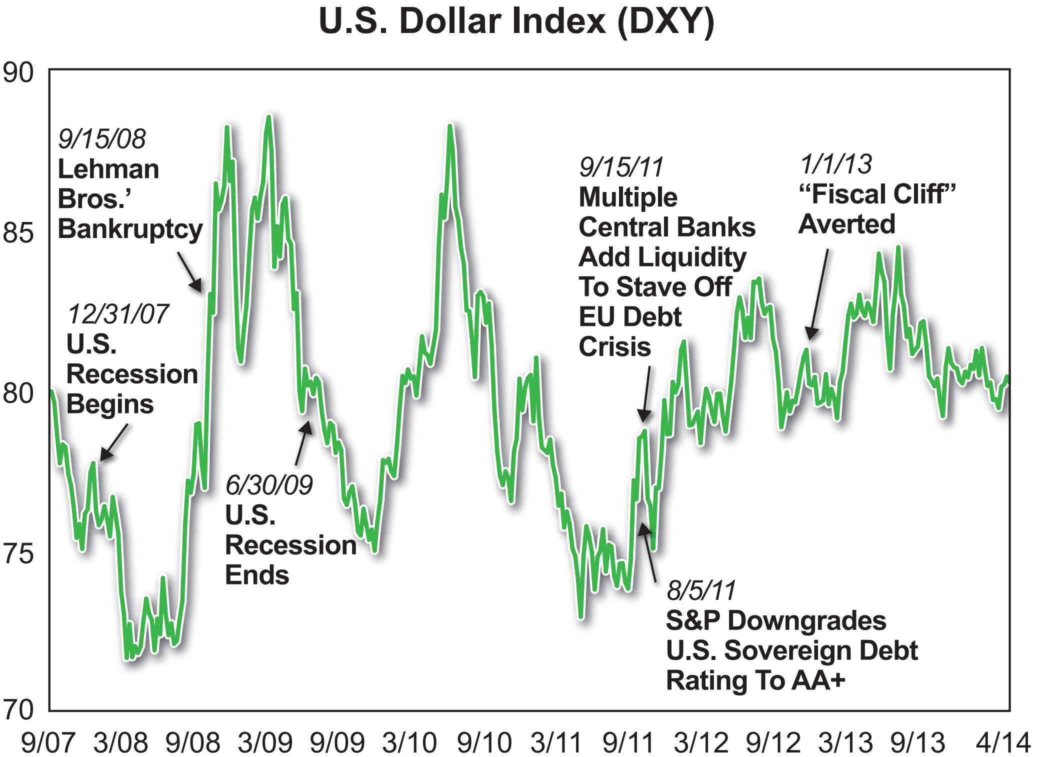
The U.S. Dollar Priced Where It Stood Prior To The Financial Crisis



Source: Bloomberg

View from the Observation Deck

1. The U.S. Dollar Index (DXY) indicates the general international value of the dollar relative to a basket of major world currencies.
2. The dollar is still regarded as the world's primary reserve currency. Its relative strength over time can be influenced by such things as central bank monetary policy, geopolitical events and trade.
3. U.S. investors with exposure to foreign securities, commodities and the stocks of U.S. multinational companies are particularly vulnerable to fluctuations in the U.S. dollar.
4. These investors tend to benefit more over time from any relative weakness in the U.S. dollar. A weaker U.S. dollar can potentially enhance returns via the exchange rate. Conversely, a stronger U.S. dollar can reduce the returns of foreign investments as they are translated into U.S. dollars.
5. Predicting the direction of the dollar, or any currency, can be a daunting task, even for professionals who specialize in it.
6. Standard & Poor's downgrade of the U.S. sovereign credit rating from AAA to AA+ on 8/5/11 (see chart) is a prime example, in our opinion.
7. While conventional thought would have been that a downgrade of that magnitude would have negatively impacted the U.S. dollar, it did not.
8. In hindsight, the sovereign debt crisis threatening a number of countries within the European Union trumped the U.S. downgrade. Ironically, the U.S. was still viewed as a safe haven at that time.
9. We believe that investors with a long time horizon and a properly diversified investment portfolio should not fear short-term fluctuations in the U.S. dollar.

This chart is for illustrative purposes only and not indicative of any actual investment. Investors cannot invest directly in an index. The U.S. Dollar Index (DXY) indicates the general international value of the dollar relative to a basket of major world currencies.