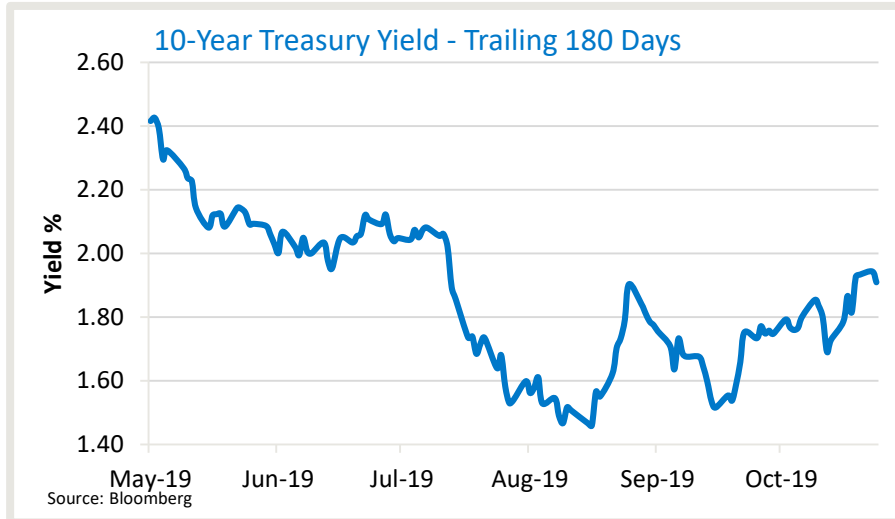


Weekly Market Review

November 18, 2019

Chart of the Week



Weekly Highlights

- **Federal Reserve Chair Jerome Powell testified before Congress** during the week and indicated the FOMC would hold rates steady through the end of the year. He expressed confidence that the three rate cuts implemented since July, to the range between 1.50% and 1.75%, would bolster the economy in the face of uncertainty. Mr. Powell cited both the ongoing trade dispute between the US and China and a global economic slowdown as the primary headwinds to the US economy.
- **Retail sales rose 0.3% during October**, adjusted for seasonality, as the US consumer remains a driving force in the economy. The increase in spending is a welcome reversal from September, when consumer spending dropped 0.3%. Retail sales were up 3.1% through the first ten months of the year compared with a year earlier. Retail sales have held up well in the US despite continued uncertainty from global trade tensions and a slowdown in the manufacturing sector.
- **Major economies from around the globe showed weakness** recently. In China, growth slowed further in October as the trade war with the US started to bite. Consumer spending and manufacturing in the country slowed during the month. Meanwhile, the Japanese economy slowed significantly in the third quarter, expanding at a rate of just 0.2%, compared with a 1.8% expansion in the previous quarter. Germany narrowly avoided a recession, as it recorded a 0.3% expansion during the third quarter, after a 1.0% contraction in the prior quarter.

Talking Points

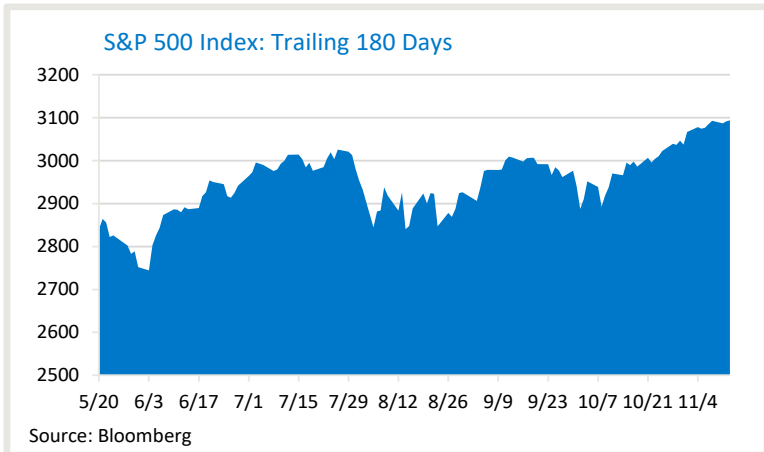
- **Stocks in the US were up** slightly for the week. Large cap stocks outperformed their small cap counterparts. Meanwhile, value stocks underperformed growth stocks.
- **Short-dated Treasury yields (six months and shorter) fell** slightly during the week, while longer-dated Treasury yields fell. Treasuries dated from five to 30 years fell around 10 basis points, leading to a flattening of the yield curve.
- **Developed markets stocks also saw slight weakness** during the week and underperformed US stocks. Growth stocks outperformed value stocks in developed markets. Emerging markets stocks fell, declining by 2% during the week.
- **Volatility was up** in markets, as measured by the VIX, which increased more than 7% during the week.
- **Commodity prices were largely lower** for the week, led by crude oil, as OPEC indicated it was planning to maintain curbs on crude output throughout next year but would hold off on more aggressive cuts.

Market Dashboard

	Last Price	Change	% Chg.	YTD %
S&P 500	3,120.46	27.38	0.89%	24.5%
Dow Industrials	28,004.89	323.65	1.17%	20.1%
Nasdaq	8,540.83	65.52	0.77%	28.7%
Russell 2000	1,596.45	-2.42	-0.15%	18.4%
Euro Stoxx Index	406.04	0.62	0.15%	20.3%
Shanghai Composite	2,891.34	-72.84	-2.46%	15.9%
MSCI ACWI	541.14	-2.10	-0.39%	18.8%

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

	Last Price	Change	% Chg.	YTD %
MSCI EM	1,042.25	-22.60	-2.12%	7.9%
10-Year US Treas.	1.83	-10 bps	NM	NM
Bloomberg Cmdts. Idx.	79.09	-0.82	-1.02%	3.1%
Gold	\$1,467.10	\$7.99	0.55%	14.4%
Crude Oil	\$57.83	\$0.60	1.05%	19.6%
Dollar Index	98.00	-0.36	-0.37%	1.9%
VIX Index	12.05	-0.02	-0.17%	-52.6%



	One Week			YTD		
	Value	Growth		Value	Growth	
L	0.35%	0.91%	1.37%	19.70%	24.50%	28.74%
	0.29%	1.00%	2.11%	20.50%	24.61%	30.53%
S	-0.78%	-0.15%	0.48%	15.41%	18.38%	21.16%

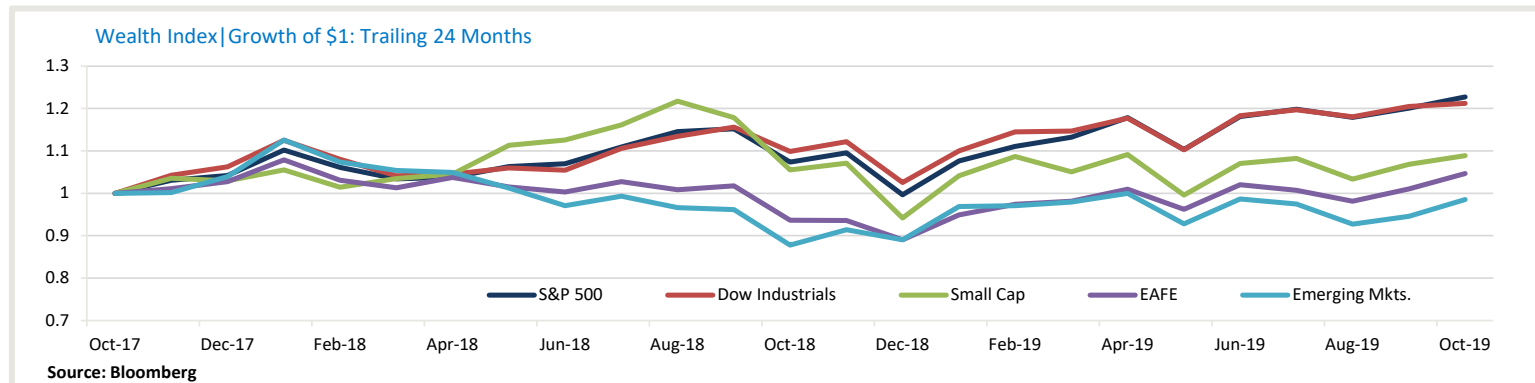
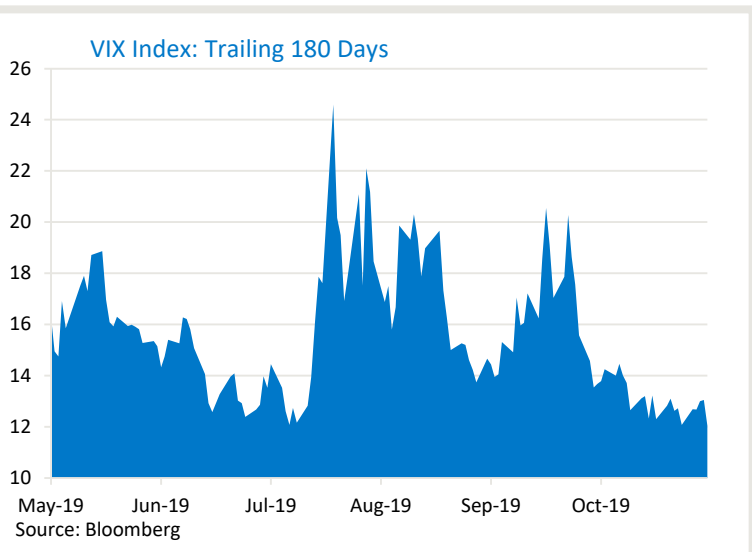
Source: Bloomberg

Sector Performance:

S&P/Global Industry Classification Sectors (GICS)

	% Wgt in S&P 500	Week % Chg.	YTD % Chg.
Consumer Discretionary	9.8	-0.24%	21.8%
Consumer Staples	7.2	0.85%	20.6%
Energy	4.3	-1.28%	3.9%
Financials	13.1	-0.26%	24.6%
Health Care	14.0	2.42%	12.5%
Industrials	9.4	0.57%	27.7%
Information Technology	22.6	1.31%	40.5%
Materials	2.7	0.24%	19.5%
Real Estate	3.0	1.93%	23.8%
Communication Services	10.5	1.34%	28.0%
Utilities	3.3	1.53%	18.3%

Source: Bloomberg



The Economy and Markets

A Macro View—The Unending Brexit Drama

Has any political referendum led to more consternation and hand wringing than Brexit? Nearly three and a half years after the United Kingdom voted to usher in a new epoch in European history, we still do not have a clear vision of what the future may bring for the continent. In the last few months, a series of twists in the Brexit story has begun to lay out a variety of scenarios worth examining as we review their implications for global investors.

The latest character trying to navigate the UK's exit from the EU is newly minted Prime Minister Boris Johnson. He took the reins from fellow Conservative Theresa May in July 2019. She tried in vain for nearly three years to craft a deal to extract the UK from the EU, but was thwarted time and time again by a rebellious Parliament. To be fair, Ms. May did herself no favors when she attempted to strengthen her hand in negotiations by calling for Parliamentary elections in 2017, and her Conservative party was handed a setback, losing seats in the legislative body. Although she was able to hold on temporarily to her Prime Minister role by forming an alliance with a minor Northern Ireland party, DUP, she was weakened severely by the vote that she called for. After several rounds of negotiations with the EU, Ms. May could not get Parliament to ratify the treaty, based on concerns of a physical border between Ireland and the UK (Northern Ireland). Ultimately, Ms. May resigned in July of this year after failing to get Brexit through Parliament.

Sauntering onto the Brexit scene came Boris Johnson, the affable, if not shambolic, former mayor of London who was appointed Prime Minister in a party vote. Most economists agree that a "hard Brexit," in which the UK leaves the EU with no agreement in place, would be extremely disruptive to businesses and markets. However, Mr. Johnson was intent on setting the UK on a crash course to leave the EU regardless of whether he could negotiate a better deal than his predecessor. He employed draconian measures to ensure a hard Brexit departure. One was to kick dissenting members out of the Conservative party (including the grandson of Winston Churchill). The second was having the Queen close Parliament until the week before the October 31 Brexit deadline to stifle debate and ensure an exit, either with Parliament's approval or via a hard Brexit. However, the courts struck down the gambit to close Parliament, and the legislative body will have a say on the final Brexit proposal.

When faced with the prospect of a hard Brexit, the EU backed down and postponed the deadline to January 31, 2020. It also agreed to acquiesce to Boris Johnson's proposal to ensure no border appears in Ireland, a sticking point in previous agreements. In another victory for Boris Johnson, Parliament agreed to hold snap elections in December. Mr. Johnson views the elections as a referendum on his Brexit deal, whereas the Labour party and a handful of anti-Brexit parties are aligned in attempting to force a second referendum that could rescind Brexit altogether.

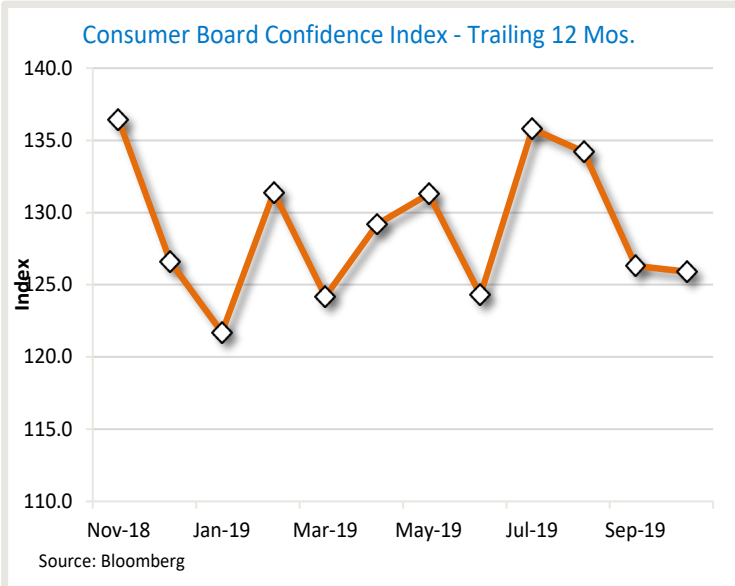
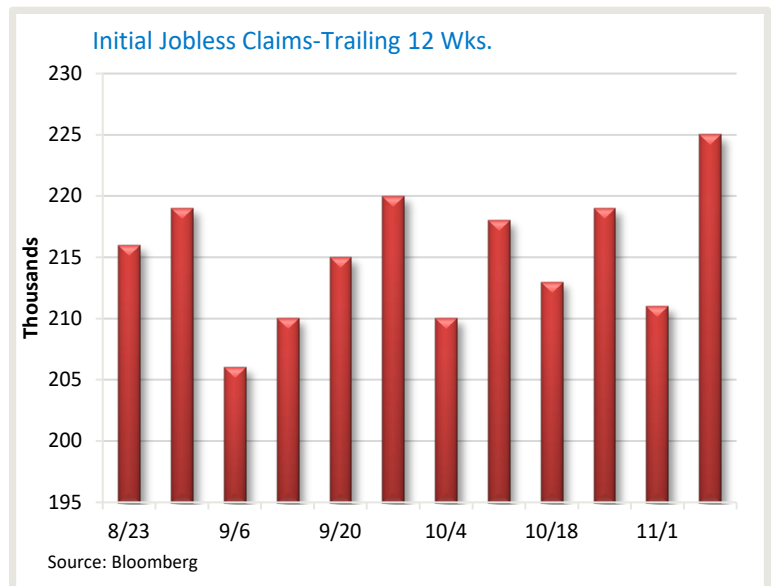
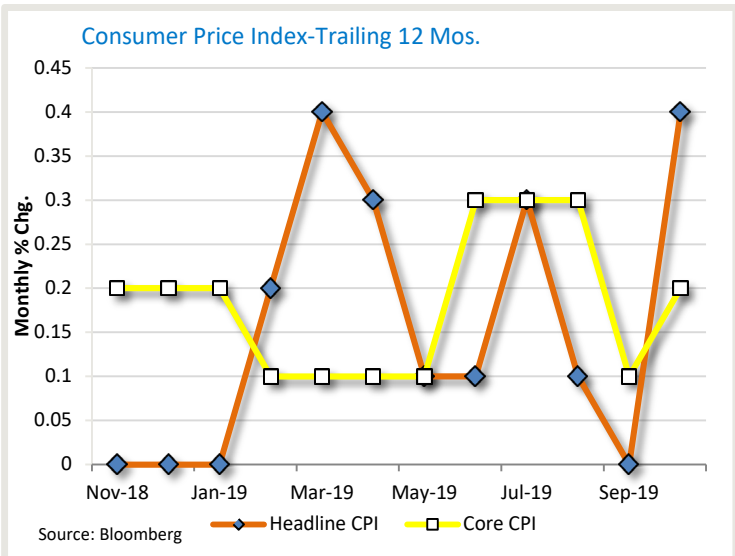
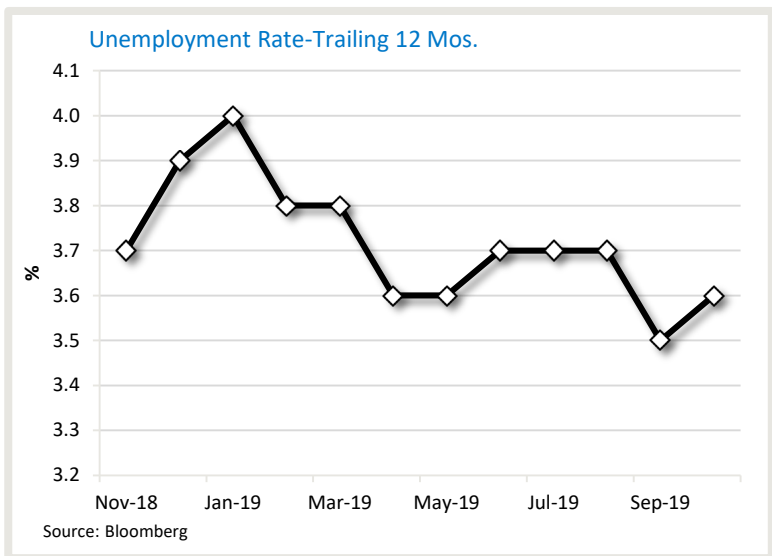
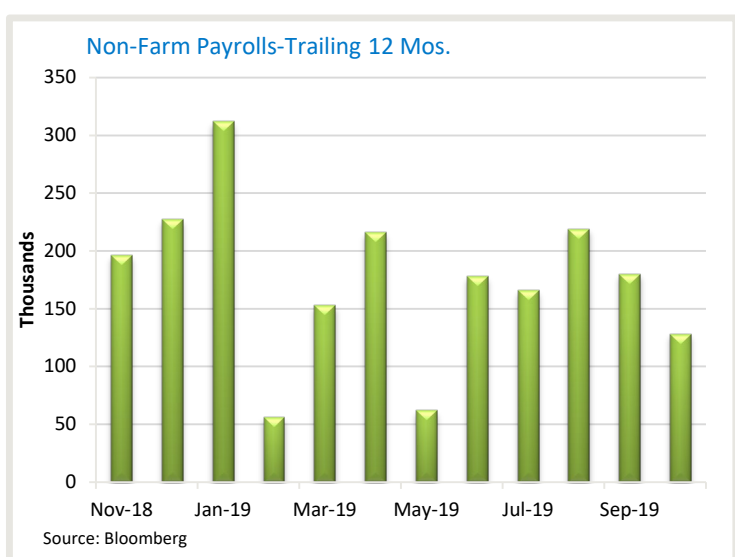
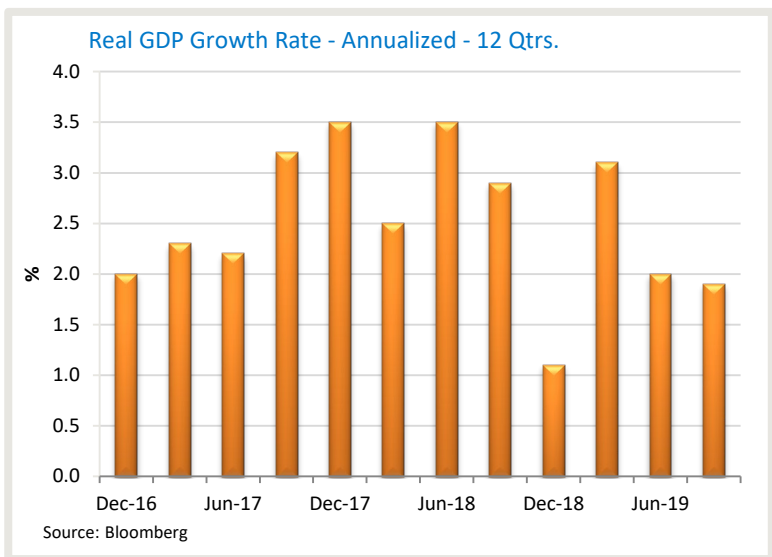
With the threat of a hard Brexit temporarily lifted, the pound sterling rebounded to \$1.30 after falling to nearly \$1.20, its lowest valuation in decades. UK markets have largely recovered since that time as well, but notably lag the MSCI EAFE Index by 26% since June of 2016 (MSCI EAFE Index: 30.3%, FTSE 100: 4.3%). Meanwhile, the yield on the 10-year UK sovereign bond, known as the Gilt, rose slightly to 0.79%, but is still materially lower than the 10-year U.S. Treasury Note's 1.94% yield. For historical context, both countries' 10-year yields typically have traded in tandem, and prior to the vote, the difference between the two was only about 0.3%, compared with the roughly 1.2% differential now. In addition, Moody's Investors Service views the Brexit process as chaotic and a harbinger of policy making in the future, prompting it to lower its outlook for the UK's debt rating down a notch from its highest rating.

After more than three years of torturous divorce proceedings, the UK and EU can see the potential end of the road. Markets have breathed a sigh of relief that the threat of a hard Brexit is no longer the likeliest of outcomes. Although an orderly Brexit would ensure less short-term disruption, long-term implications still call into question the UK's place as a hub of global multinational companies. It is possible that if enough opposition parties come to power in the recently called election, they would force another vote on the Brexit referendum altogether. However, to say that anyone knows where this long and winding road will end up is foolhardy at best. The rapid pace of developments and twists in this saga over the past month only presage a wild, final few months in what seems like the never-ending saga that is Brexit.

Dan Homan, CFA

Research Analyst

Economic Data



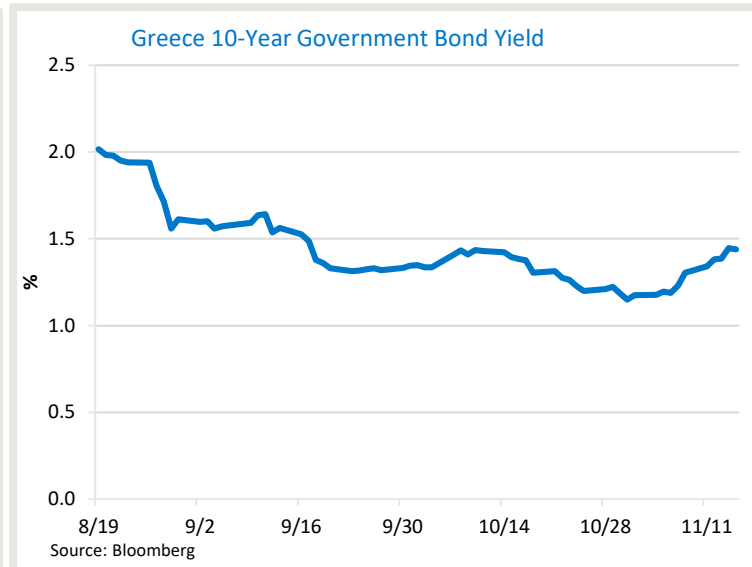
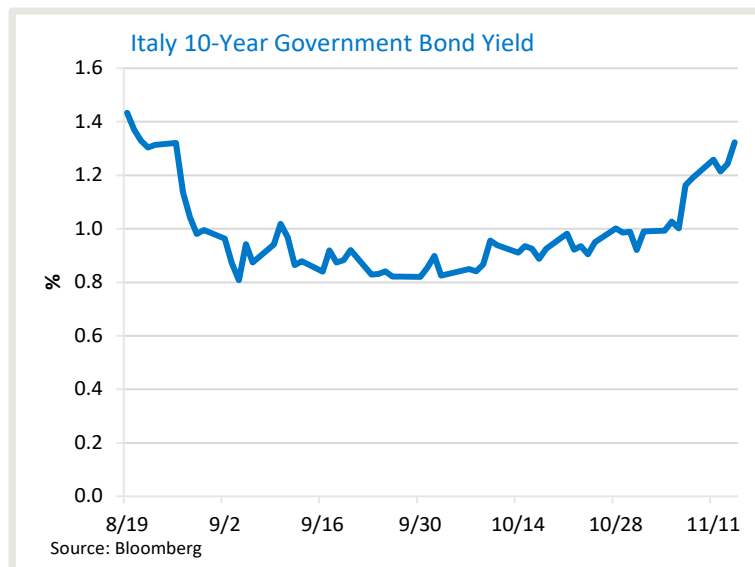
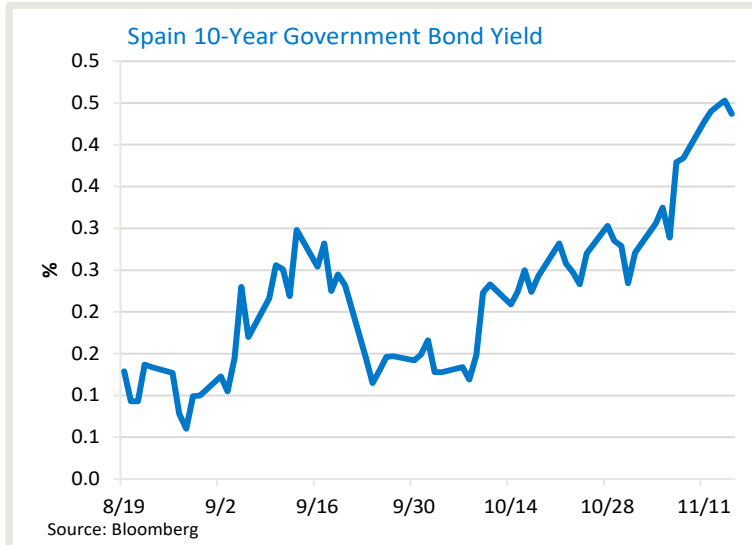
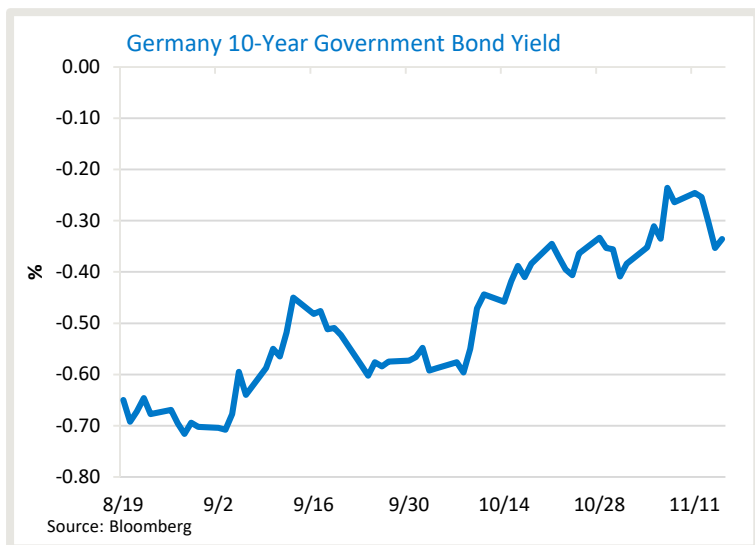
Eurozone

SELECTED EUROPEAN SOVEREIGN YIELD PERFORMANCE

	Last	Change	% Chg.	YTD %
Germany 10-Yr. Govt.	-0.34	7 bps	NM	NM
Greece 10-Yr. Govt.	1.44	-14 bps	NM	NM
Italy 10-Yr. Govt.	1.23	-4 bps	NM	NM
Spain 10-Yr. Govt.	0.44	-5 bps	NM	NM
Belgium 10-Yr. Govt.	-0.04	5 bps	NM	NM

Source: Bloomberg
Basis points (bps)

	Last	Change	% Chg.	YTD %
France 10-Yr. Govt.	-0.02	4 bps	NM	NM
Ireland 10-Yr. Govt.	0.06	5 bps	NM	NM
Portugal 10-Yr. Govt.	0.37	-5 bps	NM	NM
Netherlands 10-Yr. Govt.	-0.20	6 bps	NM	NM
U.K. 10-Yr. Govt.	0.73	6 bps	NM	NM

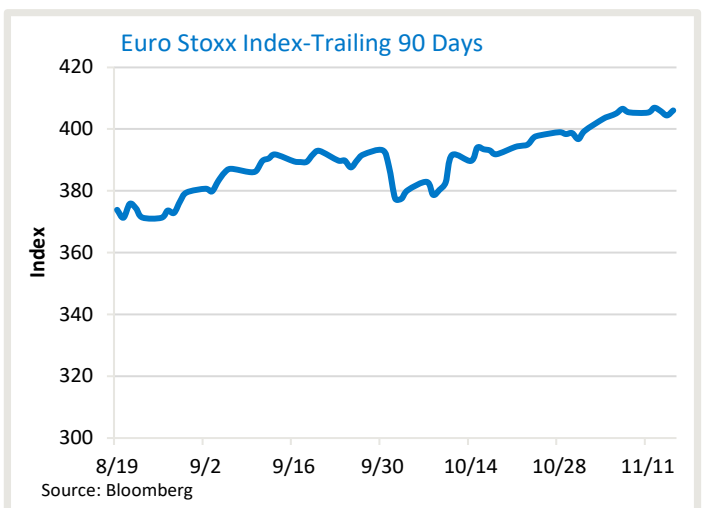
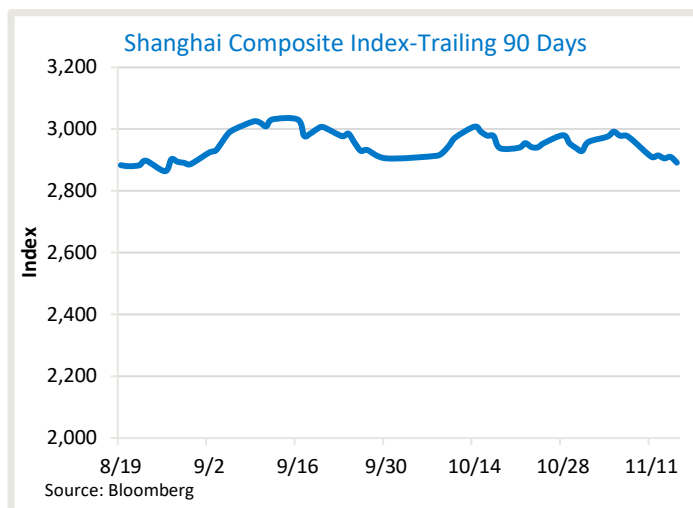
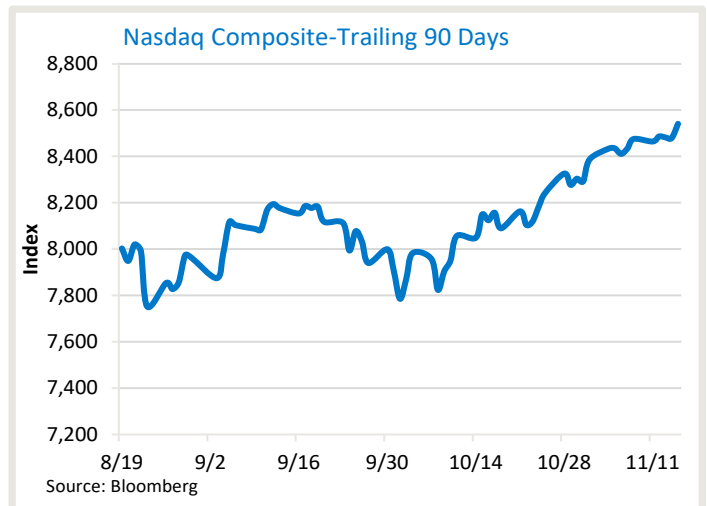
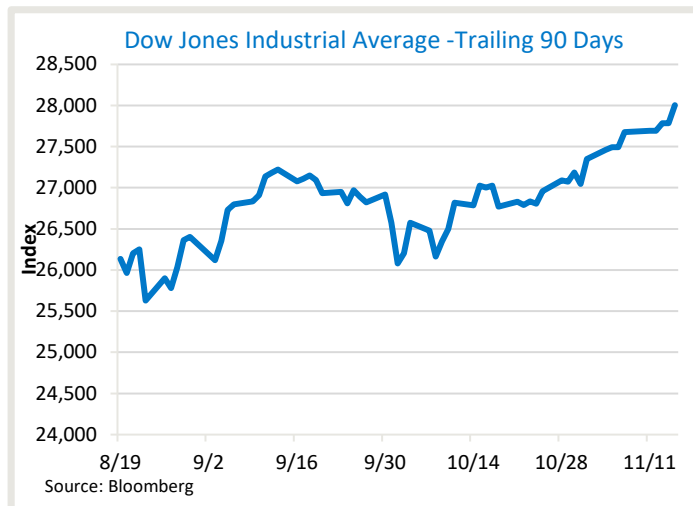


Equities

WORLD MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
S&P 500	3,120.46	27.38	0.89%	24.48%	Swiss Market Index	10,310.12	0.89	0.01%	22.31%
Dow Industrials	28,004.89	323.65	1.17%	20.05%	CAC 40 Index (France)	5,939.27	49.57	0.84%	25.55%
Nasdaq Composite	8,540.83	65.52	0.77%	28.72%	DAX Index (Germany)	13,241.75	13.19	0.10%	25.41%
MSCI ACWI	541.14	-2.10	-0.39%	18.8%	Irish Overall Index	6,921.83	109.33	1.60%	26.32%
MSCI EM	1,042.25	-22.60	-2.12%	7.9%	Nikkei 225	23,303.32	-88.55	-0.38%	16.43%
S&P/TSX (Canada)	17,028.47	151.05	0.89%	18.89%	Hang Seng Index	26,326.66	-1324.48	-4.79%	1.86%
Mexico IPC	43,392.36	-338.18	-0.77%	4.14%	Shanghai Composite	2,891.34	-72.84	-2.46%	15.94%
Brazil Bovespa	106,556.90	-1072.10	-1.00%	21.24%	Kospi Index (S. Korea)	2,162.18	24.95	1.17%	5.94%
Euro Stoxx 600	406.04	0.62	0.15%	20.25%	Taiwan Taiex Index	11,525.60	-53.94	-0.47%	18.49%
FTSE 100	7,302.94	-56.44	-0.77%	8.54%	Tel Aviv 25 Index	1,664.07	-4.69	-0.28%	13.68%
IBEX 35 (Spain)	9,261.40	-132.30	-1.41%	8.45%	MOEX Index (Russia)	2,934.82	-38.37	-1.29%	23.87%

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



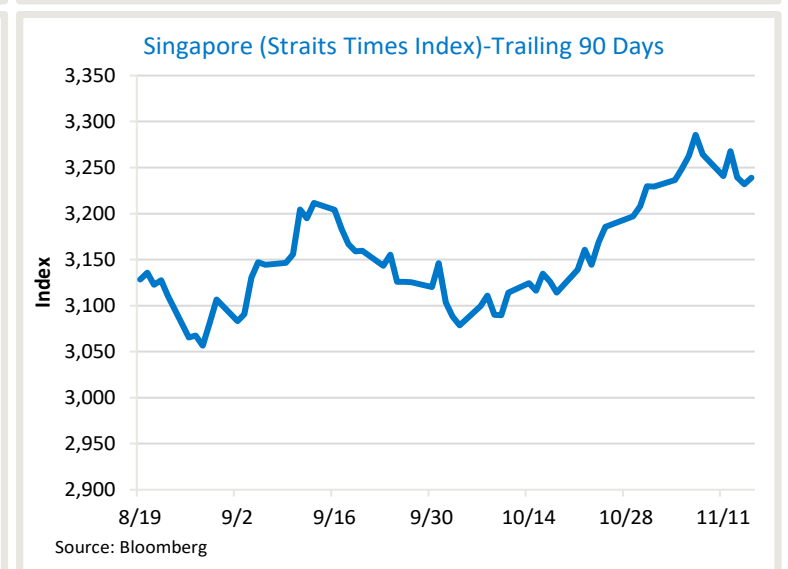
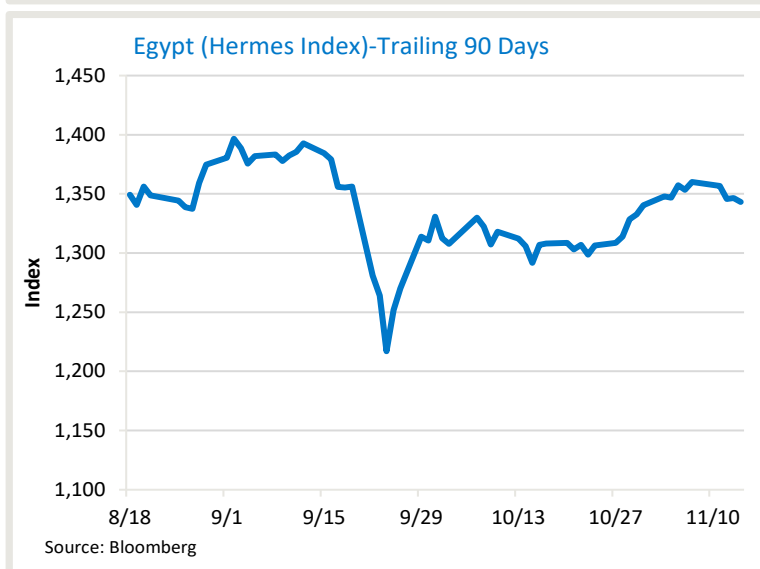
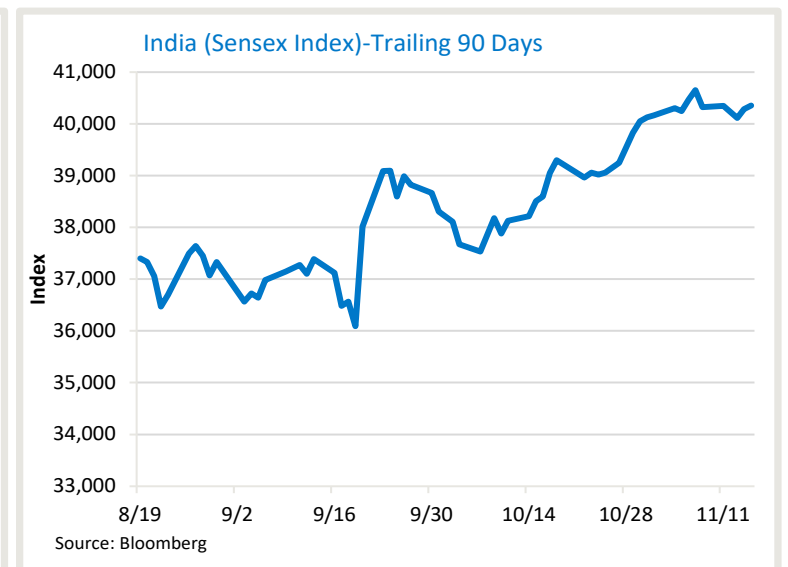
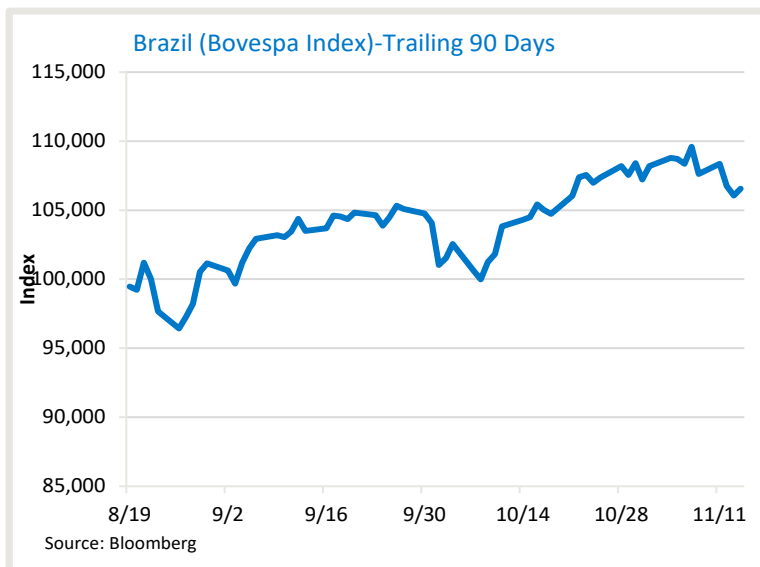
Equities – Emerging and Frontier Markets

EMERGING AND FRONTIER MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
Mexico IPC	43,392.36	-338.18	-0.8%	4.1%
Brazil (Bovespa Index)	106,556.90	-1072.10	-1.0%	21.2%
MOEX Index (Russia)	2,934.82	-38.37	-1.3%	23.9%
Czech Republic (Prague)	1,083.11	4.84	0.4%	9.8%
Turkey (Istanbul)	105,379.69	2226.50	2.2%	15.5%
Egypt (Hermes Index)	1,343.05	-17.12	-1.3%	5.1%
Kenya (Nairobi 20 Index)	2,652.95	-64.91	-2.4%	-6.4%
Saudi Arabia (TASI Index)	7,924.19	125.94	1.6%	1.2%
Lebanon (Beirut BLOM Index)	757.61	-0.98	-0.1%	-22.4%
Palestine	524.72	0.61	0.1%	-0.9%

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

	Last	Change	% Chg.	YTD %
Hang Seng Index	26,326.66	-1324.48	-4.8%	1.9%
India (Sensex 30)	40,356.69	0.00	0.0%	11.9%
Malaysia (KLCI Index)	1,594.75	-14.98	-0.9%	-5.7%
Singapore (Straits Times Index)	3,238.86	-25.44	-0.8%	5.5%
Thailand (SET Index)	1,602.23	-35.62	-2.2%	2.5%
Indonesia (Jakarta)	6,128.34	-49.64	-0.8%	-1.1%
Pakistan (Karachi KSE 100)	37,583.89	1605.73	4.5%	1.4%
Vietnam (Ho Chi Minh)	1,010.03	-12.46	-1.2%	13.2%
Sri Lanka (Colombo)	6,023.02	66.50	1.1%	-0.5%
Cambodia (Laos)	681.75	1.00	0.1%	-18.5%

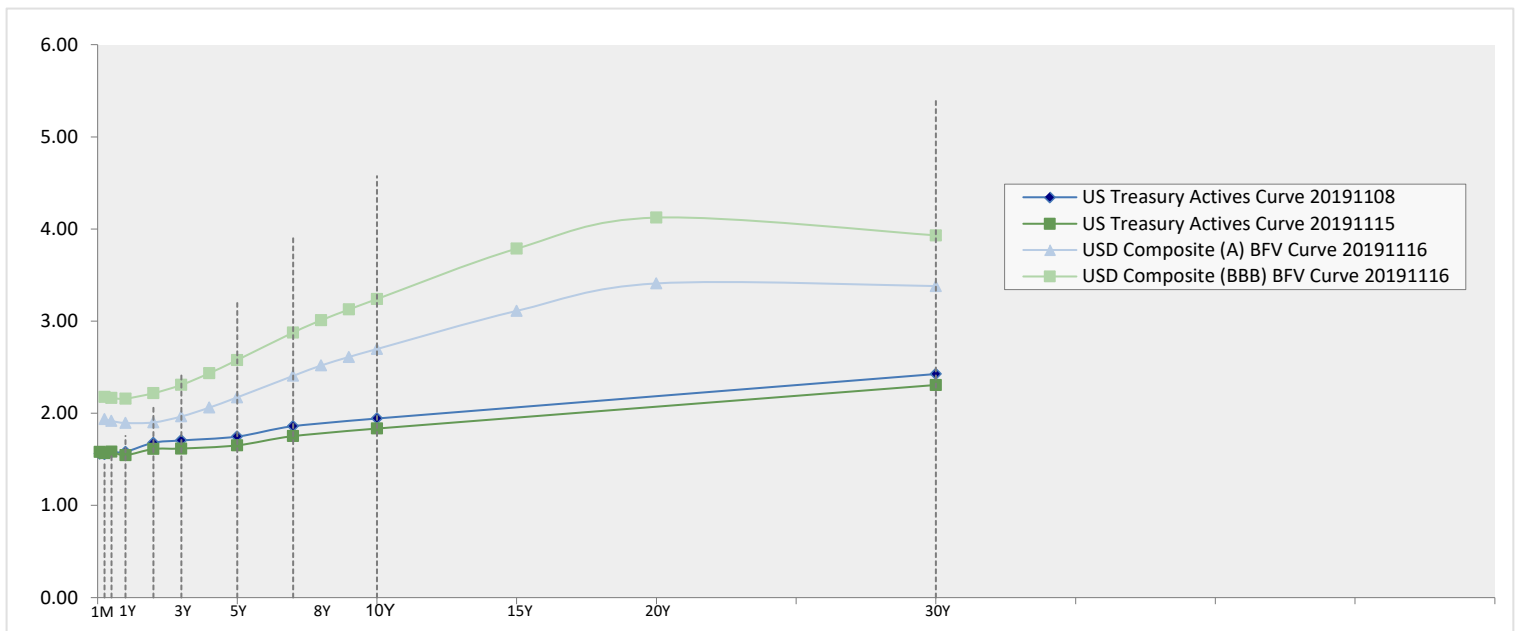


Interest Rates

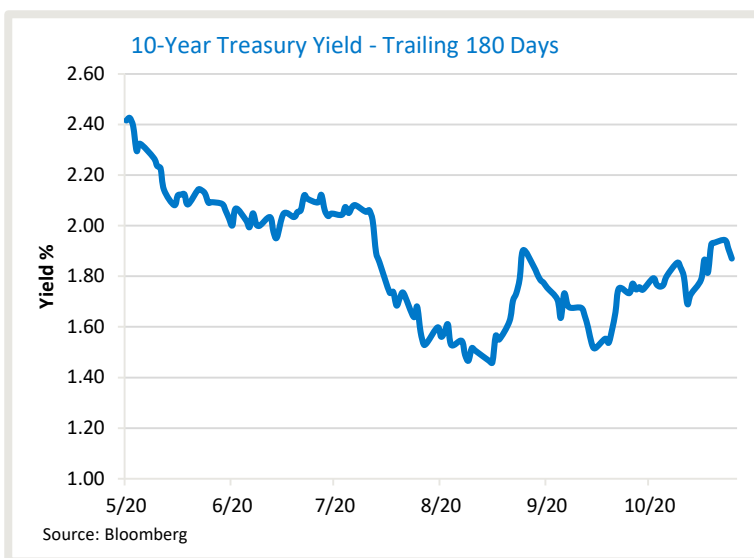
SELECTED INTEREST RATES

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
2-Yr. U.S. Treasury	1.61%	1 bps	NM	NM	Prime Rate	4.75%	0.00	NM	NM
5-Yr. U.S. Treasury	1.65%	-8 bps	NM	NM	Fed Funds Rate	1.75%	0.00	NM	NM
10-Yr. U.S. Treasury	1.83%	-10 bps	NM	NM	Discount Rate	2.25%	0.00	NM	NM
30-Yr. U.S. Treasury	2.31%	-11 bps	NM	NM	LIBOR (3 Mo.)	1.90%	0 bps	NM	NM
German 10-Yr. Govt.	-0.34%	7 bps	NM	NM	Bond Buyer 40 Muni	2.82%	-7 bps	NM	NM
France 10-Yr.	-0.02%	4 bps	NM	NM	Bond Buyer 40 G.O.	2.85%	NA	NM	NM
Italy 10-Yr.	1.23%	-4 bps	NM	NM	Bond Buyer 40 Rev.	3.33%	NA	NM	NM
Fed 5-Yr Fwd BE Inf.	1.61%	-7 bps	NM	NM					

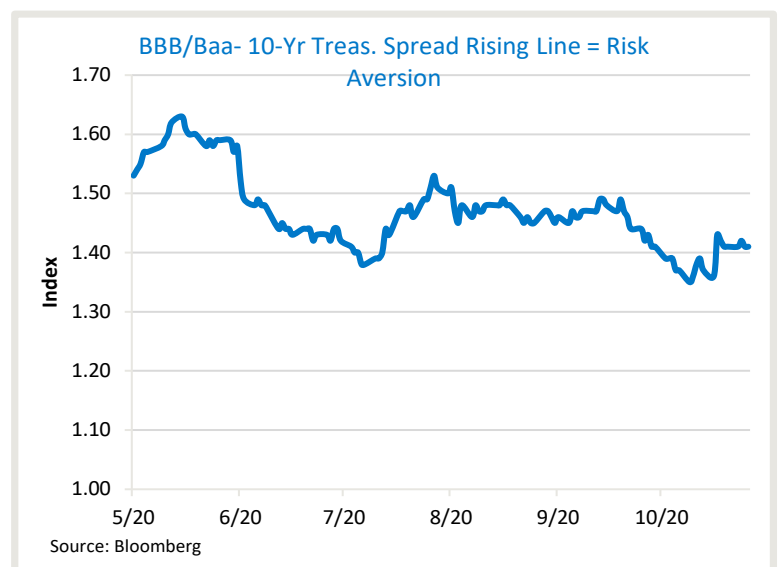
Source: Bloomberg



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg

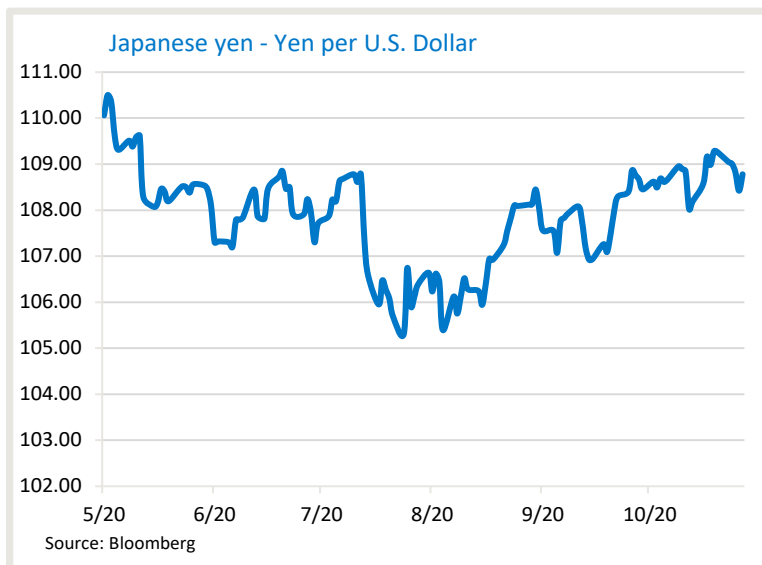
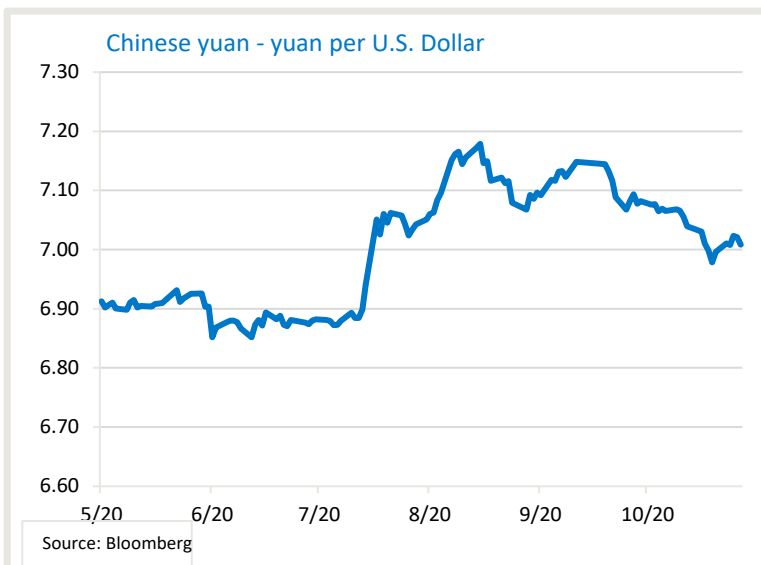
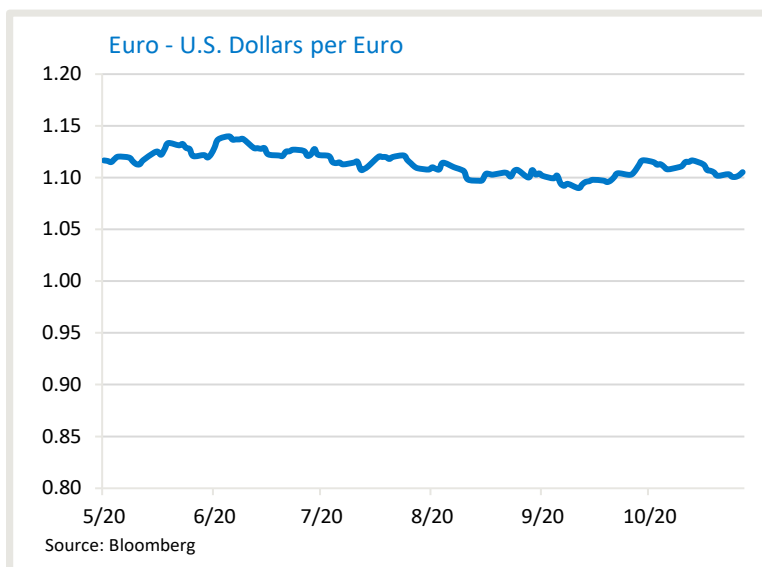
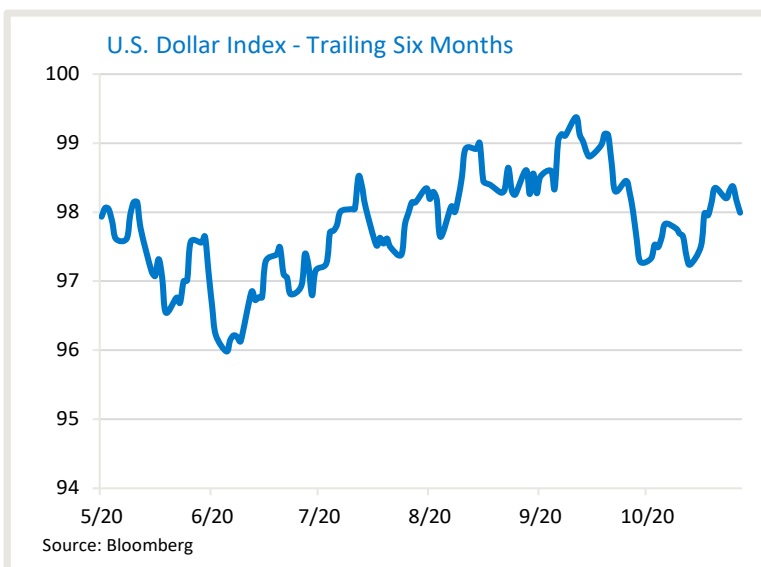
Currencies

SELECTED CURRENCY PERFORMANCE

	Last	Change	% Chg.	YTD %
Dollar Index	98.00	-0.362	-0.37%	1.89%
Euro	1.11	0.004	0.32%	-3.61%
Japanese Yen	108.79	-0.480	0.44%	0.84%
British Pound	1.29	0.013	0.99%	1.15%
Canadian Dollar	1.32	0.000	0.00%	3.09%

	Last	Change	% Chg.	YTD %
Chinese Yuan	7.01	0.012	-0.17%	-1.85%
Swiss Franc	0.99	-0.008	0.78%	-0.77%
New Zealand Dollar	0.64	0.007	1.12%	-4.76%
Brazilian Real	4.19	0.022	-0.52%	-7.51%
Mexican Peso	19.19	0.095	-0.49%	2.37%

Source: Bloomberg

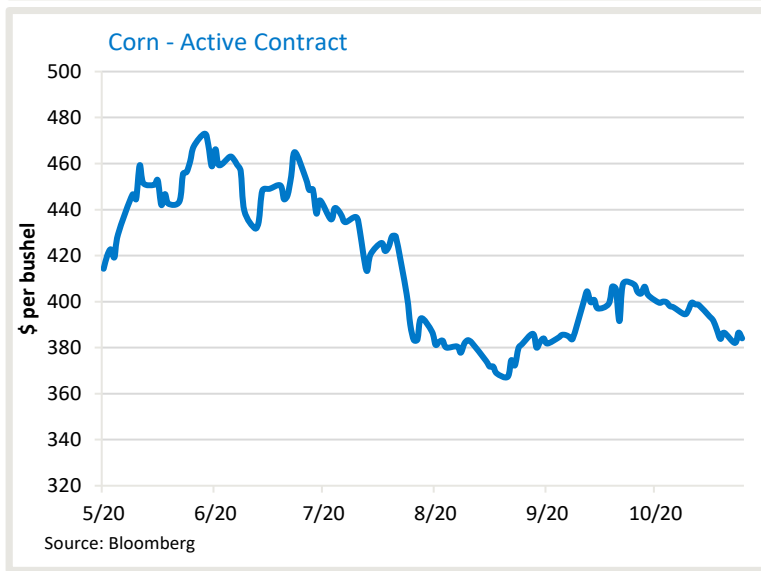
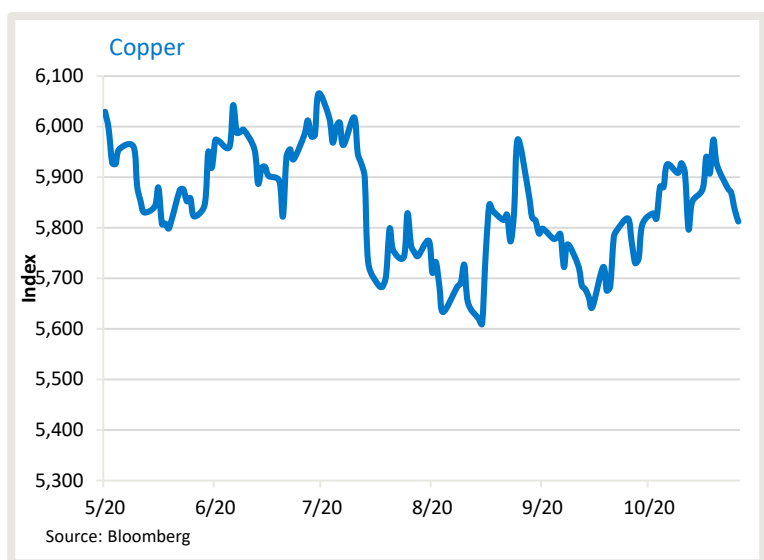
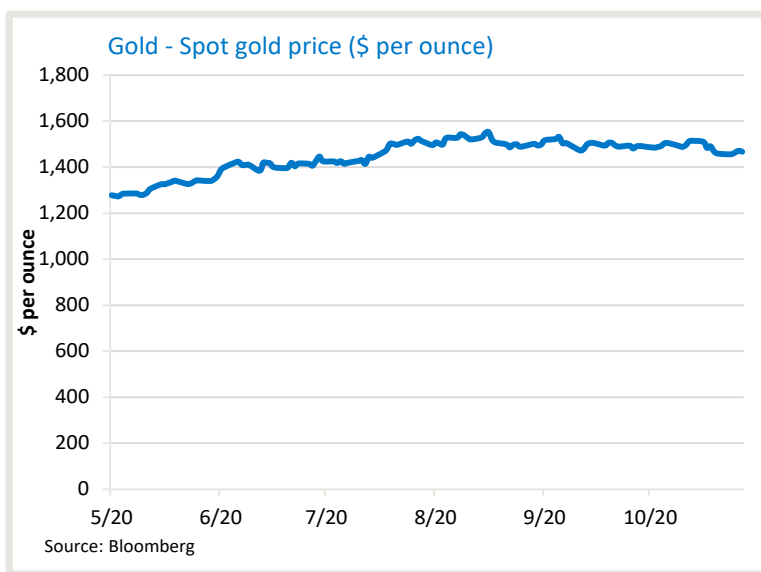
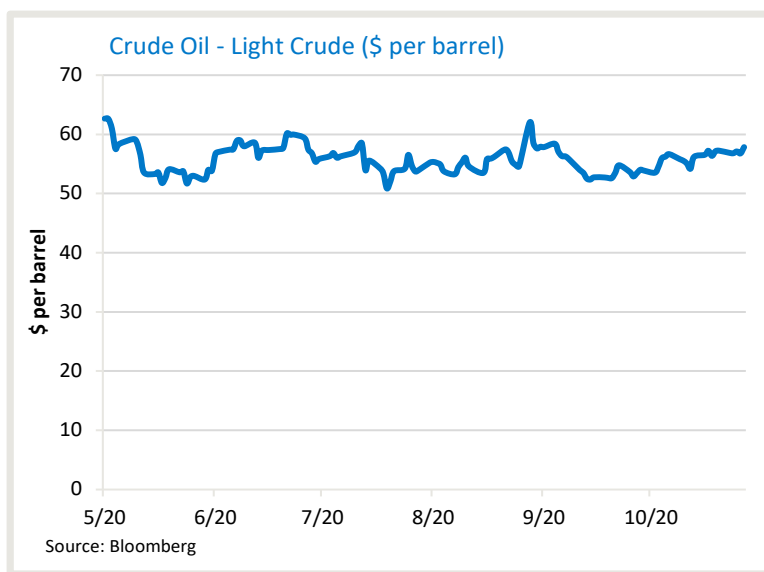


Commodities

SELECTED COMMODITY MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
Bloomberg Comm. Idx.	79.09	-0.82	-1.02%	3.09%	Platinum Spot	\$889.60	\$2.59	0.29%	11.83%
Crude Oil	\$57.86	\$0.60	1.05%	19.55%	Corn	380.75	-5.75	-1.49%	-6.45%
Natural Gas	\$2.68	-\$0.11	-3.94%	-9.06%	Wheat	506.00	-8.25	-1.60%	-8.58%
Gasoline (\$/Gal.)	\$2.61	-\$0.02	-0.69%	15.46%	Soybeans	918.25	-12.75	-1.37%	-2.91%
Heating Oil	194.95	3.20	1.67%	12.89%	Sugar	12.73	0.16	1.27%	-3.19%
Gold Spot	\$1,467.18	\$7.99	0.55%	14.39%	Orange Juice	100.50	0.20	0.20%	-23.83%
Silver Spot	\$16.96	\$0.14	0.83%	9.41%	Aluminum	1,741.00	-66.50	-3.68%	-5.69%
					Copper	5,812.00	-112.00	-1.89%	-2.56%

Source: Bloomberg; % change is based on price.

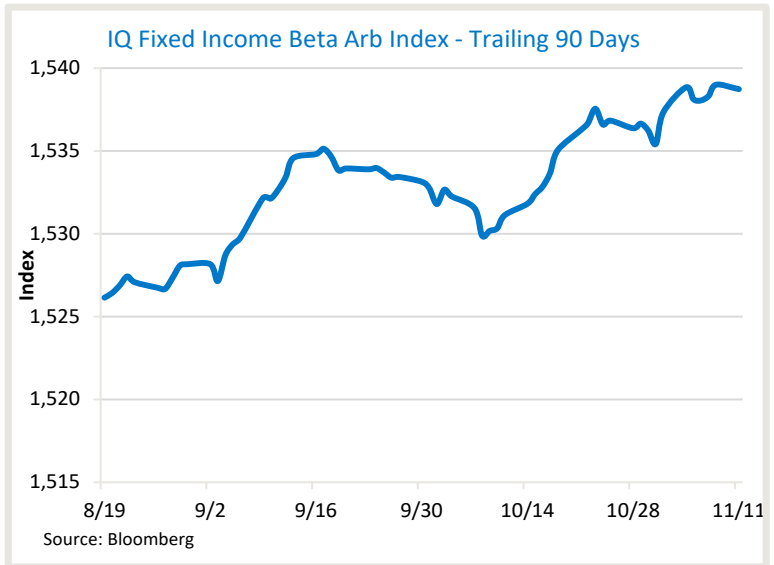
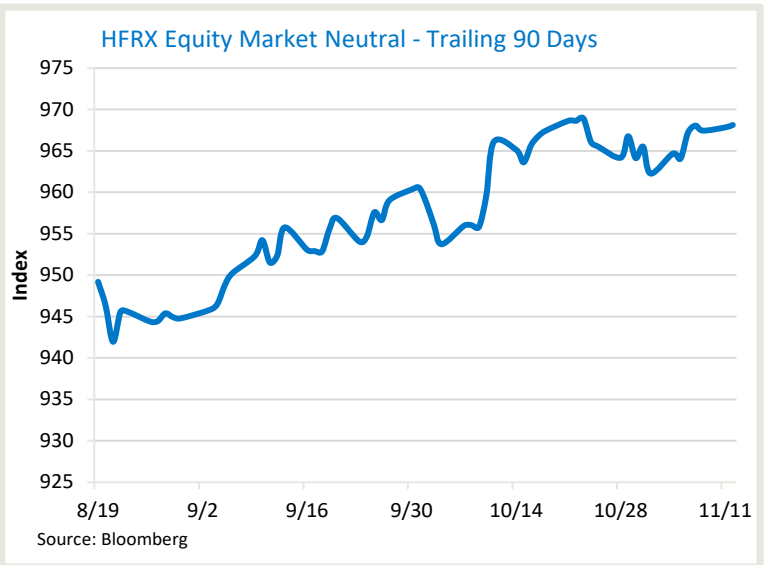
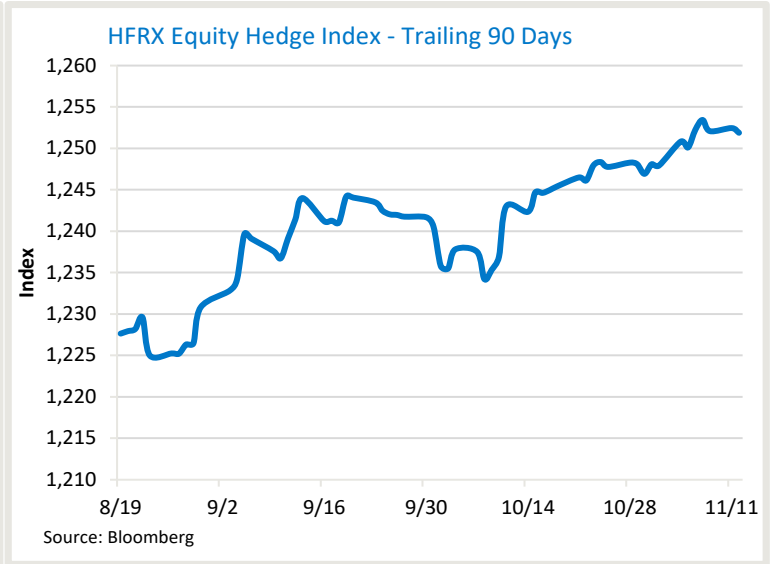
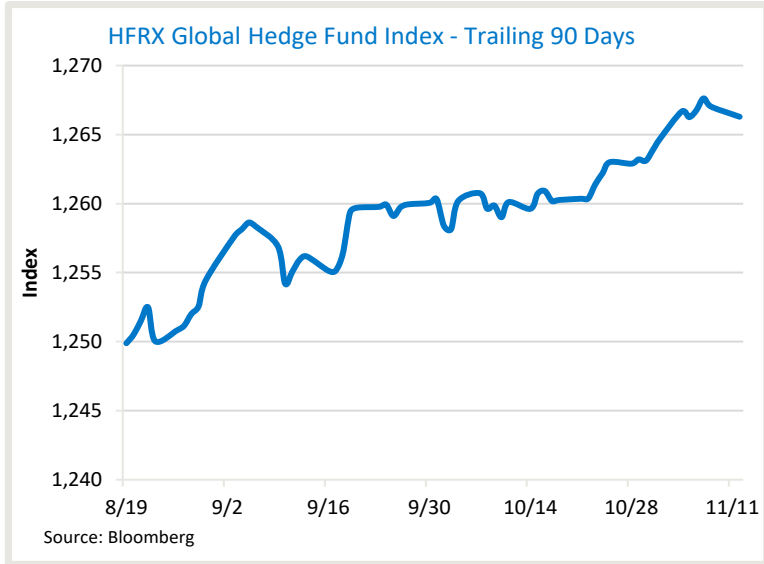


Alternative Investments

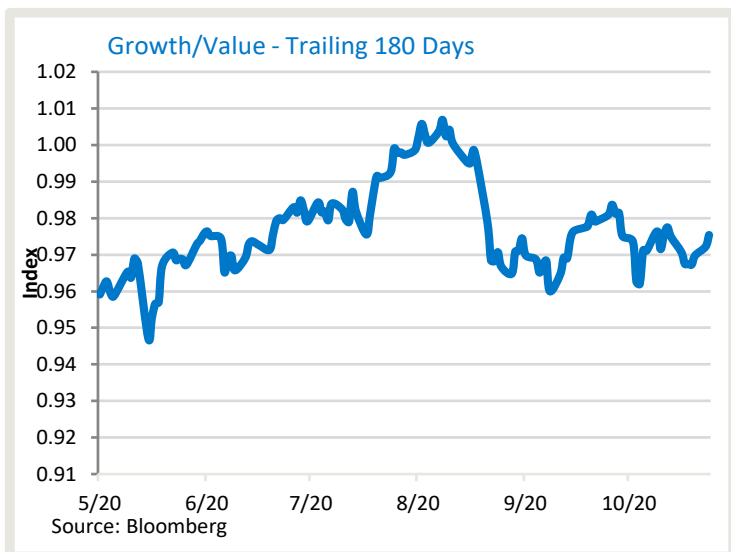
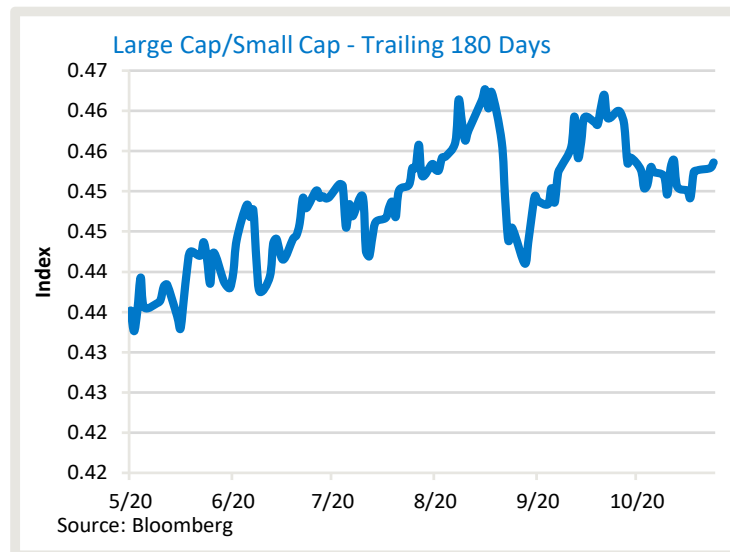
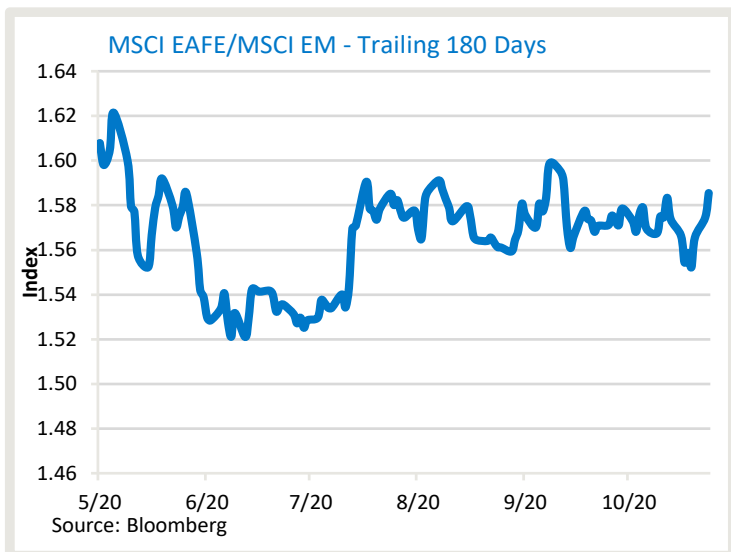
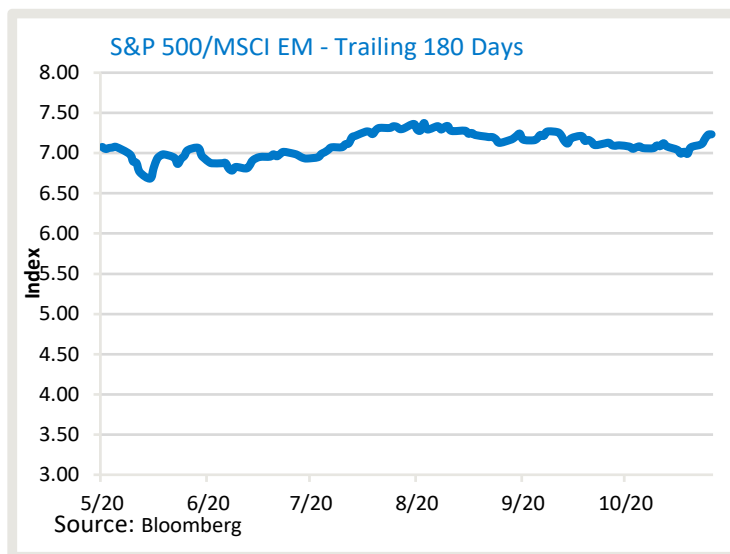
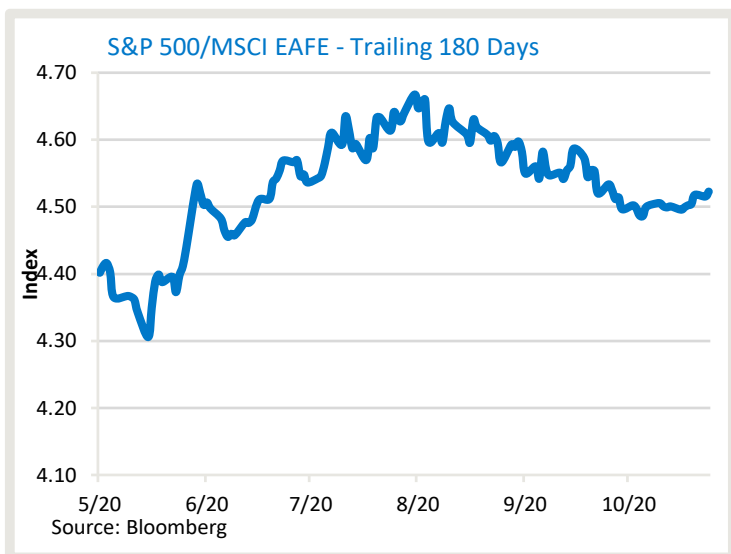
SELECTED ALTERNATIVE INVESTMENT INDEX PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
HFRX Global Hedge Fund Index	1267.65	0.61	0.05%	6.54%	HFRX Special Situation Index	1264.47	1.70	0.13%	5.11%
HFRX Equity Market Neutral	962.67	-4.78	-0.49%	-1.03%	HFRX Merger Arbitrage Index	1800.11	-3.68	-0.20%	-0.96%
HFRX Equity Hedge Index	1252.10	0.02	0.00%	8.77%	HFRX Convertible Arbitrage Index	822.23	-0.58	-0.07%	4.39%
HFRX Event-Driven Index	1563.03	1.80	0.12%	6.24%	HFRX Macro CTA Index	1168.08	1.31	0.11%	3.73%
HFRX Absolute Return Index	1094.40	-1.93	-0.18%	3.43%	IQ Fixed Income Beta Arb Index	1539.06	0.06	0.00%	5.23%

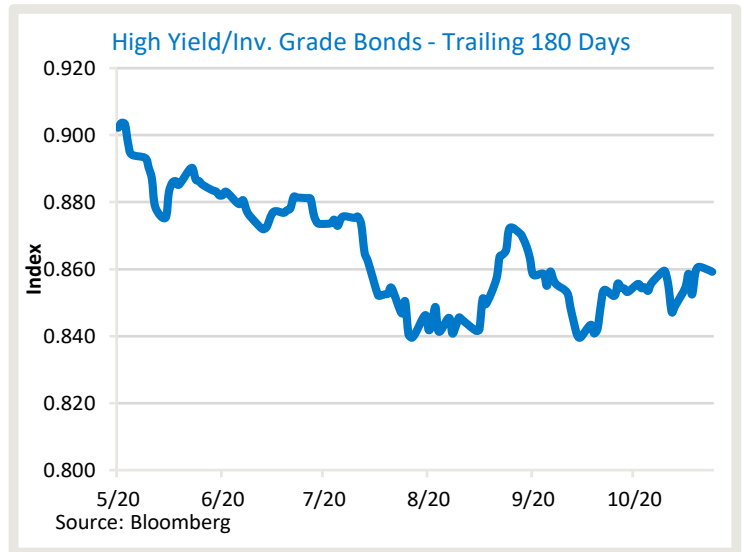
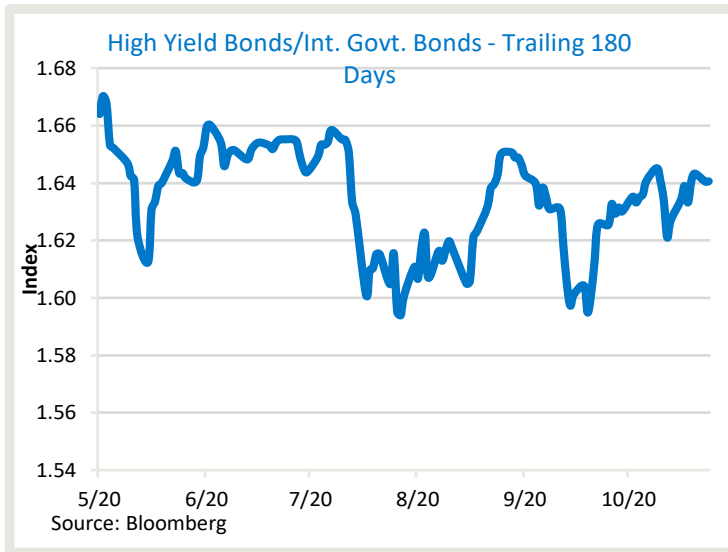
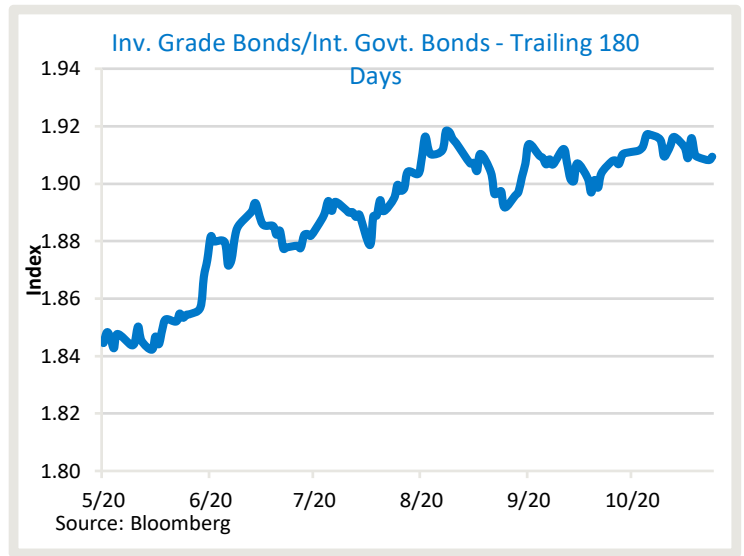
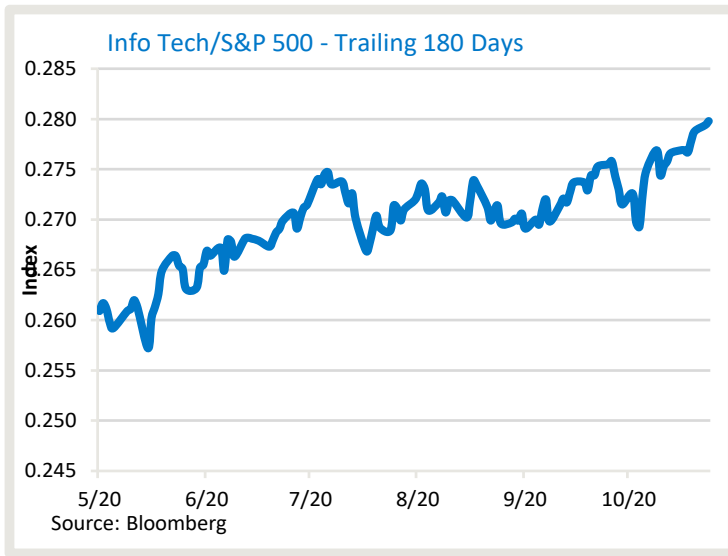
Source: Bloomberg; Index % change is based on price.



Portfolio Construction



Portfolio Construction (continued)



WEEKLY ASSET CLASS PERFORMANCE (Prior 12 weeks ending Thursday)

			8/29	9/5	9/12	9/19	9/26	10/3	10/10	10/17	10/24	10/31	11/7	11/14
Equity	Domestic Equity	Large Cap (R200)	0.07%	1.73%	1.03%	-0.07%	-1.09%	-2.16%	1.10%	2.01%	0.29%	1.16%	1.66%	0.39%
		Small Cap (R2000)	-0.62%	0.94%	4.26%	-0.36%	-1.80%	-3.06%	-0.07%	3.80%	0.54%	0.79%	2.02%	-0.33%
	Int'l. Equity	MSCI EAFE	0.11%	2.32%	1.68%	0.44%	-0.94%	-2.60%	0.86%	3.22%	1.02%	0.70%	1.33%	-1.01%
		MSCI Em. Mkts.	-0.57%	3.39%	1.93%	-0.56%	-0.72%	-1.69%	0.43%	3.20%	0.88%	0.44%	3.03%	-2.92%
Fixed Income	BarCap Agg. (AGG)	0.63%	-0.42%	-1.00%	0.08%	0.44%	0.57%	-0.48%	-0.34%	0.05%	0.33%	-1.13%	0.54%	
	High Yield (JNK)	0.33%	-0.27%	0.28%	0.07%	-0.17%	-1.37%	0.33%	0.72%	0.27%	-0.51%	-0.06%	-0.16%	
Commodities	Bloomberg Commodity Index	1.40%	0.70%	0.69%	1.06%	-0.96%	-1.14%	0.26%	0.82%	0.98%	-0.14%	0.99%	-1.37%	
Alternatives	Hedge Funds (HFRX Global)	0.01%	0.49%	-0.22%	0.27%	0.03%	-0.13%	0.07%	0.09%	0.16%	0.14%	0.29%	0.00%	
Asset Allocation	60/40*	0.18%	0.97%	0.75%	-0.04%	-0.54%	-1.30%	0.32%	1.54%	0.37%	0.64%	0.65%	-0.03%	
	48/32/20 (w/Alts.)**	0.15%	0.87%	0.55%	0.03%	-0.43%	-1.06%	0.27%	1.25%	0.33%	0.54%	0.58%	-0.03%	

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	1.02	1.00	1.06	1.07	1.06	1.09	1.09	1.09	1.02	1.13	1.25	1.23	1.25	1.32
Large Cap Growth	0.98	1.00	0.99	1.04	1.05	1.05	1.07	1.07	1.07	1.01	1.11	1.23	1.21	1.22	1.30
Large Cap Value	1.00	1.01	1.00	1.05	1.07	1.06	1.08	1.09	1.09	1.02	1.13	1.24	1.22	1.24	1.32
Mid Cap Core	0.95	0.96	0.95	1.00	1.02	1.01	1.03	1.03	1.03	0.97	1.07	1.18	1.16	1.18	1.25
Mid Cap Growth	0.93	0.95	0.93	0.98	1.00	0.99	1.01	1.02	1.02	0.95	1.05	1.16	1.14	1.16	1.23
Mid Cap Value	0.94	0.95	0.94	0.99	1.01	1.00	1.02	1.02	1.03	0.96	1.06	1.17	1.15	1.17	1.24
Small Cap Core	0.92	0.93	0.92	0.97	0.99	0.98	1.00	1.00	1.00	0.94	1.04	1.15	1.13	1.14	1.22
Small Cap Growth	0.92	0.93	0.92	0.97	0.98	0.98	1.00	1.00	1.00	0.94	1.04	1.14	1.12	1.14	1.21
Small Cap Value	0.92	0.93	0.92	0.97	0.98	0.98	1.00	1.00	1.00	0.94	1.03	1.14	1.12	1.14	1.21
Int'l. Developed	0.98	0.99	0.98	1.03	1.05	1.04	1.06	1.07	1.07	1.00	1.10	1.22	1.20	1.22	1.29
Emerging Markets	0.89	0.90	0.89	0.93	0.95	0.94	0.96	0.97	0.97	0.91	1.00	1.10	1.09	1.10	1.17
REITs	0.80	0.82	0.80	0.85	0.86	0.85	0.87	0.87	0.88	0.82	0.91	1.00	0.98	1.00	1.06
Commodities	0.82	0.83	0.82	0.86	0.87	0.87	0.89	0.89	0.89	0.83	0.92	1.02	1.00	1.02	1.08
Int. Bond	0.80	0.82	0.81	0.85	0.86	0.85	0.87	0.88	0.88	0.82	0.91	1.00	0.99	1.00	1.06
High Yield	0.76	0.77	0.76	0.80	0.81	0.80	0.82	0.82	0.83	0.77	0.85	0.94	0.93	0.94	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

The information, analysis, and opinions expressed herein are for general and educational purposes only. Nothing contained in this weekly review is intended to constitute legal, tax, accounting, securities, or investment advice, nor an opinion regarding the appropriateness of any investment, nor a solicitation of any type. All investments carry a certain risk, and there is no assurance that an investment will provide positive performance over any period of time. An investor may experience loss of principal. Investment decisions should always be made based on the investor's specific financial needs and objectives, goals, time horizon, and risk tolerance. The asset classes and/or investment strategies described may not be suitable for all investors and investors should consult with an investment advisor to determine the appropriate investment strategy. Past performance is not indicative of future results.

Information obtained from third party sources are believed to be reliable but not guaranteed. Envestnet|PMC™ makes no representation regarding the accuracy or completeness of information provided herein. All opinions and views constitute our judgments as of the date of writing and are subject to change at any time without notice.

Investments in smaller companies carry greater risk than is customarily associated with larger companies for various reasons such as volatility of earnings and prospects, higher failure rates, and limited markets, product lines or financial resources. Investing overseas involves special risks, including the volatility of currency exchange rates and, in some cases, limited geographic focus, political and economic instability, and relatively illiquid markets. Income (bond) securities are subject to interest rate risk, which is the risk that debt securities in a portfolio will decline in value because of increases in market interest rates.

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

Index Performance is presented for illustrative purposes only and does not represent the performance of any specific investment product or portfolio. An investment cannot be made directly into an index.

Alternative Investments may have complex terms and features that are not easily understood and are not suitable for all investors. You should conduct your own due diligence to ensure you understand the features of the product before investing. Alternative investment strategies may employ a variety of hedging techniques and non-traditional instruments such as inverse and leveraged products. Certain hedging techniques include matched combinations that neutralize or offset individual risks such as merger arbitrage, long/short equity, convertible bond arbitrage and fixed-income arbitrage. Leveraged products are those that employ financial derivatives and debt to try to achieve a multiple (for example two or three times) of the return or inverse return of a stated index or benchmark over the course of a single day. Inverse products utilize short selling, derivatives trading, and other leveraged investment techniques, such as futures trading to achieve their objectives, mainly to track the inverse of their benchmarks. As with all investments, there is no assurance that any investment strategies will achieve their objectives or protect against losses.

Neither Envestnet, Envestnet|PMC™ nor its representatives render tax, accounting or legal advice. Any tax statements contained herein are not intended or written to be used, and cannot be used, for the purpose of avoiding U.S. federal, state, or local tax penalties. Taxpayers should always seek advice based on their own particular circumstances from an independent tax advisor. SR# 1511068 .

© 2019 Envestnet Asset Management, Inc. All rights reserved.

ABOUT ENVESTNET®

Envestnet, Inc. (NYSE: ENV) is a leading provider of intelligent systems for wealth management and financial wellness. Envestnet's unified technology enhances advisor productivity and strengthens the wealth management process, delivering unparalleled flexibility, accuracy, performance, and value. Envestnet enables a transparent, independent, objective, and fiduciary standard of care, and empowers enterprises and advisors to more fully understand their clients and deliver better outcomes.

For more information on Envestnet, please visit www.envestnet.com.