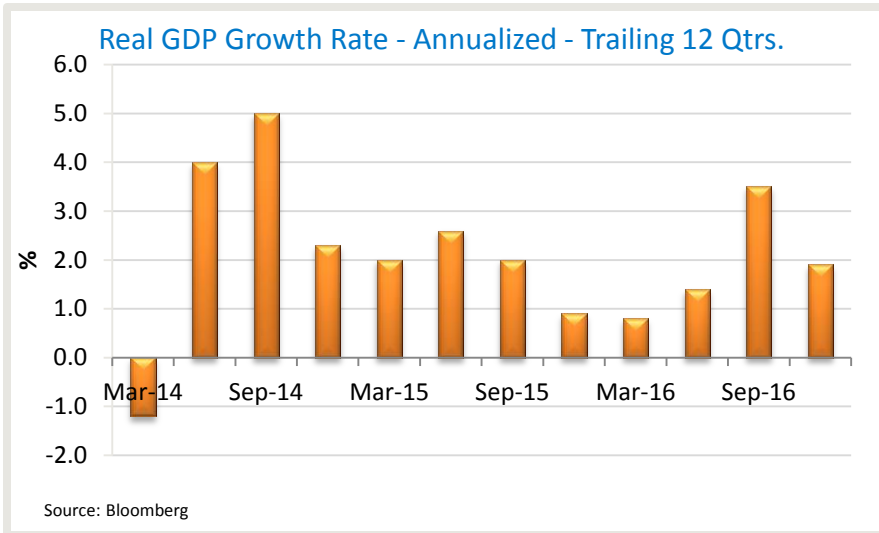


# Weekly Market Review

January 27, 2017

## Chart of the Week



## Weekly Highlights

- **Fourth quarter GDP grew at 1.9% annualized.** An increasing trade deficit was the largest headwind to growth, with the change in the trade gap detracting over 1% from annualized growth. For 2016, US GDP grew by 1.6%. This was down from 2.6%, and marked the 11<sup>th</sup> straight year in which US GDP growth failed to reach 3%.
- **The Dow Jones Industrial Average closed above 20,000** for the first time on Wednesday. It had been 42 days since it closed above 19,000 on November 22. This marks the fastest rise to a 1,000-point milestone since the Dow closed at 11,000 on May 3, 1999, rising from 10,000 in only 24 days.
- **The first week in office for President Trump** has certainly been eventful. He has already signed an array of executive orders aimed at dismantling the Affordable Care Act, withdrawing from the Trans-Pacific Partnership, freezing government hiring, blocking immigration for predominantly Muslim countries, approving the Keystone XL pipeline, investigating voter fraud, and ordering a wall to be built on the US-Mexico border. He has also criticized the media over the coverage of his inauguration, which contradicts his claims that more than a million people attended.

## Talking Points

- **Equity markets increased** globally, with emerging markets posting the largest gains. In general, domestic markets were in line with international developed equities, but lagged emerging markets. Domestically, value-oriented issues were in line with growth-oriented stocks.
- **Treasury yields increased.** Yields have risen dramatically since Donald Trump's election, with the 10-year T-note rising approximately 35% over the last three months.
- **Commodity prices were down slightly**, driven by losses in grains and gold. Oil ended the week down slightly, after declines on Friday.
- **Among economic data released this week**, the fourth quarter GDP slowed to 1.9% following 3.5% growth in the third quarter. Housing data was also weaker than expected, with existing home sales falling 2.8% in December. The January flash PMI Manufacturing Index came in at a very strong 55.1, up .8 from December. Consumer sentiment also remains strong at cycle highs. Finally, the index of leading economic indicators (LEI) rose by 0.5% in December. This is a solid improvement and points to an extension of the current moderate pace of growth.

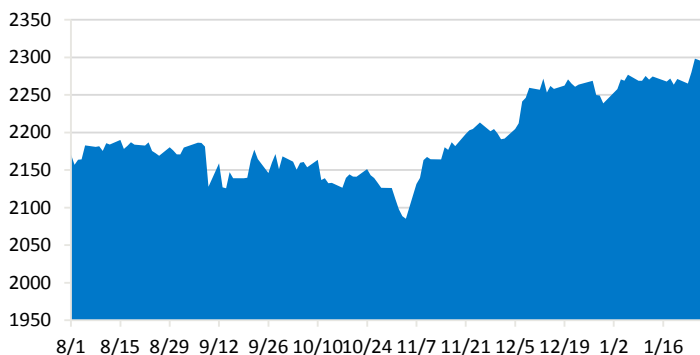
## Market Dashboard

	Last Price	Change	% Chg.	YTD %
<b>S&amp;P 500</b>	2,294.69	23.38	1.03%	2.5%
<b>Dow Industrials</b>	20,093.78	266.53	1.34%	1.7%
<b>Nasdaq</b>	5,660.78	105.45	1.90%	5.2%
<b>Russell 2000</b>	1,370.70	18.90	1.40%	1.0%
<b>Euro Stoxx Index</b>	366.38	3.80	1.05%	1.4%
<b>Shanghai Composite</b>	3,159.17	57.87	1.87%	1.8%
<b>Russell Global</b>	1,820.49	24.62	1.37%	3.3%

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

	Last Price	Change	% Chg.	YTD %
<b>Russell Global EM</b>	2,882.06	56.08	1.98%	5.5%
<b>10-Year US Treas.</b>	2.48	1 bps	NM	NM
<b>DJ UBS Comm. Idx.</b>	87.98	-0.40	-0.45%	0.5%
<b>Gold</b>	\$1,191.43	-\$18.91	-1.56%	3.8%
<b>Crude Oil</b>	\$53.13	-\$0.08	-0.15%	-2.8%
<b>Dollar Index</b>	100.58	-0.15	-0.15%	-1.6%
<b>VIX Index</b>	10.59	-0.95	-8.23%	-24.6%

S&P 500 Index: Trailing 180 Days



Source: Bloomberg

	One Week			YTD		
	Value	Growth		Value	Growth	
L	0.63%	1.02%	1.39%	0.84%	2.49%	4.10%
	1.08%	1.08%	1.08%	2.14%	2.82%	3.67%
S	1.52%	1.40%	1.27%	0.26%	1.00%	1.83%

Source: Bloomberg

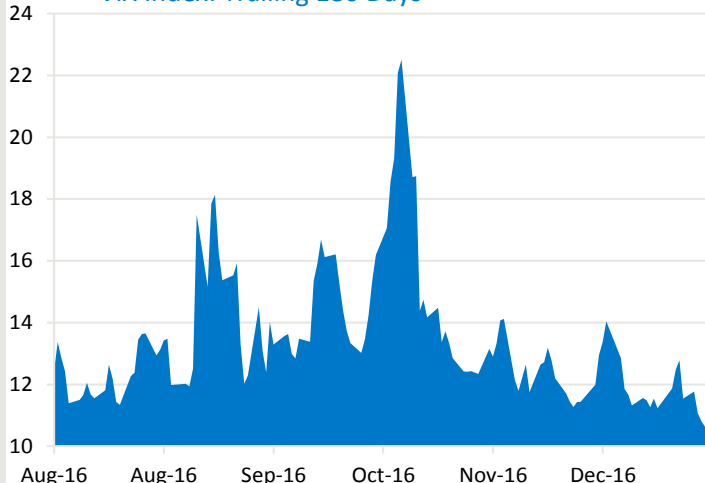
### Sector Performance:

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

	% Wgt in S&P 500	Week % Chg.	YTD % Chg.
<b>Consumer Discretionary</b>	12.3	1.40%	4.6%
<b>Consumer Staples</b>	9.2	-0.39%	1.0%
<b>Energy</b>	7.3	-0.55%	-1.8%
<b>Financials</b>	14.7	2.14%	1.5%
<b>Health Care</b>	13.4	-0.15%	1.2%
<b>Industrials</b>	10.3	1.42%	3.1%
<b>Information Technology</b>	21.4	2.30%	5.8%
<b>Materials</b>	2.9	3.44%	6.4%
<b>Telecom Services</b>	2.5	-1.74%	-3.2%
<b>Utilities</b>	3.1	-0.50%	-0.4%

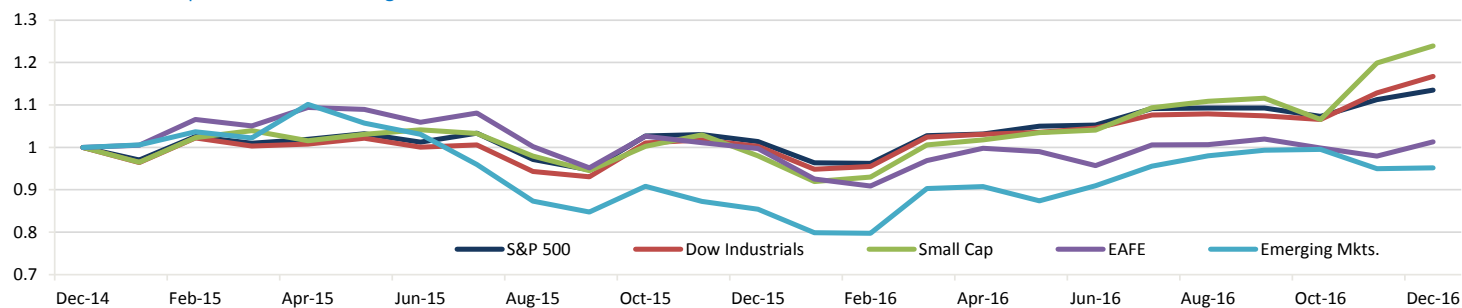
Source: Bloomberg

VIX Index: Trailing 180 Days



Source: Bloomberg

Wealth Index | Growth of \$1: Trailing 24 Months



Source: Bloomberg

## The Economy and Markets

### ***A Macro View – Repeal of NAFTA – Winner or Loser?***

As one of his first acts as President, Donald Trump signed a memo directing the US Trade Representative to withdraw from the Trans-Pacific Partnership (TPP), a trade deal between the US and 11 other countries that border the Pacific Ocean. At first glance, this was not shocking, as he promised to kill the TPP while campaigning and it was not likely to be ratified by Congress anyway. However, the impact is much more symbolic of things to come, as it demonstrates that President Trump aims to break from decades of US policy favoring free trade.

The next prospective target for President Trump is the North American Free Trade Agreement (NAFTA). NAFTA, which was enacted in 1994, is a three-way trade agreement among the United States, Mexico, and Canada. Its goal was to eliminate barriers to trade and investment among the three countries. President Trump has called NAFTA “the single worst trade agreement ever approved” in the US and promised, both on the campaign trail and as President, that he intends either to renegotiate or break it. This raises a number of questions, including: Does he have the authority to kill NAFTA on his own? What is the likelihood of this happening? Who benefits and who is hurt by changes to NAFTA?

First, it does appear that a President can withdraw from NAFTA without Congress’s approval. NAFTA’s Article 2205 states that a party may withdraw from NAFTA after giving six months’ notice. Whether this will happen is more difficult to determine, as scant precedent exists. The US has not broken a trade agreement since 1866, when it terminated the Canadian-American Reciprocity Treaty. Renegotiation, rather than a full withdrawal from NAFTA, is more probable. What would the US try to gain through negotiations? Trump has been light on details, other than saying he intends to make NAFTA “a lot better,” but his ultimate objective seems to be stopping the flow of jobs and factories to Mexico and bringing back higher-paying manufacturing jobs to the US.

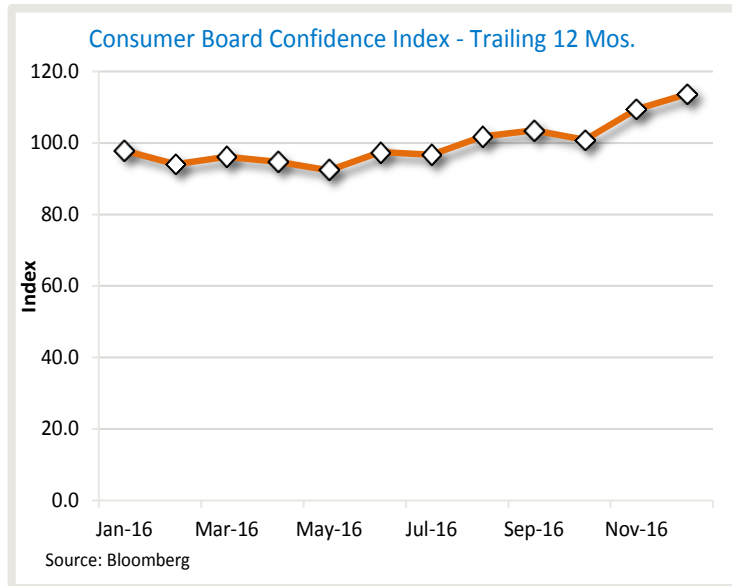
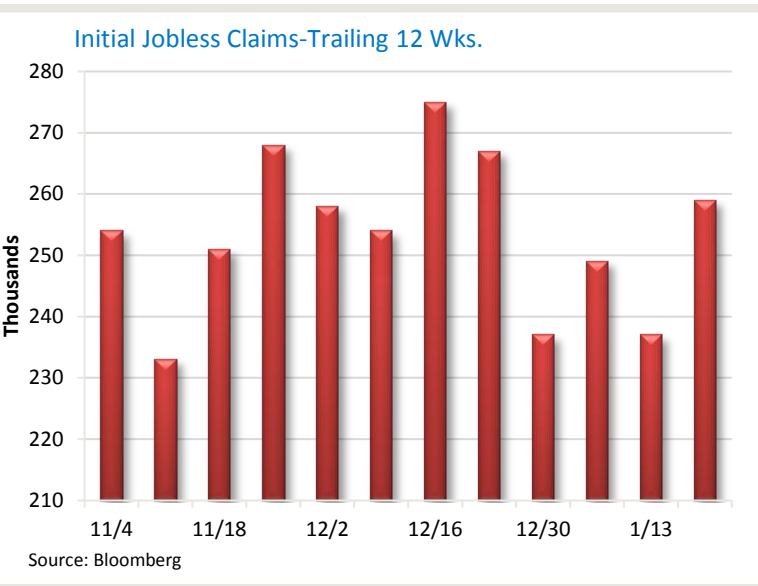
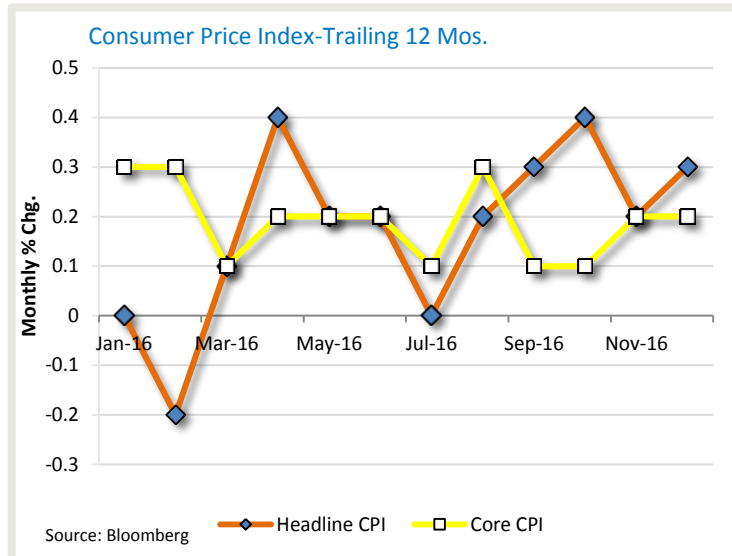
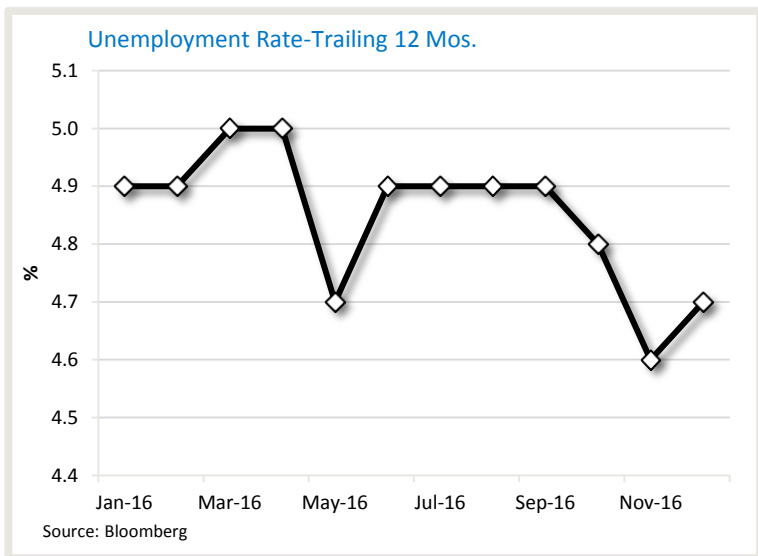
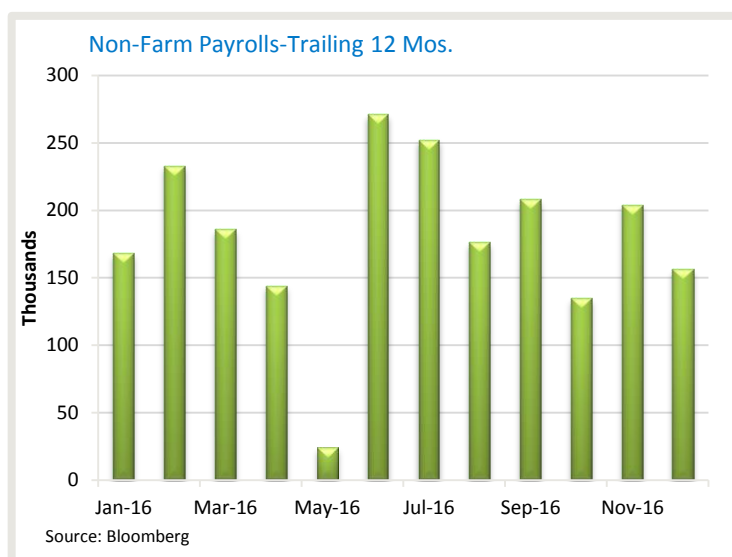
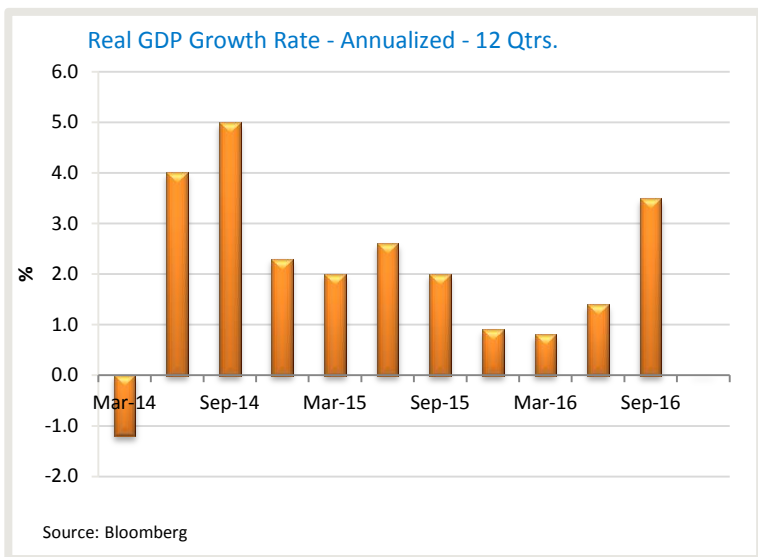
Fundamentally, reshaping NAFTA will change the US economic landscape, with new winners and losers emerging. Protectionist trade policy enables the government to choose those winners and losers. If Trump’s policies work as intended, the American industrial worker potentially has the most to gain. NAFTA has cost the US 850,000 manufacturing jobs, according to some estimates. It also has been argued that NAFTA has put downward pressure on wages and hindered labor’s ability to bargain collectively. Another potential winner is US manufacturing processes that are both labor-intensive and not highly automated. Mexico’s available cheap labor has been blamed for many US manufacturers’ inability to remain competitive. Although much of the US economy has improved, concentrated geographic pockets have experienced significant declines. These areas are hopeful they will reap the benefits of trade policy that protects US industry. Lastly, smaller companies are likely to benefit from a revised NAFTA, as the current deal is not as advantageous to smaller companies that lack resources as it is for large multi-nationals.

There also will be losers, one of the most likely being multi-national corporations that have accessed cheaper labor and less regulation in Mexico. Industries that are particularly vulnerable are airplanes, automobiles, large agri-business, appliance makers, and energy corporations. The US consumer also will face higher prices for many goods, as producers will pass along any additional costs to consumers. In addition, major changes to NAFTA are expected to affect a wide array of jobs, as the US Chamber of Commerce has estimated that trade growth due to NAFTA has helped create five million jobs in the US.

President Trump, in his first week as President, has already signaled that he will not continue the US trade policy of the last several decades that favors fair trade. Rather, he seems to be transitioning to a more protectionist policy favoring US workers and manufacturers, which is apt to play out in a fight over NAFTA in the near future. Whether this ends in withdrawal from the agreement or only in its renegotiation is unknown. What is known is that it will redefine the terms of business for a range of stakeholders and reshape the economic landscape in the US, with new winners and new losers emerging.

Greg Richards, CFA, CFP®  
*Senior Investment Analyst*

## Economic Data



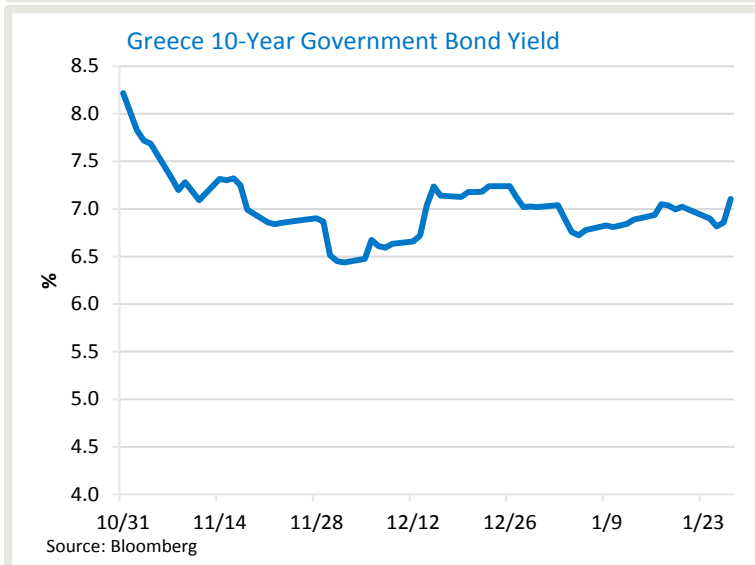
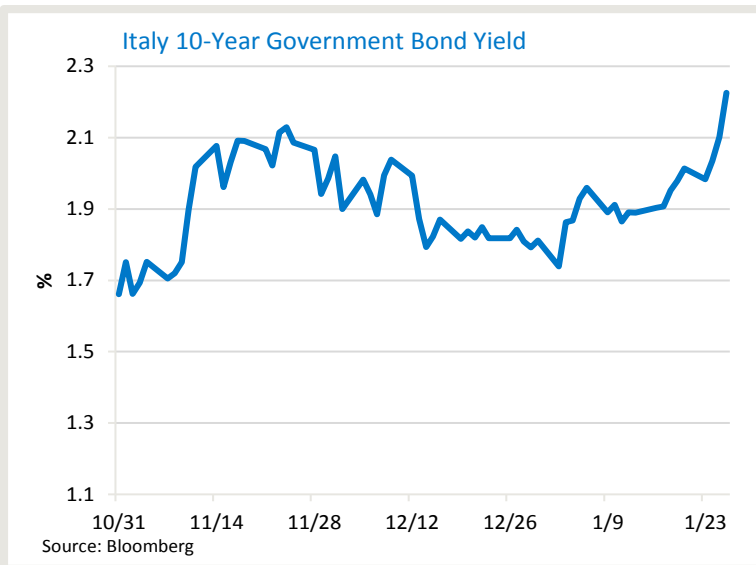
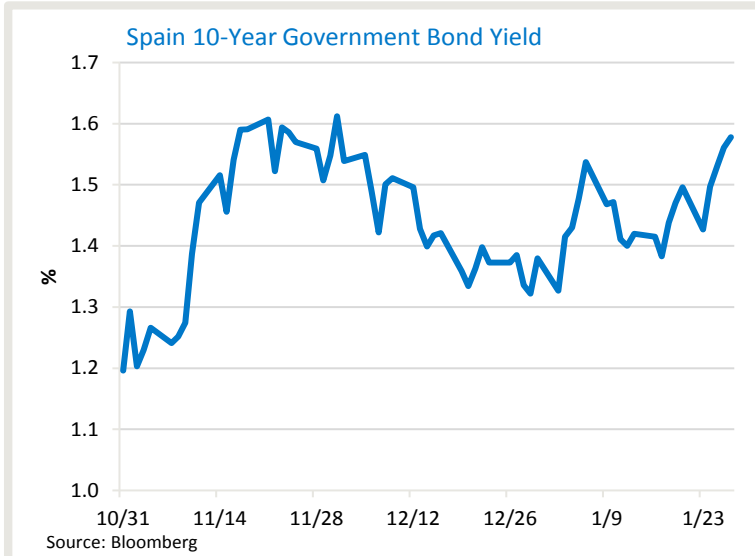
## Eurozone

### SELECTED EUROPEAN SOVEREIGN YIELD PERFORMANCE

	Last	Change	% Chg.	YTD %
Germany 10-Yr. Govt.	0.46	-4 bps	NM	NM
Greece 10-Yr. Govt.	7.11	-5 bps	NM	NM
Italy 10-Yr. Govt.	2.22	-17 bps	NM	NM
Spain 10-Yr. Govt.	1.58	-7 bps	NM	NM
Belgium 10-Yr. Govt.	1.00	-10 bps	NM	NM

	Last	Change	% Chg.	YTD %
France 10-Yr. Govt.	1.03	-11 bps	NM	NM
Ireland 10-Yr. Govt.	1.15	-10 bps	NM	NM
Portugal 10-Yr. Govt.	4.11	-19 bps	NM	NM
Netherlands 10-Yr. Govt.	0.60	-6 bps	NM	NM
U.K. 10-Yr. Govt.	1.47	-3 bps	NM	NM

Source: Bloomberg  
Basis points (bps)



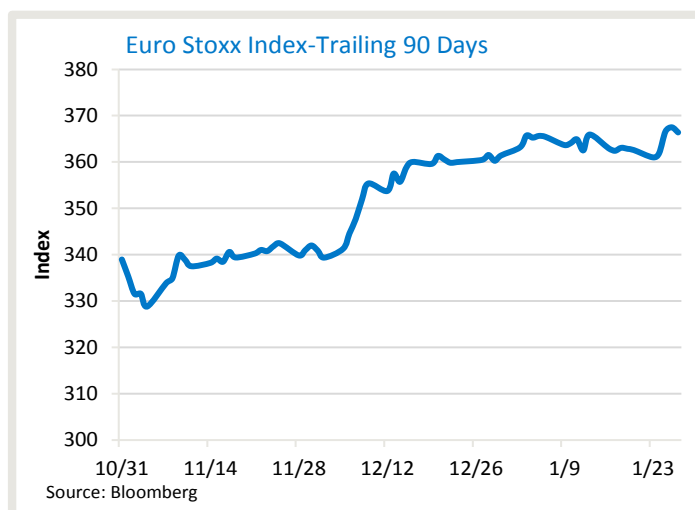
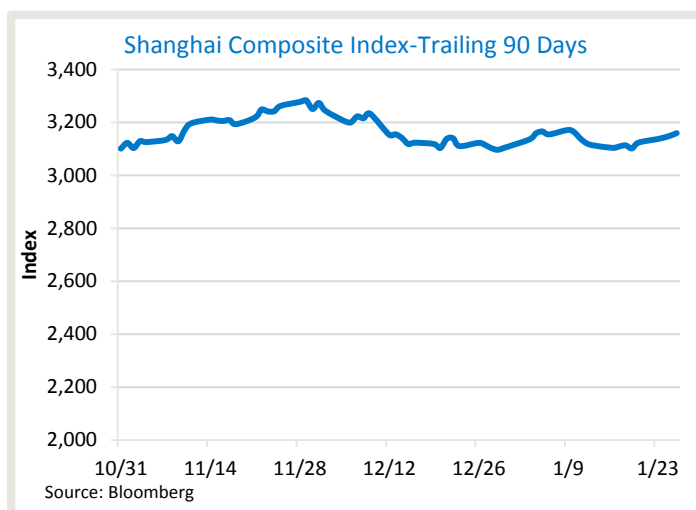
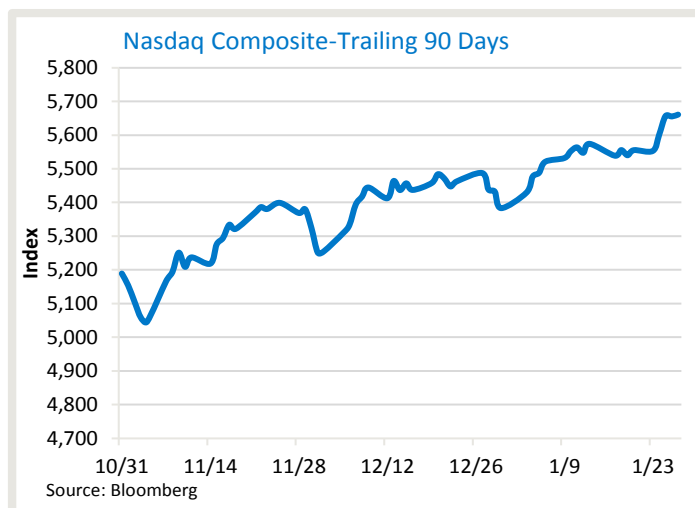
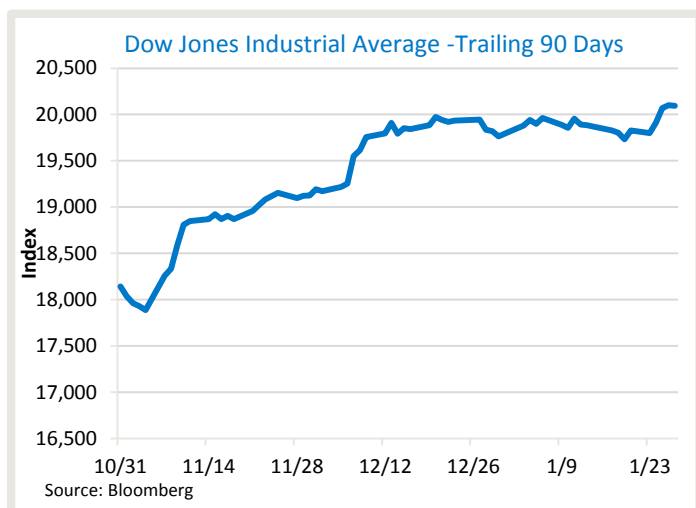
## Equities

### WORLD MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
<b>S&amp;P 500</b>	<b>2,294.69</b>	<b>23.38</b>	<b>1.03%</b>	<b>2.50%</b>
<b>Dow Industrials</b>	<b>20,093.78</b>	<b>266.53</b>	<b>1.34%</b>	<b>1.68%</b>
<b>Nasdaq Composite</b>	<b>5,660.78</b>	<b>105.45</b>	<b>1.90%</b>	<b>5.16%</b>
<b>Russell Global</b>	<b>1,820.49</b>	<b>24.62</b>	<b>1.37%</b>	<b>3.3%</b>
<b>Russell Global EM</b>	<b>2,882.06</b>	<b>56.08</b>	<b>1.98%</b>	<b>5.5%</b>
<b>S&amp;P/TSX (Canada)</b>	<b>15,575.81</b>	<b>27.93</b>	<b>0.18%</b>	<b>1.89%</b>
<b>Mexico IPC</b>	<b>47,421.12</b>	<b>1089.52</b>	<b>2.35%</b>	<b>3.90%</b>
<b>Brazil Bovespa</b>	<b>66,034.00</b>	<b>1512.79</b>	<b>2.34%</b>	<b>9.64%</b>
<b>Euro Stoxx 600</b>	<b>366.38</b>	<b>3.80</b>	<b>1.05%</b>	<b>1.37%</b>
<b>FTSE 100</b>	<b>7,184.49</b>	<b>-13.95</b>	<b>-0.19%</b>	<b>0.58%</b>
<b>IBEX 35 (Spain)</b>	<b>9,504.10</b>	<b>124.00</b>	<b>1.32%</b>	<b>1.63%</b>

	Last	Change	% Chg.	YTD %
<b>Swiss Market Index</b>	<b>8,379.57</b>	<b>104.44</b>	<b>1.26%</b>	<b>1.94%</b>
<b>CAC 40 Index (France)</b>	<b>4,839.98</b>	<b>-10.69</b>	<b>-0.22%</b>	<b>-0.46%</b>
<b>DAX Index (Germany)</b>	<b>11,814.27</b>	<b>184.14</b>	<b>1.58%</b>	<b>2.90%</b>
<b>Irish Overall Index</b>	<b>6,534.03</b>	<b>-88.94</b>	<b>-1.34%</b>	<b>0.26%</b>
<b>Nikkei 225</b>	<b>19,467.40</b>	<b>329.49</b>	<b>1.72%</b>	<b>1.85%</b>
<b>Hang Seng Index</b>	<b>23,360.78</b>	<b>474.87</b>	<b>2.07%</b>	<b>6.18%</b>
<b>Shanghai Composite</b>	<b>3,159.17</b>	<b>57.87</b>	<b>1.87%</b>	<b>1.79%</b>
<b>Kospi Index (S. Korea)</b>	<b>2,083.59</b>	<b>10.80</b>	<b>0.52%</b>	<b>2.82%</b>
<b>Taiwan Taiex Index</b>	<b>9,447.95</b>	<b>116.49</b>	<b>1.25%</b>	<b>2.10%</b>
<b>Tel Aviv 25 Index</b>	<b>1,423.69</b>	<b>2.22</b>	<b>0.16%</b>	<b>-3.20%</b>
<b>MICEX Index (Russia)</b>	<b>2,266.05</b>	<b>106.09</b>	<b>4.91%</b>	<b>1.49%</b>

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



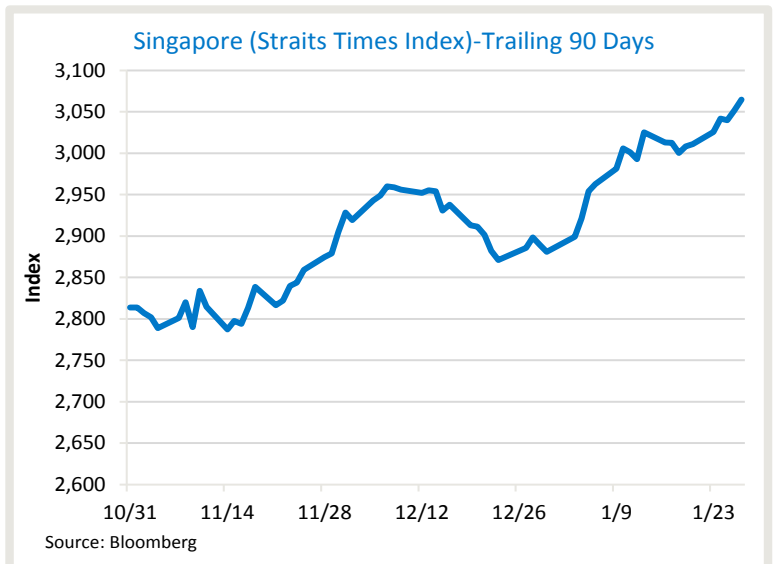
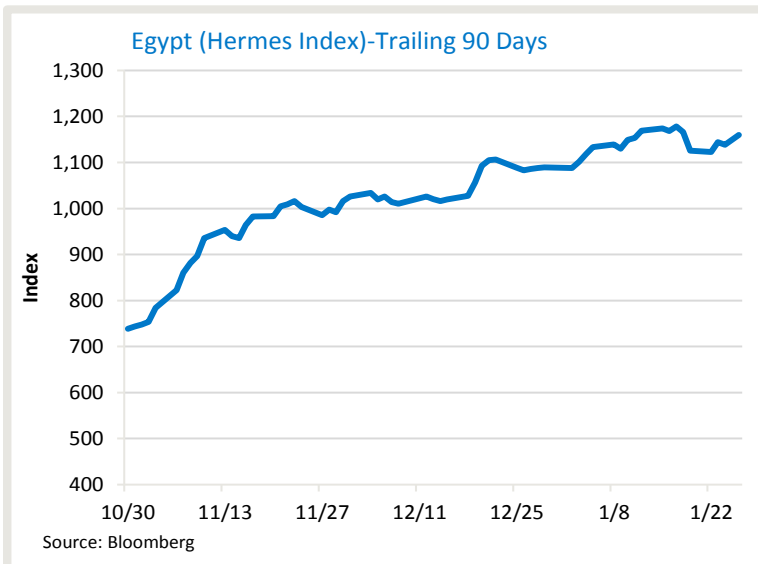
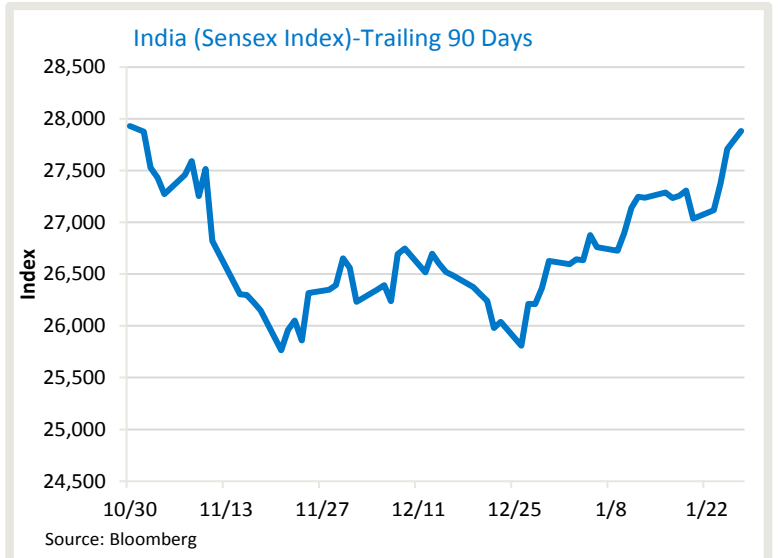
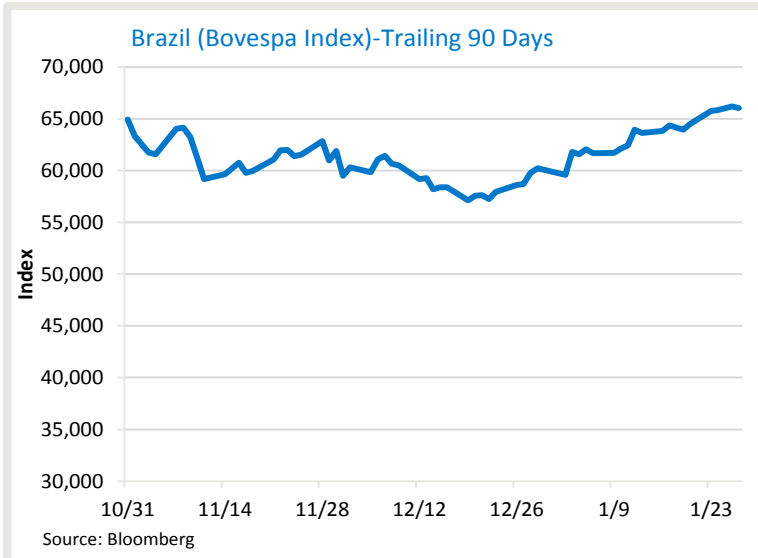
## Equities – Emerging and Frontier Markets

### EMERGING AND FRONTIER MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
Mexico IPC	47,421.12	1089.52	2.4%	3.9%
Brazil (Bovespa Index)	66,034.00	1512.79	2.3%	9.6%
MICEX Index (Russia)	2,266.05	106.09	4.9%	1.5%
Czech Republic (Prague)	936.89	8.36	0.9%	1.7%
Turkey (Istanbul)	83,827.38	760.24	0.9%	7.3%
Egypt (Hermes Index)	1,159.76	33.97	3.0%	6.5%
Kenya (Nairobi 20 Index)	2,812.04	-101.80	-3.5%	-11.7%
Saudi Arabia (TASI Index)	7,134.88	259.01	3.8%	-1.0%
Lebanon (Beirut BLOM Index)	1,216.29	15.05	1.3%	0.4%
Palestine	522.08	-5.45	-1.0%	-1.5%

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

	Last	Change	% Chg.	YTD %
Hang Seng Index	23,360.78	474.87	2.1%	6.2%
India (Sensex 30)	27,882.46	847.96	3.1%	4.7%
Malaysia (KLCI Index)	1,686.36	21.47	1.3%	2.7%
Singapore (Straits Times Index)	3,064.85	53.77	1.8%	6.4%
Thailand (SET Index)	1,590.80	27.81	1.8%	3.1%
Indonesia (Jakarta)	5,312.84	58.53	1.1%	0.3%
Pakistan (Karachi KSE 100)	49,963.77	598.94	1.2%	4.5%
Vietnam (Ho Chi Minh)	697.28	14.00	2.0%	4.9%
Sri Lanka (Colombo)	6,137.70	-31.87	-0.5%	-1.5%
Cambodia (Laos)	1,021.92	-8.68	-0.8%	0.7%

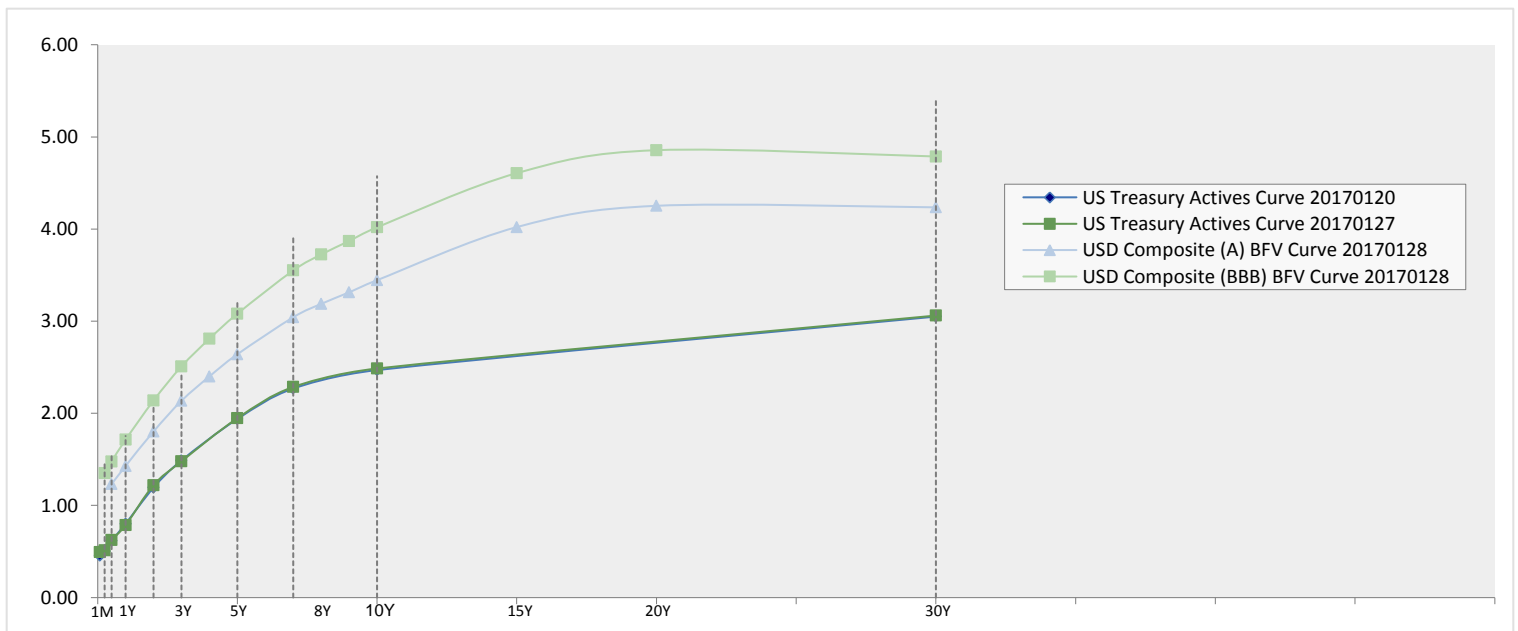


## Interest Rates

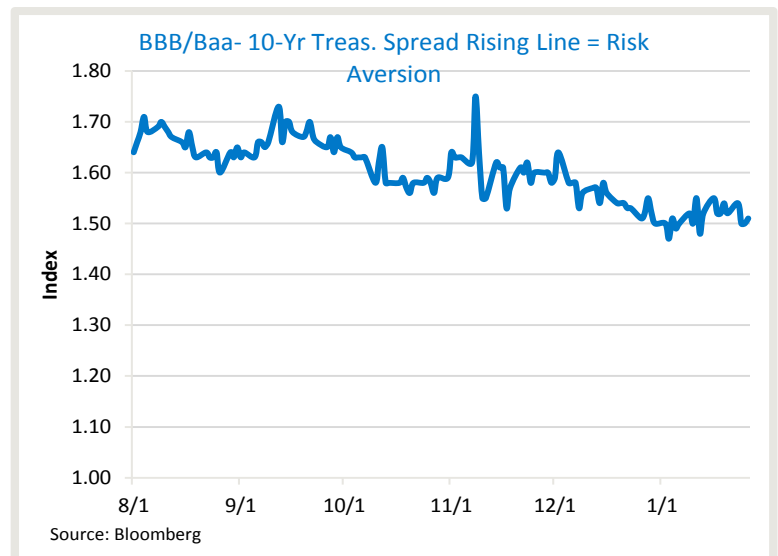
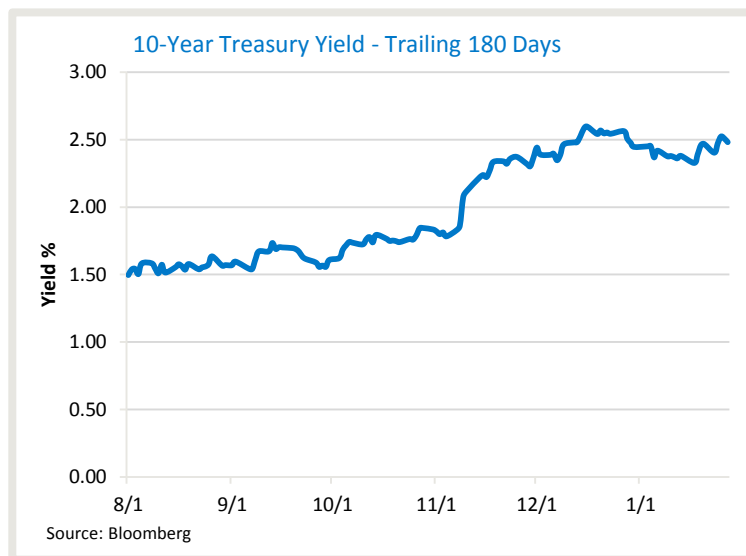
### SELECTED INTEREST RATES

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
2-Yr. U.S. Treasury	1.22%	0 bps	NM	NM	Prime Rate	3.75%	0.00	NM	NM
5-Yr. U.S. Treasury	1.94%	0 bps	NM	NM	Fed Funds Rate	0.75%	0.00	NM	NM
10-Yr. U.S. Treasury	2.48%	1 bps	NM	NM	Discount Rate	1.25%	0.00	NM	NM
30-Yr. U.S. Treasury	3.06%	1 bps	NM	NM	LIBOR (3 Mo.)	1.04%	0 bps	NM	NM
German 10-Yr. Govt.	0.46%	-4 bps	NM	NM	Bond Buyer 40 Muni	4.14%	4 bps	NM	NM
France 10-Yr.	1.03%	-11 bps	NM	NM	Bond Buyer 40 G.O.	3.87%	NA	NM	NM
Italy 10-Yr.	2.22%	-17 bps	NM	NM	Bond Buyer 40 Rev.	4.02%	NA	NM	NM
Fed 5-Yr Fwd BE Inf.	1.98%	8 bps	NM	NM					

Source: Bloomberg



Source: Bloomberg





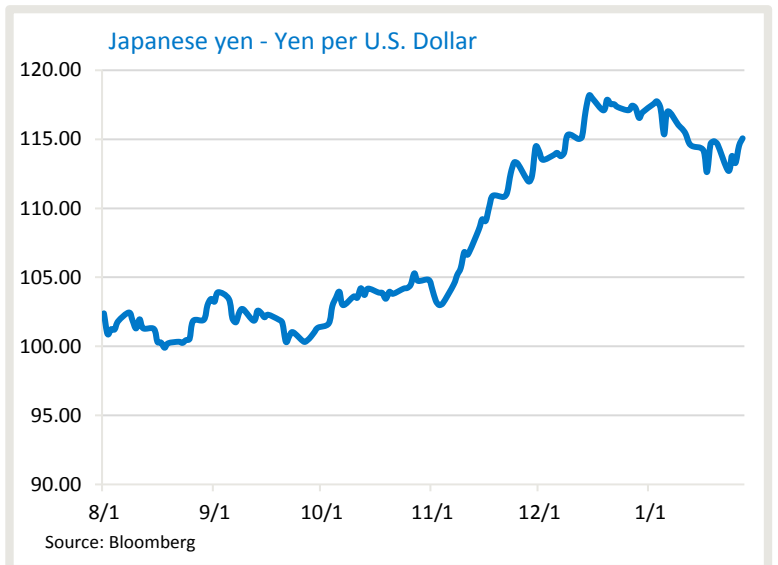
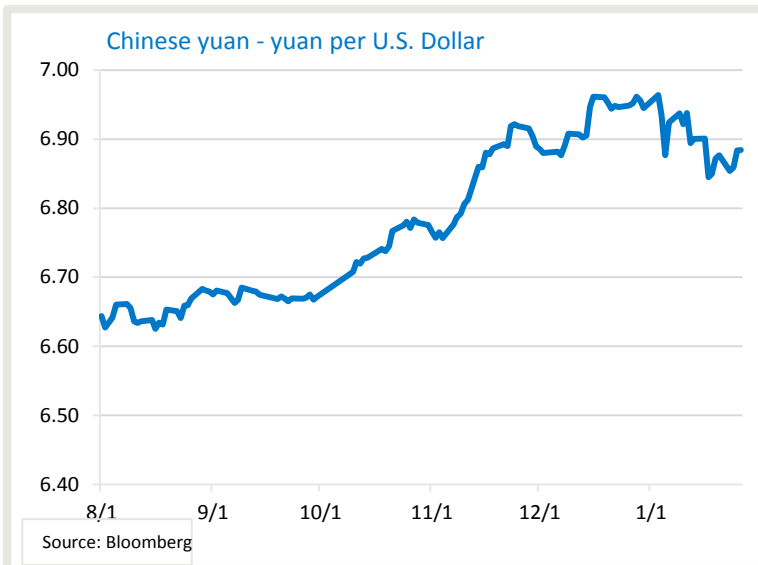
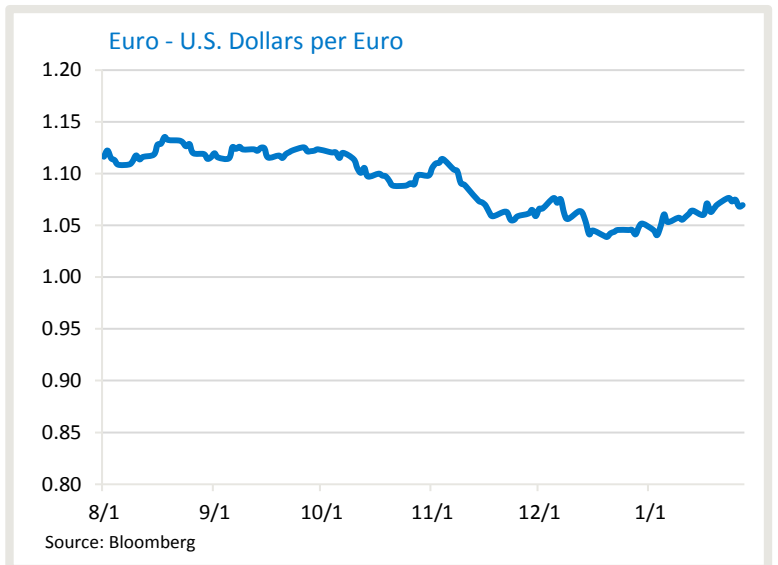
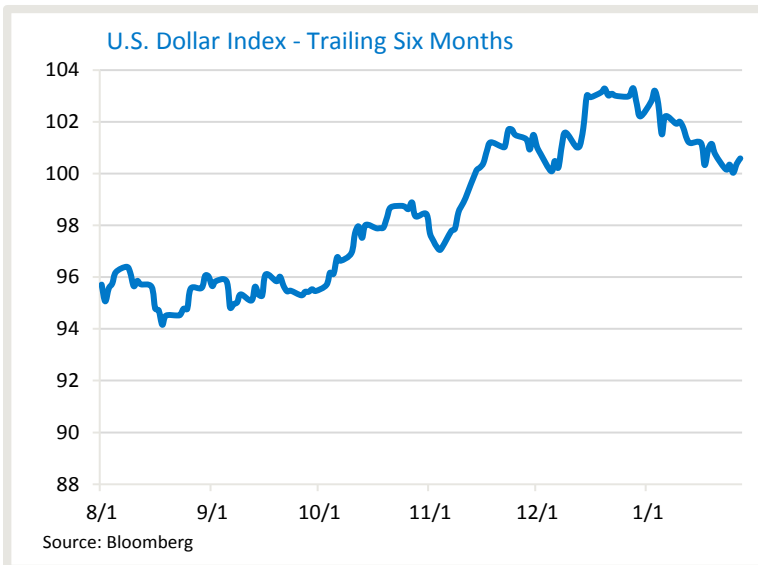
## Currencies

### SELECTED CURRENCY PERFORMANCE

	Last	Change	% Chg.	YTD %
<b>Dollar Index</b>	<b>100.58</b>	<b>-0.150</b>	<b>-0.15%</b>	<b>-1.58%</b>
<b>Euro</b>	<b>1.07</b>	<b>-0.001</b>	<b>-0.07%</b>	<b>1.70%</b>
<b>Japanese Yen</b>	<b>115.07</b>	<b>0.460</b>	<b>-0.40%</b>	<b>1.63%</b>
<b>British Pound</b>	<b>1.25</b>	<b>0.017</b>	<b>1.36%</b>	<b>1.65%</b>
<b>Canadian Dollar</b>	<b>1.31</b>	<b>-0.017</b>	<b>1.29%</b>	<b>2.21%</b>

	Last	Change	% Chg.	YTD %
<b>Chinese Yuan</b>	<b>6.88</b>	<b>0.008</b>	<b>-0.11%</b>	<b>0.89%</b>
<b>Swiss Franc</b>	<b>1.00</b>	<b>-0.003</b>	<b>0.27%</b>	<b>2.01%</b>
<b>New Zealand Dollar</b>	<b>0.73</b>	<b>0.010</b>	<b>1.34%</b>	<b>4.79%</b>
<b>Brazilian Real</b>	<b>3.14</b>	<b>-0.033</b>	<b>1.06%</b>	<b>3.64%</b>
<b>Mexican Peso</b>	<b>20.93</b>	<b>-0.670</b>	<b>3.20%</b>	<b>-0.91%</b>

Source: Bloomberg



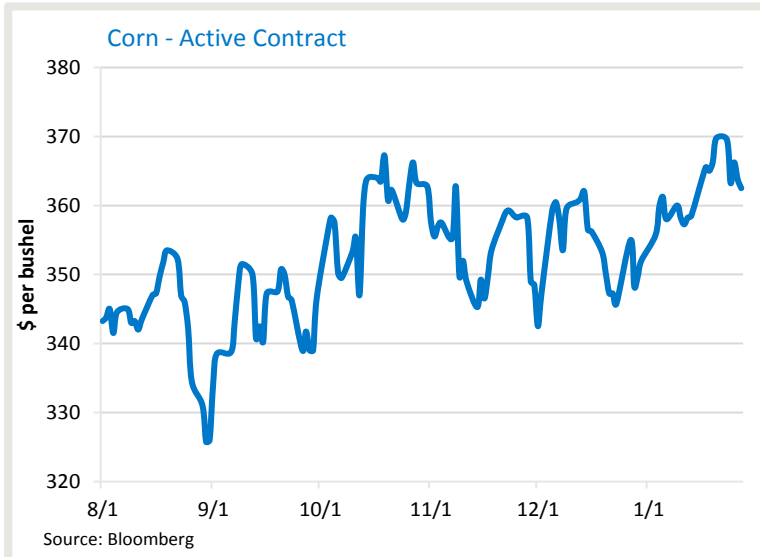
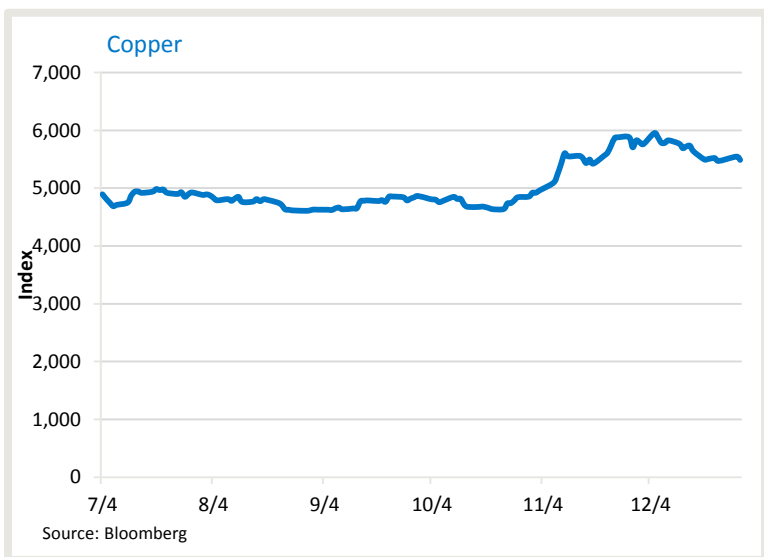
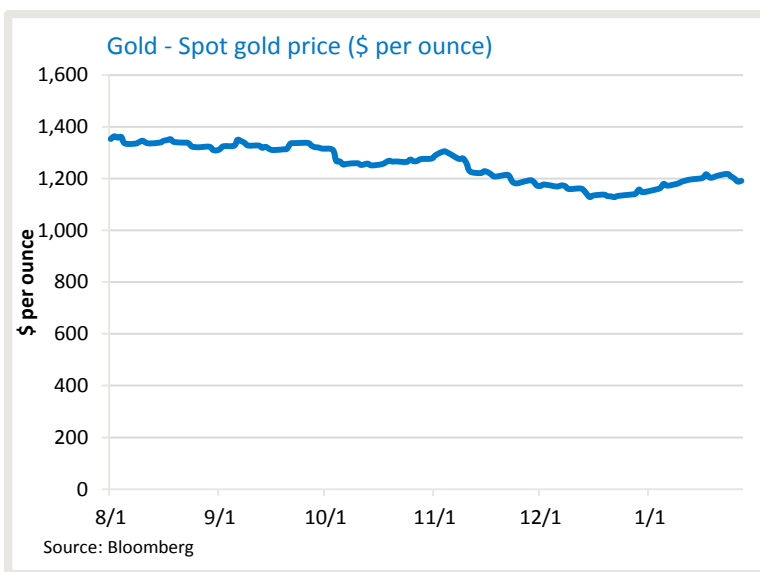
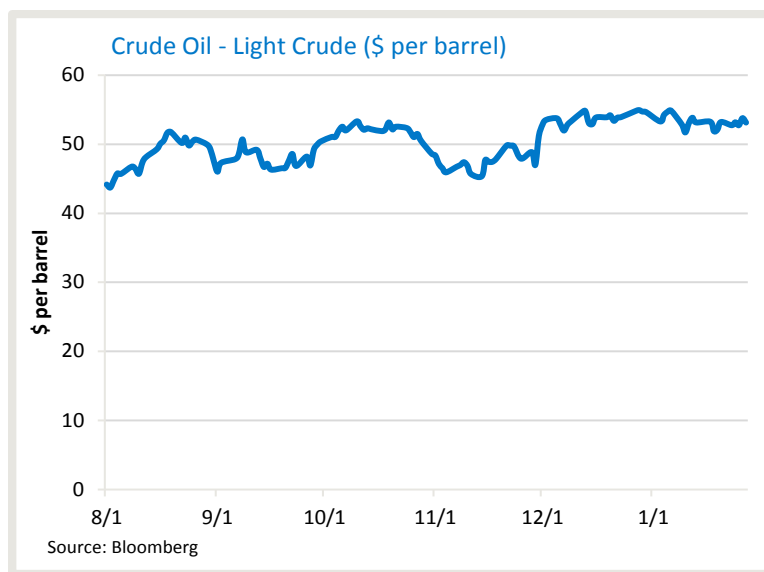
## Commodities

### SELECTED COMMODITY MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
<b>Bloomberg Comm. Idx.</b>	<b>87.98</b>	<b>-0.40</b>	<b>-0.45%</b>	<b>0.53%</b>
<b>Crude Oil</b>	<b>\$53.13</b>	<b>-\$0.08</b>	<b>-0.15%</b>	<b>-2.78%</b>
<b>Natural Gas</b>	<b>\$3.38</b>	<b>\$0.16</b>	<b>5.11%</b>	<b>-8.39%</b>
<b>Gasoline (\$/Gal.)</b>	<b>\$2.29</b>	<b>-\$0.03</b>	<b>-1.34%</b>	<b>-2.06%</b>
<b>Heating Oil</b>	<b>161.89</b>	<b>-3.20</b>	<b>-1.94%</b>	<b>-6.61%</b>
<b>Gold Spot</b>	<b>\$1,191.39</b>	<b>-\$18.91</b>	<b>-1.56%</b>	<b>3.83%</b>
<b>Silver Spot</b>	<b>\$17.15</b>	<b>\$0.05</b>	<b>0.31%</b>	<b>7.64%</b>

Source: Bloomberg; % change is based on price.

	Last	Change	% Chg.	YTD %
<b>Platinum Spot</b>	<b>\$985.20</b>	<b>\$6.95</b>	<b>0.71%</b>	<b>9.09%</b>
<b>Corn</b>	<b>362.50</b>	<b>-7.25</b>	<b>-1.96%</b>	<b>2.98%</b>
<b>Wheat</b>	<b>420.50</b>	<b>-7.75</b>	<b>-1.81%</b>	<b>3.06%</b>
<b>Soybeans</b>	<b>1,049.25</b>	<b>-18.25</b>	<b>-1.71%</b>	<b>4.51%</b>
<b>Sugar</b>	<b>20.33</b>	<b>0.15</b>	<b>0.74%</b>	<b>4.20%</b>
<b>Orange Juice</b>	<b>173.20</b>	<b>6.95</b>	<b>4.18%</b>	<b>-10.65%</b>
<b>Aluminum</b>	<b>1,820.00</b>	<b>-25.00</b>	<b>-1.36%</b>	<b>7.50%</b>
<b>Copper</b>	<b>5,857.00</b>	<b>109.00</b>	<b>1.90%</b>	<b>5.81%</b>

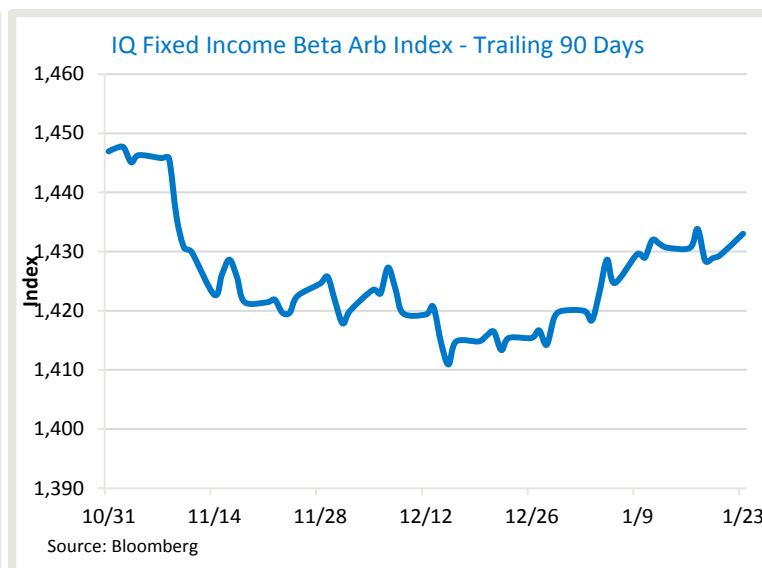
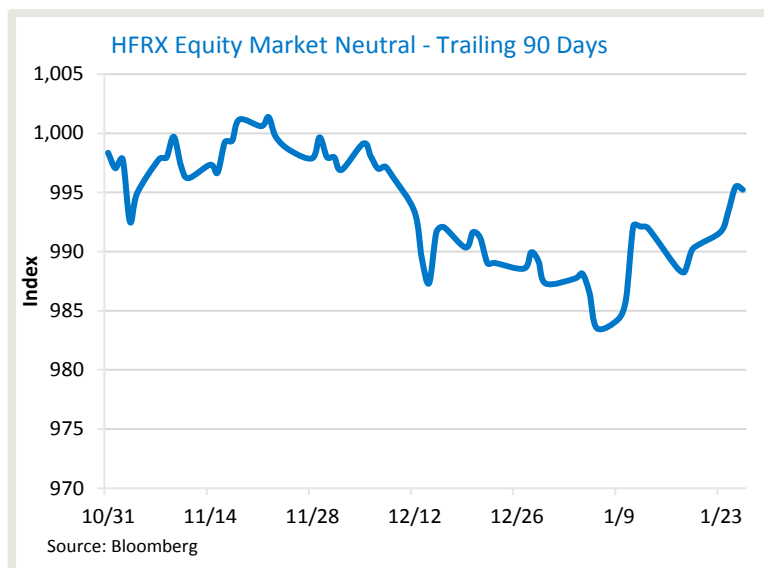
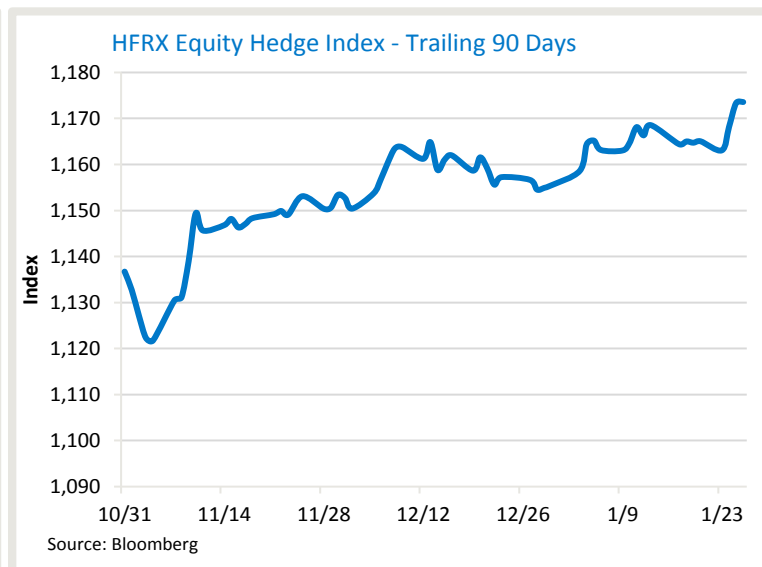
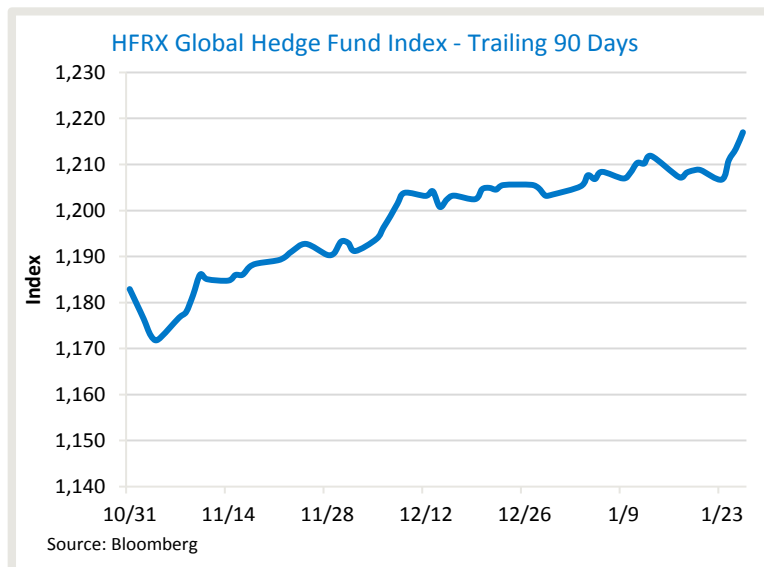


## Alternative Investments

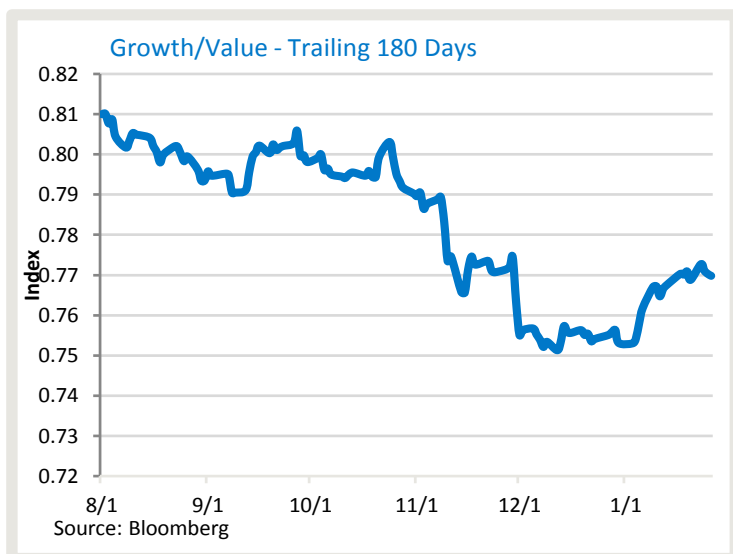
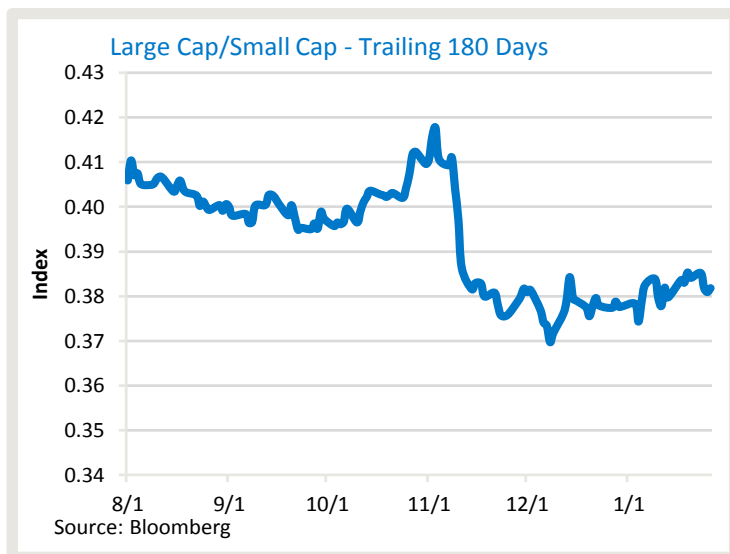
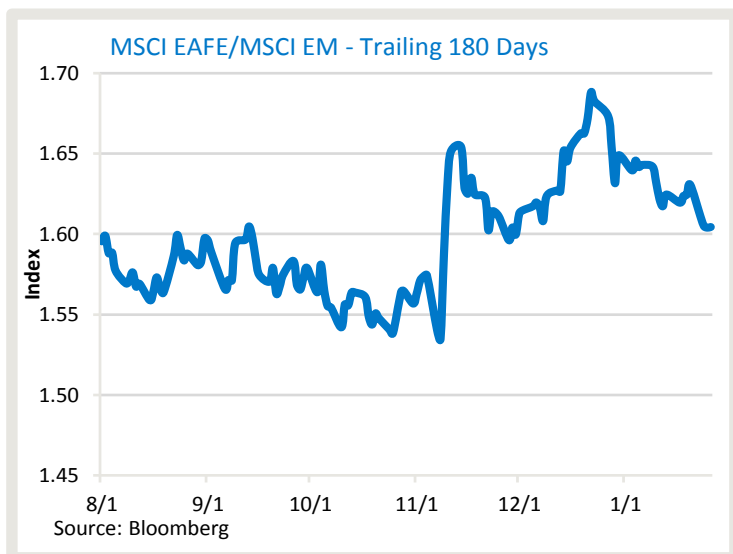
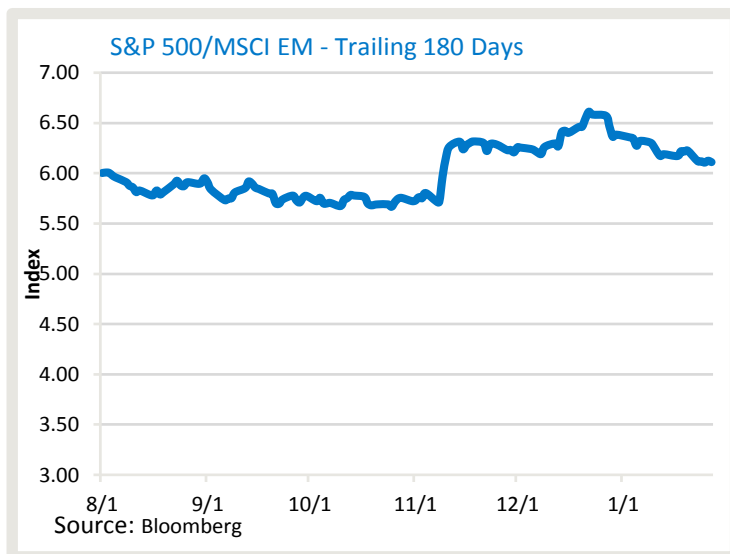
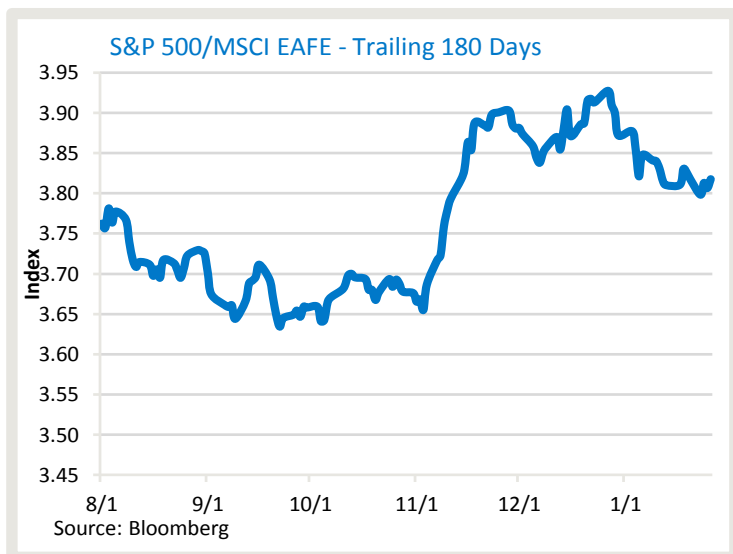
### SELECTED ALTERNATIVE INVESTMENT INDEX PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
HFRX Global Hedge Fund Index	1217.00	8.22	0.68%	1.13%	HFRX Distressed Index	1082.26	0.82	0.08%	0.86%
HFRX Equity Market Neutral	995.23	4.63	0.47%	0.80%	HFRX Merger Arbitrage Index	1808.03	-1.36	-0.08%	-0.25%
HFRX Equity Hedge Index	1173.56	8.52	0.73%	1.57%	HFRX Convertible Arbitrage Index	751.42	1.61	0.21%	1.19%
HFRX Event-Driven Index	1593.39	12.60	0.80%	1.85%	HFRX Macro CTA Index	1133.59	9.88	0.88%	-0.16%
HFRX Absolute Return Index	1033.55	4.10	0.40%	0.49%	IQ Fixed Income Beta Arb Index	1433.31	3.90	0.27%	0.94%

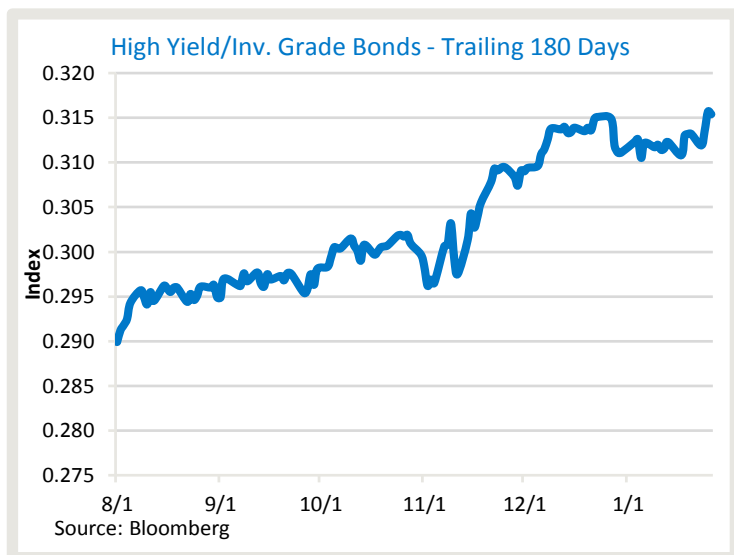
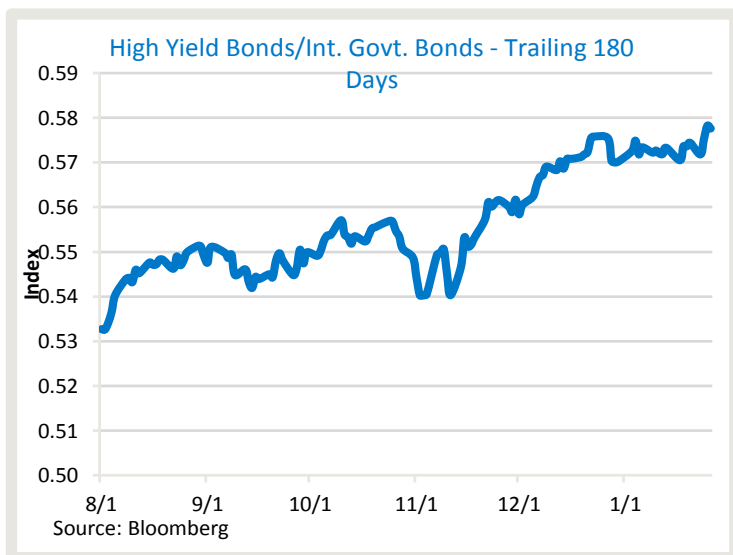
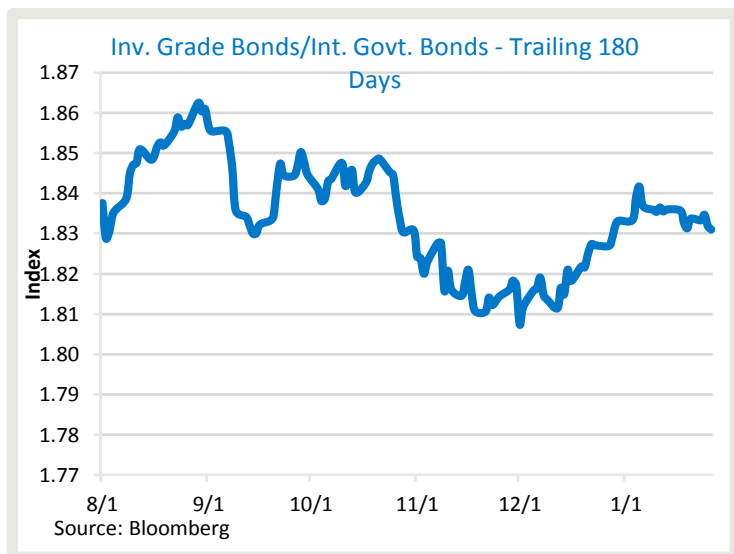
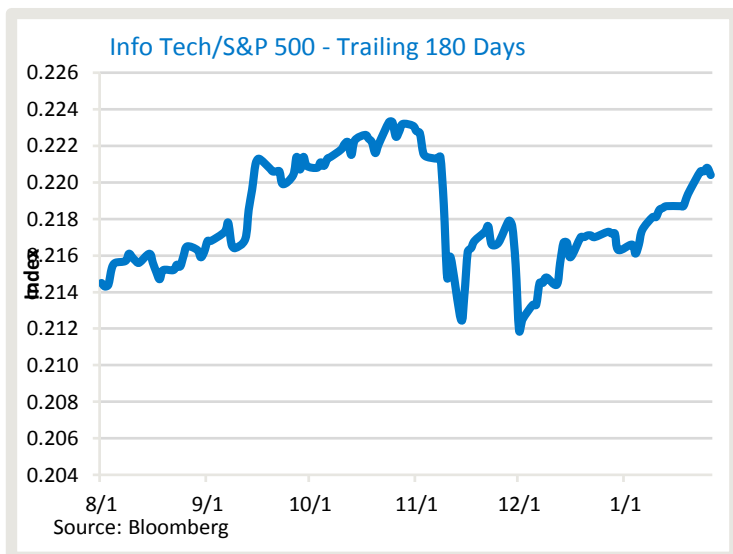
Source: Bloomberg; Index % change is based on price.



## Portfolio Construction



## Portfolio Construction (continued)



WEEKLY ASSET CLASS PERFORMANCE (Prior 12 weeks ending Thursday)

			11/10	11/17	11/24	12/1	12/8	12/15	12/22	12/29	1/5	1/12	1/19	1/26
Equity	Domestic Equity	Large Cap (R200)	3.78%	0.59%	0.66%	-0.51%	2.24%	1.11%	0.00%	-0.54%	0.85%	0.10%	-0.28%	1.36%
		Small Cap (R2000)	8.19%	4.62%	2.49%	-2.11%	5.52%	-1.44%	-0.27%	0.04%	0.64%	-0.79%	-1.13%	2.22%
	Int'l. Equity	MSCI EAFE	-0.42%	-0.79%	-0.46%	0.36%	2.71%	-0.65%	0.60%	0.06%	2.77%	0.03%	-0.58%	1.59%
		MSCI Em. Mkts.	1.05%	-3.25%	0.57%	0.75%	2.44%	-2.35%	-1.88%	1.89%	2.71%	1.69%	-0.24%	2.48%
Fixed Income	BarCap Agg. (AGG)	1.41%	-0.67%	-0.50%	-0.46%	0.46%	-0.93%	0.21%	0.42%	0.75%	-0.04%	-0.52%	-0.05%	
	High Yield (JNK)	-0.78%	0.45%	1.09%	-0.64%	1.84%	-0.55%	0.85%	-0.46%	0.91%	0.11%	-0.24%	0.79%	
Commodities	Bloomberg Commodity Index	0.28%	-1.83%	3.18%	1.83%	0.74%	-0.83%	-0.58%	1.55%	-0.16%	1.09%	-0.37%	0.13%	
Alternatives	Hedge Funds (HFRX Global)	1.13%	0.14%	0.28%	0.15%	0.72%	0.07%	0.18%	-0.11%	0.30%	0.28%	-0.12%	0.69%	
Asset Allocation	60/40*	1.31%	0.15%	0.29%	-0.47%	2.00%	-0.38%	0.09%	0.07%	1.18%	0.03%	-0.49%	1.02%	
	48/32/20 (w/Alts.)**	1.27%	0.15%	0.29%	-0.34%	1.75%	-0.29%	0.10%	0.03%	1.00%	0.08%	-0.42%	0.95%	

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	0.98	1.06	1.04	1.07	1.03	1.11	1.14	1.09	1.04	1.01	1.17	1.15	1.44	1.08
Large Cap Growth	1.02	1.00	1.09	1.07	1.09	1.05	1.13	1.16	1.11	1.06	1.03	1.20	1.17	1.47	1.10
Large Cap Value	0.94	0.92	1.00	0.98	1.01	0.97	1.04	1.07	1.02	0.98	0.95	1.10	1.08	1.36	1.01
Mid Cap Core	0.96	0.94	1.02	1.00	1.02	0.99	1.06	1.09	1.04	1.00	0.96	1.12	1.10	1.38	1.03
Mid Cap Growth	0.94	0.92	0.99	0.98	1.00	0.96	1.04	1.06	1.02	0.97	0.94	1.10	1.07	1.35	1.01
Mid Cap Value	0.97	0.95	1.03	1.02	1.04	1.00	1.08	1.10	1.06	1.01	0.98	1.14	1.11	1.40	1.05
Small Cap Core	0.90	0.88	0.96	0.94	0.96	0.93	1.00	1.03	0.98	0.94	0.91	1.06	1.03	1.30	0.97
Small Cap Growth	0.88	0.86	0.94	0.92	0.94	0.91	0.98	1.00	0.96	0.91	0.89	1.03	1.01	1.27	0.95
Small Cap Value	0.92	0.90	0.98	0.96	0.98	0.95	1.02	1.05	1.00	0.96	0.93	1.08	1.06	1.33	0.99
Int'l. Developed	0.96	0.94	1.02	1.00	1.03	0.99	1.07	1.09	1.04	1.00	0.97	1.13	1.10	1.39	1.04
Emerging Markets	0.99	0.97	1.06	1.04	1.06	1.02	1.10	1.13	1.08	1.03	1.00	1.16	1.14	1.43	1.07
REITs	0.85	0.84	0.91	0.89	0.91	0.88	0.95	0.97	0.93	0.89	0.86	1.00	0.98	1.23	0.92
Commodities	0.87	0.85	0.93	0.91	0.93	0.90	0.97	0.99	0.95	0.91	0.88	1.02	1.00	1.26	0.94
Int. Bond	0.69	0.68	0.74	0.72	0.74	0.71	0.77	0.79	0.75	0.72	0.70	0.81	0.80	1.00	0.75
High Yield	0.93	0.91	0.99	0.97	0.99	0.96	1.03	1.06	1.01	0.97	0.93	1.09	1.06	1.34	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 **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 **Nikkei Index (Nikkei 225 or Nikkei)** is a stock market index for the Tokyo Stock Exchange calculated daily by the Nihon Keizai Shimbun (Nikkei) newspaper since 1950. It is a price-weighted index (the unit is yen), and the components are reviewed once a year. 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 **DJ-UBS Commodity Index Total Return SM** measures the collateralized returns from a basket of 19 commodity futures contracts representing the energy, precious metals, industrial metals, grains, softs and livestock sectors. 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 **Philadelphia Fed Manufacturing Index** is a regional Federal Reserve Bank index measuring changes in business growth and is constructed from a survey of participants who voluntarily answer questions regarding the direction of change in their overall business activities. 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 **NY Empire State Index** is an index 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 headline number for the NY Empire State Index refers to the survey's main index, which summarizes general business conditions in New York State.

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Envestnet, Inc. (NYSE: ENV) is a leading provider of unified wealth management technology and services to investment advisors. Our open-architecture platforms unify and fortify the wealth management process, delivering unparalleled flexibility, accuracy, performance and value. Envestnet solutions enable the transformation of wealth management into a transparent, objective, independent and fully-aligned standard of care, and empower advisors to deliver better results.

Envestnet's Advisor Suite® software empowers financial advisors to better manage client outcomes and strengthen their practice. Envestnet provides institutional-quality research and advanced portfolio solutions through our Portfolio Management Consultants group, Envestnet | PMC®. Envestnet | Tamarac provides leading rebalancing, reporting and practice management software.

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