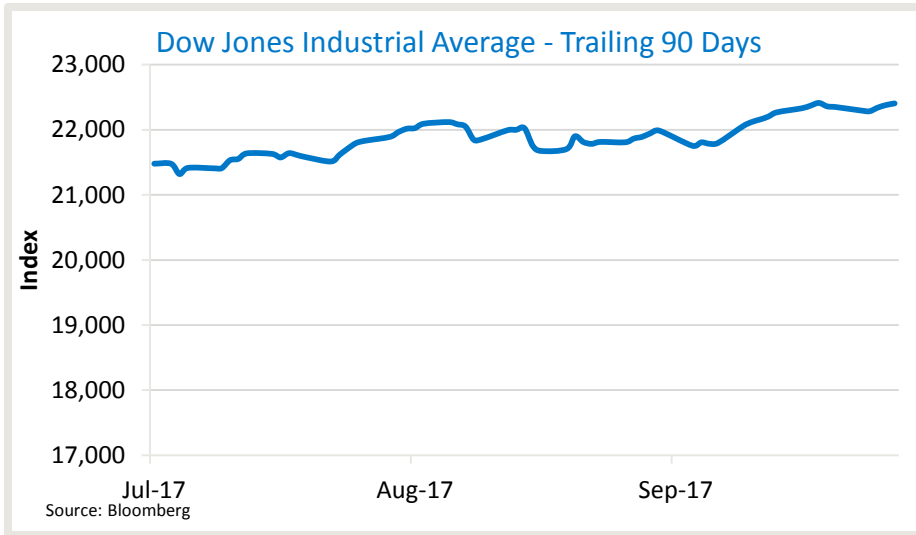


Weekly Market Review

September 29, 2017

Chart of the Week



Weekly Highlights

- **On Tuesday, Senate Republicans did not vote on the GOP bill to repeal and replace Obamacare.** The decision to bench the Graham-Cassidy bill is the latest defeat for GOP leaders and President Trump, who have long promised to replace the Affordable Care Act (a.k.a. Obamacare).
- **The second-quarter US gross domestic product (GDP) growth was revised up to 3.1% from 3%,** as the economic core remains stable, job growth is steady and households continue to spend.
- **The consumer sentiment index showed a minimal impact** from the hurricanes in the preliminary September report, as the index fell 1.7 points from August to a very strong 95.1. The 9-month index average is in fact at its highest point in 17 years driven by strong confidence in personal finances.

Talking Points

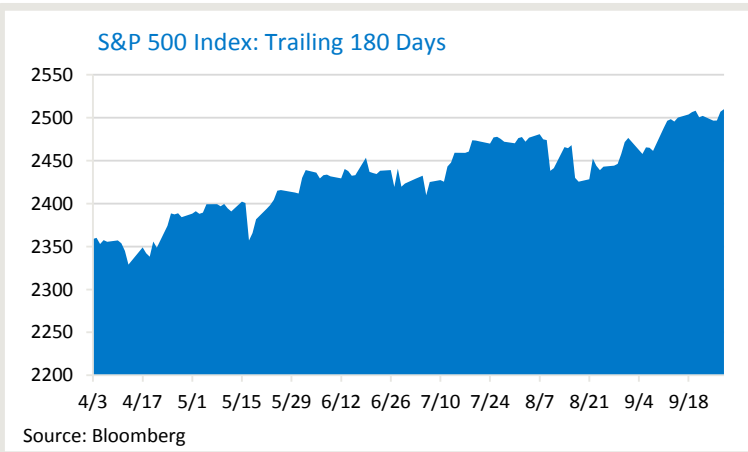
- **During the week,** small cap equities outperformed large caps; value stocks led growth stocks; international stocks finished in negative territory after another strong month, and domestic stocks remained positive; and emerging markets underperformed developed markets, continuing their decline.
- **Treasury yields were modestly higher.** The yield on the 10-year Treasury Note rose slightly during the week, ending roughly around 2.3%.
- **Commodity indices were mixed.** Crude oil prices finished the week up again near multimonth highs on Friday, while gold fell slightly for the week.
- **This week Federal Reserve Chair Janet Yellen** repeated her prior comments that this year's run of low inflation is probably due to limited "idiosyncratic" factors and that she expects inflation to return to normal as the labor market tightens and wage pressures begin to pick up.
- **Among economic data released,** recent hurricanes marginally affected jobless claims. For the week ending September 23rd, claims rose by 12,000, to a level of 272,000.

Market Dashboard

	Last Price	Change	% Chg.	YTD %
S&P 500	2,519.36	17.14	0.68%	12.5%
Dow Industrials	22,405.09	55.50	0.25%	13.4%
Nasdaq	6,495.96	69.04	1.07%	20.7%
Russell 2000	1,490.86	40.08	2.76%	9.9%
Euro Stoxx Index	388.16	4.94	1.29%	7.4%
Shanghai Composite	3,348.94	-3.59	-0.11%	7.9%
Russell Global	2,025.10	-5.77	-0.28%	14.9%

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

	Last Price	Change	% Chg.	YTD %
Russell Global EM	3,364.86	-92.16	-2.67%	23.2%
10-Year US Treas.	2.33	6 bps	NM	NM
DJ UBS Comm. Idx.	84.46	-0.40	-0.47%	-3.5%
Gold	\$1,279.64	-\$17.91	-1.38%	11.5%
Crude Oil	\$51.59	\$0.92	1.82%	-9.6%
Dollar Index	93.04	0.88	0.96%	-9.0%
VIX Index	9.51	-0.08	-0.83%	-32.3%



	One Week			YTD		
	Value	Growth		Value	Growth	
L	0.51%	0.56%	0.60%	6.08%	13.38%	20.48%
	1.14%	1.03%	0.88%	5.69%	10.32%	16.34%
S	2.94%	2.76%	2.59%	4.20%	9.85%	16.16%

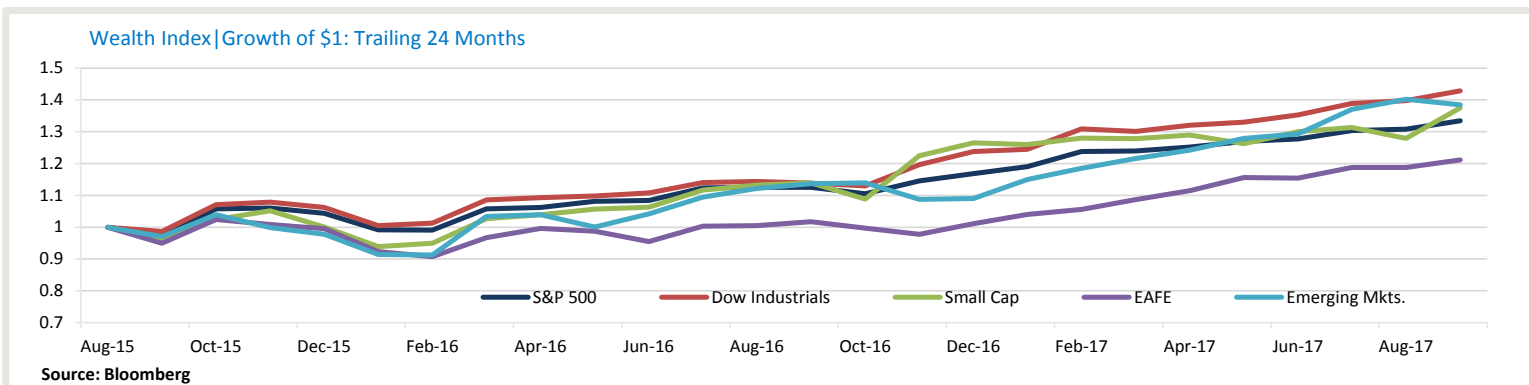
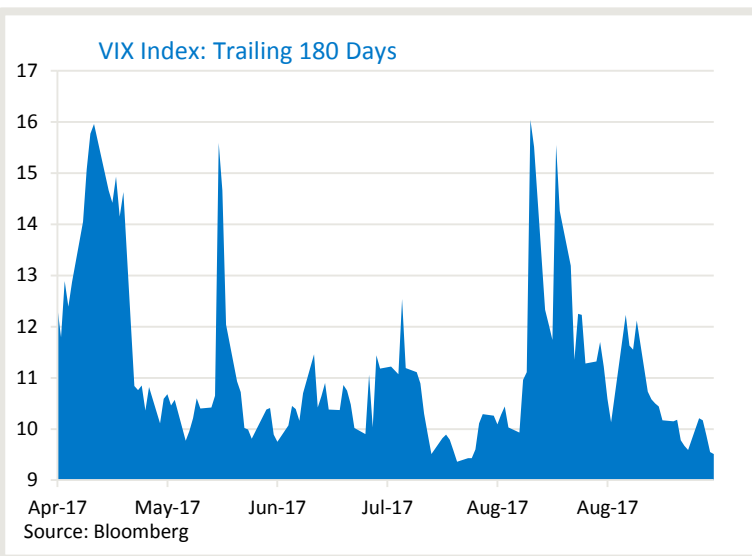
Source: Bloomberg

Sector Performance:

S&P/Global Industry Classification Sectors (GICS)

	% Wgt in S&P 500	Week % Chg.	YTD % Chg.
Consumer Discretionary	11.8	0.60%	10.8%
Consumer Staples	8.2	-0.06%	4.4%
Energy	6.1	1.87%	-8.6%
Financials	14.6	1.51%	11.0%
Health Care	14.5	0.14%	18.7%
Industrials	10.2	0.21%	12.3%
Information Technology	23.2	0.99%	26.0%
Materials	3.0	0.36%	14.1%
Real Estate	3.0	0.28%	4.7%
Telecom Services	2.2	0.48%	-8.1%
Utilities	3.1	-0.47%	9.0%

Source: Bloomberg



The Economy and Markets

A Macro View – Puerto Rico: The Aftermath

Hurricane Maria made landfall in Puerto Rico last Wednesday as a Category 4 storm, bringing with it 155 mile-per-hour winds and managing to drop up to 35 inches of rain in some areas of the island before leaving. Puerto Rico's governor, Ricardo Rossello, described the storm as the "most devastating storm to hit the island this century, if not modern history." So far, the storm is estimated to have caused at least \$30 billion of damage to the US territory.

Now that the storm has passed, the humanitarian effort is clearly the paramount concern, as the entire island has lost power, many of the island's residents still cannot access clean water and communication, ports, and other infrastructure critical to the welfare of Puerto Ricans is inoperable. However, the fact that the island's economy was already fragile before Hurricane Maria arrived is further compounding the recovery effort. Puerto Rico is in the midst of a massive debt crisis caused by mismanagement of public funds and pension obligations, coupled with a struggling economy and an exodus of many of the island's residents.

During the past couple of decades, tax breaks on the island dried up, and the Puerto Rican government initiated new bonds backed by a sales tax, to support the island's aging infrastructure. However, due to mismanagement and a dwindling tax base, the island now owes more than \$74 billion to bondholders and roughly another \$50 billion in pension obligations to the island's teachers and government employees. Particularly concerning, the Puerto Rico Electric Power Authority (PREPA), the government-owned power authority tasked with restoring power to the island in the wake of the storm, itself owes more than \$8 billion of the aforementioned \$74 billion. The territory's debt situation has been a long time coming and has been compounded by persistent high unemployment and a declining manufacturing sector. This has driven many of the island's residents to move to the US mainland, limiting the island's population (and maybe more importantly, its tax base) to only 3.4 million people today. In an attempt to improve the situation, Congress created an oversight board last year to manage the island's finances and filed a bankruptcy-like case in May in an effort to drastically reduce the island's debt.

Then Hurricane Maria visited Puerto Rico, which only compounded these looming problems. Clearly, these events add more uncertainty to the island's ongoing bankruptcy proceedings. Not only is it unclear from a timing perspective how those proceedings will progress, but it also raises a concern as to whether these events will cause the island to have additional insolvency problems. With massive devastation to much of Puerto Rico's infrastructure, it seems likely that future spending will be directed first towards rebuilding that infrastructure before any payments are made to bondholders. In fact, the Federal Oversight Board has already allowed the island to divert \$1 billion towards the cost of recovery. Furthermore, the storm likely escalates the migration of island residents to the US mainland, probably bolstering a trend in which the US Census Bureau was already expecting a further 11% decline in the island's population by 2025.

It is clear that federal funding will be critical to rebuilding Puerto Rico. Expenses after a natural disaster such as this can be a massive cost at both the state and local levels, but the federal government traditionally has stepped in and assumed most of the expenses for these types of rebuilding efforts. However, states or municipalities typically exhaust their own funds before any federal assistance comes their way. Obviously, Puerto Rico doesn't have much money on hand, so the US Federal Emergency Management Agency's (FEMA) timeliness in dispensing funds to the territory will play a major role in how quickly Puerto Rico can recover and how that will affect its existing economic crisis.

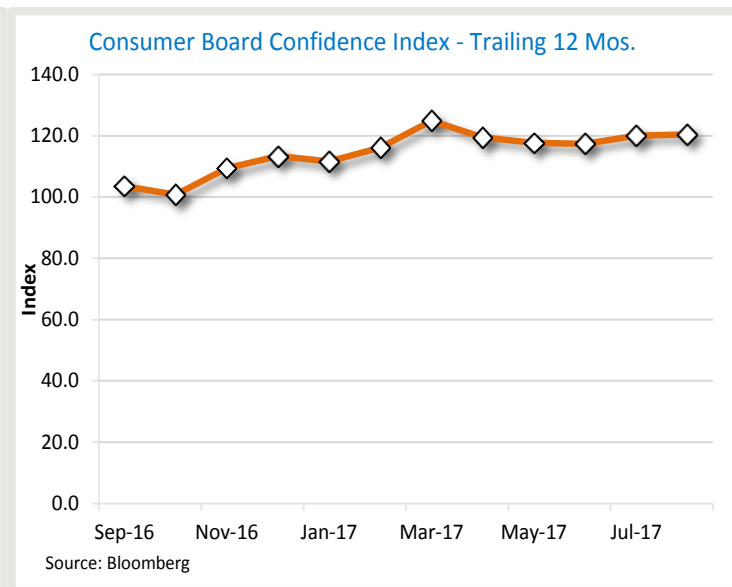
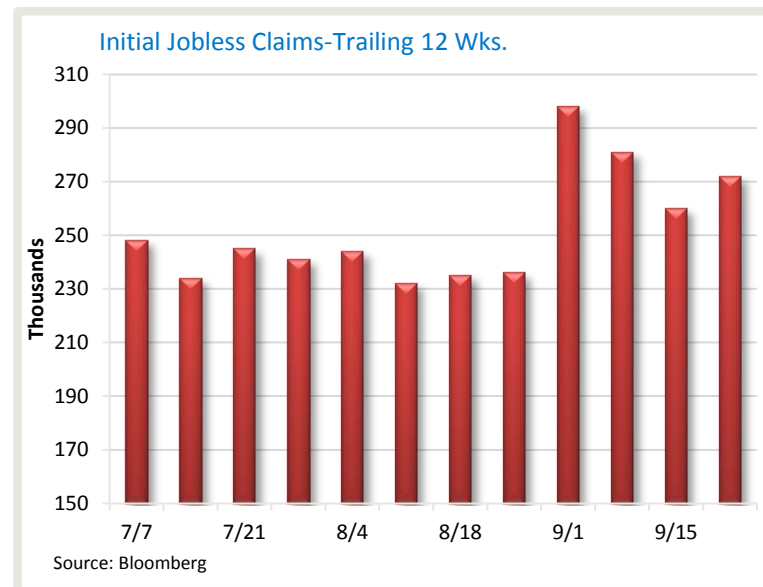
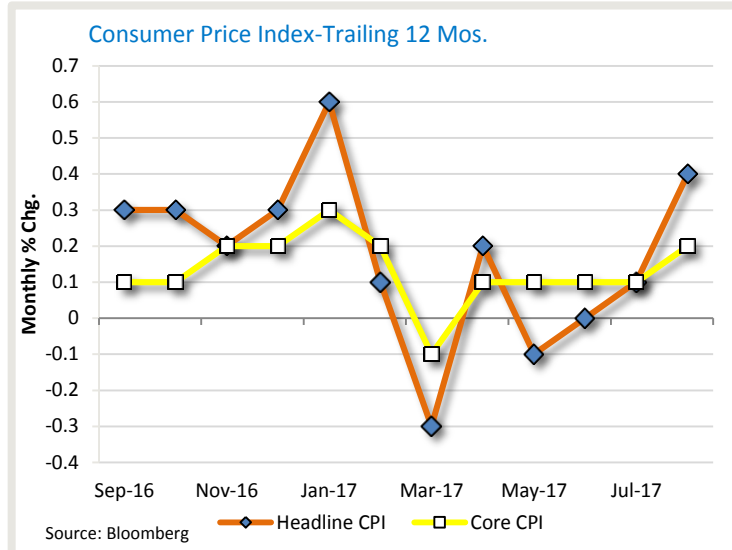
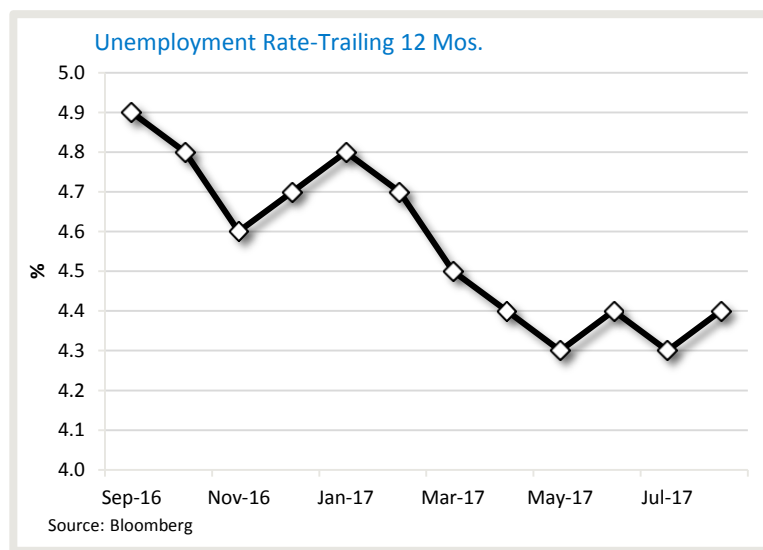
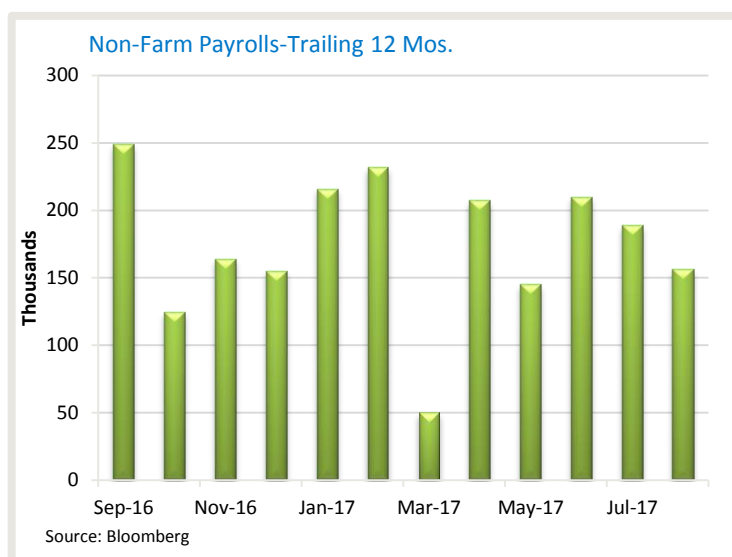
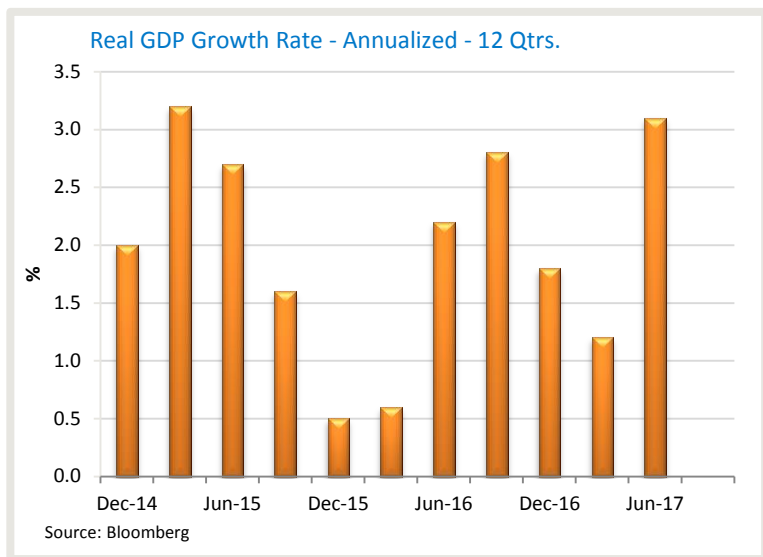
Swiftly rebuilding after such a storm is essential to maintaining Puerto Rico's tax base, which is already fleeing. However, the hurricane also has paused the island's bankruptcy process, as a team of judges has already delayed the proceeding indefinitely, which only places more scrutiny on bondholders of the island's debt as their investments are clearly in peril.

Human welfare is obviously the critical concern at the moment and fortunately aid is on the way via FEMA's provision of grants for such items as temporary housing, home repairs, low-cost loans for property losses, etc. Additionally, 4,000 members of the US Army Reserves have been deployed, and Congress is lobbying to send a second supplemental disaster package to help aid hurricane zones. Unfortunately, it is clear that Puerto Rico will continue to be plagued by deep structural problems. Clearly, the effects of the storm and the growing fiscal situation will continue to weigh on the tropical island's population and darken its economic fortunes for the foreseeable future.

Michael Manning, CFA
Investment Analyst

Source: Bloomberg

Economic Data



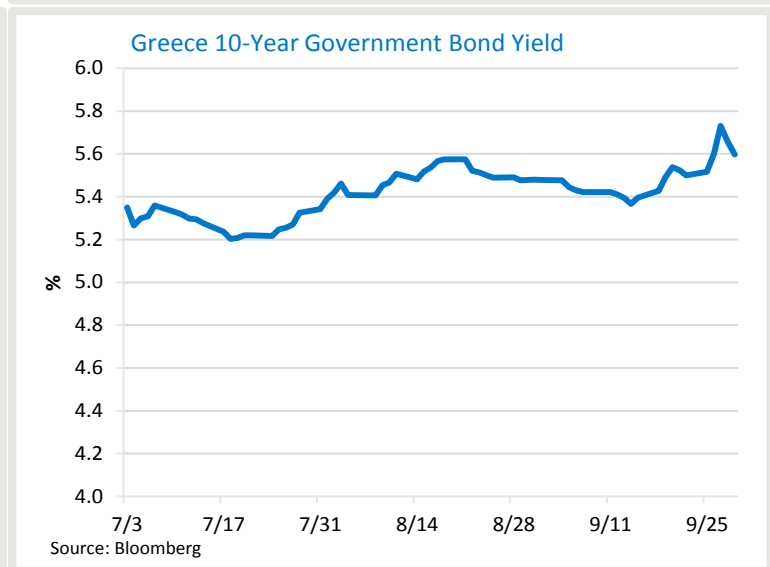
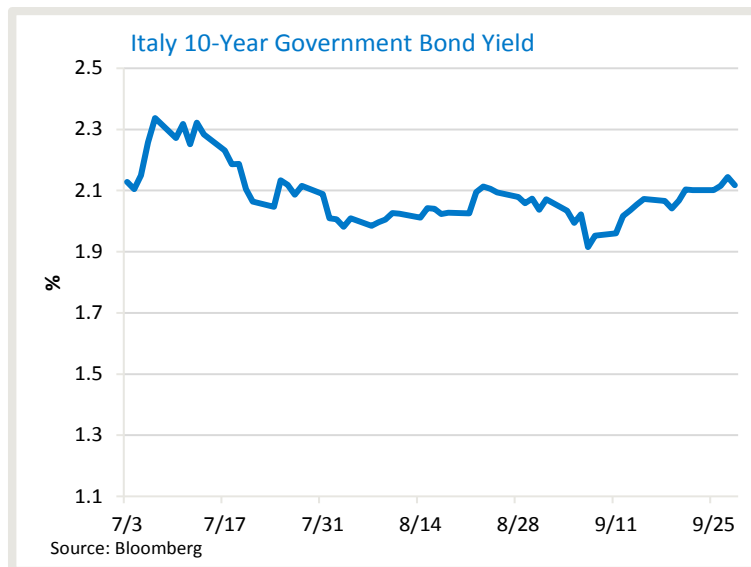
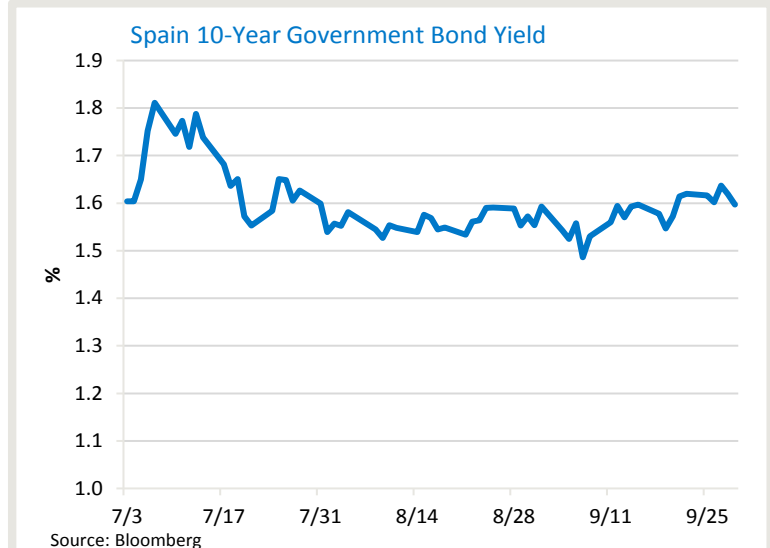
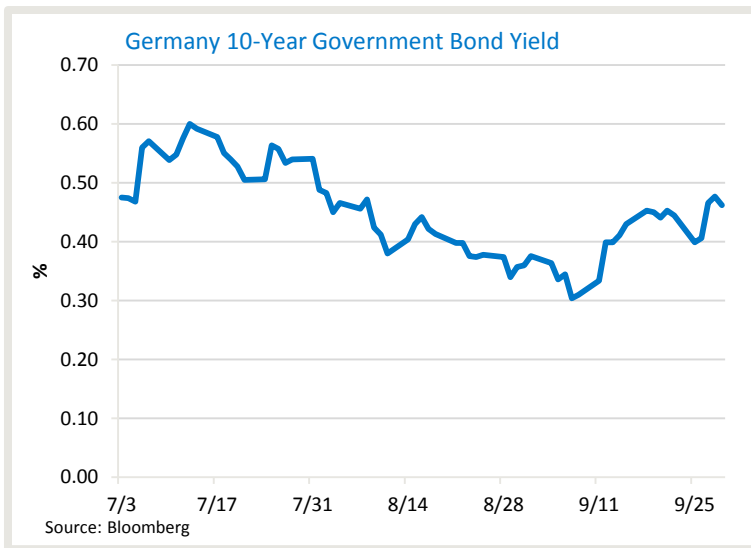
Eurozone

SELECTED EUROPEAN SOVEREIGN YIELD PERFORMANCE

	Last	Change	% Chg.	YTD %
Germany 10-Yr. Govt.	0.46	-2 bps	NM	NM
Greece 10-Yr. Govt.	5.60	-6 bps	NM	NM
Italy 10-Yr. Govt.	2.11	0 bps	NM	NM
Spain 10-Yr. Govt.	1.60	2 bps	NM	NM
Belgium 10-Yr. Govt.	0.73	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.	0.73	0 bps	NM	NM
Portugal 10-Yr. Govt.	2.36	4 bps	NM	NM
Netherlands 10-Yr. Govt.	0.57	-1 bps	NM	NM
U.K. 10-Yr. Govt.	1.36	-1 bps	NM	NM

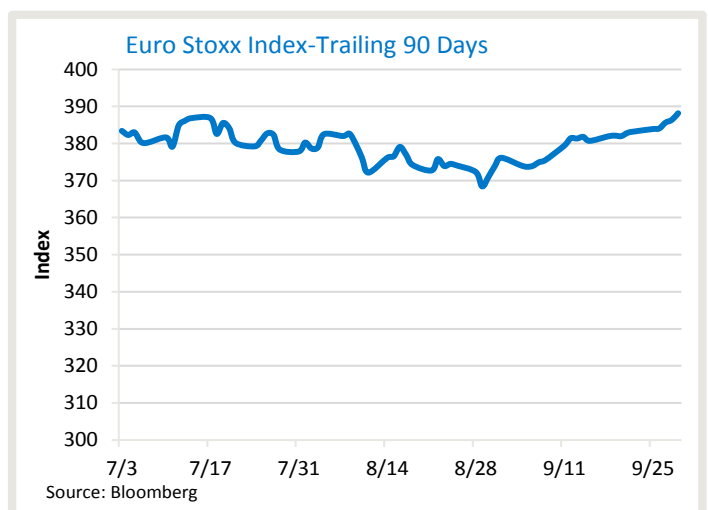
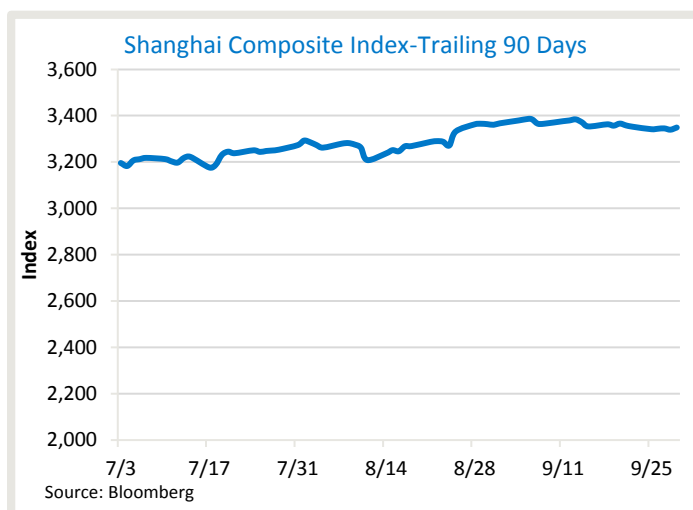
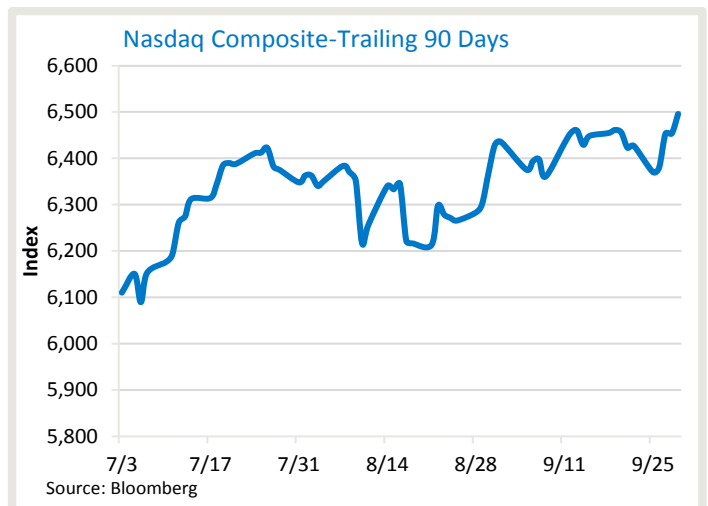
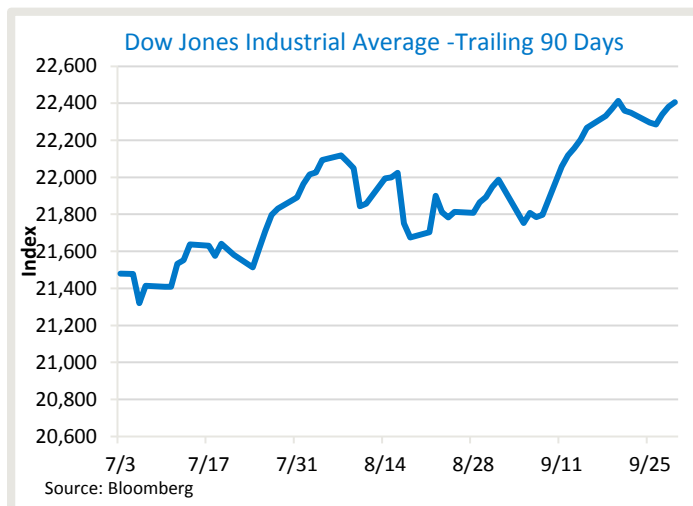


Equities

WORLD MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
S&P 500	2,519.36	17.14	0.68%	12.53%	Swiss Market Index	9,157.46	20.74	0.23%	11.41%
Dow Industrials	22,405.09	55.50	0.25%	13.37%	CAC 40 Index (France)	5,329.81	48.52	0.92%	9.61%
Nasdaq Composite	6,495.96	69.04	1.07%	20.67%	DAX Index (Germany)	12,828.86	236.51	1.88%	11.74%
Russell Global	2,025.10	-5.77	-0.28%	14.9%	Irish Overall Index	6,881.75	181.58	2.71%	5.59%
Russell Global EM	3,364.86	-92.16	-2.67%	23.2%	Nikkei 225	20,356.28	59.83	0.29%	6.50%
S&P/TSX (Canada)	15,634.94	180.71	1.17%	2.27%	Hang Seng Index	27,554.30	-326.23	-1.17%	25.24%
Mexico IPC	50,346.06	29.54	0.06%	10.30%	Shanghai Composite	3,348.94	-3.59	-0.11%	7.90%
Brazil Bovespa	74,293.50	-1096.24	-1.45%	23.36%	Kospi Index (S. Korea)	2,394.47	5.76	0.24%	18.16%
Euro Stoxx 600	388.16	4.94	1.29%	7.40%	Taiwan Taiex Index	10,329.94	-119.74	-1.15%	11.63%
FTSE 100	7,372.76	62.12	0.85%	3.22%	Tel Aviv 25 Index	1,421.04	1.14	0.08%	-3.38%
IBEX 35 (Spain)	10,381.50	76.50	0.74%	11.01%	MICEX Index (Russia)	2,077.19	25.56	1.25%	-6.97%

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



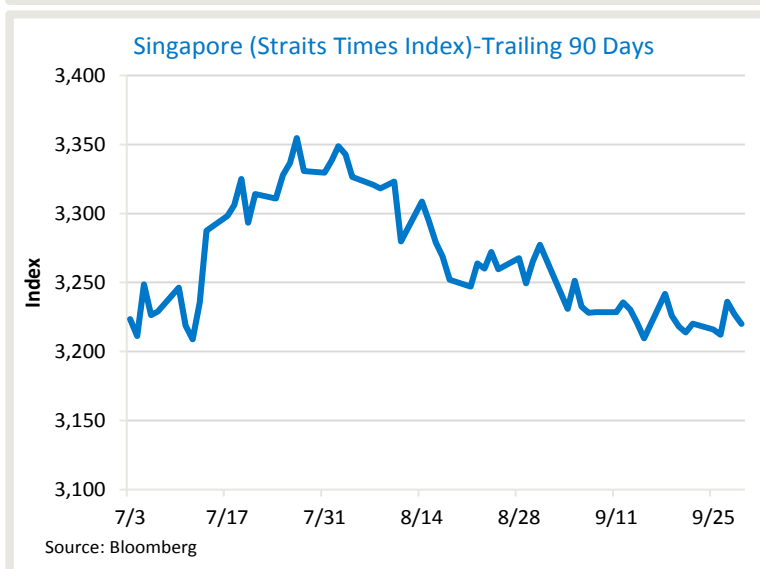
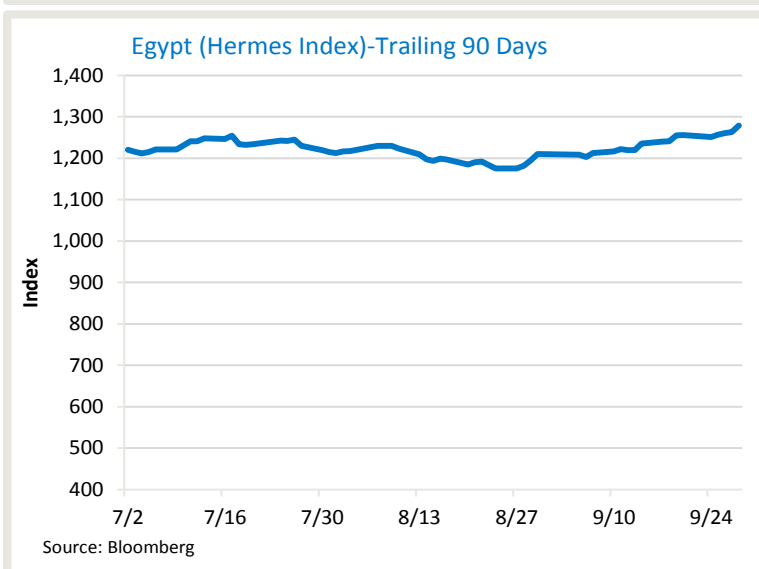
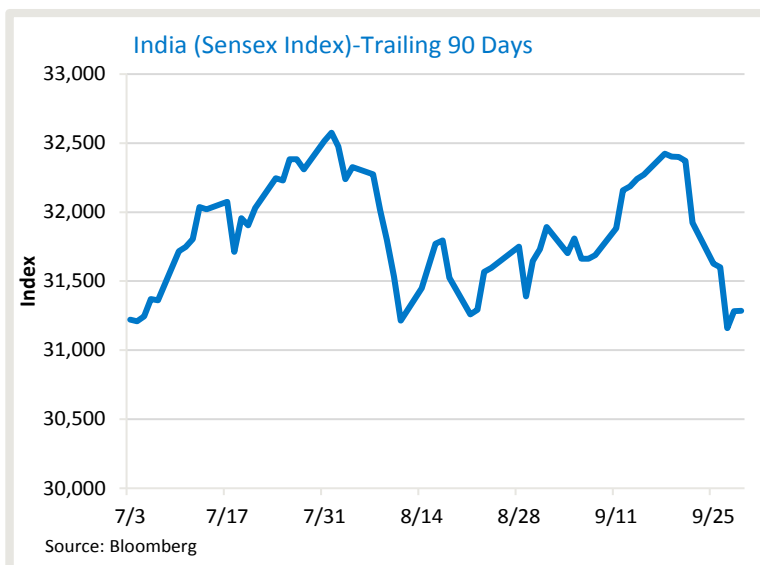
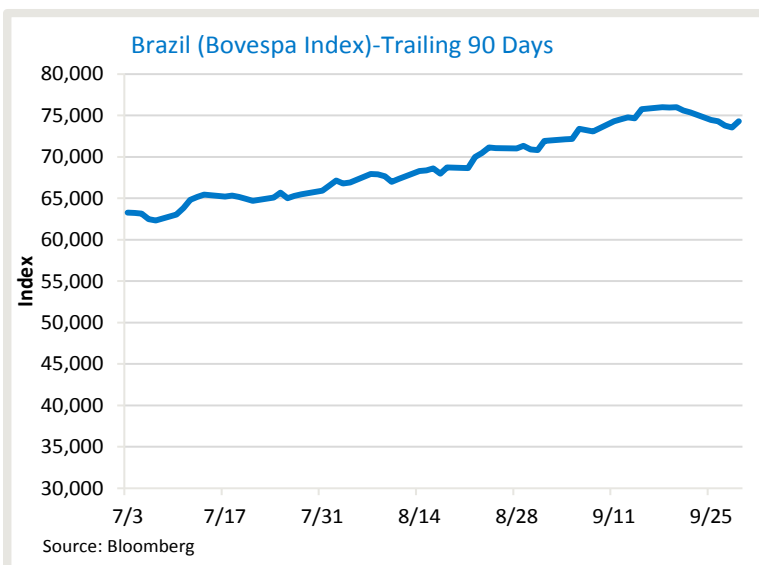
Equities – Emerging and Frontier Markets

EMERGING AND FRONTIER MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
Mexico IPC	50,346.06	29.54	0.1%	10.3%
Brazil (Bovespa Index)	74,293.50	-1096.24	-1.5%	23.4%
MICEX Index (Russia)	2,077.19	25.56	1.2%	-7.0%
Czech Republic (Prague)	1,045.17	-1.34	-0.1%	13.4%
Turkey (Istanbul)	102,907.73	-1215.20	-1.2%	31.7%
Egypt (Hermes Index)	1,279.20	23.13	1.8%	17.5%
Kenya (Nairobi 20 Index)	3,751.46	-12.98	-0.3%	17.7%
Saudi Arabia (TASI Index)	7,283.01	-43.31	-0.6%	1.0%
Lebanon (Beirut BLOM Index)	1,149.95	1.51	0.1%	-5.1%
Palestine	567.80	-2.18	-0.4%	7.1%

	Last	Change	% Chg.	YTD %
Hang Seng Index	27,554.30	-326.23	-1.2%	25.2%
India (Sensex 30)	31,283.72	-638.72	-2.0%	17.5%
Malaysia (KLCI Index)	1,755.58	-15.46	-0.9%	6.9%
Singapore (Straits Times Index)	3,219.91	-0.34	0.0%	11.8%
Thailand (SET Index)	1,673.16	14.11	0.9%	8.4%
Indonesia (Jakarta)	5,900.85	-10.85	-0.2%	11.4%
Pakistan (Karachi KSE 100)	42,409.27	-340.92	-0.8%	-11.3%
Vietnam (Ho Chi Minh)	804.42	-2.71	-0.3%	21.0%
Sri Lanka (Colombo)	6,438.24	10.98	0.2%	3.4%
Cambodia (Laos)	1,012.05	-16.59	-1.6%	-0.2%

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

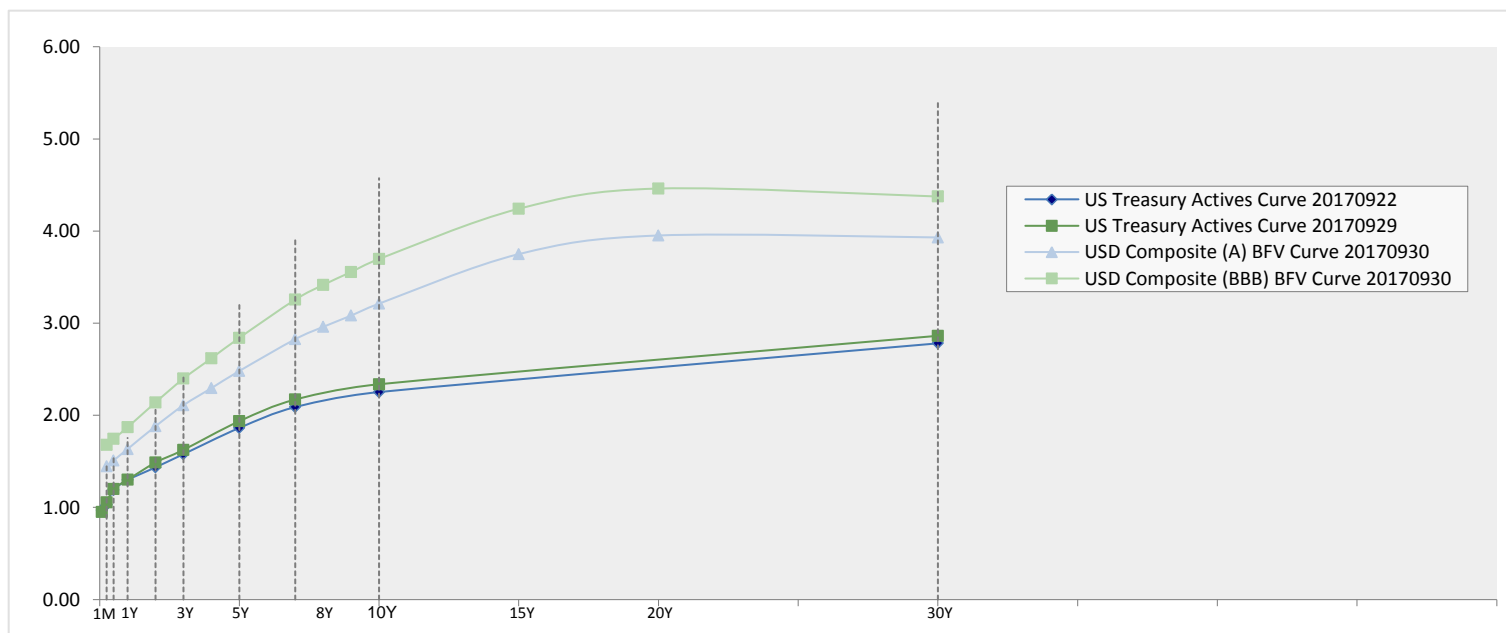


Interest Rates

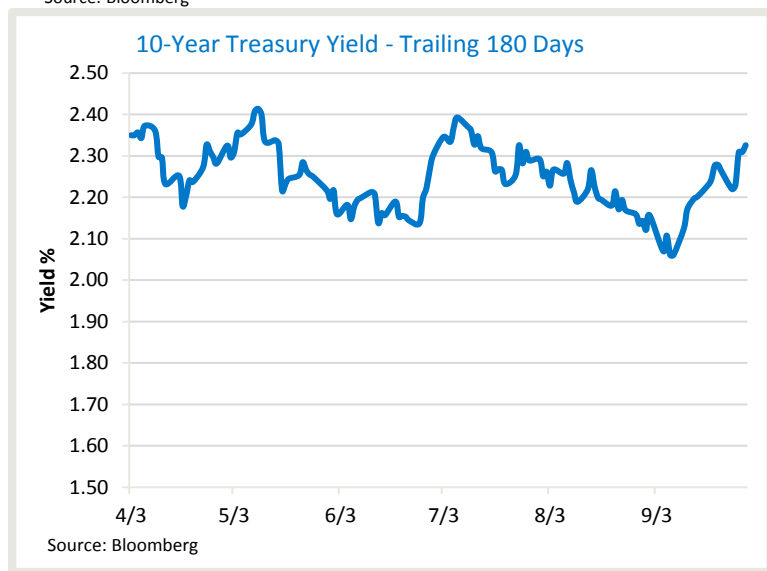
SELECTED INTEREST RATES

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
2-Yr. U.S. Treasury	1.48%	0 bps	NM	NM	Prime Rate	4.25%	0.00	NM	NM
5-Yr. U.S. Treasury	1.93%	6 bps	NM	NM	Fed Funds Rate	1.25%	0.00	NM	NM
10-Yr. U.S. Treasury	2.33%	6 bps	NM	NM	Discount Rate	1.75%	0.00	NM	NM
30-Yr. U.S. Treasury	2.86%	6 bps	NM	NM	LIBOR (3 Mo.)	1.34%	1 bps	NM	NM
German 10-Yr. Govt.	0.46%	-2 bps	NM	NM	Bond Buyer 40 Muni	3.54%	8 bps	NM	NM
France 10-Yr.	0.74%	-1 bps	NM	NM	Bond Buyer 40 G.O.	3.64%	NA	NM	NM
Italy 10-Yr.	2.11%	0 bps	NM	NM	Bond Buyer 40 Rev.	3.85%	NA	NM	NM
Fed 5-Yr Fwd BE Inf.	1.81%	3 bps	NM	NM					

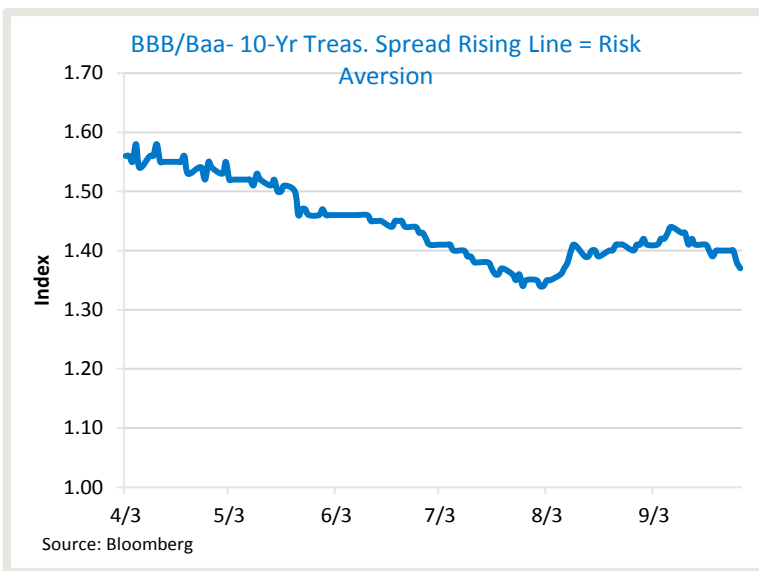
Source: Bloomberg



Source: Bloomberg



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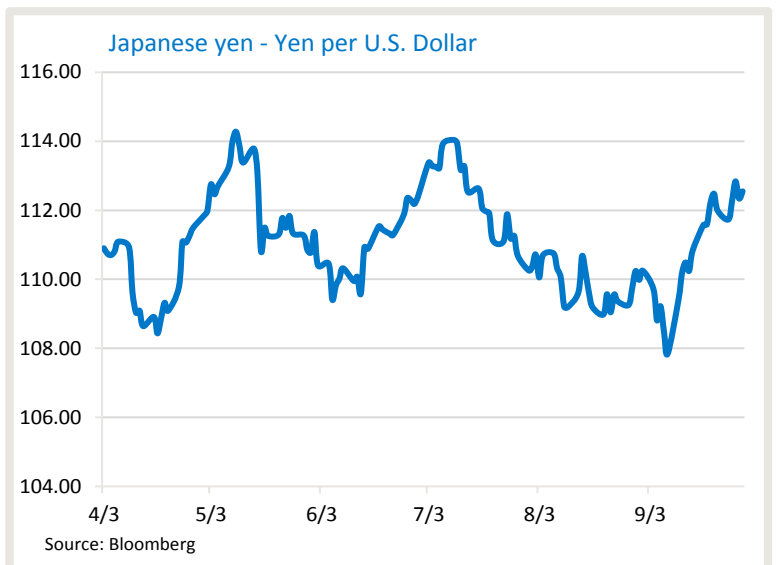
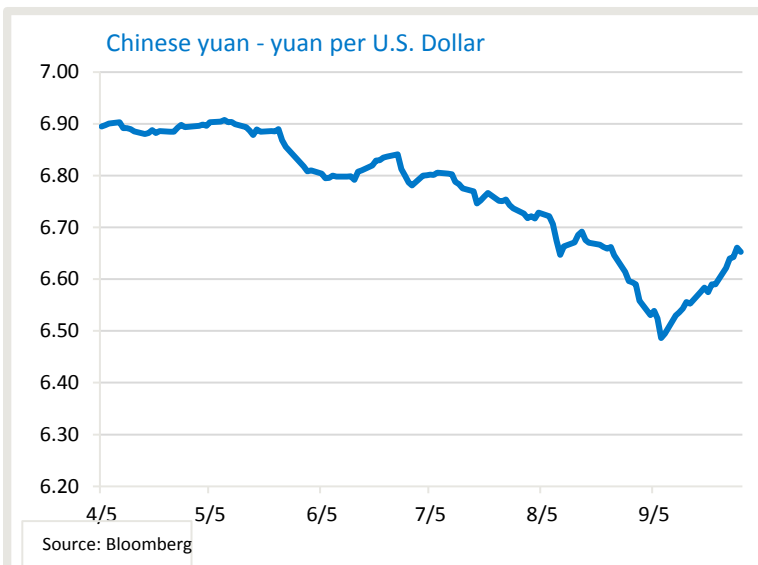
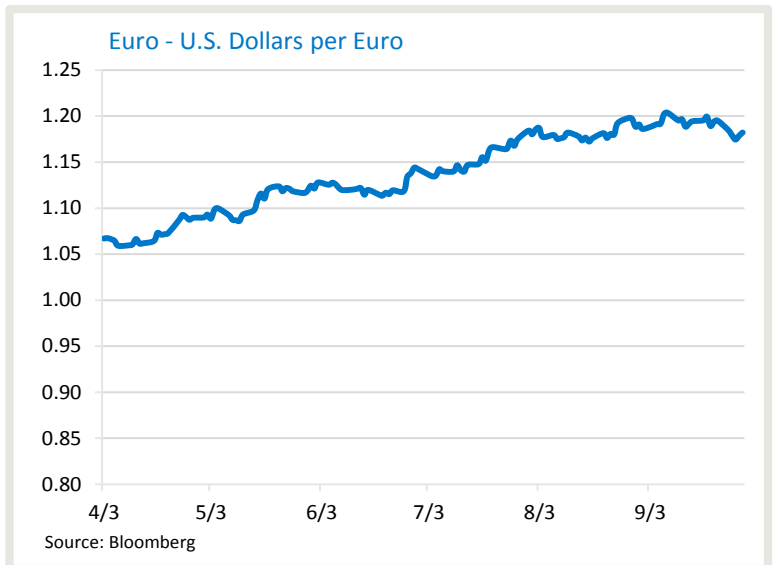
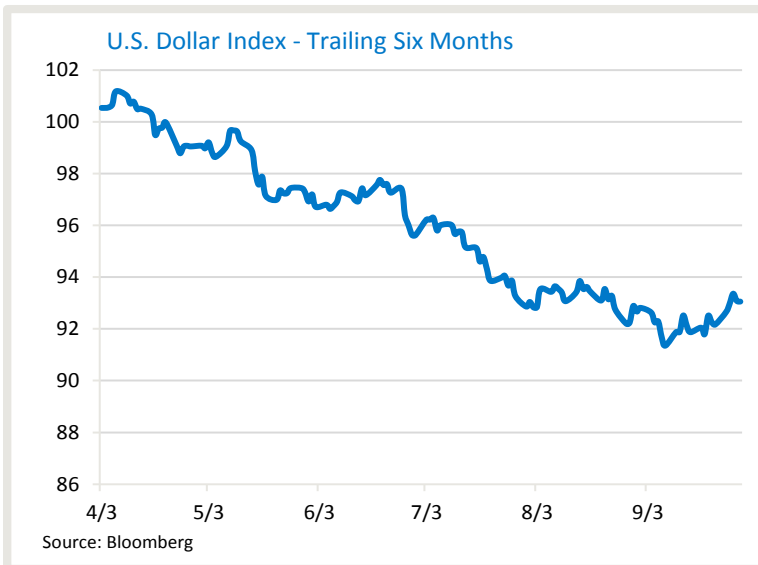
Currencies

SELECTED CURRENCY PERFORMANCE

	Last	Change	% Chg.	YTD %
Dollar Index	93.05	0.884	0.96%	-8.96%
Euro	1.18	-0.013	-1.08%	12.41%
Japanese Yen	112.55	0.560	-0.50%	3.92%
British Pound	1.34	-0.011	-0.81%	8.55%
Canadian Dollar	1.25	0.014	-1.11%	7.73%

	Last	Change	% Chg.	YTD %
Chinese Yuan	6.65	0.063	-0.94%	4.39%
Swiss Franc	0.97	-0.001	0.13%	5.27%
New Zealand Dollar	0.72	-0.011	-1.49%	4.14%
Brazilian Real	3.17	0.041	-1.30%	2.68%
Mexican Peso	18.25	0.482	-2.64%	13.72%

Source: Bloomberg



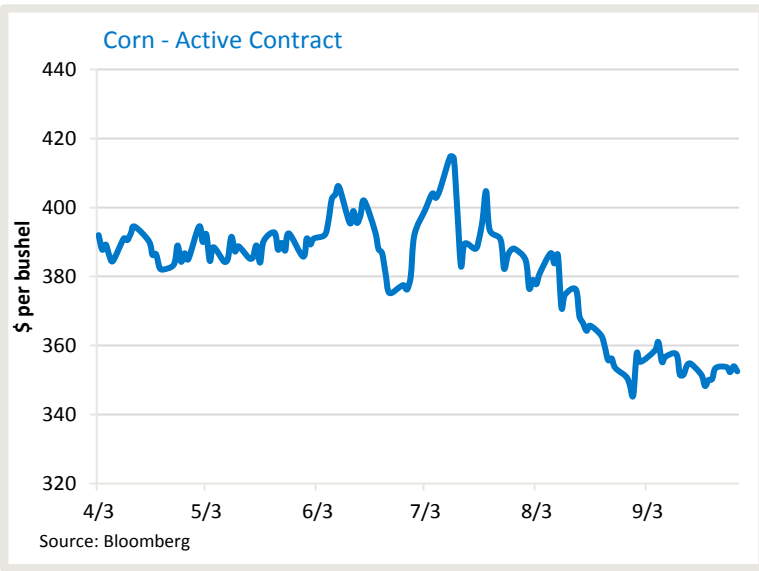
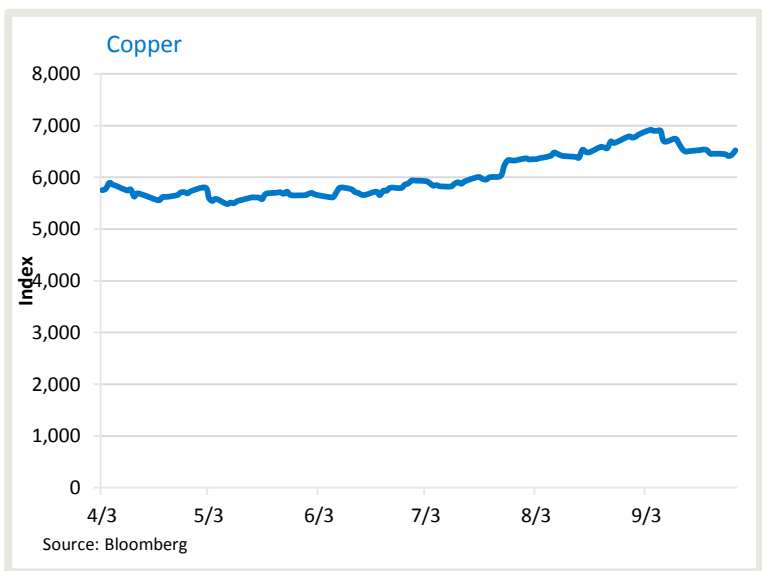
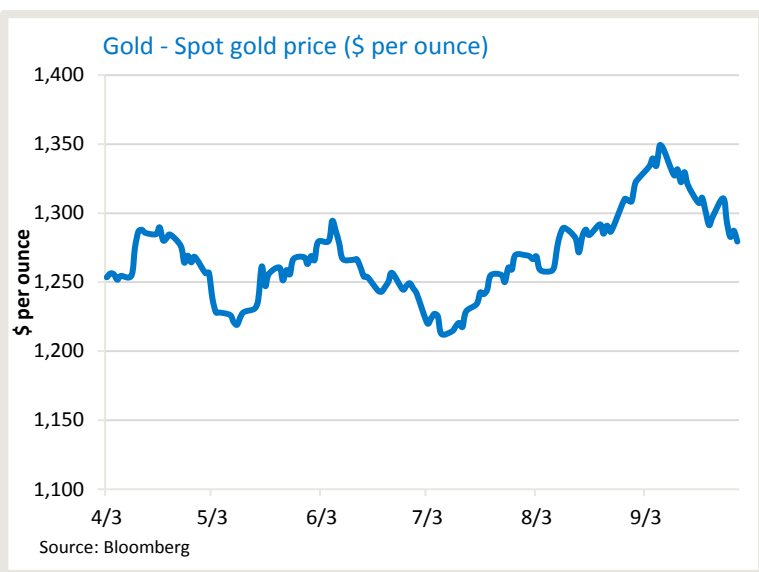
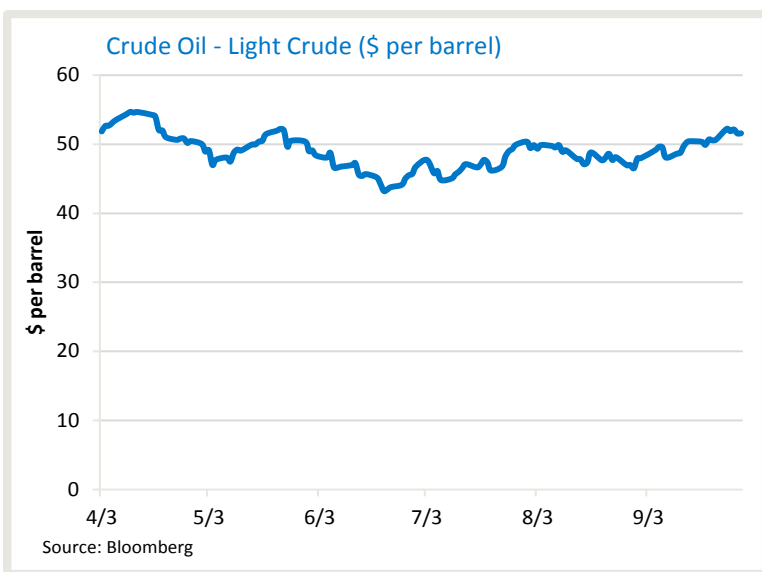
Commodities

SELECTED COMMODITY MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
Bloomberg Comm. Idx.	84.46	-0.40	-0.47%	-3.49%
Crude Oil	\$51.59	\$0.92	1.82%	-9.59%
Natural Gas	\$3.02	-\$0.01	-0.20%	-16.34%
Gasoline (\$/Gal.)	\$2.57	-\$0.01	-0.50%	9.93%
Heating Oil	180.60	-0.23	-0.13%	0.85%
Gold Spot	\$1,279.91	-\$17.91	-1.38%	11.49%
Silver Spot	\$16.65	-\$0.34	-2.03%	4.56%

Source: Bloomberg; % change is based on price.

	Last	Change	% Chg.	YTD %
Platinum Spot	\$912.30	-\$20.16	-2.16%	1.12%
Corn	355.25	1.75	0.50%	-6.51%
Wheat	448.25	-1.25	-0.28%	-3.60%
Soybeans	968.25	-16.00	-1.63%	-2.12%
Sugar	14.10	-0.54	-3.69%	-24.11%
Orange Juice	148.35	1.55	1.06%	-20.33%
Aluminum	2,131.00	-27.00	-1.25%	25.87%
Copper	6,522.00	65.00	1.01%	17.82%

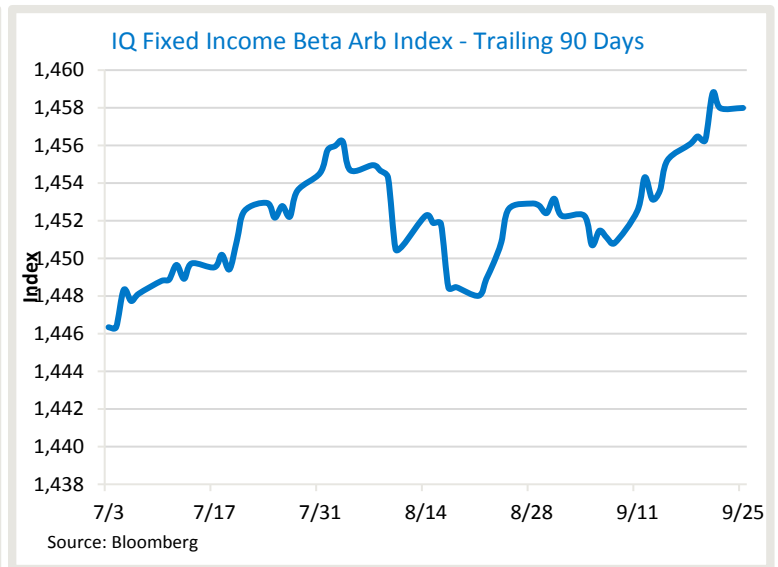
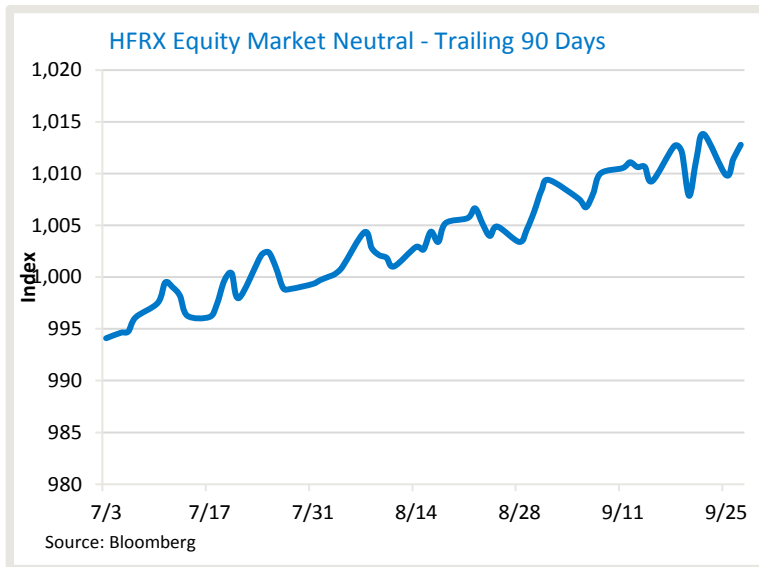
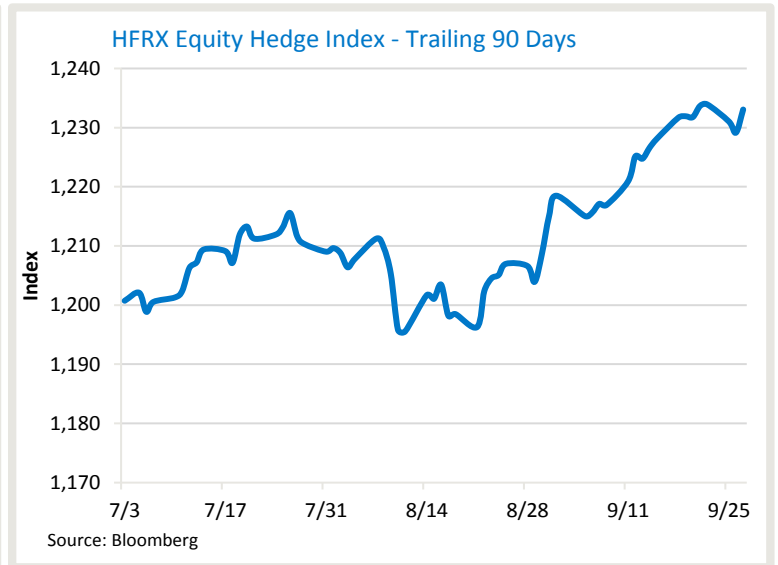
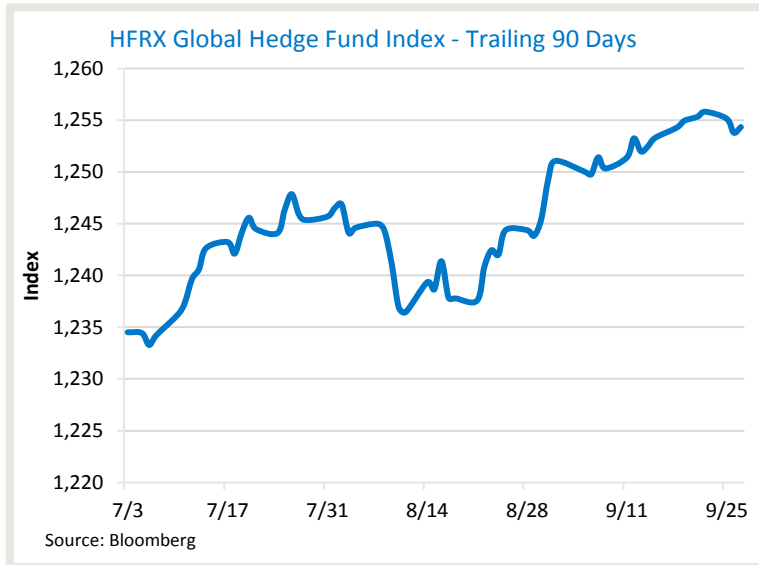


Alternative Investments

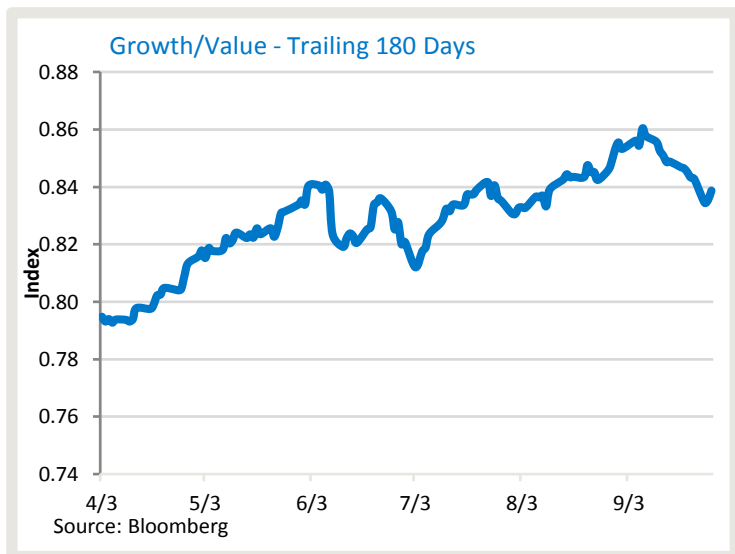
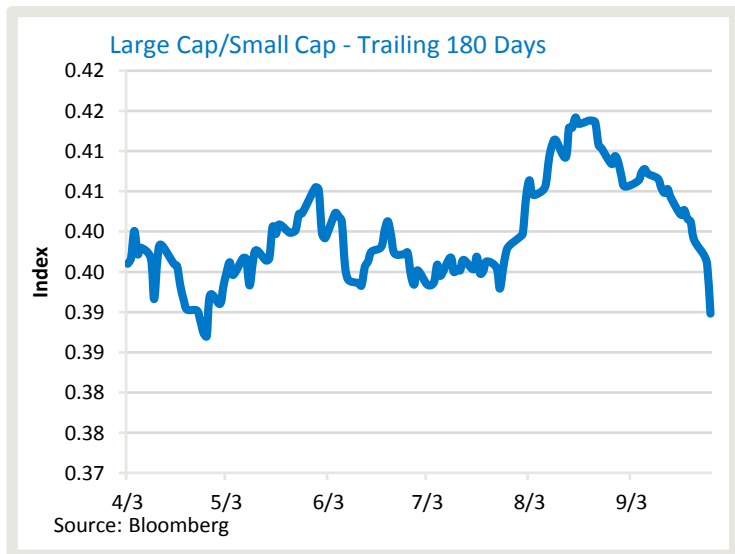
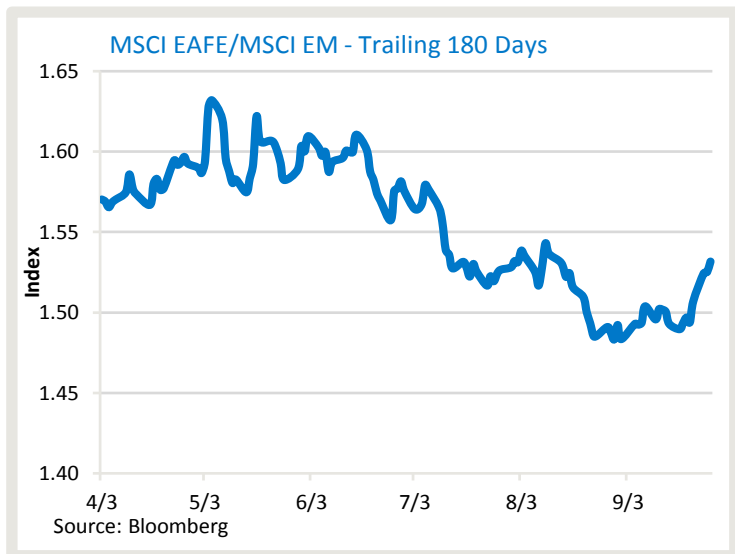
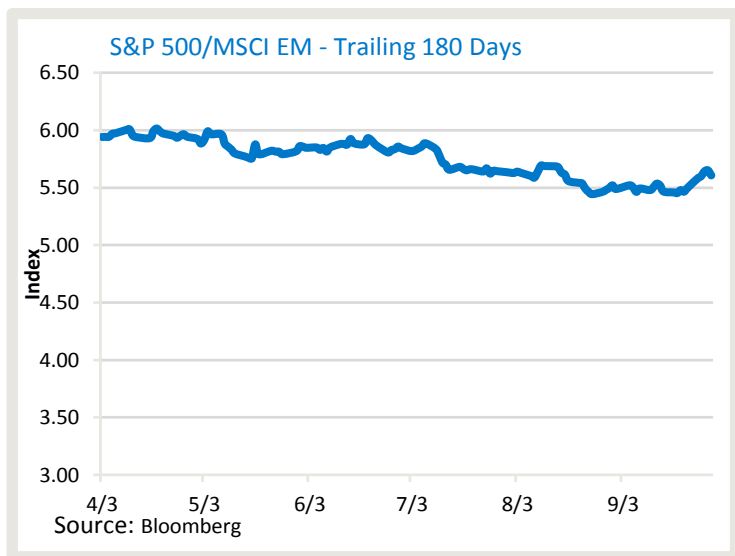
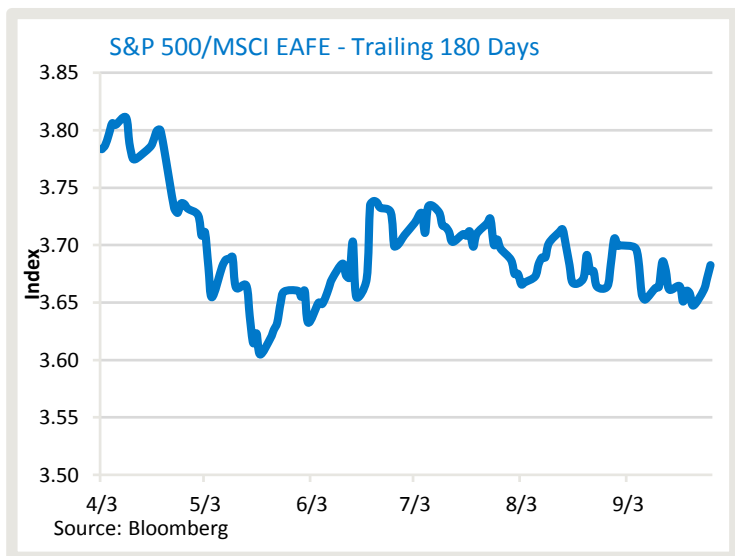
SELECTED ALTERNATIVE INVESTMENT INDEX PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
HFRX Global Hedge Fund Index	1254.34	-1.48	-0.12%	4.23%	HFRX Distressed Index	1099.64	0.40	0.04%	2.48%
HFRX Equity Market Neutral	1012.79	-1.02	-0.10%	2.58%	HFRX Merger Arbitrage Index	1838.14	-5.81	-0.32%	1.41%
HFRX Equity Hedge Index	1233.06	-0.86	-0.07%	6.72%	HFRX Convertible Arbitrage Index	782.98	-0.92	-0.12%	5.44%
HFRX Event-Driven Index	1664.68	0.89	0.05%	6.41%	HFRX Macro CTA Index	1134.40	-6.73	-0.59%	-0.08%
HFRX Absolute Return Index	1058.49	-2.04	-0.19%	2.92%	IQ Fixed Income Beta Arb Index	1462.47	4.50	0.31%	2.99%

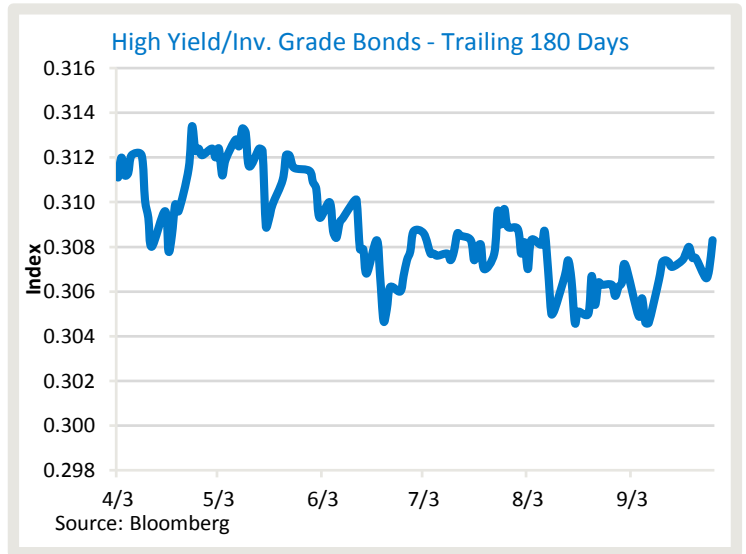
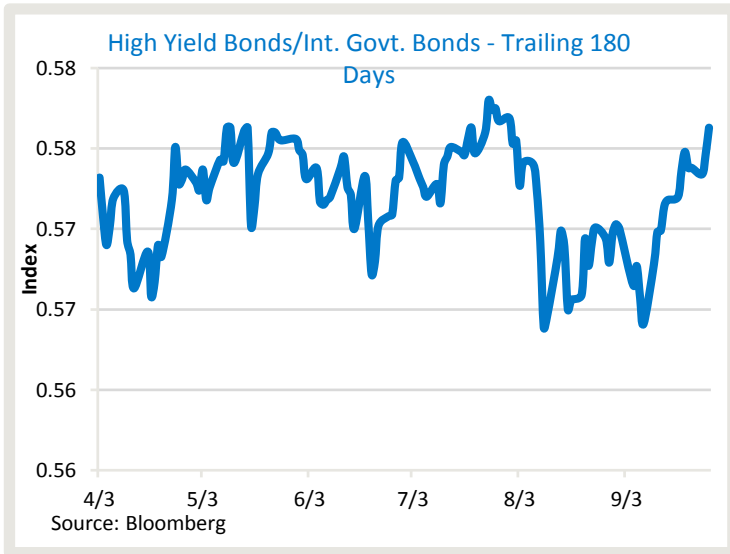
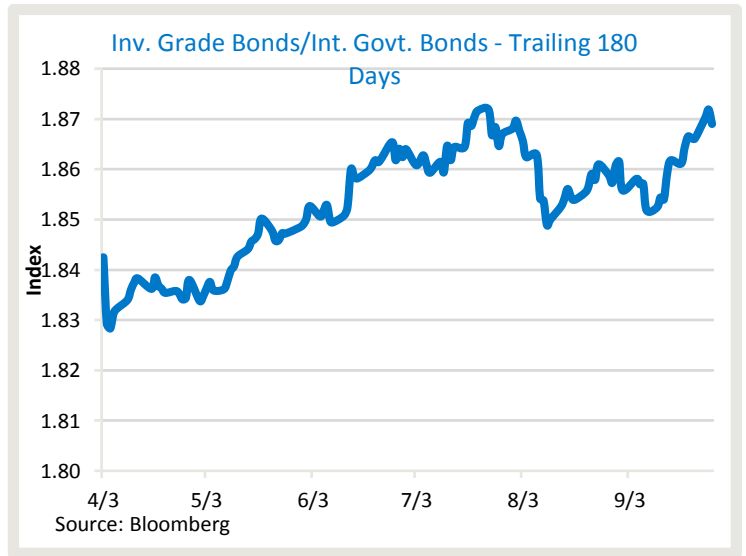
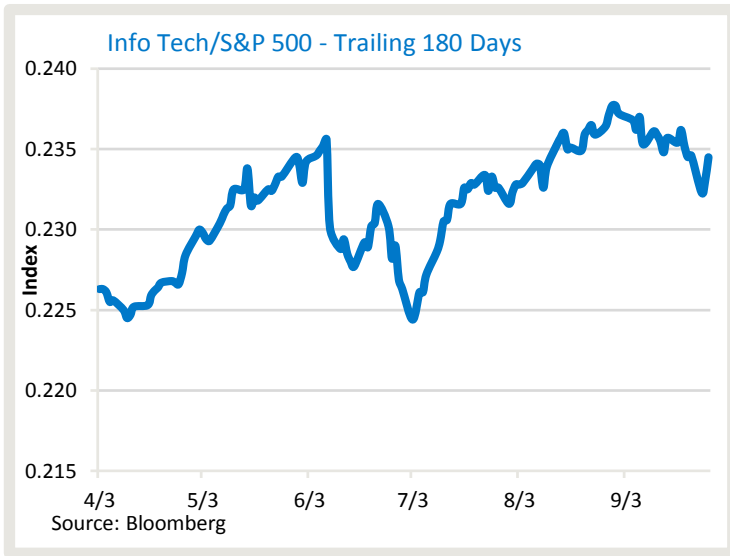
Source: Bloomberg; Index % change is based on price.



Portfolio Construction



Portfolio Construction (continued)



WEEKLY ASSET CLASS PERFORMANCE (Prior 12 weeks ending Thursday)

			7/13	7/20	7/27	8/3	8/10	8/17	8/24	8/31	9/7	9/14	9/21	9/28
Equity	Domestic Equity	Large Cap (R200)	1.58%	1.10%	0.10%	0.05%	-1.24%	-0.30%	0.35%	1.41%	-0.30%	1.22%	0.26%	0.22%
		Small Cap (R2000)	1.77%	1.17%	-0.61%	-1.98%	-2.33%	-0.99%	1.10%	2.29%	-0.47%	1.88%	1.34%	3.09%
	Int'l. Equity	MSCI EAFE	1.19%	1.73%	-0.07%	0.98%	-1.43%	-0.06%	0.35%	0.59%	0.94%	0.52%	0.52%	-0.30%
		MSCI Em. Mkts.	3.43%	1.79%	0.90%	-0.46%	-0.74%	0.67%	1.80%	0.49%	0.22%	0.90%	0.75%	-3.23%
Fixed Income	BarCap Agg. (AGG)	-2.37%	-1.14%	-5.06%	-5.48%	-7.09%	0.35%	0.52%	-1.20%	12.35%	-4.80%	0.81%	-5.32%	
	High Yield (JNK)	0.68%	0.65%	0.13%	-0.53%	-1.42%	0.27%	0.73%	0.57%	-0.59%	0.32%	-0.03%	0.38%	
Commodities	Bloomberg Commodity Index	-0.60%	2.16%	0.65%	-1.06%	0.25%	-1.03%	1.01%	1.37%	1.19%	-0.66%	-0.37%	-0.17%	
Alternatives	Hedge Funds (HFRX Global)	0.59%	0.40%	0.03%	-0.14%	-0.58%	0.07%	0.34%	0.59%	0.17%	0.09%	0.23%	-0.08%	
Asset Allocation	60/40*	0.20%	0.43%	-1.76%	-2.00%	-3.41%	-0.03%	0.47%	0.37%	4.31%	-0.99%	0.61%	-1.67%	
	48/32/20 (w/Alts.)**	0.28%	0.42%	-1.40%	-1.63%	-2.84%	-0.01%	0.44%	0.41%	3.48%	-0.77%	0.53%	-1.36%	

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	1.06	0.99	1.01	0.98	1.05	0.90	0.91	0.91	1.06	1.20	1.20	1.15	1.27	1.10
Large Cap Growth	0.94	1.00	0.93	0.95	0.93	0.99	0.85	0.86	0.86	1.00	1.13	1.14	1.08	1.20	1.04
Large Cap Value	1.01	1.07	1.00	1.02	0.99	1.07	0.92	0.93	0.93	1.07	1.21	1.22	1.16	1.29	1.11
Mid Cap Core	0.99	1.05	0.98	1.00	0.97	1.05	0.90	0.91	0.91	1.05	1.19	1.20	1.14	1.26	1.09
Mid Cap Growth	1.02	1.08	1.01	1.03	1.00	1.08	0.92	0.93	0.93	1.08	1.22	1.23	1.17	1.30	1.12
Mid Cap Value	0.95	1.01	0.94	0.96	0.93	1.00	0.86	0.87	0.87	1.01	1.14	1.14	1.09	1.21	1.04
Small Cap Core	1.11	1.17	1.09	1.11	1.08	1.17	1.00	1.01	1.01	1.17	1.32	1.33	1.27	1.41	1.22
Small Cap Growth	1.09	1.16	1.08	1.10	1.07	1.15	0.99	1.00	1.00	1.16	1.31	1.32	1.26	1.39	1.20
Small Cap Value	1.09	1.16	1.08	1.10	1.07	1.15	0.99	1.00	1.00	1.16	1.31	1.32	1.26	1.39	1.20
Int'l. Developed	0.94	1.00	0.93	0.95	0.92	0.99	0.85	0.86	0.86	1.00	1.13	1.14	1.08	1.20	1.04
Emerging Markets	0.84	0.89	0.83	0.84	0.82	0.88	0.76	0.76	0.76	0.89	1.00	1.01	0.96	1.06	0.92
REITs	0.83	0.88	0.82	0.84	0.81	0.88	0.75	0.76	0.76	0.88	0.99	1.00	0.95	1.06	0.91
Commodities	0.87	0.92	0.86	0.88	0.85	0.92	0.79	0.80	0.80	0.92	1.04	1.05	1.00	1.11	0.96
Int. Bond	0.79	0.83	0.78	0.79	0.77	0.83	0.71	0.72	0.72	0.83	0.94	0.95	0.90	1.00	0.86
High Yield	0.91	0.96	0.90	0.92	0.89	0.96	0.82	0.83	0.83	0.96	1.09	1.09	1.04	1.16	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 **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 **Nikkei Index (Nikkei 225 or Nikkei)** is a stock market index for the Tokyo Stock Exchange calculated daily by the Nihon Keizai Shimbun (Nikkei) newspaper since 1950. It is a price-weighted index (the unit is yen), and the components are reviewed once a year. 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 **DJ-UBS Commodity Index Total Return SM** measures the collateralized returns from a basket of 19 commodity futures contracts representing the energy, precious metals, industrial metals, grains, softs and livestock sectors. The **Russell 1000 Index** is a market capitalization-weighted benchmark index made up of the 1000 largest U.S. companies in the Russell 3000 Index. The **Russell 1000 Growth Index** is an unmanaged index considered representative of large-cap growth stocks. The **Russell 1000 Value Index** is an unmanaged index considered representative of large-cap value stocks. The **Russell 2000 Index** is an unmanaged index considered representative of small-cap stocks. The **Russell 2000 Growth Index** is an unmanaged index considered representative of small-cap growth stocks. The **Russell 2000 Value Index** is an unmanaged index considered representative of small-cap value stocks. The **Russell 3000 Index** is an unmanaged index considered representative of the US stock market. The **Russell Midcap Index** is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The **Russell Midcap Growth Index** is an unmanaged index considered representative of mid-cap growth stocks. The **Russell Midcap Value Index** is an unmanaged index considered representative of mid-cap value stocks. The **HFRX Indices** are a series of benchmarks of hedge fund industry performance which are engineered to achieve representative performance of a larger universe of hedge fund strategies. Hedge Fund Research, Inc. employs the HFRX Methodology (UCITS compliant), a proprietary and highly quantitative process by which hedge funds are selected as constituents for the HFRX Indices. The **University of Michigan Consumer Sentiment Index (MCSI)** is a survey of consumer confidence conducted by the University of Michigan using telephone surveys to gather information on consumer expectations regarding the overall economy. The **CBOE Volatility Index (VIX)** is an up-to-the-minute market estimate of expected volatility that is calculated by using real-time S&P 500 Index option bid/ask quotes. The Index uses nearby and second nearby options with at least 8 days left to expiration and then weights them to yield a constant, 30-day measure of the expected volatility of the S&P 500 Index. The **MSCI EAFE Index** is designed to measure the equity market performance of developed markets outside of the U.S. & Canada. The **MSCI EAFE Growth Index** is an unmanaged index considered representative of growth stocks of Europe, Australasia and the Far East. The **MSCI EAFE Value Index** is an unmanaged index considered representative of value stocks of Europe, Australasia and the Far East. The **MSCI EM (Emerging Markets) Latin America Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of emerging markets in Latin America. The **MSCI World ex-U.S. Index** captures large and mid-cap representation across 22 of 23 Developed Markets (DM) countries - excluding the US. With 1,002 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country. The **MSCI Japan Index** is designed to measure the performance of the large and mid-cap segments of the Japanese market. With 320 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in Japan. The **MSCI Emerging Markets Index** is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The **MSCI Europe Index** is an unmanaged index considered representative of stocks of developed European countries. The **MSCI Pacific Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the developed markets in the Pacific region. The **Barclays Intermediate US Government/Credit Bond Index** is a market capitalization-weighted index of investment-grade, fixed-rate debt issues, including Treasuries, government-related and U.S. corporate securities, with maturities of at least one year and less than 10 years. The **Philadelphia Fed Manufacturing Index** is a regional Federal Reserve Bank index measuring changes in business growth and is constructed from a survey of participants who voluntarily answer questions regarding the direction of change in their overall business activities. The **ISM Non-Manufacturing Index** is an index based on surveys of more than 400 non-manufacturing firms' purchasing and supply executives, within 60 sectors across the nation, by the Institute of Supply Management (ISM) and also tracks economic data, like the ISM Non-Manufacturing Business Activity Index. A composite diffusion index is created based on the data from these surveys that monitors economic conditions of the nation. The **Housing Market Index (HMI)** is based on a monthly survey of NAHB members designed to take the pulse of the single-family housing market. In May 2007, **Markit's U.S. PMI** research was extended out to cover producers of metal goods. In October 2009, Markit's U.S. Manufacturing PMI survey panel was extended further to cover all areas of U.S. manufacturing activity. The **NY Empire State Index** is an index 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 headline number for the NY Empire State Index refers to the survey's main index, which summarizes general business conditions in New York State.

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