

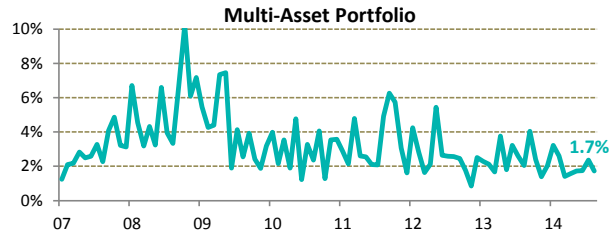
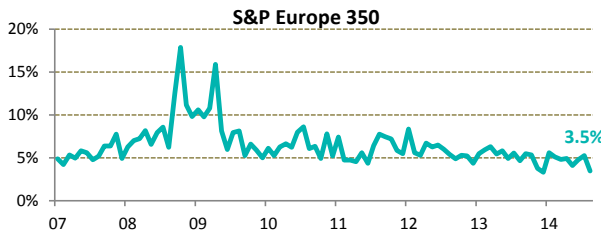
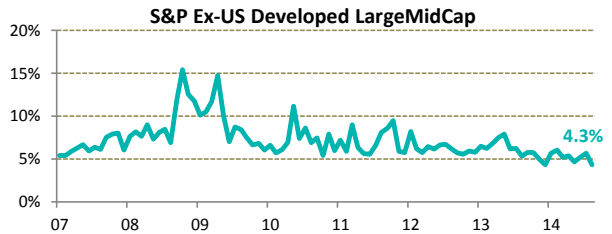
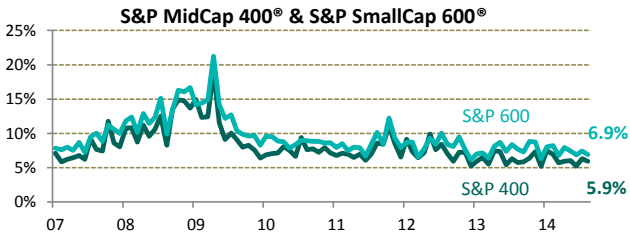
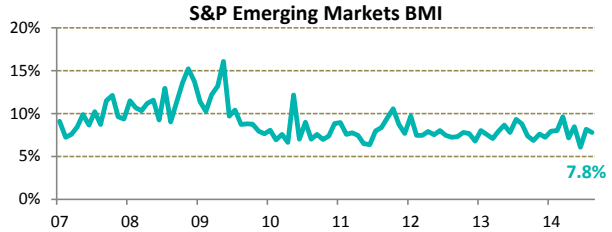
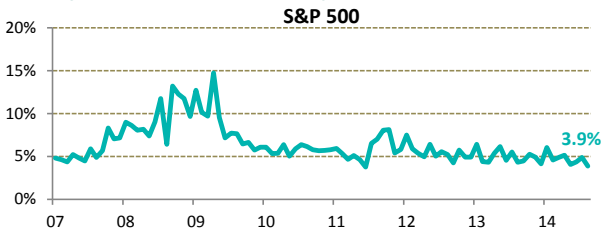
Index Investment Strategy

COMMENTARY

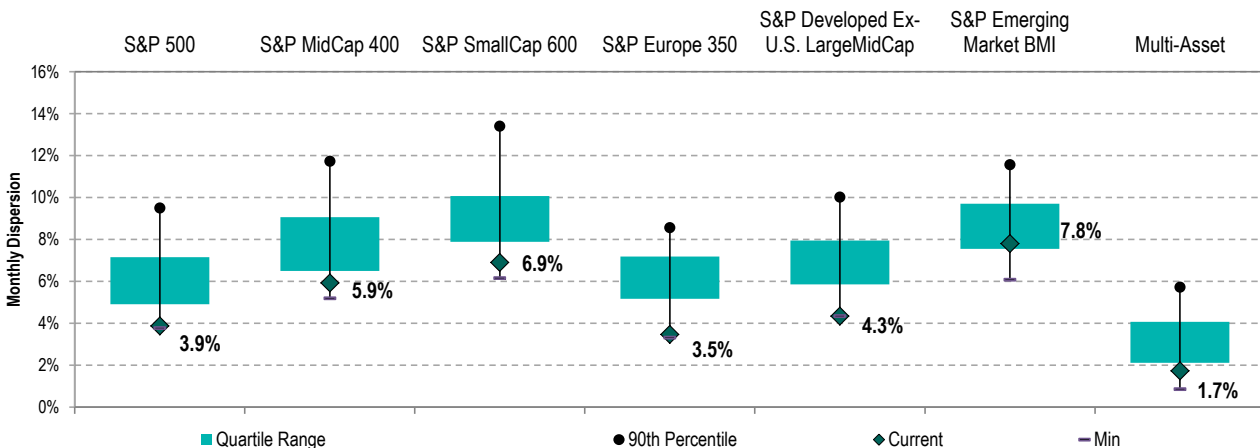
- Following a co-ordinated sell-off into the end of July, August began badly but finished well for equities. Large capitalization stocks in developed markets largely followed the macro environment, currently buffeted more by the market's reading of the ECB's perceived willingness to add further stimulus in Europe than by events in Ukraine or the Middle East.
- Dispersion within the S&P 500, S&P Europe 350 and S&P Developed Ex-U.S. LargeMid Cap indices has returned to the remarkably low levels seen at the turn of the year; each is within a few basis points of multi-decade lows.
- Correlations rose within the S&P 500, elsewhere changing relatively slightly. For the S&P 500 and S&P Europe 350, correlations are close to their long-run historical average; for other indices, correlations are well below average.
- Emerging market dispersion remains higher than that of developed markets in both absolute and relative terms.

DISPERSION

Monthly Dispersion Jan. 2007 - Aug. 2014



Dispersion Levels versus Historical Range

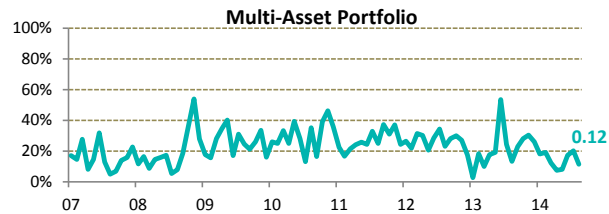
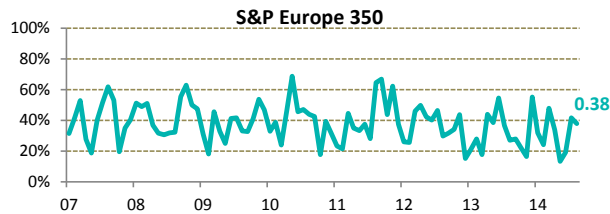
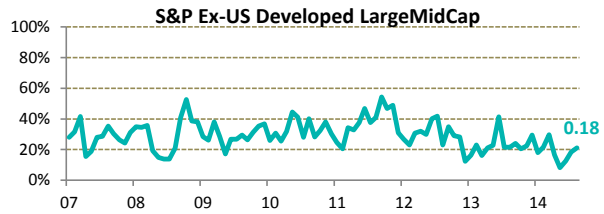
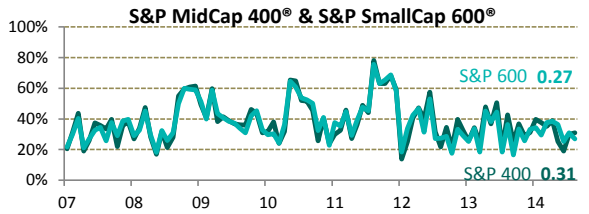
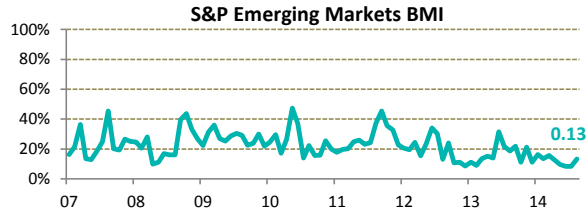
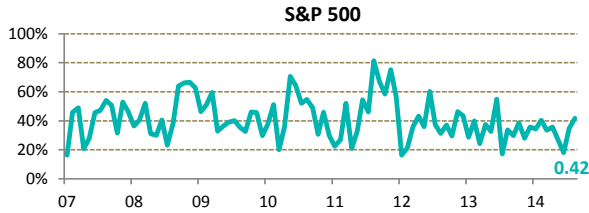


Source: S&P Dow Jones Indices LLC and/or its affiliates as of September 2, 2014. Charts and graphs are provided for illustrative purposes. Past performance is no guarantee of future results. For more information, please visit our website at www.spdji.com

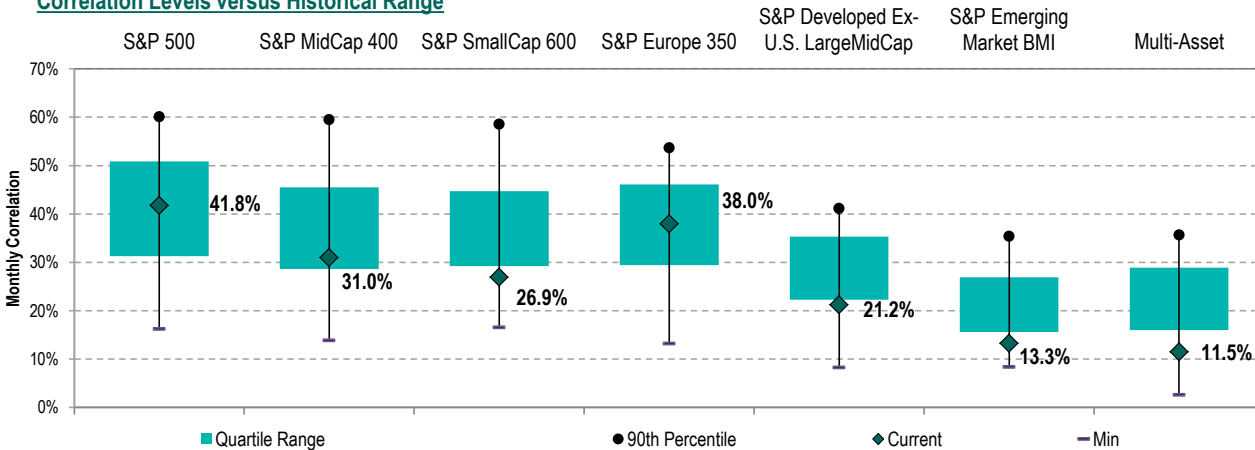
Index Investment Strategy

CORRELATION

Index-Weighted Average Pairwise Stock Correlation Jan. 2007 - Aug. 2014



Correlation Levels versus Historical Range



NOTES

- Index dispersions shown based on calendar month stock-level index-weighted dispersion. See the paper "[Dispersion: Measuring Market Opportunity](#)" for the definition of index dispersion and more information on the uses of dispersion.
- Index correlation based on single stock daily total returns during each calendar month. See the paper "[At the Intersection of Diversification, Volatility and Correlation](#)" for details on the relationship between correlation and dispersion.
- All calculations based total return indices in USD unhedged except in the case of the S&P Europe 350, the latter provided in EUR total returns.
- The Multi-Asset Portfolio comprises equal weights in each of: the S&P 500, S&P Europe 350, S&P Emerging Market BMI, S&P GSCI®, S&P TOPIX 150, Barclays Aggregate U.S. Corporate High Yield, Barclays Aggregate U.S. Bond and S&P / Citigroup International Treasury Bond Ex-US Indices. All returns are total returns in USD unhedged. Multi-Asset Portfolio dispersion and correlation are based on equally-weighted total monthly returns in the case of the former and equally weighted pairwise daily returns over in calendar month for the latter.

Source: S&P Dow Jones Indices LLC and/or its affiliates as of September 2, 2014. Charts and graphs are provided for illustrative purposes. Past performance is no guarantee of future results. For more information, please visit our website at www.spdji.com

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