

## Chart of the Week



## Weekly Highlights

- Domestic stock prices posted robust gains this week.** Equities rallied this week, as investors speculated economic growth will accelerate. The Dow Jones Industrial Average reached a new record high, partly as a result of strong gains in pharmaceutical companies, which performed well as a result of merger activity. Analysts point to a favorable backdrop that includes rising earnings, stable and low interest rates, and benign inflation as additional catalysts for the market's continued climb.
- Global markets were also generally higher on the week.** World markets on balance posted moderate gains, with merger activity being a key driver as it was in the U.S. Asian stocks posted a six-year high, in part as a result of Fed chairman Yellen's statement that interest rates would remain low for a "considerable time." However, emerging markets stocks declined for the week, with violence in Iraq causing growth concerns for emerging economies.
- Treasury prices were modestly lower for the week.** The yield on the benchmark 10-year U.S. Treasury rose modestly on the week.
- Commodity indices rallied on the week.** Energy, metals and grains all advanced on the week.

## Talking Points

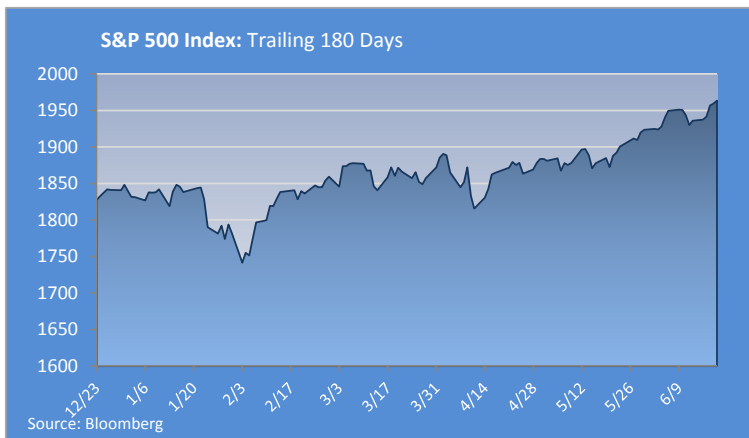
- Among equities,** large-caps underperformed small-caps, and value stocks outperformed growth-oriented issues. Domestic stocks underperformed international equities. Developed markets outperformed emerging market stocks.
- Treasury prices fell slightly this week.** The yield on the 10-year T-note was modestly higher.
- Commodity prices advanced on the week.** Energy, metals and grains all rose.
- The dollar was lower** this week against a basket of currencies.
- Among economic data released this week,** consumer prices rose the most in more than a year during May; industrial production jumped more than forecast; housing starts exceeded 1 million for the second consecutive month in May; and initial jobless claims declined in the latest week.

## MARKET DASHBOARD

	Last Price	Change	% Chg.	YTD %
<b>S&amp;P 500</b>	1,962.88	27.46	1.42%	6.2%
<b>Dow Industrials</b>	16,947.08	193.48	1.15%	2.4%
<b>Nasdaq</b>	4,368.04	53.82	1.25%	4.5%
<b>Russell 2000</b>	1,188.37	23.07	1.98%	1.9%
<b>Euro Stoxx Index</b>	348.09	1.49	0.43%	6.2%
<b>Shanghai Composite</b>	2,026.67	-44.04	-2.13%	-4.2%
<b>Russell Global</b>	1,782.10	20.88	1.18%	5.4%

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

	Last Price	Change	% Chg.	YTD %
<b>Russell Global EM</b>	3,264.00	3.18	0.10%	5.1%
<b>10-Year US Treas.</b>	2.62	2 bps	NM	NM
<b>DJ UBS Comm. Idx.</b>	136.55	1.65	1.22%	8.5%
<b>Gold</b>	\$1,314.98	\$38.30	3.00%	9.5%
<b>Crude Oil</b>	\$107.26	\$0.22	0.21%	11.1%
<b>Dollar Index</b>	80.35	-0.12	-0.15%	0.5%
<b>VIX Index</b>	10.72	-1.82	-14.94%	-24.5%



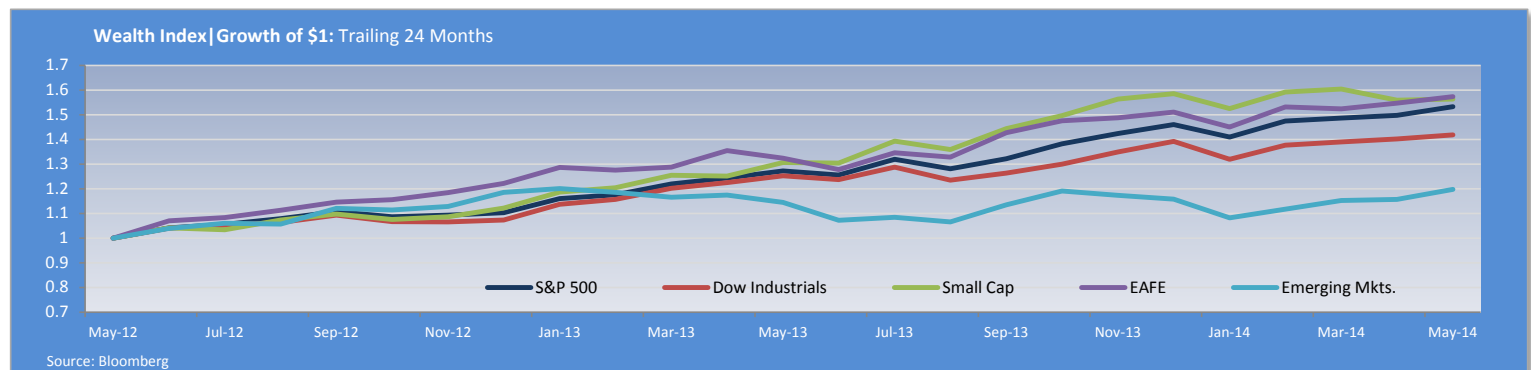
	One Week		YTD			
	Value	Growth	Value	Growth		
L	1.71%	1.37%	1.03%	6.67%	5.79%	4.92%
	1.69%	1.59%	1.50%	9.82%	7.51%	5.47%
S	1.70%	1.98%	2.26%	2.70%	1.90%	1.12%

Source: Bloomberg

### Sector Performance: S&P/GICS Sectors

	% Wgt in S&P 500	Week % Chg.	YTD % Chg.
<b>Consumer Discretionary</b>	11.8	0.93%	-1.0%
<b>Consumer Staples</b>	9.6	1.97%	5.4%
<b>Energy</b>	10.8	2.54%	12.5%
<b>Financials</b>	16.1	1.40%	4.6%
<b>Health Care</b>	13.2	2.03%	9.4%
<b>Industrials</b>	10.7	1.17%	4.8%
<b>Information Technology</b>	18.7	0.30%	7.1%
<b>Materials</b>	3.5	1.42%	7.5%
<b>Telecom Services</b>	2.4	1.04%	2.7%
<b>Utilities</b>	3.1	3.42%	14.8%

Source: Bloomberg



## ***A Macro View – Perspectives on Impact Investing***

Impact investing, also commonly known as Socially Responsible Investing (SRI), has become increasingly popular over the past two decades as investors strive to marry a desire for doing good while still generating solid investment performance. There has been a significant amount of research done on the subject of whether SRI can generate excess returns over non-SRI approaches. Some of the academic papers outline three general camps into which investors belong regarding SRI: First, some believe that SRI investors can “do good” while also “doing well” (from a performance perspective). Those in this category believe that investing in socially conscious companies can generate superior performance. Second, some believe that limiting the universe of available securities from which to choose will necessarily hinder performance. The idea underlying this belief is that since the palette of potential investments meeting socially conscious standards is limited, performance will also be constrained. Third, there are those that believe that SRI investing is neutral – that there is no difference between SRI and non-SRI performance.

Much of the academic research tends to support the view that *at the mean* there is no difference between SRI and non-SRI performance. In a forthcoming study, PMC’s Quantitative Research Group (QRG) affirms those results, showing that - on average - SRI mutual fund performance is not statistically or economically different from non-SRI mutual fund performance.

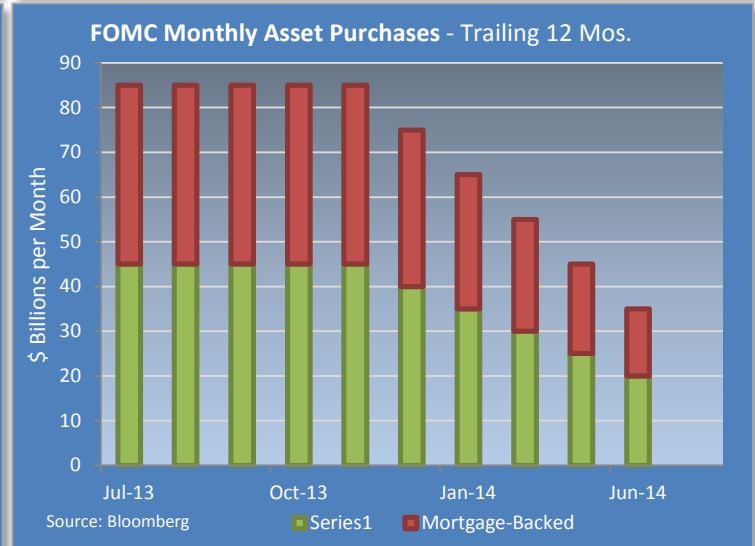
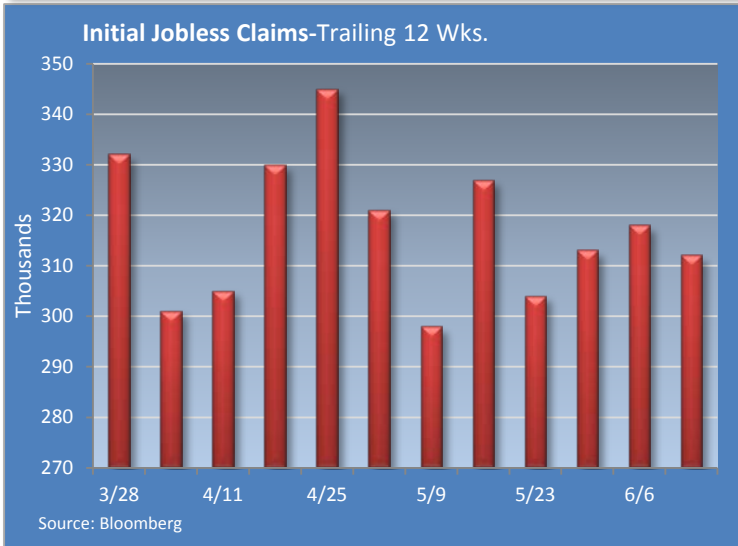
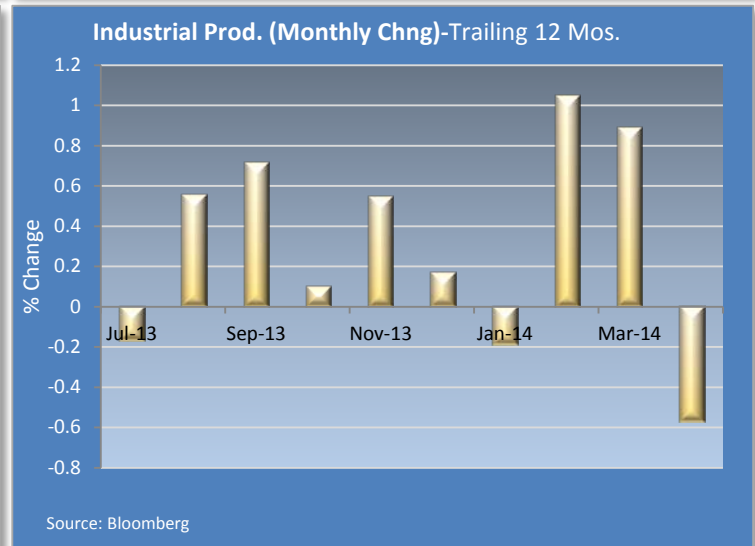
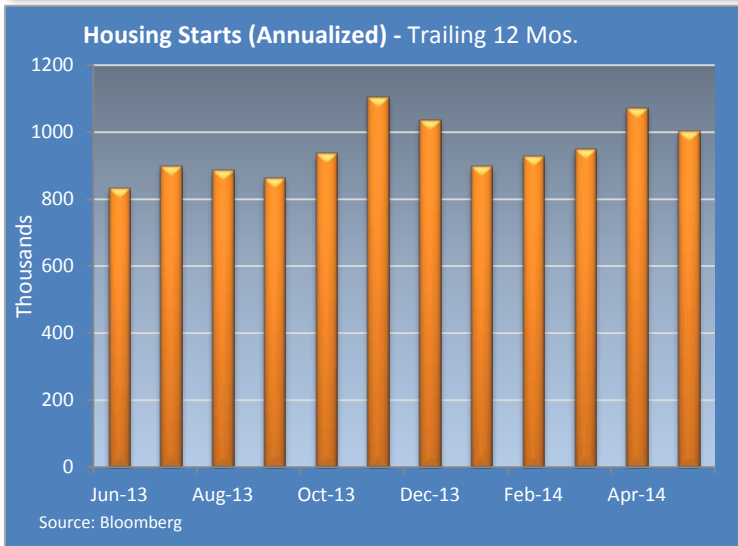
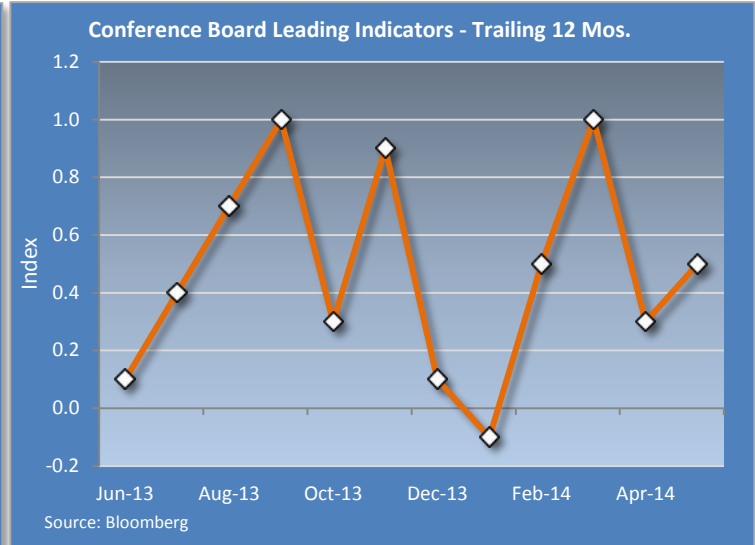
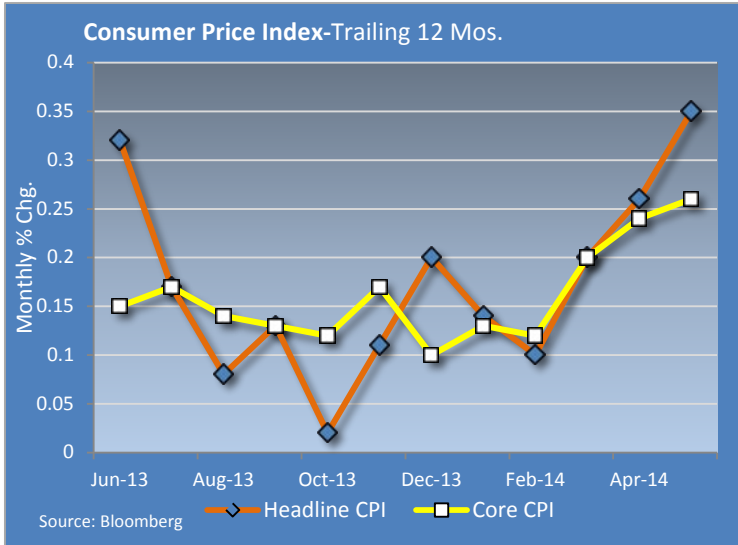
However, QRG makes a unique contribution to the literature in that they go beyond looking at the average. They refine the study to analyze the distributions of the total returns of SRI and non-SRI funds. What they find is that while performance is not statistically different at the mean, there are drastic differences as one moves out toward the tails of the distributions. Specifically, the distribution of SRI fund returns is narrower than that of non-SRI funds. Essentially, what this means is that top-performing SRI funds tend to underperform top-performing non-SRI funds, while bottom-performing SRI funds outperform bottom-performing non-SRI funds.

One of the reasons this may be the case relates back to the relatively limited universe of SRI stocks. The universe of socially conscious stocks likely has more homogenous characteristics than the non-SRI universe.

QRG’s research on SRI will be published soon.

Brandon Thomas  
*Chief Investment Officer*

### THIS WEEK IN THE ECONOMY AND MARKETS



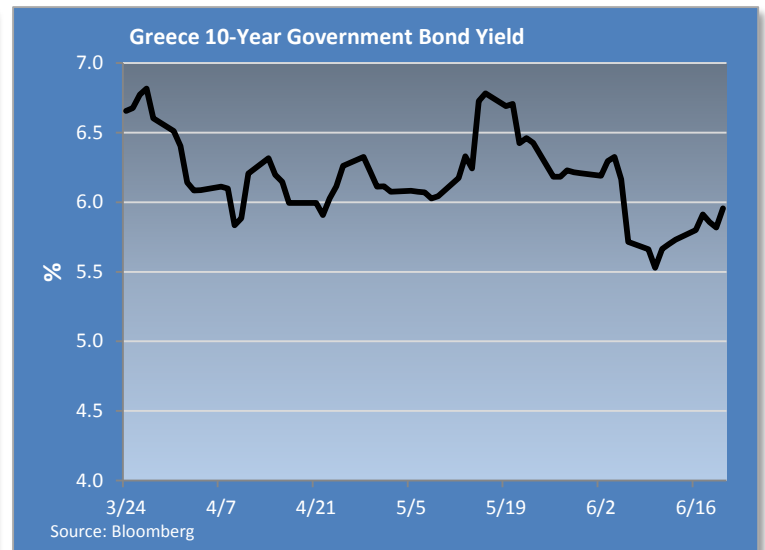
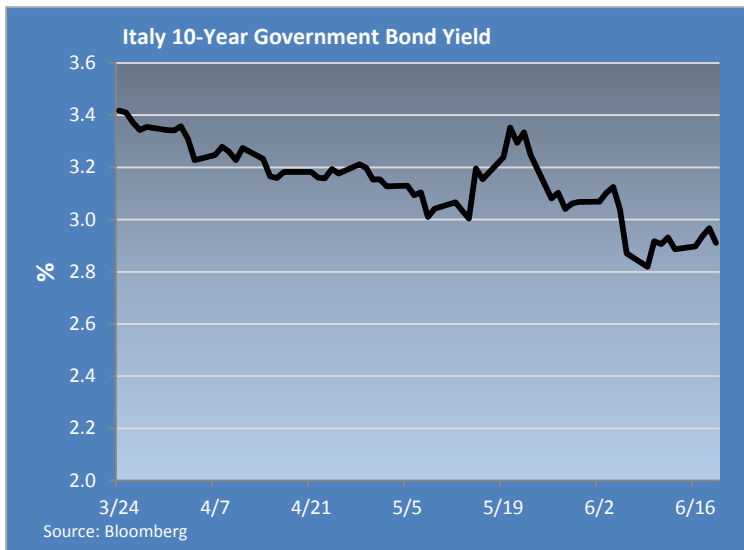
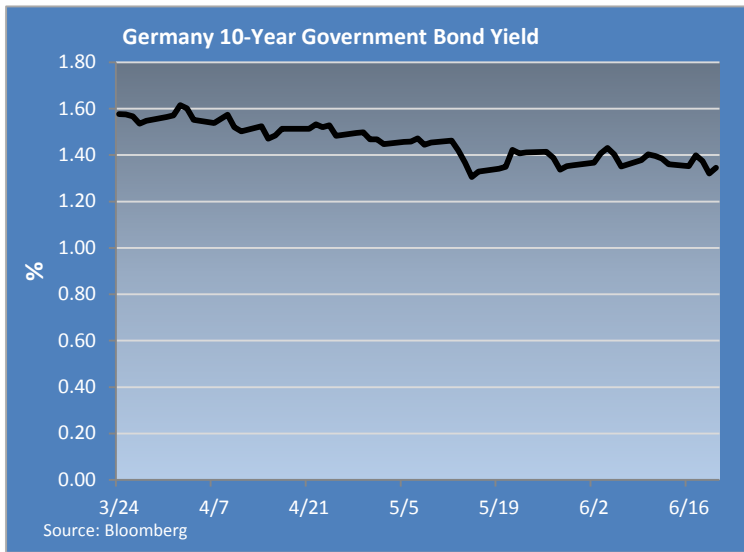
## EUROZONE

### SELECTED EUROPEAN SOVEREIGN YIELD PERFORMANCE

	Last	Change	% Chg.	YTD %
Germany 10-Yr. Govt.	1.35	1 bps	NM	NM
Greece 10-Yr. Govt.	5.95	-14 bps	NM	NM
Italy 10-Yr. Govt.	2.95	-6 bps	NM	NM
Spain 10-Yr. Govt.	2.72	-7 bps	NM	NM
Belgium 10-Yr. Govt.	1.81	4 bps	NM	NM

	Last	Change	% Chg.	YTD %
France 10-Yr. Govt.	1.79	4 bps	NM	NM
Ireland 10-Yr. Govt.	2.45	-5 bps	NM	NM
Portugal 10-Yr. Govt.	3.52	-14 bps	NM	NM
Netherlands 10-Yr. Govt.	1.59	3 bps	NM	NM
U.K. 10-Yr. Govt.	2.77	-2 bps	NM	NM

Source: Bloomberg



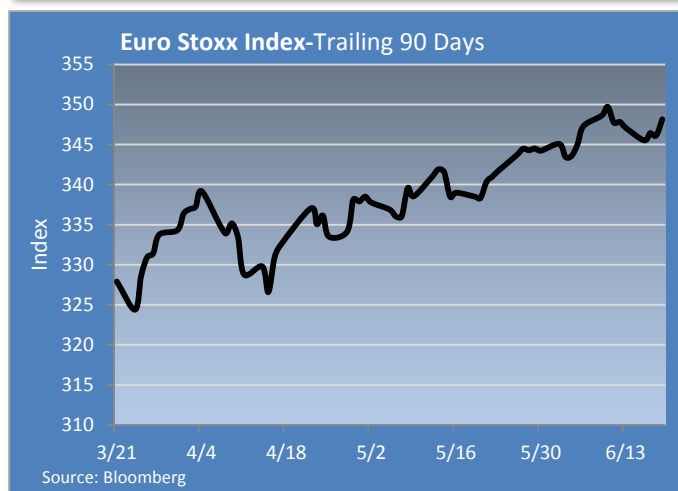
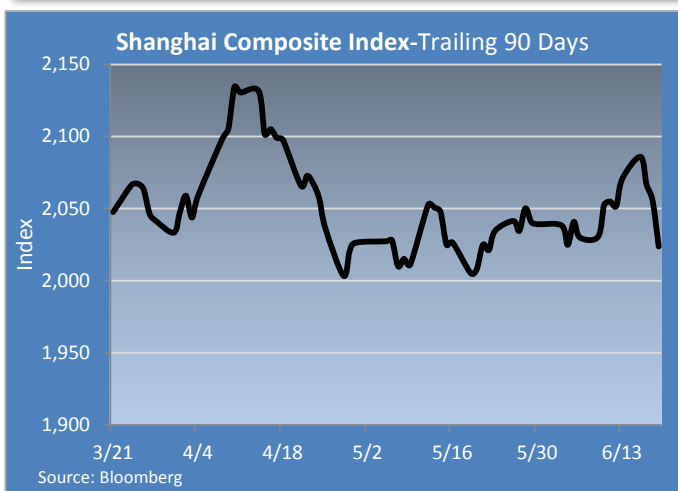
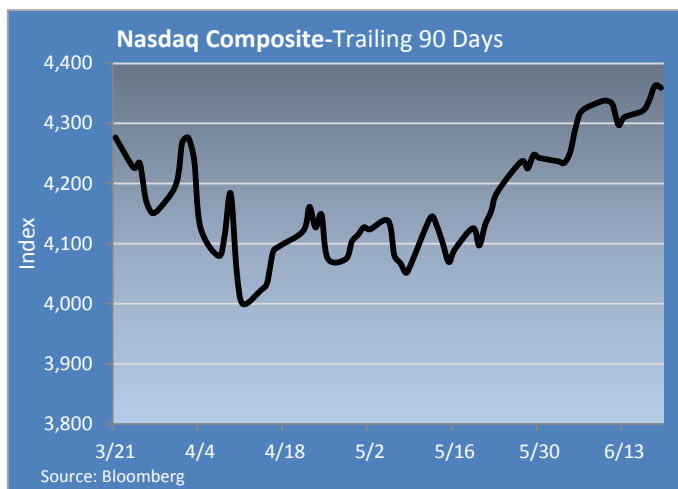
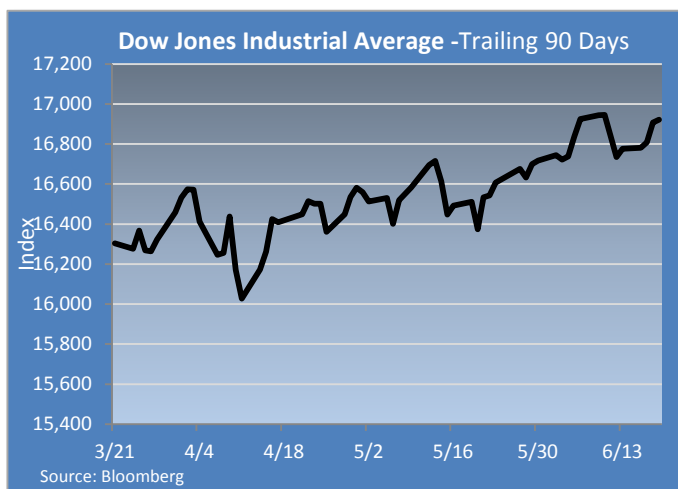
# EQUITIES

## WORLD MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
<b>S&amp;P 500</b>	<b>1,962.88</b>	<b>27.46</b>	<b>1.42%</b>	<b>6.24%</b>
<b>Dow Industrials</b>	<b>16,947.08</b>	<b>193.48</b>	<b>1.15%</b>	<b>2.37%</b>
<b>Nasdaq Composite</b>	<b>4,368.04</b>	<b>53.82</b>	<b>1.25%</b>	<b>4.50%</b>
<b>Russell Global</b>	<b>1,782.10</b>	<b>20.88</b>	<b>1.18%</b>	<b>5.4%</b>
<b>Russell Global EM</b>	<b>3,264.00</b>	<b>3.18</b>	<b>0.10%</b>	<b>5.1%</b>
<b>S&amp;P/TSX (Canada)</b>	<b>15,109.10</b>	<b>110.49</b>	<b>0.74%</b>	<b>10.94%</b>
<b>Mexico IPC</b>	<b>42,865.72</b>	<b>463.74</b>	<b>1.09%</b>	<b>0.52%</b>
<b>Brazil Bovespa</b>	<b>54,638.19</b>	<b>-107.39</b>	<b>-0.20%</b>	<b>6.20%</b>
<b>Euro Stoxx 600</b>	<b>348.09</b>	<b>1.49</b>	<b>0.43%</b>	<b>6.18%</b>
<b>FTSE 100</b>	<b>6,825.20</b>	<b>55.68</b>	<b>0.82%</b>	<b>1.25%</b>
<b>IBEX 35 (Spain)</b>	<b>11,155.10</b>	<b>53.70</b>	<b>0.48%</b>	<b>12.61%</b>

	Last	Change	% Chg.	YTD %
<b>Swiss Market Index</b>	<b>8,701.61</b>	<b>62.00</b>	<b>0.72%</b>	<b>6.25%</b>
<b>CAC 40 Index (France)</b>	<b>4,541.34</b>	<b>7.90</b>	<b>0.17%</b>	<b>5.94%</b>
<b>DAX Index (Germany)</b>	<b>9,987.24</b>	<b>98.75</b>	<b>1.00%</b>	<b>4.81%</b>
<b>Irish Overall Index</b>	<b>4,812.92</b>	<b>-61.29</b>	<b>-1.25%</b>	<b>6.53%</b>
<b>Nikkei 225</b>	<b>15,349.42</b>	<b>251.58</b>	<b>1.67%</b>	<b>-5.78%</b>
<b>Hang Seng Index</b>	<b>23,194.06</b>	<b>-125.11</b>	<b>-0.54%</b>	<b>-0.48%</b>
<b>Shanghai Composite</b>	<b>2,026.67</b>	<b>-44.04</b>	<b>-2.13%</b>	<b>-4.22%</b>
<b>Kospi Index (S. Korea)</b>	<b>1,968.07</b>	<b>-22.78</b>	<b>-1.14%</b>	<b>-2.15%</b>
<b>Taiwan Taiex Index</b>	<b>9,273.79</b>	<b>77.40</b>	<b>0.84%</b>	<b>7.69%</b>
<b>Tel Aviv 25 Index</b>	<b>1,404.60</b>	<b>7.21</b>	<b>0.52%</b>	<b>5.66%</b>
<b>MICEX Index (Russia)</b>	<b>1,486.30</b>	<b>-14.88</b>	<b>-0.99%</b>	<b>-1.18%</b>

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



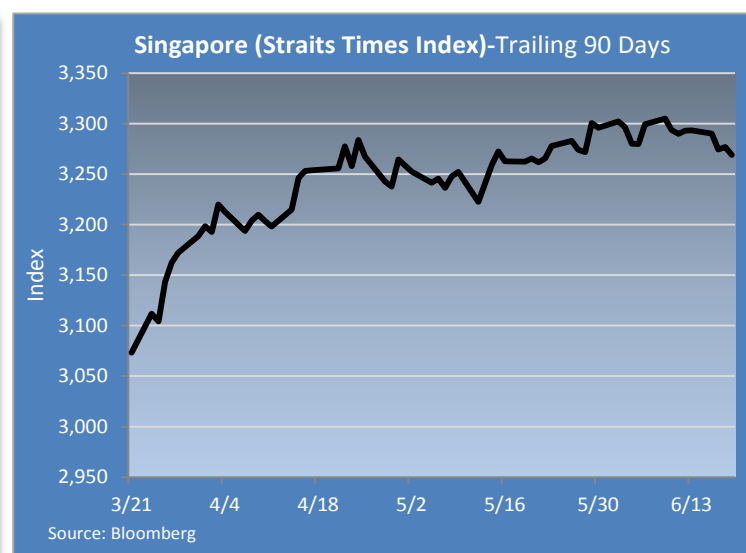
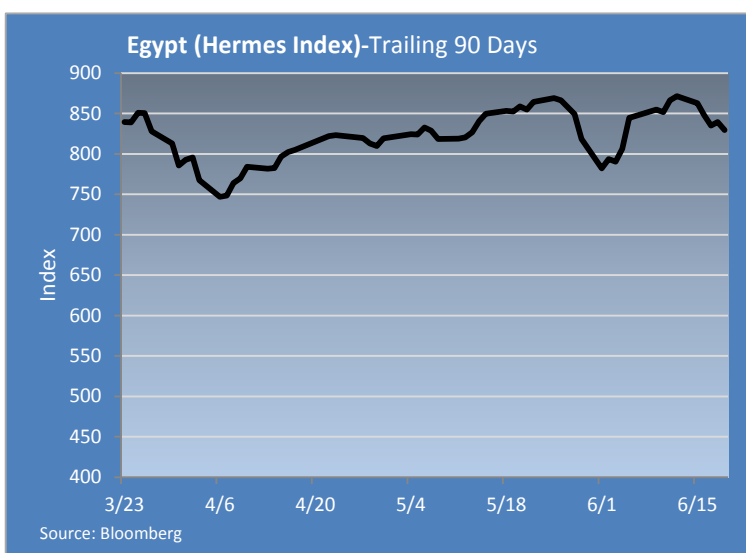
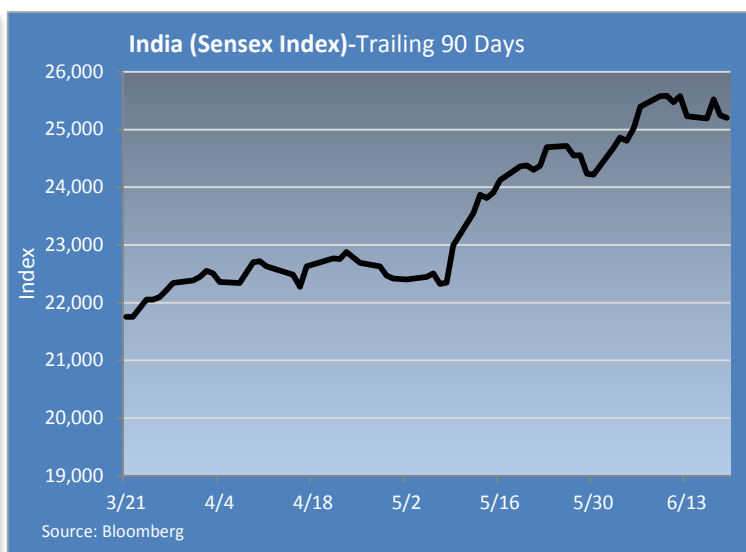
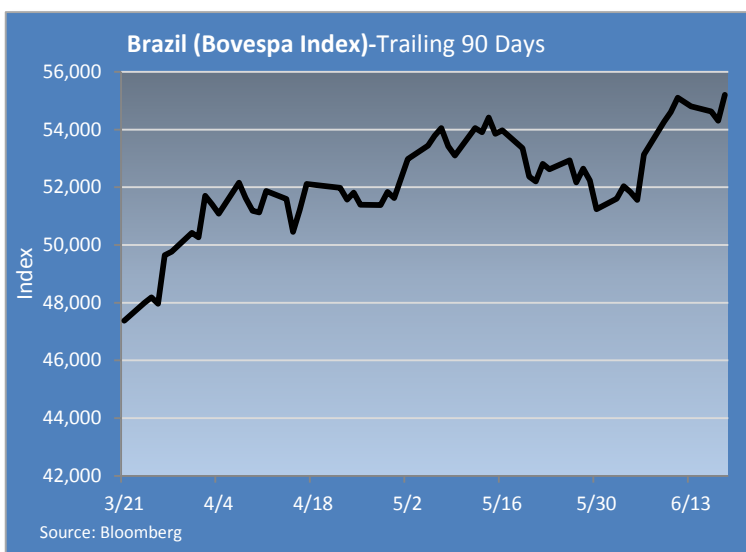
## EQUITIES – EMERGING AND FRONTIER MARKETS

### EMERGING AND FRONTIER MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
Mexico IPC	42,861.89	463.74	1.1%	0.5%
Brazil (Bovespa Index)	54,638.19	-107.39	-0.2%	6.2%
MICEX Index (Russia)	1,486.30	-14.88	-1.0%	-1.2%
Czech Republic (Prague)	1,032.53	-0.22	0.0%	4.4%
Turkey (Istanbul)	78,400.69	-610.93	-0.8%	15.6%
Egypt (Hermes Index)	829.72	-41.94	-4.8%	22.9%
Kenya (Nairobi 20 Index)	4,825.52	-11.19	-0.2%	-2.1%
Saudi Arabia (TASI Index)	9,648.26	-178.41	-1.8%	13.0%
Lebanon (Beirut BLOM Index)	1,224.92	0.86	0.1%	6.5%
Palestine	519.54	-3.80	-0.7%	-4.1%

	Last	Change	% Chg.	YTD %
Hang Seng Index	23,194.06	-125.11	-0.5%	-0.5%
India (Sensex 30)	25,105.51	-122.66	-0.5%	18.6%
Malaysia (KLCI Index)	1,885.72	8.98	0.5%	1.0%
Singapore (Straits Times Index)	3,258.80	-34.45	-1.0%	2.9%
Thailand (SET Index)	1,467.29	11.27	0.8%	13.0%
Indonesia (Jakarta)	4,847.70	-78.96	-1.6%	13.4%
Pakistan (Karachi KSE 100)	28,691.84	-1039.02	-3.5%	13.6%
Vietnam (Ho Chi Minh)	560.78	-13.70	-2.4%	11.1%
Sri Lanka (Colombo)	6,302.45	-34.77	-0.5%	6.6%
Cambodia (Laos)	1,288.95	0.59	0.0%	2.8%

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

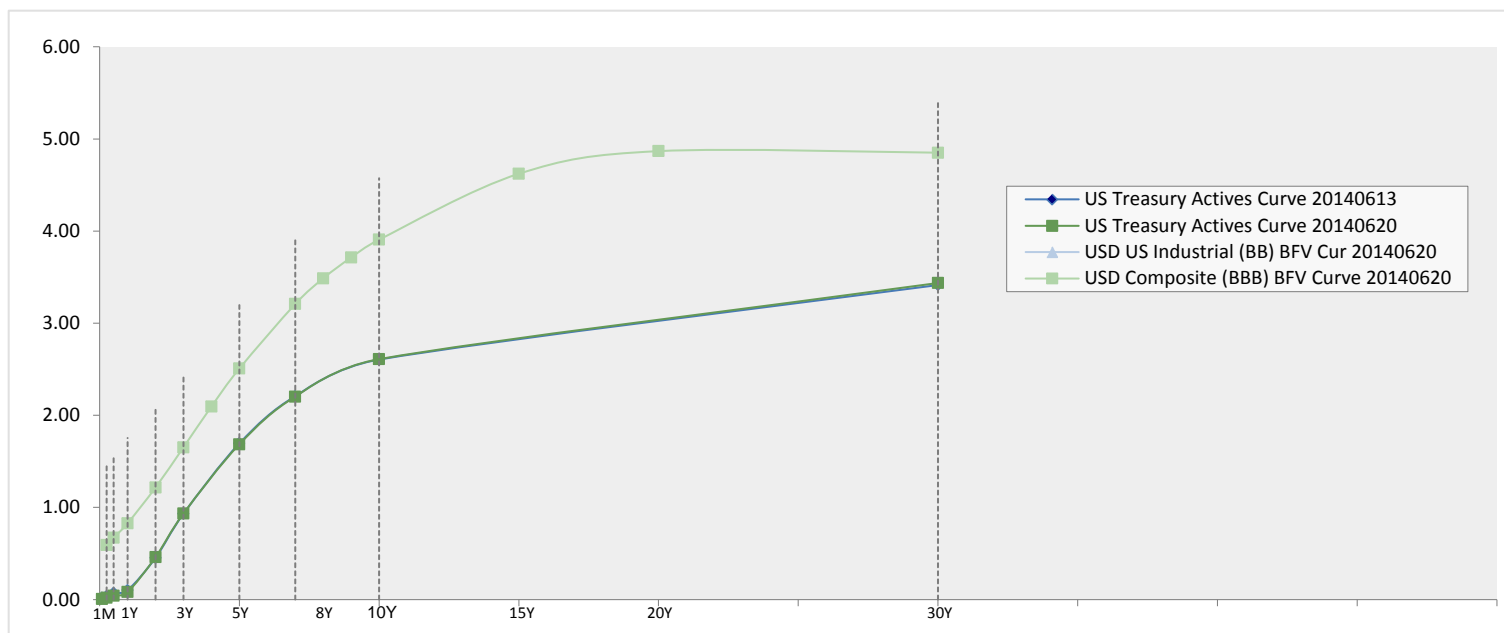


## INTEREST RATES

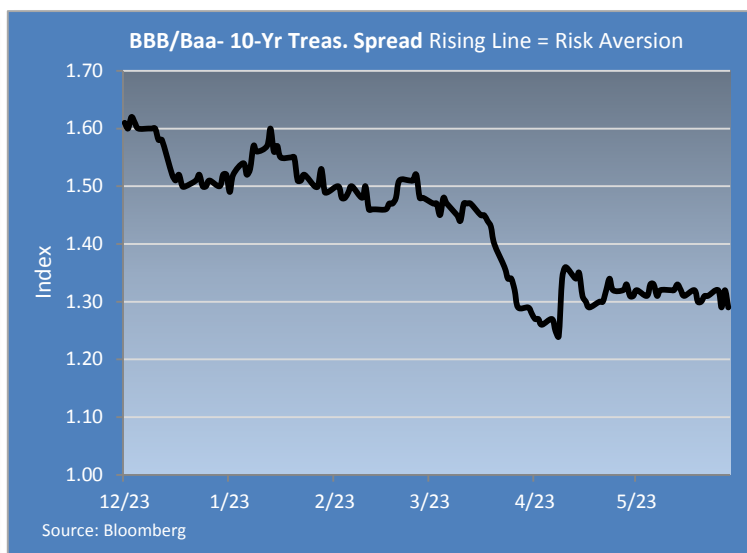
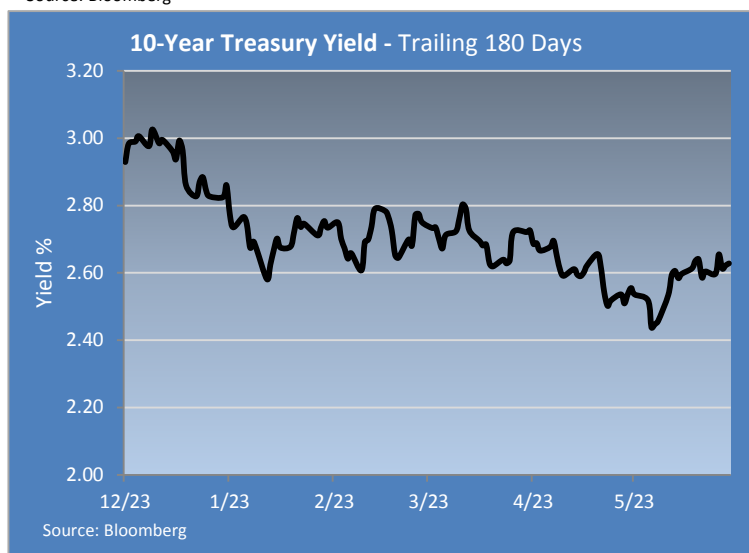
### SELECTED INTEREST RATES

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
2-Yr. U.S. Treasury	0.47%	0 bps	NM	NM	Prime Rate	3.25%	0.00	NM	NM
5-Yr. U.S. Treasury	1.70%	1 bps	NM	NM	Fed Funds Rate	0.25%	0.00	NM	NM
10-Yr. U.S. Treasury	2.62%	2 bps	NM	NM	Discount Rate	0.75%	0.00	NM	NM
30-Yr. U.S. Treasury	3.45%	4 bps	NM	NM	LIBOR (3 Mo.)	0.23%	0 bps	NM	NM
German 10-Yr. Govt.	1.35%	1 bps	NM	NM	Bond Buyer 40 Muni	4.17%	1 bps	NM	NM
France 10-Yr.	1.79%	4 bps	NM	NM	Bond Buyer 40 G.O.	4.36%	NA	NM	NM
Italy 10-Yr.	2.95%	-6 bps	NM	NM	Bond Buyer 40 Rev.	4.80%	NA	NM	NM
Fed 5-Yr Fwd BE Inf.	2.42%	3 bps	NM	NM					

Source: Bloomberg



Source: Bloomberg





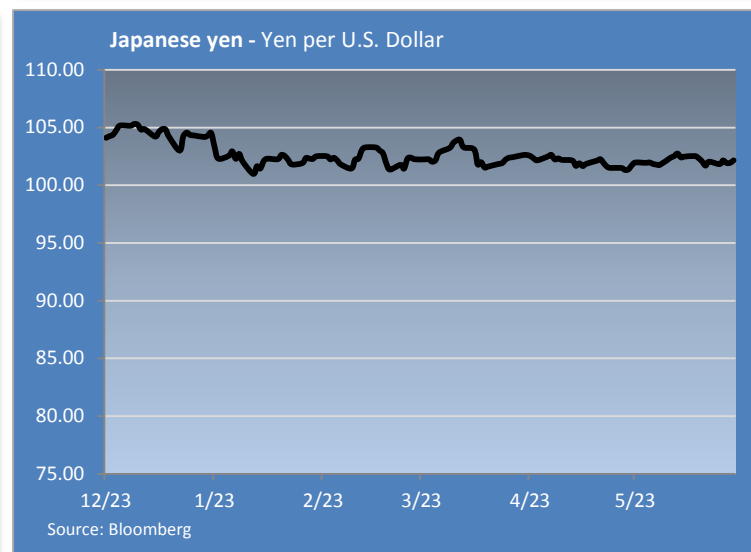
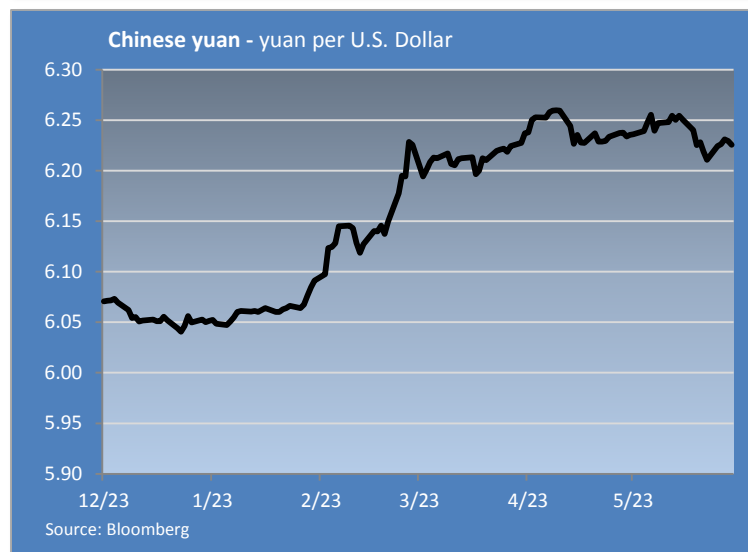
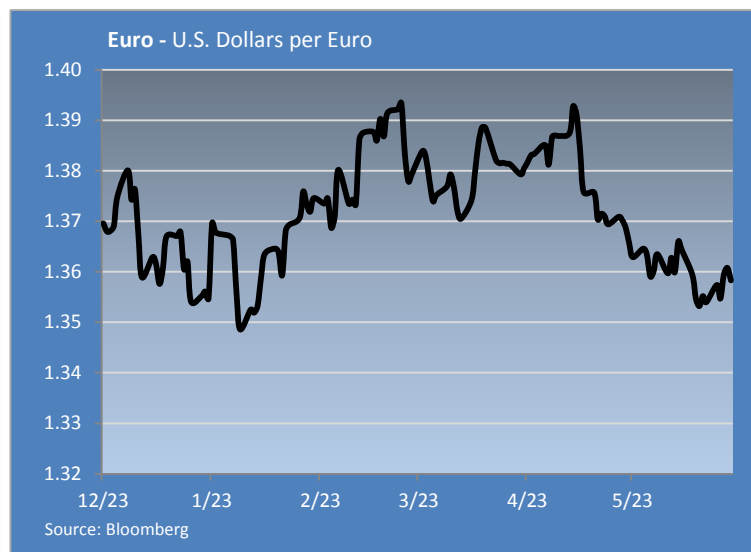
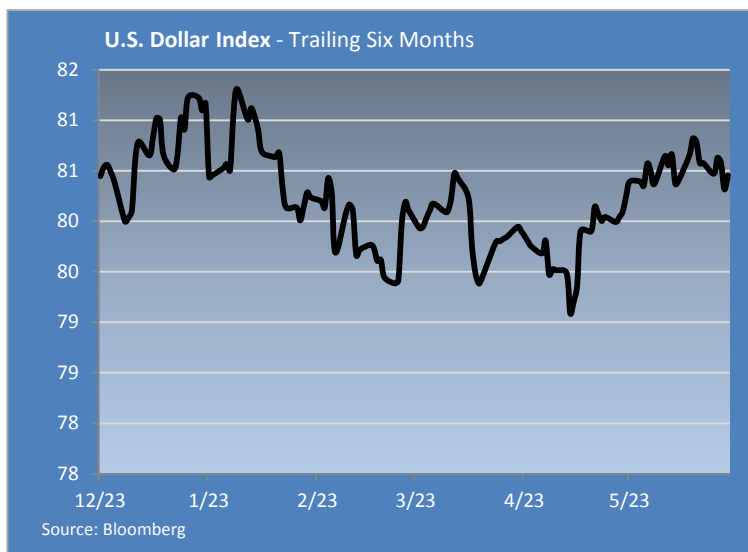
## CURRENCIES

### SELECTED CURRENCY PERFORMANCE

	Last	Change	% Chg.	YTD %
Dollar Index	80.35	-0.122	-0.15%	0.52%
Euro	1.36	0.004	0.32%	-1.16%
Japanese Yen	102.07	0.120	-0.12%	3.08%
British Pound	1.70	0.005	0.27%	2.76%
Canadian Dollar	1.08	-0.009	0.80%	-1.36%

	Last	Change	% Chg.	YTD %
Chinese Yuan	6.23	0.015	-0.24%	-2.75%
Swiss Franc	0.90	-0.004	0.44%	-0.37%
New Zealand Dollar	0.87	0.002	0.28%	5.77%
Brazilian Real	2.23	0.013	-0.56%	5.60%
Mexican Peso	12.98	-0.002	0.01%	0.18%

Source: Bloomberg



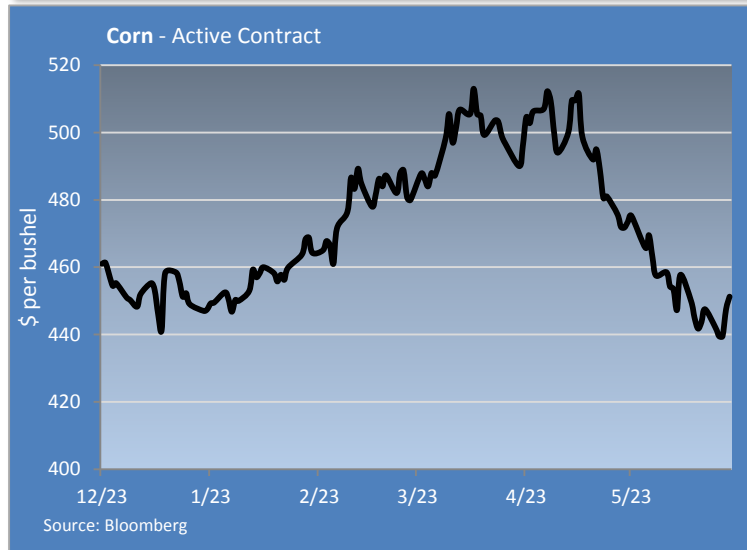
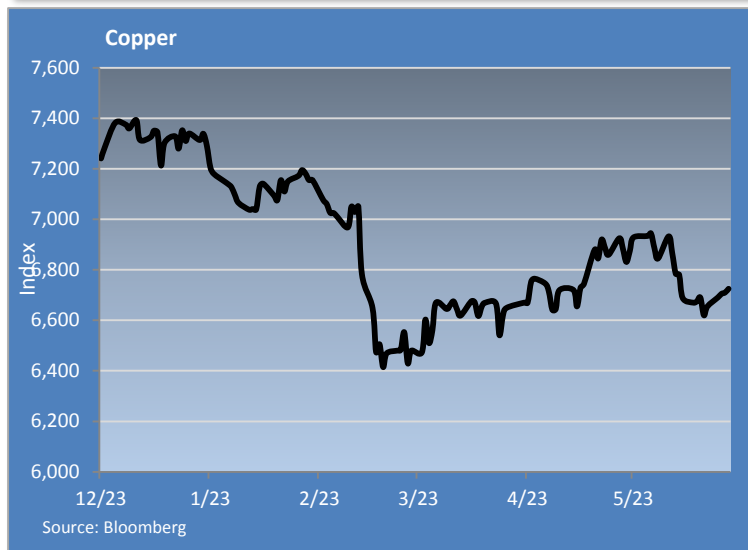
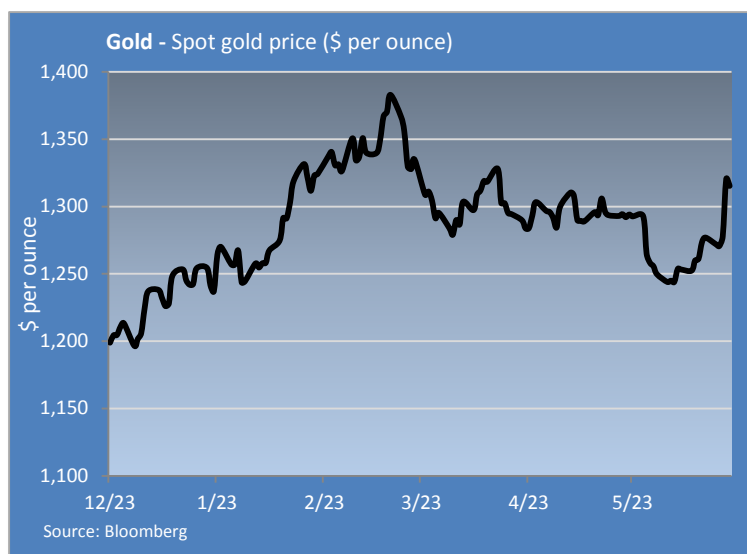
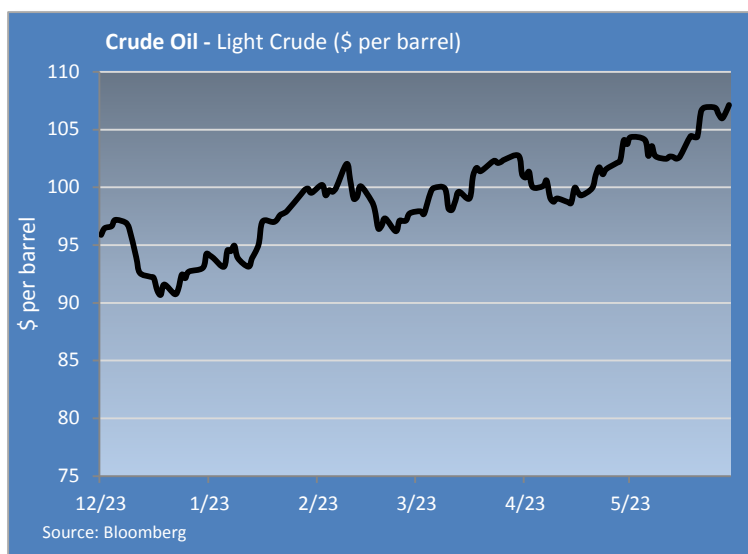
## COMMODITIES

### SELECTED COMMODITY MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
DJ UBS Comm. Idx.	136.55	1.65	1.22%	8.48%
Rogers Int. Comm. Idx.	3778.36	57.55	1.55%	6.25%
Crude Oil	\$107.26	\$0.22	0.21%	11.07%
Natural Gas	\$4.56	-\$0.20	-4.22%	9.51%
Gasoline (\$/Gal.)	\$3.68	\$0.02	0.60%	10.71%
Heating Oil	305.32	6.87	2.30%	1.26%
Gold Spot	\$1,315.03	\$38.30	3.00%	9.46%
Silver Spot	\$20.86	\$1.16	5.91%	7.11%

	Last	Change	% Chg.	YTD %
Platinum Spot	\$1,455.75	\$24.24	1.69%	6.36%
Corn	452.00	3.75	0.84%	0.22%
Wheat	593.25	1.50	0.25%	-4.55%
Soybeans	1,231.50	2.25	0.18%	7.80%
Sugar	18.75	0.89	4.99%	9.91%
Orange Juice	161.65	-4.30	-2.58%	12.48%
Aluminum	1,889.00	44.00	2.38%	4.93%
Copper	6,725.00	70.00	1.05%	-8.63%

Source: Bloomberg; % change is based on price.



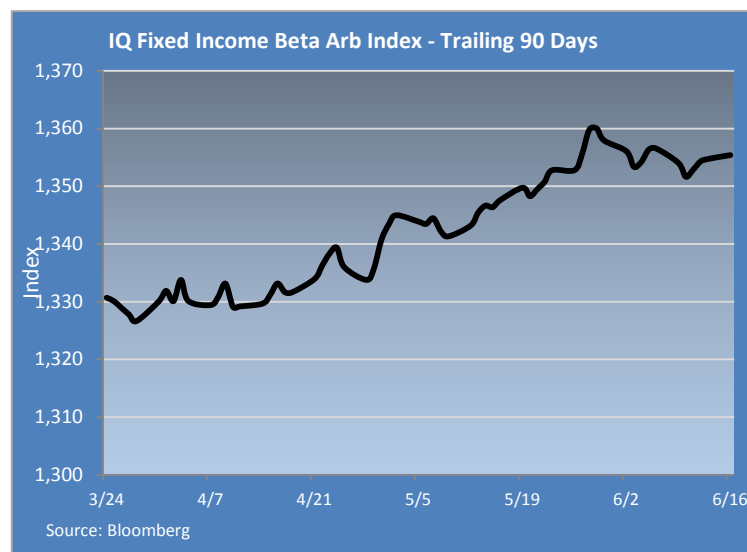
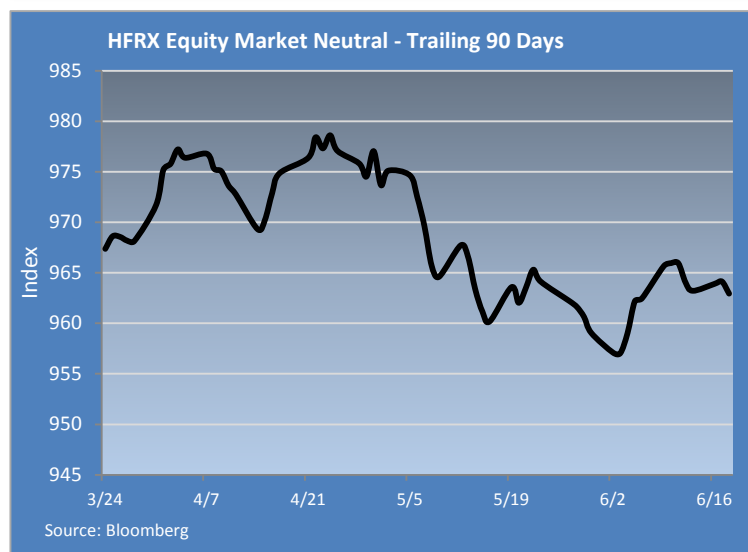
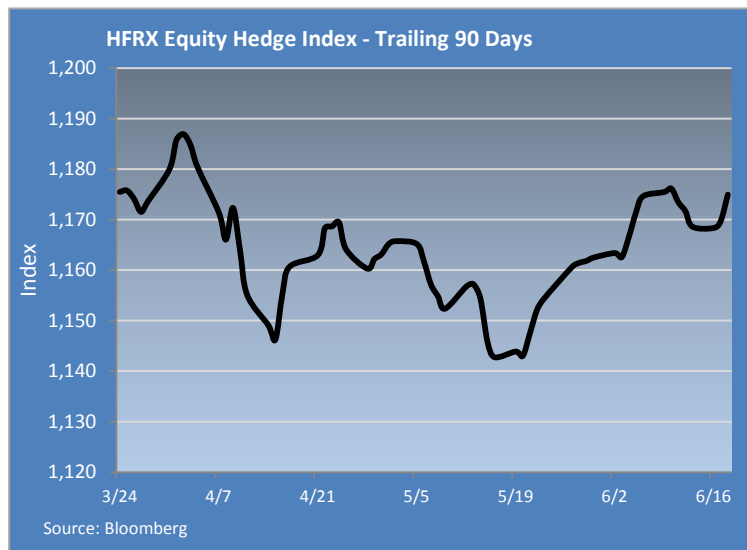
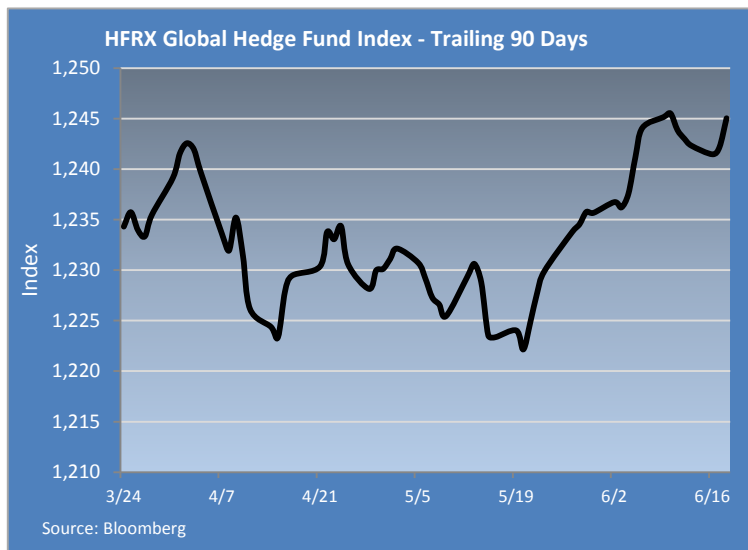
## ALTERNATIVE INVESTMENTS

### SELECTED ALTERNATIVE INVESTMENT INDEX PERFORMANCE

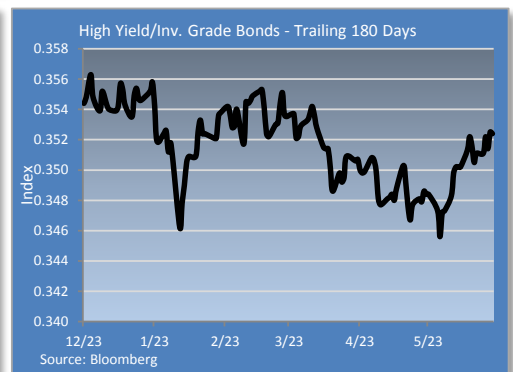
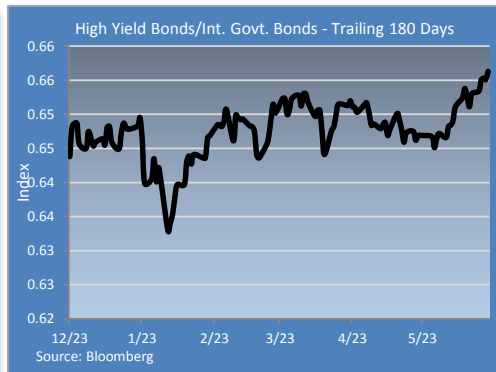
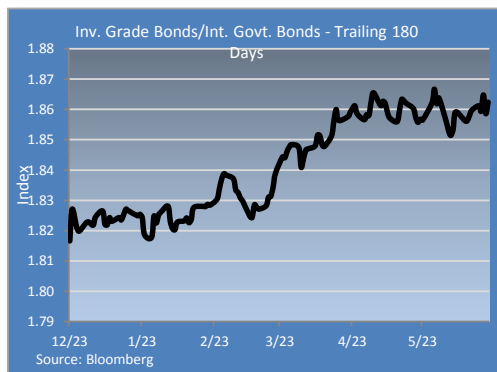
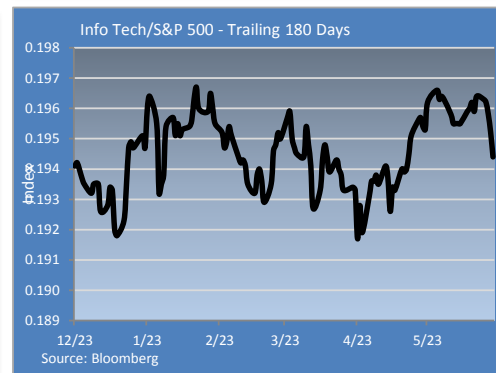
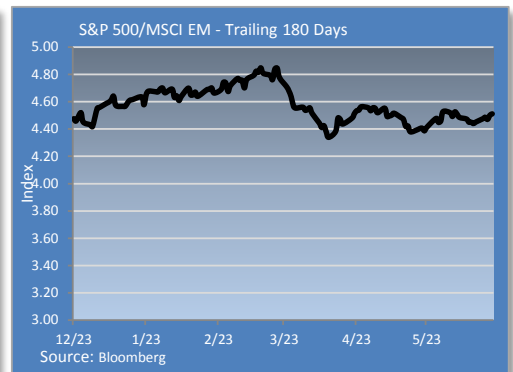
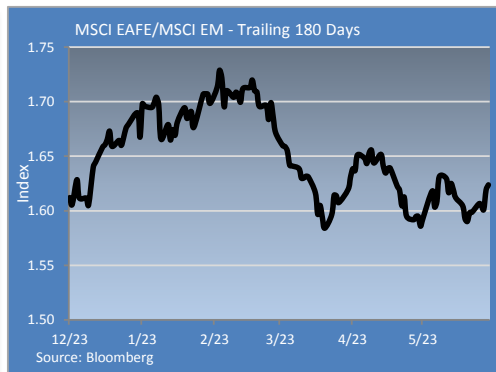
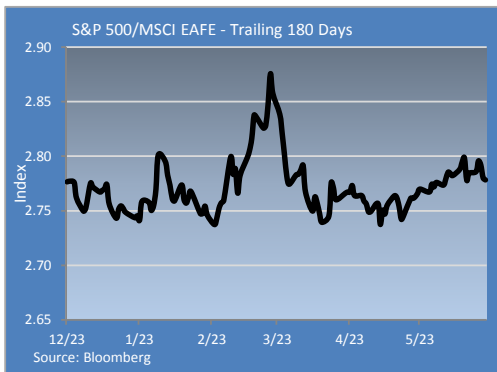
	Last	Change	% Chg.	YTD %
HFRX Global Hedge Fund Index	1243.00	2.72	0.22%	1.60%
HFRX Equity Market Neutral	964.04	-0.28	-0.03%	1.17%
HFRX Equity Hedge Index	1171.67	6.36	0.54%	0.82%
HFRX Event-Driven Index	1633.19	7.67	0.47%	4.04%
HFRX Absolute Return Index	1005.07	1.15	0.11%	1.67%

	Last	Change	% Chg.	YTD %
HFRX Distressed Index	1061.64	5.11	0.48%	5.91%
HFRX Merger Arbitrage Index	1580.27	-0.34	-0.02%	0.77%
HFRX Convertible Arbitrage Index	775.15	-2.15	-0.28%	-0.07%
HFRX Macro CTA Index	1130.97	-2.79	-0.25%	-0.49%
IQ Fixed Income Beta Arb Index	1359.53	4.13	0.30%	4.63%

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



## PORTFOLIO CONSTRUCTION



WEEKLY ASSET CLASS PERFORMANCE (Prior 12 weeks ending Thursday)

			4/3	4/10	4/17	4/24	5/1	5/8	5/15	5/22	5/29	6/5	6/12	6/19
Equity	Domestic Equity	Large Cap (R200)	2.02%	-2.82%	1.77%	0.59%	0.38%	-0.41%	-0.24%	1.19%	1.37%	0.96%	-0.52%	1.48%
		Small Cap (R2000)	2.58%	-4.53%	0.91%	0.57%	-1.61%	-2.54%	-0.13%	1.63%	2.35%	1.22%	0.47%	2.12%
	Int'l. Equity	MSCI EAFE	1.66%	-0.23%	-0.30%	0.59%	0.84%	0.06%	-0.36%	-0.16%	1.09%	0.30%	0.52%	1.06%
		MSCI Em. Mkts.	2.55%	2.16%	-1.23%	-0.47%	-0.84%	1.29%	2.01%	1.17%	-0.24%	-0.35%	1.91%	0.46%
Fixed Income	BarCap Agg. (AGG)	-0.57%	0.83%	-0.13%	0.17%	0.17%	0.22%	0.49%	-0.18%	0.41%	-0.57%	-0.03%	0.15%	
	High Yield (JNK)	-0.17%	0.12%	0.05%	0.10%	-0.19%	0.15%	0.32%	0.05%	0.29%	-0.24%	0.29%	0.43%	
Commodities	DJ UBS Index	-0.24%	2.01%	0.51%	0.34%	-1.36%	0.00%	-0.36%	-0.14%	-0.63%	-1.08%	0.74%	1.48%	
Alternatives	Hedge Funds (HFRX Global)	0.70%	-0.85%	-0.16%	0.40%	-0.26%	-0.37%	-0.25%	0.35%	0.65%	0.44%	0.14%	0.16%	
Asset Allocation	60/40*	1.03%	-0.93%	0.47%	0.41%	0.09%	-0.22%	0.15%	0.49%	0.96%	0.22%	0.07%	0.76%	
	48/32/20 (w/Alts.)**	0.96%	-0.91%	0.35%	0.41%	0.02%	-0.25%	0.07%	0.46%	0.90%	0.27%	0.08%	0.64%	

Source: Bloomberg; \*60/40 portfolio = 30% Large Cap/10% Small Cap/15% EAFE/5% Emerging Markets/35% BarCap Agg./5% High Yield.

\*\*48/32/20 portfolio = 24% Large Cap/8% Small Cap/12% EAFE/4% Emerging Markets/28% BarCap Agg./4% High Yield/20% HFRX Global Index.

RELATIVE STRENGTH MATRIX (BASED ON 30-DAY RSI)

	Large Cap Core	Large Cap Growth	Large Cap Value	Mid Cap Core	Mid Cap Growth	Mid Cap Value	Small Cap Core	Small Cap Growth	Small Cap Value	Int'l. Developed	Emerging Markets	REITs	Comm.	Int. Bond	High Yield
Large Cap Core	1.00	1.04	0.96	1.02	1.05	0.98	1.09	1.09	1.10	0.99	1.04	1.05	1.13	1.23	1.02
Large Cap Growth	0.96	1.00	0.92	0.97	1.01	0.94	1.05	1.05	1.05	0.95	1.00	1.01	1.08	1.18	0.98
Large Cap Value	1.04	1.08	1.00	1.05	1.09	1.02	1.14	1.14	1.14	1.03	1.08	1.10	1.17	1.27	1.06
Mid Cap Core	0.98	1.03	0.95	1.00	1.03	0.97	1.08	1.08	1.08	0.98	1.03	1.04	1.11	1.21	1.01
Mid Cap Growth	0.95	0.99	0.92	0.97	1.00	0.94	1.04	1.04	1.05	0.95	0.99	1.01	1.08	1.17	0.98
Mid Cap Value	1.02	1.06	0.98	1.03	1.07	1.00	1.11	1.11	1.12	1.01	1.06	1.07	1.15	1.25	1.04
Small Cap Core	0.91	0.95	0.88	0.93	0.96	0.90	1.00	1.00	1.00	0.91	0.95	0.96	1.03	1.12	0.94
Small Cap Growth	0.91	0.95	0.88	0.93	0.96	0.90	1.00	1.00	1.00	0.91	0.95	0.96	1.03	1.12	0.94
Small Cap Value	0.91	0.95	0.88	0.93	0.96	0.90	1.00	1.00	1.00	0.91	0.95	0.96	1.03	1.12	0.93
Int'l. Developed	1.01	1.05	0.97	1.02	1.06	0.99	1.10	1.10	1.10	1.00	1.05	1.06	1.14	1.24	1.03
Emerging Markets	0.96	1.00	0.92	0.97	1.01	0.94	1.05	1.05	1.05	0.95	1.00	1.01	1.08	1.18	0.98
REITs	0.95	0.99	0.91	0.96	0.99	0.93	1.04	1.04	1.04	0.94	0.99	1.00	1.07	1.16	0.97
Commodities	0.89	0.92	0.85	0.90	0.93	0.87	0.97	0.97	0.97	0.88	0.92	0.93	1.00	1.09	0.91
Int. Bond	0.81	0.85	0.78	0.83	0.85	0.80	0.89	0.89	0.89	0.81	0.85	0.86	0.92	1.00	0.83
High Yield	0.98	1.02	0.94	0.99	1.02	0.96	1.07	1.07	1.07	0.97	1.02	1.03	1.10	1.20	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**

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 is a stock market index of the common stocks and similar securities listed on the NASDAQ stock market. The MSCI EAFE Index represents 21 developed markets outside of North America. 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 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 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 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 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 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 Citigroup World Government Bond Index is a market capitalization weighted bond index consisting of the government bond markets of Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, Japan, Malaysia, Mexico, the Netherlands, Norway, Poland, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States. The DJ-UBS Commodity Index Total Return<sup>SM</sup> 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 ISM Non-Manufacturing Index is an index based on surveys of more than 400 non-manufacturing firms' purchasing and supply executives, within 60 sectors across the nation, by the Institute of Supply Management (ISM). The ISM Non-Manufacturing Index tracks economic data, like the ISM Non-Manufacturing Business Activity Index. A composite diffusion index is created based on the data from these surveys that monitors economic conditions of the nation. The ISM Manufacturing Index is an index based on surveys of more than 300 manufacturing firms by the Institute of Supply Management. The ISM Manufacturing Index monitors employment, production inventories, new orders and supplier deliveries. A composite diffusion index is created that monitors conditions in national manufacturing based on the data from these surveys. The Consumer Price Index (CPI) measures the change in the cost of a fixed basket of products and services. 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. 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 World ex-U.S. Index - captures large and mid-cap representation across 22 of 23 Developed Markets DM countries\*--excluding the United States. 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 Barclays 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 University of Michigan Consumer Sentiment Index (MCSI) is a survey of consumer confidence conducted by the University of Michigan. The Michigan Consumer Sentiment Index (MCSI) uses telephone surveys to gather information on consumer expectations regarding the overall economy. 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. An open-end index fund continuously issues and redeems shares based on investor demand. As an index fund, its investment objective is to duplicate the performance of the index it uses as a benchmark. Investment Grade or Investment Grade Bond – The broad credit designation given to corporate and municipal bonds which have a high probability of being paid and minor, if any, speculative features. Bonds rated Baa and higher by Moody's Investor Services or BBB and higher by Standard & Poor's are deemed by those agencies to be "investment grade". Non-Investment Grade - By definition, junk bonds are non-investment grade. A bond rated lower than Baa/BBB, also called a "high-yield" bond. Junk bonds are speculative compared with investment grade bonds. Risk-On Risk-Off - An investment setting in which price behavior responds to, and is driven by, changes in investor risk tolerance. Risk-on risk-off refers to changes in investment activity in response to global economic patterns. During periods when risk is perceived as low, risk-on risk-off theory states that investors tend to engage in higher-risk investments. When risk is perceived as high, investors have the tendency to gravitate toward lower-risk investments.

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