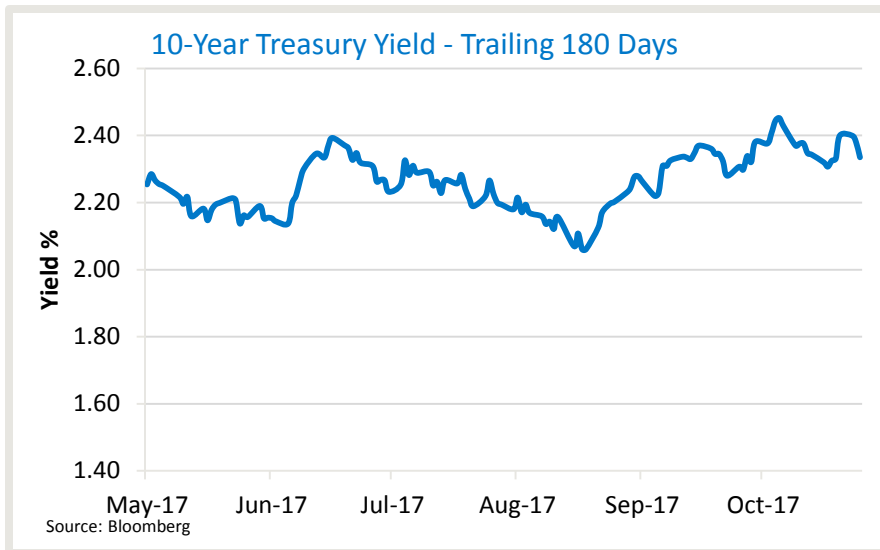


Weekly Market Review

November 17, 2017

Please note: The PMC Week in Review will not be published on Friday, November 24 due to the Thanksgiving holiday.

Chart of the Week



Weekly Highlights

- **House Republicans passed the tax reform bill**, slashing the corporate tax rate from 35% to 20% as well as cutting taxes for individuals while reducing the number of tax brackets. The bill may face some headwinds in the Senate, where Republican leaders are working with a slimmer majority. According to the Joint Committee on Taxation's evaluation of the bill, over time, the tax cuts phase out for lower-income tax payers making under \$75,000 per year.
- **Home builder confidence hit an eight-month high in November**, thanks to increased demand for housing that was driven by strong economic growth and low unemployment. In addition, home builders are benefiting from a severe shortage of existing homes for sale. Housing starts surged 13.7% to an adjusted annual rate of 1.29 million units.
- **US weekly jobless claims rose unexpectedly last week**, marking the second straight weekly increase. One of the main reasons for the rise is a backlog of applications from Puerto Rico. However, the job market remains strong, with unemployment claims under the 300,000 threshold for 141 straight weeks.

Talking Points

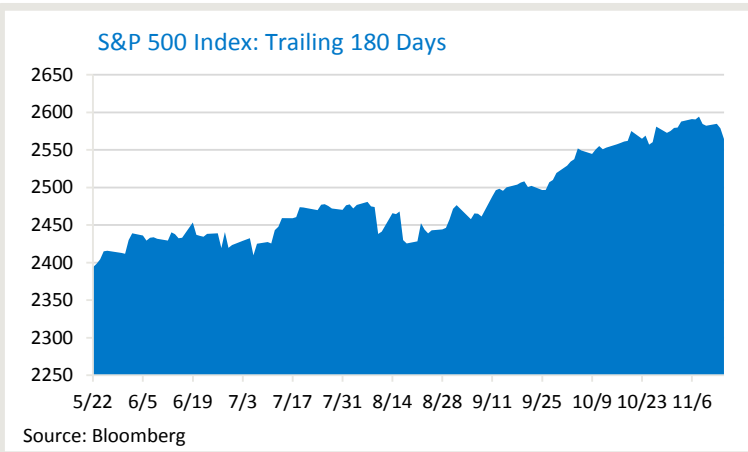
- **In the US, small cap equities outperformed large cap.** The S&P 500 Index ended the week in negative territory for the second straight week. Outside the US, developed markets equities also lost steam, concluding the week in red. Emerging markets equities lead the way, up by over 110 basis points.
- **The yield on the 10-Year Treasury Note slipped 2.35%** after strong housing starts data was released.
- **The dollar depreciated against a basket of major currencies** as a result of uncertainties related to tax reform as well as news that members of President Trump's campaign have been subpoenaed.
- **Commodities slipped**, dragged down by oil prices that more than offset the rise in gold prices.
- **Among other economic data released this week:** US industrial production showed large gains in October, rising 0.9% vs 0.5% expected. Core Consumer Price Index (CPI) remained at 1.8%, below the Federal Reserve's target of 2%. Retail sales surprised to the upside, increasing by 0.2% last month, thanks to an increase in purchases of motor vehicles and a range of other goods that offset a decline in demand for building materials.

Market Dashboard

	Last Price	Change	% Chg.	YTD %
S&P 500	2,578.85	-3.45	-0.13%	15.2%
Dow Industrials	23,358.24	-63.97	-0.27%	18.2%
Nasdaq	6,782.79	31.85	0.47%	26.0%
Russell 2000	1,492.82	17.55	1.19%	10.0%
Euro Stoxx Index	383.80	-4.89	-1.26%	6.2%
Shanghai Composite	3,382.91	-49.77	-1.45%	9.0%
Russell Global	2,072.05	-4.00	-0.19%	17.6%

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

	Last Price	Change	% Chg.	YTD %
Russell Global EM	3,524.24	-7.44	-0.21%	29.0%
10-Year US Treas.	2.35	-5 bps	NM	NM
DJ UBS Comm. Idx.	86.77	-0.52	-0.59%	-0.9%
Gold	\$1,294.24	\$18.92	1.48%	12.8%
Crude Oil	\$56.59	-\$0.12	-0.21%	-0.8%
Dollar Index	93.67	-0.72	-0.77%	-8.4%
VIX Index	11.43	0.14	1.24%	-18.6%



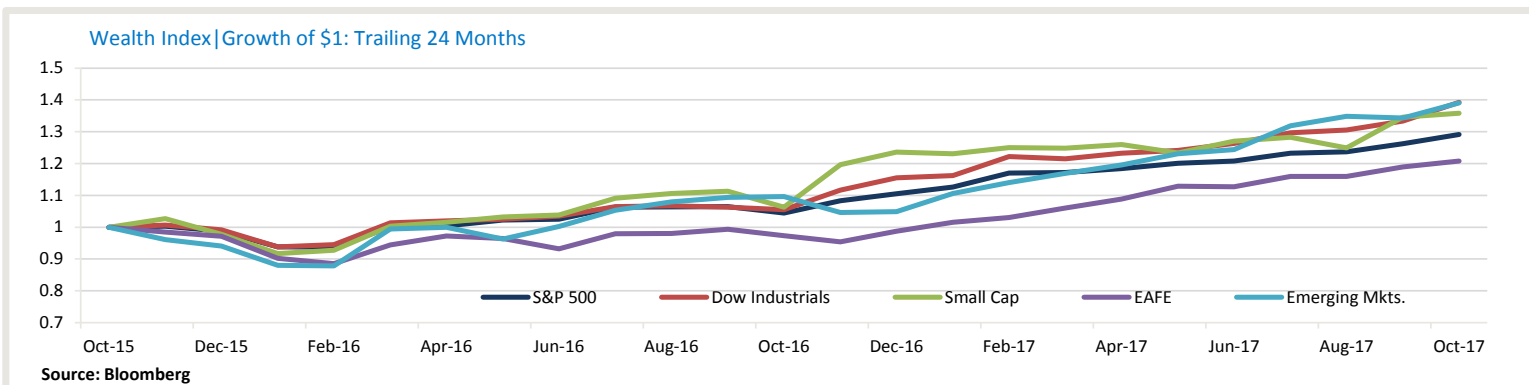
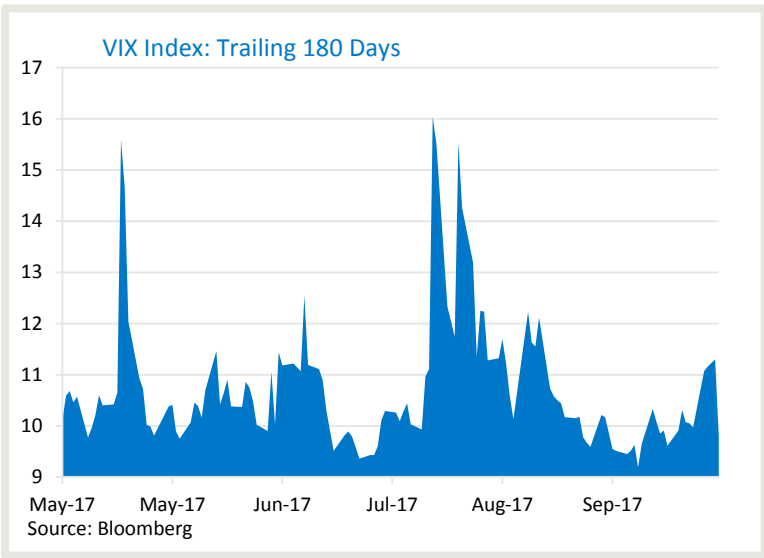
	One Week			YTD		
	Value	Growth		Value	Growth	
L	-0.38%	-0.34%	-0.30%	5.91%	16.08%	26.16%
	0.50%	0.75%	1.07%	7.05%	12.90%	20.64%
S	1.16%	1.19%	1.22%	3.31%	10.00%	17.42%

Source: Bloomberg

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

	% Wgt in S&P 500	Week % Chg.	YTD % Chg.
Consumer Discretionary	12.1	1.26%	14.9%
Consumer Staples	8.2	0.97%	6.1%
Energy	5.8	-3.38%	-10.5%
Financials	14.4	0.25%	12.1%
Health Care	14.1	0.02%	17.8%
Industrials	9.8	-1.06%	10.5%
Information Technology	24.6	-0.38%	36.6%
Materials	3.0	0.17%	16.8%
Real Estate	3.0	-0.85%	8.7%
Telecom Services	1.9	0.81%	-17.8%
Utilities	3.2	0.24%	14.2%

Source: Bloomberg



The Economy and Markets

A Macro View – Bitcoin: A currency, store of value, or simply a fad?

Technological innovations such as the blockchain, Bitcoin, and other cryptocurrencies have taken the world by storm. [PR Newswire recently reported](#) that total cryptocurrency market value increased to \$200 billion in November, up from around \$40 billion at the beginning of the year. Bitcoin, the largest cryptocurrency by market capitalization, is up more than 600% this year, with a market capitalization of approximately [\\$130 billion](#). Note that Bitcoin exists only in digital form and was created in the aftermath of the Financial Crisis of 2007-2008 in response to the decision made by many central banks to expand their balance sheets by printing new money.

There are four main beliefs that make Bitcoin attractive to users and investors. Bitcoin offers the promise of lower transaction fees than traditional channels run by financial institutions; it is operated by a decentralized authority and therefore is out of the reach of governments; it cannot be counterfeited; and it cannot be devalued, since its supply is finite—only 21 million coins will ever be released, or “mined” (there were approximately [16,679,838 Bitcoins](#) in circulation as of the end of last week).

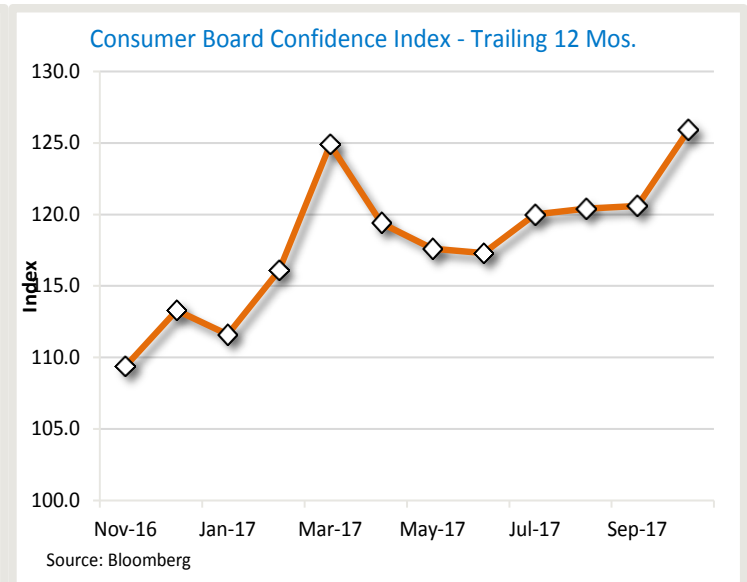
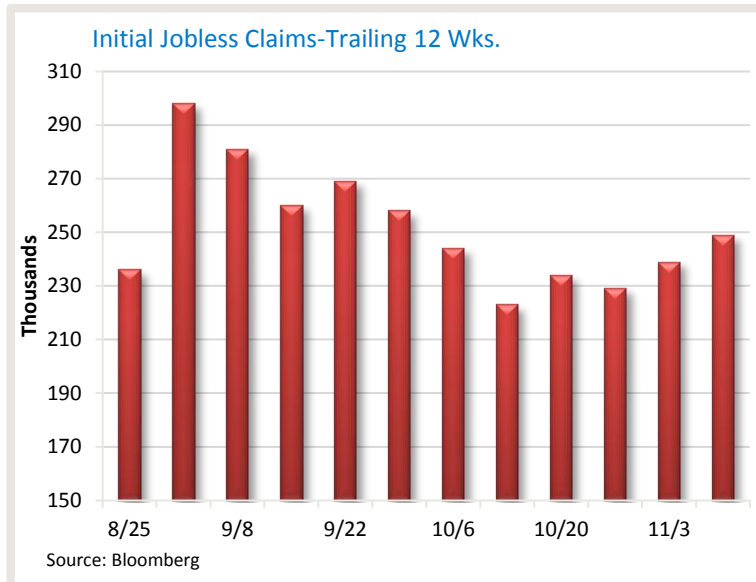
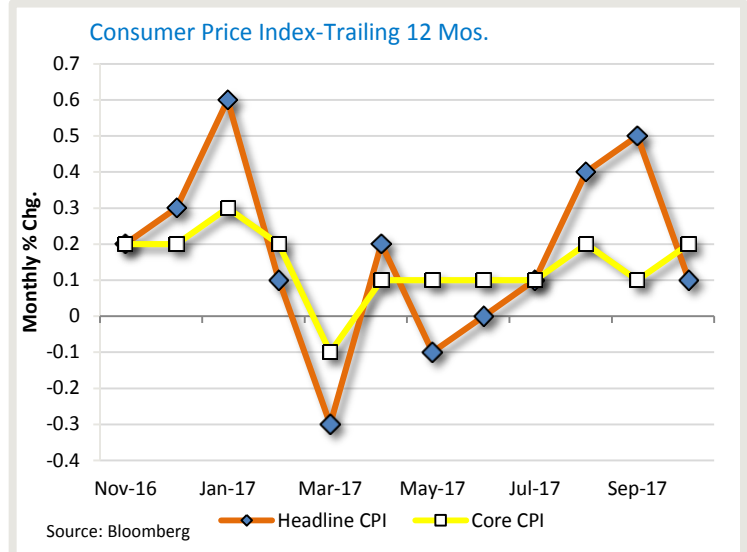
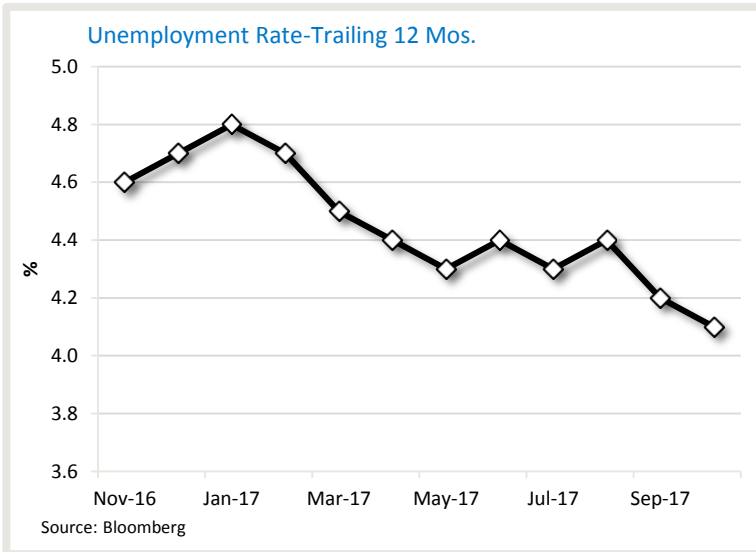
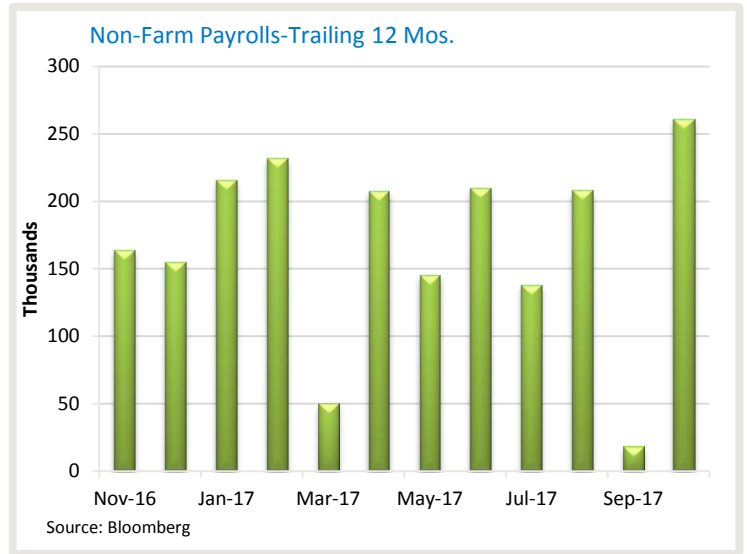
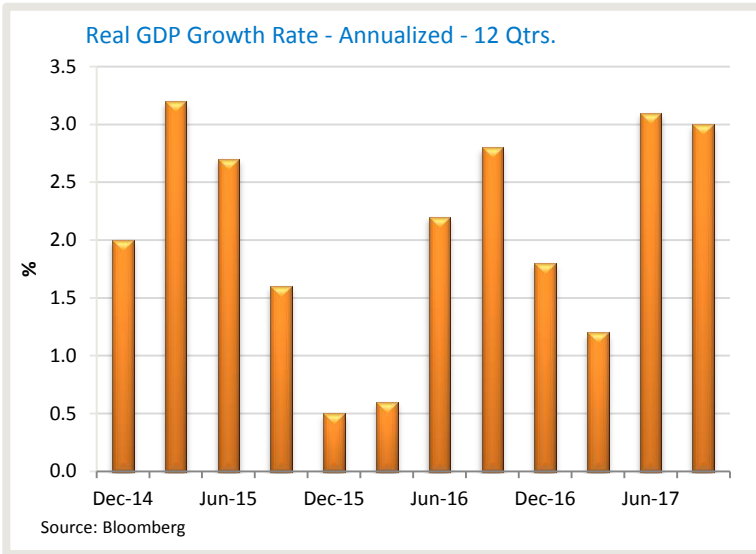
It is not all hype, though, and Bitcoin’s climb has not been steady. Rather, it has been marred by weekly volatility as high as 20% and has been the subject of criticism from the likes of Warren Buffet and J.P. Morgan’s Jamie Dimon. In fact, Bitcoin’s survival risks are great indeed, as is the case for any new financial instrument. Its success relies heavily on its wide adoption across individual buyers, retailers, and private and public institutions. However, its disruption potential is great as well. Being able to quickly transfer money by paying only a fraction of the fees currently charged by banks is particularly important to emerging world populations receiving billions of remittances per year. It is in these countries where the adoption of Bitcoin is occurring at a [much faster pace](#) than in the developed world. Given its fixed supply, Bitcoin cannot be devalued, and in this sense it can be seen as a store of value, just like gold. In fact, Bitcoin [mining activity has increased](#) dramatically in Venezuela, a country that has faced massive hyperinflation in recent years. [According to Horizon Kinetics](#), a well-respected firm in the value-investing world, purchasing Bitcoin is the equivalent of short selling the world’s currencies. Given that fiat currencies devalue, its view is that Bitcoin will be more valuable merely by staying still.

Increased interest from both individual and institutional investors has fueled demand for cryptocurrencies, resulting in flamboyant returns. That interest also has caught the attention of many governments and regulatory bodies which, acknowledging cryptocurrencies’ disruption potential, have taken the first steps towards regulating them and, in a sense, tacitly accepting them. Investment manager Fidelity Investments is already mining digital currencies, and its employees can use Bitcoin in the company’s cafeteria. In addition, it recently announced plans to start tracking the digital currencies for its clients. New York-based money manager VanEck announced that it intends to offer cryptocurrency indices, and the Chicago Mercantile Exchange’s decision to launch Bitcoin futures in the fourth quarter of 2017 will enable investors to gain exposure to Bitcoin without actually owning it. In addition, the creation of a futures market has the potential to increase cryptocurrencies’ adoption as a form of payment by retail companies, like Walmart and Amazon, by mitigating certain hazards inherent to cryptocurrencies, such as counterparty, liquidity, and regulatory risks.

Given the disruption potential and the fact that Bitcoin is not correlated to any investable asset classes, Horizon Kinetics goes so far as to suggest that its clients add a small Bitcoin exposure to their portfolios. After running several success rate scenarios, it estimates the return potential of a Bitcoin investment could be as high as 1,000 fold. Investing just 25 basis points, or \$250 of a \$100,000 portfolio, could potentially produce a return of \$250,000. Only time will tell what is in store for Bitcoin, but in the meantime, its asymmetric risk/return potential will most likely continue to attract investors looking to generate high returns that are probably correlated to nothing.

Sonila Gjata, CFA
AVP, Portfolio Manager

Economic Data



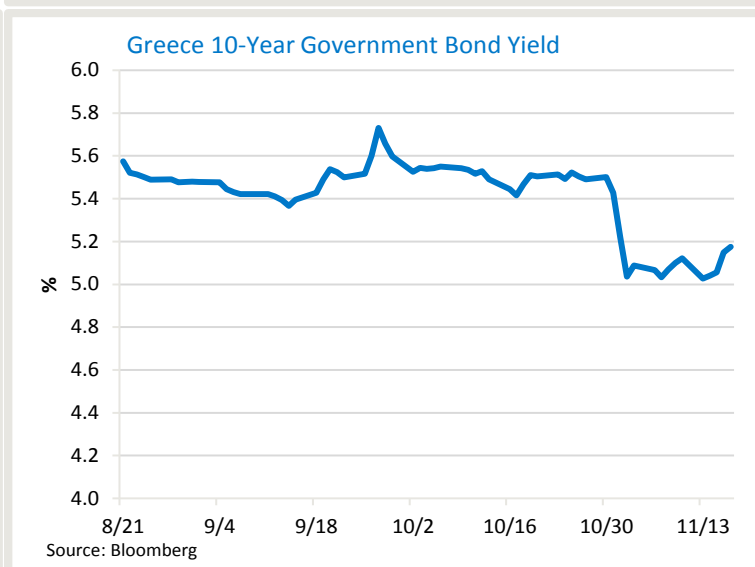
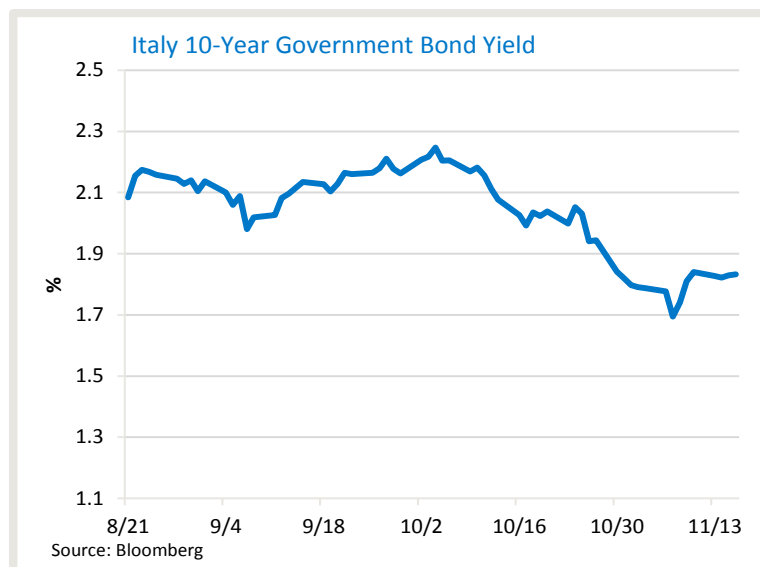
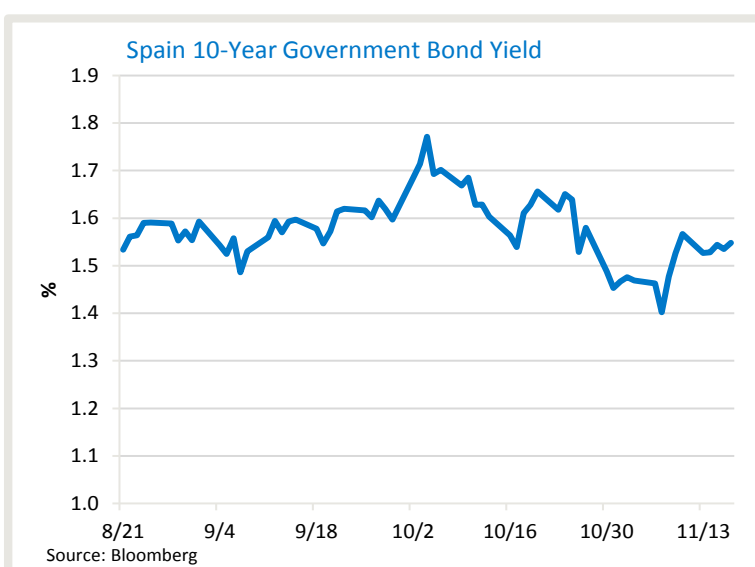
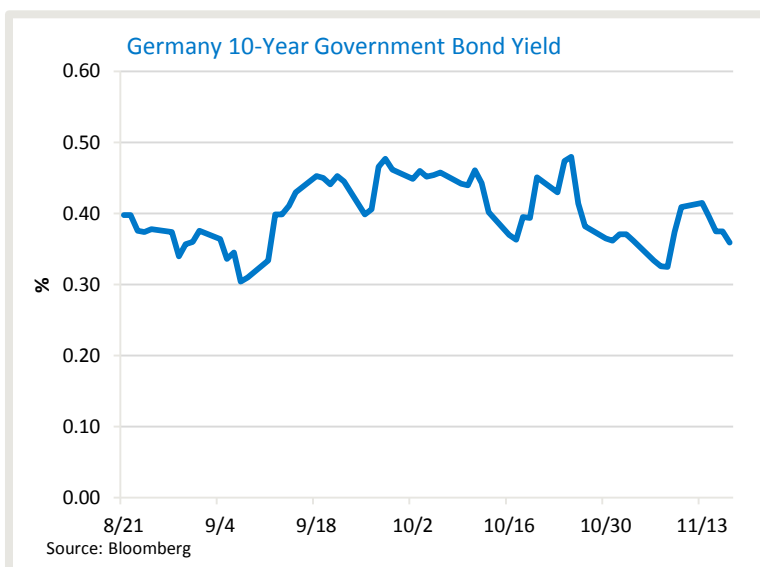
Eurozone

SELECTED EUROPEAN SOVEREIGN YIELD PERFORMANCE

	Last	Change	% Chg.	YTD %
Germany 10-Yr. Govt.	0.36	5 bps	NM	NM
Greece 10-Yr. Govt.	5.18	-3 bps	NM	NM
Italy 10-Yr. Govt.	1.83	1 bps	NM	NM
Spain 10-Yr. Govt.	1.55	2 bps	NM	NM
Belgium 10-Yr. Govt.	0.57	6 bps	NM	NM

	Last	Change	% Chg.	YTD %
France 10-Yr. Govt.	0.70	7 bps	NM	NM
Ireland 10-Yr. Govt.	0.57	6 bps	NM	NM
Portugal 10-Yr. Govt.	1.97	7 bps	NM	NM
Netherlands 10-Yr. Govt.	0.45	5 bps	NM	NM
U.K. 10-Yr. Govt.	1.29	5 bps	NM	NM

Source: Bloomberg
Basis points (bps)



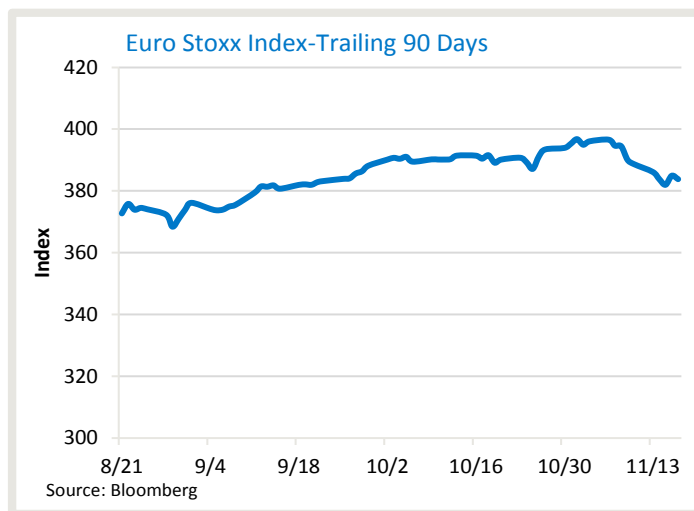
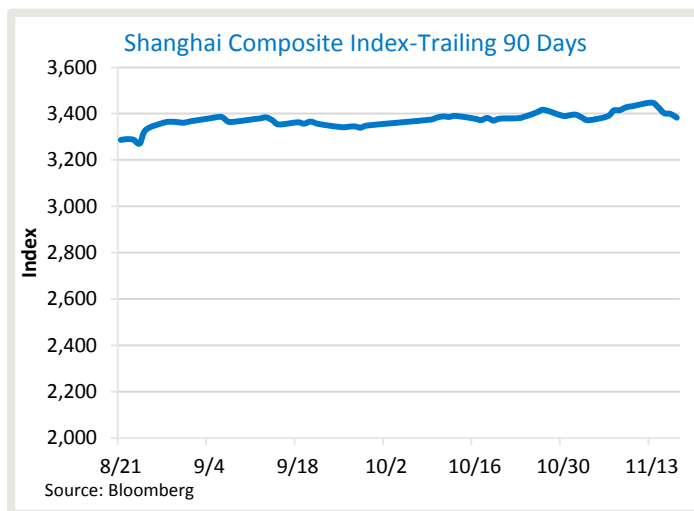
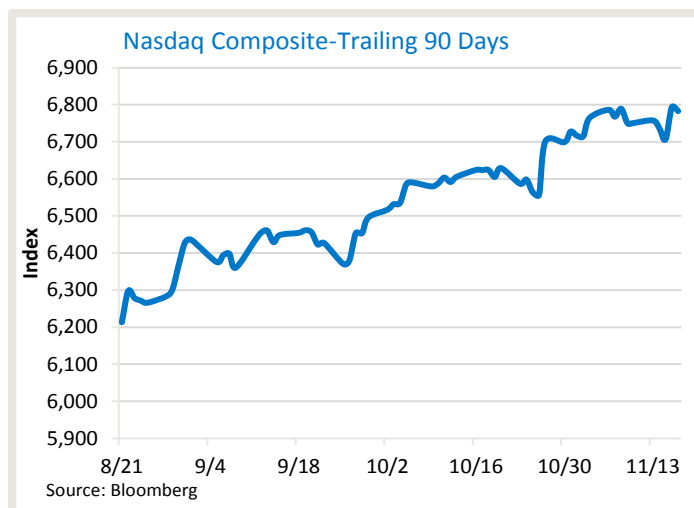
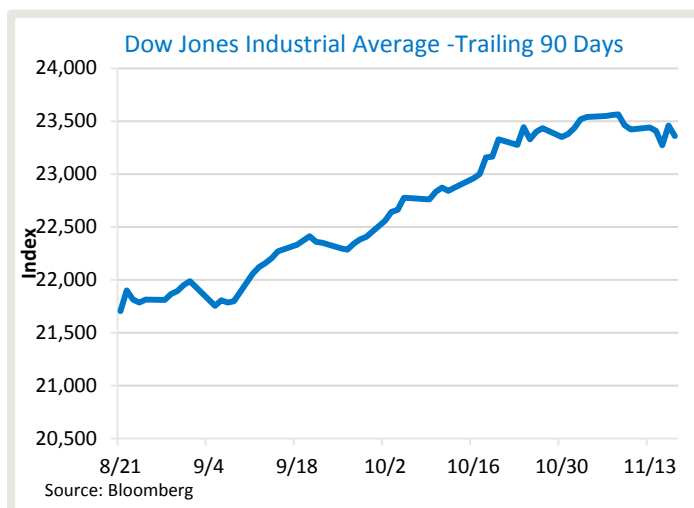
Equities

WORLD MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
S&P 500	2,578.85	-3.45	-0.13%	15.19%
Dow Industrials	23,358.24	-63.97	-0.27%	18.19%
Nasdaq Composite	6,782.79	31.85	0.47%	26.00%
Russell Global	2,072.05	-4.00	-0.19%	17.6%
Russell Global EM	3,524.24	-7.44	-0.21%	29.0%
S&P/TSX (Canada)	15,998.57	-40.69	-0.25%	4.65%
Mexico IPC	47,857.14	-171.16	-0.36%	4.85%
Brazil Bovespa	73,437.28	1271.64	1.76%	21.93%
Euro Stoxx 600	383.80	-4.89	-1.26%	6.19%
FTSE 100	7,380.68	-52.31	-0.70%	3.33%
IBEX 35 (Spain)	10,010.40	-82.30	-0.82%	7.04%

	Last	Change	% Chg.	YTD %
Swiss Market Index	9,183.61	49.45	0.54%	11.72%
CAC 40 Index (France)	5,319.17	-61.55	-1.14%	9.40%
DAX Index (Germany)	12,993.73	-133.74	-1.02%	13.18%
Irish Overall Index	6,896.27	19.13	0.28%	5.82%
Nikkei 225	22,396.80	-284.62	-1.25%	17.17%
Hang Seng Index	29,199.04	78.12	0.27%	32.72%
Shanghai Composite	3,382.91	-49.77	-1.45%	9.00%
Kospi Index (S. Korea)	2,533.99	-8.96	-0.35%	25.05%
Taiwan Taiex Index	10,701.64	-31.03	-0.29%	15.65%
Tel Aviv 25 Index	1,405.60	-11.75	-0.83%	-4.43%
MICEX Index (Russia)	2,131.91	-37.35	-1.72%	-4.52%

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



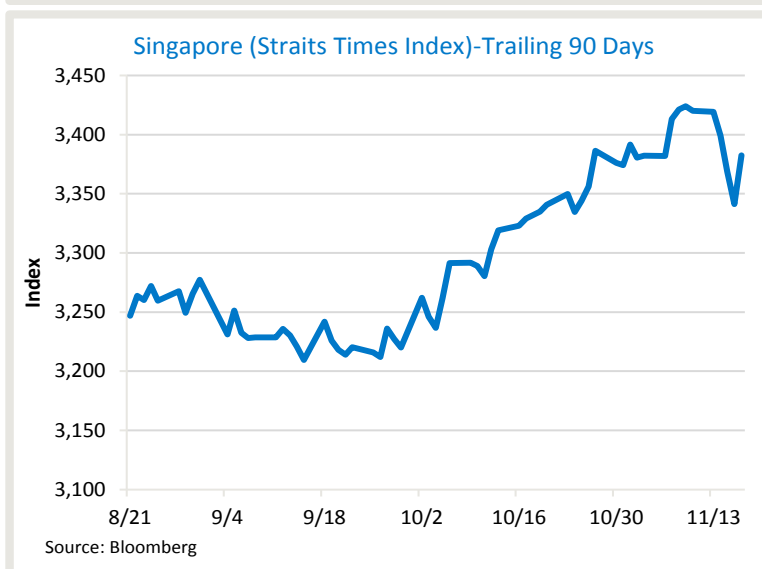
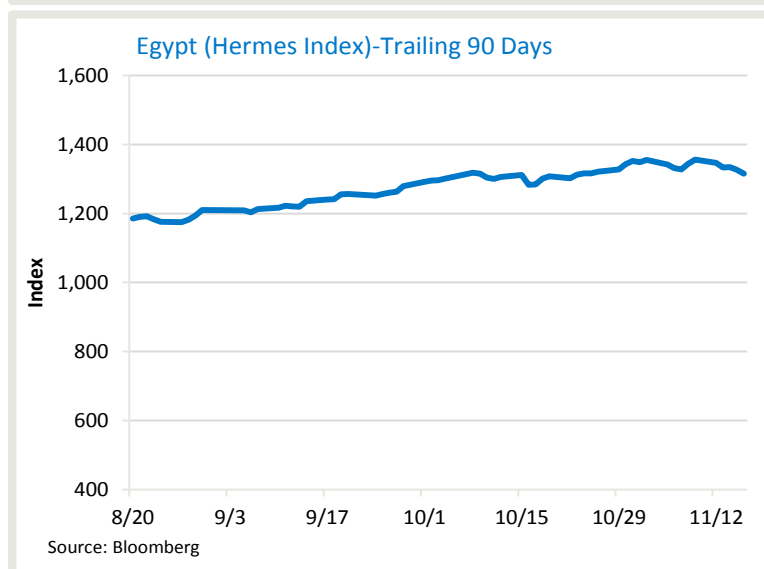
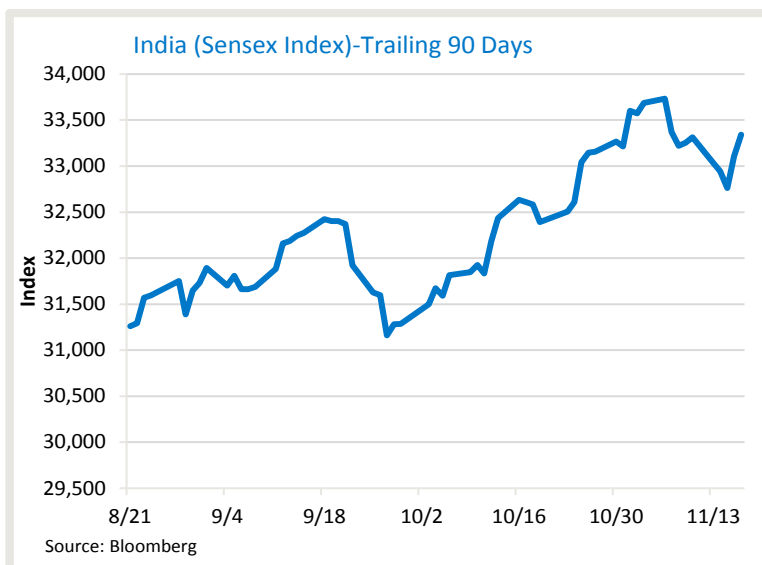
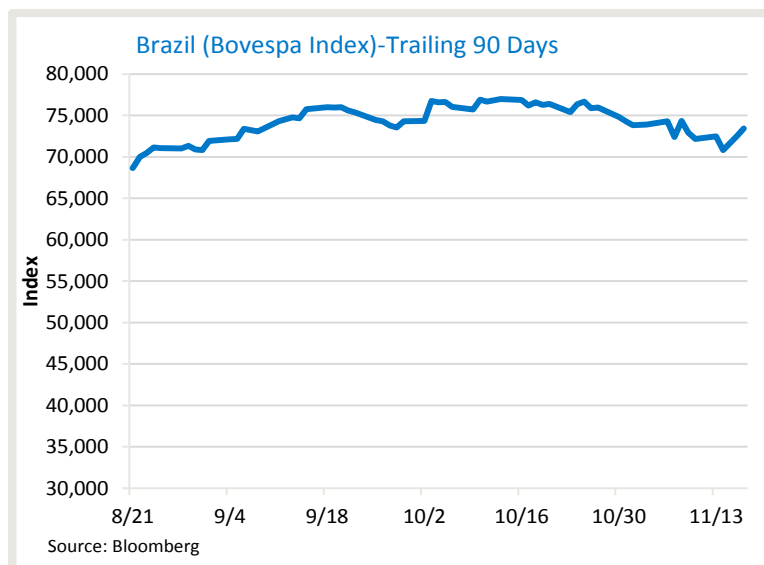
Equities – Emerging and Frontier Markets

EMERGING AND FRONTIER MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
Mexico IPC	47,857.14	-171.16	-0.4%	4.9%
Brazil (Bovespa Index)	73,437.28	1271.64	1.8%	21.9%
MICEX Index (Russia)	2,131.91	-37.35	-1.7%	-4.5%
Czech Republic (Prague)	1,054.75	-8.95	-0.8%	14.4%
Turkey (Istanbul)	106,239.46	-2709.90	-2.5%	36.0%
Egypt (Hermes Index)	1,314.92	-41.16	-3.0%	20.7%
Kenya (Nairobi 20 Index)	3,730.15	-22.00	-0.6%	17.1%
Saudi Arabia (TASI Index)	6,913.46	-40.92	-0.6%	-4.1%
Lebanon (Beirut BLOM Index)	1,094.84	-35.26	-3.1%	-9.6%
Palestine	563.25	-2.93	-0.5%	6.2%

	Last	Change	% Chg.	YTD %
Hang Seng Index	29,199.04	78.12	0.3%	32.7%
India (Sensex 30)	33,342.80	28.24	0.1%	25.2%
Malaysia (KLCI Index)	1,721.66	-20.62	-1.2%	4.9%
Singapore (Straits Times Index)	3,382.38	-37.72	-1.1%	17.4%
Thailand (SET Index)	1,709.38	20.10	1.2%	10.8%
Indonesia (Jakarta)	6,051.73	29.90	0.5%	14.3%
Pakistan (Karachi KSE 100)	40,844.40	-591.30	-1.4%	-14.6%
Vietnam (Ho Chi Minh)	890.69	22.48	2.6%	34.0%
Sri Lanka (Colombo)	6,483.55	-69.04	-1.1%	4.1%
Cambodia (Laos)	1,024.15	-16.85	-1.6%	0.9%

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

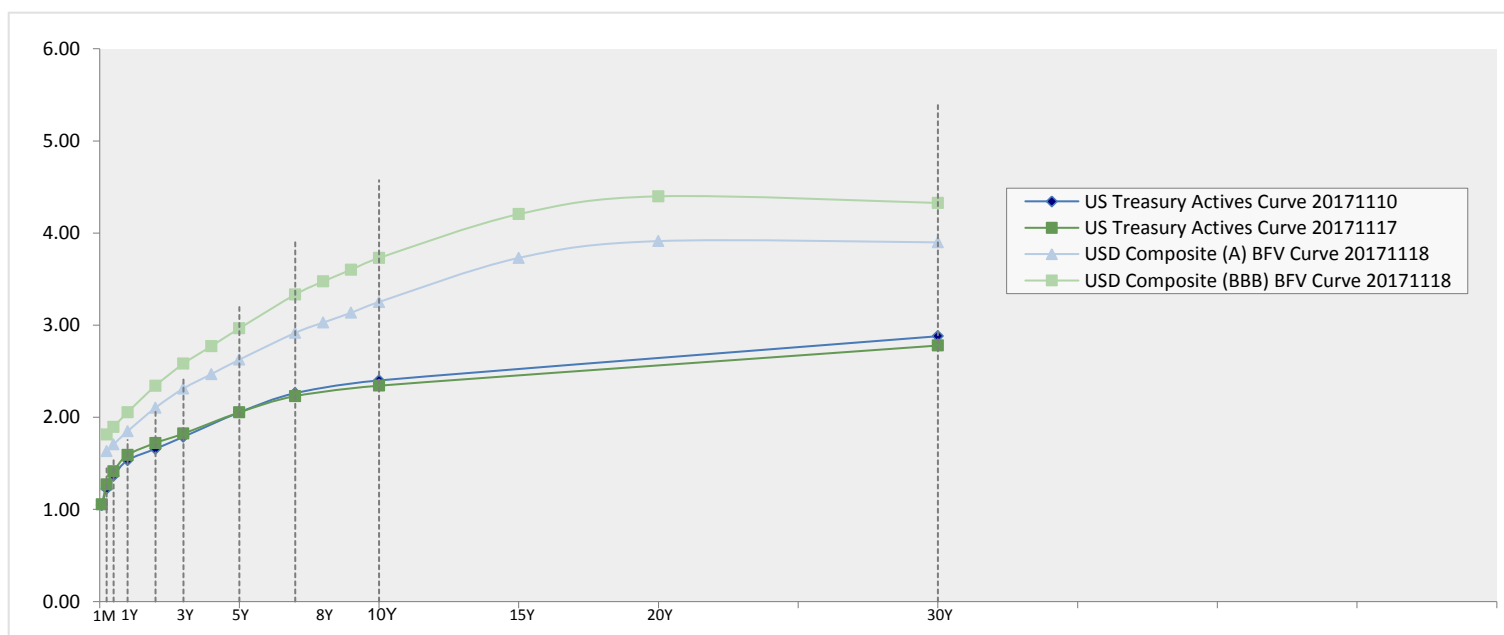


Interest Rates

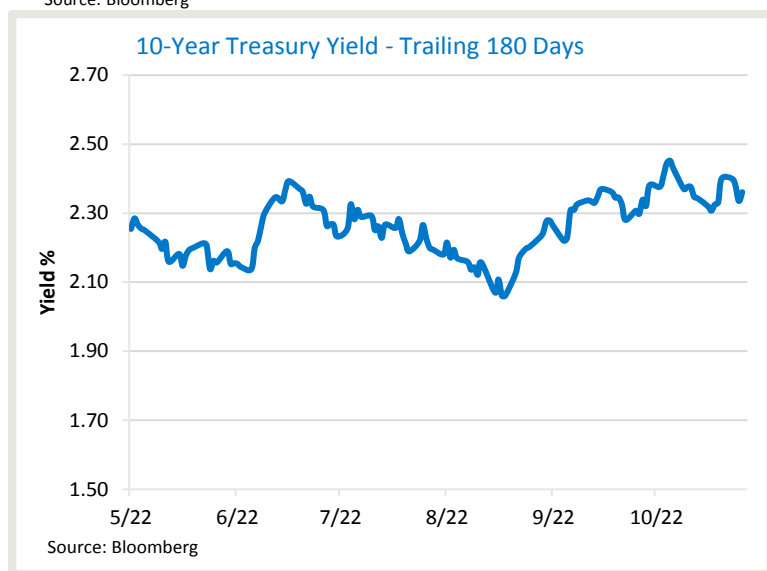
SELECTED INTEREST RATES

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
2-Yr. U.S. Treasury	1.72%	-1 bps	NM	NM	Prime Rate	4.25%	0.00	NM	NM
5-Yr. U.S. Treasury	2.06%	1 bps	NM	NM	Fed Funds Rate	1.25%	0.00	NM	NM
10-Yr. U.S. Treasury	2.35%	-5 bps	NM	NM	Discount Rate	1.75%	0.00	NM	NM
30-Yr. U.S. Treasury	2.79%	-9 bps	NM	NM	LIBOR (3 Mo.)	1.44%	2 bps	NM	NM
German 10-Yr. Govt.	0.36%	5 bps	NM	NM	Bond Buyer 40 Muni	3.40%	7 bps	NM	NM
France 10-Yr.	0.70%	7 bps	NM	NM	Bond Buyer 40 G.O.	3.52%	NA	NM	NM
Italy 10-Yr.	1.83%	1 bps	NM	NM	Bond Buyer 40 Rev.	3.91%	NA	NM	NM
Fed 5-Yr Fwd BE Inf.	1.83%	6 bps	NM	NM					

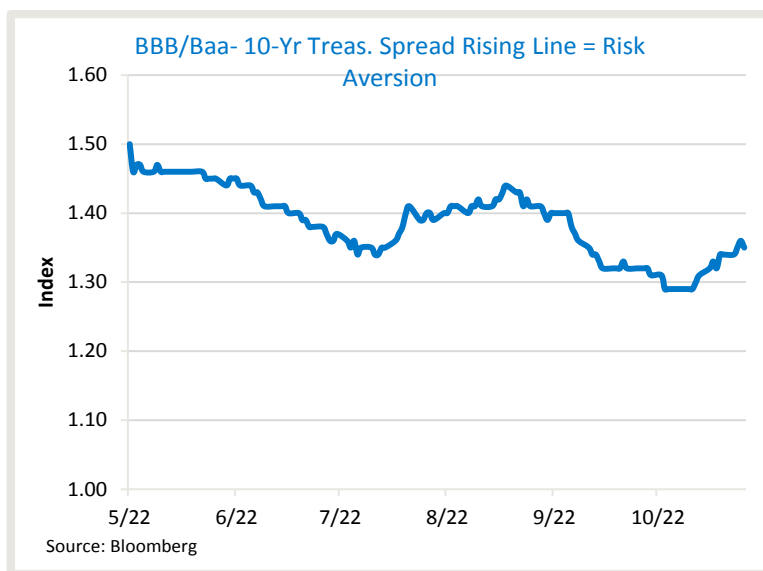
Source: Bloomberg



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg

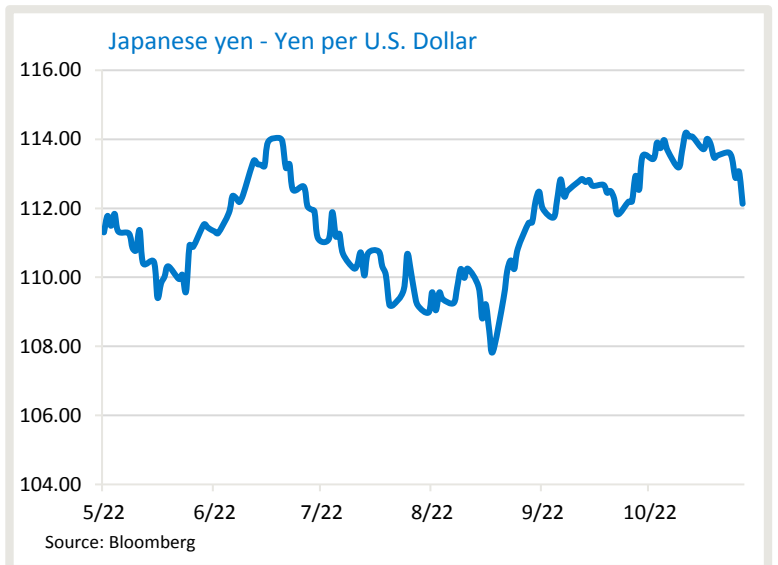
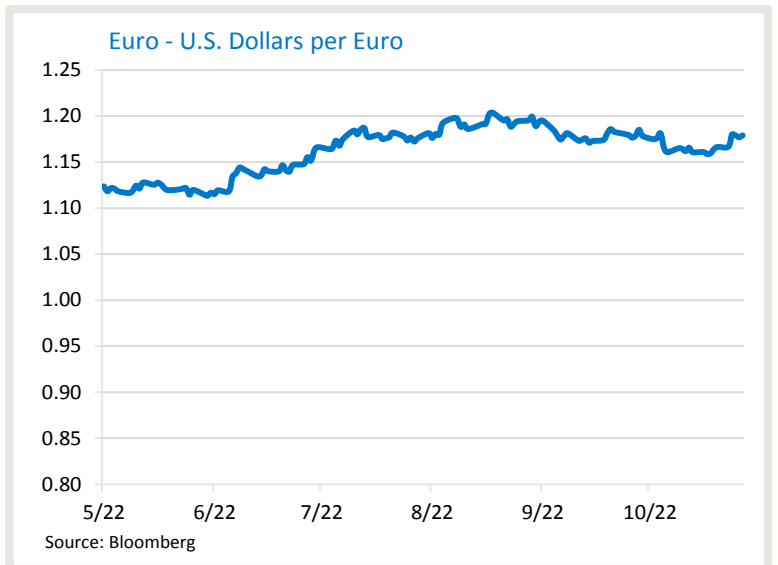
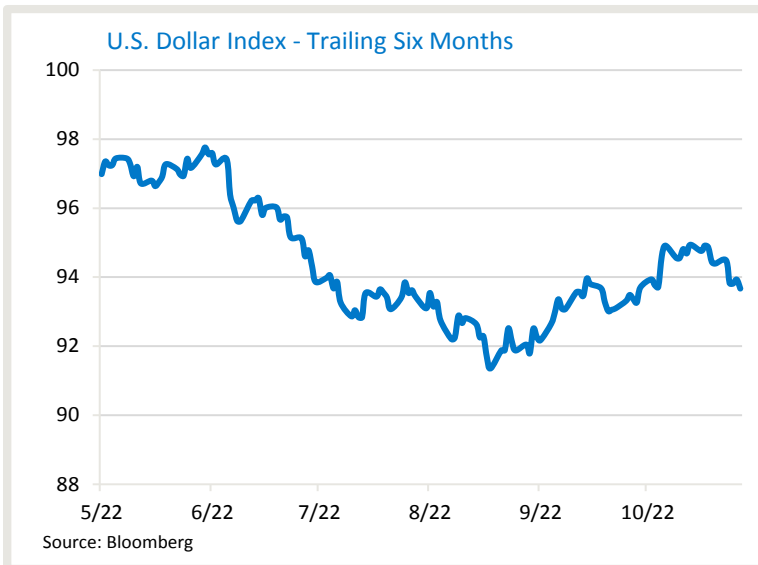
Currencies

SELECTED CURRENCY PERFORMANCE

	Last	Change	% Chg.	YTD %
Dollar Index	93.67	-0.724	-0.77%	-8.36%
Euro	1.18	0.013	1.08%	12.11%
Japanese Yen	112.14	-1.400	1.25%	4.31%
British Pound	1.32	0.002	0.14%	7.08%
Canadian Dollar	1.28	0.009	-0.72%	5.22%

	Last	Change	% Chg.	YTD %
Chinese Yuan	6.63	-0.015	0.22%	4.81%
Swiss Franc	0.99	-0.007	0.75%	3.06%
New Zealand Dollar	0.68	-0.012	-1.76%	-1.72%
Brazilian Real	3.26	-0.025	0.75%	-0.28%
Mexican Peso	18.92	-0.192	1.01%	9.61%

Source: Bloomberg



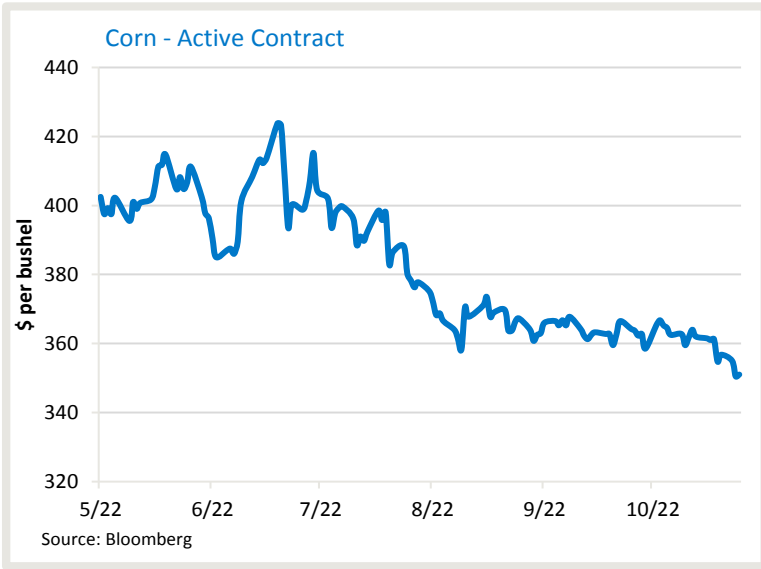
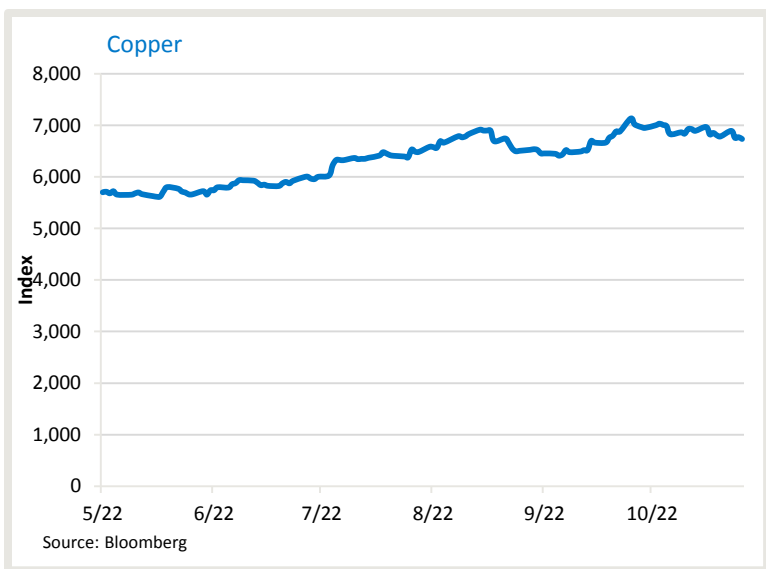
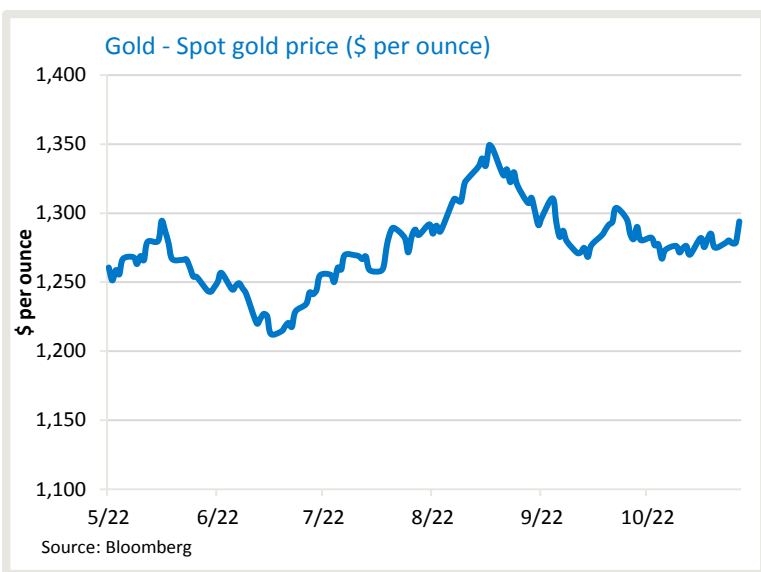
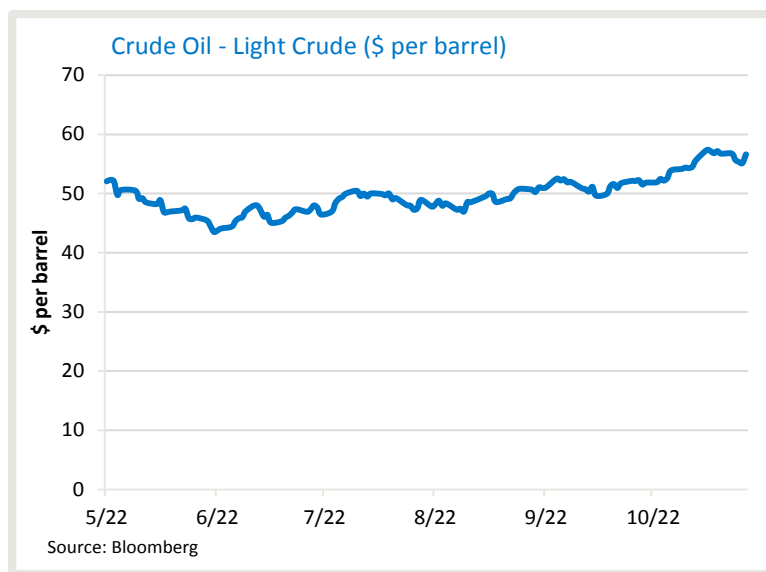
Commodities

SELECTED COMMODITY MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
Bloomberg Comm. Idx.	86.77	-0.52	-0.59%	-0.86%
Crude Oil	\$56.60	-\$0.12	-0.21%	-0.77%
Natural Gas	\$3.13	-\$0.08	-2.58%	-15.47%
Gasoline (\$/Gal.)	\$2.56	-\$0.01	-0.20%	9.42%
Heating Oil	194.94	1.39	0.72%	8.45%
Gold Spot	\$1,294.18	\$18.92	1.48%	12.77%
Silver Spot	\$17.31	\$0.43	2.52%	8.67%

	Last	Change	% Chg.	YTD %
Platinum Spot	\$950.94	\$21.66	2.33%	5.32%
Corn	355.00	-1.75	-0.49%	-8.74%
Wheat	443.50	-5.50	-1.22%	-7.17%
Soybeans	990.50	3.50	0.35%	-0.25%
Sugar	15.37	0.41	2.74%	-17.28%
Orange Juice	166.80	4.20	2.58%	-10.47%
Aluminum	2,102.00	1.00	0.05%	24.16%
Copper	6,737.00	-49.00	-0.72%	21.71%

Source: Bloomberg; % change is based on price.

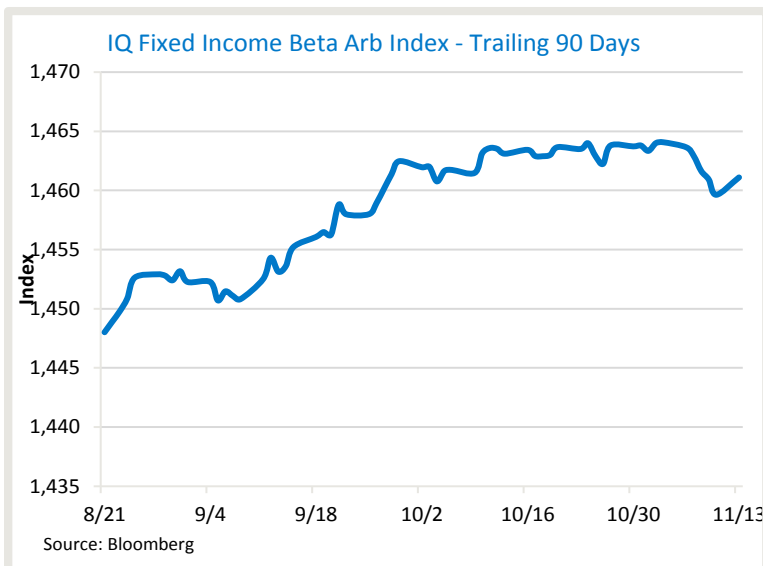
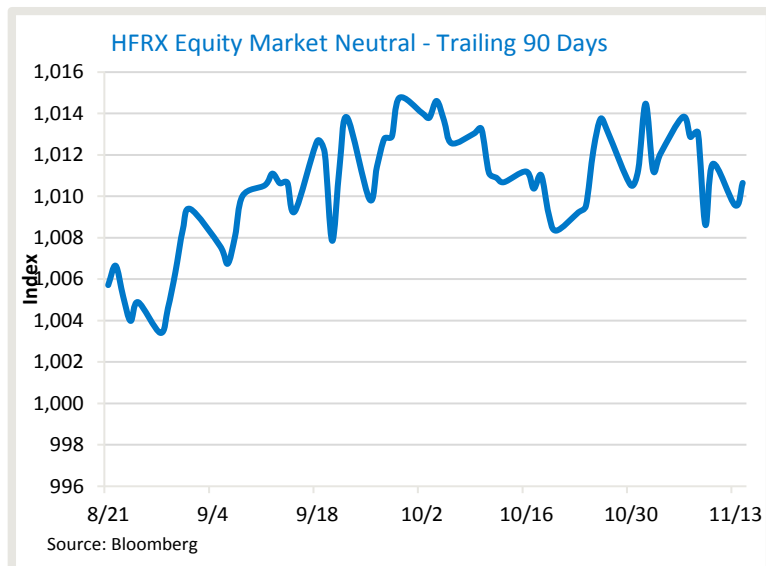
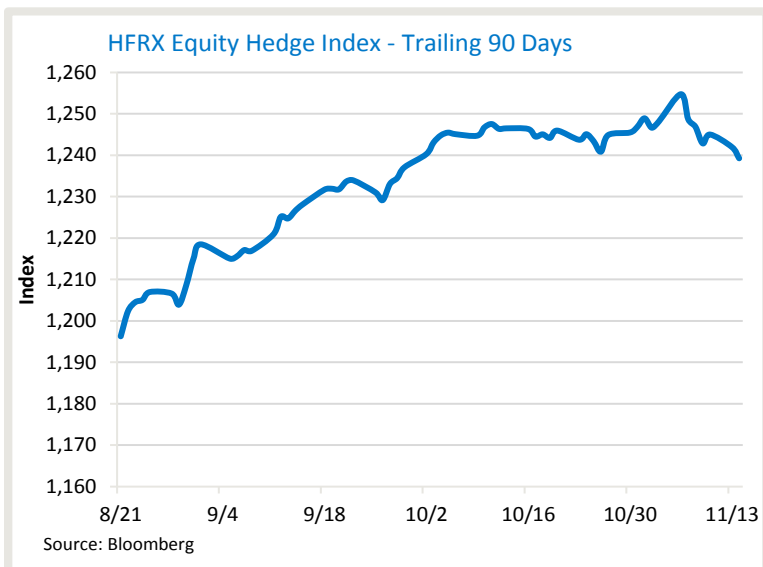
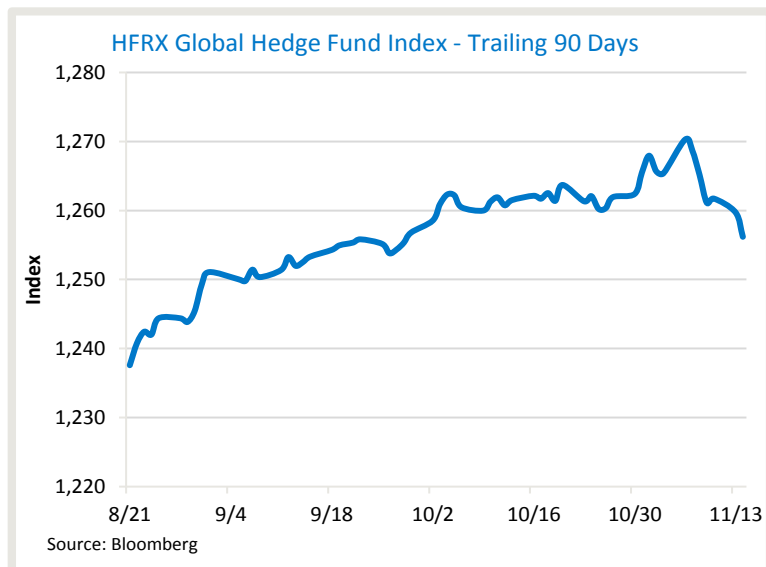


Alternative Investments

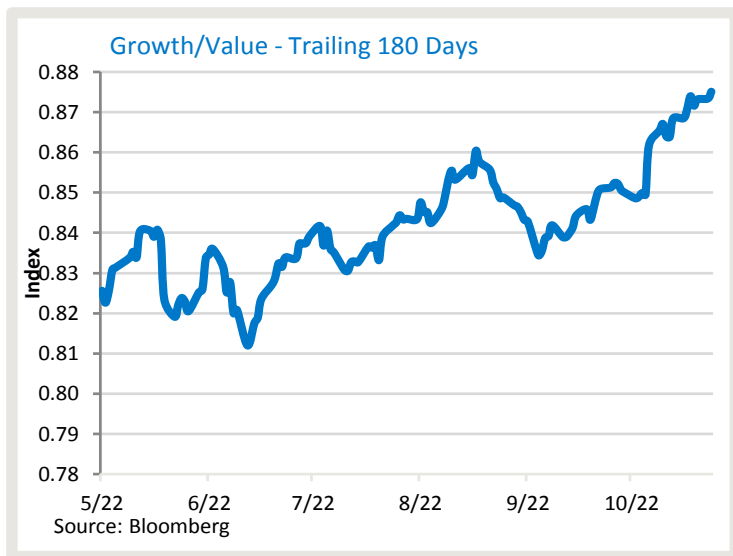
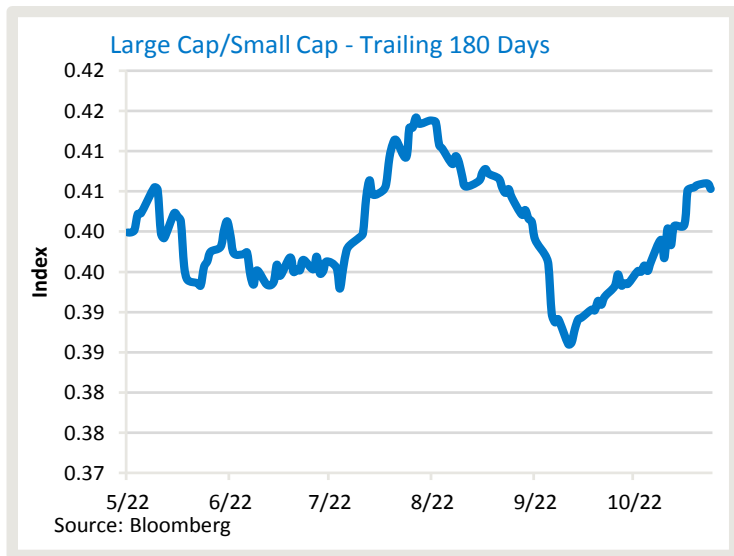
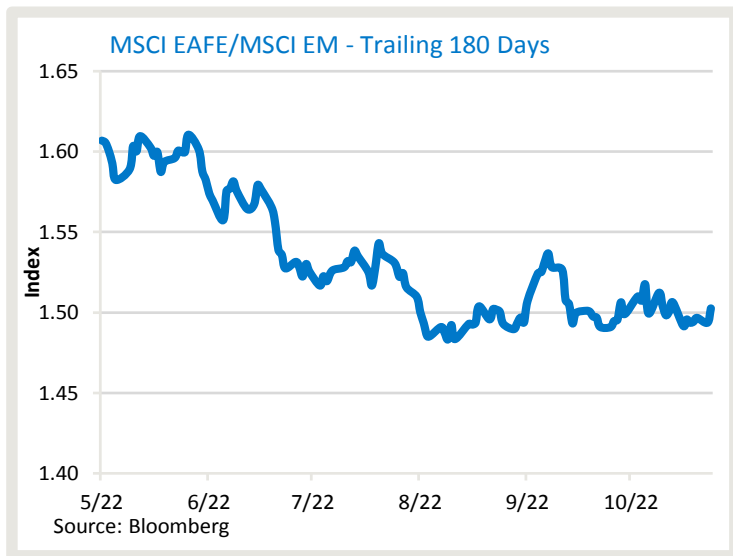
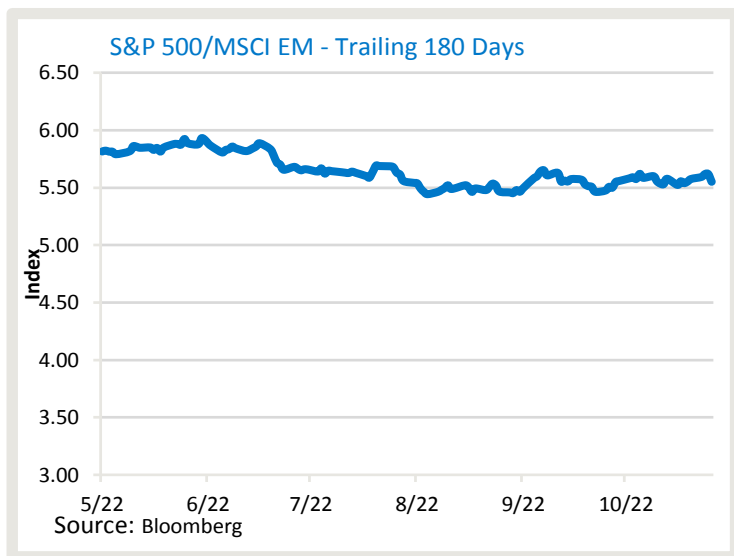
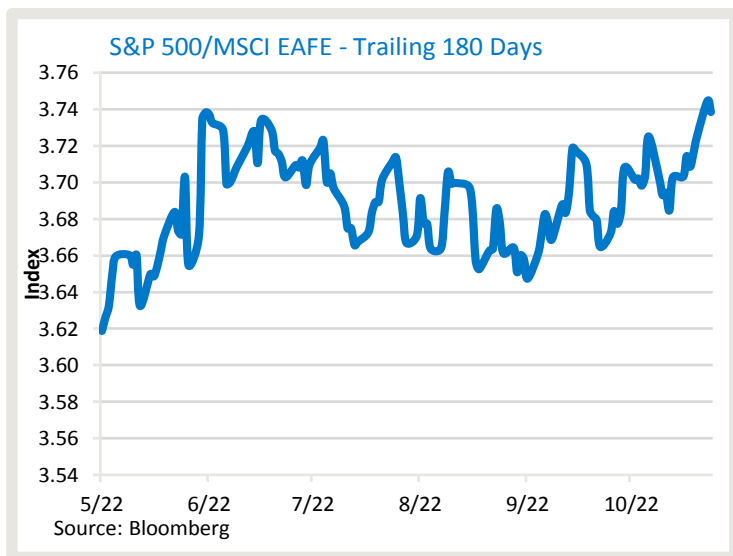
SELECTED ALTERNATIVE INVESTMENT INDEX PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
HFRX Global Hedge Fund Index	1258.54	-3.18	-0.25%	4.58%	HFRX Distressed Index	1089.44	-1.79	-0.16%	1.53%
HFRX Equity Market Neutral	1011.92	0.35	0.03%	2.49%	HFRX Merger Arbitrage Index	1846.60	1.48	0.08%	1.88%
HFRX Equity Hedge Index	1241.67	-3.34	-0.27%	7.46%	HFRX Convertible Arbitrage Index	791.00	-0.04	-0.01%	6.52%
HFRX Event-Driven Index	1649.92	0.07	0.00%	5.47%	HFRX Macro CTA Index	1150.46	-8.55	-0.74%	1.33%
HFRX Absolute Return Index	1062.30	-0.91	-0.09%	3.29%	IQ Fixed Income Beta Arb Index	1464.36	4.74	0.32%	3.13%

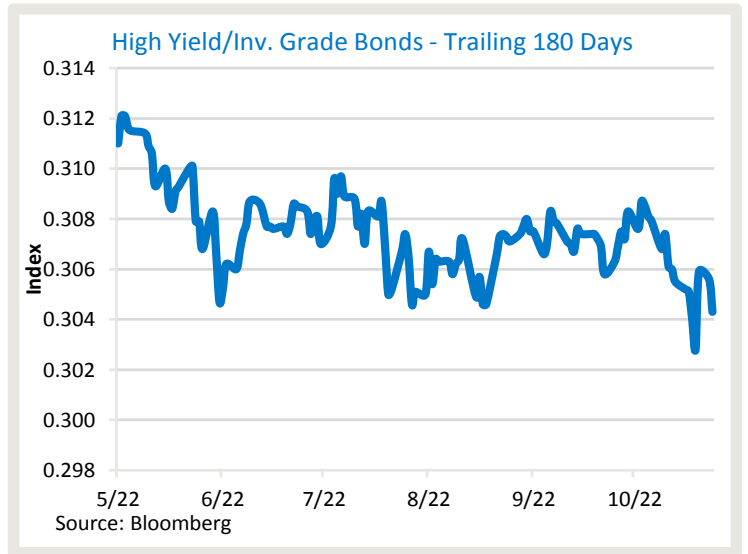
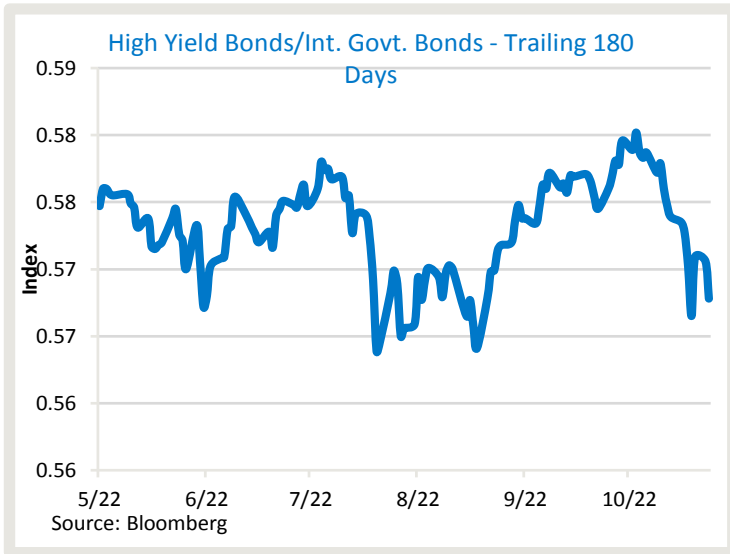
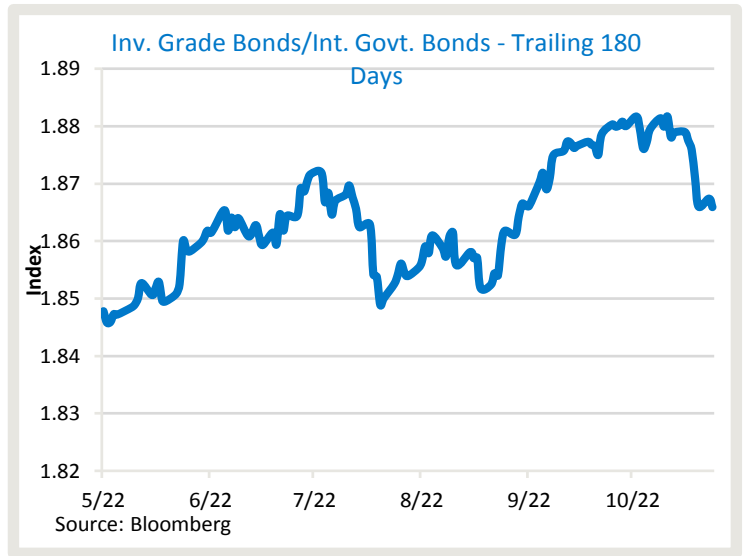
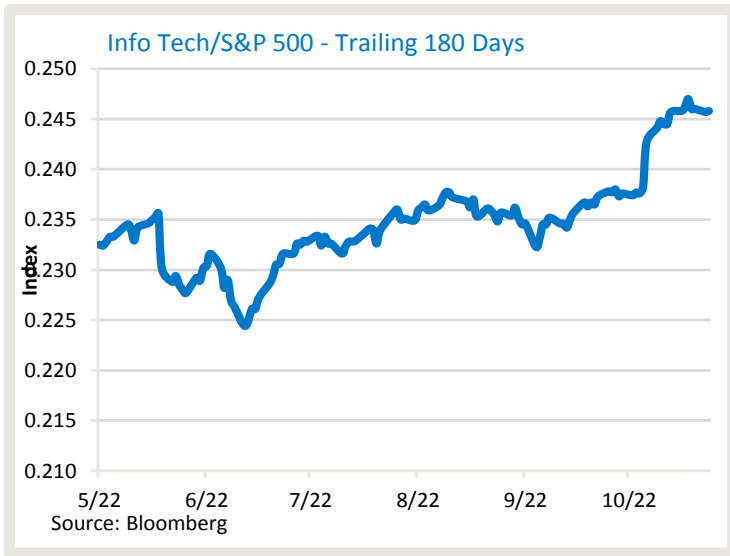
Source: Bloomberg; Index % change is based on price.



Portfolio Construction



Portfolio Construction (continued)



WEEKLY ASSET CLASS PERFORMANCE (Prior 12 weeks ending Thursday)

			8/31	9/7	9/14	9/21	9/28	10/5	10/12	10/19	10/26	11/2	11/9	11/16
Equity	Domestic Equity	Large Cap (R200)	1.41%	-0.30%	1.22%	0.26%	0.22%	1.69%	-0.06%	0.47%	-0.08%	0.96%	0.20%	-0.08%
		Small Cap (R2000)	2.29%	-0.47%	1.88%	1.34%	3.09%	1.57%	-0.46%	-0.21%	-0.31%	-0.06%	-1.44%	0.80%
	Int'l. Equity	MSCI EAFE	0.59%	0.94%	0.52%	0.52%	-0.30%	0.52%	1.11%	0.52%	-0.69%	1.09%	-0.56%	-0.85%
		MSCI Em. Mkts.	0.49%	0.22%	0.90%	0.75%	-3.23%	2.83%	1.71%	-0.42%	-0.78%	1.73%	0.57%	-0.74%
Fixed Income	BarCap Agg. (AGG)	-1.20%	12.35%	-4.80%	0.81%	-5.32%	2.39%	8.49%	-8.59%	-0.67%	2.36%	-3.63%	-3.42%	
	High Yield (JNK)	0.57%	-0.59%	0.32%	-0.03%	0.38%	-0.16%	-0.19%	0.35%	-0.40%	-0.32%	-1.38%	0.82%	
Commodities	Bloomberg Commodity Index	1.37%	1.19%	-0.66%	-0.37%	-0.17%	-0.06%	0.64%	0.31%	0.61%	0.90%	0.88%	-2.05%	
Alternatives	Hedge Funds (HFRX Global)	0.59%	0.17%	0.09%	0.23%	0.00%	0.55%	-0.11%	0.05%	-0.08%	0.42%	-0.36%	-0.20%	
Asset Allocation	60/40*	0.37%	4.31%	-0.99%	0.61%	-1.67%	1.71%	3.15%	-2.81%	-0.45%	1.34%	-1.48%	-1.27%	
	48/32/20 (w/Alts.)**	0.41%	3.48%	-0.77%	0.53%	-1.34%	1.48%	2.50%	-2.24%	-0.38%	1.16%	-1.25%	-1.05%	

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	0.92	1.20	1.04	0.99	1.11	1.14	1.09	1.20	1.18	1.08	1.04	1.21	1.35	1.38
Large Cap Growth	1.09	1.00	1.31	1.13	1.08	1.21	1.24	1.19	1.31	1.28	1.17	1.13	1.32	1.47	1.50
Large Cap Value	0.83	0.76	1.00	0.86	0.82	0.92	0.94	0.91	1.00	0.98	0.89	0.86	1.00	1.12	1.15
Mid Cap Core	0.97	0.89	1.16	1.00	0.96	1.07	1.10	1.05	1.16	1.14	1.04	1.00	1.17	1.31	1.33
Mid Cap Growth	1.01	0.93	1.22	1.05	1.00	1.12	1.15	1.10	1.21	1.19	1.09	1.05	1.22	1.37	1.39
Mid Cap Value	0.90	0.83	1.09	0.93	0.89	1.00	1.03	0.98	1.09	1.06	0.97	0.94	1.09	1.22	1.25
Small Cap Core	0.88	0.81	1.06	0.91	0.87	0.97	1.00	0.96	1.06	1.03	0.95	0.91	1.06	1.19	1.21
Small Cap Growth	0.92	0.84	1.10	0.95	0.91	1.02	1.04	1.00	1.10	1.08	0.99	0.95	1.11	1.24	1.26
Small Cap Value	0.83	0.76	1.00	0.86	0.82	0.92	0.95	0.91	1.00	0.98	0.90	0.86	1.01	1.13	1.15
Int'l. Developed	0.85	0.78	1.02	0.88	0.84	0.94	0.97	0.93	1.02	1.00	0.92	0.88	1.03	1.15	1.17
Emerging Markets	0.93	0.85	1.12	0.96	0.92	1.03	1.06	1.01	1.12	1.09	1.00	0.96	1.12	1.26	1.28
REITs	0.97	0.89	1.16	1.00	0.96	1.07	1.10	1.05	1.16	1.13	1.04	1.00	1.17	1.31	1.33
Commodities	0.83	0.76	1.00	0.86	0.82	0.92	0.94	0.90	0.99	0.97	0.89	0.86	1.00	1.12	1.14
Int. Bond	0.74	0.68	0.89	0.76	0.73	0.82	0.84	0.81	0.89	0.87	0.80	0.77	0.89	1.00	1.02
High Yield	0.72	0.67	0.87	0.75	0.72	0.80	0.82	0.79	0.87	0.85	0.78	0.75	0.88	0.98	1.00

Source: Bloomberg

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

Index Overview & Key Definitions

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

The **Dow Jones Industrial Average (DOW or DJIA)** is an unmanaged index of 30 common stocks comprised of 30 actively traded blue chip stocks, primarily industrials and assumes reinvestment of dividends. The **S&P 500 Index** is an unmanaged index comprised of 500 widely held securities considered to be representative of the stock market in general. The **S&P/Case-Shiller Home Price Indices** measure the residential housing market, tracking changes in the value of the residential real estate market in 20 metropolitan regions across the United States. The **Nasdaq Composite Index** is a stock market index of the common stocks and similar securities listed on the NASDAQ stock market. The **US Dollar Index** is a measure of the value of the United States dollar relative to a basket of foreign currencies. It is a weighted geometric mean of the dollar's value relative to other select currencies (Euro, Japanese yen, Pound sterling, Canadian dollar, Swedish krona (SEK) & Swiss franc). The **Nikkei Index (Nikkei 225 or Nikkei)** is a stock market index for the Tokyo Stock Exchange calculated daily by the Nihon Keizai Shimbun (Nikkei) newspaper since 1950. It is a price-weighted index (the unit is yen), and the components are reviewed once a year. The **FTSE 100 Index (FTSE 100)** is a share index of the 100 companies listed on the London Stock Exchange (LSE) with the highest market capitalization. The **Bloomberg Commodity Index (formerly the Dow Jones-UBS Commodity Index)** tracks prices of futures contracts on physical commodities on the commodity markets and is designed to minimize concentration in any one commodity or sector (currently 22 commodity futures in seven sectors). The **Barclays Capital US Credit Index** is an unmanaged index considered representative of publicly issued, SEC-registered US corporate and specified foreign debentures and secured notes. The **Barclays Capital US Aggregate Bond Index** is a market capitalization-weighted index of investment-grade, fixed-rate debt issues, including government, corporate, asset-backed, and mortgage-backed securities, with maturities of at least one year. The **Barclays Capital US Corporate High Yield Index** covers the USD-denominated, non-investment grade, fixed-rate, taxable corporate bond market. Securities are classified as high-yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. The index may include emerging market debt. The **Barclays Capital Municipal Bond Index** is an unmanaged index comprised of investment-grade, fixed-rate municipal securities representative of the tax-exempt bond market in general. The **Barclays Capital US Treasury Total Return Index** is an unmanaged index of public obligations of the US Treasury with a remaining maturity of one year or more. The **Barclays Capital Global Aggregate ex-U.S. Index** is a market capitalization-weighted index, meaning the securities in the index are weighted according to the market size of each bond type. Most U.S. traded investment grade bonds are represented. Municipal bonds, and Treasury Inflation-Protected Securities are excluded, due to tax treatment issues. The index includes Treasury securities, Government agency bonds, Mortgage-backed bonds, Corporate bonds, and a small amount of foreign bonds traded in U.S. The **Barclays Capital U.S. 5-10 Year Corporate Bond Index** measures the investment return of U.S. dollar denominated, investment-grade, fixed rate, taxable securities issued by industrial, utility, and financial companies with maturities between 5 and 10 years. Treasury securities, mortgage-backed securities (MBS) foreign bonds, government agency bonds and corporate bonds are some of the categories included in the index. The **Barclays Capital U.S. Corporate High-Yield Index** is composed of fixed-rate, publicly issued, non-investment grade debt. The **Barclays Capital U.S. Corporate 5-10 Year Index** includes U.S. dollar-denominated, investment-grade, fixed-rate, taxable securities issued by industrial, utility, & financial companies, with maturities between 5 & 10 years. The **DJ-UBS Commodity Index Total Return SM** measures the collateralized returns from a basket of 19 commodity futures contracts representing the energy, precious metals, industrial metals, grains, softs and livestock sectors. The **Russell 1000 Index** is a market capitalization-weighted benchmark index made up of the 1000 largest U.S. companies in the Russell 3000 Index. The **Russell 1000 Growth Index** is an unmanaged index considered representative of large-cap growth stocks. The **Russell 1000 Value Index** is an unmanaged index considered representative of large-cap value stocks. The **Russell 2000 Index** is an unmanaged index considered representative of small-cap stocks. The **Russell 2000 Growth Index** is an unmanaged index considered representative of small-cap growth stocks. The **Russell 2000 Value Index** is an unmanaged index considered representative of small-cap value stocks. The **Russell 3000 Index** is an unmanaged index considered representative of the US stock market. The **Russell Midcap Index** is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The **Russell Midcap Growth Index** is an unmanaged index considered representative of mid-cap growth stocks. The **Russell Midcap Value Index** is an unmanaged index considered representative of mid-cap value stocks. The **HFRX Indices** are a series of benchmarks of hedge fund industry performance which are engineered to achieve representative performance of a larger universe of hedge fund strategies. Hedge Fund Research, Inc. employs the HFRX Methodology (UCITS compliant), a proprietary and highly quantitative process by which hedge funds are selected as constituents for the HFRX Indices. The **University of Michigan Consumer Sentiment Index (MCSI)** is a survey of consumer confidence conducted by the University of Michigan using telephone surveys to gather information on consumer expectations regarding the overall economy. The **CBOE Volatility Index (VIX)** is an up-to-the-minute market estimate of expected volatility that is calculated by using real-time S&P 500 Index option bid/ask quotes. The Index uses nearby and second nearby options with at least 8 days left to expiration and then weights them to yield a constant, 30-day measure of the expected volatility of the S&P 500 Index. The **MSCI EAFE Index** is designed to measure the equity market performance of developed markets outside of the U.S. & Canada. The **MSCI EAFE Growth Index** is an unmanaged index considered representative of growth stocks of Europe, Australasia and the Far East. The **MSCI EAFE Value Index** is an unmanaged index considered representative of value stocks of Europe, Australasia and the Far East. The **MSCI EM (Emerging Markets) Latin America Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of emerging markets in Latin America. The **MSCI World ex-U.S. Index** captures large and mid-cap representation across 22 of 23 Developed Markets (DM) countries - excluding the US. With 1,002 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country. The **MSCI Japan Index** is designed to measure the performance of the large and mid-cap segments of the Japanese market. With 320 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in Japan. The **MSCI Emerging Markets Index** is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The **MSCI Europe Index** is an unmanaged index considered representative of stocks of developed European countries. The **MSCI Pacific Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the developed markets in the Pacific region. The **Barclays Intermediate US Government/Credit Bond Index** is a market capitalization-weighted index of investment-grade, fixed-rate debt issues, including Treasuries, government-related and U.S. corporate securities, with maturities of at least one year and less than 10 years. The **Philadelphia Fed Manufacturing Index** is a regional Federal Reserve Bank index measuring changes in business growth and is constructed from a survey of participants who voluntarily answer questions regarding the direction of change in their overall business activities. The **ISM Non-Manufacturing Index** is an index based on surveys of more than 400 non-manufacturing firms' purchasing and supply executives, within 60 sectors across the nation, by the Institute of Supply Management (ISM) and also tracks economic data, like the ISM Non-Manufacturing Business Activity Index. A composite diffusion index is created based on the data from these surveys that monitors economic conditions of the nation. The **Housing Market Index (HMI)** is based on a monthly survey of NAHB members designed to take the pulse of the single-family housing market. In May 2007, **Markit's U.S. PMI** research was extended out to cover producers of metal goods. In October 2009, Markit's U.S. Manufacturing PMI survey panel was extended further to cover all areas of U.S. manufacturing activity. **Federal Housing Finance Agency (FHFA) House Price Index (HPI)** is a broad measure of the movement of single-family house prices. The HPI is a weighted, repeat-sales index, meaning that it measures average price changes in repeat sales or refinancings on the same properties.

The information, analysis, and opinions expressed herein are for general and educational purposes only. Nothing contained in this weekly review is intended to constitute legal, tax, accounting, securities, or investment advice, nor an opinion regarding the appropriateness of any investment, nor a solicitation of any type. All investments carry a certain risk, and there is no assurance that an investment will provide positive performance over any period of time. An investor may experience loss of principal. Investment decisions should always be made based on the investor's specific financial needs and objectives, goals, time horizon, and risk tolerance. The asset classes and/or investment strategies described may not be suitable for all investors and investors should consult with an investment advisor to determine the appropriate investment strategy. Past performance is not indicative of future results.

Information obtained from third party sources are believed to be reliable but not guaranteed. Envestnet|PMC™ makes no representation regarding the accuracy or completeness of information provided herein. All opinions and views constitute our judgments as of the date of writing and are subject to change at any time without notice.

Investments in smaller companies carry greater risk than is customarily associated with larger companies for various reasons such as volatility of earnings and prospects, higher failure rates, and limited markets, product lines or financial resources. Investing overseas involves special risks, including the volatility of currency exchange rates and, in some cases, limited geographic focus, political and economic instability, and relatively illiquid markets. Income (bond) securities are subject to interest rate risk, which is the risk that debt securities in a portfolio will decline in value because of increases in market interest rates.

Exchange Traded Funds (ETFs) are subject to risks similar to those of stocks, such as market risk. Investing in ETFs may bear indirect fees and expenses charged by ETFs in addition to its direct fees and expenses, as well as indirectly bearing the principal risks of those ETFs. ETFs may trade at a discount to their net asset value and are subject to the market fluctuations of their underlying investments. Investing in commodities can be volatile and can suffer from periods of prolonged decline in value and may not be suitable for all investors.

Index Performance is presented for illustrative purposes only and does not represent the performance of any specific investment product or portfolio. An investment cannot be made directly into an index.

Alternative Investments may have complex terms and features that are not easily understood and are not suitable for all investors. You should conduct your own due diligence to ensure you understand the features of the product before investing. Alternative investment strategies may employ a variety of hedging techniques and non-traditional instruments such as inverse and leveraged products. Certain hedging techniques include matched combinations that neutralize or offset individual risks such as merger arbitrage, long/short equity, convertible bond arbitrage and fixed-income arbitrage. Leveraged products are those that employ financial derivatives and debt to try to achieve a multiple (for example two or three times) of the return or inverse return of a stated index or benchmark over the course of a single day. Inverse products utilize short selling, derivatives trading, and other leveraged investment techniques, such as futures trading to achieve their objectives, mainly to track the inverse of their benchmarks. As with all investments, there is no assurance that any investment strategies will achieve their objectives or protect against losses.

Neither Envestnet, Envestnet|PMC™ nor its representatives render tax, accounting or legal advice. Any tax statements contained herein are not intended or written to be used, and cannot be used, for the purpose of avoiding U.S. federal, state, or local tax penalties. Taxpayers should always seek advice based on their own particular circumstances from an independent tax advisor.

© 2017 Envestnet Asset Management, Inc. All rights reserved.

ABOUT ENVESTNET®

Envestnet, Inc. (NYSE: ENV) is a leading provider of unified wealth management technology and services to investment advisors. Our open-architecture platforms unify and fortify the wealth management process, delivering unparalleled flexibility, accuracy, performance and value. Envestnet solutions enable the transformation of wealth management into a transparent, objective, independent and fully-aligned standard of care, and empower advisors to deliver better results.

Envestnet's Advisor Suite® software empowers financial advisors to better manage client outcomes and strengthen their practice. Envestnet provides institutional-quality research and advanced portfolio solutions through our Portfolio Management Consultants group, Envestnet | PMC®. Envestnet | Tamarac provides leading rebalancing, reporting and practice management software.

For more information on Envestnet, please visit www.envestnet.com.