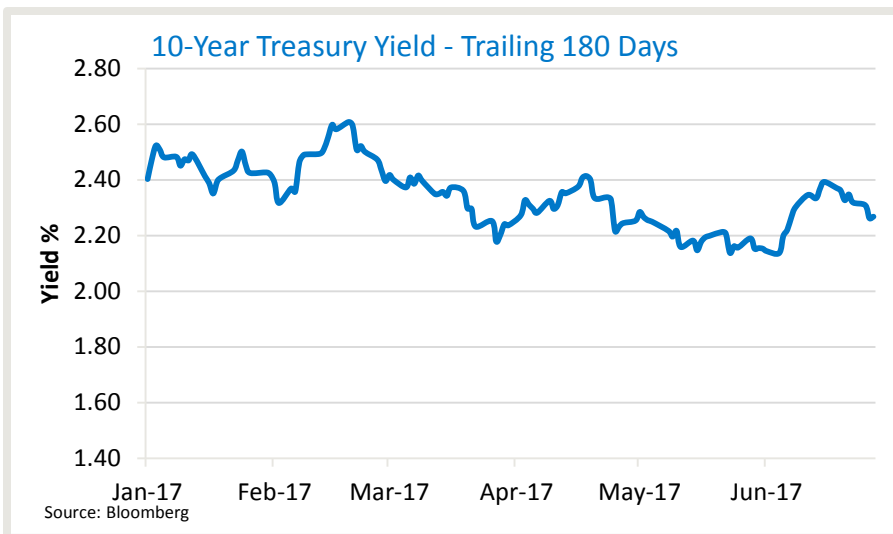


# Weekly Market Review

July 21, 2017

## Chart of the Week



## Weekly Highlights

- **In a mostly quiet and lower-volume trading week**, US equities continued their steady upward trend, reaching new all-time highs mid-week, amid strong second-quarter corporate earnings reports, central bank meetings, and the Republicans' failing effort to repeal and replace the Affordable Care Act.
- **China reported strong retail sales growth**, posting its fastest expansion since December 2015. The economy grew at a 6.9% year-over-year rate in the second quarter, matching the first quarter reading and exceeding economists' expectations. Consumption has been in focus, as the country balances its growth objectives while maintaining a high level of growth.
- **The Bank of Japan (BOJ) kept its policy steady** but cut its inflation outlook for the fiscal years 2017/2018 and 2018/2019, expecting inflation of 1.1% for the current fiscal year and 1.8% for the next fiscal year.
- **The European Central Bank (ECB) kept both its rates and quantitative easing unchanged**, with bond purchases expecting to run at €60 billion per month until the end of December. ECB President Mario Draghi stated that policymakers would discuss possible changes to its bond-buying scheme in the autumn, hinting at a higher likelihood of tightening later this year if the economy continues to improve. The euro rose on the news, reaching its highest level against the dollar since August 2015.

## Talking Points

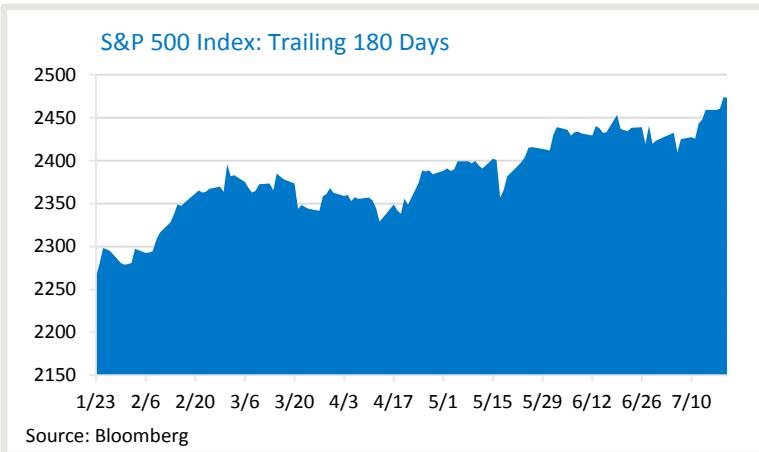
- **Returns were fairly evenly split** across asset classes and investment styles during a slow, low-volume, and relatively quiet trading week. International developed and emerging markets equity returns were mostly in line with domestic equities.
- **The yield on the 10-Year Treasury Note** traded below 2.30%, as investors bid up Treasuries.
- **The dollar index was lower**, while the euro strengthened to its highest level against the dollar in nearly two years, following comments from ECB President Mario Draghi.
- **Commodities traded higher**, as gold prices increased.
- **Among economic data released**, the leading economic index (LEI) rose to 0.6% last month from a revised 0.4% increase in May. Initial jobless claims were reported at 233,000 for the prior week, coming in below estimates for 245,000. Housing starts were better than expected. Japan trade data was better than expected, as exports rose 9.7% on the year, compared with a 9.5% forecast.

## Market Dashboard

	Last Price	Change	% Chg.	YTD %
<b>S&amp;P 500</b>	2,472.54	13.27	0.54%	10.4%
<b>Dow Industrials</b>	21,580.07	-57.67	-0.27%	9.2%
<b>Nasdaq</b>	6,387.75	75.29	1.19%	18.7%
<b>Russell 2000</b>	1,435.84	7.02	0.49%	5.8%
<b>Euro Stoxx Index</b>	380.16	-6.68	-1.73%	5.2%
<b>Shanghai Composite</b>	3,237.98	15.57	0.48%	4.3%
<b>Russell Global</b>	1,993.14	17.00	0.86%	13.1%

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

	Last Price	Change	% Chg.	YTD %
<b>Russell Global EM</b>	3,327.05	35.46	1.08%	21.8%
<b>10-Year US Treas.</b>	2.23	-9 bps	NM	NM
<b>DJ UBS Comm. Idx.</b>	82.99	0.28	0.34%	-5.2%
<b>Gold</b>	\$1,254.77	\$26.36	2.15%	9.4%
<b>Crude Oil</b>	\$45.70	-\$1.03	-2.20%	-19.8%
<b>Dollar Index</b>	93.95	-1.18	-1.24%	-8.1%
<b>VIX Index</b>	9.36	-0.15	-1.58%	-33.3%



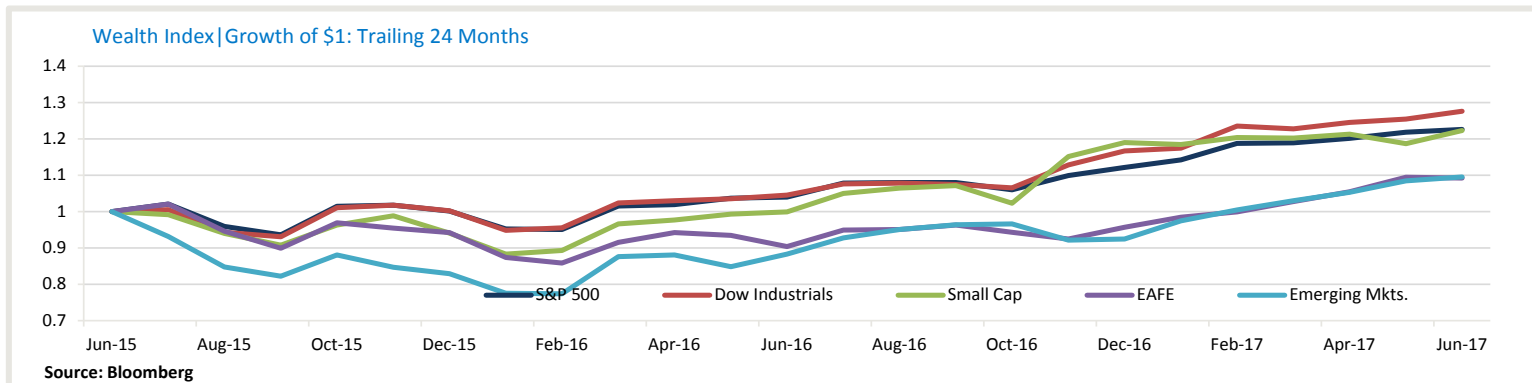
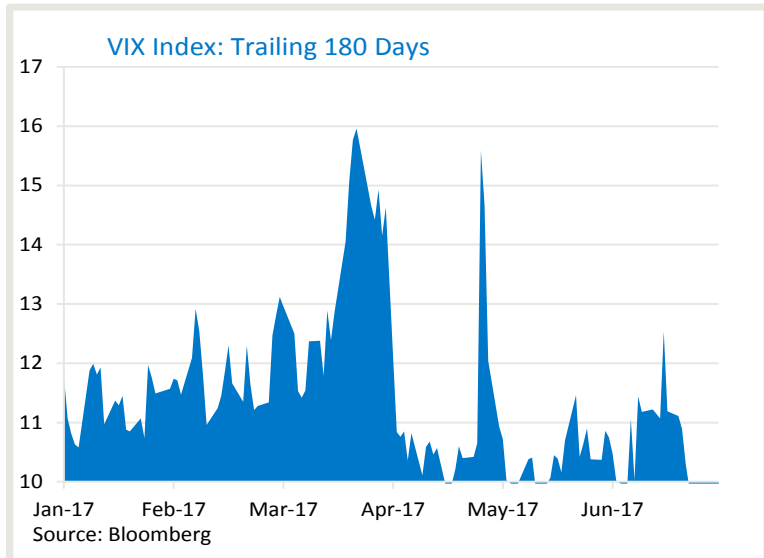
	One Week			YTD		
	Value	Growth		Value	Growth	
<b>L</b>	0.01%	0.56%	1.07%	3.59%	10.95%	18.12%
	0.59%	0.53%	0.43%	5.52%	8.85%	12.98%
<b>S</b>	0.48%	0.49%	0.50%	0.48%	5.80%	11.74%

Source: Bloomberg

**Sector Performance:**  
**S&P/Global Industry Classification Sectors (GICS)**

	% Wgt in S&P 500	Week % Chg.	YTD % Chg.
<b>Consumer Discretionary</b>	12.2	1.04%	11.9%
<b>Consumer Staples</b>	8.9	0.58%	6.7%
<b>Energy</b>	5.9	-0.48%	-13.5%
<b>Financials</b>	14.3	-0.28%	6.5%
<b>Health Care</b>	14.5	1.10%	17.5%
<b>Industrials</b>	10.2	-1.01%	9.2%
<b>Information Technology</b>	23.0	1.11%	22.8%
<b>Materials</b>	2.9	-0.02%	10.9%
<b>Real Estate</b>	2.9	0.75%	5.4%
<b>Telecom Services</b>	2.1	1.02%	-14.7%
<b>Utilities</b>	3.2	2.59%	9.5%

Source: Bloomberg



## The Economy and Markets

### ***A Macro View: Emerging Markets – Started from the Bottom***

One of the main factors driving diversified portfolio returns this year is the strong performance of emerging markets (EM) equities, which are now up 25% this year. Many investors had steered clear of EM for the past few years, as they trailed other assets classes, but in early 2016, the tide began to turn for EM. This shift was highlighted by PMC in the April 15, 2016 Week in Review titled, [A Macro View – Guess Who’s Back? EM’s Back](#). In that commentary, we discussed the factors that precipitated EM’s return and also looked at markets, such as 2000-2009, in which EM outpaced other asset classes by a wide margin. With EM coming off a 12% return in 2016 and a roughly 25% year-to-date return through Thursday, July 20, let’s take a deeper look at the factors driving their success and whether the outperformance will continue.

Through the first six-and-a-half months of 2017, the MSCI Emerging Markets Index has outpaced the MSCI World Index by over 1150 basis points, returning 24.7%, compared with 13.1% for the MSCI World Index. Attractive valuations relative to EM’s developed markets peers, as well as higher economic growth potential, have brought investors back. EM’s gains have been driven heavily by strength in China and South Korea, the asset class’s two largest markets, with EM Asia gaining 29% so far this year. Improved growth in these two countries’ economies, as well as the Technology sector’s strong performance, has contributed heavily to returns. Earlier this week, China reported 6.9% year-over-year growth in the second quarter, topping expectations, and strong retail sales growth of 11% over last year. China’s retail results are quite encouraging for a country that has been transitioning to a consumer-driven economy.

Despite EM’s gains, a potential risk to their recent strength lies with central bank monetary policy. Historically, emerging markets economies have struggled in a rate-tightening cycle, as they are forced to repay debts with a stronger dollar, which raises doubts about the rally’s sustainability. However, emerging markets’ success over the past 18 months has occurred during the first hawkish period for the Federal Reserve (the Fed) in roughly ten years, defying conventional wisdom. Although the expectation had been for a stronger dollar, the dollar has weakened, much due to an improving global economic environment in both developed and developing world countries. This weaker dollar has fostered strength from export-driven economies and countries with high dollar-based debt.

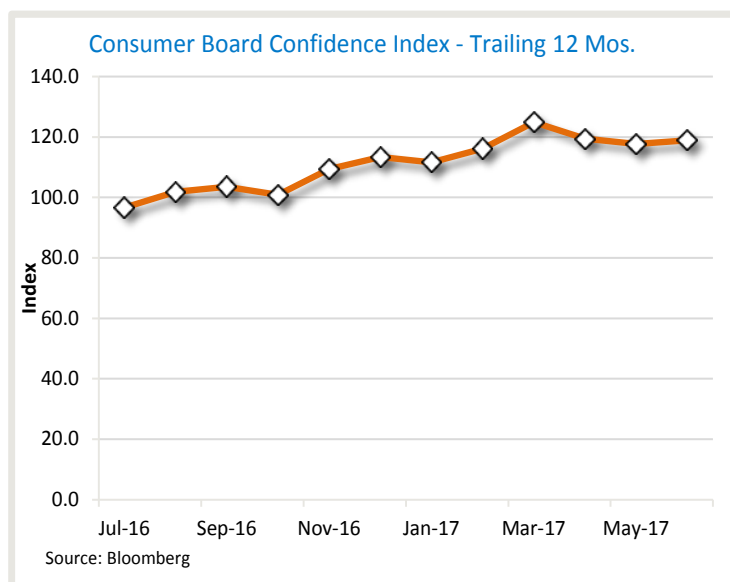
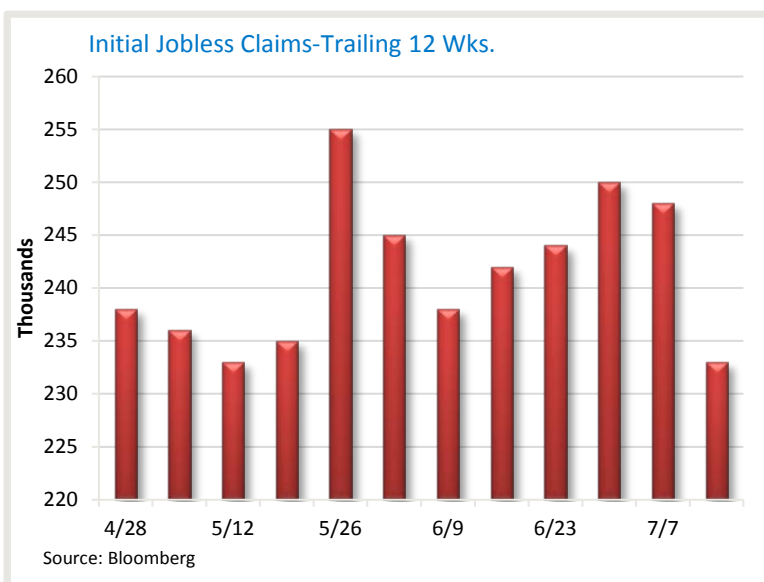
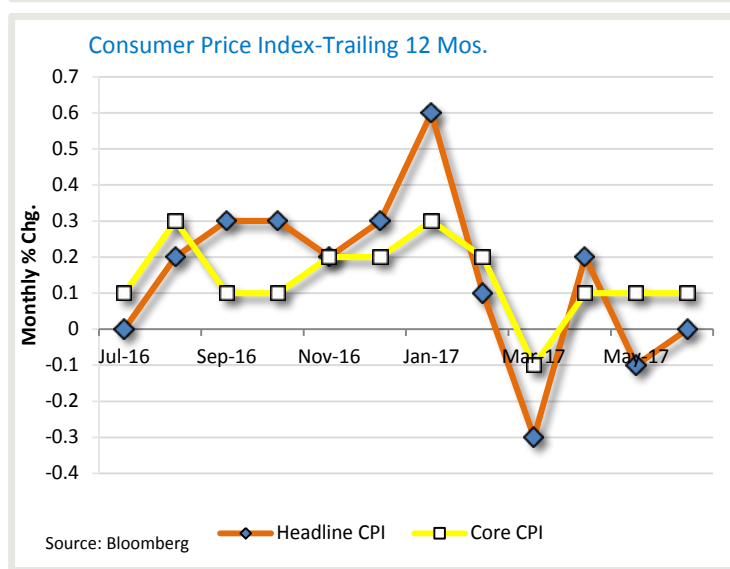
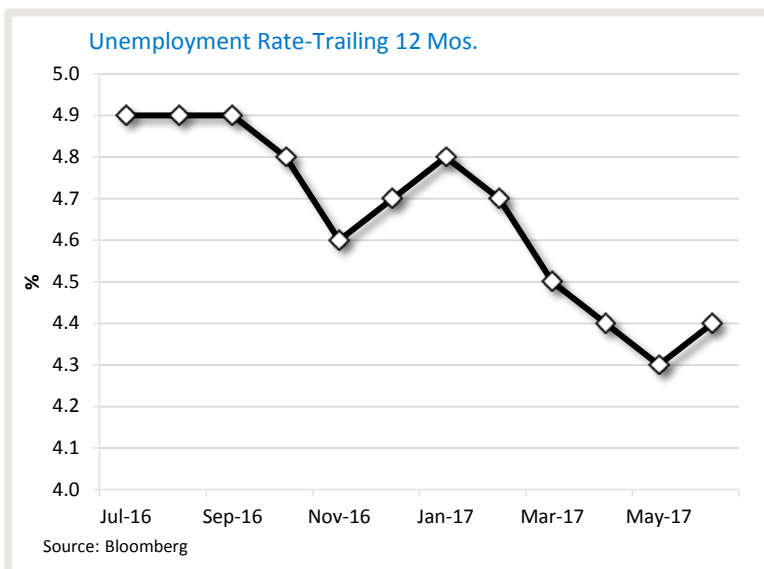
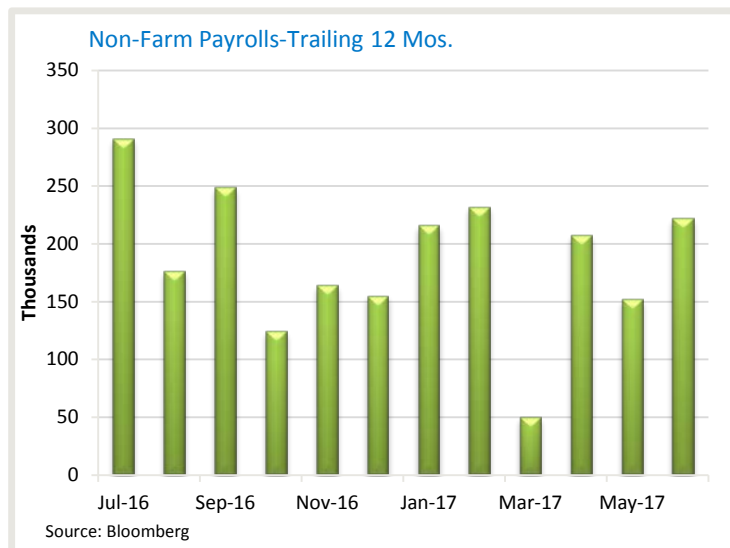
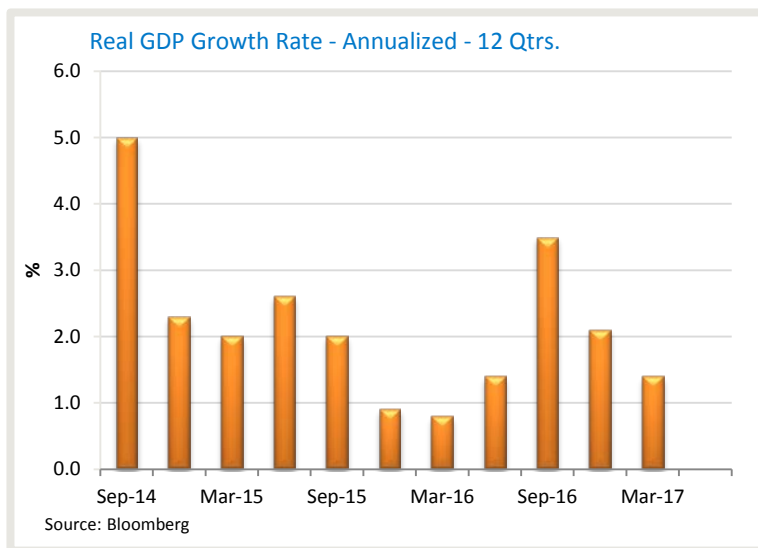
When examining the impact of central bank policy on EM, it’s important to note that with recent disappointing inflation data, a fourth straight Consumer Price Index (CPI) reading coming in below forecasts has resulted in a lower likelihood of another rate hike occurring in 2017, signaled by the Fed Funds Futures falling below 50%. The inflation miss also led to a strong week for emerging markets, highlighting the asset class’s performance not only in spite of the Fed’s tightening but also as investors bought up the asset class on lighter inflation and potentially delayed hawkishness.

Coming off several years of weak results, including losses in 2013-2015, emerging markets equities have had to start from the bottom. But they have battled back and are now one of the best-performing asset classes over the past 18 months. We view EM as an important component for a diversified portfolio and are pleased that the recent results help underscore the importance of diversification. There certainly are risks present for EM, including corruption in Brazil; volatile prices for commodities; China’s shifting economy; and a more hawkish global monetary stance. However, despite the presence of these challenges, EM have shown both their value in a portfolio and their ability to succeed in spite of increased risks.

*Tim Murphy*  
*VP, Portfolio Manager*

Source: Bloomberg

## Economic Data



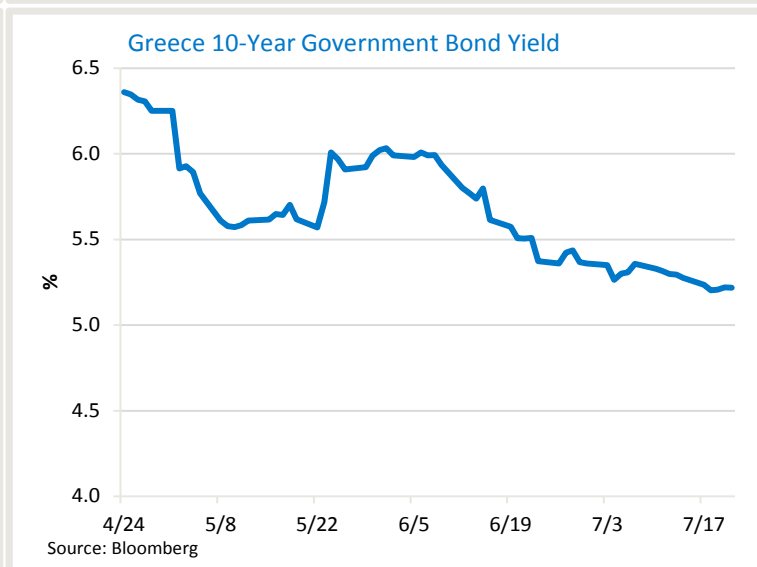
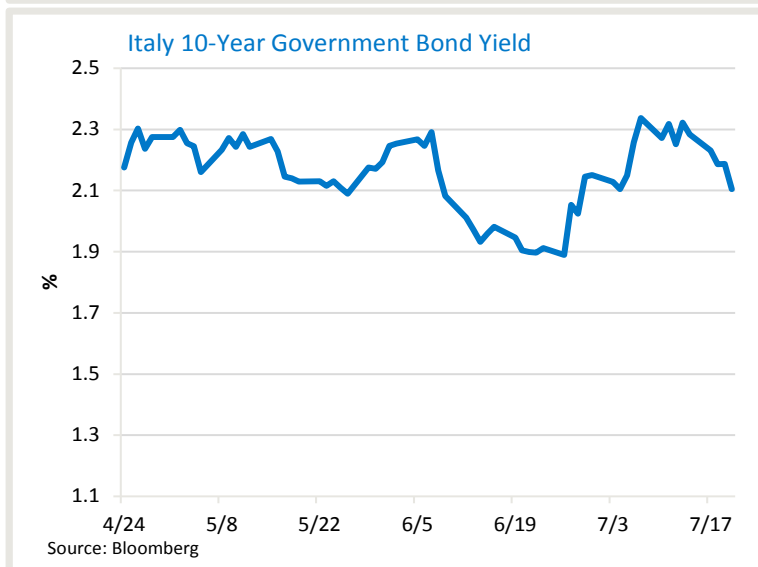
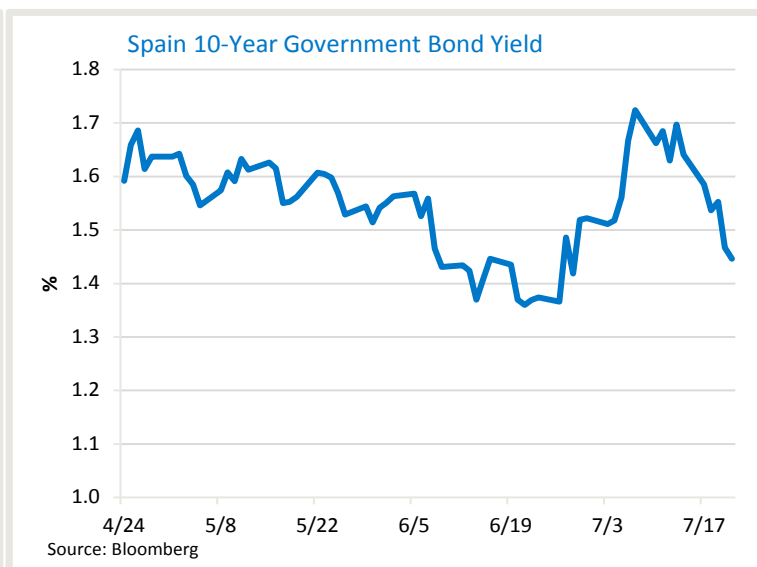
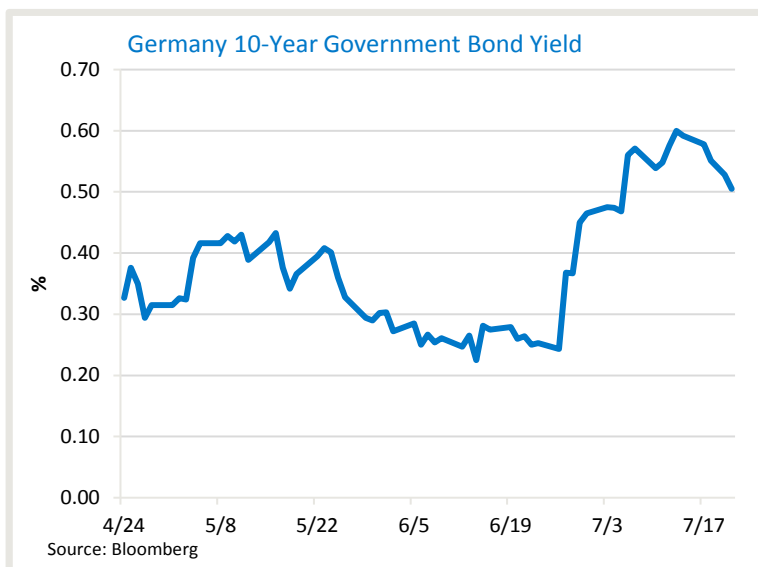
## Eurozone

### SELECTED EUROPEAN SOVEREIGN YIELD PERFORMANCE

	Last	Change	% Chg.	YTD %
Germany 10-Yr. Govt.	0.50	9 bps	NM	NM
Greece 10-Yr. Govt.	5.22	4 bps	NM	NM
Italy 10-Yr. Govt.	2.06	19 bps	NM	NM
Spain 10-Yr. Govt.	1.45	17 bps	NM	NM
Belgium 10-Yr. Govt.	0.78	8 bps	NM	NM

	Last	Change	% Chg.	YTD %
France 10-Yr. Govt.	0.75	10 bps	NM	NM
Ireland 10-Yr. Govt.	0.80	8 bps	NM	NM
Portugal 10-Yr. Govt.	2.89	20 bps	NM	NM
Netherlands 10-Yr. Govt.	0.63	9 bps	NM	NM
U.K. 10-Yr. Govt.	1.17	15 bps	NM	NM

Source: Bloomberg  
Basis points (bps)

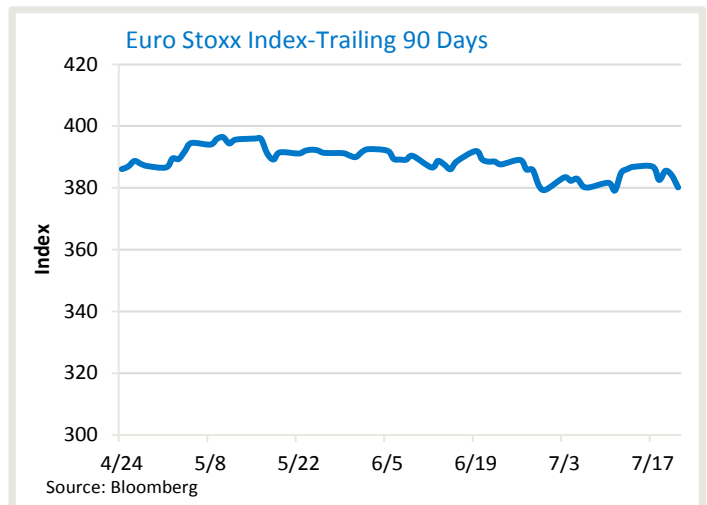
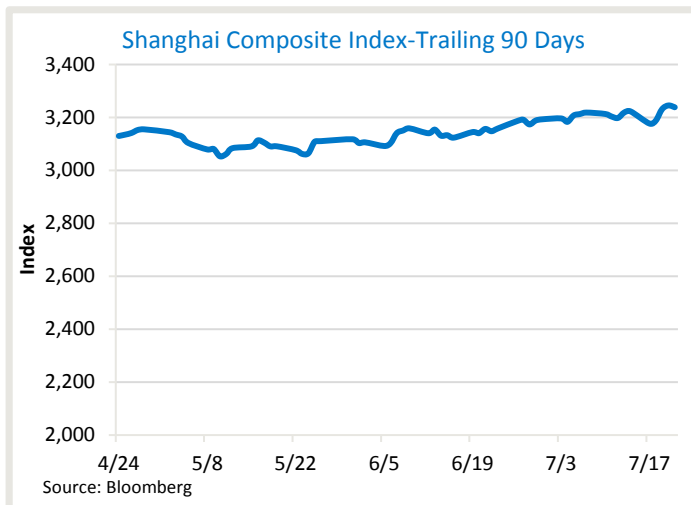
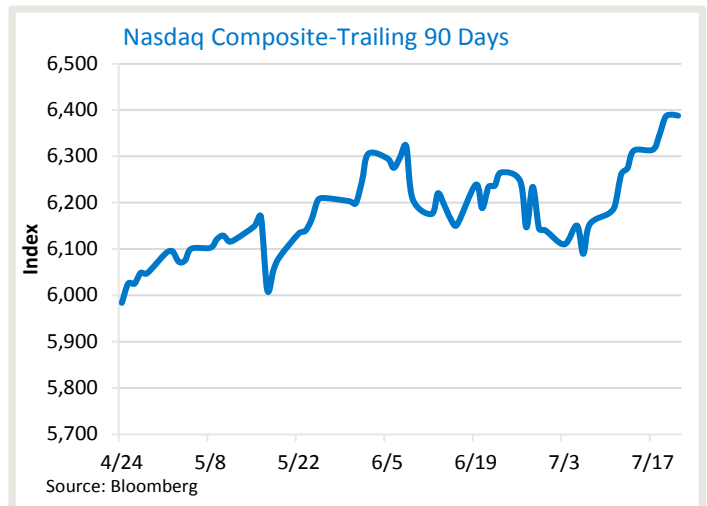
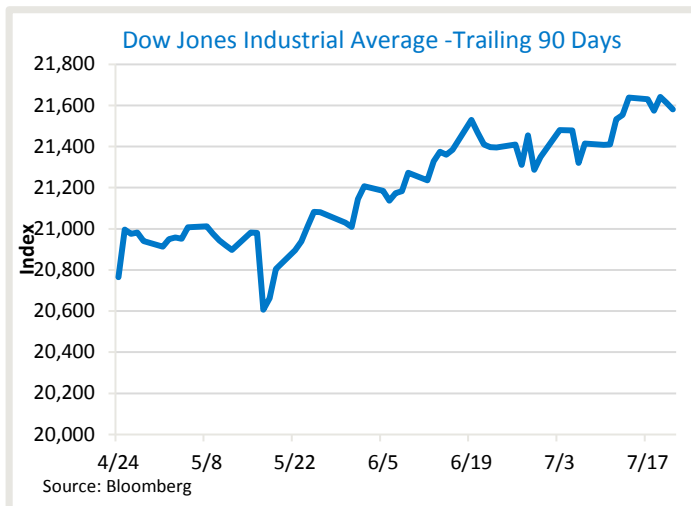


## Equities

### WORLD MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
<b>S&amp;P 500</b>	<b>2,472.54</b>	<b>13.27</b>	<b>0.54%</b>	<b>10.44%</b>	<b>Swiss Market Index</b>	<b>8,938.68</b>	<b>-95.89</b>	<b>-1.06%</b>	<b>8.74%</b>
<b>Dow Industrials</b>	<b>21,580.07</b>	<b>-57.67</b>	<b>-0.27%</b>	<b>9.20%</b>	<b>CAC 40 Index (France)</b>	<b>5,117.66</b>	<b>-117.65</b>	<b>-2.25%</b>	<b>5.25%</b>
<b>Nasdaq Composite</b>	<b>6,387.75</b>	<b>75.29</b>	<b>1.19%</b>	<b>18.66%</b>	<b>DAX Index (Germany)</b>	<b>12,240.06</b>	<b>-391.66</b>	<b>-3.10%</b>	<b>6.61%</b>
<b>Russell Global</b>	<b>1,993.14</b>	<b>17.00</b>	<b>0.86%</b>	<b>13.1%</b>	<b>Irish Overall Index</b>	<b>6,705.49</b>	<b>-187.98</b>	<b>-2.73%</b>	<b>2.89%</b>
<b>Russell Global EM</b>	<b>3,327.05</b>	<b>35.46</b>	<b>1.08%</b>	<b>21.8%</b>	<b>Nikkei 225</b>	<b>20,099.75</b>	<b>-0.06</b>	<b>0.00%</b>	<b>5.16%</b>
<b>S&amp;P/TSX (Canada)</b>	<b>15,183.13</b>	<b>8.32</b>	<b>0.05%</b>	<b>-0.68%</b>	<b>Hang Seng Index</b>	<b>26,706.09</b>	<b>316.86</b>	<b>1.20%</b>	<b>21.39%</b>
<b>Mexico IPC</b>	<b>51,564.62</b>	<b>402.39</b>	<b>0.79%</b>	<b>12.97%</b>	<b>Shanghai Composite</b>	<b>3,237.98</b>	<b>15.57</b>	<b>0.48%</b>	<b>4.33%</b>
<b>Brazil Bovespa</b>	<b>64,684.18</b>	<b>-752.00</b>	<b>-1.15%</b>	<b>7.40%</b>	<b>Kospi Index (S. Korea)</b>	<b>2,450.06</b>	<b>35.43</b>	<b>1.47%</b>	<b>20.90%</b>
<b>Euro Stoxx 600</b>	<b>380.16</b>	<b>-6.68</b>	<b>-1.73%</b>	<b>5.19%</b>	<b>Taiwan Taiex Index</b>	<b>10,436.70</b>	<b>-7.21</b>	<b>-0.07%</b>	<b>12.79%</b>
<b>FTSE 100</b>	<b>7,452.91</b>	<b>74.52</b>	<b>1.01%</b>	<b>4.34%</b>	<b>Tel Aviv 25 Index</b>	<b>1,458.12</b>	<b>2.00</b>	<b>0.14%</b>	<b>-0.86%</b>
<b>IBEX 35 (Spain)</b>	<b>10,426.60</b>	<b>-228.50</b>	<b>-2.14%</b>	<b>11.49%</b>	<b>MICEX Index (Russia)</b>	<b>1,925.13</b>	<b>-35.56</b>	<b>-1.81%</b>	<b>-13.78%</b>

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



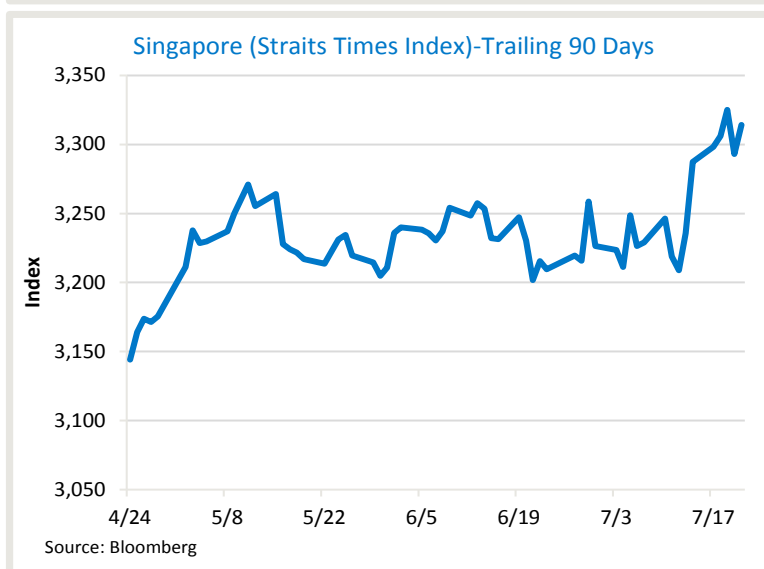
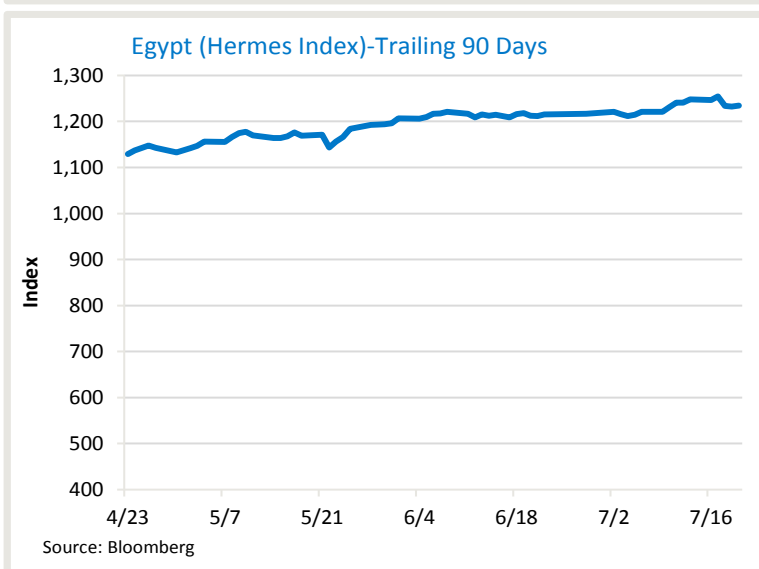
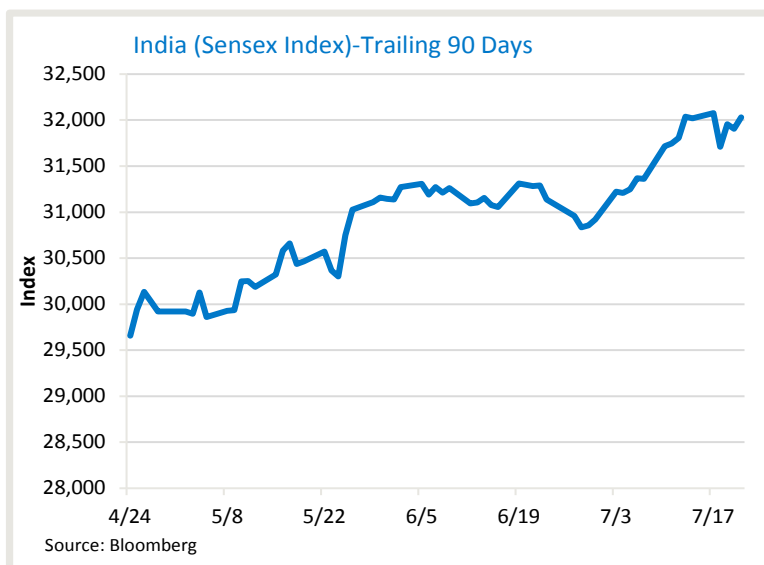
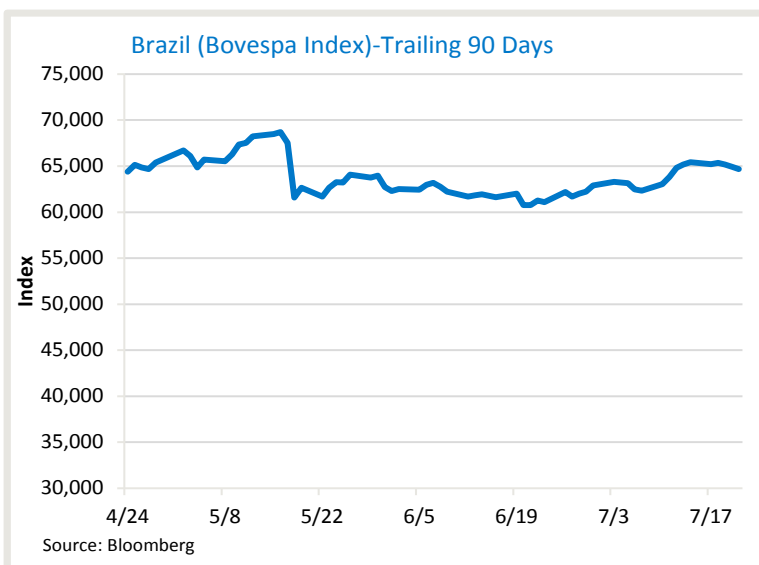
## Equities – Emerging and Frontier Markets

### EMERGING AND FRONTIER MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
Mexico IPC	51,564.62	402.39	0.8%	13.0%
Brazil (Bovespa Index)	64,684.18	-752.00	-1.1%	7.4%
MICEX Index (Russia)	1,925.13	-35.56	-1.8%	-13.8%
Czech Republic (Prague)	1,004.19	3.65	0.4%	9.0%
Turkey (Istanbul)	106,842.79	1667.09	1.6%	36.7%
Egypt (Hermes Index)	1,234.24	-13.91	-1.1%	13.3%
Kenya (Nairobi 20 Index)	3,700.44	57.54	1.6%	16.1%
Saudi Arabia (TASI Index)	7,261.13	-52.29	-0.7%	0.7%
Lebanon (Beirut BLOM Index)	1,156.60	4.70	0.4%	-4.6%
Palestine	559.23	-6.65	-1.2%	5.5%

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

	Last	Change	% Chg.	YTD %
Hang Seng Index	26,706.09	316.86	1.2%	21.4%
India (Sensex 30)	32,028.89	8.14	0.0%	20.3%
Malaysia (KLCI Index)	1,759.16	4.16	0.2%	7.2%
Singapore (Straits Times Index)	3,314.12	26.69	0.8%	15.0%
Thailand (SET Index)	1,573.51	-4.28	-0.3%	2.0%
Indonesia (Jakarta)	5,765.42	-66.37	-1.1%	8.8%
Pakistan (Karachi KSE 100)	45,294.39	956.95	2.2%	-5.3%
Vietnam (Ho Chi Minh)	761.86	-15.74	-2.0%	14.6%
Sri Lanka (Colombo)	6,669.51	-96.63	-1.4%	7.1%
Cambodia (Laos)	1,021.05	-1.33	-0.1%	0.6%

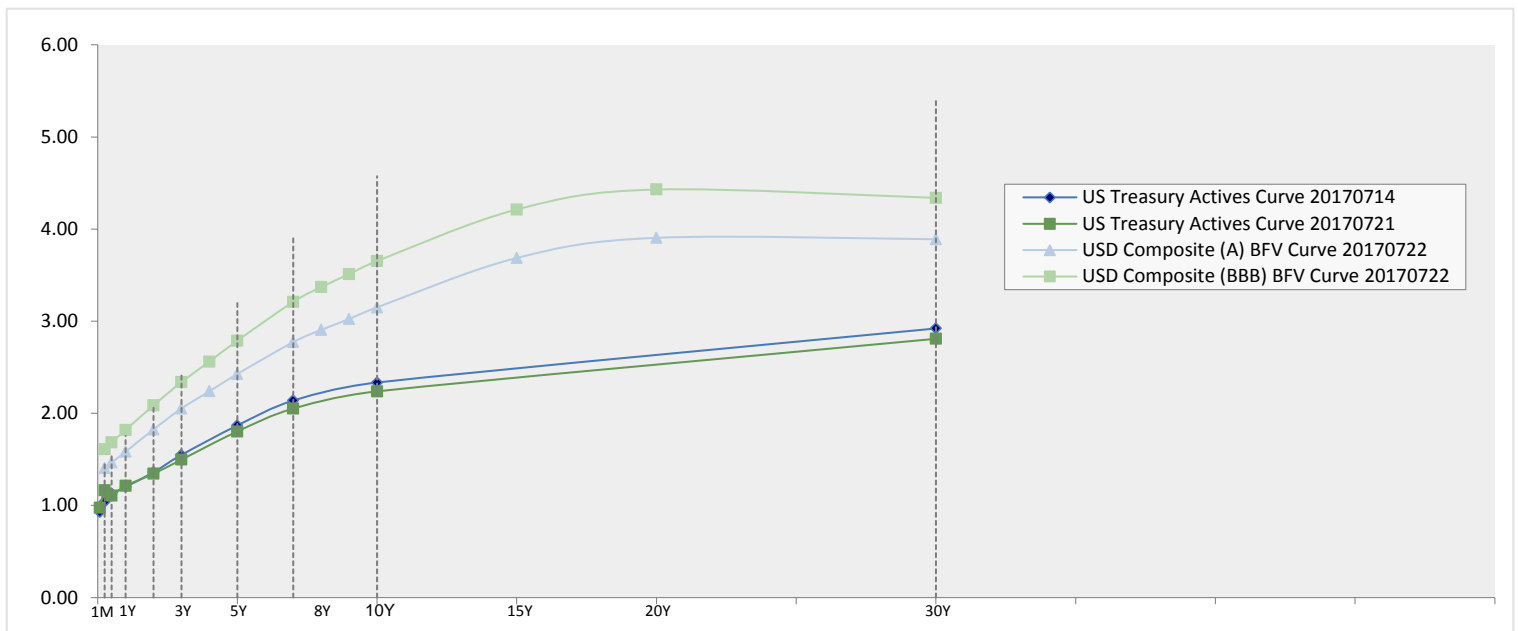


## Interest Rates

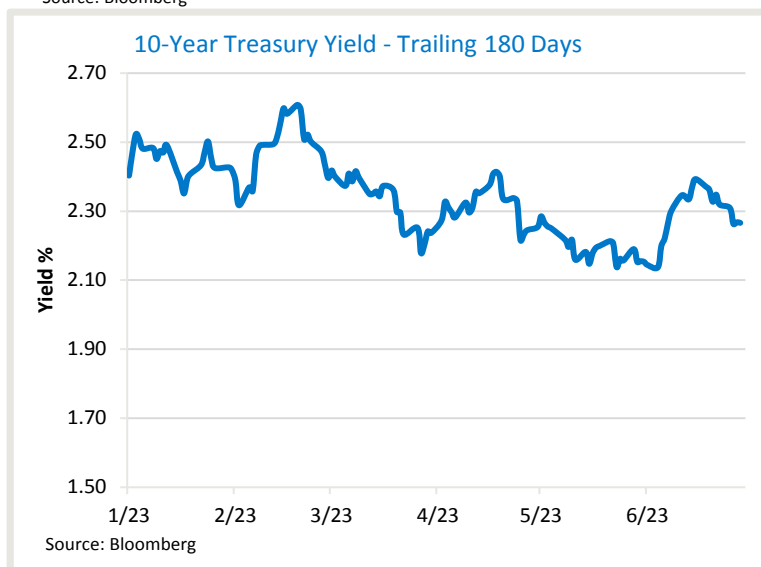
### SELECTED INTEREST RATES

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
2-Yr. U.S. Treasury	1.34%	0 bps	NM	NM	Prime Rate	4.25%	0.00	NM	NM
5-Yr. U.S. Treasury	1.80%	-6 bps	NM	NM	Fed Funds Rate	1.25%	0.00	NM	NM
10-Yr. U.S. Treasury	2.23%	-9 bps	NM	NM	Discount Rate	1.75%	0.00	NM	NM
30-Yr. U.S. Treasury	2.80%	-11 bps	NM	NM	LIBOR (3 Mo.)	1.31%	1 bps	NM	NM
German 10-Yr. Govt.	0.50%	9 bps	NM	NM	Bond Buyer 40 Muni	3.52%	-12 bps	NM	NM
France 10-Yr.	0.75%	10 bps	NM	NM	Bond Buyer 40 G.O.	3.51%	NA	NM	NM
Italy 10-Yr.	2.06%	19 bps	NM	NM	Bond Buyer 40 Rev.	3.70%	NA	NM	NM
Fed 5-Yr Fwd BE Inf.	1.79%	4 bps	NM	NM					

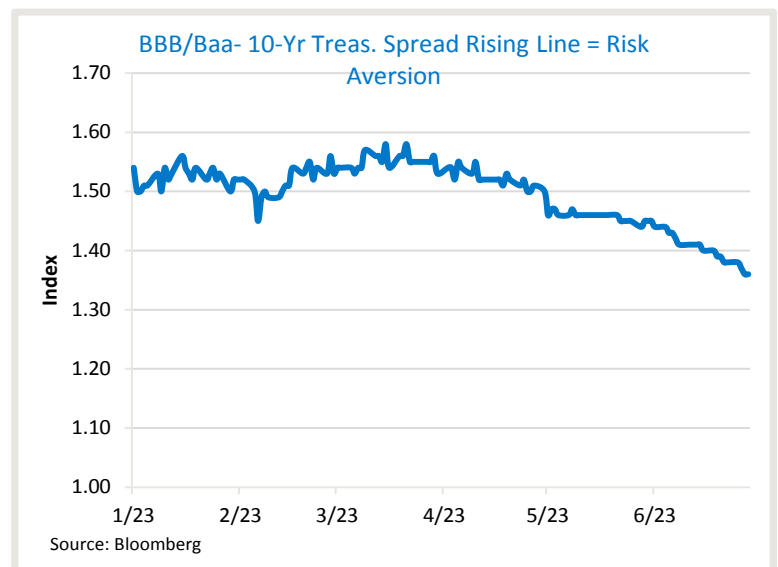
Source: Bloomberg



Source: Bloomberg



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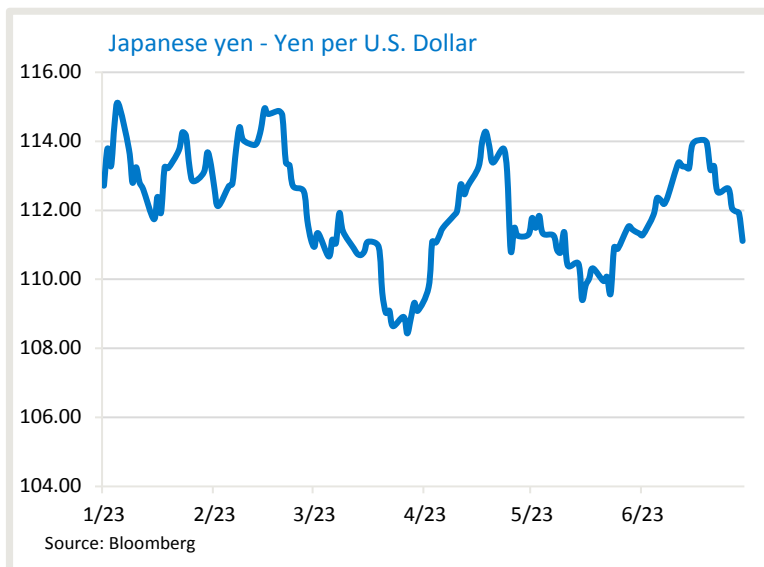
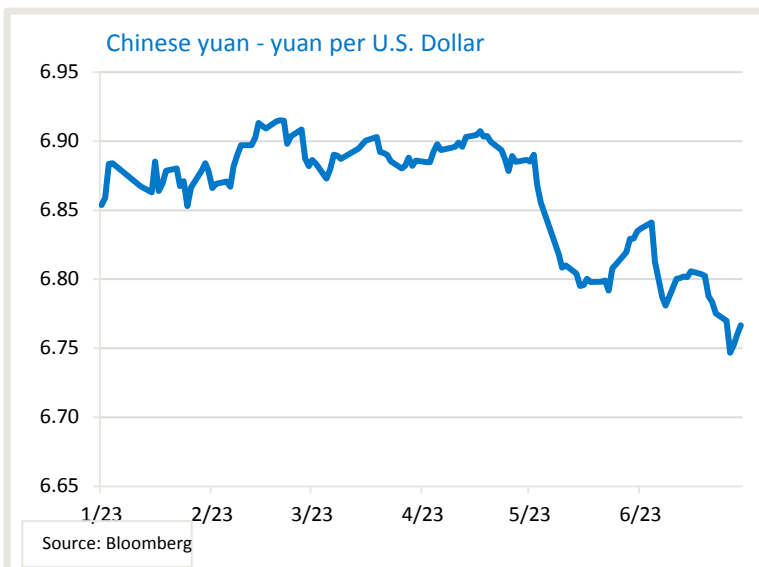
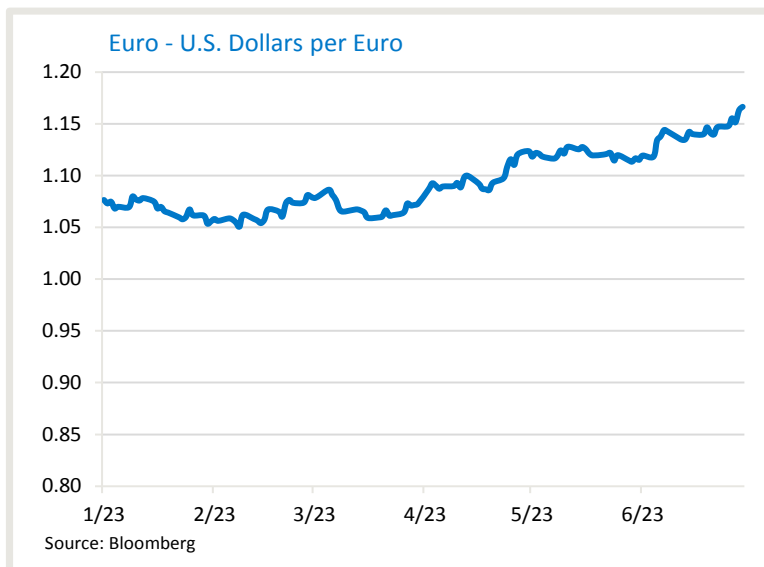
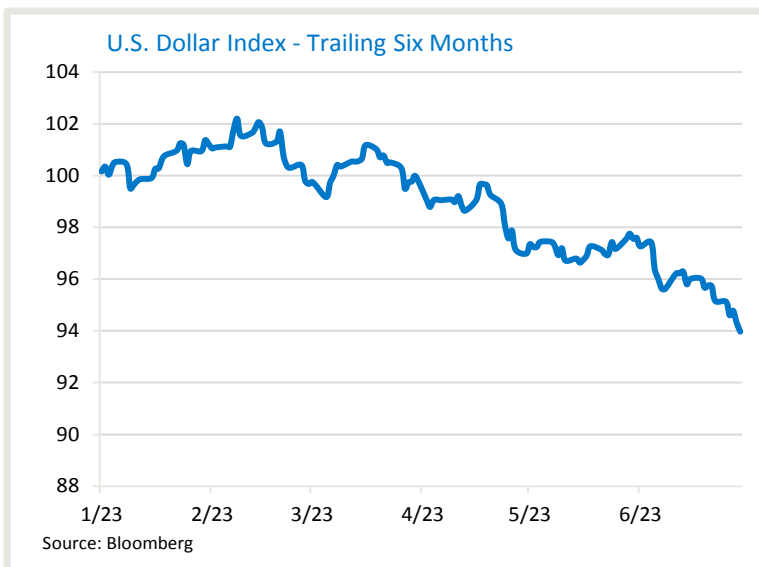
## Currencies

### SELECTED CURRENCY PERFORMANCE

	Last	Change	% Chg.	YTD %
<b>Dollar Index</b>	<b>93.95</b>	<b>-1.182</b>	<b>-1.24%</b>	<b>-8.06%</b>
<b>Euro</b>	<b>1.17</b>	<b>0.020</b>	<b>1.70%</b>	<b>10.92%</b>
<b>Japanese Yen</b>	<b>111.08</b>	<b>-1.420</b>	<b>1.28%</b>	<b>5.27%</b>
<b>British Pound</b>	<b>1.30</b>	<b>-0.010</b>	<b>-0.79%</b>	<b>5.30%</b>
<b>Canadian Dollar</b>	<b>1.25</b>	<b>-0.010</b>	<b>0.83%</b>	<b>7.19%</b>

	Last	Change	% Chg.	YTD %
<b>Chinese Yuan</b>	<b>6.77</b>	<b>-0.009</b>	<b>0.13%</b>	<b>2.64%</b>
<b>Swiss Franc</b>	<b>0.95</b>	<b>-0.018</b>	<b>1.90%</b>	<b>7.77%</b>
<b>New Zealand Dollar</b>	<b>0.75</b>	<b>0.011</b>	<b>1.44%</b>	<b>7.48%</b>
<b>Brazilian Real</b>	<b>3.14</b>	<b>-0.035</b>	<b>1.13%</b>	<b>3.35%</b>
<b>Mexican Peso</b>	<b>17.63</b>	<b>0.059</b>	<b>-0.34%</b>	<b>17.61%</b>

Source: Bloomberg

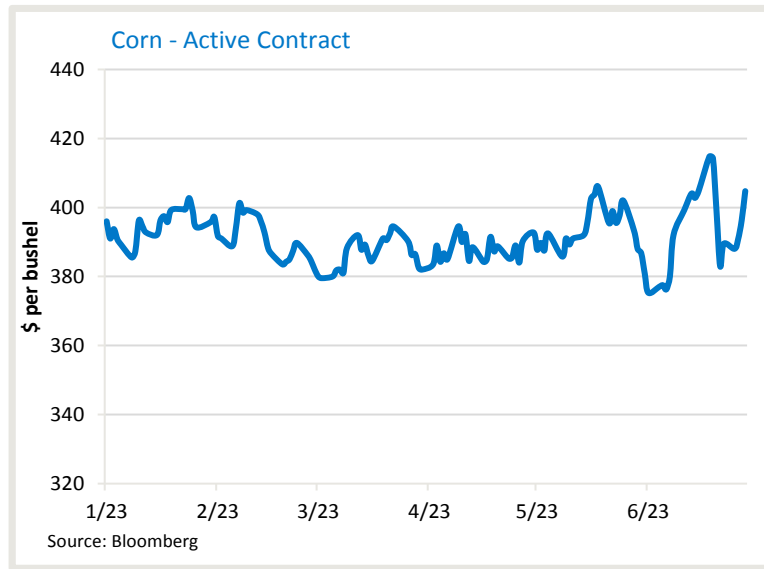
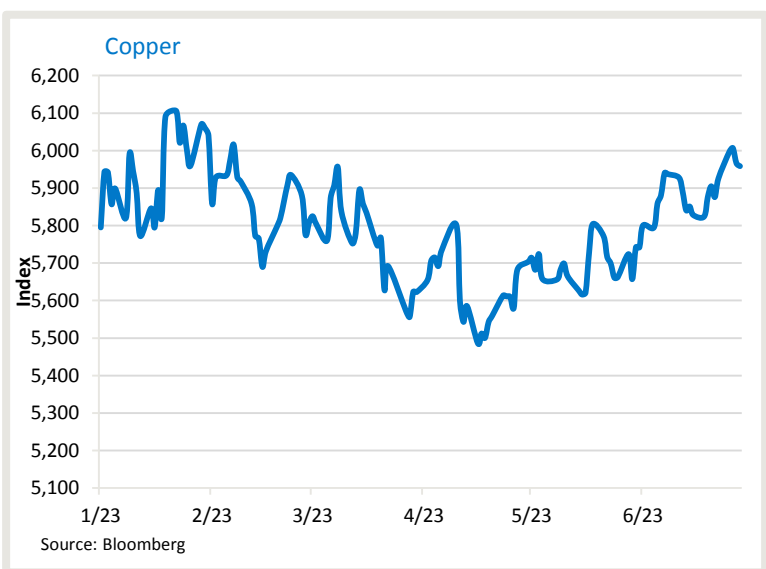
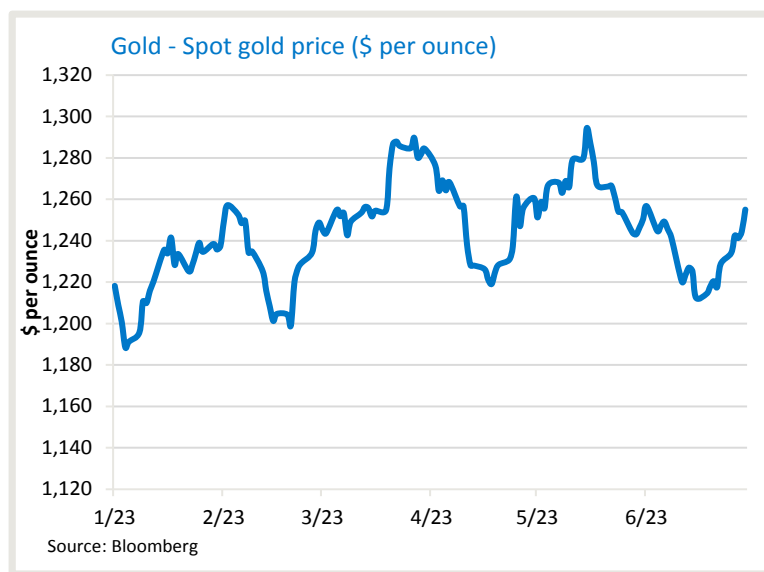
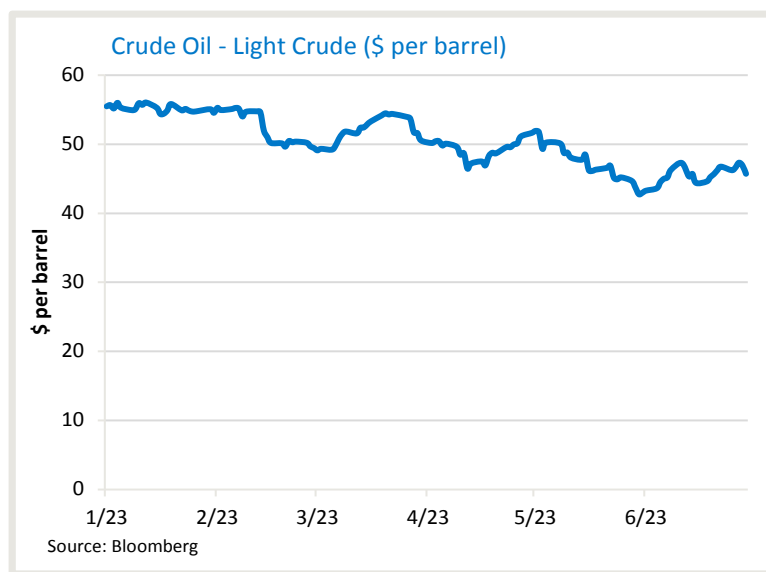


## Commodities

### SELECTED COMMODITY MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
<b>Bloomberg Comm. Idx.</b>	<b>82.99</b>	<b>0.28</b>	<b>0.34%</b>	<b>-5.17%</b>	<b>Platinum Spot</b>	<b>\$934.70</b>	<b>\$13.46</b>	<b>1.46%</b>	<b>3.50%</b>
<b>Crude Oil</b>	<b>\$45.69</b>	<b>-\$1.03</b>	<b>-2.20%</b>	<b>-19.78%</b>	<b>Corn</b>	<b>393.50</b>	<b>4.00</b>	<b>1.03%</b>	<b>3.55%</b>
<b>Natural Gas</b>	<b>\$2.95</b>	<b>-\$0.02</b>	<b>-0.81%</b>	<b>-17.31%</b>	<b>Wheat</b>	<b>499.25</b>	<b>-11.50</b>	<b>-2.25%</b>	<b>11.50%</b>
<b>Gasoline (\$/Gal.)</b>	<b>\$2.28</b>	<b>\$0.03</b>	<b>1.20%</b>	<b>-2.35%</b>	<b>Soybeans</b>	<b>1,022.25</b>	<b>20.75</b>	<b>2.07%</b>	<b>3.34%</b>
<b>Heating Oil</b>	<b>151.60</b>	<b>0.11</b>	<b>0.07%</b>	<b>-14.18%</b>	<b>Sugar</b>	<b>14.40</b>	<b>0.10</b>	<b>0.70%</b>	<b>-22.79%</b>
<b>Gold Spot</b>	<b>\$1,254.76</b>	<b>\$26.36</b>	<b>2.15%</b>	<b>9.37%</b>	<b>Orange Juice</b>	<b>130.40</b>	<b>3.50</b>	<b>2.76%</b>	<b>-30.75%</b>
<b>Silver Spot</b>	<b>\$16.50</b>	<b>\$0.50</b>	<b>3.16%</b>	<b>3.56%</b>	<b>Aluminum</b>	<b>1,917.00</b>	<b>-10.00</b>	<b>-0.52%</b>	<b>13.23%</b>
					<b>Copper</b>	<b>5,958.50</b>	<b>32.50</b>	<b>0.55%</b>	<b>7.64%</b>

Source: Bloomberg; % change is based on price.

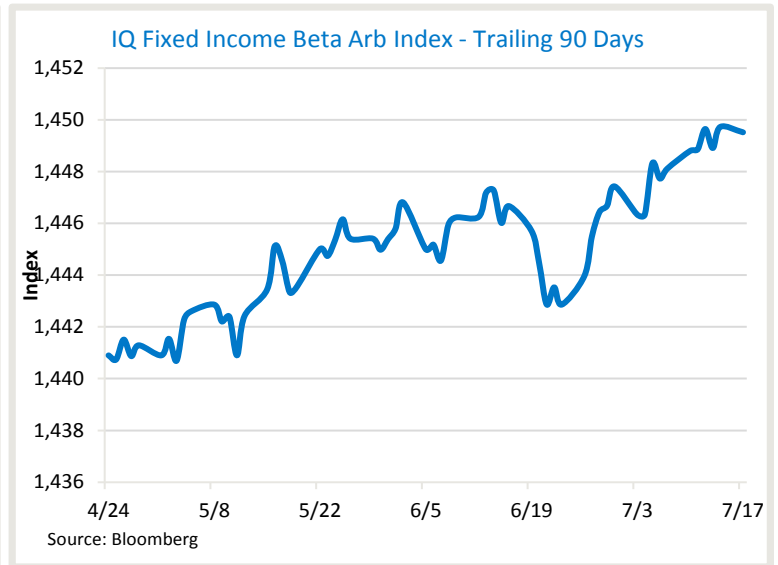
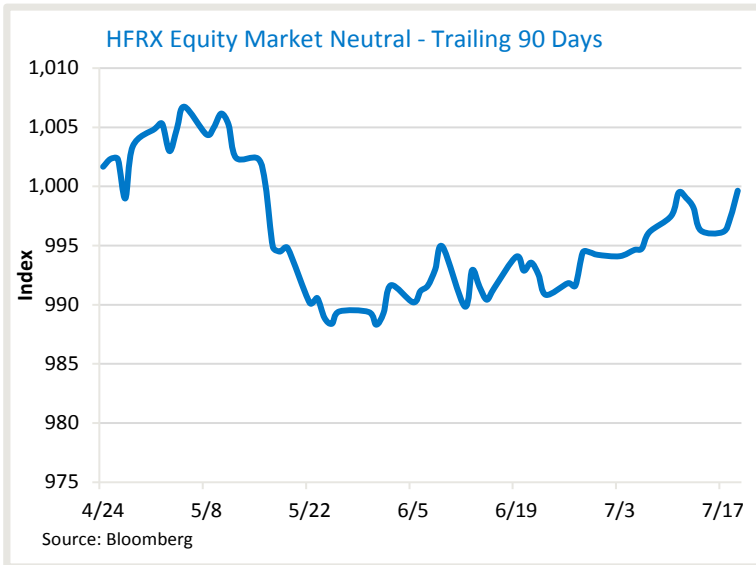
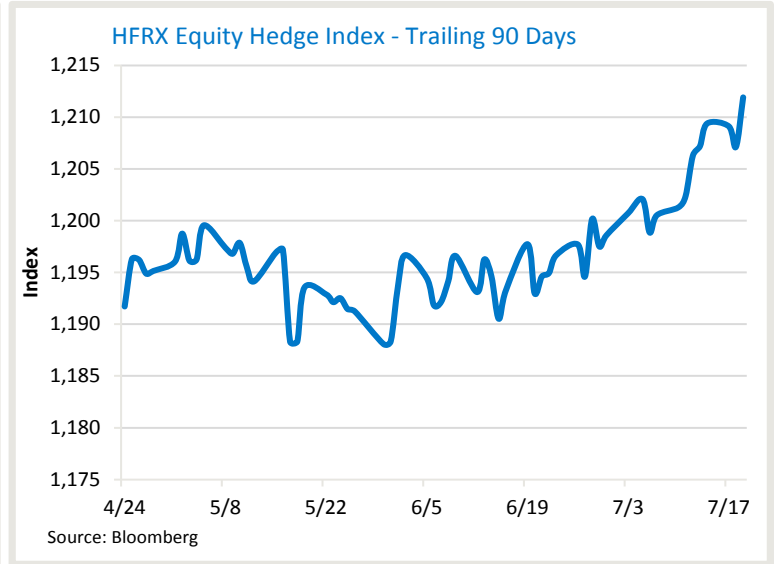
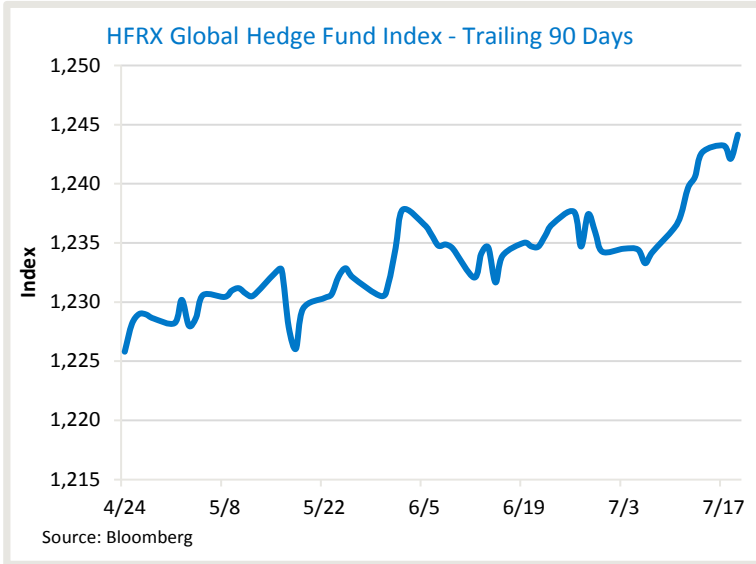


## Alternative Investments

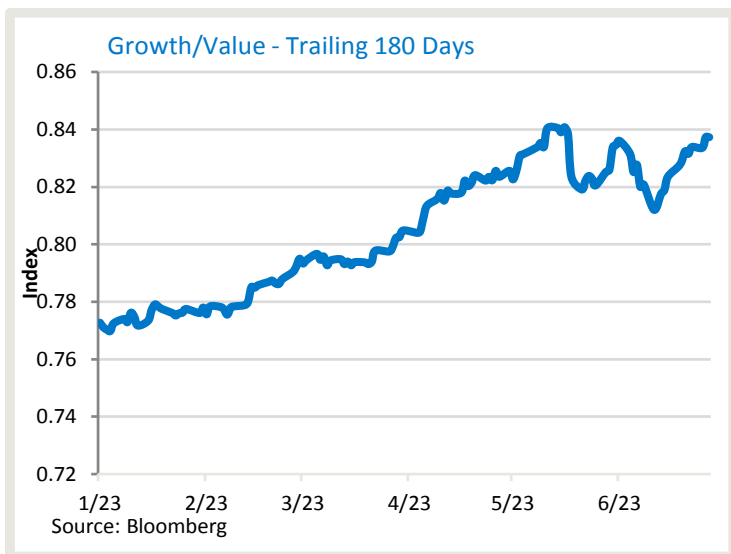
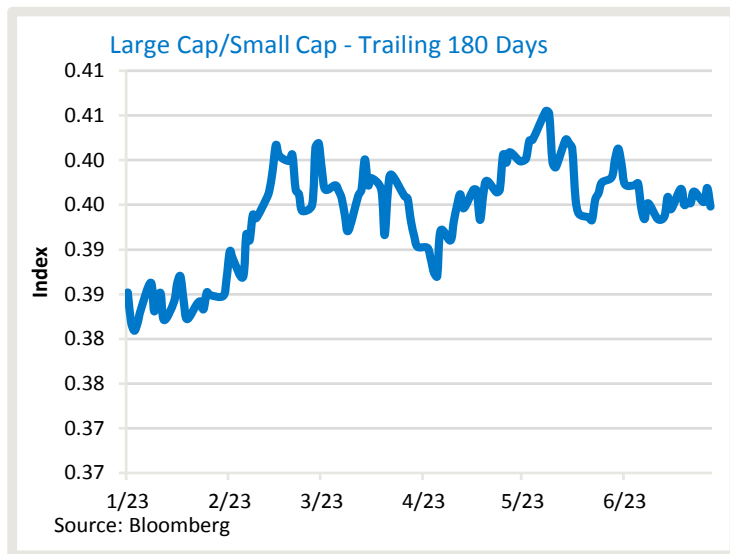
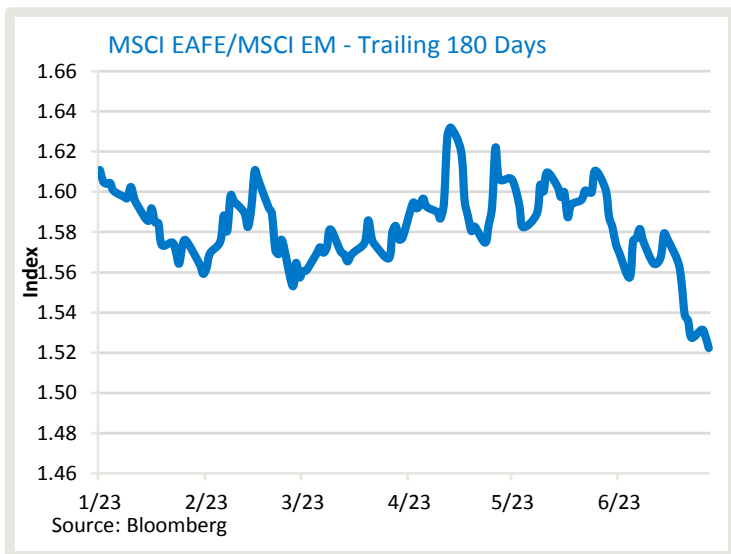
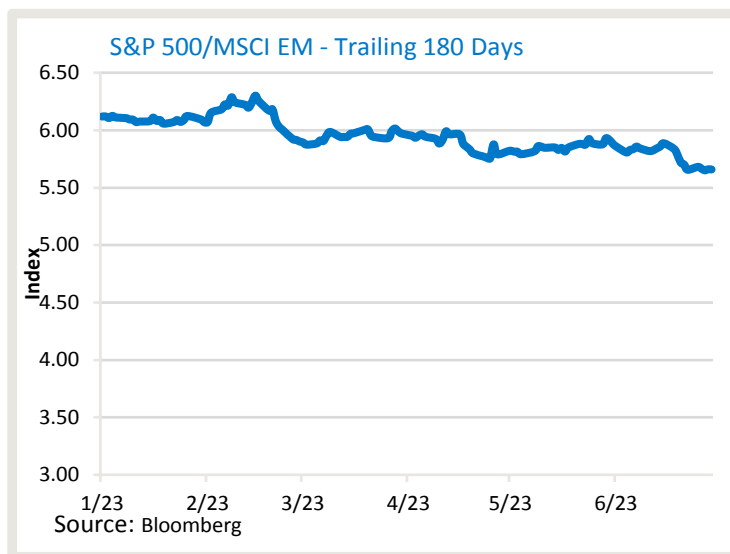
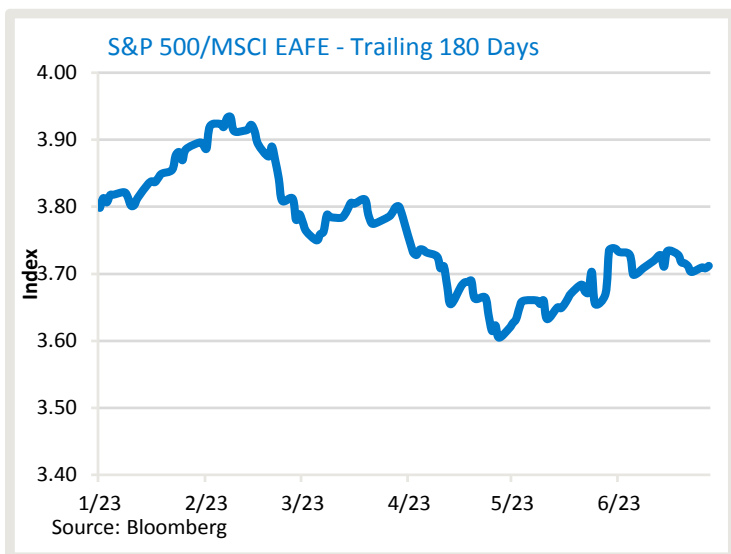
### SELECTED ALTERNATIVE INVESTMENT INDEX PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
HFRX Global Hedge Fund Index	1245.58	2.93	0.24%	3.50%	HFRX Distressed Index	1103.55	1.70	0.15%	2.84%
HFRX Equity Market Neutral	1000.38	4.11	0.41%	1.33%	HFRX Merger Arbitrage Index	1835.13	0.05	0.00%	1.24%
HFRX Equity Hedge Index	1213.28	3.88	0.32%	5.00%	HFRX Convertible Arbitrage Index	780.43	3.32	0.43%	5.09%
HFRX Event-Driven Index	1652.57	5.49	0.33%	5.64%	HFRX Macro CTA Index	1133.29	-0.08	-0.01%	-0.18%
HFRX Absolute Return Index	1049.53	1.20	0.11%	2.05%	IQ Fixed Income Beta Arb Index	1452.52	2.79	0.19%	2.29%

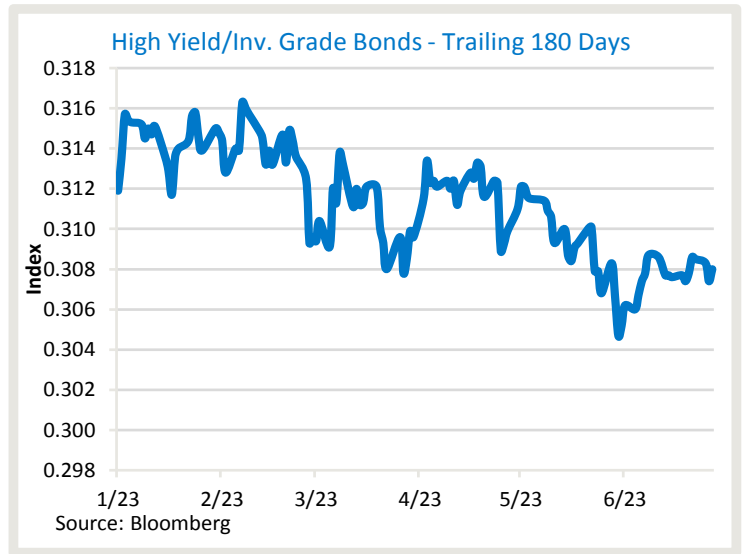
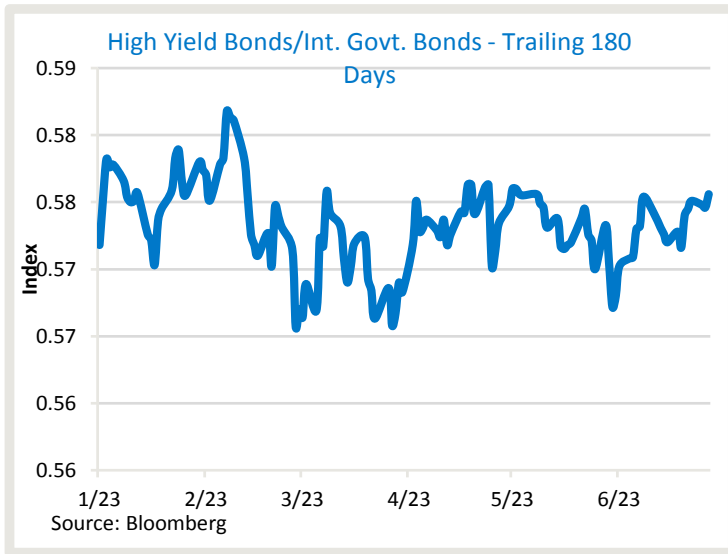
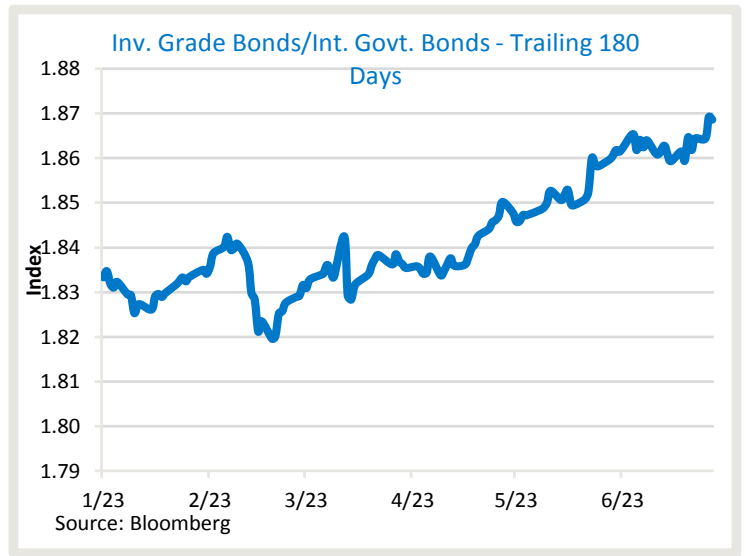
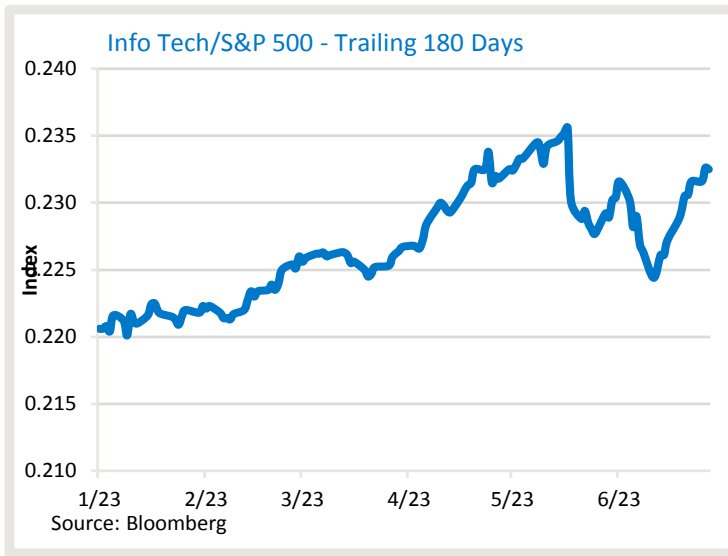
Source: Bloomberg; Index % change is based on price.



## Portfolio Construction



## Portfolio Construction (continued)



WEEKLY ASSET CLASS PERFORMANCE (Prior 12 weeks ending Thursday)

			5/4	5/11	5/18	5/25	6/1	6/8	6/15	6/22	6/29	7/6	7/13	7/20
Equity	Domestic Equity	Large Cap (R200)	0.24%	0.08%	-1.17%	2.09%	0.56%	0.29%	-0.17%	0.23%	-0.69%	-0.39%	1.58%	1.10%
		Small Cap (R2000)	-2.00%	0.10%	-2.09%	1.64%	0.92%	1.40%	-0.39%	-0.39%	0.83%	-1.09%	1.77%	1.17%
	Int'l. Equity	MSCI EAFE	0.94%	0.28%	0.55%	1.27%	0.12%	-0.01%	-0.92%	0.48%	0.52%	-0.70%	1.19%	1.73%
		MSCI Em. Mkts.	0.04%	2.07%	-1.20%	2.65%	-0.60%	1.05%	-1.51%	0.52%	0.52%	-0.78%	3.43%	1.79%
Fixed Income	BarCap Agg. (AGG)	-3.28%	-1.23%	-1.56%	-7.92%	2.41%	-1.34%	14.14%	-5.67%	-3.48%	17.54%	-2.37%	-1.14%	
	High Yield (JNK)	-0.81%	0.58%	0.03%	0.59%	-0.13%	-0.30%	0.05%	-0.56%	0.43%	-0.67%	0.68%	0.65%	
Commodities	Bloomberg Commodity Index	-1.68%	1.11%	0.36%	0.34%	-1.48%	-0.35%	-1.53%	-1.93%	2.49%	1.34%	-0.60%	2.16%	
Alternatives	Hedge Funds (HFRX Global)	-0.02%	0.17%	-0.38%	0.56%	0.14%	0.02%	-0.26%	0.32%	0.02%	-0.21%	0.59%	0.40%	
Asset Allocation	60/40*	-1.17%	-0.22%	-1.08%	-1.63%	1.08%	-0.21%	4.65%	-1.89%	-1.22%	5.74%	0.20%	0.43%	
	48/32/20 (w/Alts.)**	-0.94%	-0.14%	-0.94%	-1.19%	0.89%	-0.16%	3.67%	-1.45%	-0.97%	4.55%	0.28%	0.42%	

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

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

RELATIVE STRENGTH MATRIX (BASED ON 30-DAY RSI)

	Large Cap Core	Large Cap Growth	Large Cap Value	Mid Cap Core	Mid Cap Growth	Mid Cap Value	Small Cap Core	Small Cap Growth	Small Cap Value	Int'l. Developed	Emerging Markets	REITs	Comm.	Int. Bond	High Yield
Large Cap Core	1.00	0.98	1.12	1.07	1.05	1.11	1.08	1.05	1.13	0.97	0.92	1.14	1.16	1.19	1.11
Large Cap Growth	1.02	1.00	1.14	1.09	1.07	1.13	1.10	1.06	1.15	0.99	0.94	1.16	1.19	1.21	1.13
Large Cap Value	0.89	0.87	1.00	0.95	0.94	0.99	0.96	0.93	1.01	0.87	0.82	1.02	1.04	1.06	0.99
Mid Cap Core	0.93	0.92	1.05	1.00	0.98	1.03	1.01	0.98	1.06	0.91	0.86	1.07	1.09	1.11	1.04
Mid Cap Growth	0.95	0.93	1.07	1.02	1.00	1.05	1.03	0.99	1.08	0.92	0.88	1.09	1.11	1.13	1.06
Mid Cap Value	0.90	0.89	1.01	0.97	0.95	1.00	0.98	0.94	1.02	0.88	0.83	1.03	1.05	1.07	1.00
Small Cap Core	0.92	0.91	1.04	0.99	0.97	1.02	1.00	0.97	1.05	0.90	0.85	1.06	1.08	1.10	1.03
Small Cap Growth	0.96	0.94	1.07	1.03	1.01	1.06	1.04	1.00	1.08	0.93	0.88	1.09	1.11	1.14	1.06
Small Cap Value	0.88	0.87	0.99	0.95	0.93	0.98	0.95	0.92	1.00	0.86	0.81	1.01	1.03	1.05	0.98
Int'l. Developed	1.03	1.01	1.16	1.10	1.08	1.14	1.11	1.08	1.17	1.00	0.95	1.18	1.20	1.22	1.14
Emerging Markets	1.08	1.06	1.22	1.16	1.14	1.20	1.17	1.13	1.23	1.05	1.00	1.24	1.26	1.29	1.20
REITs	0.87	0.86	0.98	0.94	0.92	0.97	0.95	0.91	0.99	0.85	0.81	1.00	1.02	1.04	0.97
Commodities	0.86	0.84	0.97	0.92	0.90	0.95	0.93	0.90	0.97	0.84	0.79	0.98	1.00	1.02	0.96
Int. Bond	0.84	0.83	0.95	0.90	0.89	0.93	0.91	0.88	0.96	0.82	0.78	0.96	0.98	1.00	0.94
High Yield	0.90	0.88	1.01	0.96	0.95	1.00	0.97	0.94	1.02	0.87	0.83	1.03	1.05	1.07	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 **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 **DJ-UBS Commodity Index Total Return SM** measures the collateralized returns from a basket of 19 commodity futures contracts representing the energy, precious metals, industrial metals, grains, softs and livestock sectors. The **Russell 1000 Index** is a market capitalization-weighted benchmark index made up of the 1000 largest U.S. companies in the Russell 3000 Index. The **Russell 1000 Growth Index** is an unmanaged index considered representative of large-cap growth stocks. The **Russell 1000 Value Index** is an unmanaged index considered representative of large-cap value stocks. The **Russell 2000 Index** is an unmanaged index considered representative of small-cap stocks. The **Russell 2000 Growth Index** is an unmanaged index considered representative of small-cap growth stocks. The **Russell 2000 Value Index** is an unmanaged index considered representative of small-cap value stocks. The **Russell 3000 Index** is an unmanaged index considered representative of the US stock market. The **Russell Midcap Index** is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The **Russell Midcap Growth Index** is an unmanaged index considered representative of mid-cap growth stocks. The **Russell Midcap Value Index** is an unmanaged index considered representative of mid-cap value stocks. The **HFRX Indices** are a series of benchmarks of hedge fund industry performance which are engineered to achieve representative performance of a larger universe of hedge fund strategies. Hedge Fund Research, Inc. employs the HFRX Methodology (UCITS compliant), a proprietary and highly quantitative process by which hedge funds are selected as constituents for the HFRX Indices. The **University of Michigan Consumer Sentiment Index** (MCSI) is a survey of consumer confidence conducted by the University of Michigan using telephone surveys to gather information on consumer expectations regarding the overall economy. The **CBOE Volatility Index** (VIX) is an up-to-the-minute market estimate of expected volatility that is calculated by using real-time S&P 500 Index option bid/ask quotes. The Index uses nearby and second nearby options with at least 8 days left to expiration and then weights them to yield a constant, 30-day measure of the expected volatility of the S&P 500 Index. The **MSCI EAFE Index** is designed to measure the equity market performance of developed markets outside of the U.S. & Canada. The **MSCI EAFE Growth Index** is an unmanaged index considered representative of growth stocks of Europe, Australasia and the Far East. The **MSCI EAFE Value Index** is an unmanaged index considered representative of value stocks of Europe, Australasia and the Far East. The **MSCI EM (Emerging Markets) Latin America Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of emerging markets in Latin America. The **MSCI World ex-U.S. Index** captures large and mid-cap representation across 22 of 23 Developed Markets (DM) countries - excluding the US. With 1,002 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country. The **MSCI Japan Index** is designed to measure the performance of the large and mid-cap segments of the Japanese market. With 320 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in Japan. The **MSCI Emerging Markets Index** is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The **MSCI Europe Index** is an unmanaged index considered representative of stocks of developed European countries. The **MSCI Pacific Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the developed markets in the Pacific region. The **Barclays Intermediate US Government/Credit Bond Index** is a market capitalization-weighted index of investment-grade, fixed-rate debt issues, including Treasuries, government-related and U.S. corporate securities, with maturities of at least one year and less than 10 years. The **Philadelphia Fed Manufacturing Index** is a regional Federal Reserve Bank index measuring changes in business growth and is constructed from a survey of participants who voluntarily answer questions regarding the direction of change in their overall business activities. The **ISM Non-Manufacturing Index** is an index based on surveys of more than 400 non-manufacturing firms' purchasing and supply executives, within 60 sectors across the nation, by the Institute of Supply Management (ISM) and also tracks economic data, like the ISM Non-Manufacturing Business Activity Index. A composite diffusion index is created based on the data from these surveys that monitors economic conditions of the nation. The **Housing Market Index** (HMI) is based on a monthly survey of NAHB members designed to take the pulse of the single-family housing market. In May 2007, **Markit's U.S. PMI** research was extended out to cover producers of metal goods. In October 2009, Markit's U.S. Manufacturing PMI survey panel was extended further to cover all areas of U.S. manufacturing activity. The **NY Empire State Index** is an index based on the monthly survey of manufacturers in New York State - known as the Empire State Manufacturing Survey - conducted by the Federal Reserve Bank of New York. The headline number for the NY Empire State Index refers to the survey's main index, which summarizes general business conditions in New York State. The **Industrial Production Index** is an economic indicator that measures real output for all facilities located in the United States manufacturing, mining, and electric, and gas utilities (excluding those in U.S. territories). The **Conference Board Leading Economic Index** (LEI) is an American economic leading indicator intended to forecast future economic activity. It is calculated by The Conference Board, a non-governmental organization, which determines the value of the index from the values of ten key variables.



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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.

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