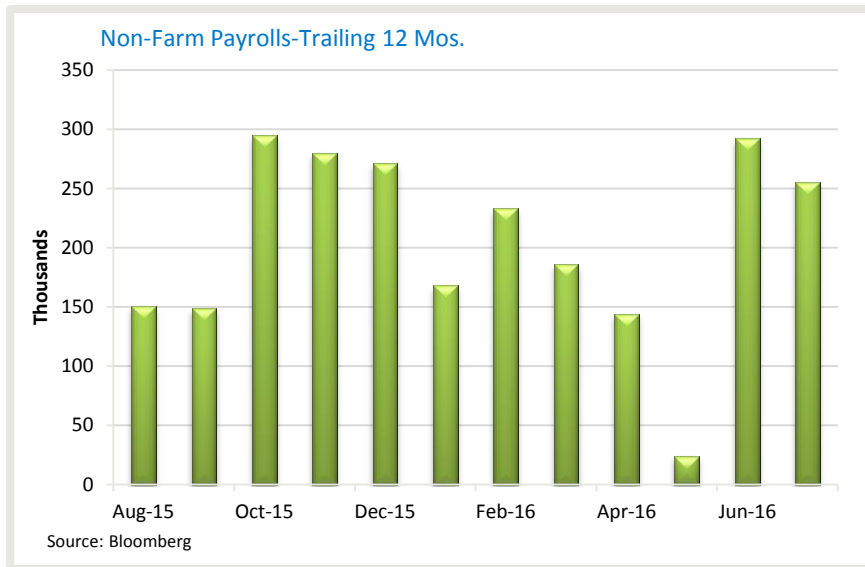


Weekly Market Review

August 12, 2016

Chart of the Week



Weekly Highlights

- Thursday's initial jobless claims report held steady near historic lows**, spurring a rally in U.S. equities with the Dow, S&P, and Nasdaq all ending the trading session at all-time highs. It was the first time all three indices have reached record levels on the same day since 1999. The dollar also benefited, posting a 0.4% gain, and the yield on the 10-year Treasury rose 6 basis points to 1.57%.
- JOLTS data showed a solid gain in job openings and hiring**, another sign of strength in the labor market. At this point it's clear the employment portion of the Fed's dual mandate is on strong footing. It remains to be seen if the inflation component will show enough signs to justify a rate hike before the end of the year. This week's PPI release indicated a 0.4% decline, and should lower estimates for next Tuesday's CPI release, likely taking a September rate hike off the table.
- Retail Sales were unchanged in July, and Consumer Sentiment was flat**, both falling short of expectations. This marks a slow start to the third quarter for the consumer (the biggest driver of the economy), and should further stack the odds against a September FOMC hike. On the positive side, motor vehicles sales were up 1.1%, a sign of both consumer confidence and strength.

Talking Points

- Among equities**, Germany, Japan, and China led global markets with strong positive returns, whereas domestic equities were modestly positive.
- The Treasury curve** remained largely unchanged, with the yield on the 10-year falling just two basis points through Thursday.
- The US Dollar ended lower** against a basket of major trade partners' currencies, though it continues to rally against the pound as the UK embarks on its QE program.
- Commodities are down slightly**, with modest losses for precious metals and agricultural goods. However, crude oil rose on talk that Saudi Arabia may be willing to cut production in an effort to raise prices.
- In other economic news:** Output picked up in the second quarter, but productivity fell 0.5%, marking its third consecutive negative quarter.

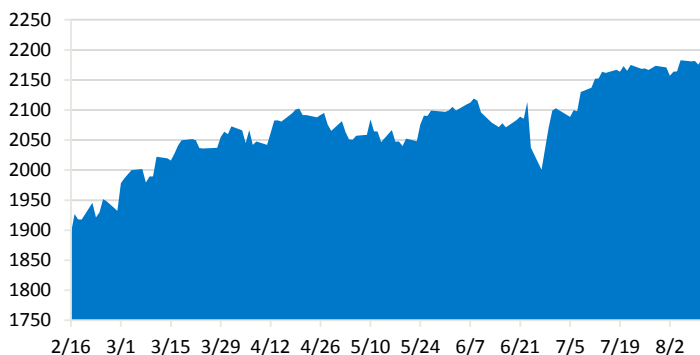
Market Dashboard

	Last Price	Change	% Chg.	YTD %
S&P 500	2,184.05	1.18	0.05%	6.9%
Dow Industrials	18,576.47	32.94	0.18%	6.6%
Nasdaq	5,232.90	11.77	0.23%	4.5%
Russell 2000	1,229.82	-1.48	-0.12%	8.3%
Euro Stoxx Index	346.09	4.71	1.38%	-5.4%
Shanghai Composite	3,050.67	73.97	2.48%	-13.8%
Russell Global	1,743.29	20.90	1.21%	5.6%

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

	Last Price	Change	% Chg.	YTD %
Russell Global EM	2,873.42	65.03	2.32%	13.2%
10-Year US Treas.	1.52	-7 bps	NM	NM
DJ UBS Comm. Idx.	84.06	0.20	0.24%	7.0%
Gold	\$1,336.00	\$1.45	0.11%	26.0%
Crude Oil	\$44.70	\$2.91	6.96%	5.4%
Dollar Index	95.70	-0.46	-0.48%	-2.9%
VIX Index	11.55	0.16	1.40%	-36.6%

S&P 500 Index: Trailing 180 Days



Source: Bloomberg

	One Week			YTD		
	Value	Growth		Value	Growth	
L	0.01%	0.05%	0.08%	6.56%	5.96%	5.43%
	0.02%	0.08%	0.15%	11.66%	9.07%	6.58%
S	-0.23%	-0.12%	-0.01%	11.40%	8.27%	5.14%

Source: Bloomberg

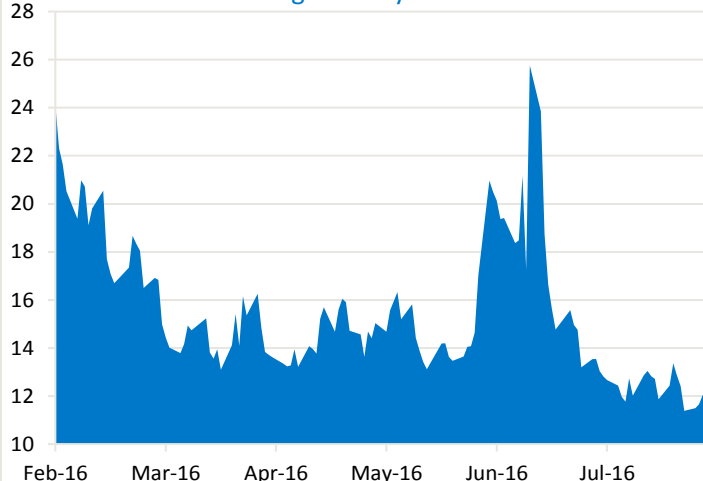
Sector Performance:

S&P/Global Industry Classification Sectors (GICS)

	% Wgt in S&P 500	Week % Chg.	YTD % Chg.
Consumer Discretionary	12.4	0.55%	4.8%
Consumer Staples	10.1	0.71%	8.7%
Energy	7.0	1.24%	13.3%
Financials	15.8	-0.62%	-0.1%
Health Care	15.0	-0.63%	3.7%
Industrials	9.9	0.23%	9.4%
Information Technology	20.8	0.11%	8.4%
Materials	2.9	-0.88%	10.7%
Telecom Services	2.8	0.18%	19.9%
Utilities	3.3	-0.07%	17.0%

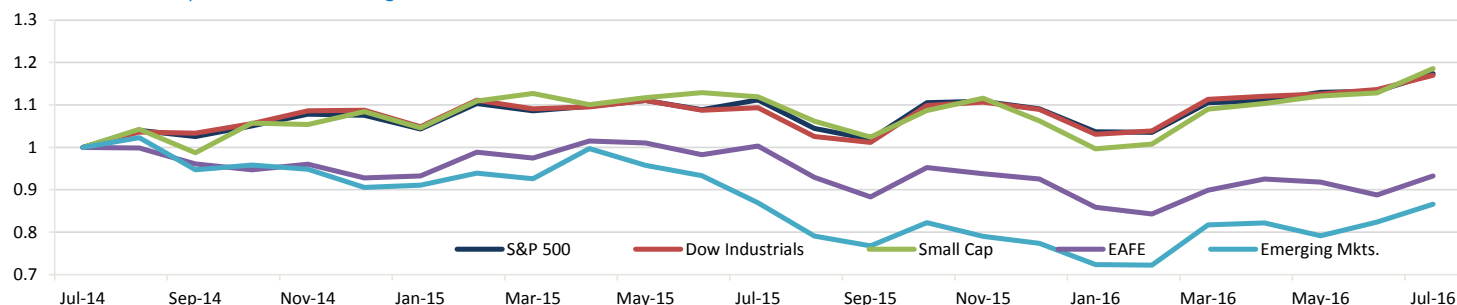
Source: Bloomberg

VIX Index: Trailing 180 Days



Source: Bloomberg

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



Source: Bloomberg

The Economy and Markets

A Macro View – Pushing on a String: Have Central Banks Run Out of Ammunition?

Despite the lack of success by the European Central Bank (ECB) and Bank of Japan (BOJ) in generating economic growth with their quantitative easing programs (QE), they are now joined by the Bank of England (BOE), which has embarked on a QE program of its own in an effort to cushion the UK economy from the impact of the country's recent decision to leave the European Union (Brexit). Last week the BOE cut interest rates to an all-time low of 0.25% and committed itself to buy £60 billion in government bonds, or gilts (aimed at driving down gilt yields and forcing investors into riskier assets), and an additional £10 billion in corporate debt issues. This decision comes after the bank initially opted to leave rates unchanged at its meeting in early July, the first meeting following the Brexit referendum. Since then, however, UK economic data points to a marked slowdown, and the BOE slashed its growth expectations for 2017 by nearly two thirds, from 2.3% down to 0.8%.

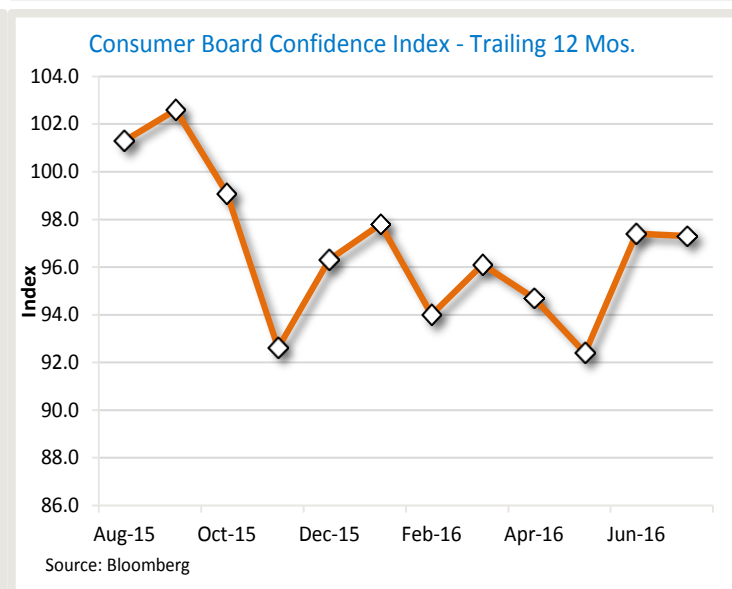
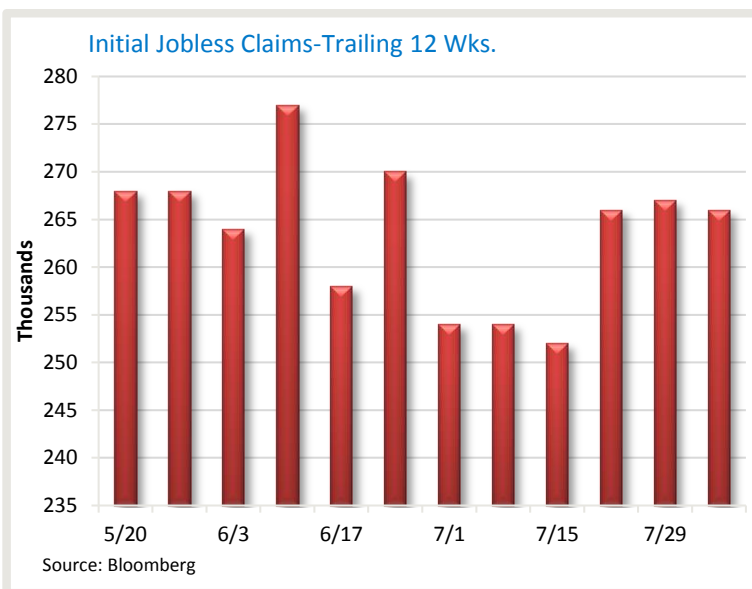
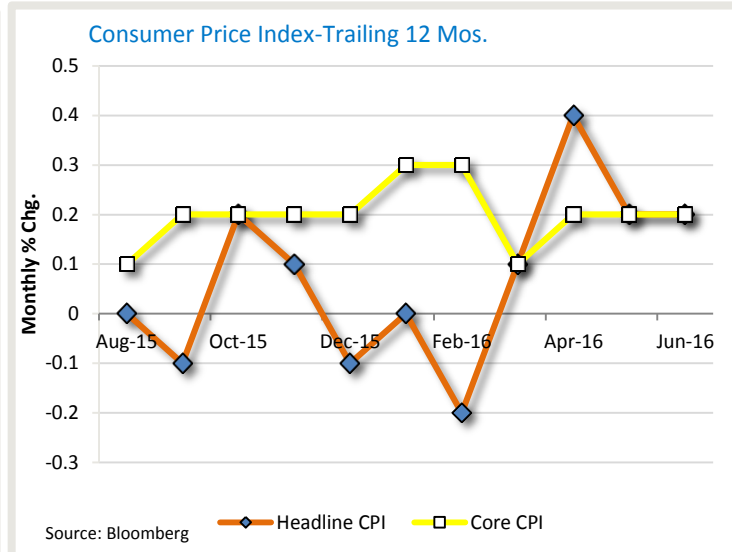
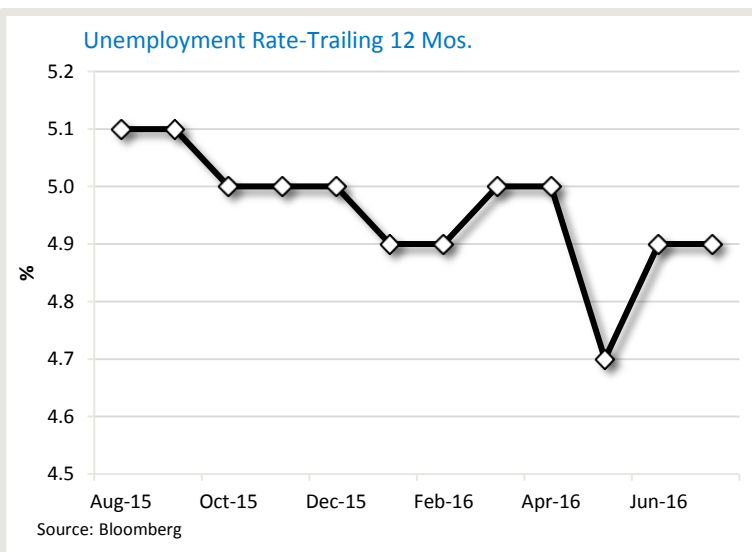
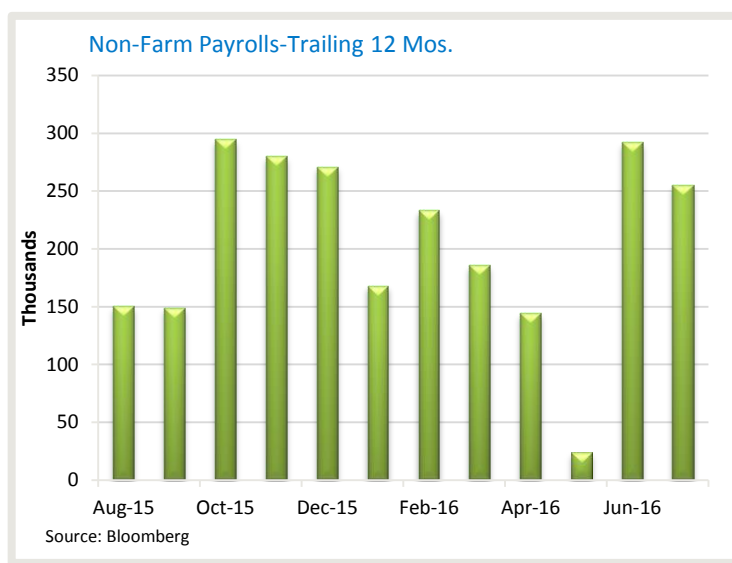
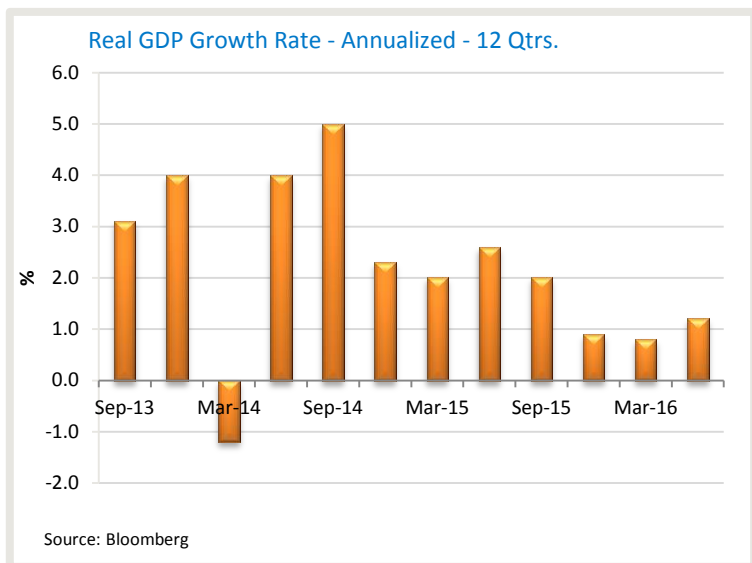
The initial implementation of this QE program met resistance from the bond market this week. The BOE failed to complete a £1.17 billion purchase of long-dated gilts (15+ year maturities), as pensions and insurance companies were reluctant to sell to the bank in Tuesday's reverse auction. However, this segment of the market is considered to be less liquid, and the summer holiday season may have exacerbated the issue. The BOE was far more successful on Wednesday in its £1.17 billion purchase of intermediate maturity gilts (7-15-year maturities), as the market offered nearly five times more bonds than the bank sought to buy. The BOE also has been successful thus far in its goal of driving down yields, as the yield on the 10-year gilt has dropped toward 0.5%, down from 0.7% last week. But questions remain as to whether or not the BOE will have more success in its second attempt to purchase longer-dated gilts next Tuesday.

Two weeks ago, at its July 29th meeting, the BOJ announced it would continue to ease its policy by doubling ETF purchases, but it failed to meet market expectations, by declining to either expand its government bond-buying program or to take rates further into negative territory. There also was speculation leading up to the meeting that the bank may take a more drastic approach, implementing "helicopter money", or essentially monetizing government debt. The underwhelming stimulus resulted in a selloff of the Nikkei and a sharp rally in the yen/dollar exchange rate. Even prior to the news, the yen had been strengthening against the dollar for several months (+15% YTD), despite the massive stimulus, leading to skepticism that the bank's QE program may be losing its effectiveness. Further questions arose about the BOJ's commitment to the program after it announced that it would conduct a "comprehensive assessment" of its monetary policy at its meeting in September. This led to the bank's release of a "preliminary outline" on Monday for the upcoming meeting, in what may have been an attempt to assuage investors who were speculating that its QE program might be winding down. The yen has rallied roughly 3% against the dollar since the July 29th meeting, and the currency continues to act as a hindrance to the 2% inflation target BOJ Governor Haruhiko Kuroda is striving to reach.

This raises the question: Are central banks reaching their limit in experimenting with monetary policy as a means to stimulate economic growth? Although a concrete answer is yet to be determined, concerns are mounting that the continuing slump in global growth may be indicating a lack of effectiveness. One certainty is that such low yields abroad have continued to drive up foreign buyers' demand for US fixed income securities. This, in turn, keeps a lid on Treasury yields, regardless of the strength of the underlying US economic data, while demand for the dollar exerts downward pressure on inflation, which places the Fed in somewhat of a predicament. The Fed clearly desires to raise interest rates to provide a larger tool box should it need to stimulate the economy in the future, but it has struggled to find the premise to do so in this environment. For now, the market continues to price in about a 50-50 probability of a Fed rate hike by the end of the year, while the BOJ, ECB, and now the BOE attempt to keep calm and carry on with QE, despite the lack of results.

David Hawal
VP, Senior Investment Analyst

Economic Data



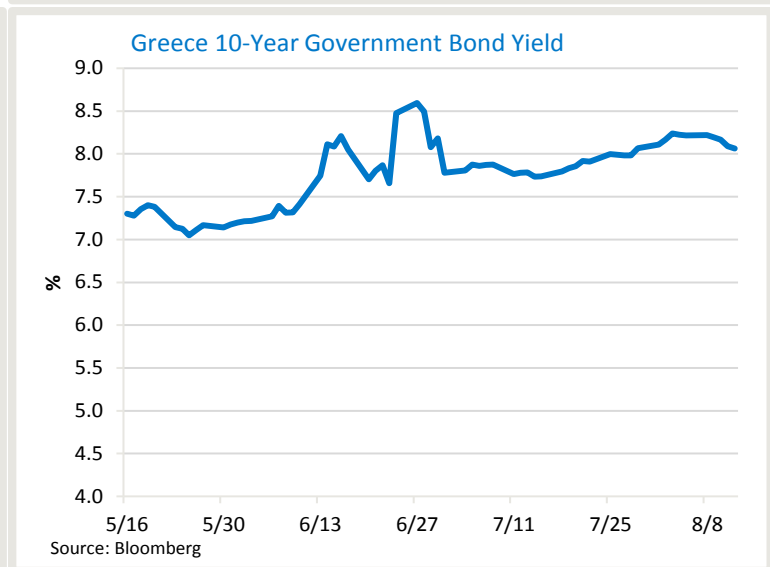
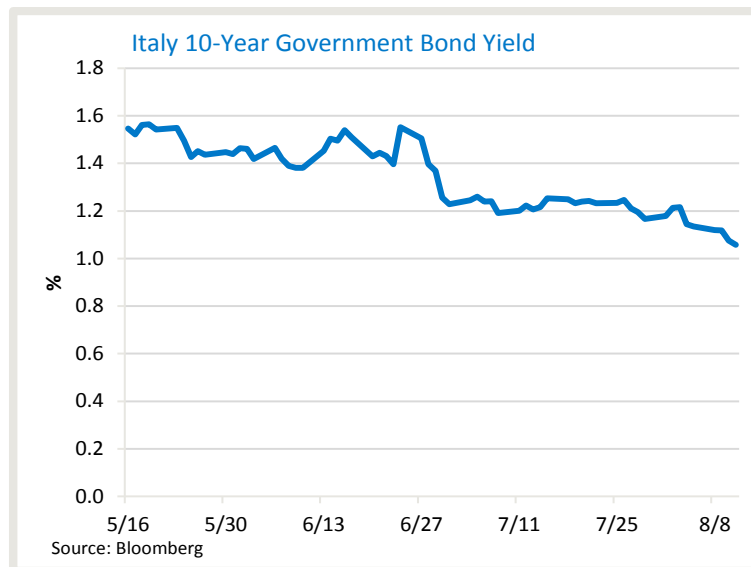
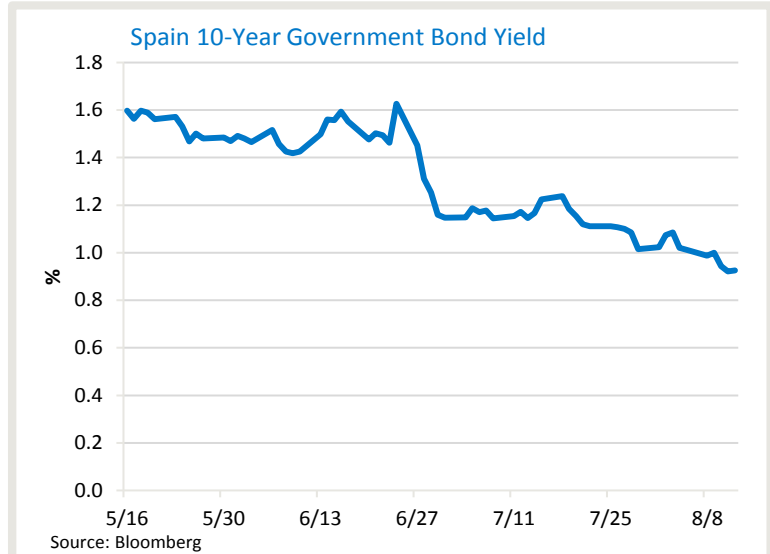
Eurozone

SELECTED EUROPEAN SOVEREIGN YIELD PERFORMANCE

	Last	Change	% Chg.	YTD %
Germany 10-Yr. Govt.	-0.11	4 bps	NM	NM
Greece 10-Yr. Govt.	8.06	9 bps	NM	NM
Italy 10-Yr. Govt.	1.04	9 bps	NM	NM
Spain 10-Yr. Govt.	0.93	8 bps	NM	NM
Belgium 10-Yr. Govt.	0.11	5 bps	NM	NM

	Last	Change	% Chg.	YTD %
France 10-Yr. Govt.	0.11	4 bps	NM	NM
Ireland 10-Yr. Govt.	0.32	9 bps	NM	NM
Portugal 10-Yr. Govt.	2.69	15 bps	NM	NM
Netherlands 10-Yr. Govt.	-0.01	3 bps	NM	NM
U.K. 10-Yr. Govt.	0.52	14 bps	NM	NM

Source: Bloomberg
Basis points (bps)



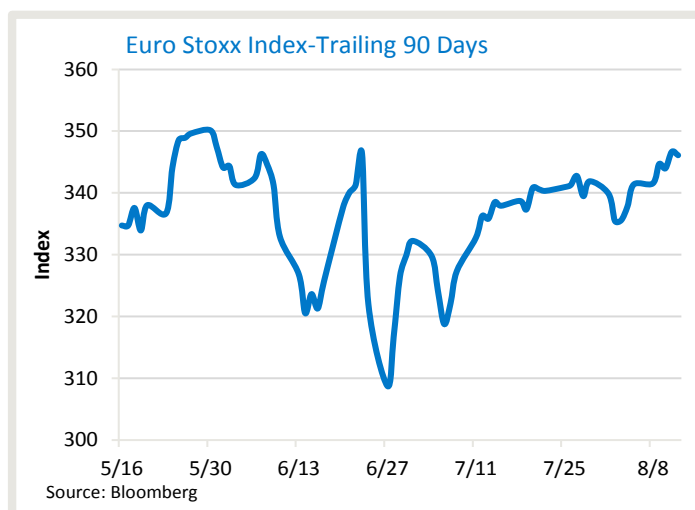
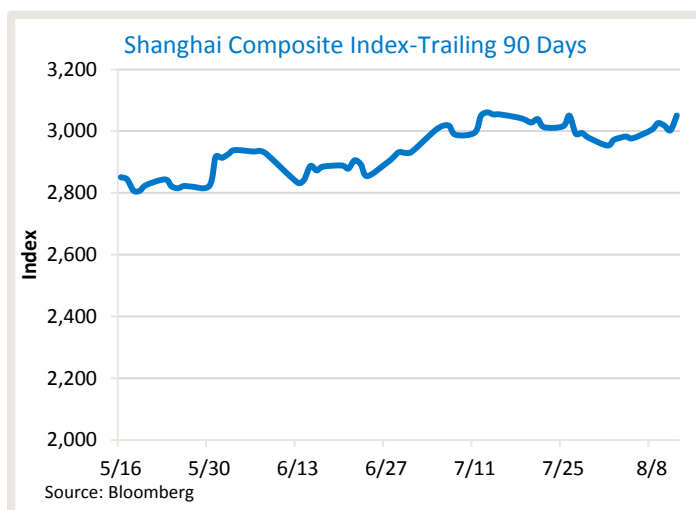
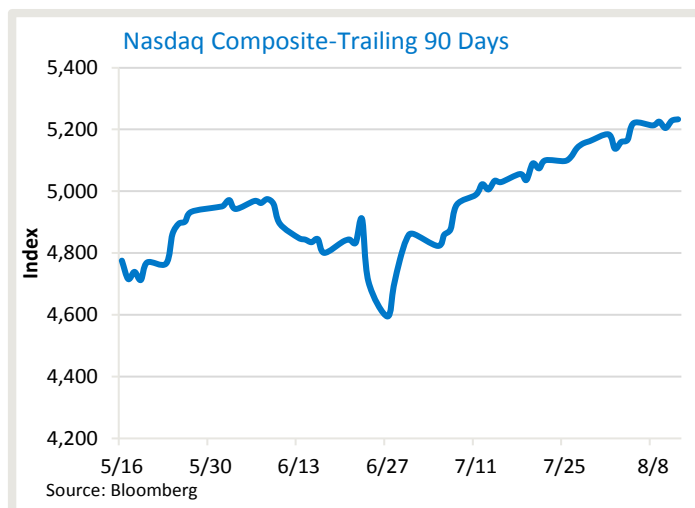
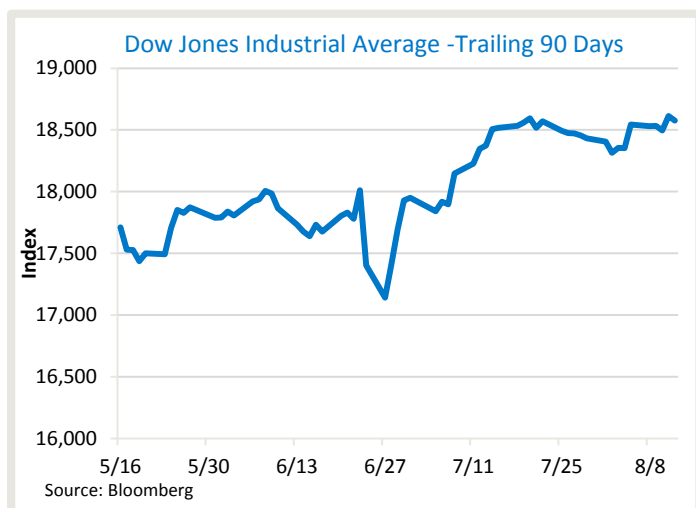
Equities

WORLD MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
S&P 500	2,184.05	1.18	0.05%	6.85%
Dow Industrials	18,576.47	32.94	0.18%	6.61%
Nasdaq Composite	5,232.90	11.77	0.23%	4.50%
Russell Global	1,743.29	20.90	1.21%	5.6%
Russell Global EM	2,873.42	65.03	2.32%	13.2%
S&P/TSX (Canada)	14,747.45	98.68	0.67%	13.36%
Mexico IPC	48,363.89	1169.74	2.48%	12.53%
Brazil Bovespa	58,298.41	637.27	1.11%	34.48%
Euro Stoxx 600	346.09	4.71	1.38%	-5.39%
FTSE 100	6,916.02	122.55	1.80%	10.79%
IBEX 35 (Spain)	8,716.40	177.00	2.07%	-8.67%

	Last	Change	% Chg.	YTD %
Swiss Market Index	8,295.04	100.70	1.23%	-5.93%
CAC 40 Index (France)	4,500.19	89.64	2.03%	-2.95%
DAX Index (Germany)	10,713.43	346.22	3.34%	-0.28%
Irish Overall Index	6,052.59	194.69	3.32%	-10.88%
Nikkei 225	16,919.92	665.03	4.09%	-11.11%
Hang Seng Index	22,766.91	620.82	2.80%	3.89%
Shanghai Composite	3,050.67	73.97	2.48%	-13.80%
Kospi Index (S. Korea)	2,050.47	32.53	1.61%	4.55%
Taiwan Taiex Index	9,150.39	58.27	0.64%	9.74%
Tel Aviv 25 Index	1,467.44	11.03	0.76%	-4.01%
MICEX Index (Russia)	1,967.18	22.87	1.18%	11.69%

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



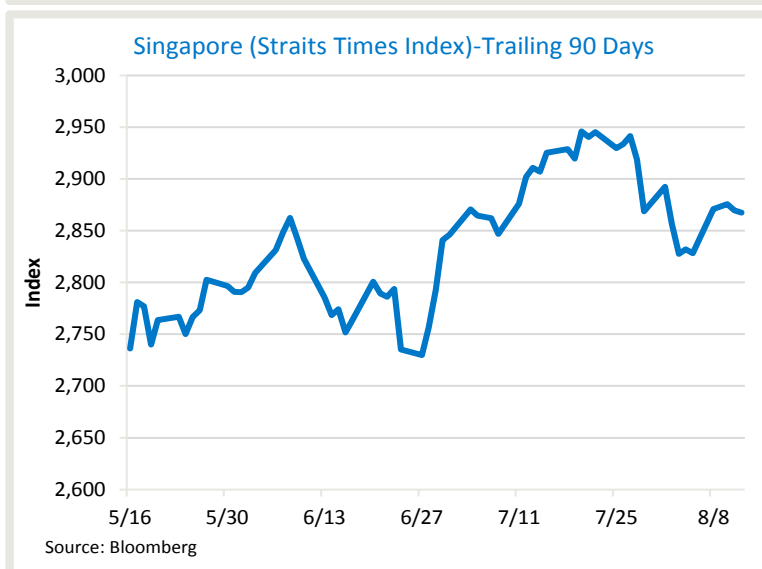
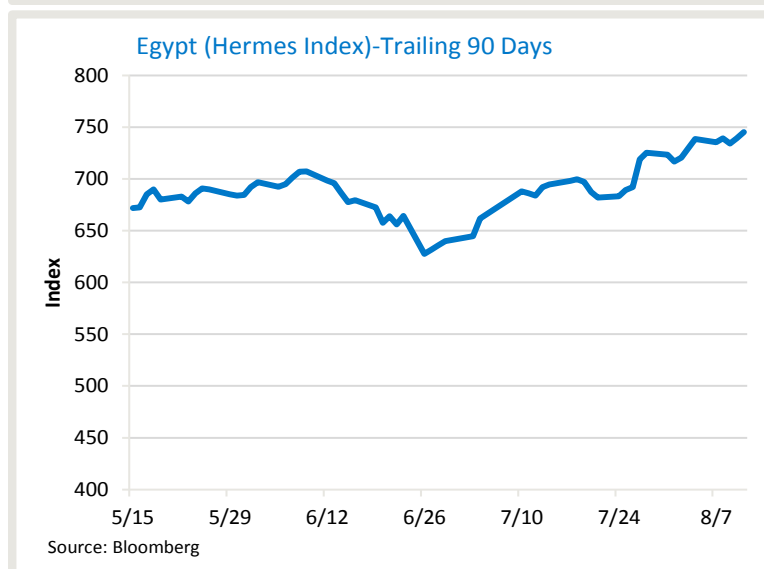
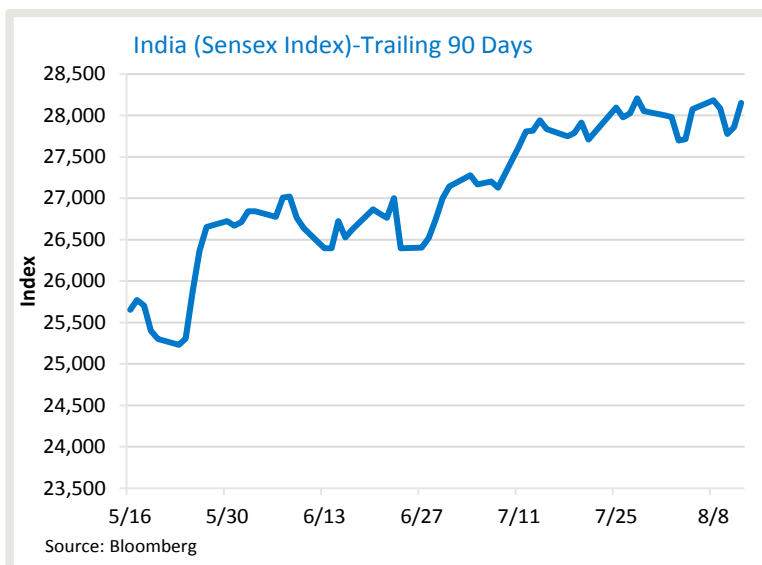
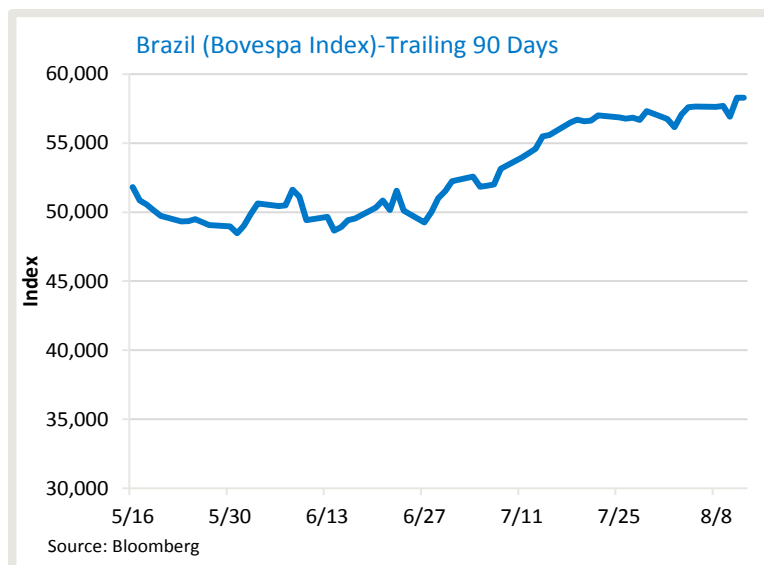
Equities – Emerging and Frontier Markets

EMERGING AND FRONTIER MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
Mexico IPC	48,363.89	1169.74	2.5%	12.5%
Brazil (Bovespa Index)	58,298.41	637.27	1.1%	34.5%
MICEX Index (Russia)	1,967.18	22.87	1.2%	11.7%
Czech Republic (Prague)	863.87	14.08	1.7%	-9.7%
Turkey (Istanbul)	78,228.56	2162.88	2.8%	9.1%
Egypt (Hermes Index)	745.18	6.51	0.9%	18.2%
Kenya (Nairobi 20 Index)	3,449.44	-32.74	-0.9%	-14.6%
Saudi Arabia (TASI Index)	6,325.62	79.17	1.3%	-8.5%
Lebanon (Beirut BLOM Index)	1,150.73	-0.89	-0.1%	-1.6%
Palestine	513.11	-0.05	0.0%	-3.7%

	Last	Change	% Chg.	YTD %
Hang Seng Index	22,766.91	620.82	2.8%	3.9%
India (Sensex 30)	28,152.40	74.05	0.3%	7.8%
Malaysia (KLCI Index)	1,684.15	20.11	1.2%	-0.5%
Singapore (Straits Times Index)	2,867.40	35.44	1.3%	-0.5%
Thailand (SET Index)	1,552.64	44.71	3.0%	20.5%
Indonesia (Jakarta)	5,377.20	-43.05	-0.8%	17.1%
Pakistan (Karachi KSE 100)	39,907.64	517.43	1.3%	21.6%
Vietnam (Ho Chi Minh)	655.71	28.32	4.5%	13.2%
Sri Lanka (Colombo)	6,522.14	5.01	0.1%	-5.4%
Cambodia (Laos)	1,004.08	-41.66	-4.0%	-14.4%

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

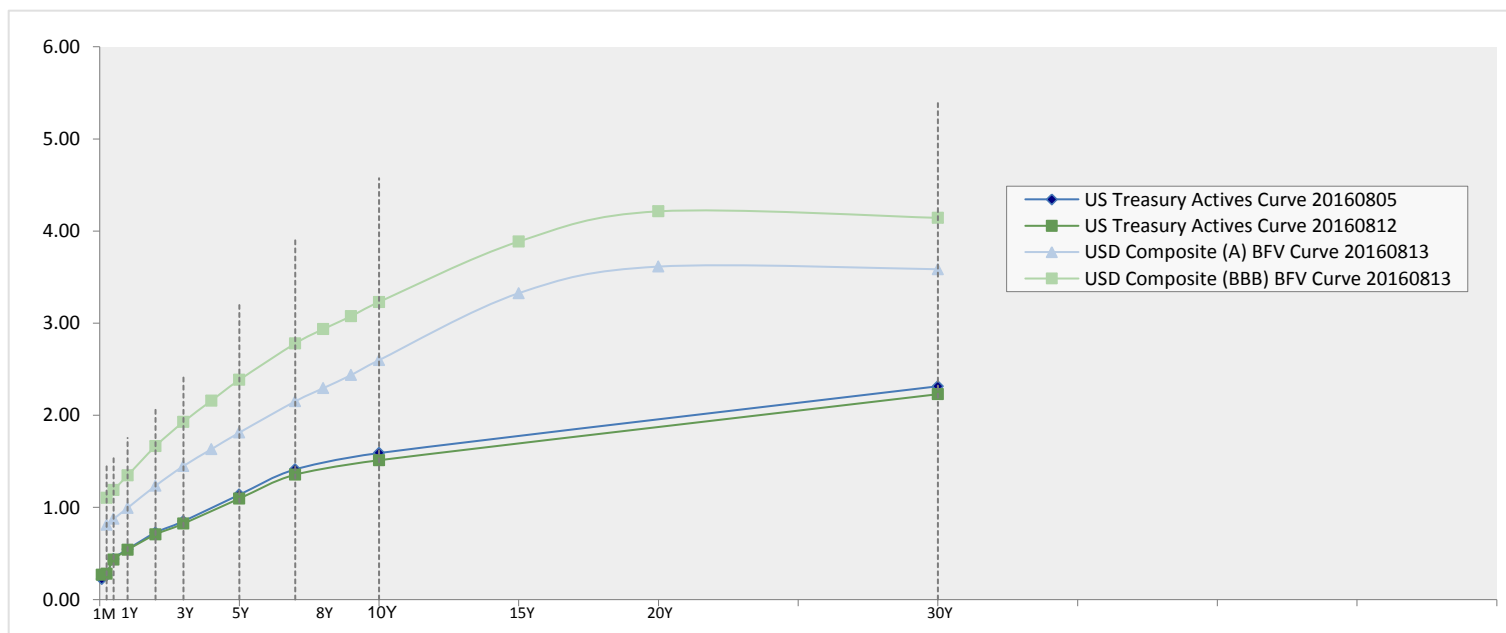


Interest Rates

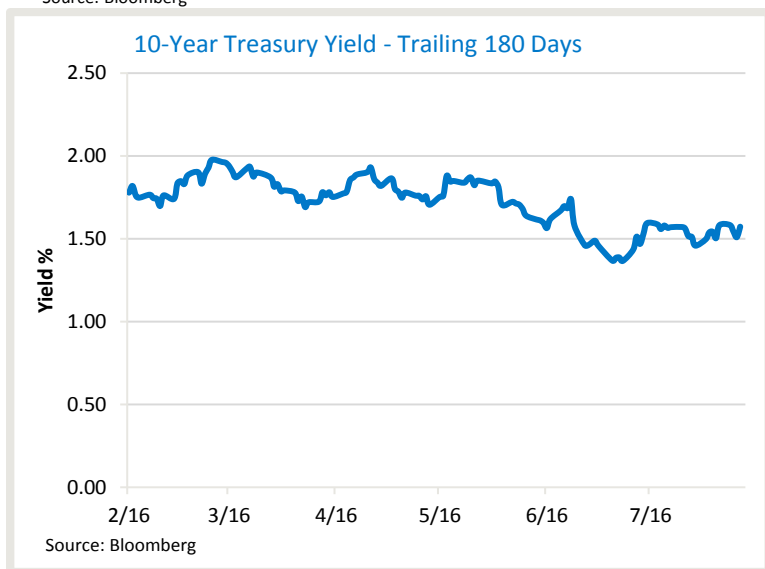
SELECTED INTEREST RATES

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
2-Yr. U.S. Treasury	0.70%	0 bps	NM	NM	Prime Rate	3.50%	0.00	NM	NM
5-Yr. U.S. Treasury	1.10%	-3 bps	NM	NM	Fed Funds Rate	0.50%	0.00	NM	NM
10-Yr. U.S. Treasury	1.52%	-7 bps	NM	NM	Discount Rate	1.00%	0.00	NM	NM
30-Yr. U.S. Treasury	2.24%	-8 bps	NM	NM	LIBOR (3 Mo.)	0.82%	2 bps	NM	NM
German 10-Yr. Govt.	-0.11%	4 bps	NM	NM	Bond Buyer 40 Muni	2.73%	-3 bps	NM	NM
France 10-Yr.	0.11%	4 bps	NM	NM	Bond Buyer 40 G.O.	2.85%	NA	NM	NM
Italy 10-Yr.	1.04%	9 bps	NM	NM	Bond Buyer 40 Rev.	3.06%	NA	NM	NM
Fed 5-Yr Fwd BE Inf.	1.41%	-3 bps	NM	NM					

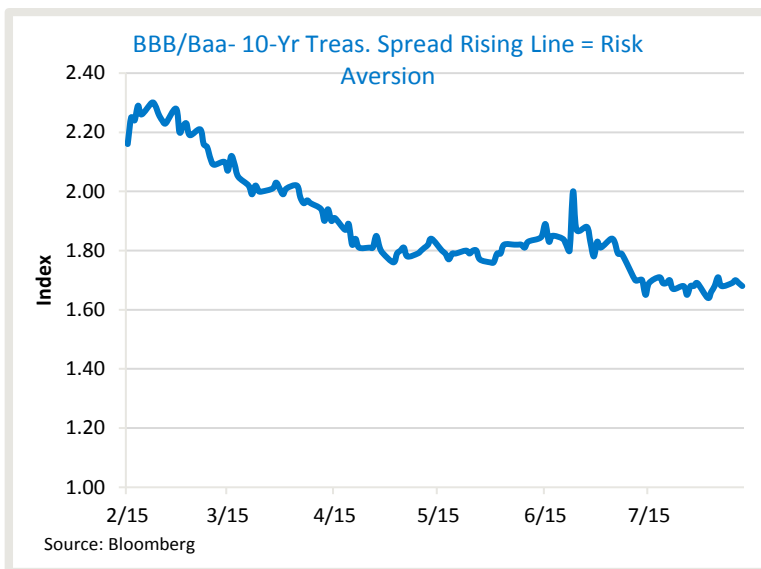
Source: Bloomberg



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg

Currencies

SELECTED CURRENCY PERFORMANCE

	Last	Change	% Chg.	YTD %
Dollar Index	95.71	-0.459	-0.48%	-2.94%
Euro	1.12	0.008	0.70%	2.78%
Japanese Yen	101.26	-0.600	0.59%	18.77%
British Pound	1.29	-0.016	-1.24%	-12.38%
Canadian Dollar	1.30	-0.021	1.63%	6.77%

	Last	Change	% Chg.	YTD %
Chinese Yuan	6.64	-0.024	0.36%	-2.15%
Swiss Franc	0.97	-0.006	0.62%	2.81%
New Zealand Dollar	0.72	0.006	0.83%	5.45%
Brazilian Real	3.19	0.025	-0.77%	24.16%
Mexican Peso	18.26	-0.489	2.68%	-5.79%

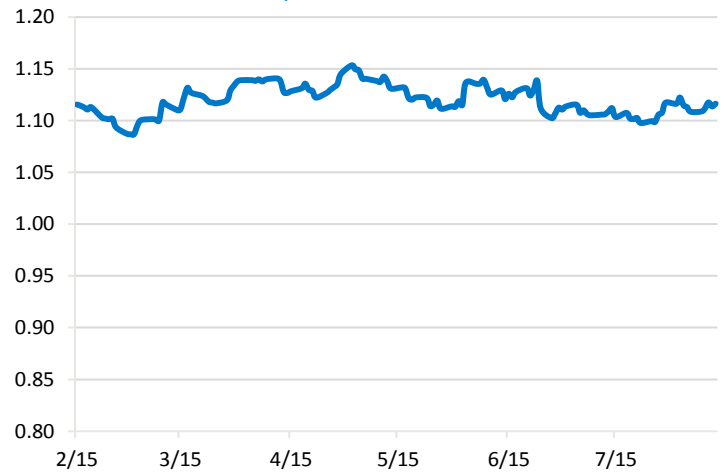
Source: Bloomberg

U.S. Dollar Index - Trailing Six Months



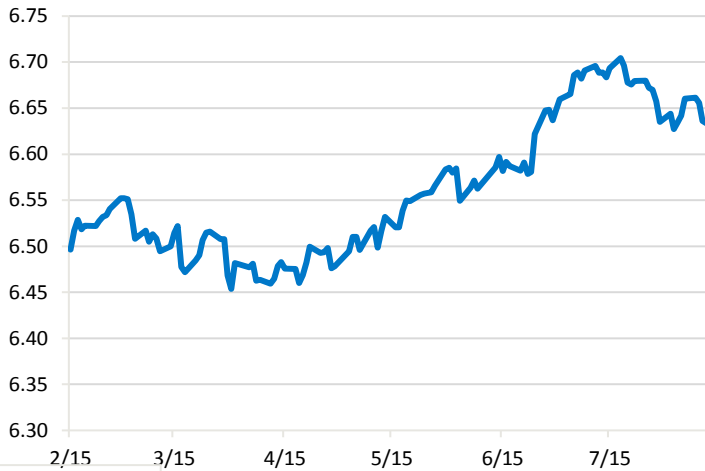
Source: Bloomberg

Euro - U.S. Dollars per Euro



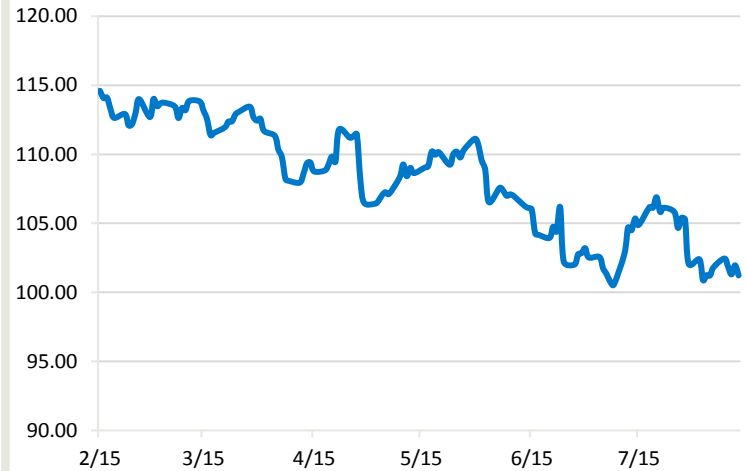
Source: Bloomberg

Chinese yuan - yuan per U.S. Dollar



Source: Bloomberg

Japanese yen - Yen per U.S. Dollar



Source: Bloomberg

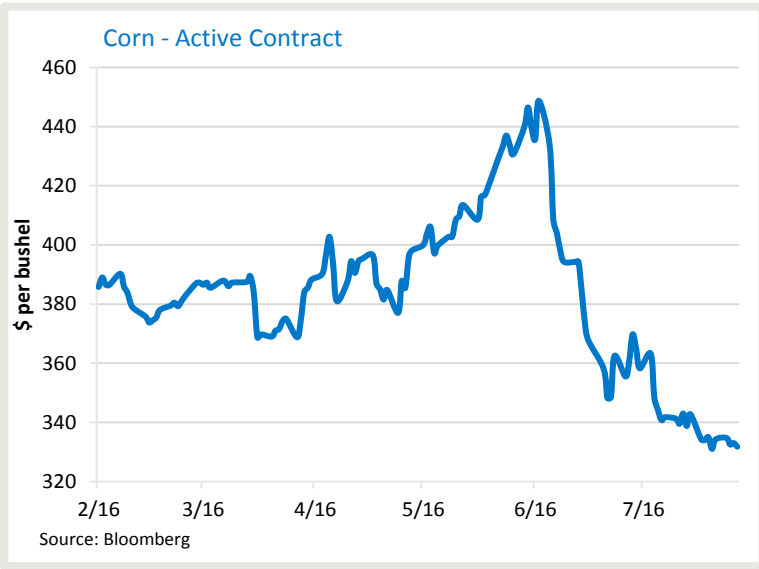
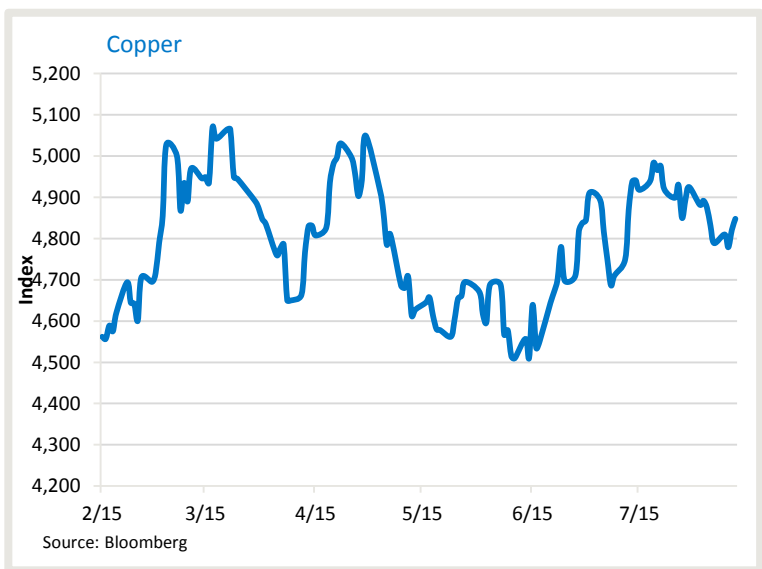
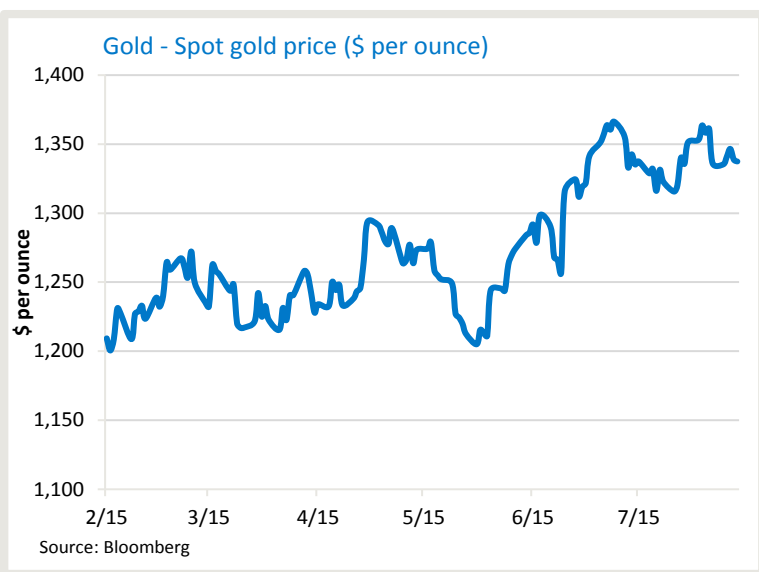
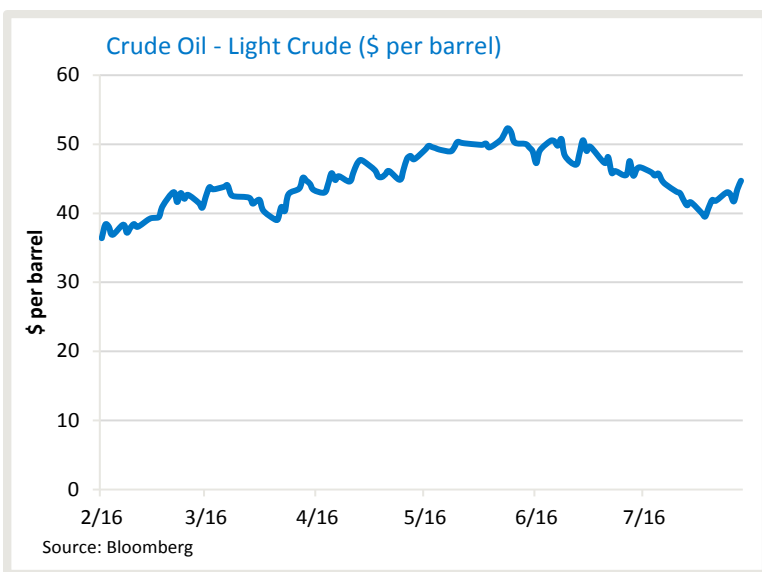
Commodities

SELECTED COMMODITY MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
Bloomberg Comm. Idx.	84.06	0.20	0.24%	7.00%
Crude Oil	\$44.70	\$2.91	6.96%	5.45%
Natural Gas	\$2.59	-\$0.18	-6.46%	2.86%
Gasoline (\$/Gal.)	\$2.13	\$0.01	0.24%	6.66%
Heating Oil	141.48	9.59	7.28%	9.70%
Gold Spot	\$1,336.90	\$1.45	0.11%	26.04%
Silver Spot	\$19.72	\$0.01	0.07%	42.43%

	Last	Change	% Chg.	YTD %
Platinum Spot	\$1,123.29	-\$23.20	-2.02%	25.92%
Corn	333.00	-1.25	-0.37%	-13.05%
Wheat	440.00	2.00	0.46%	-13.30%
Soybeans	981.75	7.25	0.74%	11.21%
Sugar	19.71	-0.64	-3.14%	34.26%
Orange Juice	180.95	-2.45	-1.34%	24.88%
Aluminum	1,653.00	8.00	0.49%	9.69%
Copper	4,848.00	59.00	1.23%	3.04%

Source: Bloomberg; % change is based on price.

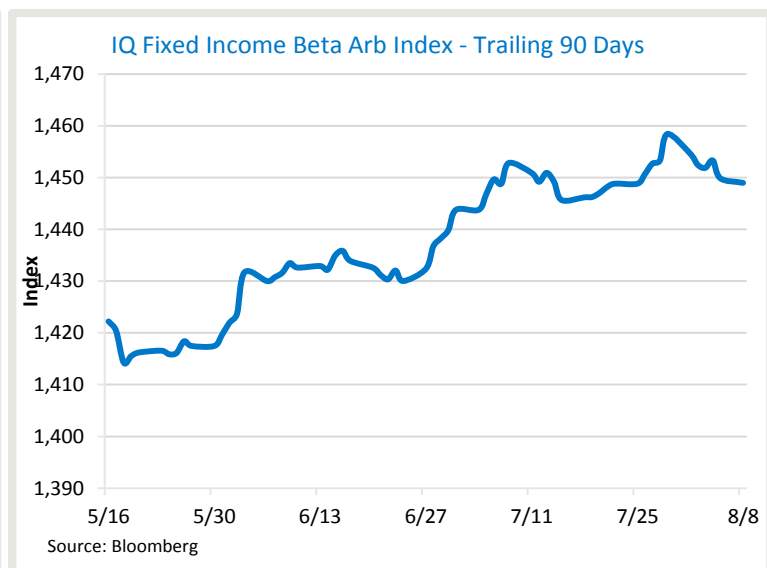
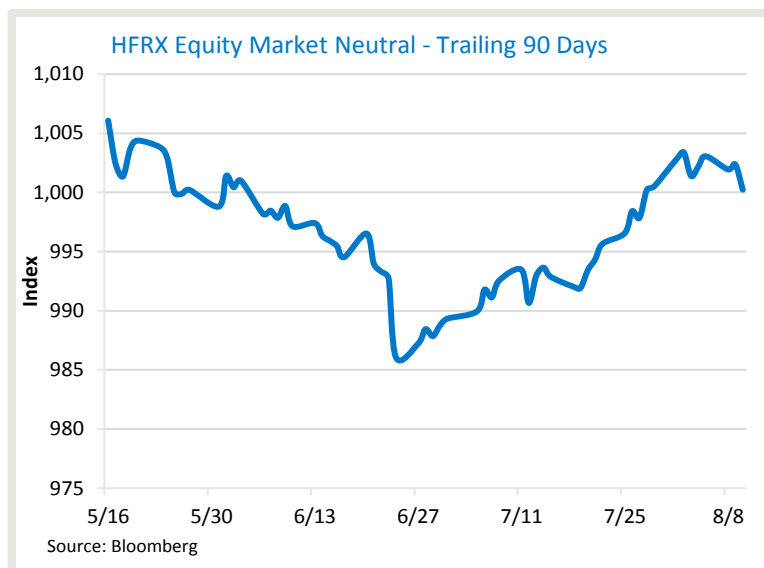
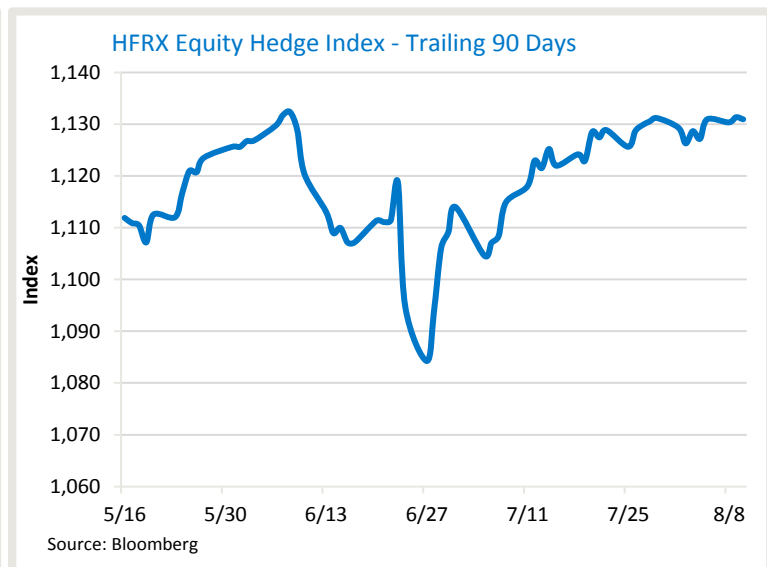
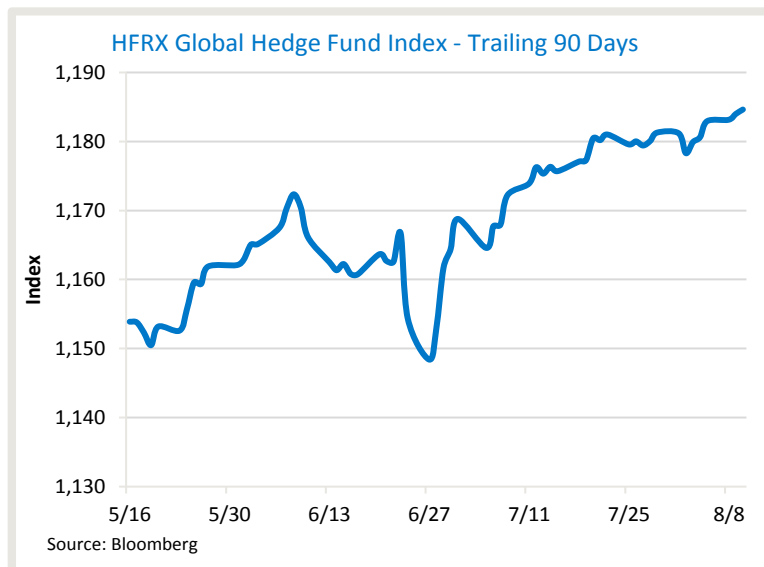


Alternative Investments

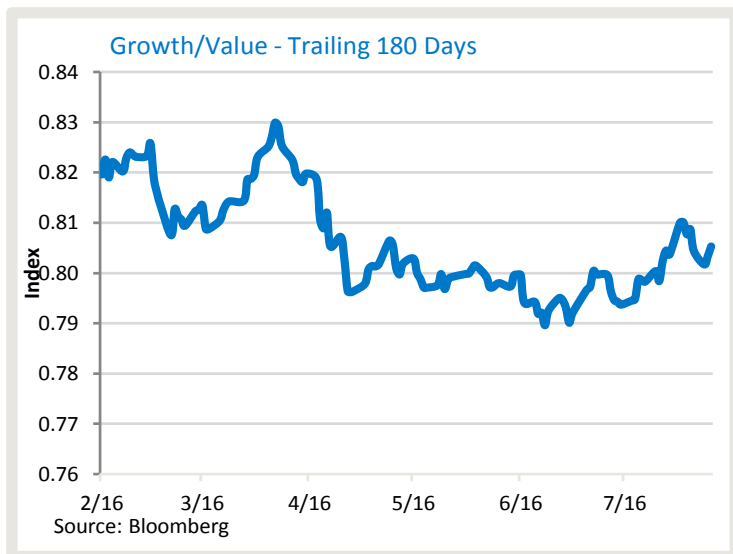
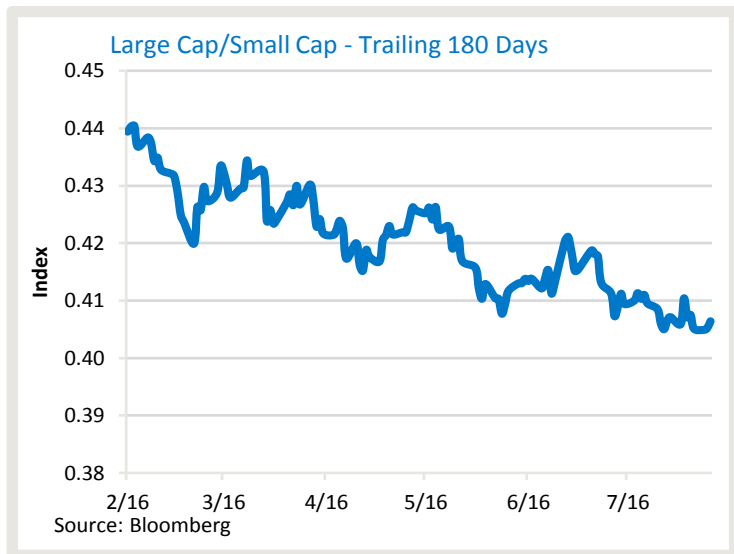
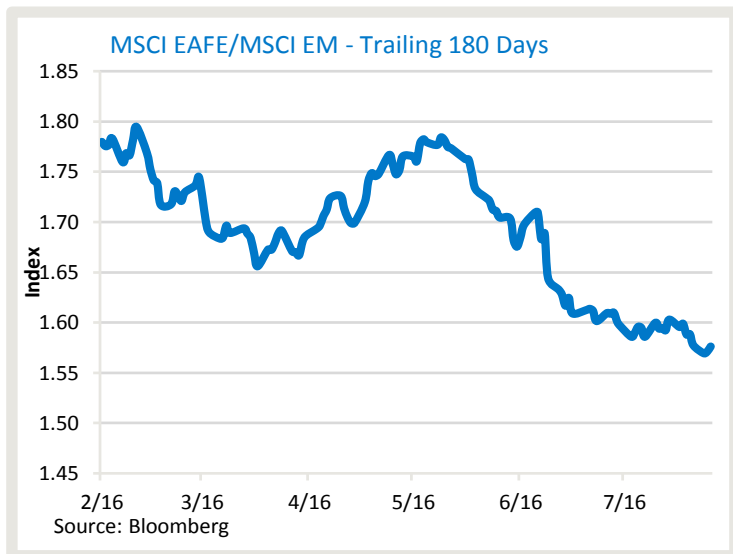
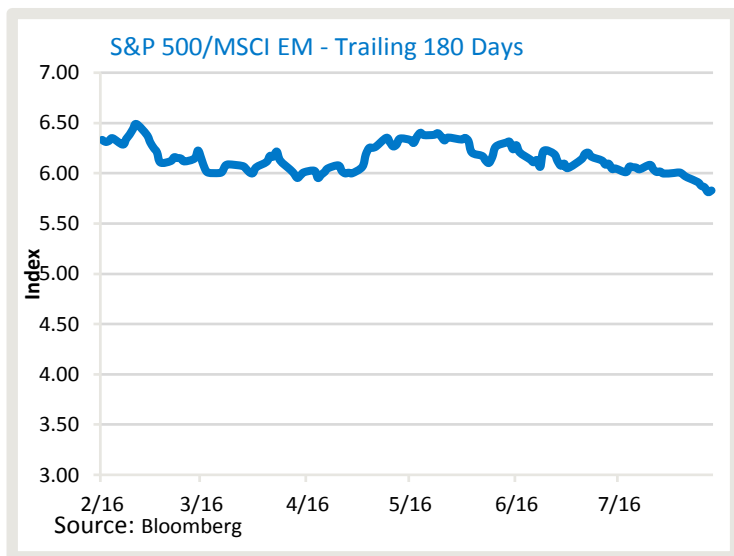
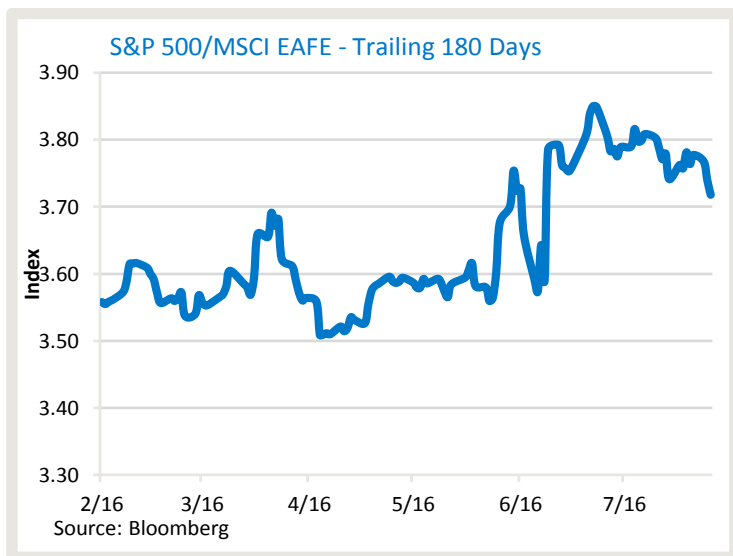
SELECTED ALTERNATIVE INVESTMENT INDEX PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
HFRX Global Hedge Fund Index	1185.95	3.00	0.25%	1.01%	HFRX Distressed Index	1001.13	2.14	0.21%	11.70%
HFRX Equity Market Neutral	1004.00	0.94	0.09%	-3.47%	HFRX Merger Arbitrage Index	1779.46	-3.96	-0.22%	2.40%
HFRX Equity Hedge Index	1135.40	4.45	0.39%	-1.64%	HFRX Convertible Arbitrage Index	732.37	2.91	0.40%	4.30%
HFRX Event-Driven Index	1495.16	4.71	0.32%	6.17%	HFRX Macro CTA Index	1179.07	3.89	0.33%	0.81%
HFRX Absolute Return Index	1030.08	-1.44	-0.14%	0.47%	IQ Fixed Income Beta Arb Index	1456.55	6.68	0.46%	5.00%

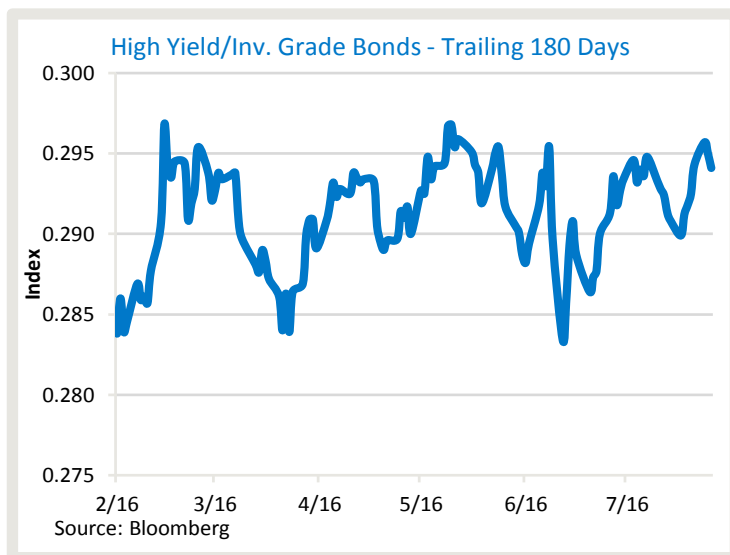
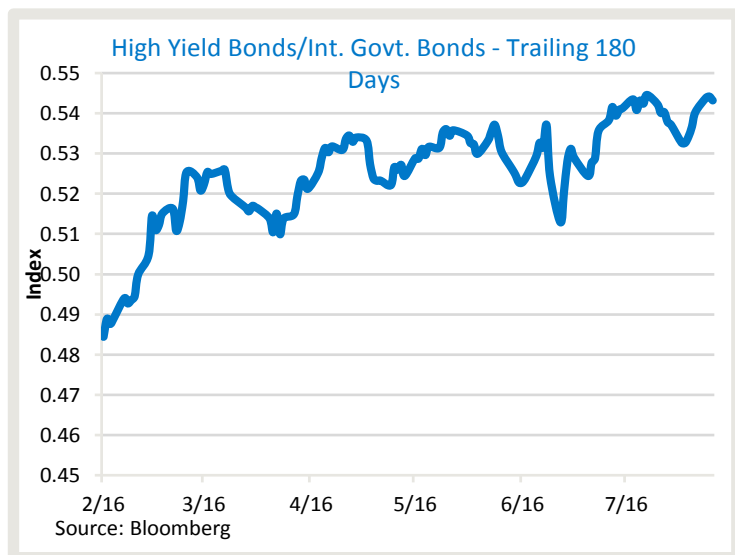
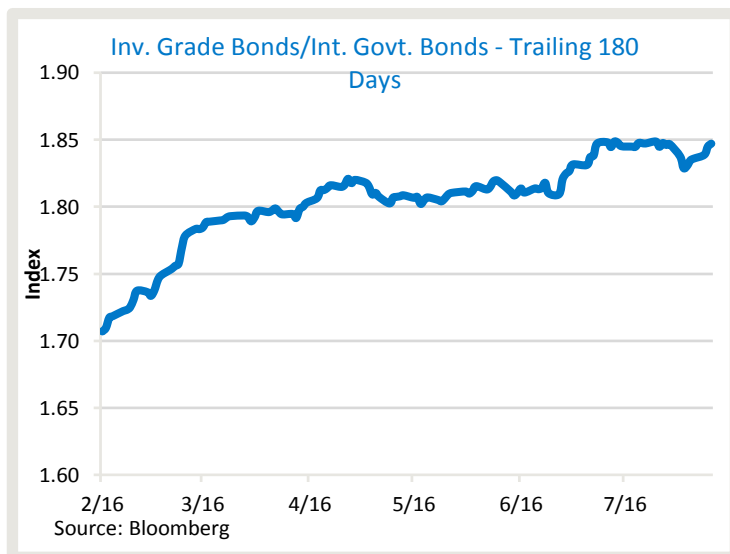
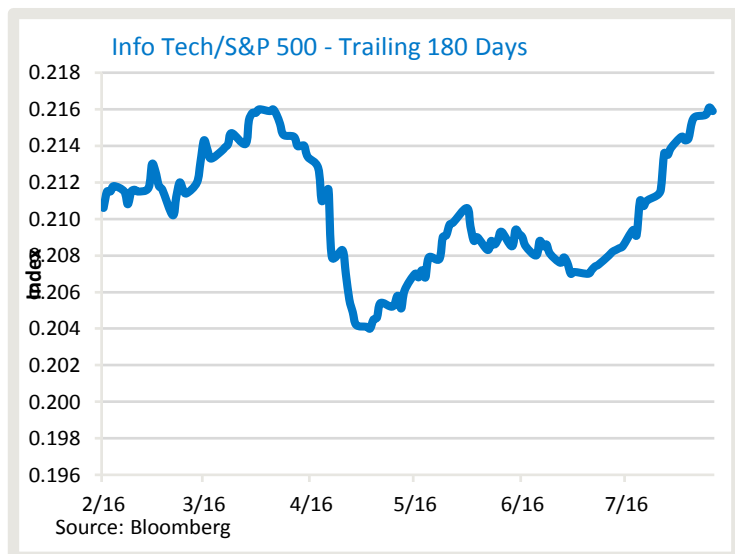
Source: Bloomberg; Index % change is based on price.



Portfolio Construction



Portfolio Construction (continued)



WEEKLY ASSET CLASS PERFORMANCE (Prior 12 weeks ending Thursday)

			5/26	6/2	6/9	6/16	6/23	6/30	7/7	7/14	7/21	7/28	8/4	8/11
Equity	Domestic Equity	Large Cap (R200)	2.44%	0.60%	0.39%	-1.65%	1.50%	-0.59%	0.07%	2.98%	0.10%	0.07%	-0.12%	1.01%
		Small Cap (R2000)	4.11%	2.70%	0.91%	-2.79%	2.09%	-1.73%	-0.19%	4.56%	0.14%	1.12%	-0.29%	1.27%
	Int'l. Equity	MSCI EAFE	3.11%	-1.01%	1.35%	-6.36%	7.53%	-4.66%	-1.58%	4.51%	0.16%	0.06%	0.32%	2.69%
		MSCI Em. Mkts.	2.70%	0.80%	3.42%	-4.45%	4.46%	-0.16%	-0.85%	4.71%	0.61%	0.50%	0.06%	3.60%
Fixed Income	BarCap Agg. (AGG)	0.16%	0.05%	0.61%	0.45%	-0.53%	1.20%	0.41%	-0.36%	-0.14%	0.19%	-0.15%	-0.17%	
	High Yield (JNK)	1.03%	-0.45%	1.14%	-1.58%	2.06%	0.17%	-0.28%	1.63%	0.17%	-0.66%	-0.06%	1.22%	
Commodities	Bloomberg Commodity Index	0.79%	1.58%	3.66%	-2.94%	1.27%	0.56%	-3.72%	1.85%	-2.49%	-1.83%	0.61%	0.08%	
Alternatives	Hedge Funds (HFRX Global)	0.77%	0.49%	0.46%	-0.82%	0.51%	-0.20%	0.31%	0.72%	0.33%	-0.01%	0.05%	0.45%	
Asset Allocation	60/40*	1.85%	0.33%	0.85%	-1.87%	1.93%	-0.63%	-0.15%	2.21%	0.06%	0.20%	-0.07%	1.02%	
	48/32/20 (w/Alts.)**	1.64%	0.36%	0.77%	-1.66%	1.65%	-0.54%	-0.06%	1.92%	0.11%	0.16%	-0.05%	0.90%	

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	1.05	1.03	1.02	1.04	1.01	1.02	1.01	1.05	0.92	1.06	1.28	1.13	1.02
Large Cap Growth	1.02	1.00	1.07	1.05	1.04	1.07	1.04	1.04	1.04	1.07	0.94	1.09	1.31	1.16	1.04
Large Cap Value	0.95	0.93	1.00	0.98	0.97	0.99	0.97	0.97	0.97	1.00	0.87	1.02	1.22	1.08	0.97
Mid Cap Core	0.97	0.95	1.02	1.00	0.99	1.01	0.99	0.99	0.99	1.02	0.89	1.04	1.24	1.10	0.99
Mid Cap Growth	0.98	0.96	1.03	1.01	1.00	1.02	0.99	1.00	1.00	1.03	0.90	1.05	1.26	1.12	1.00
Mid Cap Value	0.96	0.94	1.01	0.99	0.98	1.00	0.97	0.98	0.97	1.01	0.88	1.02	1.23	1.09	0.98
Small Cap Core	0.99	0.96	1.04	1.01	1.01	1.03	1.00	1.01	1.00	1.04	0.90	1.05	1.26	1.12	1.01
Small Cap Growth	0.98	0.96	1.03	1.01	1.00	1.02	0.99	1.00	1.00	1.03	0.90	1.05	1.26	1.11	1.00
Small Cap Value	0.99	0.96	1.03	1.01	1.00	1.03	1.00	1.00	1.00	1.04	0.90	1.05	1.26	1.12	1.01
Int'l. Developed	0.95	0.93	1.00	0.98	0.97	0.99	0.96	0.97	0.97	1.00	0.87	1.01	1.22	1.08	0.97
Emerging Markets	1.09	1.07	1.14	1.12	1.11	1.14	1.11	1.11	1.11	1.15	1.00	1.16	1.40	1.24	1.11
REITs	0.94	0.92	0.98	0.96	0.96	0.98	0.95	0.96	0.95	0.99	0.86	1.00	1.20	1.07	0.96
Commodities	0.78	0.76	0.82	0.80	0.80	0.81	0.79	0.80	0.79	0.82	0.72	0.83	1.00	0.89	0.80
Int. Bond	0.88	0.86	0.92	0.91	0.90	0.92	0.89	0.90	0.89	0.93	0.81	0.94	1.13	1.00	0.90
High Yield	0.98	0.96	1.03	1.01	1.00	1.02	0.99	1.00	0.99	1.03	0.90	1.04	1.25	1.11	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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