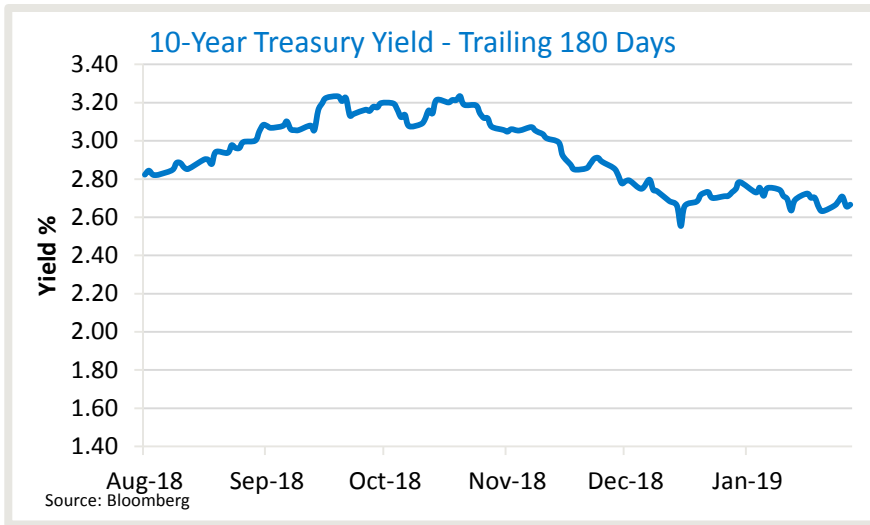


# Weekly Market Review

February 19, 2019

## Chart of the Week



## Weekly Highlights

- President Trump agreed to sign congress's **government funding bill**, but also will declare a state of emergency over border security. The bill will avoid another government shutdown and will fund government spending through September 30. The bill includes \$1.375 billion for fencing improvements along the US-Mexico border, well short of the \$5.7 billion the president was seeking to fund a border wall. It appears the president will take executive action to bypass congressional approval, which is likely to be challenged by Democrats in court.
- **US-China trade negotiations** remain far apart on reform demands. US and Chinese officials have failed to make meaningful progress on the structural reforms to the Chinese economy and trade policy that the US has requested. The news casts doubt on whether a deal or a delay can be reached before the March 1 deadline, when the US plans to more than double the tariffs on \$200 billion of Chinese goods. However, the two sides confirmed that negotiations will resume next week in Washington, and the market seems to be holding out hope that a deal may still be reached.
- **Retail sales** fell 1.2% in December, the biggest drop in nine years. The report, which was delayed by the government shutdown, came in well below consensus estimates, which expected sales to remain flat. Although the report was likely affected by a poor-performing stock market, the government shutdown, and unseasonably cold weather, it also may serve as a warning that the economy is beginning to slow.

## Talking Points

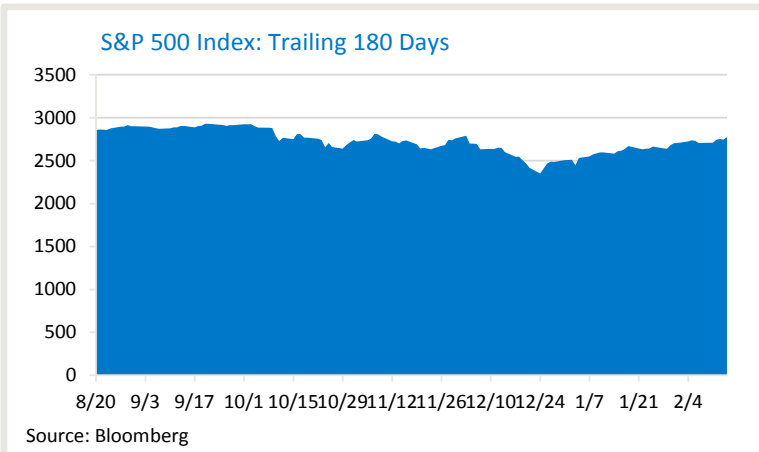
- Developed markets **equities** across the US, much of Europe, and Japan were positive for the week, while stocks across most of the emerging markets slid.
- **The Yield on the 10-Year US Treasury Note** remained range bound between 2.65% and 2.70%, as it has since the Fed expressed a more dovish tone on monetary policy following its January meeting.
- **The US dollar** finished the week stronger against a basket of currencies, despite mixed news on trade and economic activity.
- **Commodities** rallied on the week, led by WTI and Brent crude oil, with the latter reaching a 2019 high of more than \$64 per barrel.
- In other economic news, **the Consumer Price Index (CPI)** showed inflation was flat in January, which should support the Fed's decision to take its foot off the gas regarding interest rate policy.

## Market Dashboard

	Last Price	Change	% Chg.	YTD %
<b>S&amp;P 500</b>	2,775.60	67.72	2.50%	10.7%
<b>Dow Industrials</b>	25,883.25	776.92	3.09%	11.0%
<b>Nasdaq</b>	7,472.41	174.21	2.39%	12.6%
<b>Russell 2000</b>	1,569.25	62.85	4.17%	16.4%
<b>Euro Stoxx Index</b>	368.94	10.87	3.04%	9.3%
<b>Shanghai Composite</b>	2,682.39	64.15	2.45%	7.6%
<b>MSCI ACWI</b>	494.66	5.94	1.22%	8.6%

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

	Last Price	Change	% Chg.	YTD %
<b>MSCI EM</b>	1,039.19	3.17	0.31%	7.6%
<b>10-Year US Treas.</b>	2.67	3 bps	NM	NM
<b>Bloomberg Cmdts. Idx.</b>	80.96	0.89	1.11%	5.5%
<b>Gold</b>	\$1,321.35	\$7.15	0.54%	3.0%
<b>Crude Oil</b>	\$55.75	\$3.03	5.75%	21.9%
<b>Dollar Index</b>	96.91	0.27	0.27%	0.8%
<b>VIX Index</b>	14.91	-0.81	-5.15%	-41.3%



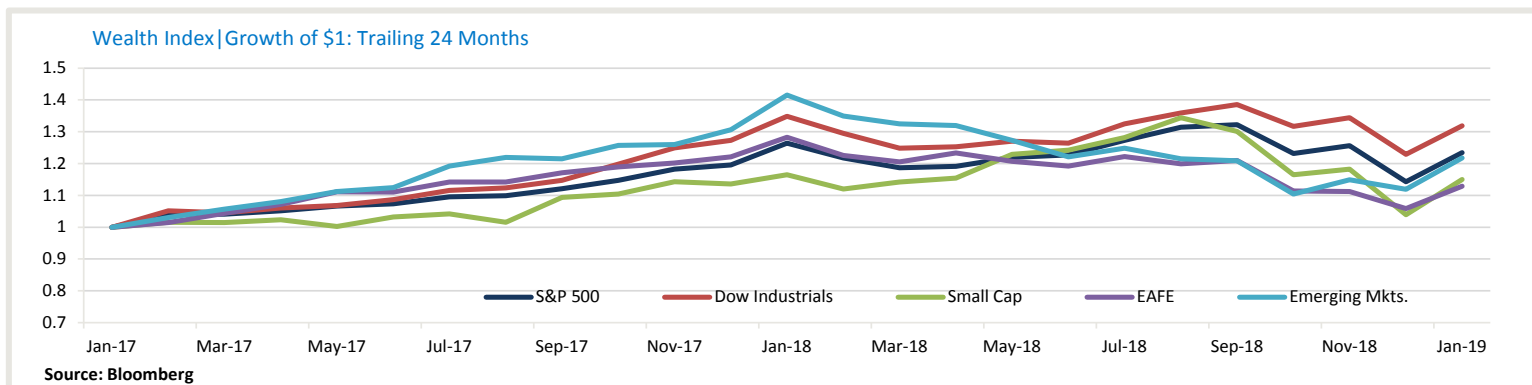
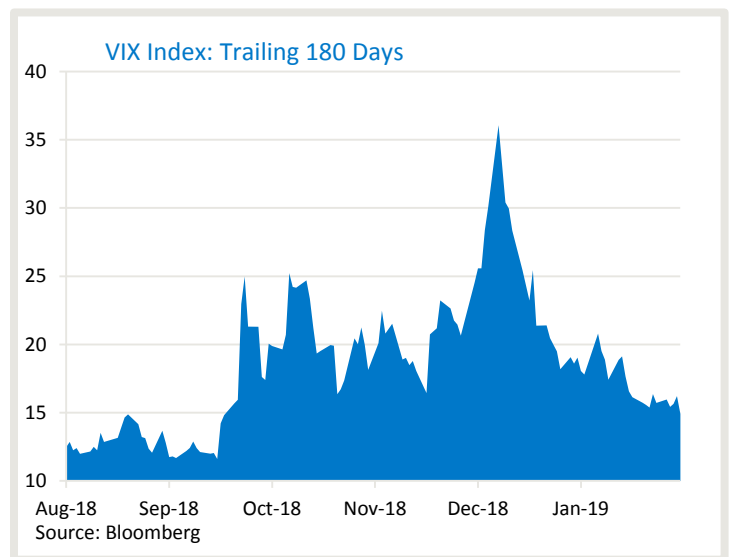
	One Week			YTD		
	Value	Growth		Value	Growth	
<b>L</b>	2.89%	2.47%	2.11%	9.05%	9.93%	10.72%
	2.39%	2.65%	3.03%	13.43%	14.89%	16.98%
<b>S</b>	3.50%	4.17%	4.82%	15.10%	16.36%	17.58%

Source: Bloomberg

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

	% Wgt in S&P 500	Week % Chg.	YTD % Chg.
<b>Consumer Discretionary</b>	9.9	2.56%	10.7%
<b>Consumer Staples</b>	7.2	1.07%	7.0%
<b>Energy</b>	5.5	4.75%	14.6%
<b>Financials</b>	13.3	2.87%	10.6%
<b>Health Care</b>	15.1	3.19%	7.2%
<b>Industrials</b>	9.7	3.53%	17.3%
<b>Information Technology</b>	20.3	2.44%	12.1%
<b>Materials</b>	2.7	3.36%	7.8%
<b>Real Estate</b>	3.0	1.06%	12.7%
<b>Communication Services</b>	10.1	1.02%	10.4%
<b>Utilities</b>	3.2	-0.25%	4.9%

Source: Bloomberg



## The Economy and Markets

### ***A Macro View – Robbing Peter to Pay Paul?***

Following one of the most difficult Decembers in recent years for equity markets, investors surely are pleased to see 2019 begin with a rally in risk assets. One of the key factors fueling this risk appetite is the recent shift in the Federal Reserve's (the Fed) tone on monetary policy. Following its January meeting, the Fed announced it will be patient as it determines future adjustments to the federal funds rate, and flexible with the pace of its balance sheet runoff. Investors keyed in on the word "patient" as an indication additional rate hikes may be off the table for now, and this dovish pivot in tone bolstered risk assets even as expectations for US and global growth have moderated.

However, with policy tools still limited following the Great Recession, it is worth pondering whether the Fed may be sacrificing ammunition to combat the next recession in order to help prolong the current economic cycle. If, in fact, the current federal funds rate (2.25%-2.50%) is the terminal level of this cycle, the Fed will have far less slack to cut rates when stimulus is needed than it has in past recessions. Furthermore, with the balance sheet runoff following quantitative easing (QE) only 15 months underway, and speculation that the passive runoff could end later this year with nearly \$4 trillion still on the balance sheet, it could limit the effectiveness of another QE stimulus package in the future. The price of this decision could ultimately be a longer and deeper recession in the next economic downturn.

One may look to Europe as an example of the predicament in which a central bank can find itself: a slowing economy with limited stimulus tools at its disposal. Although the European Central Bank (ECB) terminated its QE program at the end of last year, it originally had planned to begin raising interest rates shortly thereafter, by as early as midyear. However, slowing economic growth across the continent almost certainly will prevent this from happening. Last month, the ECB said risks to the Eurozone's economic outlook had shifted to the downside, while the European Commission slashed its outlook for growth across the region last week. Brexit also remains an uncertainty, with the likelihood of a no-deal Brexit increasing as March grows closer on the calendar. Just last Thursday, the Bank of England forecast 2019 UK gross domestic product would grow at the slowest pace since 2009. With policy rates still in negative territory, and having all but run out of bonds to buy as part of its QE program, the ECB will be extremely challenged to stimulate growth and inflation if the trajectory of the continent continues to head toward a recession.

Fortunately, on this side of the pond, the economic outlook is measurably stronger despite a moderating pace of GDP growth. Perhaps most importantly, consumers, who account for nearly 70% of US GDP, continue to be supported by low unemployment and the strongest wage growth since 2005. The old adage that business cycles do not die of old age remains true, and stimulative factors, such as a trade deal between the US and China and corporate capital expenditures, certainly could serve to extend the current cycle. Of course, no one can predict precisely when the next recession will hit, so perhaps as this cycle continues to mature, it's prudent for investors to focus a bit more on quality and liquidity, while maintaining a diversified portfolio designed to meet long-term goals.

*David Hawal, CFA*

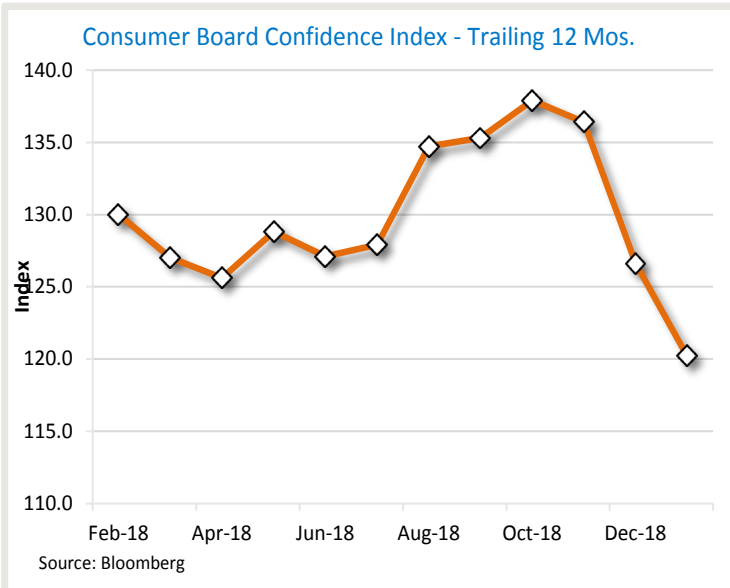
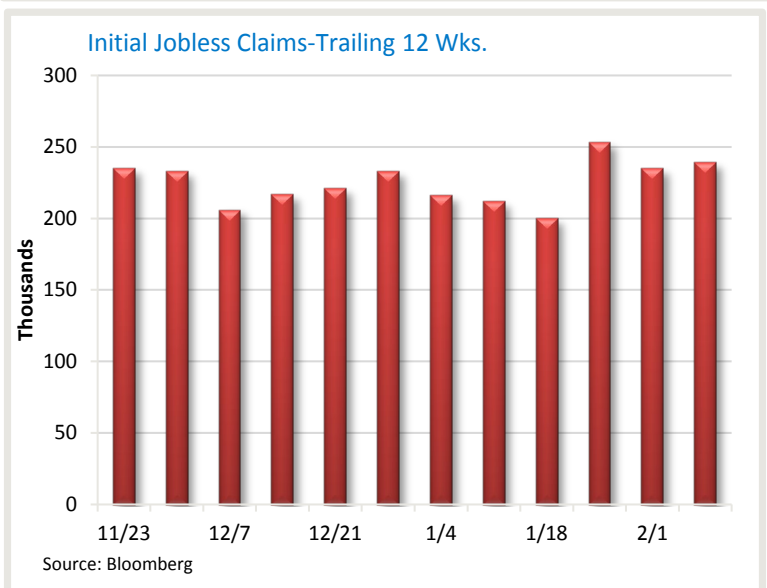
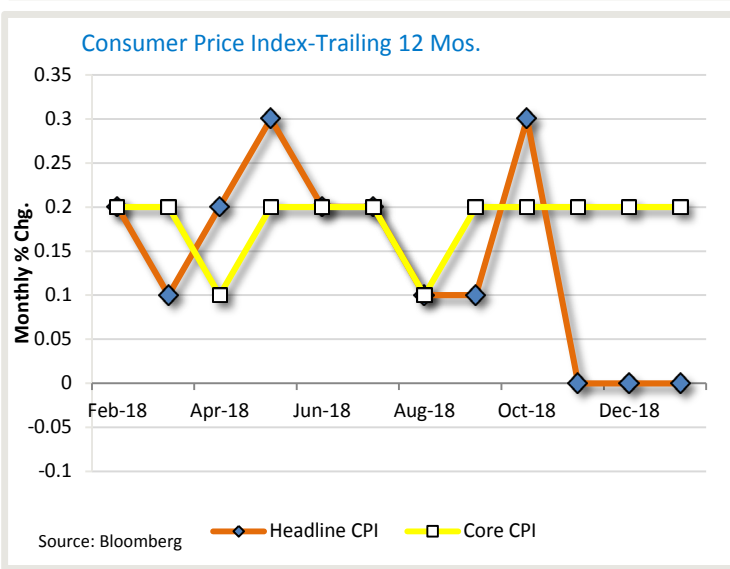
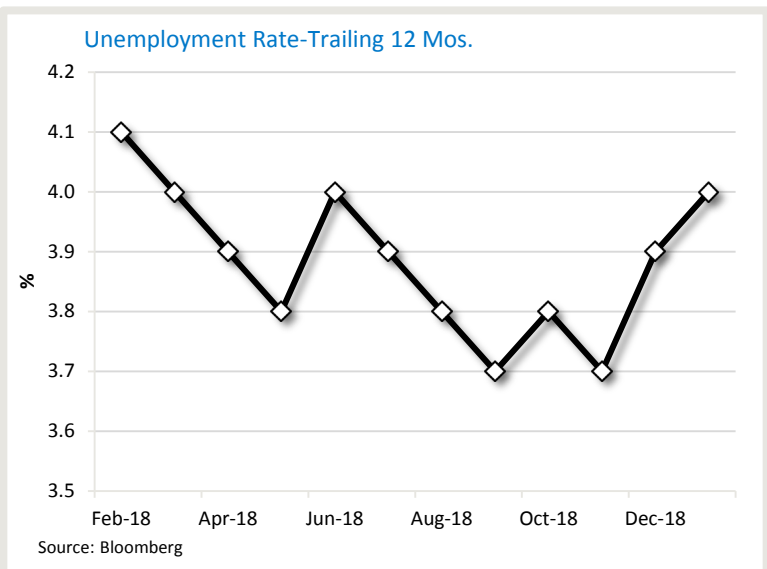
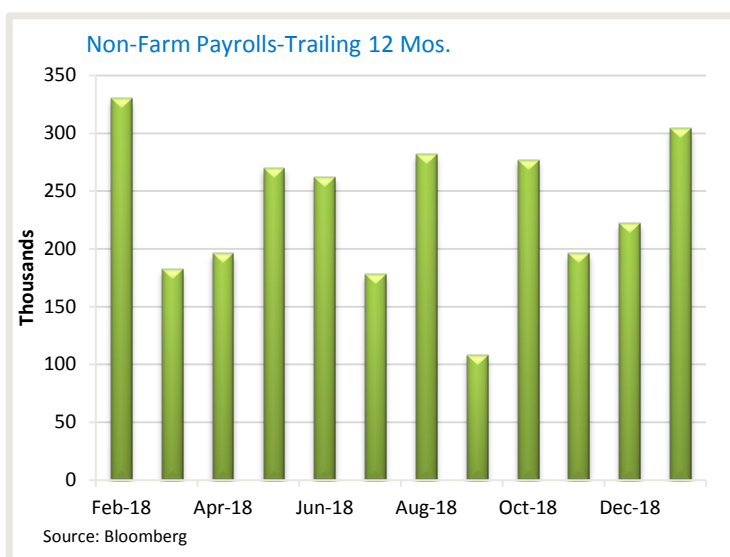
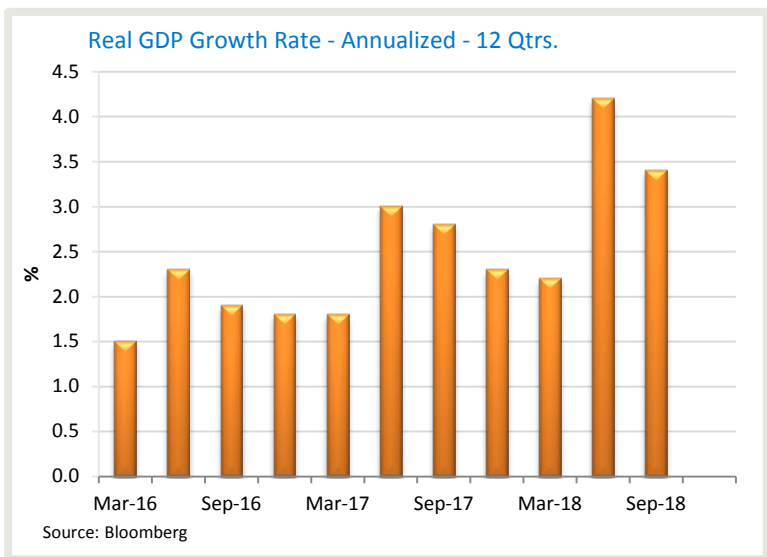
VP, Senior Investment Analyst

<sup>1</sup> <https://www.marketwatch.com/story/how-the-european-economy-is-raising-fresh-global-growth-fears-2019-02-07>

<sup>2</sup> <https://www.marketwatch.com/story/how-the-european-economy-is-raising-fresh-global-growth-fears-2019-02-07>

<sup>3</sup> Strategas

## Economic Data



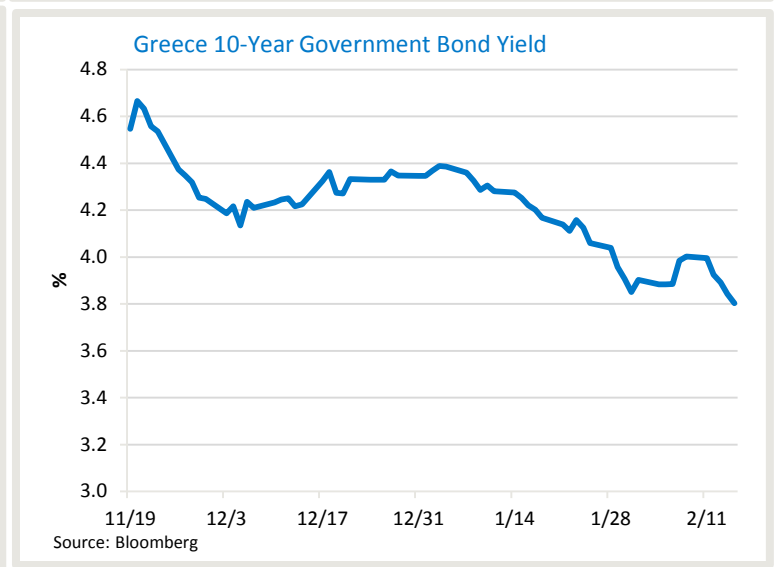
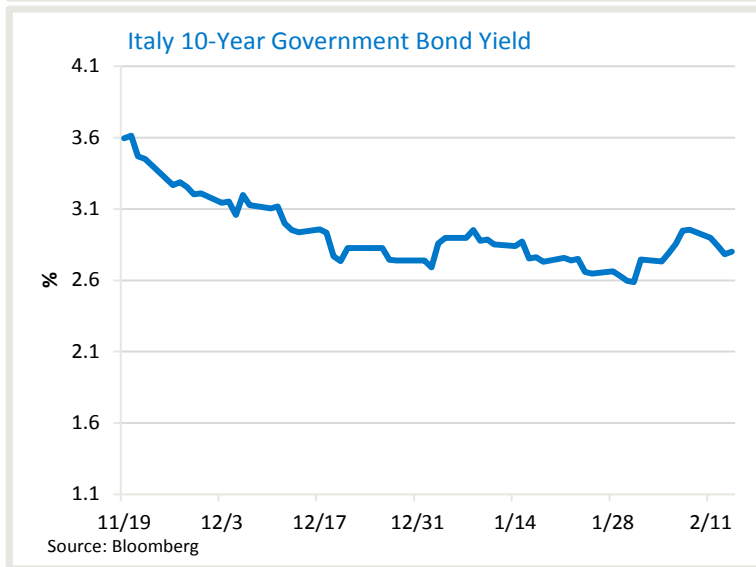
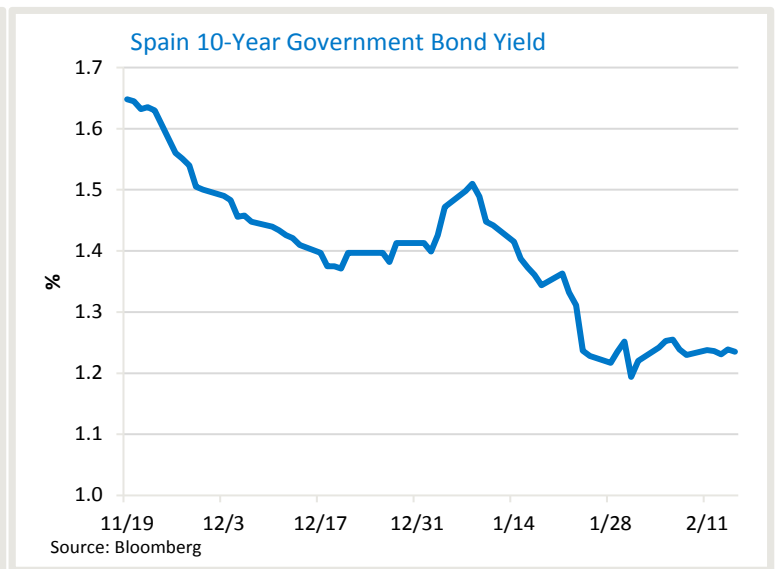
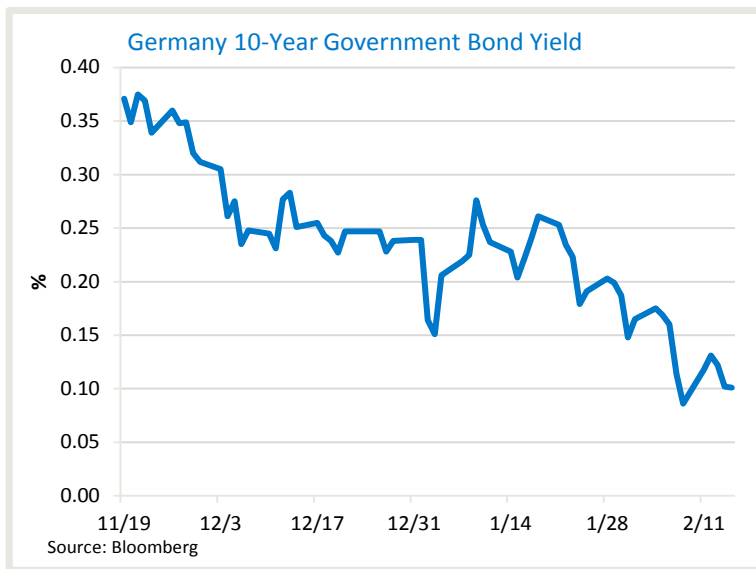
## Eurozone

### SELECTED EUROPEAN SOVEREIGN YIELD PERFORMANCE

	Last	Change	% Chg.	YTD %
Germany 10-Yr. Govt.	0.10	-2 bps	NM	NM
Greece 10-Yr. Govt.	3.80	15 bps	NM	NM
Italy 10-Yr. Govt.	2.80	13 bps	NM	NM
Spain 10-Yr. Govt.	1.24	0 bps	NM	NM
Belgium 10-Yr. Govt.	0.67	2 bps	NM	NM

Source: Bloomberg  
Basis points (bps)

	Last	Change	% Chg.	YTD %
France 10-Yr. Govt.	0.53	0 bps	NM	NM
Ireland 10-Yr. Govt.	0.86	1 bps	NM	NM
Portugal 10-Yr. Govt.	1.56	9 bps	NM	NM
Netherlands 10-Yr. Govt.	0.21	-1 bps	NM	NM
U.K. 10-Yr. Govt.	1.16	-1 bps	NM	NM

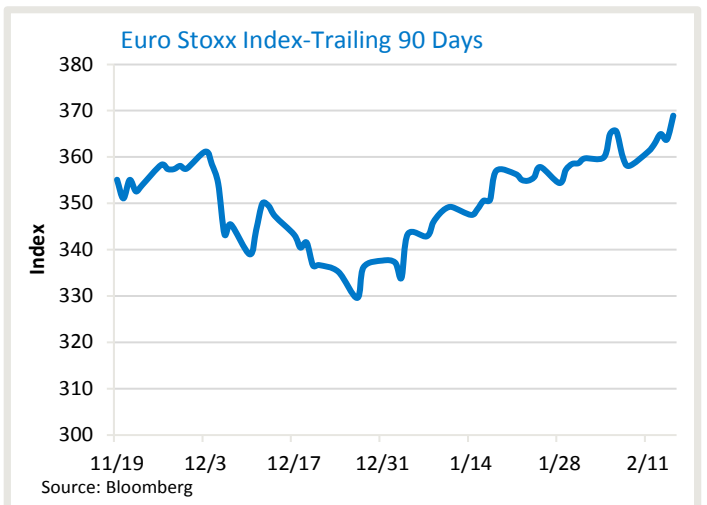
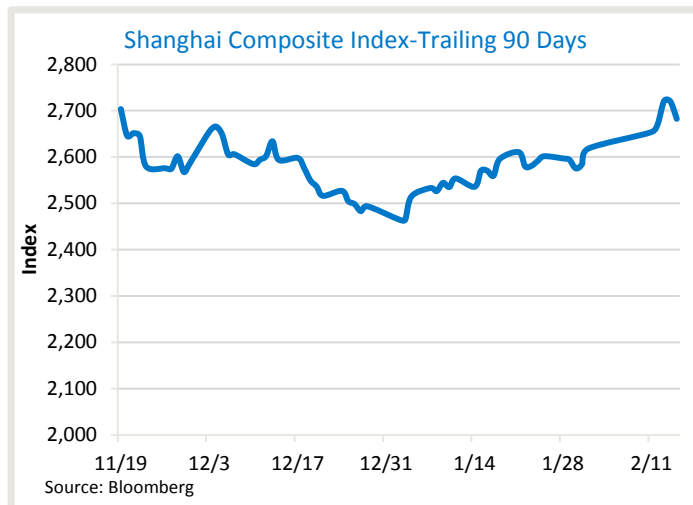
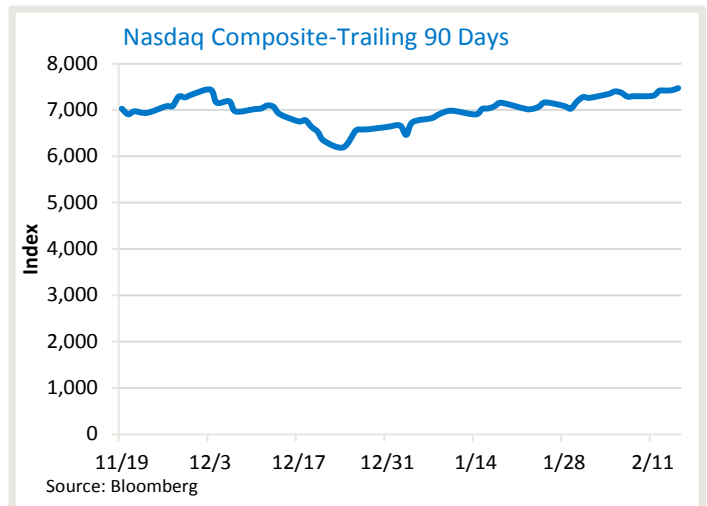
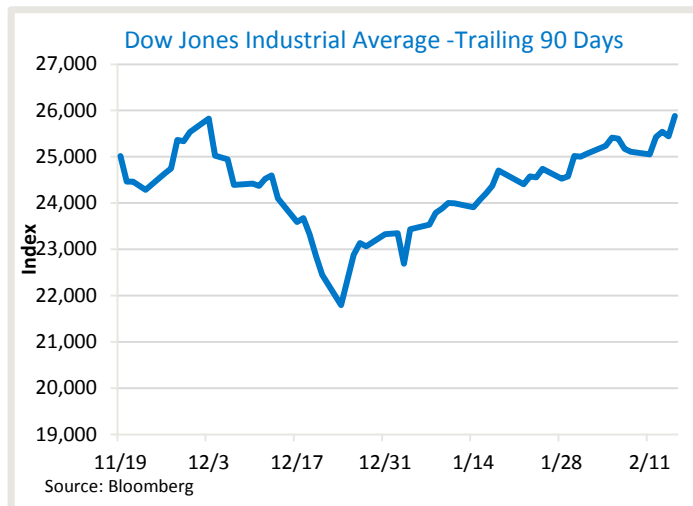


## Equities

### WORLD MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
<b>S&amp;P 500</b>	<b>2,775.60</b>	<b>67.72</b>	<b>2.50%</b>	<b>10.72%</b>	<b>Swiss Market Index</b>	<b>9,242.12</b>	<b>238.71</b>	<b>2.65%</b>	<b>9.64%</b>
<b>Dow Industrials</b>	<b>25,883.25</b>	<b>776.92</b>	<b>3.09%</b>	<b>10.96%</b>	<b>CAC 40 Index (France)</b>	<b>5,153.19</b>	<b>191.55</b>	<b>3.86%</b>	<b>8.93%</b>
<b>Nasdaq Composite</b>	<b>7,472.41</b>	<b>174.21</b>	<b>2.39%</b>	<b>12.62%</b>	<b>DAX Index (Germany)</b>	<b>11,299.80</b>	<b>393.02</b>	<b>3.60%</b>	<b>7.02%</b>
<b>MSCI ACWI</b>	<b>494.66</b>	<b>5.94</b>	<b>1.22%</b>	<b>8.6%</b>	<b>Irish Overall Index</b>	<b>5,969.27</b>	<b>136.68</b>	<b>2.34%</b>	<b>8.93%</b>
<b>MSCI EM</b>	<b>1,039.19</b>	<b>3.17</b>	<b>0.31%</b>	<b>7.6%</b>	<b>Nikkei 225</b>	<b>20,900.63</b>	<b>149.35</b>	<b>0.72%</b>	<b>4.43%</b>
<b>S&amp;P/TSX (Canada)</b>	<b>15,838.24</b>	<b>204.91</b>	<b>1.31%</b>	<b>10.58%</b>	<b>Hang Seng Index</b>	<b>27,900.84</b>	<b>-45.48</b>	<b>-0.16%</b>	<b>7.95%</b>
<b>Mexico IPC</b>	<b>42,988.72</b>	<b>-177.23</b>	<b>-0.41%</b>	<b>3.27%</b>	<b>Shanghai Composite</b>	<b>2,682.39</b>	<b>64.15</b>	<b>2.45%</b>	<b>7.56%</b>
<b>Brazil Bovespa</b>	<b>97,525.94</b>	<b>2182.81</b>	<b>2.29%</b>	<b>10.97%</b>	<b>Kospi Index (S. Korea)</b>	<b>2,196.09</b>	<b>19.04</b>	<b>0.87%</b>	<b>7.60%</b>
<b>Euro Stoxx 600</b>	<b>368.94</b>	<b>10.87</b>	<b>3.04%</b>	<b>9.27%</b>	<b>Taiwan Taiex Index</b>	<b>10,064.78</b>	<b>132.52</b>	<b>1.33%</b>	<b>3.47%</b>
<b>FTSE 100</b>	<b>7,236.68</b>	<b>165.50</b>	<b>2.34%</b>	<b>7.56%</b>	<b>Tel Aviv 25 Index</b>	<b>1,556.65</b>	<b>18.26</b>	<b>1.19%</b>	<b>6.34%</b>
<b>IBEX 35 (Spain)</b>	<b>9,123.20</b>	<b>266.40</b>	<b>3.01%</b>	<b>6.83%</b>	<b>MOEX Index (Russia)</b>	<b>2,490.16</b>	<b>-12.66</b>	<b>-0.51%</b>	<b>5.10%</b>

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



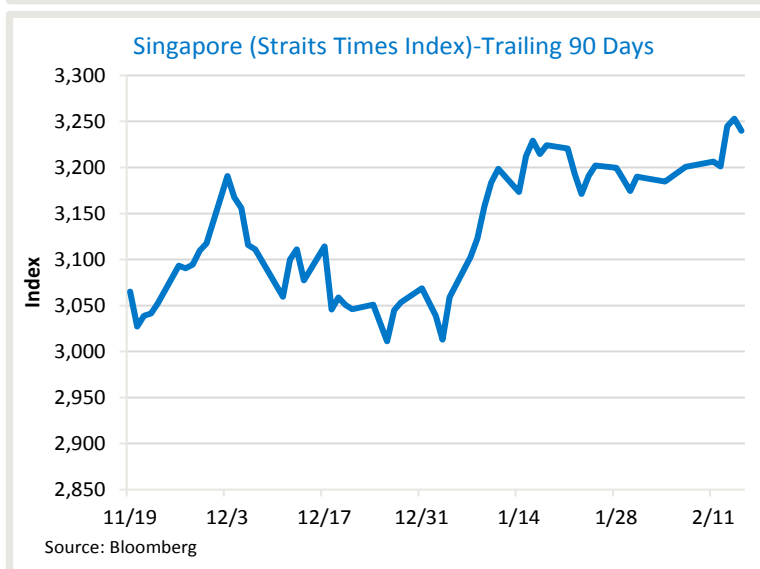
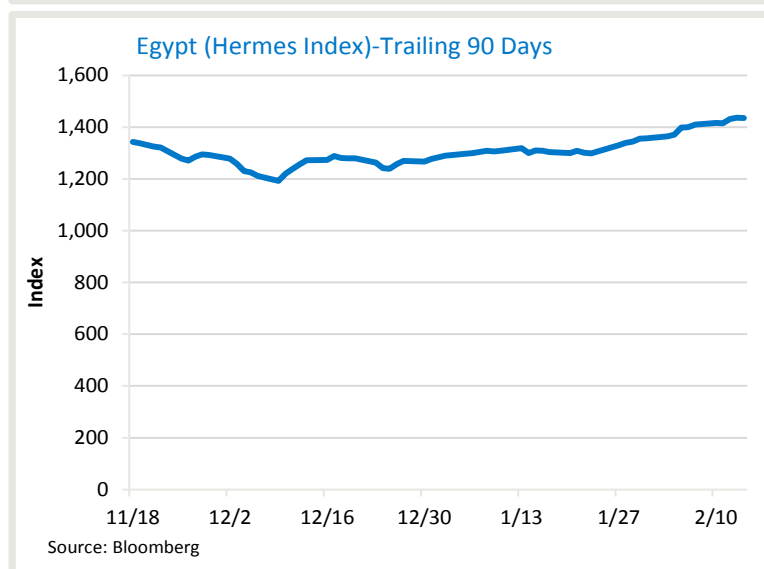
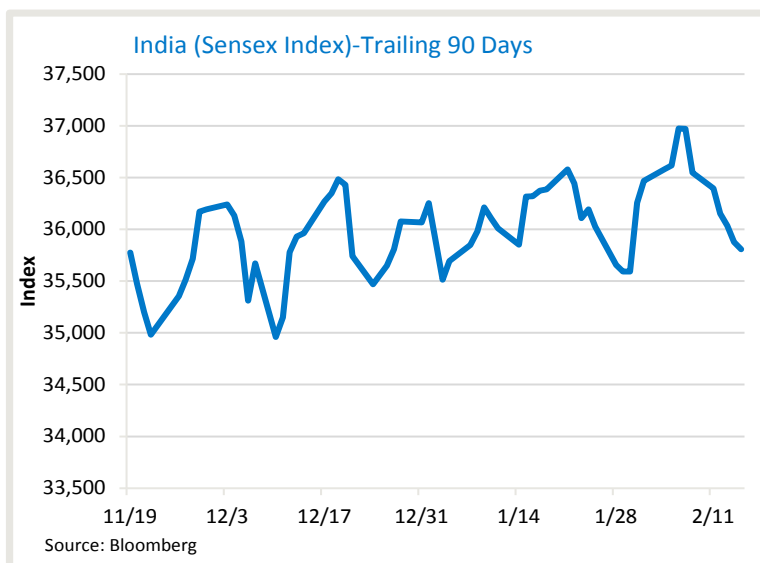
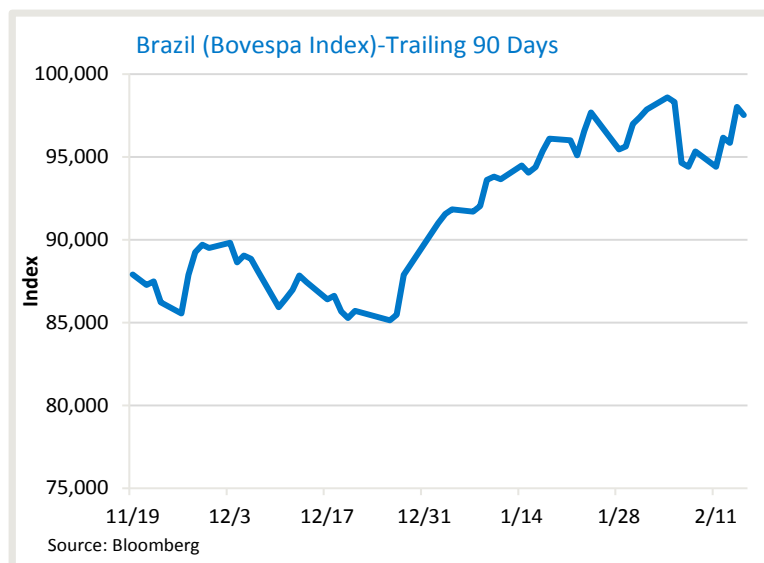
## Equities – Emerging and Frontier Markets

### EMERGING AND FRONTIER MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
Mexico IPC	42,988.72	-177.23	-0.4%	3.3%
Brazil (Bovespa Index)	97,525.94	2182.81	2.3%	11.0%
MOEX Index (Russia)	2,490.16	-12.66	-0.5%	5.1%
Czech Republic (Prague)	1,058.23	11.41	1.1%	7.3%
Turkey (Istanbul)	102,715.00	263.30	0.3%	12.5%
Egypt (Hermes Index)	1,435.99	26.33	1.9%	12.4%
Kenya (Nairobi 20 Index)	3,045.40	-14.58	-0.5%	7.5%
Saudi Arabia (TASI Index)	8,626.28	13.44	0.2%	10.2%
Lebanon (Beirut BLOM Index)	945.41	8.51	0.9%	-3.2%
Palestine	541.01	5.24	1.0%	2.2%

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

	Last	Change	% Chg.	YTD %
Hang Seng Index	27,900.84	-45.48	-0.2%	8.0%
India (Sensex 30)	35,808.95	-737.53	-2.0%	-0.7%
Malaysia (KLCI Index)	1,688.83	2.31	0.1%	-0.1%
Singapore (Straits Times Index)	3,239.74	37.70	1.2%	5.6%
Thailand (SET Index)	1,636.94	-14.74	-0.9%	4.7%
Indonesia (Jakarta)	6,389.09	-132.58	-2.0%	3.1%
Pakistan (Karachi KSE 100)	40,486.67	-400.68	-1.0%	9.2%
Vietnam (Ho Chi Minh)	950.89	42.22	4.6%	6.5%
Sri Lanka (Colombo)	5,909.30	-54.84	-0.9%	-2.4%
Cambodia (Laos)	814.60	-16.42	-2.0%	-2.6%

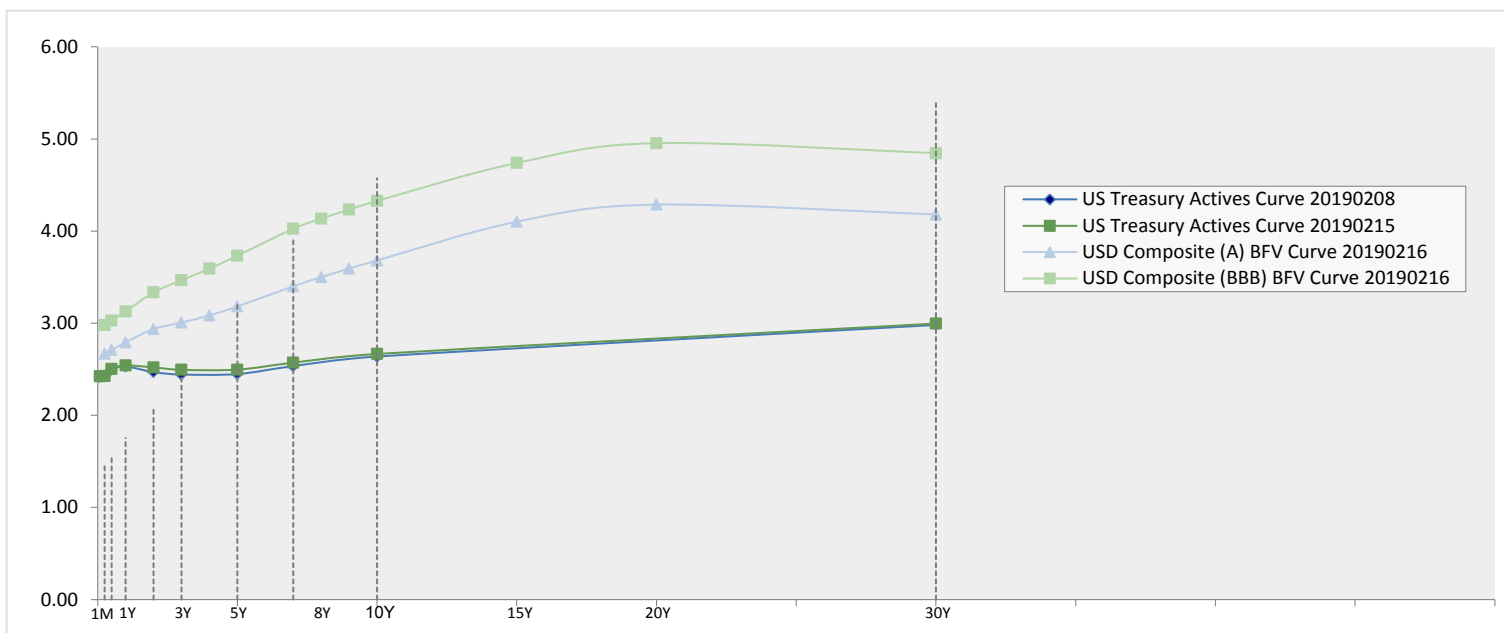


## Interest Rates

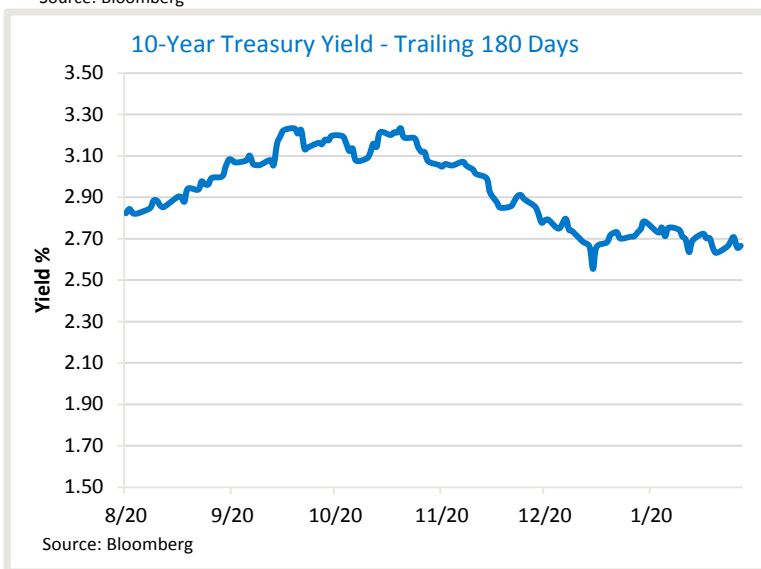
SELECTED INTEREST RATES

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
2-Yr. U.S. Treasury	2.52%	-1 bps	NM	NM	Prime Rate	5.50%	0.00	NM	NM
5-Yr. U.S. Treasury	2.50%	5 bps	NM	NM	Fed Funds Rate	2.50%	0.00	NM	NM
10-Yr. U.S. Treasury	2.67%	3 bps	NM	NM	Discount Rate	3.00%	0.00	NM	NM
30-Yr. U.S. Treasury	3.00%	2 bps	NM	NM	LIBOR (3 Mo.)	2.69%	0 bps	NM	NM
German 10-Yr. Govt.	0.10%	-2 bps	NM	NM	Bond Buyer 40 Muni	3.96%	3 bps	NM	NM
France 10-Yr.	0.53%	0 bps	NM	NM	Bond Buyer 40 G.O.	4.24%	NA	NM	NM
Italy 10-Yr.	2.80%	13 bps	NM	NM	Bond Buyer 40 Rev.	4.71%	NA	NM	NM
Fed 5-Yr Fwd BE Inf.	1.86%	-5 bps	NM	NM					

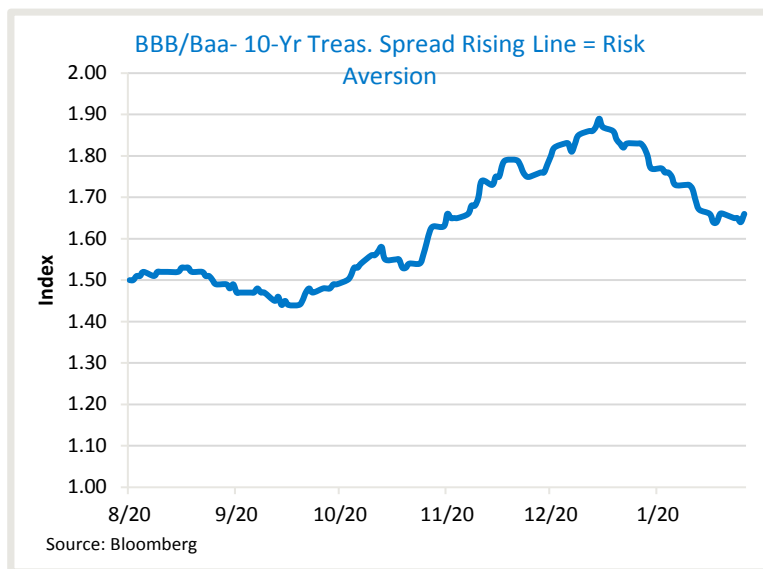
Source: Bloomberg



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg



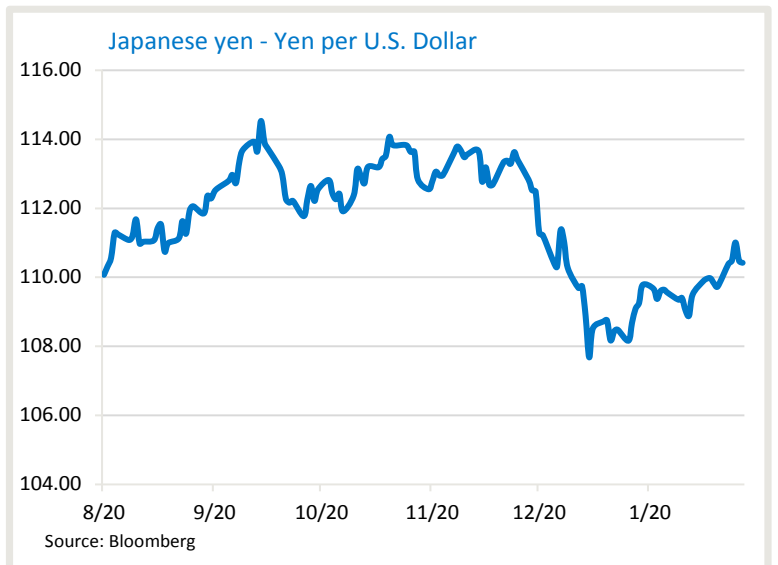
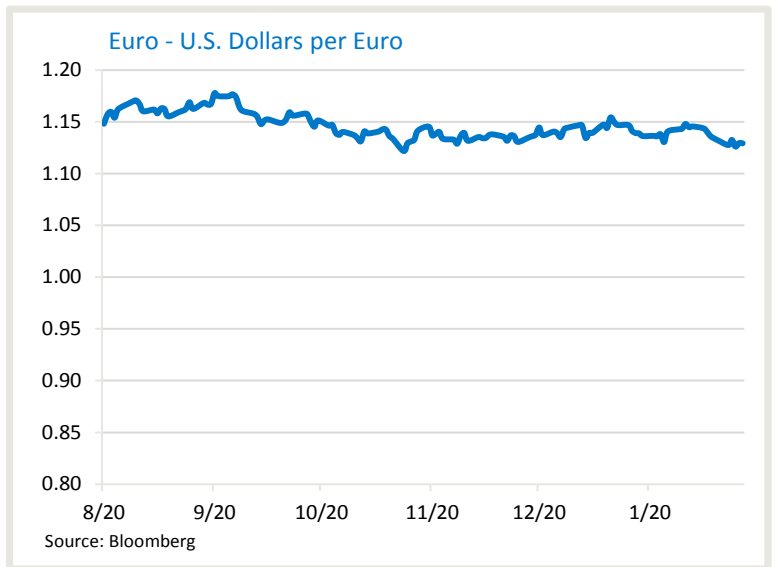
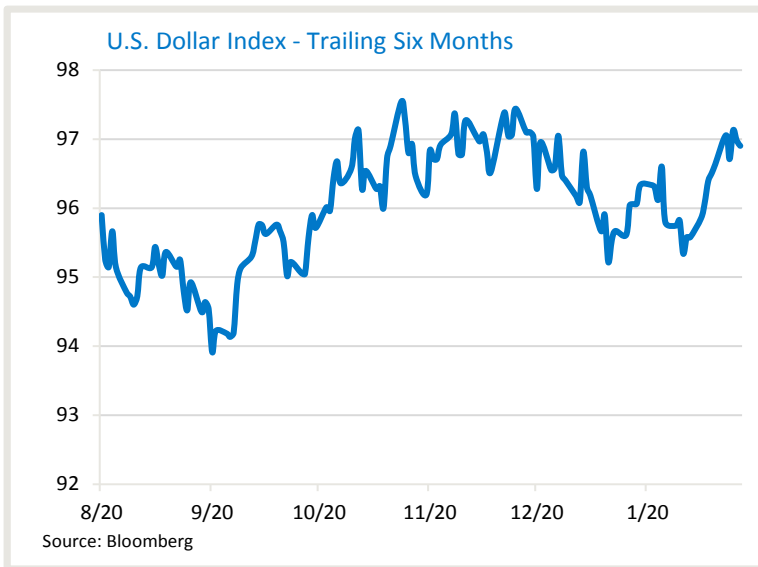
## Currencies

### SELECTED CURRENCY PERFORMANCE

	Last	Change	% Chg.	YTD %
<b>Dollar Index</b>	<b>96.91</b>	<b>0.265</b>	<b>0.27%</b>	<b>0.76%</b>
<b>Euro</b>	<b>1.13</b>	<b>-0.003</b>	<b>-0.26%</b>	<b>-1.52%</b>
<b>Japanese Yen</b>	<b>110.43</b>	<b>0.690</b>	<b>-0.62%</b>	<b>-0.66%</b>
<b>British Pound</b>	<b>1.29</b>	<b>-0.006</b>	<b>-0.42%</b>	<b>1.06%</b>
<b>Canadian Dollar</b>	<b>1.33</b>	<b>-0.003</b>	<b>0.23%</b>	<b>2.94%</b>

	Last	Change	% Chg.	YTD %
<b>Chinese Yuan</b>	<b>6.77</b>	<b>0.028</b>	<b>-0.41%</b>	<b>1.55%</b>
<b>Swiss Franc</b>	<b>1.01</b>	<b>0.005</b>	<b>-0.47%</b>	<b>-2.30%</b>
<b>New Zealand Dollar</b>	<b>0.69</b>	<b>0.012</b>	<b>1.81%</b>	<b>2.13%</b>
<b>Brazilian Real</b>	<b>3.70</b>	<b>-0.031</b>	<b>0.83%</b>	<b>4.68%</b>
<b>Mexican Peso</b>	<b>19.25</b>	<b>0.167</b>	<b>-0.87%</b>	<b>2.11%</b>

Source: Bloomberg



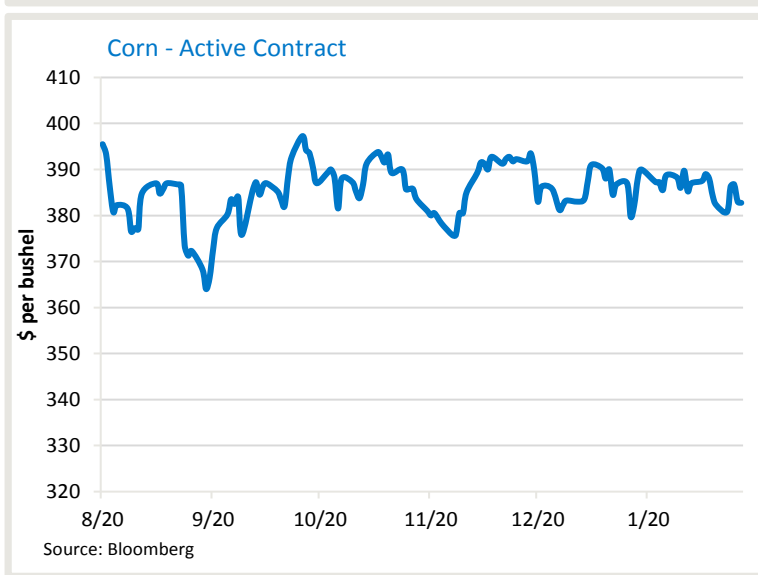
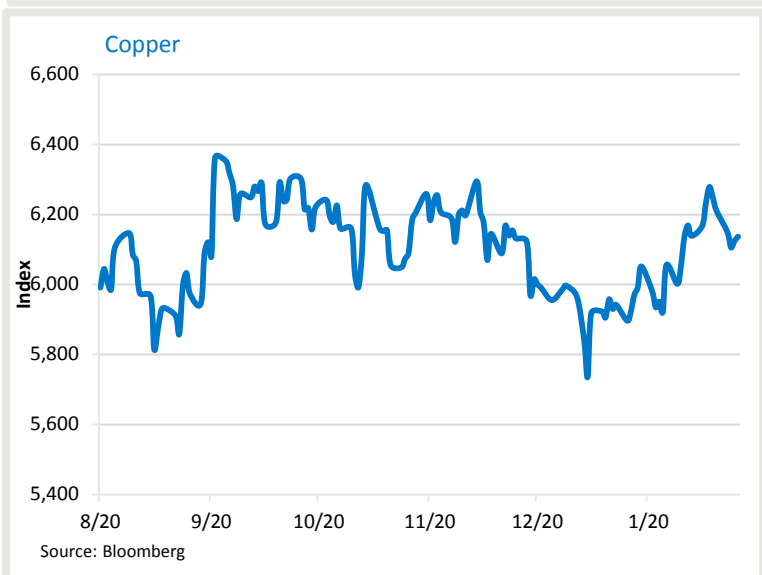
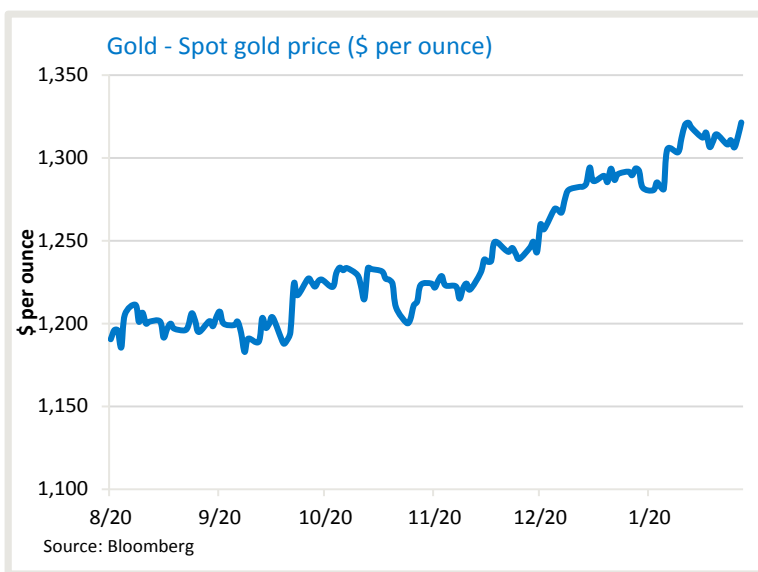
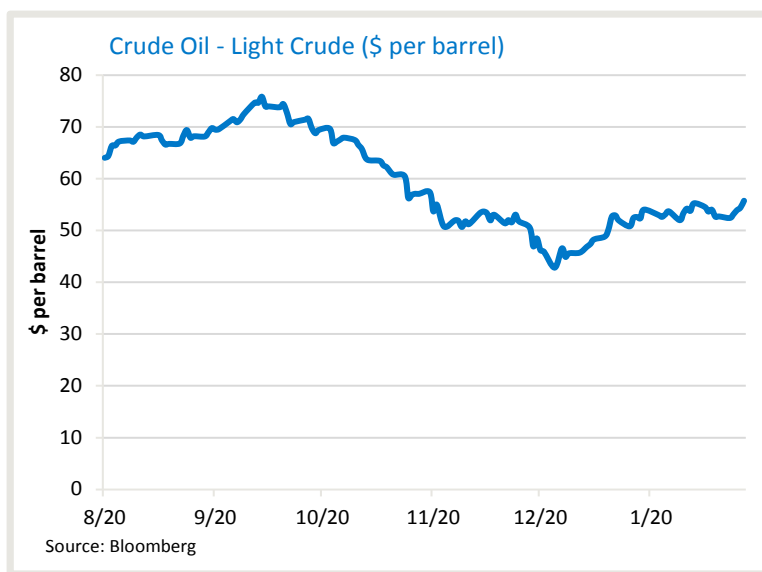
## Commodities

### SELECTED COMMODITY MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
<b>Bloomberg Comm. Idx.</b>	<b>80.96</b>	<b>0.89</b>	<b>1.11%</b>	<b>5.53%</b>
<b>Crude Oil</b>	<b>\$55.75</b>	<b>\$3.03</b>	<b>5.75%</b>	<b>21.94%</b>
<b>Natural Gas</b>	<b>\$2.63</b>	<b>\$0.05</b>	<b>1.78%</b>	<b>-7.79%</b>
<b>Gasoline (\$/Gal.)</b>	<b>\$2.30</b>	<b>\$0.02</b>	<b>0.66%</b>	<b>1.68%</b>
<b>Heating Oil</b>	<b>201.94</b>	<b>11.19</b>	<b>5.86%</b>	<b>20.99%</b>
<b>Gold Spot</b>	<b>\$1,321.35</b>	<b>\$7.15</b>	<b>0.54%</b>	<b>3.04%</b>
<b>Silver Spot</b>	<b>\$15.78</b>	<b>-\$0.04</b>	<b>-0.25%</b>	<b>1.87%</b>

Source: Bloomberg; % change is based on price.

	Last	Change	% Chg.	YTD %
<b>Platinum Spot</b>	<b>\$807.72</b>	<b>\$7.24</b>	<b>0.90%</b>	<b>1.58%</b>
<b>Corn</b>	<b>382.75</b>	<b>0.50</b>	<b>0.13%</b>	<b>-0.07%</b>
<b>Wheat</b>	<b>507.00</b>	<b>-12.50</b>	<b>-2.41%</b>	<b>-0.69%</b>
<b>Soybeans</b>	<b>921.50</b>	<b>-7.25</b>	<b>-0.78%</b>	<b>1.51%</b>
<b>Sugar</b>	<b>13.00</b>	<b>0.34</b>	<b>2.69%</b>	<b>7.44%</b>
<b>Orange Juice</b>	<b>115.20</b>	<b>-6.00</b>	<b>-4.95%</b>	<b>-9.29%</b>
<b>Aluminum</b>	<b>1,850.00</b>	<b>-31.00</b>	<b>-1.65%</b>	<b>0.22%</b>
<b>Copper</b>	<b>6,137.00</b>	<b>-73.00</b>	<b>-1.18%</b>	<b>2.88%</b>

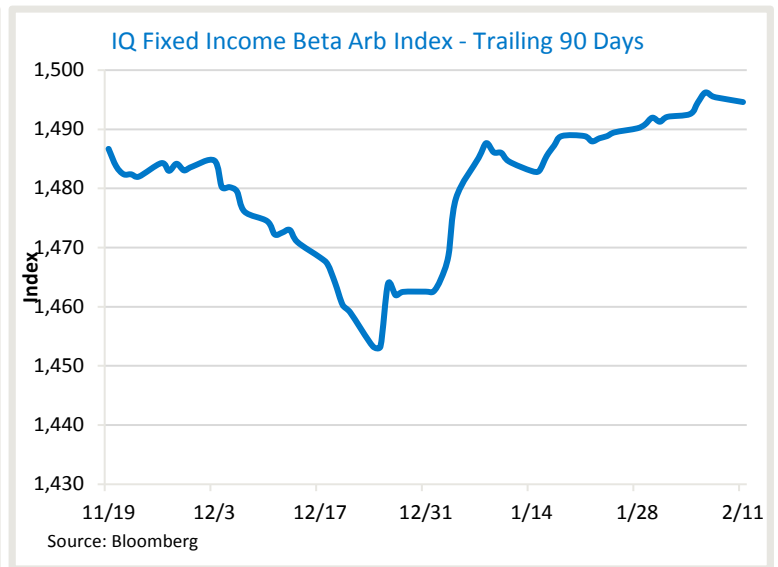
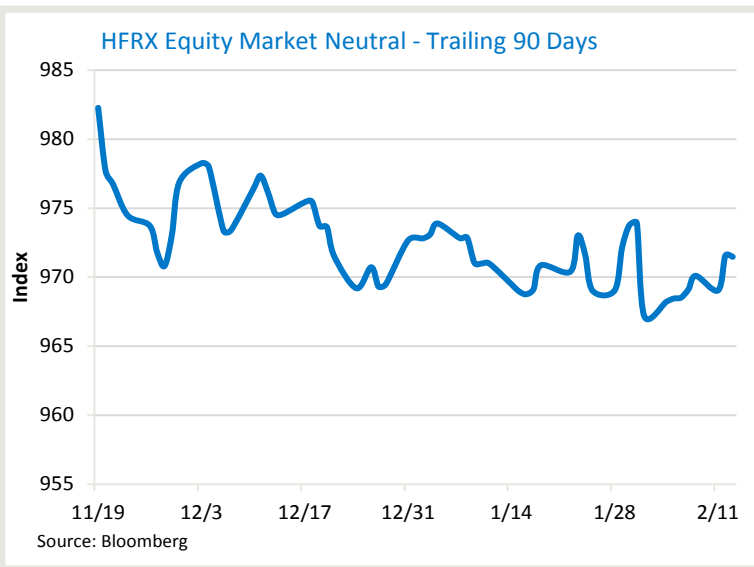
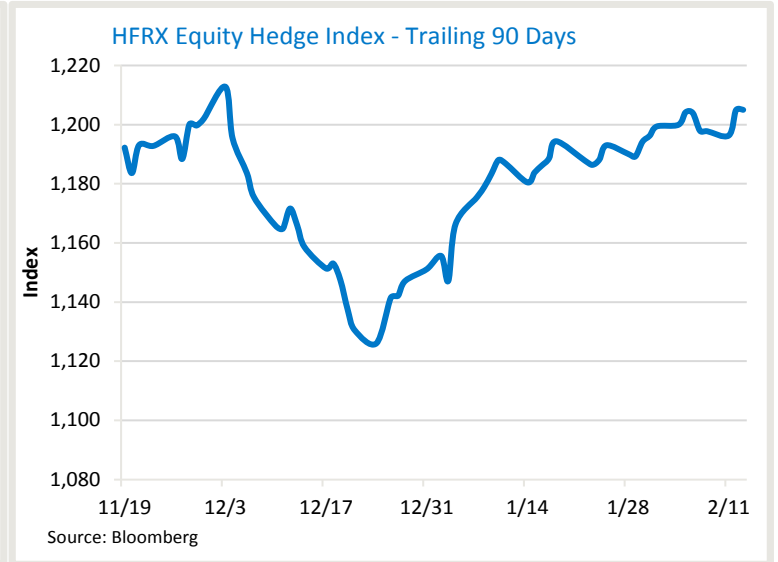
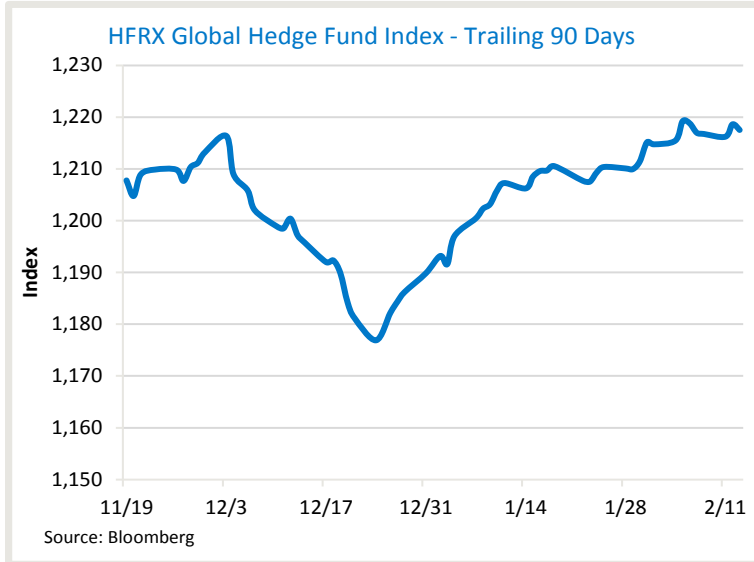


## Alternative Investments

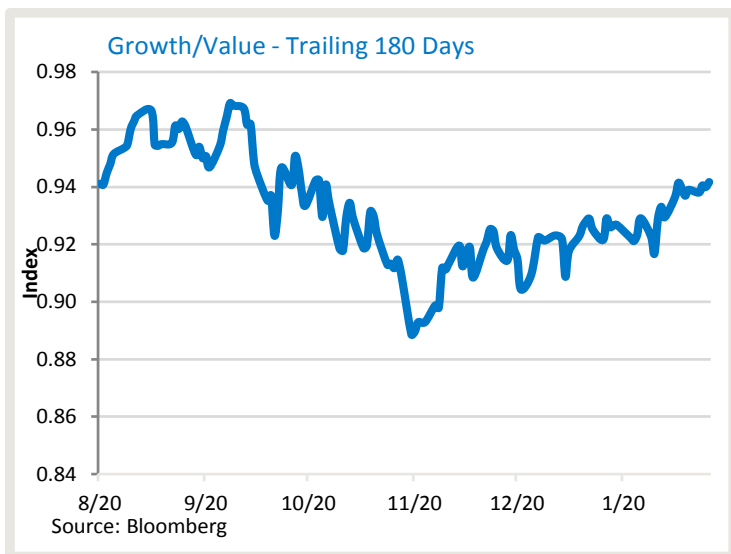
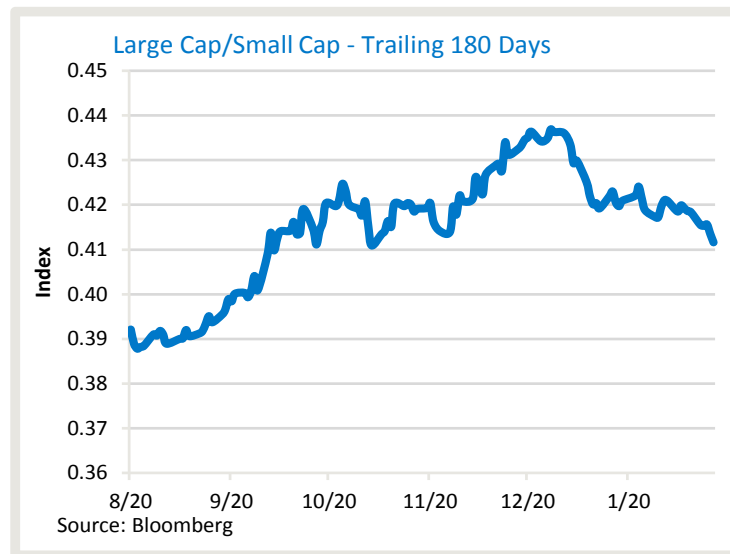
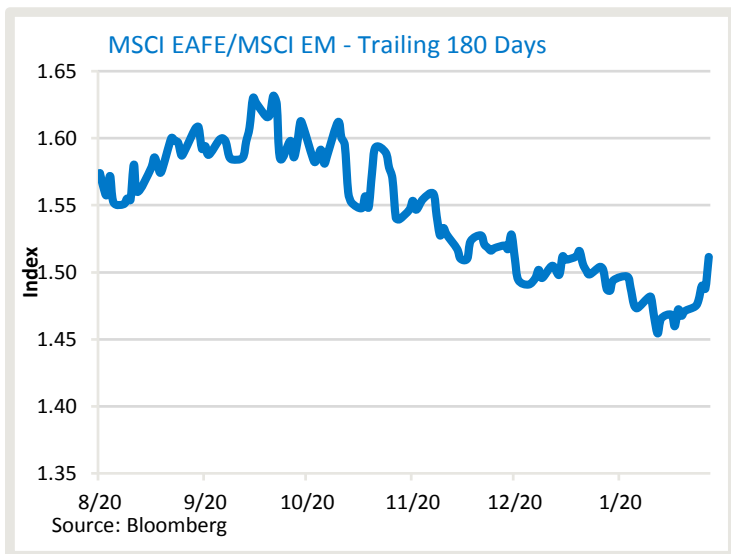
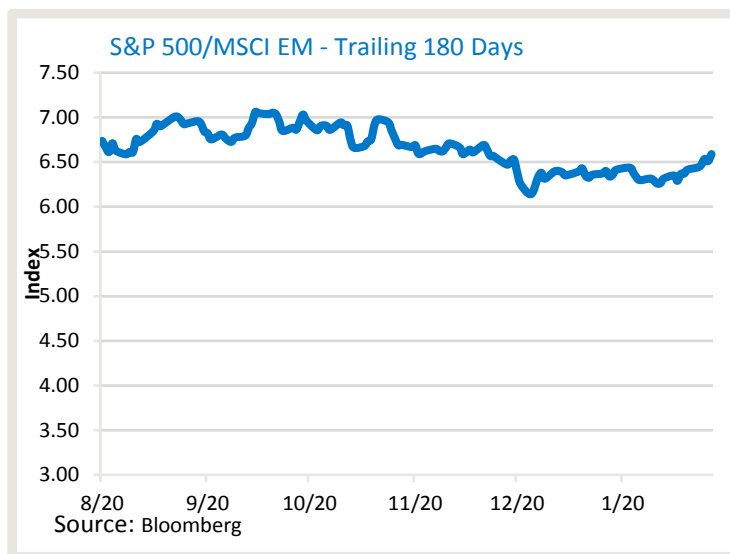
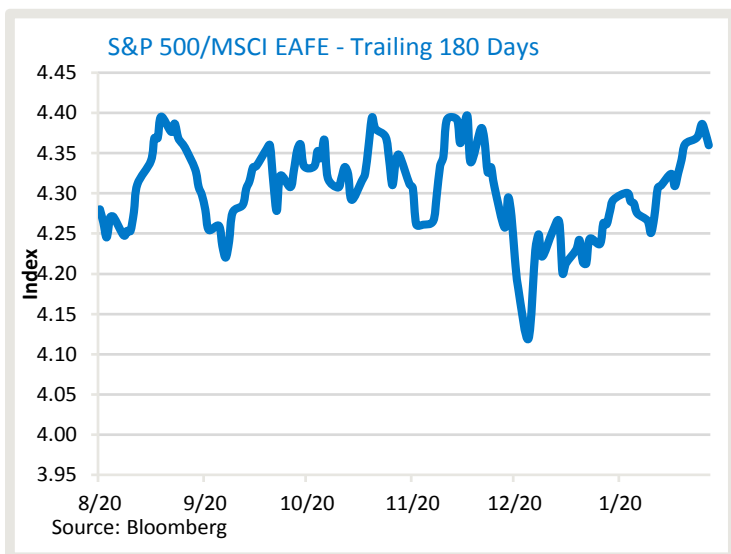
### SELECTED ALTERNATIVE INVESTMENT INDEX PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
HFRX Global Hedge Fund Index	1217.53	0.77	0.06%	2.33%	HFRX Distressed Index	1025.42	-4.69	-0.46%	2.39%
HFRX Equity Market Neutral	971.47	1.37	0.14%	-0.12%	HFRX Merger Arbitrage Index	1840.28	1.48	0.08%	1.25%
HFRX Equity Hedge Index	1204.99	7.23	0.60%	4.68%	HFRX Convertible Arbitrage Index	804.54	-0.36	-0.04%	2.14%
HFRX Event-Driven Index	1503.13	-2.02	-0.13%	2.17%	HFRX Macro CTA Index	1103.05	-6.23	-0.56%	-2.05%
HFRX Absolute Return Index	1072.78	2.05	0.19%	1.39%	IQ Fixed Income Beta Arb Index	1498.92	3.67	0.25%	2.49%

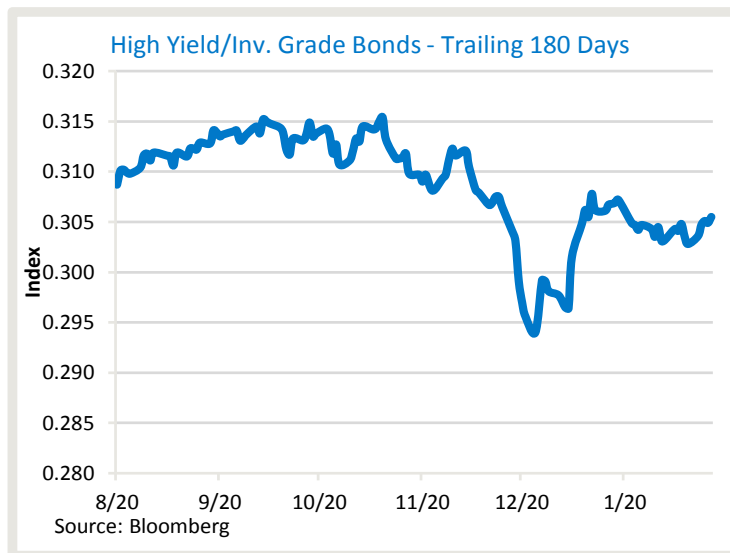
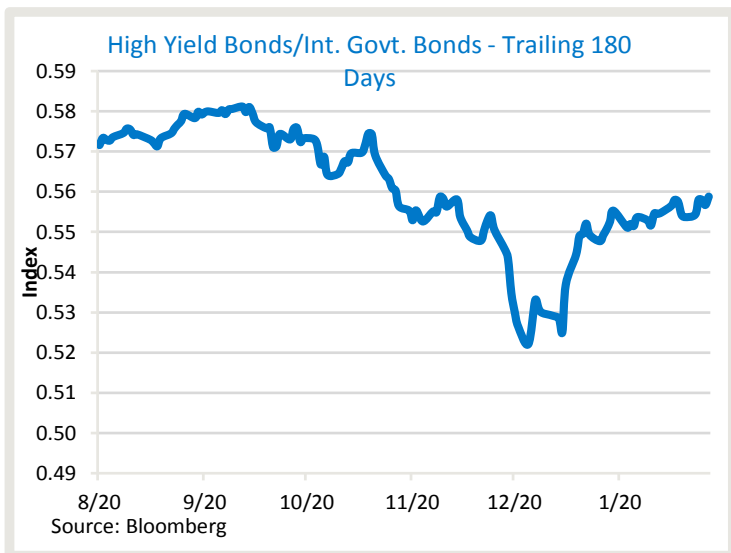
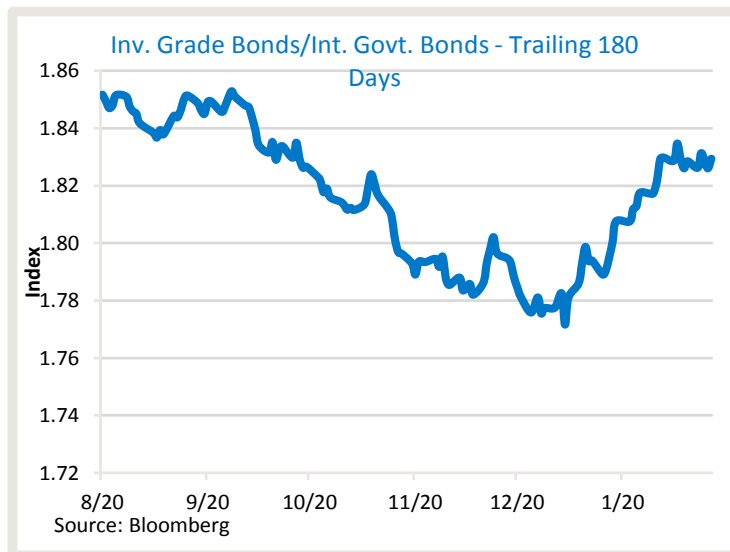
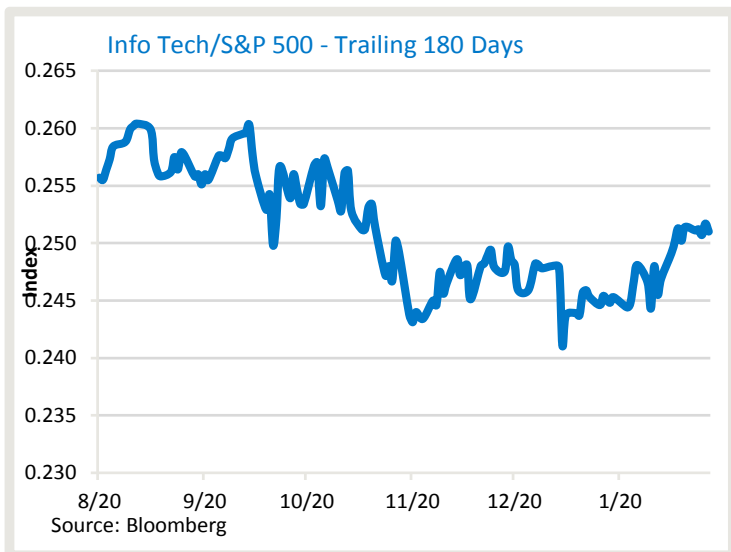
Source: Bloomberg; Index % change is based on price.



## Portfolio Construction



## Portfolio Construction (continued)



WEEKLY ASSET CLASS PERFORMANCE (Prior 12 weeks ending Thursday)

			11/29	12/6	12/13	12/20	12/27	1/3	1/10	1/17	1/24	1/31	2/7	2/14
Equity	Domestic Equity	Large Cap (R200)	3.52%	-1.43%	-1.49%	-6.97%	0.93%	-1.70%	5.89%	1.53%	0.06%	2.27%	-0.07%	1.39%
		Small Cap (R2000)	2.49%	-3.15%	-3.03%	-7.45%	0.44%	-0.07%	8.61%	1.51%	-0.19%	2.39%	0.41%	2.62%
	Int'l. Equity	MSCI EAFE	1.45%	-3.38%	0.86%	-3.39%	-1.50%	1.34%	4.49%	-0.24%	0.72%	1.98%	-0.47%	0.35%
		MSCI Em. Mkts.	2.26%	-1.92%	0.67%	-2.61%	-0.78%	-0.29%	5.17%	1.03%	1.04%	2.99%	-0.76%	-0.27%
Fixed Income	BarCap Agg. (AGG)	0.22%	0.41%	0.18%	0.29%	-0.01%	1.11%	-0.57%	0.03%	0.28%	0.68%	-0.34%	0.11%	
	High Yield (JNK)	0.78%	-1.00%	0.64%	-3.75%	0.27%	0.21%	4.14%	0.09%	-0.03%	1.09%	-0.34%	0.45%	
Commodities	Bloomberg Commodity Index	-0.88%	-0.44%	0.30%	-4.49%	-1.28%	-0.45%	2.63%	1.21%	-0.30%	0.64%	-0.85%	-0.10%	
Alternatives	Hedge Funds (HFRX Global)	0.19%	-0.44%	-0.72%	-1.08%	0.01%	0.61%	1.20%	0.32%	-0.02%	0.47%	0.15%	0.05%	
Asset Allocation	60/40*	1.75%	-1.25%	-0.49%	-3.56%	0.07%	0.07%	3.57%	0.64%	0.26%	1.66%	-0.22%	0.78%	
	48/32/20 (w/Alts.)**	1.44%	-1.09%	-0.54%	-3.06%	0.06%	0.18%	3.10%	0.57%	0.20%	1.42%	-0.15%	0.63%	

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	0.92	0.90	0.95	0.96	0.95	0.97	1.02	0.95	0.90	1.19	0.92	0.96
Large Cap Growth	1.00	1.00	1.01	0.92	0.90	0.95	0.96	0.95	0.97	1.02	0.95	0.90	1.19	0.92	0.96
Large Cap Value	0.99	0.99	1.00	0.91	0.89	0.94	0.95	0.94	0.96	1.00	0.94	0.89	1.17	0.90	0.95
Mid Cap Core	1.09	1.09	1.10	1.00	0.98	1.03	1.04	1.04	1.05	1.10	1.04	0.97	1.29	1.00	1.05
Mid Cap Growth	1.12	1.11	1.13	1.03	1.00	1.06	1.07	1.06	1.08	1.13	1.06	1.00	1.32	1.02	1.08
Mid Cap Value	1.06	1.05	1.07	0.97	0.95	1.00	1.01	1.01	1.02	1.07	1.01	0.95	1.25	0.97	1.02
Small Cap Core	1.04	1.04	1.06	0.96	0.94	0.99	1.00	1.00	1.01	1.06	1.00	0.94	1.24	0.96	1.01
Small Cap Growth	1.05	1.05	1.06	0.96	0.94	0.99	1.00	1.00	1.02	1.06	1.00	0.94	1.24	0.96	1.01
Small Cap Value	1.03	1.03	1.04	0.95	0.92	0.98	0.99	0.98	1.00	1.05	0.98	0.92	1.22	0.94	0.99
Int'l. Developed	0.99	0.98	1.00	0.91	0.88	0.93	0.94	0.94	0.96	1.00	0.94	0.88	1.17	0.90	0.95
Emerging Markets	1.05	1.05	1.06	0.97	0.94	0.99	1.00	1.00	1.02	1.07	1.00	0.94	1.24	0.96	1.01
REITs	1.12	1.11	1.13	1.03	1.00	1.06	1.07	1.06	1.08	1.13	1.06	1.00	1.32	1.02	1.08
Commodities	0.84	0.84	0.85	0.78	0.76	0.80	0.81	0.80	0.82	0.86	0.80	0.76	1.00	0.77	0.81
Int. Bond	1.09	1.09	1.11	1.00	0.98	1.03	1.05	1.04	1.06	1.11	1.04	0.98	1.30	1.00	1.05
High Yield	1.04	1.04	1.05	0.95	0.93	0.98	0.99	0.99	1.01	1.05	0.99	0.93	1.23	0.95	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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Envestnet, Inc. (NYSE: ENV) is a leading provider of intelligent systems for wealth management and financial wellness. Envestnet's unified technology enhances advisor productivity and strengthens the wealth management process, delivering unparalleled flexibility, accuracy, performance, and value. Envestnet enables a transparent, independent, objective, and fiduciary standard of care, and empowers enterprises and advisors to more fully understand their clients and deliver better outcomes.

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