OUR CURRENT THINKING ON GLOBAL MACROECONOMICS & FINANCIAL MARKETS

EDGE CAPITAL PARTNERS, LLC

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There is a lot going on today and below are some thoughts we have on global macroeconomics and financial markets generally. Our focus will be on expressing our opinions in the discussion but will touch on some high level datapoints. We will avoid recounting the litany of data that has come out in recent months and weeks.

Let's start our discussion with the rising awareness of the global financial markets to the reality of the business cycle. GDP estimates across regions continue to come in lower than expected raising concern that major developed economies are reaching stall speeds. Euro area growth continues to be revised down as the economies were struck by a reduction in consumption by households (-0.9% annualized rate) and austerity by governments (-0.7% annualized rate) in Q2 (a situation similar to the US). In the United States, revisions to Q1 and Q2 GDP estimates showed first half economic growth to be sub 1%. Growth estimates in emerging Latin America (primarily Brazil) and emerging Asia have also been reduced as policy tightening in the past several quarters to combat inflation is impacting expectations of growth. Overall, the economic "snapback" relative to the magnitude of recession experienced has been subpar. It has been our view for some time that the de-leveraging nature of our long-term economic healing process will keep developed economies from reaching their prior potential rates. The extension of that logic is that a lower trend growth, when combined with natural economic volatility, will result in a shorter business cycle than recent experience would suggest (reverting back to the 3-5 years of expansion rather than the 7-9 years characterizing the past 20 years). In addition, a lower trend economic growth over the next several years makes the global economy susceptible to shocks in the system (for example the supply chain disruption from the Japanese earthquake, a geopolitical mess in the Middle East/Northern Africa impacting oil prices, etc).

With the call of fiscal austerity for developed governments around the world and the private consumer essentially tapped out (due to leverage and unemployment), in the near-term, only corporations with relatively clean balance sheets and excess cash can step forward to fill the growth gap through hiring and fixed investment. However, the chart below shows how fixed investment was reduced substantially with little rebound (this is specifically for the Euro area, but the same is true across the developed world). Corporations are not likely to reduce their cash holdings to make long-term investments when the political and regulatory environment is so uncertain. Instead, they will either hoard cash, increase dividends, or acquire competitors to achieve growth.

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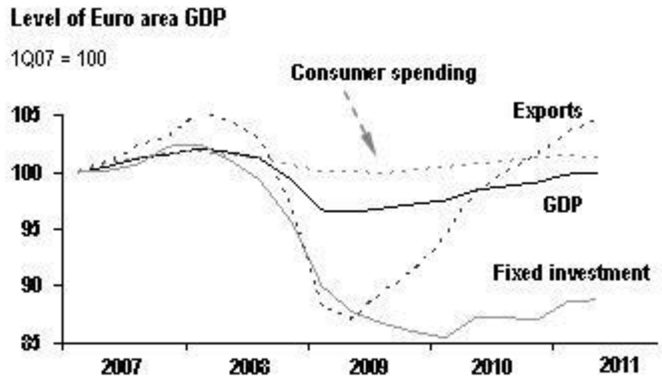

Source: JP Morgan

Government continues to play a central role in the economic changes on the monetary side as well. Eyes turned to Jackson Hole in the last week of August as the venue where Bernanke hinted strongly at the last round of quantitative easing policy by the Federal Reserve in 2010. While the direct effects of QE are far from certain, equity market returns seem to coincide with its implementation in the US. The focus of the speech this time was to encourage more coordination on fiscal policy (to avoid the self-inflicted US debt limit debacle in the future). Those looking for hints of QE3 were not disappointed when the Federal Reserve minutes were released showing that many types of further policy measures were discussed and an extension of the September meeting to two days for further review. In our opinion, QE3 (as a term interchangeable with stimulative monetary policy) already occurred in the US as the language change in the FOMC decision stated that rates will remain low until mid-2013. The use of language succeeded where prior QE policies failed: to bring down intermediate term interest rates in the United States (10yr Treasury has oscillated around 2%). This contrasts with the policies of the ECB over the past several meetings where there were 0.25% increases in both the April and July. The difference in policy has been primarily driven by the difference in mandate – the ECB with the single mandate of price stability and the Fed with dual (seemingly opposing) mandates of price stability and full employment. Much attention will be paid to the language employed by Trichet in the upcoming meeting this Thursday. While we don't necessarily expect a cut at this meeting, we differ from most market participants in believing a reduction is warranted given the waning economic growth. The recent fall in German 10yr bund yields to well below 2% (now at 1.84%) indicate the market's expectation for growth in the near term is limited.

On the monetary policy front in the emerging markets, we have been expecting that central bank policy would loosen in the fourth quarter as inflationary pressures from increasing commodity prices work through the system. That said, Brazil surprised us a bit with a pre-emptive cut last week before the inflationary data showed it rolling over on a trailing basis. We have noted in our published white papers on Brazil that infrastructure constraints create an inflationary bottleneck for growth rates above 4-5%. At this point, economic growth expectations for Brazil are sub-4% in 2012. While we continue to expect a halt in restrictive policies in emerging markets in the next quarter (setting the stage for an increase in growth expectations going forward), we don't expect other central banks to follow Brazil en masse into easing on a pre-emptive basis.

Global central banks have also been actively intervening in currency markets – most notably Japan and Switzerland. Japan's policies in the 1990s coined the term quantitative easing (targeting a

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specific money supply) but the latest intervention was too little for too short of period. After a risk-aversion rally caused the yen to appreciate to the mid-70s JPY/USD, the most recent intervention caused only a brief relief back to 80 JPY/USD before appreciating to prior lows quickly. We continue to feel that the yen is overvalued given its fiscal dynamics (despite the high level of internalization of government debt). The growing area of the Japanese economy we are most interested in are the exporters to the growing Asian trading-block which would benefit from a yen depreciation relative to other Asian currencies. The Swiss were more effective in their currency intervention adding approximately 20% of their annual GDP to the money supply which resulted in bringing down the relative exchange rate to the USD and the EUR –just not enough. Yesterday, they announced a hard line on the currency relative to the EUR (1.2 CHF/EUR) which they will defend with "unlimited quantities" of intervention. The market conformed and has now fallen from near parity with the EUR to very close to 1.2 CHF/EUR.

A conversation on the role of government in our global economy would not be complete without some comment on the potential for another systemic risk shock, this time emanating from European financials. As can be seen in the chart below, total leverage levels for a selection of European banks remains double the average of US banks.

Select European Banks: Leverage Ratios

		Current Leverage Analysis		2007 Leverage Analysis	
	Country Headquarters	Assets/ Equity	Total Debt/ Tangible Book Value	Assets/ Equity	Total Debt/ Tangible Book Value
European Bank Average		**22.04**	**12.35**	**28.81**	**19.61**
BNP Paribas	France	23.33	21.38	28.53	32.11
Societe Generale	France	22.23	19.19	34.27	30.16
Credit Agricole	France	30.56	31.98	30.43	20.50
Deutsche Bank	Germany	37.82	8.74	52.52	13.55
UniCredit	Italy	13.73	8.34	16.37	11.83
Banco Santander	Spain	15.05	9.03	15.73	11.04
BBVA	Spain	14.75	5.09	17.96	12.20
Credit Suisse	Switzerland	22.86	15.13	22.74	18.00
UBS	Switzerland	25.40	9.57	51.91	40.17
HSBC	UK	15.85	2.52	17.39	4.70
Barclays	UK	23.93	11.59	37.79	26.57
Royal Bank of Scotland	UK	18.91	5.67	20.13	14.50
US Bank Average		**11.20**	**7.35**	**15.58**	**13.55**
Bank of America		9.92	6.46	11.69	12.6
JP Morgan		12.02	6.69	12.68	7.45
Goldman Sachs		11.65	8.91	22.37	20.59

Source: Bloomberg, June 2011

Leverage is especially troubling when combined with concerns over asset quality given exposure to peripheral European economies and the understanding that many loans on bank balance sheets have yet to be marked down (preferring to extend and pretend instead).

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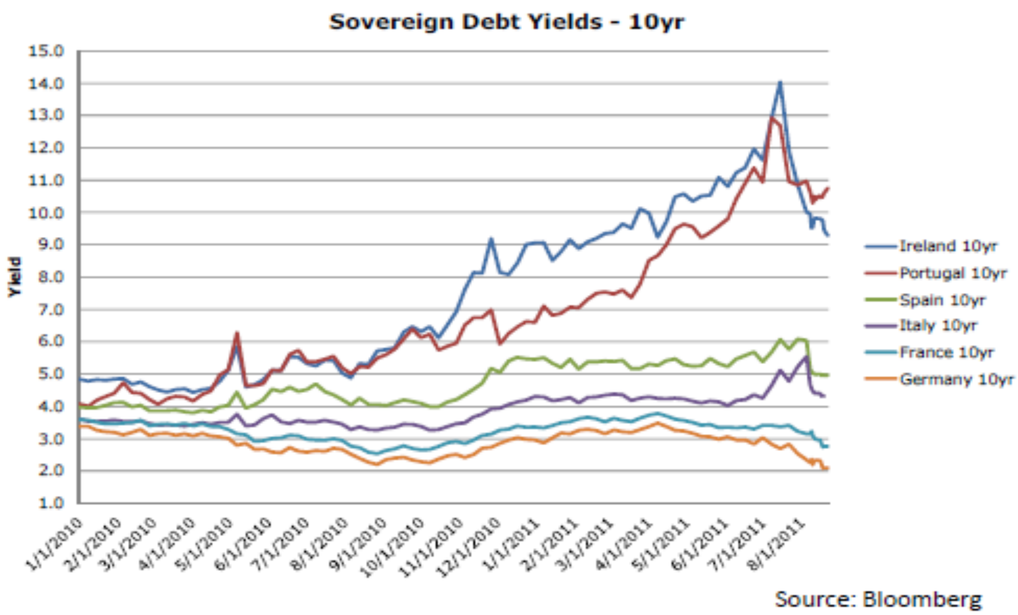

There have been any number of packages put together in an attempt to turn a solvency issue into a liquidity issue (in an economy like Greece) and to prevent the contagion from impacting larger issuers that would be more costly to restructure (Italy and Spain). A recent package was a revision to the mandate of the European Financial Stability Facility (EFSF) that would enable it to buy securities on the secondary market, extend swap lines to governments, and also to extend credit to banks. At the same time that an expansion of power was proposed, there was no increase in the total lending power from 440bln EUR. Until the proposal could get ratified by the member countries, the ECB stepped in to begin purchases of distressed bonds which has had some positive effect on yields in the short run. Much of this package (EFSF and ECB actions) is now being called into question. First, some politicians are suggesting that the ECB is violating its treaty mandate by purchasing bonds in the open market. Second, there has never been broad support from electorates in pivotal countries (Germany) for bailout packages but it is picking up steam. Merkel's CDU party has suffered defeat in state elections. Other governments such as Finland have requested collateral for the second bailout package of Greece which was in turn opposed by the IMF which says any collateral provided would contravene the senior position of their loans.

As has been discussed in research, the European Monetary Union (EMU) is a political construct that failed to have adequate economic coordination. Through the creation of the euro, countries like Greece were able to borrow at yields previously offered to Germany while Germany had the opportunity to export to surrounding countries without the issue of an increasing deutschmark slowing down its growth. What resulted is an economic imbalance which would normally be handled by currency devaluation and debt restructuring by weak countries but cannot be easily accomplished without destabilizing the banking system or affecting the political aims of the cooperative. While some call for Euro-bonds (a joint liability of the EMU countries passing the bill to whomever can pay, ie Germany), the country left holding the bill does not receive any more control for their cost (see chart below showing the transfer of wealth from Germany to the PIIGS). There are only a few outcomes possible at this point. Either the EMU members decide to forfeit some aspects of their economic sovereignty to enable economic coordination sufficient to

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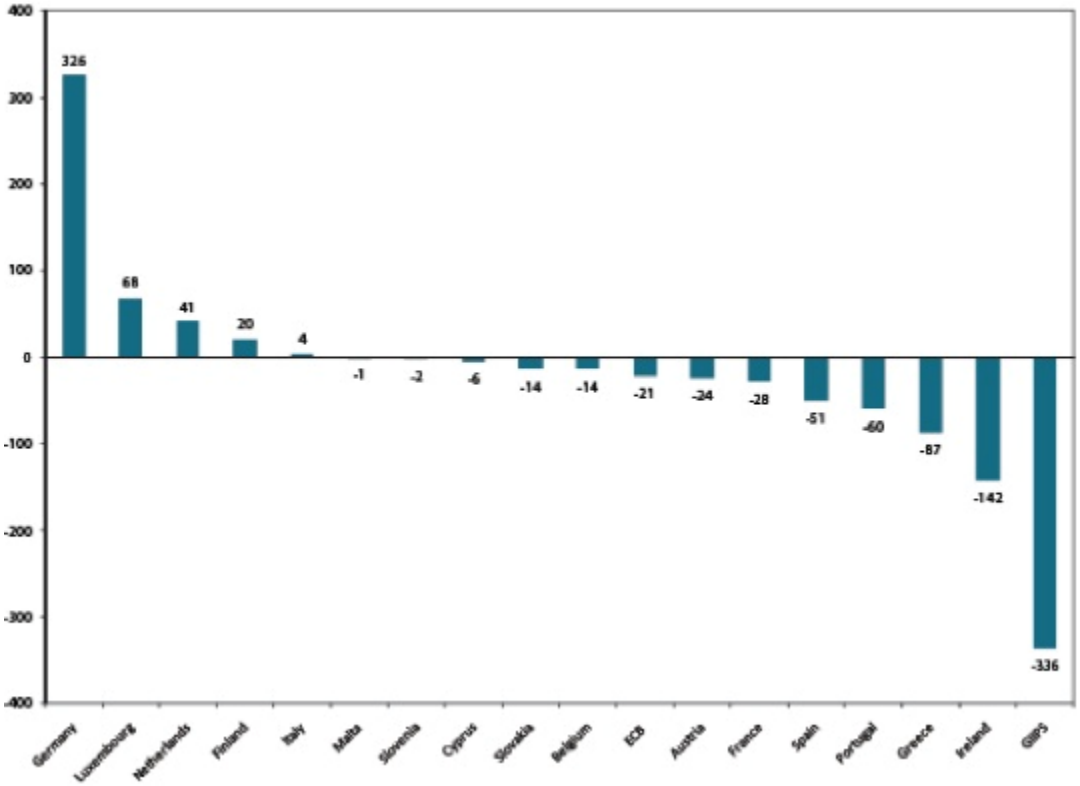
entice Germany to pay, or there is a separation of the current members in some form (either the individual strong leaving behind the collective weak, or the individual weak leaving the collective strong).

Claims of Euro Area Members from Netting the Euro System Cross Border Payments (in billions of EUR)



Source: John Mauldin, August 2011

The result of the peripheral European credit issues impacting European financial stability is concern over liquidity in the interbank funding market. There has been much commentary on the recent increase in the EURIBOR-OIS spread which is seen as an indicator of reduction in the willingness of banks to lend to each other. While EURIBOR has been increasing in recent months, the primary driver of the increase in spread is the drop in the OIS (an interest rate swap – the fixed rate that banks are willing to pay in order to receive the floating, overnight index rate over the next three months). Understanding the cause of the spread widening is important. The prior peaks in 2008 where driven by an increase in EURIBOR (a credit view). The current widening is driven by a fall in the interest rate swap (OIS) which is an indication of views on future monetary easing (lower rates either through rate cut or a liquidity injection which drops the OIS closer to the ECB's deposit rate instead of its funding rate).

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Source: Bloomberg, CreditSights

The result is a destabilized banking sector which is seeing its cost of funding through debt and equity increasing. Below we highlight recent stock performance for select banks. Logically, it is challenging to have faith in a sustained rally until the capital markets stabilize for these financial institutions globally.

Checking in on Select Banks

	Price (LC)	5 day rtn	MTD rtn	QTD rtn	YTD rtn	P/TBV	P/B
European Banks							
Deutsche Bank	27.42	-10.09	-28.83	-32.72	-28.60	0.71	0.50
Commerz Bank	2.01	-7.88	-24.23	-32.17	-54.75	0.52	0.45
ING Group	5.66	-9.48	-24.75	-33.34	-22.27	0.54	0.49
SocGen	21.95	-13.17	-36.81	-46.36	-43.11	0.48	0.39
Credit Agricole	6.51	-7.53	-24.45	-37.21	-28.48	0.70	0.36
Dexia	1.58	-13.46	-14.76	-26.55	-35.98	0.62	0.44
BNP	34.36	-8.84	-24.43	-35.45	-24.93	0.76	0.61
Unicredit	0.91	-13.61	-27.48	-37.91	-40.29	0.44	0.27
Banco Santander	6.10	-6.23	-15.10	-21.90	-19.42	1.10	0.70
Intesa Sanpaolo	1.14	-15.02	-29.58	-38.02	-37.58	0.56	0.32
Average		-10.53	-25.04	-34.16	-33.54	0.64	0.45
5 year European Financial CDS Index	255.08						
Price 1 mon ago	172.01						
One month LIBOR	0.22						
Price 1 mon ago	0.19						
US Banks							
Citigroup	29.83	-4.69	-22.20	-28.34	-36.90	0.61	0.49
Bank of America	7.65	-6.30	-21.22	-30.20	-42.56	0.62	0.38
Suntrust	18.59	-2.15	-24.09	-27.95	-36.96	0.86	0.51
Wells Fargo	24.76	-1.81	-10.99	-11.37	-19.11	1.45	1.05
JP Morgan	35.72	-2.02	-11.69	-12.23	-14.73	1.14	0.80
US Bancorp	22.35	-0.85	-14.24	-12.39	-16.32	2.44	1.44
Bank of New York	20.03	-2.12	-20.23	-21.41	-32.84	2.43	0.73
Average		-2.85	-17.81	-20.56	-28.49	1.37	0.77

Source: Bloomberg as of 8/26/11

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In the intermediate term, the correlation of economic growth to equity market returns (and even earnings) is not encouraging for use as a forecasting tool. However, the change in perception in economic growth (and its subsequent impact on the P/E multiple investors are willing to apply to a company's bottom line) is important. As initially stated, many equity investors have recently reawakened to the fact that the business cycle is not dead and are considering what impact that will have on earnings growth relative to current expectations. As the litany of economic data weakened globally, pessimism ensued quickly dropping valuations as investors discounted 2012 earnings before the bottoms-up stock analysts took broad action (as they wait for company guidance). Indeed estimates for 2012 have been guided down, most notably in Europe. A primary reason for this is the sector weight concentration to financials. Generally speaking across the globe, we expect 2012's earnings to be revised down from current levels but still remain near or slightly above 2011's levels based on current information. The biggest revision will likely be to 2013's earnings as our stall speed economies hit the inevitable bump that tilts us into official recession dropping revenues (and thus earnings) and seeing some compression in margins which have been running at stretched levels. At this point, late 2012 into 2013 is where we think the earnings recession will appear.

While we recognize in the near-term that earnings revisions create negative sentiment and thus downward pressure on equity markets, negative sentiment already pervades the market from a growth perspective and from concern on global systemic risk. If we use valuations using 2011 earnings estimates as our forward P/E (basically assuming no growth in 2012), P/E valuations appear fairly reasonable relative to the general downtrend started in 2000. MSCI Europe is trading at 9.8x, an almost 2 point discount to the 11.7x on the S&P 500. MSCI Japan is trading at a P/B of 1x; however, MSCI Japan Small Cap is at 0.8x P/B. These are valuations which have led us to reduce our exposure to long/short equity and prepare us with daily liquidity to take advantage of valuation opportunities. Our emphasis in the developed equity markets is on high quality, global brands with strong free cashflow, a healthy dividend, and clean balance sheets. While the inevitable "dash to trash" will ensue as the market's short-term attention span recycles to optimism (especially if Q4 '11 and Q1 '12 earnings reports remain stable versus expectations), these quality companies will keep us in good stead on a multi-year basis through this cycle. Yield as a source of return is an investment theme we focus on in the current environment.

In the context of yield as an investment theme, we should touch briefly on fixed income. In our view, the yield-at-cost is the primary anchor in setting expectations for return in the asset class. Fixed income yields globally remain at low levels thus setting our long-term expectations of return similarly low. As noted earlier, developed market government bonds have depressed yields. Emerging market government spreads to developed market government bonds are marginally above the lows of 2006/2007. Investment grade credit spreads have increased in the most recent risk aversion, though not to a level which raises total yield to high rates of return. Overall, our view is that investment grade fixed income (i.e. the defensive part of the portfolio) plays a role to provide liquidity and risk reduction in the portfolio long-term and should be used to preserve capital when risk assets appear overvalued. There can be opportunities selectively in fixed income. For example, high yield credit spreads have increased substantially over the past few months and is reaching a level when (even adjusting for expectations on loss given defaults) may become attractive. We are watching it closely. There will also be opportunities as the deleveraging process persists. A market we are watching closely is European distressed credit. As Basel III criteria come into effect, there will be a need for many European banks to de-lever. The distressed debt market in Europe is not as developed as the US, and the

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restructuring process is complicated by jurisdictional issues (the UK being the best). However, it is a likely opportunity arising from our current economic challenges. The pace of sale, quality of assets, and prices offered are still to be determined (as this opportunity has been waited on for some time). We expand more on this topic in our white paper on opportunities in Europe after our last diligence trip earlier this year.

Another investment theme we focus on is the selectivity of growth. Even in a slow growth environment, there will be areas of strong growth which we believe investors will reward it when it is found. These can be niches in the slow developed economies or in geographic regions with room for development. The two regions we have historically preferred on a secular growth basis are Asia ex-Japan and Brazil. We are believers in the long-term story of the emerging consumer in both economies (regions) but are conscious of the likely bumps in the road as domestic demand replaces export and fixed investment as the sustainable internal growth engine. In these regions we are particularly sensitive to valuation and fund flows. On the valuation side, we still look for P/E multiples at a discount to the developed equity markets as a margin of safety despite the higher long-term earnings growth expected. This has kept us in good stead as we increase and decrease our exposure based upon valuation. We reduced our Asia ex-Japan and Brazil exposure starting in late 2010 based upon valuation concerns, but today's valuation is now reaching a point where re-entry is becoming enticing. In addition, earnings estimates in most emerging markets (these two included) began rolling over earlier this year which has lowered the "hurdle" for positive surprise. For example, small-cap Brazil (reflected by the exchange traded fund BRF – weighted towards consumer industries) was offered at around a 20x P/E multiple earlier this year as average earnings growth estimates were around 40% or so. Now, these companies are offered at around 13x P/E with earnings expectations averaging in the 20% ballpark. This is a combination we find more favorable (but still prefer active management in the region at this point over indexation). In Asia ex-Japan, our exposure (through active management) has traditionally been outside China in consumer industries – mostly in Thailand and Indonesia.

Much debate is had over China's economic model and its sustainability. On a long-term basis, we do believe China will continue its growth path. That said, we absolutely believe that a command economic structure will create imbalances which will need to have pressure released. It is an economy which is in the development of a market-based economic cycle but is reticent to go full capitalism all at once. The "instant" capitalism of Russia's perestroika serves as a lesson that it takes time to train a population conditioned for government support/direction to be independent economic actors. The attempt to smooth out the global economic crisis led China to provide massive economic stimulus which patched the economic growth hole created by falling exports with a high level of infrastructure/fixed investment. In the long-run, this infrastructure build will help China continue to grow (and spread development further interior) similar to the benefit of the highway system in the United States from Eisenhower in the 1950s and avoid the infrastructure bottleneck that Brazil finds itself currently (after failing to invest in infrastructure after decades of 2% growth). In the short-run, there is significant concern over the likelihood that many loans made to support these infrastructure projects will become non-performing (NPL - non-performing loans) since the revenue on the projects isn't there yet to support repayment. Again, the issue is structural. State-owned banks are the source of these loans as known tools of fiscal policy (as opposed to developed economies which uses debt capital markets to borrow and then uses parliamentary procedures to spend). A build-up of NPLs has happened historically and the Chinese government's reaction was to create asset management companies (AMCs) to move these loans off bank balance sheets – basically recapitalizing the banks. What makes this cycle different is that,

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based upon a desire to join the World Trade Organization, these state owned banks now have publicly traded shares owned by foreign investors. The question remains of whether the Chinese government will make these investors suffer any of the losses before recapitalizing the banks. This is an open question and one which leads us to focus (in the long-term) on opportunities driven by China's growth – but outside China. That said, there is question as to whether equity markets have factored in many of these issues. Using the Shanghai Composite as a reference, the 2011 P/E is under 12x – down significantly from the highs of 2007, half to one-third its longer term average historically, and similar to developed equity markets.

Another area of Asia which historically we have had less exposure is India. India has been unable to reach what many economists believe to be its full growth potential due to the crushing level of bureaucracy and disparate political and economic coordination among its states. We also expect it to face headwinds as a major importer of its energy needs. Despite significant levels of investment to find oil and advances in technology to access and produce more, there has been little increase in overall production. Demand, however, has continued to expand especially in non-OECD countries. It is telling that, even in the face of slowing economic growth expectations, that both Brent and WTI prices have stayed reasonably resilient at this point. As an investment theme, we are believers in hard assets as a store of value while recognizing that some assets (like oil) are used by speculators in the short-term to implement views unrelated to supply/demand trends.

	Consumption (mmbpd)			Supply (mmbpd)		
Developed	**2004**	**2011**	**% Chg**	**2004**	**2011**	**% Chg**
United States	20.7	19.3	-7.0%	8.7	9.6	9.8%
Japan	5.3	4.3	-20.1%	-	-	-
Europe	16.3	15.1	-6.9%	6.6	4.4	-33.6%
Total	**42.3**	**38.7**	**-8.6%**	**15.3**	**13.9**	**-8.9%**
Developing						
China	6.4	9.8	51.7%	3.7	4.4	20.5%
India	2.4	3.3	37.4%	0.9	1.0	21.2%
Brazil	2.1	2.7	29.2%	1.8	2.9	58.2%
Russia	2.8	3.0	10.5%	9.3	10.1	9.3%
Total	**13.7**	**18.9**	**37.5%**	**15.6**	**18.5**	**18.3%**
Middle East						
OPEC				29.5	29.6	0.2%
Saudi Arabia				9.1	8.5*	-7.1%
Middle East	5.6	7.5	35.6%			
World	**82.5**	**88.2**	**6.9%**	**83.1**	**87.4**	**5.2%**

* 2010

Source: Bloomberg, IEA

We will make one final point commenting on the volatility we have seen in the recent equity markets. We suggest that a shorter business cycle combined with many investors' short-term investment horizon, the fragmentation of the equity trading liquidity pool, and the increase in high-frequency-trading are contributors to the recent high level volatility (which we expect to punctuate equity markets over the next several years.) From our standpoint as value investors, volatility can create opportunity as price moves faster than value. A truly long-term investor can arbitrage the difference in time horizon from the short-term trader but at the cost of riding the volatility (and suffering some heartburn.)

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Edge ETF Monitor (as of 9/7/11)

	P/E			P/B		EV / EBITDA												
Underlying Index	Trail_ing P/E	2011 P/E	2012 EST P/E	Curr. PB	2012 P/B	Trailing EV / EBITDA	2011 EV / EBITDA	2012 EV / EBITDA	2011 Earnings Growth	2012 Earnings Growth	LTD Growth Est	TRR 2011	Index Div Yld	Prior 3 months EPS revisions	Prior 4 weeks EPS revisions	Relative Strength (50d / 200d)	YTD Rtn Index (in Local Currency)	1 Yr RTN Index (in Local Currency)
GLOBAL																			
MSCI ACWI	12.2	11.2	9.9	1.6	1.4	9.7	9.3	8.4	9.3%	12.5%	8.7	0.8	3.1	-1.36	-0.46	0.96	-7.0	6.3
UNITED STATES																			
DJIA	12.2	11.5	10.3	2.4	2.1	8.3	7.3	6.8	6.4%	11.3%	9.2	0.9	2.8	-0.69	-0.16	0.99	0.4	12.8
S&P 100	12.1	11.2	10.1	2.0	1.7	9.4	8.8	8.1	8.0%	11.8%	10.4	0.8	2.4	0.64	0.36	0.97	-3.3	10.8
S&P 500	13.1	12.0	10.7	2.0	1.7	9.1	8.5	7.8	9.2%	12.2%	11.2	0.8	2.2	0.41	0.19	0.97	-3.4	11.3
S&P Midcap 400	17.6	15.7	12.9	1.9	1.6	9.1	8.4	7.2	12.2%	22.0%	13.2	0.9	1.4	0.18	0.89	0.97	-4.5	14.5
Russell 2000	32.5	20.6	14.5	1.7	1.4	10.0	9.1	7.6	57.4%	42.1%	4.0	2.3	2.4	-6.93	-0.83	0.96	-8.7	13.2
S&P Smallcap 600	20.2	16.9	13.7	1.7	1.4	8.8	8.3	7.2	19.6%	23.3%	14.2	0.9	1.4	-2.11	-0.07	0.97	-5.9	15.9
US GROWTH																			
Russell 1000 Growth	15.9	14.2	12.4	3.7	2.9	9.1	8.1	7.3	11.9%	14.8%	11.0	1.0	1.6	-4.84	0.25	0.98	-1.1	16.5
US VALUE																			
Russell 1000 Value	11.8	11.0	9.8	1.3	1.2	8.9	8.9	8.2	7.2%	12.2%	1.0	2.7	2.6	4.66	0.26	0.96	-5.9	7.2
US DIVIDEND																			
DJ Select Dividend Index	13.2	12.9	12.2	1.9	1.7	7.8	7.8	7.4	1.8%	6.5%	6.9	1.1	4.2	0.63	0.17	1.00	2.7	14.3
DOMESTIC SECTOR																			
Consumer Discretionary Select Index	15.2	14.2	12.4	2.8	2.4	8.3	7.9	7.2	7.1%	14.5%	15.9	0.7	1.6	1.31	-0.25	0.99	-0.7	17.5
Consumer Staples Select Index	15.2	14.4	13.1	3.2	2.9	9.4	8.7	8.2	5.0%	10.3%	9.7	1.0	3.1	1.80	0.47	1.01	6.4	16.2
Energy Select Sector Index	12.6	10.6	9.6	1.9	1.5	6.1	4.9	4.4	18.5%	11.5%	12.0	0.7	1.7	1.17	-0.24	0.98	0.5	28.4
Financial Select Sector	11.1	10.4	8.7	0.9	0.8		18.9	16.0	6.7%	20.3%	9.4	0.8	1.9	-3.56	1.41	0.90	-18.4	-8.7
Healthcare Select Sector	12.1	11.4	10.8	2.4	2.0	7.7	7.0	6.8	5.5%	5.7%	8.9	1.0	2.3	1.10	0.08	1.01	6.9	16.7
Industrial Select Sector	13.7	12.7	10.9	2.4	2.1	9.0	8.2	7.5	7.8%	16.6%	12.7	0.7	2.4	0.65	-0.20	0.95	-8.7	6.8
Material Select Sector	13.2	11.7	10.2	2.3	1.9	7.5	6.6	6.0	12.2%	14.6%	10.9	0.8	2.3	-0.65	0.72	0.96	-8.7	10.7
Technology Select Sector	14.1	12.4	11.2	2.8	2.3	7.3	6.6	6.1	13.1%	11.5%	12.9	0.8	1.7	1.92	-0.14	0.98	-3.5	13.2
Utility Select Sector	13.2	13.3	13.4	1.5	1.4	7.7	7.8	7.6	-0.8%	-0.5%	4.7	1.5	4.3	0.65	0.12	1.02	9.2	11.7
DJ US Telecommuncation Select	17.6	16.6	14.6	1.7	1.6	5.9	5.6	5.3	6.1%	13.9%	2.7	1.8	5.6	-5.30	-1.03	0.99	-2.2	10.7
MSCI US REIT INDEX	67.7	51.3	44.0	2.1	1.6	18.4	17.5	15.9	32.1%	16.5%	7.8	3.8	3.7	-2.20	2.00	1.01	5.3	12.9
Alerian Index	24.6	20.7	18.4	2.2	2.5	13.0	11.8	10.4	18.8%	12.8%	6.0	1.4	6.7	-1.17	-0.19	0.98	0.8	14.1
AMERICAS																			
MSCI Canada Index	15.7	13.5	11.8	1.9	1.7	10.1	9.4	8.2	16.5%	13.9%	8.9	1.0	2.7	-0.17	-0.96	0.95	-4.6	6.4
MSCI Mexico Investable Market Index	22.5	17.0	12.2	2.7	2.2	8.4	7.6	6.7	32.4%	39.6%	12.5	0.8	2.6	-13.32	0.61	0.97	-7.1	15.9
MSCI Brazil Free Index	8.6	9.0	8.2	1.4	1.2	6.4	5.7	5.1	-4.3%	9.2%	13.1	0.5	4.0	-6.47	-2.89	0.92	-15.6	-6.7
Bovespa (Brazil)	8.8	9.7	8.6	1.3	1.1	7.3	6.4	5.5	-8.6%	12.9%	15.9		3.7	-6.32	-4.30	0.89	-18.3	-14.8
INTERNATIONAL BROAD BASED																			
MSCI EAFE Index	11.4	10.4	9.3	1.3	1.1	11.0	10.5	9.6	10.0%	11.8%	6.2	0.9	4.1	-2.72	-1.25	0.95	-10.3	0.8
DJ Euro STOXX 50	9.0	7.8	7.2	1.0	0.9	12.9	11.9	11.1	15.4%	9.3%	7.7	0.5	6.0	-4.75	-1.25	0.89	-20.0	-18.2
MSCI Intl Europe	10.4	9.4	8.4	1.3	1.2	11.3	10.4	9.6	10.1%	11.8%	4.8	0.9	4.6	-2.45	-1.87	0.92	-14.3	-9.8
MSCI Pacific Index	13.9	12.8	11.4	1.1	1.0	10.5	10.8	9.7	8.9%	12.1%	10.0	0.9	3.3	6.68	2.99	0.97	-9.9	3.9
MSCI Emerging Markets Index	10.7	10.1	8.9	1.6	1.4	6.6	7.0	6.2	5.9%	13.4%	14.8	0.5	3.1	-4.15	-1.16	0.95	-10.4	3.1
MSCI AC Asia Ex Japan	11.1	11.4	9.9	1.6	1.4	7.1	8.2	7.2	-2.3%	15.0%	15.0	0.6	3.0	-2.47	-1.05	0.96	-9.0	4.3
ASIA																			
FTSE/Xinhua China 25 Index	9.2	9.0	7.9	1.6	1.3	4.8	5.1	4.5	3.0%	13.4%	13.7	0.5	3.7	1.75	0.28	0.93	-11.4	-5.1
MSCI Hong Kong Index	8.4	15.4	13.8	1.3	1.2	15.0	13.3	11.9	-45.2%	11.5%	9.8	1.1	3.0	0.07	-0.13	0.96	-6.9	7.2
MSCI Japan Index	16.4	13.3	11.7	1.0	0.9	10.1	10.6	9.5	23.4%	13.9%	13.0	0.8	2.5	5.25	6.54	0.94	-16.6	-7.5
MSCI Japan Smallcap Index	13.8	13.0	11.5	0.8	0.8	7.5	7.4	6.2	6.0%	13.9%	15.0	0.7	2.3	6.14	1.10	1.02	-1.5	11.6
Japan TOPIX	16.2	13.2	11.7	0.9	0.8	9.9	10.3	9.2	22.1%	13.7%			2.4					
NIKKEI	16.5	14.2	12.4	1.1	1.0	7.1	7.0	6.3	16.2%	14.8%	12.0	0.9	2.2	1.89	2.93	0.96	-13.1	-0.7
MSCI Taiwanese Index	14.9	14.4	11.6	1.8	1.4	11.1	8.1	7.2	3.7%	24.5%	10.0	0.8	4.4	-16.21	-4.75	0.94	-13.1	0.4
MSCI Korea Index	11.1	9.1	8.0	1.2	1.1	9.2	7.4	6.7	21.9%	14.5%	15.6	0.5	1.6	-3.17	-2.48	0.96	-13.4	1.6
MSCI Australia	12.7	11.1	10.2	1.7	1.5	13.5	11.4	10.3	14.4%	9.1%	5.6	0.9	5.1	5.96	-3.58	0.94	-8.3	-3.3
MSCI India Total Return Index	14.5	14.2	12.1	2.6	2.0	10.5	10.2	8.7	2.2%	16.9%	17.3	0.6	1.5	-2.74	-1.80	0.95	-17.0	-9.8
CNX Nifty Index - INDIA	14.8	14.1	12.0	2.6	2.1	10.2	9.5	8.2	4.7%	17.9%	7.0	1.4	1.6	-2.84	-2.02	0.96	-15.0	-6.8
Sensex	15.4	14.4	12.4	2.8	2.2	10.6	9.7	8.4	6.5%	16.4%	7.0	1.4	1.6	-3.93	-1.98	0.96	-15.3	-6.7
MSCI Indonesia Index	16.2	15.4	13.1	4.2	3.1	8.3	8.1	7.0	4.9%	17.5%	8.0	1.2	2.6	0.03	0.03	1.06	11.3	19.5
OTHER																			
DAXglobal Russia+ Index	5.6	5.6	5.4	0.9	0.8	4.8	4.1	4.0	0.8%	3.2%	15.5	0.3	2.8	-7.38	-0.29	0.95	-6.3	11.3
Turkey investable index	9.6	8.9	7.9	1.5	1.2	7.9	7.5	6.8	7.2%	12.7%	10.7	0.6	3.6	-3.50	-1.14	0.92	-14.9	-9.6
EUROPE																			
MSCI UK Index	10.4	9.4	8.5	1.6	1.4	9.0	7.5	6.9	11.4%	10.3%	3.1	1.2	4.2	0.63	0.12	0.96	-6.7	1.8
MSCI Germany Index	10.1	8.3	7.4	1.2	1.0	8.1	8.0	7.4	21.0%	12.0%	6.5	0.7	4.4	-2.18	-1.51	0.92	-21.5	-11.4
MSCI Switzerland Index	13.4	11.9	10.4	2.1	1.7	12.9	13.2	12.0	12.5%	14.0%	6.4	1.0	3.9	-6.29	2.39	0.90	-13.3	-12.5
MSCI Spain Index	7.0	8.2	7.4	1.1	1.0	11.4	11.1	10.3	-15.2%	10.8%	4.2	0.6	8.2	-5.99	-0.88	0.90	-15.1	-22.0
MSCI Sweden Index	9.9	10.9	9.9	1.7	1.5	15.9	16.3	14.9	-9.1%	10.3%	0.2	2.0	4.7	-3.54	-1.24	0.91	-18.0	-9.5
MSCI France	9.6	8.7	8.0	1.1	0.9	14.5	13.0	12.2	9.8%	9.7%	6.3	0.7	5.1	-4.23	-1.48	0.91	-15.7	-11.5
MSCI Austria Investable Market	9.3	8.4	6.9	0.8	0.7	7.4	9.2	8.2	11.3%	22.0%	0.4	1.3	4.7	-9.04	-3.14	0.89	-24.0	-11.5
MSCI Netherland Investable Market	11.1	8.3	7.8	1.2	1.1	14.1	11.8	11.3	33.1%	6.4%	3.9	1.0	4.0	-6.08	-1.53	0.89	-18.4	-14.2