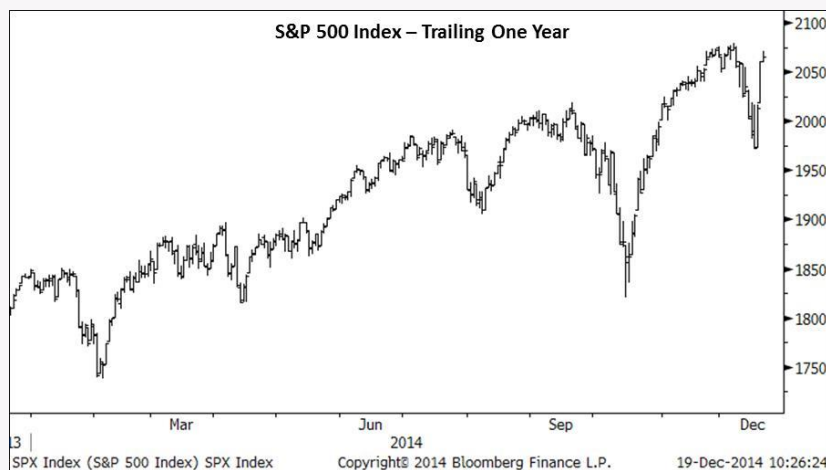


Please note: The PMC Weekly Review will not be published next week due to the Christmas holiday.

Chart of the Week



Weekly Highlights

- **Domestic stock prices surged this week.** Broad equity indices rallied sharply this week, as investors took encouragement from the Federal Reserve's statement that it would be patient in deciding when to raise interest rates. The Fed's statement was a reflection of the severe drop in oil prices, which is an indicator, albeit a volatile one, of economic growth. The week's gains pushed the S&P 500 back into positive territory for the month of December.
- **Global markets also enjoyed broad gains on the week.** World markets cruised, piggybacking on the performance of domestic U.S. indices. U.K. stocks rose today for the fourth straight day, and posted their biggest weekly gain in more than two years. China's stocks continued to rally, closing the week at their highest level in four years. On a year-to-date basis, China's stocks are up about 47%.
- **Treasury prices were lower for the week.** The yield on the benchmark 10-year U.S. Treasury edged higher after the Fed said it would be "patient" in determining when to raise interest rates.
- **Commodity indices suffered steep losses again this week.** Crude oil declined, but has begun to stabilize. Metals were also lower, but grains were mostly higher.

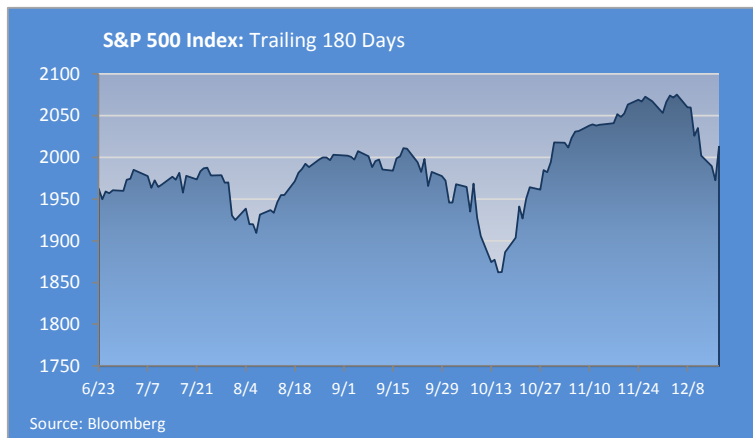
Talking Points

- **Among equities**, large-caps underperformed small-caps, and growth stocks outperformed value-oriented issues. Domestic stocks outperformed international equities. Developed markets underperformed emerging market stocks.
- **Treasury prices were modestly lower this week.** The yield on the 10-year T-note advanced.
- **Commodity prices fell again on the week.** Energy declined again; metals were also lower, but grains were higher.
- **The dollar was higher** this week against a basket of currencies.
- **Among economic data released this week**, industrial production jumped far more than expected; various housing data was mixed; consumer prices in November dropped the most in six years; leading indicators rose for the third straight month in November; and initial jobless claims declined to the lowest level in six weeks.

MARKET DASHBOARD

	Last Price	Change	% Chg.	YTD %
S&P 500	2,070.72	64.40	3.22%	11.8%
Dow Industrials	17,804.80	514.45	2.98%	7.4%
Nasdaq	4,765.38	109.45	2.35%	14.0%
Russell 2000	1,195.95	37.42	3.25%	2.3%
Euro Stoxx Index	340.30	10.71	3.24%	4.0%
Shanghai Composite	3,108.60	170.42	5.80%	46.9%
Russell Global	1,730.17	37.83	2.24%	2.1%

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



	Last Price	Change	% Chg.	YTD %
Russell Global EM	2,921.96	-13.26	-0.45%	-5.9%
10-Year US Treas.	2.18	7 bps	NM	NM
DJ UBS Comm. Idx.	108.66	-2.21	-2.00%	-13.7%
Gold	\$1,194.43	-\$25.18	-2.06%	-0.4%
Crude Oil	\$56.52	-\$2.18	-3.77%	-39.5%
Dollar Index	89.60	1.16	1.31%	11.9%
VIX Index	16.58	-4.81	-22.82%	18.6%

One Week			YTD		
	Value	Growth	Value	Growth	
L	3.53%	3.19%	2.86%	10.44%	11.38%
	2.98%	3.06%	3.14%	11.97%	11.18%
S	3.06%	3.25%	3.43%	0.52%	2.25%
				4.02%	

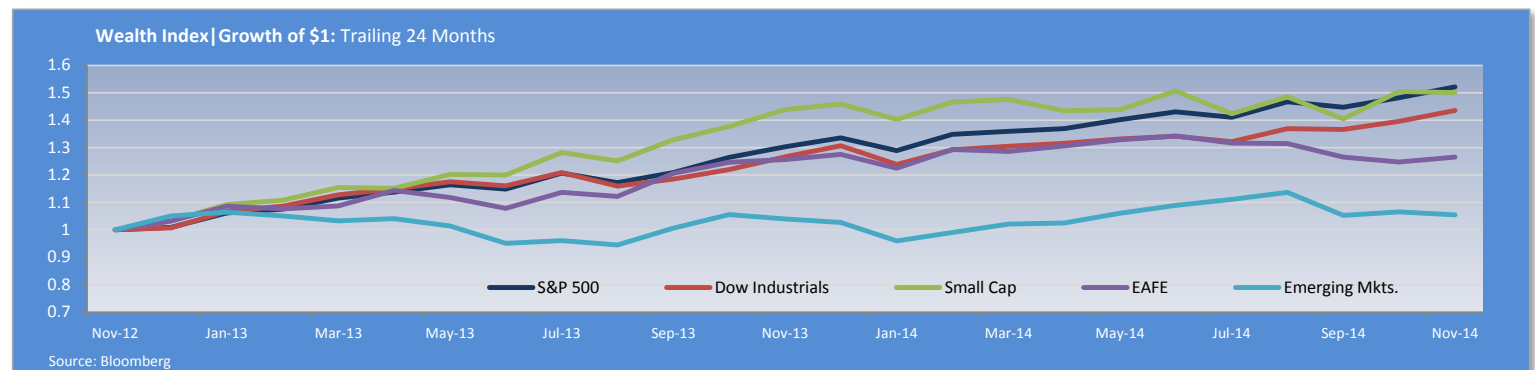
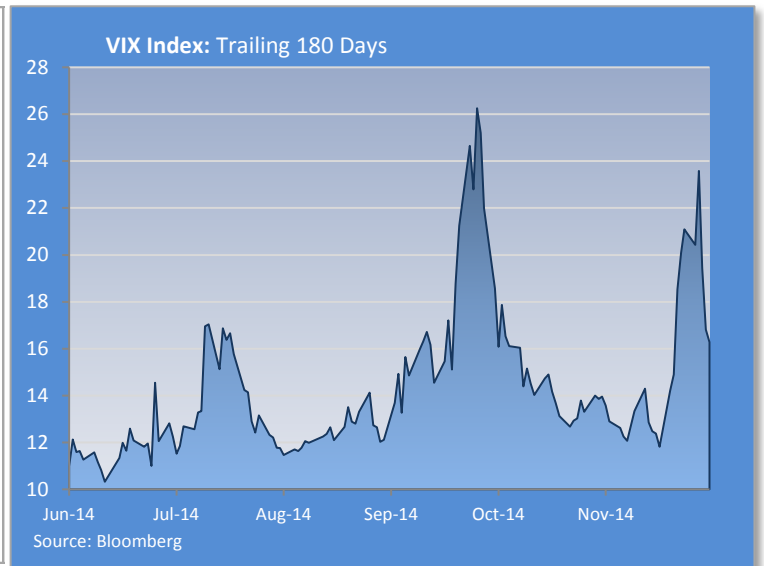
Source: Bloomberg

Sector Performance:

S&P/Global Industry Classification Sectors (GICS)

	% Wgt in S&P 500	Week % Chg.	YTD % Chg.
Consumer Discretionary	11.9	1.43%	5.8%
Consumer Staples	9.8	2.34%	13.6%
Energy	8.3	7.18%	-10.5%
Financials	16.6	2.91%	13.2%
Health Care	14.6	3.06%	27.2%
Industrials	10.4	3.57%	7.5%
Information Technology	19.8	3.21%	19.3%
Materials	3.2	4.74%	5.0%
Telecom Services	2.3	3.92%	-1.6%
Utilities	3.2	2.81%	23.4%

Source: Bloomberg



THE ECONOMY AND MARKETS

A Macro View – The “Patient” Fed

In the statement after the FOMC meeting of December 17th, the Federal Reserve Bank (“Fed”) states that “it can be patient to normalize the stance of monetary policy,” a change from the statement of the previous meeting (October 29th) that “it likely will be appropriate to maintain the 0 to 0.25 percent target range for the federal funds rate for a considerable time following the end of its asset purchase program.” During the press conference following the statement, Ms. Yellen further clarified that patient means that the Fed is unlikely to start raising the federal funds rate for “at least the next couple of meetings.”

The swap of “considerable time” for “patient” is overall a neutral statement, neither more hawkish nor more dovish. On one hand, by removing “considerable time,” it officially acknowledges that it may raise the federal funds rate in 2015 if warranted by data. The combination of “patient” and “at least the next couple of meetings” essentially eliminates the early 2015 rate hike scenario. Rate hikes following the January and March 2015 meetings are all but impossible, and April and June hikes are also extremely unlikely. As arguably the most sophisticated central bank in the world, any rate hike during the first half of 2015 will be considered a rush job or a panic move that will surely endanger its credibility and disrupt global financial markets and the world economy. The statement essentially narrows the window of the first rate hike to 2H/2015 from a wide range of early 2015 to 2016. Following the statement, Treasury yields mostly little changed with the two-year yield, the closest proxy for the federal funds rate, rising to 0.619% from 0.554% on the previous day close.

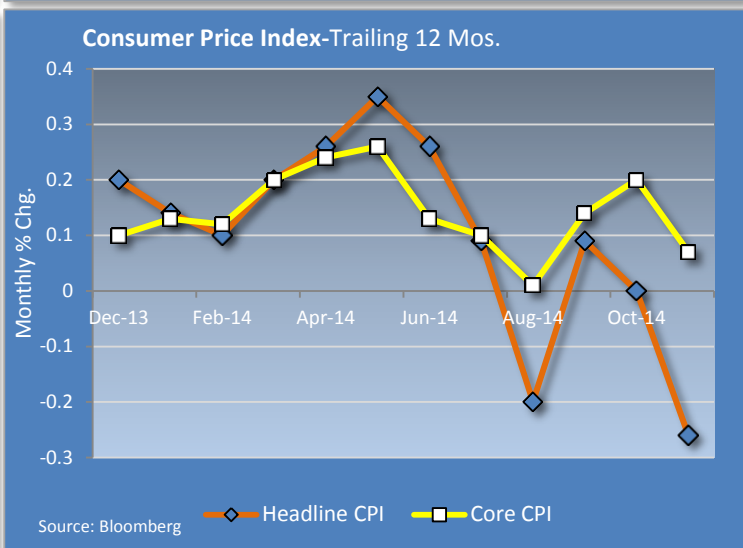
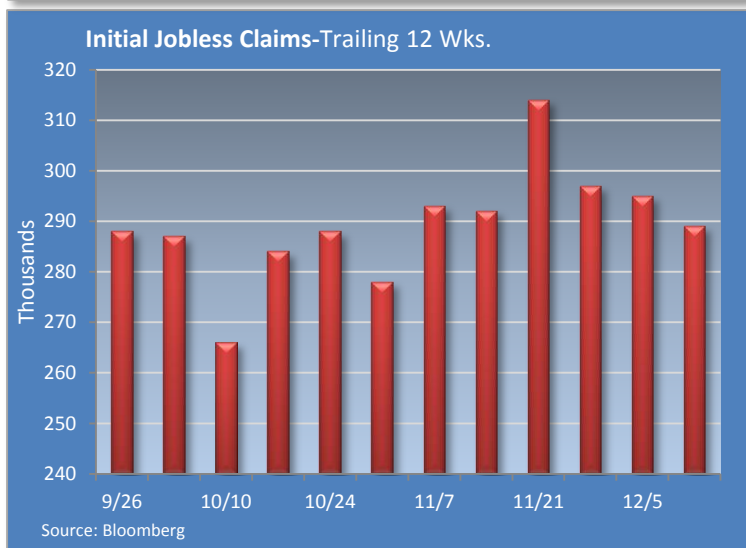
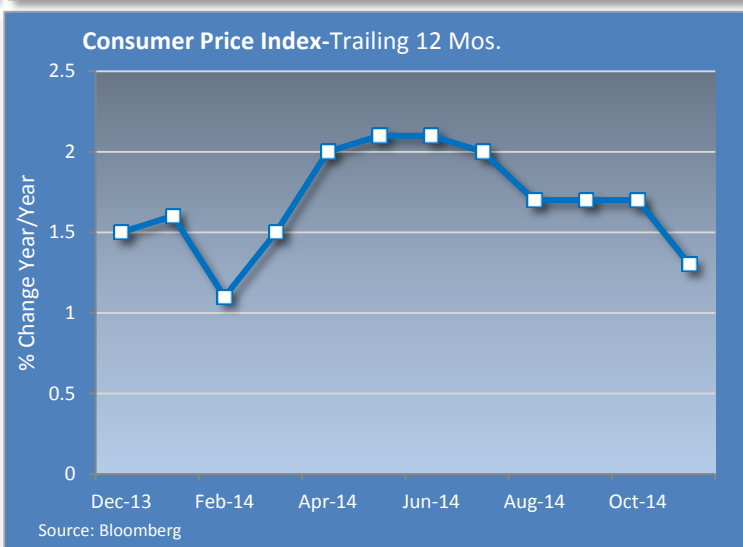
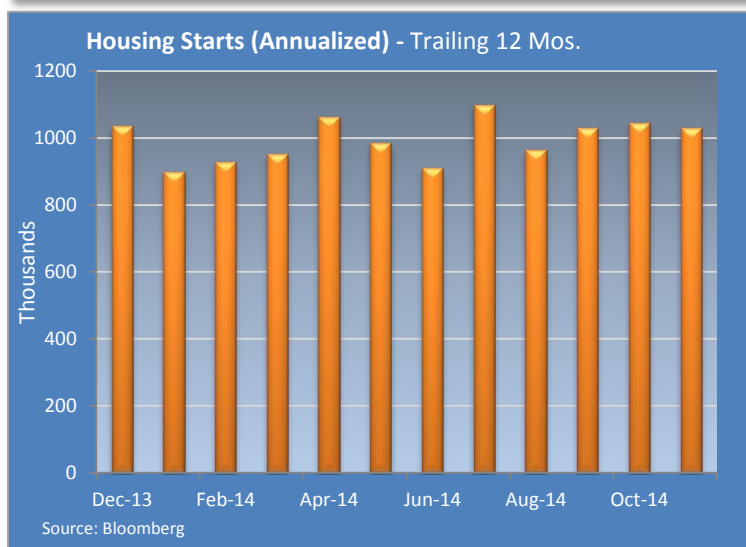
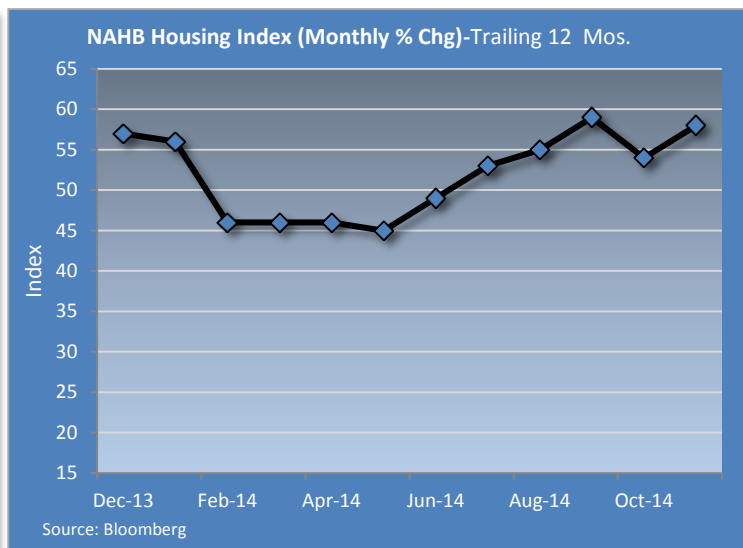
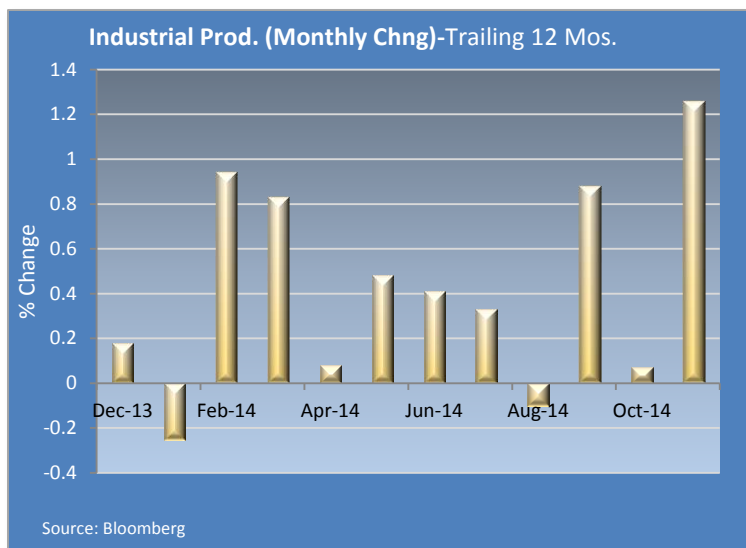
This is not the first time for the Fed to transition from “considerable time” to “patient.” In the 12/9/2003 FOMC meeting statement, near the end of that easing cycle, it stated that “the Committee believes that policy accommodation can be maintained for a considerable period.” The next meeting though (1/28/2004), the statement became “the Committee believes that it can be patient in removing its policy accommodation.” And on 6/30/2004, two meetings later, the federal funds rate was raised by 25 basis points (bps) to 1.25% from 1.00%.

In contrast to lowering rates, the Fed is indeed patient in raising rates. Excluding the Volcker period, when Paul Volcker had to raise rates aggressively to battle runaway inflation during the 1970s and 1980s, it raises the fund funds rate almost always at the slowest, 25 bps pace. For the aforementioned last tightening cycle, it raised the fed funds rate 16 more times, each at 25 bps, after the first hike. It took two years, 17 consecutive 25 bps raises for the fed funds rate to rise from 1.00% to 5.25%. The last 25+ bps raise took place on 5/16/2000, when the Fed raised the rate by 50 bps from 6.00% to 6.50%, but this was very much a “one and done” move as it was the last raise of that tightening cycle.

The Fed, however, is far more aggressive and impatient when lowering rates. It took the Fed just a little over a year to cut the fed fund rate from 5.25% to 0 – 0.25%. Starting with a 50 bps cut on 9/18/2007, it followed through with multiple 50 bps and 75 bps cuts before it cut the rate from 1.00% all the way down to 0 – 0.25% on 12/16/2008.

Frank Wei, CFA
Senior Investment Analyst

THIS WEEK IN THE ECONOMY AND MARKETS



EUROZONE

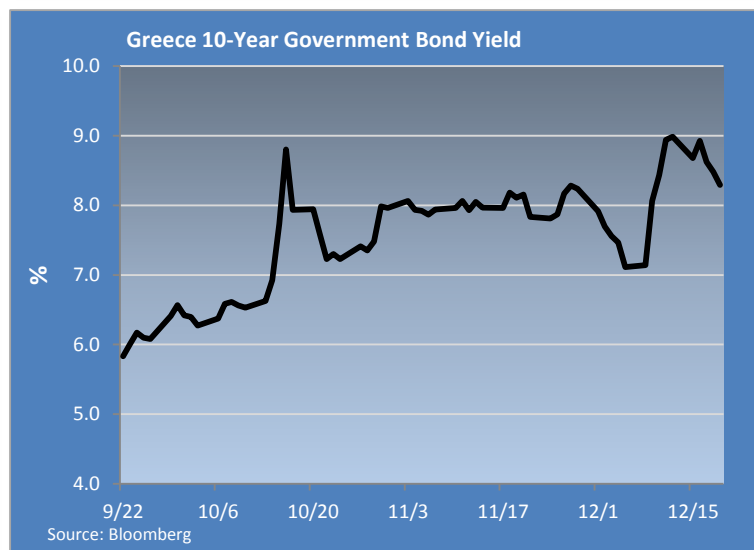
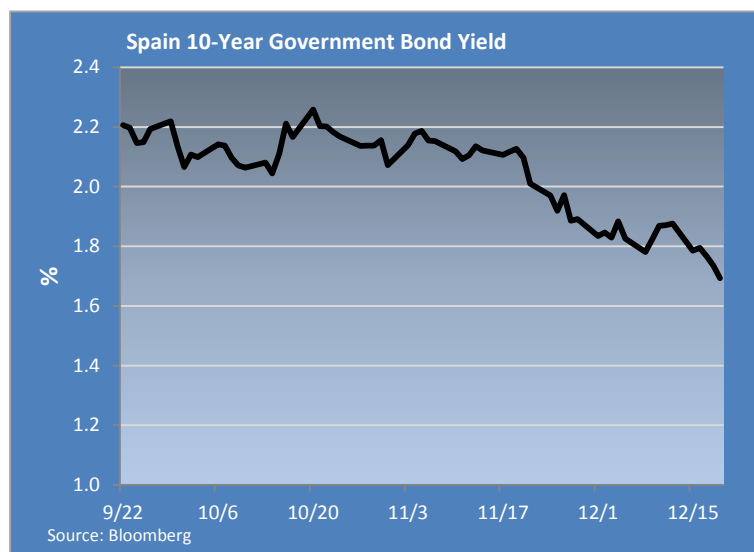
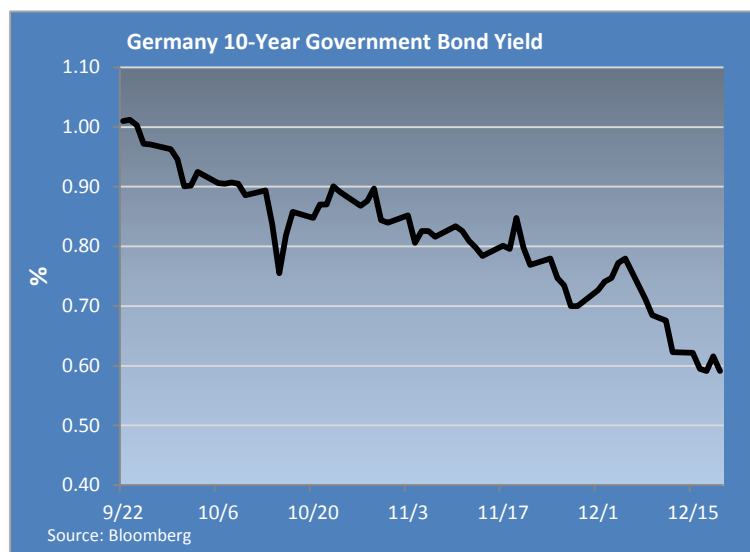
SELECTED EUROPEAN SOVEREIGN YIELD PERFORMANCE

	Last	Change	% Chg.	YTD %
Germany 10-Yr. Govt.	0.59	3 bps	NM	NM
Greece 10-Yr. Govt.	8.29	35 bps	NM	NM
Italy 10-Yr. Govt.	1.95	10 bps	NM	NM
Spain 10-Yr. Govt.	1.69	17 bps	NM	NM
Belgium 10-Yr. Govt.	0.89	-2 bps	NM	NM

Source: Bloomberg

Basis points (bps)

	Last	Change	% Chg.	YTD %
France 10-Yr. Govt.	0.88	1 bps	NM	NM
Ireland 10-Yr. Govt.	1.28	-1 bps	NM	NM
Portugal 10-Yr. Govt.	2.71	21 bps	NM	NM
Netherlands 10-Yr. Govt.	0.74	2 bps	NM	NM
U.K. 10-Yr. Govt.	1.85	-5 bps	NM	NM



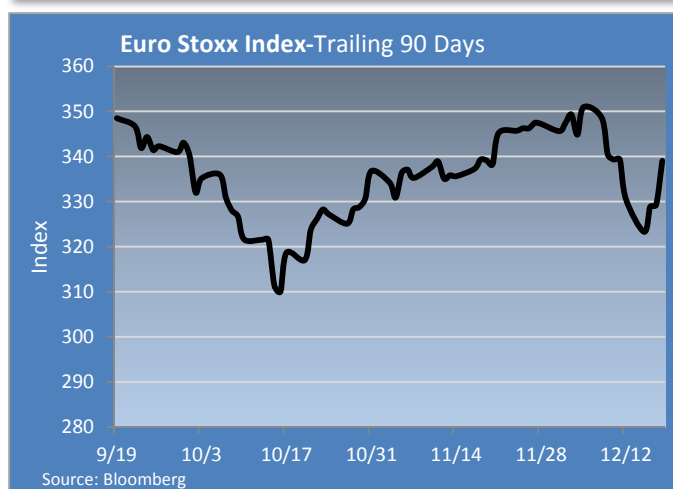
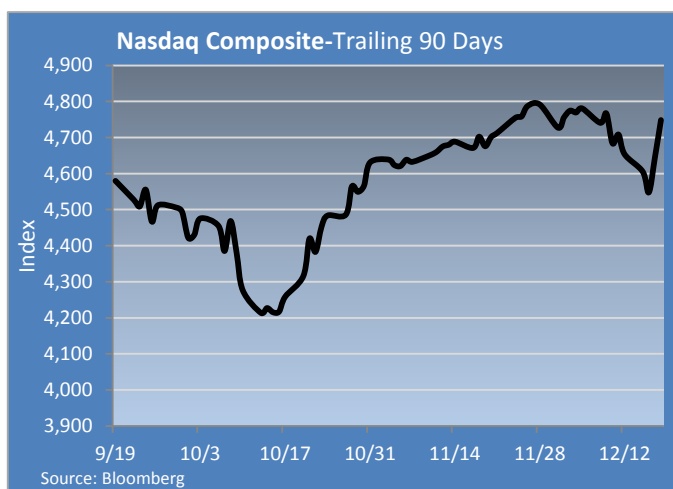
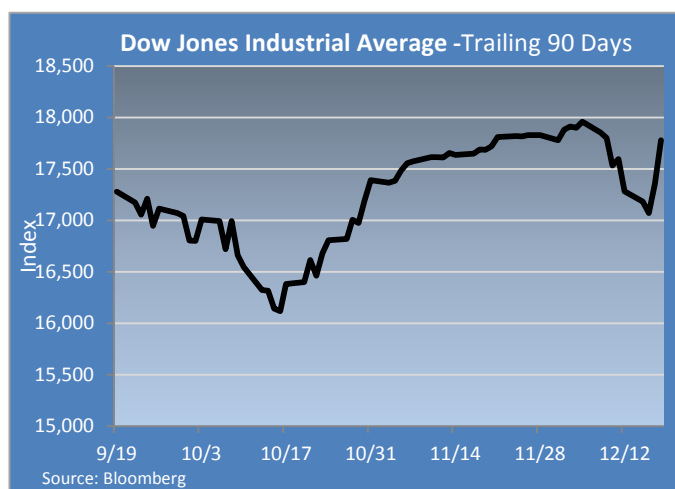
EQUITIES

WORLD MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
S&P 500	2,070.72	64.40	3.22%	11.81%
Dow Industrials	17,804.80	514.45	2.98%	7.35%
Nasdaq Composite	4,765.38	109.45	2.35%	14.04%
Russell Global	1,730.17	37.83	2.24%	2.1%
Russell Global EM	2,921.96	-13.26	-0.45%	-5.9%
S&P/TSX (Canada)	14,511.42	698.96	5.09%	5.94%
Mexico IPC	42,529.60	946.23	2.27%	-0.16%
Brazil Bovespa	49,650.98	1114.84	2.32%	-4.64%
Euro Stoxx 600	340.30	10.71	3.24%	3.96%
FTSE 100	6,545.27	259.69	4.12%	-2.80%
IBEX 35 (Spain)	10,363.60	242.90	2.39%	4.75%

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

	Last	Change	% Chg.	YTD %
Swiss Market Index	8,976.24	103.44	1.16%	9.70%
CAC 40 Index (France)	4,241.65	147.63	3.59%	-0.92%
DAX Index (Germany)	9,786.96	215.22	2.24%	2.70%
Irish Overall Index	5,168.80	104.66	2.06%	14.09%
Nikkei 225	17,621.40	249.82	1.44%	8.16%
Hang Seng Index	23,116.63	-132.57	-0.57%	-0.81%
Shanghai Composite	3,108.60	170.42	5.80%	46.91%
Kospi Index (S. Korea)	1,929.98	8.27	0.43%	-4.05%
Taiwan Taiex Index	8,999.52	-27.81	-0.31%	4.51%
Tel Aviv 25 Index	1,481.88	-5.93	-0.40%	11.47%
MICEX Index (Russia)	1,449.13	-10.55	-0.72%	-3.65%



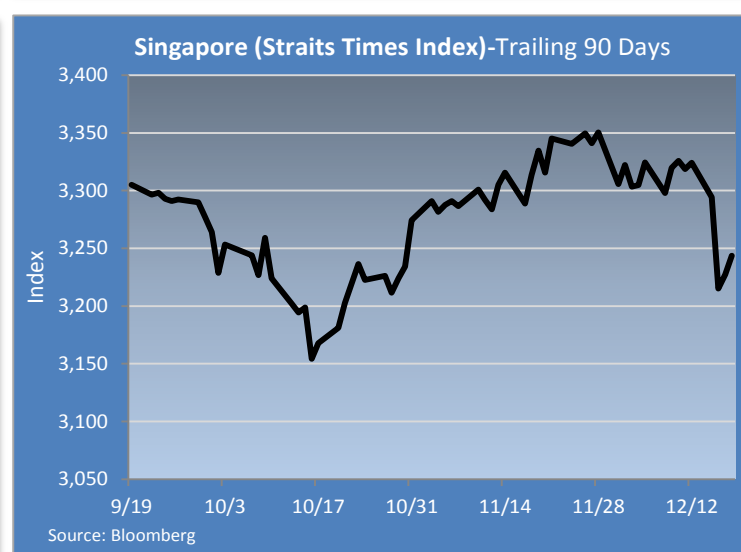
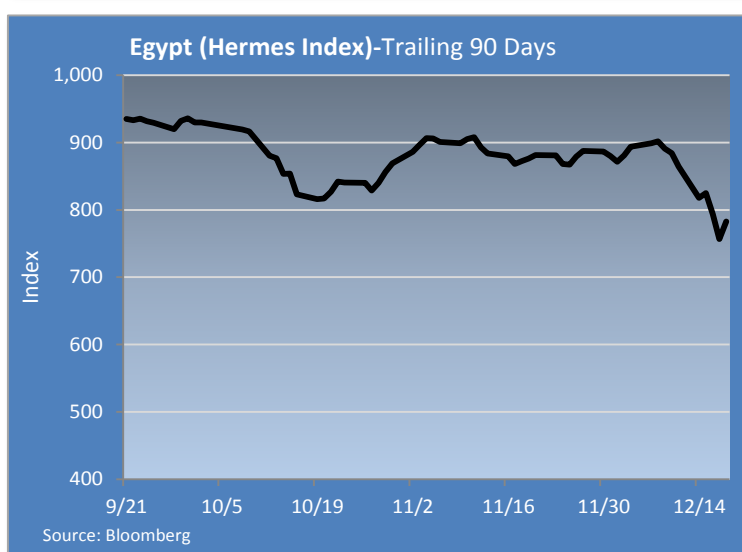
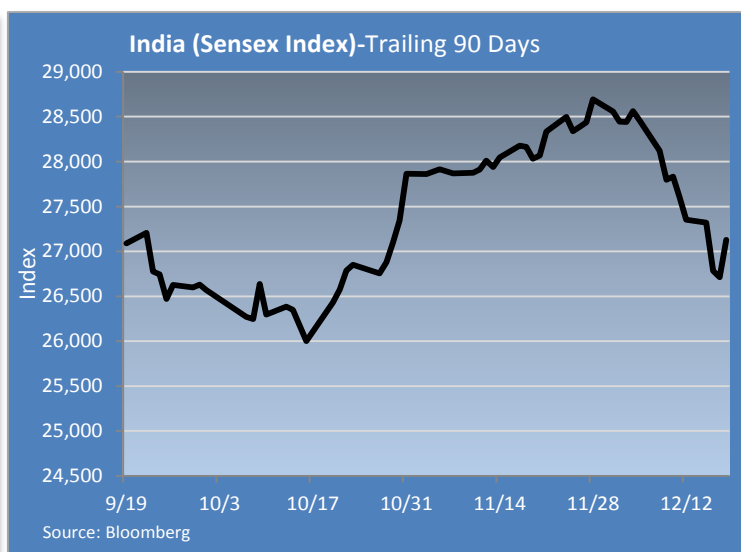
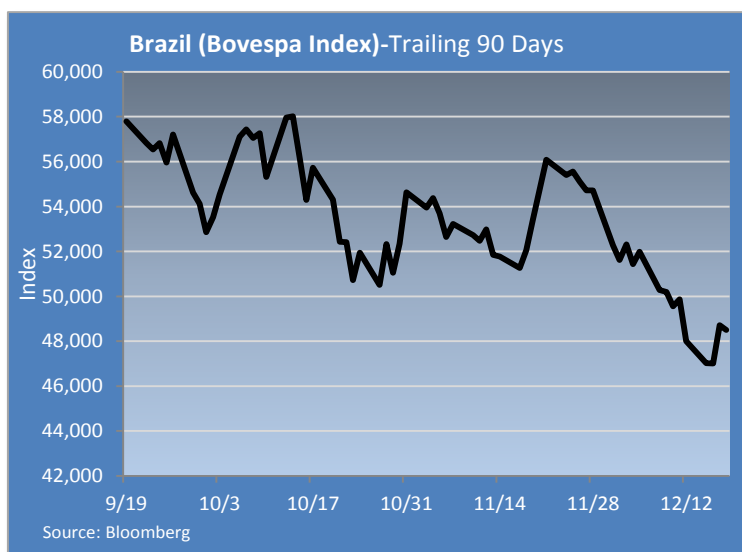
EQUITIES – EMERGING AND FRONTIER MARKETS

EMERGING AND FRONTIER MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
Mexico IPC	42,532.76	946.23	2.3%	-0.2%
Brazil (Bovespa Index)	49,650.98	1114.84	2.3%	-4.6%
MICEX Index (Russia)	1,449.13	-10.55	-0.7%	-3.7%
Czech Republic (Prague)	944.56	-26.41	-2.7%	-4.5%
Turkey (Istanbul)	83,573.55	347.16	0.4%	23.3%
Egypt (Hermes Index)	782.68	-81.74	-9.5%	15.9%
Kenya (Nairobi 20 Index)	4,910.10	-214.70	-4.2%	-0.3%
Saudi Arabia (TASI Index)	8,320.55	-73.37	-0.9%	-2.5%
Lebanon (Beirut BLOM Index)	1,160.67	-21.02	-1.8%	0.9%
Palestine	486.83	-1.53	-0.3%	-10.1%

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

	Last	Change	% Chg.	YTD %
Hang Seng Index	23,116.63	-132.57	-0.6%	-0.8%
India (Sensex 30)	27,371.84	21.16	0.1%	29.3%
Malaysia (KLCI Index)	1,715.99	-17.00	-1.0%	-8.1%
Singapore (Straits Times Index)	3,279.53	-44.60	-1.3%	3.5%
Thailand (SET Index)	1,514.35	-0.60	0.0%	16.6%
Indonesia (Jakarta)	5,144.62	-15.81	-0.3%	20.4%
Pakistan (Karachi KSE 100)	31,011.15	-578.67	-1.8%	22.8%
Vietnam (Ho Chi Minh)	523.09	-30.84	-5.6%	3.7%
Sri Lanka (Colombo)	7,252.60	16.23	0.2%	22.7%
Cambodia (Laos)	1,389.91	-9.42	-0.7%	10.9%

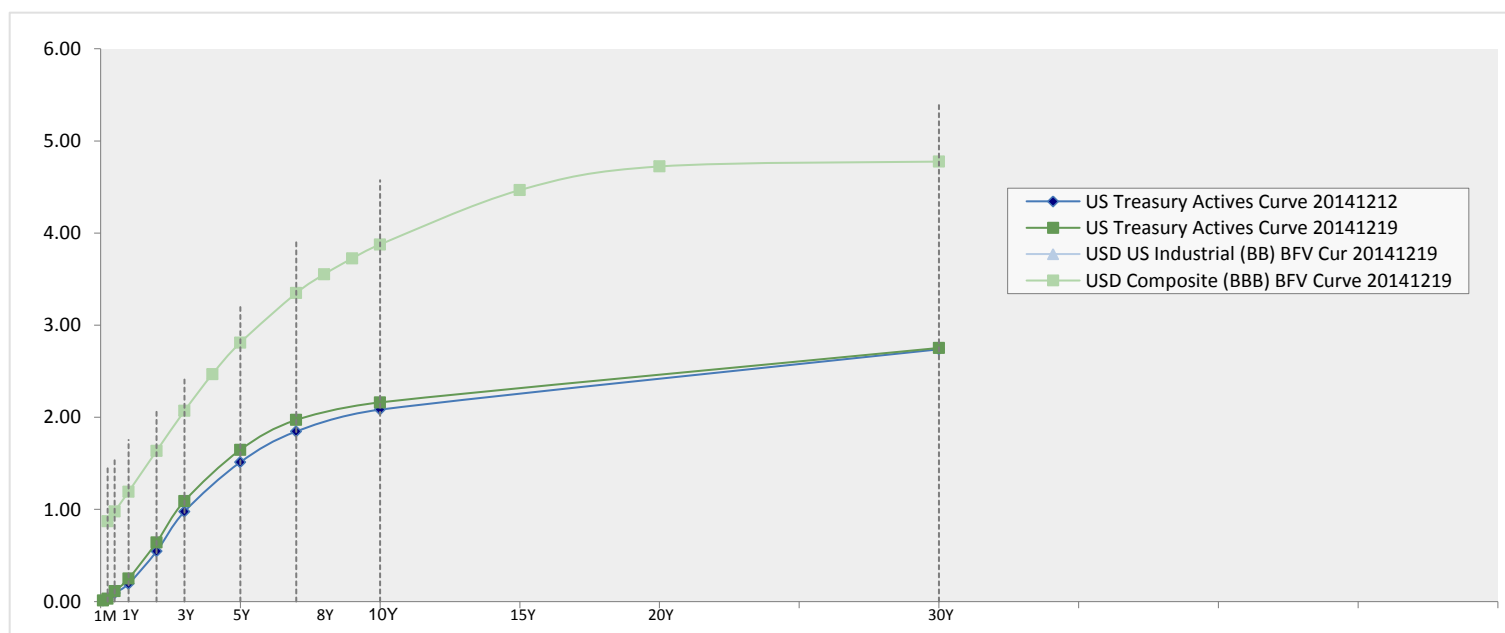


INTEREST RATES

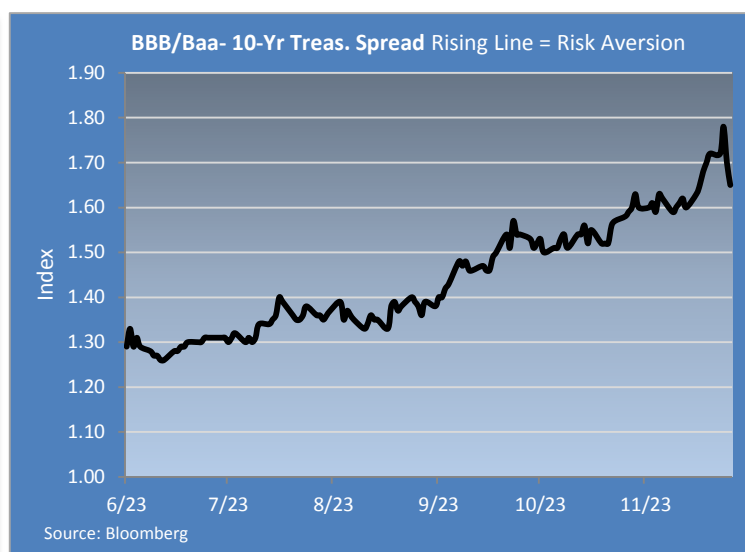
SELECTED INTEREST RATES

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
2-Yr. U.S. Treasury	0.63%	-2 bps	NM	NM	Prime Rate	3.25%	0.00	NM	NM
5-Yr. U.S. Treasury	1.65%	11 bps	NM	NM	Fed Funds Rate	0.25%	0.00	NM	NM
10-Yr. U.S. Treasury	2.18%	7 bps	NM	NM	Discount Rate	0.75%	0.00	NM	NM
30-Yr. U.S. Treasury	2.77%	3 bps	NM	NM	LIBOR (3 Mo.)	0.25%	0 bps	NM	NM
German 10-Yr. Govt.	0.59%	3 bps	NM	NM	Bond Buyer 40 Muni	3.76%	6 bps	NM	NM
France 10-Yr.	0.88%	1 bps	NM	NM	Bond Buyer 40 G.O.	3.65%	NA	NM	NM
Italy 10-Yr.	1.95%	10 bps	NM	NM	Bond Buyer 40 Rev.	4.43%	NA	NM	NM
Fed 5-Yr Fwd BE Inf.	1.97%	1 bps	NM	NM					

Source: Bloomberg



Source: Bloomberg



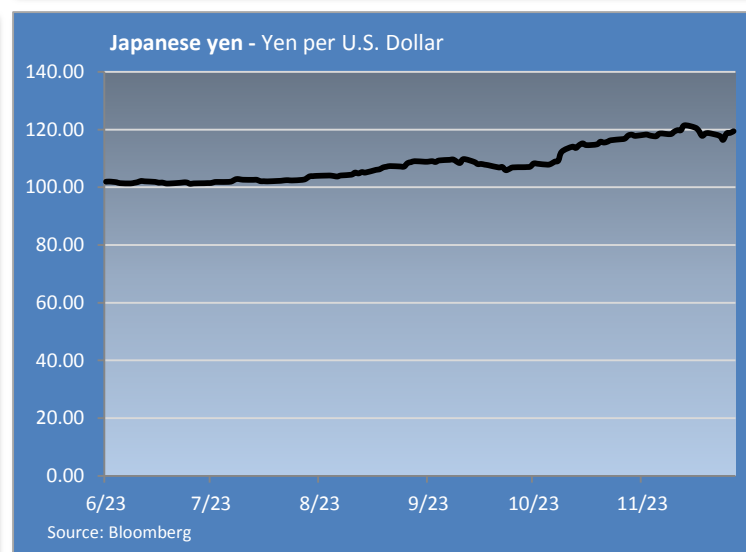
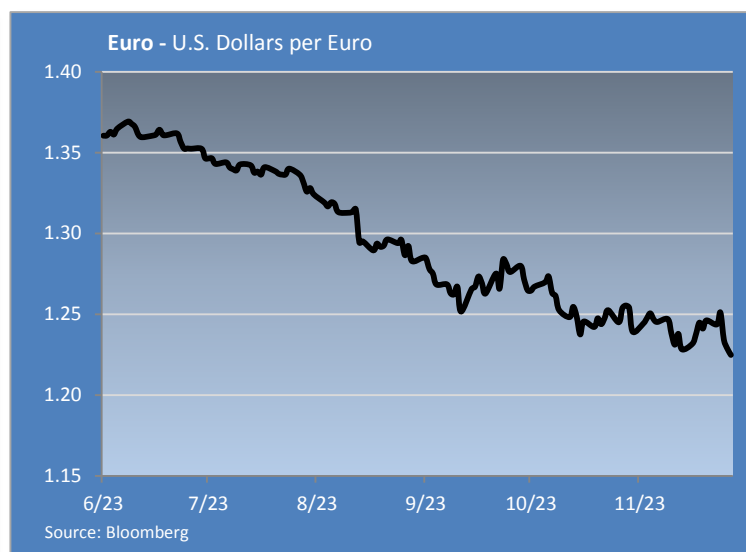
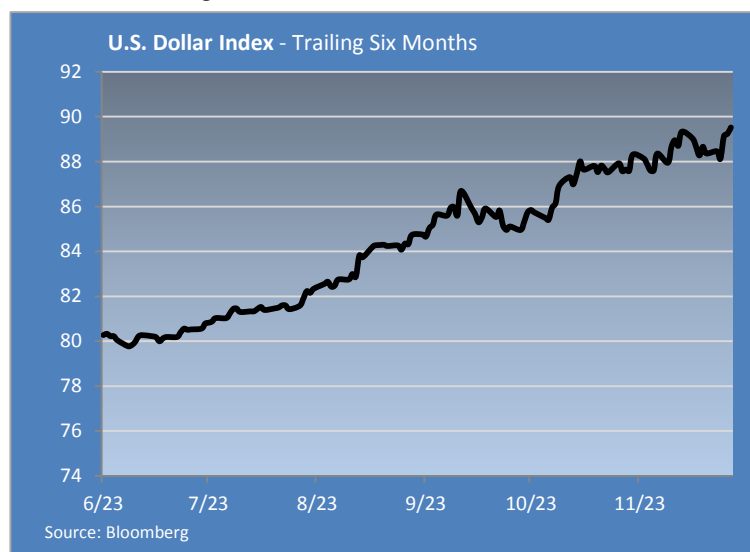
CURRENCIES

SELECTED CURRENCY PERFORMANCE

	Last	Change	% Chg.	YTD %
Dollar Index	89.60	1.159	1.31%	11.85%
Euro	1.22	-0.021	-1.72%	-10.88%
Japanese Yen	119.53	0.680	-0.57%	-11.82%
British Pound	1.56	-0.009	-0.55%	-5.60%
Canadian Dollar	1.16	0.003	-0.28%	-8.53%

	Last	Change	% Chg.	YTD %
Chinese Yuan	6.22	0.033	-0.53%	-2.68%
Swiss Franc	0.98	0.018	-1.86%	-9.08%
New Zealand Dollar	0.77	-0.003	-0.32%	-5.62%
Brazilian Real	2.66	0.004	-0.15%	-11.13%
Mexican Peso	14.61	-0.107	0.73%	-11.04%

Source: Bloomberg



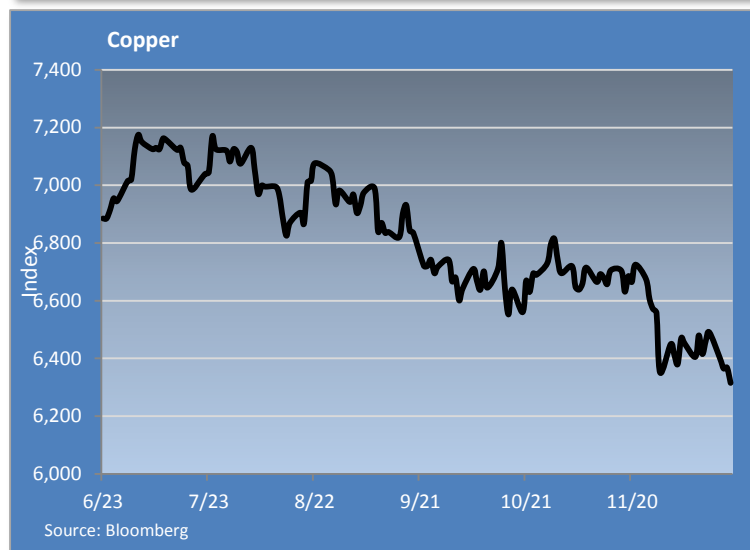
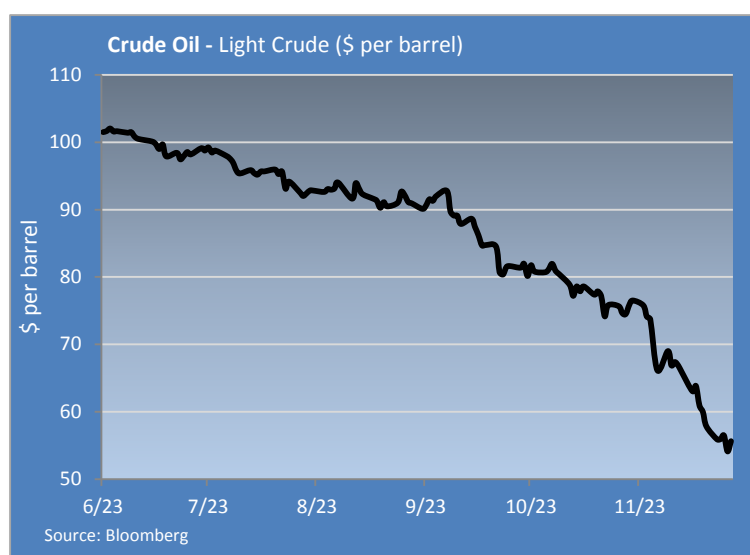
COMMODITIES

SELECTED COMMODITY MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
DJ UBS Comm. Idx.	108.66	-2.21	-2.00%	-13.67%
Rogers Int. Comm. Idx.	2840.30	-77.66	-2.66%	-20.13%
Crude Oil	\$56.52	-\$2.18	-3.77%	-39.49%
Natural Gas	\$3.46	-\$0.31	-8.14%	-20.74%
Gasoline (\$/Gal.)	\$2.45	-\$0.12	-4.77%	-26.15%
Heating Oil	198.08	-5.71	-2.83%	-34.22%
Gold Spot	\$1,194.12	-\$25.18	-2.06%	-0.35%
Silver Spot	\$16.05	-\$1.00	-5.89%	-17.67%

	Last	Change	% Chg.	YTD %
Platinum Spot	\$1,198.94	-\$31.50	-2.56%	-12.60%
Corn	410.50	1.00	0.25%	-11.39%
Wheat	632.25	35.75	5.89%	-1.00%
Soybeans	1,038.50	-18.00	-1.71%	-9.50%
Sugar	14.98	0.07	0.47%	-15.21%
Orange Juice	142.10	-6.60	-4.42%	-3.09%
Aluminum	1,911.00	-24.00	-1.24%	6.15%
Copper	6,315.00	-175.00	-2.70%	-14.20%

Source: Bloomberg; % change is based on price.



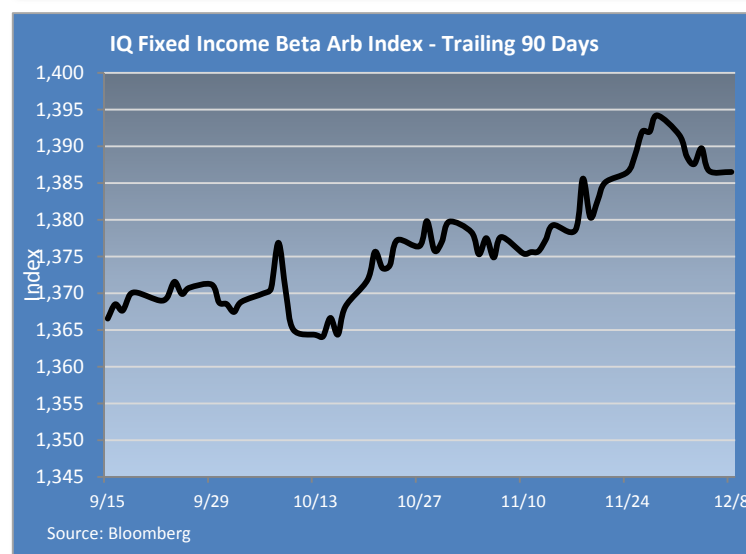
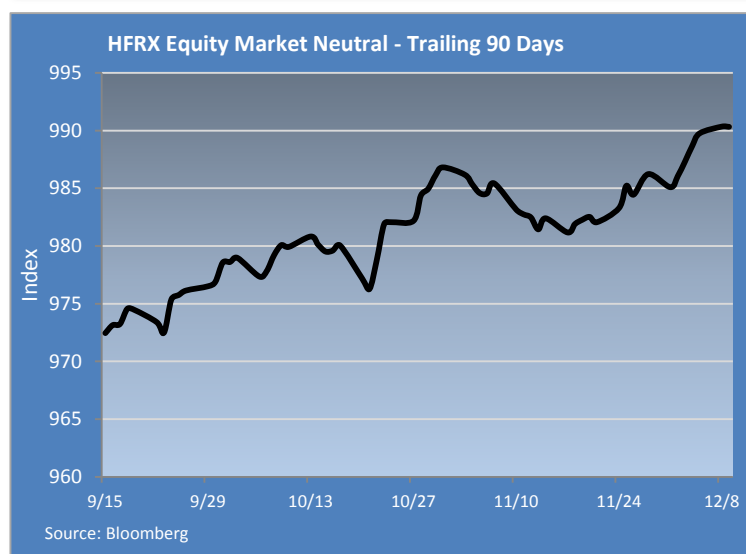
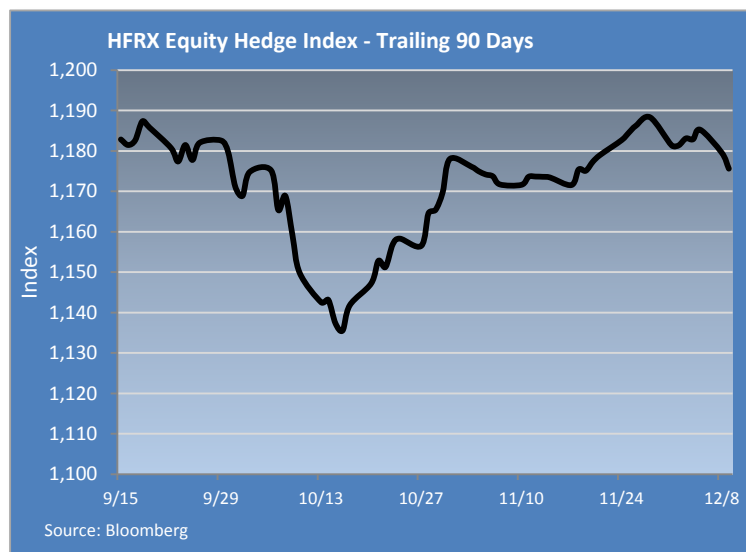
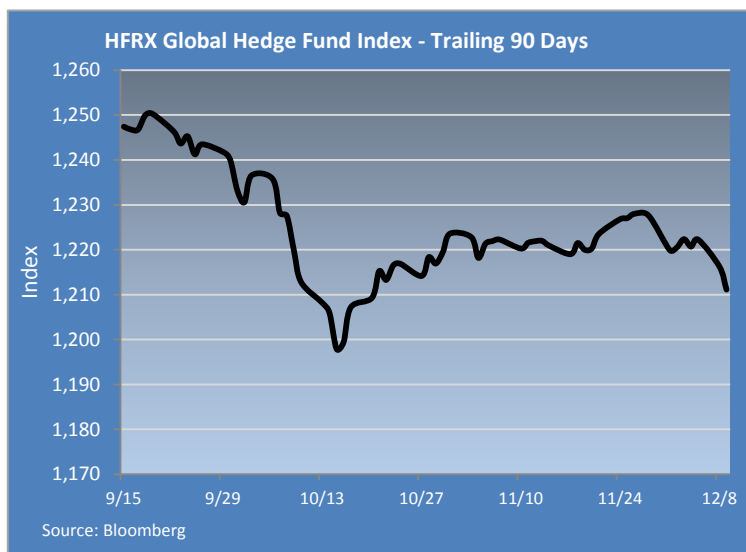
ALTERNATIVE INVESTMENTS

SELECTED ALTERNATIVE INVESTMENT INDEX PERFORMANCE

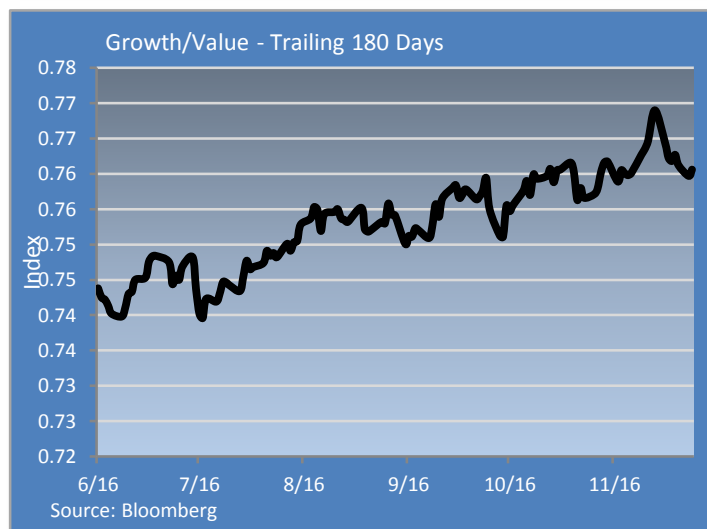
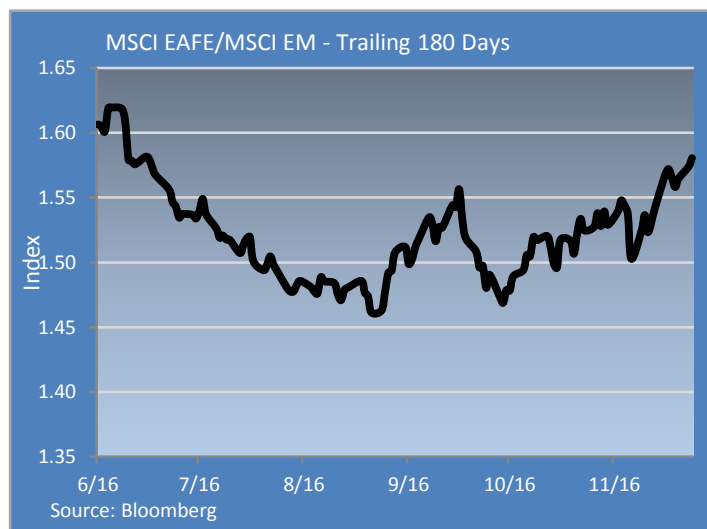
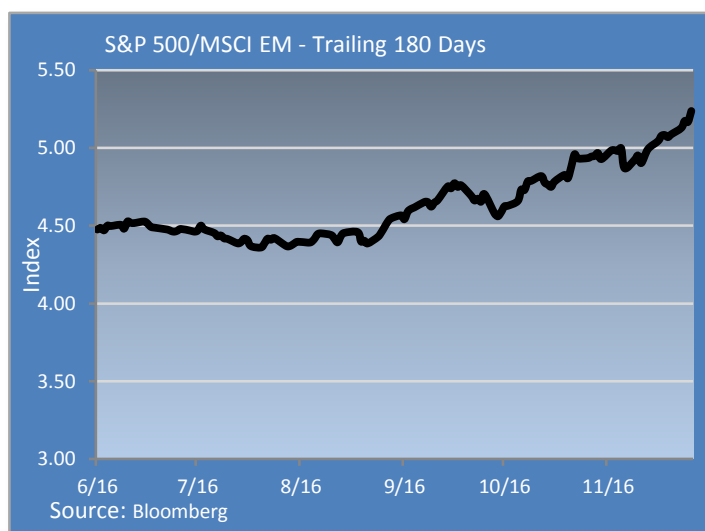
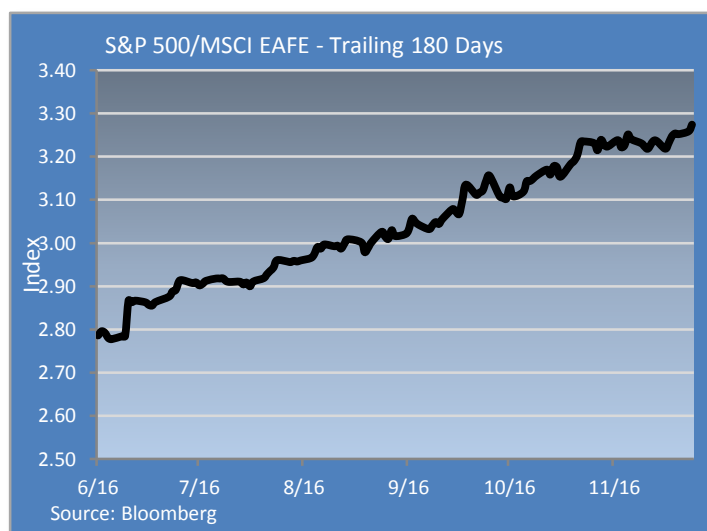
	Last	Change	% Chg.	YTD %
HFRX Global Hedge Fund Index	1206.38	-15.50	-1.27%	-1.53%
HFRX Equity Market Neutral	989.63	-0.52	-0.05%	3.93%
HFRX Equity Hedge Index	1174.14	-12.88	-1.09%	0.60%
HFRX Event-Driven Index	1490.39	-24.15	-1.60%	-5.64%
HFRX Absolute Return Index	992.55	-8.03	-0.80%	0.53%

	Last	Change	% Chg.	YTD %
HFRX Distressed Index	1000.41	-8.82	-0.87%	-0.27%
HFRX Merger Arbitrage Index	1591.04	-8.03	-0.50%	1.35%
HFRX Convertible Arbitrage Index	702.28	-3.69	-0.52%	-9.26%
HFRX Macro CTA Index	1176.58	-13.33	-1.12%	3.87%
IQ Fixed Income Beta Arb Index	1391.79	2.37	0.17%	6.96%

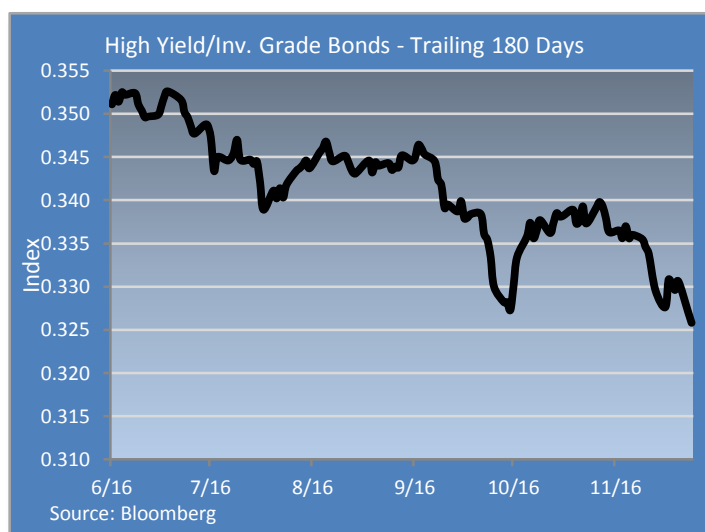
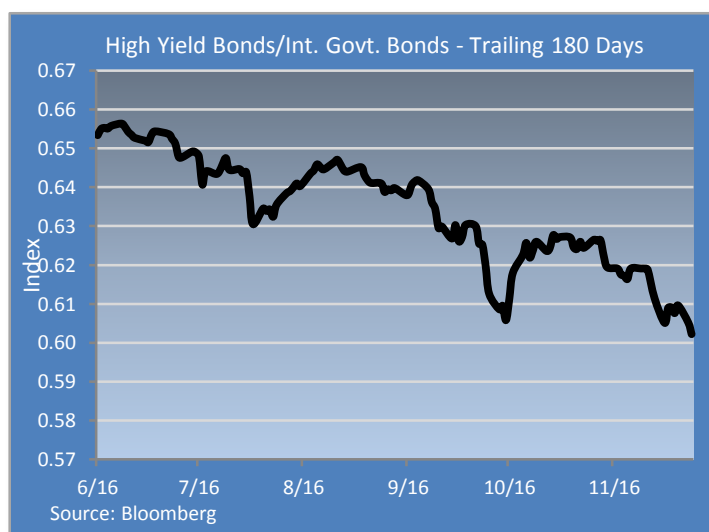
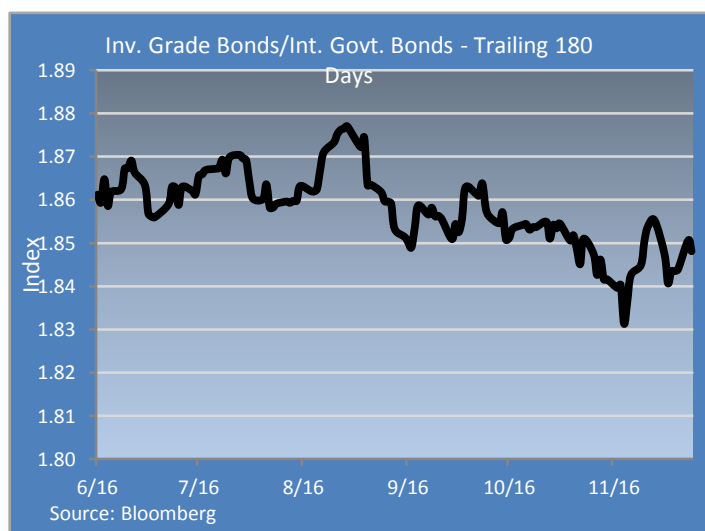
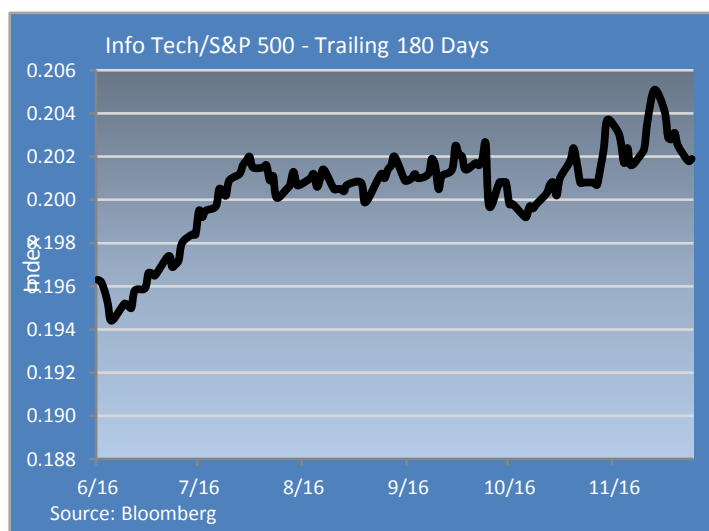
Source: Bloomberg; Index % change is based on price.



PORTFOLIO CONSTRUCTION



PORTFOLIO CONSTRUCTION (cont'd.)



WEEKLY ASSET CLASS PERFORMANCE (Prior 12 weeks ending Thursday)

			9/19	9/26	10/3	10/10	10/17	10/24	10/31	11/7	11/14	11/21	11/28	12/5
Equity	Domestic Equity	Large Cap (R200)	1.42%	-1.29%	-0.71%	-3.07%	-1.25%	4.03%	2.68%	0.62%	0.48%	1.09%	0.19%	0.43%
		Small Cap (R2000)	-1.18%	-2.41%	-1.30%	-4.65%	2.75%	3.37%	4.89%	-0.02%	0.04%	-0.12%	0.07%	0.78%
	Int'l. Equity	MSCI EAFE	0.02%	-2.37%	-3.43%	-2.42%	-0.66%	2.37%	2.23%	-1.08%	0.81%	0.99%	0.47%	-0.41%
		MSCI Em. Mkts.	-0.72%	-2.85%	-2.60%	-0.74%	-1.32%	0.78%	3.22%	-2.80%	0.32%	1.37%	0.04%	-1.90%
Fixed Income	BarCap Agg. (AGG)		0.05%	0.35%	0.22%	0.63%	0.48%	-0.23%	-0.17%	-0.15%	-0.05%	0.04%	0.65%	-0.90%
	High Yield (JNK)		0.32%	-1.60%	0.37%	-1.89%	1.32%	1.10%	-0.20%	-0.45%	-0.80%	0.03%	-0.73%	-1.14%
Commodities	DJ UBS Index		-1.50%	-0.25%	-0.98%	0.16%	-0.64%	-0.74%	0.99%	-0.05%	-0.68%	1.06%	-4.38%	-0.66%
Alternatives	Hedge Funds (HFRX Global)		0.11%	-0.55%	-0.56%	-1.92%	-0.46%	0.81%	0.55%	-0.11%	-0.11%	0.21%	0.34%	-0.44%
Asset Allocation	60/40*		0.31%	-1.08%	-0.89%	-1.66%	-0.03%	1.92%	1.72%	-0.19%	0.23%	0.55%	0.32%	-0.32%
	48/32/20 (w/Alts.)**		0.27%	-0.97%	-0.83%	-1.71%	-0.12%	1.69%	1.48%	-0.18%	0.16%	0.48%	0.33%	-0.34%

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

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

RELATIVE STRENGTH MATRIX (BASED ON 30-DAY RSI)

	Large Cap Core	Large Cap Growth	Large Cap Value	Mid Cap Core	Mid Cap Growth	Mid Cap Value	Small Cap Core	Small Cap Growth	Small Cap Value	Int'l. Developed	Emerging Markets	REITs	Comm.	Int. Bond	High Yield
Large Cap Core	1.00	0.99	1.01	1.01	1.01	1.02	1.02	1.00	1.06	1.28	1.57	0.82	1.48	0.98	1.98
Large Cap Growth	1.01	1.00	1.02	1.02	1.02	1.03	1.03	1.01	1.06	1.29	1.59	0.83	1.49	0.99	2.00
Large Cap Value	0.99	0.98	1.00	1.00	1.00	1.01	1.01	0.99	1.04	1.26	1.55	0.81	1.46	0.97	1.96
Mid Cap Core	0.99	0.98	1.00	1.00	1.00	1.01	1.01	0.98	1.04	1.26	1.55	0.81	1.46	0.96	1.96
Mid Cap Growth	0.99	0.98	1.00	1.00	1.00	1.01	1.01	0.99	1.04	1.26	1.55	0.81	1.46	0.97	1.96
Mid Cap Value	0.98	0.97	0.99	0.99	0.99	1.00	1.00	0.98	1.03	1.25	1.54	0.81	1.45	0.96	1.95
Small Cap Core	0.98	0.97	0.99	0.99	0.99	1.00	1.00	0.98	1.03	1.25	1.54	0.80	1.44	0.96	1.94
Small Cap Growth	1.00	0.99	1.01	1.02	1.01	1.02	1.02	1.00	1.06	1.28	1.57	0.82	1.48	0.98	1.98
Small Cap Value	0.95	0.94	0.96	0.96	0.96	0.97	0.97	0.95	1.00	1.21	1.49	0.78	1.40	0.93	1.88
Int'l. Developed	0.78	0.77	0.79	0.79	0.79	0.80	0.80	0.78	0.82	1.00	1.23	0.64	1.15	0.76	1.55
Emerging Markets	0.64	0.63	0.64	0.65	0.64	0.65	0.65	0.64	0.67	0.81	1.00	0.52	0.94	0.62	1.26
REITs	1.21	1.20	1.23	1.23	1.23	1.24	1.24	1.21	1.28	1.55	1.91	1.00	1.79	1.19	2.41
Commodities	0.68	0.67	0.69	0.69	0.69	0.69	0.69	0.68	0.71	0.87	1.06	0.56	1.00	0.66	1.34
Int. Bond	1.02	1.01	1.03	1.04	1.03	1.04	1.05	1.02	1.08	1.31	1.61	0.84	1.51	1.00	2.03
High Yield	0.50	0.50	0.51	0.51	0.51	0.51	0.52	0.50	0.53	0.64	0.79	0.41	0.74	0.49	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

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 is a stock market index of the common stocks and similar securities listed on the NASDAQ stock market. The MSCI EAFE Index represents 21 developed markets outside of North America. 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 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 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 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 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 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 Citigroup World Government Bond Index is a market capitalization weighted bond index consisting of the government bond markets of Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, Japan, Malaysia, Mexico, the Netherlands, Norway, Poland, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States. The DJ-UBS Commodity Index Total ReturnSM 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 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). The ISM Non-Manufacturing Index 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 ISM Manufacturing Index is an index based on surveys of more than 300 manufacturing firms by the Institute of Supply Management. The ISM Manufacturing Index monitors employment, production inventories, new orders and supplier deliveries. A composite diffusion index is created that monitors conditions in national manufacturing based on the data from these surveys. The Consumer Price Index (CPI) measures the change in the cost of a fixed basket of products and services. 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. 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 World ex-U.S. Index - captures large and mid-cap representation across 22 of 23 Developed Markets DM countries*--excluding the United States. With 1,002 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country. (* DM countries include: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the UK.) 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 Barclays 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 University of Michigan Consumer Sentiment Index (MCSI) is a survey of consumer confidence conducted by the University of Michigan. The Michigan Consumer Sentiment Index (MCSI) uses telephone surveys to gather information on consumer expectations regarding the overall economy. 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. An open-end index fund continuously issues and redeems shares based on investor demand. As an index fund, its investment objective is to duplicate the performance of the index it uses as a benchmark. 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 Barclays 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. Barclays U.S. Aggregate Bond Index is weighted according to market capitalization, which means the securities represented in the index are weighted according to the market size of the bond category. Treasury securities, mortgage-backed securities (MBS) foreign bonds, government agency bonds and corporate bonds are some of the categories included in the index. Barclays U.S. Corporate High-Yield Index is composed of fixed-rate, publicly issued, non-investment grade debt. Barclays U.S. Corporate 5-10 Year Index includes U.S. dollar-denominated, investment-grade, fixed-rate, taxable securities issued by industrial, utility, and financial companies, with maturities between 5 and 10 years.

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