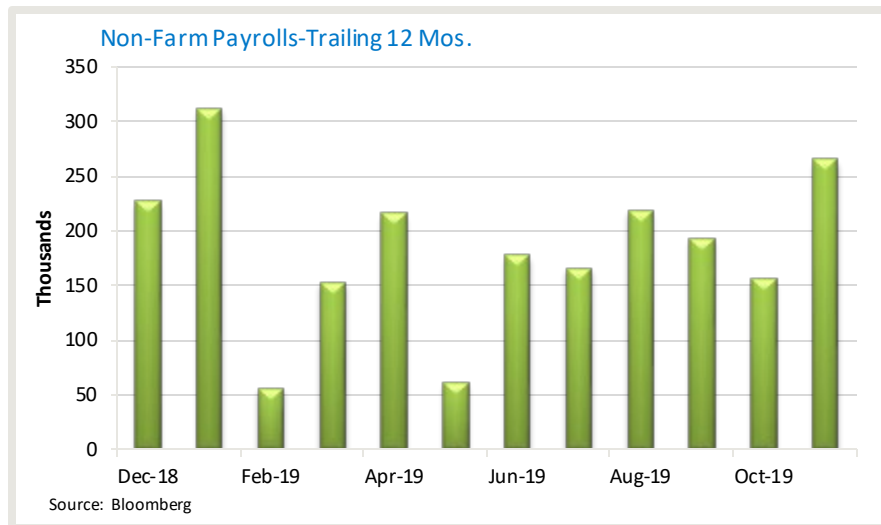


# Weekly Market Review

December 16, 2019

*\*Please note that beginning in January 2020 we will be switching the focus of the Weekly Market Review to be more forward looking, but still provide all of the economic metrics and data.*

## Chart of the Week



## Weekly Highlights

- **The Federal Reserve (Fed) kept interest rates steady** at its meeting on Wednesday, and indicated no rate movements next year. After having raised rates four times last year, the Fed reverses course in 2019 cutting rates three times, two of which happened in the third quarter. The decision to leave rates unchanged was made after considering the US economic outlook which, according to Fed chairman Powell, "...remains a favorable one."
- **The US and China agreed last week on the terms of a "phase one" trade deal.** The US will roll back some existing tariffs on Chinese imports and postpone any new ones, in exchange for Beijing's promise to buy more US agriculture goods. As part of the deal, the United States would reduce its tariffs by 50 percent, while China would also reduce its retaliatory tariffs by 50 percent. The tariffs would not come down all at once, however, but rather be phased out over time. The agreement will halt the Dec. 15 introduction of a new wave of U.S. tariffs on about \$160 billion of consumer goods from China.
- **The House Judiciary panel approved two impeachment charges against President Trump,** a abuse of power and obstruction of justice. The House will take up the two articles of impeachment this week for a final vote. The vote in the House panel was split along party lines, with 23 Democrats voting in favor and 17 Republicans opposed.
- **British Prime Minister Boris Johnson's Conservative Party won** a stunning victory in the UK's snap elections on Thursday, delivering the Tories the largest majority since 1987. After three years of political drama and uncertainties over the terms of UK's divorce from EU, Johnson ran on a simple platform: "Get Brexit Done." While it is certain that Brexit will happen, what sort of Brexit it will be remains to be seen.
- **Former Fed chairman Paul Volcker died** on December 8 at the age of 92. Volcker took over the post in 1972 and famously waged a campaign to control raging inflation with a series of aggressive rate hikes. In addition to battling inflation, he sought to limit the easing of financial regulation and was a staunch critic of the federal governments growing deficits and its reliance on foreign investors.

## Talking Points

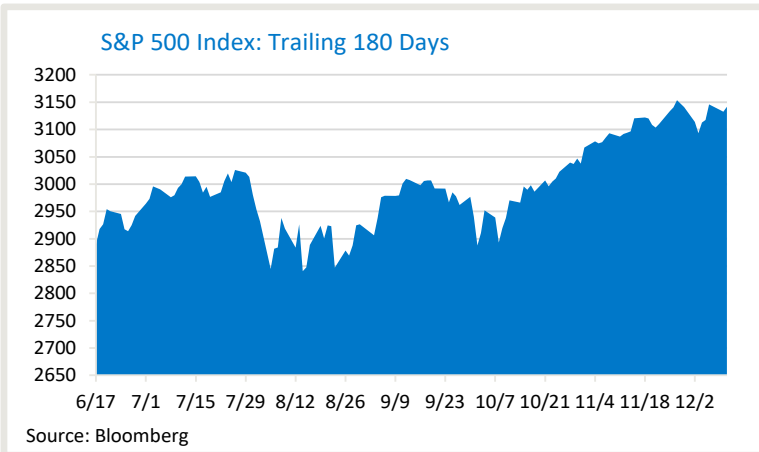
- **US equities seasawed during the week,** affected by the impeachment proceedings and the announcement of a "phase one" trade deal with China. The S&P 500 Index ended the week slightly higher. European equities fared better, posting gains of over 1% for the week. UK stocks surged by over 1.5% on Friday after the landslide victory for the Tories. Emerging markets equities were the bright spot of the week, up by almost 3%.
- **Treasury yields increased most of the week** but fell on Friday after the announcement of the partial trade deal with China. The yield on the 10-year note fell below 1.83%.
- **Commodity prices floated higher,** sustained by strength in energy prices. Gold also soared during the week, after the Fed decision to leave rates unchanged and the trade deal announcement on Friday.
- **US retail sales rose less than expected** in November, posting a gain of only 0.2%, after increasing 0.4% in October.
- **US consumer prices increased more than expected** in November, posting a gain of 0.3%. The number was affected by increased gasoline costs. US producer prices however were unchanged in November, with declining costs of services offsetting the increases in food and gasoline prices.
- **US weekly jobless claims surged** to 252,000 for the week ending December 7, the highest reading since September 2017. The period following the Thanksgiving Day holiday is notoriously volatile however, which means that the high jobless numbers does not necessarily signal an increase in layoffs.

## Market Dashboard

	Last Price	Change	% Chg.	YTD %
<b>S&amp;P 500</b>	3,168.80	22.89	0.73%	26.4%
<b>Dow Industrials</b>	28,135.38	120.32	0.43%	20.6%
<b>Nasdaq</b>	8,734.88	78.35	0.91%	31.6%
<b>Russell 2000</b>	1,637.98	4.14	0.25%	21.5%
<b>Euro Stoxx Index</b>	412.02	4.67	1.15%	22.0%
<b>Shanghai Composite</b>	2,967.68	55.66	1.91%	19.0%
<b>MSCI ACWI</b>	552.19	4.07	0.74%	21.2%

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

	Last Price	Change	% Chg.	YTD %
<b>MSCI EM</b>	1,070.71	21.75	2.07%	10.9%
<b>10-Year US Treas.</b>	1.82	-2 bps	NM	NM
<b>Bloomberg Cmdts. Idx.</b>	79.41	1.17	1.50%	3.5%
<b>Gold</b>	\$1,475.66	\$15.55	1.06%	15.1%
<b>Crude Oil</b>	\$59.86	\$0.58	0.98%	23.3%
<b>Dollar Index</b>	97.19	-0.50	-0.51%	1.1%
<b>VIX Index</b>	12.63	-0.99	-7.27%	-50.3%



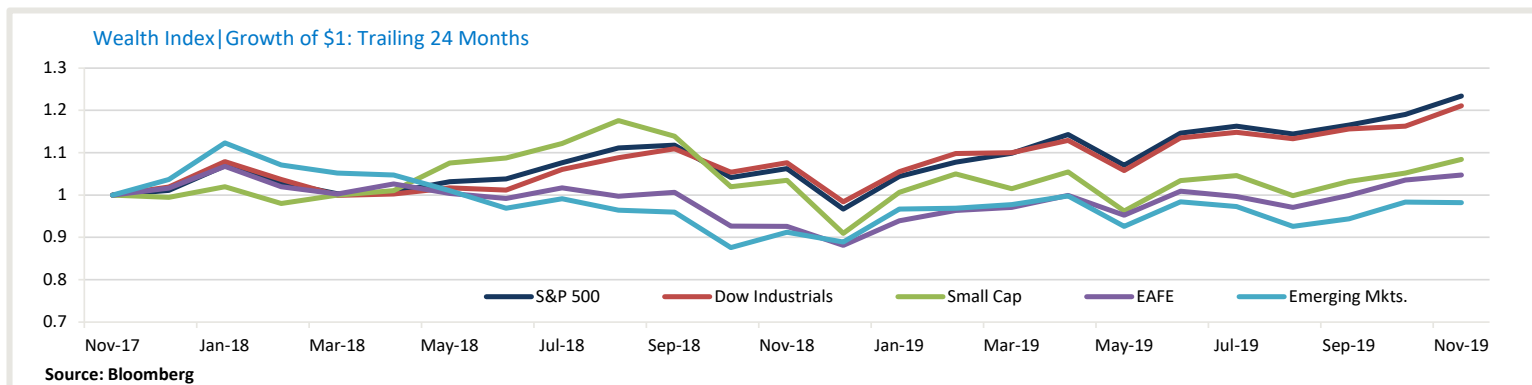
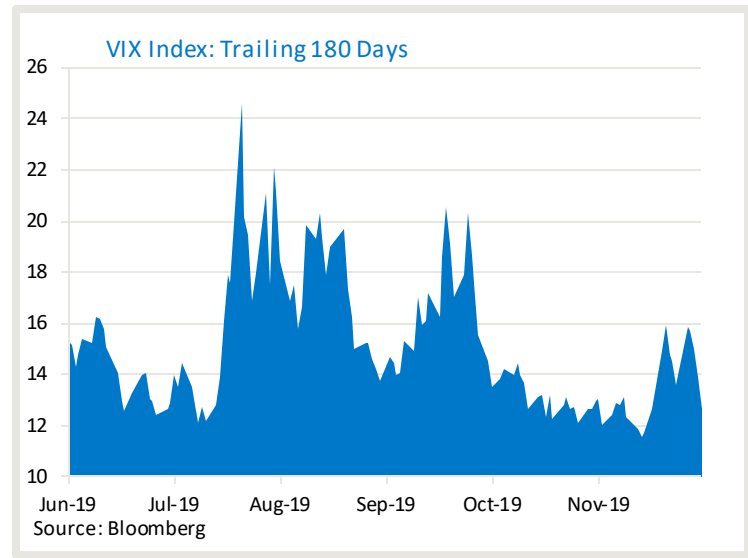
	One Week			YTD		
	Value	Growth		Value	Growth	
<b>L</b>	0.60%	0.76%	0.89%	21.28%	26.55%	31.21%
	0.39%	0.30%	0.16%	21.59%	25.96%	32.32%
<b>S</b>	0.57%	0.25%	-0.06%	17.48%	21.46%	25.28%

Source: Bloomberg

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

	% Wgt in S&P 500	Week % Chg.	YTD % Chg.
<b>Consumer Discretionary</b>	9.7	1.07%	23.3%
<b>Consumer Staples</b>	7.3	0.20%	22.9%
<b>Energy</b>	4.3	0.79%	4.1%
<b>Financials</b>	13.3	1.00%	28.2%
<b>Health Care</b>	14.1	0.40%	16.2%
<b>Industrials</b>	9.2	0.74%	26.6%
<b>Information Technology</b>	23.0	1.96%	44.0%
<b>Materials</b>	2.6	0.60%	19.2%
<b>Real Estate</b>	2.9	-2.56%	20.5%
<b>Communication Services</b>	10.4	-0.67%	28.5%
<b>Utilities</b>	3.3	0.14%	19.0%

Source: Bloomberg



## The Economy and Markets

### As long as the music is playing, you've got to get up and dance

Although for many of us—including the writer of this piece—December arrived way too early this year, a lot has happened in the markets and economy since the end of last year. December 2018 rocked capital markets with domestic and international equities plummeting by double digits, heightened volatility, and a US government shutdown that turned out to be the longest in history. Global growth concerns, trade disputes and the US yield curve inversion continued to rattle investors' nerves in 2019, and as the year concludes, it may make sense to compare the state of the affairs—where we are year to date versus where we were 11 months ago.

Let's start with the Federal Reserve (the Fed), as its interest rate policy has been one of the most important factors moving the markets in the last couple of years. After raising rates four times last year, the Fed backtracked, cutting them three times in 2019 and reversing nearly all of 2018's rate increases as uncertainty from trade wars and slowing global growth continued to pose risks to the United States economy. The current benchmark interest rate range of 1.5%-1.75% is much lower than the 2.25%-2.50% range at the end of 2018. In addition, unlike the prior year, market participants expect rates to remain low for the foreseeable future. Other central banks continue to mirror the Fed's dovish stance by keeping in place accommodative policies in efforts to stimulate substantial economic growth.

Nevertheless, growth slowed in the US in 2019, with real GDP up by an annualized 2.3% in the first three quarters of the year versus an average of 3.1% increase recorded in 2018. Similarly, the global economy has slowed down and global trade remains under pressure as 2019 concludes, while geopolitical and political tensions around the world continue to add uncertainties. Despite all this, capital markets seem to have shrugged off the wall of worry and have marched higher since the end of last year.

Unlike 2018, which saw an increase in yields, so far this year yields have declined across the board, with the US 10-year Treasury yield closing out November at 1.78%, down from the 2.68% level at the end of 2018. Sovereign bonds in other parts of the world followed similar patterns, with the Japanese and German yields currently in negative territory. Spreads have also tightened across the board, with investment grade corporate bond spreads currently at 105 bps, versus 153 bps at the end of 2018 and high yield spreads at 401 bps against the 533 bps level at the end of last year. After finishing 2018 pretty much flat, the Barclays Aggregate index is up 8.79% year to date. The lion's share of this return was contributed by the investment grade sector, which is up 14.17% as of the end of November, in stark contrast with the -2.51% return posted in 2018. Lower quality bonds also experienced sustained strength in the year, with the high yield asset class returning over 12% year to date, compared with a loss of 2.26% in 2018.

Lower yields were not a characteristic of fixed income markets alone, as equities, both domestic and international, also experienced shrinking yields. Equity valuations, as measured by price-to-earnings ratios, have levitated year to date, with large cap growth and small cap equities concluding November at valuations close to their 10-year highs. In a stark contrast with 2018, the S&P 500 Index is up 27.63% year to date. Similar to last year, the Russell 1000 Growth Index is leading the way within US equities, with a return of 32.40% as of November 30, while large cap value stocks are up 23.15%. International and emerging markets equities have gained 18.17% and 10.20% so far this year, compared with the negative double digit returns posted in 2018. Commodities and liquid alternative strategies have also posted positive absolute results year to date.

It is somewhat surprising to see such spectacular results from capital markets in times of heightened economic, trade, and geopolitical risks. Although anything can happen from now until the end of the year, as December 2018 demonstrated, it looks like so far, a dovish Fed, a relatively strong consumer, and an unwavering job market have been all what was needed to keep the music going. As 2019 comes to an end and year-end holidays approach, let's hope and cheer for more of the same.

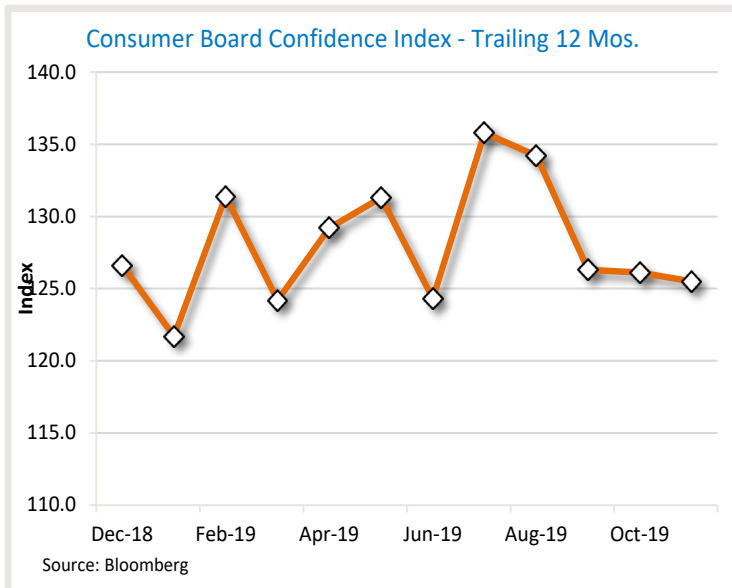
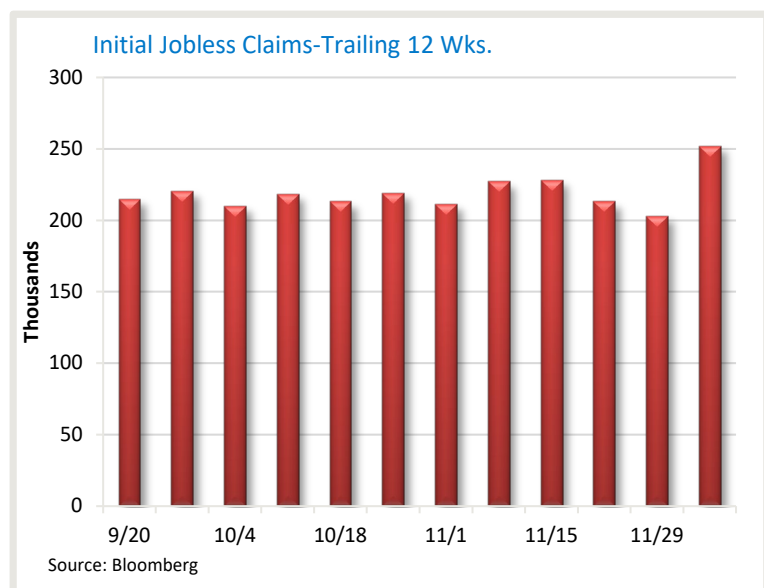
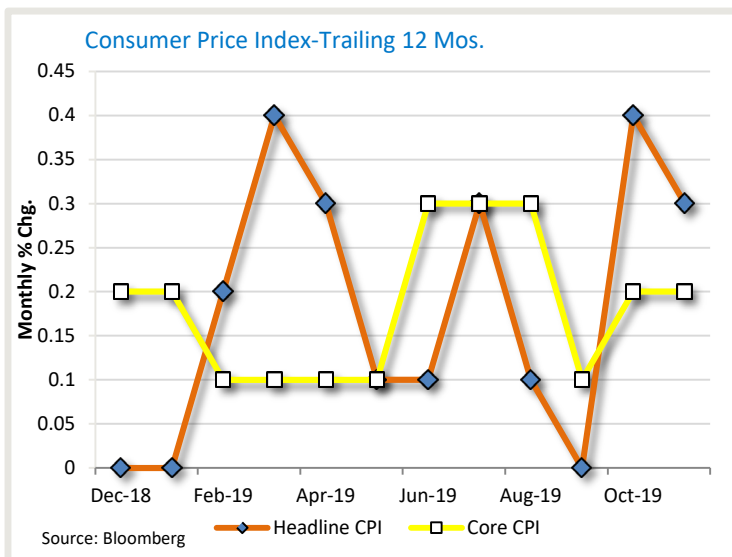
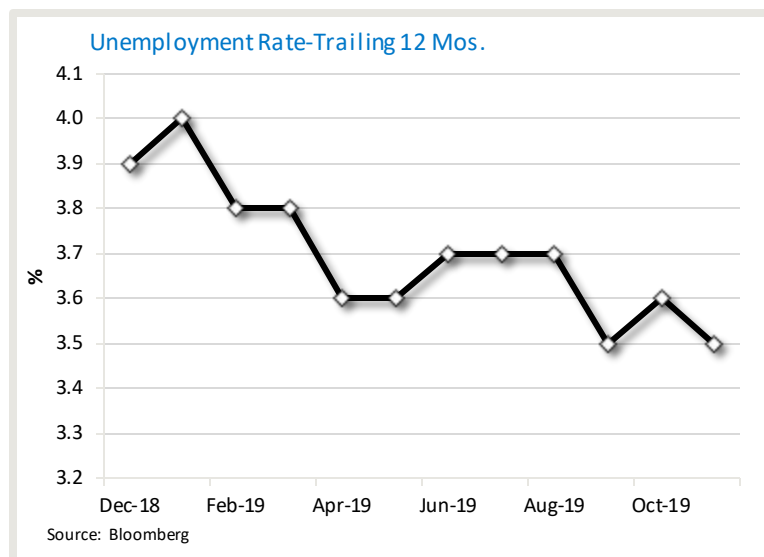
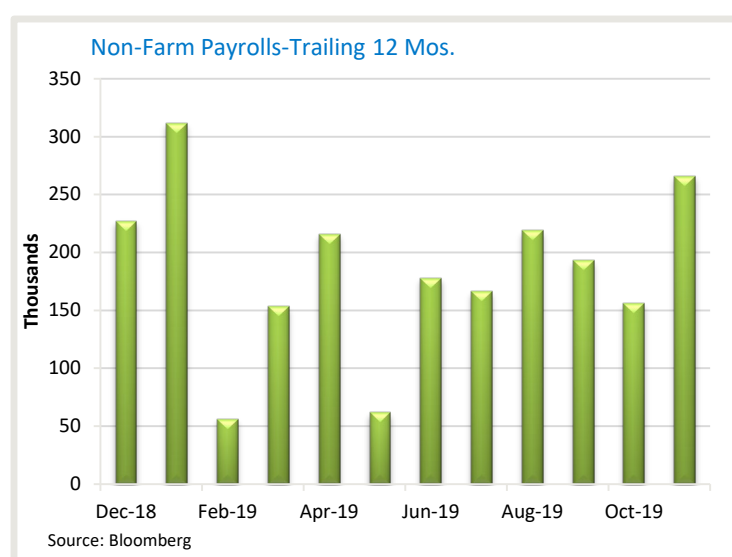
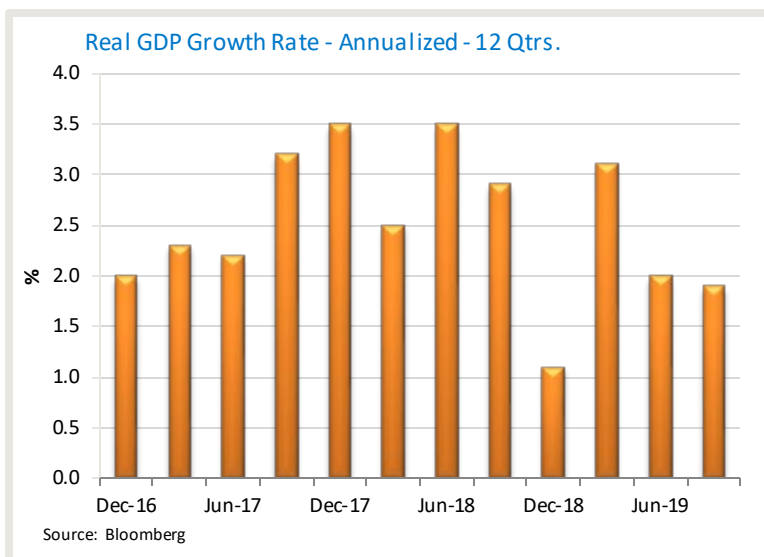
"When the music stops, in terms of liquidity, things will be complicated. But as long as the music is playing, you've got to get up and dance."<sup>1</sup>

Sonila Gjata

Portfolio Manager

<sup>1</sup>Citi's Chuck Prince FT Interview, July 2007 <https://www.ft.com/content/80e2987a-2e50-11dc-821c-0000779fd2ac>

## Economic Data



## Eurozone

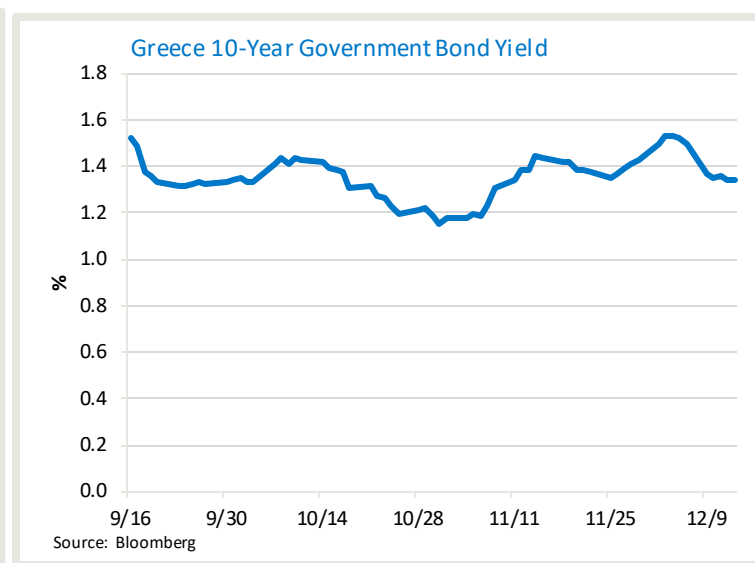
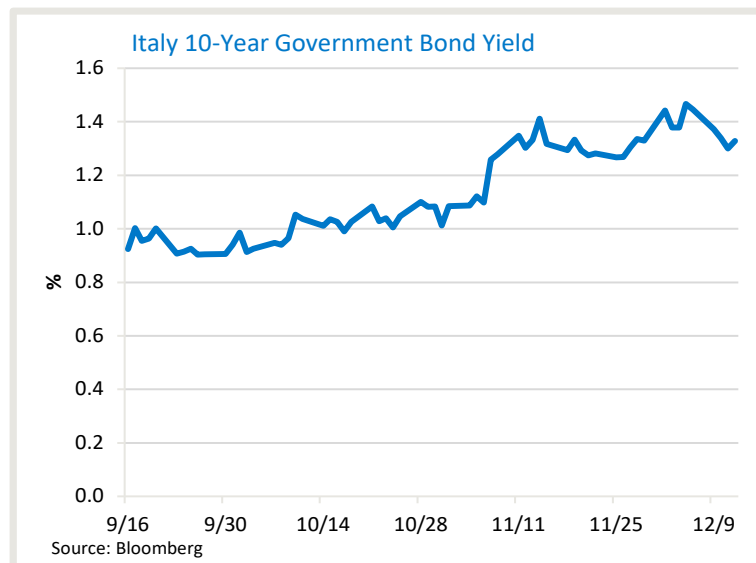
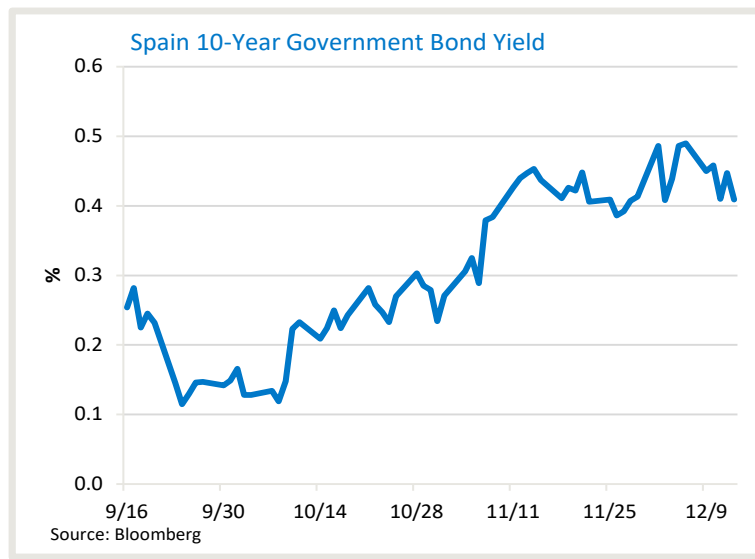
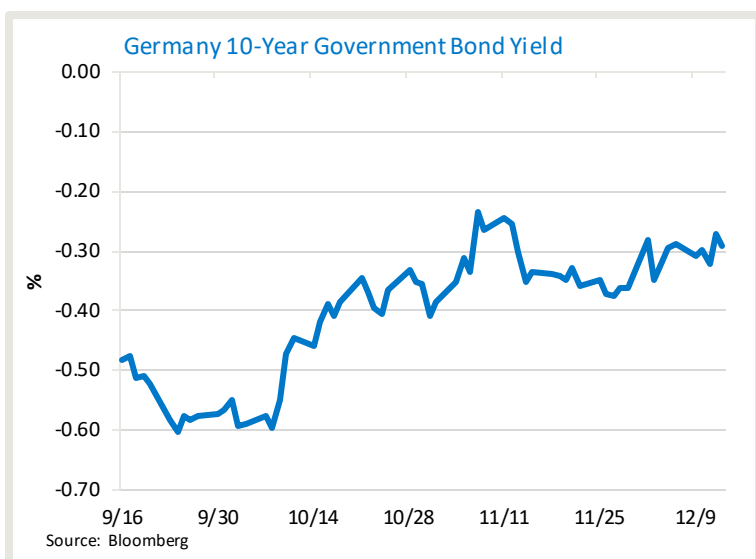
### SELECTED EUROPEAN SOVEREIGN YIELD PERFORMANCE

	Last	Change	% Chg.	YTD %
Germany 10-Yr. Govt.	-0.29	0 bps	NM	NM
Greece 10-Yr. Govt.	1.34	14 bps	NM	NM
Italy 10-Yr. Govt.	1.26	18 bps	NM	NM
Spain 10-Yr. Govt.	0.41	8 bps	NM	NM
Belgium 10-Yr. Govt.	-0.02	2 bps	NM	NM

Source: Bloomberg

Basis points (bps)

	Last	Change	% Chg.	YTD %
France 10-Yr. Govt.	0.00	3 bps	NM	NM
Ireland 10-Yr. Govt.	-0.01	6 bps	NM	NM
Portugal 10-Yr. Govt.	0.37	5 bps	NM	NM
Netherlands 10-Yr. Govt.	-0.16	1 bps	NM	NM
U.K. 10-Yr. Govt.	0.79	-2 bps	NM	NM

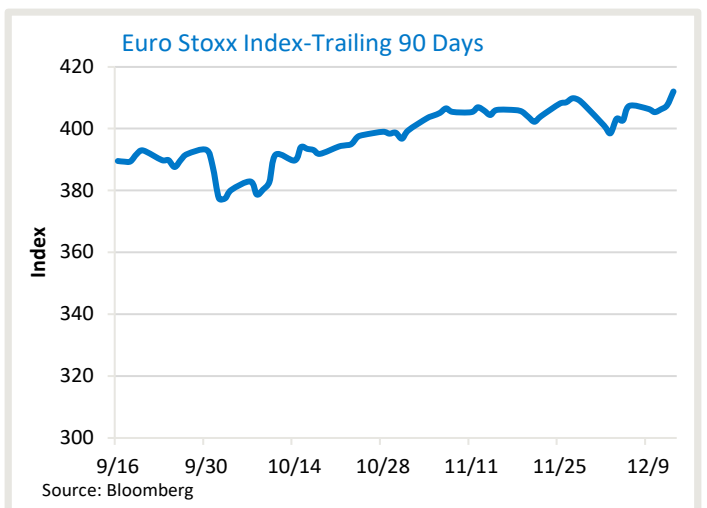
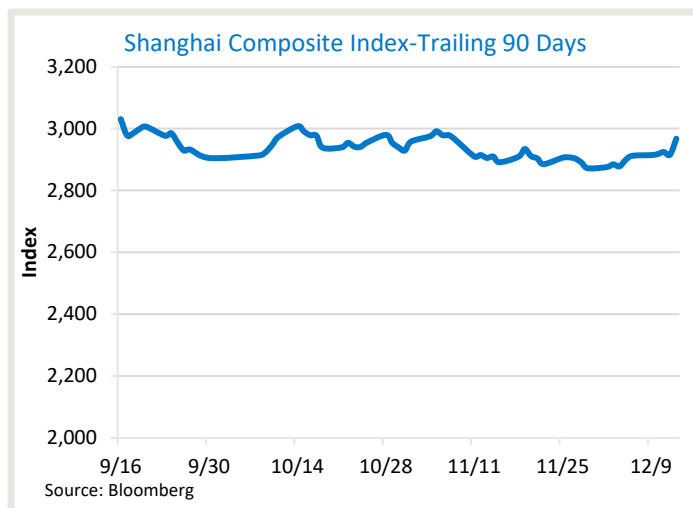
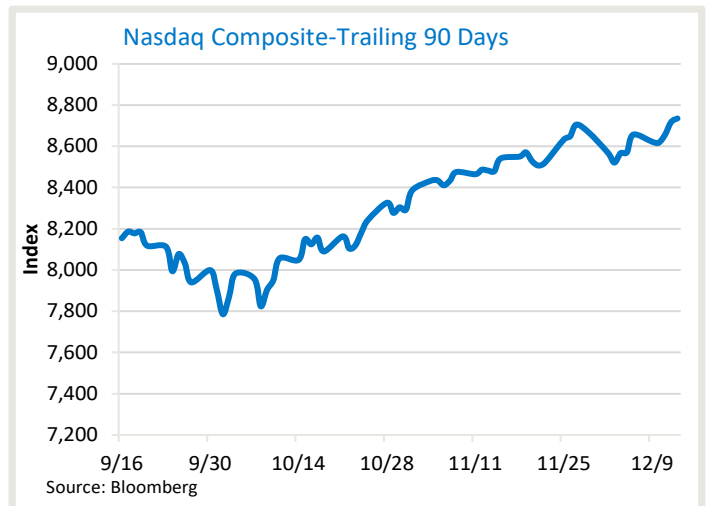
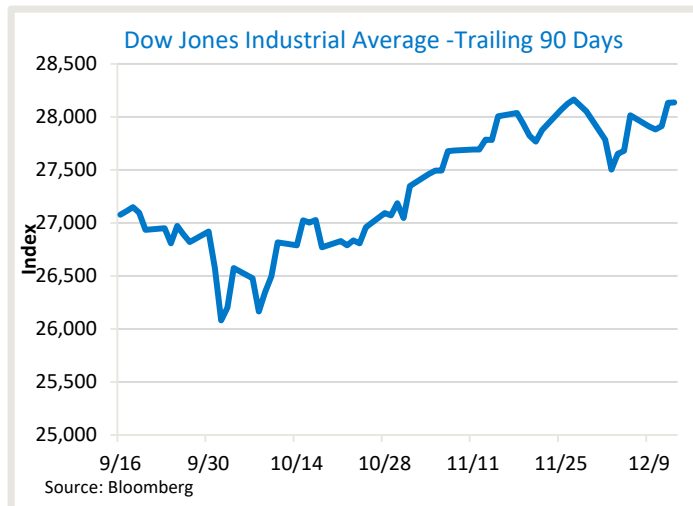


## Equities

### WORLD MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
S&P 500	3,168.80	22.89	0.73%	26.41%	Swiss Market Index	10,429.27	-34.61	-0.33%	23.73%
Dow Industrials	28,135.38	120.32	0.43%	20.61%	CAC 40 Index (France)	5,919.02	47.11	0.80%	25.12%
Nasdaq Composite	8,734.88	78.35	0.91%	31.64%	DAX Index (Germany)	13,282.72	116.14	0.88%	25.80%
MSCI ACWI	552.19	4.07	0.74%	21.2%	Irish Overall Index	7,189.03	87.09	1.23%	31.19%
MSCI EM	1,070.71	21.75	2.07%	10.9%	Nikkei 225	24,023.10	668.70	2.86%	20.03%
S&P/TSX (Canada)	17,003.13	6.16	0.04%	18.71%	Hang Seng Index	27,687.76	1189.39	4.49%	7.13%
Mexico IPC	44,254.43	2339.51	5.58%	6.34%	Shanghai Composite	2,967.68	55.66	1.91%	19.00%
Brazil Bovespa	112,564.90	1439.10	1.30%	28.08%	Kospi Index (S. Korea)	2,170.25	88.40	4.25%	6.33%
Euro Stoxx 600	412.02	4.67	1.15%	22.03%	Taiwan Taiex Index	11,927.73	318.09	2.74%	22.62%
FTSE 100	7,353.44	113.78	1.57%	9.29%	Tel Aviv 25 Index	1,691.56	13.88	0.83%	15.55%
IBEX 35 (Spain)	9,563.70	181.00	1.93%	11.99%	MOEX Index (Russia)	2,996.63	67.87	2.32%	26.48%

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



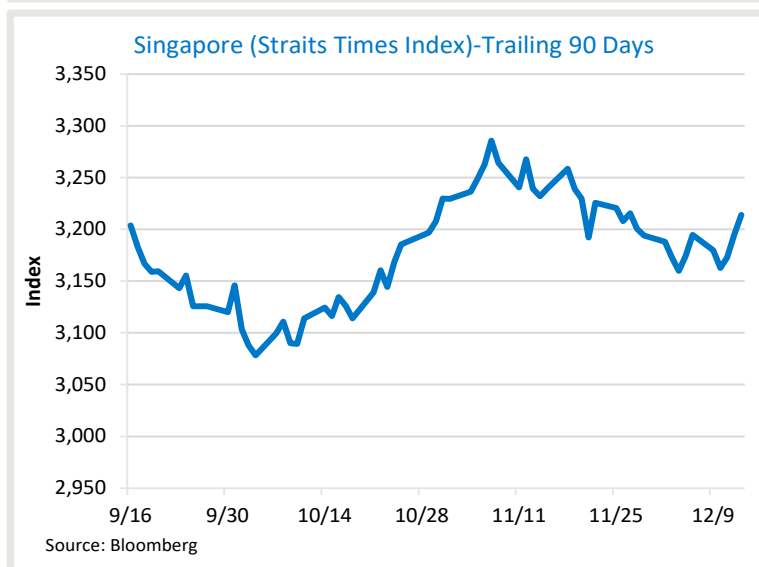
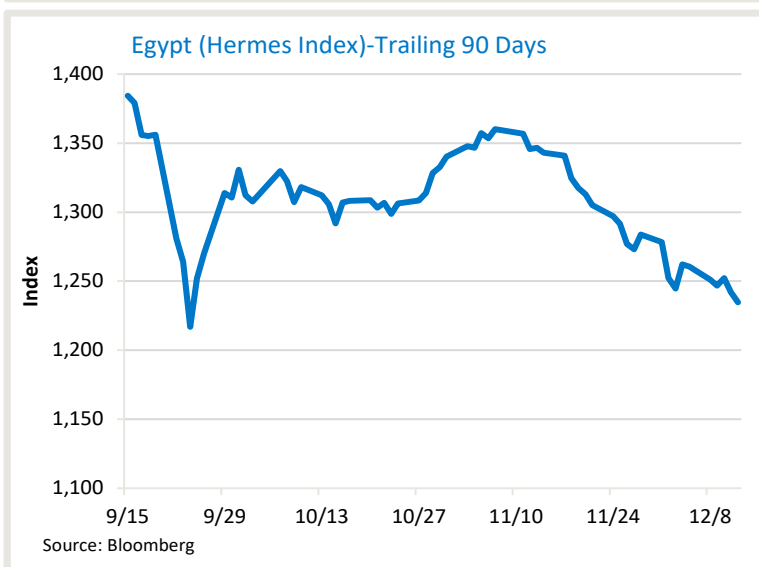
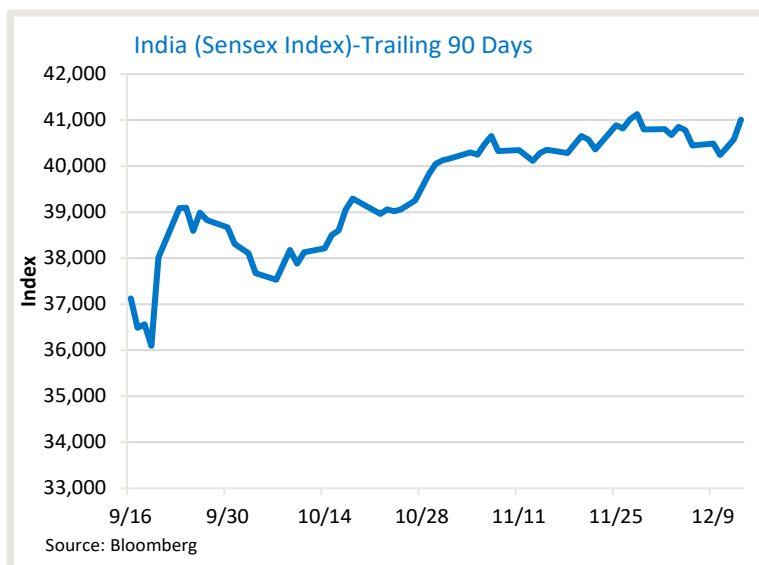
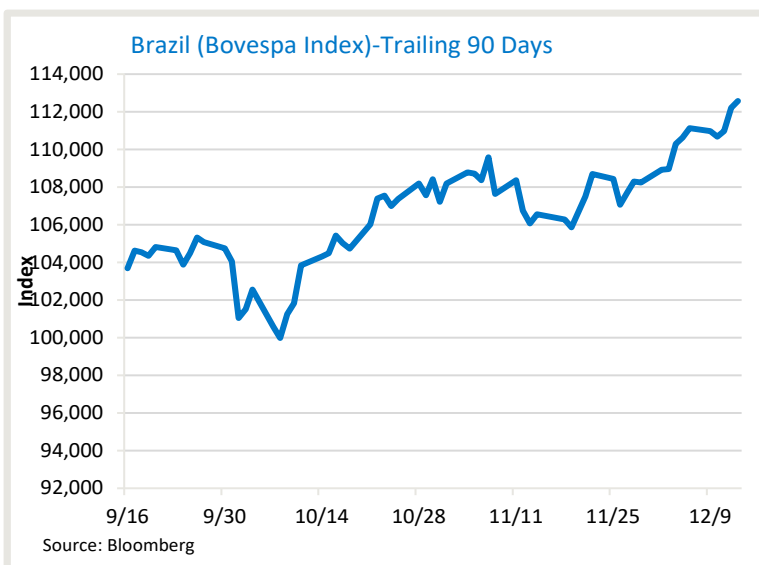
## Equities – Emerging and Frontier Markets

### EMERGING AND FRONTIER MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
Mexico IPC	44,254.43	2339.51	5.6%	6.3%
Brazil (Bovespa Index)	112,564.90	1439.10	1.3%	28.1%
MOEX Index (Russia)	2,996.63	67.87	2.3%	26.5%
Czech Republic (Prague)	1,093.41	2.22	0.2%	10.8%
Turkey (Istanbul)	110,476.63	1607.50	1.5%	21.0%
Egypt (Hermes Index)	1,234.74	-25.76	-2.0%	-3.4%
Kenya (Nairobi 20 Index)	2,587.84	-33.71	-1.3%	-8.7%
Saudi Arabia (TASI Index)	8,005.77	100.26	1.3%	2.3%
Lebanon (Beirut BLOM Index)	758.54	-0.70	-0.1%	-22.3%
Palestine	525.56	-1.28	-0.2%	-0.7%

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

	Last	Change	% Chg.	YTD %
Hang Seng Index	27,687.76	1189.39	4.5%	7.1%
India (Sensex 30)	41,009.71	0.00	0.0%	13.7%
Malaysia (KLCI Index)	1,571.16	2.72	0.2%	-7.1%
Singapore (Straits Times Index)	3,214.05	19.34	0.6%	4.7%
Thailand (SET Index)	1,573.91	8.46	0.5%	0.6%
Indonesia (Jakarta)	6,197.32	10.45	0.2%	0.0%
Pakistan (Karachi KSE 100)	40,916.59	184.34	0.5%	10.4%
Vietnam (Ho Chi Minh)	966.18	2.62	0.3%	8.3%
Sri Lanka (Colombo)	6,089.67	-71.21	-1.2%	0.6%
Cambodia (Laos)	669.27	5.28	0.8%	-20.0%

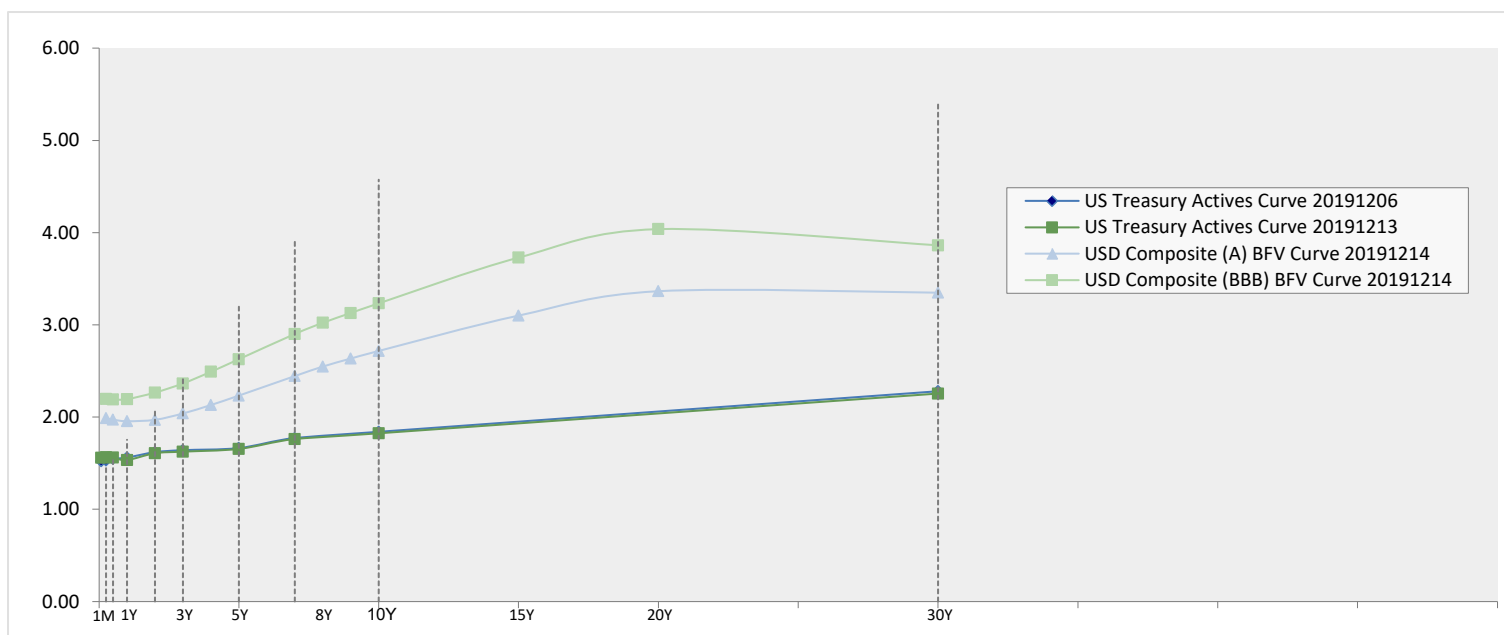


## Interest Rates

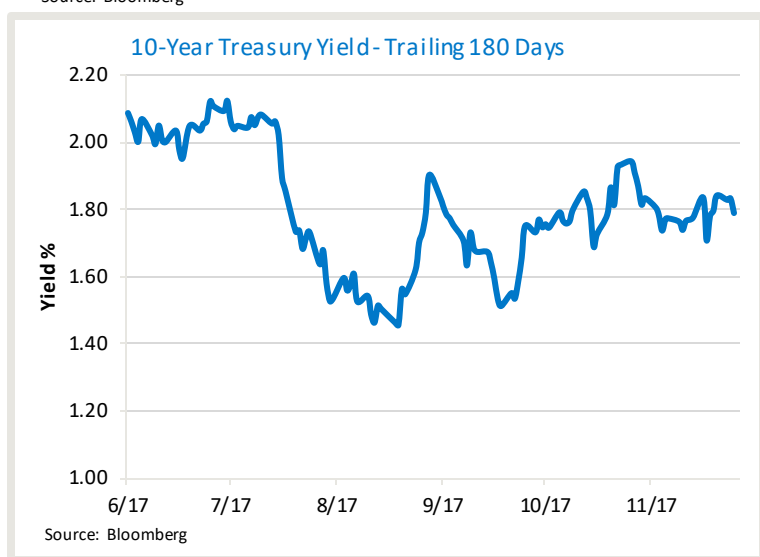
SELECTED INTEREST RATES

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
2-Yr. U.S. Treasury	1.61%	0 bps	NM	NM	Prime Rate	4.75%	0.00	NM	NM
5-Yr. U.S. Treasury	1.65%	-2 bps	NM	NM	Fed Funds Rate	1.75%	0.00	NM	NM
10-Yr. U.S. Treasury	1.82%	-2 bps	NM	NM	Discount Rate	2.25%	0.00	NM	NM
30-Yr. U.S. Treasury	2.25%	-3 bps	NM	NM	LIBOR (3 Mo.)	1.89%	0 bps	NM	NM
German 10-Yr. Govt.	-0.29%	0 bps	NM	NM	Bond Buyer 40 Muni	2.72%	-2 bps	NM	NM
France 10-Yr.	0.00%	3 bps	NM	NM	Bond Buyer 40 G.O.	2.74%	NA	NM	NM
Italy 10-Yr.	1.26%	18 bps	NM	NM	Bond Buyer 40 Rev.	3.21%	NA	NM	NM
Fed 5-Yr Fwd BE Inf.	1.76%	7 bps	NM	NM					

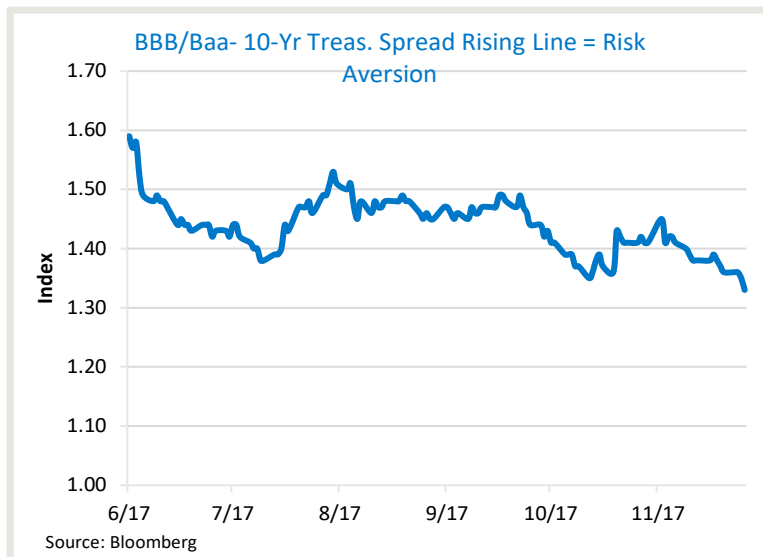
Source: Bloomberg



Source: Bloomberg



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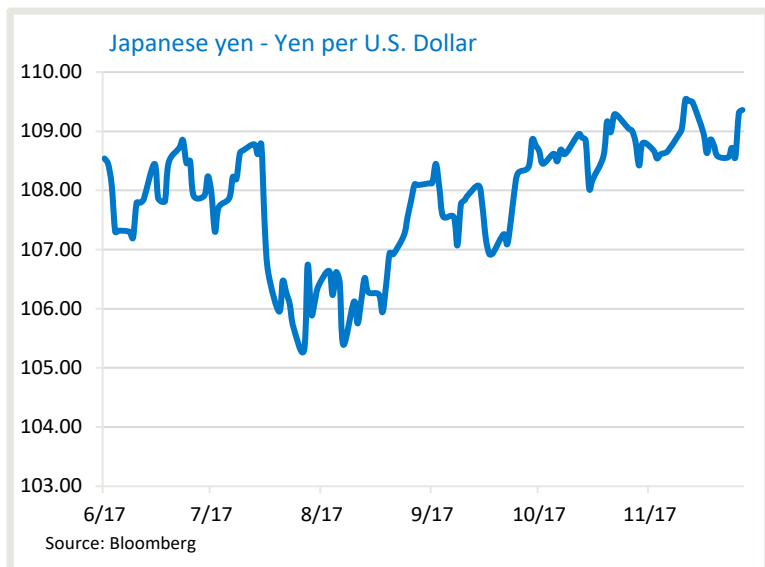
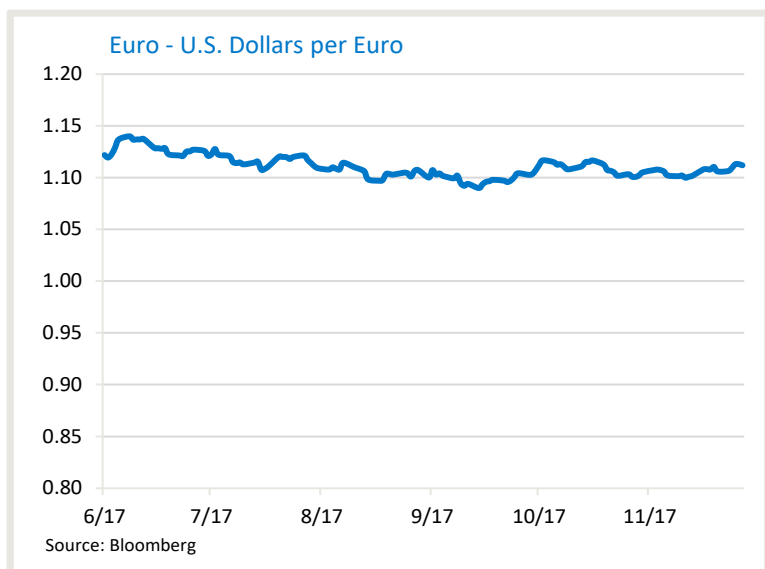
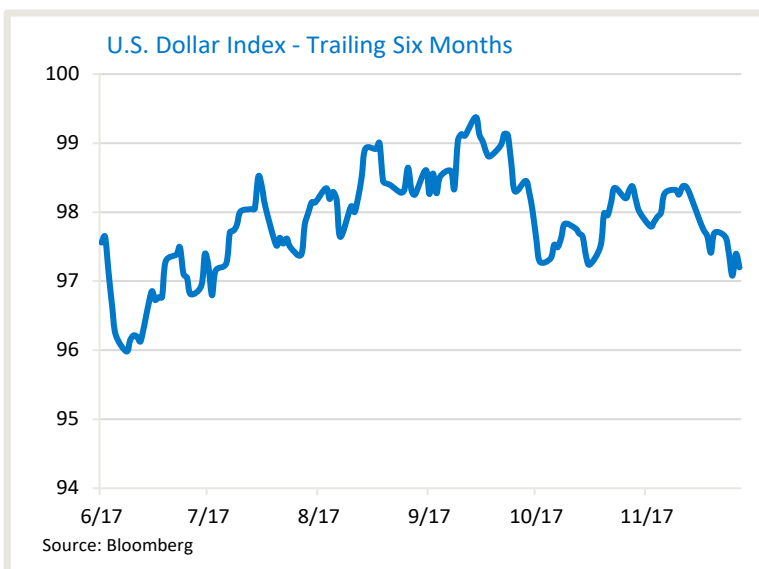
## Currencies

### SELECTED CURRENCY PERFORMANCE

	Last	Change	% Chg.	YTD %
<b>Dollar Index</b>	<b>97.19</b>	<b>-0.501</b>	<b>-0.51%</b>	<b>1.07%</b>
<b>Euro</b>	<b>1.11</b>	<b>0.006</b>	<b>0.52%</b>	<b>-3.04%</b>
<b>Japanese Yen</b>	<b>109.35</b>	<b>0.780</b>	<b>-0.71%</b>	<b>0.30%</b>
<b>British Pound</b>	<b>1.33</b>	<b>0.020</b>	<b>1.49%</b>	<b>4.56%</b>
<b>Canadian Dollar</b>	<b>1.32</b>	<b>-0.007</b>	<b>0.56%</b>	<b>3.46%</b>

	Last	Change	% Chg.	YTD %
<b>Chinese Yuan</b>	<b>6.98</b>	<b>-0.059</b>	<b>0.84%</b>	<b>-1.40%</b>
<b>Swiss Franc</b>	<b>0.98</b>	<b>-0.007</b>	<b>0.68%</b>	<b>-0.21%</b>
<b>New Zealand Dollar</b>	<b>0.66</b>	<b>0.002</b>	<b>0.37%</b>	<b>-1.92%</b>
<b>Brazilian Real</b>	<b>4.11</b>	<b>-0.032</b>	<b>0.77%</b>	<b>-5.67%</b>
<b>Mexican Peso</b>	<b>19.02</b>	<b>-0.282</b>	<b>1.48%</b>	<b>3.29%</b>

Source: Bloomberg



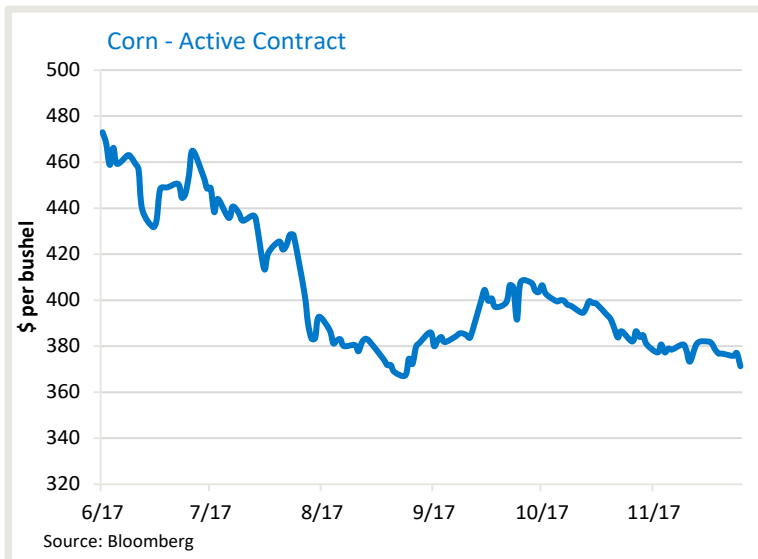
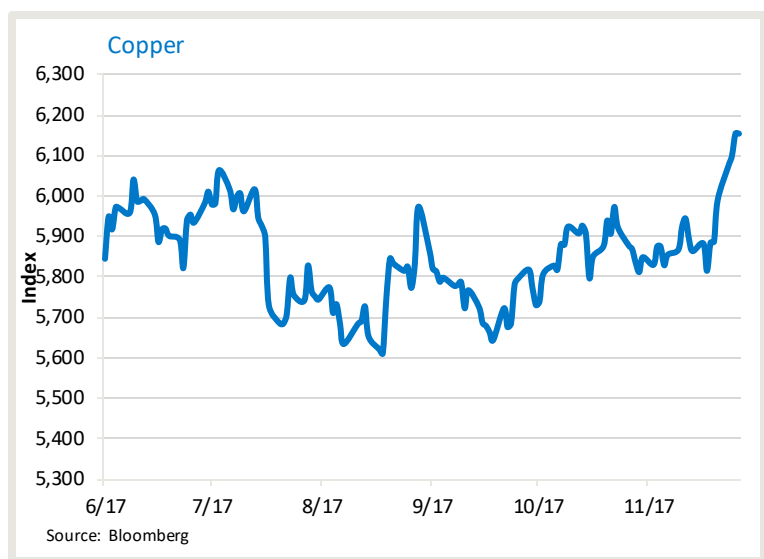
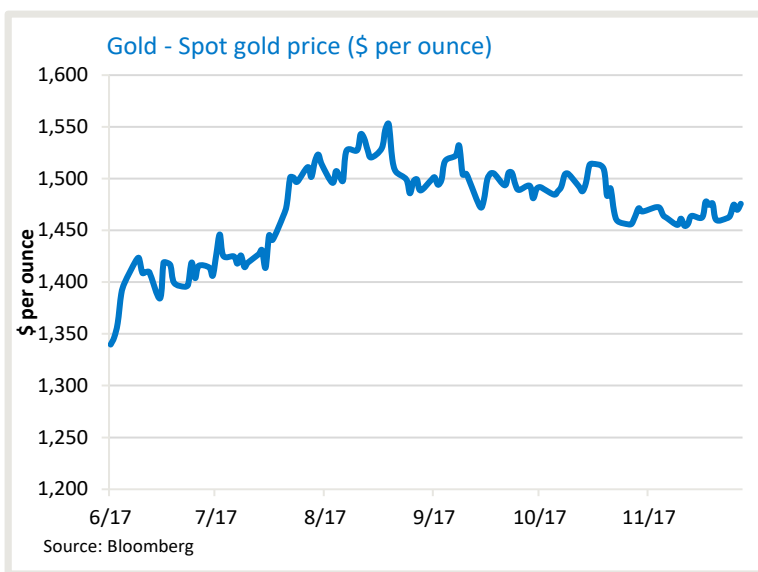
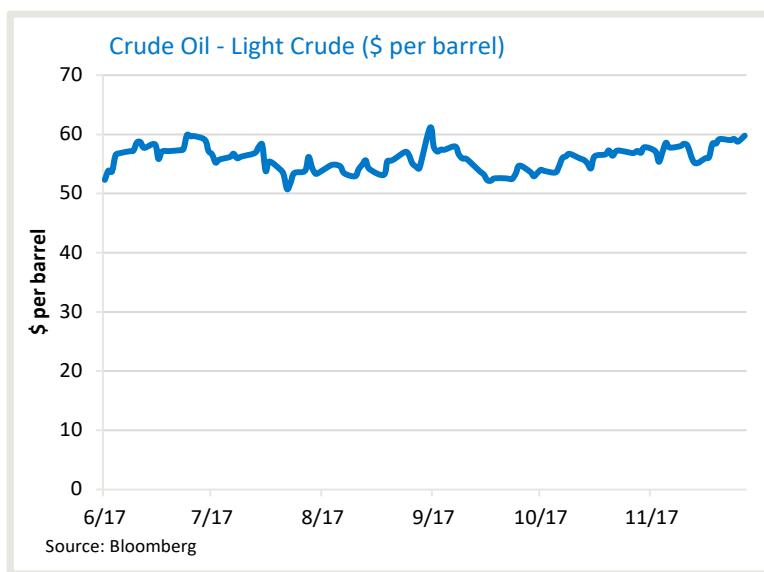
## Commodities

### SELECTED COMMODITY MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
<b>Bloomberg Comm. Idx.</b>	<b>79.41</b>	<b>1.17</b>	<b>1.50%</b>	<b>3.52%</b>
<b>Crude Oil</b>	<b>\$59.83</b>	<b>\$0.58</b>	<b>0.98%</b>	<b>23.26%</b>
<b>Natural Gas</b>	<b>\$2.31</b>	<b>-\$0.03</b>	<b>-1.16%</b>	<b>-24.68%</b>
<b>Gasoline (\$/Gal.)</b>	<b>\$2.57</b>	<b>-\$0.02</b>	<b>-0.58%</b>	<b>13.69%</b>
<b>Heating Oil</b>	<b>198.12</b>	<b>2.77</b>	<b>1.42%</b>	<b>14.13%</b>
<b>Gold Spot</b>	<b>\$1,475.76</b>	<b>\$15.55</b>	<b>1.06%</b>	<b>15.07%</b>
<b>Silver Spot</b>	<b>\$16.94</b>	<b>\$0.36</b>	<b>2.20%</b>	<b>9.33%</b>

Source: Bloomberg; % change is based on price.

	Last	Change	% Chg.	YTD %
<b>Platinum Spot</b>	<b>\$928.61</b>	<b>\$31.23</b>	<b>3.48%</b>	<b>16.63%</b>
<b>Corn</b>	<b>381.00</b>	<b>4.25</b>	<b>1.13%</b>	<b>-6.39%</b>
<b>Wheat</b>	<b>532.50</b>	<b>8.00</b>	<b>1.53%</b>	<b>-3.79%</b>
<b>Soybeans</b>	<b>921.50</b>	<b>17.75</b>	<b>1.96%</b>	<b>-3.38%</b>
<b>Sugar</b>	<b>13.50</b>	<b>0.32</b>	<b>2.43%</b>	<b>2.66%</b>
<b>Orange Juice</b>	<b>97.35</b>	<b>2.20</b>	<b>2.31%</b>	<b>-26.22%</b>
<b>Aluminum</b>	<b>1,775.00</b>	<b>10.00</b>	<b>0.57%</b>	<b>-3.85%</b>
<b>Copper</b>	<b>6,156.00</b>	<b>166.00</b>	<b>2.77%</b>	<b>3.20%</b>

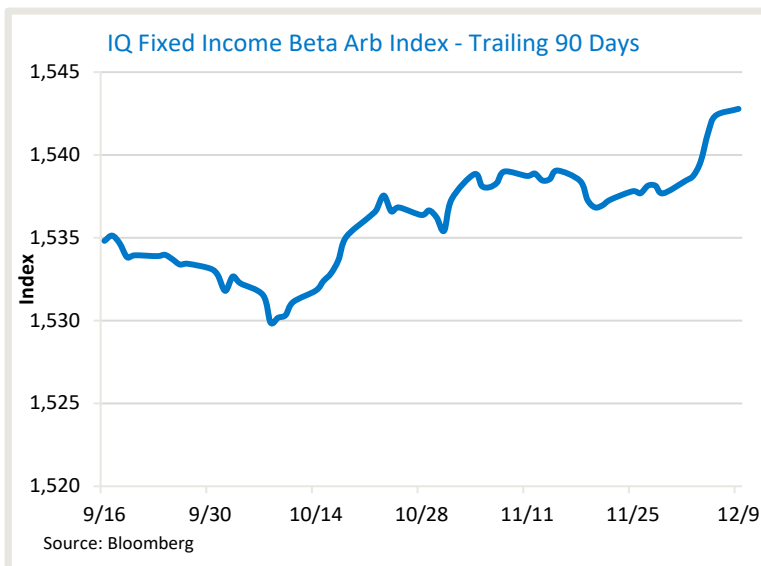
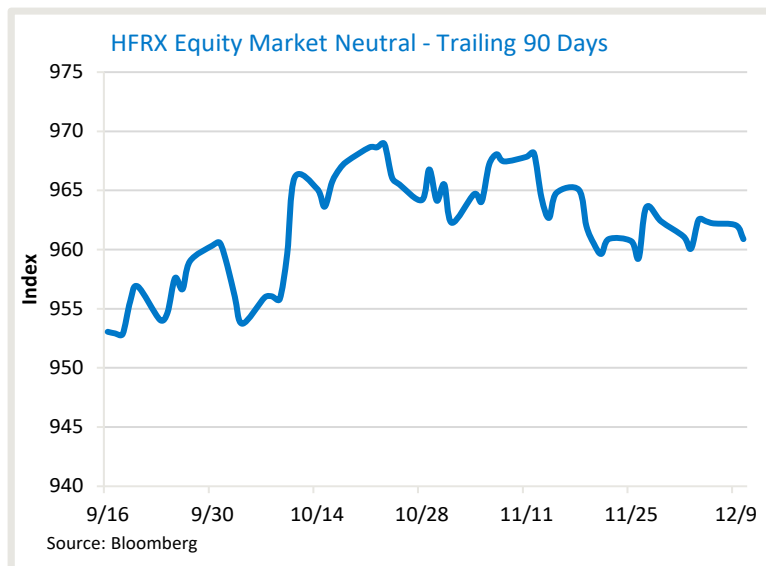
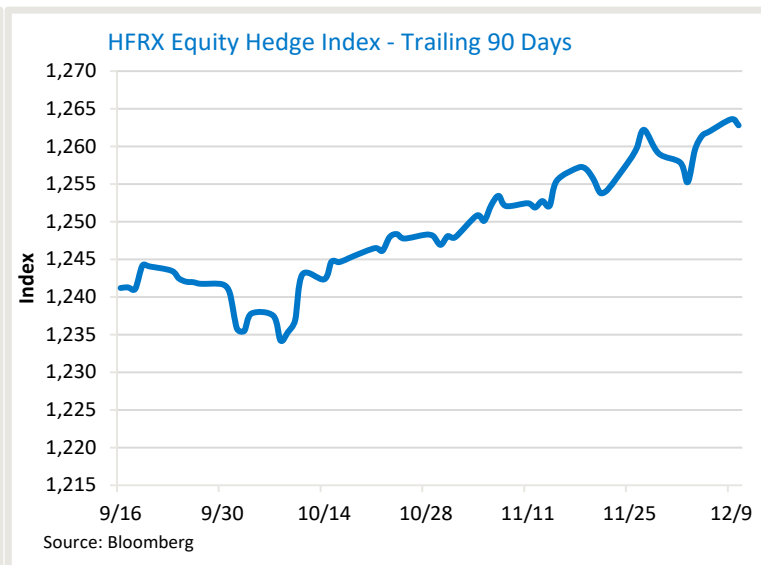
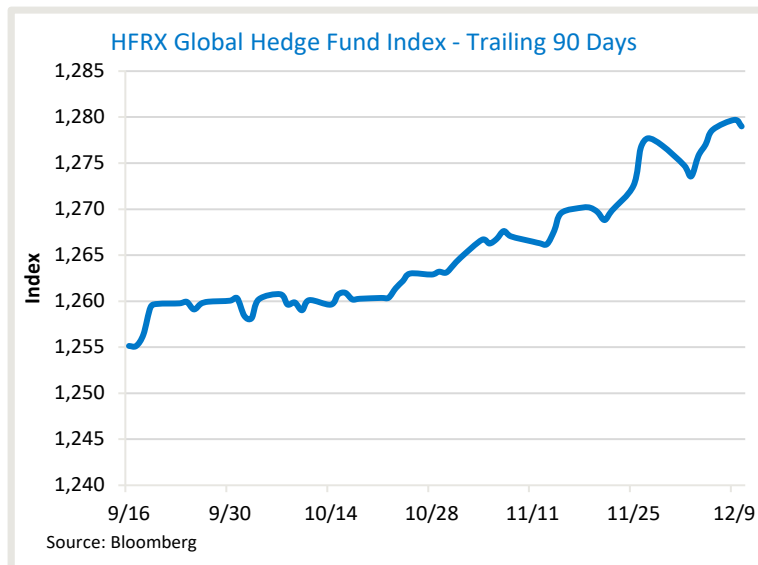


## Alternative Investments

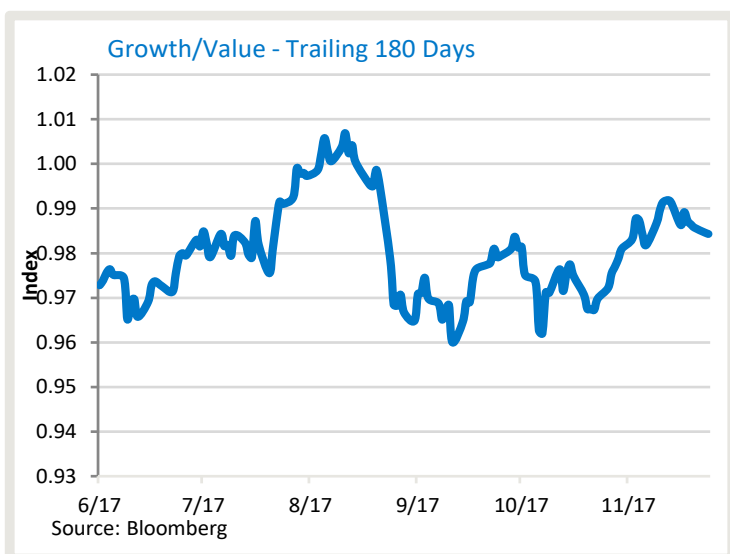
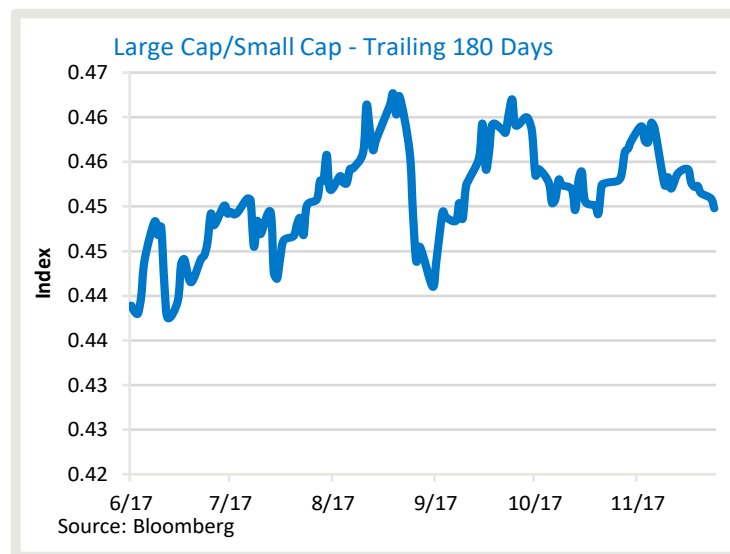
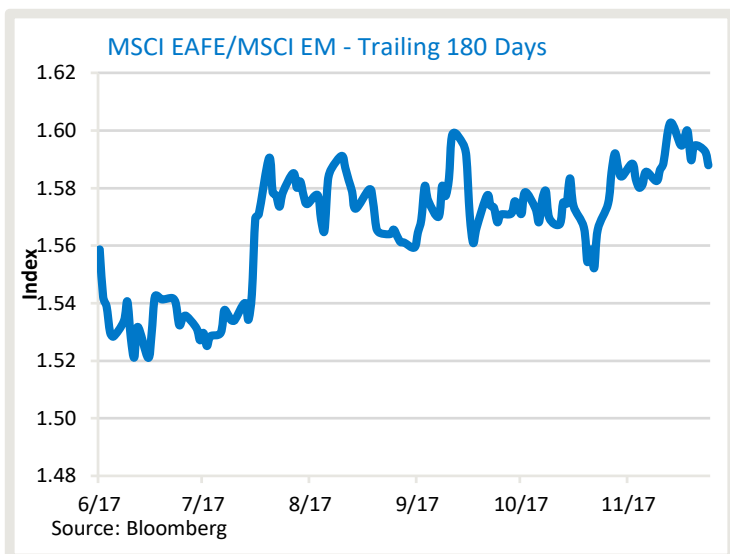
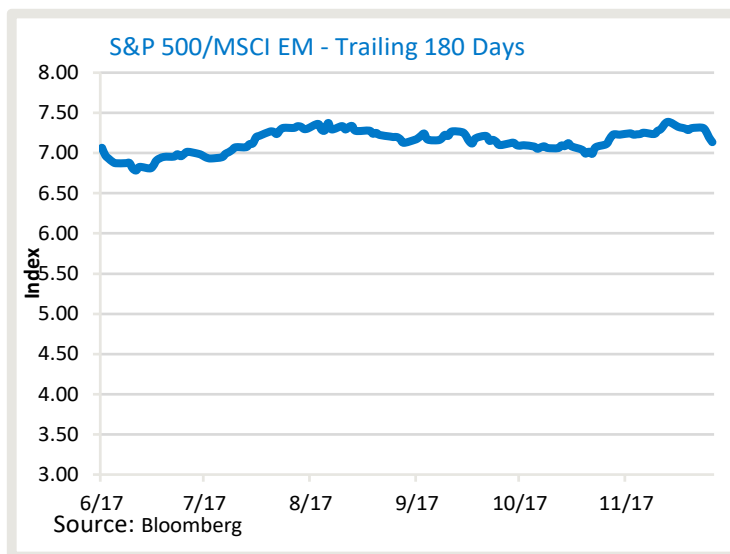
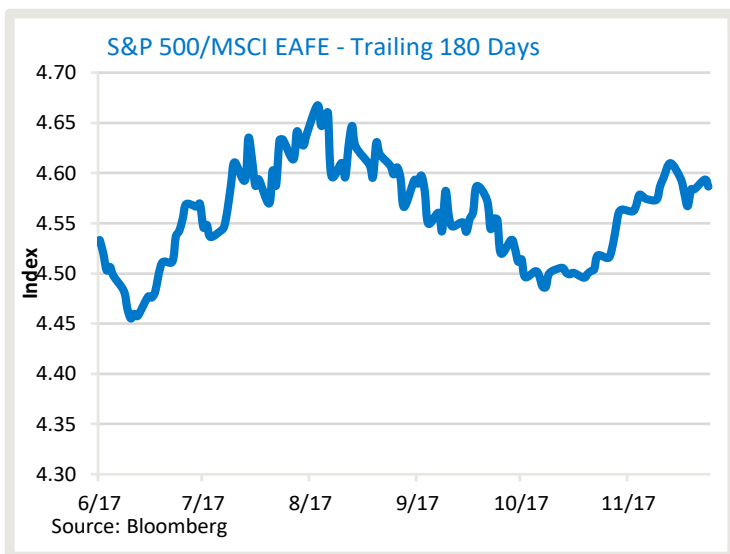
SELECTED ALTERNATIVE INVESTMENT INDEX PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
HFRX Global Hedge Fund Index	1281.79	3.16	0.25%	7.73%	HFRX Special Situation Index	1289.94	-1.44	-0.11%	7.23%
HFRX Equity Market Neutral	963.44	1.23	0.13%	-0.95%	HFRX Merger Arbitrage Index	1816.20	3.06	0.17%	-0.08%
HFRX Equity Hedge Index	1269.02	7.03	0.56%	10.24%	HFRX Convertible Arbitrage Index	825.71	0.90	0.11%	4.83%
HFRX Event-Driven Index	1593.55	-1.54	-0.10%	8.31%	HFRX Macro CTA Index	1173.27	3.47	0.30%	4.19%
HFRX Absolute Return Index	1099.86	2.73	0.25%	3.95%	IQ Fixed Income Beta Arb Index	1545.93	3.55	0.23%	5.70%

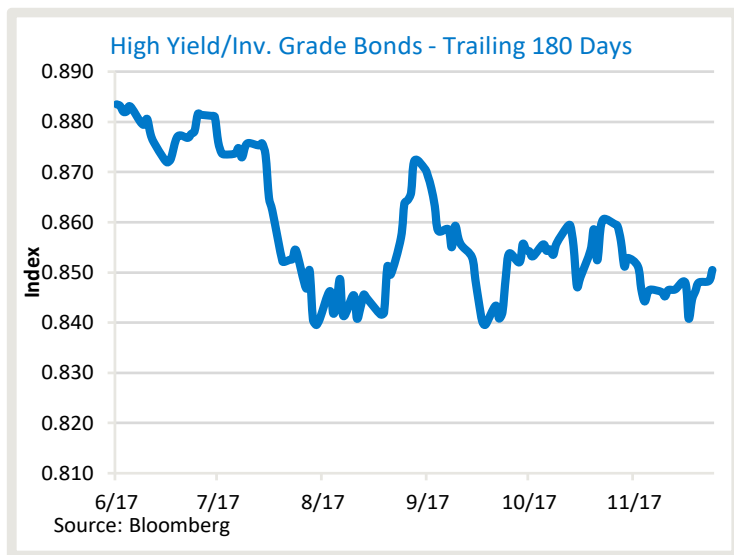
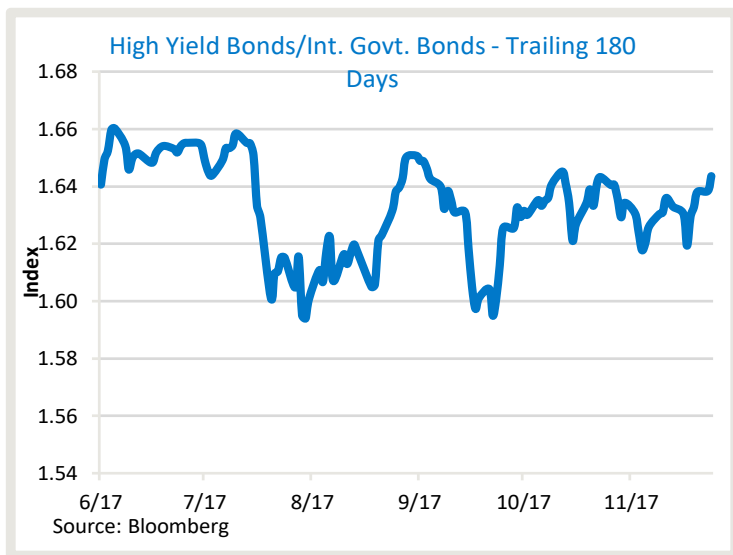
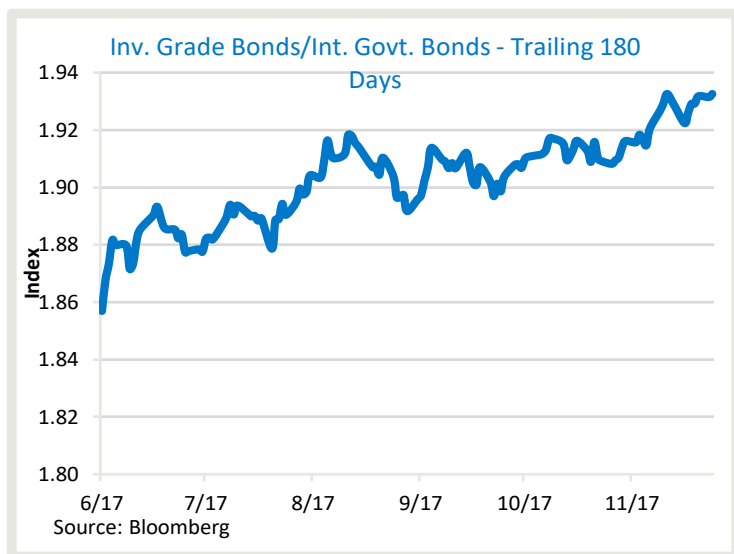
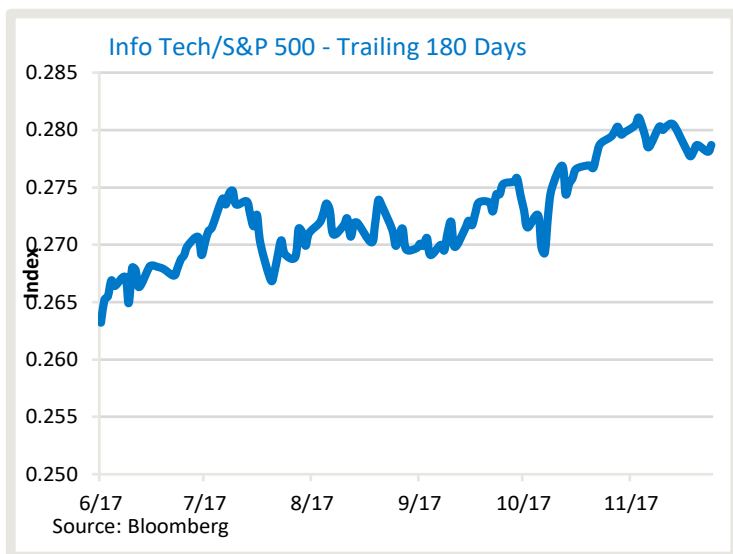
Source: Bloomberg; Index % change is based on price.



## Portfolio Construction



## Portfolio Construction (continued)



WEEKLY ASSET CLASS PERFORMANCE (Prior 12 weeks ending Thursday)

			9/26	10/3	10/10	10/17	10/24	10/31	11/7	11/14	11/21	11/28	12/5	12/12
Equity	Domestic Equity	Large Cap (R200)	-1.09%	-2.16%	1.10%	2.01%	0.29%	1.16%	1.66%	0.39%	0.33%	1.58%	-1.16%	1.65%
		Small Cap (R2000)	-1.80%	-3.06%	-0.07%	3.80%	0.54%	0.79%	2.02%	-0.33%	-0.30%	3.17%	-1.18%	1.86%
	Int'l. Equity	MSCI EAFE	-0.94%	-2.60%	0.86%	3.22%	1.02%	0.70%	1.33%	-1.01%	0.08%	0.98%	-0.63%	1.03%
		MSCI Em. Mkts.	-0.72%	-1.69%	0.43%	3.20%	0.88%	0.44%	3.03%	-2.92%	0.22%	0.56%	-0.72%	2.67%
Fixed Income	BarCap Agg. (AGG)	0.44%	0.57%	-0.48%	-0.34%	0.05%	0.33%	-1.13%	0.54%	0.30%	0.17%	-0.28%	-0.28%	
	High Yield (JNK)	-0.17%	-1.37%	0.33%	0.72%	0.27%	-0.51%	-0.06%	-0.16%	-0.36%	0.91%	-0.41%	0.89%	
Commodities	Bloomberg Commodity Index	-0.96%	-1.14%	0.26%	0.82%	0.98%	-0.14%	0.99%	-1.37%	-0.39%	-0.34%	-0.29%	1.23%	
Alternatives	Hedge Funds (HFRX Global)	0.03%	-0.13%	0.07%	0.09%	0.16%	0.14%	0.29%	0.00%	0.09%	0.70%	-0.05%	0.37%	
Asset Allocation	60/40*	-0.54%	-1.30%	0.32%	1.54%	0.37%	0.64%	0.65%	-0.03%	0.18%	1.07%	-0.71%	0.91%	
	48/32/20 (w/Alts.)**	-0.43%	-1.06%	0.27%	1.25%	0.33%	0.54%	0.58%	-0.03%	0.16%	0.99%	-0.58%	0.81%	

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	1.09	1.05	1.03	1.02	1.05	1.04	1.05	1.47	1.20	1.33	1.10
Large Cap Growth	0.98	1.00	0.98	1.04	1.07	1.03	1.01	1.00	1.03	1.02	1.03	1.44	1.18	1.30	1.08
Large Cap Value	1.00	1.02	1.00	1.06	1.09	1.05	1.03	1.02	1.05	1.04	1.05	1.48	1.21	1.33	1.11
Mid Cap Core	0.95	0.97	0.94	1.00	1.03	0.99	0.97	0.96	0.99	0.98	0.99	1.39	1.14	1.26	1.05
Mid Cap Growth	0.92	0.94	0.92	0.97	1.00	0.97	0.94	0.94	0.96	0.95	0.96	1.35	1.11	1.22	1.02
Mid Cap Value	0.95	0.97	0.95	1.01	1.04	1.00	0.98	0.97	1.00	0.99	1.00	1.40	1.15	1.26	1.05
Small Cap Core	0.97	0.99	0.97	1.03	1.06	1.02	1.00	0.99	1.02	1.01	1.02	1.43	1.17	1.29	1.08
Small Cap Growth	0.98	1.00	0.98	1.04	1.07	1.03	1.01	1.00	1.03	1.02	1.03	1.44	1.18	1.30	1.08
Small Cap Value	0.96	0.97	0.95	1.01	1.04	1.00	0.98	0.97	1.00	0.99	1.00	1.41	1.15	1.27	1.06
Int'l. Developed	0.96	0.98	0.96	1.02	1.05	1.01	0.99	0.98	1.01	1.00	1.01	1.42	1.16	1.28	1.06
Emerging Markets	0.95	0.97	0.95	1.01	1.04	1.00	0.98	0.97	1.00	0.99	1.00	1.40	1.15	1.26	1.05
REITs	0.68	0.69	0.68	0.72	0.74	0.71	0.70	0.69	0.71	0.71	0.71	1.00	0.82	0.90	0.75
Commodities	0.83	0.85	0.83	0.88	0.90	0.87	0.85	0.85	0.87	0.86	0.87	1.22	1.00	1.10	0.92
Int. Bond	0.75	0.77	0.75	0.80	0.82	0.79	0.77	0.77	0.79	0.78	0.79	1.11	0.91	1.00	0.83
High Yield	0.91	0.92	0.90	0.96	0.98	0.95	0.93	0.92	0.95	0.94	0.95	1.33	1.09	1.20	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 Growth Index** is an unmanaged index considered representative of small-cap value stocks. The **Russell 3000 Index** is an unmanaged index considered representative of the US stock market. The **Russell Midcap Index** is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The **Russell Midcap Growth Index** is an unmanaged index considered representative of mid-cap growth stocks. The **Russell Midcap Value Index** is an unmanaged index considered representative of mid-cap value stocks. The **HFRI Indices** are a series of benchmarks of hedge fund industry performance which are engineered to achieve representative performance of a larger universe of hedge fund strategies. Hedge Fund Research, Inc. employs the HFRI Methodology (UCITS compliant), a proprietary and highly quantitative process by which hedge funds are selected as constituents for the HFRI Indices. The **University of Michigan Consumer Sentiment Index (MCSI)** is a survey of consumer confidence conducted by the University of Michigan using telephone surveys to gather information on consumer expectations regarding the overall economy. The **CBOE Volatility Index (VIX)** is an up-to-the-minute market estimate of expected volatility that is calculated by using real-time S&P 500 Index option bid/ask quotes. The Index uses nearby and second nearby options with at least 8 days left to expiration and then weights them to yield a constant, 30-day measure of the expected volatility of the S&P 500 Index. The **MSCI EAFE Index** is designed to measure the equity market performance of developed markets outside of the U.S. & Canada. The **MSCI EAFE Growth Index** is an unmanaged index considered representative of growth stocks of Europe, Australasia and the Far East. The **MSCI EAFE Value Index** is an unmanaged index considered representative of value stocks of Europe, Australasia and the Far East. The **MSCI EM (Emerging Markets) Latin America Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of emerging markets in Latin America. The **MSCI World ex-U.S. Index** captures large and mid-cap representation across 22 of 23 Developed Markets (DM) countries - excluding the US. With 1,002 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country. The **MSCI Japan Index** is designed to measure the performance of the large and mid-cap segments of the Japanese market. With 320 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in Japan. The **MSCI Emerging Markets Index** is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The **MSCI Europe Index** is an unmanaged index considered representative of stocks of developed European countries. The **MSCI Pacific Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the developed markets in the Pacific region. The **Barclays Intermediate US Government/Credit Bond Index** is a market capitalization-weighted index of investment-grade, fixed-rate debt issues, including Treasuries, government-related and U.S. corporate securities, with maturities of at least one year and less than 10 years. The **NY Empire State Manufacturing Index** is based on the monthly survey of manufacturers in New York State – known as the Empire State Manufacturing Survey – conducted by the Federal Reserve Bank of New York. The **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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