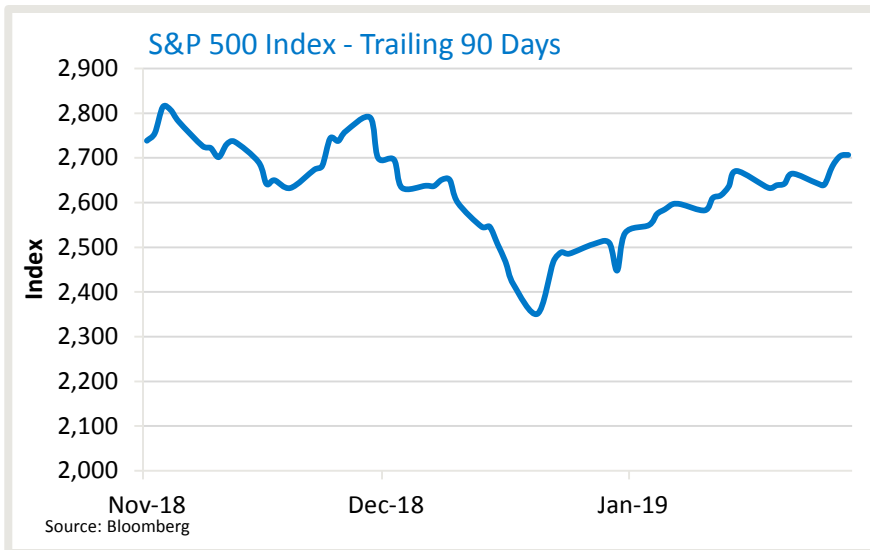


Weekly Market Review

February 4, 2019

Chart of the Week



Weekly Highlights

- **Fed signals a pause in rate hikes.** Chairman Jerome Powell signaled the Federal Reserve (the Fed) will not raise interest rates again until inflation accelerates, a dovish pivot that left many investors betting against any further hikes in this economic expansion.
- **The partial government shutdown delays closely watched economic reports, creating uncertainty for investors and business leaders.** The gross domestic product report, published by the US Bureau of Economic Analysis (BEA), was delayed because of the partial government shutdown. Although the BEA reopened on Monday, it will take time to finish the report, as several data collection agencies have been closed for more than a month. Additionally, other economic reports that are normally released by the Census Bureau also were delayed, including international trade, retail, and new home sales.
- **The US-China trade talks begin.** The world's two biggest economies kicked off talks this week in hopes of settling the trade war by March 1. Both sides hope that this round of meetings will establish a framework that ultimately will put an end to a months-long trade war that has taken bites out of China's economy and sent turbulence throughout the US stock markets.

Talking Points

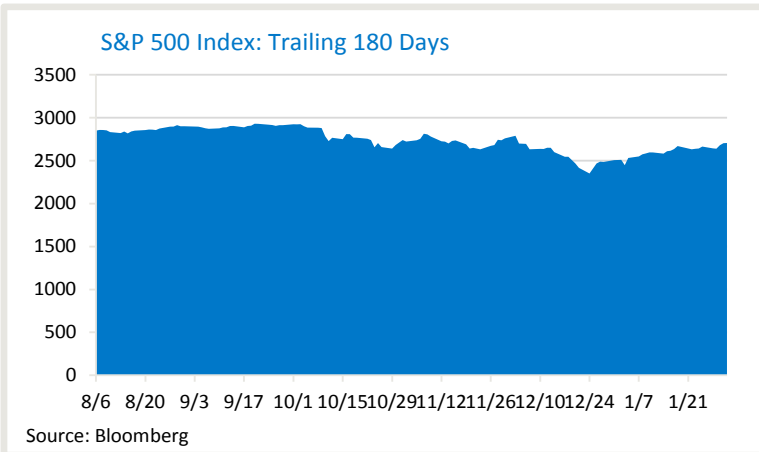
- **Global equity markets** rose broadly this week. US markets were led by the tech-heavy NASDAQ on the tailwinds of positive earnings from a number of FAANG companies. International stocks were largely higher; however, they trailed emerging markets, which posted strong returns for the week, with Brazil contributing significantly, while Greece and India detracted marginally.
- **Treasury yields** fell this week, primarily due to the Fed's vowing "patience" in monetary policy. However, yields rose marginally on Friday morning, trimming the decline, after the December employment report showed stronger-than-expected US job gains and the yield on the 30-year U.S. Treasury bond rising back above 3%.
- **Commodities rose**, with the Bloomberg Commodity Index finishing slightly higher after an overall positive week. Within the index, oil prices jumped along with the stock market on Friday, after the US monthly job report showed a surge in employment. Oil futures also headed higher, as US sanctions on Venezuela's state-owned oil firm, PDVSA, raised the risk of tighter crude supplies.
- **The US dollar** ended the week lower against a basket of major trade partners' currencies. The Deutsche Bank Long US dollar index fell .73%, likely pressured by the Fed's cautious US economic outlook, suggesting the central bank may be near the end of its tightening cycle.
- **In other economic news**, the US gained 304,000 new jobs in January, the biggest increase in almost a year and marking 100 consecutive months of employment gains. The unemployment rate, while still historically low, drifted marginally higher to 4.00%, likely a by-product of the combination of a higher labor force participation rate and the government shutdown.

Market Dashboard

	Last Price	Change	% Chg.	YTD %
S&P 500	2,706.53	41.77	1.57%	8.0%
Dow Industrials	25,063.89	326.69	1.32%	7.4%
Nasdaq	7,263.87	99.00	1.38%	9.5%
Russell 2000	1,502.05	19.20	1.29%	11.4%
Euro Stoxx Index	359.71	1.87	0.52%	6.5%
Shanghai Composite	2,618.23	16.51	0.63%	5.0%
MSCI ACWI	491.19	6.66	1.37%	7.8%

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

	Last Price	Change	% Chg.	YTD %
MSCI EM	1,049.93	17.58	1.70%	8.7%
10-Year US Treas.	2.69	-6 bps	NM	NM
Bloomberg Cmnts. Idx.	80.97	-0.10	-0.13%	5.5%
Gold	\$1,318.01	\$12.84	0.98%	2.8%
Crude Oil	\$55.35	\$1.65	3.07%	21.0%
Dollar Index	95.58	-0.22	-0.23%	-0.6%
VIX Index	16.14	-1.32	-7.58%	-36.7%



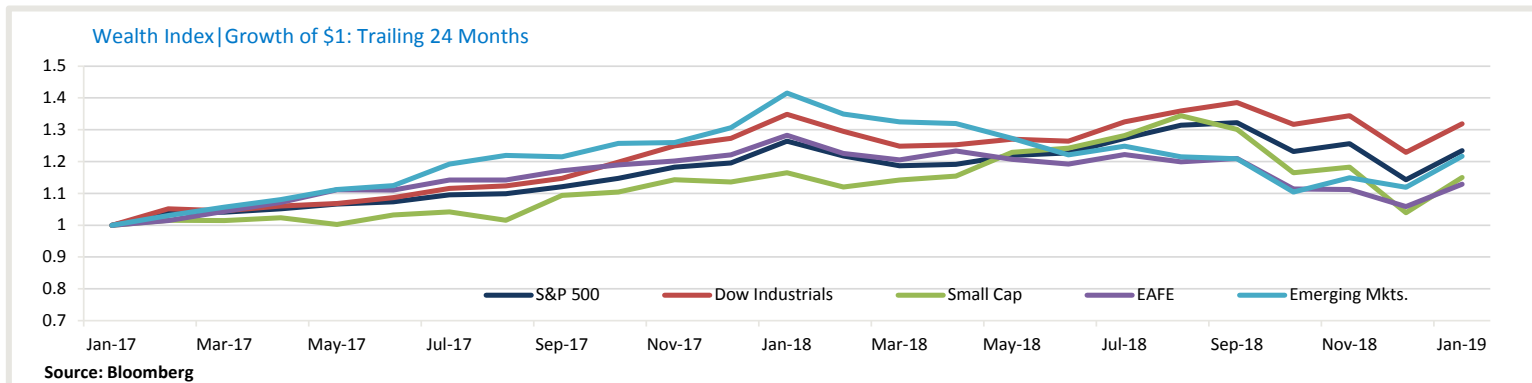
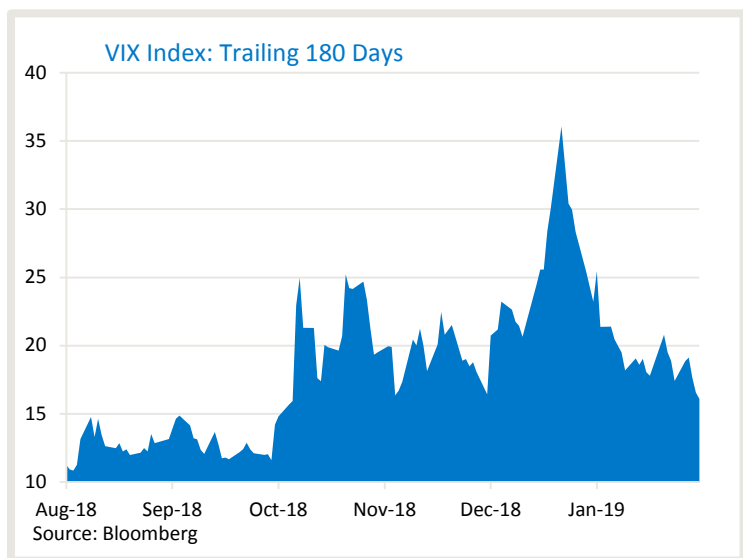
	One Week			YTD		
	Value	Growth		Value	Growth	
L	1.49%	1.51%	1.54%	6.82%	7.38%	7.89%
	1.95%	2.06%	2.22%	10.46%	11.18%	12.20%
S	1.18%	1.29%	1.41%	11.03%	11.38%	11.72%

Source: Bloomberg

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

	% Wgt in S&P 500	Week % Chg.	YTD % Chg.
Consumer Discretionary	10.0	-0.11%	8.3%
Consumer Staples	7.2	2.94%	4.7%
Energy	5.6	3.17%	13.1%
Financials	13.5	0.11%	9.1%
Health Care	15.1	2.05%	4.9%
Industrials	9.5	2.58%	11.6%
Information Technology	20.0	1.05%	7.5%
Materials	2.7	0.84%	6.0%
Real Estate	3.0	2.88%	10.0%
Communication Services	10.3	2.36%	9.7%
Utilities	3.2	2.25%	3.1%

Source: Bloomberg



The Economy and Markets

A Macro View – Government Ajar

The partial US government shutdown has ended with a short-term truce reached last Friday, sending roughly 800,000 government employees back to work this week. While certainly not the first shutdown, this was the longest shutdown in US history, dominating headlines and lasting 35 days. At the core of the shutdown is the stalemate between the White House and Congress over funding for border security, primarily President Trump's wall along the US-Mexico border. Politics aside, let's take a look at different aspects of the economy the shutdown impacted and continues to impact either directly or indirectly, as well as how it has affected the overall confidence people and businesses currently have in the economy.

The most obvious impacts are the direct effects on 800,000 government workers that were either furloughed during the shutdown, meaning they do not report to work and do not receive their paychecks, or were considered "essential" employees, meaning they were forced to work without pay during the shutdown. By either account, employees across nine federal departments and numerous agencies, including Homeland Security, Justice, State and Treasury, and Environmental Protection Agency were impacted. As bills and anxiety mounted and with many workers forced to pull from savings or find other ways to stretch their dollars, this was clearly a disruption to all families and individuals. Many employees are still left in limbo as they wait for their back pay to arrive, further exacerbating personal financial issues. The morale of workers clearly took a hit as well, as most employees considered federal jobs a consistent source of employment. Glassdoor.com, a company dedicated to workplace transparency, noted on January 11 (marking the first paycheck employees missed) resulted in a 10% increase in workers from the affected federal agencies seeking new positions via search engines. Additionally, the number of applications on Glassdoor for jobs at such agencies dropped by a staggering 46%, a trend that worsened as the shutdown continued (Glassdoor.com 1/24/2019).

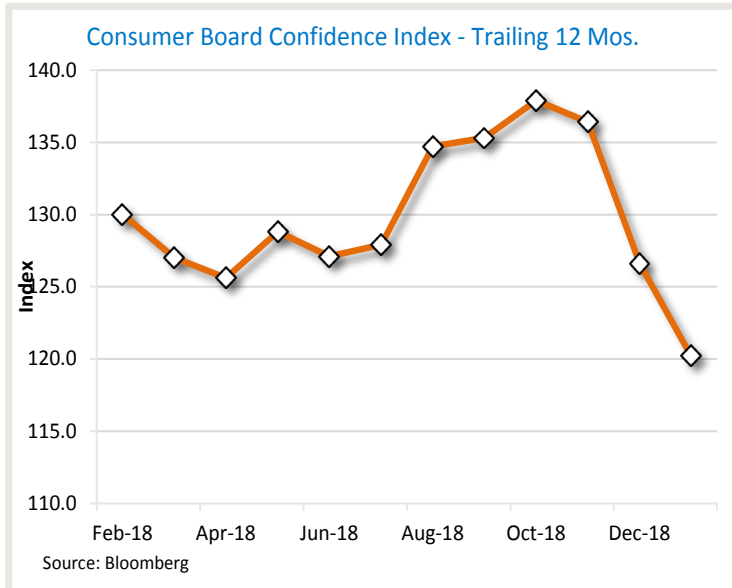
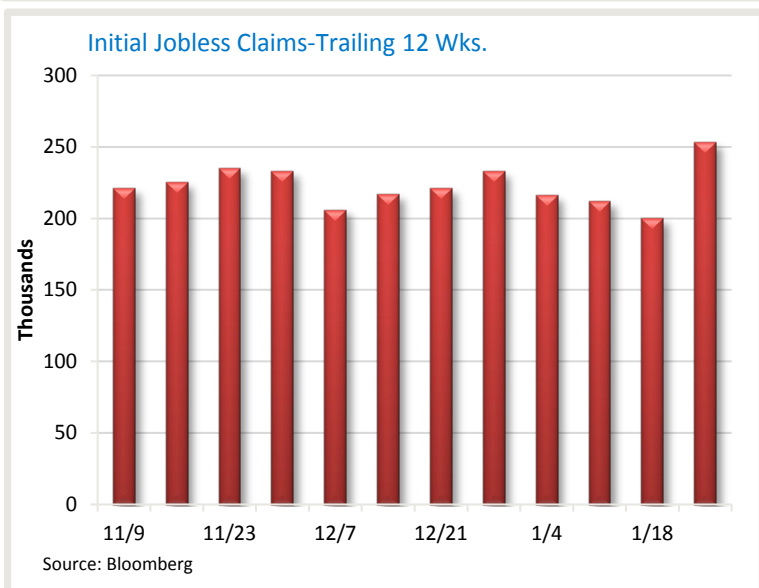
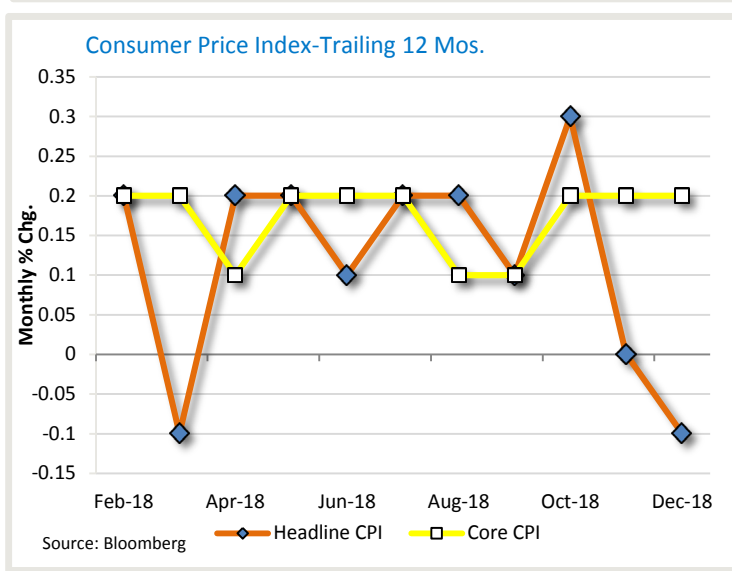
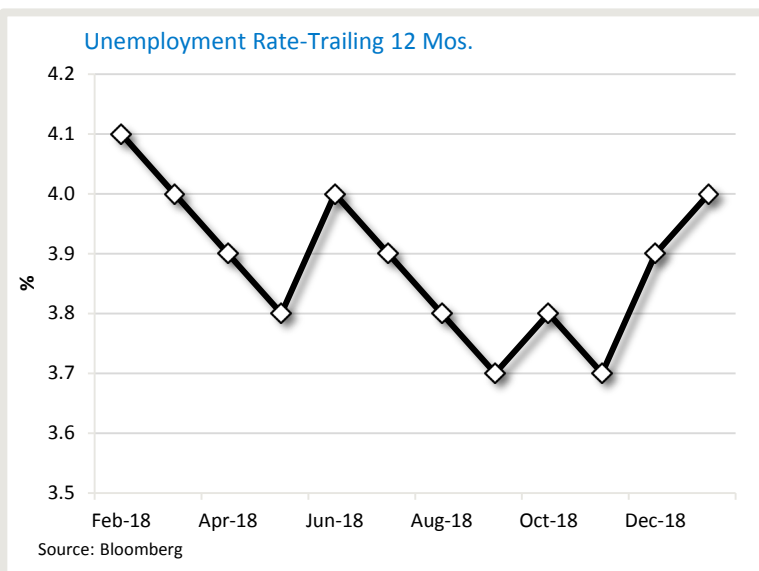
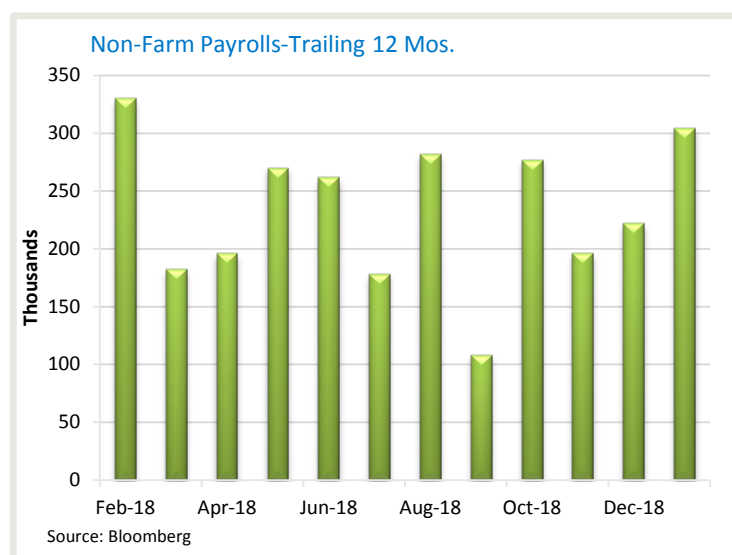
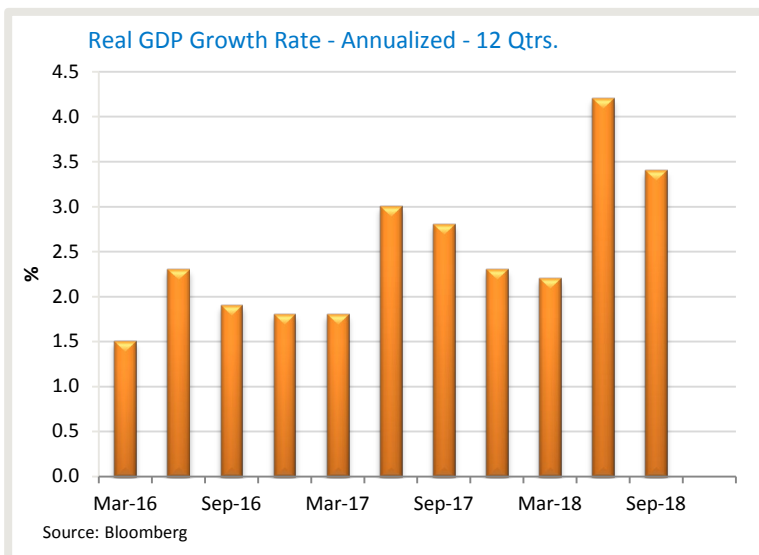
Indirect effects also rippled throughout the economy. Notable examples include those that service federal workers like contractors, small businesses, and restaurants, all of which lost significant income that will likely not be recouped. Tourism is another area impacted, with many museums closed as well as limited services available at National Parks, many chose not to travel, additionally noting significant delays at large airports due to safety concerns with limited air traffic controllers and TSA agents on staff as many did not show up for work. The Small Business Administration stopped approving small-business loans, the life-blood of many small business, and more than 40,000 immigration hearings have been cancelled (Vox – 1/24/2019), adding to an already sizeable backlog as judges were furloughed.

The last and possibly toughest impact to quantify are the lingering effects to consumer confidence, which could be the hardest to reverse. Estimates vary as to the monetary value of lost output during the shutdown. The Congressional Budget Office said Monday the shutdown reduced economic activity by about \$11 billion, cutting economic growth by 0.2 percentage points at an annual rate in the fourth quarter and 0.4 percentage points in the first quarter, which is material for an economy expected to grow 2.5% (USA Today 1/27/2019). Additionally, the University of Michigan released its consumer confidence index, indicating a substantial drop, to a more than two-year low (90.7 indicating a decrease of over 5.0% year-over-year). While the shutdown may not necessarily account for this drop on its own, it is definitely on the minds of consumers, of which consumer spending accounts for roughly 68% of the US economy. A sharp drop in confidence is a key indicator of future recession risk. According to the University of Michigan, if the drop persists or gets worse, the risk of a deeper economic slowdown gets substantially higher (<https://insurancenewsnet.com/inarticle/economic-costs-of-shutdown-starting-to-pile-up#.XFCpy1VKiUk>)

This brief commentary by no means attempts to document the full impact of the shutdown nor the hardships imposed across various aspects of the economy, but hopefully highlights how disruptive such events are to the entire economic system. While is not certain that the government shutdown will have significant lasting impacts, further disruption is almost undoubtedly going to start a vicious cycle of lowering confidence and lowering consumer spending if the stalemate in Washington is not resolved quickly, as the government is set for another shutdown on February 15.

Ryan V Knisely
Investment Analyst

Economic Data



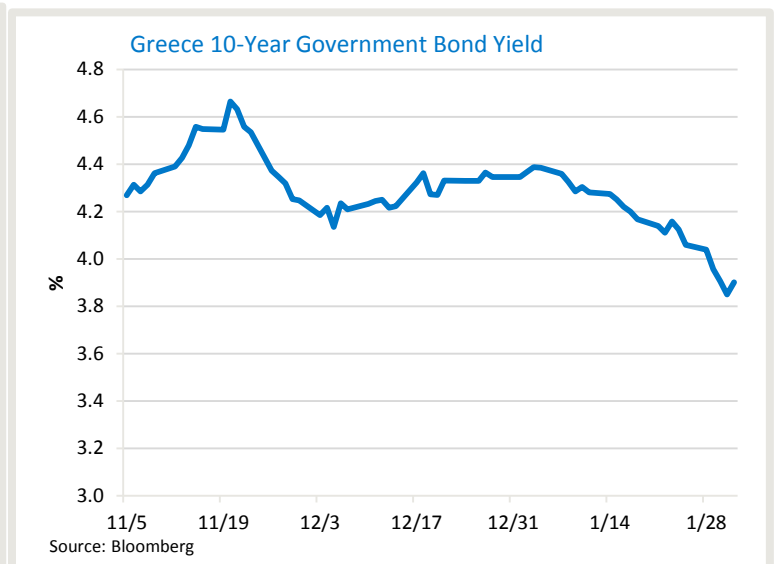
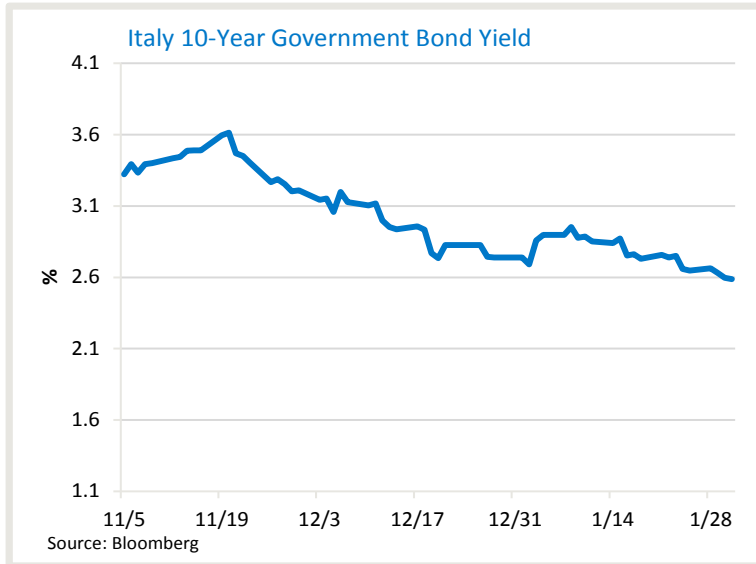
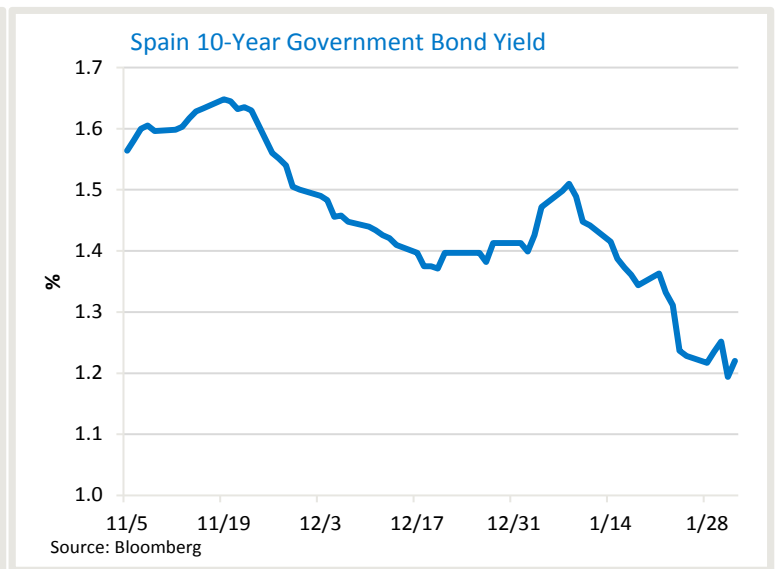
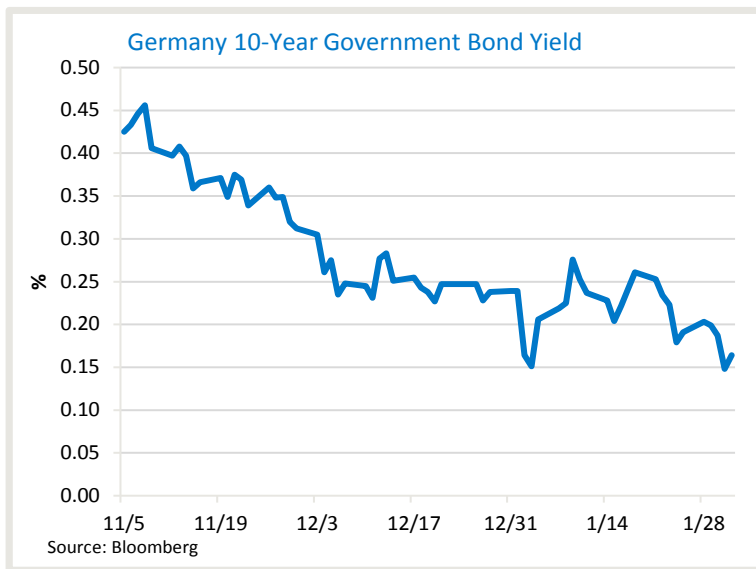
Eurozone

SELECTED EUROPEAN SOVEREIGN YIELD PERFORMANCE

	Last	Change	% Chg.	YTD %
Germany 10-Yr. Govt.	0.16	3 bps	NM	NM
Greece 10-Yr. Govt.	3.90	12 bps	NM	NM
Italy 10-Yr. Govt.	2.74	-8 bps	NM	NM
Spain 10-Yr. Govt.	1.22	1 bps	NM	NM
Belgium 10-Yr. Govt.	0.61	2 bps	NM	NM

	Last	Change	% Chg.	YTD %
France 10-Yr. Govt.	0.57	2 bps	NM	NM
Ireland 10-Yr. Govt.	0.89	3 bps	NM	NM
Portugal 10-Yr. Govt.	1.64	1 bps	NM	NM
Netherlands 10-Yr. Govt.	0.27	2 bps	NM	NM
U.K. 10-Yr. Govt.	1.25	5 bps	NM	NM

Source: Bloomberg
Basis points (bps)

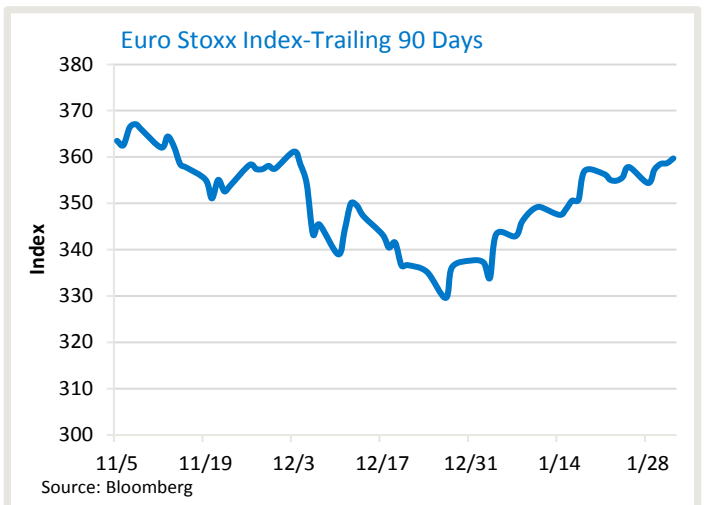
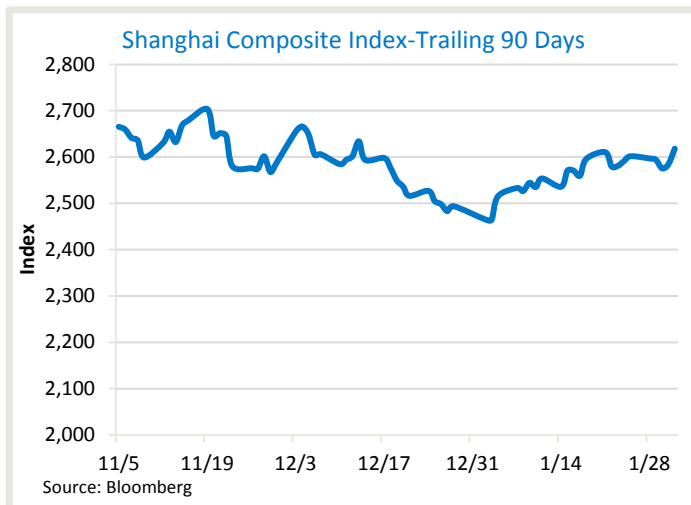
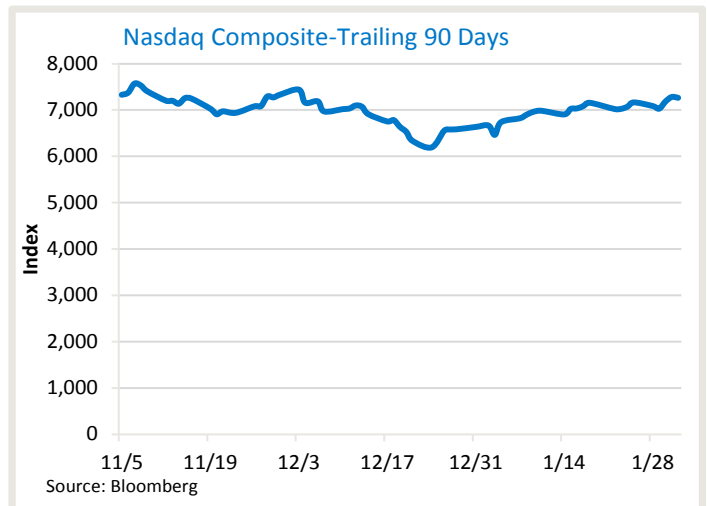
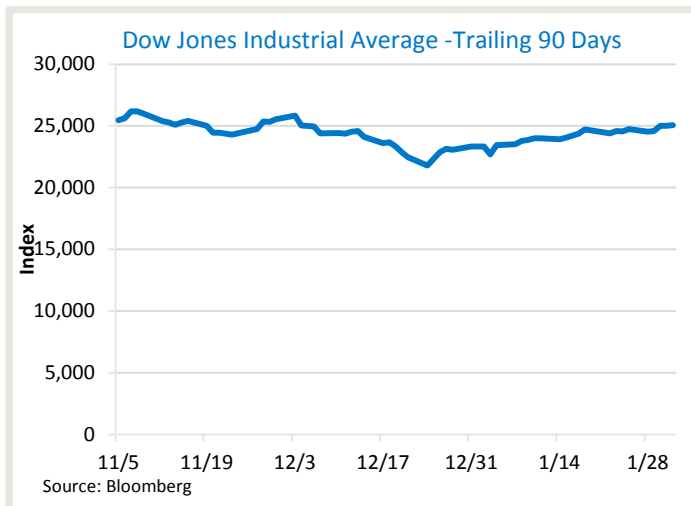


Equities

WORLD MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
S&P 500	2,706.53	41.77	1.57%	7.97%	Swiss Market Index	8,996.36	73.87	0.83%	6.73%
Dow Industrials	25,063.89	326.69	1.32%	7.44%	CAC 40 Index (France)	5,019.26	93.44	1.90%	6.10%
Nasdaq Composite	7,263.87	99.00	1.38%	9.47%	DAX Index (Germany)	11,180.66	-101.13	-0.90%	5.89%
MSCI ACWI	491.19	6.66	1.37%	7.8%	Irish Overall Index	5,838.10	-11.46	-0.20%	6.54%
MSCI EM	1,049.93	17.58	1.70%	8.7%	Nikkei 225	20,788.39	14.83	0.07%	3.87%
S&P/TSX (Canada)	15,506.31	140.26	0.91%	8.26%	Hang Seng Index	27,930.74	361.55	1.31%	8.07%
Mexico IPC	43,738.27	150.15	0.34%	5.16%	Shanghai Composite	2,618.23	16.51	0.63%	4.99%
Brazil Bovespa	97,861.27	184.09	0.19%	11.35%	Kospi Index (S. Korea)	2,203.46	25.73	1.18%	7.96%
Euro Stoxx 600	359.71	1.87	0.52%	6.53%	Taiwan Taiex Index	9,932.26	-37.35	-0.37%	2.11%
FTSE 100	7,020.22	211.00	3.10%	4.34%	Tel Aviv 25 Index	1,554.14	27.24	1.78%	6.17%
IBEX 35 (Spain)	9,019.40	-165.80	-1.81%	5.61%	MOEX Index (Russia)	2,521.70	23.47	0.94%	6.43%

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



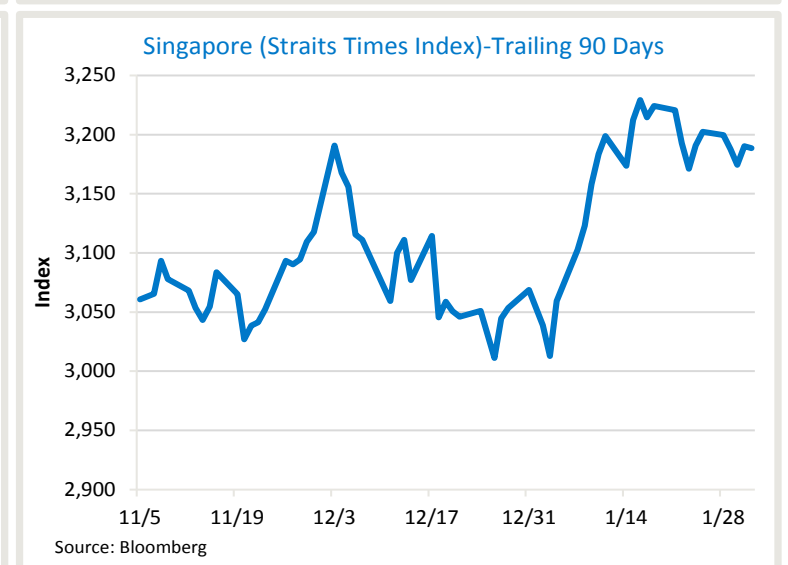
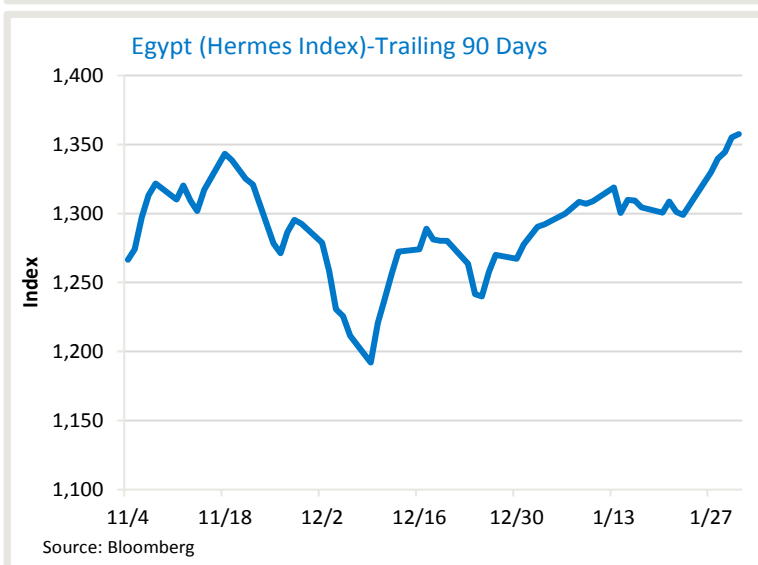
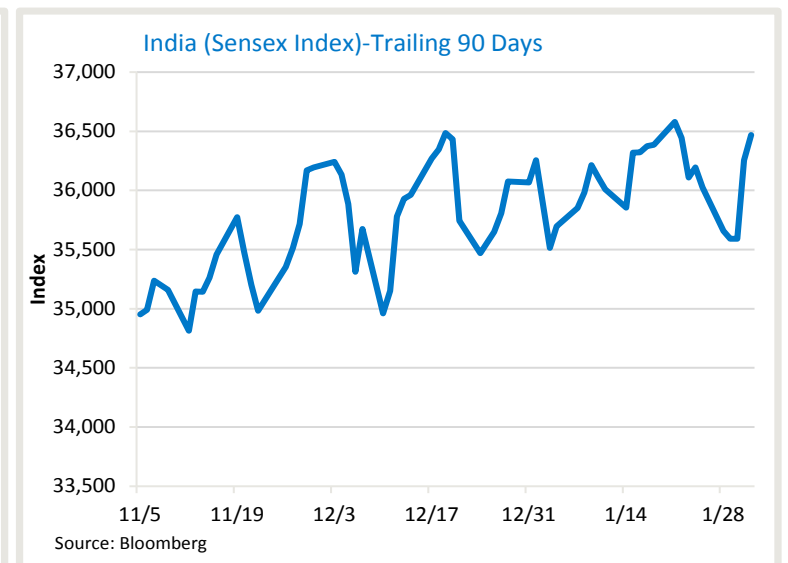
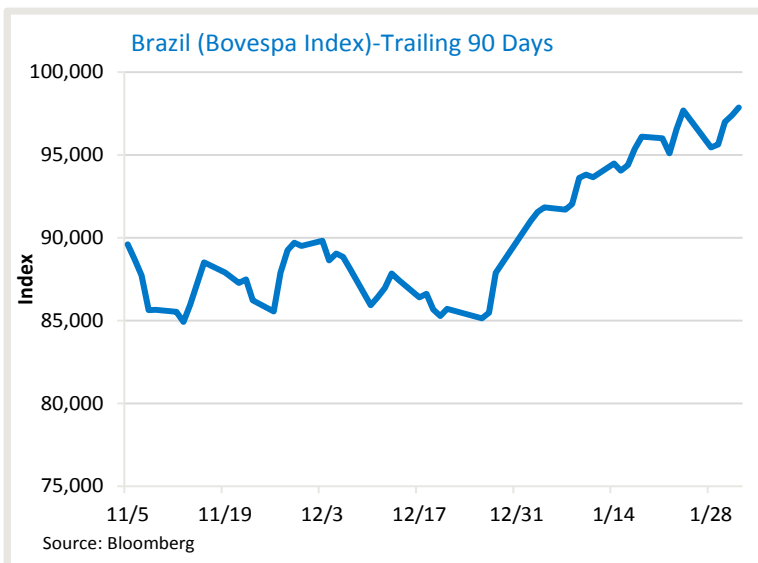
Equities – Emerging and Frontier Markets

EMERGING AND FRONTIER MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
Mexico IPC	43,738.27	150.15	0.3%	5.2%
Brazil (Bovespa Index)	97,861.27	184.09	0.2%	11.3%
MOEX Index (Russia)	2,521.70	23.47	0.9%	6.4%
Czech Republic (Prague)	1,048.28	25.18	2.5%	6.3%
Turkey (Istanbul)	102,937.14	1135.70	1.1%	12.8%
Egypt (Hermes Index)	1,357.60	58.58	4.5%	6.3%
Kenya (Nairobi 20 Index)	2,982.73	75.07	2.6%	5.3%
Saudi Arabia (TASI Index)	8,559.95	125.06	1.5%	9.4%
Lebanon (Beirut BLOM Index)	949.06	2.28	0.2%	-2.8%
Palestine	531.12	3.30	0.6%	0.3%

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

	Last	Change	% Chg.	YTD %
Hang Seng Index	27,930.74	361.55	1.3%	8.1%
India (Sensex 30)	36,469.43	443.89	1.2%	1.1%
Malaysia (KLCI Index)	1,683.53	-10.06	-0.6%	-0.4%
Singapore (Straits Times Index)	3,188.68	-13.57	-0.4%	3.9%
Thailand (SET Index)	1,651.40	27.78	1.7%	5.6%
Indonesia (Jakarta)	6,538.64	55.80	0.9%	5.6%
Pakistan (Karachi KSE 100)	41,112.71	847.93	2.1%	10.9%
Vietnam (Ho Chi Minh)	908.67	-0.21	0.0%	1.8%
Sri Lanka (Colombo)	5,982.05	3.75	0.1%	-1.2%
Cambodia (Laos)	827.08	8.27	1.0%	-1.1%

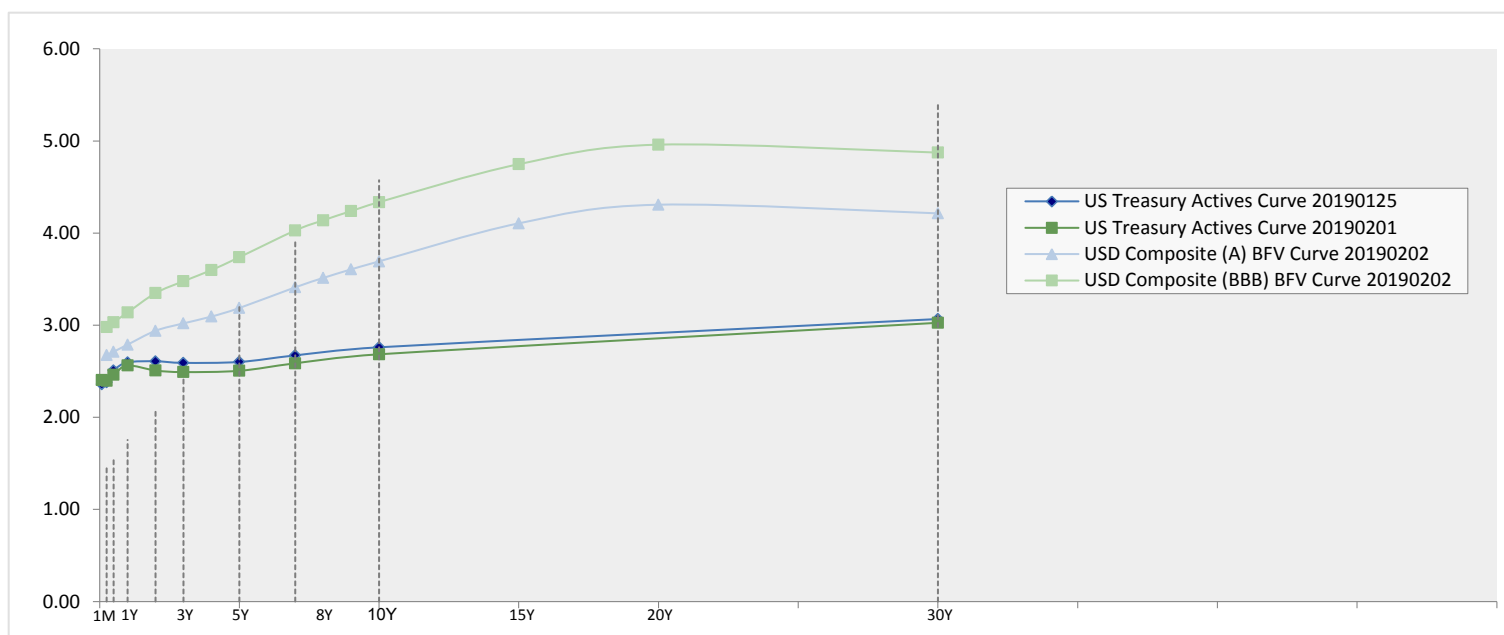


Interest Rates

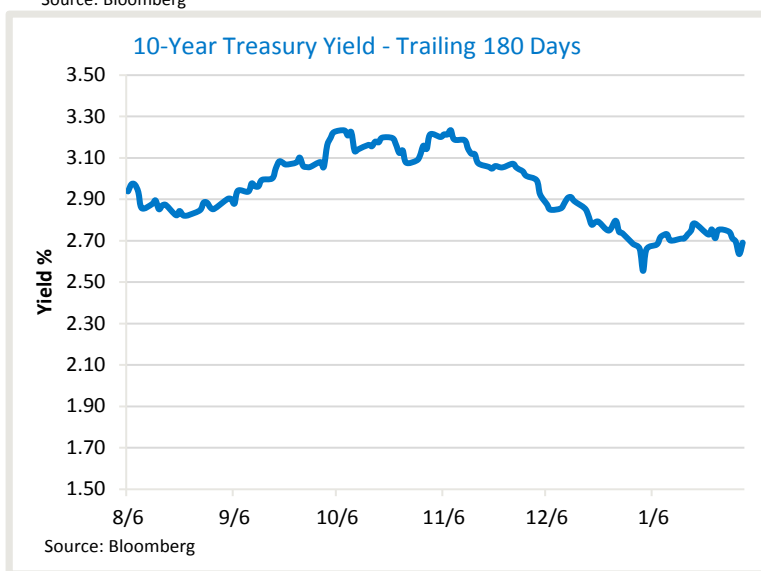
SELECTED INTEREST RATES

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
2-Yr. U.S. Treasury	2.50%	0 bps	NM	NM	Prime Rate	5.50%	0.00	NM	NM
5-Yr. U.S. Treasury	2.51%	-8 bps	NM	NM	Fed Funds Rate	2.50%	0.00	NM	NM
10-Yr. U.S. Treasury	2.69%	-6 bps	NM	NM	Discount Rate	3.00%	0.00	NM	NM
30-Yr. U.S. Treasury	3.03%	-3 bps	NM	NM	LIBOR (3 Mo.)	2.74%	-1 bps	NM	NM
German 10-Yr. Govt.	0.16%	3 bps	NM	NM	Bond Buyer 40 Muni	4.00%	-13 bps	NM	NM
France 10-Yr.	0.57%	2 bps	NM	NM	Bond Buyer 40 G.O.	4.22%	NA	NM	NM
Italy 10-Yr.	2.74%	-8 bps	NM	NM	Bond Buyer 40 Rev.	4.69%	NA	NM	NM
Fed 5-Yr Fwd BE Inf.	1.80%	-3 bps	NM	NM					

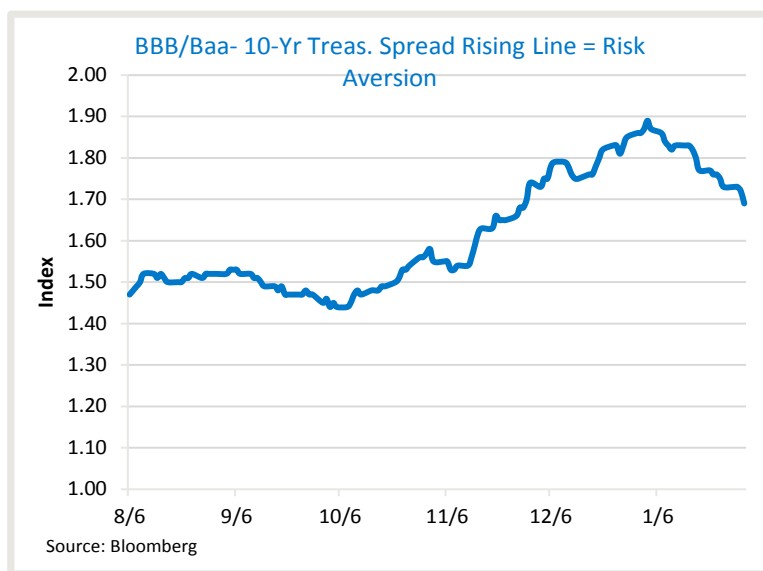
Source: Bloomberg



Source: Bloomberg



Source: Bloomberg



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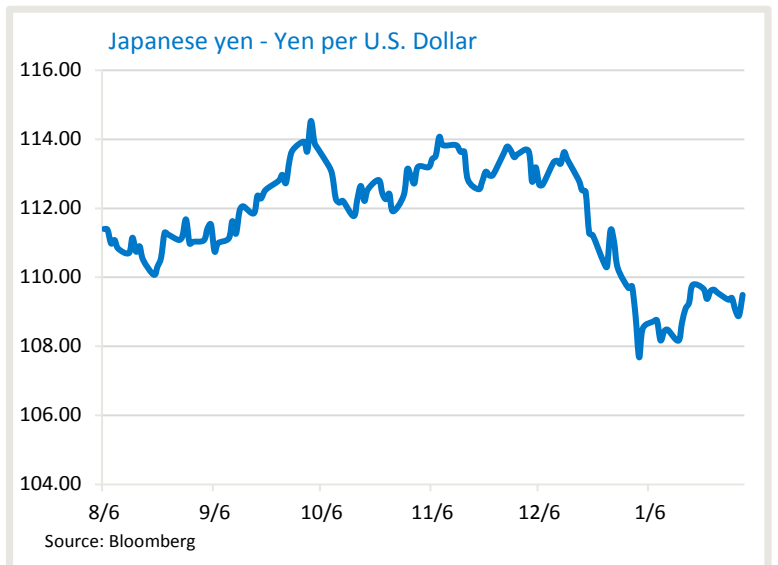
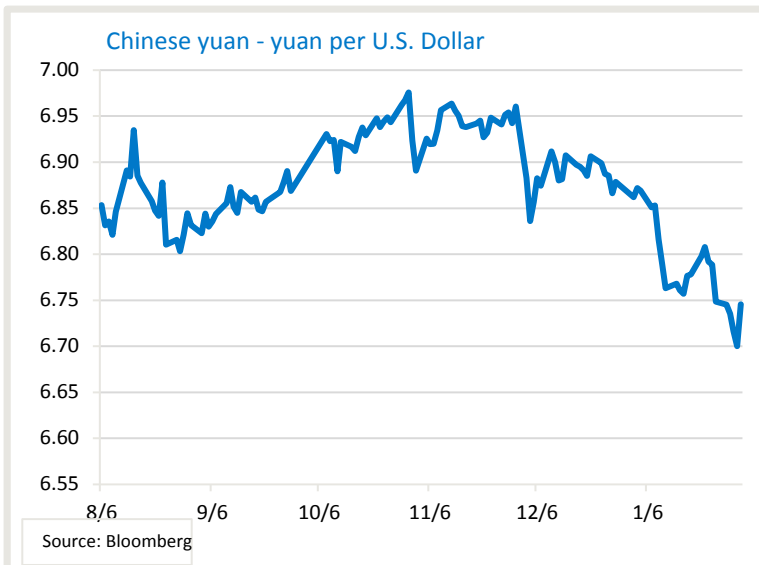
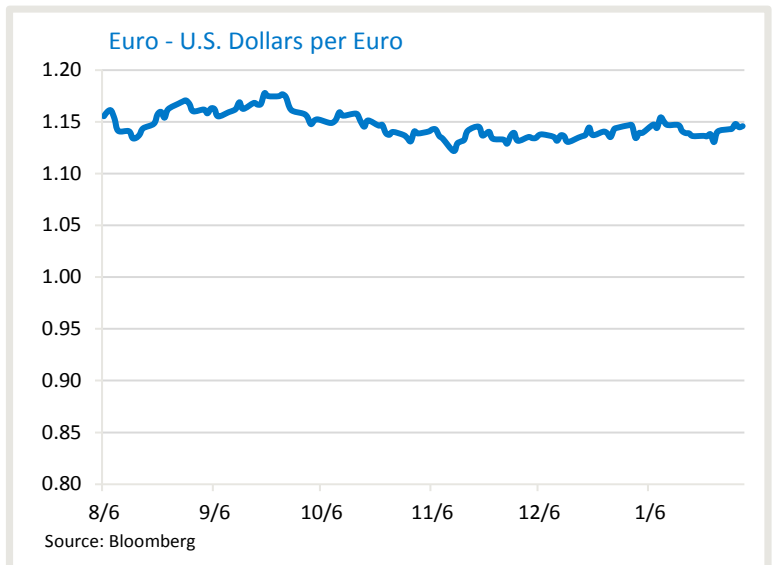
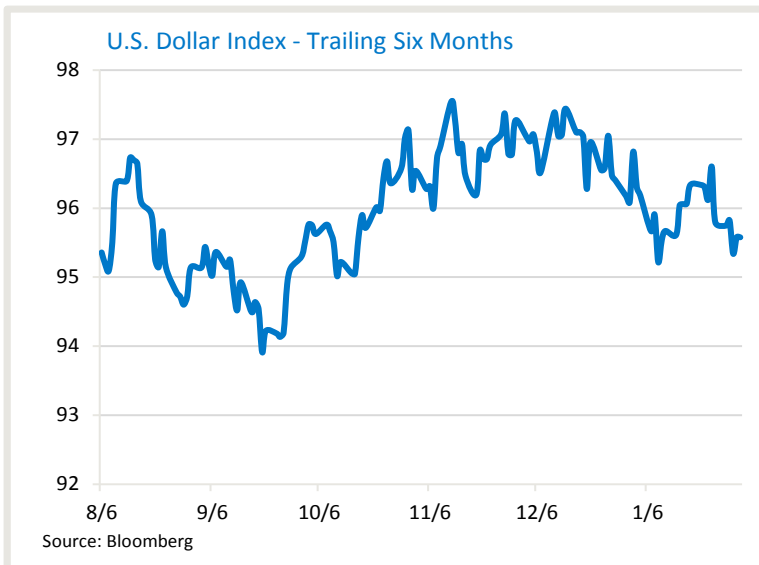
Currencies

SELECTED CURRENCY PERFORMANCE

	Last	Change	% Chg.	YTD %
Dollar Index	95.59	-0.217	-0.23%	-0.62%
Euro	1.15	0.005	0.46%	-0.07%
Japanese Yen	109.50	-0.060	0.05%	0.18%
British Pound	1.31	-0.011	-0.86%	2.57%
Canadian Dollar	1.31	-0.013	0.96%	4.16%

	Last	Change	% Chg.	YTD %
Chinese Yuan	6.75	-0.003	0.04%	1.97%
Swiss Franc	1.00	0.001	-0.13%	-1.32%
New Zealand Dollar	0.69	0.006	0.86%	2.66%
Brazilian Real	3.66	-0.105	2.88%	5.95%
Mexican Peso	19.10	0.120	-0.63%	2.84%

Source: Bloomberg

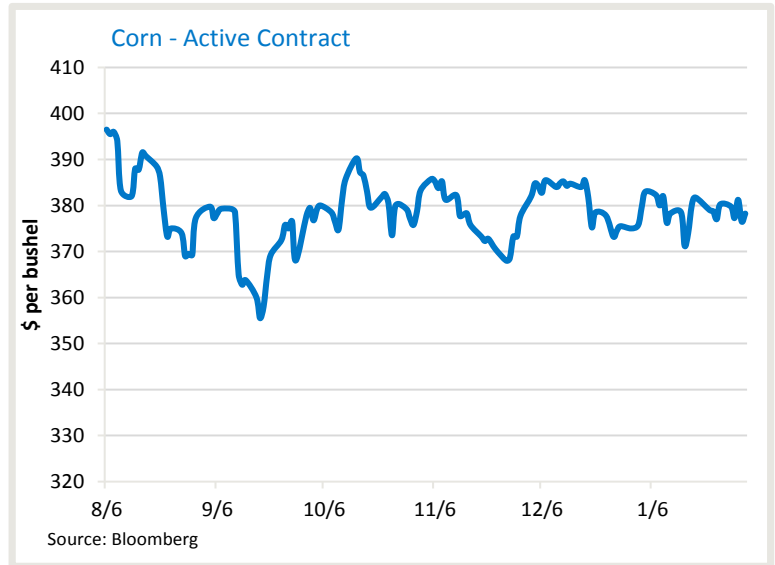
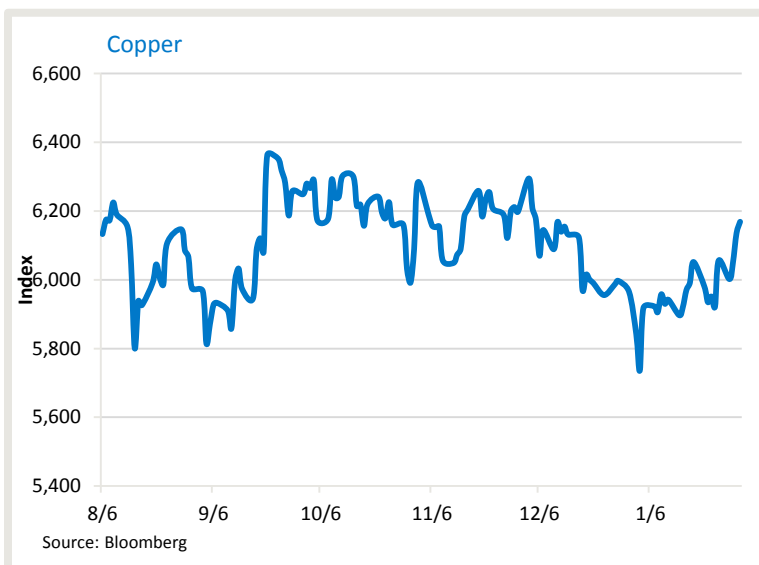
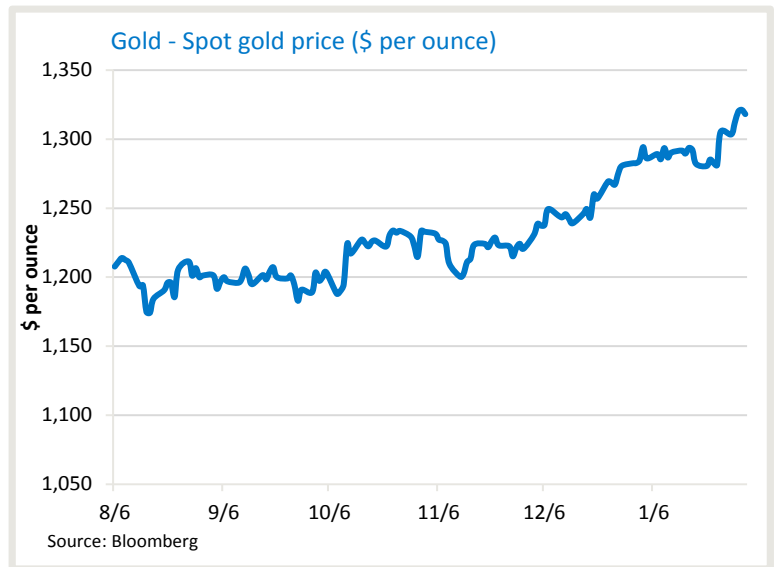
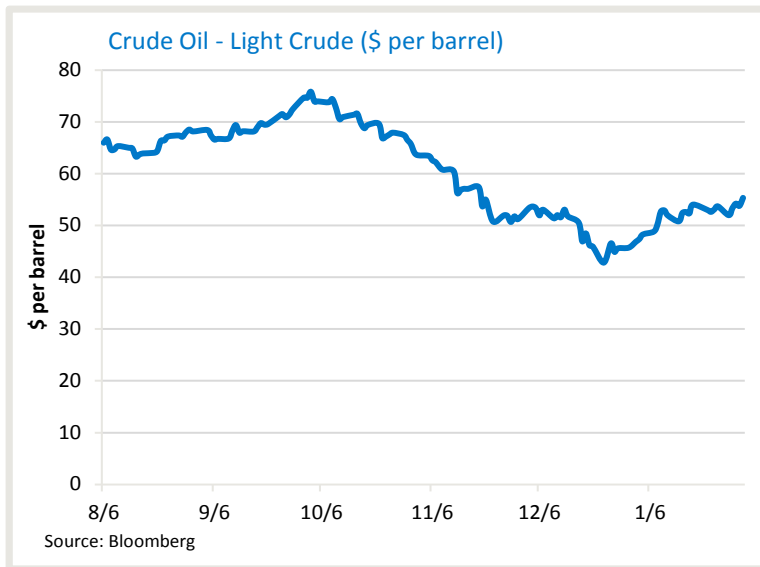


Commodities

SELECTED COMMODITY MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
Bloomberg Comm. Idx.	80.97	-0.10	-0.13%	5.54%	Platinum Spot	\$824.34	\$6.36	0.78%	3.63%
Crude Oil	\$55.35	\$1.65	3.07%	21.04%	Corn	378.25	-2.00	-0.53%	0.87%
Natural Gas	\$2.74	-\$0.34	-10.94%	-4.03%	Wheat	524.25	4.25	0.82%	4.17%
Gasoline (\$/Gal.)	\$2.26	-\$0.01	-0.27%	0.22%	Soybeans	917.75	-7.50	-0.81%	2.54%
Heating Oil	191.71	3.02	1.60%	14.79%	Sugar	12.60	0.16	1.29%	4.74%
Gold Spot	\$1,318.00	\$12.84	0.98%	2.78%	Orange Juice	122.25	2.85	2.39%	-2.82%
Silver Spot	\$15.92	\$0.14	0.90%	2.68%	Aluminum	1,910.00	-10.00	-0.52%	3.47%
					Copper	6,169.00	113.00	1.87%	3.42%

Source: Bloomberg; % change is based on price.

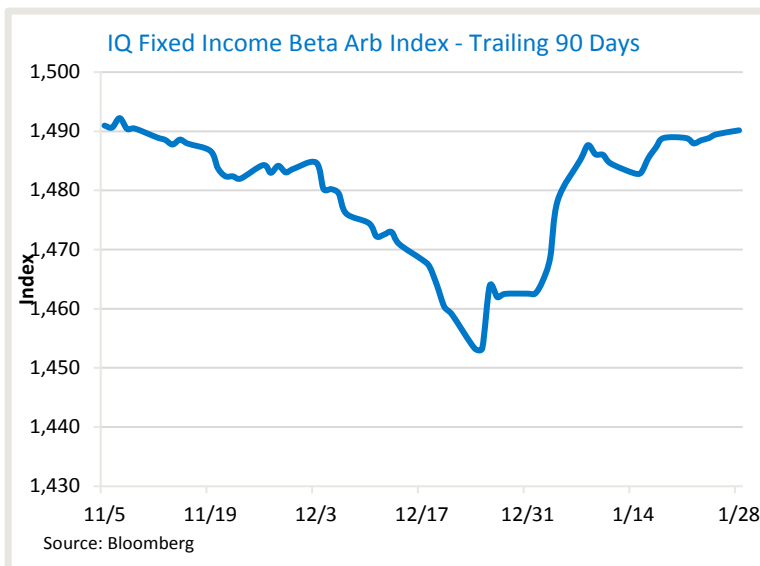
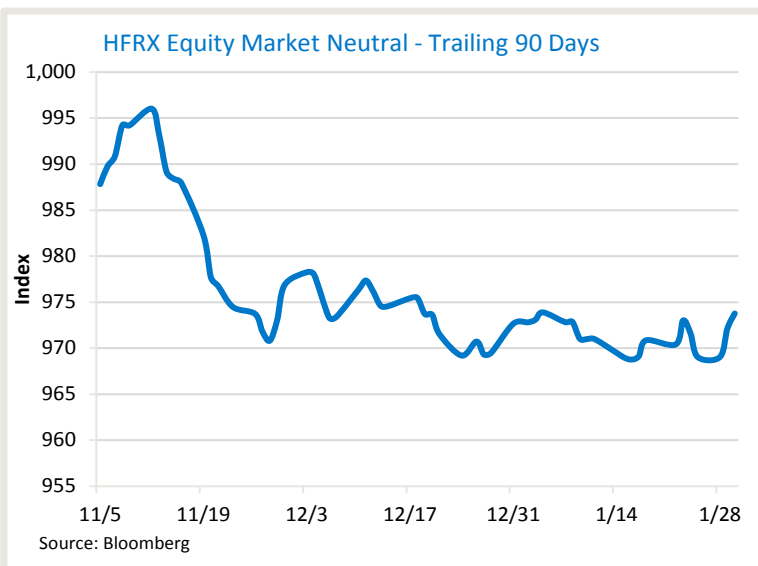
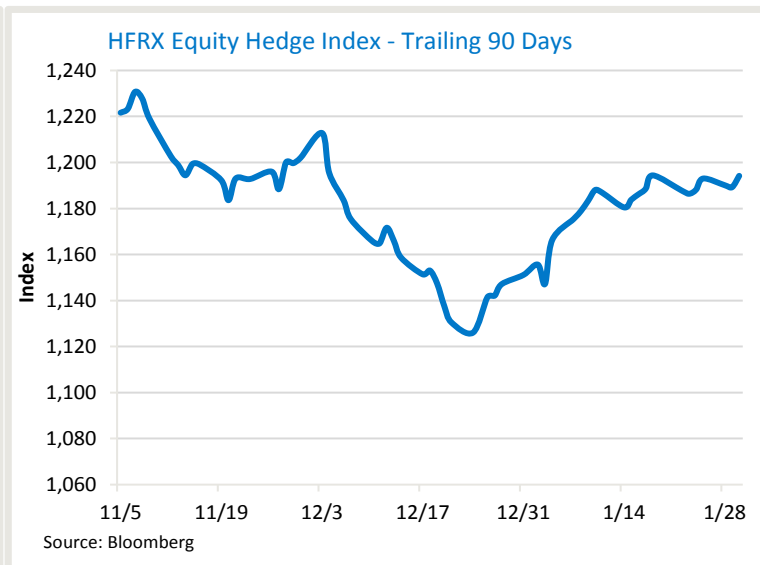
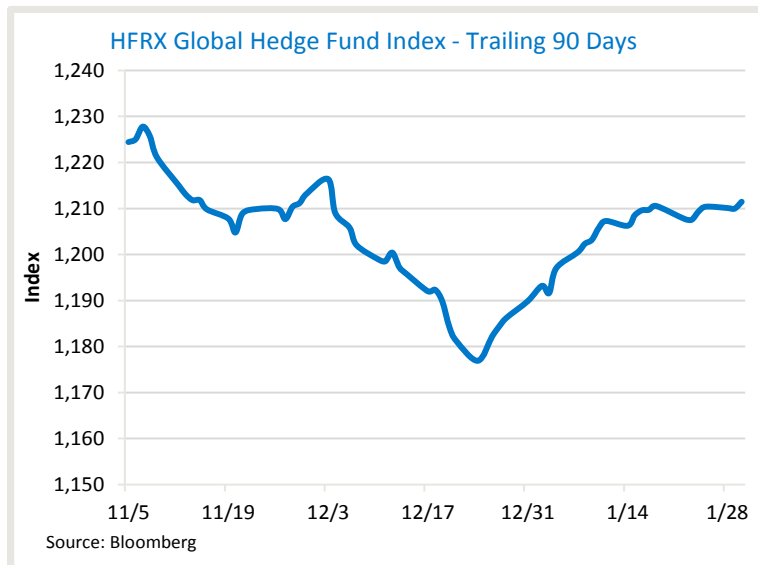


Alternative Investments

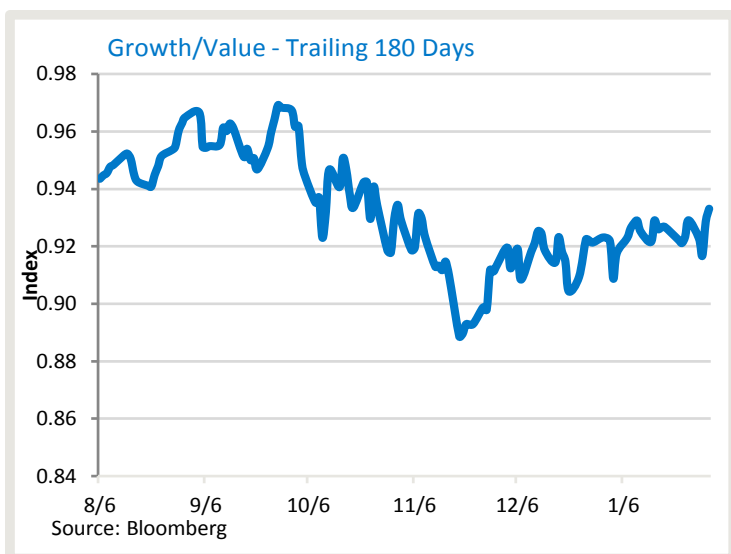
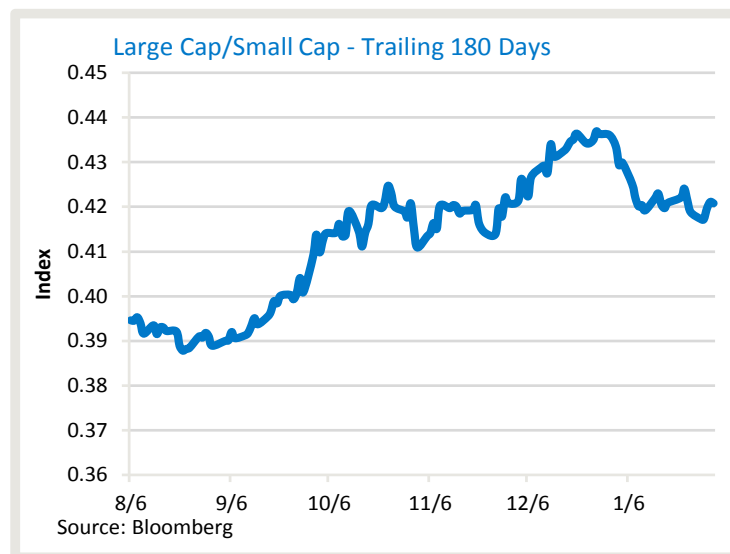
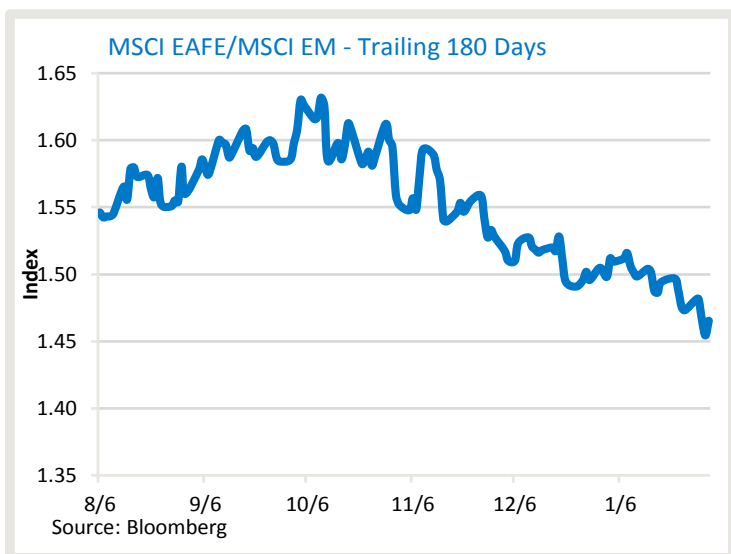
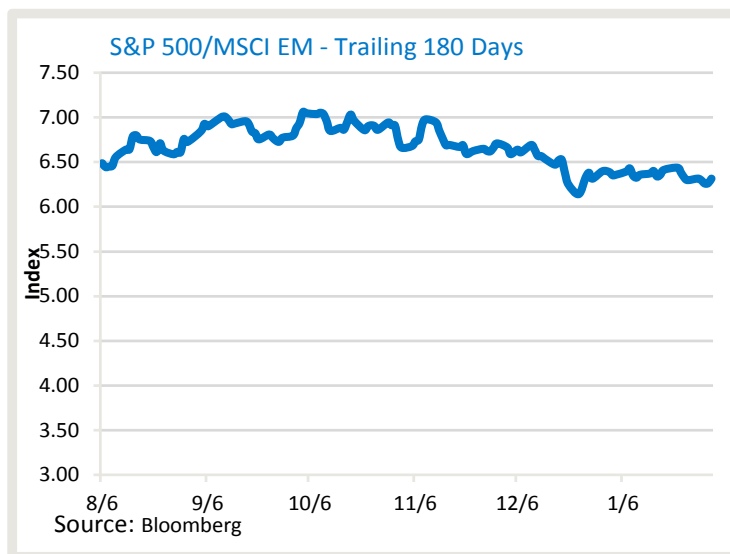
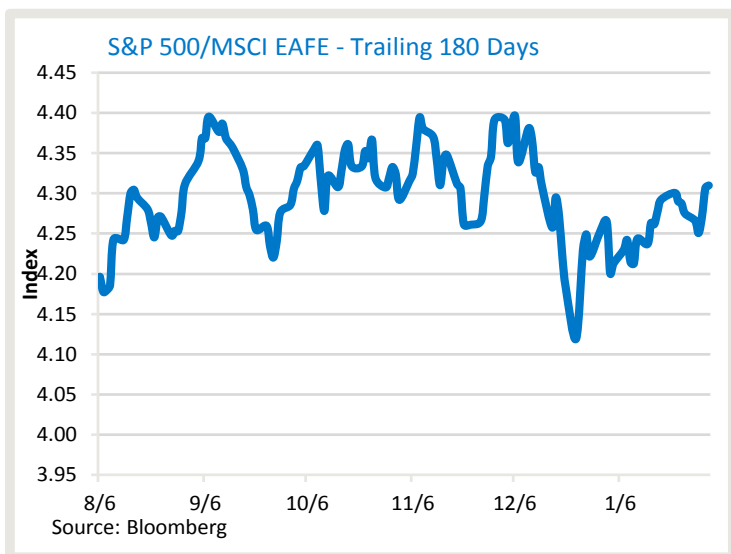
SELECTED ALTERNATIVE INVESTMENT INDEX PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
HFRX Global Hedge Fund Index	1211.46	1.07	0.09%	1.82%	HFRX Distressed Index	1023.02	0.80	0.08%	2.15%
HFRX Equity Market Neutral	973.77	4.75	0.49%	0.11%	HFRX Merger Arbitrage Index	1831.28	0.03	0.00%	0.75%
HFRX Equity Hedge Index	1194.19	1.16	0.10%	3.74%	HFRX Convertible Arbitrage Index	797.77	1.74	0.22%	1.28%
HFRX Event-Driven Index	1506.12	0.36	0.02%	2.37%	HFRX Macro CTA Index	1096.04	1.98	0.18%	-2.67%
HFRX Absolute Return Index	1067.44	0.97	0.09%	0.88%	IQ Fixed Income Beta Arb Index	1492.10	2.62	0.18%	2.02%

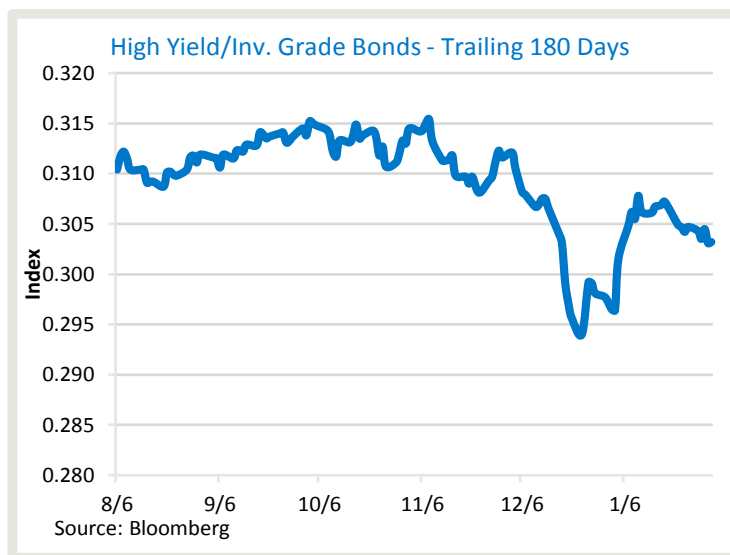
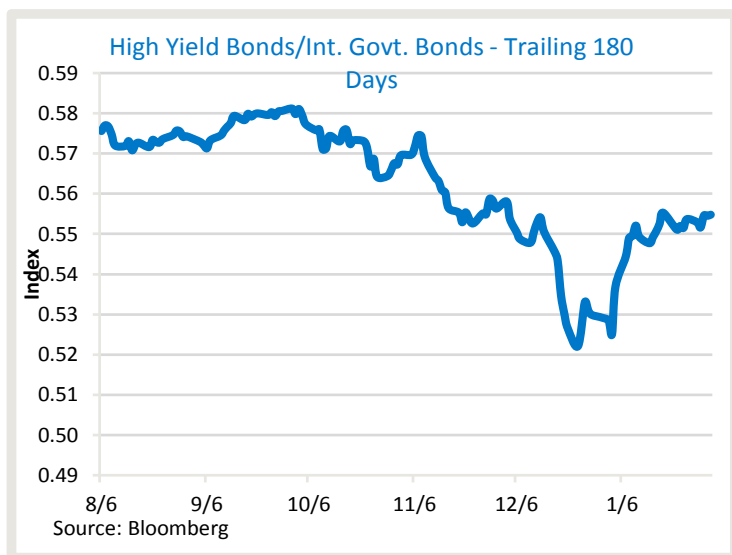
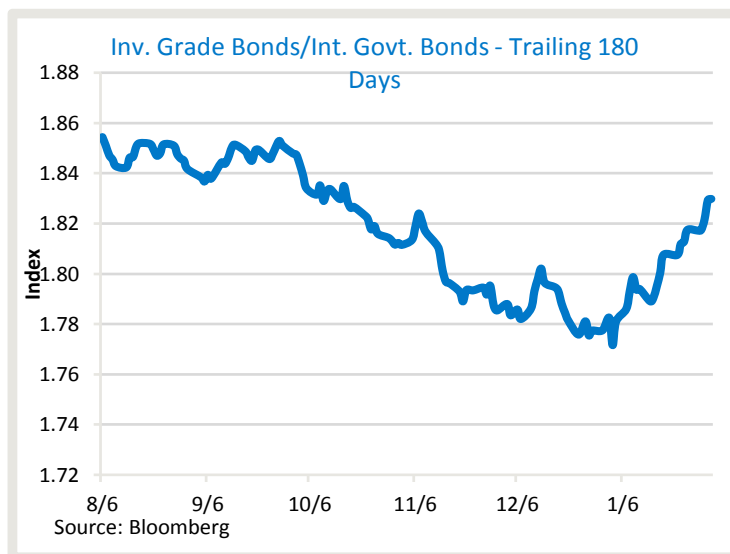
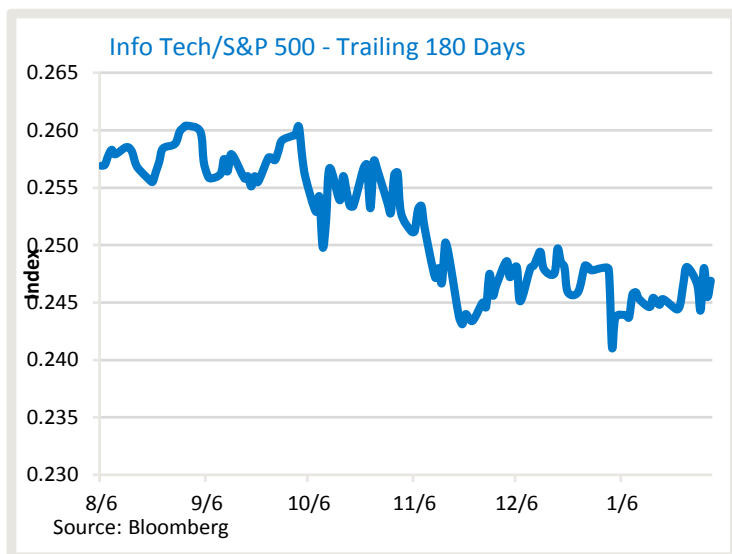
Source: Bloomberg; Index % change is based on price.



Portfolio Construction



Portfolio Construction (continued)



WEEKLY ASSET CLASS PERFORMANCE (Prior 12 weeks ending Thursday)

			11/15	11/22	11/29	12/6	12/13	12/20	12/27	1/3	1/10	1/17	1/24	1/31
Equity	Domestic Equity	Large Cap (R200)	-2.79%	-3.18%	3.52%	-1.43%	-1.49%	-6.97%	0.93%	-1.70%	5.89%	1.53%	0.06%	2.27%
		Small Cap (R2000)	-3.43%	-2.35%	2.49%	-3.15%	-3.03%	-7.45%	0.44%	-0.07%	8.61%	1.51%	-0.19%	2.39%
	Int'l. Equity	MSCI EAFE	-2.68%	-0.74%	1.45%	-3.38%	0.86%	-3.39%	-1.50%	1.34%	4.49%	0.24%	0.72%	1.98%
		MSCI Em. Mkts.	-1.28%	-0.50%	2.26%	-1.92%	0.67%	-2.61%	-0.78%	-0.29%	5.17%	1.03%	1.04%	2.99%
Fixed Income	BarCap Agg. (AGG)	0.46%	0.18%	0.22%	0.41%	0.18%	0.29%	-0.01%	1.11%	-0.57%	0.03%	0.28%	0.68%	
	High Yield (JNK)	-1.67%	-0.60%	0.78%	-1.00%	0.64%	-3.75%	0.27%	0.21%	4.14%	0.09%	-0.03%	1.09%	
Commodities	Bloomberg Commodity Index	-0.50%	0.62%	-0.88%	-0.44%	0.30%	-4.49%	-1.28%	-0.45%	2.63%	1.21%	-0.30%	0.64%	
Alternatives	Hedge Funds (HFRX Global)	-1.13%	-0.24%	0.19%	-0.44%	-0.72%	-1.08%	0.01%	0.61%	1.20%	0.32%	-0.02%	0.17%	
Asset Allocation	60/40*	-1.57%	-1.29%	1.75%	-1.25%	-0.49%	-3.56%	0.07%	0.07%	3.57%	0.64%	0.26%	1.66%	
	48/32/20 (w/Alts.)**	-1.48%	-1.08%	1.44%	-1.09%	-0.54%	-3.06%	0.06%	0.18%	3.10%	0.57%	0.20%	1.36%	

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

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

RELATIVE STRENGTH MATRIX (BASED ON 30-DAY RSI)

	Large Cap Core	Large Cap Growth	Large Cap Value	Mid Cap Core	Mid Cap Growth	Mid Cap Value	Small Cap Core	Small Cap Growth	Small Cap Value	Int'l. Developed	Emerging Markets	REITs	Comm.	Int. Bond	High Yield
Large Cap Core	1.00	1.00	1.01	0.95	0.94	0.97	1.00	1.00	1.01	0.95	0.86	0.87	1.10	0.79	0.92
Large Cap Growth	1.00	1.00	1.01	0.95	0.94	0.97	1.00	1.00	1.01	0.95	0.86	0.87	1.10	0.79	0.92
Large Cap Value	0.99	0.99	1.00	0.95	0.94	0.96	1.00	0.99	1.00	0.94	0.85	0.86	1.09	0.79	0.91
Mid Cap Core	1.05	1.05	1.06	1.00	0.99	1.02	1.05	1.05	1.06	0.99	0.90	0.91	1.15	0.83	0.97
Mid Cap Growth	1.06	1.06	1.07	1.01	1.00	1.03	1.06	1.06	1.07	1.01	0.91	0.92	1.16	0.84	0.98
Mid Cap Value	1.03	1.03	1.04	0.98	0.97	1.00	1.04	1.03	1.04	0.98	0.89	0.89	1.13	0.82	0.95
Small Cap Core	1.00	1.00	1.00	0.95	0.94	0.97	1.00	1.00	1.00	0.94	0.86	0.86	1.09	0.79	0.92
Small Cap Growth	1.00	1.00	1.01	0.95	0.94	0.97	1.00	1.00	1.01	0.95	0.86	0.87	1.10	0.79	0.92
Small Cap Value	0.99	0.99	1.00	0.95	0.94	0.96	1.00	0.99	1.00	0.94	0.85	0.86	1.09	0.79	0.91
Int'l. Developed	1.05	1.05	1.06	1.01	0.99	1.02	1.06	1.06	1.06	1.00	0.90	0.91	1.16	0.83	0.97
Emerging Markets	1.17	1.16	1.17	1.11	1.10	1.13	1.17	1.17	1.17	1.11	1.00	1.01	1.28	0.92	1.07
REITs	1.15	1.15	1.16	1.10	1.09	1.12	1.16	1.16	1.16	1.09	0.99	1.00	1.27	0.91	1.06
Commodities	0.91	0.91	0.92	0.87	0.86	0.88	0.91	0.91	0.92	0.86	0.78	0.79	1.00	0.72	0.84
Int. Bond	1.26	1.26	1.27	1.21	1.19	1.22	1.27	1.27	1.27	1.20	1.08	1.10	1.39	1.00	1.16
High Yield	1.09	1.08	1.09	1.04	1.02	1.05	1.09	1.09	1.09	1.03	0.93	0.94	1.19	0.86	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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