

Chart of the Week



Weekly Highlights

- **China devalues the yuan.** The People's Bank of China (PBOC) implemented changes in determining the yuan's exchange rate on Tuesday and the currency fell by 3% by the close on Wednesday. Officially, this is the first step towards allowing the yuan's value to float more freely against other currencies.
- **Retail sales rise.** Retail sales for July rose 0.6%, in line with economist expectations. Sales were led by food service and autos, while electronics and general merchandise fell. The Commerce Department revised June sales higher to 0.2% against initial readings of -0.3%. While only marginally positive, there was little in the report to deter the Fed from potentially hiking rates next month.
- **Job market indicators mixed.** The Labor Department's Job Openings and Labor Turnover Survey (JOLTS) report for June showed job openings fell slightly to 5.25 million in June from 5.36 million in May. This was largely driven by an increase in the hiring rate. Despite news of initial jobless claims increasing 5,000 for the week ending August 8th to 274,000, the rolling monthly average sits at 266,250 – the lowest level since April 2000.

Talking Points

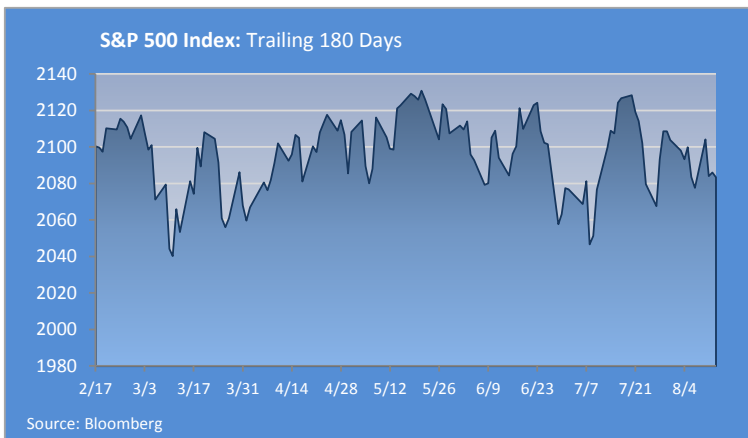
- **Stocks were mixed,** as European equities, led by Germany, traded lower this week through Thursday. Chinese stocks rallied as authorities moved to devalue the yuan. Domestic stocks traded in mildly positive territory. Consumer Discretionary stocks led the charge, but were offset by declines in Energy.
- **Treasuries remain volatile.** Yields jumped on Monday but fell during the next two sessions on the China news before rebounding on Thursday and ending the week essentially flat.
- **Commodities declined** as crude oil, agricultural commodities, and industrial metals fell. Precious metals rose slightly in the week.
- **The dollar weakened** retracing a trend that had been in place since June.
- **Among other economic data released this week:** U.S. import prices fell 0.9% in July, marking the biggest drop in six months. Small business sentiment rose in July, following two months of decline. The Department of Labor revised annual productivity growth from 2007-2014 down to 1.3% from 1.4%.

MARKET DASHBOARD

	Last Price	Change	% Chg.	YTD %
S&P 500	2,091.54	13.97	0.67%	1.6%
Dow Industrials	17,477.40	104.02	0.60%	-1.9%
Nasdaq	5,048.23	4.69	0.09%	6.6%
Russell 2000	1,212.69	5.79	0.48%	0.7%
Euro Stoxx Index	386.24	-10.83	-2.73%	12.8%
Shanghai Composite	3,965.34	221.13	5.91%	22.6%
Russell Global	1,750.19	-9.06	-0.52%	0.8%

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

	Last Price	Change	% Chg.	YTD %
Russell Global EM	2,712.66	-72.59	-2.61%	-9.0%
10-Year US Treas.	2.20	2 bps	NM	NM
DJ UBS Comm. Idx.	90.36	-0.12	-0.14%	-13.4%
Gold	\$1,114.95	\$20.91	1.91%	-5.9%
Crude Oil	\$42.15	-\$1.74	-3.97%	-26.7%
Dollar Index	96.57	-0.99	-1.02%	7.0%
VIX Index	12.83	-0.56	-4.18%	-33.2%



	One Week			YTD		
	Value	Growth		Value	Growth	
L	0.71%	0.54%	0.38%	-2.34%	1.84%	6.03%
	1.26%	1.01%	0.77%	-0.42%	2.17%	4.65%
S	1.09%	0.48%	-0.10%	-4.17%	0.66%	5.55%

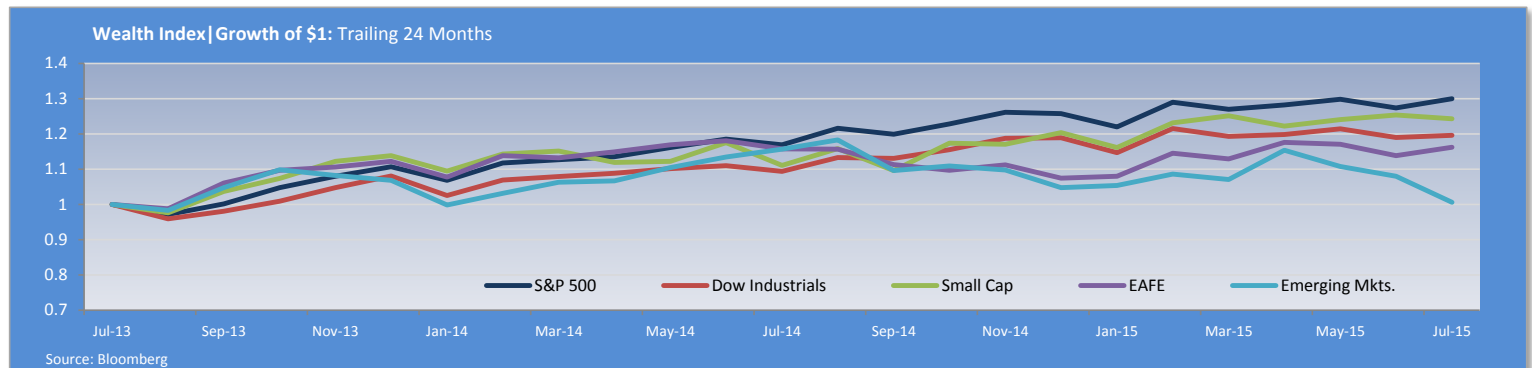
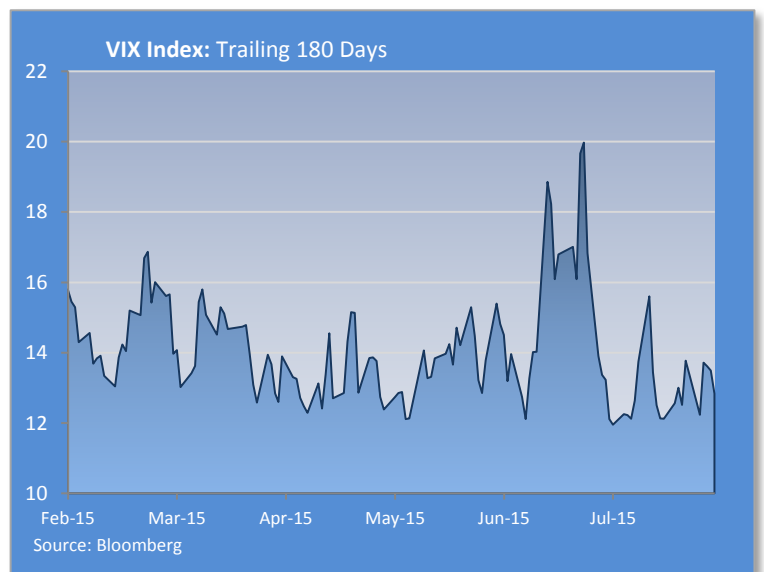
Source: Bloomberg

Sector Performance:

S&P/Global Industry Classification Sectors (GICS)

	% Wgt in S&P 500	Week % Chg.	YTD % Chg.
Consumer Discretionary	12.7	0.11%	8.5%
Consumer Staples	9.7	0.03%	2.9%
Energy	7.1	3.20%	-13.7%
Financials	16.9	0.30%	1.8%
Health Care	15.4	0.05%	9.9%
Industrials	10.0	1.20%	-3.8%
Information Technology	19.8	0.67%	2.4%
Materials	2.9	1.00%	-6.2%
Telecom Services	2.4	0.99%	-0.8%
Utilities	3.0	2.33%	-4.0%

Source: Bloomberg



THE ECONOMY AND MARKETS

A Macro View – A Look at Money Managers and Liquidity

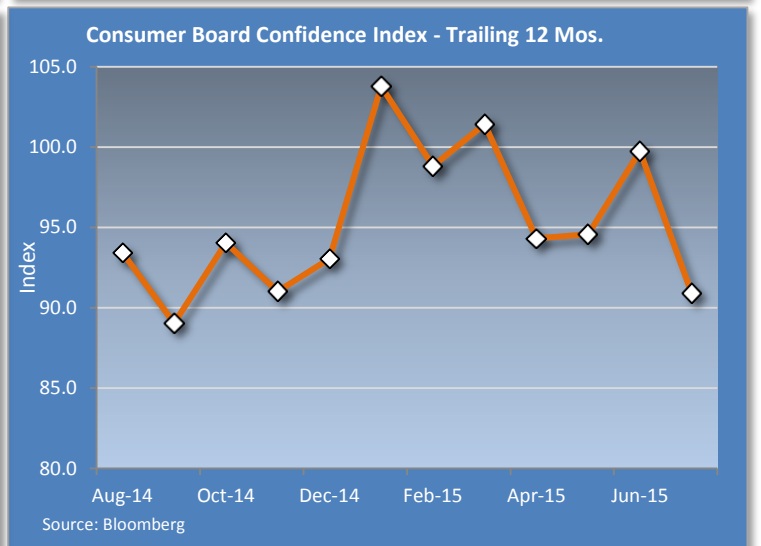
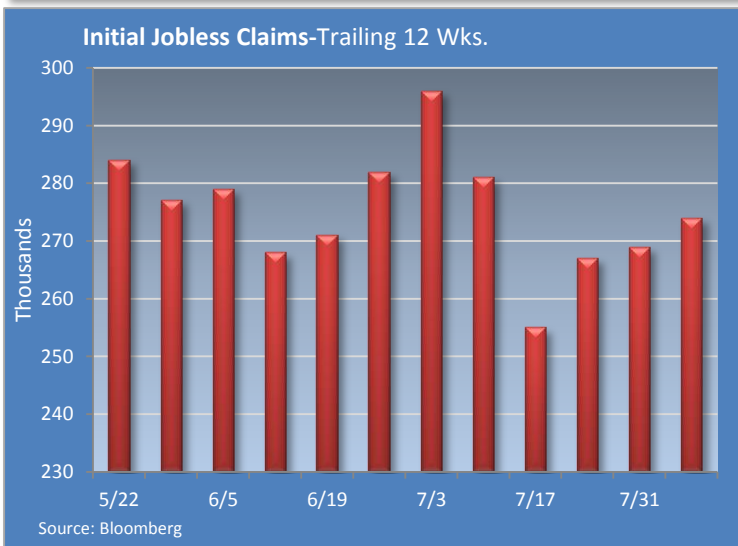
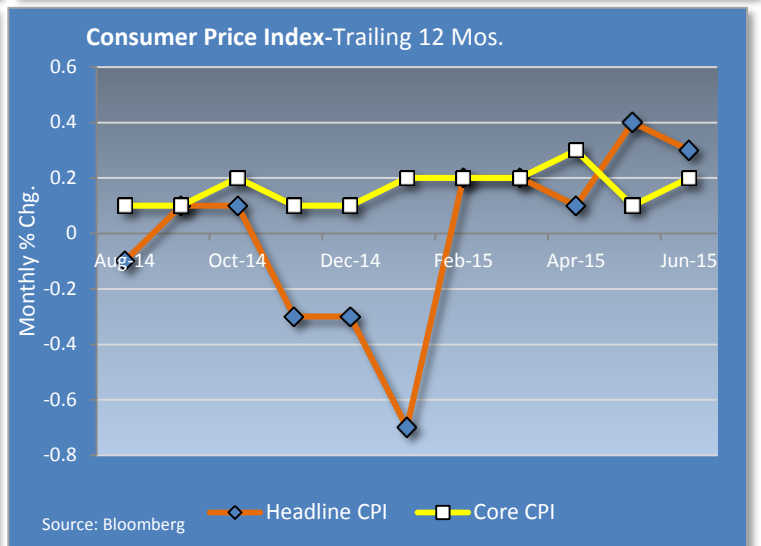
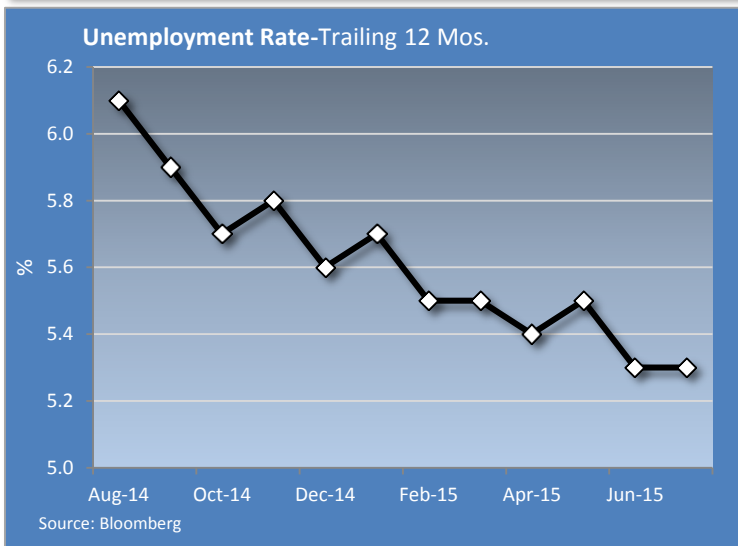
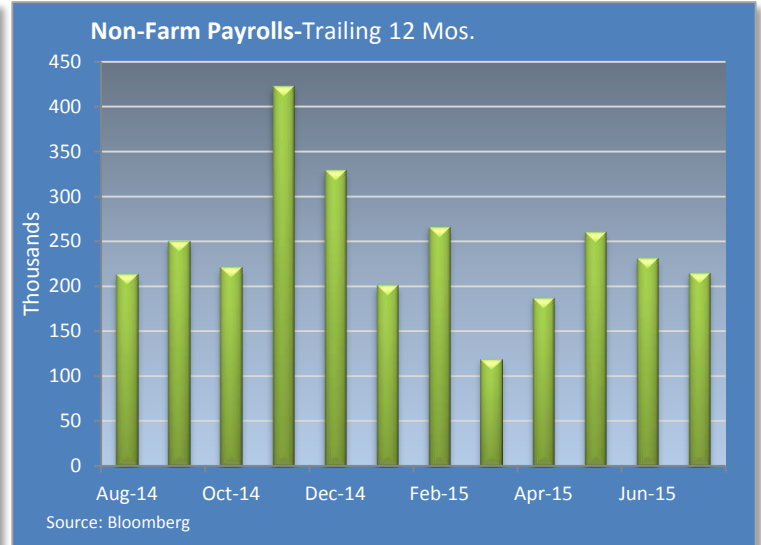
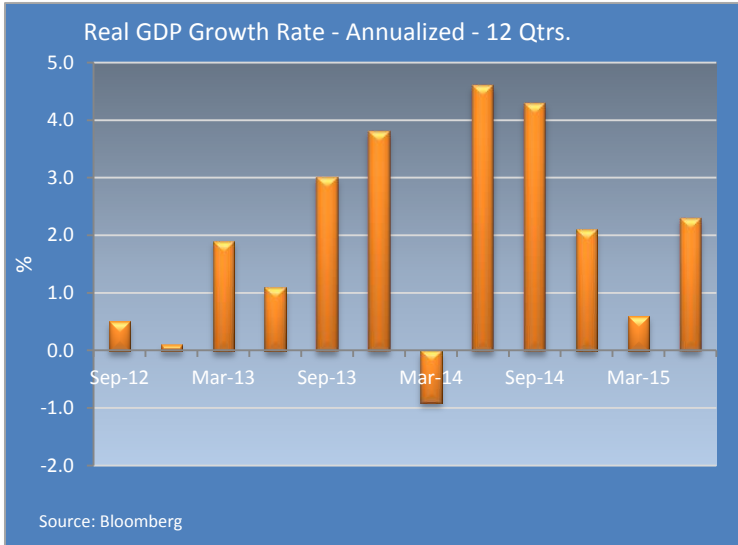
Bond market liquidity has long been a concern for investors, especially during market crises when it matters most. Since the most recent crisis in 2008-2009, however, the trading environment has changed dramatically in terms of its regulation, size, and structure. With the Federal Reserve (Fed) sending clear signals that monetary policy normalization is coming sooner rather than later, money managers have been working fervently to prepare for the new reality of fixed income markets.

The most commonly cited reason for the current situation in bond markets is a secondary effect of the Dodd-Frank Wall Street Reform and Consumer Protection Act reform legislation in the United States. One portion of the law, designed to prevent excessive risk taking, brought about the decline of the so-called “proprietary trading desks”, run by investment banks and bond dealers to trade on their own account. These traders served, except in the most extreme circumstances, as the buyer of last resort and kept significant inventories of bonds on a daily basis. These inventories have since shrunk to a quarter of their pre-2008 size, as banks have de-risked and increased their Tier-1 Capital Ratios. The domestic bond market itself has changed over the last seven years as well. According to the Securities Industry and Financial Markets Association (SIFMA), the par value of fixed income securities outstanding grew 23% from 2008 to 2014, while assets in bond-focused mutual funds more than doubled to \$3.3 trillion in the same period. The growth in bond mutual fund assets has many sources, but the largest of which is simple demographics. As the Baby Boomer generation has been approaching retirement (and the leading edge of this group is already of retirement age), pragmatic investing principles dictate a larger allocation to fixed income. As rates have continued to fall, some institutional investors have moved out of money market funds and into short-term bond funds to keep a minimum level of income. Finally, the Fed’s quantitative easing program has taken nearly \$4 trillion in Treasury bonds and Agency MBS securities off the market, and it continues to be the largest buyer of new mortgage-back security (MBS) issuance, as principal and interest from the Fed’s balance sheet is reinvested.

Over the last seven years minus a few brief periods, the markets have faced lower liquidity driven by demand outstripping supply. However, it is our opinion that the real danger for investors and the markets as a whole is low-to-no liquidity driven by massive selling (supply) outstripping any demand. This is what we saw during the five- or six-week period in the second quarter of 2013 – the so called “taper tantrum”. In that case, the market corrected itself relatively quickly, but it put mutual fund managers on notice that this was going to be a problem again. The mutual fund firms have certain defensive measures they can use such as carrying higher levels of cash (a high opportunity cost), or using ETFs (which have their own expense ratios to pay) to satisfy potential redemption waves, or putting credit lines in place to meet redemptions without selling current holdings at steep discounts. While these defensive measures can help protect investors in all but the most extreme situations, they fail to address the underlying liquidity issue. Beyond the explicit cost, relying on ETFs also fails to entirely alleviate liquidity concerns, as the underlying bonds held by these vehicles are subject to volatile price fluctuations in liquidity events. Several of the largest fixed income fund managers, as well as the Financial Industry Regulatory Authority (FINRA), have announced plans to develop electronic trading platforms in order to replace the outdated over-the-counter, call-your-broker system, but these efforts are still nascent and face the obstacle never faced by the equity markets in making the transition to electronic trading – the sheer differentiation and complexity that is inherent in the bond market. Agency trading, in which an intermediary connects buyers directly to sellers for a fee, may be particularly suited to allow institutional investors, such as pension funds, to provide liquidity to the market. Nothing will completely eliminate the risk of the bond markets seizing up as they did during the taper tantrum or the 2008 crisis, but prudent management can help reduce the impact of the next crisis on individual portfolios (at a cost). Ultimately, the domestic and global fixed income markets must find a way to share information on current demand, supply, and prices in a manner similar to the equity markets to develop an environment that can once again reach the liquidity levels of the pre-crisis markets.

Michael Wedekind
Associate Investment Analyst

ECONOMIC DATA



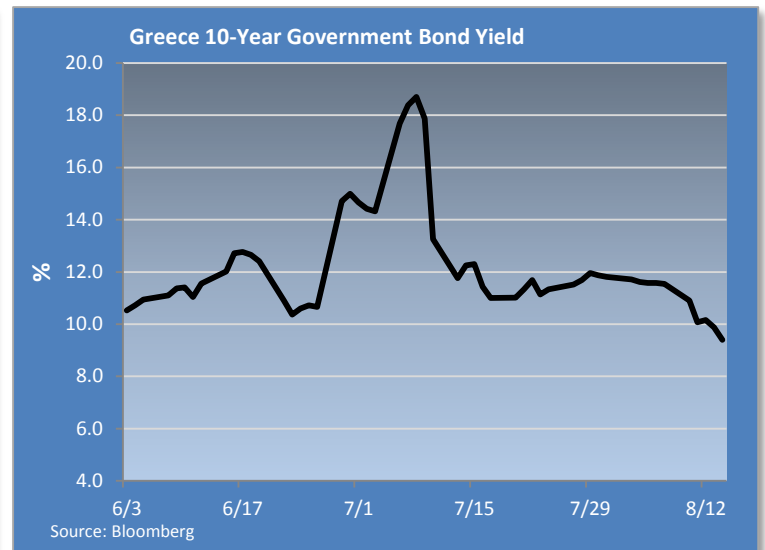
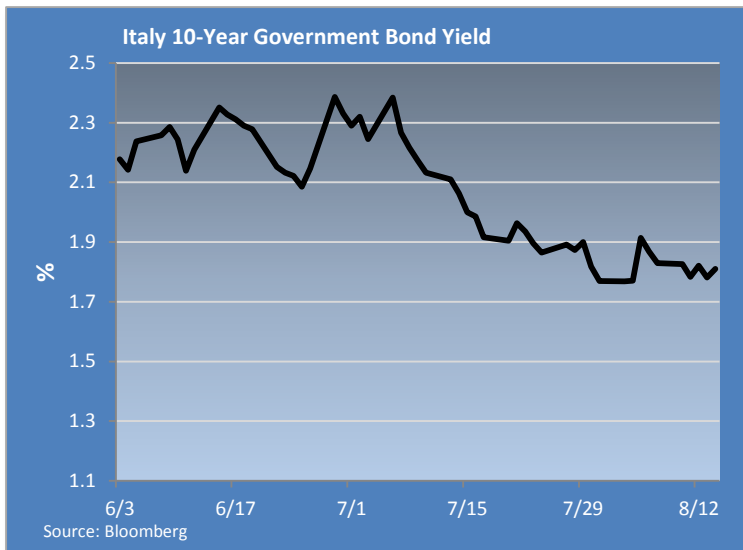
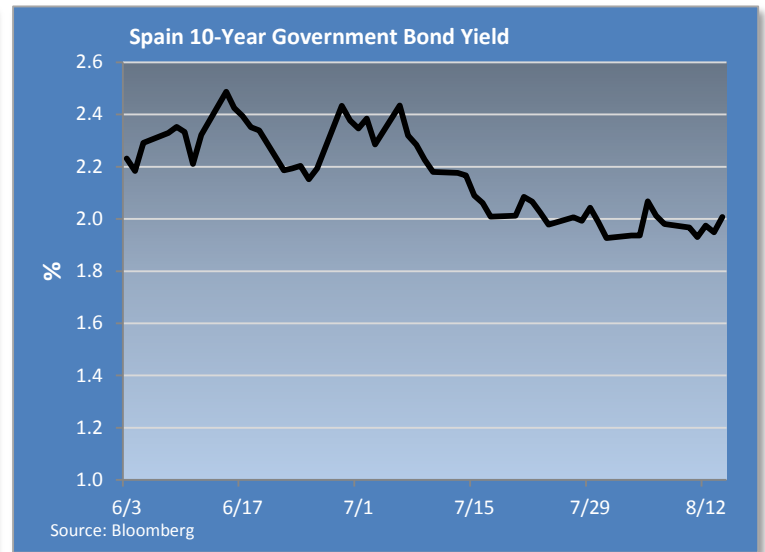
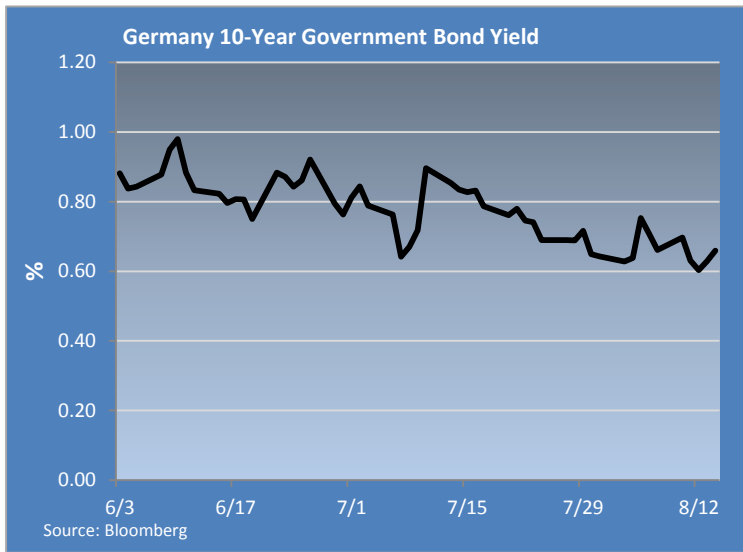
EUROZONE

SELECTED EUROPEAN SOVEREIGN YIELD PERFORMANCE

	Last	Change	% Chg.	YTD %
Germany 10-Yr. Govt.	0.66	0 bps	NM	NM
Greece 10-Yr. Govt.	9.40	92 bps	NM	NM
Italy 10-Yr. Govt.	1.81	2 bps	NM	NM
Spain 10-Yr. Govt.	2.01	-2 bps	NM	NM
Belgium 10-Yr. Govt.	1.01	-2 bps	NM	NM

	Last	Change	% Chg.	YTD %
France 10-Yr. Govt.	0.98	-1 bps	NM	NM
Ireland 10-Yr. Govt.	1.25	-3 bps	NM	NM
Portugal 10-Yr. Govt.	2.42	2 bps	NM	NM
Netherlands 10-Yr. Govt.	0.84	0 bps	NM	NM
U.K. 10-Yr. Govt.	1.88	-3 bps	NM	NM

Source: Bloomberg
Basis points (bps)



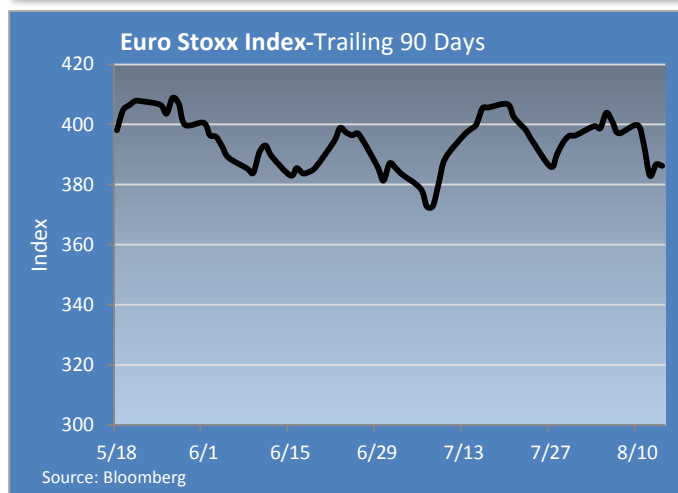
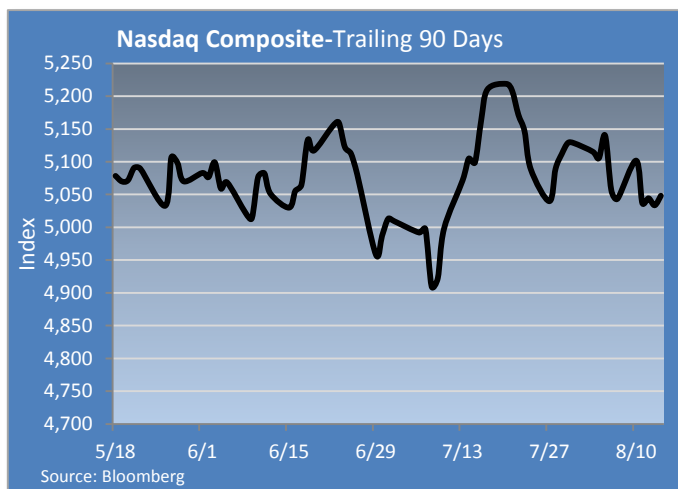
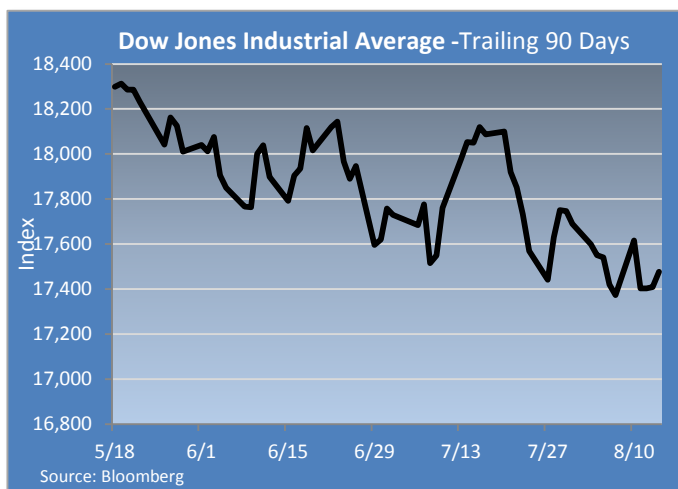
EQUITIES

WORLD MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
S&P 500	2,091.54	13.97	0.67%	1.59%
Dow Industrials	17,477.40	104.02	0.60%	-1.94%
Nasdaq Composite	5,048.23	4.69	0.09%	6.59%
Russell Global	1,750.19	-9.06	-0.52%	0.8%
Russell Global EM	2,712.66	-72.59	-2.61%	-9.0%
S&P/TSX (Canada)	14,277.88	-24.82	-0.17%	-2.42%
Mexico IPC	43,746.72	-1115.42	-2.49%	1.39%
Brazil Bovespa	47,508.41	-1068.91	-2.20%	-5.00%
Euro Stoxx 600	386.24	-10.83	-2.73%	12.76%
FTSE 100	6,550.74	-167.75	-2.50%	-0.23%
IBEX 35 (Spain)	10,879.30	-298.90	-2.67%	5.83%

	Last	Change	% Chg.	YTD %
Swiss Market Index	9,346.56	-61.71	-0.66%	4.04%
CAC 40 Index (France)	4,956.47	-198.28	-3.85%	16.00%
DAX Index (Germany)	10,985.14	-505.69	-4.40%	12.03%
Irish Overall Index	6,520.61	-63.56	-0.97%	24.81%
Nikkei 225	20,519.45	-205.11	-0.99%	17.58%
Hang Seng Index	23,991.03	-561.44	-2.29%	1.64%
Shanghai Composite	3,965.34	221.13	5.91%	22.59%
Kospi Index (S. Korea)	1,983.46	-29.83	-1.48%	3.54%
Taiwan Taiex Index	8,305.64	-136.65	-1.62%	-10.76%
Tel Aviv 25 Index	1,711.66	-4.99	-0.29%	16.84%
MICEX Index (Russia)	1,712.47	22.03	1.30%	22.62%

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



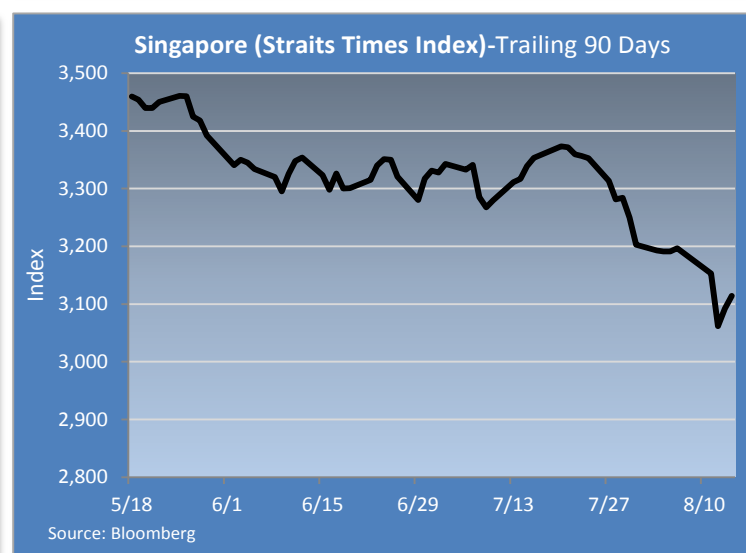
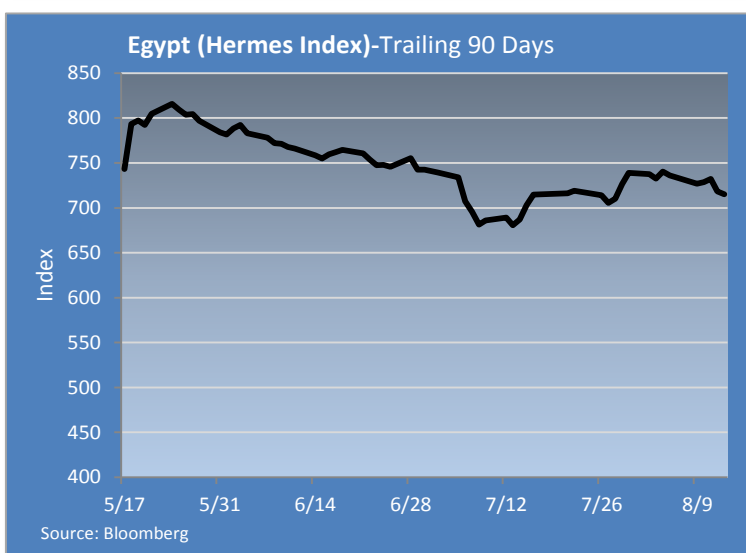
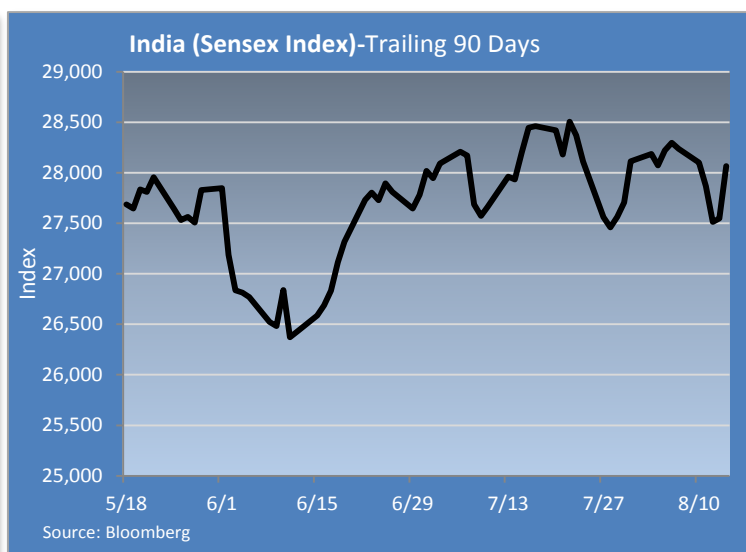
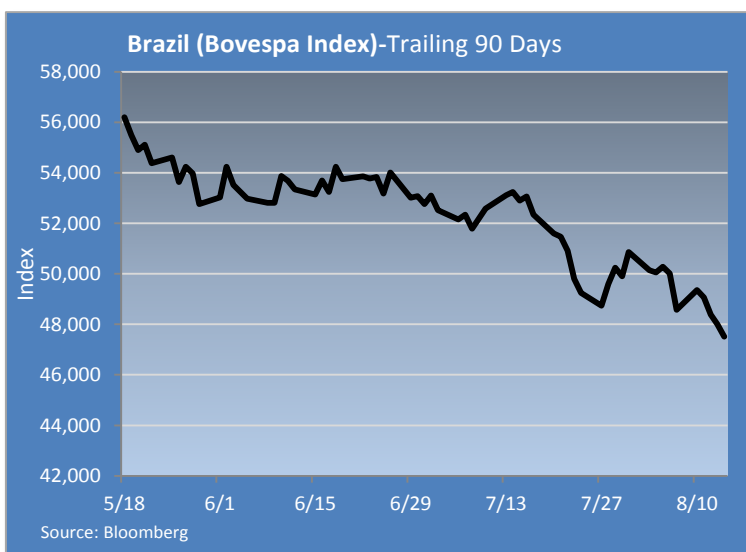
EQUITIES – EMERGING AND FRONTIER MARKETS

EMERGING AND FRONTIER MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
Mexico IPC	43,746.72	-1115.42	-2.5%	1.4%
Brazil (Bovespa Index)	47,508.41	-1068.91	-2.2%	-5.0%
MICEX Index (Russia)	1,712.47	22.03	1.3%	22.6%
Czech Republic (Prague)	1,025.17	-8.13	-0.8%	8.3%
Turkey (Istanbul)	77,308.94	-1118.11	-1.4%	-9.8%
Egypt (Hermes Index)	715.01	-20.95	-2.8%	-14.3%
Kenya (Nairobi 20 Index)	4,496.23	81.14	1.8%	-12.1%
Saudi Arabia (TASI Index)	8,683.74	29.10	0.3%	4.2%
Lebanon (Beirut BLOM Index)	1,171.18	1.88	0.2%	0.1%
Palestine	490.36	6.61	1.4%	-2.5%

	Last	Change	% Chg.	YTD %
Hang Seng Index	23,991.03	-561.44	-2.3%	1.6%
India (Sensex 30)	28,067.31	-169.08	-0.6%	2.1%
Malaysia (KLCI Index)	1,596.82	-85.83	-5.1%	-9.3%
Singapore (Straits Times Index)	3,114.25	-77.14	-2.4%	-7.5%
Thailand (SET Index)	1,413.92	-16.66	-1.2%	-5.6%
Indonesia (Jakarta)	4,585.39	-184.91	-3.9%	-12.3%
Pakistan (Karachi KSE 100)	35,937.33	-285.30	-0.8%	11.8%
Vietnam (Ho Chi Minh)	589.03	-14.73	-2.4%	8.0%
Sri Lanka (Colombo)	7,462.34	91.74	1.2%	2.2%
Cambodia (Laos)	1,307.62	-25.97	-1.9%	-7.5%

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

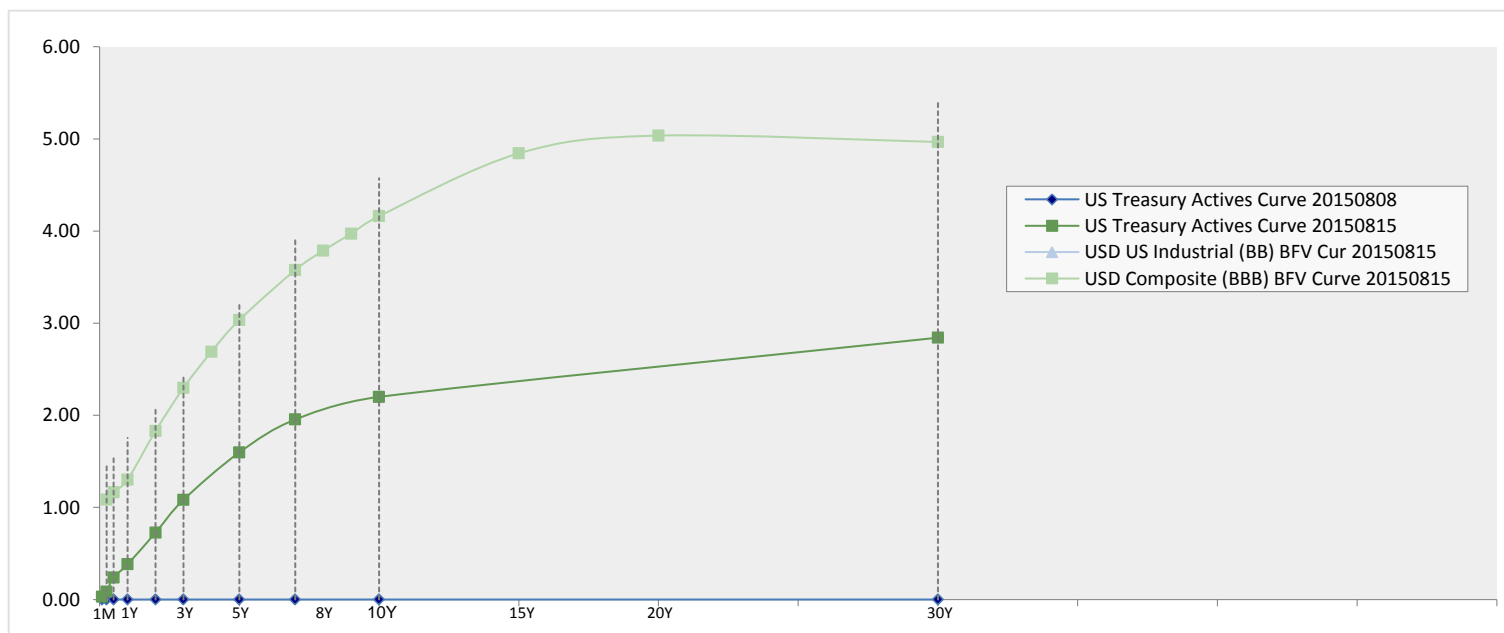


INTEREST RATES

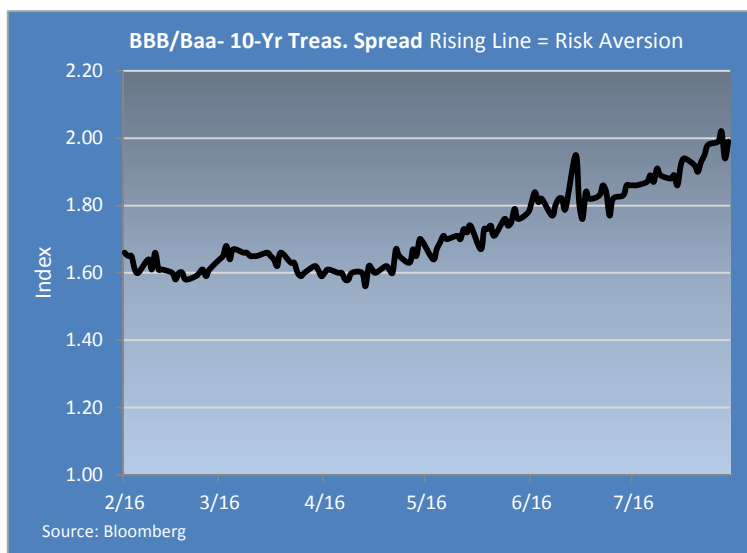
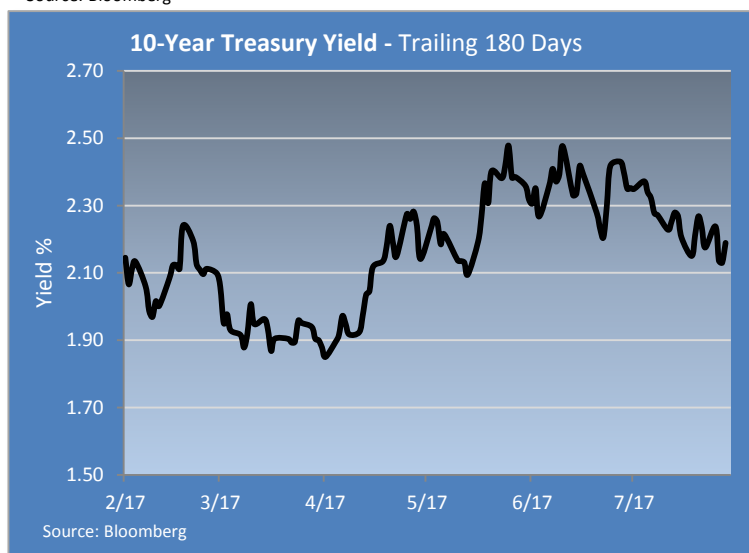
SELECTED INTEREST RATES

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
2-Yr. U.S. Treasury	0.72%	0 bps	NM	NM	Prime Rate	3.25%	0.00	NM	NM
5-Yr. U.S. Treasury	1.60%	2 bps	NM	NM	Fed Funds Rate	0.25%	0.00	NM	NM
10-Yr. U.S. Treasury	2.20%	2 bps	NM	NM	Discount Rate	0.75%	0.00	NM	NM
30-Yr. U.S. Treasury	2.84%	1 bps	NM	NM	LIBOR (3 Mo.)	0.32%	1 bps	NM	NM
German 10-Yr. Govt.	0.66%	0 bps	NM	NM	Bond Buyer 40 Muni	4.03%	-1 bps	NM	NM
France 10-Yr.	0.98%	-1 bps	NM	NM	Bond Buyer 40 G.O.	3.69%	NA	NM	NM
Italy 10-Yr.	1.81%	2 bps	NM	NM	Bond Buyer 40 Rev.	4.06%	NA	NM	NM
Fed 5-Yr Fwd BE Inf.	1.92%	-2 bps	NM	NM					

Source: Bloomberg



Source: Bloomberg



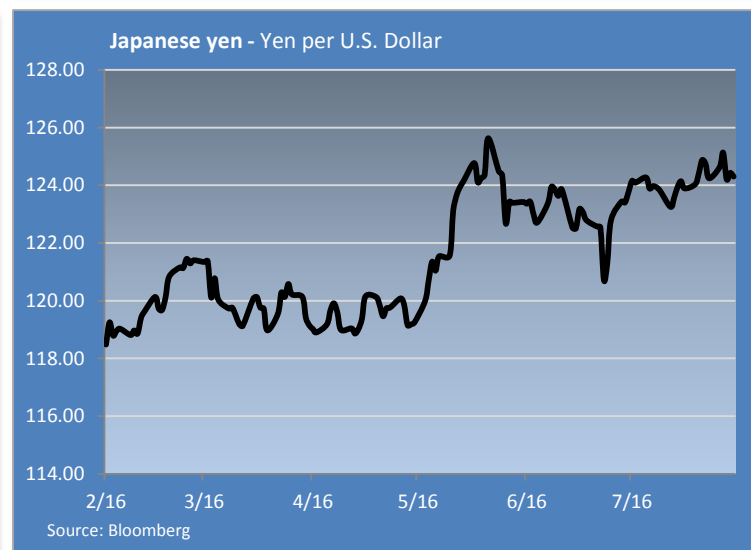
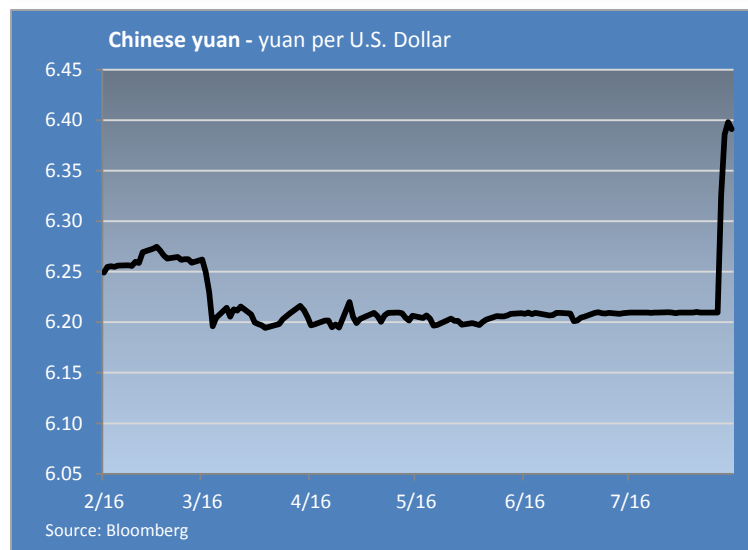
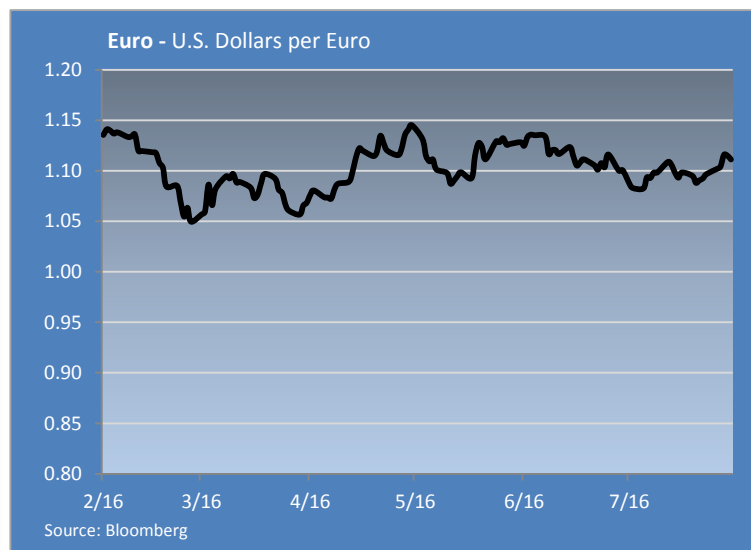
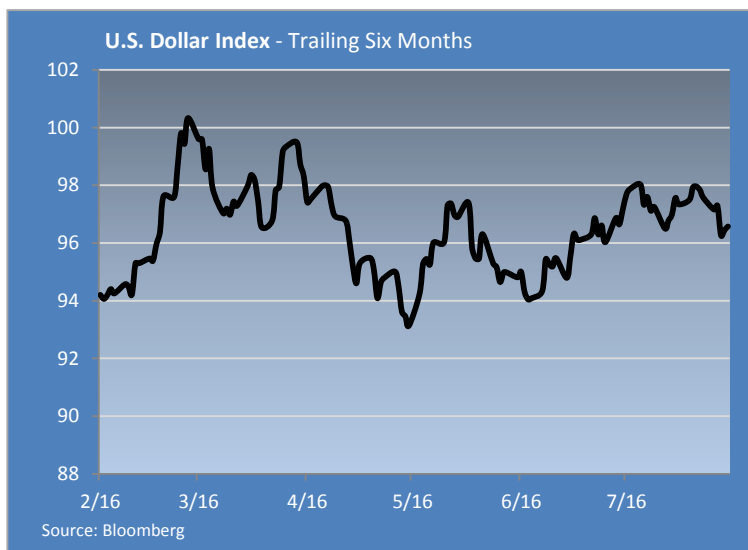
CURRENCIES

SELECTED CURRENCY PERFORMANCE

	Last	Change	% Chg.	YTD %
Dollar Index	96.57	-0.991	-1.02%	6.98%
Euro	1.11	0.015	1.32%	-8.15%
Japanese Yen	124.30	0.060	-0.05%	-3.64%
British Pound	1.56	0.016	1.00%	0.44%
Canadian Dollar	1.31	-0.004	0.27%	-11.26%

	Last	Change	% Chg.	YTD %
Chinese Yuan	6.39	0.182	-2.84%	-2.91%
Swiss Franc	0.98	-0.008	0.81%	1.88%
New Zealand Dollar	0.65	-0.008	-1.25%	-16.13%
Brazilian Real	3.48	-0.026	0.75%	-23.66%
Mexican Peso	16.40	0.239	-1.46%	-10.03%

Source: Bloomberg

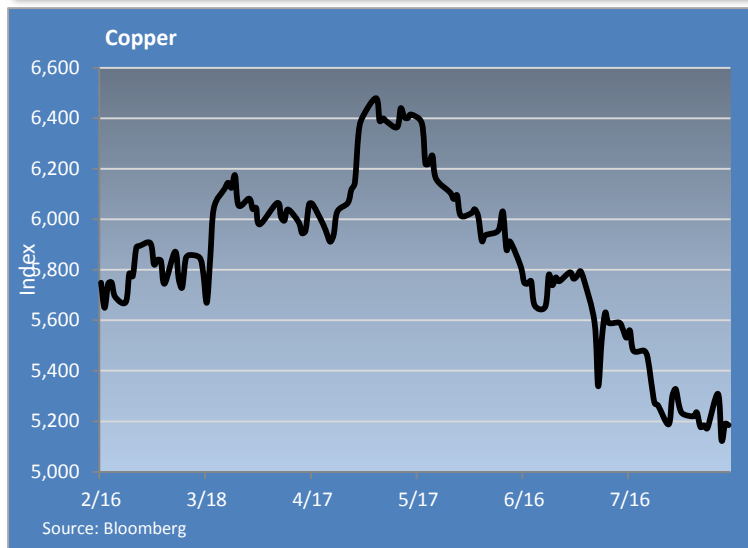
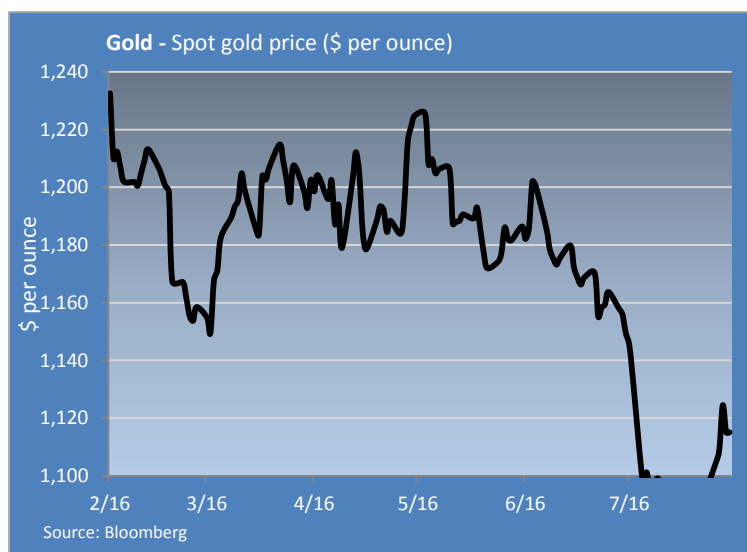
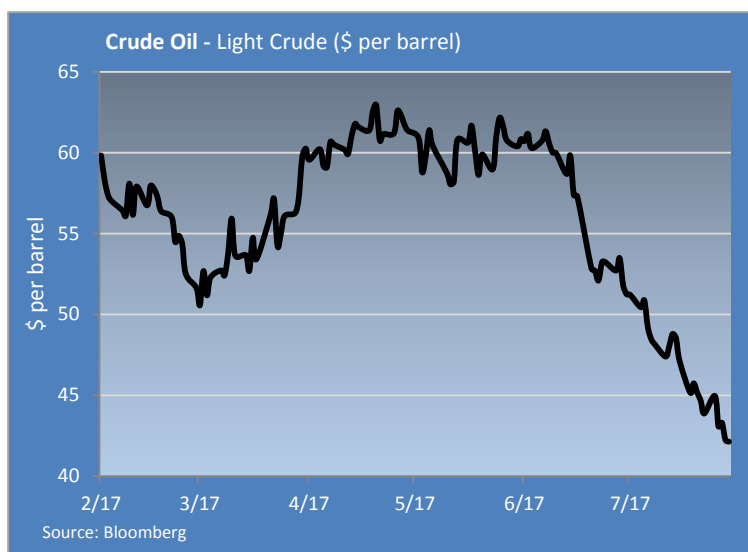


COMMODITIES

SELECTED COMMODITY MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
DJ UBS Comm. Idx.	90.36	-0.12	-0.14%	-13.39%	Platinum Spot	\$992.35	\$28.90	3.00%	-17.87%
Rogers Int. Comm. Idx.	2352.48	-8.96	-0.38%	-15.76%	Corn	375.50	-8.25	-2.15%	-10.81%
Crude Oil	\$42.14	-\$1.74	-3.97%	-26.73%	Wheat	511.75	-4.00	-0.78%	-16.75%
Natural Gas	\$2.81	\$0.01	0.46%	-6.64%	Soybeans	916.50	-46.75	-4.85%	-8.85%
Gasoline (\$/Gal.)	\$2.65	\$0.05	1.84%	18.44%	Sugar	10.68	0.02	0.19%	-31.84%
Heating Oil	154.96	0.55	0.36%	-17.05%	Orange Juice	132.45	-0.75	-0.56%	-7.96%
Gold Spot	\$1,114.95	\$20.91	1.91%	-5.85%	Aluminum	1,574.00	-15.00	-0.94%	-15.03%
Silver Spot	\$15.24	\$0.42	2.82%	-3.00%	Copper	5,185.00	12.00	0.23%	-17.70%

Source: Bloomberg; % change is based on price.



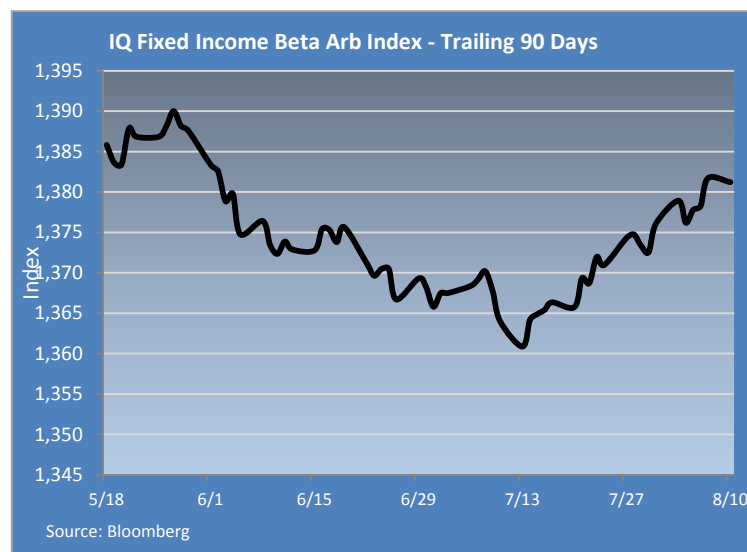
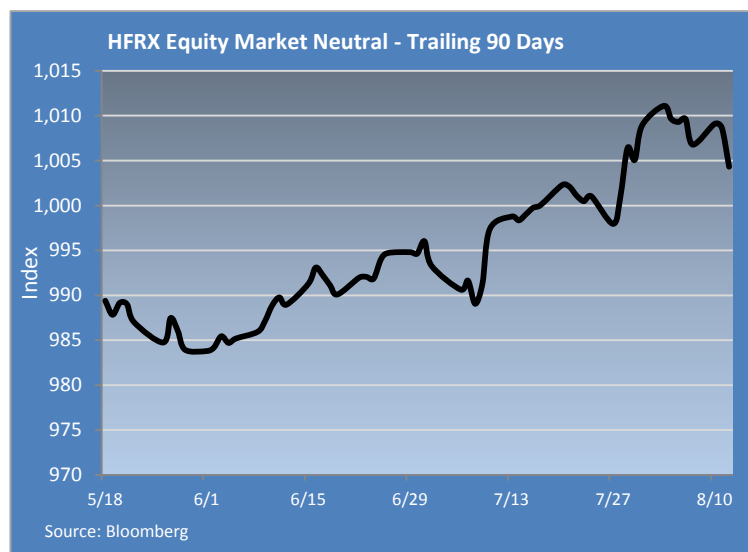
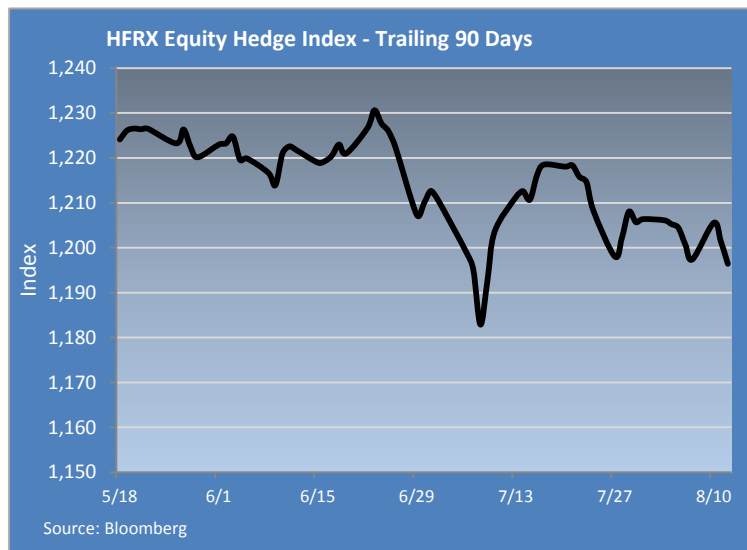
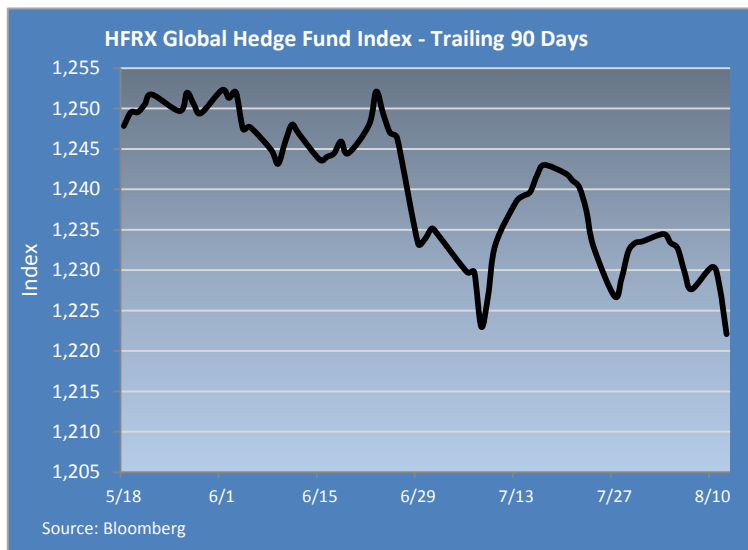
ALTERNATIVE INVESTMENTS

SELECTED ALTERNATIVE INVESTMENT INDEX PERFORMANCE

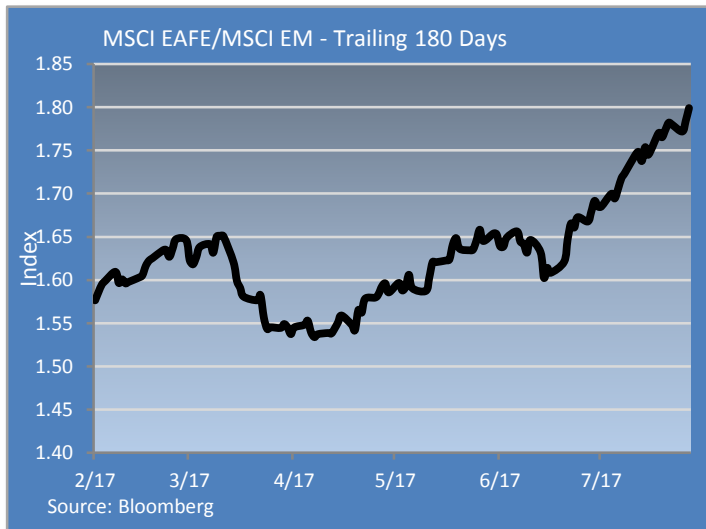
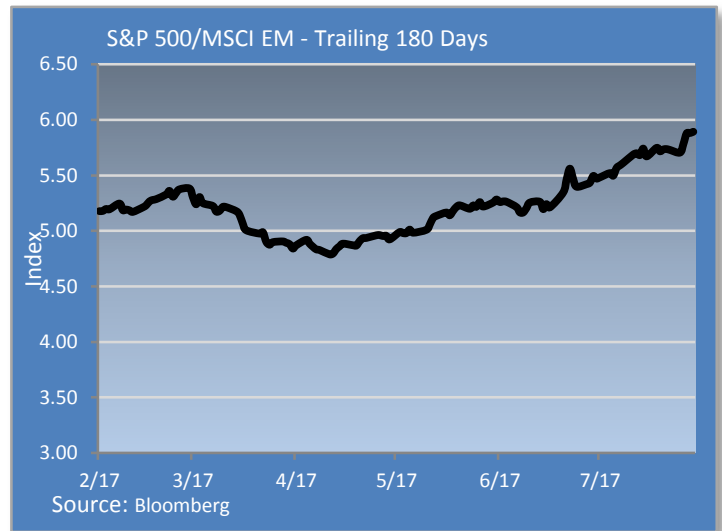
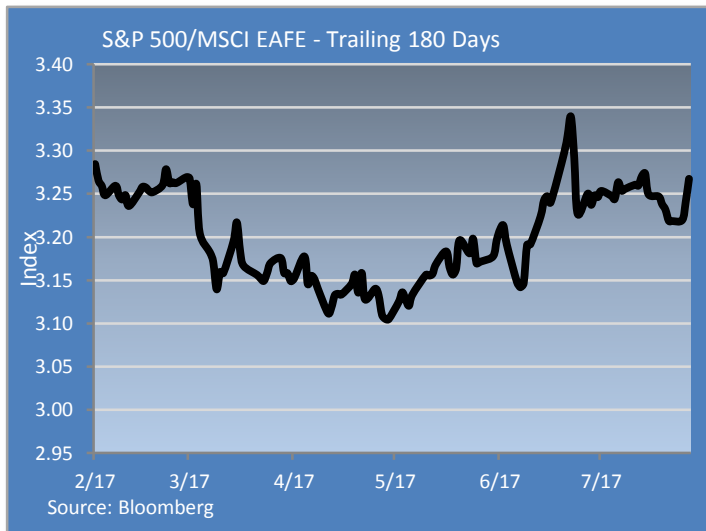
	Last	Change	% Chg.	YTD %
HFRX Global Hedge Fund Index	1229.80	-4.57	-0.37%	0.38%
HFRX Equity Market Neutral	1004.32	4.09	0.41%	2.49%
HFRX Equity Hedge Index	1200.64	-0.25	-0.02%	1.29%
HFRX Event-Driven Index	1499.32	-10.51	-0.70%	-1.86%
HFRX Absolute Return Index	1018.86	1.48	0.15%	2.21%

	Last	Change	% Chg.	YTD %
HFRX Distressed Index	992.53	-8.47	-0.85%	-1.59%
HFRX Merger Arbitrage Index	1671.75	4.56	0.27%	4.59%
HFRX Convertible Arbitrage Index	722.40	-3.37	-0.47%	2.33%
HFRX Macro CTA Index	1207.80	-8.14	-0.67%	0.49%
IQ Fixed Income Beta Arb Index	1379.66	-2.08	-0.15%	-0.57%

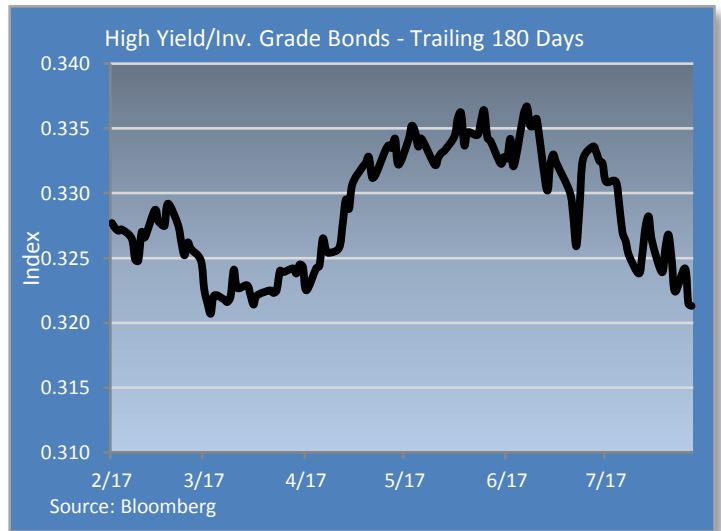
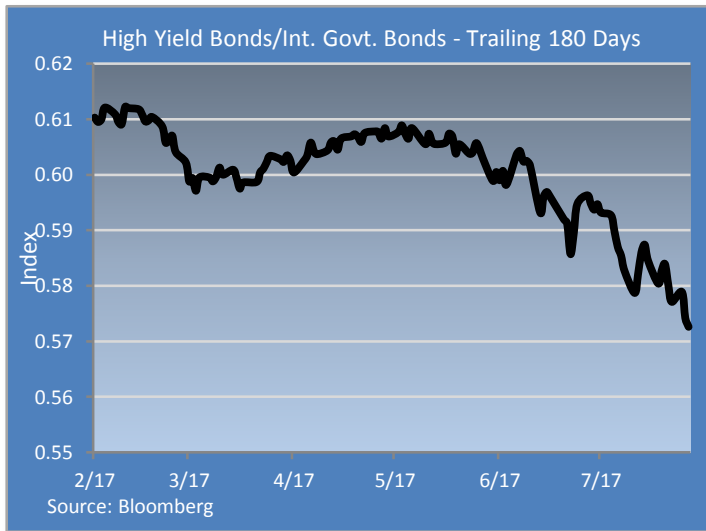
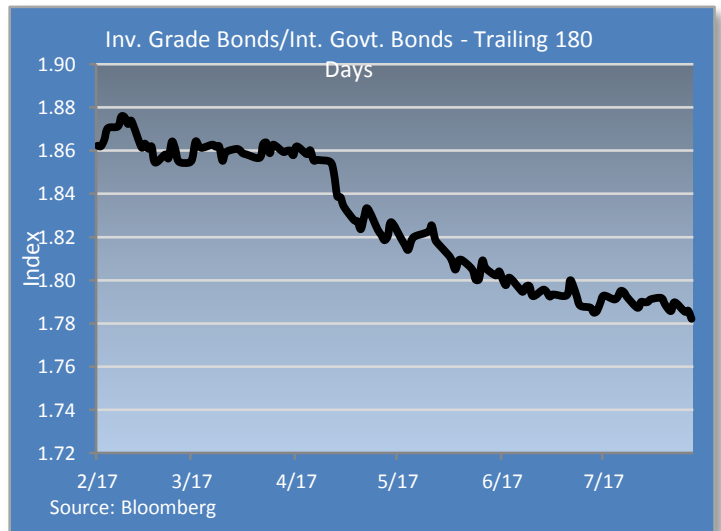
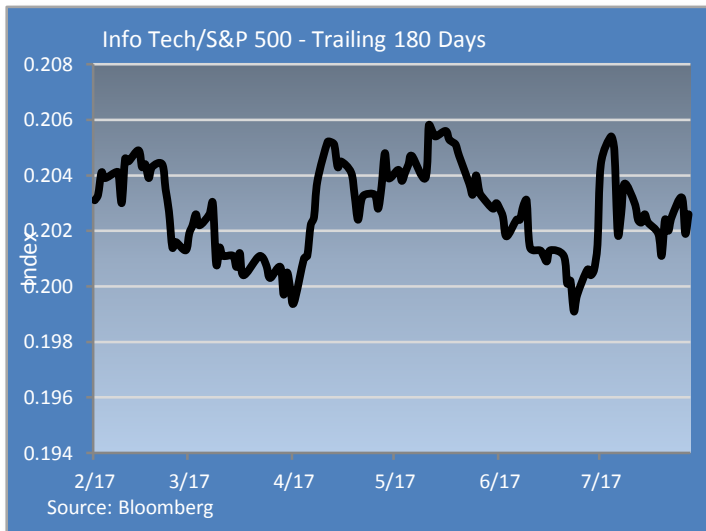
Source: Bloomberg; Index % change is based on price.



PORTFOLIO CONSTRUCTION



PORTFOLIO CONSTRUCTION (cont'd.)



WEEKLY ASSET CLASS PERFORMANCE (Prior 12 weeks ending Thursday)

			5/28	6/4	6/11	6/18	6/25	7/2	7/9	7/16	7/23	7/30	8/6	8/13
Equity	Domestic Equity	Large Cap (R200)	-0.49%	-1.18%	0.66%	0.56%	-0.85%	-1.14%	-1.23%	3.86%	-0.95%	0.33%	-1.31%	-0.16%
		Small Cap (R2000)	-0.29%	-0.14%	1.41%	1.24%	-0.11%	-2.73%	-1.13%	3.13%	-2.19%	-1.04%	-1.32%	-0.91%
	Int'l. Equity	MSCI EAFE	-1.79%	-0.52%	-0.42%	-0.75%	1.53%	-2.81%	-2.17%	4.28%	-0.89%	-0.97%	0.88%	-1.58%
		MSCI Em. Mkts.	-2.24%	-2.13%	-1.14%	0.08%	1.08%	-1.69%	-5.32%	2.38%	-1.93%	-3.19%	-1.02%	-2.27%
Fixed Income	BarCap Agg. (AGG)	0.20%	-1.00%	-0.29%	0.15%	-0.37%	-0.03%	0.37%	-0.06%	0.33%	-0.06%	-0.06%	0.10%	
	High Yield (JNK)	0.13%	-1.24%	-0.26%	-0.15%	-0.05%	-0.88%	-0.73%	0.66%	-1.36%	0.45%	-1.26%	-0.96%	
Commodities	DJ UBS Index	-3.46%	-0.10%	1.44%	-0.88%	0.30%	0.96%	-2.77%	-0.97%	-3.76%	-1.87%	-2.26%	-0.09%	
Alternatives	Hedge Funds (HFRX Global)	0.00%	-0.24%	0.04%	-0.17%	0.08%	-1.02%	-0.59%	1.21%	-0.36%	-0.32%	-0.29%	-0.55%	
Asset Allocation	60/40*	-0.48%	-0.96%	0.10%	0.23%	-0.11%	-1.17%	-0.98%	2.25%	-0.69%	-0.31%	-0.53%	-0.50%	
	48/32/20 (w/Alts.)**	-0.39%	-0.82%	0.09%	0.15%	-0.07%	-1.14%	-0.90%	2.04%	-0.62%	-0.31%	-0.48%	-0.51%	

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	0.96	1.05	1.02	1.00	1.03	1.15	1.09	1.23	1.05	1.50	0.88	1.36	0.98	1.51
Large Cap Growth	1.05	1.00	1.10	1.06	1.05	1.08	1.20	1.14	1.28	1.10	1.57	0.92	1.42	1.02	1.58
Large Cap Value	0.95	0.91	1.00	0.97	0.96	0.98	1.09	1.04	1.17	1.00	1.43	0.84	1.29	0.93	1.44
Mid Cap Core	0.98	0.94	1.03	1.00	0.99	1.01	1.13	1.07	1.21	1.04	1.48	0.87	1.34	0.96	1.49
Mid Cap Growth	1.00	0.95	1.05	1.01	1.00	1.03	1.14	1.09	1.22	1.05	1.50	0.88	1.35	0.97	1.51
Mid Cap Value	0.97	0.93	1.02	0.99	0.98	1.00	1.11	1.06	1.19	1.02	1.46	0.86	1.32	0.95	1.47
Small Cap Core	0.87	0.83	0.92	0.89	0.88	0.90	1.00	0.95	1.07	0.92	1.31	0.77	1.19	0.85	1.32
Small Cap Growth	0.92	0.88	0.96	0.93	0.92	0.95	1.05	1.00	1.13	0.97	1.38	0.81	1.25	0.90	1.39
Small Cap Value	0.81	0.78	0.85	0.83	0.82	0.84	0.93	0.89	1.00	0.86	1.22	0.72	1.11	0.80	1.23
Int'l. Developed	0.95	0.91	1.00	0.96	0.95	0.98	1.09	1.03	1.16	1.00	1.42	0.84	1.29	0.93	1.44
Emerging Markets	0.67	0.64	0.70	0.68	0.67	0.69	0.76	0.73	0.82	0.70	1.00	0.59	0.90	0.65	1.01
REITs	1.13	1.08	1.19	1.15	1.14	1.17	1.30	1.23	1.39	1.20	1.70	1.00	1.54	1.11	1.72
Commodities	0.74	0.70	0.77	0.75	0.74	0.76	0.84	0.80	0.90	0.78	1.11	0.65	1.00	0.72	1.11
Int. Bond	1.02	0.98	1.07	1.04	1.03	1.05	1.17	1.12	1.26	1.08	1.54	0.90	1.39	1.00	1.55
High Yield	0.66	0.63	0.69	0.67	0.66	0.68	0.76	0.72	0.81	0.70	0.99	0.58	0.90	0.65	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.

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 **Citigroup World Government Bond Index** measures the performance of fixed-rate, local currency, investment grade sovereign bonds and comprises sovereign debt from over 20 countries, denominated in a variety of currencies. 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 **ISM Non-Manufacturing Index** is an index based on surveys of more than 400 non-manufacturing firms' purchasing and supply executives, within 60 sectors across the nation, by the Institute of Supply Management (ISM). The **ISM Non-Manufacturing Index** tracks economic data, like the ISM Non-Manufacturing Business Activity Index. A composite diffusion index is created based on the data from these surveys that monitors economic conditions of the nation. The **ISM Manufacturing Index** is an index based on surveys of more than 300 manufacturing firms by the Institute of Supply Management – the index monitors employment, production inventories, new orders and supplier deliveries. A composite diffusion index is created that monitors conditions in national manufacturing based on the data from these surveys. The **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. (DM countries include: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the UK.) The **MSCI Japan Index** is designed to measure the performance of the large and mid-cap segments of the Japanese market. With 320 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in Japan. The **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.

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