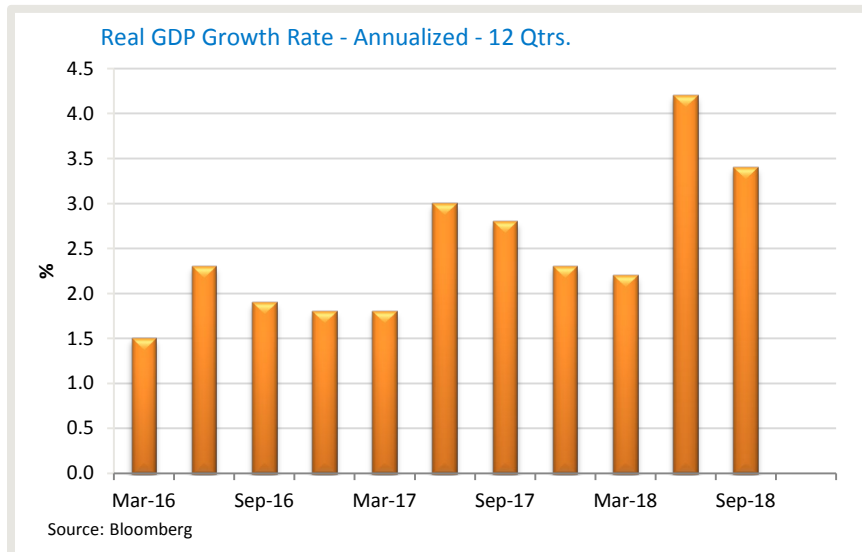


# Weekly Market Review

January 28, 2019

## Chart of the Week



## Weekly Highlights

- China's slowdown continues.** Last week, China reported that economic growth slowed to levels not experienced in nearly 30 years. Exports during December fell 4.4% from the previous year, while imports dropped more than 7.5%. Production demand also has declined; China's Purchasing Managers' Index (PMI) in December was down more than 2% from the previous year.
- The government shutdown drags on.** After the Senate failed to pass either one of two proposals brought forth by both the Democrats and Republicans, the government shutdown is approaching 40 days this week, making it easily the longest shutdown in the history of the US.
- Economic data is sparse.** Some important economic data is not available during the shutdown. The Commerce Department and its Bureau of Economic Analysis and Census Bureau are closed, and thus are not producing important economic reports around consumer spending used to calculate gross domestic product (GDP).

## Talking Points

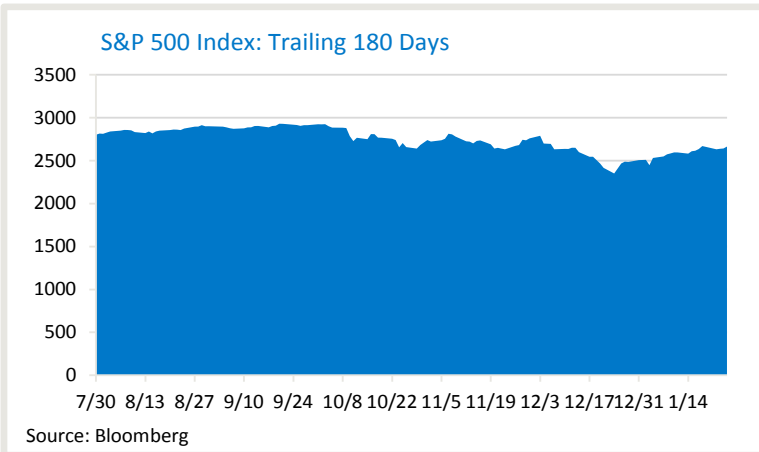
- Equity markets indices were generally down** across the board. Domestic indices were not able to recoup Tuesday's losses.
- Volatility persists in the market.** Even though the CBOE Volatility Index (VIX) was down during the week, it remains above its historical average.
- Mortgage rates remained flat** during the week, causing the stocks of home-building companies to rise.
- Commodity prices rose** despite the decline in oil prices.
- Treasury yields ticked slightly higher,** but uncertainty about ongoing trade negotiations and the government shutdown are cause for some concern.

## Market Dashboard

	Last Price	Change	% Chg.	YTD %
<b>S&amp;P 500</b>	2,664.76	-5.95	-0.22%	6.3%
<b>Dow Industrials</b>	24,737.20	30.85	0.12%	6.0%
<b>Nasdaq</b>	7,164.86	7.64	0.11%	8.0%
<b>Russell 2000</b>	1,482.85	0.35	0.02%	10.0%
<b>Euro Stoxx Index</b>	357.84	0.79	0.22%	6.0%
<b>Shanghai Composite</b>	2,601.72	5.72	0.22%	4.3%
<b>MSCI ACWI</b>	479.84	-3.66	-0.76%	5.3%

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

	Last Price	Change	% Chg.	YTD %
<b>MSCI EM</b>	1,019.44	1.44	0.14%	5.6%
<b>10-Year US Treas.</b>	2.75	-3 bps	NM	NM
<b>Bloomberg Cmnts. Idx.</b>	81.07	-0.31	-0.38%	5.7%
<b>Gold</b>	\$1,301.00	\$20.98	1.64%	1.6%
<b>Crude Oil</b>	\$53.57	-\$0.46	-0.85%	17.2%
<b>Dollar Index</b>	95.79	-0.57	-0.59%	-0.4%
<b>VIX Index</b>	17.42	-0.38	-2.13%	-31.5%



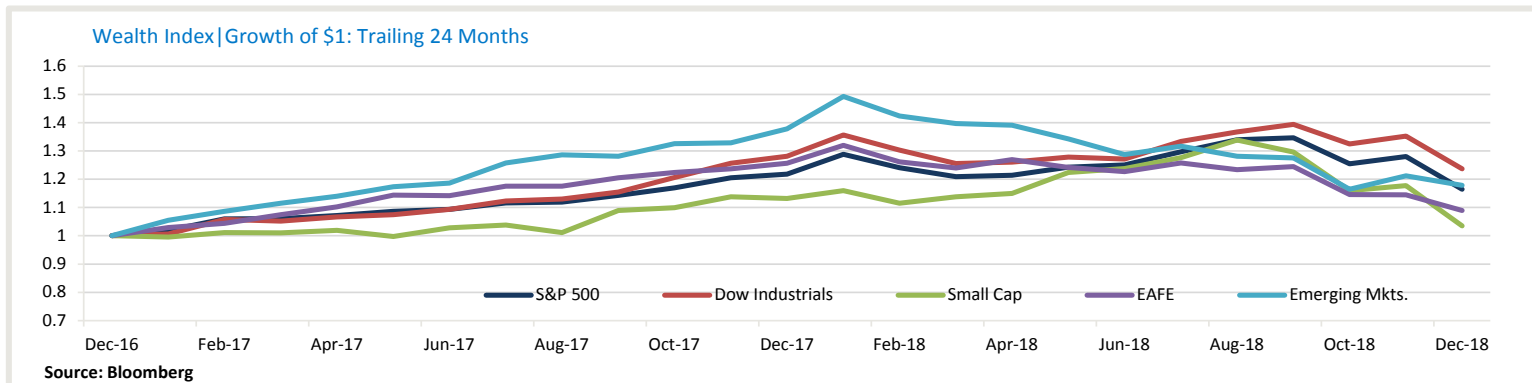
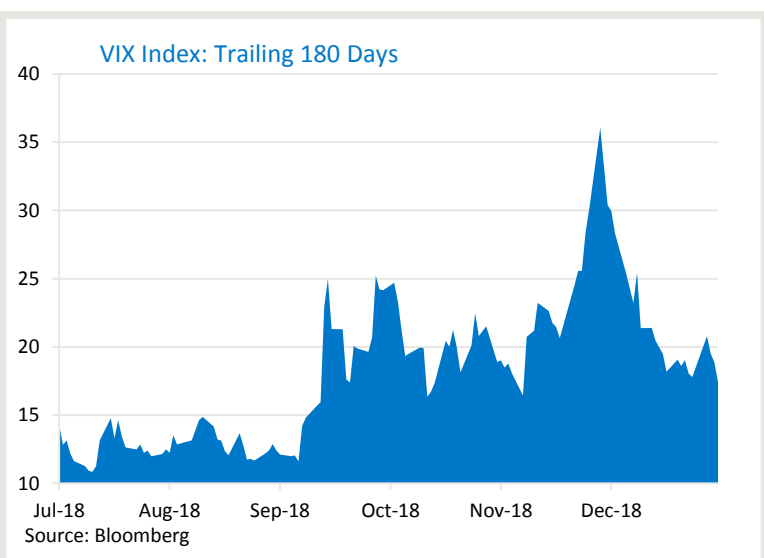
	One Week			YTD		
	Value	Growth		Value	Growth	
<b>L</b>	-0.50%	-0.35%	-0.21%	5.25%	5.78%	6.26%
	0.14%	0.39%	0.74%	8.35%	8.93%	9.77%
<b>S</b>	0.14%	0.02%	-0.09%	9.74%	9.96%	10.17%

Source: Bloomberg

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

	% Wgt in S&P 500	Week % Chg.	YTD % Chg.
<b>Consumer Discretionary</b>	10.1	-0.01%	8.4%
<b>Consumer Staples</b>	7.1	-1.39%	1.7%
<b>Energy</b>	5.5	-1.45%	9.6%
<b>Financials</b>	13.7	0.00%	9.0%
<b>Health Care</b>	15.1	-1.31%	2.8%
<b>Industrials</b>	9.4	-0.07%	8.8%
<b>Information Technology</b>	20.1	1.00%	6.4%
<b>Materials</b>	2.7	-0.68%	5.1%
<b>Real Estate</b>	3.0	-1.50%	6.9%
<b>Communication Services</b>	10.2	-0.69%	7.2%
<b>Utilities</b>	3.1	0.37%	0.8%

Source: Bloomberg



## The Economy and Markets

### *A Macro View – Is There a Mouse in the House?*

Since the financial crisis in 2008, home prices have been on an upward, one-way trajectory. According to the Federal Reserve (the Fed), the median price of a home sold in the US bottomed out in Q12009 at \$208,400, and as of Q32018, was up to \$325,200, representing a 56% increase. Beginning in the summer of 2018, the West, the country's most expensive real estate region, actually experienced a decline in home prices. The Pending Home Sales Index (PHSI) is used as a leading indicator by the National Association of Realtors (NAR), and counts the number of contracts that were signed rather than actual closed sales. When the PHSI was released for November 2018, the index was down 7.7%, representing the sharpest year-over-year decline since June 2014. In fact, all four of the index's regions (Northeast, Midwest, South, and West) were down year over year, igniting debate as to what could cause the decline and whether it will persist.

One possible explanation is the rise in interest rates. In November 2011, 30-year fixed mortgage rates hit their low at 3.32%, but had spiked up to 4.86% by October 2018. As of January 2019, 30-year fixed mortgage rates have receded, dropping to 4.45%, and alleviating some pressure on the cost of financing a home. However, the housing market seems to be much more sensitive to any movement in rates than in the past, despite the fact that they are still low on a historical basis, with the roughly 1% change in rates between 2011 and 2018 representing a more than 25% increase in the cost of financing.

Another possible explanation lies with wages. Beginning in January 2009, after the federal funds rate was near zero, nominal wage growth averaged 2.29%. During this same time period, the median household income grew 7.65% from \$57,010 to \$61,372. For wages to keep up with the price of homes, the median household income would need to be nearly \$89,000. It is clear that slow wage growth along with a rapid increase in home prices may have squeezed some potential buyers out of the market entirely.

The current monthly supply of houses in the US is as high as it has been since August 2011, indicating that demand is declining, even though more recent wage growth has ticked up to more than 3% and rates have fallen slightly. This may signal concern that the decline in demand is influenced by themes outside of rates, slow wage growth, and increases in home prices.

The Fed recently highlighted the effects of soaring student loan debt on home purchases. Total student debt now sits at \$1.5 trillion, higher than credit card and auto loan debt combined. This increasing debt burden has hamstrung graduates and possibly deprived them of the ability to save for a down payment. According to the Fed, homeownership by people ages 24 to 32 fell 9% between 2005 and 2014. The Fed looked at this time period due to the spike in delinquencies, which hurt credit reports and further complicated qualifying for a mortgage.

Short-term disruptions also have been to blame for the decline. The current federal government shutdown (the longest in history), has affected around 800,000 employees. Any plans these employees might have to buy a home surely would be curtailed by the uncertainty of working without pay, further squeezing another potential home-buying demographic out of the market.

The housing market in the US has enjoyed a strong recovery since the financial crisis, and during that time, homeowners have seen a drastic increase in the value of their homes. The current pullback may not totally curb the housing market's future growth potential. However, the rapid increase in the prices of homes (which has not been met with commensurate wage growth), combined with massive student debt, the increasing cost of capital, and furloughed federal workers, certainly may put pressure on the housing market. It also may weigh on the most valuable asset of most consumers, whose overall spending accounts for roughly two-thirds of the US economy.

*Brandon Rick*  
*Investment Analyst*

*Sources:*

<https://fred.stlouisfed.org/graph>

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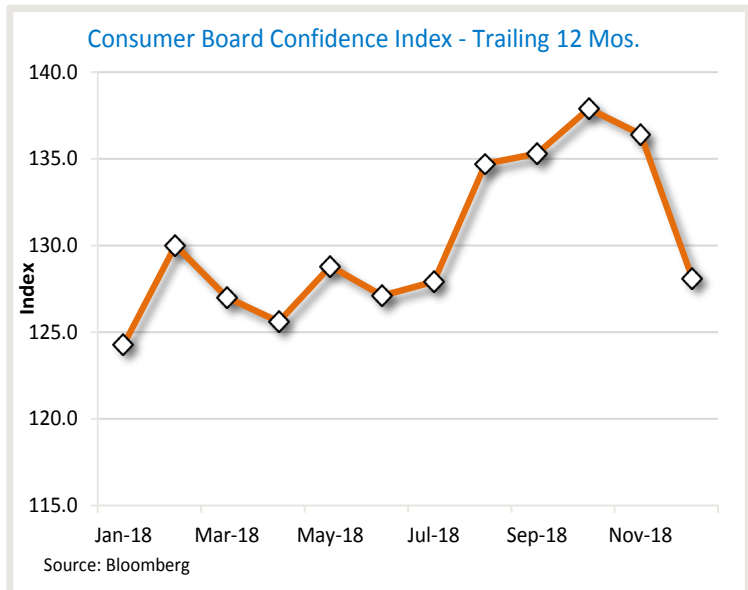
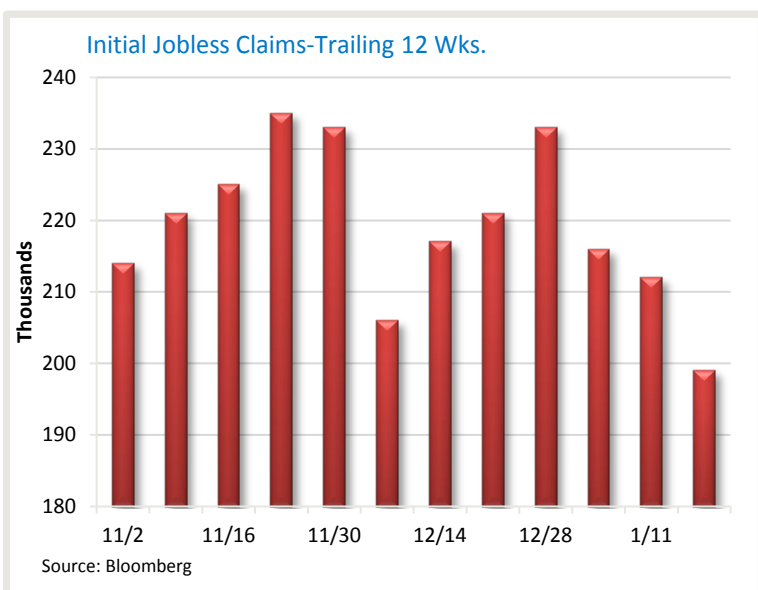
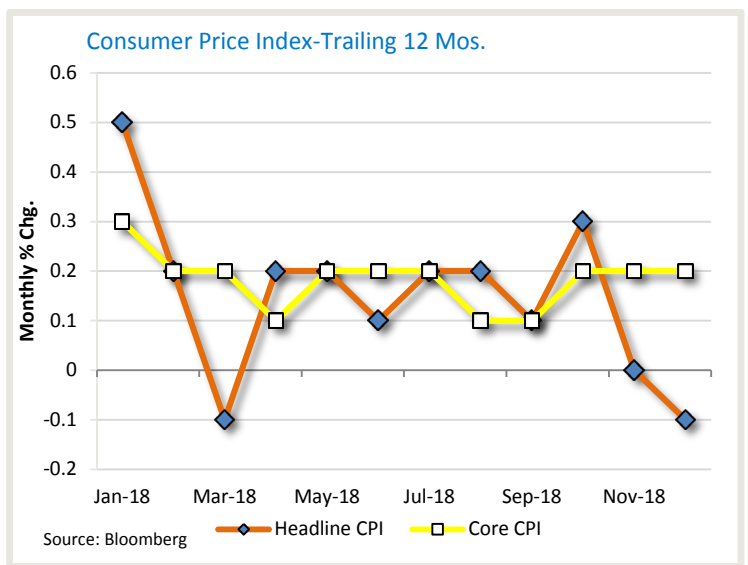
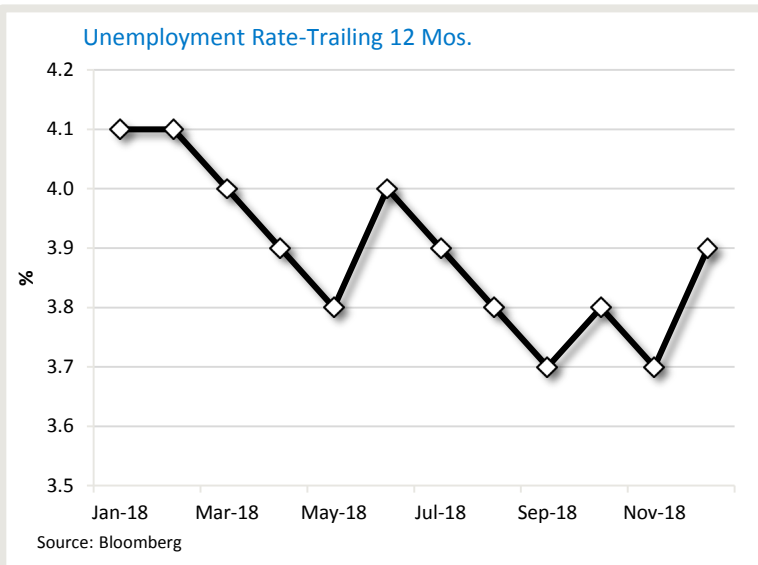
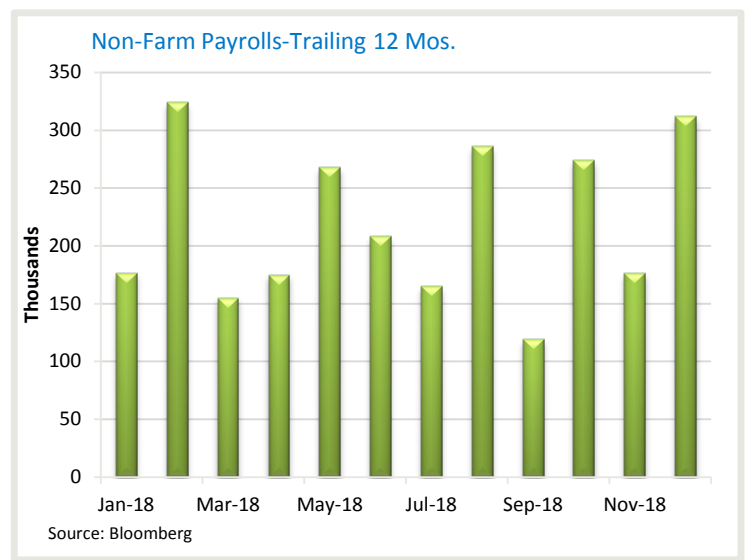
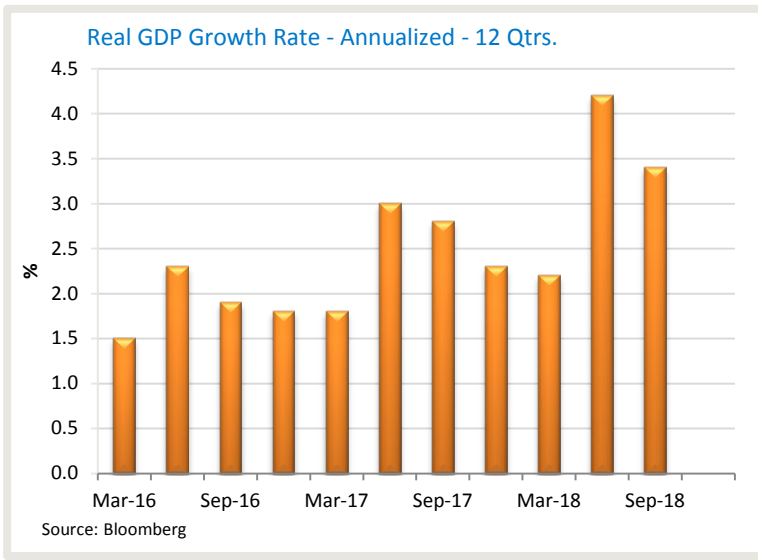
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## Economic Data



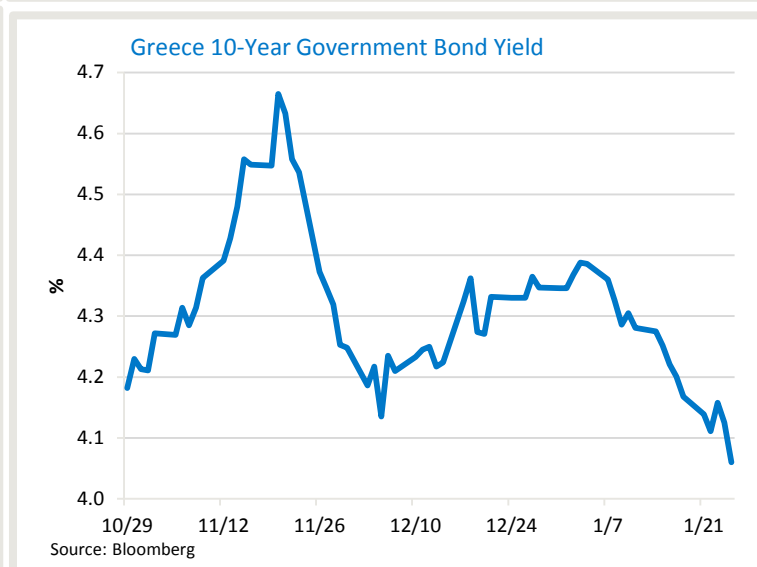
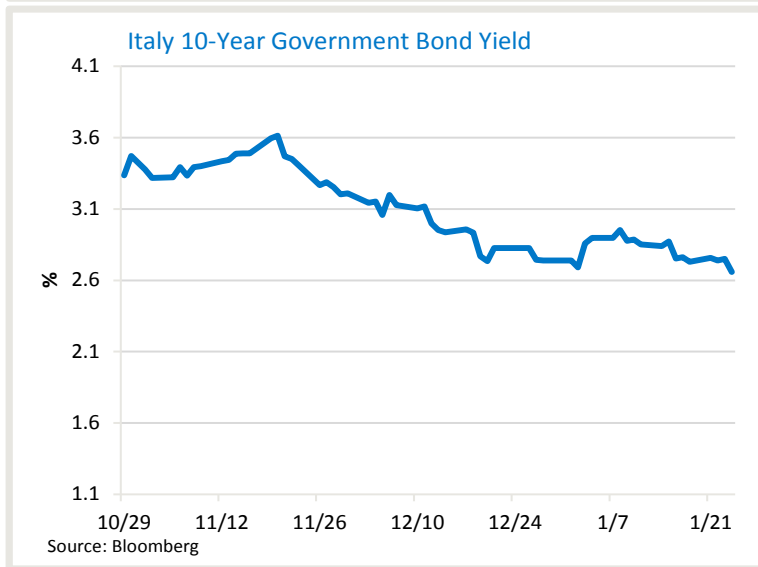
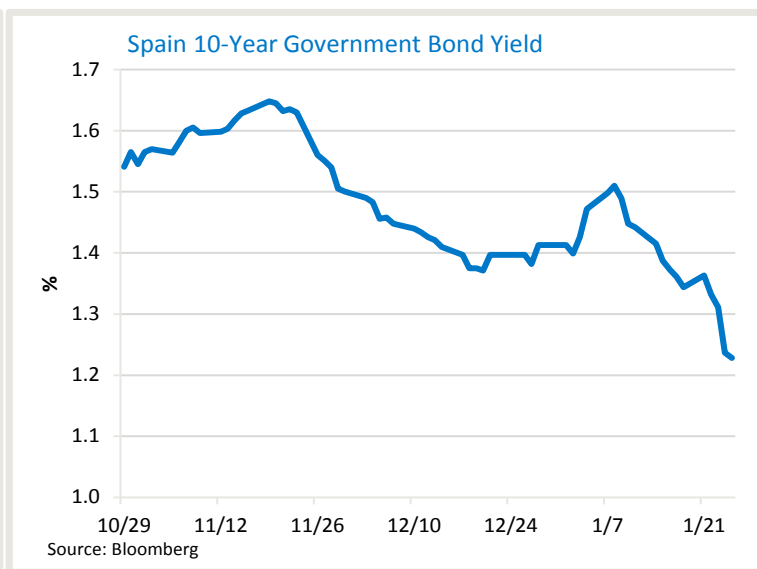
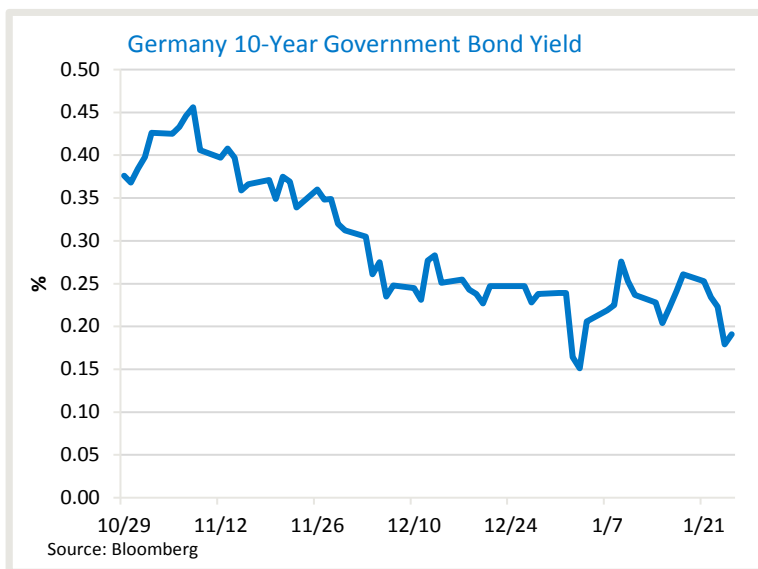
## Eurozone

### SELECTED EUROPEAN SOVEREIGN YIELD PERFORMANCE

	Last	Change	% Chg.	YTD %
Germany 10-Yr. Govt.	0.19	7 bps	NM	NM
Greece 10-Yr. Govt.	4.06	8 bps	NM	NM
Italy 10-Yr. Govt.	2.65	7 bps	NM	NM
Spain 10-Yr. Govt.	1.23	10 bps	NM	NM
Belgium 10-Yr. Govt.	0.63	6 bps	NM	NM

	Last	Change	% Chg.	YTD %
France 10-Yr. Govt.	0.60	6 bps	NM	NM
Ireland 10-Yr. Govt.	0.91	8 bps	NM	NM
Portugal 10-Yr. Govt.	1.64	7 bps	NM	NM
Netherlands 10-Yr. Govt.	0.29	7 bps	NM	NM
U.K. 10-Yr. Govt.	1.30	4 bps	NM	NM

Source: Bloomberg  
Basis points (bps)

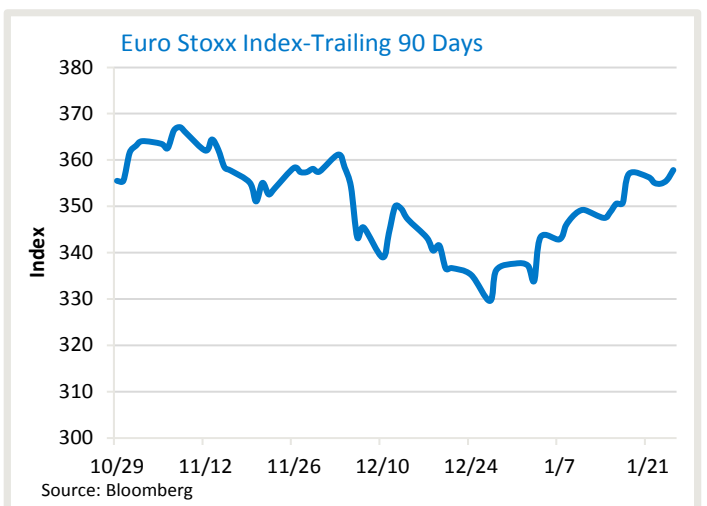
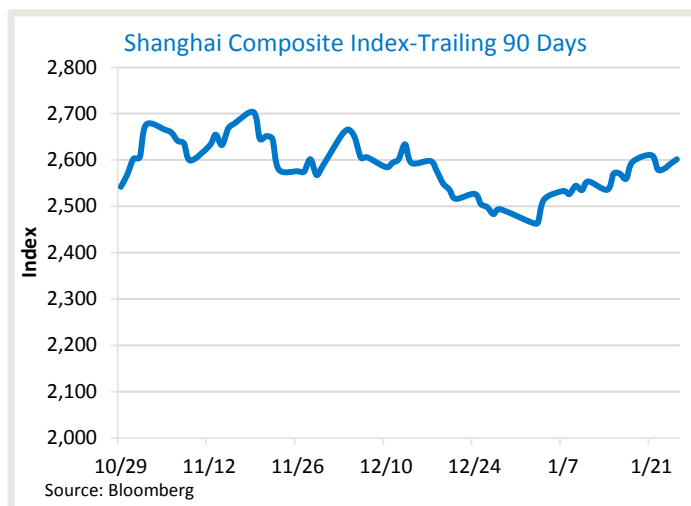
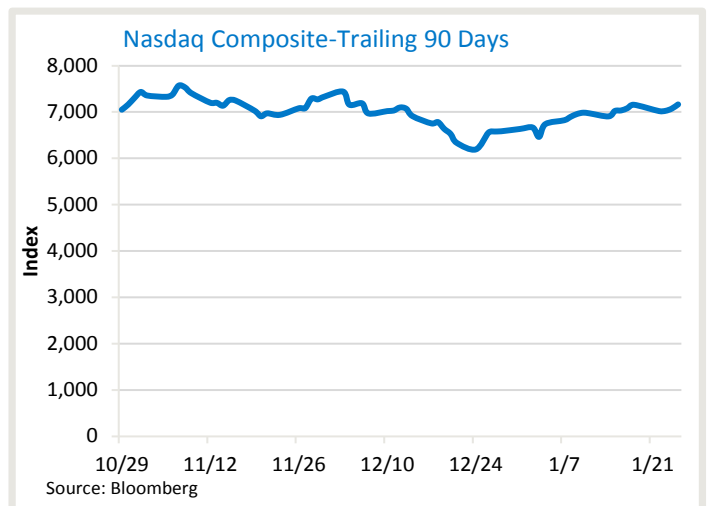
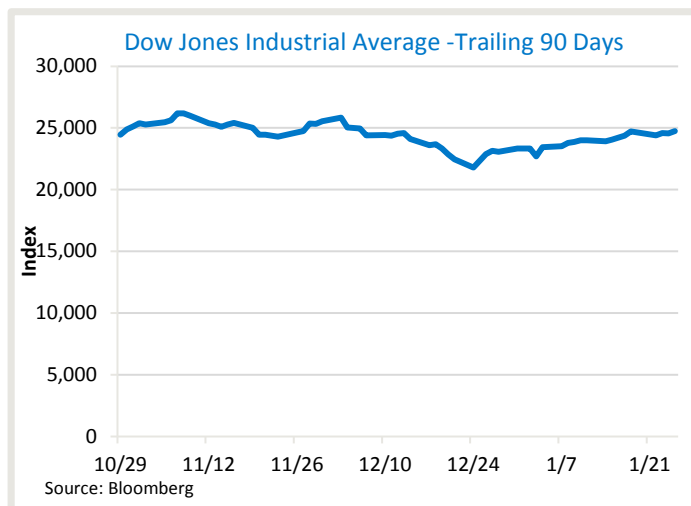


## Equities

### WORLD MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
S&P 500	2,664.76	-5.95	-0.22%	6.30%	Swiss Market Index	8,922.49	-101.47	-1.12%	5.85%
Dow Industrials	24,737.20	30.85	0.12%	6.04%	CAC 40 Index (France)	4,925.82	49.89	1.02%	4.12%
Nasdaq Composite	7,164.86	7.64	0.11%	7.98%	DAX Index (Germany)	11,281.79	76.25	0.68%	6.85%
MSCI ACWI	479.84	-3.66	-0.76%	5.3%	Irish Overall Index	5,849.56	49.95	0.86%	6.75%
MSCI EM	1,019.44	1.44	0.14%	5.6%	Nikkei 225	20,773.56	107.49	0.52%	3.79%
S&P/TSX (Canada)	15,366.05	62.22	0.41%	7.28%	Hang Seng Index	27,569.19	478.38	1.77%	6.67%
Mexico IPC	43,638.62	-602.92	-1.36%	4.80%	Shanghai Composite	2,601.72	5.72	0.22%	4.32%
Brazil Bovespa	97,677.19	1580.44	1.64%	11.14%	Kospi Index (S. Korea)	2,177.73	53.45	2.52%	6.70%
Euro Stoxx 600	357.84	0.79	0.22%	5.98%	Taiwan Taiex Index	9,969.61	133.55	1.36%	2.49%
FTSE 100	6,809.22	-159.11	-2.28%	1.21%	Tel Aviv 25 Index	1,526.90	15.76	1.04%	4.31%
IBEX 35 (Spain)	9,185.20	116.10	1.28%	7.56%	MOEX Index (Russia)	2,498.23	24.62	1.00%	5.44%

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



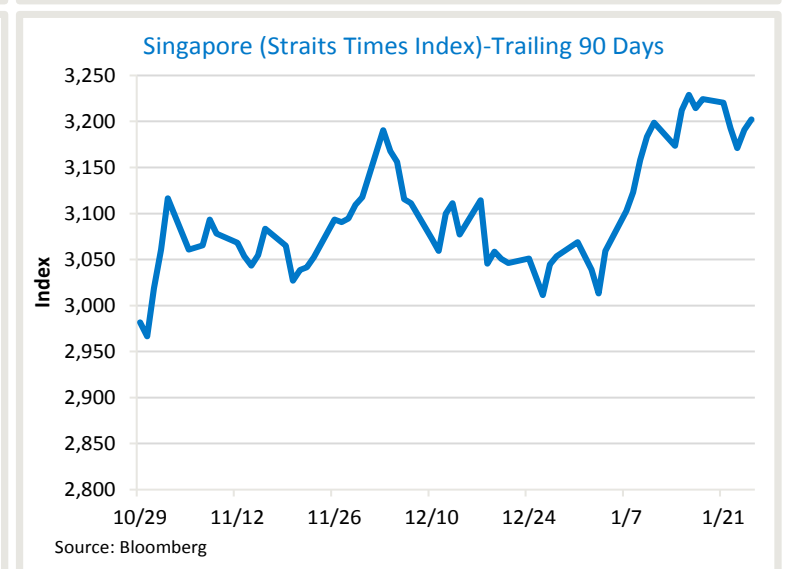
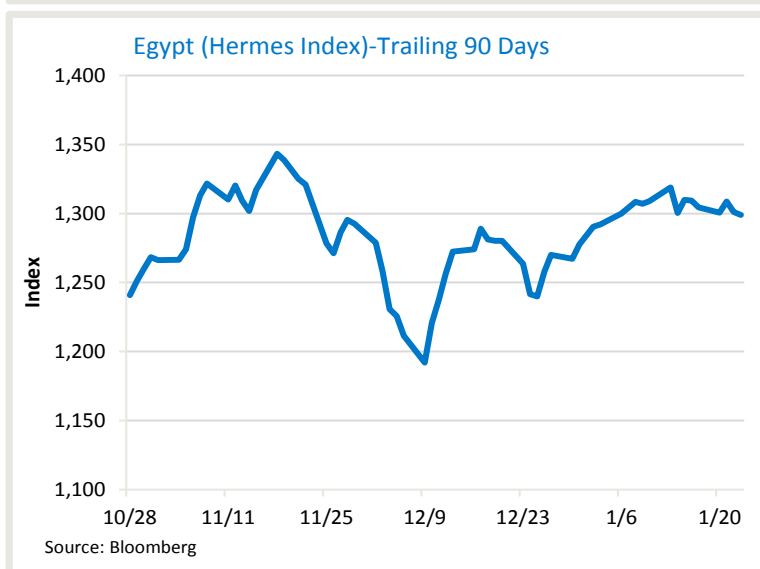
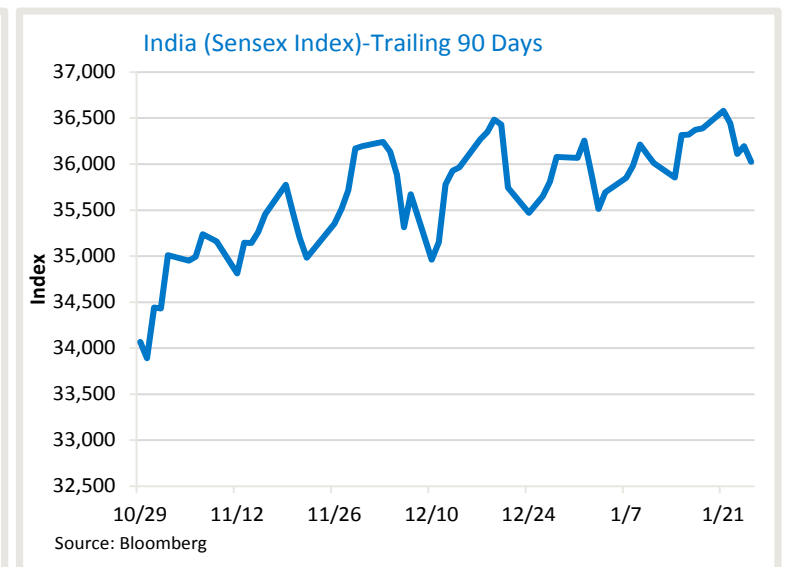
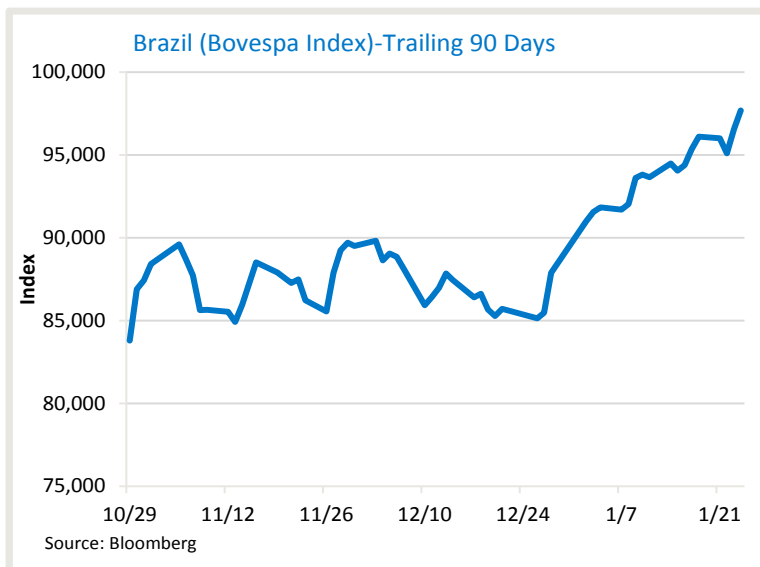
## Equities – Emerging and Frontier Markets

### EMERGING AND FRONTIER MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
Mexico IPC	43,638.62	-602.92	-1.4%	4.8%
Brazil (Bovespa Index)	97,677.19	1580.44	1.6%	11.1%
MOEX Index (Russia)	2,498.23	24.62	1.0%	5.4%
Czech Republic (Prague)	1,023.10	2.74	0.3%	3.7%
Turkey (Istanbul)	101,801.42	3346.52	3.4%	11.5%
Egypt (Hermes Index)	1,299.02	-5.41	-0.4%	1.7%
Kenya (Nairobi 20 Index)	2,907.66	55.89	2.0%	2.6%
Saudi Arabia (TASI Index)	8,434.89	-13.13	-0.2%	7.8%
Lebanon (Beirut BLOM Index)	946.78	-10.74	-1.1%	-3.1%
Palestine	527.82	-2.40	-0.5%	-0.3%

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

	Last	Change	% Chg.	YTD %
Hang Seng Index	27,569.19	478.38	1.8%	6.7%
India (Sensex 30)	36,025.54	-361.07	-1.0%	-0.1%
Malaysia (KLCI Index)	1,701.03	18.06	1.1%	0.6%
Singapore (Straits Times Index)	3,202.25	-22.09	-0.7%	4.3%
Thailand (SET Index)	1,623.62	39.85	2.5%	3.8%
Indonesia (Jakarta)	6,482.84	34.69	0.5%	4.7%
Pakistan (Karachi KSE 100)	40,264.78	958.28	2.4%	8.6%
Vietnam (Ho Chi Minh)	908.88	6.58	0.7%	1.8%
Sri Lanka (Colombo)	5,978.30	-9.77	-0.2%	-1.2%
Cambodia (Laos)	818.81	0.99	0.1%	-2.1%

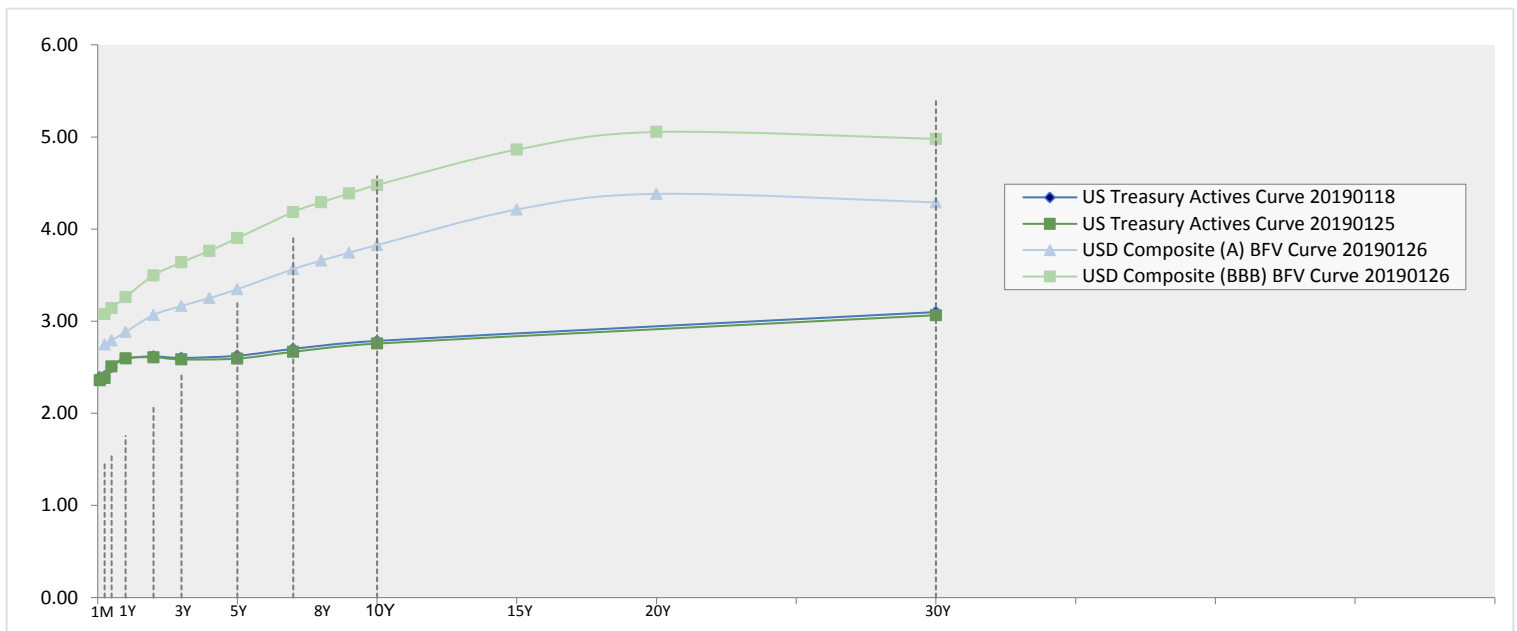


## Interest Rates

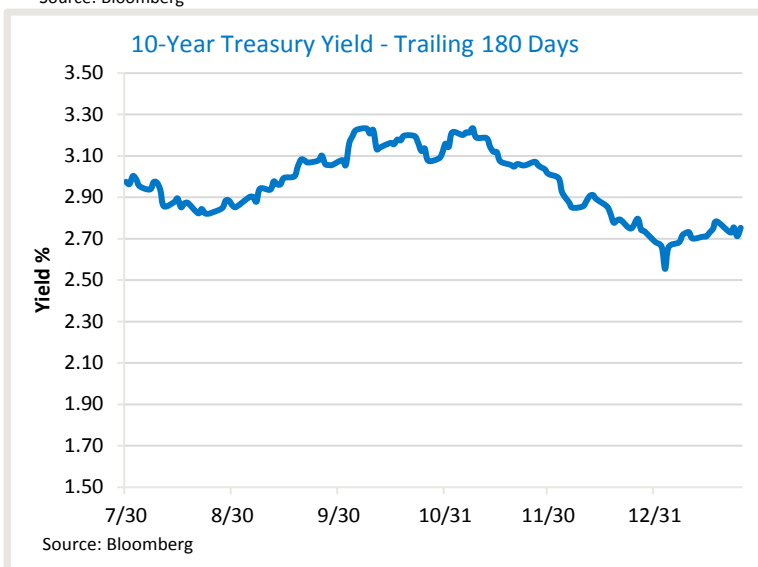
SELECTED INTEREST RATES

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
2-Yr. U.S. Treasury	2.61%	0 bps	NM	NM	Prime Rate	5.50%	0.00	NM	NM
5-Yr. U.S. Treasury	2.59%	-3 bps	NM	NM	Fed Funds Rate	2.50%	0.00	NM	NM
10-Yr. U.S. Treasury	2.75%	-3 bps	NM	NM	Discount Rate	3.00%	0.00	NM	NM
30-Yr. U.S. Treasury	3.06%	-4 bps	NM	NM	LIBOR (3 Mo.)	2.76%	0 bps	NM	NM
German 10-Yr. Govt.	0.19%	7 bps	NM	NM	Bond Buyer 40 Muni	4.11%	5 bps	NM	NM
France 10-Yr.	0.60%	6 bps	NM	NM	Bond Buyer 40 G.O.	4.23%	NA	NM	NM
Italy 10-Yr.	2.65%	7 bps	NM	NM	Bond Buyer 40 Rev.	4.70%	NA	NM	NM
Fed 5-Yr Fwd BE Inf.	1.83%	3 bps	NM	NM					

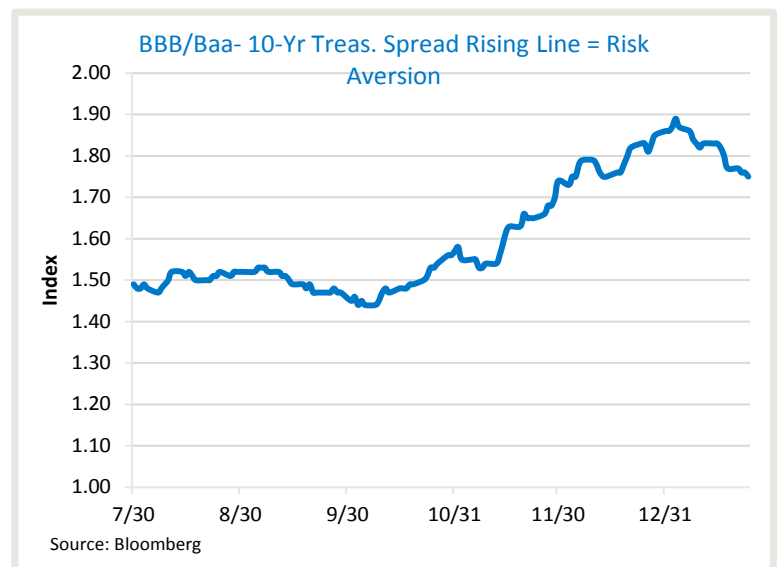
Source: Bloomberg



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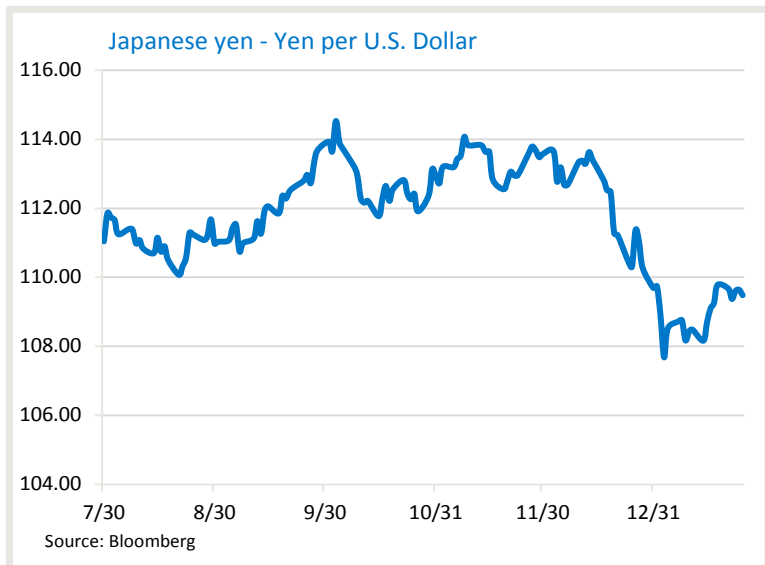
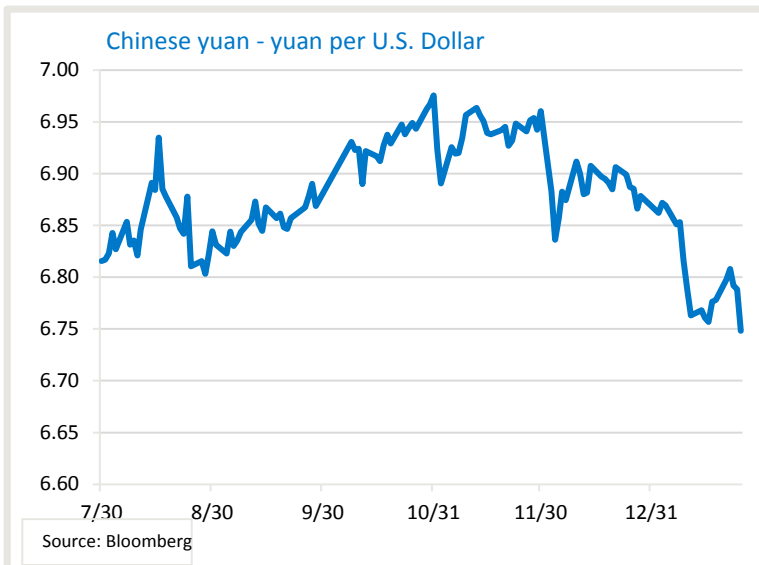
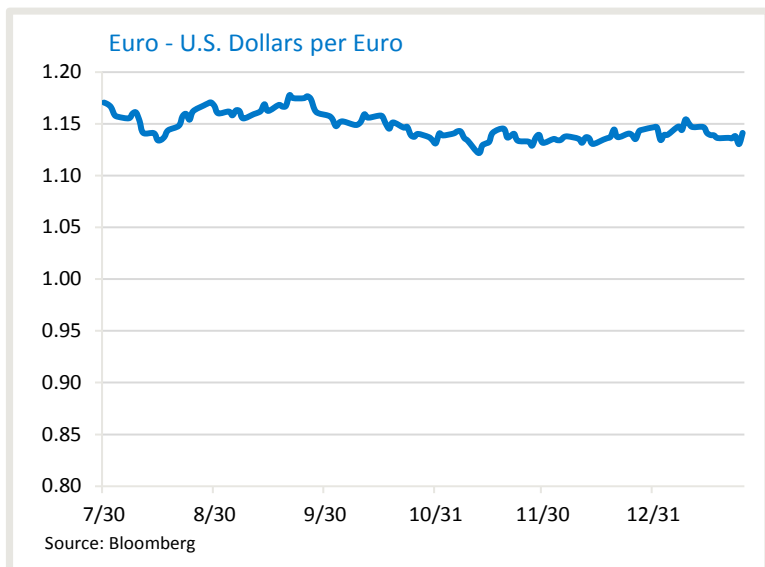
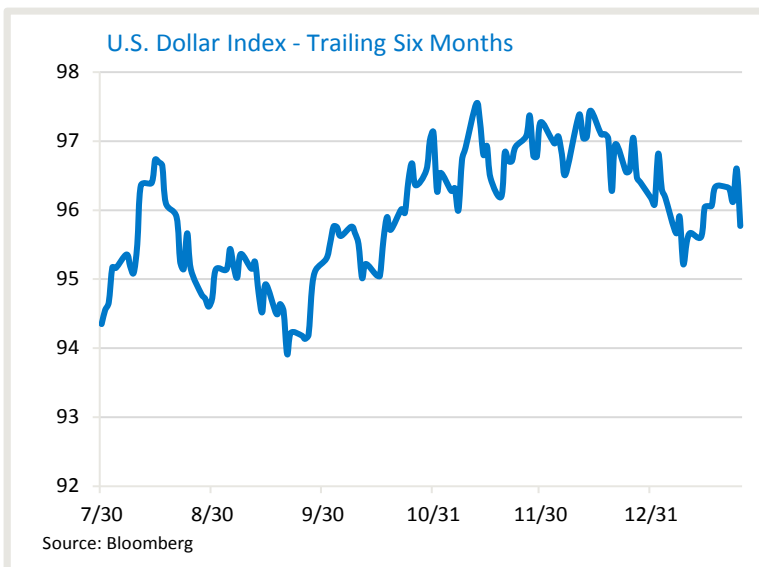
## Currencies

### SELECTED CURRENCY PERFORMANCE

	Last	Change	% Chg.	YTD %
<b>Dollar Index</b>	<b>95.78</b>	<b>-0.565</b>	<b>-0.59%</b>	<b>-0.42%</b>
<b>Euro</b>	<b>1.14</b>	<b>0.005</b>	<b>0.44%</b>	<b>-0.47%</b>
<b>Japanese Yen</b>	<b>109.54</b>	<b>-0.300</b>	<b>0.27%</b>	<b>0.19%</b>
<b>British Pound</b>	<b>1.32</b>	<b>0.033</b>	<b>2.53%</b>	<b>3.48%</b>
<b>Canadian Dollar</b>	<b>1.32</b>	<b>-0.004</b>	<b>0.26%</b>	<b>3.12%</b>

	Last	Change	% Chg.	YTD %
<b>Chinese Yuan</b>	<b>6.75</b>	<b>-0.030</b>	<b>0.44%</b>	<b>1.93%</b>
<b>Swiss Franc</b>	<b>0.99</b>	<b>-0.003</b>	<b>0.26%</b>	<b>-1.08%</b>
<b>New Zealand Dollar</b>	<b>0.68</b>	<b>0.010</b>	<b>1.42%</b>	<b>1.79%</b>
<b>Brazilian Real</b>	<b>3.76</b>	<b>0.008</b>	<b>-0.20%</b>	<b>2.99%</b>
<b>Mexican Peso</b>	<b>18.99</b>	<b>-0.110</b>	<b>0.58%</b>	<b>3.49%</b>

Source: Bloomberg



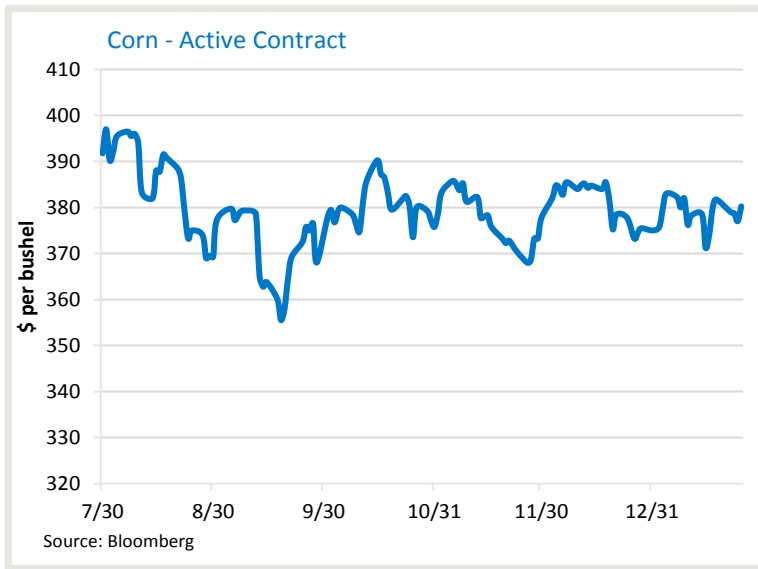
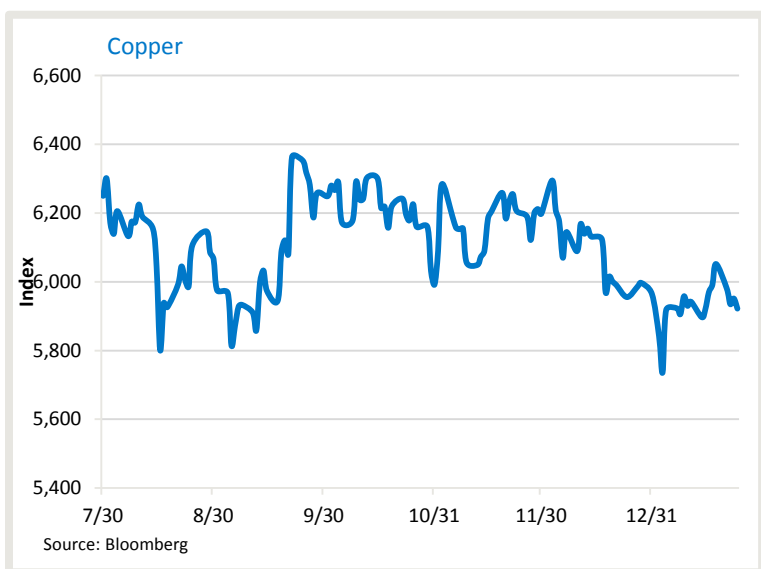
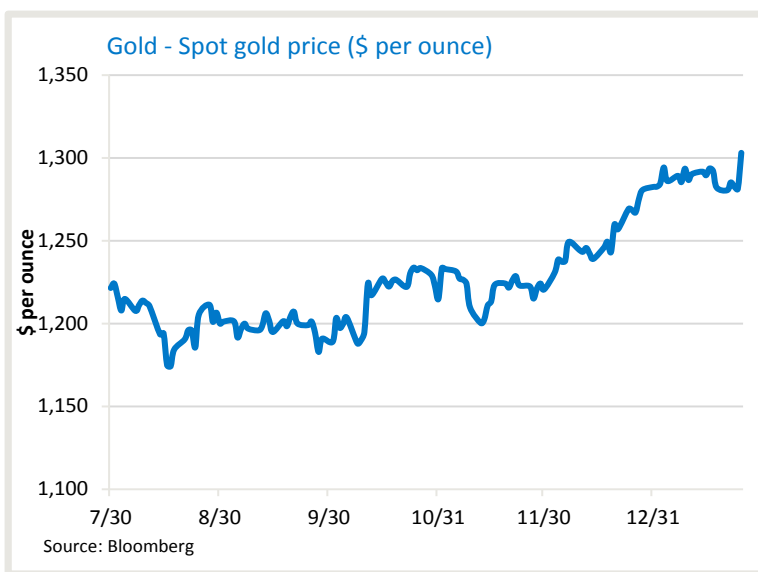
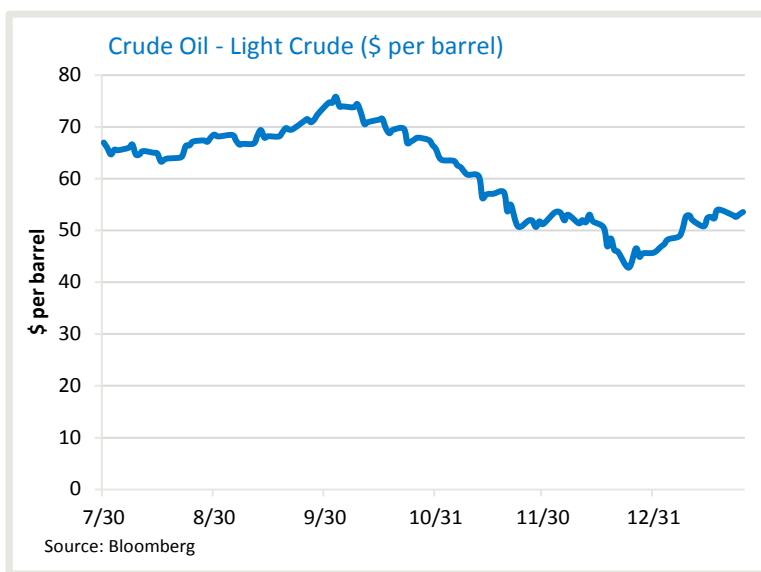
## Commodities

### SELECTED COMMODITY MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
<b>Bloomberg Comm. Idx.</b>	<b>81.07</b>	<b>-0.31</b>	<b>-0.38%</b>	<b>5.68%</b>
<b>Crude Oil</b>	<b>\$53.54</b>	<b>-\$0.46</b>	<b>-0.85%</b>	<b>17.19%</b>
<b>Natural Gas</b>	<b>\$3.17</b>	<b>-\$0.31</b>	<b>-8.93%</b>	<b>7.86%</b>
<b>Gasoline (\$/Gal.)</b>	<b>\$2.27</b>	<b>\$0.03</b>	<b>1.34%</b>	<b>0.71%</b>
<b>Heating Oil</b>	<b>188.86</b>	<b>-2.65</b>	<b>-1.38%</b>	<b>12.51%</b>
<b>Gold Spot</b>	<b>\$1,303.10</b>	<b>\$20.98</b>	<b>1.64%</b>	<b>1.61%</b>
<b>Silver Spot</b>	<b>\$15.75</b>	<b>\$0.41</b>	<b>2.64%</b>	<b>1.61%</b>

Source: Bloomberg; % change is based on price.

	Last	Change	% Chg.	YTD %
<b>Platinum Spot</b>	<b>\$818.24</b>	<b>\$20.94</b>	<b>2.63%</b>	<b>2.88%</b>
<b>Corn</b>	<b>380.25</b>	<b>0.25</b>	<b>0.07%</b>	<b>1.40%</b>
<b>Wheat</b>	<b>520.00</b>	<b>2.25</b>	<b>0.43%</b>	<b>3.33%</b>
<b>Soybeans</b>	<b>925.25</b>	<b>17.50</b>	<b>1.93%</b>	<b>3.38%</b>
<b>Sugar</b>	<b>12.44</b>	<b>-0.41</b>	<b>-3.19%</b>	<b>3.41%</b>
<b>Orange Juice</b>	<b>119.40</b>	<b>-0.10</b>	<b>-0.08%</b>	<b>-5.09%</b>
<b>Aluminum</b>	<b>1,890.50</b>	<b>20.50</b>	<b>1.10%</b>	<b>2.41%</b>
<b>Copper</b>	<b>5,922.00</b>	<b>-130.00</b>	<b>-2.15%</b>	<b>-0.72%</b>

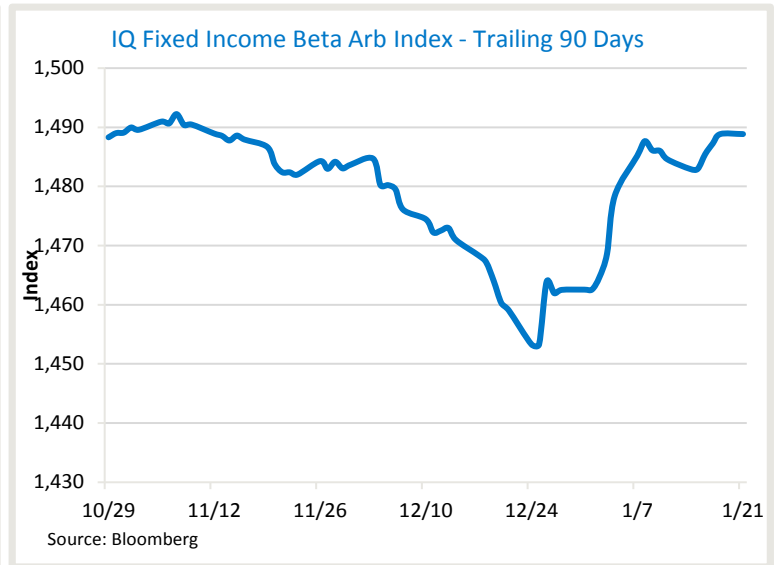
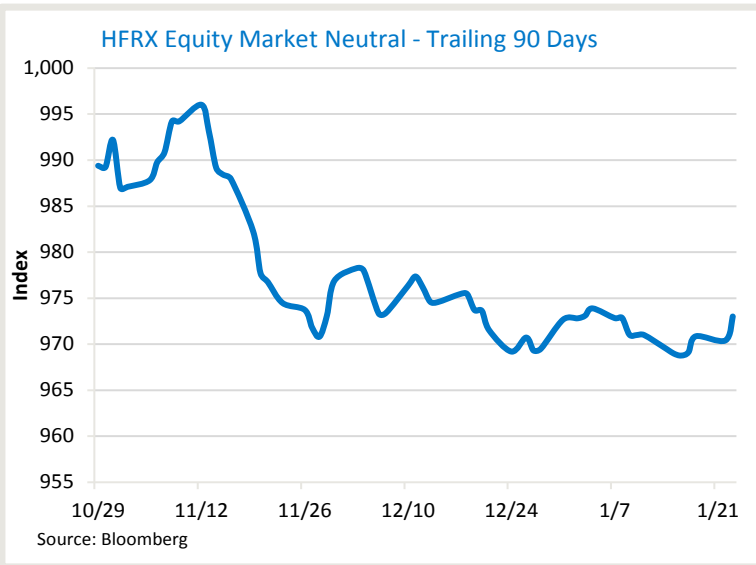
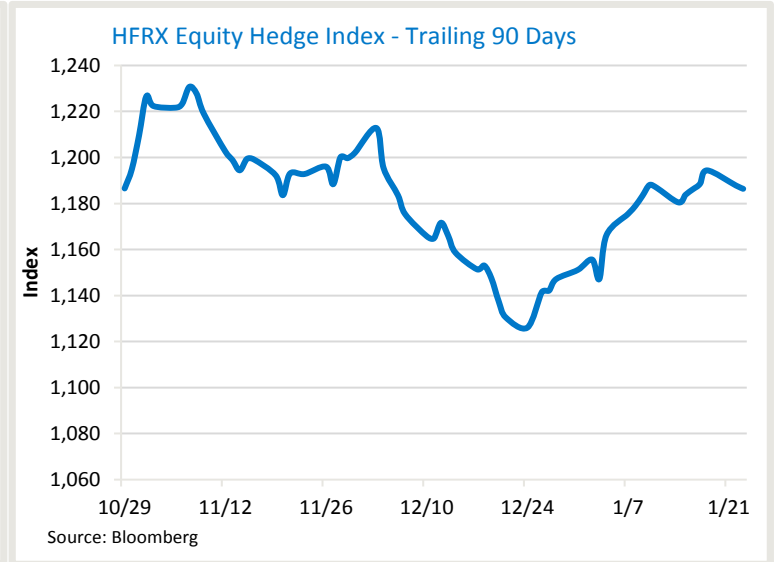
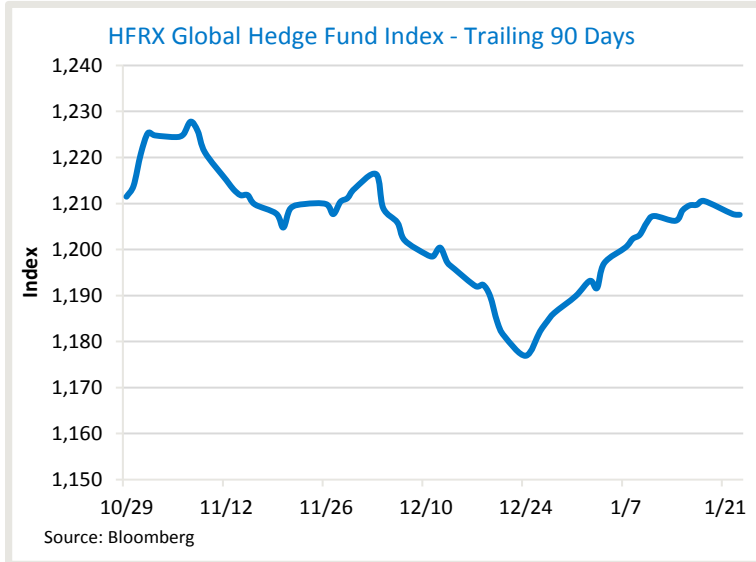


## Alternative Investments

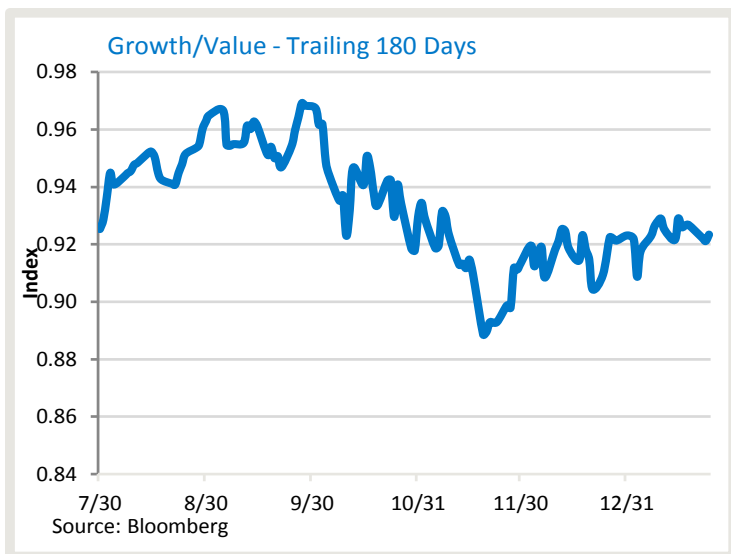
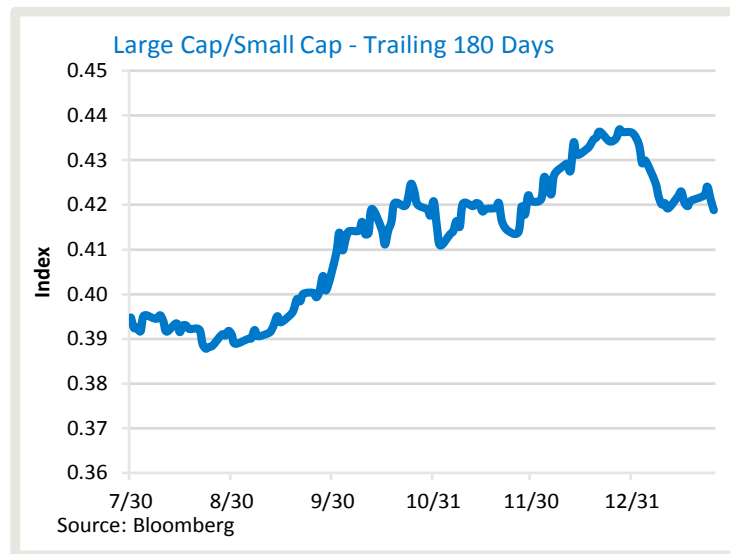
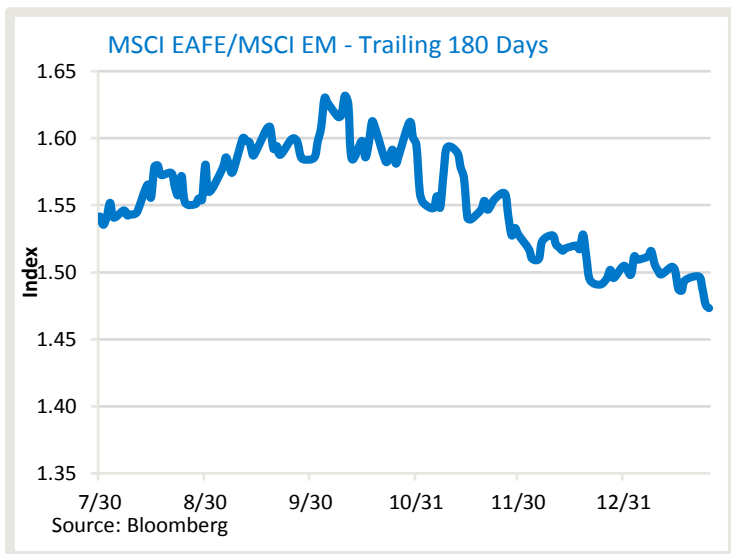
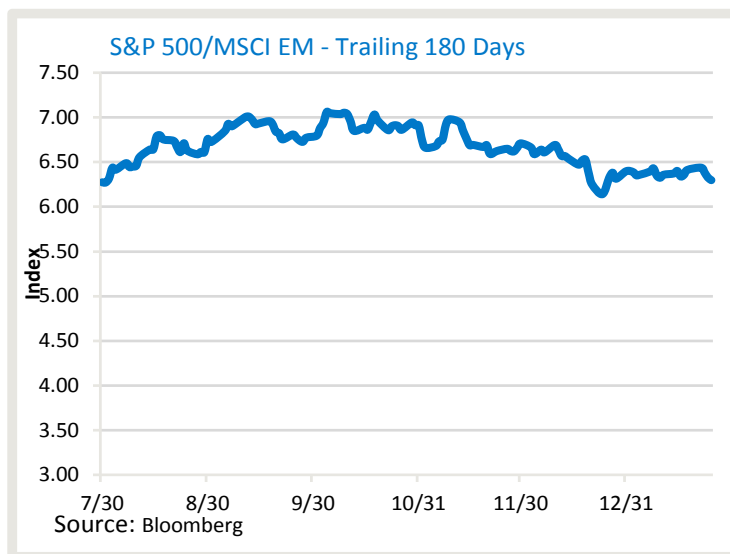
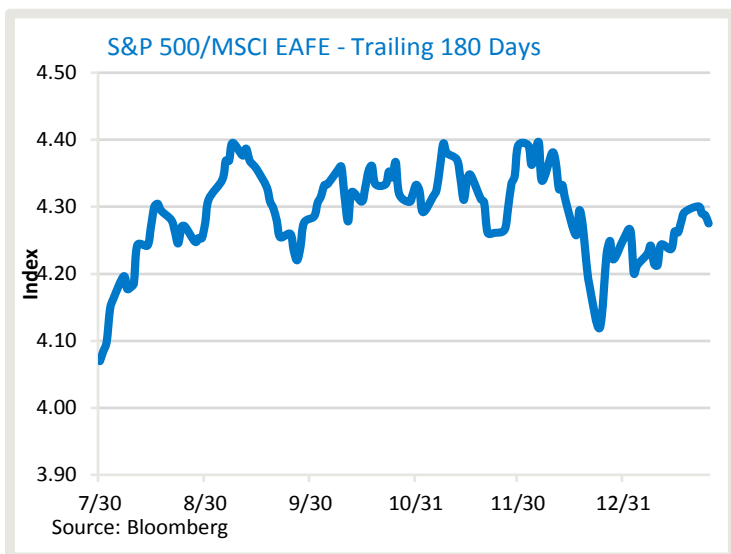
### SELECTED ALTERNATIVE INVESTMENT INDEX PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
HFRX Global Hedge Fund Index	1207.55	-3.00	-0.25%	1.49%	HFRX Distressed Index	1021.29	-1.09	-0.11%	1.97%
HFRX Equity Market Neutral	973.01	2.15	0.22%	0.04%	HFRX Merger Arbitrage Index	1828.35	0.75	0.04%	0.59%
HFRX Equity Hedge Index	1186.37	-8.02	-0.67%	3.06%	HFRX Convertible Arbitrage Index	801.27	6.43	0.81%	1.73%
HFRX Event-Driven Index	1503.48	-3.84	-0.25%	2.19%	HFRX Macro CTA Index	1093.39	3.10	0.28%	-2.90%
HFRX Absolute Return Index	1068.82	0.50	0.05%	1.02%	IQ Fixed Income Beta Arb Index	1489.48	0.64	0.04%	1.84%

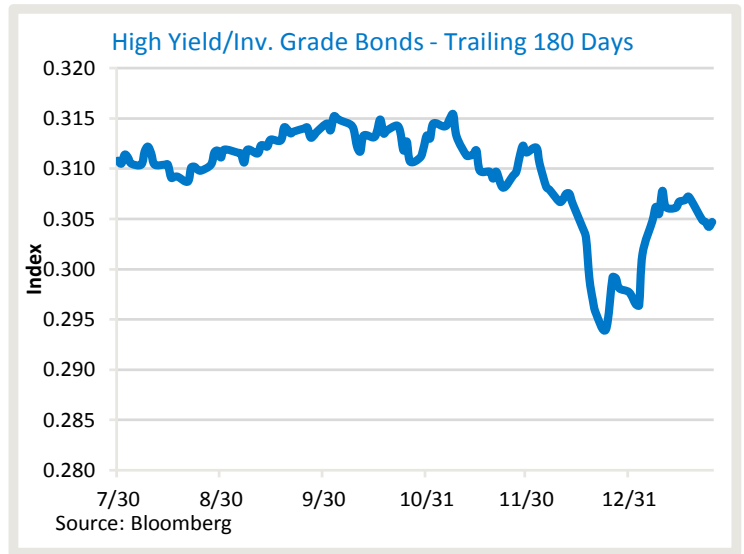
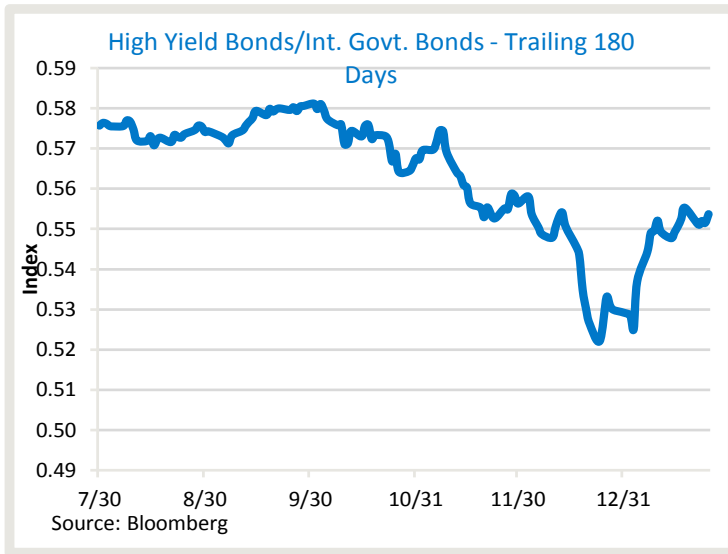
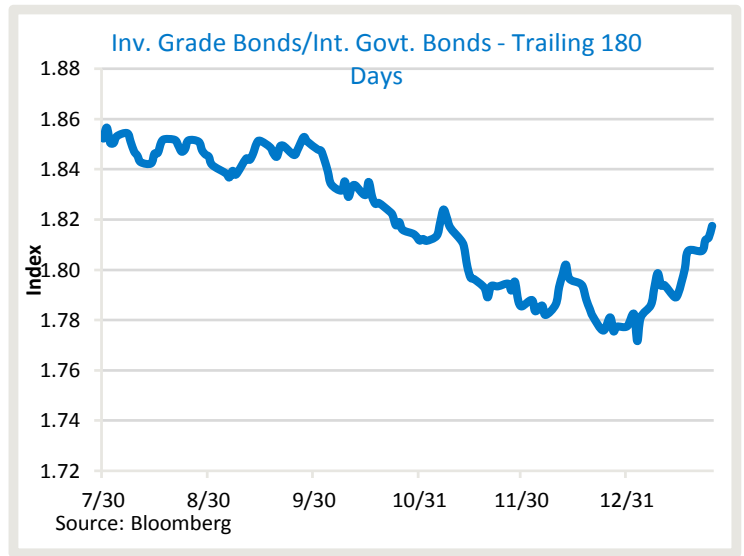
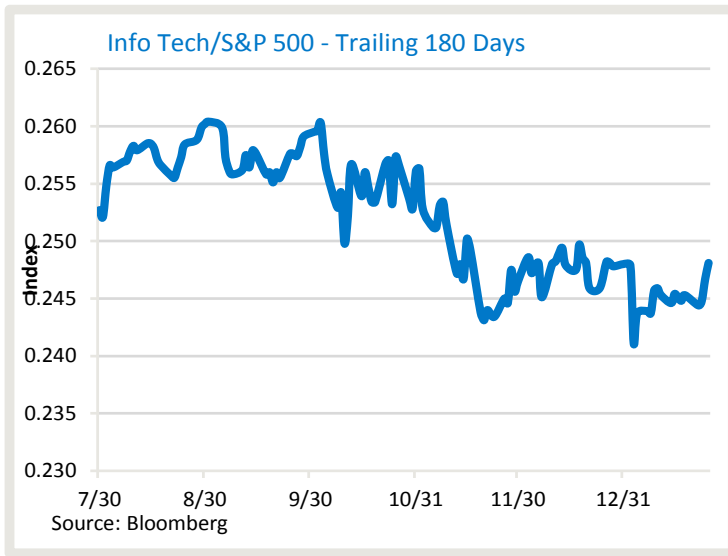
Source: Bloomberg; Index % change is based on price.



## Portfolio Construction



## Portfolio Construction (continued)



WEEKLY ASSET CLASS PERFORMANCE (Prior 12 weeks ending Thursday)

			11/8	11/15	11/22	11/29	12/6	12/13	12/20	12/27	1/3	1/10	1/17	1/24
Equity	Domestic Equity	Large Cap (R200)	2.39%	-2.79%	-3.18%	3.52%	-1.43%	-1.49%	-6.97%	0.93%	-1.70%	5.89%	1.53%	0.06%
		Small Cap (R2000)	2.15%	-3.43%	-2.35%	2.49%	-3.15%	-3.03%	-7.45%	0.44%	-0.07%	8.61%	1.51%	-0.19%
	Int'l. Equity	MSCI EAFE	1.68%	-2.68%	-0.74%	1.45%	-3.38%	0.86%	-3.39%	-1.50%	1.34%	4.49%	-0.24%	0.72%
		MSCI Em. Mkts.	2.27%	-1.28%	-0.50%	2.26%	-1.92%	0.67%	-2.61%	-0.78%	-0.29%	5.17%	1.03%	1.04%
Fixed Income	BarCap Agg. (AGG)	-0.32%	0.46%	0.18%	0.22%	0.41%	0.18%	0.29%	-0.01%	1.11%	-0.57%	0.03%	0.28%	
	High Yield (JNK)	0.68%	-1.67%	-0.60%	0.78%	-1.00%	0.64%	-3.75%	0.27%	0.21%	4.14%	0.09%	-0.03%	
Commodities	Bloomberg Commodity Index	-0.37%	-0.50%	0.62%	-0.88%	-0.44%	0.30%	-4.49%	-1.28%	-0.45%	2.63%	1.21%	-0.30%	
Alternatives	Hedge Funds (HFRX Global)	0.03%	-1.13%	-0.24%	0.19%	-0.44%	-0.72%	-1.08%	0.01%	0.61%	1.20%	0.32%	-0.18%	
Asset Allocation	60/40*	1.22%	-1.57%	-1.29%	1.75%	-1.25%	-0.49%	-3.56%	0.07%	0.07%	3.57%	0.64%	0.26%	
	48/32/20 (w/Alts.)**	0.98%	-1.48%	-1.08%	1.44%	-1.09%	-0.54%	-3.06%	0.06%	0.18%	3.10%	0.57%	0.17%	

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

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

RELATIVE STRENGTH MATRIX (BASED ON 30-DAY RSI)

	Large Cap Core	Large Cap Growth	Large Cap Value	Mid Cap Core	Mid Cap Growth	Mid Cap Value	Small Cap Core	Small Cap Growth	Small Cap Value	Int'l. Developed	Emerging Markets	REITs	Comm.	Int. Bond	High Yield
Large Cap Core	1.00	1.01	0.99	0.96	0.94	0.99	1.00	0.99	1.01	0.97	0.87	0.93	1.06	0.81	0.93
Large Cap Growth	0.99	1.00	0.99	0.96	0.93	0.98	0.99	0.99	1.00	0.97	0.87	0.92	1.06	0.80	0.92
Large Cap Value	1.01	1.01	1.00	0.97	0.95	0.99	1.01	1.00	1.01	0.98	0.88	0.93	1.07	0.81	0.93
Mid Cap Core	1.04	1.04	1.03	1.00	0.97	1.03	1.04	1.03	1.05	1.01	0.91	0.96	1.10	0.84	0.96
Mid Cap Growth	1.07	1.07	1.06	1.03	1.00	1.05	1.06	1.06	1.07	1.04	0.93	0.99	1.13	0.86	0.99
Mid Cap Value	1.01	1.02	1.01	0.98	0.95	1.00	1.01	1.01	1.02	0.99	0.89	0.94	1.08	0.82	0.94
Small Cap Core	1.00	1.01	0.99	0.96	0.94	0.99	1.00	0.99	1.01	0.97	0.88	0.93	1.06	0.81	0.93
Small Cap Growth	1.01	1.01	1.00	0.97	0.94	0.99	1.01	1.00	1.01	0.98	0.88	0.93	1.07	0.81	0.93
Small Cap Value	0.99	1.00	0.99	0.96	0.93	0.98	0.99	0.99	1.00	0.97	0.87	0.92	1.06	0.80	0.92
Int'l. Developed	1.03	1.03	1.02	0.99	0.96	1.01	1.03	1.02	1.03	1.00	0.90	0.95	1.09	0.83	0.95
Emerging Markets	1.14	1.15	1.14	1.10	1.07	1.13	1.14	1.14	1.15	1.11	1.00	1.06	1.22	0.92	1.06
REITs	1.08	1.08	1.07	1.04	1.01	1.07	1.08	1.07	1.09	1.05	0.94	1.00	1.15	0.87	1.00
Commodities	0.94	0.95	0.93	0.91	0.88	0.93	0.94	0.93	0.95	0.92	0.82	0.87	1.00	0.76	0.87
Int. Bond	1.24	1.25	1.23	1.19	1.16	1.22	1.24	1.23	1.25	1.21	1.08	1.15	1.32	1.00	1.15
High Yield	1.08	1.09	1.07	1.04	1.01	1.07	1.08	1.07	1.09	1.05	0.94	1.00	1.15	0.87	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 **HFRI Indices** are a series of benchmarks of hedge fund industry performance which are engineered to achieve representative performance of a larger universe of hedge fund strategies. Hedge Fund Research, Inc. employs the HFRI Methodology (UCITS compliant), a proprietary and highly quantitative process by which hedge funds are selected as constituents for the HFRI Indices. The **University of Michigan Consumer Sentiment Index (MCSI)** is a survey of consumer confidence conducted by the University of Michigan using telephone surveys to gather information on consumer expectations regarding the overall economy. The **CBOE Volatility Index (VIX)** is an up-to-the-minute market estimate of expected volatility that is calculated by using real-time S&P 500 Index option bid/ask quotes. The Index uses nearby and second nearby options with at least 8 days left to expiration and then weights them to yield a constant, 30-day measure of the expected volatility of the S&P 500 Index. The **MSCI EAFE Index** is designed to measure the equity market performance of developed markets outside of the U.S. & Canada. The **MSCI EAFE Growth Index** is an unmanaged index considered representative of growth stocks of Europe, Australasia and the Far East. The **MSCI EAFE Value Index** is an unmanaged index considered representative of value stocks of Europe, Australasia and the Far East. The **MSCI EM (Emerging Markets) Latin America Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of emerging markets in Latin America. The **MSCI World ex-U.S. Index** captures large and mid-cap representation across 22 of 23 Developed Markets (DM) countries - excluding the US. With 1,002 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country. The **MSCI Japan Index** is designed to measure the performance of the large and mid-cap segments of the Japanese market. With 320 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in Japan. The **MSCI Emerging Markets Index** is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The **MSCI Europe Index** is an unmanaged index considered representative of stocks of developed European countries. The **MSCI Pacific Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the developed markets in the Pacific region. The **Barclays Intermediate US Government/Credit Bond Index** is a market capitalization-weighted index of investment-grade, fixed-rate debt issues, including Treasuries, government-related and U.S. corporate securities, with maturities of at least one year and less than 10 years. The **NY Empire State Manufacturing Index** is based on the monthly survey of manufacturers in New York State – known as the Empire State Manufacturing Survey – conducted by the Federal Reserve Bank of New York. The **S&P The Dow Jones Wilshire U.S. REIT Index** tracks the performance of publicly traded REITs and REIT-like securities and is designed to serve as a proxy for direct real estate investment, in part by excluding companies whose performance may be driven by factors other than the value of real estate. The **Russell Top 200 Index** measures the performance of the 200 largest companies in the Russell 1000 Index, with a weighted average market capitalization of \$186 billion. The **Barclays 1-3 Year US Treasury Bond Index** measures public US Treasury obligations with remaining maturities of one to three years. The **S&P LSTA Leveraged Loan Index** is an unmanaged capitalization-weighted syndicated loan index based upon market weightings, spreads and interest payments. It covers the US market back to 1997 and currently calculates on a daily basis. The **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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