0.93	0.96
Int. Bond	1.04	1.06	1.02	1.04	1.11	1.00	1.09	1.16	1.03	1.02	1.09	0.91	1.08	1.00	1.03
High Yield	1.01	1.02	0.99	1.01	1.08	0.97	1.06	1.12	1.00	0.99	1.06	0.88	1.04	0.97	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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