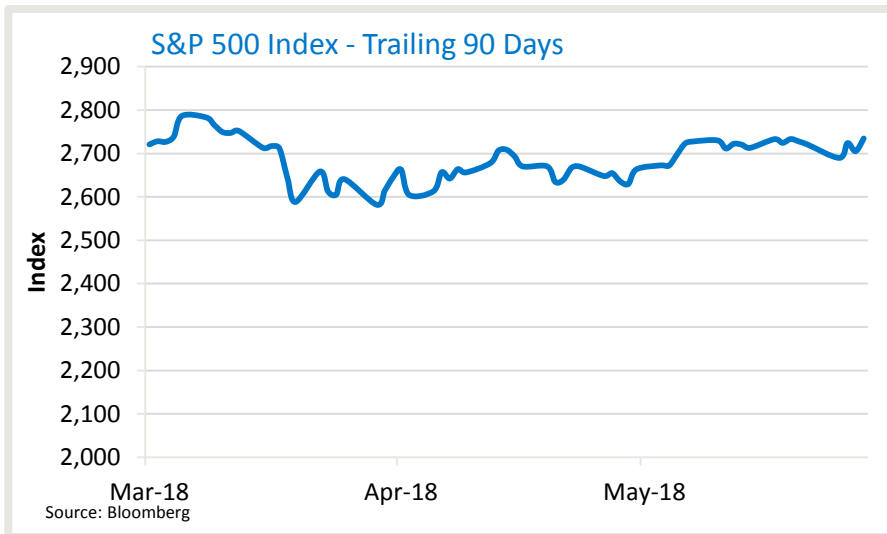


# Weekly Market Review

June 1, 2018

## Chart of the Week



## Weekly Highlights

- **Global Trade War Fears Weigh on Stocks.** The Trump Administration announced it would proceed with its proposal to impose 25% tariffs on \$50 billion worth of goods from China. US Commerce Secretary, Wilbur Ross, announced steel and aluminum tariffs on Canada, Mexico, and the European Union. The European Commission described the move as “protectionist” and at odds with WTO rules.
- **Political Crisis in Italy.** Last weekend, Italy’s anti-establishment parties failed to form a coalition government, following Italian President Sergio Mattarella’s refusal to accept their choice as economy minister, leading to fears of impending snap polls that would resemble a referendum on Italy’s remaining in the EU and euro. The gap between Italian and German bond yields widened to its highest level in four years, following the news, and the euro sold off. Late Thursday evening, the populist Five Star Movement and League parties agreed on a coalition government, ending a five-day government impasse.
- **Unemployment at 3.8% and 223K new jobs.** The employment report showed an addition of 223,000 jobs in May, the unemployment rate declined to 3.8%, an 18-year low, and wage growth increased by 2.7%.

## Talking Points

- **Volatility ticked higher**, in what is typically a light trading, holiday- shortened week, amid political turmoil in Italy at the beginning of the week, and the re-emergence of global trade war concerns. In that context, equities finished mixed, as they battled back from the Italian political crisis that followed a strong US jobs report. Domestic stocks outperformed international, and small caps outpaced large caps.
- **The Yield on the 10-Year Treasury Note** traded as low as 2.76% on Tuesday, a level not seen since early April, but finished the week approaching 2.9%, following the jobs data.
- **Spain PM loses confidence vote.** On Friday, Spain’s Primer Minister, Mariano Rajoy, was forced out in a no-confidence vote led by the country’s opposition Socialist party.
- **Chinese A-shares are added.** On Friday, 230 Chinese stocks were added to the MSCI Emerging Markets Index. This partial inclusion of A-shares (securities that are traded on the mainland) brings China exposure in the benchmark to 31%.
- **Among major economic data**, personal income rose 0.3% in April; consumer spending jumped 0.6%, its largest increase in five months; and initial jobless claims fell to 221,000, which was both lower than expected and a drop from the prior week.

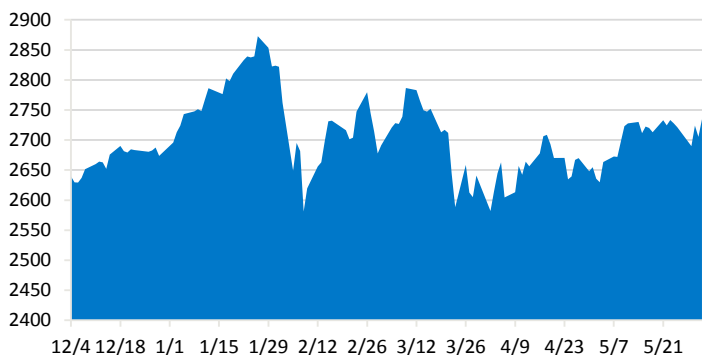
## Market Dashboard

	Last Price	Change	% Chg.	YTD %
<b>S&amp;P 500</b>	2,734.62	13.29	0.49%	2.3%
<b>Dow Industrials</b>	24,635.21	-117.88	-0.48%	-0.3%
<b>Nasdaq</b>	7,554.33	120.48	1.62%	9.4%
<b>Russell 2000</b>	1,647.98	21.06	1.29%	7.3%
<b>Euro Stoxx Index</b>	386.91	-4.17	-1.07%	-0.6%
<b>Shanghai Composite</b>	3,075.14	-66.17	-2.11%	-7.0%
<b>Russell Global</b>	2,133.48	-17.52	-0.81%	-0.5%

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

	Last Price	Change	% Chg.	YTD %
<b>Russell Global EM</b>	3,527.67	-44.81	-1.25%	-3.2%
<b>10-Year US Treas.</b>	2.90	-4 bps	NM	NM
<b>Bloomberg Cmnts. Idx.</b>	90.45	-0.47	-0.51%	2.6%
<b>Gold</b>	\$1,293.87	-\$8.45	-0.65%	-0.7%
<b>Crude Oil</b>	\$65.71	-\$2.18	-3.21%	9.9%
<b>Dollar Index</b>	94.20	-0.03	-0.04%	2.3%
<b>VIX Index</b>	13.46	0.24	1.82%	21.9%

S&P 500 Index: Trailing 180 Days



Source: Bloomberg

	One Week			YTD		
	Value	Growth		Value	Growth	
<b>L</b>	-0.01%	0.60%	1.09%	-2.56%	2.69%	7.32%
	-0.01%	0.23%	0.53%	-1.23%	1.76%	5.60%
<b>S</b>	0.91%	1.29%	1.64%	4.82%	7.32%	9.66%

Source: Bloomberg

### Sector Performance:

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

	% Wgt in S&P 500	Week % Chg.	YTD % Chg.
<b>Consumer Discretionary</b>	12.8	0.25%	7.8%
<b>Consumer Staples</b>	6.6	-0.52%	-3.5%
<b>Energy</b>	6.2	2.48%	5.2%
<b>Financials</b>	14.2	-1.30%	-1.9%
<b>Health Care</b>	13.9	0.43%	0.7%
<b>Industrials</b>	9.9	-0.73%	-1.1%
<b>Information Technology</b>	26.2	2.06%	2.8%
<b>Materials</b>	2.9	-0.05%	-2.7%
<b>Real Estate</b>	2.7	1.67%	-4.3%
<b>Telecom Services</b>	1.8	-0.86%	-2.6%
<b>Utilities</b>	2.7	-0.63%	-5.4%

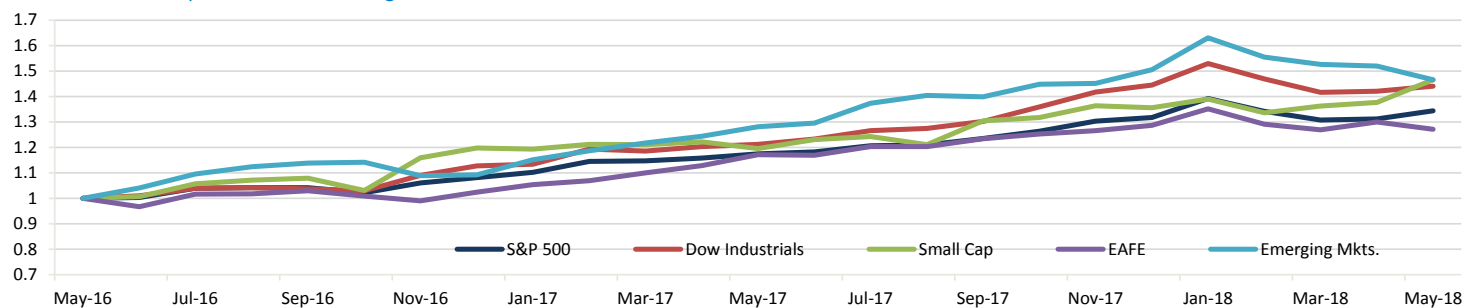
Source: Bloomberg

VIX Index: Trailing 180 Days



Source: Bloomberg

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



Source: Bloomberg

## The Economy and Markets

### A Macro View – May Monthly Recap

**Domestic equity markets** resumed their march higher in May, behind positive earnings and a shift in investor sentiment, despite some weakness in the market that closed out the month. The major US indices moved back into positive territory year to date and locked in solid monthly gains, with the S&P 500 Index gaining 2.4%, its best monthly performance since January. Despite the overall gains, the month ended with increased anxieties over trade wars, geopolitical concerns with North Korea, and a political crisis in Italy. Renewed fears concerning a global trade war (with announcements of new tariffs) stifled some investor optimism, in spite of continued positive economic and corporate data. Corporate earnings have been a fundamental factor continuing to drive stocks higher, as companies represented in the S&P 500 Index reported an average of more than 20% year-over-year earnings growth in the first quarter. The employment report showed an addition of 223,000 jobs in May, the unemployment rate declined to 3.8%, and wage growth increased by 2.7%. The second reading on Q1 GDP ticked lower to 2.2%, from a preliminary reading of 2.3%. Consumer spending, which makes up more than two-thirds of the US economy, dipped slightly to 2.6%, slowing somewhat after driving much of the growth in prior quarters.

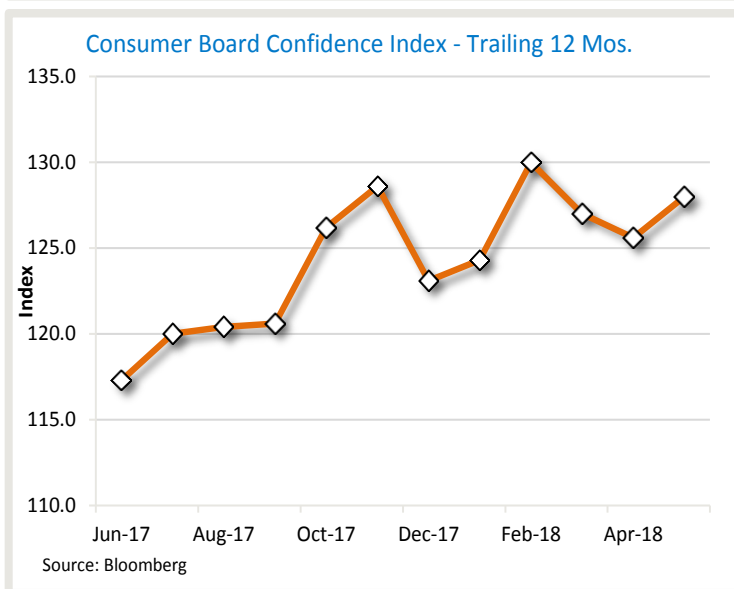
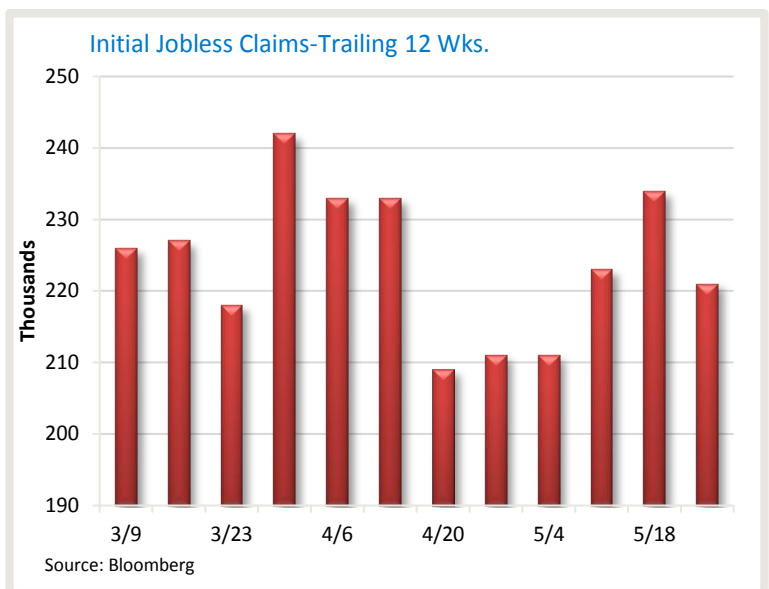
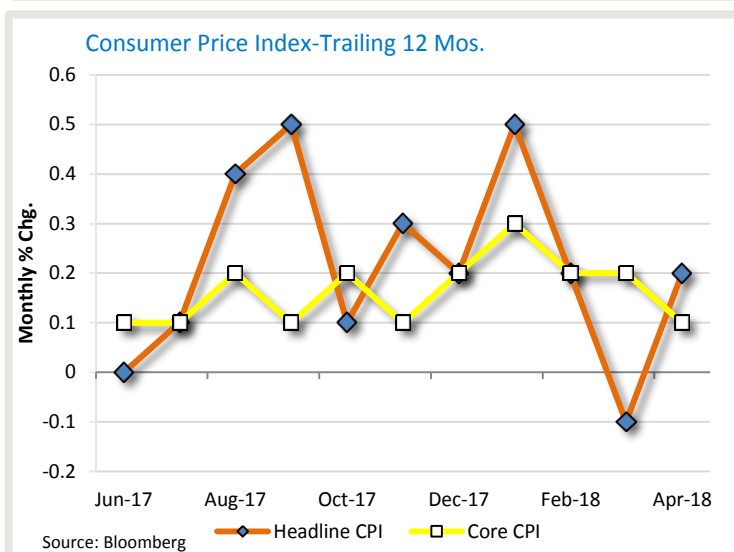
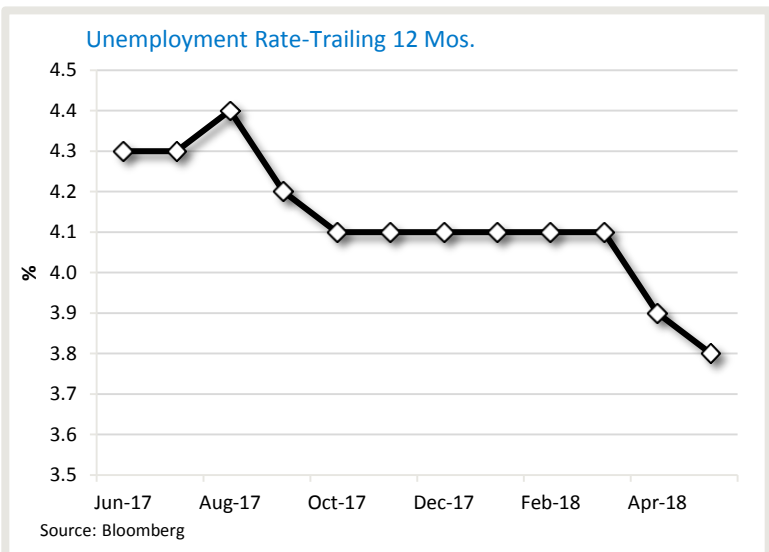
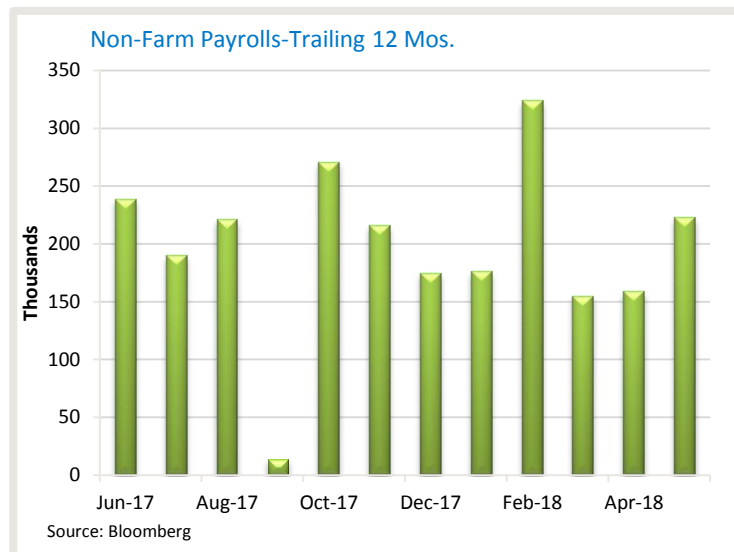
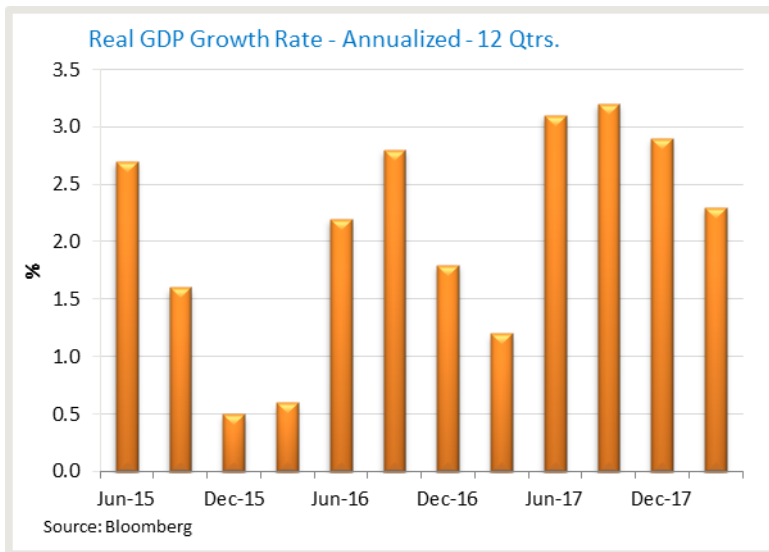
Within this context, domestic equities were mostly positive during the month. The S&P 500 Index gained 2.4%, bringing its year-to-date return to 1.9%, whereas the NASDAQ Composite Index gained 5.5%, behind strong earnings from the Information Technology sector. Small caps widely outperformed large caps by more than 350 basis points, as the Russell 2000 Index returned 6.1%, compared with 2.6% for the Russell 1000 Index. In a large trend that has carried over from 2017, growth stocks widely outperformed value, with the Russell 3000 Growth Index gaining 4.5% vs. 1.0% for the Russell 3000 Value Index. Given growth's outperformance in May, its year-to-date difference in outperforming value stands at nearly 800 basis points (6.4% vs. -1.4%). In terms of sector performance, Information Technology was the strongest performer, gaining 7.4% in the month, followed by the Energy and Industrials sectors, which each gained 3.0%. Utilities and Telecommunications were the main laggards, returning -2.3% and -1.1%, respectively. Oil prices traded lower on the month, following reports that the Organization of Petroleum Exporting Countries (OPEC) and Russia could begin ramping up production.

**International equity markets** mostly trailed domestic equities, as both the strong dollar and geopolitical concerns weighed heavily on international stocks. The MSCI ACWI ex-U.S. Index declined by 2.3% for the month, which dragged its year-to-date return down to a loss of 2.0%. Prior signs of economic strength in Europe were outweighed by the political turmoil in Italy and looming fears of a global trade war. Italy's anti-establishment parties failed to form a coalition government, following Italian President Sergio Mattarella's refusal to accept their choice as economy minister. This led to fears of impending snap polls that would resemble a referendum on Italy, the third-largest member of the EU, remaining in both the union and the euro. President Trump has either announced or discussed bans on aluminum, steel, and luxury cars, among other goods, with foreign countries preparing retaliatory measures. Eurozone GDP growth was 2.5% year over year in Q1, a slight decline from 2.7% in Q4, with both cold weather and fears of a trade war cited as the reasons behind the slowdown. The MSCI EAFE Index, which measures performance of international developed equities, posted a loss of 2.5%. Regionally, Europe was a main cause of much of the weakness, with the MSCI Europe Index returning -3.3%. Breaking trend from what had been a relatively strong 2018 thus far, emerging markets equities sold off aggressively, returning -3.5%, and wiping out their year-to-date gain. China was a sole emerging markets bright spot, posting a 1.8% gain, whereas the MSCI EM Latin America Index posted a decline of 14%.

**Fixed income markets** were mixed in May, with most domestic fixed income securities being bid higher, as investors moved towards more conservative positioning amid the turmoil in Europe. The yield on the 10-Year Treasury Note fell to 2.86%, down nine basis points from 2.95% at the end of April, but had traded as high as 3.11% mid-month. Minutes from the May 1-2 FOMC meeting revealed that inflation is approaching the Committee's target, helping to secure the market's expectations for a June rate hike. The Bloomberg Barclays U.S. Aggregate Bond Index gained 0.7% for the month, but is still down 1.5% year to date. Global bonds trailed domestic fixed income in May, for the second straight month, as the strong dollar and geopolitical concerns led to weakness abroad. The Bloomberg Barclays Global Aggregate ex-U.S. Index declined 1.9%, and is now -0.6% year to date. Municipal bonds slightly outpaced their taxable bond peers, with the Bloomberg Barclays Municipal Index gaining 1.2%, trimming its year-to-date loss to -0.3%. High yield fixed income trailed investment grade, with the Bloomberg Barclays Corporate High Yield Index returning -0.03%, bringing its year-to-date return to -0.2%.

*Tim Murphy*  
VP, Senior Portfolio Manager

## Economic Data



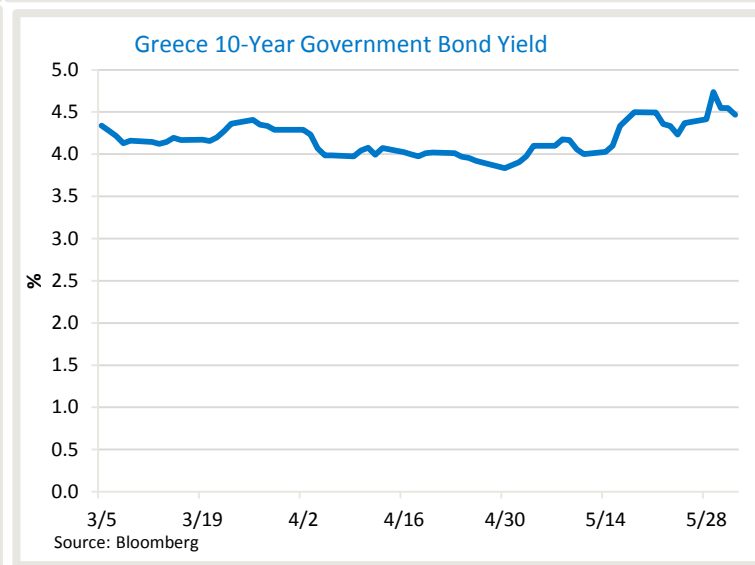
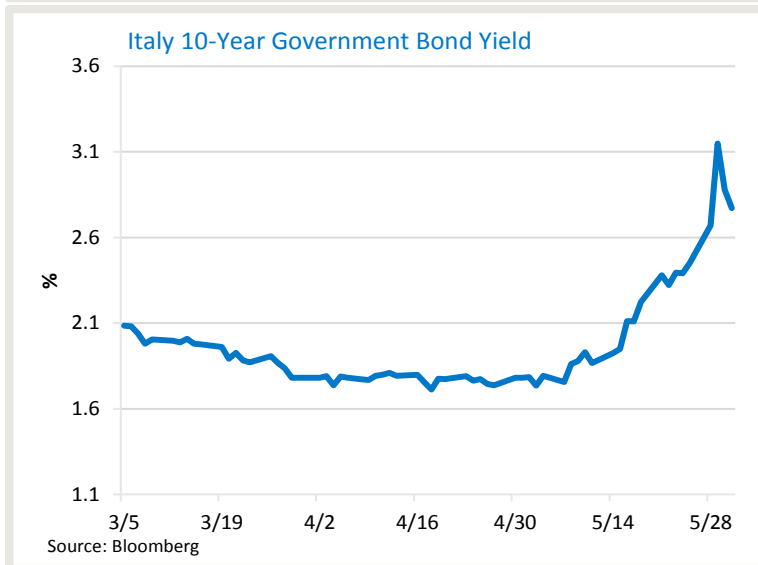
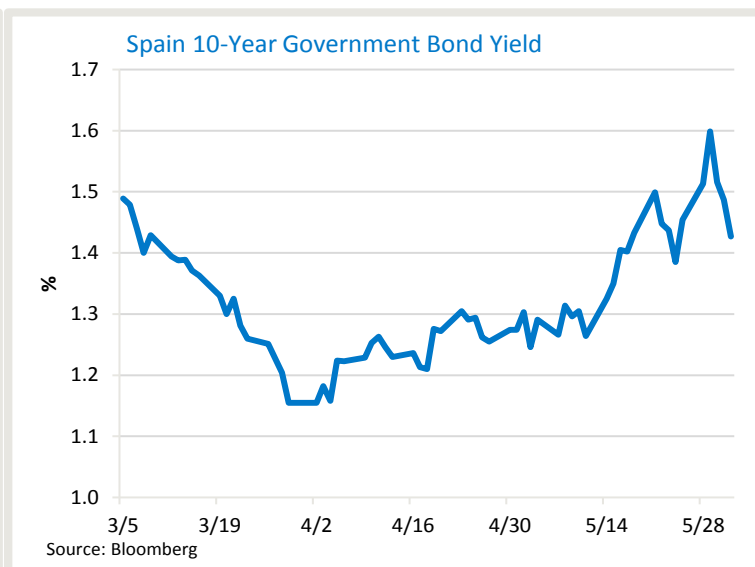
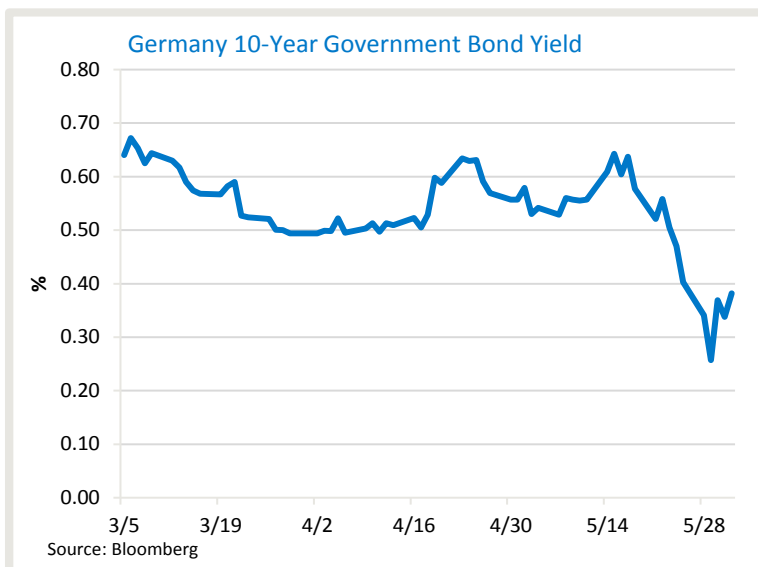
## Eurozone

### SELECTED EUROPEAN SOVEREIGN YIELD PERFORMANCE

	Last	Change	% Chg.	YTD %
Germany 10-Yr. Govt.	0.38	2 bps	NM	NM
Greece 10-Yr. Govt.	4.47	-7 bps	NM	NM
Italy 10-Yr. Govt.	2.66	-17 bps	NM	NM
Spain 10-Yr. Govt.	1.43	3 bps	NM	NM
Belgium 10-Yr. Govt.	0.77	-1 bps	NM	NM

	Last	Change	% Chg.	YTD %
France 10-Yr. Govt.	0.70	0 bps	NM	NM
Ireland 10-Yr. Govt.	0.96	-1 bps	NM	NM
Portugal 10-Yr. Govt.	1.85	7 bps	NM	NM
Netherlands 10-Yr. Govt.	0.55	3 bps	NM	NM
U.K. 10-Yr. Govt.	1.28	4 bps	NM	NM

Source: Bloomberg  
Basis points (bps)

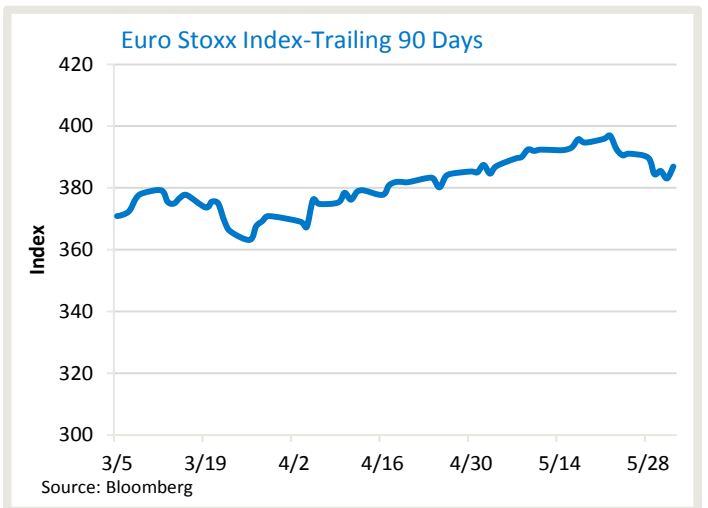
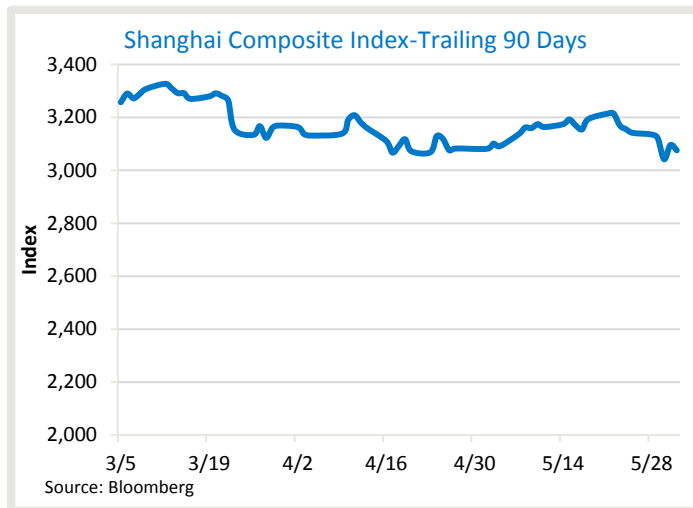
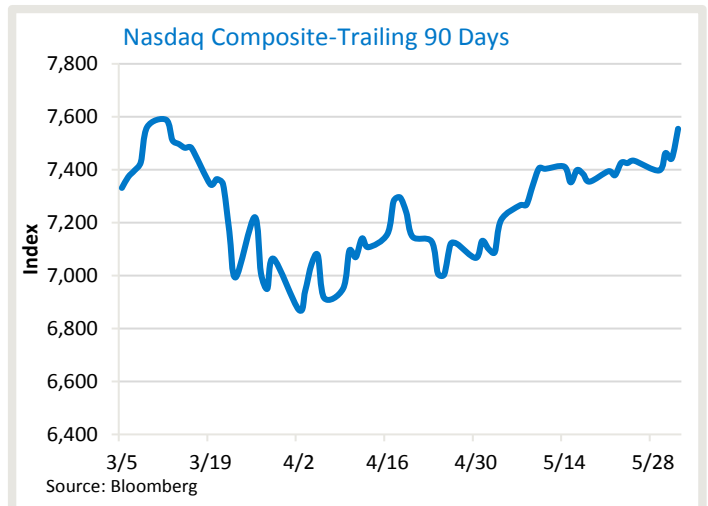
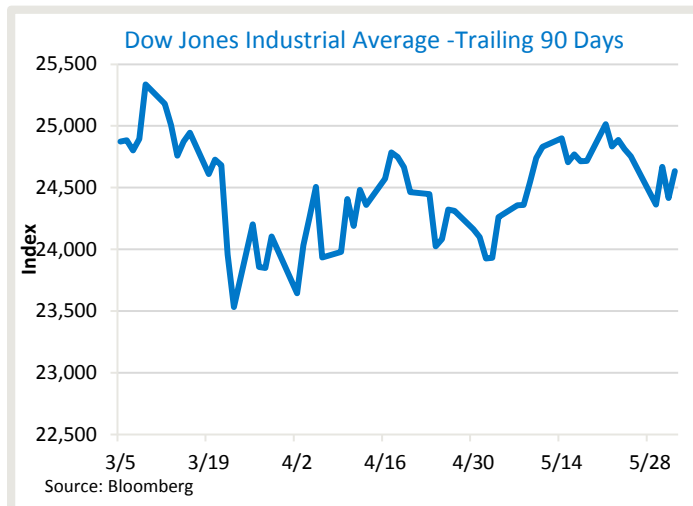


## Equities

### WORLD MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
<b>S&amp;P 500</b>	<b>2,734.62</b>	<b>13.29</b>	<b>0.49%</b>	<b>2.28%</b>	<b>Swiss Market Index</b>	<b>8,618.54</b>	<b>-140.54</b>	<b>-1.60%</b>	<b>-8.14%</b>
<b>Dow Industrials</b>	<b>24,635.21</b>	<b>-117.88</b>	<b>-0.48%</b>	<b>-0.34%</b>	<b>CAC 40 Index (France)</b>	<b>5,465.53</b>	<b>-77.02</b>	<b>-1.39%</b>	<b>2.88%</b>
<b>Nasdaq Composite</b>	<b>7,554.33</b>	<b>120.48</b>	<b>1.62%</b>	<b>9.43%</b>	<b>DAX Index (Germany)</b>	<b>12,724.27</b>	<b>-213.74</b>	<b>-1.65%</b>	<b>-1.50%</b>
<b>Russell Global</b>	<b>2,133.48</b>	<b>-17.52</b>	<b>-0.81%</b>	<b>-0.5%</b>	<b>Irish Overall Index</b>	<b>7,182.42</b>	<b>11.10</b>	<b>0.15%</b>	<b>2.05%</b>
<b>Russell Global EM</b>	<b>3,527.67</b>	<b>-44.81</b>	<b>-1.25%</b>	<b>-3.2%</b>	<b>Nikkei 225</b>	<b>22,171.35</b>	<b>-279.44</b>	<b>-1.24%</b>	<b>-2.61%</b>
<b>S&amp;P/TSX (Canada)</b>	<b>16,043.54</b>	<b>-32.13</b>	<b>-0.20%</b>	<b>-1.02%</b>	<b>Hang Seng Index</b>	<b>30,492.91</b>	<b>-95.13</b>	<b>-0.31%</b>	<b>1.92%</b>
<b>Mexico IPC</b>	<b>45,013.12</b>	<b>-78.87</b>	<b>-0.17%</b>	<b>-8.80%</b>	<b>Shanghai Composite</b>	<b>3,075.14</b>	<b>-66.17</b>	<b>-2.11%</b>	<b>-7.02%</b>
<b>Brazil Bovespa</b>	<b>77,239.75</b>	<b>-1657.91</b>	<b>-2.10%</b>	<b>1.10%</b>	<b>Kospi Index (S. Korea)</b>	<b>2,438.96</b>	<b>-21.84</b>	<b>-0.89%</b>	<b>-1.16%</b>
<b>Euro Stoxx 600</b>	<b>386.91</b>	<b>-4.17</b>	<b>-1.07%</b>	<b>-0.58%</b>	<b>Taiwan Taiex Index</b>	<b>10,949.08</b>	<b>6.78</b>	<b>0.06%</b>	<b>2.88%</b>
<b>FTSE 100</b>	<b>7,701.77</b>	<b>-28.51</b>	<b>-0.37%</b>	<b>0.18%</b>	<b>Tel Aviv 25 Index</b>	<b>1,512.01</b>	<b>-4.31</b>	<b>-0.28%</b>	<b>0.15%</b>
<b>IBEX 35 (Spain)</b>	<b>9,632.40</b>	<b>-194.10</b>	<b>-1.98%</b>	<b>-4.10%</b>	<b>MOEX Index (Russia)</b>	<b>2,295.34</b>	<b>-11.23</b>	<b>-0.49%</b>	<b>8.80%</b>

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



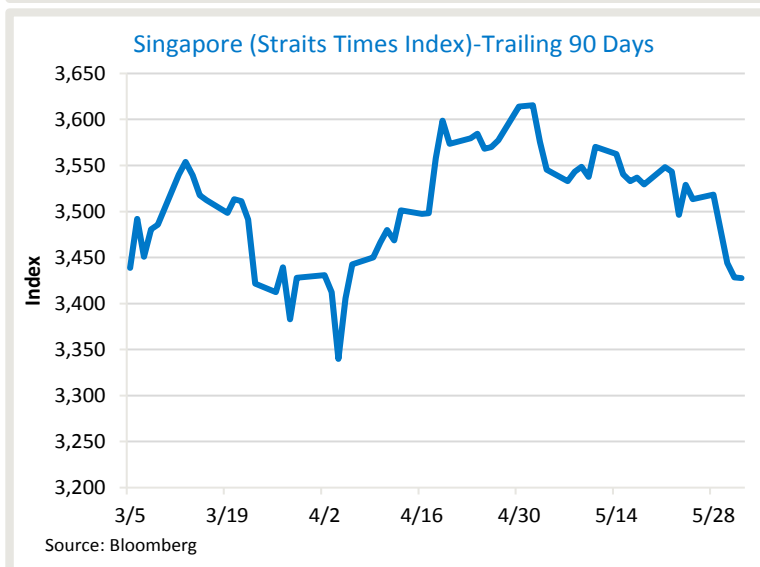
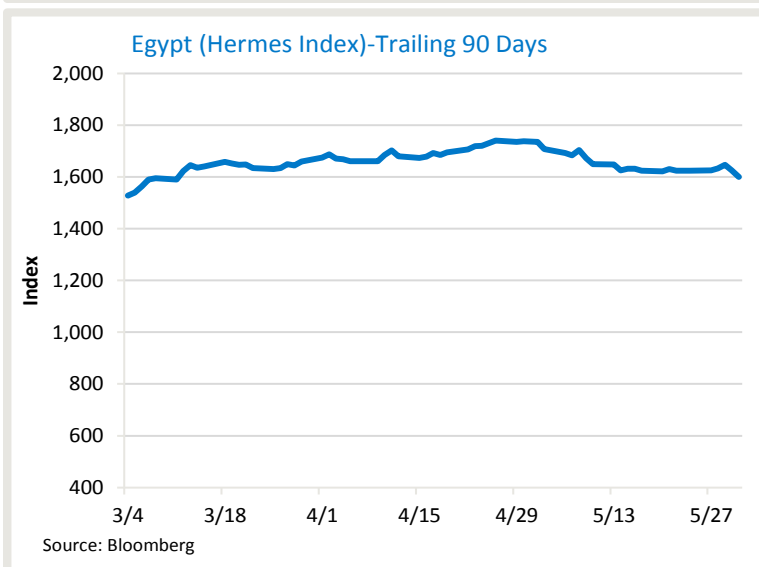
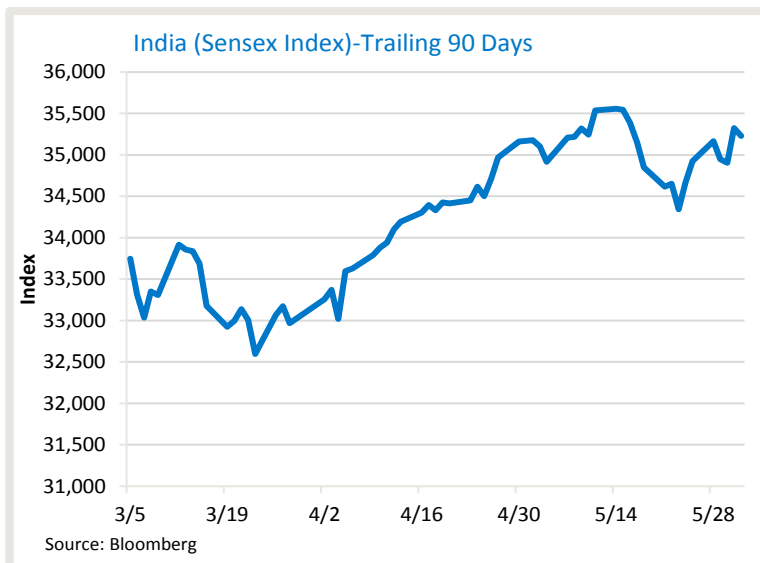
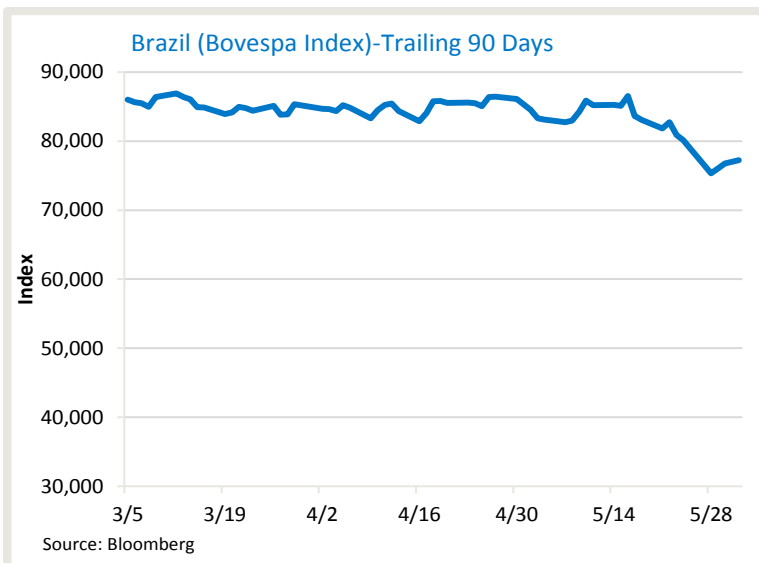
## Equities – Emerging and Frontier Markets

### EMERGING AND FRONTIER MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
Mexico IPC	45,013.12	-78.87	-0.2%	-8.8%
Brazil (Bovespa Index)	77,239.75	-1657.91	-2.1%	1.1%
MOEX Index (Russia)	2,295.34	-11.23	-0.5%	8.8%
Czech Republic (Prague)	1,081.04	-6.46	-0.6%	0.3%
Turkey (Istanbul)	99,171.21	-4028.89	-3.9%	-14.0%
Egypt (Hermes Index)	1,600.47	-23.84	-1.5%	11.4%
Kenya (Nairobi 20 Index)	3,333.36	-31.22	-0.9%	-10.2%
Saudi Arabia (TASI Index)	8,161.08	123.27	1.5%	12.9%
Lebanon (Beirut BLOM Index)	1,101.50	-20.86	-1.9%	-4.1%
Palestine	542.19	0.94	0.2%	-5.6%

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

	Last	Change	% Chg.	YTD %
Hang Seng Index	30,492.91	-95.13	-0.3%	1.9%
India (Sensex 30)	35,227.26	302.39	0.9%	3.4%
Malaysia (KLCI Index)	1,756.38	-88.65	-4.8%	-2.3%
Singapore (Straits Times Index)	3,427.51	-101.41	-2.9%	0.7%
Thailand (SET Index)	1,719.82	-12.69	-0.7%	-1.9%
Indonesia (Jakarta)	5,983.59	191.59	3.3%	-5.9%
Pakistan (Karachi KSE 100)	42,912.81	838.72	2.0%	6.0%
Vietnam (Ho Chi Minh)	992.87	28.97	3.0%	0.9%
Sri Lanka (Colombo)	6,401.03	-71.18	-1.1%	0.5%
Cambodia (Laos)	911.50	-15.84	-1.7%	-8.7%

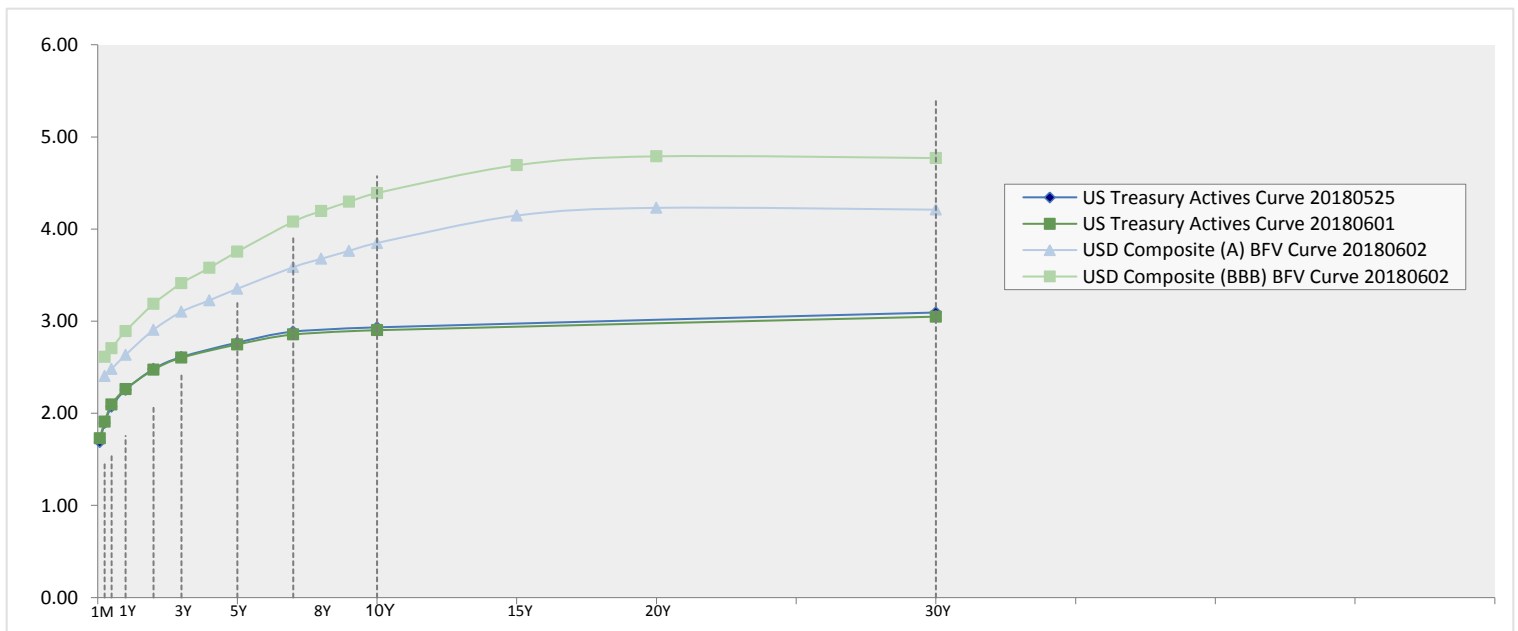


## Interest Rates

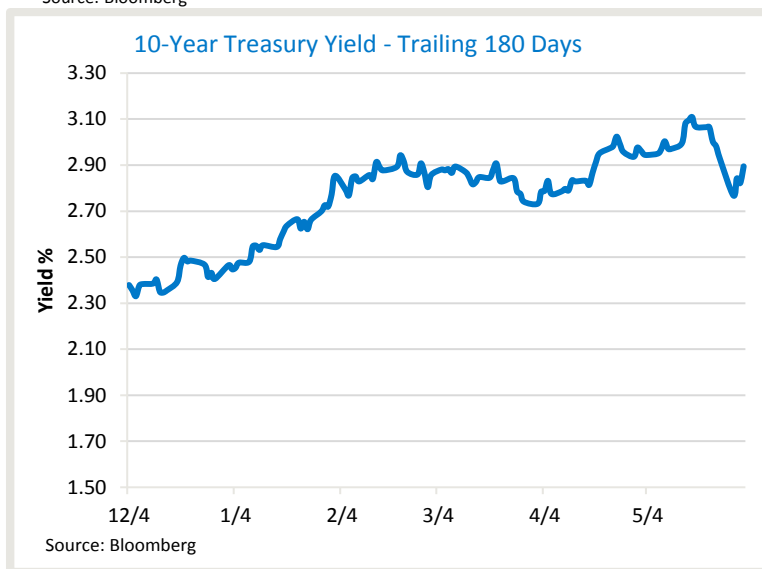
SELECTED INTEREST RATES

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
2-Yr. U.S. Treasury	2.47%	0 bps	NM	NM	Prime Rate	4.75%	0.00	NM	NM
5-Yr. U.S. Treasury	2.74%	-3 bps	NM	NM	Fed Funds Rate	1.75%	0.00	NM	NM
10-Yr. U.S. Treasury	2.90%	-4 bps	NM	NM	Discount Rate	2.25%	0.00	NM	NM
30-Yr. U.S. Treasury	3.05%	-4 bps	NM	NM	LIBOR (3 Mo.)	2.32%	0 bps	NM	NM
German 10-Yr. Govt.	0.38%	2 bps	NM	NM	Bond Buyer 40 Muni	3.68%	-9 bps	NM	NM
France 10-Yr.	0.70%	0 bps	NM	NM	Bond Buyer 40 G.O.	3.78%	NA	NM	NM
Italy 10-Yr.	2.66%	-17 bps	NM	NM	Bond Buyer 40 Rev.	4.27%	NA	NM	NM
Fed 5-Yr Fwd BE Inf.	2.06%	-9 bps	NM	NM					

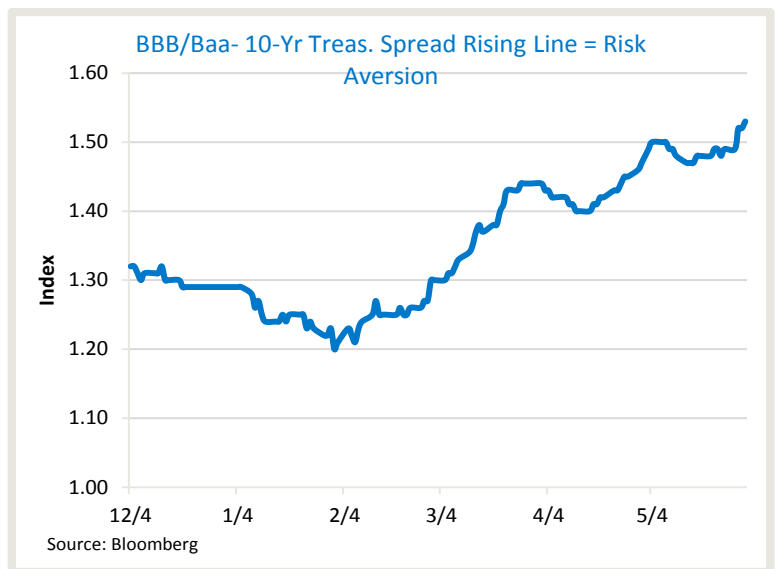
Source: Bloomberg



Source: Bloomberg



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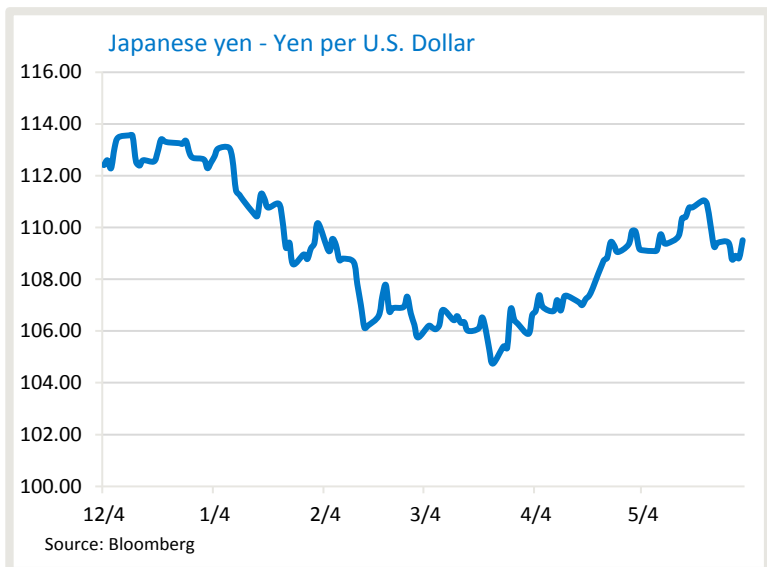
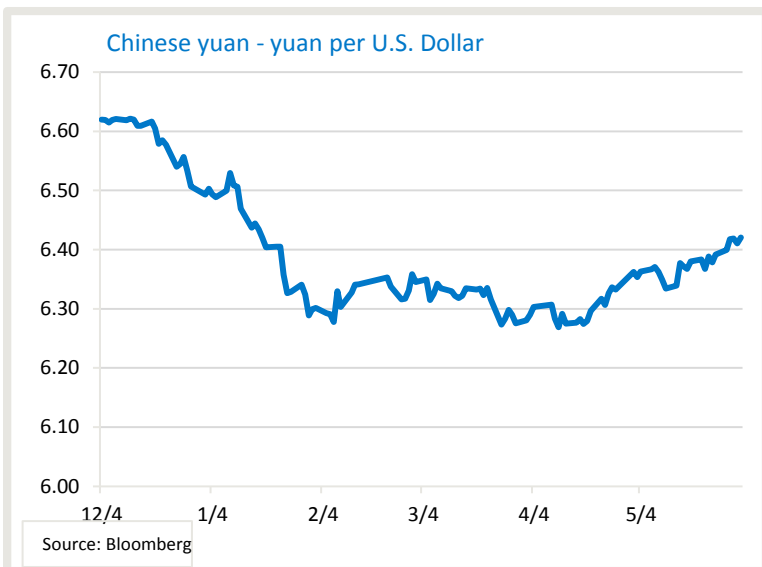
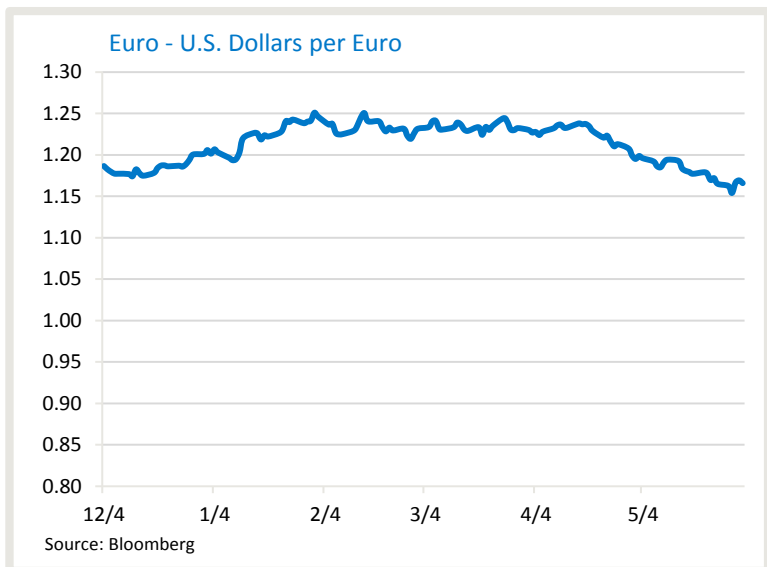
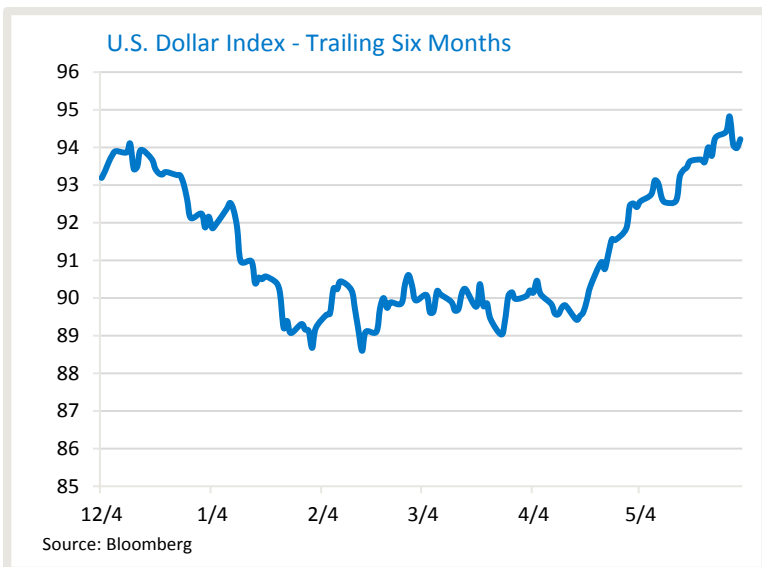
## Currencies

### SELECTED CURRENCY PERFORMANCE

	Last	Change	% Chg.	YTD %
<b>Dollar Index</b>	<b>94.20</b>	<b>-0.034</b>	<b>-0.04%</b>	<b>2.27%</b>
<b>Euro</b>	<b>1.17</b>	<b>0.001</b>	<b>0.07%</b>	<b>-2.88%</b>
<b>Japanese Yen</b>	<b>109.52</b>	<b>0.100</b>	<b>-0.09%</b>	<b>2.90%</b>
<b>British Pound</b>	<b>1.34</b>	<b>0.004</b>	<b>0.29%</b>	<b>-1.22%</b>
<b>Canadian Dollar</b>	<b>1.30</b>	<b>0.000</b>	<b>0.02%</b>	<b>-3.08%</b>

	Last	Change	% Chg.	YTD %
<b>Chinese Yuan</b>	<b>6.42</b>	<b>0.029</b>	<b>-0.45%</b>	<b>1.34%</b>
<b>Swiss Franc</b>	<b>0.99</b>	<b>-0.003</b>	<b>0.31%</b>	<b>-1.38%</b>
<b>New Zealand Dollar</b>	<b>0.70</b>	<b>0.007</b>	<b>1.01%</b>	<b>-1.56%</b>
<b>Brazilian Real</b>	<b>3.76</b>	<b>0.105</b>	<b>-2.78%</b>	<b>-11.96%</b>
<b>Mexican Peso</b>	<b>19.95</b>	<b>0.383</b>	<b>-1.92%</b>	<b>-1.34%</b>

Source: Bloomberg



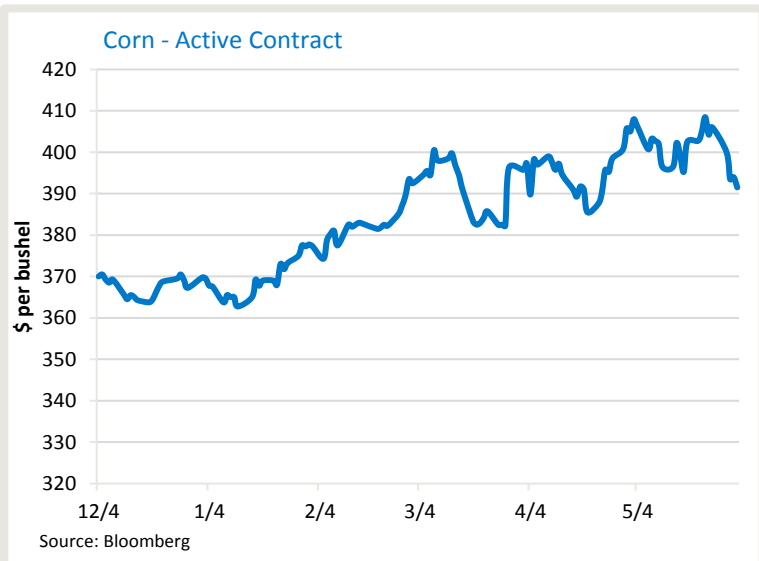
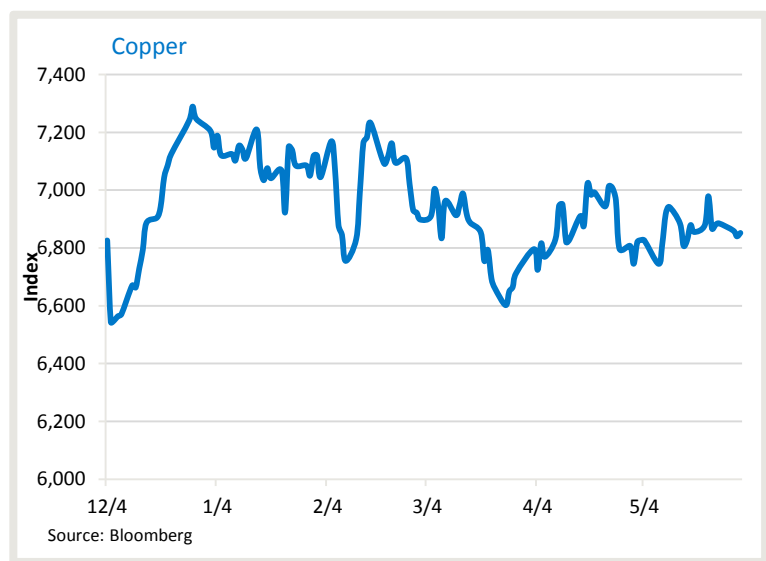
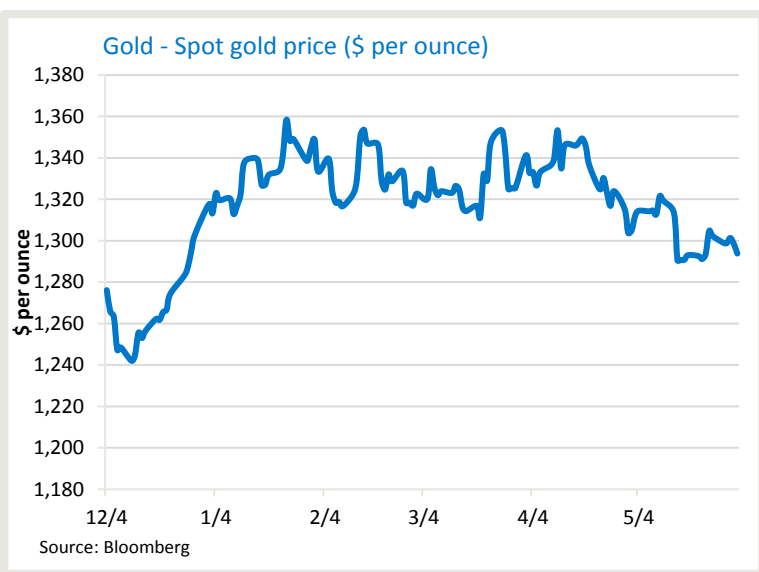
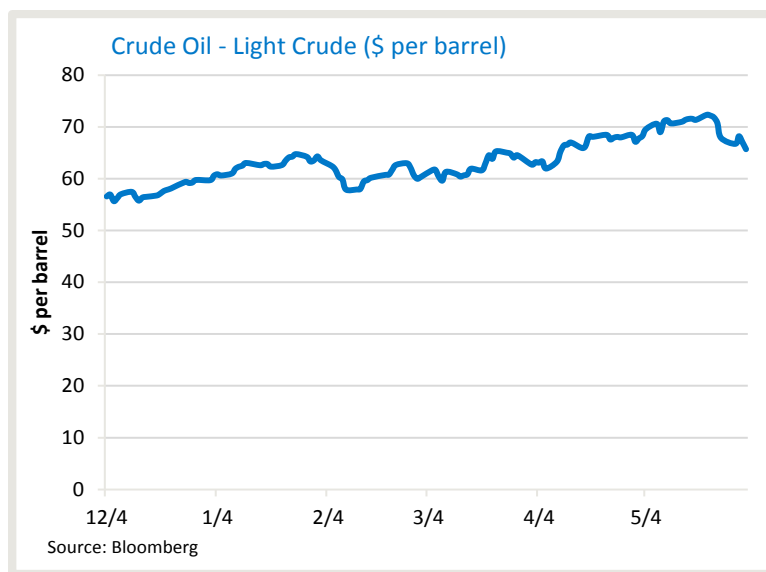
## Commodities

### SELECTED COMMODITY MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
<b>Bloomberg Comm. Idx.</b>	<b>90.45</b>	<b>-0.47</b>	<b>-0.51%</b>	<b>2.59%</b>
<b>Crude Oil</b>	<b>\$65.71</b>	<b>-\$2.18</b>	<b>-3.21%</b>	<b>9.94%</b>
<b>Natural Gas</b>	<b>\$2.97</b>	<b>\$0.01</b>	<b>0.30%</b>	<b>5.99%</b>
<b>Gasoline (\$/Gal.)</b>	<b>\$2.96</b>	<b>-\$0.01</b>	<b>-0.47%</b>	<b>18.90%</b>
<b>Heating Oil</b>	<b>217.56</b>	<b>-2.90</b>	<b>-1.32%</b>	<b>10.43%</b>
<b>Gold Spot</b>	<b>\$1,293.92</b>	<b>-\$8.45</b>	<b>-0.65%</b>	<b>-0.69%</b>
<b>Silver Spot</b>	<b>\$16.41</b>	<b>-\$0.10</b>	<b>-0.62%</b>	<b>-3.12%</b>

	Last	Change	% Chg.	YTD %
<b>Platinum Spot</b>	<b>\$904.69</b>	<b>\$3.33</b>	<b>0.37%</b>	<b>-2.57%</b>
<b>Corn</b>	<b>391.50</b>	<b>-12.75</b>	<b>-3.15%</b>	<b>6.60%</b>
<b>Wheat</b>	<b>523.25</b>	<b>-7.00</b>	<b>-1.32%</b>	<b>15.44%</b>
<b>Soybeans</b>	<b>1,021.25</b>	<b>-14.50</b>	<b>-1.40%</b>	<b>3.86%</b>
<b>Sugar</b>	<b>12.52</b>	<b>0.14</b>	<b>1.13%</b>	<b>-16.76%</b>
<b>Orange Juice</b>	<b>165.30</b>	<b>-3.10</b>	<b>-1.84%</b>	<b>18.37%</b>
<b>Aluminum</b>	<b>2,292.00</b>	<b>29.00</b>	<b>1.28%</b>	<b>1.06%</b>
<b>Copper</b>	<b>6,852.00</b>	<b>-33.00</b>	<b>-0.48%</b>	<b>-5.45%</b>

Source: Bloomberg; % change is based on price.

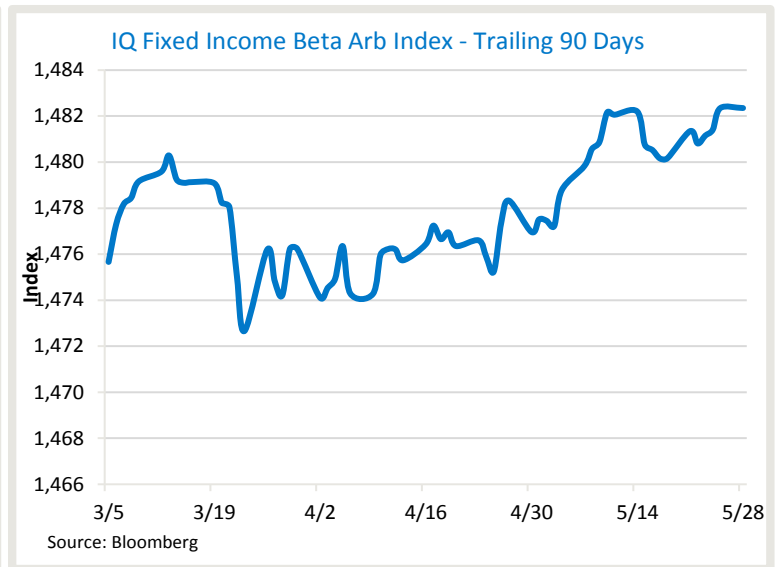
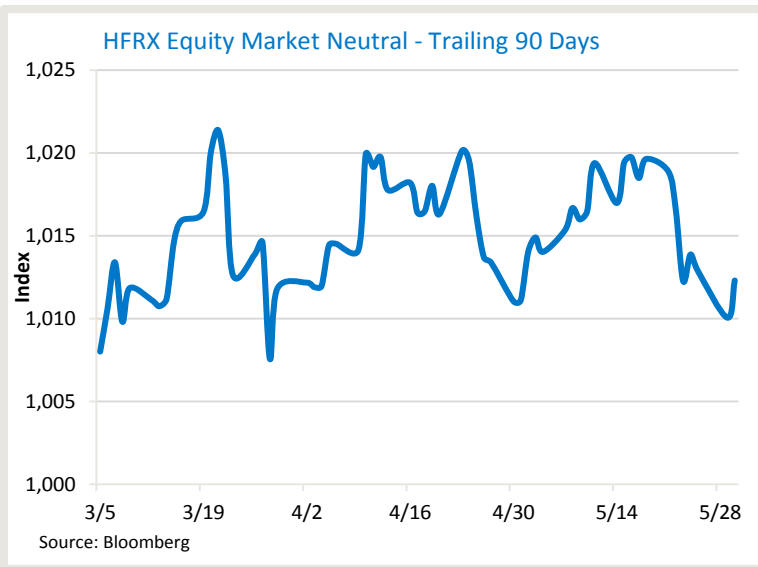
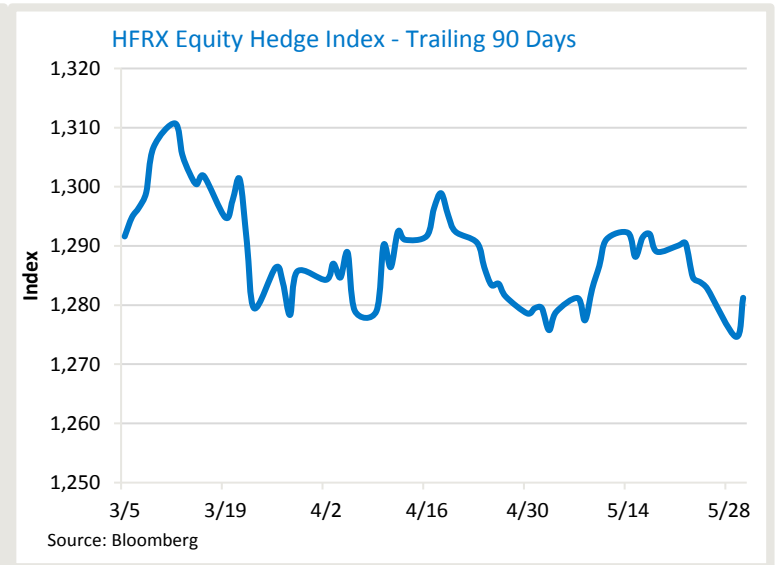
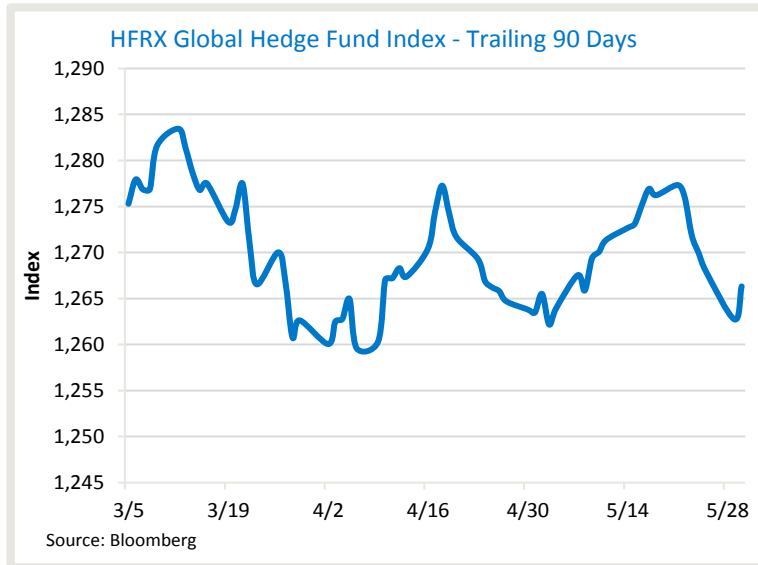


## Alternative Investments

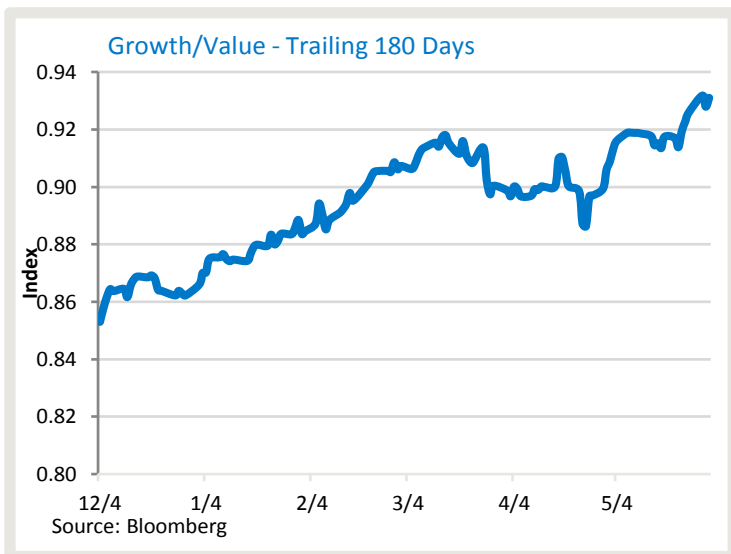
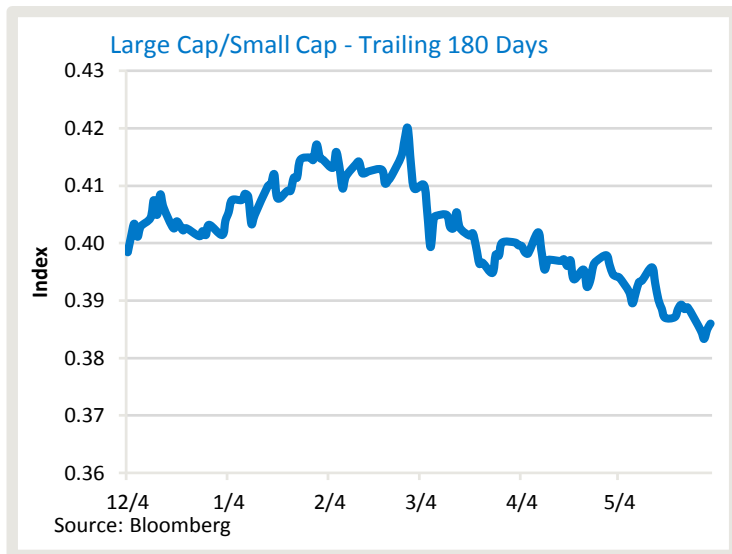
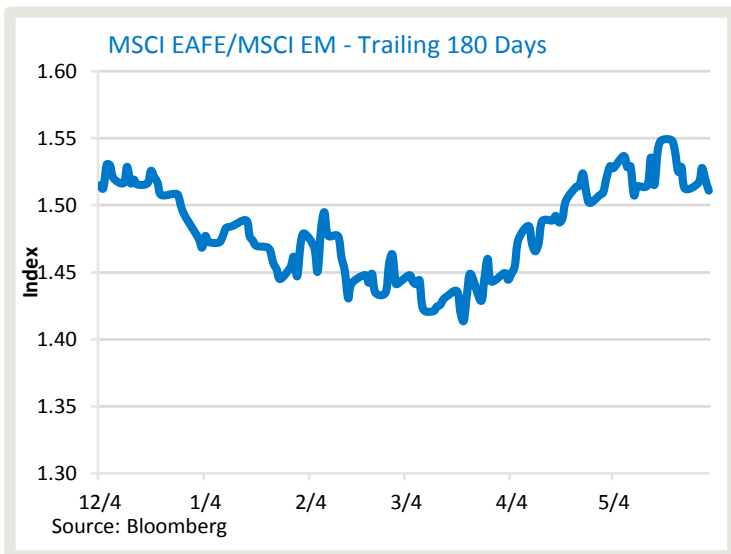
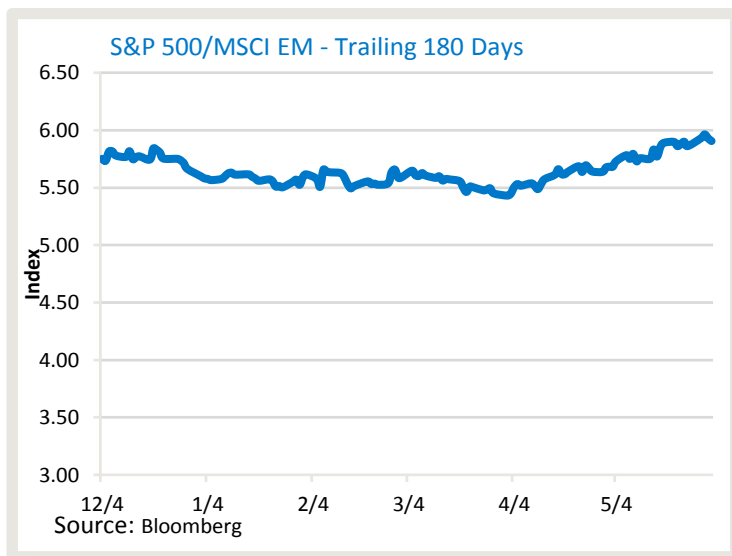
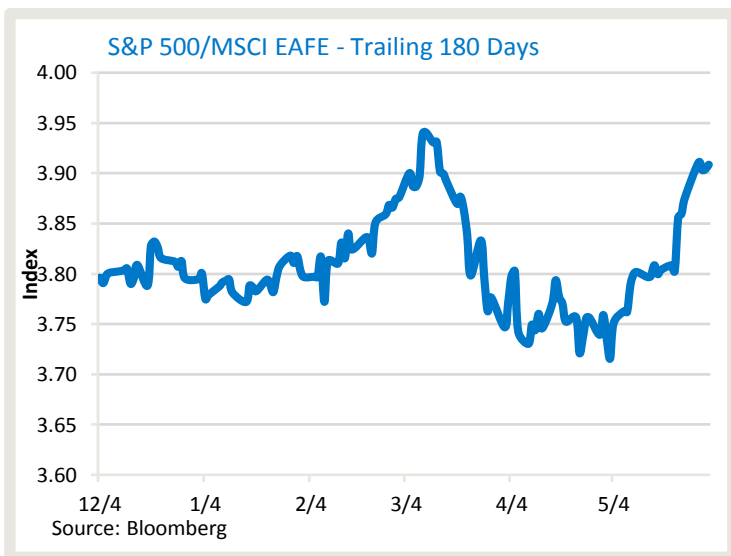
### SELECTED ALTERNATIVE INVESTMENT INDEX PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
HFRX Global Hedge Fund Index	1266.32	-1.61	-0.13%	-0.73%	HFRX Distressed Index	1055.34	-0.47	-0.04%	-4.64%
HFRX Equity Market Neutral	1012.30	-0.58	-0.06%	0.79%	HFRX Merger Arbitrage Index	1831.94	-0.22	-0.01%	-1.14%
HFRX Equity Hedge Index	1281.23	-1.56	-0.12%	0.82%	HFRX Convertible Arbitrage Index	798.87	-3.55	-0.44%	0.33%
HFRX Event-Driven Index	1598.72	1.53	0.10%	-4.02%	HFRX Macro CTA Index	1140.31	-6.60	-0.58%	-2.02%
HFRX Absolute Return Index	1070.71	0.83	0.08%	0.70%	IQ Fixed Income Beta Arb Index	1482.43	0.08	0.01%	0.81%

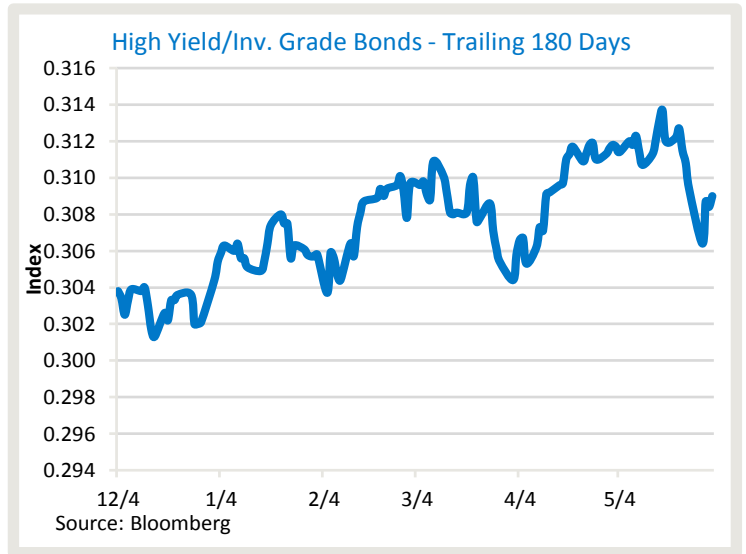
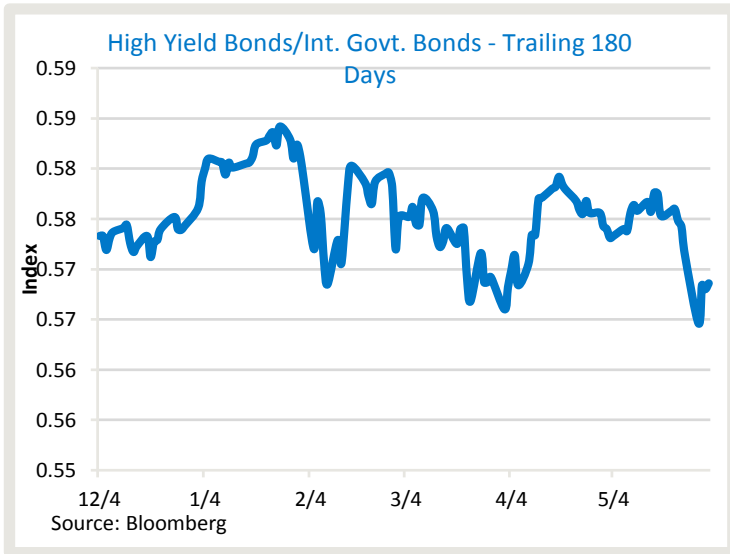
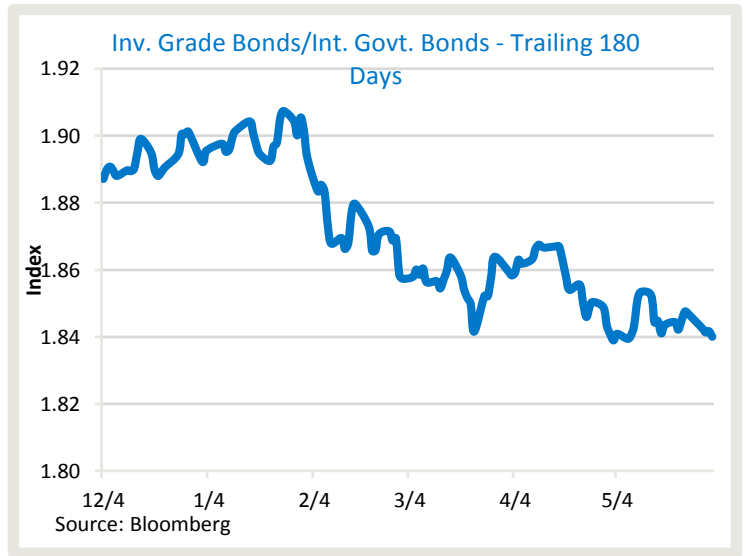
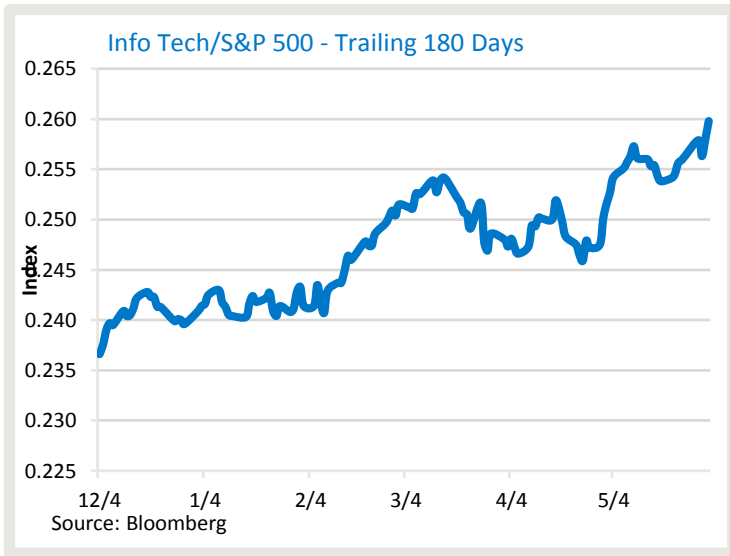
Source: Bloomberg; Index % change is based on price.



## Portfolio Construction



## Portfolio Construction (continued)



WEEKLY ASSET CLASS PERFORMANCE (Prior 12 weeks ending Thursday)

			3/15	3/22	3/29	4/5	4/12	4/19	4/26	5/3	5/10	5/17	5/24	5/31
Equity	Domestic Equity	Large Cap (R200)	0.29%	-4.06%	-0.22%	0.89%	0.19%	1.10%	-1.02%	-1.38%	3.69%	-0.14%	0.29%	-0.72%
		Small Cap (R2000)	0.30%	-2.08%	-0.94%	0.88%	0.93%	1.06%	-1.01%	-0.73%	3.70%	1.35%	0.18%	0.33%
	Int'l. Equity	MSCI EAFE	0.54%	-1.56%	-0.68%	0.60%	1.15%	1.32%	-1.35%	-0.47%	0.84%	0.33%	-1.34%	-1.82%
		MSCI Em. Mkts.	1.76%	-1.60%	-2.29%	-0.24%	0.89%	0.62%	-3.36%	-0.57%	1.64%	-1.08%	-0.79%	-1.26%
Fixed Income	BarCap Agg. (AGG)	0.18%	-0.14%	0.60%	-0.54%	0.09%	-0.45%	-0.41%	-0.06%	0.02%	-0.74%	0.82%	0.54%	
	High Yield (JNK)	-0.14%	-0.58%	0.39%	-0.14%	0.95%	-0.14%	-0.55%	-0.56%	0.39%	-0.36%	0.14%	-0.36%	
Commodities	Bloomberg Commodity Index	0.31%	-0.25%	0.42%	-0.34%	2.20%	0.98%	-0.63%	0.30%	0.98%	-0.27%	1.33%	-0.87%	
Alternatives	Hedge Funds (HFRX Global)	-0.01%	-0.46%	-0.65%	0.18%	0.27%	0.46%	-0.66%	-0.29%	0.63%	0.54%	-0.55%	-0.28%	
Asset Allocation	60/40*	0.34%	-1.82%	-0.15%	0.24%	0.45%	0.50%	-0.95%	-0.63%	1.71%	-0.19%	0.16%	-0.35%	
	48/32/20 (w/Alts.)**	0.27%	-1.55%	-0.25%	0.22%	0.41%	0.49%	-0.89%	-0.56%	1.49%	-0.04%	0.02%	-0.34%	

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	0.94	1.10	1.00	0.97	1.03	0.88	0.88	0.87	1.27	1.24	0.89	0.91	0.99	1.18
Large Cap Growth	1.07	1.00	1.17	1.06	1.03	1.10	0.94	0.94	0.93	1.36	1.33	0.95	0.97	1.06	1.26
Large Cap Value	0.91	0.85	1.00	0.91	0.88	0.94	0.80	0.81	0.79	1.16	1.13	0.81	0.83	0.91	1.08
Mid Cap Core	1.00	0.94	1.10	1.00	0.97	1.03	0.88	0.89	0.88	1.28	1.25	0.89	0.91	1.00	1.19
Mid Cap Growth	1.03	0.97	1.13	1.03	1.00	1.06	0.91	0.91	0.90	1.32	1.28	0.92	0.94	1.03	1.22
Mid Cap Value	0.97	0.91	1.07	0.97	0.94	1.00	0.85	0.86	0.85	1.24	1.21	0.86	0.89	0.97	1.15
Small Cap Core	1.14	1.07	1.25	1.14	1.10	1.17	1.00	1.01	1.00	1.45	1.42	1.01	1.04	1.13	1.35
Small Cap Growth	1.13	1.06	1.24	1.13	1.09	1.16	0.99	1.00	0.99	1.44	1.40	1.00	1.03	1.12	1.34
Small Cap Value	1.15	1.07	1.26	1.14	1.11	1.18	1.00	1.01	1.00	1.46	1.42	1.02	1.04	1.14	1.35
Int'l. Developed	0.79	0.74	0.86	0.78	0.76	0.81	0.69	0.69	0.69	1.00	0.98	0.70	0.72	0.78	0.93
Emerging Markets	0.81	0.75	0.88	0.80	0.78	0.83	0.71	0.71	0.70	1.03	1.00	0.71	0.73	0.80	0.95
REITs	1.13	1.06	1.24	1.12	1.09	1.16	0.99	1.00	0.98	1.44	1.40	1.00	1.03	1.12	1.33
Commodities	1.10	1.03	1.21	1.09	1.06	1.13	0.96	0.97	0.96	1.40	1.36	0.97	1.00	1.09	1.30
Int. Bond	1.01	0.94	1.10	1.00	0.97	1.03	0.88	0.89	0.88	1.28	1.25	0.89	0.92	1.00	1.19
High Yield	0.85	0.79	0.93	0.84	0.82	0.87	0.74	0.75	0.74	1.08	1.05	0.75	0.77	0.84	1.00

Source: Bloomberg

The Relative Strength Matrix provides an indication of how the various asset classes have performed relative to one another over the past 30 days. A number greater than 1.0 indicates that the asset class in the far left column has outperformed the corresponding asset class in the top row over the past 30 days. A number below 1.0 means the asset class on the left has underperformed the asset class at the top. The green shading indicates outperformance, and the red shading indicates underperformance.

### Index Overview & Key Definitions

**Fed, The Fed or FED** refers to the Federal Reserve System, the central bank of the United States. The **Federal Open Market Committee (FOMC)** is the monetary policymaking body of the Federal Reserve System. **Fed Funds Rate**, the interest rate at which a depository institution lends funds maintained at the Federal Reserve to another depository institution overnight. The **European Central Bank (ECB)** is the central bank for Europe's single currency, the euro. The ECB's main task is to maintain the euro's purchasing power and thus price stability in the euro area. The euro area comprises the 19 European Union countries that have introduced the euro since 1999. The **Gross Domestic Product (GDP)** rate is a measurement of the output of goods and services produced by labor and property located in the United States. **Basis Point(s)** is a unit that is equal to 1/100th of 1%, and is used to denote the change in a financial instrument. The basis point is commonly used for calculating changes in interest rates, equity indexes and the yield of a fixed-income security. A **separately managed account (SMA)** is an individual managed investment account offered typically by a brokerage firm through one of their brokers or financial consultants and managed by independent investment management firms (often called money managers for short) and have varying fee structures. The **Consumer Price Index (CPI)** measures the change in the cost of a fixed basket of products and services. The **Producer Price Index (PPI)** program measures the average change over time in the selling prices received by domestic producers for their output. The prices included in the PPI are from the first commercial transaction for many products and some services. **Core CPI** is an additional CPI Index, excludes energy and food item price changes, and measures the "core" or "underlying" rate of inflation. The **PCE (Personal Consumption Expenditure) Index of Prices** is a US-wide indicator of the average increase in prices for all domestic personal consumption. Using a variety of data including U.S. Consumer Price Index and Producer Price Index prices, it is derived from personal consumption expenditures; essentially a measure of goods and services targeted towards individuals and consumed by individuals. The **Purchasing Managers' Index (PMI)** is an indicator of the economic health of the manufacturing sector. The **PMI** is based on five major indicators: new orders, inventory levels, production, supplier deliveries and the employment environment. **Brexit** is a commonly used term for the United Kingdom's withdrawal from the European Union. The **Kansas City Fed Manufacturing Survey** monitors manufacturing plants selected according to geographic distribution, industry mix and size in the Tenth Federal Reserve District. **West Texas Intermediate (WTI)**, also known as Texas light sweet, is a grade of crude oil used as a benchmark in oil pricing. **Risk Premium** is the return in excess of the risk-free rate of return an investment is expected to yield. **LIBOR or ICE LIBOR** (previously BBA LIBOR) is a benchmark rate, which some of the world's leading banks charge each other for short-term loans. It stands for Intercontinental Exchange London Interbank Offered Rate and serves as the first step to calculating interest rates on various loans throughout the world. The **Business Inflation Expectations (BIE) Survey** was created to measure the year-ahead inflationary sentiments of businesses in the Sixth District. It also helps inform our view of the sources of cost changes and provides insight into the factors driving business' pricing decisions. The **EIA Petroleum Status Report** is published weekly by the Energy Information Administration. It contains estimates by the EIA on various petroleum data including imports and exports, ending stocks, production, and prices.

The **Dow Jones Industrial Average (DOW or DJIA)** is an unmanaged index of 30 common stocks comprised of 30 actively traded blue chip stocks, primarily industrials and assumes reinvestment of dividends. The **S&P 500 Index** is an unmanaged index comprised of 500 widely held securities considered to be representative of the stock market in general. The **S&P/Case-Shiller Home Price Indices** measure the residential housing market, tracking changes in the value of the residential real estate market in 20 metropolitan regions across the United States. The **Nasdaq Composite Index** is a stock market index of the common stocks and similar securities listed on the NASDAQ stock market. The **US Dollar Index** is a measure of the value of the United States dollar relative to a basket of foreign currencies. It is a weighted geometric mean of the dollar's value relative to other select currencies (Euro, Japanese yen, Pound sterling, Canadian dollar, Swedish krona (SEK) & Swiss franc). The **FTSE 100 Index (FTSE 100)** is a share index of the 100 companies listed on the London Stock Exchange (LSE) with the highest market capitalization. The **Bloomberg Commodity Index (formerly the Dow Jones-UBS Commodity Index)** tracks prices of futures contracts on physical commodities on the commodity markets and is designed to minimize concentration in any one commodity or sector (currently 22 commodity futures in seven sectors). The **Barclays Capital US Credit Index** is an unmanaged index considered representative of publicly issued, SEC-registered US corporate and specified foreign debentures and secured notes. The **Barclays Capital US Aggregate Bond Index** is a market capitalization-weighted index of investment-grade, fixed-rate debt issues, including government, corporate, asset-backed, and mortgage-backed securities, with maturities of at least one year. The **Barclays Capital US Corporate High Yield Index** covers the USD-denominated, non-investment grade, fixed-rate, taxable corporate bond market. Securities are classified as high-yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. The index may include emerging market debt. The **Barclays Capital Municipal Bond Index** is an unmanaged index comprised of investment-grade, fixed-rate municipal securities representative of the tax-exempt bond market in general. The **Barclays Capital US Treasury Total Return Index** is an unmanaged index of public obligations of the US Treasury with a remaining maturity of one year or more. The **Barclays Capital Global Aggregate ex-U.S. Index** is a market capitalization-weighted index, meaning the securities in the index are weighted according to the market size of each bond type. Most U.S. traded investment grade bonds are represented. Municipal bonds, and Treasury Inflation-Protected Securities are excluded, due to tax treatment issues. The index includes Treasury securities, Government agency bonds, Mortgage-backed bonds, Corporate bonds, and a small amount of foreign bonds traded in U.S. The **Barclays Capital U.S. 5-10 Year Corporate Bond Index** measures the investment return of U.S. dollar denominated, investment-grade, fixed rate, taxable securities issued by industrial, utility, and financial companies with maturities between 5 and 10 years. Treasury securities, mortgage-backed securities (MBS) foreign bonds, government agency bonds and corporate bonds are some of the categories included in the index. The **Barclays Capital U.S. Corporate High-Yield Index** is composed of fixed-rate, publicly issued, non-investment grade debt. The **Barclays Capital U.S. Corporate 5-10 Year Index** includes U.S. dollar-denominated, investment-grade, fixed-rate, taxable securities issued by industrial, utility, & financial companies, with maturities between 5 & 10 years. The **Russell 1000 Index** is a market capitalization-weighted benchmark index made up of the 1000 largest U.S. companies in the Russell 3000 Index. The **Russell 1000 Growth Index** is an unmanaged index considered representative of large-cap growth stocks. The **Russell 1000 Value Index** is an unmanaged index considered representative of large-cap value stocks. The **Russell 2000 Index** is an unmanaged index considered representative of small-cap stocks. The **Russell 2000 Growth Index** is an unmanaged index considered representative of small-cap growth stocks. The **Russell 2000 Value Index** is an unmanaged index considered representative of small-cap value stocks. The **Russell 3000 Index** is an unmanaged index considered representative of the US stock market. The **Russell Midcap Index** is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The **Russell Midcap Growth Index** is an unmanaged index considered representative of mid-cap growth stocks. The **Russell Midcap Value Index** is an unmanaged index considered representative of mid-cap value stocks. The **HFRX Indices** are a series of benchmarks of hedge fund industry performance which are engineered to achieve representative performance of a larger universe of hedge fund strategies. Hedge Fund Research, Inc. employs the HFRX Methodology (UCITS compliant), a proprietary and highly quantitative process by which hedge funds are selected as constituents for the HFRX Indices. The **University of Michigan Consumer Sentiment Index (MCSI)** is a survey of consumer confidence conducted by the University of Michigan using telephone surveys to gather information on consumer expectations regarding the overall economy. The **CBOE Volatility Index (VIX)** is an up-to-the-minute market estimate of expected volatility that is calculated by using real-time S&P 500 Index option bid/ask quotes. The Index uses nearby and second nearby options with at least 8 days left to expiration and then weights them to yield a constant, 30-day measure of the expected volatility of the S&P 500 Index. The **MSCI EAFE Index** is designed to measure the equity market performance of developed markets outside of the U.S. & Canada. The **MSCI EAFE Growth Index** is an unmanaged index considered representative of growth stocks of Europe, Australasia and the Far East. The **MSCI EAFE Value Index** is an unmanaged index considered representative of value stocks of Europe, Australasia and the Far East. The **MSCI EM (Emerging Markets) Latin America Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of emerging markets in Latin America. The **MSCI World ex-U.S. Index** captures large and mid-cap representation across 22 of 23 Developed Markets (DM) countries - excluding the US. With 1,002 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country. The **MSCI Japan Index** is designed to measure the performance of the large and mid-cap segments of the Japanese market. With 320 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in Japan. The **MSCI Emerging Markets Index** is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The **MSCI Europe Index** is an unmanaged index considered representative of stocks of developed European countries. The **MSCI Pacific Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the developed markets in the Pacific region. The **Barclays Intermediate US Government/Credit Bond Index** is a market capitalization-weighted index of investment-grade, fixed-rate debt issues, including Treasuries, government-related and U.S. corporate securities, with maturities of at least one year and less than 10 years. The **NY Empire State Manufacturing Index** is based on the monthly survey of manufacturers in New York State – known as the Empire State Manufacturing Survey – conducted by the Federal Reserve Bank of New York. The **S&P The Dow Jones Wilshire U.S. REIT Index** tracks the performance of publicly traded REITs and REIT-like securities and is designed to serve as a proxy for direct real estate investment, in part by excluding companies whose performance may be driven by factors other than the value of real estate. The **Russell Top 200 Index** measures the performance of the 200 largest companies in the Russell 1000 Index, with a weighted average market capitalization of \$186 billion. The **Barclays 1-3 Year US Treasury Bond Index** measures public US Treasury obligations with remaining maturities of one to three years. The **S&P LSTA Leveraged Loan Index** is an unmanaged capitalization-weighted syndicated loan index based upon market weightings, spreads and interest payments. It covers the US market back to 1997 and currently calculates on a daily basis. The **MBA Market Composite Index** is a measure of mortgage loan application volume.

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