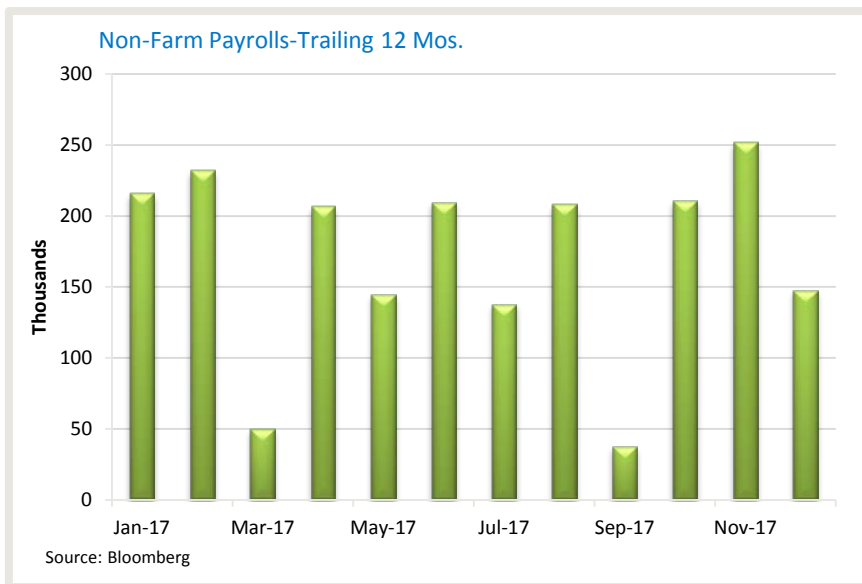


Weekly Market Review

January 12, 2018

Chart of the Week



Weekly Highlights

- **Treasury yields surged.** The yield on the 2-year Treasury bill, which is highly correlated to the federal funds rate, rose above 2%, a nine-year high; the yield on the 10-year Treasury jumped above 2.5%, closing in on 2.6%.
- **Stock markets continued to surge.** Stock markets worldwide continued to surge, with all major stock market indices already gaining nearly 4% year to date.
- **Global government bond yields also jumped.** The 10-year German government bond rose to 0.58%, a 14-basis points surge in just a week. Both the European Central Bank (ECB) and the Bank of Japan (BOJ) hinted they may scale down their respective bond-purchase programs earlier than previously planned.

Talking Points

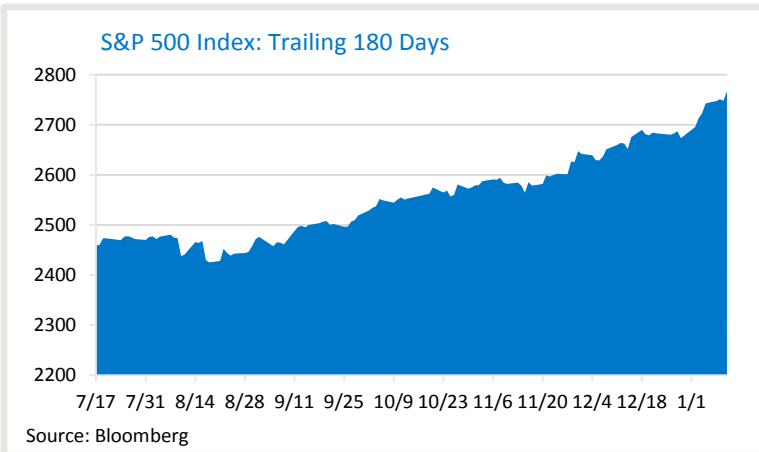
- **Among equities,** small caps outperformed large caps; value stocks led growth stocks; domestic stocks outperformed international stocks; and emerging markets trailed developed markets.
- **Treasury yields surged.** The yield on the 10-Year Treasury Note rose above 2.5%, closing in on the 2.6% level.
- **Commodity indices rose.** Crude oil prices jumped, with WTI crude ending the week at round \$64 per barrel.
- **The dollar continued to slide.** The dollar index fell to a three-year low, back to the level last seen in January 2015.
- **Among major economic data:** December 2017 headline consumer price index (CPI) rose 2.1% year over year, and core CPI rose 1.8% year over year, respectively, indicating inflation is still tame; December 2017 retail sales rose a solid 0.4% from November.

Market Dashboard

	Last Price	Change	% Chg.	YTD %
S&P 500	2,786.24	43.09	1.57%	4.2%
Dow Industrials	25,803.19	507.32	2.01%	4.4%
Nasdaq	7,261.06	124.50	1.74%	5.2%
Russell 2000	1,591.97	31.96	2.05%	3.7%
Euro Stoxx Index	398.49	1.14	0.29%	2.4%
Shanghai Composite	3,428.94	37.19	1.10%	3.7%
Russell Global	2,212.80	13.99	0.64%	3.2%

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

	Last Price	Change	% Chg.	YTD %
Russell Global EM	3,764.41	-7.62	-0.20%	3.3%
10-Year US Treas.	2.55	8 bps	NM	NM
DJ UBS Comm. Idx.	88.76	0.84	0.96%	0.7%
Gold	\$1,338.35	\$19.24	1.46%	2.8%
Crude Oil	\$64.48	\$3.00	4.88%	6.7%
Dollar Index	90.94	-1.00	-1.09%	-1.3%
VIX Index	10.16	0.94	10.20%	-8.0%



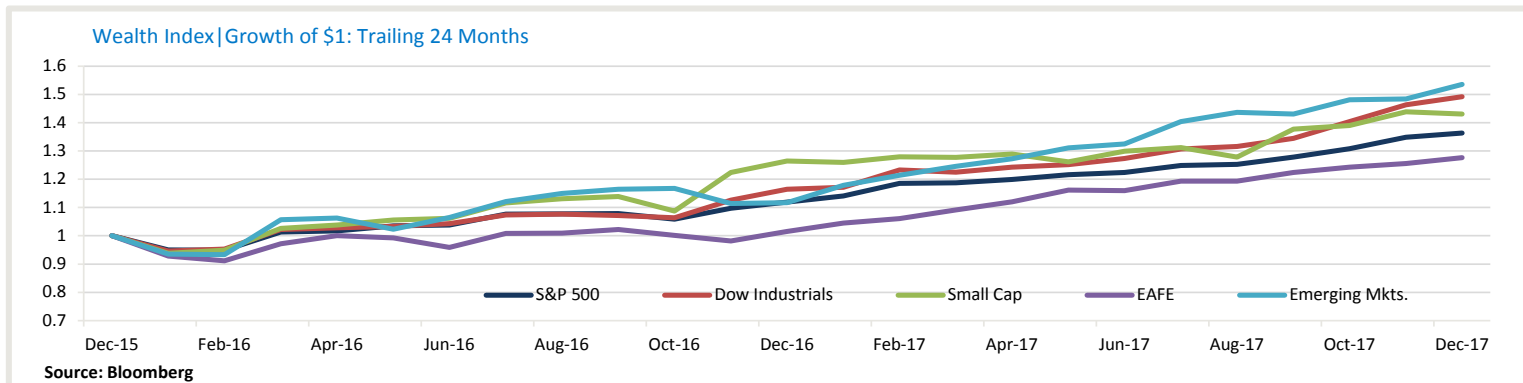
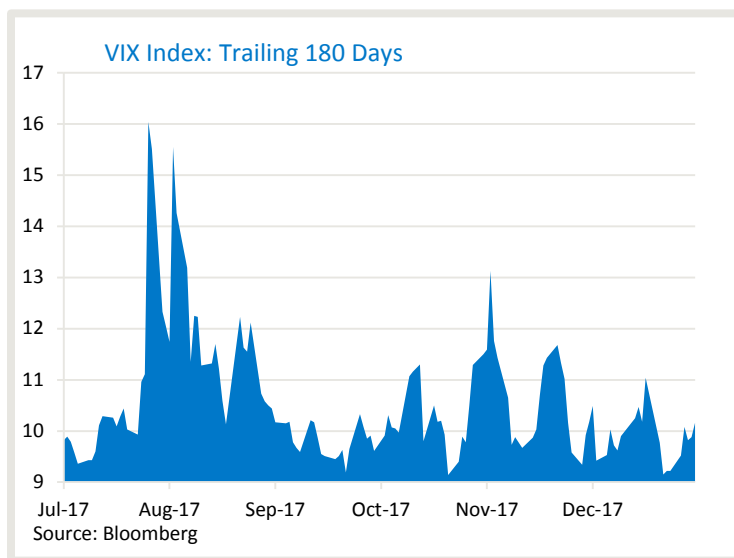
	One Week			YTD		
	Value	Growth		Value	Growth	
L	1.65%	1.59%	1.54%	3.61%	4.35%	5.00%
	1.35%	1.50%	1.70%	2.59%	3.51%	4.70%
S	2.26%	2.05%	1.85%	3.46%	3.68%	3.88%

Source: Bloomberg

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

	% Wgt in S&P 500	Week % Chg.	YTD % Chg.
Consumer Discretionary	12.5	3.12%	6.5%
Consumer Staples	7.8	-0.55%	-0.4%
Energy	6.3	3.18%	7.2%
Financials	14.8	2.88%	4.6%
Health Care	13.9	1.74%	5.0%
Industrials	10.5	3.24%	6.1%
Information Technology	24.0	0.88%	5.1%
Materials	3.0	0.77%	4.8%
Real Estate	2.6	-3.45%	-5.3%
Telecom Services	1.9	-2.11%	-3.4%
Utilities	2.7	-2.09%	-4.5%

Source: Bloomberg



The Economy and Markets

A Macro View: “Suspicious Minds”—Keeping the Bears at Bay

In honor of Elvis Presley’s birthday this week, we pay homage to the King of Rock and Roll by marrying the idea of money and music in our discussion of the stock market’s continued resilience. If investors are familiar with Elvis to any degree, then they most likely recognize “Suspicious Minds” as one of his top hits. We can draw parallels to the song on some levels as we contemplate the euphoria with which investors have embraced the stock market’s climb. The S&P 500, NASDAQ, and Dow Indices are off to a tremendous start in 2018, up 3.4%, 4.3%, and 3.3%, respectively, in the first eight trading days alone. The Dow surpassed 25,000 last week and is well on its way to 26,000. Additionally, despite a brief pullback on Wednesday, following concerns that the US may pull out of the North American Free Trade Agreement (NAFTA) and that China may cut back on its purchases of US Treasuries, the leading indices re-emerged Thursday unscathed. And they had renewed wind in their sails, as China dispelled rumors, oil inched higher, and earnings season kicked off with a strong start. An exhilarating energy is in the air, and it certainly seems unstoppable.

*We can't go on together
With suspicious minds
And we can't build our dreams
On suspicious minds
---Elvis Presley, 1969*

On the one hand, the bears caution that the sheer height of the indices alone should merit some pause. Among their peak worries, of course, are inflation and that central banks around the globe could tighten quicker than expected, wreaking havoc on bond prices and, potentially, even the equity markets. Bears are concerned that valuations are already frothy and many companies are overvalued. However, if investors are fearful regarding equities, they aren’t showing it—as evidenced by the CBOE Volatility Index (VIX) continuing to hover around 9.8, near its all-time historical low.

Bonds were ‘all shook up’ on Wednesday, as investors retreated from fixed income over fears of higher yields and falling bond prices. Treasury prices came under pressure, as the market showed sensitivity toward interest rate policy changes by the European Central Bank (ECB) and the Bank of Japan (BOJ), as well as a report that China may scale back its purchase of US government bonds. US bond prices retreated further on Friday in response to a higher-than-expected December Core CPI reading of 0.4%—with the yield on the 10-year US Treasury Note creeping up close to 2.6%—as investors demonstrated concern that inflation could put further pressure on the Federal Reserve’s speed and trajectory of interest rate hikes.

Among other leading indicators this week, Monday’s consumer credit reading from the Federal Reserve revealed the largest monthly increase since 2001, with outstanding consumer credit increasing from \$20.6 billion in October to \$27.9 billion in November. Retail sales showed continued strength, increasing 0.8% in November, up from an upwardly revised 0.5% increase in October, and rose an additional 4% in December according to the U.S. Department of Commerce. And, the US dollar decreased relative to a basket of major currencies, due to a lower-than-expected reading in December for US Producer prices. Initial jobless claims increased from 250,000 to 261,000. Also noteworthy, Walmart raised its minimum hourly wage this week to \$11 per hour, and expanded employee benefits and bonuses.

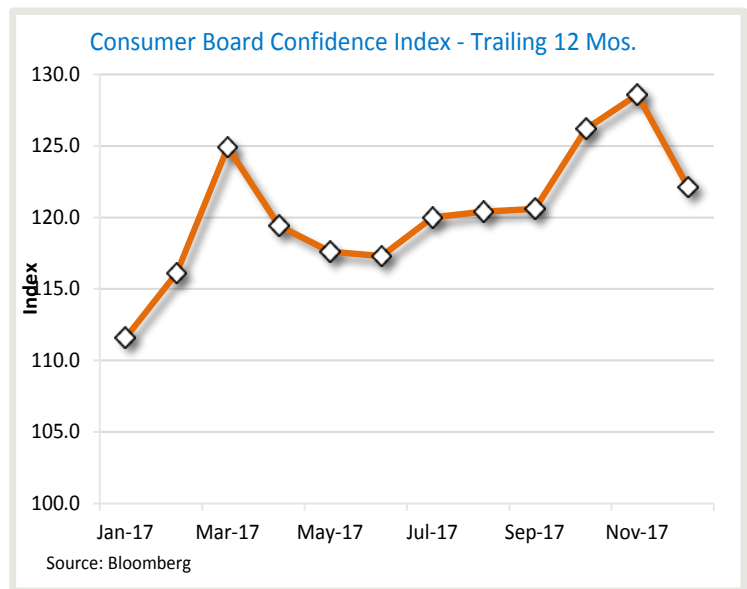
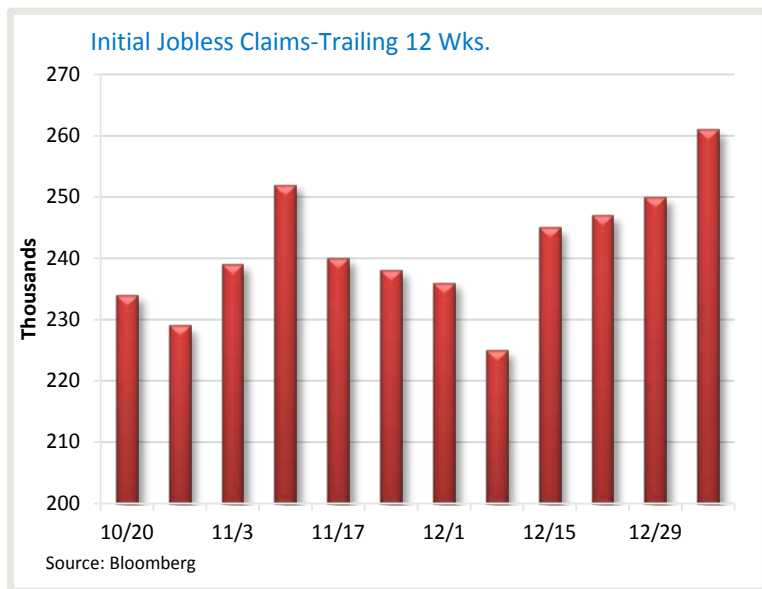
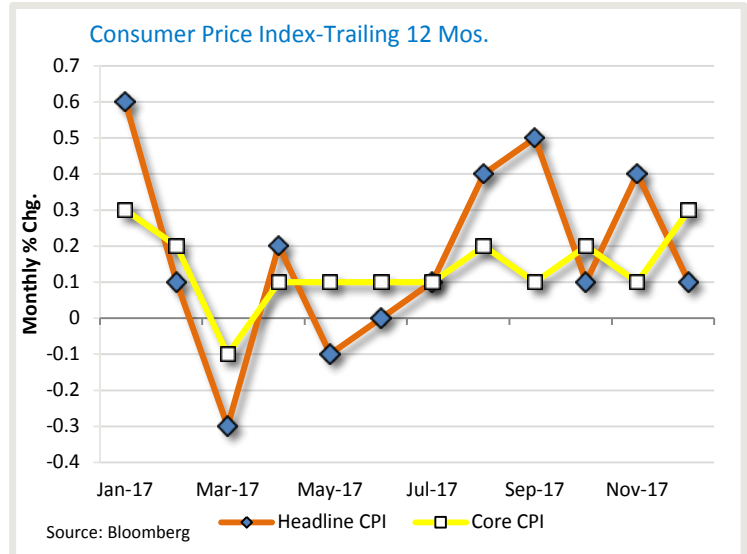
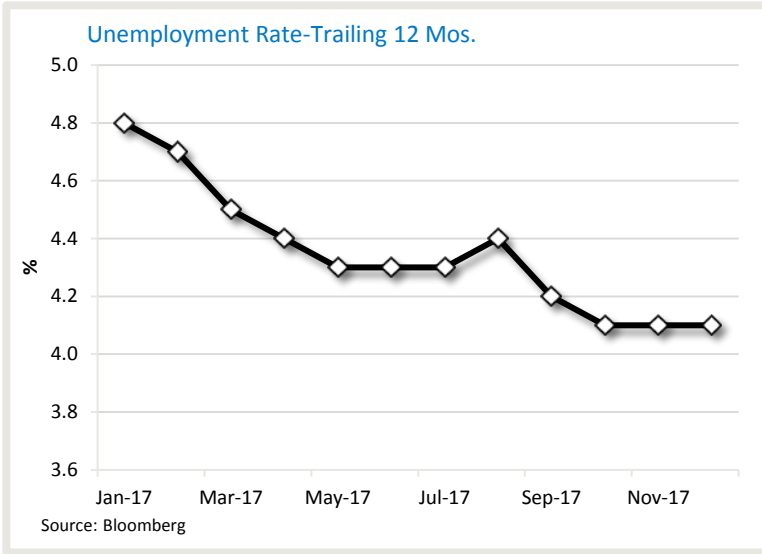
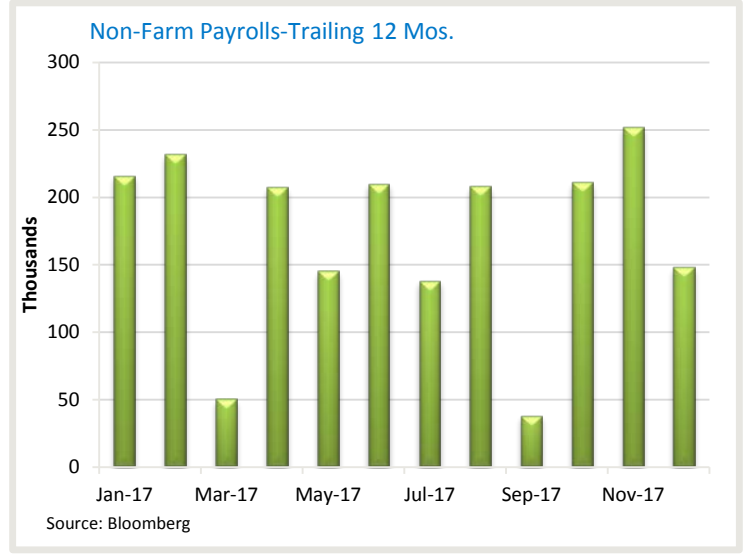
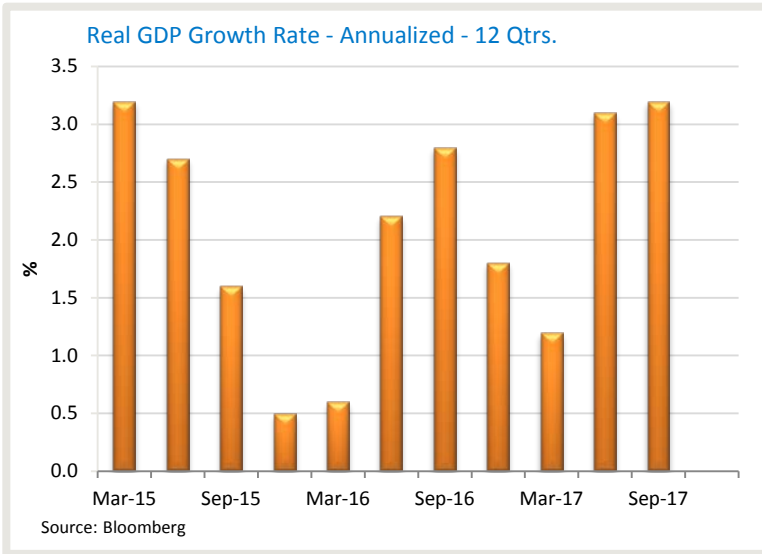
Looking abroad, the ECB released minutes from its December meeting on Thursday, revealing the possibility of an announcement of a change in direction in its bond purchases as early as January, given strong growth in the region. The euro hit a three-year high on prospects of higher interest rates, and the yield on the German Bund rose, as Germany made progress in its coalition negotiations. Earlier this week, the BOJ announced that it would begin reducing its purchases of Japanese government bonds, sending its currency and bond yields higher on Tuesday. Bloomberg also released a report on Wednesday that suggested the Chinese government would look to cut back on its purchases of US government bonds, but China was quick to rebuff that suspicion as unfounded.

All in all, the preponderance of economic data appears to favor investors’ inclination to stay the course. For now, the US economy is doing well, and both business and consumer confidence are strong. Companies have cash on hand, and they’re spending it, bolstered by the prospective benefits of the new tax reform law. Bloomberg estimates that corporate profits will be up 15% in 2018. So, where are the bears? Well, it appears they’ve exited stage right faster than Elvis could leave the building. So, as the King would say, “*Dry the tears from your eyes, let’s don’t let a good thing die.*” It’s looking like the stock market will continue to ‘melt up’ long before it melts down.

*Cynthia Crandall, CAIA
VP, Senior Investment Analyst*

Source: Bloomberg

Economic Data



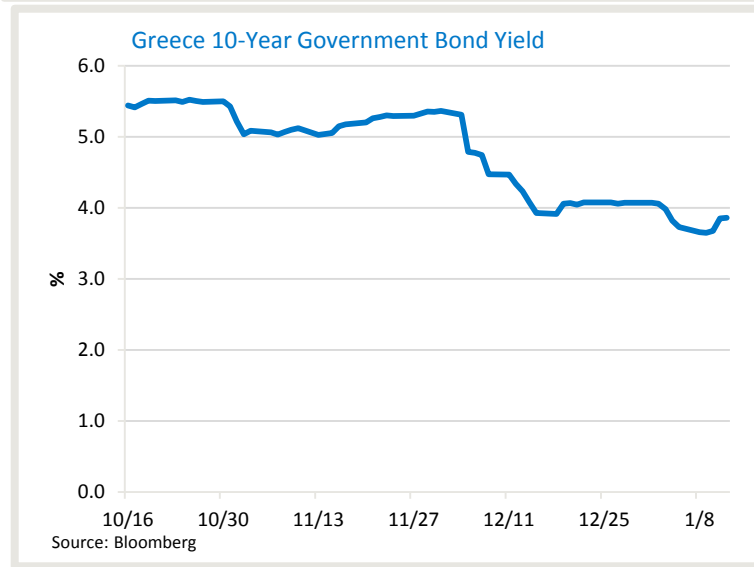
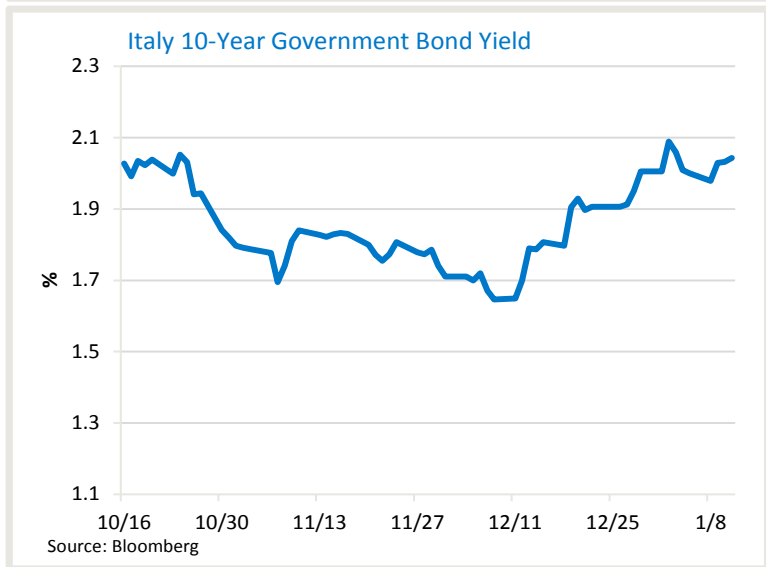
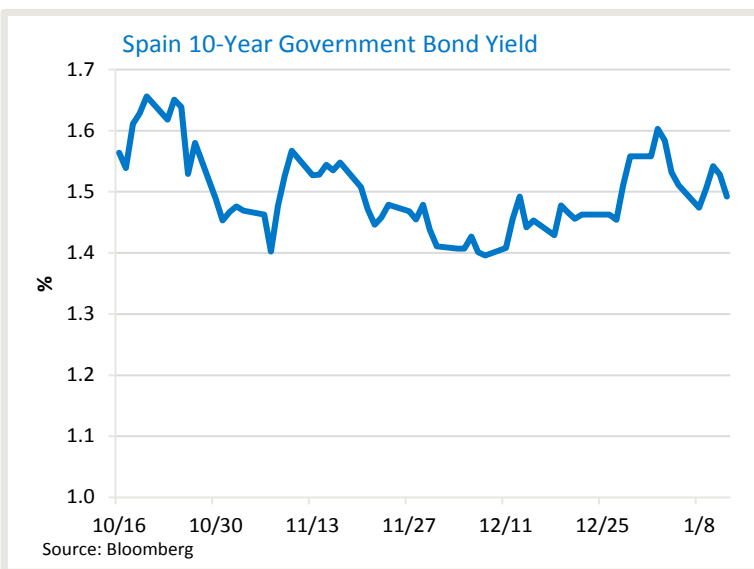
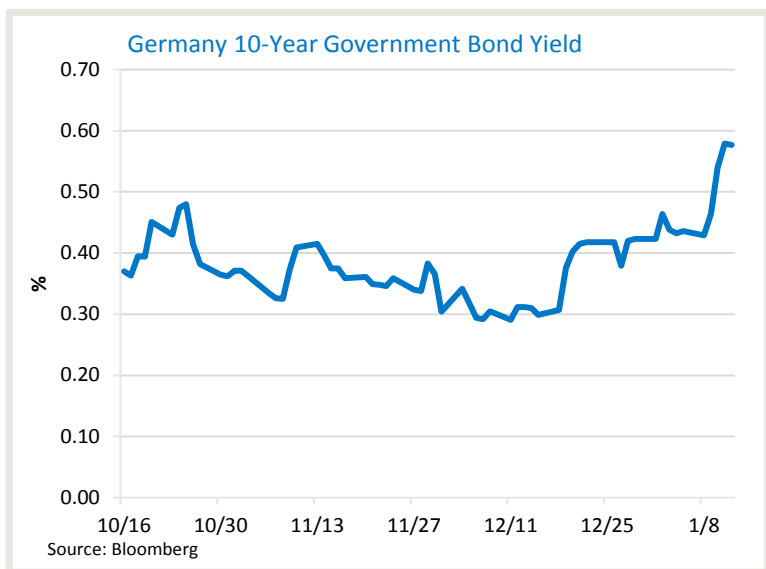
Eurozone

SELECTED EUROPEAN SOVEREIGN YIELD PERFORMANCE

	Last	Change	% Chg.	YTD %
Germany 10-Yr. Govt.	0.58	0 bps	NM	NM
Greece 10-Yr. Govt.	3.86	-11 bps	NM	NM
Italy 10-Yr. Govt.	1.98	2 bps	NM	NM
Spain 10-Yr. Govt.	1.49	2 bps	NM	NM
Belgium 10-Yr. Govt.	0.72	-6 bps	NM	NM

	Last	Change	% Chg.	YTD %
France 10-Yr. Govt.	0.85	-5 bps	NM	NM
Ireland 10-Yr. Govt.	0.98	-5 bps	NM	NM
Portugal 10-Yr. Govt.	1.78	12 bps	NM	NM
Netherlands 10-Yr. Govt.	0.61	-7 bps	NM	NM
U.K. 10-Yr. Govt.	1.34	-11 bps	NM	NM

Source: Bloomberg
Basis points (bps)

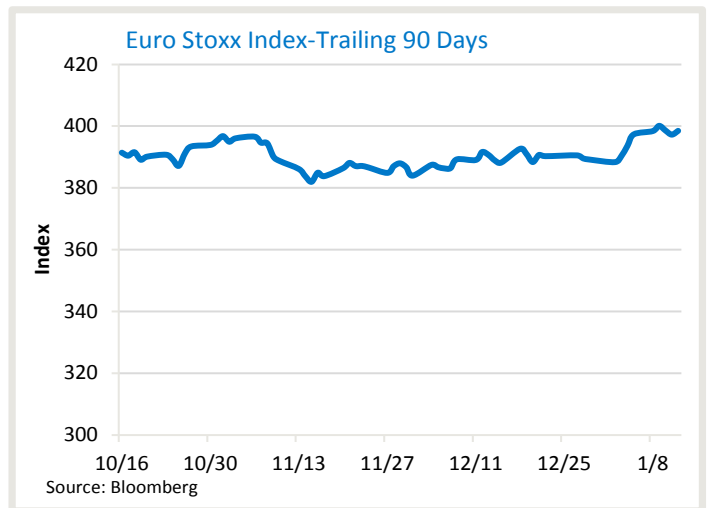
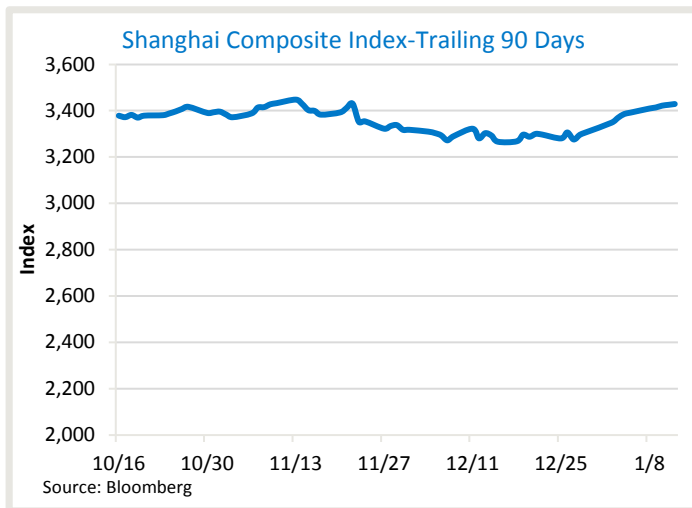
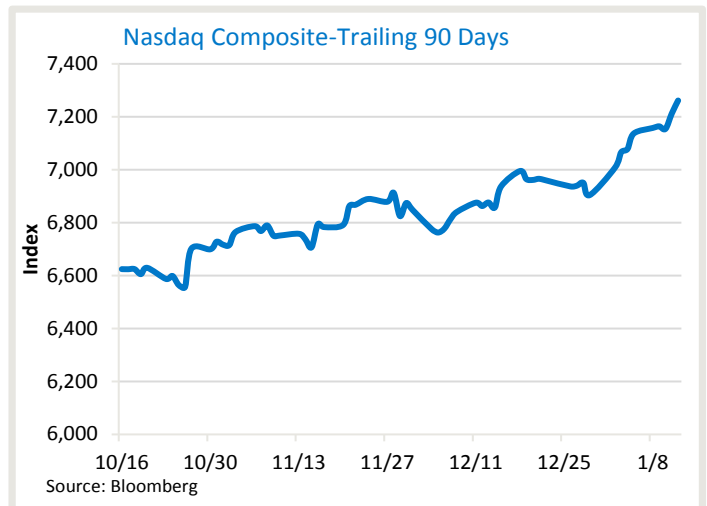
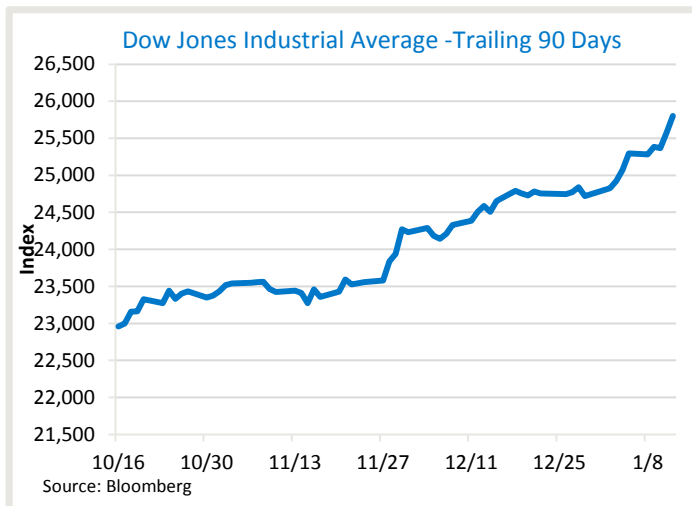


Equities

WORLD MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
S&P 500	2,786.24	43.09	1.57%	4.21%	Swiss Market Index	9,546.61	-10.37	-0.11%	1.76%
Dow Industrials	25,803.19	507.32	2.01%	4.39%	CAC 40 Index (France)	5,517.06	46.31	0.85%	3.85%
Nasdaq Composite	7,261.06	124.50	1.74%	5.18%	DAX Index (Germany)	13,245.03	-74.61	-0.56%	2.53%
Russell Global	2,212.80	13.99	0.64%	3.2%	Irish Overall Index	7,074.44	-99.70	-1.39%	0.51%
Russell Global EM	3,764.41	-7.62	-0.20%	3.3%	Nikkei 225	23,653.82	147.49	0.63%	3.90%
S&P/TSX (Canada)	16,308.18	-41.26	-0.25%	0.61%	Hang Seng Index	31,412.54	597.90	1.94%	4.99%
Mexico IPC	49,135.91	-708.27	-1.42%	-0.35%	Shanghai Composite	3,428.94	37.19	1.10%	3.68%
Brazil Bovespa	79,349.12	277.65	0.35%	3.86%	Kospi Index (S. Korea)	2,496.42	-1.10	-0.04%	1.17%
Euro Stoxx 600	398.49	1.14	0.29%	2.39%	Taiwan Taiex Index	10,883.96	4.16	0.04%	2.27%
FTSE 100	7,778.64	54.42	0.70%	1.18%	Tel Aviv 25 Index	1,531.65	-4.24	-0.28%	1.45%
IBEX 35 (Spain)	10,462.40	51.00	0.49%	4.17%	MICEX Index (Russia)	2,262.38	54.97	2.49%	7.24%

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



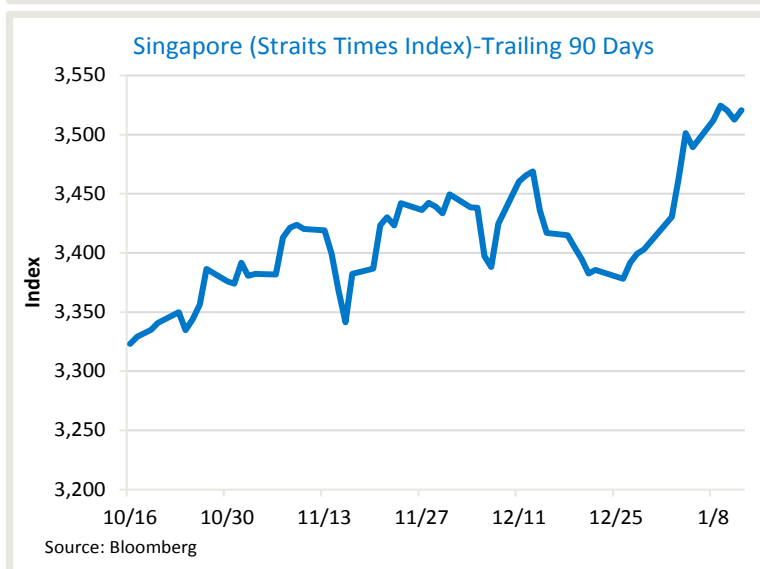
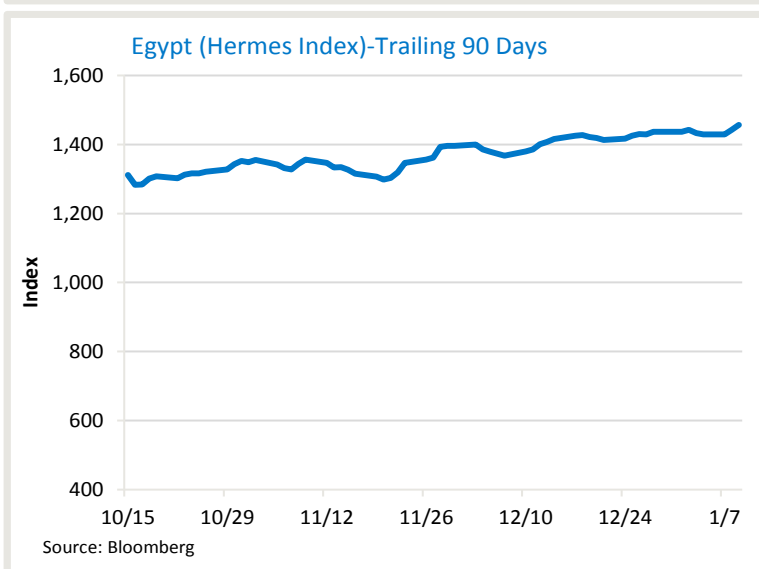
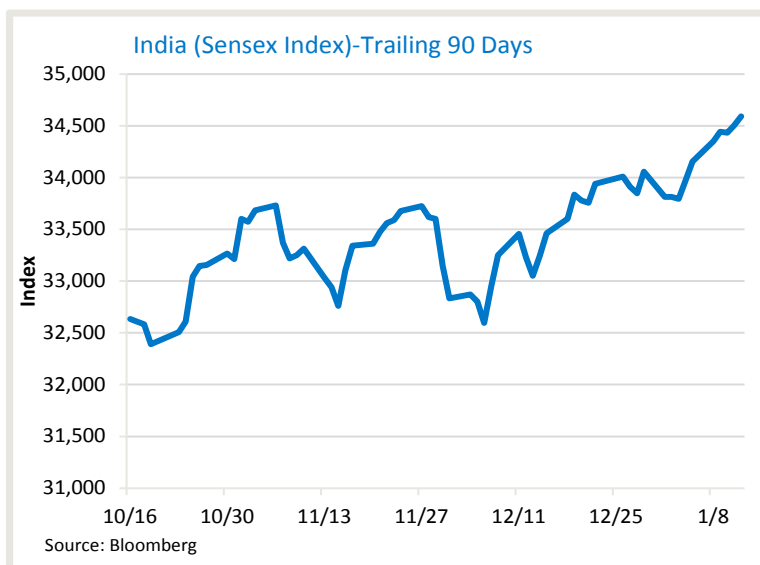
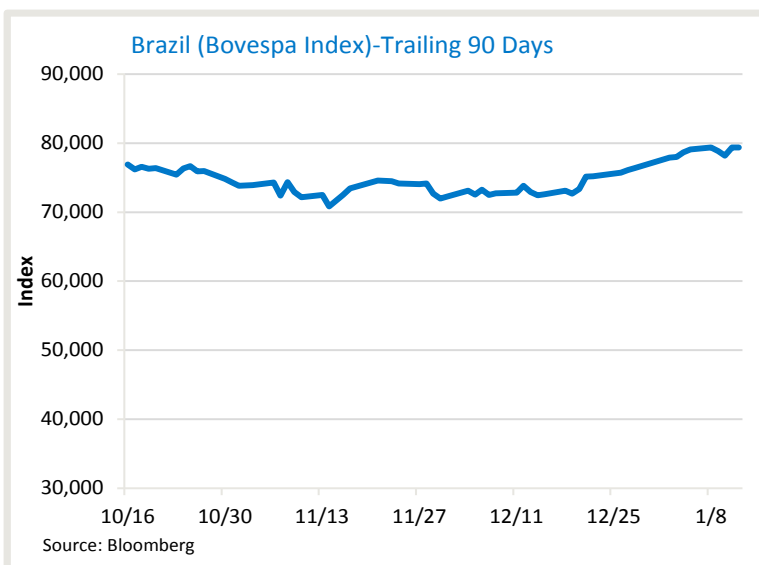
Equities – Emerging and Frontier Markets

EMERGING AND FRONTIER MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
Mexico IPC	49,135.91	-708.27	-1.4%	-0.4%
Brazil (Bovespa Index)	79,349.12	277.65	0.4%	3.9%
MICEX Index (Russia)	2,262.38	54.97	2.5%	7.2%
Czech Republic (Prague)	1,108.81	3.49	0.3%	2.8%
Turkey (Istanbul)	114,644.62	-1993.30	-1.7%	-0.6%
Egypt (Hermes Index)	1,480.71	51.43	3.6%	3.0%
Kenya (Nairobi 20 Index)	3,708.75	-4.66	-0.1%	-0.1%
Saudi Arabia (TASI Index)	7,338.04	60.98	0.8%	1.5%
Lebanon (Beirut BLOM Index)	1,162.66	1.23	0.1%	1.2%
Palestine	578.10	3.38	0.6%	0.6%

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

	Last	Change	% Chg.	YTD %
Hang Seng Index	31,412.54	597.90	1.9%	5.0%
India (Sensex 30)	34,592.39	438.54	1.3%	1.6%
Malaysia (KLCI Index)	1,822.67	4.70	0.3%	1.4%
Singapore (Straits Times Index)	3,520.56	31.11	0.9%	3.5%
Thailand (SET Index)	1,810.19	14.74	0.8%	3.2%
Indonesia (Jakarta)	6,370.07	16.33	0.3%	0.2%
Pakistan (Karachi KSE 100)	42,933.72	409.73	1.0%	6.1%
Vietnam (Ho Chi Minh)	1,050.11	37.46	3.7%	6.7%
Sri Lanka (Colombo)	6,473.62	-41.11	-0.6%	1.6%
Cambodia (Laos)	977.04	-8.55	-0.9%	-2.1%

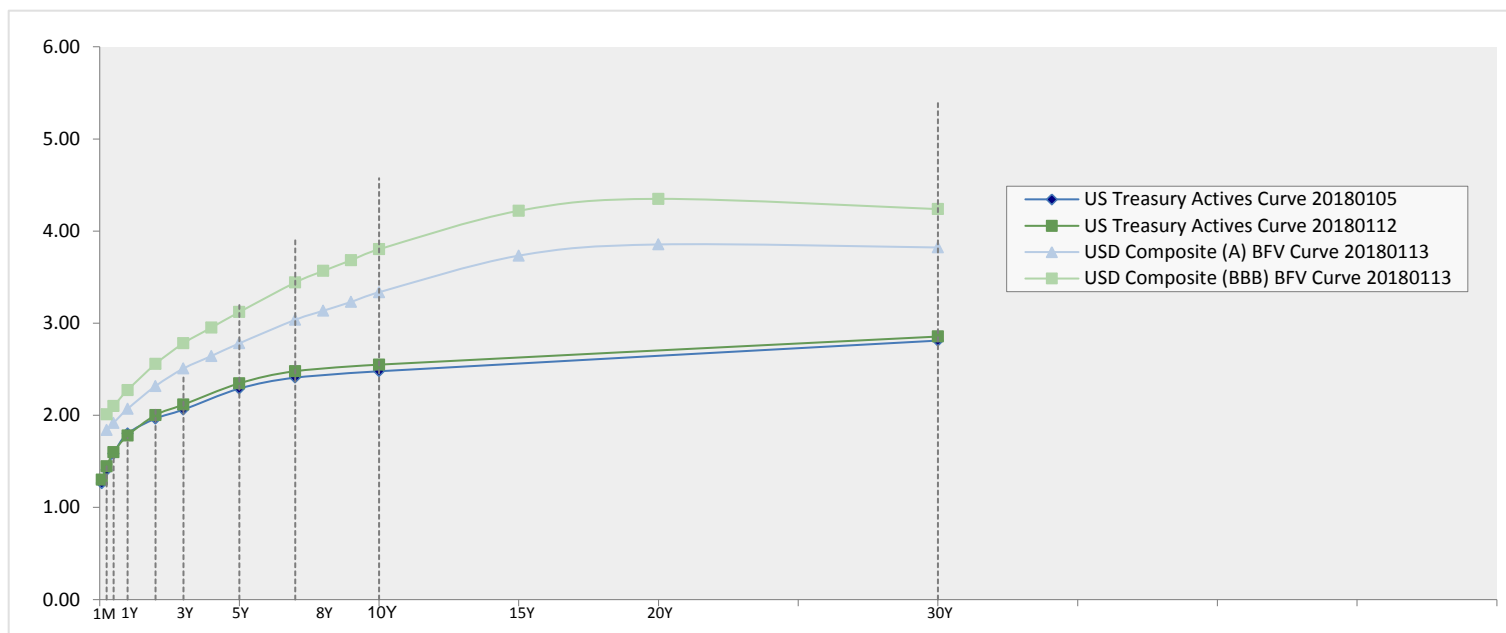


Interest Rates

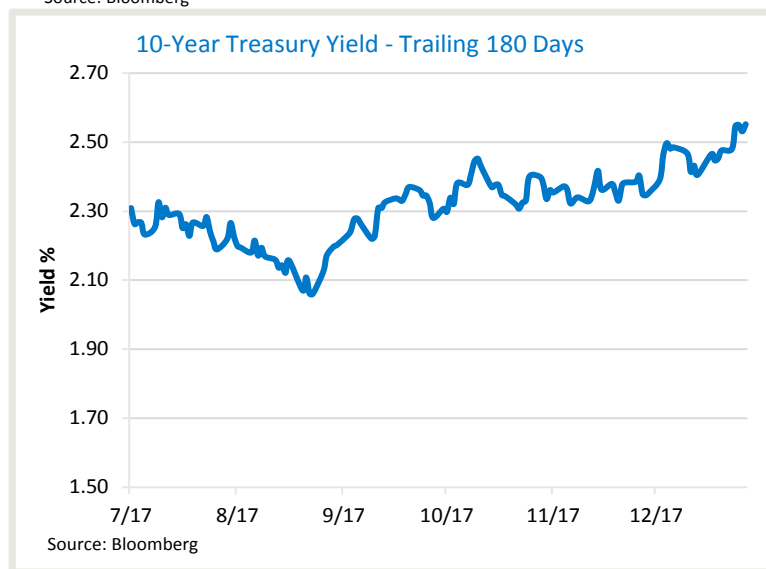
SELECTED INTEREST RATES

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
2-Yr. U.S. Treasury	2.00%	-1 bps	NM	NM	Prime Rate	4.50%	0.00	NM	NM
5-Yr. U.S. Treasury	2.35%	6 bps	NM	NM	Fed Funds Rate	1.50%	0.00	NM	NM
10-Yr. U.S. Treasury	2.55%	8 bps	NM	NM	Discount Rate	2.00%	0.00	NM	NM
30-Yr. U.S. Treasury	2.85%	4 bps	NM	NM	LIBOR (3 Mo.)	1.72%	2 bps	NM	NM
German 10-Yr. Govt.	0.58%	0 bps	NM	NM	Bond Buyer 40 Muni	3.51%	14 bps	NM	NM
France 10-Yr.	0.85%	-5 bps	NM	NM	Bond Buyer 40 G.O.	3.54%	NA	NM	NM
Italy 10-Yr.	1.98%	2 bps	NM	NM	Bond Buyer 40 Rev.	4.03%	NA	NM	NM
Fed 5-Yr Fwd BE Inf.	1.98%	2 bps	NM	NM					

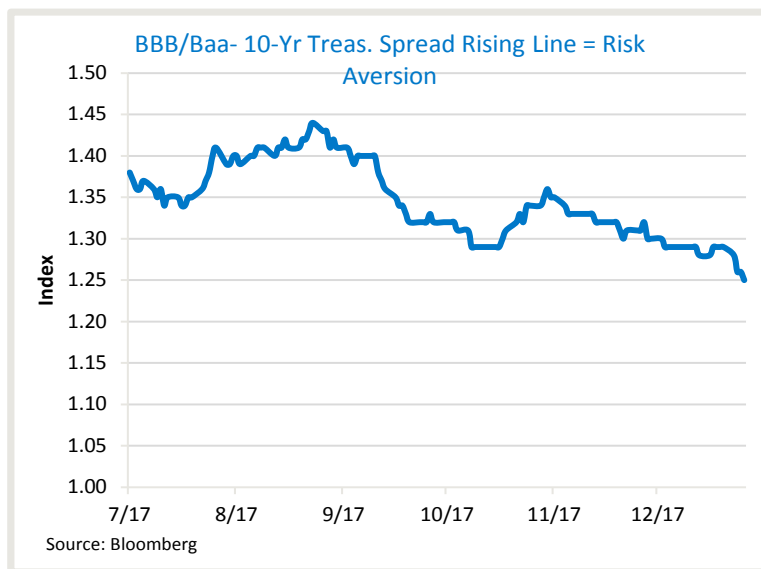
Source: Bloomberg



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg

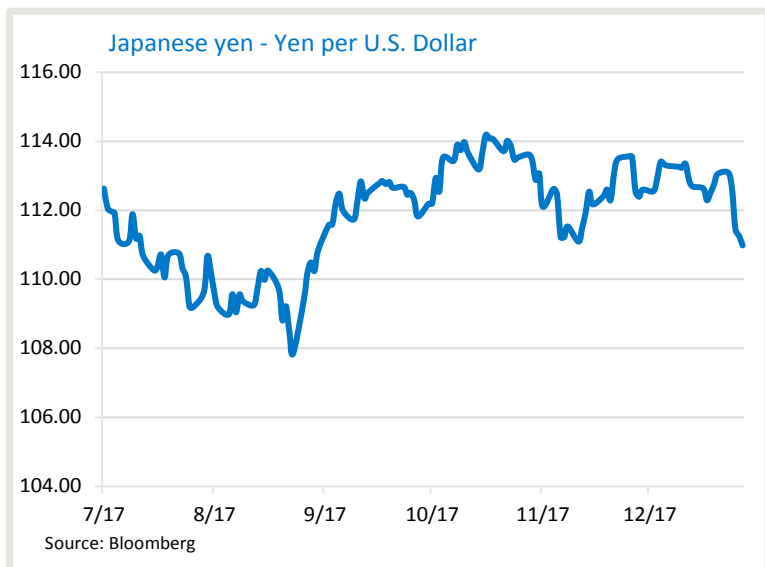
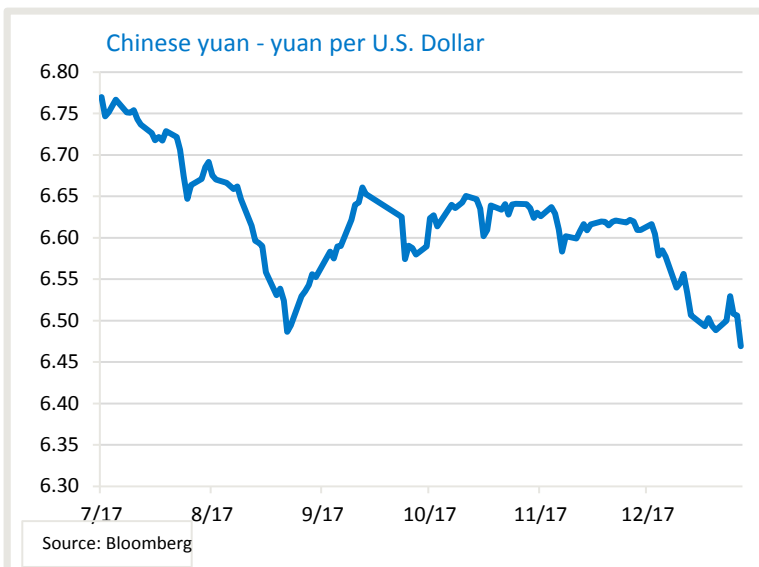
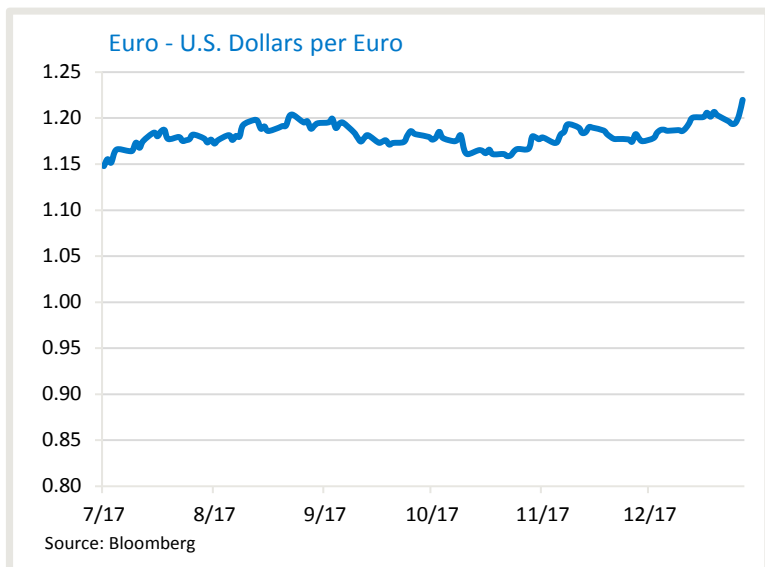
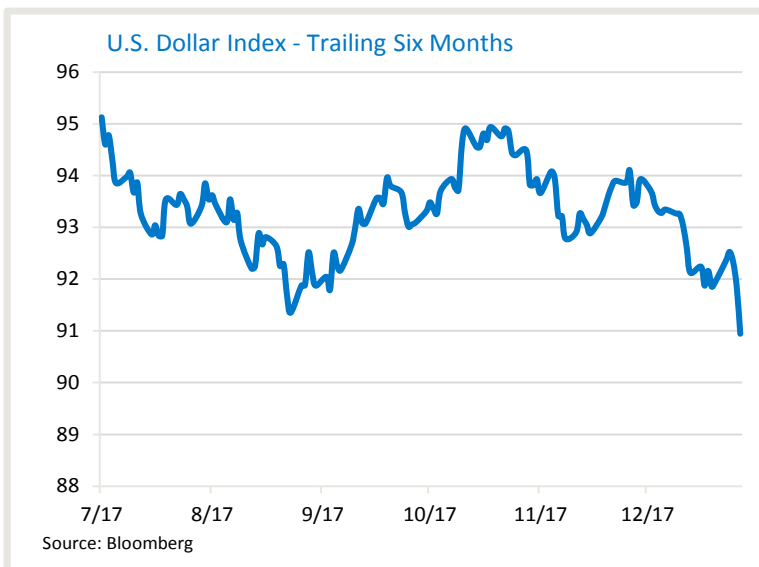
Currencies

SELECTED CURRENCY PERFORMANCE

	Last	Change	% Chg.	YTD %
Dollar Index	90.94	-1.005	-1.09%	-1.28%
Euro	1.22	0.017	1.41%	1.62%
Japanese Yen	111.00	-2.070	1.87%	1.54%
British Pound	1.37	0.017	1.23%	1.67%
Canadian Dollar	1.25	0.005	-0.41%	0.87%

	Last	Change	% Chg.	YTD %
Chinese Yuan	6.47	-0.019	0.30%	0.58%
Swiss Franc	0.97	-0.007	0.77%	0.72%
New Zealand Dollar	0.73	0.009	1.24%	2.31%
Brazilian Real	3.21	-0.024	0.73%	3.21%
Mexican Peso	19.04	-0.136	0.71%	3.23%

Source: Bloomberg

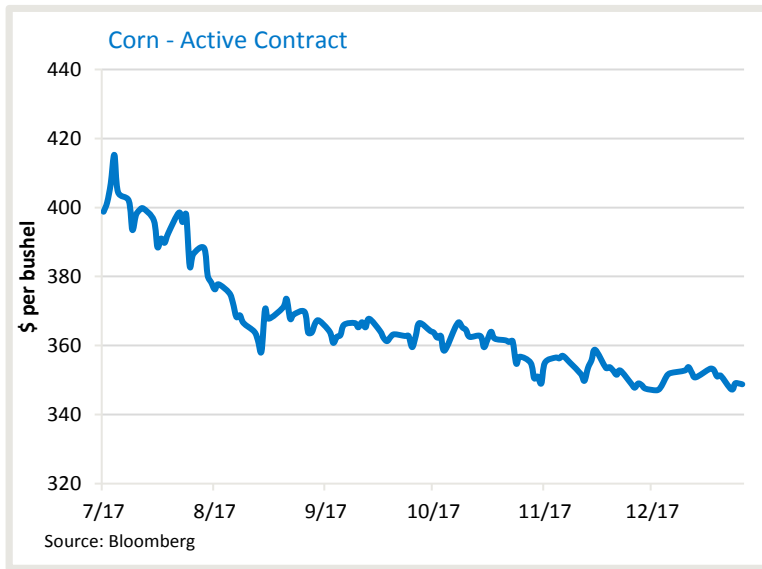
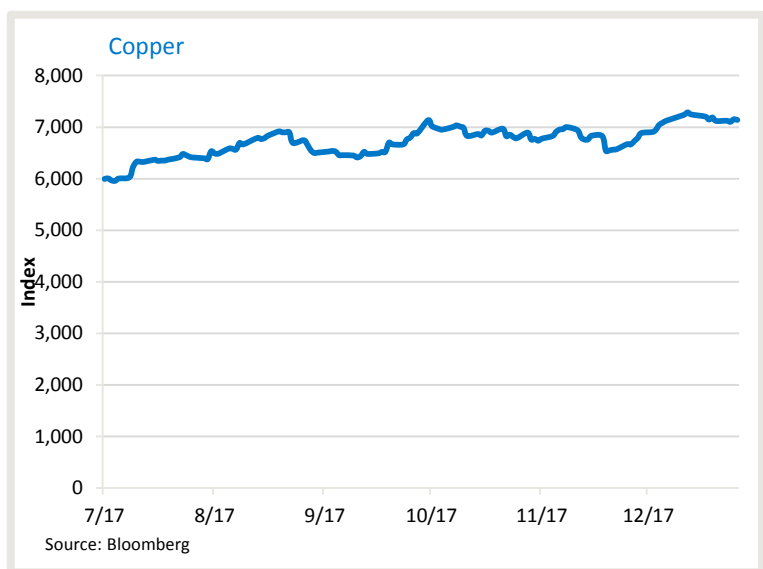
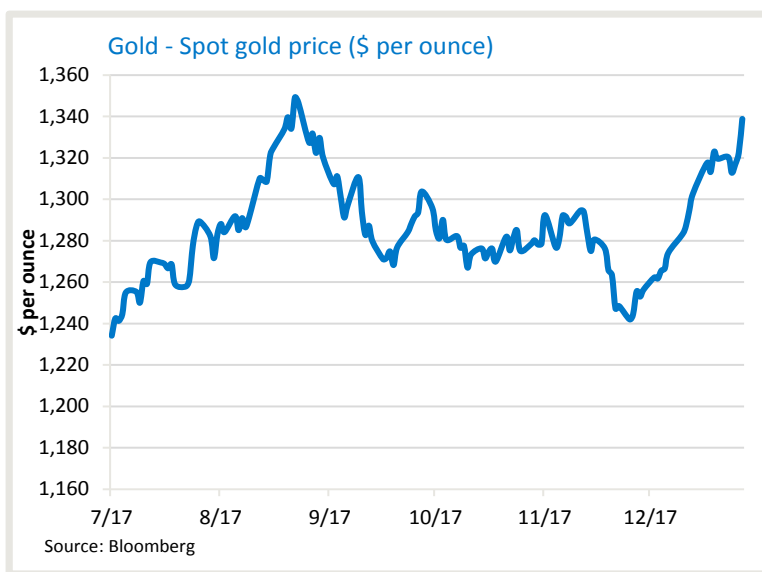
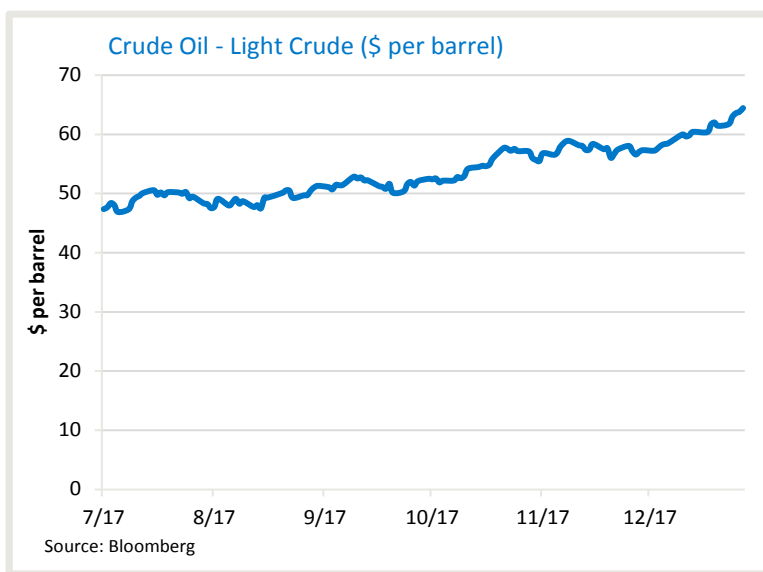


Commodities

SELECTED COMMODITY MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
Bloomberg Comm. Idx.	88.76	0.84	0.96%	0.67%	Platinum Spot	\$994.47	\$25.92	2.67%	7.21%
Crude Oil	\$64.47	\$3.00	4.88%	6.65%	Corn	346.25	-5.00	-1.42%	-1.28%
Natural Gas	\$3.20	\$0.41	14.63%	8.50%	Wheat	420.50	-10.25	-2.38%	-1.52%
Gasoline (\$/Gal.)	\$2.52	\$0.03	1.20%	1.37%	Soybeans	960.50	-10.25	-1.06%	-0.13%
Heating Oil	208.75	2.90	1.41%	0.95%	Sugar	14.18	-0.90	-5.97%	-6.46%
Gold Spot	\$1,338.40	\$19.24	1.46%	2.77%	Orange Juice	136.20	-1.80	-1.30%	-0.47%
Silver Spot	\$17.25	\$0.04	0.25%	1.93%	Aluminum	2,175.50	-27.00	-1.23%	-4.08%
					Copper	7,140.50	19.50	0.27%	-1.47%

Source: Bloomberg; % change is based on price.

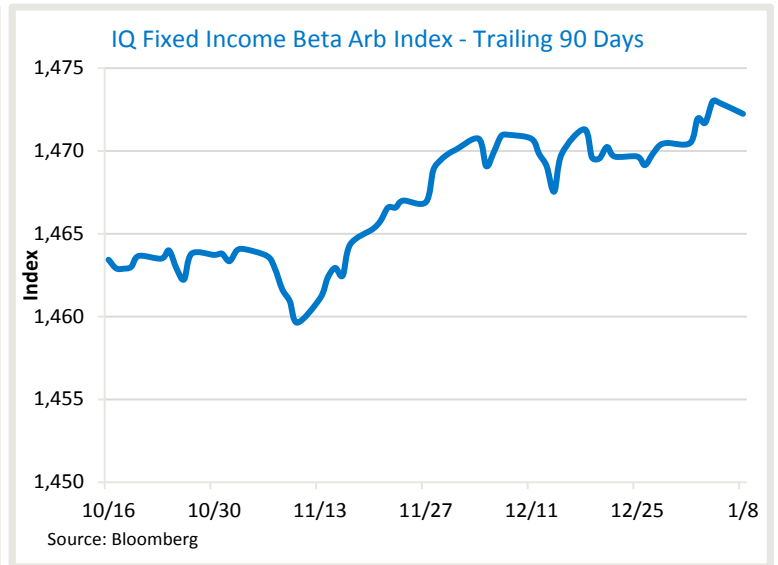
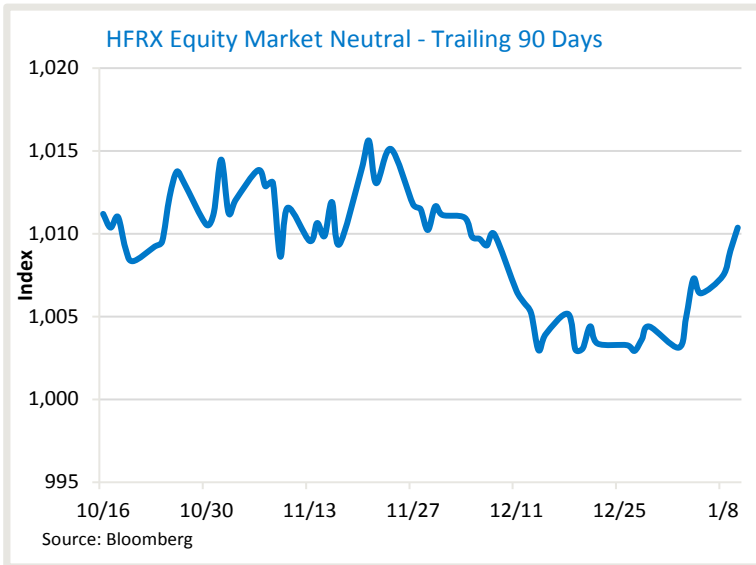
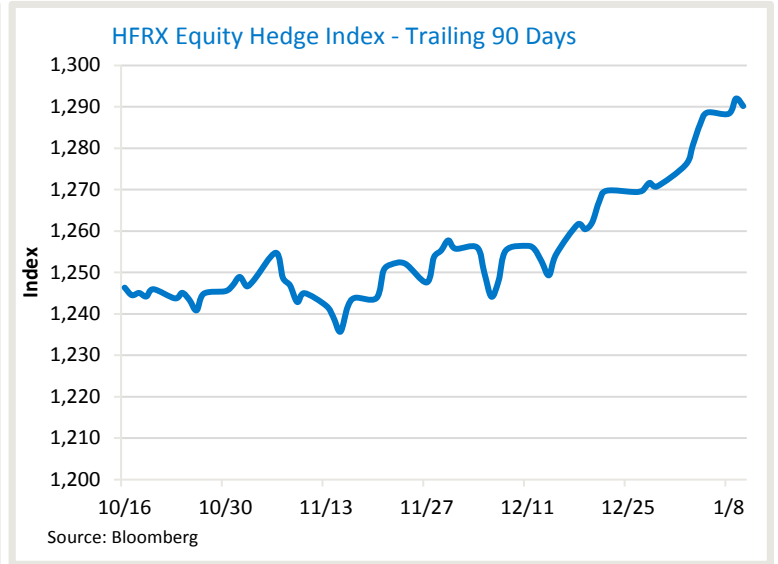
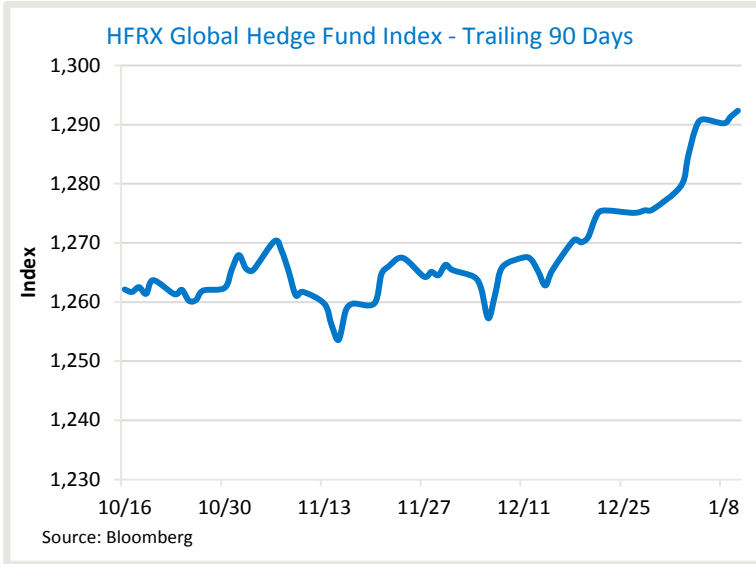


Alternative Investments

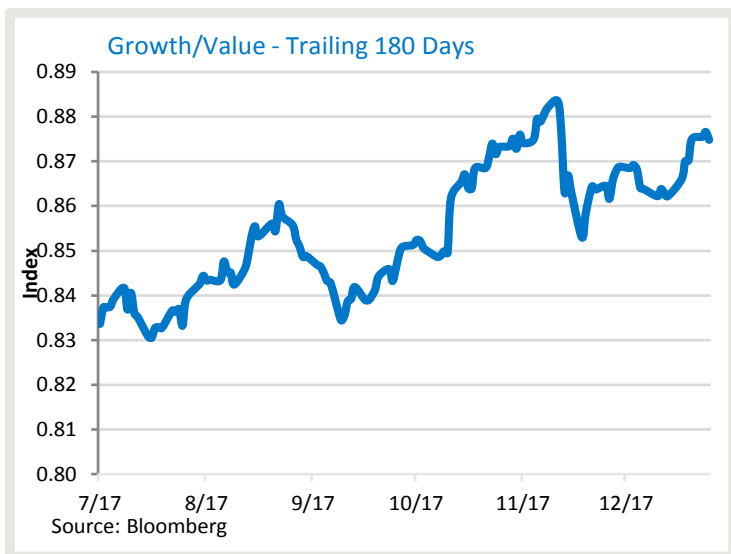
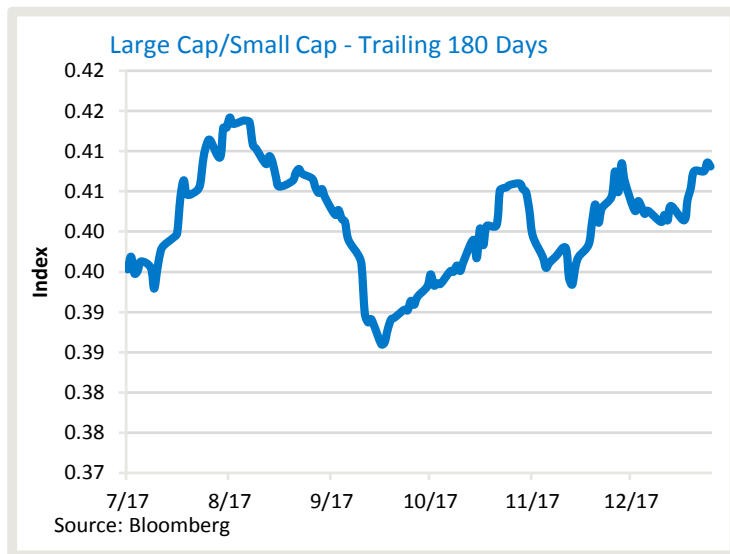
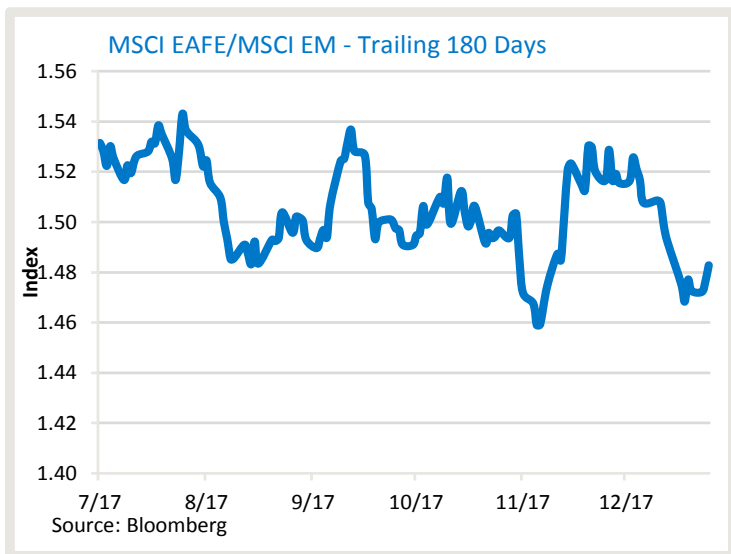
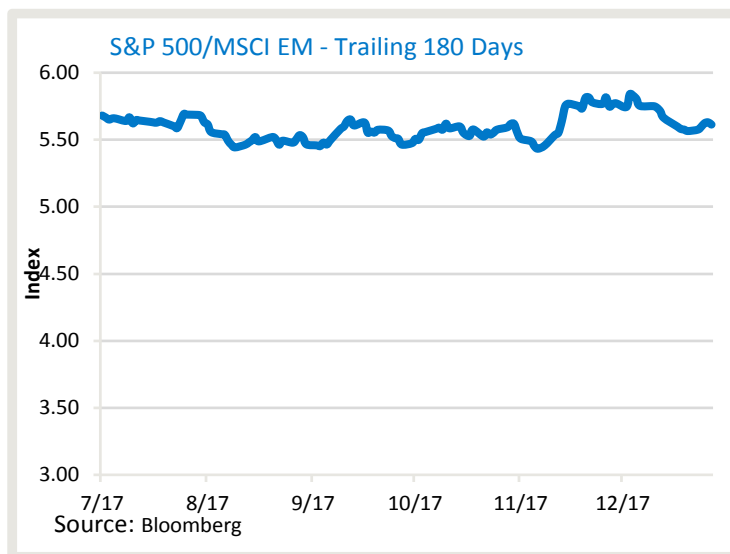
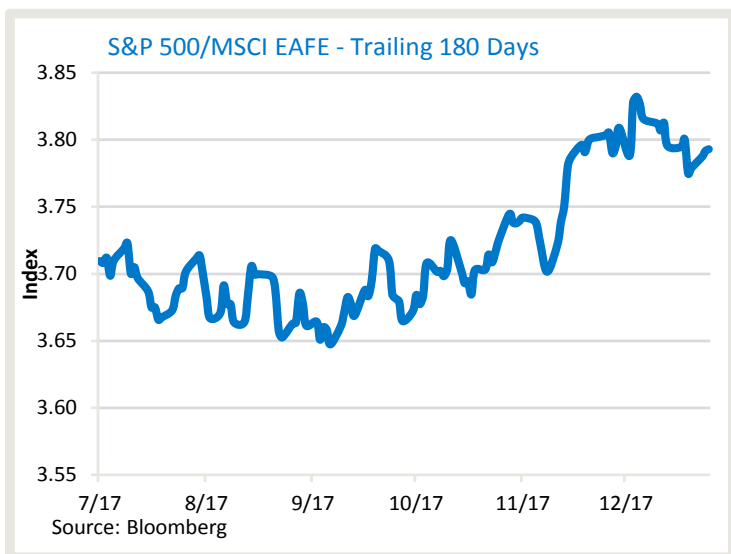
SELECTED ALTERNATIVE INVESTMENT INDEX PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
HFRX Global Hedge Fund Index	1292.35	1.48	0.11%	1.31%	HFRX Distressed Index	1117.18	1.26	0.11%	0.95%
HFRX Equity Market Neutral	1010.37	3.97	0.39%	0.59%	HFRX Merger Arbitrage Index	1855.43	0.74	0.04%	0.13%
HFRX Equity Hedge Index	1290.18	1.56	0.12%	1.53%	HFRX Convertible Arbitrage Index	796.56	2.19	0.28%	0.04%
HFRX Event-Driven Index	1690.82	2.63	0.16%	1.51%	HFRX Macro CTA Index	1187.12	2.99	0.25%	2.00%
HFRX Absolute Return Index	1066.63	0.19	0.02%	0.32%	IQ Fixed Income Beta Arb Index	1476.88	4.01	0.27%	0.44%

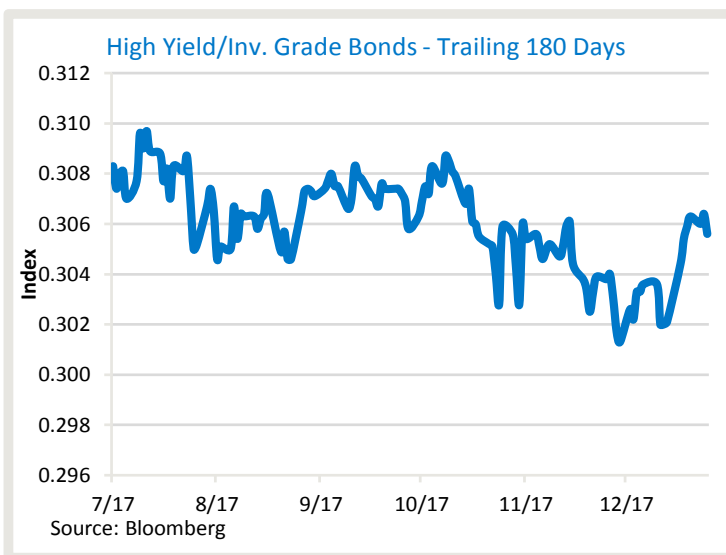
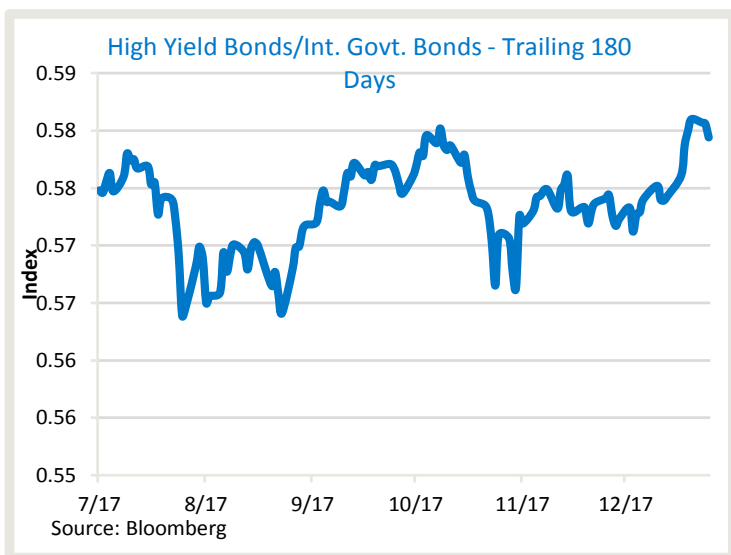
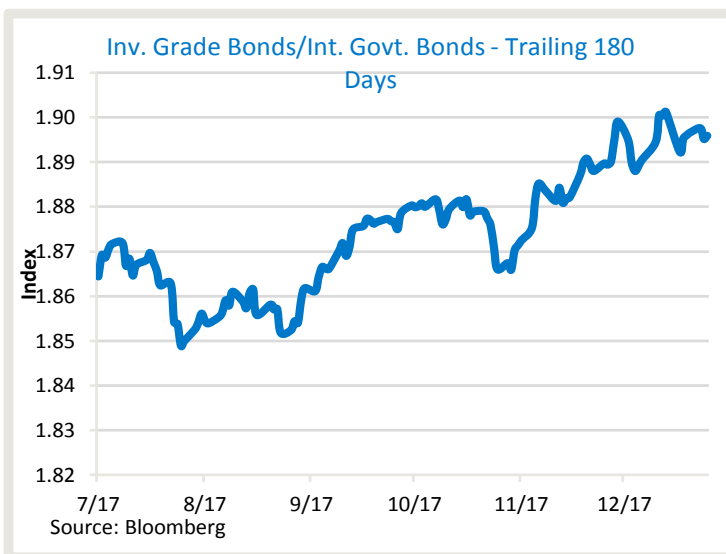
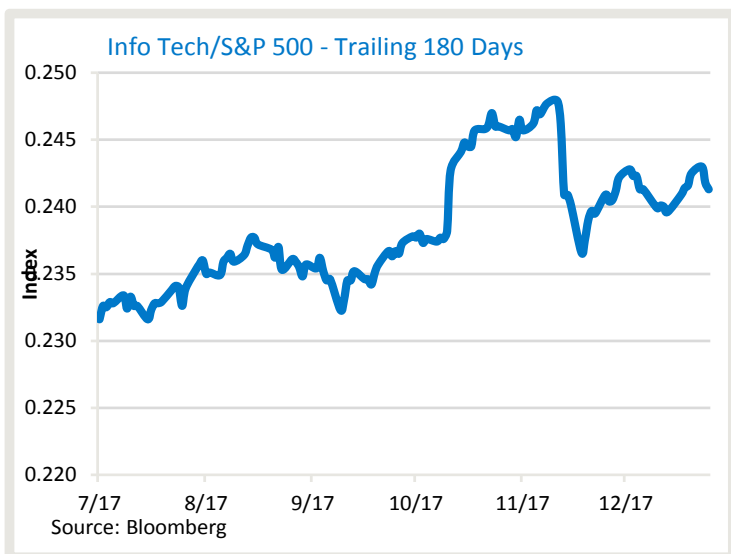
Source: Bloomberg; Index % change is based on price.



Portfolio Construction



Portfolio Construction (continued)



WEEKLY ASSET CLASS PERFORMANCE (Prior 12 weeks ending Thursday)

			10/26	11/2	11/9	11/16	11/23	11/30	12/7	12/14	12/21	12/28	1/4	1/11
Equity	Domestic Equity	Large Cap (R200)	-0.08%	0.96%	0.20%	-0.08%	0.41%	1.89%	-0.38%	0.83%	1.16%	-0.02%	1.42%	1.65%
		Small Cap (R2000)	-0.31%	-0.06%	-1.44%	0.80%	2.01%	1.81%	-1.53%	-0.89%	2.66%	0.12%	0.44%	2.00%
	Int'l. Equity	MSCI EAFE	-0.69%	1.09%	-0.56%	-0.85%	1.43%	0.31%	-1.10%	0.94%	0.85%	0.47%	2.24%	1.15%
		MSCI Em. Mkts.	-0.78%	1.73%	0.57%	-0.74%	2.40%	-2.74%	-1.81%	1.88%	1.17%	1.69%	3.38%	0.37%
Fixed Income	BarCap Agg. (AGG)	-0.67%	2.36%	-3.63%	-3.42%	6.91%	11.44%	3.87%	3.72%	47.24%	-10.88%	1.05%	-9.17%	
	High Yield (JNK)	-0.40%	-0.32%	-1.38%	0.82%	0.41%	-0.05%	-0.54%	-0.14%	-0.35%	0.27%	0.90%	-0.19%	
Commodities	Bloomberg Commodity Index	0.61%	0.90%	0.88%	-2.05%	1.61%	-1.54%	-2.22%	0.04%	1.72%	2.84%	0.99%	-0.30%	
Alternatives	Hedge Funds (HFRX Global)	-0.08%	0.42%	-0.36%	-0.20%	0.59%	0.02%	-0.38%	0.10%	0.90%	0.11%	1.06%	0.25%	
Asset Allocation	60/40*	-0.45%	1.34%	-1.48%	-1.27%	3.10%	4.66%	0.81%	1.69%	17.32%	-3.63%	1.39%	-2.33%	
	48/32/20 (w/Alts.)**	-0.38%	1.16%	-1.25%	-1.05%	2.60%	3.73%	0.57%	1.37%	14.03%	-2.89%	1.32%	-1.81%	

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	1.03	1.04	1.06	1.05	1.11	1.16	1.15	1.21	1.03	1.13	1.96	1.26	1.31	1.47
Large Cap Growth	0.97	1.00	1.01	1.03	1.02	1.08	1.12	1.11	1.17	1.00	1.10	1.90	1.22	1.26	1.42
Large Cap Value	0.96	0.99	1.00	1.02	1.01	1.07	1.12	1.10	1.16	0.99	1.09	1.88	1.21	1.26	1.41
Mid Cap Core	0.94	0.97	0.98	1.00	0.99	1.05	1.09	1.08	1.14	0.97	1.07	1.85	1.19	1.23	1.38
Mid Cap Growth	0.95	0.98	0.99	1.01	1.00	1.06	1.10	1.09	1.15	0.98	1.08	1.86	1.20	1.24	1.40
Mid Cap Value	0.90	0.93	0.94	0.96	0.95	1.00	1.04	1.03	1.09	0.93	1.02	1.76	1.13	1.18	1.32
Small Cap Core	0.86	0.89	0.90	0.91	0.91	0.96	1.00	0.99	1.04	0.89	0.97	1.69	1.09	1.13	1.26
Small Cap Growth	0.87	0.90	0.91	0.93	0.92	0.97	1.01	1.00	1.06	0.90	0.99	1.71	1.10	1.14	1.28
Small Cap Value	0.83	0.85	0.86	0.88	0.87	0.92	0.96	0.95	1.00	0.85	0.93	1.62	1.04	1.08	1.21
Int'l. Developed	0.97	1.00	1.01	1.03	1.02	1.08	1.13	1.11	1.17	1.00	1.10	1.90	1.22	1.27	1.42
Emerging Markets	0.88	0.91	0.92	0.94	0.93	0.98	1.03	1.01	1.07	0.91	1.00	1.73	1.11	1.15	1.30
REITs	0.51	0.53	0.53	0.54	0.54	0.57	0.59	0.58	0.62	0.53	0.58	1.00	0.64	0.67	0.75
Commodities	0.79	0.82	0.83	0.84	0.83	0.88	0.92	0.91	0.96	0.82	0.90	1.55	1.00	1.04	1.16
Int. Bond	0.77	0.79	0.80	0.81	0.81	0.85	0.89	0.88	0.93	0.79	0.87	1.50	0.97	1.00	1.12
High Yield	0.68	0.70	0.71	0.72	0.72	0.76	0.79	0.78	0.83	0.70	0.77	1.33	0.86	0.89	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.

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 **ISM Manufacturing Index** is based on surveys of more than 300 manufacturing firms by the Institute of Supply Management and monitors employment, production, inventories, new orders and supplier deliveries. The **ISM Non-Manufacturing Index** is an index based on surveys of more than 400 non-manufacturing firms' purchasing and supply executives, within 60 sectors across the nation, by the Institute of Supply Management (ISM) and also tracks economic data, like the ISM Non-Manufacturing Business Activity Index. A composite diffusion index is created based on the data from these surveys that monitors economic conditions of the nation. The **Housing Market Index (HMI)** is based on a monthly survey of NAHB members designed to take the pulse of the single-family housing market. In May 2007, **Markit's U.S. PMI** research was extended out to cover producers of metal goods. In October 2009, Markit's U.S. Manufacturing PMI survey panel was extended further to cover all areas of U.S. manufacturing activity. 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 information, analysis, and opinions expressed herein are for general and educational purposes only. Nothing contained in this weekly review is intended to constitute legal, tax, accounting, securities, or investment advice, nor an opinion regarding the appropriateness of any investment, nor a solicitation of any type. All investments carry a certain risk, and there is no assurance that an investment will provide positive performance over any period of time. An investor may experience loss of principal. Investment decisions should always be made based on the investor's specific financial needs and objectives, goals, time horizon, and risk tolerance. The asset classes and/or investment strategies described may not be suitable for all investors and investors should consult with an investment advisor to determine the appropriate investment strategy. Past performance is not indicative of future results.

Information obtained from third party sources are believed to be reliable but not guaranteed. Envestnet|PMC™ makes no representation regarding the accuracy or completeness of information provided herein. All opinions and views constitute our judgments as of the date of writing and are subject to change at any time without notice.

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.

Index Performance is presented for illustrative purposes only and does not represent the performance of any specific investment product or portfolio. An investment cannot be made directly into an index.

Alternative Investments may have complex terms and features that are not easily understood and are not suitable for all investors. You should conduct your own due diligence to ensure you understand the features of the product before investing. Alternative investment strategies may employ a variety of hedging techniques and non-traditional instruments such as inverse and leveraged products. Certain hedging techniques include matched combinations that neutralize or offset individual risks such as merger arbitrage, long/short equity, convertible bond arbitrage and fixed-income arbitrage. Leveraged products are those that employ financial derivatives and debt to try to achieve a multiple (for example two or three times) of the return or inverse return of a stated index or benchmark over the course of a single day. Inverse products utilize short selling, derivatives trading, and other leveraged investment techniques, such as futures trading to achieve their objectives, mainly to track the inverse of their benchmarks. As with all investments, there is no assurance that any investment strategies will achieve their objectives or protect against losses.

Neither Envestnet, Envestnet|PMC™ nor its representatives render tax, accounting or legal advice. Any tax statements contained herein are not intended or written to be used, and cannot be used, for the purpose of avoiding U.S. federal, state, or local tax penalties. Taxpayers should always seek advice based on their own particular circumstances from an independent tax advisor. SR#1227741

© 2018 Envestnet Asset Management, Inc. All rights reserved.

ABOUT ENVESTNET®

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.

For more information on Envestnet, please visit www.envestnet.com.