

In Memoriam



# Jud Bergman

Chairman and Chief Executive Officer  
1957-2019



Today, we remember Jud Bergman, our Chairman and Chief Executive Officer. Jud founded Envestnet in 1999 on the premise that technology would change the financial advisor industry, and was known as a pioneer in fintech. However, Jud, along with Envestnet's other founders, had roots in asset management.

One of Envestnet's first acquisitions was Denver-based Portfolio Management Consultants (PMC) in 2001, which helped launch our growth in the asset management space and beyond. Jud's vision propelled PMC's expansion into offering a full range of solutions and services that help advisors deliver unified advice — so their clients can achieve financial wellness. We are committed to carrying out Jud's vision, and we will continue to broaden our offerings and support a vast network of advisors.

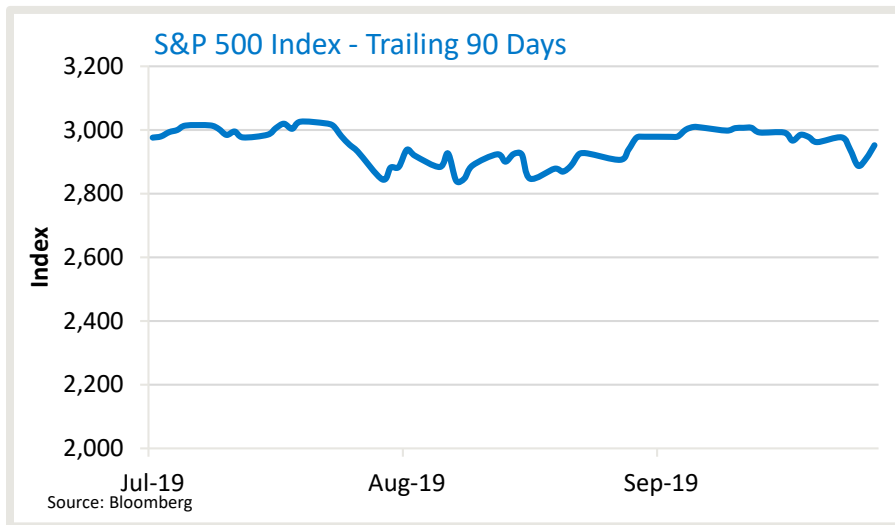
PMC is proud to have been under Jud's leadership these last 20 years. Together, we have worked alongside advisors like you to help your clients achieve their financial goals. Jud was a remarkable leader whose vision, understanding and drive built the foundation for Envestnet to be the company we are today. We believe the foundation he laid will continue to improve the lives of millions of investors through you, the advisor.

Jud's vision will forever be the foundation of Envestnet. Thank you, Jud. We will miss you.

# Weekly Market Review

October 7, 2019

## Chart of the Week



## Weekly Highlights

- **The Institute of Supply Management's (ISM) manufacturing data** for the month of September fell 1.30 points to 47.80% and was the lowest since 2009. This further increased the probability to 81% for a quarter-point rate cut when the Federal Reserve (the Fed) meets in October. Later in the week ISM also released the service numbers, which followed a similar trend and recorded the lowest figures since August 2016.
- **The much-awaited Employment Situation Report was released on Friday**, and the data did not disappoint, as the unemployment rate fell to a 50-year low of 3.50%. Nonfarm payrolls rose by a net 136,000 last month from an upwardly revised 168,000 in August. However, wage growth slowed to an annual pace of 2.90%, down from 3.20% in August.
- **For the third consecutive week, the Fed has been injecting liquidity** into the repo market. This comes on the back of short-term rates shooting up as high as 10% earlier this month. This action brings the overall Fed balance sheet assets closer to the \$4 trillion mark at \$3.95 trillion as of October 2, its highest level since March 2019.

## Talking Points

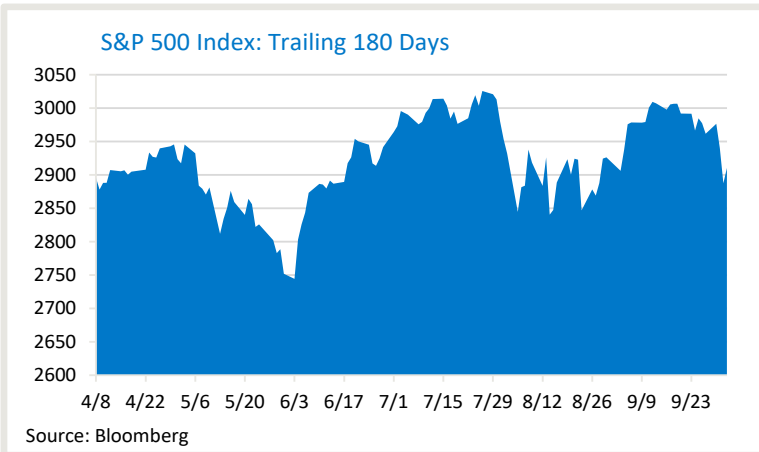
- **US equities began the week on a disappointing note** on concerns of an economic slowdown, with all broad-level indices in negative territory. However, markets rebounded later in the week in anticipation of employment figures being released. Additionally, large caps outperformed small caps; growth outperformed value; domestic stocks outperformed international stocks; and emerging markets outperformed developed markets.
- **Flight to quality was evident in the fixed income markets** earlier last week, as the yield on the 2-Year U.S. Treasury Note, which is highly sensitive to the outlook for Fed policy, fell to 1.38%, its lowest level since 2017. The 10-year Treasury yield declined to 1.53%, while the 30-year Treasury yield tumbled to 2.05% in the aftermath of weak manufacturing data.
- **Oil prices declined throughout the week** on news of an unexpected rise in US crude supplies and concerns about overall global demand. The weak economic data led to a rally in gold but hit a roadblock later in the week after optimistic employment figures were released.
- **US Dollar Index** traded lower during the week, after scaling a 30-day high on October 1. Since then, it drifted down, as investors lowered their expectations for the Fed to cut rates after Friday's jobs report.

## Market Dashboard

	Last Price	Change	% Chg.	YTD %
<b>S&amp;P 500</b>	2,952.01	-9.78	-0.33%	17.8%
<b>Dow Industrials</b>	26,573.72	-246.53	-0.92%	13.9%
<b>Nasdaq</b>	7,982.47	42.85	0.54%	20.3%
<b>Russell 2000</b>	1,500.70	-19.77	-1.30%	11.3%
<b>Euro Stoxx Index</b>	380.22	-11.57	-2.95%	12.6%
<b>Shanghai Composite</b>	2,905.19	-71.89	-2.41%	16.5%
<b>MSCI ACWI</b>	509.84	-9.89	-1.90%	11.9%

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

	Last Price	Change	% Chg.	YTD %
<b>MSCI EM</b>	992.28	-9.22	-0.92%	2.7%
<b>10-Year US Treas.</b>	1.52	-16 bps	NM	NM
<b>Bloomberg Cmdts. Idx.</b>	77.93	-0.41	-0.52%	1.6%
<b>Gold</b>	\$1,504.81	\$6.89	0.46%	17.3%
<b>Crude Oil</b>	\$52.94	-\$3.01	-5.38%	9.7%
<b>Dollar Index</b>	98.85	-0.28	-0.29%	2.8%
<b>VIX Index</b>	17.04	-0.18	-1.05%	-33.0%



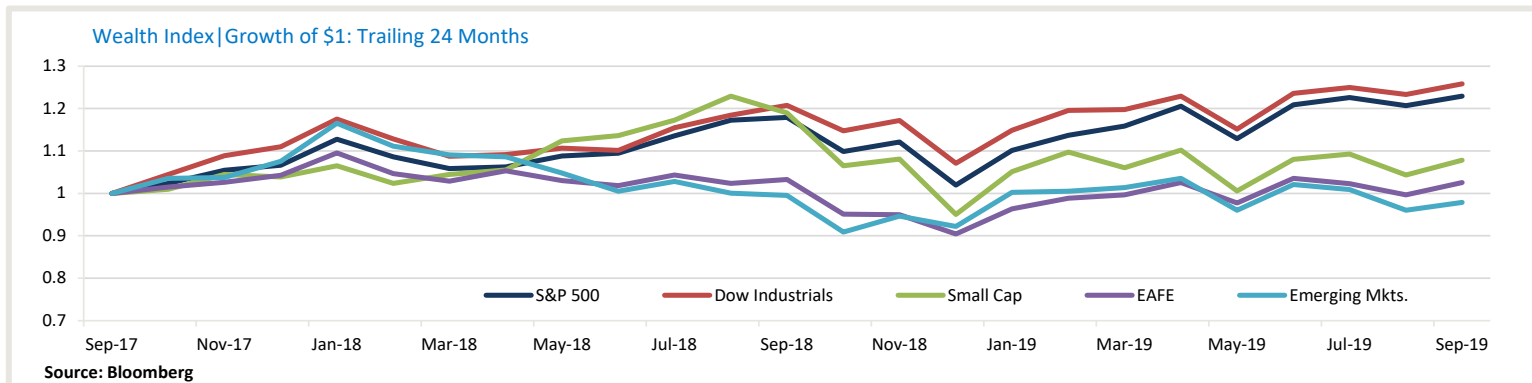
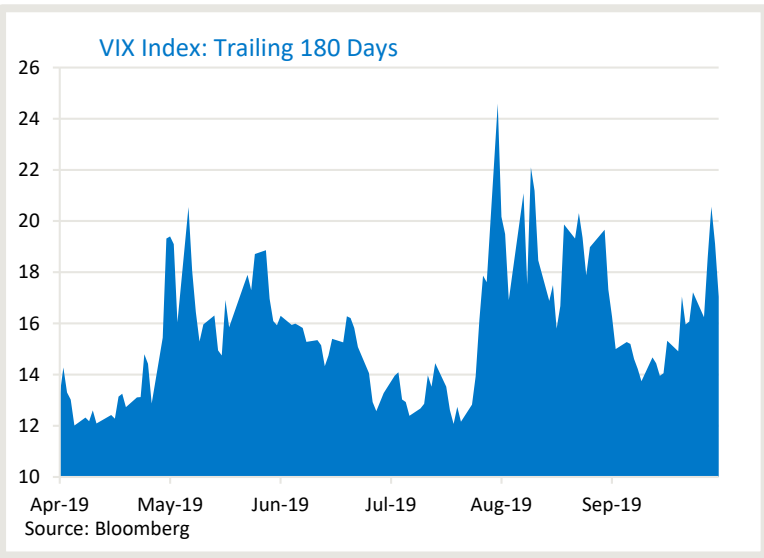
	One Week			YTD		
	Value	Growth		Value	Growth	
<b>L</b>	-1.07%	-0.15%	0.61%	13.13%	17.40%	21.18%
	-1.41%	-0.66%	0.50%	15.31%	18.94%	24.10%
<b>S</b>	-1.82%	-1.30%	-0.77%	9.02%	11.28%	13.34%

Source: Bloomberg

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

	% Wgt in S&P 500	Week % Chg.	YTD % Chg.
<b>Consumer Discretionary</b>	10.2	-0.2%	19.9%
<b>Consumer Staples</b>	7.7	0.5%	20.7%
<b>Energy</b>	4.4	-3.7%	-0.1%
<b>Financials</b>	12.8	-2.2%	15.1%
<b>Health Care</b>	13.7	0.9%	4.2%
<b>Industrials</b>	9.2	-2.3%	17.7%
<b>Information Technology</b>	22.1	1.1%	30.0%
<b>Materials</b>	2.7	-2.5%	11.5%
<b>Real Estate</b>	3.3	0.3%	26.9%
<b>Communication Services</b>	10.4	0.1%	20.3%
<b>Utilities</b>	3.6	0.2%	22.5%

Source: Bloomberg



## The Economy and Markets

### A Macro View—September Monthly Recap

September lived up to its reputation of being one of the most eventful months of the year, from both a monetary policy and geopolitical headlines perspective. Political discord, trade rhetoric, and the Federal Reserve's (the Fed) policy comments on future rate cuts contributed to an interesting environment during the month. The Fed reduced the benchmark interest rate by 25 basis points, keeping it within a range of 1.75% to 2.00%, in its second rate cut of 2019. The Fed also intervened in the repo market after rates shot up to as high as 10% for the general collateral repurchase agreements. Corporate tax payments, recent government bond issuance, and the Fed's recent shrinking of its balance sheet that drained cash from the system were factors that caused a spurt in these overnight rates.

In domestic equity markets, the Russell 1000 returned 1.73% while the S&P 500 gained 1.87%. The S&P 500 is now up 20.55% through the first three quarters. Health Care is the only sector in negative territory, as it has been affected by bureaucratic decisions and cost-cutting pressures over a three-month extended losing streak. The top-performing sector was Financials, with a gain of 4.64%, followed by Utilities, which rose 4.26%. Value stocks outpaced growth, breaking from recent market trends, with the Russell 1000 Value Index returning 3.57% compared with the Russell 1000 Growth Index, which was up 0.01%. Small and mid cap stocks slightly outpaced large cap, as the Russell 2000 Index gained 2.08%, and the Russell Mid Cap Index gained 1.97%. The growth-to-value rotation also was seen in both small and mid cap, with the Russell 2000 Value Index and the Russell Mid Cap Value Index generating impressive returns of 5.13% and 4.06%, respectively. The small and mid cap growth indices posted negative results, with the Russell Midcap Growth Index declining 1.14% and the Russell 2000 Growth Index falling 0.82%.

World markets were shaken by drone attacks in Saudi Arabia, knocking out the country's second largest oil field, resulting in oil prices spiking by more than \$10 per barrel. However, energy markets proved largely resilient, and oil prices stabilized after assurances from the Saudi government that it has enough reserves to support the oil demand. In this context, commodities posted slight gains, with the Bloomberg Commodity Index returning 1.17%. Cryptocurrency came back into the spotlight, as Bitcoin sold off, losing 13.61% in September to close at \$8,315.

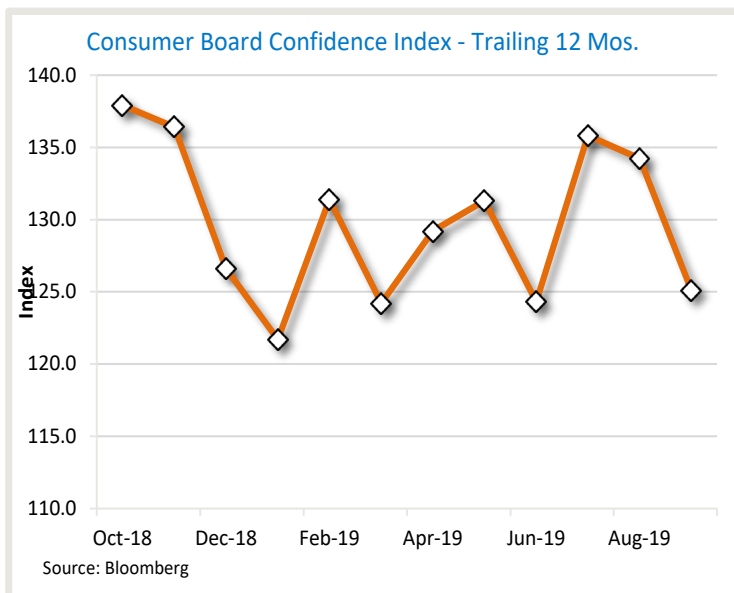
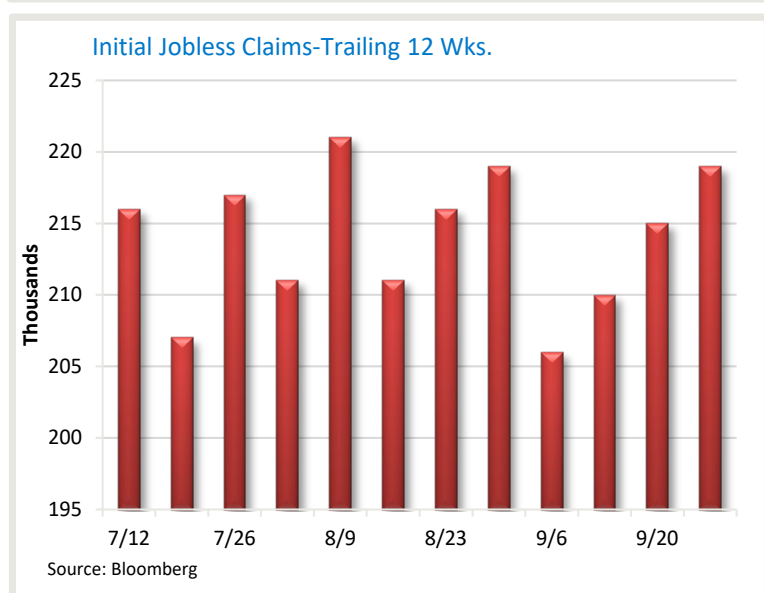
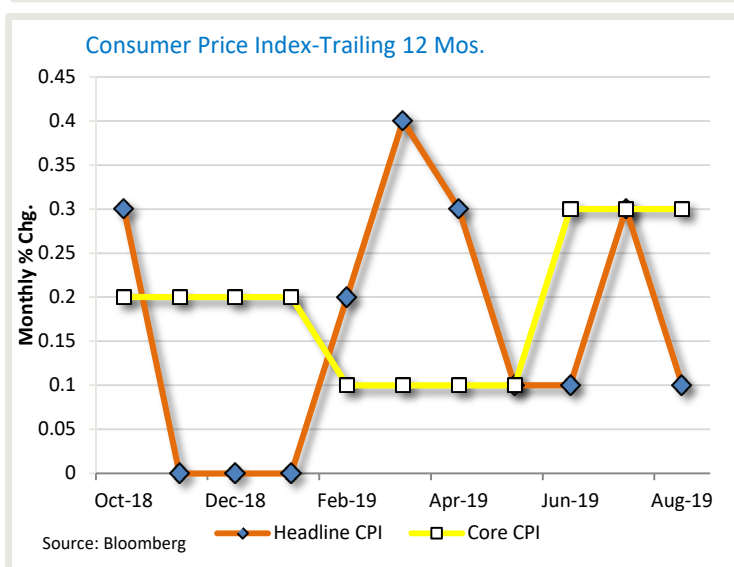
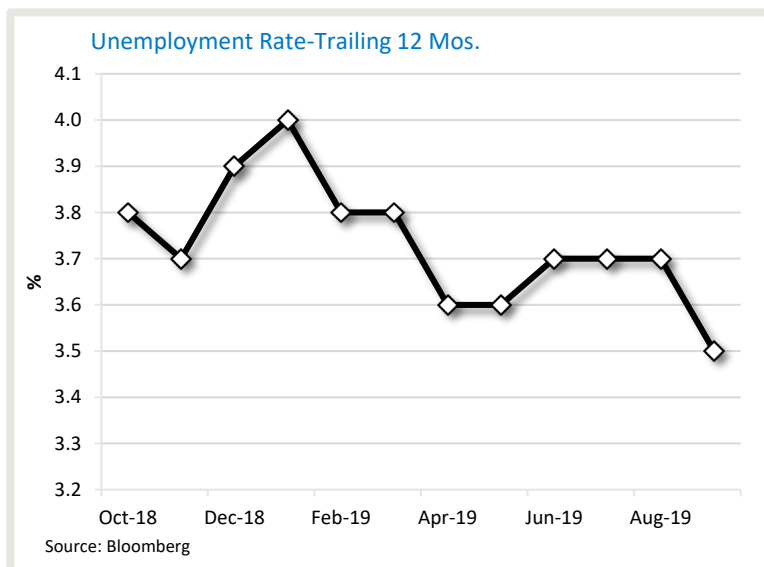
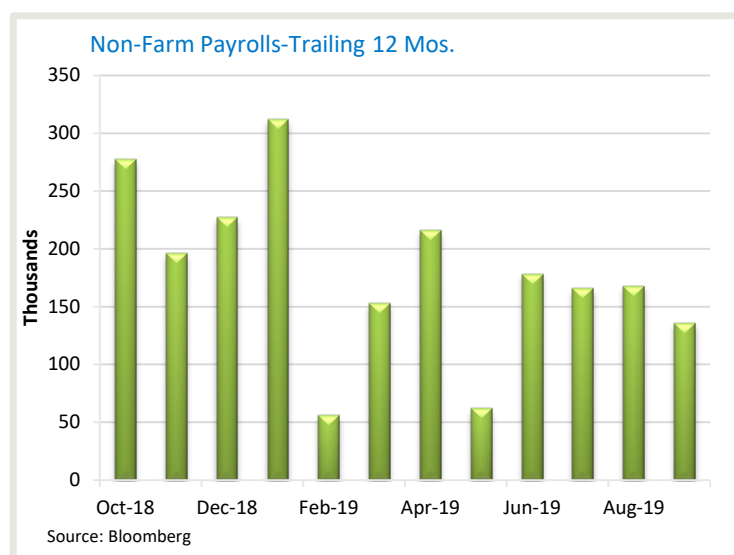
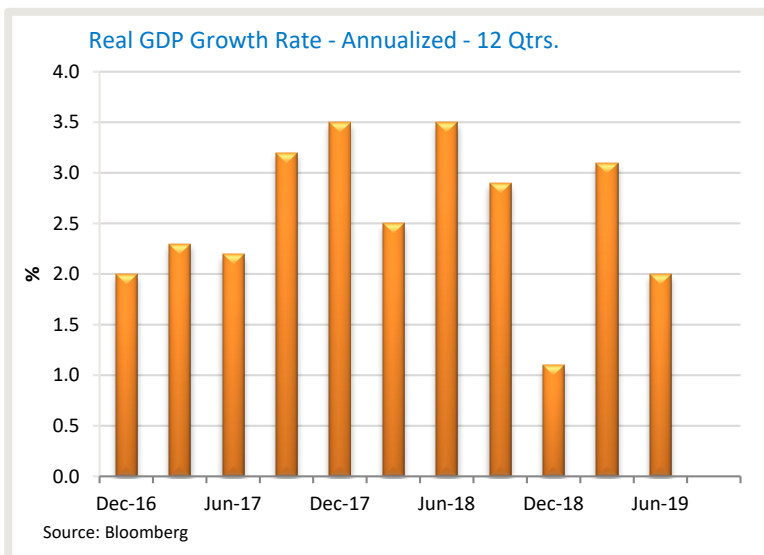
International equity markets delivered strong results in September, as the MSCI ACWI ex-U.S. Index gained 2.57%. The European Central Bank, on the back of a weaker economic outlook, pushed interest rates further into negative territory and initiated quantitative easing. Within Europe, Germany's unemployment figures fell unexpectedly in September and retail sales rose in August, temporarily setting aside concerns that a manufacturing slump is taking a toll on the German economy. Italy's inflation remained at a near-three year low of 0.40%. Switzerland's Economic Institute showed weakness in both the manufacturing and service sectors. The MSCI Europe Index returned 2.72%. MSCI Japan posted an impressive 4.04%, which surprisingly comes at a time when the Japanese government hiked its consumption tax for the first time in five years. Emerging markets was an area of weakness among much strength abroad, as the MSCI Emerging Markets Index gained 1.91%. China was the main culprit behind the emerging markets weakness, with the MSCI China Index gaining 0.03%.

Fixed income markets mostly posted slight losses for the month as interest rates moved higher, as the Barclays US Aggregate Bond Index declined 0.53%. Despite the losses in September, most fixed income asset classes generated gains for the third quarter and improved their returns for 2019. The Barclays US Aggregate Bond Index is now up 8.52% through the first nine months. In September, the yield on the U.S. 10-Year Treasury Note climbed 16 basis points to 1.67% from 1.51%. Global bonds trailed relative to domestic fixed income, as the Barclays Global Aggregate ex-US Index fell 1.42%. High yield outpaced investment grade, as the Barclays US Corporate High Yield Index gained 0.36% and is now up 11.41% in 2019. Bank loans also posted positive results, with the S&P/LTSA Leveraged Loan Index gaining 0.47%. Municipal bonds mostly trailed their taxable peers for the month, with the Barclays Municipal Index declining 0.80%.

Alfie Manuel

Investment Analyst

## Economic Data



## Eurozone

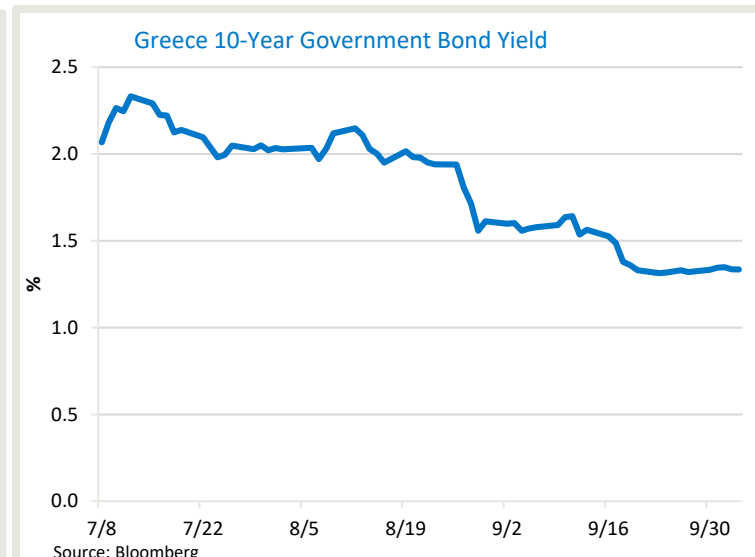
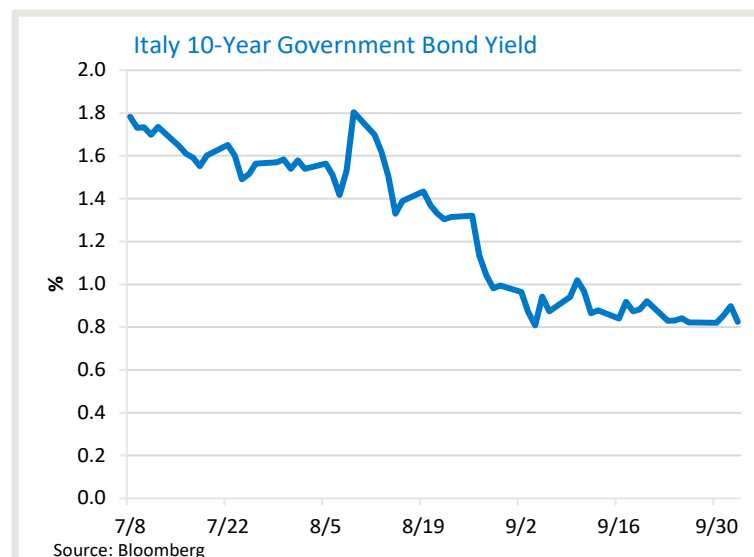
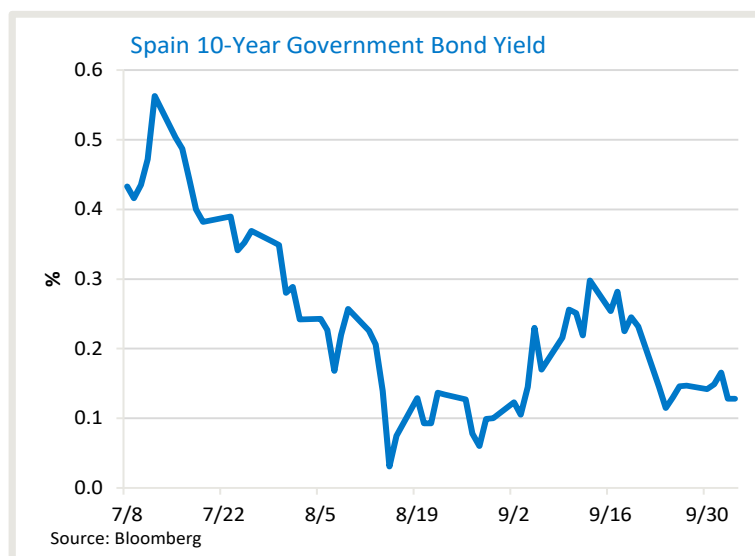
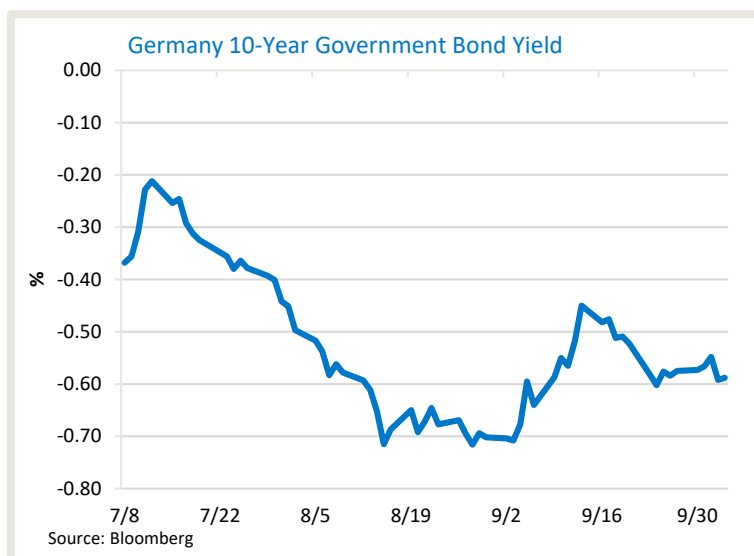
### SELECTED EUROPEAN SOVEREIGN YIELD PERFORMANCE

	Last	Change	% Chg.	YTD %
Germany 10-Yr. Govt.	-0.59	1 bps	NM	NM
Greece 10-Yr. Govt.	1.33	-2 bps	NM	NM
Italy 10-Yr. Govt.	0.83	-1 bps	NM	NM
Spain 10-Yr. Govt.	0.13	2 bps	NM	NM
Belgium 10-Yr. Govt.	-0.25	-2 bps	NM	NM

Source: Bloomberg

Basis points (bps)

	Last	Change	% Chg.	YTD %
France 10-Yr. Govt.	-0.28	0 bps	NM	NM
Ireland 10-Yr. Govt.	-0.04	0 bps	NM	NM
Portugal 10-Yr. Govt.	0.14	3 bps	NM	NM
Netherlands 10-Yr. Govt.	-0.45	2 bps	NM	NM
U.K. 10-Yr. Govt.	0.44	6 bps	NM	NM



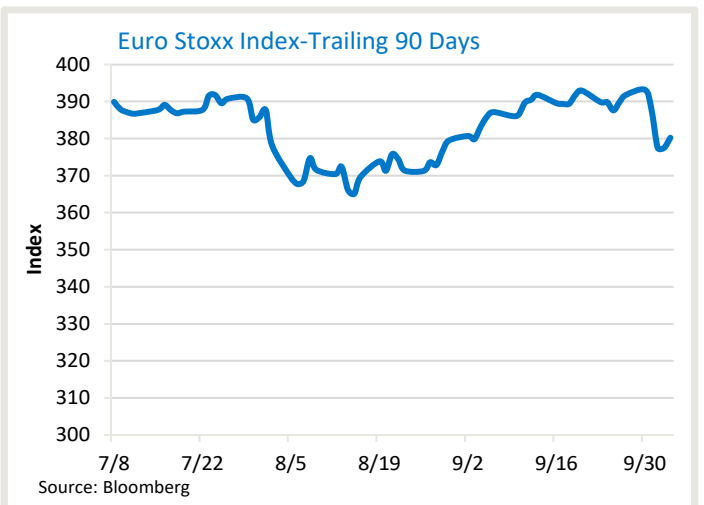
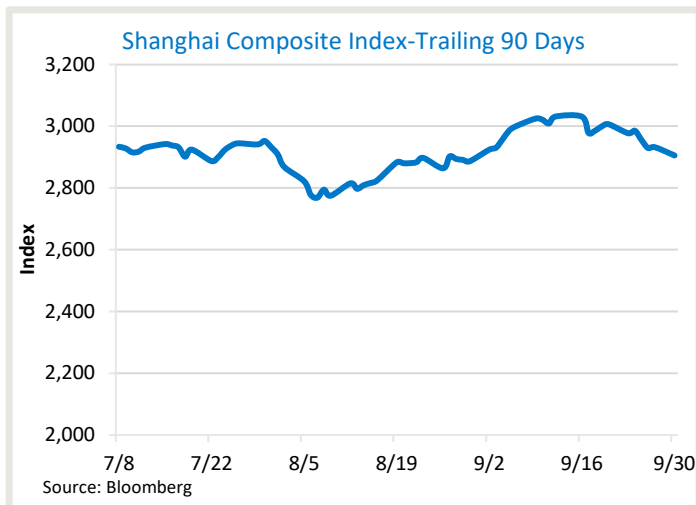
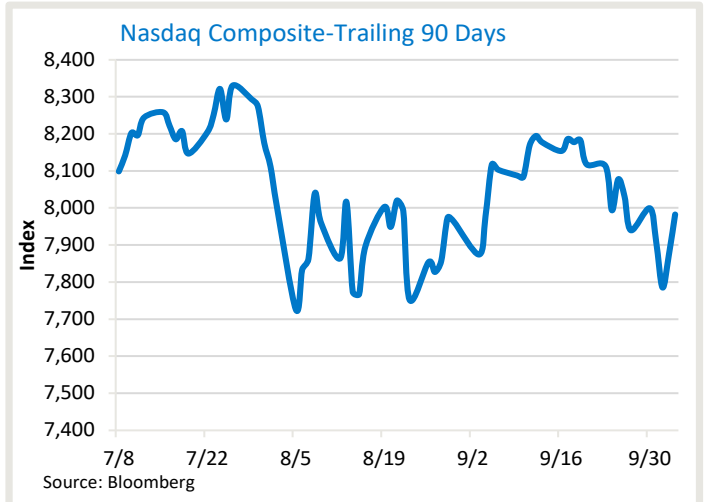
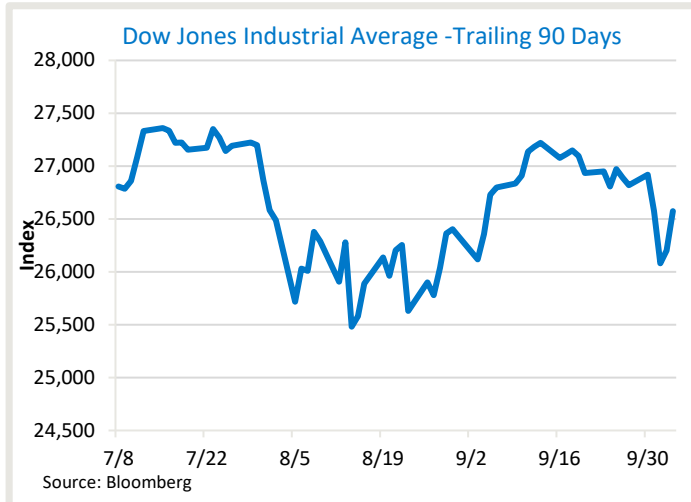
## Equities

### WORLD MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
<b>S&amp;P 500</b>	<b>2,952.01</b>	<b>-9.78</b>	<b>-0.33%</b>	<b>17.76%</b>
<b>Dow Industrials</b>	<b>26,573.72</b>	<b>-246.53</b>	<b>-0.92%</b>	<b>13.92%</b>
<b>Nasdaq Composite</b>	<b>7,982.47</b>	<b>42.85</b>	<b>0.54%</b>	<b>20.30%</b>
<b>MSCI ACWI</b>	<b>509.84</b>	<b>-9.89</b>	<b>-1.90%</b>	<b>11.9%</b>
<b>MSCI EM</b>	<b>992.28</b>	<b>-9.22</b>	<b>-0.92%</b>	<b>2.7%</b>
<b>S&amp;P/TSX (Canada)</b>	<b>16,449.35</b>	<b>-244.92</b>	<b>-1.47%</b>	<b>14.85%</b>
<b>Mexico IPC</b>	<b>43,416.90</b>	<b>559.32</b>	<b>1.31%</b>	<b>4.27%</b>
<b>Brazil Bovespa</b>	<b>102,551.30</b>	<b>-2526.31</b>	<b>-2.40%</b>	<b>16.69%</b>
<b>Euro Stoxx 600</b>	<b>380.22</b>	<b>-11.57</b>	<b>-2.95%</b>	<b>12.61%</b>
<b>FTSE 100</b>	<b>7,155.38</b>	<b>-270.83</b>	<b>-3.65%</b>	<b>6.35%</b>
<b>IBEX 35 (Spain)</b>	<b>8,961.80</b>	<b>-222.30</b>	<b>-2.42%</b>	<b>4.94%</b>

	Last	Change	% Chg.	YTD %
<b>Swiss Market Index</b>	<b>9,827.72</b>	<b>-210.09</b>	<b>-2.09%</b>	<b>16.59%</b>
<b>CAC 40 Index (France)</b>	<b>5,488.32</b>	<b>-152.26</b>	<b>-2.70%</b>	<b>16.02%</b>
<b>DAX Index (Germany)</b>	<b>12,012.81</b>	<b>-368.13</b>	<b>-2.97%</b>	<b>13.77%</b>
<b>Irish Overall Index</b>	<b>6,142.05</b>	<b>-34.95</b>	<b>-0.57%</b>	<b>12.09%</b>
<b>Nikkei 225</b>	<b>21,410.20</b>	<b>-468.70</b>	<b>-2.14%</b>	<b>6.97%</b>
<b>Hang Seng Index</b>	<b>25,821.03</b>	<b>-220.90</b>	<b>-0.85%</b>	<b>-0.10%</b>
<b>Shanghai Composite</b>	<b>2,905.19</b>	<b>-71.89</b>	<b>-2.41%</b>	<b>16.49%</b>
<b>Kospi Index (S. Korea)</b>	<b>2,020.69</b>	<b>-53.83</b>	<b>-2.59%</b>	<b>-1.00%</b>
<b>Taiwan Taiex Index</b>	<b>10,894.48</b>	<b>64.80</b>	<b>0.60%</b>	<b>12.00%</b>
<b>Tel Aviv 25 Index</b>	<b>1,589.87</b>	<b>-15.38</b>	<b>-0.96%</b>	<b>8.61%</b>
<b>MOEX Index (Russia)</b>	<b>2,692.55</b>	<b>-65.43</b>	<b>-2.37%</b>	<b>13.64%</b>

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



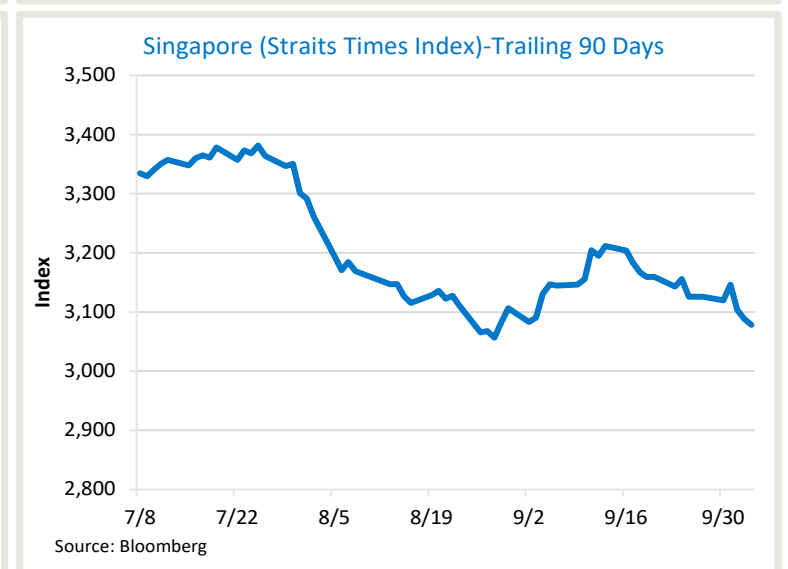
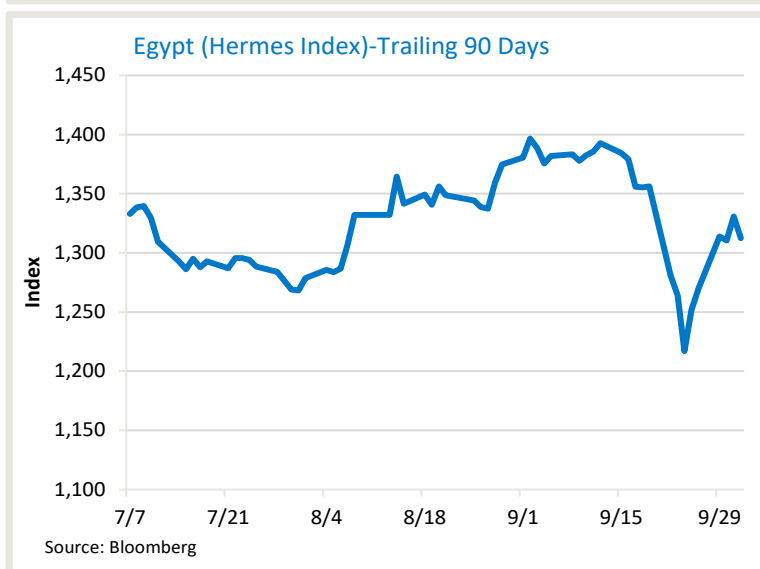
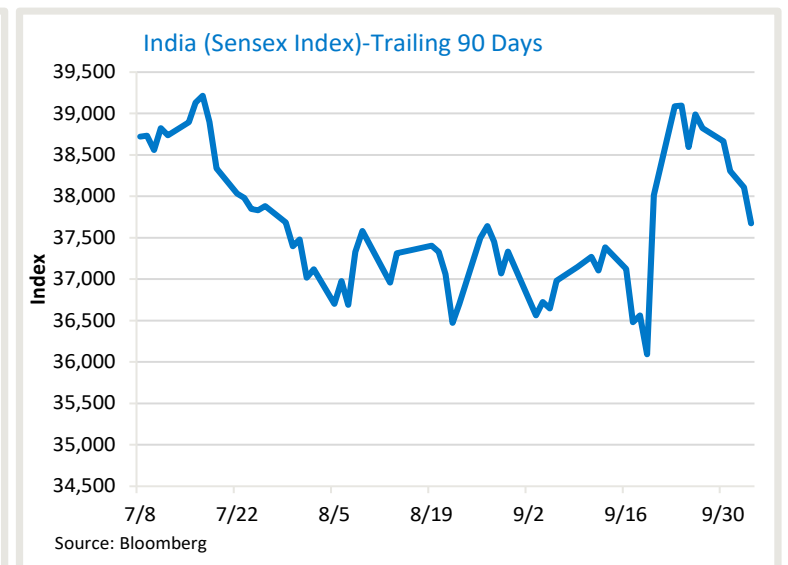
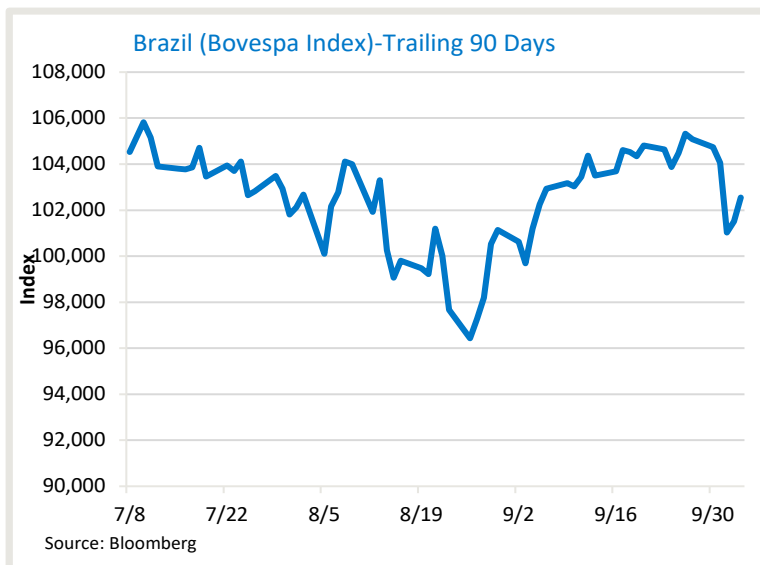
## Equities – Emerging and Frontier Markets

### EMERGING AND FRONTIER MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
Mexico IPC	43,416.90	559.32	1.3%	4.3%
Brazil (Bovespa Index)	102,551.30	-2526.31	-2.4%	16.7%
MOEX Index (Russia)	2,692.55	-65.43	-2.4%	13.6%
Czech Republic (Prague)	1,004.56	-33.89	-3.3%	1.8%
Turkey (Istanbul)	103,463.50	-1688.70	-1.6%	13.4%
Egypt (Hermes Index)	1,307.73	37.71	3.0%	2.4%
Kenya (Nairobi 20 Index)	2,438.97	3.05	0.1%	-13.9%
Saudi Arabia (TASI Index)	7,921.15	-107.04	-1.3%	1.2%
Lebanon (Beirut BLOM Index)	782.15	-13.54	-1.7%	-19.9%
Palestine	516.79	-0.42	-0.1%	-2.4%

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

	Last	Change	% Chg.	YTD %
Hang Seng Index	25,821.03	-220.90	-0.8%	-0.1%
India (Sensex 30)	37,673.31	0.00	0.0%	4.4%
Malaysia (KLCI Index)	1,557.67	-26.47	-1.7%	-7.9%
Singapore (Straits Times Index)	3,078.36	-47.27	-1.5%	0.3%
Thailand (SET Index)	1,605.96	-37.80	-2.3%	2.7%
Indonesia (Jakarta)	6,061.25	-135.64	-2.2%	-2.2%
Pakistan (Karachi KSE 100)	33,033.32	962.51	3.0%	-10.9%
Vietnam (Ho Chi Minh)	987.59	-10.25	-1.0%	10.6%
Sri Lanka (Colombo)	5,689.90	-81.79	-1.4%	-6.0%
Cambodia (Laos)	731.23	10.22	1.4%	-12.6%



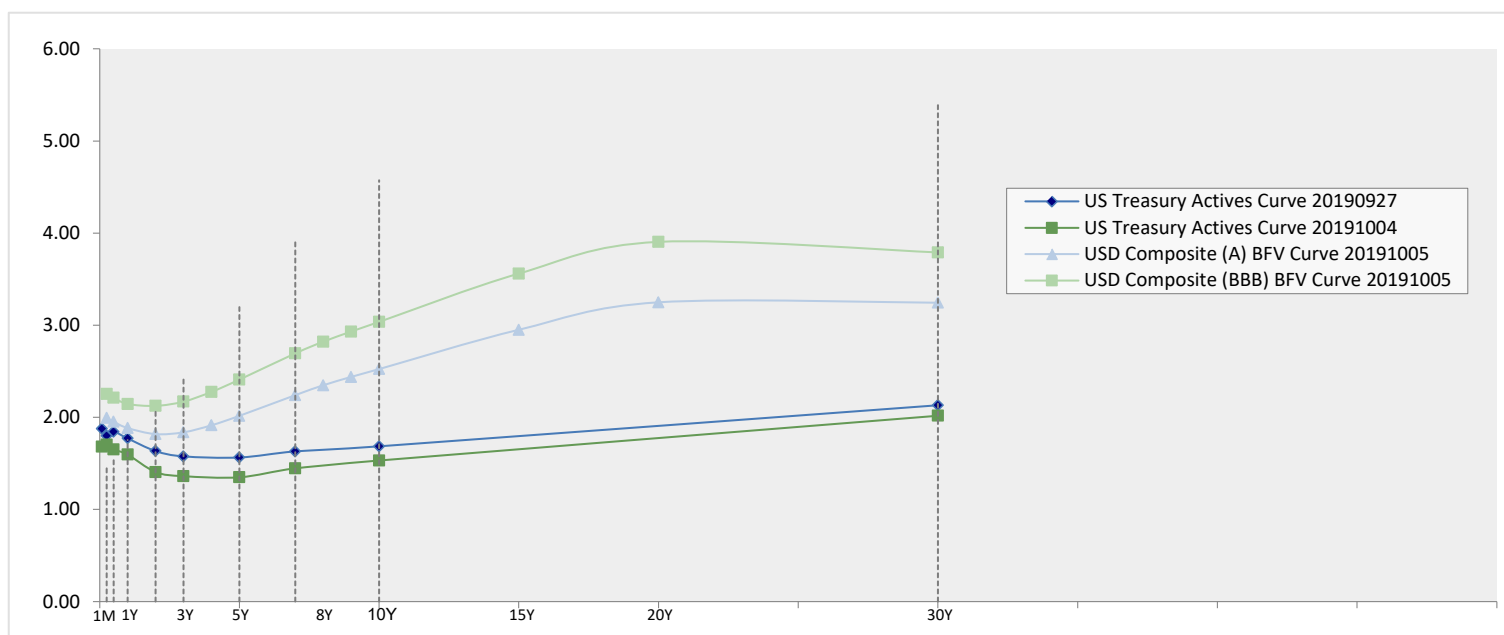


## Interest Rates

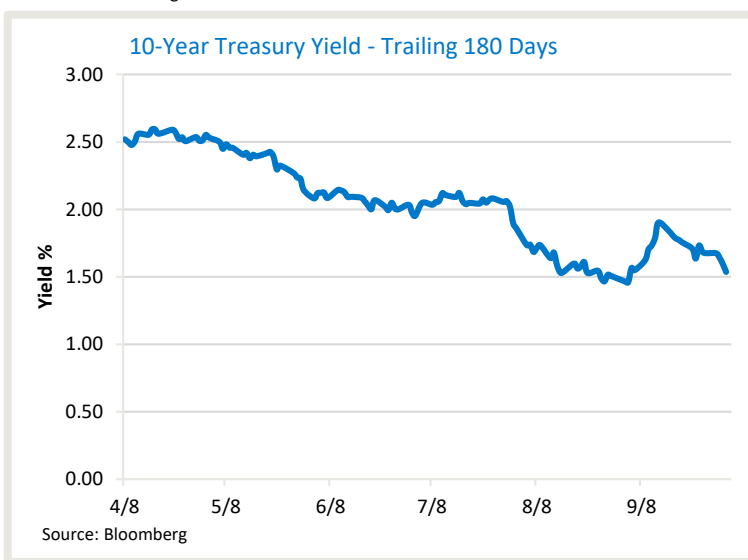
SELECTED INTEREST RATES

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
2-Yr. U.S. Treasury	1.41%	4 bps	NM	NM	Prime Rate	5.00%	0.00	NM	NM
5-Yr. U.S. Treasury	1.33%	-22 bps	NM	NM	Fed Funds Rate	2.00%	0.00	NM	NM
10-Yr. U.S. Treasury	1.52%	-16 bps	NM	NM	Discount Rate	2.50%	0.00	NM	NM
30-Yr. U.S. Treasury	2.02%	-11 bps	NM	NM	LIBOR (3 Mo.)	2.04%	-6 bps	NM	NM
German 10-Yr. Govt.	-0.59%	1 bps	NM	NM	Bond Buyer 40 Muni	2.58%	-10 bps	NM	NM
France 10-Yr.	-0.28%	0 bps	NM	NM	Bond Buyer 40 G.O.	2.62%	NA	NM	NM
Italy 10-Yr.	0.83%	-1 bps	NM	NM	Bond Buyer 40 Rev.	3.10%	NA	NM	NM
Fed 5-Yr Fwd BE Inf.	1.57%	-9 bps	NM	NM					

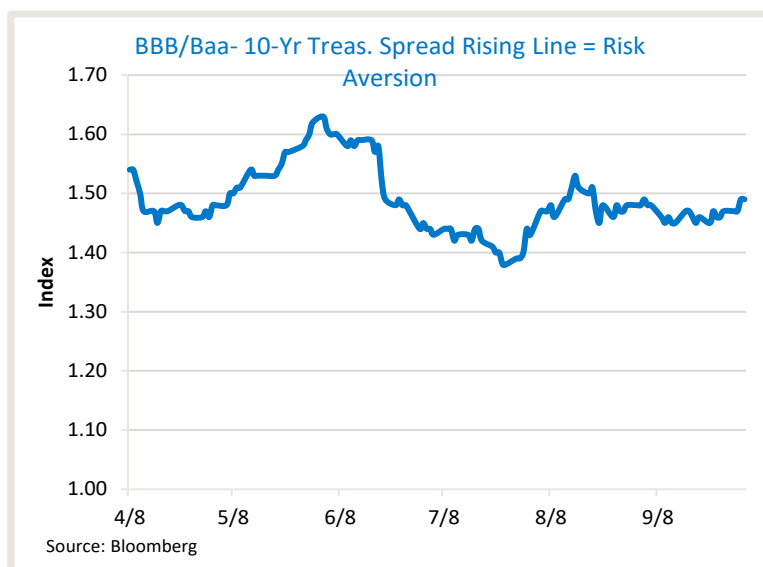
Source: Bloomberg



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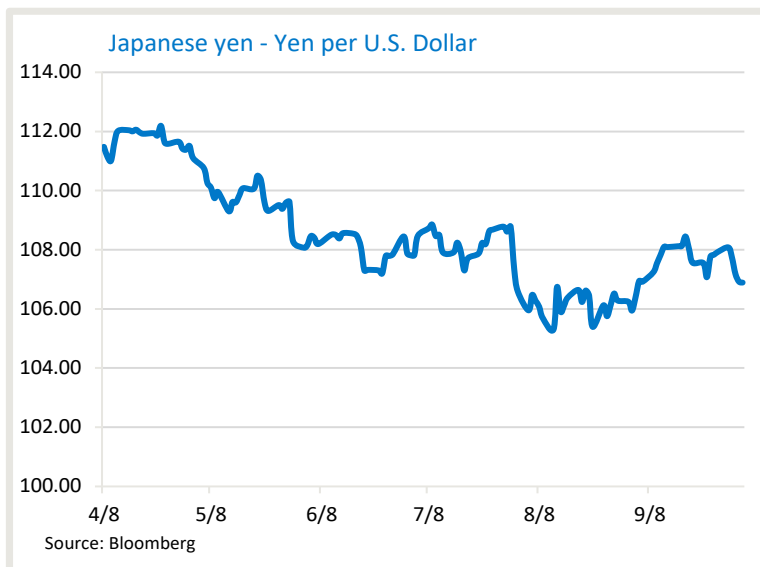
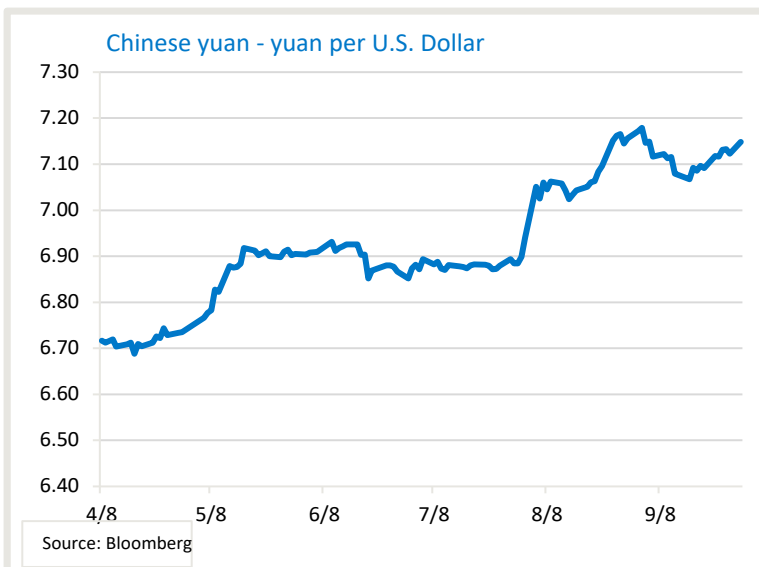
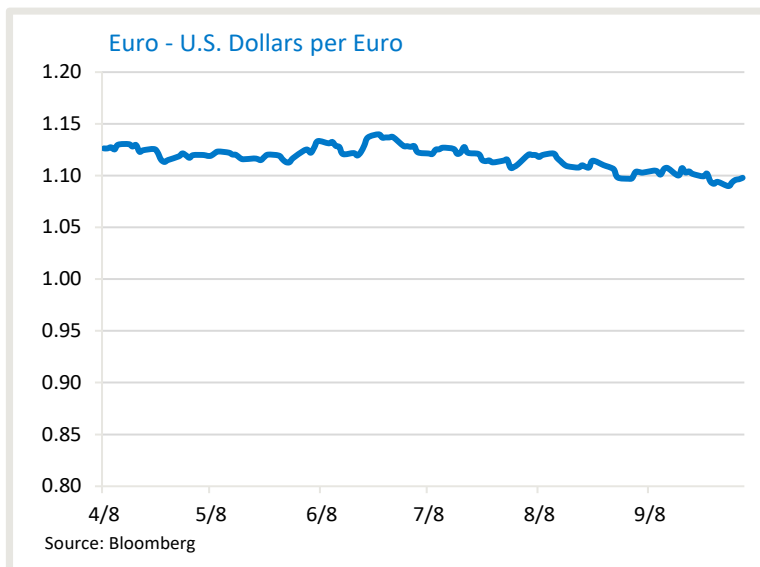
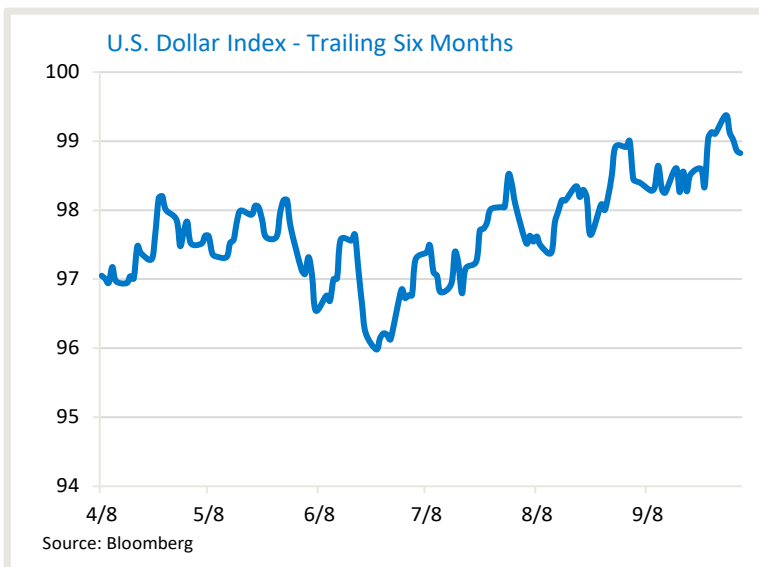
## Currencies

### SELECTED CURRENCY PERFORMANCE

	Last	Change	% Chg.	YTD %
<b>Dollar Index</b>	<b>98.85</b>	<b>-0.283</b>	<b>-0.29%</b>	<b>2.76%</b>
<b>Euro</b>	<b>1.10</b>	<b>0.004</b>	<b>0.36%</b>	<b>-4.26%</b>
<b>Japanese Yen</b>	<b>106.91</b>	<b>-1.030</b>	<b>0.96%</b>	<b>2.62%</b>
<b>British Pound</b>	<b>1.23</b>	<b>0.004</b>	<b>0.34%</b>	<b>-3.29%</b>
<b>Canadian Dollar</b>	<b>1.33</b>	<b>0.007</b>	<b>-0.54%</b>	<b>2.39%</b>

	Last	Change	% Chg.	YTD %
<b>Chinese Yuan</b>	<b>7.15</b>	<b>0.026</b>	<b>-0.36%</b>	<b>-3.77%</b>
<b>Swiss Franc</b>	<b>1.00</b>	<b>0.004</b>	<b>-0.43%</b>	<b>-1.32%</b>
<b>New Zealand Dollar</b>	<b>0.63</b>	<b>0.002</b>	<b>0.25%</b>	<b>-6.06%</b>
<b>Brazilian Real</b>	<b>4.06</b>	<b>-0.105</b>	<b>2.58%</b>	<b>-4.45%</b>
<b>Mexican Peso</b>	<b>19.52</b>	<b>-0.170</b>	<b>0.87%</b>	<b>0.66%</b>

Source: Bloomberg

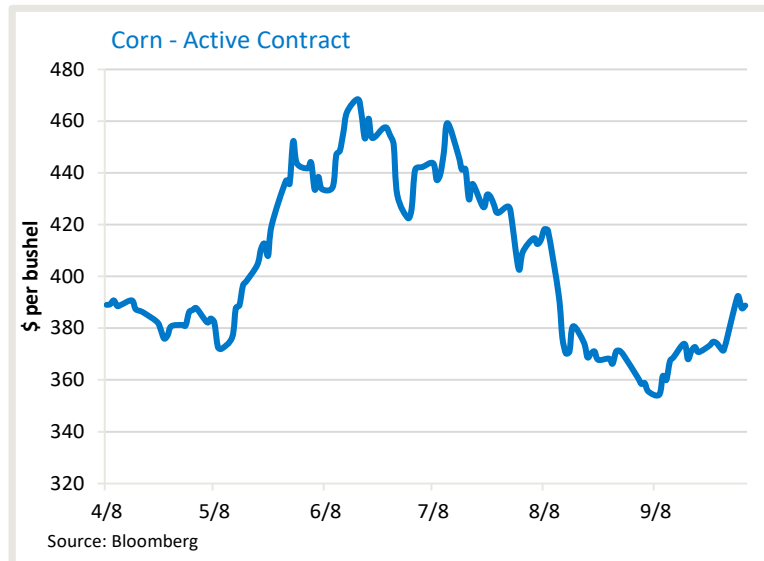
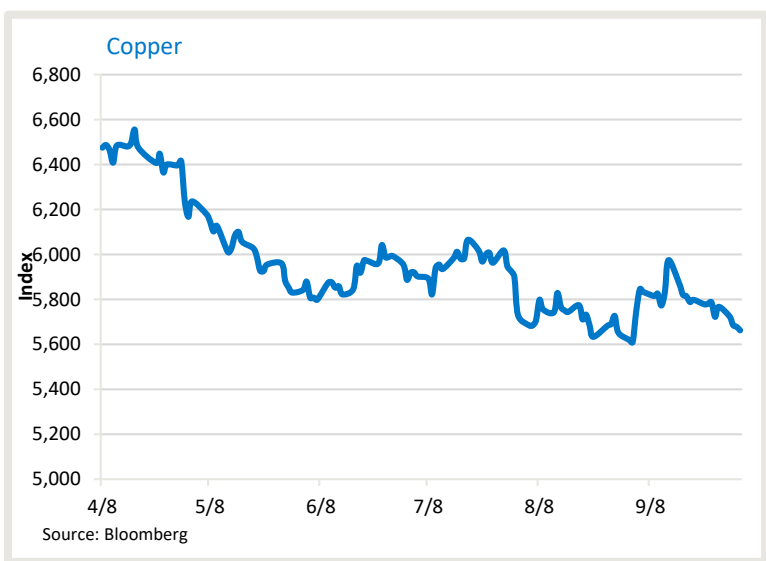
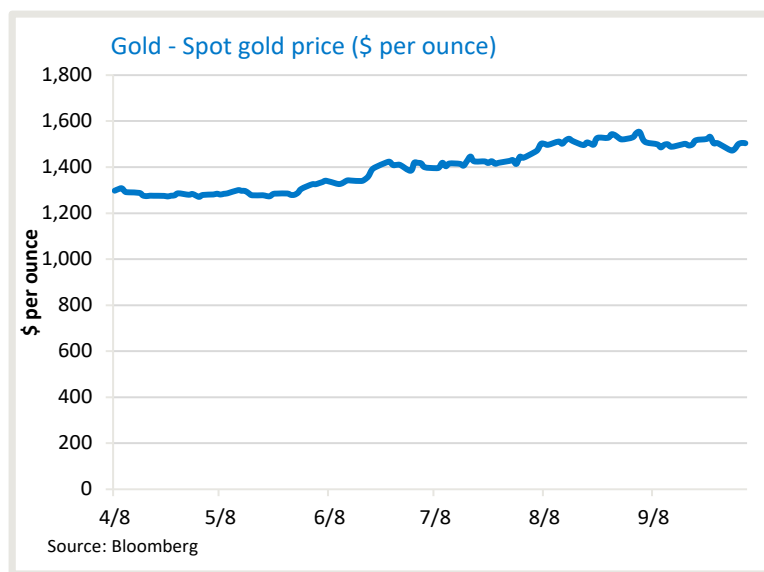
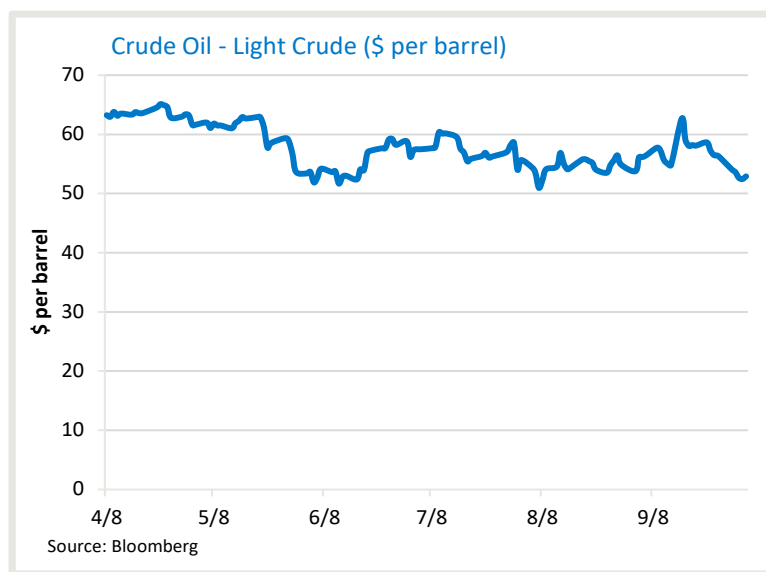


## Commodities

### SELECTED COMMODITY MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
<b>Bloomberg Comm. Idx.</b>	<b>77.93</b>	<b>-0.41</b>	<b>-0.52%</b>	<b>1.59%</b>	<b>Platinum Spot</b>	<b>\$879.79</b>	<b>-\$50.67</b>	<b>-5.44%</b>	<b>10.65%</b>
<b>Crude Oil</b>	<b>\$52.93</b>	<b>-\$3.01</b>	<b>-5.38%</b>	<b>9.71%</b>	<b>Corn</b>	<b>384.75</b>	<b>13.25</b>	<b>3.57%</b>	<b>-3.21%</b>
<b>Natural Gas</b>	<b>\$2.35</b>	<b>-\$0.05</b>	<b>-2.12%</b>	<b>-15.93%</b>	<b>Wheat</b>	<b>490.50</b>	<b>3.25</b>	<b>0.67%</b>	<b>-9.59%</b>
<b>Gasoline (\$/Gal.)</b>	<b>\$2.66</b>	<b>\$0.01</b>	<b>0.42%</b>	<b>17.99%</b>	<b>Soybeans</b>	<b>916.25</b>	<b>33.25</b>	<b>3.77%</b>	<b>-2.03%</b>
<b>Heating Oil</b>	<b>189.70</b>	<b>-3.91</b>	<b>-2.02%</b>	<b>10.27%</b>	<b>Sugar</b>	<b>12.76</b>	<b>0.14</b>	<b>1.11%</b>	<b>-2.97%</b>
<b>Gold Spot</b>	<b>\$1,504.60</b>	<b>\$6.89</b>	<b>0.46%</b>	<b>17.26%</b>	<b>Orange Juice</b>	<b>100.05</b>	<b>0.20</b>	<b>0.20%</b>	<b>-23.54%</b>
<b>Silver Spot</b>	<b>\$17.55</b>	<b>-\$0.01</b>	<b>-0.07%</b>	<b>13.12%</b>	<b>Aluminum</b>	<b>1,718.00</b>	<b>-17.00</b>	<b>-0.98%</b>	<b>-6.93%</b>
					<b>Copper</b>	<b>5,662.00</b>	<b>-105.00</b>	<b>-1.82%</b>	<b>-5.08%</b>

Source: Bloomberg; % change is based on price.

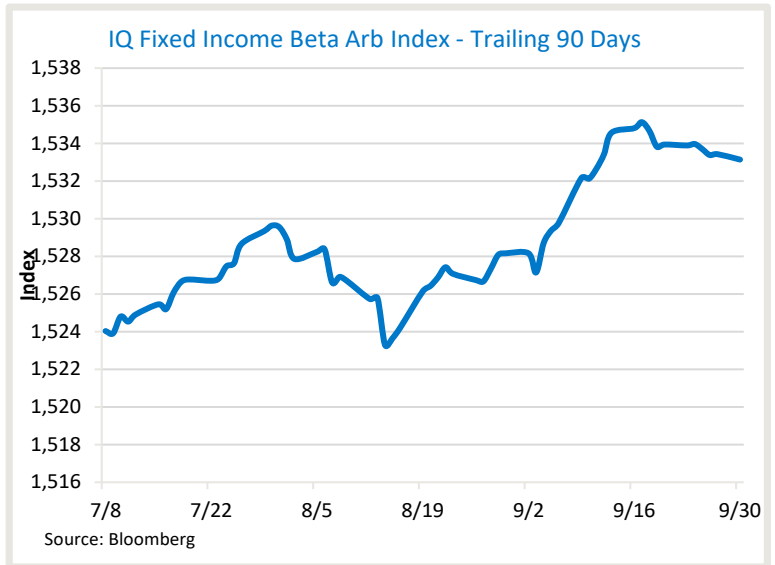
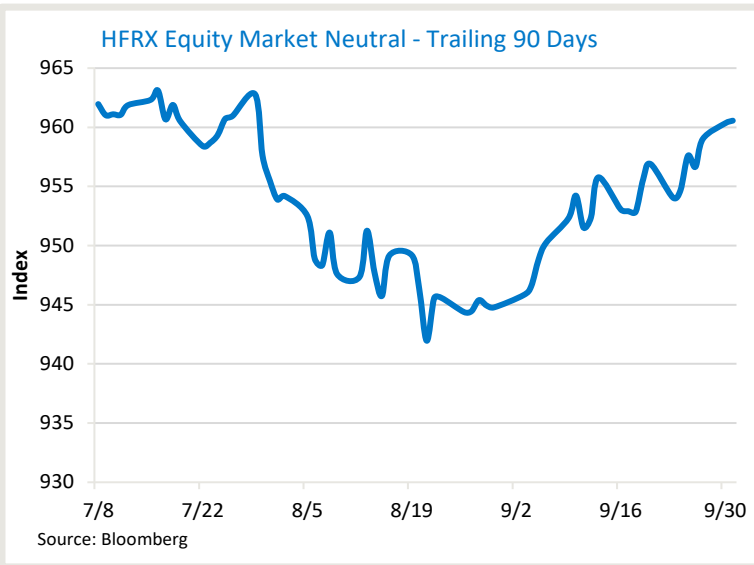
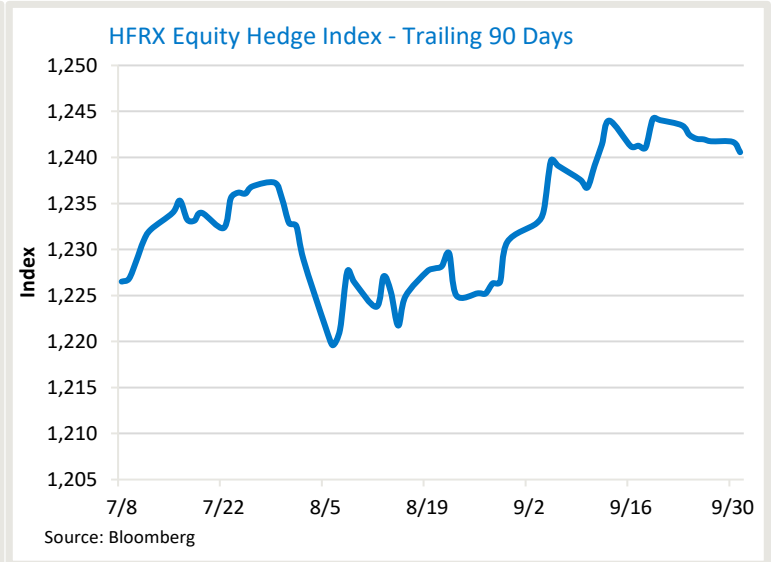
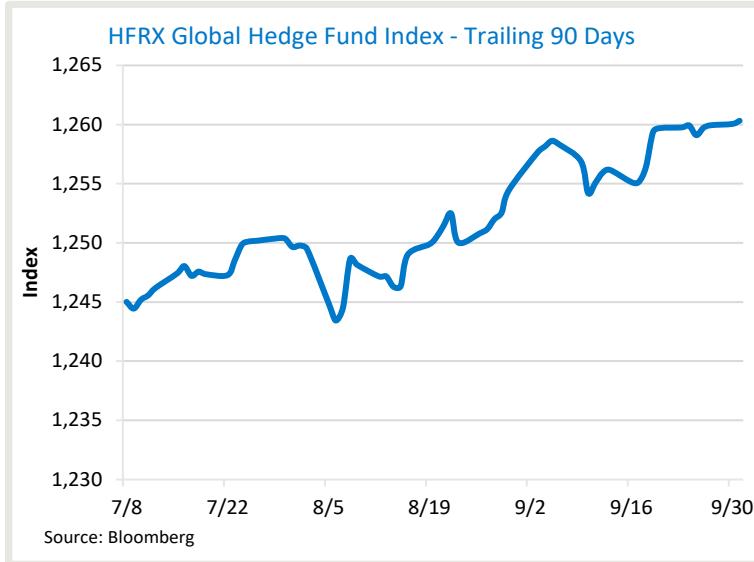


## Alternative Investments

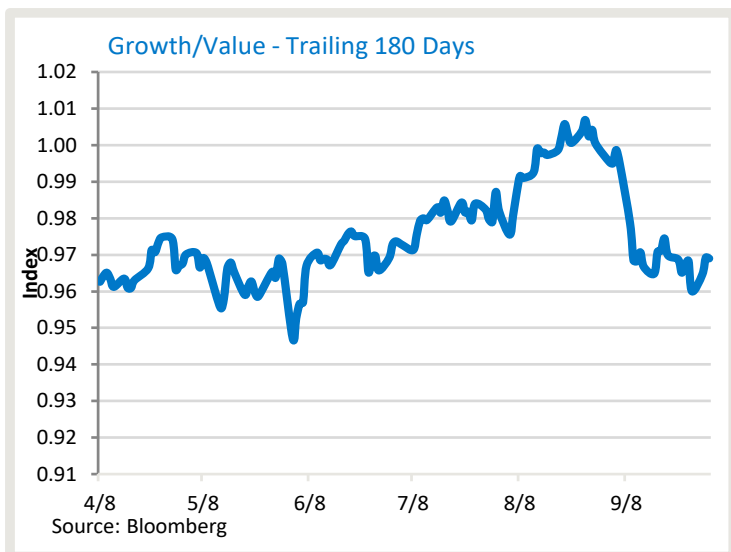
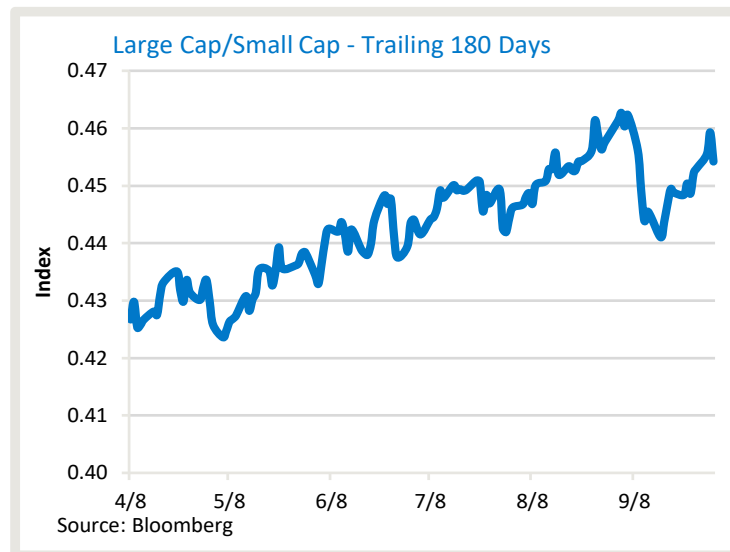
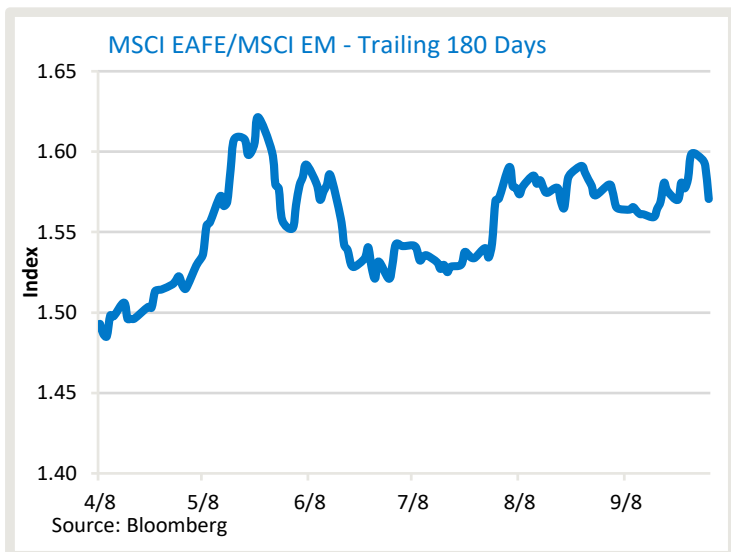
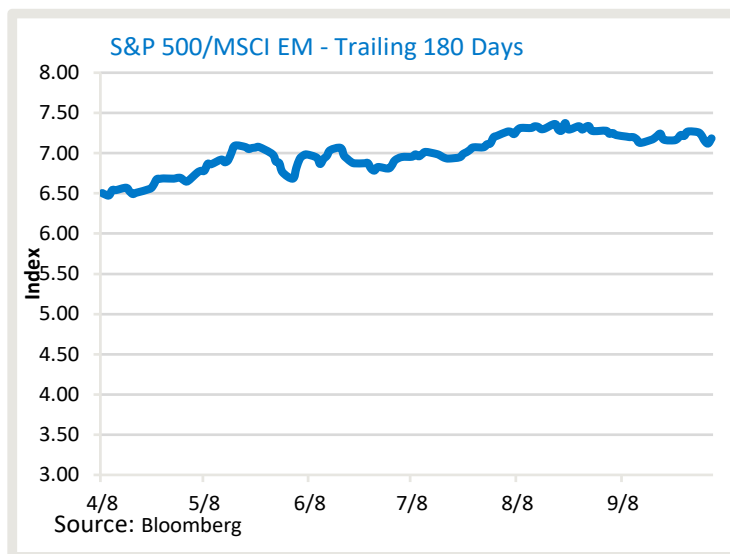
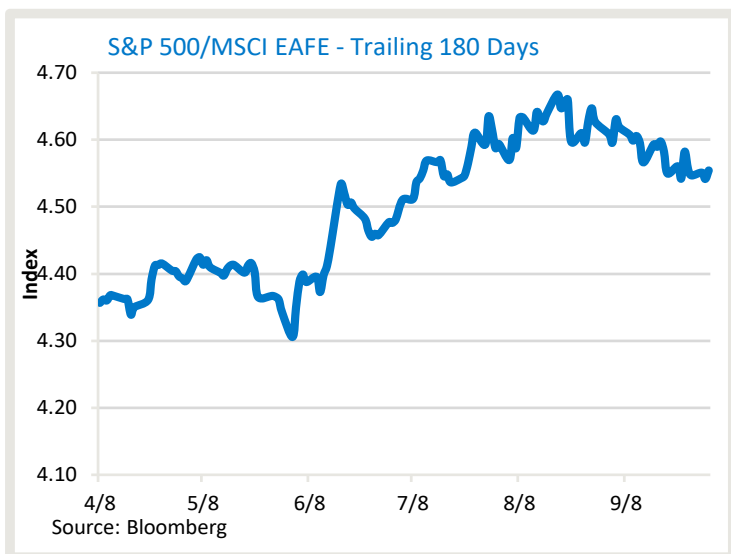
SELECTED ALTERNATIVE INVESTMENT INDEX PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
HFRX Global Hedge Fund Index	1258.14	-1.80	-0.14%	5.74%	HFRX Special Situation Index	1245.70	5.36	0.43%	3.55%
HFRX Equity Market Neutral	956.00	-3.02	-0.31%	-1.71%	HFRX Merger Arbitrage Index	1790.22	3.07	0.17%	-1.51%
HFRX Equity Hedge Index	1235.48	-6.27	-0.50%	7.33%	HFRX Convertible Arbitrage Index	808.85	-3.74	-0.46%	2.69%
HFRX Event-Driven Index	1540.62	6.43	0.42%	4.71%	HFRX Macro CTA Index	1175.05	-7.40	-0.63%	4.35%
HFRX Absolute Return Index	1085.95	-1.27	-0.12%	2.63%	IQ Fixed Income Beta Arb Index	1532.25	-1.18	-0.08%	4.77%

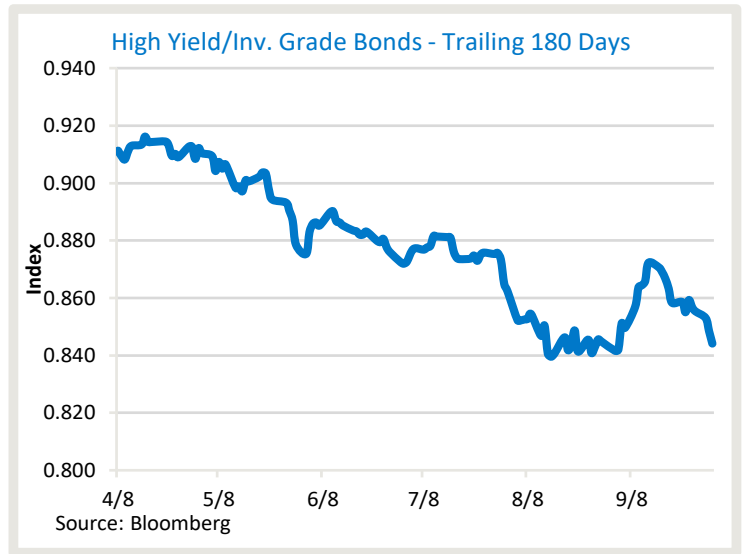
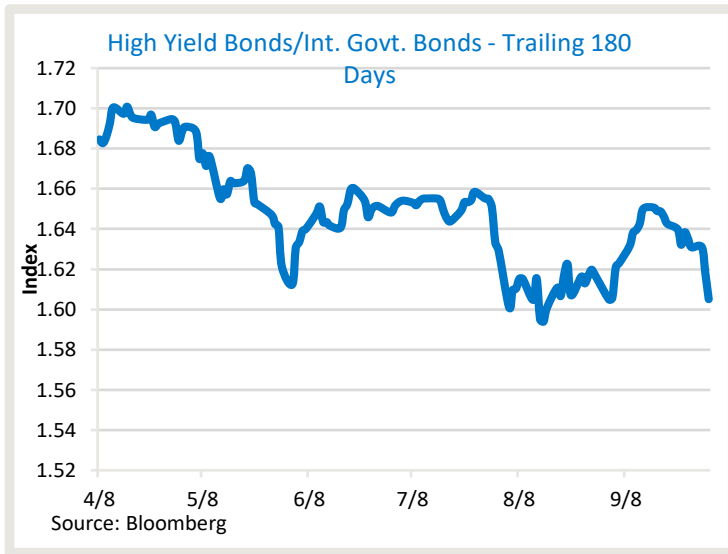
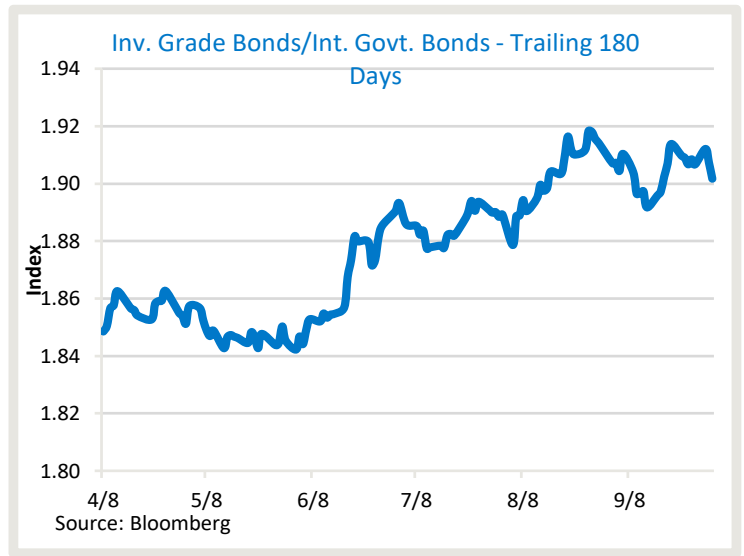
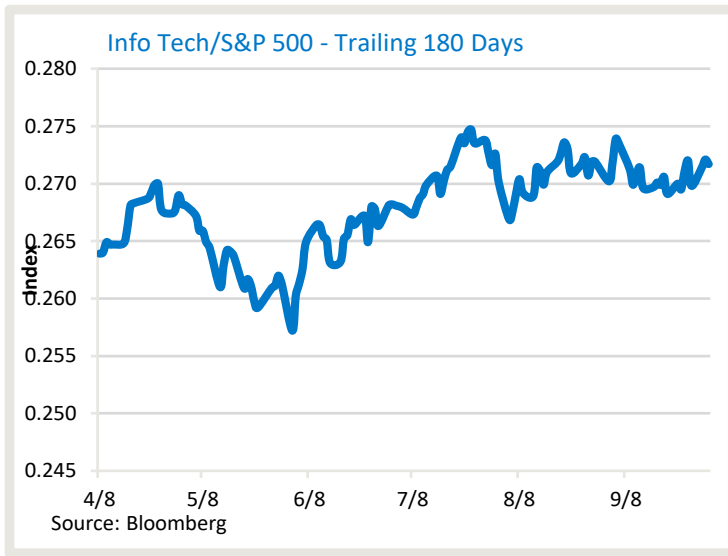
Source: Bloomberg; Index % change is based on price.



## Portfolio Construction



## Portfolio Construction (continued)



WEEKLY ASSET CLASS PERFORMANCE (Prior 12 weeks ending Thursday)

			7/18	7/25	8/1	8/8	8/15	8/22	8/29	9/5	9/12	9/19	9/26	10/3
Equity	Domestic Equity	Large Cap (R200)	-0.17%	0.26%	-1.62%	-0.58%	-2.98%	2.63%	0.07%	1.73%	1.03%	-0.07%	-1.09%	-2.16%
		Small Cap (R2000)	-0.15%	0.37%	-0.68%	-1.20%	-4.60%	3.03%	-0.62%	0.94%	4.26%	-0.36%	-1.80%	-3.06%
	Int'l. Equity	MSCI EAFE	-0.69%	0.66%	-1.28%	-2.53%	-2.66%	1.78%	0.11%	2.32%	1.68%	0.44%	-0.94%	-2.60%
		MSCI Em. Mkts.	-0.33%	0.24%	-2.82%	-3.93%	-2.11%	1.26%	-0.57%	3.39%	1.93%	-0.56%	-0.72%	-1.69%
Fixed Income	BarCap Agg. (AGG)	0.57%	-0.10%	0.65%	0.79%	0.86%	-0.39%	0.63%	-0.42%	-1.00%	0.08%	0.44%	0.57%	
	High Yield (JNK)	-0.06%	0.31%	-0.52%	-0.36%	-0.53%	1.33%	0.33%	-0.27%	0.28%	0.07%	-0.17%	-1.37%	
Commodities	Bloomberg Commodity Index	-2.04%	0.10%	-2.52%	0.04%	-0.44%	-0.37%	1.40%	0.70%	0.69%	1.06%	-0.96%	-1.14%	
Alternatives	Hedge Funds (HFRX Global)	0.16%	0.20%	-0.03%	-0.09%	-0.19%	0.49%	0.01%	0.49%	-0.22%	0.27%	0.03%	-0.13%	
Asset Allocation	60/40*	0.01%	0.21%	-0.69%	-0.61%	-1.58%	1.35%	0.18%	0.97%	0.75%	-0.04%	-0.54%	-1.30%	
	48/32/20 (w/Alts.)**	0.04%	0.21%	-0.56%	-0.51%	-1.30%	1.18%	0.15%	0.87%	0.55%	0.03%	-0.43%	-1.06%	

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

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

RELATIVE STRENGTH MATRIX (BASED ON 30-DAY RSI)

	Large Cap Core	Large Cap Growth	Large Cap Value	Mid Cap Core	Mid Cap Growth	Mid Cap Value	Small Cap Core	Small Cap Growth	Small Cap Value	Int'l. Developed	Emerging Markets	REITs	Comm.	Int. Bond	High Yield
Large Cap Core	1.00	0.99	1.01	1.02	1.03	1.00	1.05	1.09	1.00	1.07	1.04	0.82	0.99	0.80	1.11
Large Cap Growth	1.01	1.00	1.03	1.03	1.05	1.01	1.06	1.11	1.02	1.08	1.05	0.83	1.00	0.81	1.12
Large Cap Value	0.99	0.97	1.00	1.00	1.02	0.98	1.03	1.08	0.99	1.05	1.02	0.81	0.97	0.79	1.09
Mid Cap Core	0.98	0.97	1.00	1.00	1.02	0.98	1.03	1.07	0.98	1.05	1.02	0.81	0.97	0.79	1.09
Mid Cap Growth	0.97	0.95	0.98	0.98	1.00	0.97	1.01	1.06	0.97	1.03	1.00	0.80	0.95	0.77	1.07
Mid Cap Value	1.00	0.99	1.02	1.02	1.04	1.00	1.05	1.09	1.00	1.07	1.04	0.82	0.99	0.80	1.11
Small Cap Core	0.96	0.94	0.97	0.97	0.99	0.95	1.00	1.04	0.96	1.02	0.99	0.79	0.94	0.77	1.06
Small Cap Growth	0.92	0.90	0.93	0.93	0.95	0.91	0.96	1.00	0.92	0.98	0.95	0.75	0.90	0.73	1.01
Small Cap Value	1.00	0.98	1.01	1.02	1.03	1.00	1.05	1.09	1.00	1.07	1.04	0.82	0.98	0.80	1.10
Int'l. Developed	0.94	0.92	0.95	0.95	0.97	0.93	0.98	1.02	0.94	1.00	0.97	0.77	0.92	0.75	1.03
Emerging Markets	0.96	0.95	0.98	0.98	1.00	0.96	1.01	1.05	0.96	1.03	1.00	0.79	0.95	0.77	1.06
REITs	1.22	1.20	1.23	1.24	1.26	1.21	1.27	1.33	1.22	1.30	1.26	1.00	1.20	0.97	1.34
Commodities	1.01	1.00	1.03	1.03	1.05	1.01	1.06	1.11	1.02	1.08	1.05	0.83	1.00	0.81	1.12
Int. Bond	1.25	1.23	1.26	1.27	1.29	1.25	1.31	1.36	1.25	1.33	1.30	1.03	1.23	1.00	1.38
High Yield	0.90	0.89	0.92	0.92	0.94	0.90	0.95	0.99	0.91	0.97	0.94	0.74	0.89	0.72	1.00

Source: Bloomberg

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

### Index Overview & Key Definitions

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

The **Dow Jones Industrial Average** (DOW or DJIA) is an unmanaged index of 30 common stocks comprised of 30 actively traded blue chip stocks, primarily industrials and assumes reinvestment of dividends. The **S&P 500 Index** is an unmanaged index comprised of 500 widely held securities considered to be representative of the stock market in general. The **S&P/Case-Shiller Home Price Indices** measure the residential housing market, tracking changes in the value of the residential real estate market in 20 metropolitan regions across the United States. The **Nasdaq Composite Index** is a stock market index of the common stocks and similar securities listed on the NASDAQ stock market. The **US Dollar Index** is a measure of the value of the United States dollar relative to a basket of foreign currencies. It is a weighted geometric mean of the dollar's value relative to other select currencies (Euro, Japanese yen, Pound sterling, Canadian dollar, Swedish krona (SEK) & Swiss franc). The **FTSE 100 Index** (FTSE 100) is a share index of the 100 companies listed on the London Stock Exchange (LSE) with the highest market capitalization. The **Bloomberg Commodity Index** (formerly the **Dow Jones-UBS Commodity Index**) tracks prices of futures contracts on physical commodities on the commodity markets and is designed to minimize concentration in any one commodity or sector (currently 22 commodity futures in seven sectors). The **Barclays Capital US Credit Index** is an unmanaged index considered representative of publicly issued, SEC-registered US corporate and specified foreign debentures and secured notes. The **Barclays Capital US Aggregate Bond Index** is a market capitalization-weighted index of investment-grade, fixed-rate debt issues, including government, corporate, asset-backed, and mortgage-backed securities, with maturities of at least one year. The **Barclays Capital US Corporate High Yield Index** covers the USD-denominated, non-investment grade, fixed-rate, taxable corporate bond market. Securities are classified as high-yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. The index may include emerging market debt. The **Barclays Capital Municipal Bond Index** is an unmanaged index comprised of investment-grade, fixed-rate municipal securities representative of the tax-exempt bond market in general. The **Barclays Capital US Treasury Total Return Index** is an unmanaged index of public obligations of the US Treasury with a remaining maturity of one year or more. The **Barclays Capital Global Aggregate ex-U.S. Index** is a market capitalization-weighted index, meaning the securities in the index are weighted according to the market size of each bond type. Most U.S. traded investment grade bonds are represented. Municipal bonds, and Treasury Inflation-Protected Securities are excluded, due to tax treatment issues. The index includes Treasury securities, Government agency bonds, Mortgage-backed bonds, Corporate bonds, and a small amount of foreign bonds traded in U.S. The **Barclays Capital U.S. 5-10 Year Corporate Bond Index** measures the investment return of U.S. dollar denominated, investment-grade, fixed rate, taxable securities issued by industrial, utility, and financial companies with maturities between 5 and 10 years. Treasury securities, mortgage-backed securities (MBS) foreign bonds, government agency bonds and corporate bonds are some of the categories included in the index. The **Barclays Capital U.S. Corporate High-Yield Index** is composed of fixed-rate, publicly issued, non-investment grade debt. The **Barclays Capital U.S. Corporate 5-10 Year Index** includes U.S. dollar-denominated, investment-grade, fixed-rate, taxable securities issued by industrial, utility, & financial companies, with maturities between 5 & 10 years. The **Russell 1000 Index** is a market capitalization-weighted benchmark index made up of the 1000 largest U.S. companies in the Russell 3000 Index. The **Russell 1000 Growth Index** is an unmanaged index considered representative of large-cap growth stocks. The **Russell 1000 Value Index** is an unmanaged index considered representative of large-cap value stocks. The **Russell 2000 Index** is an unmanaged index considered representative of small-cap stocks. The **Russell 2000 Growth Index** is an unmanaged index considered representative of small-cap growth stocks. The **Russell 2000 Value Index** is an unmanaged index considered representative of small-cap value stocks. The **Russell 3000 Index** is an unmanaged index considered representative of the US stock market. The **Russell Midcap Index** is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The **Russell Midcap Growth Index** is an unmanaged index considered representative of mid-cap growth stocks. The **Russell Midcap Value Index** is an unmanaged index considered representative of mid-cap value stocks. The **HFRX Indices** are a series of benchmarks of hedge fund industry performance which are engineered to achieve representative performance of a larger universe of hedge fund strategies. Hedge Fund Research, Inc. employs the HFRX Methodology (UCITS compliant), a proprietary and highly quantitative process by which hedge funds are selected as constituents for the HFRX Indices. The **University of Michigan Consumer Sentiment Index** (MCSI) is a survey of consumer confidence conducted by the University of Michigan using telephone surveys to gather information on consumer expectations regarding the overall economy. The **CBOE Volatility Index** (VIX) is an up-to-the-minute market estimate of expected volatility that is calculated by using real-time S&P 500 Index option bid/ask quotes. The Index uses nearby and second nearby options with at least 8 days left to expiration and then weights them to yield a constant, 30-day measure of the expected volatility of the S&P 500 Index. The **MSCI EAFE Index** is designed to measure the equity market performance of developed markets outside of the U.S. & Canada. The **MSCI EAFE Growth Index** is an unmanaged index considered representative of growth stocks of Europe, Australasia and the Far East. The **MSCI EAFE Value Index** is an unmanaged index considered representative of value stocks of Europe, Australasia and the Far East. The **MSCI EM (Emerging Markets) Latin America Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of emerging markets in Latin America. The **MSCI World ex-U.S. Index** captures large and mid-cap representation across 22 of 23 Developed Markets (DM) countries - excluding the US. With 1,002 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country. The **MSCI Japan Index** is designed to measure the performance of the large and mid-cap segments of the Japanese market. With 320 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in Japan. The **MSCI Emerging Markets Index** is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The **MSCI Europe Index** is an unmanaged index considered representative of stocks of developed European countries. The **MSCI Pacific Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the developed markets in the Pacific region. The **Barclays Intermediate US Government/Credit Bond Index** is a market capitalization-weighted index of investment-grade, fixed-rate debt issues, including Treasuries, government-related and U.S. corporate securities, with maturities of at least one year and less than 10 years. The **NY Empire State Manufacturing Index** is based on the monthly survey of manufacturers in New York State – known as the Empire State Manufacturing Survey – conducted by the Federal Reserve Bank of New York. The **S&P The Dow Jones Wilshire U.S. REIT Index** tracks the performance of publicly traded REITs and REIT-like securities and is designed to serve as a proxy for direct real estate investment, in part by excluding companies whose performance may be driven by factors other than the value of real estate. The **Russell Top 200 Index** measures the performance of the 200 largest companies in the Russell 1000 Index, with a weighted average market capitalization of \$186 billion. The **Barclays 1-3 Year US Treasury Bond Index** measures public US Treasury obligations with remaining maturities of one to three years. The **S&P LSTA Leveraged Loan Index** is an unmanaged capitalization-weighted syndicated loan index based upon market weightings, spreads and interest payments. It covers the US market back to 1997 and currently calculates on a daily basis. The **NFIB Small Business Optimism Index** is compiled from a survey that is conducted each month by the National Federation of Independent Business (NFIB) of its members.



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