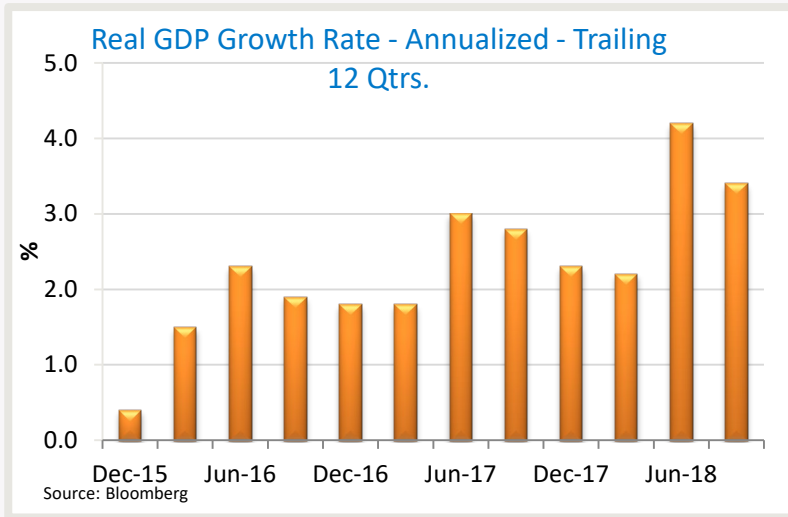




### Chart of the Week



### Weekly Highlights

- **The Federal government shutdown** entered its seventh day, with little progress being reported. More than 400,000 Federal employees are working without pay, and roughly another 380,000 have been furloughed. Negotiations have remained at an impasse over funding for increased border security and a wall along the southern US border.
- **US holiday retail sales came in at one of the strongest levels** in recent years, as consumers spent nearly \$850 billion this season. Online sales continued to have the largest year-over-year increases, whereas brick-and-mortar stores experienced more muted increases.
- **The S&P 500 Index flirted with bear market territory** this week after the index approached a 20% drop from the most recent peak reached in September. Market participants have been reacting to increasing interest rates, slowing global economic growth, and the US-China trade conflict.

### Talking Points

- **Among equities**, large caps underperformed small caps; growth stocks led value stocks; domestic stocks outperformed international stocks; and emerging markets outperformed developed markets.
- **Treasury yields** trended downward during the week. The yield on the 10-Year Treasury Note fell roughly five basis points during the week and ended around 2.74%.
- **Commodity indices** were mixed during the week. Crude oil and natural gas both declined marginally, and gold and silver prices steadily increased throughout the week.
- **The US dollar declined** over the week. The Federal government shutdown and weaker economic indicators weighed on the currency.
- **Among economic data** released this week, consumer confidence fell more than expected as consumers indicated increased unease over the outlook for economic growth in 2019. Jobless claims for the week ending December 22 declined faintly to 216,000, but still remained within consensus expectations.

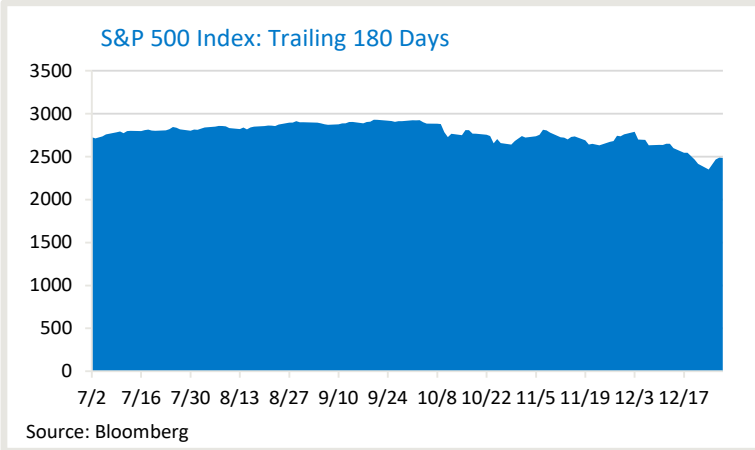
***\*New for 2019: The EWM Weekly Market Review will be delivered on Monday mornings, with the January 4, 2019 Weekly Market Review going out on January 7th***

## Market Dashboard

	Last Price	Change	% Chg.	YTD %
<b>S&amp;P 500</b>	2,485.74	69.12	2.86%	-7.0%
<b>Dow Industrials</b>	23,062.40	617.03	2.75%	-6.7%
<b>Nasdaq</b>	6,584.52	251.53	3.97%	-4.6%
<b>Russell 2000</b>	1,337.92	45.84	3.55%	-12.9%
<b>Euro Stoxx Index</b>	336.23	-0.44	-0.13%	-13.6%
<b>Shanghai Composite</b>	2,493.90	-22.35	-0.89%	-24.6%
<b>Russell Global</b>	1,868.62	23.37	1.27%	-12.8%

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

	Last Price	Change	% Chg.	YTD %
<b>Russell Global EM</b>	2,985.67	-15.01	-0.50%	-18.1%
<b>10-Year US Treas.</b>	2.74	-6 bps	NM	NM
<b>Bloomberg Cmdts. Idx.</b>	77.59	-1.10	-1.40%	-12.0%
<b>Gold</b>	\$1,281.06	\$23.62	1.88%	-1.7%
<b>Crude Oil</b>	\$45.06	-\$0.49	-1.07%	-21.4%
<b>Dollar Index</b>	96.36	-0.62	-0.64%	4.6%
<b>VIX Index</b>	28.34	-1.77	-5.88%	156.7%



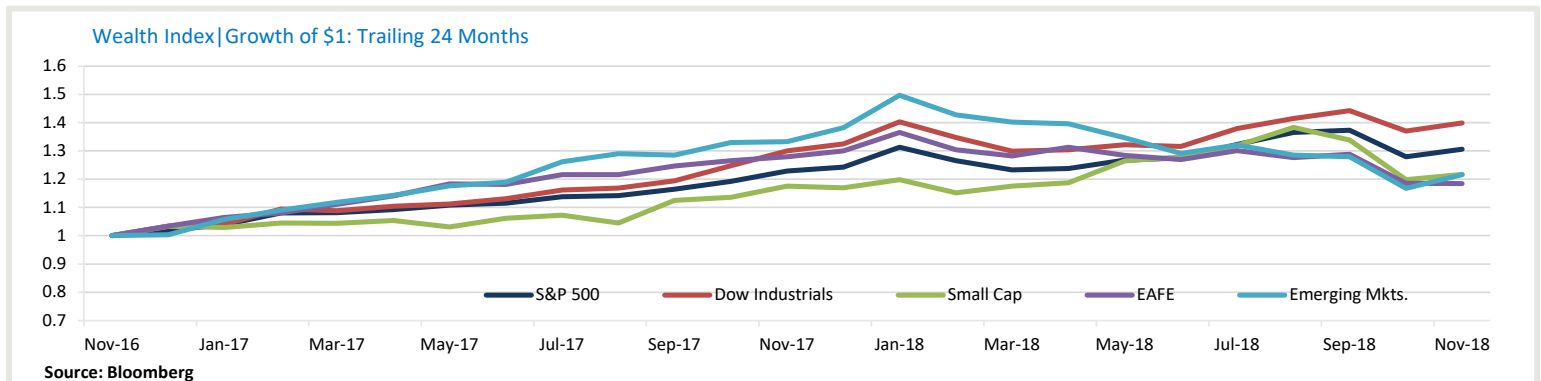
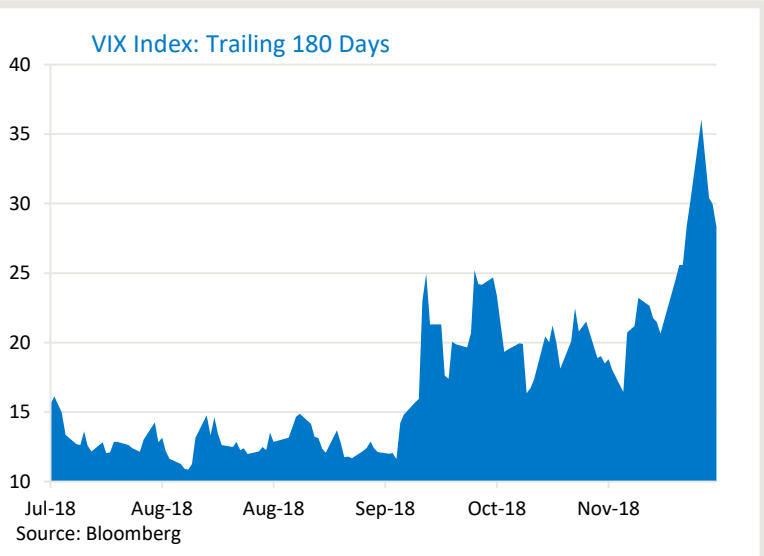
	One Week			YTD		
	Value	Growth		Value	Growth	
L	2.20%	3.06%	3.86%	-9.35%	-5.78%	-2.81%
	1.40%	2.38%	3.82%	-14.95%	-11.43%	-6.70%
S	2.25%	3.55%	4.82%	-15.00%	-12.87%	-10.89%

Source: Bloomberg

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

	% Wgt in S&P 500	Week % Chg.	YTD % Chg.
<b>Consumer Discretionary</b>	9.9	4.70%	-1.6%
<b>Consumer Staples</b>	7.4	0.74%	-11.5%
<b>Energy</b>	5.3	1.71%	-20.9%
<b>Financials</b>	13.3	3.34%	-15.5%
<b>Health Care</b>	15.5	3.08%	3.3%
<b>Industrials</b>	9.2	2.44%	-15.8%
<b>Information Technology</b>	20.1	3.69%	-2.5%
<b>Materials</b>	2.7	3.09%	-17.1%
<b>Real Estate</b>	3.0	-0.13%	-5.7%
<b>Communication Services</b>	10.2	3.60%	-16.7%
<b>Utilities</b>	3.4	-1.93%	0.3%

Source: Bloomberg



## The Economy and Markets

### ***A Macro View – Don't Fight the Fed?***

To say markets have been choppy lately is an understatement. A handful of catalysts have sparked the recent bumpy ride, but could the President's increasingly frequent critiques of the Federal Reserve (the Fed) be amping up volatility in an already nervous market?

The Fed, established in 1913, operates as the US's central bank and, among other focuses, serves an important role in setting the country's monetary policy. When created, the Fed's private and public leadership was seen as an improvement over the previous and predominately privately owned systems in setting monetary policy oversight. Twelve regional bank presidents (only five of which have voting power at any time) are selected by their respective regional commercial bank representatives, whereas seven individuals are chosen by the President of the United States and confirmed by the Senate to serve on the Board of Governors. Not unlike many other central banks around the world, these members work to meet the Fed's mandates (currently set to maintain stable prices and maximize sustainable employment) and, at the same time, remain apolitical and unbiased toward the political party in power. However, the latter has not always held true, producing clear examples of subsequent actions that led to turbulent financial markets.

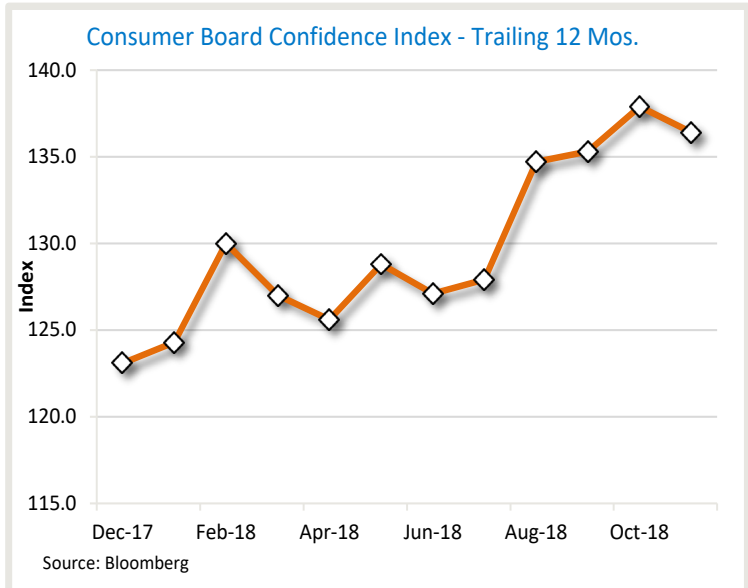
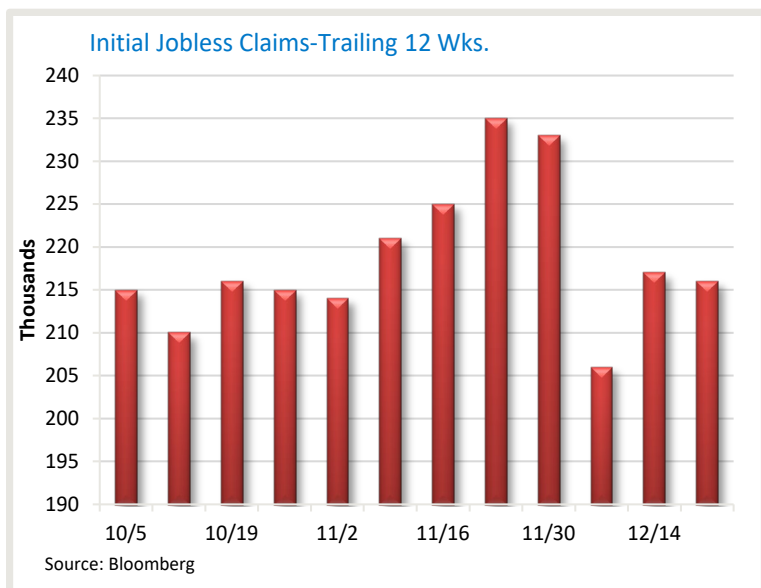
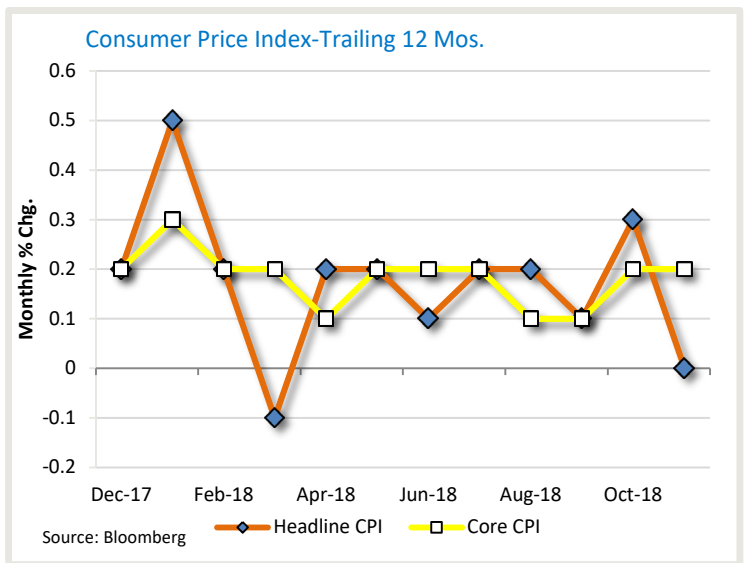
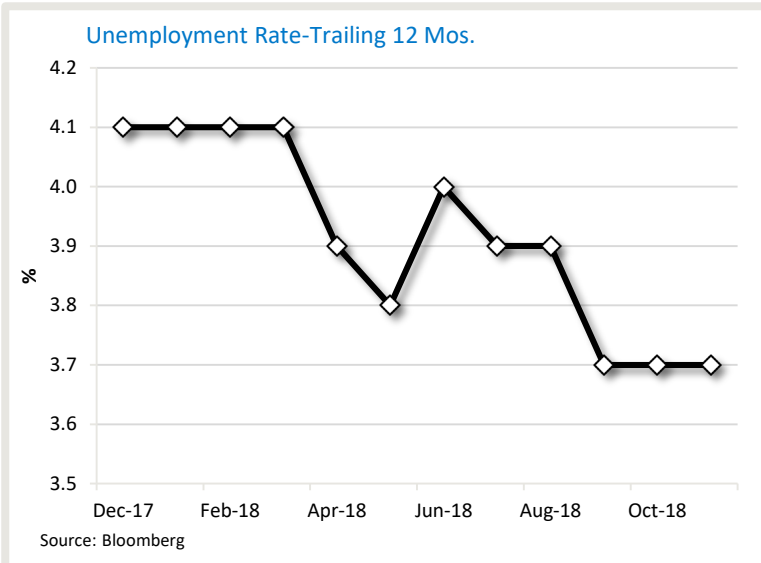
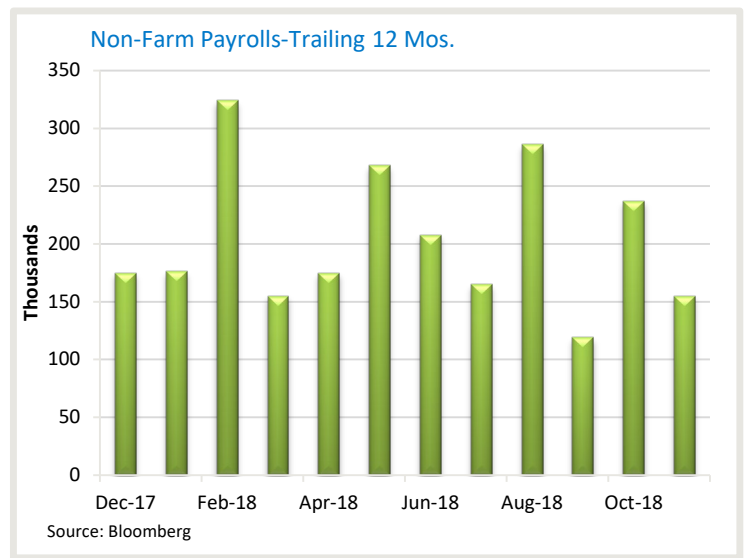
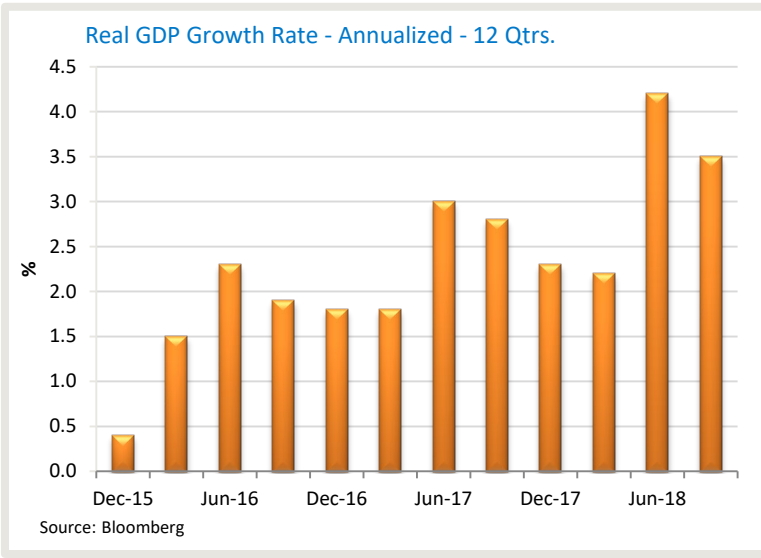
One of the clearest and most recent international examples of political intervention in a central bank's policies comes from Turkey this past July. In the wake of President Tayyip Erdogan's re-election and appointment of his son-in-law to the finance minister position, the Turkish central bank left interest rates unchanged despite concerning inflation and market participants' expectation of a rate increase to stall rising prices. Both Turkey's financial markets and its currency plunged after the announcement to hold rates steady, and bond rating agencies downgraded the Turkish sovereign debt the following month. Closer to home, the US Fed's independence was challenged in the early 1970s by then-President Richard Nixon. President Nixon already had a less-than-favorable view of the Fed prior to assuming the presidency in 1968, but under pressure to be re-elected in 1972, coerced the Fed chairman into a more dovish monetary policy stance to keep easy money flowing into the economy. Soaring inflation, and eventually stagflation, came about in part from these policies, with the inflation rate reaching highs not seen since the end of World War II, and eventually topping 12% in 1974.

These are only a few of many examples of cases in which intervention into a central bank's mandate has seemingly caused calamity. Maybe rightly so, these interferences are viewed as deviations from practiced norms and are not unlike other unforeseen events that spook investors.

Only time will tell whether the current administration's criticism and attempts at intervention will result in history repeating itself. However, through these times of heightened uncertainty, investors should remember that market volatility is occasionally expected, and those who maintain a long-term focus have the best chance of meeting their long-term objectives.

Source: St. Louis Federal Reserve Bank

Economic Data



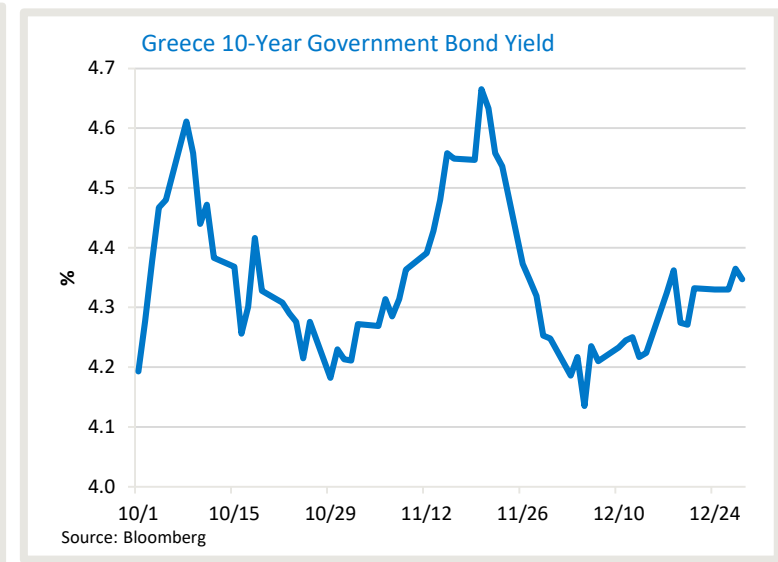
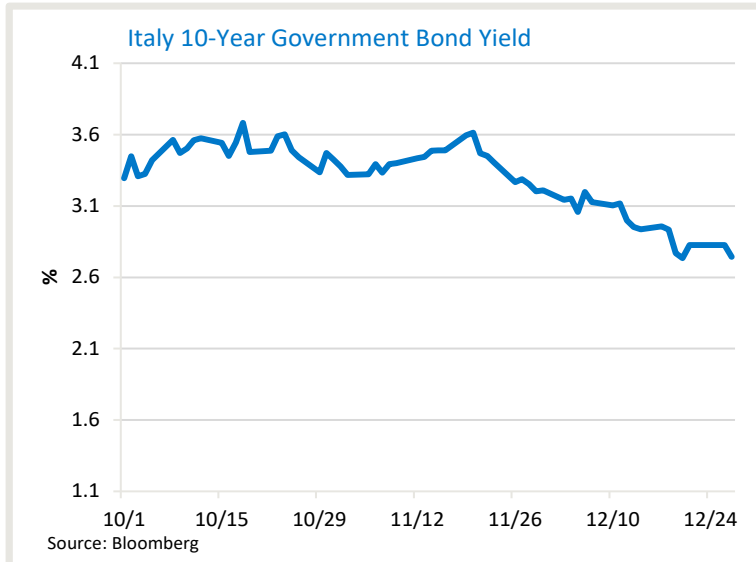
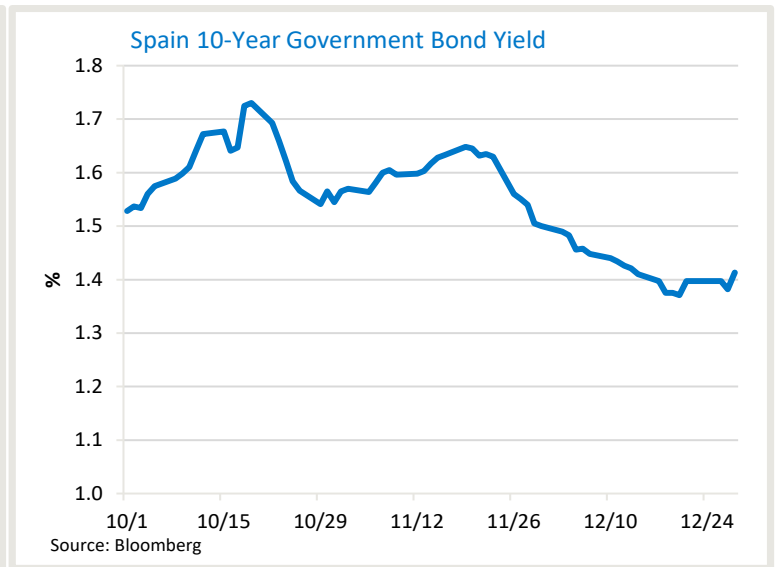
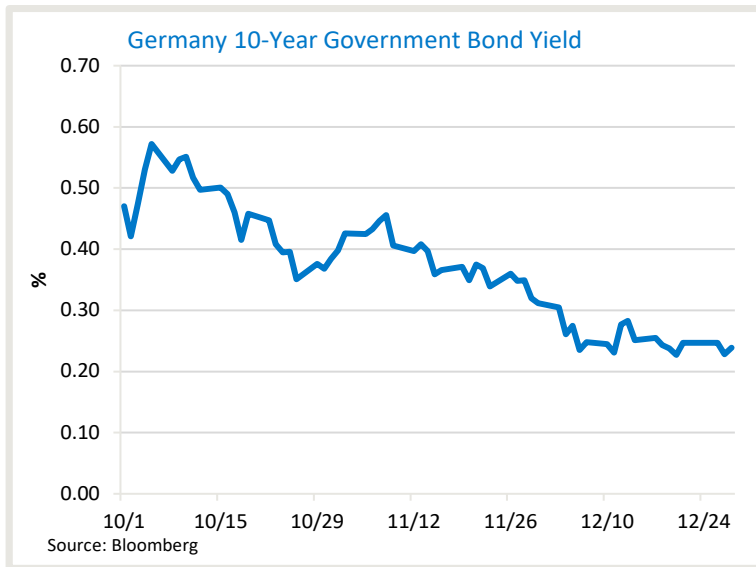
**Eurozone**

SELECTED EUROPEAN SOVEREIGN YIELD PERFORMANCE

	Last	Change	% Chg.	YTD %
Germany 10-Yr. Govt.	0.24	1 bps	NM	NM
Greece 10-Yr. Govt.	4.35	-1 bps	NM	NM
Italy 10-Yr. Govt.	2.74	7 bps	NM	NM
Spain 10-Yr. Govt.	1.41	-1 bps	NM	NM
Belgium 10-Yr. Govt.	0.77	0 bps	NM	NM

	Last	Change	% Chg.	YTD %
France 10-Yr. Govt.	0.70	-1 bps	NM	NM
Ireland 10-Yr. Govt.	0.90	-1 bps	NM	NM
Portugal 10-Yr. Govt.	1.71	-3 bps	NM	NM
Netherlands 10-Yr. Govt.	0.38	1 bps	NM	NM
U.K. 10-Yr. Govt.	1.27	5 bps	NM	NM

Source: Bloomberg  
 Basis points (bps)

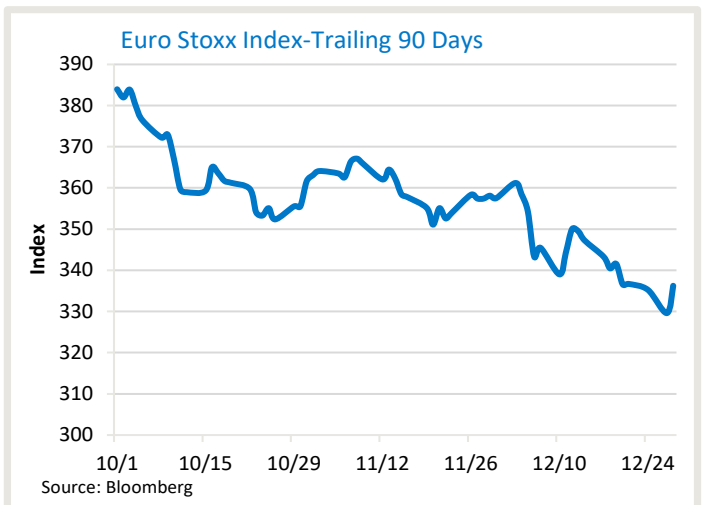
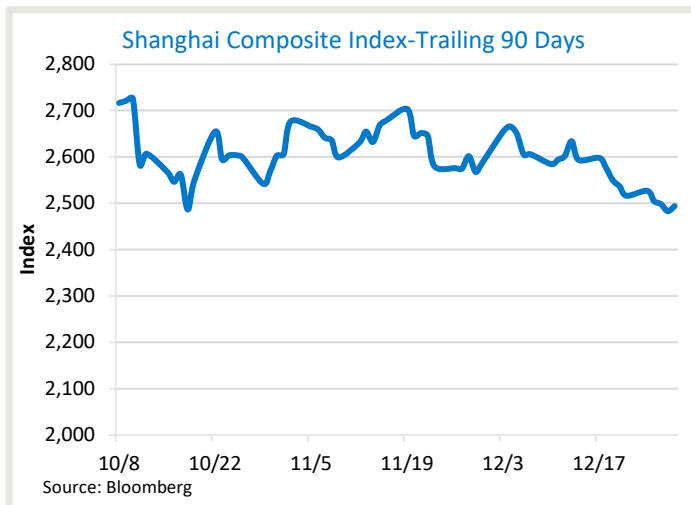
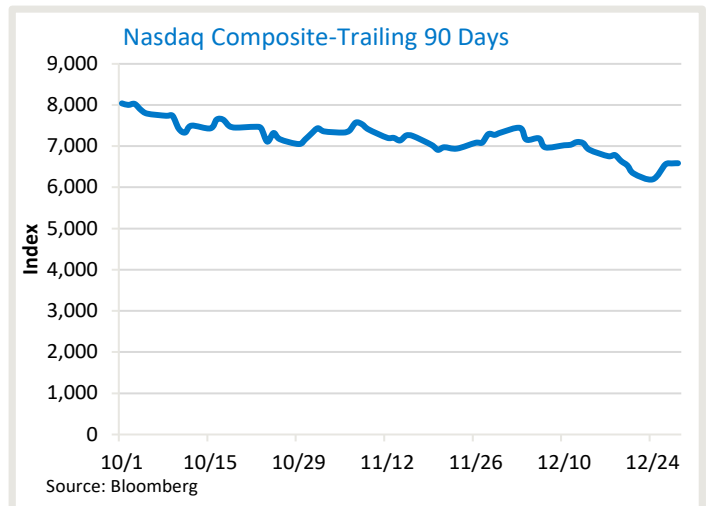
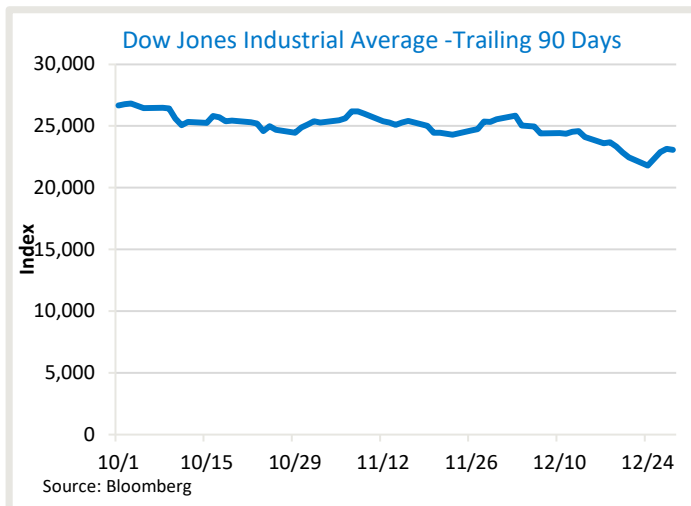


Equities

WORLD MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
S&P 500	2,485.74	69.12	2.86%	-7.03%	Swiss Market Index	8,429.30	12.01	0.14%	-10.15%
Dow Industrials	23,062.40	617.03	2.75%	-6.70%	CAC 40 Index (France)	4,678.74	-15.64	-0.33%	-11.93%
Nasdaq Composite	6,584.52	251.53	3.97%	-4.62%	DAX Index (Germany)	10,558.96	-74.86	-0.70%	-18.26%
Russell Global	1,868.62	23.37	1.27%	-12.8%	Irish Overall Index	5,459.20	67.78	1.26%	-22.44%
Russell Global EM	2,985.67	-15.01	-0.50%	-18.1%	Nikkei 225	20,014.77	-377.81	-1.85%	-12.08%
S&P/TSX (Canada)	14,222.00	286.56	2.06%	-12.26%	Hang Seng Index	25,504.20	-361.19	-1.40%	-14.76%
Mexico IPC	41,459.15	2.47	0.01%	-15.97%	Shanghai Composite	2,493.90	-22.35	-0.89%	-24.59%
Brazil Bovespa	87,887.25	2190.11	2.56%	15.03%	Kospi Index (S. Korea)	2,041.04	-19.08	-0.93%	-17.28%
Euro Stoxx 600	336.23	-0.44	-0.13%	-13.61%	Taiwan Taiex Index	9,727.41	81.25	0.84%	-8.60%
FTSE 100	6,733.97	12.80	0.19%	-12.41%	Tel Aviv 25 Index	1,448.56	-77.99	-5.11%	-4.05%
IBEX 35 (Spain)	8,493.70	-63.10	-0.74%	-15.43%	MOEX Index (Russia)	2,358.50	11.33	0.48%	11.79%

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



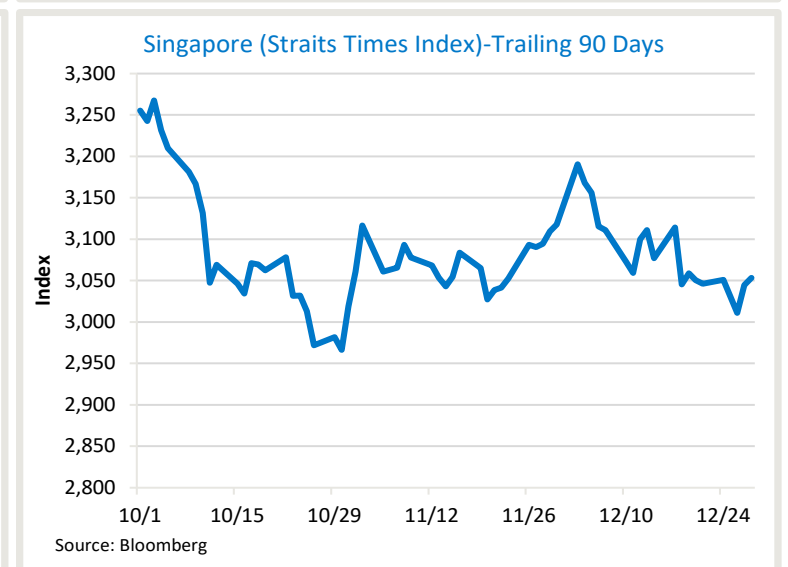
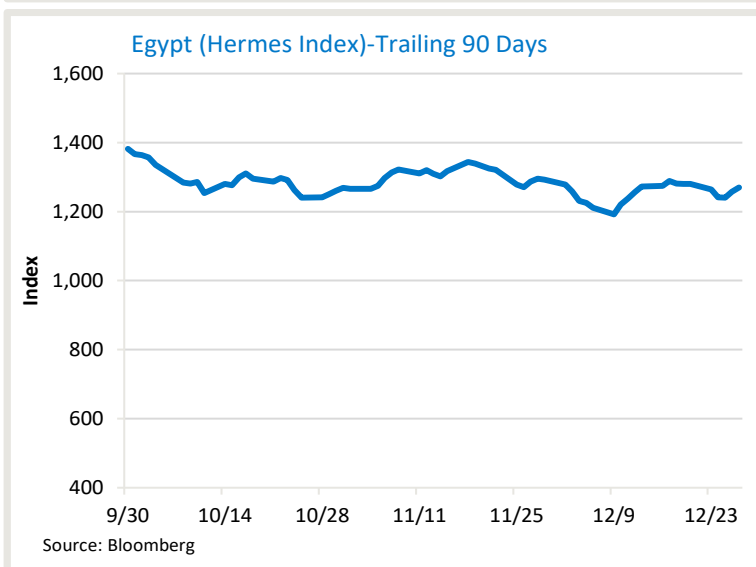
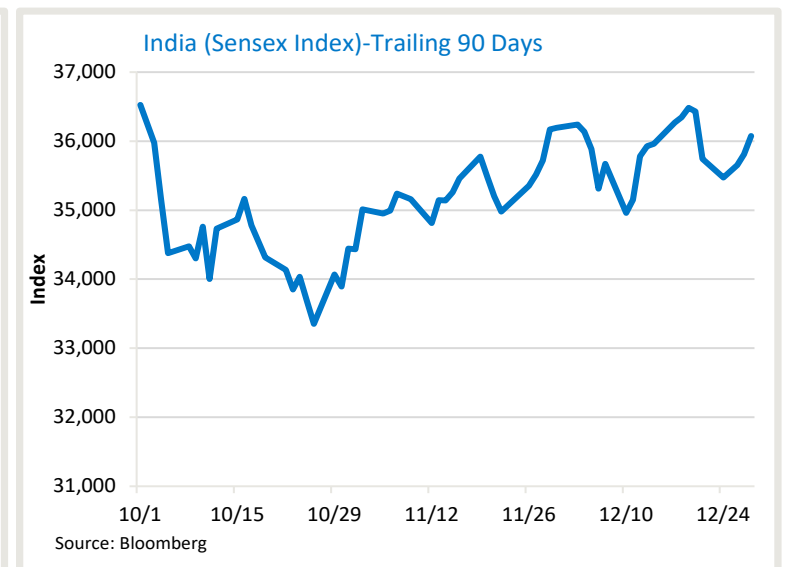
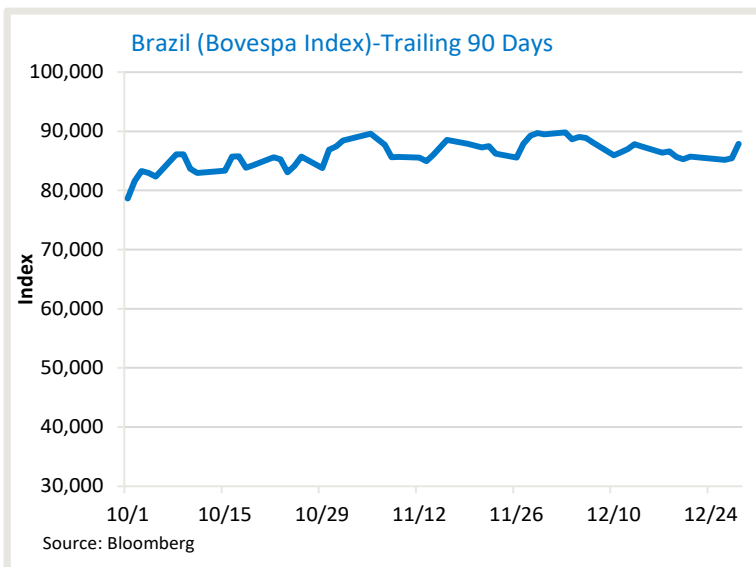
## Equities – Emerging and Frontier Markets

### EMERGING AND FRONTIER MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
Mexico IPC	41,459.15	2.47	0.0%	-16.0%
Brazil (Bovespa Index)	87,887.25	2190.11	2.6%	15.0%
MOEX Index (Russia)	2,358.50	11.33	0.5%	11.8%
Czech Republic (Prague)	986.56	3.21	0.3%	-8.5%
Turkey (Istanbul)	90,435.33	-1425.42	-1.6%	-21.6%
Egypt (Hermes Index)	1,269.98	-10.11	-0.8%	-11.6%
Kenya (Nairobi 20 Index)	2,800.95	45.95	1.7%	-24.5%
Saudi Arabia (TASI Index)	7,749.32	-4.04	-0.1%	7.2%
Lebanon (Beirut BLOM Index)	976.75	-8.02	-0.8%	-15.0%
Palestine	528.16	3.36	0.6%	-8.1%

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

	Last	Change	% Chg.	YTD %
Hang Seng Index	25,504.20	-361.19	-1.4%	-14.8%
India (Sensex 30)	36,076.72	334.65	0.9%	5.9%
Malaysia (KLCI Index)	1,692.07	41.51	2.5%	-5.8%
Singapore (Straits Times Index)	3,053.43	2.81	0.1%	-10.3%
Thailand (SET Index)	1,563.88	-31.45	-2.0%	-10.8%
Indonesia (Jakarta)	6,194.50	18.40	0.3%	-2.5%
Pakistan (Karachi KSE 100)	37,167.02	-1084.02	-2.8%	-8.2%
Vietnam (Ho Chi Minh)	892.54	-19.72	-2.2%	-9.3%
Sri Lanka (Colombo)	6,015.23	-1.13	0.0%	-5.6%
Cambodia (Laos)	836.45	13.69	1.7%	-16.2%

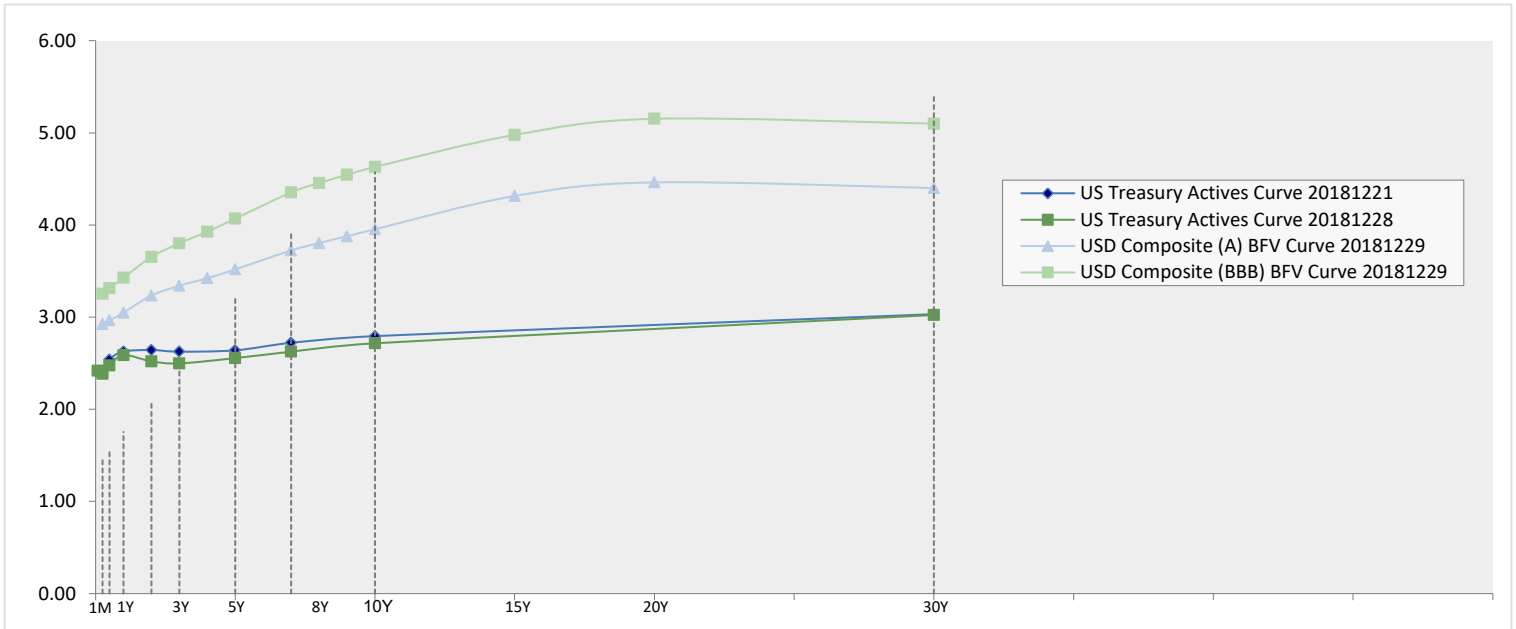


Interest Rates

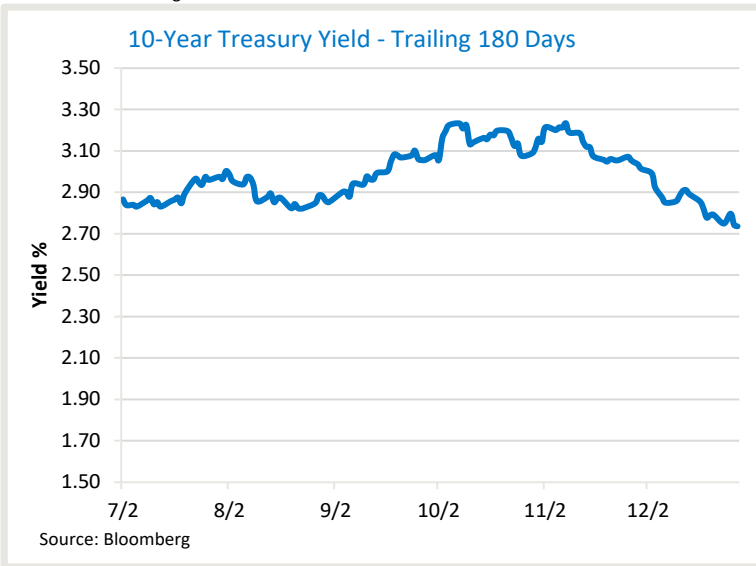
SELECTED INTEREST RATES

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
2-Yr. U.S. Treasury	2.52%	0 bps	NM	NM	Prime Rate	5.50%	0.00	NM	NM
5-Yr. U.S. Treasury	2.57%	-7 bps	NM	NM	Fed Funds Rate	2.50%	0.00	NM	NM
10-Yr. U.S. Treasury	2.74%	-6 bps	NM	NM	Discount Rate	3.00%	0.00	NM	NM
30-Yr. U.S. Treasury	3.04%	1 bps	NM	NM	LIBOR (3 Mo.)	2.80%	-2 bps	NM	NM
German 10-Yr. Govt.	0.24%	1 bps	NM	NM	Bond Buyer 40 Muni	4.01%	-2 bps	NM	NM
France 10-Yr.	0.70%	-1 bps	NM	NM	Bond Buyer 40 G.O.	4.10%	NA	NM	NM
Italy 10-Yr.	2.74%	7 bps	NM	NM	Bond Buyer 40 Rev.	4.58%	NA	NM	NM
Fed 5-Yr Fwd BE Inf.	1.83%	-11 bps	NM	NM					

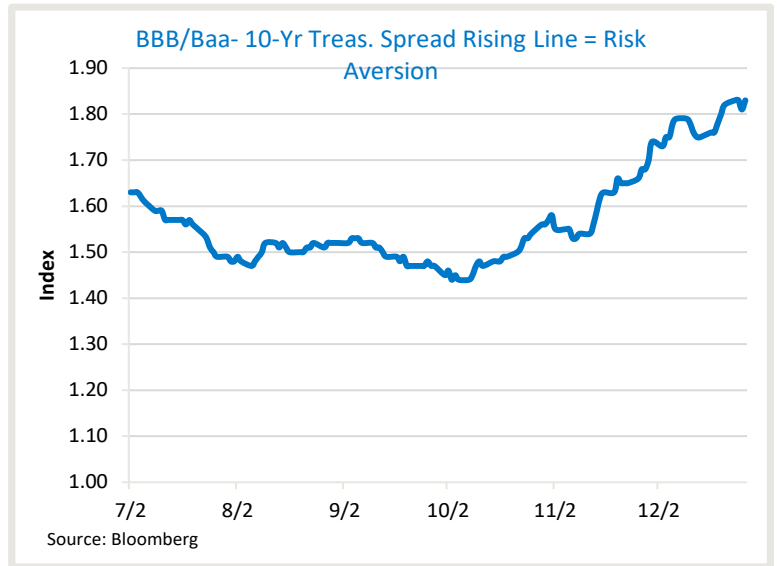
Source: Bloomberg



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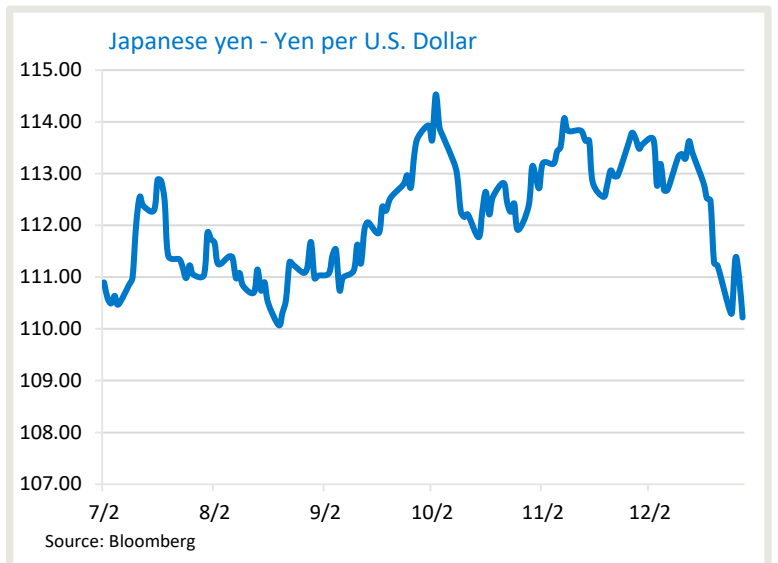
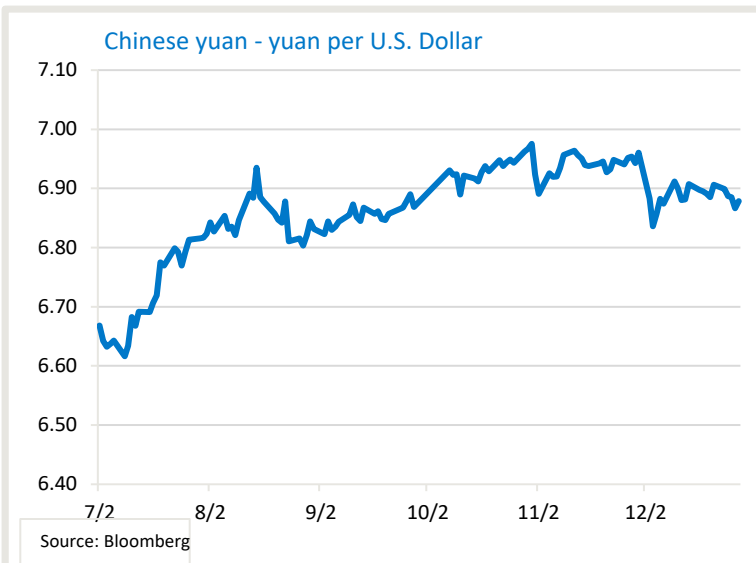
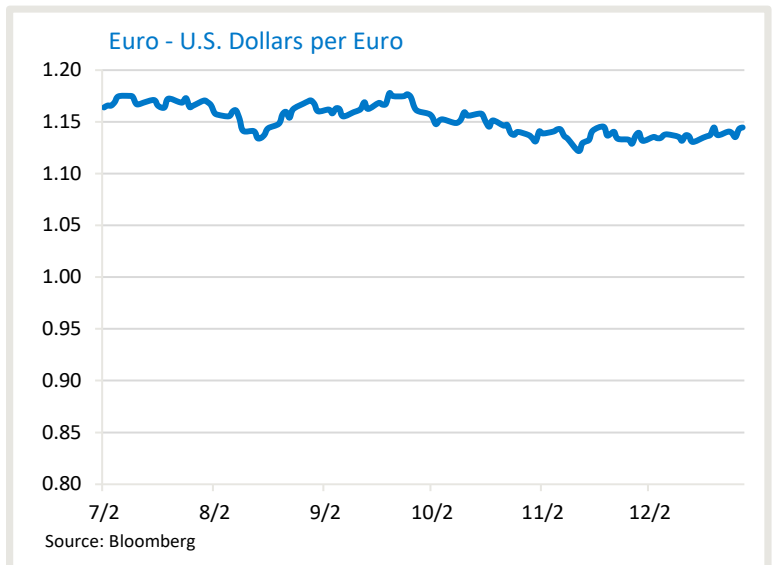
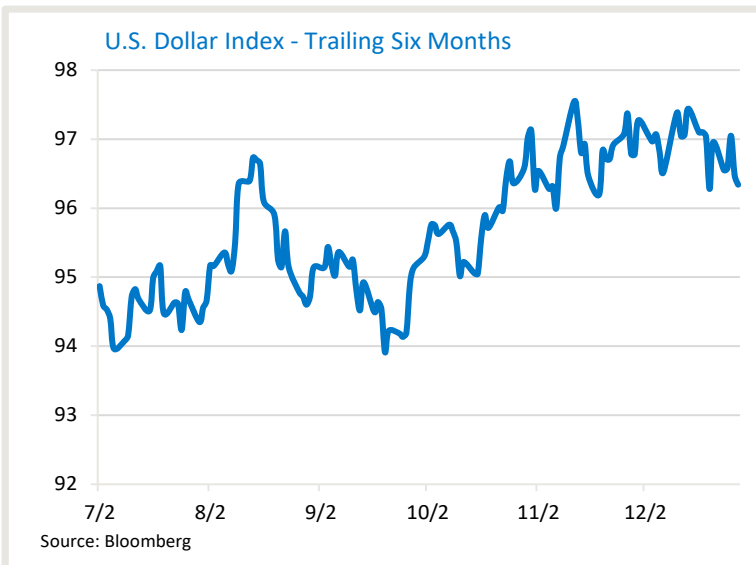
## Currencies

### SELECTED CURRENCY PERFORMANCE

	Last	Change	% Chg.	YTD %
<b>Dollar Index</b>	<b>96.36</b>	<b>-0.617</b>	<b>-0.64%</b>	<b>4.58%</b>
<b>Euro</b>	<b>1.14</b>	<b>0.007</b>	<b>0.65%</b>	<b>-4.66%</b>
<b>Japanese Yen</b>	<b>110.26</b>	<b>-1.000</b>	<b>0.91%</b>	<b>2.24%</b>
<b>British Pound</b>	<b>1.27</b>	<b>0.005</b>	<b>0.41%</b>	<b>-6.04%</b>
<b>Canadian Dollar</b>	<b>1.36</b>	<b>0.005</b>	<b>-0.36%</b>	<b>-7.91%</b>

Source: Bloomberg

	Last	Change	% Chg.	YTD %
<b>Chinese Yuan</b>	<b>6.88</b>	<b>-0.028</b>	<b>0.41%</b>	<b>-5.41%</b>
<b>Swiss Franc</b>	<b>0.98</b>	<b>-0.010</b>	<b>1.00%</b>	<b>-0.99%</b>
<b>New Zealand Dollar</b>	<b>0.67</b>	<b>-0.002</b>	<b>-0.34%</b>	<b>-5.54%</b>
<b>Brazilian Real</b>	<b>3.88</b>	<b>-0.023</b>	<b>0.60%</b>	<b>-14.66%</b>
<b>Mexican Peso</b>	<b>19.67</b>	<b>-0.268</b>	<b>1.36%</b>	<b>-0.06%</b>

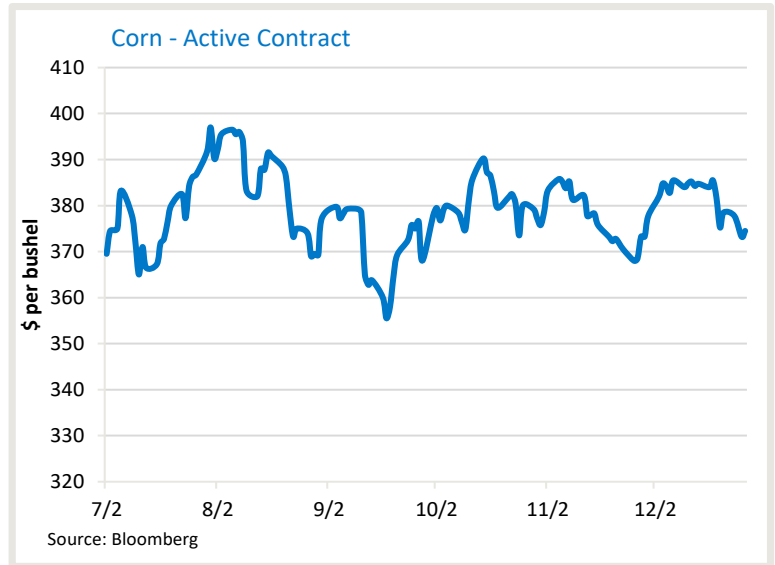
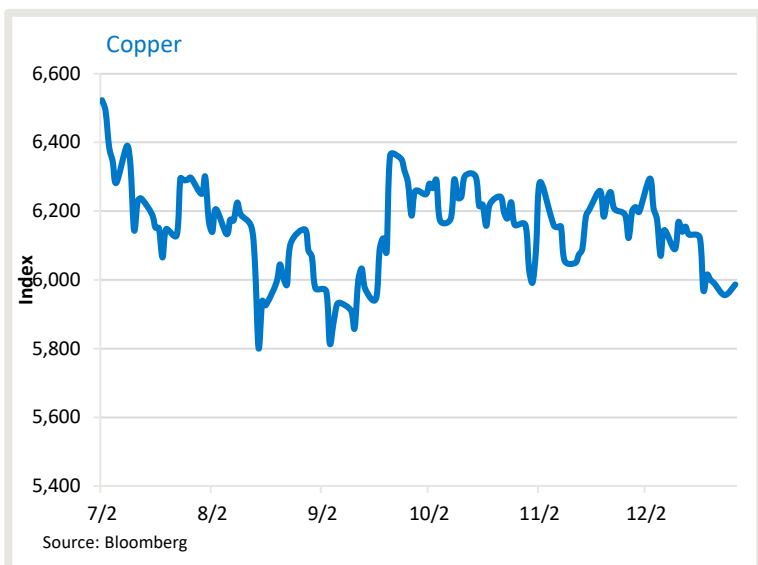
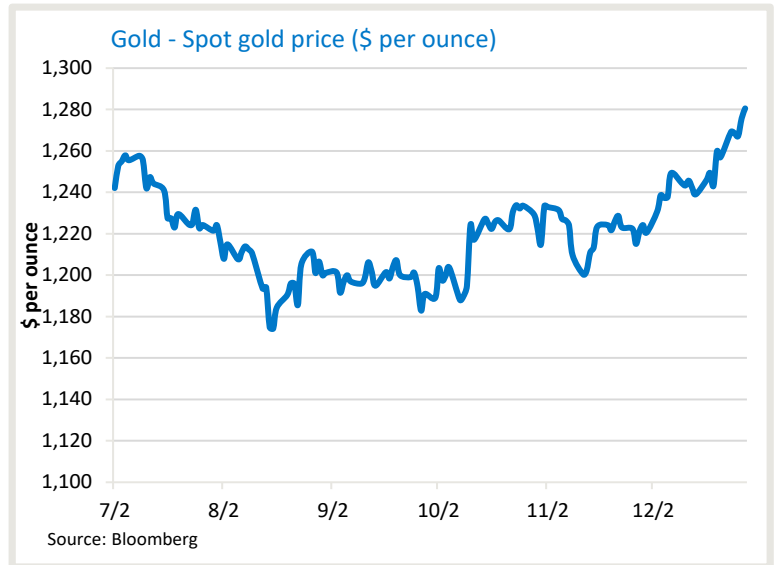
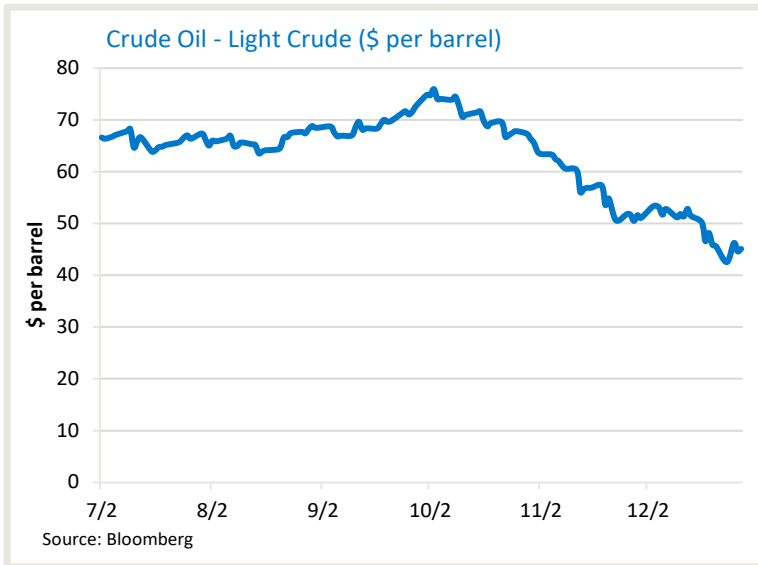


## Commodities

### SELECTED COMMODITY MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
Bloomberg Comm. Idx.	77.59	-1.10	-1.40%	-11.99%	Platinum Spot	\$790.46	\$3.82	0.49%	-14.79%
Crude Oil	\$45.08	-\$0.49	-1.07%	-21.43%	Corn	375.50	0.25	0.07%	-4.51%
Natural Gas	\$3.31	-\$0.45	-11.87%	7.97%	Wheat	511.50	-12.00	-2.29%	3.70%
Gasoline (\$/Gal.)	\$2.29	-\$0.05	-2.05%	-7.96%	Soybeans	895.50	-10.75	-1.19%	-9.39%
Heating Oil	166.00	-7.28	-4.20%	-15.05%	Sugar	12.39	-0.04	-0.32%	-21.03%
Gold Spot	\$1,280.86	\$23.62	1.88%	-1.71%	Orange Juice	126.25	-3.65	-2.81%	-12.17%
Silver Spot	\$15.38	\$0.72	4.94%	-9.22%	Aluminum	1,851.50	-57.50	-3.01%	-18.36%
					Copper	5,986.50	-4.50	-0.08%	-17.39%

Source: Bloomberg; % change is based on price.

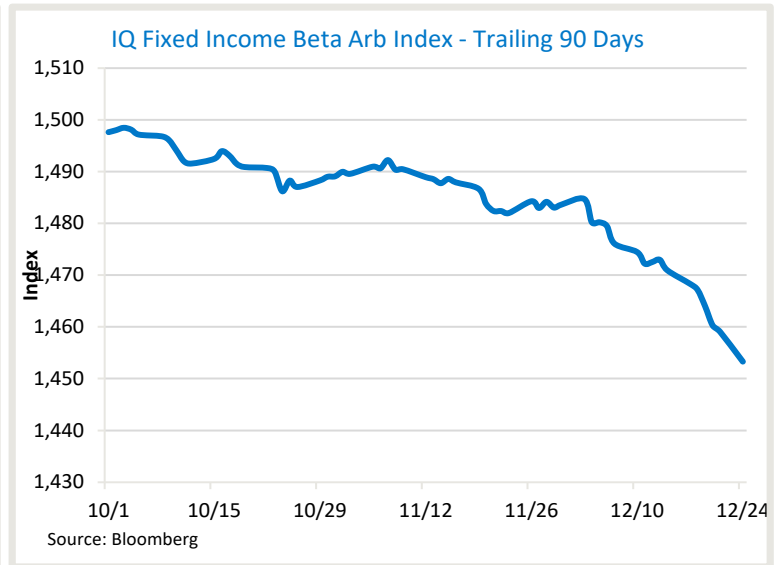
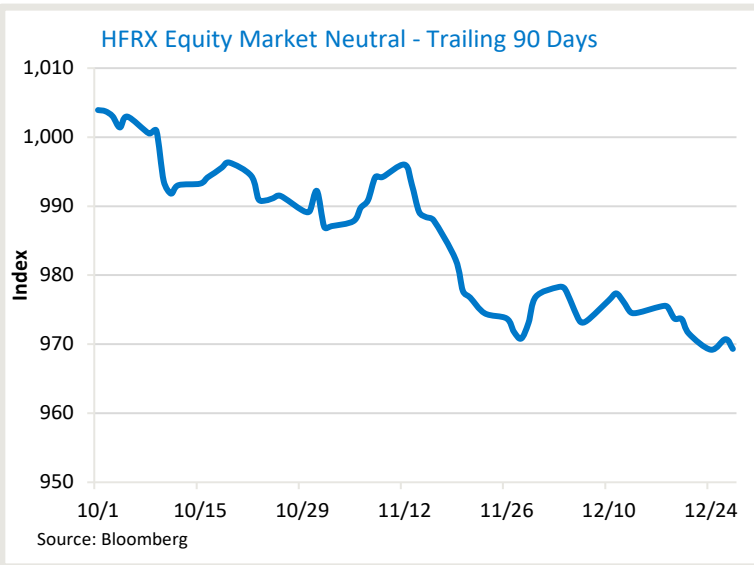
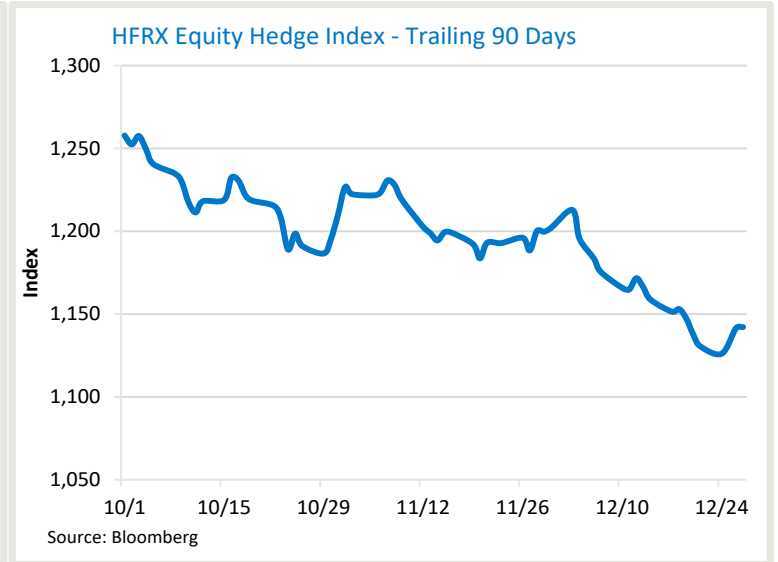
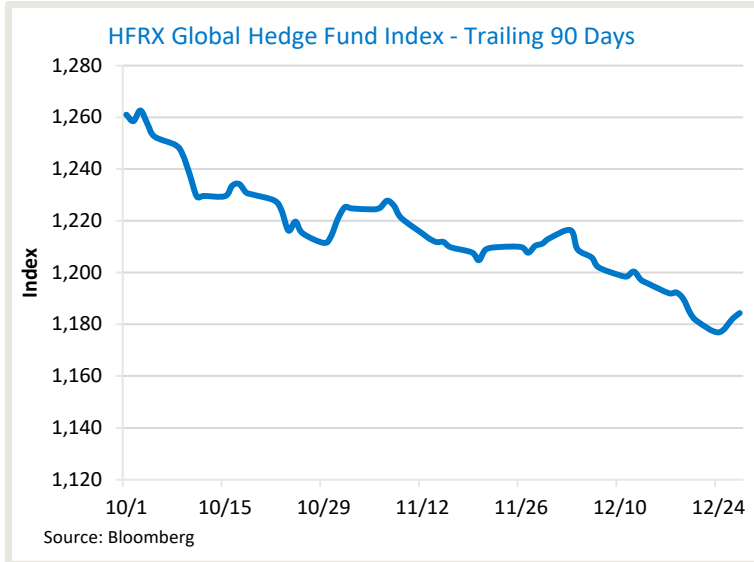


## Alternative Investments

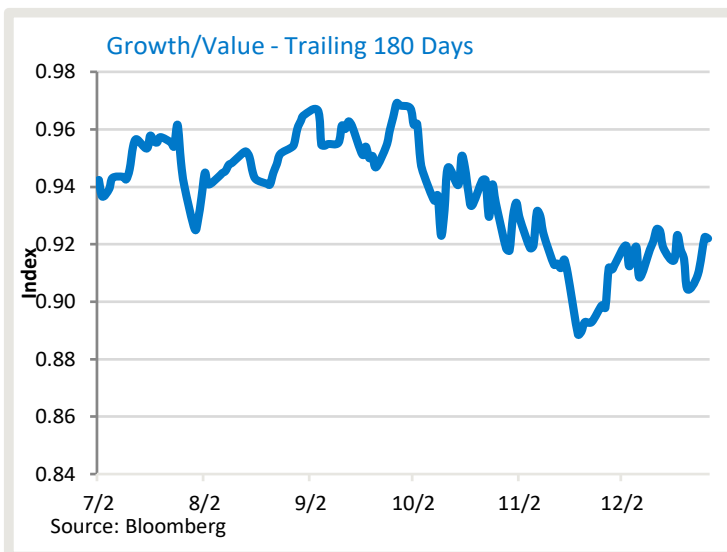
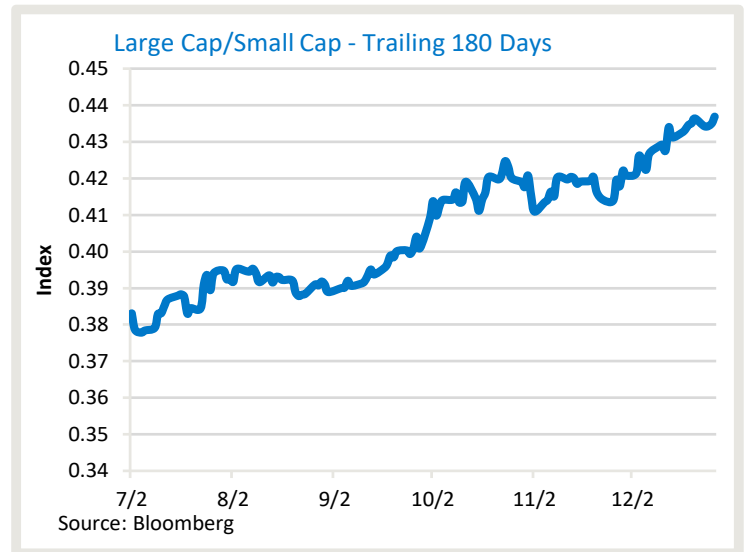
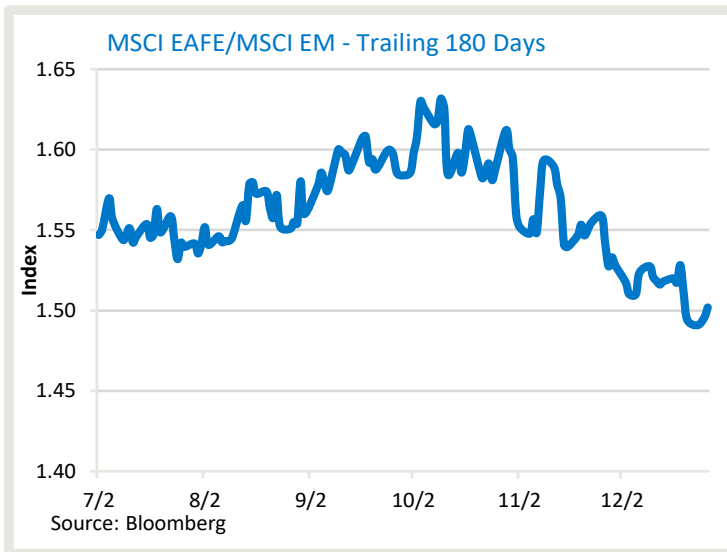
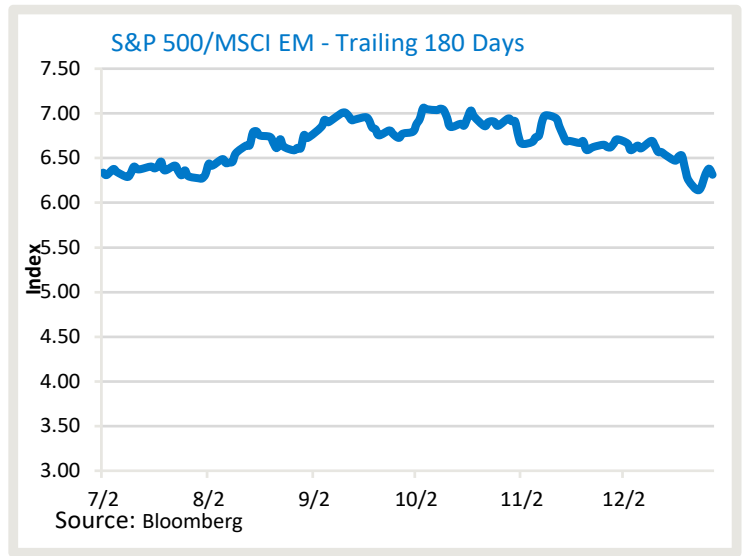
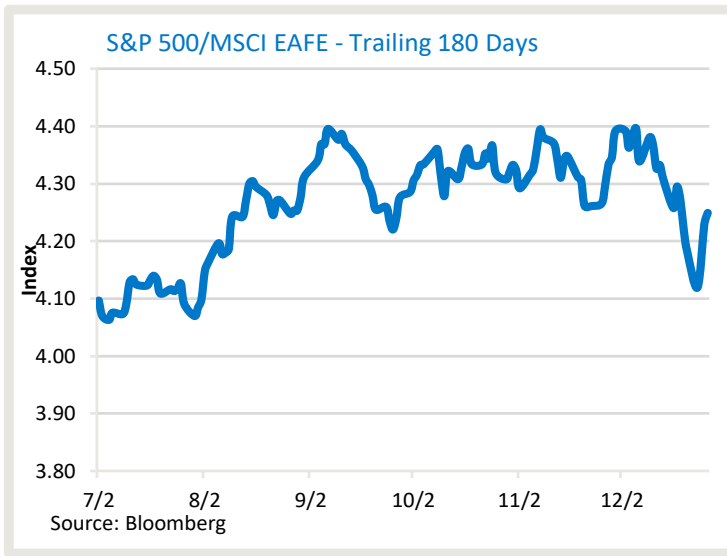
### SELECTED ALTERNATIVE INVESTMENT INDEX PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
HFRX Global Hedge Fund Index	1184.36	3.20	0.27%	-7.15%	HFRX Distressed Index	997.79	-3.81	-0.38%	-9.84%
HFRX Equity Market Neutral	969.31	-2.19	-0.23%	-3.49%	HFRX Merger Arbitrage Index	1813.93	7.20	0.40%	-2.11%
HFRX Equity Hedge Index	1142.08	11.65	1.03%	-10.13%	HFRX Convertible Arbitrage Index	782.35	-6.50	-0.82%	-1.74%
HFRX Event-Driven Index	1451.73	-6.54	-0.45%	-12.85%	HFRX Macro CTA Index	1131.69	6.26	0.56%	-2.76%
HFRX Absolute Return Index	1054.37	-1.76	-0.17%	-0.84%	IQ Fixed Income Beta Arb Index	1462.51	3.48	0.24%	-0.54%

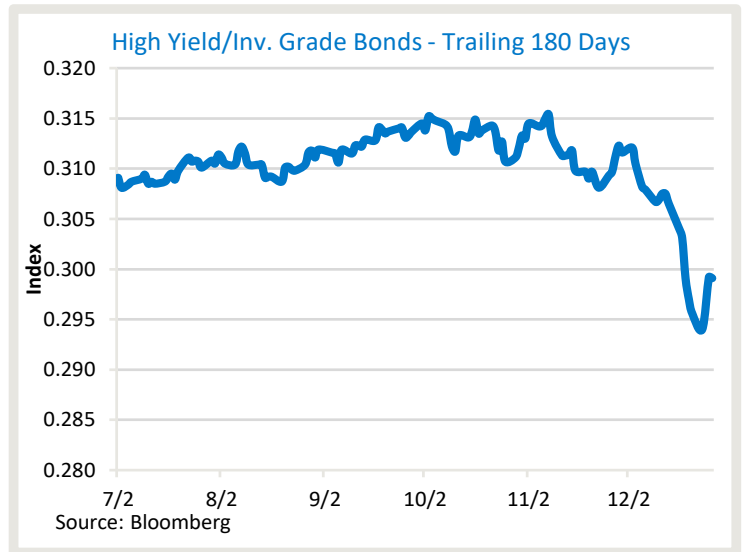
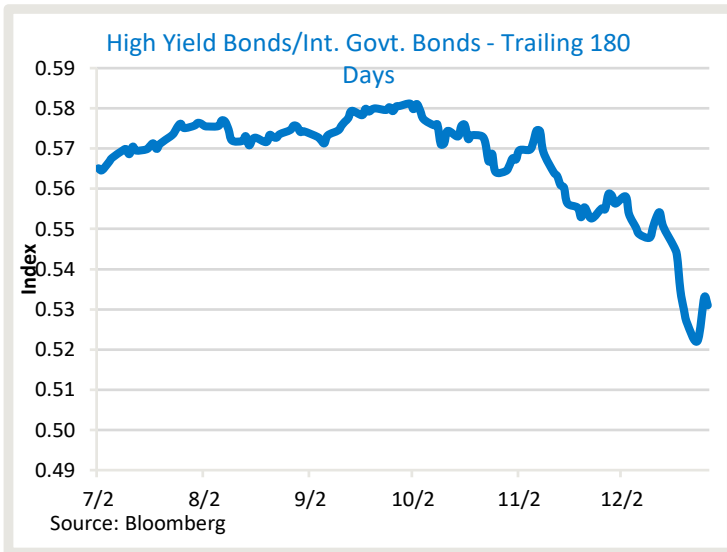
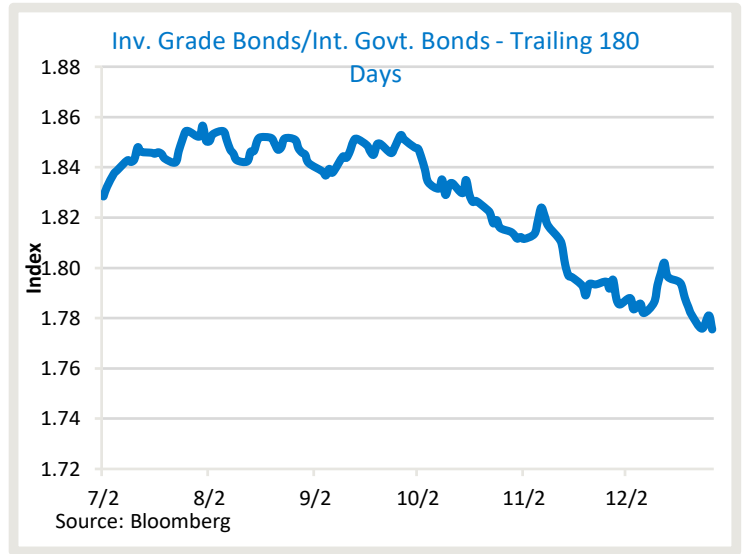
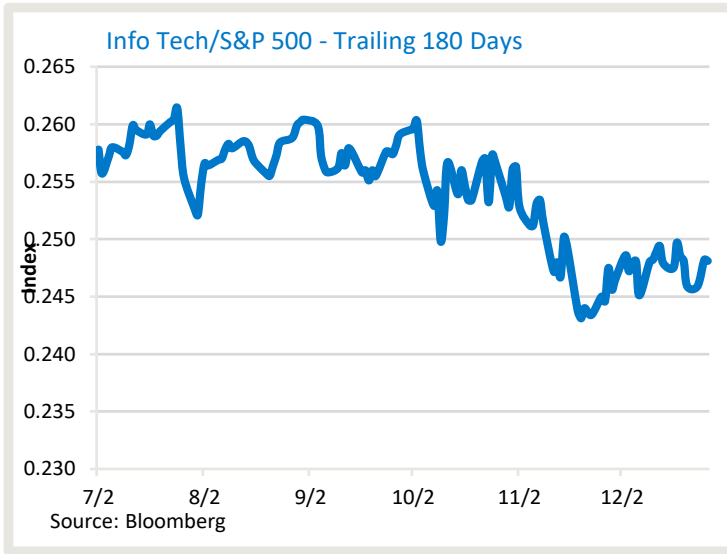
Source: Bloomberg; Index % change is based on price.



## Portfolio Construction



## Portfolio Construction (continued)



WEEKLY ASSET CLASS PERFORMANCE (Prior 12 weeks ending Thursday)

			10/11	10/18	10/25	11/1	11/8	11/15	11/22	11/29	12/6	12/13	12/20	12/27
Equity	Domestic Equity	Large Cap (R200)	-6.01%	1.52%	-2.08%	0.99%	2.39%	-2.79%	-3.18%	3.52%	-1.43%	-1.49%	-6.97%	0.93%
		Small Cap (R2000)	-6.16%	0.99%	-3.87%	2.97%	2.15%	-3.43%	-2.35%	2.49%	-3.15%	-3.03%	-7.45%	0.44%
	Int'l. Equity	MSCI EAFE	-4.66%	0.06%	-3.68%	2.36%	1.68%	-2.68%	-0.74%	1.45%	-3.38%	0.86%	-3.39%	-1.50%
		MSCI Em. Mkts.	-5.51%	1.70%	-2.26%	2.37%	2.27%	-1.28%	-0.50%	2.26%	-1.92%	0.67%	-2.61%	-0.78%
Fixed Income	BarCap Agg. (AGG)	0.15%	-0.25%	0.19%	-0.31%	-0.32%	0.46%	0.18%	0.22%	0.41%	0.18%	0.29%	-0.01%	
	High Yield (JNK)	-1.12%	0.14%	-0.34%	-0.37%	0.68%	-1.67%	-0.60%	0.78%	-1.00%	0.64%	-3.75%	0.27%	
Commodities	Bloomberg Commodity Index	-1.00%	-0.20%	-1.31%	-1.23%	-0.37%	-0.50%	0.62%	-0.88%	-0.44%	0.30%	-4.49%	-1.28%	
Alternatives	Hedge Funds (HFRX Global)	-2.23%	0.13%	-0.91%	0.46%	0.03%	-1.13%	-0.24%	0.19%	-0.44%	-0.72%	-1.08%	0.01%	
Asset Allocation	60/40*	-3.40%	0.57%	-1.62%	0.94%	1.22%	-1.57%	-1.29%	1.75%	-1.25%	-0.49%	-3.56%	0.07%	
	48/32/20 (w/Alts.)**	-3.16%	0.48%	-1.48%	0.85%	0.98%	-1.48%	-1.08%	1.44%	-1.09%	-0.54%	-3.06%	0.06%	

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	1.03	1.07	0.98	1.14	1.13	1.07	1.21	1.18	0.94	0.97	1.07	0.68	1.17
Large Cap Growth	1.03	1.00	1.06	1.10	1.01	1.18	1.17	1.10	1.25	1.22	0.97	1.00	1.11	0.70	1.20
Large Cap Value	0.98	0.94	1.00	1.04	0.96	1.11	1.10	1.04	1.18	1.15	0.91	0.94	1.05	0.66	1.14
Mid Cap Core	0.94	0.91	0.96	1.00	0.92	1.07	1.06	1.00	1.13	1.11	0.88	0.91	1.01	0.63	1.09
Mid Cap Growth	1.02	0.99	1.05	1.09	1.00	1.16	1.15	1.09	1.23	1.20	0.95	0.99	1.09	0.69	1.19
Mid Cap Value	0.88	0.85	0.90	0.94	0.86	1.00	0.99	0.94	1.06	1.03	0.82	0.85	0.94	0.59	1.02
Small Cap Core	0.88	0.86	0.91	0.94	0.87	1.01	1.00	0.94	1.07	1.04	0.83	0.86	0.95	0.60	1.03
Small Cap Growth	0.94	0.91	0.96	1.00	0.92	1.07	1.06	1.00	1.13	1.11	0.88	0.91	1.01	0.63	1.09
Small Cap Value	0.83	0.80	0.85	0.88	0.81	0.94	0.94	0.88	1.00	0.98	0.77	0.80	0.89	0.56	0.97
Int'l. Developed	0.85	0.82	0.87	0.90	0.83	0.97	0.96	0.90	1.03	1.00	0.79	0.82	0.91	0.57	0.99
Emerging Markets	1.07	1.03	1.10	1.14	1.05	1.22	1.21	1.14	1.29	1.26	1.00	1.03	1.15	0.72	1.25
REITs	1.03	1.00	1.06	1.10	1.01	1.18	1.17	1.10	1.25	1.22	0.97	1.00	1.11	0.70	1.20
Commodities	0.93	0.90	0.95	0.99	0.91	1.06	1.05	0.99	1.13	1.10	0.87	0.90	1.00	0.63	1.09
Int. Bond	1.48	1.43	1.52	1.58	1.45	1.69	1.68	1.58	1.79	1.75	1.39	1.43	1.59	1.00	1.73
High Yield	0.86	0.83	0.88	0.91	0.84	0.98	0.97	0.91	1.04	1.01	0.80	0.83	0.92	0.58	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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