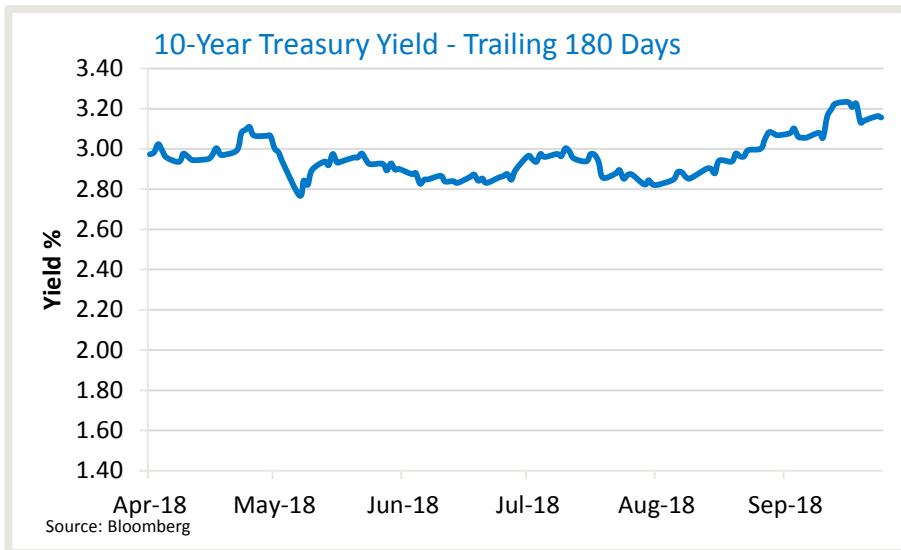


Weekly Market Review

October 19, 2018

Chart of the Week



Weekly Highlights

- **Stock Markets Remained Volatile.** Although stock markets stabilized a little bit this week from last week's sharp decline, they remained volatile, with frequent sharp swings.
- **Economic Data Were Mixed.** Retail sales disappointed, the job market remains strong, and the housing market is under pressure.
- **Earnings Season Is In Full Swing.** Most of the nation's largest financial institutions have released their Q32018 earnings reports, posting solid results; most of nation's largest technology companies, by far the most important market segment, will report their Q32018 earnings over the next two weeks.

Talking Points

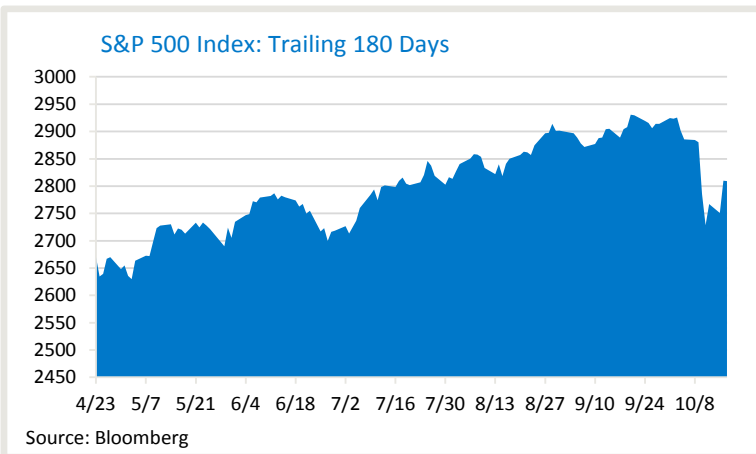
- **Among equities,** small caps outperformed large caps; value stocks beat growth stocks; international stocks trailed US stocks; and emerging markets underperformed developed markets.
- **Treasury yields edged up.** The yield on the 10-year US Treasury Note ended the week at around 3.2%.
- **Commodity indices little changed.** Gold price rose, whereas crude oil prices fell.
- **Dollar indices rose.** The dollar appreciated against most major currencies during the week.
- **Among major economic data,** September retail sales rose 0.1% from August, well below expectation; initial jobless claims fell by 5,000 from last week to 210,000; September existing home sales fell 3.4% from August.

Market Dashboard

	Last Price	Change	% Chg.	YTD %
S&P 500	2,767.78	0.65	0.02%	3.5%
Dow Industrials	25,444.34	104.35	0.41%	2.9%
Nasdaq	7,449.03	-47.87	-0.64%	7.9%
Russell 2000	1,542.04	-4.64	-0.30%	0.4%
Euro Stoxx Index	361.24	2.29	0.64%	-7.2%
Shanghai Composite	2,550.47	-56.45	-2.17%	-22.9%
Russell Global	2,061.11	0.63	0.03%	-3.9%

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

	Last Price	Change	% Chg.	YTD %
Russell Global EM	3,040.39	-25.24	-0.82%	-16.5%
10-Year US Treas.	3.20	6 bps	NM	NM
Bloomberg Cmdts. Idx.	85.95	-0.29	-0.33%	-2.5%
Gold	\$1,226.72	\$9.70	0.80%	-5.8%
Crude Oil	\$69.28	-\$2.06	-2.89%	18.7%
Dollar Index	95.69	0.47	0.49%	3.9%
VIX Index	19.89	-1.42	-6.66%	80.2%



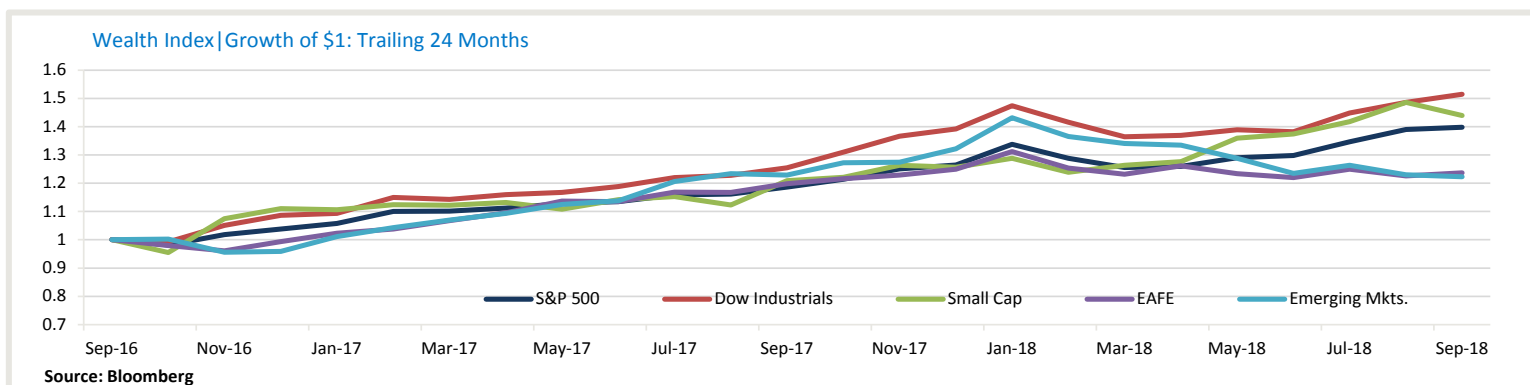
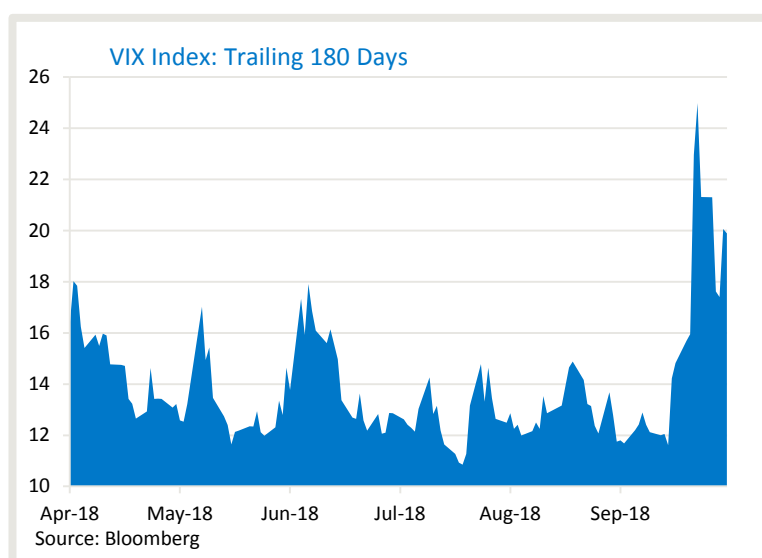
	One Week			YTD		
	Value	Growth		Value	Growth	
L	0.79%	-0.01%	-0.71%	-0.64%	4.86%	9.65%
	0.58%	-0.01%	-0.88%	-3.63%	-1.02%	2.20%
S	-0.09%	-0.30%	-0.50%	-1.94%	0.43%	2.62%

Source: Bloomberg

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

	% Wgt in S&P 500	Week % Chg.	YTD % Chg.
Consumer Discretionary	9.8	-1.97%	8.0%
Consumer Staples	7.2	4.27%	4.3%
Energy	6.0	-1.94%	0.6%
Financials	13.5	0.76%	4.6%
Health Care	15.2	0.45%	10.7%
Industrials	9.5	-1.02%	3.6%
Information Technology	20.6	-1.17%	11.1%
Materials	2.4	-1.35%	2.1%
Real Estate	2.7	3.21%	3.5%
Communication Services	10.1	0.71%	7.8%
Utilities	3.1	3.05%	3.6%

Source: Bloomberg



The Economy and Markets

A Macro View: Is Winter Coming for the Bull Market? – Analyzing the Spike in Treasury Yields that Shook the Market

October has stayed true to the historical trend of being the most volatile month for stocks, with choppiness creeping in, the equity market tanking, and the S&P 500 Index dropping by more than 3% last Wednesday, October 10. The sudden spike in the longer end of the curve beginning mid-September is one of the reasons cited for this huge sell off. The yield on the 10-year Treasury Note recently soared to a high of 3.23%, a level not reached since July 2011. However, despite this steep increase, the yield is still much lower than historical norms, though the rate at which it has spiked has concerned investors.

Though several reasons can explain the abrupt spike in yields, a major cause is the positive sentiment in the economy, backed by strong economic numbers. During the first week of October, the Institute of Supply Management (ISM) published its nonmanufacturing data. The figures not only beat analysts' expectations, but also recorded the ISM's second-highest reading in history. Positive developments in the labor market also contributed, as the unemployment rate is at a fifty-year low, and the increase in the year-over-year average hourly wage growth is at its highest level since the 2008 financial crisis. As inflationary pressures creep in and the economy continues its robust pace, bond market participants believe that these figures will be paramount in driving the Fed's future policy decisions.

The impact of this spike in yields on the economy bears watching. The increase in long-term Treasury yields will directly influence fixed-rate mortgages, forcing new homebuyers to shell out more to finance their purchase. Interestingly, 30-year mortgages hit a seven-year high of 4.9% in the second week of October. If yields continue to rise, investors may begin to pull out money from riskier assets, like equities, and rotate it into less risky, decently yielding instruments, such as Treasuries. However, stocks could be stuck in a seesaw battle between a booming economy (bolstered by strong consumer spending, record low unemployment, and corporate tax cuts), and deriving competitive yields (at much less risk) from another traditional asset class. The rising bond yields also make the stocks in the Utilities and Real Estate sectors (REITs are a traditional income generating vehicle), less appealing, as companies in these sectors extensively use leverage as a source of finance. An increase in yields would compel these firms to finance their debt at a higher interest cost, leading to earnings erosion. Additionally, valuations could be adversely affected by rising yields, as stocks would be discounted at a higher rate, which could compress cash flows.

Some market experts believe that it is not the *spike* in the yields, but rather the *rate of change* that should alarm investors. A Goldman Sachs study reveals that stocks in the S&P 500 Index cannot factor in a swift rise in bond yields, but markets can handle monthly yield moves that are within one standard deviation. This creates an interesting point: The recent movement in the long-dated bond yields is nearly two standard deviations, and could signal a more damaging effect to the S&P 500 Index's P/E multiple. However, organically driven, rising corporate earnings and a strong economy have largely supported the equity market. Though the relationships between the two asset classes have varied over time, on a historical basis, whenever yields have been less than 5%, stocks and yield movements have been positively correlated.

Different bond pundits have made varying statements regarding the surge in yields. Rick Rieder, who oversees roughly \$1.85 trillion in bond assets for Blackrock, the world's largest money manager, believes that the recent spike in bond yields will not be sustained. He also maintains a contrarian view that the Fed will hike rates once or twice in 2019. On the other hand, Doublin Capital's Jeffrey Gundlach says that he will not be surprised if the yield on the 30-year US Treasury Bond rises above 4%. He predicts the curve will steepen, which eventually will result in the yield on the 10-year US Treasury Note hovering around 3.5% to 3.6%. Bill Gross, of Janus Capital, has cited the absence of foreign buyers as the catalyst for the recent spike in yields.

However, it seems that there is no respite in the factors driving the increase in yields. Federal Reserve (the Fed) Chairman Powell clearly indicated in his recent statement that the central bank is a 'long way' from getting rates to neutral. This signals that it would be farfetched for the Fed to adopt an accommodative policy, and therefore it would continue to raise rates at regular intervals. This means that as the economy gains steam, the end investor can expect an end to the nearly decade-long era of low borrowing costs.

As such, market developments continue to occur, investors must ponder whether rising yields will mark the end of the prolonged bull market.

Suresh Ramasamy and Alfie Manuel
Investment Analysts

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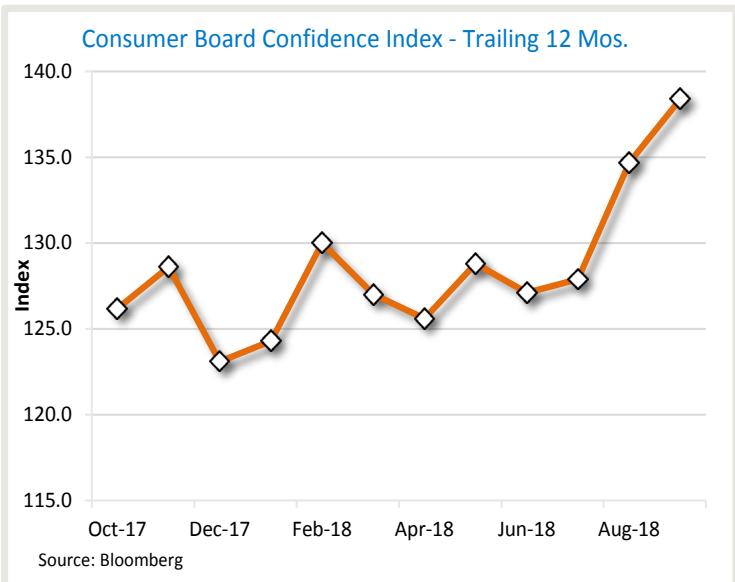
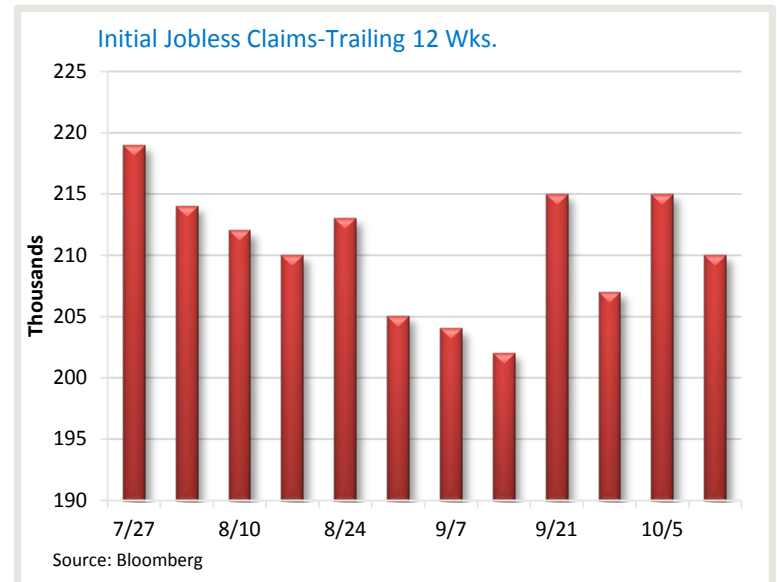
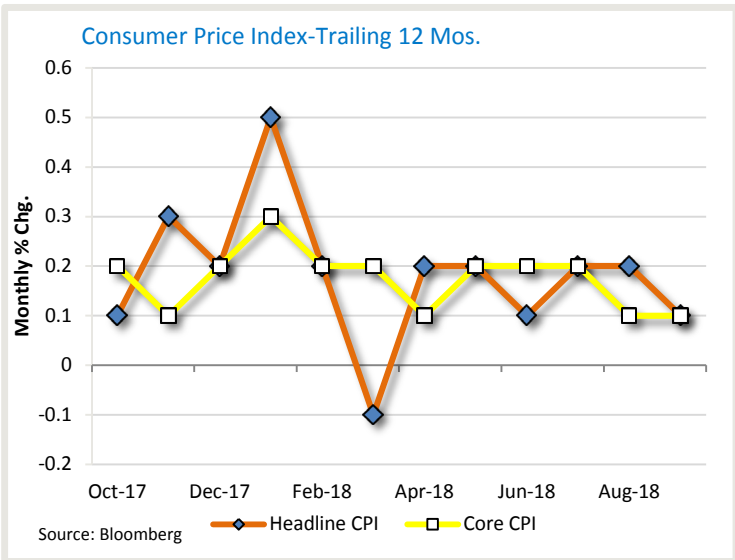
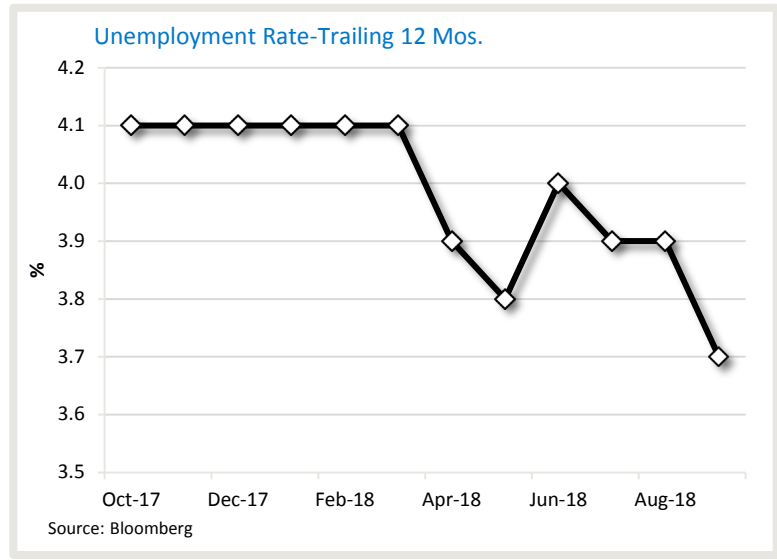
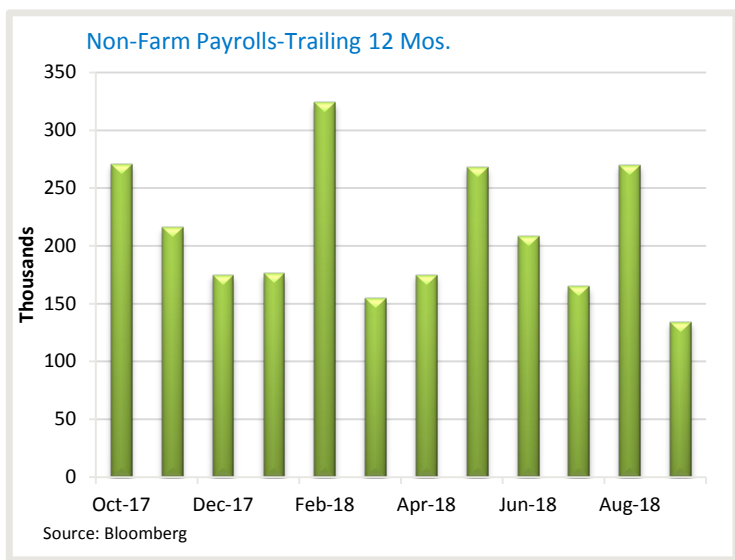
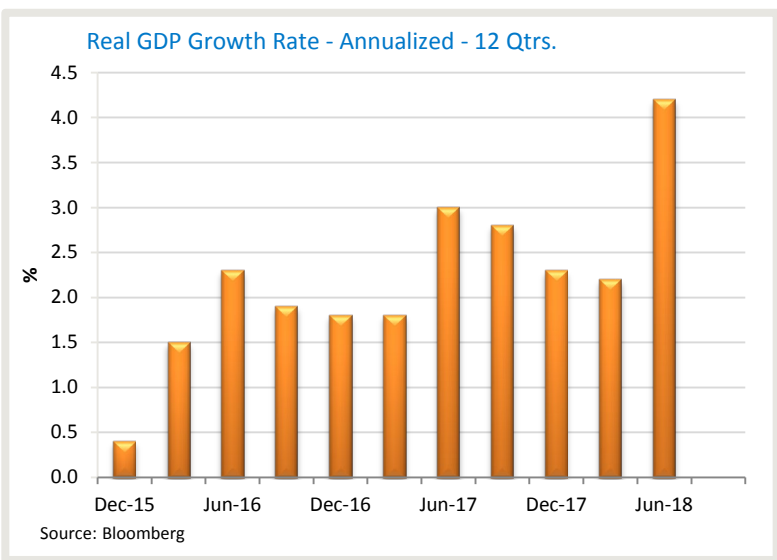
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Economic Data



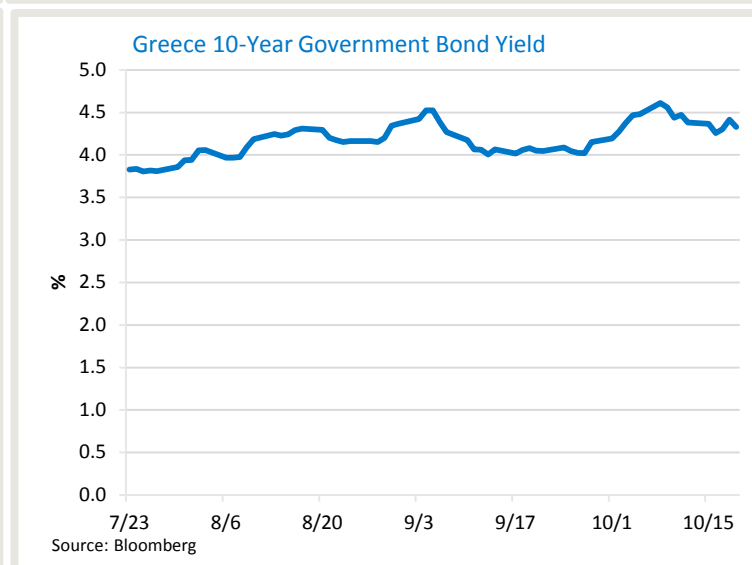
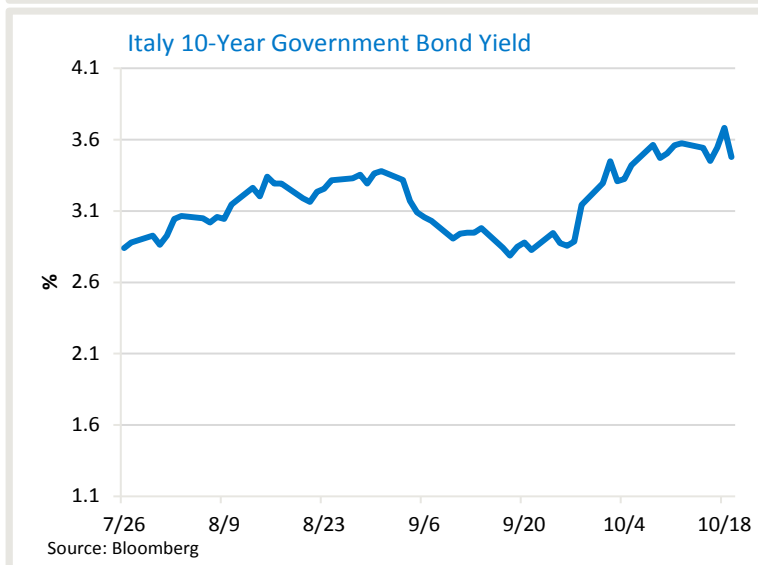
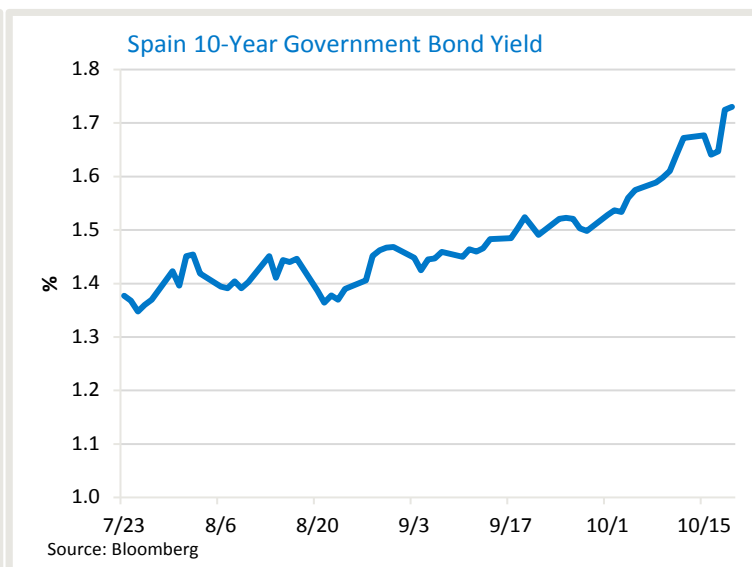
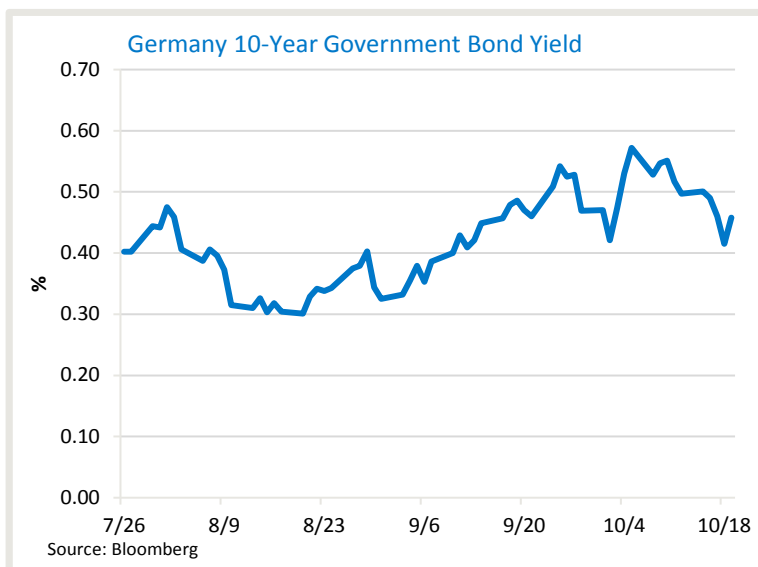
Eurozone

SELECTED EUROPEAN SOVEREIGN YIELD PERFORMANCE

	Last	Change	% Chg.	YTD %
Germany 10-Yr. Govt.	0.46	4 bps	NM	NM
Greece 10-Yr. Govt.	4.33	4 bps	NM	NM
Italy 10-Yr. Govt.	3.48	8 bps	NM	NM
Spain 10-Yr. Govt.	1.73	-5 bps	NM	NM
Belgium 10-Yr. Govt.	0.89	-1 bps	NM	NM

	Last	Change	% Chg.	YTD %
France 10-Yr. Govt.	0.84	3 bps	NM	NM
Ireland 10-Yr. Govt.	1.04	1 bps	NM	NM
Portugal 10-Yr. Govt.	2.01	2 bps	NM	NM
Netherlands 10-Yr. Govt.	0.59	2 bps	NM	NM
U.K. 10-Yr. Govt.	1.57	5 bps	NM	NM

Source: Bloomberg
Basis points (bps)

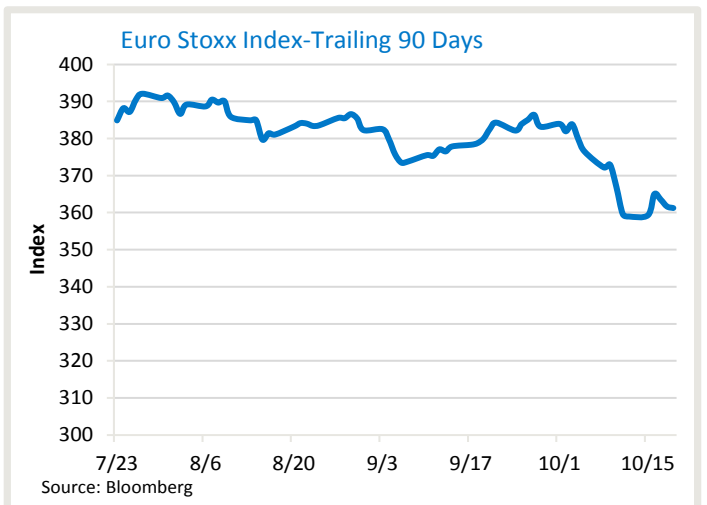
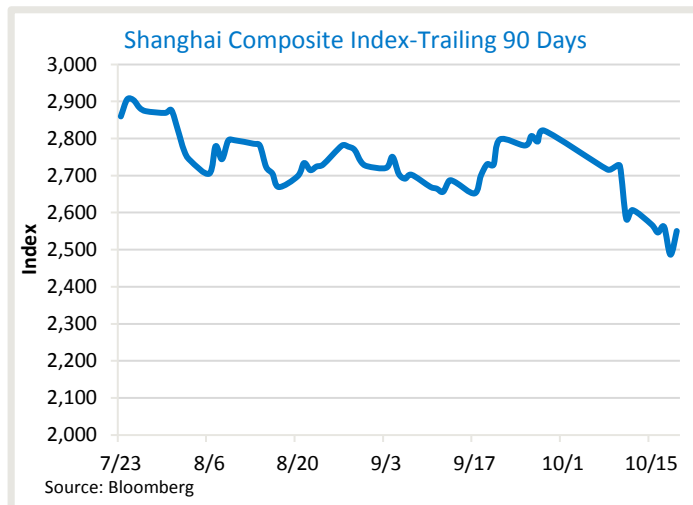
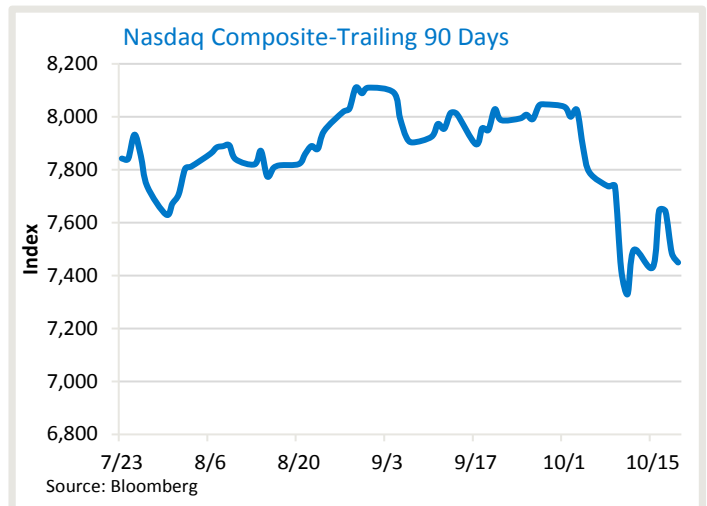
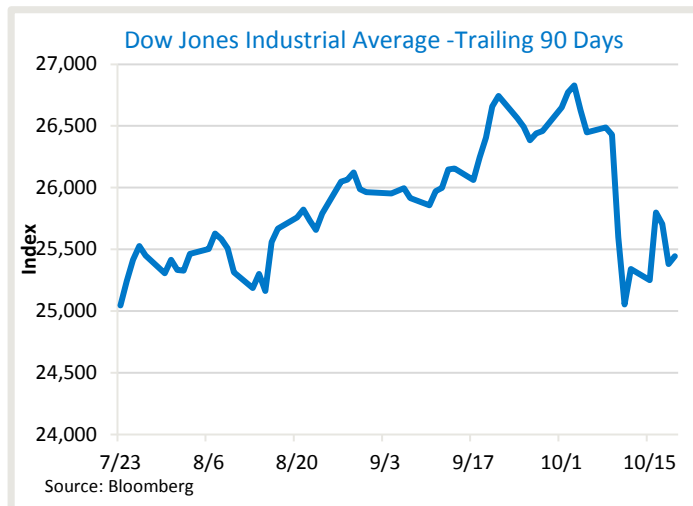


Equities

WORLD MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
S&P 500	2,767.78	0.65	0.02%	3.52%	Swiss Market Index	8,872.09	211.71	2.44%	-5.43%
Dow Industrials	25,444.34	104.35	0.41%	2.93%	CAC 40 Index (France)	5,084.66	-11.32	-0.22%	-4.29%
Nasdaq Composite	7,449.03	-47.87	-0.64%	7.90%	DAX Index (Germany)	11,553.83	30.02	0.26%	-10.56%
Russell Global	2,061.11	0.63	0.03%	-3.9%	Irish Overall Index	5,997.46	-100.93	-1.66%	-14.79%
Russell Global EM	3,040.39	-25.24	-0.82%	-16.5%	Nikkei 225	22,532.08	-162.58	-0.72%	-1.02%
S&P/TSX (Canada)	15,470.10	55.81	0.36%	-4.56%	Hang Seng Index	25,561.40	295.03	1.17%	-14.57%
Mexico IPC	47,437.45	-6.60	-0.01%	-3.88%	Shanghai Composite	2,550.47	-56.45	-2.17%	-22.88%
Brazil Bovespa	84,219.75	1298.66	1.57%	10.23%	Kospi Index (S. Korea)	2,156.26	-5.59	-0.26%	-12.61%
Euro Stoxx 600	361.24	2.29	0.64%	-7.18%	Taiwan Taiex Index	9,919.26	-126.55	-1.26%	-6.80%
FTSE 100	7,049.80	53.89	0.77%	-8.30%	Tel Aviv 25 Index	1,620.64	31.73	2.00%	7.34%
IBEX 35 (Spain)	8,892.10	-9.90	-0.11%	-11.47%	MOEX Index (Russia)	2,344.79	-58.23	-2.42%	11.14%

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



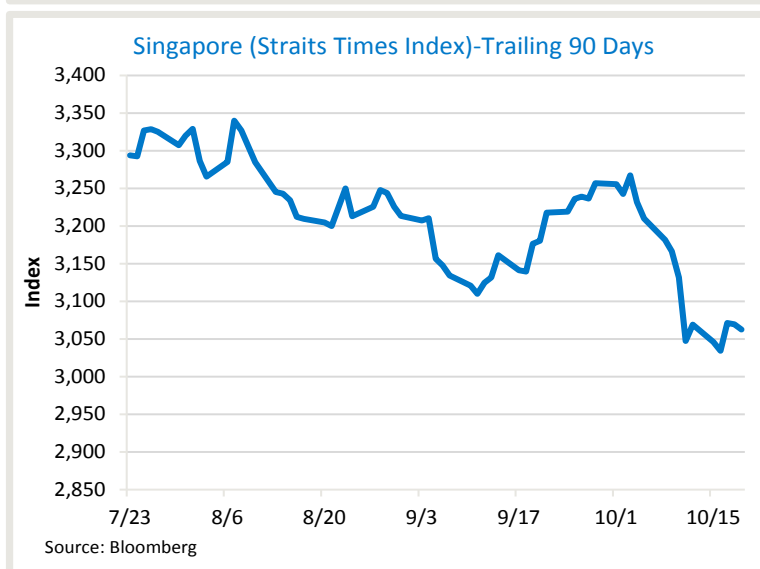
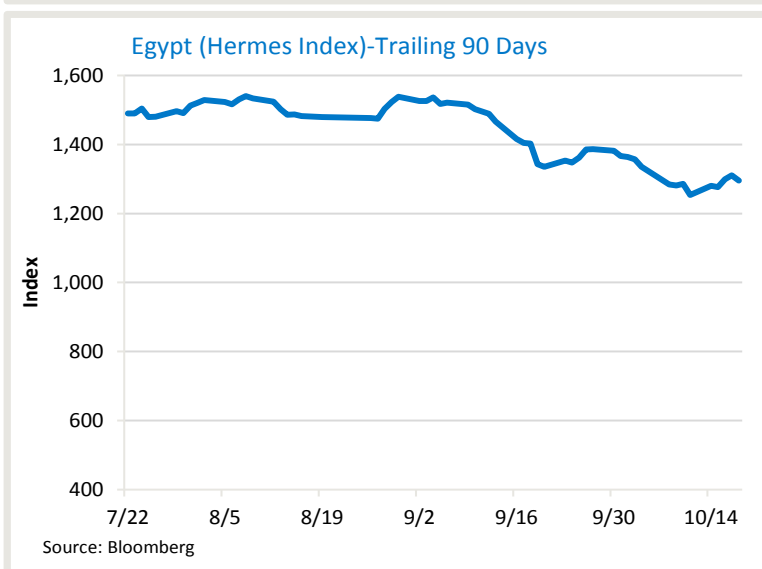
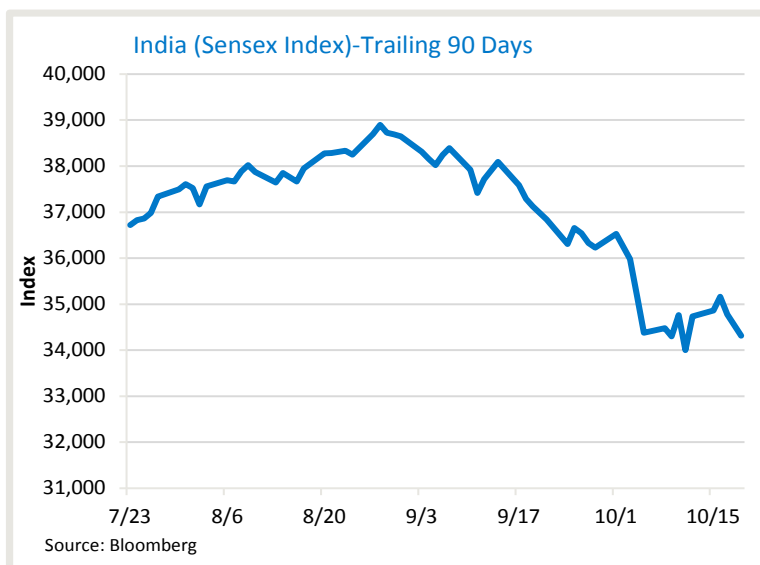
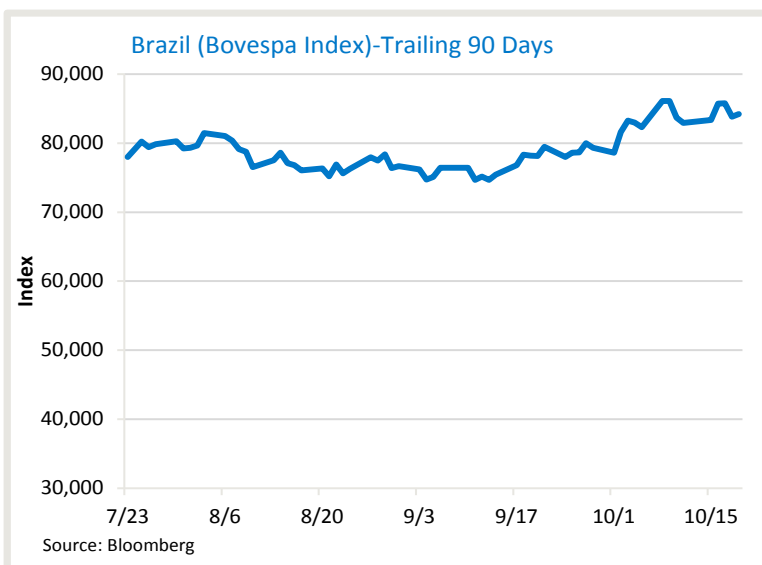
Equities – Emerging and Frontier Markets

EMERGING AND FRONTIER MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
Mexico IPC	47,437.45	-6.60	0.0%	-3.9%
Brazil (Bovespa Index)	84,219.75	1298.66	1.6%	10.2%
MOEX Index (Russia)	2,344.79	-58.23	-2.4%	11.1%
Czech Republic (Prague)	1,079.30	-0.31	0.0%	0.1%
Turkey (Istanbul)	96,454.57	-202.85	-0.2%	-16.4%
Egypt (Hermes Index)	1,295.20	41.43	3.3%	-9.9%
Kenya (Nairobi 20 Index)	2,807.12	0.09	0.0%	-24.4%
Saudi Arabia (TASI Index)	7,648.15	117.35	1.6%	5.8%
Lebanon (Beirut BLOM Index)	984.48	4.48	0.5%	-14.3%
Palestine	527.79	-1.41	-0.3%	-8.1%

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

	Last	Change	% Chg.	YTD %
Hang Seng Index	25,561.40	295.03	1.2%	-14.6%
India (Sensex 30)	34,315.63	-417.95	-1.2%	0.8%
Malaysia (KLCI Index)	1,732.14	1.40	0.1%	-3.6%
Singapore (Straits Times Index)	3,062.51	-6.66	-0.2%	-10.0%
Thailand (SET Index)	1,667.91	-14.98	-0.9%	-4.9%
Indonesia (Jakarta)	5,837.29	80.80	1.4%	-8.2%
Pakistan (Karachi KSE 100)	38,430.27	912.34	2.4%	-5.0%
Vietnam (Ho Chi Minh)	958.36	-11.72	-1.2%	-2.6%
Sri Lanka (Colombo)	5,761.09	-53.94	-0.9%	-9.5%
Cambodia (Laos)	839.55	6.43	0.8%	-15.9%

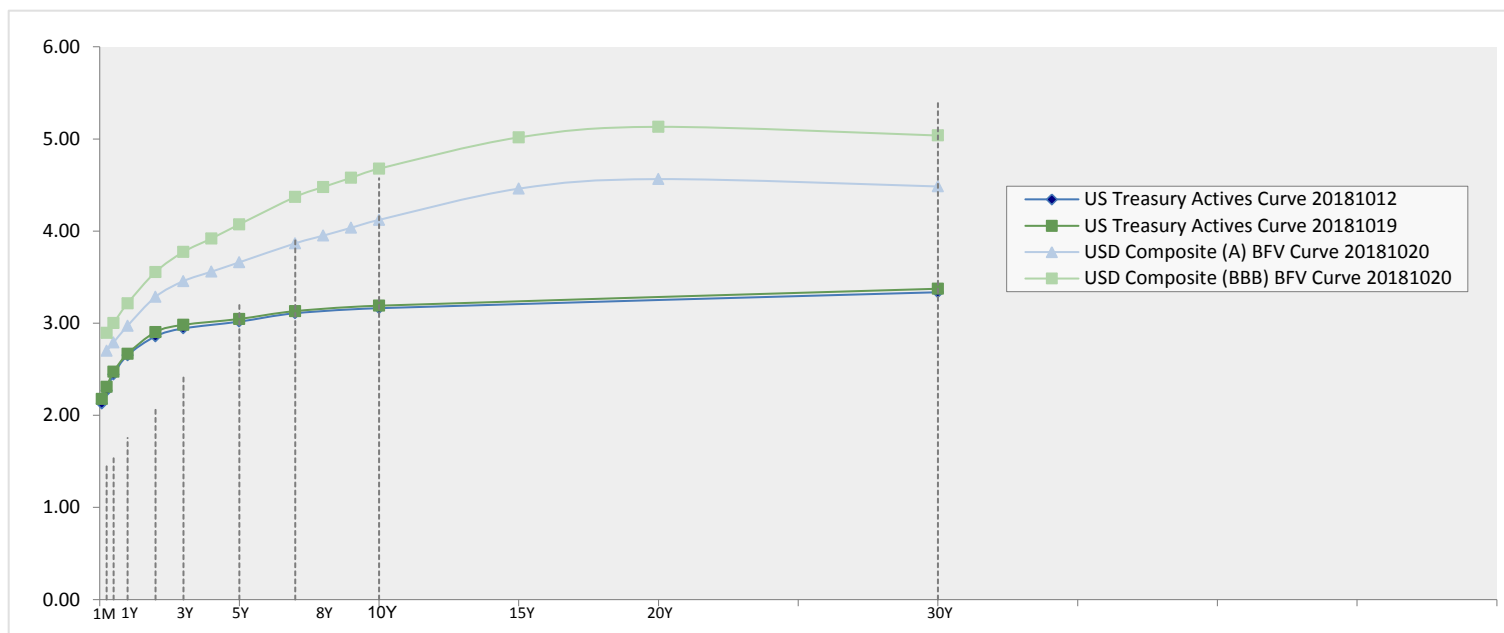


Interest Rates

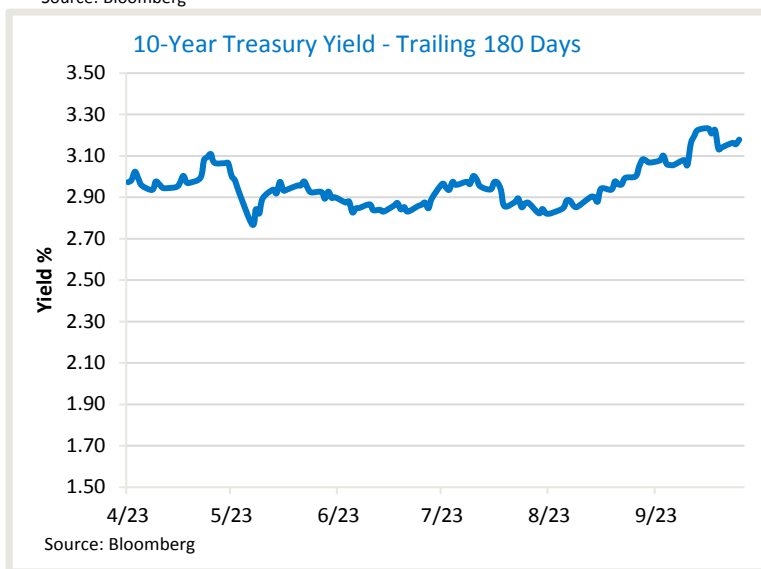
SELECTED INTEREST RATES

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
2-Yr. U.S. Treasury	2.91%	-1 bps	NM	NM	Prime Rate	5.25%	0.00	NM	NM
5-Yr. U.S. Treasury	3.05%	6 bps	NM	NM	Fed Funds Rate	2.25%	0.00	NM	NM
10-Yr. U.S. Treasury	3.20%	6 bps	NM	NM	Discount Rate	2.75%	0.00	NM	NM
30-Yr. U.S. Treasury	3.38%	7 bps	NM	NM	LIBOR (3 Mo.)	2.47%	3 bps	NM	NM
German 10-Yr. Govt.	0.46%	4 bps	NM	NM	Bond Buyer 40 Muni	4.49%	0 bps	NM	NM
France 10-Yr.	0.84%	3 bps	NM	NM	Bond Buyer 40 G.O.	4.35%	NA	NM	NM
Italy 10-Yr.	3.48%	8 bps	NM	NM	Bond Buyer 40 Rev.	4.86%	NA	NM	NM
Fed 5-Yr Fwd BE Inf.	2.13%	-4 bps	NM	NM					

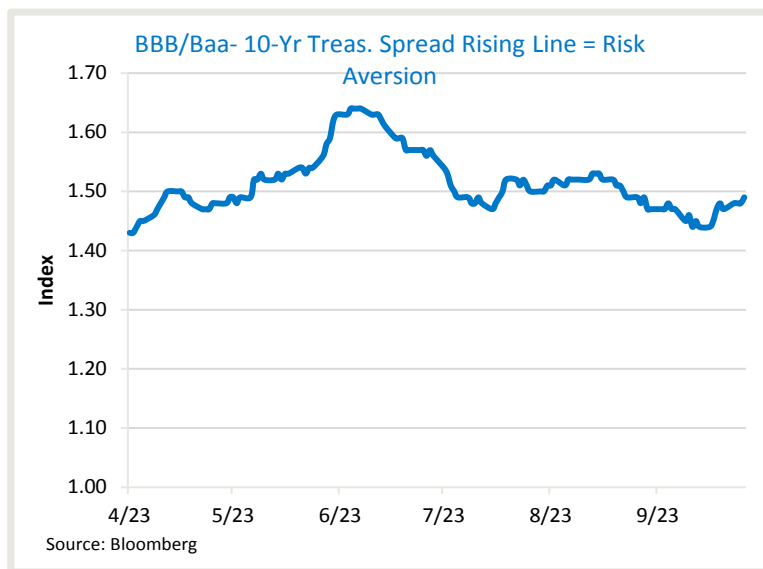
Source: Bloomberg



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg

Currencies

SELECTED CURRENCY PERFORMANCE

	Last	Change	% Chg.	YTD %
Dollar Index	95.69	0.468	0.49%	3.87%
Euro	1.15	-0.005	-0.41%	-4.10%
Japanese Yen	112.51	0.290	-0.26%	0.17%
British Pound	1.31	-0.009	-0.65%	-3.30%
Canadian Dollar	1.31	0.009	-0.66%	-4.12%

	Last	Change	% Chg.	YTD %
Chinese Yuan	6.93	0.007	-0.10%	-6.09%
Swiss Franc	1.00	0.003	-0.31%	-2.18%
New Zealand Dollar	0.66	0.008	1.28%	-7.16%
Brazilian Real	3.72	-0.063	1.68%	-11.03%
Mexican Peso	19.26	0.418	-2.17%	1.98%

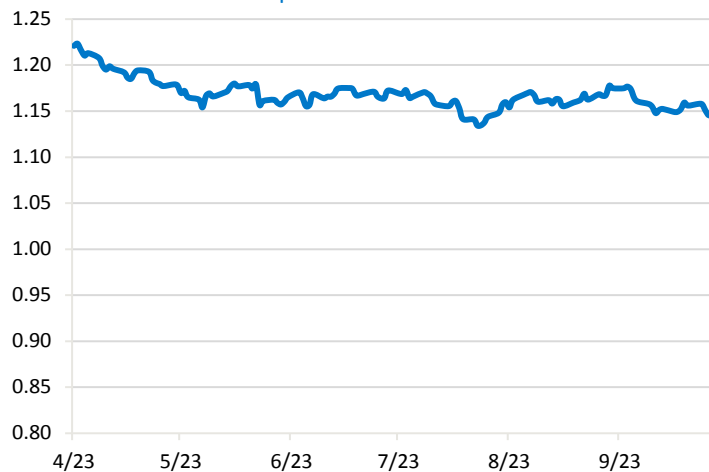
Source: Bloomberg

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



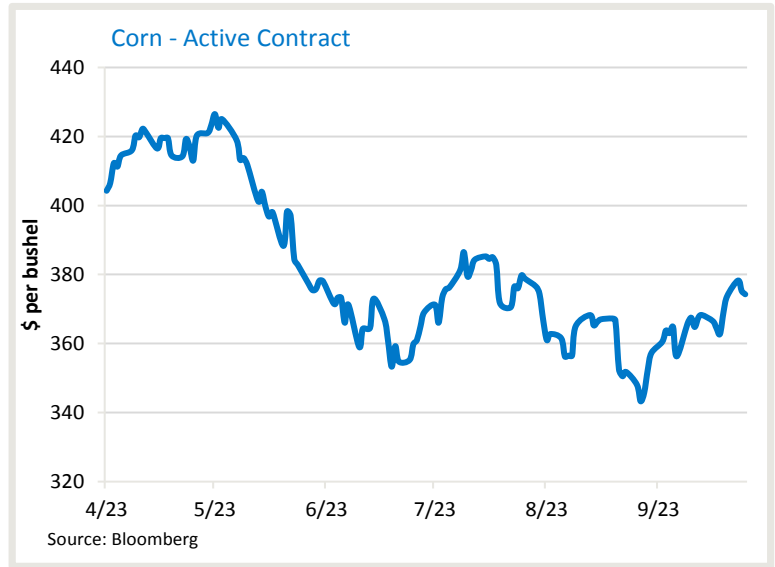
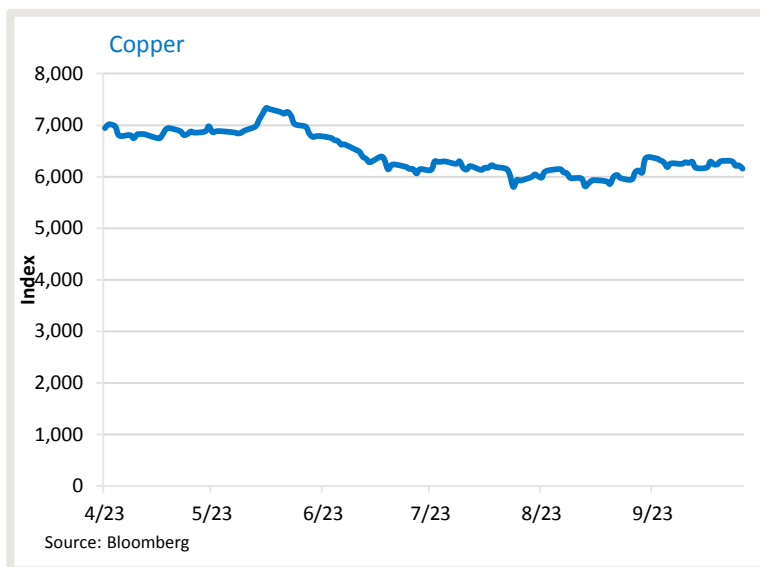
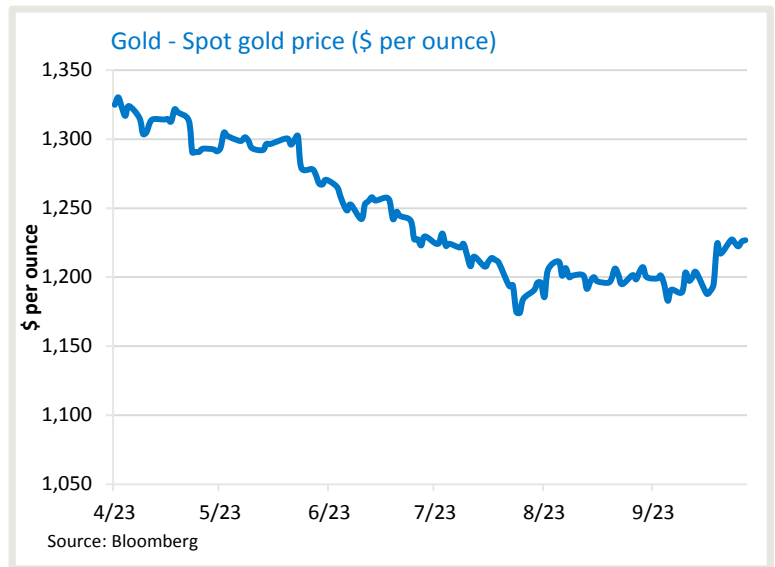
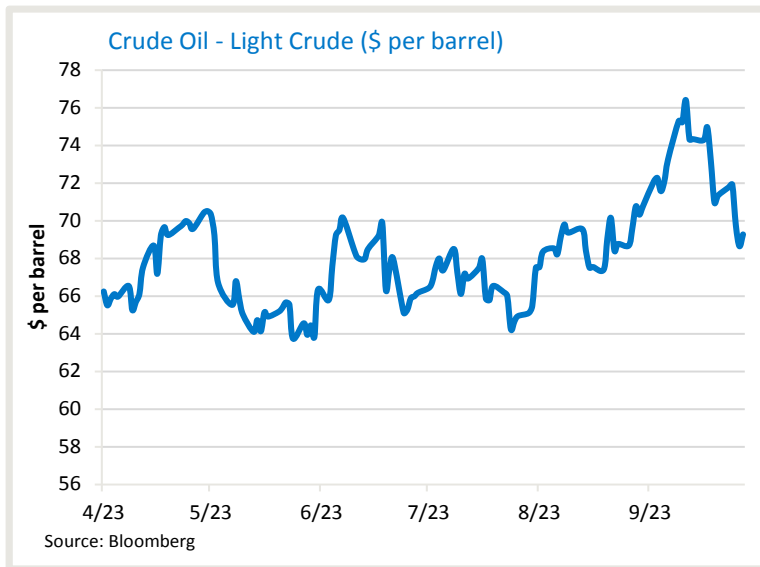
Source: Bloomberg

Commodities

SELECTED COMMODITY MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
Bloomberg Comm. Idx.	85.95	-0.29	-0.33%	-2.52%	Platinum Spot	\$831.04	-\$7.23	-0.86%	-10.47%
Crude Oil	\$69.36	-\$2.06	-2.89%	18.67%	Corn	367.00	-6.75	-1.81%	-4.43%
Natural Gas	\$3.23	\$0.08	2.40%	12.91%	Wheat	514.75	-2.50	-0.48%	6.79%
Gasoline (\$/Gal.)	\$2.87	-\$0.03	-1.17%	15.24%	Soybeans	856.75	-10.75	-1.24%	-12.20%
Heating Oil	230.97	-1.24	-0.53%	18.06%	Sugar	13.89	0.82	6.27%	-11.47%
Gold Spot	\$1,226.73	\$9.70	0.80%	-5.84%	Orange Juice	139.80	-3.75	-2.61%	-2.44%
Silver Spot	\$14.64	\$0.06	0.38%	-13.59%	Aluminum	2,013.00	-28.00	-1.37%	-11.24%
					Copper	6,157.00	-145.00	-2.30%	-15.04%

Source: Bloomberg; % change is based on price.

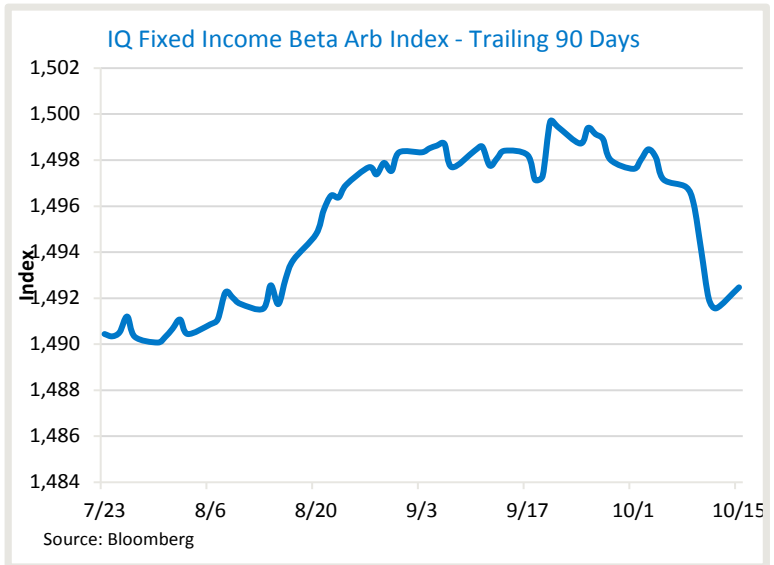
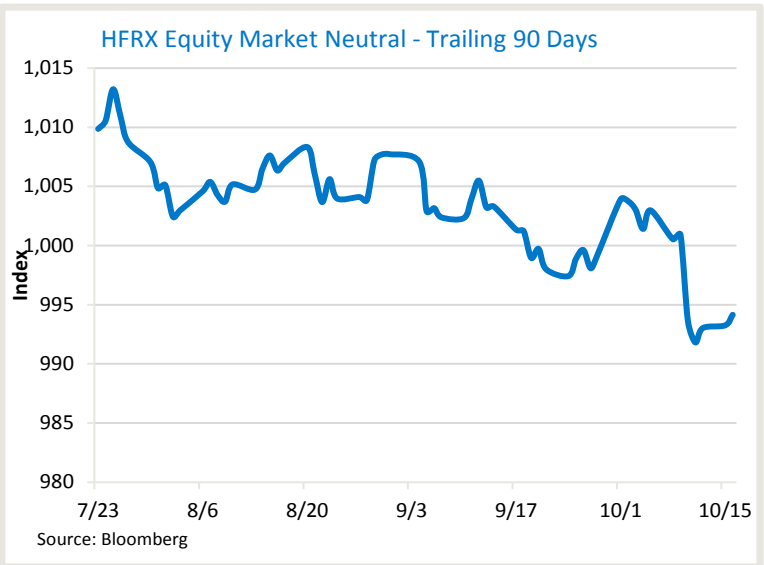
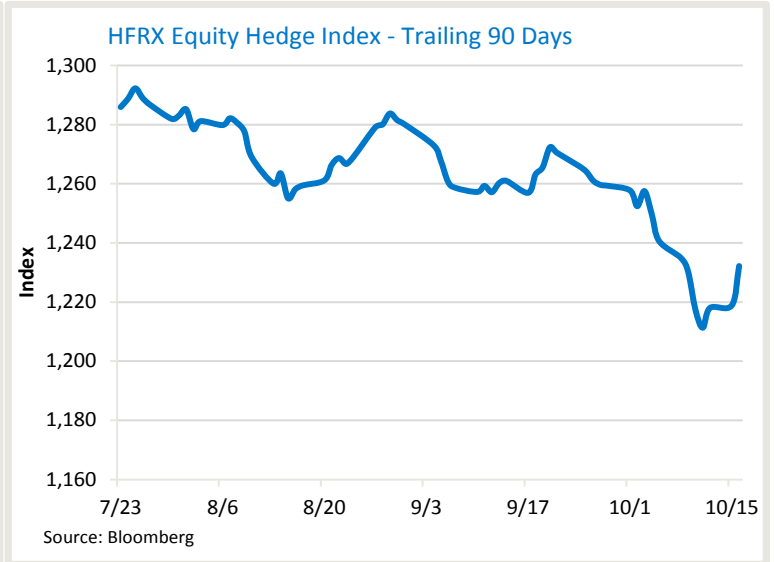
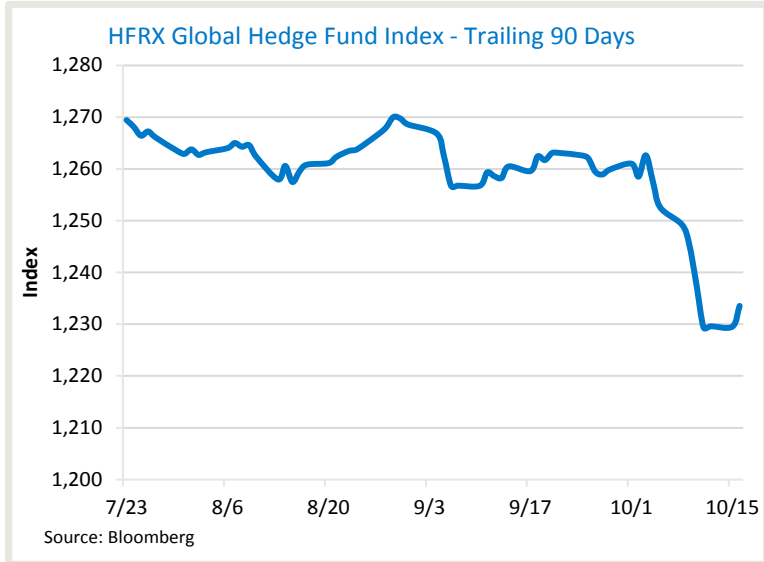


Alternative Investments

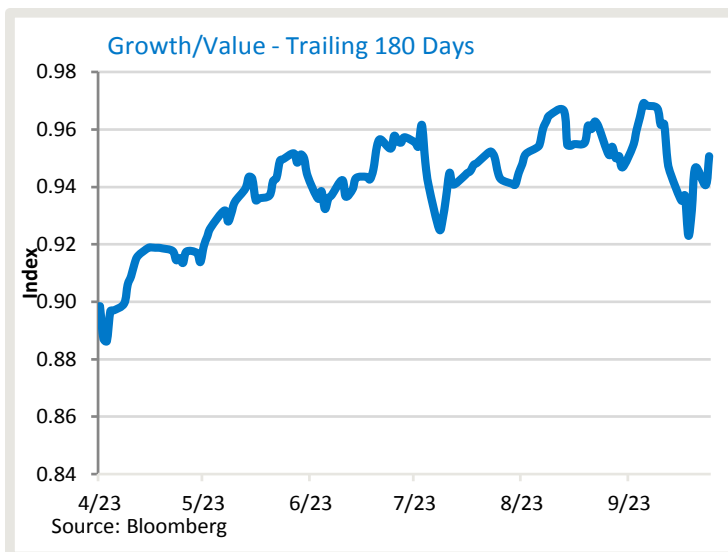
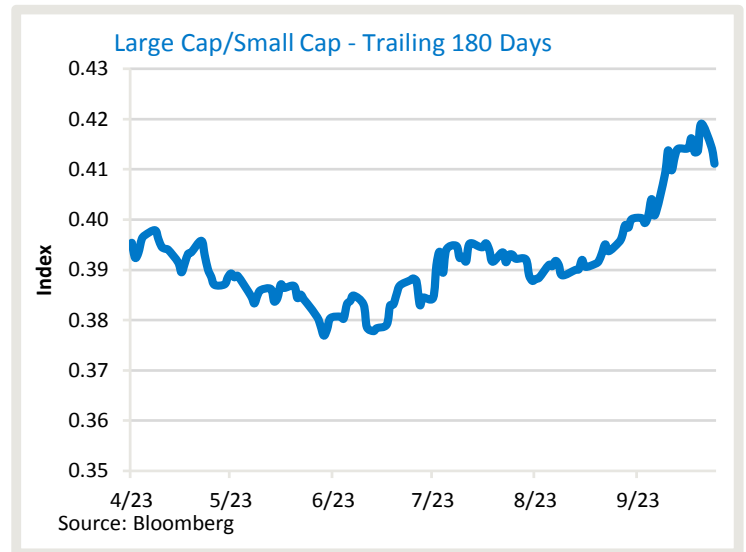
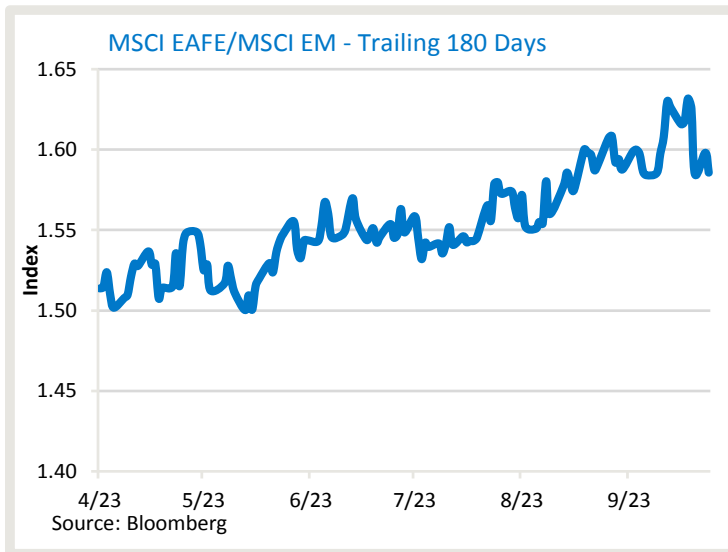
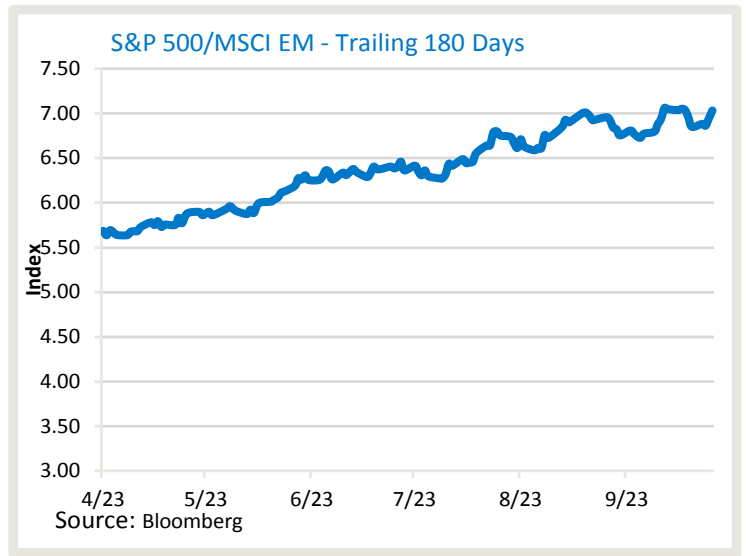
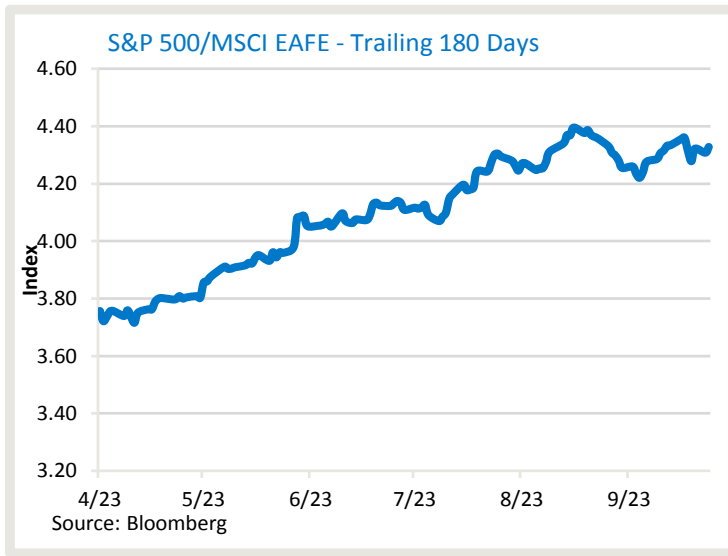
SELECTED ALTERNATIVE INVESTMENT INDEX PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
HFRX Global Hedge Fund Index	1230.93	1.31	0.11%	-3.50%	HFRX Distressed Index	1040.09	-0.52	-0.05%	-6.02%
HFRX Equity Market Neutral	995.61	2.58	0.26%	-0.88%	HFRX Merger Arbitrage Index	1803.26	-0.31	-0.02%	-2.68%
HFRX Equity Hedge Index	1221.63	3.60	0.30%	-3.87%	HFRX Convertible Arbitrage Index	800.61	-0.48	-0.06%	0.55%
HFRX Event-Driven Index	1531.57	-2.93	-0.19%	-8.06%	HFRX Macro CTA Index	1112.32	1.67	0.15%	-4.43%
HFRX Absolute Return Index	1073.07	-0.59	-0.05%	0.92%	IQ Fixed Income Beta Arb Index	1490.89	-0.67	-0.04%	1.39%

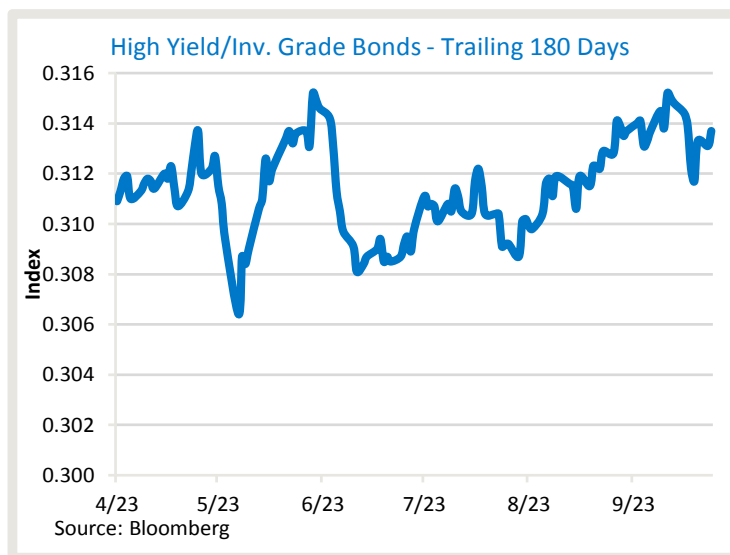
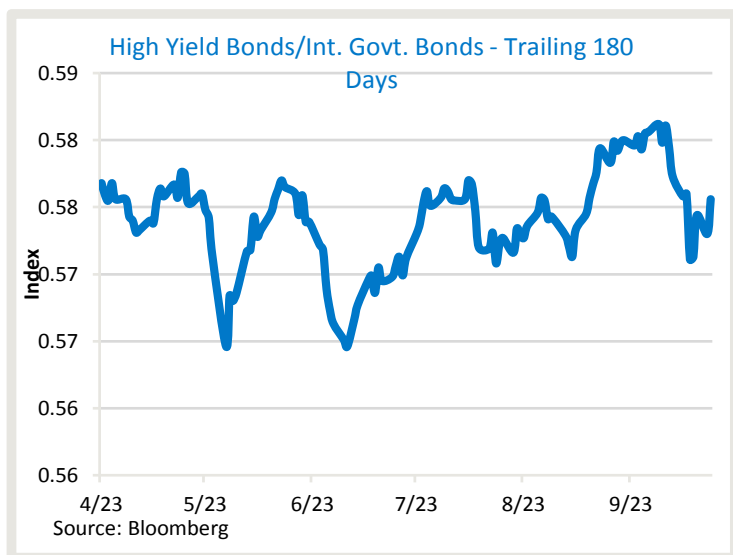
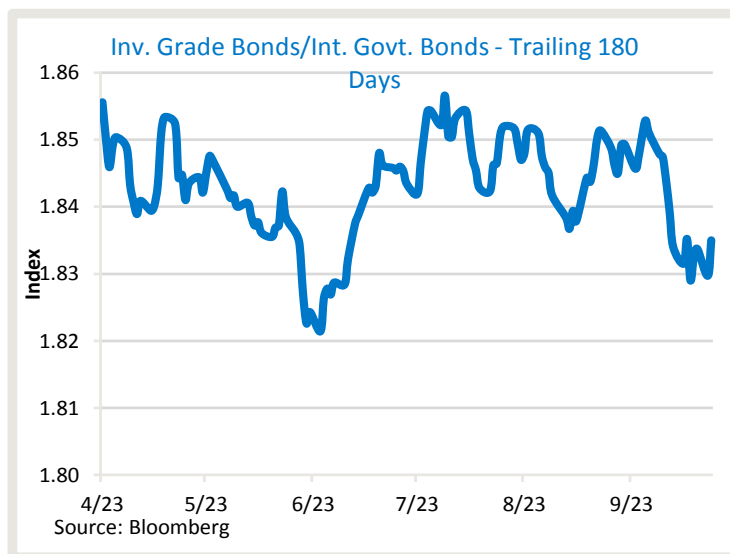
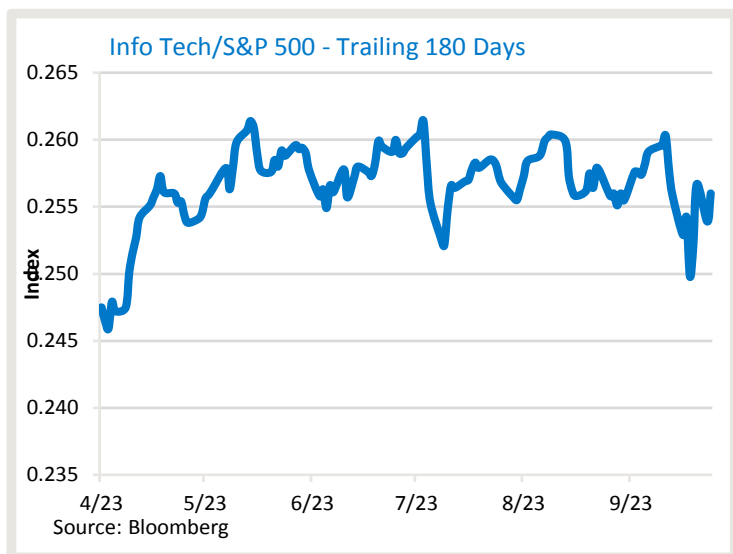
Source: Bloomberg; Index % change is based on price.



Portfolio Construction



Portfolio Construction (continued)



WEEKLY ASSET CLASS PERFORMANCE (Prior 12 weeks ending Thursday)

			8/2	8/9	8/16	8/23	8/30	9/6	9/13	9/20	9/27	10/4	10/11	10/18
Equity	Domestic Equity	Large Cap (R200)	-0.21%	1.01%	-0.49%	0.49%	1.73%	-0.95%	1.03%	0.98%	-0.32%	-0.29%	-6.01%	1.52%
		Small Cap (R2000)	-0.78%	0.52%	-0.30%	1.86%	0.89%	-1.03%	-0.01%	0.34%	-1.72%	-2.58%	-6.16%	0.99%
	Int'l. Equity	MSCI EAFE	-1.28%	0.54%	-3.26%	1.29%	1.49%	-3.13%	0.81%	2.69%	0.21%	-2.23%	-4.66%	0.06%
		MSCI Em. Mkts.	-2.00%	1.05%	-5.29%	2.61%	0.92%	-3.74%	-0.06%	1.90%	1.39%	-3.89%	-5.51%	1.70%
Fixed Income	BarCap Agg. (AGG)	-0.25%	0.25%	0.38%	0.20%	-0.18%	-0.22%	-0.30%	0.46%	0.24%	-1.01%	0.15%	-0.25%	
	High Yield (JNK)	-0.11%	0.14%	-0.11%	0.33%	0.06%	-0.58%	0.62%	0.06%	0.19%	-0.86%	-1.12%	0.14%	
Commodities	Bloomberg Commodity Index	-0.52%	0.45%	-2.21%	0.12%	0.61%	-1.42%	0.35%	1.40%	1.04%	2.40%	-1.00%	-0.20%	
Alternatives	Hedge Funds (HFRX Global)	-0.36%	0.15%	-0.40%	0.32%	0.49%	-1.02%	0.12%	0.38%	-0.33%	-0.12%	-2.23%	0.13%	
Asset Allocation	60/40*	-0.52%	0.58%	-0.80%	0.74%	0.82%	-1.15%	0.35%	0.66%	-0.08%	-1.27%	-3.40%	0.57%	
	48/32/20 (w/Alts.)**	-0.49%	0.50%	-0.72%	0.66%	0.75%	-1.12%	0.30%	0.61%	-0.13%	-1.04%	-3.16%	0.48%	

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	0.99	0.98	1.15	1.10	1.15	1.19	1.14	1.21	1.21	1.13	0.98	0.83	1.14	1.07
Large Cap Growth	1.01	1.00	0.98	1.15	1.11	1.16	1.20	1.15	1.22	1.22	1.13	0.99	0.84	1.15	1.07
Large Cap Value	1.02	1.02	1.00	1.17	1.13	1.18	1.22	1.17	1.24	1.24	1.15	1.01	0.85	1.16	1.09
Mid Cap Core	0.87	0.87	0.85	1.00	0.96	1.01	1.04	1.00	1.05	1.06	0.98	0.86	0.73	0.99	0.93
Mid Cap Growth	0.91	0.90	0.89	1.04	1.00	1.04	1.08	1.03	1.09	1.10	1.02	0.89	0.75	1.03	0.97
Mid Cap Value	0.87	0.86	0.85	0.99	0.96	1.00	1.03	0.99	1.05	1.05	0.98	0.85	0.72	0.99	0.92
Small Cap Core	0.84	0.84	0.82	0.96	0.93	0.97	1.00	0.96	1.02	1.02	0.95	0.83	0.70	0.96	0.90
Small Cap Growth	0.88	0.87	0.86	1.00	0.97	1.01	1.04	1.00	1.06	1.06	0.99	0.86	0.73	1.00	0.93
Small Cap Value	0.83	0.82	0.81	0.95	0.91	0.95	0.98	0.94	1.00	1.00	0.93	0.81	0.69	0.94	0.88
Int'l. Developed	0.83	0.82	0.81	0.95	0.91	0.95	0.98	0.94	1.00	1.00	0.93	0.81	0.69	0.94	0.88
Emerging Markets	0.89	0.88	0.87	1.02	0.98	1.02	1.05	1.01	1.07	1.07	1.00	0.87	0.74	1.01	0.95
REITs	1.02	1.01	0.99	1.17	1.12	1.17	1.21	1.16	1.23	1.23	1.15	1.00	0.85	1.16	1.08
Commodities	1.20	1.19	1.17	1.38	1.33	1.39	1.43	1.37	1.45	1.46	1.35	1.18	1.00	1.37	1.28
Int. Bond	0.88	0.87	0.86	1.01	0.97	1.01	1.04	1.00	1.06	1.06	0.99	0.86	0.73	1.00	0.94
High Yield	0.94	0.93	0.92	1.07	1.04	1.08	1.11	1.07	1.13	1.14	1.06	0.92	0.78	1.07	1.00

Source: Bloomberg

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

Index Overview & Key Definitions

Fed, The Fed or FED refers to the Federal Reserve System, the central bank of the United States. The **Federal Open Market Committee** (FOMC) is the monetary policymaking body of the Federal Reserve System. **Fed Funds Rate**, the interest rate at which a depository institution lends funds maintained at the Federal Reserve to another depository institution overnight. The **European Central Bank** (ECB) is the central bank for Europe's single currency, the euro. The ECB's main task is to maintain the euro's purchasing power and thus price stability in the euro area. The euro area comprises the 19 European Union countries that have introduced the euro since 1999. The **Gross Domestic Product** (GDP) rate is a measurement of the output of goods and services produced by labor and property located in the United States. **Basis Point(s)** is a unit that is equal to 1/100th of 1%, and is used to denote the change in a financial instrument. The basis point is commonly used for calculating changes in interest rates, equity indexes and the yield of a fixed-income security. A **separately managed account** (SMA) is an individual managed investment account offered typically by a brokerage firm through one of their brokers or financial consultants and managed by independent investment management firms (often called money managers for short) and have varying fee structures. The **Consumer Price Index** (CPI) measures the change in the cost of a fixed basket of products and services. The **Producer Price Index** (PPI) program measures the average change over time in the selling prices received by domestic producers for their output. The prices included in the PPI are from the first commercial transaction for many products and some services. **Core CPI** is an additional CPI Index, excludes energy and food item price changes, and measures the "core" or "underlying" rate of inflation. The PCE (Personal Consumption Expenditure) Index of Prices is a US--wide indicator of the average increase in prices for all domestic personal consumption. Using a variety of data including U.S. Consumer Price Index and Producer Price Index prices, it is derived from personal consumption expenditures; essentially a measure of goods and services targeted towards individuals and consumed by individuals. The **Purchasing Managers' Index** (PMI) is an indicator of the economic health of the manufacturing sector. The PMI is based on five major indicators: new orders, inventory levels, production, supplier deliveries and the employment environment. **Brexit** is a commonly used term for the United Kingdom's withdrawal from the European Union. The **Kansas City Fed Manufacturing Survey** monitors manufacturing plants selected according to geographic distribution, industry mix and size in the Tenth Federal Reserve District. **West Texas Intermediate** (WTI), also known as Texas light sweet, is a grade of crude oil used as a benchmark in oil pricing. **Risk Premium** is the return in excess of the risk-free rate of return an investment is expected to yield. **LIBOR or ICE LIBOR** (previously BBA LIBOR) is a benchmark rate, which some of the world's leading banks charge each other for short-term loans. It stands for Intercontinental Exchange London Interbank Offered Rate and serves as the first step to calculating interest rates on various loans throughout the world.

The **Dow Jones Industrial Average** (DOW or DJIA) is an unmanaged index of 30 common stocks comprised of 30 actively traded blue chip stocks, primarily industrials and assumes reinvestment of dividends. The **S&P 500 Index** is an unmanaged index comprised of 500 widely held securities considered to be representative of the stock market in general. The **S&P/Case-Shiller Home Price Indices** measure the residential housing market, tracking changes in the value of the residential real estate market in 20 metropolitan regions across the United States. The **Nasdaq Composite Index** is a stock market index of the common stocks and similar securities listed on the NASDAQ stock market. The **US Dollar Index** is a measure of the value of the United States dollar relative to a basket of foreign currencies. It is a weighted geometric mean of the dollar's value relative to other select currencies (Euro, Japanese yen, Pound sterling, Canadian dollar, Swedish krona (SEK) & Swiss franc). The **FTSE 100 Index** (FTSE 100) is a share index of the 100 companies listed on the London Stock Exchange (LSE) with the highest market capitalization. The **Bloomberg Commodity Index** (formerly the **Dow Jones-UBS Commodity Index**) tracks prices of futures contracts on physical commodities on the commodity markets and is designed to minimize concentration in any one commodity or sector (currently 22 commodity futures in seven sectors). The **Barclays Capital US Credit Index** is an unmanaged index considered representative of publicly issued, SEC-registered US corporate and specified foreign debentures and secured notes. The **Barclays Capital US Aggregate Bond Index** is a market capitalization-weighted index of investment-grade, fixed-rate debt issues, including government, corporate, asset-backed, and mortgage-backed securities, with maturities of at least one year. The **Barclays Capital US Corporate High Yield Index** covers the USD-denominated, non-investment grade, fixed-rate, taxable corporate bond market. Securities are classified as high-yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. The index may include emerging market debt. The **Barclays Capital Municipal Bond Index** is an unmanaged index comprised of investment-grade, fixed-rate municipal securities representative of the tax-exempt bond market in general. The **Barclays Capital US Treasury Total Return Index** is an unmanaged index of public obligations of the US Treasury with a remaining maturity of one year or more. The **Barclays Capital Global Aggregate ex-U.S. Index** is a market capitalization-weighted index, meaning the securities in the index are weighted according to the market size of each bond type. Most U.S. traded investment grade bonds are represented. Municipal bonds, and Treasury Inflation-Protected Securities are excluded, due to tax treatment issues. The index includes Treasury securities, Government agency bonds, Mortgage-backed bonds, Corporate bonds, and a small amount of foreign bonds traded in U.S. The **Barclays Capital U.S. 5-10 Year Corporate Bond Index** measures the investment return of U.S. dollar denominated, investment-grade, fixed rate, taxable securities issued by industrial, utility, and financial companies with maturities between 5 and 10 years. Treasury securities, mortgage-backed securities (MBS) foreign bonds, government agency bonds and corporate bonds are some of the categories included in the index. The **Barclays Capital U.S. Corporate High-Yield Index** is composed of fixed-rate, publicly issued, non-investment grade debt. The **Barclays Capital U.S. Corporate 5-10 Year Index** includes U.S. dollar-denominated, investment-grade, fixed-rate, taxable securities issued by industrial, utility, & financial companies, with maturities between 5 & 10 years. The **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 **NY Empire State Manufacturing Index** is 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 **S&P The Dow Jones Wilshire U.S. REIT Index** tracks the performance of publicly traded REITs and REIT-like securities and is designed to serve as a proxy for direct real estate investment, in part by excluding companies whose performance may be driven by factors other than the value of real estate. The **Russell Top 200 Index** measures the performance of the 200 largest companies in the Russell 1000 Index, with a weighted average market capitalization of \$186 billion. The **Barclays 1-3 Year US Treasury Bond Index** measures public US Treasury obligations with remaining maturities of one to three years. The **S&P LSTA Leveraged Loan Index** is an unmanaged capitalization-weighted syndicated loan index based upon market weightings, spreads and interest payments. It covers the US market back to 1997 and currently calculates on a daily basis. The **NFIB Small Business Optimism Index** is compiled from a survey that is conducted each month by the National Federation of Independent **Business** (NFIB) of its members

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