QUARTERLY OUTLOOK – Q4 2015

Edge Capital Research

Q4 2015 Outlook

Confidential

October 2015

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Stick to the plan

Former heavyweight boxing champion Mike Tyson once said, “Everyone has a plan until they get punched in the face.” While we do not usually look to professional boxers for their wisdom, the words ring true in many contexts including the financial markets.

The 3rd quarter of 2015 ended up as one of the most difficult in recent years for asset markets of every type and every region. It is the first time in almost four years that the US equity market experienced a 10% or greater correction. Several areas of the market experienced an even more significant drawdown. At times, markets seemed disorderly. There were days when the market would plunge several percent only to reverse, and vice versa. Trading in securities was halted several times as limits were hit and, at times prices were unable to be quoted.

It is during challenging market conditions when it is most important for investors to remember their long-term objectives and the investment plans established to help them achieve their goals. Dislocations in markets create opportunities, and it is important to take a long-term perspective to evaluate appropriate actions that will enhance instead of hinder progress toward their goals. There are many more rounds to go, and financial goals will be met only through solid fundamental work and discipline.

“Michael Gerard “Mike” Tyson (born June 30, 1966) is an America former professional boxer. He is a former undisputed heavyweight champion of the world and holds the record as the youngest boxer to win the WBC, WBA, an IBF heavyweight titles at 20 years, 4 months, and 22 days old. Tyson won his first 19 professional bouts by knockout, 12 of them in the first round…Tyson was well known for his ferocious and intimidating boxing style as well as his controversial behavior inside and outside the ring.”

Source: Wikipedia

Put the shovel down

Earlier this year, it seemed that the US was on a certain course for the first hike in the federal funds rate in almost 10 years. Even coming into the September meeting, market expectations of action increased to near-even odds versus waiting for December. In response, the US Dollar climbed relative to its global peers, whose policies remained on an easing trajectory.

The Fed did nothing, and the market was left with the question, "Why not?" Since then, macroeconomic data has sent mixed messages on the direction of the US economy; wages are rising 2-3%, but new job creation is increasing at a disappointing pace and underemployment is still at the 2000-2001 recession high. Even excluding the impact of energy and food prices, inflation remains low at 1.3% despite significant expansion in liquidity over the past several years.

At this point, the Fed sits in a very difficult position. Economic conditions have already undergone meaningful tightening, first with the strengthening of the US Dollar and then with the increasing cost of capital (credit spread widening and falling equity prices). But inaction risks damaging Fed credibility – a dangerous idea while the fed funds rate remains on the zero bound and words are one of the most powerful weapons that remains.

With all the hand-wringing, we continue to be of the opinion that the exact timing of a rate increase is less important than the pace and magnitude of change over time. As has been said by many research reports we have read these past few weeks, recessions typically occur when there is a shock from higher interest rates and/or energy prices, or another extreme imbalance. While the economic data still does not feel great, it also does not look recessionary. **The biggest risk to the economy is that a lack of confidence in growth opportunities, perhaps even spurred by central banks themselves, may delay activity (such as hiring and investment), which in turn creates the very circumstances that policy makers seek to avoid.**

PCE less Food & Energy: Chain Price Index

% Change - Year to Year SA, 2009=100

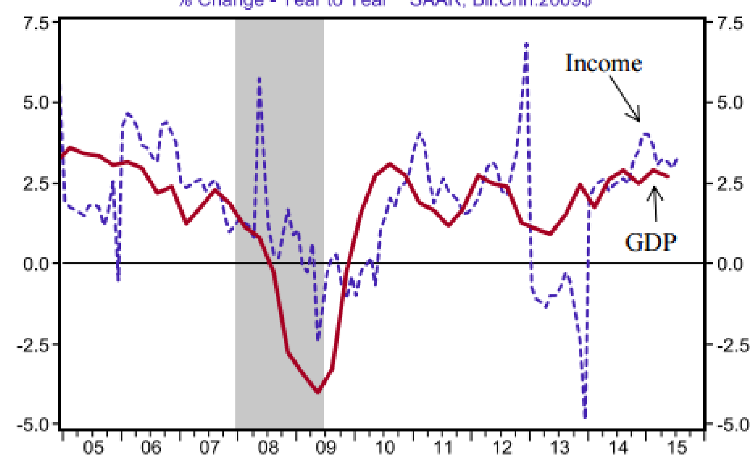
Source: Bureau of Economic Analysis

Real Gross Domestic Product

% Change - Year to Year SAAR, Bil.Chn.2009$

Real Disposable Personal Income

% Change - Year to Year SAAR, Bil.Chn.2009$



Source: Bureau of Economic Analysis

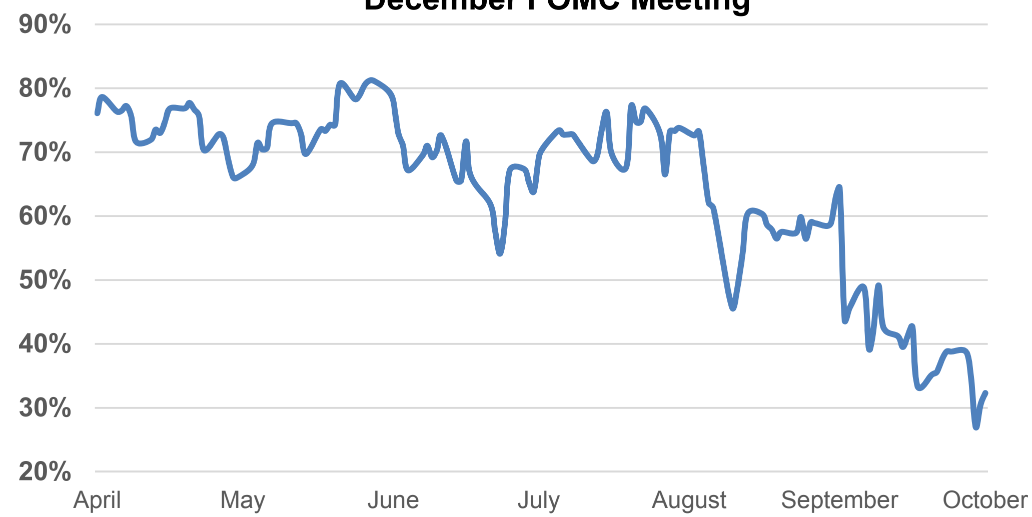
Green light, red light

When the Fed said it wanted to be "data dependent," it probably did not expect the data to be so difficult to interpret. While the unemployment rate has come down all year, so has the labor force participation rate. Nonfarm payrolls have been volatile, and PCE inflation has been, to put it lightly, weak. Add in the FOMC's comments about global concerns from its September meeting, and it is easy to see why the market is a little confused. As stated earlier, this was supposed to be the year of getting off the zero bound for the fed funds rate, but the futures market thinks the Fed might kick the can into 2016. Currently, fed funds futures are pricing in a 32% chance of a rate increase in December! March 2016 has now become the market's estimated date of liftoff. Now, as with anything market based, if the data starts to surprise to the upside, then this could all change abruptly.

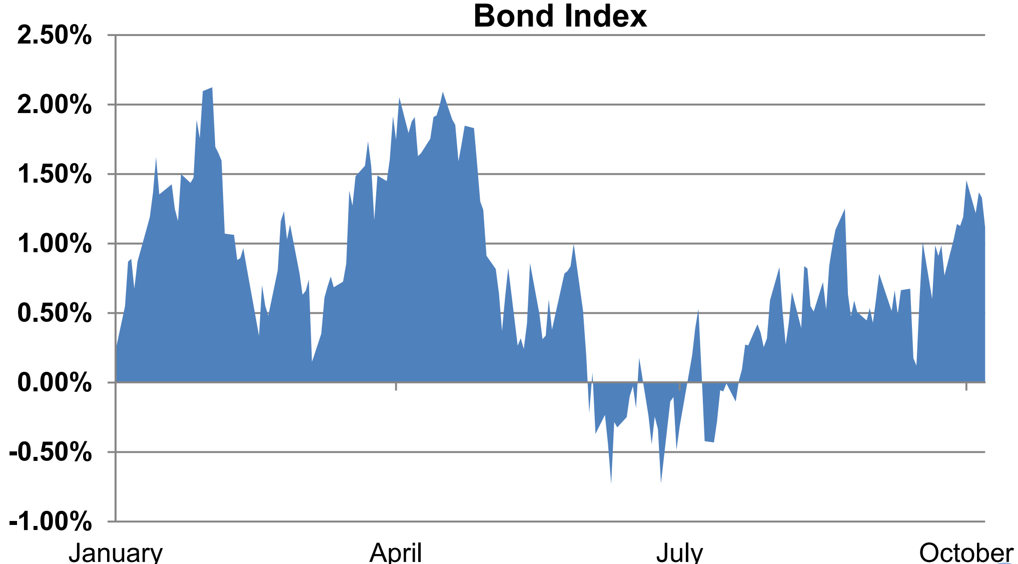
Do not let all the conflicting signals from the Fed confuse you about the role fixed income plays in your portfolio. No one, not even the Fed, has a crystal ball to help predict the future path of interest rates. We would caution clients to not focus on the timing of liftoff but on the longer-term view that rates are going to rise, most likely slowly, because of a strengthening economy, which is good for risk assets.

As has been shown this year, fixed income can help dampen the overall volatility of a diversified portfolio and provide "dry powder" for opportunistic purchases into other asset classes as they become attractive. **Recent outperformance of fixed income relative to equities has caused fixed income allocations to rise. Re-balancing to increase equity exposure may be warranted based on better long-term return expectations.**

Fed Funds Probability of at Least One Rate Increase at December FOMC Meeting



Year-to-Date Cumulative Return for Barclays Aggregate Bond Index



Sources: Bloomberg & Barclays

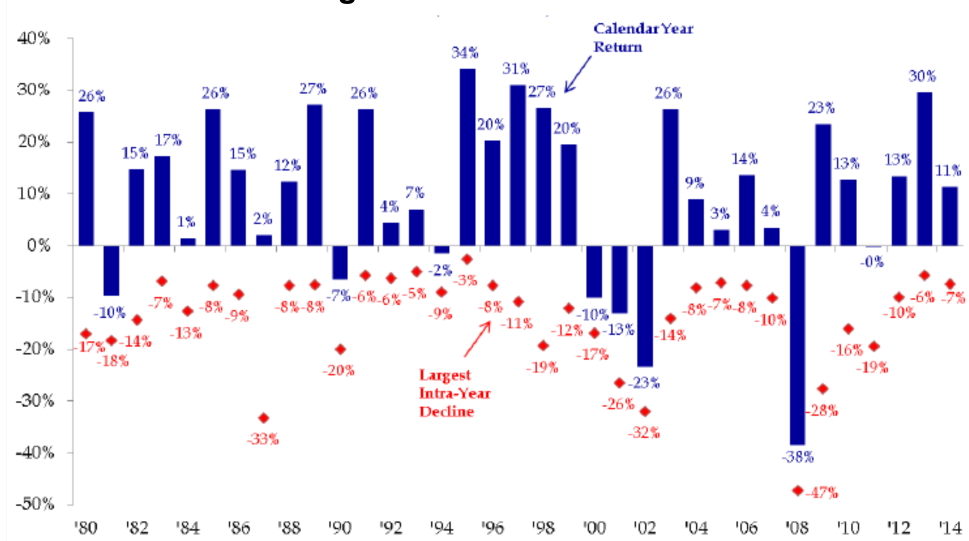
History does not repeat itself, but it sure does rhyme

One of the benefits of the relaxed credit environment created by the Fed since the financial crisis has been the steady rise in risk assets, with very few hiccups along the way. Looking at history, this can be viewed as the exception rather than the norm. In the past 35 years, there have been intra-year declines of more than 10% in more than half of the years (18 of 35). In 11 of these 18 years (61%), the market has ended the year with a positive return. The selloff in the 3rd quarter might have felt as though it was of greater magnitude than previous corrections, but this might have to do with the fact that we went nearly 47 months without a correction of at least 10%. In general, a correction of this magnitude occurs on average every 18 months.

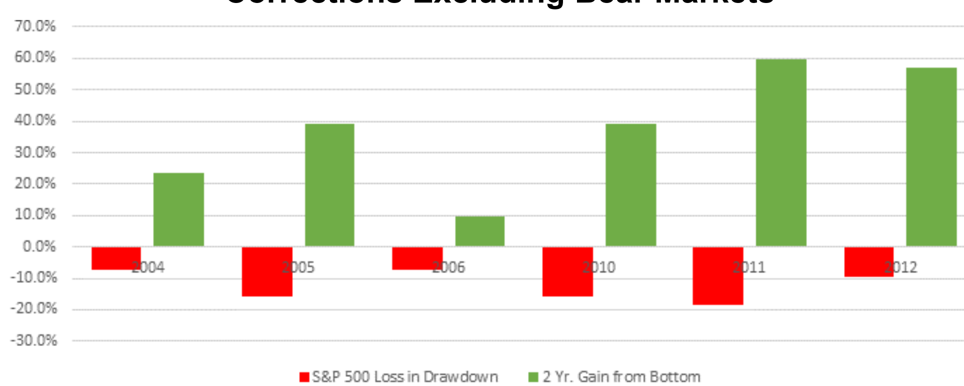
Of the 44 previous declines of at least 10%, 19 became bear markets. A bear market is a decline in the market of 20% or more. Fortunately, since 1987, bears have always been associated with a recession. We do not believe we are headed toward a recession, though we are monitoring credit markets, job growth, and other leading indicators as guideposts to determine whether economic conditions are deteriorating. While continued growth is our base case, our confidence would build if we were to see improvement in the high yield market. Conversely, continued widening in spreads is a risk to equities.

Bear markets have their tradable rallies as well, but they prove less robust, advancing on average by 10.6% in the three months following a correction, compared with 17.5% for non-bear markets. One can see in the bottom figure that in the six non-recession-related corrections shown, it paid to buy the dip. **Investors were rewarded for maintaining their equity market exposure. The average cumulative gain over the two years from the market bottoms shown was 38%.**

S&P 500 Calendar Year Return vs. Largest Intra-Year Decline



Corrections Excluding Bear Markets



Sources: Strategas, Bloomberg

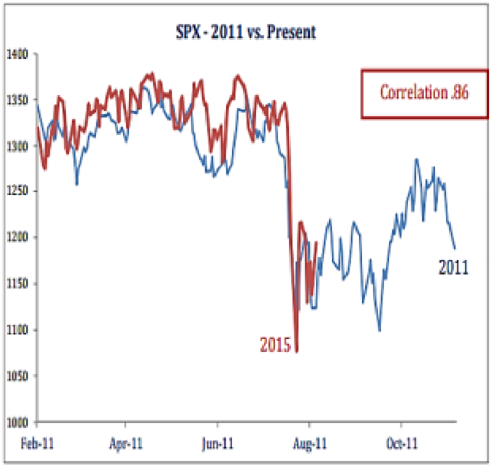
Recent equity markets compare closely to history

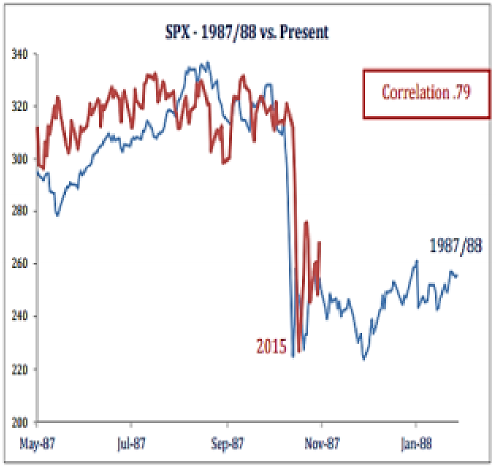
Zooming in more closely on the recent correction, the path of the drawdown looks eerily similar to the market corrections of 1987, 1993, 2007, and 2011. If history is a guide, some choppiness to prices with perhaps a retest of the market low may occur as markets consolidate.

Seasonally speaking, since 1928 US equities rise by an average of 2.6% in the 4th quarter, versus an average of 1.2% for the 3rd quarter. There is a tendency for the year's worst-performing stocks from January to September to actually outperform in October and November. That has been the case so far in this 4th quarter. Using YTD performance, the bottom-performing quintile in the S&P 500 is outperforming the top-performing quintile by more than 600 basis points so far in October. Oil, gold, silver, corn, and even emerging market currencies are rebounding nicely off their lows. Highly cyclical industries such as materials, industrials, and oil production were most impacted by the negative effect of growth uncertainty in China and are now leading the market higher.

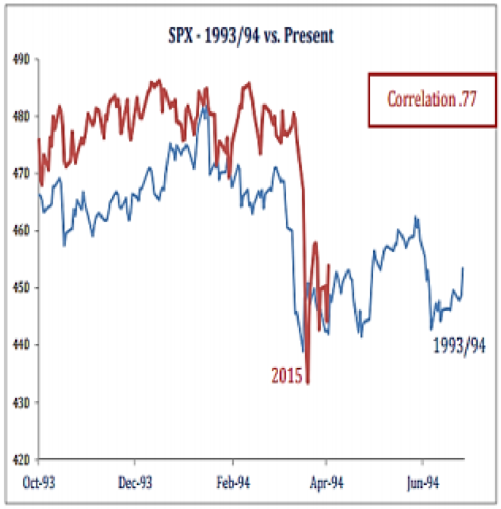
We are conscious, however, of tax-loss selling pressure that typically comes about in December. To confirm a longer-term trend of equity markets rising, we would like to see more technical strength among US sectors that are more exposed to China and that are highly correlated to the S&P 500. One example would be the industrials sector– its quarterly return has a 0.94 correlation with the S&P 500 since 1989. We believe the more cyclical sectors of the US economy must show some strength from here to keep the bull market alive.

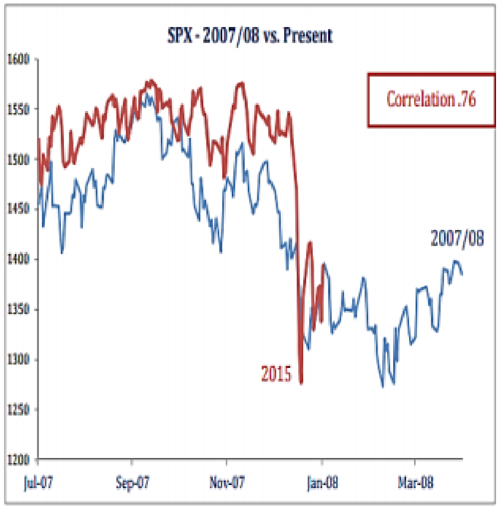
<u>Investors should expect volatility, as markets rarely go up in a straight line. Ultimately, we believe long-term investors will be rewarded for staying the course.</u>





The 2011, 1987, and 1994 examples all ultimately resumed higher, but none of these were v-bottoms.





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Source: Strategas

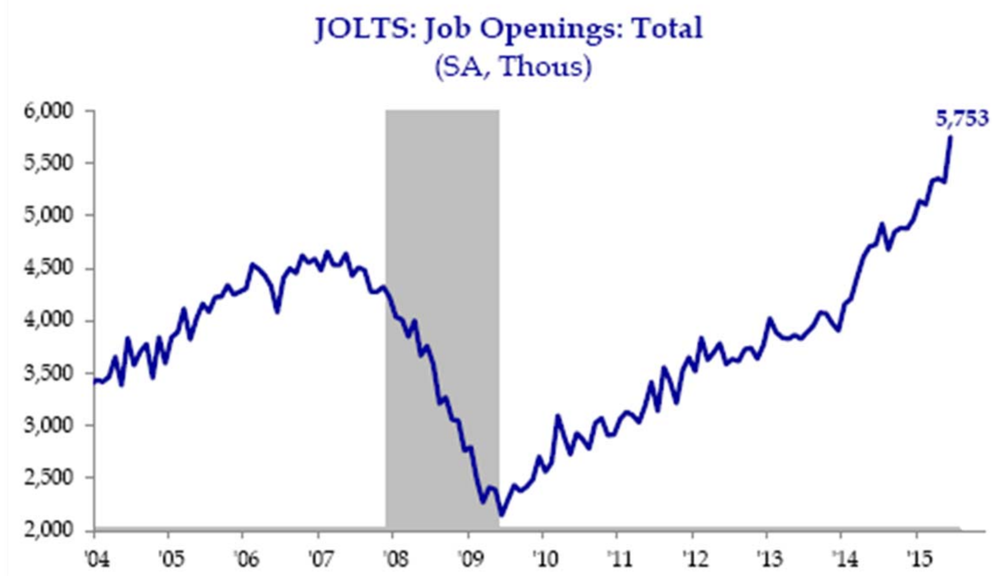
Economy is stronger than it is given credit for

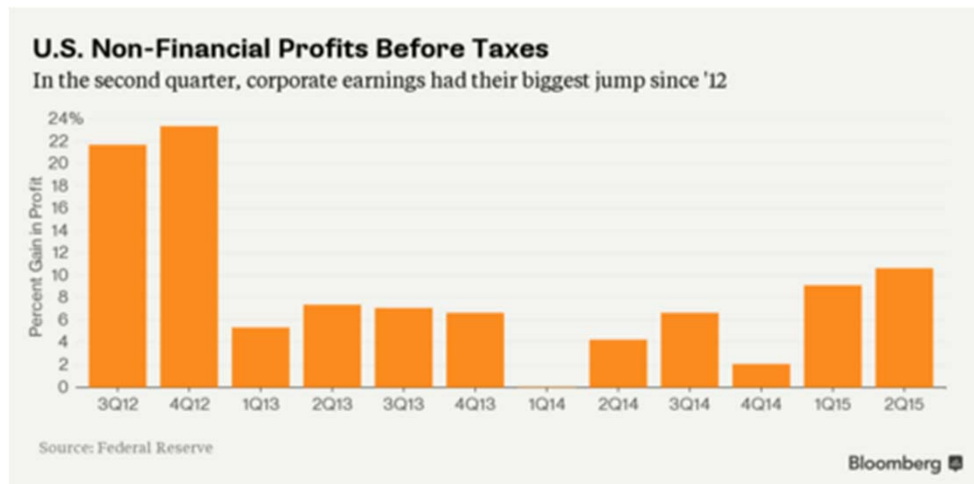
Much of the rationale for why the current equity market correction is of the more common variety hinges on the economy not being on the verge of recession. Investors cannot be blamed for their concerns, especially in the face of a 12% drawdown in the S&P 500 along with sharply lower commodity prices, the devaluation of the Chinese yuan, general fears over slowing global growth, and continued political gridlock in Washington.

As usual, these factors tell only a portion of the story. For every negative data point on the economy, there have been at least as many positive data points: Q2 GDP growth was revised higher than originally reported, employment and wages have continued to rise, housing and car sales have hit post-crisis highs, and both consumer confidence and spending are strong. JOLTS data (measure of workers leaving jobs voluntarily) has been particularly strong, reflecting increasing worker confidence.

While US growth has not been able to break out above 3%, it remains positive and probably better than most investors think. A recent Bloomberg headline read: "The Surprise About Weak US Profits Is How Strong They Are." The article referred to the Fed's measure of income (pre-tax profit for all non-financial firms in the US), which, while measured differently from the S&P 500, still tracks index profits about 83% of the time. Based on the Fed's yardstick, Q2 US corporate profits grew at the fastest clip since 2012.

<u>We believe that the fundamental outlook for the US, taken in aggregate, remains positive</u>- though with room for improvement. Absent a shock, look for continued growth in hiring and wages, which will be critical for future US corporate growth.





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Sources: Bloomberg, Strategas

Earnings news not all bad

While we have discussed several macroeconomic concerns that have weighed upon sentiment, the largest single culprit for weak equity markets this year is likely S&P 500 earnings. Looking at consensus estimates at this point, index earnings could fall by 2-3% in 2015 (consensus estimate is currently $110 per share for the S&P 500).

A deeper dive into S&P 500 earnings numbers reveals a couple of points. In reality, earnings growth is neither as bad as investors think for 2015 nor as strong for 2016 as current estimates suggest.

First, the collapse of earnings in the energy sector is the reason that aggregate S&P 500 earnings are down on a year-over-year basis. The energy sector will likely see an 85% decline in earnings in 2015. Excluding energy, S&P earnings are much better and will rise by ~6% for the full year. Second, earnings growth has been strongest so far this year in sectors that have benefited from certain trends, such as consolidation in health care, increasing wages and falling energy prices in consumer discretionary, and relative insulation from a strengthening US dollar in telecom.

As for 2016, the general economic climate (job/wage growth, spending, and the like) supports continued corporate profit strength. However, consensus estimates for 17% EPS growth in 2016 (to $129 per share) are probably too high. Depending on the perspective of the market, it is possible we will see revisions of 2016 earnings lower but a rise in equity prices as the market increases the probability that earnings growth is achieved.

Understanding the future trajectory of earnings has a direct impact on the valuation you pay for equities. The S&P 500 currently trades at a P/E multiple of 18x 2015 earnings. While not cheap, this multiple is inline with historical averages given low inflation and interest rates that may perpetuate into next year. **Even if the S&P 500 can only manage half of the current expected earnings growth, a high-single-digit total return for US equities is a realistic expectation for 2016.**

S&P 500 Earnings Growth by Sector

S&P Sectors	2015 Growth (est.)	2016 Growth (est)
Telecom	61%	5%
Health Care	20%	22%
Consumer Discretionary	9%	15%
Information Technology	8%	16%
Industrials	5%	10%
Financials	5%	9%
Utilities	4%	6%
Consumer Staples	2%	9%
S&P 500 Index	*-2%*	*17%*
Materials	-11%	37%
Energy	-85%	198%

S&P 500 Price Level Implied by Multiple and Earnings

Earnings Multiple	S&P 500 Operating Earnings						
	$105	$110	$111	$115	$120	$125	$129
20	2100	2200	2220	2300	2400	2500	2580
19	1995	2090	2109	2185	2280	2375	2451
18	1890	1980	1998	2070	2160	2250	2322
17	1785	1870	1887	1955	2040	2125	2193
16	1680	1760	1776	1840	1920	2000	2064
15	1575	1650	1665	1725	1800	1875	1935
14	1470	1540	1554	1610	1680	1750	1806
13	1365	1430	1443	1495	1560	1625	1677
12	1260	1320	1332	1380	1440	1500	1548

Sources: Gluskin Sheff, Bloomberg, Strategas

Euro area still in recovery

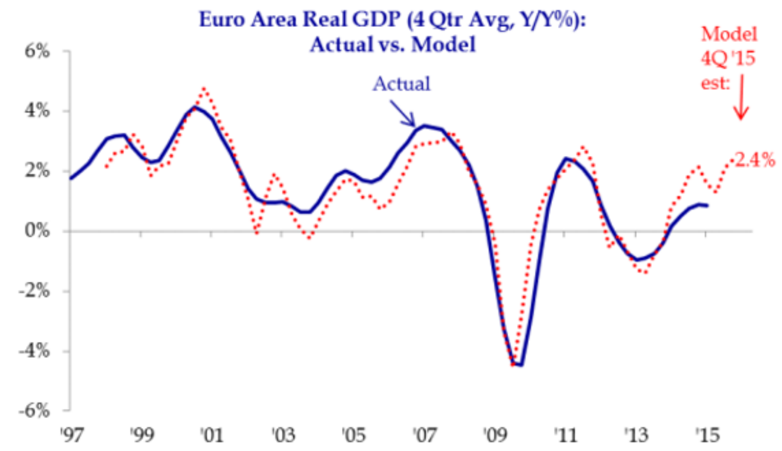
An accommodative ECB and low oil prices continue to support the cyclical recovery that is occurring in Europe. Last month, Euro-area real GDP was revised up to 0.4% quarter over quarter in Q2 and 1st quarter growth was revised up to 0.5%. These are certainly not eye-popping numbers, in this environment companies can drive top-line growth and expand profit margins back to historical levels.

The easing that the ECB continues to conduct has increased the supply of money in the eurozone economies and encouraged financial institutions to increase their consumer and business lending practices. For the first time in a long time, credit has been expanding in Europe as opposed to contracting. This is a significant underpinning for an economy whose business capital comes primarily from banks as opposed to the capital markets as in the US. In addition, forcing the euro exchange rate (relative to the US dollar) down to $1.13 provides a benefit to European companies both in global competitiveness and in a positive currency translation impact to earnings.

<u>What is also interesting is that the eurozone's next 12 month P/E is now back to where it was at the beginning of this year. From a valuation standpoint, we are seeing no benefit to the ECB's easing being priced in or the possibility for earnings growth to accelerate meaningfully if economic recovery allows profit margins to expand closer to historical average.</u>

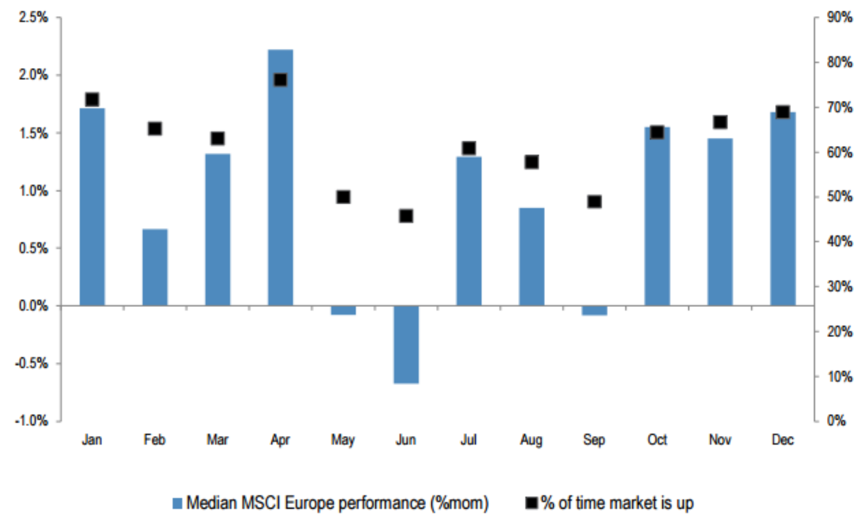
While we are long-term investors and not traders, it is still instructive to review how European markets typically perform in the 4th quarter, as we did earlier with US markets. Looking back since 1950, the equity market has been up approximately 65% of the time in October, November, and December. During each of those months, the median monthly return has been 1.5%. European cyclicals have historically demonstrated a strong Q4, and our base case is that, given the pullback we have seen in valuations during Q3, there is a good chance that we will continue to see this trend continue. As always in the investment world, every good disclosure should include the statement "past performance is not indicative of future results".

Indicators Point to Improving Euro-Area Growth



Source: Strategas

Median MSCI Europe Equity Returns by Month



* Median Return since 1970 , Sources: JP Morgan and Datastream

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Finding value and growth in Europe

Despite sluggish Euro-area real GDP growth of 0.5%, the Vanguard/FTSE European Index is up 4.3% YTD in local currency (down -3.6% in dollars), making it the best-performing major equity market thus far in 2015. In fact, the average European stock is up 7.5%.

Why? The combination of accommodative monetary policy with a weak Euro is translating into meaningfully higher profit margins and earnings expectations. A bottoms up look at the average European stock in the Vanguard/FTSE index demonstrates a gaudy 36% implied earnings growth rate over the next year. Longer-term earnings growth estimates also continue to creep higher. <u>Looking at total return as a function of growth plus yield, European stocks compare favorably to the US, with a higher margin of safety due to the lower earnings multiple.</u>

Outside of limited bullets for the ECB and company specific execution, a major risk to European earnings expectations and returns for dollar investors is the impact of currency (Euro, Sterling, and Swiss Franc). While smaller cap stocks in Europe and the U.S. are more dependent on their domestic markets for growth, the majority of larger cap European companies are more dependent upon revenues and profits generated outside of their domiciled country.

For example, we illustrate the impact on earnings expectations and total return from a weaker euro for a select and similar group of global brand name consumer staple companies in the US and Europe. <u>The positive currency translation impact to earnings for the European consumer staples has resulted in greater growth expectations than its US peers</u>, who are struggling with a strong dollar and global competitiveness. Meanwhile, the total return for dollar investors going forward will benefit most from a stable currency when investing in Europe.

Comparing Growth & Valuation

Stock Index	Trailing 12 Month P/E	Next 12 Month P/E	Implied YoY EPS Growth	Est Long-Term EPS Growth	Dividend Yield	Growth + Yield
Vanguard FTSE Europe Index	20.08	14.79	35.8%	9.2%	3.3%	12.5%
S&P 500 Index	18.03	16.21	11.2%	10.8%	2.0%	12.8%

Source: Bloomberg as of 10/19/15

Sample Consumer Staple Stocks: US vs. Europe

Consumer Staple	YTD Total Return (Local)	Trailing 12 Month P/E	Next 12 Month P/E	Implied YoY EPS Growth	Est Long-Term EPS Growth	Dividend Yield	Growth + Yield
<u>United States</u>							
Coca Cola	-2.6%	20.0	19.1	4.7%	6.4%	3.3%	9.7%
Colgate-Palmolive	-6.8%	22.3	20.8	7.2%	8.2%	2.4%	10.6%
Average	*-4.7%*	*21.2*	*20.0*	*6.0%*	*7.3%*	*2.9%*	*10.2%*
<u>Europe</u>							
Danone	6.5%	19.5	18.0	8.3%	10.8%	2.6%	13.4%
Unilever	5.1%	20.1	18.8	6.9%	9.0%	3.6%	12.6%
Average	*5.8%*	*19.8*	*18.4*	*7.6%*	*9.9%*	*3.1%*	*13.0%*

Source: Bloomberg as of 9/30/15

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Emerging Asia has not been immune to China

Concerns about a China slowdown have investors worried that peripheral nations reliant on exports to the mainland are perhaps at equal risk of a sustained correction. While we acknowledge this risk, we believe that the actual impact of a slowing China will be less than most investors believe. While exports to China make up a meaningful portion of the GDP of these economies, "value-added" (vs. supply-chain) exports are in the single digits for everyone except Taiwan.

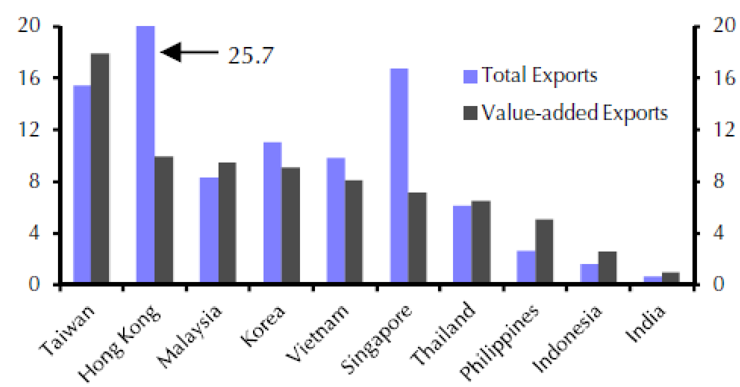
If China is heading for a hard landing, this would be led by a decrease in investment growth and lower demand for commodities, which would have the biggest direct impact on Indonesia (as over half of its exports to China are commodities) and, to a lesser extent, Malaysia. A sustained decline in the renminbi would challenge neighboring countries with similar export baskets such as Thailand and Malaysia, and put pressure on suppliers of intermediate components in the Chinese production chain (as inputs can be sourced more cheaply internally), having the largest relative effect on more developed economies such as Korea, Taiwan, and Singapore.

In the last few weeks, several Southeast Asian governments accelerated plans to boost growth and bolster markets amid anxiety about possible contagion from China's slowdown. Investors have yet to embrace these actions with confidence, as money has flowed out of the stock markets of Malaysia, Indonesia, and Thailand at the fastest pace since the start of the year. Last month, these countries announced programs to inject cash into funds used to buy local stocks and to more actively intervene in their currency markets. Downward pressure on these equity markets did not relent, as previous such measures taken by these governments have not produced the desired results or, in other cases, newly announced policies have later been revoked or simply not implemented.

The recent fall in both currencies and equities has caused many stocks to trade at more attractive valuations, but our enthusiasm is tempered due to concerns about continued Chinese policies and intervention. The contribution of Emerging Asia ex-China to global economic output and growth is significant, and we continue to keep a close eye on opportunities in the region as prices react and overreact to news from China.

3Q 15	Currency vs. USD	MSCI Index (Local)	MSCI Index (USD)
China	(2.4%)	(23.2%)	(23.2%)
Hong Kong	0.0%	(16.8%)	(16.8%)
Taiwan	(6.4%)	(13.3%)	(18.9%)
Singapore	(5.3%)	(16.3%)	(20.8%)
Korea	(5.9%)	(6.3%)	(11.7%)
Vietnam	(2.8%)	(8.7%)	(11.7%)
Thailand	(7.1%)	(12.3%)	(18.6%)
Malaysia	(14.1%)	(5.4%)	(19.2%)
Indonesia	(3.0%)	(4.3%)	(7.1%)
Philippines	(3.5%)	(7.5%)	(10.7%)
India	(9.0%)	(16.9%)	(24.2%)

Exports to China (% of GDP, Latest)



Sources: Bloomberg, Capital Economics, EPFR Global

MLPs pay to wait, but it is still a volatile ride

The Alerian MLP Index fell 48% from August 2014 through September 2015. Both the magnitude and the speed of the drawdown are surpassed only by the 2007-2008 financial crisis period. Catalysts for the selloff were sharply lower crude oil prices and resulting fears of slower future growth and distribution cuts.

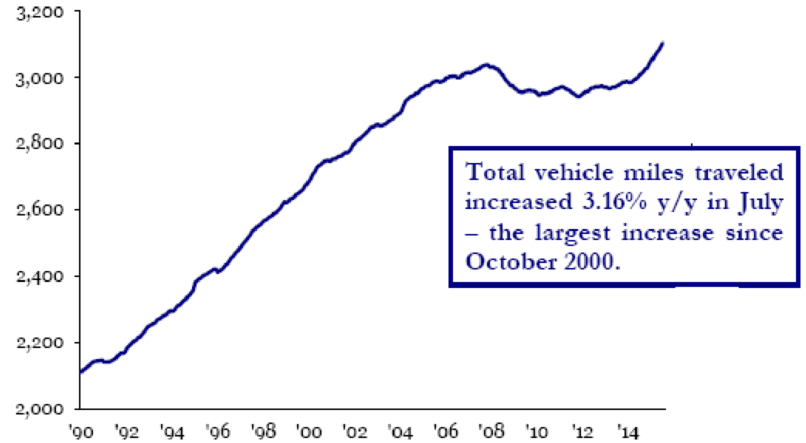
Selling pressure as the year progressed can be attributed not only to weak commodity prices, but also to unfounded concerns about the viability of the MLP corporate structure, early tax-loss selling, portfolio manager "window dressing", closed-end fund de-leveraging, and other technical factors unrelated to business fundamentals or valuations.

It is true that certain subsectors within MLPs are challenged in the current commodity price environment. E&P and natural resource MLPs have already seen sharp distribution cuts. However, the midstream universe has continued to increase distributions despite lower oil prices. Low commodity prices serve to stimulate demand for product. Since midstream MLPs are still volume-dependent, higher demand is good.

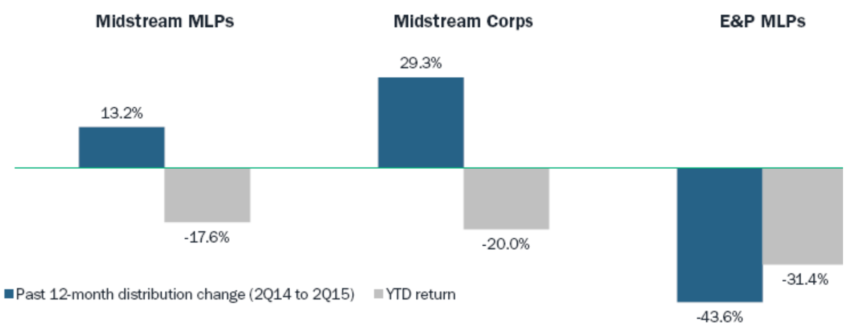
Midstream energy distributions are likely to continue to increase based on the following factors: business strength in non-oil companies, new projects coming online, additional infrastructure build in select basins, drop-downs, and M&A. Examples include Enterprise Products, which recently announced a 5.5% annualized distribution increase, and Genesis Energy, which announced a 10% increase. Kinder Morgan's distribution increase should be 10% or more. That said, one of the primary fundamental risks to growing distributions is the potential for increased cost of capital. MLPs are dependent on issuing debt and equity to fund new growth projects. At this point credit spreads on quality midstream pipelines have not increased significantly, but the cost of equity is higher because prices have fallen in the market.

It is unclear when selling pressure and market sentiment will turn, but time is on our side as investors. **MLP yields have hit six-year highs while valuations (EV/EBITDA) are at four-to-five-year lows.** As companies continue to start new projects, grow cash flow, and increase distributions, investors will regain confidence in the growth outlook and prices will recover. In the meantime, yields of 6-8% help offset short-term price volatility.

Total Driving Miles, 12 Mo. Rolling, Billions of Miles



Distribution Growth Not Helping Performance



Sources: Goldman Sachs, Strategas

Market Performance

Index	July	August	September	15Q3	2015	2014	2013	2012	2011	3yr	5yr	10yr
	Total Return									Trailing (annualized)		
DOMESTIC EQUITY												
S&P 500	2.1%	-6.0%	-2.5%	-6.4%	-5.3%	13.7%	32.4%	16.0%	2.1%	12.4%	13.3%	6.8%
DOW JONES INDUSTRIAL	0.5%	-6.2%	-1.4%	-7.0%	-7.0%	10.0%	29.7%	10.2%	8.4%	9.3%	11.4%	7.2%
NASDAQ	2.9%	-6.7%	-3.2%	-7.1%	-1.5%	14.8%	40.2%	17.7%	-0.8%	15.6%	15.8%	9.2%
S&P 400 Midcap	0.1%	-5.6%	-3.2%	-8.5%	-4.7%	9.7%	33.5%	17.8%	-1.7%	13.1%	12.9%	8.2%
RUSSELL 2000 INDEX	-1.2%	-6.3%	-4.9%	-11.9%	-7.7%	4.9%	38.8%	16.4%	-4.2%	11.0%	11.7%	6.5%
RUSSELL 3000 INDEX	1.7%	-6.0%	-2.9%	-7.2%	-5.5%	12.6%	33.6%	16.4%	1.0%	12.5%	13.3%	6.9%
ALERIAN INDEX	-3.2%	-5.0%	-15.3%	-22.1%	-30.7%	4.8%	27.6%	4.8%	13.9%	-3.6%	3.9%	8.2%
INTERNATIONAL EQUITY												
MSCI AC World (ACWI)	0.9%	-6.8%	-3.6%	-9.3%	-6.6%	4.8%	23.5%	16.9%	-6.8%	7.6%	7.5%	5.2%
MSCI EAFE	2.1%	-7.3%	-5.1%	-10.2%	-4.8%	-4.3%	23.5%	18.1%	-11.6%	6.3%	4.6%	3.7%
MSCI EM	-6.9%	-9.0%	-3.0%	-17.8%	-15.3%	-2.0%	-2.3%	18.6%	-18.2%	-5.0%	-3.3%	4.6%
MSCI EMEA	-4.7%	-7.2%	-5.0%	-16.0%	-12.5%	-14.5%	-4.7%	22.5%	-20.2%	-8.9%	-5.1%	1.1%
DJ Stoxx 50	3.8%	-7.5%	-5.2%	-8.9%	-6.2%	-7.9%	28.2%	21.8%	-15.8%	6.9%	2.7%	2.4%
FTSE 100 INDEX	2.1%	-7.3%	-4.5%	-9.6%	-7.4%	-5.0%	21.4%	15.6%	-2.3%	3.6%	5.1%	3.5%
NIKKEI 225	0.2%	-6.1%	-6.2%	-11.8%	0.9%	-4.2%	30.6%	12.4%	-10.4%	10.3%	7.3%	3.7%
HANG SENG INDEX	-6.1%	-11.8%	-3.2%	-19.8%	-8.8%	5.3%	6.5%	27.7%	-17.3%	3.7%	2.2%	6.6%
SHANGHAI SE COMPOSITE	-13.7%	-14.8%	-4.3%	-29.7%	-6.4%	54.0%	-1.0%	6.9%	-16.5%	16.1%	6.4%	15.1%
BRAZIL BOVESPA INDEX	-12.9%	-13.7%	-11.3%	-33.3%	-39.7%	-13.4%	-26.8%	-2.0%	-27.1%	-26.9%	-22.6%	-2.2%
MSCI BRAZIL SMALLCAP	-14.5%	-13.4%	-11.5%	-34.5%	-48.8%	-25.2%	-26.1%	29.5%	-24.0%	-33.1%	-20.1%	NA
S&P SECTOR BREAKDOWN												
S&P 500 ENERGY INDEX	-7.7%	-4.2%	-6.7%	-17.4%	-21.3%	-7.8%	25.0%	4.6%	4.7%	-4.1%	3.8%	3.3%
S&P 500 MATERIALS INDEX	-5.0%	-5.5%	-7.4%	-16.9%	-16.5%	6.9%	25.6%	15.0%	-9.8%	4.8%	6.7%	6.3%
S&P 500 INDUSTRIALS IDX	0.2%	-5.4%	-1.8%	-6.9%	-9.8%	9.8%	40.6%	15.3%	-0.6%	13.1%	12.3%	6.9%
S&P 500 CONS DISCRET IDX	4.8%	-6.4%	-0.6%	-2.6%	4.1%	9.7%	43.1%	23.9%	6.1%	18.6%	19.3%	10.4%
S&P 500 CONS STAPLES IDX	5.5%	-5.9%	0.5%	-0.2%	-1.0%	16.0%	26.1%	10.8%	14.0%	12.5%	14.2%	10.3%
S&P 500 FINANCIALS INDEX	3.1%	-6.8%	-3.0%	-6.7%	-7.1%	15.2%	35.6%	28.7%	-17.1%	15.4%	11.6%	-0.5%
S&P 500 HEALTH CARE IDX	2.8%	-7.9%	-5.7%	-10.7%	-2.1%	25.3%	41.5%	17.9%	12.7%	20.2%	19.0%	9.9%
S&P 500 INFO TECH INDEX	3.0%	-5.5%	-1.0%	-3.7%	-3.0%	20.1%	28.4%	14.8%	2.4%	12.2%	14.2%	8.5%
S&P 500 TELECOMM SVCS IX	0.0%	-3.4%	-3.6%	-6.8%	-3.9%	3.0%	11.5%	18.3%	6.3%	1.2%	8.3%	6.7%
S&P 500 UTILITIES INDEX	6.1%	-3.4%	2.9%	5.4%	-5.9%	29.0%	13.2%	1.3%	19.9%	10.1%	11.0%	6.7%
FIXED INCOME												
US TREASURY BILLS	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	0.1%	0.1%	0.1%			
US TREASURY MASTER	0.9%	0.1%	0.9%	1.9%	1.8%	6.0%	-3.4%	2.2%	9.8%			
US MUNICIPAL 3-5 YEAR	0.5%	0.0%	0.5%	1.0%	1.4%	2.0%	1.4%	2.4%	5.4%			
US BROAD CORPORATE	1.2%	-0.6%	0.9%	1.6%	-0.2%	7.5%	-1.5%	10.4%	7.5%			
GLOBAL BROAD MKT CORP	0.8%	-0.7%	0.2%	0.3%	-0.3%	7.8%	0.1%	10.8%	5.2%			
US HIGH YIELD	-0.6%	-1.8%	-2.6%	-4.9%	-2.5%	2.5%	7.4%	15.6%	4.4%			

All performance data quoted in USD and includes dividends

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