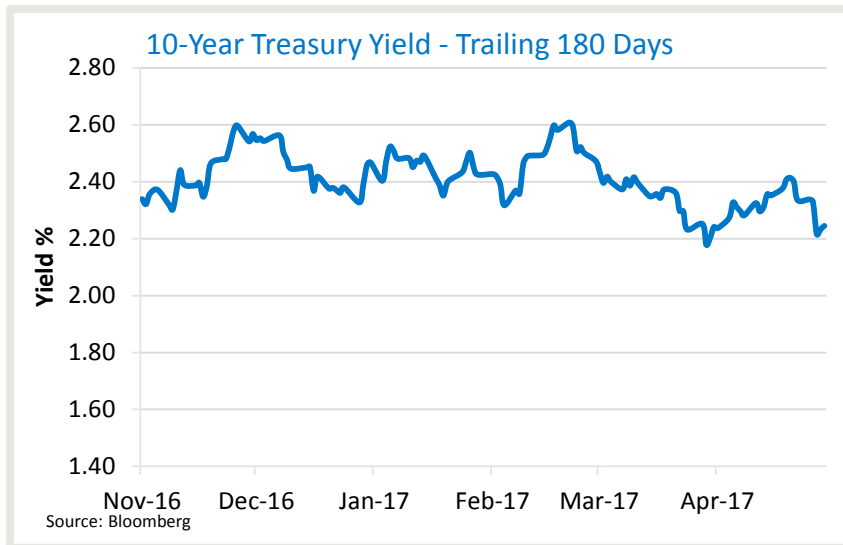


Weekly Market Review

May 19, 2017

Chart of the Week



Weekly Highlights

- **Jobless claims remain near record lows.** For the week ended May 13, initial claims came in below expectations at 232,000. This is well below the rolling four-week average, which ended the week at 240,750. Continuing claims for the week ended May 6 fell to 1.898 million – below the four-week average of 1.946 million. These figures stand at 29- and 43-year lows, respectively, indicating ongoing strength in the labor market.
- **New home sales surprise on the upside.** The National Association of Home Builders Housing Market Index (NAHB) rose to 70 in May, beating expectations. Current sales remain strong, especially in the West, while traffic has remained over break-even levels. This week's readings of new housing starts and permits, however, were largely disappointing.
- **Crude oil inventories fall.** In the week ended May 12, crude inventories fell to 520.8 million barrels, marking six consecutive weeks of falling inventories, according to the Energy Information Agency (EIA). Gasoline and distillate inventories also fell. These developments helped to push WTI crude contracts to over \$50/barrel by mid-day Friday.

Talking Points

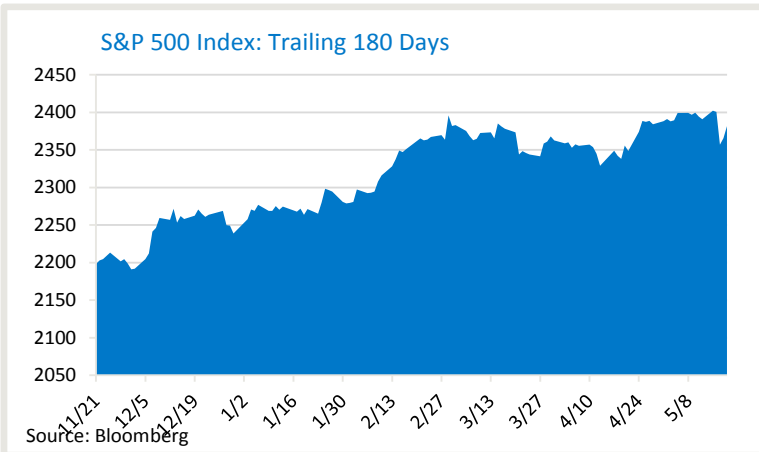
- **Global equity markets** were led by the UK and Italy with low single-digit returns, while Spanish, US, and Russian equities were down slightly through Thursday.
- **The Treasury yield curve flattened.** Yields on US Treasury bonds with maturities longer than two years fell through Thursday.
- **Commodities were mixed on the week.** Oil and precious and industrial metals were up through mid-day Friday. Agricultural commodities were largely flat on the week, while cocoa rose.
- **The US Dollar fell sharply** this week against a basket of major trading partners' currencies, reaching levels not seen since early November.
- **In other economic news:** The Federal Reserve's (Fed's) monthly industrial production index rose for the month of April, in its largest monthly gain since February 2014. The Bloomberg Consumer Comfort Index remains high.

Market Dashboard

	Last Price	Change	% Chg.	YTD %
S&P 500	2,381.73	-9.17	-0.38%	6.4%
Dow Industrials	20,804.84	-91.77	-0.44%	5.3%
Nasdaq	6,083.70	-37.53	-0.61%	13.0%
Russell 2000	1,367.33	-15.44	-1.12%	0.8%
Euro Stoxx Index	391.51	-4.12	-1.04%	8.3%
Shanghai Composite	3,090.63	7.12	0.23%	-0.4%
Russell Global	1,902.47	-14.20	-0.74%	7.9%

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

	Last Price	Change	% Chg.	YTD %
Russell Global EM	3,122.92	-43.74	-1.38%	14.3%
10-Year US Treas.	2.25	-9 bps	NM	NM
DJ UBS Comm. Idx.	84.72	1.23	1.48%	-3.2%
Gold	\$1,255.61	\$26.92	2.19%	9.4%
Crude Oil	\$50.43	\$2.54	5.31%	-10.8%
Dollar Index	97.12	-2.12	-2.13%	-5.0%
VIX Index	12.04	1.64	15.77%	-14.2%



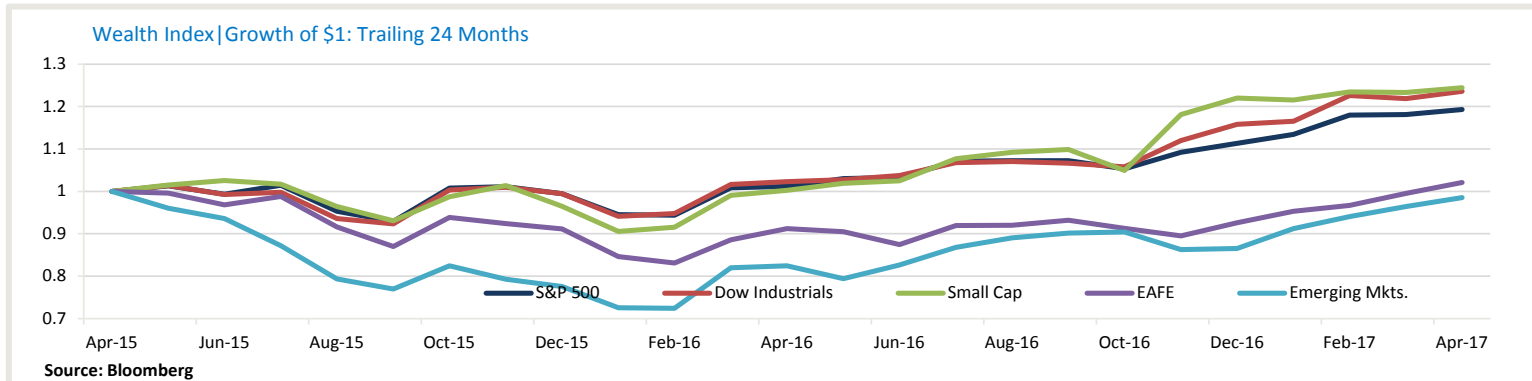
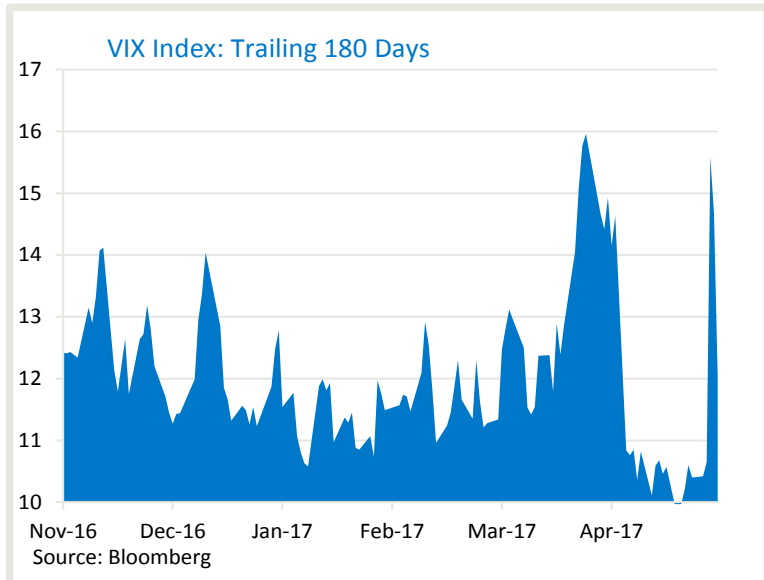
	One Week			YTD		
	Value	Growth		Value	Growth	
L	-0.41%	-0.50%	-0.58%	1.16%	6.75%	12.17%
	-0.13%	0.01%	0.19%	2.11%	5.22%	9.15%
S	-1.11%	-1.12%	-1.12%	-3.34%	0.75%	5.31%

Source: Bloomberg

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

	% Wgt in S&P 500	Week % Chg.	YTD % Chg.
Consumer Discretionary	12.4	-0.78%	9.5%
Consumer Staples	9.3	0.64%	6.7%
Energy	6.3	0.16%	-10.2%
Financials	13.9	-1.00%	0.0%
Health Care	13.9	-0.38%	8.6%
Industrials	10.1	-0.24%	5.2%
Information Technology	22.9	-0.71%	16.9%
Materials	2.8	-0.43%	5.2%
Real Estate	2.9	1.23%	2.9%
Telecom Services	2.2	-0.65%	-11.4%
Utilities	3.2	0.51%	6.6%

Source: Bloomberg



The Economy and Markets

A Macro View – What Treasury Yields Are Telling Us

At its most basic level, the term structure of interest rates, or the yield curve, as it's more commonly known, represents prevailing interest rates the US Government must pay to issue new debt of various maturities. In turn, these interest rates influence the cost of funds for corporations and individuals. Consequently, the yield curve has a major influence on future economic activity. The flipside of this influence is that interest rates can also reveal a lot about economic actors' expectations for future growth, inflation, and monetary policy. Recognizing this, what are recent yield curve trends telling us about the bond market's expectations for the US economy, and how do these expectations compare to those of the recent past?

The most notable recent shift in the structure of treasury yields occurred after the election of Donald Trump to the Presidency and Republicans' consolidation of legislative control in Washington, D.C. The yields on long-term treasuries spiked, resulting in a significantly steeper yield curve, following more than 18 months of flattening. The trend toward a flatter yield curve resulted from a number of factors, including expectations of low growth and inflation and strong foreign demand for relatively high risk-free interest rates. The bond market's response to the November election, however, indicated expectations for an imminent return to robust economic growth and higher inflation driven by tax cuts, deregulation, and infrastructure spending.

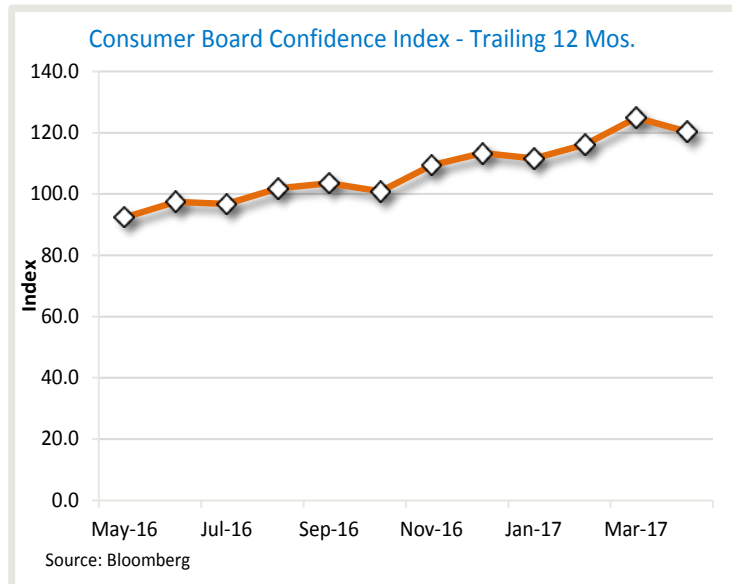
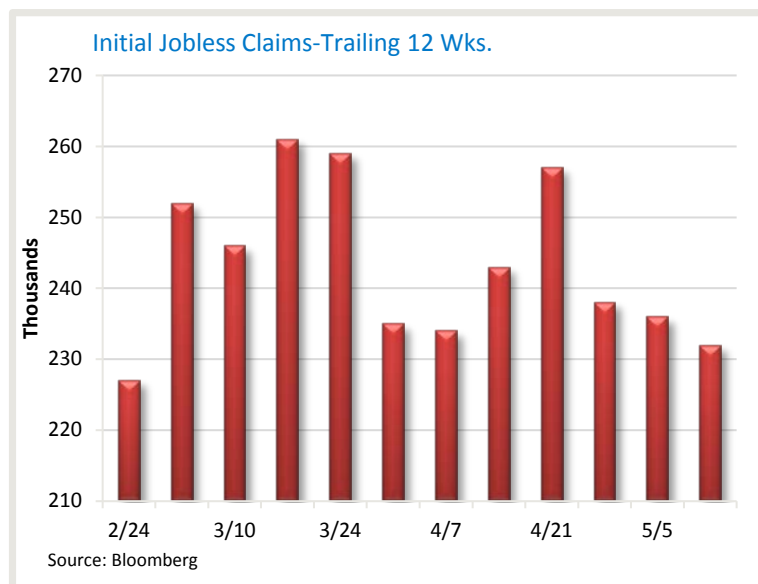
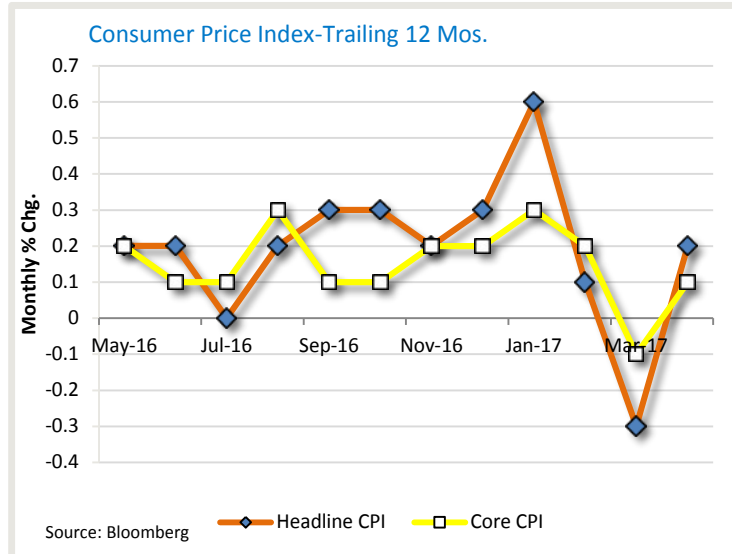
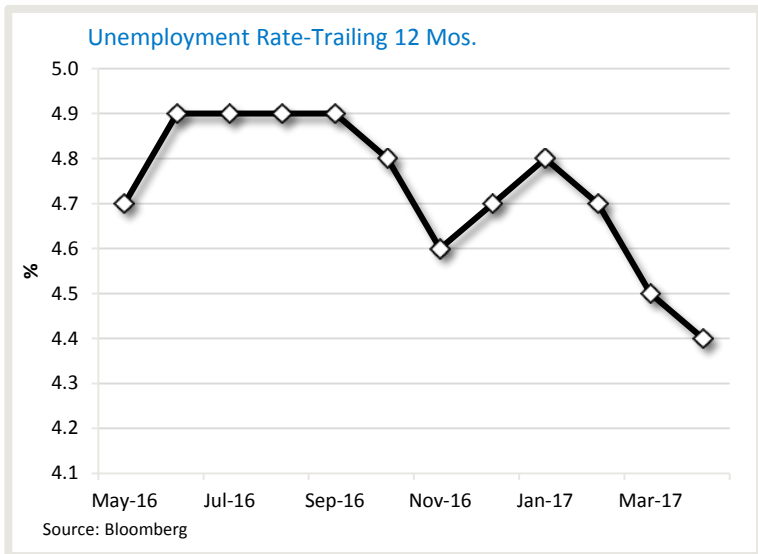
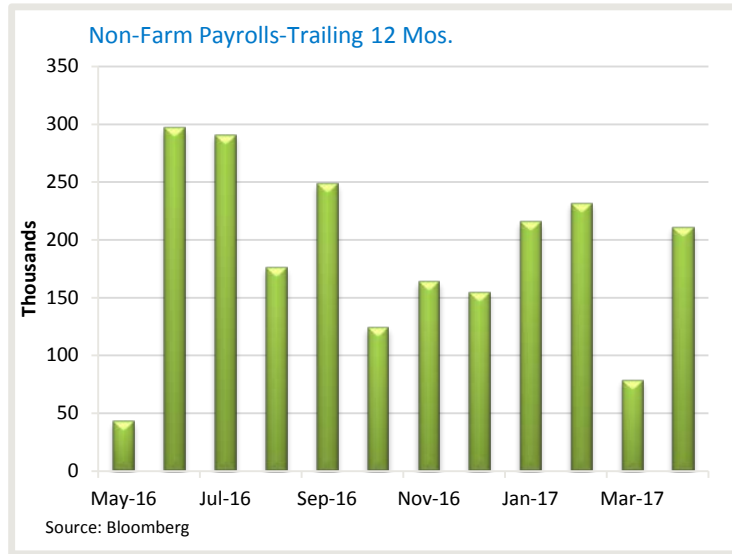
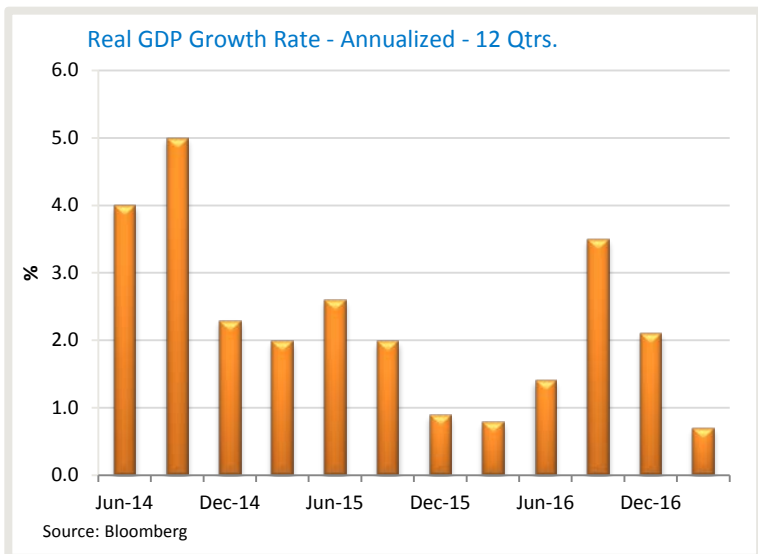
Since the election, however, both the Trump administration's and Congress' inability to make significant progress on their goals has become more evident in the treasury market, witnessed by the return to a flattening trend. The yield differential between the 10-year Treasury Bond and the 2-year Treasury Note, a common measure of yield curve steepness, reached pre-election levels this week, after having fallen since the beginning of the year. Forward inflation expectations, as measured by 5-year, 5-year forwards, have settled near their own pre-election levels, indicating that investors' aggregate expectations for fiscally-driven reflation have deteriorated substantially. Therefore, in the absence of a large infrastructure spending package, fiscal policy is unlikely to drive sizeable price increases or result in higher treasury yields.

Although these prior developments have pertained to fiscal policy and primarily influenced intermediate- and long-term treasury yields, another, more-subtle shift stemming from monetary policy has occurred in the short end of the curve. Three hikes into the Fed's current tightening cycle, and with two more hikes in the fed funds rate projected in 2017, treasury bills have come untethered from their previous anchor of essentially 0%, and the yield on the 2-year Treasury Note has more than doubled since this time last year. Indeed, the Fed's continued elevation of its key policy rate usually coincides with a flattening of the yield curve as future growth expectations decline. With monetary policy's influence currently constrained to shorter maturities, the impending runoff of the approximately \$2.5 Trillion in treasury bonds and the \$1.8 Trillion of agency mortgage-backed securities (MBS) currently held on the Fed's balance sheet could potentially lead to a steepening of the yield curve, depending on how it is implemented. However, as details on the timing and nature of the runoff are still unknowns, this is a topic for another day.

With the exception of higher short-term treasury yields due to tighter monetary policy since November's election, the treasury market has essentially returned to its pre-election state. Considering the current tempest swirling around the Trump administration, it isn't clear how or when it will be able to work with Congress to implement meaningful stimulus, and the bond market reflects that reality. However, markets are constantly in flux, pricing in news as it develops. Today, treasury yields reflect an economic reality not so different from the one near the end of President Obama's tenure. As a result of either monetary or fiscal policy, that reality could shift considerably over the next few months. Unfortunately, there are no tea leaves to read that could tell us what the future holds, but, rest assured, when it arrives, investors should be able to read it in the treasury curve.

Michael Wedekind
Investment Analyst

Economic Data



Eurozone

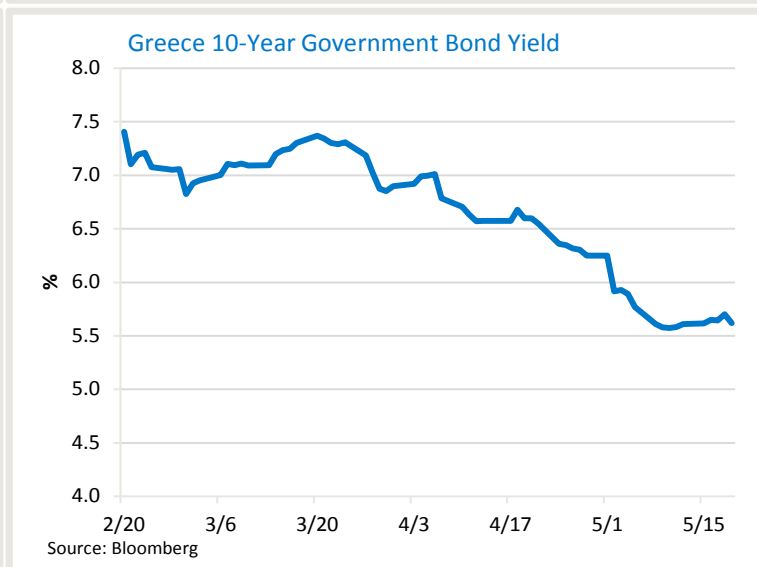
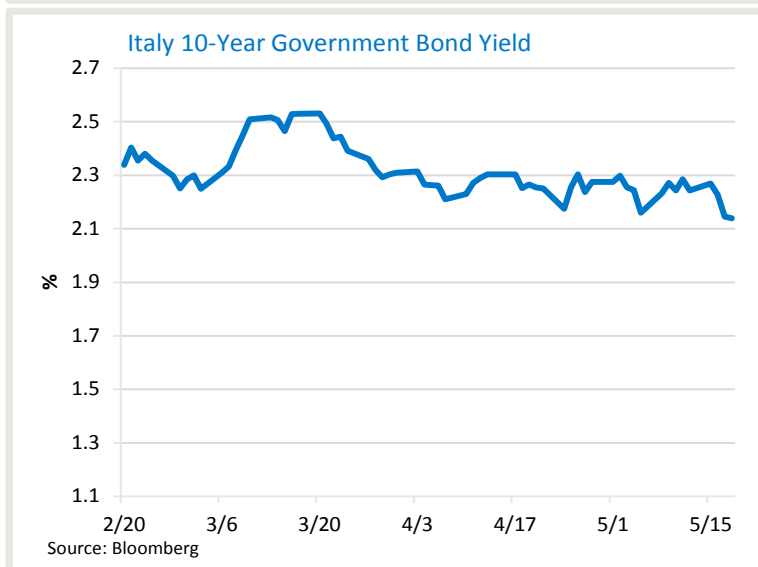
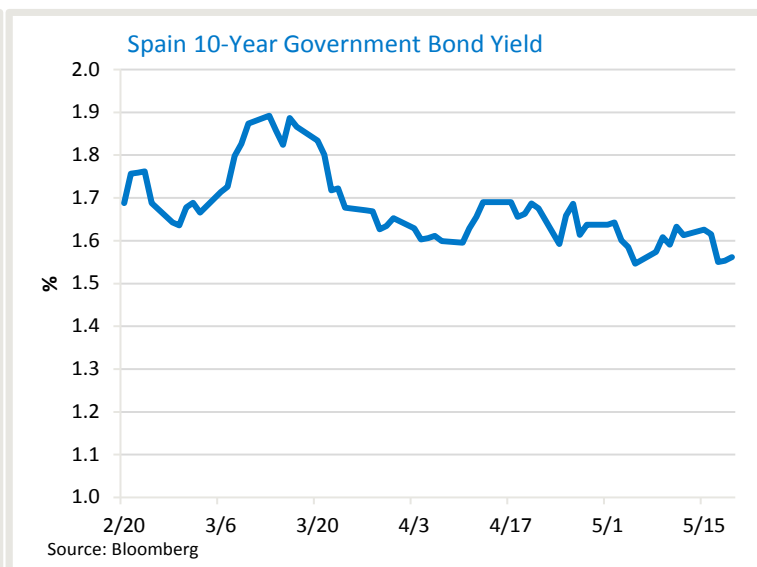
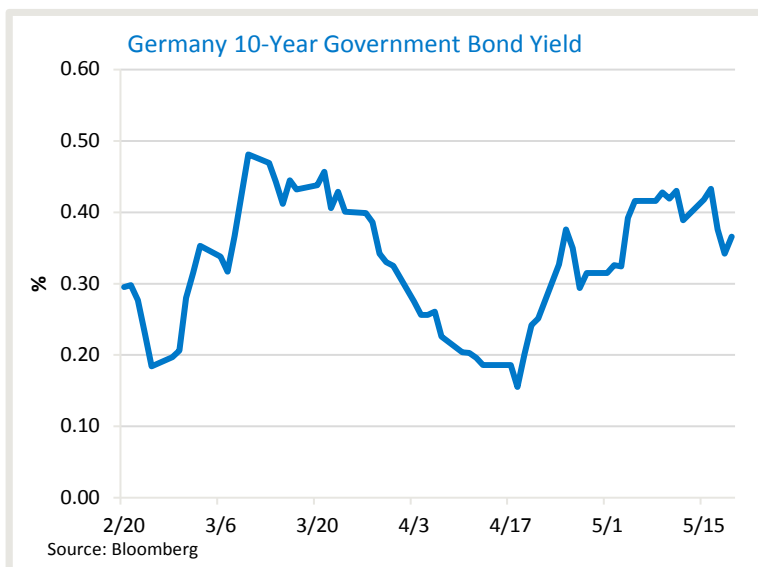
SELECTED EUROPEAN SOVEREIGN YIELD PERFORMANCE

	Last	Change	% Chg.	YTD %
Germany 10-Yr. Govt.	0.37	2 bps	NM	NM
Greece 10-Yr. Govt.	5.62	0 bps	NM	NM
Italy 10-Yr. Govt.	2.13	10 bps	NM	NM
Spain 10-Yr. Govt.	1.56	5 bps	NM	NM
Belgium 10-Yr. Govt.	0.75	4 bps	NM	NM

	Last	Change	% Chg.	YTD %
France 10-Yr. Govt.	0.80	3 bps	NM	NM
Ireland 10-Yr. Govt.	0.82	2 bps	NM	NM
Portugal 10-Yr. Govt.	3.17	16 bps	NM	NM
Netherlands 10-Yr. Govt.	0.57	2 bps	NM	NM
U.K. 10-Yr. Govt.	1.09	-1 bps	NM	NM

Source: Bloomberg

Basis points (bps)

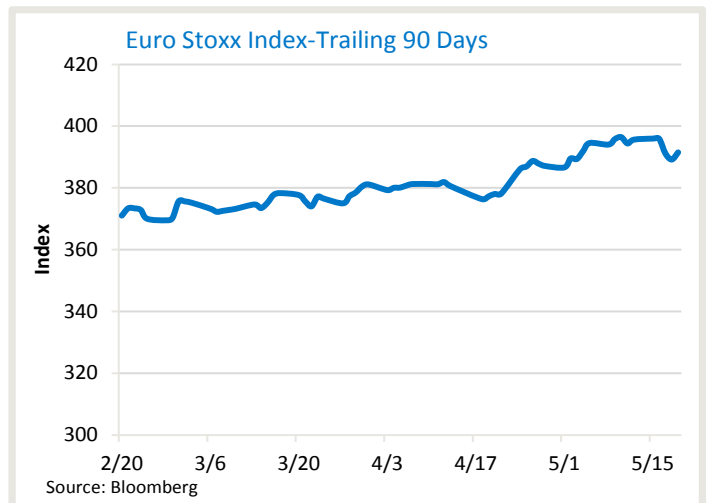
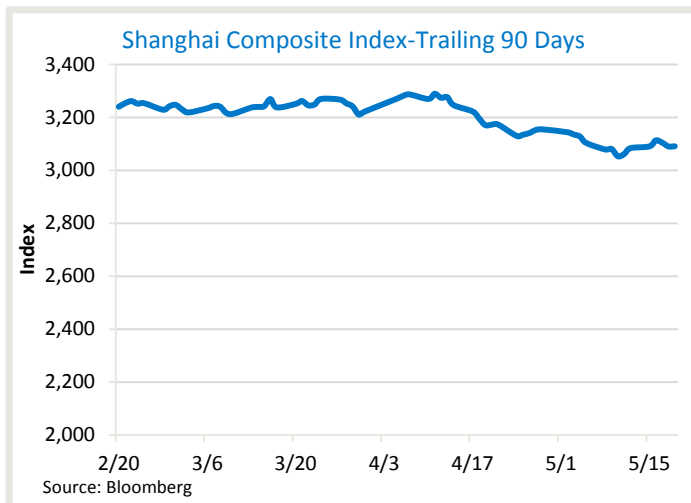
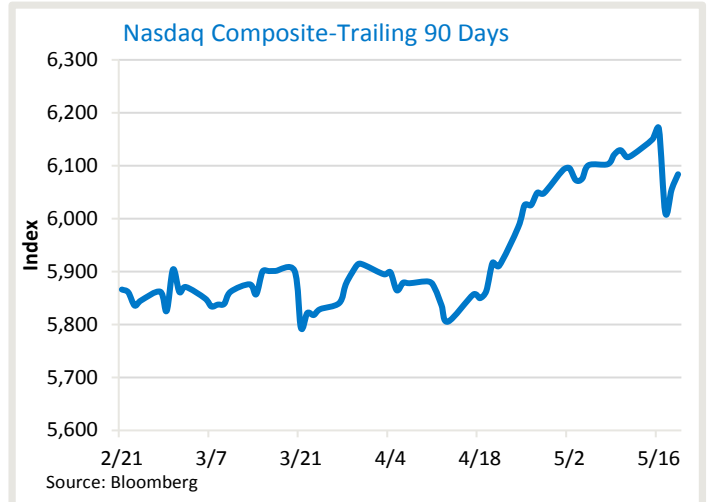
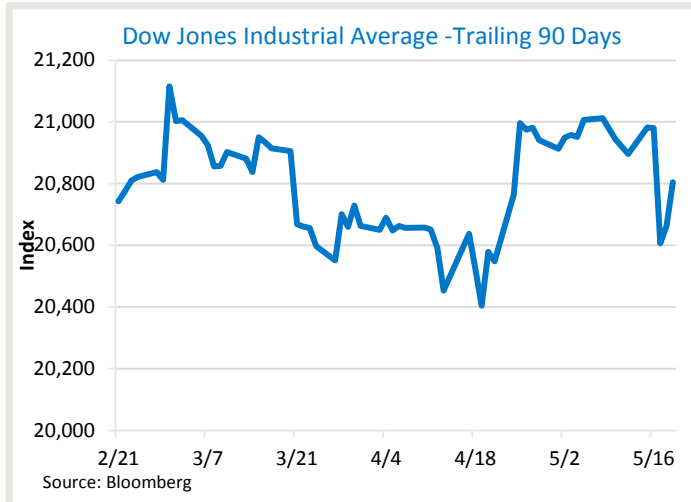


Equities

WORLD MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
S&P 500	2,381.73	-9.17	-0.38%	6.38%	Swiss Market Index	9,022.51	-100.90	-1.11%	9.76%
Dow Industrials	20,804.84	-91.77	-0.44%	5.27%	CAC 40 Index (France)	5,324.40	-81.02	-1.50%	9.50%
Nasdaq Composite	6,083.70	-37.53	-0.61%	13.01%	DAX Index (Germany)	12,638.69	-131.72	-1.03%	10.08%
Russell Global	1,902.47	-14.20	-0.74%	7.9%	Irish Overall Index	6,930.76	-103.37	-1.47%	6.35%
Russell Global EM	3,122.92	-43.74	-1.38%	14.3%	Nikkei 225	19,590.76	-293.14	-1.47%	2.49%
S&P/TSX (Canada)	15,458.46	-79.42	-0.51%	1.12%	Hang Seng Index	25,174.87	18.53	0.07%	14.43%
Mexico IPC	49,067.47	-358.61	-0.73%	7.50%	Shanghai Composite	3,090.63	7.12	0.23%	-0.42%
Brazil Bovespa	62,639.31	-5582.63	-8.18%	4.00%	Kospi Index (S. Korea)	2,288.48	2.46	0.11%	12.93%
Euro Stoxx 600	391.51	-4.12	-1.04%	8.33%	Taiwan Taiex Index	9,947.62	-39.20	-0.39%	7.50%
FTSE 100	7,470.71	35.32	0.48%	4.59%	Tel Aviv 25 Index	1,412.19	-10.34	-0.73%	-3.98%
IBEX 35 (Spain)	10,835.40	-61.60	-0.57%	15.86%	MICEX Index (Russia)	1,962.40	-32.18	-1.61%	-12.11%

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



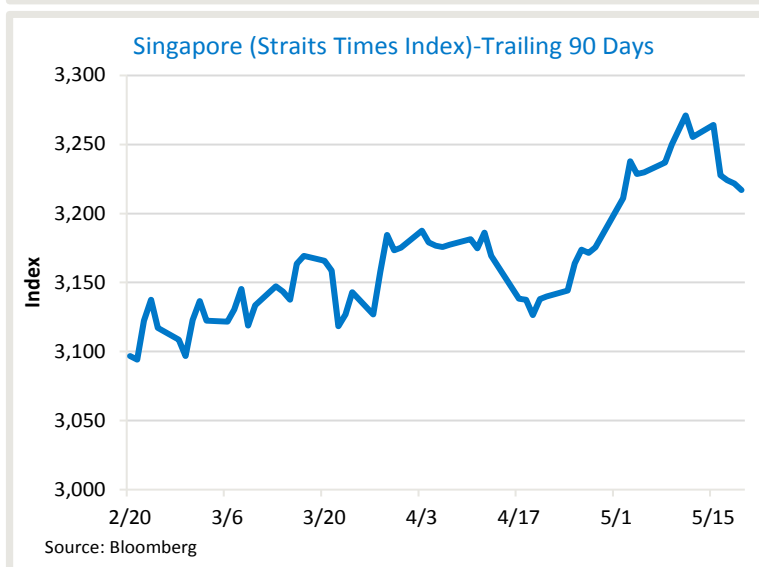
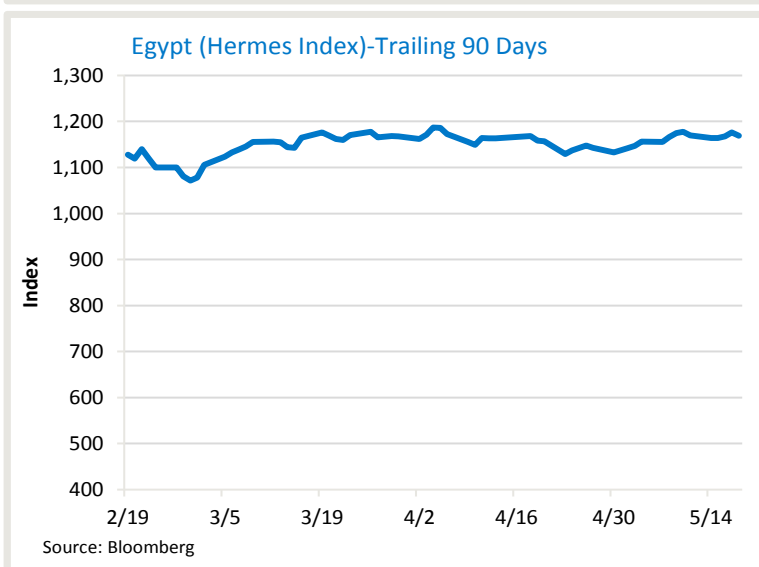
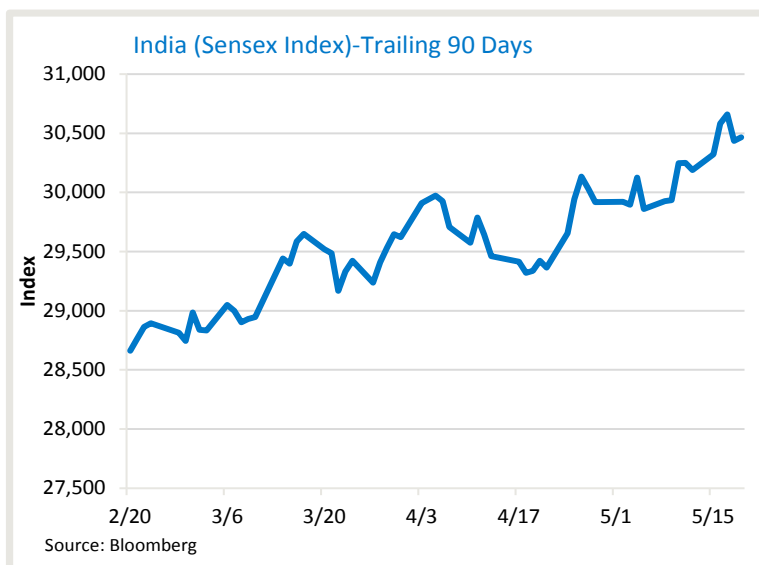
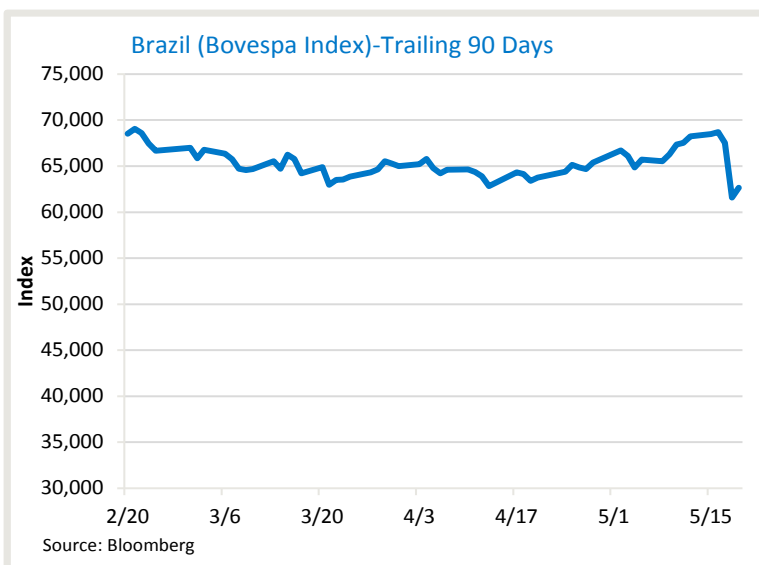
Equities – Emerging and Frontier Markets

EMERGING AND FRONTIER MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
Mexico IPC	49,067.47	-358.61	-0.7%	7.5%
Brazil (Bovespa Index)	62,639.31	-5582.63	-8.2%	4.0%
MICEX Index (Russia)	1,962.40	-32.18	-1.6%	-12.1%
Czech Republic (Prague)	1,020.13	2.17	0.2%	10.7%
Turkey (Istanbul)	95,147.34	150.99	0.2%	21.8%
Egypt (Hermes Index)	1,169.23	-0.47	0.0%	7.4%
Kenya (Nairobi 20 Index)	3,285.49	40.77	1.3%	3.1%
Saudi Arabia (TASI Index)	6,938.10	55.59	0.8%	-3.8%
Lebanon (Beirut BLOM Index)	1,159.31	-10.40	-0.9%	-4.3%
Palestine	525.80	-2.95	-0.6%	-0.8%

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

	Last	Change	% Chg.	YTD %
Hang Seng Index	25,174.87	18.53	0.1%	14.4%
India (Sensex 30)	30,464.92	276.77	0.9%	14.4%
Malaysia (KLCI Index)	1,768.28	-7.59	-0.4%	7.7%
Singapore (Straits Times Index)	3,216.92	-38.37	-1.2%	11.7%
Thailand (SET Index)	1,549.64	5.70	0.4%	0.4%
Indonesia (Jakarta)	5,791.88	116.67	2.1%	9.3%
Pakistan (Karachi KSE 100)	50,742.03	-1008.88	-1.9%	6.1%
Vietnam (Ho Chi Minh)	733.82	8.45	1.2%	10.4%
Sri Lanka (Colombo)	6,729.66	57.68	0.9%	8.1%
Cambodia (Laos)	1,016.88	-20.34	-2.0%	0.2%

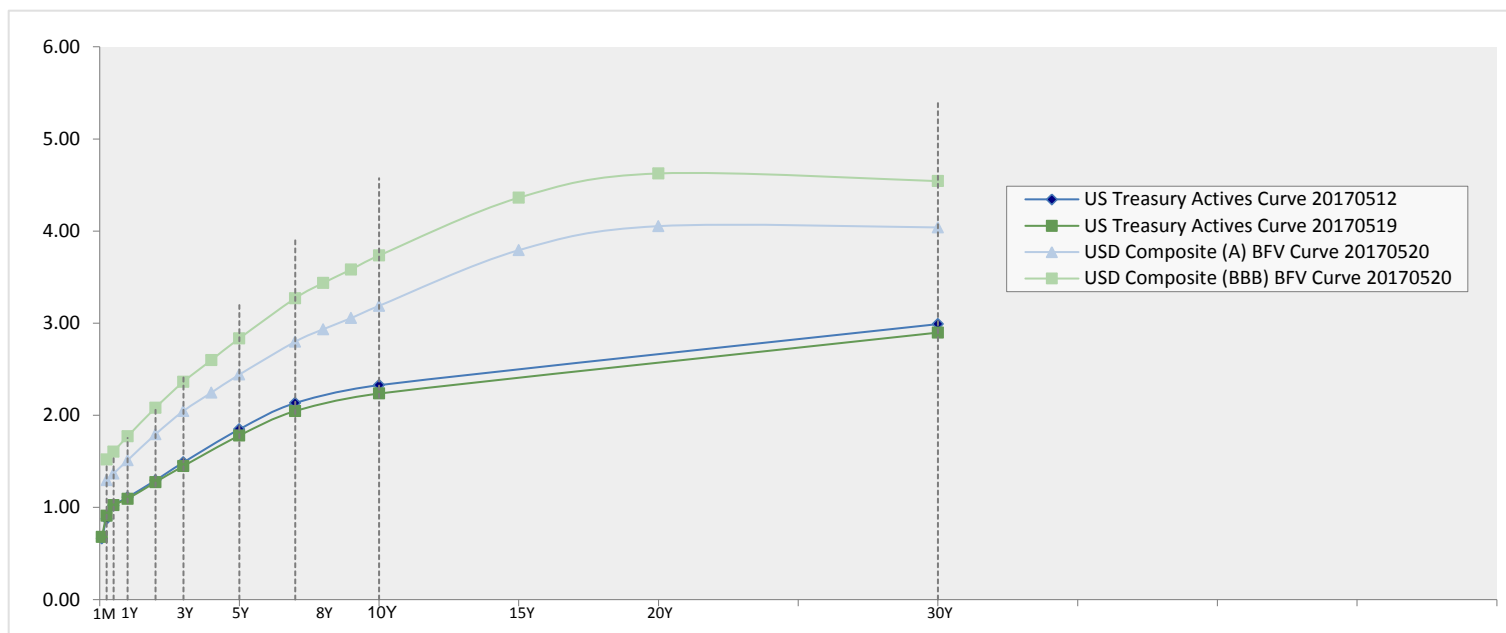


Interest Rates

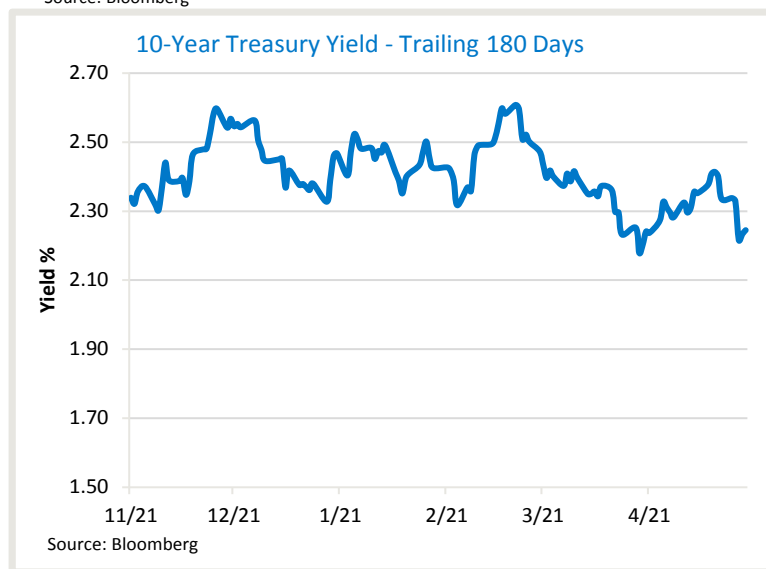
SELECTED INTEREST RATES

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
2-Yr. U.S. Treasury	1.27%	0 bps	NM	NM	Prime Rate	4.00%	0.00	NM	NM
5-Yr. U.S. Treasury	1.79%	-7 bps	NM	NM	Fed Funds Rate	1.00%	0.00	NM	NM
10-Yr. U.S. Treasury	2.25%	-9 bps	NM	NM	Discount Rate	1.50%	0.00	NM	NM
30-Yr. U.S. Treasury	2.91%	-9 bps	NM	NM	LIBOR (3 Mo.)	1.17%	-1 bps	NM	NM
German 10-Yr. Govt.	0.37%	2 bps	NM	NM	Bond Buyer 40 Muni	3.77%	-16 bps	NM	NM
France 10-Yr.	0.80%	3 bps	NM	NM	Bond Buyer 40 G.O.	3.73%	NA	NM	NM
Italy 10-Yr.	2.13%	10 bps	NM	NM	Bond Buyer 40 Rev.	3.92%	NA	NM	NM
Fed 5-Yr Fwd BE Inf.	1.93%	-4 bps	NM	NM					

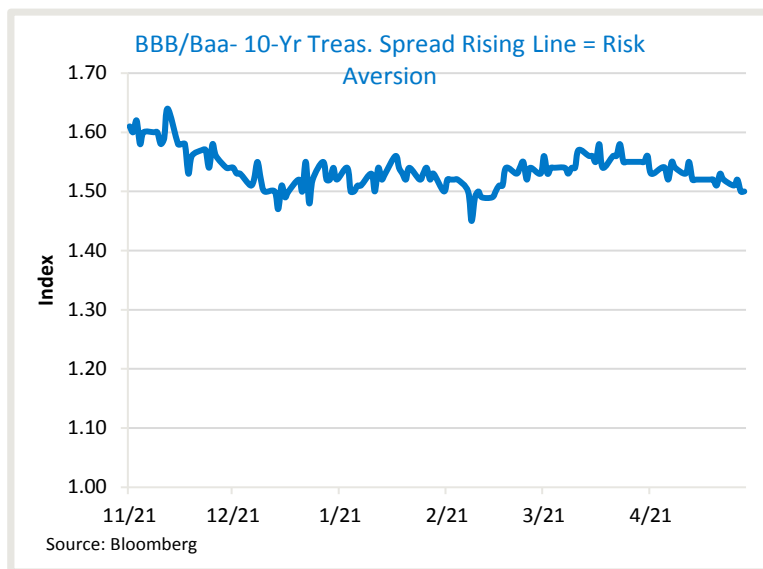
Source: Bloomberg



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg

Currencies

SELECTED CURRENCY PERFORMANCE

	Last	Change	% Chg.	YTD %
Dollar Index	97.13	-2.118	-2.13%	-4.97%
Euro	1.12	0.027	2.50%	6.53%
Japanese Yen	111.27	-2.160	1.94%	5.16%
British Pound	1.30	0.014	1.09%	5.60%
Canadian Dollar	1.35	-0.020	1.46%	-0.53%

	Last	Change	% Chg.	YTD %
Chinese Yuan	6.89	-0.015	0.21%	0.87%
Swiss Franc	0.97	-0.028	2.85%	4.71%
New Zealand Dollar	0.69	0.006	0.93%	-0.06%
Brazilian Real	3.26	0.130	-3.98%	-0.08%
Mexican Peso	18.70	-0.118	0.63%	10.83%

Source: Bloomberg

U.S. Dollar Index - Trailing Six Months



Source: Bloomberg

Euro - U.S. Dollars per Euro



Source: Bloomberg

Chinese yuan - yuan per U.S. Dollar



Source: Bloomberg

Japanese yen - Yen per U.S. Dollar



Source: Bloomberg

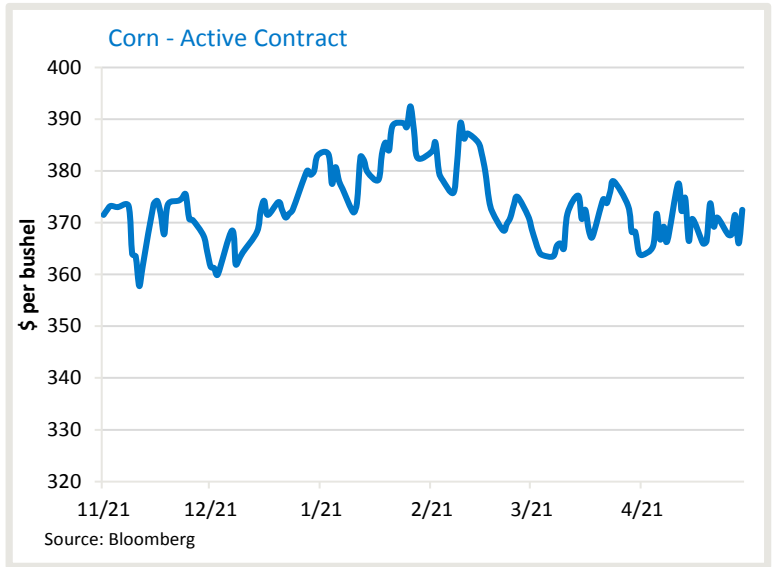
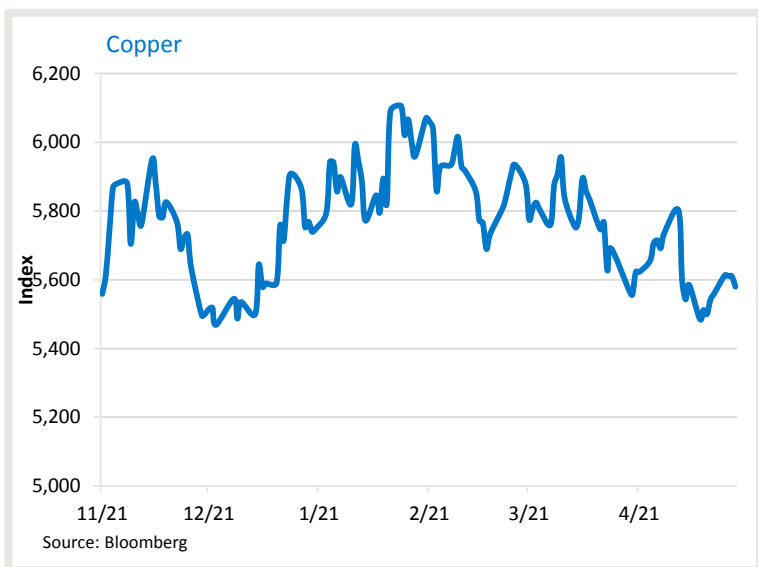
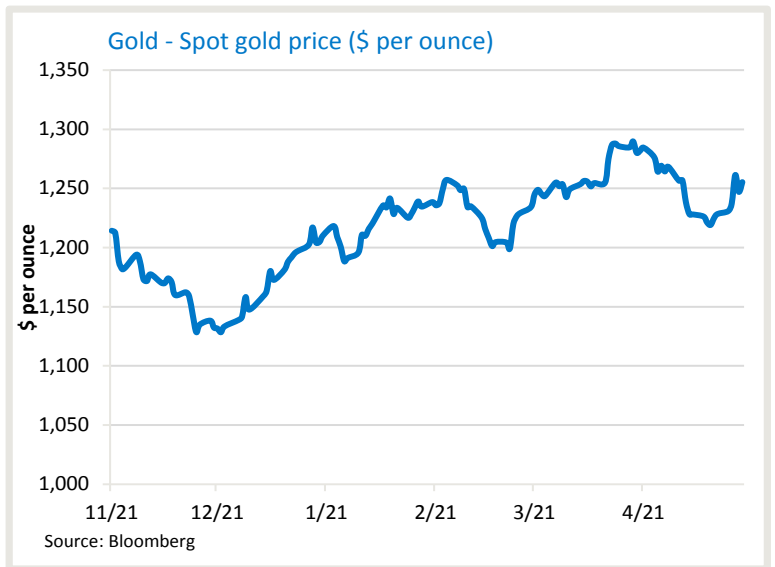
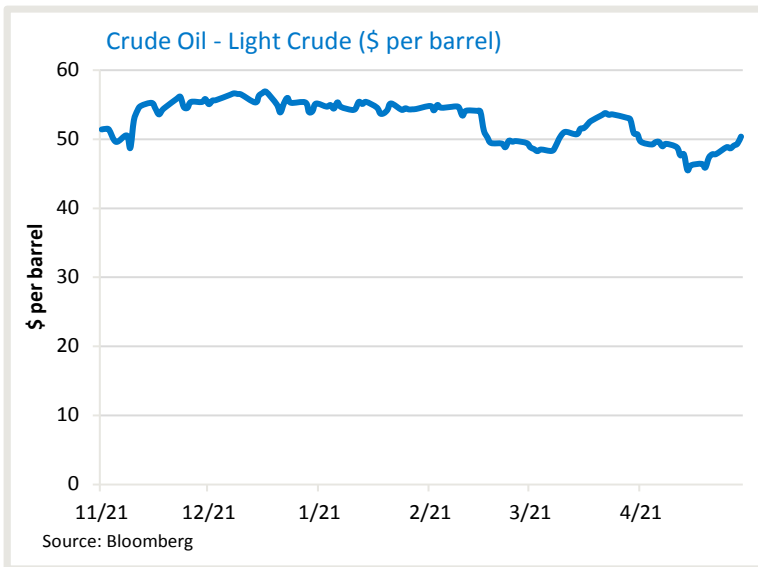
Commodities

SELECTED COMMODITY MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
Bloomberg Comm. Idx.	84.72	1.23	1.48%	-3.20%
Crude Oil	\$50.43	\$2.54	5.31%	-10.82%
Natural Gas	\$3.25	-\$0.17	-4.94%	-8.57%
Gasoline (\$/Gal.)	\$2.35	\$0.01	0.26%	0.43%
Heating Oil	158.44	9.02	6.04%	-9.47%
Gold Spot	\$1,255.43	\$26.92	2.19%	9.40%
Silver Spot	\$16.88	\$0.39	2.38%	5.84%

Source: Bloomberg; % change is based on price.

	Last	Change	% Chg.	YTD %
Platinum Spot	\$939.98	\$18.88	2.05%	4.10%
Corn	372.50	1.50	0.40%	2.26%
Wheat	435.25	2.50	0.58%	0.23%
Soybeans	953.00	-10.00	-1.04%	-6.48%
Sugar	16.38	0.87	5.61%	-13.10%
Orange Juice	139.75	-7.80	-5.29%	-26.43%
Aluminum	1,923.00	32.00	1.69%	13.59%
Copper	5,580.00	20.50	0.37%	0.80%

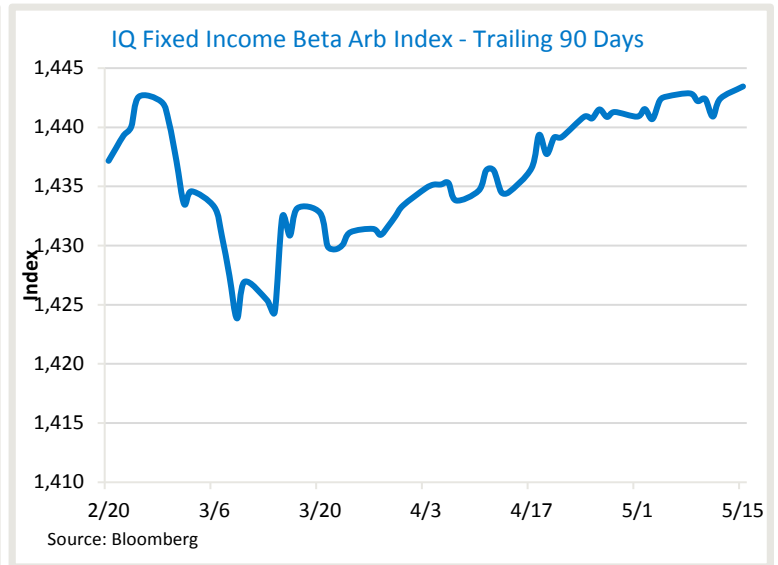
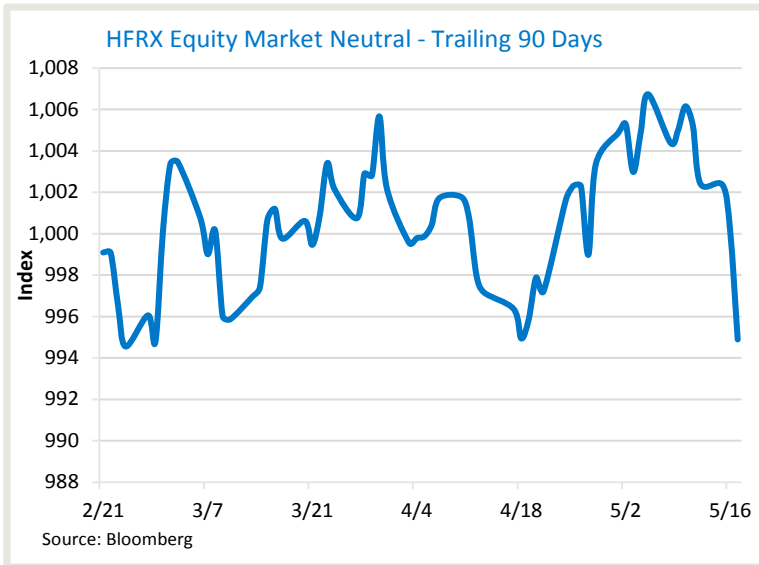
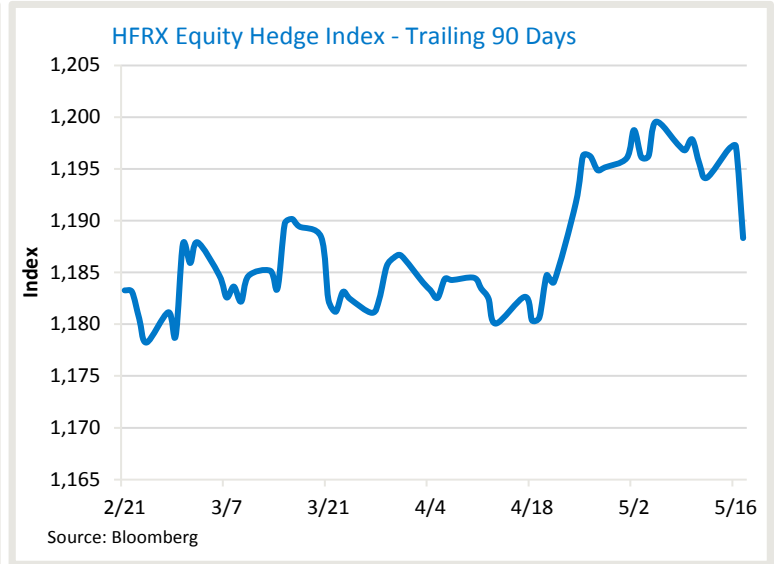
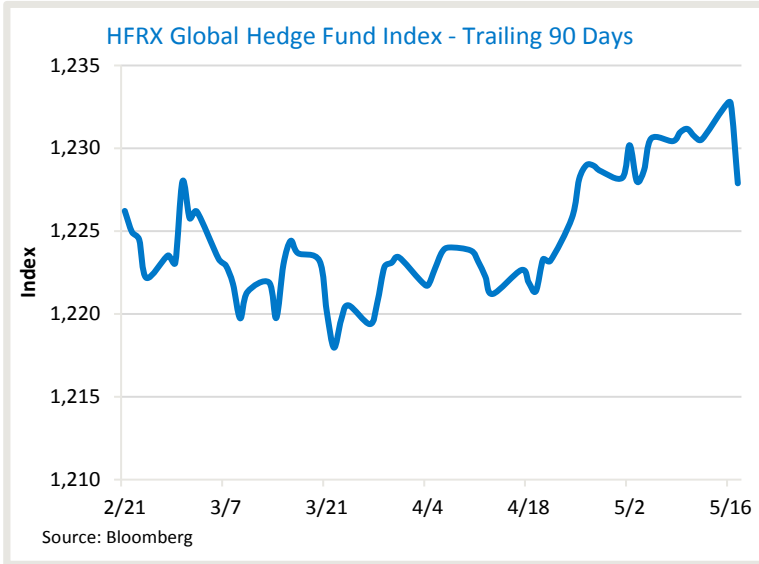


Alternative Investments

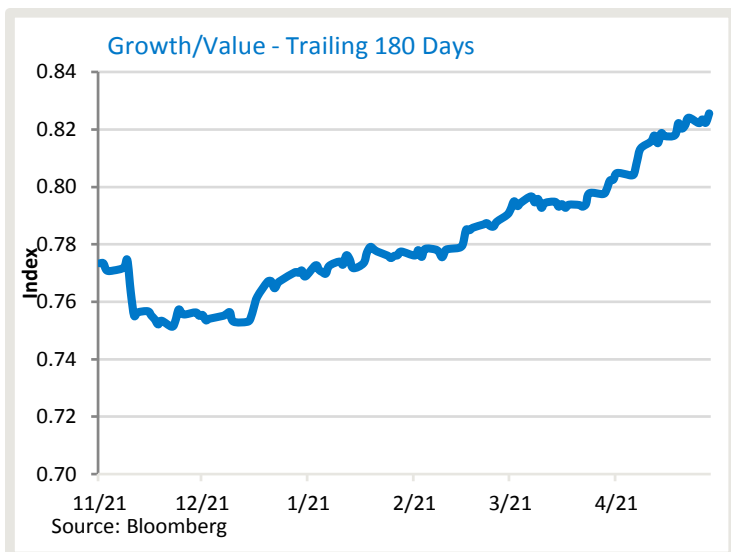
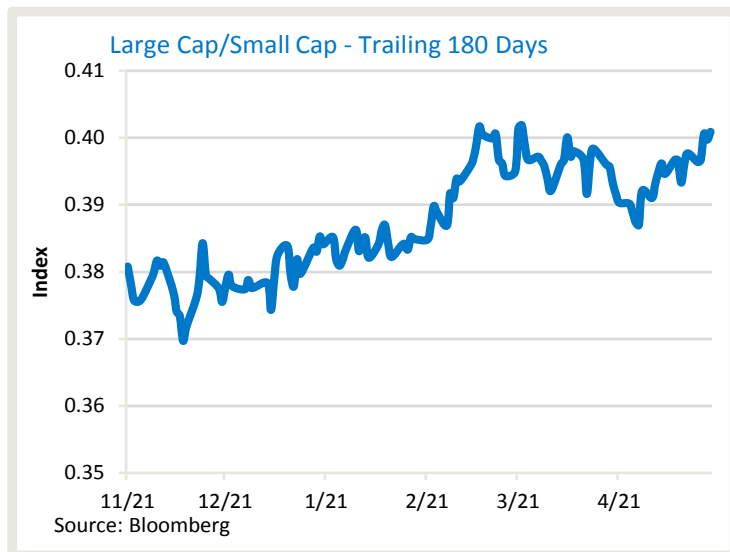
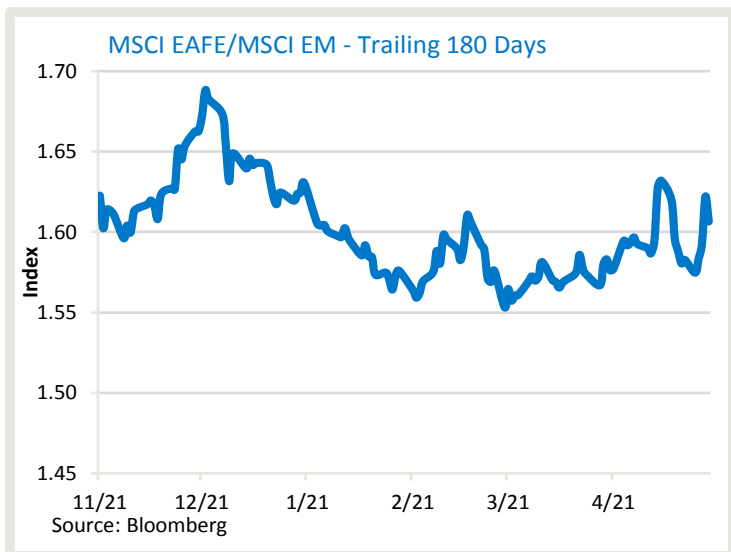
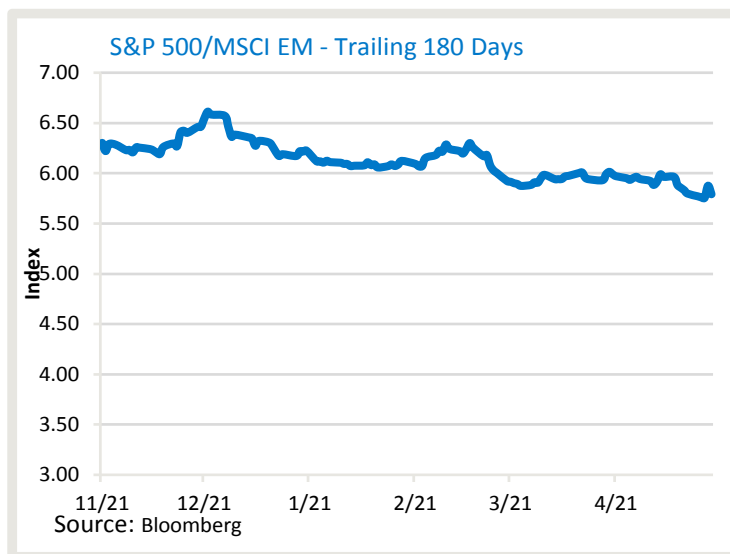
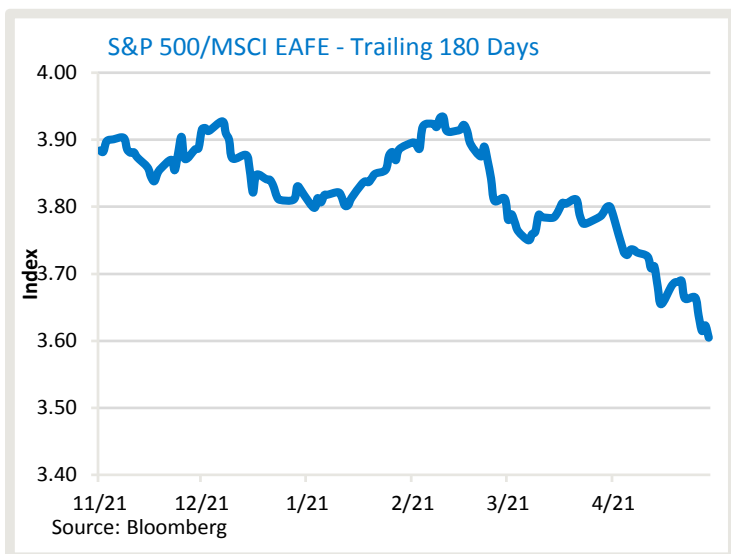
SELECTED ALTERNATIVE INVESTMENT INDEX PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
HFRX Global Hedge Fund Index	1226.04	-4.49	-0.36%	1.88%	HFRX Distressed Index	1090.95	-4.83	-0.44%	1.67%
HFRX Equity Market Neutral	994.49	-7.93	-0.79%	0.73%	HFRX Merger Arbitrage Index	1823.92	1.16	0.06%	0.63%
HFRX Equity Hedge Index	1188.32	-5.82	-0.49%	2.84%	HFRX Convertible Arbitrage Index	767.17	2.09	0.27%	3.31%
HFRX Event-Driven Index	1631.48	-0.05	0.00%	4.29%	HFRX Macro CTA Index	1118.76	-9.17	-0.81%	-1.46%
HFRX Absolute Return Index	1038.92	-1.39	-0.13%	1.02%	IQ Fixed Income Beta Arb Index	1443.58	1.16	0.08%	1.66%

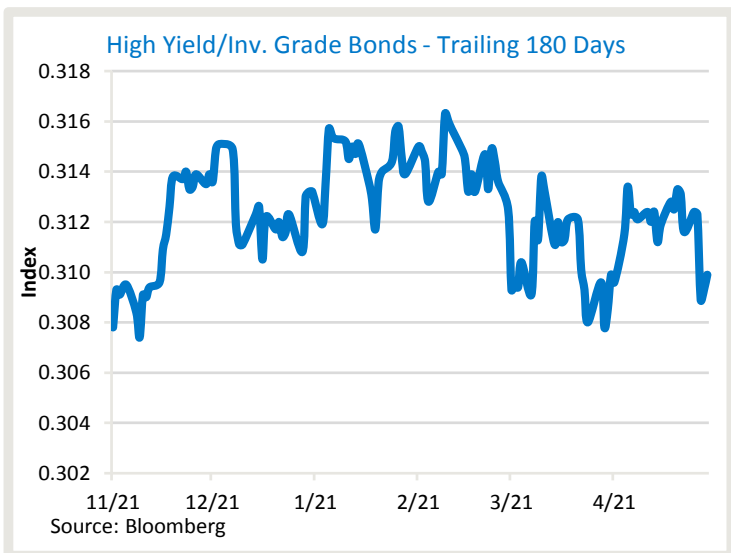
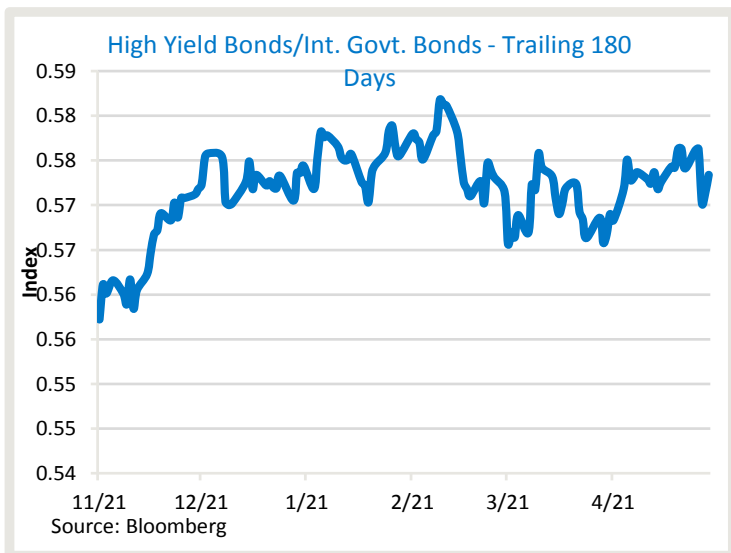
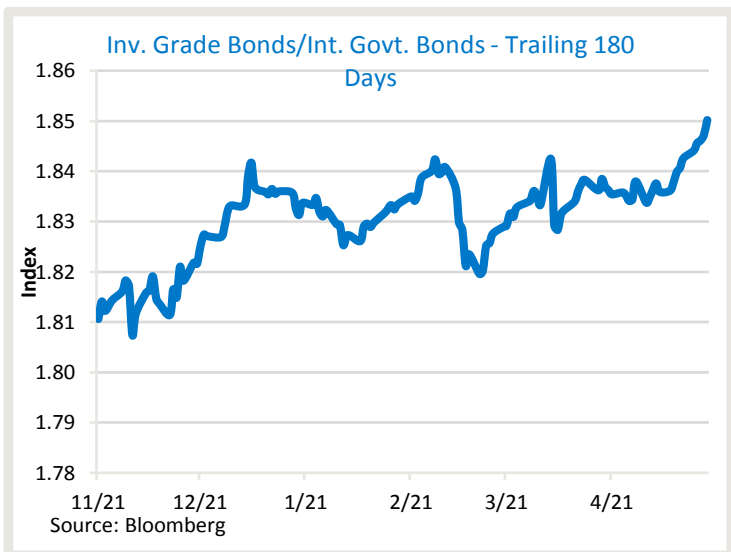
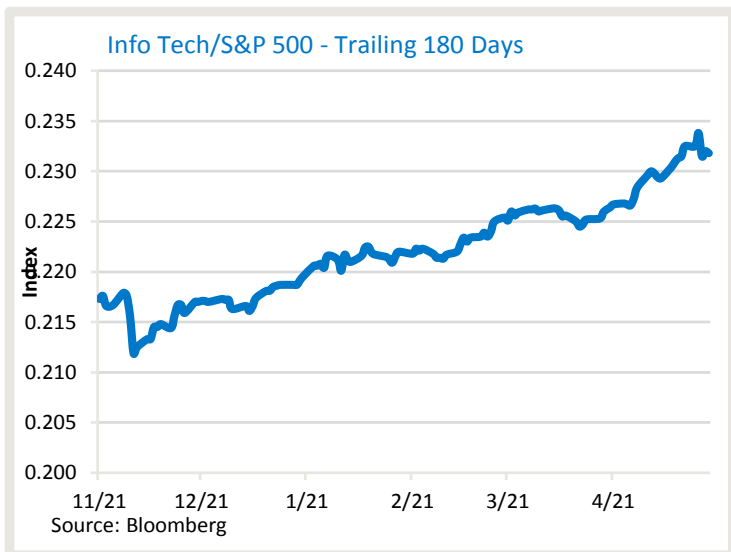
Source: Bloomberg; Index % change is based on price.



Portfolio Construction



Portfolio Construction (continued)



WEEKLY ASSET CLASS PERFORMANCE (Prior 12 weeks ending Thursday)

			3/2	3/9	3/16	3/23	3/30	4/6	4/13	4/20	4/27	5/4	5/11	5/18
Equity	Domestic Equity	Large Cap (R200)	0.84%	-0.48%	0.58%	-1.57%	0.90%	-0.41%	-1.20%	1.01%	1.47%	0.24%	0.08%	-1.17%
		Small Cap (R2000)	0.07%	-2.55%	1.90%	-2.35%	2.14%	-1.30%	-1.41%	2.89%	2.38%	-2.00%	0.10%	-2.09%
	Int'l. Equity	MSCI EAFE	-0.32%	-0.60%	2.80%	-0.21%	0.51%	-1.20%	-0.03%	0.21%	2.93%	0.94%	0.28%	0.55%
		MSCI Em. Mkts.	-1.65%	-1.43%	4.36%	0.49%	0.16%	-0.64%	-0.05%	-0.45%	2.21%	0.04%	2.07%	-1.20%
Fixed Income	BarCap Agg. (AGG)	-1.27%	1.07%	-2.33%	4.11%	-1.56%	17.34%	29.55%	-4.73%	-2.04%	-3.28%	-1.23%	-1.56%	
	High Yield (JNK)	-0.16%	-2.05%	0.85%	-0.71%	1.59%	-0.54%	-0.16%	0.54%	0.62%	-0.81%	0.68%	0.03%	
Commodities	Bloomberg Commodity Index	-0.44%	-2.77%	0.35%	-0.33%	0.90%	0.47%	0.64%	-2.15%	-0.98%	-1.68%	1.11%	0.36%	
Alternatives	Hedge Funds (HFRX Global)	0.11%	-0.49%	0.38%	-0.39%	0.28%	0.05%	-0.21%	0.17%	0.46%	-0.02%	0.17%	-0.38%	
Asset Allocation	60/40*	-0.32%	-0.29%	0.23%	0.69%	0.07%	5.57%	9.83%	-1.03%	0.54%	-1.17%	-0.22%	-1.08%	
	48/32/20 (w/Alts.)**	-0.24%	-0.33%	0.26%	0.47%	0.11%	4.47%	7.82%	-0.79%	0.53%	-0.94%	-0.14%	-0.94%	

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

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

RELATIVE STRENGTH MATRIX (BASED ON 30-DAY RSI)

	Large Cap Core	Large Cap Growth	Large Cap Value	Mid Cap Core	Mid Cap Growth	Mid Cap Value	Small Cap Core	Small Cap Growth	Small Cap Value	Int'l. Developed	Emerging Markets	REITs	Comm.	Int. Bond	High Yield
Large Cap Core	1.00	0.87	1.18	1.05	0.94	1.15	1.10	1.03	1.17	0.80	0.90	1.05	1.16	0.98	0.95
Large Cap Growth	1.15	1.00	1.35	1.20	1.08	1.32	1.26	1.18	1.35	0.92	1.03	1.21	1.34	1.12	1.09
Large Cap Value	0.85	0.74	1.00	0.89	0.80	0.97	0.93	0.87	1.00	0.68	0.76	0.89	0.99	0.83	0.80
Mid Cap Core	0.96	0.83	1.13	1.00	0.90	1.10	1.05	0.98	1.12	0.76	0.86	1.01	1.11	0.93	0.91
Mid Cap Growth	1.06	0.92	1.25	1.11	1.00	1.22	1.17	1.09	1.24	0.85	0.96	1.12	1.24	1.04	1.01
Mid Cap Value	0.87	0.76	1.03	0.91	0.82	1.00	0.96	0.90	1.02	0.70	0.78	0.92	1.01	0.85	0.83
Small Cap Core	0.91	0.79	1.07	0.95	0.86	1.04	1.00	0.93	1.06	0.73	0.82	0.96	1.06	0.89	0.86
Small Cap Growth	0.97	0.85	1.15	1.02	0.92	1.12	1.07	1.00	1.14	0.78	0.88	1.02	1.13	0.95	0.92
Small Cap Value	0.85	0.74	1.00	0.89	0.80	0.98	0.94	0.88	1.00	0.68	0.77	0.90	0.99	0.83	0.81
Int'l. Developed	1.25	1.09	1.47	1.31	1.18	1.43	1.37	1.28	1.46	1.00	1.12	1.32	1.45	1.22	1.18
Emerging Markets	1.11	0.97	1.31	1.16	1.05	1.28	1.22	1.14	1.30	0.89	1.00	1.17	1.29	1.09	1.05
REITs	0.95	0.83	1.12	0.99	0.89	1.09	1.05	0.98	1.11	0.76	0.85	1.00	1.10	0.93	0.90
Commodities	0.86	0.75	1.01	0.90	0.81	0.99	0.95	0.88	1.01	0.69	0.77	0.91	1.00	0.84	0.81
Int. Bond	1.02	0.89	1.21	1.07	0.96	1.17	1.13	1.05	1.20	0.82	0.92	1.08	1.19	1.00	0.97
High Yield	1.06	0.92	1.24	1.10	0.99	1.21	1.16	1.08	1.24	0.85	0.95	1.11	1.23	1.03	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 **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 **Nikkei Index (Nikkei 225 or Nikkei)** is a stock market index for the Tokyo Stock Exchange calculated daily by the Nihon Keizai Shimbun (Nikkei) newspaper since 1950. It is a price-weighted index (the unit is yen), and the components are reviewed once a year. 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 **DJ-UBS Commodity Index Total Return SM** measures the collateralized returns from a basket of 19 commodity futures contracts representing the energy, precious metals, industrial metals, grains, softs and livestock sectors. 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 **Philadelphia Fed Manufacturing Index** is a regional Federal Reserve Bank index measuring changes in business growth and is constructed from a survey of participants who voluntarily answer questions regarding the direction of change in their overall business activities. The **ISM Non-Manufacturing Index** is an index based on surveys of more than 400 non-manufacturing firms' purchasing and supply executives, within 60 sectors across the nation, by the Institute of Supply Management (ISM) and also tracks economic data, like the ISM Non-Manufacturing Business Activity Index. A composite diffusion index is created based on the data from these surveys that monitors economic conditions of the nation. The **Housing Market Index (HMI)** is based on a monthly survey of NAHB members designed to take the pulse of the single-family housing market. In May 2007, **Markit's U.S. PMI** research was extended out to cover producers of metal goods. In October 2009, Markit's U.S. Manufacturing PMI survey panel was extended further to cover all areas of U.S. manufacturing activity. The **NY Empire State Index** is an index 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 headline number for the NY Empire State Index refers to the survey's main index, which summarizes general business conditions in New York State. The **Industrial Production Index** is an economic indicator that measures real output for all facilities located in the United States manufacturing, mining, and electric, and gas utilities (excluding those in U.S. territories).

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