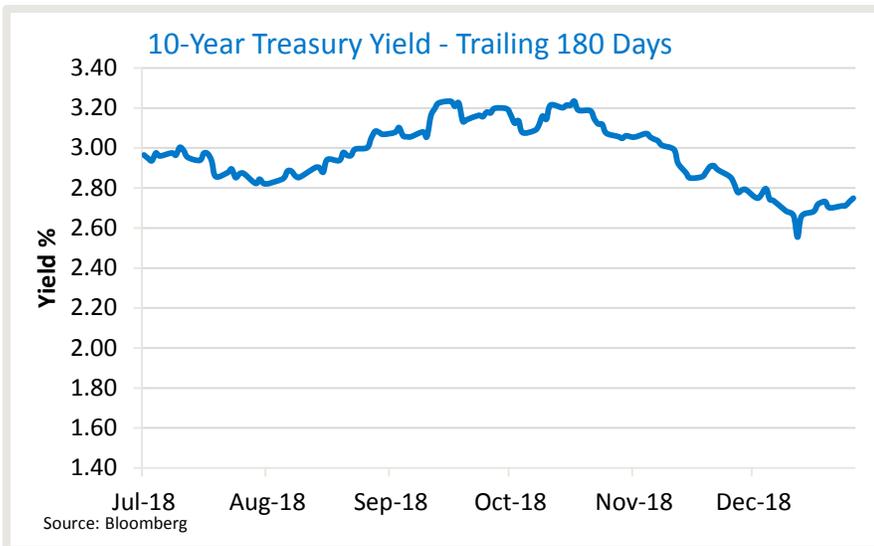


Weekly Market Review

January 22, 2019

Chart of the Week



Weekly Highlights

- **Stocks rose** early Friday morning, following a positive Thursday close, as hope circulated on reports of possible US-China tariff resolutions. Subsequently, the Dow increased 200 points in Friday trading, after China reportedly offered a six-year improvement in imports aimed at reducing the US trade deficit.
- **The Government shutdown** continues into its 28th day, despite the White House's acknowledging greater damage to the US economy than previously thought. It is now estimated that the shutdown is subtracting 0.1% from growth every week.
- **Manufacturing holds strong**, with US factory production rising 1.1% in December, marking the biggest increase in ten months. Industries with particularly strong gains included motor vehicles, coal products, and computers and electronics.

Talking Points

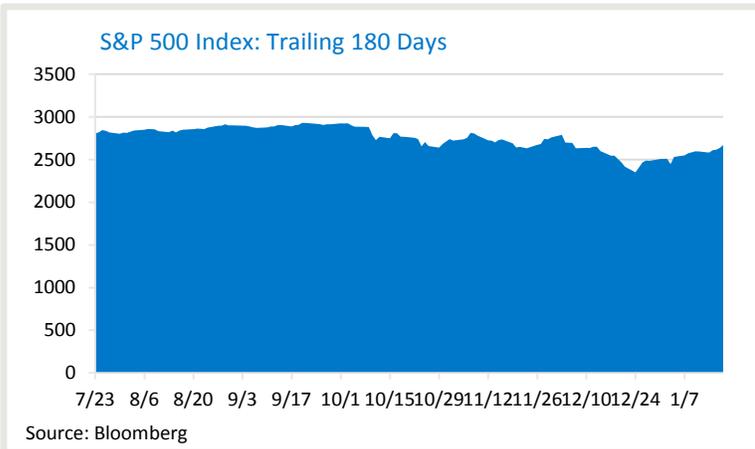
- **Domestic equities traded higher**, helped by an end-of-the-week boost. Large capitalization stocks outperformed smaller capitalization stocks, while growth generally outperformed value. International equities also ended higher, with Emerging Markets outperforming Developed stocks.
- **Treasury yields rallied** after positive news on US/China trade. The yield on the US 10-year Treasury Note reached 2.79%, up from last week's 2.70% close.
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- **Oil prices increased** supported by OPEC cuts in December, which showed their collective output fell by more than 751,000 barrels a day in the month. The West Texas Intermediate is approximately 3% higher than the previous week.
- **Tesla shares dropped as much as 9%** during Friday trading, as CEO Elon Musk called for 7% job cuts, citing price competition as a headwind for future growth.
- **In other economic news**, unemployment came in at 3.9% in December, and wages rose a solid 3.2% last year, all while the Federal Reserve's preferred gauge of inflation, after removing food and energy, rose 1.9% as of November over the prior year.

Market Dashboard

	Last Price	Change	% Chg.	YTD %
S&P 500	2,670.71	74.45	2.87%	6.5%
Dow Industrials	24,706.35	710.40	2.96%	5.9%
Nasdaq	7,157.23	185.75	2.66%	7.9%
Russell 2000	1,482.50	35.12	2.43%	9.9%
Euro Stoxx Index	357.05	7.85	2.25%	5.7%
Shanghai Composite	2,596.01	42.17	1.65%	4.1%
MSCI ACWI	477.63	4.37	0.92%	4.8%

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

	Last Price	Change	% Chg.	YTD %
MSCI EM	1,008.99	7.88	0.79%	4.5%
10-Year US Treas.	2.78	8 bps	NM	NM
Bloomberg Cmnts. Idx.	81.38	1.72	2.16%	6.1%
Gold	\$1,281.25	-\$8.90	-0.69%	-0.1%
Crude Oil	\$53.87	\$2.19	4.25%	18.4%
Dollar Index	96.36	0.69	0.72%	0.2%
VIX Index	17.80	-0.39	-2.14%	-30.0%



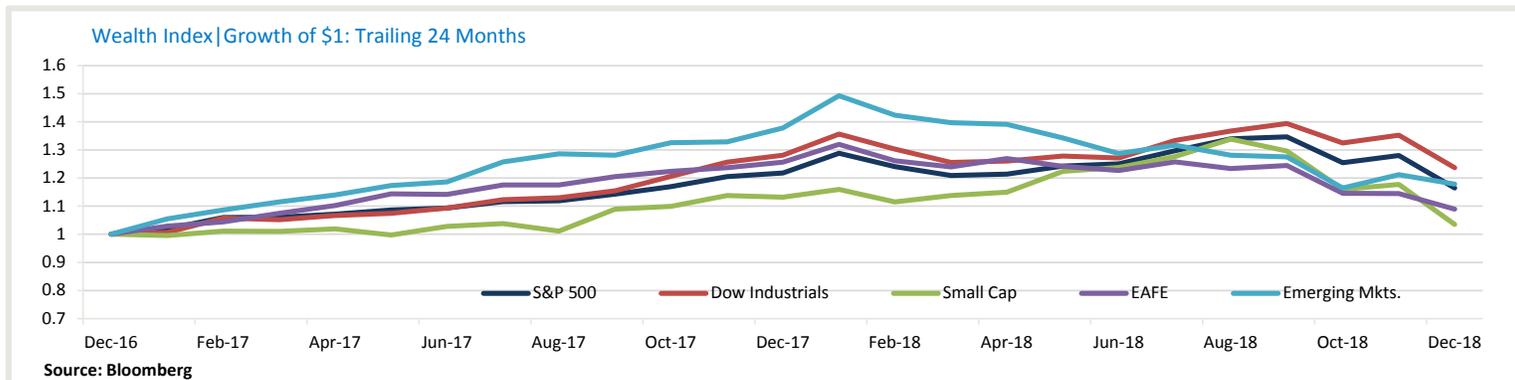
	One Week			YTD		
	Value	Growth		Value	Growth	
L	2.80%	2.81%	2.82%	5.78%	6.15%	6.48%
	2.73%	3.04%	3.48%	8.20%	8.51%	8.96%
S	2.29%	2.43%	2.56%	9.58%	9.93%	10.27%

Source: Bloomberg

Sector Performance:
S&P/Global Industry Classification Sectors (GICS)

	% Wgt in S&P 500	Week % Chg.	YTD % Chg.
Consumer Discretionary	10.1	2.28%	8.4%
Consumer Staples	7.2	1.53%	3.2%
Energy	5.5	2.89%	11.2%
Financials	13.7	6.12%	9.0%
Health Care	15.2	2.51%	4.2%
Industrials	9.4	3.30%	8.9%
Information Technology	19.9	2.78%	5.4%
Materials	2.7	2.31%	5.8%
Real Estate	2.9	2.10%	5.3%
Communication Services	10.2	1.83%	7.9%
Utilities	3.1	-0.18%	0.4%

Source: Bloomberg



The Economy and Markets

A Macro View – The Case for Small Cap Stocks

After a tumultuous end of the year, many investors are revisiting their portfolio allocations and have probably noticed the stark underperformance of domestic small cap stocks versus their large cap counterparts. Small cap stocks, which generally have a market cap between \$300 million and \$2 billion, were down 11.01% at the end of 2018, according to the Russell 2000 Index. Comparatively, the Russell 1000, representing the large cap category, was down 4.78%. Although investors may be tempted to shift towards more established, larger companies, small cap stocks have earned a place in portfolio allocations, especially for the long term.

Investing in small cap stocks provides many benefits and return opportunities, including greater potential upside, as these companies are generally in their infancy years. Smaller companies are more focused and nimble, allowing them to take advantage more readily of market trends and opportunities. This could mean faster growth and expansion, translating to strong stock returns. Small cap stocks receive less coverage by research analysts, which can lead to mispricing relative to their intrinsic value. Additionally, large companies often are looking to expand into new channels or take out competitors, making smaller companies prime acquisition targets. Besides the philosophical reasons to invest in small caps, academic research has closely examined the small cap, or size bias, as a market anomaly.

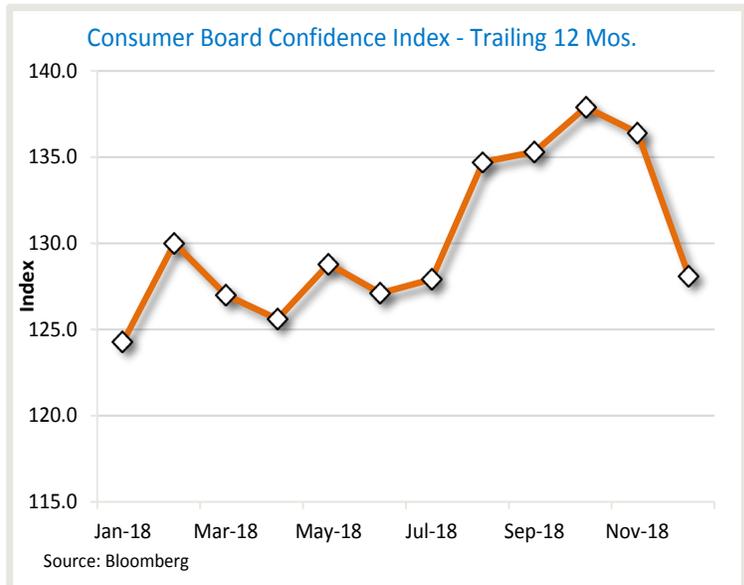
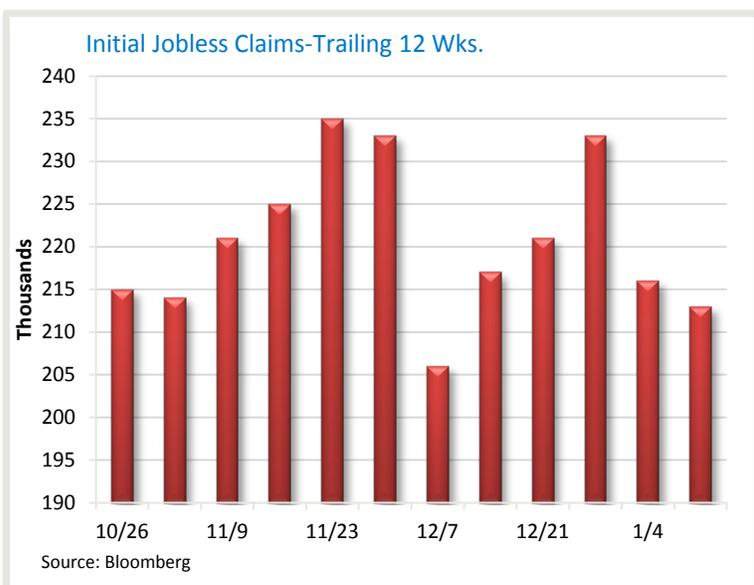
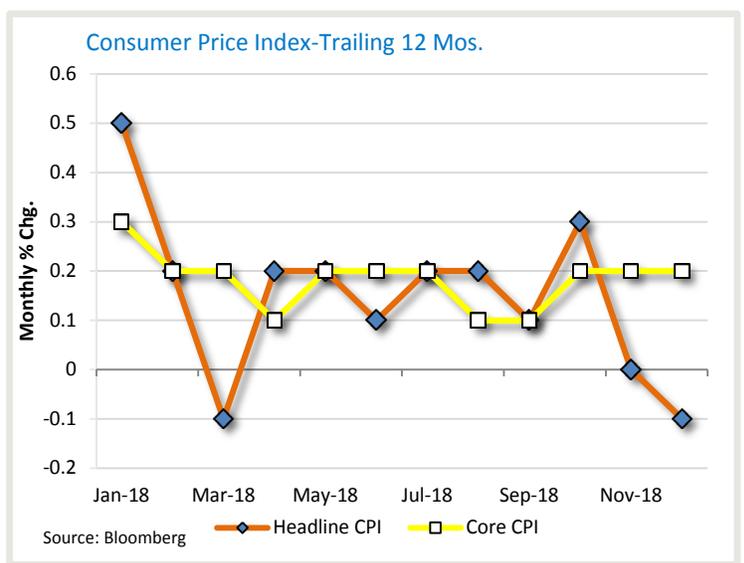
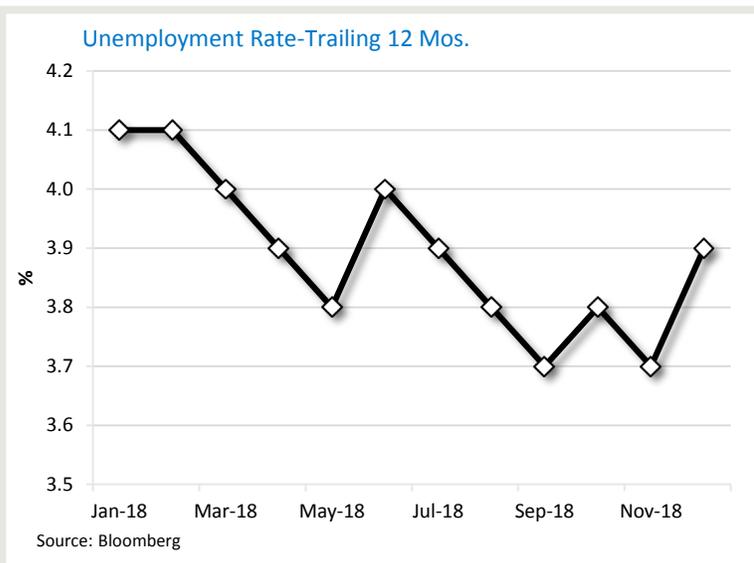
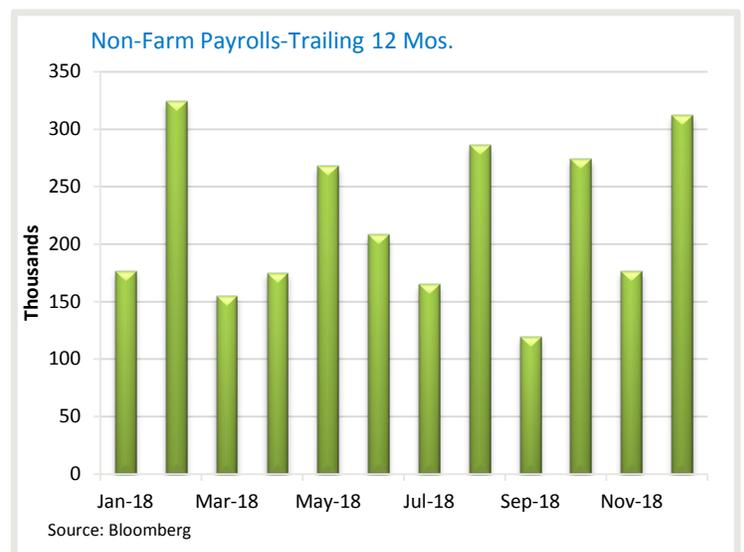
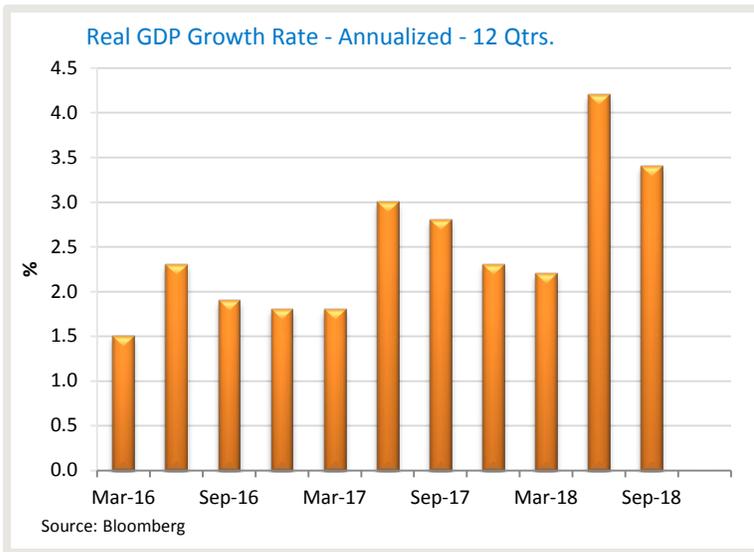
The size factor, noted as “SMB” or “Small minus Big” by practitioners, is the tendency for companies with lower market equity to outperform those with higher market equity. In practice, portfolio managers overweight smaller capitalization companies while shorting or underweighting larger ones within a universe. Having first been identified almost 40 years ago, the size effect first became well known through Eugene Fama’s and Kenneth French’s academic paper, “The Cross-Section of Expected Stock Returns,” which found that a three-factor model considering size, value, and beta, was better at predicting portfolio returns than solely the capital asset pricing model (CAPM), or beta. In Fama’s and French’s study, stocks were sorted into 100 different portfolios based on size, after accounting for the tendency for smaller stocks to exhibit higher beta. The results determined a high correlation between size and average return. In a later paper, “Anomalies with a Five Factor Model,” Fama and French added the investment and profitability factors, and found that the combination could explain upwards of 90% of stocks’ expected return. In both studies, the size effect played an important role. Risk-based theorists argued that smaller companies are more susceptible to economic events, less able to access financing, and generally have less liquidity, meaning there are additional sources of risk that must compensate investors. Others viewed the research as challenging the hypothesis of market efficiency and deemed the effect as an anomaly.

But as small cap stocks have struggled over recent time periods, critics have begun to reevaluate the notion that simply tilting towards companies with lower market equity positions portfolios for success. One widely noted criticism is that the data that Fama and French used was incomplete for small companies, in that those that had been delisted were not included. Companies can be delisted from indices for a number of reasons, but small caps are disproportionately affected. Thus, the negative returns for these companies were not included and could have skewed the realized returns for small caps. However, the main conclusion of Fama and French was that stock risks are multidimensional, not that the size effect should be considered in a vacuum. In fact, in a recent paper “Size Matters if you Control your Junk,” it was determined that high-quality small caps outperform high-quality large caps. Screening for liquidity and eliminating OTC stocks mitigates delisting risks, whereas using the other factors, such as value, profitability, and investment, uncovers small cap leaders.

Whether investors believe the size effect is truly a market anomaly or simply has diversification benefits, it has added 3.2% annually over a 20-year period in domestic equities (as measured within the Russell 3000 Index as of 12/31/18, *QRG factor Data*), encouraging a patient and long-term view. Investors may want to consider including a small cap allocation in their portfolio, and the sell-off at the end of 2018 may indicate an attractive entry point.

*Ali Caffery,
Portfolio Manager*

Economic Data



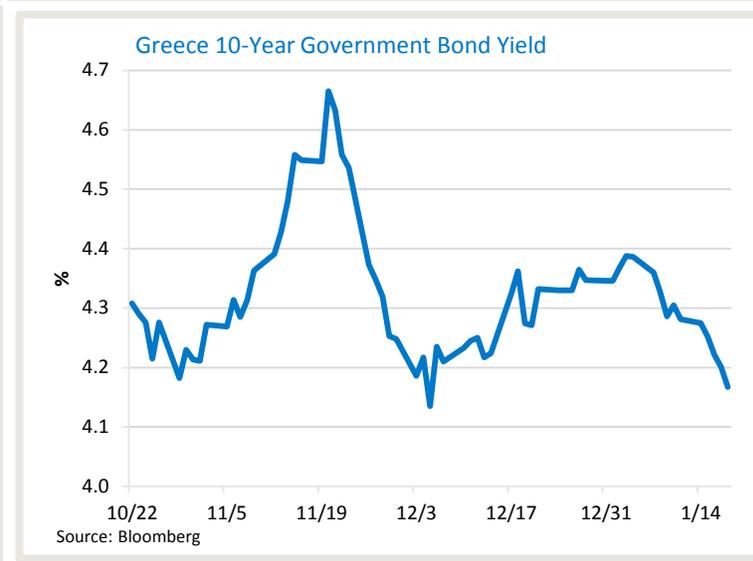
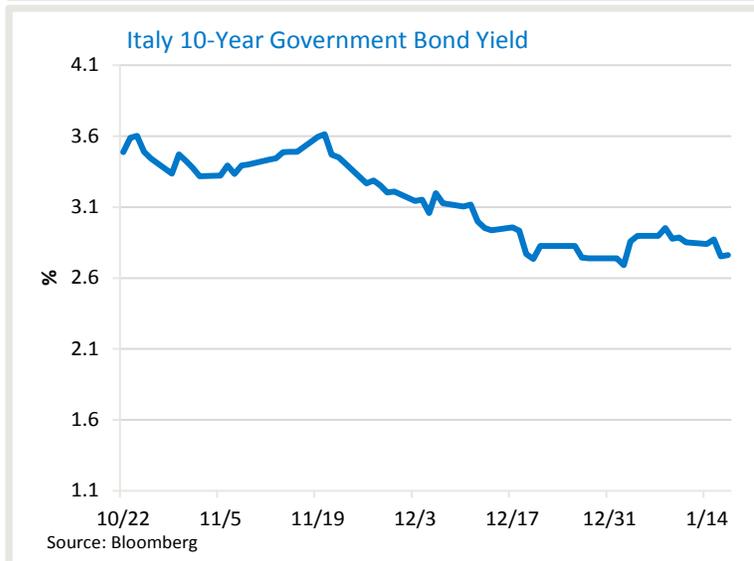
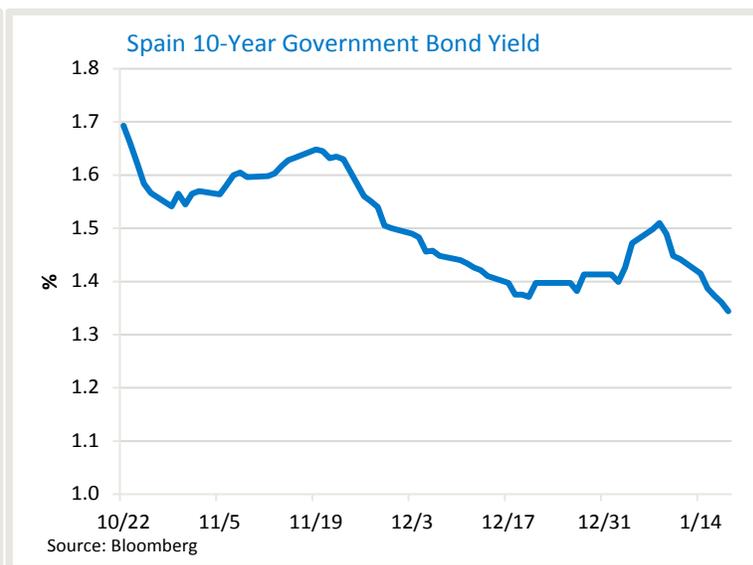
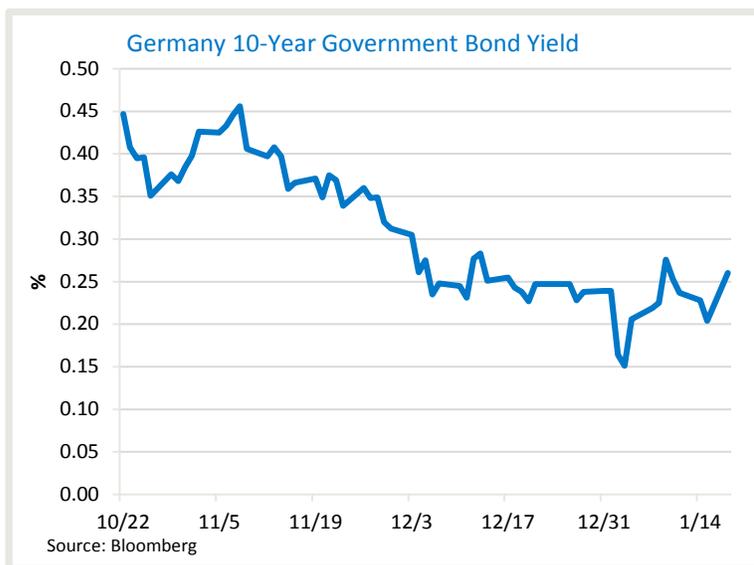
Eurozone

SELECTED EUROPEAN SOVEREIGN YIELD PERFORMANCE

	Last	Change	% Chg.	YTD %
Germany 10-Yr. Govt.	0.26	-2 bps	NM	NM
Greece 10-Yr. Govt.	4.17	8 bps	NM	NM
Italy 10-Yr. Govt.	2.73	10 bps	NM	NM
Spain 10-Yr. Govt.	1.34	9 bps	NM	NM
Belgium 10-Yr. Govt.	0.70	1 bps	NM	NM

	Last	Change	% Chg.	YTD %
France 10-Yr. Govt.	0.66	0 bps	NM	NM
Ireland 10-Yr. Govt.	1.00	1 bps	NM	NM
Portugal 10-Yr. Govt.	1.72	11 bps	NM	NM
Netherlands 10-Yr. Govt.	0.36	-3 bps	NM	NM
U.K. 10-Yr. Govt.	1.35	-6 bps	NM	NM

Source: Bloomberg
Basis points (bps)

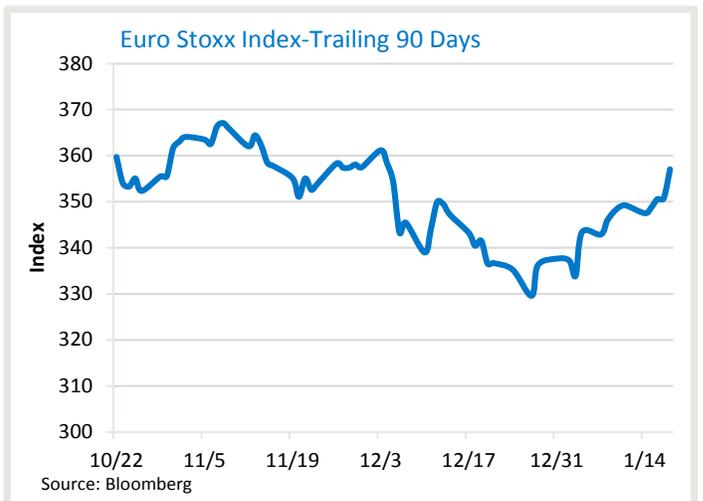
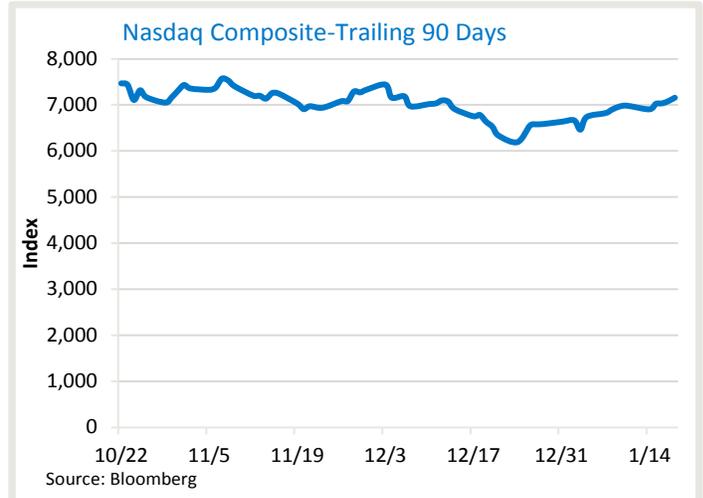
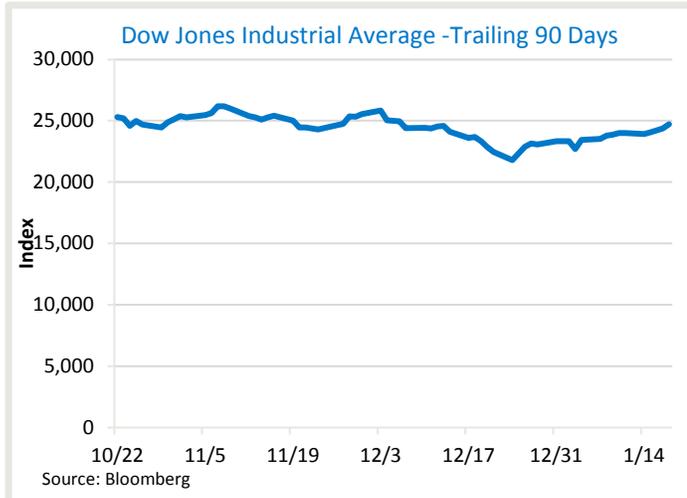


Equities

WORLD MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
S&P 500	2,670.71	74.45	2.87%	6.54%	Swiss Market Index	9,023.96	195.74	2.22%	7.05%
Dow Industrials	24,706.35	710.40	2.96%	5.91%	CAC 40 Index (France)	4,875.93	94.59	1.98%	3.07%
Nasdaq Composite	7,157.23	185.75	2.66%	7.87%	DAX Index (Germany)	11,205.54	318.08	2.92%	6.12%
MSCI ACWI	477.63	4.37	0.92%	4.8%	Irish Overall Index	5,799.61	100.16	1.76%	5.84%
MSCI EM	1,008.99	7.88	0.79%	4.5%	Nikkei 225	20,666.07	502.27	2.49%	3.25%
S&P/TSX (Canada)	15,303.83	364.65	2.44%	6.85%	Hang Seng Index	27,090.81	423.54	1.59%	4.82%
Mexico IPC	44,241.54	685.43	1.57%	6.25%	Shanghai Composite	2,596.01	42.17	1.65%	4.09%
Brazil Bovespa	96,096.75	2438.44	2.60%	9.34%	Kospi Index (S. Korea)	2,124.28	48.71	2.35%	4.08%
Euro Stoxx 600	357.05	7.85	2.25%	5.75%	Taiwan Taiex Index	9,836.06	76.66	0.79%	1.12%
FTSE 100	6,968.33	50.15	0.72%	3.57%	Tel Aviv 25 Index	1,511.14	12.51	0.83%	3.23%
IBEX 35 (Spain)	9,069.10	192.00	2.16%	6.20%	MOEX Index (Russia)	2,473.61	29.16	1.19%	4.40%

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



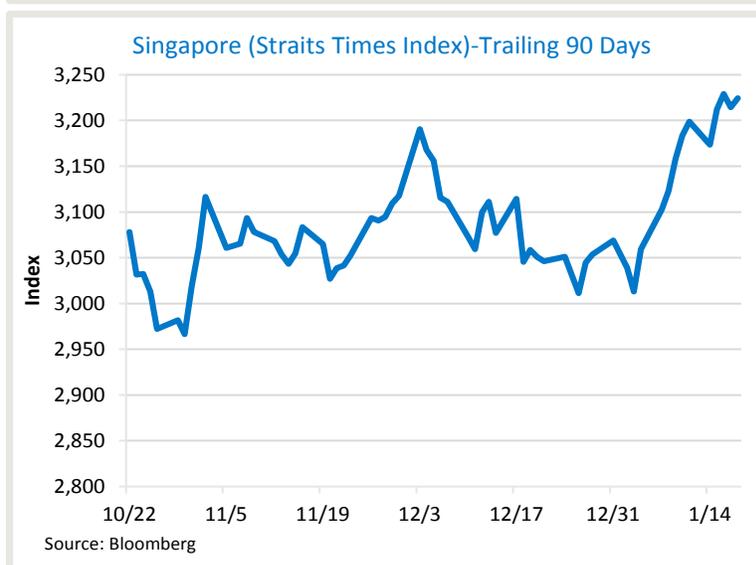
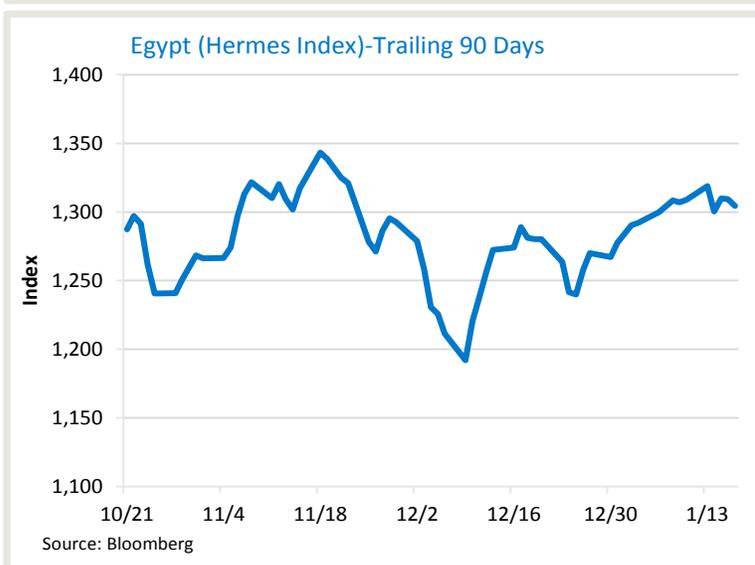
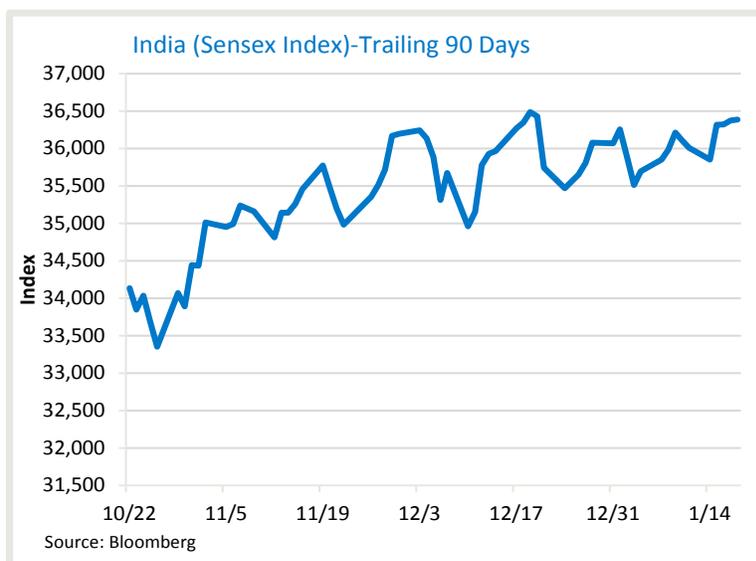
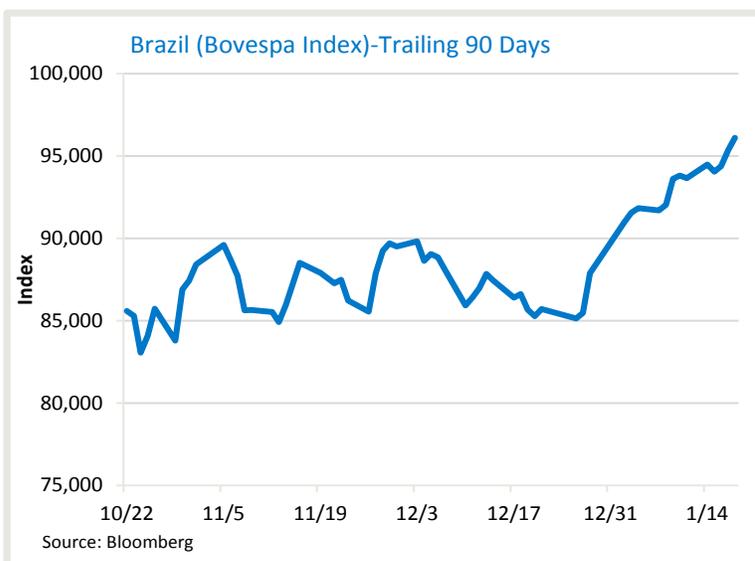
Equities – Emerging and Frontier Markets

EMERGING AND FRONTIER MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
Mexico IPC	44,241.54	685.43	1.6%	6.2%
Brazil (Bovespa Index)	96,096.75	2438.44	2.6%	9.3%
MOEX Index (Russia)	2,473.61	29.16	1.2%	4.4%
Czech Republic (Prague)	1,020.36	8.92	0.9%	3.4%
Turkey (Istanbul)	98,454.88	6767.84	7.4%	7.9%
Egypt (Hermes Index)	1,304.43	-4.36	-0.3%	2.1%
Kenya (Nairobi 20 Index)	2,851.77	57.34	2.1%	0.6%
Saudi Arabia (TASI Index)	8,448.02	237.86	2.9%	7.9%
Lebanon (Beirut BLOM Index)	957.53	-14.59	-1.5%	-2.0%
Palestine	530.22	0.51	0.1%	0.2%

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

	Last	Change	% Chg.	YTD %
Hang Seng Index	27,090.81	423.54	1.6%	4.8%
India (Sensex 30)	36,386.61	376.77	1.0%	0.9%
Malaysia (KLCI Index)	1,692.22	9.00	0.5%	0.1%
Singapore (Straits Times Index)	3,224.34	25.69	0.8%	5.1%
Thailand (SET Index)	1,583.77	-13.27	-0.8%	1.3%
Indonesia (Jakarta)	6,448.16	86.69	1.4%	4.1%
Pakistan (Karachi KSE 100)	39,306.50	257.42	0.7%	6.0%
Vietnam (Ho Chi Minh)	902.30	-0.41	0.0%	1.1%
Sri Lanka (Colombo)	5,988.07	4.02	0.1%	-1.1%
Cambodia (Laos)	817.82	0.45	0.1%	-2.2%

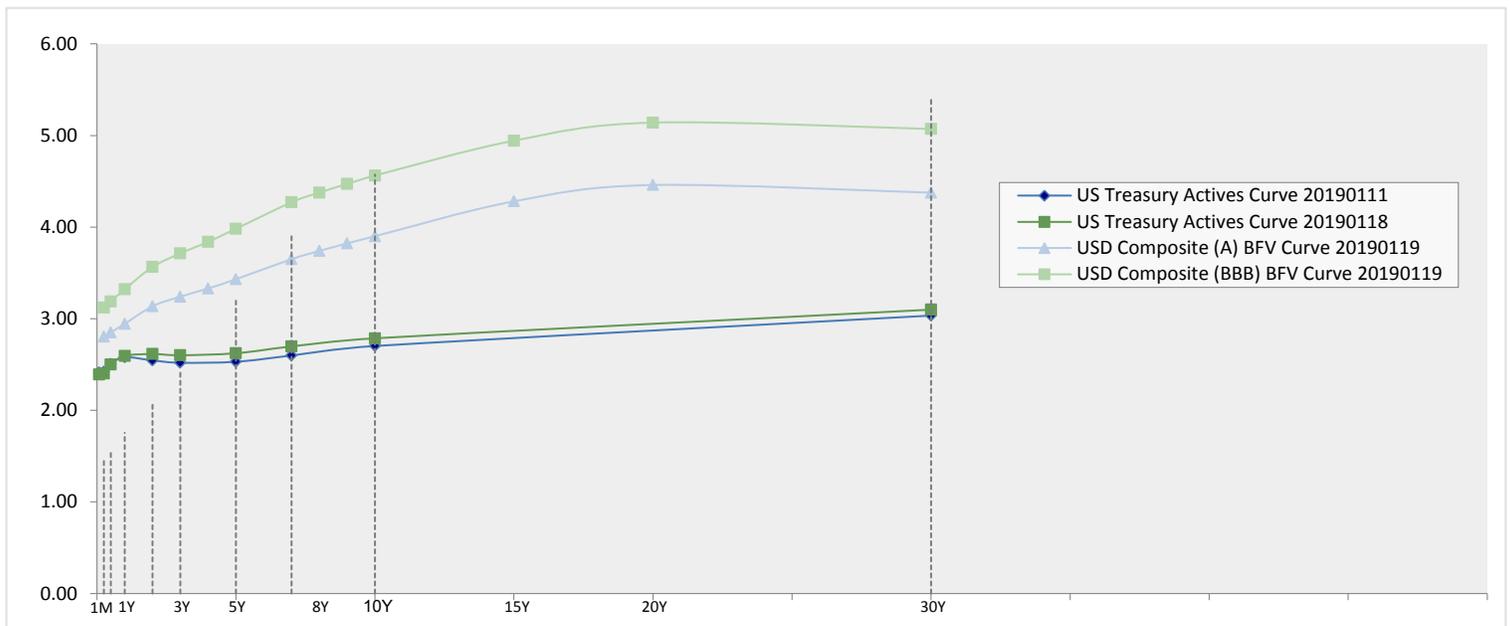


Interest Rates

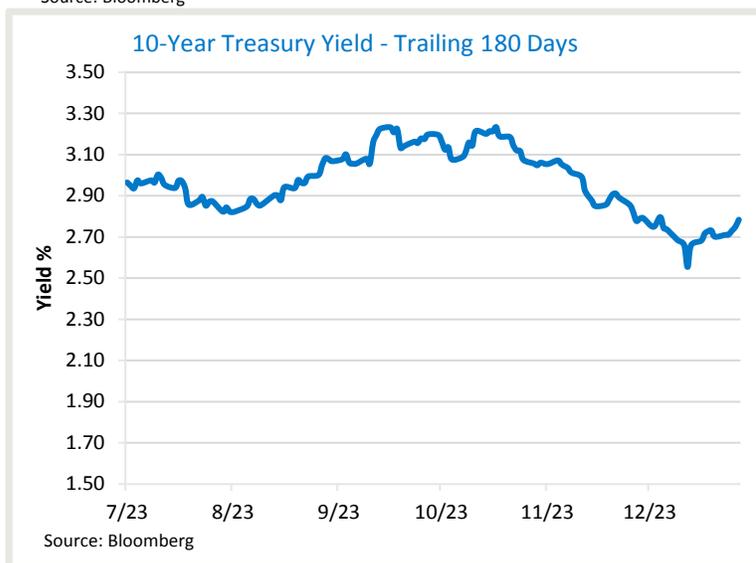
SELECTED INTEREST RATES

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
2-Yr. U.S. Treasury	2.61%	-1 bps	NM	NM	Prime Rate	5.50%	0.00	NM	NM
5-Yr. U.S. Treasury	2.62%	9 bps	NM	NM	Fed Funds Rate	2.50%	0.00	NM	NM
10-Yr. U.S. Treasury	2.78%	8 bps	NM	NM	Discount Rate	3.00%	0.00	NM	NM
30-Yr. U.S. Treasury	3.10%	6 bps	NM	NM	LIBOR (3 Mo.)	2.78%	-1 bps	NM	NM
German 10-Yr. Govt.	0.26%	-2 bps	NM	NM	Bond Buyer 40 Muni	4.05%	2 bps	NM	NM
France 10-Yr.	0.66%	0 bps	NM	NM	Bond Buyer 40 G.O.	4.19%	NA	NM	NM
Italy 10-Yr.	2.73%	10 bps	NM	NM	Bond Buyer 40 Rev.	4.66%	NA	NM	NM
Fed 5-Yr Fwd BE Inf.	1.81%	5 bps	NM	NM					

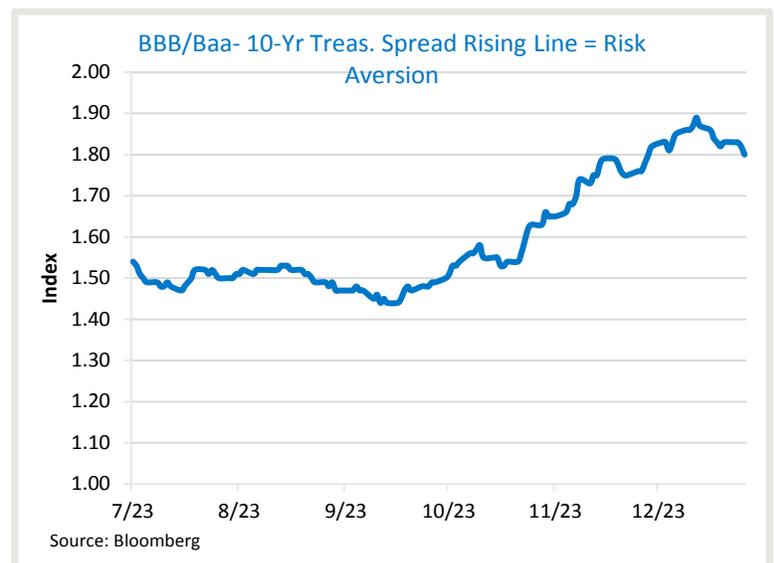
Source: Bloomberg



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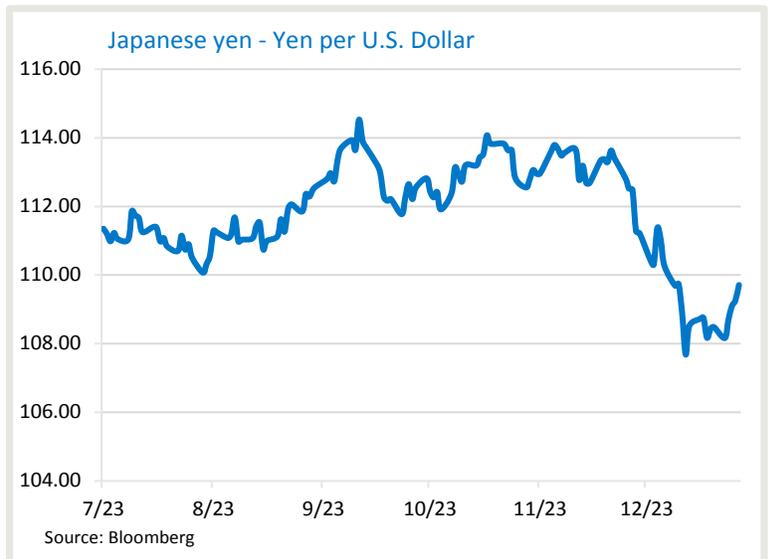
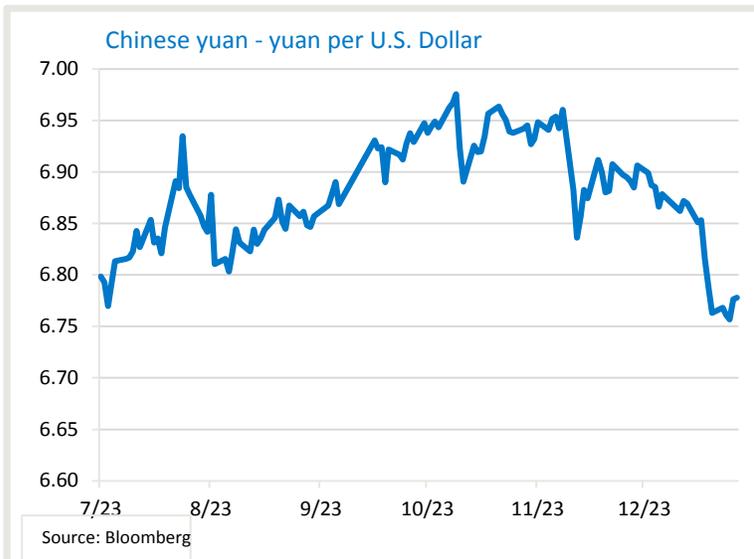
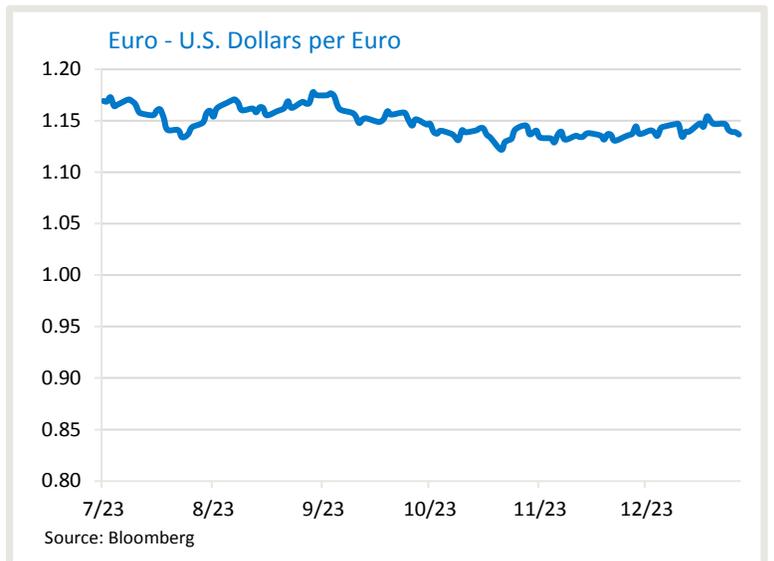
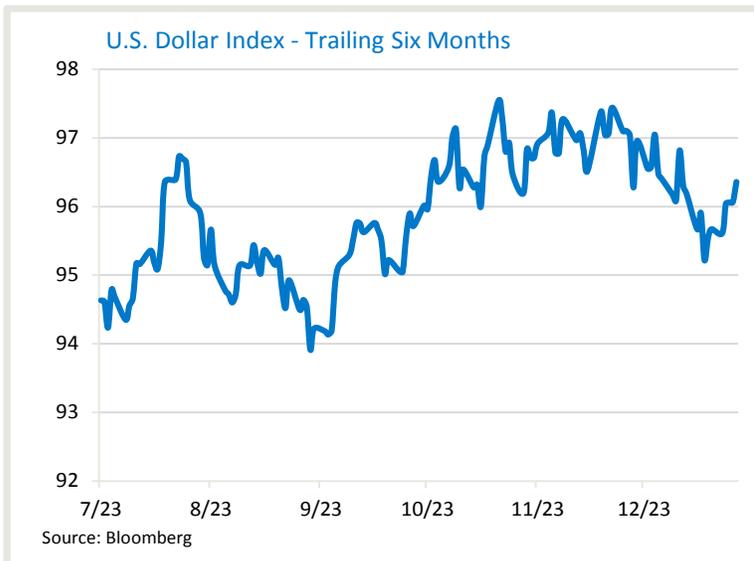
Currencies

SELECTED CURRENCY PERFORMANCE

	Last	Change	% Chg.	YTD %
Dollar Index	96.36	0.689	0.72%	0.19%
Euro	1.14	-0.010	-0.90%	-0.88%
Japanese Yen	109.74	1.230	-1.12%	-0.02%
British Pound	1.29	0.003	0.22%	0.93%
Canadian Dollar	1.33	0.001	-0.07%	2.72%

	Last	Change	% Chg.	YTD %
Chinese Yuan	6.78	0.015	-0.22%	1.49%
Swiss Franc	1.00	0.012	-1.22%	-1.36%
New Zealand Dollar	0.67	-0.009	-1.33%	0.33%
Brazilian Real	3.75	0.041	-1.09%	3.20%
Mexican Peso	19.09	-0.053	0.28%	2.93%

Source: Bloomberg

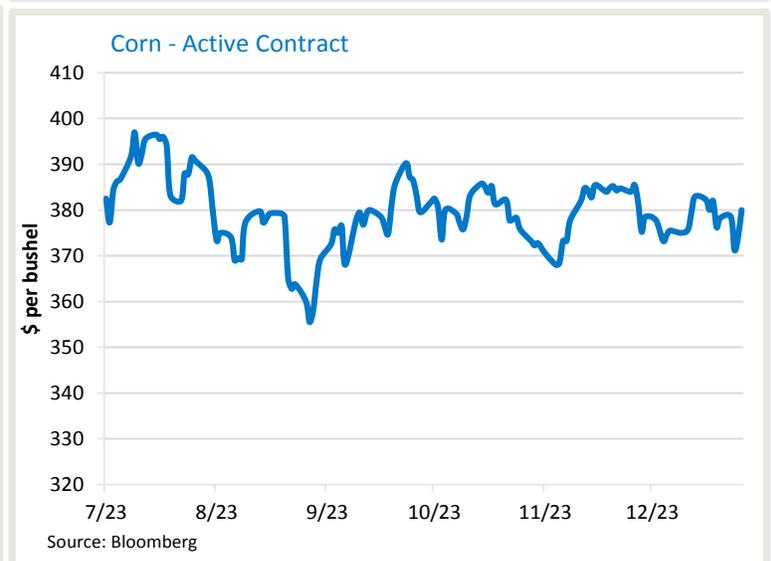
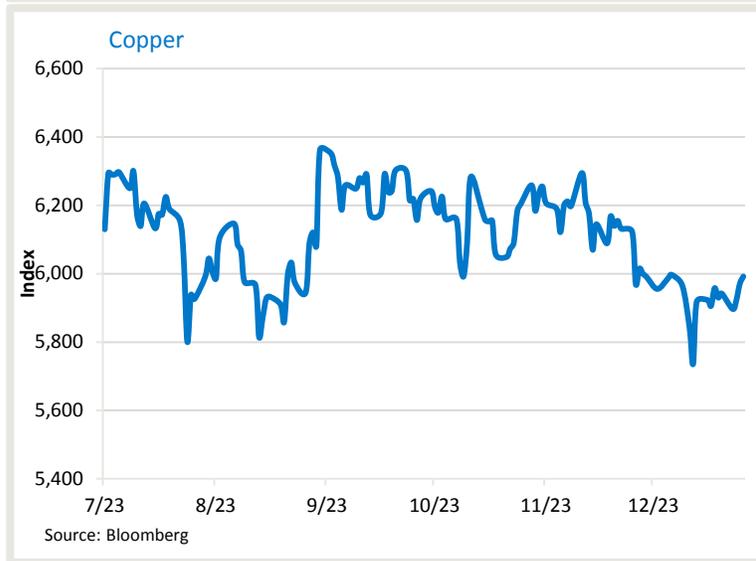
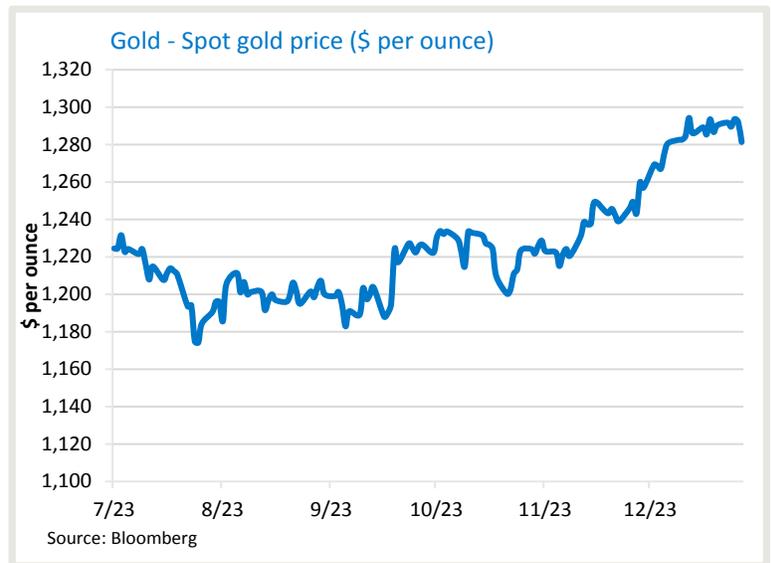
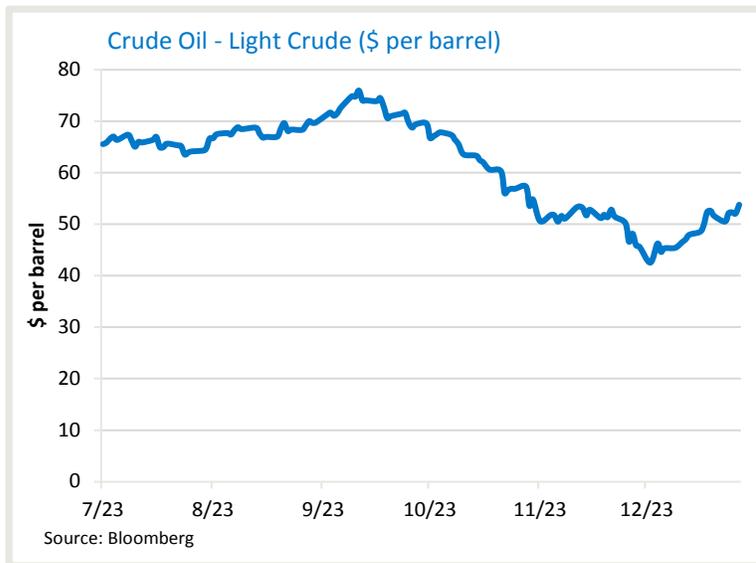


Commodities

SELECTED COMMODITY MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
Bloomberg Comm. Idx.	81.38	1.72	2.16%	6.08%	Platinum Spot	\$798.39	-\$11.80	-1.46%	0.34%
Crude Oil	\$53.80	\$2.19	4.25%	18.43%	Corn	381.75	3.50	0.93%	1.80%
Natural Gas	\$3.43	\$0.33	10.58%	16.56%	Wheat	517.75	-1.75	-0.34%	2.88%
Gasoline (\$/Gal.)	\$2.24	\$0.00	-0.13%	-0.67%	Soybeans	916.75	6.50	0.71%	2.43%
Heating Oil	191.30	3.28	1.74%	13.88%	Sugar	13.03	0.25	1.96%	8.31%
Gold Spot	\$1,281.16	-\$8.90	-0.69%	-0.09%	Orange Juice	119.85	-1.15	-0.95%	-4.73%
Silver Spot	\$15.34	-\$0.26	-1.64%	-0.99%	Aluminum	1,858.00	22.00	1.20%	0.65%
					Copper	5,992.00	50.00	0.84%	0.45%

Source: Bloomberg; % change is based on price.

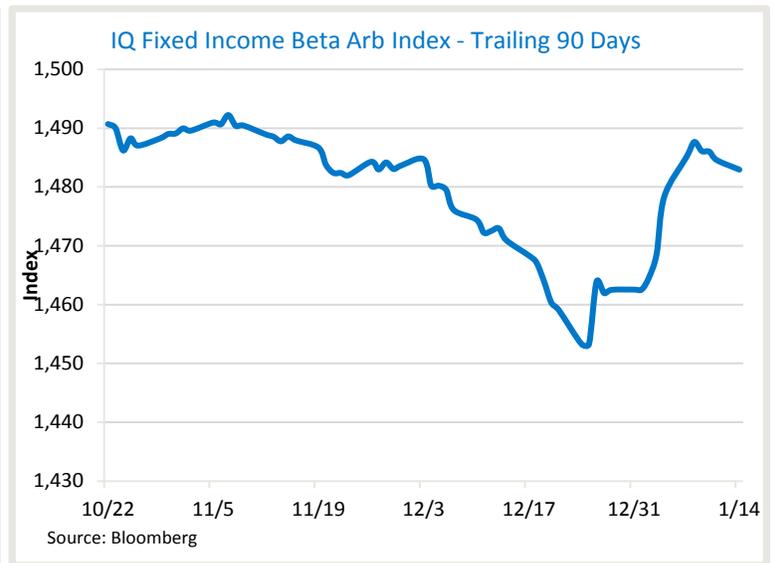
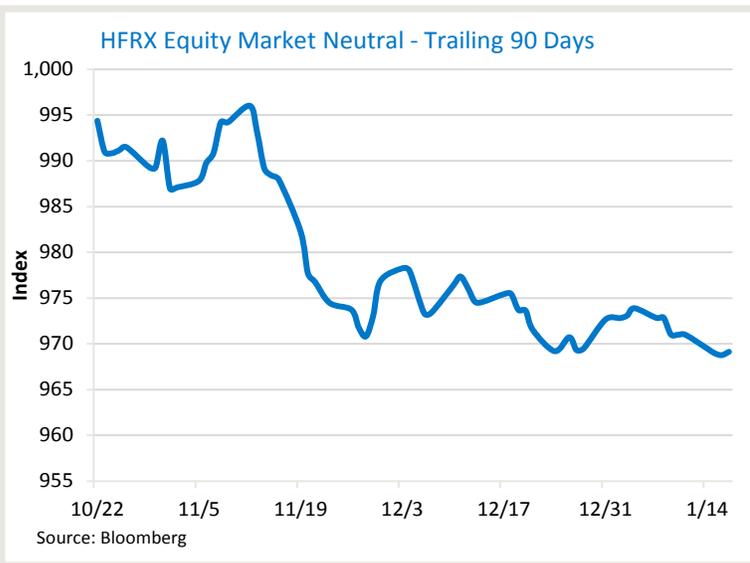
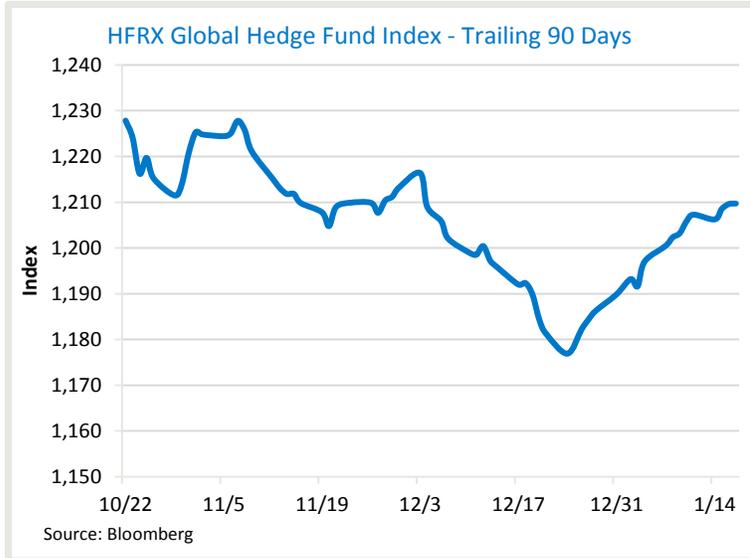


Alternative Investments

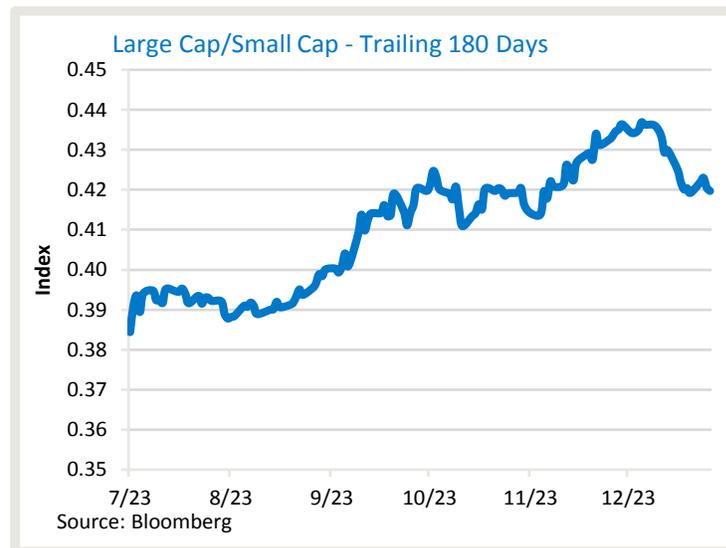
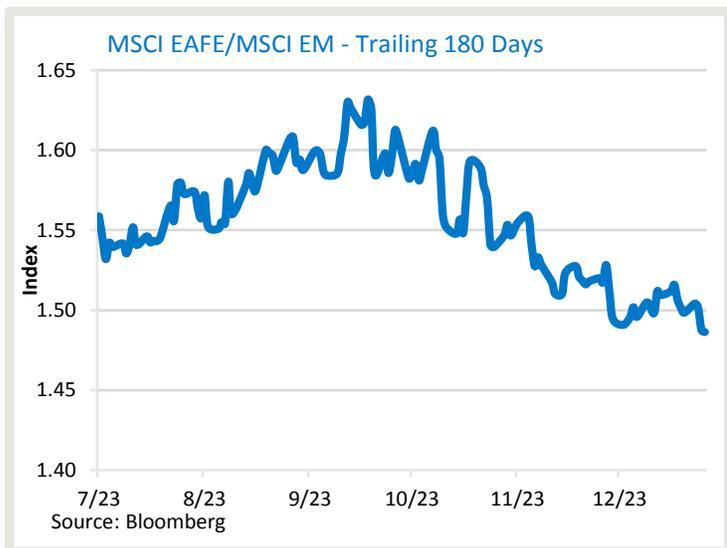
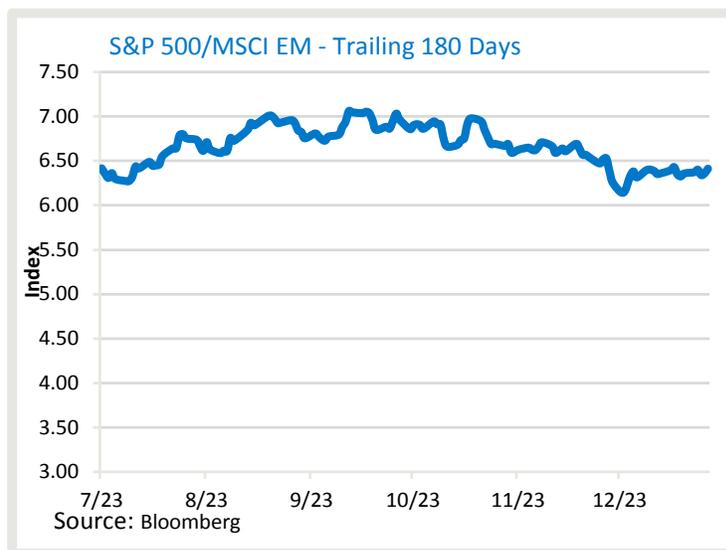
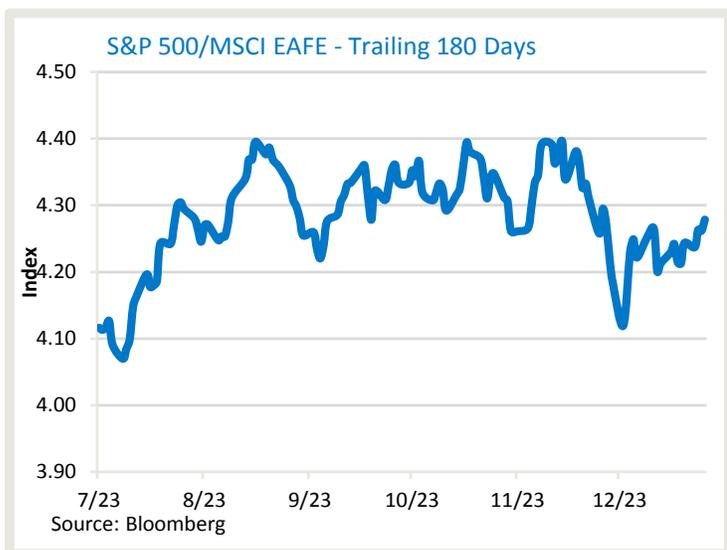
SELECTED ALTERNATIVE INVESTMENT INDEX PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
HFRX Global Hedge Fund Index	1209.70	2.42	0.20%	1.67%	HFRX Distressed Index	1021.11	0.68	0.07%	1.96%
HFRX Equity Market Neutral	969.13	-1.86	-0.19%	-0.36%	HFRX Merger Arbitrage Index	1827.71	7.38	0.41%	0.55%
HFRX Equity Hedge Index	1188.56	1.79	0.15%	3.25%	HFRX Convertible Arbitrage Index	795.74	1.88	0.24%	1.03%
HFRX Event-Driven Index	1506.90	-1.45	-0.10%	2.42%	HFRX Macro CTA Index	1098.28	3.06	0.28%	-2.47%
HFRX Absolute Return Index	1067.94	4.92	0.46%	0.93%	IQ Fixed Income Beta Arb Index	1488.85	4.28	0.29%	1.80%

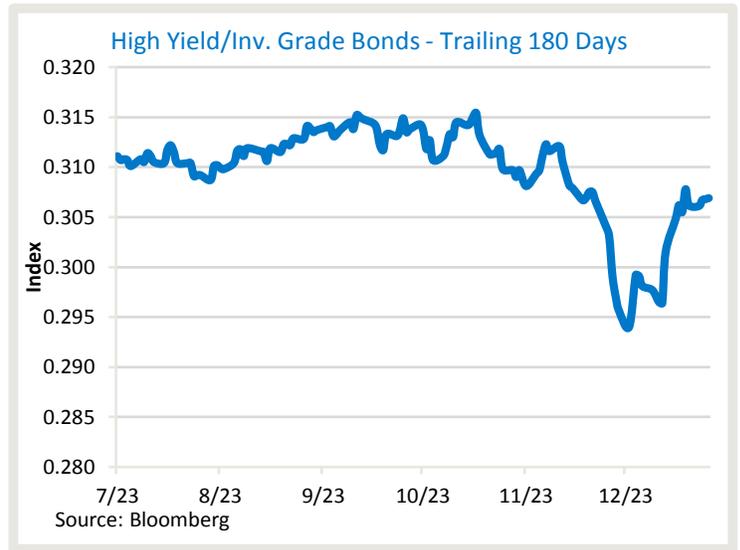
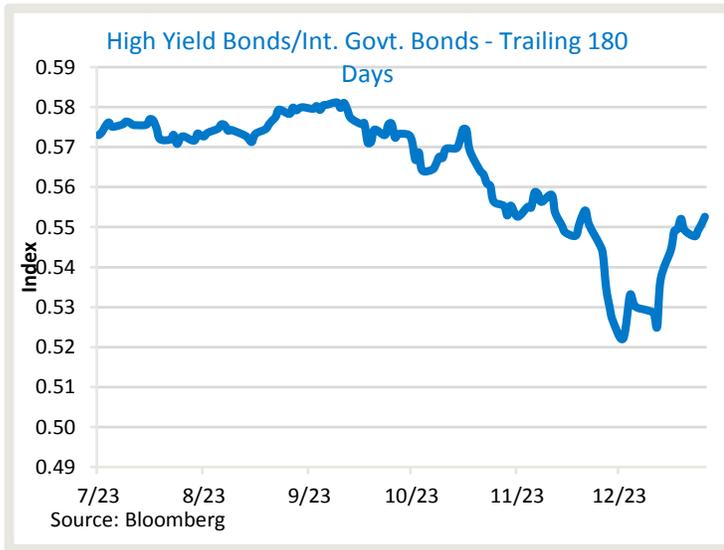
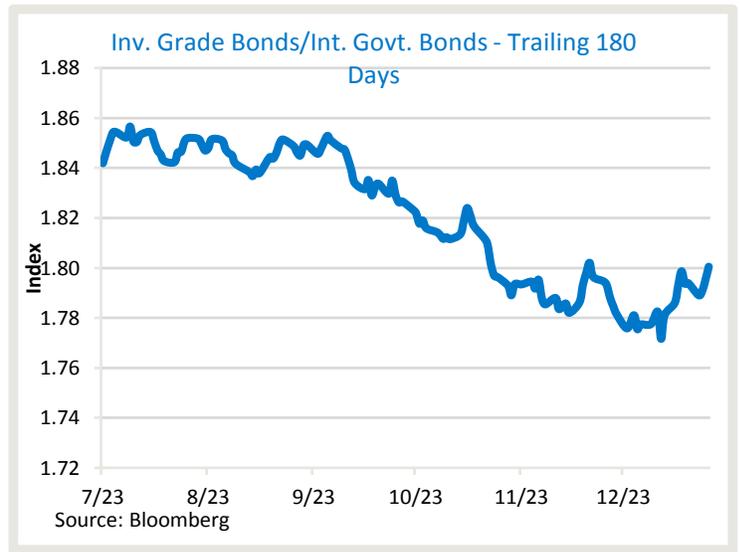
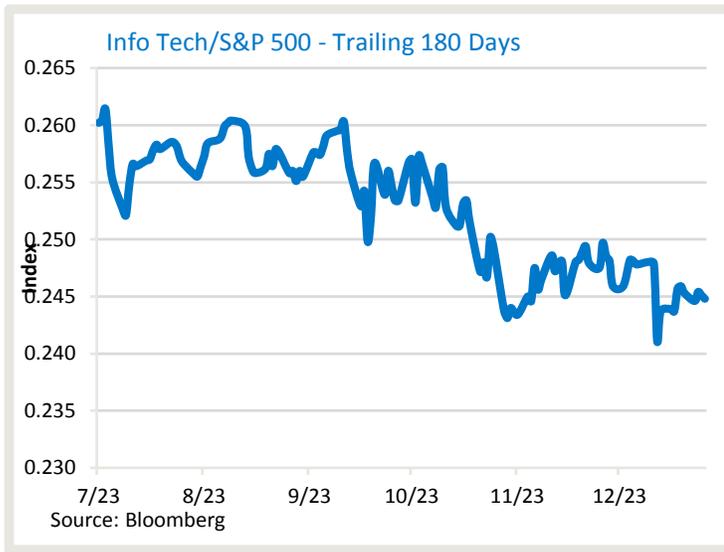
Source: Bloomberg; Index % change is based on price.



Portfolio Construction



Portfolio Construction (continued)



WEEKLY ASSET CLASS PERFORMANCE (Prior 12 weeks ending Thursday)

			11/1	11/8	11/15	11/22	11/29	12/6	12/13	12/20	12/27	1/3	1/10	1/17
Equity	Domestic Equity	Large Cap (R200)	0.99%	2.39%	-2.79%	-3.18%	3.52%	-1.43%	-1.49%	-6.97%	0.93%	-1.70%	5.89%	1.53%
		Small Cap (R2000)	2.97%	2.15%	-3.43%	-2.35%	2.49%	-3.15%	-3.03%	-7.45%	0.44%	-0.07%	8.61%	1.51%
	Int'l. Equity	MSCI EAFE	2.36%	1.68%	-2.68%	-0.74%	1.45%	-3.38%	0.86%	-3.39%	-1.50%	1.34%	4.49%	-0.24%
		MSCI Em. Mkts.	2.37%	2.27%	-1.28%	-0.50%	2.26%	-1.92%	0.67%	-2.61%	-0.78%	-0.29%	5.17%	1.03%
Fixed Income	BarCap Agg. (AGG)	-0.31%	-0.32%	0.46%	0.18%	0.22%	0.41%	0.18%	0.29%	-0.01%	1.11%	-0.57%	0.03%	
	High Yield (JNK)	-0.37%	0.68%	-1.67%	-0.60%	0.78%	-1.00%	0.64%	-3.75%	0.27%	0.21%	4.14%	0.09%	
Commodities	Bloomberg Commodity Index	-1.23%	-0.37%	-0.50%	0.62%	-0.88%	-0.44%	0.30%	-4.49%	-1.28%	-0.45%	2.63%	1.21%	
Alternatives	Hedge Funds (HFRX Global)	0.46%	0.03%	-1.13%	-0.24%	0.19%	-0.44%	-0.72%	-1.08%	0.01%	0.61%	1.20%	0.32%	
Asset Allocation	60/40*	0.94%	1.22%	-1.57%	-1.29%	1.75%	-1.25%	-0.49%	-3.56%	0.07%	0.07%	3.57%	0.64%	
	48/32/20 (w/Alts.)**	0.85%	0.98%	-1.48%	-1.08%	1.44%	-1.09%	-0.54%	-3.06%	0.06%	0.18%	3.10%	0.57%	

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	1.00	1.01	0.98	0.96	1.00	0.99	0.98	1.00	1.01	0.90	0.94	1.05	0.84	0.92
Large Cap Growth	1.00	1.00	1.01	0.98	0.96	1.00	0.99	0.99	1.01	1.01	0.90	0.94	1.05	0.84	0.92
Large Cap Value	0.99	0.99	1.00	0.98	0.96	1.00	0.99	0.98	1.00	1.00	0.89	0.93	1.05	0.84	0.91
Mid Cap Core	1.02	1.02	1.02	1.00	0.98	1.02	1.01	1.00	1.02	1.02	0.92	0.96	1.07	0.86	0.93
Mid Cap Growth	1.04	1.04	1.05	1.02	1.00	1.04	1.03	1.02	1.04	1.05	0.93	0.98	1.09	0.88	0.95
Mid Cap Value	1.00	1.00	1.00	0.98	0.96	1.00	0.99	0.98	1.00	1.00	0.90	0.94	1.05	0.84	0.92
Small Cap Core	1.01	1.01	1.01	0.99	0.97	1.01	1.00	0.99	1.01	1.02	0.91	0.95	1.06	0.85	0.92
Small Cap Growth	1.02	1.01	1.02	1.00	0.98	1.02	1.01	1.00	1.02	1.02	0.91	0.95	1.07	0.86	0.93
Small Cap Value	1.00	0.99	1.00	0.98	0.96	1.00	0.99	0.98	1.00	1.00	0.90	0.93	1.05	0.84	0.91
Int'l. Developed	0.99	0.99	1.00	0.98	0.96	1.00	0.99	0.98	1.00	1.00	0.89	0.93	1.05	0.84	0.91
Emerging Markets	1.11	1.11	1.12	1.09	1.07	1.11	1.10	1.09	1.12	1.12	1.00	1.04	1.17	0.94	1.02
REITs	1.07	1.06	1.07	1.05	1.03	1.07	1.06	1.05	1.07	1.07	0.96	1.00	1.12	0.90	0.98
Commodities	0.95	0.95	0.96	0.93	0.91	0.95	0.94	0.93	0.95	0.96	0.85	0.89	1.00	0.80	0.87
Int. Bond	1.19	1.18	1.19	1.17	1.14	1.19	1.18	1.17	1.19	1.19	1.07	1.11	1.25	1.00	1.09
High Yield	1.09	1.09	1.10	1.07	1.05	1.09	1.08	1.07	1.10	1.10	0.98	1.02	1.15	0.92	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 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 **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 **NFIB Small Business Optimism Index** is compiled from a survey that is conducted each month by the National Federation of Independent **Business (NFIB)** of its members

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