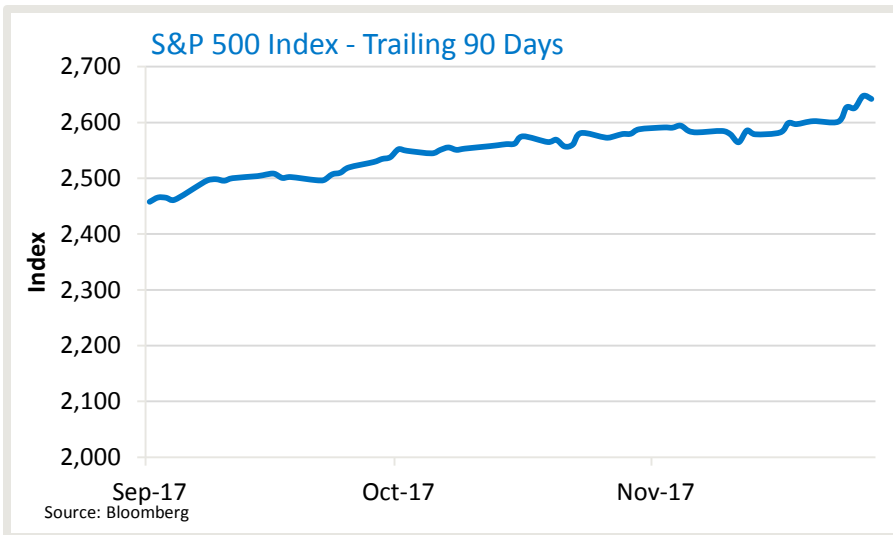


# Weekly Market Review

December 1, 2017

## Chart of the Week



## Weekly Highlights

- **Tax legislation was heavily in focus.** On Thursday night, Senate Republicans delayed voting on their tax bill until Friday. The setback sent Republicans looking for small tweaks to the bill to win over undecided senators. If the Senate passes the bill, lawmakers will go to a conference committee with the House to strike final legislation that President Trump can sign.
- **Former National Security Advisor Michael Flynn** agreed to plead guilty to lying to the FBI and to cooperate with the ongoing probe of possible coordination between the Trump campaign and Russia during the 2016 election. Stocks immediately sold off, with the Dow Jones Industrial Average dropping more than 300 points at one point, on the news that Flynn would testify that he was directed by President Trump to talk to the Russians.
- **Strong Third Quarter GDP.** The second estimate of third-quarter gross domestic product (GDP) showed the US economy grew at a 3.3% annualized rate, which was the strongest reading since third quarter 2014. This was also the first time since 2014 that we saw two consecutive quarters of growth above 3%. Increases in business investment offset a moderation in consumer spending.

## Talking Points

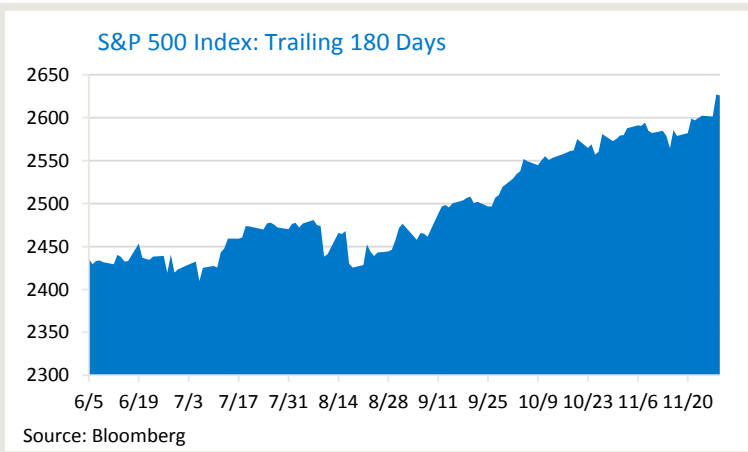
- **Among equities,** large cap mostly outpaced small cap; value widely beat growth; domestic stocks outperformed international stocks; and emerging markets trailed.
- **Treasury yields continued to climb.** The yield on the 10-Year Treasury Note is approaching 2.4%.
- **Commodity indices fell,** as gold and energy prices were lower.
- **Cyber Monday.** In data released from Adobe, Cyber Monday revenues were tracked at \$6.59 billion, making it the largest day for US online sales ever.
- **Among major economic data,** initial jobless claims were lower than expected at 238K (estimate was for 240K); new home sales were better than expected at 685K; personal consumption was worse than expected at 2.3% annually (estimate was 2.5%).
- **Surge in Bitcoin.** The cryptocurrency Bitcoin was heavily followed this week, as the price surged above \$11,000, before selling off. As of Friday afternoon, Bitcoin was up 25% on the week, or more than \$2200, trading at a current price of \$10,500.

## Market Dashboard

	Last Price	Change	% Chg.	YTD %
<b>S&amp;P 500</b>	2,642.22	39.80	1.53%	18.0%
<b>Dow Industrials</b>	24,231.59	673.60	2.86%	22.6%
<b>Nasdaq</b>	6,847.59	-41.57	-0.60%	27.2%
<b>Russell 2000</b>	1,537.02	17.83	1.17%	13.3%
<b>Euro Stoxx Index</b>	383.97	-2.66	-0.69%	6.2%
<b>Shanghai Composite</b>	3,317.62	-36.20	-1.08%	6.9%
<b>Russell Global</b>	2,105.91	9.96	0.47%	19.8%

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

	Last Price	Change	% Chg.	YTD %
<b>Russell Global EM</b>	3,524.89	-87.82	-2.43%	29.1%
<b>10-Year US Treas.</b>	2.36	2 bps	NM	NM
<b>DJ UBS Comm. Idx.</b>	86.48	-0.52	-0.60%	-1.2%
<b>Gold</b>	\$1,280.14	-\$8.20	-0.64%	11.6%
<b>Crude Oil</b>	\$58.34	-\$0.59	-1.00%	2.4%
<b>Dollar Index</b>	92.90	0.12	0.13%	-9.1%
<b>VIX Index</b>	11.43	1.76	18.20%	-18.6%



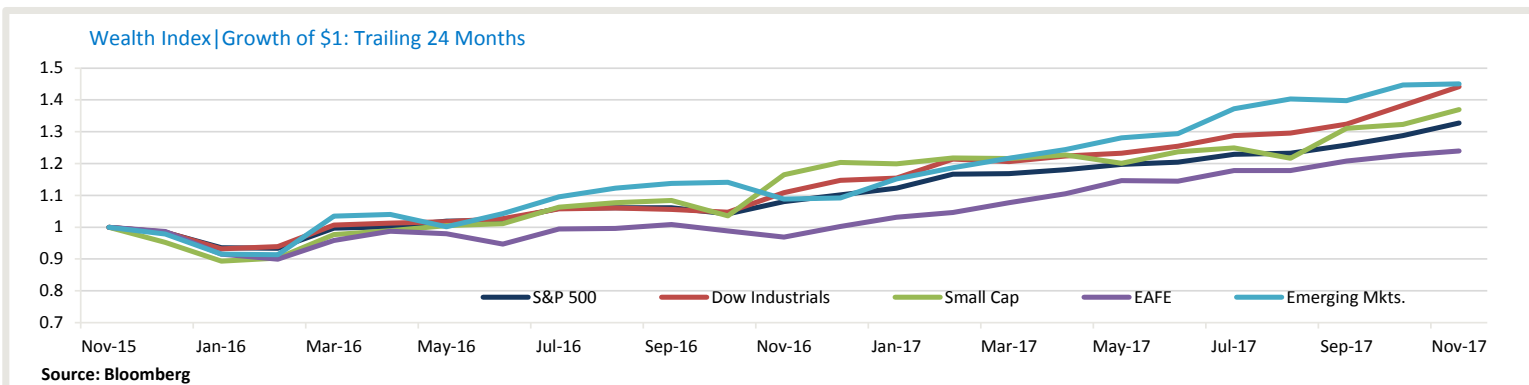
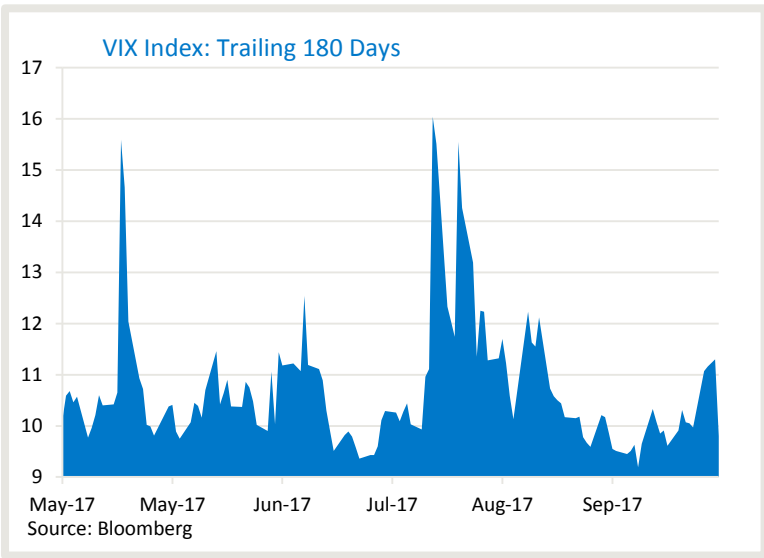
	One Week			YTD		
	Value	Growth		Value	Growth	
<b>L</b>	2.86%	1.46%	0.26%	9.44%	18.98%	28.38%
	2.06%	1.43%	0.63%	9.83%	15.40%	22.73%
<b>S</b>	1.96%	1.17%	0.44%	6.80%	13.25%	20.43%

Source: Bloomberg

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

	% Wgt in S&P 500	Week % Chg.	YTD % Chg.
<b>Consumer Discretionary</b>	12.1	2.08%	18.5%
<b>Consumer Staples</b>	8.1	2.36%	8.6%
<b>Energy</b>	5.9	2.68%	-7.4%
<b>Financials</b>	14.8	5.16%	18.1%
<b>Health Care</b>	14.1	1.81%	20.7%
<b>Industrials</b>	10.0	2.93%	15.1%
<b>Information Technology</b>	23.9	-2.02%	36.2%
<b>Materials</b>	2.9	0.40%	18.3%
<b>Real Estate</b>	2.9	-0.49%	8.4%
<b>Telecom Services</b>	2.0	6.71%	-10.7%
<b>Utilities</b>	3.1	0.89%	15.3%

Source: Bloomberg



## The Economy and Markets

### A Macro View – November Monthly Recap

**Domestic equity markets** continued their move higher in November, with the major US indices closing the month at or near record-level territory. The S&P 500 Index, Dow Jones Industrial Average (DJIA), and NASDAQ Composite Index all closed the month at record levels. The DJIA surged above the 24,000 threshold for the first time ever. The past month has been largely focused on Congress's debate over, and its potential to pass, tax reform legislation. Volatility remained at very subdued levels throughout the month as the prolonged bull market in equities has continued. The second estimate of third-quarter gross domestic product showed the US economy grew at a 3.3% annualized rate, which was the strongest reading since third quarter 2014. The growth reading was above both the 3.2% expectation and October's 3% advance reading. One nontraditional investment that was heavily discussed across the industry was the parabolic rise of the cryptocurrency Bitcoin, which shot above \$10,000 during November, with price gains of over \$3,000, or +51% for the month. Bitcoin prices have surged roughly 10-fold since starting 2017 at \$1,000, while many debate its potential future use, the applicability of the blockchain technology, or whether it is merely another bubble ready to burst.

The S&P 500 Index gained +3.1%, pushing its year-to-date return to +20.5%, while the NASDAQ Composite Index posted slightly weaker returns of +2.3% but improved its year-to-date gain to +29.0%. The S&P 500 has now finished higher for 13 consecutive months, which is its best consecutive monthly run since the period March 1958-May 1959. Large cap domestic stocks slightly edged out small cap equities, as the Russell 1000 Index was up 3.1% and the Russell 2000 Index gained +2.9%. Mid cap stocks performed well, with the Russell Mid Cap Index gaining +3.4%. Growth and value stocks mostly traded in line with each other, with only 2 basis points separating the Russell 1000 Value Index's return of +3.06% and the Russell 1000 Growth Index's return of +3.04%. However, in a year-to-date comparison, growth stocks have maintained their dominance, with a difference of more than 1700 basis points in the year-to-date returns of the Russell 1000 Growth Index and the Russell 1000 Value Index: +29.2% and +12.0%, respectively. In terms of sector performance, Telecommunications was the strongest performer, gaining +6%, followed by Consumer Staples, which gained +5.7%. Materials and Information Technology were the main laggards from a relative standpoint, gaining only +1.0% and +1.2%, respectively. While Information Technology trailed most other sectors in November, the sector's year-to-date +38.8% gain remains impressive, outpacing Healthcare's +22.9% year-to-date return, the second-best performing S&P 500 sector, by nearly 1600 basis points. Energy prices rose, but metals were mostly lower, leading the Bloomberg Commodity Index to finish -0.5%.

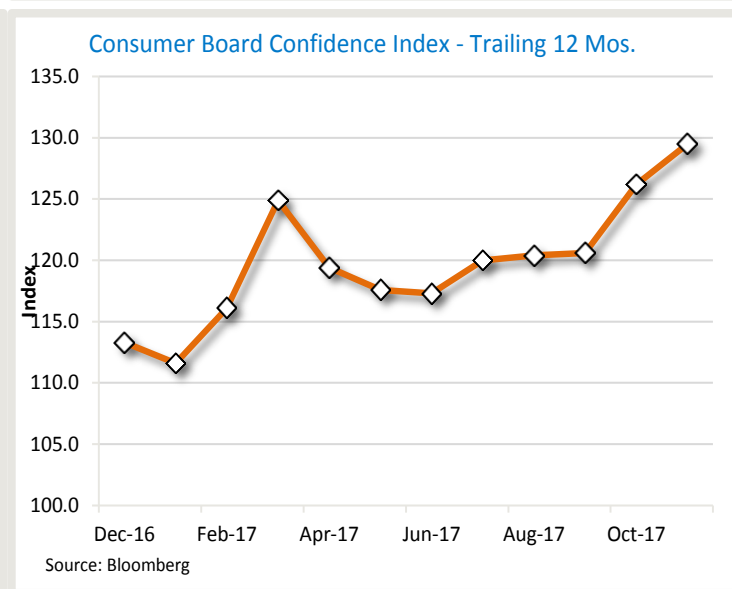
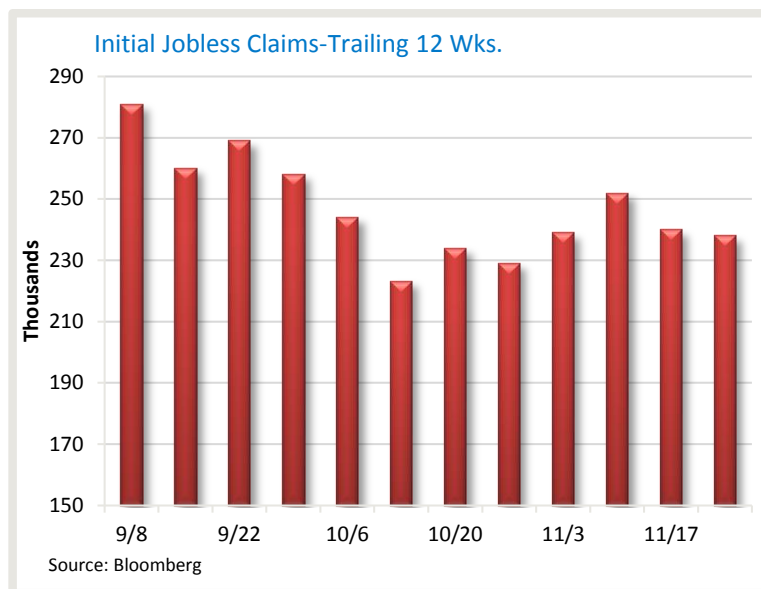
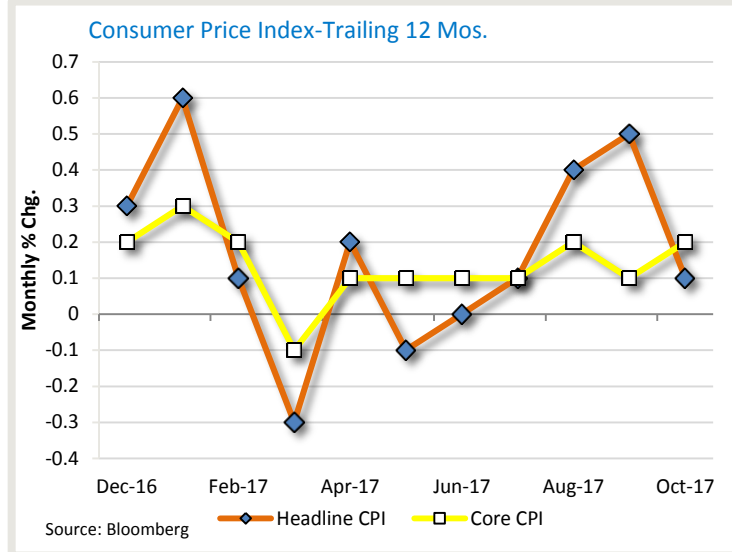
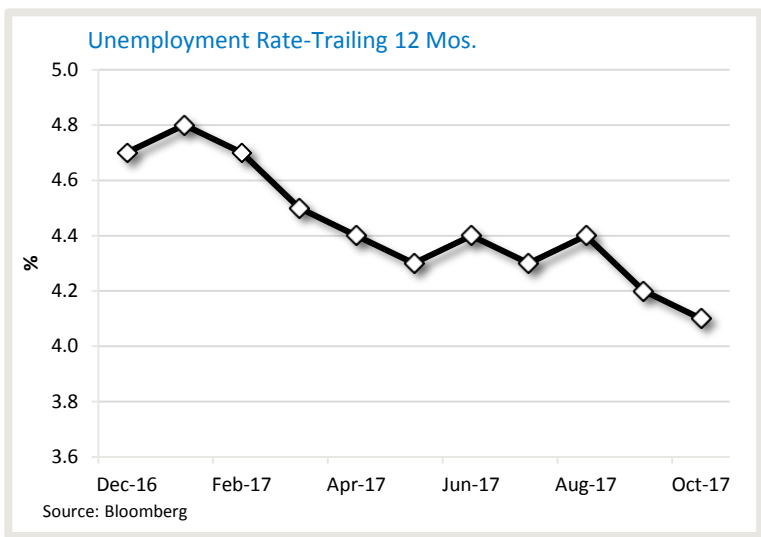
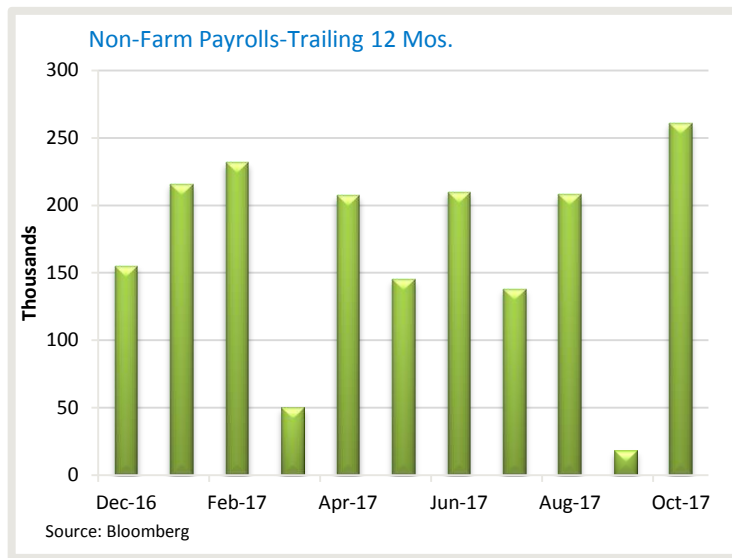
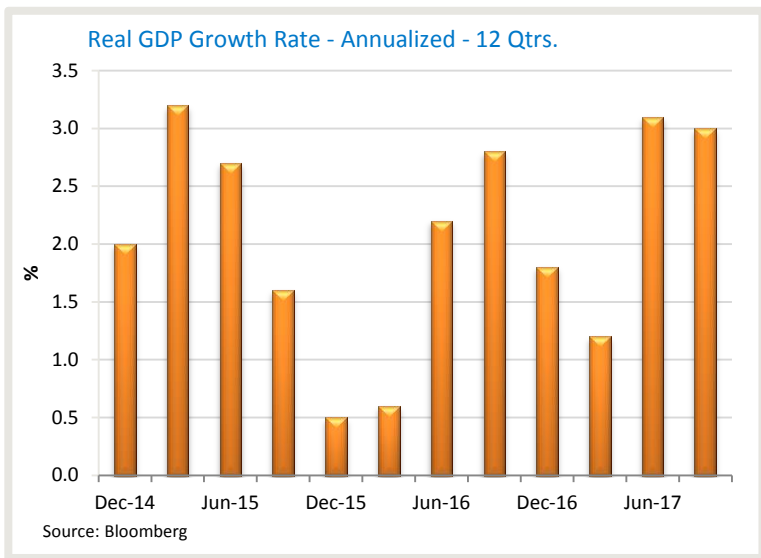
**International equity markets**, for the most part, slightly trailed, on a relative basis, the strong gains experienced by domestic equities. The MSCI ACWI ex-U.S. Index increased by +0.8% for the month and is now up +24.4% year to date. International developed markets performance cooled slightly in November, but Eurozone growth expectations remain high for both the fourth quarter and for 2018. Eurozone companies have also boosted hiring at the fastest pace in 17 years, as economic data and the overall sentiment has continued to improve. The MSCI EAFE Index, which measures performance of international developed equities, gained +1.1%. Taking a breather from an already very strong year, emerging markets equities trailed on a relative basis, gaining +0.2%, but their year-to-date gain still clocks in at +32.5%, leading major asset classes. EM Latin America was the key laggard, posting a loss of -3% for the month. Regionally, Japan was a strong performer, gaining +3.0%, while Europe posted a lower result, gaining +0.2%. China continued the strength it has shown this year, gaining +1.6%, and the MSCI China Index is now up +51.2% year to date.

**Fixed-income markets** traded mostly lower for the month, as yields moved higher. The yield on the 10-Year Treasury Note closed out November at 2.41%, adding 4 basis points from 2.37% at the end of October. Odds for a December federal funds rate hike have increased to a near certainty, roughly a 96% likelihood, for a third increase this year. Federal Reserve Governor Jerome Powell was nominated by President Trump to succeed Janet Yellen in early February as Chair of the Federal Reserve. The Barclays U.S. Aggregate Bond Index fell by -0.13% for the month, and is now up +3.1% year to date. Global bonds continued their outperformance of domestic fixed income, as the Barclays Global Aggregate ex-U.S. Index gained +2.1%, and is now up +10.2% year to date. Municipal bonds posted slight losses comparable to their taxable peers, losing -0.5%, and are now up 4.4% year to date. High yield fixed income posted weaker results than the Barclays U.S. Aggregate Bond Index, with a loss of -0.3%.

Tim Murphy  
VP, Senior Portfolio Manager

Source: Bloomberg

## Economic Data



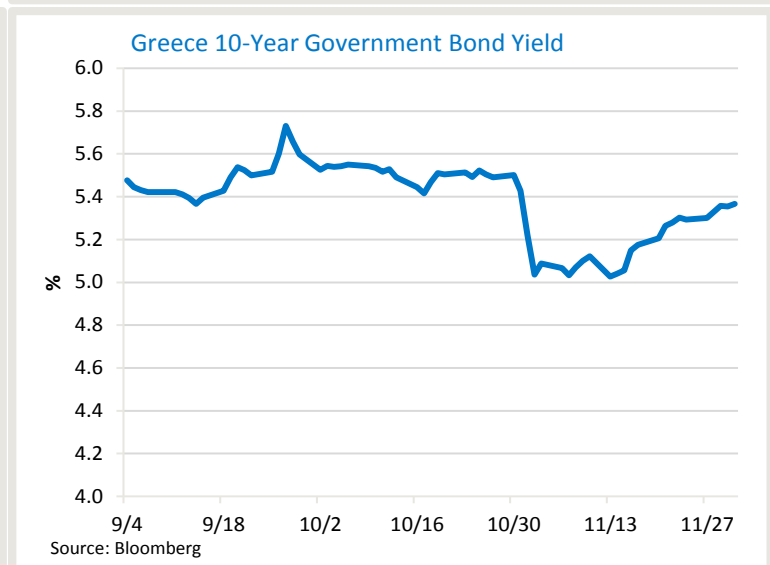
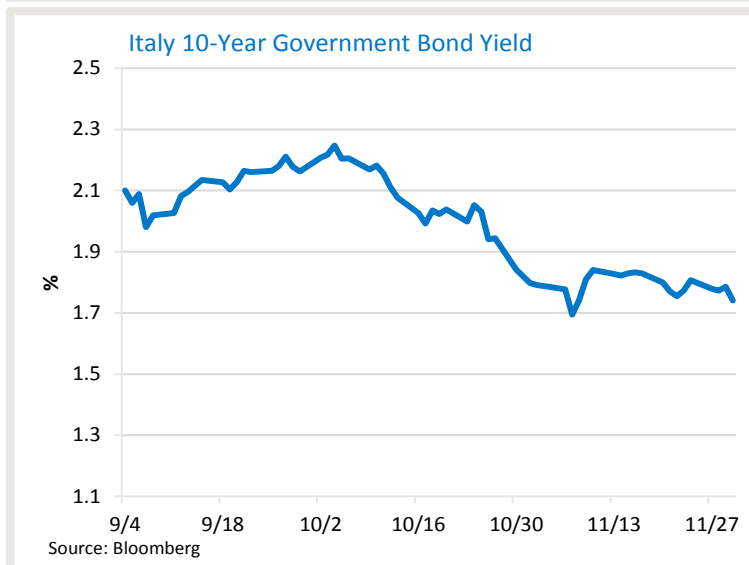
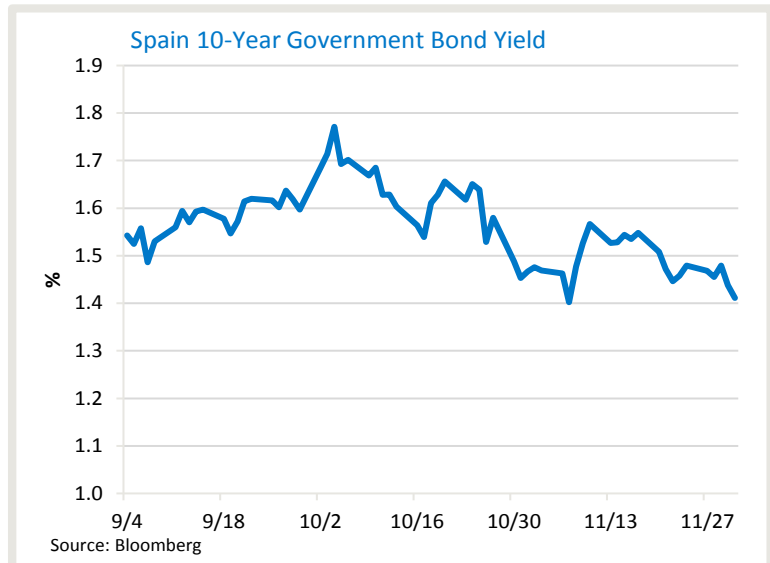
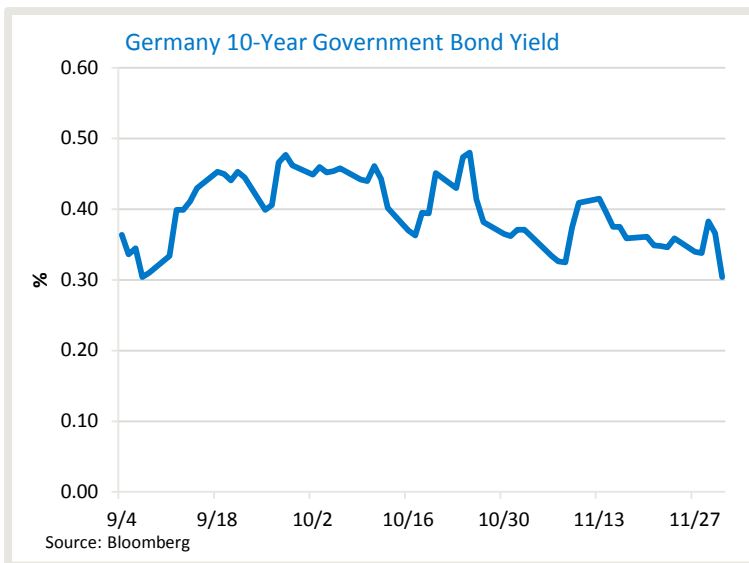
## Eurozone

### SELECTED EUROPEAN SOVEREIGN YIELD PERFORMANCE

	Last	Change	% Chg.	YTD %
Germany 10-Yr. Govt.	0.30	5 bps	NM	NM
Greece 10-Yr. Govt.	5.37	-5 bps	NM	NM
Italy 10-Yr. Govt.	1.71	8 bps	NM	NM
Spain 10-Yr. Govt.	1.41	6 bps	NM	NM
Belgium 10-Yr. Govt.	0.48	10 bps	NM	NM

	Last	Change	% Chg.	YTD %
France 10-Yr. Govt.	0.61	9 bps	NM	NM
Ireland 10-Yr. Govt.	0.51	7 bps	NM	NM
Portugal 10-Yr. Govt.	1.87	5 bps	NM	NM
Netherlands 10-Yr. Govt.	0.39	7 bps	NM	NM
U.K. 10-Yr. Govt.	1.23	1 bps	NM	NM

Source: Bloomberg  
Basis points (bps)

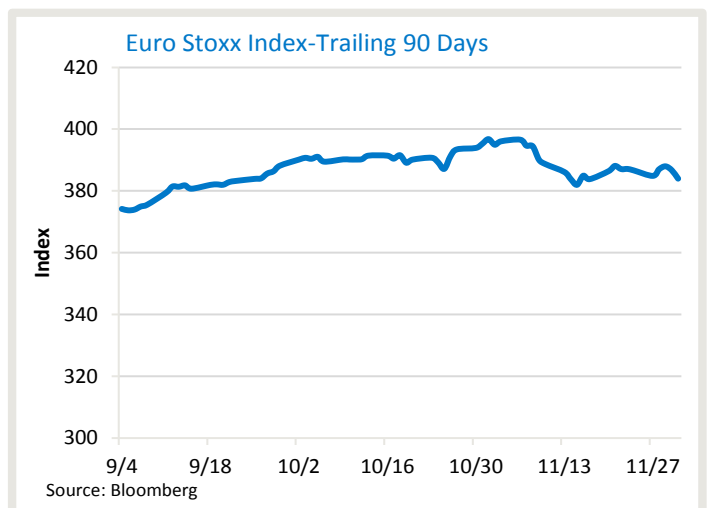
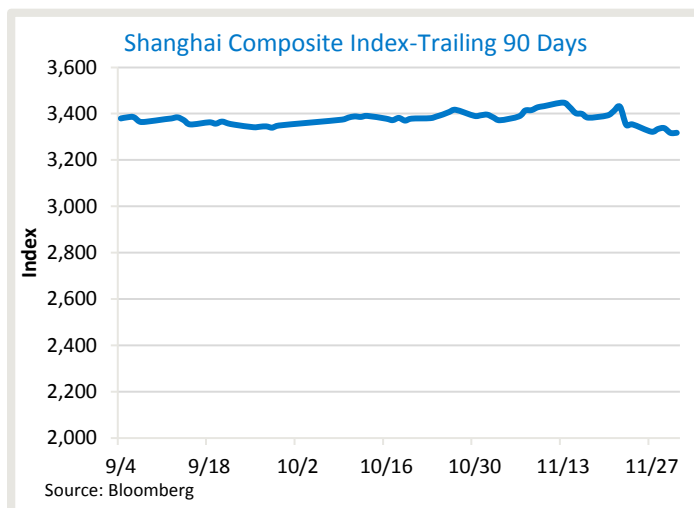
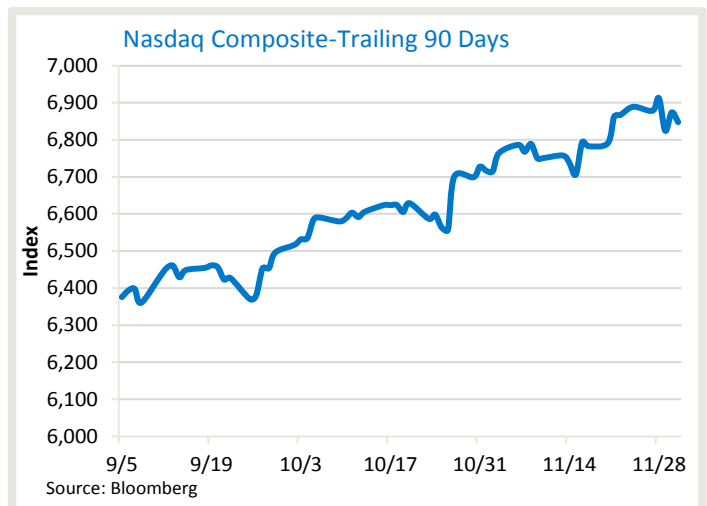
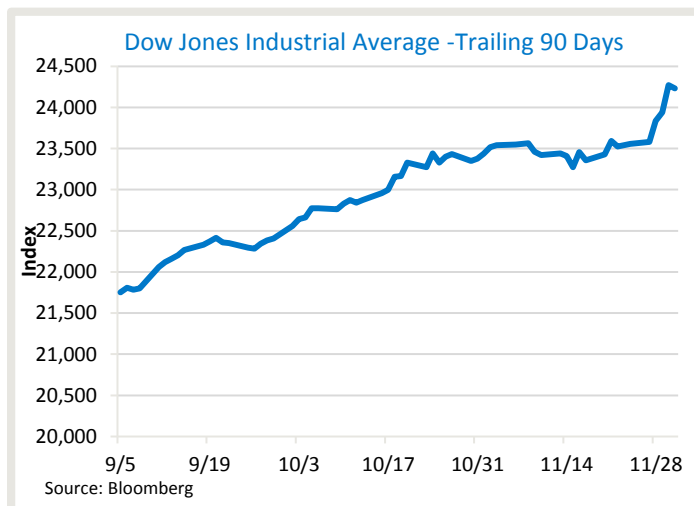


## Equities

### WORLD MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
<b>S&amp;P 500</b>	<b>2,642.22</b>	<b>39.80</b>	<b>1.53%</b>	<b>18.02%</b>	<b>Swiss Market Index</b>	<b>9,274.55</b>	<b>-51.05</b>	<b>-0.55%</b>	<b>12.83%</b>
<b>Dow Industrials</b>	<b>24,231.59</b>	<b>673.60</b>	<b>2.86%</b>	<b>22.61%</b>	<b>CAC 40 Index (France)</b>	<b>5,316.89</b>	<b>-73.57</b>	<b>-1.36%</b>	<b>9.35%</b>
<b>Nasdaq Composite</b>	<b>6,847.59</b>	<b>-41.57</b>	<b>-0.60%</b>	<b>27.20%</b>	<b>DAX Index (Germany)</b>	<b>12,861.49</b>	<b>-198.35</b>	<b>-1.52%</b>	<b>12.02%</b>
<b>Russell Global</b>	<b>2,105.91</b>	<b>9.96</b>	<b>0.47%</b>	<b>19.8%</b>	<b>Irish Overall Index</b>	<b>6,862.19</b>	<b>-13.22</b>	<b>-0.19%</b>	<b>5.29%</b>
<b>Russell Global EM</b>	<b>3,524.89</b>	<b>-87.82</b>	<b>-2.43%</b>	<b>29.1%</b>	<b>Nikkei 225</b>	<b>22,819.03</b>	<b>268.18</b>	<b>1.19%</b>	<b>19.38%</b>
<b>S&amp;P/TSX (Canada)</b>	<b>16,038.97</b>	<b>-69.12</b>	<b>-0.43%</b>	<b>4.91%</b>	<b>Hang Seng Index</b>	<b>29,074.24</b>	<b>-792.08</b>	<b>-2.65%</b>	<b>32.15%</b>
<b>Mexico IPC</b>	<b>47,265.31</b>	<b>-738.41</b>	<b>-1.54%</b>	<b>3.42%</b>	<b>Shanghai Composite</b>	<b>3,317.62</b>	<b>-36.20</b>	<b>-1.08%</b>	<b>6.89%</b>
<b>Brazil Bovespa</b>	<b>72,264.45</b>	<b>-1892.93</b>	<b>-2.55%</b>	<b>19.99%</b>	<b>Kospi Index (S. Korea)</b>	<b>2,475.41</b>	<b>-68.92</b>	<b>-2.71%</b>	<b>22.15%</b>
<b>Euro Stoxx 600</b>	<b>383.97</b>	<b>-2.66</b>	<b>-0.69%</b>	<b>6.24%</b>	<b>Taiwan Taiex Index</b>	<b>10,600.37</b>	<b>-253.72</b>	<b>-2.34%</b>	<b>14.56%</b>
<b>FTSE 100</b>	<b>7,300.49</b>	<b>-109.15</b>	<b>-1.47%</b>	<b>2.21%</b>	<b>Tel Aviv 25 Index</b>	<b>1,455.32</b>	<b>22.61</b>	<b>1.58%</b>	<b>-1.05%</b>
<b>IBEX 35 (Spain)</b>	<b>10,085.00</b>	<b>31.50</b>	<b>0.31%</b>	<b>7.84%</b>	<b>MICEX Index (Russia)</b>	<b>2,105.99</b>	<b>-55.18</b>	<b>-2.55%</b>	<b>-5.68%</b>

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



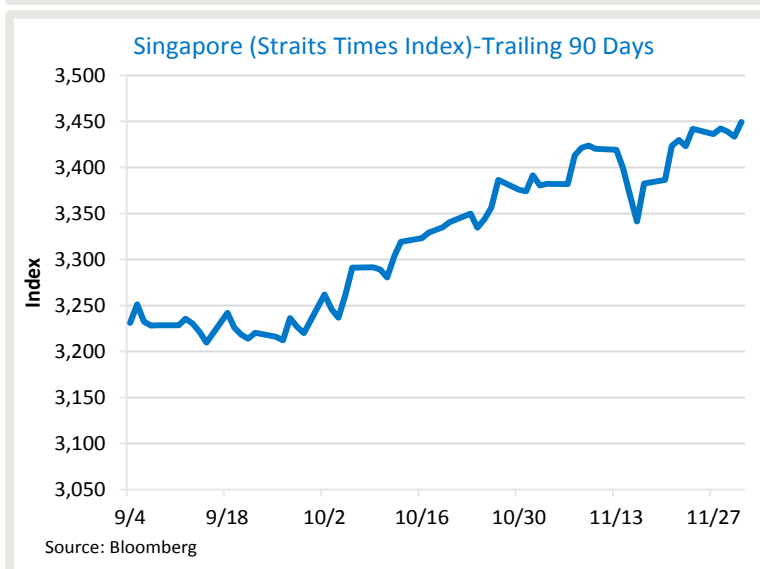
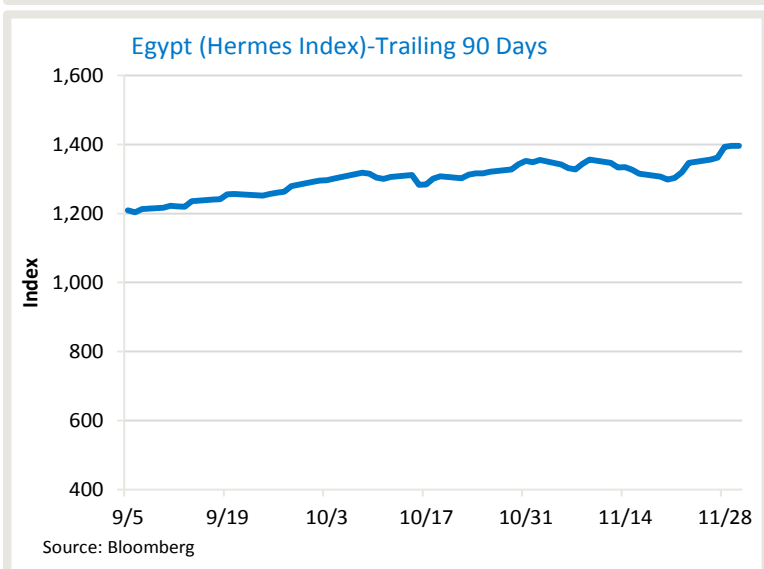
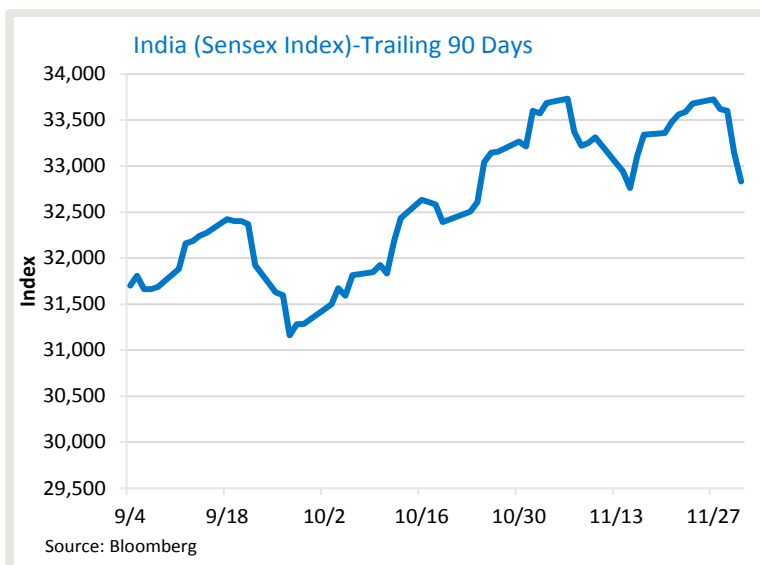
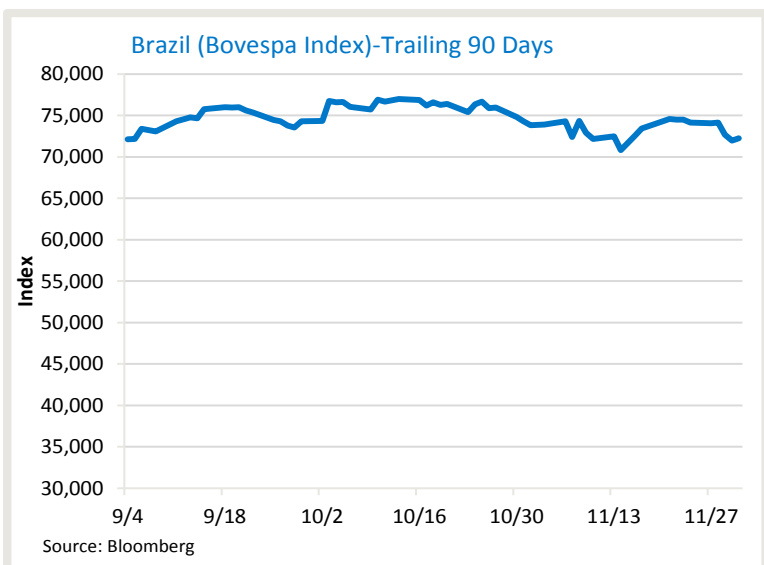
## Equities – Emerging and Frontier Markets

### EMERGING AND FRONTIER MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
Mexico IPC	47,265.31	-738.41	-1.5%	3.4%
Brazil (Bovespa Index)	72,264.45	-1892.93	-2.6%	20.0%
MICEX Index (Russia)	2,105.99	-55.18	-2.6%	-5.7%
Czech Republic (Prague)	1,063.98	9.31	0.9%	15.4%
Turkey (Istanbul)	103,558.98	-980.40	-0.9%	32.5%
Egypt (Hermes Index)	1,396.15	49.20	3.7%	28.2%
Kenya (Nairobi 20 Index)	3,815.61	-17.39	-0.5%	19.8%
Saudi Arabia (TASI Index)	7,003.97	125.76	1.8%	-2.9%
Lebanon (Beirut BLOM Index)	1,099.63	-9.23	-0.8%	-9.3%
Palestine	553.92	-9.46	-1.7%	4.5%

	Last	Change	% Chg.	YTD %
Hang Seng Index	29,074.24	-792.08	-2.7%	32.2%
India (Sensex 30)	32,832.94	-846.30	-2.5%	23.3%
Malaysia (KLCI Index)	1,717.86	-3.41	-0.2%	4.6%
Singapore (Straits Times Index)	3,449.54	7.39	0.2%	19.7%
Thailand (SET Index)	1,699.65	3.81	0.2%	10.2%
Indonesia (Jakarta)	5,952.14	-111.11	-1.8%	12.4%
Pakistan (Karachi KSE 100)	40,010.36	-238.05	-0.6%	-16.3%
Vietnam (Ho Chi Minh)	960.33	24.76	2.6%	44.4%
Sri Lanka (Colombo)	6,411.84	-44.27	-0.7%	2.9%
Cambodia (Laos)	1,014.83	-8.15	-0.8%	0.0%

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

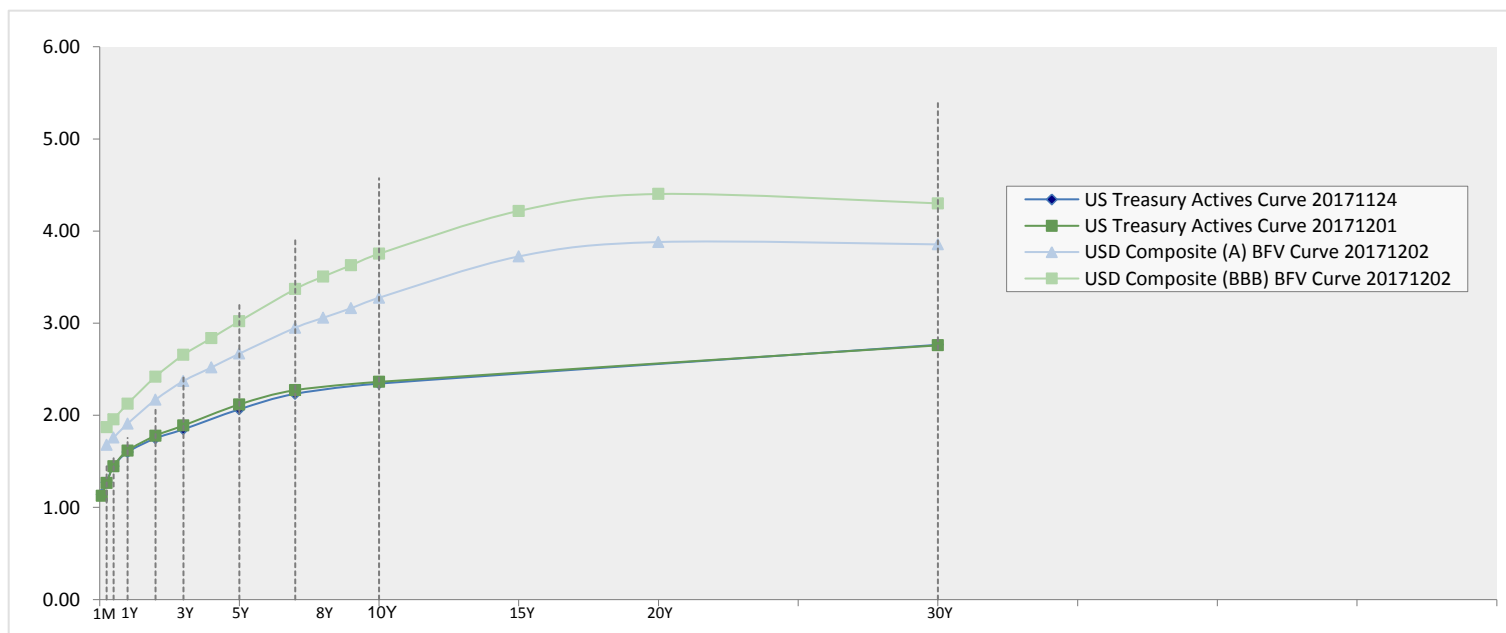


## Interest Rates

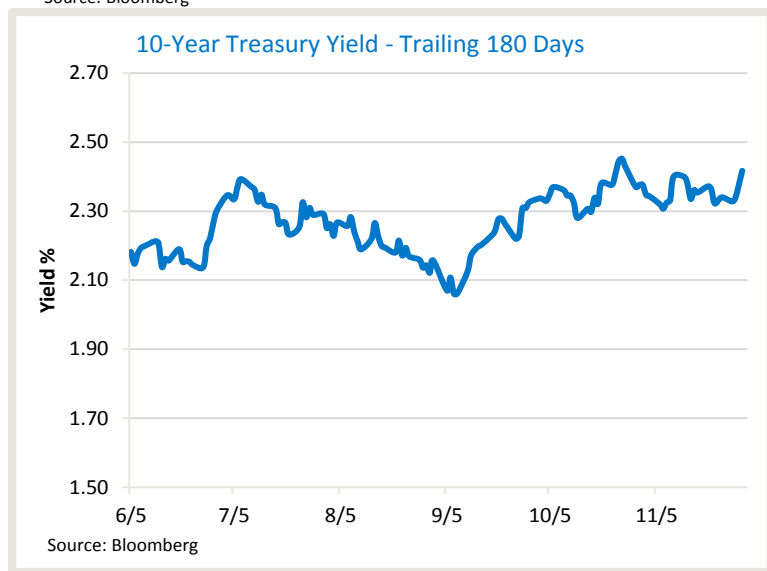
### SELECTED INTEREST RATES

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
2-Yr. U.S. Treasury	1.78%	0 bps	NM	NM	Prime Rate	4.25%	0.00	NM	NM
5-Yr. U.S. Treasury	2.12%	5 bps	NM	NM	Fed Funds Rate	1.25%	0.00	NM	NM
10-Yr. U.S. Treasury	2.36%	2 bps	NM	NM	Discount Rate	1.75%	0.00	NM	NM
30-Yr. U.S. Treasury	2.76%	0 bps	NM	NM	LIBOR (3 Mo.)	1.49%	2 bps	NM	NM
German 10-Yr. Govt.	0.30%	5 bps	NM	NM	Bond Buyer 40 Muni	3.50%	2 bps	NM	NM
France 10-Yr.	0.61%	9 bps	NM	NM	Bond Buyer 40 G.O.	3.59%	NA	NM	NM
Italy 10-Yr.	1.71%	8 bps	NM	NM	Bond Buyer 40 Rev.	4.04%	NA	NM	NM
Fed 5-Yr Fwd BE Inf.	1.78%	0 bps	NM	NM					

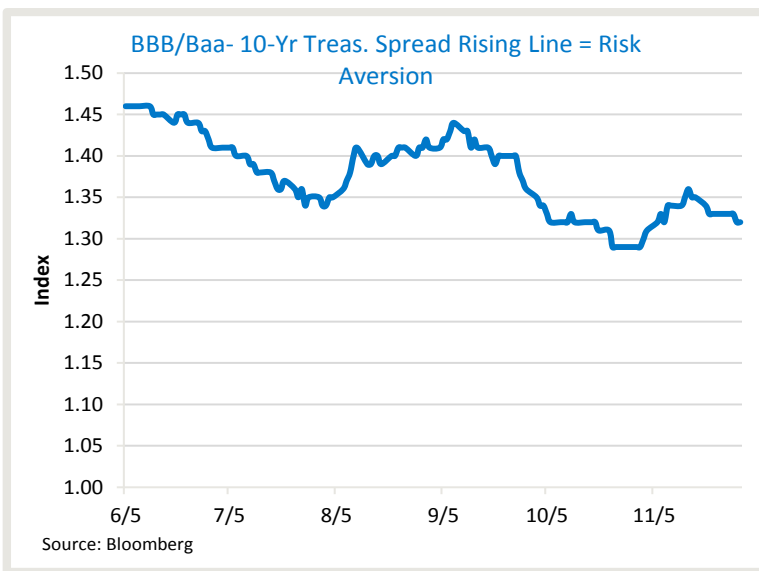
Source: Bloomberg



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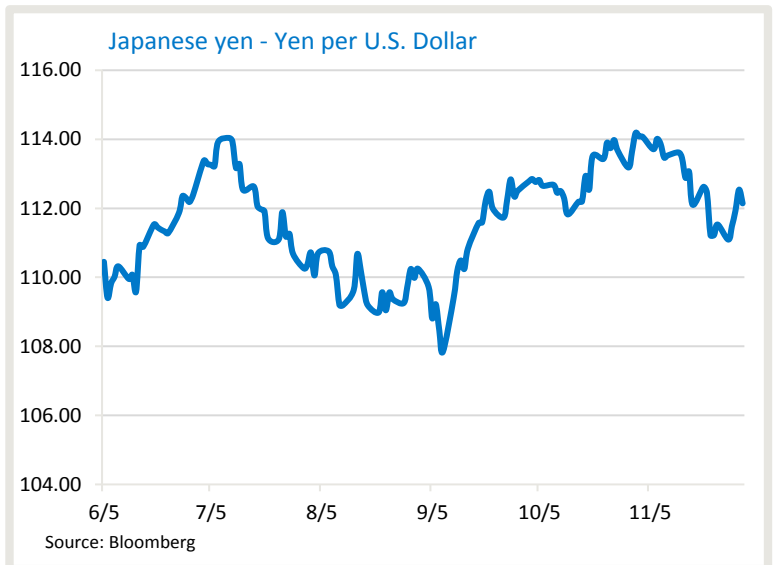
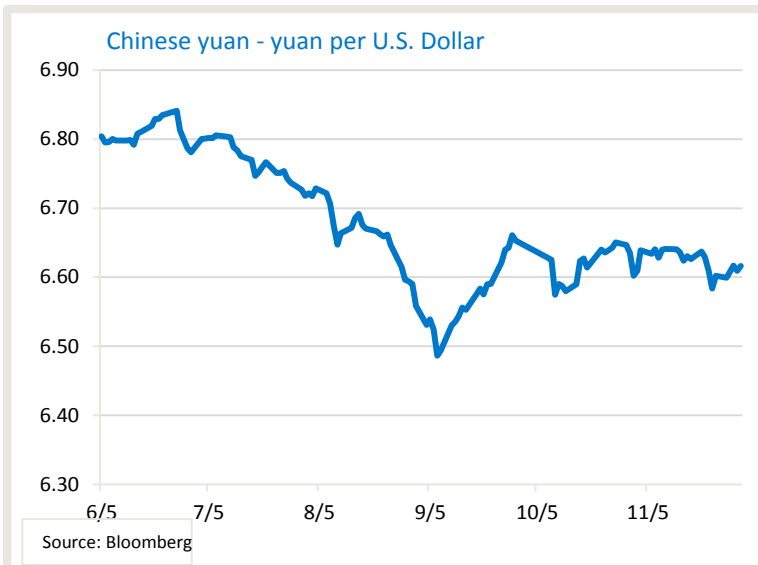
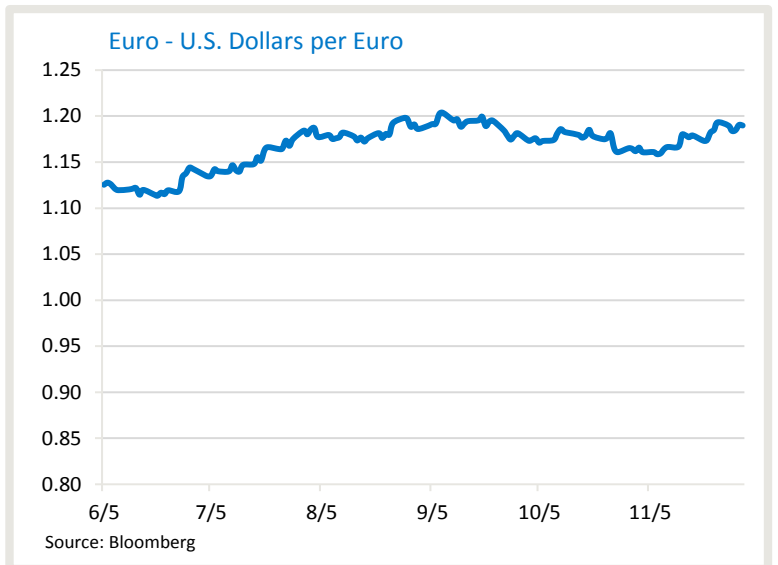
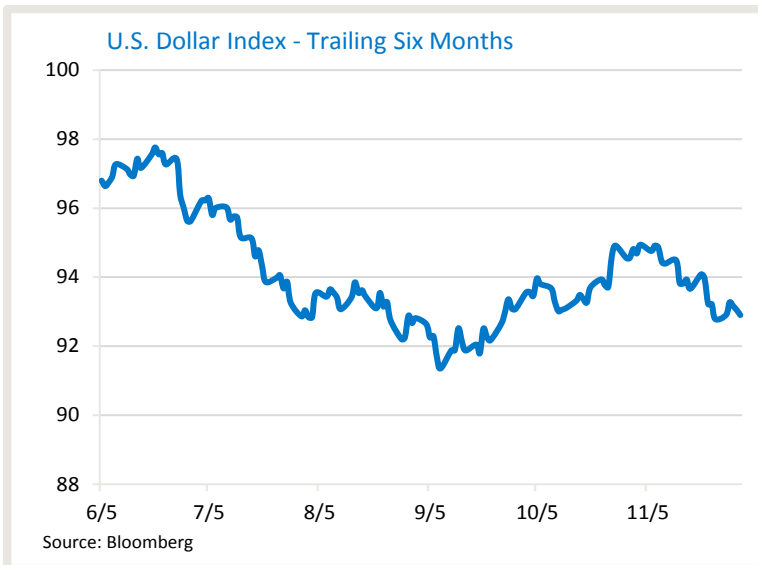
## Currencies

### SELECTED CURRENCY PERFORMANCE

	Last	Change	% Chg.	YTD %
<b>Dollar Index</b>	<b>92.89</b>	<b>0.117</b>	<b>0.13%</b>	<b>-9.11%</b>
<b>Euro</b>	<b>1.19</b>	<b>-0.004</b>	<b>-0.29%</b>	<b>13.13%</b>
<b>Japanese Yen</b>	<b>112.18</b>	<b>0.610</b>	<b>-0.54%</b>	<b>4.30%</b>
<b>British Pound</b>	<b>1.35</b>	<b>0.014</b>	<b>1.05%</b>	<b>9.21%</b>
<b>Canadian Dollar</b>	<b>1.27</b>	<b>-0.002</b>	<b>0.17%</b>	<b>5.92%</b>

	Last	Change	% Chg.	YTD %
<b>Chinese Yuan</b>	<b>6.62</b>	<b>0.015</b>	<b>-0.22%</b>	<b>4.97%</b>
<b>Swiss Franc</b>	<b>0.98</b>	<b>-0.003</b>	<b>0.34%</b>	<b>4.38%</b>
<b>New Zealand Dollar</b>	<b>0.69</b>	<b>0.001</b>	<b>0.10%</b>	<b>-0.74%</b>
<b>Brazilian Real</b>	<b>3.26</b>	<b>0.026</b>	<b>-0.80%</b>	<b>-0.25%</b>
<b>Mexican Peso</b>	<b>18.61</b>	<b>0.059</b>	<b>-0.31%</b>	<b>11.34%</b>

Source: Bloomberg



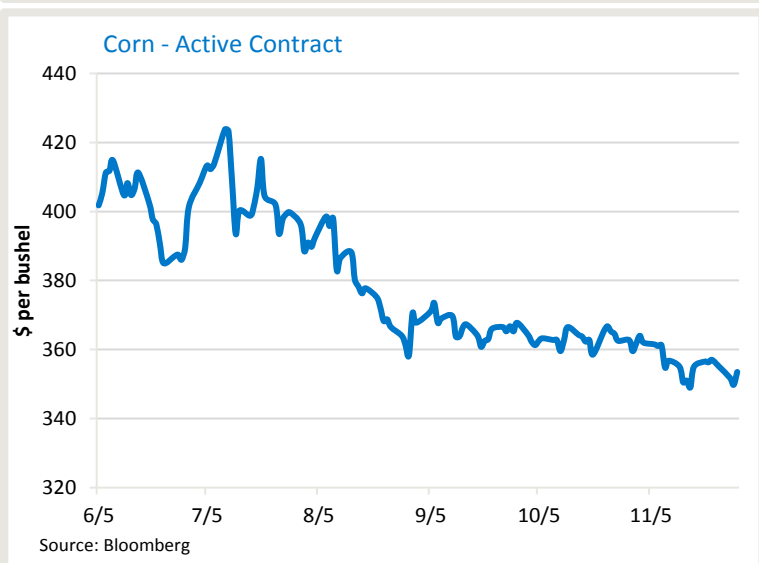
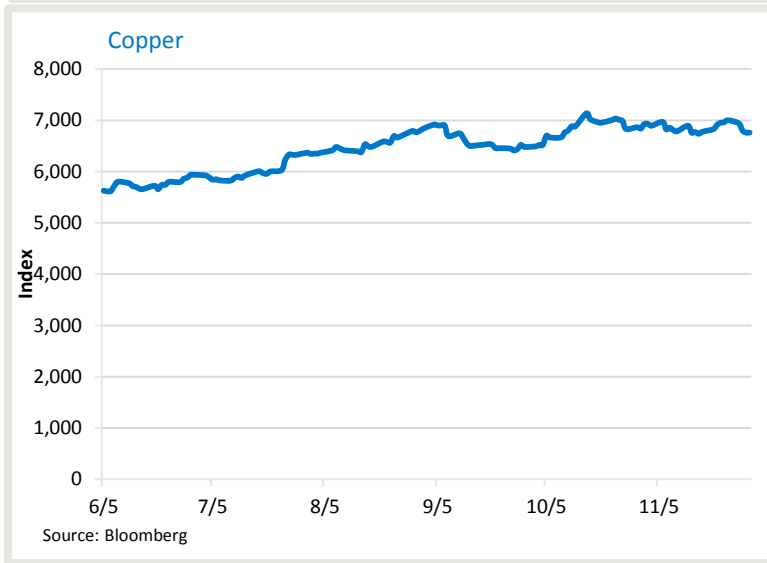
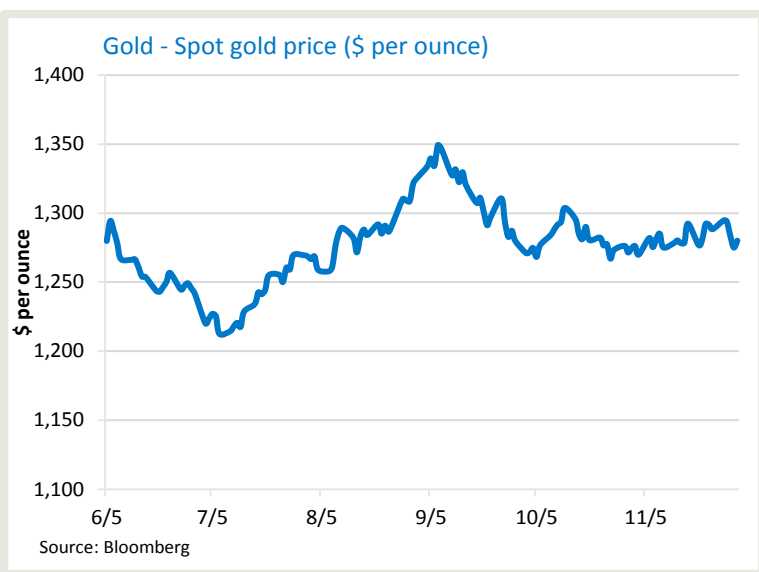
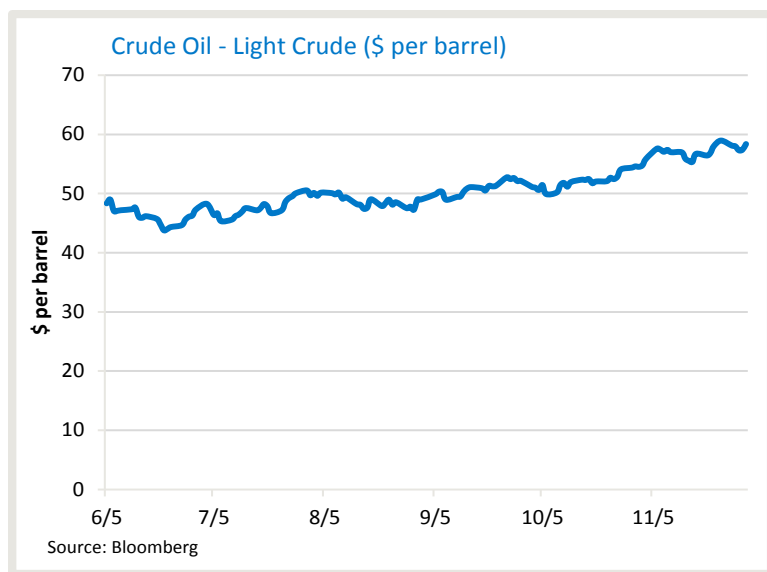
## Commodities

### SELECTED COMMODITY MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
<b>Bloomberg Comm. Idx.</b>	<b>86.48</b>	<b>-0.52</b>	<b>-0.60%</b>	<b>-1.18%</b>
<b>Crude Oil</b>	<b>\$58.35</b>	<b>-\$0.59</b>	<b>-1.00%</b>	<b>2.40%</b>
<b>Natural Gas</b>	<b>\$3.06</b>	<b>\$0.15</b>	<b>5.01%</b>	<b>-18.99%</b>
<b>Gasoline (\$/Gal.)</b>	<b>\$2.49</b>	<b>-\$0.02</b>	<b>-0.88%</b>	<b>6.59%</b>
<b>Heating Oil</b>	<b>194.30</b>	<b>-1.29</b>	<b>-0.66%</b>	<b>7.67%</b>
<b>Gold Spot</b>	<b>\$1,280.14</b>	<b>-\$8.20</b>	<b>-0.64%</b>	<b>11.56%</b>
<b>Silver Spot</b>	<b>\$16.45</b>	<b>-\$0.61</b>	<b>-3.56%</b>	<b>3.26%</b>

	Last	Change	% Chg.	YTD %
<b>Platinum Spot</b>	<b>\$940.58</b>	<b>-\$1.40</b>	<b>-0.15%</b>	<b>4.16%</b>
<b>Corn</b>	<b>358.75</b>	<b>3.75</b>	<b>1.06%</b>	<b>-7.78%</b>
<b>Wheat</b>	<b>438.50</b>	<b>3.75</b>	<b>0.86%</b>	<b>-8.22%</b>
<b>Soybeans</b>	<b>994.25</b>	<b>1.00</b>	<b>0.10%</b>	<b>0.13%</b>
<b>Sugar</b>	<b>14.98</b>	<b>-0.47</b>	<b>-3.04%</b>	<b>-19.38%</b>
<b>Orange Juice</b>	<b>162.70</b>	<b>-3.20</b>	<b>-1.93%</b>	<b>-12.67%</b>
<b>Aluminum</b>	<b>2,048.00</b>	<b>-84.00</b>	<b>-3.94%</b>	<b>20.97%</b>
<b>Copper</b>	<b>6,762.00</b>	<b>-240.00</b>	<b>-3.43%</b>	<b>22.16%</b>

Source: Bloomberg; % change is based on price.

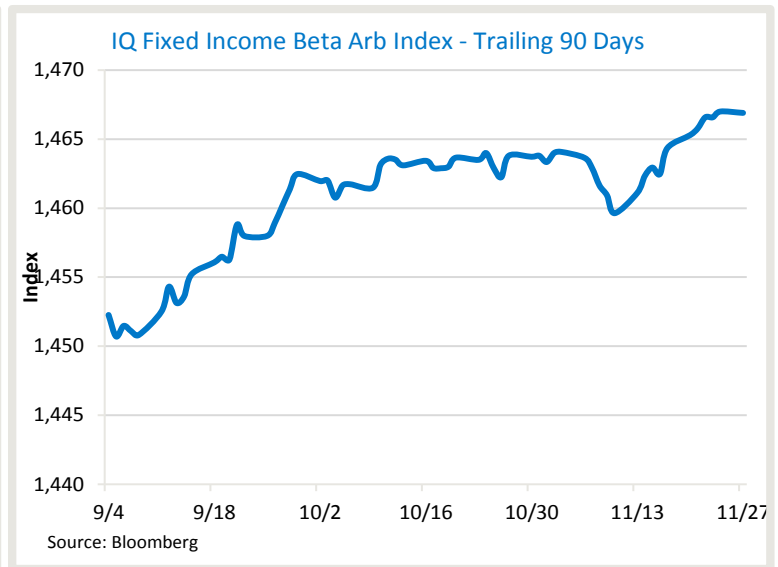
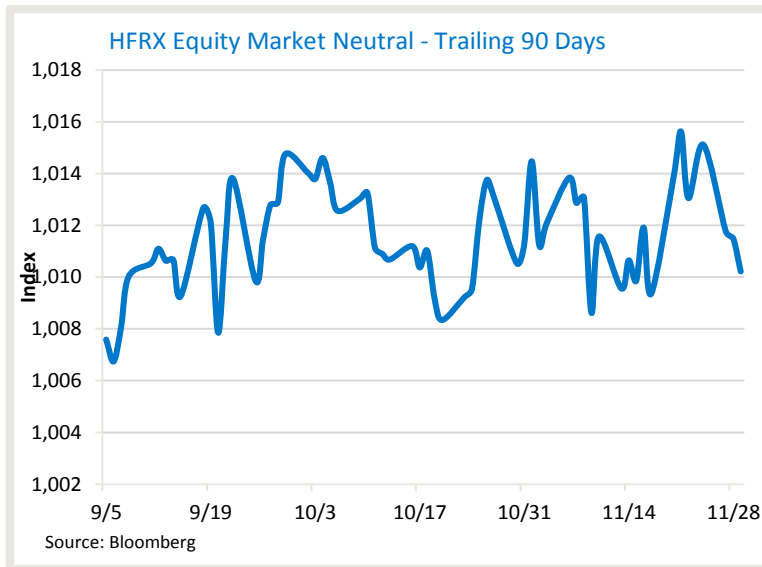
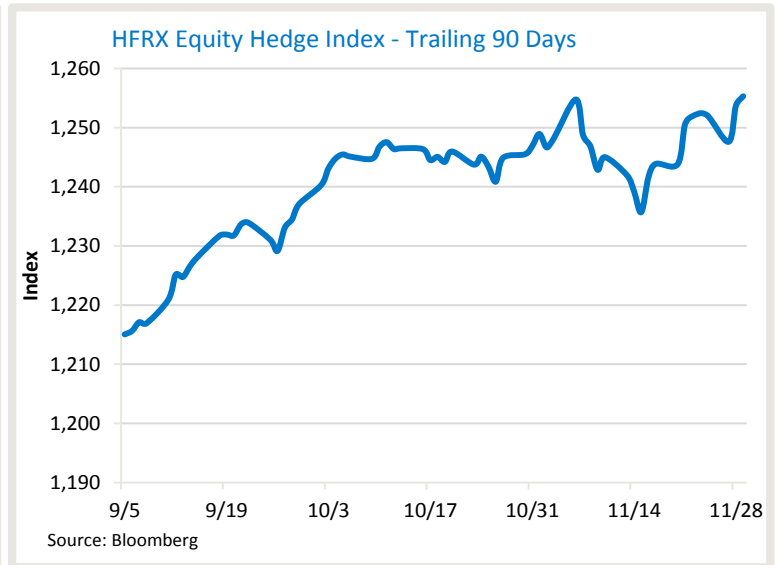
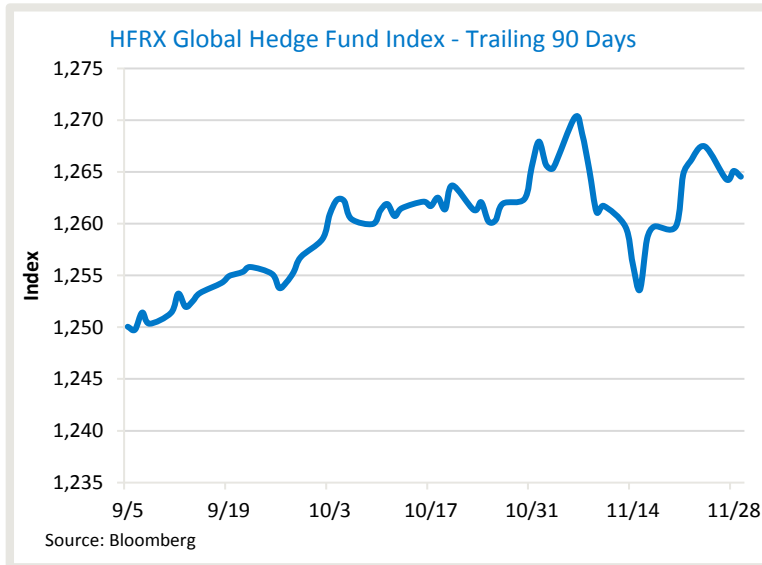


## Alternative Investments

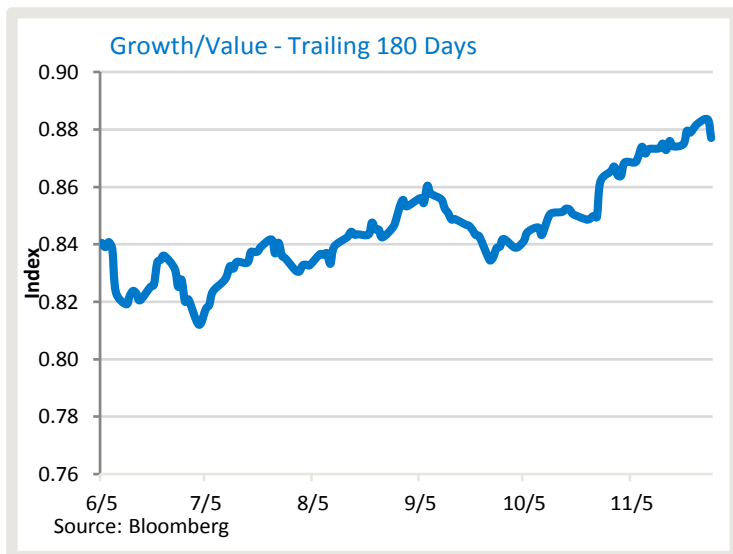
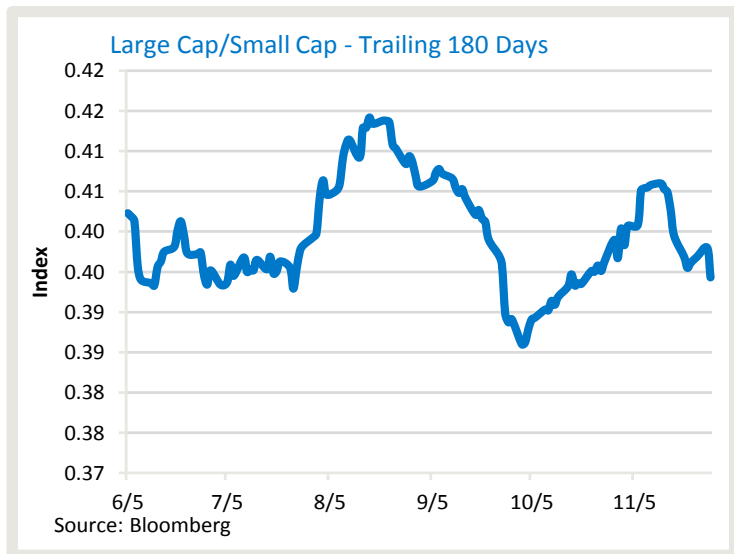
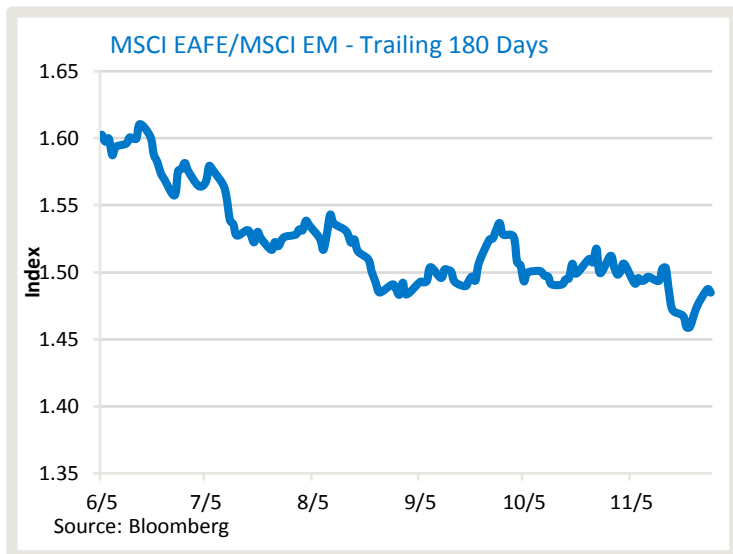
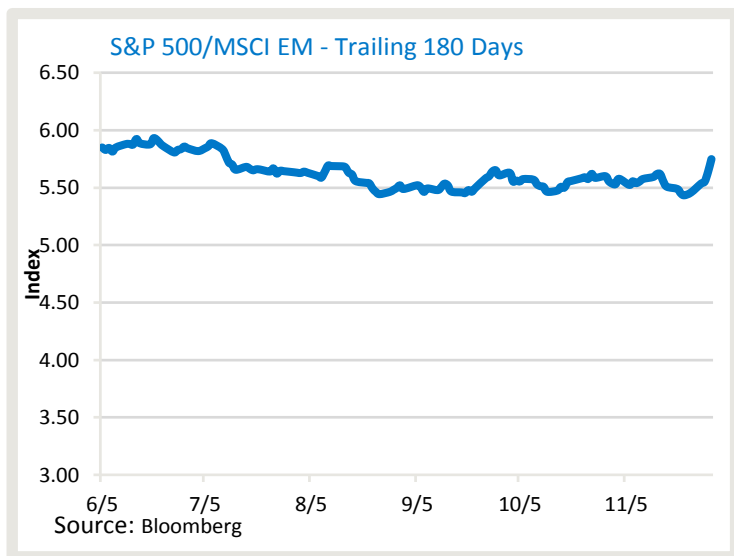
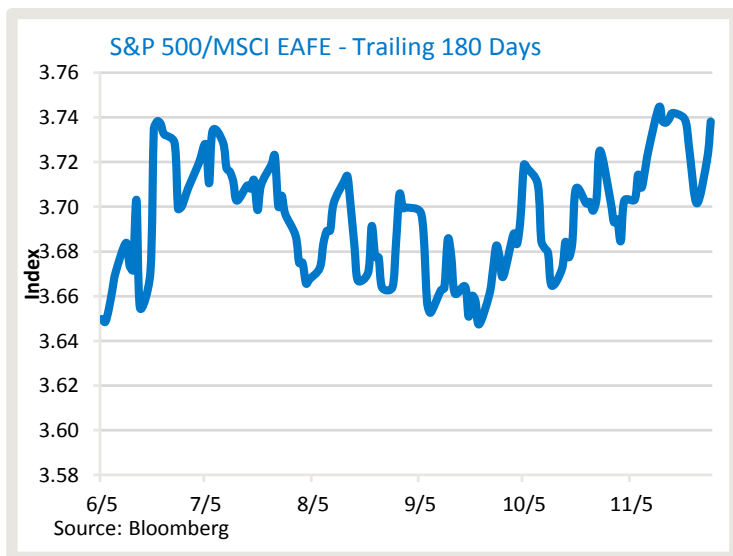
### SELECTED ALTERNATIVE INVESTMENT INDEX PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
HFRX Global Hedge Fund Index	1264.54	-2.93	-0.23%	5.08%	HFRX Distressed Index	1094.10	1.70	0.16%	1.96%
HFRX Equity Market Neutral	1010.22	-4.90	-0.48%	2.32%	HFRX Merger Arbitrage Index	1842.67	-2.74	-0.15%	1.66%
HFRX Equity Hedge Index	1255.29	3.16	0.25%	8.64%	HFRX Convertible Arbitrage Index	792.02	0.08	0.01%	6.65%
HFRX Event-Driven Index	1653.55	-4.02	-0.24%	5.70%	HFRX Macro CTA Index	1155.54	-11.20	-0.96%	1.78%
HFRX Absolute Return Index	1060.68	-2.79	-0.26%	3.13%	IQ Fixed Income Beta Arb Index	1470.08	3.08	0.21%	3.53%

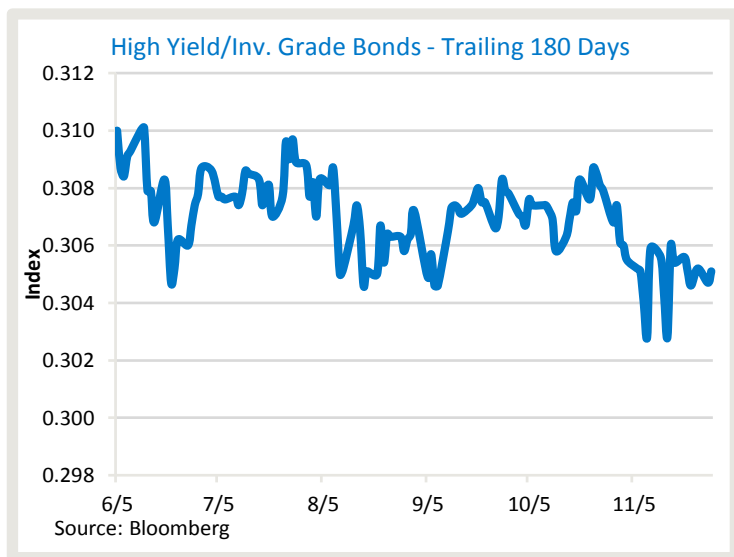
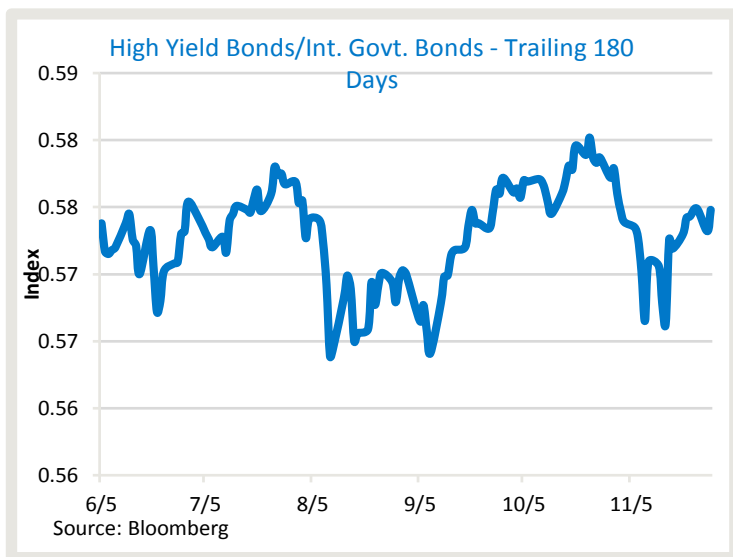
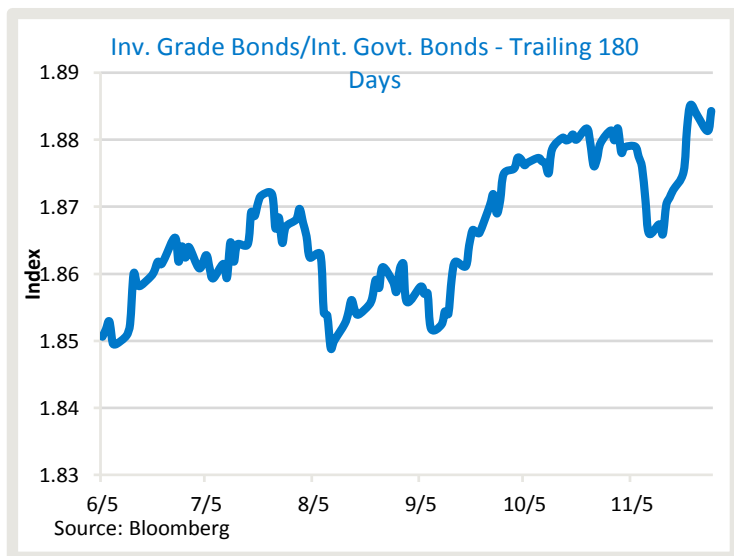
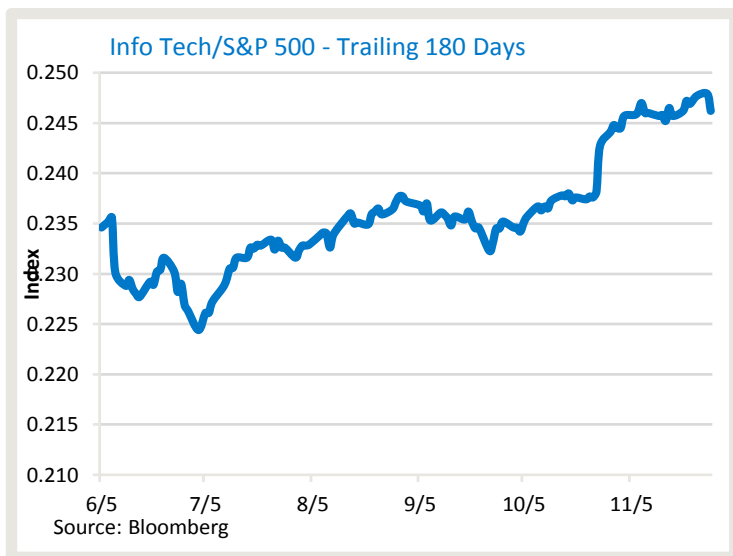
Source: Bloomberg; Index % change is based on price.



## Portfolio Construction



## Portfolio Construction (continued)



WEEKLY ASSET CLASS PERFORMANCE (Prior 12 weeks ending Thursday)

			9/14	9/21	9/28	10/5	10/12	10/19	10/26	11/2	11/9	11/16	11/23	11/30
Equity	Domestic Equity	Large Cap (R200)	1.22%	0.26%	0.22%	1.69%	-0.06%	0.47%	-0.08%	0.96%	0.20%	-0.08%	0.41%	1.89%
		Small Cap (R2000)	1.88%	1.34%	3.09%	1.57%	-0.46%	-0.21%	-0.31%	-0.06%	-1.44%	0.80%	2.01%	1.81%
	Int'l. Equity	MSCI EAFE	0.52%	0.52%	-0.30%	0.52%	1.11%	0.52%	-0.69%	1.09%	-0.56%	-0.85%	1.43%	0.31%
		MSCI Em. Mkts.	0.90%	0.75%	-3.23%	2.83%	1.71%	-0.42%	-0.78%	1.73%	0.57%	-0.74%	2.40%	2.74%
Fixed Income	BarCap Agg. (AGG)	-4.80%	0.81%	-5.32%	2.39%	8.49%	-8.59%	-0.67%	2.36%	-3.63%	-3.42%	6.91%	11.44%	
	High Yield (JNK)	0.32%	-0.03%	0.38%	-0.16%	-0.19%	0.35%	-0.40%	-0.32%	-1.38%	0.82%	0.41%	-0.05%	
Commodities	Bloomberg Commodity Index	-0.66%	-0.37%	-0.17%	-0.06%	0.64%	0.31%	0.61%	0.90%	0.88%	-2.05%	1.61%	-1.54%	
Alternatives	Hedge Funds (HFRX Global)	0.09%	0.23%	0.00%	0.55%	-0.11%	0.05%	-0.08%	0.42%	-0.36%	-0.20%	0.59%	-0.12%	
Asset Allocation	60/40*	-0.99%	0.61%	-1.67%	1.71%	3.15%	-2.81%	-0.45%	1.34%	-1.48%	-1.27%	3.10%	4.66%	
	48/32/20 (w/Alts.)**	-0.77%	0.53%	-1.34%	1.48%	2.50%	-2.24%	-0.38%	1.16%	-1.25%	-1.05%	2.60%	3.70%	

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	1.03	1.06	1.00	1.03	1.02	1.08	1.08	1.11	1.15	1.35	1.27	1.40	1.17	1.44
Large Cap Growth	0.97	1.00	1.02	0.97	0.99	0.99	1.04	1.05	1.07	1.12	1.31	1.23	1.35	1.13	1.40
Large Cap Value	0.95	0.98	1.00	0.95	0.97	0.97	1.02	1.03	1.05	1.09	1.28	1.20	1.33	1.11	1.37
Mid Cap Core	1.00	1.03	1.05	1.00	1.03	1.02	1.08	1.08	1.11	1.15	1.35	1.27	1.40	1.17	1.44
Mid Cap Growth	0.97	1.01	1.03	0.98	1.00	1.00	1.05	1.06	1.08	1.12	1.32	1.23	1.36	1.14	1.41
Mid Cap Value	0.98	1.01	1.03	0.98	1.00	1.00	1.06	1.06	1.08	1.13	1.32	1.24	1.37	1.14	1.41
Small Cap Core	0.93	0.96	0.98	0.93	0.95	0.95	1.00	1.01	1.03	1.07	1.26	1.17	1.30	1.08	1.34
Small Cap Growth	0.92	0.95	0.97	0.92	0.95	0.94	1.00	1.00	1.02	1.06	1.25	1.17	1.29	1.08	1.33
Small Cap Value	0.90	0.93	0.95	0.90	0.92	0.92	0.97	0.98	1.00	1.04	1.22	1.14	1.26	1.05	1.30
Int'l. Developed	0.87	0.90	0.91	0.87	0.89	0.89	0.94	0.94	0.96	1.00	1.17	1.10	1.21	1.01	1.25
Emerging Markets	0.74	0.76	0.78	0.74	0.76	0.75	0.80	0.80	0.82	0.85	1.00	0.93	1.03	0.86	1.06
REITs	0.79	0.82	0.83	0.79	0.81	0.81	0.85	0.86	0.88	0.91	1.07	1.00	1.11	0.92	1.14
Commodities	0.71	0.74	0.75	0.72	0.73	0.73	0.77	0.77	0.79	0.82	0.97	0.90	1.00	0.83	1.03
Int. Bond	0.86	0.89	0.90	0.86	0.88	0.88	0.93	0.93	0.95	0.99	1.16	1.09	1.20	1.00	1.24
High Yield	0.69	0.72	0.73	0.69	0.71	0.71	0.75	0.75	0.77	0.80	0.94	0.88	0.97	0.81	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 **MSCI China Index** captures large and mid cap representation across China H shares, B shares, Red chips, P chips and foreign listings (e.g. ADRs).

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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.

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