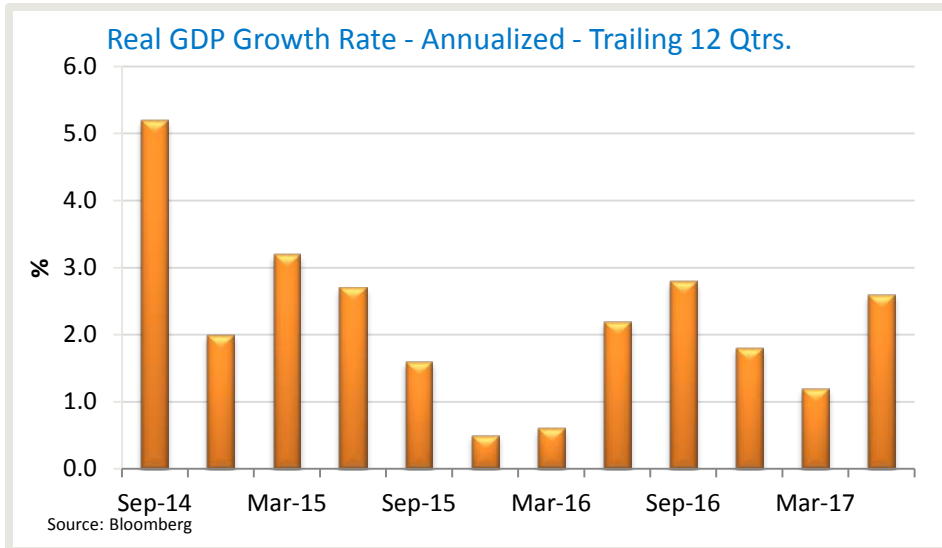


Weekly Market Review

August 25, 2017

Chart of the Week



Weekly Highlights

- **Central bankers** from around the world assembled for their annual summit in Jackson Hole, Wyoming. Investors watched closely for signs on the direction of future monetary policy as key speakers Federal Reserve Chair, Janet Yellen, and European Central Bank President, Mario Draghi, took the podium. Both individuals were relatively cautious in their comments, but Yellen did allude to financial stability concerns not affecting the pace of future rate hikes.
- **New Home Sales** for the month of July came in lower than expected, with a report of 571,000 versus expectations of 615,000, and a previous reading of 630,000—perhaps signaling a shortage in housing.
- **Durable goods orders** fell by 6.8% in July, in sharp contrast to a gain of 6.4% the previous month—a decline that was driven largely by a significant reduction in aircraft orders.
- **US initial jobless claims** rose slightly from 232,000 to 234,000, but remained well under market expectations of 238,000.
- **Amazon** announced that its \$13.7 Whole Foods acquisition would close on Monday, August 28, and that customers would immediately see a drop in prices across many core staples.

Talking Points

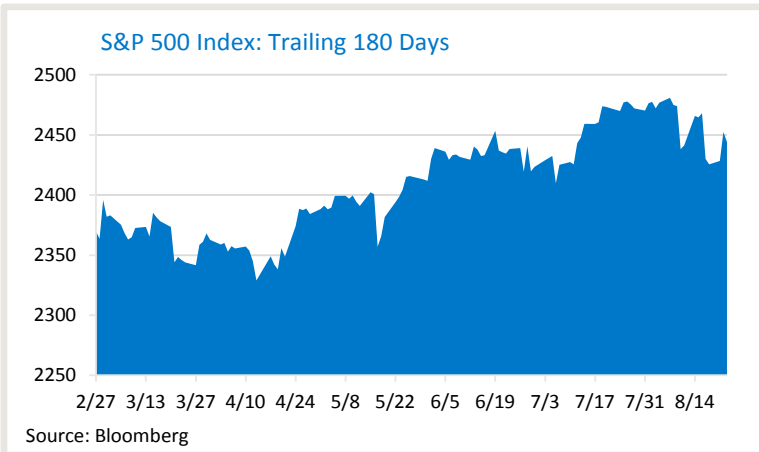
- **Among equities**, small caps outperformed large caps—with the Russell 2000 Index outperforming the S&P 500 Index. Value stocks slightly outperformed growth stocks, and international equities outperformed domestic equities. Emerging markets outperformed developed markets.
- **Treasury prices increased during the week.** The yield on the 10-year Treasury Note declined from 2.197% to 2.17%.
- **Commodity indices were relatively flat**, as gold edged higher and oil and grains declined.
- **The dollar** declined slightly relative to a basket of major currencies.
- **Among other economic data released this week**, initial jobless claims increased to 244,000, up from 238,000 the week prior. Durable goods orders fell by 6.8% in July, compared to a gain of 6.4% the previous month. And, the Kansas City Fed Manufacturing Survey increased to 22 in August from 2 the month prior.

Market Dashboard

	Last Price	Change	% Chg.	YTD %
S&P 500	2,443.05	17.50	0.72%	9.1%
Dow Industrials	21,813.67	139.16	0.64%	10.4%
Nasdaq	6,265.65	49.12	0.79%	16.4%
Russell 2000	1,377.45	19.66	1.45%	1.5%
Euro Stoxx Index	374.07	-0.13	-0.03%	3.5%
Shanghai Composite	3,331.52	62.80	1.92%	7.3%
Russell Global	1,974.04	12.98	0.66%	12.0%

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

	Last Price	Change	% Chg.	YTD %
Russell Global EM	3,389.04	65.98	1.99%	24.1%
10-Year US Treas.	2.17	-3 bps	NM	NM
DJ UBS Comm. Idx.	83.29	0.06	0.07%	-4.8%
Gold	\$1,291.26	\$7.26	0.57%	12.5%
Crude Oil	\$47.79	-\$0.85	-1.75%	-16.2%
Dollar Index	92.50	-0.89	-0.96%	-9.5%
VIX Index	11.28	-2.98	-20.90%	-19.7%



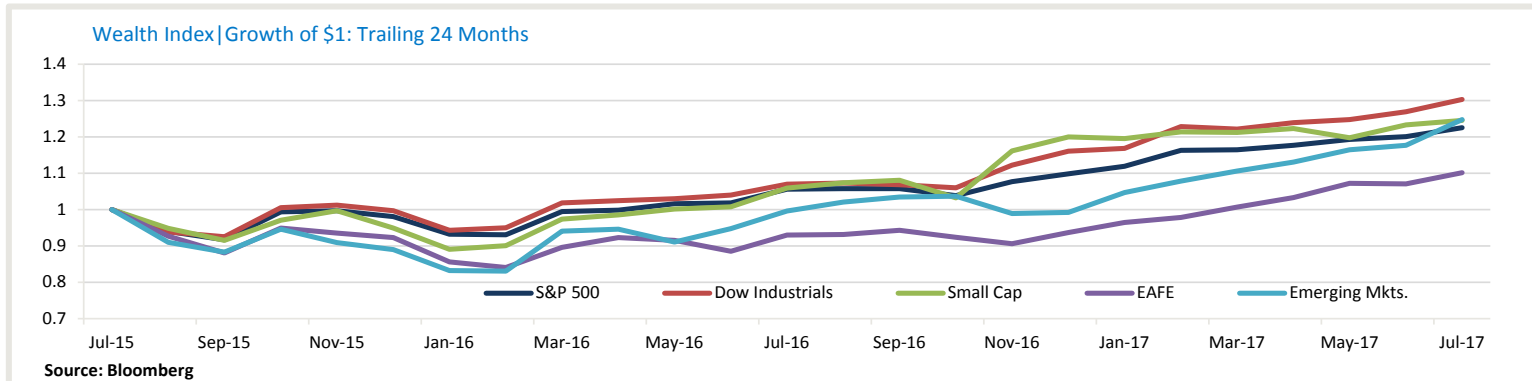
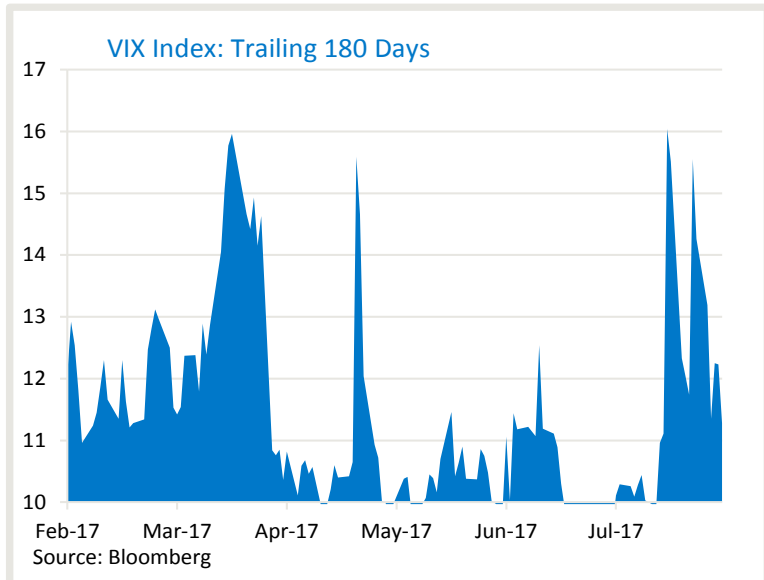
	One Week			YTD		
	Value	Growth		Value	Growth	
L	0.65%	0.66%	0.66%	2.57%	9.99%	17.23%
	1.16%	1.09%	0.99%	2.74%	6.45%	11.15%
S	1.81%	1.45%	1.10%	-3.50%	1.50%	7.08%

Source: Bloomberg

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

	% Wgt in S&P 500	Week % Chg.	YTD % Chg.
Consumer Discretionary	12.1	0.39%	8.7%
Consumer Staples	8.6	-0.97%	5.5%
Energy	5.7	1.03%	16.7%
Financials	14.5	0.74%	6.2%
Health Care	14.3	1.08%	14.2%
Industrials	10.1	0.34%	6.7%
Information Technology	23.3	0.97%	22.5%
Materials	2.9	1.28%	9.1%
Real Estate	3.0	2.26%	6.2%
Telecom Services	2.2	1.98%	-9.9%
Utilities	3.3	1.01%	12.7%

Source: Bloomberg



The Economy and Markets

A Macro View – Jackson Hole Jenga: Balancing Growth, Interest Rates, and Inflation Objectives

Financial market leaders from around the world assembled in Jackson Hole, Wyoming this week, amidst a pristine backdrop of the snow-capped Teton Mountains and glacial blue, trout-filled lakes. The theme of this year's agenda is 'Fostering a Dynamic Global Economy,' as central bankers contend with evaluating global growth and determining the correct policy options to put in place. Much like a game of Jenga, they seek to strike a delicate balance to keep their economies advancing forward. The strong building blocks of indicators, like high consumer confidence and low unemployment, weigh against the considerations of potential potholes, such as tepid inflation and geopolitical uncertainty.

Among the most widely anticipated remarks from the figureheads in attendance are those of Federal Reserve Chair, Janet Yellen, and European Central Bank President, Mario Draghi. Investors are listening closely for clues that may help determine whether the Federal Reserve (Fed) remains on track to raise interest rates in December. Leading into the Summit, Yellen was not expected to veer meaningfully from New York Fed President, William Dudley's, remarks on August 10, reinforcing the Fed's gradual approach to tightening and expectations of a modest rise in inflation during the second half of the year. Similarly, Mario Draghi was not expected to stray significantly from his prior guidance, but also is being watched closely for signals related to the timing of winding down the ECB's \$2.6 trillion bond-buying program. Earlier this summer, he had suggested that 'reflationary forces' had been introduced in the Eurozone but that a 'considerable amount' of monetary support was still needed for inflation to stabilize.

The US stock market, for its part, has continued to soar. Like a fast-rising skyscraper on Manhattan's illustrious skyline, the market has continued to climb at an unprecedented pace since its March 2009 lows. New records have been reached and then set again, as indices broach their all-time highs only to surpass them later. The Dow Jones Industrial Average peaked at an intra-day high of 22,179 on August 8, and appears poised to break it again in short order, particularly if Trump's tax reform goes through. The Dow has since given back some of its gains, but rallied nearly 200 points on Tuesday on such hopes, as investors displayed enthusiasm toward a *Politico* news story regarding the administration's strides on tax legislation and infrastructure spending.

Tax reform has certainly been a defining point of President Donald Trump's political campaign, and the market has rallied considerably on its prospects. Should additional headway be made in October, some speculate that the Dow could approach 30,000. Although this very thought may make some investors lightheaded, the rally could have legs when considering the additional economic value tax cuts could bring in terms of job creation, heightened infrastructure spending by small businesses, and repatriation of corporate profits overseas. Additional revenue also may be generated by capping the mortgage interest deduction. Nonetheless, whether Trump can deliver on either of these promises remains to be seen. Any new legislation will certainly face hurdles in terms of budget considerations, lobbying by special interest groups, and progression through both the House and Senate.

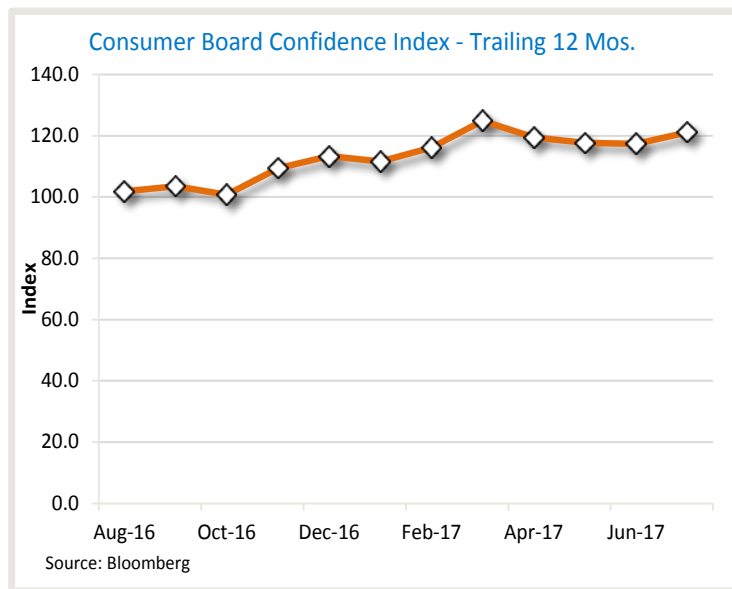
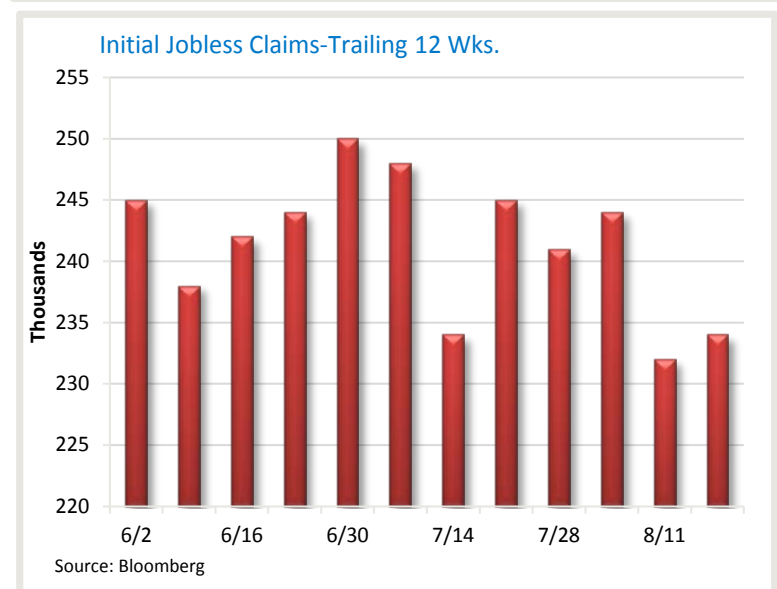
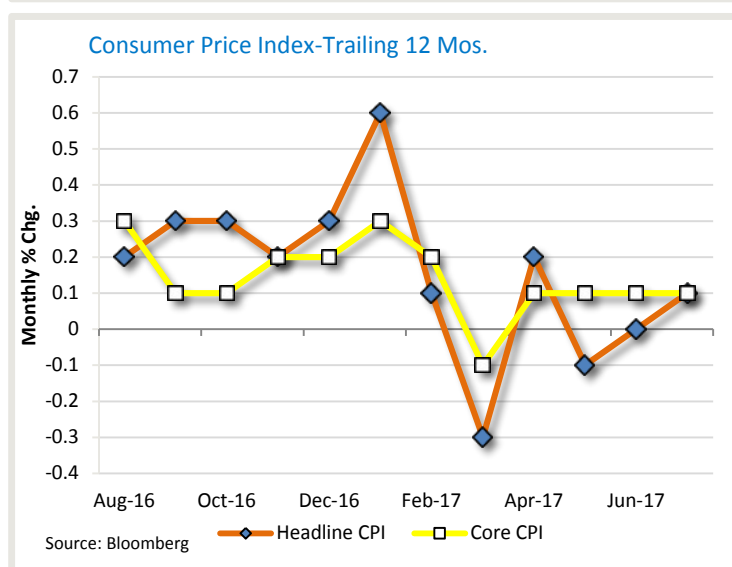
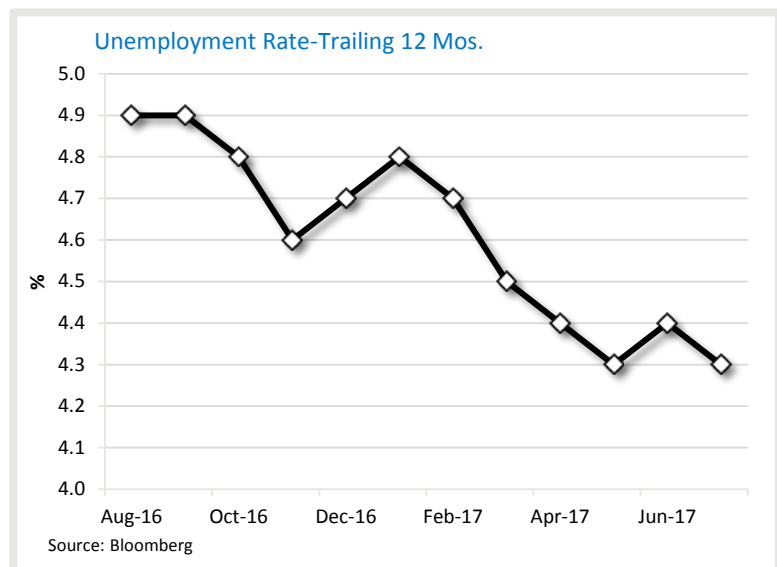
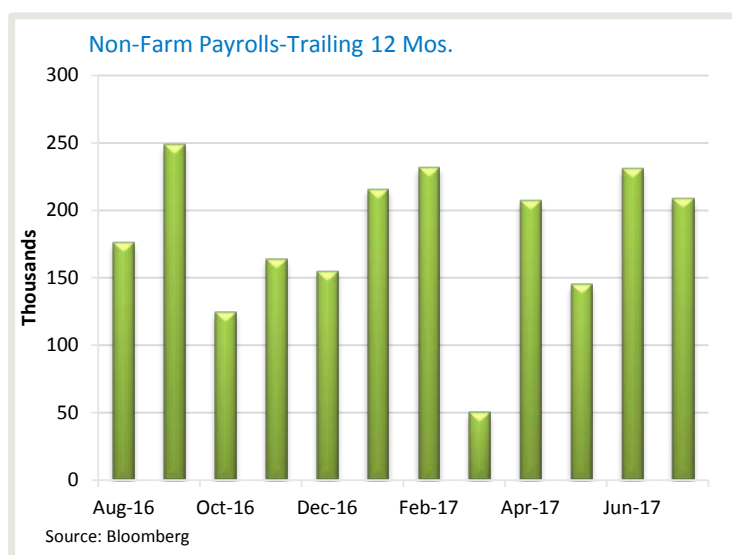
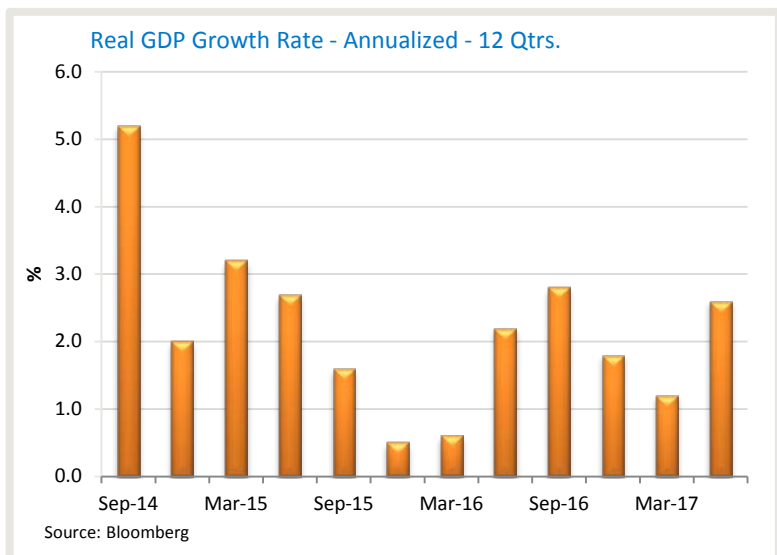
Although the stock market's strength has little bearing on monetary policy, Trump's tax cuts, if enacted, could have a tangible impact on boosting gross domestic product (GDP). This growth, in turn, theoretically could offset potential cutbacks in borrowing related to higher interest rates—further exacerbating the inflation (or lack thereof) dilemma. One challenge facing central bankers in both Europe and the US is that inflation remains inexplicably low and has not kept up with the growth in the labor markets, leaving both economies operating well under their 2% targets.

So, by some measures, our towers are exceedingly high, and many investors are questioning whether we can bear the weight of another beam. However, as history reminds us, a loose block will not necessarily disturb the rest of the structure if the foundation is otherwise solid, and there are many reasons to believe that the US economy is reasonably sound. Unemployment is low, the dollar is strong, and consumer sentiment is high. Additionally, the Federal Open Market Committee (FOMC) has shown a commitment toward supportive monetary policy, and any tightening is likely to be well thought out, thoroughly vetted, and deliberately slow in execution.

Cynthia Crandall
VP, Senior Investment Analyst

Source: Bloomberg

Economic Data



Eurozone

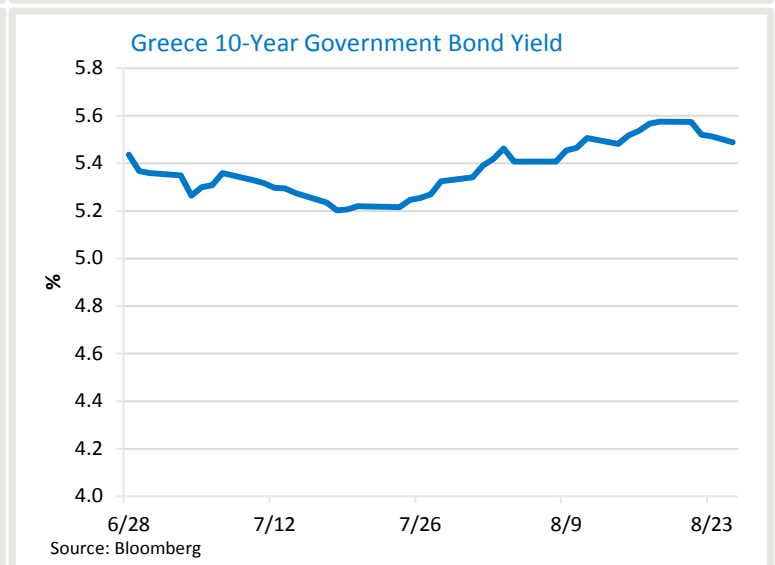
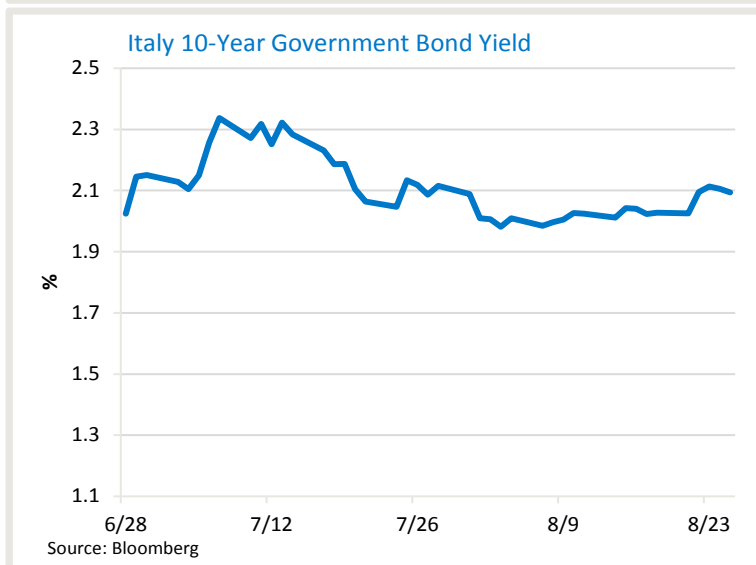
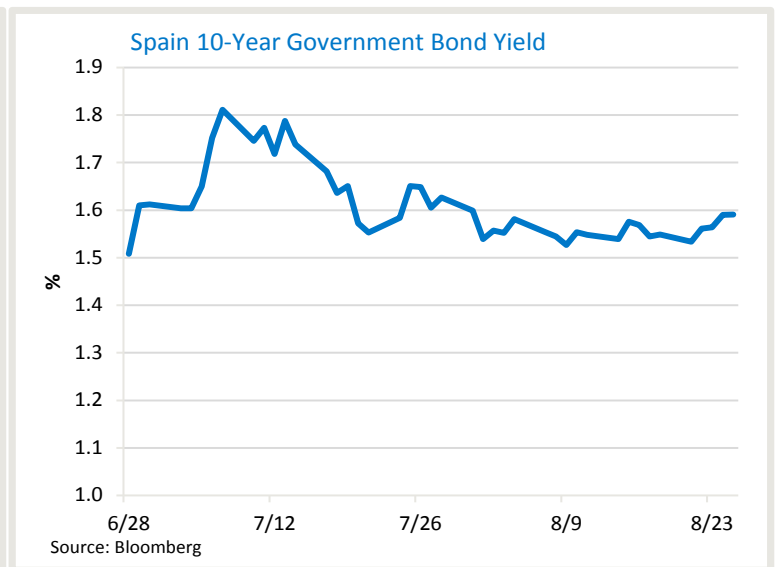
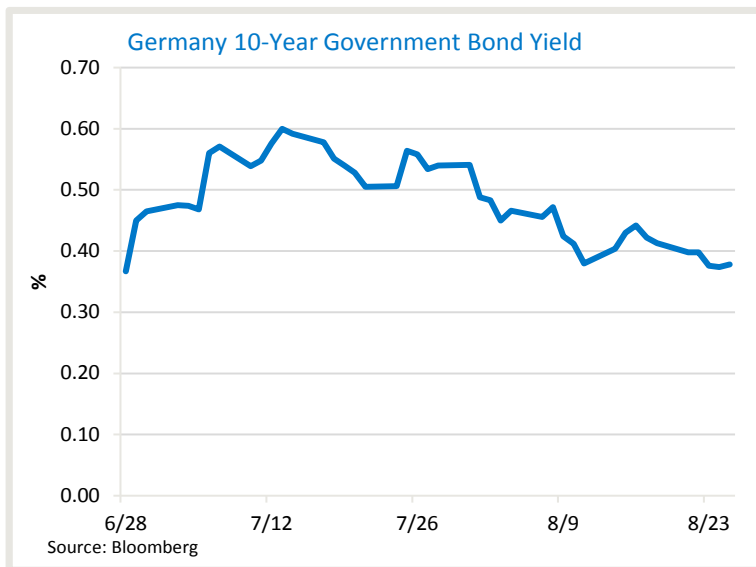
SELECTED EUROPEAN SOVEREIGN YIELD PERFORMANCE

	Last	Change	% Chg.	YTD %
Germany 10-Yr. Govt.	0.38	3 bps	NM	NM
Greece 10-Yr. Govt.	5.49	6 bps	NM	NM
Italy 10-Yr. Govt.	2.09	-6 bps	NM	NM
Spain 10-Yr. Govt.	1.59	-4 bps	NM	NM
Belgium 10-Yr. Govt.	0.70	2 bps	NM	NM

	Last	Change	% Chg.	YTD %
France 10-Yr. Govt.	0.69	1 bps	NM	NM
Ireland 10-Yr. Govt.	0.72	1 bps	NM	NM
Portugal 10-Yr. Govt.	2.84	-9 bps	NM	NM
Netherlands 10-Yr. Govt.	0.51	3 bps	NM	NM
U.K. 10-Yr. Govt.	1.05	4 bps	NM	NM

Source: Bloomberg

Basis points (bps)



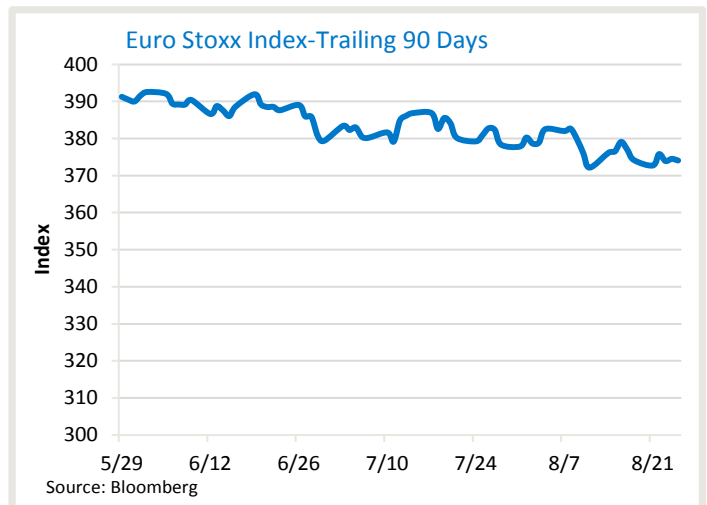
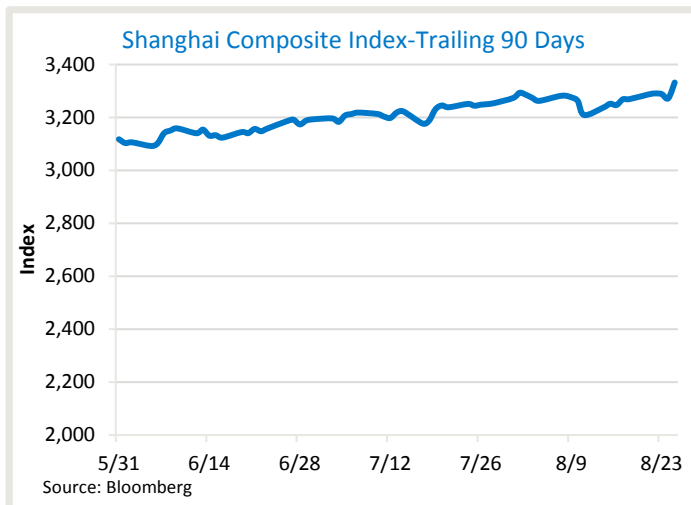
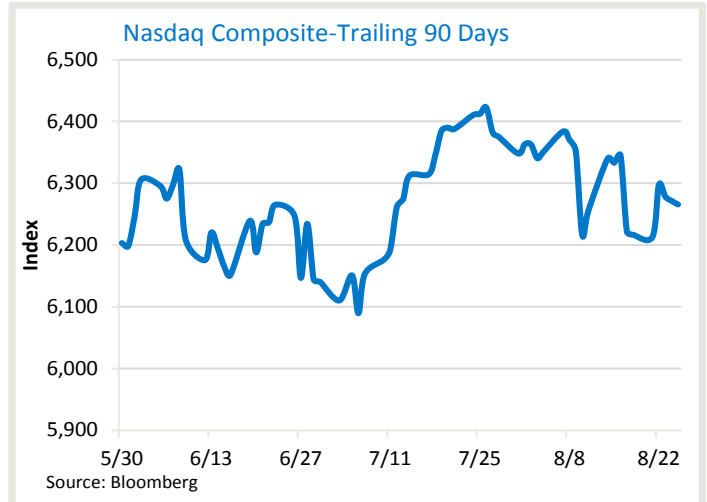
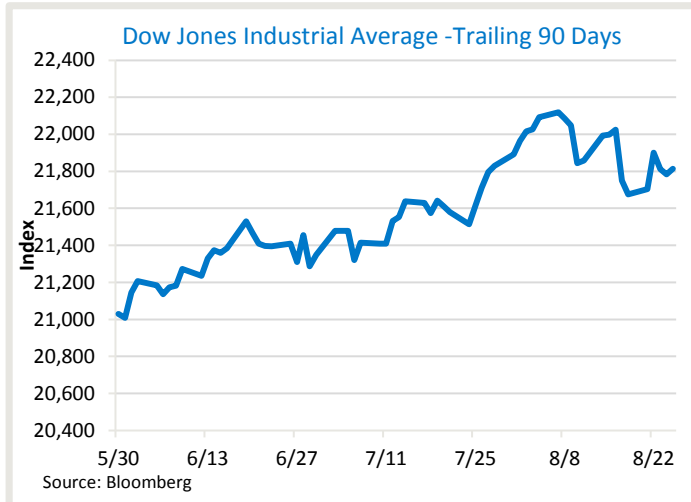
Equities

WORLD MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
S&P 500	2,443.05	17.50	0.72%	9.12%
Dow Industrials	21,813.67	139.16	0.64%	10.38%
Nasdaq Composite	6,265.65	49.12	0.79%	16.39%
Russell Global	1,974.04	12.98	0.66%	12.0%
Russell Global EM	3,389.04	65.98	1.99%	24.1%
S&P/TSX (Canada)	15,055.99	103.66	0.69%	-1.51%
Mexico IPC	51,373.23	297.77	0.58%	12.55%
Brazil Bovespa	71,073.65	2358.99	3.43%	18.01%
Euro Stoxx 600	374.07	-0.13	-0.03%	3.50%
FTSE 100	7,401.46	77.48	1.06%	3.62%
IBEX 35 (Spain)	10,345.30	-40.40	-0.39%	10.62%

	Last	Change	% Chg.	YTD %
Swiss Market Index	8,906.18	31.83	0.36%	8.35%
CAC 40 Index (France)	5,104.33	-9.82	-0.19%	4.98%
DAX Index (Germany)	12,167.94	2.75	0.02%	5.98%
Irish Overall Index	6,643.52	-61.74	-0.92%	1.94%
Nikkei 225	19,452.61	-17.80	-0.09%	1.77%
Hang Seng Index	27,848.16	503.94	1.84%	26.58%
Shanghai Composite	3,331.52	62.80	1.92%	7.34%
Kospi Index (S. Korea)	2,378.51	20.14	0.85%	17.37%
Taiwan Taiex Index	10,515.51	194.18	1.88%	13.64%
Tel Aviv 25 Index	1,396.08	1.59	0.11%	-5.08%
MICEX Index (Russia)	1,979.14	48.43	2.51%	-11.36%

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



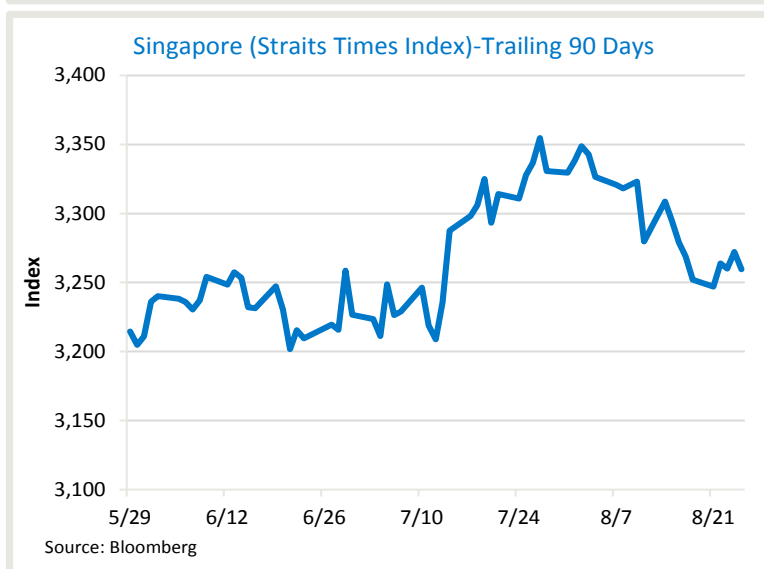
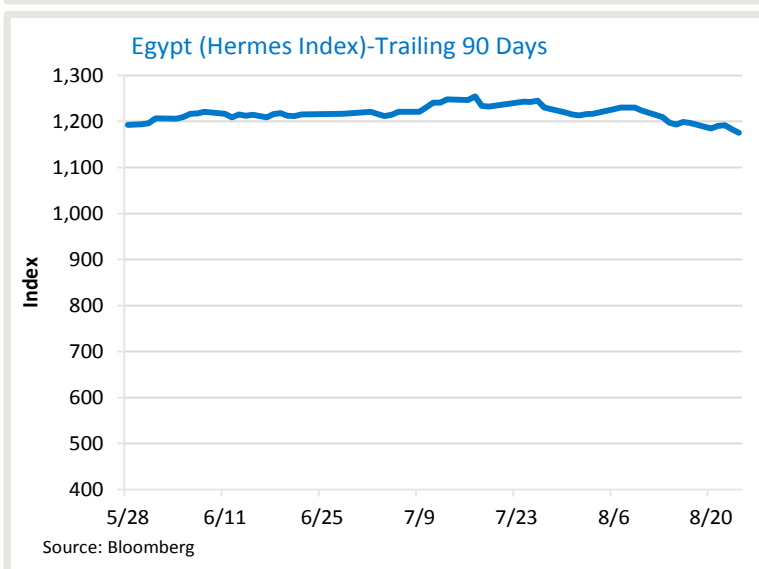
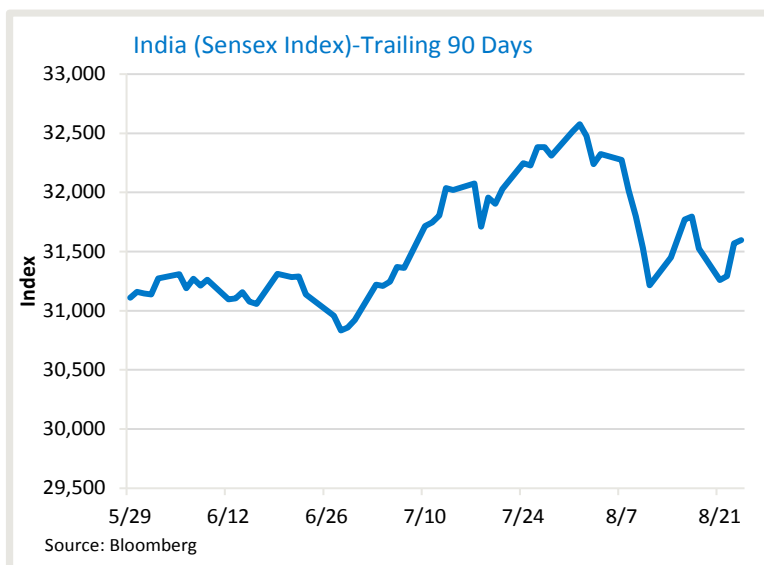
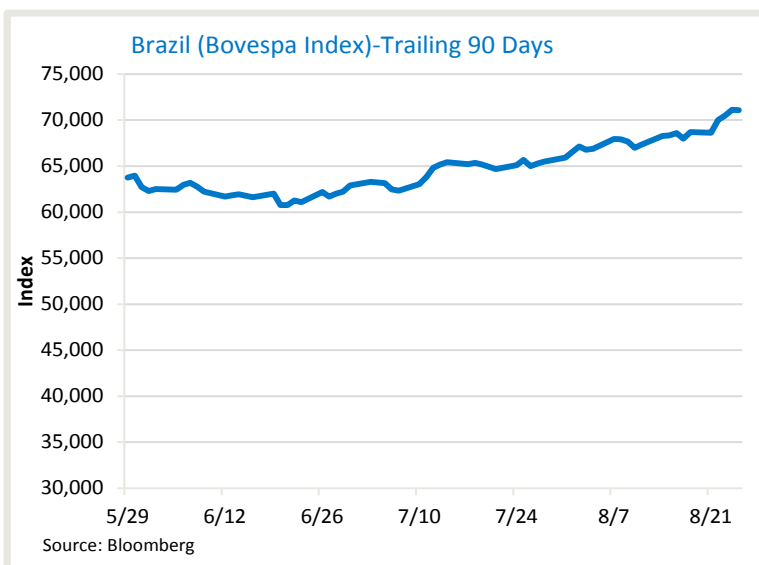
Equities – Emerging and Frontier Markets

EMERGING AND FRONTIER MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
Mexico IPC	51,373.23	297.77	0.6%	12.6%
Brazil (Bovespa Index)	71,073.65	2358.99	3.4%	18.0%
MICEX Index (Russia)	1,979.14	48.43	2.5%	-11.4%
Czech Republic (Prague)	1,036.56	3.52	0.3%	12.5%
Turkey (Istanbul)	109,755.14	2552.70	2.4%	40.5%
Egypt (Hermes Index)	1,175.60	-21.42	-1.8%	8.0%
Kenya (Nairobi 20 Index)	4,069.20	76.44	1.9%	27.7%
Saudi Arabia (TASI Index)	7,245.66	66.32	0.9%	0.5%
Lebanon (Beirut BLOM Index)	1,160.29	11.71	1.0%	-4.2%
Palestine	566.15	0.84	0.1%	6.8%

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

	Last	Change	% Chg.	YTD %
Hang Seng Index	27,848.16	503.94	1.8%	26.6%
India (Sensex 30)	31,596.06	71.38	0.2%	18.7%
Malaysia (KLCI Index)	1,769.17	-7.05	-0.4%	7.8%
Singapore (Straits Times Index)	3,259.57	7.58	0.2%	13.1%
Thailand (SET Index)	1,575.85	9.32	0.6%	2.1%
Indonesia (Jakarta)	5,915.36	21.52	0.4%	11.7%
Pakistan (Karachi KSE 100)	42,641.75	-436.63	-1.0%	-10.8%
Vietnam (Ho Chi Minh)	771.63	2.66	0.3%	16.1%
Sri Lanka (Colombo)	6,409.37	-26.91	-0.4%	2.9%
Cambodia (Laos)	1,018.72	-7.92	-0.8%	0.4%

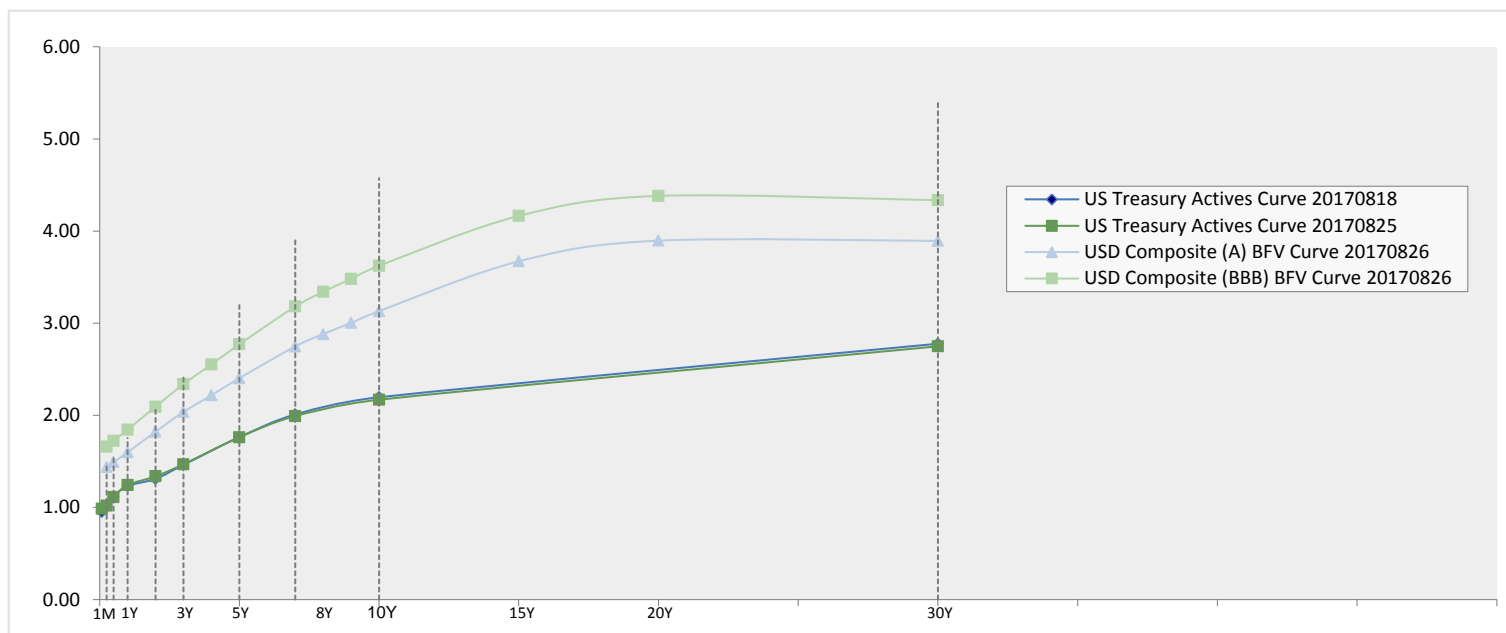


Interest Rates

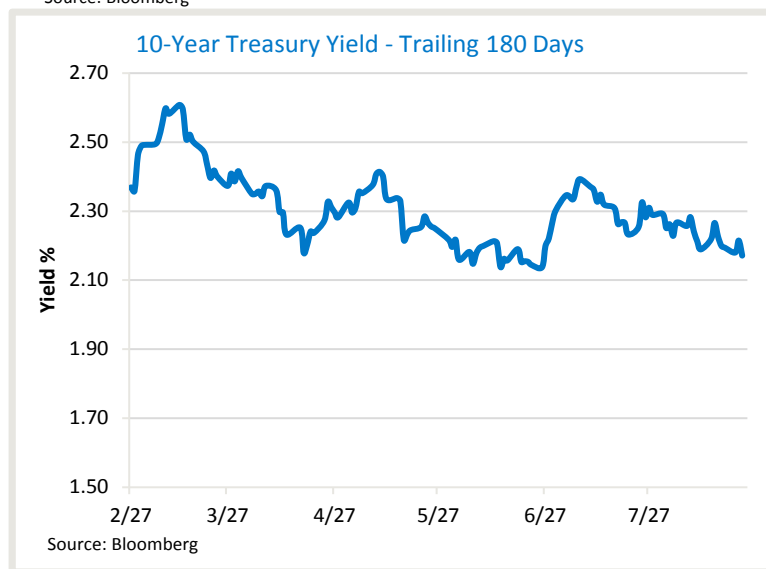
SELECTED INTEREST RATES

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
2-Yr. U.S. Treasury	1.34%	-1 bps	NM	NM	Prime Rate	4.25%	0.00	NM	NM
5-Yr. U.S. Treasury	1.76%	-1 bps	NM	NM	Fed Funds Rate	1.25%	0.00	NM	NM
10-Yr. U.S. Treasury	2.17%	-3 bps	NM	NM	Discount Rate	1.75%	0.00	NM	NM
30-Yr. U.S. Treasury	2.75%	-3 bps	NM	NM	LIBOR (3 Mo.)	1.32%	0 bps	NM	NM
German 10-Yr. Govt.	0.38%	3 bps	NM	NM	Bond Buyer 40 Muni	3.46%	-2 bps	NM	NM
France 10-Yr.	0.69%	1 bps	NM	NM	Bond Buyer 40 G.O.	3.53%	NA	NM	NM
Italy 10-Yr.	2.09%	-6 bps	NM	NM	Bond Buyer 40 Rev.	3.74%	NA	NM	NM
Fed 5-Yr Fwd BE Inf.	1.81%	-1 bps	NM	NM					

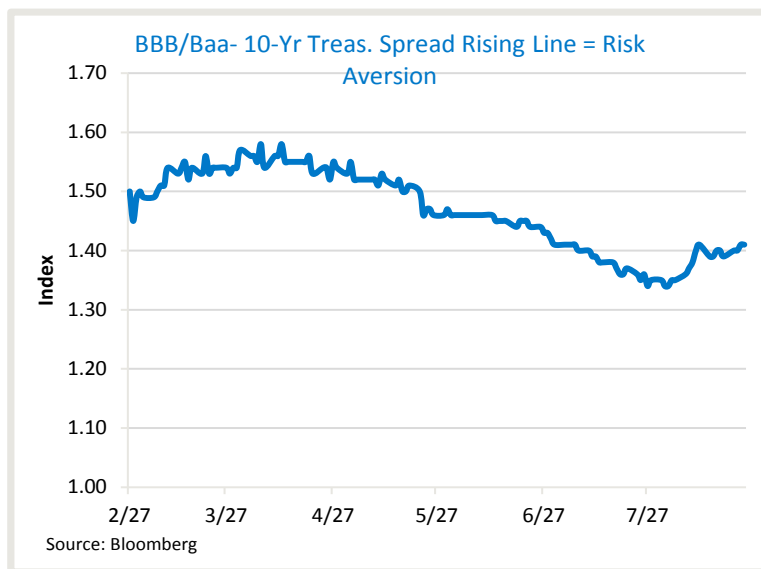
Source: Bloomberg



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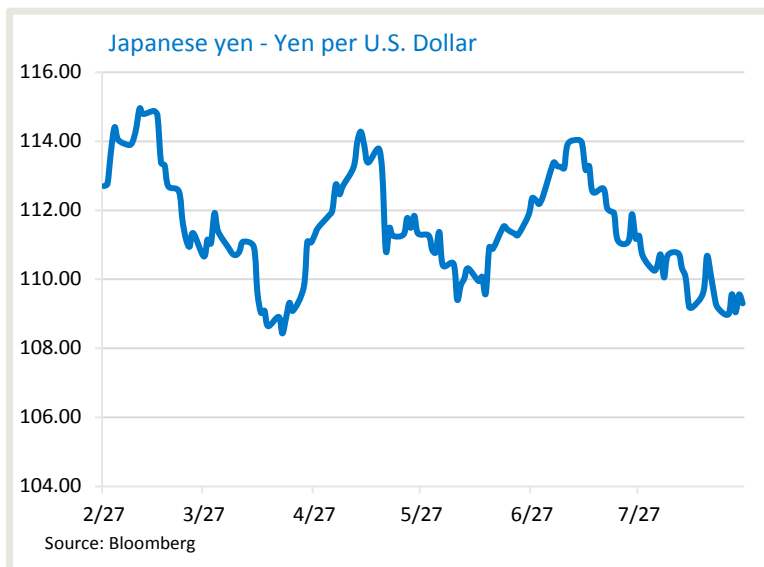
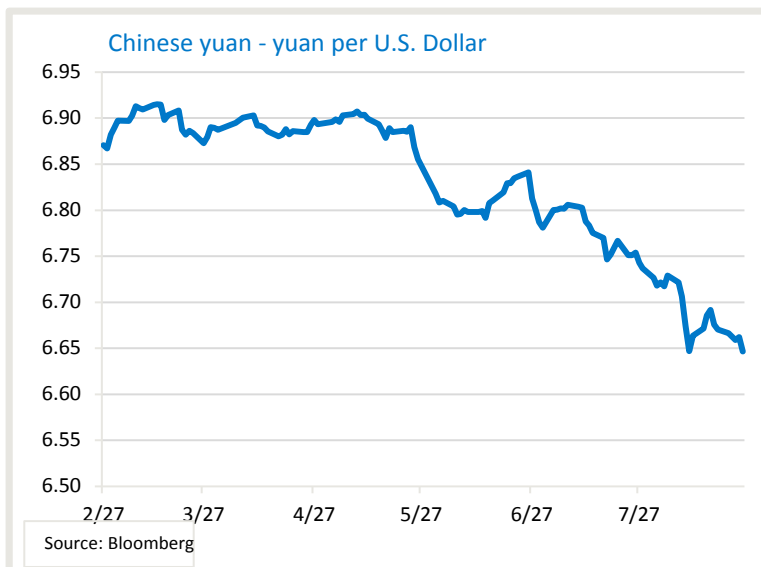
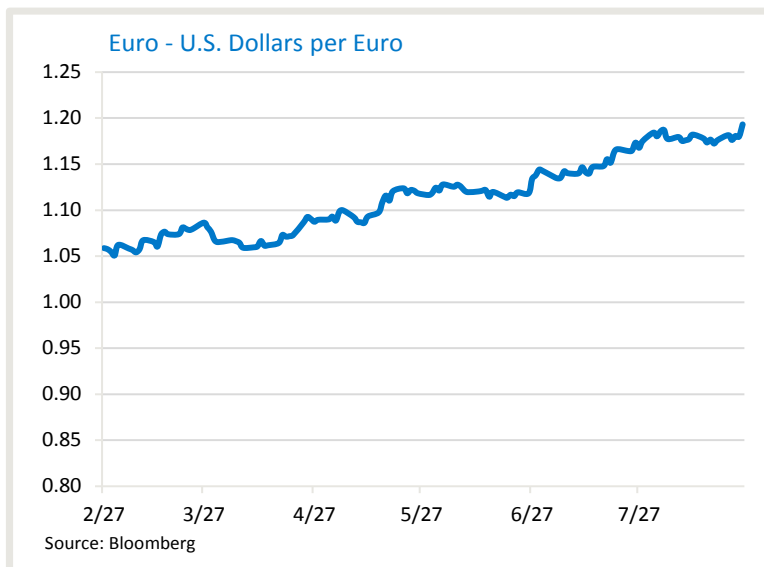
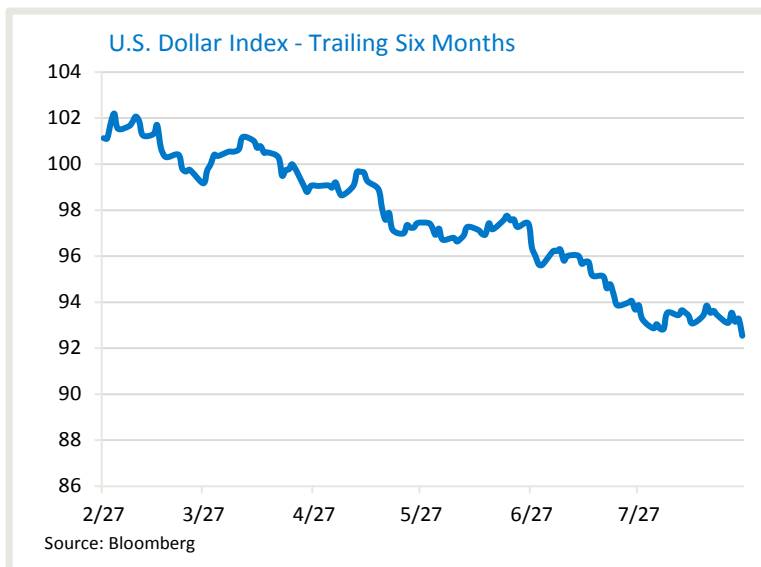
Currencies

SELECTED CURRENCY PERFORMANCE

	Last	Change	% Chg.	YTD %
Dollar Index	92.53	-0.894	-0.96%	-9.46%
Euro	1.19	0.017	1.45%	13.44%
Japanese Yen	109.32	0.120	-0.11%	7.01%
British Pound	1.29	0.001	0.06%	4.36%
Canadian Dollar	1.25	-0.010	0.78%	7.64%

	Last	Change	% Chg.	YTD %
Chinese Yuan	6.65	-0.024	0.36%	4.49%
Swiss Franc	0.96	-0.008	0.88%	6.57%
New Zealand Dollar	0.72	-0.007	-0.94%	4.47%
Brazilian Real	3.16	0.007	-0.23%	3.02%
Mexican Peso	17.61	-0.097	0.55%	17.68%

Source: Bloomberg



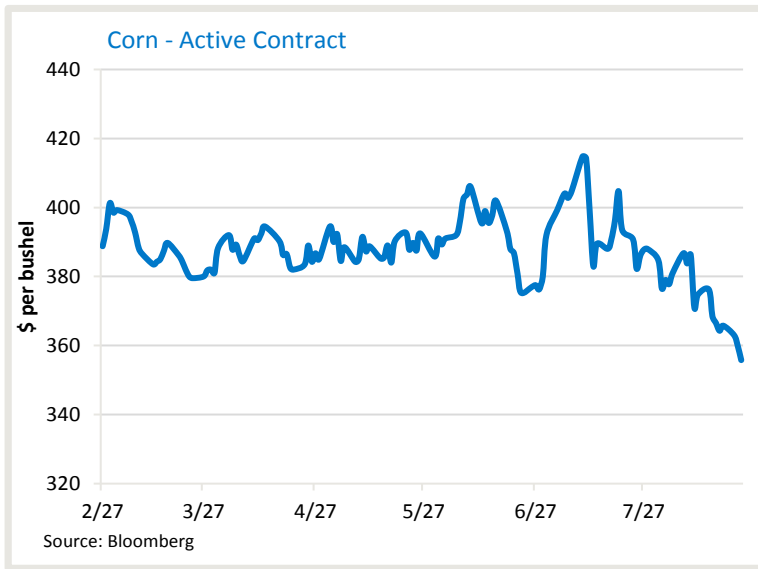
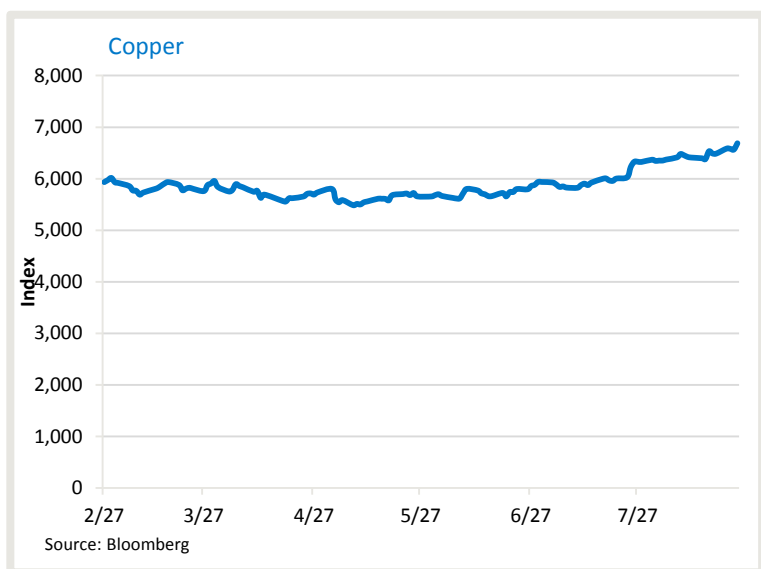
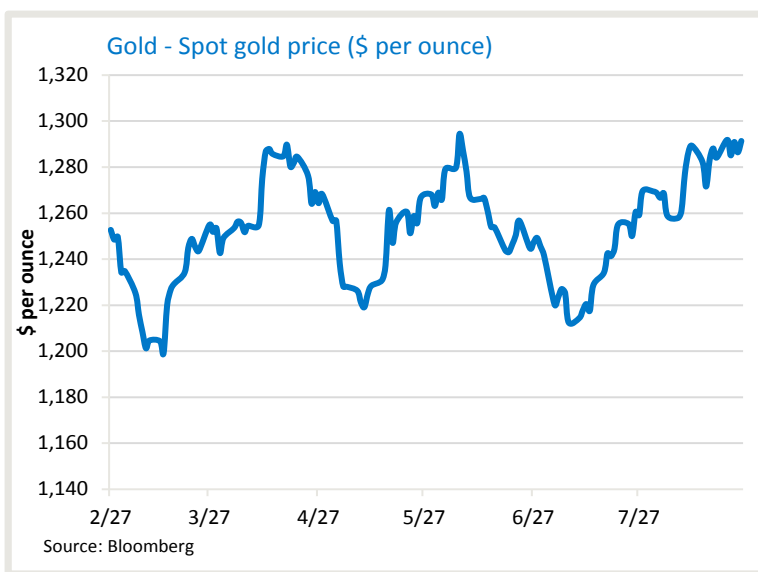
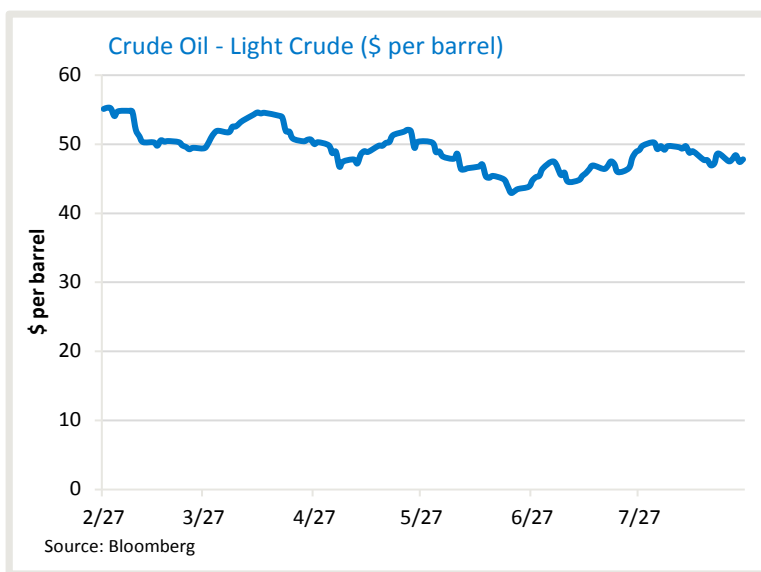
Commodities

SELECTED COMMODITY MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
Bloomberg Comm. Idx.	83.29	0.06	0.07%	-4.82%
Crude Oil	\$47.79	-\$0.85	-1.75%	-16.17%
Natural Gas	\$2.90	\$0.00	0.14%	-18.44%
Gasoline (\$/Gal.)	\$2.35	\$0.02	0.64%	0.69%
Heating Oil	162.10	0.14	0.09%	-8.68%
Gold Spot	\$1,290.97	\$7.26	0.57%	12.54%
Silver Spot	\$17.04	\$0.09	0.54%	7.11%

Source: Bloomberg; % change is based on price.

	Last	Change	% Chg.	YTD %
Platinum Spot	\$974.15	-\$2.91	-0.30%	7.96%
Corn	353.50	-12.25	-3.35%	-6.97%
Wheat	435.25	-7.25	-1.64%	-6.40%
Soybeans	944.50	6.75	0.72%	-4.52%
Sugar	14.03	0.62	4.62%	-24.77%
Orange Juice	135.45	-0.95	-0.70%	-27.26%
Aluminum	2,106.00	44.00	2.13%	24.39%
Copper	6,688.00	202.00	3.11%	20.82%

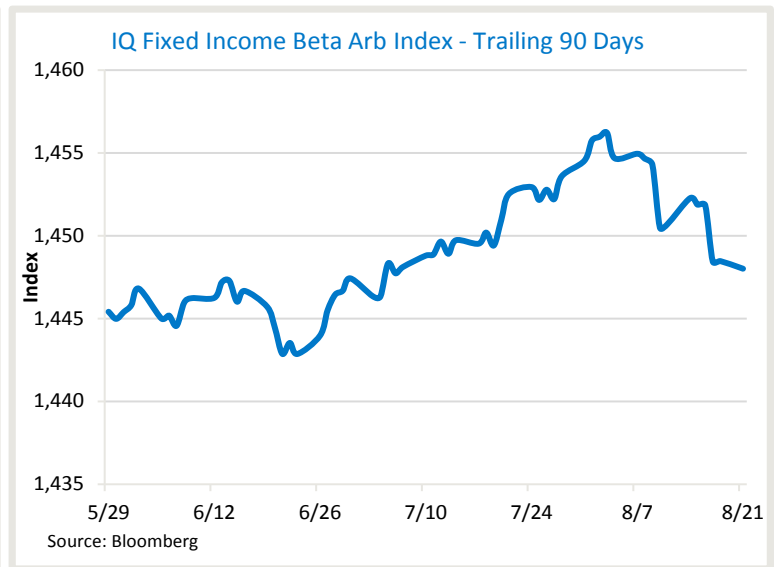
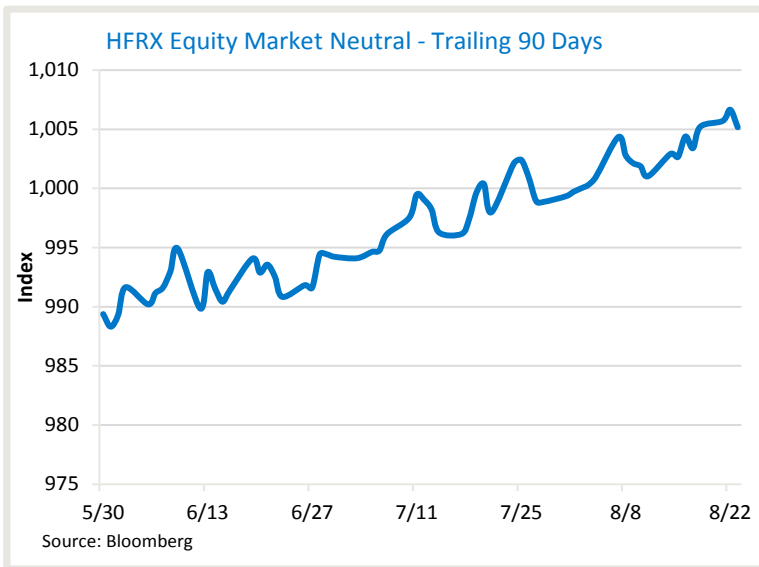
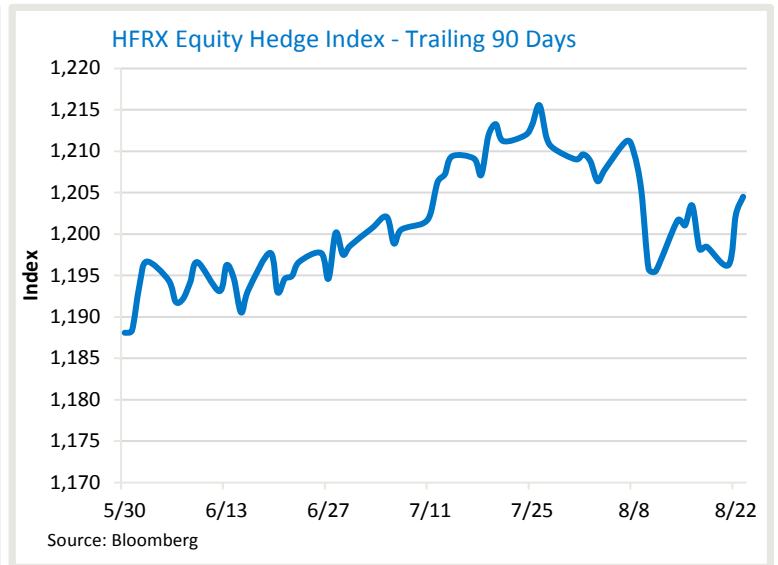
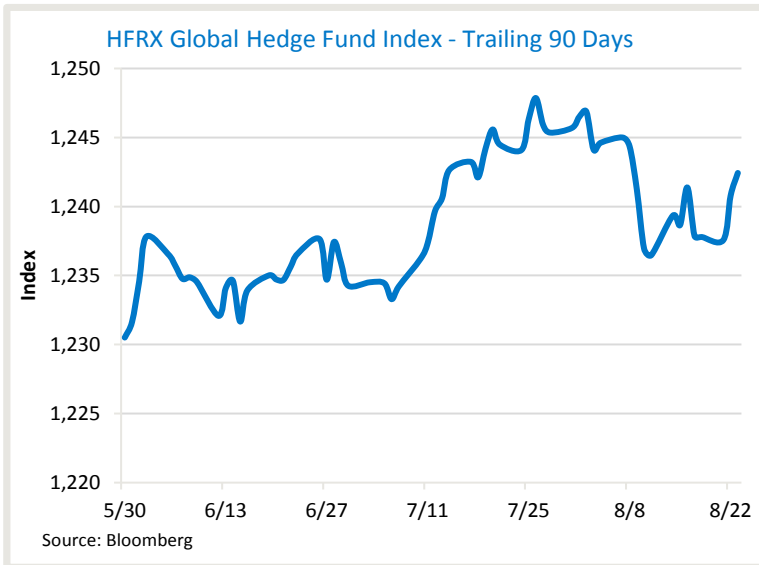


Alternative Investments

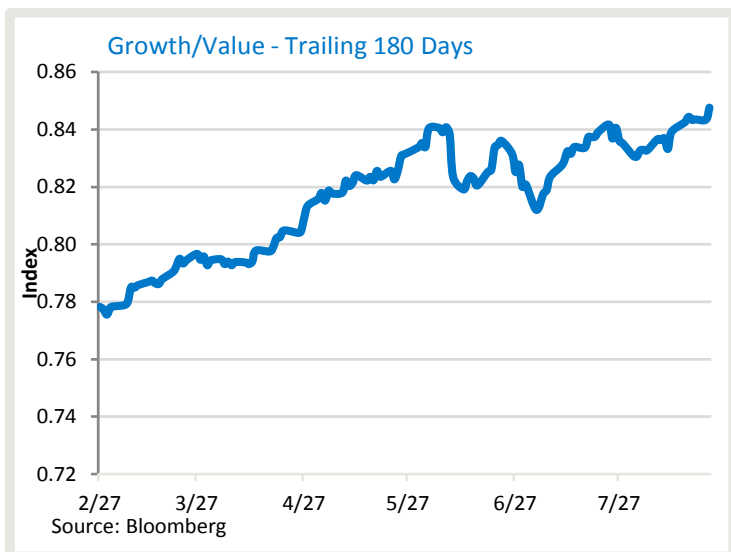
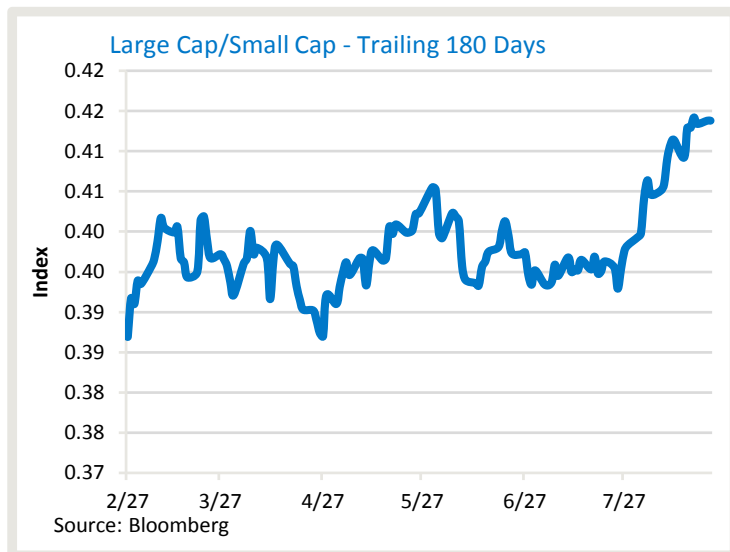
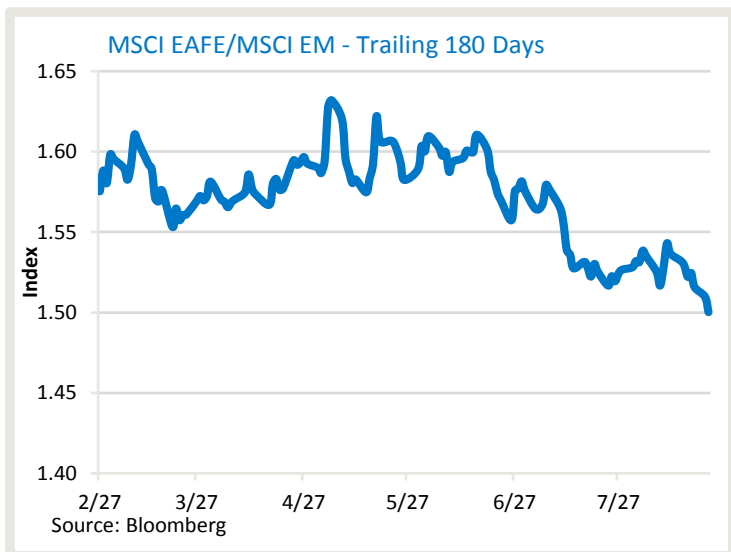
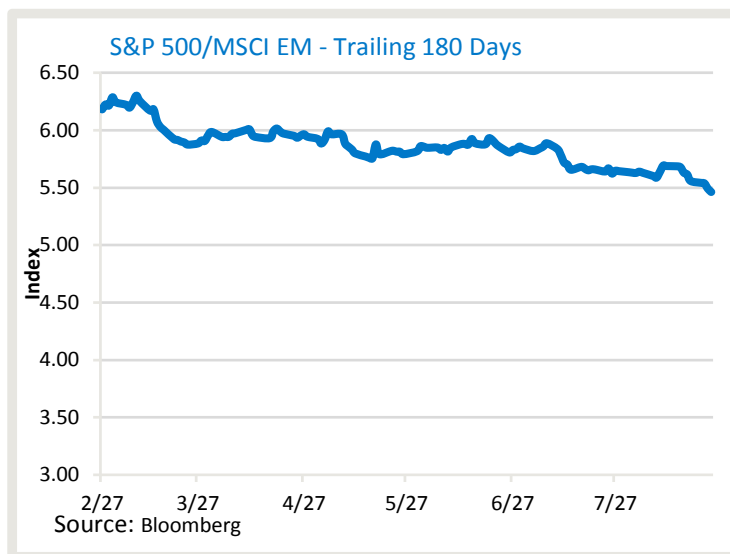
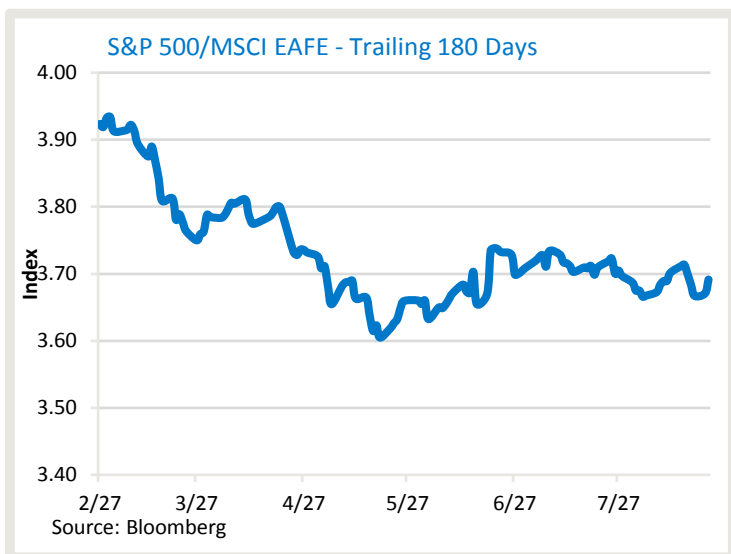
SELECTED ALTERNATIVE INVESTMENT INDEX PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
HFRX Global Hedge Fund Index	1242.01	4.22	0.34%	3.20%	HFRX Distressed Index	1096.12	0.17	0.02%	2.15%
HFRX Equity Market Neutral	1003.98	-1.24	-0.12%	1.69%	HFRX Merger Arbitrage Index	1827.48	-1.90	-0.10%	0.82%
HFRX Equity Hedge Index	1205.08	6.61	0.55%	4.29%	HFRX Convertible Arbitrage Index	778.60	-2.82	-0.36%	4.85%
HFRX Event-Driven Index	1644.85	4.81	0.29%	5.14%	HFRX Macro CTA Index	1136.61	3.19	0.28%	0.11%
HFRX Absolute Return Index	1051.60	1.89	0.18%	2.25%	IQ Fixed Income Beta Arb Index	1452.63	4.15	0.29%	2.30%

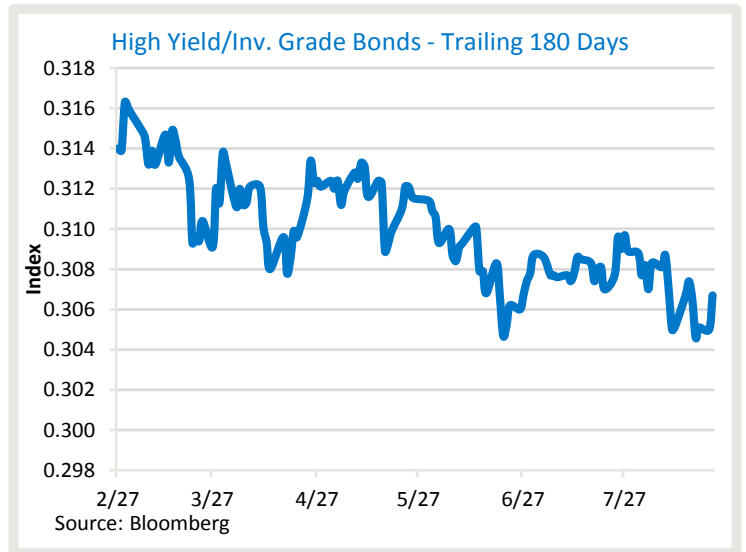
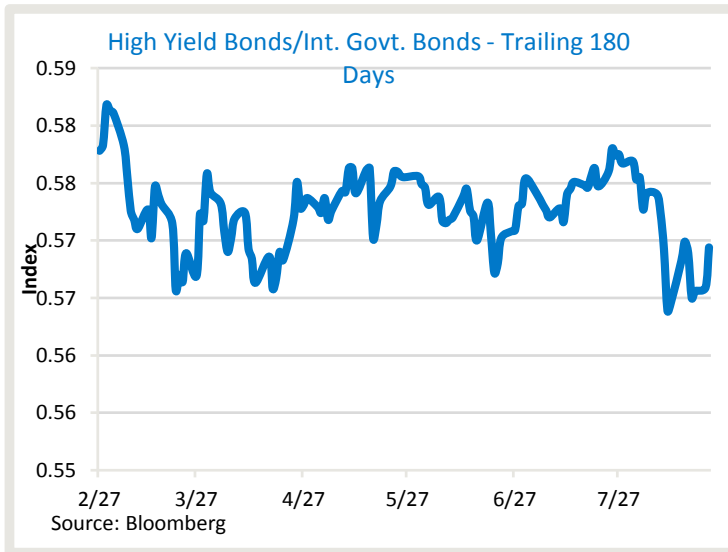
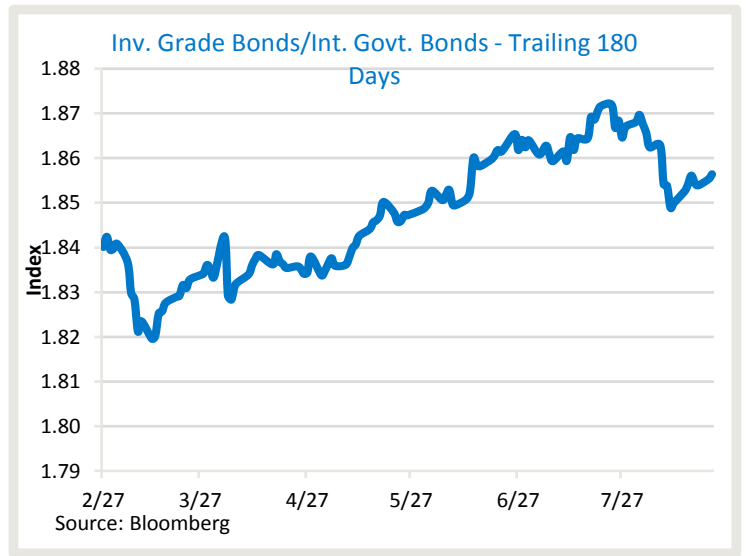
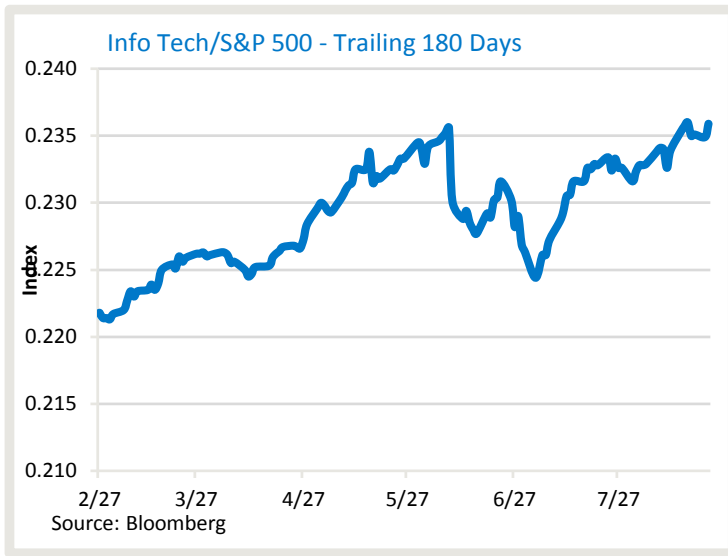
Source: Bloomberg; Index % change is based on price.



Portfolio Construction



Portfolio Construction (continued)



WEEKLY ASSET CLASS PERFORMANCE (Prior 12 weeks ending Thursday)

			6/8	6/15	6/22	6/29	7/6	7/13	7/20	7/27	8/3	8/10	8/17	8/24
Equity	Domestic Equity	Large Cap (R200)	0.29%	-0.17%	0.23%	-0.69%	-0.39%	1.58%	1.10%	0.10%	0.05%	-1.24%	-0.30%	0.35%
		Small Cap (R2000)	1.40%	-0.39%	-0.39%	0.83%	-1.09%	1.77%	1.17%	-0.61%	-1.98%	-2.33%	-0.99%	1.10%
	Int'l. Equity	MSCI EAFE	-0.01%	-0.92%	0.48%	0.52%	-0.70%	1.19%	1.73%	-0.07%	0.98%	-1.43%	-0.06%	0.35%
		MSCI Em. Mkts.	1.05%	-1.51%	0.52%	0.52%	-0.78%	3.43%	1.79%	0.90%	-0.46%	-0.74%	0.67%	1.80%
Fixed Income	BarCap Agg. (AGG)	-1.34%	14.14%	-5.67%	-3.48%	17.54%	-2.37%	-1.14%	-5.06%	-5.48%	-7.09%	0.35%	0.52%	
	High Yield (JNK)	-0.30%	0.05%	-0.56%	0.43%	-0.67%	0.68%	0.65%	0.13%	-0.53%	-1.42%	0.27%	0.73%	
Commodities	Bloomberg Commodity Index	-0.35%	-1.53%	-1.93%	2.49%	1.34%	-0.60%	2.16%	0.65%	-1.06%	0.25%	-1.03%	1.01%	
Alternatives	Hedge Funds (HFRX Global)	0.02%	-0.26%	0.32%	0.02%	-0.21%	0.59%	0.40%	0.03%	-0.14%	-0.58%	0.07%	0.34%	
Asset Allocation	60/40*	-0.21%	4.65%	-1.89%	-1.22%	5.74%	0.20%	0.43%	-1.76%	-2.00%	-3.41%	-0.03%	0.47%	
	48/32/20 (w/Alts.)**	-0.16%	3.67%	-1.45%	-0.97%	4.55%	0.28%	0.42%	-1.40%	-1.63%	-2.84%	-0.01%	0.44%	

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	0.94	1.10	1.09	1.02	1.15	1.14	1.09	1.18	0.95	0.80	0.96	0.98	1.11	1.02
Large Cap Growth	1.06	1.00	1.17	1.15	1.08	1.22	1.21	1.16	1.25	1.01	0.85	1.02	1.04	1.18	1.09
Large Cap Value	0.91	0.85	1.00	0.99	0.92	1.04	1.03	0.99	1.06	0.86	0.72	0.87	0.89	1.01	0.93
Mid Cap Core	0.92	0.87	1.02	1.00	0.94	1.05	1.05	1.00	1.08	0.88	0.73	0.88	0.90	1.02	0.94
Mid Cap Growth	0.98	0.92	1.08	1.07	1.00	1.12	1.12	1.07	1.15	0.93	0.78	0.94	0.96	1.09	1.00
Mid Cap Value	0.87	0.82	0.96	0.95	0.89	1.00	0.99	0.95	1.03	0.83	0.70	0.84	0.85	0.97	0.89
Small Cap Core	0.88	0.83	0.97	0.96	0.90	1.01	1.00	0.96	1.03	0.84	0.70	0.84	0.86	0.98	0.90
Small Cap Growth	0.92	0.86	1.01	1.00	0.93	1.05	1.04	1.00	1.08	0.87	0.73	0.88	0.90	1.02	0.94
Small Cap Value	0.85	0.80	0.94	0.93	0.87	0.98	0.97	0.93	1.00	0.81	0.68	0.82	0.83	0.95	0.87
Int'l. Developed	1.05	0.99	1.16	1.14	1.07	1.20	1.19	1.14	1.23	1.00	0.84	1.01	1.03	1.17	1.07
Emerging Markets	1.25	1.18	1.38	1.36	1.28	1.44	1.43	1.37	1.47	1.20	1.00	1.20	1.23	1.40	1.28
REITs	1.04	0.98	1.15	1.13	1.06	1.20	1.19	1.14	1.23	0.99	0.83	1.00	1.02	1.16	1.07
Commodities	1.02	0.96	1.13	1.11	1.04	1.17	1.16	1.11	1.20	0.97	0.81	0.98	1.00	1.14	1.05
Int. Bond	0.90	0.85	0.99	0.98	0.92	1.03	1.02	0.98	1.06	0.86	0.72	0.86	0.88	1.00	0.92
High Yield	0.98	0.92	1.08	1.06	1.00	1.12	1.11	1.07	1.15	0.93	0.78	0.94	0.96	1.09	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.

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 **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). The **Conference Board Leading Economic Index** (LEI) is an American economic leading indicator intended to forecast future economic activity. It is calculated by The Conference Board, a non-governmental organization, which determines the value of the index from the values of ten key variables.

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

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