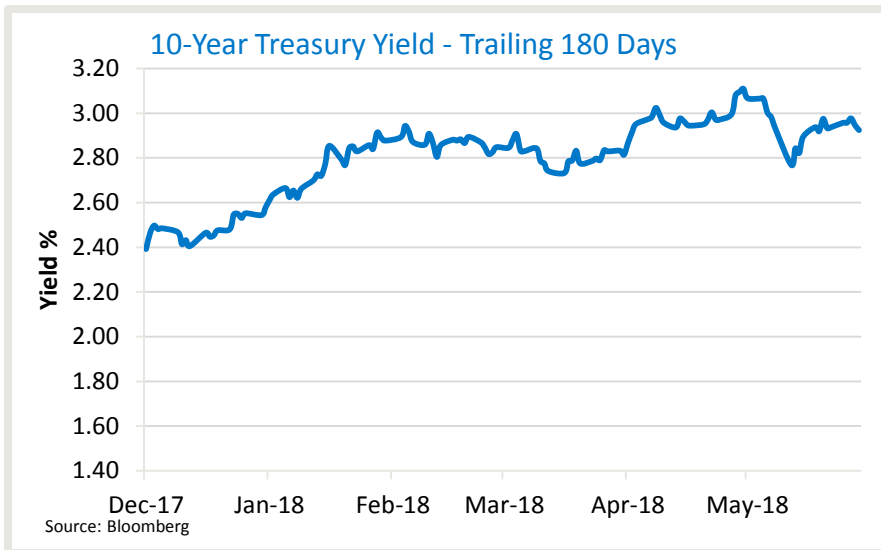


Weekly Market Review

June 15, 2018

Chart of the Week



Weekly Highlights

- **The Federal Reserve (Fed)** unsurprisingly raised the fed funds rate to a range of 1.75-2.00% on Wednesday, and Chairman Powell telegraphed two additional hikes this year. Strong recent unemployment figures coupled with modest inflation and solid economic growth supported the Fed's decision. The market currently is pricing in an 85% likelihood of another hike at the Fed's September meeting, and the futures implied odds of a fourth hike in December stand at greater than 50%.
- **The European Central Bank (ECB)** announced on Thursday it would end its quantitative easing program in December 2018, and will likely trim its bond purchases from \$30 billion per month to \$15 billion beginning in September. ECB President Mario Draghi indicated the central bank would not embark on raising interest rates before the summer of 2019. The news sent the euro tumbling against the dollar in the steepest one-day drop since the announcement of the UK's Brexit in June of 2016.
- **Retail sales beat the top estimates**, a display of strength for the US consumer, who accounts for roughly two-thirds of GDP. Continued consumer strength certainly would be supportive of the Fed's desire to raise interest rates twice in the second half of the year.

Talking Points

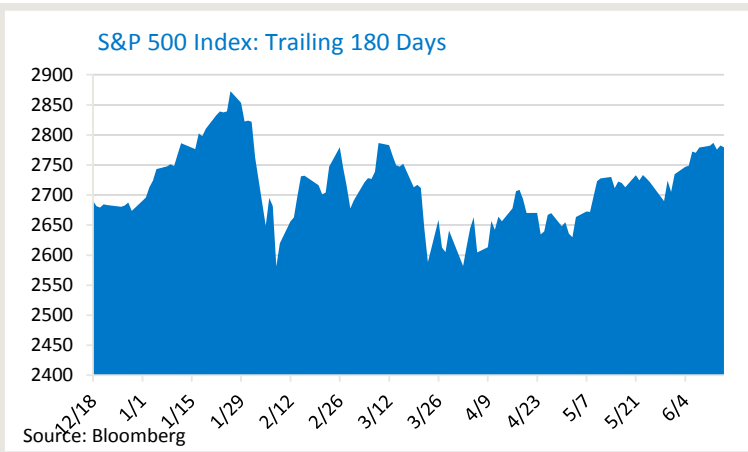
- **Domestic equities were flat** for most of the week before trading lower on Friday due to intensifying trade tensions between the US and China.
- **The Yield** on the 10-year US Treasury Note was range-bound over the course of the week despite the Fed raising rates on Wednesday, as the yield curve continues to flatten.
- **The US dollar** rallied sharply on Thursday, bolstered by the Fed's decision to raise the fed funds rate and the ECB's announcement that European rates would remain at all-time lows until at least the summer of 2019.
- **Commodities were mixed**, as energy and precious metals inched higher, whereas prices on agricultural commodities were down slightly.
- **European bond yields** moved lower on Thursday on news the ECB would not hike rates until at least mid-2019.
- **In other economic news**, jobless claims were lower than expected, whereas MBA mortgage applications were down, a somewhat mixed signal in an economy that, despite a strong labor market, is still struggling to see wage growth.

Market Dashboard

	Last Price	Change	% Chg.	YTD %
S&P 500	2,779.42	0.39	0.01%	4.0%
Dow Industrials	25,090.48	-226.05	-0.89%	1.5%
Nasdaq	7,746.38	100.87	1.32%	12.2%
Russell 2000	1,683.91	11.42	0.68%	9.7%
Euro Stoxx Index	389.13	4.01	1.04%	0.0%
Shanghai Composite	3,021.90	-45.25	-1.48%	-8.6%
Russell Global	2,178.22	1.91	0.09%	1.6%

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

	Last Price	Change	% Chg.	YTD %
Russell Global EM	3,537.11	-28.14	-0.79%	-2.9%
10-Year US Treas.	2.92	-1 bps	NM	NM
Bloomberg Cmnts. Idx.	87.70	-2.27	-2.53%	-0.5%
Gold	\$1,279.57	-\$18.12	-1.40%	-1.7%
Crude Oil	\$64.35	-\$1.21	-1.84%	8.0%
Dollar Index	94.80	1.24	1.33%	2.9%
VIX Index	11.98	-0.20	-1.64%	8.5%



	One Week			YTD		
	Value	Growth		Value	Growth	
L	-0.87%	-0.03%	0.64%	-1.80%	4.36%	9.80%
	-0.36%	0.19%	0.84%	-0.15%	3.84%	8.98%
S	-0.62%	0.68%	1.85%	5.80%	9.66%	13.27%

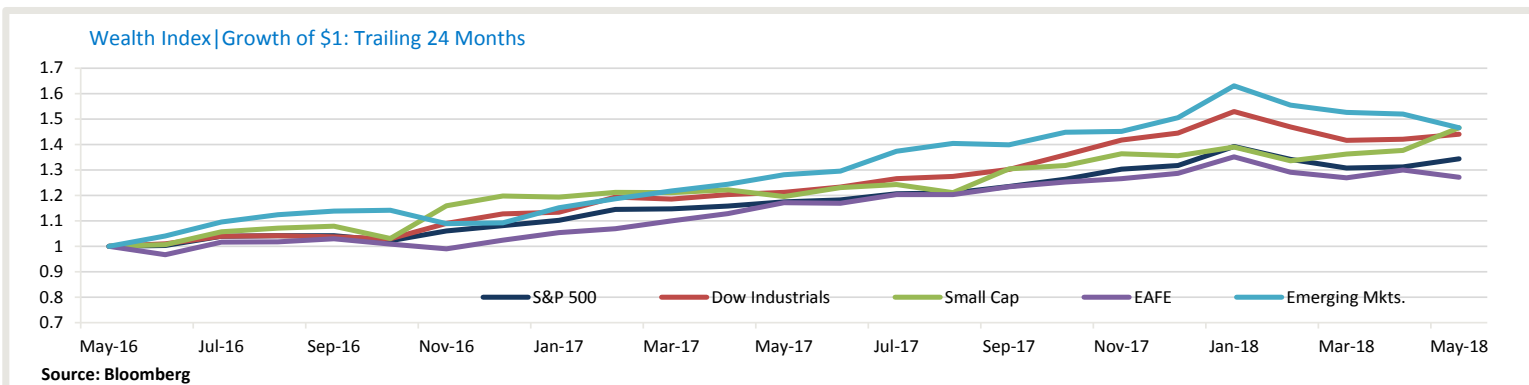
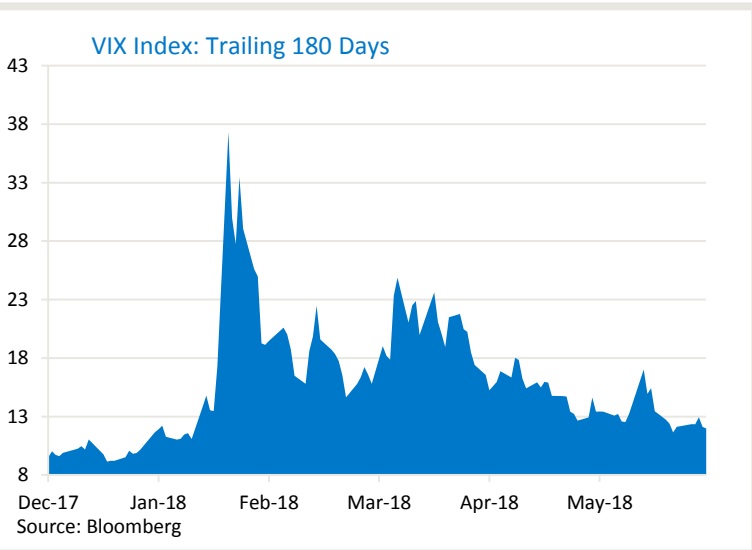
Source: Bloomberg

Sector Performance:

S&P/Global Industry Classification Sectors (GICS)

	% Wgt in S&P 500	Week % Chg.	YTD % Chg.
Consumer Discretionary	13.3	2.18%	13.7%
Consumer Staples	6.8	1.93%	-9.8%
Energy	6.0	-3.10%	2.6%
Financials	14.0	-1.90%	-1.6%
Health Care	14.1	0.77%	3.5%
Industrials	9.8	-1.38%	-1.0%
Information Technology	26.2	0.50%	14.1%
Materials	2.6	-1.37%	-1.2%
Real Estate	2.7	-1.19%	-4.3%
Telecom Services	1.8	-1.97%	-11.4%
Utilities	2.7	2.55%	-6.0%

Source: Bloomberg



The Economy and Markets

A Macro View – Every Rose Has Its Thorn: The Case for Emerging Markets Local Currency Debt

As volatility has returned to global financial markets in the first half of 2018, emerging markets debt, one of the strongest-performing fixed income asset classes over the past two calendar years, has been one of the hardest-hit segments of the bond market. The local currency segment of the market (bonds denominated in the issuer's local currency rather than those which are externally funded in more commonly used currencies such as the US dollar or euro) has taken the brunt of the blow in the second quarter, with the JPMorgan Government Bond Index-Emerging Markets (GBI-EM) Global Index down 9.03% June 13 (-4.99% year to date). This week, the combination of a strong dollar, a hawkish Federal Reserve, and disappointing economic data out of China has driven emerging markets currencies to a new 2018 low.

Despite the difficult recent performance, nearly all of the non-US fixed income managers we work with, including dedicated emerging markets debt managers and global fixed income managers who may allocate to those markets, maintain a positive outlook for emerging markets local debt. This view dates back to 2015, following several years of sharply negative performance due to a strengthening dollar and the unwinding of quantitative easing in the US. In fact, several of our global bond managers currently are allocating nearly half their portfolio to emerging markets local bonds and currencies, and many dedicated emerging markets managers are well above their historical average allocations to local markets. The variety of factors that can influence this asset class makes it useful to evaluate emerging markets local debt through three different lenses: credit fundamentals, valuations (for both bonds and currencies), and technicals (or market supply and demand dynamics).

From a fundamental standpoint, the asset class as a whole is on solid footing. Aside from a few problem children—Argentina and Turkey are two nations that have made negative headlines recently—most emerging markets countries are benefiting from steady global economic growth with generally low inflation, a widening growth differential relative to developed markets (which should attract capital investment), and stable or increasing commodity prices. At the same time, most emerging markets central banks have been acting with prudence, aggressively hiking rates to combat inflation when appropriate, and maintaining a surplus of foreign currency reserves, which can be used either to repay external debts or intervene if their currencies come under pressure. Although risks to the fundamental outlook exist, such as protectionist trade policies, the most widely held base case is for emerging markets credit fundamentals to remain broadly positive.

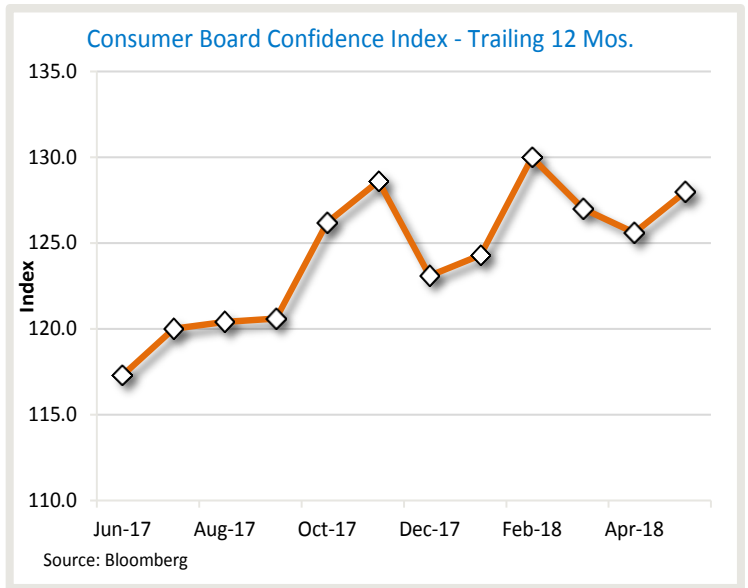
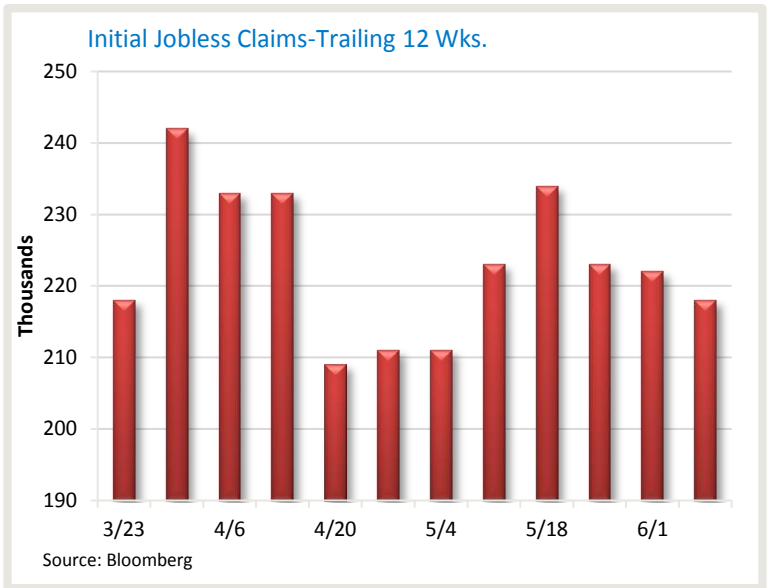
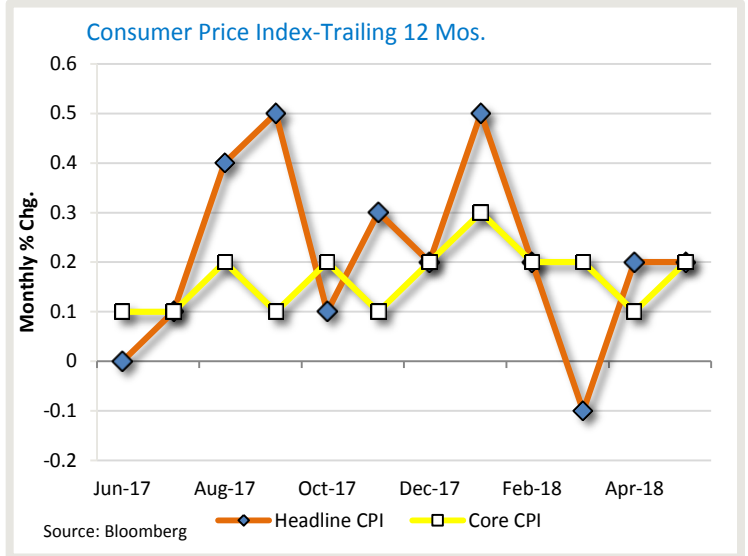
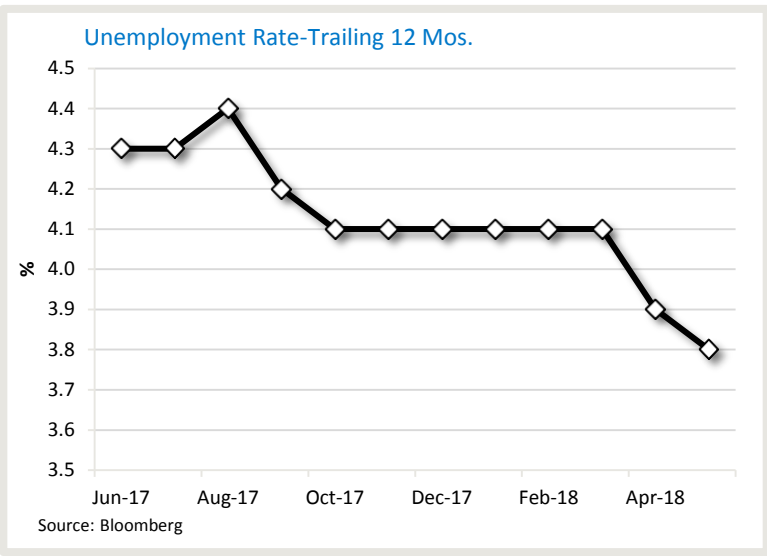
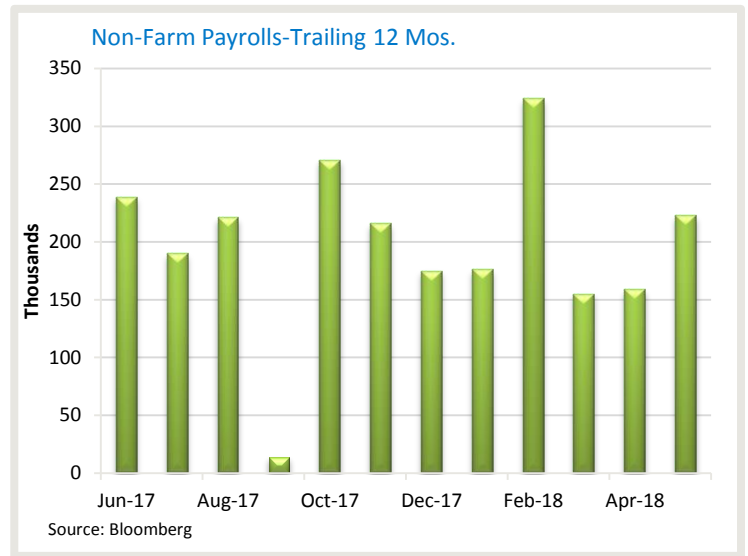
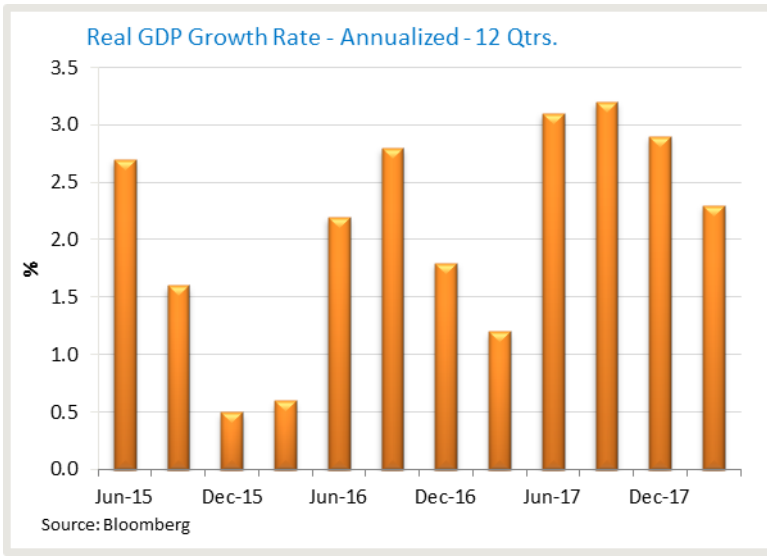
Valuations, which are stretched across nearly all fixed income sectors, are also more favorable in emerging local debt markets. Breaking down the asset class into its two investible components—interest rates and currencies—illustrates that local rates could be close to fairly valued, as many countries have already gone through a rate-cutting cycle, along with a fair amount of spread compression over the past two years. However, the income component is still compelling at a yield to maturity of nearly 6% for the JPMorgan GBI-EM Global Index, and relative to other fixed income sectors, such as US investment grade and high yield corporate credit, valuations are fairly attractive. Emerging markets currencies, on the other hand, remained undervalued coming into the year, still recovering from several years of depreciation against a strong US dollar (dating back to the taper tantrum in 2013), and are becoming more attractive due to the dollar's renewed strength in the first half of this year. However, many of our asset managers view this as a short-term headwind and see a more moderated dollar over the medium term.

Market technicals are a bit more mixed, as emerging markets assets typically benefit in a risk-on environment, which has generally not been the case so far this year. Emerging markets debt, in general, is highly susceptible to asset flows and investor demand, which can be largely dependent on the market's view of risk. However, one benefit of emerging markets local bonds versus those denominated in external currencies, such as the dollar or euro, is their tendency to have a sizable investor base of local institutions (who are long-term investors), such as pensions, which makes local currency debt less vulnerable to asset flows. The supply side of the equation is fairly positive, as debt issuance has been mostly stable, and debt-to-GDP ratios of emerging markets countries are a fraction of those of their developed market counterparts.

Though local emerging markets bonds currently make for an attractive investment opportunity, they are certainly not without risk. In addition to the added volatility foreign currency exposure introduces to a portfolio, other factors, such as the introduction of protectionist trade policies by the world's largest economy, other geopolitical risks, and a heavy election calendar across many emerging markets countries, warrant caution. Given the risky nature of emerging markets, a key emphasis of the managers we speak to is taking selective exposure to the asset class rather than a pure beta approach, by focusing on fundamentally sound countries with positive reform stories and avoiding the more troubled countries. In addition, the ability to tactically hedge currency exposure or invest solely in the currency rather than the bonds also can be a means of generating excess returns. For these reasons, Envestnet | PMC strongly advocates for actively managed exposure to the asset class. Despite the risks involved, solid credit fundamentals, compelling valuations, and attractive real yields across global bond markets should provide long-term investors who can stomach the volatility with a diversifying source of attractive returns within their portfolio.

David Hawal, CFA
VP, Senior Investment Analyst

Economic Data



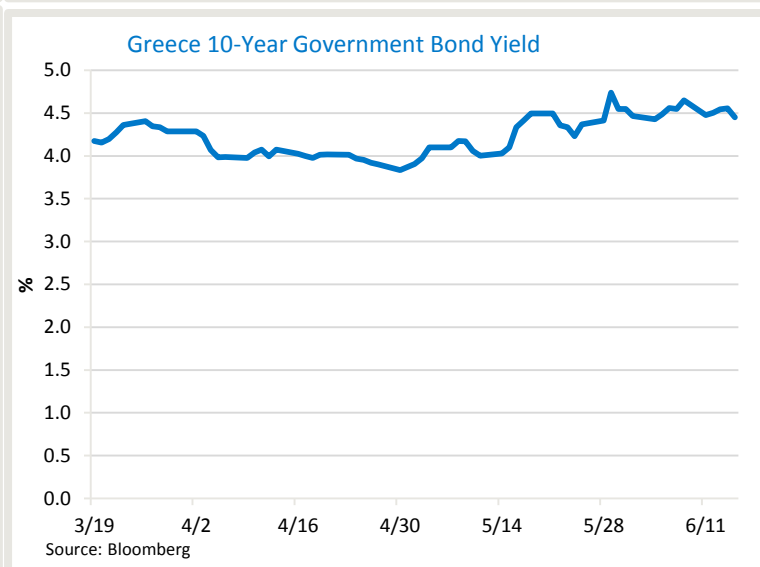
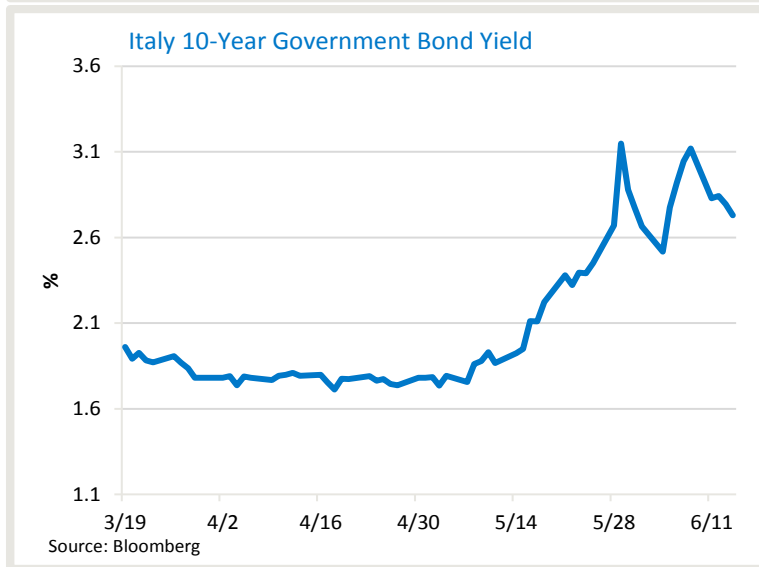
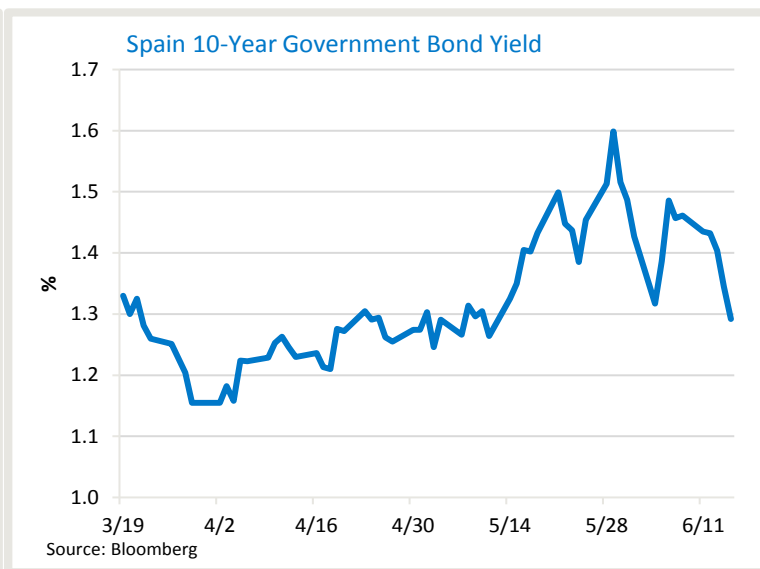
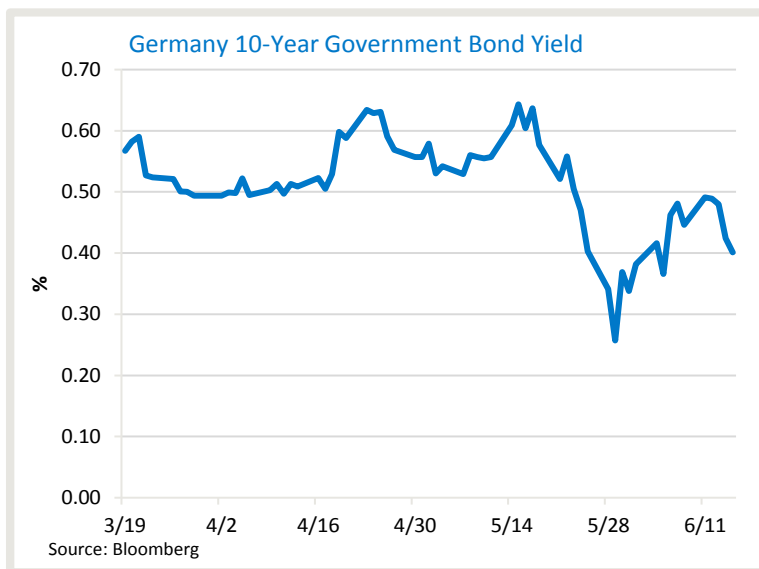
Eurozone

SELECTED EUROPEAN SOVEREIGN YIELD PERFORMANCE

	Last	Change	% Chg.	YTD %
Germany 10-Yr. Govt.	0.40	4 bps	NM	NM
Greece 10-Yr. Govt.	4.45	15 bps	NM	NM
Italy 10-Yr. Govt.	2.60	41 bps	NM	NM
Spain 10-Yr. Govt.	1.29	16 bps	NM	NM
Belgium 10-Yr. Govt.	0.74	14 bps	NM	NM

	Last	Change	% Chg.	YTD %
France 10-Yr. Govt.	0.73	14 bps	NM	NM
Ireland 10-Yr. Govt.	0.89	14 bps	NM	NM
Portugal 10-Yr. Govt.	1.80	22 bps	NM	NM
Netherlands 10-Yr. Govt.	0.56	8 bps	NM	NM
U.K. 10-Yr. Govt.	1.33	6 bps	NM	NM

Source: Bloomberg
Basis points (bps)

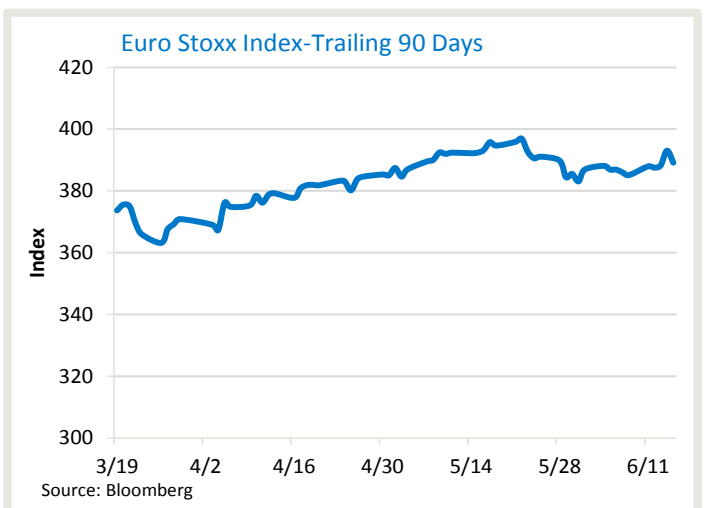
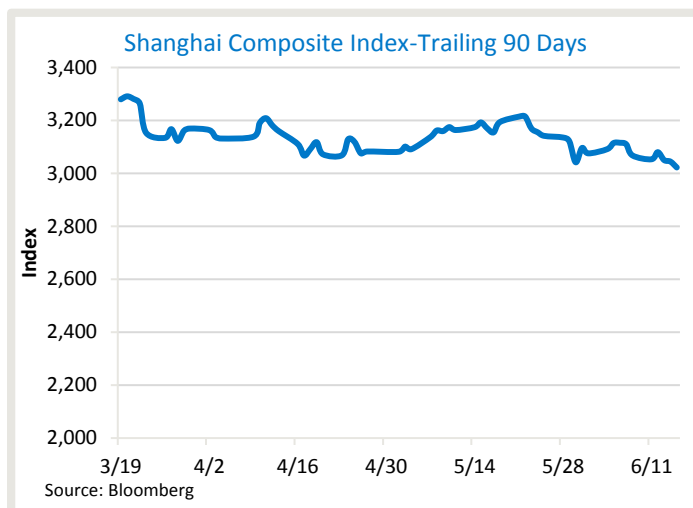
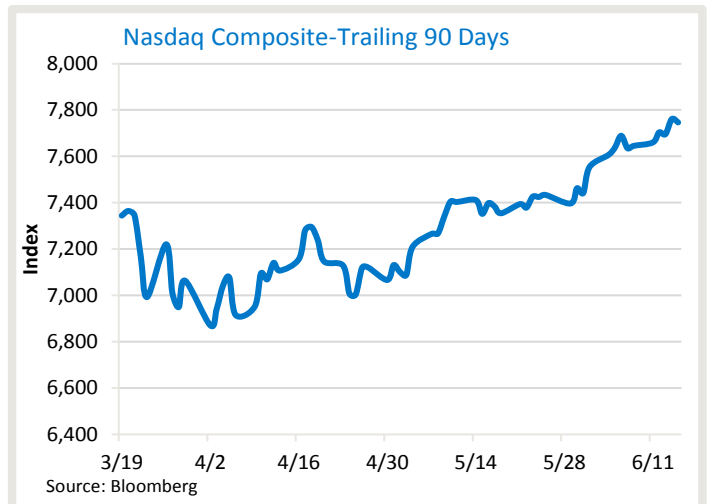
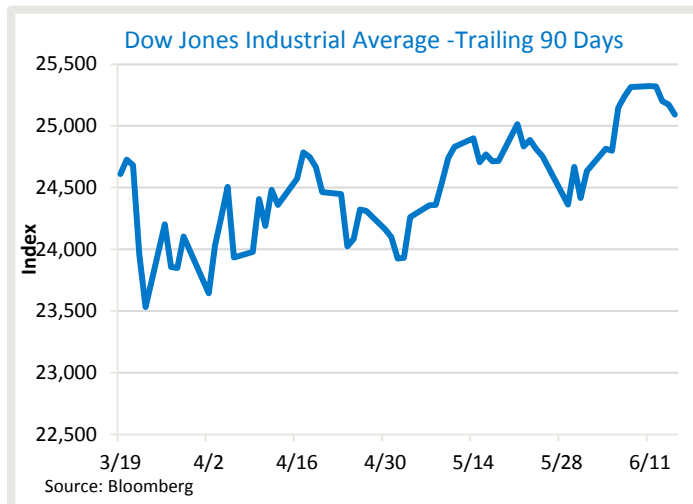


Equities

WORLD MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
S&P 500	2,779.42	0.39	0.01%	3.96%	Swiss Market Index	8,642.60	130.54	1.53%	-7.88%
Dow Industrials	25,090.48	-226.05	-0.89%	1.50%	CAC 40 Index (France)	5,501.88	51.66	0.95%	3.56%
Nasdaq Composite	7,746.38	100.87	1.32%	12.21%	DAX Index (Germany)	13,010.55	244.00	1.91%	0.72%
Russell Global	2,178.22	1.91	0.09%	1.6%	Irish Overall Index	7,128.43	0.83	0.01%	1.28%
Russell Global EM	3,537.11	-28.14	-0.79%	-2.9%	Nikkei 225	22,851.75	157.25	0.69%	0.38%
S&P/TSX (Canada)	16,314.42	111.73	0.69%	0.65%	Hang Seng Index	30,309.49	-648.72	-2.10%	1.30%
Mexico IPC	46,938.82	999.28	2.18%	-4.89%	Shanghai Composite	3,021.90	-45.25	-1.48%	-8.63%
Brazil Bovespa	70,757.73	-2184.34	-2.99%	-7.39%	Kospi Index (S. Korea)	2,404.04	-66.54	-2.69%	-2.57%
Euro Stoxx 600	389.13	4.01	1.04%	-0.01%	Taiwan Taiex Index	11,087.47	-68.95	-0.62%	4.18%
FTSE 100	7,633.91	-47.16	-0.61%	-0.70%	Tel Aviv 25 Index	1,542.16	10.01	0.65%	2.14%
IBEX 35 (Spain)	9,851.00	104.70	1.07%	-1.92%	MOEX Index (Russia)	2,237.53	-30.39	-1.34%	6.06%

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



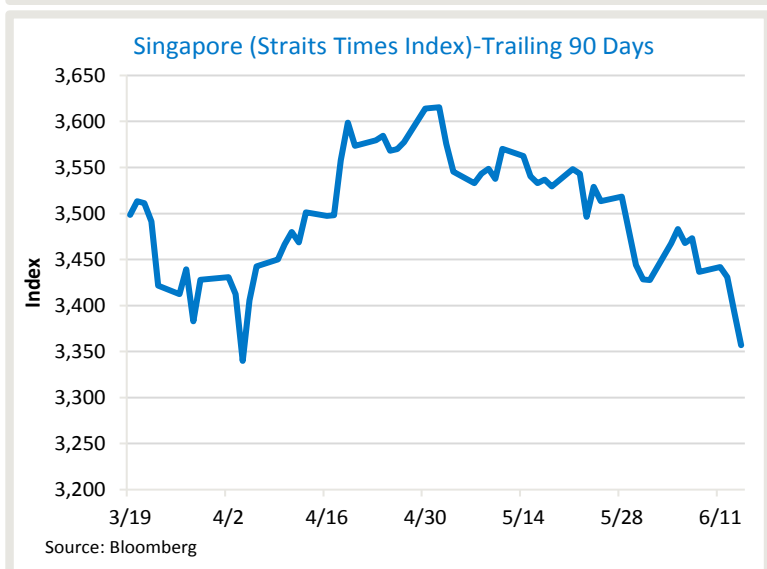
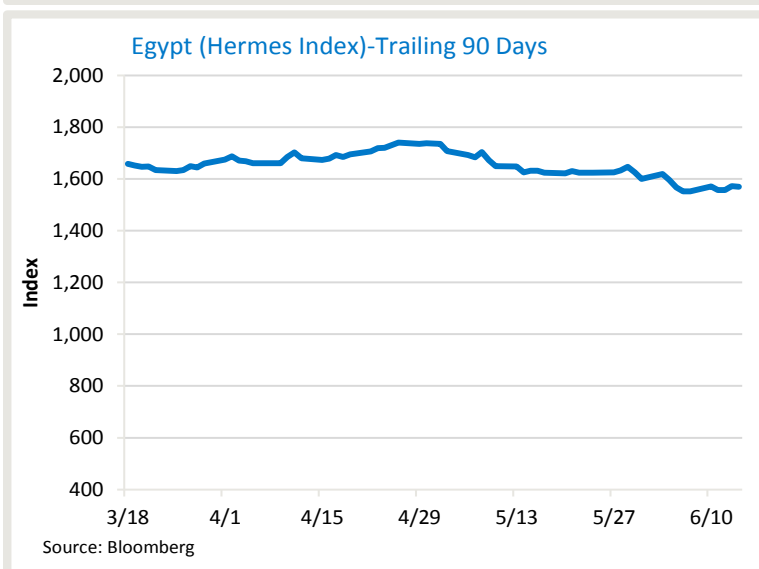
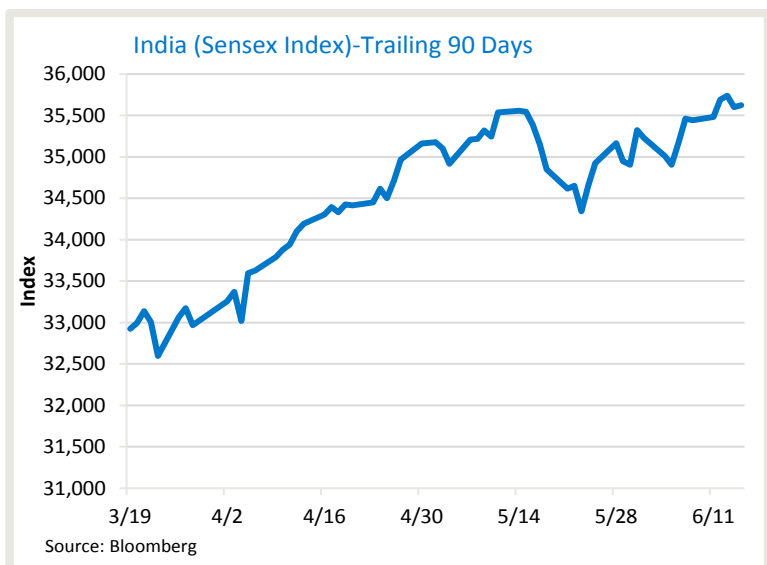
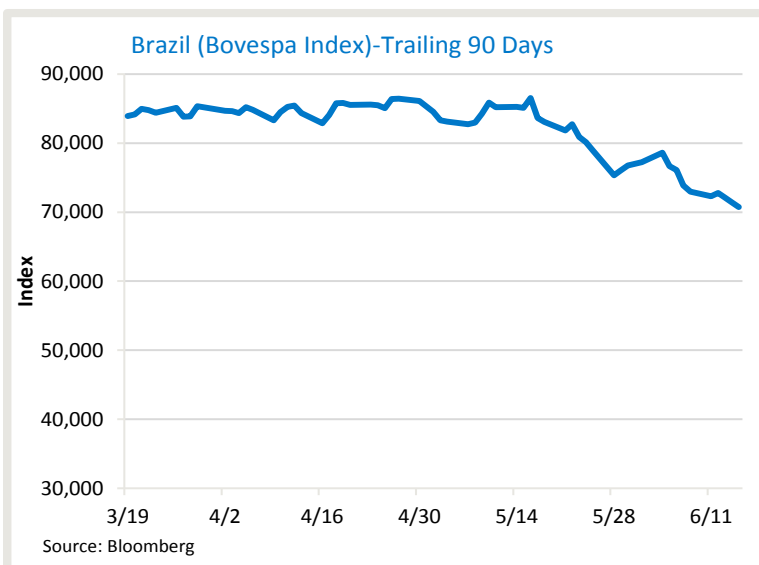
Equities – Emerging and Frontier Markets

EMERGING AND FRONTIER MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
Mexico IPC	46,938.82	999.28	2.2%	-4.9%
Brazil (Bovespa Index)	70,757.73	-2184.34	-3.0%	-7.4%
MOEX Index (Russia)	2,237.53	-30.39	-1.3%	6.1%
Czech Republic (Prague)	1,077.88	0.51	0.0%	0.0%
Turkey (Istanbul)	94,540.84	-1334.87	-1.4%	-18.0%
Egypt (Hermes Index)	1,569.33	17.23	1.1%	9.2%
Kenya (Nairobi 20 Index)	3,349.66	-3.19	-0.1%	-9.8%
Saudi Arabia (TASI Index)	8,270.46	-136.44	-1.6%	14.4%
Lebanon (Beirut BLOM Index)	1,078.53	-7.88	-0.7%	-6.1%
Palestine	547.47	8.10	1.5%	-4.7%

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

	Last	Change	% Chg.	YTD %
Hang Seng Index	30,309.49	-648.72	-2.1%	1.3%
India (Sensex 30)	35,622.14	178.47	0.5%	4.6%
Malaysia (KLCI Index)	1,761.78	-24.03	-1.3%	-1.9%
Singapore (Straits Times Index)	3,356.73	-116.35	-3.4%	-1.4%
Thailand (SET Index)	1,704.82	-17.22	-1.0%	-2.8%
Indonesia (Jakarta)	5,993.63	10.04	0.2%	-5.7%
Pakistan (Karachi KSE 100)	43,680.68	-267.43	-0.6%	7.9%
Vietnam (Ho Chi Minh)	1,016.51	-22.50	-2.2%	3.3%
Sri Lanka (Colombo)	6,331.10	-32.52	-0.5%	-0.6%
Cambodia (Laos)	917.18	-10.43	-1.1%	-8.1%

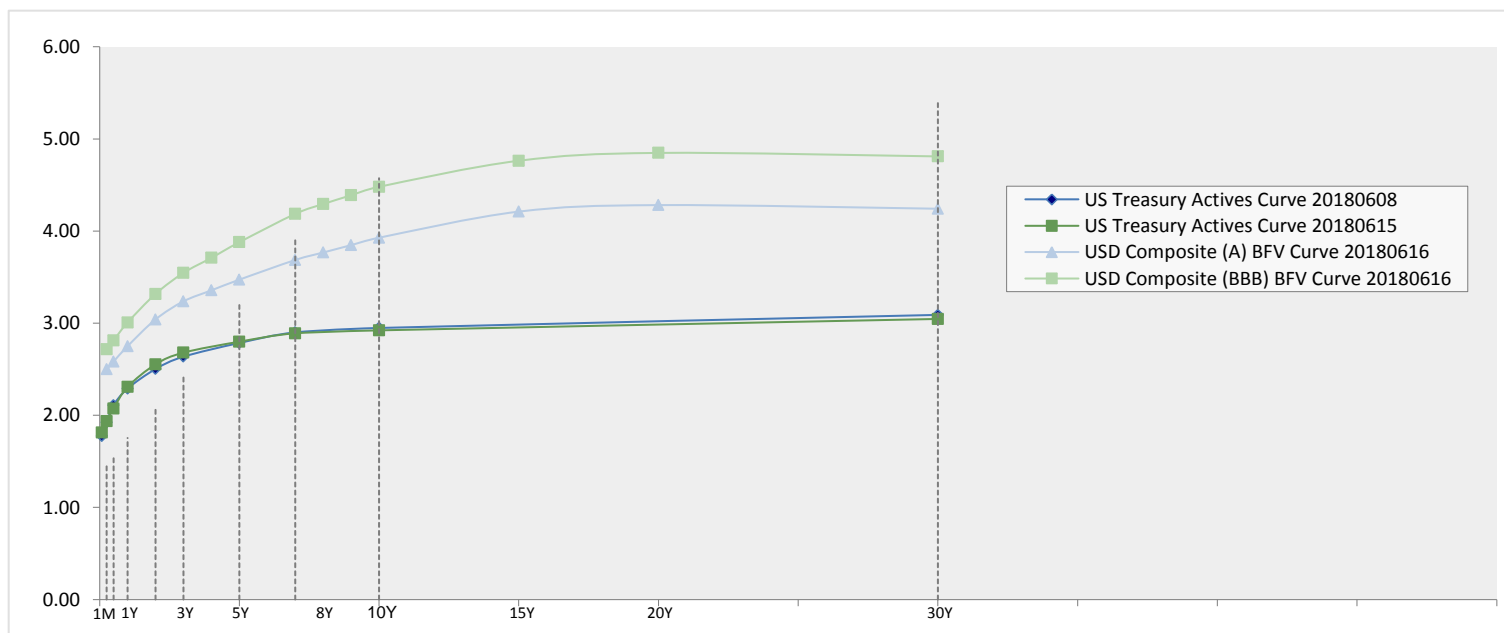


Interest Rates

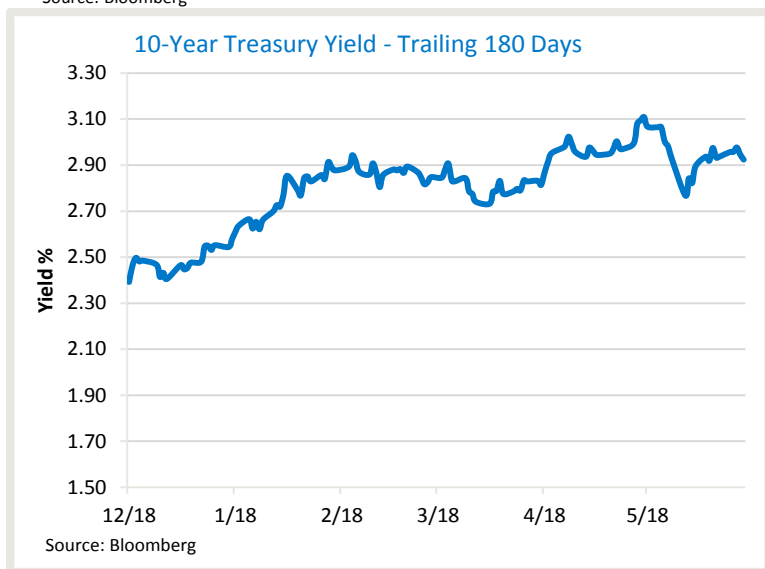
SELECTED INTEREST RATES

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
2-Yr. U.S. Treasury	2.55%	-1 bps	NM	NM	Prime Rate	5.00%	0.25	NM	NM
5-Yr. U.S. Treasury	2.80%	2 bps	NM	NM	Fed Funds Rate	2.00%	0.25	NM	NM
10-Yr. U.S. Treasury	2.92%	-1 bps	NM	NM	Discount Rate	2.50%	0.25	NM	NM
30-Yr. U.S. Treasury	3.05%	-4 bps	NM	NM	LIBOR (3 Mo.)	2.33%	1 bps	NM	NM
German 10-Yr. Govt.	0.40%	4 bps	NM	NM	Bond Buyer 40 Muni	3.83%	4 bps	NM	NM
France 10-Yr.	0.73%	14 bps	NM	NM	Bond Buyer 40 G.O.	3.92%	NA	NM	NM
Italy 10-Yr.	2.60%	41 bps	NM	NM	Bond Buyer 40 Rev.	4.41%	NA	NM	NM
Fed 5-Yr Fwd BE Inf.	2.10%	3 bps	NM	NM					

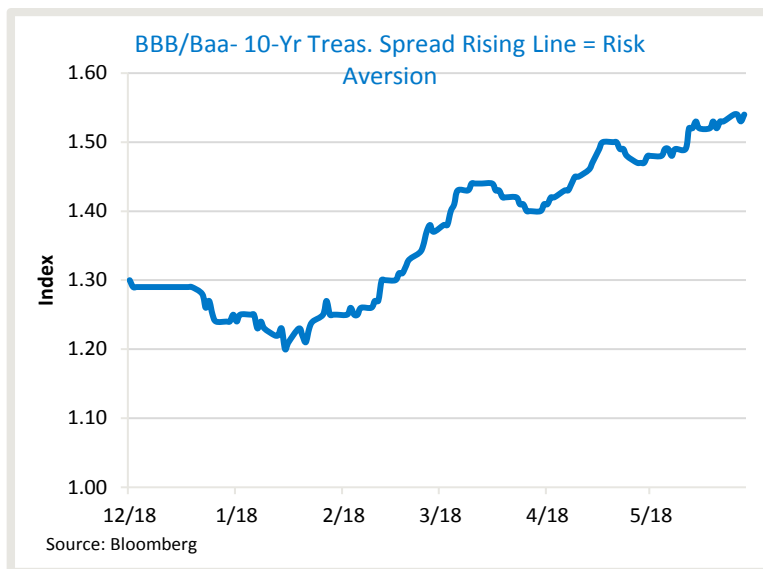
Source: Bloomberg



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg

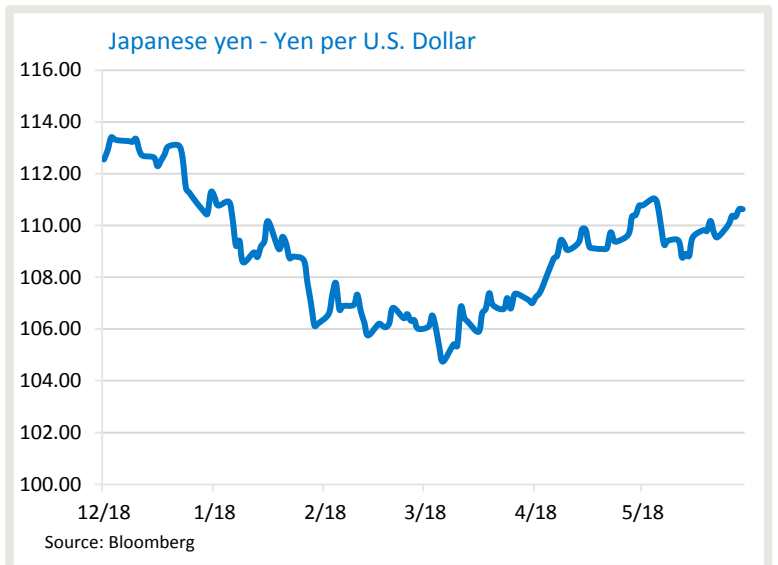
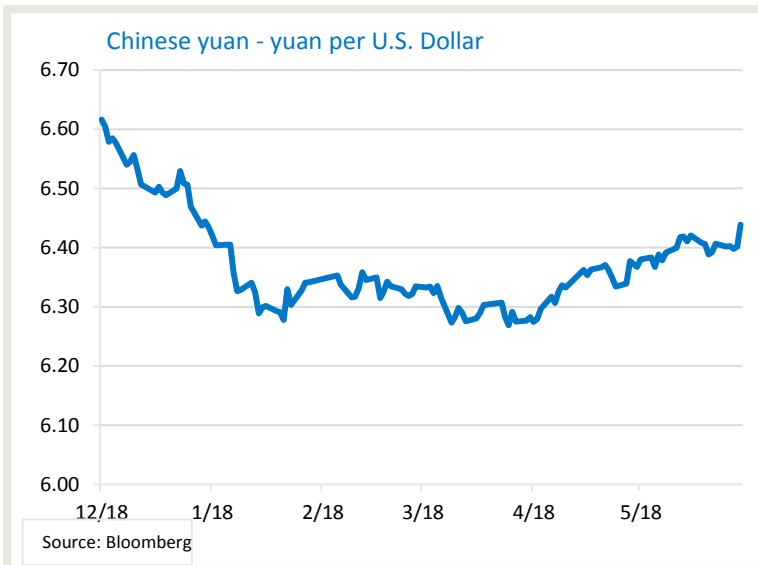
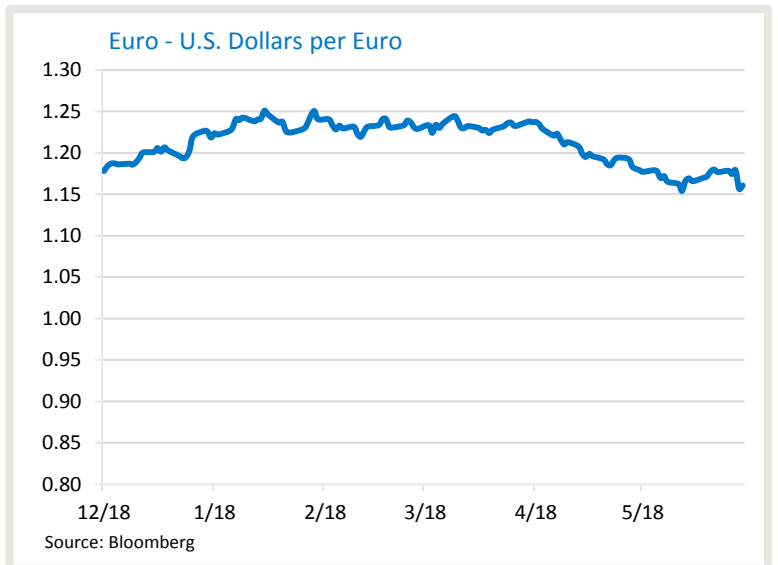
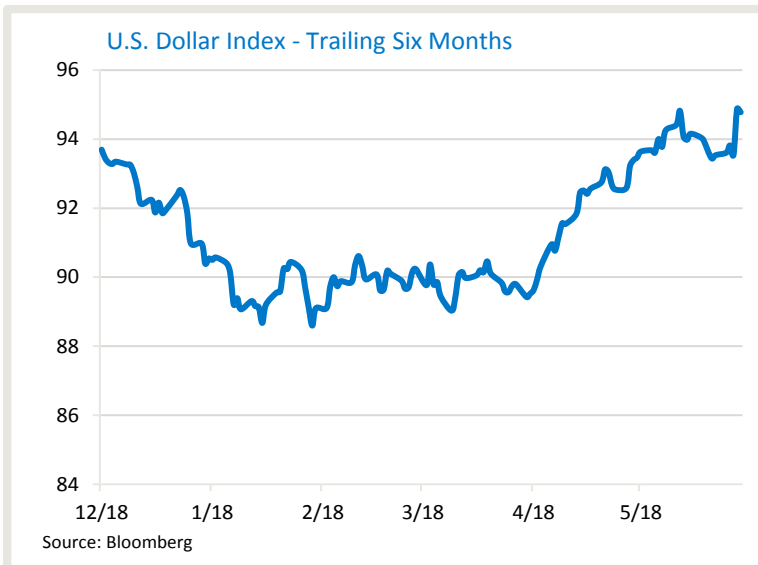
Currencies

SELECTED CURRENCY PERFORMANCE

	Last	Change	% Chg.	YTD %
Dollar Index	94.79	1.243	1.33%	2.88%
Euro	1.16	-0.016	-1.37%	-3.31%
Japanese Yen	110.67	1.080	-0.98%	1.86%
British Pound	1.33	-0.012	-0.90%	-1.69%
Canadian Dollar	1.32	0.027	-2.02%	-4.72%

	Last	Change	% Chg.	YTD %
Chinese Yuan	6.44	0.032	-0.50%	1.06%
Swiss Franc	1.00	0.011	-1.12%	-2.27%
New Zealand Dollar	0.69	-0.009	-1.32%	-2.21%
Brazilian Real	3.73	0.024	-0.63%	-11.36%
Mexican Peso	20.62	0.360	-1.75%	-4.80%

Source: Bloomberg



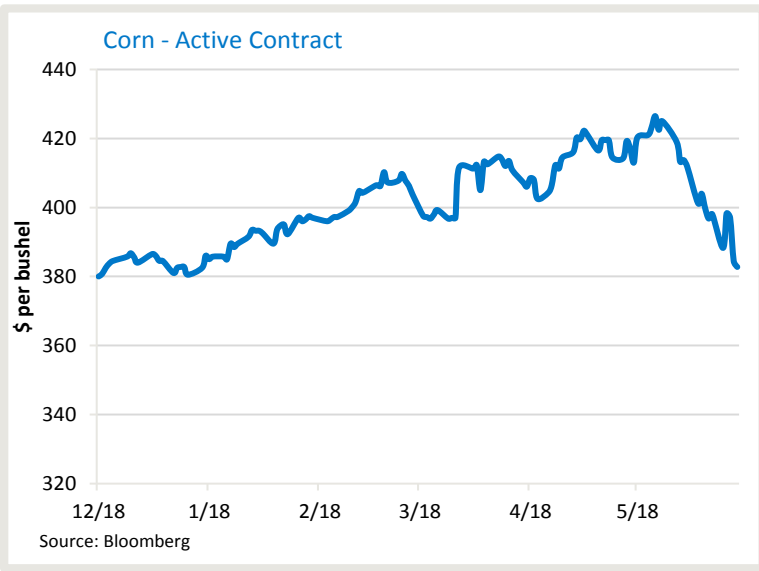
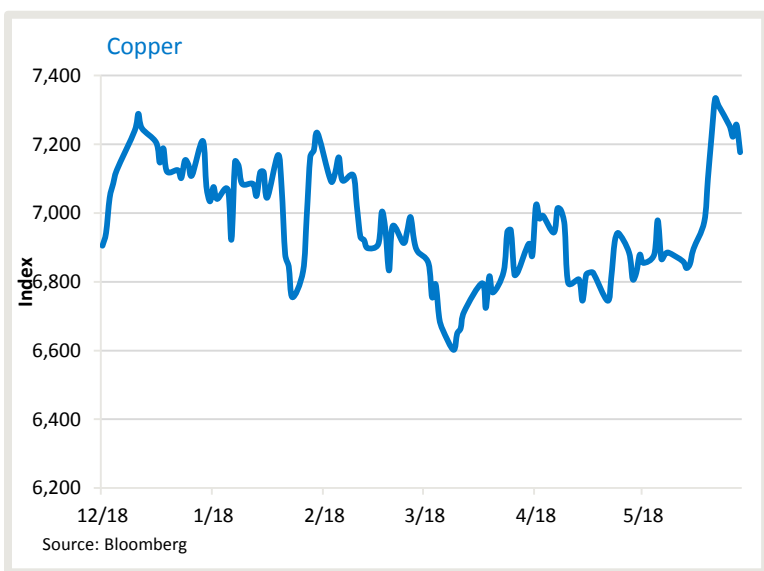
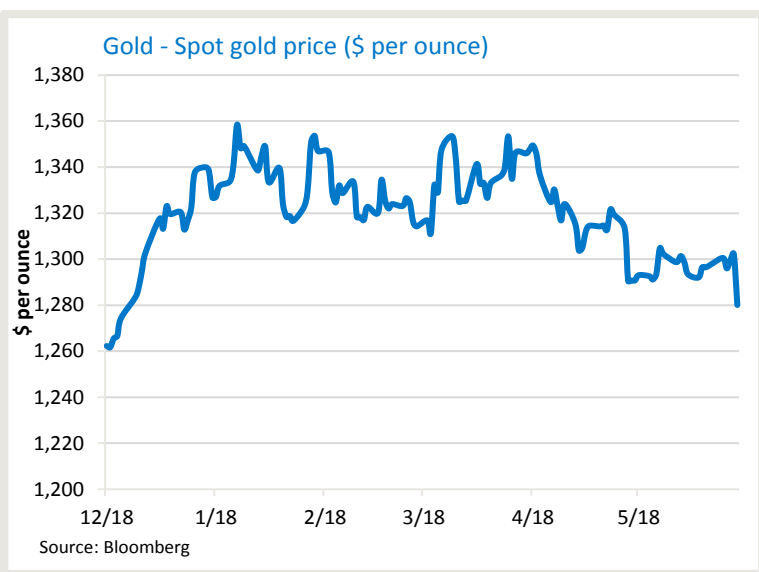
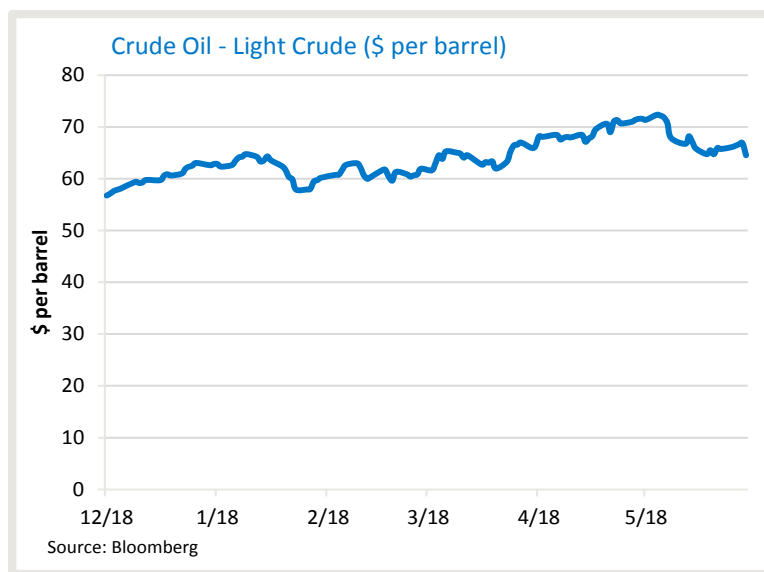
Commodities

SELECTED COMMODITY MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
Bloomberg Comm. Idx.	87.70	-2.27	-2.53%	-0.53%
Crude Oil	\$64.42	-\$1.21	-1.84%	7.98%
Natural Gas	\$3.03	\$0.14	4.78%	7.99%
Gasoline (\$/Gal.)	\$2.90	-\$0.02	-0.79%	16.77%
Heating Oil	208.15	-8.09	-3.74%	5.72%
Gold Spot	\$1,279.63	-\$18.12	-1.40%	-1.75%
Silver Spot	\$16.55	-\$0.23	-1.36%	-2.22%

	Last	Change	% Chg.	YTD %
Platinum Spot	\$888.05	-\$18.99	-2.09%	-4.30%
Corn	382.75	-15.25	-3.83%	-0.33%
Wheat	513.50	-23.25	-4.33%	10.25%
Soybeans	930.50	-59.25	-5.99%	-4.64%
Sugar	12.35	-0.17	-1.36%	-18.80%
Orange Juice	161.65	0.85	0.53%	15.34%
Aluminum	2,256.00	-43.00	-1.87%	-0.53%
Copper	7,177.00	-135.00	-1.85%	-0.97%

Source: Bloomberg; % change is based on price.

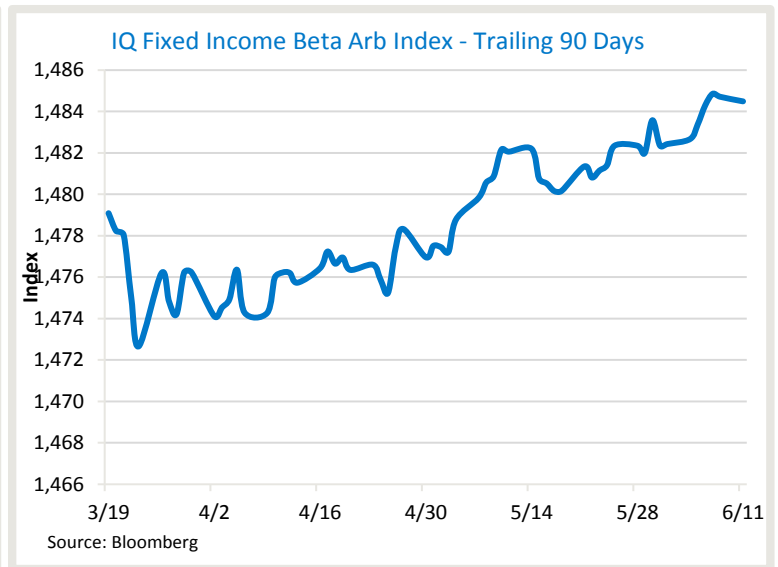
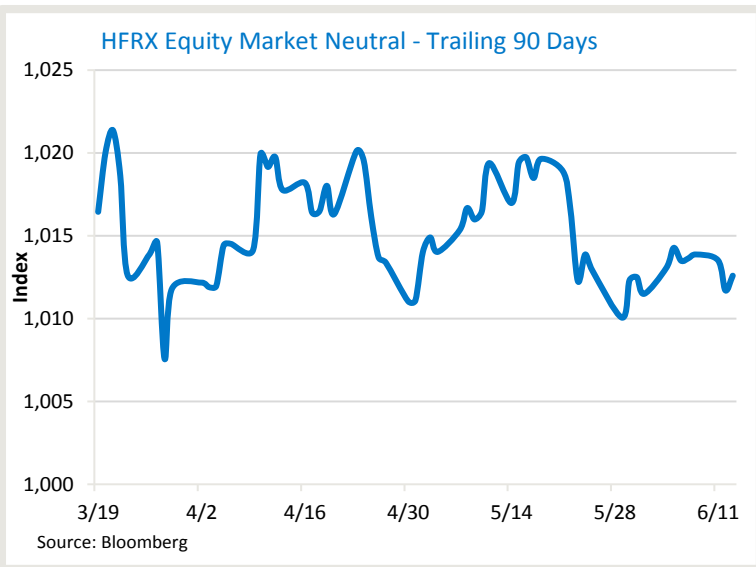
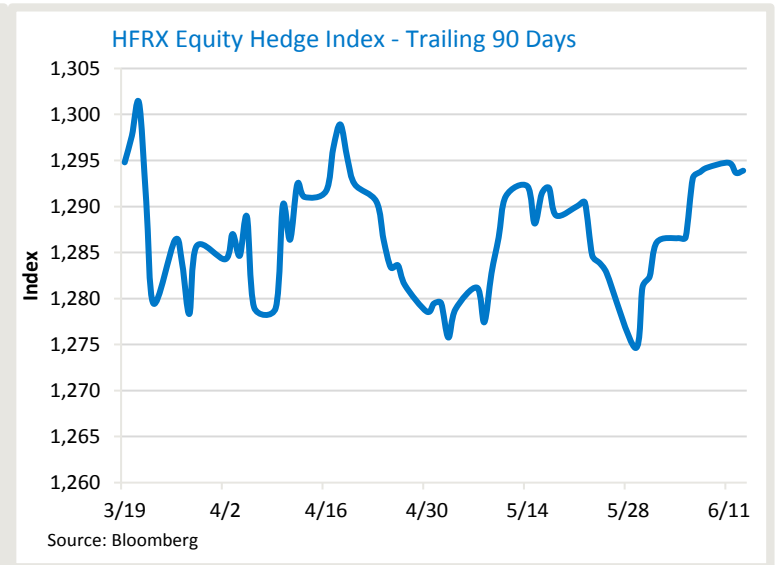
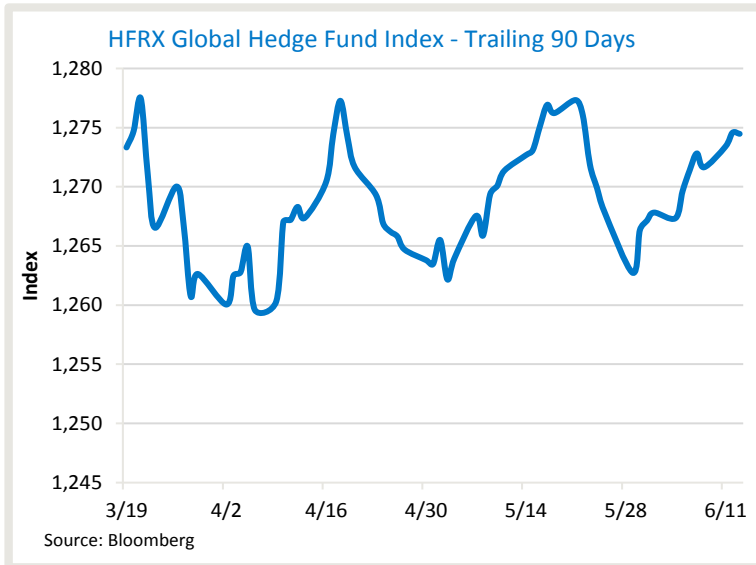


Alternative Investments

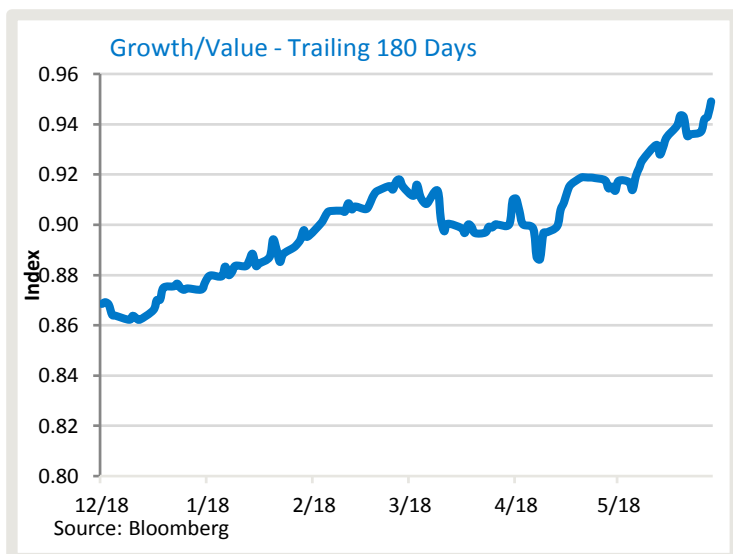
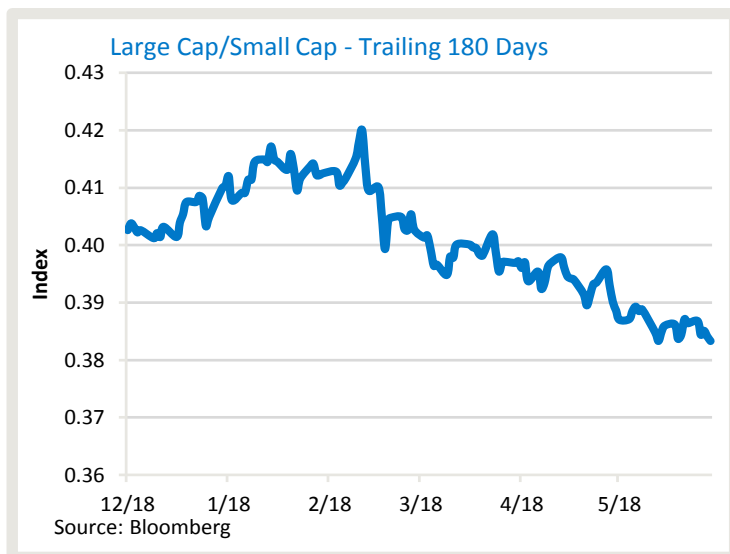
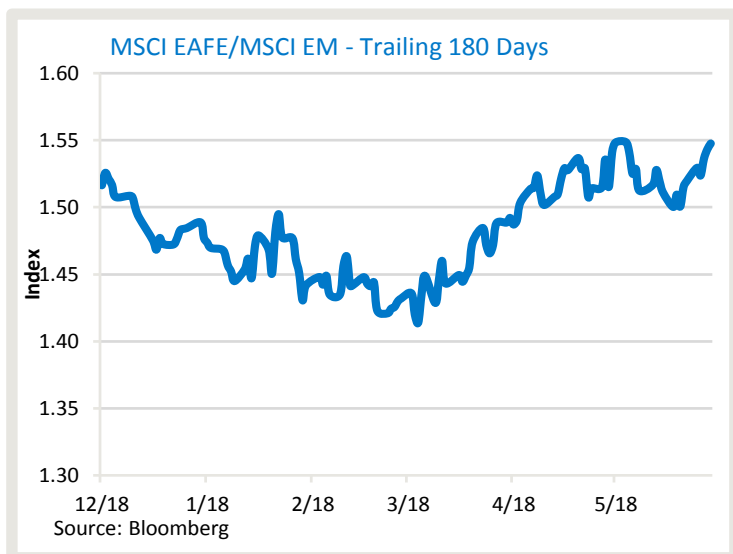
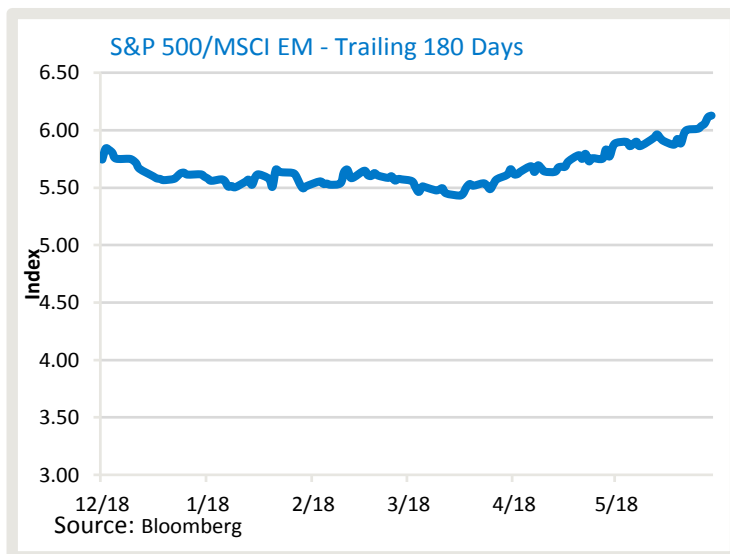
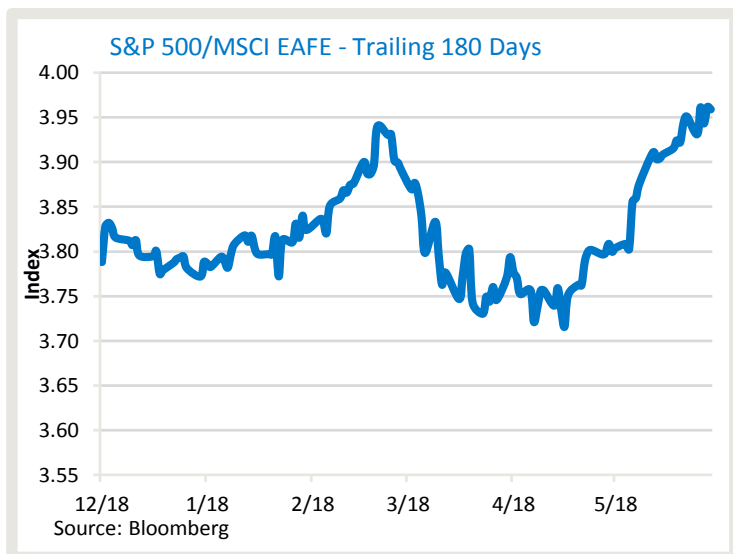
SELECTED ALTERNATIVE INVESTMENT INDEX PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
HFRX Global Hedge Fund Index	1274.47	2.83	0.22%	-0.09%	HFRX Distressed Index	1055.07	-2.53	-0.24%	-4.66%
HFRX Equity Market Neutral	1012.59	-1.28	-0.13%	0.82%	HFRX Merger Arbitrage Index	1840.09	-3.10	-0.17%	-0.70%
HFRX Equity Hedge Index	1293.89	-0.33	-0.03%	1.82%	HFRX Convertible Arbitrage Index	801.46	-0.73	-0.09%	0.66%
HFRX Event-Driven Index	1608.52	0.10	0.01%	-3.44%	HFRX Macro CTA Index	1141.82	8.54	0.75%	-1.89%
HFRX Absolute Return Index	1074.83	0.00	0.00%	1.09%	IQ Fixed Income Beta Arb Index	1485.92	1.20	0.08%	1.05%

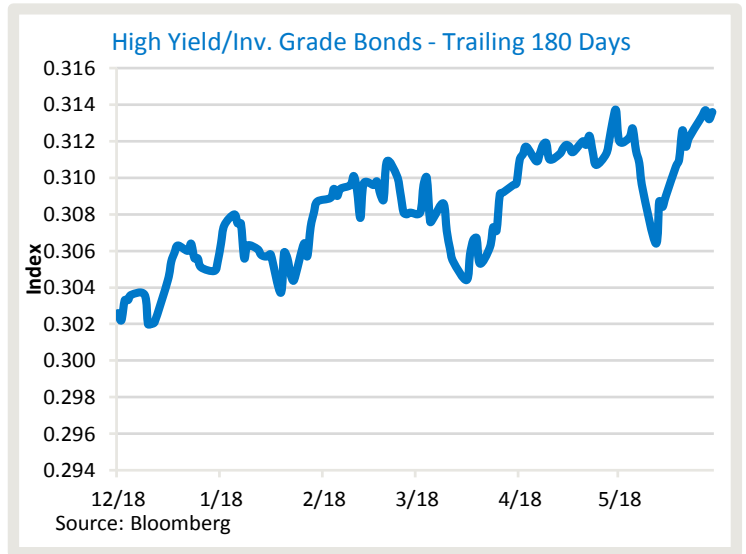
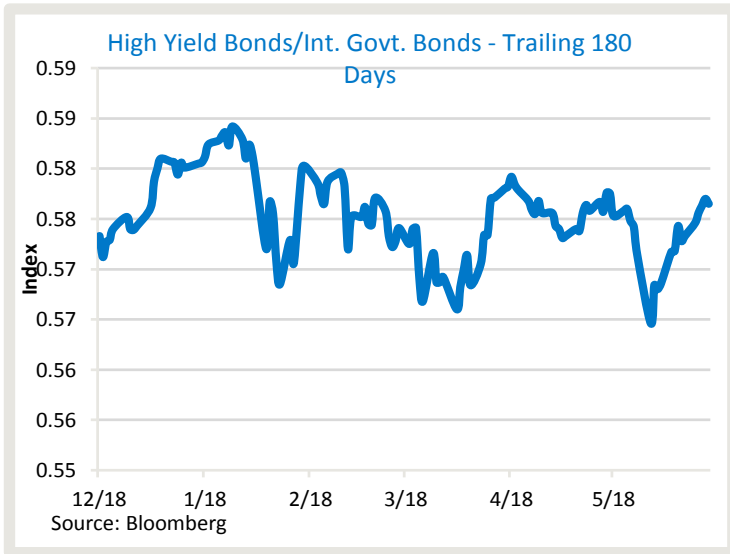
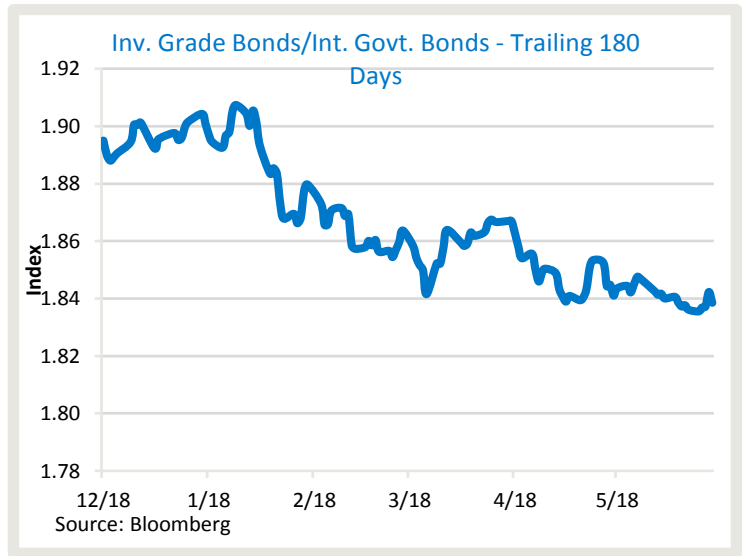
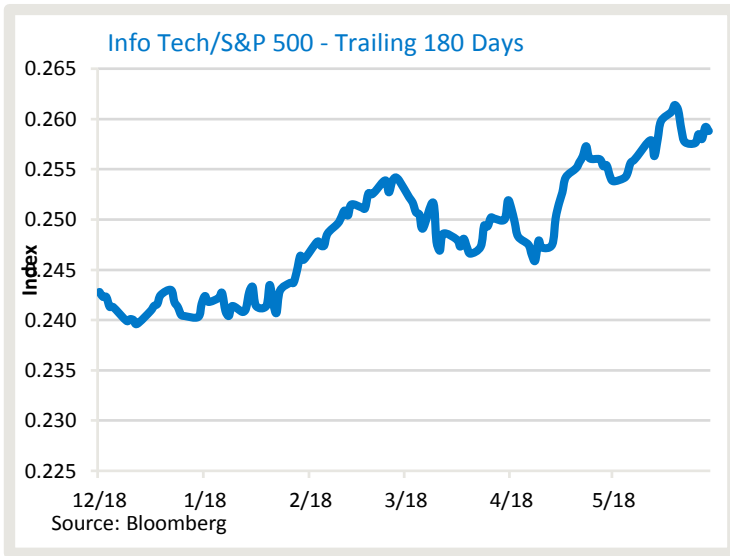
Source: Bloomberg; Index % change is based on price.



Portfolio Construction



Portfolio Construction (continued)



WEEKLY ASSET CLASS PERFORMANCE (Prior 12 weeks ending Thursday)

			3/29	4/5	4/12	4/19	4/26	5/3	5/10	5/17	5/24	5/31	6/7	6/14
Equity	Domestic Equity	Large Cap (R200)	-0.22%	0.89%	0.19%	1.10%	-1.02%	-1.38%	3.69%	-0.14%	0.29%	-0.72%	2.53%	0.35%
		Small Cap (R2000)	-0.94%	0.88%	0.93%	1.06%	-1.01%	-0.73%	3.70%	1.35%	0.18%	0.33%	2.09%	1.02%
	Int'l. Equity	MSCI EAFE	-0.68%	0.60%	1.15%	1.32%	-1.35%	-0.47%	0.84%	0.33%	-1.34%	-1.82%	1.76%	-0.29%
		MSCI Em. Mkts.	-2.29%	-0.24%	0.89%	0.62%	-3.36%	-0.57%	1.64%	-1.08%	-0.79%	-1.26%	2.58%	-2.09%
Fixed Income	BarCap Agg. (AGG)	0.60%	-0.54%	0.09%	-0.45%	-0.41%	-0.06%	0.02%	-0.74%	0.82%	0.54%	-0.53%	-0.06%	
	High Yield (JNK)	0.39%	-0.14%	0.95%	-0.14%	-0.55%	-0.56%	0.39%	-0.36%	0.14%	-0.36%	0.36%	0.59%	
Commodities	Bloomberg Commodity Index	0.42%	-0.34%	2.20%	0.98%	-0.63%	0.30%	0.98%	-0.27%	1.33%	-0.87%	-0.74%	-0.92%	
Alternatives	Hedge Funds (HFRX Global)	-0.65%	0.18%	0.27%	0.46%	-0.66%	-0.29%	0.63%	0.54%	-0.55%	-0.22%	0.45%	0.13%	
Asset Allocation	60/40*	-0.15%	0.24%	0.45%	0.50%	-0.95%	-0.63%	1.71%	-0.19%	0.16%	-0.35%	1.20%	0.07%	
	48/32/20 (w/Alts.)**	-0.25%	0.22%	0.41%	0.49%	-0.89%	-0.56%	1.49%	-0.04%	0.02%	-0.32%	1.05%	0.08%	

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	0.93	1.13	0.99	0.94	1.05	0.90	0.89	0.93	1.21	1.32	1.00	1.19	1.22	1.08
Large Cap Growth	1.07	1.00	1.20	1.06	1.01	1.12	0.96	0.95	1.00	1.30	1.41	1.07	1.27	1.31	1.16
Large Cap Value	0.89	0.83	1.00	0.88	0.84	0.93	0.80	0.79	0.83	1.08	1.17	0.89	1.06	1.09	0.96
Mid Cap Core	1.01	0.95	1.14	1.00	0.95	1.06	0.91	0.90	0.94	1.23	1.33	1.01	1.20	1.24	1.10
Mid Cap Growth	1.06	0.99	1.19	1.05	1.00	1.11	0.95	0.94	0.99	1.29	1.40	1.06	1.26	1.30	1.15
Mid Cap Value	0.95	0.89	1.07	0.94	0.90	1.00	0.86	0.85	0.89	1.16	1.26	0.95	1.13	1.16	1.03
Small Cap Core	1.11	1.04	1.25	1.10	1.05	1.17	1.00	0.99	1.04	1.35	1.46	1.11	1.32	1.36	1.20
Small Cap Growth	1.13	1.05	1.27	1.11	1.06	1.18	1.02	1.00	1.05	1.37	1.49	1.13	1.34	1.38	1.22
Small Cap Value	1.07	1.00	1.21	1.06	1.01	1.12	0.96	0.95	1.00	1.30	1.41	1.07	1.27	1.31	1.16
Int'l. Developed	0.82	0.77	0.93	0.81	0.78	0.87	0.74	0.73	0.77	1.00	1.09	0.83	0.98	1.01	0.89
Emerging Markets	0.76	0.71	0.85	0.75	0.72	0.80	0.68	0.67	0.71	0.92	1.00	0.76	0.90	0.93	0.82
REITs	1.00	0.93	1.12	0.99	0.94	1.05	0.90	0.89	0.93	1.21	1.32	1.00	1.19	1.22	1.08
Commodities	0.84	0.79	0.95	0.83	0.79	0.88	0.76	0.75	0.79	1.02	1.11	0.84	1.00	1.03	0.91
Int. Bond	0.82	0.76	0.92	0.81	0.77	0.86	0.74	0.73	0.76	0.99	1.08	0.82	0.97	1.00	0.89
High Yield	0.92	0.86	1.04	0.91	0.87	0.97	0.83	0.82	0.86	1.12	1.22	0.92	1.10	1.13	1.00

Source: Bloomberg

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

Index Overview & Key Definitions

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

The **Dow Jones Industrial Average (DOW or DJIA)** is an unmanaged index of 30 common stocks comprised of 30 actively traded blue chip stocks, primarily industrials and assumes reinvestment of dividends. The **S&P 500 Index** is an unmanaged index comprised of 500 widely held securities considered to be representative of the stock market in general. The **S&P/Case-Shiller Home Price Indices** measure the residential housing market, tracking changes in the value of the residential real estate market in 20 metropolitan regions across the United States. The **Nasdaq Composite Index** is a stock market index of the common stocks and similar securities listed on the NASDAQ stock market. The **US Dollar Index** is a measure of the value of the United States dollar relative to a basket of foreign currencies. It is a weighted geometric mean of the dollar's value relative to other select currencies (Euro, Japanese yen, Pound sterling, Canadian dollar, Swedish krona (SEK) & Swiss franc). The **FTSE 100 Index (FTSE 100)** is a share index of the 100 companies listed on the London Stock Exchange (LSE) with the highest market capitalization. The **Bloomberg Commodity Index (formerly the Dow Jones-UBS Commodity Index)** tracks prices of futures contracts on physical commodities on the commodity markets and is designed to minimize concentration in any one commodity or sector (currently 22 commodity futures in seven sectors). The **Barclays Capital US Credit Index** is an unmanaged index considered representative of publicly issued, SEC-registered US corporate and specified foreign debentures and secured notes. The **Barclays Capital US Aggregate Bond Index** is a market capitalization-weighted index of investment-grade, fixed-rate debt issues, including government, corporate, asset-backed, and mortgage-backed securities, with maturities of at least one year. The **Barclays Capital US Corporate High Yield Index** covers the USD-denominated, non-investment grade, fixed-rate, taxable corporate bond market. Securities are classified as high-yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. The index may include emerging market debt. The **Barclays Capital Municipal Bond Index** is an unmanaged index comprised of investment-grade, fixed-rate municipal securities representative of the tax-exempt bond market in general. The **Barclays Capital US Treasury Total Return Index** is an unmanaged index of public obligations of the US Treasury with a remaining maturity of one year or more. The **Barclays Capital Global Aggregate ex-U.S. Index** is a market capitalization-weighted index, meaning the securities in the index are weighted according to the market size of each bond type. Most U.S. traded investment grade bonds are represented. Municipal bonds, and Treasury Inflation-Protected Securities are excluded, due to tax treatment issues. The index includes Treasury securities, Government agency bonds, Mortgage-backed bonds, Corporate bonds, and a small amount of foreign bonds traded in U.S. The **Barclays Capital U.S. 5-10 Year Corporate Bond Index** measures the investment return of U.S. dollar denominated, investment-grade, fixed rate, taxable securities issued by industrial, utility, and financial companies with maturities between 5 and 10 years. Treasury securities, mortgage-backed securities (MBS) foreign bonds, government agency bonds and corporate bonds are some of the categories included in the index. The **Barclays Capital U.S. Corporate High-Yield Index** is composed of fixed-rate, publicly issued, non-investment grade debt. The **Barclays Capital U.S. Corporate 5-10 Year Index** includes U.S. dollar-denominated, investment-grade, fixed-rate, taxable securities issued by industrial, utility, & financial companies, with maturities between 5 & 10 years. The **Russell 1000 Index** is a market capitalization-weighted benchmark index made up of the 1000 largest U.S. companies in the Russell 3000 Index. The **Russell 1000 Growth Index** is an unmanaged index considered representative of large-cap growth stocks. The **Russell 1000 Value Index** is an unmanaged index considered representative of large-cap value stocks. The **Russell 2000 Index** is an unmanaged index considered representative of small-cap stocks. The **Russell 2000 Growth Index** is an unmanaged index considered representative of small-cap growth stocks. The **Russell 2000 Value Index** is an unmanaged index considered representative of small-cap value stocks. The **Russell 3000 Index** is an unmanaged index considered representative of the US stock market. The **Russell Midcap Index** is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The **Russell Midcap Growth Index** is an unmanaged index considered representative of mid-cap growth stocks. The **Russell Midcap Value Index** is an unmanaged index considered representative of mid-cap value stocks. The **HFRI 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 HFRI Methodology (UCITS compliant), a proprietary and highly quantitative process by which hedge funds are selected as constituents for the HFRI 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 **JP Morgan EMBI Global Index** tracks total returns for US dollar-denominated debt instruments issued by emerging market sovereign and quasi-sovereign entities.

The information, analysis, and opinions expressed herein are for general and educational purposes only. Nothing contained in this weekly review is intended to constitute legal, tax, accounting, securities, or investment advice, nor an opinion regarding the appropriateness of any investment, nor a solicitation of any type. All investments carry a certain risk, and there is no assurance that an investment will provide positive performance over any period of time. An investor may experience loss of principal. Investment decisions should always be made based on the investor's specific financial needs and objectives, goals, time horizon, and risk tolerance. The asset classes and/or investment strategies described may not be suitable for all investors and investors should consult with an investment advisor to determine the appropriate investment strategy. Past performance is not indicative of future results.

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

Investments in smaller companies carry greater risk than is customarily associated with larger companies for various reasons such as volatility of earnings and prospects, higher failure rates, and limited markets, product lines or financial resources. Investing overseas involves special risks, including the volatility of currency exchange rates and, in some cases, limited geographic focus, political and economic instability, and relatively illiquid markets. Income (bond) securities are subject to interest rate risk, which is the risk that debt securities in a portfolio will decline in value because of increases in market interest rates.

Exchange Traded Funds (ETFs) are subject to risks similar to those of stocks, such as market risk. Investing in ETFs may bear indirect fees and expenses charged by ETFs in addition to its direct fees and expenses, as well as indirectly bearing the principal risks of those ETFs. ETFs may trade at a discount to their net asset value and are subject to the market fluctuations of their underlying investments. Investing in commodities can be volatile and can suffer from periods of prolonged decline in value and may not be suitable for all investors.

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

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

Neither Envestnet, Envestnet|PMC™ nor its representatives render tax, accounting or legal advice. Any tax statements contained herein are not intended or written to be used, and cannot be used, for the purpose of avoiding U.S. federal, state, or local tax penalties. Taxpayers should always seek advice based on their own particular circumstances from an independent tax advisor. SR# 1331865

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

ABOUT ENVESTNET®

Envestnet, Inc. (NYSE: ENV) is a leading provider of intelligent systems for wealth management and financial wellness. Envestnet's unified technology enhances advisor productivity and strengthens the wealth management process, delivering unparalleled flexibility, accuracy, performance, and value. Envestnet enables a transparent, independent, objective, and fiduciary standard of care, and empowers enterprises and advisors to more fully understand their clients and deliver better outcomes.

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