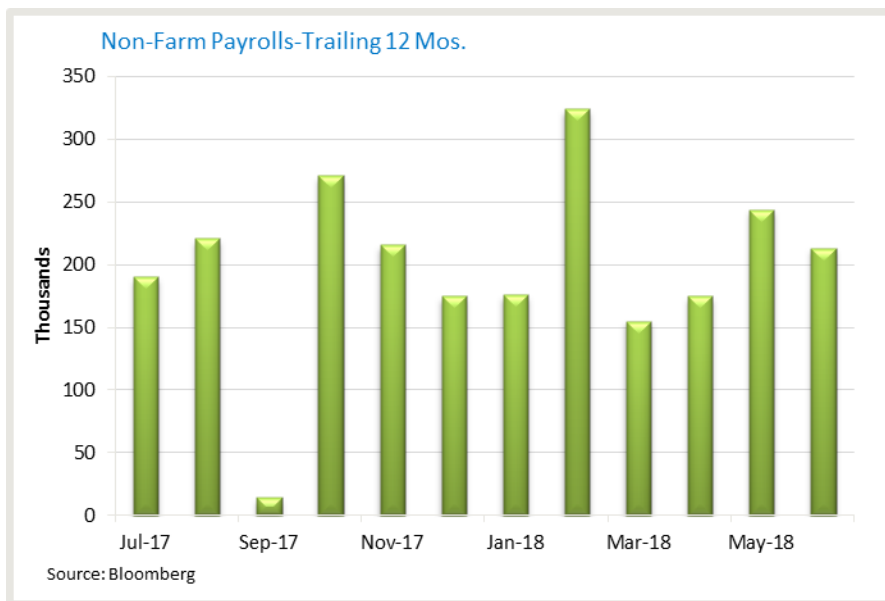


# Weekly Market Review

July 13, 2018

## Chart of the Week



## Weekly Highlights

- **The NASDAQ Composite reached a new record close on Thursday at a value of 7,823.92 and set another record on Friday with a value of 7,825.98.** The Dow Jones Industrial Average and the S&P 500 Index rose approximately 6% and 3%, respectively, although off from their all-time high closes set in January of 2018.
- **Despite reaffirming US support for the North Atlantic Treaty Organization (NATO), President Trump left his fellow members of NATO shaken after issuing a vague threat suggesting that the United States could withdraw from the alliance should military spending targets not be met.** Among other highlights of the President's European tour unfolding over the next week are his visit with Prime Minister Theresa May in London and a meeting with President Vladimir Putin in Helsinki.

## Talking Points

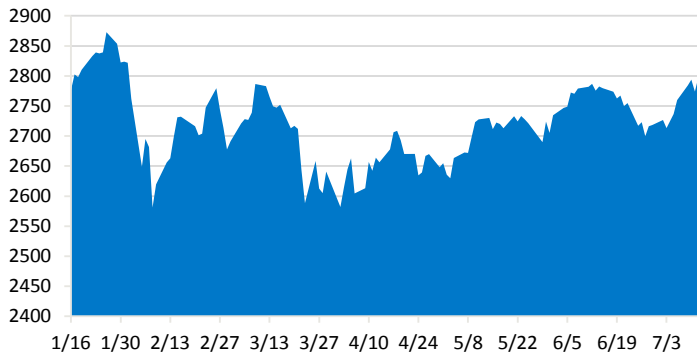
- **Domestic equities** remained positive for the week, with tech stocks leading the charge. Indian equities also enjoyed a healthy rally, as did Emerging Market Latin America. European markets had mixed results, with France, Germany, the UK, and Russia slightly positive, whereas Italy, Spain, and Greece turned negative. The broader emerging markets space also was positive for the week.
- **The yield** on the 10-Year US Treasury Note closed roughly in line with the week's opening yield of 2.834%, as world markets wait to see how China will react to the most recent wave of tariffs proposed by the Trump Administration.
- **The US dollar** strengthened over the course of the week. A downtick in jobless claims to the lowest level since early May continued the strengthening economy narrative.
- **Commodities** were mostly lower for the week, with oil and grains being the largest drags. Precious metals were mostly positive, but gold ended the week at a slight loss.
- **In other economic news** the Producer Price Index rose 0.3% in June, and 3.4% for the 12 months ended in June, the largest 12-month increase since climbing 3.7% in November 2011; Crude Inventories plunged by 12.6 million barrels during the week of July 6 to 405.2 million, 18.2% below their level a year ago; the Consumer Price Index (CPI) edged only 0.1% higher overall in June, and the Core CPI (ex food and energy) was up 0.2% ; Consumer Sentiment is easing back so far this month to 97.1, which is down 1.1 points from June.

## Market Dashboard

	Last Price	Change	% Chg.	YTD %
<b>S&amp;P 500</b>	2,801.31	41.49	1.50%	4.8%
<b>Dow Industrials</b>	25,019.41	562.93	2.30%	1.2%
<b>Nasdaq</b>	7,825.98	137.59	1.79%	13.4%
<b>Russell 2000</b>	1,687.08	-6.97	-0.41%	9.9%
<b>Euro Stoxx Index</b>	385.03	2.67	0.70%	-1.1%
<b>Shanghai Composite</b>	2,831.18	83.96	3.06%	-14.4%
<b>Russell Global</b>	2,152.26	15.49	0.73%	0.4%

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

S&amp;P 500 Index: Trailing 180 Days



Source: Bloomberg

	Last Price	Change	% Chg.	YTD %
<b>Russell Global EM</b>	3,361.90	33.89	1.02%	-7.7%
<b>10-Year US Treas.</b>	2.83	0 bps	NM	NM
<b>Bloomberg Cmdts. Idx.</b>	83.83	-2.38	-2.76%	-4.9%
<b>Gold</b>	\$1,241.14	-\$14.30	-1.14%	-4.7%
<b>Crude Oil</b>	\$70.58	-\$3.18	-4.31%	18.8%
<b>Dollar Index</b>	94.70	0.75	0.79%	2.8%
<b>VIX Index</b>	12.18	-1.19	-8.90%	10.3%

One Week

YTD

	Value		Growth		Value		Growth
L	0.88%	1.69%	2.39%		-1.72%	5.34%	11.66%
	0.23%	0.75%	1.54%		0.49%	4.03%	8.68%
S	-0.81%	-0.41%	-0.02%		6.45%	9.87%	13.11%

Source: Bloomberg

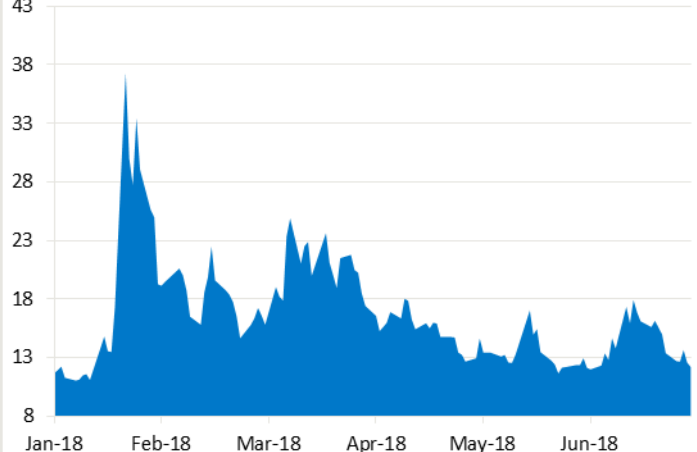
## Sector Performance:

## S&amp;P/Global Industry Classification Sectors (GICS)

	% Wgt in S&P 500	Week % Chg.	YTD % Chg.
<b>Consumer Discretionary</b>	12.9	2.10%	14.1%
<b>Consumer Staples</b>	6.8	0.95%	-7.8%
<b>Energy</b>	6.2	0.79%	5.8%
<b>Financials</b>	13.6	1.14%	-3.5%
<b>Health Care</b>	14.3	1.60%	5.8%
<b>Industrials</b>	9.6	2.24%	-2.8%
<b>Information Technology</b>	26.4	2.32%	15.3%
<b>Materials</b>	2.6	0.28%	-3.1%
<b>Real Estate</b>	2.8	-0.84%	-0.1%
<b>Telecom Services</b>	1.9	-1.58%	-10.3%
<b>Utilities</b>	2.9	-1.19%	-0.3%

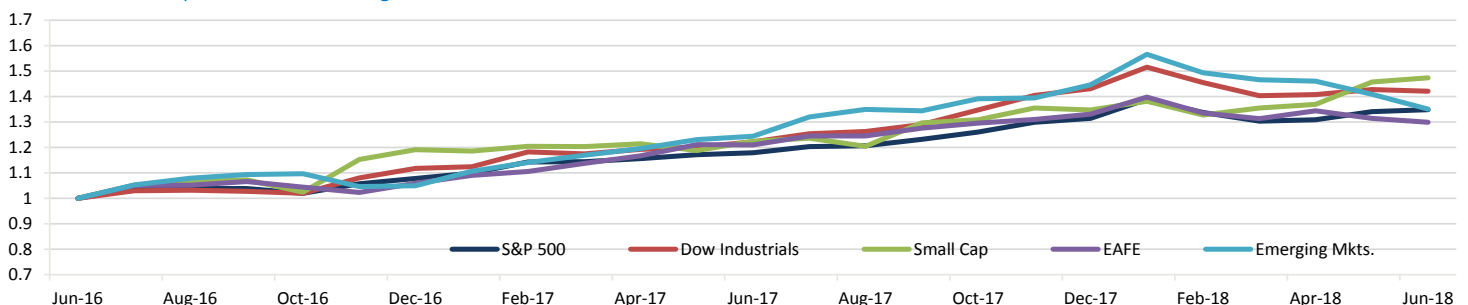
Source: Bloomberg

VIX Index: Trailing 180 Days



Source: Bloomberg

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



Source: Bloomberg

## The Economy and Markets

### ***A Macro View – Brexit – Nothing’s Ever Easy***

British Prime Minister Theresa May’s unenviable task of negotiating the British exit (Brexit) from the European Union (EU) has been dogged by challenges at every turn. However, the events of the past week may prove to be insurmountable for the beleaguered Prime Minister and ultimately lead to her downfall. In spite of the turbulence confronting her government, markets appear to be slightly optimistic about how the Brexit talks are developing.

The historic referendum of June 23, 2016 (wherein the peoples of the United Kingdom voted to withdraw from the EU) resulted in panic selling, as the FTSE 100 dropped approximately 3.15% and 2.55% on the two subsequent trading days, respectively. Nevertheless, whether because of a growing local economy, a recovering global economy, or belief that the British politicians could negotiate an advantageous withdrawal from the EU, the FTSE 100 rallied from a low of 5,982.20 after the vote to 7,692 as of July 10, 2018. The British pound depreciated in value over this time, falling from 1.4883 GBP/USD on June 23 to nearly 1.2 GBP/USD before finding support above 1.30 GBP/USD.

On March 29, 2017, the United Kingdom became the first member of the EU to trigger Article 50 of the Lisbon Treaty, a relatively new amendment to the original agreements signed by the EU member states that permitted and outlined, albeit vaguely, the process by which a state could withdraw from the EU. In order to navigate these unknown waters, Prime Minister Theresa May formed a government that included, amongst others, a number of pro-Brexit politicians.

One of the biggest uncertainties surrounding Brexit was the type of agreement that would be reached between the negotiating bodies. The following provides a simplified explanation of the major differences between the two approaches. A “soft Brexit,” also known as the “Norway Model,” would theoretically be the least disruptive on an economic level. In this scenario, the United Kingdom would participate in the single market created by the EU, but still be required to recognize the free movement of people from other member states of the EU within its borders. The alternative is the free trade model of the “hard Brexit,” referred to as the “Canada Model.” In this case, the United Kingdom would not be granted the free trade benefits of the single market, but would have greater control over immigration matters.

That brings us to the present. Operating under the belief that the Prime Minister was favoring a “soft Brexit,” three prominent members of Prime Minister May’s cabinet and two Tory party vice-chairs resigned in protest over the course of the week. Further threatening her standing was the specter of a “no confidence” vote being raised, although this threat appears to have subsided as the week progressed.

The fears of the Brexit hardliners were confirmed on July 12, when the Prime Minister released a “soft Brexit” proposal that she claimed had already been “cleared” by German Chancellor Angela Merkel, although there are doubts on both sides as to whether this is the case. Nevertheless, this development has opened the floor to a fresh wave of concern from both the opposition and members of the Prime Minister’s own party.

Further complicating the situation is President Trump’s visit to the UK at the end of the week. Although he had been a vocal proponent of Brexit, his critics fear that his administration may be seeking to take advantage of Britain’s increasingly isolated position to negotiate trade agreements that are heavily weighted in favor of the United States.

So how are markets reacting to these developments? As previously noted, investors have pushed British equities higher over the past two years, going so far as to set record highs. Although we can only speculate as to how much farther the UK’s bull market will run, some short-term volatility has driven the FTSE 100 down about 3% from its record high. Bullish investors might view this small margin as an opportunity to buy before the market continues its rally. Even last week’s short-term noise appears to have been more or less shrugged off, as the FTSE 100 turned positive going into the end of the week. On the other hand, bearish investors could point to the delicacy of the Brexit negotiations and the potential for an agreement that handicaps the British economy, Theresa May’s increasingly fragile position, or simply the rally exhausting itself and breaking below its support at roughly 7,500.

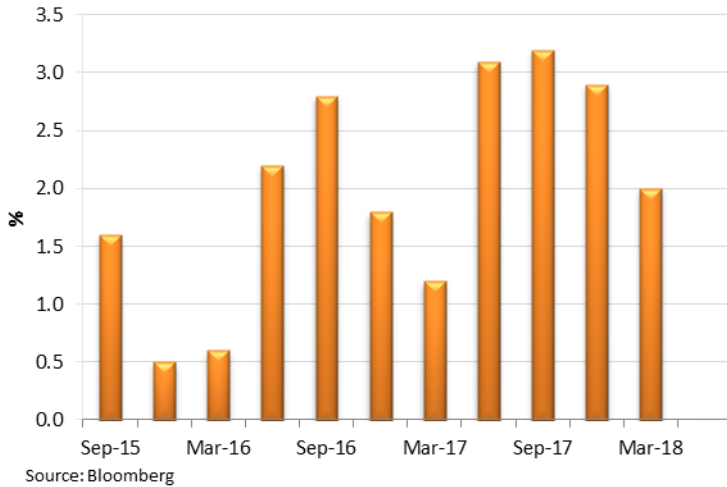
Given the delicate balancing act Britain faces, this will be a situation to monitor in the coming weeks, as new developments could have a significant impact on the valuation of British equities and the global capital markets as a whole.

*Jeremy Soister*  
*Associate Institutional Consultant*

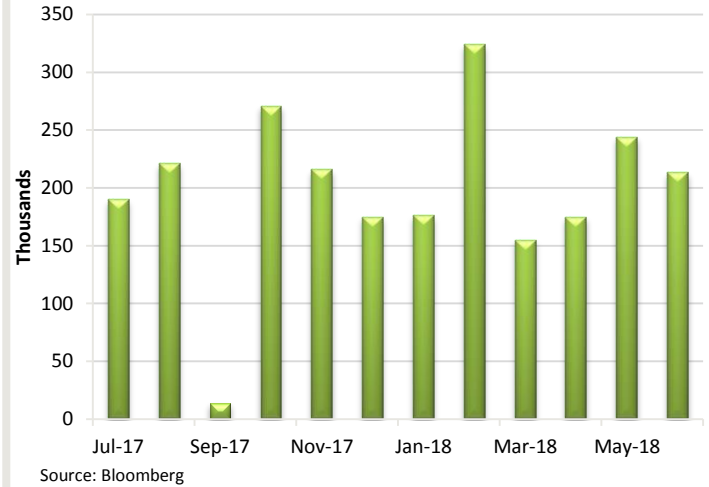
Source: Bloomberg

## Economic Data

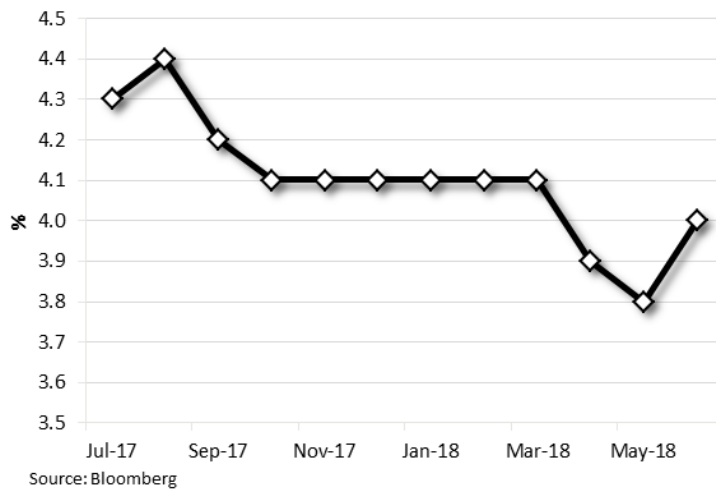
Real GDP Growth Rate - Annualized - 12 Qtrs.



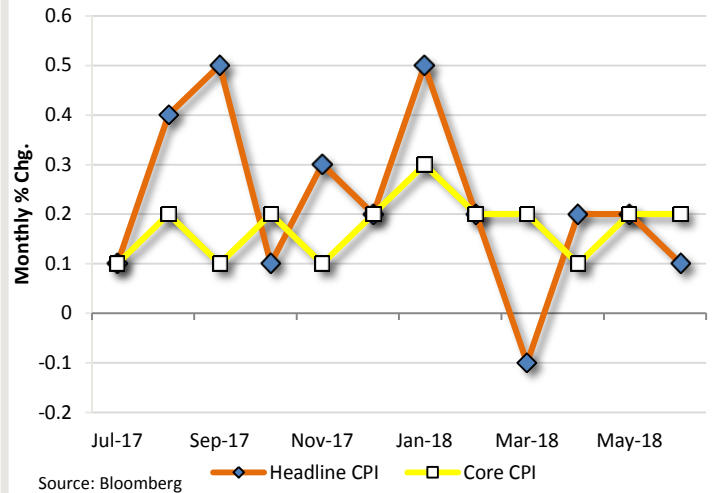
Non-Farm Payrolls-Trailing 12 Mos.



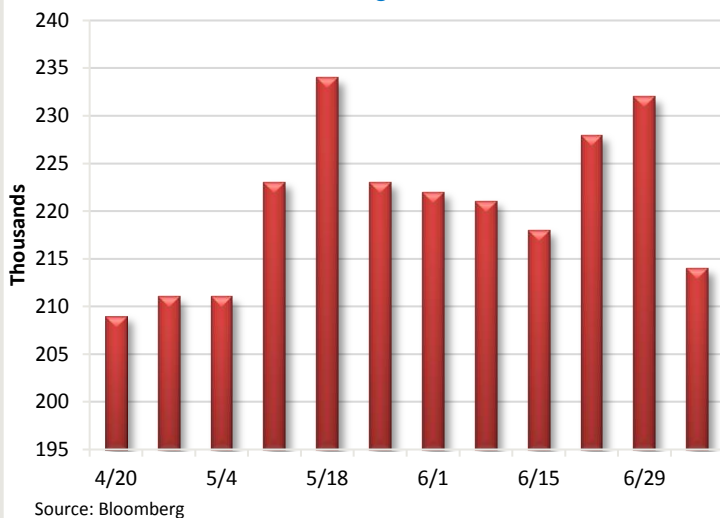
Unemployment Rate-Trailing 12 Mos.



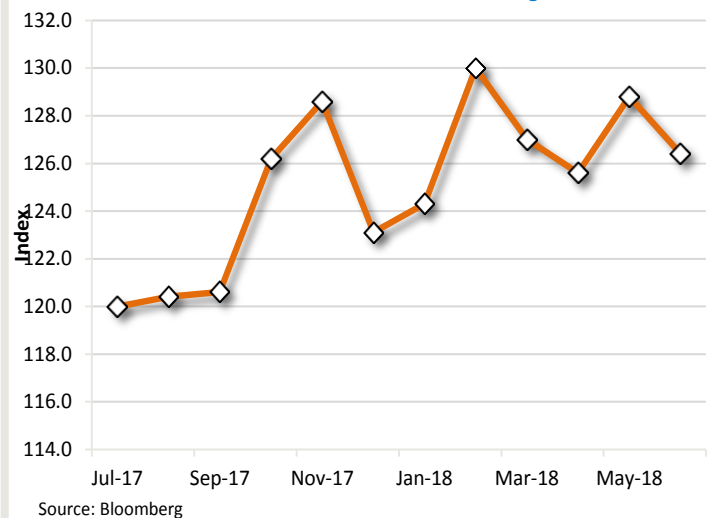
Consumer Price Index-Trailing 12 Mos.



Initial Jobless Claims-Trailing 12 Wks.



Consumer Board Confidence Index - Trailing 12 Mos.



## Eurozone

## SELECTED EUROPEAN SOVEREIGN YIELD PERFORMANCE

	Last	Change	% Chg.	YTD %
Germany 10-Yr. Govt.	0.34	0 bps	NM	NM
Greece 10-Yr. Govt.	3.83	8 bps	NM	NM
Italy 10-Yr. Govt.	2.55	13 bps	NM	NM
Spain 10-Yr. Govt.	1.26	4 bps	NM	NM
Belgium 10-Yr. Govt.	0.63	4 bps	NM	NM

Source: Bloomberg

Basis points (bps)

	Last	Change	% Chg.	YTD %
France 10-Yr. Govt.	0.62	2 bps	NM	NM
Ireland 10-Yr. Govt.	0.80	-1 bps	NM	NM
Portugal 10-Yr. Govt.	1.73	7 bps	NM	NM
Netherlands 10-Yr. Govt.	0.43	1 bps	NM	NM
U.K. 10-Yr. Govt.	1.27	-1 bps	NM	NM

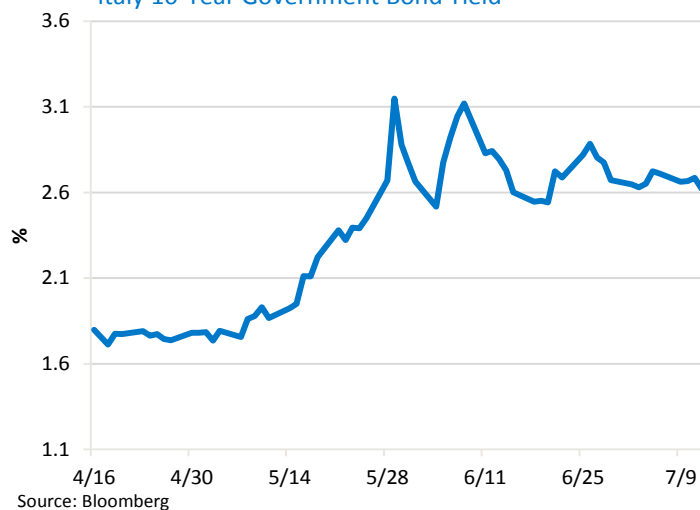
Germany 10-Year Government Bond Yield



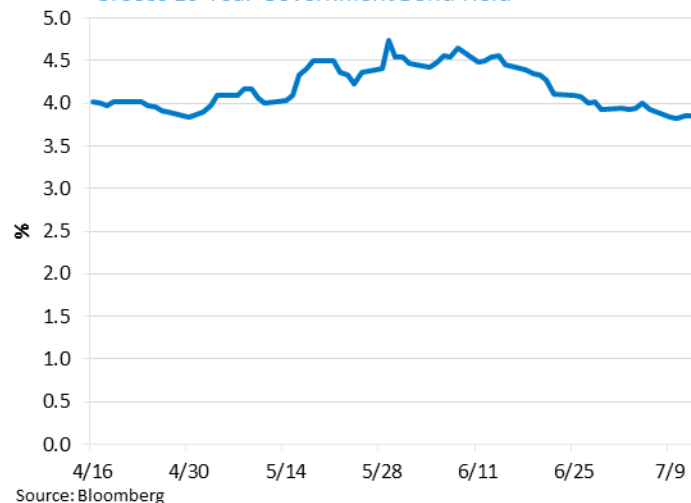
Spain 10-Year Government Bond Yield



Italy 10-Year Government Bond Yield



Greece 10-Year Government Bond Yield



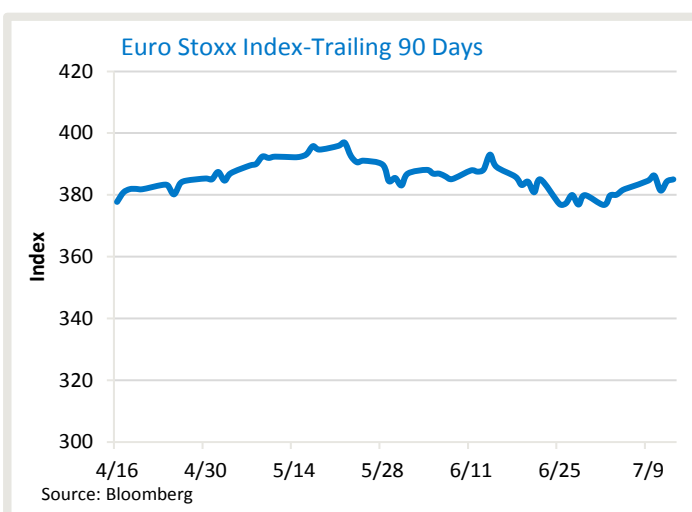
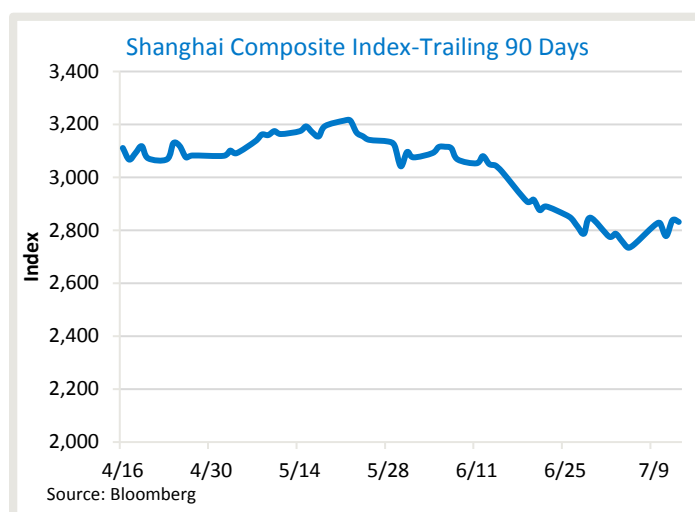
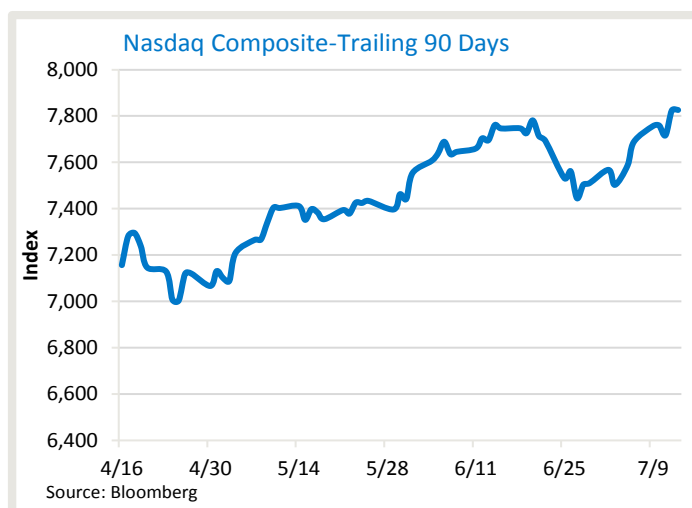
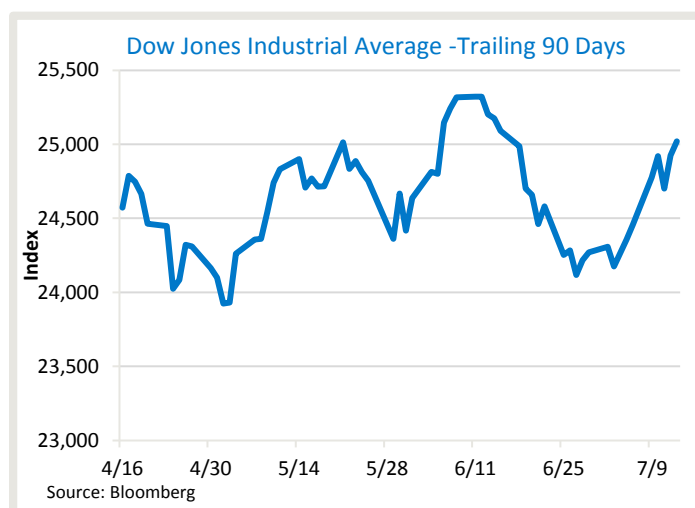
## Equities

## WORLD MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
<b>S&amp;P 500</b>	<b>2,801.31</b>	<b>41.49</b>	<b>1.50%</b>	<b>4.78%</b>
<b>Dow Industrials</b>	<b>25,019.41</b>	<b>562.93</b>	<b>2.30%</b>	<b>1.21%</b>
<b>Nasdaq Composite</b>	<b>7,825.98</b>	<b>137.59</b>	<b>1.79%</b>	<b>13.36%</b>
<b>Russell Global</b>	<b>2,152.26</b>	<b>15.49</b>	<b>0.73%</b>	<b>0.4%</b>
<b>Russell Global EM</b>	<b>3,361.90</b>	<b>33.89</b>	<b>1.02%</b>	<b>-7.7%</b>
<b>S&amp;P/TSX (Canada)</b>	<b>16,561.12</b>	<b>189.34</b>	<b>1.16%</b>	<b>2.17%</b>
<b>Mexico IPC</b>	<b>48,406.01</b>	<b>-575.40</b>	<b>-1.17%</b>	<b>-1.92%</b>
<b>Brazil Bovespa</b>	<b>76,594.38</b>	<b>1583.96</b>	<b>2.11%</b>	<b>0.25%</b>
<b>Euro Stoxx 600</b>	<b>385.03</b>	<b>2.67</b>	<b>0.70%</b>	<b>-1.07%</b>
<b>FTSE 100</b>	<b>7,661.87</b>	<b>44.17</b>	<b>0.58%</b>	<b>-0.34%</b>
<b>IBEX 35 (Spain)</b>	<b>9,734.80</b>	<b>-170.20</b>	<b>-1.72%</b>	<b>-3.08%</b>

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

	Last	Change	% Chg.	YTD %
<b>Swiss Market Index</b>	<b>8,861.05</b>	<b>163.63</b>	<b>1.88%</b>	<b>-5.55%</b>
<b>CAC 40 Index (France)</b>	<b>5,429.20</b>	<b>53.43</b>	<b>0.99%</b>	<b>2.20%</b>
<b>DAX Index (Germany)</b>	<b>12,540.73</b>	<b>44.56</b>	<b>0.36%</b>	<b>-2.92%</b>
<b>Irish Overall Index</b>	<b>7,046.01</b>	<b>44.52</b>	<b>0.64%</b>	<b>0.11%</b>
<b>Nikkei 225</b>	<b>22,597.35</b>	<b>809.21</b>	<b>3.71%</b>	<b>-0.74%</b>
<b>Hang Seng Index</b>	<b>28,525.44</b>	<b>209.82</b>	<b>0.74%</b>	<b>-4.66%</b>
<b>Shanghai Composite</b>	<b>2,831.18</b>	<b>83.96</b>	<b>3.06%</b>	<b>-14.39%</b>
<b>Kospi Index (S. Korea)</b>	<b>2,310.90</b>	<b>38.03</b>	<b>1.67%</b>	<b>-6.35%</b>
<b>Taiwan Taiex Index</b>	<b>10,864.54</b>	<b>255.97</b>	<b>2.41%</b>	<b>2.08%</b>
<b>Tel Aviv 25 Index</b>	<b>1,549.70</b>	<b>25.95</b>	<b>1.70%</b>	<b>2.64%</b>
<b>MOEX Index (Russia)</b>	<b>2,346.43</b>	<b>1.05</b>	<b>0.04%</b>	<b>11.22%</b>



## Equities – Emerging and Frontier Markets

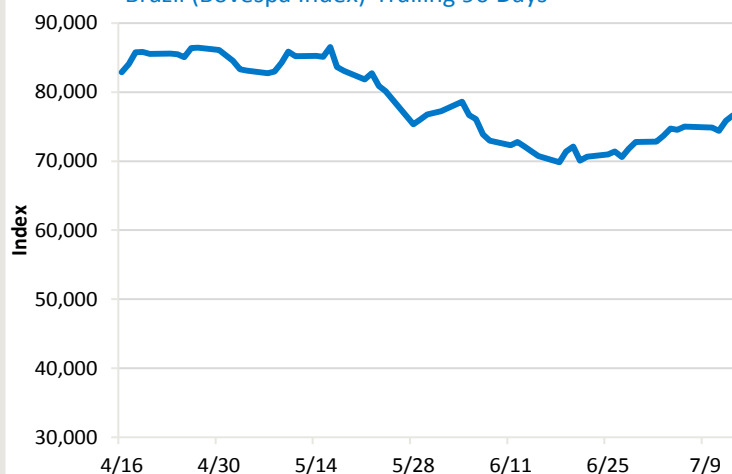
### EMERGING AND FRONTIER MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
Mexico IPC	48,406.01	-575.40	-1.2%	-1.9%
Brazil (Bovespa Index)	76,594.38	1583.96	2.1%	0.3%
MOEX Index (Russia)	2,346.43	1.05	0.0%	11.2%
Czech Republic (Prague)	1,084.79	7.23	0.7%	0.6%
Turkey (Istanbul)	89,897.67	-8836.22	-8.9%	-22.1%
Egypt (Hermes Index)	1,538.85	-21.41	-1.4%	7.1%
Kenya (Nairobi 20 Index)	3,334.21	19.78	0.6%	-10.2%
Saudi Arabia (TASI Index)	8,362.41	184.80	2.3%	15.7%
Lebanon (Beirut BLOM Index)	1,038.50	-4.75	-0.5%	-9.6%
Palestine	545.09	-1.09	-0.2%	-5.1%

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

	Last	Change	% Chg.	YTD %
Hang Seng Index	28,525.44	209.82	0.7%	-4.7%
India (Sensex 30)	36,541.63	883.77	2.5%	7.3%
Malaysia (KLCI Index)	1,721.93	58.07	3.5%	-4.2%
Singapore (Straits Times Index)	3,260.35	68.53	2.1%	-4.2%
Thailand (SET Index)	1,643.52	28.76	1.8%	-6.3%
Indonesia (Jakarta)	5,944.07	249.16	4.4%	-6.5%
Pakistan (Karachi KSE 100)	40,271.00	-13.14	0.0%	-0.5%
Vietnam (Ho Chi Minh)	909.72	-7.79	-0.8%	-7.6%
Sri Lanka (Colombo)	6,138.08	29.37	0.5%	-3.6%
Cambodia (Laos)	898.03	6.91	0.8%	-10.1%

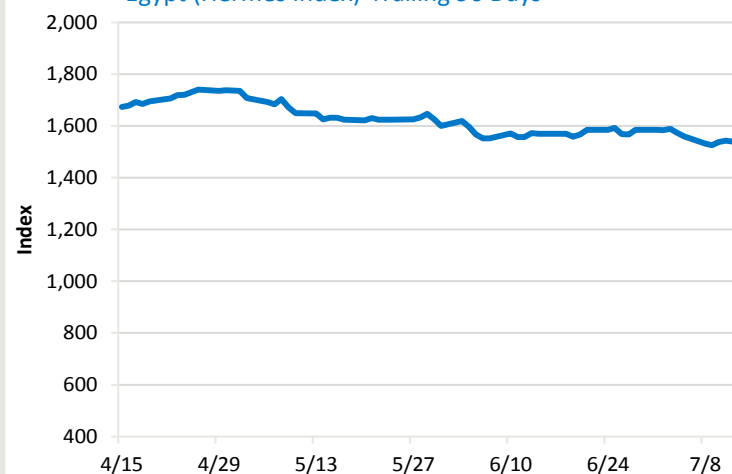
Brazil (Bovespa Index)-Trailing 90 Days



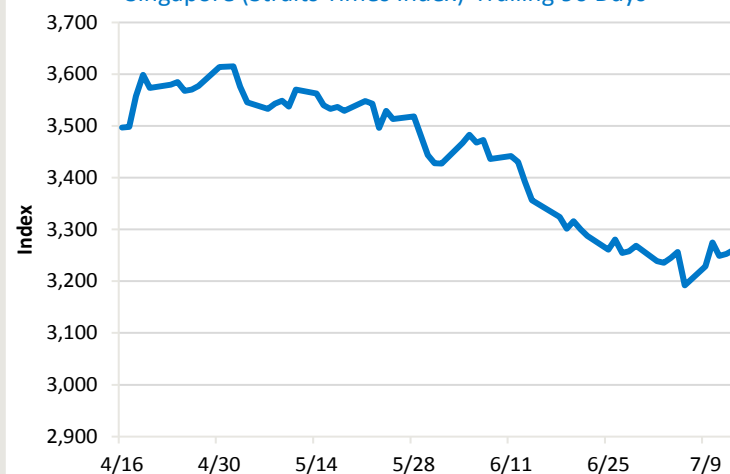
India (Sensex Index)-Trailing 90 Days



Egypt (Hermes Index)-Trailing 90 Days



Singapore (Straits Times Index)-Trailing 90 Days

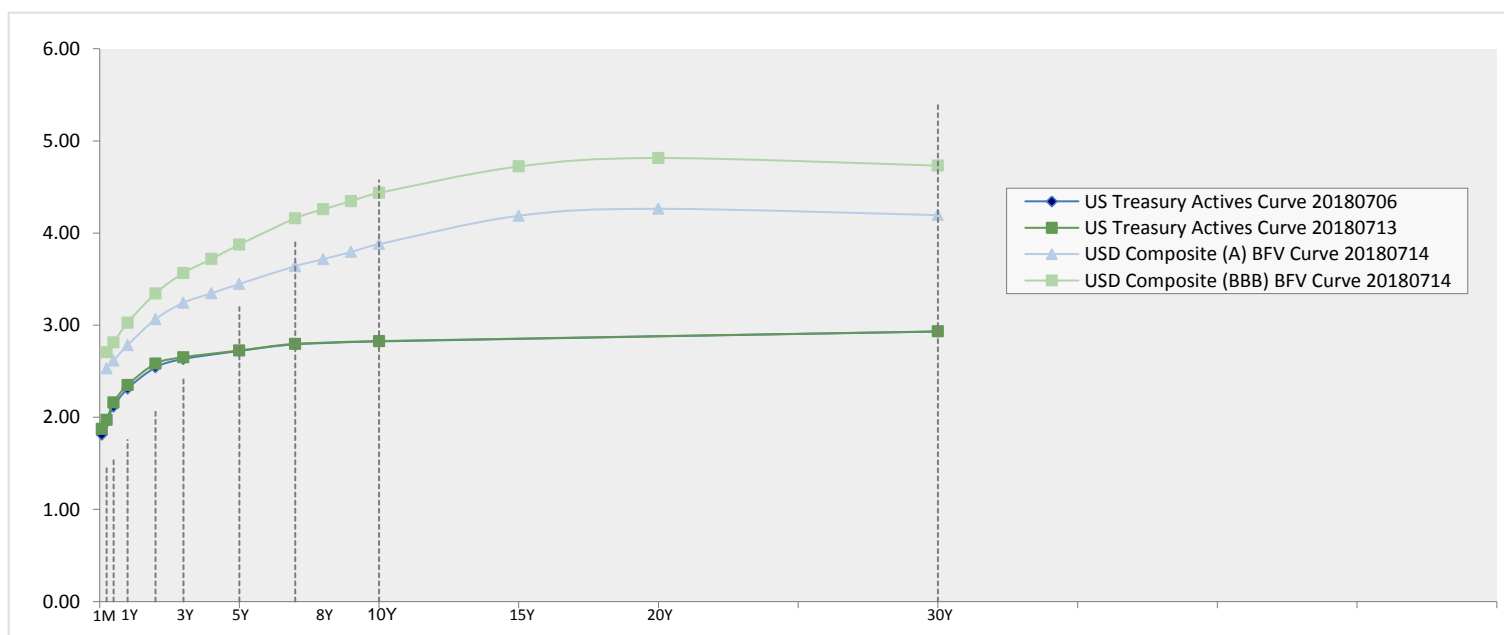


## Interest Rates

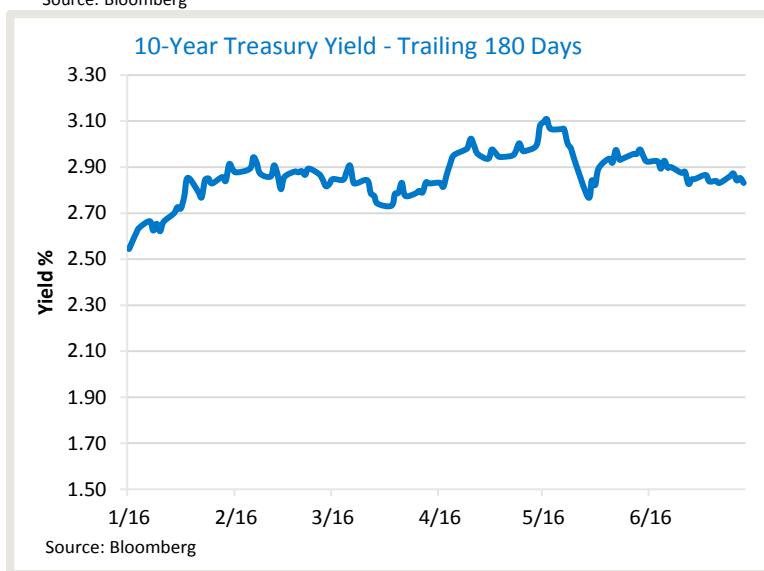
SELECTED INTEREST RATES

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
2-Yr. U.S. Treasury	2.58%	-1 bps	NM	NM	Prime Rate	5.00%	0.00	NM	NM
5-Yr. U.S. Treasury	2.73%	0 bps	NM	NM	Fed Funds Rate	2.00%	0.00	NM	NM
10-Yr. U.S. Treasury	2.83%	0 bps	NM	NM	Discount Rate	2.50%	0.00	NM	NM
30-Yr. U.S. Treasury	2.93%	-1 bps	NM	NM	LIBOR (3 Mo.)	2.34%	1 bps	NM	NM
German 10-Yr. Govt.	0.34%	0 bps	NM	NM	Bond Buyer 40 Muni	3.72%	2 bps	NM	NM
France 10-Yr.	0.62%	2 bps	NM	NM	Bond Buyer 40 G.O.	3.86%	NA	NM	NM
Italy 10-Yr.	2.55%	13 bps	NM	NM	Bond Buyer 40 Rev.	4.35%	NA	NM	NM
Fed 5-Yr Fwd BE Inf.	2.12%	-2 bps	NM	NM					

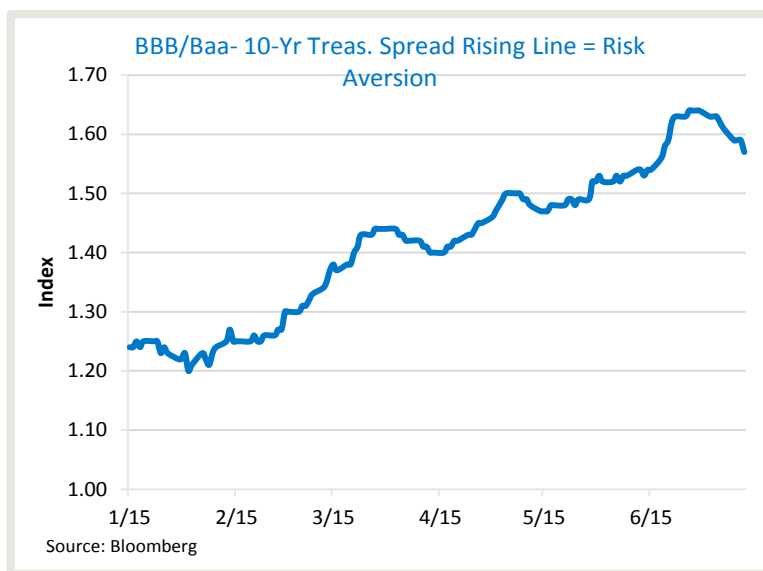
Source: Bloomberg



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg



## Currencies

### SELECTED CURRENCY PERFORMANCE

	Last	Change	% Chg.	YTD %
<b>Dollar Index</b>	<b>94.70</b>	<b>0.747</b>	<b>0.79%</b>	<b>2.81%</b>
<b>Euro</b>	<b>1.17</b>	<b>-0.006</b>	<b>-0.51%</b>	<b>-2.66%</b>
<b>Japanese Yen</b>	<b>112.35</b>	<b>1.870</b>	<b>-1.66%</b>	<b>0.31%</b>
<b>British Pound</b>	<b>1.32</b>	<b>-0.005</b>	<b>-0.35%</b>	<b>-2.05%</b>
<b>Canadian Dollar</b>	<b>1.32</b>	<b>0.007</b>	<b>-0.55%</b>	<b>-4.45%</b>

Source: Bloomberg

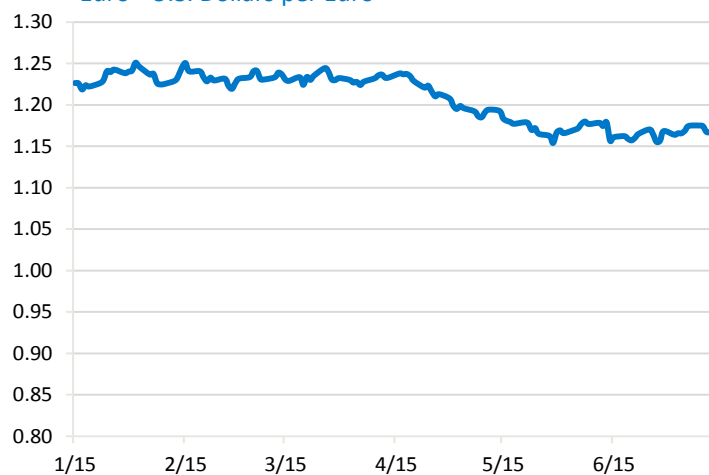
	Last	Change	% Chg.	YTD %
<b>Chinese Yuan</b>	<b>6.69</b>	<b>0.049</b>	<b>-0.73%</b>	<b>-2.76%</b>
<b>Swiss Franc</b>	<b>1.00</b>	<b>0.012</b>	<b>-1.24%</b>	<b>-2.74%</b>
<b>New Zealand Dollar</b>	<b>0.68</b>	<b>-0.006</b>	<b>-0.88%</b>	<b>-4.65%</b>
<b>Brazilian Real</b>	<b>3.86</b>	<b>-0.009</b>	<b>0.22%</b>	<b>-14.16%</b>
<b>Mexican Peso</b>	<b>18.89</b>	<b>-0.145</b>	<b>0.77%</b>	<b>4.04%</b>

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

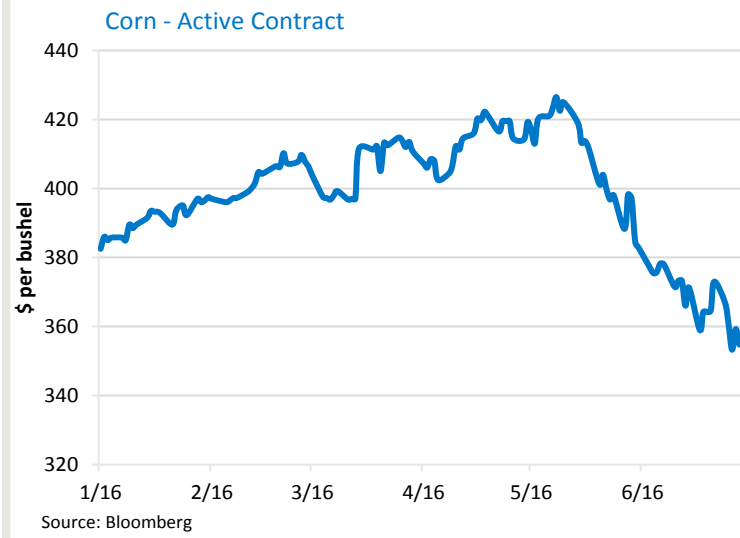
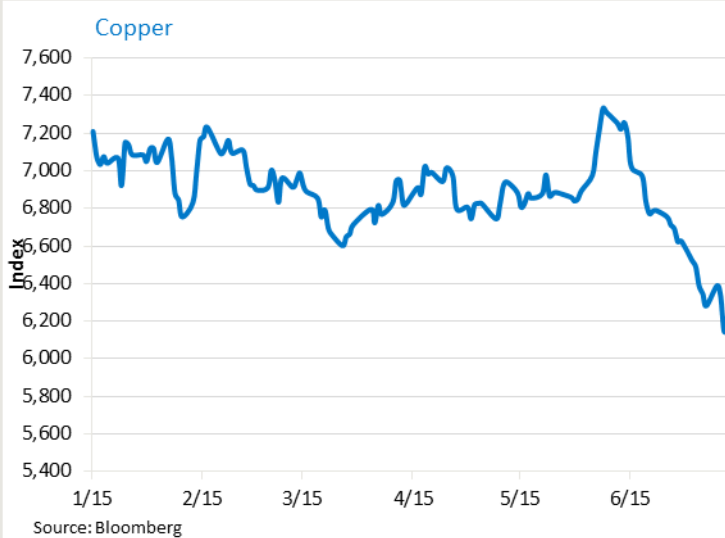
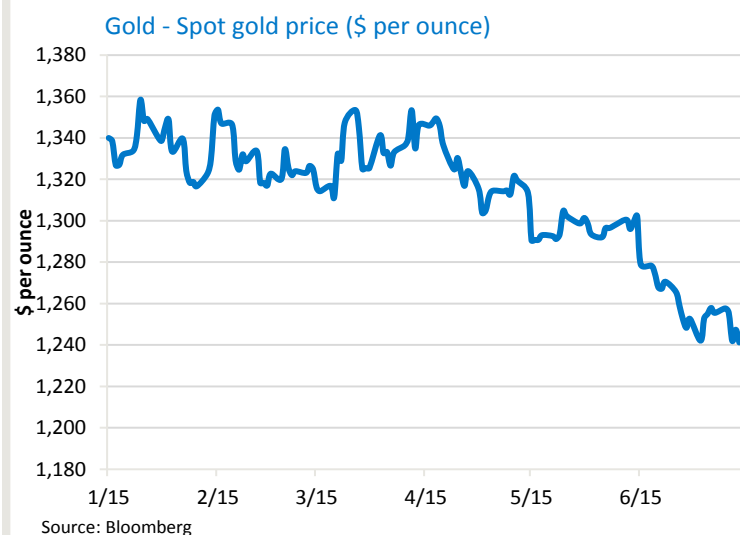
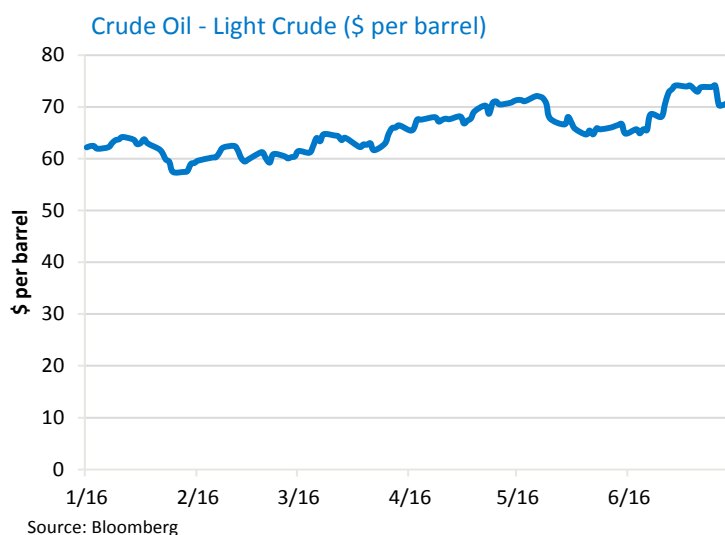
## Commodities

### SELECTED COMMODITY MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
<b>Bloomberg Comm. Idx.</b>	<b>83.83</b>	<b>-2.38</b>	<b>-2.76%</b>	<b>-4.92%</b>
<b>Crude Oil</b>	<b>\$70.60</b>	<b>-\$3.18</b>	<b>-4.31%</b>	<b>18.85%</b>
<b>Natural Gas</b>	<b>\$2.76</b>	<b>-\$0.10</b>	<b>-3.43%</b>	<b>-1.67%</b>
<b>Gasoline (\$/Gal.)</b>	<b>\$2.89</b>	<b>\$0.02</b>	<b>0.70%</b>	<b>16.04%</b>
<b>Heating Oil</b>	<b>212.97</b>	<b>-3.80</b>	<b>-1.75%</b>	<b>8.46%</b>
<b>Gold Spot</b>	<b>\$1,241.24</b>	<b>-\$14.30</b>	<b>-1.14%</b>	<b>-4.73%</b>
<b>Silver Spot</b>	<b>\$15.81</b>	<b>-\$0.23</b>	<b>-1.45%</b>	<b>-6.63%</b>

Source: Bloomberg; % change is based on price.

	Last	Change	% Chg.	YTD %
<b>Platinum Spot</b>	<b>\$829.55</b>	<b>-\$15.21</b>	<b>-1.80%</b>	<b>-10.67%</b>
<b>Corn</b>	<b>354.75</b>	<b>-18.25</b>	<b>-4.89%</b>	<b>-7.62%</b>
<b>Wheat</b>	<b>497.00</b>	<b>-18.25</b>	<b>-3.54%</b>	<b>6.71%</b>
<b>Soybeans</b>	<b>834.25</b>	<b>-60.25</b>	<b>-6.74%</b>	<b>-14.50%</b>
<b>Sugar</b>	<b>10.96</b>	<b>-0.55</b>	<b>-4.78%</b>	<b>-27.94%</b>
<b>Orange Juice</b>	<b>168.80</b>	<b>0.05</b>	<b>0.03%</b>	<b>20.44%</b>
<b>Aluminum</b>	<b>2,042.00</b>	<b>-38.00</b>	<b>-1.83%</b>	<b>-9.96%</b>
<b>Copper</b>	<b>6,228.00</b>	<b>-54.00</b>	<b>-0.86%</b>	<b>-14.06%</b>



## Alternative Investments

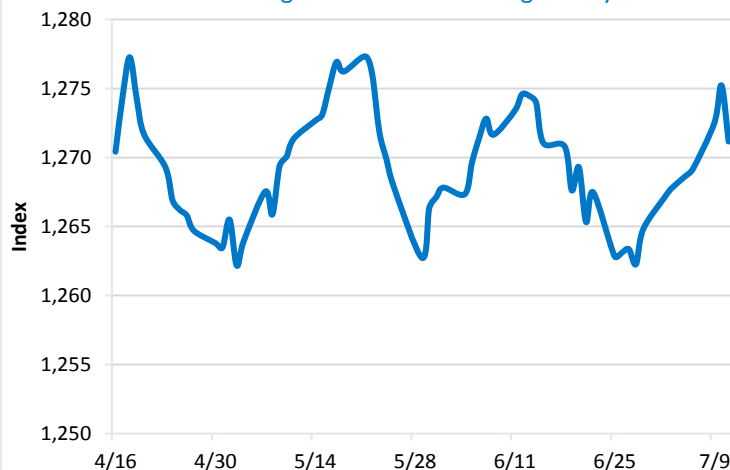
SELECTED ALTERNATIVE INVESTMENT INDEX PERFORMANCE

	Last	Change	% Chg.	YTD %
HFRX Global Hedge Fund Index	1271.15	1.97	0.16%	-0.35%
HFRX Equity Market Neutral	1002.98	2.05	0.20%	-0.14%
HFRX Equity Hedge Index	1285.21	1.87	0.15%	1.14%
HFRX Event-Driven Index	1601.90	0.29	0.02%	-3.83%
HFRX Absolute Return Index	1074.69	1.69	0.16%	1.07%

	Last	Change	% Chg.	YTD %
HFRX Distressed Index	1038.67	1.21	0.12%	-6.14%
HFRX Merger Arbitrage Index	1847.49	-3.50	-0.19%	-0.30%
HFRX Convertible Arbitrage Index	802.19	2.32	0.29%	0.75%
HFRX Macro CTA Index	1146.99	5.34	0.47%	-1.45%
IQ Fixed Income Beta Arb Index	1488.27	-0.18	-0.01%	1.21%

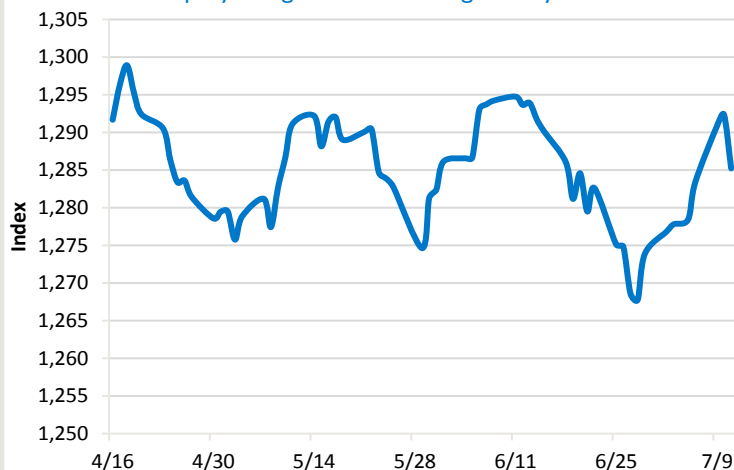
Source: Bloomberg; Index % change is based on price.

HFRX Global Hedge Fund Index - Trailing 90 Days



Source: Bloomberg

HFRX Equity Hedge Index - Trailing 90 Days



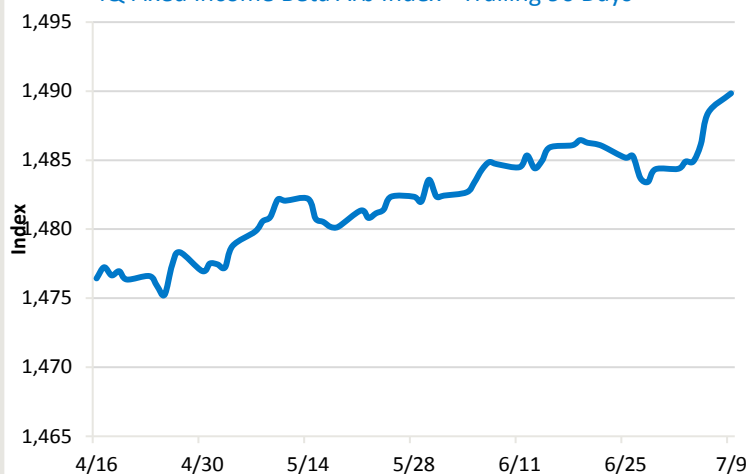
Source: Bloomberg

HFRX Equity Market Neutral - Trailing 90 Days



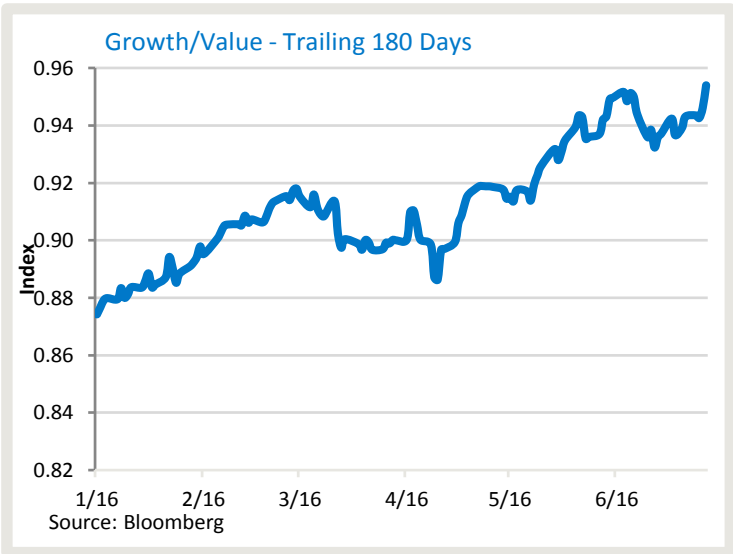
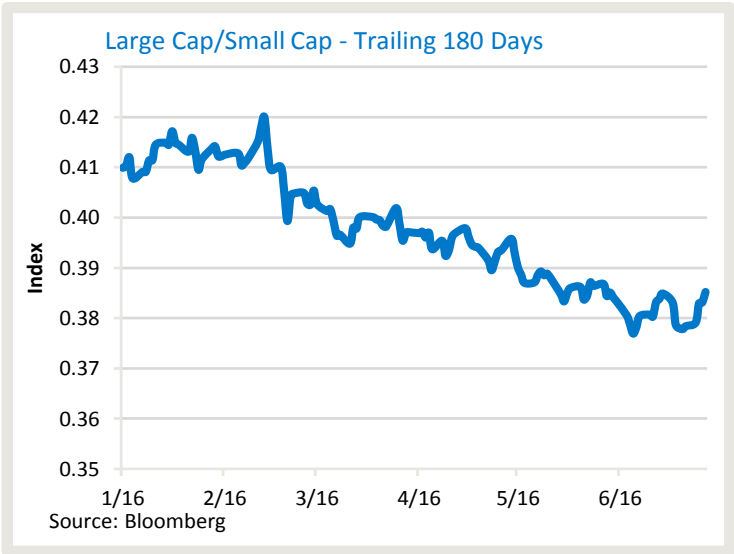
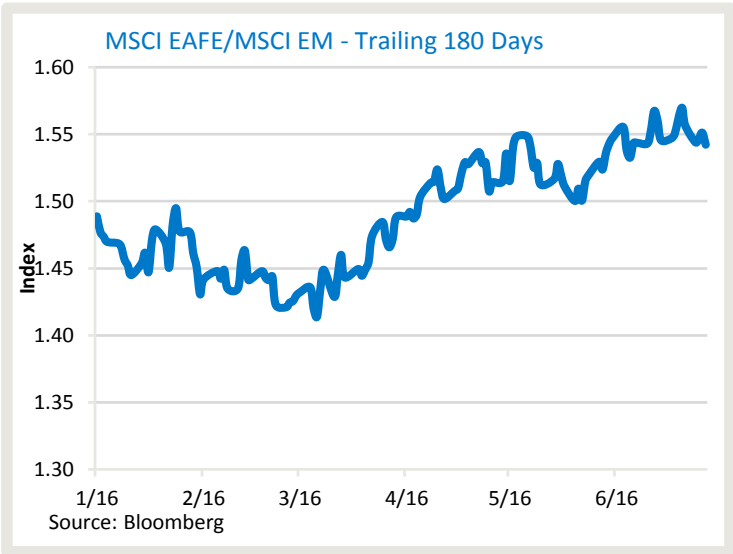
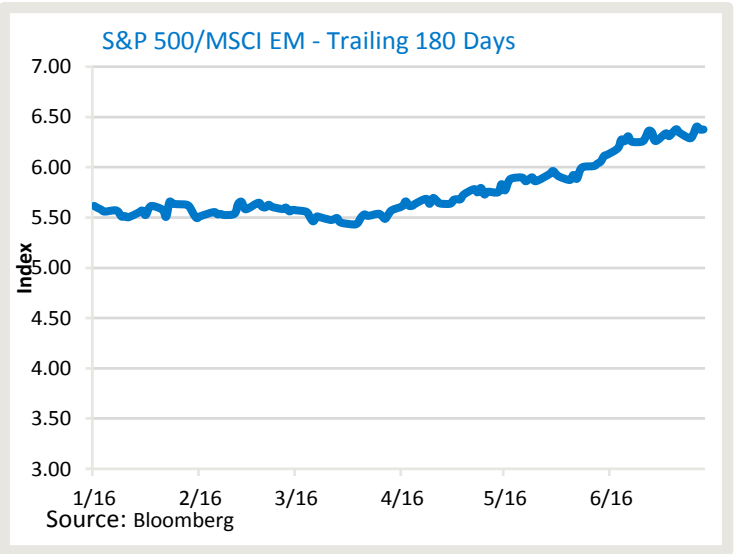
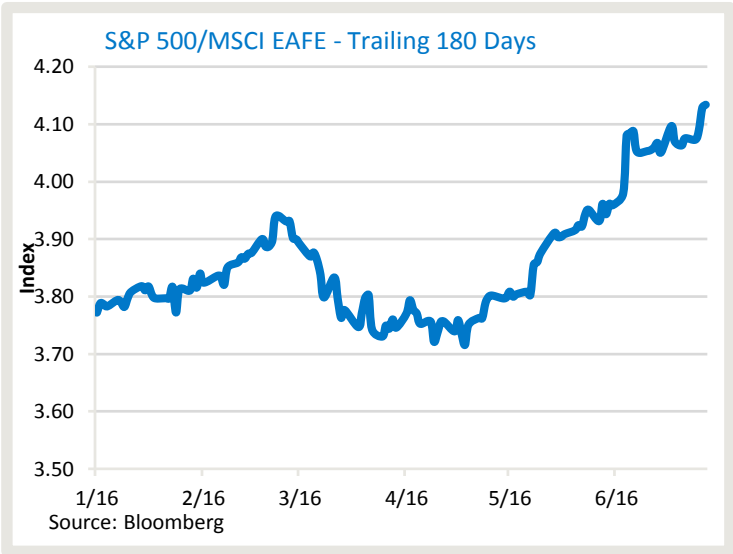
Source: Bloomberg

IQ Fixed Income Beta Arb Index - Trailing 90 Days

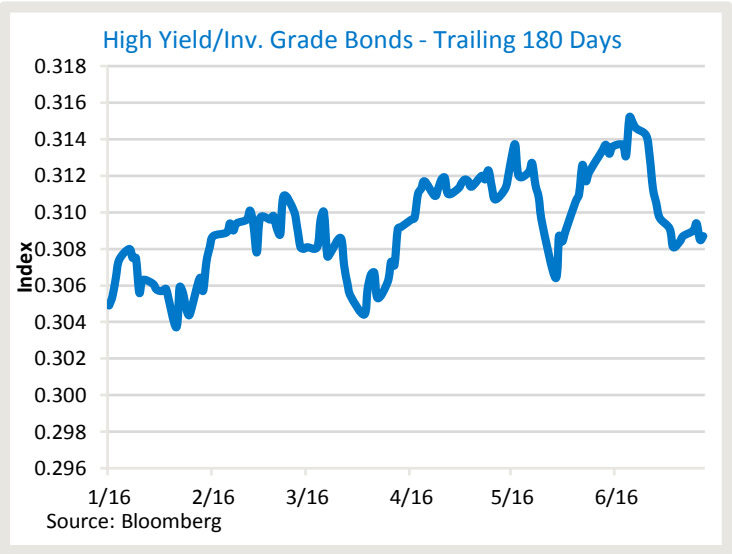
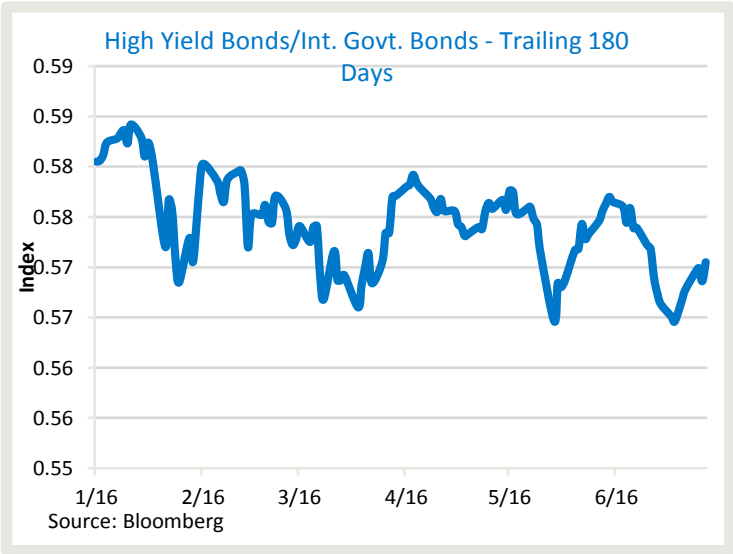
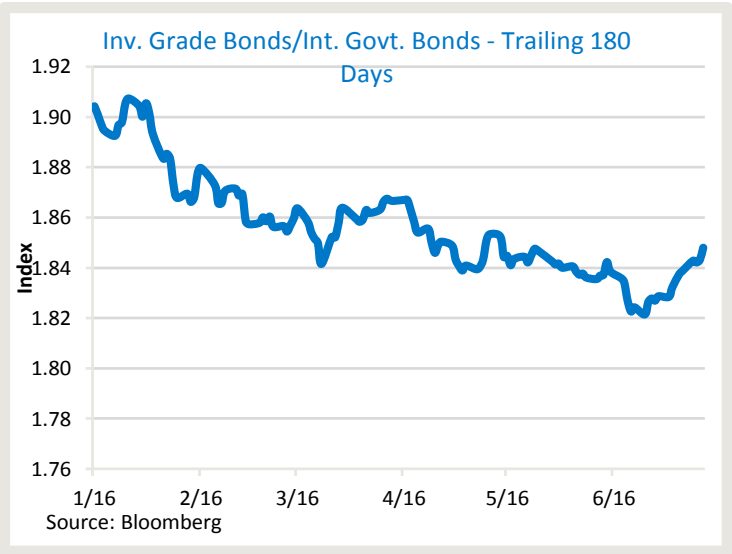
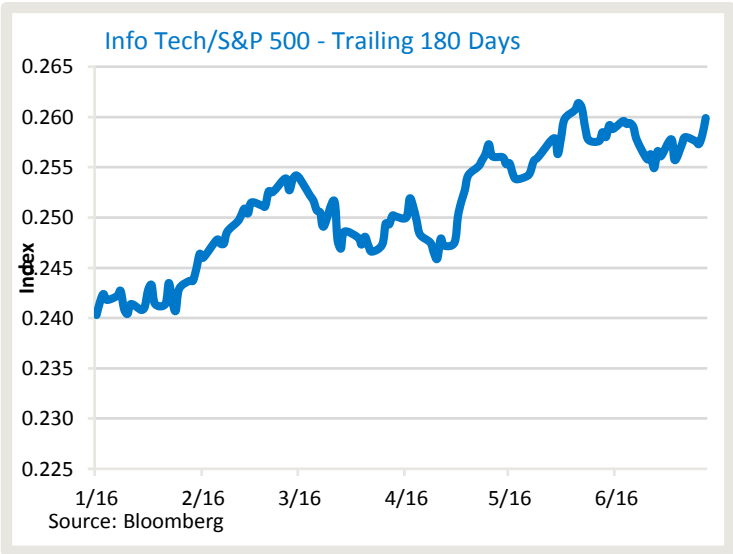


Source: Bloomberg

Portfolio Construction



Portfolio Construction (continued)



## WEEKLY ASSET CLASS PERFORMANCE (Prior 12 weeks ending Thursday)

			4/26	5/3	5/10	5/17	5/24	5/31	6/7	6/14	6/21	6/28	7/5	7/12
Equity	Domestic Equity	Large Cap (R200)	-1.02%	-1.38%	3.69%	-0.14%	0.29%	-0.72%	2.53%	0.35%	-1.24%	-1.14%	0.68%	2.47%
		Small Cap (R2000)	-1.01%	-0.73%	3.70%	1.35%	0.18%	0.33%	2.09%	1.02%	0.25%	-2.60%	2.10%	0.64%
	Int'l. Equity	MSCI EAFE	-1.35%	-0.47%	0.84%	0.33%	-1.34%	-1.82%	1.76%	-0.29%	-2.54%	-1.27%	0.80%	0.60%
		MSCI Em. Mkts.	-3.36%	-0.57%	1.64%	-1.08%	-0.79%	-1.26%	2.58%	-2.09%	-4.04%	-3.10%	0.73%	1.51%
Fixed Income	BarCap Agg. (AGG)		-0.41%	-0.06%	0.02%	-0.74%	0.82%	0.54%	-0.53%	-0.06%	0.00%	0.37%	0.08%	0.09%
	High Yield (JNK)		-0.55%	-0.56%	0.39%	-0.36%	0.14%	-0.36%	0.36%	0.59%	-0.31%	-0.81%	-0.25%	0.62%
Commodities	Bloomberg Commodity Index		-0.63%	0.30%	0.98%	-0.27%	1.33%	-0.87%	-0.74%	-0.92%	-3.13%	0.43%	-1.45%	-1.78%
Alternatives	Hedge Funds (HFRX Global)		-0.66%	-0.29%	0.63%	0.54%	-0.55%	-0.22%	0.45%	0.09%	-0.68%	-0.24%	0.51%	0.20%
Asset Allocation	60/40*		-0.95%	-0.63%	1.71%	-0.19%	0.16%	-0.35%	1.20%	0.07%	-0.95%	-0.86%	0.58%	1.03%
	48/32/20 (w/Alts.)**		-0.89%	-0.56%	1.49%	-0.04%	0.02%	-0.32%	1.05%	0.07%	-0.89%	-0.74%	0.57%	0.87%

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	0.95	1.10	1.02	1.00	1.05	0.99	0.99	1.00	1.28	1.40	0.91	1.56	1.08	1.19
Large Cap Growth	1.05	1.00	1.15	1.07	1.05	1.10	1.04	1.03	1.05	1.34	1.47	0.95	1.64	1.14	1.25
Large Cap Value	0.91	0.87	1.00	0.93	0.91	0.96	0.90	0.90	0.91	1.17	1.28	0.83	1.42	0.99	1.09
Mid Cap Core	0.98	0.94	1.08	1.00	0.98	1.03	0.97	0.97	0.98	1.25	1.38	0.89	1.53	1.06	1.17
Mid Cap Growth	1.00	0.95	1.10	1.02	1.00	1.05	0.99	0.99	1.00	1.28	1.40	0.91	1.56	1.09	1.19
Mid Cap Value	0.95	0.91	1.04	0.97	0.95	1.00	0.94	0.94	0.95	1.22	1.34	0.86	1.49	1.03	1.14
Small Cap Core	1.01	0.97	1.11	1.03	1.01	1.06	1.00	1.00	1.01	1.29	1.42	0.92	1.58	1.10	1.21
Small Cap Growth	1.01	0.97	1.11	1.03	1.01	1.06	1.00	1.00	1.01	1.29	1.42	0.92	1.58	1.10	1.21
Small Cap Value	1.00	0.95	1.10	1.02	1.00	1.05	0.99	0.99	1.00	1.28	1.40	0.91	1.56	1.09	1.19
Int'l. Developed	0.78	0.75	0.86	0.80	0.78	0.82	0.77	0.77	0.78	1.00	1.10	0.71	1.22	0.85	0.93
Emerging Markets	0.71	0.68	0.78	0.73	0.71	0.75	0.70	0.70	0.71	0.91	1.00	0.65	1.11	0.77	0.85
REITs	1.10	1.05	1.21	1.12	1.10	1.16	1.09	1.09	1.10	1.41	1.55	1.00	1.72	1.20	1.31
Commodities	0.64	0.61	0.70	0.65	0.64	0.67	0.63	0.63	0.64	0.82	0.90	0.58	1.00	0.70	0.76
Int. Bond	0.92	0.88	1.01	0.94	0.92	0.97	0.91	0.91	0.92	1.18	1.29	0.84	1.44	1.00	1.10
High Yield	0.84	0.80	0.92	0.85	0.84	0.88	0.83	0.83	0.84	1.07	1.18	0.76	1.31	0.91	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.

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 Growth 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 **S&P 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 **JP Morgan EMBI Global Index** tracks total returns for US dollar-denominated debt instruments issued by emerging market sovereign and quasi-sovereign entities.



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Exchange Traded Funds (ETFs) are subject to risks similar to those of stocks, such as market risk. Investing in ETFs may bear indirect fees and expenses charged by ETFs in addition to its direct fees and expenses, as well as indirectly bearing the principal risks of those ETFs. ETFs may trade at a discount to their net asset value and are subject to the market fluctuations of their underlying investments. Investing in commodities can be volatile and can suffer from periods of prolonged decline in value and may not be suitable for all investors.

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