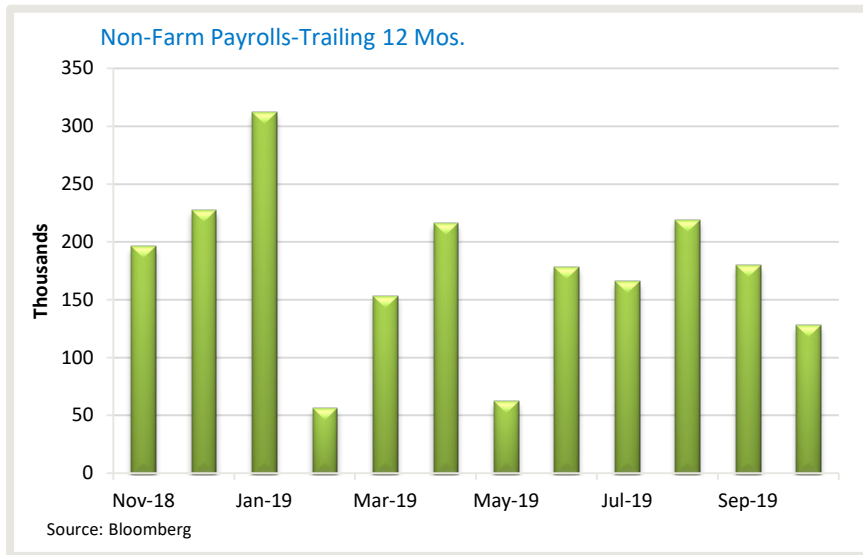


# Weekly Market Review

November 11, 2019

## Chart of the Week



## Weekly Highlights

- **Employment data was mixed this week**, as the number of job openings fell while unit labor costs rose and initial unemployment claims were lower. The number of job openings fell for the fourth month in a row, from 7.3 million to 7.02 million, as companies cut back on hiring due to a slowing economy. Another sign of a tightening labor market was the 3.6% annualized increase in unit labor costs in the third quarter, more than 1% higher than forecasted. Finally, first-time jobless claims came in at 211,000, 8,000 fewer than the previous week and 4,000 fewer than the consensus forecast.
- **The ISM Non-Manufacturing Index rose** by nearly 2% to 54.7% in October, after reaching a three-year low in September. Although the service-oriented companies surveyed for this measure have not been as affected by the trade disputes as manufacturing companies, the general economic impact has spilled over.
- **The University of Michigan Consumer Sentiment index rose slightly** from 95.5 to 95.7 in October, beating consensus forecast for a slight drop to 95.0. Consumers' view of the current economic condition was slightly more pessimistic than last month, but their outlook for the near future was more optimistic, leading to the slightly overall higher reading.

## Talking Points

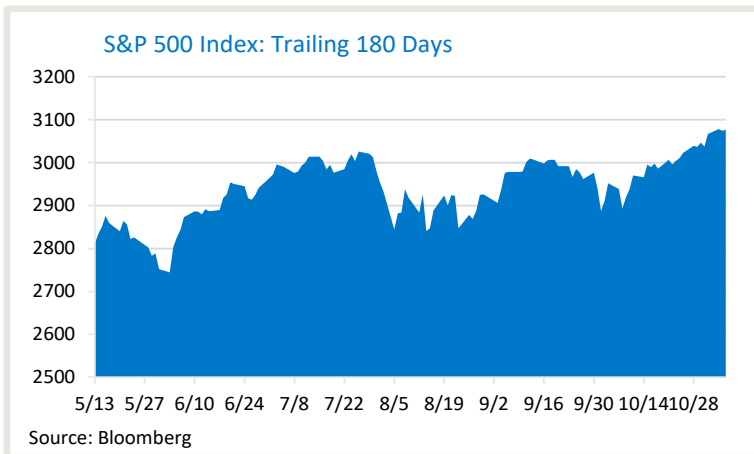
- **Global equities** traded higher this week, with developed markets posting modestly positive returns and international equities slightly edging out domestic stocks. Emerging markets led the way, up more than 2% on the week. Value outperformed growth across all regions.
- **The yield on the 10-Year U.S. Treasury Note** pushed higher over the course of the week, beginning at 1.71% on Monday and finishing the week over 1.90% for the first time since late July.
- **The US dollar traded higher** all week against a basket of currencies, riding the momentum of higher Treasury yields, after depreciating for most of October.
- **Gold suffered its biggest weekly percentage decline in two-and-a-half years**, giving up more than 3%, as deescalating trade tensions between the US and China have helped reinvigorate investors' appetite for risk.
- **In other economic news**, the Labor Department's JOLTS report (which tracks monthly changes in job openings) fell 3.8% in September to 7.024 million. This is the lowest total since March of last year, and may indicate the trade war with China is beginning to take its toll on the economy.

## Market Dashboard

	Last Price	Change	% Chg.	YTD %
<b>S&amp;P 500</b>	3,093.08	26.17	0.85%	23.4%
<b>Dow Industrials</b>	27,681.24	333.88	1.22%	18.7%
<b>Nasdaq</b>	8,475.31	88.92	1.06%	27.7%
<b>Russell 2000</b>	1,598.86	9.53	0.60%	18.6%
<b>Euro Stoxx Index</b>	405.42	5.99	1.50%	20.1%
<b>Shanghai Composite</b>	2,964.19	5.99	0.20%	18.9%
<b>MSCI ACWI</b>	543.31	4.55	0.84%	19.2%

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

	Last Price	Change	% Chg.	YTD %
<b>MSCI EM</b>	1,073.57	24.38	2.32%	11.2%
<b>10-Year US Treas.</b>	1.93	20 bps	NM	NM
<b>Bloomberg Cmdts. Idx.</b>	79.91	-0.35	-0.44%	4.2%
<b>Gold</b>	\$1,458.34	-\$55.72	-3.68%	13.7%
<b>Crude Oil</b>	\$57.42	\$1.21	2.15%	18.7%
<b>Dollar Index</b>	98.38	1.12	1.16%	2.3%
<b>VIX Index</b>	12.07	-0.24	-1.95%	-52.6%



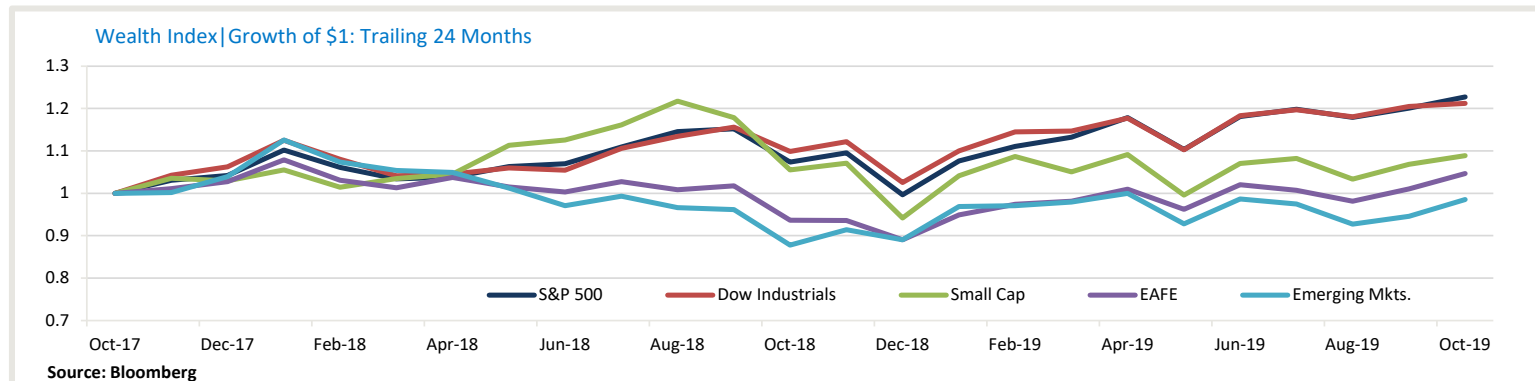
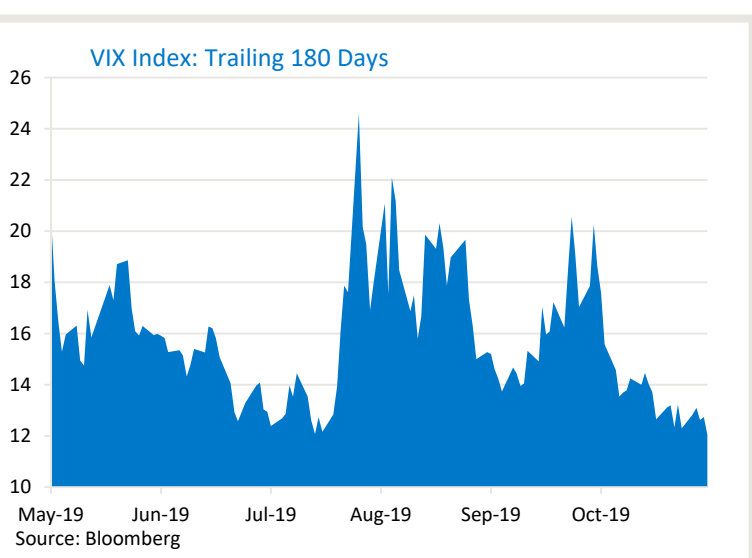
	One Week			YTD		
	Value	Growth		Value	Growth	
<b>L</b>	1.33%	1.01%	0.76%	19.29%	23.37%	27.01%
	0.61%	0.36%	-0.03%	20.16%	23.38%	27.84%
<b>S</b>	0.76%	0.60%	0.44%	16.32%	18.56%	20.59%

Source: Bloomberg

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

	% Wgt in S&P 500	Week % Chg.	YTD % Chg.
<b>Consumer Discretionary</b>	9.9	-0.22%	22.1%
<b>Consumer Staples</b>	7.2	-0.53%	19.6%
<b>Energy</b>	4.4	2.01%	5.2%
<b>Financials</b>	13.2	2.43%	24.9%
<b>Health Care</b>	13.8	0.25%	9.9%
<b>Industrials</b>	9.4	1.85%	27.0%
<b>Information Technology</b>	22.5	1.65%	38.7%
<b>Materials</b>	2.7	2.00%	19.2%
<b>Real Estate</b>	3.0	-3.67%	21.4%
<b>Communication Services</b>	10.4	1.17%	26.3%
<b>Utilities</b>	3.3	-3.73%	16.5%

Source: Bloomberg



## The Economy and Markets

### A Macro View—October Monthly Recap

**The domestic equity markets** returned to a more risk-on posture from the more defensive tone of the previous month. Interest rates were cut for a third consecutive time, planned tariffs on Chinese goods were postponed, and Brexit was delayed for another three months. Most powerful, though, was better-than-expected earnings for corporate America, as companies as a whole outperformed their previously lowered earnings estimates. Small caps narrowly outpaced large caps, and remain more attractively valued according to their P/E ratios relative to historical averages. Although foreign revenue for small cap companies is only about 21% (versus roughly 37% for large caps), trade war and tariff effects throughout the supply chain can have a broad impact across many small companies, so optimism about a trade deal with China helped boost stock performance. Small cap Health Care stocks performed particularly well during the quarter, with biotech names shining despite continued deliberation on drug pricing in Washington.

All major domestic indices showed gains for the month, led, as noted above, by small cap securities. Investors flocked to some of the riskier sectors such as Technology and Health Care, pushing the growth variants of each of the indices to outperform the value variants. The Russell 2000 Index returned 2.60%, roughly 50 basis points more than the Russell 1000 Index. Mid caps, as represented by the Russell Midcap Index, were the laggards for the quarter, up slightly more than 1%. Modestly rising Treasury yields held back some of the more defensive sectors such as Utilities and Staples, which trade partially on their dividend yields.

**International equity markets**<sup>1</sup> outperformed their US counterparts during October amid an easing of global geopolitical tensions. The developed markets, as measured by the MSCI EAFE Index, rose 3.6%. A reduction in trade tensions between the US and China, and Boris Johnson securing an extension on Brexit negotiations with the EU until January 2020, were significant positives for Europe (3.2%), whose dependence on international trade has made the region more vulnerable to the trade-induced slowdown in global economic growth. Germany (5.9%) and the UK (2.8%) were major beneficiaries. Elsewhere, Japan (4.9%) was a top-performing market during the month, as improving corporate earnings helped extend last month's rally.

Emerging markets also had a strong month (4.2%), spurred on by President Trump's call for phase one of a trade deal with China (4.0%). The potential deal includes increased purchases of US agricultural products by China and calls for more transparency in currency markets, among other factors, and could signal that both parties actually may want to reach a deal. Latin American markets (4.5%) also surged, led by Brazil (6.4%), but held back by Argentina (-4.8%) as it continues to transition to a new government. Turkey also was a notable laggard, falling 8.3% as it launched an offensive into Northern Syria, drawing threats and sanctions from the US and other allies.

**The domestic fixed income markets**<sup>2</sup> were generally higher by 20 to 70 basis points, with only the longest-maturity Treasuries and the CCC-rated portion of the high yield index showing negative returns. The Bloomberg Barclays Aggregate Index was up 30 basis points, outpaced by investment grade corporates (57 basis points). US economic data confirmed a slowing of growth, with third-quarter GDP growth reported at 1.9% (above the 1.6% consensus estimate, thanks to resilient consumer spending) but down from 3.1% and 2% in the first and second quarters, respectively. As a result, the Federal Open Markets Committee (FOMC) cut the target range for the federal funds rate by 25 basis points to 1.50%-1.75% during its October meeting. This was the third cut year to date amid muted inflation prints and continued concern about the economic outlook. The Treasury curve steepened in October, unwinding more than four months of inversion between short and intermediate rates. Despite the softer economic data, spreads on investment grade corporate bonds tightened by five basis points, driven by positive corporate earnings, a lessening of China trade concerns, and significant retail flows into taxable bond funds. High yield spreads widened by 19 basis points, but remain tighter than at the beginning of the year by 134 basis points.

Municipal bonds had a relatively modest (but positive) month, as the Bloomberg Barclays Municipal Bond Index gained 18 basis points in October. Short-maturity bonds, those with maturities between one and five years, increased the most, up 42 basis points. This was the result of the municipal curve following the U.S. Treasury curve by steepening over the month, with short-term yields falling and intermediate- and long-term yields ending slightly higher. Performance from a credit-quality perspective was largely undifferentiated, as AAA-rated credits were in line with high yield credits. Supply picked up in October and was 38% higher than the same month last year, but the supply/demand technical is still askew, as inflows continued for the forty-second consecutive month and now total \$74 billion year to date.

**Developed markets sovereign credits**<sup>3</sup> were up 66 basis points in October, as global yields rose in conjunction with US yields. Yields on 10-year German bunds rose 16 basis points, while Spanish and Italian 10-year sovereign rates increased nine and ten basis points, respectively. Greek 10-year yields fell by 18 bps following a ratings upgrade. At Mario Draghi's last meeting as President, the European Central Bank left policy unchanged as was largely expected by markets following September's adjustments. The Bank of Japan also held rates unchanged at its October meeting, keeping its benchmark short-term rate unchanged at -0.10%.

Hard currency emerging markets sovereign debt, as represented by the JPMorgan EMBI Global Diversified Index, was marginally positive at 28 basis points. The weaker dollar created substantially better returns, however, as the local currency index was up 2.9% (though it still trails the hard currency index by slightly more than 2% for the year). The positive returns are somewhat surprising given the volume of negative news globally, from the new government in Argentina, anti-austerity riots in Chile, and contested election results in Bolivia.

Nathan Behan

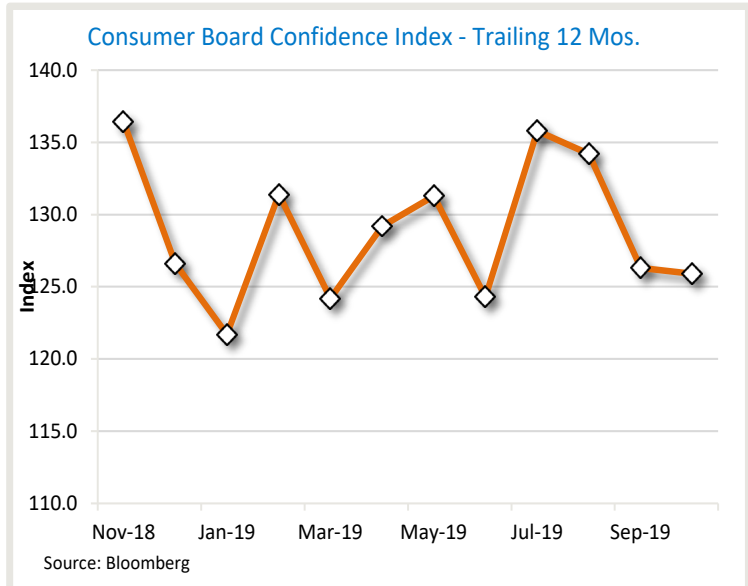
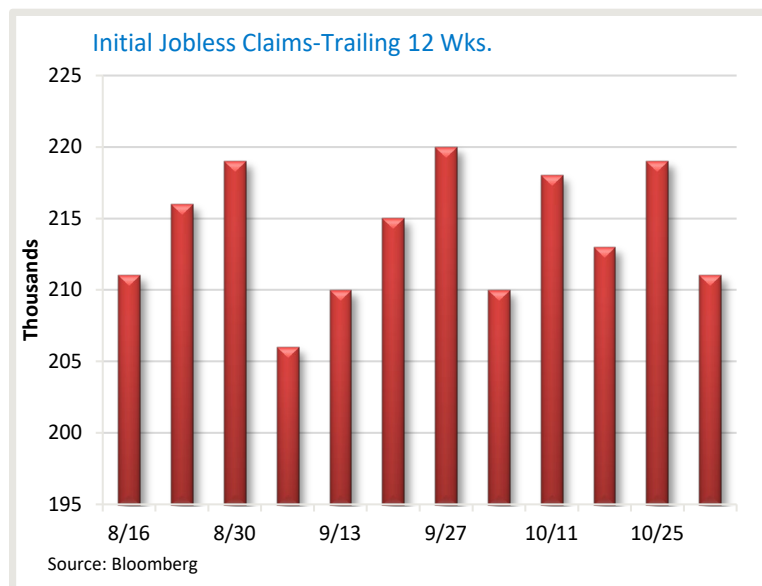
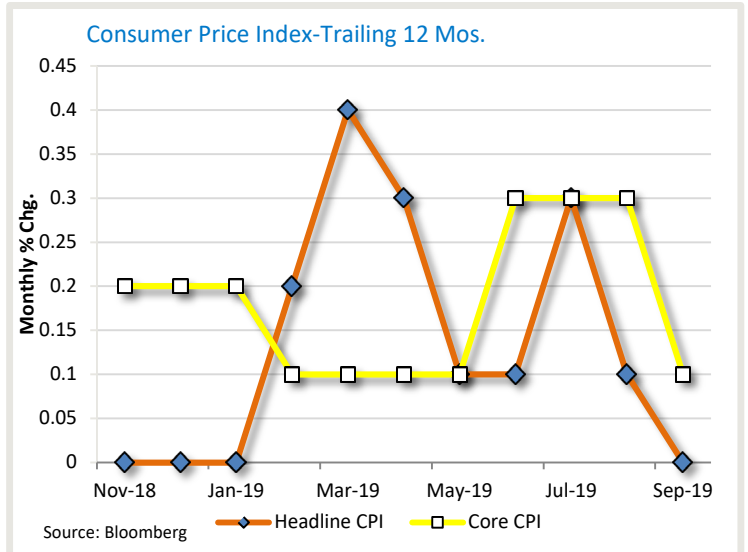
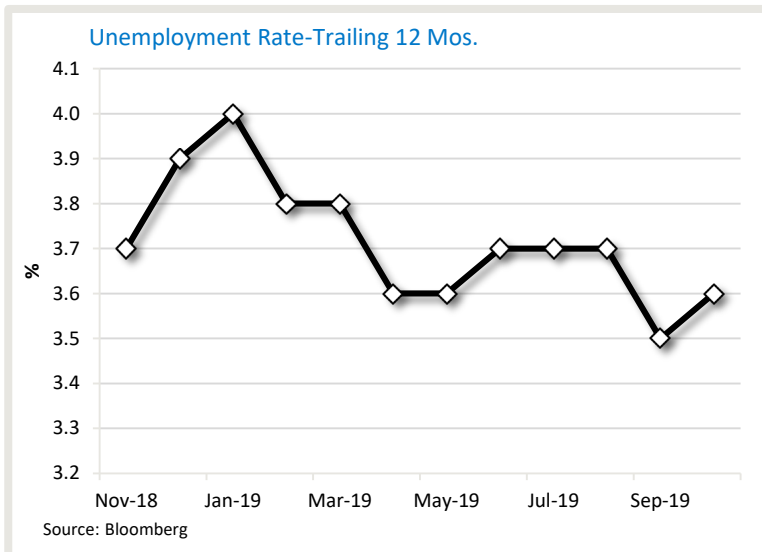
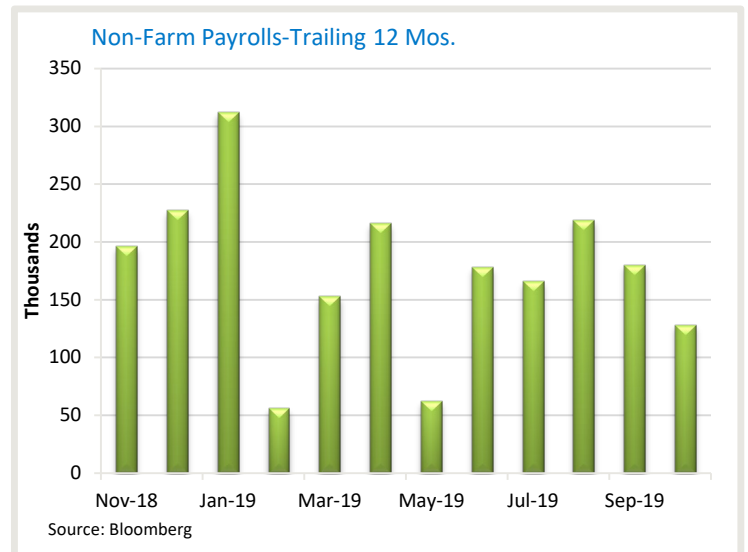
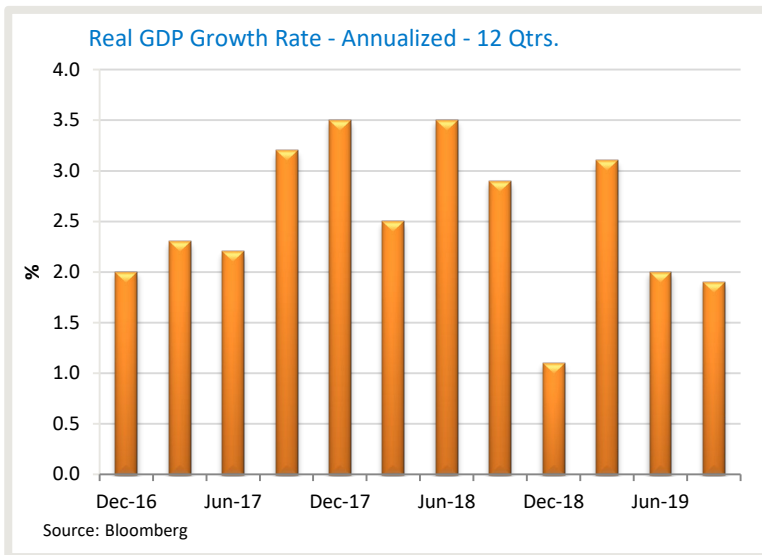
SVP Investment Analyst

<sup>1</sup>Unless otherwise noted, returns are for the appropriate MSCI Indices.

<sup>2</sup>Unless otherwise noted, returns are for the appropriate Bloomberg Barclays Indices.

<sup>3</sup>Unless otherwise noted, returns are for the appropriate Bloomberg Barclays indices, in dollar terms.

## Economic Data



## Eurozone

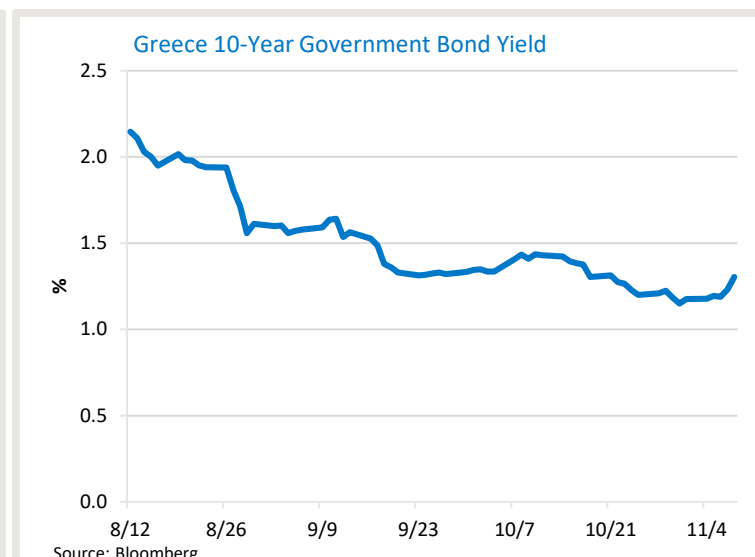
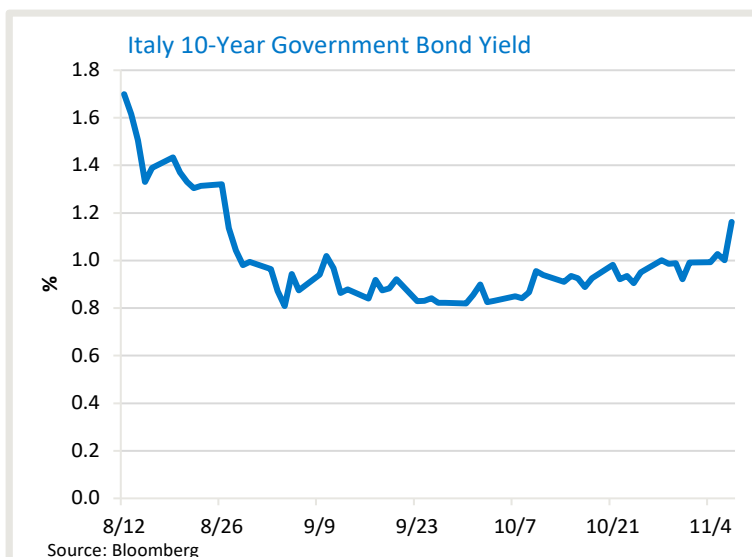
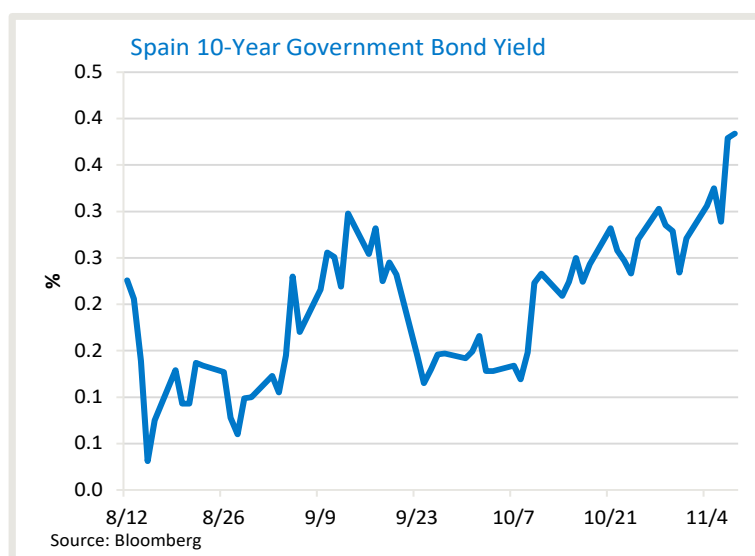
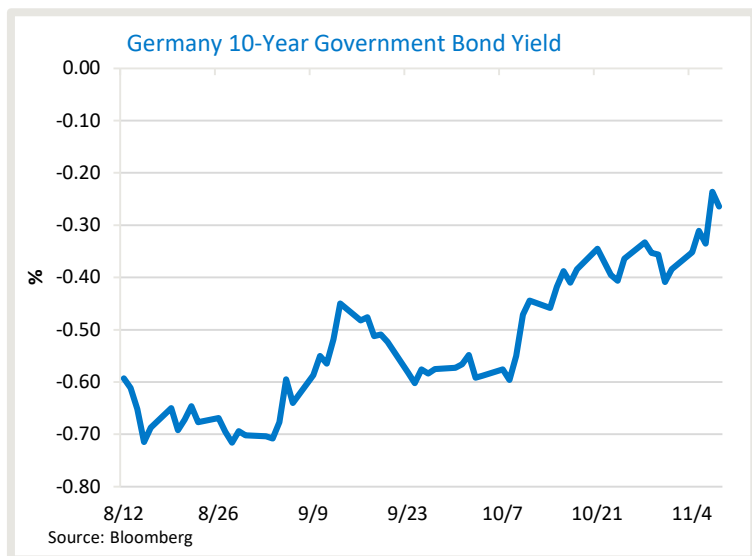
### SELECTED EUROPEAN SOVEREIGN YIELD PERFORMANCE

	Last	Change	% Chg.	YTD %
Germany 10-Yr. Govt.	-0.26	-12 bps	NM	NM
Greece 10-Yr. Govt.	1.30	-13 bps	NM	NM
Italy 10-Yr. Govt.	1.19	-20 bps	NM	NM
Spain 10-Yr. Govt.	0.38	-11 bps	NM	NM
Belgium 10-Yr. Govt.	0.02	-9 bps	NM	NM

Source: Bloomberg

Basis points (bps)

	Last	Change	% Chg.	YTD %
France 10-Yr. Govt.	0.02	-9 bps	NM	NM
Ireland 10-Yr. Govt.	0.11	-9 bps	NM	NM
Portugal 10-Yr. Govt.	0.32	-13 bps	NM	NM
Netherlands 10-Yr. Govt.	-0.14	-12 bps	NM	NM
U.K. 10-Yr. Govt.	0.79	-12 bps	NM	NM

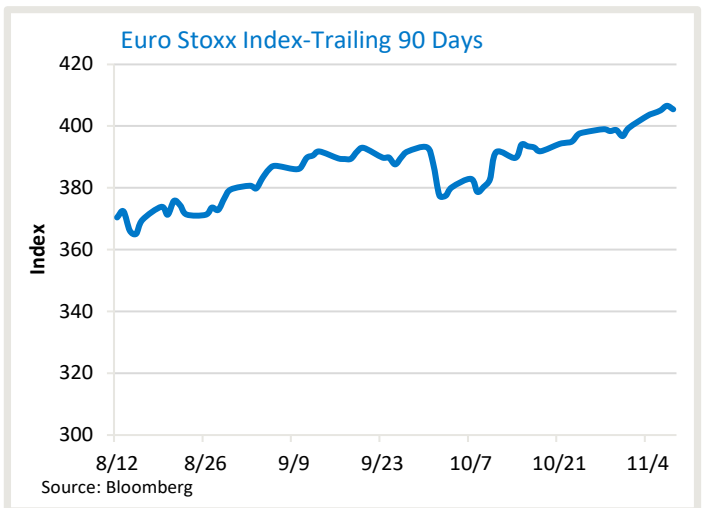
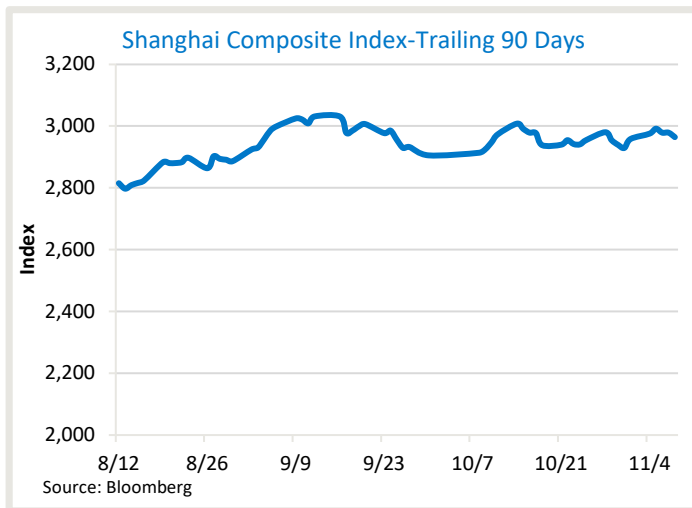
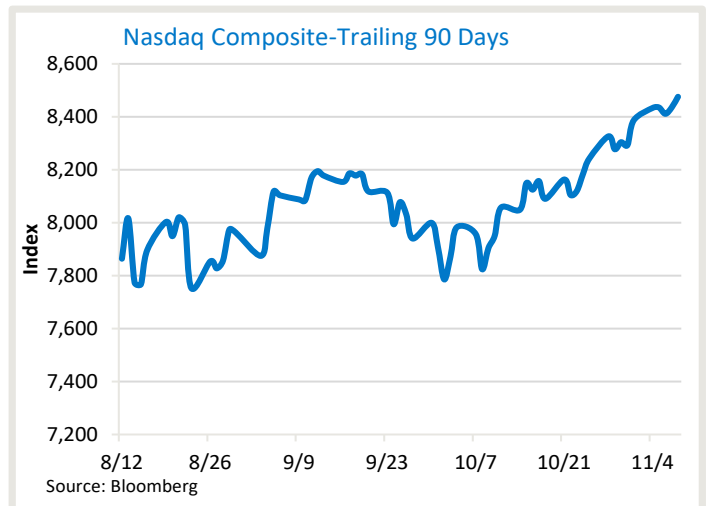
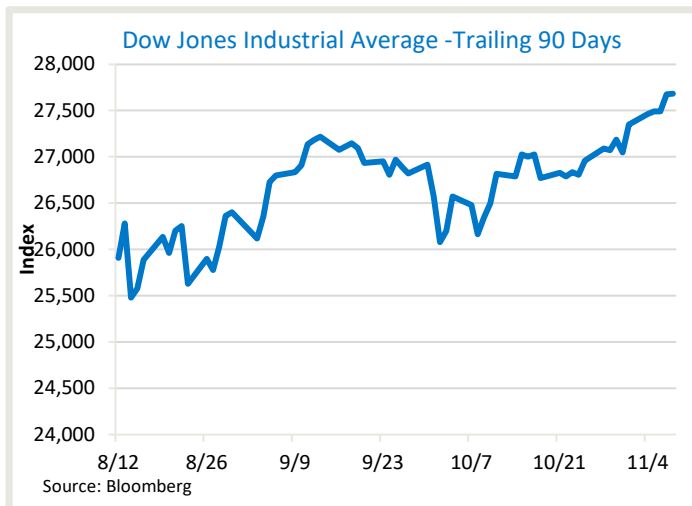


## Equities

### WORLD MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
S&P 500	3,093.08	26.17	0.85%	23.39%	Swiss Market Index	10,309.23	56.99	0.56%	22.30%
Dow Industrials	27,681.24	333.88	1.22%	18.66%	CAC 40 Index (France)	5,889.70	127.81	2.22%	24.50%
Nasdaq Composite	8,475.31	88.92	1.06%	27.73%	DAX Index (Germany)	13,228.56	267.51	2.06%	25.28%
MSCI ACWI	543.31	4.55	0.84%	19.2%	Irish Overall Index	6,812.50	175.79	2.65%	24.32%
MSCI EM	1,073.57	24.38	2.32%	11.2%	Nikkei 225	23,391.87	464.83	2.03%	16.87%
S&P/TSX (Canada)	16,877.42	283.35	1.71%	17.84%	Hang Seng Index	27,651.14	550.38	2.03%	6.99%
Mexico IPC	43,702.23	-106.20	-0.24%	4.97%	Shanghai Composite	2,964.19	5.99	0.20%	18.86%
Brazil Bovespa	107,629.00	-566.60	-0.52%	22.46%	Kospi Index (S. Korea)	2,137.23	37.03	1.76%	4.71%
Euro Stoxx 600	405.42	5.99	1.50%	20.07%	Taiwan Taiex Index	11,579.54	180.01	1.58%	19.04%
FTSE 100	7,359.38	56.96	0.78%	9.38%	Tel Aviv 25 Index	1,668.76	14.63	0.88%	14.00%
IBEX 35 (Spain)	9,393.70	65.70	0.70%	10.00%	MOEX Index (Russia)	2,973.19	42.79	1.46%	25.49%

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



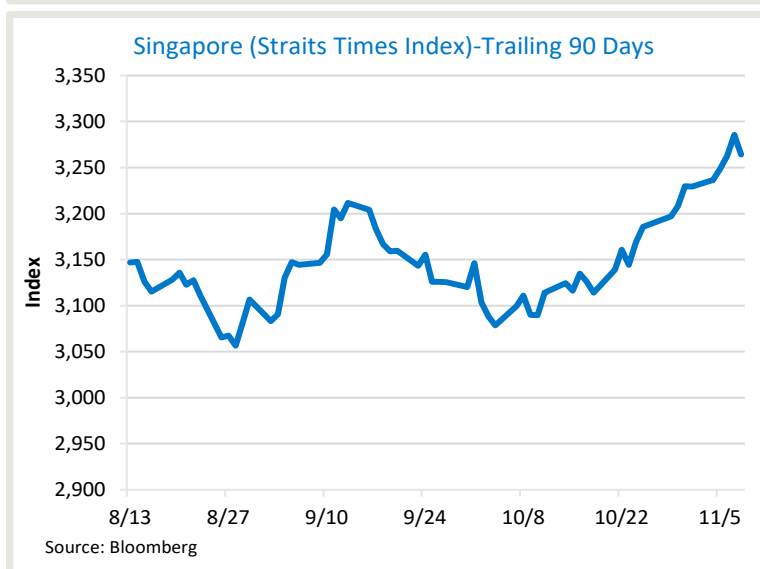
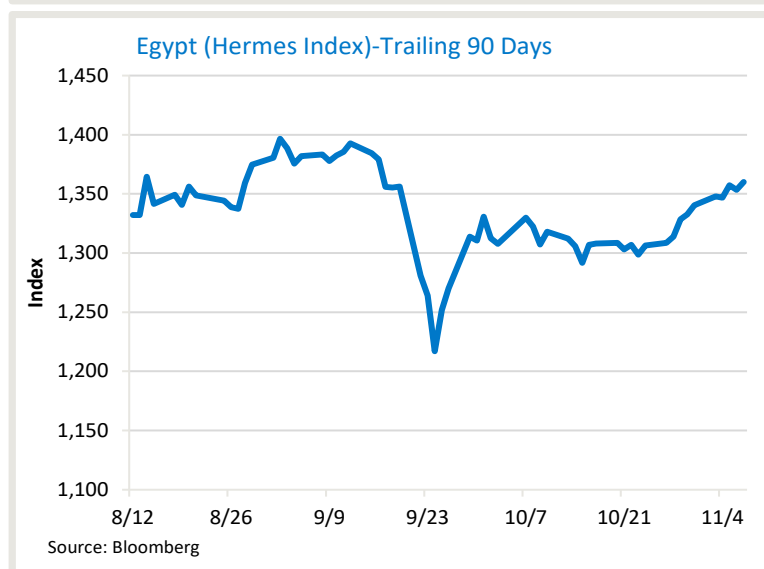
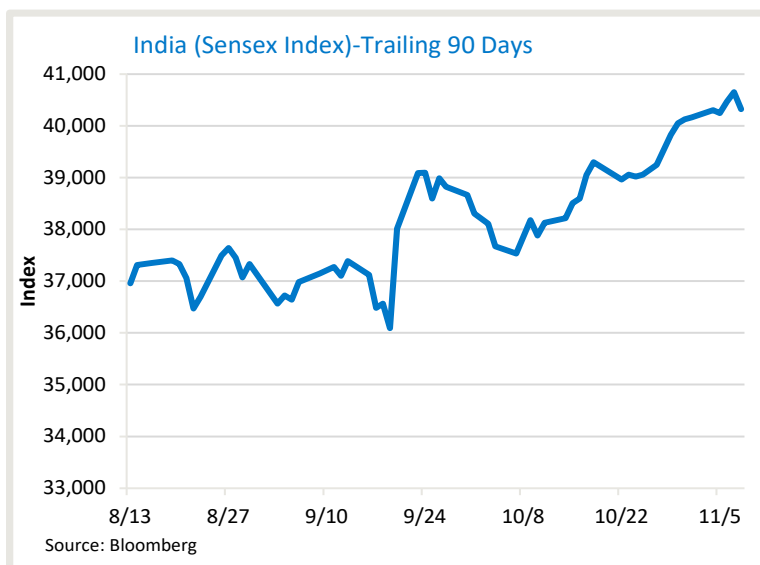
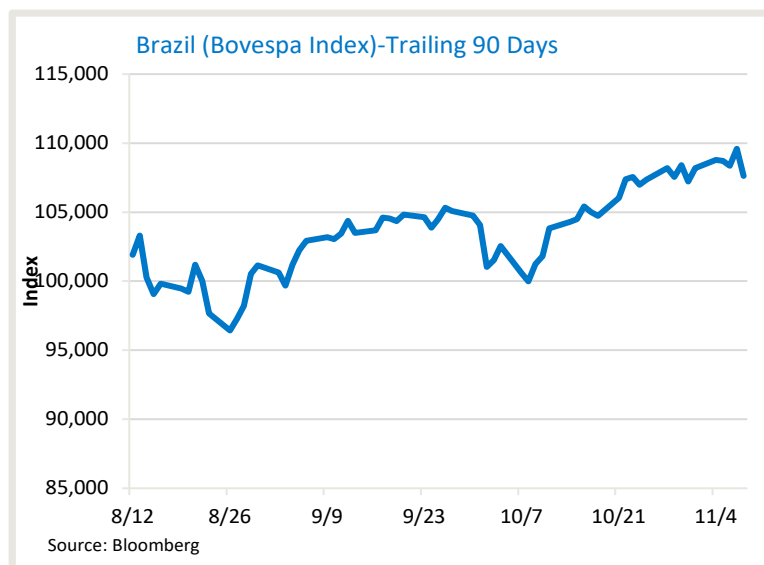
## Equities – Emerging and Frontier Markets

### EMERGING AND FRONTIER MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
Mexico IPC	43,702.23	-106.20	-0.2%	5.0%
Brazil (Bovespa Index)	107,629.00	-566.60	-0.5%	22.5%
MOEX Index (Russia)	2,973.19	42.79	1.5%	25.5%
Czech Republic (Prague)	1,078.27	16.44	1.5%	9.3%
Turkey (Istanbul)	103,153.19	4690.48	4.8%	13.0%
Egypt (Hermes Index)	1,360.17	19.89	1.5%	6.5%
Kenya (Nairobi 20 Index)	2,717.86	-15.89	-0.6%	-4.1%
Saudi Arabia (TASI Index)	7,798.25	54.17	0.7%	-0.4%
Lebanon (Beirut BLOM Index)	758.59	7.26	1.0%	-22.3%
Palestine	524.11	4.60	0.9%	-1.0%

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

	Last	Change	% Chg.	YTD %
Hang Seng Index	27,651.14	550.38	2.0%	7.0%
India (Sensex 30)	40,323.61	0.00	0.0%	11.8%
Malaysia (KLCI Index)	1,609.73	16.39	1.0%	-4.8%
Singapore (Straits Times Index)	3,264.30	34.87	1.1%	6.4%
Thailand (SET Index)	1,637.85	45.33	2.8%	4.7%
Indonesia (Jakarta)	6,177.98	-29.20	-0.5%	-0.3%
Pakistan (Karachi KSE 100)	35,978.16	1600.55	4.7%	-2.9%
Vietnam (Ho Chi Minh)	1,022.49	6.90	0.7%	14.6%
Sri Lanka (Colombo)	5,954.62	-77.46	-1.3%	-1.6%
Cambodia (Laos)	680.75	-12.50	-1.8%	-18.6%



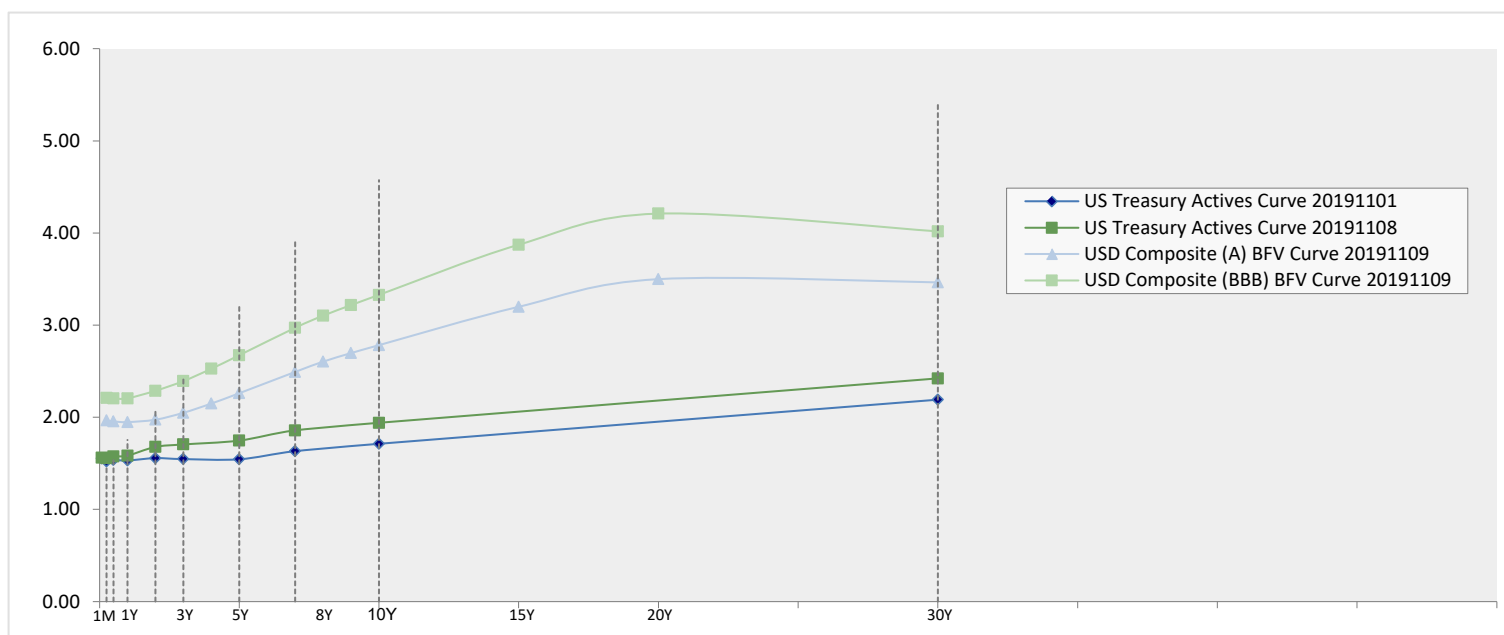


## Interest Rates

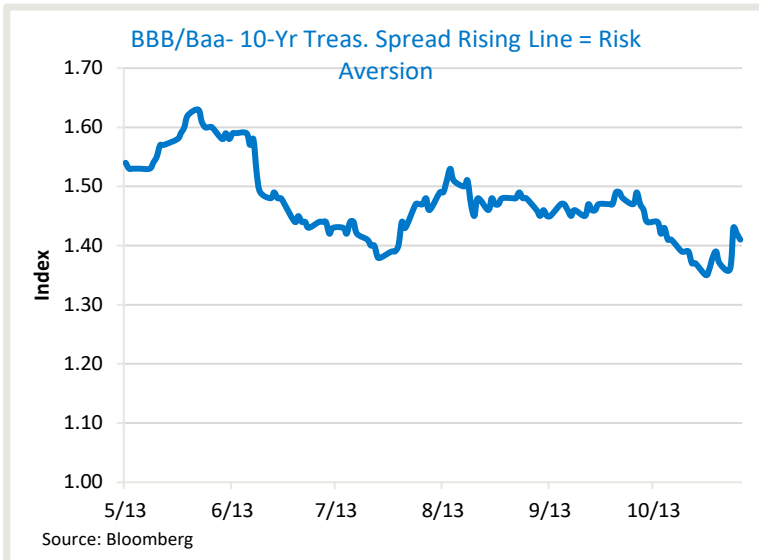
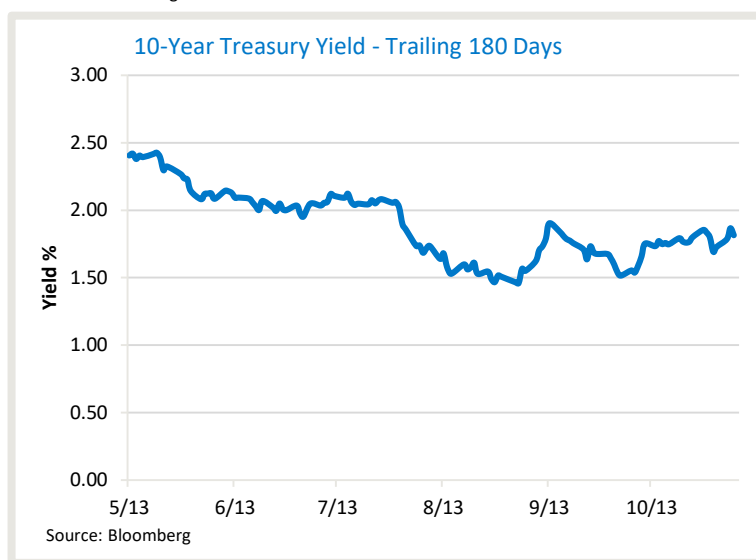
SELECTED INTEREST RATES

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
2-Yr. U.S. Treasury	1.68%	-2 bps	NM	NM	Prime Rate	4.75%	0.00	NM	NM
5-Yr. U.S. Treasury	1.73%	18 bps	NM	NM	Fed Funds Rate	1.75%	0.00	NM	NM
10-Yr. U.S. Treasury	1.93%	20 bps	NM	NM	Discount Rate	2.25%	0.00	NM	NM
30-Yr. U.S. Treasury	2.42%	20 bps	NM	NM	LIBOR (3 Mo.)	1.90%	1 bps	NM	NM
German 10-Yr. Govt.	-0.26%	-12 bps	NM	NM	Bond Buyer 40 Muni	2.87%	15 bps	NM	NM
France 10-Yr.	0.02%	-9 bps	NM	NM	Bond Buyer 40 G.O.	2.86%	NA	NM	NM
Italy 10-Yr.	1.19%	-20 bps	NM	NM	Bond Buyer 40 Rev.	3.34%	NA	NM	NM
Fed 5-Yr Fwd BE Inf.	1.68%	5 bps	NM	NM					

Source: Bloomberg



Source: Bloomberg





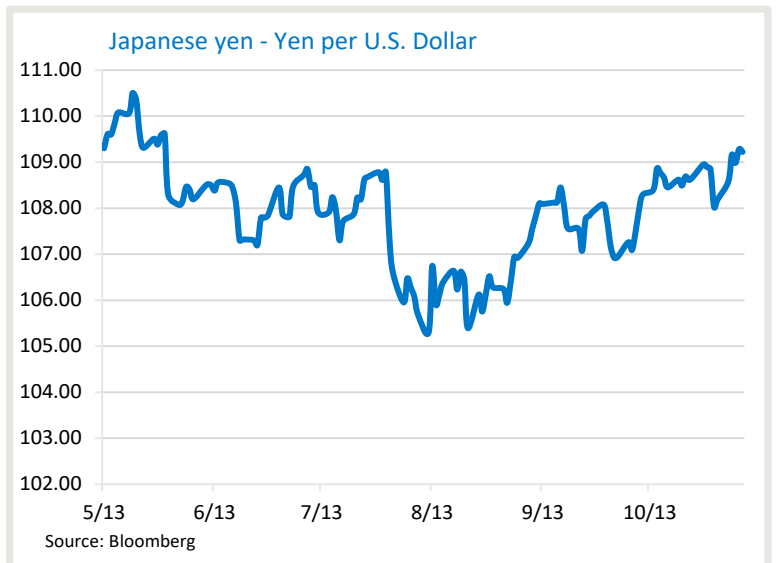
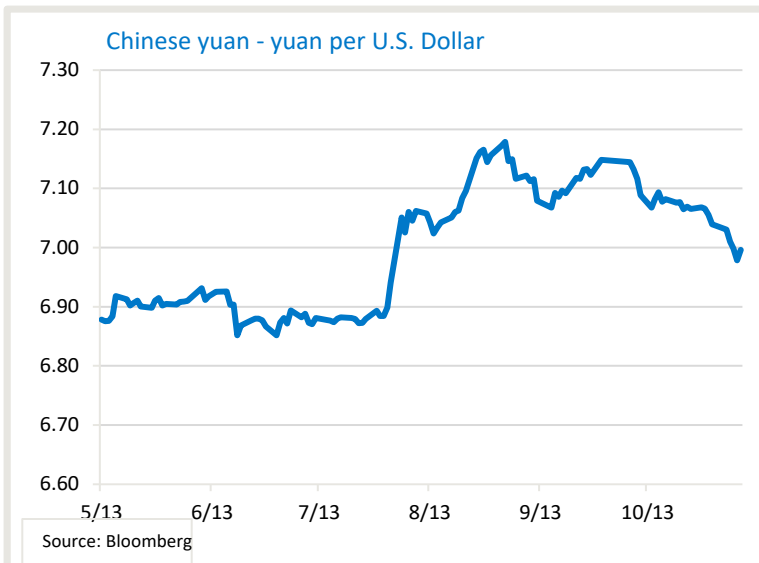
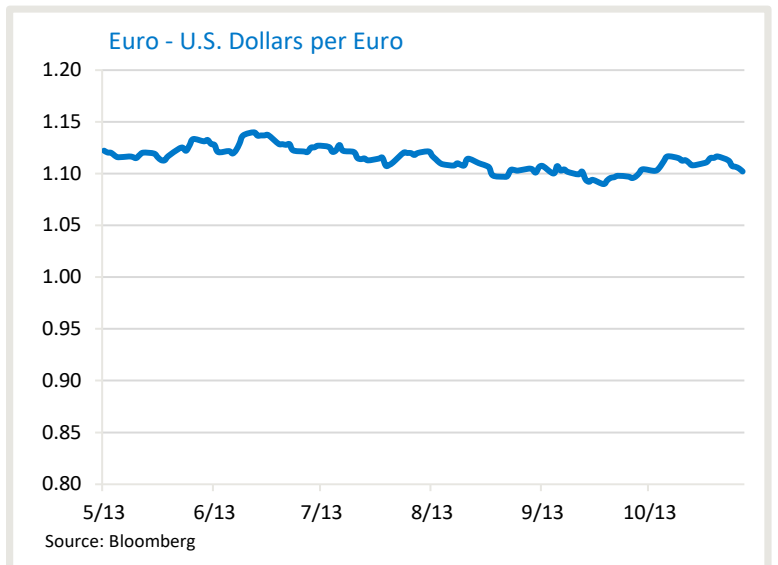
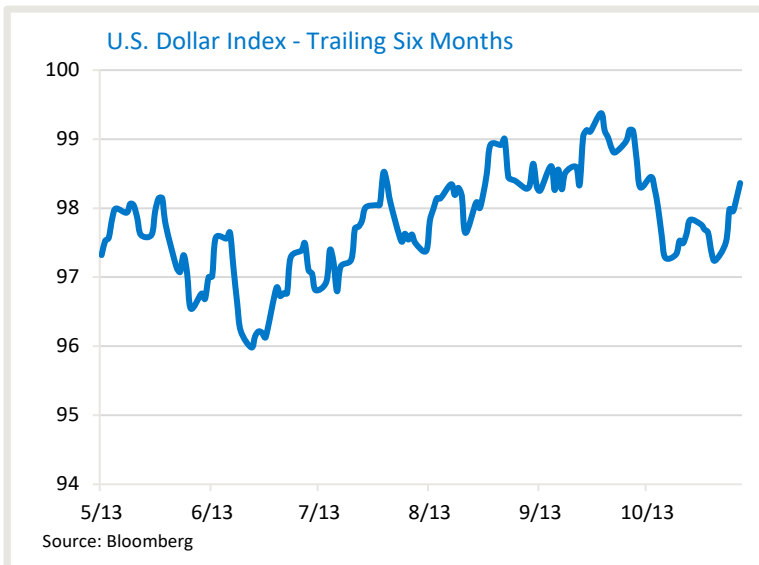
## Currencies

### SELECTED CURRENCY PERFORMANCE

	Last	Change	% Chg.	YTD %
<b>Dollar Index</b>	<b>98.37</b>	<b>1.125</b>	<b>1.16%</b>	<b>2.28%</b>
<b>Euro</b>	<b>1.10</b>	<b>-0.015</b>	<b>-1.30%</b>	<b>-3.89%</b>
<b>Japanese Yen</b>	<b>109.24</b>	<b>1.030</b>	<b>-0.94%</b>	<b>0.43%</b>
<b>British Pound</b>	<b>1.28</b>	<b>-0.016</b>	<b>-1.22%</b>	<b>0.27%</b>
<b>Canadian Dollar</b>	<b>1.32</b>	<b>0.008</b>	<b>-0.62%</b>	<b>3.12%</b>

	Last	Change	% Chg.	YTD %
<b>Chinese Yuan</b>	<b>7.00</b>	<b>-0.041</b>	<b>0.59%</b>	<b>-1.68%</b>
<b>Swiss Franc</b>	<b>1.00</b>	<b>0.012</b>	<b>-1.19%</b>	<b>-1.55%</b>
<b>New Zealand Dollar</b>	<b>0.63</b>	<b>-0.010</b>	<b>-1.56%</b>	<b>-5.83%</b>
<b>Brazilian Real</b>	<b>4.17</b>	<b>0.176</b>	<b>-4.23%</b>	<b>-7.03%</b>
<b>Mexican Peso</b>	<b>19.10</b>	<b>-0.018</b>	<b>0.09%</b>	<b>2.85%</b>

Source: Bloomberg

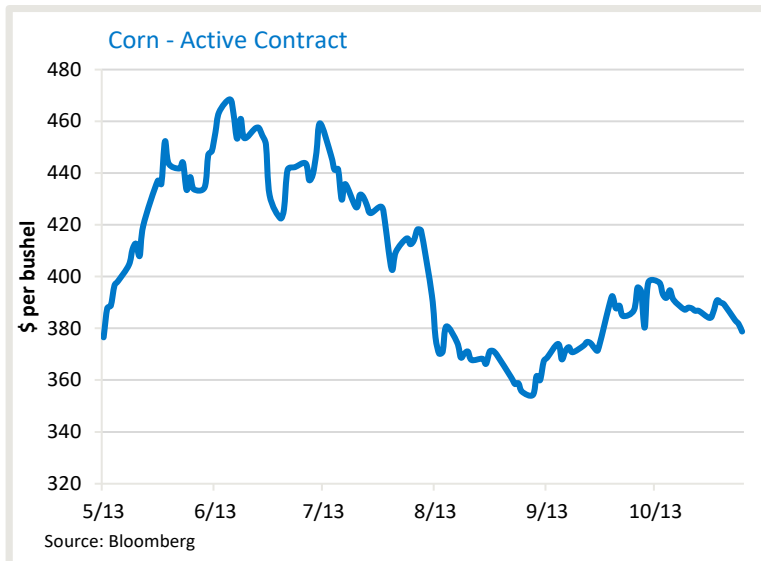
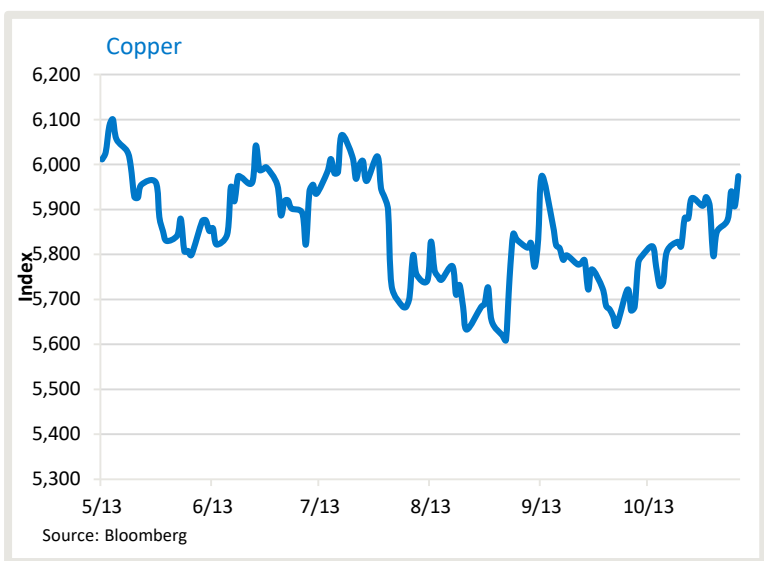
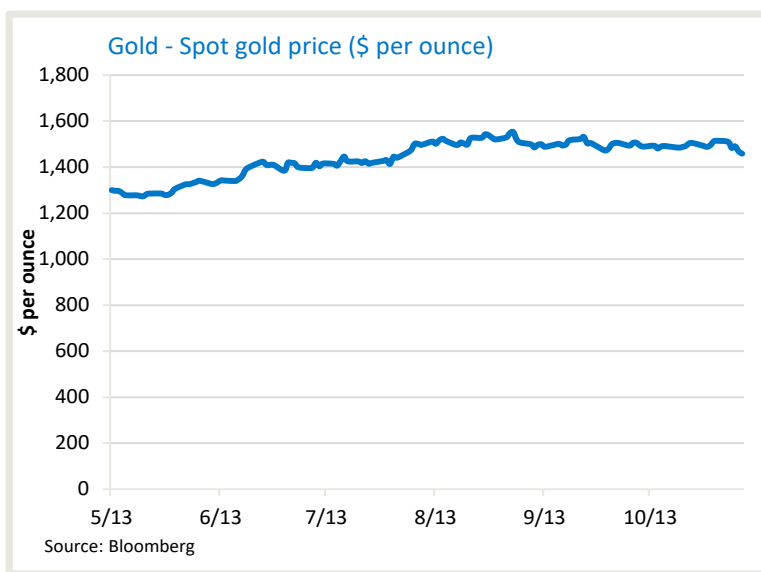
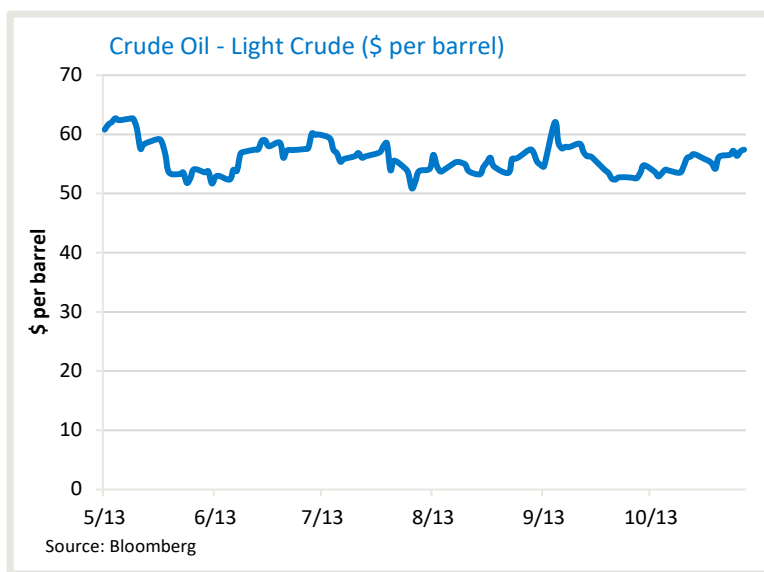


## Commodities

### SELECTED COMMODITY MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
<b>Bloomberg Comm. Idx.</b>	<b>79.91</b>	<b>-0.35</b>	<b>-0.44%</b>	<b>4.16%</b>	<b>Platinum Spot</b>	<b>\$887.25</b>	<b>-\$61.98</b>	<b>-6.52%</b>	<b>11.64%</b>
<b>Crude Oil</b>	<b>\$57.40</b>	<b>\$1.21</b>	<b>2.15%</b>	<b>18.66%</b>	<b>Corn</b>	<b>377.25</b>	<b>-12.00</b>	<b>-3.08%</b>	<b>-5.09%</b>
<b>Natural Gas</b>	<b>\$2.79</b>	<b>\$0.08</b>	<b>2.76%</b>	<b>-5.33%</b>	<b>Wheat</b>	<b>510.25</b>	<b>-5.75</b>	<b>-1.11%</b>	<b>-5.94%</b>
<b>Gasoline (\$/Gal.)</b>	<b>\$2.63</b>	<b>\$0.02</b>	<b>0.69%</b>	<b>16.44%</b>	<b>Soybeans</b>	<b>931.00</b>	<b>-5.75</b>	<b>-0.61%</b>	<b>-1.56%</b>
<b>Heating Oil</b>	<b>192.21</b>	<b>-1.10</b>	<b>-0.57%</b>	<b>11.26%</b>	<b>Sugar</b>	<b>12.57</b>	<b>0.09</b>	<b>0.72%</b>	<b>-4.41%</b>
<b>Gold Spot</b>	<b>\$1,458.17</b>	<b>-\$55.72</b>	<b>-3.68%</b>	<b>13.73%</b>	<b>Orange Juice</b>	<b>100.30</b>	<b>1.20</b>	<b>1.21%</b>	<b>-23.99%</b>
<b>Silver Spot</b>	<b>\$16.81</b>	<b>-\$1.32</b>	<b>-7.27%</b>	<b>8.50%</b>	<b>Aluminum</b>	<b>1,813.00</b>	<b>27.00</b>	<b>1.51%</b>	<b>-1.79%</b>
					<b>Copper</b>	<b>5,974.00</b>	<b>124.00</b>	<b>2.12%</b>	<b>0.15%</b>

Source: Bloomberg; % change is based on price.

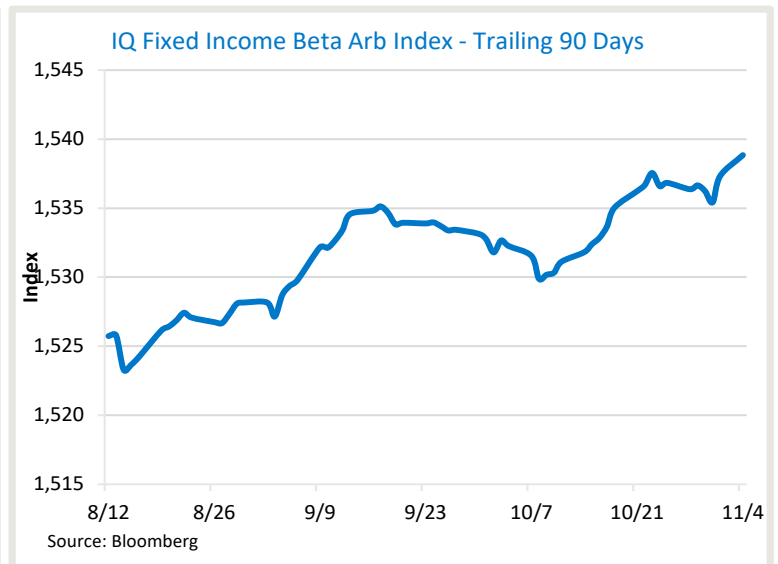
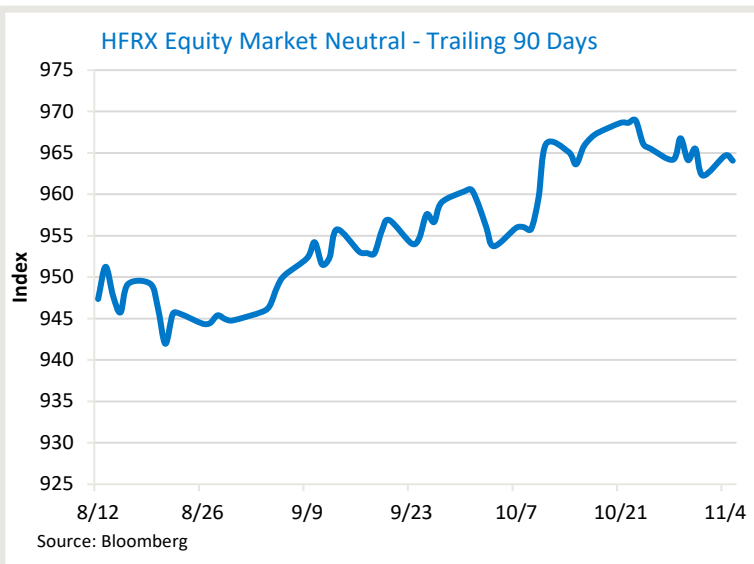
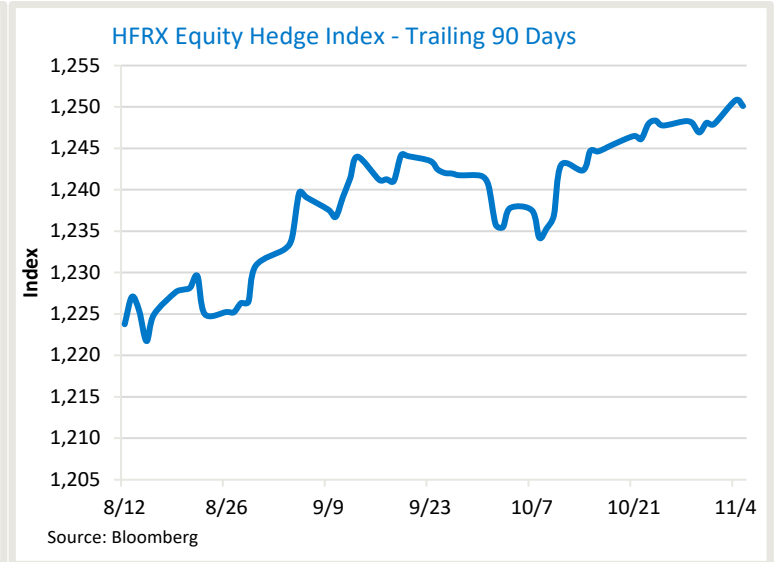
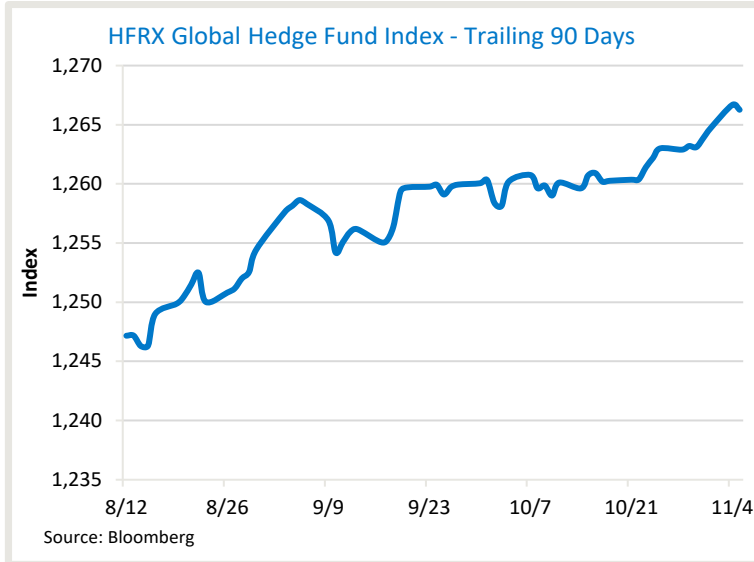


## Alternative Investments

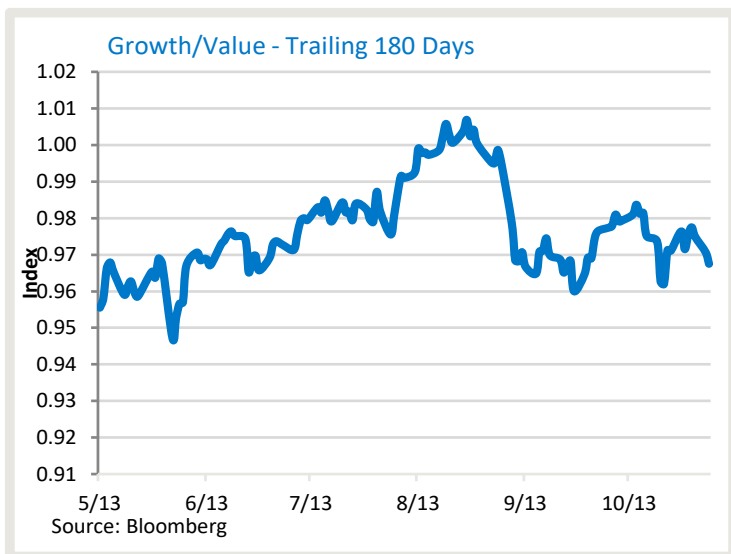
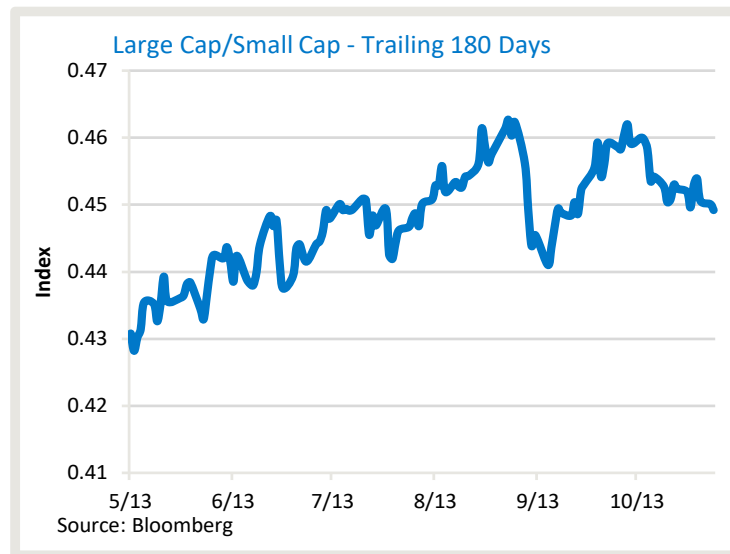
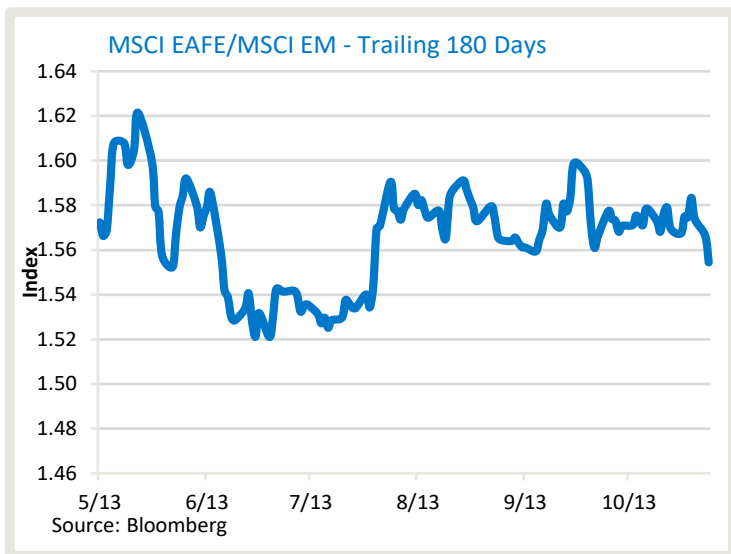
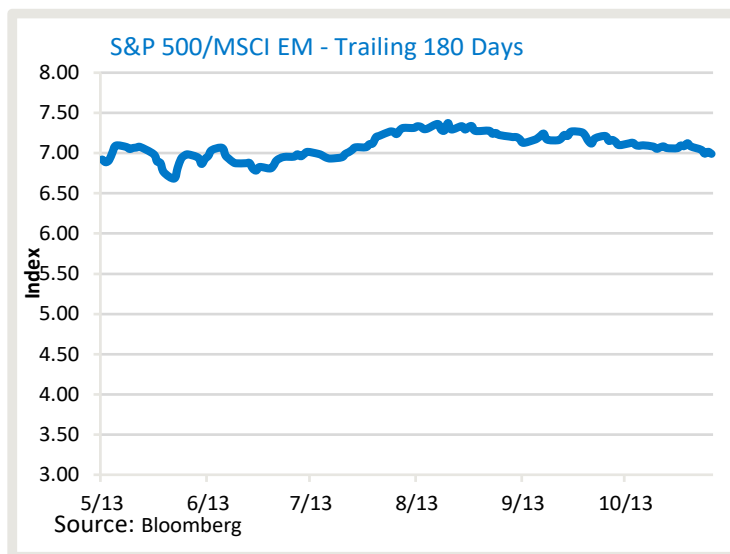
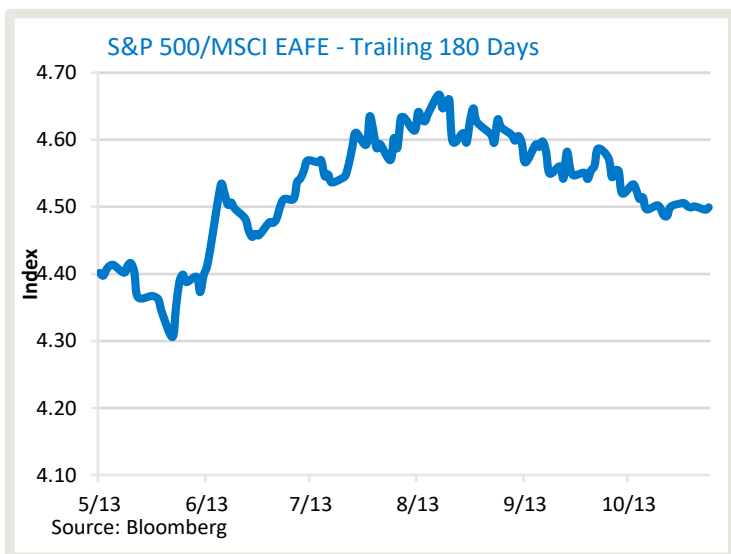
### SELECTED ALTERNATIVE INVESTMENT INDEX PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
HFRX Global Hedge Fund Index	1267.62	2.90	0.23%	6.54%	HFRX Special Situation Index	1262.14	4.39	0.35%	4.91%
HFRX Equity Market Neutral	968.06	5.80	0.60%	-0.47%	HFRX Merger Arbitrage Index	1803.88	1.76	0.10%	-0.76%
HFRX Equity Hedge Index	1253.43	5.51	0.44%	8.89%	HFRX Convertible Arbitrage Index	822.17	3.30	0.40%	4.38%
HFRX Event-Driven Index	1560.49	5.22	0.34%	6.06%	HFRX Macro CTA Index	1168.62	0.92	0.08%	3.78%
HFRX Absolute Return Index	1096.67	2.62	0.24%	3.65%	IQ Fixed Income Beta Arb Index	1539.00	1.66	0.11%	5.23%

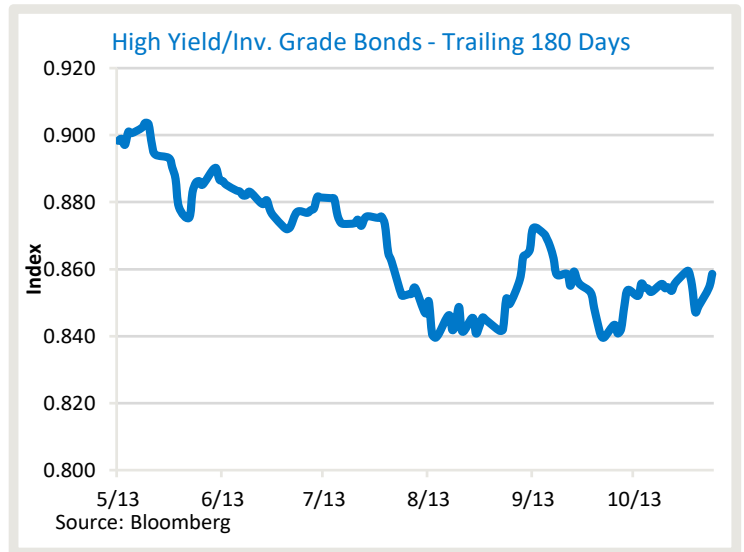
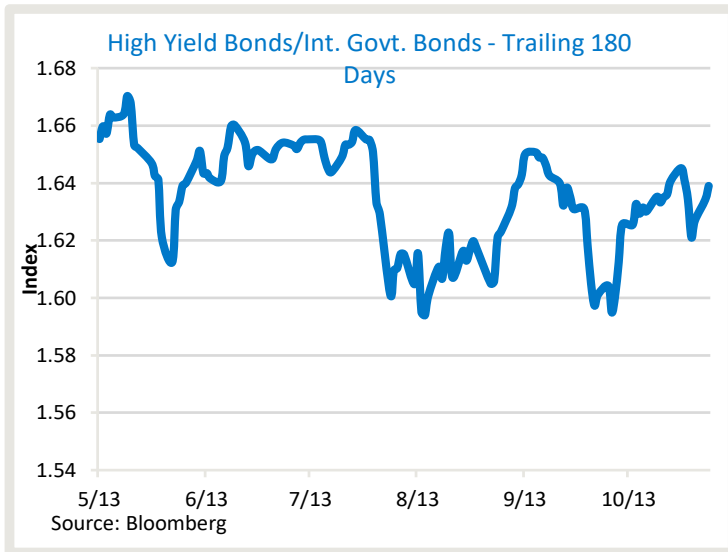
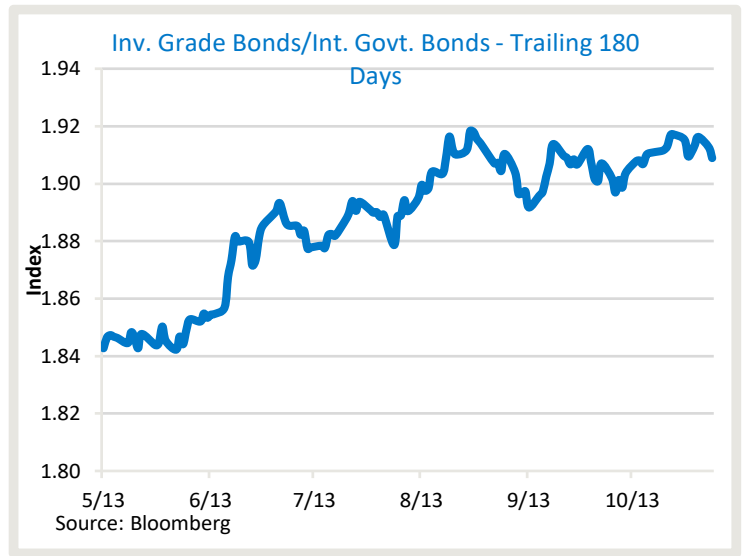
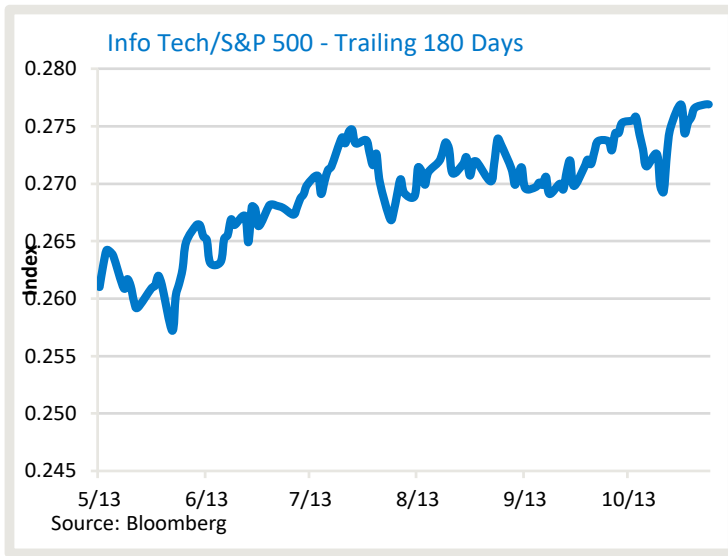
Source: Bloomberg; Index % change is based on price.



## Portfolio Construction



## Portfolio Construction (continued)



WEEKLY ASSET CLASS PERFORMANCE (Prior 12 weeks ending Thursday)

			8/22	8/29	9/5	9/12	9/19	9/26	10/3	10/10	10/17	10/24	10/31	11/7
Equity	Domestic Equity	Large Cap (R200)	2.63%	0.07%	1.73%	1.03%	-0.07%	-1.09%	-2.16%	1.10%	2.01%	0.29%	1.16%	1.66%
		Small Cap (R2000)	3.03%	-0.62%	0.94%	4.26%	-0.86%	-1.80%	-3.06%	-0.07%	3.80%	0.54%	0.79%	2.02%
	Int'l. Equity	MSCI EAFE	1.78%	0.11%	2.32%	1.68%	0.44%	-0.94%	-2.60%	0.86%	3.22%	1.02%	0.70%	1.33%
		MSCI Em. Mkts.	1.26%	-0.57%	3.39%	1.93%	-0.56%	-0.72%	-1.69%	0.43%	3.20%	0.88%	0.44%	3.03%
Fixed Income	BarCap Agg. (AGG)	-0.39%	0.63%	-0.42%	1.00%	0.08%	0.44%	0.57%	-0.48%	-0.34%	0.05%	0.33%	-1.13%	
	High Yield (JNK)	1.33%	0.33%	-0.27%	0.28%	0.07%	-0.17%	-1.37%	0.33%	0.72%	0.27%	-0.51%	-0.06%	
Commodities	Bloomberg Commodity Index	-0.37%	1.40%	0.70%	0.69%	1.06%	-0.96%	-1.14%	0.26%	0.82%	0.98%	-0.14%	0.99%	
Alternatives	Hedge Funds (HFRX Global)	0.49%	0.01%	0.49%	0.22%	0.27%	0.03%	-0.13%	0.07%	0.09%	0.16%	0.14%	0.29%	
Asset Allocation	60/40*	1.35%	0.18%	0.97%	0.75%	-0.04%	-0.54%	-1.30%	0.32%	1.54%	0.37%	0.64%	0.65%	
	48/32/20 (w/Alts.)**	1.18%	0.15%	0.87%	0.55%	0.03%	-0.43%	-1.06%	0.27%	1.25%	0.33%	0.54%	0.58%	

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

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

RELATIVE STRENGTH MATRIX (BASED ON 30-DAY RSI)

	Large Cap Core	Large Cap Growth	Large Cap Value	Mid Cap Core	Mid Cap Growth	Mid Cap Value	Small Cap Core	Small Cap Growth	Small Cap Value	Int'l. Developed	Emerging Markets	REITs	Comm.	Int. Bond	High Yield
Large Cap Core	1.00	1.04	0.97	1.07	1.14	1.04	1.05	1.09	1.03	0.91	0.91	1.32	1.09	1.37	1.27
Large Cap Growth	0.96	1.00	0.94	1.03	1.10	1.00	1.01	1.05	0.99	0.88	0.88	1.28	1.05	1.32	1.22
Large Cap Value	1.03	1.07	1.00	1.10	1.17	1.07	1.08	1.12	1.06	0.94	0.94	1.36	1.13	1.41	1.30
Mid Cap Core	0.93	0.97	0.91	1.00	1.06	0.97	0.98	1.01	0.96	0.85	0.85	1.24	1.02	1.28	1.18
Mid Cap Growth	0.88	0.91	0.85	0.94	1.00	0.91	0.93	0.96	0.90	0.80	0.80	1.17	0.96	1.21	1.11
Mid Cap Value	0.96	1.00	0.93	1.03	1.09	1.00	1.01	1.05	0.99	0.88	0.88	1.27	1.05	1.32	1.22
Small Cap Core	0.95	0.99	0.92	1.02	1.08	0.99	1.00	1.03	0.98	0.87	0.87	1.26	1.04	1.31	1.20
Small Cap Growth	0.92	0.95	0.89	0.99	1.05	0.96	0.97	1.00	0.94	0.84	0.84	1.22	1.01	1.26	1.17
Small Cap Value	0.97	1.01	0.95	1.04	1.11	1.01	1.03	1.06	1.00	0.89	0.89	1.29	1.06	1.34	1.23
Int'l. Developed	1.10	1.14	1.06	1.17	1.24	1.14	1.15	1.19	1.12	1.00	1.00	1.45	1.20	1.51	1.39
Emerging Markets	1.10	1.14	1.06	1.18	1.25	1.14	1.15	1.19	1.13	1.00	1.00	1.45	1.20	1.51	1.39
REITs	0.76	0.78	0.73	0.81	0.86	0.78	0.79	0.82	0.78	0.69	0.69	1.00	0.82	1.04	0.96
Commodities	0.92	0.95	0.89	0.98	1.04	0.95	0.96	0.99	0.94	0.84	0.83	1.21	1.00	1.26	1.16
Int. Bond	0.73	0.76	0.71	0.78	0.83	0.76	0.77	0.79	0.75	0.66	0.66	0.96	0.80	1.00	0.92
High Yield	0.79	0.82	0.77	0.85	0.90	0.82	0.83	0.86	0.81	0.72	0.72	1.05	0.86	1.08	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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Investments in smaller companies carry greater risk than is customarily associated with larger companies for various reasons such as volatility of earnings and prospects, higher failure rates, and limited markets, product lines or financial resources. Investing overseas involves special risks, including the volatility of currency exchange rates and, in some cases, limited geographic focus, political and economic instability, and relatively illiquid markets. Income (bond) securities are subject to interest rate risk, which is the risk that debt securities in a portfolio will decline in value because of increases in market interest rates.

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

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