

## Chart of the Week



## Weekly Highlights

- **Domestic stock prices rallied to approach record highs this week.** Most major equity indices delivered sharp gains this week, as Federal Reserve Chairman Janet Yellen indicated that slack remains in the labor market and that the Fed would not be quick to raise rates. Investors also reacted positively to this week's economic data, which continued to show positive trends, particularly on the housing front.
- **Global markets also generated solid gains on the week.** World equity indices were mostly higher this week, focusing more on positive U.S. economic than on rising tensions in the Middle East. China's markets rose for a sixth consecutive week, its longest string of gains since 2012. Russia's MICEX Index rallied sharply in anticipation of next week's meeting between the Russian and Ukrainian presidents.
- **Treasury prices were lower for the week.** The yield on the benchmark 10-year U.S. Treasury rose on the week as world central bankers met for an annual conference in Jackson Hole, Wyoming.
- **Commodity indices were lower on the week.** Crude oil declined for the fifth consecutive week on softening demand. Metals and grains also fell on the week.

## Talking Points

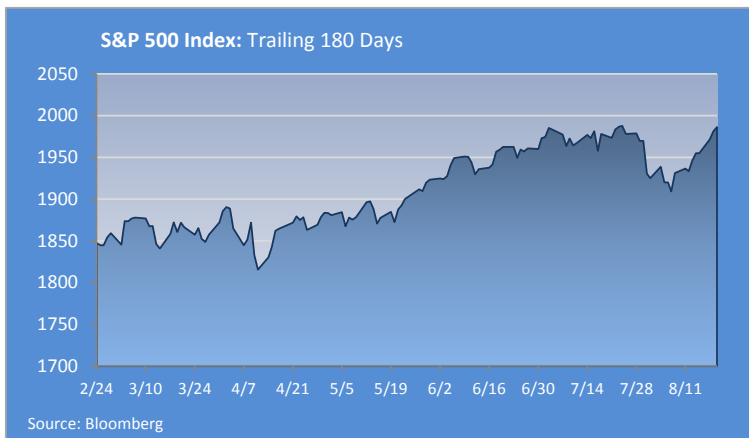
- **Among equities**, large-caps outperformed small-caps, and value stocks outperformed growth-oriented issues. Domestic stocks outperformed international equities. Developed markets underperformed emerging market stocks.
- **Treasury prices declined this week.** The yield on the 10-year T-note was modestly higher.
- **Commodity prices were mostly lower on the week.** Crude oil, metals and grains all declined.
- **The dollar was sharply higher** this week against a basket of currencies.
- **Among economic data released this week**, consumer prices rose at the slowest pace in five months in July; homebuilder confidence rose to a seven-month high in August; housing starts rose to the highest level in eight months; existing-home sales rose to a 10-month high; and initial jobless claims declined more than forecast in the latest week.

## MARKET DASHBOARD

	Last Price	Change	% Chg.	YTD %
<b>S&amp;P 500</b>	1,988.41	34.21	1.75%	7.6%
<b>Dow Industrials</b>	17,001.22	370.05	2.22%	2.8%
<b>Nasdaq</b>	4,538.55	69.18	1.55%	8.6%
<b>Russell 2000</b>	1,160.33	15.26	1.34%	-0.6%
<b>Euro Stoxx Index</b>	336.75	7.07	2.14%	2.6%
<b>Shanghai Composite</b>	2,240.81	14.08	0.63%	5.9%
<b>Russell Global</b>	1,776.26	24.59	1.40%	5.0%

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

	Last Price	Change	% Chg.	YTD %
<b>Russell Global EM</b>	3,358.41	23.83	0.71%	8.1%
<b>10-Year US Treas.</b>	2.40	7 bps	NM	NM
<b>DJ UBS Comm. Idx.</b>	125.42	-0.04	-0.03%	-0.1%
<b>Gold</b>	\$1,280.99	-\$27.72	-2.12%	6.3%
<b>Crude Oil</b>	\$93.60	-\$1.67	-1.75%	-0.4%
<b>Dollar Index</b>	82.35	0.90	1.11%	2.9%
<b>VIX Index</b>	11.52	-1.10	-8.37%	-12.2%



	One Week			YTD		
	Value	Growth		Value	Growth	
L	1.86%	1.84%	1.80%	7.03%	7.46%	7.88%
	1.72%	1.78%	1.84%	10.08%	8.33%	6.80%
S	1.71%	1.34%	0.96%	-0.03%	-0.58%	-1.11%

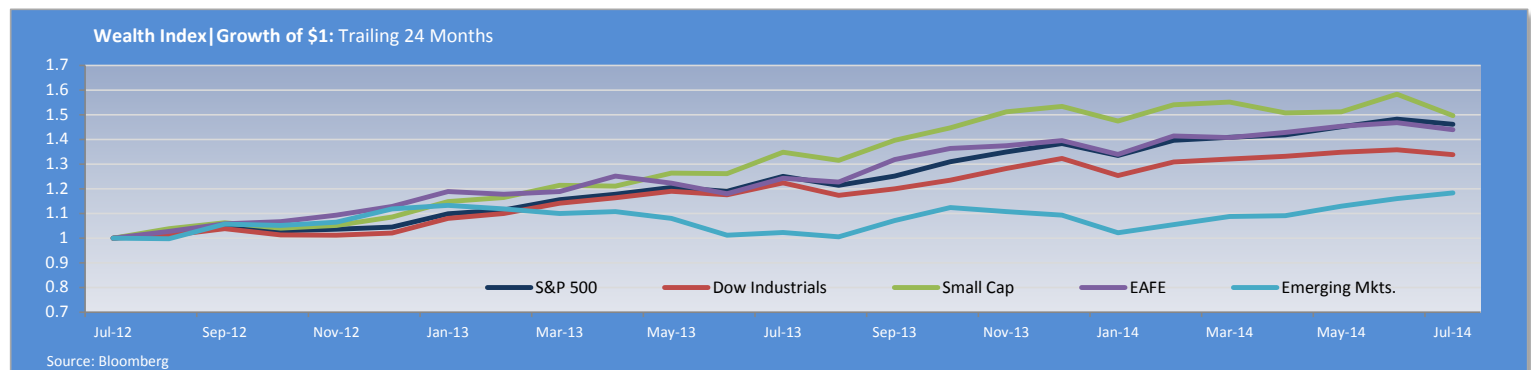
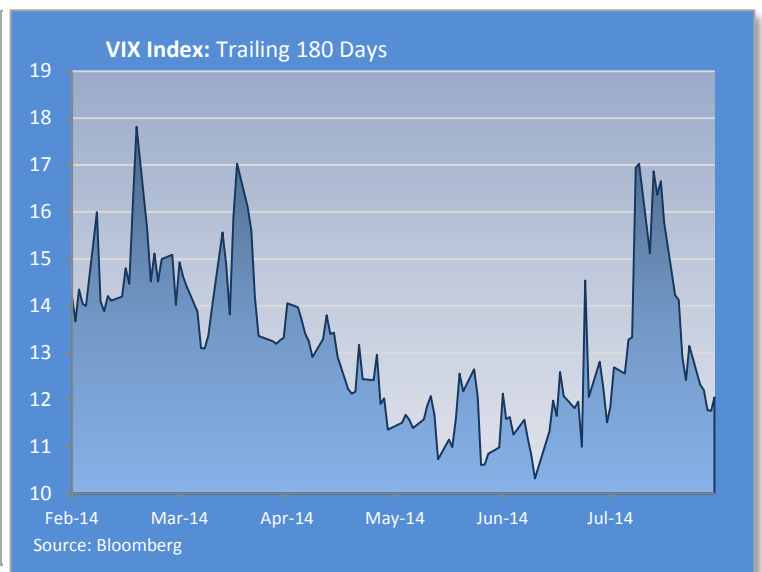
Source: Bloomberg

### Sector Performance:

#### S&P/Global Industry Classification Sectors (GICS)

	% Wgt in S&P 500	Week % Chg.	YTD % Chg.
<b>Consumer Discretionary</b>	12.0	2.07%	2.4%
<b>Consumer Staples</b>	9.4	0.99%	4.4%
<b>Energy</b>	10.3	0.54%	8.0%
<b>Financials</b>	16.2	2.74%	5.9%
<b>Health Care</b>	13.6	1.64%	13.3%
<b>Industrials</b>	10.4	2.48%	3.0%
<b>Information Technology</b>	19.4	2.31%	13.3%
<b>Materials</b>	3.5	0.91%	8.4%
<b>Telecom Services</b>	2.4	-0.58%	1.2%
<b>Utilities</b>	3.0	1.16%	11.1%

Source: Bloomberg



## ***A Macro View – Calm Markets End with Summer?***

First, let's be clear: it's August, and for a change relative to the past seven years, financial markets have been as calm as a late summer day. That may be in stark contrast to an eventful set of geopolitical crises. But the market effect of those events—in Ukraine, Northern Iraq, Israel, and even the treat of an Ebola contagion in West Africa—has been muted at best. As we emphasized in our latest edition of [The Envestnet Edge](#), geopolitics rarely roil the financial markets as much as the focus on them assumes. The only exception is the price of oil, which can and often is impacted. Oil notwithstanding, it should not come as a deep surprise that markets have been relatively untroubled in the face of a troubled world.

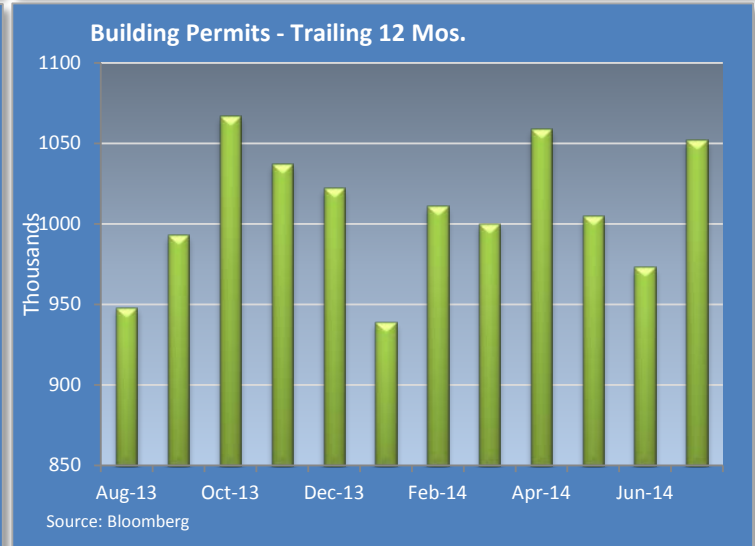
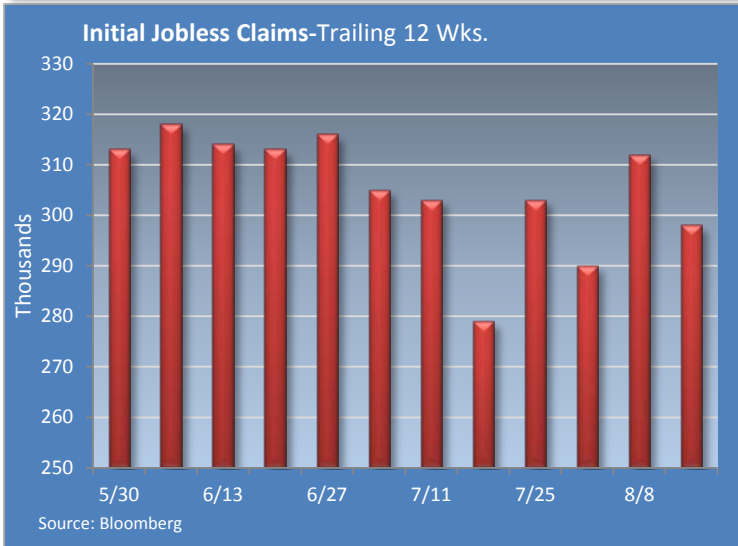
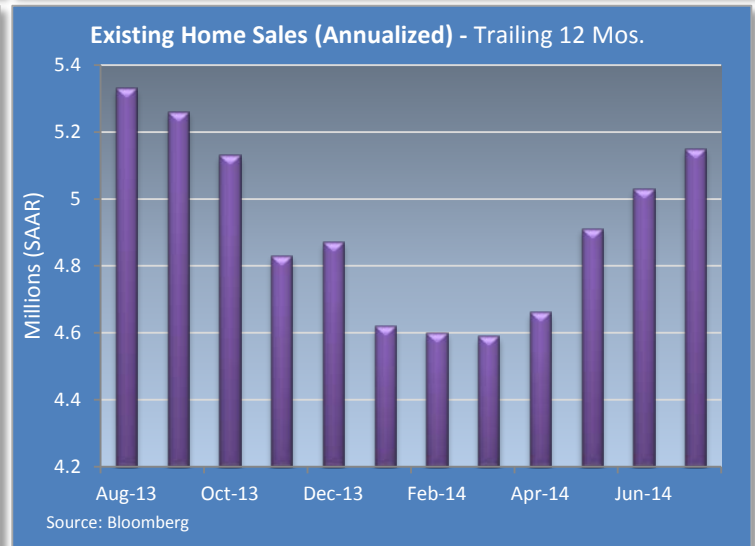
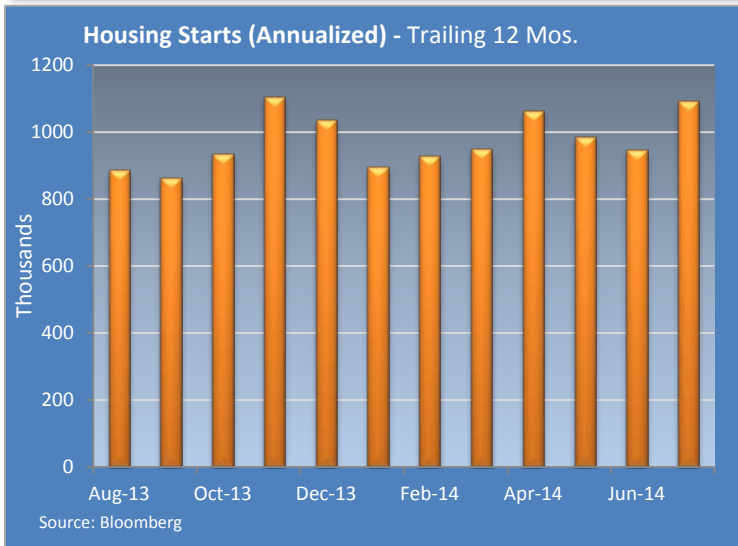
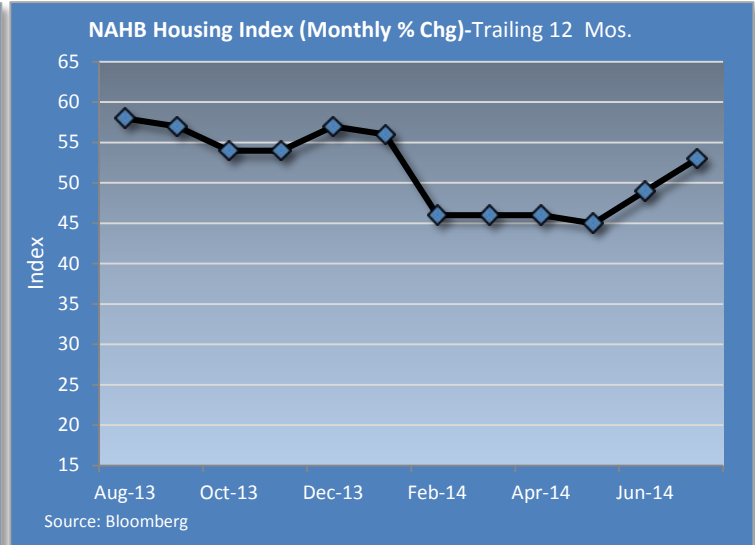
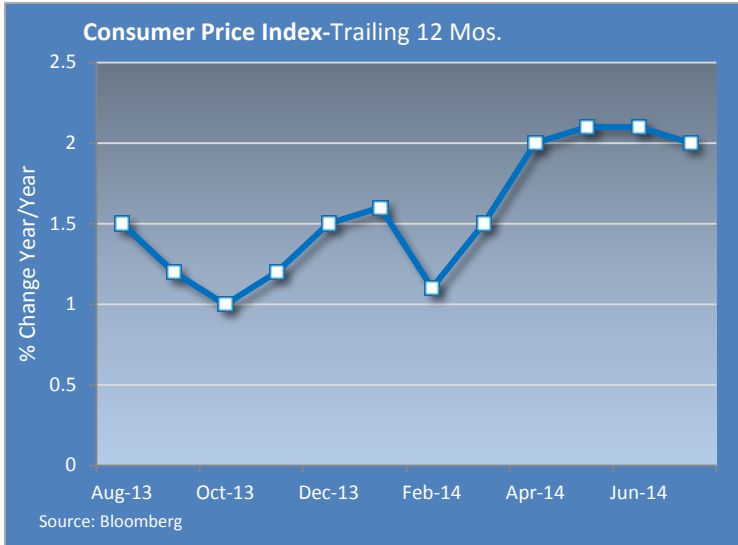
But with summer drawing to a close, it is certainly opportune to look ahead. At the very least, volume and activity in the markets will pick up in September. Whether that will alter the upward trajectory of stocks and the downward movement of bond yields remains to be seen. Commentary from various governors of the Federal Reserve at Jackson Hole this week suggests that once quantitative easing ceases this fall, a hike in short-term interest rates will come next. That will mean an end to zero short-term rates, which should be a positive in a yield-starved world—assuming it all unfolds in a relatively orderly fashion. How that will impact longer duration rates, however, is less clear. It is difficult to see the U.S. 10-year trading below 2.5% if the short-term rate goes to, say, 1% over the next few years. But almost all informed assumptions about rates have been wrong. In positioning portfolios, we need to allow for the possibility (and perhaps even the likelihood) that rates will remain lower for longer than many have expected.

Meanwhile, warnings of a financial collapse seem increasingly disconnected from what is happening in the world at large. The S&P 500 is up more than 4% since a summer low on August 7, after markets had their worst week in two years. Of course, the fact that markets have been rising without a major correction says little about whether one is just around the corner. Yet, for the second quarter of 2014, companies reported not just stronger earnings than expected (in excess of 7.5% for the S&P 500), but stronger revenue as well. Earnings can be manipulated, but revenue speaks for itself. Healthcare saw 12% revenue gains, and technology companies more than 6.5%. Other sectors were in the range of 4%. That suggests real economic activity, and goes some way to explaining why stocks have been so strong.

Enjoy the last week of summer. If nothing else, the next month will bring greater intensity to the markets, if not greater clarity.

Zachary Karabell  
*Head of Global Strategy*

**THIS WEEK IN THE ECONOMY AND MARKETS**



## EUROZONE

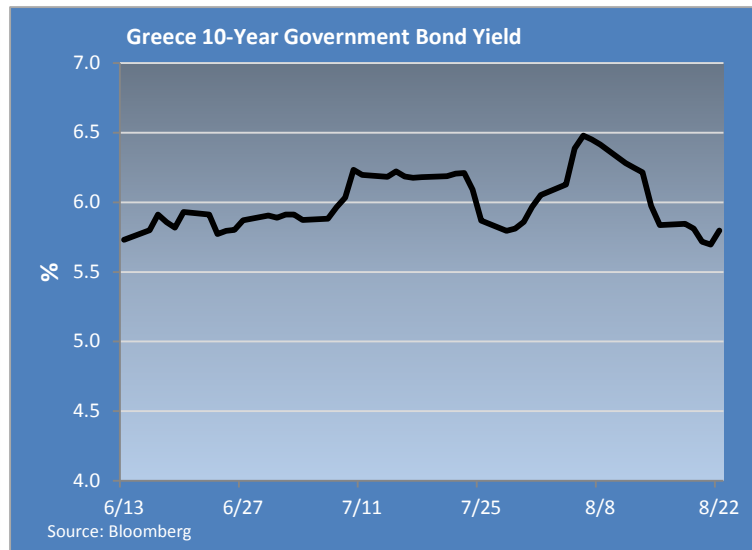
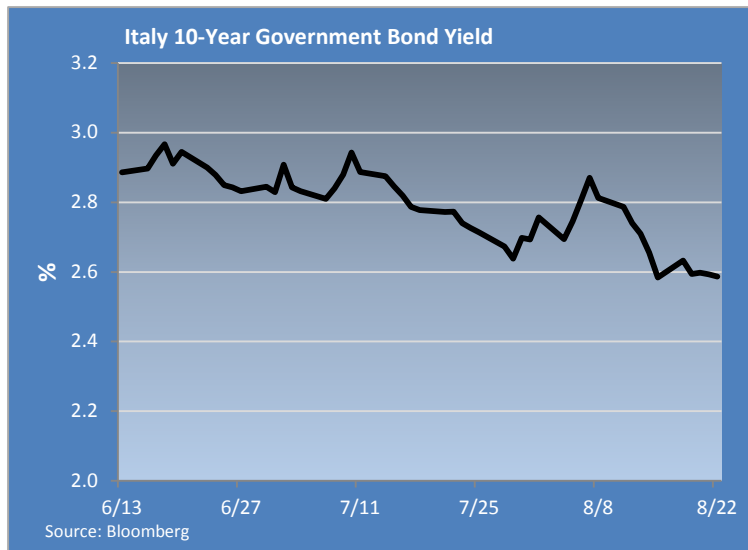
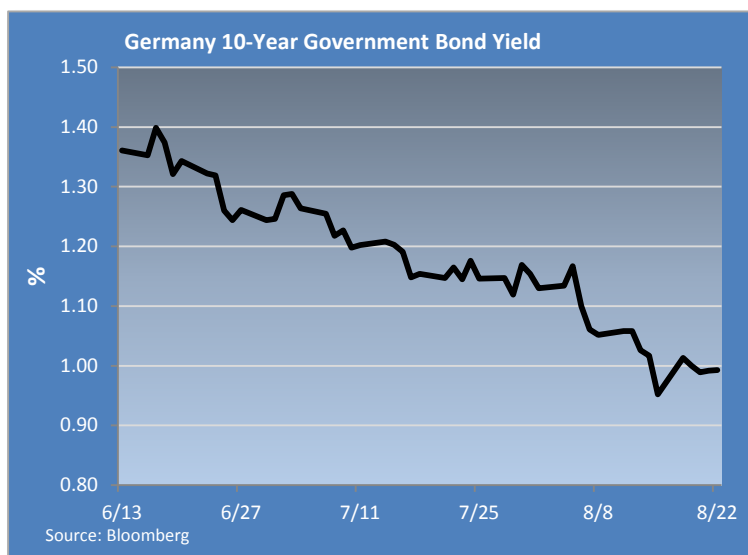
### SELECTED EUROPEAN SOVEREIGN YIELD PERFORMANCE

	Last	Change	% Chg.	YTD %
Germany 10-Yr. Govt.	0.99	-4 bps	NM	NM
Greece 10-Yr. Govt.	5.80	3 bps	NM	NM
Italy 10-Yr. Govt.	2.59	0 bps	NM	NM
Spain 10-Yr. Govt.	2.39	0 bps	NM	NM
Belgium 10-Yr. Govt.	1.36	-2 bps	NM	NM

	Last	Change	% Chg.	YTD %
France 10-Yr. Govt.	1.38	-4 bps	NM	NM
Ireland 10-Yr. Govt.	1.90	7 bps	NM	NM
Portugal 10-Yr. Govt.	3.22	24 bps	NM	NM
Netherlands 10-Yr. Govt.	1.17	-4 bps	NM	NM
U.K. 10-Yr. Govt.	2.40	-6 bps	NM	NM

Source: Bloomberg

Basis points (bps)



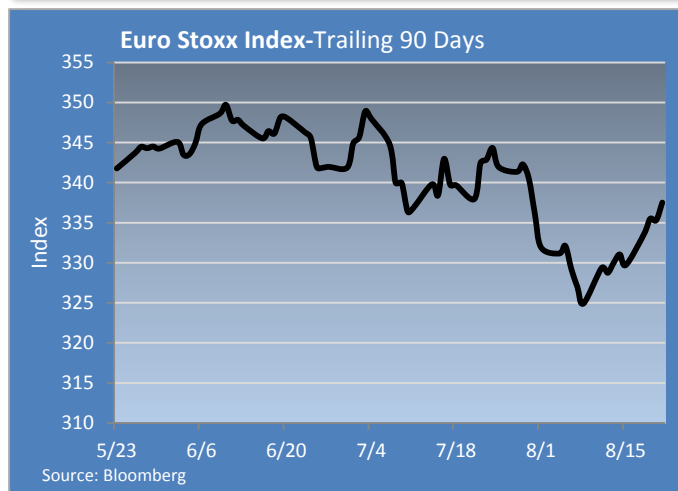
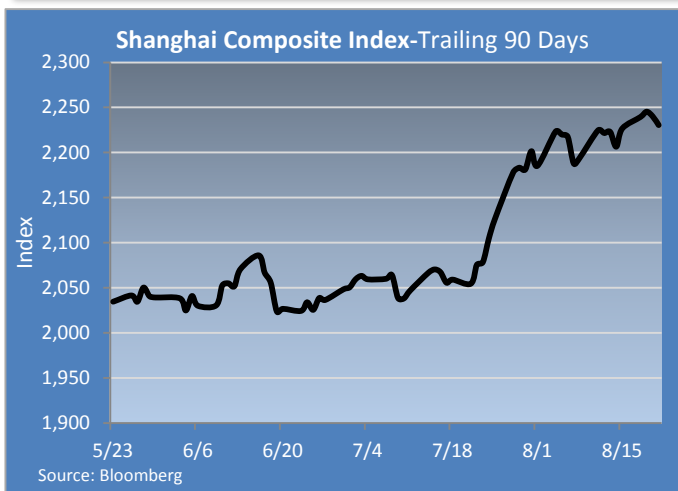
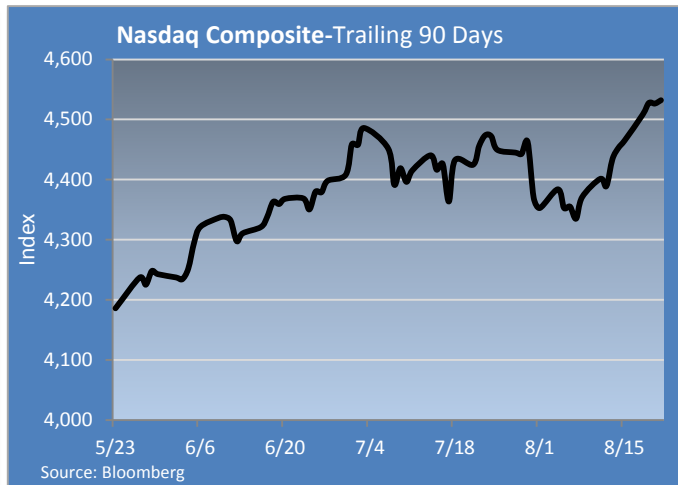
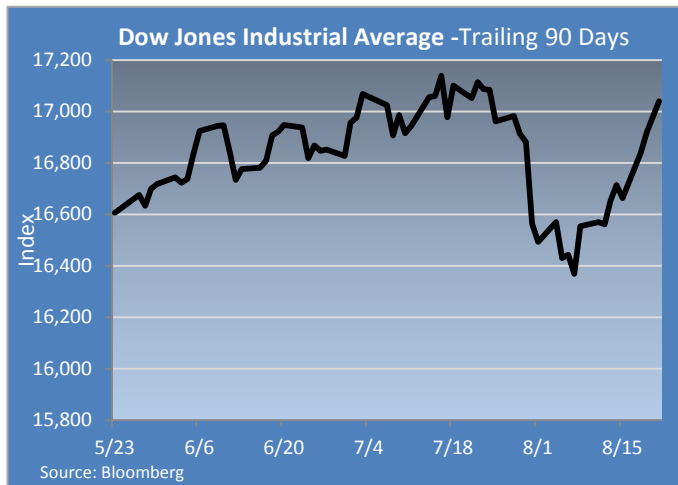
## EQUITIES

### WORLD MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
<b>S&amp;P 500</b>	<b>1,988.41</b>	<b>34.21</b>	<b>1.75%</b>	<b>7.62%</b>
<b>Dow Industrials</b>	<b>17,001.22</b>	<b>370.05</b>	<b>2.22%</b>	<b>2.75%</b>
<b>Nasdaq Composite</b>	<b>4,538.55</b>	<b>69.18</b>	<b>1.55%</b>	<b>8.56%</b>
<b>Russell Global</b>	<b>1,776.26</b>	<b>24.59</b>	<b>1.40%</b>	<b>5.0%</b>
<b>Russell Global EM</b>	<b>3,358.41</b>	<b>23.83</b>	<b>0.71%</b>	<b>8.1%</b>
<b>S&amp;P/TSX (Canada)</b>	<b>15,534.17</b>	<b>222.06</b>	<b>1.45%</b>	<b>13.98%</b>
<b>Mexico IPC</b>	<b>45,374.99</b>	<b>638.22</b>	<b>1.43%</b>	<b>5.95%</b>
<b>Brazil Bovespa</b>	<b>58,407.32</b>	<b>1762.34</b>	<b>3.09%</b>	<b>14.02%</b>
<b>Euro Stoxx 600</b>	<b>336.75</b>	<b>7.07</b>	<b>2.14%</b>	<b>2.60%</b>
<b>FTSE 100</b>	<b>6,775.25</b>	<b>86.16</b>	<b>1.29%</b>	<b>0.39%</b>
<b>IBEX 35 (Spain)</b>	<b>10,500.20</b>	<b>305.00</b>	<b>2.98%</b>	<b>6.16%</b>

	Last	Change	% Chg.	YTD %
<b>Swiss Market Index</b>	<b>8,554.16</b>	<b>186.78</b>	<b>2.23%</b>	<b>4.27%</b>
<b>CAC 40 Index (France)</b>	<b>4,252.80</b>	<b>91.12</b>	<b>2.18%</b>	<b>-0.71%</b>
<b>DAX Index (Germany)</b>	<b>9,339.17</b>	<b>269.70</b>	<b>2.97%</b>	<b>-1.99%</b>
<b>Irish Overall Index</b>	<b>4,692.02</b>	<b>25.71</b>	<b>0.55%</b>	<b>3.50%</b>
<b>Nikkei 225</b>	<b>15,539.19</b>	<b>220.85</b>	<b>1.44%</b>	<b>-4.62%</b>
<b>Hang Seng Index</b>	<b>25,112.23</b>	<b>157.29</b>	<b>0.63%</b>	<b>7.75%</b>
<b>Shanghai Composite</b>	<b>2,240.81</b>	<b>14.08</b>	<b>0.63%</b>	<b>5.90%</b>
<b>Kospi Index (S. Korea)</b>	<b>2,056.70</b>	<b>-6.52</b>	<b>-0.32%</b>	<b>2.26%</b>
<b>Taiwan Taiex Index</b>	<b>9,380.10</b>	<b>173.29</b>	<b>1.88%</b>	<b>8.93%</b>
<b>Tel Aviv 25 Index</b>	<b>1,379.01</b>	<b>-10.34</b>	<b>-0.74%</b>	<b>3.73%</b>
<b>MICEX Index (Russia)</b>	<b>1,446.60</b>	<b>26.56</b>	<b>1.87%</b>	<b>-3.97%</b>

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



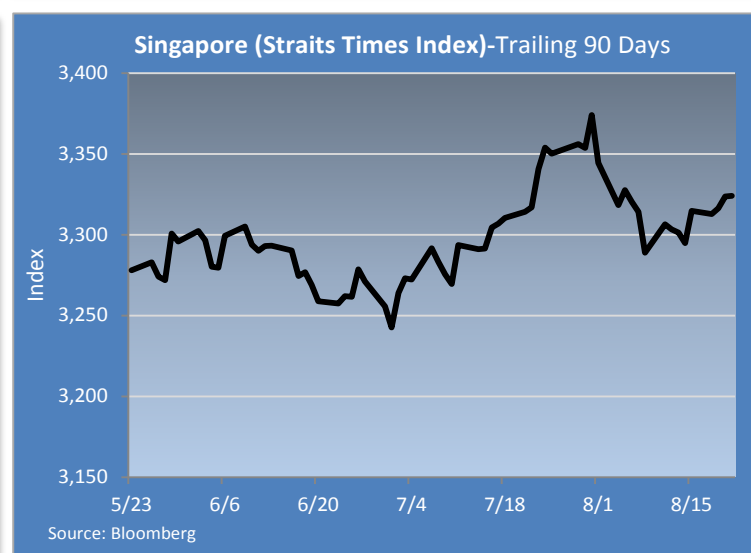
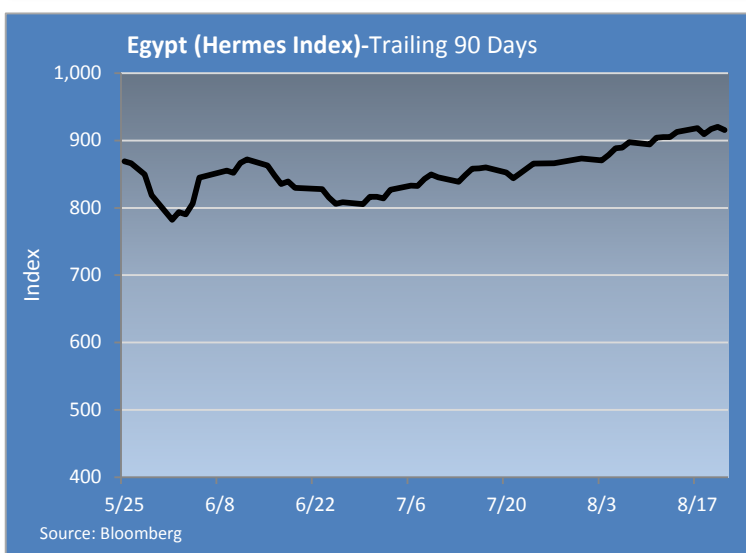
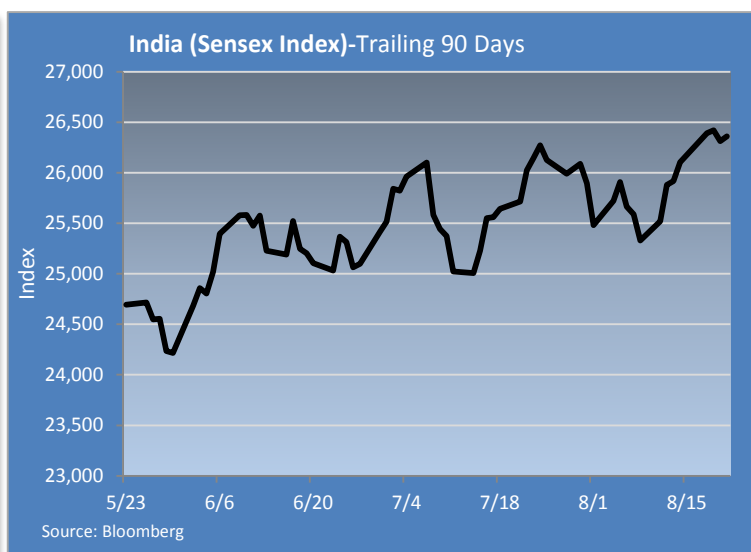
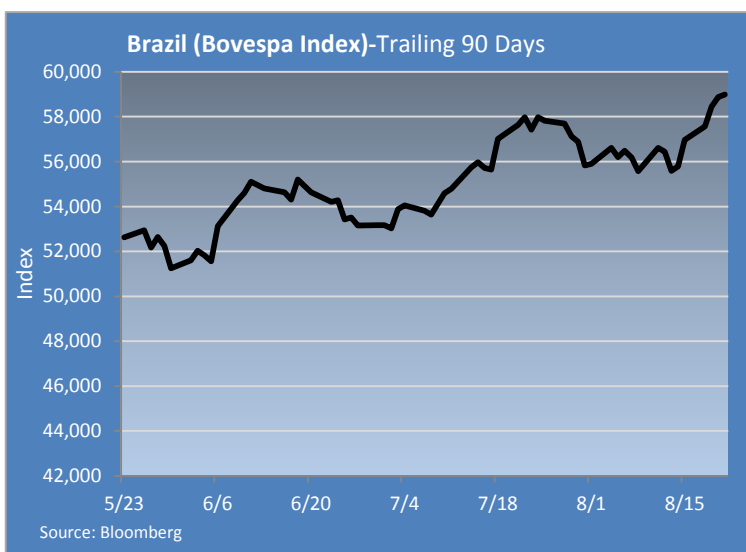
## EQUITIES – EMERGING AND FRONTIER MARKETS

### EMERGING AND FRONTIER MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
Mexico IPC	45,375.07	638.22	1.4%	5.9%
Brazil (Bovespa Index)	58,407.32	1762.34	3.1%	14.0%
MICEX Index (Russia)	1,446.60	26.56	1.9%	-4.0%
Czech Republic (Prague)	986.53	1.91	0.2%	-0.3%
Turkey (Istanbul)	78,929.59	2116.94	2.8%	16.2%
Egypt (Hermes Index)	915.60	3.03	0.3%	35.6%
Kenya (Nairobi 20 Index)	5,028.06	-14.84	-0.3%	2.1%
Saudi Arabia (TASI Index)	10,734.76	146.50	1.4%	25.8%
Lebanon (Beirut BLOM Index)	1,191.76	-9.07	-0.8%	3.6%
Palestine	516.61	-3.01	-0.6%	-4.6%

	Last	Change	% Chg.	YTD %
Hang Seng Index	25,112.23	157.29	0.6%	7.7%
India (Sensex 30)	26,419.55	316.32	1.2%	24.8%
Malaysia (KLCI Index)	1,870.99	6.68	0.4%	0.2%
Singapore (Straits Times Index)	3,325.50	10.73	0.3%	5.0%
Thailand (SET Index)	1,556.97	10.35	0.7%	19.9%
Indonesia (Jakarta)	5,198.90	49.93	1.0%	21.6%
Pakistan (Karachi KSE 100)	28,871.75	-46.00	-0.2%	14.3%
Vietnam (Ho Chi Minh)	620.14	15.90	2.6%	22.9%
Sri Lanka (Colombo)	7,008.02	64.17	0.9%	18.5%
Cambodia (Laos)	1,435.77	28.80	2.0%	14.6%

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

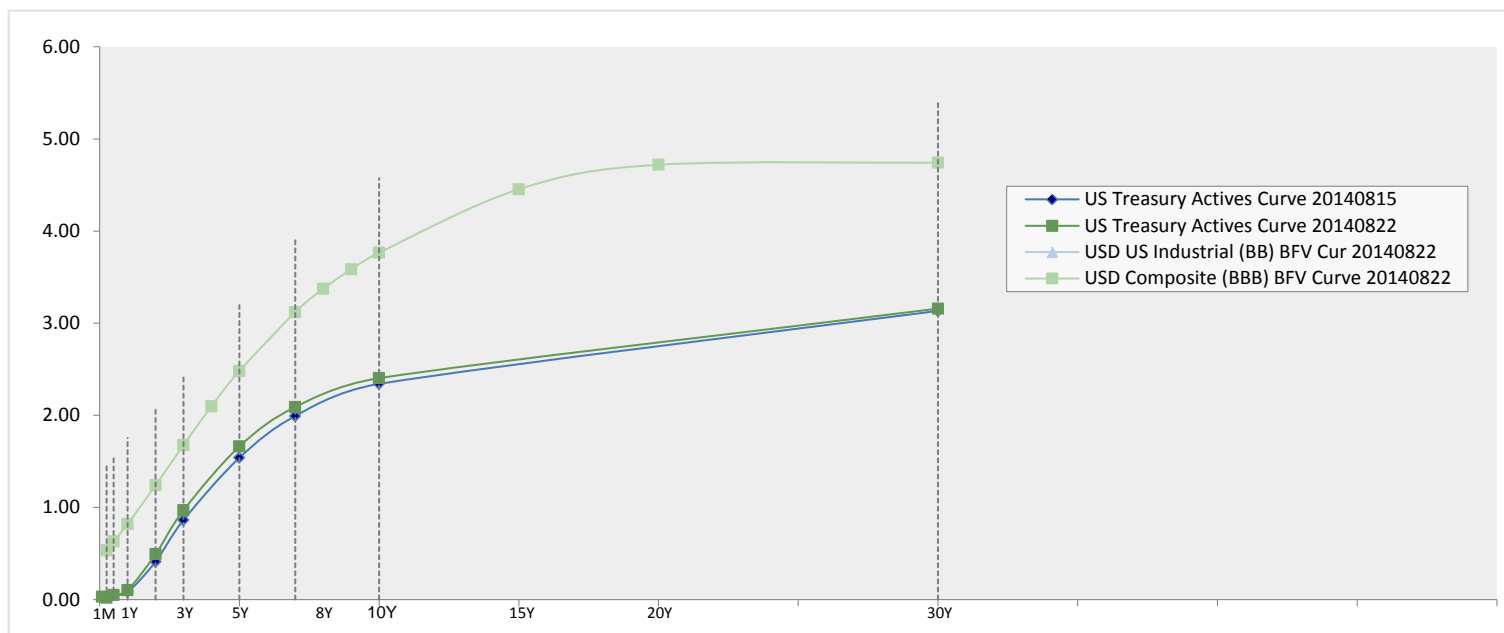


## INTEREST RATES

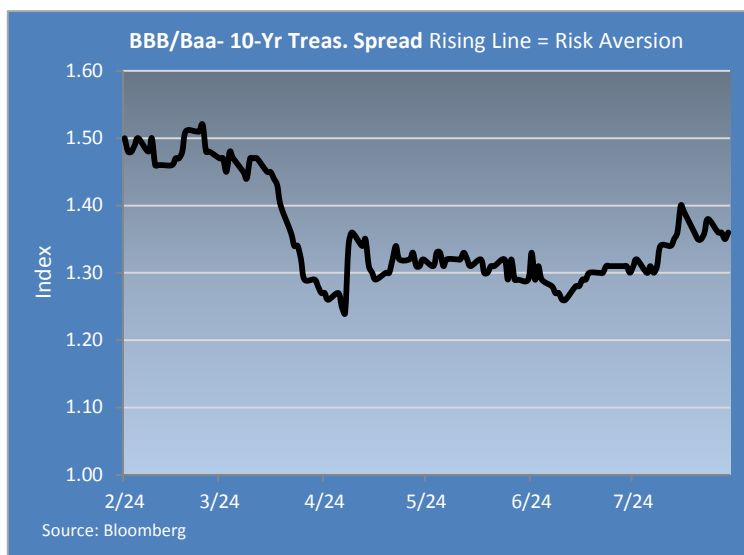
### SELECTED INTEREST RATES

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
2-Yr. U.S. Treasury	0.49%	-2 bps	NM	NM	Prime Rate	3.25%	0.00	NM	NM
5-Yr. U.S. Treasury	1.66%	11 bps	NM	NM	Fed Funds Rate	0.25%	0.00	NM	NM
10-Yr. U.S. Treasury	2.40%	7 bps	NM	NM	Discount Rate	0.75%	0.00	NM	NM
30-Yr. U.S. Treasury	3.16%	4 bps	NM	NM	LIBOR (3 Mo.)	#VALUE!	0 bps	NM	NM
German 10-Yr. Govt.	0.99%	-4 bps	NM	NM	Bond Buyer 40 Muni	3.96%	2 bps	NM	NM
France 10-Yr.	1.38%	-4 bps	NM	NM	Bond Buyer 40 G.O.	4.21%	NA	NM	NM
Italy 10-Yr.	2.59%	0 bps	NM	NM	Bond Buyer 40 Rev.	4.85%	NA	NM	NM
Fed 5-Yr Fwd BE Inf.	2.42%	-1 bps	NM	NM					

Source: Bloomberg



Source: Bloomberg





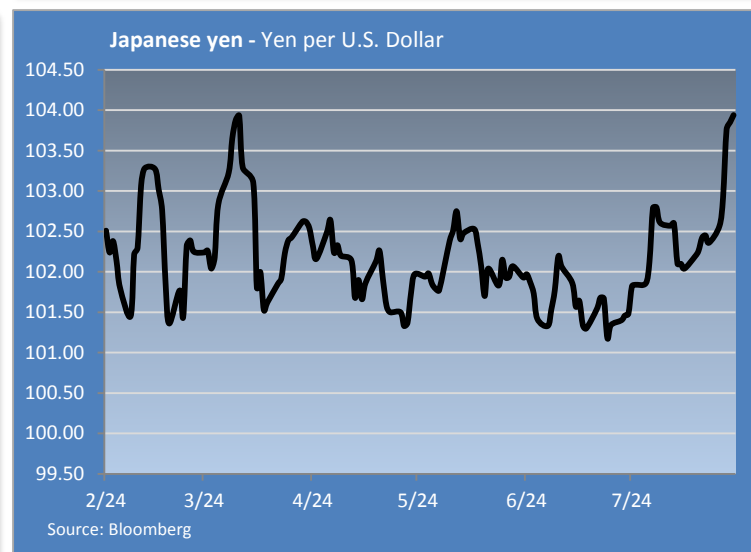
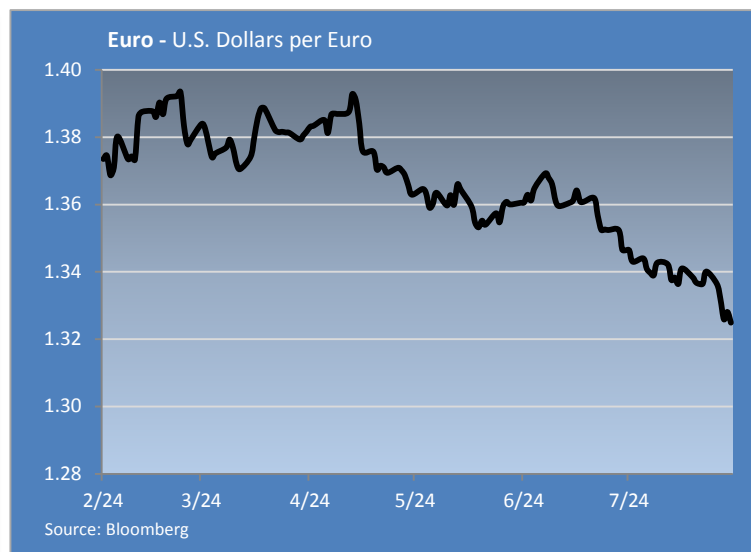
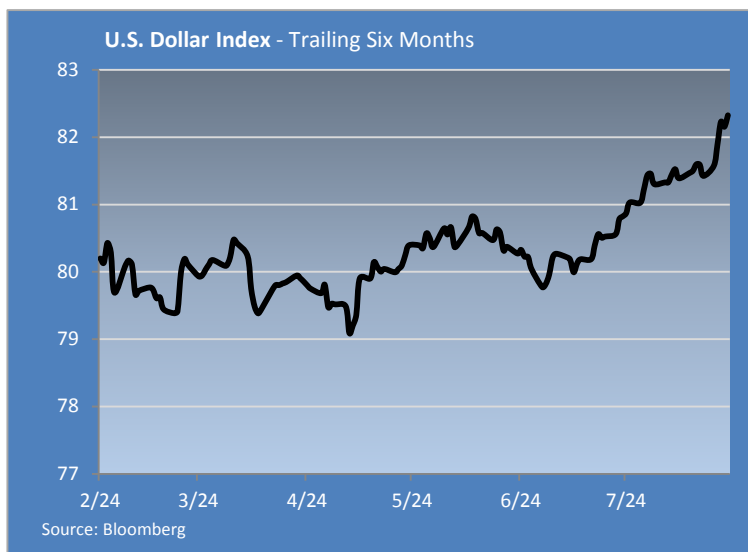
## CURRENCIES

### SELECTED CURRENCY PERFORMANCE

	Last	Change	% Chg.	YTD %
Dollar Index	82.35	0.901	1.11%	2.86%
Euro	1.32	-0.015	-1.13%	-3.59%
Japanese Yen	103.90	1.580	-1.52%	1.32%
British Pound	1.66	-0.012	-0.71%	0.10%
Canadian Dollar	1.09	0.005	-0.45%	-2.95%

	Last	Change	% Chg.	YTD %
Chinese Yuan	6.15	0.006	-0.09%	-1.60%
Swiss Franc	0.91	0.011	-1.18%	-2.24%
New Zealand Dollar	0.84	-0.008	-0.93%	2.34%
Brazilian Real	2.28	0.017	-0.74%	3.74%
Mexican Peso	13.14	0.055	-0.42%	-0.71%

Source: Bloomberg



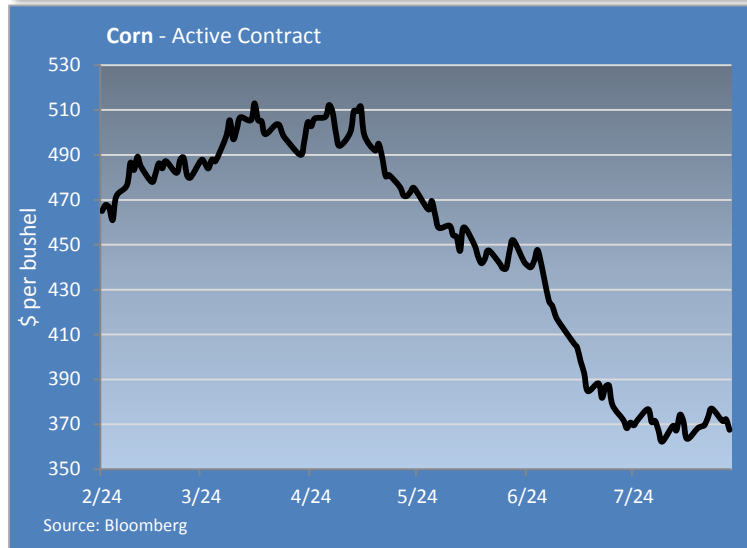
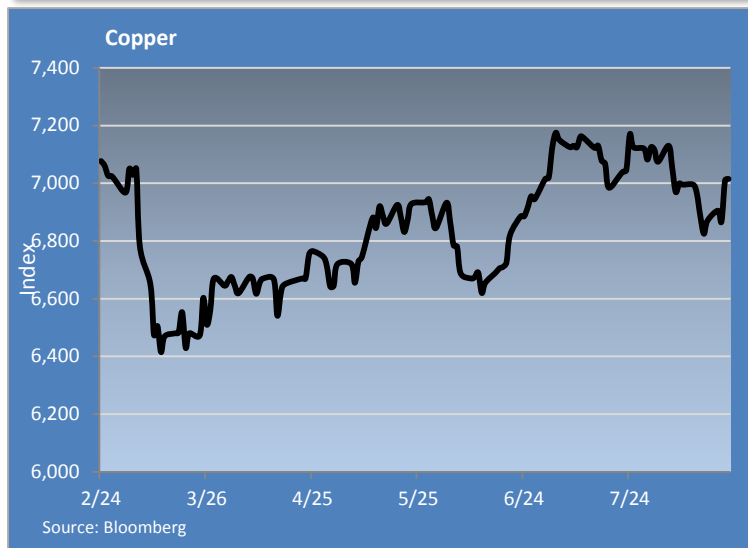
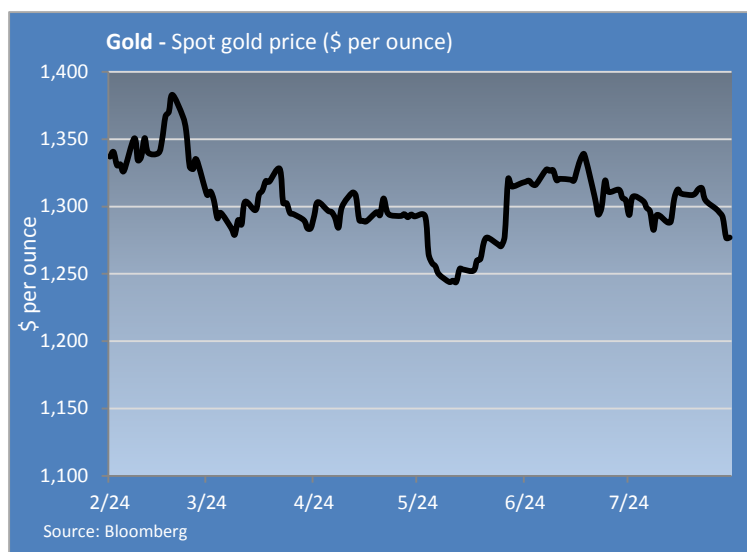
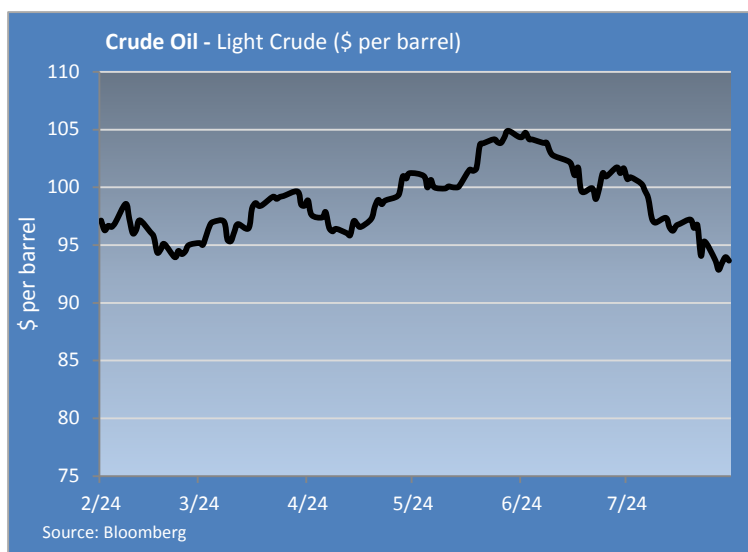
## COMMODITIES

### SELECTED COMMODITY MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
DJ UBS Comm. Idx.	125.42	-0.04	-0.03%	-0.06%
Rogers Int. Comm. Idx.	3480.51	5.40	0.16%	-2.12%
Crude Oil	\$93.61	-\$1.67	-1.75%	-0.37%
Natural Gas	\$3.85	\$0.10	2.67%	-6.47%
Gasoline (\$/Gal.)	\$3.44	-\$0.03	-0.72%	3.43%
Heating Oil	283.26	-0.18	-0.06%	-5.30%
Gold Spot	\$1,280.38	-\$27.72	-2.12%	6.27%
Silver Spot	\$19.43	-\$0.17	-0.85%	-0.37%

	Last	Change	% Chg.	YTD %
Platinum Spot	\$1,421.50	-\$38.75	-2.66%	3.37%
Corn	371.50	-5.25	-1.39%	-17.43%
Wheat	562.25	0.00	0.00%	-12.02%
Soybeans	1,042.00	-11.50	-1.09%	-8.33%
Sugar	15.64	-0.11	-0.69%	-7.27%
Orange Juice	147.45	-3.00	-1.99%	1.48%
Aluminum	2,059.00	59.00	2.95%	14.37%
Copper	7,015.00	145.00	2.11%	-4.69%

Source: Bloomberg; % change is based on price.



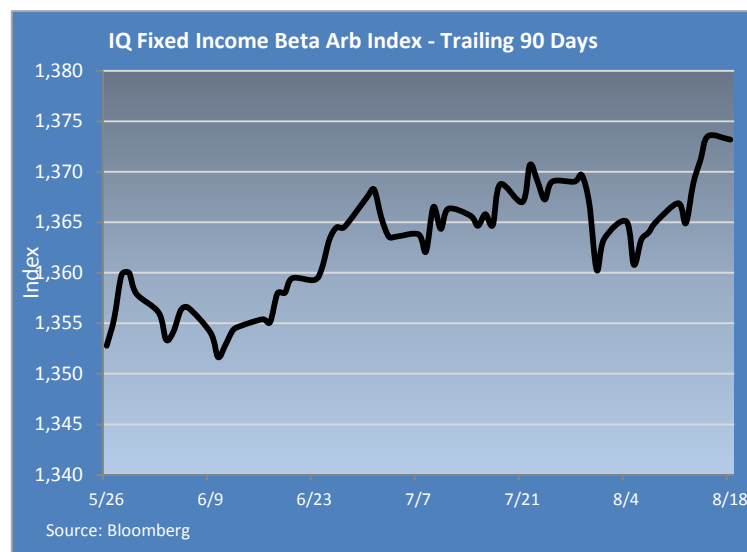
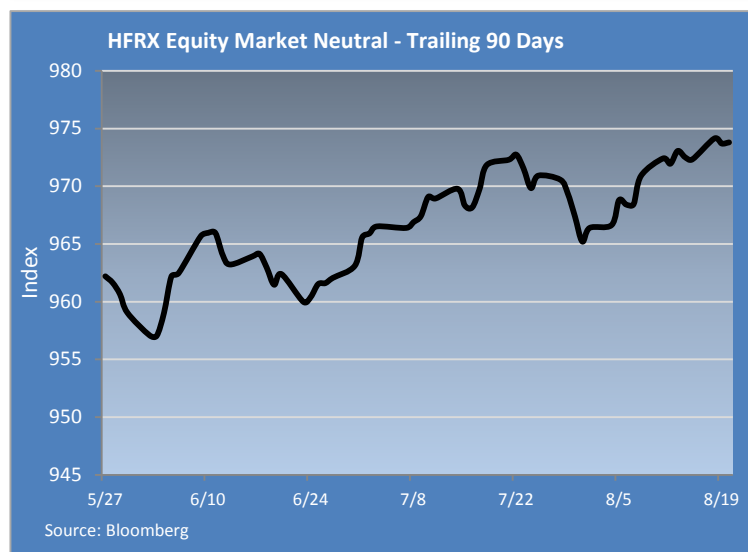
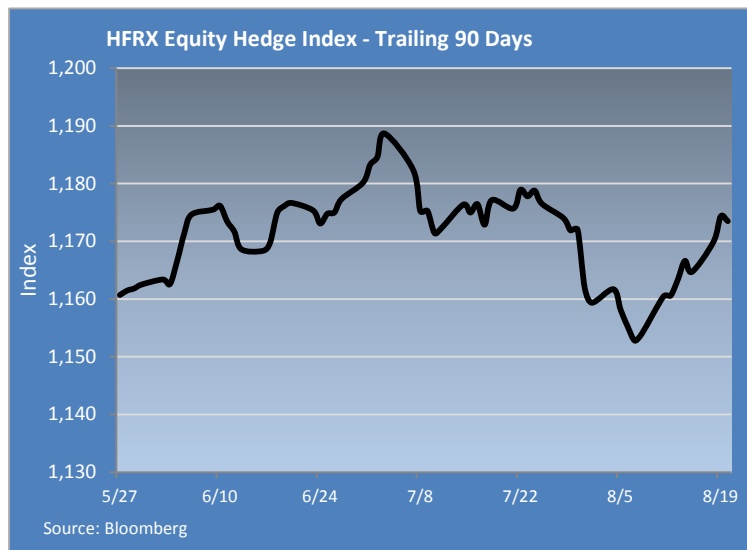
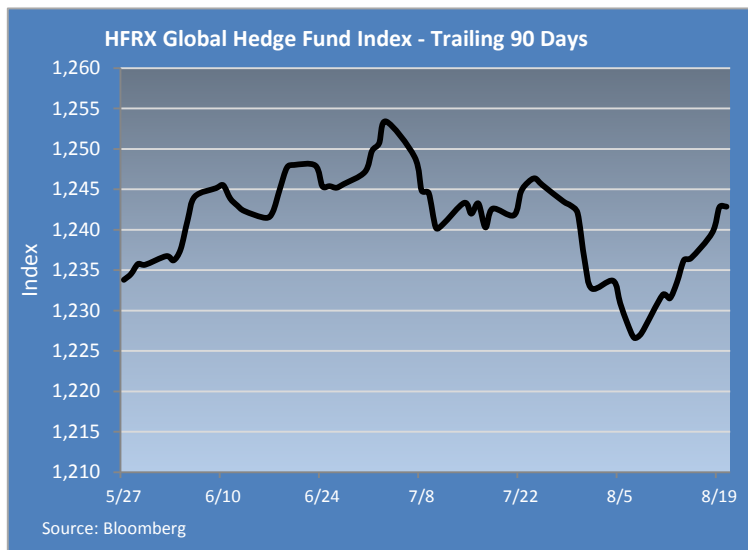
## ALTERNATIVE INVESTMENTS

### SELECTED ALTERNATIVE INVESTMENT INDEX PERFORMANCE

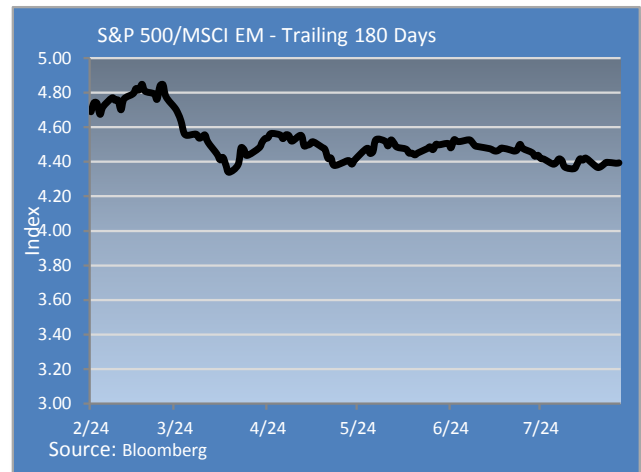
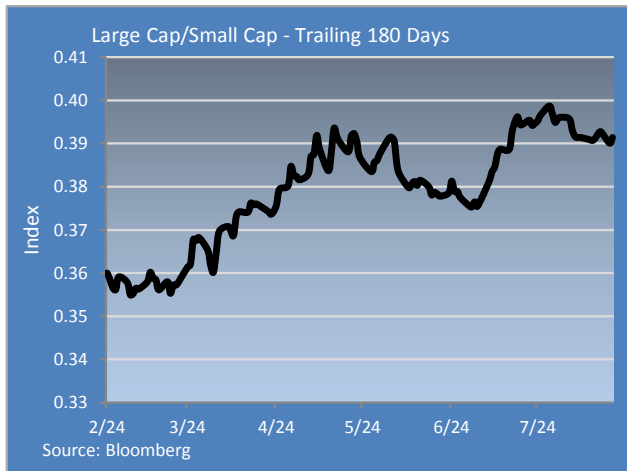
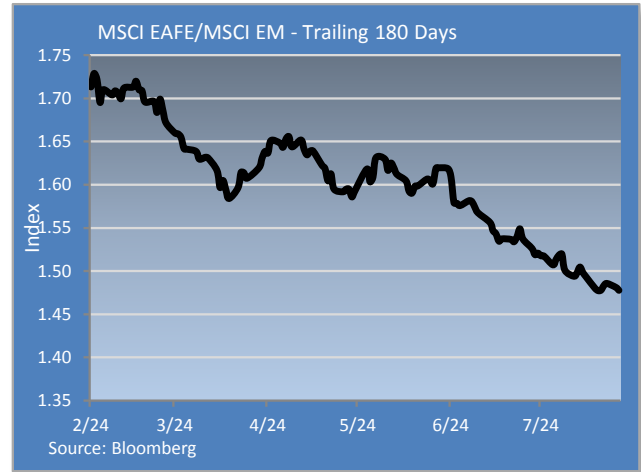
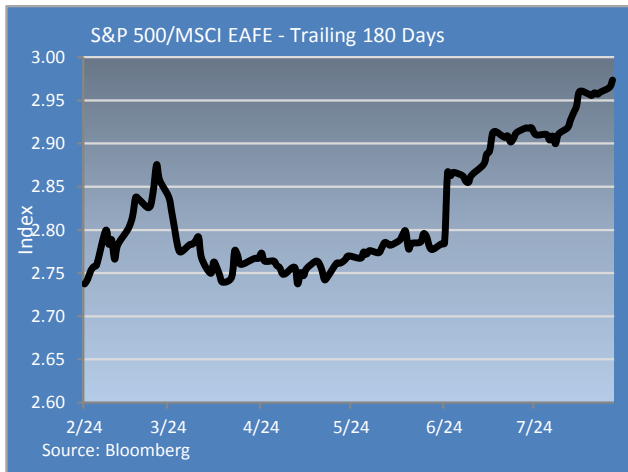
	Last	Change	% Chg.	YTD %
HFRX Global Hedge Fund Index	1236.25	6.37	0.52%	1.42%
HFRX Equity Market Neutral	972.52	1.47	0.15%	2.31%
HFRX Equity Hedge Index	1166.61	8.78	0.75%	0.70%
HFRX Event-Driven Index	1633.62	7.95	0.49%	4.24%
HFRX Absolute Return Index	999.40	3.20	0.32%	1.30%

	Last	Change	% Chg.	YTD %
HFRX Distressed Index	1062.16	0.09	0.01%	5.83%
HFRX Merger Arbitrage Index	1572.05	0.75	0.05%	0.29%
HFRX Convertible Arbitrage Index	771.19	1.26	0.16%	-0.31%
HFRX Macro CTA Index	1124.08	9.52	0.85%	-0.12%
IQ Fixed Income Beta Arb Index	1375.34	1.80	0.13%	5.90%

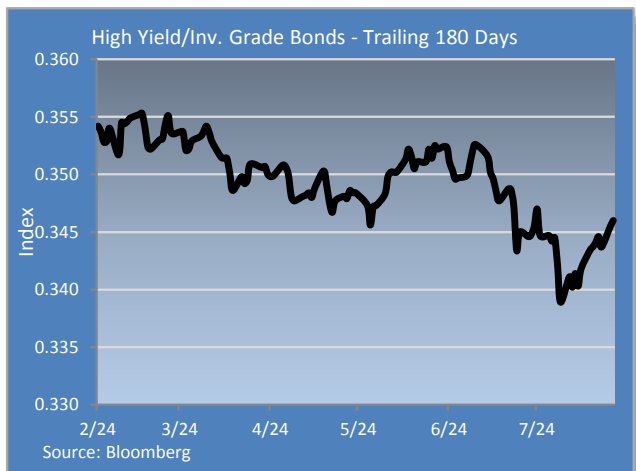
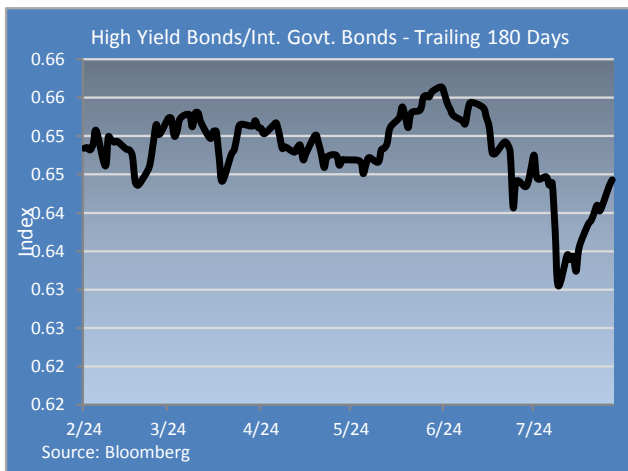
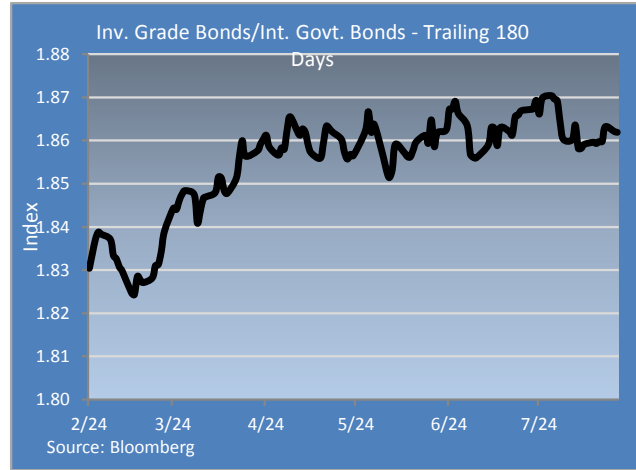
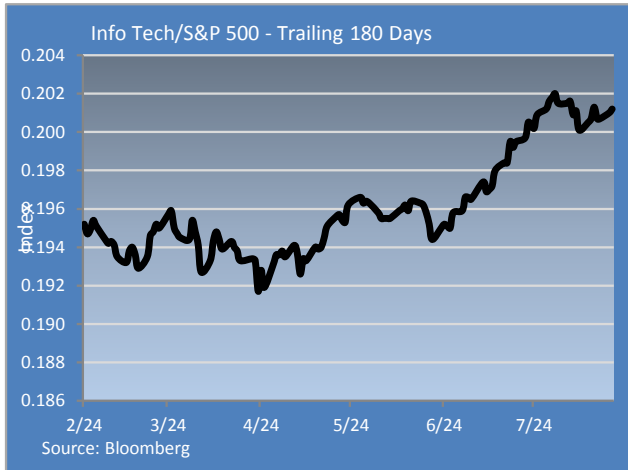
Source: Bloomberg; Index % change is based on price.



## PORTFOLIO CONSTRUCTION



### PORTFOLIO CONSTRUCTION (cont'd.)



WEEKLY ASSET CLASS PERFORMANCE (Prior 12 weeks ending Thursday)

			6/5	6/12	6/19	6/26	7/3	7/10	7/17	7/24	7/31	8/7	8/14	8/21
Equity	Domestic Equity	Large Cap (R200)	0.96%	-0.52%	1.48%	-0.16%	1.47%	-0.97%	-0.15%	1.55%	-2.89%	-1.16%	2.36%	1.89%
		Small Cap (R2000)	1.22%	0.47%	2.12%	-0.28%	2.32%	-3.83%	-2.43%	2.00%	-3.13%	-0.03%	2.11%	1.46%
	Int'l. Equity	MSCI EAFE	0.30%	0.52%	1.06%	-1.48%	1.64%	-2.59%	0.56%	0.74%	-1.86%	-2.56%	1.16%	1.02%
		MSCI Em. Mkts.	-0.35%	1.91%	0.46%	-0.30%	1.47%	0.02%	0.02%	1.72%	-1.40%	-1.37%	2.01%	0.89%
Fixed Income	BarCap Agg. (AGG)	-0.57%	-0.03%	0.15%	0.59%	-0.70%	0.36%	0.30%	-0.20%	-0.17%	0.38%	0.26%	-0.04%	
	High Yield (JNK)	-0.24%	0.29%	0.43%	0.07%	-0.38%	-0.53%	-0.87%	0.71%	-1.79%	-0.07%	1.55%	0.44%	
Commodities	DJ UBS Index	-1.08%	0.74%	1.48%	0.07%	-1.57%	-2.29%	-0.88%	-0.72%	-0.88%	-0.14%	-1.63%	-0.13%	
Alternatives	Hedge Funds (HFRX Global)	0.44%	0.14%	0.38%	-0.20%	0.56%	-1.05%	0.00%	0.49%	-0.82%	-0.77%	0.79%	0.53%	
Asset Allocation	60/40*	0.22%	0.07%	0.76%	-0.10%	0.73%	-0.96%	-0.14%	0.83%	-1.68%	-0.68%	1.36%	0.92%	
	48/32/20 (w/Alts.)**	0.27%	0.08%	0.69%	-0.12%	0.71%	-0.98%	-0.11%	0.76%	-1.51%	-0.69%	1.24%	0.84%	

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	0.98	1.03	1.01	1.01	1.01	1.13	1.13	1.13	1.23	0.99	0.93	1.79	1.07	1.11
Large Cap Growth	1.02	1.00	1.04	1.02	1.02	1.03	1.15	1.14	1.15	1.25	1.01	0.95	1.82	1.08	1.13
Large Cap Value	0.97	0.96	1.00	0.98	0.98	0.99	1.10	1.10	1.10	1.20	0.96	0.91	1.74	1.04	1.08
Mid Cap Core	0.99	0.98	1.02	1.00	1.00	1.01	1.12	1.12	1.13	1.22	0.98	0.93	1.78	1.06	1.10
Mid Cap Growth	0.99	0.98	1.02	1.00	1.00	1.01	1.12	1.12	1.12	1.22	0.98	0.92	1.78	1.06	1.10
Mid Cap Value	0.99	0.97	1.01	0.99	0.99	1.00	1.11	1.11	1.12	1.22	0.98	0.92	1.77	1.05	1.10
Small Cap Core	0.89	0.87	0.91	0.89	0.89	0.90	1.00	1.00	1.00	1.09	0.88	0.83	1.59	0.95	0.99
Small Cap Growth	0.89	0.87	0.91	0.89	0.89	0.90	1.00	1.00	1.01	1.09	0.88	0.83	1.59	0.95	0.99
Small Cap Value	0.88	0.87	0.91	0.89	0.89	0.89	1.00	0.99	1.00	1.09	0.87	0.82	1.58	0.94	0.98
Int'l. Developed	0.81	0.80	0.83	0.82	0.82	0.82	0.92	0.91	0.92	1.00	0.80	0.76	1.45	0.87	0.90
Emerging Markets	1.01	0.99	1.04	1.02	1.02	1.02	1.14	1.14	1.14	1.24	1.00	0.94	1.80	1.08	1.12
REITs	1.07	1.06	1.10	1.08	1.08	1.09	1.21	1.21	1.22	1.32	1.06	1.00	1.92	1.14	1.19
Commodities	0.56	0.55	0.57	0.56	0.56	0.57	0.63	0.63	0.63	0.69	0.55	0.52	1.00	0.60	0.62
Int. Bond	0.94	0.92	0.96	0.94	0.94	0.95	1.06	1.06	1.06	1.16	0.93	0.87	1.68	1.00	1.04
High Yield	0.90	0.89	0.92	0.91	0.91	0.91	1.01	1.01	1.02	1.11	0.89	0.84	1.61	0.96	1.00

Source: Bloomberg

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

**INDEX OVERVIEW**

The S&P 500 Index is an unmanaged index comprised of 500 widely held securities considered to be representative of the stock market in general. The S&P/Case-Shiller Home Price Indices measure the residential housing market, tracking changes in the value of the residential real estate market in 20 metropolitan regions across the United States. The Nasdaq Composite is a stock market index of the common stocks and similar securities listed on the NASDAQ stock market. The MSCI EAFE Index represents 21 developed markets outside of North America. The MSCI EAFE Growth Index is an unmanaged index considered representative of growth stocks of Europe, Australasia and the Far East. The MSCI EAFE Value Index is an unmanaged index considered representative of value stocks of Europe, Australasia and the Far East. The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The MSCI Europe Index is an unmanaged index considered representative of stocks of developed European countries. The MSCI Pacific Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the developed markets in the Pacific region. The Barclays US Credit Index is an unmanaged index considered representative of publicly issued, SEC-registered US corporate and specified foreign debentures and secured notes. The Barclays US Aggregate Bond Index is a market capitalization-weighted index of investment-grade, fixed-rate debt issues, including government, corporate, asset-backed, and mortgage-backed securities, with maturities of at least one year. The Barclays US Corporate High Yield Index covers the USD-denominated, non-investment grade, fixed-rate, taxable corporate bond market. Securities are classified as high-yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. The index may include emerging market debt. The Barclays Capital Municipal Bond Index is an unmanaged index comprised of investment-grade, fixed-rate municipal securities representative of the tax-exempt bond market in general. The Barclays US Treasury Total Return Index is an unmanaged index of public obligations of the US Treasury with a remaining maturity of one year or more. The Citigroup World Government Bond Index is a market capitalization weighted bond index consisting of the government bond markets of Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, Japan, Malaysia, Mexico, the Netherlands, Norway, Poland, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States. The DJ-UBS Commodity Index Total Return<sup>SM</sup> measures the collateralized returns from a basket of 19 commodity futures contracts representing the energy, precious metals, industrial metals, grains, softs and livestock sectors. The Russell 1000 Index is a market capitalization-weighted benchmark index made up of the 1000 largest U.S. companies in the Russell 3000 Index. The Russell 1000 Growth Index is an unmanaged index considered representative of large-cap growth stocks. The Russell 1000 Value Index is an unmanaged index considered representative of large-cap value stocks. The Russell 2000 Index is an unmanaged index considered representative of small-cap stocks. The Russell 2000 Growth Index is an unmanaged index considered representative of small-cap growth stocks. The Russell 2000 Value Index is an unmanaged index considered representative of small-cap value stocks. The Russell 3000 Index is an unmanaged index considered representative of the US stock market. The Russell Midcap Index is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The Russell Midcap Growth Index is an unmanaged index considered representative of mid-cap growth stocks. The Russell Midcap Value Index is an unmanaged index considered representative of mid-cap value stocks. The HFRX Indices are a series of benchmarks of hedge fund industry performance which are engineered to achieve representative performance of a larger universe of hedge fund strategies. Hedge Fund Research, Inc. employs the HFRX Methodology (UCITS compliant), a proprietary and highly quantitative process by which hedge funds are selected as constituents for the HFRX Indices. The ISM Non-Manufacturing Index is an index based on surveys of more than 400 non-manufacturing firms' purchasing and supply executives, within 60 sectors across the nation, by the Institute of Supply Management (ISM). The ISM Non-Manufacturing Index tracks economic data, like the ISM Non-Manufacturing Business Activity Index. A composite diffusion index is created based on the data from these surveys that monitors economic conditions of the nation. The ISM Manufacturing Index is an index based on surveys of more than 300 manufacturing firms by the Institute of Supply Management. The ISM Manufacturing Index monitors employment, production inventories, new orders and supplier deliveries. A composite diffusion index is created that monitors conditions in national manufacturing based on the data from these surveys. The Consumer Price Index (CPI) measures the change in the cost of a fixed basket of products and services. The Gross Domestic Product (GDP) rate is a measurement of the output of goods and services produced by labor and property located in the United States. Basis Point(s) is a unit that is equal to 1/100th of 1%, and is used to denote the change in a financial instrument. The basis point is commonly used for calculating changes in interest rates, equity indexes and the yield of a fixed-income security. The CBOE Volatility Index (VIX) is an up-to-the-minute market estimate of expected volatility that is calculated by using real-time S&P 500 Index option bid/ask quotes. The Index uses nearby and second nearby options with at least 8 days left to expiration and then weights them to yield a constant, 30-day measure of the expected volatility of the S&P 500 Index. The MSCI World ex-U.S. Index - captures large and mid-cap representation across 22 of 23 Developed Markets DM countries\*--excluding the United States. With 1,002 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country. (\* DM countries include: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the UK.) The MSCI Japan Index - is designed to measure the performance of the large and mid-cap segments of the Japanese market. With 320 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in Japan. The Barclays Global Aggregate ex-U.S. Index - is a market capitalization-weighted index, meaning the securities in the index are weighted according to the market size of each bond type. Most U.S. traded investment grade bonds are represented. Municipal bonds, and Treasury Inflation-Protected Securities are excluded, due to tax treatment issues. The index includes Treasury securities, Government agency bonds, Mortgage-backed bonds, Corporate bonds, and a small amount of foreign bonds traded in U.S. The University of Michigan Consumer Sentiment Index (MCSI) is a survey of consumer confidence conducted by the University of Michigan. The Michigan Consumer Sentiment Index (MCSI) uses telephone surveys to gather information on consumer expectations regarding the overall economy. A separately managed account (SMA) is an individual managed investment account offered typically by a brokerage firm through one of their brokers or financial consultants and managed by independent investment management firms (often called money managers for short) and have varying fee structures. An open-end index fund continuously issues and redeems shares based on investor demand. As an index fund, its investment objective is to duplicate the performance of the index it uses as a benchmark. Investment Grade or Investment Grade Bond – The broad credit designation given to corporate and municipal bonds which have a high probability of being paid and minor, if any, speculative features. Bonds rated Baa and higher by Moody's Investor Services or BBB and higher by Standard & Poor's are deemed by those agencies to be "investment grade". Non-Investment Grade - By definition, junk bonds are non-investment grade. A bond rated lower than Baa/BBB, also called a "high-yield" bond. Junk bonds are speculative compared with investment grade bonds. Risk-On Risk-Off - An investment setting in which price behavior responds to, and is driven by, changes in investor risk tolerance. Risk-on risk-off refers to changes in investment activity in response to global economic patterns. During periods when risk is perceived as low, risk-on risk-off theory states that investors tend to engage in higher-risk investments. When risk is perceived as high, investors have the tendency to gravitate toward lower-risk investments. MICEX Index is cap-weighted composite index calculated based on prices of the 50 most liquid Russian stocks of the largest and dynamically developing Russian issuers presented on the Moscow Exchange.

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