

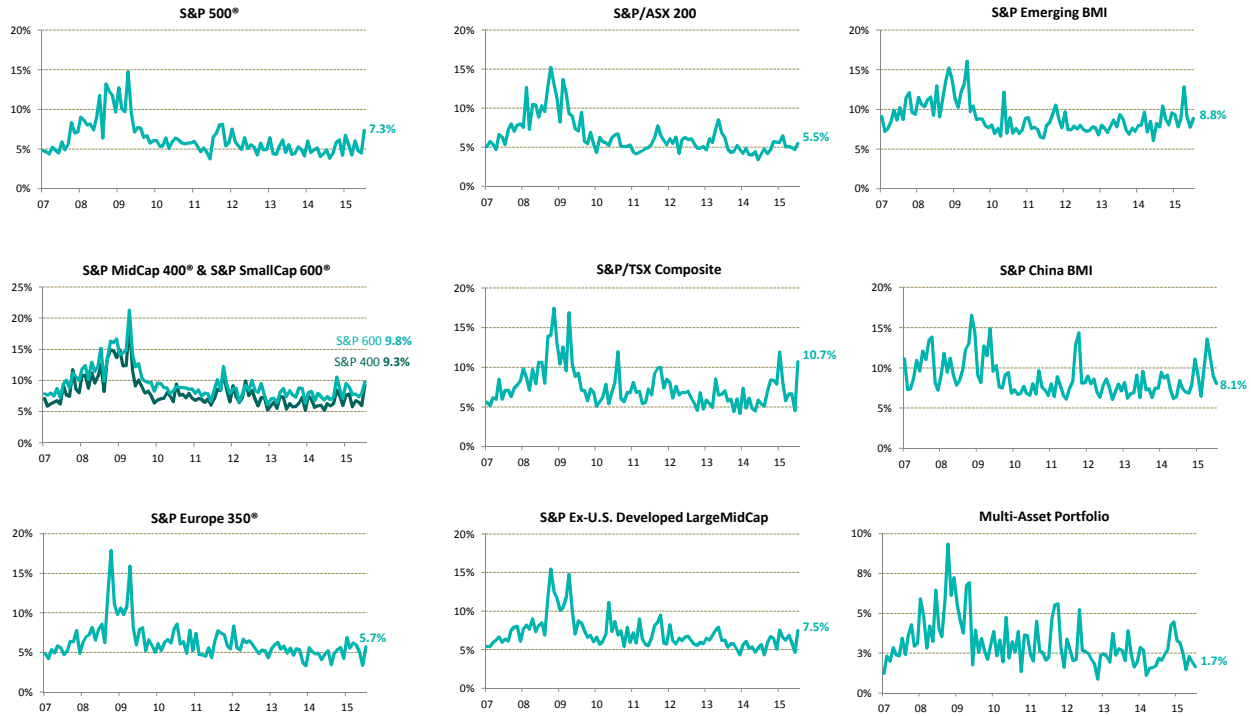
Index Investment Strategy

COMMENTARY

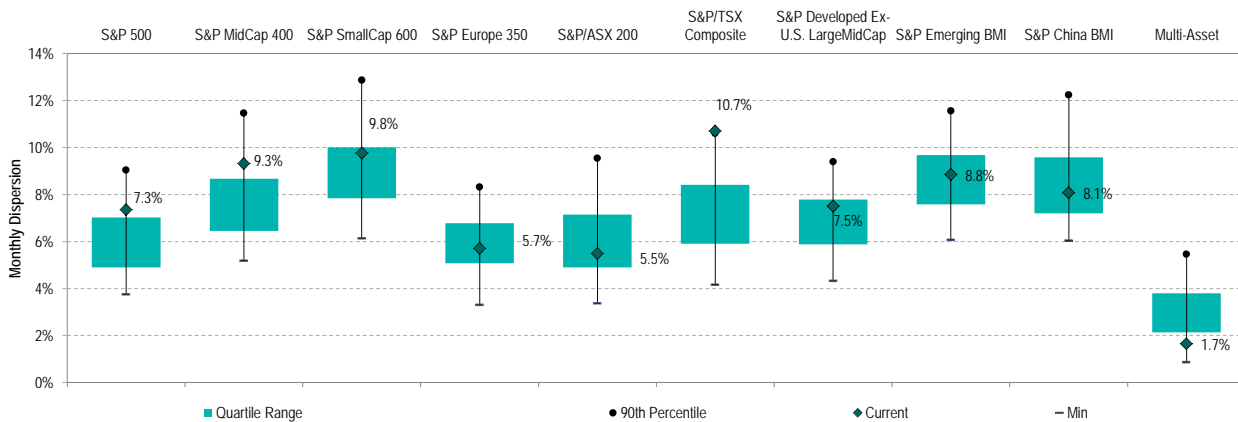
- In July, dispersion for the S&P 500 rose above 7% for the first time since early 2012. A 10% gap separated the returns of S&P 500 sector leaders Utilities and Consumer Staples from laggards Materials and Energy.
- We welcome Australian, Canadian and Chinese equities to our Correlation and Dispersion dashboards this month. In China, a rout in equities saw stock-to-stock correlation rocket up to 56% last month, the highest since 2002.
- Correlations remain worryingly high in a European market still paying close attention to the Greek debt crisis. Correlations were also high this month in Australia as the equity market digested a slowdown in the Chinese economy and falls across the board in commodity prices.

DISPERSION

Monthly Dispersion Jan. 2007 - Jul. 2015



Monthly Dispersion Levels versus Historical Range

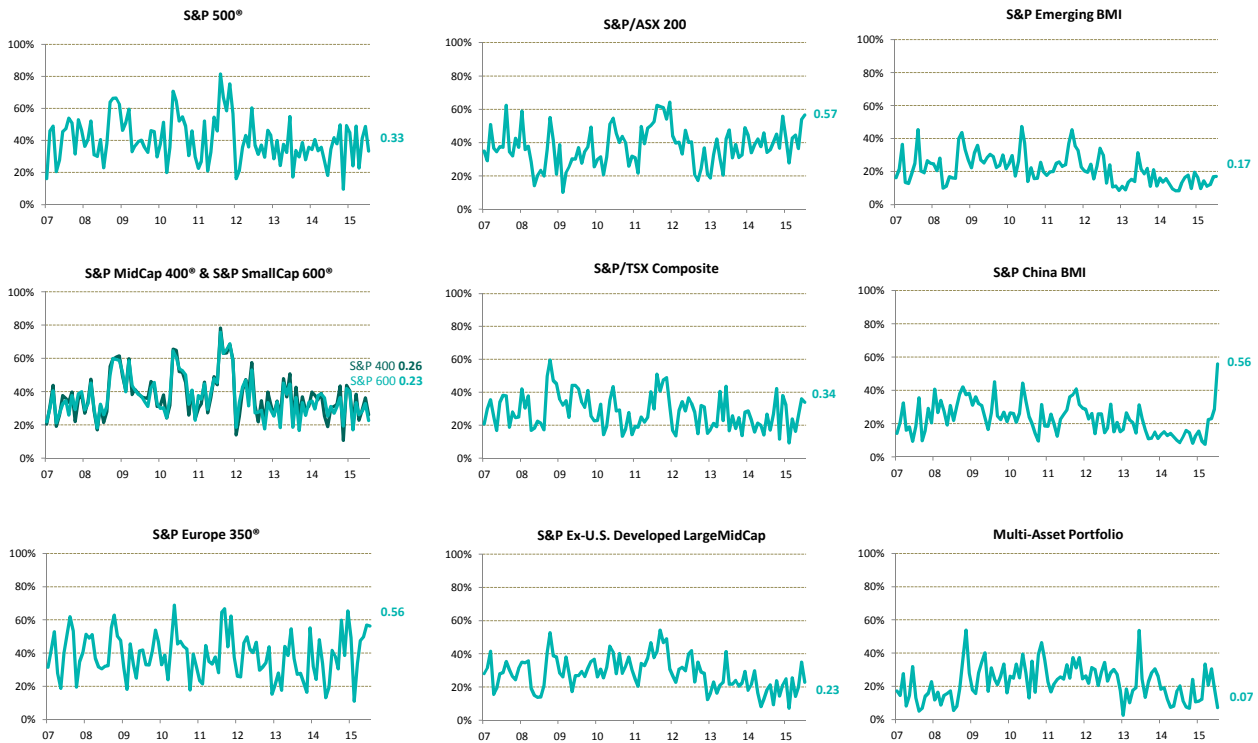


Source: S&P Dow Jones Indices LLC and/or its affiliates as of July 31, 2015. Charts and graphs are provided for illustrative purposes. Past performance is no guarantee of future results. For more information, please visit our website at [www.spdji.com](http://www.spdji.com)

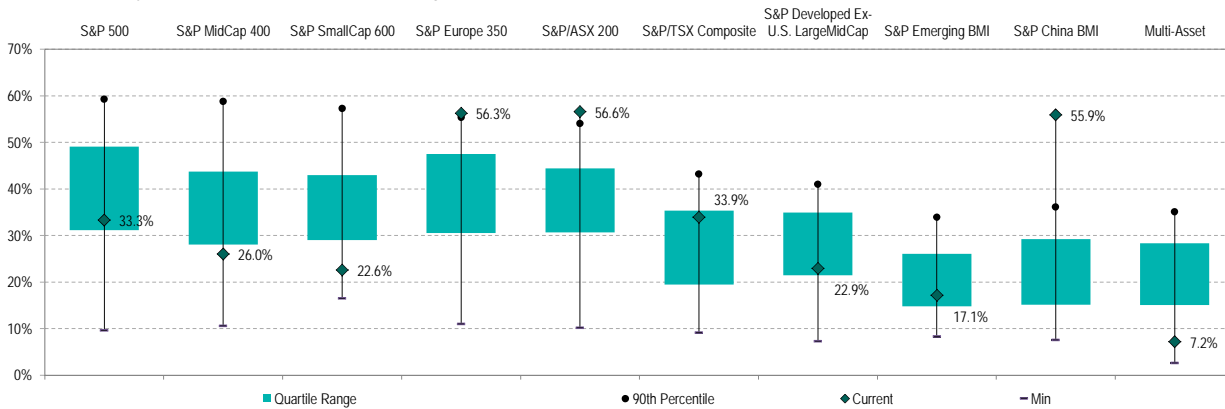
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CORRELATION

Index-Weighted Average Pairwise Stock Correlation Jan. 2007 - Jul. 2015



Current Monthly Correlation Levels versus Historical Range



NOTES

- Index dispersions shown based on calendar month stock-level index-weighted dispersion. See "[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 "[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.

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