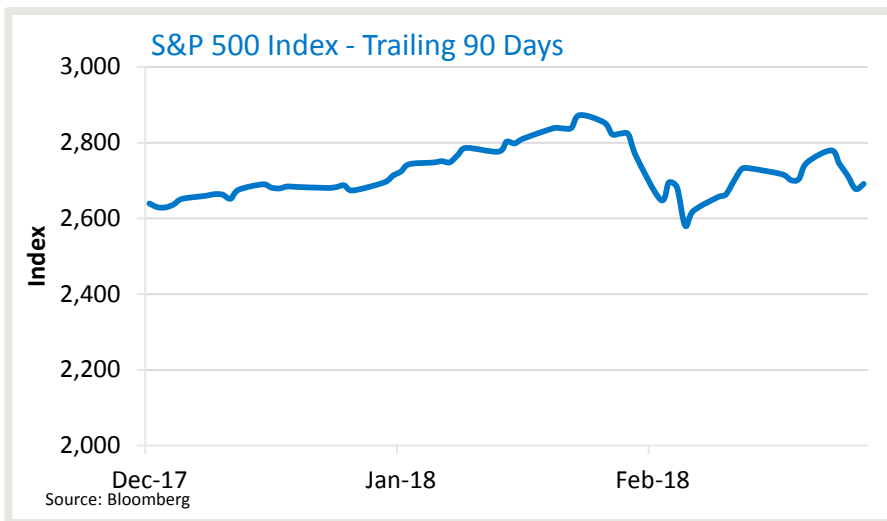


Weekly Market Review

March 2, 2018

Chart of the Week



Weekly Highlights

- **Fourth-quarter gross domestic product (GDP) revised slightly downward.** The second estimate of fourth-quarter GDP was released this week, and was trimmed from the initial estimate of 2.6% annualized to 2.5%. Slower inventory growth and a slightly wider trade deficit were the primary changes affecting the new estimate. The estimate for the full calendar year was unchanged at 2.3%.
- **Inflation remains modest.** Thursday's core consumer price index (CPI) data came in as expected, up 0.3% for the month and 1.5% for the trailing 12-month period. The personal consumption expenditure (PCE) inflation gauge, more closely watched by the Federal Reserve (Fed), was up 0.4% for January and 1.7% for the trailing 12-month period. The 12-month numbers for both indices have been steady for the last three months. Both remain well below the Fed's 2% target, but negative monthly readings from the first half of 2017 will be rolling off over the next five months.
- **Trouble brewing in the housing market?** January's new home sales were down sharply at 593,000, nearly 8% lower than December and 1% lower than January 2017. Pending home sales were also down 4.7% in January, the biggest monthly decline since 2010. The National Association of Realtors (NAR) blamed the drop on lack of houses for sale, rather than lack of qualified buyers. Rising mortgage rates and changes in the deductibility of property taxes and mortgage interest paid are expected to depress the real estate market this year.

Talking Points

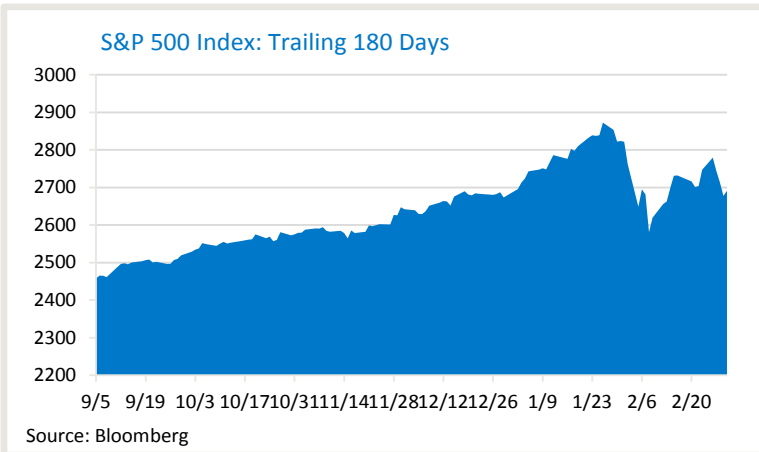
- **Among equities,** volatility dominated headlines, with all major indices finishing in negative territory. Most European indices fell close to 2%, with US equities in similar territory and the S&P 500 falling around 2.5%. Emerging markets lagged as well, with Latin America down more than 3%.
- **Treasury yields were mixed.** The Treasury yields from one to five years were essentially unchanged for the week, while the 10-year and 30-year yields were down roughly 4 basis points.
- **The US Dollar Index** was slightly higher on the week. A significant rally early in the week was snuffed out after President's Trump comments on raising tariffs on steel and aluminum imports.
- **Crude Oil** fell steadily for most of the week after a short-lived rally on Monday. The current contract fell roughly 6% from Monday's intraday high. US production continues to rise, and domestic supply on hand rose by three million barrels, 50% more than expected.
- **Among other economic data released this week:** Initial unemployment claims fell to 210,000, and the four-week average fell to 220,500. Durable goods orders, excluding the volatile transportation sector, were down 0.3%.

Market Dashboard

| | Last Price | Change | % Chg. | YTD % |
|---------------------------|------------|---------|--------|-------|
| S&P 500 | 2,691.25 | -56.05 | -2.04% | 0.7% |
| Dow Industrials | 24,538.06 | -771.93 | -3.05% | -0.7% |
| Nasdaq | 7,257.87 | -79.52 | -1.08% | 5.1% |
| Russell 2000 | 1,533.17 | -16.01 | -1.03% | -0.2% |
| Euro Stoxx Index | 367.04 | -14.12 | -3.70% | -5.7% |
| Shanghai Composite | 3,254.53 | -34.50 | -1.05% | -1.6% |
| Russell Global | 2,161.22 | -49.80 | -2.28% | -0.3% |

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

| | Last Price | Change | % Chg. | YTD % |
|--------------------------|------------|---------|--------|-------|
| Russell Global EM | 3,746.87 | -66.00 | -1.73% | 2.8% |
| 10-Year US Treas. | 2.86 | -1 bps | NM | NM |
| DJ UBS Comm. Idx. | 88.15 | -0.54 | -0.61% | 0.0% |
| Gold | \$1,322.09 | -\$6.77 | -0.51% | 1.5% |
| Crude Oil | \$61.45 | -\$2.15 | -3.38% | 1.7% |
| Dollar Index | 89.96 | 0.08 | 0.09% | -2.3% |
| VIX Index | 19.59 | 3.10 | 18.80% | 77.4% |



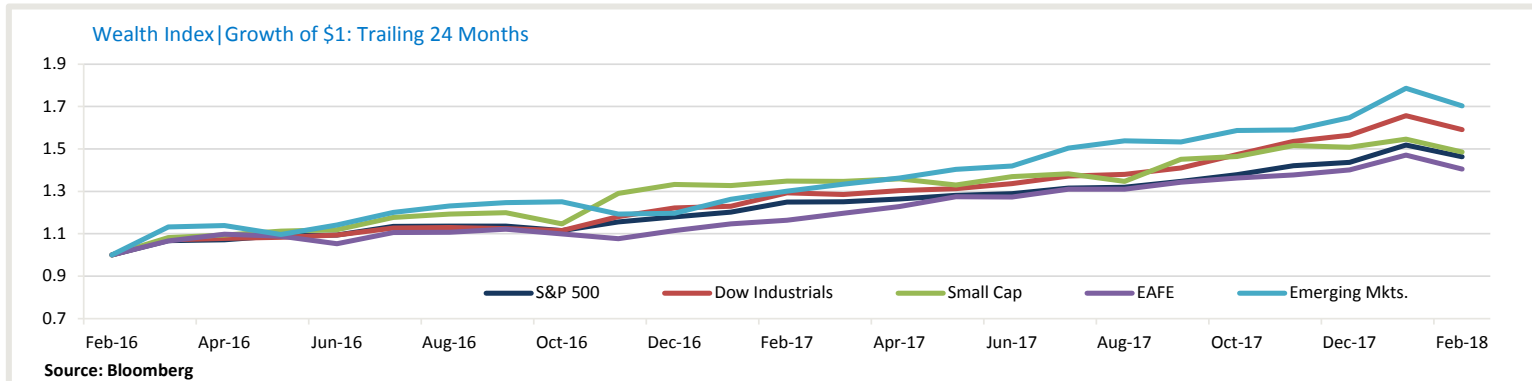
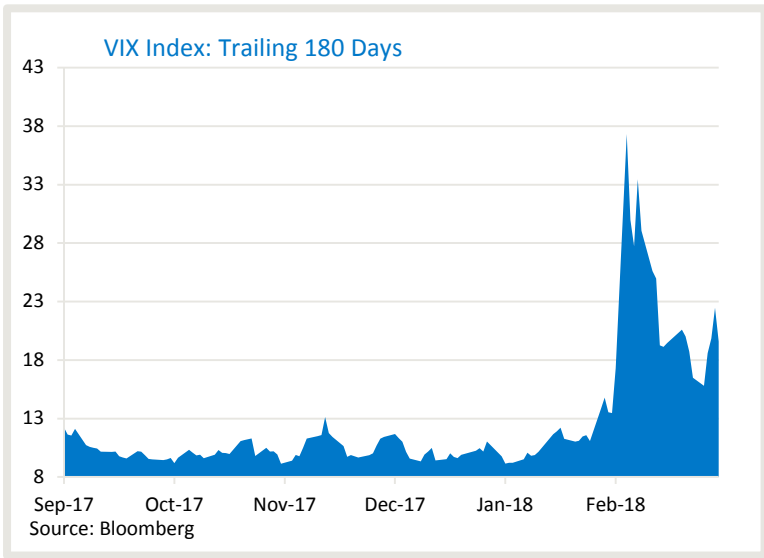
| | One Week | | | YTD | | |
|----------|----------|--------|--------|--------|--------|-------|
| | Value | Growth | | Value | Growth | |
| L | -1.98% | -1.99% | -2.01% | -1.64% | 1.15% | 3.61% |
| | -2.10% | -1.80% | -1.43% | -3.05% | -0.80% | 2.10% |
| S | -1.73% | -1.03% | -0.41% | -2.83% | -0.15% | 2.35% |

Source: Bloomberg

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

| | % Wgt in S&P 500 | Week % Chg. | YTD % Chg. |
|-------------------------------|------------------|-------------|------------|
| Consumer Discretionary | 12.7 | -2.67% | 1.4% |
| Consumer Staples | 7.7 | -1.30% | -5.1% |
| Energy | 5.6 | -2.72% | -7.8% |
| Financials | 14.9 | -2.28% | 1.6% |
| Health Care | 13.8 | -1.99% | 1.1% |
| Industrials | 10.1 | -3.33% | 1.2% |
| Information Technology | 25.2 | -0.83% | 5.6% |
| Materials | 2.9 | -4.03% | -2.9% |
| Real Estate | 2.6 | -2.71% | -9.6% |
| Telecom Services | 1.9 | -0.74% | -7.2% |
| Utilities | 2.7 | -2.93% | -7.6% |

Source: Bloomberg



The Economy and Markets

A Macro View – February Monthly Recap

The domestic equity market reminded investors in February that volatility does still exist. The modest weakness in the final week of January turned into a rout over the first few trading days of February, as investors were spooked by data showing the first signs of inflation, including continuing upward wage pressure. This data sent all of the major indices down 7.5%-9.0% by February 8. However, ongoing positive earnings reports, including the significant projected impact of the tax reform bill passed in December, allowed the market to recover a little more than half of those losses over the remainder of the month. Energy was one of the worst performing sectors, as rising US inventories caused oil prices to fall nearly 8.0%. The more defensive segments of the market were also hit hard, particularly the dividend payers and other bond proxies, as interest rates rose sharply during the first three weeks of February. The Information Technology sector had the only positive return for the month, very modest in the large cap space and essentially flat in small caps.

February was the first month since last March that posted a negative return in all three of the major US Indices: the Dow fell 4.0%; the S&P 500 was down 3.7%; and the NASDAQ dropped by 3.7%. Large caps, as represented by the Russell Top 200 Index, were down 3.5% for the month, marginally outperforming small caps (Russell 2000 Index declined 3.9%) and mid caps (Russell Midcap Index fell 4.1%). The growth indices, led by their technology weights, outperformed their value counterparts by 1.8%-2.2%, across the market spectrum. The Bloomberg Commodity Index as a whole was down 1.7% but up 0.7% when the energy component is removed. The Dow Jones Wilshire U.S. REIT Index was down 7.6% for the month.

The international equity markets¹ modestly underperformed the domestic markets in February, falling in sync during the first two weeks, but failing to rally nearly as far as the US indices during the latter half. Eurozone GDP growth remains strong, relative to recent history, and has shown signs of expanding beyond the core countries, as recent data from Spain and Portugal were particularly strong. Unemployment continues to fall across the common market as well. Yet the most recent CPI data shows inflation still well below the European Central Bank's (ECB) target of 2%. Japan also reported the eighth consecutive quarter of positive GDP growth; however, the 0.5% annualized reading was well below the market's expectation of 0.9%. The EAFE Index declined 3.7%, dragged lower by Greece, Spain, and Germany, all of which fell more than 6.8%. The emerging markets outperformed their developed counterparts, as the Emerging Market (EM) Index was down just 3.3%. Russia led the way, up more than 3.0% for the month.

Domestic fixed income markets² largely posted negative returns in February, as interest rates rose sharply. Economic data continued to show modest but consistent wage growth, and January's CPI numbers surprised to the upside. The US Treasury curve steepened slightly during the month, as the yield on the 2-year Treasury note rose 12 basis points, while yields on both the 10-year note and 30-year bond were up 15 basis points. Short-term indices hovered around the breakeven point, but losses increased the further investors moved out the yield curve.

The Aggregate Index (down 95 basis points) was dragged lower by a 1.5% decline in corporate credit, its main driver over the last several years, and both the mortgage-backed security (MBS) sector (down 66 basis points) and Treasuries (down 75 basis points) also struggled. The noninvestment grade indices fared slightly better, as the higher coupons of the High Yield Index (down 85 basis points) partially shielded investors from the rise in rates, and the floating rate nature of the S&P LSTA Leveraged Loan Index created a gain of 20 basis points for the month.

The municipal market continued to outperform the taxable market in February. New supply remains scarce, while municipal mutual funds received substantial inflows in two of the first three weeks. The 1-3 Year Index was up 14 basis points, while the 22+ Year Index was down just 42 basis points. Negative monthly returns, even those as modest as February's, have traditionally led to substantial outflows from municipal funds. When combined with the presumed seasonal outflows in late March and early April, as individual investors pay their taxes, it would be easy to predict a difficult few months for the muni market. But new issuance averaged less than \$5 billion a week in February, and the 30-day forward calendar has remained stable at \$9.5 billion, meaning it may take a very significant drop in demand before munis begin to underperform the taxable market.

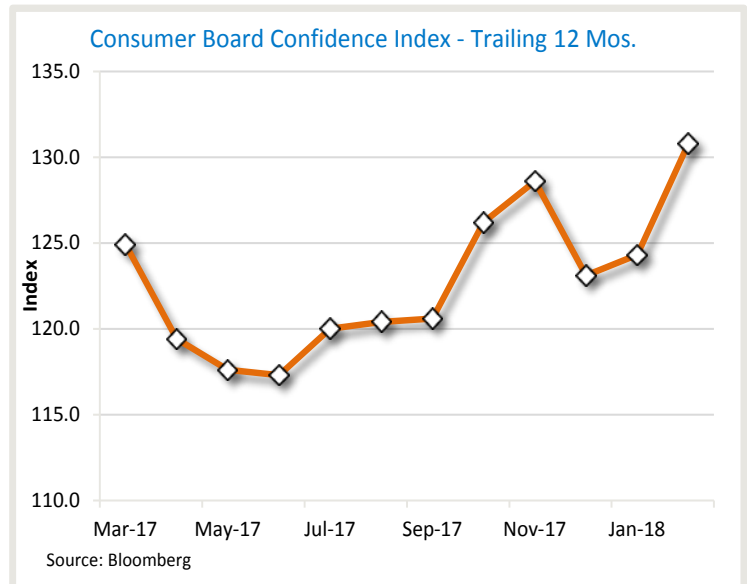
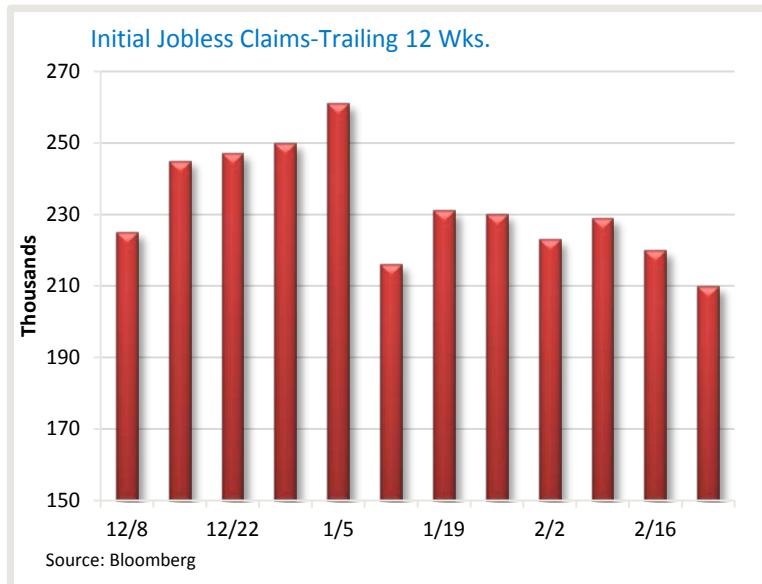
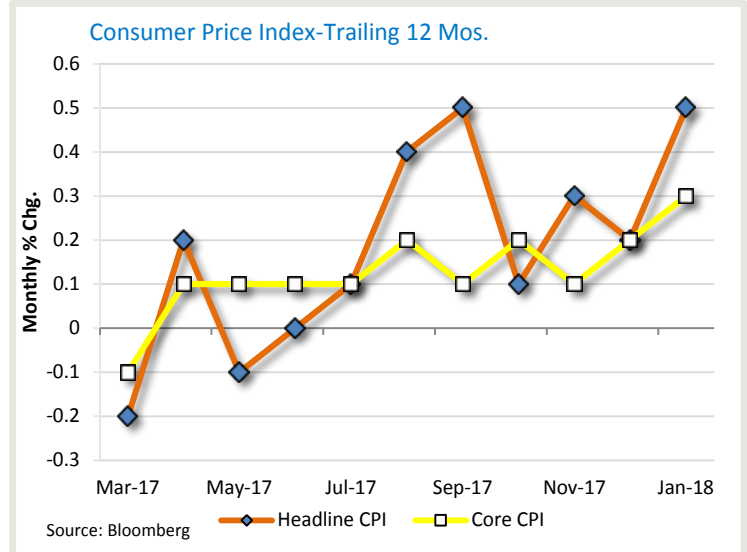
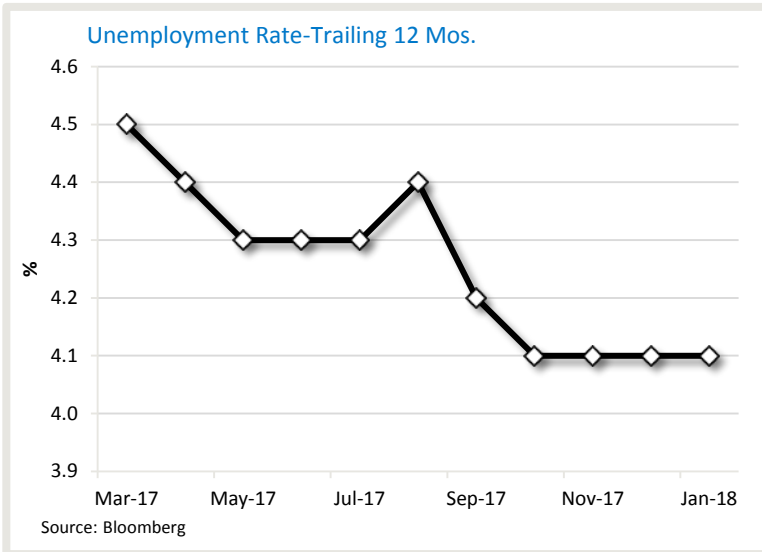
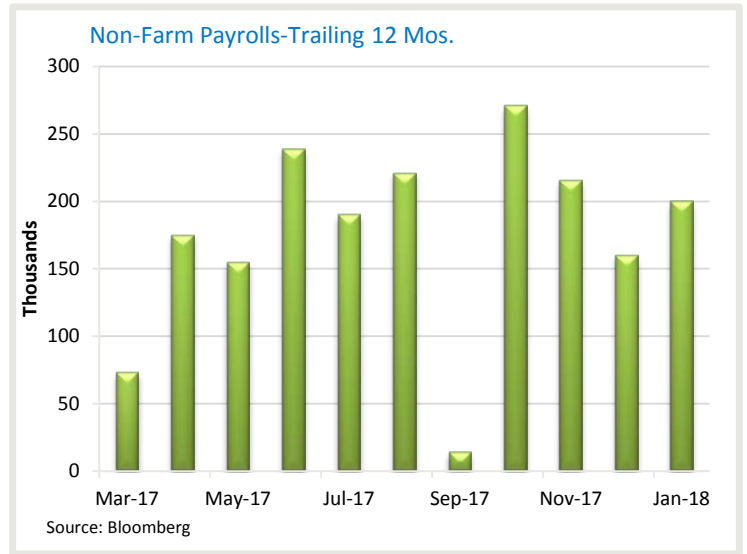
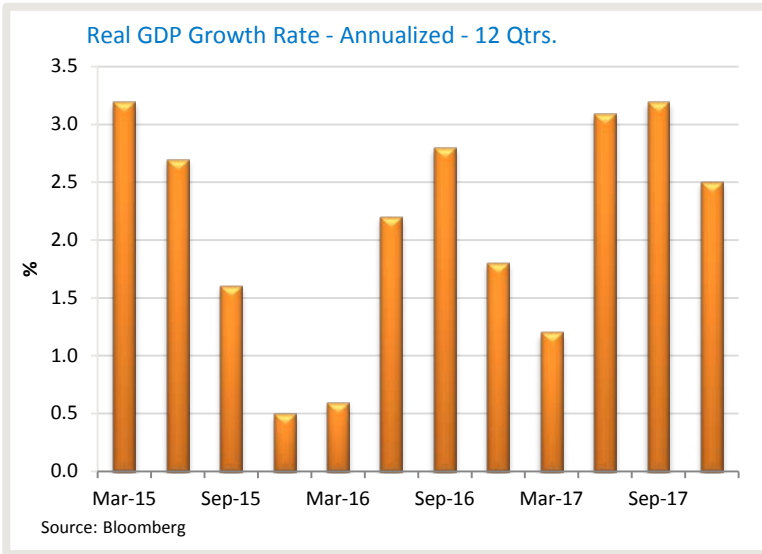
The international fixed income markets also fell during February, at least in dollar terms. Yields on German Bunds, UK Gilts, and Japanese Government Bonds all ended the month lower, creating a modestly positive return for the currency hedged version of the Global Aggregate ex-US Index. However, the dollar ended higher against most currencies in February, the first month of appreciation since last October, both wiping out the gain and leaving the unhedged version of the Index down 85 basis points. The dollar also rallied against a broad swath of emerging markets currencies, which weighed on the local currency JPMorgan Government Bond Index (JPM GBI) performance (down 1.0%). Negative performance was even more pronounced for the hard currency JPMorgan Emerging Market Bond Index (JPM EMBI) (down 2.0%), as rising Treasury yields put upward rate pressure on dollar-denominated emerging markets government bonds, which trade at a spread over Treasuries.

Nathan Behan, CFA, CAIA
SVP, Investment Research

¹ Unless otherwise noted, returns are for the appropriate MSCI Indices in US dollar terms.

² Unless otherwise noted, returns are for the appropriate Bloomberg Barclays Indices.

Economic Data



Eurozone

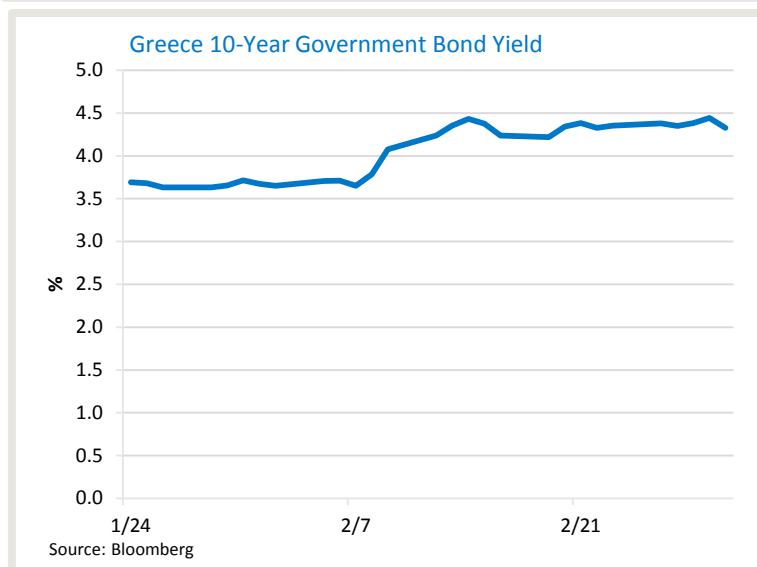
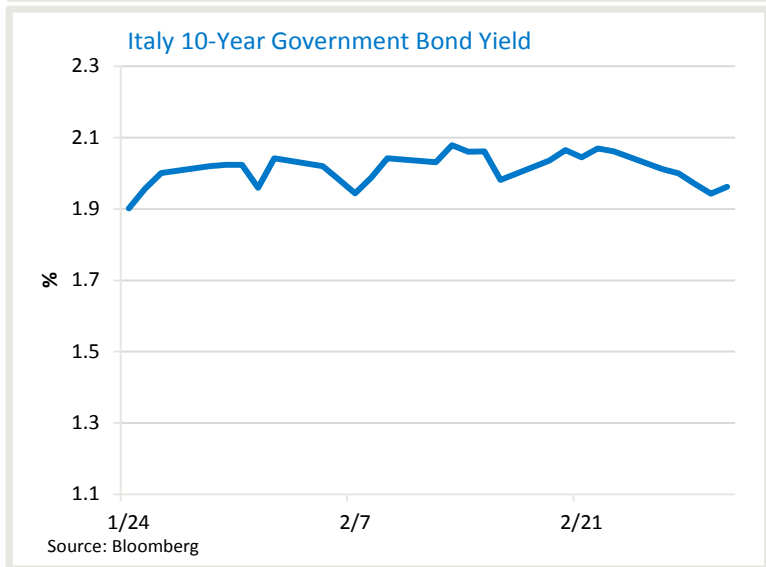
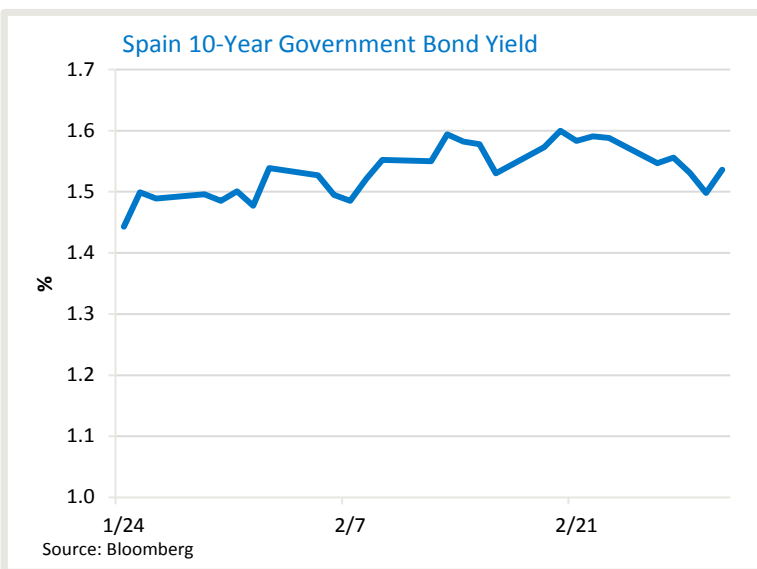
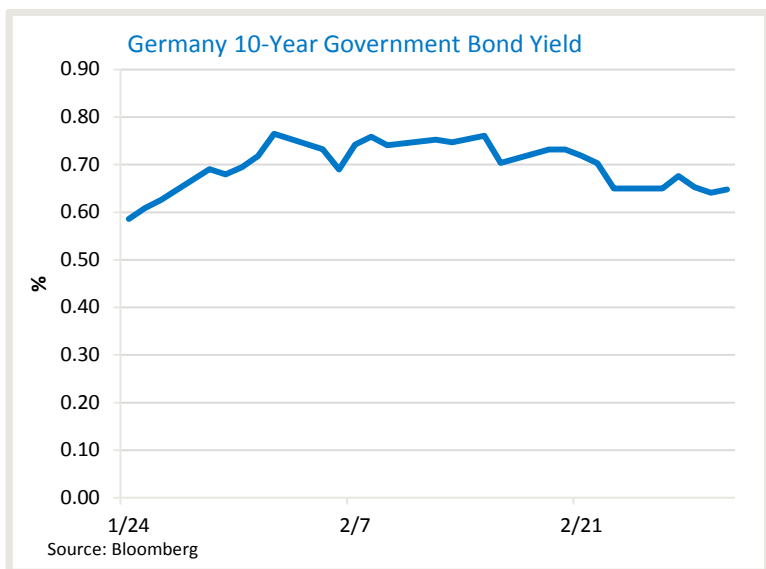
SELECTED EUROPEAN SOVEREIGN YIELD PERFORMANCE

| | Last | Change | % Chg. | YTD % |
|----------------------|------|--------|--------|-------|
| Germany 10-Yr. Govt. | 0.65 | 0 bps | NM | NM |
| Greece 10-Yr. Govt. | 4.33 | 2 bps | NM | NM |
| Italy 10-Yr. Govt. | 1.96 | 8 bps | NM | NM |
| Spain 10-Yr. Govt. | 1.54 | 5 bps | NM | NM |
| Belgium 10-Yr. Govt. | 0.95 | 0 bps | NM | NM |

| | Last | Change | % Chg. | YTD % |
|--------------------------|------|--------|--------|-------|
| France 10-Yr. Govt. | 0.92 | 1 bps | NM | NM |
| Ireland 10-Yr. Govt. | 1.08 | 3 bps | NM | NM |
| Portugal 10-Yr. Govt. | 1.98 | 4 bps | NM | NM |
| Netherlands 10-Yr. Govt. | 0.69 | 0 bps | NM | NM |
| U.K. 10-Yr. Govt. | 1.47 | 4 bps | NM | NM |

Source: Bloomberg

Basis points (bps)

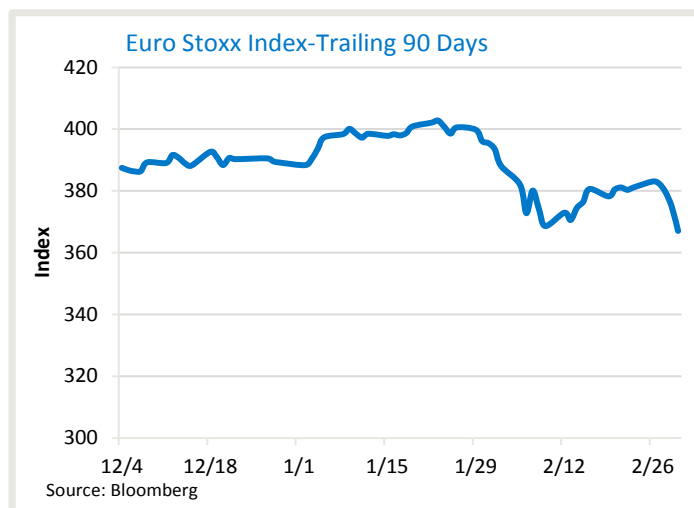
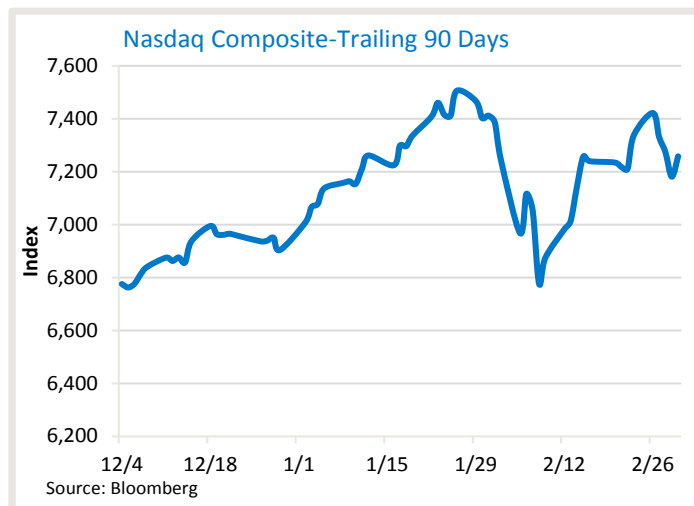
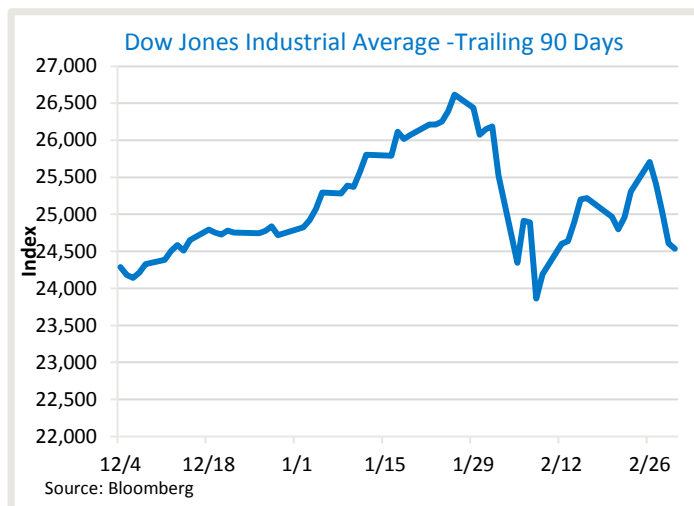


Equities

WORLD MARKET PERFORMANCE

| | Last | Change | % Chg. | YTD % | | Last | Change | % Chg. | YTD % |
|-----------------------------|-----------|----------|--------|--------|-------------------------------|-----------|---------|--------|--------|
| S&P 500 | 2,691.25 | -56.05 | -2.04% | 0.66% | Swiss Market Index | 8,628.51 | -319.68 | -3.57% | -8.03% |
| Dow Industrials | 24,538.06 | -771.93 | -3.05% | -0.73% | CAC 40 Index (France) | 5,136.58 | -180.79 | -3.40% | -3.31% |
| Nasdaq Composite | 7,257.87 | -79.52 | -1.08% | 5.13% | DAX Index (Germany) | 11,913.71 | -570.08 | -4.57% | -7.77% |
| Russell Global | 2,161.22 | -49.80 | -2.28% | -0.3% | Irish Overall Index | 6,668.24 | -54.03 | -0.80% | -5.26% |
| Russell Global EM | 3,746.87 | -66.00 | -1.73% | 2.8% | Nikkei 225 | 21,181.64 | -711.14 | -3.25% | -6.95% |
| S&P/TSX (Canada) | 15,384.59 | -253.86 | -1.62% | -5.09% | Hang Seng Index | 30,583.45 | -683.72 | -2.19% | 2.22% |
| Mexico IPC | 47,548.10 | -1095.33 | -2.25% | -3.66% | Shanghai Composite | 3,254.53 | -34.50 | -1.05% | -1.59% |
| Brazil Bovespa | 85,761.34 | -1531.90 | -1.75% | 12.25% | Kospi Index (S. Korea) | 2,402.16 | -12.12 | -0.50% | -2.65% |
| Euro Stoxx 600 | 367.04 | -14.12 | -3.70% | -5.69% | Taiwan Taiex Index | 10,698.17 | -96.38 | -0.89% | 0.52% |
| FTSE 100 | 7,069.90 | -174.51 | -2.41% | -8.04% | Tel Aviv 25 Index | 1,500.56 | 1.22 | 0.08% | -0.61% |
| IBEX 35 (Spain) | 9,531.10 | -291.30 | -2.97% | -5.11% | MICEX Index (Russia) | 2,288.84 | -47.98 | -2.05% | 8.49% |

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



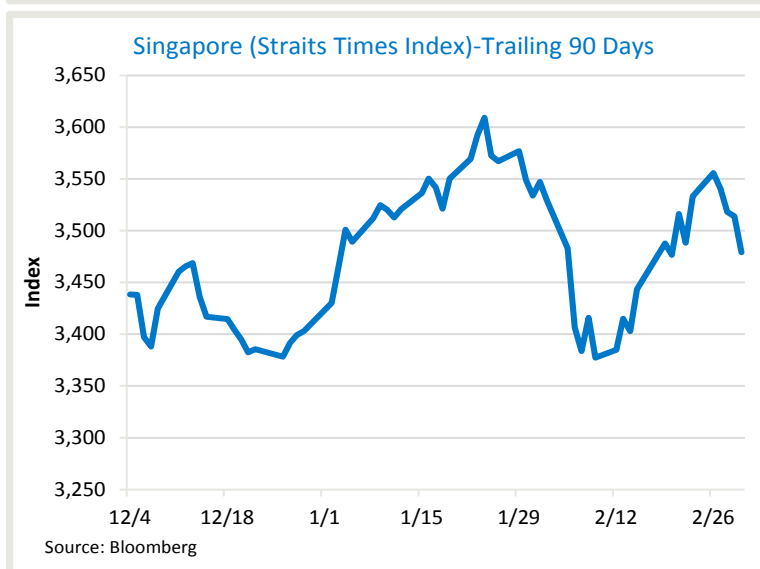
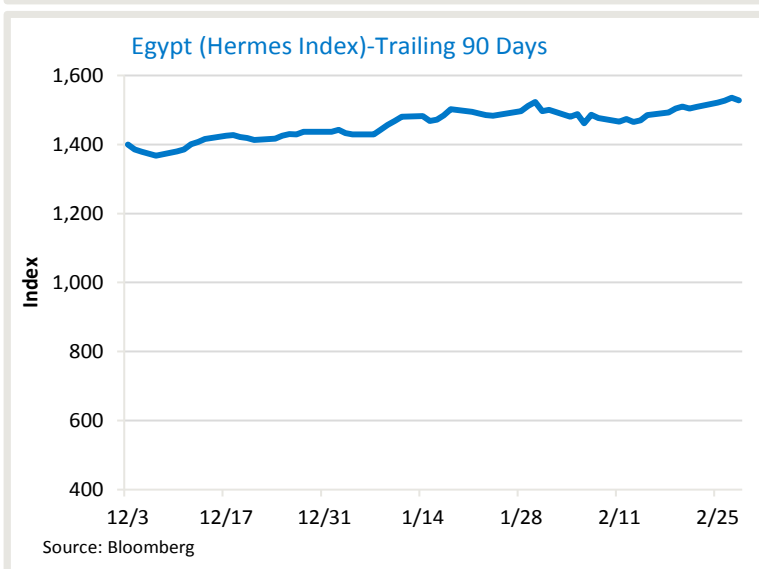
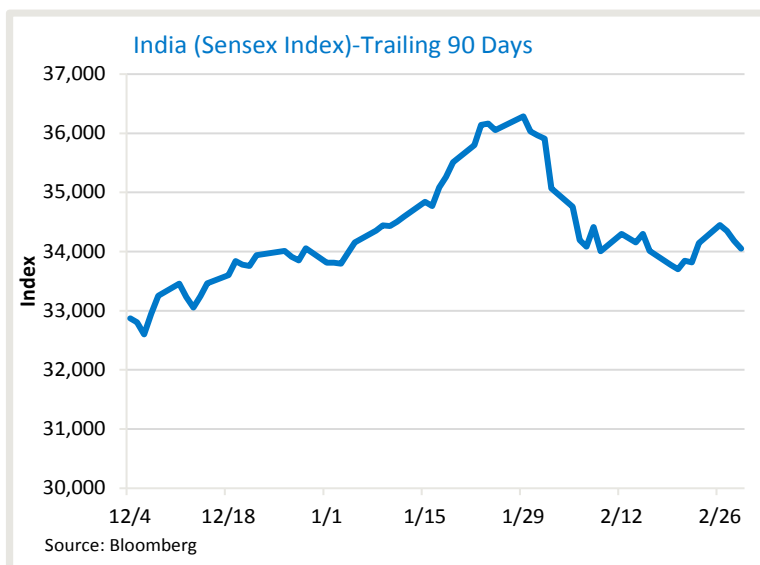
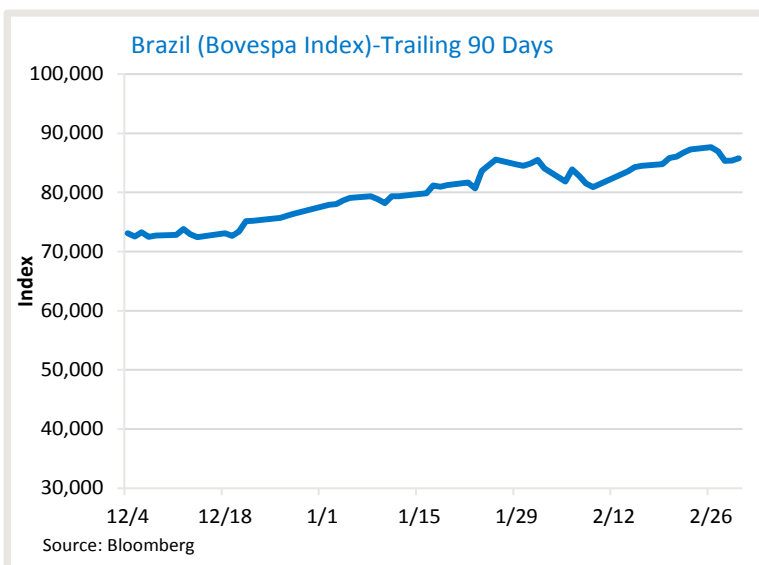
Equities – Emerging and Frontier Markets

EMERGING AND FRONTIER MARKET PERFORMANCE

| | Last | Change | % Chg. | YTD % |
|-----------------------------|------------|----------|--------|-------|
| Mexico IPC | 47,548.10 | -1095.33 | -2.3% | -3.7% |
| Brazil (Bovespa Index) | 85,761.34 | -1531.90 | -1.8% | 12.3% |
| MICEX Index (Russia) | 2,288.84 | -47.98 | -2.1% | 8.5% |
| Czech Republic (Prague) | 1,106.02 | 1.06 | 0.1% | 2.6% |
| Turkey (Istanbul) | 116,859.19 | -662.30 | -0.6% | 1.3% |
| Egypt (Hermes Index) | 1,526.10 | 17.38 | 1.2% | 6.2% |
| Kenya (Nairobi 20 Index) | 3,755.95 | 44.98 | 1.2% | 1.2% |
| Saudi Arabia (TASI Index) | 7,411.16 | -114.06 | -1.5% | 2.6% |
| Lebanon (Beirut BLOM Index) | 1,168.46 | -4.93 | -0.4% | 1.7% |
| Palestine | 589.25 | 1.31 | 0.2% | 2.6% |

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

| | Last | Change | % Chg. | YTD % |
|---------------------------------|-----------|---------|--------|-------|
| Hang Seng Index | 30,583.45 | -683.72 | -2.2% | 2.2% |
| India (Sensex 30) | 34,046.94 | -95.21 | -0.3% | 0.0% |
| Malaysia (KLCI Index) | 1,856.07 | -5.43 | -0.3% | 3.3% |
| Singapore (Straits Times Index) | 3,479.20 | -54.02 | -1.5% | 2.2% |
| Thailand (SET Index) | 1,811.98 | 23.35 | 1.3% | 3.3% |
| Indonesia (Jakarta) | 6,582.32 | -37.49 | -0.6% | 3.6% |
| Pakistan (Karachi KSE 100) | 43,740.49 | 473.29 | 1.1% | 8.1% |
| Vietnam (Ho Chi Minh) | 1,121.21 | 18.36 | 1.7% | 13.9% |
| Sri Lanka (Colombo) | 6,557.02 | -14.52 | -0.2% | 2.9% |
| Cambodia (Laos) | 934.26 | -17.94 | -1.9% | -6.4% |

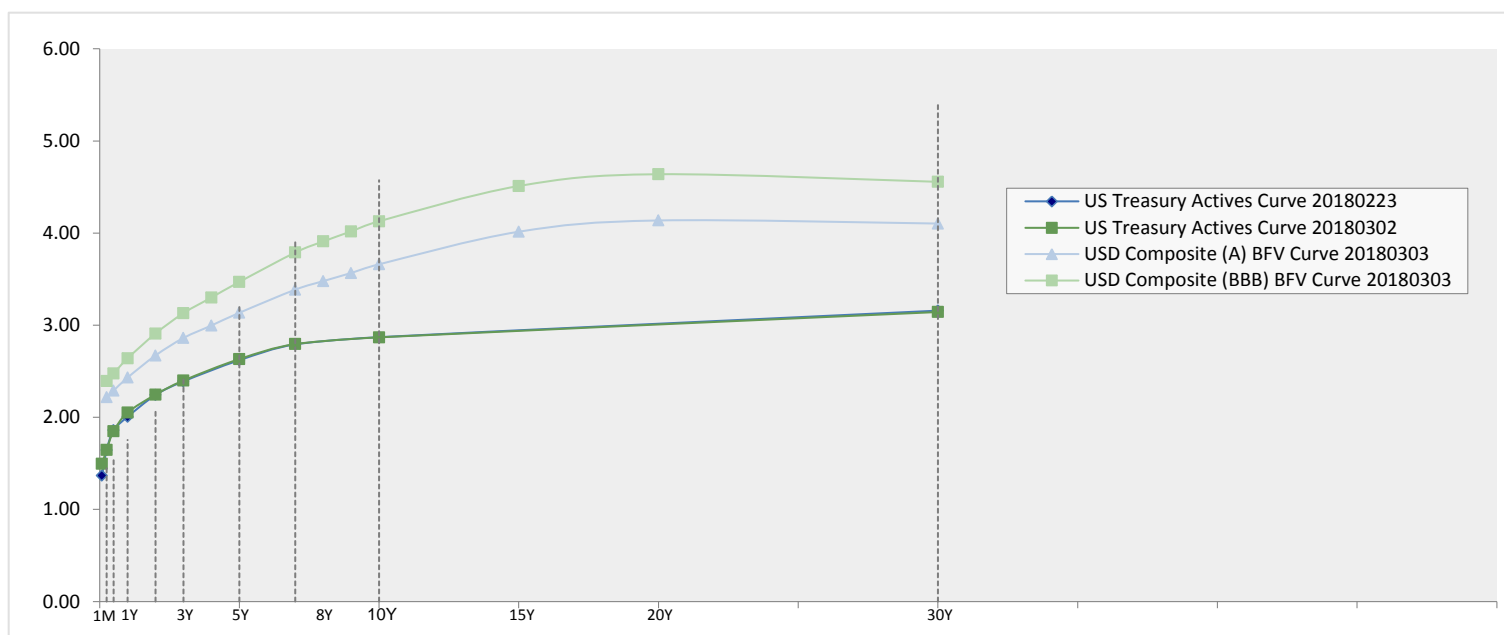


Interest Rates

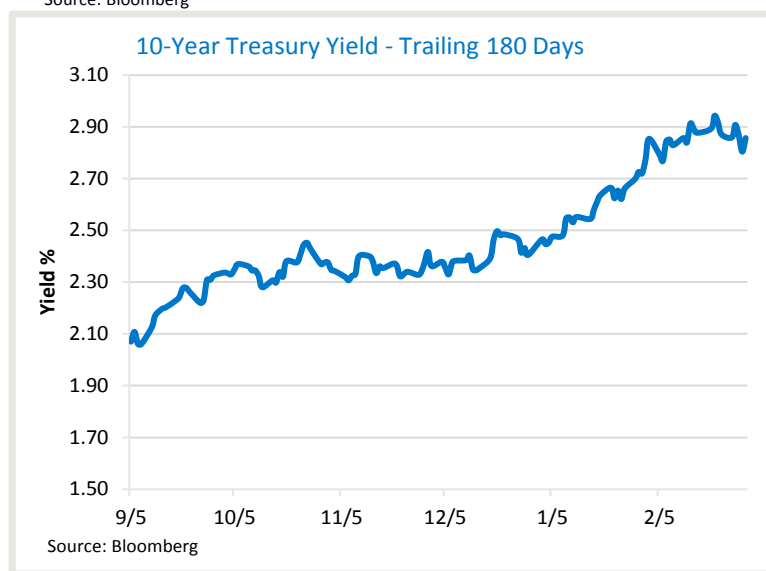
SELECTED INTEREST RATES

| | Last | Change | % Chg. | YTD % | | Last | Change | % Chg. | YTD % |
|----------------------|-------|--------|--------|-------|--------------------|-------|--------|--------|-------|
| 2-Yr. U.S. Treasury | 2.24% | 0 bps | NM | NM | Prime Rate | 4.50% | 0.00 | NM | NM |
| 5-Yr. U.S. Treasury | 2.62% | 0 bps | NM | NM | Fed Funds Rate | 1.50% | 0.00 | NM | NM |
| 10-Yr. U.S. Treasury | 2.86% | -1 bps | NM | NM | Discount Rate | 2.00% | 0.00 | NM | NM |
| 30-Yr. U.S. Treasury | 3.13% | -3 bps | NM | NM | LIBOR (3 Mo.) | 2.02% | 7 bps | NM | NM |
| German 10-Yr. Govt. | 0.65% | 0 bps | NM | NM | Bond Buyer 40 Muni | 3.81% | -1 bps | NM | NM |
| France 10-Yr. | 0.92% | 1 bps | NM | NM | Bond Buyer 40 G.O. | 3.85% | NA | NM | NM |
| Italy 10-Yr. | 1.96% | 8 bps | NM | NM | Bond Buyer 40 Rev. | 4.34% | NA | NM | NM |
| Fed 5-Yr Fwd BE Inf. | 2.16% | 1 bps | NM | NM | | | | | |

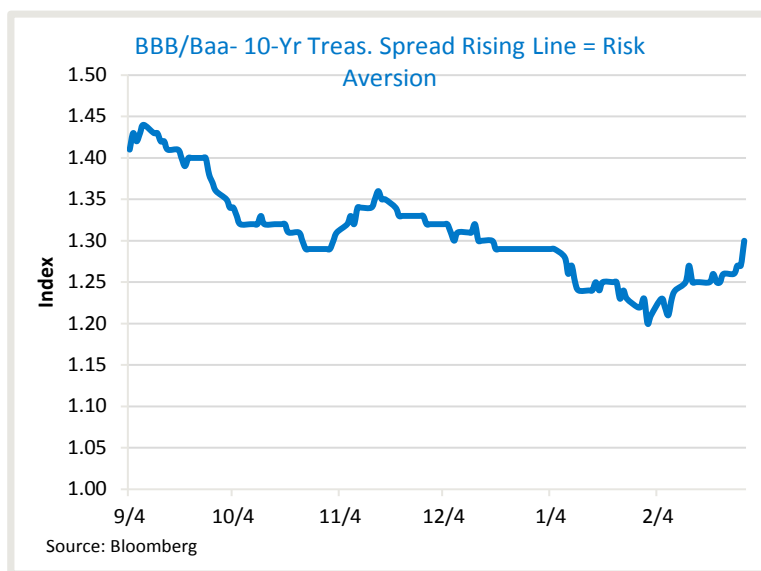
Source: Bloomberg



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg

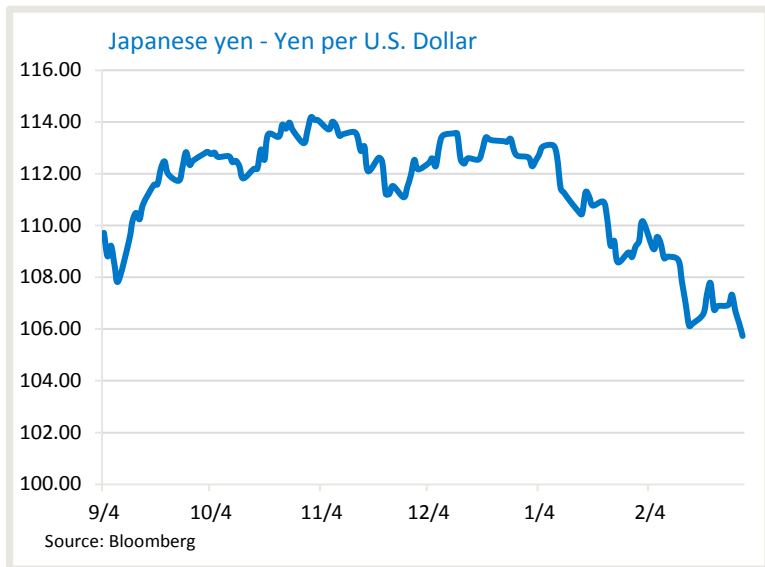
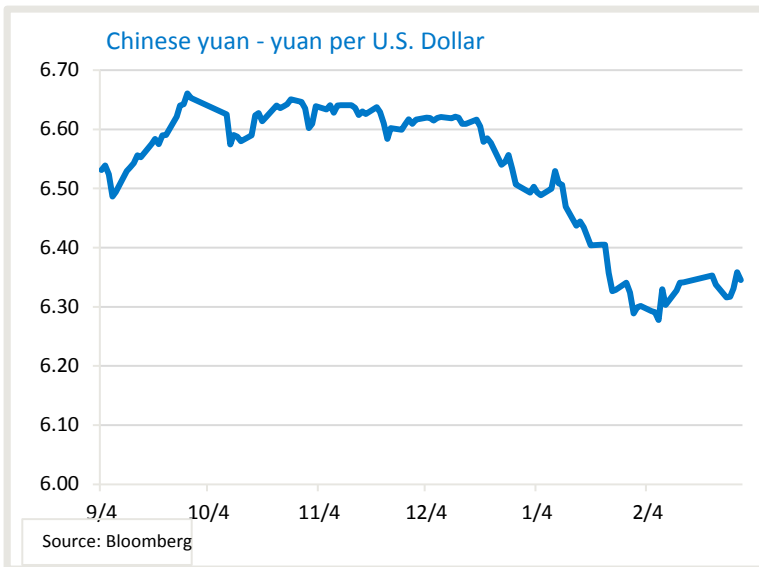
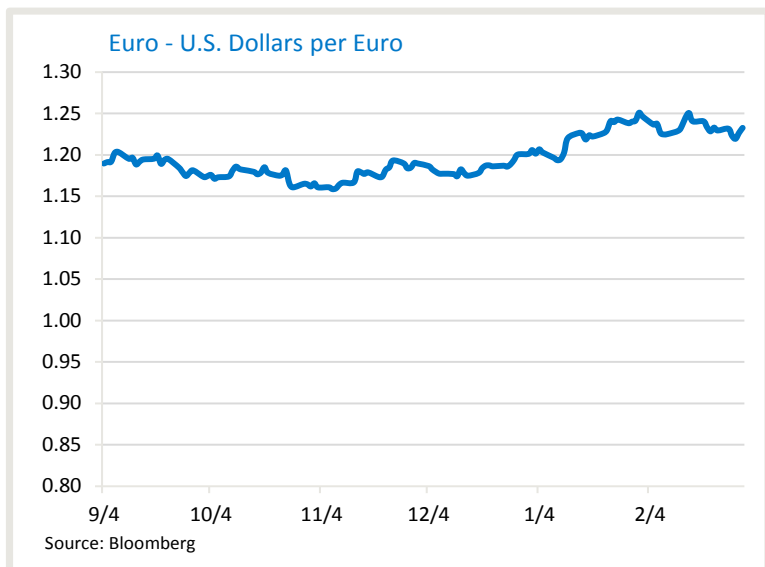
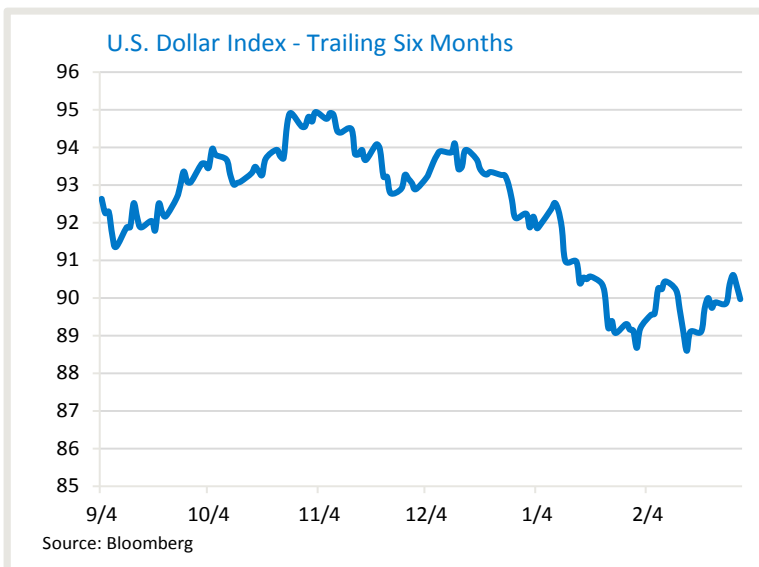
Currencies

SELECTED CURRENCY PERFORMANCE

| | Last | Change | % Chg. | YTD % |
|------------------------|---------------|---------------|---------------|---------------|
| Dollar Index | 89.95 | 0.083 | 0.09% | -2.34% |
| Euro | 1.23 | 0.003 | 0.26% | 2.68% |
| Japanese Yen | 105.72 | -1.160 | 1.10% | 6.58% |
| British Pound | 1.38 | -0.018 | -1.28% | 2.06% |
| Canadian Dollar | 1.29 | 0.025 | -1.91% | -2.39% |

| | Last | Change | % Chg. | YTD % |
|---------------------------|--------------|---------------|---------------|--------------|
| Chinese Yuan | 6.35 | 0.008 | -0.13% | 2.54% |
| Swiss Franc | 0.94 | 0.001 | -0.15% | 3.93% |
| New Zealand Dollar | 0.72 | -0.007 | -0.89% | 1.96% |
| Brazilian Real | 3.25 | 0.015 | -0.45% | 1.69% |
| Mexican Peso | 18.83 | 0.272 | -1.44% | 4.42% |

Source: Bloomberg

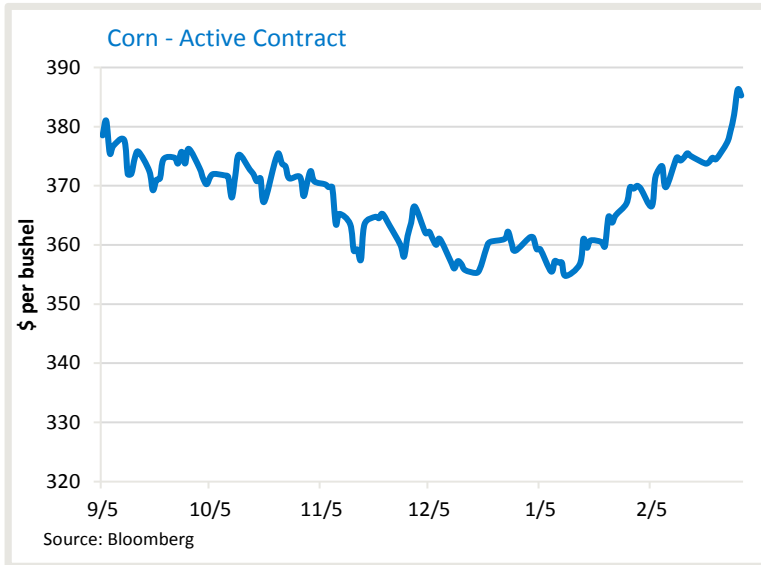
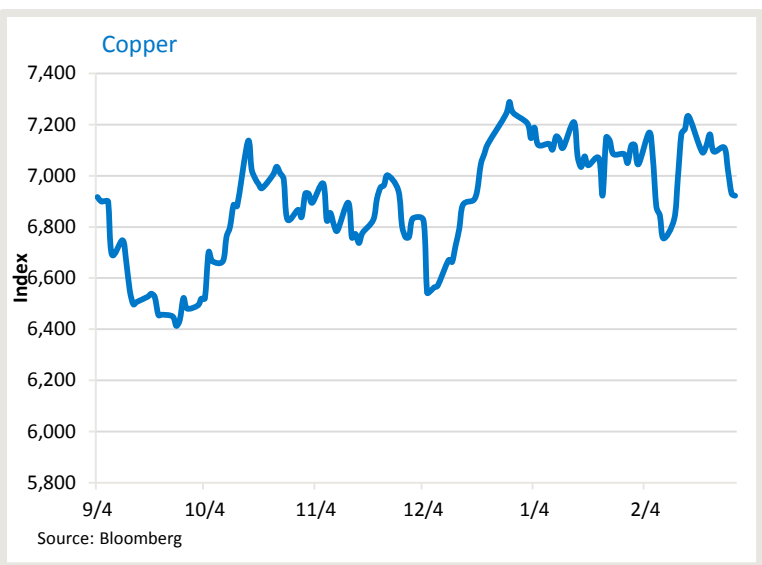
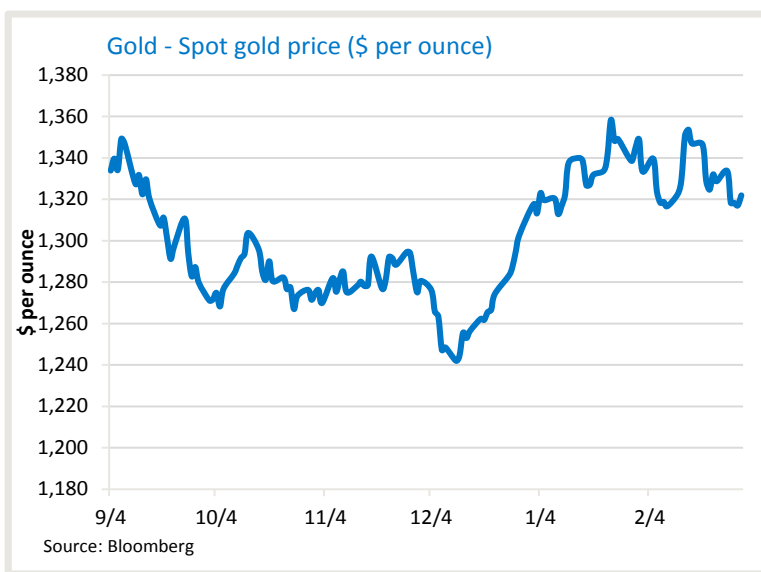
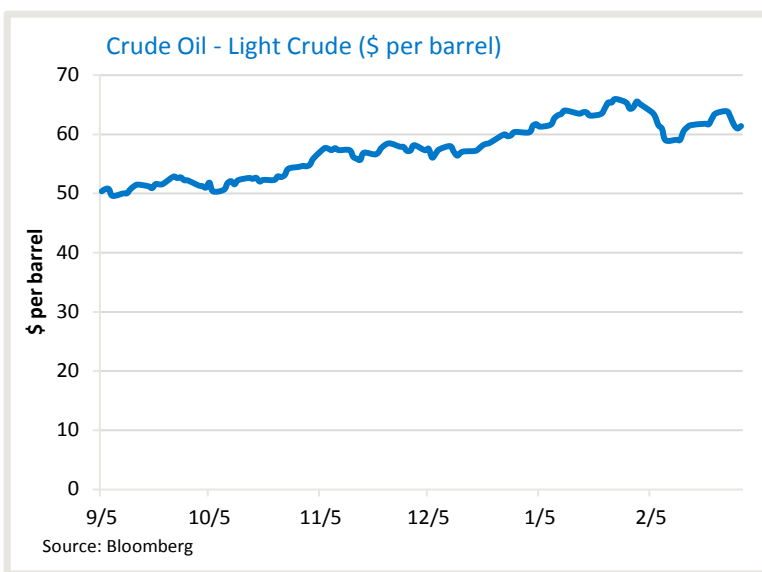


Commodities

SELECTED COMMODITY MARKET PERFORMANCE

| | Last | Change | % Chg. | YTD % | | Last | Change | % Chg. | YTD % |
|----------------------|------------|---------|--------|--------|---------------|----------|----------|--------|---------|
| Bloomberg Comm. Idx. | 88.15 | -0.54 | -0.61% | -0.02% | Platinum Spot | \$966.09 | -\$30.88 | -3.10% | 4.05% |
| Crude Oil | \$61.42 | -\$2.15 | -3.38% | 1.66% | Corn | 385.25 | 10.75 | 2.87% | 7.31% |
| Natural Gas | \$2.71 | \$0.05 | 1.99% | -1.42% | Wheat | 500.00 | 35.75 | 7.70% | 13.57% |
| Gasoline (\$/Gal.) | \$2.54 | \$0.02 | 0.83% | 2.17% | Soybeans | 1,071.00 | 23.50 | 2.24% | 10.07% |
| Heating Oil | 188.38 | -8.78 | -4.45% | -6.40% | Sugar | 13.42 | -0.04 | -0.30% | -10.65% |
| Gold Spot | \$1,322.03 | -\$6.77 | -0.51% | 1.47% | Orange Juice | 138.60 | -6.70 | -4.61% | 0.58% |
| Silver Spot | \$16.51 | -\$0.02 | -0.10% | -2.48% | Aluminum | 2,147.00 | 7.00 | 0.33% | -5.34% |
| | | | | | Copper | 6,922.00 | -173.00 | -2.44% | -4.48% |

Source: Bloomberg; % change is based on price.

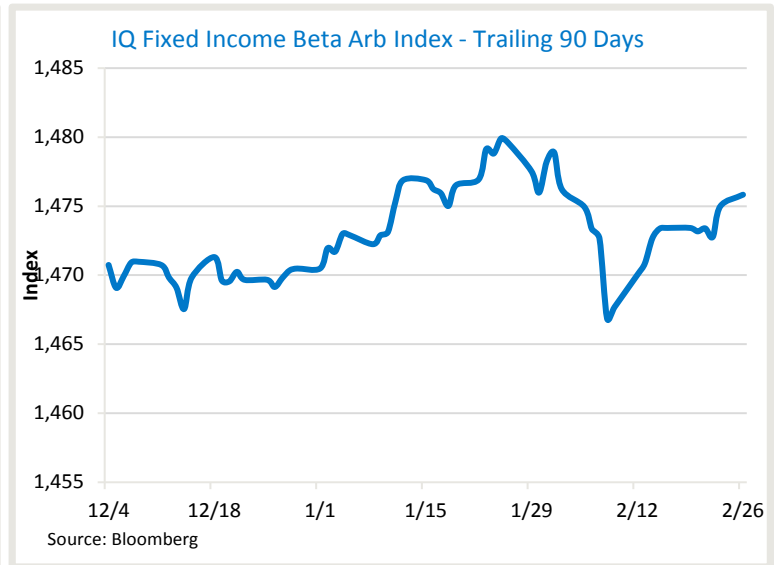
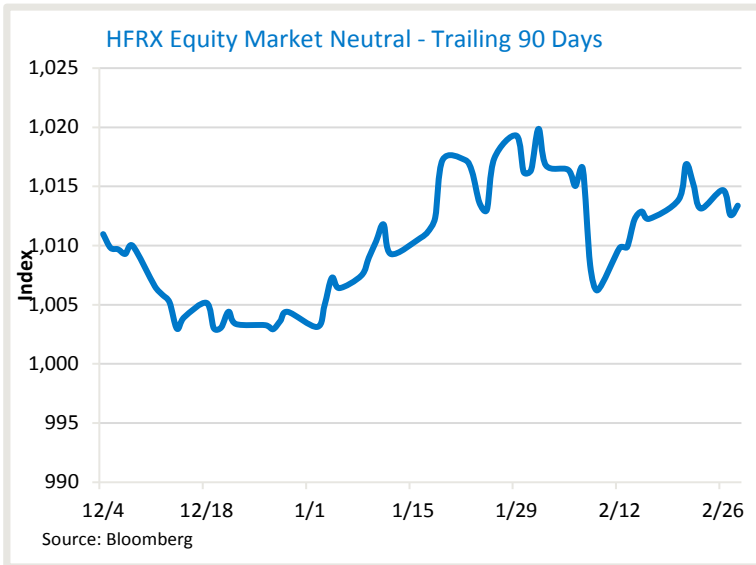
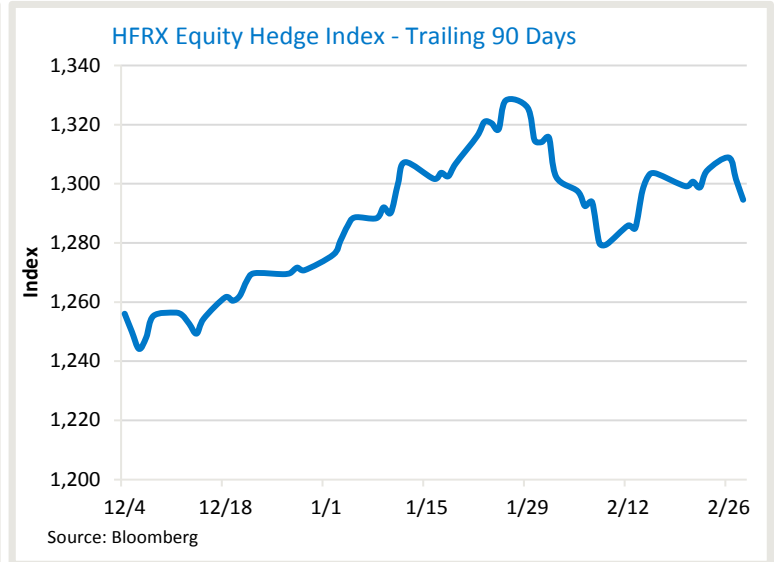
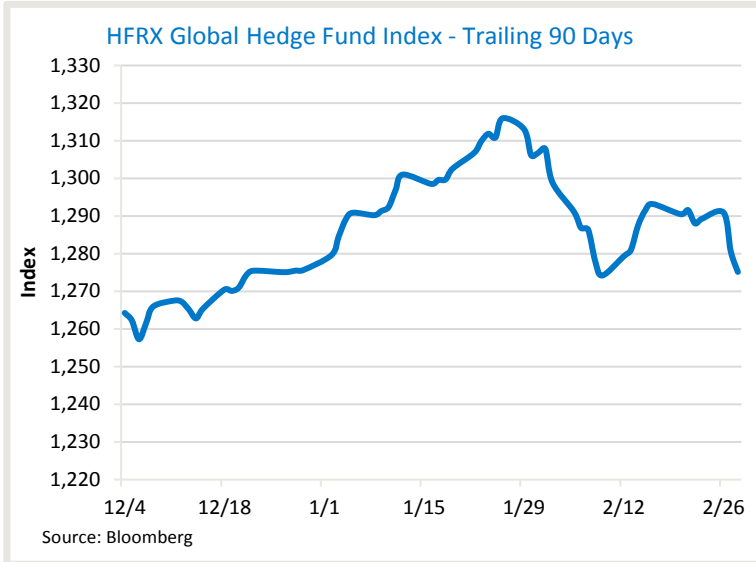


Alternative Investments

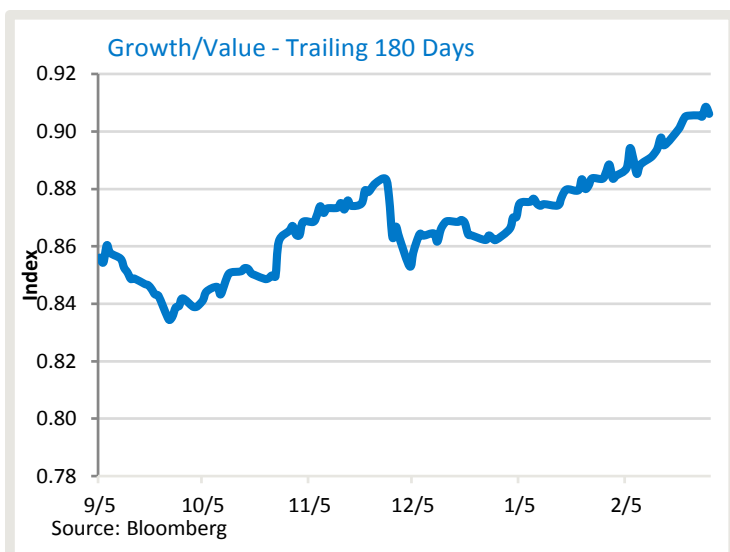
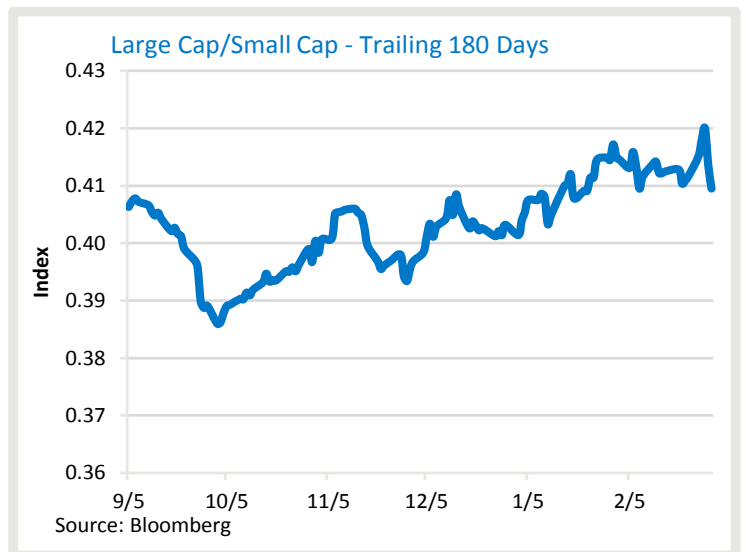
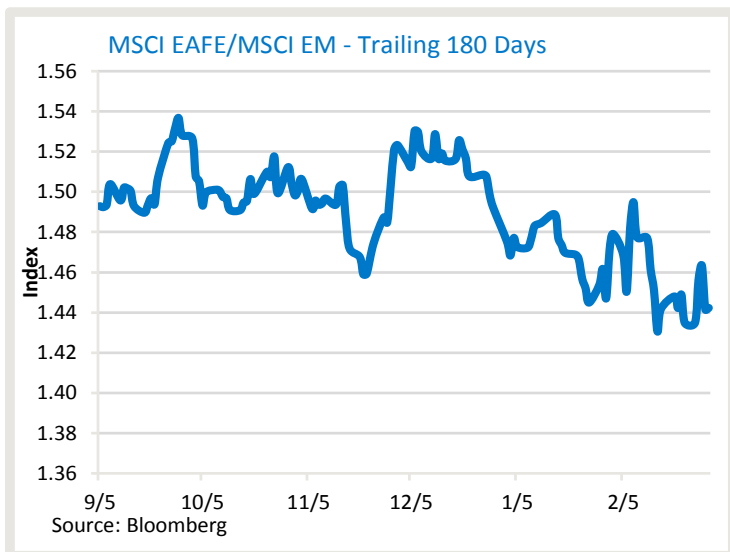
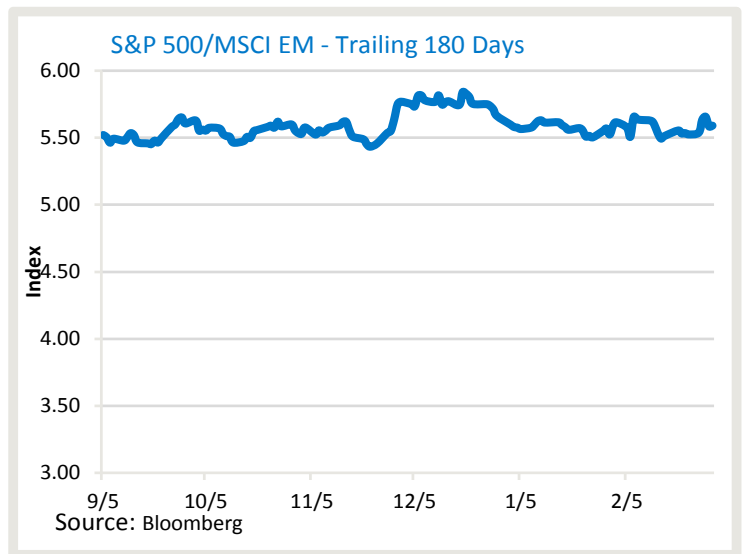
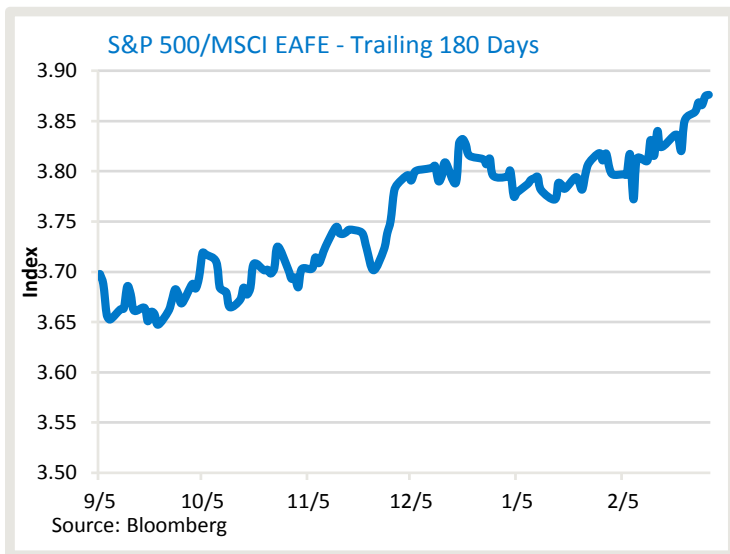
SELECTED ALTERNATIVE INVESTMENT INDEX PERFORMANCE

| | Last | Change | % Chg. | YTD % | | Last | Change | % Chg. | YTD % |
|------------------------------|---------|--------|--------|--------|----------------------------------|---------|--------|--------|--------|
| HFRX Global Hedge Fund Index | 1275.14 | -14.16 | -1.10% | -0.04% | HFRX Distressed Index | 1110.61 | -5.88 | -0.53% | 0.36% |
| HFRX Equity Market Neutral | 1013.38 | 0.25 | 0.02% | 0.89% | HFRX Merger Arbitrage Index | 1830.13 | -25.47 | -1.37% | -1.23% |
| HFRX Equity Hedge Index | 1294.57 | -9.92 | -0.76% | 1.87% | HFRX Convertible Arbitrage Index | 799.74 | 5.58 | 0.70% | 0.44% |
| HFRX Event-Driven Index | 1620.74 | -49.02 | -2.94% | -2.70% | HFRX Macro CTA Index | 1149.39 | -9.54 | -0.82% | -1.24% |
| HFRX Absolute Return Index | 1068.06 | -4.95 | -0.46% | 0.45% | IQ Fixed Income Beta Arb Index | 1474.38 | -0.62 | -0.04% | 0.27% |

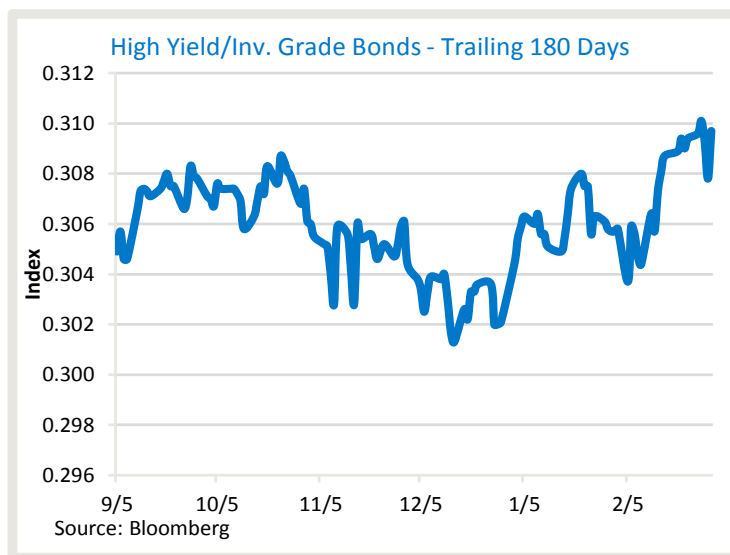
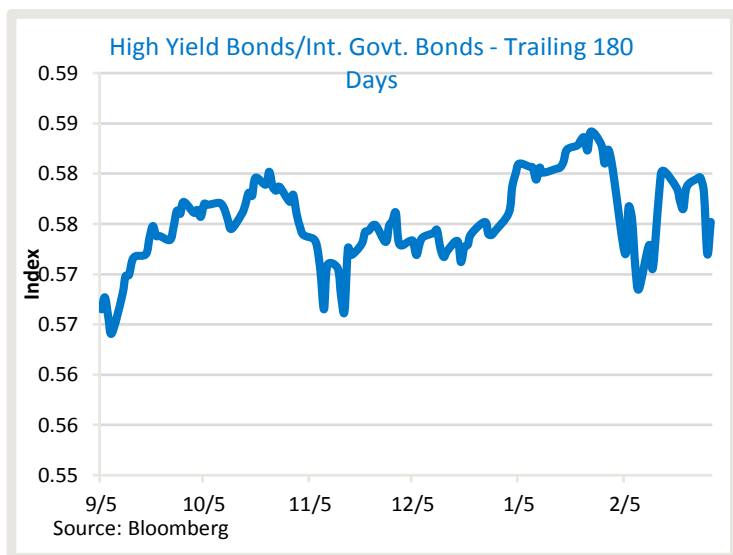
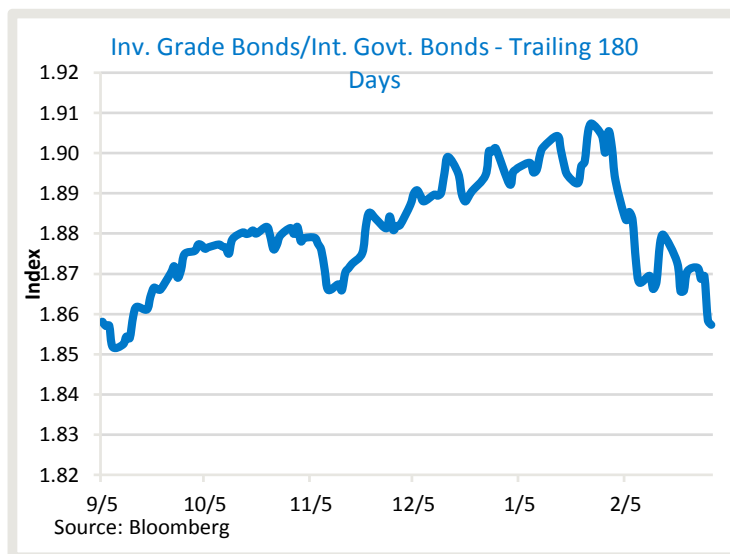
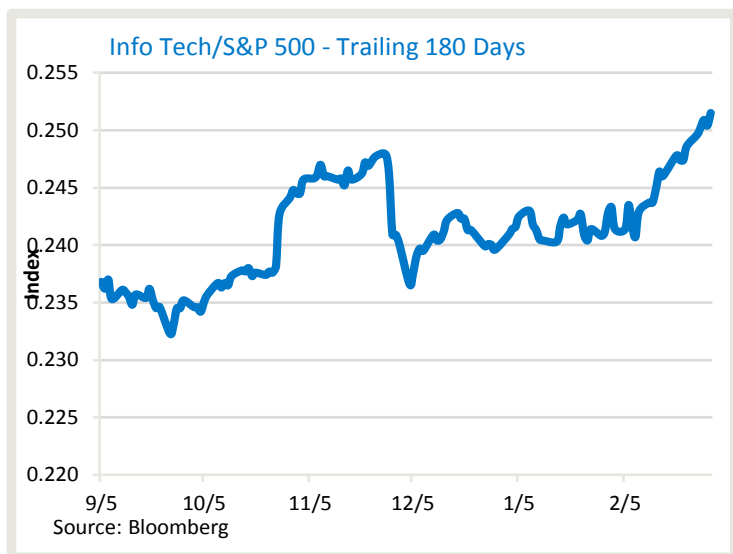
Source: Bloomberg; Index % change is based on price.



Portfolio Construction



Portfolio Construction (continued)



WEEKLY ASSET CLASS PERFORMANCE (Prior 12 weeks ending Thursday)

| | | | 12/14 | 12/21 | 12/28 | 1/4 | 1/11 | 1/18 | 1/25 | 2/1 | 2/8 | 2/15 | 2/22 | 3/1 |
|------------------|---------------------------|-------------------|--------|---------|--------|--------|--------|--------|--------|--------|--------|---------|--------|--------|
| Equity | Domestic Equity | Large Cap (R200) | 0.83% | 1.16% | -0.02% | 1.42% | 1.65% | 1.29% | 1.45% | -0.43% | -8.67% | 5.89% | -0.96% | -0.89% |
| | | Small Cap (R2000) | -0.89% | 2.66% | 0.12% | 0.44% | 2.00% | -0.63% | 1.58% | -1.36% | -7.35% | 5.01% | -0.47% | -1.48% |
| | Int'l. Equity | MSCI EAFE | 0.94% | 0.85% | 0.47% | 2.24% | 1.15% | 1.35% | 2.10% | -1.48% | -6.11% | 1.78% | -0.04% | -1.72% |
| | | MSCI Em. Mkts. | 1.88% | 1.17% | 1.69% | 3.38% | 0.37% | 2.55% | 2.93% | -1.17% | -6.85% | 3.40% | -0.14% | -0.72% |
| Fixed Income | BarCap Agg. (AGG) | 8.72% | 47.24% | -10.88% | 1.05% | -9.17% | -6.31% | 0.12% | 0.12% | -2.20% | -2.12% | -13.90% | 12.30% | |
| | High Yield (JNK) | -0.14% | -0.35% | 0.27% | 0.90% | -0.19% | -0.30% | 0.22% | -1.19% | -1.70% | 0.87% | -0.25% | -0.44% | |
| Commodities | Bloomberg Commodity Index | 0.04% | 1.72% | 2.84% | 0.99% | -0.30% | 0.44% | 1.99% | -0.66% | -3.18% | 1.41% | 0.49% | -0.52% | |
| Alternatives | Hedge Funds (HFRX Global) | 0.10% | 0.90% | 0.11% | 1.06% | 0.61% | 0.21% | 0.86% | -0.23% | -2.28% | 1.06% | -0.27% | -1.00% | |
| Asset Allocation | 60/40* | 1.69% | 17.32% | -3.63% | 1.39% | -2.33% | -1.57% | 1.11% | -0.56% | -5.45% | 2.01% | -5.23% | 3.57% | |
| | 48/32/20 (w/Alts.)** | 1.37% | 14.03% | -2.89% | 1.32% | -1.74% | -1.21% | 1.06% | -0.50% | -4.82% | 1.82% | -4.24% | 2.66% | |

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 | 0.95 | 1.07 | 1.05 | 0.99 | 1.10 | 1.05 | 0.99 | 1.12 | 1.10 | 0.95 | 1.21 | 0.92 | 0.99 | 1.19 |
| Large Cap Growth | 1.05 | 1.00 | 1.13 | 1.10 | 1.04 | 1.16 | 1.10 | 1.04 | 1.18 | 1.16 | 1.00 | 1.28 | 0.97 | 1.05 | 1.25 |
| Large Cap Value | 0.94 | 0.89 | 1.00 | 0.98 | 0.92 | 1.03 | 0.98 | 0.92 | 1.05 | 1.03 | 0.89 | 1.14 | 0.86 | 0.93 | 1.11 |
| Mid Cap Core | 0.96 | 0.91 | 1.02 | 1.00 | 0.94 | 1.05 | 1.00 | 0.94 | 1.07 | 1.05 | 0.91 | 1.16 | 0.88 | 0.95 | 1.14 |
| Mid Cap Growth | 1.01 | 0.96 | 1.08 | 1.06 | 1.00 | 1.11 | 1.06 | 1.00 | 1.14 | 1.12 | 0.96 | 1.23 | 0.94 | 1.01 | 1.20 |
| Mid Cap Value | 0.91 | 0.87 | 0.97 | 0.95 | 0.90 | 1.00 | 0.95 | 0.90 | 1.02 | 1.00 | 0.86 | 1.11 | 0.84 | 0.91 | 1.08 |
| Small Cap Core | 0.96 | 0.91 | 1.02 | 1.00 | 0.94 | 1.05 | 1.00 | 0.94 | 1.07 | 1.06 | 0.91 | 1.16 | 0.88 | 0.95 | 1.14 |
| Small Cap Growth | 1.01 | 0.96 | 1.08 | 1.06 | 1.00 | 1.11 | 1.06 | 1.00 | 1.14 | 1.12 | 0.96 | 1.23 | 0.94 | 1.01 | 1.21 |
| Small Cap Value | 0.89 | 0.85 | 0.95 | 0.93 | 0.88 | 0.98 | 0.93 | 0.88 | 1.00 | 0.98 | 0.85 | 1.08 | 0.82 | 0.89 | 1.06 |
| Int'l. Developed | 0.91 | 0.86 | 0.97 | 0.95 | 0.89 | 1.00 | 0.95 | 0.89 | 1.02 | 1.00 | 0.86 | 1.10 | 0.84 | 0.90 | 1.08 |
| Emerging Markets | 1.05 | 1.00 | 1.13 | 1.10 | 1.04 | 1.16 | 1.10 | 1.04 | 1.18 | 1.16 | 1.00 | 1.28 | 0.97 | 1.05 | 1.25 |
| REITs | 0.82 | 0.78 | 0.88 | 0.86 | 0.81 | 0.90 | 0.86 | 0.81 | 0.92 | 0.91 | 0.78 | 1.00 | 0.76 | 0.82 | 0.98 |
| Commodities | 1.08 | 1.03 | 1.16 | 1.13 | 1.07 | 1.19 | 1.13 | 1.07 | 1.21 | 1.19 | 1.03 | 1.31 | 1.00 | 1.07 | 1.29 |
| Int. Bond | 1.01 | 0.96 | 1.08 | 1.05 | 0.99 | 1.10 | 1.05 | 0.99 | 1.13 | 1.11 | 0.96 | 1.22 | 0.93 | 1.00 | 1.20 |
| High Yield | 0.84 | 0.80 | 0.90 | 0.88 | 0.83 | 0.92 | 0.88 | 0.83 | 0.94 | 0.93 | 0.80 | 1.02 | 0.78 | 0.84 | 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

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 Growth 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 **HFRI 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 HFRI Methodology (UCITS compliant), a proprietary and highly quantitative process by which hedge funds are selected as constituents for the HFRI 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 **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. 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 **JPMorgan Emerging Market Bond Index (EMBI)** are a set of three bond indices to track bonds in emerging markets operated by J P Morgan. The indices are the Emerging Markets Bond Index Plus, the Emerging Markets Bond Index Global and the Emerging Markets Bond Global Diversified Index. The **J.P. Morgan GBI** series covers a variety of asset classes ranging from flagship coverage of emerging markets to developed market bond indices.

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