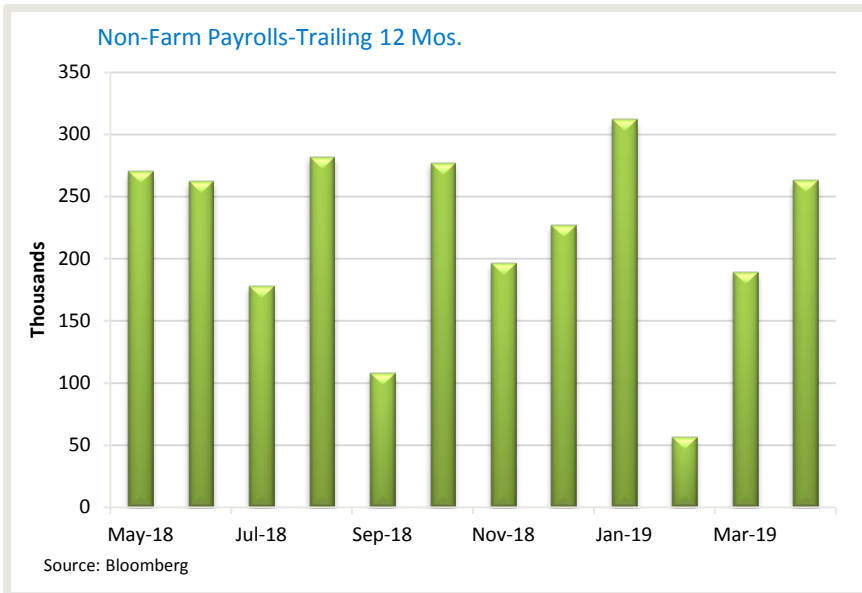


# Weekly Market Review

May 13, 2019

## Chart of the Week



## Weekly Highlights

- US inflation remains relatively tame, but rents and energy costs continue to climb.** The Producer Price Index (PPI) rose 0.20% in April, after a 0.60% rise in March, and 2.20% for the trailing 12-month period. The core PPI was up 0.40% for the month and a similar 2.20% over the last year. Wholesale prices for gas and a wide array of services were up for the month, while wholesale food prices fell. At the retail level, the Consumer Price Index (CPI) was up 0.30% last month and 2.00% over the last 12 months. Stripping out food and energy, the core CPI was up just 0.10% in April and 2.10% over the last year. Gas prices rose 5.70% last month, accounting for two-thirds of April's increase, and rents were up 0.40% in the month and 3.80% in the last year. After adjusting for these rising costs, hourly wages were down 0.10% for the month and up just 1.20% in the past year.
- US employment market remains strong.** Initial unemployment claims fell by 2,000 last week vs. the prior week's level of 230,000, though the four-week average rose by 7,750 to 220,250. Continuing unemployment claims rose by 12,000 to 1.68 million. The number of reported job openings in the US reached nearly 7.5 million in March, up 350,000 from February's estimate.

## Talking Points

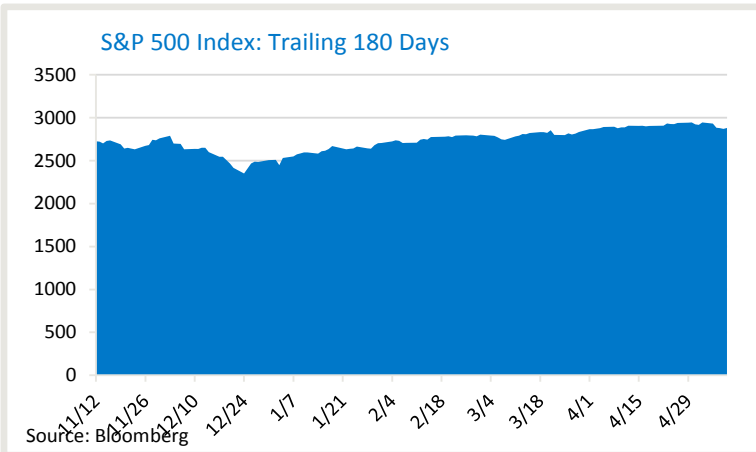
- Global equity markets fell** this week on talk of an escalation of the US's trade war with China. Japan suffered the smallest drop of the week, down roughly 2.50%. European stocks were down nearly 3.00%, while US equities were down more than 3.20% on the week.
- Treasury yields were lower.** Yields on five- and ten-year issues were down roughly nine basis points on the week, driven largely by the same trade issues. The US investment grade fixed income indices were some of the few winners for the week
- The US Dollar Index** was down slightly this week. After an up and down start to the week, the trade-weighted index sold off sharply on Thursday and Friday.
- Crude oil** rallied nearly \$2 a barrel on Monday, but proceeded to trade sideways for the remainder of the week. Growing tensions between the US and Iran over its nuclear program could disrupt production and push prices higher in the coming weeks.

## Market Dashboard

	Last Price	Change	% Chg.	YTD %
<b>S&amp;P 500</b>	2,881.40	-64.24	-2.18%	14.9%
<b>Dow Industrials</b>	25,942.37	-562.58	-2.12%	11.2%
<b>Nasdaq</b>	7,916.94	-247.06	-3.03%	19.3%
<b>Russell 2000</b>	1,572.99	-41.03	-2.54%	16.6%
<b>Euro Stoxx Index</b>	377.14	-13.23	-3.39%	11.7%
<b>Shanghai Composite</b>	2,939.21	-139.13	-4.52%	17.9%
<b>MSCI ACWI</b>	509.33	-15.52	-2.96%	11.8%

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

	Last Price	Change	% Chg.	YTD %
<b>MSCI EM</b>	1,028.40	-54.37	-5.02%	6.5%
<b>10-Year US Treas.</b>	2.46	-8 bps	NM	NM
<b>Bloomberg Cmdts. Idx.</b>	78.66	-1.18	-1.47%	2.5%
<b>Gold</b>	\$1,285.97	\$6.89	0.54%	0.3%
<b>Crude Oil</b>	\$61.75	-\$0.24	-0.39%	31.5%
<b>Dollar Index</b>	97.30	-0.20	-0.21%	1.2%
<b>VIX Index</b>	16.04	3.17	24.63%	-36.9%



	One Week			YTD		
	Value	Growth		Value	Growth	
<b>L</b>	-1.99%	-2.28%	-2.52%	11.22%	14.32%	17.10%
	-1.77%	-1.88%	-2.03%	15.32%	18.20%	22.32%
<b>S</b>	-2.22%	-2.54%	-2.83%	14.39%	16.64%	18.82%

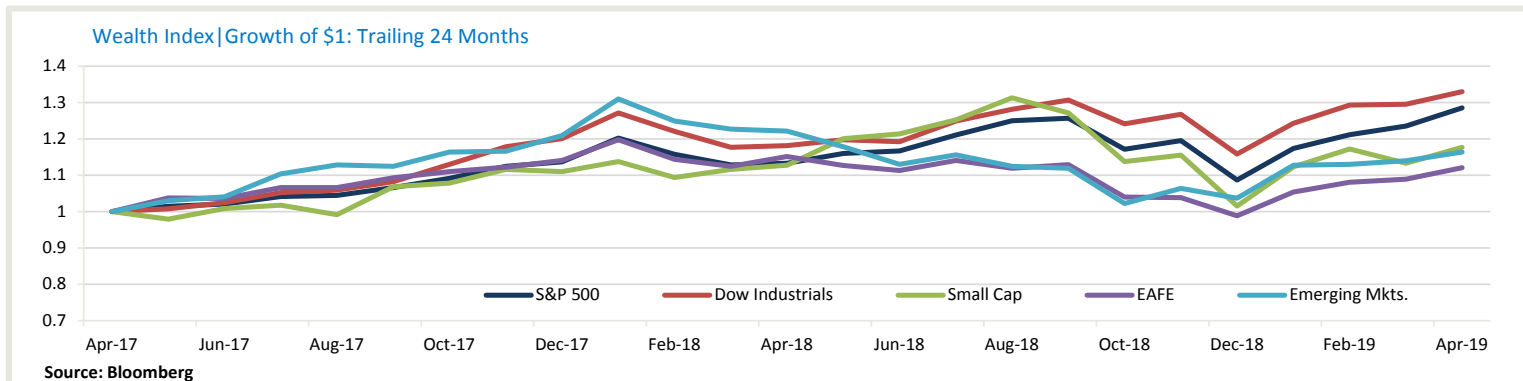
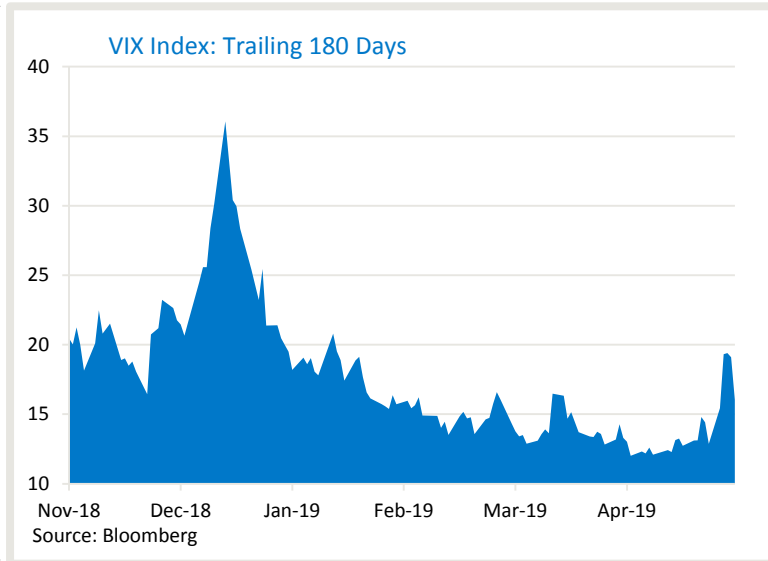
Source: Bloomberg

### Sector Performance:

#### S&P/Global Industry Classification Sectors (GICS)

	% Wgt in S&P 500	Week % Chg.	YTD % Chg.
<b>Consumer Discretionary</b>	10.3	-2.52%	19.0%
<b>Consumer Staples</b>	7.3	-0.37%	12.7%
<b>Energy</b>	5.1	-0.60%	11.2%
<b>Financials</b>	13.3	-2.25%	14.9%
<b>Health Care</b>	13.9	-1.53%	2.6%
<b>Industrials</b>	9.5	-2.81%	18.4%
<b>Information Technology</b>	21.4	-3.56%	22.6%
<b>Materials</b>	2.6	-2.83%	8.9%
<b>Real Estate</b>	3.0	-0.72%	16.1%
<b>Communication Services</b>	10.4	-1.86%	18.4%
<b>Utilities</b>	3.3	-0.71%	9.3%

Source: Bloomberg



## The Economy and Markets

### A Macro View – April Monthly Recap

The rally in the domestic equity markets, which looked to be losing momentum in March, returned with a vengeance in April. An upside surprise in first quarter gross domestic product (GDP) and a stronger-than-expected first half of corporate earnings season were the primary drivers, boosting stocks across the board. The government shutdown in the early part of the first quarter had reduced expectations for GDP growth to around 2.50%, but the first estimate was significantly stronger at 3.20%. Meanwhile, following a difficult fourth quarter, earnings expectations were revised downward for the first part of 2019, only to have these muted expectations exceeded by a wide range of companies as reports rolled in across the month of April. Banks were the big winners of earnings season, and Financials rallied to lead S&P 500 Index sectors for the month. Mega cap tech stocks continued their winning streak, while the overall economic optimism resonated through economically sensitive sectors such as industrials.

Growth continued to outpace value in the large and midcap markets in April. The Russell 1000 Growth Index was up 4.50% in December, outpacing the 1000 Value Index by nearly 1.00%. The midcap markets were the best performers for the month, as the Russell Midcap Growth Index rose 5.50% vs. a 3.30% return for the value-oriented version of the index. Somewhat counter-intuitively, small cap stocks were the laggards in April and the only space where value outperformed growth. The Russell 2000 Value Index was up 3.80%, roughly 75 basis points ahead of the growth index. This performance was driven largely by the growth index's significant weight in the Health Care sector, the only sector with negative performance, due in part to universal health care as a hot issue in the Democratic primaries. The value index's largest single sector, on the other hand, is Financials, which showed strong leadership in April.

The international equity markets rose slightly during April but lagged their US counterparts. The EAFE Index was up 2.80%, and similar to the domestic markets, growth outperformed value. Brexit negotiations continued during the month, ultimately being pushed back to October to allow for more time to negotiate the UK's exit from the European Union (EU). The European Central Bank (ECB) cut its 2019 EU growth forecast to 1.20% from an already modest 1.30%, as substantial downside risks to the growth outlook remain. Despite the gloomy economic outlook and political threats to the EU, stocks in Europe rose 3.60%, outpacing the remainder of the developed markets. Primary factors included a strong start to the first quarter's earnings season in the region and the increase in sentiment around Europe's second-largest trading partner, China, whose stimulus package began to have a positive impact on Chinese growth.

Stocks in emerging markets countries, up 2.10%, trailed their developed markets counterparts. Results in China were modestly positive, rising 2.20%, as markets priced in positive developments in trade negotiations with the US. However, some economic activity showed signs of flagging. The purchasing manager's index weakened from 50.5 in March to 50.1 in April, and exports from China fell 2.70% in the month compared with one year earlier. It appears China is feeling the pinch of a slowing global economy. Latin America as a region was marginally positive at 0.40%, despite a 7.90% loss in Argentina for the month.

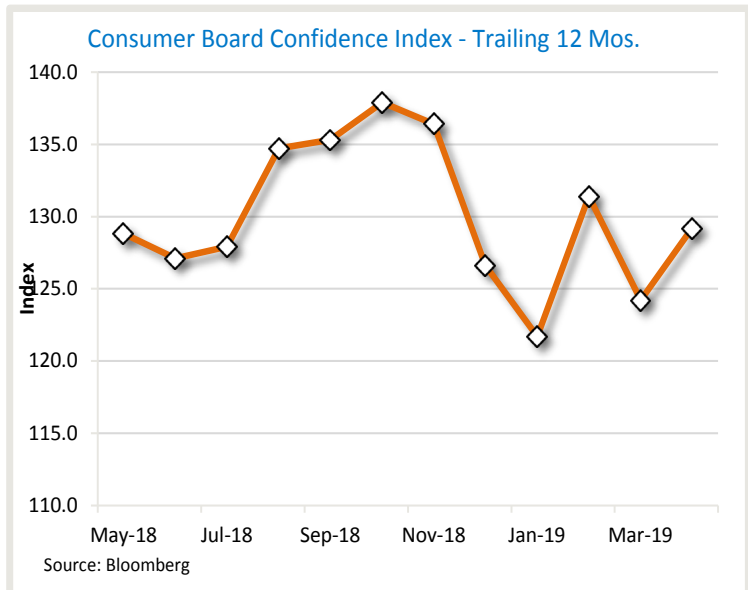
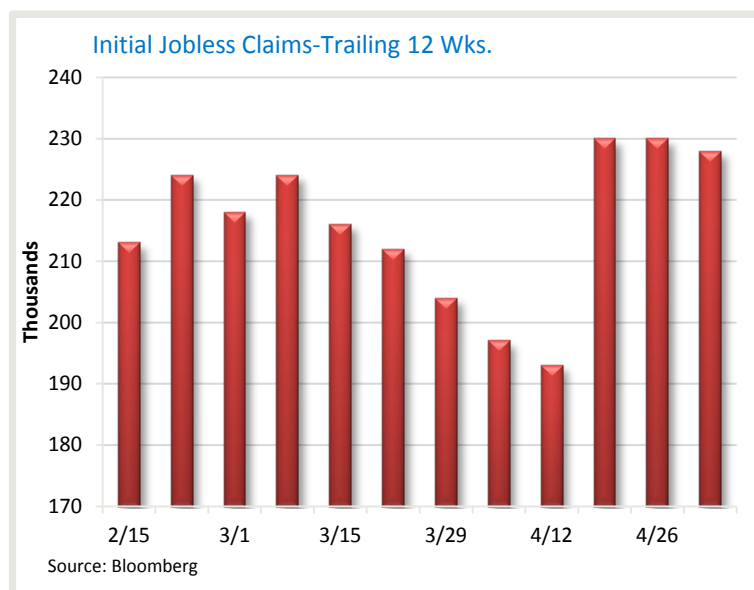
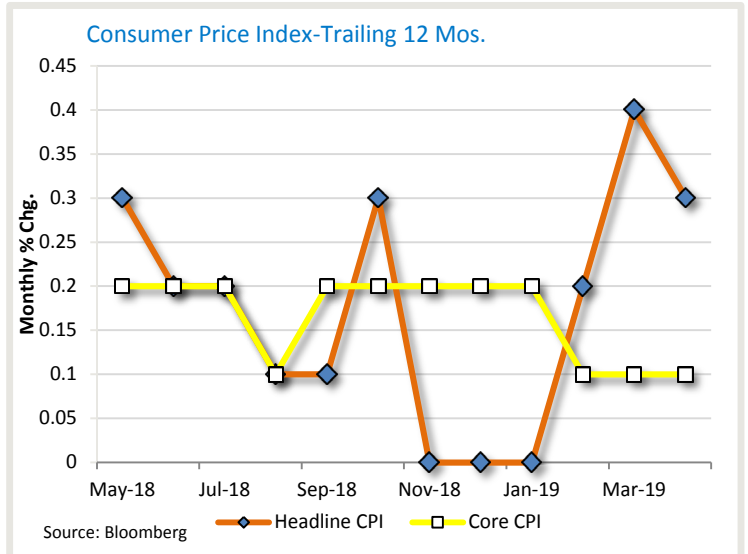
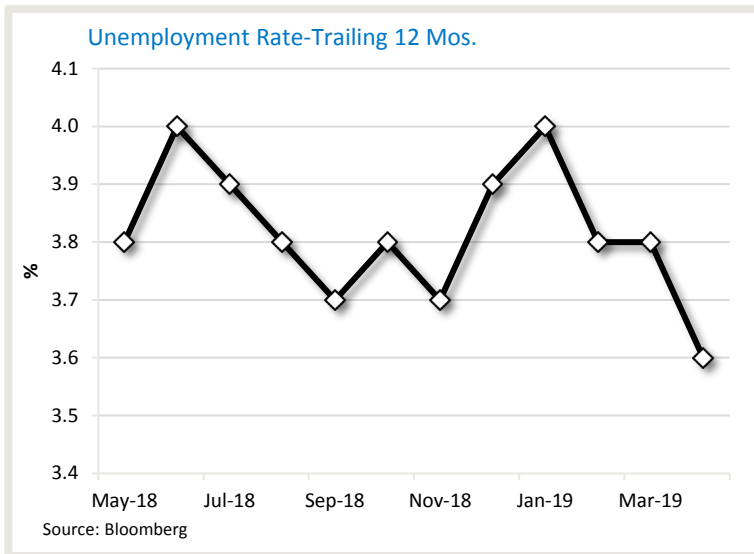
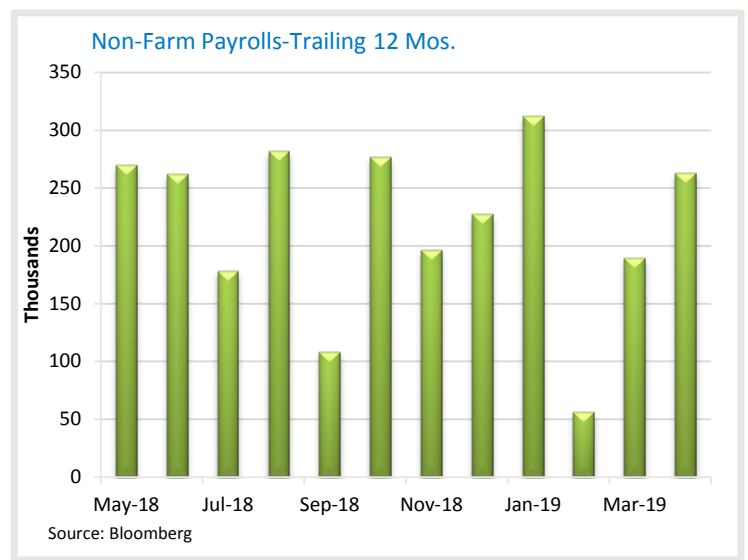
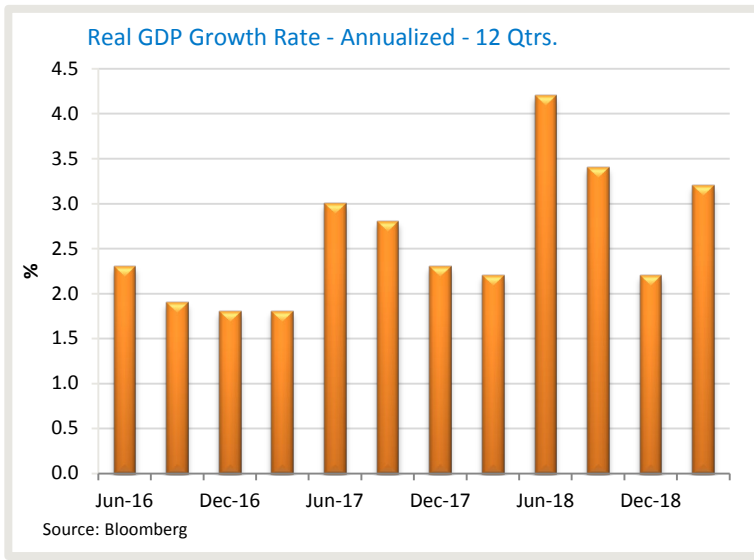
The domestic fixed income markets were largely flat in April, with the US Government/Credit Index returning five basis points and the Aggregate Index up just three basis points. Although credit posted relatively strong returns of 49 basis points, mortgage-backed securities, down six basis points, and Treasuries, declining 28 basis points, both experienced negative price pressure, as the yield curve steepened on modestly higher growth expectations for the global economy. Credit spreads were largely unchanged in the investment grade space, just two basis points tighter than at the end of March. The high yield market continued its rally from the first quarter, rising 1.40%, as spreads compressed by roughly 30 basis points on average in April. The bank loan market was even stronger with the S&P Performing Loan Index up 1.80%.

The municipal market was similarly quiet with the 1-5 Year Index up just two basis points and the 1-15 Year Index up 20 basis points. Technicals in the municipal market remained strong, as new supply is down 28% this year compared with the first four months of 2018. Demand for tax-free funds in April continued at a near record pace, as municipal bond funds as a whole took in more than \$6 billion after taking in \$27 billion in the first quarter. However, short-term municipal bond funds had outflows of slightly more than \$1 billion, as investors pulled out money to pay their annual tax bills. This pushed short-term yields slightly higher, while intermediate and longer term yields fell in conjunction with the taxable market. These technicals are expected to continue to drive the market for the next few months, as cash from maturities and early calls this summer, the vast majority of which will need to be reinvested, are estimated to significantly exceed the amount of new supply.

Sovereign credits in developed markets were down roughly 80 basis points in dollar terms in April, as bond yields rose across much of Europe and Asia, reflecting improving market sentiment. The yield on the 10-year German Bund rose eight basis points, returning to positive territory with a yield of 0.01%. Central bankers remain cautious, even with this modest rise in rates. ECB President Mario Draghi continued to indicate that rate hikes are unlikely through the remainder of 2019, and the ECB stands ready to use appropriate tools to move inflation closer to its 2.00% target. Bank of Japan Governor Haruhiko Kuroda indicated that rates would not be raised before the spring of 2020, introducing a time frame to its "extended period" comments for the first time. Kuroda also continued to express concerns over slowing growth and weak developments in inflation.

*Nathan W. Behan, CFA, CAIA*  
*Senior Vice President, Investment Research*

## Economic Data



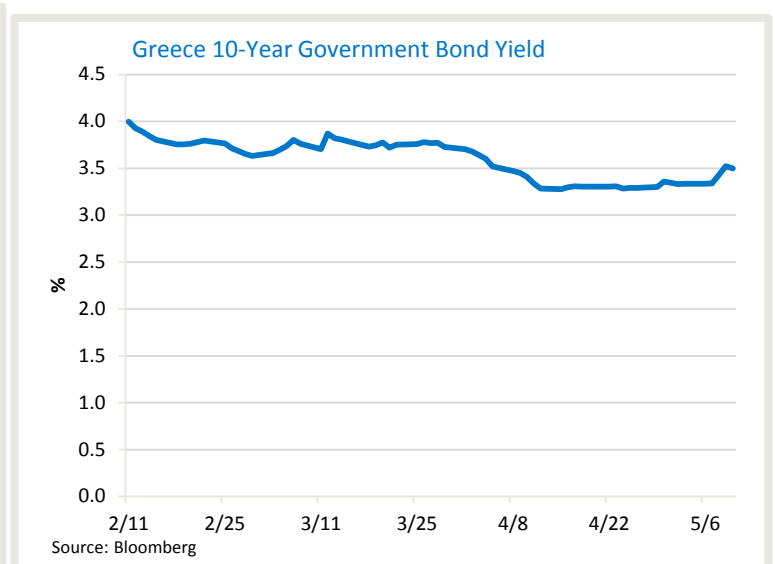
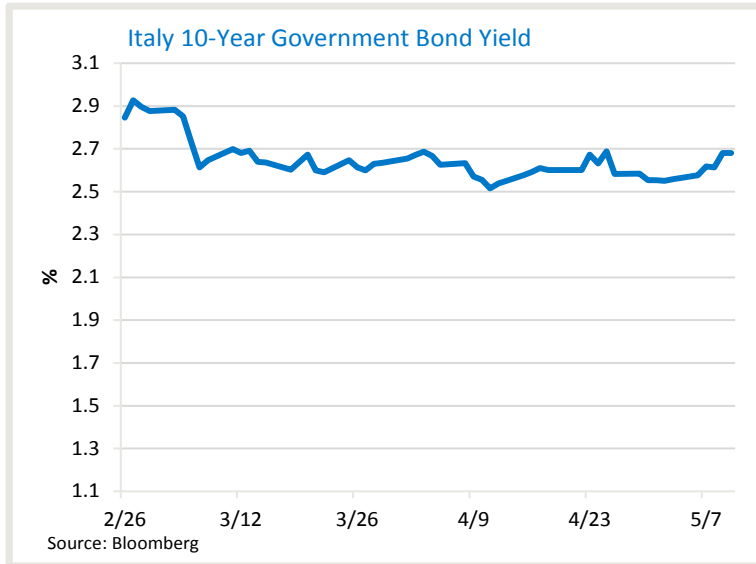
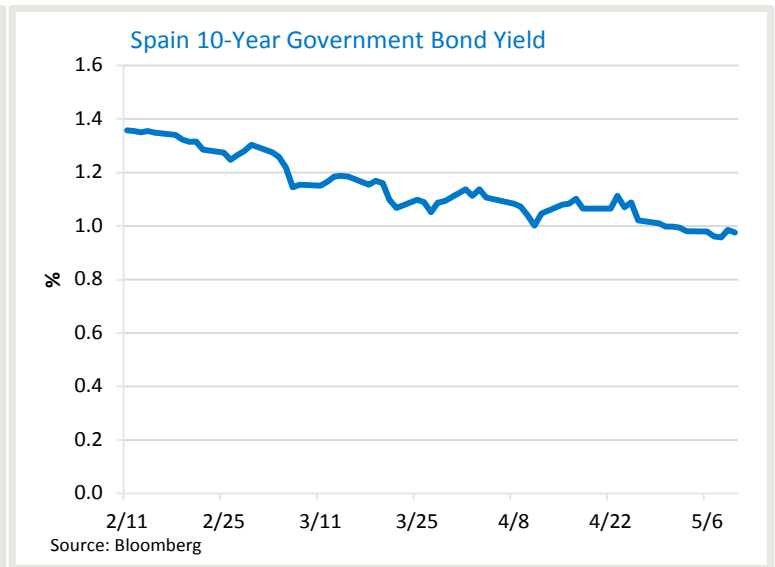
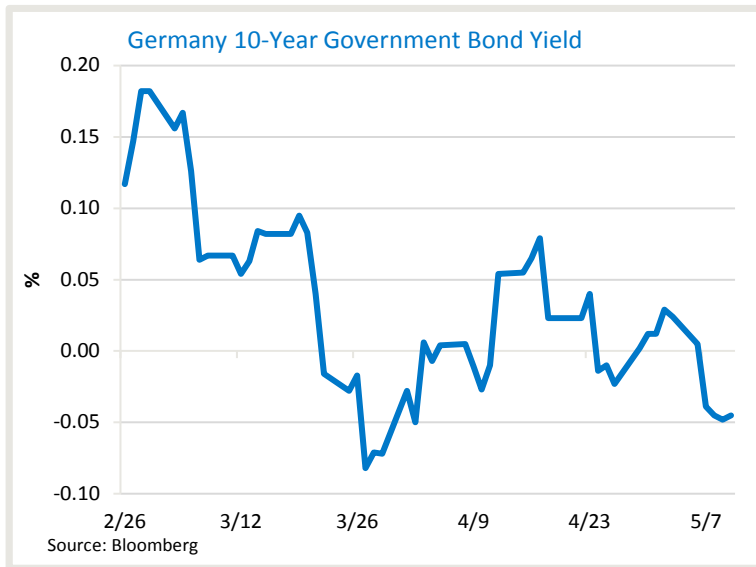
## Eurozone

### SELECTED EUROPEAN SOVEREIGN YIELD PERFORMANCE

	Last	Change	% Chg.	YTD %
Germany 10-Yr. Govt.	-0.05	7 bps	NM	NM
Greece 10-Yr. Govt.	3.50	-14 bps	NM	NM
Italy 10-Yr. Govt.	2.68	-11 bps	NM	NM
Spain 10-Yr. Govt.	0.98	0 bps	NM	NM
Belgium 10-Yr. Govt.	0.44	2 bps	NM	NM

Source: Bloomberg  
Basis points (bps)

	Last	Change	% Chg.	YTD %
France 10-Yr. Govt.	0.35	2 bps	NM	NM
Ireland 10-Yr. Govt.	0.53	2 bps	NM	NM
Portugal 10-Yr. Govt.	1.11	0 bps	NM	NM
Netherlands 10-Yr. Govt.	0.14	5 bps	NM	NM
U.K. 10-Yr. Govt.	1.13	8 bps	NM	NM

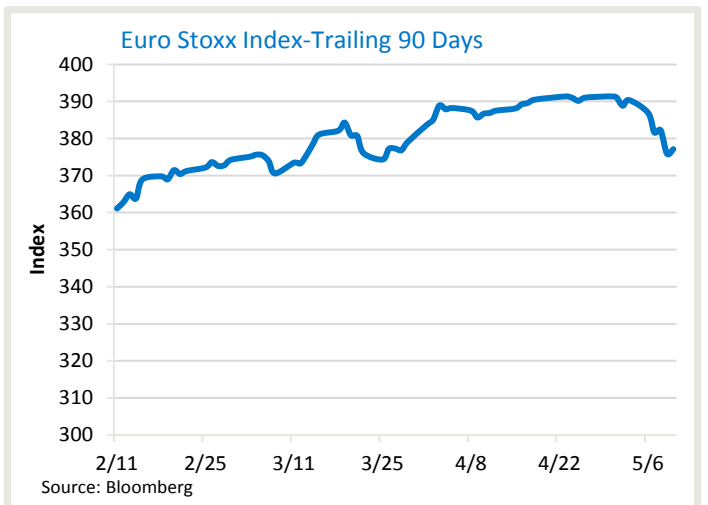
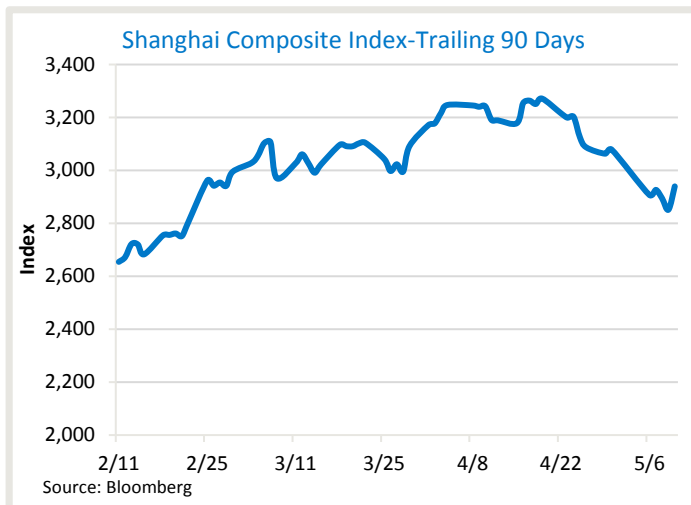
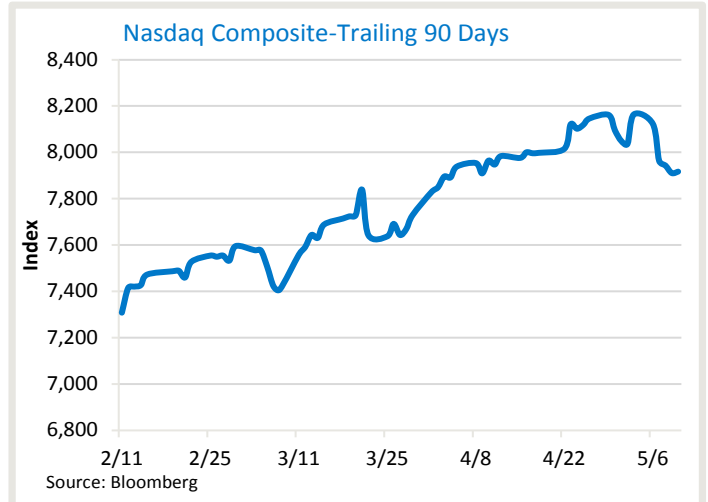
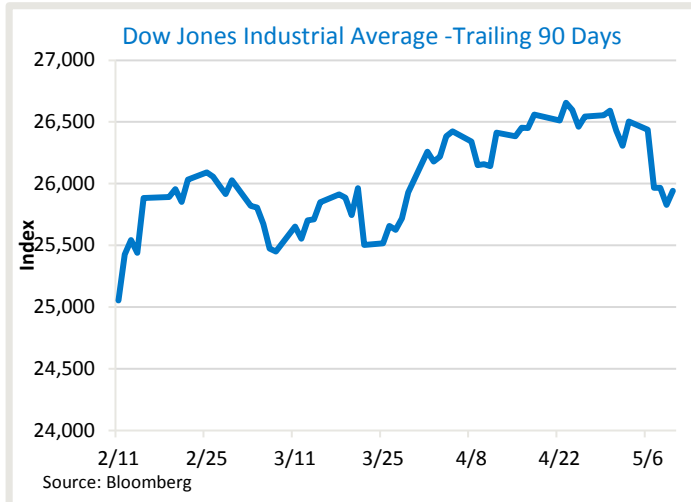


## Equities

### WORLD MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
S&P 500	2,881.40	-64.24	-2.18%	14.94%	Swiss Market Index	9,472.83	-269.16	-2.76%	12.38%
Dow Industrials	25,942.37	-562.58	-2.12%	11.21%	CAC 40 Index (France)	5,327.44	-221.40	-3.99%	12.61%
Nasdaq Composite	7,916.94	-247.06	-3.03%	19.32%	DAX Index (Germany)	12,059.83	-352.92	-2.84%	14.21%
MSCI ACWI	509.33	-15.52	-2.96%	11.8%	Irish Overall Index	6,242.88	-255.86	-3.94%	13.93%
MSCI EM	1,028.40	-54.37	-5.02%	6.5%	Nikkei 225	21,344.92	-962.66	-4.32%	6.65%
S&P/TSX (Canada)	16,297.55	-196.88	-1.19%	13.79%	Hang Seng Index	28,550.24	-1531.31	-5.09%	10.46%
Mexico IPC	43,382.35	-894.89	-2.02%	4.18%	Shanghai Composite	2,939.21	-139.13	-4.52%	17.86%
Brazil Bovespa	94,257.56	-1750.33	-1.82%	7.25%	Kospi Index (S. Korea)	2,108.04	-104.71	-4.73%	3.28%
Euro Stoxx 600	377.14	-13.23	-3.39%	11.70%	Taiwan Taiex Index	10,712.99	-383.31	-3.45%	10.13%
FTSE 100	7,203.29	-177.35	-2.40%	7.06%	Tel Aviv 25 Index	1,584.95	-13.66	-0.85%	8.27%
IBEX 35 (Spain)	9,117.50	-292.10	-3.10%	6.76%	MOEX Index (Russia)	2,514.87	-66.08	-2.56%	6.14%

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



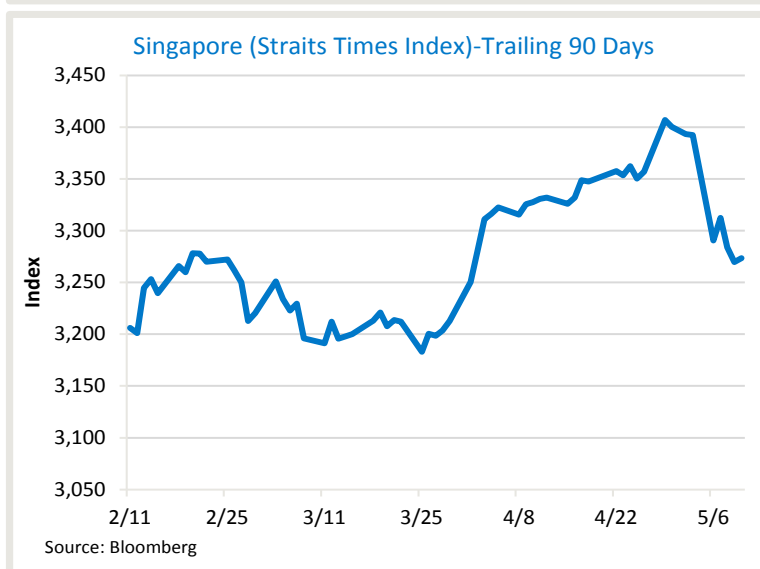
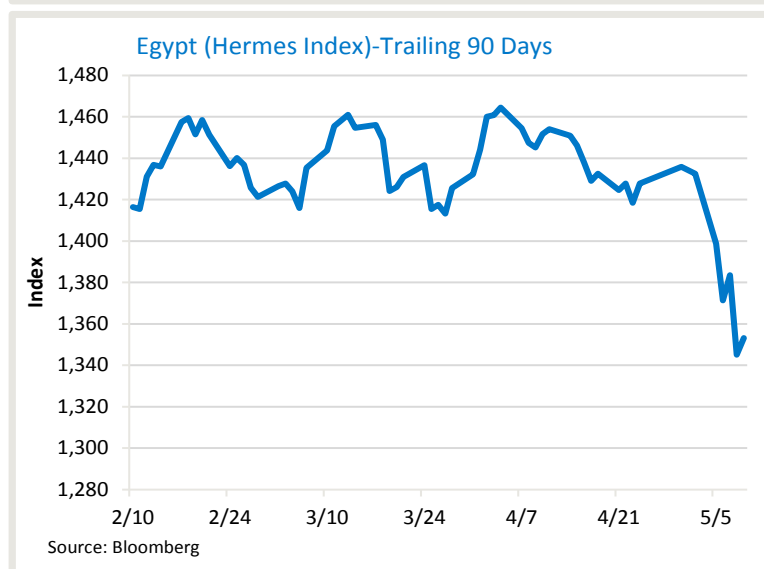
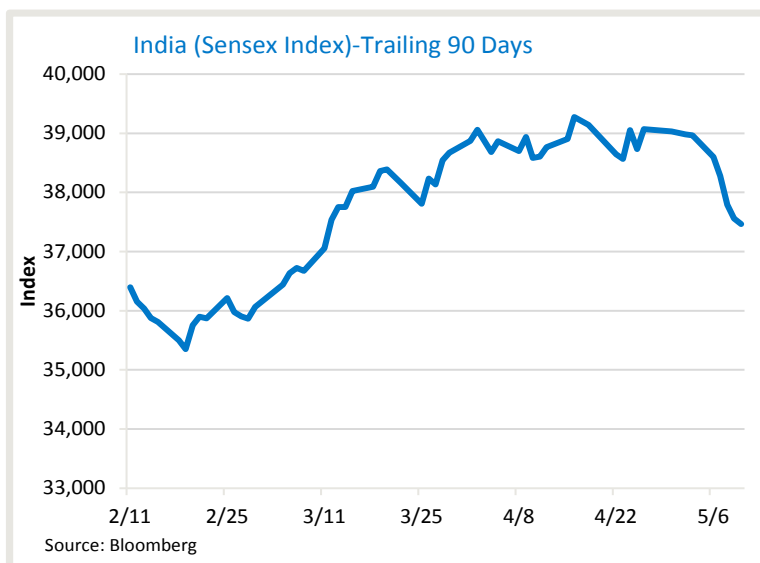
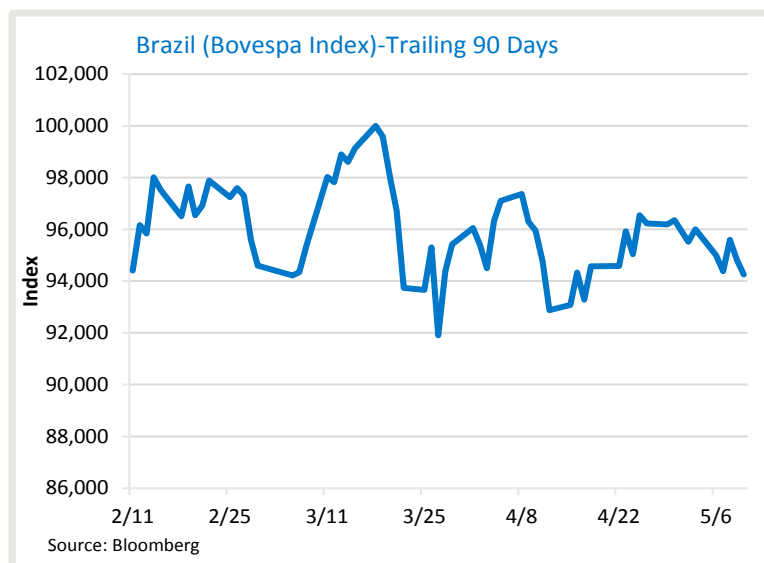
## Equities – Emerging and Frontier Markets

### EMERGING AND FRONTIER MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
Mexico IPC	43,382.35	-894.89	-2.0%	4.2%
Brazil (Bovespa Index)	94,257.56	-1750.33	-1.8%	7.2%
MOEX Index (Russia)	2,514.87	-66.08	-2.6%	6.1%
Czech Republic (Prague)	1,049.64	-29.99	-2.8%	6.4%
Turkey (Istanbul)	88,533.38	-5412.68	-5.8%	-3.0%
Egypt (Hermes Index)	1,353.14	-79.35	-5.5%	5.9%
Kenya (Nairobi 20 Index)	2,782.61	-16.61	-0.6%	-1.8%
Saudi Arabia (TASI Index)	8,856.94	-479.96	-5.1%	13.2%
Lebanon (Beirut BLOM Index)	871.39	-32.68	-3.6%	-10.8%
Palestine	529.12	1.72	0.3%	0.0%

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

	Last	Change	% Chg.	YTD %
Hang Seng Index	28,550.24	-1531.31	-5.1%	10.5%
India (Sensex 30)	37,462.99	-1500.27	-3.9%	3.9%
Malaysia (KLCI Index)	1,610.27	-27.03	-1.7%	-4.8%
Singapore (Straits Times Index)	3,273.50	-118.79	-3.5%	6.7%
Thailand (SET Index)	1,648.69	-30.48	-1.8%	5.4%
Indonesia (Jakarta)	6,209.12	-110.34	-1.7%	0.2%
Pakistan (Karachi KSE 100)	34,716.53	-1406.42	-3.9%	-6.3%
Vietnam (Ho Chi Minh)	952.55	-21.59	-2.2%	6.7%
Sri Lanka (Colombo)	5,327.68	-111.07	-2.0%	-12.0%
Cambodia (Laos)	797.57	8.98	1.1%	-4.6%



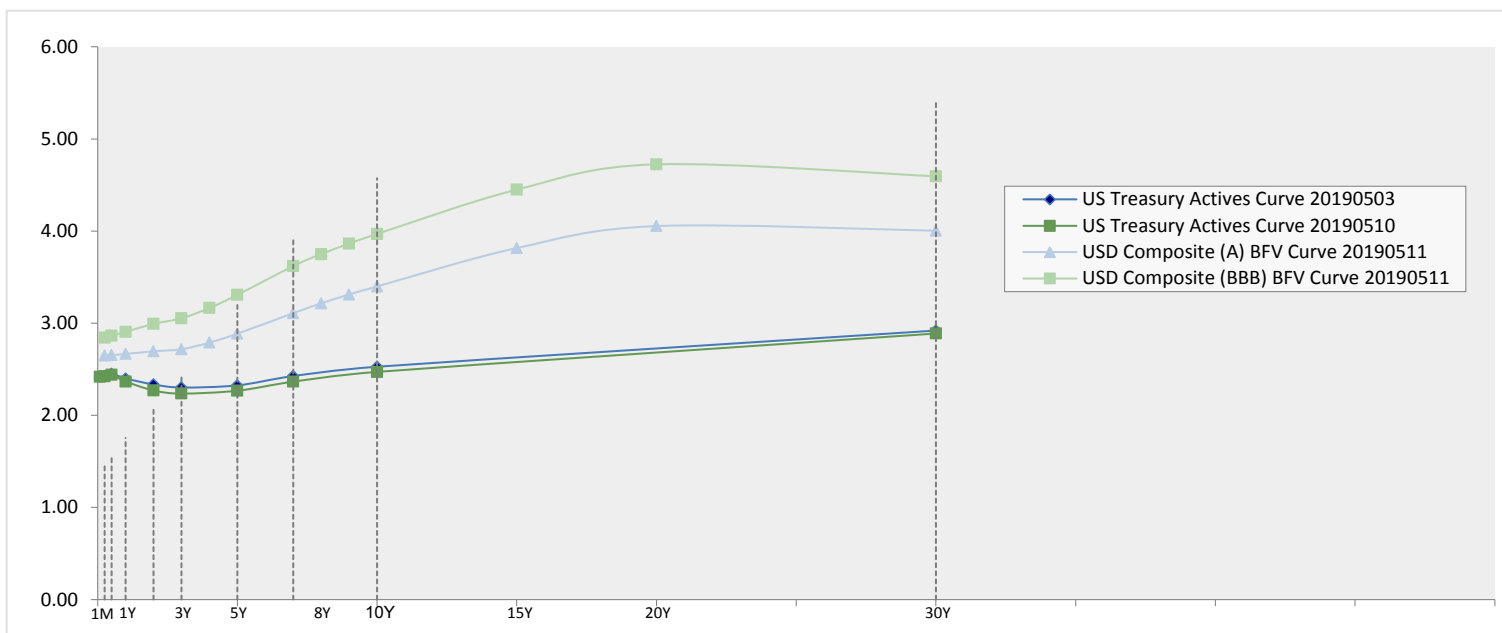


## Interest Rates

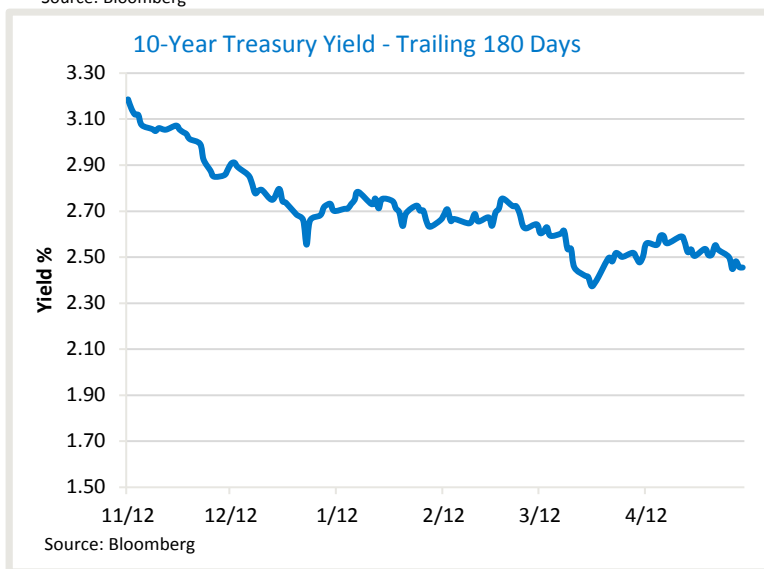
SELECTED INTEREST RATES

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
2-Yr. U.S. Treasury	2.27%	1 bps	NM	NM	Prime Rate	5.50%	0.00	NM	NM
5-Yr. U.S. Treasury	2.25%	-8 bps	NM	NM	Fed Funds Rate	2.50%	0.00	NM	NM
10-Yr. U.S. Treasury	2.46%	-8 bps	NM	NM	Discount Rate	3.00%	0.00	NM	NM
30-Yr. U.S. Treasury	2.87%	-5 bps	NM	NM	LIBOR (3 Mo.)	2.54%	-2 bps	NM	NM
German 10-Yr. Govt.	-0.05%	7 bps	NM	NM	Bond Buyer 40 Muni	3.20%	-10 bps	NM	NM
France 10-Yr.	0.35%	2 bps	NM	NM	Bond Buyer 40 G.O.	3.63%	NA	NM	NM
Italy 10-Yr.	2.68%	-11 bps	NM	NM	Bond Buyer 40 Rev.	4.11%	NA	NM	NM
Fed 5-Yr Fwd BE Inf.	1.98%	-5 bps	NM	NM					

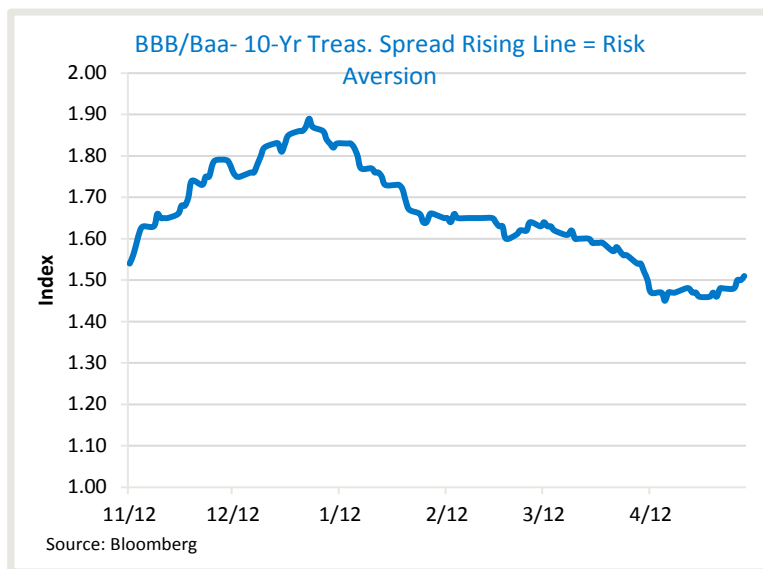
Source: Bloomberg



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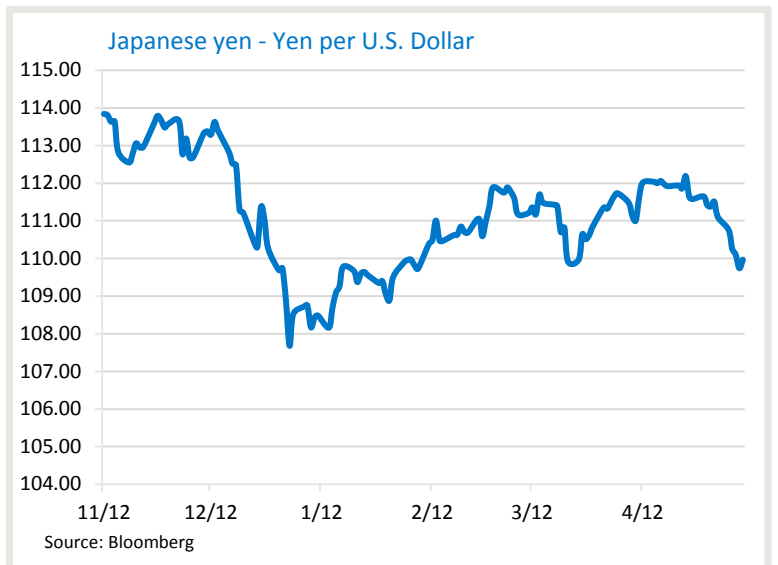
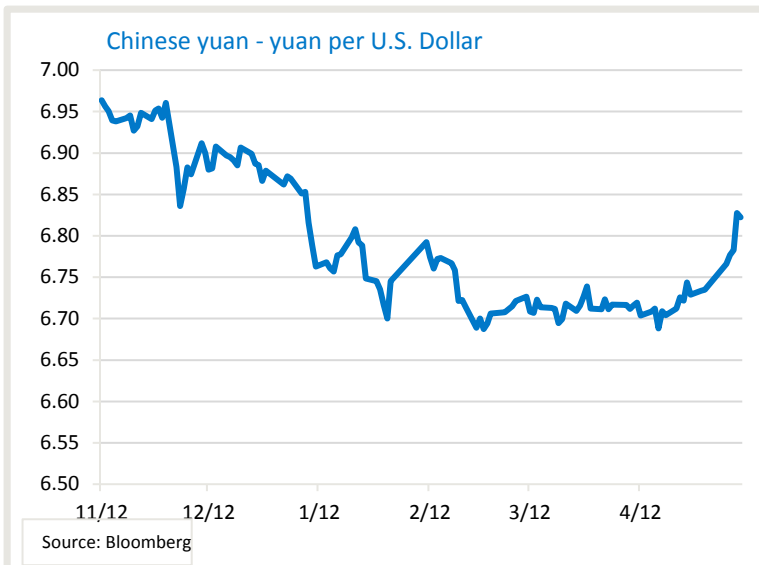
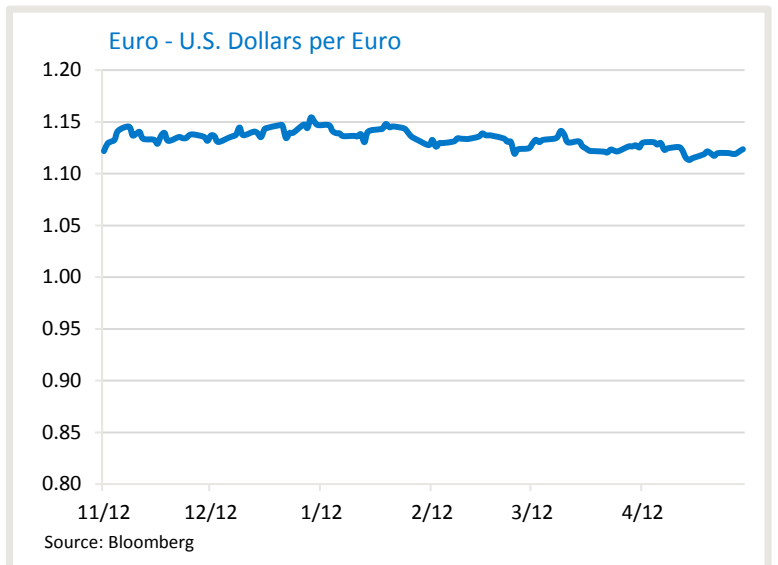
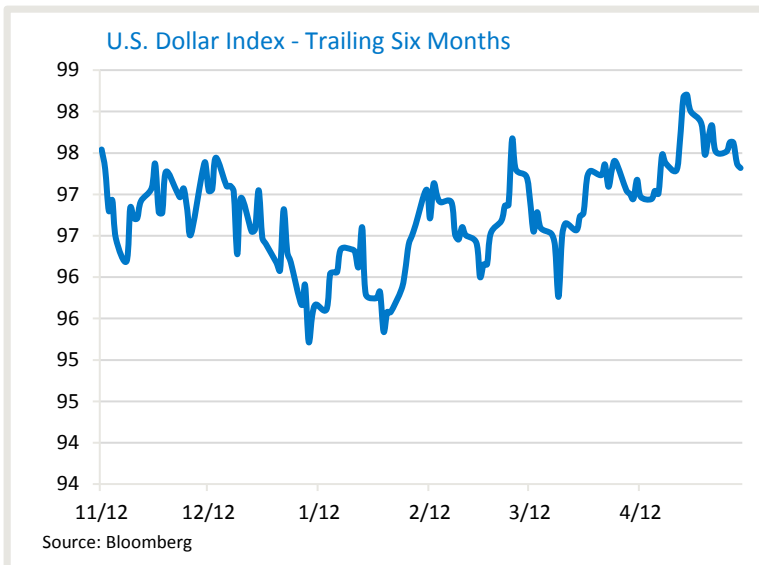
## Currencies

### SELECTED CURRENCY PERFORMANCE

	Last	Change	% Chg.	YTD %
<b>Dollar Index</b>	<b>97.30</b>	<b>-0.202</b>	<b>-0.21%</b>	<b>1.19%</b>
<b>Euro</b>	<b>1.12</b>	<b>0.004</b>	<b>0.34%</b>	<b>-2.01%</b>
<b>Japanese Yen</b>	<b>109.97</b>	<b>-1.130</b>	<b>1.03%</b>	<b>-0.25%</b>
<b>British Pound</b>	<b>1.30</b>	<b>-0.017</b>	<b>-1.26%</b>	<b>1.98%</b>
<b>Canadian Dollar</b>	<b>1.34</b>	<b>-0.001</b>	<b>0.04%</b>	<b>1.66%</b>

	Last	Change	% Chg.	YTD %
<b>Chinese Yuan</b>	<b>6.82</b>	<b>0.088</b>	<b>-1.28%</b>	<b>0.82%</b>
<b>Swiss Franc</b>	<b>1.01</b>	<b>-0.005</b>	<b>0.52%</b>	<b>-2.89%</b>
<b>New Zealand Dollar</b>	<b>0.66</b>	<b>-0.005</b>	<b>-0.75%</b>	<b>-1.82%</b>
<b>Brazilian Real</b>	<b>3.96</b>	<b>0.016</b>	<b>-0.41%</b>	<b>-2.02%</b>
<b>Mexican Peso</b>	<b>19.10</b>	<b>0.168</b>	<b>-0.88%</b>	<b>2.95%</b>

Source: Bloomberg



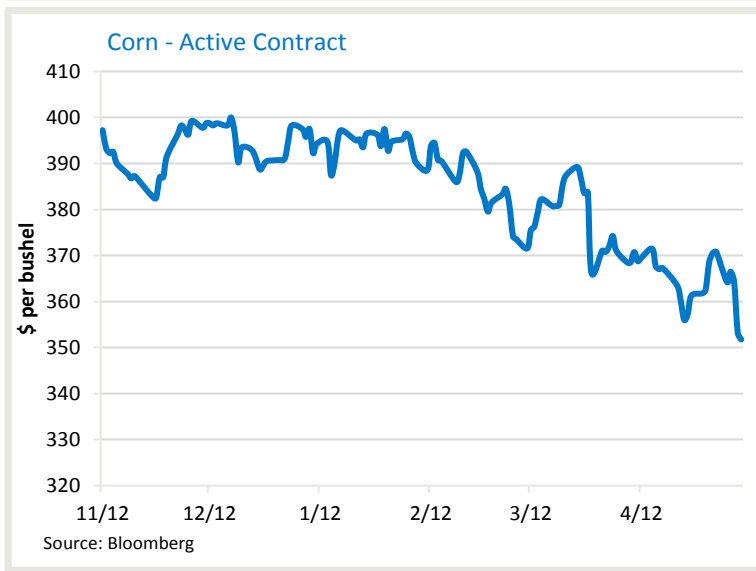
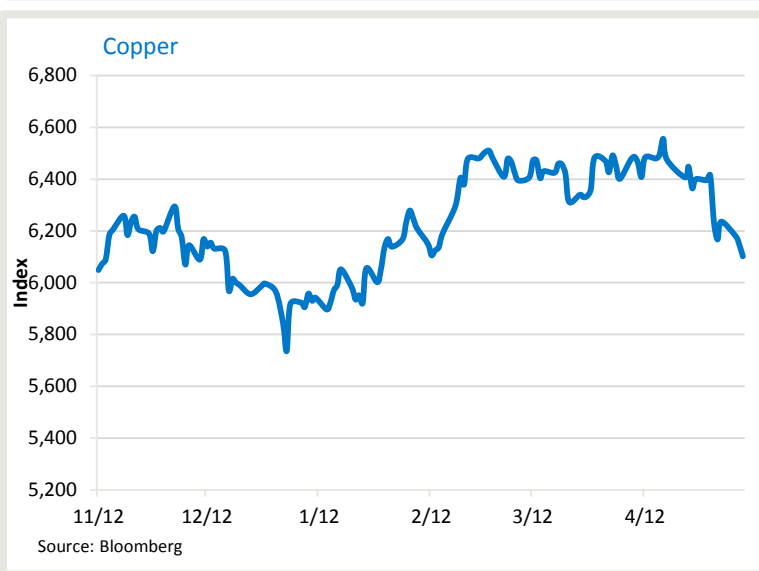
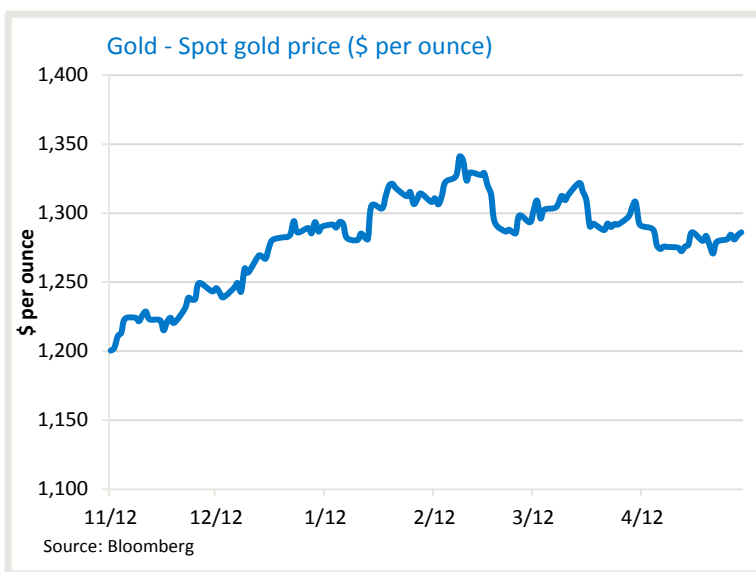
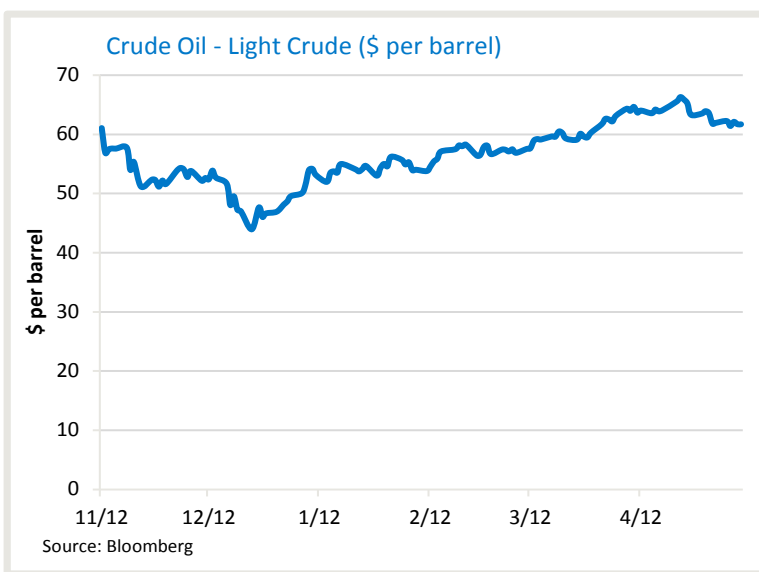
## Commodities

### SELECTED COMMODITY MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
<b>Bloomberg Comm. Idx.</b>	<b>78.66</b>	<b>-1.18</b>	<b>-1.47%</b>	<b>2.54%</b>
<b>Crude Oil</b>	<b>\$61.76</b>	<b>-\$0.24</b>	<b>-0.39%</b>	<b>31.47%</b>
<b>Natural Gas</b>	<b>\$2.62</b>	<b>\$0.06</b>	<b>2.18%</b>	<b>-3.46%</b>
<b>Gasoline (\$/Gal.)</b>	<b>\$2.87</b>	<b>-\$0.02</b>	<b>-0.79%</b>	<b>27.25%</b>
<b>Heating Oil</b>	<b>205.64</b>	<b>-1.44</b>	<b>-0.70%</b>	<b>23.63%</b>
<b>Gold Spot</b>	<b>\$1,285.88</b>	<b>\$6.89</b>	<b>0.54%</b>	<b>0.27%</b>
<b>Silver Spot</b>	<b>\$14.78</b>	<b>-\$0.17</b>	<b>-1.12%</b>	<b>-4.66%</b>

Source: Bloomberg; % change is based on price.

	Last	Change	% Chg.	YTD %
<b>Platinum Spot</b>	<b>\$865.75</b>	<b>-\$6.23</b>	<b>-0.71%</b>	<b>8.80%</b>
<b>Corn</b>	<b>351.75</b>	<b>-19.00</b>	<b>-5.12%</b>	<b>-9.98%</b>
<b>Wheat</b>	<b>424.75</b>	<b>-13.25</b>	<b>-3.03%</b>	<b>-18.08%</b>
<b>Soybeans</b>	<b>809.25</b>	<b>-33.00</b>	<b>-3.92%</b>	<b>-12.06%</b>
<b>Sugar</b>	<b>11.72</b>	<b>-0.29</b>	<b>-2.41%</b>	<b>-4.25%</b>
<b>Orange Juice</b>	<b>95.05</b>	<b>1.15</b>	<b>1.22%</b>	<b>-25.94%</b>
<b>Aluminum</b>	<b>1,799.00</b>	<b>0.00</b>	<b>0.00%</b>	<b>-2.55%</b>
<b>Copper</b>	<b>6,102.00</b>	<b>-134.00</b>	<b>-2.15%</b>	<b>2.30%</b>

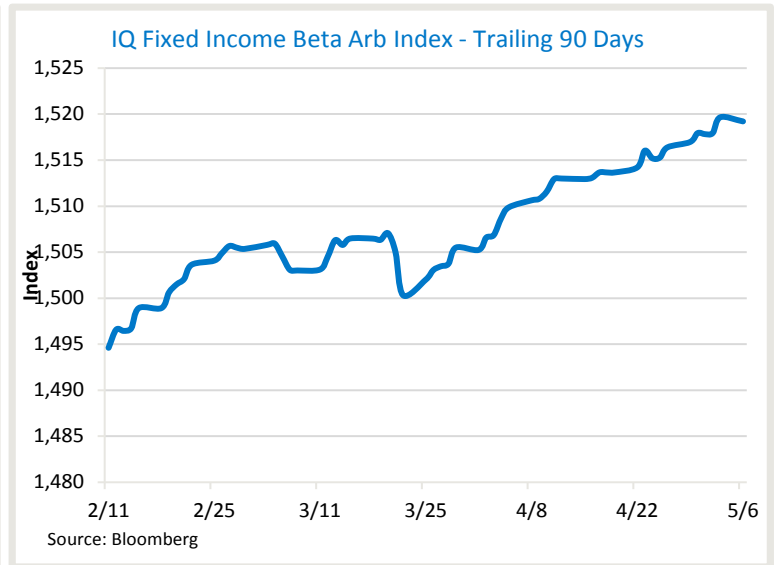
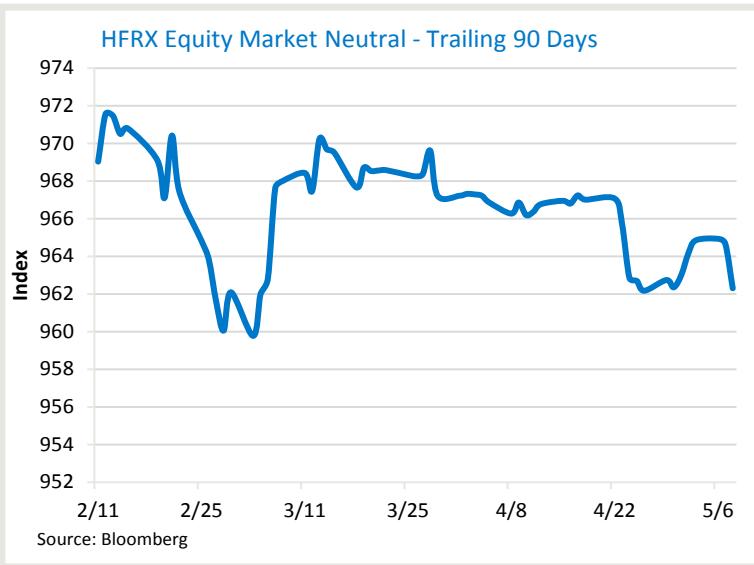
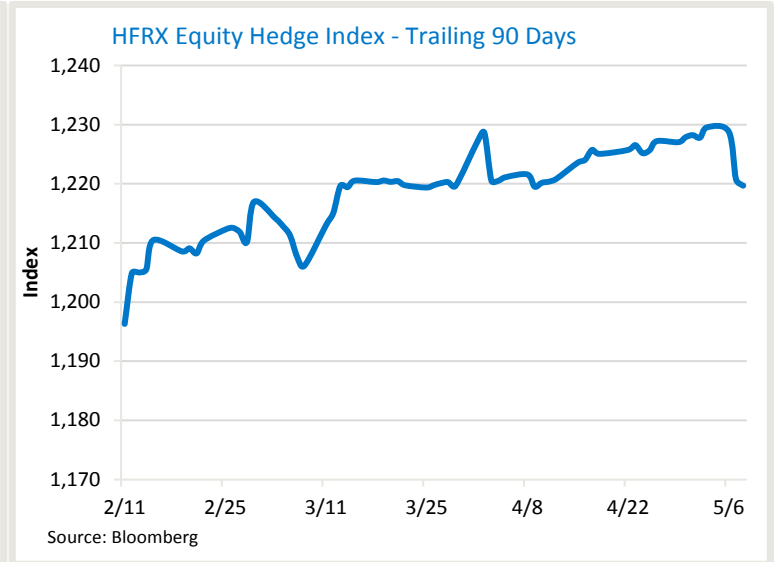
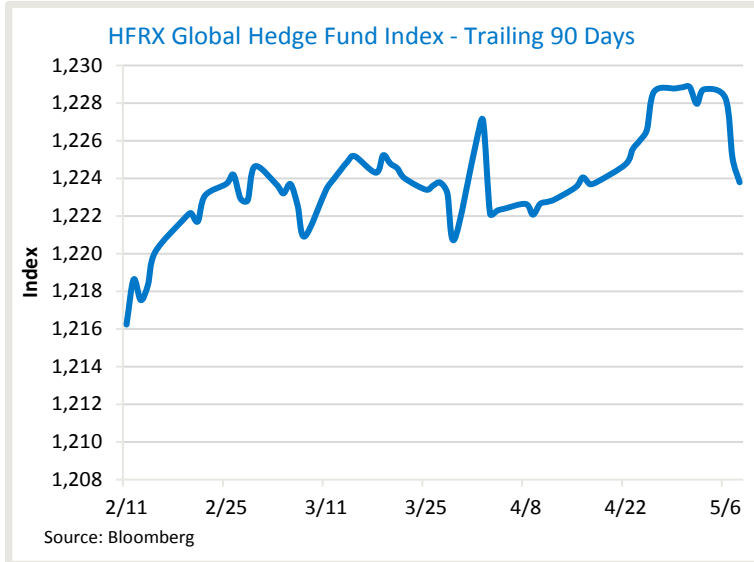


## Alternative Investments

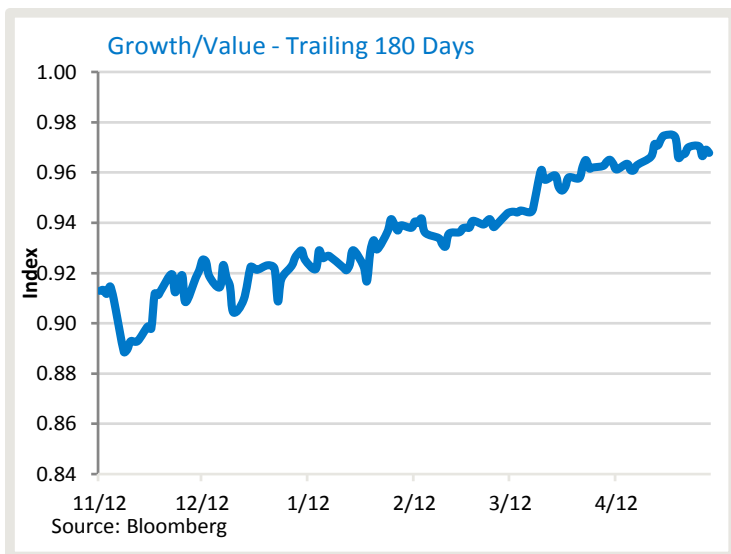
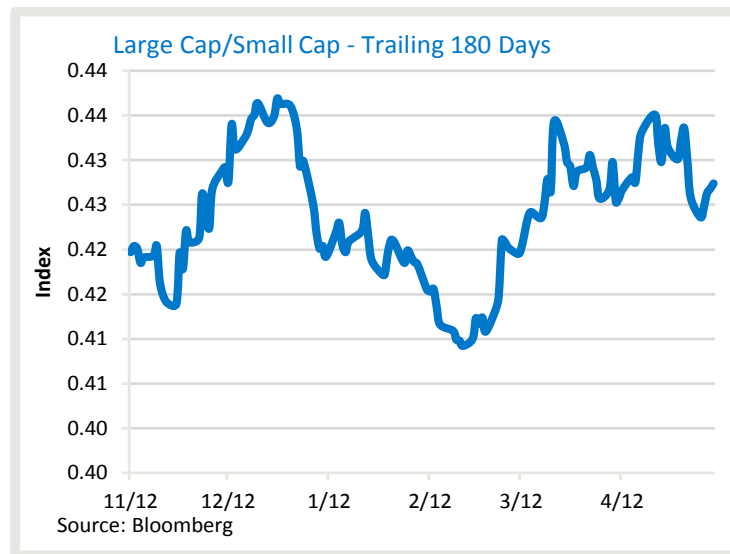
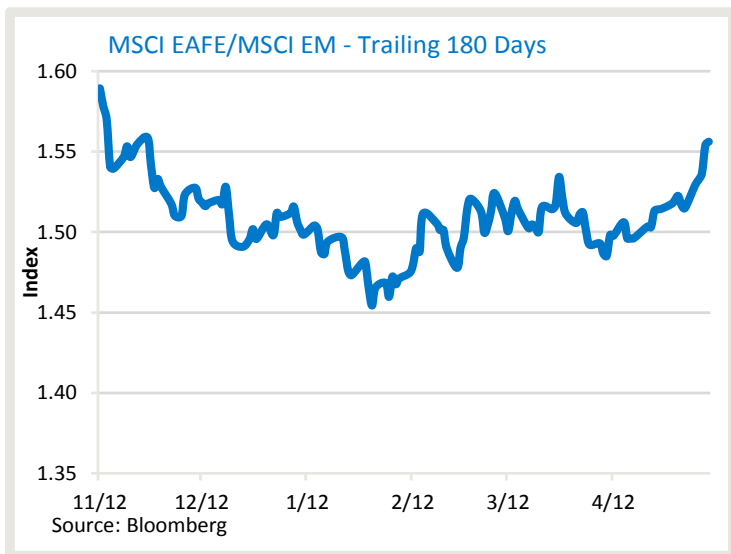
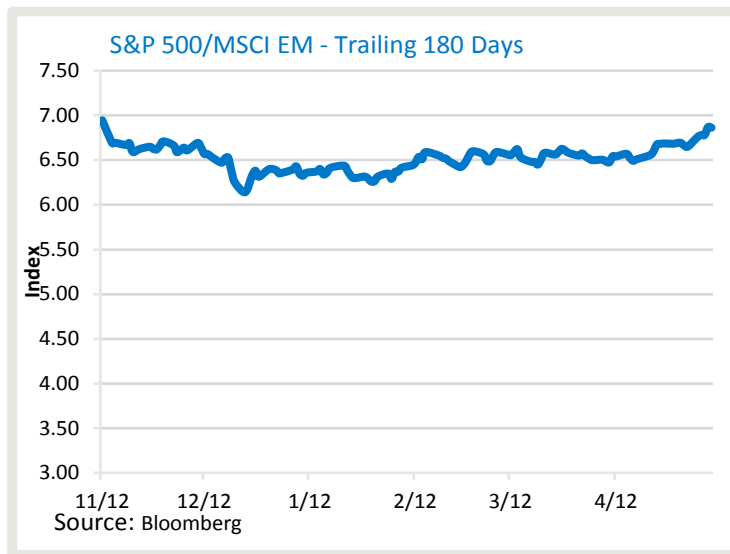
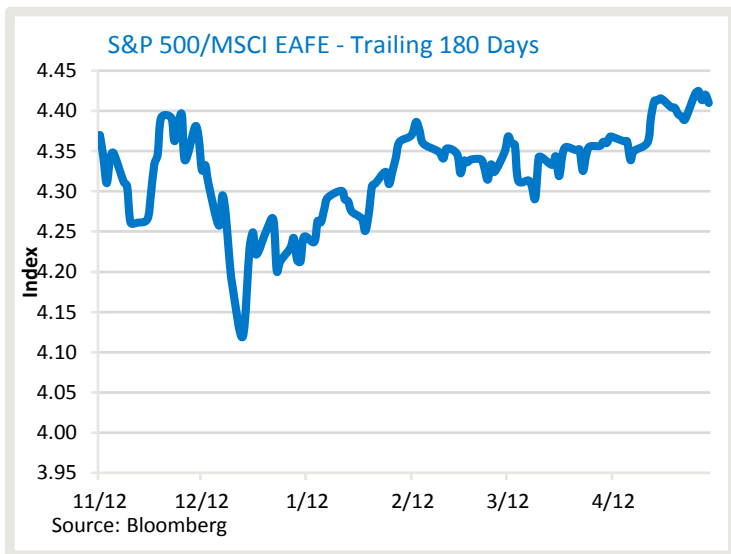
### SELECTED ALTERNATIVE INVESTMENT INDEX PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
HFRX Global Hedge Fund Index	1223.79	-4.94	-0.40%	2.85%	HFRX Special Situation Index	1195.19	-3.76	-0.31%	-0.65%
HFRX Equity Market Neutral	962.30	-2.55	-0.26%	-1.07%	HFRX Merger Arbitrage Index	1792.62	5.02	0.28%	-1.38%
HFRX Equity Hedge Index	1219.67	-9.88	-0.80%	5.96%	HFRX Convertible Arbitrage Index	798.99	-1.51	-0.19%	1.44%
HFRX Event-Driven Index	1486.77	-3.11	-0.21%	1.05%	HFRX Macro CTA Index	1118.87	-6.94	-0.62%	-0.64%
HFRX Absolute Return Index	1068.21	0.37	0.03%	0.96%	IQ Fixed Income Beta Arb Index	1517.57	-2.10	-0.14%	3.76%

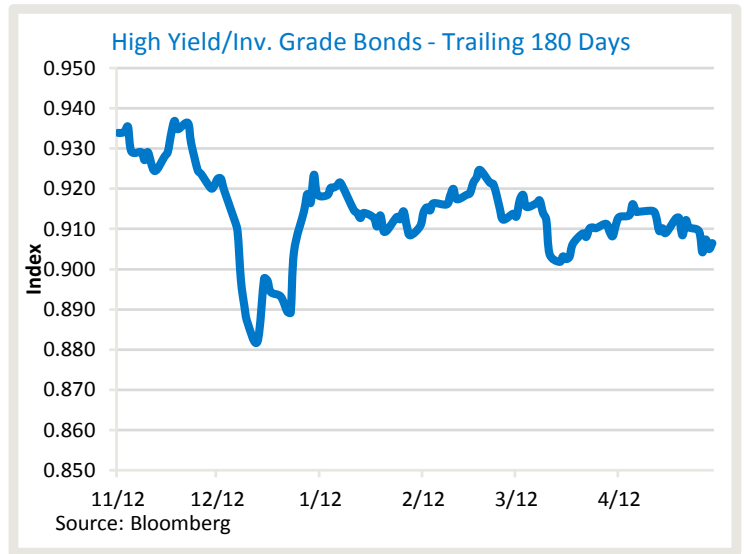
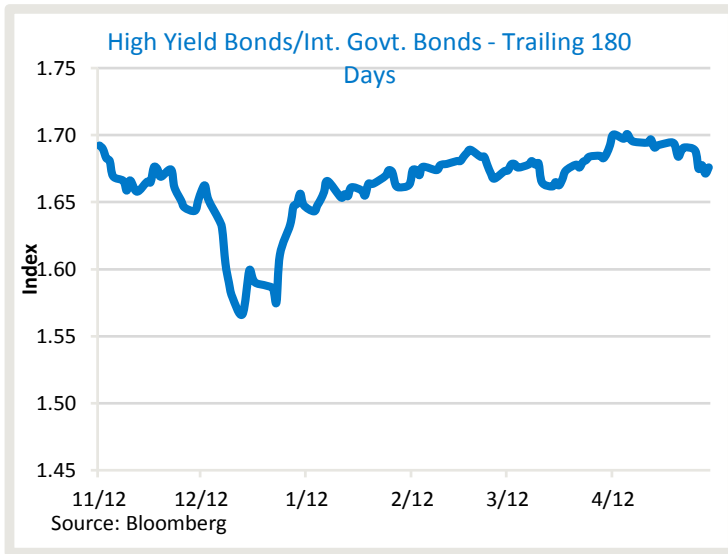
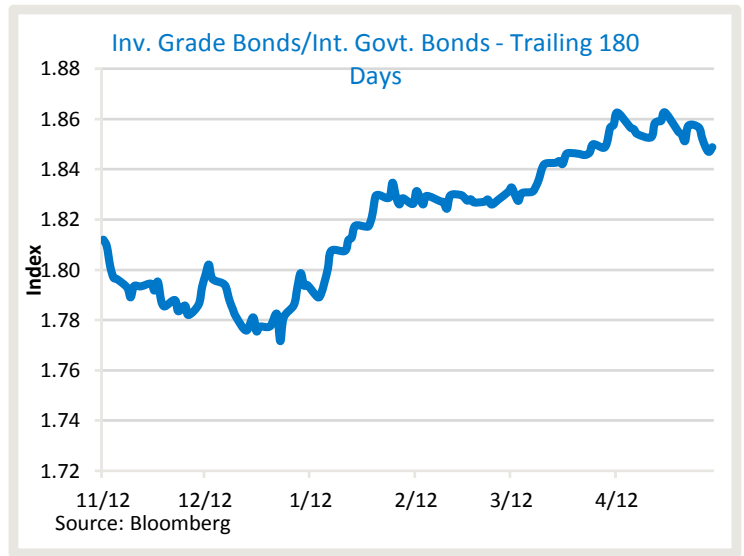
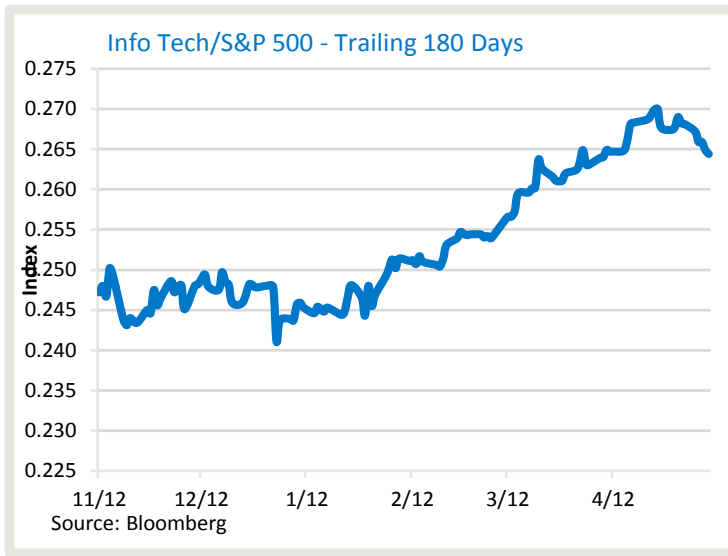
Source: Bloomberg; Index % change is based on price.



## Portfolio Construction



## Portfolio Construction (continued)



WEEKLY ASSET CLASS PERFORMANCE (Prior 12 weeks ending Thursday)

			2/21	2/28	3/7	3/14	3/21	3/28	4/4	4/11	4/18	4/25	5/2	5/9
Equity	Domestic Equity	Large Cap (R200)	1.01%	0.43%	-1.18%	2.29%	1.71%	-1.51%	2.22%	0.22%	0.75%	0.85%	-0.38%	-1.65%
		Small Cap (R2000)	1.97%	0.00%	-3.30%	1.71%	0.82%	-1.75%	2.11%	0.74%	-0.85%	0.63%	0.45%	-0.80%
	Int'l. Equity	MSCI EAFE	2.09%	0.35%	-0.83%	0.89%	1.35%	-1.80%	2.36%	-0.02%	0.57%	-0.50%	0.04%	-2.70%
		MSCI Em. Mkts.	1.14%	0.00%	-0.70%	0.44%	2.05%	-2.29%	3.40%	0.63%	0.45%	-1.45%	0.21%	-4.69%
Fixed Income	BarCap Agg. (AGG)	-0.08%	-0.06%	0.21%	0.13%	0.61%	0.93%	0.71%	0.16%	-0.27%	0.28%	-0.30%	0.45%	
	High Yield (JNK)	0.40%	0.45%	-0.64%	0.54%	0.50%	0.11%	0.14%	0.70%	-0.08%	0.08%	-0.47%	-0.46%	
Commodities	Bloomberg Commodity Index	2.28%	-0.49%	-1.07%	1.03%	1.23%	-1.53%	1.41%	0.00%	-0.64%	-0.60%	-1.87%	-1.43%	
Alternatives	Hedge Funds (HFRX Global)	0.28%	0.09%	-0.02%	0.19%	-0.03%	-0.11%	-0.08%	0.04%	0.09%	0.23%	0.11%	-0.34%	
Asset Allocation	60/40*	0.86%	0.18%	-0.81%	1.09%	1.14%	-0.68%	1.16%	0.26%	0.15%	0.27%	-0.18%	-1.08%	
	48/32/20 (w/Alts.)**	0.74%	0.17%	-0.65%	0.91%	0.90%	-0.57%	0.92%	0.21%	0.14%	0.26%	-0.12%	-0.93%	

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

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

RELATIVE STRENGTH MATRIX (BASED ON 30-DAY RSI)

	Large Cap Core	Large Cap Growth	Large Cap Value	Mid Cap Core	Mid Cap Growth	Mid Cap Value	Small Cap Core	Small Cap Growth	Small Cap Value	Int'l. Developed	Emerging Markets	REITs	Comm.	Int. Bond	High Yield
Large Cap Core	1.00	0.97	1.05	0.99	0.95	1.04	1.02	1.01	1.04	1.19	1.32	0.99	1.42	0.91	1.04
Large Cap Growth	1.03	1.00	1.08	1.02	0.98	1.07	1.05	1.04	1.07	1.23	1.36	1.02	1.46	0.94	1.07
Large Cap Value	0.95	0.93	1.00	0.95	0.91	0.99	0.97	0.96	0.99	1.14	1.26	0.94	1.35	0.87	0.99
Mid Cap Core	1.01	0.98	1.06	1.00	0.96	1.04	1.03	1.02	1.04	1.20	1.33	1.00	1.43	0.92	1.04
Mid Cap Growth	1.05	1.02	1.10	1.04	1.00	1.09	1.08	1.06	1.09	1.25	1.39	1.04	1.49	0.96	1.09
Mid Cap Value	0.96	0.94	1.01	0.96	0.92	1.00	0.99	0.98	1.00	1.15	1.28	0.96	1.37	0.88	1.00
Small Cap Core	0.98	0.95	1.03	0.97	0.93	1.01	1.00	0.99	1.02	1.17	1.29	0.97	1.39	0.89	1.01
Small Cap Growth	0.99	0.96	1.04	0.98	0.94	1.02	1.01	1.00	1.03	1.18	1.31	0.98	1.40	0.90	1.03
Small Cap Value	0.96	0.94	1.01	0.96	0.92	1.00	0.99	0.97	1.00	1.15	1.27	0.95	1.37	0.88	1.00
Int'l. Developed	0.84	0.81	0.88	0.83	0.80	0.87	0.86	0.85	0.87	1.00	1.11	0.83	1.19	0.76	0.87
Emerging Markets	0.76	0.74	0.79	0.75	0.72	0.78	0.77	0.77	0.79	0.90	1.00	0.75	1.07	0.69	0.79
REITs	1.01	0.98	1.06	1.00	0.96	1.04	1.03	1.02	1.05	1.20	1.33	1.00	1.43	0.92	1.05
Commodities	0.70	0.68	0.74	0.70	0.67	0.73	0.72	0.71	0.73	0.84	0.93	0.70	1.00	0.64	0.73
Int. Bond	1.10	1.07	1.15	1.09	1.04	1.14	1.12	1.11	1.14	1.31	1.45	1.09	1.56	1.00	1.14
High Yield	0.96	0.94	1.01	0.96	0.92	1.00	0.99	0.97	1.00	1.15	1.27	0.96	1.37	0.88	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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Investments in smaller companies carry greater risk than is customarily associated with larger companies for various reasons such as volatility of earnings and prospects, higher failure rates, and limited markets, product lines or financial resources. Investing overseas involves special risks, including the volatility of currency exchange rates and, in some cases, limited geographic focus, political and economic instability, and relatively illiquid markets. Income (bond) securities are subject to interest rate risk, which is the risk that debt securities in a portfolio will decline in value because of increases in market interest rates.

Exchange Traded Funds (ETFs) are subject to risks similar to those of stocks, such as market risk. Investing in ETFs may bear indirect fees and expenses charged by ETFs in addition to its direct fees and expenses, as well as indirectly bearing the principal risks of those ETFs. ETFs may trade at a discount to their net asset value and are subject to the market fluctuations of their underlying investments. Investing in commodities can be volatile and can suffer from periods of prolonged decline in value and may not be suitable for all investors.

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