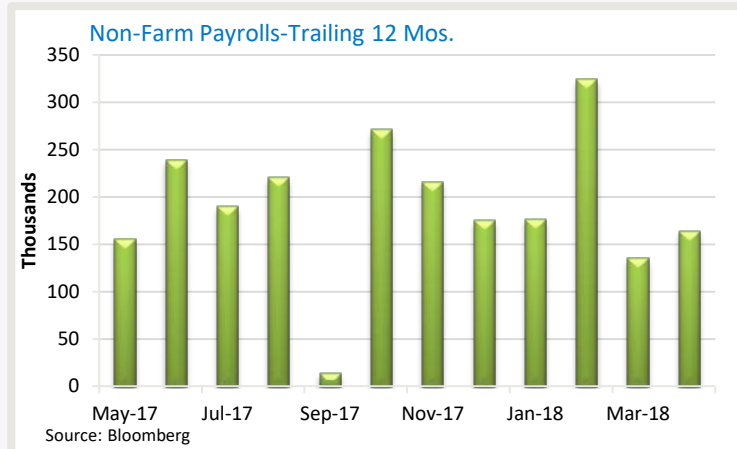




### Chart of the Week



### Weekly Highlights

- **Crude oil price rose above \$70 per barrel.** As the US announced its withdrawal from the Iran nuclear deal, crude oil price continued to rally, ending the week above \$70 per barrel, nearly 20% higher from where it began the year.
- **Inflation is still mild.** Both April consumer price index (CPI) and Core CPI rose less than expected from March, and Core CPI rose 2.1% year-over-year, also less than expected.
- **Stock market rebounded.** The S&P 500 Index jumped 2.5% for the week, led by stocks in the economically sensitive sectors, such as Financials and Energy.

### Talking Points

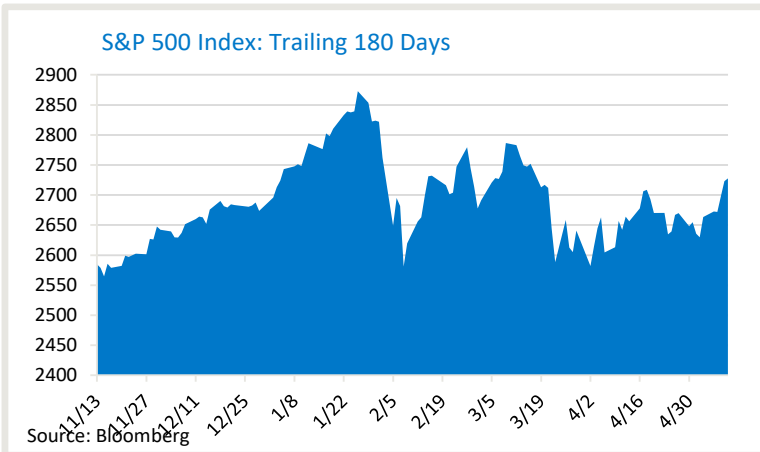
- **Among equities,** large caps underperformed small caps; value stocks matched the performance of growth stocks; domestic stocks outperformed international stocks; and developed markets trailed emerging markets.
- **Treasury yields little changed.** The yield on the 10-year Treasury fluctuated within the narrow range of 2.95% – 3.00%.
- **Commodity indices jumped.** The West Texas Intermediate crude oil price rose above \$70 per barrel, as the US announced its withdrawal from the Iran nuclear deal.
- **Dollar slid.** The dollar index fell slightly after surging over the past several weeks.
- **Among major economic data,** April CPI rose 2.5% year over year, matching expectation; Core CPI rose 2.1% year over year, less than expected; May University of Michigan Consumer Sentiment Index was 98.8, unchanged from April.

## Market Dashboard

	Last Price	Change	% Chg.	YTD %
<b>S&amp;P 500</b>	2,727.72	64.30	2.41%	2.0%
<b>Dow Industrials</b>	24,831.17	568.66	2.34%	0.5%
<b>Nasdaq</b>	7,402.88	193.26	2.68%	7.2%
<b>Russell 2000</b>	1,606.79	41.19	2.63%	4.6%
<b>Euro Stoxx Index</b>	392.40	5.37	1.39%	0.8%
<b>Shanghai Composite</b>	3,163.26	72.23	2.34%	-4.4%
<b>Russell Global</b>	2,163.81	34.20	1.61%	0.9%

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

	Last Price	Change	% Chg.	YTD %
<b>Russell Global EM</b>	3,629.92	50.22	1.40%	-0.4%
<b>10-Year US Treas.</b>	2.97	3 bps	NM	NM
<b>Bloomberg Cmdts. Idx.</b>	90.04	0.05	0.05%	2.1%
<b>Gold</b>	\$1,318.97	\$4.20	0.32%	1.2%
<b>Crude Oil</b>	\$70.59	\$0.85	1.22%	17.5%
<b>Dollar Index</b>	92.55	-0.03	-0.03%	0.4%
<b>VIX Index</b>	12.65	-2.12	-14.35%	14.6%



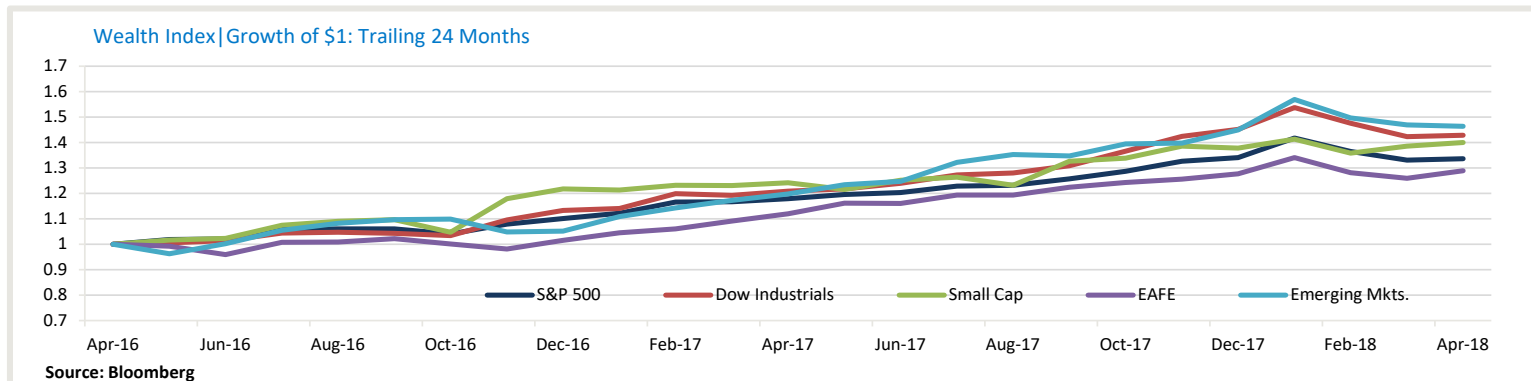
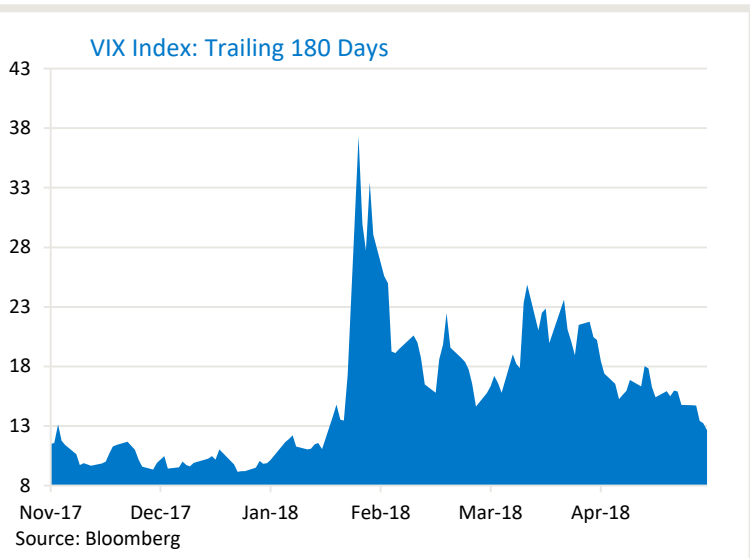
	One Week			YTD		
	Value	Growth		Value	Growth	
L	2.60%	2.53%	2.47%	-1.61%	2.34%	5.82%
	1.51%	2.04%	2.69%	-1.18%	1.45%	4.84%
S	2.26%	2.63%	2.97%	2.11%	4.64%	7.00%

Source: Bloomberg

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

	% Wgt in S&P 500	Week % Chg.	YTD % Chg.
<b>Consumer Discretionary</b>	12.7	0.84%	6.3%
<b>Consumer Staples</b>	6.6	-0.45%	-13.6%
<b>Energy</b>	6.3	3.75%	6.0%
<b>Financials</b>	14.6	3.60%	0.9%
<b>Health Care</b>	13.9	2.48%	0.4%
<b>Industrials</b>	9.9	3.39%	1.6%
<b>Information Technology</b>	25.8	3.45%	10.8%
<b>Materials</b>	2.9	1.94%	2.7%
<b>Real Estate</b>	2.7	0.64%	4.6%
<b>Telecom Services</b>	1.8	0.91%	-11.7%
<b>Utilities</b>	2.8	-2.27%	4.6%

Source: Bloomberg



## The Economy and Markets

### **A Macro View – Do higher gas and oil prices signal a “nuclear fallout” of slower future growth?**

Memorial Day weekend typically marks a high point in gas prices every year—summer is near, and many of us will be hitting the open roads. Over the last few years, we have enjoyed low prices at the pump, which have provided us with more disposable income—but all this may be ending. As gas and oil prices continue to rise, we may be forced to alter how we drive, spend, and live.

The recent tax cuts have put more money in our pockets, but higher gas prices facing us this summer will affect our ability to spend that surplus on other goods and services. Although the prices are still nowhere near the peaks we saw in June 2008, when prices averaged \$4.00 per gallon, or in May 2011, when average prices were \$3.90, we might be headed in that direction. In 2017, the average price per gallon of gas across the country was \$2.34 compared with today's average of \$2.82, an increase of more than 20%.<sup>1</sup> Over this same period, West Texas Intermediate Oil (WTI) also increased from an average of \$51 per barrel to nearly \$70 per barrel.<sup>2</sup>

Geopolitical worries are a significant factor in rising gas and oil prices, as the United States has withdrawn from the Joint Comprehensive Plan of Action (more commonly known as the Iran nuclear deal), and plans on restoring sanctions that target Iran's energy, financial, and industrial sectors. President Trump's decision to pull out of the deal can have far-reaching consequences for the oil market, gas prices, and overall relations in the Middle East. Iran is the third-largest oil producer within the Organization of Petroleum Exporting Countries (OPEC), and the sanctions should cause tighter supply by removing as much as one million barrels of Iranian oil per day.<sup>3</sup> Furthermore, oil-rich Venezuela's dramatic cut in production also has impacted prices as the country's oil output recently fell to its lowest levels in almost 30 years. Venezuela is facing an economic crisis that is getting worse, with no cash for maintenance or investment, a debt crisis, and U.S. sanctions that will only continue to place pressure on their output.<sup>4</sup>

Oil supply also has been driven lower due to an OPEC agreement, established in January 2017, to cut oil production. OPEC's goal in this agreement was to reduce the amount of surplus oil stored around the world, thus increasing the global price of oil. Talks suggest that OPEC may continue with the agreement through 2019, thereby continuing to place pressure on the oil supply and consequently increasing gas prices. OPEC is scheduled to meet on June 20 to decide whether to keep in place the agreement to cut oil production.<sup>5</sup>

If it were not for the US shale oil industry's increased production, we already would likely be facing gasoline and oil prices that are significantly higher than we see today. However, demand has recently outpaced supply, as solid world-wide economic growth has put even more pressure on gas and oil prices. It remains to be seen if these prices will continue on their current upward trajectory, or whether they will fall back to the lower levels that we have grown accustomed to for the last few years. What we *do* know is that oil price fluctuations have considerable consequences on economic and capital markets activity. In fact, ten of the last eleven post-World War II recessions occurred on the heels of oil price spikes.<sup>6</sup> Will rising oil prices be the impetus that finally brings the long-running stock market to its knees?

<sup>1</sup> <https://www.cnn.com/2018/05/03/gas-prices-hit-three-year-high-and-are-expected-to-keep-rising.html>

<sup>2</sup> <http://www.macrotrends.net/1369/crude-oil-price-history-chart>

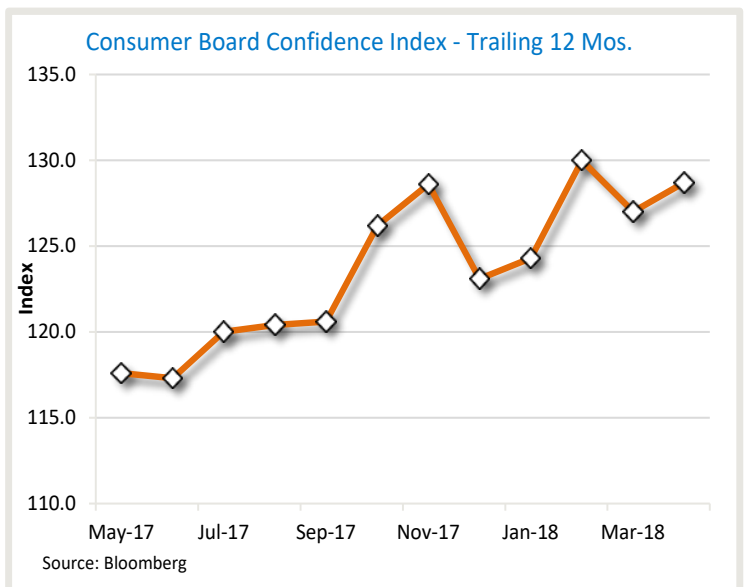
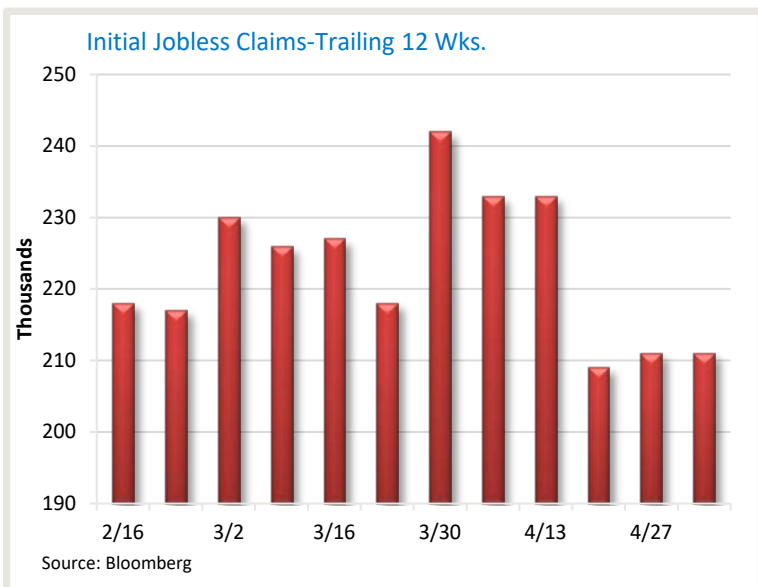
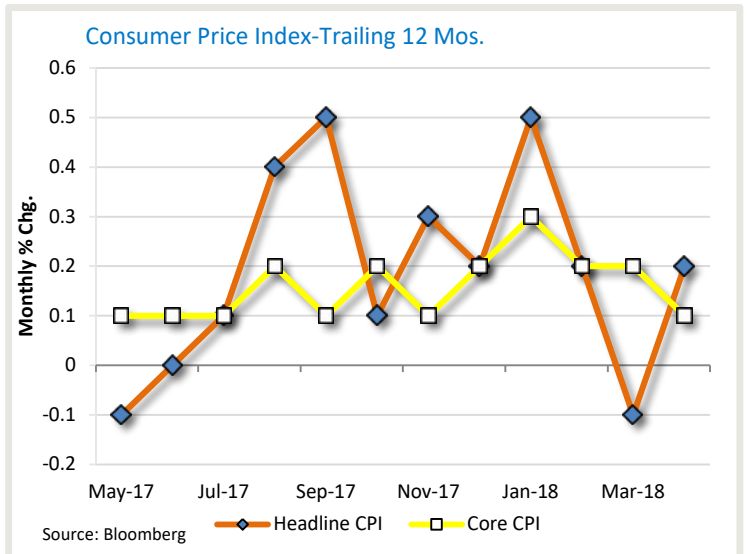
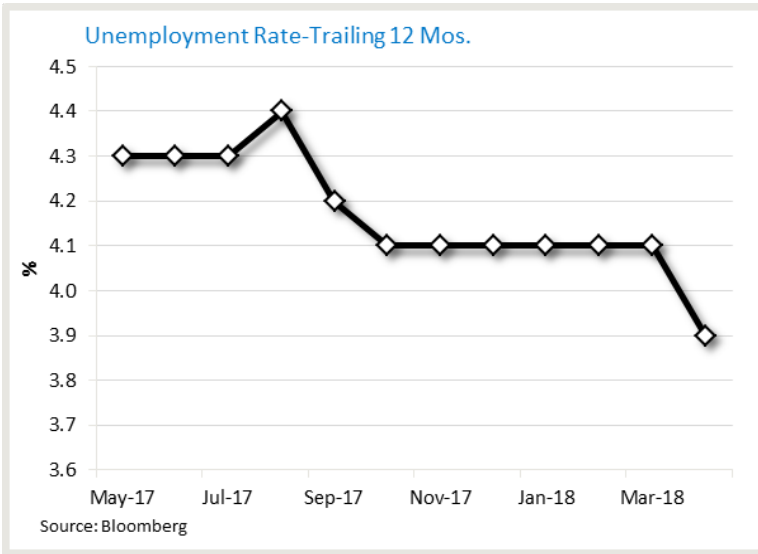
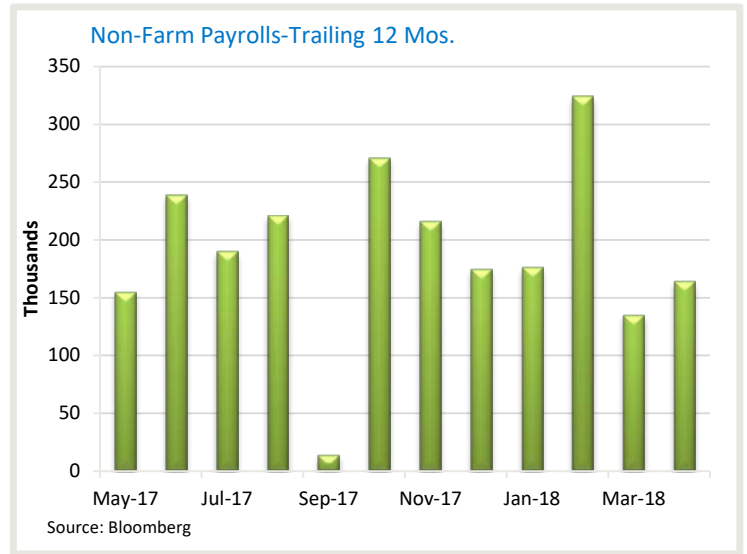
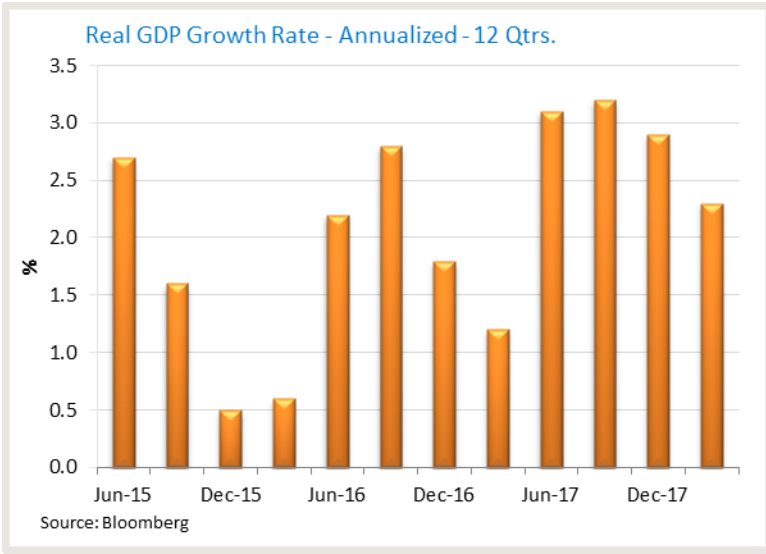
<sup>3</sup> [http://www.opec.org/opec\\_web/en/data\\_graphs/330.htm](http://www.opec.org/opec_web/en/data_graphs/330.htm)

<sup>4</sup> <http://money.cnn.com/2018/02/12/news/economy/venezuela-oil-production/index.html>

<sup>5</sup> <https://www.forbes.com/sites/ellenwald/2018/04/19/oil-prices-are-going-up-and-so-is-your-gasoline-bill/#2f8ce01e5a3f>

<sup>6</sup> [http://econweb.ucsd.edu/~jhamilton/oil\\_history.pdf](http://econweb.ucsd.edu/~jhamilton/oil_history.pdf)

Economic Data



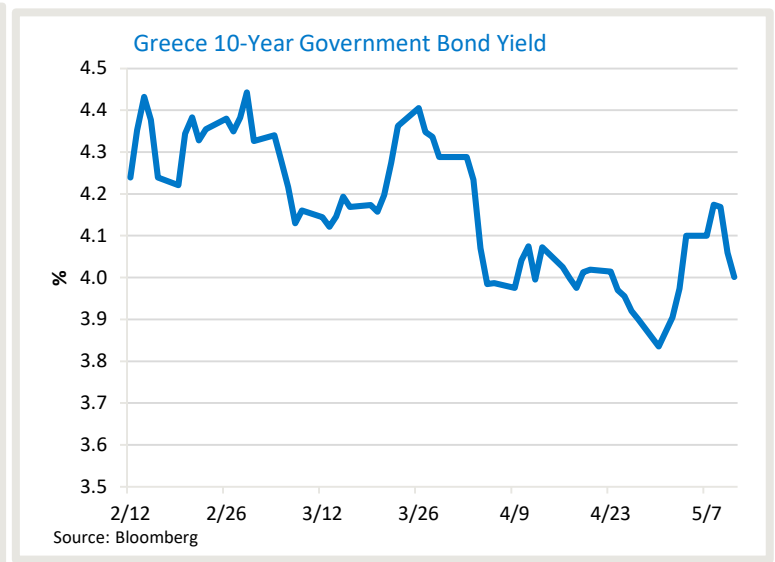
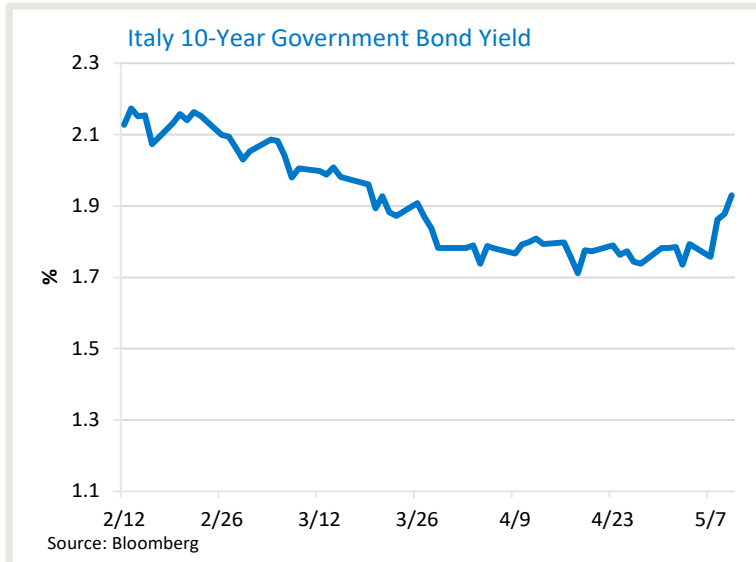
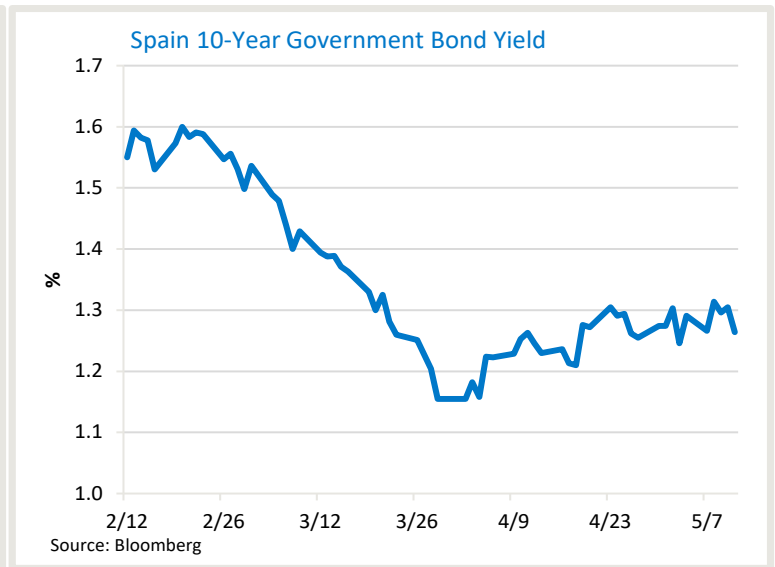
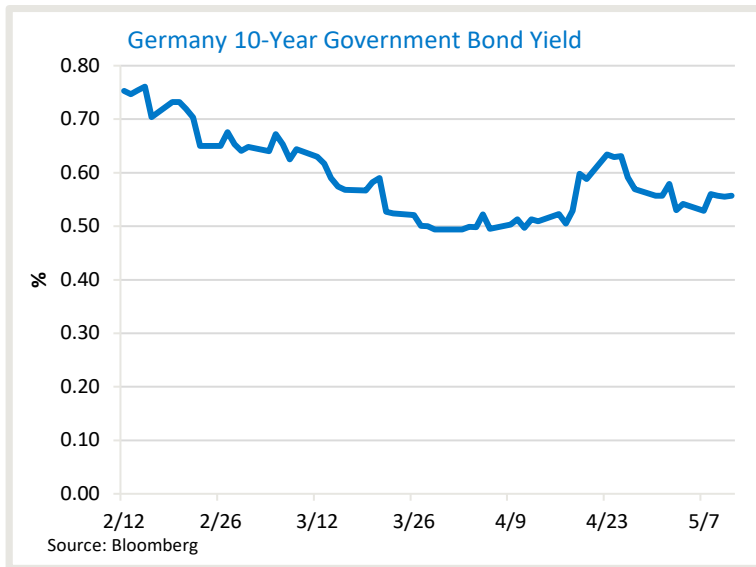
**Eurozone**

SELECTED EUROPEAN SOVEREIGN YIELD PERFORMANCE

	Last	Change	% Chg.	YTD %
Germany 10-Yr. Govt.	0.56	-1 bps	NM	NM
Greece 10-Yr. Govt.	4.00	8 bps	NM	NM
Italy 10-Yr. Govt.	1.87	-7 bps	NM	NM
Spain 10-Yr. Govt.	1.26	3 bps	NM	NM
Belgium 10-Yr. Govt.	0.82	-1 bps	NM	NM

	Last	Change	% Chg.	YTD %
France 10-Yr. Govt.	0.78	0 bps	NM	NM
Ireland 10-Yr. Govt.	0.96	0 bps	NM	NM
Portugal 10-Yr. Govt.	1.67	2 bps	NM	NM
Netherlands 10-Yr. Govt.	0.69	-1 bps	NM	NM
U.K. 10-Yr. Govt.	1.44	-5 bps	NM	NM

Source: Bloomberg  
 Basis points (bps)

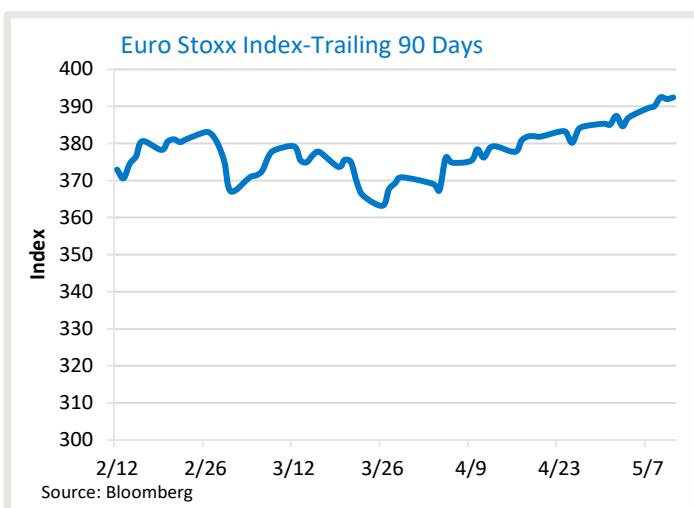
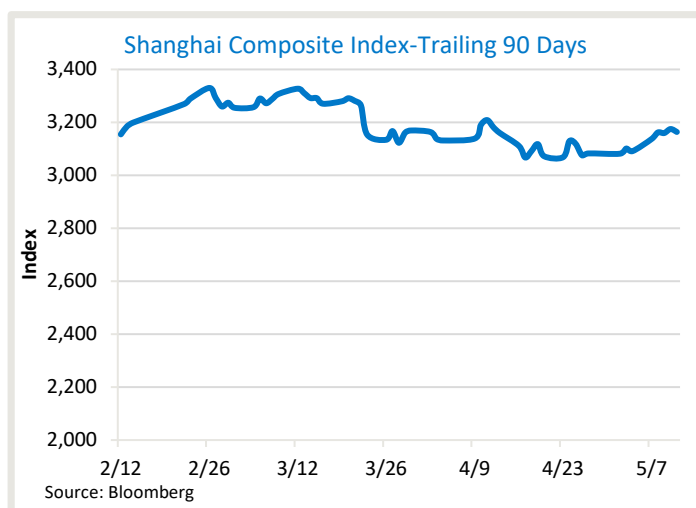
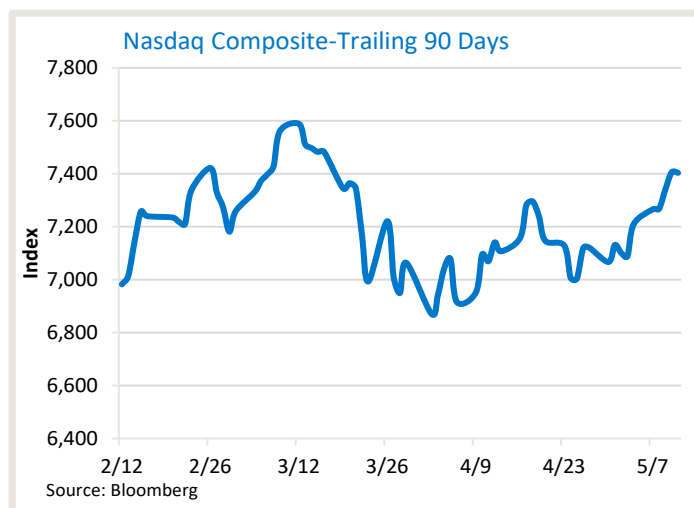
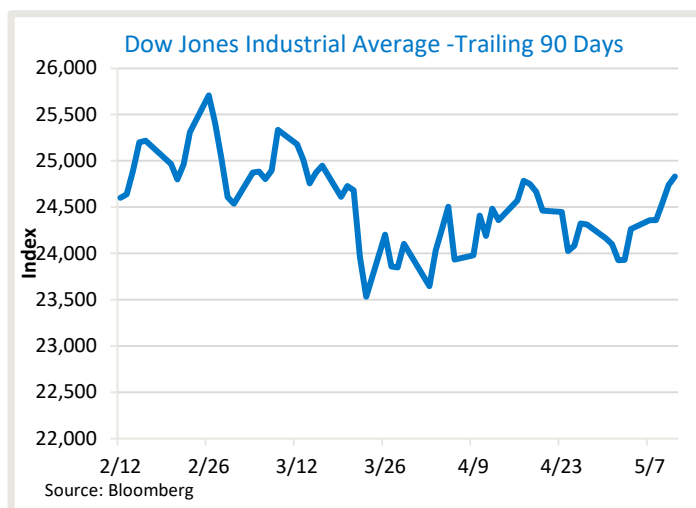


## Equities

### WORLD MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
S&P 500	2,727.72	64.30	2.41%	2.02%	Swiss Market Index	8,993.51	89.68	1.01%	-4.14%
Dow Industrials	24,831.17	568.66	2.34%	0.45%	CAC 40 Index (France)	5,541.94	25.89	0.47%	4.32%
Nasdaq Composite	7,402.88	193.26	2.68%	7.24%	DAX Index (Germany)	13,001.24	181.64	1.42%	0.65%
Russell Global	2,163.81	34.20	1.61%	0.9%	Irish Overall Index	6,961.59	97.00	1.41%	-1.09%
Russell Global EM	3,629.92	50.22	1.40%	-0.4%	Nikkei 225	22,758.48	285.70	1.27%	-0.03%
S&P/TSX (Canada)	15,983.32	253.92	1.61%	-1.39%	Hang Seng Index	31,122.06	1195.56	3.99%	4.02%
Mexico IPC	46,728.92	-263.25	-0.56%	-5.32%	Shanghai Composite	3,163.26	72.23	2.34%	-4.35%
Brazil Bovespa	85,220.23	2102.20	2.53%	11.54%	Kospi Index (S. Korea)	2,477.71	-9.54	-0.38%	0.41%
Euro Stoxx 600	392.40	5.37	1.39%	0.83%	Taiwan Taiex Index	10,858.98	329.61	3.13%	2.03%
FTSE 100	7,724.55	157.41	2.08%	0.48%	Tel Aviv 25 Index	1,472.19	3.28	0.22%	-2.49%
IBEX 35 (Spain)	10,271.40	167.30	1.66%	2.27%	MOEX Index (Russia)	2,345.26	55.79	2.44%	11.16%

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



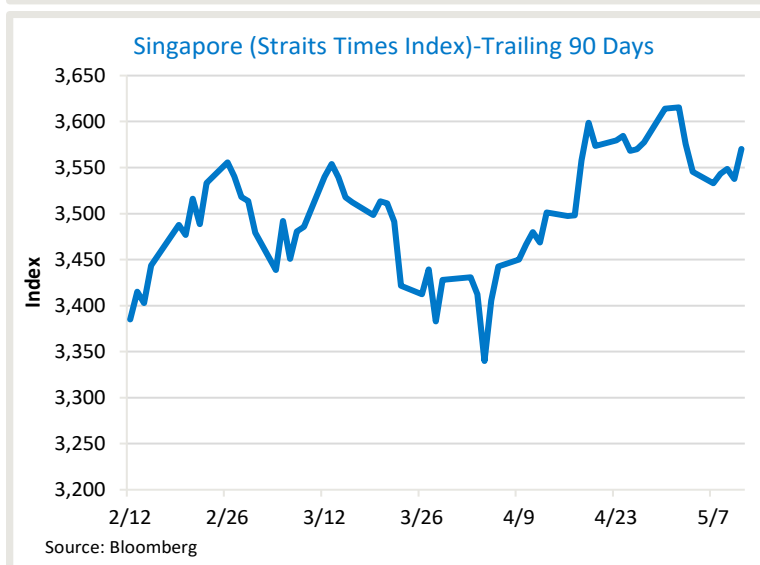
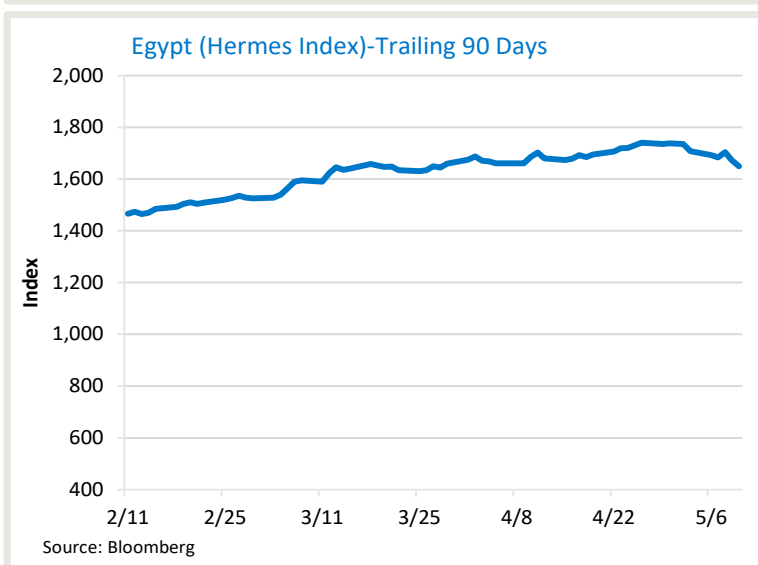
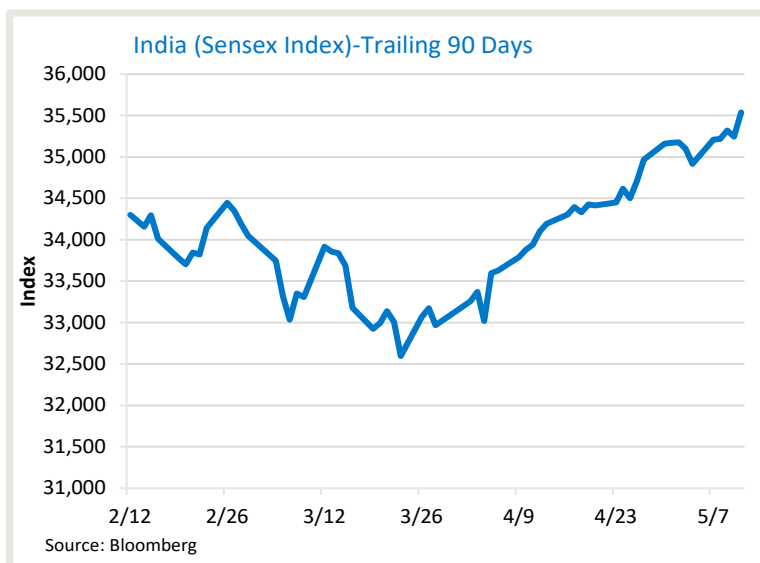
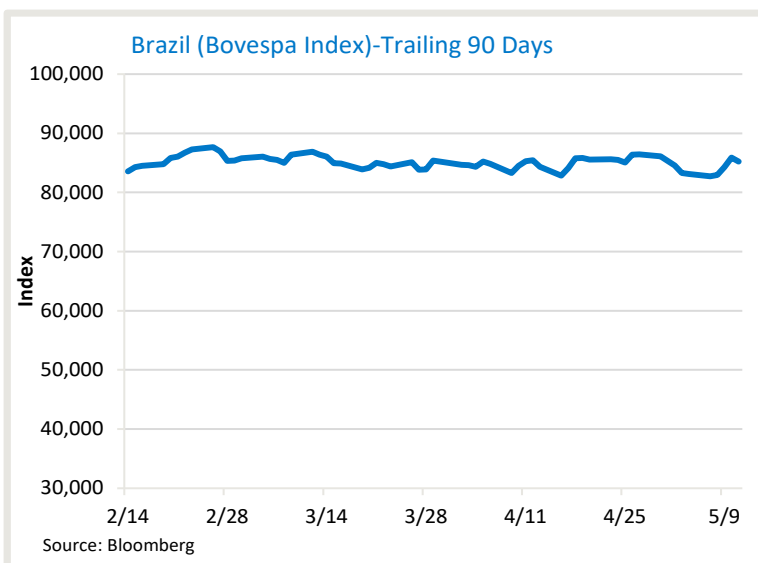
## Equities – Emerging and Frontier Markets

### EMERGING AND FRONTIER MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
Mexico IPC	46,728.92	-263.25	-0.6%	-5.3%
Brazil (Bovespa Index)	85,220.23	2102.20	2.5%	11.5%
MOEX Index (Russia)	2,345.26	55.79	2.4%	11.2%
Czech Republic (Prague)	1,107.12	9.94	0.9%	2.7%
Turkey (Istanbul)	101,852.48	-746.70	-0.7%	-11.7%
Egypt (Hermes Index)	1,649.67	-58.60	-3.4%	14.8%
Kenya (Nairobi 20 Index)	3,602.33	-97.45	-2.6%	-3.0%
Saudi Arabia (TASI Index)	7,914.27	-193.20	-2.4%	9.5%
Lebanon (Beirut BLOM Index)	1,133.20	1.86	0.2%	-1.3%
Palestine	544.69	-1.26	-0.2%	-5.2%

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

	Last	Change	% Chg.	YTD %
Hang Seng Index	31,122.06	1195.56	4.0%	4.0%
India (Sensex 30)	35,535.79	620.41	1.8%	4.3%
Malaysia (KLCI Index)	1,846.51	4.68	0.3%	2.8%
Singapore (Straits Times Index)	3,570.17	24.79	0.7%	4.9%
Thailand (SET Index)	1,765.93	-13.94	-0.8%	0.7%
Indonesia (Jakarta)	5,956.83	98.10	1.7%	-6.3%
Pakistan (Karachi KSE 100)	43,594.79	-942.12	-2.1%	7.7%
Vietnam (Ho Chi Minh)	1,044.85	18.05	1.8%	6.2%
Sri Lanka (Colombo)	6,478.87	-45.01	-0.7%	1.7%
Cambodia (Laos)	926.18	26.96	3.0%	-7.2%

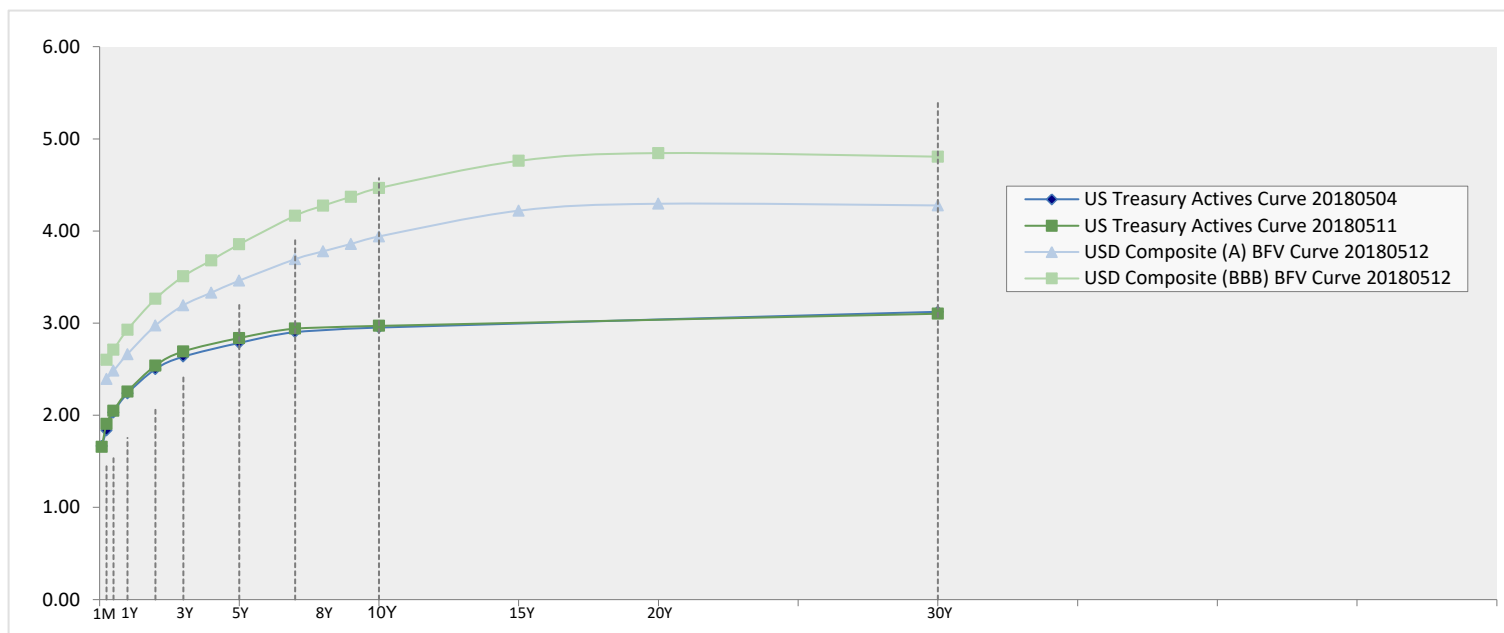


## Interest Rates

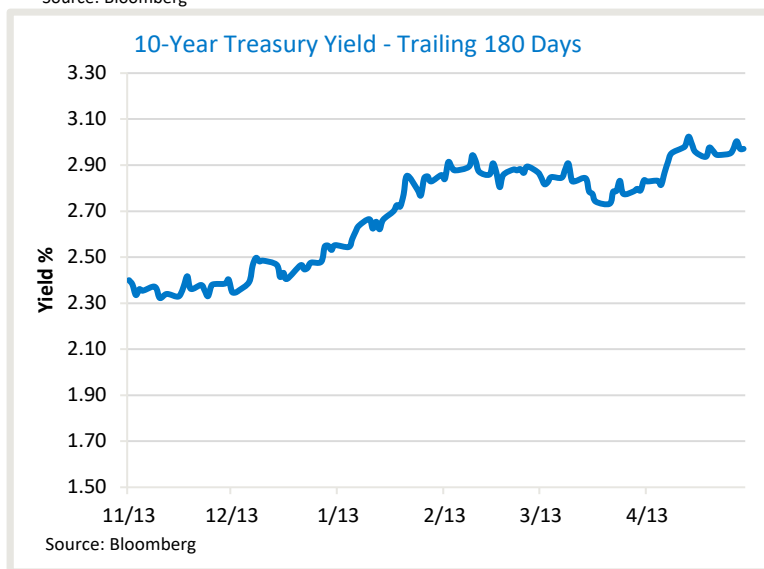
### SELECTED INTEREST RATES

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
2-Yr. U.S. Treasury	2.54%	-1 bps	NM	NM	Prime Rate	4.75%	0.00	NM	NM
5-Yr. U.S. Treasury	2.84%	6 bps	NM	NM	Fed Funds Rate	1.75%	0.00	NM	NM
10-Yr. U.S. Treasury	2.97%	3 bps	NM	NM	Discount Rate	2.25%	0.00	NM	NM
30-Yr. U.S. Treasury	3.11%	0 bps	NM	NM	LIBOR (3 Mo.)	2.36%	-1 bps	NM	NM
German 10-Yr. Govt.	0.56%	-1 bps	NM	NM	Bond Buyer 40 Muni	3.77%	-2 bps	NM	NM
France 10-Yr.	0.78%	0 bps	NM	NM	Bond Buyer 40 G.O.	3.88%	NA	NM	NM
Italy 10-Yr.	1.87%	-7 bps	NM	NM	Bond Buyer 40 Rev.	4.37%	NA	NM	NM
Fed 5-Yr Fwd BE Inf.	2.17%	-1 bps	NM	NM					

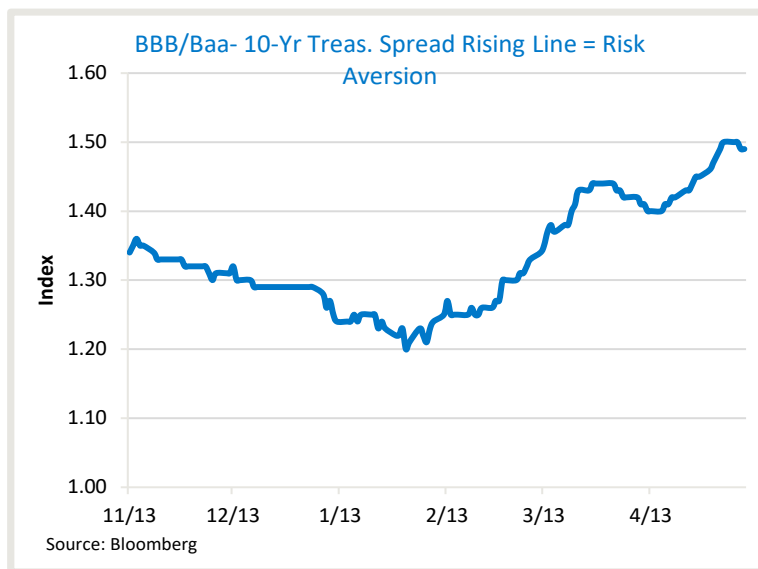
Source: Bloomberg



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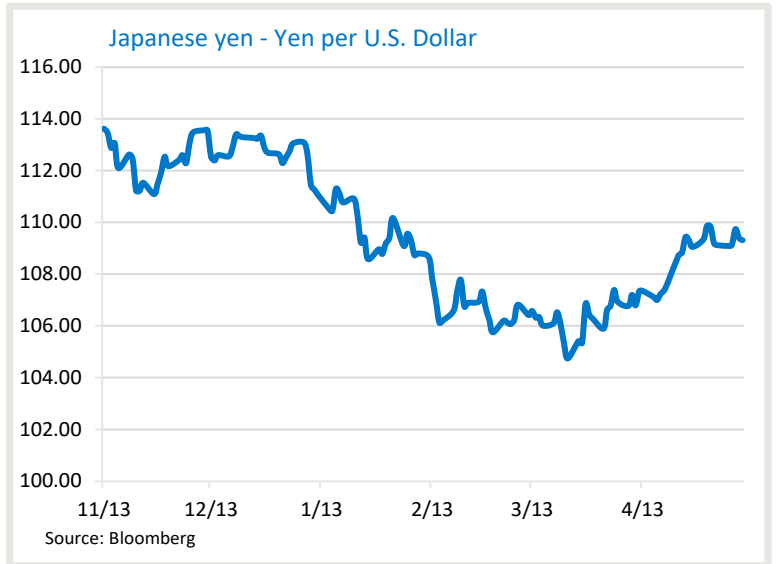
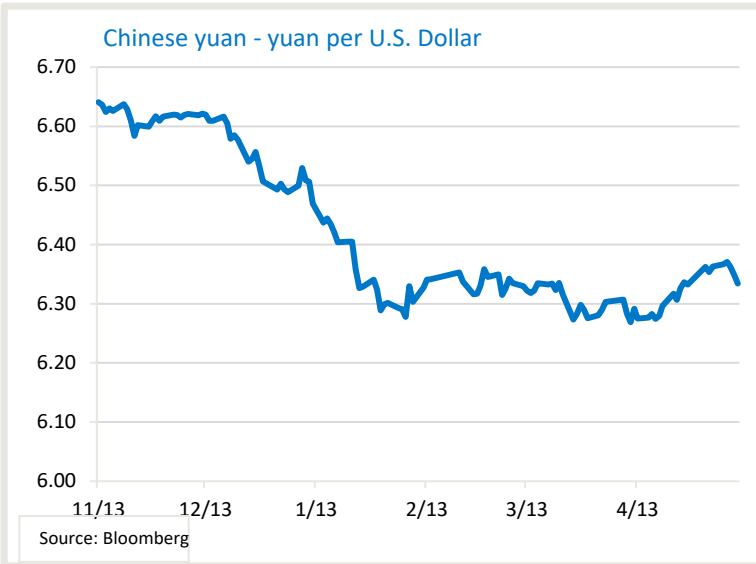
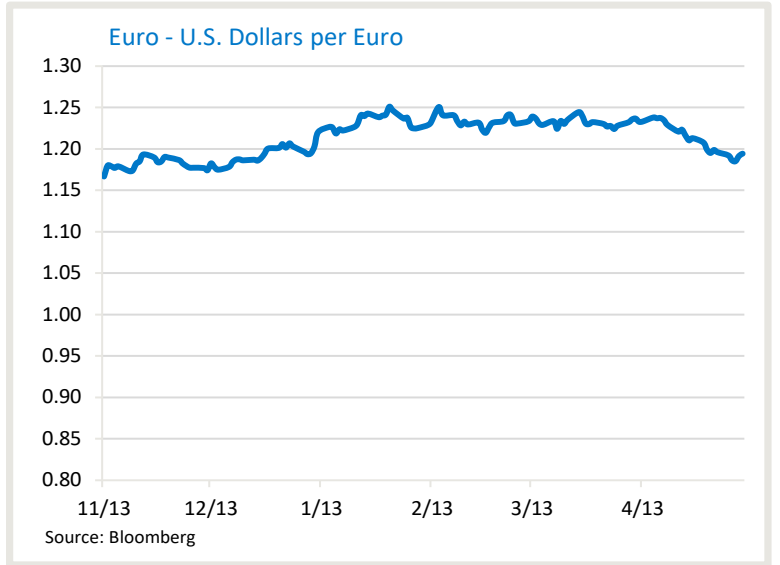
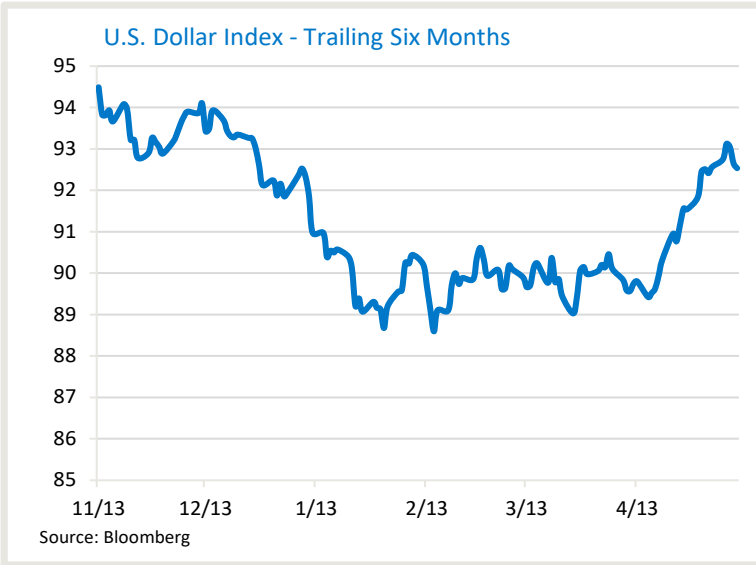
Currencies

SELECTED CURRENCY PERFORMANCE

	Last	Change	% Chg.	YTD %
Dollar Index	92.55	-0.031	-0.03%	0.45%
Euro	1.19	-0.002	-0.14%	-0.52%
Japanese Yen	109.31	0.190	-0.17%	3.09%
British Pound	1.35	0.001	0.10%	0.23%
Canadian Dollar	1.28	-0.006	0.43%	-1.72%

	Last	Change	% Chg.	YTD %
Chinese Yuan	6.33	-0.029	0.45%	2.73%
Swiss Franc	1.00	0.001	-0.07%	-2.64%
New Zealand Dollar	0.70	-0.005	-0.76%	-1.85%
Brazilian Real	3.60	0.072	-1.99%	-8.12%
Mexican Peso	19.42	0.151	-0.78%	1.22%

Source: Bloomberg

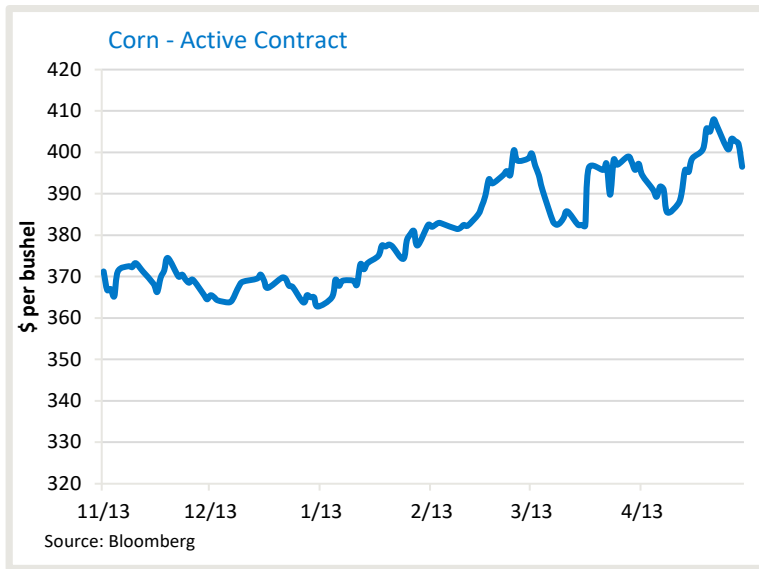
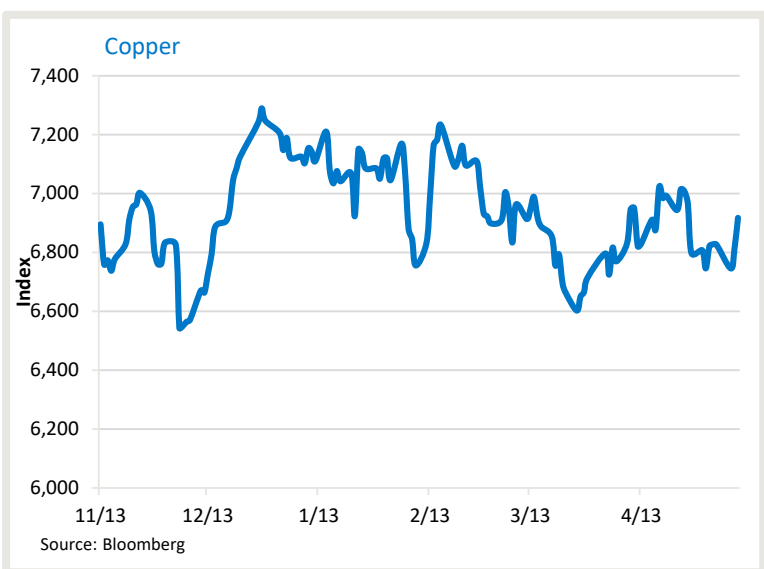
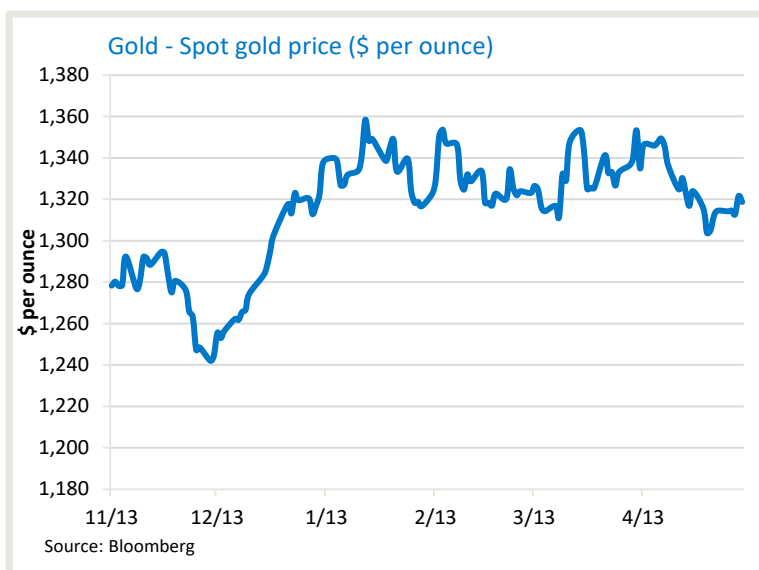
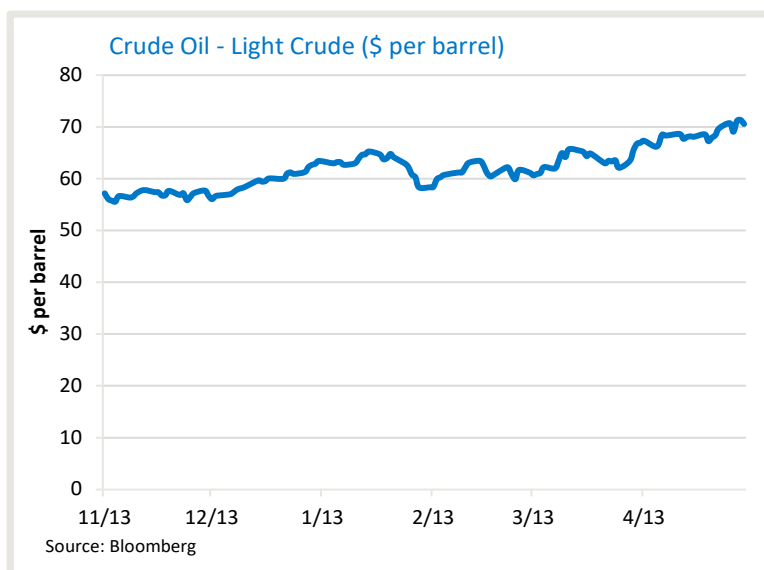


## Commodities

### SELECTED COMMODITY MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
Bloomberg Comm. Idx.	90.04	0.05	0.05%	2.12%	Platinum Spot	\$923.50	\$11.66	1.28%	-0.52%
Crude Oil	\$70.57	\$0.85	1.22%	17.50%	Corn	396.50	-9.75	-2.40%	7.96%
Natural Gas	\$2.81	\$0.10	3.84%	1.51%	Wheat	498.75	-27.50	-5.23%	10.04%
Gasoline (\$/Gal.)	\$2.86	\$0.04	1.56%	14.92%	Soybeans	1,003.25	-33.50	-3.23%	2.03%
Heating Oil	222.00	6.70	3.11%	12.27%	Sugar	11.22	-0.29	-2.52%	-25.40%
Gold Spot	\$1,318.99	\$4.20	0.32%	1.22%	Orange Juice	169.35	7.45	4.60%	21.27%
Silver Spot	\$16.67	\$0.14	0.82%	-1.60%	Aluminum	2,335.00	-15.00	-0.64%	2.95%
					Copper	6,917.00	91.00	1.33%	-4.55%

Source: Bloomberg; % change is based on price.

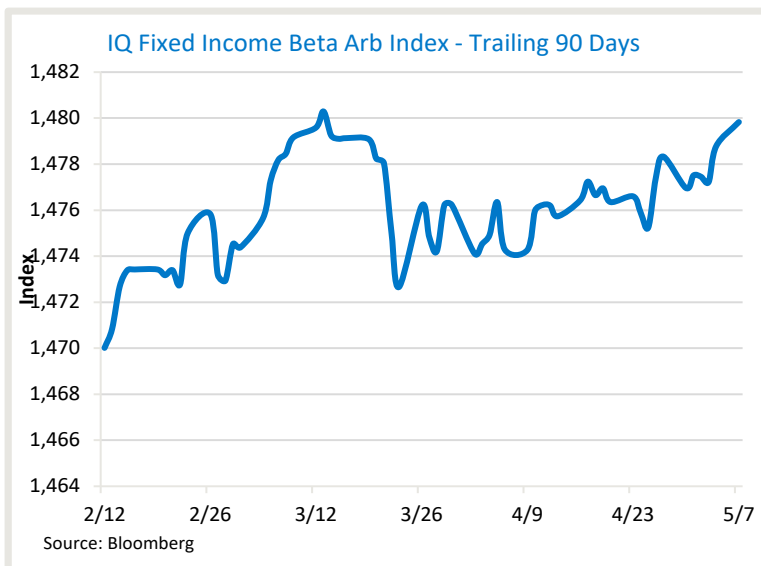
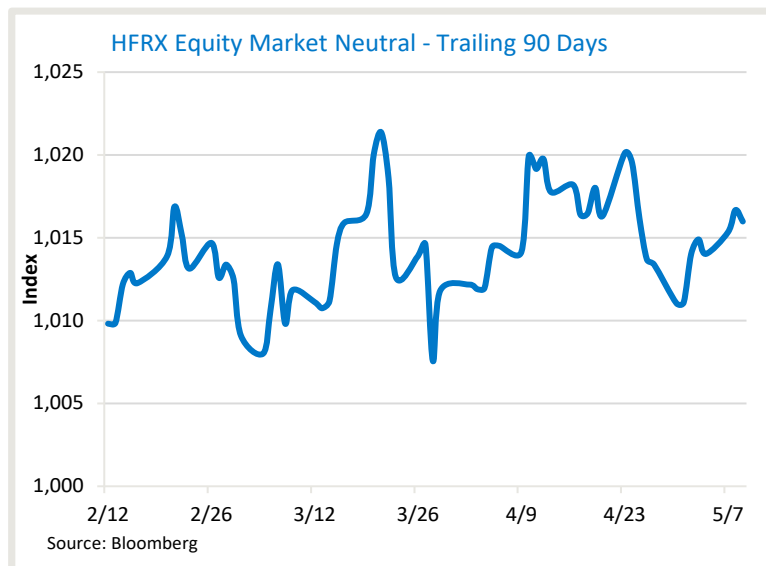
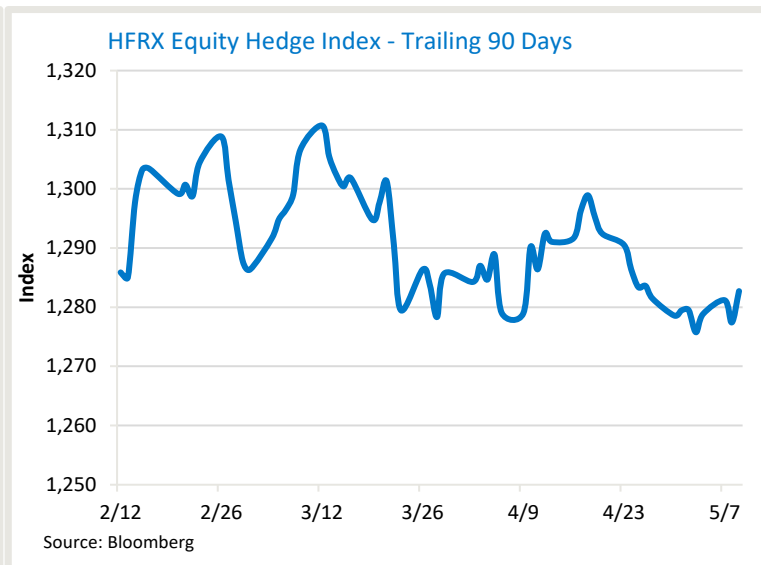
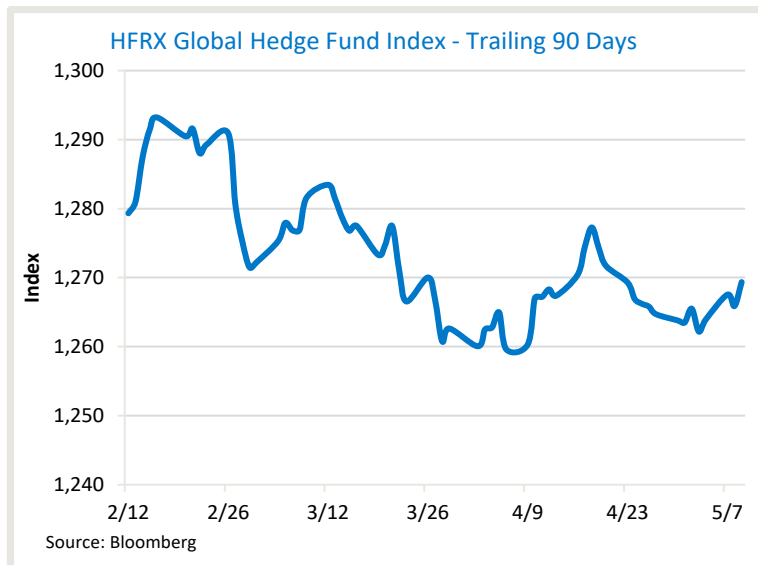


## Alternative Investments

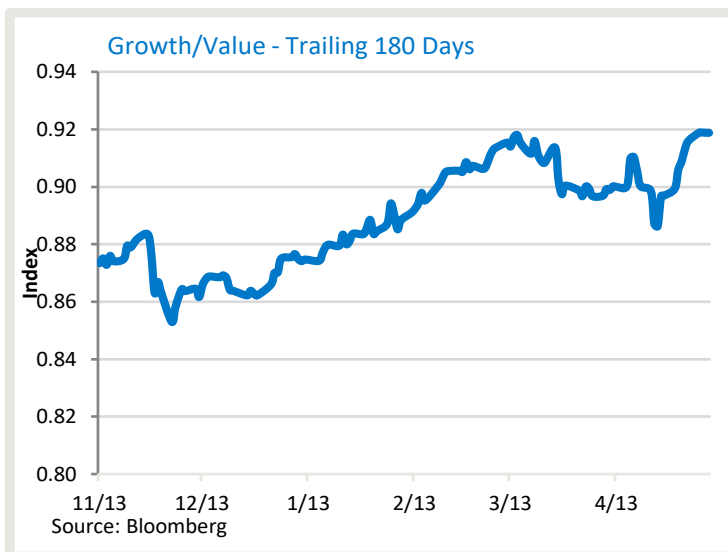
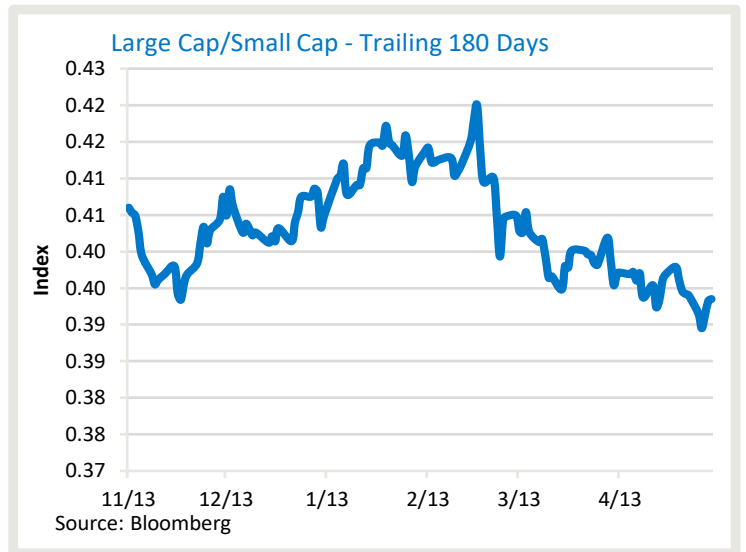
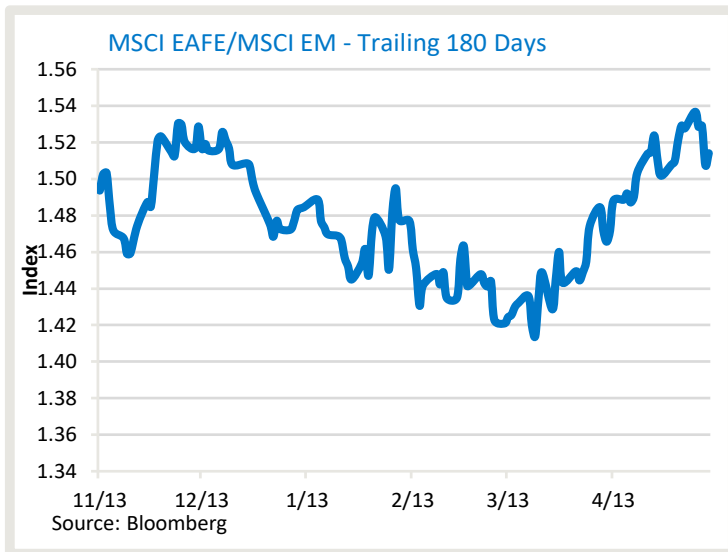
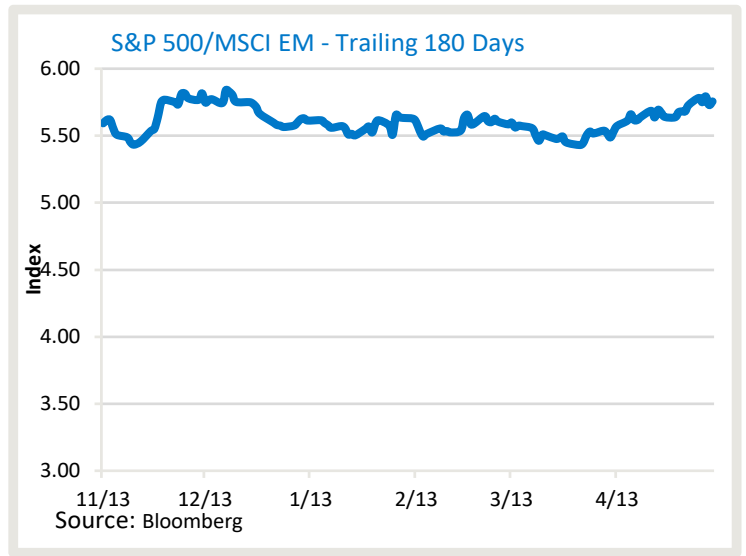
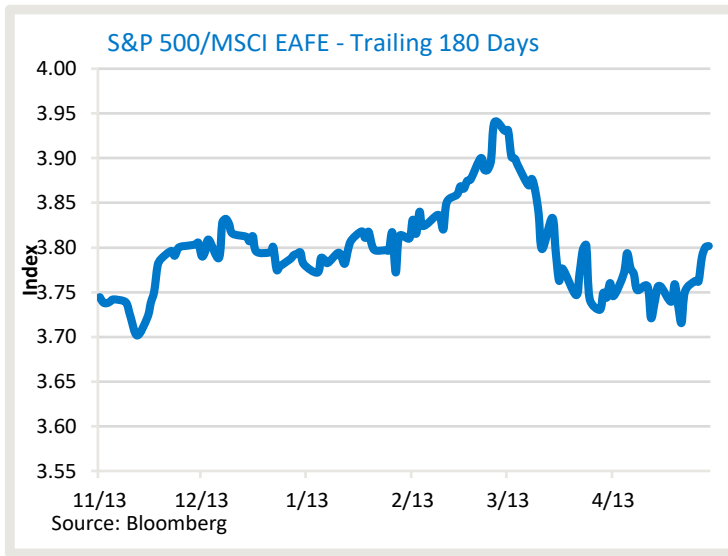
### SELECTED ALTERNATIVE INVESTMENT INDEX PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
HFRX Global Hedge Fund Index	1270.07	6.11	0.48%	-0.43%	HFRX Distressed Index	1055.20	0.80	0.08%	-4.65%
HFRX Equity Market Neutral	1016.48	2.46	0.24%	1.20%	HFRX Merger Arbitrage Index	1818.60	5.56	0.31%	-1.86%
HFRX Equity Hedge Index	1286.62	7.78	0.61%	1.25%	HFRX Convertible Arbitrage Index	802.34	3.88	0.49%	0.77%
HFRX Event-Driven Index	1588.72	-6.65	-0.42%	-4.62%	HFRX Macro CTA Index	1162.68	19.83	1.74%	-0.10%
HFRX Absolute Return Index	1069.99	2.94	0.28%	0.63%	IQ Fixed Income Beta Arb Index	1482.06	3.27	0.22%	0.79%

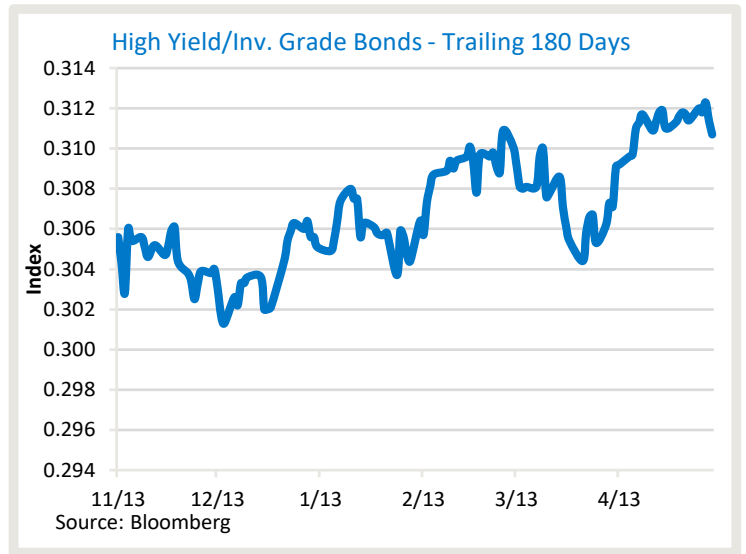
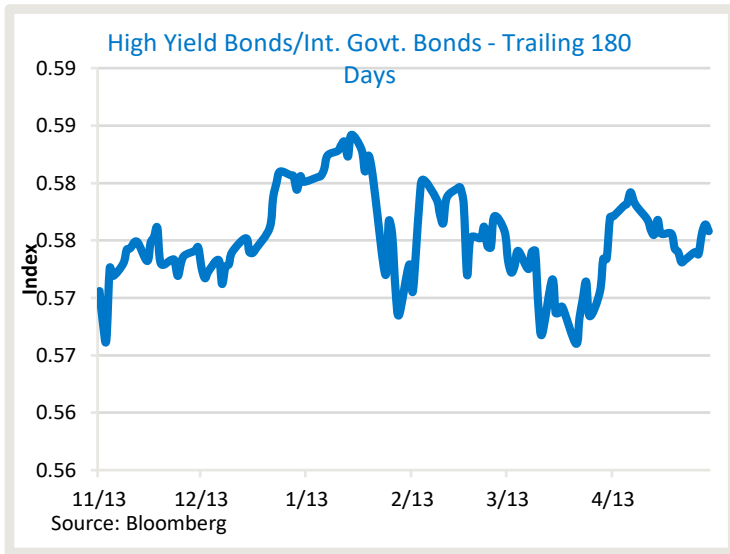
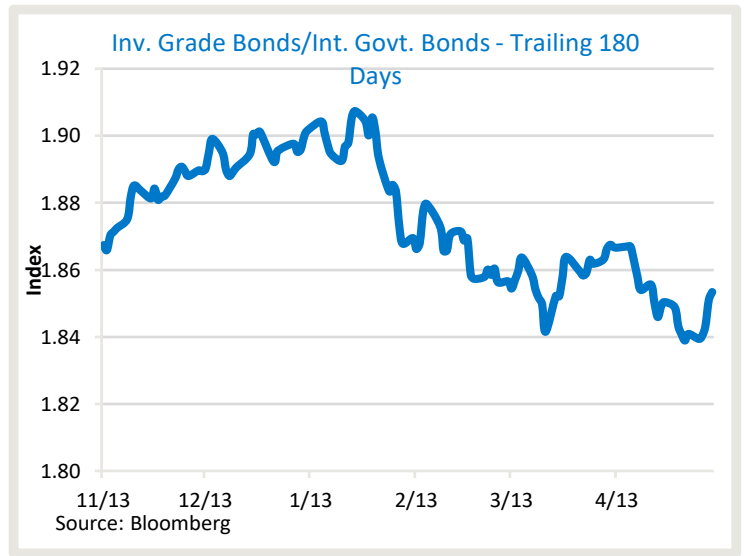
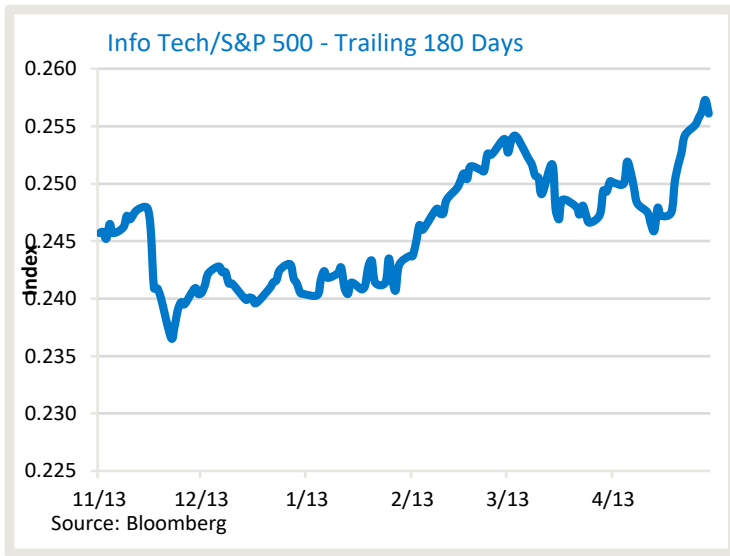
Source: Bloomberg; Index % change is based on price.



## Portfolio Construction



Portfolio Construction (continued)



WEEKLY ASSET CLASS PERFORMANCE (Prior 12 weeks ending Thursday)

			2/22	3/1	3/8	3/15	3/22	3/29	4/5	4/12	4/19	4/26	5/3	5/10
Equity	Domestic Equity	Large Cap (R200)	-0.96%	-0.89%	2.19%	0.29%	-4.06%	-0.22%	0.89%	0.19%	1.10%	-1.02%	-1.38%	3.69%
		Small Cap (R2000)	-0.47%	-1.48%	4.28%	0.30%	-2.08%	-0.94%	0.88%	0.93%	1.06%	-1.01%	-0.73%	3.70%
	Int'l. Equity	MSCI EAFE	-0.04%	-1.72%	0.71%	0.54%	-1.56%	-0.68%	0.60%	1.15%	1.32%	-1.35%	-0.47%	0.84%
		MSCI Em. Mkts.	-0.14%	-0.72%	0.25%	1.76%	-1.60%	-2.29%	-0.24%	0.89%	0.62%	-3.36%	-0.57%	1.64%
Fixed Income	BarCap Agg. (AGG)	-0.22%	0.25%	0.06%	0.18%	-0.14%	0.60%	-0.54%	0.09%	-0.45%	-0.41%	-0.06%	0.02%	
	High Yield (JNK)	-0.25%	-0.44%	0.22%	-0.14%	-0.58%	0.39%	-0.14%	0.95%	-0.14%	-0.55%	-0.56%	0.39%	
Commodities	Bloomberg Commodity Index	0.49%	-0.52%	0.70%	-0.31%	-0.25%	0.42%	-0.34%	2.20%	0.98%	-0.63%	0.30%	0.98%	
Alternatives	Hedge Funds (HFRX Global)	-0.27%	-1.28%	0.43%	-0.01%	-0.46%	-0.65%	0.18%	0.27%	0.46%	-0.66%	-0.29%	0.63%	
Asset Allocation	60/40*	-0.44%	-0.64%	1.20%	0.34%	-1.82%	-0.15%	0.24%	0.45%	0.50%	-0.95%	-0.63%	1.71%	
	48/32/20 (w/Alts.)**	-0.40%	-0.77%	1.04%	0.27%	-1.55%	-0.25%	0.22%	0.41%	0.49%	-0.89%	-0.56%	1.49%	

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	0.97	1.05	1.00	0.97	1.02	0.94	0.95	0.94	1.06	1.15	0.92	0.91	1.33	1.16
Large Cap Growth	1.03	1.00	1.09	1.03	1.01	1.05	0.97	0.98	0.97	1.09	1.18	0.95	0.94	1.37	1.20
Large Cap Value	0.95	0.92	1.00	0.94	0.92	0.97	0.89	0.90	0.89	1.00	1.09	0.88	0.86	1.26	1.10
Mid Cap Core	1.01	0.97	1.06	1.00	0.98	1.03	0.95	0.95	0.94	1.06	1.15	0.93	0.92	1.33	1.17
Mid Cap Growth	1.03	0.99	1.08	1.02	1.00	1.05	0.97	0.97	0.97	1.08	1.18	0.95	0.93	1.36	1.19
Mid Cap Value	0.98	0.95	1.03	0.97	0.95	1.00	0.92	0.93	0.92	1.03	1.12	0.91	0.89	1.30	1.14
Small Cap Core	1.06	1.03	1.12	1.06	1.03	1.08	1.00	1.01	1.00	1.12	1.22	0.98	0.97	1.41	1.23
Small Cap Growth	1.05	1.02	1.11	1.05	1.03	1.08	0.99	1.00	0.99	1.11	1.21	0.97	0.96	1.40	1.22
Small Cap Value	1.06	1.03	1.12	1.06	1.04	1.09	1.00	1.01	1.00	1.12	1.22	0.98	0.97	1.41	1.23
Int'l. Developed	0.95	0.92	1.00	0.94	0.92	0.97	0.89	0.90	0.89	1.00	1.09	0.88	0.86	1.26	1.10
Emerging Markets	0.87	0.85	0.92	0.87	0.85	0.89	0.82	0.83	0.82	0.92	1.00	0.81	0.79	1.16	1.01
REITs	1.08	1.05	1.14	1.08	1.05	1.10	1.02	1.03	1.02	1.14	1.24	1.00	0.98	1.43	1.25
Commodities	1.10	1.06	1.16	1.09	1.07	1.12	1.03	1.04	1.03	1.16	1.26	1.02	1.00	1.46	1.27
Int. Bond	0.75	0.73	0.79	0.75	0.73	0.77	0.71	0.72	0.71	0.80	0.86	0.70	0.69	1.00	0.87
High Yield	0.86	0.84	0.91	0.86	0.84	0.88	0.81	0.82	0.81	0.91	0.99	0.80	0.78	1.14	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**

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 is a stock market index of the common stocks and similar securities listed on the NASDAQ stock market. The MSCI EAFE Index represents 21 developed markets outside of North America. 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 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 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 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 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 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 Citigroup World Government Bond Index is a market capitalization weighted bond index consisting of the government bond markets of Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, Japan, Malaysia, Mexico, the Netherlands, Norway, Poland, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States. The DJ-UBS Commodity Index Total Return<sup>SM</sup> 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 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). The ISM Non-Manufacturing Index 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 ISM Manufacturing Index is an index based on surveys of more than 300 manufacturing firms by the Institute of Supply Management. The ISM Manufacturing Index monitors employment, production inventories, new orders and supplier deliveries. A composite diffusion index is created that monitors conditions in national manufacturing based on the data from these surveys. The Consumer Price Index (CPI) measures the change in the cost of a fixed basket of products and services. 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. 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 World ex-U.S. Index - captures large and mid-cap representation across 22 of 23 Developed Markets DM countries\*--excluding the United States. With 1,002 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country. (\* DM countries include: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the UK.) 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 Barclays 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 University of Michigan Consumer Sentiment Index (MCSI) is a survey of consumer confidence conducted by the University of Michigan. The Michigan Consumer Sentiment Index (MCSI) uses telephone surveys to gather information on consumer expectations regarding the overall economy. 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. An open-end index fund continuously issues and redeems shares based on investor demand. As an index fund, its investment objective is to duplicate the performance of the index it uses as a benchmark. Investment Grade or Investment Grade Bond - The broad credit designation given to corporate and municipal bonds which have a high probability of being paid and minor, if any, speculative features. Bonds rated Baa and higher by Moody's Investor Services or BBB and higher by Standard & Poor's are deemed by those agencies to be "investment grade". Non-Investment Grade - By definition, junk bonds are non-investment grade. A bond rated lower than Baa/BBB, also called a "high-yield" bond. Junk bonds are speculative compared with investment grade bonds. Risk-On Risk-Off - An investment setting in which price behavior responds to, and is driven by, changes in investor risk tolerance. Risk-on risk-off refers to changes in investment activity in response to global economic patterns. During periods when risk is perceived as low, risk-on risk-off theory states that investors tend to engage in higher-risk investments. When risk is perceived as high, investors have the tendency to gravitate toward lower-risk investments.

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