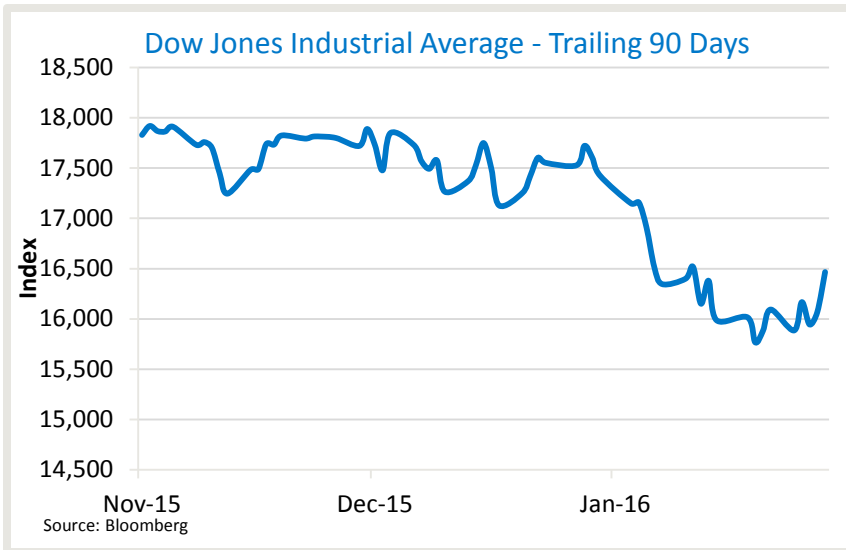


# Weekly Market Review

January 29, 2016

## Chart of the Week



## Weekly Highlights

- **The Federal Reserve (Fed) held rates steady.** Following December's rate hike, the first one in roughly a decade, the Fed announced it would not raise rates following the FOMC (Federal Open Market Committee) meeting on Wednesday. However, the Fed made it clear that despite a concern over weak global growth, it would not change course, and future gradual rate increases are still planned.
- **U.S. economic growth slowed in the fourth quarter of 2015.** On Friday the first estimate of domestic economic expansion decreased to 0.7% from 2.0% for the third quarter. This marked the weakest reading since the first quarter of 2015. The slowdown was attributed to reduced consumer spending, a decline in exports, and businesses cutting back investment.
- **Oil prices sharply increased.** Both Brent and U.S. crude jumped during the week after investors gained confidence that a deal to reduce overproduction potentially could happen. Brent traded over \$35 on Thursday, and U.S. crude was not far behind. These prices represented meaningful gains from the high-\$20s prices from last week.

## Talking Points

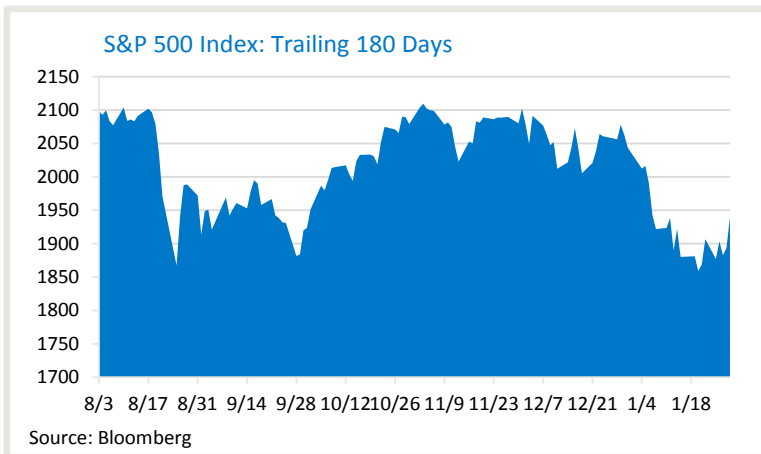
- **Equities rebounded.** For the most part, domestic equities erased prior losses for the week Friday, as the weak GDP led investors to believe the Fed might curb its planned tightening. International equities fared better and generally posted gains. On the domestic front, performance was mixed: large caps outperformed small caps, and growth-oriented stocks underperformed value-oriented issues.
- **Treasury yields declined.** After increasing last week, yields on the 10-year T-note fell below 2.0% Friday morning following Fed Chair Yellen's remarks Wednesday about maintaining its plan of monetary tightening.
- **Commodity prices surged,** as the potential to curb overproduction of crude drove oil prices higher. Gold also increased.
- **The dollar was roughly flat** this week versus a basket of currencies.
- **Among economic data related this week,** U.S. fourth quarter GDP's first estimate was released Friday at 0.7%, which was the weakest reading since the first quarter of 2015. Consumer confidence came in 2 points higher than consensus, despite struggling consumer spending numbers. New homes sales posted impressive numbers, while durable goods orders declined well below expectations. The weekly jobless claims fell more than anticipated, but continuing claims rose 49,000 to 2.268 million, the highest reading since August.

## Market Dashboard

	Last Price	Change	% Chg.	YTD %
<b>S&amp;P 500</b>	1,940.24	33.34	1.7%	-5.1%
<b>Dow Industrials</b>	16,466.30	372.79	2.3%	-5.5%
<b>Nasdaq</b>	4,613.95	22.77	0.5%	-7.9%
<b>Russell 2000</b>	1,035.38	14.72	1.4%	-8.8%
<b>Euro Stoxx Index</b>	342.27	3.91	1.2%	-6.4%
<b>Shanghai Composite</b>	2,737.60	-178.96	-6.1%	-22.6%
<b>Russell Global</b>	1,524.41	-2.05	-0.1%	-8.2%

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

	Last Price	Change	% Chg.	YTD %
<b>Russell Global EM</b>	2,302.16	26.59	1.2%	-9.3%
<b>10-Year US Treas.</b>	1.93	-12 bps	NM	-3 bps
<b>DJ UBS Comm. Idx.</b>	77.22	1.99	2.6%	-1.7%
<b>Gold</b>	\$1,118.21	\$20.26	1.8%	5.4%
<b>Crude Oil</b>	\$33.74	\$1.55	4.8%	-11.6%
<b>Dollar Index</b>	99.53	-0.04	0.0%	0.9%
<b>VIX Index</b>	20.20	-2.14	-9.6%	10.9%



	One Week			YTD		
	Value	Growth		Value	Growth	
L	2.60%	1.71%	0.91%	-5.17%	-5.02%	-4.89%
	2.56%	1.61%	0.65%	-5.60%	-6.61%	-7.62%
S	3.03%	1.44%	-0.15%	-6.79%	-8.85%	-10.87%

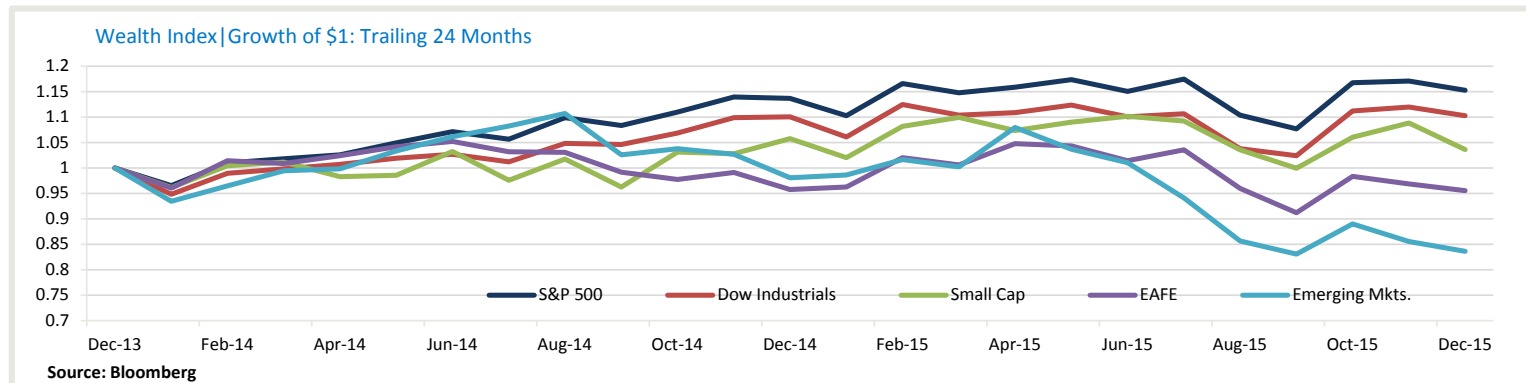
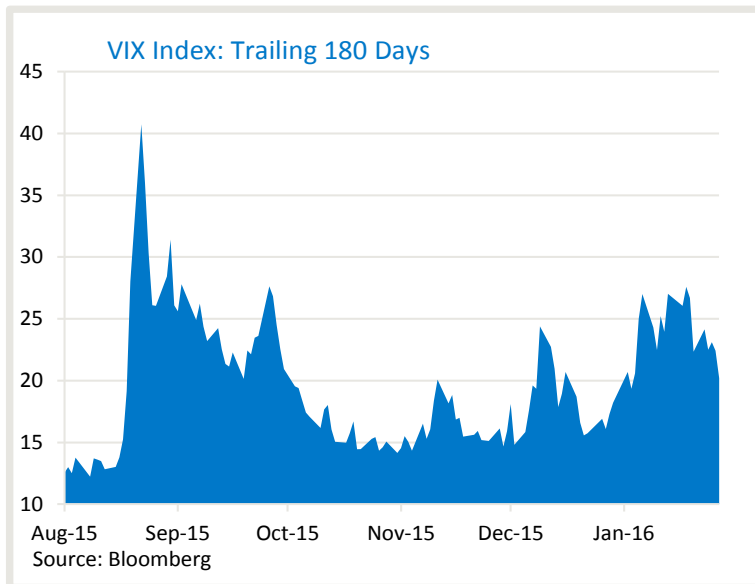
Source: Bloomberg

### Sector Performance:

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

	% Wgt in S&P 500	Week % Chg.	YTD % Chg.
<b>Consumer Discretionary</b>	12.9	1.20%	-5.2%
<b>Consumer Staples</b>	10.6	3.18%	0.4%
<b>Energy</b>	6.6	4.23%	-3.1%
<b>Financials</b>	15.9	2.00%	-9.0%
<b>Health Care</b>	14.7	-1.86%	-7.7%
<b>Industrials</b>	10.0	2.82%	-5.8%
<b>Information Technology</b>	20.7	2.05%	-4.9%
<b>Materials</b>	2.6	0.70%	-10.6%
<b>Telecom Services</b>	2.7	4.32%	5.5%
<b>Utilities</b>	3.3	3.66%	4.9%

Source: Bloomberg



## The Economy and Markets

### ***A Macro View – Surprise! It's Earnings Season***

Thursday marked the busiest day of earnings season, with major players such as Visa (V), Microsoft (MSFT), Amazon (AMZN), Ford (F), and Caterpillar (CAT) all reporting fourth quarter results throughout the day. Furthermore, other familiar names like Facebook (FB), eBay (EBAY), PayPal (PYPL), and Qualcomm (QCOM) posted results on Wednesday. The barrage of earnings releases comes during a week in which investors were paying close attention to the Federal Reserve's January policy statement, while also dealing with a turbulent market environment. The Fed left short-term rates unchanged and a rate hike in March on the table, doing little to calm investors' jitters. As market volatility continues, can investors draw any solace from the recent earnings releases and expectations?

According to Zacks Investment Research, through the middle of this week, 130 members of the S&P 500 Index had communicated fourth quarter results. The companies that have reported so far comprise roughly 36% of the Index's total market capitalization, with 73.1% beating earnings per share (EPS) estimates. The percentage of companies exceeding EPS estimates at this point of the earnings season is above what was recorded in the third quarter, and tracking higher than the trailing four-quarter average. Although this type of data typically inspires optimistic headlines, investors should be aware of additional factors surrounding earnings surprises.

Despite the favorable fourth quarter EPS beat ratios experienced thus far in January, earnings expectations and their recent trend paint a bleaker picture. The third quarter produced similarly promising earnings surprises—but it also marked the first decline in overall earnings since 2009. It's important to remember that positive earnings surprises can result from depressed estimations in the first place, due to an uncertain market. Indeed, S&P Capital IQ currently projects the S&P 500's fourth quarter earnings to decline 6.11% – a dramatic fall from its projected -0.45% drop as of October 1. Understandably, some investors feel we are in the midst of a widespread downward shift in earnings growth.

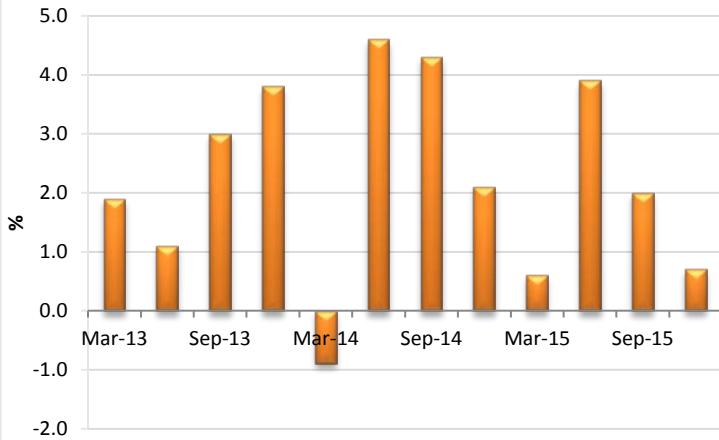
Forward-looking projections also are falling, further supporting a trend in declining earnings growth expectations. Zacks Investment Research stated, "Estimates for 2016 Q1 have started to come down at an accelerated pace lately, with total earnings for the S&P 500 Index now expected to be down 4.5% from the same period last year, which is down from roughly flat growth [expectations] for the period a few weeks back." Second quarter expectations also have been declining progressively, but remain positive. Ominously, the same thing happened during the third quarter 2015 earnings season when analysts initially expected positive growth in first quarter 2016.

Although this all may seem dismal, it is somewhat reassuring that corporate earnings are at least holding up better than the pessimistic expectations of stock analysts. In fact, as we write this commentary, Facebook (FB), PayPal (PYPL), eBay (EBAY), Ford (F), and Qualcomm (QCOM) all posted strong results for fourth quarter earnings, beating consensus estimates on both top and bottom lines. Results from the remaining 300 or so firms in the index will either refute or vindicate the pervasive market pessimism, but we can all take comfort knowing that, at least for now, Corporate America's earnings are still surprising.

*Michael Gebhardt*  
*Investment Analyst*

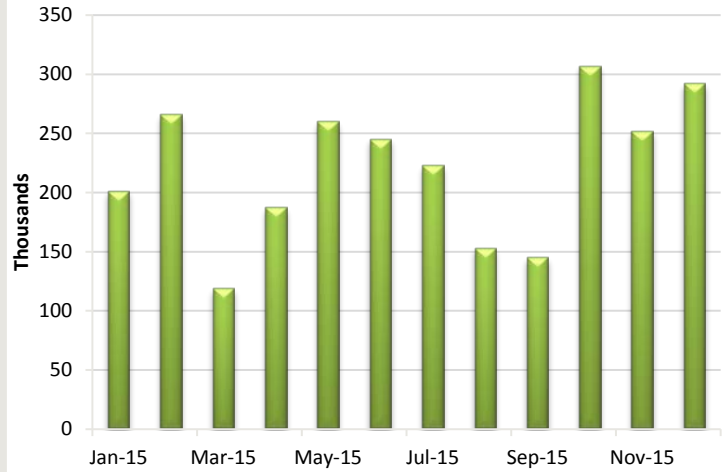
## Economic Data

Real GDP Growth Rate - Annualized - 12 Qtrs.



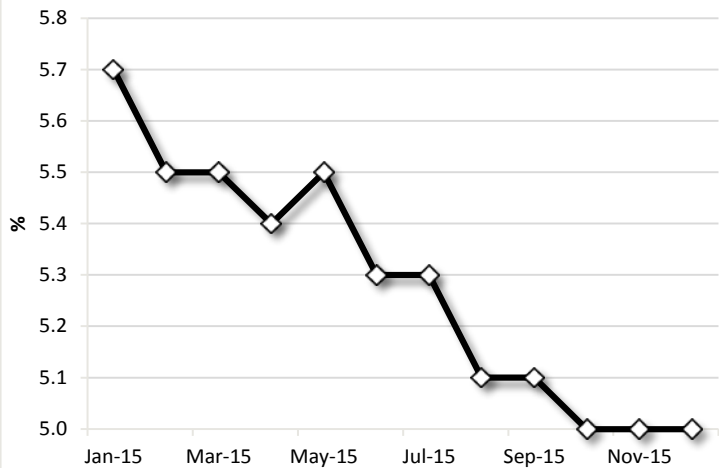
Source: Bloomberg

Non-Farm Payrolls-Trailing 12 Mos.



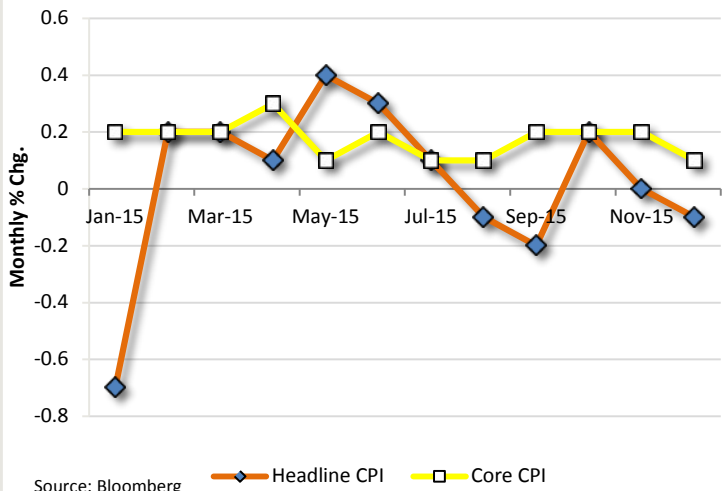
Source: Bloomberg

Unemployment Rate-Trailing 12 Mos.



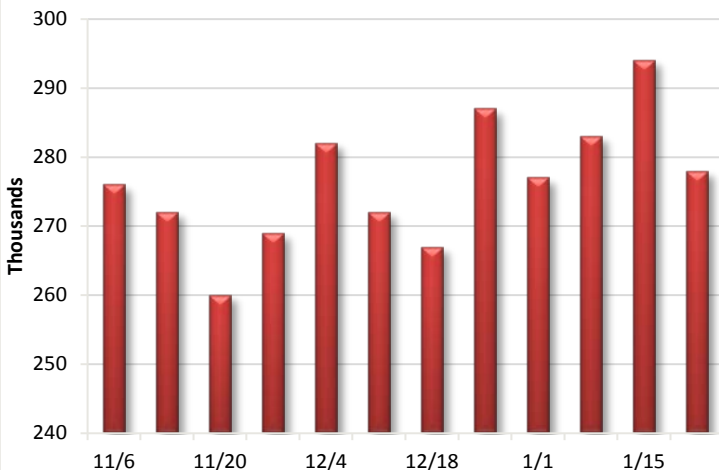
Source: Bloomberg

Consumer Price Index-Trailing 12 Mos.



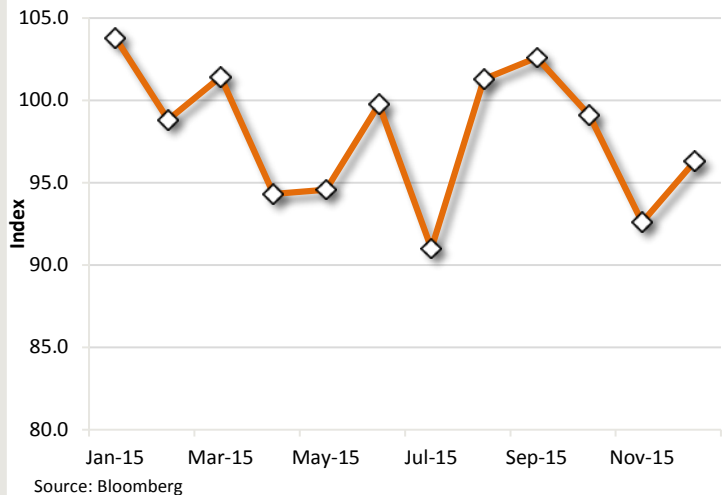
Source: Bloomberg

Initial Jobless Claims-Trailing 12 Wks.



Source: Bloomberg

Consumer Board Confidence Index - Trailing 12 Mos.



Source: Bloomberg

## Eurozone

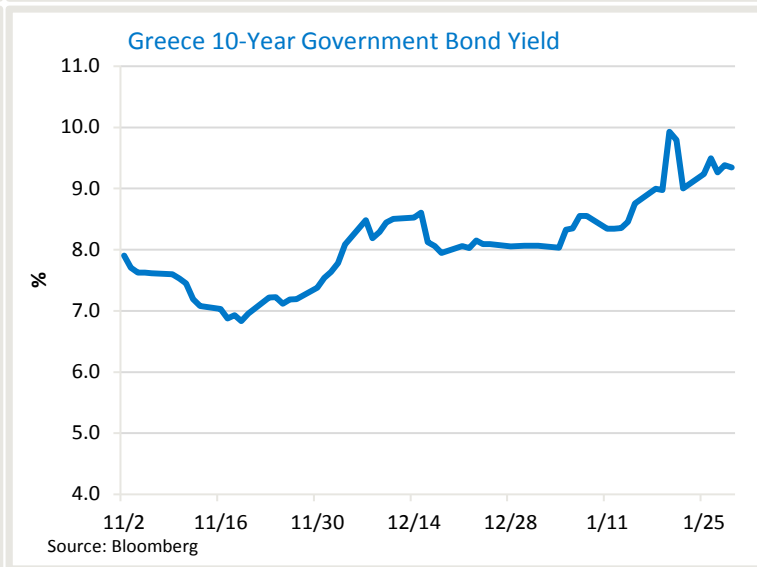
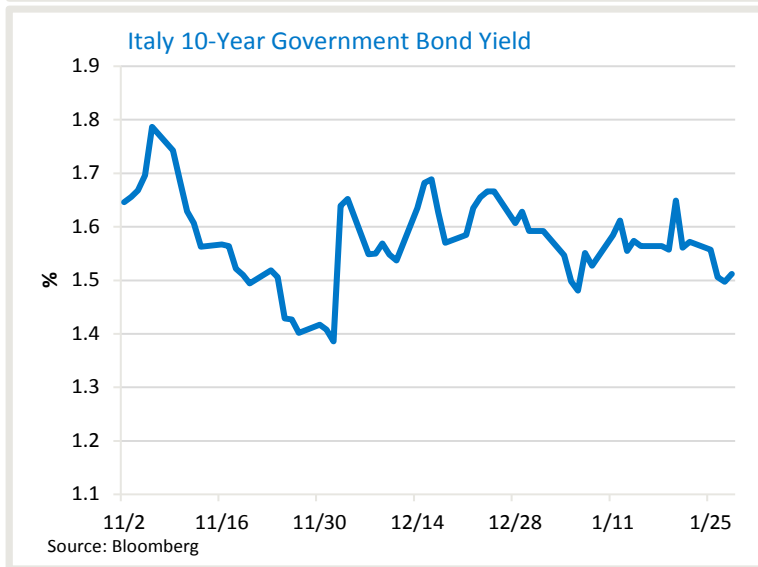
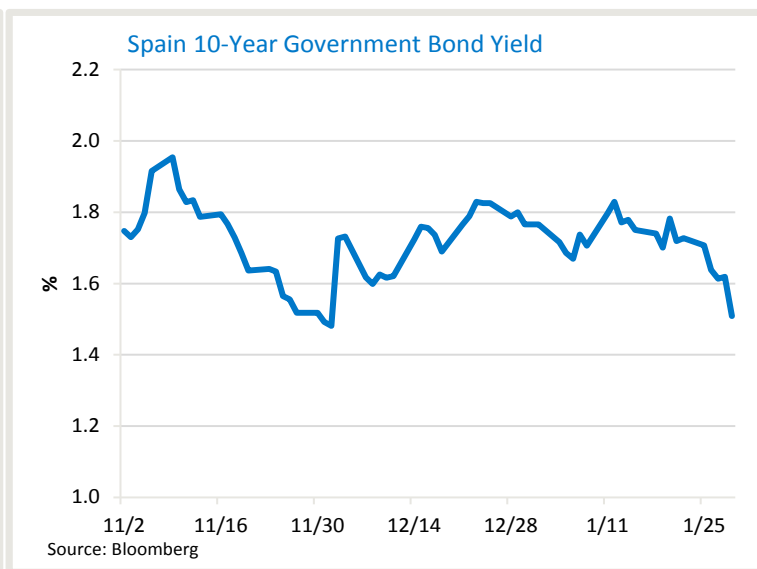
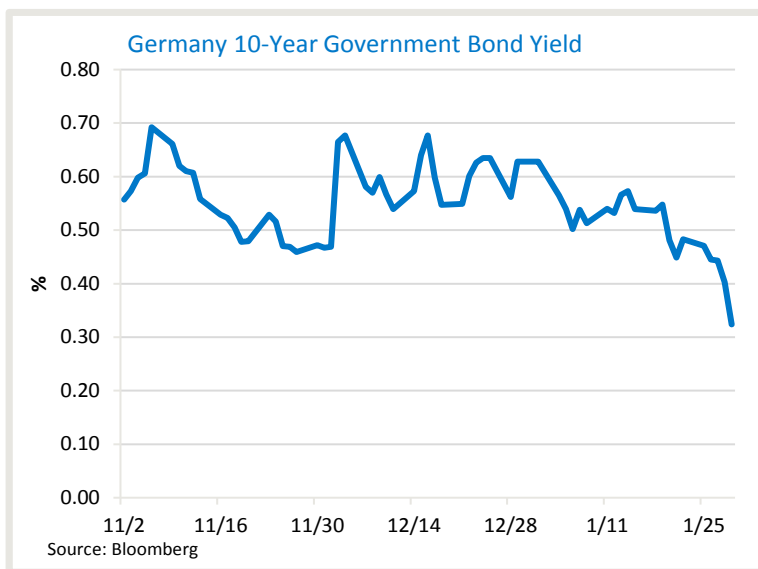
### SELECTED EUROPEAN SOVEREIGN YIELD PERFORMANCE

	Last	Change	% Chg.	YTD %
Germany 10-Yr. Govt.	0.32	16 bps	NM	NM
Greece 10-Yr. Govt.	9.34	-16 bps	NM	NM
Italy 10-Yr. Govt.	1.41	15 bps	NM	NM
Spain 10-Yr. Govt.	1.51	20 bps	NM	NM
Belgium 10-Yr. Govt.	0.77	17 bps	NM	NM

	Last	Change	% Chg.	YTD %
France 10-Yr. Govt.	0.63	16 bps	NM	NM
Ireland 10-Yr. Govt.	0.95	11 bps	NM	NM
Portugal 10-Yr. Govt.	2.87	14 bps	NM	NM
Netherlands 10-Yr. Govt.	0.43	15 bps	NM	NM
U.K. 10-Yr. Govt.	1.56	14 bps	NM	NM

Source: Bloomberg

Basis points (bps)

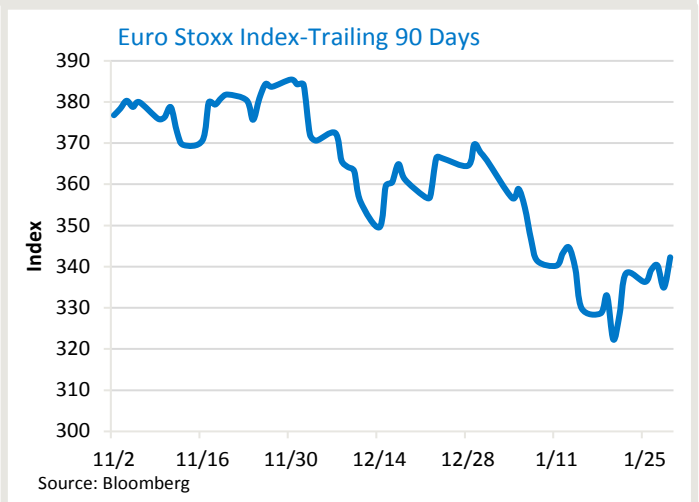
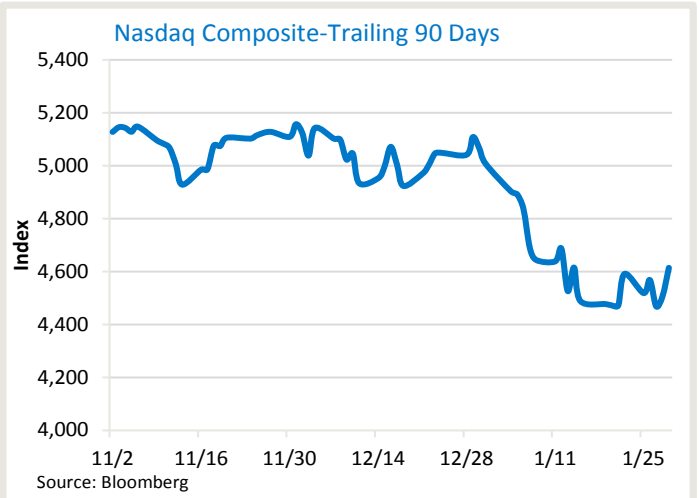
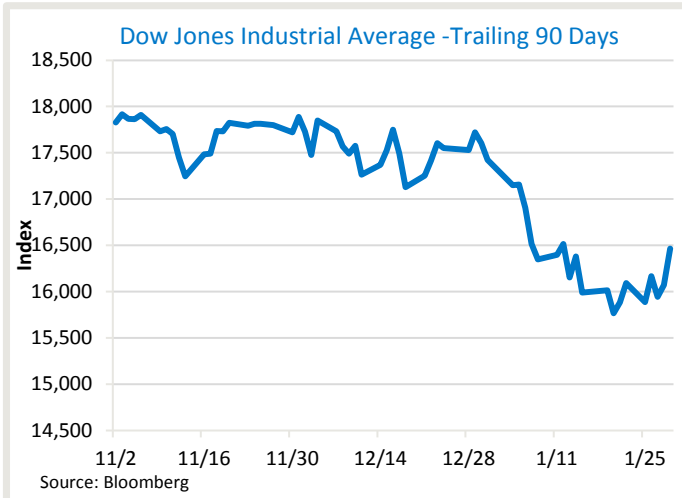


## Equities

### WORLD MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
<b>S&amp;P 500</b>	<b>1,940.24</b>	<b>33.34</b>	<b>1.75%</b>	<b>-5.07%</b>	<b>Swiss Market Index</b>	<b>8,319.81</b>	<b>48.70</b>	<b>0.59%</b>	<b>-5.65%</b>
<b>Dow Industrials</b>	<b>16,466.30</b>	<b>372.79</b>	<b>2.32%</b>	<b>-5.50%</b>	<b>CAC 40 Index (France)</b>	<b>4,417.02</b>	<b>80.33</b>	<b>1.85%</b>	<b>-4.75%</b>
<b>Nasdaq Composite</b>	<b>4,613.95</b>	<b>22.77</b>	<b>0.50%</b>	<b>-7.86%</b>	<b>DAX Index (Germany)</b>	<b>9,798.11</b>	<b>33.23</b>	<b>0.34%</b>	<b>-8.80%</b>
<b>Russell Global</b>	<b>1,524.41</b>	<b>-2.05</b>	<b>-0.13%</b>	<b>-8.2%</b>	<b>Irish Overall Index</b>	<b>6,343.24</b>	<b>-12.94</b>	<b>-0.20%</b>	<b>-6.60%</b>
<b>Russell Global EM</b>	<b>2,302.16</b>	<b>26.59</b>	<b>1.17%</b>	<b>-9.3%</b>	<b>Nikkei 225</b>	<b>17,518.30</b>	<b>559.77</b>	<b>3.30%</b>	<b>-7.96%</b>
<b>S&amp;P/TSX (Canada)</b>	<b>12,822.13</b>	<b>425.79</b>	<b>3.44%</b>	<b>-1.50%</b>	<b>Hang Seng Index</b>	<b>19,683.11</b>	<b>602.60</b>	<b>3.16%</b>	<b>-10.18%</b>
<b>Mexico IPC</b>	<b>43,630.77</b>	<b>2009.46</b>	<b>4.83%</b>	<b>1.52%</b>	<b>Shanghai Composite</b>	<b>2,737.60</b>	<b>-178.96</b>	<b>-6.14%</b>	<b>-22.65%</b>
<b>Brazil Bovespa</b>	<b>40,405.99</b>	<b>2374.77</b>	<b>6.24%</b>	<b>-6.79%</b>	<b>Kospi Index (S. Korea)</b>	<b>1,912.06</b>	<b>32.63</b>	<b>1.74%</b>	<b>-2.51%</b>
<b>Euro Stoxx 600</b>	<b>342.27</b>	<b>3.91</b>	<b>1.16%</b>	<b>-6.44%</b>	<b>Taiwan Taiex Index</b>	<b>8,080.60</b>	<b>324.42</b>	<b>4.18%</b>	<b>-3.09%</b>
<b>FTSE 100</b>	<b>6,083.79</b>	<b>183.78</b>	<b>3.11%</b>	<b>-2.54%</b>	<b>Tel Aviv 25 Index</b>	<b>1,452.17</b>	<b>12.18</b>	<b>0.85%</b>	<b>-5.01%</b>
<b>IBEX 35 (Spain)</b>	<b>8,815.80</b>	<b>92.90</b>	<b>1.07%</b>	<b>-7.63%</b>	<b>MICEX Index (Russia)</b>	<b>1,784.92</b>	<b>66.94</b>	<b>3.90%</b>	<b>1.34%</b>

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



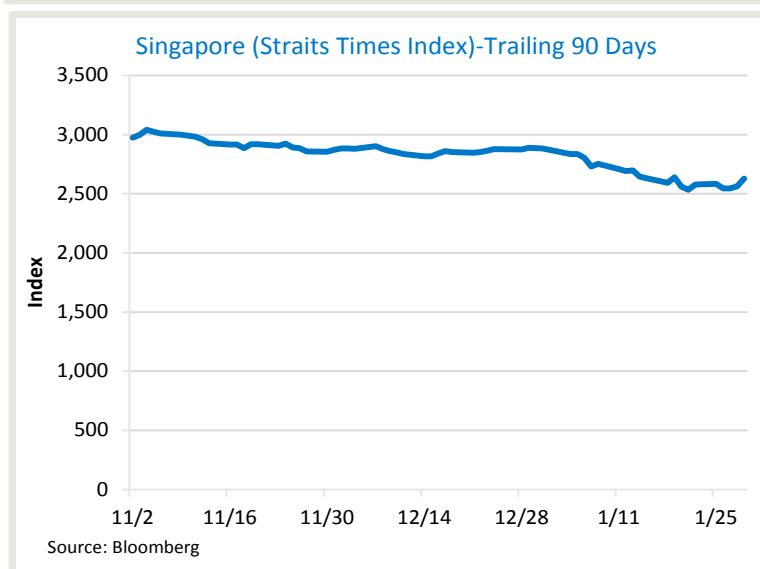
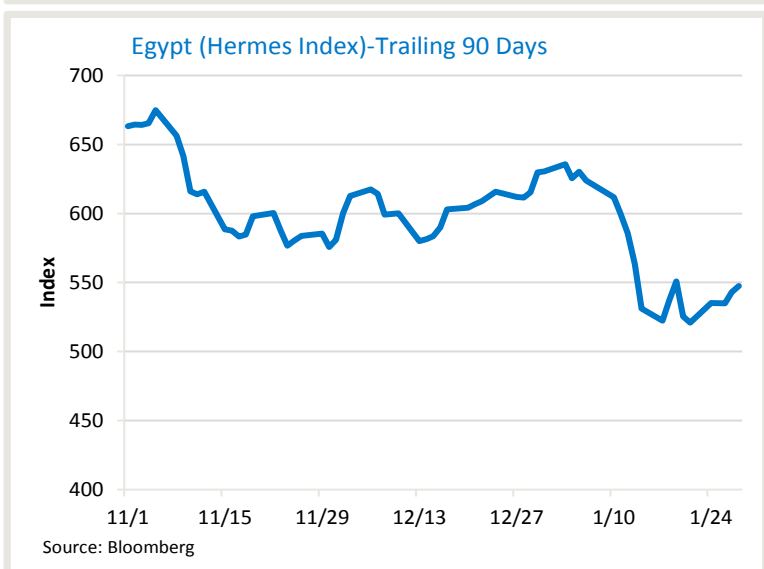
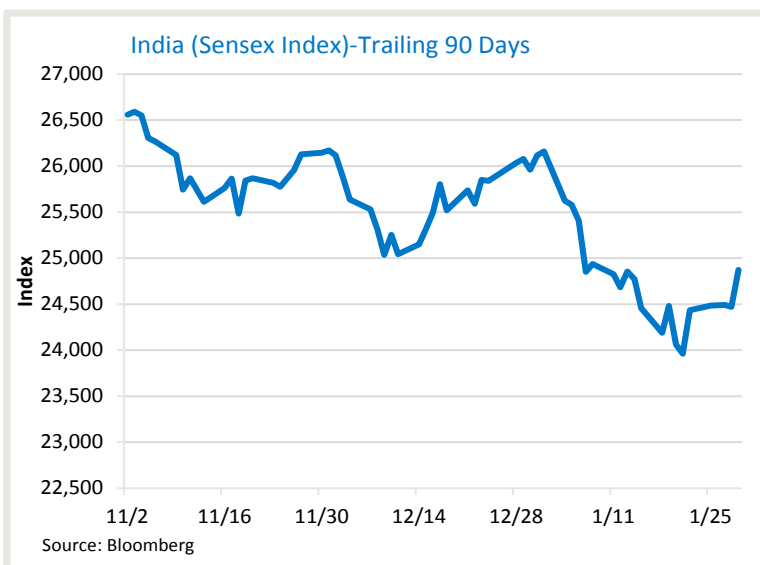
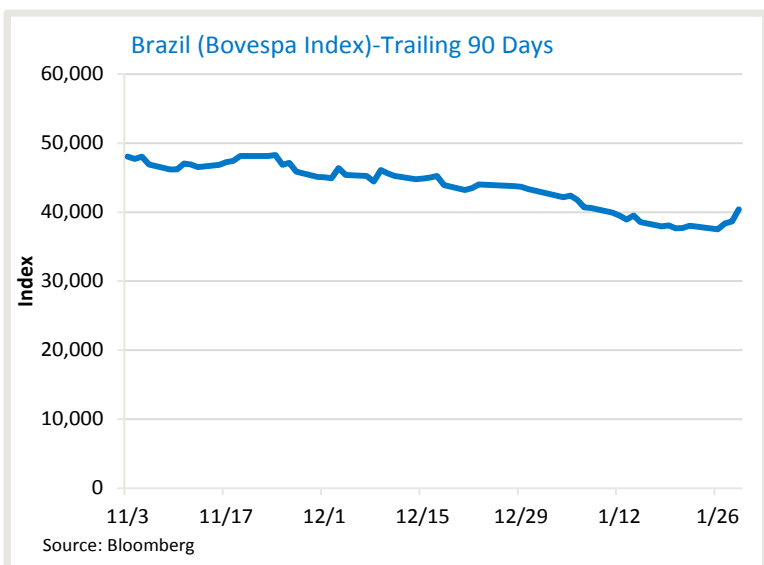
## Equities – Emerging and Frontier Markets

### EMERGING AND FRONTIER MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
Mexico IPC	43,630.77	2009.46	4.8%	1.5%
Brazil (Bovespa Index)	40,405.99	2374.77	6.2%	-6.8%
MICEX Index (Russia)	1,784.92	66.94	3.9%	1.3%
Czech Republic (Prague)	921.07	34.30	3.9%	-3.7%
Turkey (Istanbul)	73,481.13	3237.19	4.6%	2.4%
Egypt (Hermes Index)	547.44	26.64	5.1%	-13.2%
Kenya (Nairobi 20 Index)	3,773.17	25.77	0.7%	-6.6%
Saudi Arabia (TASI Index)	5,879.98	416.38	7.6%	-14.9%
Lebanon (Beirut BLOM Index)	1,153.09	-8.05	-0.7%	-1.4%
Palestine	531.27	-1.61	-0.3%	-0.3%

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

	Last	Change	% Chg.	YTD %
Hang Seng Index	19,683.11	602.60	3.2%	-10.2%
India (Sensex 30)	24,870.69	435.03	1.8%	-4.8%
Malaysia (KLCI Index)	1,667.80	66.88	4.2%	-1.5%
Singapore (Straits Times Index)	2,629.11	52.02	2.0%	-8.8%
Thailand (SET Index)	1,300.98	32.95	2.6%	1.0%
Indonesia (Jakarta)	4,615.16	158.42	3.6%	0.5%
Pakistan (Karachi KSE 100)	31,298.60	349.58	1.1%	-4.6%
Vietnam (Ho Chi Minh)	545.25	23.01	4.4%	-5.8%
Sri Lanka (Colombo)	6,340.05	-42.19	-0.7%	-8.0%
Cambodia (Laos)	1,176.36	-5.32	-0.5%	0.2%

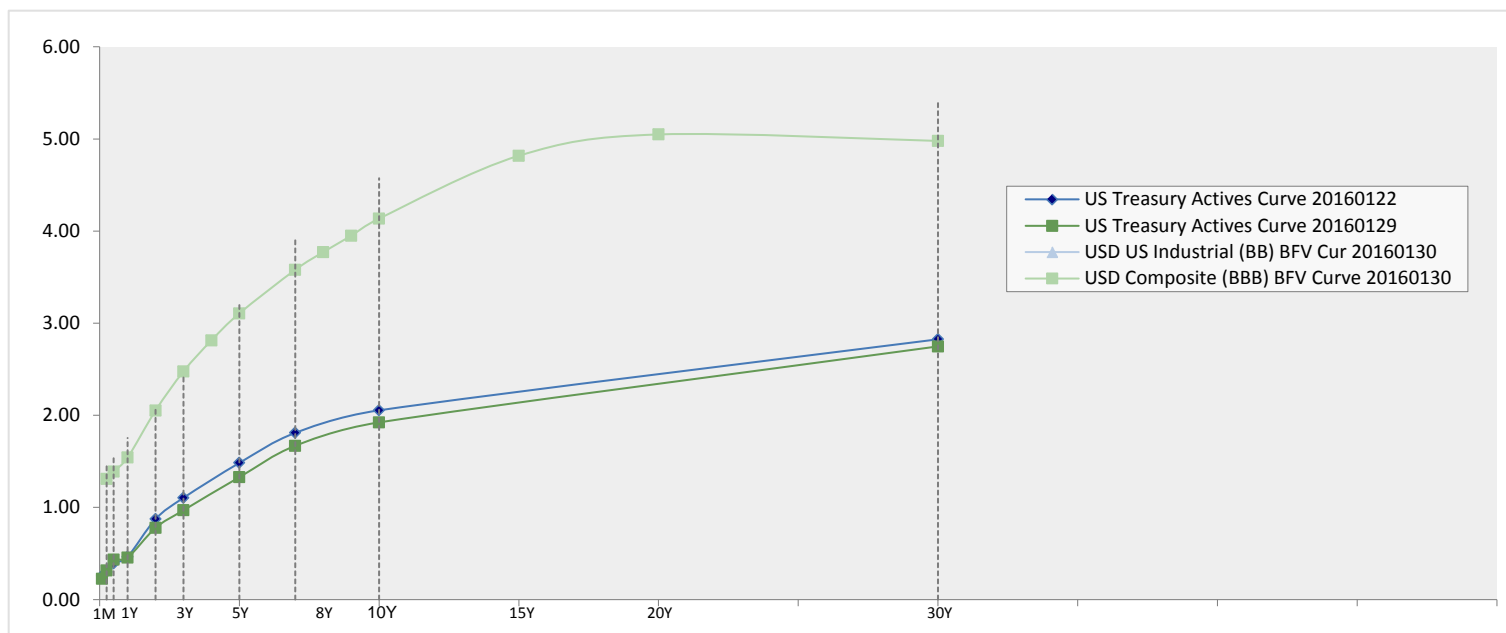


## Interest Rates

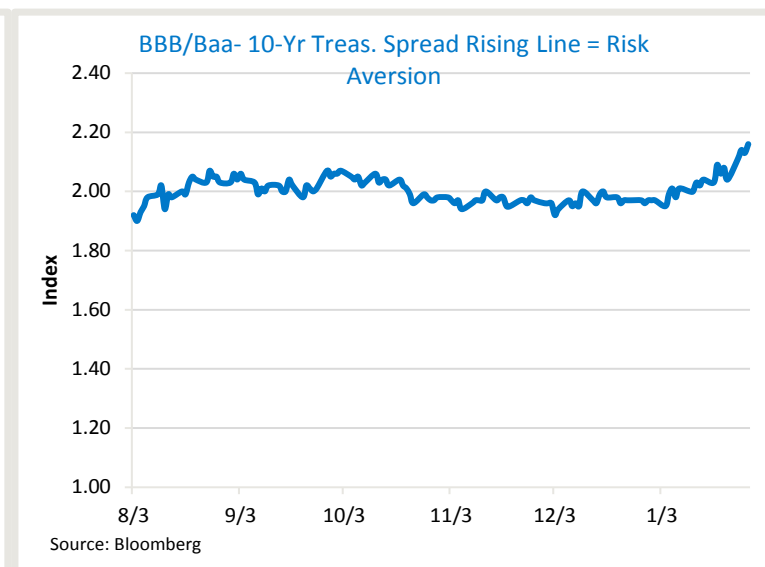
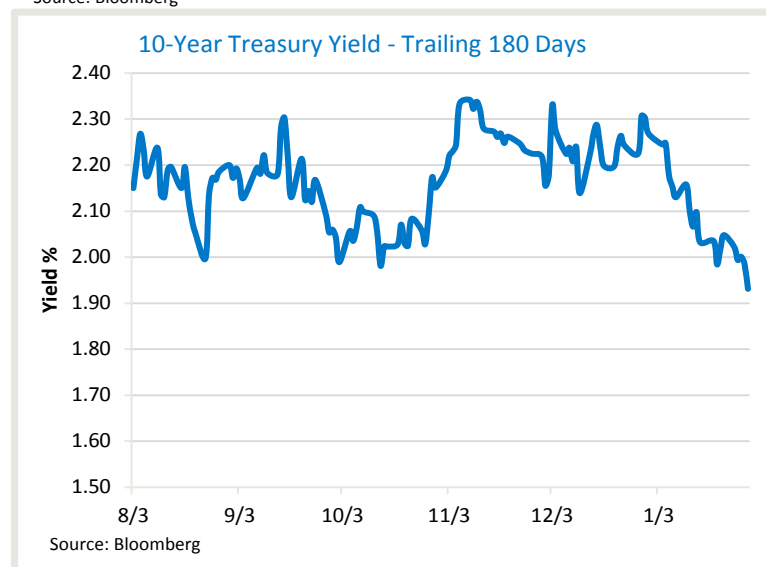
### SELECTED INTEREST RATES

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
2-Yr. U.S. Treasury	0.78%	0 bps	NM	NM	Prime Rate	3.50%	0.00	NM	NM
5-Yr. U.S. Treasury	1.34%	-14 bps	NM	NM	Fed Funds Rate	0.50%	0.00	NM	NM
10-Yr. U.S. Treasury	1.93%	-12 bps	NM	NM	Discount Rate	1.00%	0.00	NM	NM
30-Yr. U.S. Treasury	2.76%	-6 bps	NM	NM	LIBOR (3 Mo.)	0.62%	0 bps	NM	NM
German 10-Yr. Govt.	0.32%	16 bps	NM	NM	Bond Buyer 40 Muni	3.53%	0 bps	NM	NM
France 10-Yr.	0.63%	16 bps	NM	NM	Bond Buyer 40 G.O.	3.38%	NA	NM	NM
Italy 10-Yr.	1.41%	15 bps	NM	NM	Bond Buyer 40 Rev.	3.83%	NA	NM	NM
Fed 5-Yr Fwd BE Inf.	1.53%	3 bps	NM	NM					

Source: Bloomberg



Source: Bloomberg





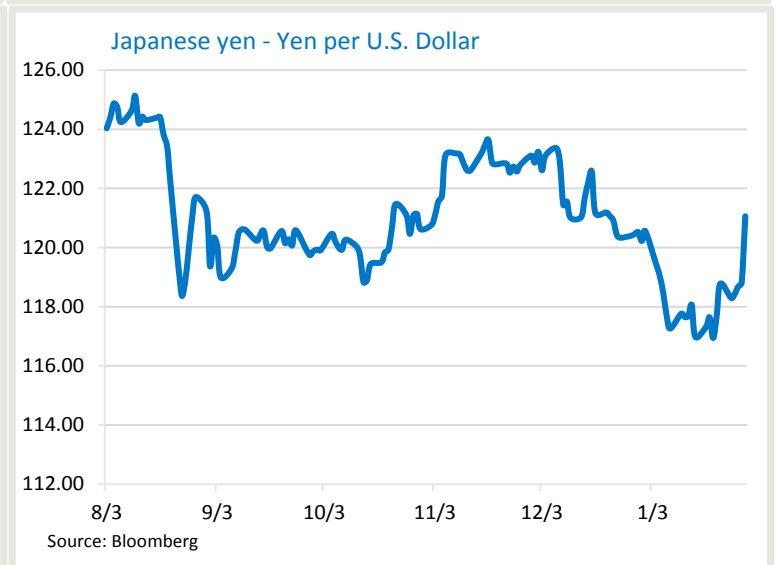
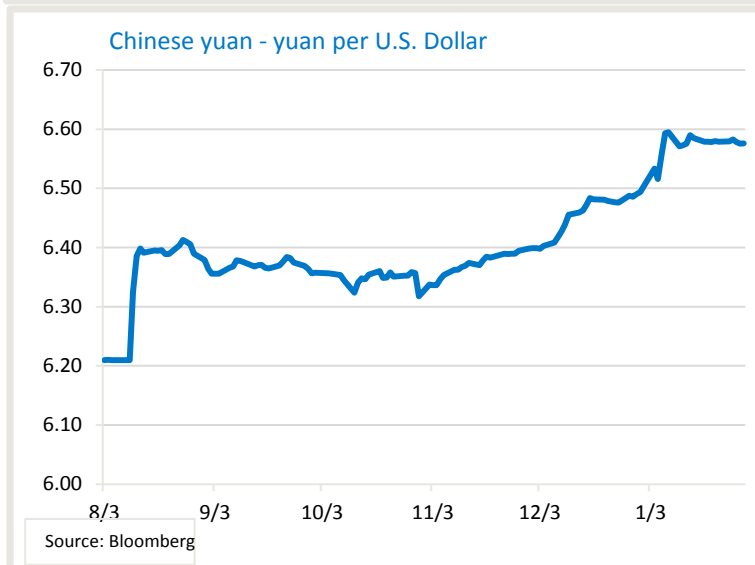
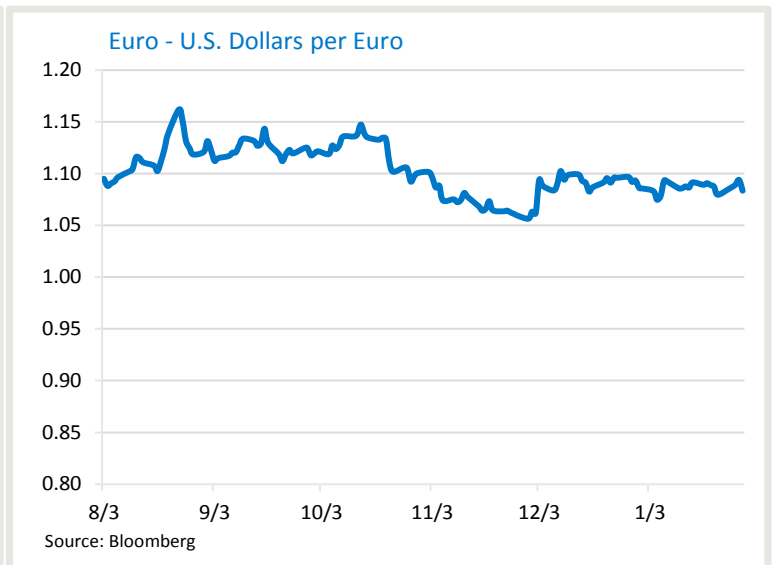
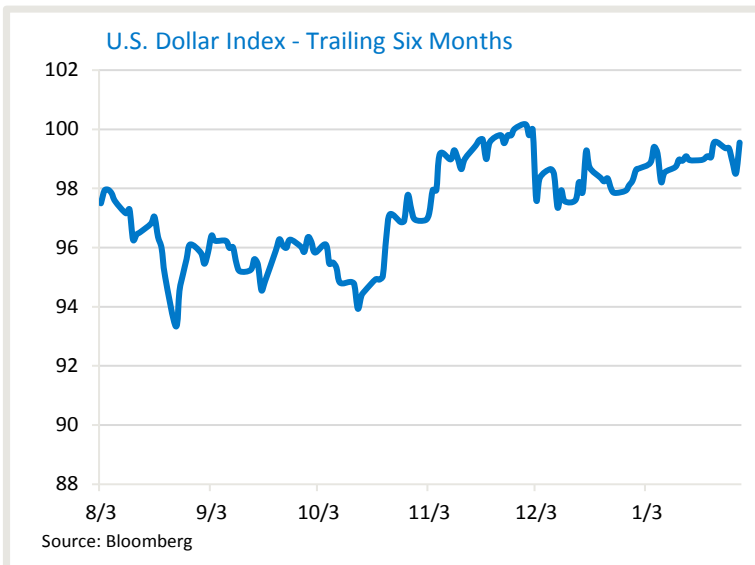
## Currencies

### SELECTED CURRENCY PERFORMANCE

	Last	Change	% Chg.	YTD %
<b>Dollar Index</b>	<b>99.54</b>	<b>-0.023</b>	<b>-0.02%</b>	<b>0.93%</b>
<b>Euro</b>	<b>1.08</b>	<b>0.004</b>	<b>0.36%</b>	<b>-0.25%</b>
<b>Japanese Yen</b>	<b>121.05</b>	<b>2.280</b>	<b>-1.88%</b>	<b>-0.69%</b>
<b>British Pound</b>	<b>1.42</b>	<b>-0.002</b>	<b>-0.13%</b>	<b>-3.33%</b>
<b>Canadian Dollar</b>	<b>1.40</b>	<b>-0.012</b>	<b>0.89%</b>	<b>-1.11%</b>

	Last	Change	% Chg.	YTD %
<b>Chinese Yuan</b>	<b>6.58</b>	<b>-0.003</b>	<b>0.04%</b>	<b>-1.25%</b>
<b>Swiss Franc</b>	<b>1.02</b>	<b>0.007</b>	<b>-0.68%</b>	<b>-2.05%</b>
<b>New Zealand Dollar</b>	<b>0.65</b>	<b>-0.002</b>	<b>-0.25%</b>	<b>-5.18%</b>
<b>Brazilian Real</b>	<b>4.00</b>	<b>-0.095</b>	<b>2.37%</b>	<b>-0.96%</b>
<b>Mexican Peso</b>	<b>18.12</b>	<b>-0.324</b>	<b>1.79%</b>	<b>-5.03%</b>

Source: Bloomberg

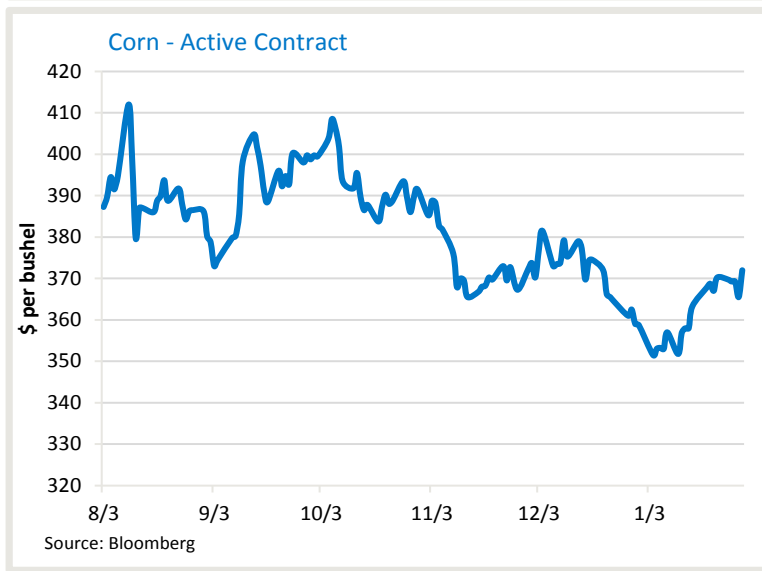
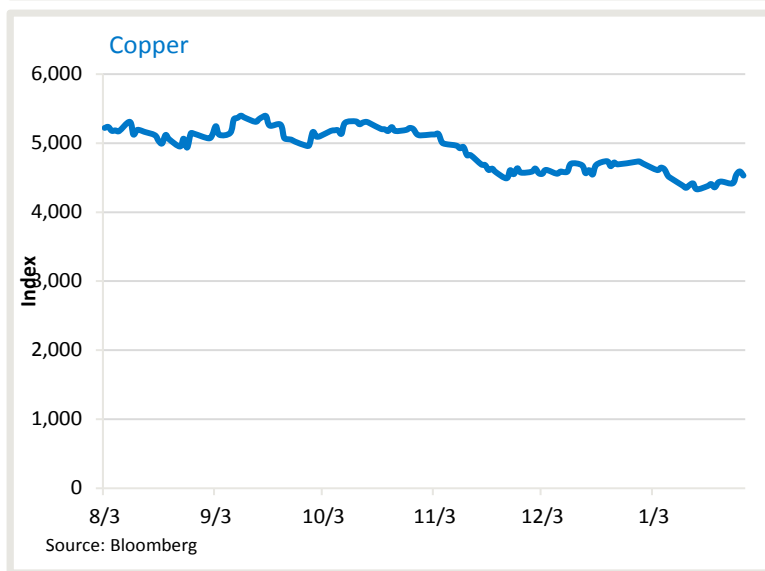
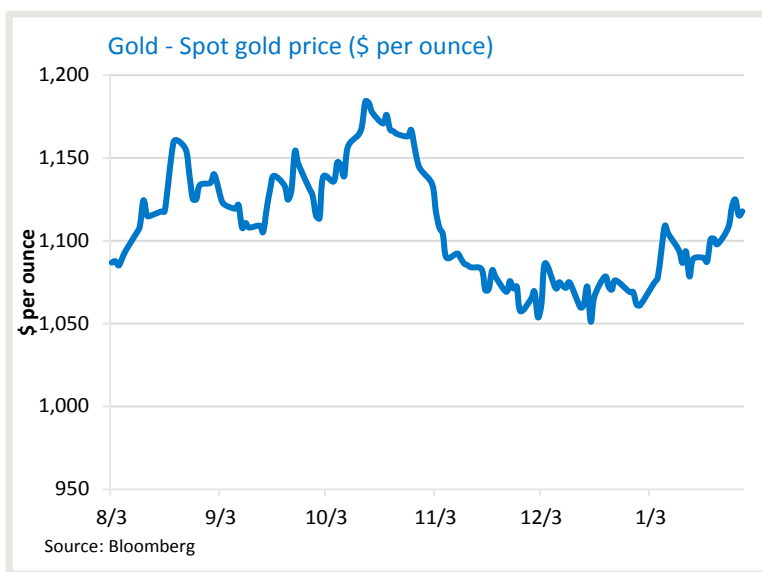
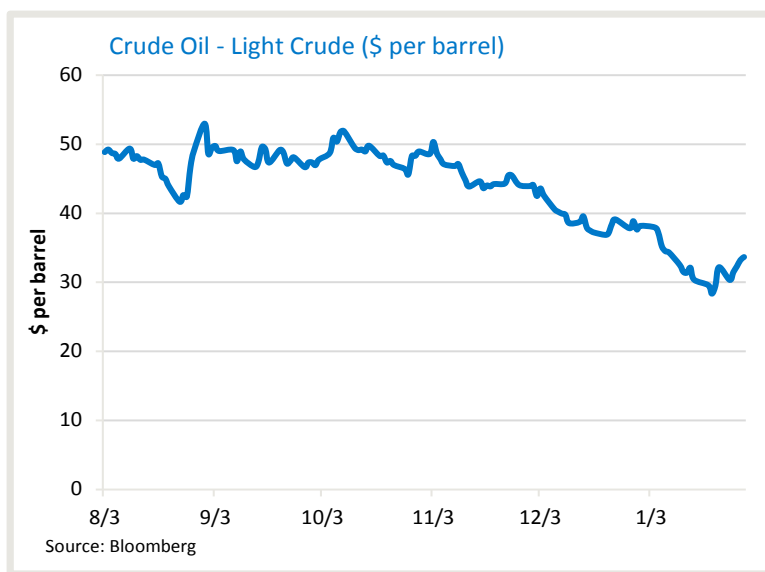


## Commodities

### SELECTED COMMODITY MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
DJ UBS Comm. Idx.	77.22	1.99	2.64%	-1.70%	Platinum Spot	\$871.45	\$38.95	4.68%	-2.25%
Rogers Int. Comm. Idx.	1926.47	85.98	4.67%	-4.56%	Corn	372.00	1.75	0.47%	3.69%
Crude Oil	\$33.74	\$1.55	4.82%	-11.61%	Wheat	479.25	3.75	0.79%	1.97%
Natural Gas	\$2.31	\$0.17	7.80%	-2.33%	Soybeans	882.25	5.75	0.66%	2.08%
Gasoline (\$/Gal.)	\$1.81	-\$0.02	-1.31%	-9.17%	Sugar	13.14	-1.28	-8.88%	-13.78%
Heating Oil	107.96	7.07	7.02%	-6.15%	Orange Juice	132.40	10.75	8.84%	-8.47%
Gold Spot	\$1,118.21	\$20.26	1.85%	5.38%	Aluminum	1,513.50	32.00	2.16%	0.43%
Silver Spot	\$14.26	\$0.23	1.66%	2.97%	Copper	4,530.00	87.00	1.96%	-3.72%

Source: Bloomberg; % change is based on price.

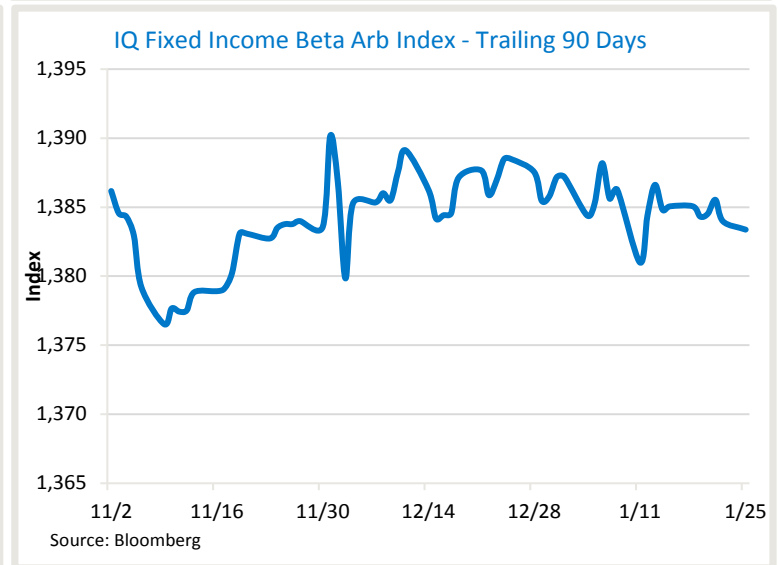
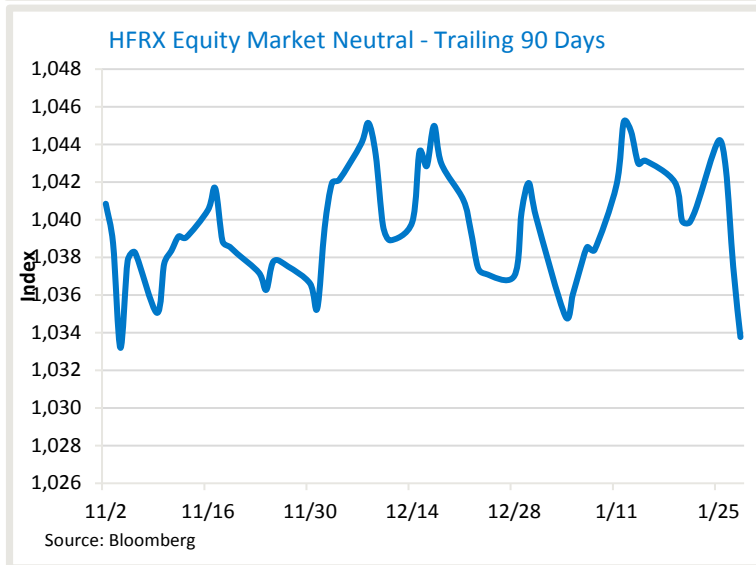
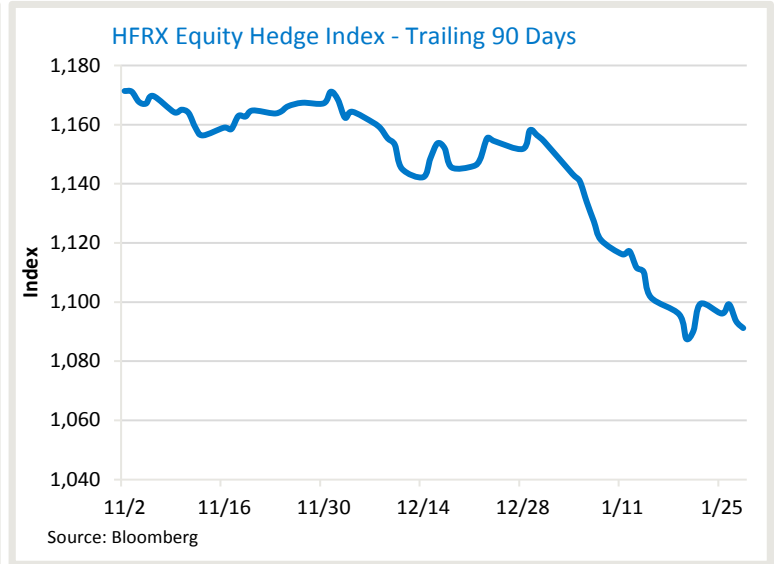
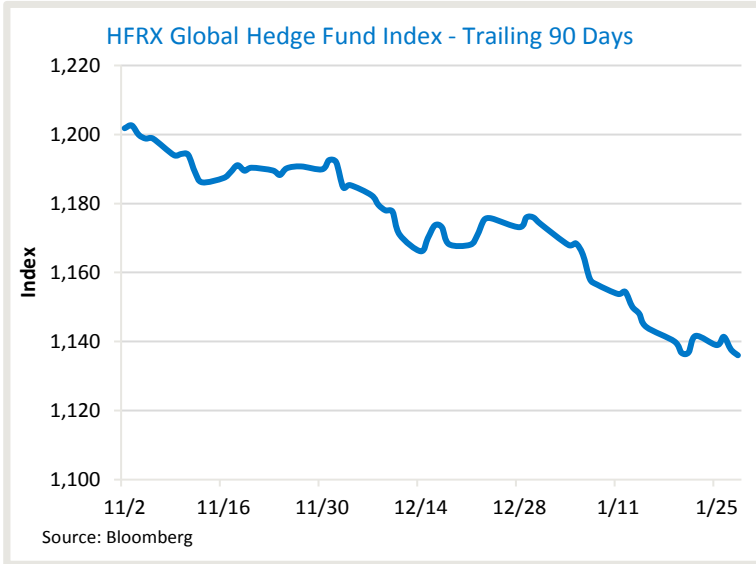


## Alternative Investments

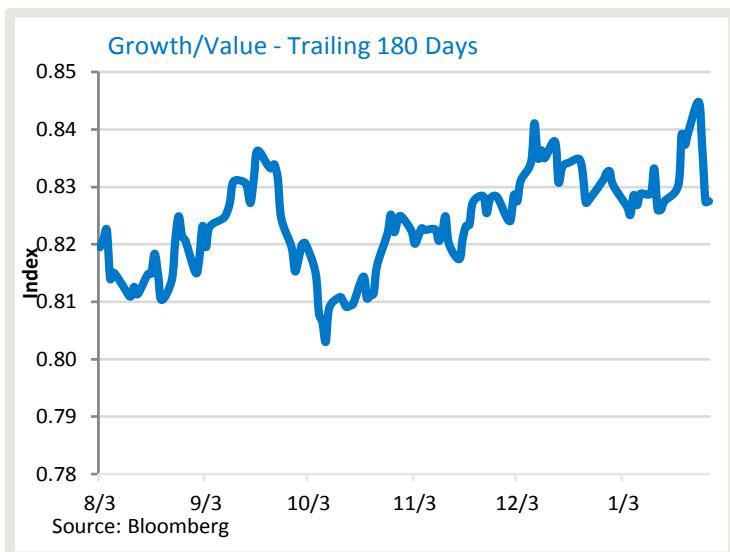
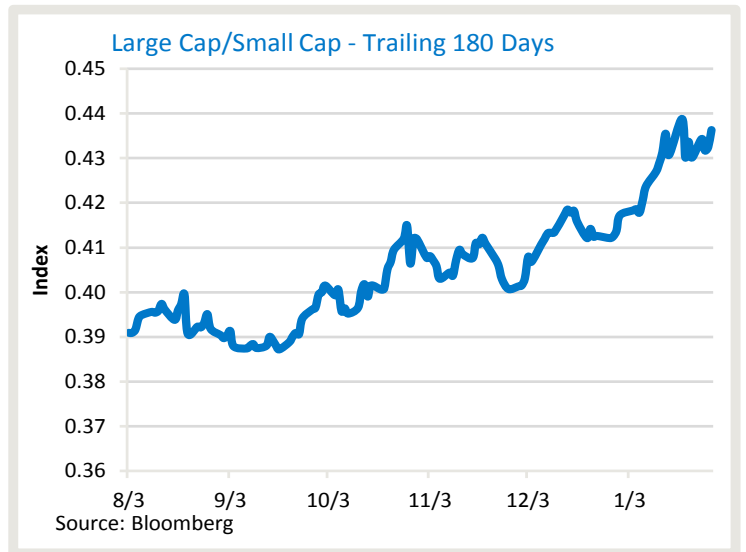
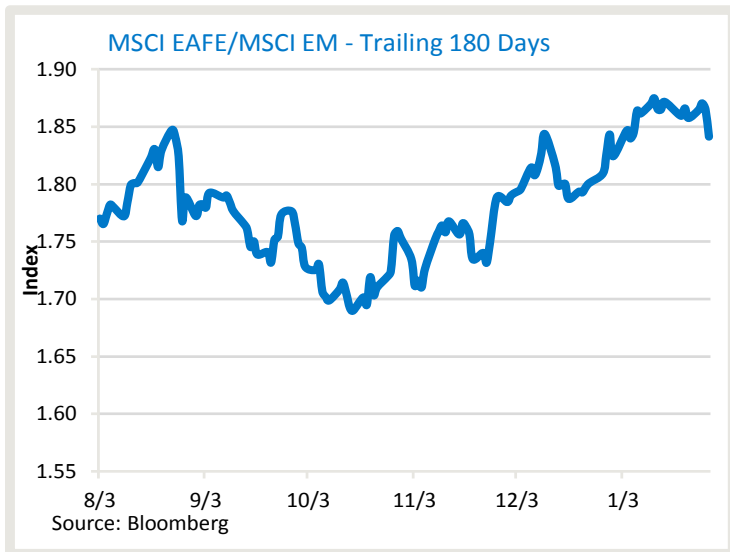
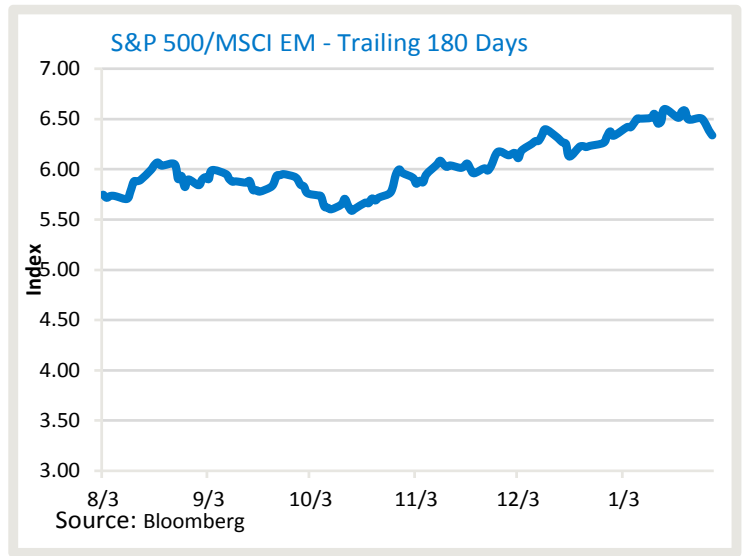
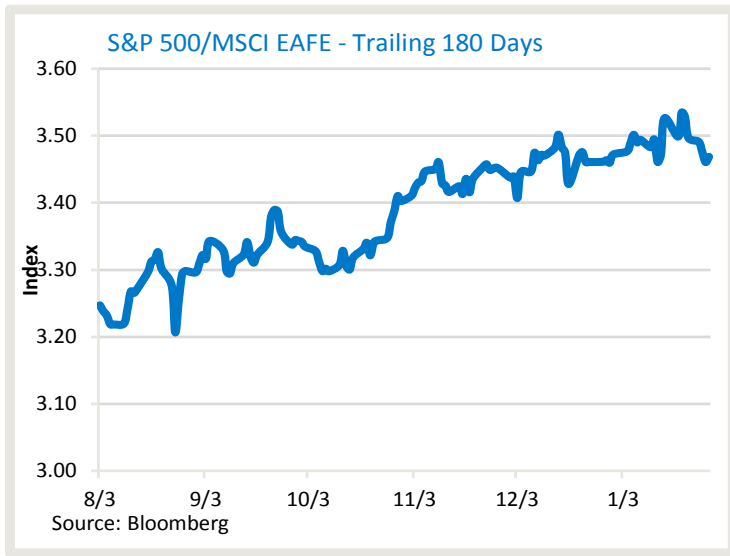
### SELECTED ALTERNATIVE INVESTMENT INDEX PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
HFRX Global Hedge Fund Index	1136.00	-5.63	-0.49%	-3.24%	HFRX Distressed Index	865.04	1.11	0.13%	-3.48%
HFRX Equity Market Neutral	1033.76	-6.94	-0.67%	-0.61%	HFRX Merger Arbitrage Index	1755.12	10.06	0.58%	1.00%
HFRX Equity Hedge Index	1091.20	-8.24	-0.75%	-5.47%	HFRX Convertible Arbitrage Index	690.58	3.37	0.49%	-1.65%
HFRX Event-Driven Index	1345.66	-13.80	-1.02%	-4.45%	HFRX Macro CTA Index	1175.64	-3.36	-0.28%	0.51%
HFRX Absolute Return Index	1022.28	-0.75	-0.07%	-0.30%	IQ Fixed Income Beta Arb Index	1389.42	5.45	0.39%	0.16%

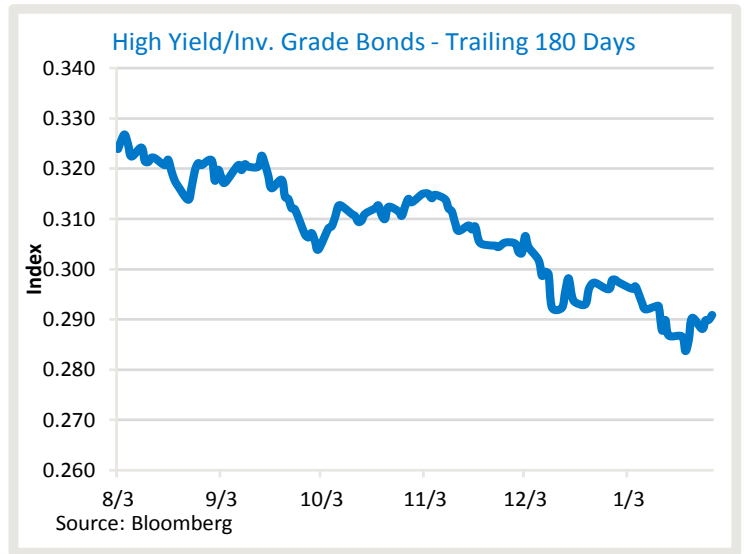
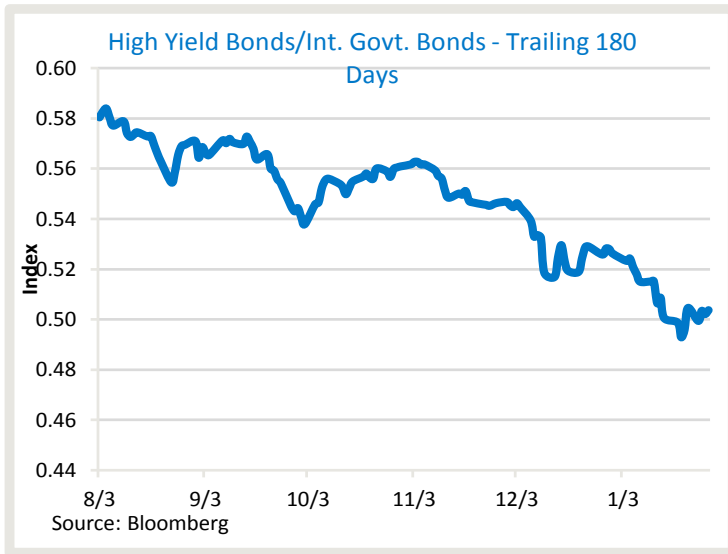
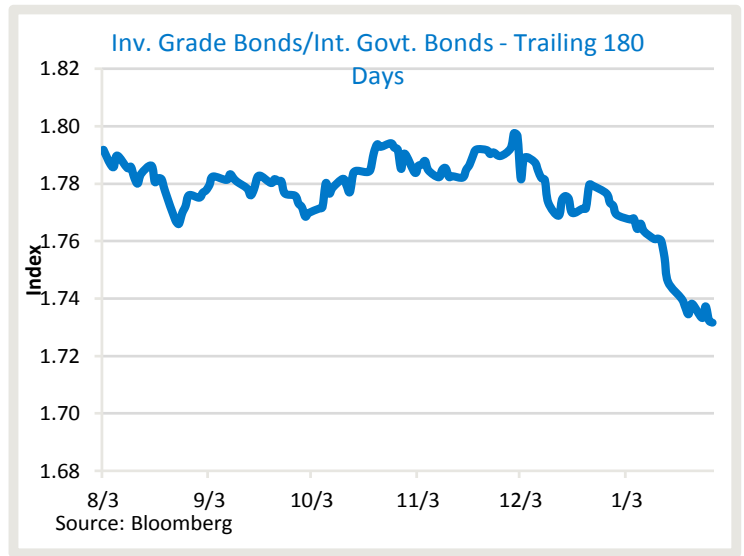
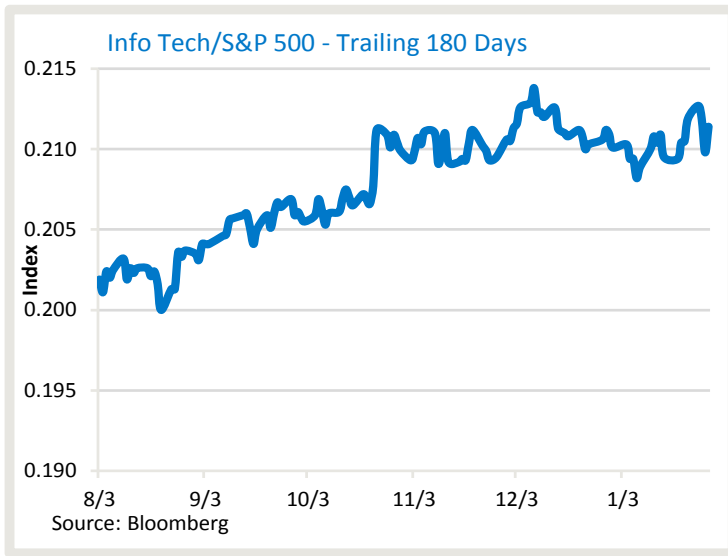
Source: Bloomberg; Index % change is based on price.



## Portfolio Construction



## Portfolio Construction (continued)



WEEKLY ASSET CLASS PERFORMANCE (Prior 12 weeks ending Thursday)

			11/12	11/19	11/26	12/3	12/10	12/17	12/24	12/31	1/7	1/14	1/21	1/28
Equity	Domestic Equity	Large Cap (R200)	-2.44%	1.80%	0.24%	-1.87%	0.24%	-0.37%	0.76%	-0.82%	-5.04%	-0.78%	-2.87%	1.30%
		Small Cap (R2000)	-3.01%	1.03%	2.68%	-2.29%	-1.84%	-1.19%	1.71%	-1.63%	-6.28%	-3.65%	-2.76%	0.59%
	Int'l. Equity	MSCI EAFE	-1.69%	1.66%	-0.08%	-0.87%	-2.02%	-0.33%	1.27%	-0.31%	-5.46%	-2.40%	-4.11%	3.69%
		MSCI Em. Mkts.	-3.52%	0.41%	0.11%	-2.25%	-3.69%	1.21%	0.68%	-1.23%	-6.96%	-2.13%	-4.79%	4.90%
Fixed Income	BarCap Agg. (AGG)	-0.40%	0.32%	0.10%	-0.84%	0.49%	-0.25%	-0.13%	0.00%	0.38%	0.35%	-0.04%	0.25%	
	High Yield (JNK)	-2.15%	-0.39%	-0.28%	-0.31%	-2.19%	-1.92%	1.01%	-0.44%	-0.91%	-1.37%	-2.11%	1.82%	
Commodities	DJ UBS Index	-3.45%	-1.36%	0.64%	-1.18%	-2.64%	-3.22%	2.45%	0.09%	-2.39%	-2.77%	-1.03%	3.14%	
Alternatives	Hedge Funds (HFRX Global)	-0.82%	0.05%	0.06%	-0.46%	-0.60%	-0.38%	0.22%	-0.14%	-1.36%	-0.87%	-0.98%	-0.07%	
Asset Allocation	60/40*	-1.71%	1.01%	0.36%	-1.34%	-0.54%	-0.40%	0.63%	-0.54%	-3.22%	-1.01%	-2.11%	1.43%	
	48/32/20 (w/Alts.)**	-1.53%	0.81%	0.30%	-1.17%	-0.55%	-0.40%	0.55%	-0.46%	-2.85%	-0.98%	-1.88%	1.13%	

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	1.01	1.10	1.14	1.06	1.14	1.17	1.09	1.06	1.08	0.92	1.01	0.77	1.10
Large Cap Growth	1.02	1.00	1.03	1.12	1.16	1.07	1.16	1.19	1.11	1.08	1.09	0.94	1.02	0.78	1.12
Large Cap Value	0.99	0.97	1.00	1.09	1.12	1.04	1.13	1.15	1.07	1.05	1.06	0.91	1.00	0.76	1.08
Mid Cap Core	0.91	0.89	0.92	1.00	1.03	0.96	1.04	1.06	0.99	0.97	0.98	0.84	0.92	0.70	1.00
Mid Cap Growth	0.88	0.87	0.89	0.97	1.00	0.93	1.00	1.03	0.96	0.94	0.95	0.81	0.89	0.68	0.97
Mid Cap Value	0.95	0.93	0.96	1.04	1.07	1.00	1.08	1.10	1.03	1.01	1.02	0.87	0.95	0.73	1.04
Small Cap Core	0.88	0.86	0.89	0.96	1.00	0.93	1.00	1.02	0.95	0.93	0.94	0.81	0.88	0.67	0.96
Small Cap Growth	0.86	0.84	0.87	0.94	0.97	0.91	0.98	1.00	0.93	0.91	0.92	0.79	0.86	0.66	0.94
Small Cap Value	0.92	0.90	0.93	1.01	1.05	0.97	1.05	1.07	1.00	0.98	0.99	0.85	0.93	0.71	1.01
Int'l. Developed	0.94	0.92	0.95	1.03	1.07	0.99	1.07	1.10	1.02	1.00	1.01	0.87	0.95	0.72	1.03
Emerging Markets	0.93	0.91	0.94	1.02	1.06	0.98	1.06	1.08	1.01	0.99	1.00	0.86	0.94	0.71	1.02
REITs	1.08	1.07	1.10	1.19	1.23	1.15	1.24	1.27	1.18	1.15	1.17	1.00	1.09	0.83	1.19
Commodities	0.99	0.98	1.00	1.09	1.13	1.05	1.13	1.16	1.08	1.06	1.07	0.91	1.00	0.76	1.09
Int. Bond	1.30	1.28	1.32	1.43	1.48	1.38	1.48	1.52	1.41	1.38	1.40	1.20	1.31	1.00	1.43
High Yield	0.91	0.90	0.92	1.00	1.04	0.96	1.04	1.06	0.99	0.97	0.98	0.84	0.92	0.70	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. (DM countries include: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the UK.) 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 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.

© 2016 Envestnet Asset Management, Inc. All rights reserved.

#### **ABOUT ENVESTNET®**

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.

For more information on Envestnet, please visit [www.envestnet.com](http://www.envestnet.com).