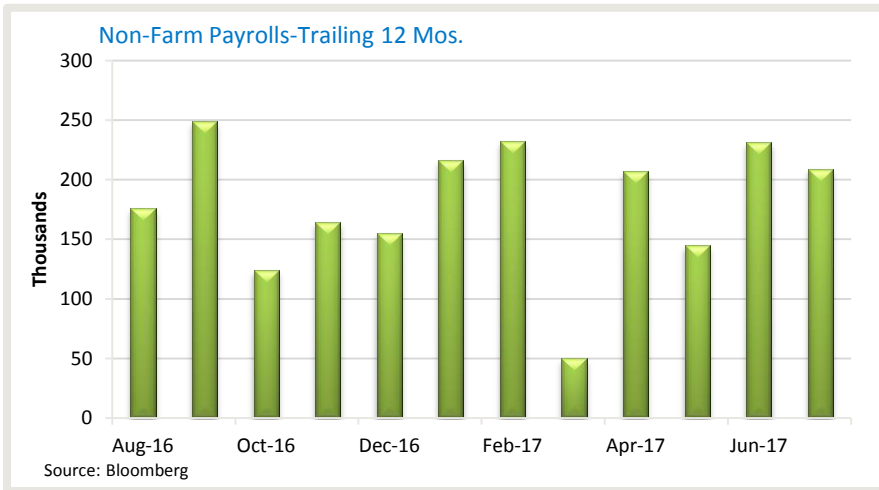


Weekly Market Review

August 11, 2017

Chart of the Week



Weekly Highlights

- **Geopolitical risks escalated this week**, with tensions between US and North Korea reaching a new high. President Trump’s combative statements towards North Korea and the Korean administration’s reciprocal threats were the biggest drivers of equity prices on Tuesday, Wednesday and Thursday. South Korean equities have been the worst affected by US and North Korean saber-rattling.
- **The Chicago Board of Options Exchange Market Volatility Index (VIX) soared by 44% on Thursday** as a result of the tensions between US and North Korea. The “fear index” has been at historically low levels of about 10 or below for most of this year. The unusual low level of volatility had many investors worried about a potential “calm before the storm”.
- **US Producer Price Index** unexpectedly fell by 0.1% in July vs 0.1% increase expected, marking the biggest drop in nearly one year. The weakness in core Consumer Price Index (CPI) inflation continued, with another lackluster 0.1% month-over-month (m/m) gain in July, which left the annual core inflation rate unchanged at an underwhelming 1.7%.
- **Department of Labor (DOL) officially announced** that it is seeking to delay the full implementation date of the fiduciary rule by 18 months, with the effective date shifting from January 1, 2018 to July 1, 2019. In particular, the DOL is seeking to delay one of the major components of the rule—the Best Interest Contract Exemption that allows brokers to charge variable compensation for products as long as they sign a legally binding agreement to put their clients’ interests ahead of their own. The DOL has submitted its delay request to the Office of Management and Budget, who will now review it.

Talking Points

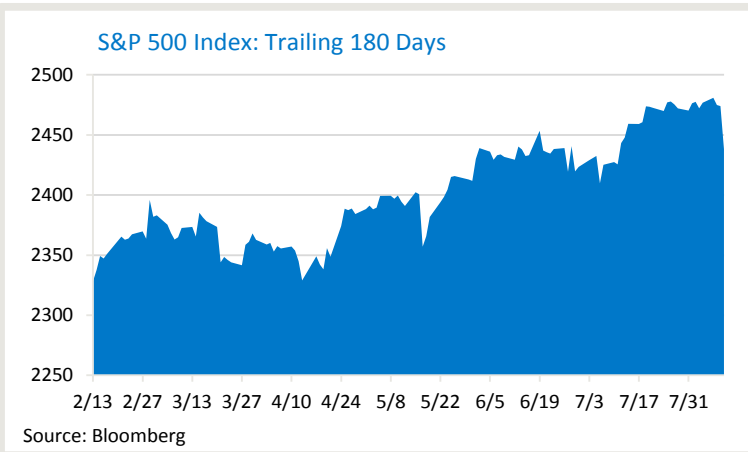
- **US equity markets seesawed this week**, affected by the sparking tensions between US and North Korea. European equities faced their worst week since Trump’s election. Emerging markets were the most affected with South Korean equities weighing in the index.
- **The yield on the 10-Year Treasury Note** edged lower at around 2.19% in a risk-off market.
- **The dollar weakened slightly** as did the euro which changed course from the sustained strength registered last week.
- **Commodities inched higher**, with oil prices being a drag while gold prices held on to a near two-month high.
- **Among economic data released**, monthly job openings hit a record high in June at 6.2 million. The job openings rate rebounded to 4.0 in June, matching the highs in mid-2015 and 2016, while the quits rate is still slightly below its previous peak. US weekly jobless claims total of 244,000 were slightly higher than the 240,000 estimate. Nonfarm productivity, which measures hourly output per worker, was better than expected at 0.9% annualized rate in the April-June period.

Market Dashboard

| | Last Price | Change | % Chg. | YTD % |
|---------------------------|------------|---------|--------|-------|
| S&P 500 | 2,441.32 | -35.51 | -1.43% | 9.0% |
| Dow Industrials | 21,858.32 | -234.49 | -1.06% | 10.6% |
| Nasdaq | 6,256.56 | -95.01 | -1.50% | 16.2% |
| Russell 2000 | 1,374.23 | -38.09 | -2.70% | 1.3% |
| Euro Stoxx Index | 372.14 | -10.39 | -2.72% | 3.0% |
| Shanghai Composite | 3,208.54 | -53.54 | -1.64% | 3.4% |
| Russell Global | 1,990.79 | -28.12 | -1.41% | 11.7% |

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

| | Last Price | Change | % Chg. | YTD % |
|--------------------------|------------|---------|--------|--------|
| Russell Global EM | 3,313.32 | -39.33 | -1.17% | 21.3% |
| 10-Year US Treas. | 2.19 | -8 bps | NM | NM |
| DJ UBS Comm. Idx. | 83.70 | 0.42 | 0.50% | -4.4% |
| Gold | \$1,290.62 | \$31.62 | 2.51% | 12.5% |
| Crude Oil | \$48.77 | -\$0.76 | -1.53% | -14.3% |
| Dollar Index | 93.09 | -0.47 | -0.50% | -8.9% |
| VIX Index | 15.51 | 5.48 | 54.64% | 10.5% |



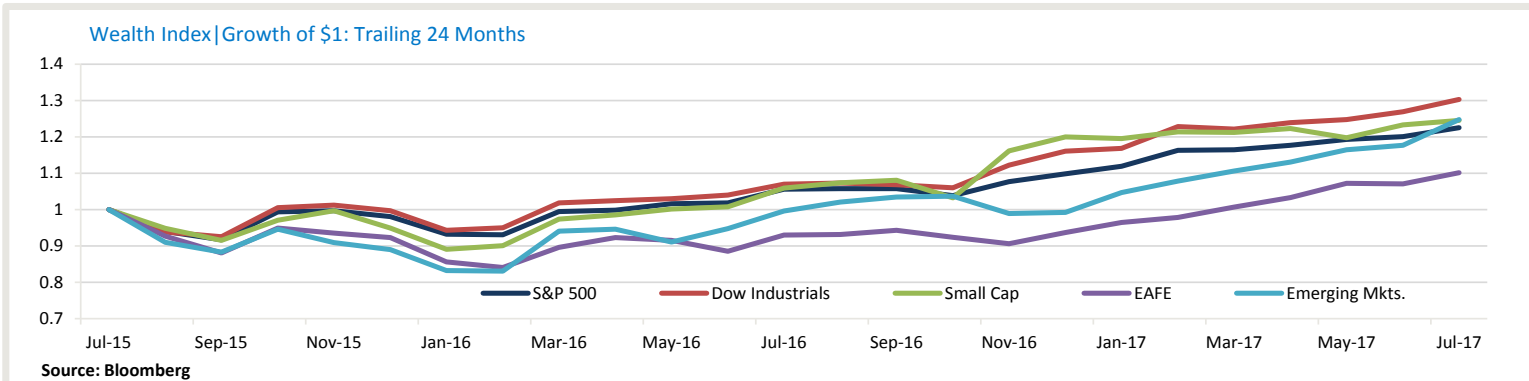
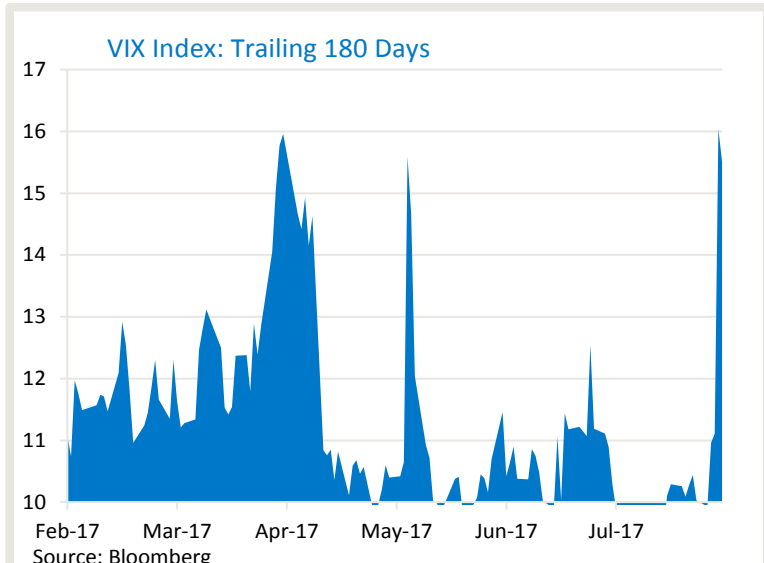
| | One Week | | | YTD | | |
|----------|----------|--------|--------|--------|--------|--------|
| | Value | Growth | | Value | Growth | |
| L | -1.68% | -1.30% | -0.95% | 2.82% | 9.97% | 16.94% |
| | -2.18% | -1.98% | -1.70% | 2.59% | 5.99% | 10.24% |
| S | -3.34% | -2.70% | -2.07% | -3.87% | 1.26% | 6.98% |

Source: Bloomberg

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

| | % Wgt in S&P 500 | Week % Chg. | YTD % Chg. |
|-------------------------------|------------------|-------------|------------|
| Consumer Discretionary | 12.2 | -1.33% | 10.3% |
| Consumer Staples | 8.7 | 0.07% | 6.5% |
| Energy | 5.8 | -2.87% | -15.3% |
| Financials | 14.4 | -2.70% | 5.9% |
| Health Care | 14.3 | -1.15% | 13.9% |
| Industrials | 10.2 | -1.62% | 7.6% |
| Information Technology | 23.0 | -0.97% | 21.3% |
| Materials | 2.9 | -2.11% | 7.2% |
| Real Estate | 2.9 | -1.93% | 3.7% |
| Telecom Services | 2.2 | -1.35% | -10.0% |
| Utilities | 3.2 | -0.36% | 10.2% |

Source: Bloomberg



The Economy and Markets

A Macro View – When it comes to crisis, hindsight isn't always 20/20

Wednesday marked the 10th anniversary of the start of the financial crisis that led to the Great Recession. Many agree that what started the domino effect that brought global financial markets to their knees is the BNP Paribas Investment Partners news release on August 9, 2007. The carefully crafted message relayed that the bank was suspending withdrawals from three of its multibillion-dollar hedge funds that specialized in US mortgage debt, due to a “complete evaporation of liquidity in certain market segments.” This little news release spiked short-term interest rates for lending money to banks and completely shut down the market for financing asset-backed securities deals. A year later, investment bank Lehman Brothers collapsed, and the global economy embarked on the worst recession since the Great Depression.¹

Economists still don't agree on the causes that brought down the financial system. MIT economist Andrew Lo plowed through twenty-one books on the financial crisis—eleven written by academics, and ten authored by journalists and one former Treasury Secretary. Yet, he couldn't conclude that one single story fully explained what happened. Even in the best of circumstances, understanding the crisis would be difficult, Mr. Lo writes. The most important observation according to him is that “...there is still significant disagreement as to what the underlying causes of the crisis were, and even less agreement as to what to do about it.” He goes on to conclude that today's economists face great challenges caused by the growing complexity of the financial system.

Where do we stand today? Many of the deficiencies believed to have contributed to the financial crisis, such as reckless risk-taking by bonus-driven investment bankers, complicit credit-rating agencies, excessive leverage in the banking system, and out-to-lunch regulators, have now been addressed by governments and regulatory agencies. It has taken a full ten years since the onset of the global financial crisis for the world economy to show clear signs of recovery. We can thank extremely accommodative central banks' policies and incredibly low interest rates for today's brightened global economic outlook.

Despite these points, there is a growing chorus of analysts and investors that speaks of similarities in the state of the financial markets and economy between then and now, and worries that history may be about to repeat itself. According to Capital Economics, although similarities exist between today's state of the US economy and financial markets and what they were back in 2007, high valuations in equity markets are the result of a secular decline in real interest rates.² Yet, in his most recent memo, famous investor Howard Marks, of Oaktree Capital, noted that today's investment environment is characterized by unusual uncertainties “in terms of number, scale and insolubility” in areas such as secular economic growth, political dysfunction, geopolitical risks, impact of central banks, etc.³ Add to this list high asset prices across the board and commonplace pro-risk behavior fueled by a spread-out eagerness to put money to work, and the result is a highly challenging investment environment, he noted. Economists continue to disagree on the state of the markets, the economy, and what could trigger the next crisis, and although fears of a tsunami in the financial markets may be overblown, we expect to see an increase in volatility in the coming months, given the historical low levels we are experiencing currently.

So, what's an investor to do in the face of increased market risks? Stay in the markets, or run for the exits? First and foremost, one of the most important things an advisor can offer clients is a solid, diversified investment portfolio based on a strategic asset allocation that is tailored to the client's long-term investment needs and goals. Absent a crystal ball that would tell us exactly when to exit, and most importantly, re-enter, the markets, it becomes vital to emphasize to clients the importance of staying invested. Although it is easy to panic and run for the exits when the markets tumble, a growing body of research has shown that timing the markets can be nearly impossible to do profitably, and staying invested can help produce positive returns over the long term.

Sonila Gjata, CFA
AVP, Portfolio Manager

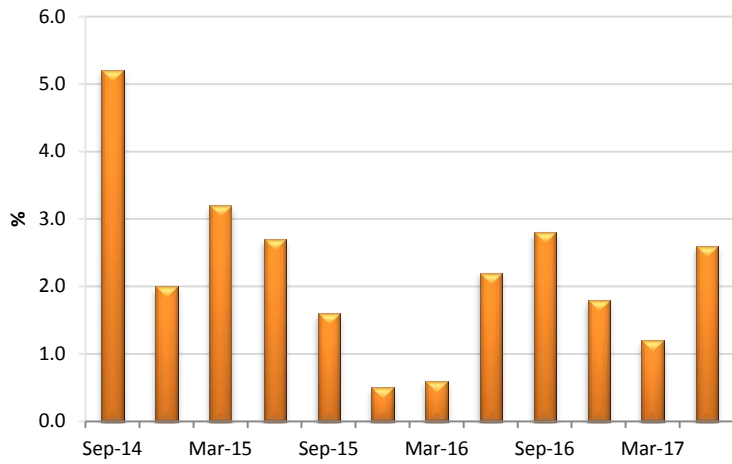
¹Journal of Economic Literature 2012

²Capital Economics Research

³www.oaktreecapital.com

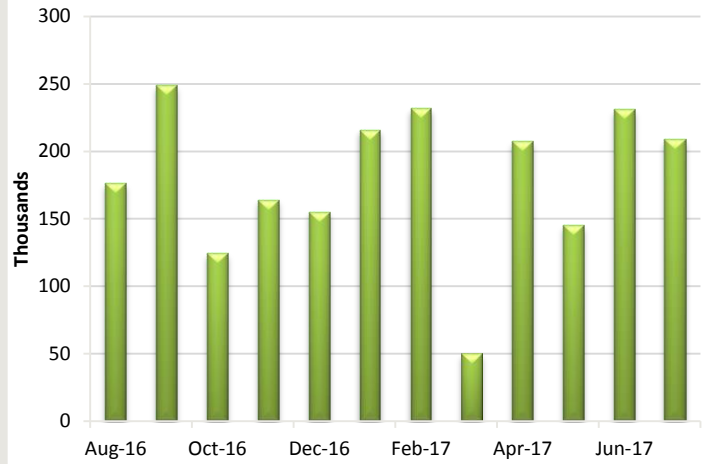
Economic Data

Real GDP Growth Rate - Annualized - 12 Qtrs.



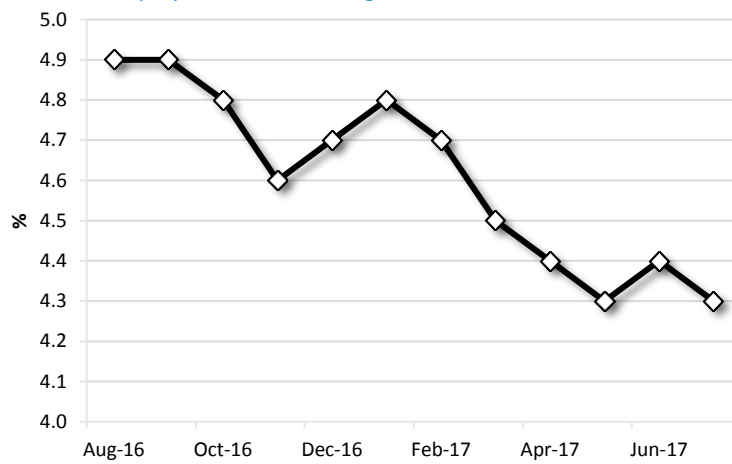
Source: Bloomberg

Non-Farm Payrolls-Trailing 12 Mos.



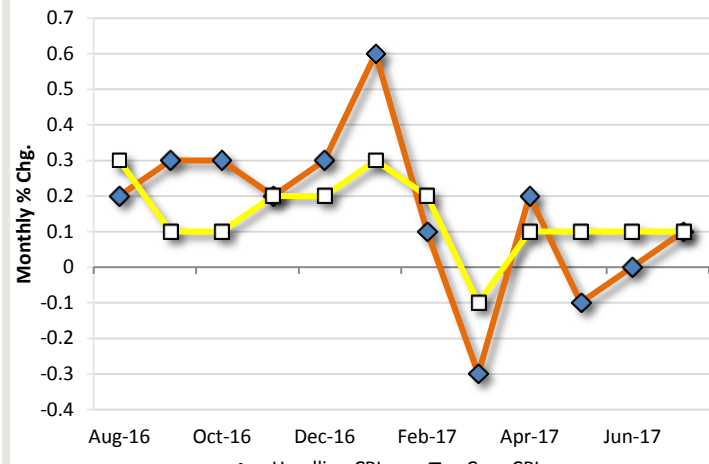
Source: Bloomberg

Unemployment Rate-Trailing 12 Mos.



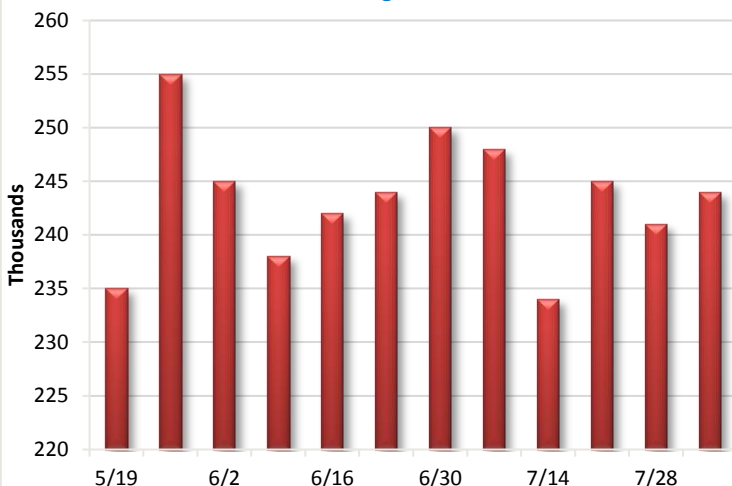
Source: Bloomberg

Consumer Price Index-Trailing 12 Mos.



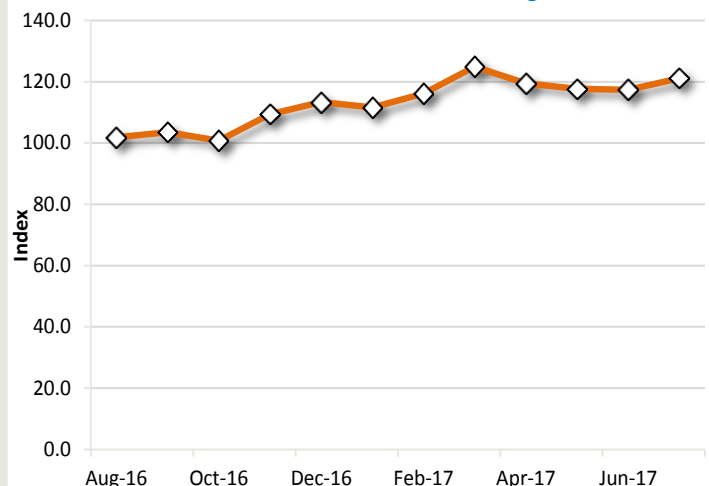
Source: Bloomberg

Initial Jobless Claims-Trailing 12 Wks.



Source: Bloomberg

Consumer Board Confidence Index - Trailing 12 Mos.



Source: Bloomberg

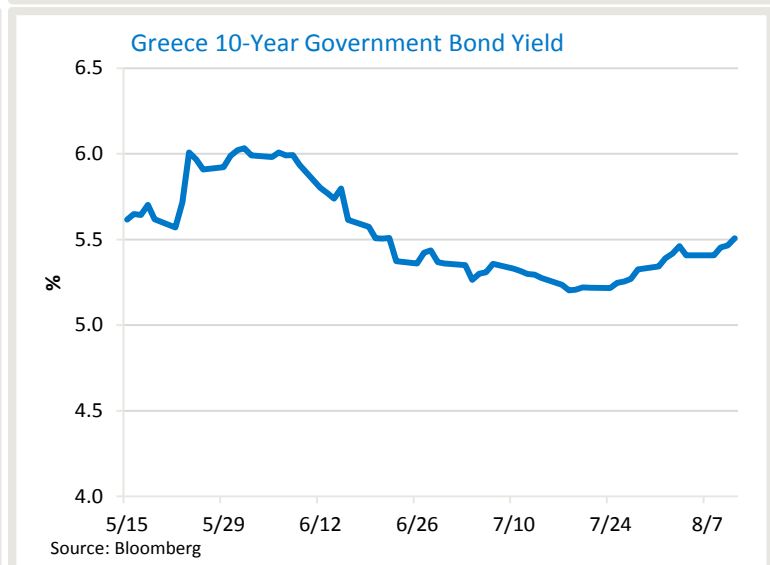
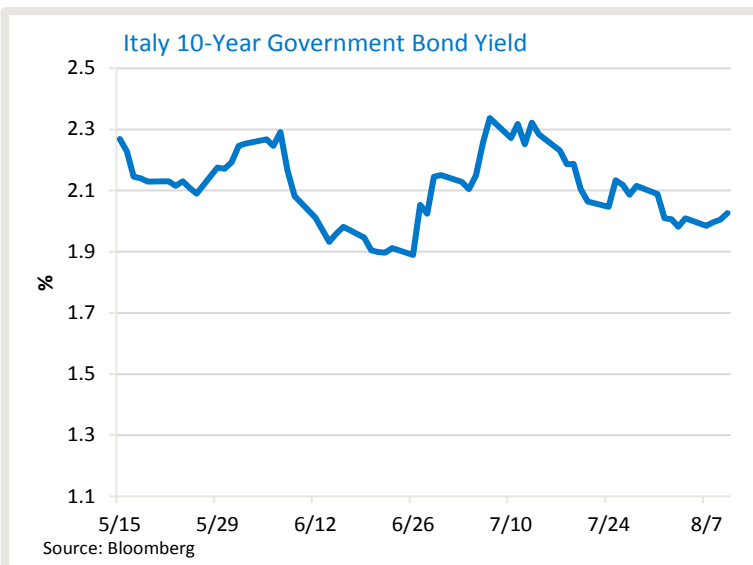
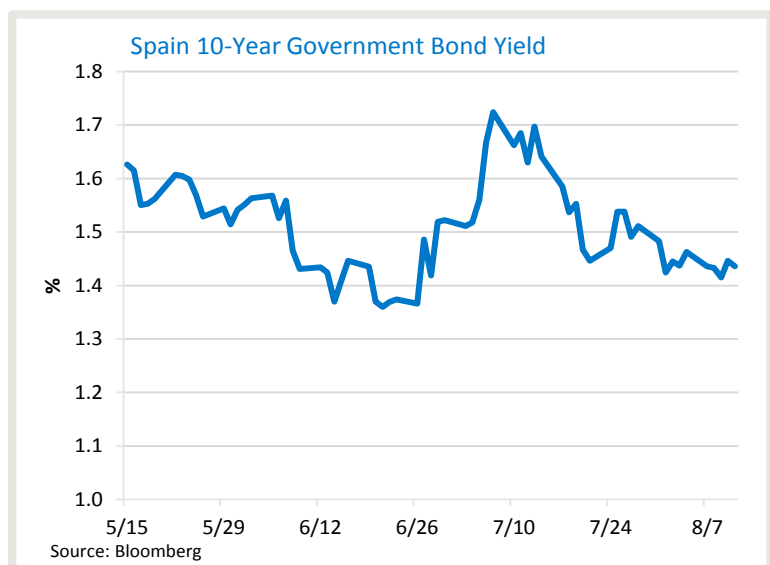
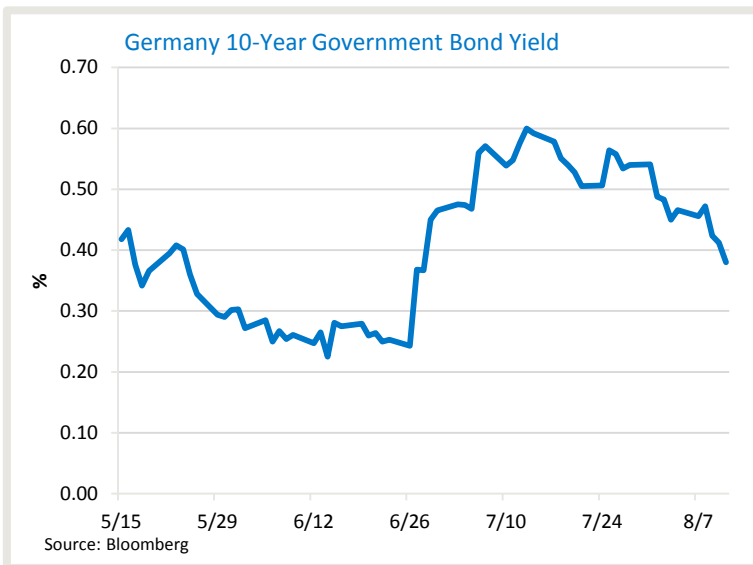
Eurozone

SELECTED EUROPEAN SOVEREIGN YIELD PERFORMANCE

| | Last | Change | % Chg. | YTD % |
|----------------------|------|--------|--------|-------|
| Germany 10-Yr. Govt. | 0.38 | 8 bps | NM | NM |
| Greece 10-Yr. Govt. | 5.51 | -6 bps | NM | NM |
| Italy 10-Yr. Govt. | 2.02 | -1 bps | NM | NM |
| Spain 10-Yr. Govt. | 1.44 | 2 bps | NM | NM |
| Belgium 10-Yr. Govt. | 0.69 | 7 bps | NM | NM |

Source: Bloomberg
Basis points (bps)

| | Last | Change | % Chg. | YTD % |
|--------------------------|------|--------|--------|-------|
| France 10-Yr. Govt. | 0.68 | 7 bps | NM | NM |
| Ireland 10-Yr. Govt. | 0.70 | 4 bps | NM | NM |
| Portugal 10-Yr. Govt. | 2.82 | 2 bps | NM | NM |
| Netherlands 10-Yr. Govt. | 0.50 | 8 bps | NM | NM |
| U.K. 10-Yr. Govt. | 1.06 | 12 bps | NM | NM |



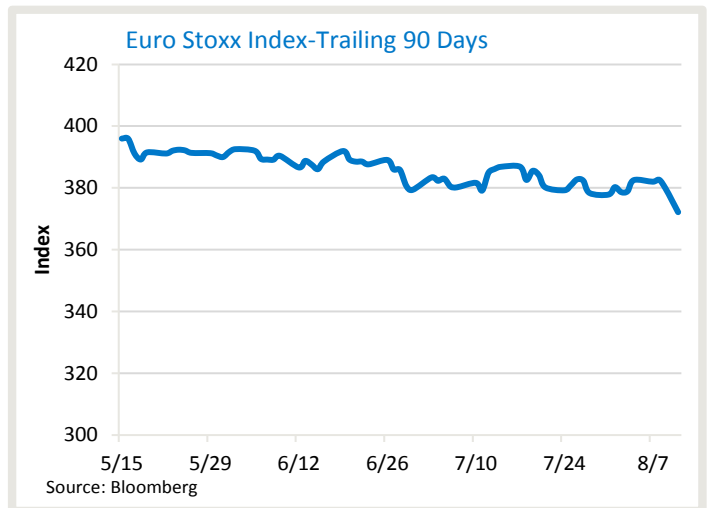
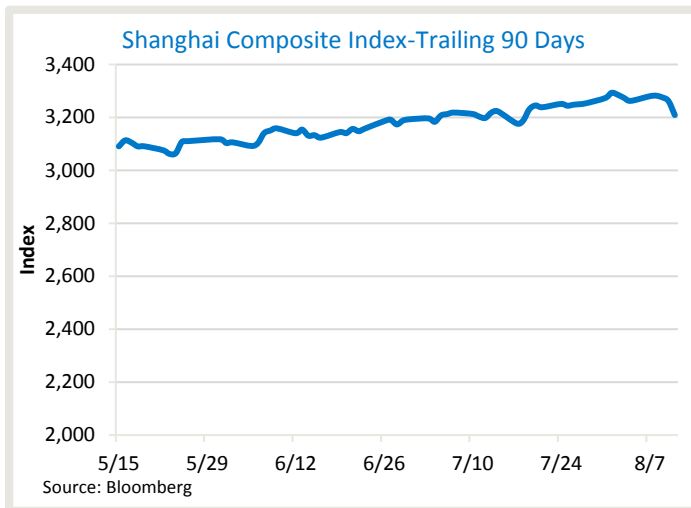
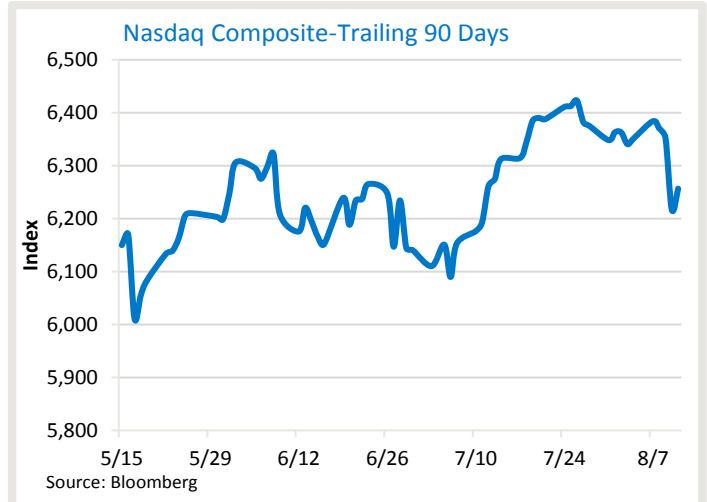
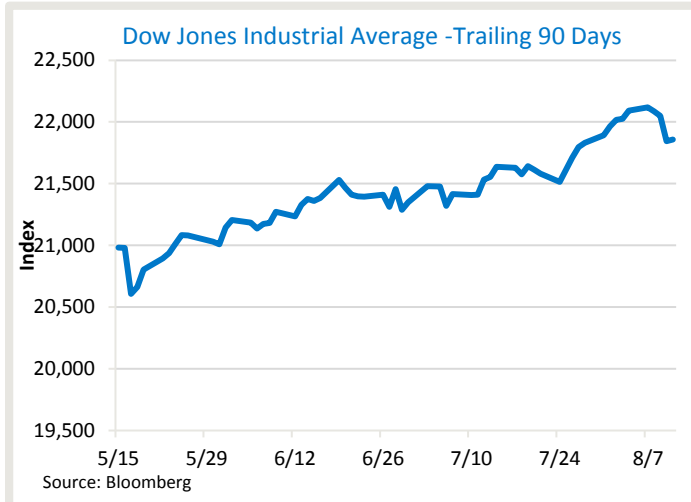
Equities

WORLD MARKET PERFORMANCE

| | Last | Change | % Chg. | YTD % |
|-----------------------------|------------------|----------------|---------------|---------------|
| S&P 500 | 2,441.32 | -35.51 | -1.43% | 9.04% |
| Dow Industrials | 21,858.32 | -234.49 | -1.06% | 10.60% |
| Nasdaq Composite | 6,256.56 | -95.01 | -1.50% | 16.23% |
| Russell Global | 1,990.79 | -28.12 | -1.41% | 11.7% |
| Russell Global EM | 3,313.32 | -39.33 | -1.17% | 21.3% |
| S&P/TSX (Canada) | 15,033.38 | -224.59 | -1.47% | -1.66% |
| Mexico IPC | 50,645.10 | -691.52 | -1.35% | 10.94% |
| Brazil Bovespa | 67,358.56 | 498.48 | 0.75% | 11.90% |
| Euro Stoxx 600 | 372.14 | -10.39 | -2.72% | 2.97% |
| FTSE 100 | 7,309.96 | -201.75 | -2.69% | 2.34% |
| IBEX 35 (Spain) | 10,282.90 | -375.50 | -3.52% | 9.95% |

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

| | Last | Change | % Chg. | YTD % |
|-------------------------------|------------------|----------------|---------------|----------------|
| Swiss Market Index | 8,884.04 | -292.95 | -3.19% | 8.08% |
| CAC 40 Index (France) | 5,060.92 | -142.52 | -2.74% | 4.08% |
| DAX Index (Germany) | 12,014.06 | -283.66 | -2.31% | 4.64% |
| Irish Overall Index | 6,581.16 | -143.23 | -2.13% | 0.98% |
| Nikkei 225 | 19,729.74 | -299.52 | -1.50% | 3.22% |
| Hang Seng Index | 26,883.51 | -679.17 | -2.46% | 22.19% |
| Shanghai Composite | 3,208.54 | -53.54 | -1.64% | 3.38% |
| Kospi Index (S. Korea) | 2,319.71 | -75.74 | -3.16% | 14.47% |
| Taiwan Taiex Index | 10,329.57 | -176.99 | -1.68% | 11.63% |
| Tel Aviv 25 Index | 1,363.50 | -53.74 | -3.79% | -7.29% |
| MICEX Index (Russia) | 1,944.83 | -8.66 | -0.44% | -12.89% |



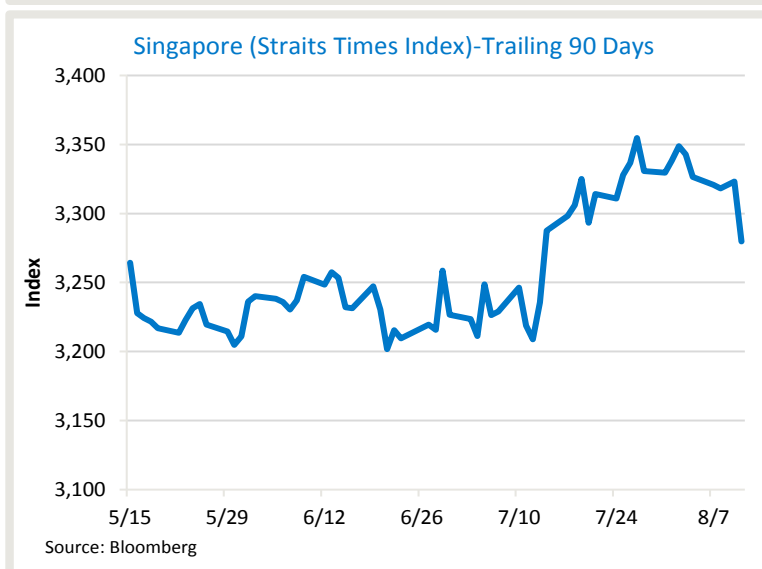
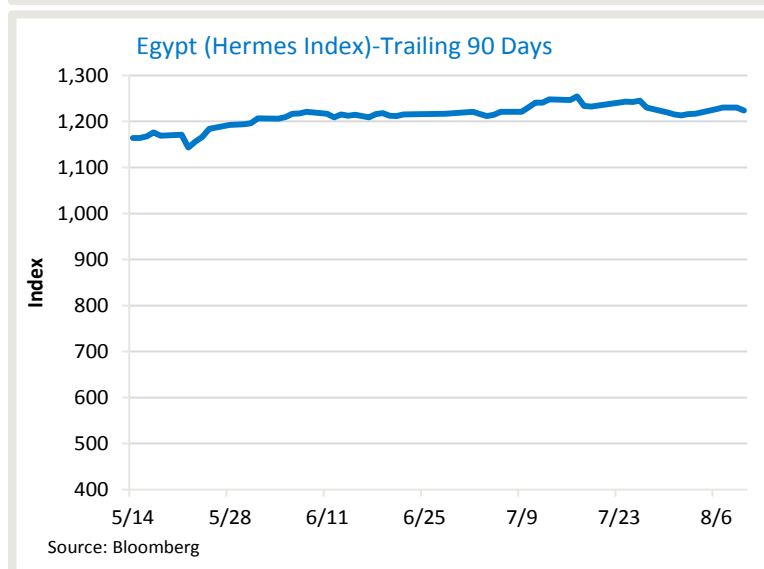
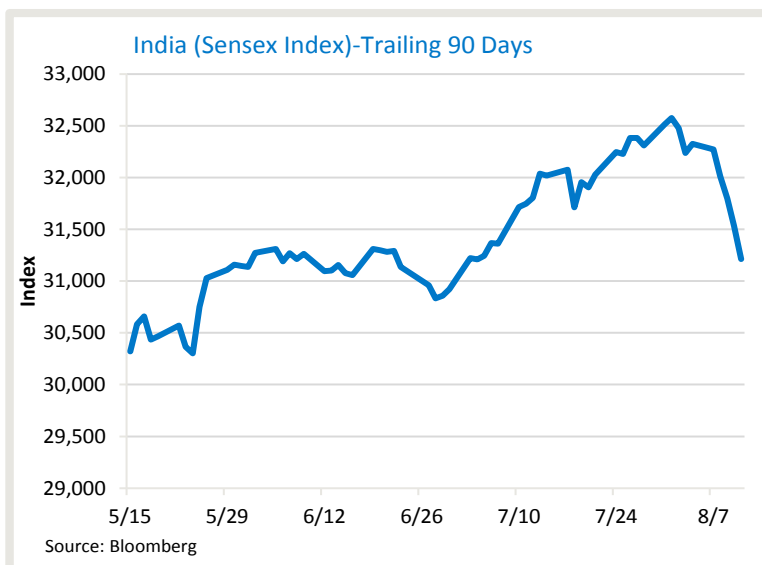
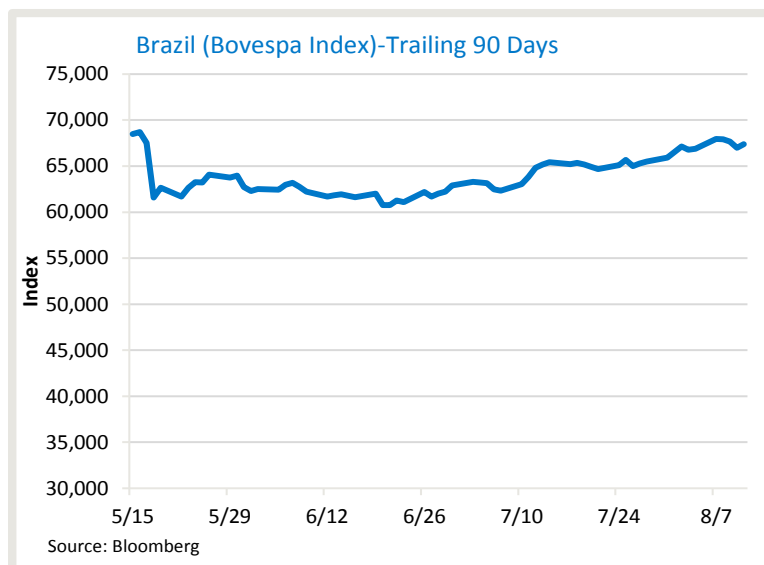
Equities – Emerging and Frontier Markets

EMERGING AND FRONTIER MARKET PERFORMANCE

| | Last | Change | % Chg. | YTD % |
|-----------------------------|------------|----------|--------|--------|
| Mexico IPC | 50,645.10 | -691.52 | -1.3% | 10.9% |
| Brazil (Bovespa Index) | 67,358.56 | 498.48 | 0.7% | 11.9% |
| MICEX Index (Russia) | 1,944.83 | -8.66 | -0.4% | -12.9% |
| Czech Republic (Prague) | 1,021.06 | -5.15 | -0.5% | 10.8% |
| Turkey (Istanbul) | 106,963.10 | -1582.20 | -1.5% | 36.9% |
| Egypt (Hermes Index) | 1,223.57 | 6.54 | 0.5% | 12.4% |
| Kenya (Nairobi 20 Index) | 3,976.98 | 201.09 | 5.3% | 24.8% |
| Saudi Arabia (TASI Index) | 7,164.64 | 79.08 | 1.1% | -0.6% |
| Lebanon (Beirut BLOM Index) | 1,147.84 | -4.76 | -0.4% | -5.3% |
| Palestine | 562.42 | 2.97 | 0.5% | 6.1% |

| | Last | Change | % Chg. | YTD % |
|---------------------------------|-----------|----------|--------|-------|
| Hang Seng Index | 26,883.51 | -679.17 | -2.5% | 22.2% |
| India (Sensex 30) | 31,213.59 | -1111.82 | -3.4% | 17.2% |
| Malaysia (KLCI Index) | 1,766.96 | -7.57 | -0.4% | 7.6% |
| Singapore (Straits Times Index) | 3,279.72 | -63.20 | -1.9% | 13.8% |
| Thailand (SET Index) | 1,561.31 | -16.95 | -1.1% | 1.2% |
| Indonesia (Jakarta) | 5,766.14 | -11.34 | -0.2% | 8.9% |
| Pakistan (Karachi KSE 100) | 45,288.49 | -1588.88 | -3.4% | -5.3% |
| Vietnam (Ho Chi Minh) | 772.08 | -16.60 | -2.1% | 16.1% |
| Sri Lanka (Colombo) | 6,492.69 | -78.79 | -1.2% | 4.2% |
| Cambodia (Laos) | 1,028.84 | 1.61 | 0.2% | 1.4% |

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

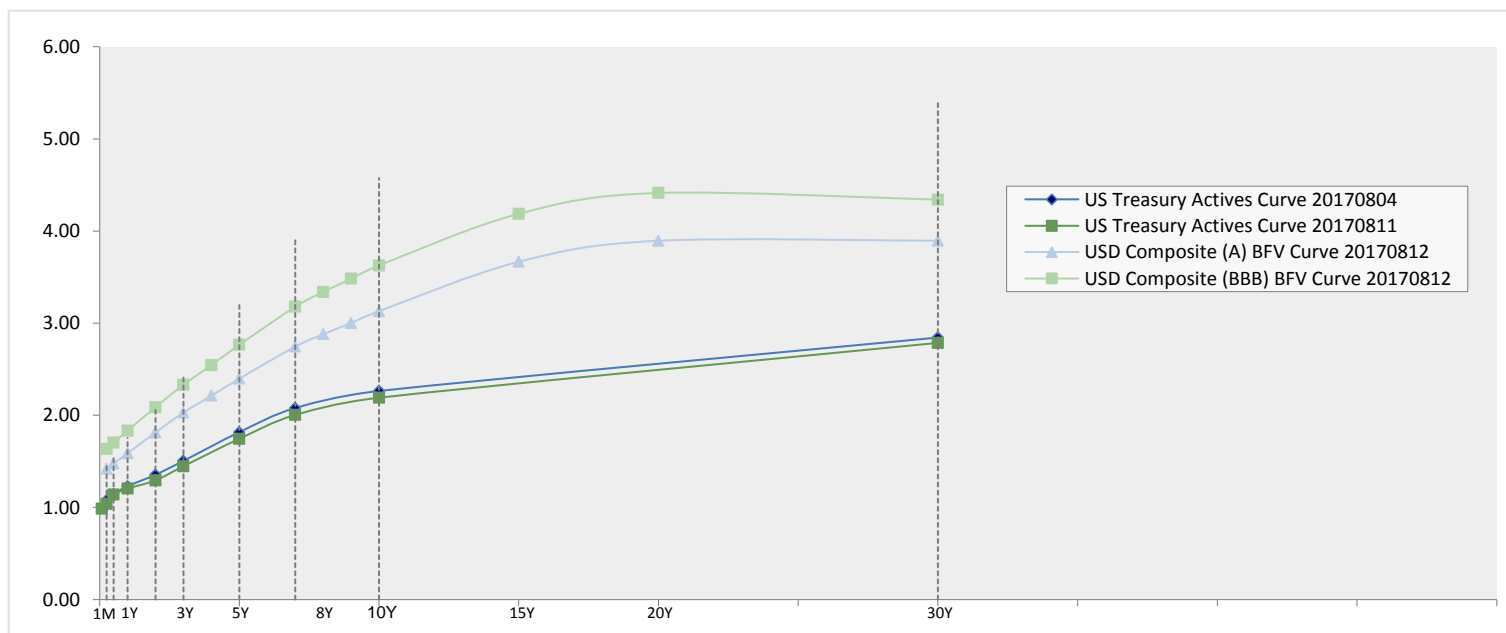


Interest Rates

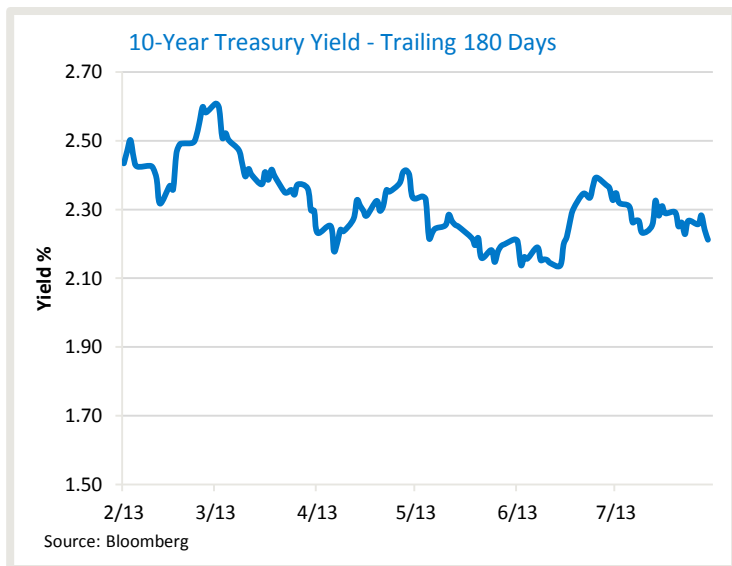
SELECTED INTEREST RATES

| | Last | Change | % Chg. | YTD % | | Last | Change | % Chg. | YTD % |
|----------------------|-------|--------|--------|-------|--------------------|-------|--------|--------|-------|
| 2-Yr. U.S. Treasury | 1.29% | 1 bps | NM | NM | Prime Rate | 4.25% | 0.00 | NM | NM |
| 5-Yr. U.S. Treasury | 1.74% | -8 bps | NM | NM | Fed Funds Rate | 1.25% | 0.00 | NM | NM |
| 10-Yr. U.S. Treasury | 2.19% | -8 bps | NM | NM | Discount Rate | 1.75% | 0.00 | NM | NM |
| 30-Yr. U.S. Treasury | 2.79% | -6 bps | NM | NM | LIBOR (3 Mo.) | 1.31% | 0 bps | NM | NM |
| German 10-Yr. Govt. | 0.38% | 8 bps | NM | NM | Bond Buyer 40 Muni | 3.46% | -2 bps | NM | NM |
| France 10-Yr. | 0.68% | 7 bps | NM | NM | Bond Buyer 40 G.O. | 3.52% | NA | NM | NM |
| Italy 10-Yr. | 2.02% | -1 bps | NM | NM | Bond Buyer 40 Rev. | 3.73% | NA | NM | NM |
| Fed 5-Yr Fwd BE Inf. | 1.80% | -3 bps | NM | NM | | | | | |

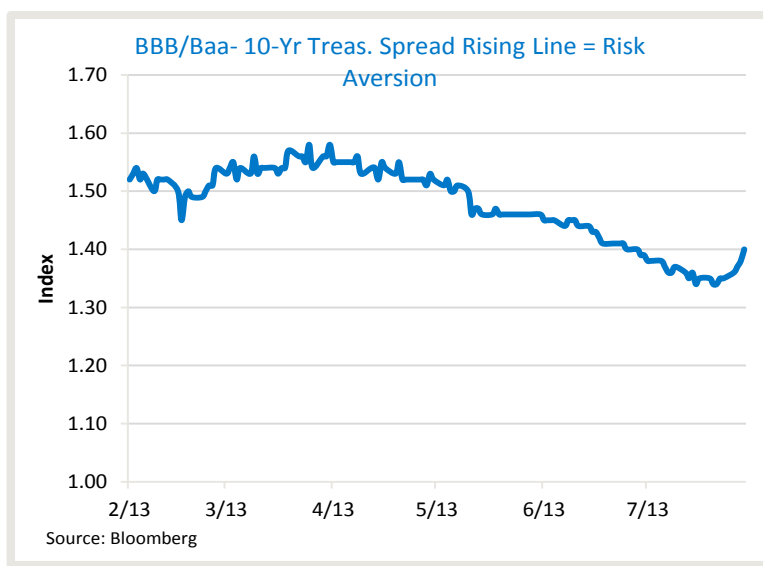
Source: Bloomberg



Source: Bloomberg



Source: Bloomberg



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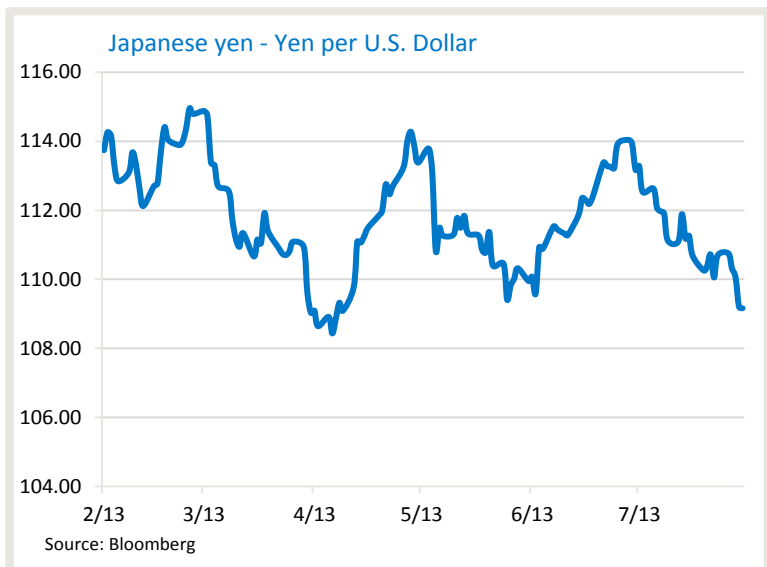
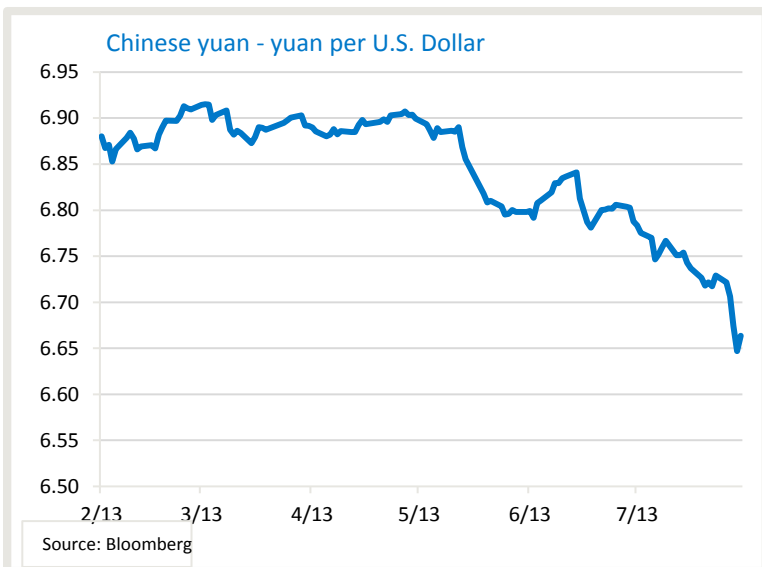
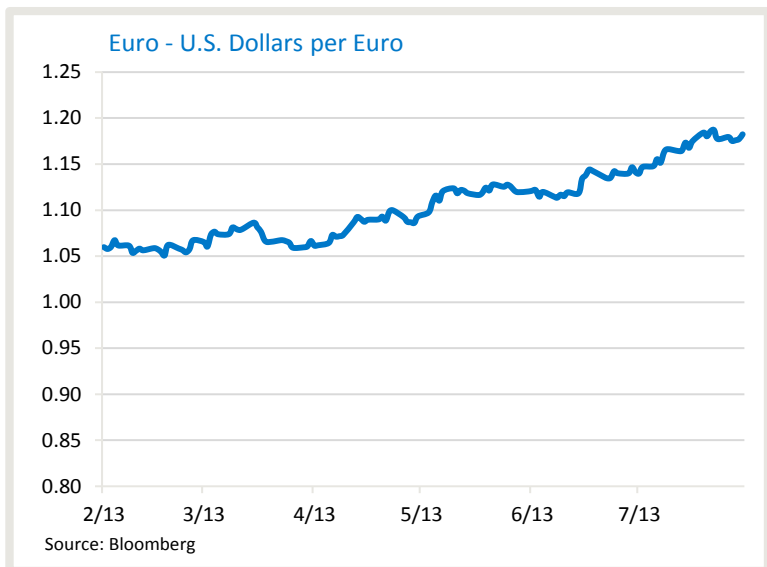
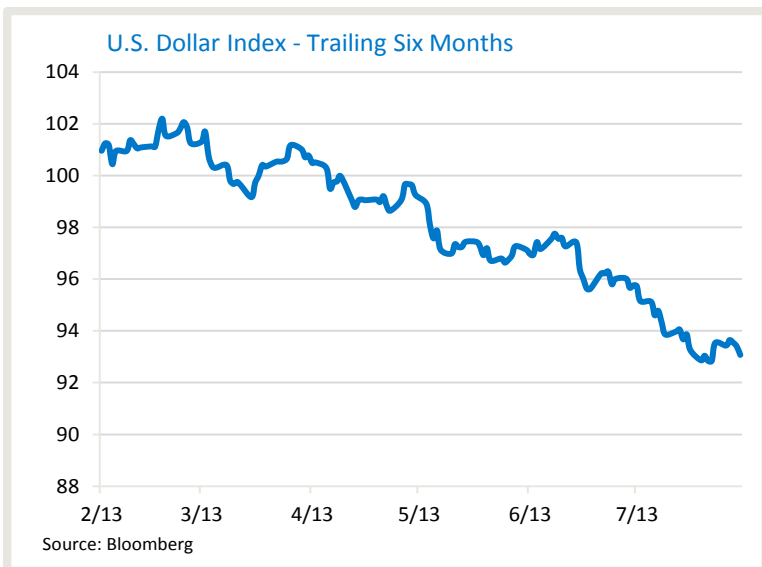
Currencies

SELECTED CURRENCY PERFORMANCE

| | Last | Change | % Chg. | YTD % |
|------------------------|---------------|---------------|---------------|---------------|
| Dollar Index | 93.09 | -0.471 | -0.50% | -8.94% |
| Euro | 1.18 | 0.005 | 0.43% | 12.43% |
| Japanese Yen | 109.14 | -1.530 | 1.40% | 7.15% |
| British Pound | 1.30 | -0.003 | -0.19% | 5.47% |
| Canadian Dollar | 1.27 | 0.004 | -0.28% | 6.00% |

| | Last | Change | % Chg. | YTD % |
|---------------------------|--------------|---------------|---------------|---------------|
| Chinese Yuan | 6.66 | -0.065 | 0.98% | 4.22% |
| Swiss Franc | 0.96 | -0.011 | 1.11% | 5.93% |
| New Zealand Dollar | 0.73 | -0.009 | -1.20% | 5.57% |
| Brazilian Real | 3.20 | 0.086 | -2.68% | 1.00% |
| Mexican Peso | 17.85 | -0.024 | 0.14% | 16.02% |

Source: Bloomberg



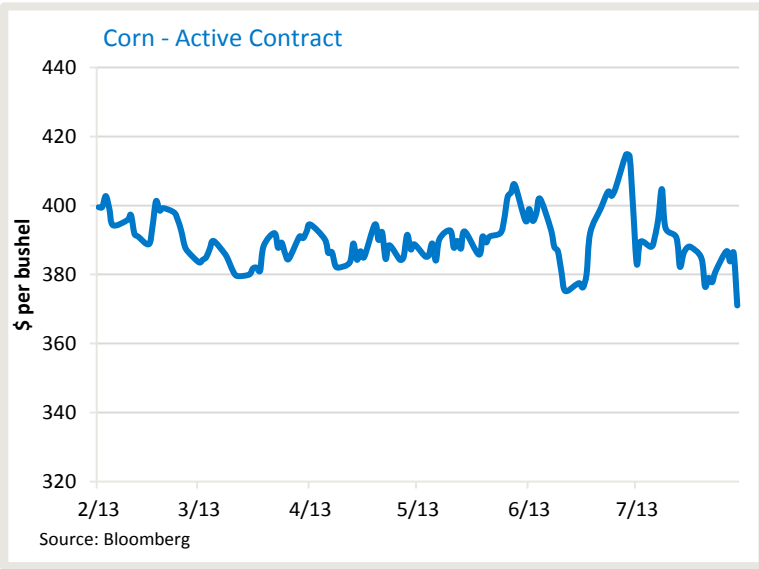
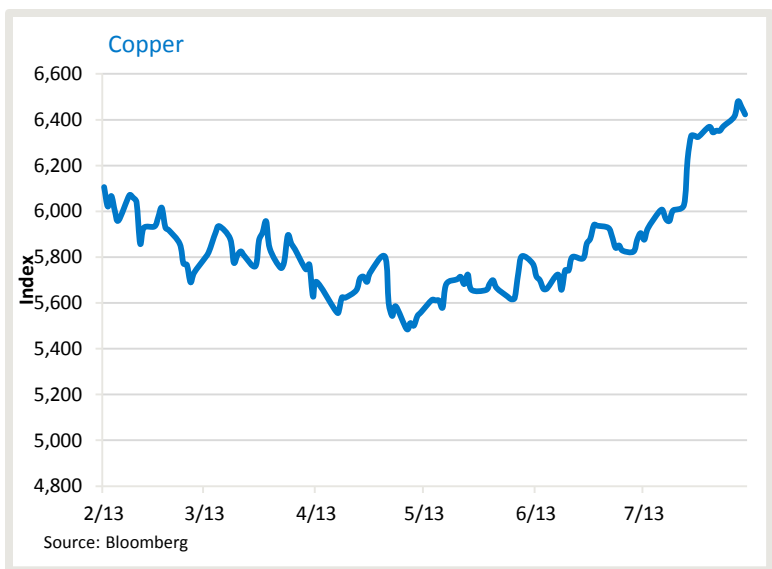
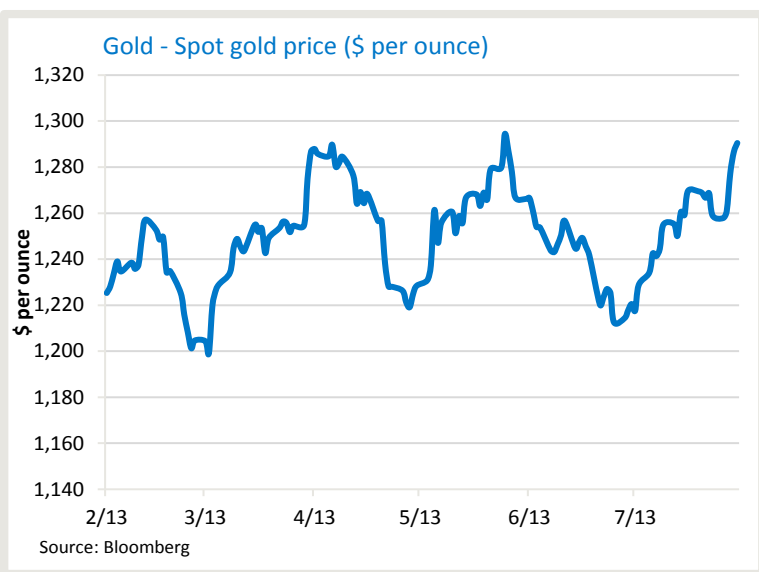
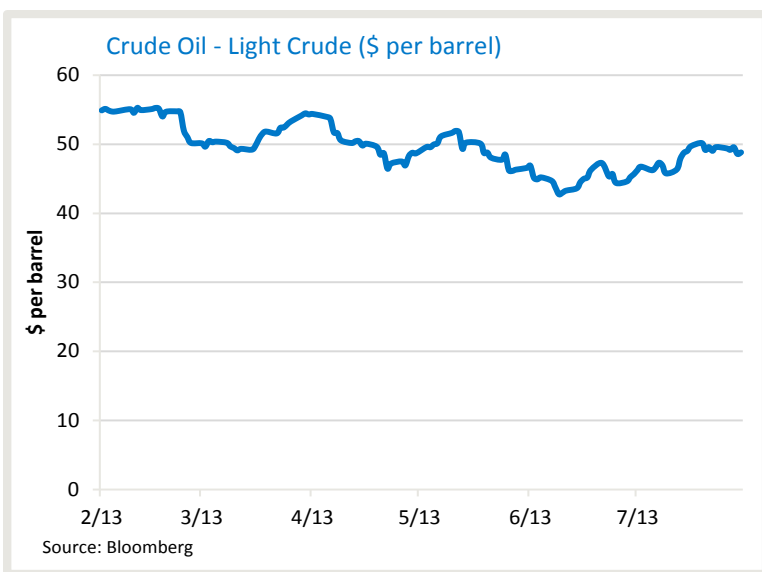
Commodities

SELECTED COMMODITY MARKET PERFORMANCE

| | Last | Change | % Chg. | YTD % |
|-----------------------------|-------------------|----------------|---------------|----------------|
| Bloomberg Comm. Idx. | 83.70 | 0.42 | 0.50% | -4.36% |
| Crude Oil | \$48.78 | -\$0.76 | -1.53% | -14.34% |
| Natural Gas | \$2.98 | \$0.21 | 7.61% | -15.96% |
| Gasoline (\$/Gal.) | \$2.36 | \$0.01 | 0.51% | 0.94% |
| Heating Oil | 163.50 | -1.31 | -0.79% | -7.91% |
| Gold Spot | \$1,289.96 | \$31.62 | 2.51% | 12.46% |
| Silver Spot | \$17.10 | \$0.84 | 5.15% | 7.41% |

Source: Bloomberg; % change is based on price.

| | Last | Change | % Chg. | YTD % |
|----------------------|-----------------|----------------|---------------|----------------|
| Platinum Spot | \$983.72 | \$20.76 | 2.15% | 9.07% |
| Corn | 374.75 | -6.25 | -1.64% | -1.38% |
| Wheat | 467.00 | -15.50 | -3.21% | 0.43% |
| Soybeans | 945.00 | -11.75 | -1.23% | -4.47% |
| Sugar | 13.20 | -0.94 | -6.65% | -29.22% |
| Orange Juice | 136.10 | 0.80 | 0.59% | -27.72% |
| Aluminum | 2,037.00 | 126.50 | 6.62% | 20.32% |
| Copper | 6,423.00 | 51.00 | 0.80% | 16.03% |

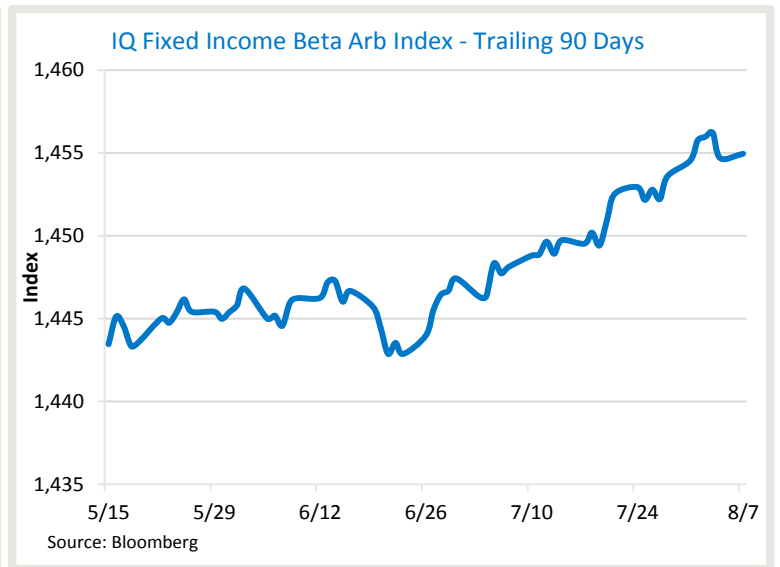
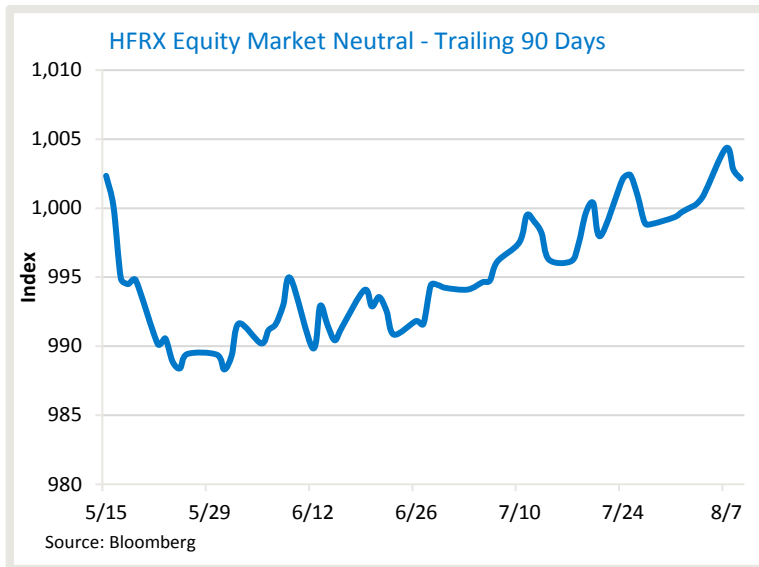
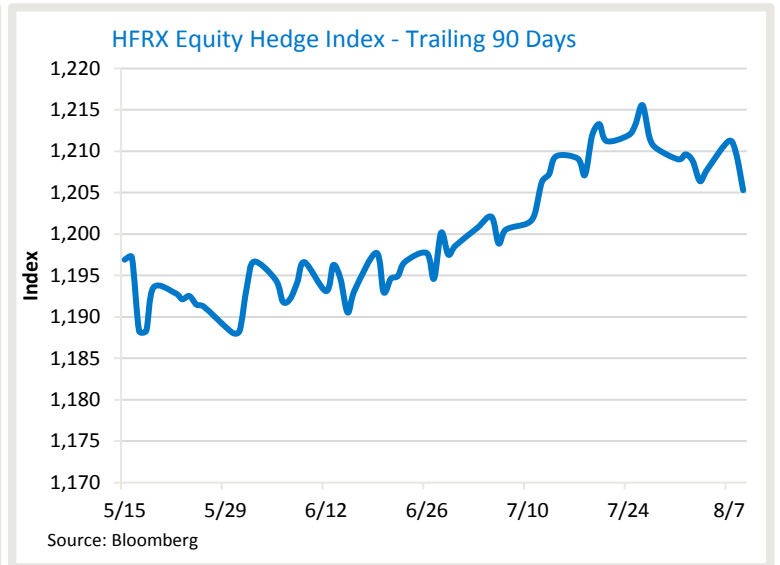
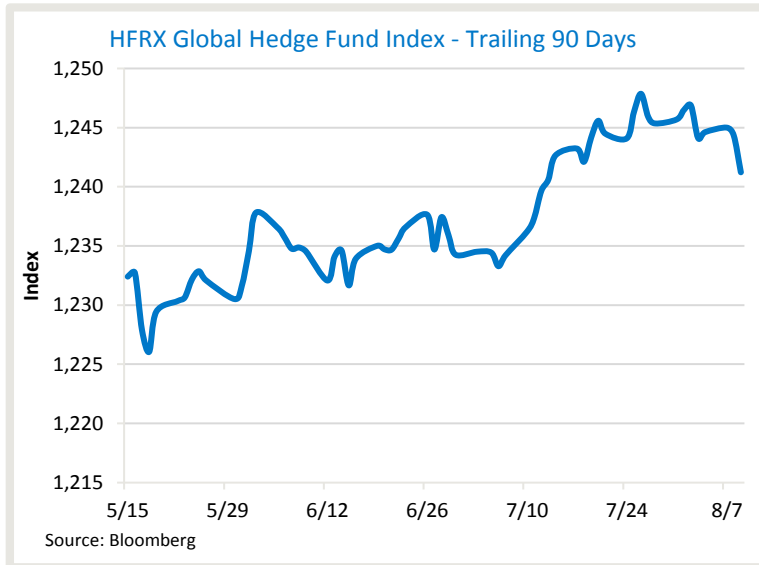


Alternative Investments

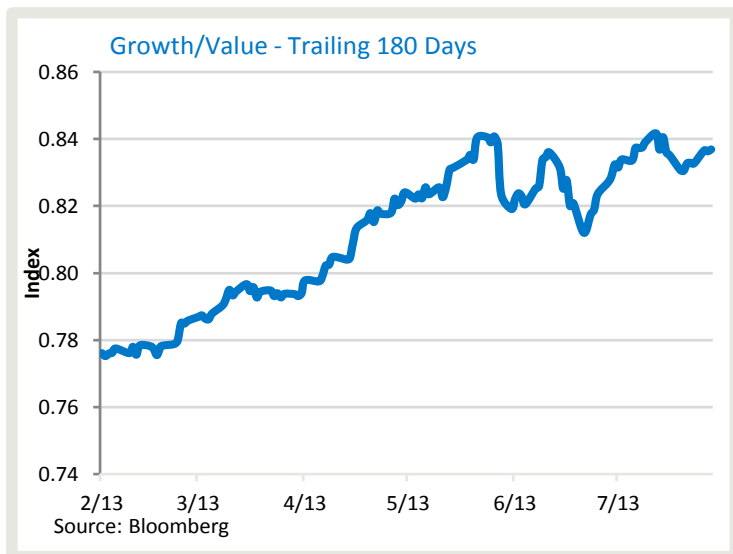
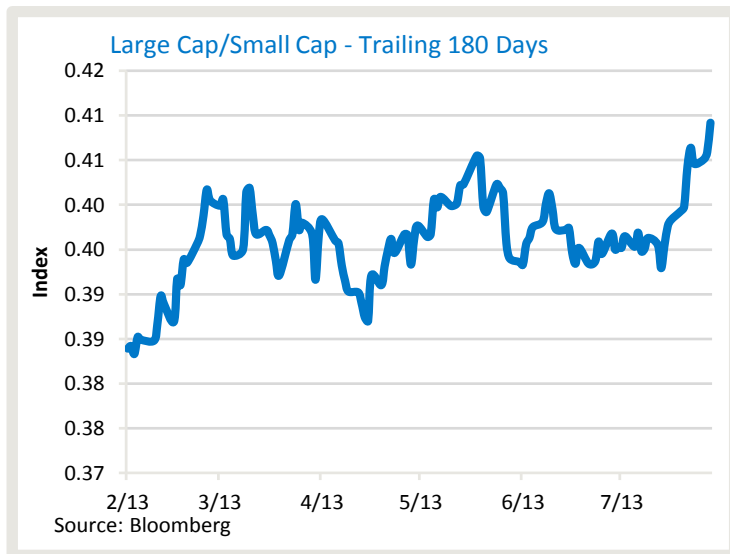
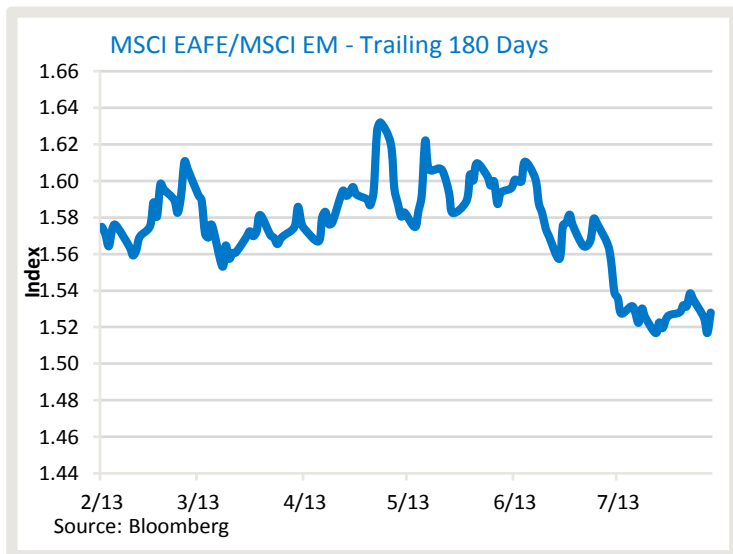
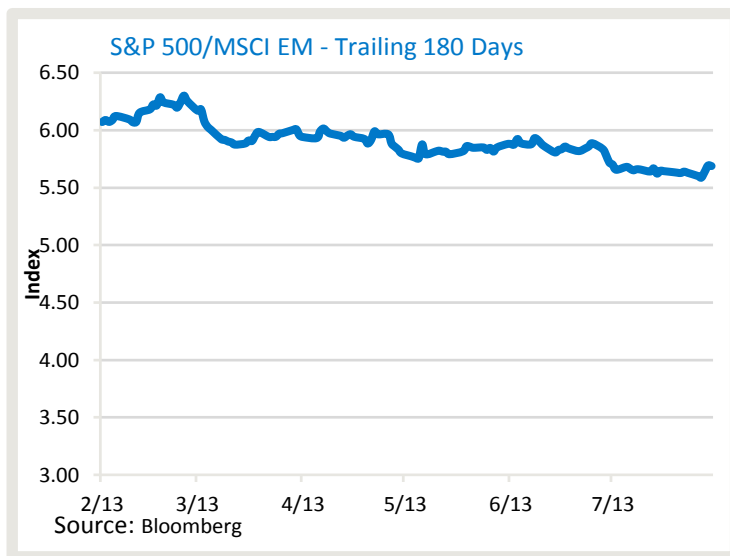
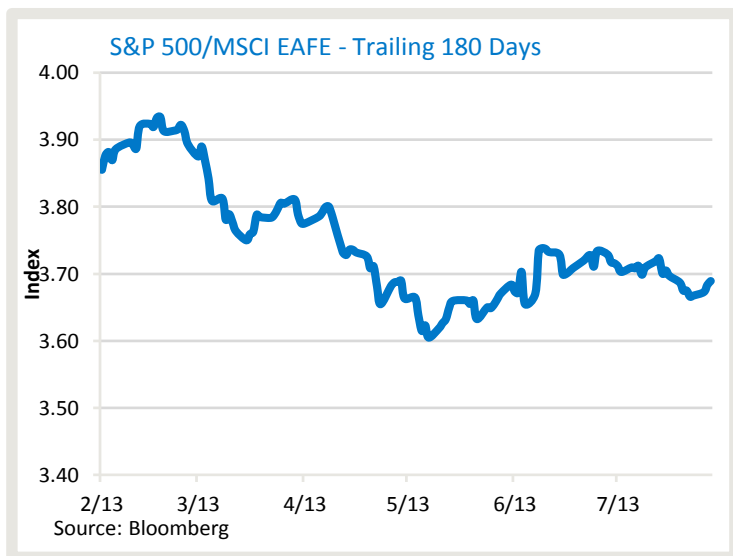
SELECTED ALTERNATIVE INVESTMENT INDEX PERFORMANCE

| | Last | Change | % Chg. | YTD % | | Last | Change | % Chg. | YTD % |
|------------------------------|---------|--------|--------|-------|----------------------------------|---------|--------|--------|--------|
| HFRX Global Hedge Fund Index | 1236.95 | -3.40 | -0.27% | 3.14% | HFRX Distressed Index | 1097.66 | -7.78 | -0.70% | 2.28% |
| HFRX Equity Market Neutral | 1001.87 | 1.16 | 0.12% | 1.50% | HFRX Merger Arbitrage Index | 1829.70 | 1.20 | 0.07% | 1.03% |
| HFRX Equity Hedge Index | 1195.83 | -2.49 | -0.21% | 4.31% | HFRX Convertible Arbitrage Index | 783.17 | 1.30 | 0.17% | 5.44% |
| HFRX Event-Driven Index | 1639.95 | -7.37 | -0.45% | 5.08% | HFRX Macro CTA Index | 1127.77 | -4.83 | -0.43% | -0.49% |
| HFRX Absolute Return Index | 1048.93 | 1.60 | 0.15% | 2.10% | IQ Fixed Income Beta Arb Index | 1450.70 | -3.98 | -0.27% | 2.16% |

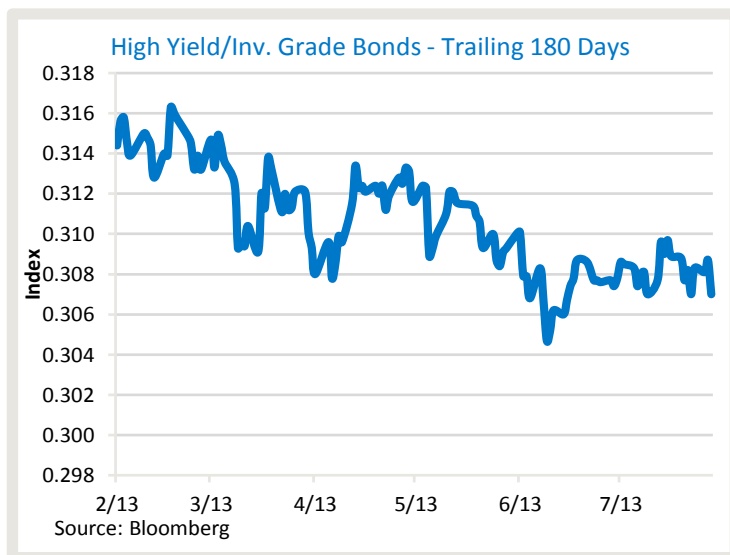
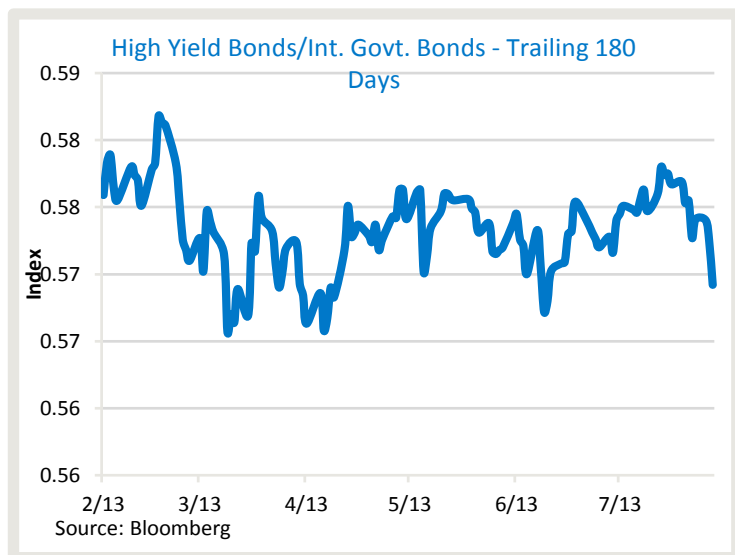
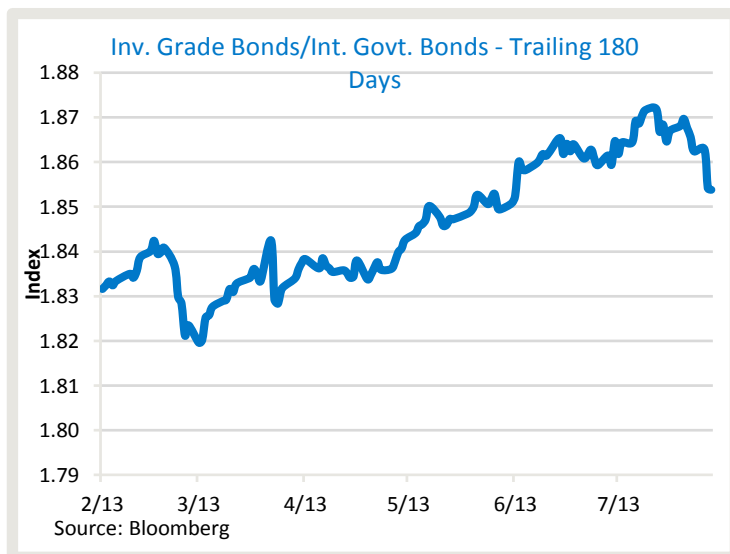
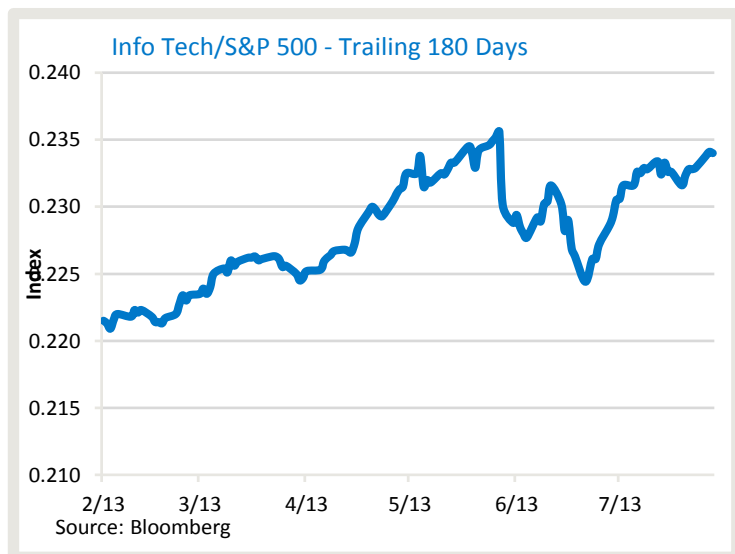
Source: Bloomberg; Index % change is based on price.



Portfolio Construction



Portfolio Construction (continued)



WEEKLY ASSET CLASS PERFORMANCE (Prior 12 weeks ending Thursday)

| | | | 5/25 | 6/1 | 6/8 | 6/15 | 6/22 | 6/29 | 7/6 | 7/13 | 7/20 | 7/27 | 8/3 | 8/10 |
|------------------|---------------------------|-------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Equity | Domestic Equity | Large Cap (R200) | 2.09% | 0.56% | 0.29% | -0.17% | 0.23% | -0.69% | -0.39% | 1.58% | 1.10% | 0.10% | 0.05% | -1.24% |
| | | Small Cap (R2000) | 1.64% | 0.92% | 1.40% | -0.39% | -0.39% | 0.83% | -1.09% | 1.77% | 1.17% | -0.61% | -1.98% | -2.33% |
| | Int'l. Equity | MSCI EAFE | 1.27% | 0.12% | -0.01% | -0.92% | 0.48% | 0.52% | -0.70% | 1.19% | 1.73% | -0.07% | 0.98% | -1.43% |
| | | MSCI Em. Mkts. | 2.65% | -0.60% | 1.05% | -1.51% | 0.52% | 0.52% | -0.78% | 3.43% | 1.79% | 0.90% | -0.46% | -0.74% |
| Fixed Income | BarCap Agg. (AGG) | -7.92% | 2.41% | -1.34% | 14.14% | -5.67% | -3.48% | 17.54% | -2.37% | -1.14% | -5.06% | -5.48% | -7.09% | |
| | High Yield (JNK) | 0.59% | -0.13% | -0.30% | 0.05% | -0.56% | 0.43% | -0.67% | 0.68% | 0.65% | 0.13% | -0.53% | -1.42% | |
| Commodities | Bloomberg Commodity Index | 0.34% | -1.48% | -0.55% | -1.53% | -1.93% | 2.49% | 1.34% | -0.60% | 2.16% | 0.65% | -1.06% | 0.25% | |
| Alternatives | Hedge Funds (HFRX Global) | 0.56% | 0.14% | 0.02% | -0.26% | 0.32% | 0.02% | -0.21% | 0.59% | 0.40% | 0.03% | -0.14% | -0.58% | |
| Asset Allocation | 60/40* | -1.63% | 1.08% | -0.21% | 4.65% | -1.89% | -1.22% | 5.74% | 0.20% | 0.43% | -1.76% | -2.00% | -3.41% | |
| | 48/32/20 (w/Alts.)** | -1.19% | 0.89% | -0.16% | 3.67% | -1.45% | -0.97% | 4.55% | 0.28% | 0.42% | -1.40% | -1.63% | -2.84% | |

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 | 0.97 | 1.06 | 1.18 | 1.16 | 1.18 | 1.23 | 1.20 | 1.23 | 0.92 | 0.88 | 1.06 | 1.00 | 1.25 | 1.31 |
| Large Cap Growth | 1.03 | 1.00 | 1.09 | 1.21 | 1.20 | 1.21 | 1.26 | 1.24 | 1.27 | 0.95 | 0.91 | 1.09 | 1.03 | 1.29 | 1.35 |
| Large Cap Value | 0.94 | 0.92 | 1.00 | 1.11 | 1.10 | 1.11 | 1.16 | 1.13 | 1.16 | 0.87 | 0.83 | 1.00 | 0.94 | 1.18 | 1.24 |
| Mid Cap Core | 0.85 | 0.83 | 0.90 | 1.00 | 0.99 | 1.00 | 1.04 | 1.02 | 1.05 | 0.78 | 0.75 | 0.90 | 0.85 | 1.06 | 1.12 |
| Mid Cap Growth | 0.86 | 0.84 | 0.91 | 1.01 | 1.00 | 1.01 | 1.06 | 1.03 | 1.06 | 0.79 | 0.76 | 0.92 | 0.86 | 1.08 | 1.13 |
| Mid Cap Value | 0.85 | 0.83 | 0.90 | 1.00 | 0.99 | 1.00 | 1.04 | 1.02 | 1.05 | 0.78 | 0.75 | 0.90 | 0.85 | 1.06 | 1.12 |
| Small Cap Core | 0.82 | 0.79 | 0.87 | 0.96 | 0.95 | 0.96 | 1.00 | 0.98 | 1.00 | 0.75 | 0.72 | 0.87 | 0.82 | 1.02 | 1.07 |
| Small Cap Growth | 0.83 | 0.81 | 0.88 | 0.98 | 0.97 | 0.98 | 1.02 | 1.00 | 1.02 | 0.77 | 0.73 | 0.89 | 0.83 | 1.04 | 1.09 |
| Small Cap Value | 0.81 | 0.79 | 0.86 | 0.96 | 0.94 | 0.96 | 1.00 | 0.98 | 1.00 | 0.75 | 0.72 | 0.86 | 0.81 | 1.02 | 1.07 |
| Int'l. Developed | 1.09 | 1.06 | 1.15 | 1.28 | 1.26 | 1.28 | 1.33 | 1.31 | 1.34 | 1.00 | 0.96 | 1.16 | 1.09 | 1.36 | 1.43 |
| Emerging Markets | 1.13 | 1.10 | 1.20 | 1.33 | 1.32 | 1.33 | 1.39 | 1.36 | 1.40 | 1.04 | 1.00 | 1.21 | 1.13 | 1.42 | 1.49 |
| REITs | 0.94 | 0.91 | 1.00 | 1.11 | 1.09 | 1.11 | 1.15 | 1.13 | 1.16 | 0.87 | 0.83 | 1.00 | 0.94 | 1.18 | 1.24 |
| Commodities | 1.00 | 0.97 | 1.06 | 1.18 | 1.16 | 1.18 | 1.23 | 1.20 | 1.23 | 0.92 | 0.88 | 1.06 | 1.00 | 1.25 | 1.31 |
| Int. Bond | 0.80 | 0.78 | 0.85 | 0.94 | 0.93 | 0.94 | 0.98 | 0.96 | 0.98 | 0.74 | 0.71 | 0.85 | 0.80 | 1.00 | 1.05 |
| High Yield | 0.76 | 0.74 | 0.81 | 0.90 | 0.88 | 0.89 | 0.93 | 0.91 | 0.94 | 0.70 | 0.67 | 0.81 | 0.76 | 0.95 | 1.00 |

Source: Bloomberg

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

Index Overview & Key Definitions

Fed, The Fed or FED refers to the Federal Reserve System, the central bank of the United States. The **Federal Open Market Committee (FOMC)** is the monetary policymaking body of the Federal Reserve System. **Fed Funds Rate**, the interest rate at which a depository institution lends funds maintained at the Federal Reserve to another depository institution overnight. The **European Central Bank (ECB)** is the central bank for Europe's single currency, the euro. The ECB's main task is to maintain the euro's purchasing power and thus price stability in the euro area. The euro area comprises the 19 European Union countries that have introduced the euro since 1999. The **Gross Domestic Product (GDP)** rate is a measurement of the output of goods and services produced by labor and property located in the United States. **Basis Point(s)** is a unit that is equal to 1/100th of 1%, and is used to denote the change in a financial instrument. The basis point is commonly used for calculating changes in interest rates, equity indexes and the yield of a fixed-income security. A **separately managed account (SMA)** is an individual managed investment account offered typically by a brokerage firm through one of their brokers or financial consultants and managed by independent investment management firms (often called money managers for short) and have varying fee structures. The **Consumer Price Index (CPI)** measures the change in the cost of a fixed basket of products and services. The **Producer Price Index (PPI)** program measures the average change over time in the selling prices received by domestic producers for their output. The prices included in the PPI are from the first commercial transaction for many products and some services. **Core CPI** is an additional CPI Index, excludes energy and food item price changes, and measures the "core" or "underlying" rate of inflation. The **PCE (Personal Consumption Expenditure) Index of Prices** is a US-wide indicator of the average increase in prices for all domestic personal consumption. Using a variety of data including U.S. Consumer Price Index and Producer Price Index prices, it is derived from personal consumption expenditures; essentially a measure of goods and services targeted towards individuals and consumed by individuals.

The **Dow Jones Industrial Average (DOW or DJIA)** is an unmanaged index of 30 common stocks comprised of 30 actively traded blue chip stocks, primarily industrials and assumes reinvestment of dividends. The **S&P 500 Index** is an unmanaged index comprised of 500 widely held securities considered to be representative of the stock market in general. The **S&P/Case-Shiller Home Price Indices** measure the residential housing market, tracking changes in the value of the residential real estate market in 20 metropolitan regions across the United States. The **Nasdaq Composite Index** is a stock market index of the common stocks and similar securities listed on the NASDAQ stock market. The **US Dollar Index** is a measure of the value of the United States dollar relative to a basket of foreign currencies. It is a weighted geometric mean of the dollar's value relative to other select currencies (Euro, Japanese yen, Pound sterling, Canadian dollar, Swedish krona (SEK) & Swiss franc). The **Nikkei Index (Nikkei 225 or Nikkei)** is a stock market index for the Tokyo Stock Exchange calculated daily by the Nihon Keizai Shimbun (Nikkei) newspaper since 1950. It is a price-weighted index (the unit is yen), and the components are reviewed once a year. The **FTSE 100 Index (FTSE 100)** is a share index of the 100 companies listed on the London Stock Exchange (LSE) with the highest market capitalization. The **Bloomberg Commodity Index (formerly the Dow Jones-UBS Commodity Index)** tracks prices of futures contracts on physical commodities on the commodity markets and is designed to minimize concentration in any one commodity or sector (currently 22 commodity futures in seven sectors). The **Barclays Capital US Credit Index** is an unmanaged index considered representative of publicly issued, SEC-registered US corporate and specified foreign debentures and secured notes. The **Barclays Capital US Aggregate Bond Index** is a market capitalization-weighted index of investment-grade, fixed-rate debt issues, including government, corporate, asset-backed, and mortgage-backed securities, with maturities of at least one year. The **Barclays Capital US Corporate High Yield Index** covers the USD-denominated, non-investment grade, fixed-rate, taxable corporate bond market. Securities are classified as high-yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. The index may include emerging market debt. The **Barclays Capital Municipal Bond Index** is an unmanaged index comprised of investment-grade, fixed-rate municipal securities representative of the tax-exempt bond market in general. The **Barclays Capital US Treasury Total Return Index** is an unmanaged index of public obligations of the US Treasury with a remaining maturity of one year or more. The **Barclays Capital Global Aggregate ex-U.S. Index** is a market capitalization-weighted index, meaning the securities in the index are weighted according to the market size of each bond type. Most U.S. traded investment grade bonds are represented. Municipal bonds, and Treasury Inflation-Protected Securities are excluded, due to tax treatment issues. The index includes Treasury securities, Government agency bonds, Mortgage-backed bonds, Corporate bonds, and a small amount of foreign bonds traded in U.S. The **Barclays Capital U.S. 5-10 Year Corporate Bond Index** measures the investment return of U.S. dollar denominated, investment-grade, fixed rate, taxable securities issued by industrial, utility, and financial companies with maturities between 5 and 10 years. Treasury securities, mortgage-backed securities (MBS) foreign bonds, government agency bonds and corporate bonds are some of the categories included in the index. The **Barclays Capital U.S. Corporate High-Yield Index** is composed of fixed-rate, publicly issued, non-investment grade debt. The **Barclays Capital U.S. Corporate 5-10 Year Index** includes U.S. dollar-denominated, investment-grade, fixed-rate, taxable securities issued by industrial, utility, & financial companies, with maturities between 5 & 10 years. The **DJ-UBS Commodity Index Total Return SM** measures the collateralized returns from a basket of 19 commodity futures contracts representing the energy, precious metals, industrial metals, grains, softs and livestock sectors. The **Russell 1000 Index** is a market capitalization-weighted benchmark index made up of the 1000 largest U.S. companies in the Russell 3000 Index. The **Russell 1000 Growth Index** is an unmanaged index considered representative of large-cap growth stocks. The **Russell 1000 Value Index** is an unmanaged index considered representative of large-cap value stocks. The **Russell 2000 Index** is an unmanaged index considered representative of small-cap stocks. The **Russell 2000 Growth Index** is an unmanaged index considered representative of small-cap growth stocks. The **Russell 2000 Value Index** is an unmanaged index considered representative of small-cap value stocks. The **Russell 3000 Index** is an unmanaged index considered representative of the US stock market. The **Russell Midcap Index** is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The **Russell Midcap Growth Index** is an unmanaged index considered representative of mid-cap growth stocks. The **Russell Midcap Value Index** is an unmanaged index considered representative of mid-cap value stocks. The **HFRX Indices** are a series of benchmarks of hedge fund industry performance which are engineered to achieve representative performance of a larger universe of hedge fund strategies. Hedge Fund Research, Inc. employs the HFRX Methodology (UCITS compliant), a proprietary and highly quantitative process by which hedge funds are selected as constituents for the HFRX Indices. The **University of Michigan Consumer Sentiment Index (MCSI)** is a survey of consumer confidence conducted by the University of Michigan using telephone surveys to gather information on consumer expectations regarding the overall economy. The **CBOE Volatility Index (VIX)** is an up-to-the-minute market estimate of expected volatility that is calculated by using real-time S&P 500 Index option bid/ask quotes. The Index uses nearby and second nearby options with at least 8 days left to expiration and then weights them to yield a constant, 30-day measure of the expected volatility of the S&P 500 Index. The **MSCI EAFE Index** is designed to measure the equity market performance of developed markets outside of the U.S. & Canada. The **MSCI EAFE Growth Index** is an unmanaged index considered representative of growth stocks of Europe, Australasia and the Far East. The **MSCI EAFE Value Index** is an unmanaged index considered representative of value stocks of Europe, Australasia and the Far East. The **MSCI EM (Emerging Markets) Latin America Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of emerging markets in Latin America. The **MSCI World ex-U.S. Index** captures large and mid-cap representation across 22 of 23 Developed Markets (DM) countries - excluding the US. With 1,002 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country. 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.

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