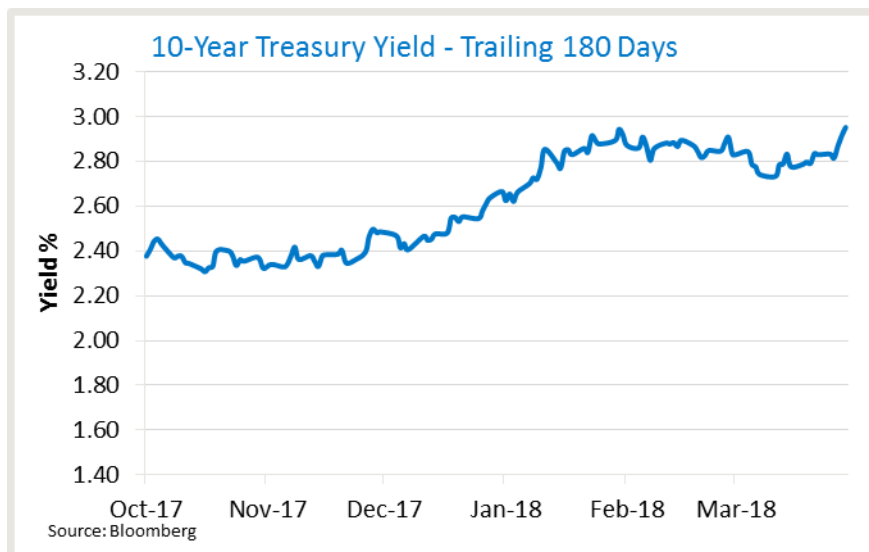


# Weekly Market Review

April 20, 2018

## Chart of the Week



## Weekly Highlights

- **On Wednesday, President Trump** offered a bullish view of his planned talks with North Korean leader Kim Jong Un, but maintained he'd be willing to leave talks if the meeting fell short of his expectations.
- **On Thursday, Miguel Díaz-Canel** was officially named the new leader of Cuba, one day after a secret vote in the country's National Assembly. He is the first non-Castro to lead the island nation in six decades.
- **On Friday, oil prices fell** after President Trump criticized the Organization of Petroleum Exporting Countries (OPEC) and said crude prices are "artificially very high."
- **The gap between short- and long-term Treasury yields** is currently at its narrowest in more than a decade, signaling investors' confidence that the Federal Reserve (Fed) will continue its pace of rate increases despite remaining skepticism about the economy's longer-term outlook.

## Talking Points

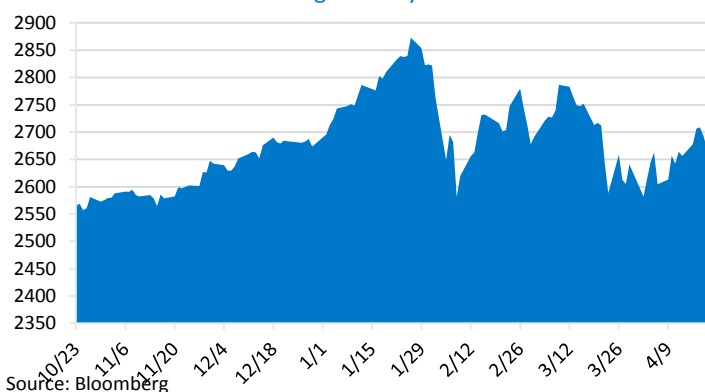
- **During the week**, small cap equities' returns versus large cap returns were mixed; growth stocks led most value stocks; international stocks trailed their domestic counterparts; and emerging markets outperformed developed markets.
- **The yield on the 10-Year Treasury Note** stayed mostly flat for the week, ending roughly around 2.9%.
- **Purchase applications for home mortgages** rose about 6% last week. The week's sharp pickup in mortgage activity shows buyers are returning after a two-week respite and may point to continued strong demand in the housing market.
- **Last week's US jobless claims** were favorable at 232,000; however the figure was a slight increase from a consensus of 230,000.

## Market Dashboard

	Last Price	Change	% Chg.	YTD %
<b>S&amp;P 500</b>	2,670.14	13.84	0.52%	-0.1%
<b>Dow Industrials</b>	24,462.94	102.80	0.42%	-1.0%
<b>Nasdaq</b>	7,146.13	39.48	0.56%	3.5%
<b>Russell 2000</b>	1,564.12	14.61	0.94%	1.9%
<b>Euro Stoxx Index</b>	381.84	2.64	0.70%	-1.9%
<b>Shanghai Composite</b>	3,071.54	-87.51	-2.77%	-7.1%
<b>Russell Global</b>	2,163.41	27.43	1.28%	0.9%

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

S&amp;P 500 Index: Trailing 180 Days



	Last Price	Change	% Chg.	YTD %
<b>Russell Global EM</b>	3,722.62	38.13	1.03%	2.2%
<b>10-Year US Treas.</b>	2.95	12 bps	NM	NM
<b>Bloomberg Cmts. Idx.</b>	89.85	0.57	0.64%	1.9%
<b>Gold</b>	\$1,336.03	-\$10.04	-0.75%	2.6%
<b>Crude Oil</b>	\$68.10	\$0.83	1.23%	13.5%
<b>Dollar Index</b>	90.30	0.51	0.56%	-2.0%
<b>VIX Index</b>	16.88	-0.53	-3.04%	52.9%

One Week

YTD

	One Week			YTD		
	Value	Growth		Value	Growth	
L	0.35%	0.47%	0.57%	-2.53%	0.01%	2.26%
	0.99%	0.91%	0.81%	-2.03%	-0.17%	2.22%
S	1.13%	0.94%	0.78%	-0.70%	1.86%	4.26%

Source: Bloomberg

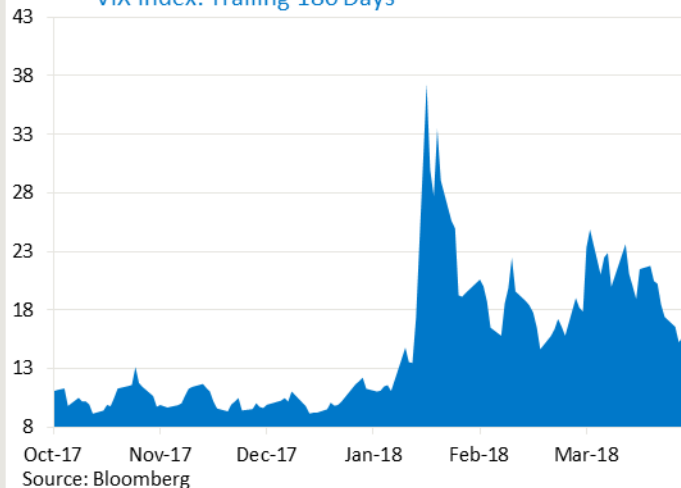
## Sector Performance:

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

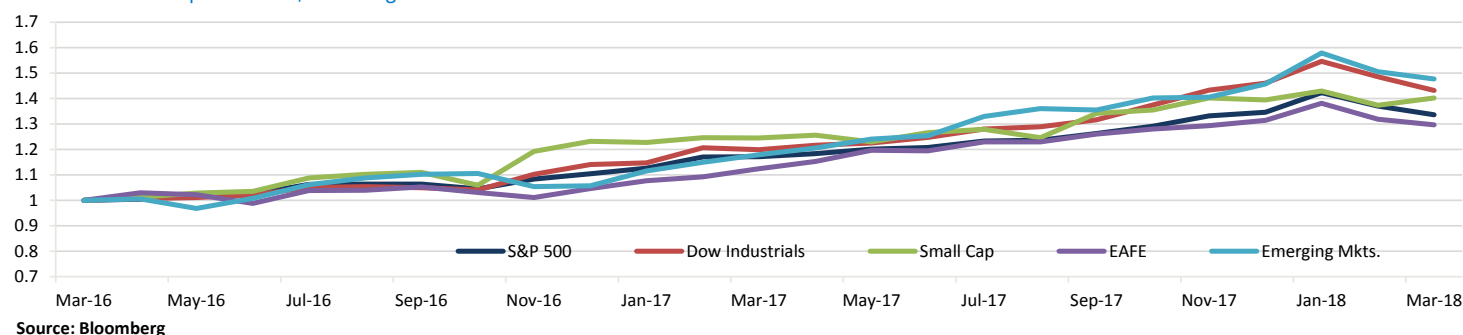
	% Wgt in S&P 500	Week % Chg.	YTD % Chg.
<b>Consumer Discretionary</b>	12.8	1.71%	4.4%
<b>Consumer Staples</b>	7.2	-4.36%	-11.8%
<b>Energy</b>	6.2	2.60%	1.5%
<b>Financials</b>	14.8	1.60%	-0.2%
<b>Health Care</b>	13.7	0.30%	-0.7%
<b>Industrials</b>	10.3	2.14%	-0.4%
<b>Information Technology</b>	24.8	-0.21%	4.4%
<b>Materials</b>	2.9	1.54%	-2.6%
<b>Real Estate</b>	2.7	-1.04%	-8.5%
<b>Telecom Services</b>	1.9	-0.32%	-9.6%
<b>Utilities</b>	2.8	1.05%	-4.6%

Source: Bloomberg

VIX Index: Trailing 180 Days



Wealth Index|Growth of \$1: Trailing 24 Months



## The Economy and Markets

### **A Macro View – Trendy Tech and its Impact on Markets: Could Indices be De-FAANGED?**

Investors who have been tuned into the latest financial news likely would have noticed the headlines that technology-related stocks are garnering yet again. In recent weeks, volatility has come back to these stocks, leading investors to question whether their multiyear advance will continue.

The five largest components of the S&P 500 Index (the broad US large cap equity market index used by most investors), are technology or technology-related names. Apple (AAPL) represents about 3.9%; Microsoft (MSFT) about 3.2%; Amazon Inc. (AMZN) about 2.5%; Facebook Inc. (FB) about 1.7%; and Alphabet Inc. or Google (GOOG and GOOGL) about 2.8%. Netflix (NFLX), 0.6% of the S&P 500 Index (the Index), another popular tech stock, is the final piece of the so-called “FAANG” stocks that have been very topical in recent years. In fact, the roughly 15% of the Index that these five names occupy is about the same weight as the Financials and Health Care sectors or more than each of the Consumer Discretionary, Consumer Staples, Energy, Materials, Telecommunications, and Real Estate sectors. The sheer size of these stocks suggests the gains or losses of these tech names should continue to have a pronounced impact on both the market and on all investors active in it.

The disproportionate size of these popular tech names in conjunction with their relatively high valuations pushes up valuations of the total S&P 500 Index. Therefore, if or when a true correction occurs within the FAANG stocks, the total valuation of the S&P 500 Index will suffer. So it seems the further these tech stocks rally, the harder it becomes for the rest of the stocks that comprise the S&P 500 Index to buffer against a potential selloff of the FAANG stocks.

Additionally, fans of simple behavioral investing can understand why the FAANG names have gathered investors’ dollars. Simply stated, these intriguing companies are at the forefront of innovation and are involved in such things as cloud computing and artificial intelligence. Who doesn’t want to get involved with a company like that? But investors need to think about what could occur if the excitement around these names wavers. Would they really transition their investments from an industry-disrupting company like Amazon to less exciting brick-and-mortar retailers? And what impact would that decision have on the broader equity markets? Would equity investors take their investing dollars elsewhere?

Amid this complex situation, it is also inevitable that investors will revert to past memories and compare this tech rally and the euphoria for some companies with the dot-com collapse of 2000, as technology stocks then too became an increasingly larger portion of the market’s weight prior to the collapse.

So are there reasons why investors should feel some comfort about the tech stocks of today? Well, yes. From a technical standpoint, we haven’t seen a surplus of tech initial public offerings (IPOs) like we did leading up to 2000. And regarding fundamentals, it seems clear that investors should worry most when earnings can no longer support valuations. The tech stocks at the pinnacle of the dot-com rally represented more than 30% of the S&P’s market capitalization, but were generating only about half that percentage of its net income. Tech stocks currently represent nearly 25% of the S&P’s market capitalization and produce a similar percentage of its net income, indicating that tech stocks today are more profitable on a relative scale and represent a lower percentage of the market than they did leading up to 2000.

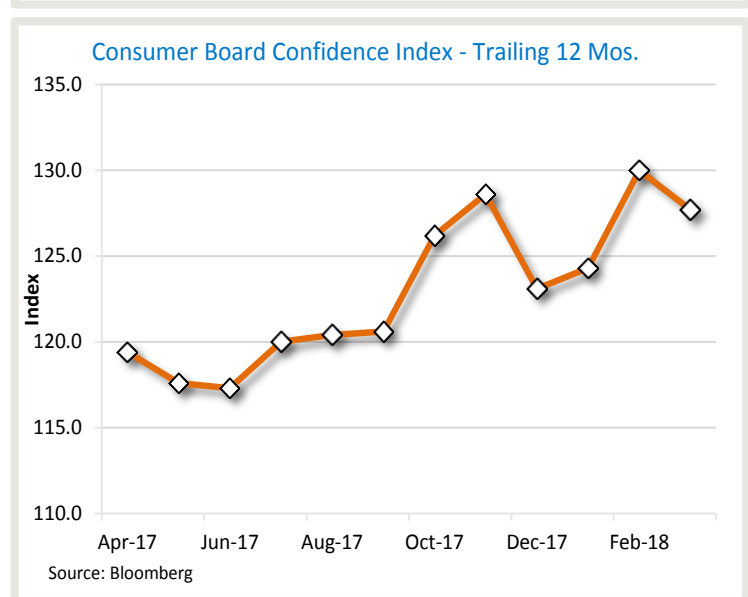
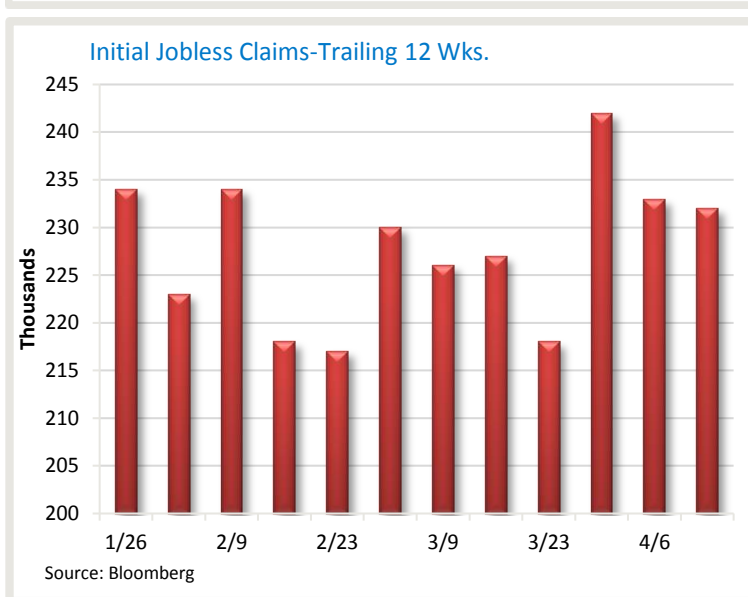
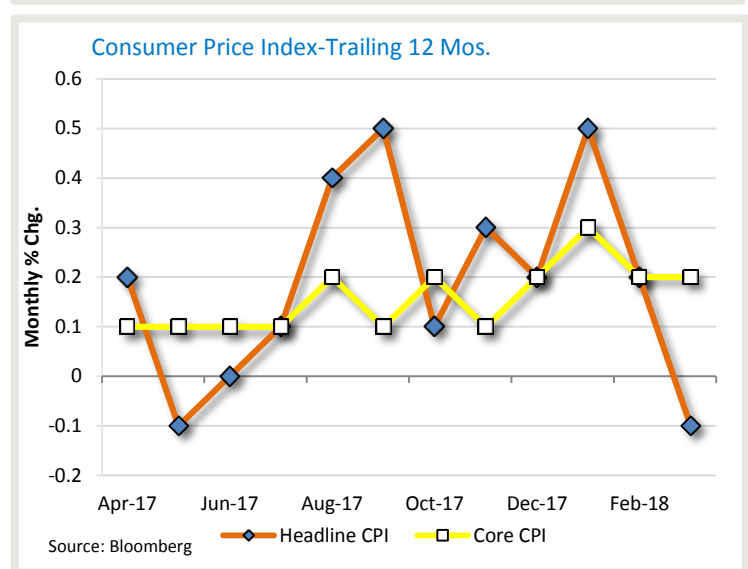
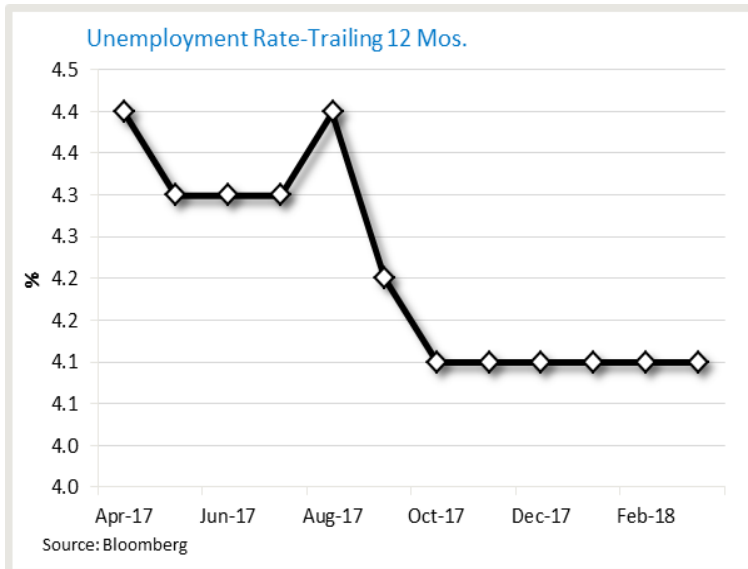
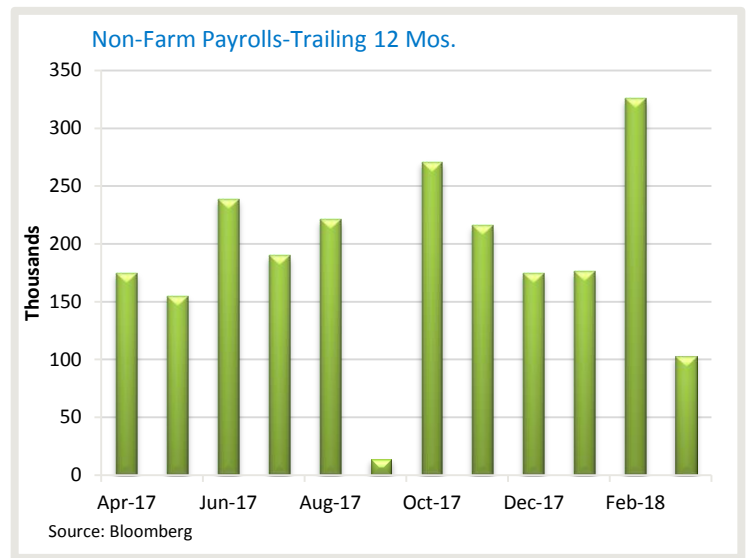
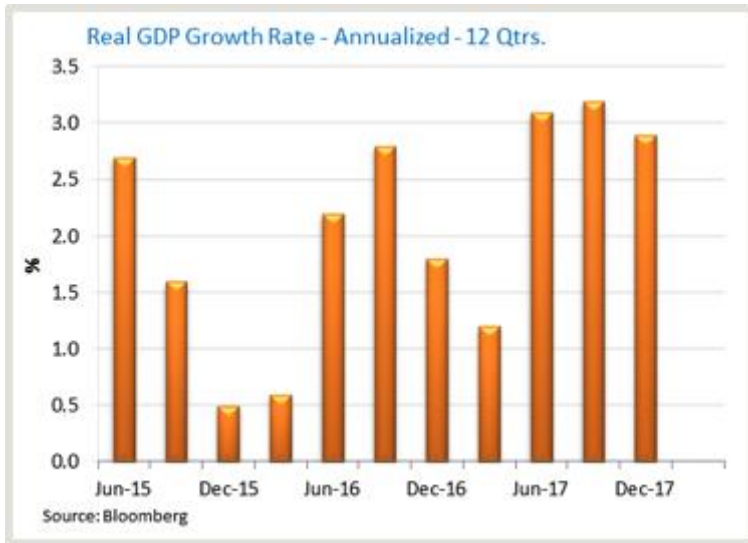
Some key changes are coming to the tech sector that will affect their perceived dominance in indices. This September, major index providers [MSCI and Standard & Poor’s will recategorize](#) components within their indices. So within the S&P 500 Index, for example, many of the current Information Technology sector names (including Facebook and Google) will be reclassified into a new sector to be called Communication Services. Following such reclassifications, the Information Technology’s sector weight in the S&P 500 Index should decline to about 20% from 25%, reducing at least the appearance of the Index’s technology concentration.

After digesting these facts, it seems clear investors need to remain conscious of the continued impact of megacap tech stocks on global markets, but it seems the likelihood of truly de-FAANGED indices is fairly limited.

*Michael Manning, CFA*  
*Investment Analyst*

Source: Bloomberg

## Economic Data



## Eurozone

## SELECTED EUROPEAN SOVEREIGN YIELD PERFORMANCE

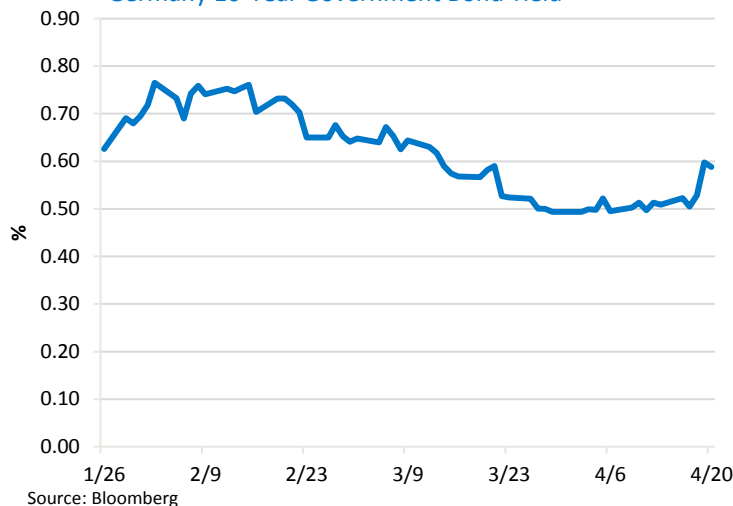
	Last	Change	% Chg.	YTD %
Germany 10-Yr. Govt.	0.59	-7 bps	NM	NM
Greece 10-Yr. Govt.	4.02	4 bps	NM	NM
Italy 10-Yr. Govt.	1.77	2 bps	NM	NM
Spain 10-Yr. Govt.	1.27	-4 bps	NM	NM
Belgium 10-Yr. Govt.	0.84	-6 bps	NM	NM

Source: Bloomberg

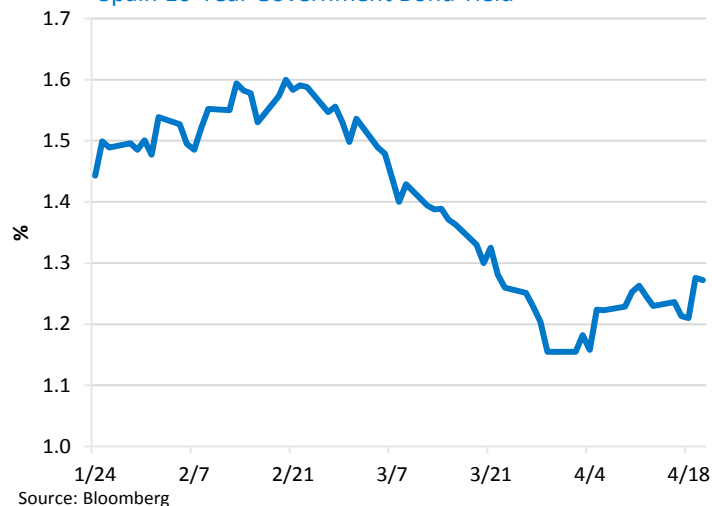
Basis points (bps)

	Last	Change	% Chg.	YTD %
France 10-Yr. Govt.	0.81	-7 bps	NM	NM
Ireland 10-Yr. Govt.	0.98	-6 bps	NM	NM
Portugal 10-Yr. Govt.	1.64	0 bps	NM	NM
Netherlands 10-Yr. Govt.	0.73	-8 bps	NM	NM
U.K. 10-Yr. Govt.	1.48	-5 bps	NM	NM

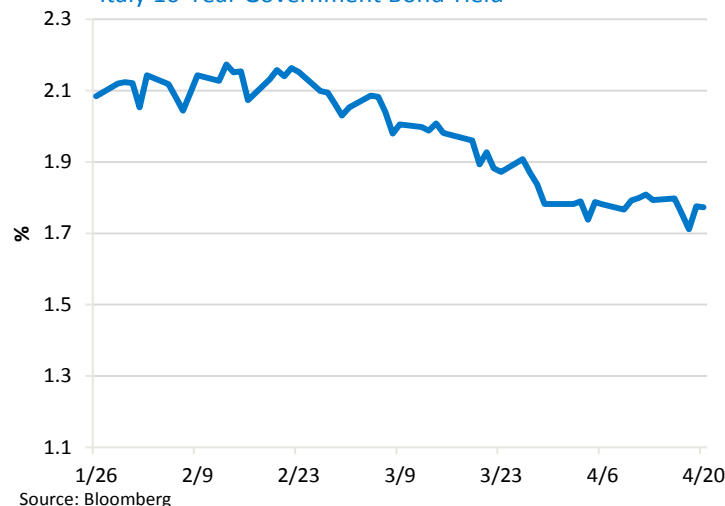
Germany 10-Year Government Bond Yield



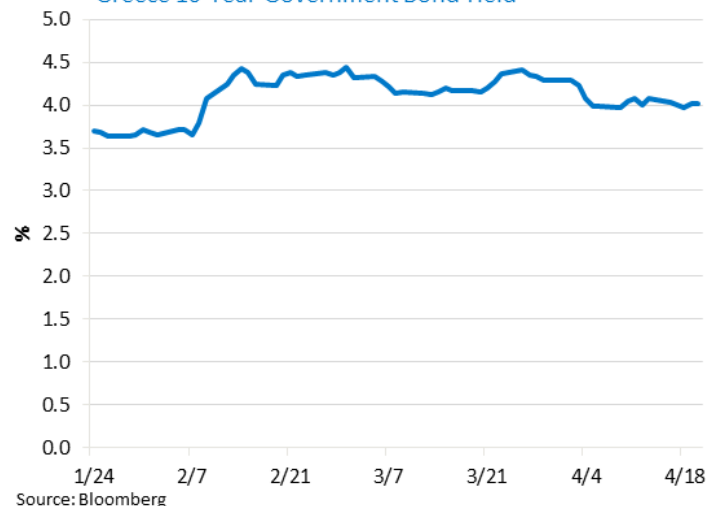
Spain 10-Year Government Bond Yield



Italy 10-Year Government Bond Yield



Greece 10-Year Government Bond Yield



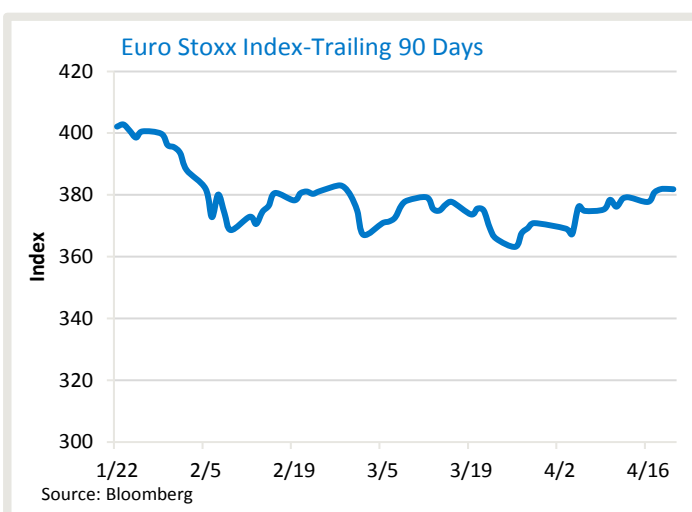
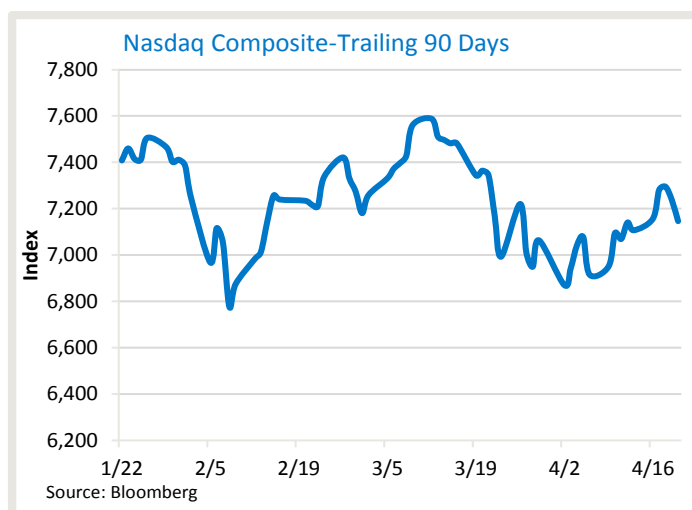
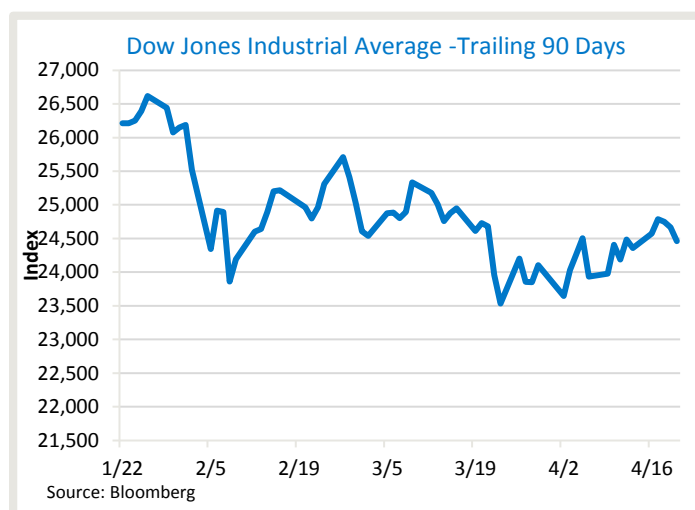
## Equities

## WORLD MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
<b>S&amp;P 500</b>	<b>2,670.14</b>	<b>13.84</b>	<b>0.52%</b>	<b>-0.13%</b>
<b>Dow Industrials</b>	<b>24,462.94</b>	<b>102.80</b>	<b>0.42%</b>	<b>-1.04%</b>
<b>Nasdaq Composite</b>	<b>7,146.13</b>	<b>39.48</b>	<b>0.56%</b>	<b>3.52%</b>
<b>Russell Global</b>	<b>2,163.41</b>	<b>27.43</b>	<b>1.28%</b>	<b>0.9%</b>
<b>Russell Global EM</b>	<b>3,722.62</b>	<b>38.13</b>	<b>1.03%</b>	<b>2.2%</b>
<b>S&amp;P/TSX (Canada)</b>	<b>15,484.32</b>	<b>210.35</b>	<b>1.38%</b>	<b>-4.47%</b>
<b>Mexico IPC</b>	<b>48,431.58</b>	<b>-314.65</b>	<b>-0.65%</b>	<b>-1.83%</b>
<b>Brazil Bovespa</b>	<b>85,550.09</b>	<b>1215.69</b>	<b>1.44%</b>	<b>11.97%</b>
<b>Euro Stoxx 600</b>	<b>381.84</b>	<b>2.64</b>	<b>0.70%</b>	<b>-1.89%</b>
<b>FTSE 100</b>	<b>7,368.17</b>	<b>103.61</b>	<b>1.43%</b>	<b>-4.16%</b>
<b>IBEX 35 (Spain)</b>	<b>9,884.20</b>	<b>116.90</b>	<b>1.20%</b>	<b>-1.59%</b>

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

	Last	Change	% Chg.	YTD %
<b>Swiss Market Index</b>	<b>8,807.80</b>	<b>31.63</b>	<b>0.36%</b>	<b>-6.12%</b>
<b>CAC 40 Index (France)</b>	<b>5,412.83</b>	<b>97.81</b>	<b>1.84%</b>	<b>1.89%</b>
<b>DAX Index (Germany)</b>	<b>12,540.50</b>	<b>98.10</b>	<b>0.79%</b>	<b>-2.92%</b>
<b>Irish Overall Index</b>	<b>6,827.72</b>	<b>189.59</b>	<b>2.86%</b>	<b>-2.99%</b>
<b>Nikkei 225</b>	<b>22,162.24</b>	<b>383.50</b>	<b>1.76%</b>	<b>-2.65%</b>
<b>Hang Seng Index</b>	<b>30,418.33</b>	<b>-390.05</b>	<b>-1.27%</b>	<b>1.67%</b>
<b>Shanghai Composite</b>	<b>3,071.54</b>	<b>-87.51</b>	<b>-2.77%</b>	<b>-7.12%</b>
<b>Kospi Index (S. Korea)</b>	<b>2,476.33</b>	<b>21.26</b>	<b>0.87%</b>	<b>0.36%</b>
<b>Taiwan Taiex Index</b>	<b>10,779.38</b>	<b>-186.01</b>	<b>-1.70%</b>	<b>1.28%</b>
<b>Tel Aviv 25 Index</b>	<b>1,484.42</b>	<b>44.98</b>	<b>3.12%</b>	<b>-1.68%</b>
<b>MOEX Index (Russia)</b>	<b>2,232.66</b>	<b>57.50</b>	<b>2.64%</b>	<b>5.83%</b>



## Equities – Emerging and Frontier Markets

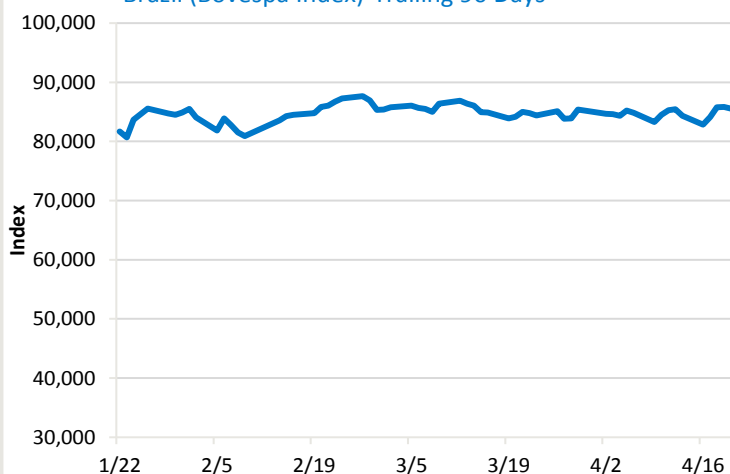
### EMERGING AND FRONTIER MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
Mexico IPC	48,431.58	-314.65	-0.6%	-1.8%
Brazil (Bovespa Index)	85,550.09	1215.69	1.4%	12.0%
MOEX Index (Russia)	2,232.66	57.50	2.6%	5.8%
Czech Republic (Prague)	1,121.26	-13.01	-1.1%	4.0%
Turkey (Istanbul)	110,932.48	1328.50	1.2%	-3.8%
Egypt (Hermes Index)	1,695.44	15.75	0.9%	18.0%
Kenya (Nairobi 20 Index)	3,710.32	-94.91	-2.5%	0.0%
Saudi Arabia (TASI Index)	8,277.14	453.02	5.8%	14.5%
Lebanon (Beirut BLOM Index)	1,137.53	-2.17	-0.2%	-1.0%
Palestine	550.40	-3.68	-0.7%	-4.2%

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

	Last	Change	% Chg.	YTD %
Hang Seng Index	30,418.33	-390.05	-1.3%	1.7%
India (Sensex 30)	34,415.58	222.93	0.7%	1.1%
Malaysia (KLCI Index)	1,887.75	19.28	1.0%	5.1%
Singapore (Straits Times Index)	3,573.38	72.08	2.1%	5.0%
Thailand (SET Index)	1,801.28	38.06	2.2%	2.7%
Indonesia (Jakarta)	6,337.70	67.37	1.1%	-0.3%
Pakistan (Karachi KSE 100)	45,259.34	-812.52	-1.8%	11.8%
Vietnam (Ho Chi Minh)	1,119.86	-37.28	-3.2%	13.8%
Sri Lanka (Colombo)	6,540.97	57.05	0.9%	2.7%
Cambodia (Laos)	954.31	1.81	0.2%	-4.4%

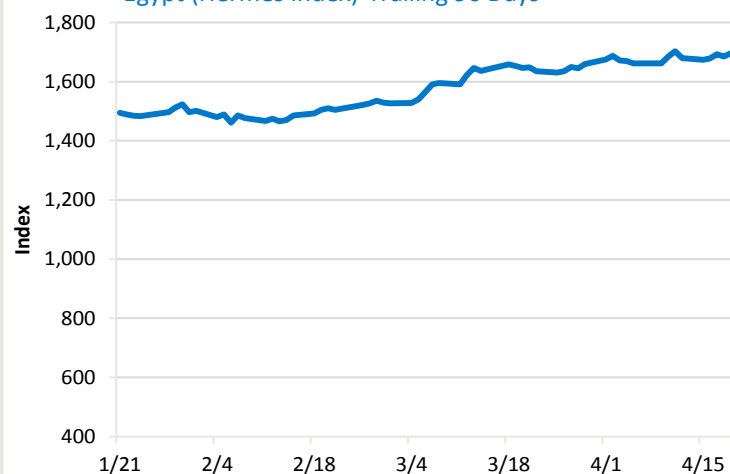
Brazil (Bovespa Index)-Trailing 90 Days



India (Sensex Index)-Trailing 90 Days



Egypt (Hermes Index)-Trailing 90 Days



Singapore (Straits Times Index)-Trailing 90 Days

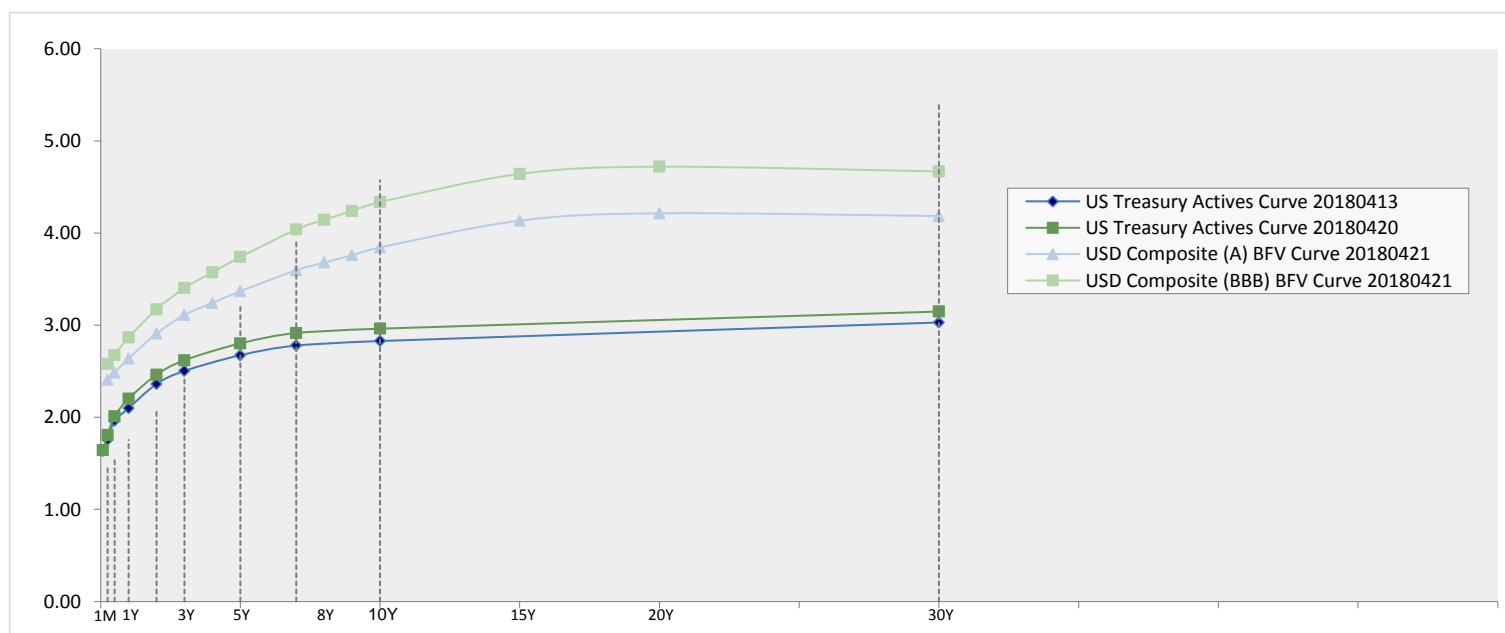


## Interest Rates

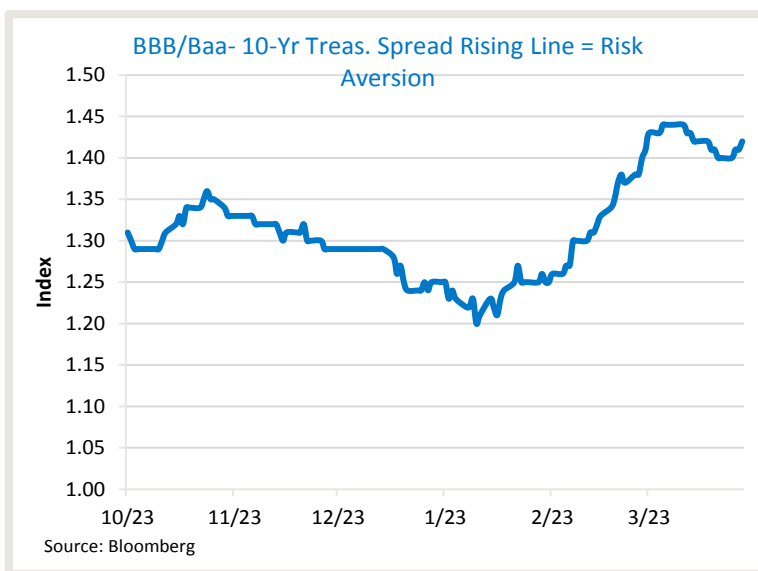
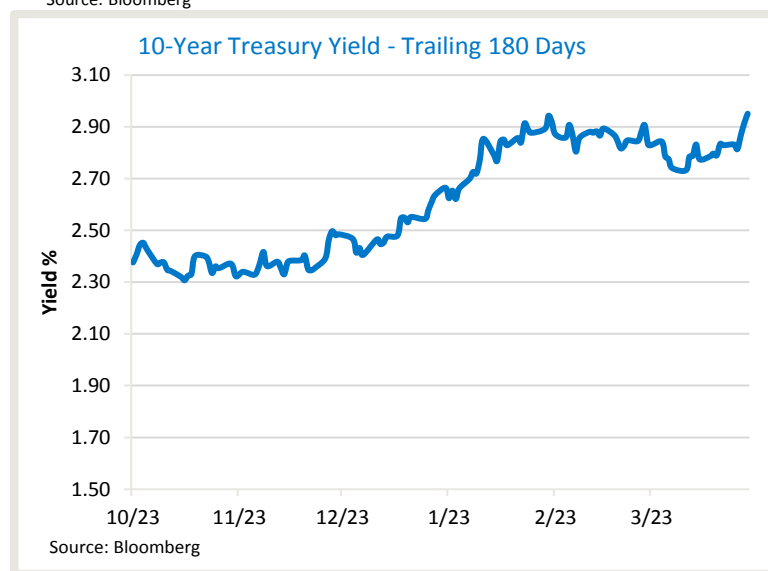
SELECTED INTEREST RATES

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
2-Yr. U.S. Treasury	2.46%	-2 bps	NM	NM	Prime Rate	4.75%	0.00	NM	NM
5-Yr. U.S. Treasury	2.79%	12 bps	NM	NM	Fed Funds Rate	1.75%	0.00	NM	NM
10-Yr. U.S. Treasury	2.95%	12 bps	NM	NM	Discount Rate	2.25%	0.00	NM	NM
30-Yr. U.S. Treasury	3.14%	11 bps	NM	NM	LIBOR (3 Mo.)	2.36%	1 bps	NM	NM
German 10-Yr. Govt.	0.59%	-7 bps	NM	NM	Bond Buyer 40 Muni	3.84%	6 bps	NM	NM
France 10-Yr.	0.81%	-7 bps	NM	NM	Bond Buyer 40 G.O.	3.87%	NA	NM	NM
Italy 10-Yr.	1.77%	2 bps	NM	NM	Bond Buyer 40 Rev.	4.35%	NA	NM	NM
Fed 5-Yr Fwd BE Inf.	2.10%	6 bps	NM	NM					

Source: Bloomberg



Source: Bloomberg





## Currencies

### SELECTED CURRENCY PERFORMANCE

	Last	Change	% Chg.	YTD %
<b>Dollar Index</b>	<b>90.30</b>	<b>0.506</b>	<b>0.56%</b>	<b>-1.97%</b>
<b>Euro</b>	<b>1.23</b>	<b>-0.004</b>	<b>-0.34%</b>	<b>2.37%</b>
<b>Japanese Yen</b>	<b>107.59</b>	<b>0.240</b>	<b>-0.22%</b>	<b>4.74%</b>
<b>British Pound</b>	<b>1.40</b>	<b>-0.023</b>	<b>-1.61%</b>	<b>3.67%</b>
<b>Canadian Dollar</b>	<b>1.28</b>	<b>0.015</b>	<b>-1.14%</b>	<b>-1.43%</b>

Source: Bloomberg

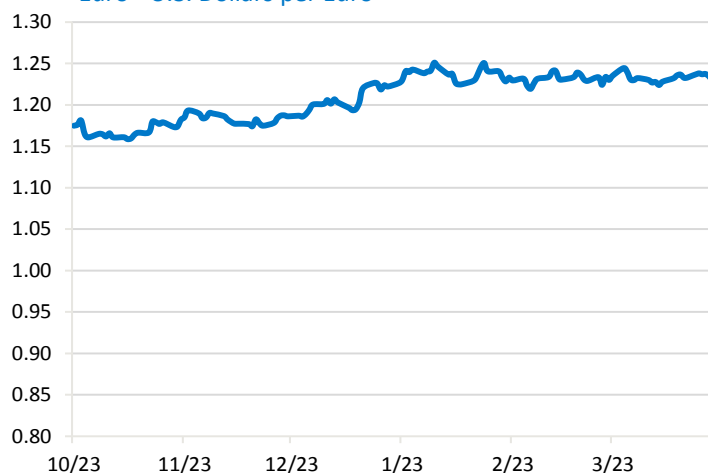
	Last	Change	% Chg.	YTD %
<b>Chinese Yuan</b>	<b>6.30</b>	<b>0.021</b>	<b>-0.34%</b>	<b>3.34%</b>
<b>Swiss Franc</b>	<b>0.97</b>	<b>0.013</b>	<b>-1.30%</b>	<b>-0.06%</b>
<b>New Zealand Dollar</b>	<b>0.72</b>	<b>-0.016</b>	<b>-2.12%</b>	<b>1.56%</b>
<b>Brazilian Real</b>	<b>3.41</b>	<b>-0.013</b>	<b>0.37%</b>	<b>-2.98%</b>
<b>Mexican Peso</b>	<b>18.54</b>	<b>0.495</b>	<b>-2.67%</b>	<b>6.04%</b>

U.S. Dollar Index - Trailing Six Months



Source: Bloomberg

Euro - U.S. Dollars per Euro



Source: Bloomberg

Chinese yuan - yuan per U.S. Dollar



Source: Bloomberg

Japanese yen - Yen per U.S. Dollar



Source: Bloomberg

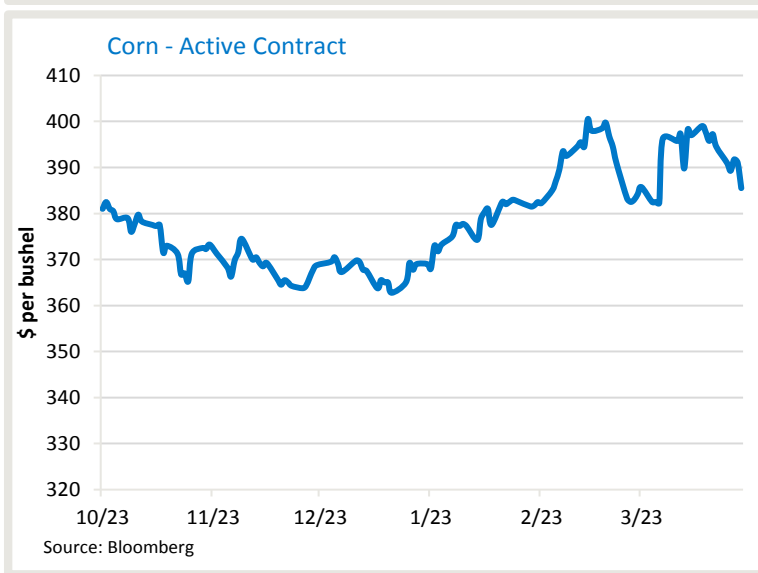
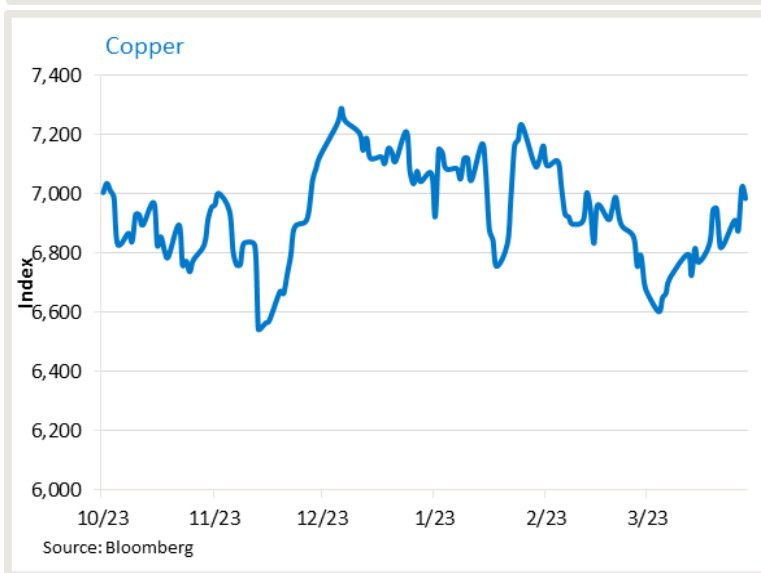
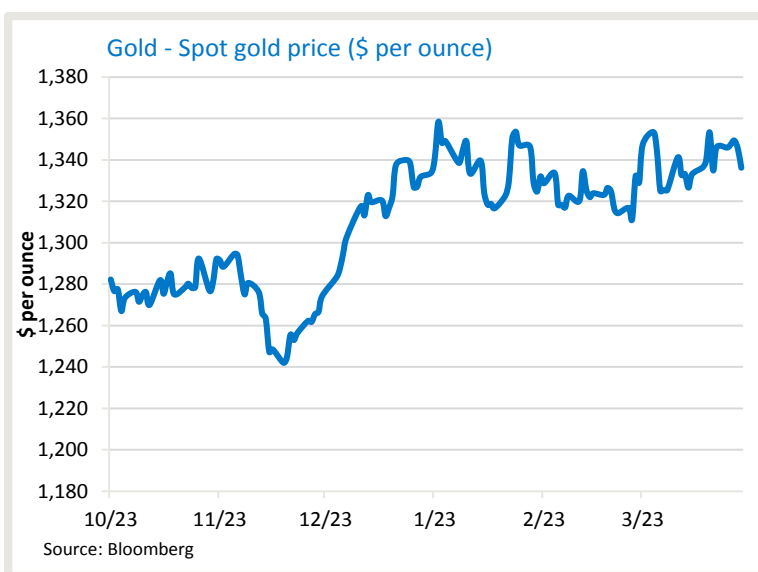
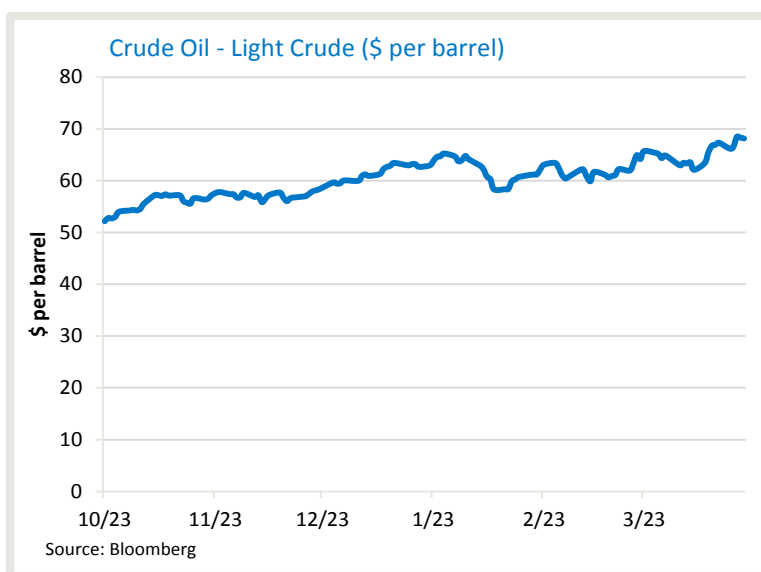
## Commodities

### SELECTED COMMODITY MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
<b>Bloomberg Comm. Idx.</b>	<b>89.85</b>	<b>0.57</b>	<b>0.64%</b>	<b>1.91%</b>
<b>Crude Oil</b>	<b>\$68.13</b>	<b>\$0.83</b>	<b>1.23%</b>	<b>13.49%</b>
<b>Natural Gas</b>	<b>\$2.74</b>	<b>\$0.01</b>	<b>0.18%</b>	<b>-0.04%</b>
<b>Gasoline (\$/Gal.)</b>	<b>\$2.75</b>	<b>\$0.04</b>	<b>1.63%</b>	<b>10.62%</b>
<b>Heating Oil</b>	<b>211.65</b>	<b>1.78</b>	<b>0.85%</b>	<b>6.27%</b>
<b>Gold Spot</b>	<b>\$1,336.24</b>	<b>-\$10.04</b>	<b>-0.75%</b>	<b>2.56%</b>
<b>Silver Spot</b>	<b>\$17.12</b>	<b>\$0.47</b>	<b>2.84%</b>	<b>1.13%</b>

Source: Bloomberg; % change is based on price.

	Last	Change	% Chg.	YTD %
<b>Platinum Spot</b>	<b>\$927.02</b>	<b>-\$4.21</b>	<b>-0.45%</b>	<b>-0.12%</b>
<b>Corn</b>	<b>385.50</b>	<b>-9.00</b>	<b>-2.28%</b>	<b>4.97%</b>
<b>Wheat</b>	<b>477.25</b>	<b>-12.00</b>	<b>-2.45%</b>	<b>5.30%</b>
<b>Soybeans</b>	<b>1,040.25</b>	<b>-24.75</b>	<b>-2.32%</b>	<b>5.80%</b>
<b>Sugar</b>	<b>11.87</b>	<b>-0.33</b>	<b>-2.70%</b>	<b>-21.08%</b>
<b>Orange Juice</b>	<b>143.05</b>	<b>1.95</b>	<b>1.38%</b>	<b>2.43%</b>
<b>Aluminum</b>	<b>2,485.00</b>	<b>200.00</b>	<b>8.75%</b>	<b>9.57%</b>
<b>Copper</b>	<b>6,984.00</b>	<b>154.00</b>	<b>2.25%</b>	<b>-3.63%</b>



## Alternative Investments

### SELECTED ALTERNATIVE INVESTMENT INDEX PERFORMANCE

	Last	Change	% Chg.	YTD %
HFRX Global Hedge Fund Index	1274.17	6.80	0.54%	-0.11%
HFRX Equity Market Neutral	1018.02	0.26	0.03%	1.36%
HFRX Equity Hedge Index	1295.09	4.06	0.31%	1.91%
HFRX Event-Driven Index	1604.75	14.57	0.92%	-3.66%
HFRX Absolute Return Index	1071.83	3.01	0.28%	0.80%

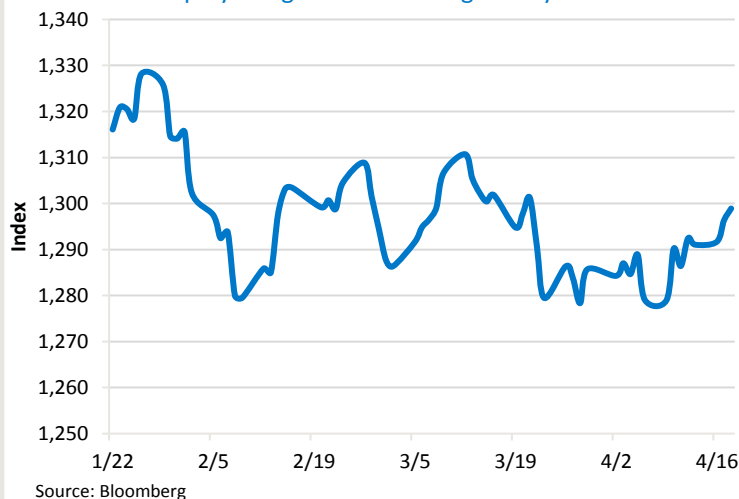
	Last	Change	% Chg.	YTD %
HFRX Distressed Index	1051.32	2.79	0.27%	-5.00%
HFRX Merger Arbitrage Index	1830.54	0.55	0.03%	-1.21%
HFRX Convertible Arbitrage Index	801.08	1.11	0.14%	0.61%
HFRX Macro CTA Index	1154.71	7.73	0.67%	-0.79%
IQ Fixed Income Beta Arb Index	1476.35	0.62	0.04%	0.40%

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

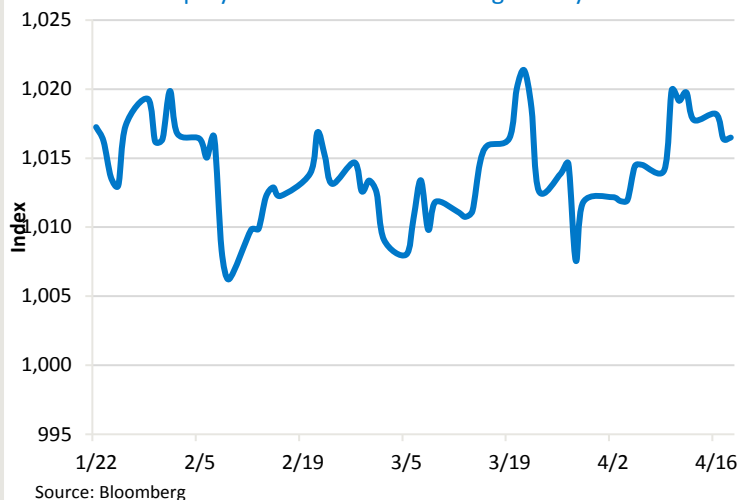
HFRX Global Hedge Fund Index - Trailing 90 Days



HFRX Equity Hedge Index - Trailing 90 Days



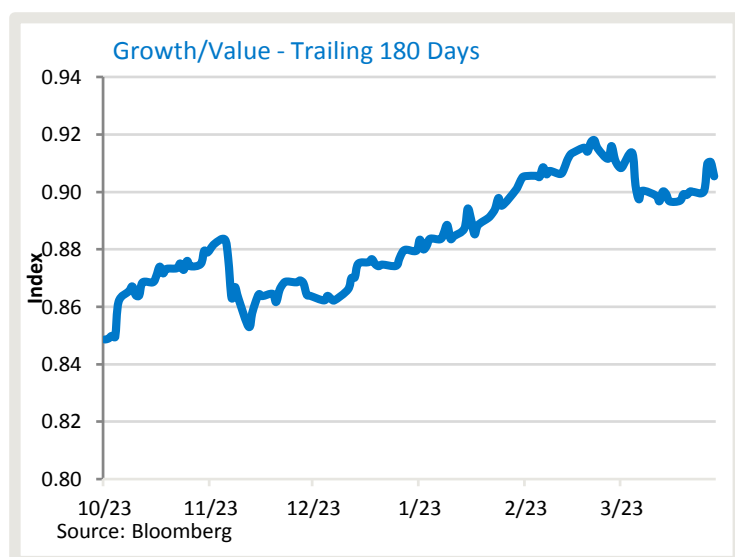
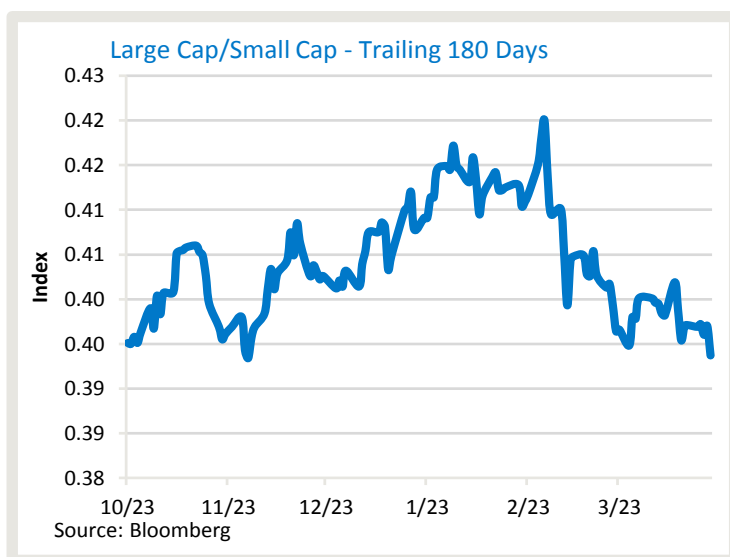
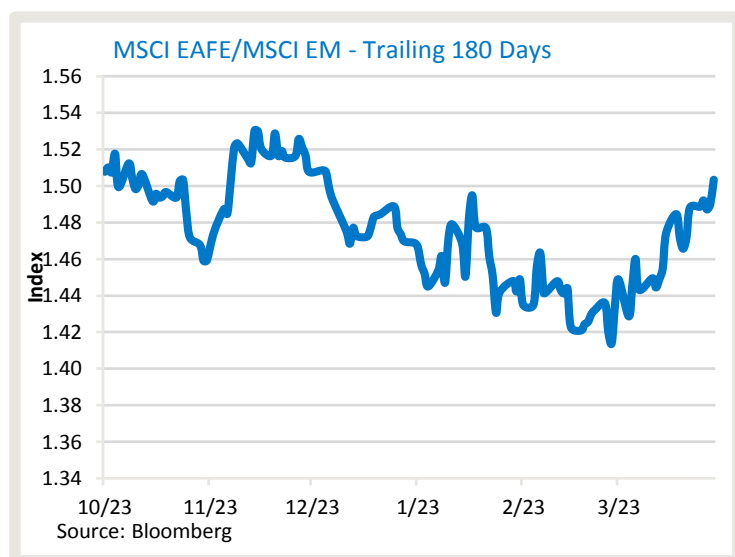
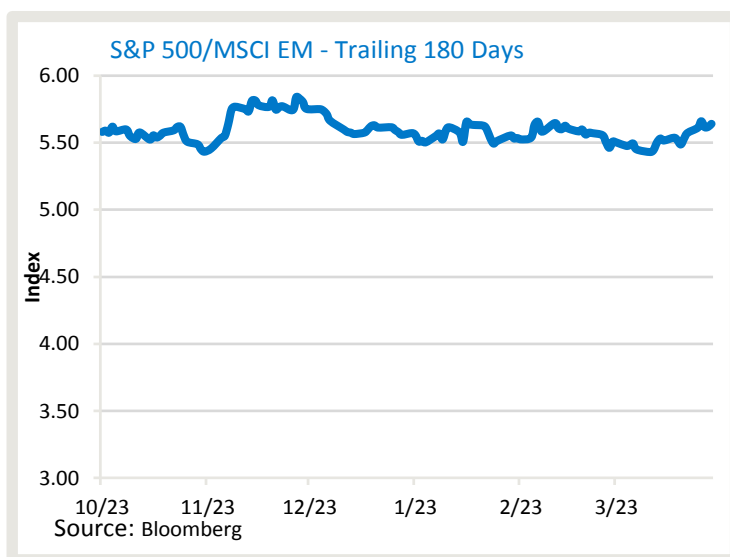
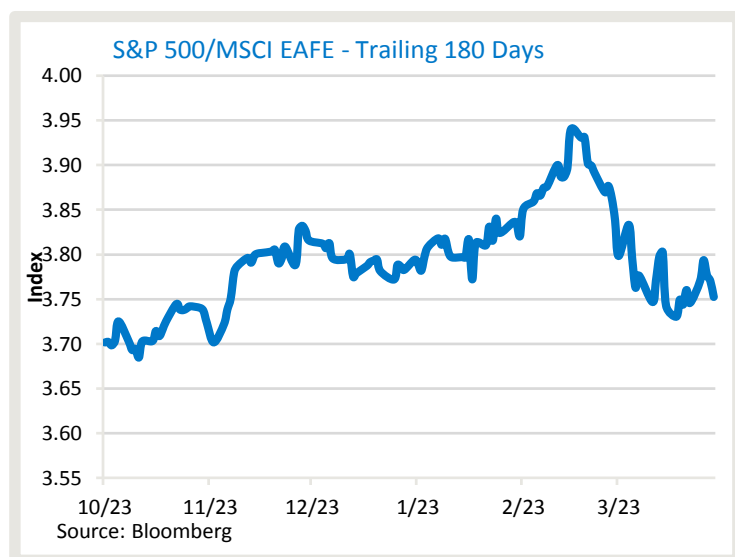
HFRX Equity Market Neutral - Trailing 90 Days



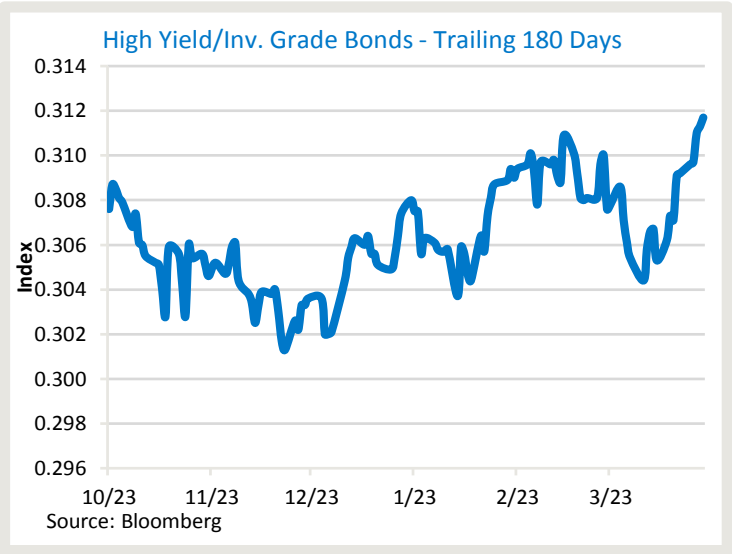
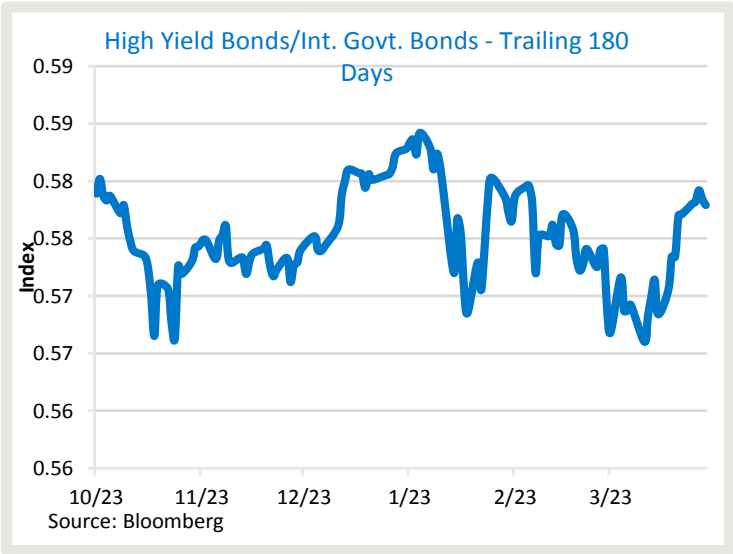
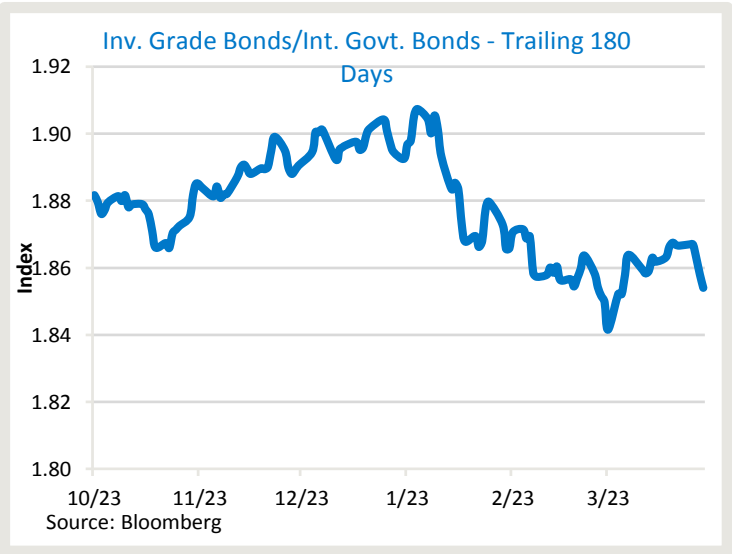
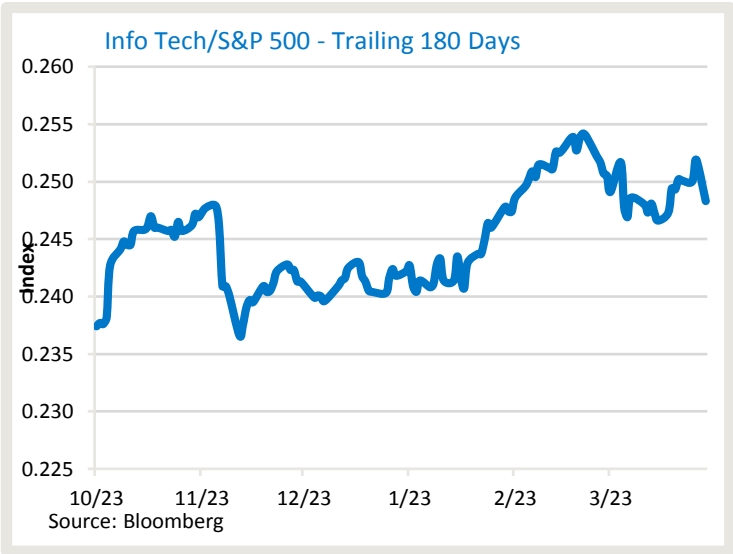
IQ Fixed Income Beta Arb Index - Trailing 90 Days



## Portfolio Construction



Portfolio Construction (continued)



## WEEKLY ASSET CLASS PERFORMANCE (Prior 12 weeks ending Thursday)

			2/1	2/8	2/15	2/22	3/1	3/8	3/15	3/22	3/29	4/5	4/12	4/19
Equity	Domestic Equity	Large Cap (R200)	-0.43%	-8.67%	5.89%	-0.96%	-0.89%	2.19%	0.29%	-4.06%	-0.22%	0.89%	0.19%	1.10%
		Small Cap (R2000)	-1.36%	-7.35%	5.01%	-0.47%	-1.48%	4.28%	0.30%	-2.08%	-0.94%	0.88%	0.93%	1.06%
	Int'l. Equity	MSCI EAFE	-1.48%	-6.11%	1.78%	-0.04%	-1.72%	0.71%	0.54%	-1.56%	-0.68%	0.60%	1.15%	1.32%
		MSCI Em. Mkts.	-1.17%	-6.85%	3.40%	-0.14%	-0.72%	0.25%	1.76%	-1.60%	-2.29%	-0.24%	0.89%	0.62%
Fixed Income	BarCap Agg. (AGG)		-0.97%	-0.58%	-0.29%	-0.22%	0.25%	-0.06%	0.18%	-0.14%	0.60%	-0.54%	0.09%	-0.45%
	High Yield (JNK)		-1.19%	-1.70%	0.87%	-0.25%	-0.44%	0.22%	0.14%	-0.58%	0.39%	-0.14%	0.95%	-0.14%
Commodities	Bloomberg Commodity Index		-0.66%	-3.18%	1.41%	0.49%	-0.52%	-0.70%	0.31%	-0.25%	0.42%	-0.34%	2.20%	0.98%
Alternatives	Hedge Funds (HFRX Global)		-0.23%	-2.28%	1.06%	-0.27%	-1.28%	0.43%	-0.01%	-0.46%	-0.65%	0.18%	0.27%	0.46%
Asset Allocation	60/40*		-0.94%	-4.88%	2.65%	-0.44%	-0.64%	1.20%	0.34%	-1.82%	-0.15%	0.24%	0.45%	0.50%
	48/32/20 (w/Alts.)**		-0.80%	-4.36%	2.33%	-0.40%	-0.77%	1.04%	0.27%	-1.55%	-0.25%	0.22%	0.41%	0.49%

Source: Bloomberg; \*60/40 portfolio = 30% Large Cap/10% Small Cap/15% EAFE/5% Emerging Markets/35% BarCap Agg./5% High Yield.

\*\*48/32/20 portfolio = 24% Large Cap/8% Small Cap/12% EAFE/4% Emerging Markets/28% BarCap Agg./4% High Yield/20% HFRX Global Index.

## RELATIVE STRENGTH MATRIX (BASED ON 30-DAY RSI)

	Large Cap Core	Large Cap Growth	Large Cap Value	Mid Cap Core	Mid Cap Growth	Mid Cap Value	Small Cap Core	Small Cap Growth	Small Cap Value	Int'l. Developed	Emerging Markets	REITs	Comm.	Int. Bond	High Yield
Large Cap Core	1.00	0.98	1.03	0.99	0.99	0.99	0.95	0.94	0.96	0.93	1.01	1.06	0.87	1.24	1.02
Large Cap Growth	1.02	1.00	1.05	1.00	1.01	1.00	0.96	0.96	0.98	0.94	1.02	1.08	0.89	1.27	1.04
Large Cap Value	0.97	0.96	1.00	0.96	0.96	0.96	0.92	0.91	0.94	0.90	0.98	1.03	0.85	1.21	0.99
Mid Cap Core	1.01	1.00	1.04	1.00	1.00	1.00	0.96	0.95	0.98	0.94	1.02	1.08	0.88	1.26	1.04
Mid Cap Growth	1.01	0.99	1.04	1.00	1.00	1.00	0.96	0.95	0.97	0.94	1.02	1.07	0.88	1.26	1.03
Mid Cap Value	1.01	1.00	1.04	1.00	1.00	1.00	0.96	0.95	0.98	0.94	1.02	1.08	0.88	1.26	1.04
Small Cap Core	1.06	1.04	1.09	1.04	1.04	1.04	1.00	0.99	1.02	0.98	1.06	1.12	0.92	1.31	1.08
Small Cap Growth	1.07	1.05	1.09	1.05	1.05	1.05	1.01	1.00	1.03	0.99	1.07	1.13	0.93	1.33	1.09
Small Cap Value	1.04	1.02	1.07	1.03	1.03	1.02	0.98	0.98	1.00	0.96	1.05	1.10	0.91	1.29	1.06
Int'l. Developed	1.08	1.06	1.11	1.06	1.07	1.06	1.02	1.01	1.04	1.00	1.09	1.15	0.94	1.34	1.10
Emerging Markets	0.99	0.98	1.02	0.98	0.98	0.98	0.94	0.93	0.96	0.92	1.00	1.05	0.87	1.24	1.02
REITs	0.94	0.93	0.97	0.93	0.93	0.93	0.89	0.88	0.91	0.87	0.95	1.00	0.82	1.17	0.96
Commodities	1.15	1.13	1.18	1.13	1.13	1.13	1.09	1.08	1.10	1.06	1.16	1.22	1.00	1.43	1.17
Int. Bond	0.80	0.79	0.83	0.79	0.79	0.79	0.76	0.75	0.77	0.74	0.81	0.85	0.70	1.00	0.82
High Yield	0.98	0.96	1.01	0.97	0.97	0.97	0.93	0.92	0.94	0.91	0.98	1.04	0.85	1.22	1.00

Source: Bloomberg

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

## Index Overview & Key Definitions

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

The **Dow Jones Industrial Average (DOW or DJIA)** is an unmanaged index of 30 common stocks comprised of 30 actively traded blue chip stocks, primarily industrials and assumes reinvestment of dividends. The **S&P 500 Index** is an unmanaged index comprised of 500 widely held securities considered to be representative of the stock market in general. The **S&P/Case-Shiller Home Price Indices** measure the residential housing market, tracking changes in the value of the residential real estate market in 20 metropolitan regions across the United States. The **Nasdaq Composite Index** is a stock market index of the common stocks and similar securities listed on the NASDAQ stock market. The **US Dollar Index** is a measure of the value of the United States dollar relative to a basket of foreign currencies. It is a weighted geometric mean of the dollar's value relative to other select currencies (Euro, Japanese yen, Pound sterling, Canadian dollar, Swedish krona (SEK) & Swiss franc). The **FTSE 100 Index (FTSE 100)** is a share index of the 100 companies listed on the London Stock Exchange (LSE) with the highest market capitalization. The **Bloomberg Commodity Index** (formerly the **Dow Jones-UBS Commodity Index**) tracks prices of futures contracts on physical commodities on the commodity markets and is designed to minimize concentration in any one commodity or sector (currently 22 commodity futures in seven sectors). The **Barclays Capital US Credit Index** is an unmanaged index considered representative of publicly issued, SEC-registered US corporate and specified foreign debentures and secured notes. The **Barclays Capital US Aggregate Bond Index** is a market capitalization-weighted index of investment-grade, fixed-rate debt issues, including government, corporate, asset-backed, and mortgage-backed securities, with maturities of at least one year. The **Barclays Capital US Corporate High Yield Index** covers the USD-denominated, non-investment grade, fixed-rate, taxable corporate bond market. Securities are classified as high-yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. The index may include emerging market debt. The **Barclays Capital Municipal Bond Index** is an unmanaged index comprised of investment-grade, fixed-rate municipal securities representative of the tax-exempt bond market in general. The **Barclays Capital US Treasury Total Return Index** is an unmanaged index of public obligations of the US Treasury with a remaining maturity of one year or more. The **Barclays Capital Global Aggregate ex-U.S. Index** is a market capitalization-weighted index, meaning the securities in the index are weighted according to the market size of each bond type. Most U.S. traded investment grade bonds are represented. Municipal bonds, and Treasury Inflation-Protected Securities are excluded, due to tax treatment issues. The index includes Treasury securities, Government agency bonds, Mortgage-backed bonds, Corporate bonds, and a small amount of foreign bonds traded in U.S. The **Barclays Capital U.S. 5-10 Year Corporate Bond Index** measures the investment return of U.S. dollar denominated, investment-grade, fixed rate, taxable securities issued by industrial, utility, and financial companies with maturities between 5 and 10 years. Treasury securities, mortgage-backed securities (MBS) foreign bonds, government agency bonds and corporate bonds are some of the categories included in the index. The **Barclays Capital U.S. Corporate High-Yield Index** is composed of fixed-rate, publicly issued, non-investment grade debt. The **Barclays Capital U.S. Corporate 5-10 Year Index** includes U.S. dollar-denominated, investment-grade, fixed-rate, taxable securities issued by industrial, utility, & financial companies, with maturities between 5 & 10 years. The **Russell 1000 Index** is a market capitalization-weighted benchmark index made up of the 1000 largest U.S. companies in the Russell 3000 Index. The **Russell 1000 Growth Index** is an unmanaged index considered representative of large-cap growth stocks. The **Russell 1000 Value Index** is an unmanaged index considered representative of large-cap value stocks. The **Russell 2000 Index** is an unmanaged index considered representative of small-cap stocks. The **Russell 2000 Growth Index** is an unmanaged index considered representative of small-cap growth stocks. The **Russell 2000 Value Index** is an unmanaged index considered representative of small-cap value stocks. The **Russell 3000 Index** is an unmanaged index considered representative of the US stock market. The **Russell Midcap Index** is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The **Russell Midcap Growth Index** is an unmanaged index considered representative of mid-cap growth stocks. The **Russell Midcap Value Index** is an unmanaged index considered representative of mid-cap value stocks. The **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 **U.S. Dollar Index (USD, DXY, DX)** is an index (or measure) of the value of the United States dollar relative to a basket of foreign currencies



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