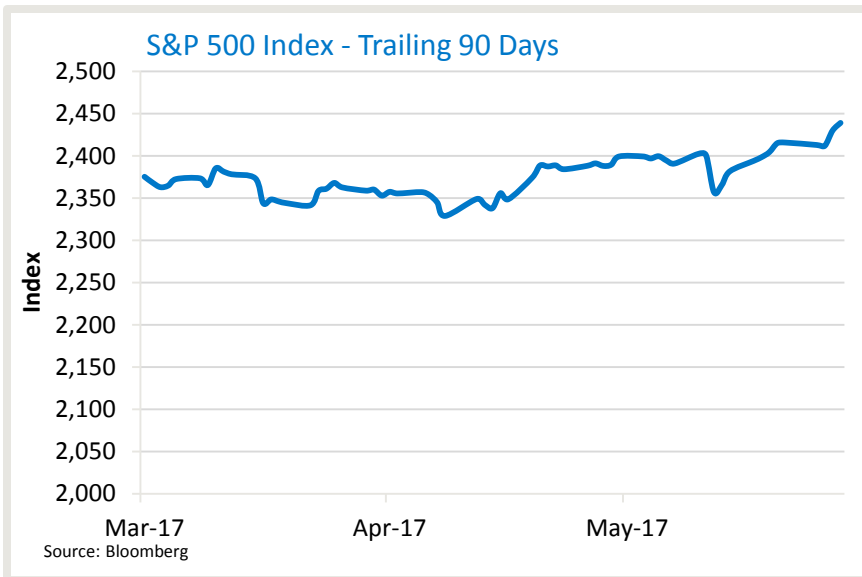


# Weekly Market Review

June 2, 2017

## Chart of the Week



## Weekly Highlights

- **The May jobs report was weaker than expected**, with the addition of 138,000 new jobs (185,000 was the estimated increase), while the unemployment rate declined to 4.3%, its lowest rate since May 2001. There also was a total of 66,000 in downward revisions from the figures reported for the prior two months. The labor participation rate dropped from 62.9% to 62.7%, as the total labor force declined by 429,000. Average hourly earnings rose by 0.2% on a month-over-month basis, reflecting growth of 2.5% annually.
- **Amazon (AMZN) shares crossed through \$1,000 earlier this week**, winning the milestone race with Alphabet (GOOG), Google's parent company. Amazon's stock has been on a strong upward trend since April, when the company reported earnings and sales growth that exceeded expectations.
- **The Nikkei 225 Stock Average topped 20,000 for the first time since April 2015.** The major Japanese index is a price-weighted average similar to the Dow Jones Industrial Average. The index comprises 225 blue-chip companies traded on the Tokyo Stock Exchange. Japanese stocks have benefited from stronger earnings, predictable central bank policy, and the strength of the US Dollar versus the yen helping to lift exports.

## Talking Points

- **Among equities**, large cap mostly trailed small cap. Growth stocks beat out value stocks. Developed international stock performance was mostly in line with domestic equities, while emerging market equities trailed their developed peers.
- **The yield on the 10-Year Treasury Note fell** below 2.20% on Friday, as investors bid up treasuries, with the 10-Year yield falling to levels not seen since November.
- **The dollar index was lower**, while the euro strengthened; following the weaker-than-expected jobs report. Commodities traded lower, as oil prices declined.
- **Among economic data released**, China Manufacturing Purchasing Managers' Index (PMI) held at 51.2, while its Non-Manufacturing PMI increased to 54.5, showing continued expansion in May. Eurozone Consumer Price Index (CPI) rose 1.4% year over year in May, which was down from the 1.9% reading in April. ADP Employment payrolls rose by 253,000 in May, much more than the 180,000 that economists had expected.

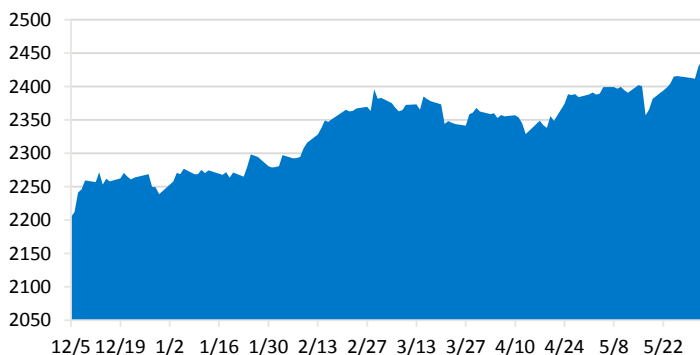
## Market Dashboard

	Last Price	Change	% Chg.	YTD %
<b>S&amp;P 500</b>	2,439.07	23.25	0.96%	8.9%
<b>Dow Industrials</b>	21,206.29	126.01	0.60%	7.3%
<b>Nasdaq</b>	6,305.80	95.60	1.54%	17.1%
<b>Russell 2000</b>	1,405.39	23.14	1.67%	3.6%
<b>Euro Stoxx Index</b>	392.55	1.20	0.31%	8.6%
<b>Shanghai Composite</b>	3,105.54	41.46	1.35%	0.1%
<b>Russell Global</b>	1,945.18	8.79	0.45%	10.4%

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

	Last Price	Change	% Chg.	YTD %
<b>Russell Global EM</b>	3,180.21	-24.12	-0.75%	16.4%
<b>10-Year US Treas.</b>	2.16	-9 bps	NM	NM
<b>DJ UBS Comm. Idx.</b>	82.33	-1.68	-2.00%	-5.9%
<b>Gold</b>	\$1,278.68	\$11.93	0.94%	11.4%
<b>Crude Oil</b>	\$47.83	-\$1.95	-3.92%	-15.7%
<b>Dollar Index</b>	96.68	-0.76	-0.78%	-5.4%
<b>VIX Index</b>	9.75	-0.04	-0.41%	-30.4%

S&P 500 Index: Trailing 180 Days



Source: Bloomberg

	One Week			YTD		
	Value	Growth		Value	Growth	
L	0.27%	0.95%	1.53%	2.30%	9.39%	16.27%
	0.81%	1.17%	1.59%	3.91%	7.65%	12.38%
S	1.16%	1.67%	2.20%	-1.38%	3.56%	9.06%

Source: Bloomberg

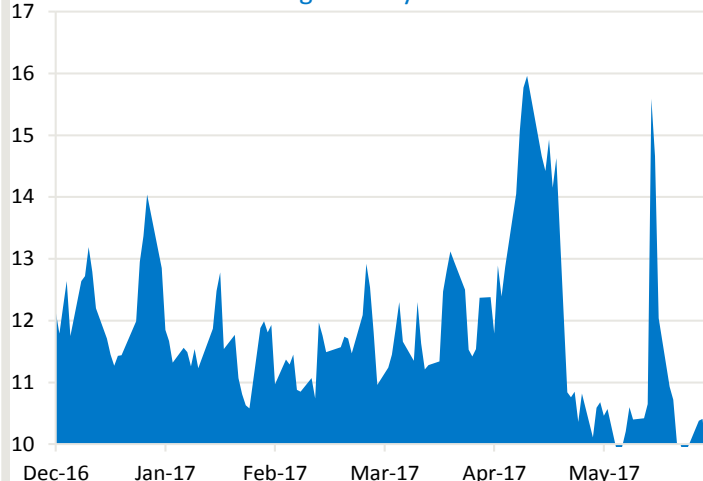
### Sector Performance:

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

	% Wgt in S&P 500	Week % Chg.	YTD % Chg.
<b>Consumer Discretionary</b>	12.5	1.52%	13.1%
<b>Consumer Staples</b>	9.4	1.30%	10.5%
<b>Energy</b>	5.9	-2.23%	-14.0%
<b>Financials</b>	13.7	-0.76%	0.5%
<b>Health Care</b>	14.0	2.07%	12.1%
<b>Industrials</b>	10.2	1.22%	8.3%
<b>Information Technology</b>	23.2	1.34%	21.3%
<b>Materials</b>	2.8	1.67%	8.0%
<b>Real Estate</b>	2.9	0.76%	4.4%
<b>Telecom Services</b>	2.2	2.33%	-9.6%
<b>Utilities</b>	3.3	1.67%	11.0%

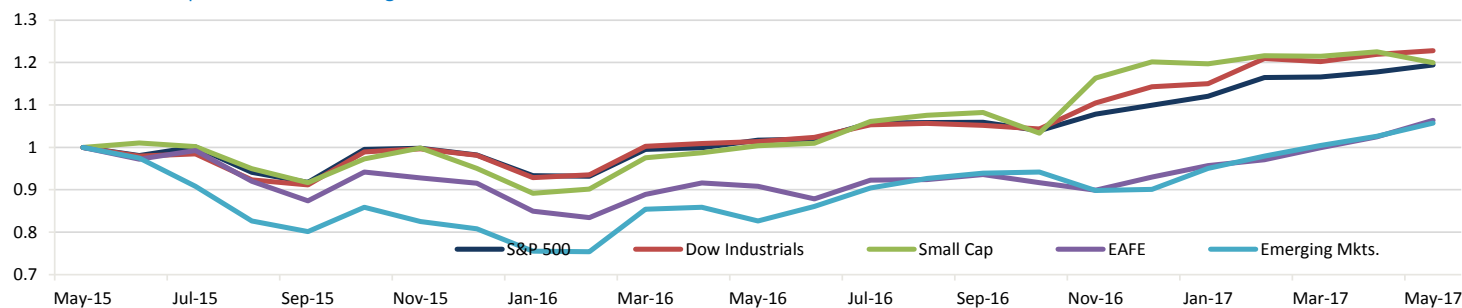
Source: Bloomberg

VIX Index: Trailing 180 Days



Source: Bloomberg

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



Source: Bloomberg

## The Economy and Markets

### *A Macro View – May Monthly Recap*

**Domestic equity markets** continued their move higher in May, with the major US indices closing the month near record-level territory. Despite the strength in stocks, the month was not without drama, which led to a brief dip in optimism amid President Donald Trump removing FBI Director James Comey, fueling fears that this action could result in further Congressional gridlock and slow the potential fiscal reforms. However, the market filtered out the noise (as it has done this year) and focused on positive developments. First-quarter earnings reported through month-end were strong, with S&P 500 companies reporting earnings that were up roughly +14% and revenues that were higher by +7%, when compared with the prior year, with nearly 75% exceeding estimates. Volatility, as measured by the CBOE Volatility Index (VIX), reached levels not seen in more than 20 years and broke below 10 several times throughout the month. Although the Federal Open Market Committee (FOMC) left its key benchmark rate unchanged in May, as was expected, the Federal Reserve (Fed) meeting minutes indicate that a June increase is likely, with Fed Funds futures traders pricing in over a 90% likelihood of a 25bps increase. The second estimate of first-quarter GDP of +1.2% was better than initially reported. Consumer spending, the largest part of the economy, was revised higher to +0.6%, which was double the +0.3% pace in the advance reading.

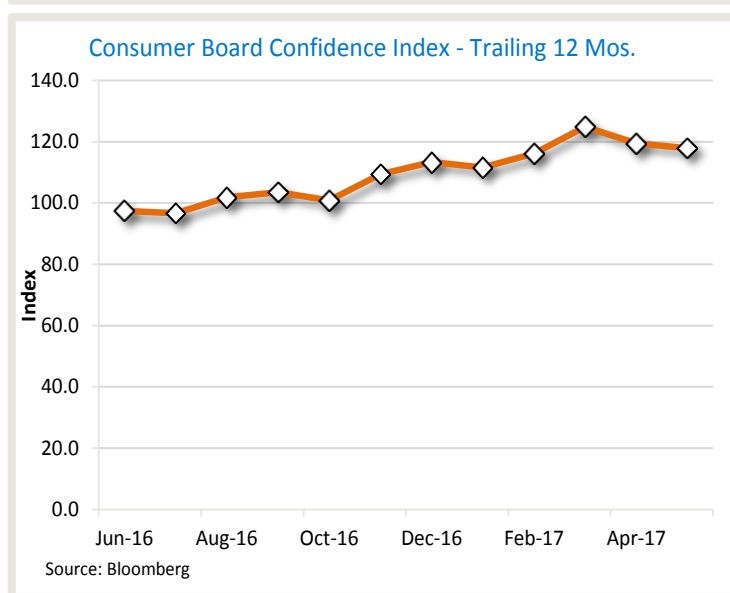
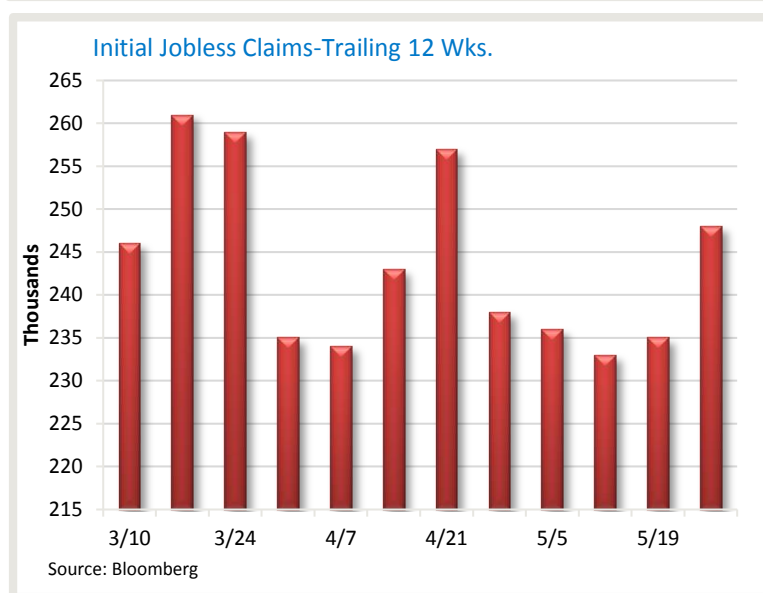
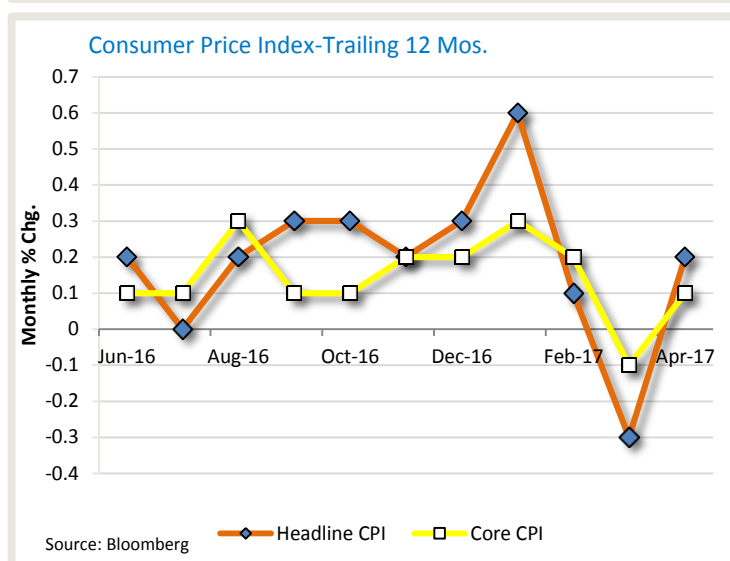
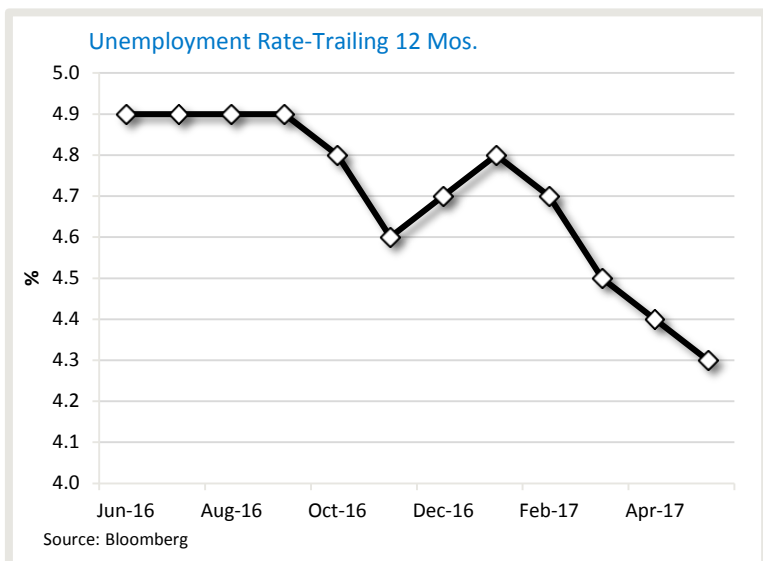
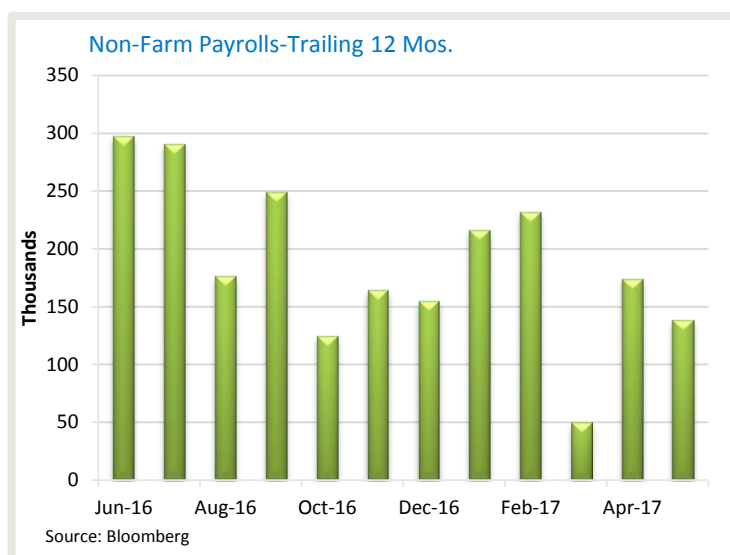
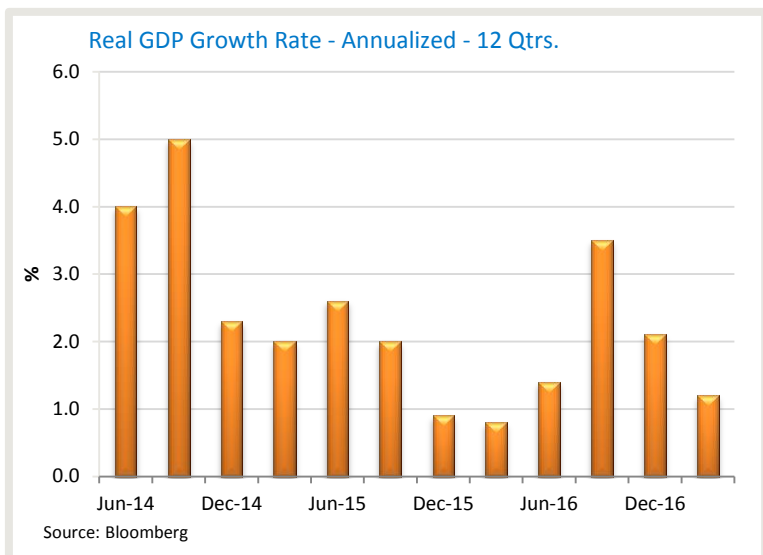
Within this context, domestic equities were mostly higher during the month. The S&P 500 gained +1.4%, pushing its year-to-date (YTD) return to +8.7%, while larger gains were seen in the tech-heavy NASDAQ Composite, which advanced +2.7%, and is now up +15.7% YTD. The Russell 2000 Index of small cap stocks underperformed relative to the Russell 1000 Index of large cap stocks, with a monthly return of -2%, compared with +1.3%, respectively. Growth stocks outperformed value stocks, with 268bps of difference between the Russell 3000 Growth's return of +2.34% and the Russell 3000 Value's return of -0.34%. In terms of sector performance, the top performers were Information Technology and Utilities, with returns of +4.4% and +5.1%, respectively. Energy and Financials continued to struggle in 2017, with both sectors producing negative returns, -3.4% and -1.2%, respectively. Commodity prices declined by -1.34%, while REITs were down slightly, at -0.6%.

**International equity markets** mostly outperformed their domestic peers in May. The MSCI World ex-U.S. Index increased by +3.2% for the month and is now up +13.7% YTD. International developed markets rallied behind improved economic sentiment in Europe and the future of the European Union (EU), following the French election victory of Emmanuel Macron over Marine Le Pen. The MSCI EAFE Index, which measures performance of international developed markets, gained +3.7%. Emerging markets posted strong results, with a gain of +3% on the MSCI Emerging Markets Index, which is now up +17.3% YTD. Regionally, China, Europe, and EM Asia were the best relative performers, with returns of +5.3%, +4.9%, and +4.5%, respectively. EM Eastern Europe and EM Latin America were the poorest relative performers, losing -3.4%, and -2.4%, respectively.

**Fixed-income markets** mostly posted gains during the month. The yield on the 10-Year Treasury Note began the month at 2.28%, moved higher to 2.42% at one point, and closed at 2.20%, a drop of 8bps for the month. Investors flocked to treasuries mid-month, leading to yield contraction amid concerns that the Fed intends to raise rates despite potential delays in fiscal stimulus. Within this environment, the yield curve flattened in May, as intermediate- and long-term yields declined from April levels, while short-term yields mostly held steady. Broad-based fixed income posted gains, with the Barclays U.S. Aggregate Bond Index increasing +0.8% for the month. Global fixed income markets performed slightly better, as the Barclays Global Aggregate ex-U.S. Index gained +2.2%. The Barclays U.S. Corporate High Yield Index increased by +0.9% and is now up +4.8% YTD. Municipals posted a gain of +1.6% during the month and are up 3.9% YTD.

*Tim Murphy*  
*VP, Portfolio Manager*

## Economic Data



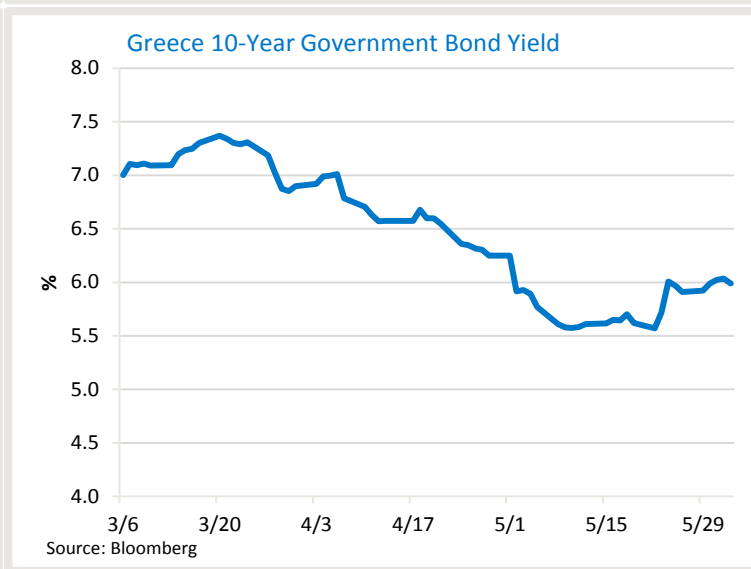
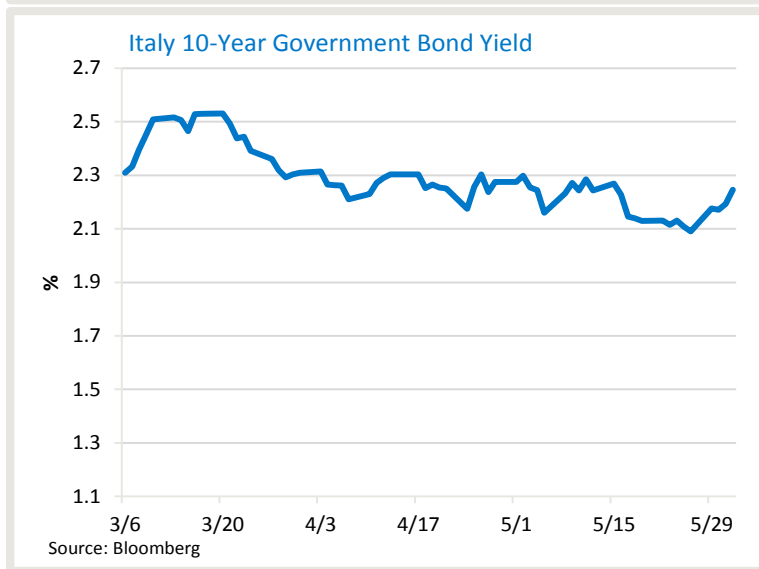
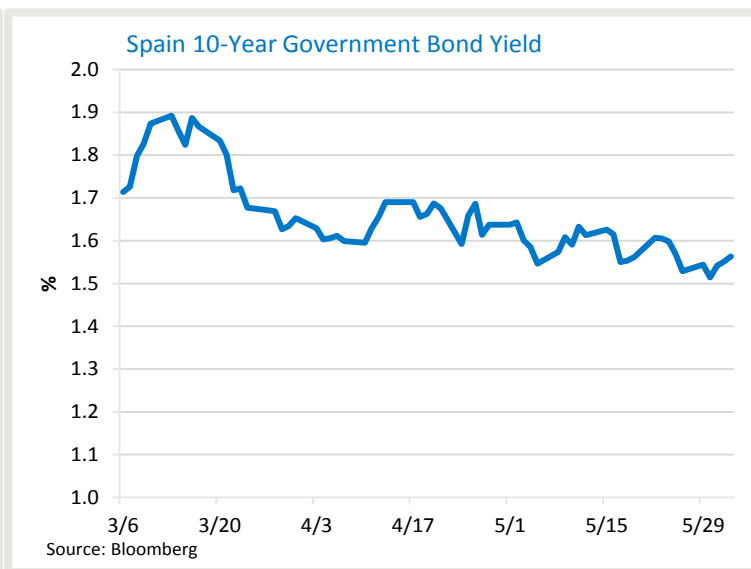
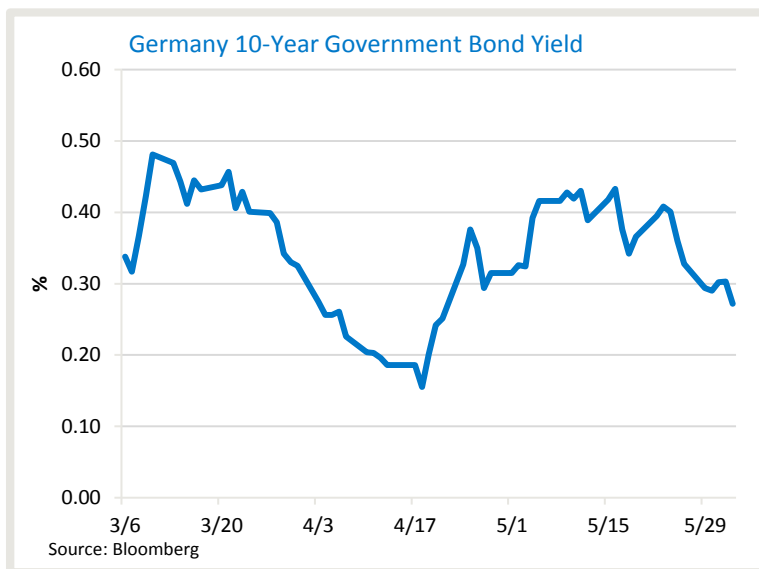
## Eurozone

### SELECTED EUROPEAN SOVEREIGN YIELD PERFORMANCE

	Last	Change	% Chg.	YTD %
Germany 10-Yr. Govt.	0.27	5 bps	NM	NM
Greece 10-Yr. Govt.	5.99	-5 bps	NM	NM
Italy 10-Yr. Govt.	2.25	-15 bps	NM	NM
Spain 10-Yr. Govt.	1.56	-3 bps	NM	NM
Belgium 10-Yr. Govt.	0.64	4 bps	NM	NM

	Last	Change	% Chg.	YTD %
France 10-Yr. Govt.	0.71	5 bps	NM	NM
Ireland 10-Yr. Govt.	0.75	2 bps	NM	NM
Portugal 10-Yr. Govt.	3.01	10 bps	NM	NM
Netherlands 10-Yr. Govt.	0.49	5 bps	NM	NM
U.K. 10-Yr. Govt.	1.04	-3 bps	NM	NM

Source: Bloomberg  
Basis points (bps)

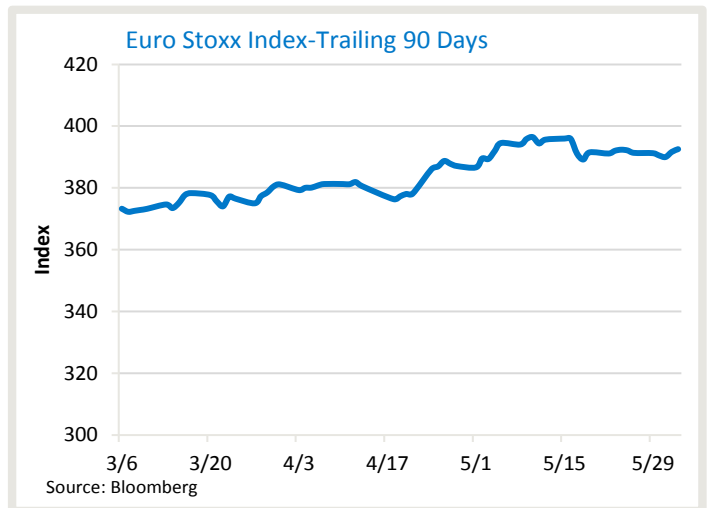
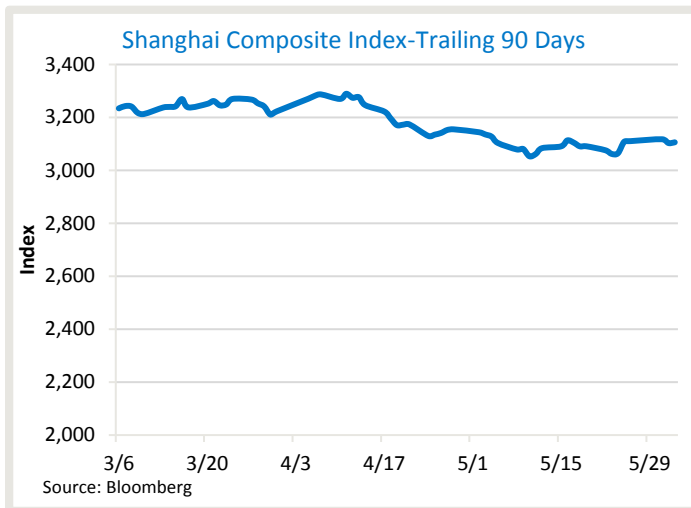
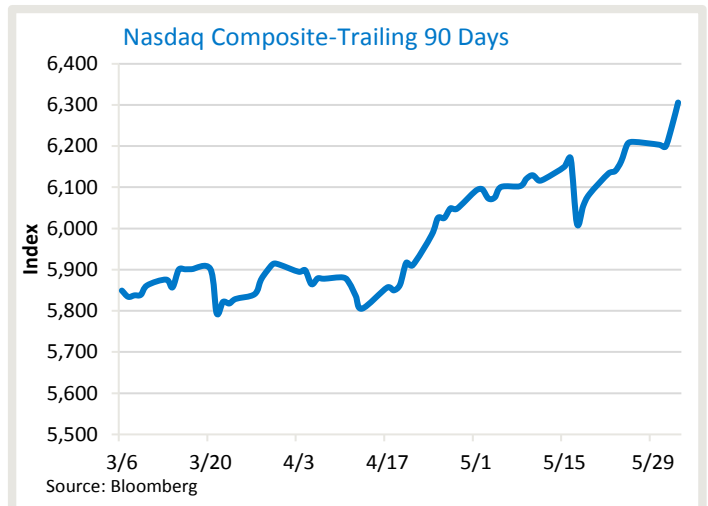
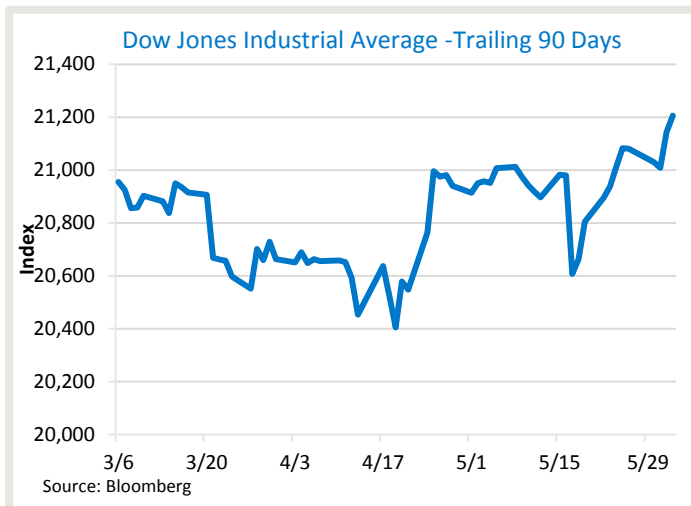


## Equities

### WORLD MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
<b>S&amp;P 500</b>	<b>2,439.07</b>	<b>23.25</b>	<b>0.96%</b>	<b>8.94%</b>	<b>Swiss Market Index</b>	<b>9,043.96</b>	<b>1.93</b>	<b>0.02%</b>	<b>10.03%</b>
<b>Dow Industrials</b>	<b>21,206.29</b>	<b>126.01</b>	<b>0.60%</b>	<b>7.31%</b>	<b>CAC 40 Index (France)</b>	<b>5,343.41</b>	<b>6.77</b>	<b>0.13%</b>	<b>9.89%</b>
<b>Nasdaq Composite</b>	<b>6,305.80</b>	<b>95.60</b>	<b>1.54%</b>	<b>17.14%</b>	<b>DAX Index (Germany)</b>	<b>12,822.94</b>	<b>220.76</b>	<b>1.75%</b>	<b>11.69%</b>
<b>Russell Global</b>	<b>1,945.18</b>	<b>8.79</b>	<b>0.45%</b>	<b>10.4%</b>	<b>Irish Overall Index</b>	<b>7,044.84</b>	<b>71.01</b>	<b>1.02%</b>	<b>8.10%</b>
<b>Russell Global EM</b>	<b>3,180.21</b>	<b>-24.12</b>	<b>-0.75%</b>	<b>16.4%</b>	<b>Nikkei 225</b>	<b>20,177.28</b>	<b>490.44</b>	<b>2.49%</b>	<b>5.56%</b>
<b>S&amp;P/TSX (Canada)</b>	<b>15,442.75</b>	<b>25.82</b>	<b>0.17%</b>	<b>1.01%</b>	<b>Hang Seng Index</b>	<b>25,924.05</b>	<b>293.27</b>	<b>1.14%</b>	<b>17.83%</b>
<b>Mexico IPC</b>	<b>49,317.38</b>	<b>-357.54</b>	<b>-0.72%</b>	<b>8.05%</b>	<b>Shanghai Composite</b>	<b>3,105.54</b>	<b>41.46</b>	<b>1.35%</b>	<b>0.06%</b>
<b>Brazil Bovespa</b>	<b>62,510.70</b>	<b>-1574.71</b>	<b>-2.46%</b>	<b>3.79%</b>	<b>Kospi Index (S. Korea)</b>	<b>2,371.72</b>	<b>16.42</b>	<b>0.70%</b>	<b>17.04%</b>
<b>Euro Stoxx 600</b>	<b>392.55</b>	<b>1.20</b>	<b>0.31%</b>	<b>8.61%</b>	<b>Taiwan Taiex Index</b>	<b>10,152.53</b>	<b>50.58</b>	<b>0.50%</b>	<b>9.72%</b>
<b>FTSE 100</b>	<b>7,547.63</b>	<b>0.00</b>	<b>0.00%</b>	<b>5.67%</b>	<b>Tel Aviv 25 Index</b>	<b>1,421.14</b>	<b>-2.21</b>	<b>-0.16%</b>	<b>-3.38%</b>
<b>IBEX 35 (Spain)</b>	<b>10,905.90</b>	<b>1.70</b>	<b>0.02%</b>	<b>16.61%</b>	<b>MICEX Index (Russia)</b>	<b>1,881.87</b>	<b>-52.38</b>	<b>-2.71%</b>	<b>-15.71%</b>

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



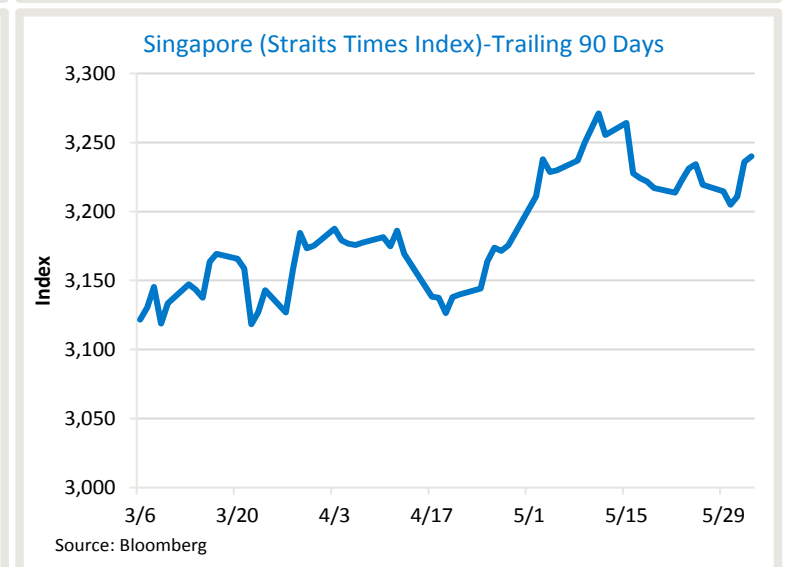
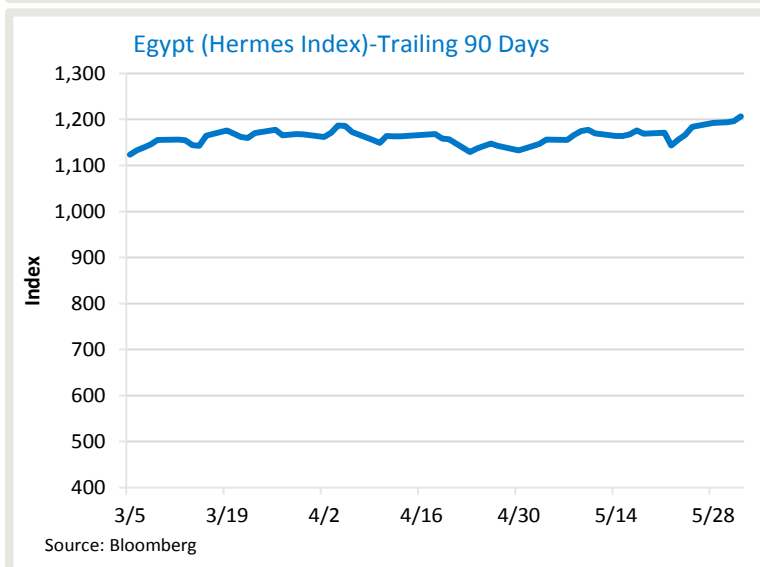
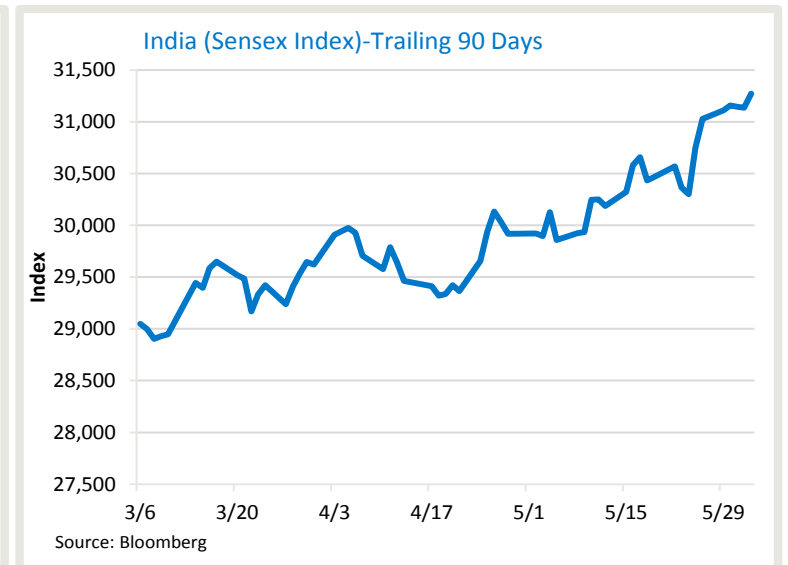
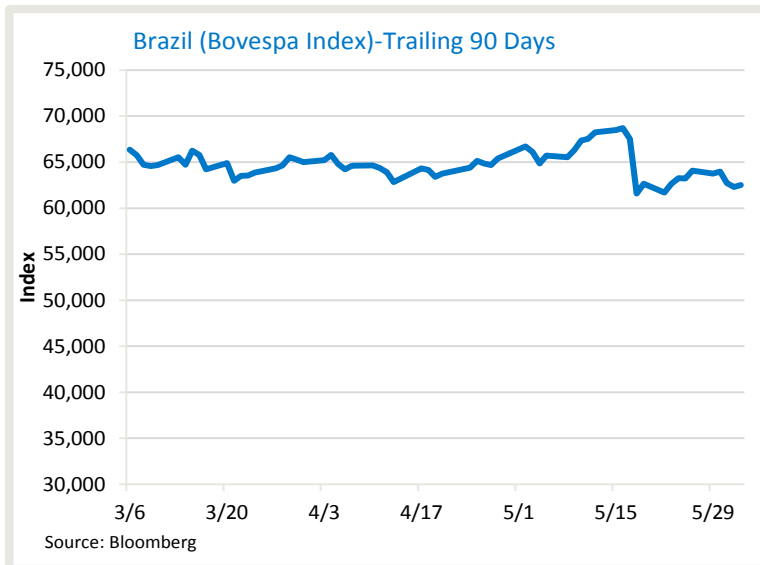
## Equities – Emerging and Frontier Markets

### EMERGING AND FRONTIER MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
Mexico IPC	49,317.38	-357.54	-0.7%	8.1%
Brazil (Bovespa Index)	62,510.70	-1574.71	-2.5%	3.8%
MICEX Index (Russia)	1,881.87	-52.38	-2.7%	-15.7%
Czech Republic (Prague)	1,005.81	-10.43	-1.0%	9.1%
Turkey (Istanbul)	98,867.90	1334.62	1.4%	26.5%
Egypt (Hermes Index)	1,206.56	22.26	1.9%	10.8%
Kenya (Nairobi 20 Index)	3,473.19	30.81	0.9%	9.0%
Saudi Arabia (TASI Index)	6,863.62	-8.10	-0.1%	-4.8%
Lebanon (Beirut BLOM Index)	1,164.60	8.74	0.8%	-3.9%
Palestine	530.17	1.02	0.2%	0.0%

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

	Last	Change	% Chg.	YTD %
Hang Seng Index	25,924.05	293.27	1.1%	17.8%
India (Sensex 30)	31,273.29	245.08	0.8%	17.5%
Malaysia (KLCI Index)	1,776.95	4.65	0.3%	8.2%
Singapore (Straits Times Index)	3,240.01	20.59	0.6%	12.5%
Thailand (SET Index)	1,567.60	-1.67	-0.1%	1.6%
Indonesia (Jakarta)	5,742.45	39.01	0.7%	8.4%
Pakistan (Karachi KSE 100)	48,555.30	-4081.57	-7.8%	1.6%
Vietnam (Ho Chi Minh)	738.81	-4.60	-0.6%	11.1%
Sri Lanka (Colombo)	6,689.07	-8.79	-0.1%	7.4%
Cambodia (Laos)	1,018.35	8.85	0.9%	0.4%

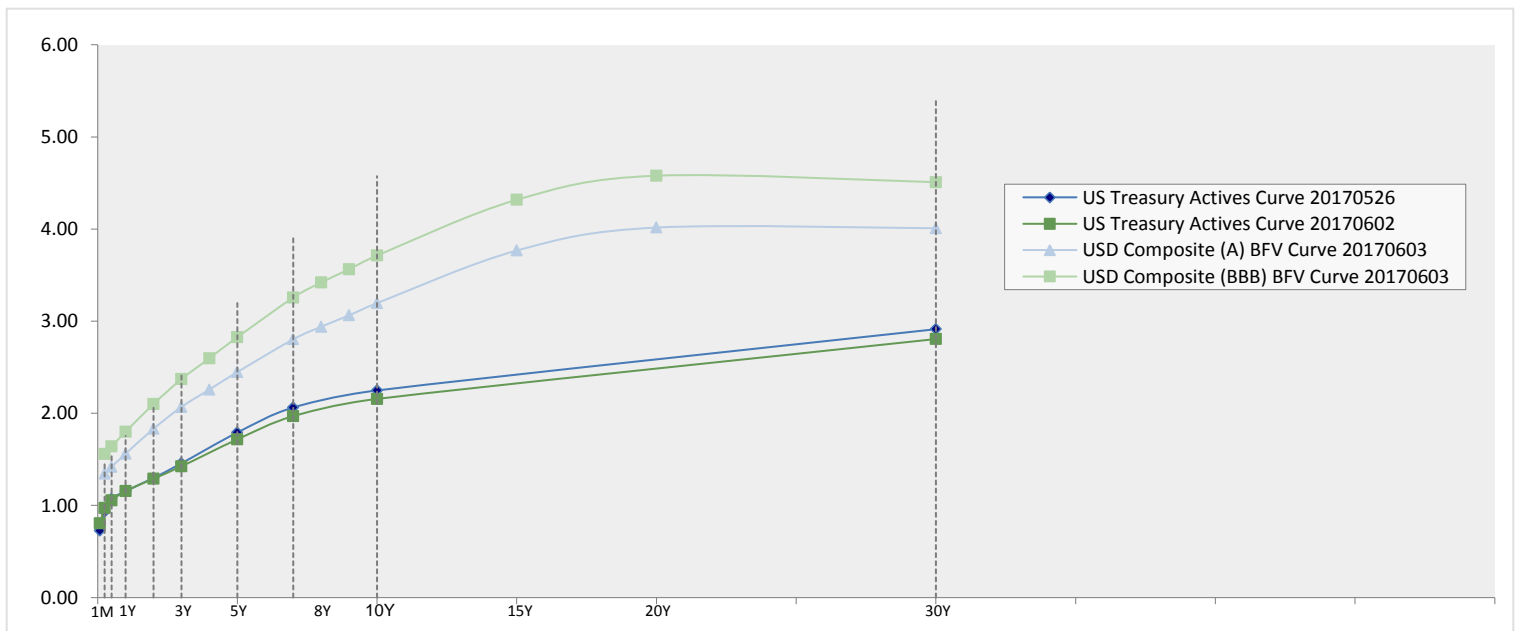


## Interest Rates

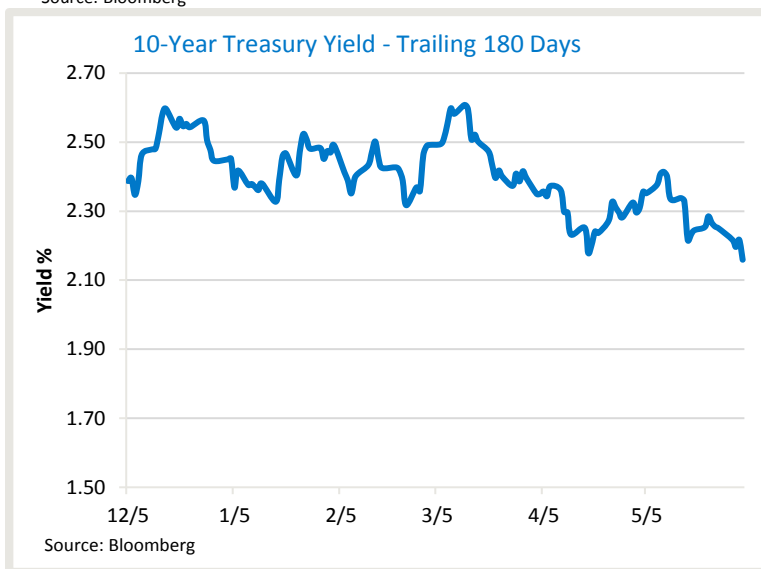
SELECTED INTEREST RATES

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
2-Yr. U.S. Treasury	1.29%	0 bps	NM	NM	Prime Rate	4.00%	0.00	NM	NM
5-Yr. U.S. Treasury	1.72%	-7 bps	NM	NM	Fed Funds Rate	1.00%	0.00	NM	NM
10-Yr. U.S. Treasury	2.16%	-9 bps	NM	NM	Discount Rate	1.50%	0.00	NM	NM
30-Yr. U.S. Treasury	2.81%	-10 bps	NM	NM	LIBOR (3 Mo.)	1.22%	2 bps	NM	NM
German 10-Yr. Govt.	0.27%	5 bps	NM	NM	Bond Buyer 40 Muni	3.62%	-6 bps	NM	NM
France 10-Yr.	0.71%	5 bps	NM	NM	Bond Buyer 40 G.O.	3.61%	NA	NM	NM
Italy 10-Yr.	2.25%	-15 bps	NM	NM	Bond Buyer 40 Rev.	3.79%	NA	NM	NM
Fed 5-Yr Fwd BE Inf.	1.85%	-3 bps	NM	NM					

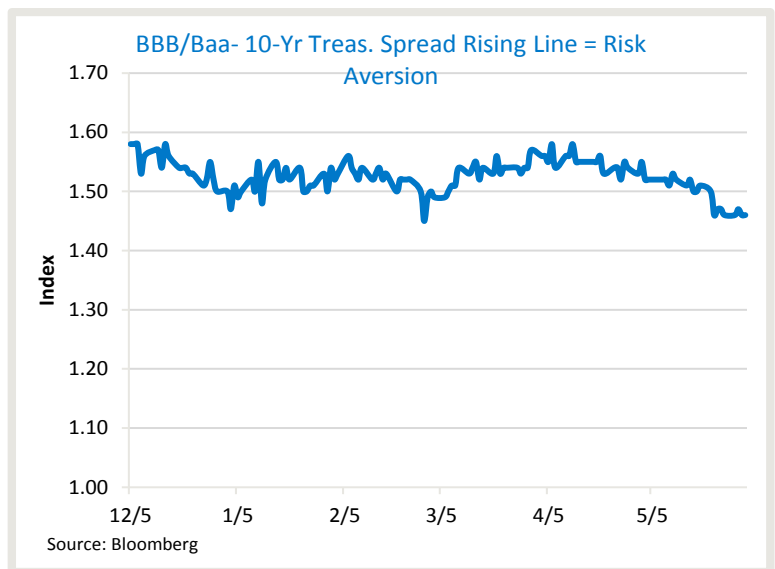
Source: Bloomberg



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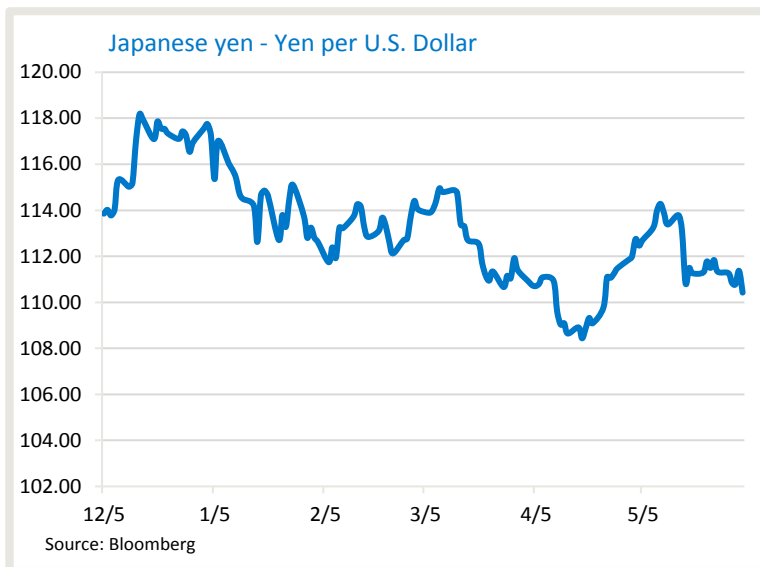
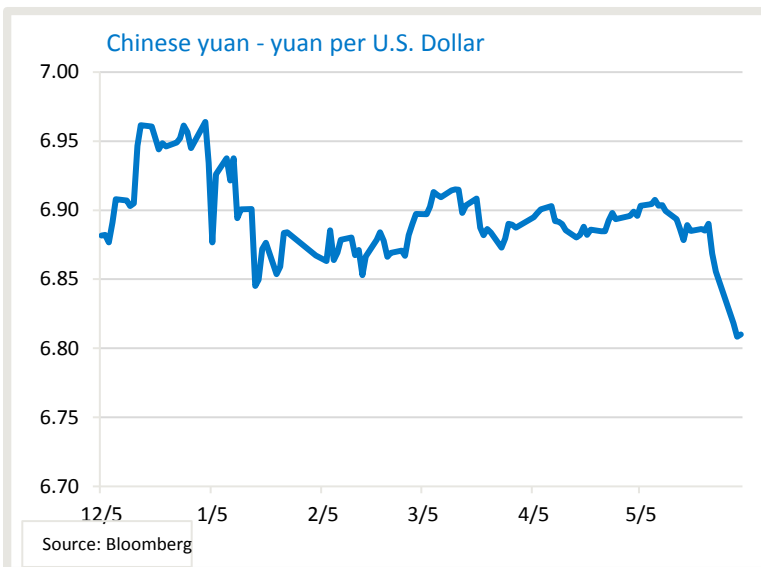
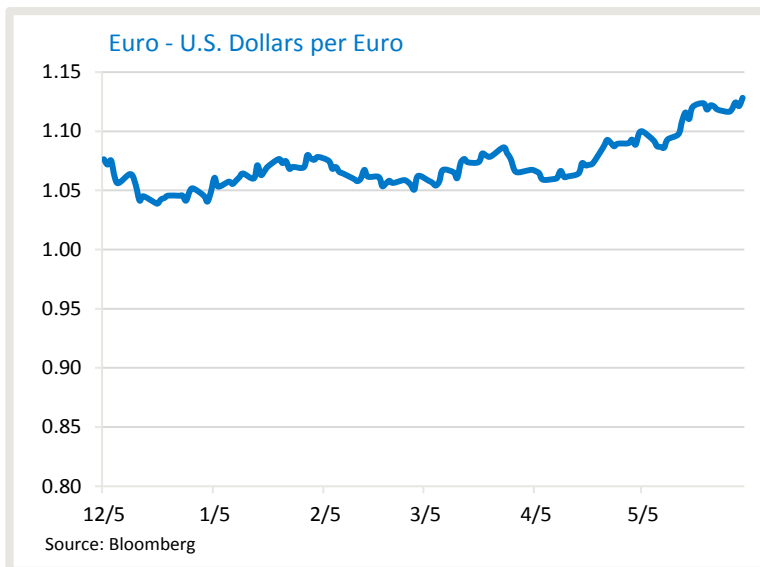
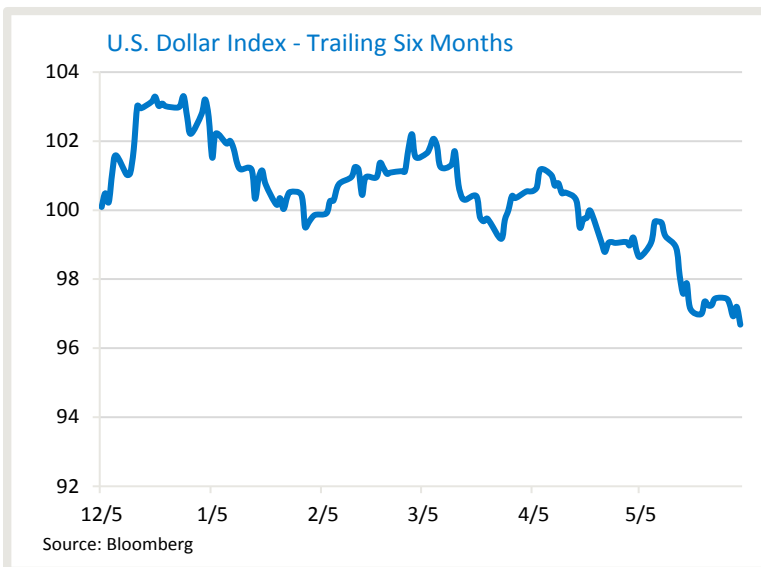
## Currencies

### SELECTED CURRENCY PERFORMANCE

	Last	Change	% Chg.	YTD %
<b>Dollar Index</b>	<b>96.68</b>	<b>-0.762</b>	<b>-0.78%</b>	<b>-5.41%</b>
<b>Euro</b>	<b>1.13</b>	<b>0.010</b>	<b>0.89%</b>	<b>7.28%</b>
<b>Japanese Yen</b>	<b>110.42</b>	<b>-0.910</b>	<b>0.82%</b>	<b>5.92%</b>
<b>British Pound</b>	<b>1.29</b>	<b>0.008</b>	<b>0.62%</b>	<b>4.40%</b>
<b>Canadian Dollar</b>	<b>1.35</b>	<b>0.005</b>	<b>-0.36%</b>	<b>-0.40%</b>

	Last	Change	% Chg.	YTD %
<b>Chinese Yuan</b>	<b>6.81</b>	<b>-0.046</b>	<b>0.67%</b>	<b>1.98%</b>
<b>Swiss Franc</b>	<b>0.96</b>	<b>-0.012</b>	<b>1.22%</b>	<b>5.88%</b>
<b>New Zealand Dollar</b>	<b>0.71</b>	<b>0.008</b>	<b>1.19%</b>	<b>3.04%</b>
<b>Brazilian Real</b>	<b>3.25</b>	<b>-0.007</b>	<b>0.22%</b>	<b>-0.08%</b>
<b>Mexican Peso</b>	<b>18.69</b>	<b>0.180</b>	<b>-0.96%</b>	<b>10.87%</b>

Source: Bloomberg



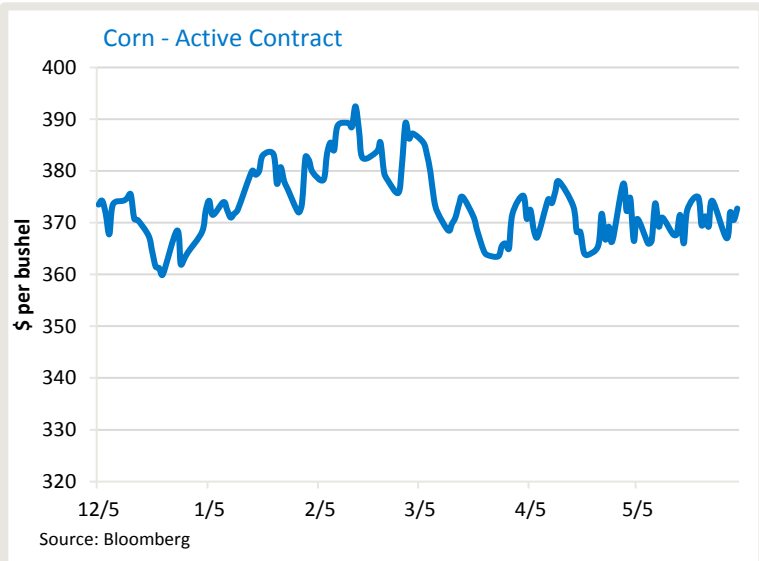
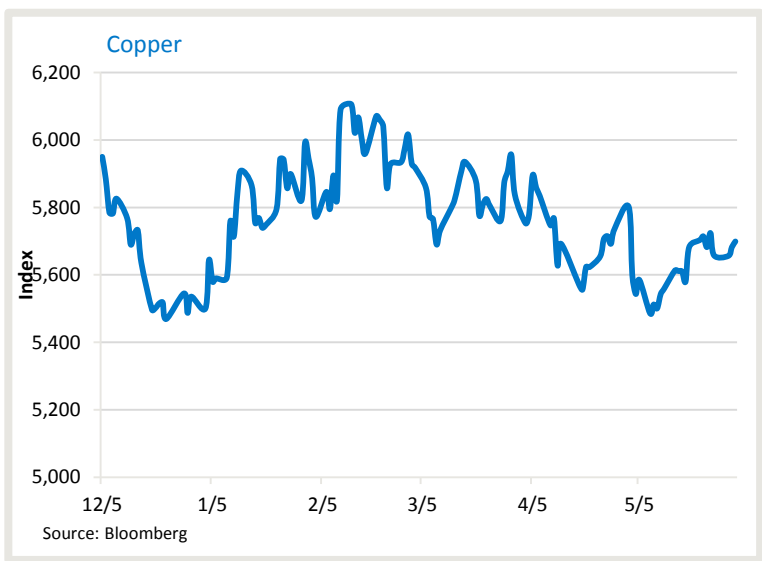
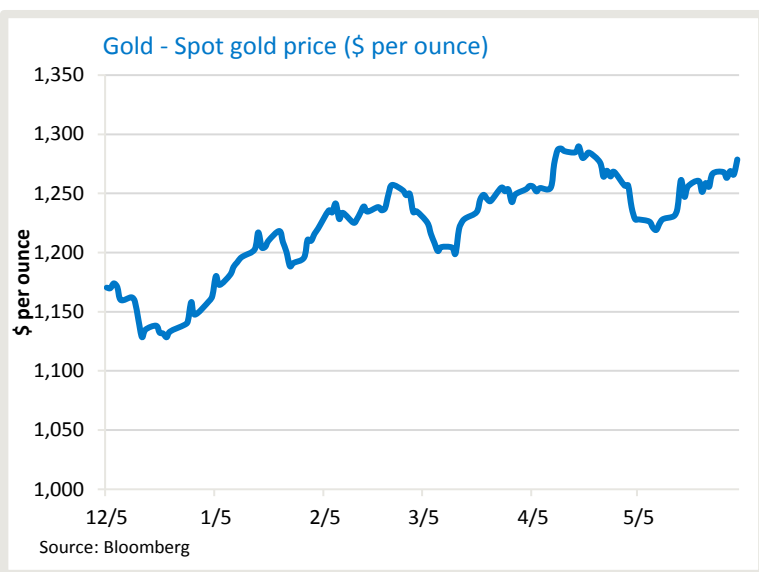
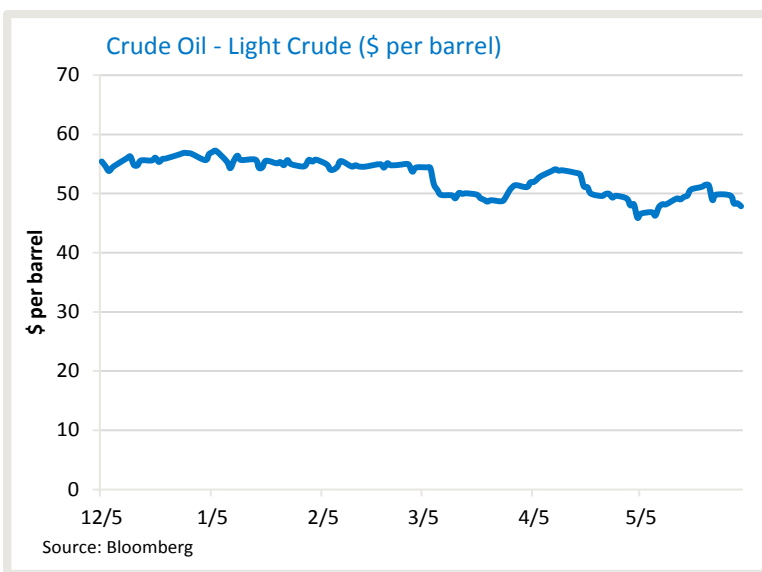
## Commodities

### SELECTED COMMODITY MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
<b>Bloomberg Comm. Idx.</b>	<b>82.33</b>	<b>-1.68</b>	<b>-2.00%</b>	<b>-5.93%</b>
<b>Crude Oil</b>	<b>\$47.82</b>	<b>-\$1.95</b>	<b>-3.92%</b>	<b>-15.70%</b>
<b>Natural Gas</b>	<b>\$3.01</b>	<b>-\$0.30</b>	<b>-9.18%</b>	<b>-16.17%</b>
<b>Gasoline (\$/Gal.)</b>	<b>\$2.38</b>	<b>\$0.01</b>	<b>0.42%</b>	<b>1.97%</b>
<b>Heating Oil</b>	<b>148.56</b>	<b>-8.01</b>	<b>-5.11%</b>	<b>-15.41%</b>
<b>Gold Spot</b>	<b>\$1,278.49</b>	<b>\$11.93</b>	<b>0.94%</b>	<b>11.43%</b>
<b>Silver Spot</b>	<b>\$17.52</b>	<b>\$0.17</b>	<b>0.96%</b>	<b>9.98%</b>

	Last	Change	% Chg.	YTD %
<b>Platinum Spot</b>	<b>\$954.32</b>	<b>-\$6.29</b>	<b>-0.65%</b>	<b>5.67%</b>
<b>Corn</b>	<b>372.75</b>	<b>3.50</b>	<b>0.95%</b>	<b>2.33%</b>
<b>Wheat</b>	<b>429.50</b>	<b>-1.25</b>	<b>-0.29%</b>	<b>-1.09%</b>
<b>Soybeans</b>	<b>921.25</b>	<b>-18.25</b>	<b>-1.94%</b>	<b>-9.59%</b>
<b>Sugar</b>	<b>13.74</b>	<b>-1.92</b>	<b>-12.26%</b>	<b>-27.11%</b>
<b>Orange Juice</b>	<b>132.50</b>	<b>-3.45</b>	<b>-2.54%</b>	<b>-30.24%</b>
<b>Aluminum</b>	<b>1,927.00</b>	<b>-24.00</b>	<b>-1.23%</b>	<b>13.82%</b>
<b>Copper</b>	<b>5,699.00</b>	<b>41.50</b>	<b>0.73%</b>	<b>2.95%</b>

Source: Bloomberg; % change is based on price.

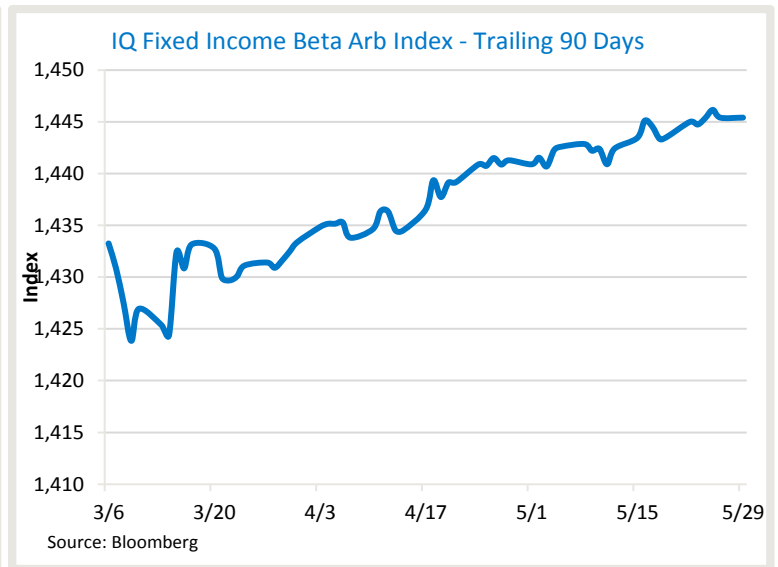
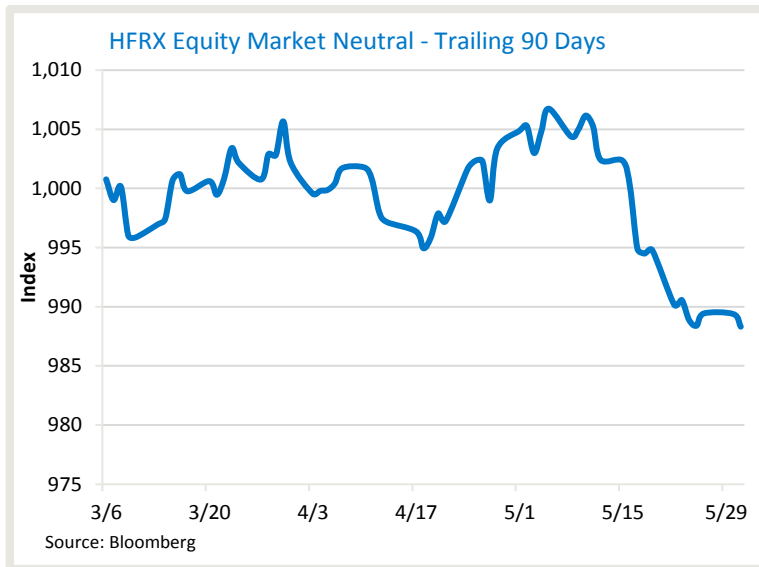
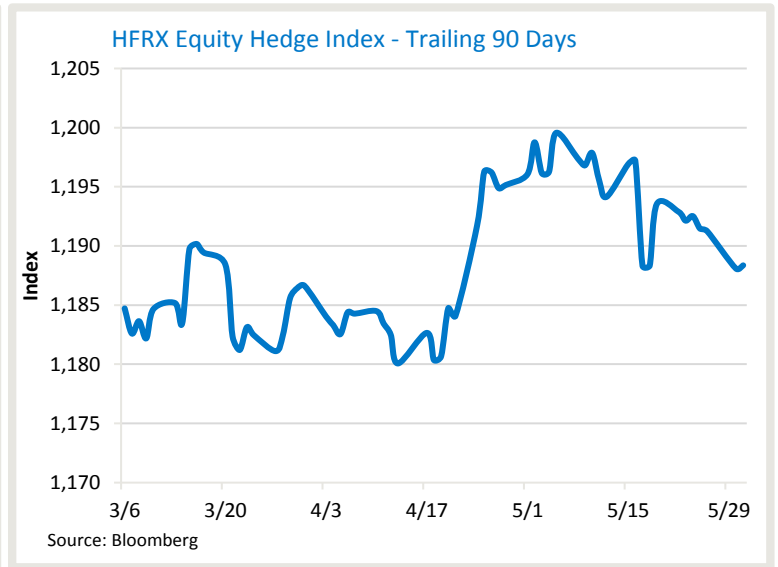
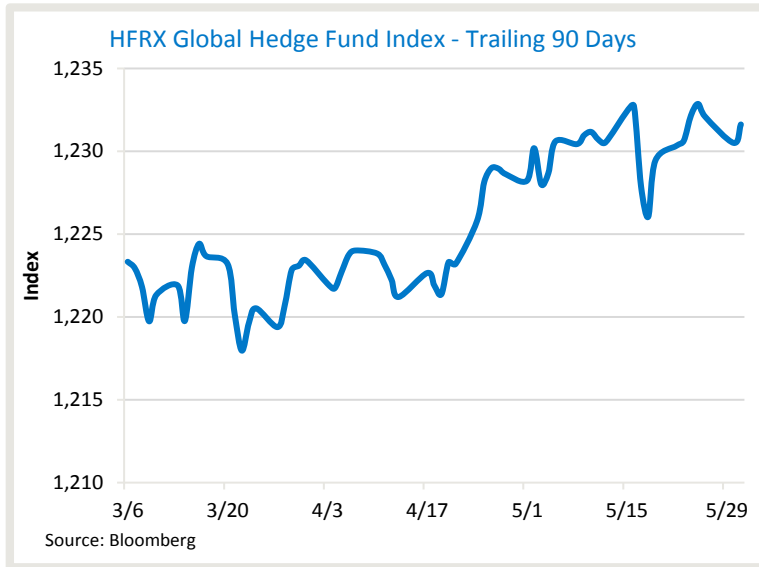


## Alternative Investments

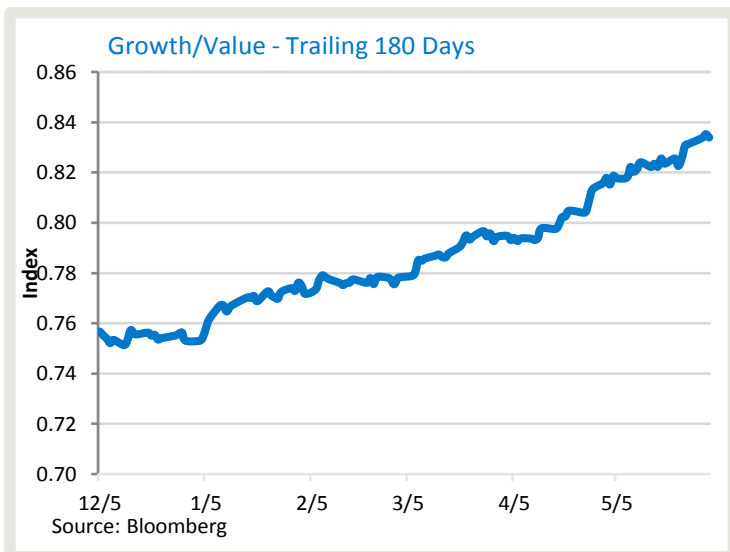
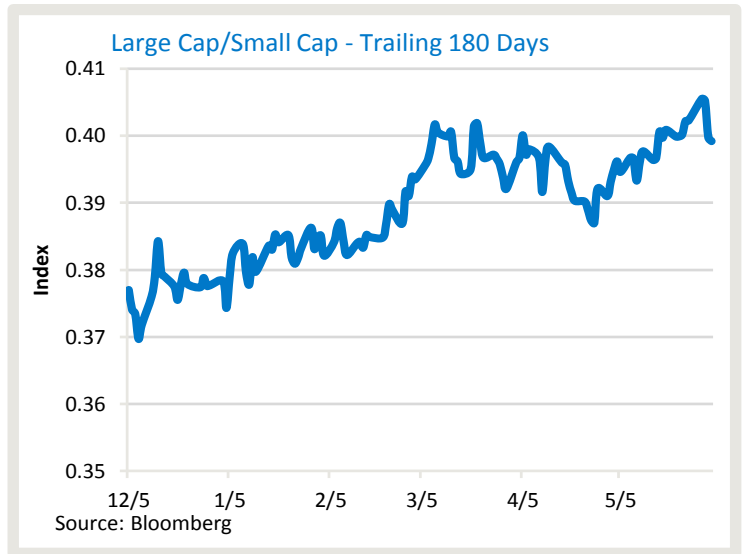
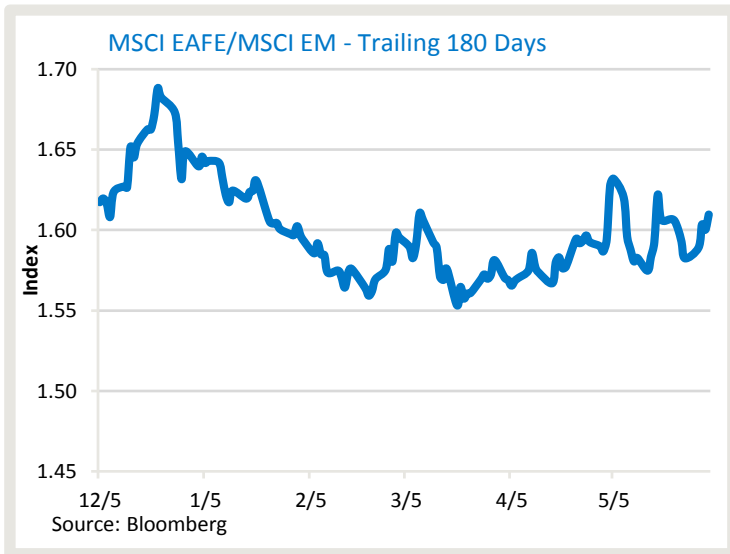
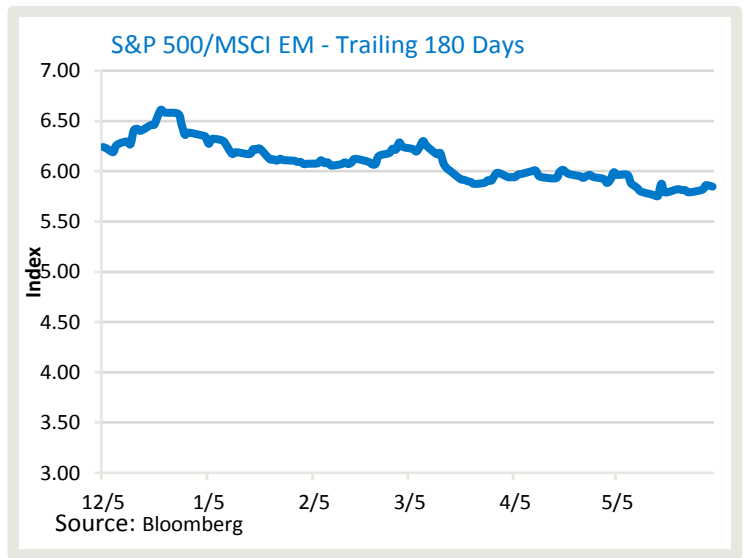
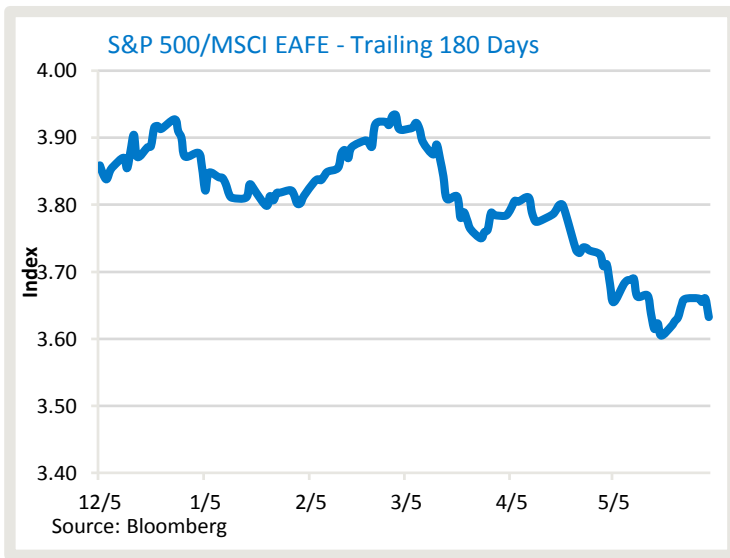
### SELECTED ALTERNATIVE INVESTMENT INDEX PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
HFRX Global Hedge Fund Index	1231.62	-0.46	-0.04%	2.34%	HFRX Distressed Index	1094.27	-1.27	-0.12%	1.98%
HFRX Equity Market Neutral	988.31	-1.12	-0.11%	0.10%	HFRX Merger Arbitrage Index	1829.03	0.58	0.03%	0.91%
HFRX Equity Hedge Index	1188.36	-2.88	-0.24%	2.85%	HFRX Convertible Arbitrage Index	766.80	-1.11	-0.14%	3.26%
HFRX Event-Driven Index	1636.98	-0.01	0.00%	4.64%	HFRX Macro CTA Index	1131.48	1.87	0.17%	-0.34%
HFRX Absolute Return Index	1041.61	0.40	0.04%	1.28%	IQ Fixed Income Beta Arb Index	1446.81	1.40	0.10%	1.89%

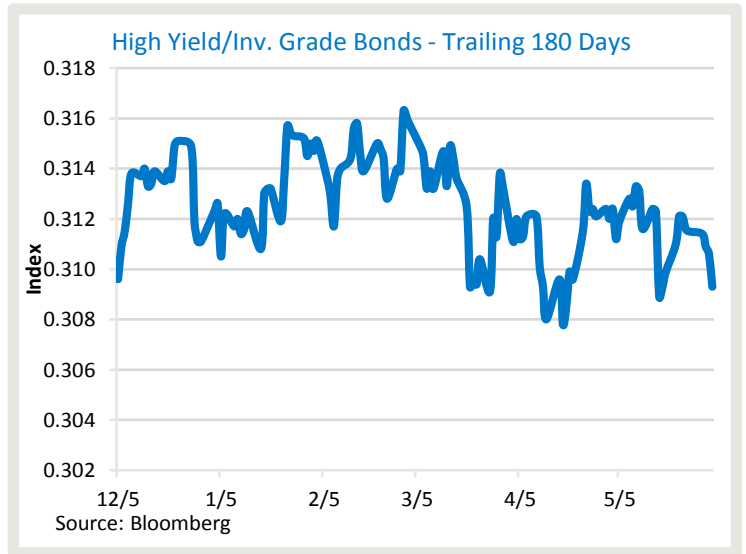
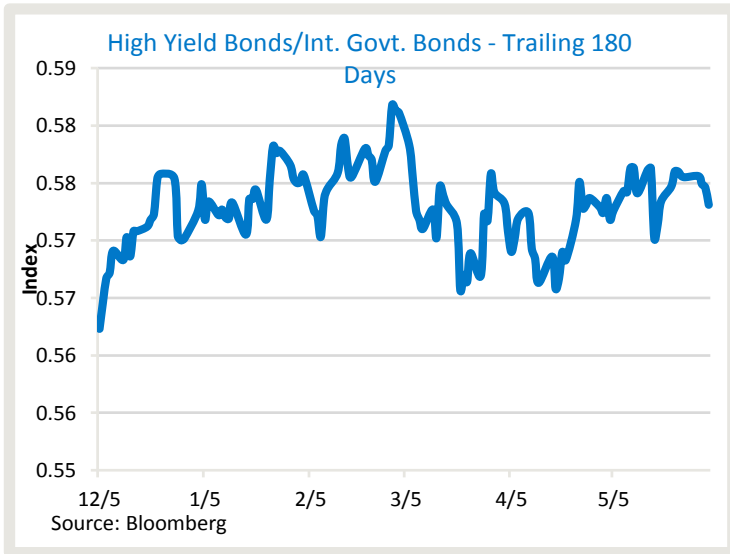
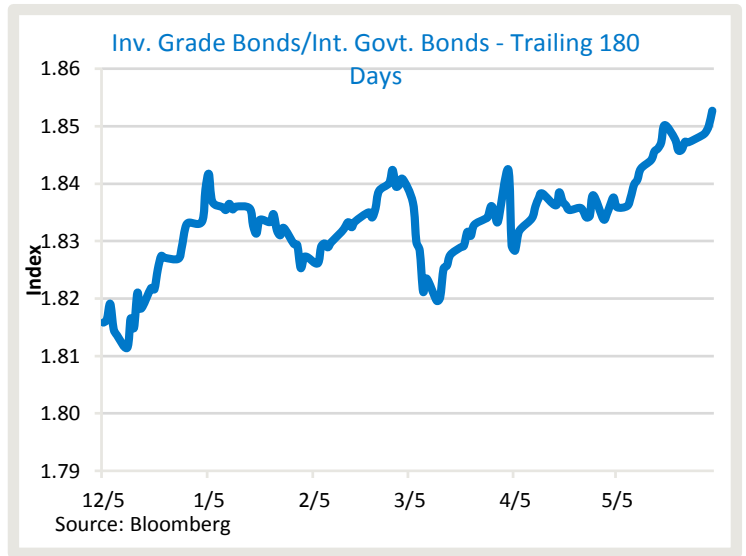
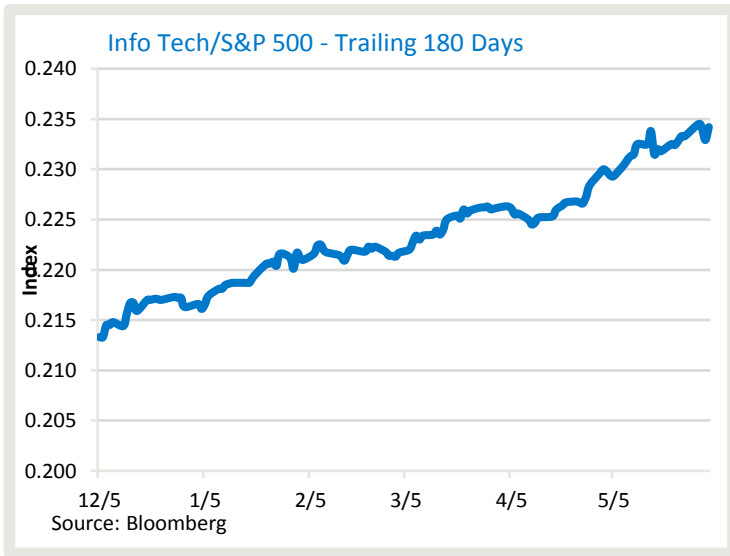
Source: Bloomberg; Index % change is based on price.



## Portfolio Construction



## Portfolio Construction (continued)



WEEKLY ASSET CLASS PERFORMANCE (Prior 12 weeks ending Thursday)

			3/16	3/23	3/30	4/6	4/13	4/20	4/27	5/4	5/11	5/18	5/25	6/1
Equity	Domestic Equity	Large Cap (R200)	0.58%	-1.57%	0.90%	-0.41%	-1.20%	1.01%	1.47%	0.24%	0.08%	-1.17%	2.09%	0.56%
		Small Cap (R2000)	1.90%	-2.35%	2.14%	-1.30%	-1.41%	2.89%	2.38%	-2.00%	0.10%	-2.09%	1.64%	0.92%
	Int'l. Equity	MSCI EAFE	2.80%	-0.21%	0.51%	-1.20%	-0.03%	0.21%	2.93%	0.94%	0.28%	0.55%	1.27%	0.12%
		MSCI Em. Mkts.	4.36%	0.49%	0.16%	-0.64%	-0.05%	-0.46%	2.21%	0.04%	2.07%	-1.20%	2.65%	-0.60%
Fixed Income	BarCap Agg. (AGG)	-2.33%	4.11%	-1.56%	17.34%	29.55%	-4.73%	-2.04%	-3.28%	-1.23%	-1.56%	-7.92%	2.41%	
	High Yield (JNK)	0.85%	-0.71%	1.59%	-0.54%	-0.16%	0.54%	0.62%	-0.81%	0.58%	0.03%	0.59%	-0.13%	
Commodities	Bloomberg Commodity Index	0.35%	-0.33%	0.90%	0.47%	0.64%	-2.15%	-0.98%	-1.68%	1.11%	0.36%	0.34%	-1.48%	
Alternatives	Hedge Funds (HFRX Global)	0.38%	-0.39%	0.28%	0.05%	-0.21%	0.17%	0.46%	-0.02%	0.17%	-0.38%	0.56%	-0.10%	
Asset Allocation	60/40*	0.23%	0.69%	0.07%	5.57%	9.83%	-1.03%	0.54%	-1.17%	-0.22%	-1.08%	-1.63%	1.08%	
	48/32/20 (w/Alts.)**	0.26%	0.47%	0.11%	4.47%	7.82%	-0.79%	0.53%	-0.94%	-0.14%	-0.94%	-1.19%	0.85%	

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	0.89	1.19	1.06	0.98	1.15	1.18	1.10	1.26	0.95	1.04	1.18	1.50	1.24	1.12
Large Cap Growth	1.12	1.00	1.34	1.18	1.10	1.29	1.32	1.24	1.42	1.06	1.17	1.33	1.68	1.40	1.26
Large Cap Value	0.84	0.75	1.00	0.88	0.82	0.97	0.99	0.92	1.06	0.79	0.87	0.99	1.25	1.04	0.94
Mid Cap Core	0.95	0.84	1.13	1.00	0.93	1.09	1.12	1.04	1.20	0.90	0.98	1.12	1.42	1.18	1.06
Mid Cap Growth	1.02	0.91	1.22	1.08	1.00	1.18	1.20	1.13	1.29	0.97	1.06	1.21	1.53	1.27	1.15
Mid Cap Value	0.87	0.77	1.04	0.92	0.85	1.00	1.02	0.96	1.09	0.82	0.90	1.03	1.30	1.08	0.97
Small Cap Core	0.85	0.76	1.01	0.90	0.83	0.98	1.00	0.94	1.07	0.81	0.88	1.00	1.27	1.06	0.95
Small Cap Growth	0.91	0.81	1.08	0.96	0.89	1.05	1.07	1.00	1.15	0.86	0.94	1.07	1.36	1.13	1.02
Small Cap Value	0.79	0.71	0.95	0.84	0.78	0.91	0.93	0.87	1.00	0.75	0.82	0.94	1.19	0.99	0.89
Int'l. Developed	1.06	0.94	1.26	1.11	1.03	1.22	1.24	1.16	1.33	1.00	1.10	1.25	1.58	1.31	1.18
Emerging Markets	0.96	0.86	1.15	1.02	0.94	1.11	1.13	1.06	1.22	0.91	1.00	1.14	1.44	1.20	1.08
REITs	0.85	0.75	1.01	0.89	0.83	0.97	1.00	0.93	1.07	0.80	0.88	1.00	1.26	1.05	0.95
Commodities	0.67	0.60	0.80	0.71	0.65	0.77	0.79	0.74	0.84	0.63	0.69	0.79	1.00	0.83	0.75
Int. Bond	0.80	0.72	0.96	0.85	0.79	0.93	0.95	0.88	1.01	0.76	0.83	0.95	1.20	1.00	0.90
High Yield	0.89	0.79	1.07	0.94	0.87	1.03	1.05	0.98	1.13	0.85	0.93	1.05	1.33	1.11	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 & Key Definitions

**Fed, The Fed or FED** refers to the Federal Reserve System, the central bank of the United States. The **Federal Open Market Committee (FOMC)** is the monetary policymaking body of the Federal Reserve System. **Fed Funds Rate**, the interest rate at which a depository institution lends funds maintained at the Federal Reserve to another depository institution overnight. The **European Central Bank (ECB)** is the central bank for Europe's single currency, the euro. The ECB's main task is to maintain the euro's purchasing power and thus price stability in the euro area. The euro area comprises the 19 European Union countries that have introduced the euro since 1999. 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. 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. The **Consumer Price Index (CPI)** measures the change in the cost of a fixed basket of products and services. The **Producer Price Index (PPI)** program measures the average change over time in the selling prices received by domestic producers for their output. The prices included in the PPI are from the first commercial transaction for many products and some services. **Core CPI** is an additional CPI Index, excludes energy and food item price changes, and measures the "core" or "underlying" rate of inflation. The PCE (Personal Consumption Expenditure) Index of Prices is a US--wide indicator of the average increase in prices for all domestic personal consumption. Using a variety of data including U.S. Consumer Price Index and Producer Price Index prices, it is derived from personal consumption expenditures; essentially a measure of goods and services targeted towards individuals and consumed by individuals. The **Purchasing Managers' Index (PMI)** is an indicator of the economic health of the manufacturing sector. The **PMI** is based on five major indicators: new orders, inventory levels, production, supplier deliveries and the employment environment.

The **Dow Jones Industrial Average (DOW or DJIA)** is an unmanaged index of 30 common stocks comprised of 30 actively traded blue chip stocks, primarily industrials and assumes reinvestment of dividends. 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 Index** is a stock market index of the common stocks and similar securities listed on the NASDAQ stock market. The **US Dollar Index** is a measure of the value of the United States dollar relative to a basket of foreign currencies. It is a weighted geometric mean of the dollar's value relative to other select currencies (Euro, Japanese yen, Pound sterling, Canadian dollar, Swedish krona (SEK) & Swiss franc). The **Nikkei Index** (Nikkei 225 or Nikkei) is a stock market index for the Tokyo Stock Exchange calculated daily by the Nihon Keizai Shimbun (Nikkei) newspaper since 1950. It is a price-weighted index (the unit is yen), and the components are reviewed once a year. The **FTSE 100 Index (FTSE 100)** is a share index of the 100 companies listed on the London Stock Exchange (LSE) with the highest market capitalization. The **Bloomberg Commodity Index** (formerly the **Dow Jones-UBS Commodity Index**) tracks prices of futures contracts on physical commodities on the commodity markets and is designed to minimize concentration in any one commodity or sector (currently 22 commodity futures in seven sectors). The **Barclays Capital 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 Capital 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 Capital 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 Capital 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 **Barclays Capital 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 **Barclays Capital U.S. 5-10 Year Corporate Bond Index** measures the investment return of U.S. dollar denominated, investment-grade, fixed rate, taxable securities issued by industrial, utility, and financial companies with maturities between 5 and 10 years. Treasury securities, mortgage-backed securities (MBS) foreign bonds, government agency bonds and corporate bonds are some of the categories included in the index. The **Barclays Capital U.S. Corporate High-Yield Index** is composed of fixed-rate, publicly issued, non-investment grade debt. The **Barclays Capital U.S. Corporate 5-10 Year Index** includes U.S. dollar-denominated, investment-grade, fixed-rate, taxable securities issued by industrial, utility, & financial companies, with maturities between 5 & 10 years. The **DI-UBS Commodity Index Total Return SM** 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 **University of Michigan Consumer Sentiment Index (MCSI)** is a survey of consumer confidence conducted by the University of Michigan using telephone surveys to gather information on consumer expectations regarding the overall economy. 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 EAFE Index** is designed to measure the equity market performance of developed markets outside of the U.S. & Canada. 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 EM (Emerging Markets) Latin America Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of emerging markets in Latin America. The **MSCI World ex-U.S. Index** captures large and mid-cap representation across 22 of 23 Developed Markets (DM) countries - excluding the US. With 1,002 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country. 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 **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 Intermediate US Government/Credit Bond Index** is a market capitalization-weighted index of investment-grade, fixed-rate debt issues, including Treasuries, government-related and U.S. corporate securities, with maturities of at least one year and less than 10 years. The **Philadelphia Fed Manufacturing Index** is a regional Federal Reserve Bank index measuring changes in business growth and is constructed from a survey of participants who voluntarily answer questions regarding the direction of change in their overall business activities. 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) and also 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 **Housing Market Index (HMI)** is based on a monthly survey of NAHB members designed to take the pulse of the single-family housing market. In May 2007, **Markit's U.S. PMI** research was extended out to cover producers of metal goods. In October 2009, Markit's U.S. Manufacturing PMI survey panel was extended further to cover all areas of U.S. manufacturing activity. The **NY Empire State Index** is an index based on the monthly survey of manufacturers in New York State - known as the Empire State Manufacturing Survey - conducted by the Federal Reserve Bank of New York. The headline number for the NY Empire State Index refers to the survey's main index, which summarizes general business conditions in New York State. The **Industrial Production Index** is an economic indicator that measures real output for all facilities located in the United States manufacturing, mining, and electric, and gas utilities (excluding those in U.S. territories).

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Investments in smaller companies carry greater risk than is customarily associated with larger companies for various reasons such as volatility of earnings and prospects, higher failure rates, and limited markets, product lines or financial resources. Investing overseas involves special risks, including the volatility of currency exchange rates and, in some cases, limited geographic focus, political and economic instability, and relatively illiquid markets. Income (bond) securities are subject to interest rate risk, which is the risk that debt securities in a portfolio will decline in value because of increases in market interest rates.

Exchange Traded Funds (ETFs) are subject to risks similar to those of stocks, such as market risk. Investing in ETFs may bear indirect fees and expenses charged by ETFs in addition to its direct fees and expenses, as well as indirectly bearing the principal risks of those ETFs. ETFs may trade at a discount to their net asset value and are subject to the market fluctuations of their underlying investments. Investing in commodities can be volatile and can suffer from periods of prolonged decline in value and may not be suitable for all investors.

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