

Highlights

- Equities continued yesterday's late-day wrought throughout the Asian session and into Europe
 - US stocks finished up .5%, but another afternoon selloff erased much of an earlier gain
 - Tech was the standout today, followed by Health Care and Industrial as Energy, Telecom, and Utilities brought up the rear
 - Energy's initial bounce off of the 8/25 low is fading fast and now Tech is the best performer since that important date
 - Europe was better on the day in USD terms and Japan gave back about a third of yesterday's moonshot
 - EM it was Industrials, Materials and Utilities in the lead with Energy the laggard
 - Developed and Emerging Market Knowledge Leaders outperformed again today, as they have consistently done throughout turbulent markets this year
 - Over the last year Developed World and Emerging Markets Knowledge Leaders have bettered DM and EM stocks by more than 7% each
 - Over the last year, DM stocks are down 6.2% and EM stocks are down 25%
- Government benchmark bond yields were again flat to higher on the day with the US 10 year backing up 2bps
- Most currencies were higher against the USD with the Euro gaining about .7% from overnight levels
- Commodities were flat to higher led by crude

Daily Financial Markets Wrap – Equities

September 10, 2015

MSCI World Index



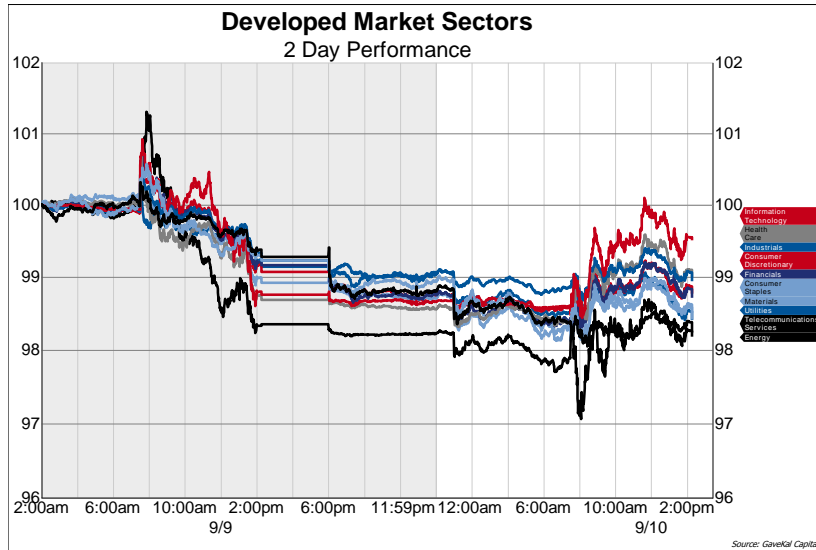
- Mixed day today for DM stocks
- Returns over the last year remain subpar and the trendline since the October low is clearly broken
- Dead cross still in place



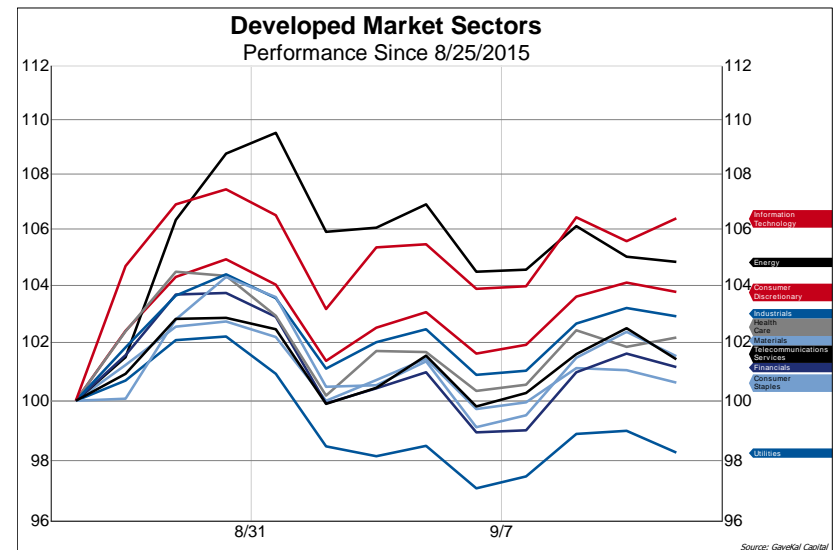
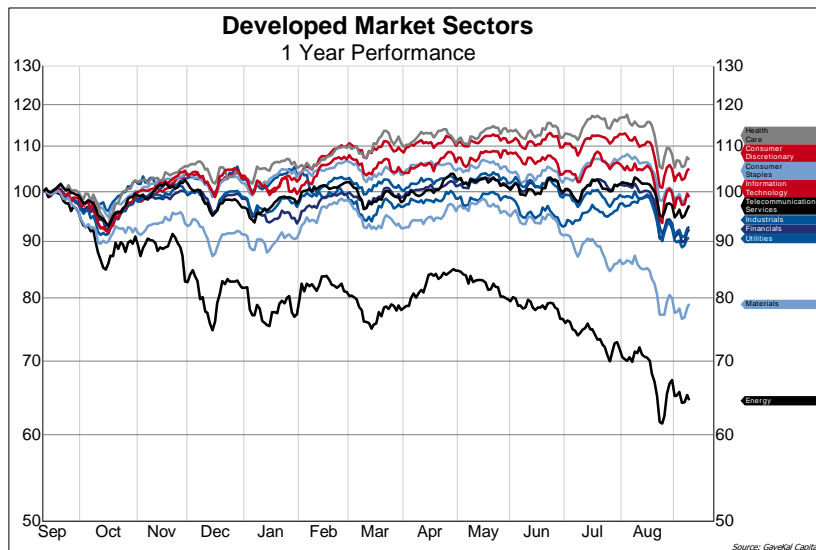
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Developed Markets Sector Performance



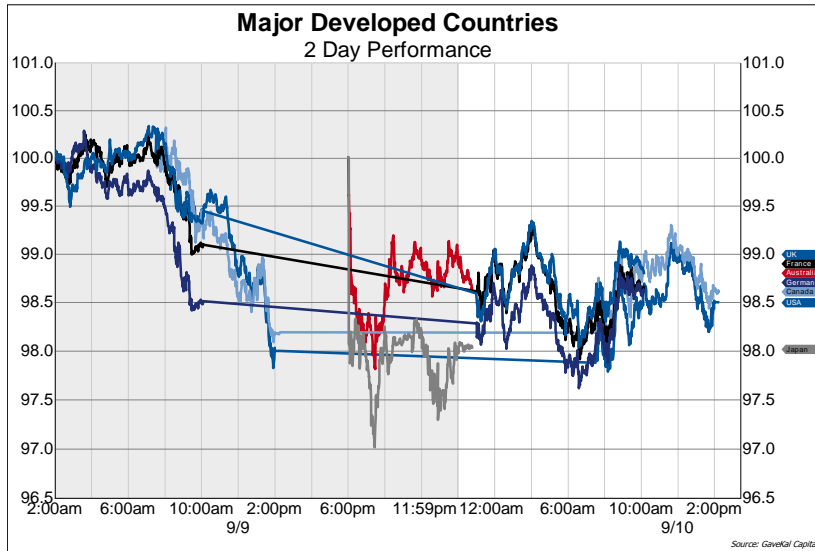
- Health Care and Consumer Discretionary continue to be the standout sectors since the over the last year
- The commodity complex along with Utilities have been the clear losers
- Since the 8/25 low, Energy was initially strong, but it's giving back those gains



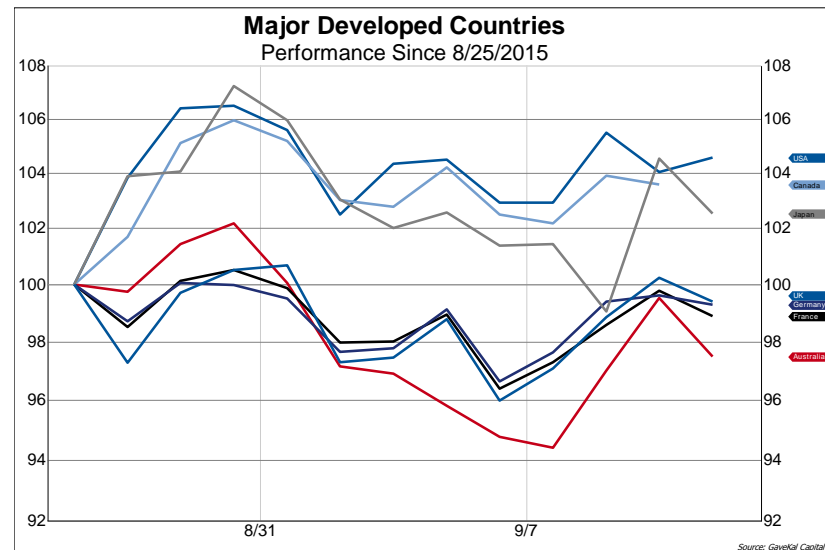
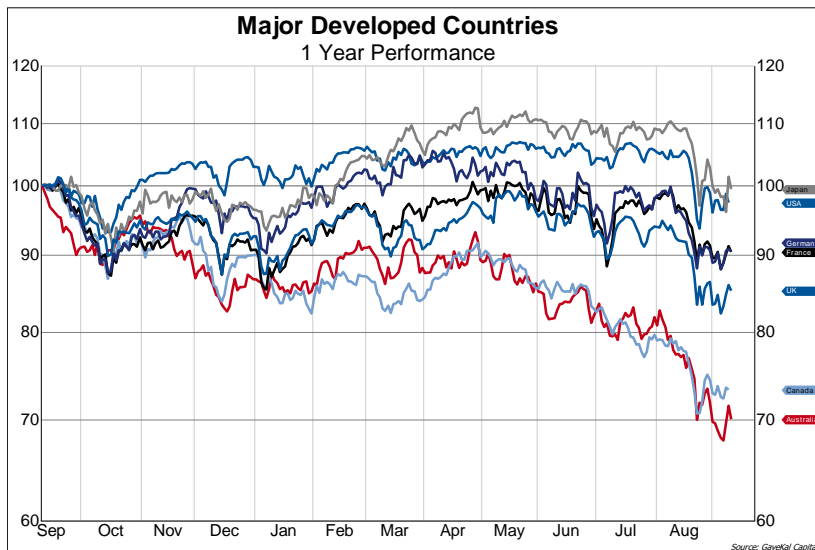
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Developed Markets Major Country Performance



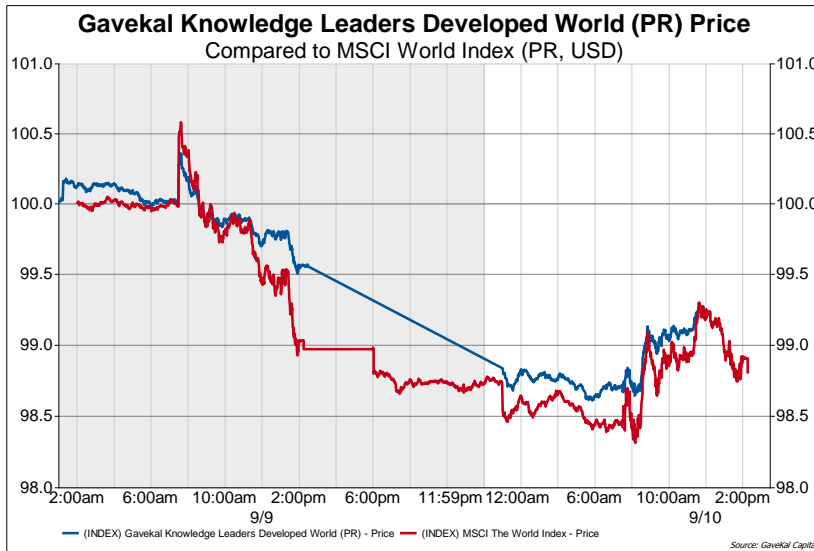
- Markets dragged Japan back to reality overnight
- The commodity countries remain the losers over the last year, despite the recent bounce



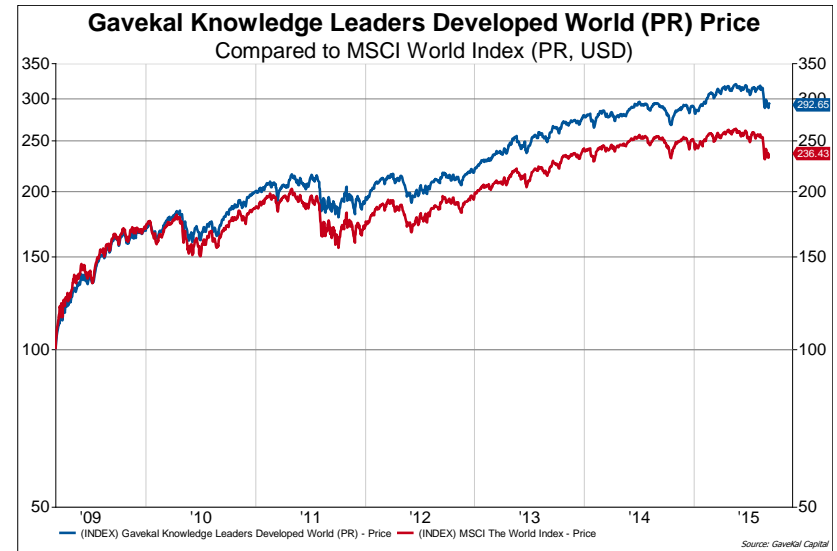
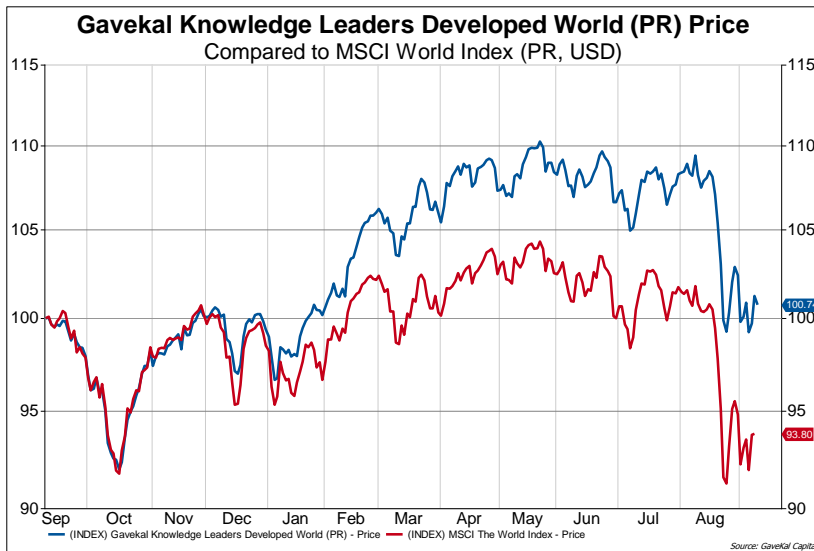
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Gavekal Knowledge Leaders Developed World Index



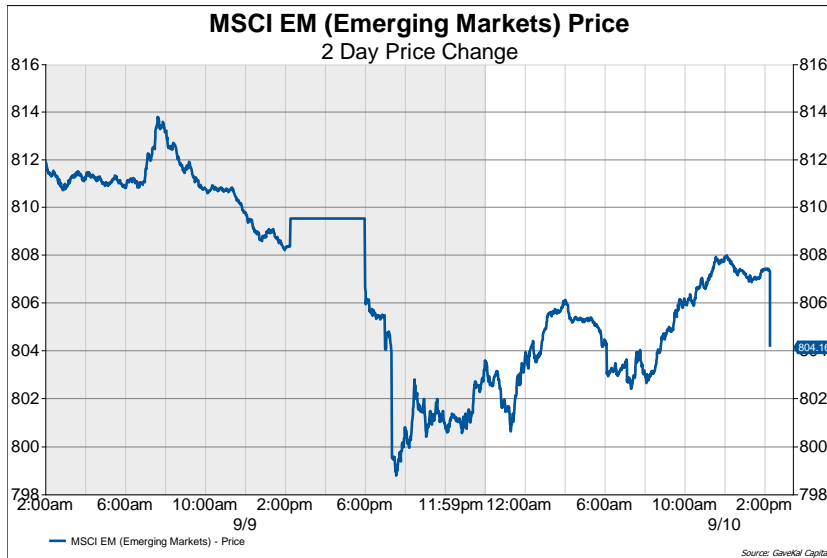
- DM Knowledge Leaders weaker on the day, but picking up more performance relative to the MSCI World Index
- Outperformance since the '09 low is almost 60%



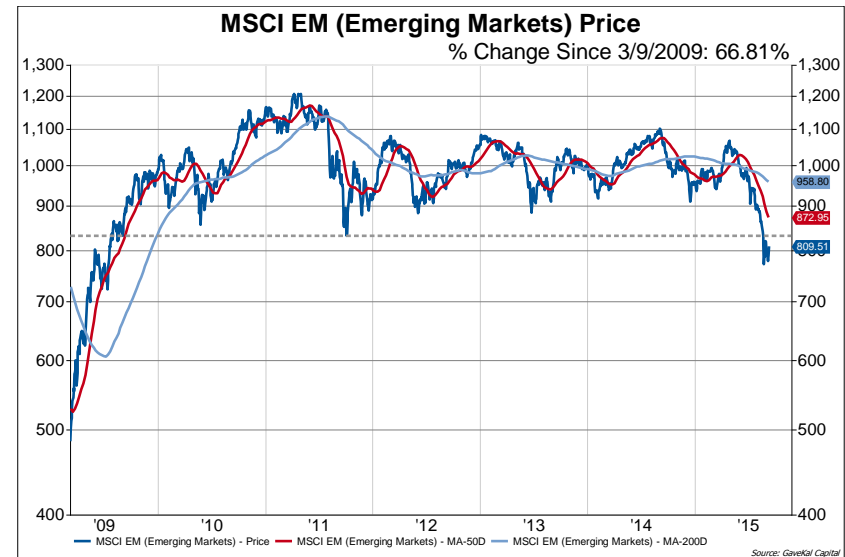
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MSCI EM



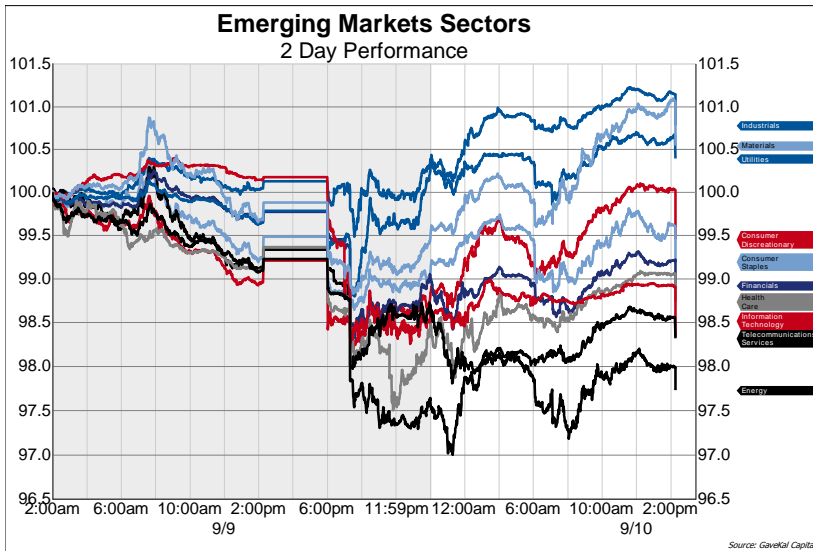
- EM stocks are trying desperately to gain their footing following the break of the important horizontal trendline from the -11 low
- So far the low made in August is holding



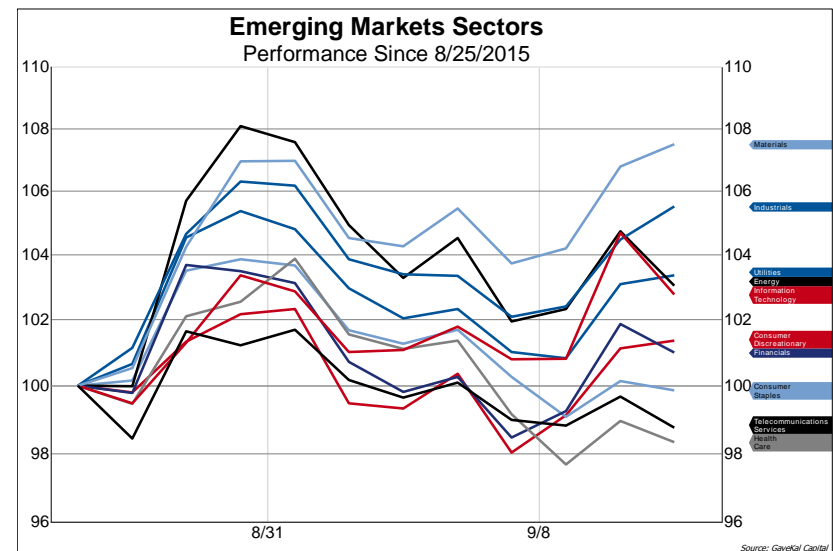
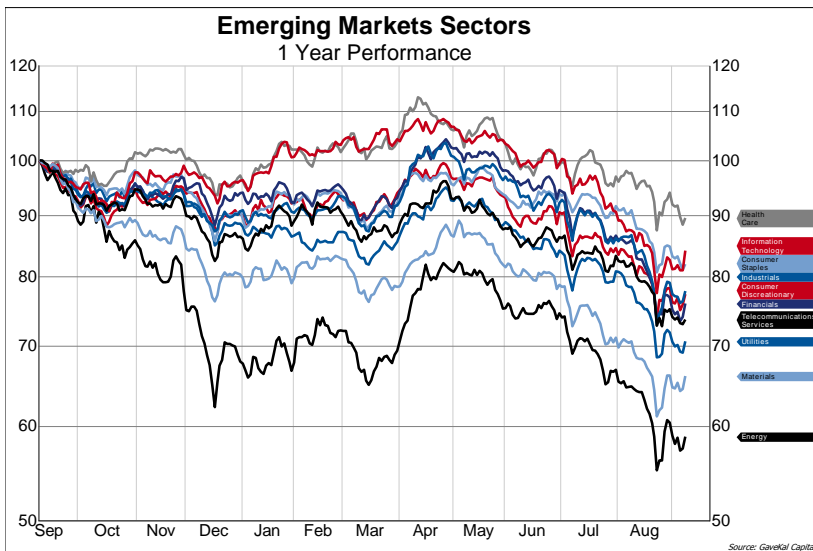
Daily Financial Markets Wrap – Equities

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Developed Markets Sector Performance



- All the sectors are negative on the year for Ems, led by the usual commodity related suspects
- Materials and Industrials are leading off the 8/25 lows

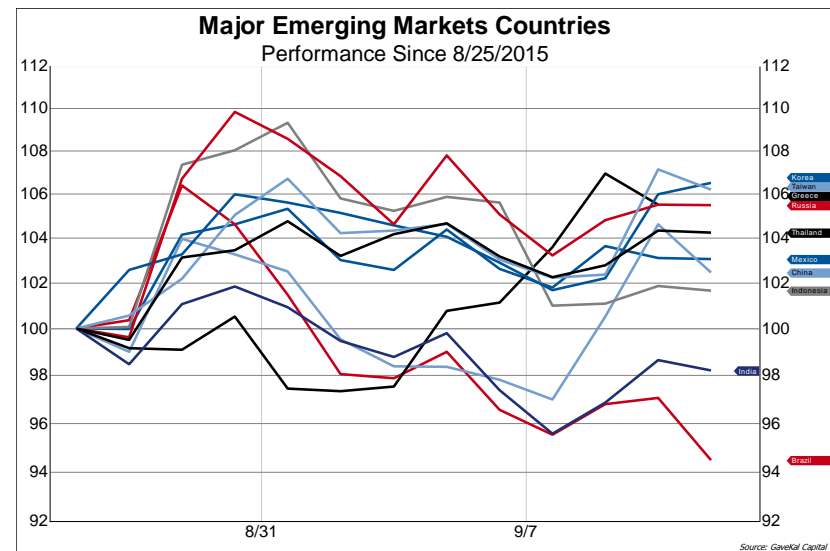
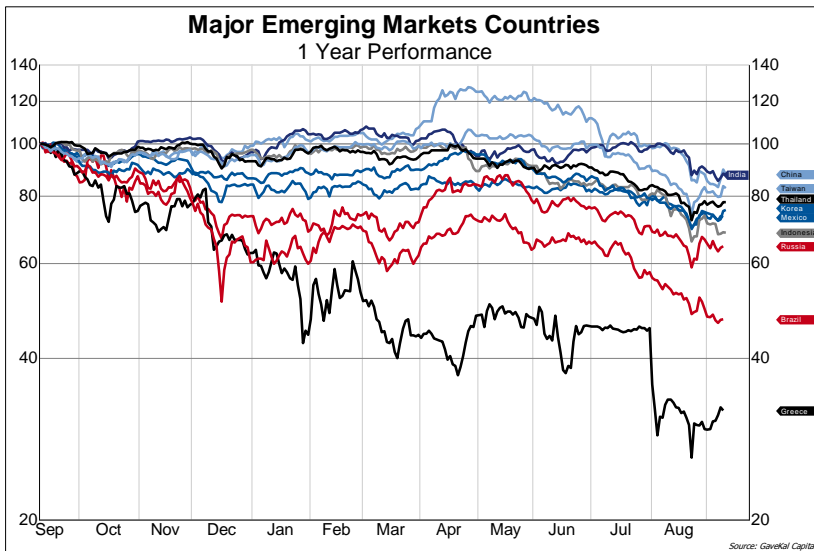
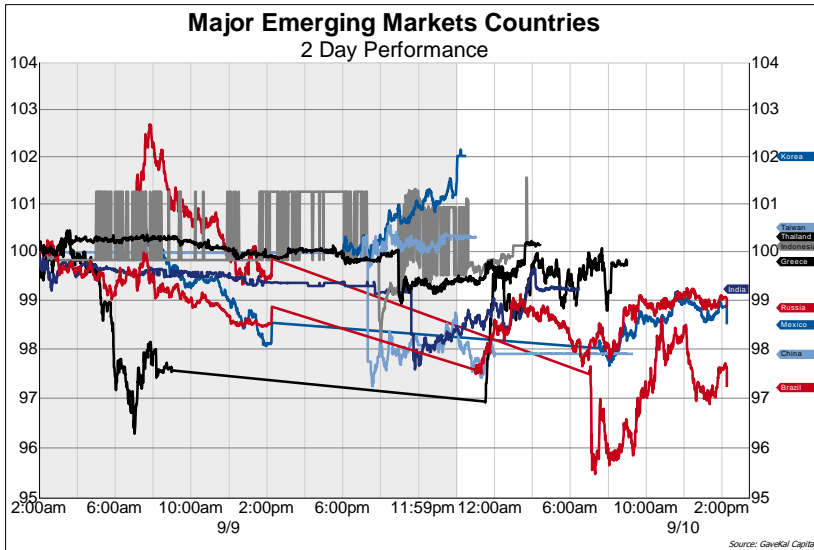


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Emerging Markets Major Country Performance

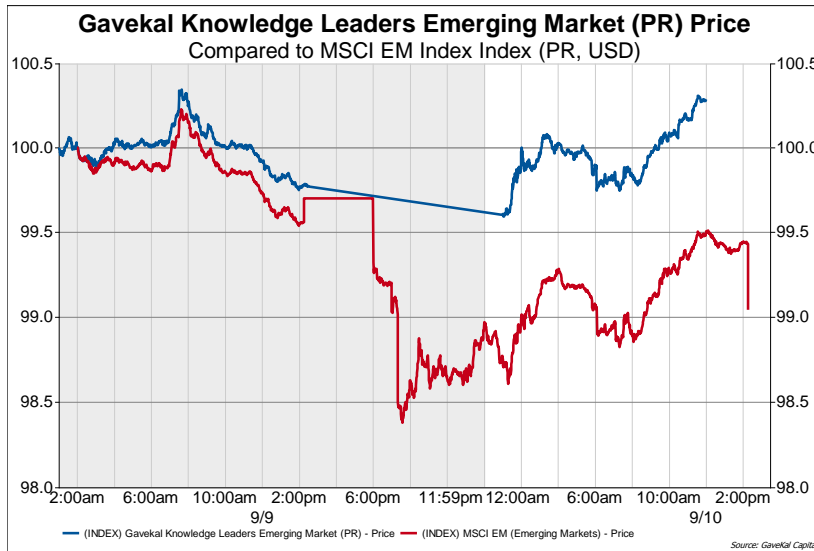
- China still leading EMs on the year despite the dramatic selloff
- Brazil continues to struggle off the 8/25 lows despite the rebound in commodities



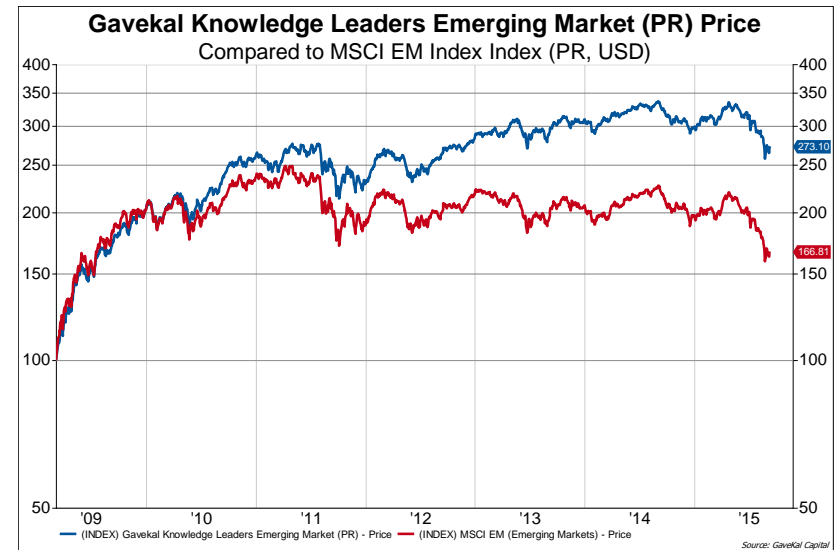
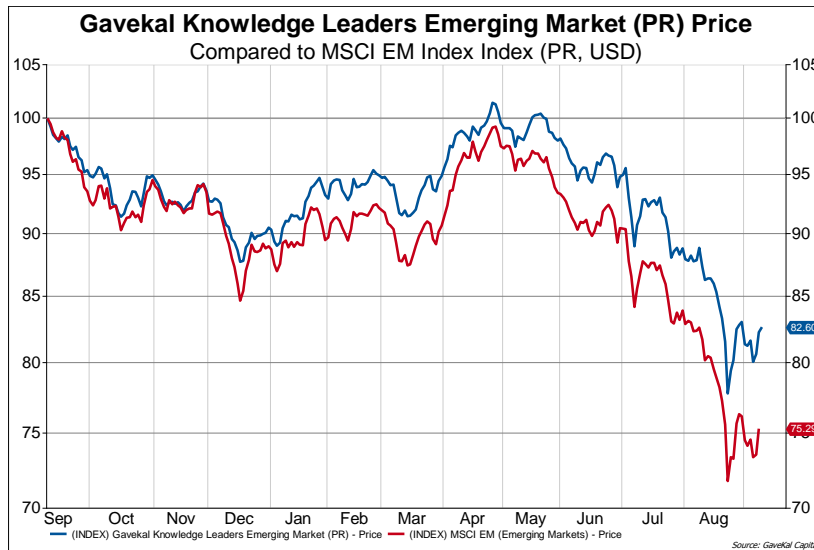
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Gavekal Knowledge Leaders Emerging Markets Index



- EM Knowledge Leaders stronger on the day and picking up more performance relative to the MSCI EM Index
- Outperformance since the '09 low is about 105%

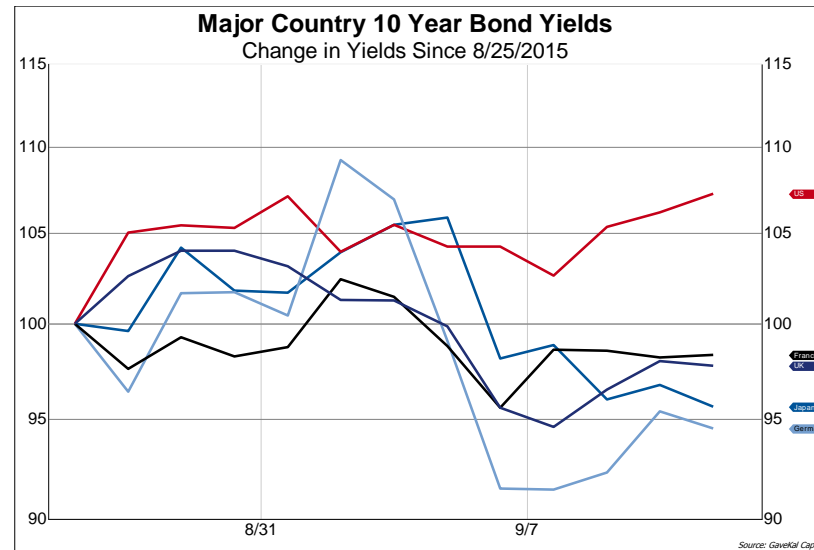
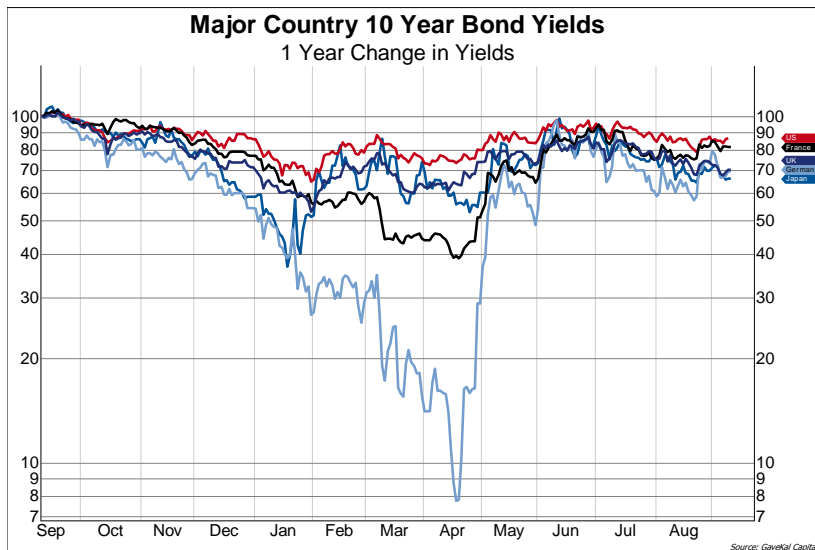
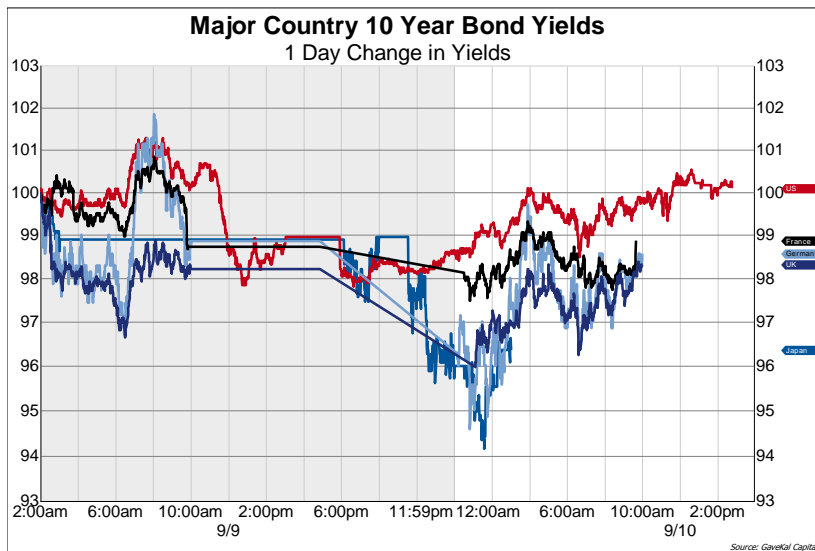


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Bonds

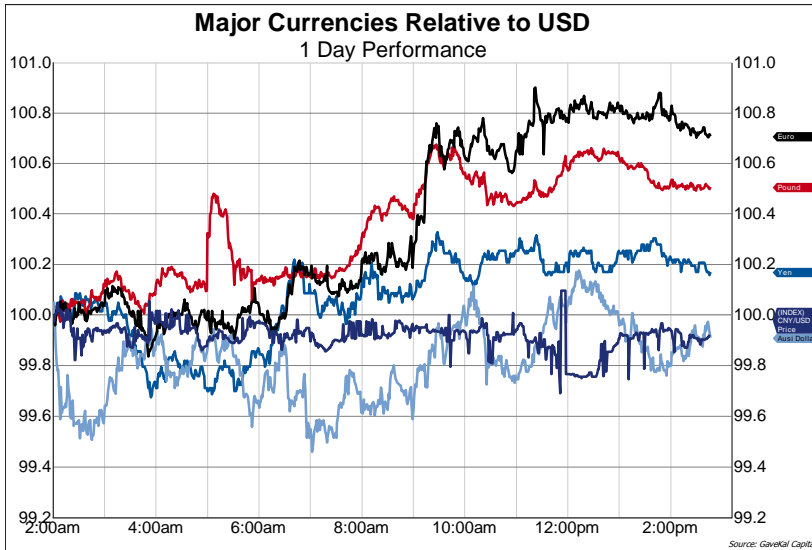
- Trend lower in yields not broken



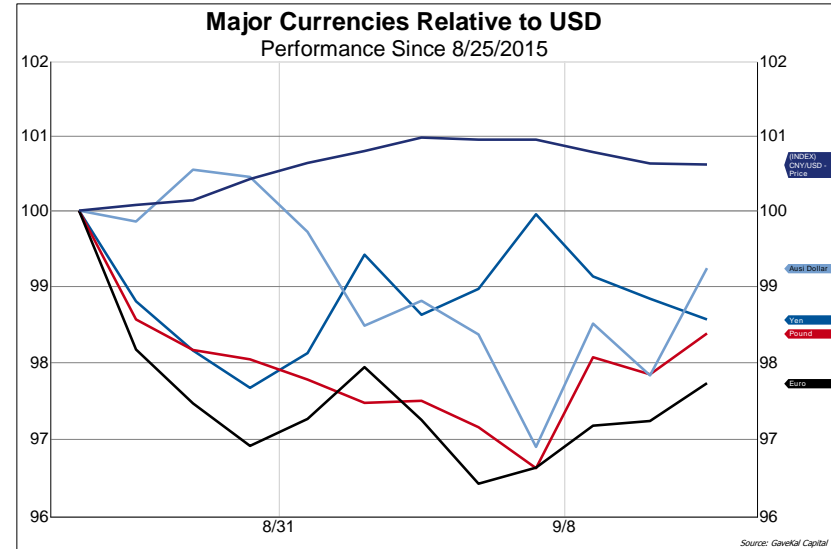
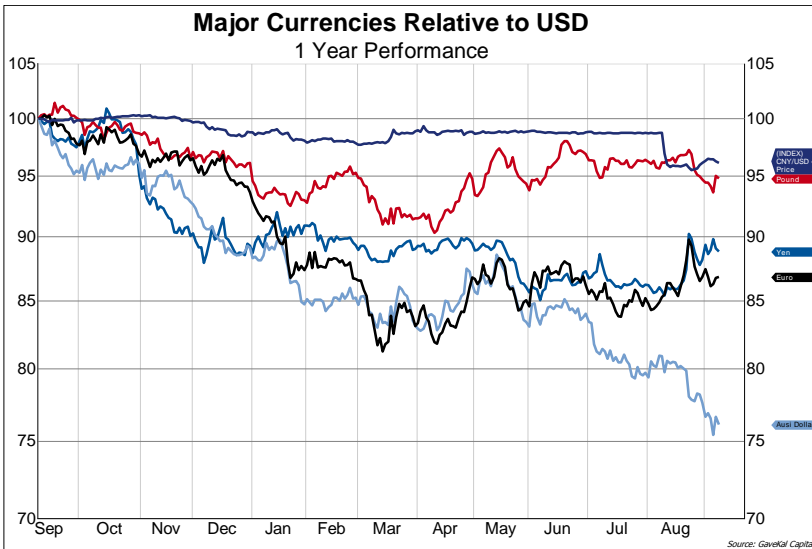
Daily Financial Markets Wrap – Foreign Exchange

September 10, 2015

Foreign Exchange



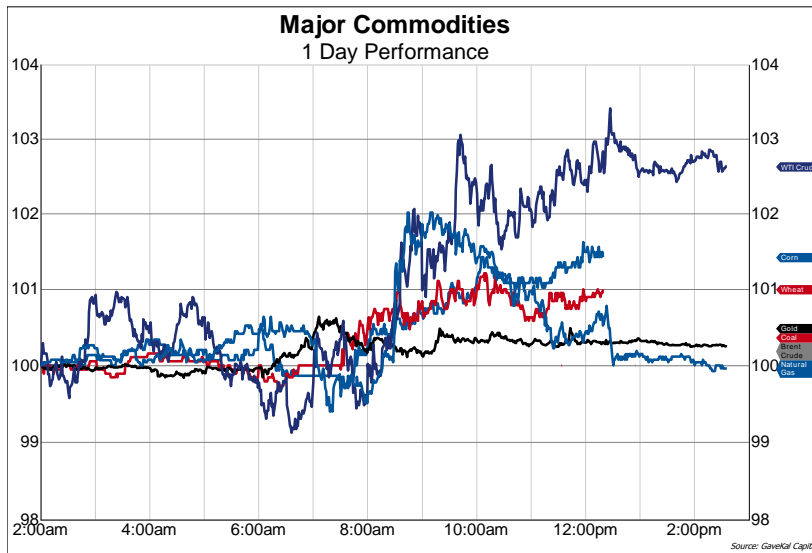
- The 1 year chart demonstrates the significant and continued weakness of most major currencies relative to the USD
- The RMB is the clear standout and the only currency to be stronger relative to the USD since the 8/25 lows



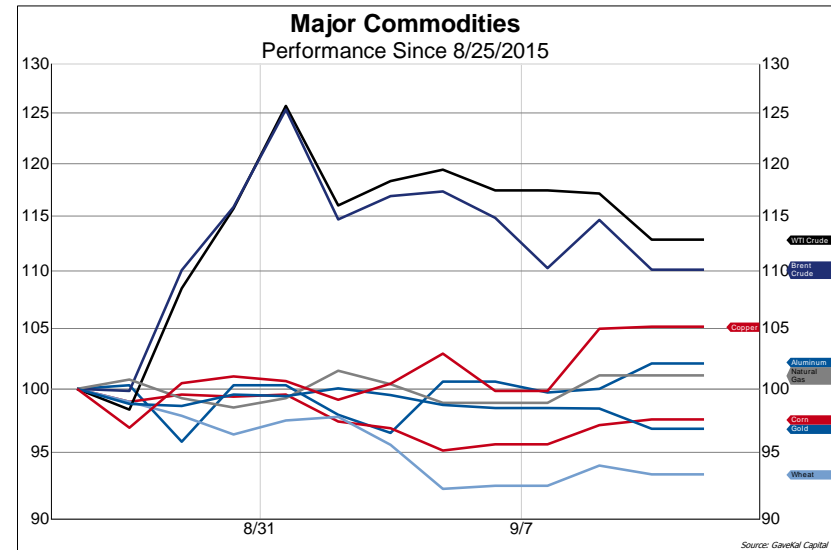
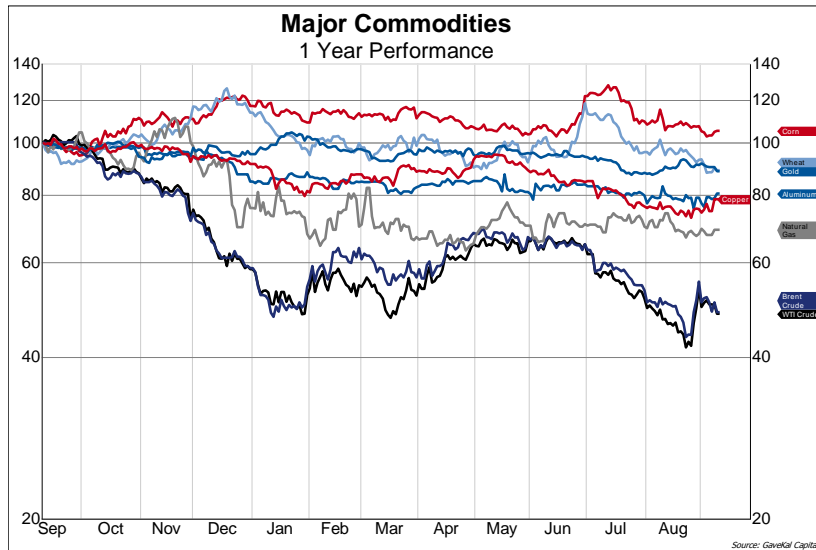
Daily Financial Markets Wrap – Commodities

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Commodities



- Commodities continue to get crushed on the year
- A little more selling and all the major commodities will be under their 3.9.2009 lows
- The oil bounce from the 8/25 lows is being erased



Daily Financial Markets Wrap – Appendix

September 10, 2015

Appendix – Major Equity Markets Short and Long-term Performance Trends

S&P 500

S&P 400

S&P 600

MSCI Brazil

MSCI Mexico

MSCI Germany

MSCI France

MSCI Russia

MSCI UK

MSCI Japan

MSCI Australia

MSCI India

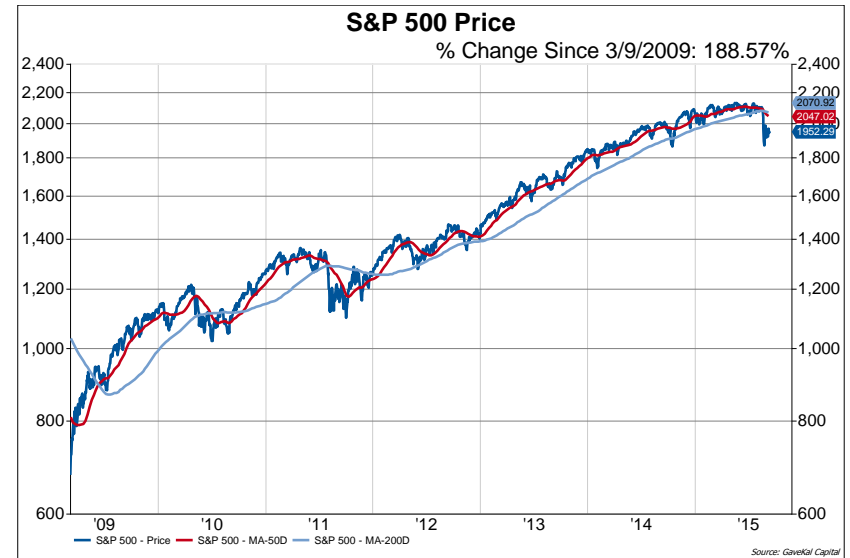
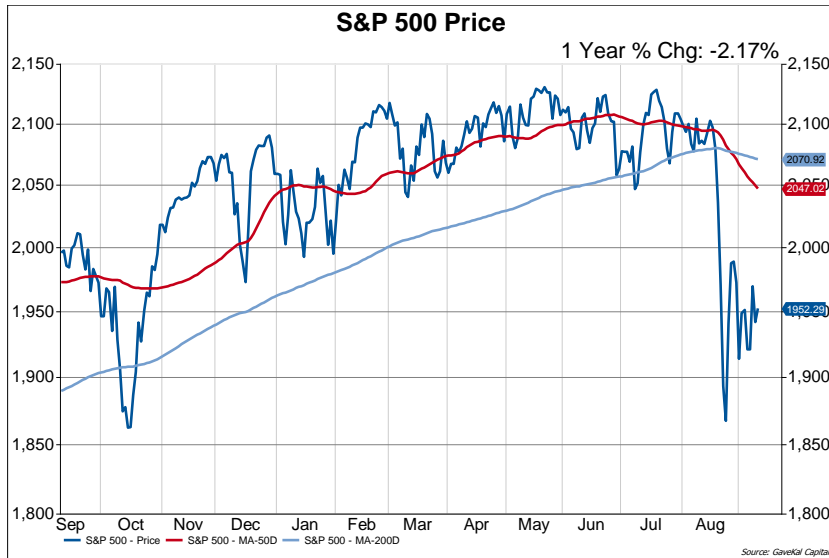
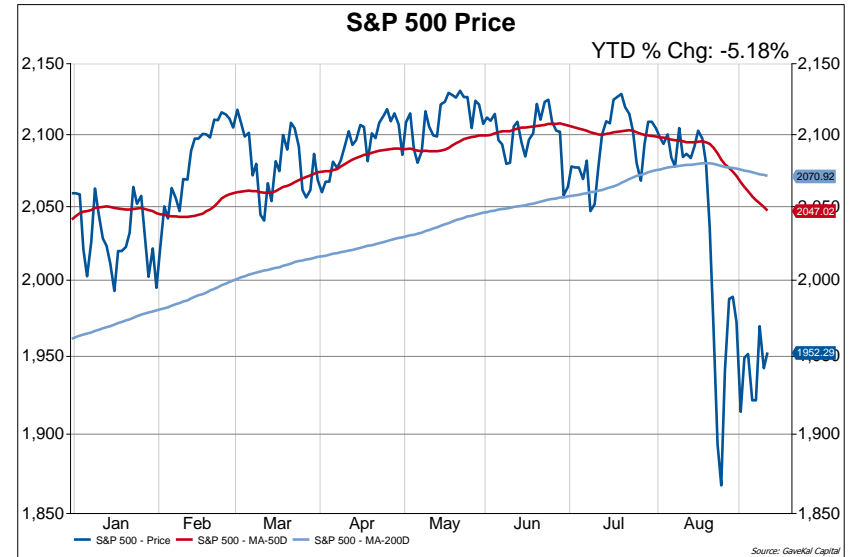
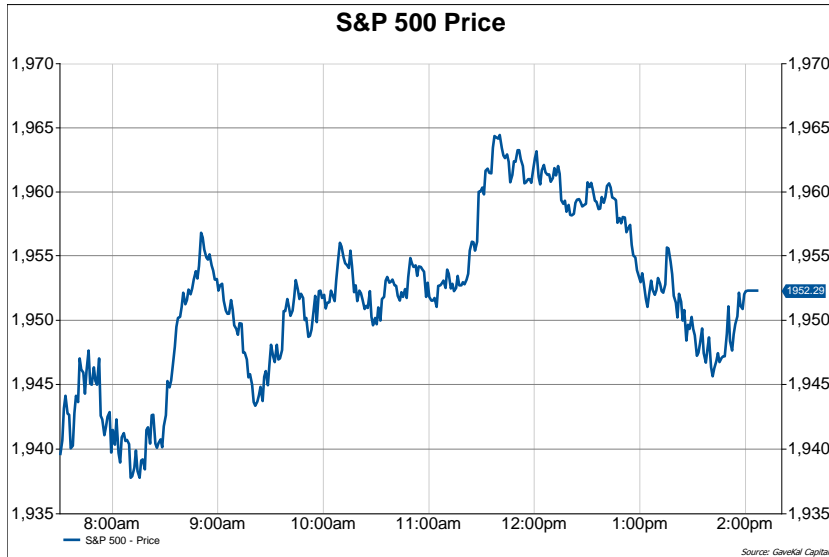
Shanghai Composite

MSCI Korea

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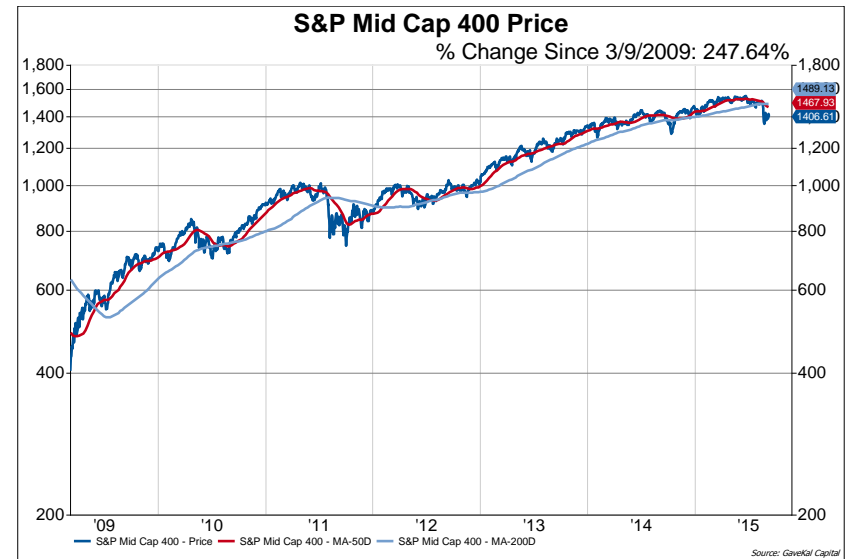
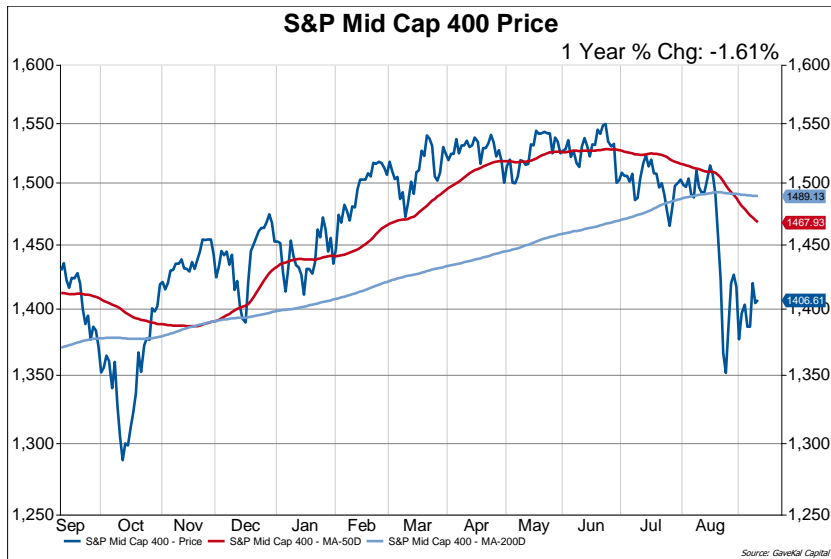
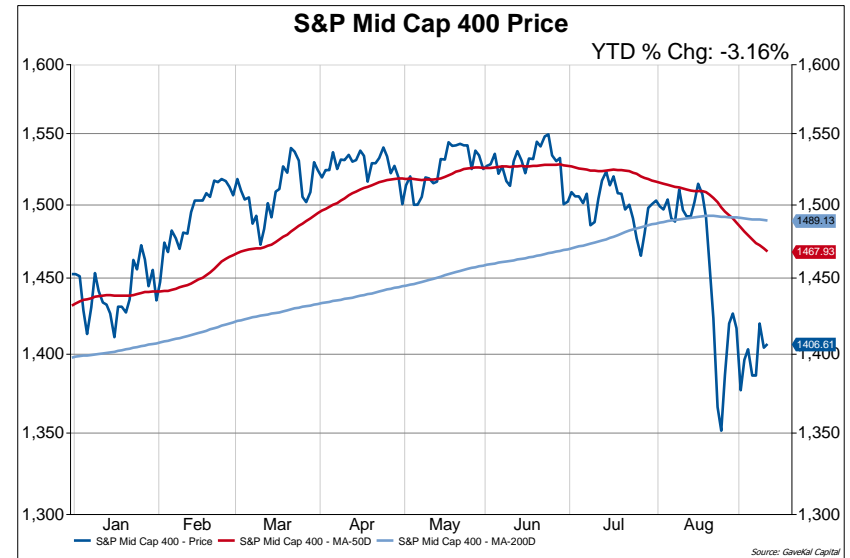
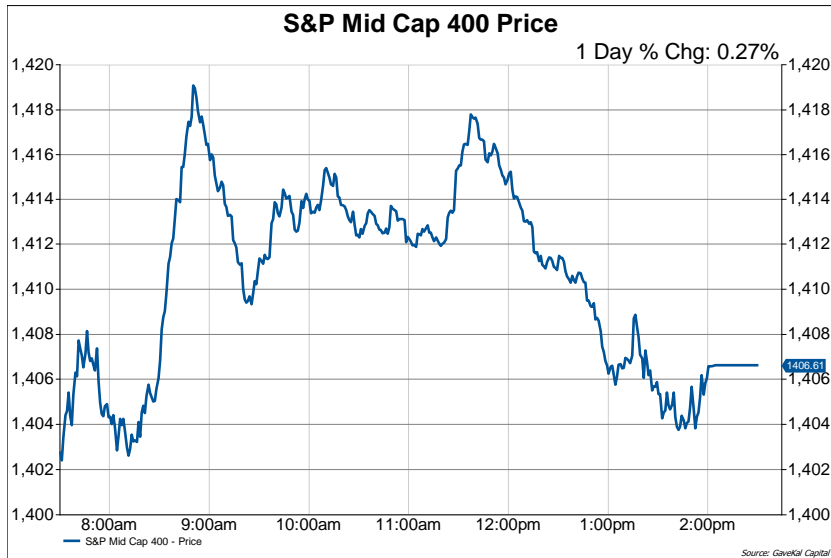
S&P 500



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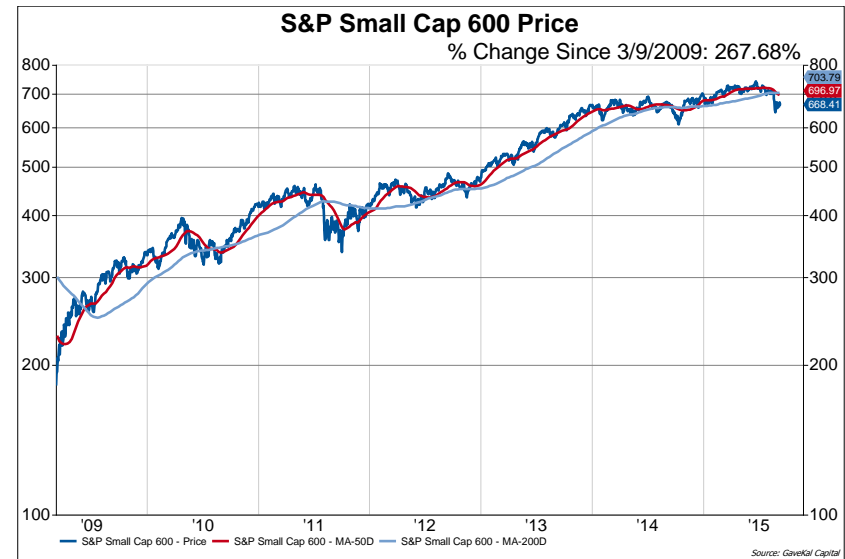
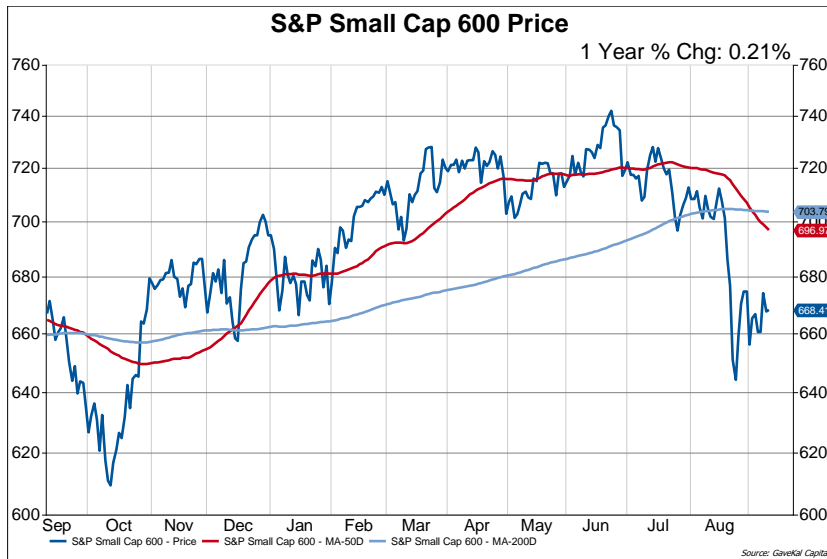
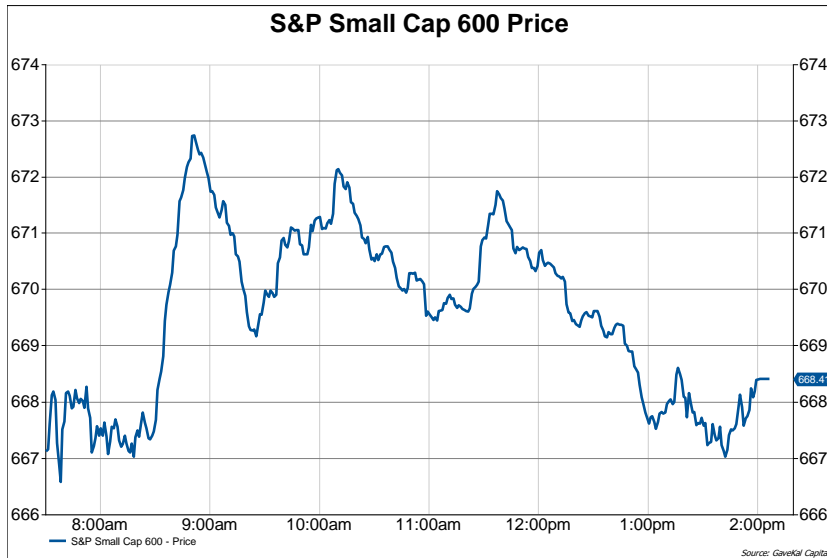
S&P 400



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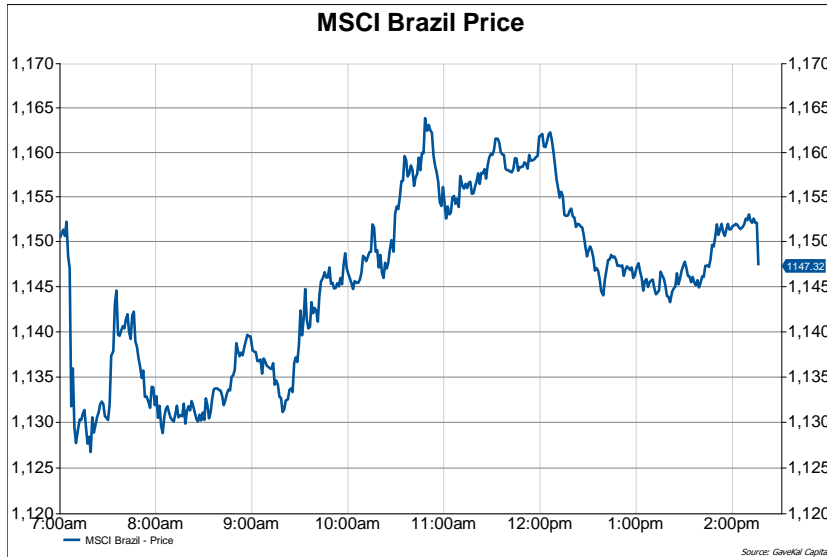
S&P 600



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MSCI Brazil



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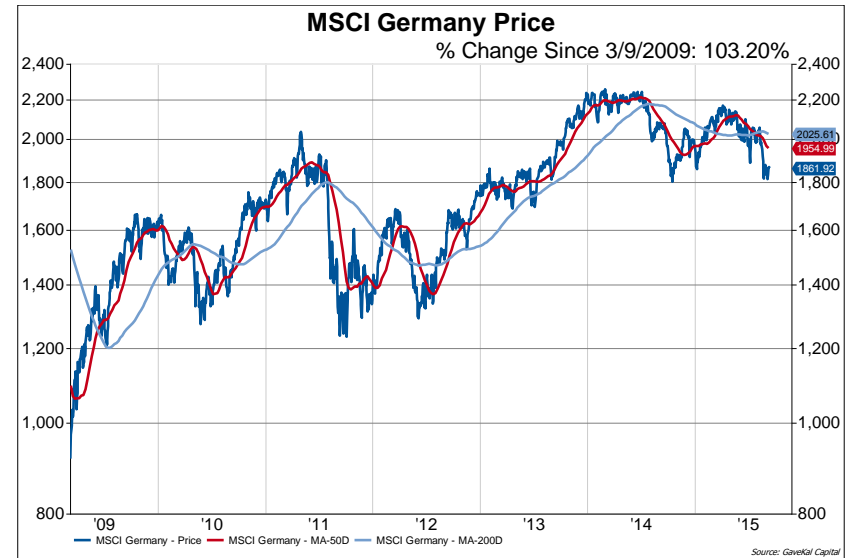
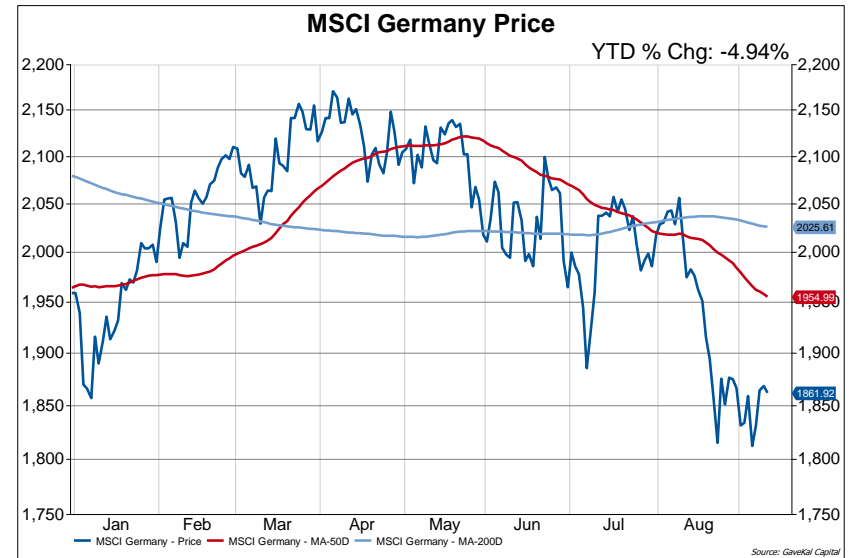
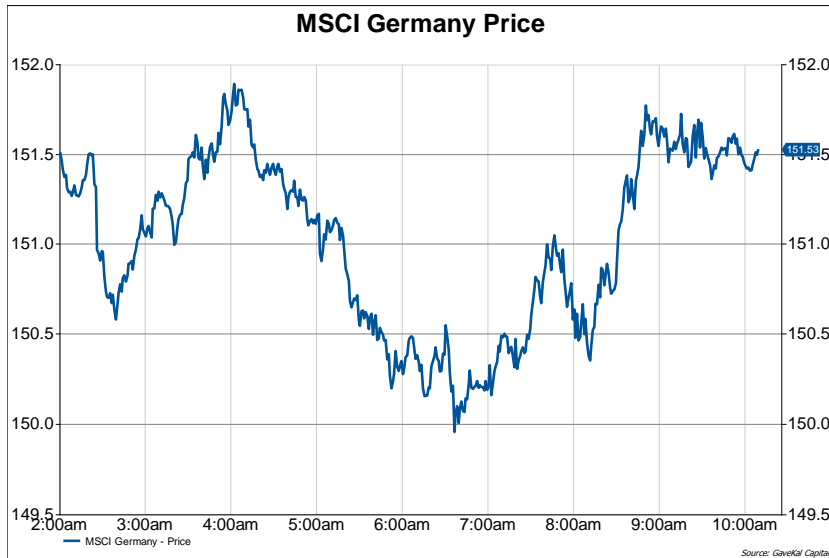
MSCI Mexico



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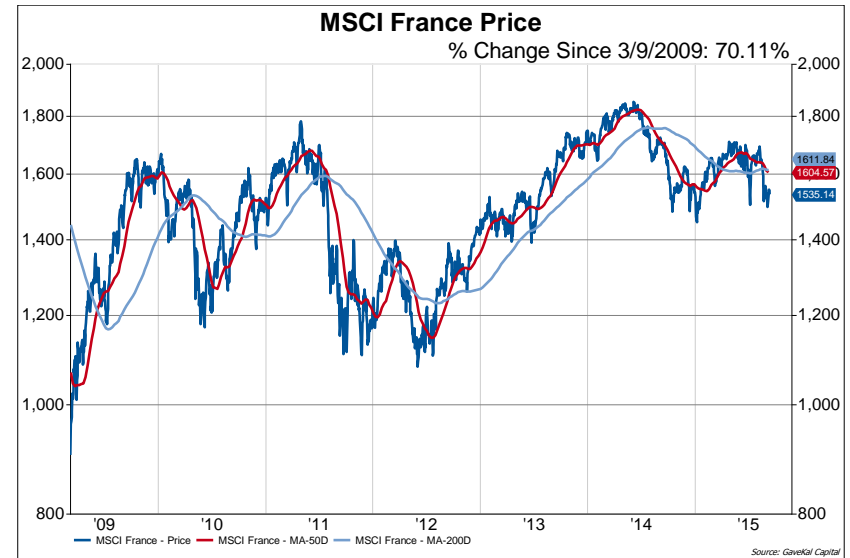
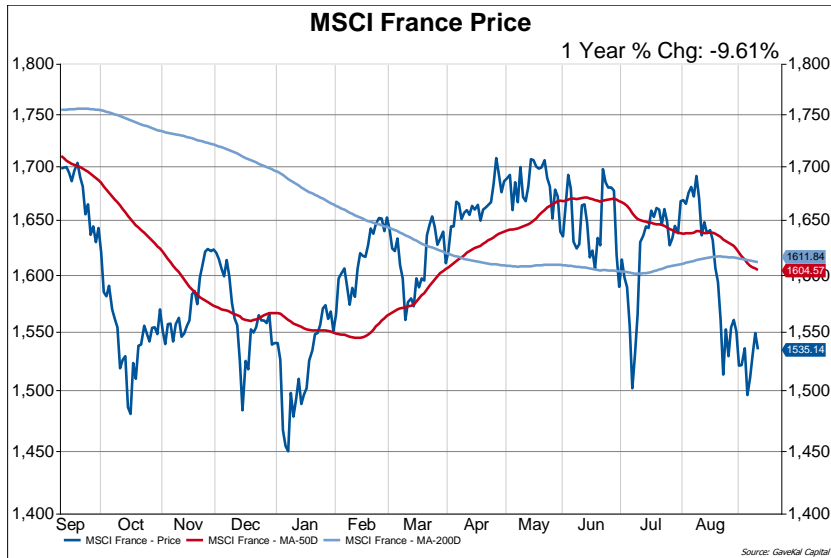
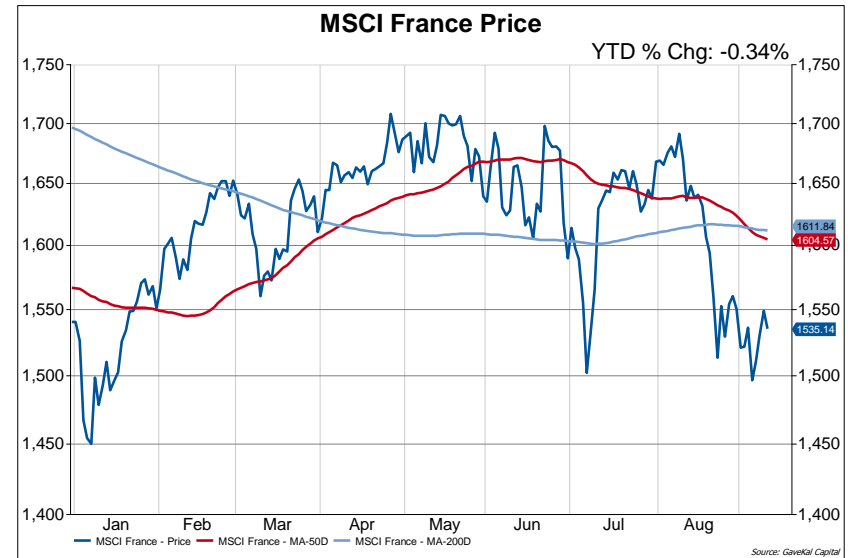
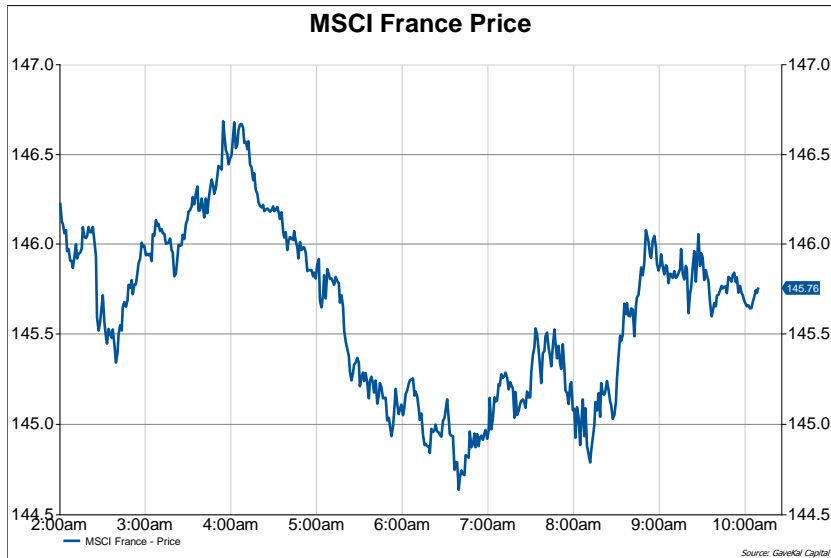
MSCI Germany



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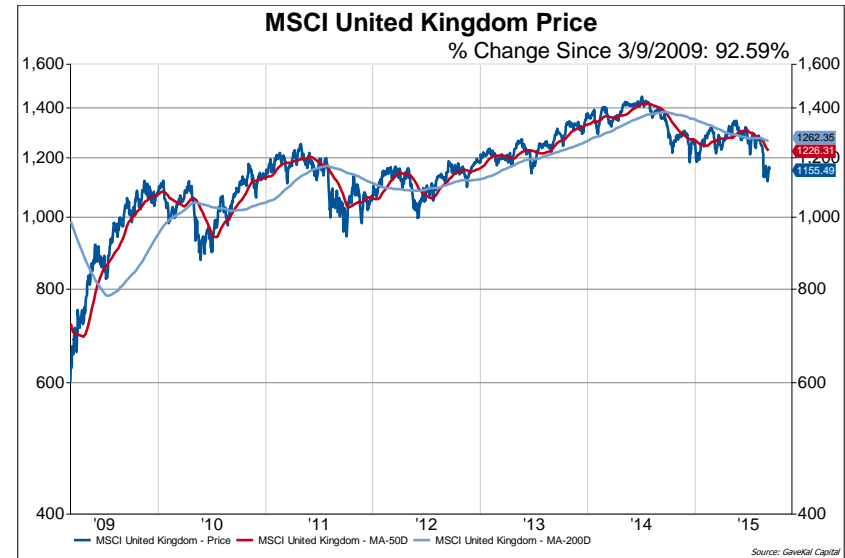
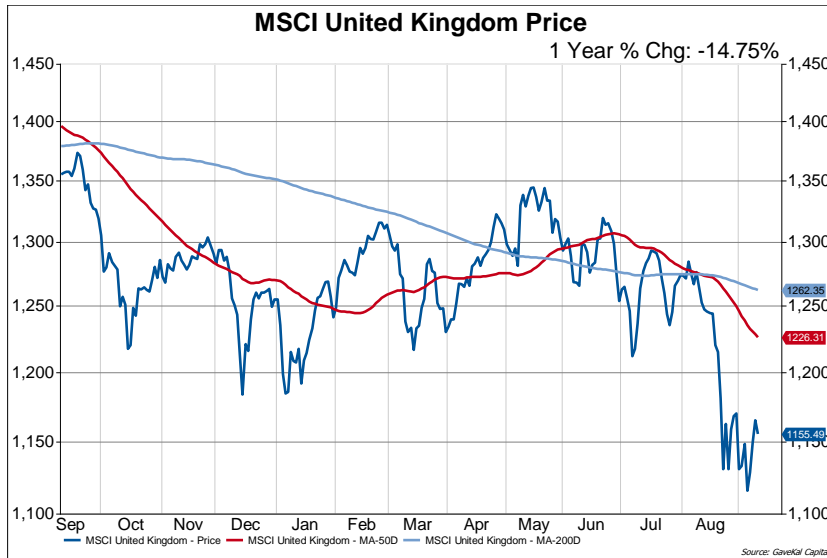
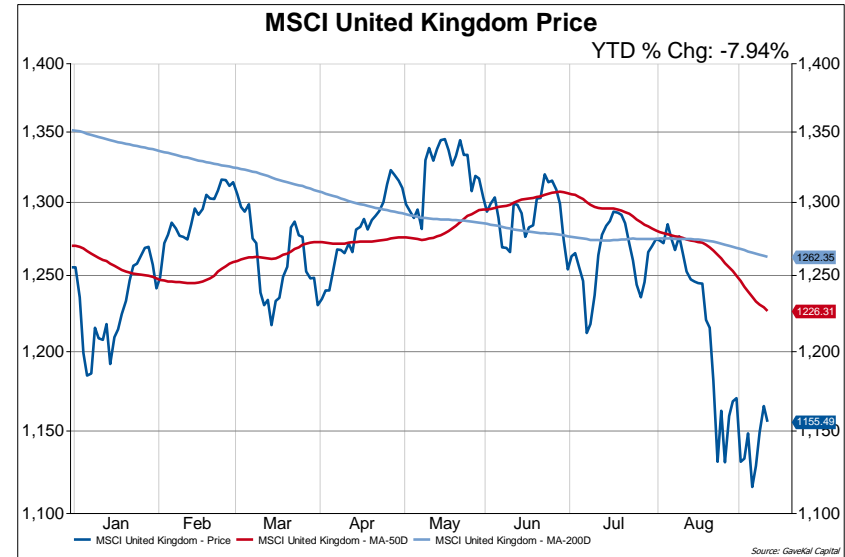
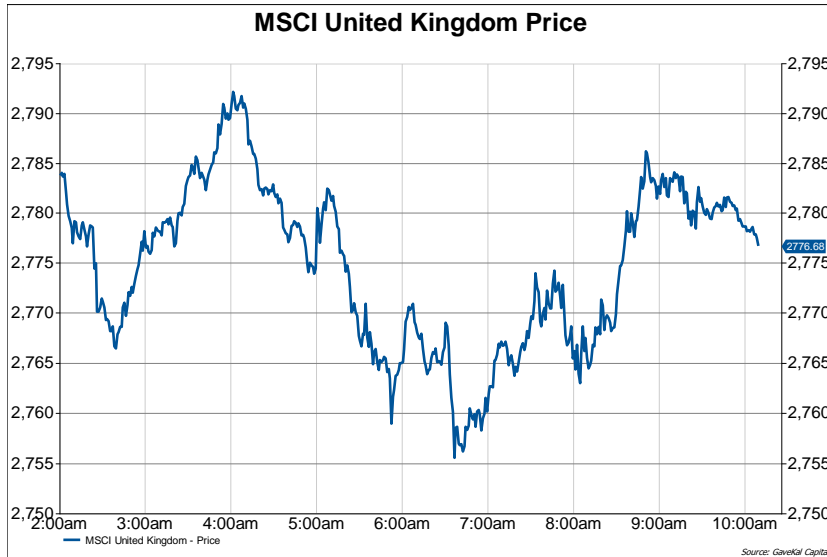
MSCI France



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MSCI UK



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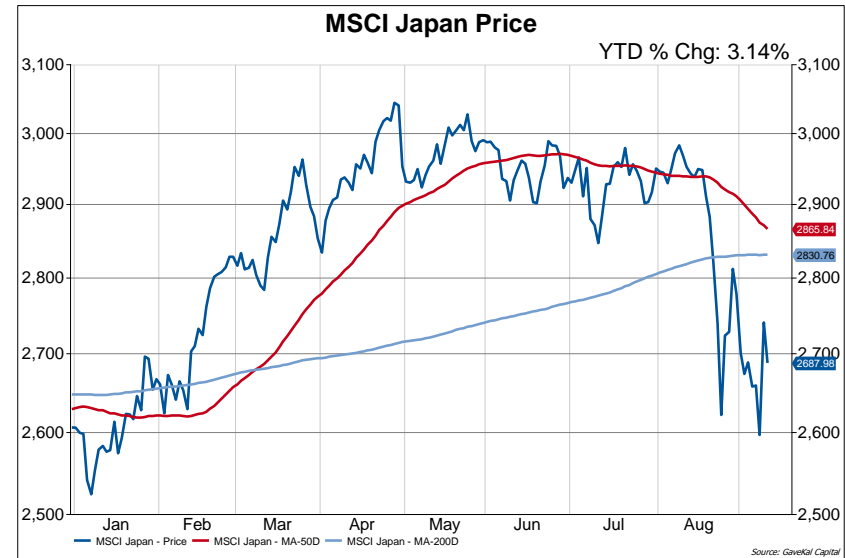
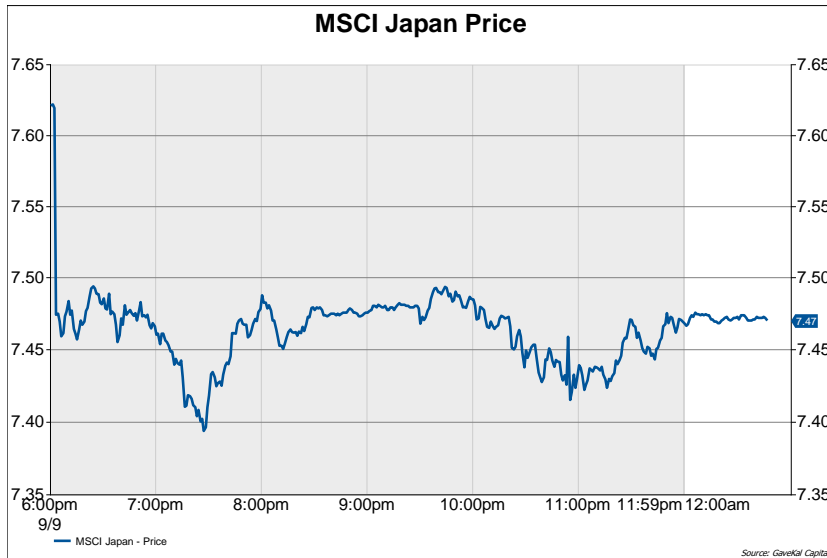
MSCI Russia



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September 10, 2015

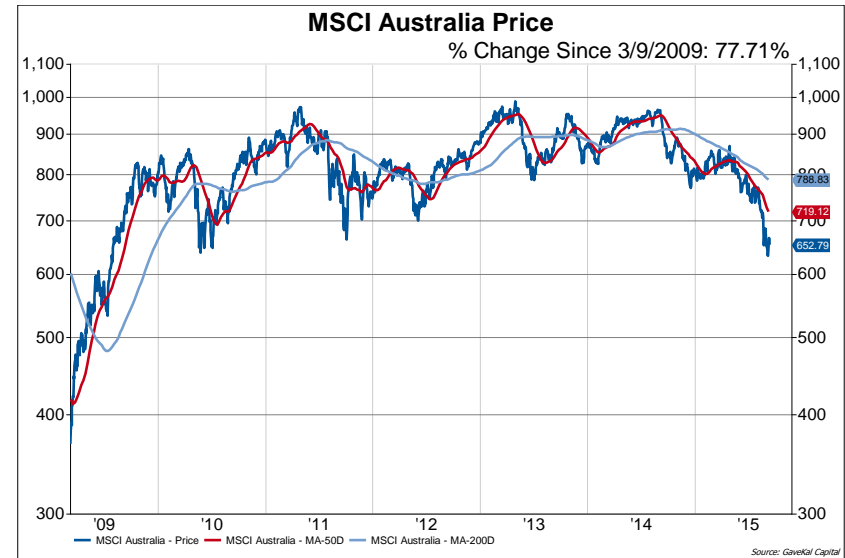
MSCI Japan



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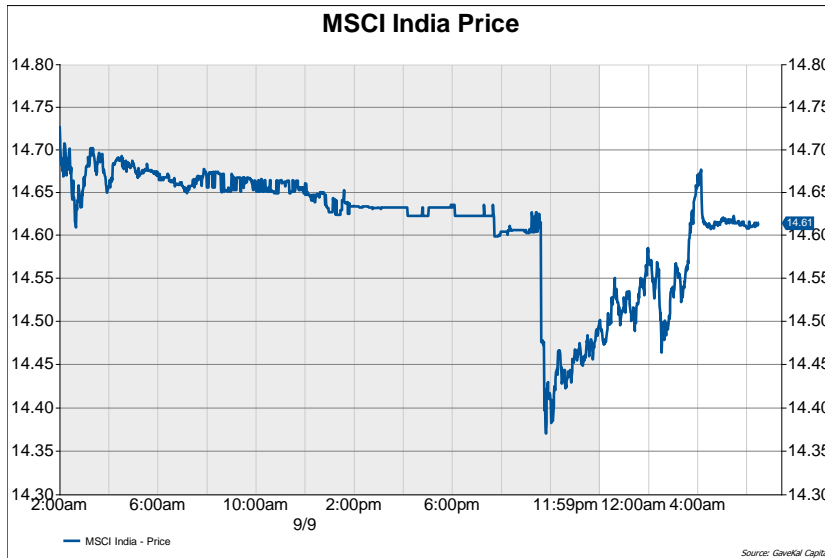
MSCI Australia



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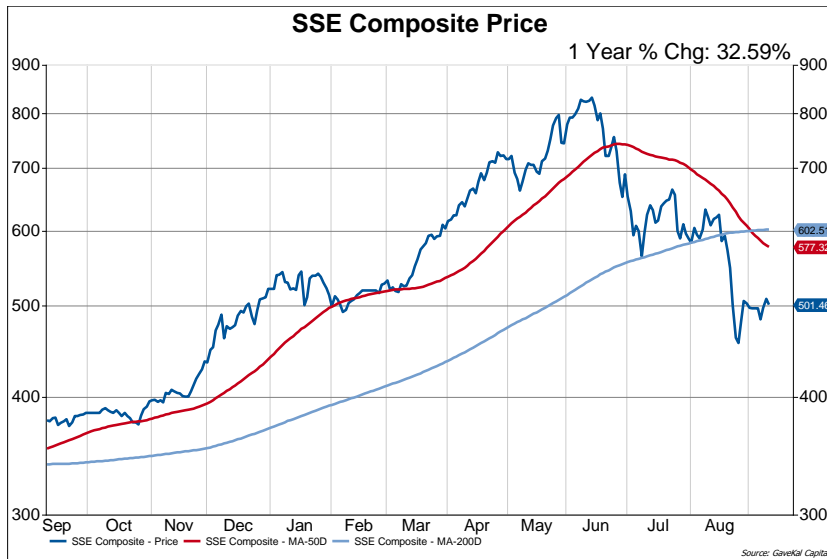
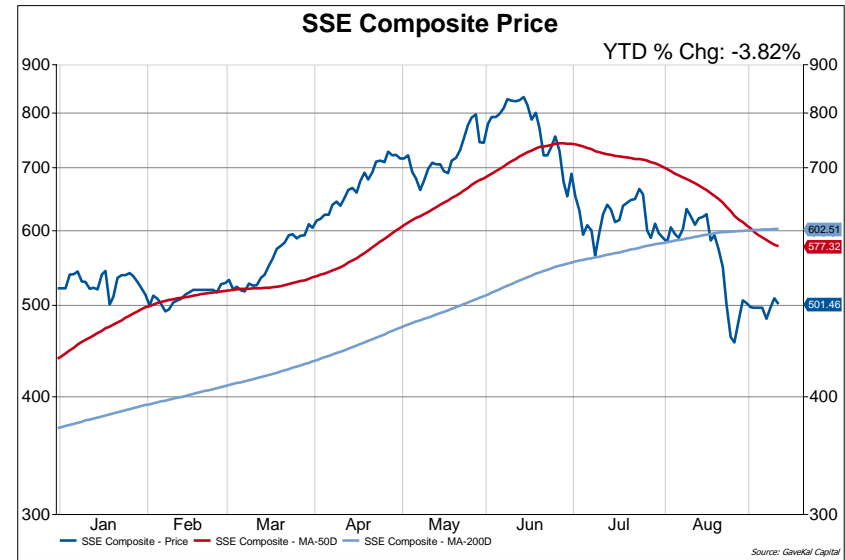
MSCI India



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Shanghai Composite



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MSCI Korea



About Gavekal Capital

Gavekal Capital, LLC manages the *Knowledge Leaders* suite of investment products

For more information about our products and services please visit our website, www.gavekalcapital.com

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