

# Weekly Market Review

January 19, 2018

## Chart of the Week



## Weekly Highlights

- **Two blockchain ETFs launched this week.** Amidst plummeting cryptocurrency returns, Amplify Investments and Realty Shares Inc. each launched blockchain exchange-traded funds (ETFs) on Wednesday; however, both firms dropped “blockchain” from their names per the Securities and Exchange Commission’s (SEC’s) guidance.
- **Jobless claims fell significantly** 41,000 to 220,000, which is the lowest showing in 45 years. The drop came in well below consensus, but six states and two territories had to estimate their results, which is keeping analysts wary.
- **Housing starts decreased in the month of December,** but permits came in very strong, which indicates that future starts may see an uptick. The low December number also may have been affected by weather. Multifamily starts were actually up marginally, while single-family starts were down 11.8%.

## Talking Points

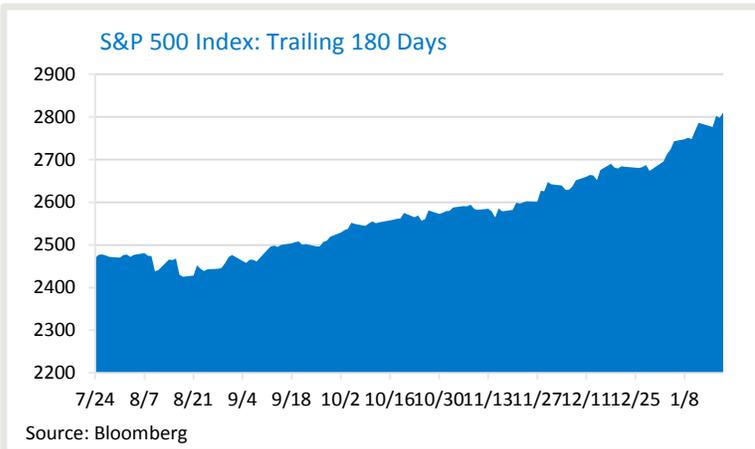
- **Domestic equity markets** continued one of the strongest starts to the year in history, finishing strong despite a slight pullback on Tuesday.
- **The yield on the US Treasury 10-Year Note rose** to its highest level since September 2014 this week, inflating to over 2.64% on Friday.
- **Commodities were relatively flat** for the week. Gold was up while oil was down, but grains and agriculture really led the charge, with Corn, Wheat, Cocoa, and Cotton all posting strong weekly numbers.
- **The US Dollar weakened** against a basket of major trade partners’ currencies, continuing a minor trend to kick off 2018.
- **In other economic news:** Consumer comfort rose to a new 17-year high this week. In contrast, consumer sentiment had its weakest showing in six months. The MBA Mortgage Applications report showed an increase in applications for home mortgages despite rising interest rates.

## Market Dashboard

	Last Price	Change	% Chg.	YTD %
<b>S&amp;P 500</b>	2,810.30	24.06	0.86%	5.1%
<b>Dow Industrials</b>	26,071.72	268.53	1.04%	5.5%
<b>Nasdaq</b>	7,336.38	75.32	1.04%	6.3%
<b>Russell 2000</b>	1,597.63	5.66	0.36%	4.0%
<b>Euro Stoxx Index</b>	400.88	2.39	0.60%	3.0%
<b>Shanghai Composite</b>	3,487.86	58.92	1.72%	5.5%
<b>Russell Global</b>	2,238.52	11.69	0.52%	4.4%

Source: Bloomberg; Index % change is based on price.

	Last Price	Change	% Chg.	YTD %
<b>Russell Global EM</b>	3,850.19	52.98	1.40%	5.7%
<b>10-Year US Treas.</b>	2.64	9 bps	NM	NM
<b>DJ UBS Comm. Idx.</b>	88.54	-0.21	-0.24%	0.4%
<b>Gold</b>	\$1,331.72	-\$5.49	-0.41%	2.3%
<b>Crude Oil</b>	\$63.49	-\$0.78	-1.21%	5.1%
<b>Dollar Index</b>	90.62	-0.29	-0.32%	-1.6%
<b>VIX Index</b>	11.27	1.11	10.93%	2.1%



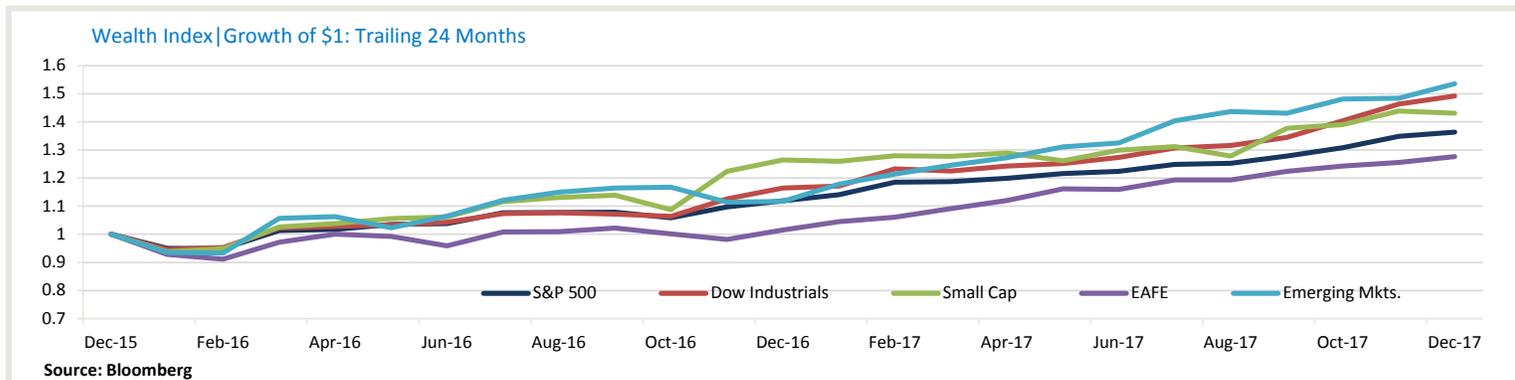
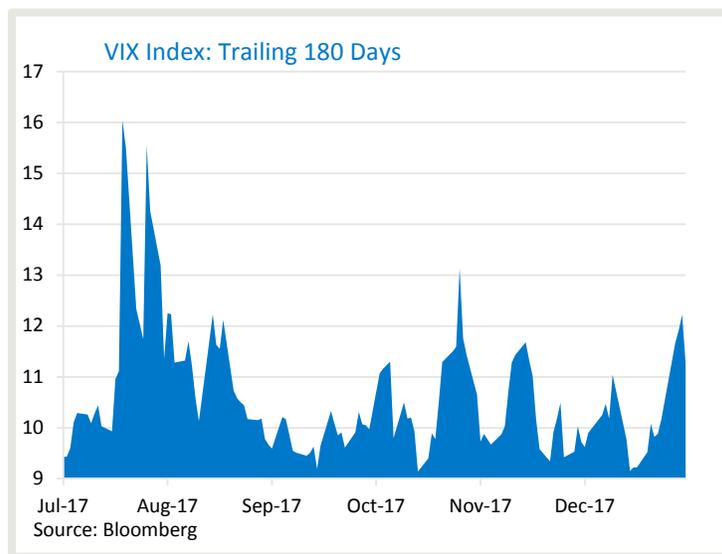
	One Week			YTD		
	Value	Growth		Value	Growth	
<b>L</b>	0.74%	0.98%	1.18%	4.37%	5.37%	6.25%
	0.07%	0.50%	1.05%	2.66%	4.03%	5.80%
<b>S</b>	0.13%	0.36%	0.56%	3.60%	4.05%	4.46%

Source: Bloomberg

**Sector Performance:**  
**S&P/Global Industry Classification Sectors (GICS)**

	% Wgt in S&P 500	Week % Chg.	YTD % Chg.
<b>Consumer Discretionary</b>	12.4	0.55%	7.1%
<b>Consumer Staples</b>	8.0	2.37%	1.9%
<b>Energy</b>	6.1	-1.29%	5.9%
<b>Financials</b>	14.9	1.04%	5.7%
<b>Health Care</b>	14.0	1.86%	7.0%
<b>Industrials</b>	10.3	-0.88%	5.2%
<b>Information Technology</b>	24.1	1.49%	6.7%
<b>Materials</b>	3.0	-0.15%	4.7%
<b>Real Estate</b>	2.6	0.84%	-4.5%
<b>Telecom Services</b>	1.9	0.46%	-2.9%
<b>Utilities</b>	2.7	-0.54%	-5.0%

Source: Bloomberg



## The Economy and Markets

### *A Macro View – The X Factors of 2017*

Envestnet | PMC's research department is dedicated to finding the best money managers on the planet—the ones that will outperform on a go-forward basis over the next full market cycle. However, we have no illusions that outperformance will occur every month, quarter, or year. Even the very best managers may experience short periods—and sometimes years—of underperformance throughout a full market cycle.

So aside from stock selection, why do managers outperform or underperform their respective benchmarks? Factor biases have a lot to do with it, and nearly every active manager has them. Although factor-based investing (often referred to as smart beta) is a more recent phenomenon, active managers have generally had factor biases and factor tilts—intentional or not—that affect portfolio performance. PMC invests in a few factors (i.e., size, momentum, and quality) via our Quantitative Portfolios, but we examine many more when evaluating the performance of active managers on our platform.

With 2017 in our rearview mirror, now is a good time to look back at how the various factors performed over the course of the year. That provides us with a helpful lens when evaluating the performance of the various managers on our platform.

As we all know, the global equity markets in 2017 experienced strong, steady growth across the board. Many asset classes yielded total returns in excess of 20% with relatively low volatility. Many investors made a lot of money.

From a factor standpoint, we saw risk-on segments of the market rewarded in many instances, which is consistent with what we'd expect during a period of strong growth and high returns. Perhaps one of the most influential factors throughout 2017 was growth vs. value. Growth outperformed value by at least 10% across the market cap spectrum. Similarly, low-dividend yielding stocks outperformed high-dividend payers both domestically and abroad. Momentum was another big winner.

However, not all risk-on bets paid off over the course of the year. The size factor actually yielded risk-off results, as large caps outperformed small caps across the board (with the exception of the international developed markets space). Stocks with high return on equity also outpaced stocks with low return on equity in most cases, another example of a risk-off winner.

Although the performance of these key factors is interesting to note, interpreting them and comparing these results with mutual fund or separately managed account (SMA) performance is the critical component. If an emerging markets manager underperformed by 500 basis points in 2017 (still not a bad haul, given that the Russell Emerging Markets Index was up 36.77%), consider the factor headwinds and tailwinds that contributed to that underperformance before kicking them to the curb. If an emerging markets manager had low beta and small cap biases, maybe 500 basis points of underperformance wasn't so bad, considering that in calendar year 2017, the top 40% of emerging markets stocks measured by beta outperformed the bottom 40% by 17.19%, and the top 40% of those stocks measured by market cap outperformed the bottom 40% by 21.65%. Viewed from this prospective, and considering the factor headwinds, the manager must have done a great job of stock selection just to achieve that 500 basis points of outperformance.

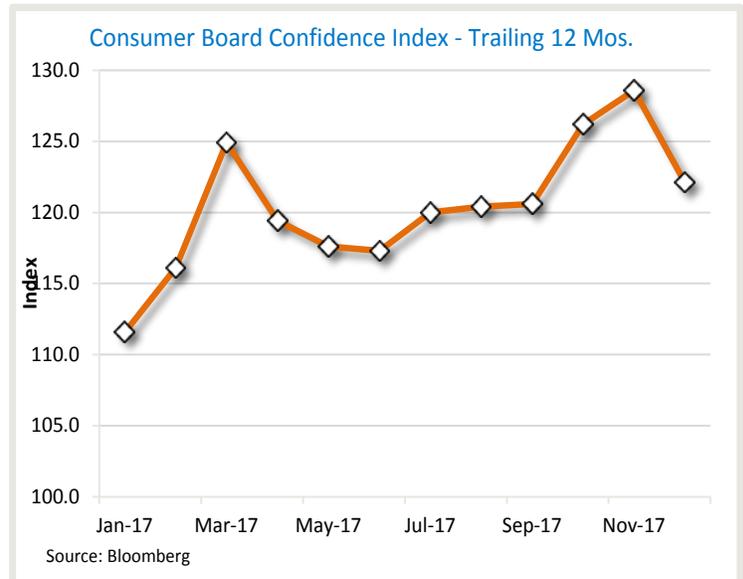
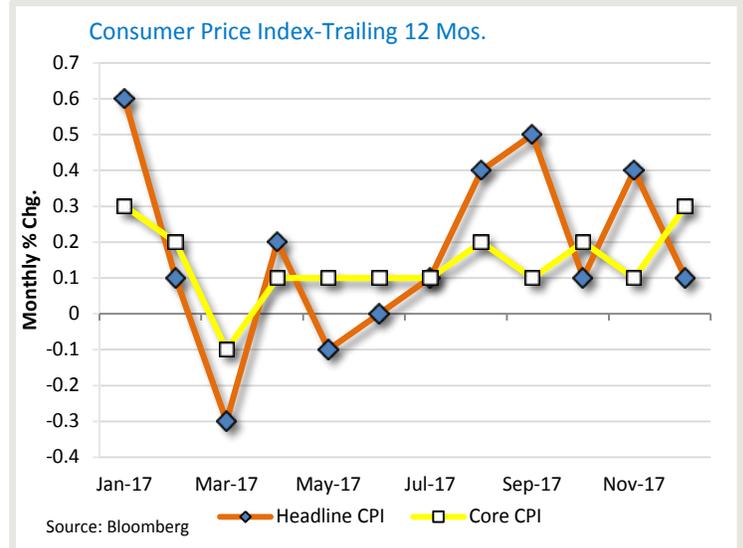
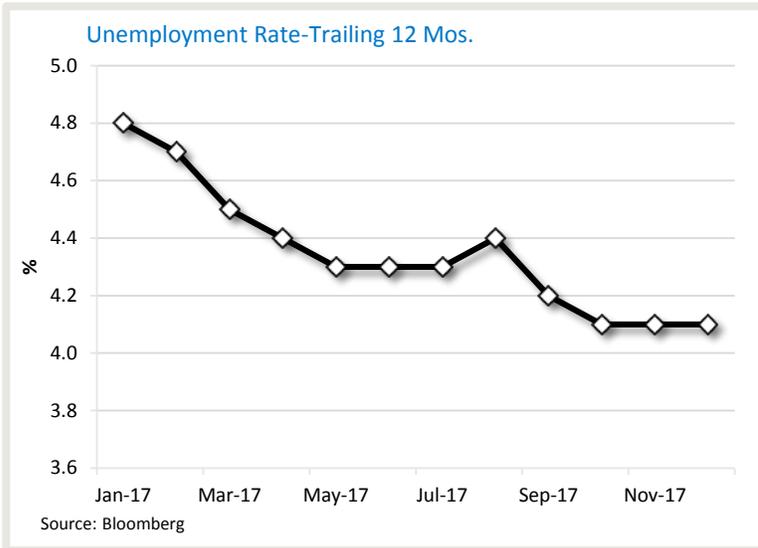
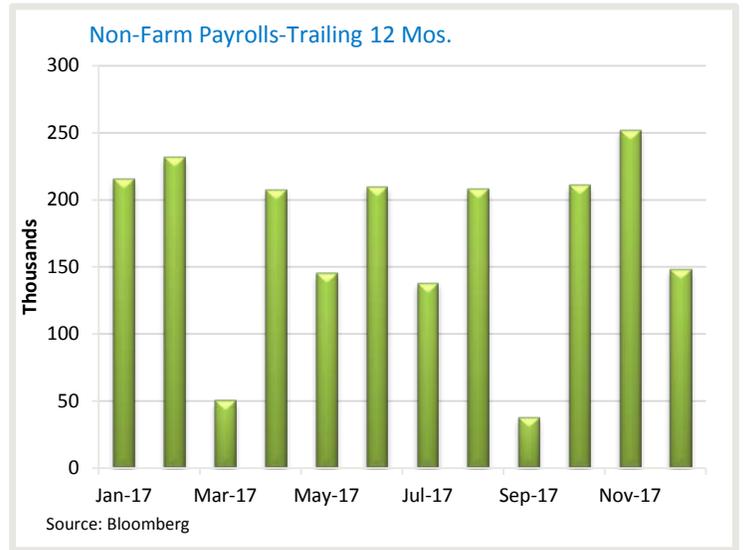
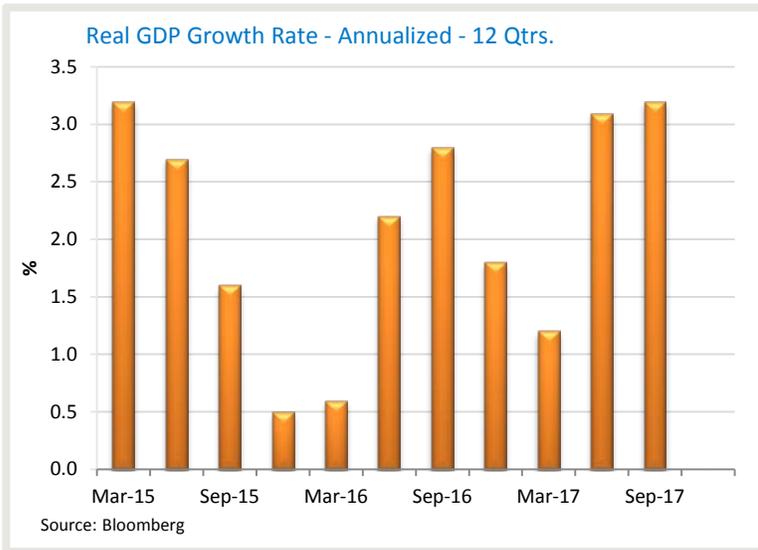
Now that 2018 is underway, we may not be able to predict which factors will be winners this year, nor which ones will be losers, but we can set some expectations depending upon how the markets perform. If stocks continue to march higher, the momentum and high beta stocks are likely to continue their run of outperformance. If we see a downturn in 2018, the value factor is likely to come back into favor relative to growth.

And whatever happens, remember to evaluate portfolio performance against these various factors, rather than merely looking at absolute returns or benchmark-relative returns. The devil is in the details.

*Tanner Howard, CFA  
AVP, Institutional Consultant*

*Note: Factor performance provided by Envestnet | PMC Quantitative Research Group (QRG). All other performance statistics provided by Bloomberg.*

## Economic Data



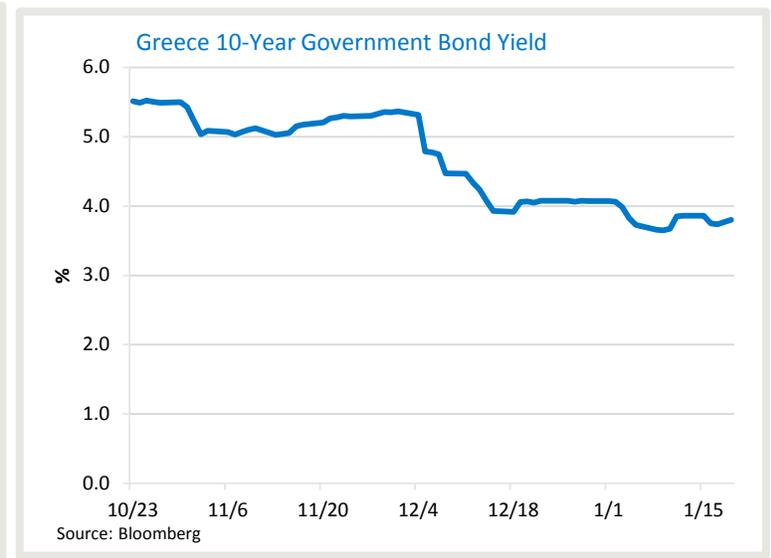
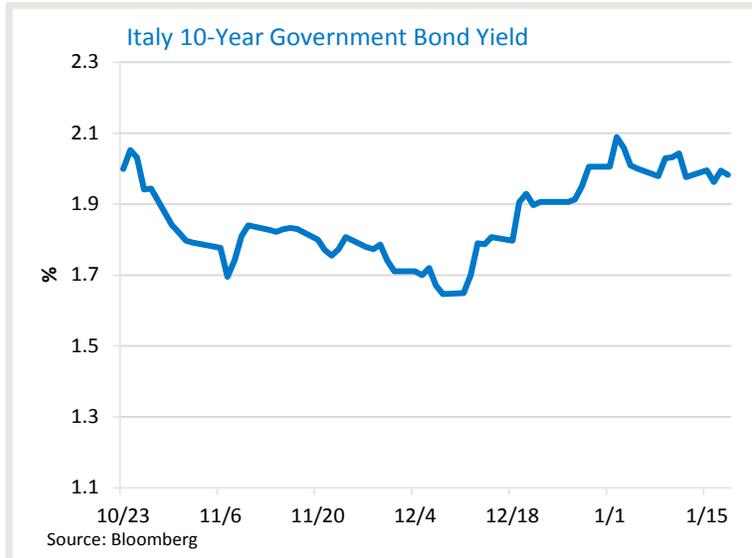
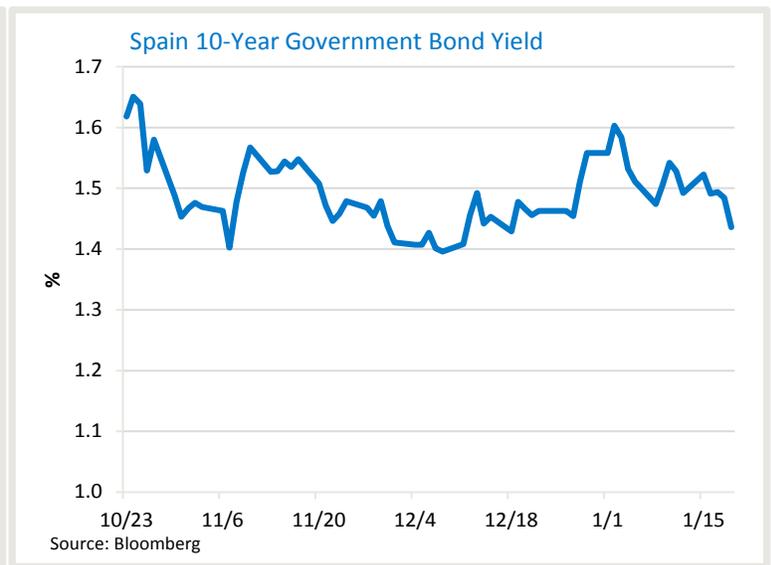
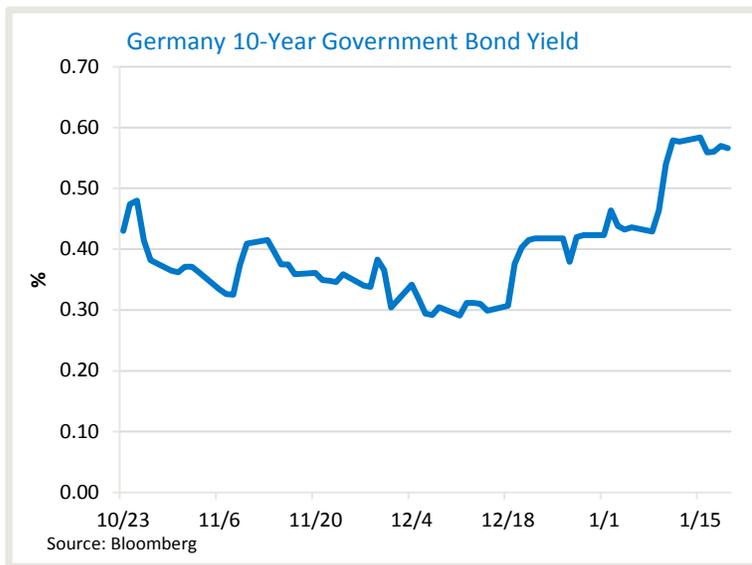
## Eurozone

### SELECTED EUROPEAN SOVEREIGN YIELD PERFORMANCE

	Last	Change	% Chg.	YTD %
Germany 10-Yr. Govt.	0.57	1 bps	NM	NM
Greece 10-Yr. Govt.	3.80	5 bps	NM	NM
Italy 10-Yr. Govt.	1.95	2 bps	NM	NM
Spain 10-Yr. Govt.	1.44	5 bps	NM	NM
Belgium 10-Yr. Govt.	0.70	2 bps	NM	NM

	Last	Change	% Chg.	YTD %
France 10-Yr. Govt.	0.84	1 bps	NM	NM
Ireland 10-Yr. Govt.	0.97	1 bps	NM	NM
Portugal 10-Yr. Govt.	1.97	4 bps	NM	NM
Netherlands 10-Yr. Govt.	0.60	0 bps	NM	NM
U.K. 10-Yr. Govt.	1.34	0 bps	NM	NM

Source: Bloomberg  
Basis points (bps)

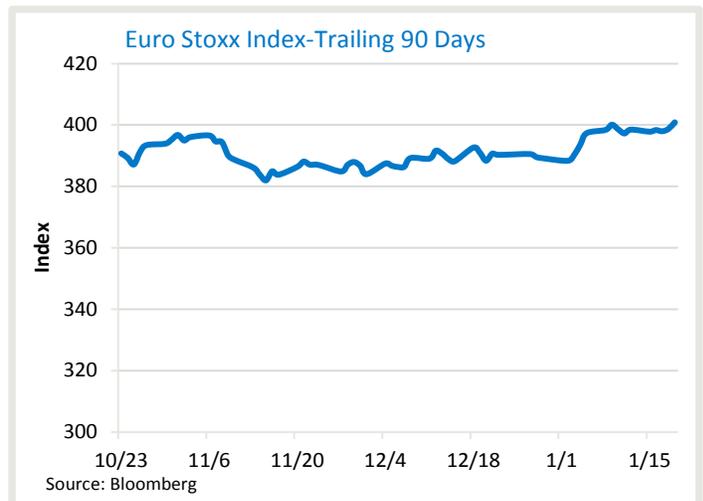
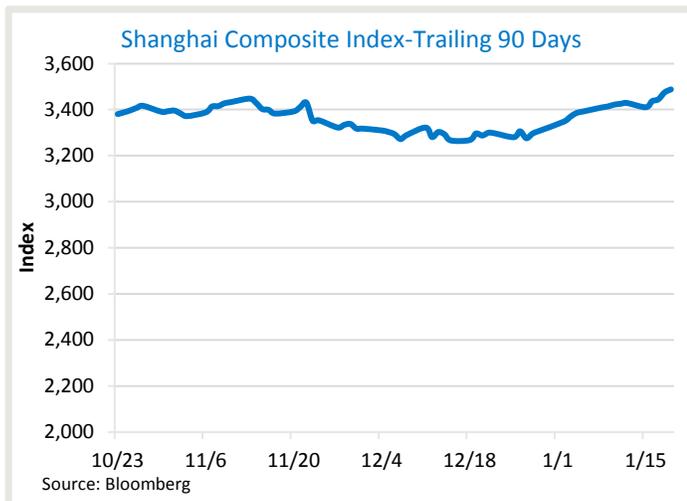
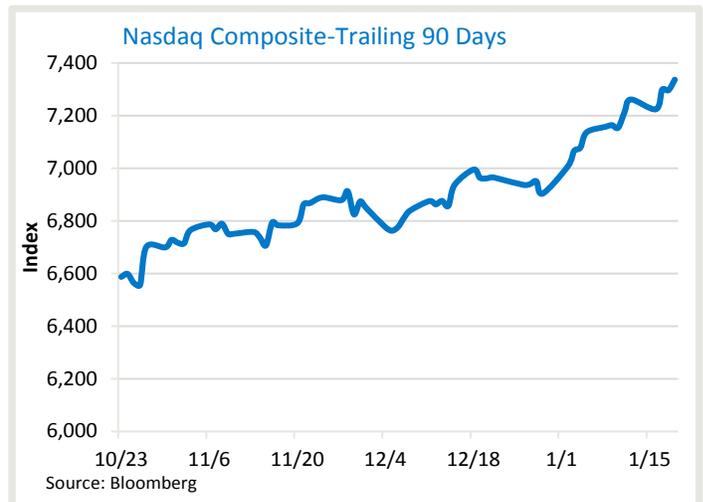
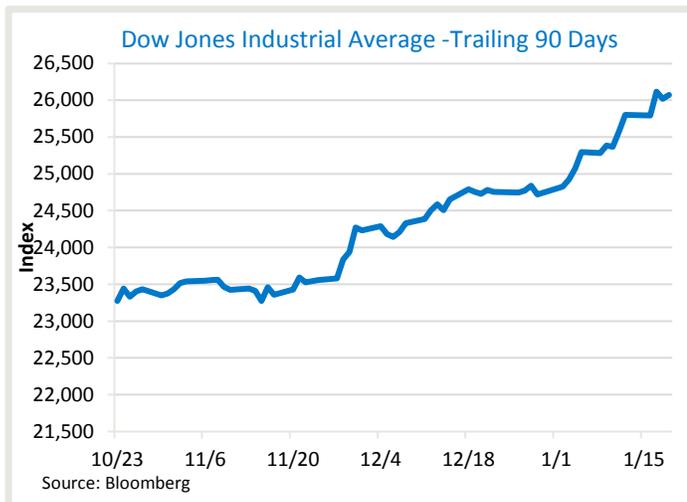


## Equities

### WORLD MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
<b>S&amp;P 500</b>	2,810.30	24.06	0.86%	5.11%	<b>Swiss Market Index</b>	9,509.77	-36.84	-0.39%	1.36%
<b>Dow Industrials</b>	26,071.72	268.53	1.04%	5.47%	<b>CAC 40 Index (France)</b>	5,526.51	9.45	0.17%	4.03%
<b>Nasdaq Composite</b>	7,336.38	75.32	1.04%	6.27%	<b>DAX Index (Germany)</b>	13,434.45	189.42	1.43%	4.00%
<b>Russell Global</b>	2,238.52	11.69	0.52%	4.4%	<b>Irish Overall Index</b>	7,157.12	82.68	1.17%	1.69%
<b>Russell Global EM</b>	3,850.19	52.98	1.40%	5.7%	<b>Nikkei 225</b>	23,808.06	154.24	0.65%	4.58%
<b>S&amp;P/TSX (Canada)</b>	16,353.46	45.28	0.28%	0.89%	<b>Hang Seng Index</b>	32,254.89	842.35	2.68%	7.81%
<b>Mexico IPC</b>	49,695.56	559.65	1.14%	0.69%	<b>Shanghai Composite</b>	3,487.86	58.92	1.72%	5.46%
<b>Brazil Bovespa</b>	81,219.50	1870.38	2.36%	6.31%	<b>Kospi Index (S. Korea)</b>	2,520.26	23.84	0.95%	2.14%
<b>Euro Stoxx 600</b>	400.88	2.39	0.60%	3.01%	<b>Taiwan Taiex Index</b>	11,150.85	266.89	2.45%	4.77%
<b>FTSE 100</b>	7,730.79	-47.85	-0.62%	0.56%	<b>Tel Aviv 25 Index</b>	1,533.58	1.93	0.13%	1.58%
<b>IBEX 35 (Spain)</b>	10,479.50	17.10	0.16%	4.34%	<b>MICEX Index (Russia)</b>	2,286.33	23.95	1.06%	8.37%

Source: Bloomberg; Index % change is based on price.



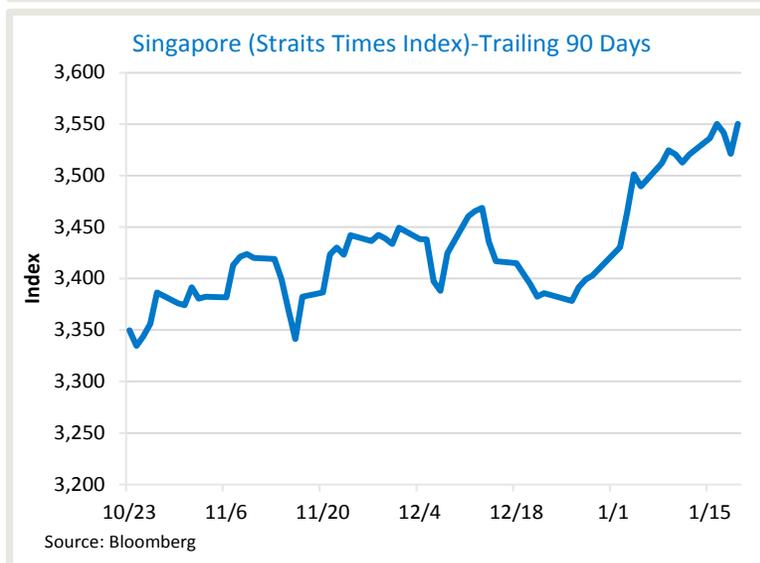
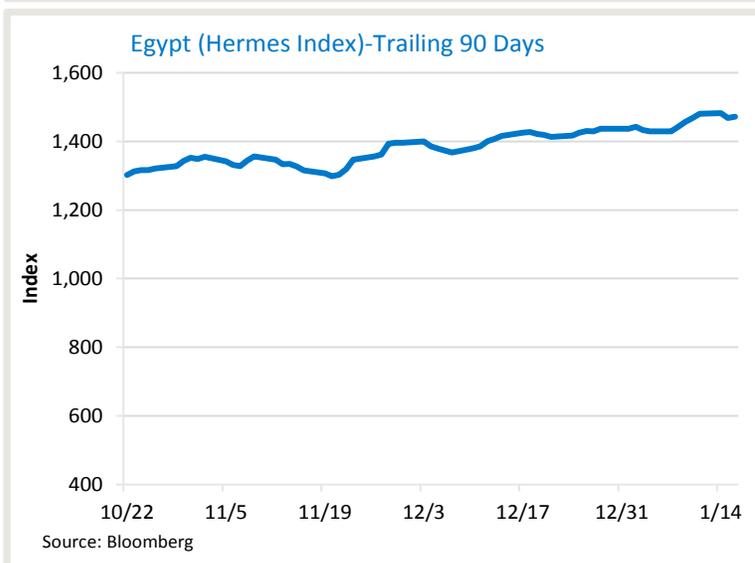
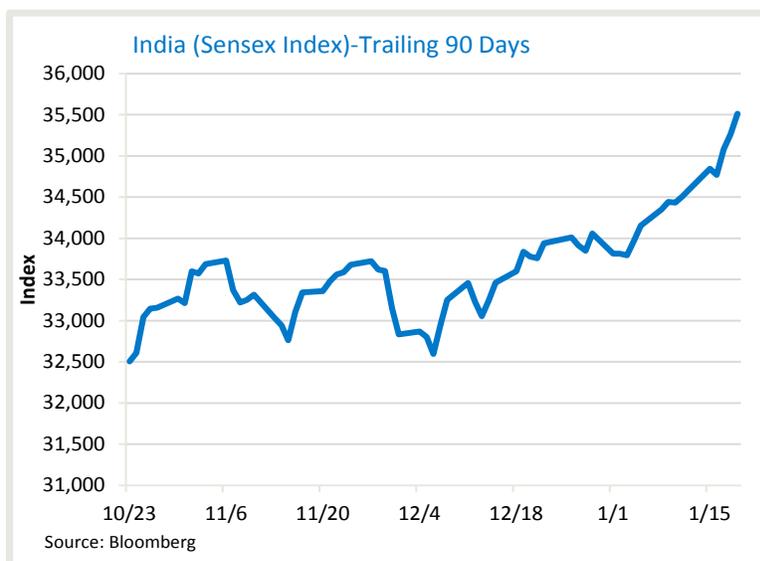
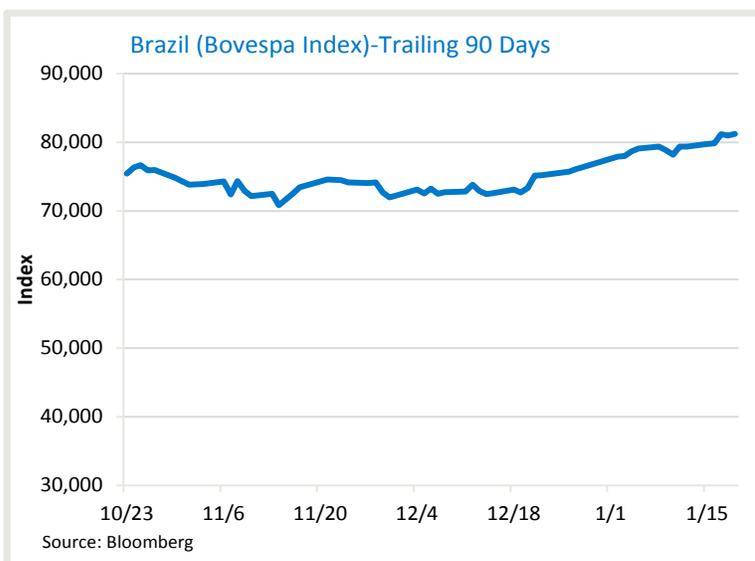
## Equities – Emerging and Frontier Markets

### EMERGING AND FRONTIER MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
Mexico IPC	49,695.56	559.65	1.1%	0.7%
Brazil (Bovespa Index)	81,219.50	1870.38	2.4%	6.3%
MICEX Index (Russia)	2,286.33	23.95	1.1%	8.4%
Czech Republic (Prague)	1,123.62	14.81	1.3%	4.2%
Turkey (Istanbul)	115,147.06	502.50	0.4%	-0.2%
Egypt (Hermes Index)	1,502.07	21.36	1.4%	4.5%
Kenya (Nairobi 20 Index)	3,737.17	28.42	0.8%	0.7%
Saudi Arabia (TASI Index)	7,539.02	200.98	2.7%	4.3%
Lebanon (Beirut BLOM Index)	1,169.16	6.50	0.6%	1.8%
Palestine	582.85	4.75	0.8%	1.4%

Source: Bloomberg; Index % change is based on price.

	Last	Change	% Chg.	YTD %
Hang Seng Index	32,254.89	842.35	2.7%	7.8%
India (Sensex 30)	35,511.58	919.19	2.7%	4.3%
Malaysia (KLCI Index)	1,828.83	6.16	0.3%	1.8%
Singapore (Straits Times Index)	3,550.36	29.80	0.8%	4.3%
Thailand (SET Index)	1,821.34	11.15	0.6%	3.9%
Indonesia (Jakarta)	6,490.90	120.83	1.9%	2.1%
Pakistan (Karachi KSE 100)	44,178.83	1245.11	2.9%	9.2%
Vietnam (Ho Chi Minh)	1,062.07	11.96	1.1%	7.9%
Sri Lanka (Colombo)	6,443.50	-52.73	-0.8%	1.2%
Cambodia (Laos)	969.87	-7.17	-0.7%	-2.9%

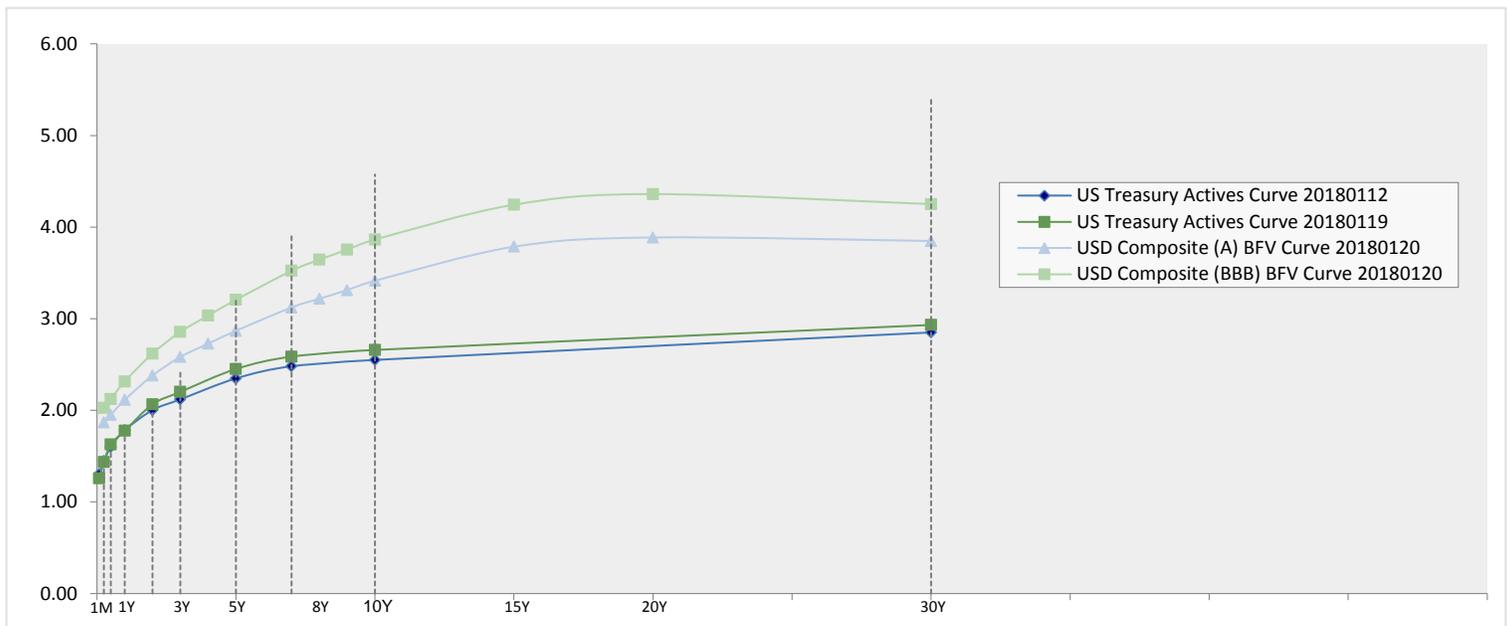


## Interest Rates

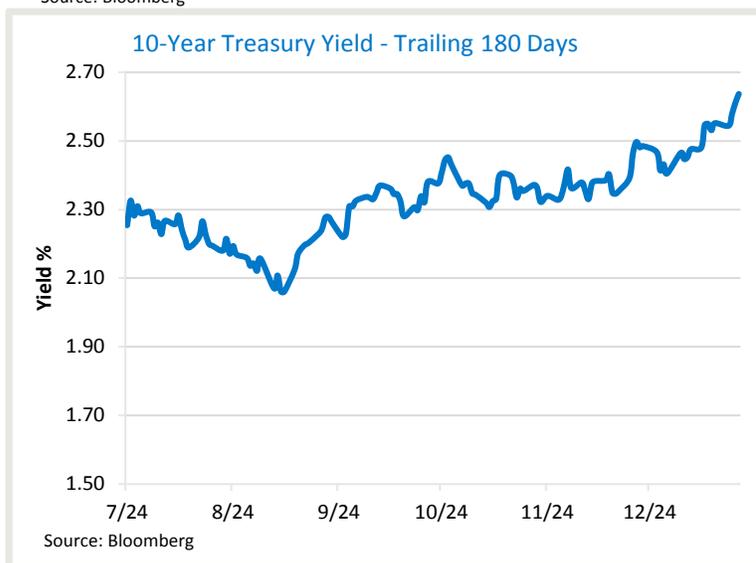
SELECTED INTEREST RATES

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
2-Yr. U.S. Treasury	2.06%	-1 bps	NM	NM	Prime Rate	4.50%	0.00	NM	NM
5-Yr. U.S. Treasury	2.44%	9 bps	NM	NM	Fed Funds Rate	1.50%	0.00	NM	NM
10-Yr. U.S. Treasury	2.64%	9 bps	NM	NM	Discount Rate	2.00%	0.00	NM	NM
30-Yr. U.S. Treasury	2.91%	6 bps	NM	NM	LIBOR (3 Mo.)	1.74%	2 bps	NM	NM
German 10-Yr. Govt.	0.57%	1 bps	NM	NM	Bond Buyer 40 Muni	3.51%	0 bps	NM	NM
France 10-Yr.	0.84%	1 bps	NM	NM	Bond Buyer 40 G.O.	3.52%	NA	NM	NM
Italy 10-Yr.	1.95%	2 bps	NM	NM	Bond Buyer 40 Rev.	4.01%	NA	NM	NM
Fed 5-Yr Fwd BE Inf.	1.97%	-1 bps	NM	NM					

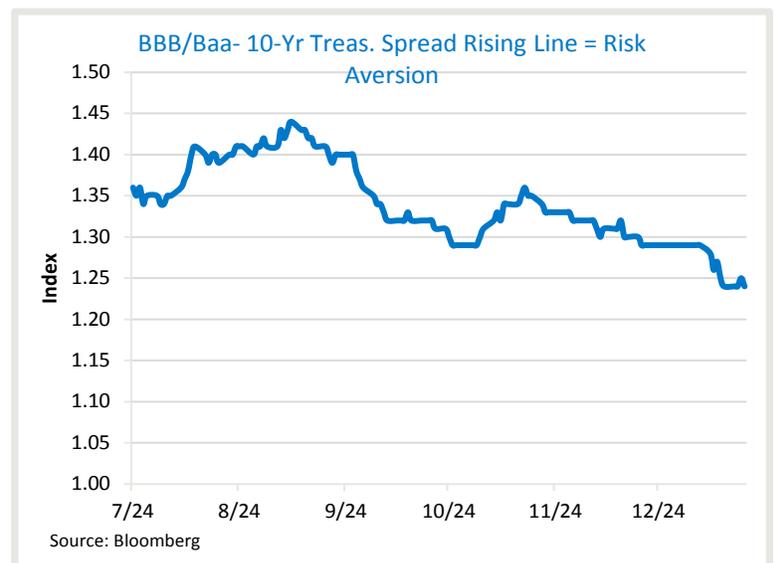
Source: Bloomberg



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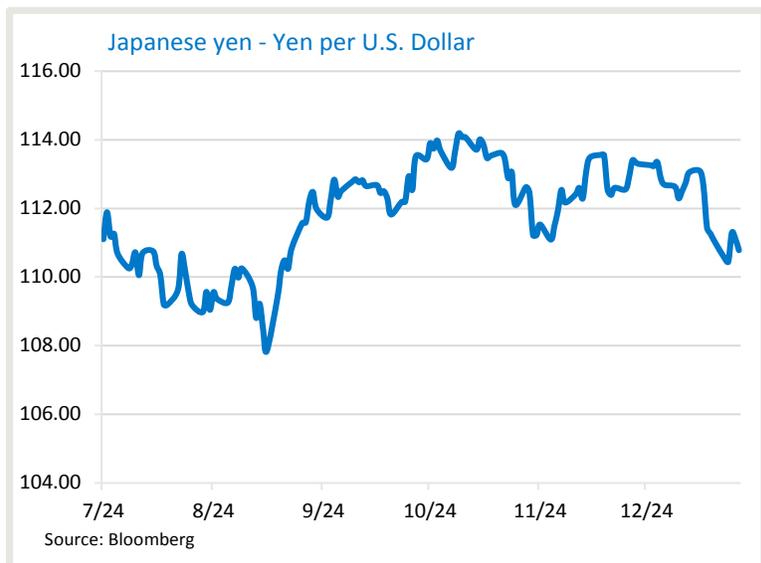
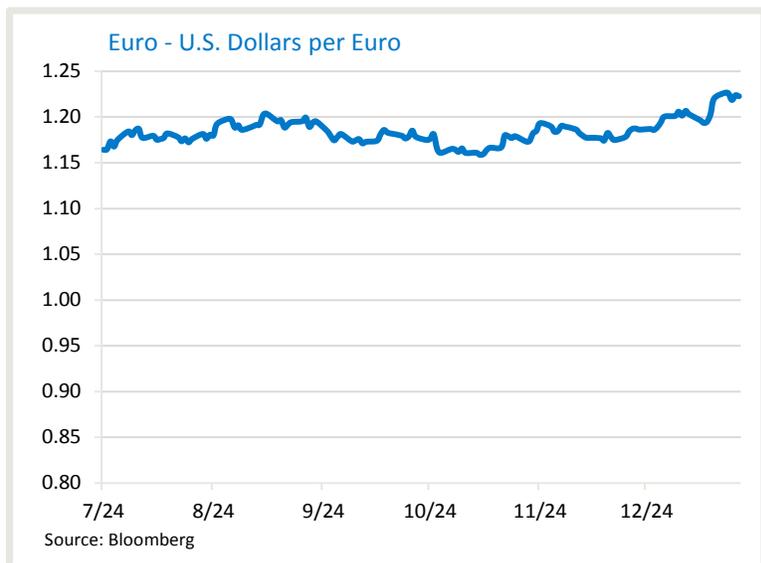
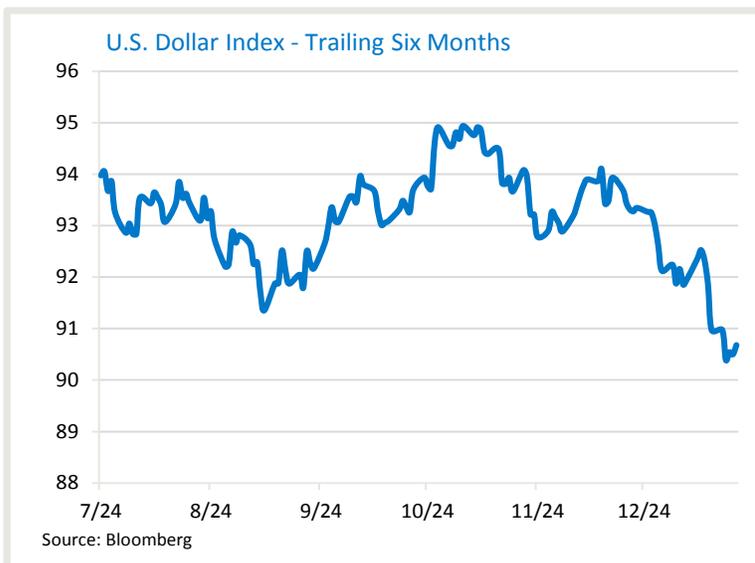
## Currencies

### SELECTED CURRENCY PERFORMANCE

	Last	Change	% Chg.	YTD %
<b>Dollar Index</b>	<b>90.64</b>	<b>-0.294</b>	<b>-0.32%</b>	<b>-1.57%</b>
<b>Euro</b>	<b>1.22</b>	<b>0.003</b>	<b>0.20%</b>	<b>1.85%</b>
<b>Japanese Yen</b>	<b>110.77</b>	<b>-0.280</b>	<b>0.25%</b>	<b>1.72%</b>
<b>British Pound</b>	<b>1.39</b>	<b>0.014</b>	<b>1.03%</b>	<b>2.64%</b>
<b>Canadian Dollar</b>	<b>1.25</b>	<b>0.004</b>	<b>-0.34%</b>	<b>0.55%</b>

	Last	Change	% Chg.	YTD %
<b>Chinese Yuan</b>	<b>6.40</b>	<b>-0.065</b>	<b>1.02%</b>	<b>1.60%</b>
<b>Swiss Franc</b>	<b>0.96</b>	<b>-0.004</b>	<b>0.45%</b>	<b>1.17%</b>
<b>New Zealand Dollar</b>	<b>0.73</b>	<b>0.004</b>	<b>0.59%</b>	<b>2.63%</b>
<b>Brazilian Real</b>	<b>3.20</b>	<b>-0.009</b>	<b>0.29%</b>	<b>3.51%</b>
<b>Mexican Peso</b>	<b>18.61</b>	<b>-0.425</b>	<b>2.28%</b>	<b>5.62%</b>

Source: Bloomberg



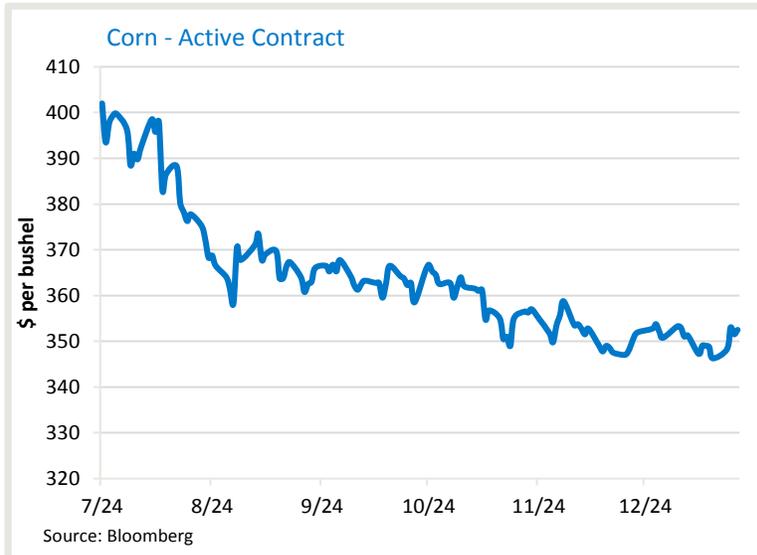
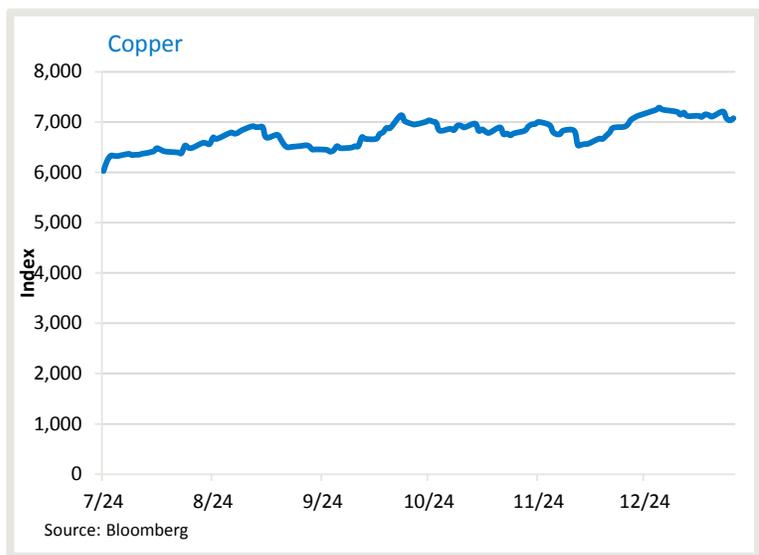
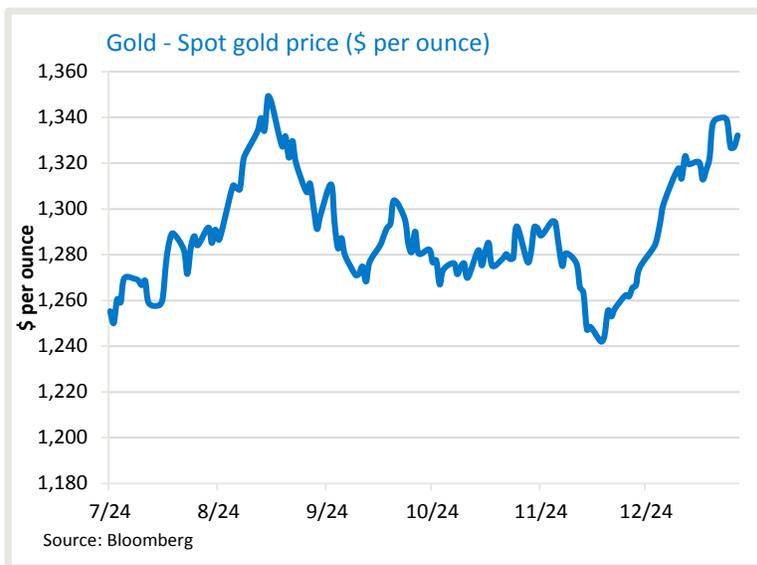
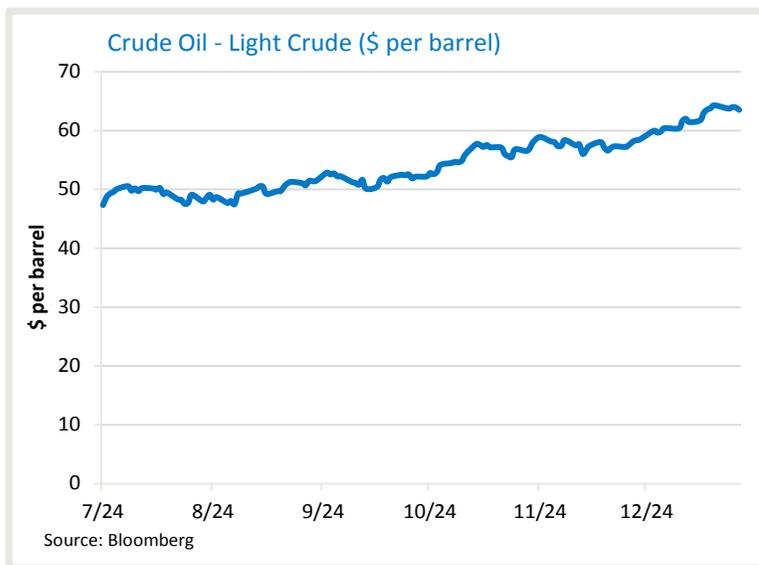
## Commodities

### SELECTED COMMODITY MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
<b>Bloomberg Comm. Idx.</b>	<b>88.54</b>	<b>-0.21</b>	<b>-0.24%</b>	<b>0.43%</b>
<b>Crude Oil</b>	<b>\$63.49</b>	<b>-\$0.78</b>	<b>-1.21%</b>	<b>5.13%</b>
<b>Natural Gas</b>	<b>\$3.19</b>	<b>-\$0.02</b>	<b>-0.50%</b>	<b>7.82%</b>
<b>Gasoline (\$/Gal.)</b>	<b>\$2.54</b>	<b>\$0.01</b>	<b>0.44%</b>	<b>2.01%</b>
<b>Heating Oil</b>	<b>206.18</b>	<b>-2.40</b>	<b>-1.15%</b>	<b>-0.34%</b>
<b>Gold Spot</b>	<b>\$1,331.99</b>	<b>-\$5.49</b>	<b>-0.41%</b>	<b>2.25%</b>
<b>Silver Spot</b>	<b>\$17.04</b>	<b>-\$0.17</b>	<b>-0.99%</b>	<b>0.58%</b>

	Last	Change	% Chg.	YTD %
<b>Platinum Spot</b>	<b>\$1,013.82</b>	<b>\$19.52</b>	<b>1.96%</b>	<b>9.22%</b>
<b>Corn</b>	<b>352.50</b>	<b>3.75</b>	<b>1.08%</b>	<b>0.50%</b>
<b>Wheat</b>	<b>422.75</b>	<b>-10.50</b>	<b>-2.42%</b>	<b>-1.00%</b>
<b>Soybeans</b>	<b>977.25</b>	<b>27.25</b>	<b>2.87%</b>	<b>1.61%</b>
<b>Sugar</b>	<b>13.25</b>	<b>-0.93</b>	<b>-6.56%</b>	<b>-12.60%</b>
<b>Orange Juice</b>	<b>146.50</b>	<b>10.00</b>	<b>7.33%</b>	<b>7.05%</b>
<b>Aluminum</b>	<b>2,241.00</b>	<b>27.00</b>	<b>1.22%</b>	<b>-1.19%</b>
<b>Copper</b>	<b>7,076.00</b>	<b>-34.00</b>	<b>-0.48%</b>	<b>-2.36%</b>

Source: Bloomberg; % change is based on price.

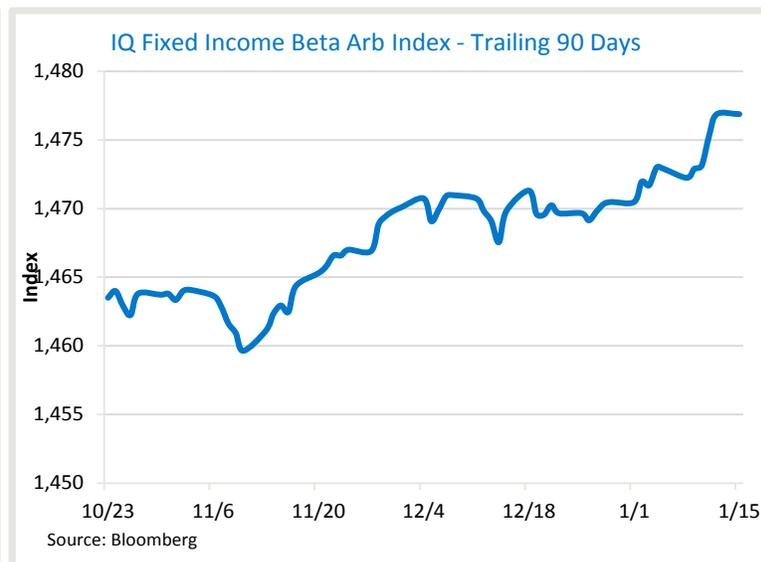
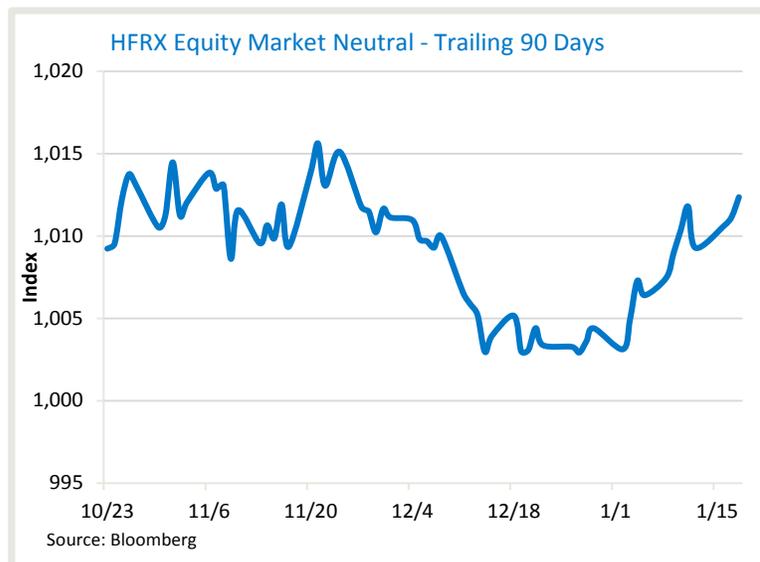
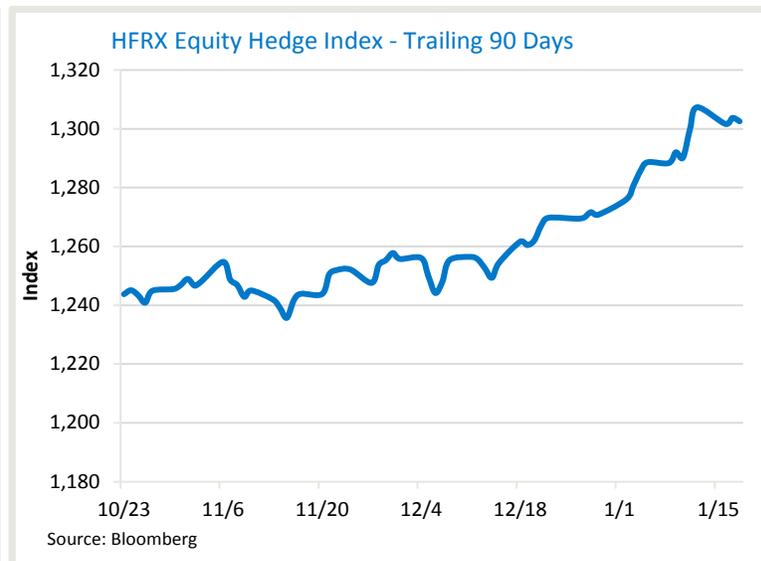
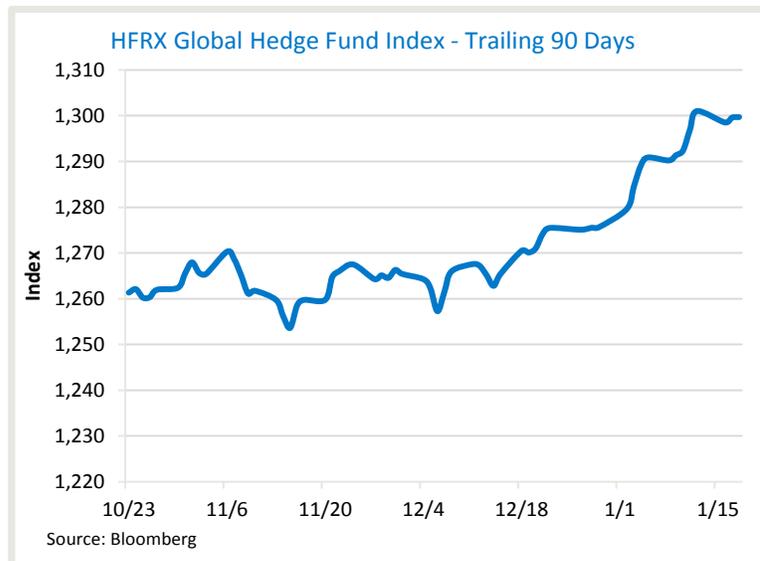


## Alternative Investments

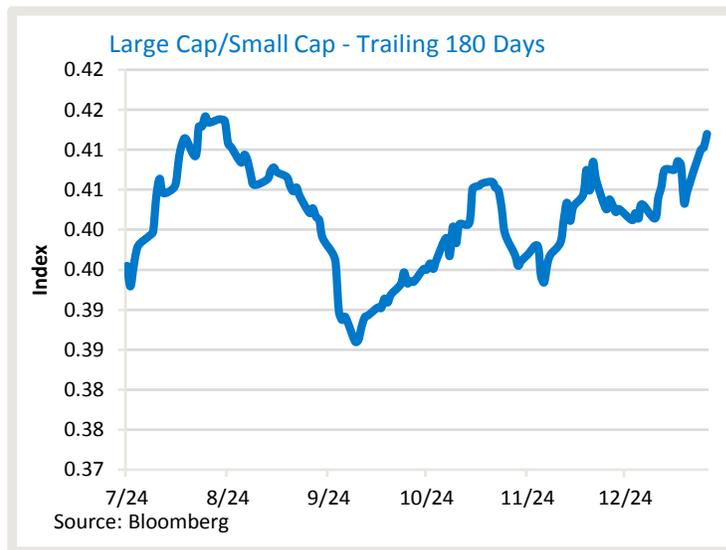
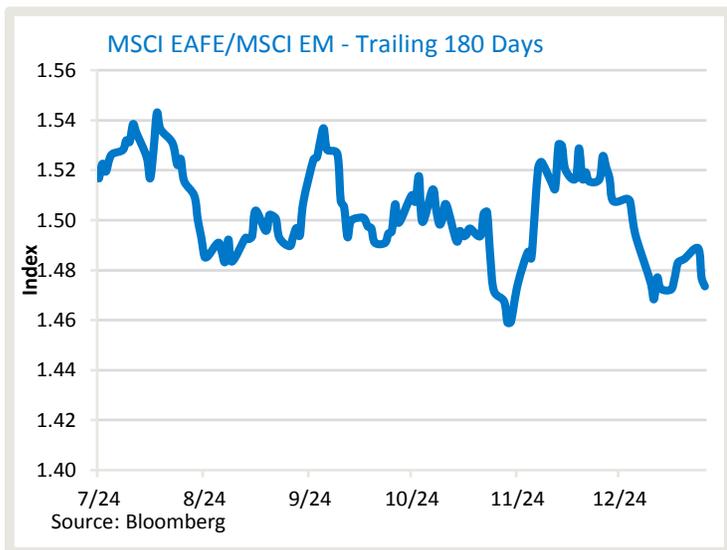
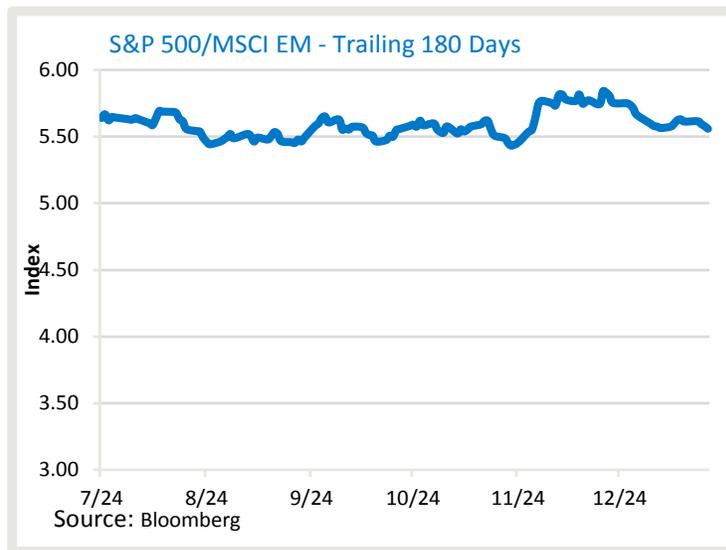
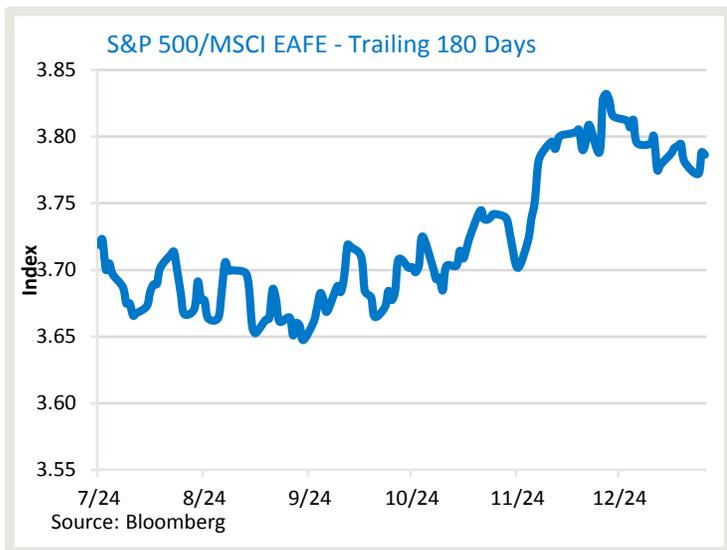
### SELECTED ALTERNATIVE INVESTMENT INDEX PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
HFRX Global Hedge Fund Index	1299.69	-1.32	-0.10%	1.89%	HFRX Distressed Index	1120.49	0.36	0.03%	1.25%
HFRX Equity Market Neutral	1012.36	3.08	0.31%	0.79%	HFRX Merger Arbitrage Index	1855.61	-0.50	-0.03%	0.14%
HFRX Equity Hedge Index	1302.53	-4.78	-0.37%	2.50%	HFRX Convertible Arbitrage Index	797.99	0.75	0.09%	0.22%
HFRX Event-Driven Index	1690.22	-2.30	-0.14%	1.47%	HFRX Macro CTA Index	1199.73	0.85	0.07%	3.08%
HFRX Absolute Return Index	1068.19	0.03	0.00%	0.46%	IQ Fixed Income Beta Arb Index	1476.51	-0.37	-0.03%	0.41%

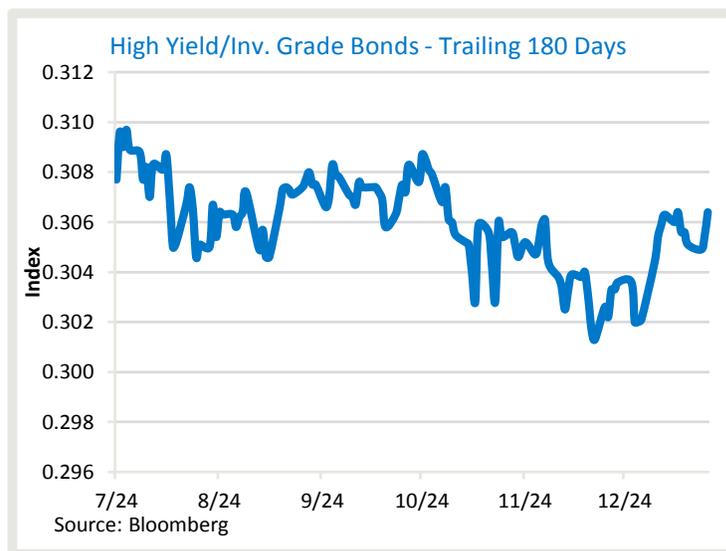
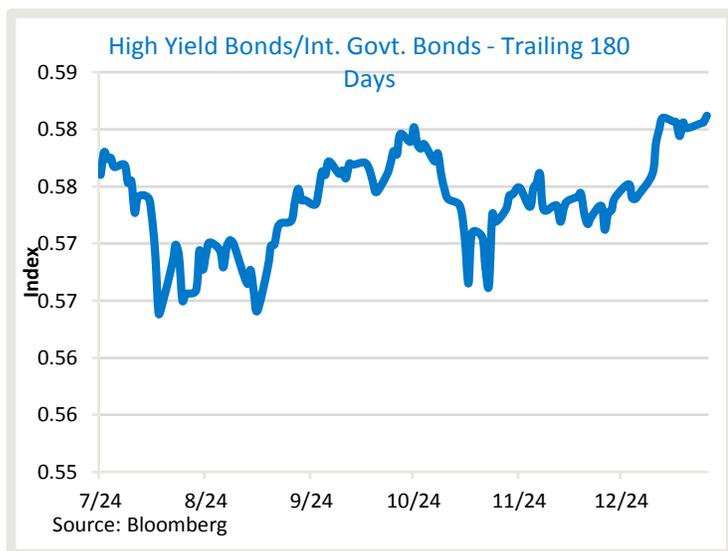
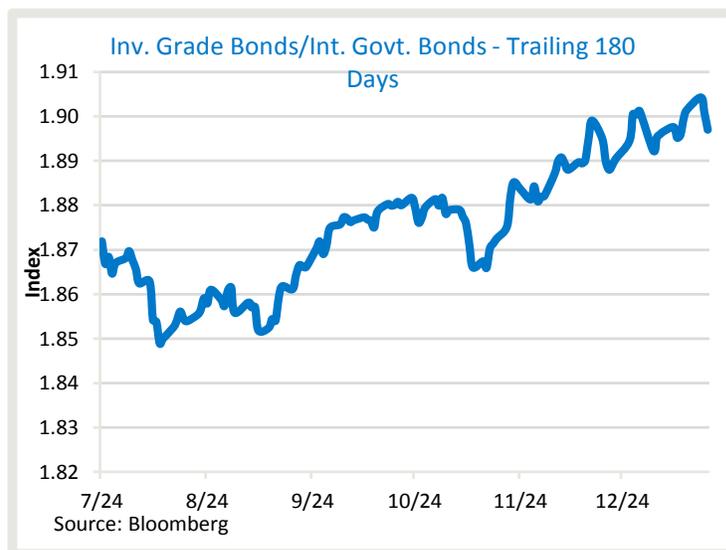
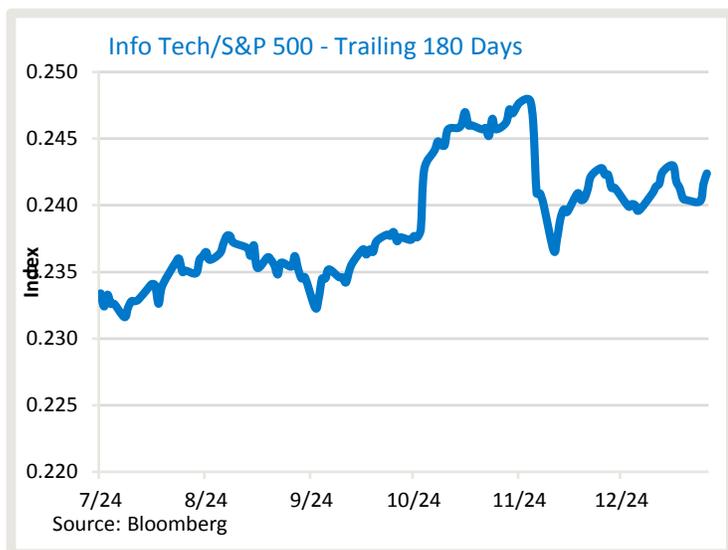
Source: Bloomberg; Index % change is based on price.



## Portfolio Construction



## Portfolio Construction (continued)



WEEKLY ASSET CLASS PERFORMANCE (Prior 12 weeks ending Thursday)

			11/2	11/9	11/16	11/23	11/30	12/7	12/14	12/21	12/28	1/4	1/11	1/18
Equity	Domestic Equity	Large Cap (R200)	0.96%	0.20%	-0.08%	0.41%	1.89%	-0.38%	0.83%	1.16%	-0.02%	1.42%	1.65%	1.29%
		Small Cap (R2000)	-0.06%	-1.44%	0.80%	2.01%	1.81%	-1.53%	-0.89%	2.66%	0.12%	0.44%	2.00%	-0.63%
	Int'l. Equity	MSCI EAFE	1.09%	-0.56%	-0.85%	1.43%	0.31%	-1.10%	0.94%	0.85%	0.47%	2.24%	1.15%	1.35%
		MSCI Em. Mkts.	1.73%	0.57%	-0.74%	2.40%	-2.74%	-1.81%	1.88%	1.17%	1.69%	3.38%	0.37%	2.55%
Fixed Income	BarCap Agg. (AGG)	2.36%	-3.63%	-3.42%	6.91%	11.44%	3.87%	8.72%	47.24%	-10.88%	1.05%	-9.17%	-6.31%	
	High Yield (JNK)	-0.32%	-1.38%	0.82%	0.41%	-0.05%	-0.54%	-0.14%	-0.35%	0.27%	0.90%	-0.19%	-0.30%	
Commodities	Bloomberg Commodity Index	0.90%	0.88%	-2.05%	1.61%	-1.54%	-2.22%	0.04%	1.72%	2.84%	0.99%	-0.30%	0.44%	
Alternatives	Hedge Funds (HFRX Global)	0.42%	-0.36%	-0.20%	0.59%	0.02%	-0.38%	0.10%	0.90%	0.11%	1.06%	0.61%	0.21%	
Asset Allocation	60/40*	1.34%	-1.48%	-1.27%	3.10%	4.66%	0.81%	1.69%	17.32%	-3.63%	1.39%	-2.33%	-1.57%	
	48/32/20 (w/Alts.)**	1.16%	-1.25%	-1.05%	2.60%	3.73%	0.57%	1.37%	14.03%	-2.89%	1.32%	-1.74%	-1.21%	

Source: Bloomberg; \*60/40 portfolio = 30% Large Cap/10% Small Cap/15% EAFE/5% Emerging Markets/35% BarCap Agg./5% High Yield.

\*\*48/32/20 portfolio = 24% Large Cap/8% Small Cap/12% EAFE/4% Emerging Markets/28% BarCap Agg./4% High Yield/20% HFRX Global Index.

RELATIVE STRENGTH MATRIX (BASED ON 30-DAY RSI)

	Large Cap Core	Large Cap Growth	Large Cap Value	Mid Cap Core	Mid Cap Growth	Mid Cap Value	Small Cap Core	Small Cap Growth	Small Cap Value	Int'l. Developed	Emerging Markets	REITs	Comm.	Int. Bond	High Yield
Large Cap Core	1.00	1.02	1.04	1.13	1.08	1.21	1.27	1.24	1.33	1.02	1.06	2.01	1.27	1.47	1.58
Large Cap Growth	0.98	1.00	1.02	1.11	1.06	1.19	1.24	1.21	1.30	0.99	1.04	1.96	1.24	1.43	1.55
Large Cap Value	0.96	0.98	1.00	1.09	1.04	1.17	1.22	1.19	1.28	0.98	1.02	1.93	1.22	1.41	1.52
Mid Cap Core	0.88	0.90	0.92	1.00	0.96	1.07	1.12	1.09	1.18	0.90	0.94	1.77	1.12	1.29	1.40
Mid Cap Growth	0.92	0.94	0.96	1.05	1.00	1.12	1.17	1.14	1.23	0.94	0.98	1.85	1.17	1.35	1.46
Mid Cap Value	0.82	0.84	0.86	0.93	0.89	1.00	1.05	1.02	1.10	0.84	0.88	1.65	1.05	1.21	1.30
Small Cap Core	0.79	0.80	0.82	0.89	0.85	0.95	1.00	0.97	1.05	0.80	0.84	1.58	1.00	1.15	1.24
Small Cap Growth	0.81	0.83	0.84	0.92	0.87	0.98	1.03	1.00	1.08	0.82	0.86	1.62	1.02	1.18	1.28
Small Cap Value	0.75	0.77	0.78	0.85	0.81	0.91	0.95	0.93	1.00	0.76	0.80	1.51	0.95	1.10	1.19
Int'l. Developed	0.99	1.01	1.03	1.12	1.07	1.20	1.25	1.22	1.31	1.00	1.05	1.98	1.25	1.44	1.56
Emerging Markets	0.94	0.96	0.98	1.07	1.02	1.14	1.20	1.16	1.25	0.95	1.00	1.89	1.19	1.38	1.49
REITs	0.50	0.51	0.52	0.56	0.54	0.60	0.63	0.62	0.66	0.51	0.53	1.00	0.63	0.73	0.79
Commodities	0.79	0.81	0.82	0.89	0.85	0.96	1.00	0.98	1.05	0.80	0.84	1.58	1.00	1.16	1.25
Int. Bond	0.68	0.70	0.71	0.77	0.74	0.83	0.87	0.84	0.91	0.69	0.73	1.37	0.87	1.00	1.08
High Yield	0.63	0.65	0.66	0.72	0.68	0.77	0.80	0.78	0.84	0.64	0.67	1.27	0.80	0.93	1.00

Source: Bloomberg

The Relative Strength Matrix provides an indication of how the various asset classes have performed relative to one another over the past 30 days. A number greater than 1.0 indicates that the asset class in the far left column has outperformed the corresponding asset class in the top row over the past 30 days. A number below 1.0 means the asset class on the left has underperformed the asset class at the top. The green shading indicates outperformance, and the red shading indicates underperformance.

**Index Overview & Key Definitions**

**Fed, The Fed or FED** refers to the Federal Reserve System, the central bank of the United States. The **Federal Open Market Committee (FOMC)** is the monetary policymaking body of the Federal Reserve System. **Fed Funds Rate**, the interest rate at which a depository institution lends funds maintained at the Federal Reserve to another depository institution overnight. The **European Central Bank (ECB)** is the central bank for Europe's single currency, the euro. The ECB's main task is to maintain the euro's purchasing power and thus price stability in the euro area. The euro area comprises the 19 European Union countries that have introduced the euro since 1999. The **Gross Domestic Product (GDP)** rate is a measurement of the output of goods and services produced by labor and property located in the United States. **Basis Point(s)** is a unit that is equal to 1/100th of 1%, and is used to denote the change in a financial instrument. The basis point is commonly used for calculating changes in interest rates, equity indexes and the yield of a fixed-income security. A **separately managed account (SMA)** is an individual managed investment account offered typically by a brokerage firm through one of their brokers or financial consultants and managed by independent investment management firms (often called money managers for short) and have varying fee structures. The **Consumer Price Index (CPI)** measures the change in the cost of a fixed basket of products and services. The **Producer Price Index (PPI)** program measures the average change over time in the selling prices received by domestic producers for their output. The prices included in the PPI are from the first commercial transaction for many products and some services. **Core CPI** is an additional CPI Index, excludes energy and food item price changes, and measures the "core" or "underlying" rate of inflation. The **PCE (Personal Consumption Expenditure) Index of Prices** is a US--wide indicator of the average increase in prices for all domestic personal consumption. Using a variety of data including U.S. Consumer Price Index and Producer Price Index prices, it is derived from personal consumption expenditures; essentially a measure of goods and services targeted towards individuals and consumed by individuals. The **Purchasing Managers' Index (PMI)** is an indicator of the economic health of the manufacturing sector. The **PMI** is based on five major indicators: new orders, inventory levels, production, supplier deliveries and the employment environment. **Brexit** is a commonly used term for the United Kingdom's withdrawal from the European Union. The **Kansas City Fed Manufacturing Survey** monitors manufacturing plants selected according to geographic distribution, industry mix and size in the Tenth Federal Reserve District.

The **Dow Jones Industrial Average (DOW or DJIA)** is an unmanaged index of 30 common stocks comprised of 30 actively traded blue chip stocks, primarily industrials and assumes reinvestment of dividends. The **S&P 500 Index** is an unmanaged index comprised of 500 widely held securities considered to be representative of the stock market in general. The **S&P/Case-Shiller Home Price Indices** measure the residential housing market, tracking changes in the value of the residential real estate market in 20 metropolitan regions across the United States. The **Nasdaq Composite Index** is a stock market index of the common stocks and similar securities listed on the NASDAQ stock market. The **US Dollar Index** is a measure of the value of the United States dollar relative to a basket of foreign currencies. It is a weighted geometric mean of the dollar's value relative to other select currencies (Euro, Japanese yen, Pound sterling, Canadian dollar, Swedish krona (SEK) & Swiss franc). The **FTSE 100 Index (FTSE 100)** is a share index of the 100 companies listed on the London Stock Exchange (LSE) with the highest market capitalization. The **Bloomberg Commodity Index (formerly the Dow Jones-UBS Commodity Index)** tracks prices of futures contracts on physical commodities on the commodity markets and is designed to minimize concentration in any one commodity or sector (currently 22 commodity futures in seven sectors). The **Barclays Capital US Credit Index** is an unmanaged index considered representative of publicly issued, SEC-registered US corporate and specified foreign debentures and secured notes. The **Barclays Capital US Aggregate Bond Index** is a market capitalization-weighted index of investment-grade, fixed-rate debt issues, including government, corporate, asset-backed, and mortgage-backed securities, with maturities of at least one year. The **Barclays Capital US Corporate High Yield Index** covers the USD-denominated, non-investment grade, fixed-rate, taxable corporate bond market. Securities are classified as high-yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. The index may include emerging market debt. The **Barclays Capital Municipal Bond Index** is an unmanaged index comprised of investment-grade, fixed-rate municipal securities representative of the tax-exempt bond market in general. The **Barclays Capital US Treasury Total Return Index** is an unmanaged index of public obligations of the US Treasury with a remaining maturity of one year or more. The **Barclays Capital Global Aggregate ex-U.S. Index** is a market capitalization-weighted index, meaning the securities in the index are weighted according to the market size of each bond type. Most U.S. traded investment grade bonds are represented. Municipal bonds, and Treasury Inflation-Protected Securities are excluded, due to tax treatment issues. The index includes Treasury securities, Government agency bonds, Mortgage-backed bonds, Corporate bonds, and a small amount of foreign bonds traded in U.S. The **Barclays Capital U.S. 5-10 Year Corporate Bond Index** measures the investment return of U.S. dollar denominated, investment-grade, fixed rate, taxable securities issued by industrial, utility, and financial companies with maturities between 5 and 10 years. Treasury securities, mortgage-backed securities (MBS) foreign bonds, government agency bonds and corporate bonds are some of the categories included in the index. The **Barclays Capital U.S. Corporate High-Yield Index** is composed of fixed-rate, publicly issued, non-investment grade debt. The **Barclays Capital U.S. Corporate 5-10 Year Index** includes U.S. dollar-denominated, investment-grade, fixed-rate, taxable securities issued by industrial, utility, & financial companies, with maturities between 5 & 10 years. The **Russell 1000 Index** is a market capitalization-weighted benchmark index made up of the 1000 largest U.S. companies in the Russell 3000 Index. The **Russell 1000 Growth Index** is an unmanaged index considered representative of large-cap growth stocks. The **Russell 1000 Value Index** is an unmanaged index considered representative of large-cap value stocks. The **Russell 2000 Index** is an unmanaged index considered representative of small-cap stocks. The **Russell 2000 Growth Index** is an unmanaged index considered representative of small-cap growth stocks. The **Russell 2000 Value Index** is an unmanaged index considered representative of small-cap value stocks. The **Russell 3000 Index** is an unmanaged index considered representative of the US stock market. The **Russell Midcap Index** is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The **Russell Midcap Growth Index** is an unmanaged index considered representative of mid-cap growth stocks. The **Russell Midcap Value Index** is an unmanaged index considered representative of mid-cap value stocks. The **HFRX Indices** are a series of benchmarks of hedge fund industry performance which are engineered to achieve representative performance of a larger universe of hedge fund strategies. Hedge Fund Research, Inc. employs the HFRX Methodology (UCITS compliant), a proprietary and highly quantitative process by which hedge funds are selected as constituents for the HFRX Indices. The **University of Michigan Consumer Sentiment Index (MCSI)** is a survey of consumer confidence conducted by the University of Michigan using telephone surveys to gather information on consumer expectations regarding the overall economy. The **CBOE Volatility Index (VIX)** is an up-to-the-minute market estimate of expected volatility that is calculated by using real-time S&P 500 Index option bid/ask quotes. The Index uses nearby and second nearby options with at least 8 days left to expiration and then weights them to yield a constant, 30-day measure of the expected volatility of the S&P 500 Index. The **MSCI EAFE Index** is designed to measure the equity market performance of developed markets outside of the U.S. & Canada. The **MSCI EAFE Growth Index** is an unmanaged index considered representative of growth stocks of Europe, Australasia and the Far East. The **MSCI EAFE Value Index** is an unmanaged index considered representative of value stocks of Europe, Australasia and the Far East. The **MSCI EM (Emerging Markets) Latin America Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of emerging markets in Latin America. The **MSCI World ex-U.S. Index** captures large and mid-cap representation across 22 of 23 Developed Markets (DM) countries - excluding the US. With 1,002 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country. The **MSCI Japan Index** is designed to measure the performance of the large and mid-cap segments of the Japanese market. With 320 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in Japan. The **MSCI Emerging Markets Index** is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The **MSCI Europe Index** is an unmanaged index considered representative of stocks of developed European countries. The **MSCI Pacific Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the developed markets in the Pacific region. The **Barclays Intermediate US Government/Credit Bond Index** is a market capitalization-weighted index of investment-grade, fixed-rate debt issues, including Treasuries, government-related and U.S. corporate securities, with maturities of at least one year and less than 10 years. The **NY Empire State Manufacturing Index** is based on the monthly survey of manufacturers in New York State – known as the Empire State Manufacturing Survey – conducted by the Federal Reserve Bank of New York. The **ISM Manufacturing Index** is based on surveys of more than 300 manufacturing firms by the Institute of Supply Management and monitors employment, production, inventories, new orders and supplier deliveries. The **ISM Non-Manufacturing Index** is an index based on surveys of more than 400 non-manufacturing firms' purchasing and supply executives, within 60 sectors across the nation, by the Institute of Supply Management (ISM) and also tracks economic data, like the ISM Non-Manufacturing Business Activity Index. A composite diffusion index is created based on the data from these surveys that monitors economic conditions of the nation. The **Housing Market Index (HMI)** is based on a monthly survey of NAHB members designed to take the pulse of the single-family housing market. In May 2007, **Markit's U.S. PMI** research was extended out to cover producers of metal goods. In October 2009, Markit's U.S. Manufacturing PMI survey panel was extended further to cover all areas of U.S. manufacturing activity. The **Dow Jones Wilshire U.S. REIT Index** tracks the performance of publicly traded REITs and REIT-like securities and is designed to serve as a proxy for direct real estate investment, in part by excluding companies whose performance may be driven by factors other than the value of real estate. The **Russell Top 200 Index** measures the performance of the 200 largest companies in the Russell 1000 Index, with a weighted average market capitalization of \$186 billion. The **Barclays 1-3 Year US Treasury Bond Index** measures public US Treasury obligations with remaining maturities of one to three years. The **S&P LSTA Leveraged Loan Index** is an unmanaged capitalization-weighted syndicated loan index based upon market weightings, spreads and interest payments. It covers the US market back to 1997 and currently calculates on a daily basis.

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