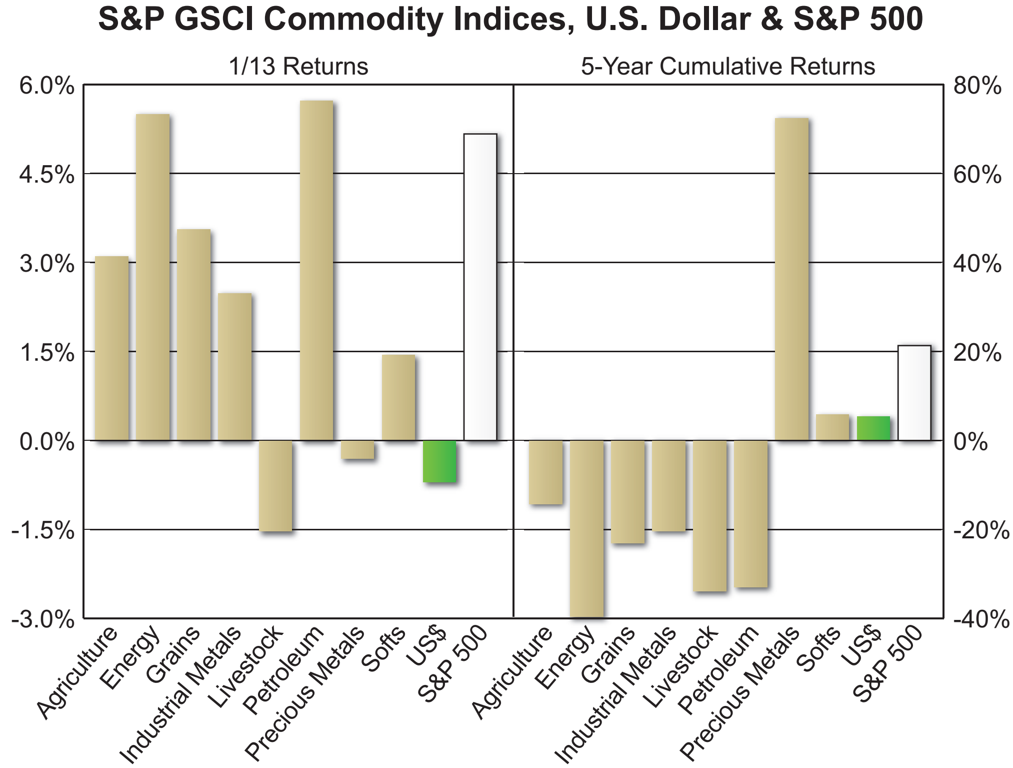
Commodities Poised For A Rebound In 2013



Source: S&P 500 Dow Jones Indices. Data as of 1/31/13. *Past performance is no guarantee of future results.*
Note: S&P GSCI U.S. Dollar Index (DXY) S&P 500 Index

View from the Observation Deck

1. In a year in which many asset classes posted double-digit returns, commodity prices actually declined by 3.4% in 2012, as measured by the Thomson Reuters/Jefferies CRB Index.
2. The combination of the economic weakness in Europe, stemming from the ongoing sovereign debt crisis in the European Union, and the tempering of growth in China helped dampen demand for some commodities.
3. The U.S. dollar received an unexpected bump in support, in our opinion, due to the weakness in the euro. Capital flowed to dollar-denominated securities despite the U.S.'s sovereign debt downgrade in 8/11.
4. The International Monetary Fund (IMF) estimates that global GDP growth will increase from 3.2% in 2012 to 3.5% in 2013. It sees "Emerging & Developing Economies" growing by 5.5% in 2013, up from 5.1% in 2012.
5. China is one of the most aggressive buyers of commodities worldwide and has stated its intent to embrace more of a growth-oriented strategy moving forward, including infrastructure projects.
6. Standard & Poor's estimates that the materials sector will post the highest earnings growth rate, up 21%, of the 10 major sectors in 2013.
7. As the chart shows, most commodities are off to a positive start in 2013. The dollar was down in January.
8. The cumulative returns on the right side of the chart show that most commodities were not correlated with stocks (S&P 500) over the past five years.

This chart is for illustrative purposes only and not indicative of any actual investment. The illustration excludes the effects of taxes and brokerage commissions or other expenses incurred when investing. Investors cannot invest directly in an index. The S&P GSCI index series comprises several sub-indices including commodity sectors, single components and thematic baskets. The U.S. Dollar Index (DXY) indicates the general international value of the U.S. dollar relative to a basket of major world currencies. The S&P 500 is a capitalization-weighted index comprised of 500 stocks used to measure large-cap U.S. stock market performance.