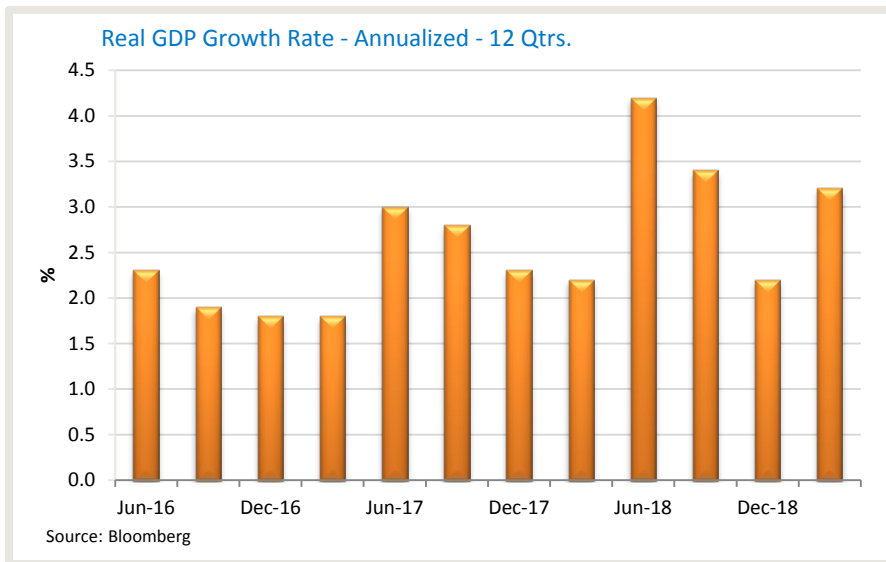


Weekly Market Review

May 28, 2019

Chart of the Week



Weekly Highlights

- **Risky assets remained under pressure**, as investors see no end in sight to the ongoing trade war between the US and China. Talks between Beijing and Washington stalled this month, as President Trump accused China of renegeing on a deal that the US said was almost completed. Both sides appear to be digging in for a prolonged fight, as neither party seems to have an incentive to strike a deal at this time.
- **The Federal Reserve (Fed)** indicated that it is comfortable with keeping the federal funds rate unchanged for “some time,” according to minutes recently released Wednesday from its April 30–May 1 meeting. The minutes mentioned that the Fed’s patient approach would remain appropriate in an environment of moderate economic growth and muted inflation pressures. The futures market has priced in higher expectations for Fed rates cuts later in the year.
- **British Prime Minister Theresa May** announced her resignation on Friday morning, bringing her turbulent three-year premiership to an abrupt end. With no Brexit withdrawal agreement in place, the prospects of the UK suffering a disorderly exit from the European Union now appears more likely.

Talking Points

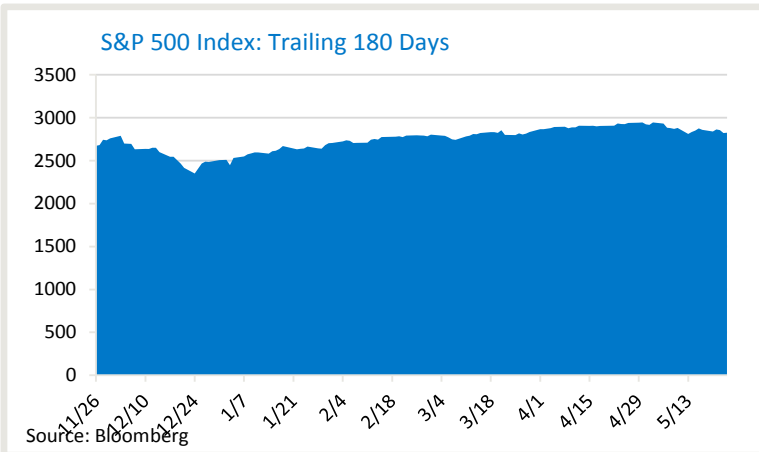
- **The yield** on the 10-year US Treasury Note dropped to its lowest level since 2017, as the trade war has nervous investors seeking cover in safe havens. It fell below the yield on the 1-year for the second time this year, a warning sign of recession.
- **Oil prices** were on track for their most significant weekly loss this year, with Brent crude oil set for a decline of more than 5%, although it recovered almost 1% in early trading on Friday.
- **Gold benefited** from heightened trade tensions, rising above \$1,280 per ounce, up 0.5% for the week. The dollar moved lower on Friday, away from its two-year high, after week manufacturing data and potential economic fallout from a trade war with China increased expectations for an interest-rate cut this year.
- **Within equities**, all of the various market capitalizations and styles posted negative results for the week. Large cap held up the best, while small cap had the largest decline; value outperformed growth in most market capitalizations except for small cap value, which trailed the most; international slightly outperformed domestic stocks, and developed markets outperformed emerging markets.

Market Dashboard

	Last Price	Change	% Chg.	YTD %
S&P 500	2,826.06	-33.47	-1.17%	12.7%
Dow Industrials	25,585.69	-178.31	-0.69%	9.7%
Nasdaq	7,637.01	-179.28	-2.29%	15.1%
Russell 2000	1,514.11	-21.65	-1.41%	12.3%
Euro Stoxx Index	375.89	-5.62	-1.47%	11.3%
Shanghai Composite	2,853.00	-29.30	-1.02%	14.4%
MSCI ACWI	500.09	-6.84	-1.35%	9.7%

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

	Last Price	Change	% Chg.	YTD %
MSCI EM	984.81	-11.58	-1.16%	2.0%
10-Year US Treas.	2.32	-7 bps	NM	NM
Bloomberg Cmdts. Idx.	78.71	-1.00	-1.25%	2.6%
Gold	\$1,284.90	\$7.20	0.56%	0.2%
Crude Oil	\$59.05	-\$3.96	-6.29%	24.7%
Dollar Index	97.60	-0.40	-0.41%	1.5%
VIX Index	15.85	-0.11	-0.69%	-37.6%



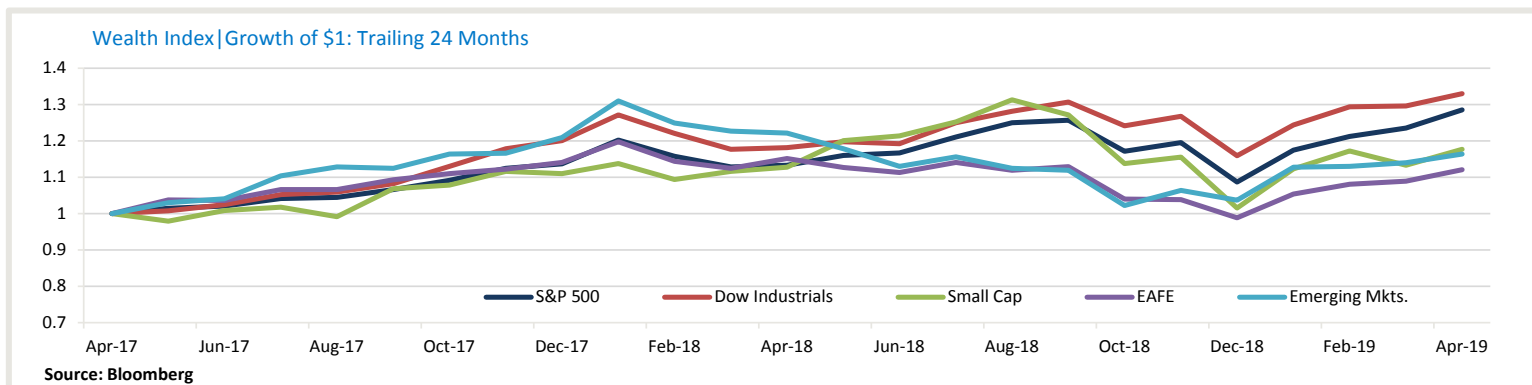
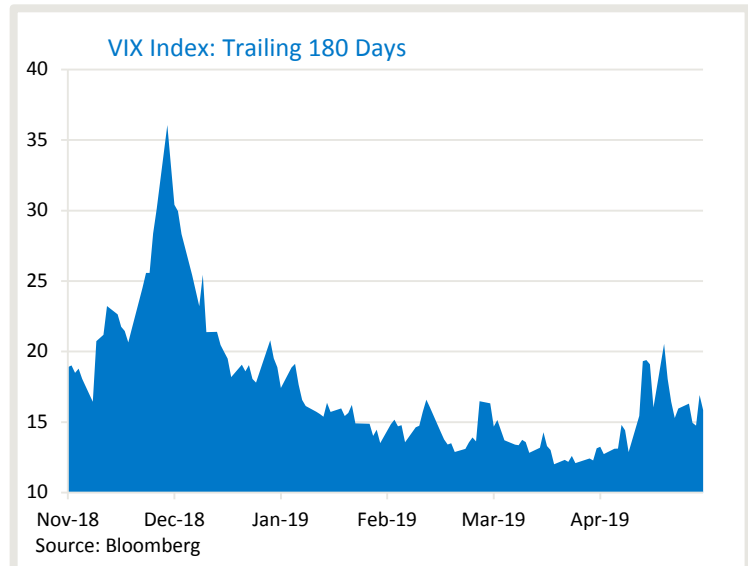
	One Week			YTD		
	Value	Growth		Value	Growth	
L	-0.69%	-1.22%	-1.67%	9.75%	12.20%	14.39%
	-1.07%	-1.18%	-1.33%	12.57%	15.30%	19.21%
S	-1.85%	-1.41%	-1.00%	9.57%	12.28%	14.89%

Source: Bloomberg

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

	% Wgt in S&P 500	Week % Chg.	YTD % Chg.
Consumer Discretionary	10.1	-2.22%	15.1%
Consumer Staples	7.5	-0.45%	13.2%
Energy	5.0	-3.42%	6.6%
Financials	13.2	-0.25%	12.3%
Health Care	14.2	1.18%	3.3%
Industrials	9.3	-1.47%	14.4%
Information Technology	21.0	-2.79%	17.9%
Materials	2.6	-1.66%	6.2%
Real Estate	3.1	0.27%	18.0%
Communication Services	10.4	-1.44%	17.0%
Utilities	3.4	1.66%	12.4%

Source: Bloomberg



The Economy and Markets

A Macro View: Is the antiquated mutual fund structure coming to an end?

Actively managed mutual funds have been under fire as exchange-traded funds (ETFs) have exploded over the past decade, with investors moving to low-cost solutions that track indices. A primary reason is the more favorable tax structure that ETFs provide investors, whereas mutual funds must pass on gains to the end investors, which becomes especially painful when the funds deliver negative performance as well. The approval of a new, nontransparent ETF structure will finally level the playing field as about to become more level with the approval of a new non-transparent ETF structure.

After enduring over five years of postponements and denials, Precidian's ActiveShares received final approval by the Securities and Exchange Commission this week. ActiveShares' nontransparent structure is an evolution for active asset managers' ability to provide their products to investors in a more tax-efficient and low-cost manner. Many of the large asset management firms, including BlackRock, Capital Group, JP Morgan, Nationwide, Gabelli, Columbia, American Century, and Nuveen, all have embraced Precidian's new structure through licensing agreements.

As ETFs continue to garner most of the asset flows (due to their low-cost, tax-efficient structure), many asset managers have clung to the antiquated structure of mutual funds. One reason many asset managers have done so centers on the transparency of ETFs. Asset managers have long argued that their strategies would be negatively affected if they had to provide daily transparency of their portfolio holdings. The asset managers' 'secret sauce' would be illuminated for all to see and could be exploited by savvy investors front running their trades. Under the current rules for mutual funds, asset managers report their portfolio holdings only quarterly, so investors do not know what the portfolio holds on a daily basis. Although these concerns might be valid, Davis Advisors entered the ETF business in 2017 with four strategies that are mostly clones of existing mutual funds and have had no issues regarding daily transparency and front running to date.

Whether investors will adopt the nontransparent active ETF structure in the manner in which they have embraced traditional ETFs and the transparency they provide remains to be seen. Traditional ETFs' openness has enabled investors to make more effective asset allocation decisions by knowing exactly what is inside the portfolios. Additionally, investors have accepted passive management, as they have been inundated with evidence that active managers have not outperformed their respective market indices to generate alpha. Fees are another headwind, as investors have become accustomed to the deluge of cheap beta exposure that is available via ETFs. Even under the ActiveShares structure, active management will continue to be a pricier option given the number of resources needed for fundamental bottom-up research. Despite a more efficient structure, active managers must overcome these issues if they are to compete effectively in the current investment management landscape.

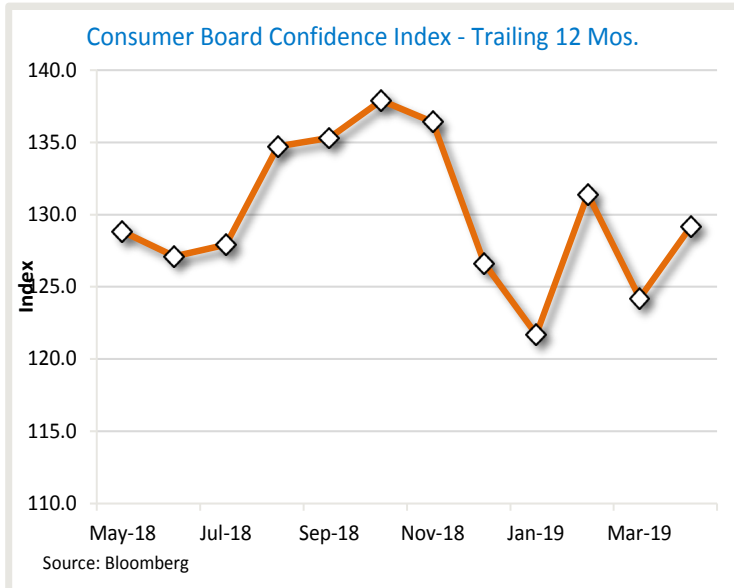
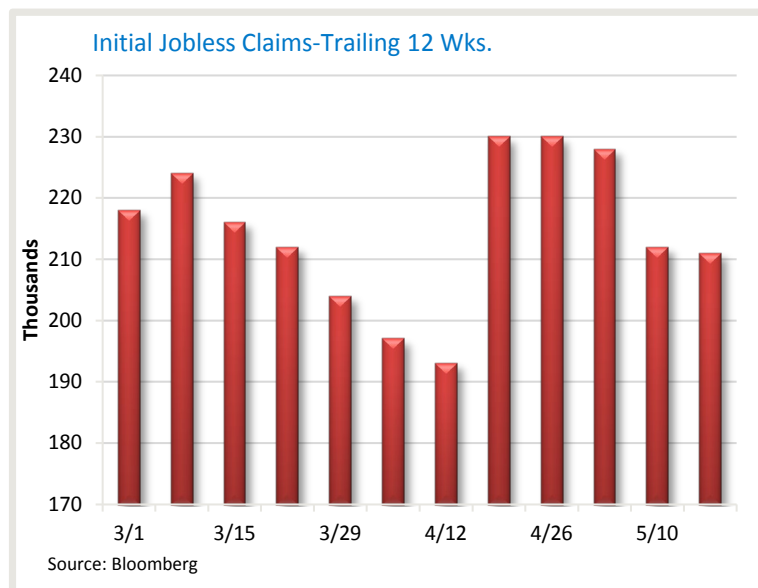
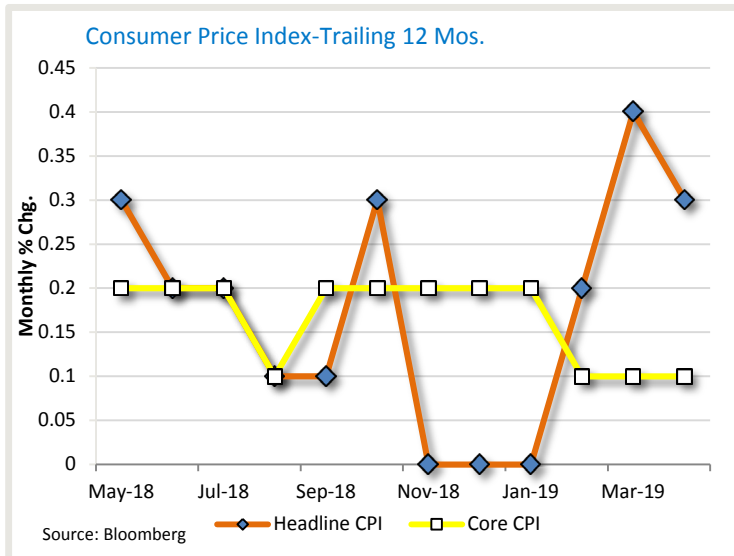
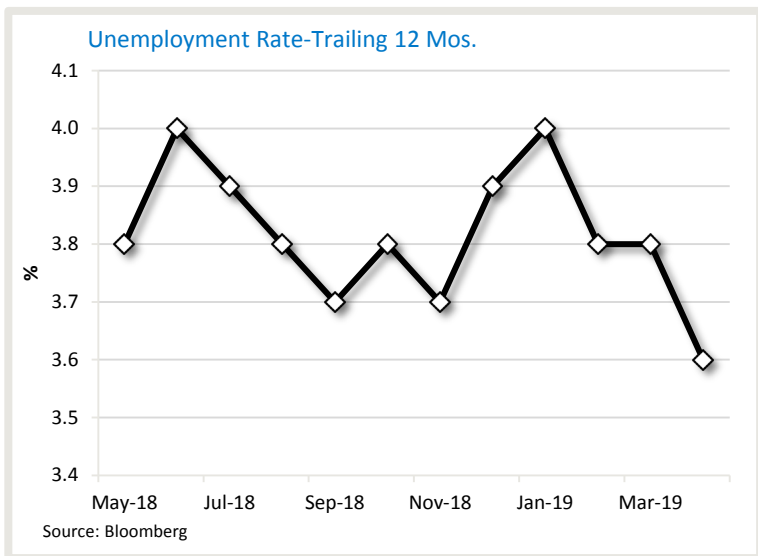
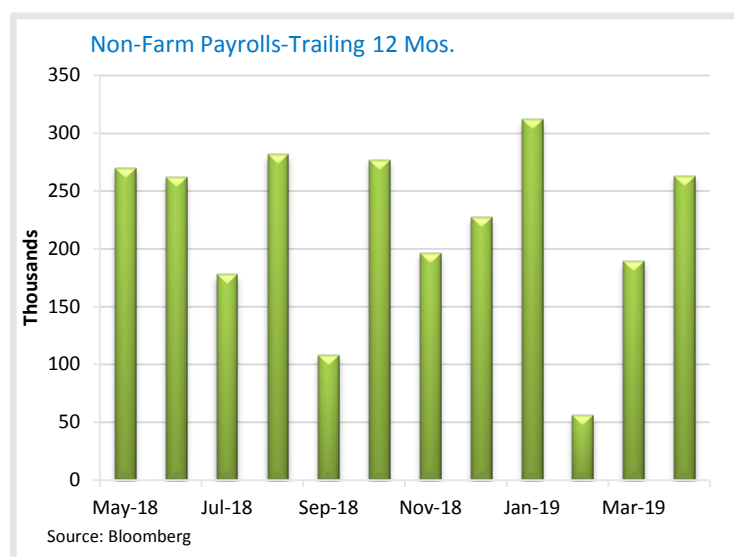
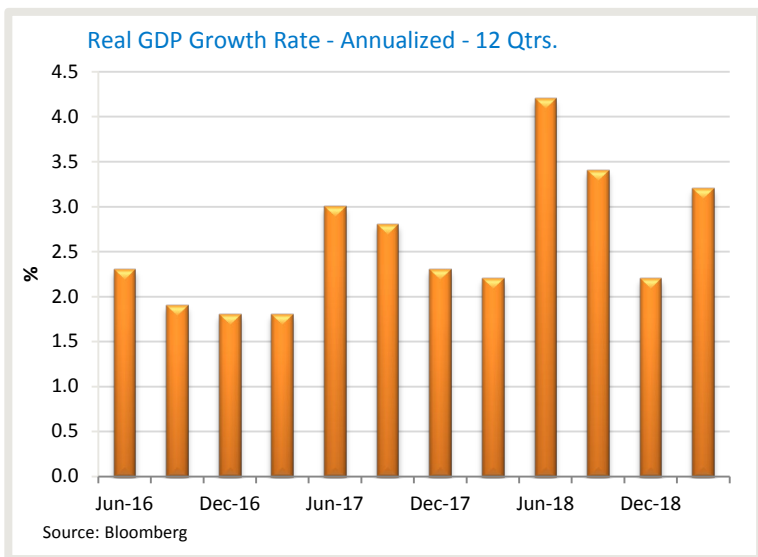
Thus far, Eaton Vance, through its NextShares product, has been the sole provider of nontransparent active ETF's. Eaton Vance launched NextShares in 2016, but has had a difficult time amassing assets due to an inferior structure. Eaton Vance tried to block the approval of ActiveShares at the last minute in an attempt to stifle the competition. Besides Precidian and Eaton Vance, asset managers like T.Rowe Price and Fidelity Investments, along with others are working on similar structures as asset managers are looking for new ways to drive asset flows and become more competitive in a more passive world. It appears that many asset managers see the new non-transparent structure as their panacea, but unless they can deliver on investors' performance expectations, they will continue to see outflows.

The jury is still out on whether nontransparent active ETF's can help active asset managers compete more effectively in the current environment, but the new structure is a step in the right direction. ActiveShares combines the benefits of the ETF wrapper with active management while also protecting portfolio managers' intellectual property. Ultimately, the fate of active asset managers lies in their ability to provide consistent excess returns with lower risk at a reasonable cost. In the long run, investors will be the primary beneficiaries, as nontransparent ETFs provides them with more tools for their toolbox, helps even the playing field between active and passive investments, and delivers more ability to diversify one's portfolio.

*Michael Pajak, CAIA
Investment Analyst*

<https://www.investmentnews.com/article/20190501/BLOG03/190509998/asset-managers-preparing-to-launch-nontransparent-etfs>
<https://www.ft.com/content/8d880f4a-6031-11e9-a27a-fdd51850994c>

Economic Data



Eurozone

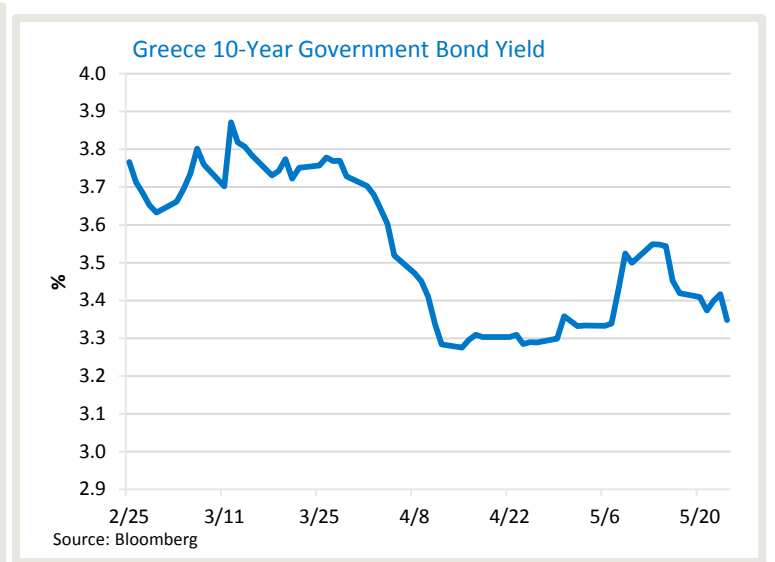
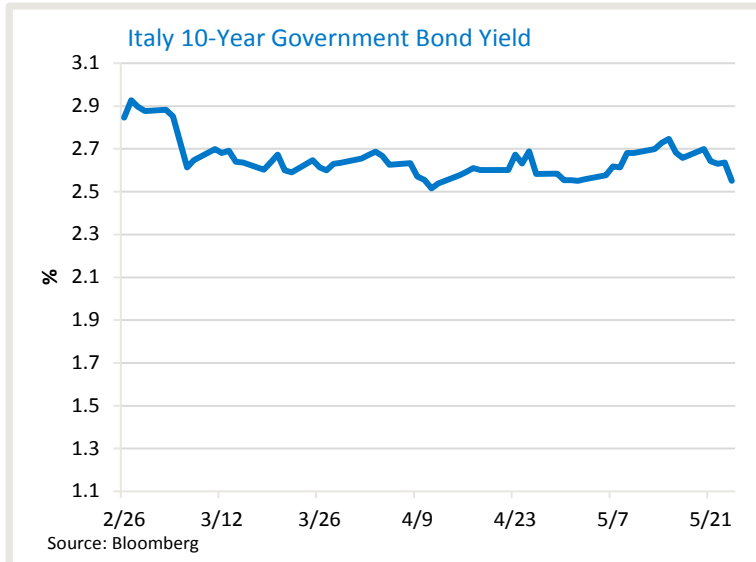
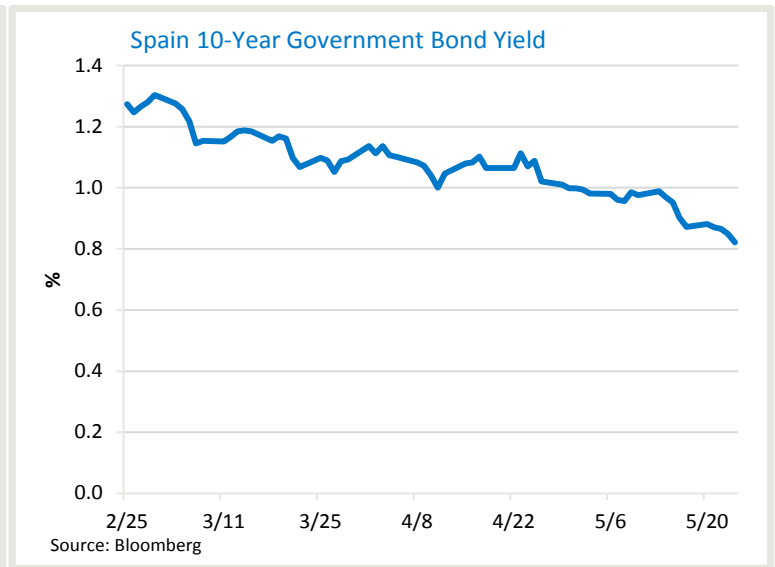
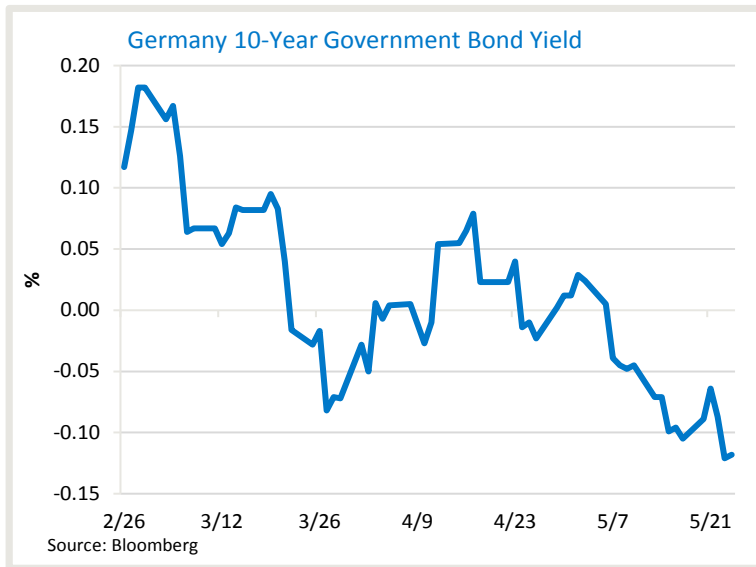
SELECTED EUROPEAN SOVEREIGN YIELD PERFORMANCE

	Last	Change	% Chg.	YTD %
Germany 10-Yr. Govt.	-0.12	1 bps	NM	NM
Greece 10-Yr. Govt.	3.35	6 bps	NM	NM
Italy 10-Yr. Govt.	2.55	10 bps	NM	NM
Spain 10-Yr. Govt.	0.82	5 bps	NM	NM
Belgium 10-Yr. Govt.	0.37	1 bps	NM	NM

Source: Bloomberg

Basis points (bps)

	Last	Change	% Chg.	YTD %
France 10-Yr. Govt.	0.28	0 bps	NM	NM
Ireland 10-Yr. Govt.	0.50	-1 bps	NM	NM
Portugal 10-Yr. Govt.	0.97	7 bps	NM	NM
Netherlands 10-Yr. Govt.	0.07	1 bps	NM	NM
U.K. 10-Yr. Govt.	0.95	7 bps	NM	NM

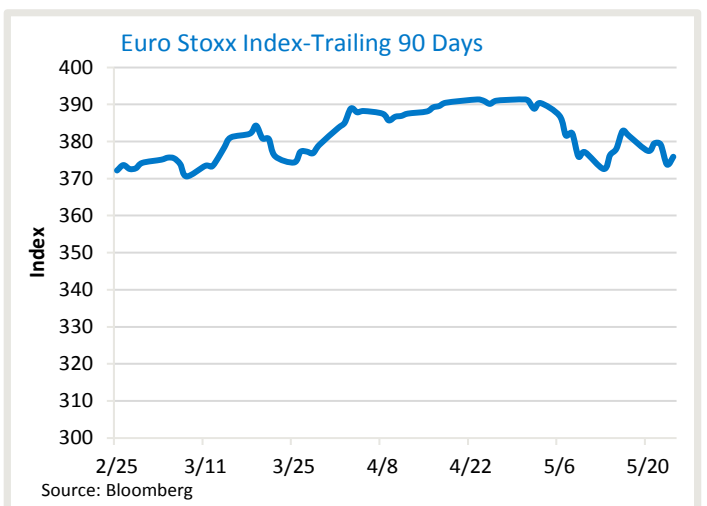
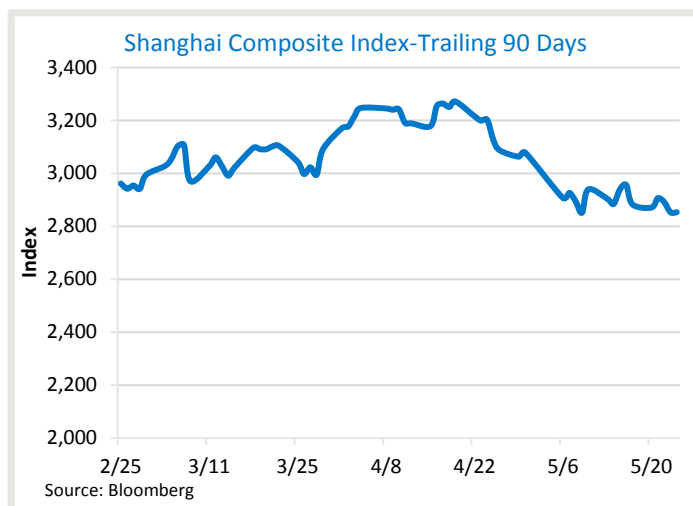
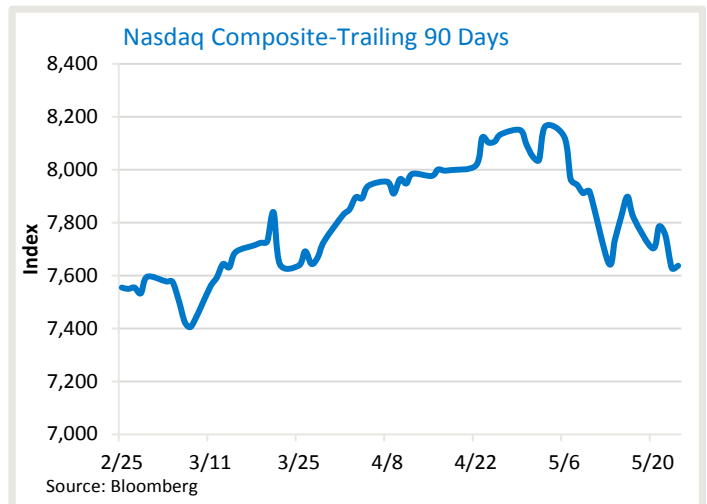
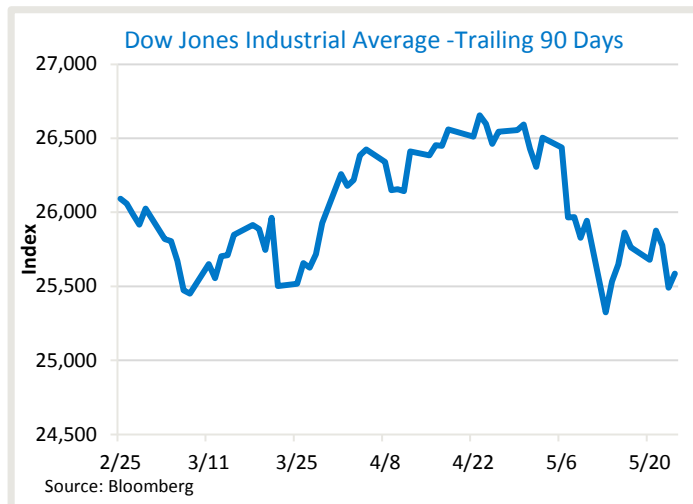


Equities

WORLD MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
S&P 500	2,826.06	-33.47	-1.17%	12.73%	Swiss Market Index	9,666.89	7.81	0.08%	14.68%
Dow Industrials	25,585.69	-178.31	-0.69%	9.68%	CAC 40 Index (France)	5,316.51	-121.72	-2.24%	12.38%
Nasdaq Composite	7,637.01	-179.28	-2.29%	15.10%	DAX Index (Germany)	12,011.04	-227.90	-1.86%	13.75%
MSCI ACWI	500.09	-6.84	-1.35%	9.7%	Irish Overall Index	6,123.83	-156.70	-2.50%	11.75%
MSCI EM	984.81	-11.58	-1.16%	2.0%	Nikkei 225	21,117.22	-132.87	-0.63%	5.51%
S&P/TSX (Canada)	16,230.04	-171.71	-1.05%	13.32%	Hang Seng Index	27,353.93	-592.53	-2.12%	5.84%
Mexico IPC	42,617.60	-855.16	-1.97%	2.28%	Shanghai Composite	2,853.00	-29.30	-1.02%	14.40%
Brazil Bovespa	93,627.81	3635.07	4.04%	6.53%	Kospi Index (S. Korea)	2,045.31	-10.49	-0.51%	0.21%
Euro Stoxx 600	375.89	-5.62	-1.47%	11.33%	Taiwan Taiex Index	10,328.28	-55.83	-0.54%	6.18%
FTSE 100	7,277.73	-70.89	-0.96%	8.17%	Tel Aviv 25 Index	1,563.97	-5.62	-0.36%	6.84%
IBEX 35 (Spain)	9,174.60	-105.50	-1.14%	7.43%	MOEX Index (Russia)	2,619.24	41.76	1.62%	10.55%

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



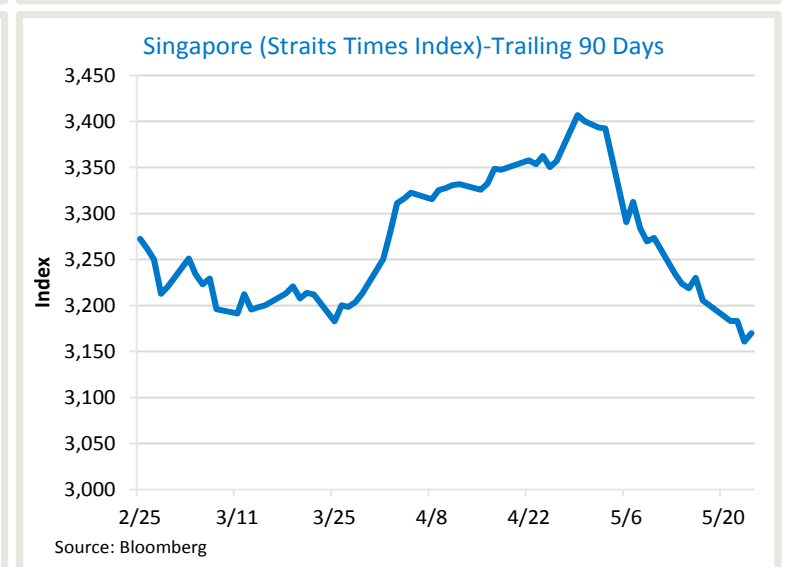
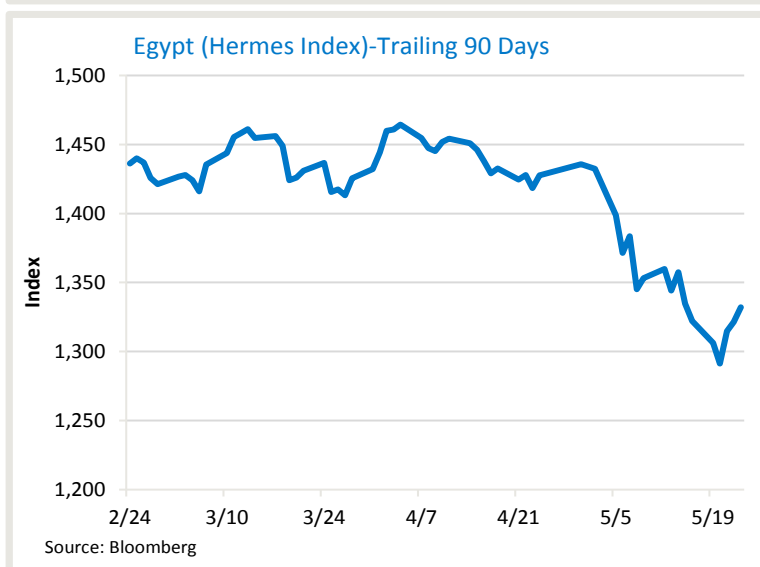
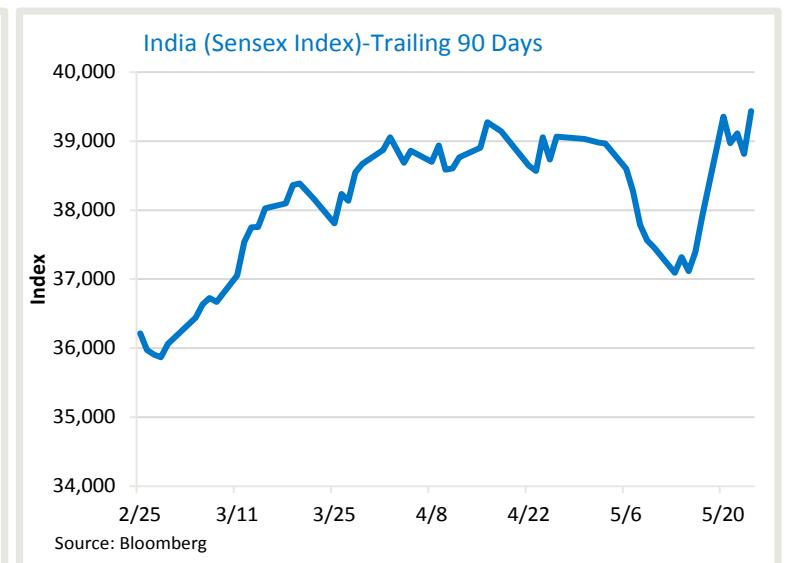
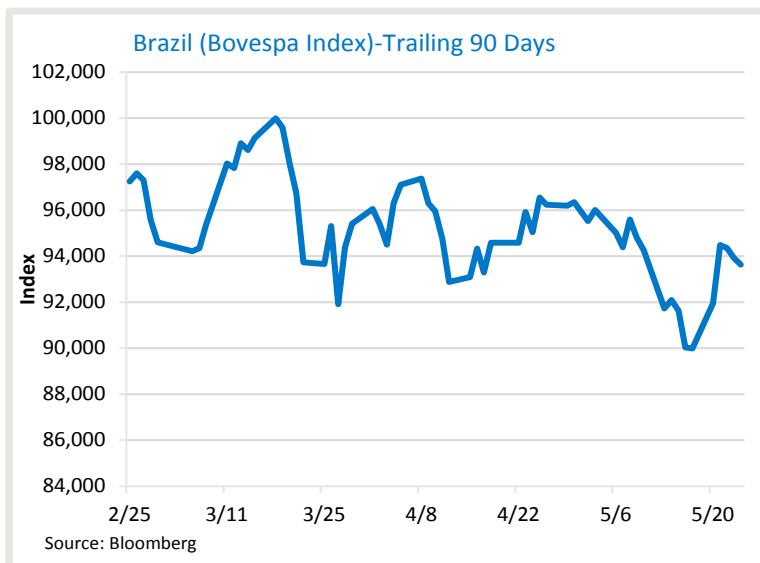
Equities – Emerging and Frontier Markets

EMERGING AND FRONTIER MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
Mexico IPC	42,617.60	-855.16	-2.0%	2.3%
Brazil (Bovespa Index)	93,627.81	3635.07	4.0%	6.5%
MOEX Index (Russia)	2,619.24	41.76	1.6%	10.5%
Czech Republic (Prague)	1,041.89	-8.86	-0.8%	5.6%
Turkey (Istanbul)	86,072.28	-723.78	-0.8%	-5.7%
Egypt (Hermes Index)	1,332.01	9.92	0.8%	4.3%
Kenya (Nairobi 20 Index)	2,646.74	-18.78	-0.7%	-6.6%
Saudi Arabia (TASI Index)	8,531.16	-90.69	-1.1%	9.0%
Lebanon (Beirut BLOM Index)	869.24	29.66	3.5%	-11.0%
Palestine	525.74	-0.93	-0.2%	-0.7%

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

	Last	Change	% Chg.	YTD %
Hang Seng Index	27,353.93	-592.53	-2.1%	5.8%
India (Sensex 30)	39,434.72	1503.95	4.0%	9.3%
Malaysia (KLCI Index)	1,598.32	-13.11	-0.8%	-5.5%
Singapore (Straits Times Index)	3,169.89	-60.37	-1.9%	3.3%
Thailand (SET Index)	1,614.12	-0.63	0.0%	3.2%
Indonesia (Jakarta)	6,057.35	230.48	4.0%	-2.2%
Pakistan (Karachi KSE 100)	35,703.81	2537.19	7.6%	-3.7%
Vietnam (Ho Chi Minh)	970.03	-6.45	-0.7%	8.7%
Sri Lanka (Colombo)	5,295.11	43.32	0.8%	-12.5%
Cambodia (Laos)	813.72	7.61	0.9%	-2.7%

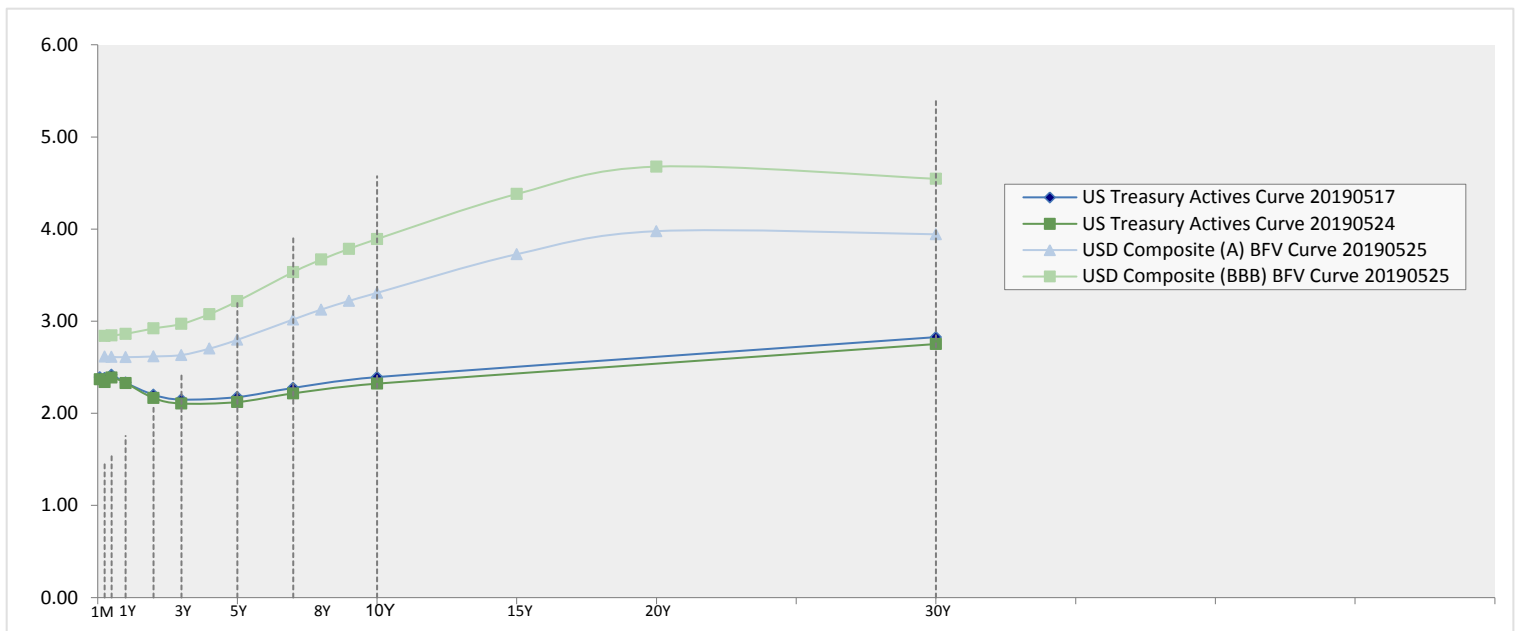


Interest Rates

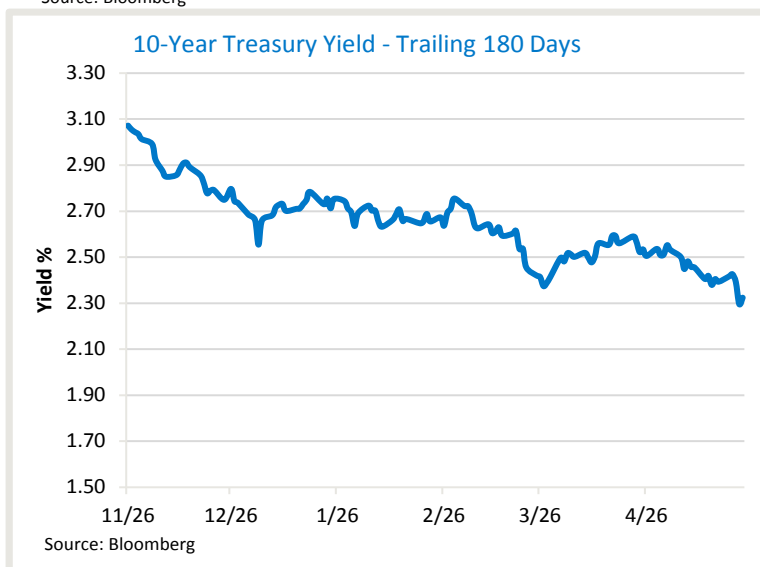
SELECTED INTEREST RATES

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
2-Yr. U.S. Treasury	2.17%	1 bps	NM	NM	Prime Rate	5.50%	0.00	NM	NM
5-Yr. U.S. Treasury	2.12%	-6 bps	NM	NM	Fed Funds Rate	2.50%	0.00	NM	NM
10-Yr. U.S. Treasury	2.32%	-7 bps	NM	NM	Discount Rate	3.00%	0.00	NM	NM
30-Yr. U.S. Treasury	2.75%	-7 bps	NM	NM	LIBOR (3 Mo.)	2.52%	0 bps	NM	NM
German 10-Yr. Govt.	-0.12%	1 bps	NM	NM	Bond Buyer 40 Muni	3.16%	2 bps	NM	NM
France 10-Yr.	0.28%	0 bps	NM	NM	Bond Buyer 40 G.O.	3.56%	NA	NM	NM
Italy 10-Yr.	2.55%	10 bps	NM	NM	Bond Buyer 40 Rev.	4.05%	NA	NM	NM
Fed 5-Yr Fwd BE Inf.	1.91%	-8 bps	NM	NM					

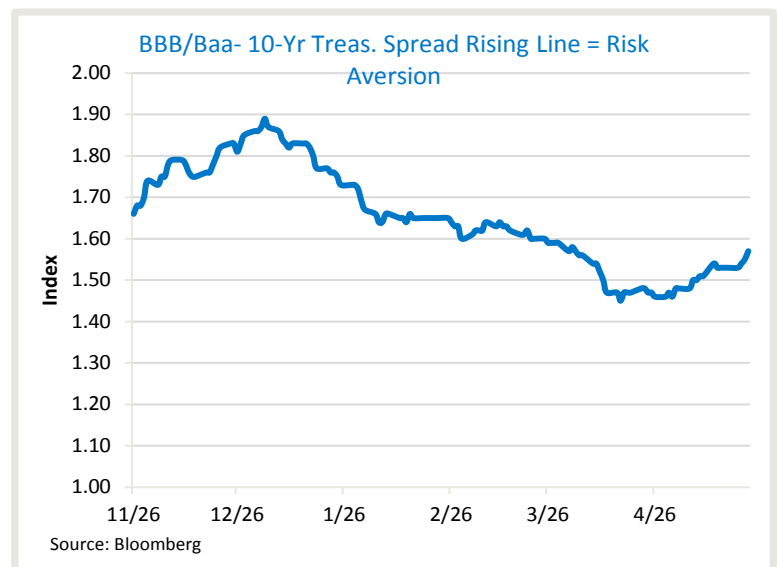
Source: Bloomberg



Source: Bloomberg



Source: Bloomberg



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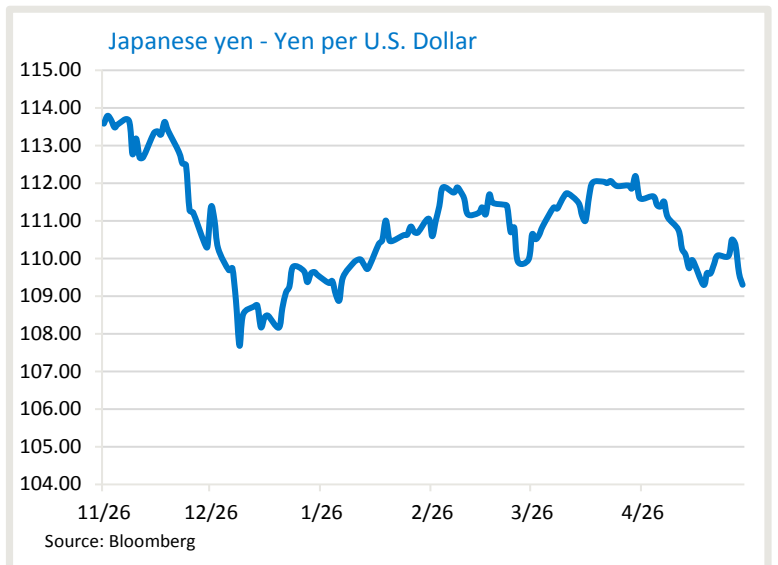
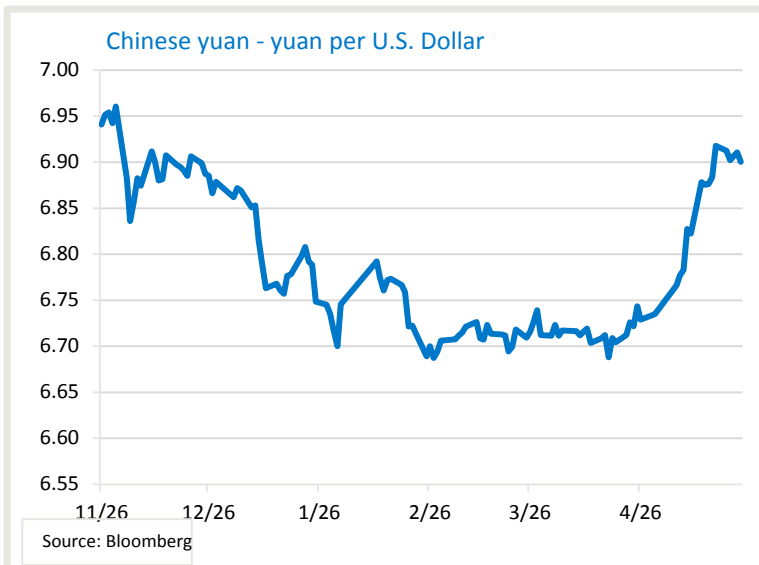
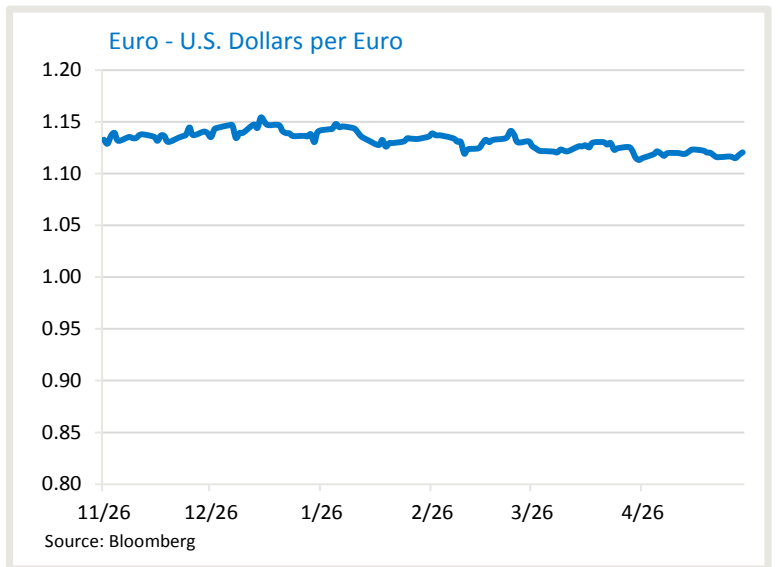
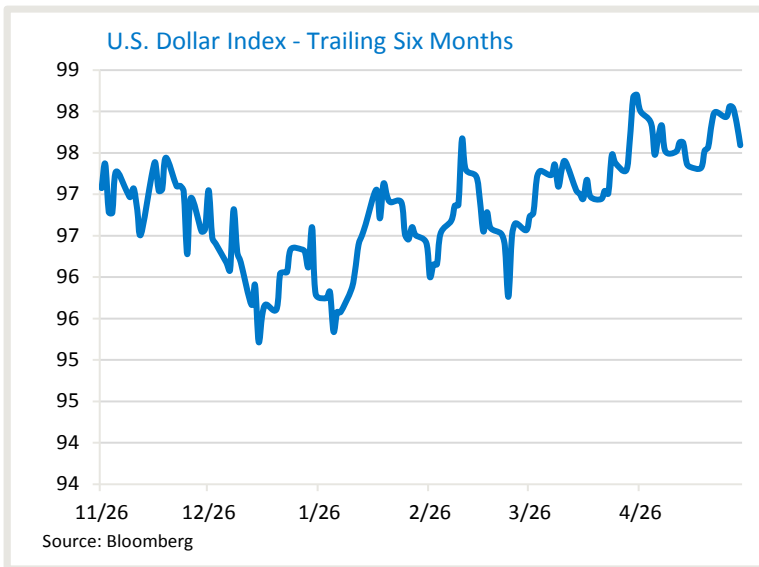
Currencies

SELECTED CURRENCY PERFORMANCE

	Last	Change	% Chg.	YTD %
Dollar Index	97.59	-0.403	-0.41%	1.48%
Euro	1.12	0.005	0.43%	-2.28%
Japanese Yen	109.29	-0.780	0.71%	0.36%
British Pound	1.27	-0.001	-0.11%	-0.35%
Canadian Dollar	1.34	-0.002	0.18%	1.51%

	Last	Change	% Chg.	YTD %
Chinese Yuan	6.90	-0.018	0.26%	-0.31%
Swiss Franc	1.00	-0.010	0.95%	-1.94%
New Zealand Dollar	0.66	0.003	0.51%	-2.49%
Brazilian Real	4.02	-0.079	1.97%	-3.62%
Mexican Peso	19.05	-0.113	0.59%	3.11%

Source: Bloomberg



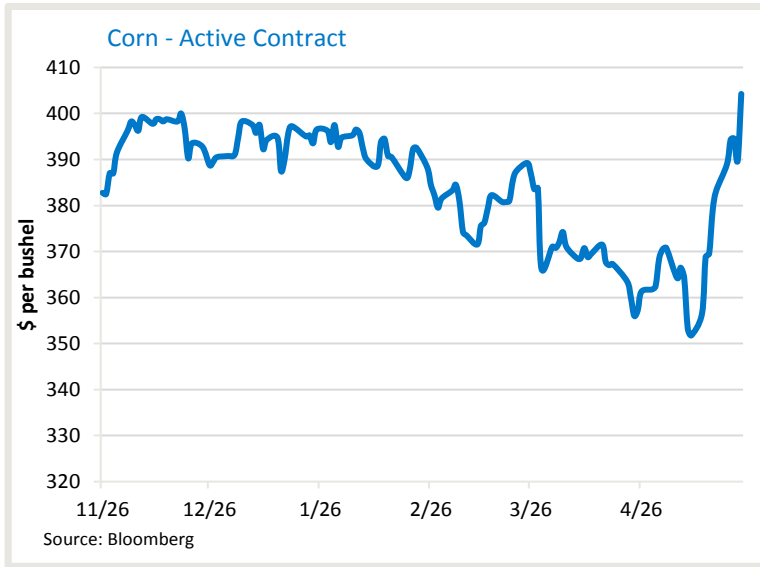
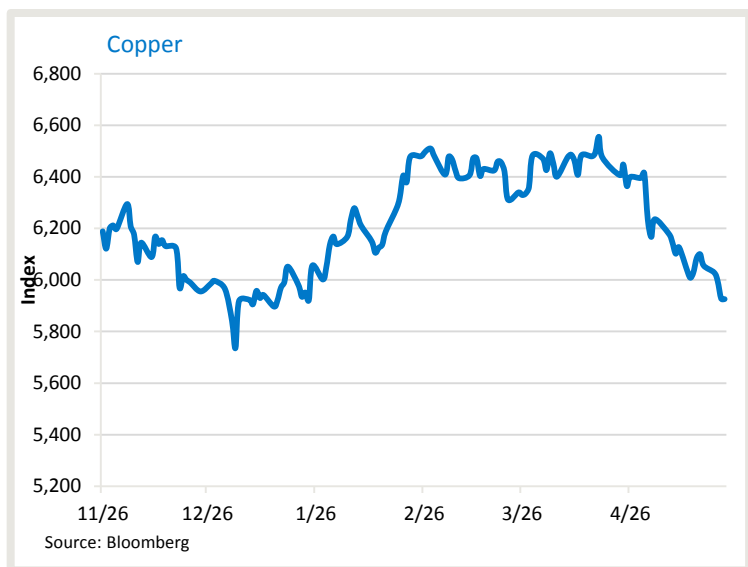
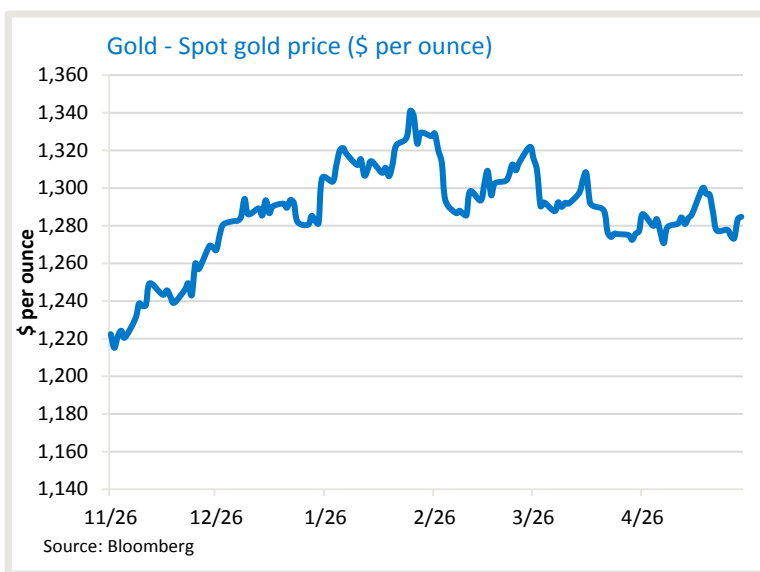
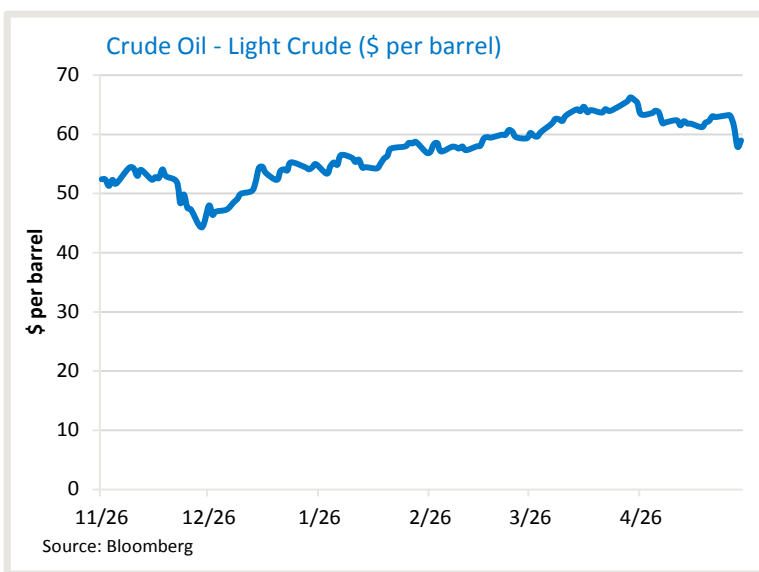
Commodities

SELECTED COMMODITY MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
Bloomberg Comm. Idx.	78.71	-1.00	-1.25%	2.59%
Crude Oil	\$59.05	-\$3.96	-6.29%	24.65%
Natural Gas	\$2.60	-\$0.03	-1.25%	-4.38%
Gasoline (\$/Gal.)	\$2.85	-\$0.01	-0.32%	26.05%
Heating Oil	198.79	-11.14	-5.32%	19.32%
Gold Spot	\$1,285.03	\$7.20	0.56%	0.17%
Silver Spot	\$14.57	\$0.16	1.14%	-6.01%

Source: Bloomberg; % change is based on price.

	Last	Change	% Chg.	YTD %
Platinum Spot	\$805.30	-\$14.00	-1.71%	1.16%
Corn	404.25	21.00	5.48%	3.45%
Wheat	489.50	24.50	5.27%	-5.59%
Soybeans	829.75	8.00	0.97%	-9.83%
Sugar	11.66	0.11	0.95%	-4.74%
Orange Juice	100.95	4.20	4.34%	-21.35%
Aluminum	1,797.50	-39.50	-2.15%	-2.63%
Copper	5,926.00	-130.00	-2.15%	-0.65%

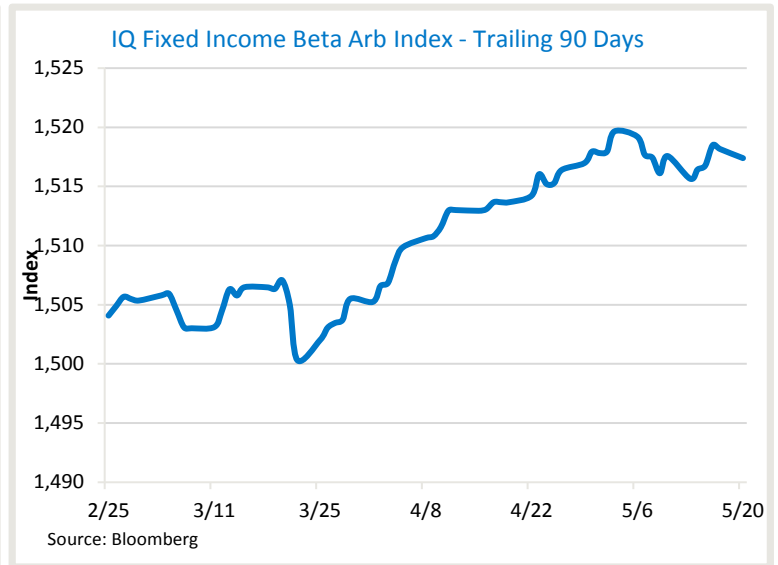
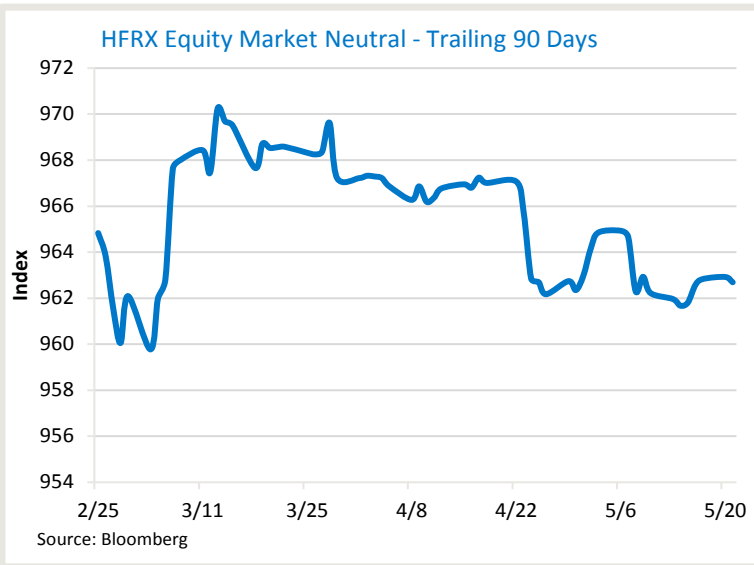
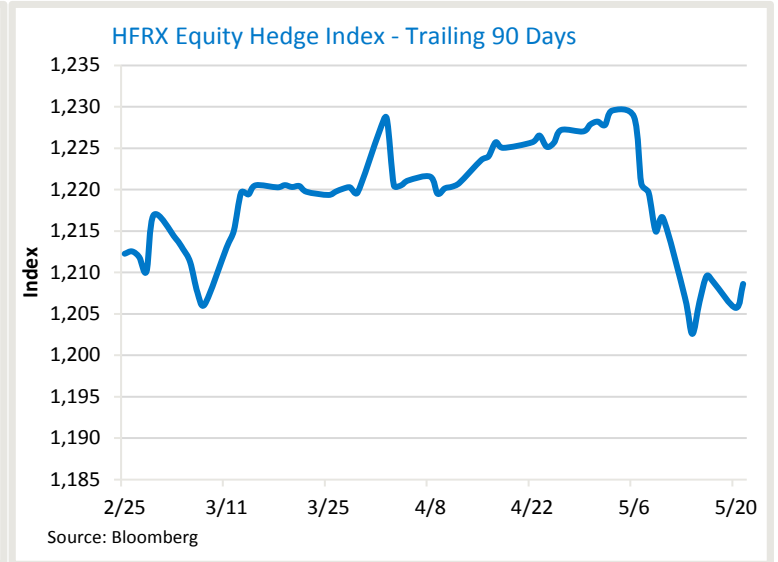
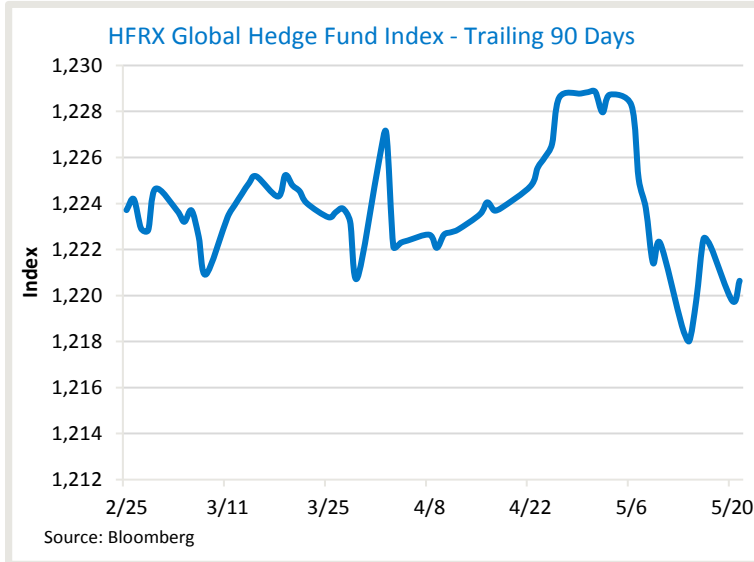


Alternative Investments

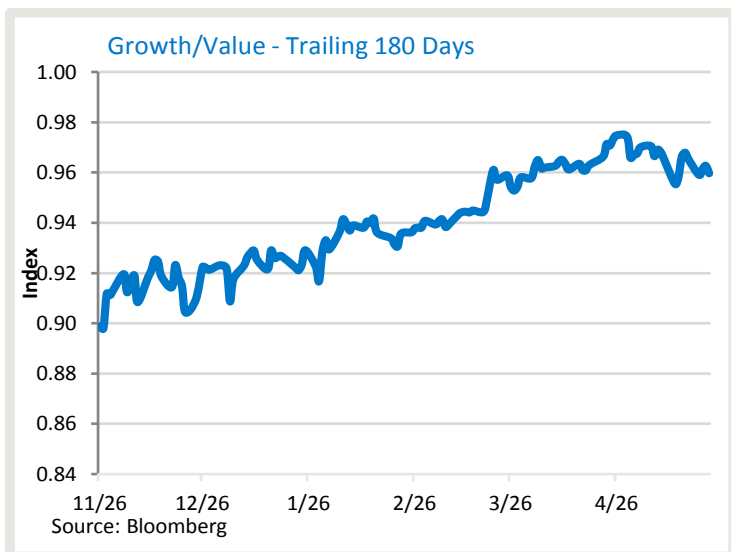
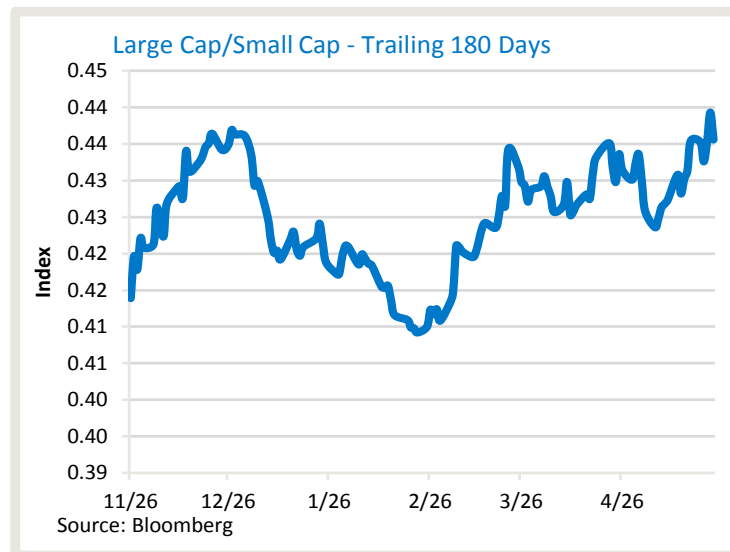
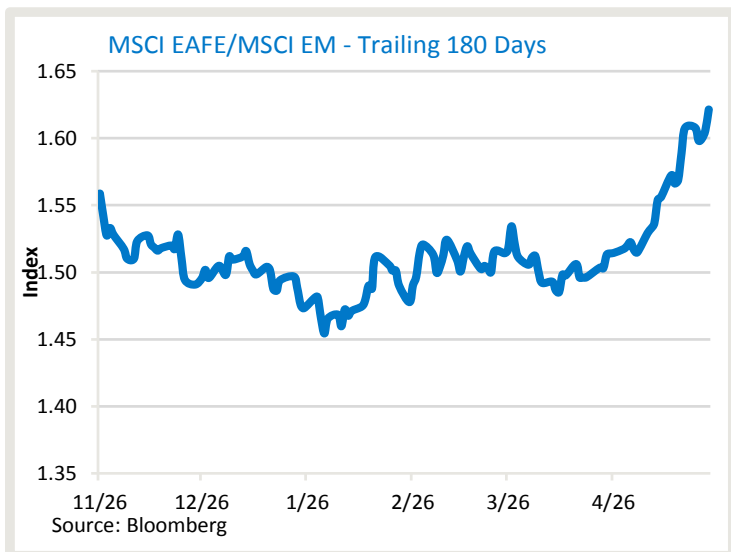
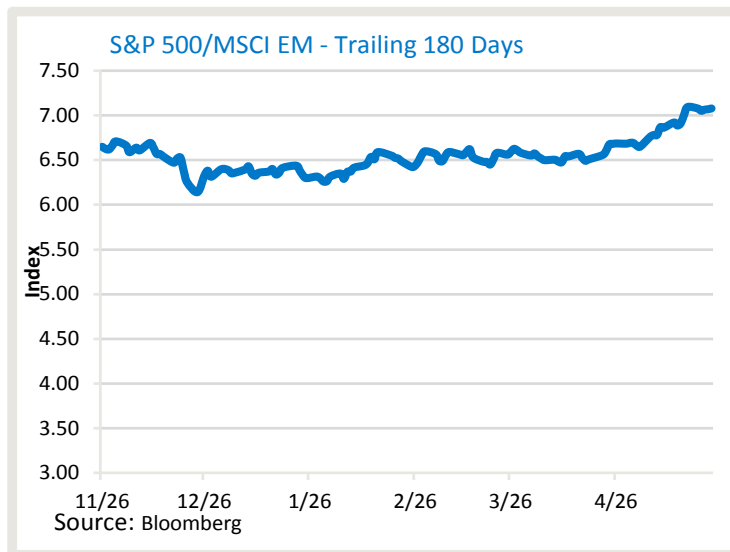
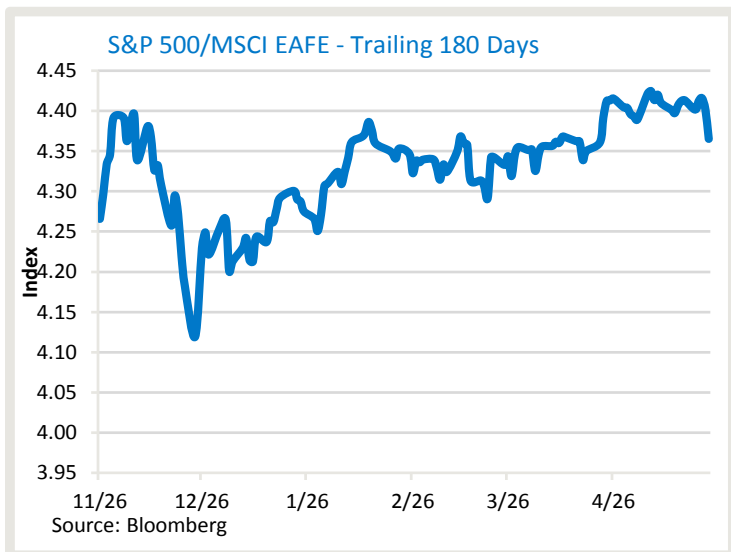
SELECTED ALTERNATIVE INVESTMENT INDEX PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
HFRX Global Hedge Fund Index	1220.80	-1.32	-0.11%	2.60%	HFRX Special Situation Index	1190.55	-5.75	-0.48%	-1.04%
HFRX Equity Market Neutral	962.77	-0.06	-0.01%	-1.02%	HFRX Merger Arbitrage Index	1781.22	-4.98	-0.28%	-2.00%
HFRX Equity Hedge Index	1210.32	1.57	0.13%	5.14%	HFRX Convertible Arbitrage Index	797.85	-1.30	-0.16%	1.29%
HFRX Event-Driven Index	1480.34	-6.62	-0.45%	0.62%	HFRX Macro CTA Index	1123.68	-1.62	-0.14%	-0.21%
HFRX Absolute Return Index	1066.57	-0.78	-0.07%	0.80%	IQ Fixed Income Beta Arb Index	1517.47	-0.68	-0.04%	3.76%

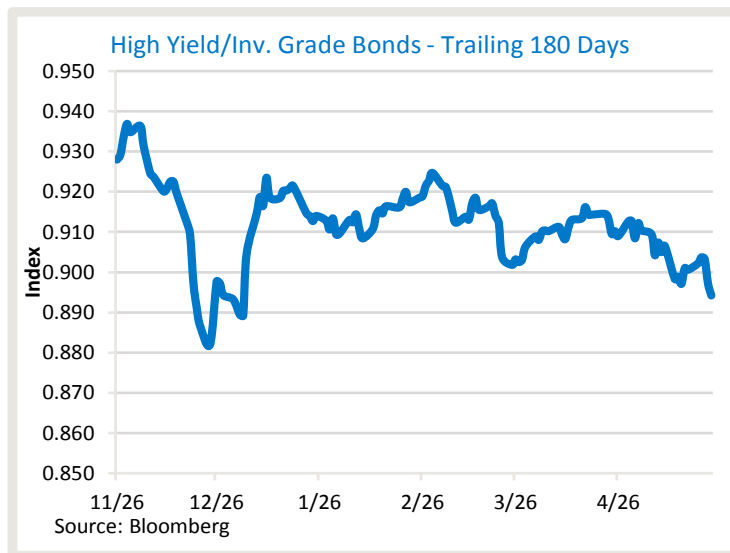
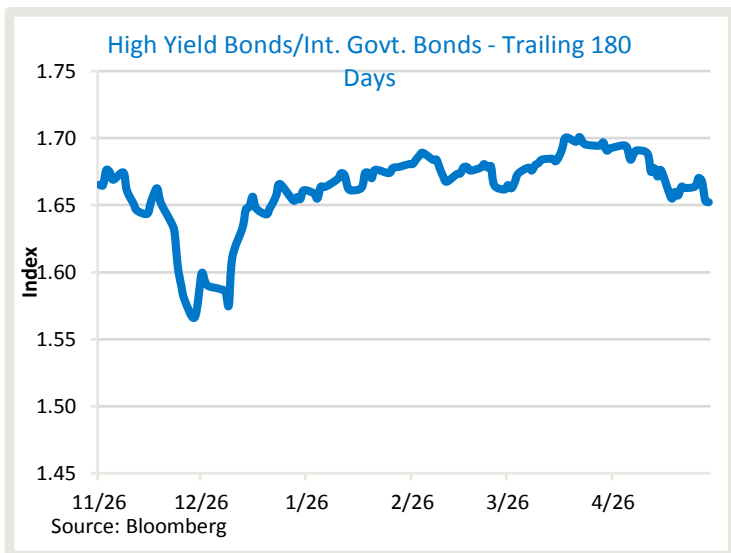
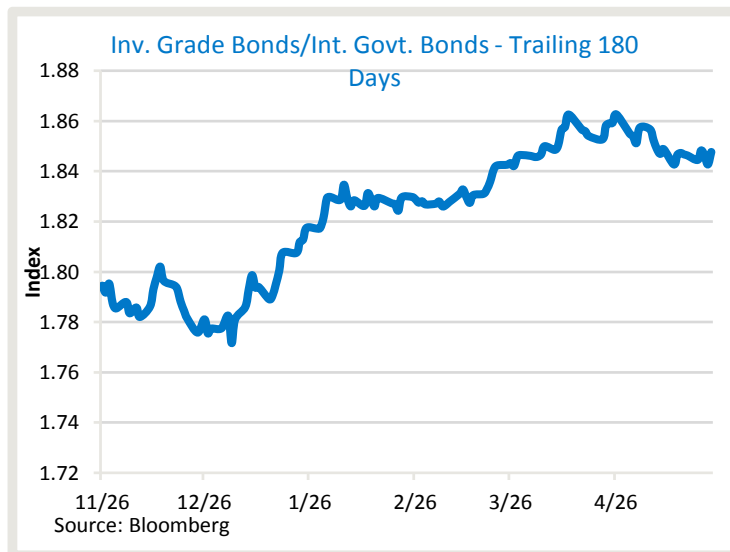
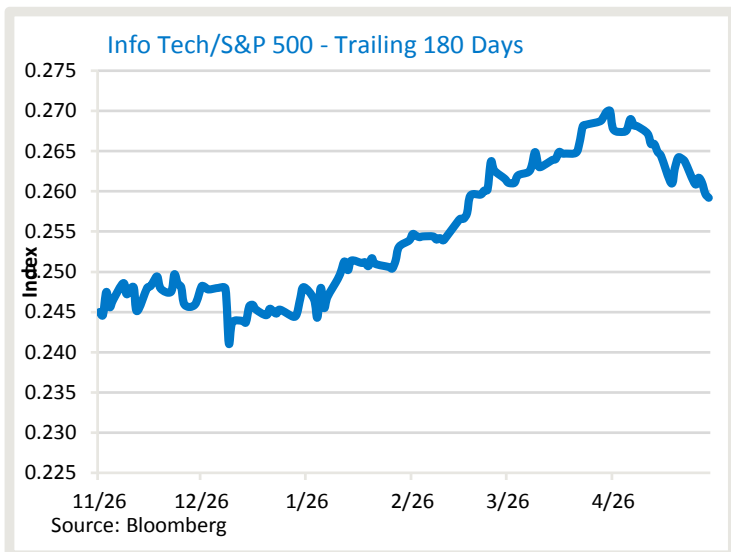
Source: Bloomberg; Index % change is based on price.



Portfolio Construction



Portfolio Construction (continued)



WEEKLY ASSET CLASS PERFORMANCE (Prior 12 weeks ending Thursday)

			3/7	3/14	3/21	3/28	4/4	4/11	4/18	4/25	5/2	5/9	5/16	5/23
Equity	Domestic Equity	Large Cap (R200)	-1.18%	2.29%	1.71%	-1.51%	2.22%	0.22%	0.75%	0.85%	-0.38%	-1.65%	0.28%	-1.92%
		Small Cap (R2000)	-3.30%	1.71%	0.82%	-1.75%	2.11%	0.74%	-0.85%	0.63%	0.45%	-0.80%	-0.82%	-3.59%
	Int'l. Equity	MSCI EAFE	-0.83%	0.89%	1.35%	-1.80%	2.36%	-0.02%	0.57%	-0.50%	0.04%	-2.70%	0.46%	-1.55%
		MSCI Em. Mkts.	-0.70%	0.44%	2.05%	-2.29%	3.40%	0.63%	0.46%	-1.45%	0.21%	-4.69%	-1.58%	-2.60%
Fixed Income	BarCap Agg. (AGG)	0.21%	0.13%	0.61%	0.93%	0.71%	0.16%	-0.27%	0.28%	-0.30%	0.45%	0.32%	0.34%	
	High Yield (JNK)	-0.64%	0.54%	0.50%	0.11%	0.14%	0.70%	-0.08%	0.08%	-0.47%	-0.46%	-0.07%	-0.21%	
Commodities	Bloomberg Commodity Index	-1.07%	1.03%	1.23%	-1.53%	1.41%	0.00%	-0.64%	-0.60%	-1.87%	-1.43%	2.22%	-2.91%	
Alternatives	Hedge Funds (HFRX Global)	-0.02%	0.19%	-0.03%	-0.11%	0.08%	0.04%	0.09%	0.23%	0.11%	-0.53%	0.09%	-0.14%	
Asset Allocation	60/40*	-0.81%	1.09%	1.14%	-0.68%	1.16%	0.26%	0.15%	0.27%	-0.18%	-1.08%	0.10%	-1.19%	
	48/32/20 (w/Alts.)**	-0.65%	0.91%	0.90%	-0.57%	0.92%	0.21%	0.14%	0.26%	-0.12%	-0.97%	0.09%	-0.98%	

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	0.99	1.01	1.02	0.99	1.04	1.09	1.06	1.13	1.14	1.45	0.83	1.22	0.75	0.98
Large Cap Growth	1.01	1.00	1.02	1.03	1.00	1.05	1.10	1.07	1.14	1.15	1.46	0.84	1.24	0.76	0.99
Large Cap Value	0.99	0.98	1.00	1.01	0.98	1.03	1.08	1.05	1.12	1.13	1.44	0.82	1.21	0.74	0.97
Mid Cap Core	0.98	0.98	0.99	1.00	0.97	1.02	1.07	1.05	1.11	1.12	1.43	0.82	1.21	0.74	0.96
Mid Cap Growth	1.01	1.00	1.02	1.03	1.00	1.05	1.10	1.07	1.14	1.15	1.47	0.84	1.24	0.76	0.99
Mid Cap Value	0.96	0.95	0.97	0.98	0.95	1.00	1.05	1.02	1.09	1.10	1.40	0.80	1.18	0.72	0.94
Small Cap Core	0.92	0.91	0.92	0.93	0.91	0.95	1.00	0.97	1.03	1.05	1.33	0.76	1.12	0.69	0.90
Small Cap Growth	0.94	0.93	0.95	0.96	0.93	0.98	1.03	1.00	1.06	1.08	1.37	0.78	1.15	0.71	0.92
Small Cap Value	0.89	0.88	0.89	0.90	0.88	0.92	0.97	0.94	1.00	1.01	1.29	0.74	1.09	0.67	0.87
Int'l. Developed	0.88	0.87	0.88	0.89	0.87	0.91	0.95	0.93	0.99	1.00	1.27	0.73	1.07	0.66	0.86
Emerging Markets	0.69	0.68	0.69	0.70	0.68	0.72	0.75	0.73	0.78	0.79	1.00	0.57	0.84	0.52	0.67
REITs	1.21	1.20	1.22	1.23	1.19	1.25	1.32	1.28	1.36	1.38	1.75	1.00	1.48	0.90	1.18
Commodities	0.82	0.81	0.82	0.83	0.81	0.85	0.89	0.87	0.92	0.93	1.18	0.68	1.00	0.61	0.80
Int. Bond	1.33	1.32	1.35	1.36	1.32	1.39	1.46	1.42	1.50	1.52	1.94	1.11	1.63	1.00	1.30
High Yield	1.02	1.01	1.03	1.04	1.01	1.06	1.12	1.09	1.15	1.17	1.49	0.85	1.25	0.77	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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