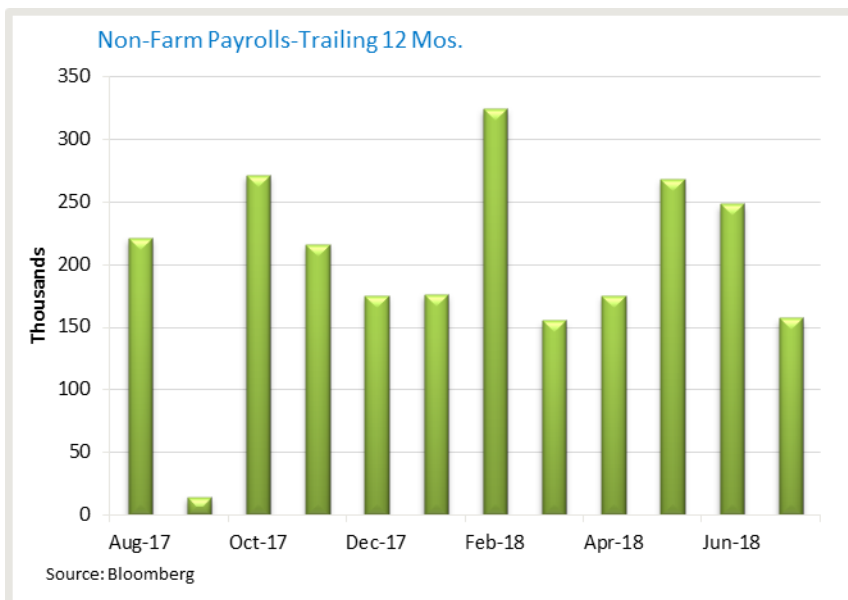


Weekly Market Review

August 10, 2018

Chart of the Week



Weekly Highlights

- **Initial jobless claims fell in the week ended August 10.** Continued strength is evident with the release of last weeks data. Claims were below expectations at 213,000, and the unemployment rate remains low at 3.9%
- **Mortgage applications fell in the week ended August 10.** The Mortgage Bankers' Association's composite index of mortgage applications, which includes both purchases and refinancing, fell 3.0% for the week. Refinancing activity fell by 0.5 percentage points, and mortgage rates were steady at 4.84%. Higher interest rates, as expected, are taking a toll on mortgage activity, and do not bode well for a housing market already showing little life.
- **Consumer credit came in below expectations.** After a spike in June, consumer credit fell to \$10.2 billion, as consumers held back from adding to their credit card debt and even paid off some, following the spending spree of previous months.
- **Consumer Price Index (CPI) slowly increased in July.** Consumer prices rose 0.2% in the latest monthly release, and year to year are now up 2.9%. Driving the increase for the year and accounting for 60% of the monthly increase was the index for shelter (housing). However, energy prices were holding the CPI down for the month of July, which showed a modest decline in gasoline, electricity, and gas utilities.

Talking Points

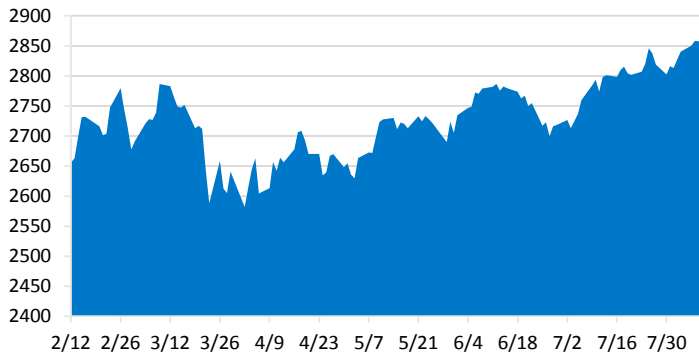
- **Global equity markets** were mostly up on the week through Thursday. Of major markets, Russia and Latin America lagged the most, returning -4.2% and -3.5%, respectively. On the other end, China was the market leader for the week along with other major markets in Asia.
- **The Treasury yield** flattened modestly through Thursday. Yields on notes and bonds with maturities longer than three years decreased slightly, while shorter-term maturities saw a slight increase.
- **Commodities** were slightly positive for the week. Energy and Gold were the largest detractors through Thursday., whereas Agriculture fared much better.
- **The US Dollar** rose this week against a basket of major trade partners' currencies. The index has experienced somewhat of a rally off lows from earlier in the year, as it seems the currency may be "winning" the trade war..
- **In other economic news:** The Federal Reserve's (the Fed) balance sheet is up \$2.4 billion for the week, and assets reside at \$4.258 trillion in total. However, they are down \$202.4 billion from the balance sheet unwinding that began in October 2017.

Market Dashboard

	Last Price	Change	% Chg.	YTD %
S&P 500	2,833.28	-7.07	-0.25%	6.0%
Dow Industrials	25,313.14	-149.44	-0.59%	2.4%
Nasdaq	7,839.11	27.09	0.35%	13.6%
Russell 2000	1,686.80	13.43	0.80%	9.9%
Euro Stoxx Index	385.86	-3.30	-0.85%	-0.9%
Shanghai Composite	2,795.31	54.87	2.00%	-15.5%
Russell Global	2,180.81	8.96	0.41%	1.7%

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

S&P 500 Index: Trailing 180 Days



	Last Price	Change	% Chg.	YTD %
Russell Global EM	3,389.90	15.34	0.45%	-7.0%
10-Year US Treas.	2.86	-10 bps	NM	NM
Bloomberg Cmdts. Idx.	84.23	-0.67	-0.79%	-4.5%
Gold	\$1,211.60	-\$3.24	-0.27%	-7.0%
Crude Oil	\$67.76	-\$0.76	-1.11%	14.7%
Dollar Index	96.29	1.16	1.21%	4.6%
VIX Index	13.16	1.52	13.06%	19.2%

One Week			YTD		
Value	Growth		Value	Growth	
L -0.53%	-0.18%	0.13%	0.28%	6.78%	12.54%
-0.61%	-0.08%	0.71%	0.86%	4.35%	8.90%
S 0.28%	0.80%	1.32%	6.53%	9.85%	13.00%

Source: Bloomberg

Sector Performance:

S&P/Global Industry Classification Sectors (GICS)

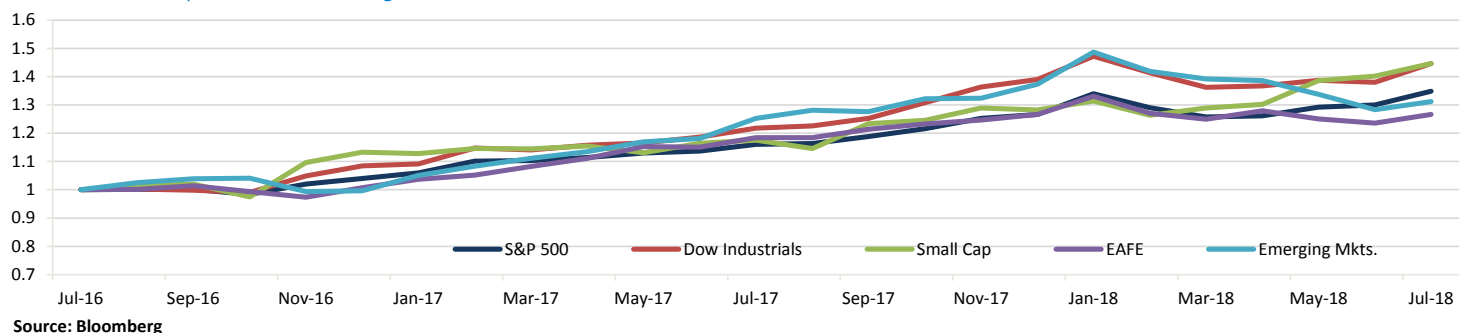
	% Wgt in S&P 500	Week % Chg.	YTD % Chg.
Consumer Discretionary	12.8	0.79%	14.2%
Consumer Staples	6.8	-1.92%	-7.0%
Energy	6.0	-0.34%	3.9%
Financials	14.0	-0.57%	0.0%
Health Care	14.5	-0.20%	8.4%
Industrials	9.6	-0.97%	-1.1%
Information Technology	26.2	0.33%	15.8%
Materials	2.5	-0.89%	-2.9%
Real Estate	2.8	-1.85%	-0.4%
Telecom Services	2.0	0.69%	-8.3%
Utilities	2.9	-0.63%	0.4%

Source: Bloomberg

VIX Index: Trailing 180 Days



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



The Economy and Markets

A Macro View – Have Domestic Equities been De-FAANG'd?

Oh how the mighty have fallen...or have they? FAANG, an acronym that represents five of the most popularly traded Information Technology stocks, including Facebook, Apple, Amazon, Netflix, and Google (whose parent company is Alphabet), generally sets the tone of the domestic equity markets. Looking at attribution for large cap growth managers, over and underweights to these stocks in many cases have influenced the returns of their investment portfolios relative to their peers and benchmarks. In our current season of earnings releases, Information Technology stocks have garnered much of the financial headlines, and the FAANG stocks are no exception. To recap what's led to the increased volatility, consider these stocks' recent earnings announcements:

- **Facebook:** Following the most recent earnings report (7/25), disappointing growth projections from Mark Zuckerberg led to the largest one-day loss in market value (roughly \$119 billion) by any company in US stock market history.
- **Apple:** Earned \$2.34 a share, easily beating Wall Street's \$2.18 forecast (7/31). Revenue topped expectations at \$53.3 billion and grew 17% annually, propelling the firm's market capitalization past \$1 trillion (8/2).
- **Amazon:** Reported second-quarter profit of \$2.53 billion, which was roughly double analysts' forecasts (7/26), and is projecting similar success for the third quarter.
- **Netflix:** Saw its rally come to a halt after reporting its projected new subscribers missed executives' expectations by 1 million (7/16).
- **Google (Alphabet):** Despite a heavy fine levied on it by European Union regulators (7/18), Google (Alphabet) expectations on both earnings and revenue (7/23).

So although earnings season started rather choppily for tech stocks, positive news from Apple, Amazon, and Google balanced out the results. However, this brings about a broader discussion on the sector. In 2017 and the first two quarters of 2018, this segment has vastly outperformed the broader market, and, in those same time periods, growth stocks have led their value counterparts. This doesn't come as much of a surprise, considering how the current market environment has benefited riskier styles, such as growth stocks and the FAANGs, in particular.

However, considering the volatile start to the third quarter for this cohort and the Information Technology sector as a whole, can we expect to see a slowdown from tech's heavy hitters, or a rotation where value stocks overtake growth stocks' dominance in the markets? Recent performance conflicts with that notion. From the beginning of the third quarter to this past Wednesday's close (8/8), the S&P Technology Select Sector Index has outperformed the S&P 500 Index by 69 basis points, and the Russell 1000 Growth Index has outperformed the Russell 1000 Value Index by 95 basis points. So for those investors who think that a changing of the guard is coming, they still might have to wait awhile.

It's also worth noting the sway the Information Technology sector holds over the broader markets. When looking at the market capitalization of the constituents in the S&P 500 Index, four of the five FAANG stocks reside in the top ten, with Netflix being the only holdout. When examining the S&P 500 Index (the Index) by sector weightings, the tech sector accounts for nearly 26% of the Index. This is far and away the largest sector within the Index, and a bigger slice than the smallest six sectors combined. By comparison, the next largest sector is Health Care, at 15%.

This has become a bit of a nuisance for S&P Dow Jones Indices. So much so, that as of last week, it was announced that Facebook, Google, and Netflix would be making a move from the Information Technology sector to the new Communication Services sector, beginning September 21, 2018. The Communications Services will replace the Telecommunications sector, and will include a mix of stocks from both the Information Technology and the Consumer Discretionary sectors. The aforementioned FAANG stocks will be joined by the likes of Disney, CBS, and Comcast to create somewhat of an eclectic grouping.

So have domestic equities been de-FAANG'd? At this time it's hard to see an end to investors' insatiable appetite for large cap technology stocks. Even Warren Buffet has been getting in on the tech trade, with his \$180 billion Berkshire Hathaway portfolio invested in nearly \$48 billion worth of Apple stock. It's difficult to say with conviction if or when the FAANG stocks, the Information Technology sector, and growth stocks will yield their leadership in the markets. If they do, it could signal larger issues with the economy beyond tech or growth stocks falling out of favor.

Jeremy Dziedzina
Institutional Consultant

Sources:

us.spindices.com

MorningstarDirect

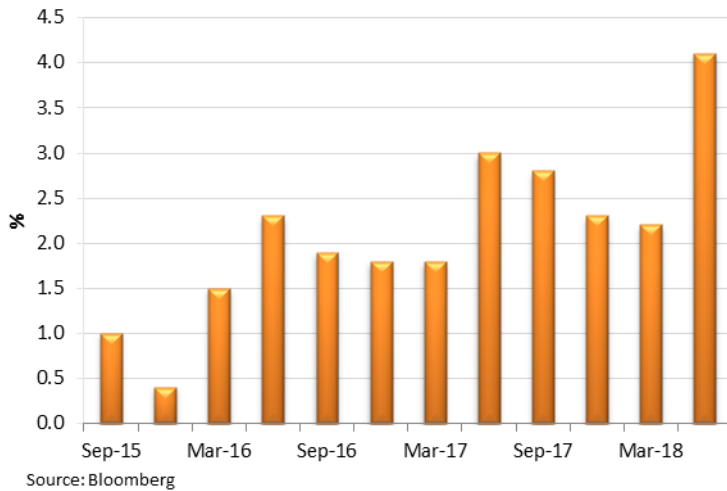
www.cnbc.com

www.wsj.com

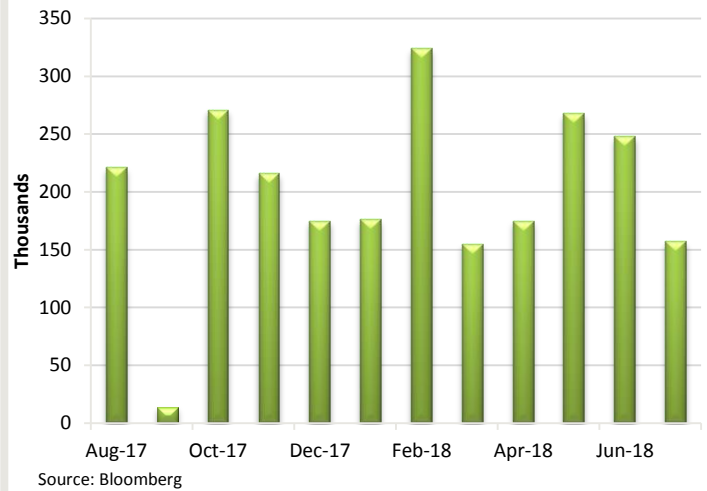
www.bloomberg.com

Economic Data

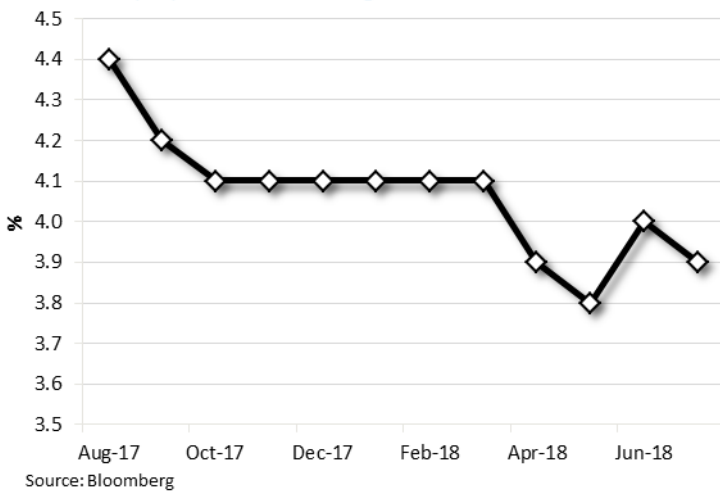
Real GDP Growth Rate - Annualized - 12 Qtrs.



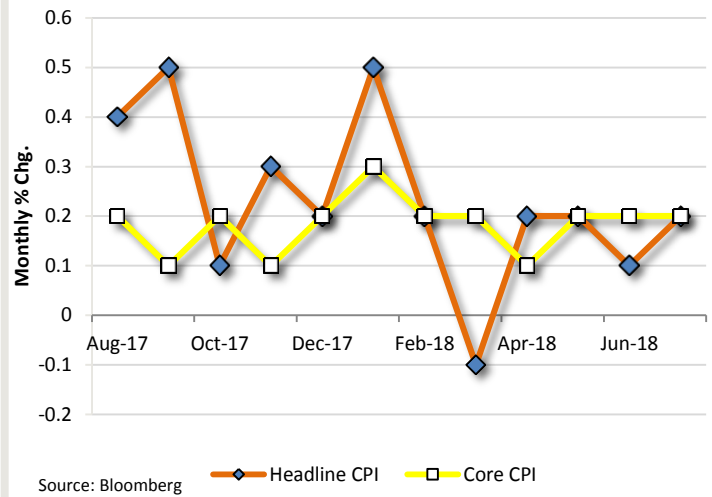
Non-Farm Payrolls-Trailing 12 Mos.



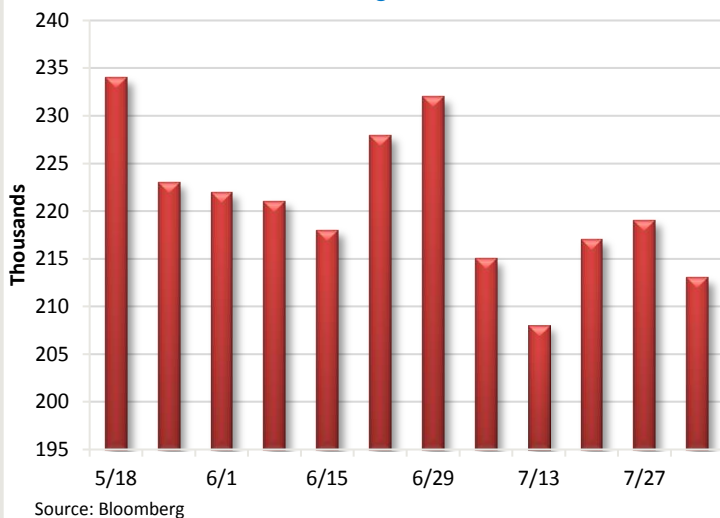
Unemployment Rate-Trailing 12 Mos.



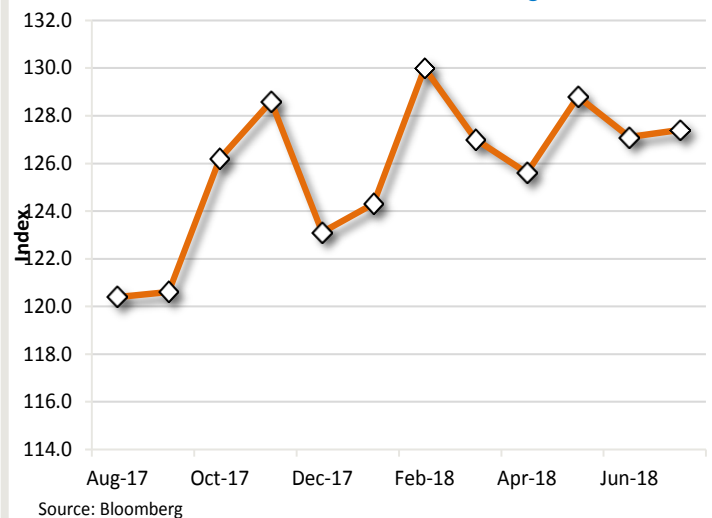
Consumer Price Index-Trailing 12 Mos.



Initial Jobless Claims-Trailing 12 Wks.



Consumer Board Confidence Index - Trailing 12 Mos.



Eurozone

SELECTED EUROPEAN SOVEREIGN YIELD PERFORMANCE

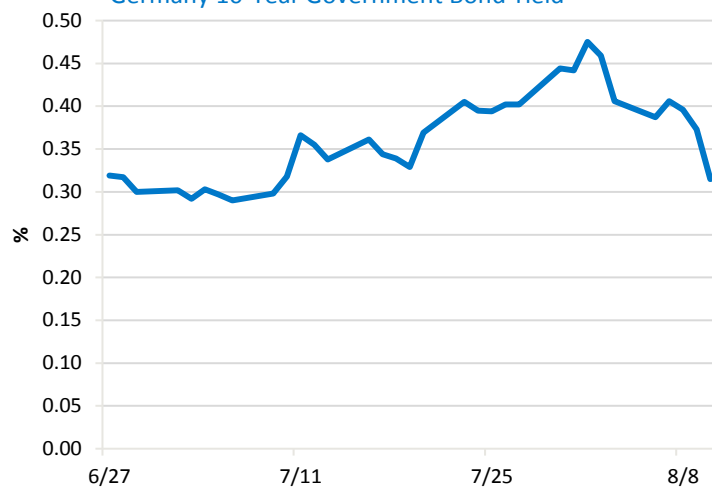
	Last	Change	% Chg.	YTD %
Germany 10-Yr. Govt.	0.32	9 bps	NM	NM
Greece 10-Yr. Govt.	4.19	-10 bps	NM	NM
Italy 10-Yr. Govt.	2.99	-5 bps	NM	NM
Spain 10-Yr. Govt.	1.40	2 bps	NM	NM
Belgium 10-Yr. Govt.	0.69	7 bps	NM	NM

Source: Bloomberg

Basis points (bps)

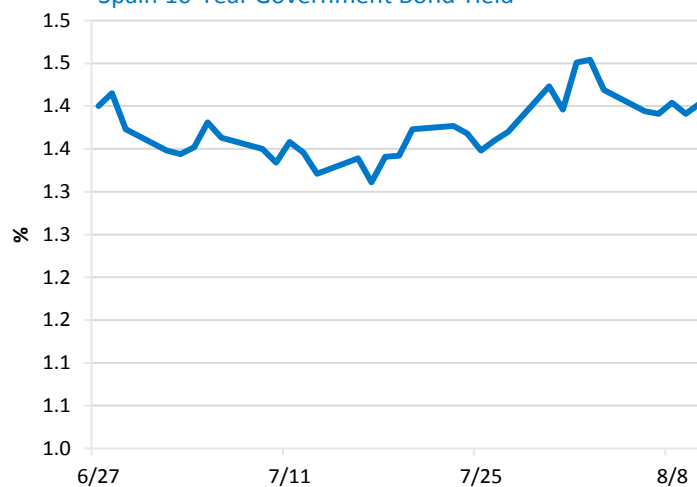
	Last	Change	% Chg.	YTD %
France 10-Yr. Govt.	0.67	7 bps	NM	NM
Ireland 10-Yr. Govt.	0.82	6 bps	NM	NM
Portugal 10-Yr. Govt.	1.77	0 bps	NM	NM
Netherlands 10-Yr. Govt.	0.43	8 bps	NM	NM
U.K. 10-Yr. Govt.	1.24	8 bps	NM	NM

Germany 10-Year Government Bond Yield



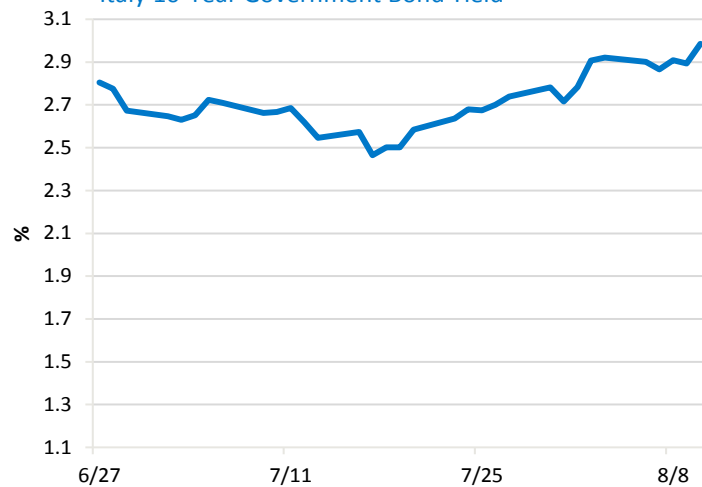
Source: Bloomberg

Spain 10-Year Government Bond Yield



Source: Bloomberg

Italy 10-Year Government Bond Yield



Source: Bloomberg

Greece 10-Year Government Bond Yield



Source: Bloomberg

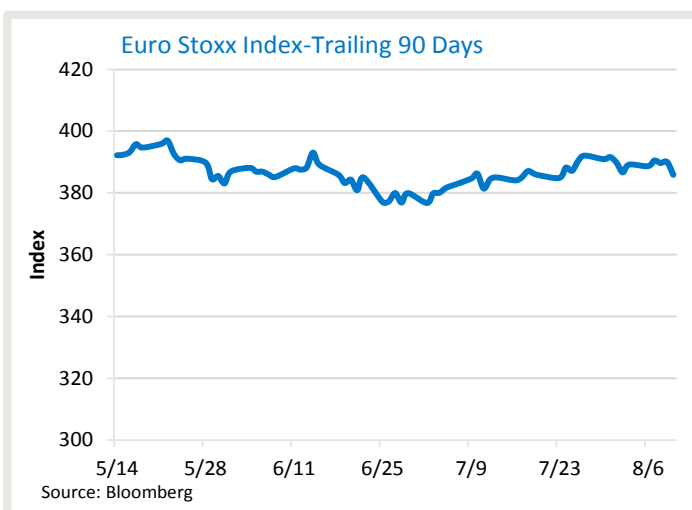
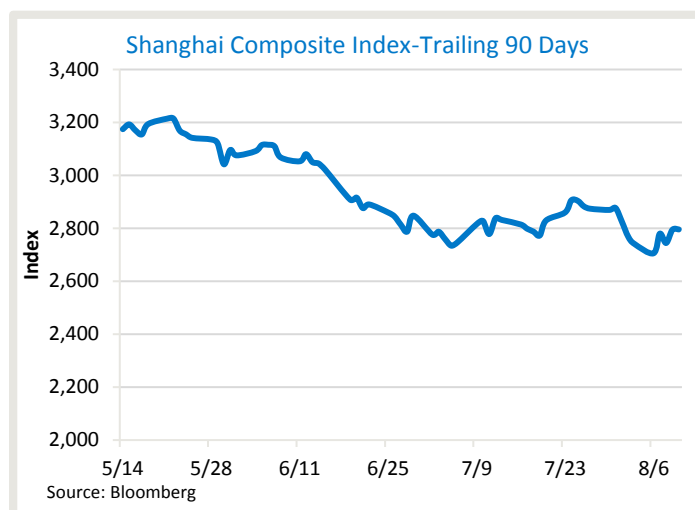
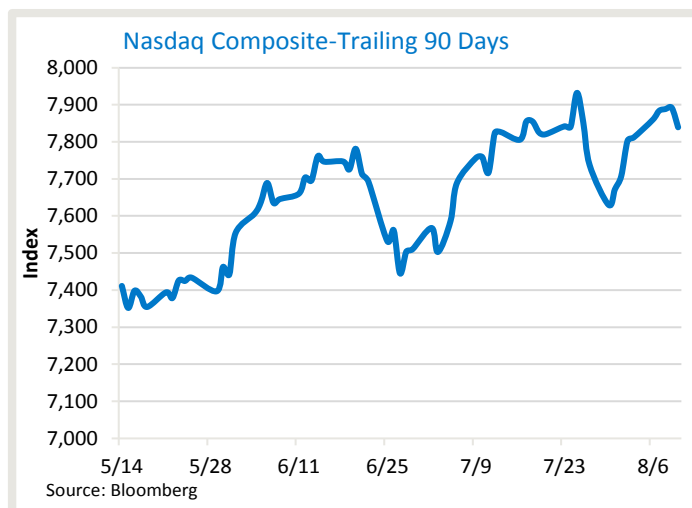
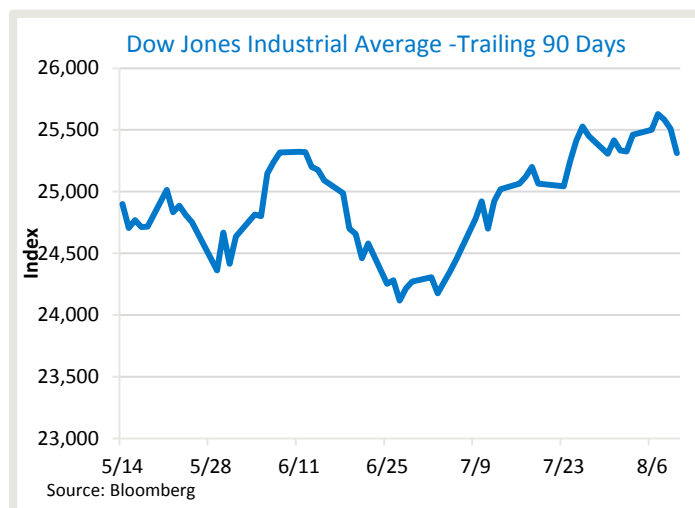
Equities

WORLD MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
S&P 500	2,833.28	-7.07	-0.25%	5.97%
Dow Industrials	25,313.14	-149.44	-0.59%	2.40%
Nasdaq Composite	7,839.11	27.09	0.35%	13.55%
Russell Global	2,180.81	8.96	0.41%	1.7%
Russell Global EM	3,389.90	15.34	0.45%	-7.0%
S&P/TSX (Canada)	16,326.51	-93.73	-0.57%	0.72%
Mexico IPC	48,383.59	-918.98	-1.86%	-1.97%
Brazil Bovespa	76,514.38	-4920.63	-6.04%	0.15%
Euro Stoxx 600	385.86	-3.30	-0.85%	-0.85%
FTSE 100	7,667.01	7.91	0.10%	-0.27%
IBEX 35 (Spain)	9,602.10	-137.70	-1.41%	-4.40%

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

	Last	Change	% Chg.	YTD %
Swiss Market Index	9,031.33	-126.67	-1.38%	-3.74%
CAC 40 Index (France)	5,414.68	-64.30	-1.17%	1.92%
DAX Index (Germany)	12,424.35	-191.41	-1.52%	-3.82%
Irish Overall Index	6,681.97	-108.62	-1.60%	-5.06%
Nikkei 225	22,298.08	-227.10	-1.01%	-2.05%
Hang Seng Index	28,366.62	690.30	2.49%	-5.19%
Shanghai Composite	2,795.31	54.87	2.00%	-15.48%
Kospi Index (S. Korea)	2,282.79	-4.89	-0.21%	-7.49%
Taiwan Taiex Index	10,983.68	-28.75	-0.26%	3.20%
Tel Aviv 25 Index	1,589.84	11.84	0.75%	5.30%
MOEX Index (Russia)	2,275.05	-22.94	-1.00%	7.84%



Equities – Emerging and Frontier Markets

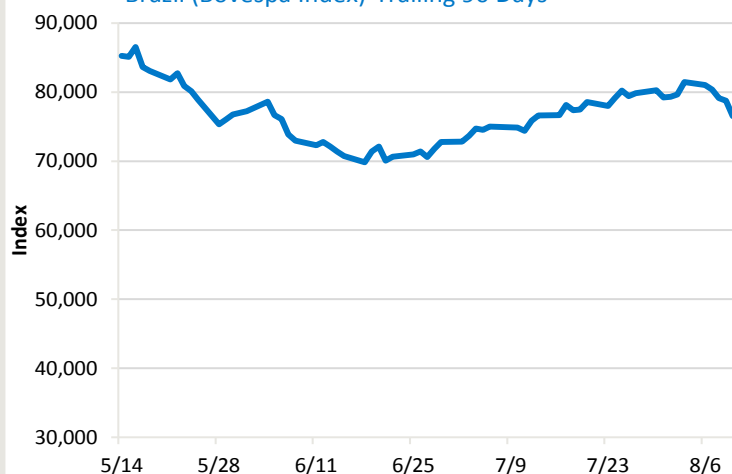
EMERGING AND FRONTIER MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
Mexico IPC	48,383.59	-918.98	-1.9%	-2.0%
Brazil (Bovespa Index)	76,514.38	-4920.63	-6.0%	0.1%
MOEX Index (Russia)	2,275.05	-22.94	-1.0%	7.8%
Czech Republic (Prague)	1,073.40	-18.79	-1.7%	-0.4%
Turkey (Istanbul)	94,939.63	-670.84	-0.7%	-17.7%
Egypt (Hermes Index)	1,533.38	5.00	0.3%	6.7%
Kenya (Nairobi 20 Index)	3,314.92	4.77	0.1%	-10.7%
Saudi Arabia (TASI Index)	8,176.18	-77.36	-0.9%	13.1%
Lebanon (Beirut BLOM Index)	1,023.01	-12.31	-1.2%	-10.9%
Palestine	543.95	2.55	0.5%	-5.3%

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

	Last	Change	% Chg.	YTD %
Hang Seng Index	28,366.62	690.30	2.5%	-5.2%
India (Sensex 30)	37,869.23	313.07	0.8%	11.2%
Malaysia (KLCI Index)	1,805.75	25.66	1.4%	0.5%
Singapore (Straits Times Index)	3,284.78	-1.54	0.0%	-3.5%
Thailand (SET Index)	1,705.96	-6.13	-0.4%	-2.7%
Indonesia (Jakarta)	6,077.17	69.63	1.2%	-4.4%
Pakistan (Karachi KSE 100)	42,842.18	337.13	0.8%	5.9%
Vietnam (Ho Chi Minh)	968.47	8.87	0.9%	-1.6%
Sri Lanka (Colombo)	6,141.55	-2.35	0.0%	-3.6%
Cambodia (Laos)	873.22	-16.25	-1.8%	-12.5%

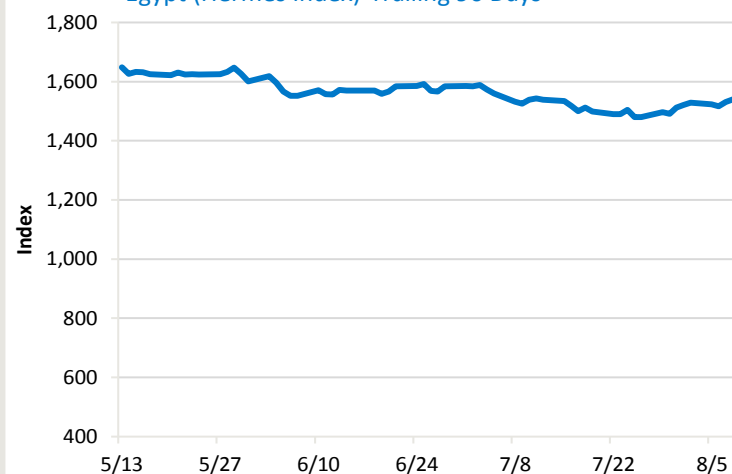
Brazil (Bovespa Index)-Trailing 90 Days



India (Sensex Index)-Trailing 90 Days



Egypt (Hermes Index)-Trailing 90 Days



Singapore (Straits Times Index)-Trailing 90 Days

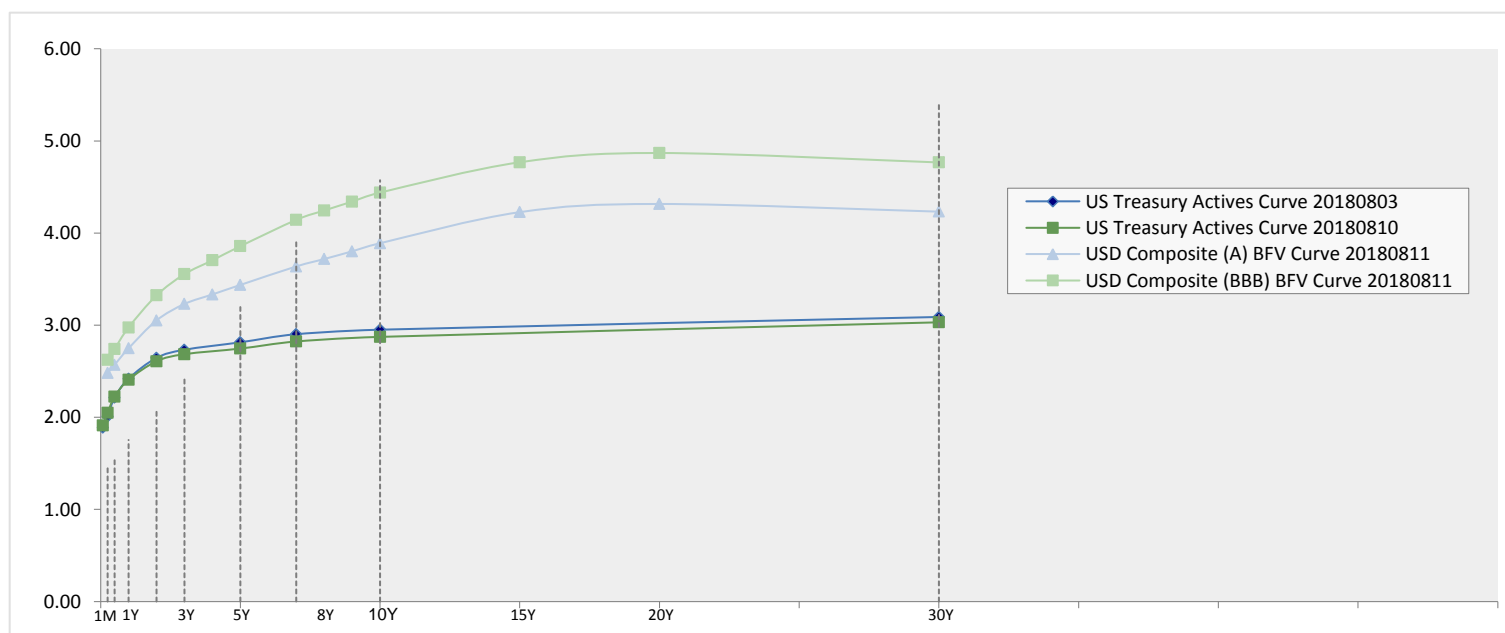


Interest Rates

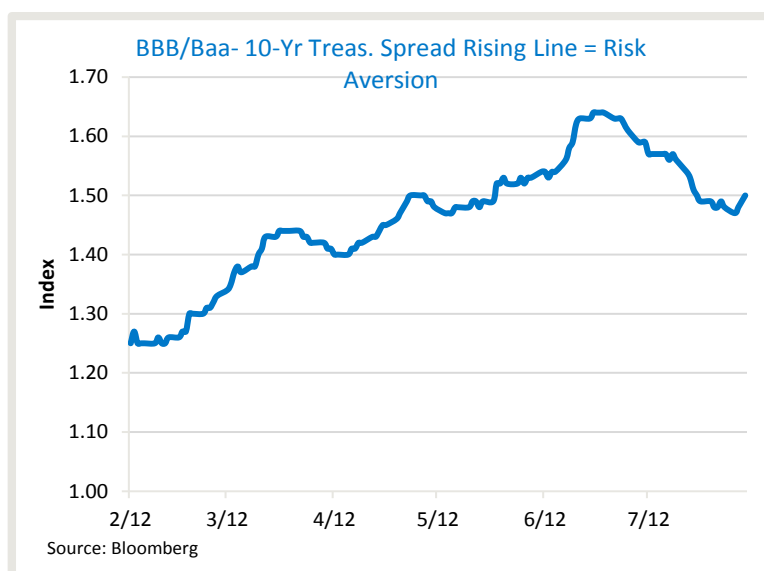
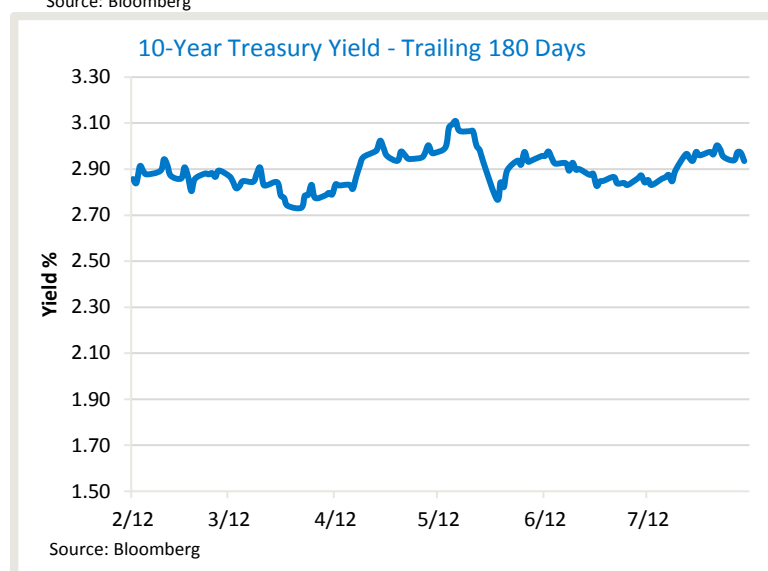
SELECTED INTEREST RATES

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
2-Yr. U.S. Treasury	2.61%	1 bps	NM	NM	Prime Rate	5.00%	0.00	NM	NM
5-Yr. U.S. Treasury	2.73%	-9 bps	NM	NM	Fed Funds Rate	2.00%	0.00	NM	NM
10-Yr. U.S. Treasury	2.86%	-10 bps	NM	NM	Discount Rate	2.50%	0.00	NM	NM
30-Yr. U.S. Treasury	3.02%	-8 bps	NM	NM	LIBOR (3 Mo.)	2.34%	-1 bps	NM	NM
German 10-Yr. Govt.	0.32%	9 bps	NM	NM	Bond Buyer 40 Muni	3.90%	4 bps	NM	NM
France 10-Yr.	0.67%	7 bps	NM	NM	Bond Buyer 40 G.O.	3.98%	NA	NM	NM
Italy 10-Yr.	2.99%	-5 bps	NM	NM	Bond Buyer 40 Rev.	4.48%	NA	NM	NM
Fed 5-Yr Fwd BE Inf.	2.13%	-1 bps	NM	NM					

Source: Bloomberg



Source: Bloomberg



Currencies

SELECTED CURRENCY PERFORMANCE

	Last	Change	% Chg.	YTD %
Dollar Index	96.30	1.155	1.21%	4.55%
Euro	1.14	-0.015	-1.32%	-4.91%
Japanese Yen	110.86	-0.360	0.32%	1.62%
British Pound	1.28	-0.023	-1.78%	-5.50%
Canadian Dollar	1.31	0.013	-1.02%	-4.22%

Source: Bloomberg

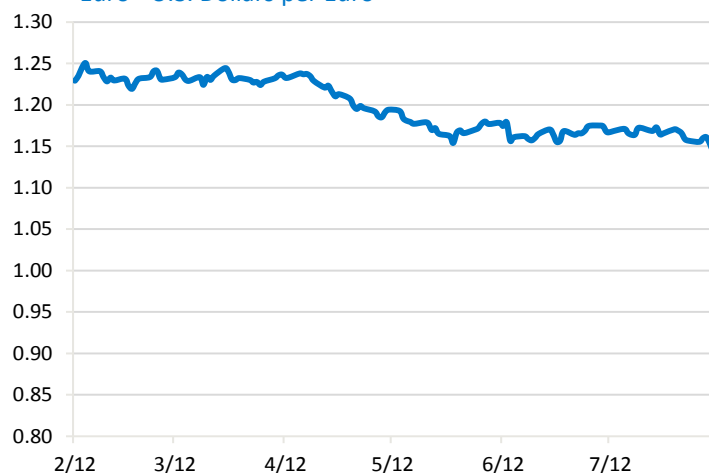
	Last	Change	% Chg.	YTD %
Chinese Yuan	6.85	0.019	-0.28%	-4.96%
Swiss Franc	1.00	0.001	-0.14%	-2.13%
New Zealand Dollar	0.66	-0.016	-2.43%	-7.30%
Brazilian Real	3.85	0.149	-3.85%	-14.20%
Mexican Peso	18.91	0.351	-1.86%	3.94%

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

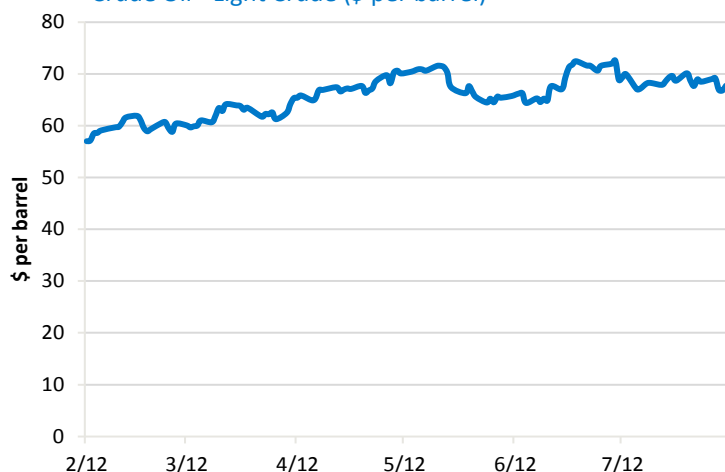
SELECTED COMMODITY MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
Bloomberg Comm. Idx.	84.23	-0.67	-0.79%	-4.47%
Crude Oil	\$67.78	-\$0.76	-1.11%	14.66%
Natural Gas	\$2.94	\$0.09	3.05%	5.41%
Gasoline (\$/Gal.)	\$2.87	\$0.00	-0.11%	15.28%
Heating Oil	214.47	1.72	0.81%	9.39%
Gold Spot	\$1,211.72	-\$3.24	-0.27%	-7.00%
Silver Spot	\$15.33	-\$0.09	-0.61%	-9.53%

Source: Bloomberg; % change is based on price.

	Last	Change	% Chg.	YTD %
Platinum Spot	\$828.07	-\$2.79	-0.34%	-10.78%
Corn	371.75	-12.50	-3.25%	-3.19%
Wheat	569.50	-10.25	-1.77%	18.15%
Soybeans	861.75	-40.50	-4.49%	-11.68%
Sugar	10.54	-0.31	-2.86%	-30.70%
Orange Juice	161.80	-7.10	-4.20%	15.45%
Aluminum	2,078.00	50.00	2.47%	-8.38%
Copper	6,225.00	19.00	0.31%	-14.10%

Crude Oil - Light Crude (\$ per barrel)



Gold - Spot gold price (\$ per ounce)



Copper



Corn - Active Contract



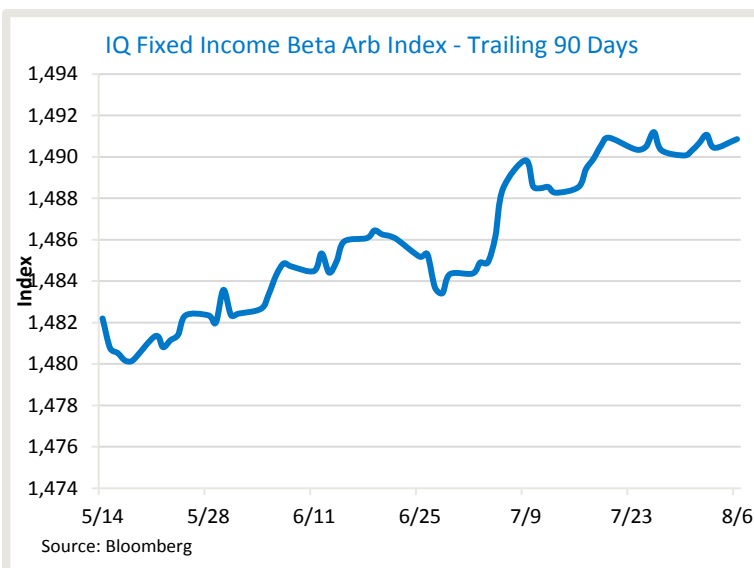
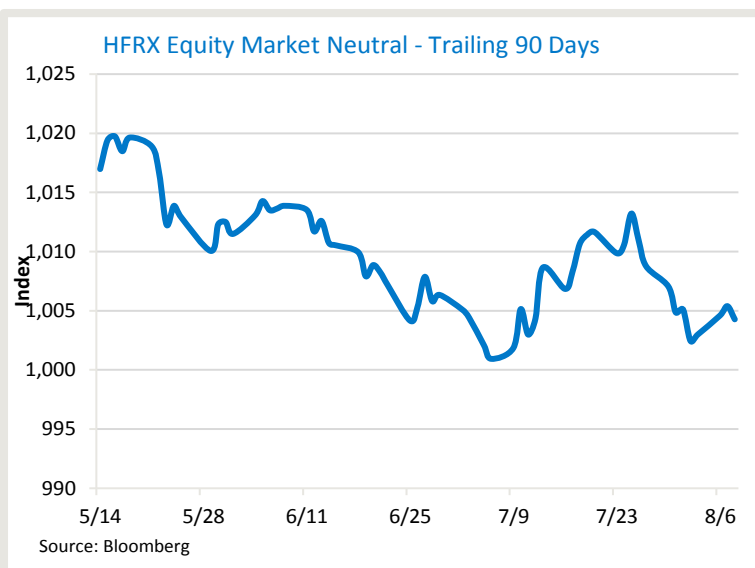
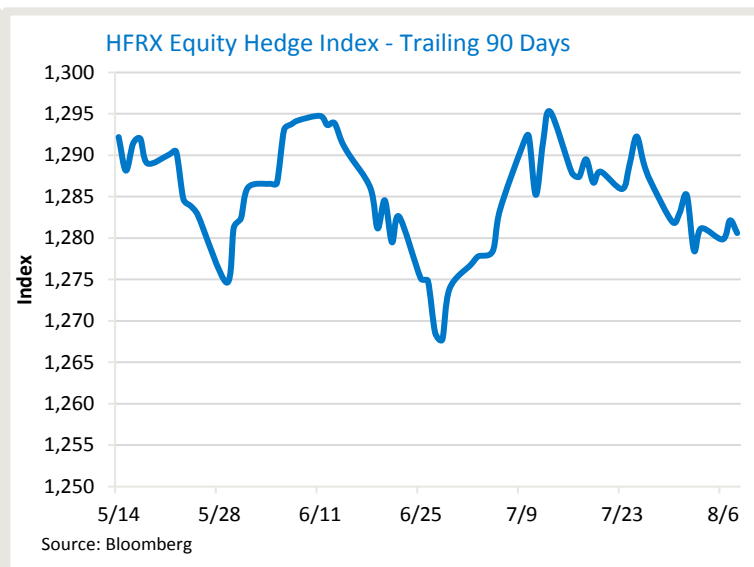
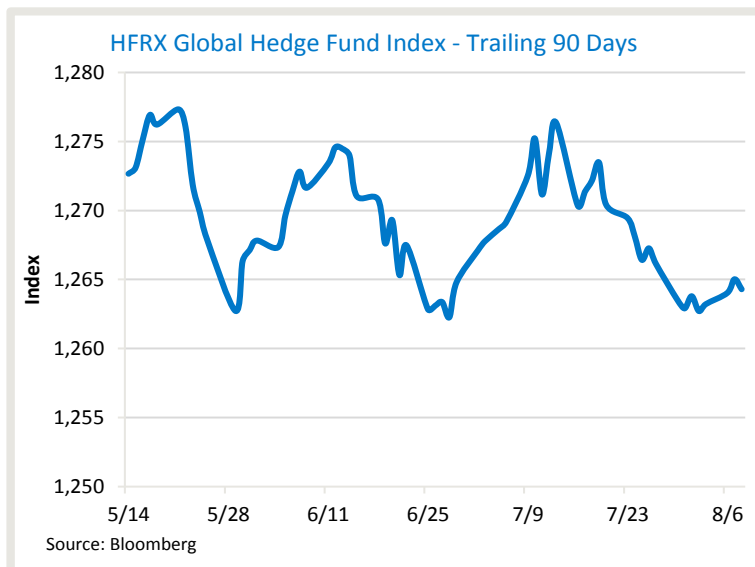
Alternative Investments

SELECTED ALTERNATIVE INVESTMENT INDEX PERFORMANCE

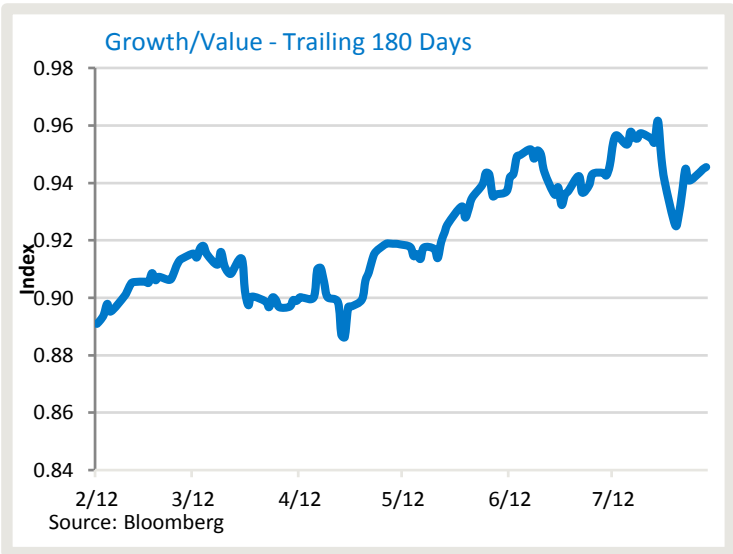
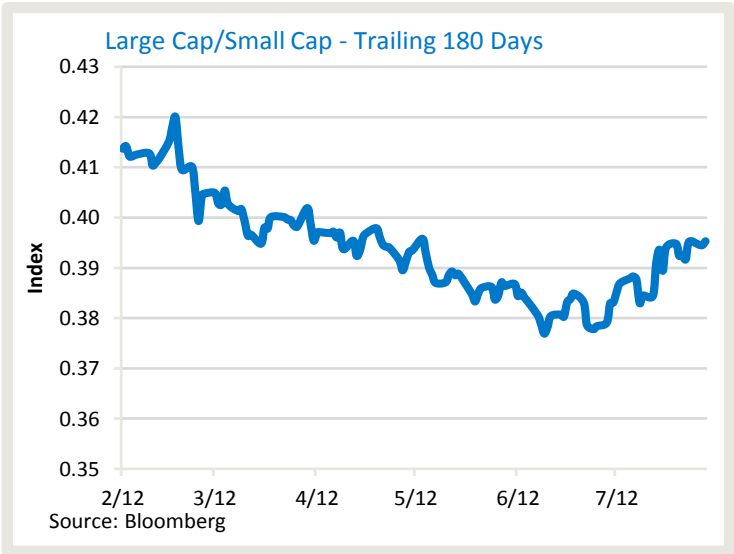
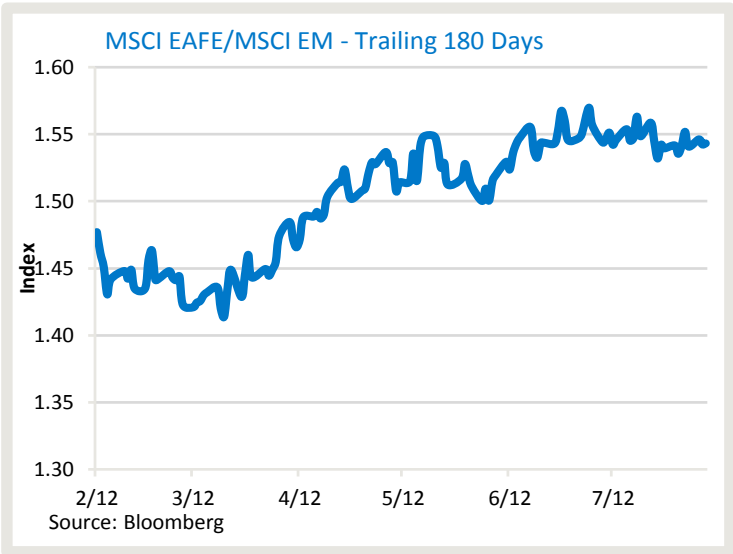
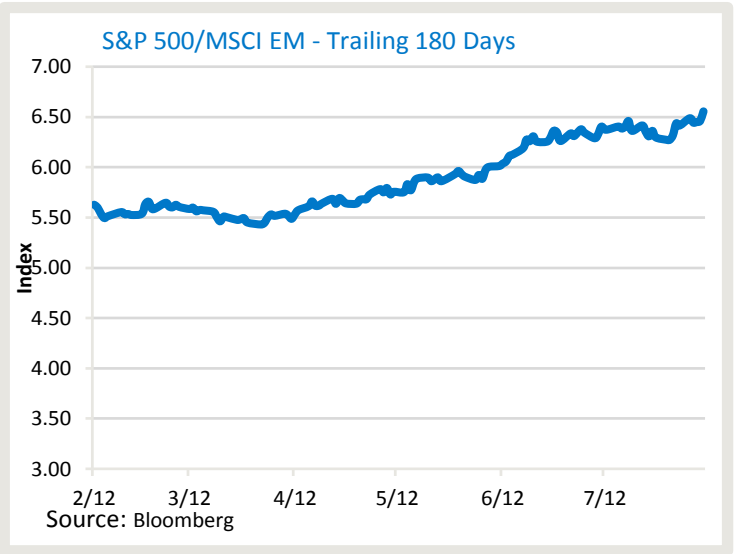
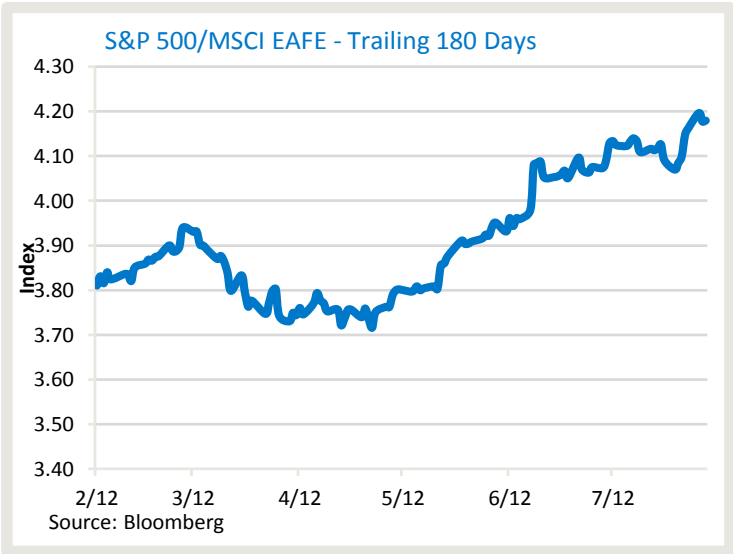
	Last	Change	% Chg.	YTD %
HFRX Global Hedge Fund Index	1264.29	1.07	0.08%	-0.89%
HFRX Equity Market Neutral	1004.27	1.28	0.13%	-0.01%
HFRX Equity Hedge Index	1280.60	-0.58	-0.05%	0.77%
HFRX Event-Driven Index	1577.39	-4.19	-0.26%	-5.30%
HFRX Absolute Return Index	1075.83	1.91	0.18%	1.18%

	Last	Change	% Chg.	YTD %
HFRX Distressed Index	1041.67	0.77	0.07%	-5.87%
HFRX Merger Arbitrage Index	1844.74	0.66	0.04%	-0.45%
HFRX Convertible Arbitrage Index	802.73	0.49	0.06%	0.82%
HFRX Macro CTA Index	1142.65	7.59	0.67%	-1.82%
IQ Fixed Income Beta Arb Index	1491.75	1.31	0.09%	1.45%

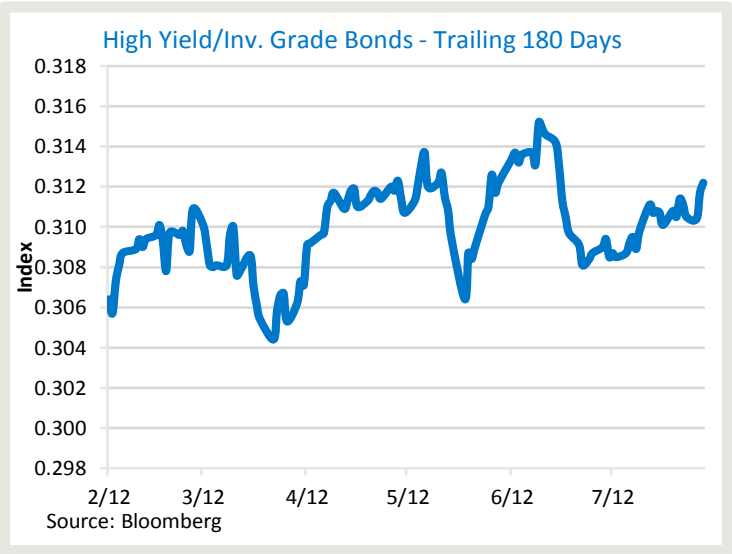
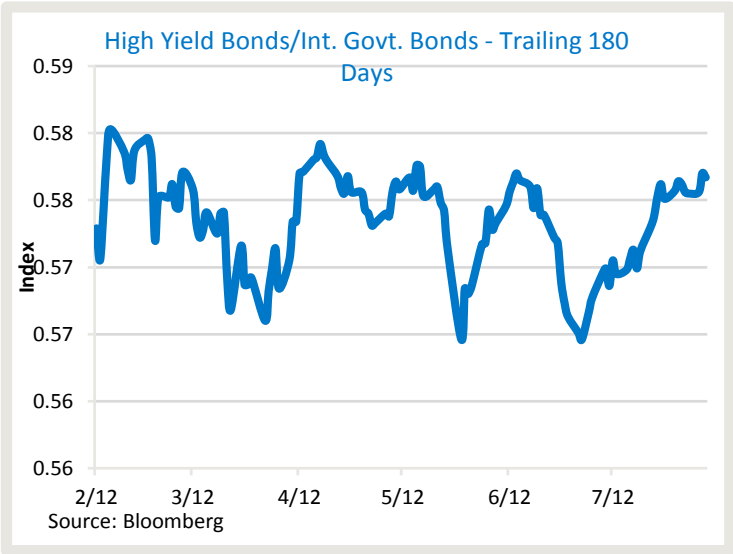
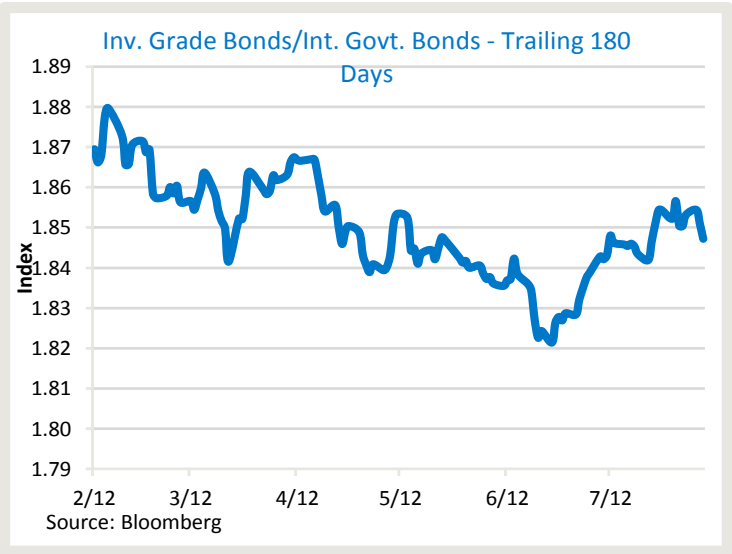
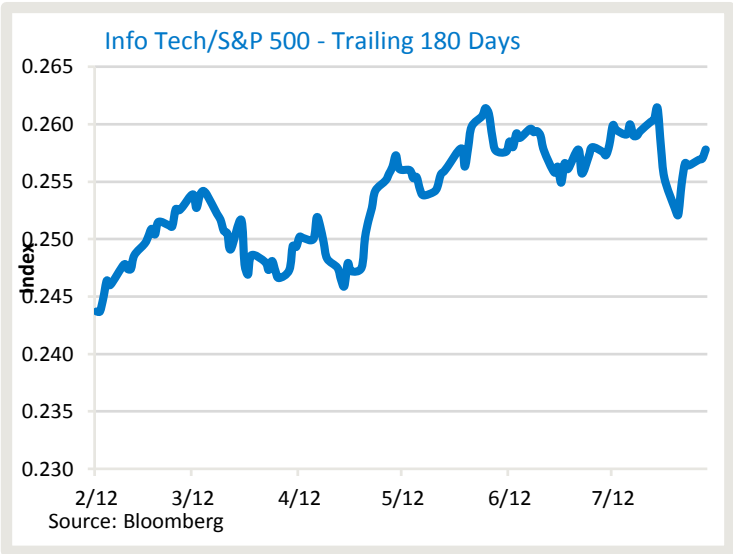
Source: Bloomberg; Index % change is based on price.



Portfolio Construction



Portfolio Construction (continued)



WEEKLY ASSET CLASS PERFORMANCE (Prior 12 weeks ending Thursday)

			5/24	5/31	6/7	6/14	6/21	6/28	7/5	7/12	7/19	7/26	8/2	8/9
Equity	Domestic Equity	Large Cap (R200)	0.29%	-0.72%	2.53%	0.35%	-1.24%	-1.14%	0.68%	2.47%	0.15%	1.22%	-0.21%	1.01%
		Small Cap (R2000)	0.18%	0.33%	2.09%	1.02%	0.25%	-2.60%	2.10%	0.64%	0.65%	-0.35%	-0.78%	0.52%
	Int'l. Equity	MSCI EAFE	-1.34%	-1.82%	1.76%	-0.29%	-2.54%	-1.27%	0.80%	0.60%	0.25%	1.59%	-1.28%	0.54%
		MSCI Em. Mkts.	-0.79%	-1.26%	2.58%	-2.09%	-4.04%	-3.10%	0.73%	1.51%	-0.90%	2.69%	-2.00%	1.05%
Fixed Income	BarCap Agg. (AGG)		0.82%	0.54%	-0.53%	-0.06%	0.00%	0.37%	0.08%	0.09%	0.07%	-0.45%	-0.25%	0.25%
	High Yield (JNK)		0.14%	-0.36%	0.36%	0.59%	-0.31%	-0.81%	-0.25%	0.62%	0.03%	0.45%	-0.11%	0.14%
Commodities	Bloomberg Commodity Index		1.33%	-0.87%	-0.74%	-0.92%	-3.13%	0.43%	-1.45%	-1.78%	-1.12%	2.27%	-0.52%	0.45%
Alternatives	Hedge Funds (HFRX Global)		-0.55%	-0.22%	0.45%	0.09%	-0.68%	-0.24%	0.51%	0.44%	-0.06%	0.49%	-0.36%	0.13%
Asset Allocation	60/40*		0.16%	-0.35%	1.20%	0.07%	-0.95%	-0.86%	0.58%	1.03%	0.13%	0.57%	-0.52%	0.58%
	48/32/20 (w/Alts.)**		0.02%	-0.32%	1.05%	0.07%	-0.89%	-0.74%	0.57%	0.91%	0.09%	0.36%	-0.49%	0.49%

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	1.01	1.03	1.07	1.08	1.08	1.10	1.11	1.08	1.24	1.33	1.04	1.36	1.25	1.15
Large Cap Growth	0.99	1.00	1.01	1.06	1.07	1.06	1.08	1.10	1.07	1.22	1.31	1.03	1.34	1.23	1.14
Large Cap Value	0.97	0.99	1.00	1.04	1.05	1.05	1.07	1.08	1.05	1.20	1.30	1.01	1.32	1.21	1.12
Mid Cap Core	0.93	0.94	0.96	1.00	1.01	1.00	1.02	1.04	1.01	1.15	1.24	0.97	1.27	1.16	1.07
Mid Cap Growth	0.93	0.94	0.95	0.99	1.00	1.00	1.02	1.03	1.00	1.15	1.23	0.97	1.26	1.15	1.07
Mid Cap Value	0.93	0.94	0.95	1.00	1.00	1.00	1.02	1.03	1.01	1.15	1.24	0.97	1.26	1.16	1.07
Small Cap Core	0.91	0.92	0.94	0.98	0.98	0.98	1.00	1.01	0.99	1.13	1.21	0.95	1.24	1.13	1.05
Small Cap Growth	0.90	0.91	0.92	0.96	0.97	0.97	0.99	1.00	0.97	1.11	1.20	0.94	1.22	1.12	1.03
Small Cap Value	0.92	0.93	0.95	0.99	1.00	0.99	1.01	1.03	1.00	1.14	1.23	0.96	1.25	1.15	1.06
Int'l. Developed	0.81	0.82	0.83	0.87	0.87	0.87	0.89	0.90	0.88	1.00	1.08	0.84	1.10	1.01	0.93
Emerging Markets	0.75	0.76	0.77	0.81	0.81	0.81	0.82	0.84	0.81	0.93	1.00	0.78	1.02	0.94	0.86
REITs	0.96	0.97	0.99	1.03	1.03	1.03	1.05	1.07	1.04	1.19	1.28	1.00	1.30	1.19	1.10
Commodities	0.74	0.75	0.76	0.79	0.79	0.79	0.81	0.82	0.80	0.91	0.98	0.77	1.00	0.92	0.85
Int. Bond	0.80	0.81	0.83	0.86	0.87	0.86	0.88	0.89	0.87	0.99	1.07	0.84	1.09	1.00	0.92
High Yield	0.87	0.88	0.89	0.93	0.94	0.94	0.95	0.97	0.94	1.08	1.16	0.91	1.18	1.08	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 (MSCI)** 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. The S&P Technology Select Sector Index includes companies from the following industries: computers & peripherals; software; diversified telecommunication services; communications equipment; semiconductor & semiconductor equipment; internet software & services; IT services; wireless telecommunication services; electronic equipment & instruments; and office electronics.

The information, analysis, and opinions expressed herein are for general and educational purposes only. Nothing contained in this weekly review is intended to constitute legal, tax, accounting, securities, or investment advice, nor an opinion regarding the appropriateness of any investment, nor a solicitation of any type. All investments carry a certain risk, and there is no assurance that an investment will provide positive performance over any period of time. An investor may experience loss of principal. Investment decisions should always be made based on the investor's specific financial needs and objectives, goals, time horizon, and risk tolerance. The asset classes and/or investment strategies described may not be suitable for all investors and investors should consult with an investment advisor to determine the appropriate investment strategy. Past performance is not indicative of future results.

Information obtained from third party sources are believed to be reliable but not guaranteed. Envestnet|PMC™ makes no representation regarding the accuracy or completeness of information provided herein. All opinions and views constitute our judgments as of the date of writing and are subject to change at any time without notice.

Investments in smaller companies carry greater risk than is customarily associated with larger companies for various reasons such as volatility of earnings and prospects, higher failure rates, and limited markets, product lines or financial resources. Investing overseas involves special risks, including the volatility of currency exchange rates and, in some cases, limited geographic focus, political and economic instability, and relatively illiquid markets. Income (bond) securities are subject to interest rate risk, which is the risk that debt securities in a portfolio will decline in value because of increases in market interest rates.

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.

Index Performance is presented for illustrative purposes only and does not represent the performance of any specific investment product or portfolio. An investment cannot be made directly into an index.

Alternative Investments may have complex terms and features that are not easily understood and are not suitable for all investors. You should conduct your own due diligence to ensure you understand the features of the product before investing. Alternative investment strategies may employ a variety of hedging techniques and non-traditional instruments such as inverse and leveraged products. Certain hedging techniques include matched combinations that neutralize or offset individual risks such as merger arbitrage, long/short equity, convertible bond arbitrage and fixed-income arbitrage. Leveraged products are those that employ financial derivatives and debt to try to achieve a multiple (for example two or three times) of the return or inverse return of a stated index or benchmark over the course of a single day. Inverse products utilize short selling, derivatives trading, and other leveraged investment techniques, such as futures trading to achieve their objectives, mainly to track the inverse of their benchmarks. As with all investments, there is no assurance that any investment strategies will achieve their objectives or protect against losses.

Neither Envestnet, Envestnet|PMC™ nor its representatives render tax, accounting or legal advice. Any tax statements contained herein are not intended or written to be used, and cannot be used, for the purpose of avoiding U.S. federal, state, or local tax penalties. Taxpayers should always seek advice based on their own particular circumstances from an independent tax advisor. SR# 1375351

© 2018 Envestnet Asset Management, Inc. All rights reserved.

ABOUT ENVESTNET®

Envestnet, Inc. (NYSE: ENV) is a leading provider of intelligent systems for wealth management and financial wellness. Envestnet's unified technology enhances advisor productivity and strengthens the wealth management process, delivering unparalleled flexibility, accuracy, performance, and value. Envestnet enables a transparent, independent, objective, and fiduciary standard of care, and empowers enterprises and advisors to more fully understand their clients and deliver better outcomes.

For more information on Envestnet, please visit www.envestnet.com.