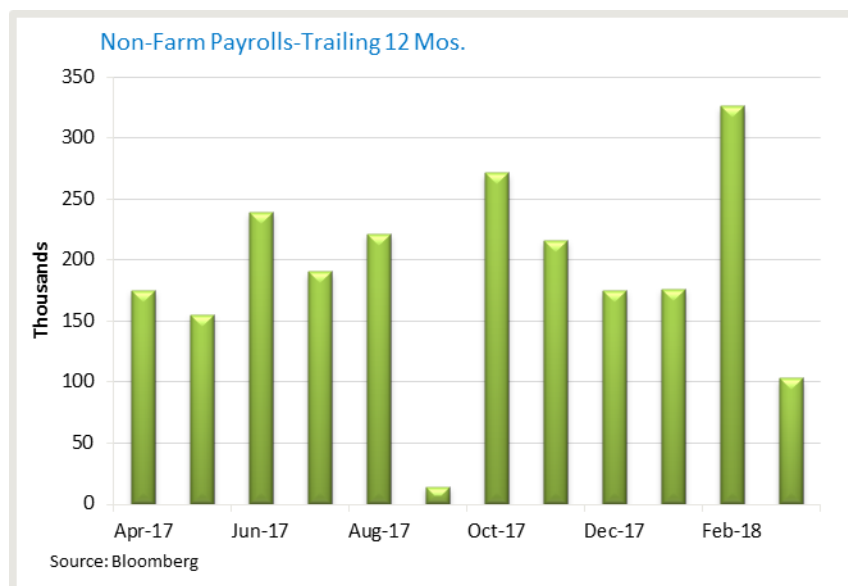


Weekly Market Review

April 13, 2018

Chart of the Week



Weekly Highlights

- **The Organization of the Petroleum Exporting Countries (OPEC)** reported that its member countries' crude oil output declined by 201,000 barrels a day in March over the previous month, bringing its total average production to nearly 32 million barrels a day. While OPEC members reduced total production, the world's total oil supply rose by 180,000 barrels a day last month as a result of increased production from nonmember countries such as US shale producers.
- **In a whirlwind of economic news**, at the end of the week President Trump instructed advisors to look into rejoining the much-maligned Trans-Pacific Partnership after he pulled out of the deal negotiated by the previous administration last year. The president's reversal of opinion regarding the trade pact came after he faced pressure from the agriculture industry over the increasingly likely tariffs on agriculture exports from the US to China. The Trans-Pacific Partnership would offer new markets for agriculture exports, which could blunt the effect of China's proposed tariffs.
- **As the prospect of a trade war** between the world's two largest economies seemed imminent, trade data came out that showed the US deficit with China widened significantly during the first quarter. The deficit was up nearly 20% from the same period a year ago. This served as a stark backdrop in the escalating trade tensions between the two countries, as each has exchanged proposed tariffs on imported goods from the other side. While negotiations are ongoing, it appears likely that some form of tariffs will be implemented by both China and the US in the coming weeks.

Talking Points

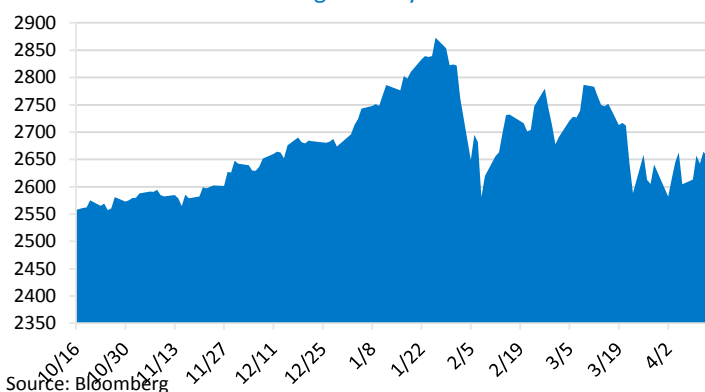
- **In domestic equity markets**, volatility decreased significantly from the week prior, and markets enjoyed healthy returns. Within domestic equities, growth stocks edged out value stocks across all market caps, but this effect was especially pronounced in small cap stocks. In regards to the capitalization spectrum, small cap stocks outperformed large cap stocks.
- **International equity markets** also gained in value during the week, although to a lesser degree than US markets. In developed markets, value outperformed growth stocks, opposite of US markets. Emerging markets were also up during the week, albeit less than US equity markets and in line with non-US developed markets.
- **Treasury yields** were up across the yield curve except at the very short end, where they decreased slightly. The increases in yield were relatively uniform, albeit marginally, across maturities by the end of the day Thursday.
- **Commodity prices** increased in value through the week. Leading the way was crude oil, which enjoyed particularly strong gains as OPEC said its crude output declined significantly in March. The dollar index was slightly weaker, and gold increased in value during the week.

Market Dashboard

| | Last Price | Change | % Chg. | YTD % |
|---------------------------|------------|--------|--------|-------|
| S&P 500 | 2,656.30 | 51.83 | 1.99% | -0.6% |
| Dow Industrials | 24,360.14 | 427.38 | 1.79% | -1.5% |
| Nasdaq | 7,106.65 | 191.54 | 2.77% | 2.9% |
| Russell 2000 | 1,549.51 | 36.21 | 2.39% | 0.9% |
| Euro Stoxx Index | 379.20 | 4.38 | 1.17% | -2.6% |
| Shanghai Composite | 3,159.05 | 27.94 | 0.89% | -4.5% |
| Russell Global | 2,138.88 | 36.92 | 1.76% | -0.2% |

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

S&P 500 Index: Trailing 180 Days



| | Last Price | Change | % Chg. | YTD % |
|--------------------------|------------|---------|---------|-------|
| Russell Global EM | 3,700.80 | 40.77 | 1.11% | 1.6% |
| 10-Year US Treas. | 2.83 | 5 bps | NM | NM |
| DJ UBS Comm. Idx. | 89.28 | 2.34 | 2.69% | 1.3% |
| Gold | \$1,345.20 | \$12.29 | 0.92% | 3.3% |
| Crude Oil | \$67.35 | \$5.22 | 8.41% | 11.6% |
| Dollar Index | 89.77 | -0.35 | -0.39% | -2.6% |
| VIX Index | 17.41 | -4.08 | -18.99% | 57.7% |

One Week

YTD

| | One Week | | | YTD | | |
|---|----------|--------|-------|--------|--------|-------|
| | Value | Growth | | Value | Growth | |
| L | 2.02% | 2.13% | 2.23% | -2.88% | -0.46% | 1.67% |
| | 1.18% | 1.40% | 1.68% | -2.98% | -1.07% | 1.40% |
| S | 1.90% | 2.39% | 2.83% | -1.81% | 0.91% | 3.45% |

Source: Bloomberg

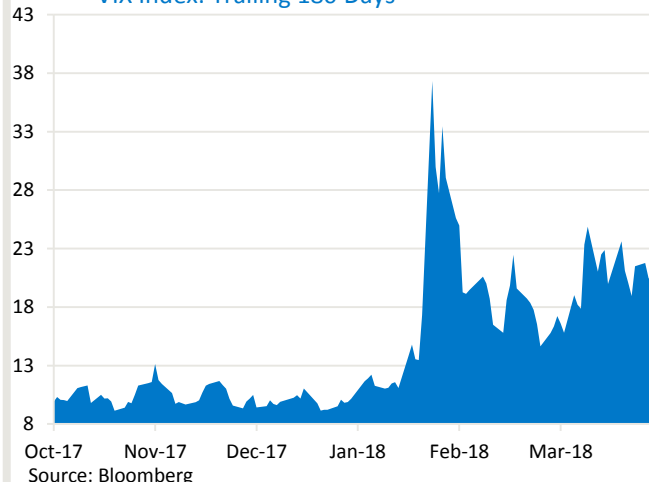
Sector Performance:

S&P/Global Industry Classification Sectors (GICS)

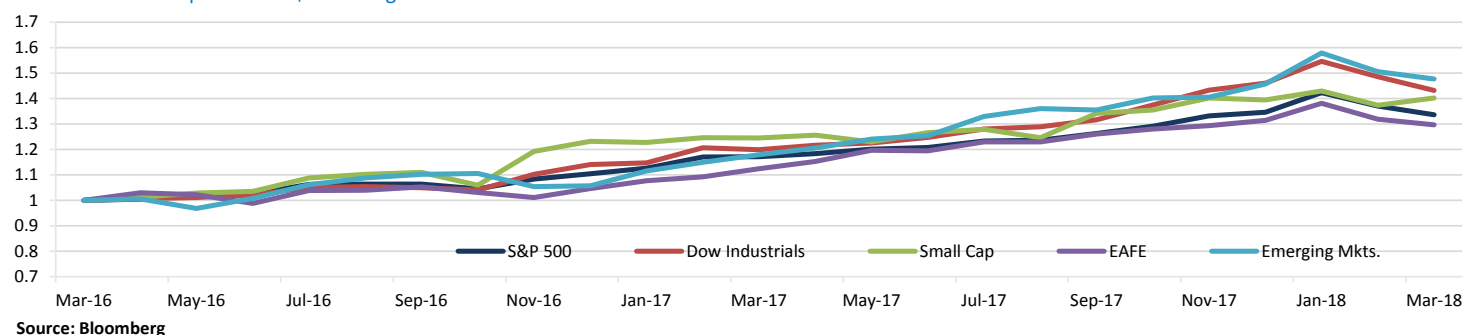
| | % Wgt in S&P 500 | Week % Chg. | YTD % Chg. |
|-------------------------------|------------------|-------------|------------|
| Consumer Discretionary | 12.6 | 0.51% | 2.6% |
| Consumer Staples | 7.6 | 0.24% | -7.8% |
| Energy | 6.0 | 6.02% | -1.1% |
| Financials | 14.6 | 1.03% | -1.8% |
| Health Care | 13.7 | 2.37% | -1.0% |
| Industrials | 10.1 | 1.63% | -2.5% |
| Information Technology | 25.0 | 3.73% | 4.6% |
| Materials | 2.9 | 2.79% | -4.0% |
| Real Estate | 2.7 | -1.22% | -7.5% |
| Telecom Services | 1.9 | -0.56% | -9.4% |
| Utilities | 2.8 | -1.35% | -5.6% |

Source: Bloomberg

VIX Index: Trailing 180 Days



Wealth Index|Growth of \$1: Trailing 24 Months



The Economy and Markets

A Macro View – Global Synchronicity Fading With Every Breath You Take

Stock markets across the globe enjoyed a blockbuster year in 2017, as a confluence of positive economic and earnings data emboldened market bulls. Participants largely shook off the fact that valuations, particularly in the US, were priced such that heightened volatility could only be averted by a perfect scenario. In early 2018, a series of mostly headline and macroeconomic events has led to sharp selloffs, albeit typically accompanied by quick rebounds, and volatility has increased sharply. Each issue facing equity markets has implications in both the short and long term, with further effects hanging in the balance. With volatility elevated by macro and headline news, it's worth briefly delving into these issues.

Tech stocks, both in the US and abroad, have enjoyed a strong rally over the last several years. In the US, the so called FANG stocks (Facebook, Amazon, Netflix, and Google) have led markets and have become increasingly important to overall market returns, despite their high valuations. In recent weeks, however, the S&P 500 has sold off, led by the Information Technology sector and the FANG stocks. Headline news has ensnared two of the four FANG stocks, Facebook and Amazon. Facebook has increasingly come under scrutiny as its privacy policy has been questioned openly, culminating in its founder, Mark Zuckerberg, testifying before Congress. Amazon has faced pressure, as President Trump has openly targeted the company for its contract with the US Postal Service to deliver packages and for its supposed light tax burden. Regardless of the validity of these complaints, the public airing of grievances by the President has affected Amazon's stock adversely in recent weeks. Although it appears these are company-specific issues, the tech-related stocks have sold off in concert with these representative stocks.

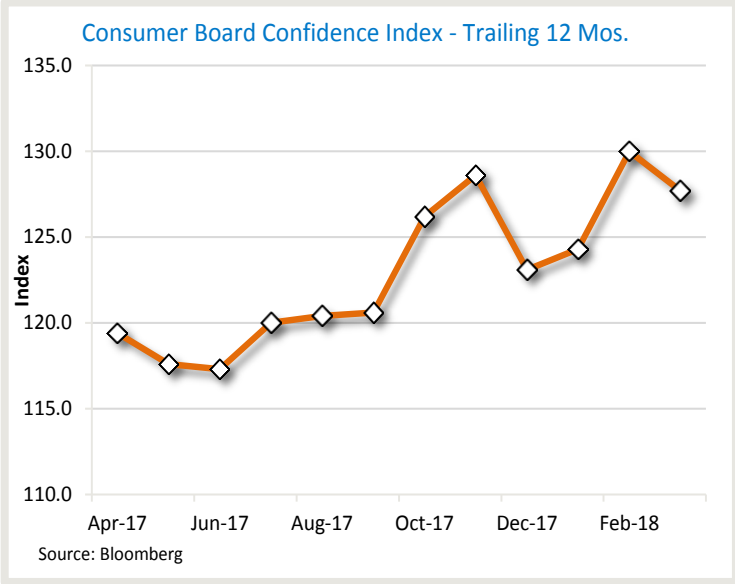
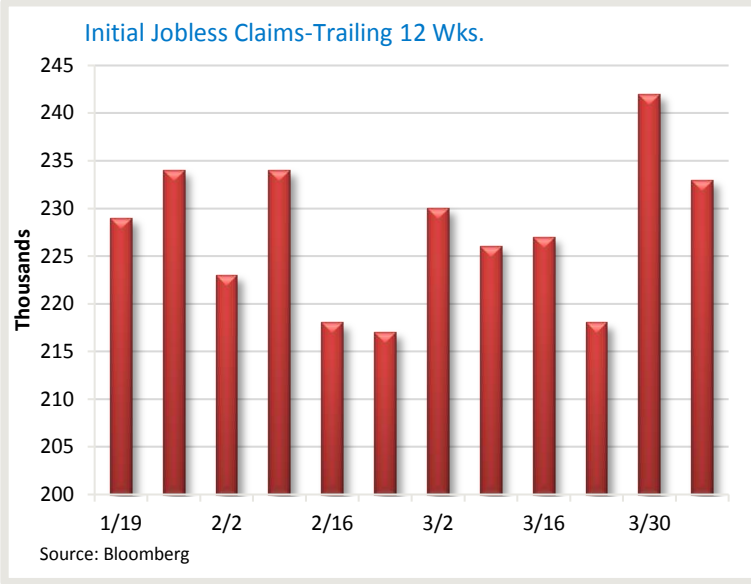
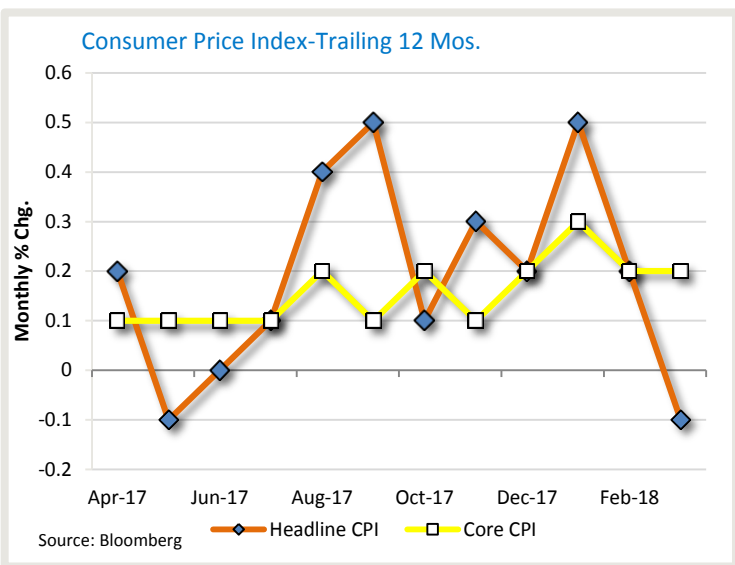
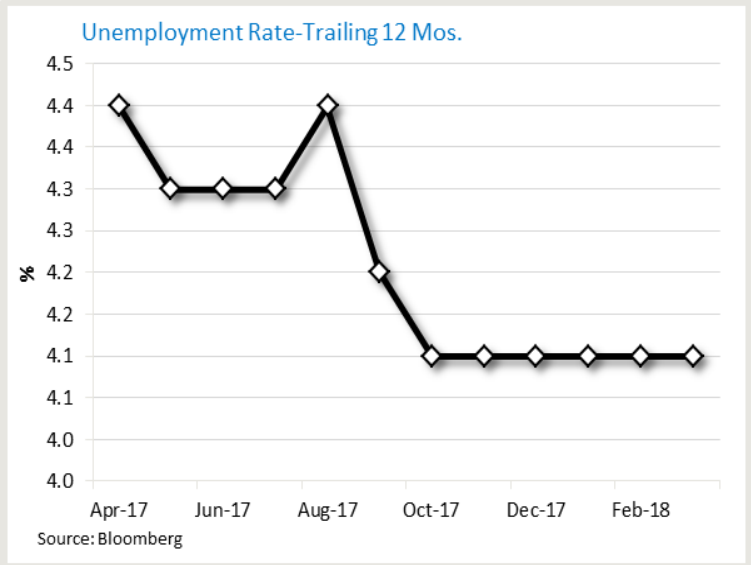
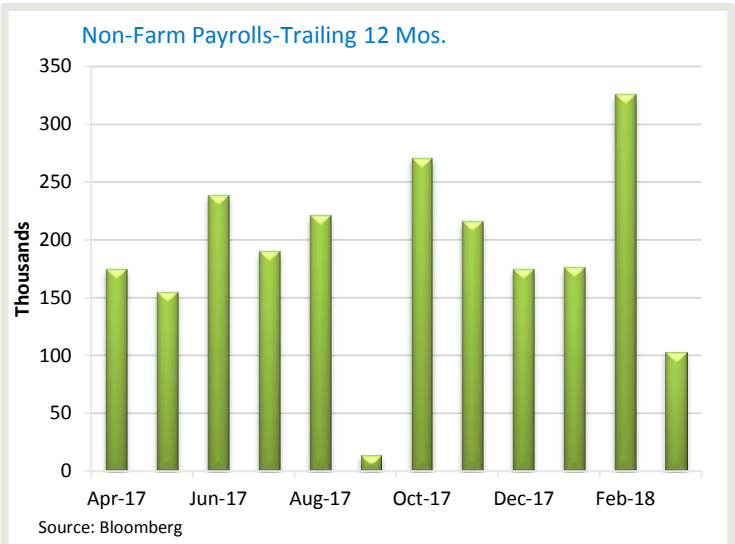
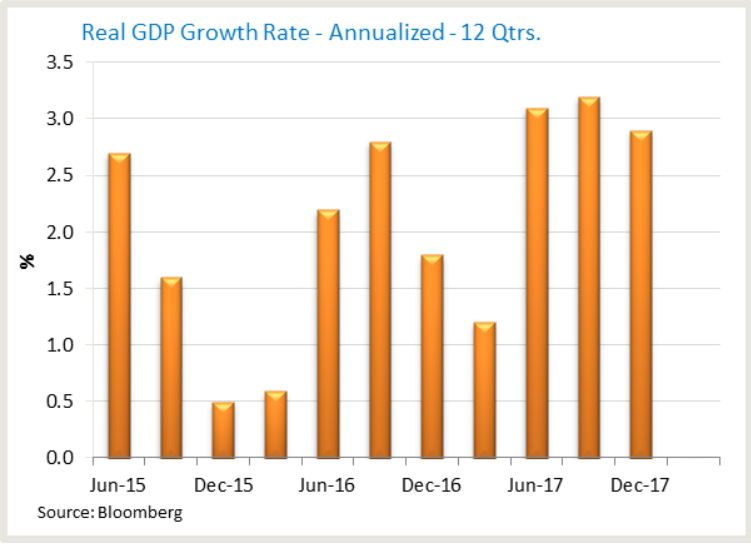
On the global stage, a very public fight over trade policy between the world's two largest economies also has made markets jittery. After initially announcing a planned tariff on all steel and aluminum imports to the US, President Trump directed his ire specifically at China by initially announcing a 25% tariff on a series of imported goods from China, totaling \$50 billion. In response, China targeted US agriculture exports, from soybeans to hogs, as well as the aerospace industry's aircraft exports. The escalation in tone between the two countries has raised the prospect of the first full-on trade war since the 1930s. Markets have since lurched between losses and gains, as participants try to digest these actions and distinguish between bluster and policy. Note that none of the proposed tariffs have been enacted by either side, but the uncertainty has added significant volatility to global equity markets.

While it has yet to fully play out, the rosy picture of global synchronized growth that propelled stocks higher is in question. In the US, the March jobs report came in notably weaker than expected, and wage growth remains muted. In addition, total construction spending [has been flat](#), and retail [sales have declined](#) so far this year. In Europe, inflation has struggled to move above 1% and lags far behind the European Central Bank's goal of 2%. Wage growth in the EU also has been muted recently. In addition, leading economic indicators have moderated recently, albeit from elevated levels. For example, the eurozone's purchasing managers survey for the manufacturing and services sectors has pulled back from multiyear highs in January. In Asia, China's manufacturing activity declined sharply in February, falling far short of expectations. It is clear that global economic activity has soft spots.

Volatility has definitely increased over the last few months in markets worldwide, caused largely by headline news stories, but it is unclear whether it will have an adverse effect on the global economy. Meanwhile, the softer-than-expected economic indicators from every major region have cast a shadow on the synchronized global growth story. It remains to be seen whether the most recent economic data from various global regions is merely a speed bump on the backdrop of synchronized global economic expansion or a harbinger of times to come.

Dan Homan, CFA
Investment Research Analyst

Economic Data



Eurozone

SELECTED EUROPEAN SOVEREIGN YIELD PERFORMANCE

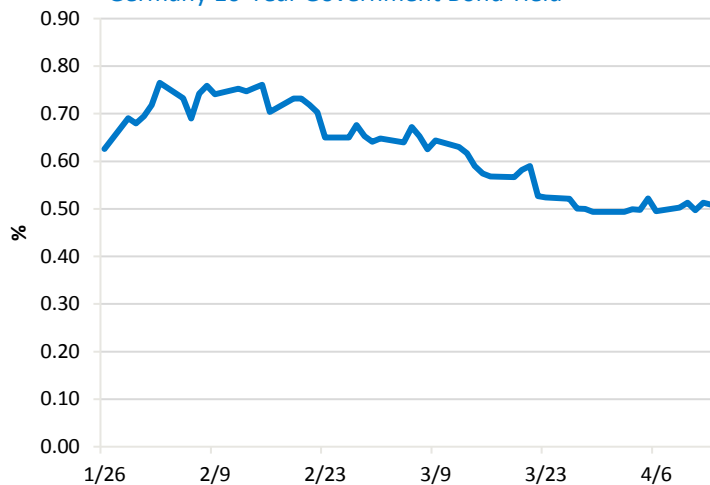
| | Last | Change | % Chg. | YTD % |
|----------------------|------|--------|--------|-------|
| Germany 10-Yr. Govt. | 0.51 | -1 bps | NM | NM |
| Greece 10-Yr. Govt. | 4.07 | -7 bps | NM | NM |
| Italy 10-Yr. Govt. | 1.79 | -1 bps | NM | NM |
| Spain 10-Yr. Govt. | 1.23 | -1 bps | NM | NM |
| Belgium 10-Yr. Govt. | 0.78 | 0 bps | NM | NM |

Source: Bloomberg

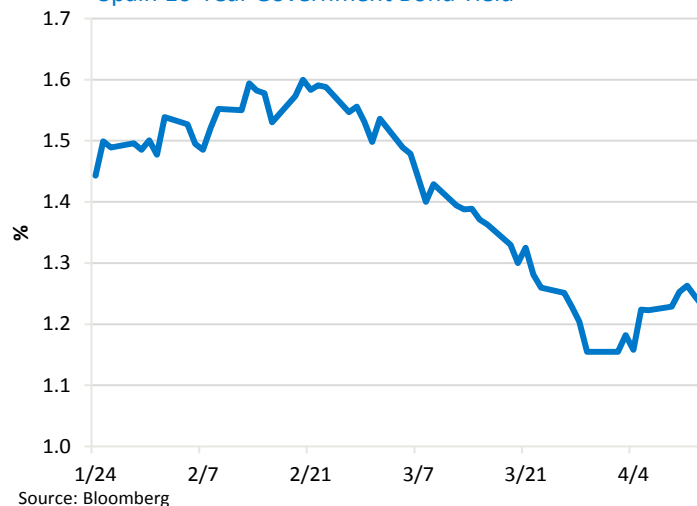
Basis points (bps)

| | Last | Change | % Chg. | YTD % |
|--------------------------|------|--------|--------|-------|
| France 10-Yr. Govt. | 0.74 | -1 bps | NM | NM |
| Ireland 10-Yr. Govt. | 0.92 | -2 bps | NM | NM |
| Portugal 10-Yr. Govt. | 1.64 | 4 bps | NM | NM |
| Netherlands 10-Yr. Govt. | 0.65 | 0 bps | NM | NM |
| U.K. 10-Yr. Govt. | 1.43 | -4 bps | NM | NM |

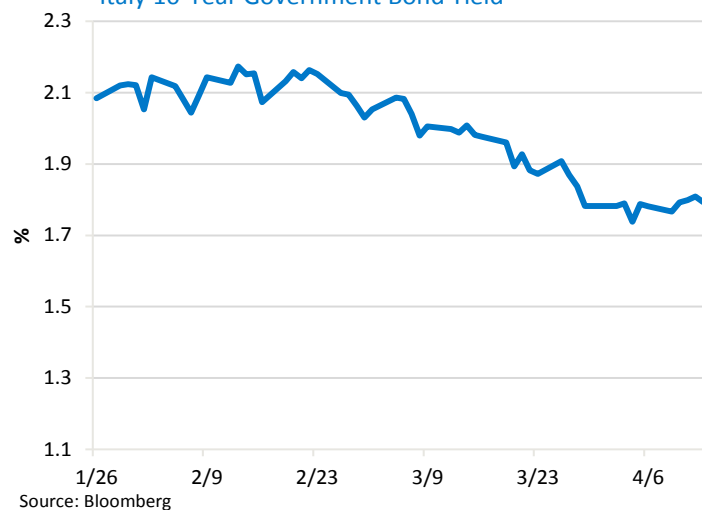
Germany 10-Year Government Bond Yield



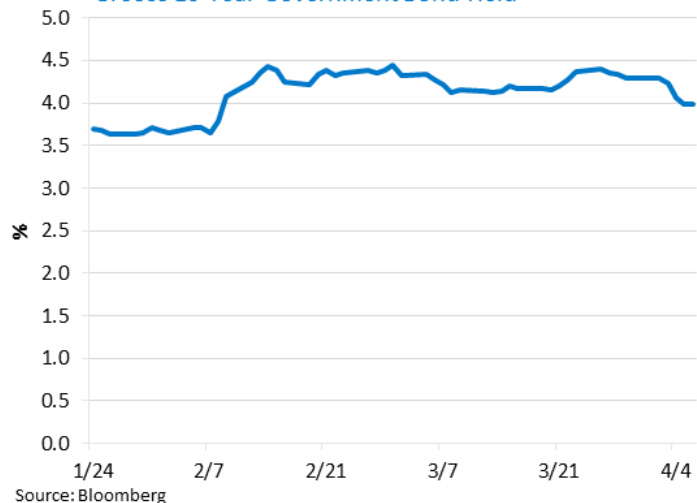
Spain 10-Year Government Bond Yield



Italy 10-Year Government Bond Yield



Greece 10-Year Government Bond Yield



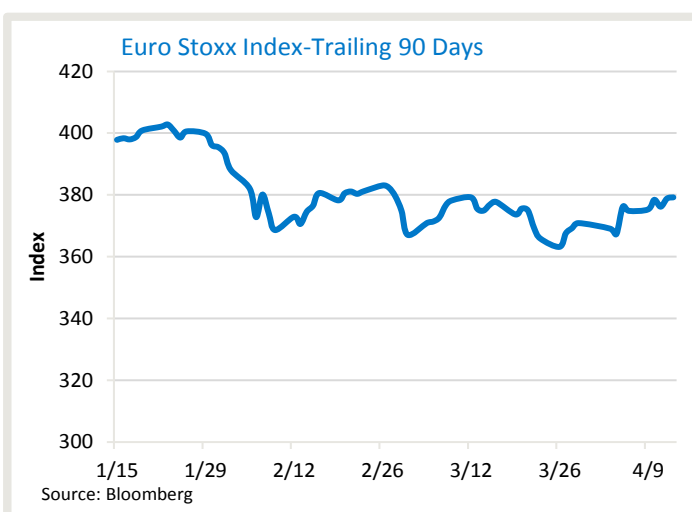
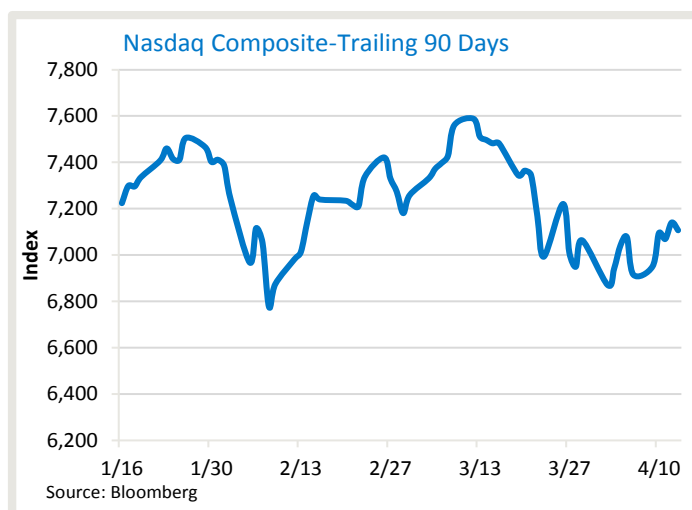
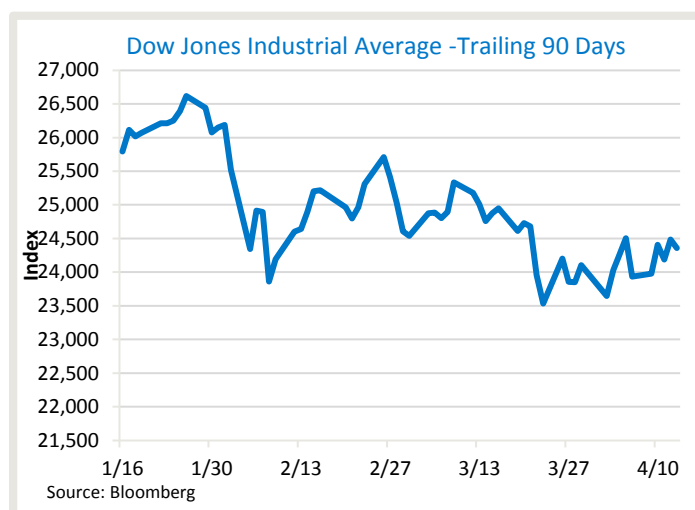
Equities

WORLD MARKET PERFORMANCE

| | Last | Change | % Chg. | YTD % |
|-----------------------------|------------------|----------------|---------------|---------------|
| S&P 500 | 2,656.30 | 51.83 | 1.99% | -0.65% |
| Dow Industrials | 24,360.14 | 427.38 | 1.79% | -1.45% |
| Nasdaq Composite | 7,106.65 | 191.54 | 2.77% | 2.94% |
| Russell Global | 2,138.88 | 36.92 | 1.76% | -0.2% |
| Russell Global EM | 3,700.80 | 40.77 | 1.11% | 1.6% |
| S&P/TSX (Canada) | 15,273.97 | 66.56 | 0.44% | -5.77% |
| Mexico IPC | 48,768.30 | 862.20 | 1.80% | -1.15% |
| Brazil Bovespa | 84,334.44 | -486.02 | -0.57% | 10.38% |
| Euro Stoxx 600 | 379.20 | 4.38 | 1.17% | -2.56% |
| FTSE 100 | 7,264.56 | 80.92 | 1.13% | -5.50% |
| IBEX 35 (Spain) | 9,767.30 | 84.50 | 0.87% | -2.75% |

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

| | Last | Change | % Chg. | YTD % |
|-------------------------------|------------------|----------------|---------------|---------------|
| Swiss Market Index | 8,776.17 | 105.13 | 1.21% | -6.46% |
| CAC 40 Index (France) | 5,315.02 | 56.78 | 1.08% | 0.05% |
| DAX Index (Germany) | 12,442.40 | 201.13 | 1.64% | -3.68% |
| Irish Overall Index | 6,638.13 | 5.65 | 0.09% | -5.69% |
| Nikkei 225 | 21,778.74 | 211.22 | 0.98% | -4.33% |
| Hang Seng Index | 30,808.38 | 963.44 | 3.23% | 2.97% |
| Shanghai Composite | 3,159.05 | 27.94 | 0.89% | -4.48% |
| Kospi Index (S. Korea) | 2,455.07 | 25.49 | 1.05% | -0.50% |
| Taiwan Taiex Index | 10,965.39 | 143.86 | 1.33% | 3.03% |
| Tel Aviv 25 Index | 1,461.65 | 69.98 | 5.03% | -3.19% |
| MOEX Index (Russia) | 2,175.16 | -106.07 | -4.65% | 3.10% |



Equities – Emerging and Frontier Markets

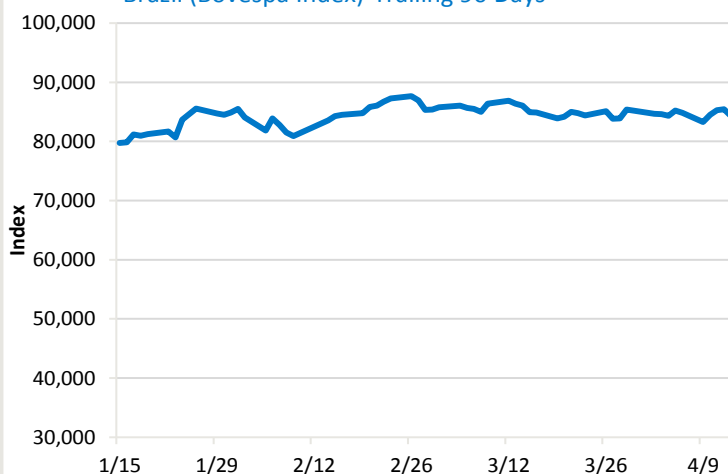
EMERGING AND FRONTIER MARKET PERFORMANCE

| | Last | Change | % Chg. | YTD % |
|-----------------------------|------------|----------|--------|-------|
| Mexico IPC | 48,768.30 | 862.20 | 1.8% | -1.1% |
| Brazil (Bovespa Index) | 84,334.44 | -486.02 | -0.6% | 10.4% |
| MOEX Index (Russia) | 2,175.16 | -106.07 | -4.6% | 3.1% |
| Czech Republic (Prague) | 1,134.27 | 5.45 | 0.5% | 5.2% |
| Turkey (Istanbul) | 109,604.01 | -5133.50 | -4.5% | -5.0% |
| Egypt (Hermes Index) | 1,679.69 | 18.46 | 1.1% | 16.9% |
| Kenya (Nairobi 20 Index) | 3,805.23 | -15.58 | -0.4% | 2.5% |
| Saudi Arabia (TASI Index) | 7,824.12 | -129.24 | -1.6% | 8.3% |
| Lebanon (Beirut BLOM Index) | 1,139.70 | -43.08 | -3.6% | -0.8% |
| Palestine | 554.08 | -4.70 | -0.8% | -3.6% |

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

| | Last | Change | % Chg. | YTD % |
|---------------------------------|-----------|---------|--------|-------|
| Hang Seng Index | 30,808.38 | 963.44 | 3.2% | 3.0% |
| India (Sensex 30) | 34,192.65 | 565.68 | 1.7% | 0.4% |
| Malaysia (KLCI Index) | 1,868.47 | 31.46 | 1.7% | 4.0% |
| Singapore (Straits Times Index) | 3,501.30 | 58.80 | 1.7% | 2.9% |
| Thailand (SET Index) | 1,767.17 | 42.19 | 2.4% | 0.8% |
| Indonesia (Jakarta) | 6,270.33 | 95.28 | 1.5% | -1.3% |
| Pakistan (Karachi KSE 100) | 46,071.86 | -565.76 | -1.2% | 13.8% |
| Vietnam (Ho Chi Minh) | 1,157.14 | -42.82 | -3.6% | 17.6% |
| Sri Lanka (Colombo) | 6,483.92 | 9.22 | 0.1% | 1.8% |
| Cambodia (Laos) | 954.31 | 18.03 | 1.9% | -4.4% |

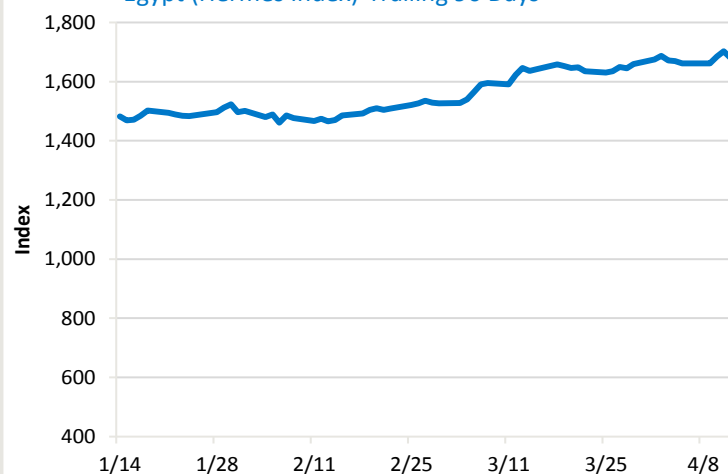
Brazil (Bovespa Index)-Trailing 90 Days



India (Sensex Index)-Trailing 90 Days



Egypt (Hermes Index)-Trailing 90 Days



Singapore (Straits Times Index)-Trailing 90 Days

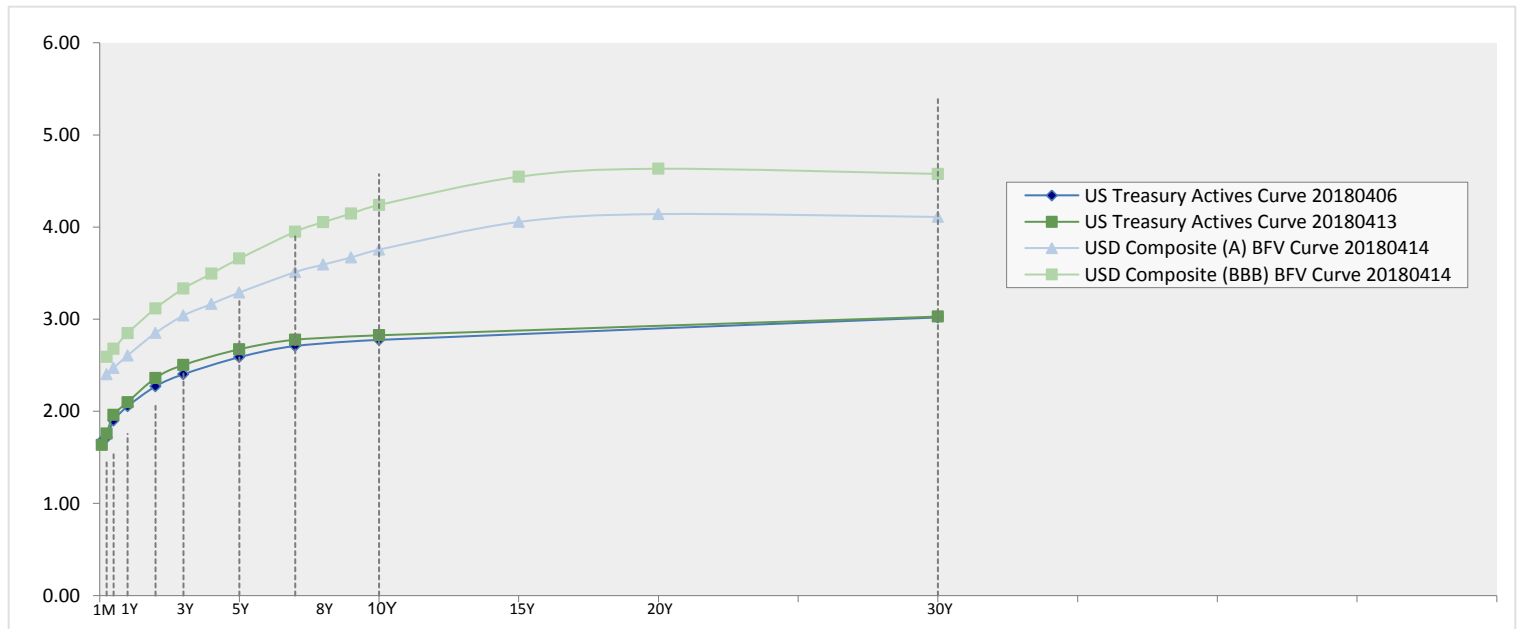


Interest Rates

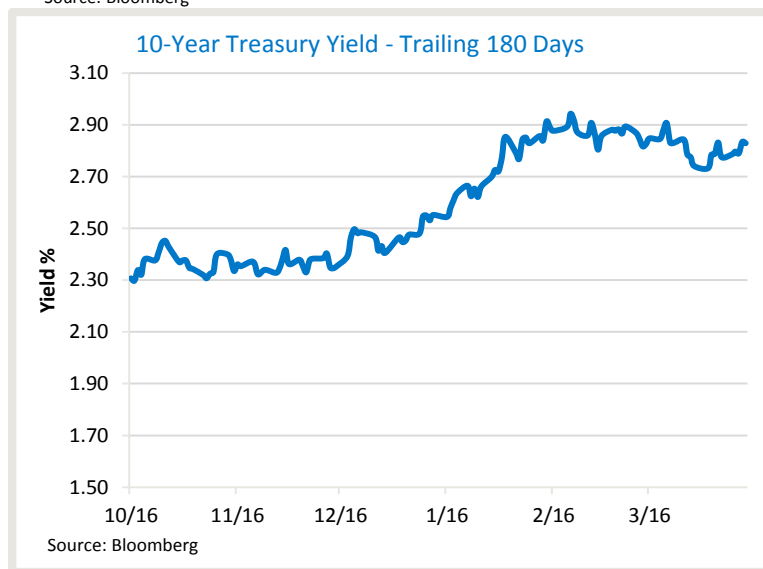
SELECTED INTEREST RATES

| | Last | Change | % Chg. | YTD % | | Last | Change | % Chg. | YTD % |
|----------------------|-------|--------|--------|-------|--------------------|-------|--------|--------|-------|
| 2-Yr. U.S. Treasury | 2.36% | -2 bps | NM | NM | Prime Rate | 4.75% | 0.00 | NM | NM |
| 5-Yr. U.S. Treasury | 2.68% | 9 bps | NM | NM | Fed Funds Rate | 1.75% | 0.00 | NM | NM |
| 10-Yr. U.S. Treasury | 2.83% | 5 bps | NM | NM | Discount Rate | 2.25% | 0.00 | NM | NM |
| 30-Yr. U.S. Treasury | 3.04% | 2 bps | NM | NM | LIBOR (3 Mo.) | 2.35% | 1 bps | NM | NM |
| German 10-Yr. Govt. | 0.51% | -1 bps | NM | NM | Bond Buyer 40 Muni | 3.78% | -2 bps | NM | NM |
| France 10-Yr. | 0.74% | -1 bps | NM | NM | Bond Buyer 40 G.O. | 3.85% | NA | NM | NM |
| Italy 10-Yr. | 1.79% | -1 bps | NM | NM | Bond Buyer 40 Rev. | 4.33% | NA | NM | NM |
| Fed 5-Yr Fwd BE Inf. | 2.04% | 2 bps | NM | NM | | | | | |

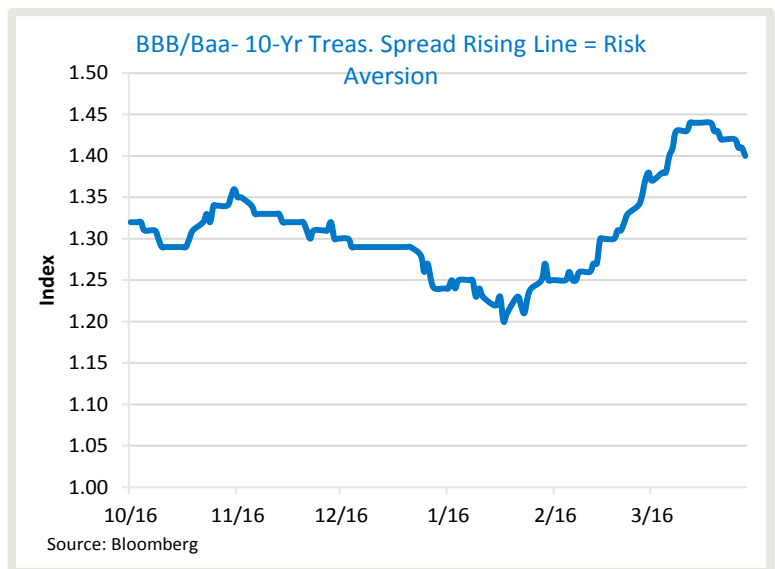
Source: Bloomberg



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg

Currencies

SELECTED CURRENCY PERFORMANCE

| | Last | Change | % Chg. | YTD % |
|------------------------|---------------|---------------|---------------|---------------|
| Dollar Index | 89.76 | -0.351 | -0.39% | -2.57% |
| Euro | 1.23 | 0.006 | 0.46% | 2.77% |
| Japanese Yen | 107.37 | 0.430 | -0.40% | 4.96% |
| British Pound | 1.42 | 0.015 | 1.06% | 5.39% |
| Canadian Dollar | 1.26 | -0.018 | 1.40% | -0.28% |

Source: Bloomberg

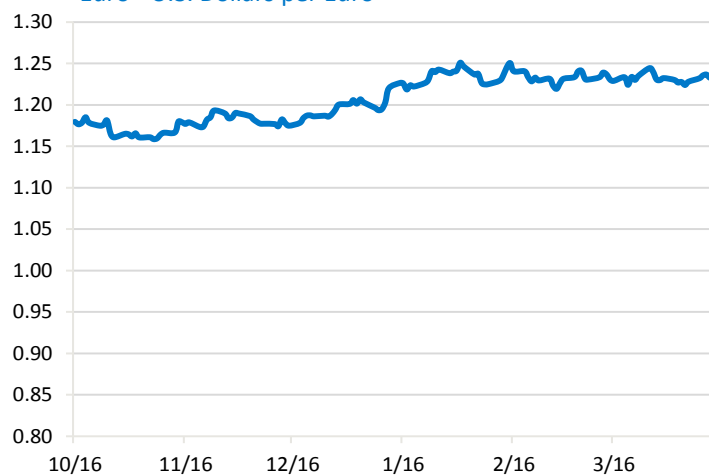
| | Last | Change | % Chg. | YTD % |
|---------------------------|--------------|---------------|---------------|---------------|
| Chinese Yuan | 6.28 | -0.028 | 0.45% | 3.69% |
| Swiss Franc | 0.96 | 0.003 | -0.30% | 1.28% |
| New Zealand Dollar | 0.74 | 0.009 | 1.23% | 3.58% |
| Brazilian Real | 3.43 | 0.054 | -1.59% | -3.33% |
| Mexican Peso | 18.06 | -0.228 | 1.26% | 8.84% |

U.S. Dollar Index - Trailing Six Months



Source: Bloomberg

Euro - U.S. Dollars per Euro



Source: Bloomberg

Chinese yuan - yuan per U.S. Dollar



Source: Bloomberg

Japanese yen - Yen per U.S. Dollar



Source: Bloomberg

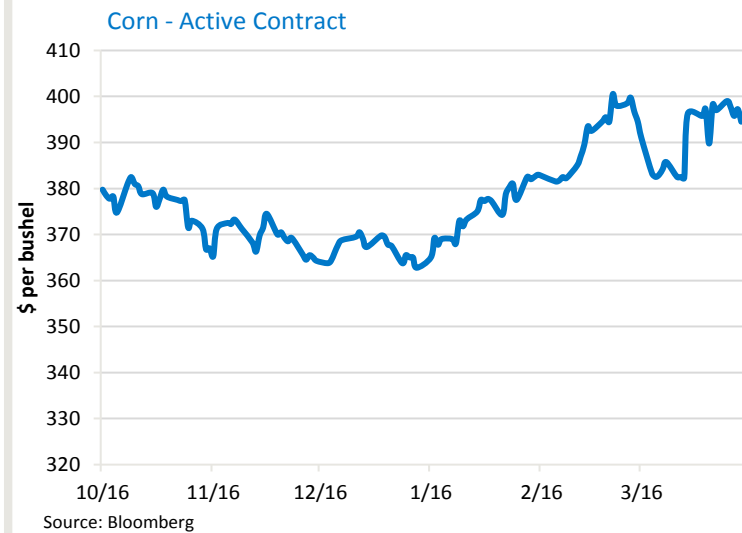
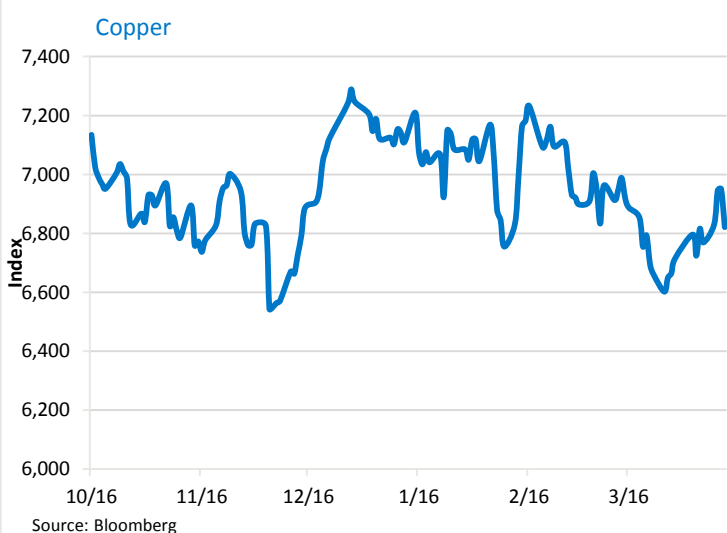
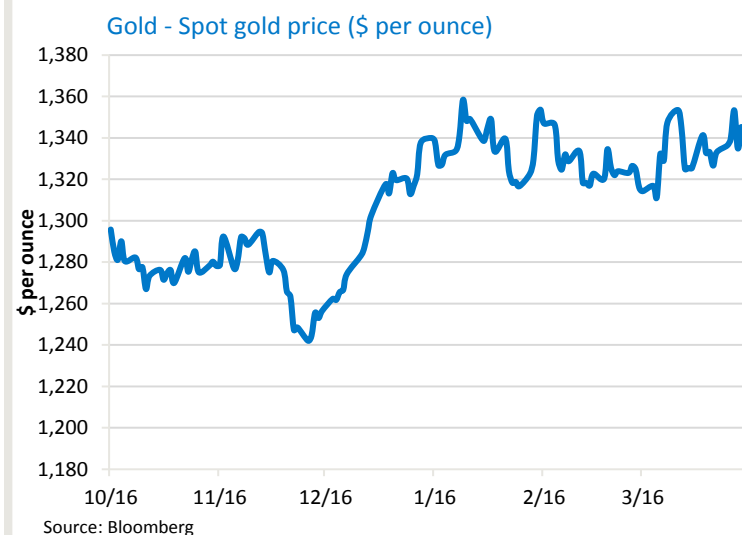
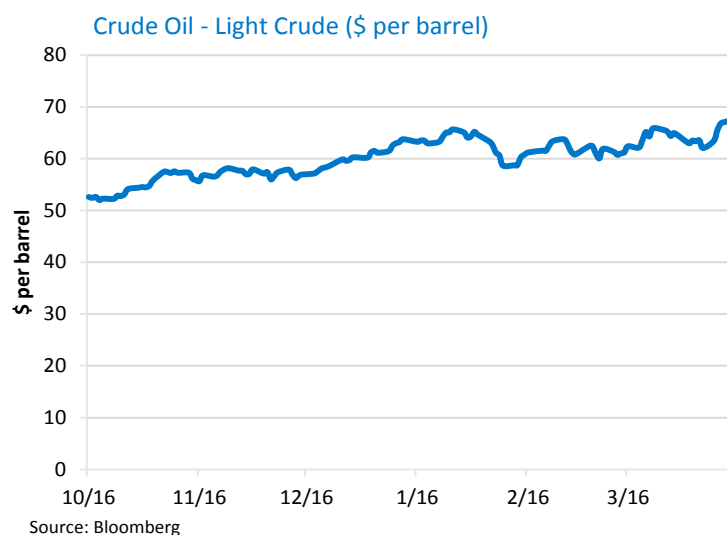
Commodities

SELECTED COMMODITY MARKET PERFORMANCE

| | Last | Change | % Chg. | YTD % |
|-----------------------------|-------------------|----------------|--------------|---------------|
| Bloomberg Comm. Idx. | 89.28 | 2.34 | 2.69% | 1.26% |
| Crude Oil | \$67.31 | \$5.22 | 8.41% | 11.63% |
| Natural Gas | \$2.74 | \$0.04 | 1.30% | -0.18% |
| Gasoline (\$/Gal.) | \$2.70 | \$0.03 | 1.28% | 8.44% |
| Heating Oil | 209.86 | 14.10 | 7.20% | 5.30% |
| Gold Spot | \$1,345.29 | \$12.29 | 0.92% | 3.26% |
| Silver Spot | \$16.65 | \$0.27 | 1.66% | -1.67% |

Source: Bloomberg; % change is based on price.

| | Last | Change | % Chg. | YTD % |
|----------------------|-----------------|----------------|---------------|----------------|
| Platinum Spot | \$931.48 | \$14.10 | 1.54% | 0.34% |
| Corn | 394.50 | -2.50 | -0.63% | 7.42% |
| Wheat | 489.25 | 0.75 | 0.15% | 7.94% |
| Soybeans | 1,065.00 | 20.25 | 1.94% | 8.31% |
| Sugar | 12.20 | -0.18 | -1.45% | -18.88% |
| Orange Juice | 141.05 | 3.60 | 2.62% | 2.36% |
| Aluminum | 2,325.00 | 283.00 | 13.86% | 2.51% |
| Copper | 6,821.00 | 52.00 | 0.77% | -5.88% |



Alternative Investments

SELECTED ALTERNATIVE INVESTMENT INDEX PERFORMANCE

| | Last | Change | % Chg. | YTD % |
|------------------------------|---------|--------|--------|--------|
| HFRX Global Hedge Fund Index | 1268.30 | 7.59 | 0.60% | -0.66% |
| HFRX Equity Market Neutral | 1019.75 | 4.64 | 0.46% | 1.47% |
| HFRX Equity Hedge Index | 1292.42 | 7.37 | 0.58% | 1.23% |
| HFRX Event-Driven Index | 1592.83 | 4.14 | 0.26% | -4.32% |
| HFRX Absolute Return Index | 1069.08 | 3.03 | 0.28% | 0.53% |

| | Last | Change | % Chg. | YTD % |
|----------------------------------|---------|--------|--------|--------|
| HFRX Distressed Index | 1048.67 | 1.08 | 0.10% | -5.30% |
| HFRX Merger Arbitrage Index | 1829.97 | 5.24 | 0.29% | -1.24% |
| HFRX Convertible Arbitrage Index | 798.73 | -0.26 | -0.03% | 0.10% |
| HFRX Macro CTA Index | 1145.97 | 15.57 | 1.38% | -1.38% |
| IQ Fixed Income Beta Arb Index | 1475.73 | 1.44 | 0.10% | 0.36% |

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

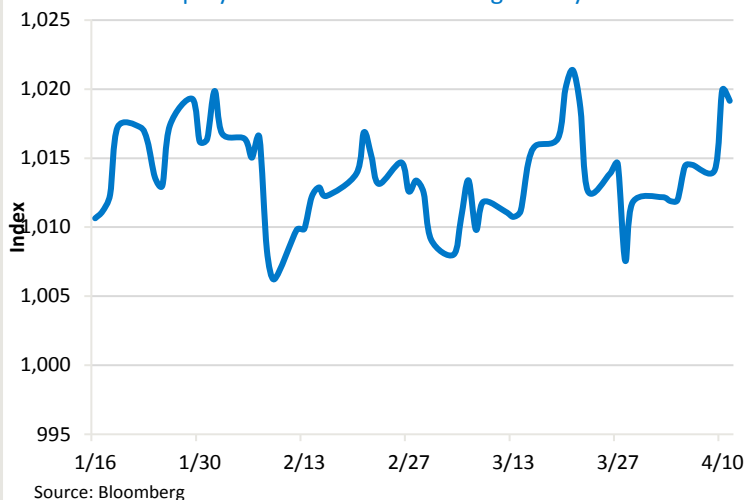
HFRX Global Hedge Fund Index - Trailing 90 Days



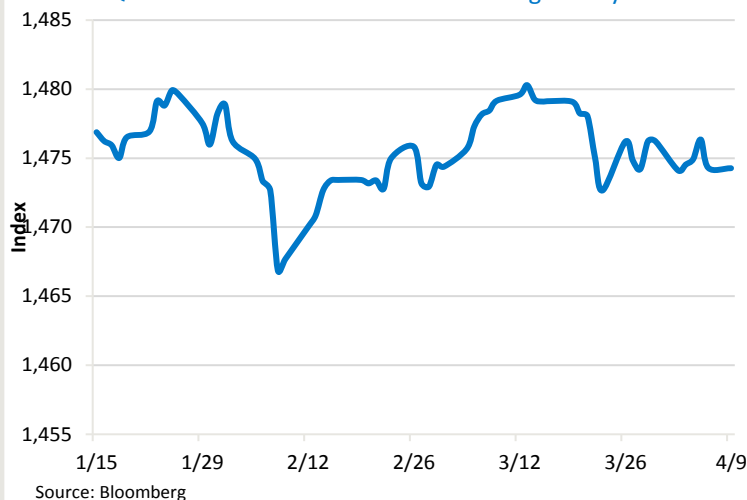
HFRX Equity Hedge Index - Trailing 90 Days



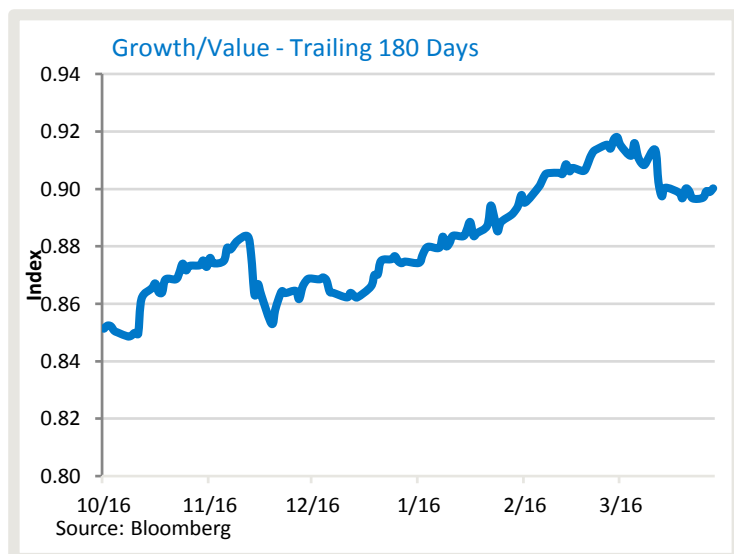
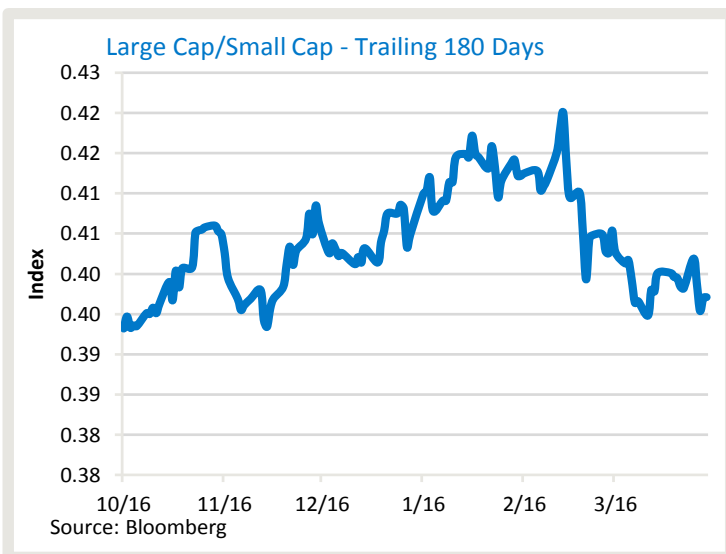
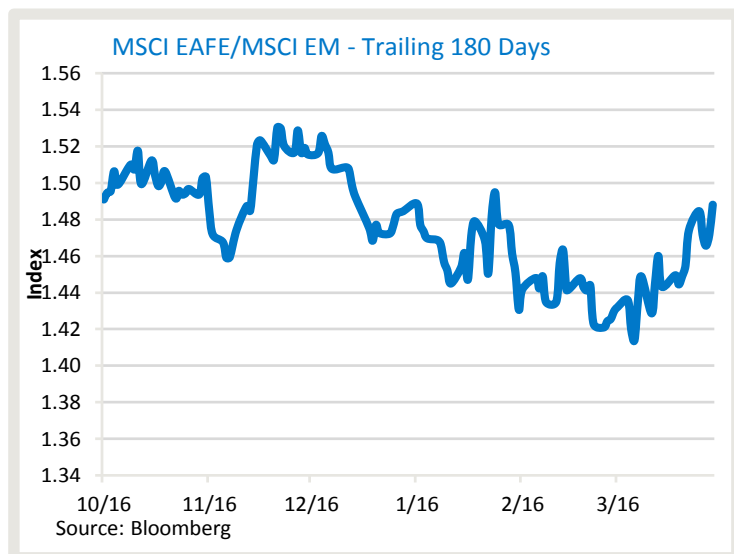
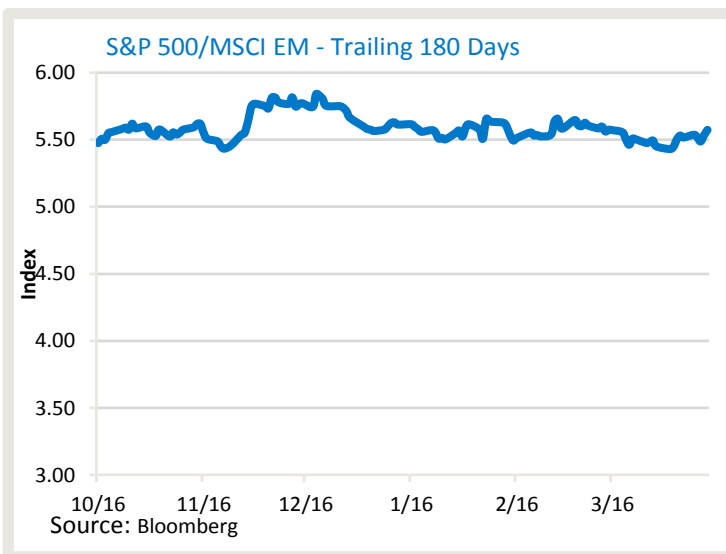
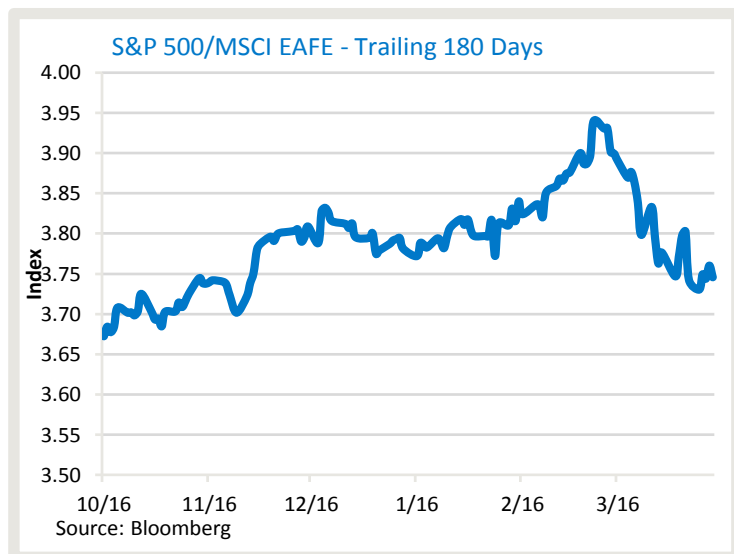
HFRX Equity Market Neutral - Trailing 90 Days



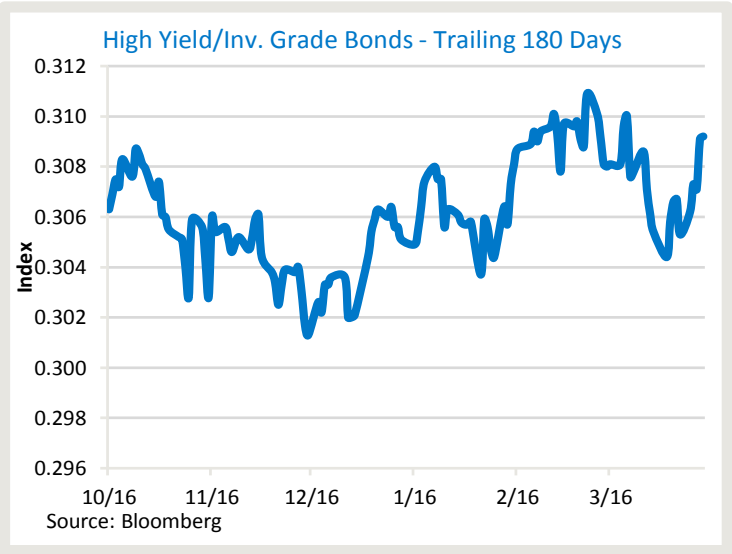
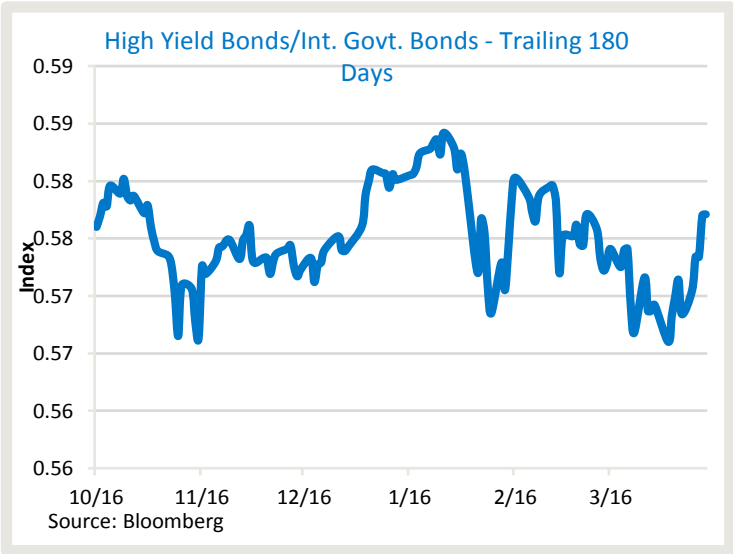
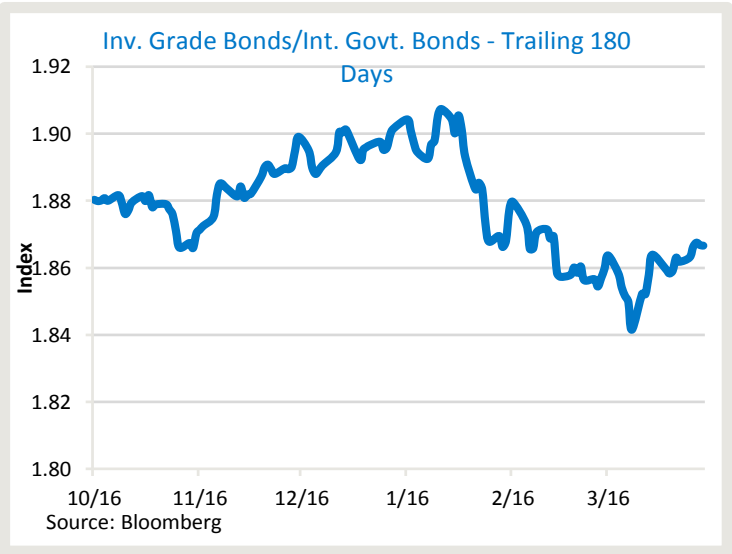
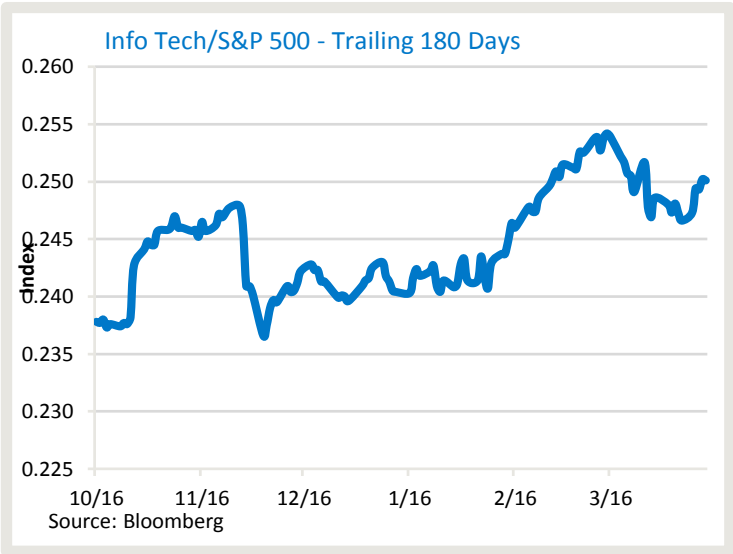
IQ Fixed Income Beta Arb Index - Trailing 90 Days



Portfolio Construction



Portfolio Construction (continued)



WEEKLY ASSET CLASS PERFORMANCE (Prior 12 weeks ending Thursday)

| | | | 1/25 | 2/1 | 2/8 | 2/15 | 2/22 | 3/1 | 3/8 | 3/15 | 3/22 | 3/29 | 4/5 | 4/12 |
|------------------|---------------------------|-------------------|-------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------|
| Equity | Domestic Equity | Large Cap (R200) | 1.45% | -0.43% | -8.67% | 5.89% | -0.96% | -0.89% | 2.19% | 0.29% | -4.06% | -0.22% | 0.89% | 0.19% |
| | | Small Cap (R2000) | 1.58% | -1.36% | -7.35% | 5.01% | -0.47% | -1.48% | 4.28% | 0.30% | -2.08% | -0.94% | 0.88% | 0.93% |
| | Int'l. Equity | MSCI EAFE | 2.10% | -1.48% | -6.11% | 1.78% | -0.04% | -1.72% | 0.71% | 0.54% | -1.56% | -0.68% | 0.60% | 1.15% |
| | | MSCI Em. Mkts. | 2.93% | -1.17% | -6.85% | 3.40% | -0.14% | -0.72% | 0.25% | 1.76% | -1.60% | -2.29% | -0.24% | 0.89% |
| Fixed Income | BarCap Agg. (AGG) | | 0.15% | -0.97% | -0.58% | -0.29% | -0.22% | 0.25% | 0.06% | 0.18% | -0.14% | 0.60% | -0.54% | 0.09% |
| | High Yield (JNK) | | 0.22% | -1.19% | -1.70% | 0.87% | -0.25% | -0.44% | 0.22% | -0.14% | -0.58% | 0.39% | -0.14% | 0.95% |
| Commodities | Bloomberg Commodity Index | | 1.99% | -0.66% | -3.18% | 1.41% | 0.49% | -0.52% | -0.70% | -0.31% | -0.25% | 0.42% | -0.34% | 2.20% |
| Alternatives | Hedge Funds (HFRX Global) | | 0.86% | -0.23% | -2.28% | 1.06% | -0.27% | -1.28% | 0.43% | -0.01% | -0.46% | -0.65% | 0.18% | 0.27% |
| Asset Allocation | 60/40* | | 1.12% | -0.94% | -4.88% | 2.65% | -0.44% | -0.64% | 1.20% | 0.34% | -1.82% | -0.15% | 0.24% | 0.45% |
| | 48/32/20 (w/Alts.)** | | 1.07% | -0.80% | -4.36% | 2.33% | -0.40% | -0.77% | 1.04% | 0.27% | -1.55% | -0.25% | 0.22% | 0.41% |

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 | 0.99 | 1.01 | 0.99 | 0.98 | 1.01 | 0.94 | 0.92 | 0.97 | 0.97 | 1.01 | 1.06 | 0.87 | 0.95 | 0.96 |
| Large Cap Growth | 1.01 | 1.00 | 1.02 | 1.00 | 0.99 | 1.01 | 0.95 | 0.93 | 0.97 | 0.98 | 1.02 | 1.06 | 0.88 | 0.96 | 0.97 |
| Large Cap Value | 0.99 | 0.98 | 1.00 | 0.98 | 0.97 | 1.00 | 0.93 | 0.91 | 0.96 | 0.97 | 1.00 | 1.05 | 0.86 | 0.95 | 0.95 |
| Mid Cap Core | 1.01 | 1.00 | 1.02 | 1.00 | 0.99 | 1.01 | 0.95 | 0.93 | 0.97 | 0.98 | 1.02 | 1.06 | 0.88 | 0.96 | 0.97 |
| Mid Cap Growth | 1.02 | 1.01 | 1.03 | 1.01 | 1.00 | 1.03 | 0.96 | 0.94 | 0.99 | 0.99 | 1.03 | 1.08 | 0.89 | 0.97 | 0.98 |
| Mid Cap Value | 0.99 | 0.99 | 1.00 | 0.99 | 0.97 | 1.00 | 0.93 | 0.92 | 0.96 | 0.97 | 1.00 | 1.05 | 0.87 | 0.95 | 0.96 |
| Small Cap Core | 1.06 | 1.06 | 1.07 | 1.06 | 1.04 | 1.07 | 1.00 | 0.98 | 1.03 | 1.04 | 1.07 | 1.13 | 0.93 | 1.02 | 1.02 |
| Small Cap Growth | 1.09 | 1.08 | 1.10 | 1.08 | 1.06 | 1.09 | 1.02 | 1.00 | 1.05 | 1.06 | 1.10 | 1.15 | 0.95 | 1.04 | 1.04 |
| Small Cap Value | 1.04 | 1.03 | 1.04 | 1.03 | 1.01 | 1.04 | 0.97 | 0.95 | 1.00 | 1.01 | 1.05 | 1.09 | 0.90 | 0.99 | 0.99 |
| Int'l. Developed | 1.03 | 1.02 | 1.04 | 1.02 | 1.01 | 1.03 | 0.96 | 0.95 | 0.99 | 1.00 | 1.04 | 1.09 | 0.89 | 0.98 | 0.99 |
| Emerging Markets | 0.99 | 0.98 | 1.00 | 0.98 | 0.97 | 1.00 | 0.93 | 0.91 | 0.96 | 0.96 | 1.00 | 1.05 | 0.86 | 0.94 | 0.95 |
| REITs | 0.95 | 0.94 | 0.95 | 0.94 | 0.93 | 0.95 | 0.89 | 0.87 | 0.91 | 0.92 | 0.96 | 1.00 | 0.82 | 0.90 | 0.91 |
| Commodities | 1.15 | 1.14 | 1.16 | 1.14 | 1.12 | 1.15 | 1.08 | 1.06 | 1.11 | 1.12 | 1.16 | 1.21 | 1.00 | 1.10 | 1.10 |
| Int. Bond | 0.93 | 0.93 | 0.94 | 0.93 | 0.91 | 0.94 | 0.88 | 0.86 | 0.90 | 0.91 | 0.94 | 0.99 | 0.81 | 0.89 | 0.90 |
| High Yield | 1.04 | 1.03 | 1.05 | 1.03 | 1.02 | 1.05 | 0.98 | 0.96 | 1.01 | 1.01 | 1.05 | 1.10 | 0.91 | 0.99 | 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. **West Texas Intermediate (WTI)**, also known as Texas light sweet, is a grade of crude oil used as a benchmark in oil pricing. **Risk Premium** is the return in excess of the risk-free rate of return an investment is expected to yield. **LIBOR or ICE LIBOR** (previously BBA LIBOR) is a benchmark rate, which some of the world's leading banks charge each other for short-term loans. It stands for Intercontinental Exchange London Interbank Offered Rate and serves as the first step to calculating interest rates on various loans throughout the world. **An overnight indexed swap (OIS)** is an interest rate swap where the periodic floating payment is generally based on a return calculated from a daily compound interest investment. The **LIBOR-OIS spread** is the difference between LIBOR and the OIS rates. The spread between the two rates is considered to be a measure of health of the banking system.

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 **HFRI 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 HFRI Methodology (UCITS compliant), a proprietary and highly quantitative process by which hedge funds are selected as constituents for the HFRI 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 **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. The **U.S. Dollar Index (USD, DXY, DX)** is an index (or measure) of the value of the United States dollar relative to a basket of foreign currencies

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