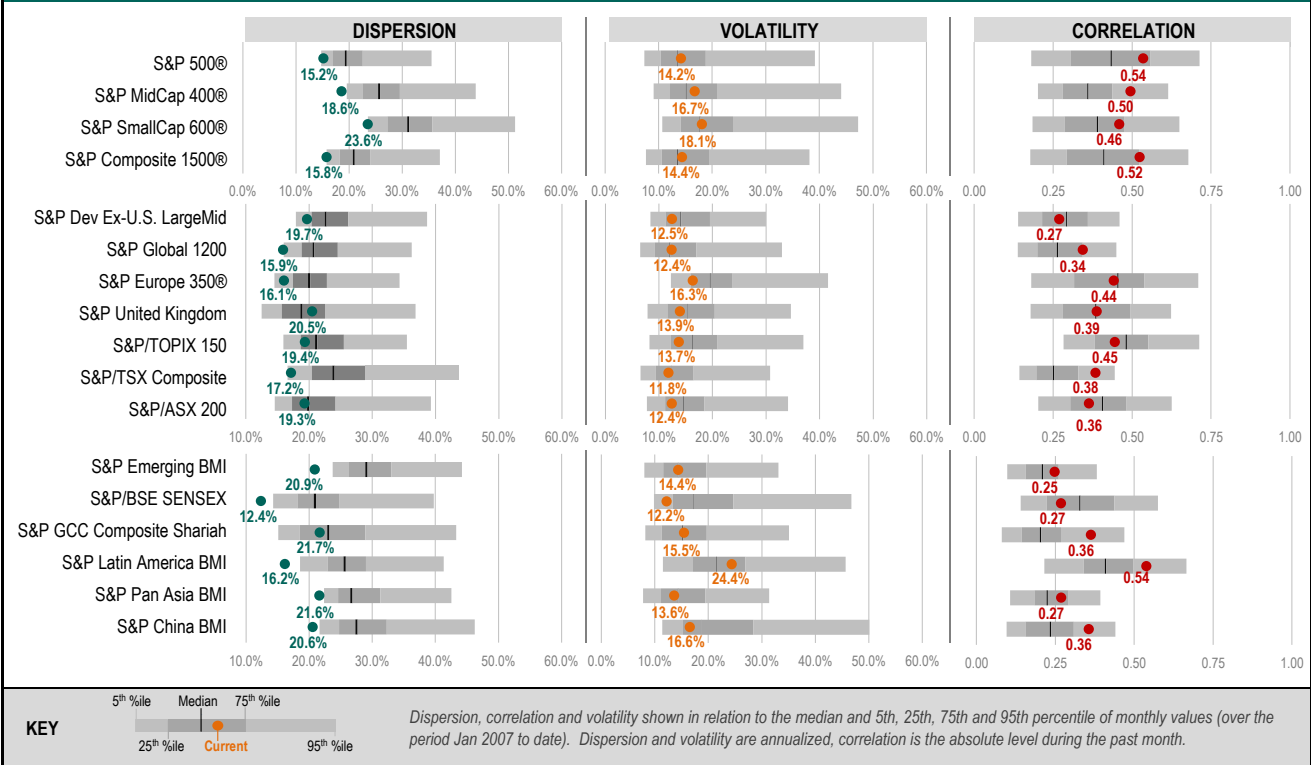


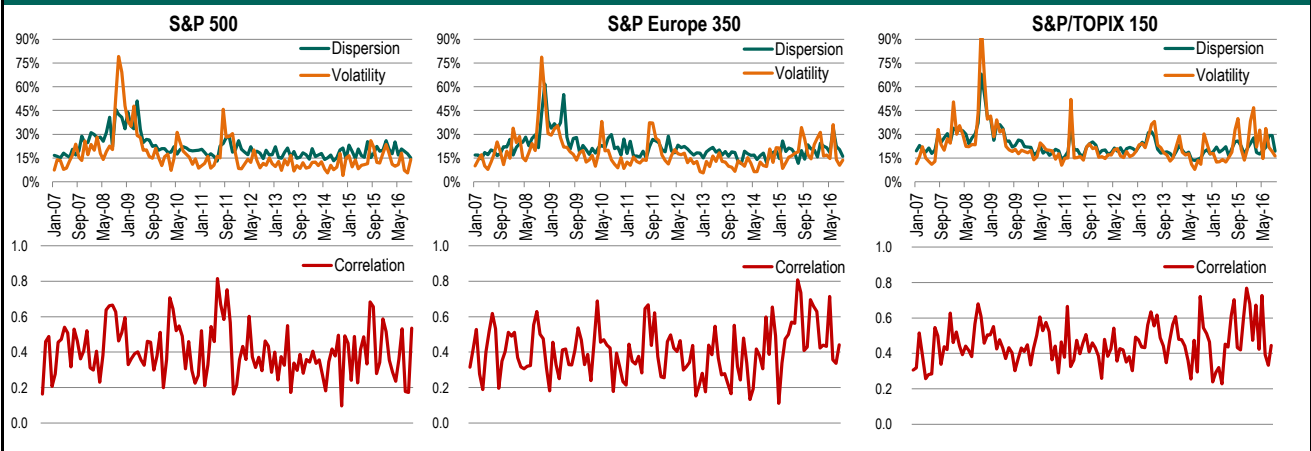
COMMENTARY

- After a quiet August, September saw a return to median levels of realized volatility in equity indices, globally. A sell-off early in the month in advance of an FOMC meeting was the major source of volatility; the market recovered somewhat, but correlations over the month were higher than average.
- Dispersion was low in every index this month, and has collapsed since the beginning of the year in both of the S&P Emerging BMI and the S&P Global 1200. Judging by our correlation measures, equity markets in Latin America and China remain particularly fragile to future shocks.
- On balance, our dashboard suggests a risk landscape that will challenge active managers: fairly typical volatility but with less dispersion, and more correlation, than usual.

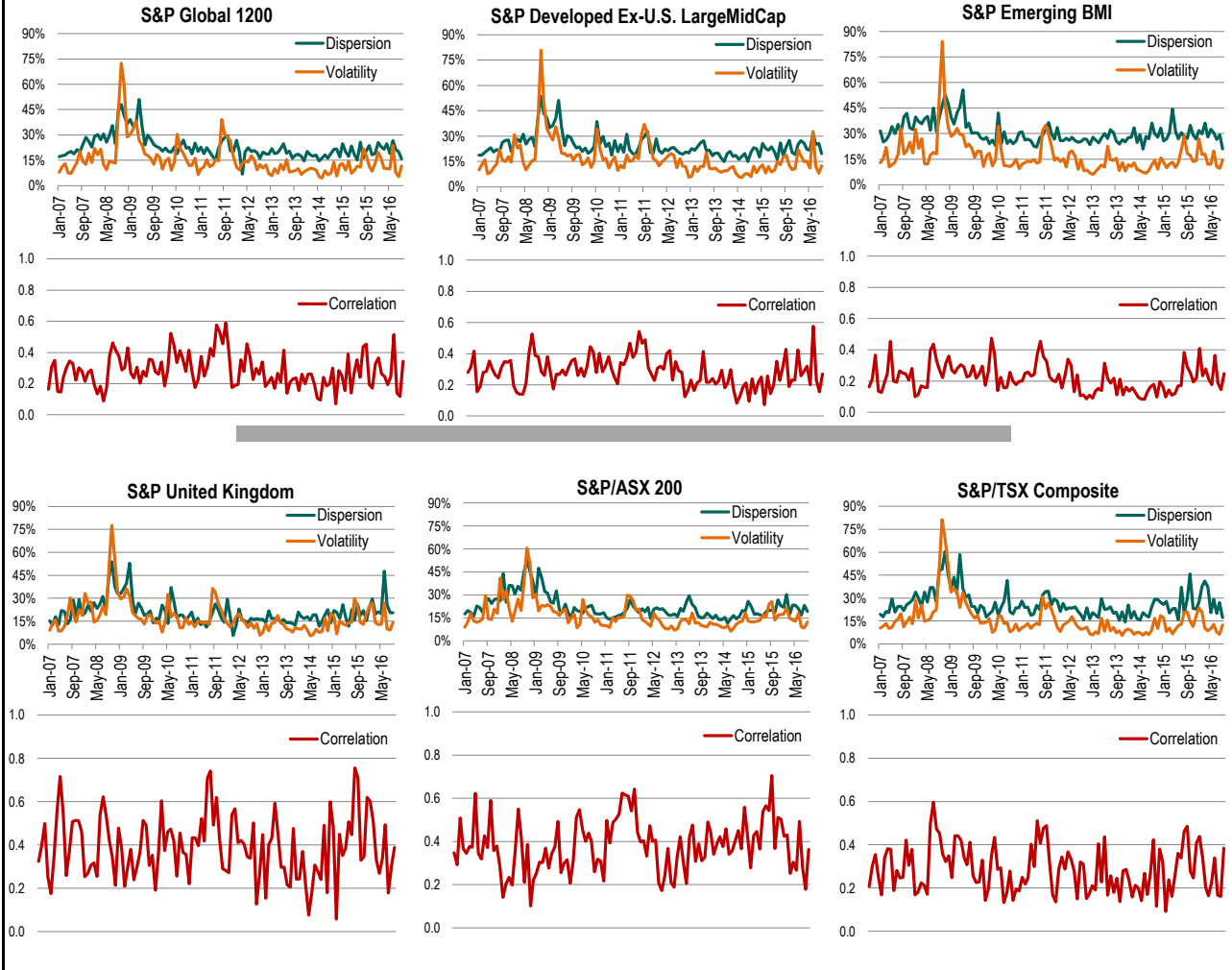
GLOBAL DASHBOARD



MAJOR BENCHMARKS JAN 2007 TO DATE



MAJOR BENCHMARKS JAN 2007 TO DATE (cont'd)



NOTES

Definitions

- **Dispersion** for each index is the annualized stock-level index-weighted standard deviation of constituent stock total returns over the month.
- **Volatility** for each index is the annualized standard deviation daily price returns over the month.
- **Correlation** for each index is the index-weighted average pairwise correlation among daily total returns of constituent stocks over the month.

Historical Measurement Periods

- The time period over which the median and percentiles of dispersion and correlation are measured begins with January, 2007 and ends with the current month except in the cases of the S&P GCC Composite Shariah (which has a history to April, 2007).

References

- See "[Dispersion Measuring Market Opportunity](#)" for the definition of index dispersion and more information on the uses of dispersion.
- See "[The Landscape of Risk](#)" for details on the relationship between correlation, volatility and dispersion.

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