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TALKING POINTS

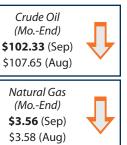
A Recap of September 2013

The Economy

The dominant news story of the day is clearly the government shutdown in Washington, D.C. While that mess sorts itself out, we would like to focus on the progress being made at the state level. Preliminary data compiled by the Rockefeller Institute shows that total state tax collections rose 11.0% (y-oy) in Q2'13, the 14th consecutive quarter in which revenues were up, according to its own release. Forty-three of the 46 states that have reported results experienced gains in tax revenues. Personal income, sales and corporate tax revenues were up 20.3%, 5.0% and 7.1%, respectively. Personal income tax revenues were boosted in Q2'13 by a 40.7% jump (tax hike) in collections in California. Fourteen states posted double-digit gains in collections.













394,000 (Jul)

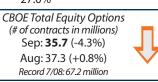


5.39M (Jul)

The	Stock	Market	۴
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One hundred and thirteen out of the 132 subsectors (86%) that comprise the S&P 500 posted a gain in **Indices** (Source: Bloomberg) Sep <u>12-mo.</u> S&P 500 3.1% 19.3% September, up from 19 (14%) last month, according to S&P Dow Jones Indices. Industrials was the best DJIA 2.3% 15.6% performing sector, up 5.68%. In Sep., the dividend-payers (419) in the S&P 500 (equal weight) posted a NASDAQ 100 4.8% 16.9% total return of 3.73%, vs. 5.23% for the non-payers (81), according to S&P. Y-T-D, the payers were up S&P 400 5.2% 27.6% 22.32%, vs. a gain of 30.60% for the non-payers. For the 12-month period ended Sep., payers were up 30.1% Russell 2000 6.4% 21.6% 25.53%, vs. a gain of 34.49% for the non-payers. The number of dividend increases y-t-d totaled 287, up Russell 3000 3.7% MSCI World (ex U.S.) (USD) 7.1% 22.2% from 254 at this point a year ago. Eleven dividends were cut, compared to 7 at this point a year ago. The MSCI Emerging Markets (USD) 6.5% 1.3% S&P Dow Jones Indices, which tracks approximately 10,000 U.S. traded stocks, announced that total 12-mo. stock dividend distributions (excludes special and extra one-time dividend payments) increased by a **Growth/Value** (Source: Bloomberg) Sep S&P 500 Growth 3.8% 17.0% net \$11.9 billion (y-o-y) in Q3'13, according to its own release. In Q3'13, 475 companies increased their S&P 500 Value 2.5% 22.1% dividend payouts, up 8.2% over the 439 increases in Q3'12. The number of companies decreasing their S&P 400 Growth 5.7% 25.7% dividend payouts fell from 53 in Q3'12 to 44 in Q3'13. In the first 9 months of 2013, there were 2,010 S&P 400 Value 4.7% dividend increases, up from 1,621 for the same period a year ago, and 287 decreases/suspensions, up 33.1% Russell 2000 Growth 7.0% from 121. The dividend payout rate, which has historically averaged 52%, stood at 33% in Q3'13. Russell 2000 Value 5.8% 27.0%











The Bond Market

Index (Source: Barclays)	<u>Sep</u>	<u>12-mo.</u>	<u>Yield</u>	The yield on the benchmark 10-Year T-Note declined by 18 basis points to 2.61% in September,
U.S. Treasury: Intermediate	0.74%	-0.86%	0.96%	but was up 98 basis points from a year ago. All of the major categories posted positive returns
GNMA 30 Year	1.58%	-1.95%	3.19%	in September largely due to the Fed's decision to delay the tapering of its monthly bond-buying
Municipal Bond (22+)	3.24%	-5.06%	4.78%	program. Investment grade companies issued a record (single month) amount of debt in
U.S. Aggregate	0.95%	-1.68%	2.34%	September bolstered by the largest corporate bond offering ever – a \$49 billion sale by Verizon
Intermediate Corporate	0.95%	0.32%	2.57%	Communications, according to The Wall Street Journal. Total issuance was \$145.7 billion,
U.S. Corporate High Yield	0.99%	7.14%	6.23%	according to Dealogic. Excluding the Verizon offering, September would have ranked as the 19th
Global Aggregate	2.06%	-2.64%	2.05%	biggest month on record, an indication that many investors still have an appetite for fixed-
EM Hard Currency Agg.	2.45%	-0.83%	5.07%	income. Lipper data shows senior loan funds have reported 65 consecutive weeks of net inflows.

Key Rates as of September 30 0-0.25% Fed Funds 2-Yr.T-Note 0.32% 10-Yr. T-Note 2.61% 30-Yr. Mortgage 4.25% Bond Buyer 40 5.09% (Source: Bloomberg)

Key Yield Spread Th U.S the on 8/3

e spread between the Merrill Lynch					
S. High Yield Constrained Index and					
e 10-Yr. T-Note was 419 basis points					
9/30/13, down slightly from 406 on					
30/13. It was 552 on 9/28/12.					
(Source: Bloomberg)					

2013 Debt Issuance Through August (Source: Thomson Reuters)							
Debt Category Treasury Corporate Convertible Asset-Backed Municipal	\$ Amount \$1.35 Trillion \$863.6 Billion \$19.4 Billion \$127.1 Billion \$229.3 Billion	% change over '12 -16.0% +4.4% +65.4% -3.0% -10.3%					

Equity funds reported net inflows totaling \$6.6 billion in 8/13, vs. \$18.3 billion (revised up) of net inflows in 7/13, according to the Investment Company Institute. Bond funds reported net outflows totaling \$29.5 billion, vs. \$16.8 billion (revised up) of net outflows in 7/13. Money Market fund net inflows totaled \$19.6 billion, vs. \$26.6 billion (no revision) of net inflows in 7/13. Year-to-date through August, equity funds reported net inflows totaling \$106.5 billion, vs. \$12.8 billion of net outflows for bond funds (municipals had net outflows totaling \$32.2B) and \$67.9 billion of net outflows for MMFs.



High/Low Snapshot

Data as of 9/30/13

Index	10-Yr. High Value	Date	10-Yr. Low Value	Date	Month-End Value	% Off High Value	YTD Return (USD)	Month-End Yield
S&P 500	1725.52	09/18/13	676.53	03/09/09	1681.55	-2.55%	19.79%	2.09%
S&P 500 Growth	915.44	09/19/13	363.99	03/09/09	897.00	-2.01%	19.44%	1.80%
S&P 500 Value	836.19	07/13/07	307.16	03/09/09	775.69	-7.24%	20.17%	2.42%
S&P 400	1257.72	08/01/13	404.62	03/09/09	1243.85	-1.10%	23.20%	1.59%
S&P 400 Growth	570.22	09/18/13	174.44	11/20/08	563.11	-1.25%	22.37%	1.24%
S&P 400 Value	439.39	08/01/13	144.98	03/09/09	431.89	-1.71%	24.05%	1.93%
S&P 100	769.98	09/18/13	322.13	03/09/09	748.12	-2.84%	17.72%	2.27%
DJIA	15676.94	09/18/13	6547.05	03/09/09	15129.67	-3.49%	17.63%	2.22%
NASDAQ 100	3237.61	09/19/13	1036.51	11/20/08	3218.20	-0.60%	22.22%	1.44%
Russell 2000	1078.41	09/26/13	343.26	03/09/09	1073.79	-0.43%	27.68%	1.62%
Russell 2000 Growth	639.84	09/26/13	190.73	03/09/09	637.16	-0.42%	32.47%	0.99%
Russell 2000 Value	1382.64	07/23/13	469.32	03/09/09	1371.33	-0.82%	23.07%	2.30%
Russell 3000	1033.85	09/18/13	389.61	03/09/09	1011.55	-2.16%	21.31%	2.02%
MSCI World x U.S. (USD)	5379.90	10/31/07	2131.84	03/09/09	4885.54	-9.19%	14.66%	3.18%
MSCI Emerging Markets (USD)	473.36	10/29/07	120.88	09/30/03	403.12	-14.84%	-4.35%	2.73%
Bovespa/Brazil (USD)	44638.24	05/19/08	5477.48	09/30/03	23476.36	-47.41%	-21.32%	4.04%
RTS/Russia (USD)	2487.92	05/19/08	480.65	11/19/03	1422.49	-42.82%	-3.45%	1.60%
Bombay SE 500/India (USD)	226.04	01/07/08	38.21	09/30/03	112.11	-50.40%	-17.49%	1.65%
Shanghai Composite/China (USD)	810.24	10/16/07	122.21	07/11/05	355.29	-56.15%	0.54%	2.92%
KOSPI/South Korea (USD)	2.29	10/31/07	0.61	09/30/03	1.86	-18.94%	-0.21%	1.17%
Hang Seng (USD)	4082.25	10/30/07	1406.13	05/17/04	2947.38	-27.80%	4.19%	3.36%
MSCI Euro (USD)	1988.53	10/31/07	680.91	03/09/09	1246.39	-37.32%	17.75%	3.62%
S&P Consumer Discretionary	486.51	09/19/13	125.72	03/09/09	480.30	-1.27%	29.12%	1.44%
S&P Consumer Staples	434.10	05/15/13	199.80	03/09/09	410.24	-5.50%	16.08%	3.00%
S&P Energy	668.81	05/20/08	193.04	11/21/03	604.86	-9.56%	15.41%	2.19%
S&P Utilities	223.91	12/10/07	107.56	11/18/03	189.84	-15.22%	10.14%	4.10%
S&P Financials	509.55	02/20/07	81.74	03/06/09	268.37	-47.33%	22.93%	1.76%
S&P Banks	414.38	02/20/07	49.02	03/05/09	189.78	-54.20%	22.37%	2.35%
FTSE NAREIT Equity REITs	676.54	02/07/07	163.57	03/06/09	516.39	-23.67%	3.03%	3.73%
S&P Health Care	600.56	09/18/13	252.84	03/05/09	586.02	-2.42%	28.45%	1.78%
S&P Pharmaceuticals	464.22	08/02/13	214.50	03/03/09	449.29	-3.22%	23.21%	2.82%
NYSE Arca Biotechnology	2246.78	09/18/13	437.29	11/11/03	2179.78	-2.98%	40.99%	0.08%
S&P Information Technology	528.58	09/19/13	198.51	11/20/08	519.26	-1.76%	13.39%	1.67%
Philadelphia Semiconductor	560.65	01/12/04	171.32	11/20/08	490.84	-12.45%	29.56%	2.17%
S&P Telecom Services	181.06	05/31/07	88.10	03/09/09	149.30	-17.54%	5.69%	4.91%
S&P Industrials	410.81	09/19/13	132.83	03/09/09	400.70	-2.46%	23.91%	2.07%
S&P Materials	285.91	05/16/08	108.33	03/02/09	265.01	-7.31%	13.50%	2.67%
Philadelphia Gold & Silver	228.95	04/08/11	64.36	10/27/08	93.42	-59.20%	-42.53%	2.73%
Reuters/Jefferies CRB	473.52	07/02/08	200.34	03/02/09	285.54	-39.70%	-3.21%	N/A
Merrill Lynch Perpetual Preferred	197.97	05/08/13	51.79	03/09/09	182.30	-7.92%	-2.94%	6.06%
Merrill Lynch High Yield Master II	333.28	05/09/13	130.37	12/12/08	326.83	-1.93%	3.79%	6.80%