# Capital Markets Summary

For the Month Ended July 31, 2010

| US Equity | July '10 | Y-T-D | 2009 | |
|---|---|---|---|---|
| **Large Cap Stock** | | | | Don't call it a comeback. After May and June brought fears of a sovereign debt crisis in Europe and a double dip recession later this year in the U.S., July took the large cap index just about back to breakeven for 2010. Strong earnings and revenue beats propelled returns to the 5th best July in the last 50 years. Obama signed the financial overhaul bill into law during the middle of the month. A few leading economic indicators continued pointing to a slowdown. The month ended with a disappointing estimate for second quarter GDP at 2.4%. Despite the gains in equity markets, investors withdrew $7.4 billion from equity mutual funds. The top performing industries were autos (+20%) and materials (+12%), while pharma (+3%) and household products (+2%) were at the bottom. In terms of factors driving performance, low dividend yielding stocks and companies with low credit ratings outperformed high dividend yielding stocks and those with high credit ratings. This has been the case over the past year and why many cite the returns as a "low quality" rally.* |
| Dow Jones Industrial Average | 7.23% | 1.87% | 22.68% | |
| S&P 500 | 7.01% | -0.11% | 26.46% | |
| Russell 1000 | 6.95% | 0.11% | 28.43% | |
| Russell 1000 Value | 6.77% | 1.30% | 19.69% | |
| Russell 1000 Growth | 7.13% | -1.06% | 37.21% | |
| **Small & Mid Cap Stock** | | | | |
| Russell Mid Cap | 7.19% | 4.98% | 40.48% | |
| Russell Mid Cap Value | 7.45% | 6.50% | 34.21% | |
| Russell Mid Cap Growth | 6.88% | 3.34% | 46.29% | |
| Russell 2000 | 6.87% | 4.79% | 27.17% | |
| Russell 2000 Value | 7.14% | 5.38% | 20.58% | |
| Russell 2000 Growth | 6.61% | 4.15% | 34.47% | |

| International Equity | July '10 | Y-T-D | 2009 | |
|---|---|---|---|---|
| MSCI EAFE | 9.49% | -4.67% | 32.46% | Europe's gains were led by the financial industry after the announcement of softer capital and liquidity rules, along with the bank stress tests (though many felt the tests were not strong enough). Japan lagged global markets due to weak export and manufacturing data. Data across India and China also came in below expectations as industrial production dropped. After praising the performance last month, frontier markets fell behind developed and emerging markets in July (+5.9%), but maintain the lead so far in 2010 (+6.6%).* |
| MSCI EAFE Value | 10.70% | -6.33% | 35.06% | |
| MSCI EAFE Growth | 8.33% | -3.02% | 29.91% | |
| MSCI Europe | 11.66% | -6.54% | 36.81% | |
| MSCI Japan | 3.56% | 0.82% | 6.39% | |
| MSCI Emerging Markets | 8.40% | 1.85% | 79.02% | |

| Alternative Assets | July '10 | Y-T-D | 2009 | |
|---|---|---|---|---|
| Dow AIG Commodity | 6.77% | -3.48% | 18.91% | Agriculture led commodity gains for a second month in a row while silver and gold were laggards, off 4% and 5%, respectively. REITs had a huge month and rallied over 100% since the March 2009 lows, still, the industry is off over 40% from its highs in 2007. |
| Wilshire REIT | 9.87% | 15.56% | 28.60% | |
| Hedge Fund of Funds | 0.74% | -0.47% | 11.46% | |

| Fixed Income | July '10 | Y-T-D | 2009 | |
|---|---|---|---|---|
| Barclays Gov't/Credit Bond | 1.13% | 6.68% | 4.53% | Although equity and credit markets rallied, one might expect a sell-off in Treasuries, but the bond market did not buy the rally in risky assets and yields dropped on the 10-year from 2.97% to 2.94% and to a record low on the two-year from 0.61% to 0.55%. High yield led the gains for domestic bonds during the month, but investment grade corporates still outpaced on a year-to-date basis. The fall in the dollar during July helped drive prices for global bonds. Municipals continue receiving fund flows and offer a strong after tax-yield advantage, especially if the Bush tax cuts expire. |
| Barclays Corporate Bond | 1.96% | 7.87% | 18.67% | |
| Barclays High Yield Bond | 3.45% | 7.82% | 55.71% | |
| Barclays US Aggregate Bond | 1.07% | 6.46% | 5.93% | |
| Barclays Global ex. US Tres. | 4.71% | 1.96% | 4.36% | |
| Barclays Municipal Bond | 1.25% | 4.60% | 12.91% | |

MSCI indices returns are in US dollars. Hedge Fund of Funds is the HFRI Fund of Funds Composite *Morgan Stanley Research



6685 Beta Drive, Mayfield Village , Ohio 44143 • P 440.605.1900 • TF 866.605.1901 • F 440.605.0200 • www.aurumwealth.com