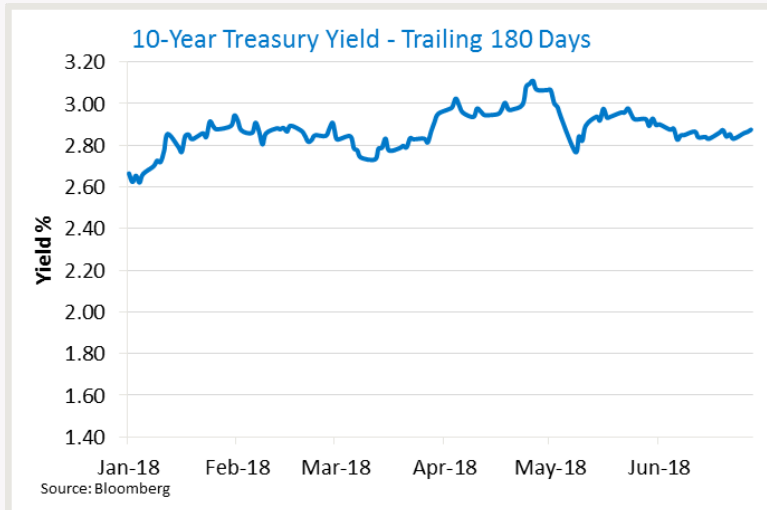




### Chart of the Week



### Weekly Highlights

- **Retail sales surged.** Not only the June retail sales rose an impressive 0.5%, but the May growth was revised substantially higher from 0.8% to 1.3%.
- **June housing starts plunged.** June housing starts plunged a much-worse-than-expected 12.3%, the biggest drop since November 2016.
- **Jobless claims hit a multidecade low.** Initial jobless claims for the week ended 7/13 continued to drop, sliding to a seasonally adjusted 207,000, the lowest since December 1969.

### Talking Points

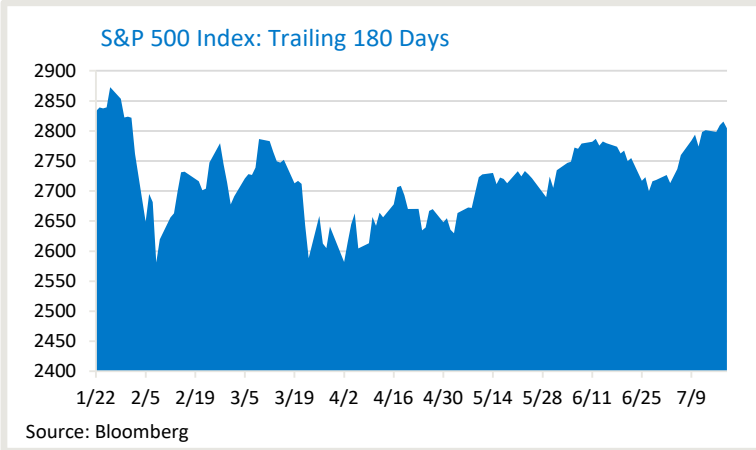
- **Among equities,** small caps outperformed large caps; growth stocks beat value stocks; international stocks essentially matched the performance of US stocks; and emerging markets underperformed developed markets.
- **Treasury yields** little changed. The yield on the 10-year Treasury Note stayed close to the 2.85% level.
- **Commodity indices** declined slightly, dragged down mainly by sliding gold price, which hit a 52-week low during the week.
- **The dollar's rise** slowed somewhat, after President Trump complained about the strong dollar.
- **Among major economic data,** retail sales surged, housing starts plunged, and jobless claims hit a multidecade low.

Market Dashboard

	Last Price	Change	% Chg.	YTD %
<b>S&amp;P 500</b>	2,801.83	0.52	0.02%	4.8%
<b>Dow Industrials</b>	25,058.12	38.71	0.15%	1.4%
<b>Nasdaq</b>	7,820.20	-5.78	-0.07%	13.3%
<b>Russell 2000</b>	1,696.81	9.73	0.58%	10.5%
<b>Euro Stoxx Index</b>	385.62	0.59	0.15%	-0.9%
<b>Shanghai Composite</b>	2,829.27	-1.91	-0.07%	-14.5%
<b>Russell Global</b>	2,154.50	-1.95	-0.09%	0.5%

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

	Last Price	Change	% Chg.	YTD %
<b>Russell Global EM</b>	3,331.78	-45.74	-1.35%	-8.6%
<b>10-Year US Treas.</b>	2.90	6 bps	NM	NM
<b>Bloomberg Cmdts. Idx.</b>	83.68	-0.15	-0.18%	-5.1%
<b>Gold</b>	\$1,229.53	-\$12.52	-1.01%	-5.4%
<b>Crude Oil</b>	\$68.11	-\$1.85	-2.64%	15.3%
<b>Dollar Index</b>	94.46	-0.20	-0.21%	2.6%
<b>VIX Index</b>	12.86	0.68	5.58%	16.5%



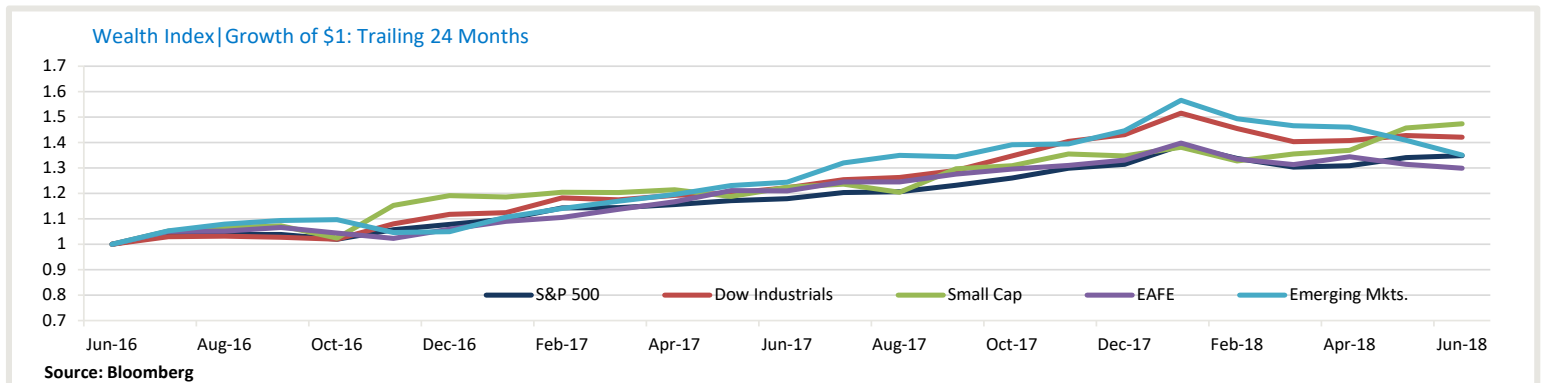
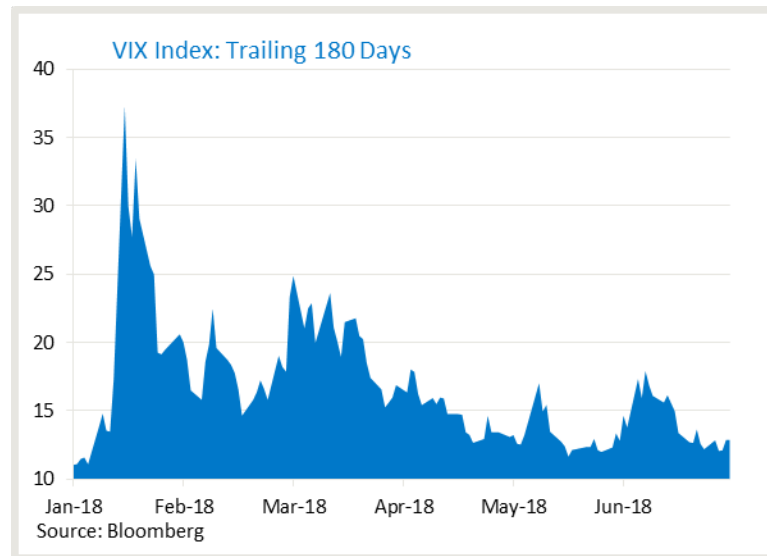
	One Week			YTD		
	Value	Growth		Value	Growth	
L	0.05%	0.00%	-0.05%	-1.67%	5.34%	11.60%
	-0.15%	0.09%	0.43%	0.34%	4.12%	9.14%
S	0.37%	0.58%	0.78%	6.85%	10.50%	13.99%

Source: Bloomberg

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

	% Wgt in S&P 500	Week % Chg.	YTD % Chg.
<b>Consumer Discretionary</b>	12.9	0.45%	13.6%
<b>Consumer Staples</b>	6.8	0.08%	-7.7%
<b>Energy</b>	6.1	1.89%	3.7%
<b>Financials</b>	13.9	2.22%	-1.4%
<b>Health Care</b>	14.2	0.82%	4.9%
<b>Industrials</b>	9.6	0.88%	-1.9%
<b>Information Technology</b>	26.4	0.10%	15.4%
<b>Materials</b>	2.5	0.49%	-3.6%
<b>Real Estate</b>	2.8	1.56%	-1.6%
<b>Telecom Services</b>	1.9	1.84%	12.0%
<b>Utilities</b>	2.9	0.55%	-0.9%

Source: Bloomberg



## The Economy and Markets

### **A Macro View – The IMF’s Updated World Economic Outlook: A Stark Change in Sentiment**

Earlier this week, the International Monetary Fund (IMF) issued an updated World Economic Outlook, keeping its global forecast unchanged since April. It continued with an optimistic prediction that the world economy will grow 3.9% through 2019, but warns that expansion will be less synchronized, with risks tilted to the downside. <sup>1</sup> The IMF believes that near-term momentum in the US will continue, but is less optimistic about the eurozone, Japan, Latin America, and the U.K.

Despite the unwavering forecast, overall sentiment undoubtedly has changed. In April, the IMF reported that the global economic upswing had become broader and stronger, pointing to a notable rebound in global trade during 2017, which had increased to an estimated real growth rate of 4.9%. <sup>2</sup> However, much has changed since then. Several trade spats later, the IMF has changed its sentiment significantly. Earlier this week its chief economist warned that ongoing trade tensions are the greatest near-term threat to global growth. In fact, the IMF’s internal models suggest that if round two of levies and existing trade threats comes to fruition, it would cost global growth approximately 0.5%, amounting to an estimated \$430 billion in lost Gross Domestic Product (GDP) by 2020. <sup>3</sup>

Although the first round of tariffs that has been imposed and gone into effect is small relative to overall trade flows and gross domestic product (GDP), it is clear that a civil resolution is nowhere in sight. Several outstanding threats remain, including another impending round of tariffs imposed by the US on automobiles from the European Union (EU), as well as an additional \$200 billion worth of goods from China, ranging from fish to telephone components. Both China and the EU were quick to announce their willingness to retaliate and implement countermeasures, quickly escalating the severity of the situation.

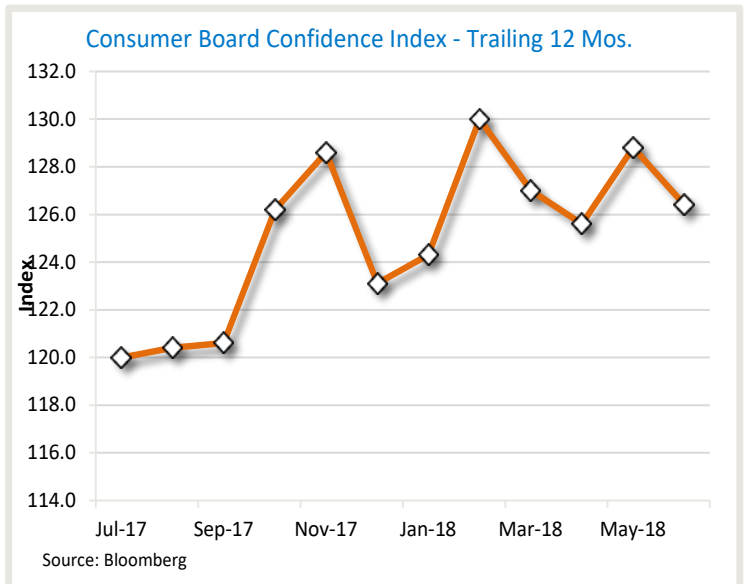
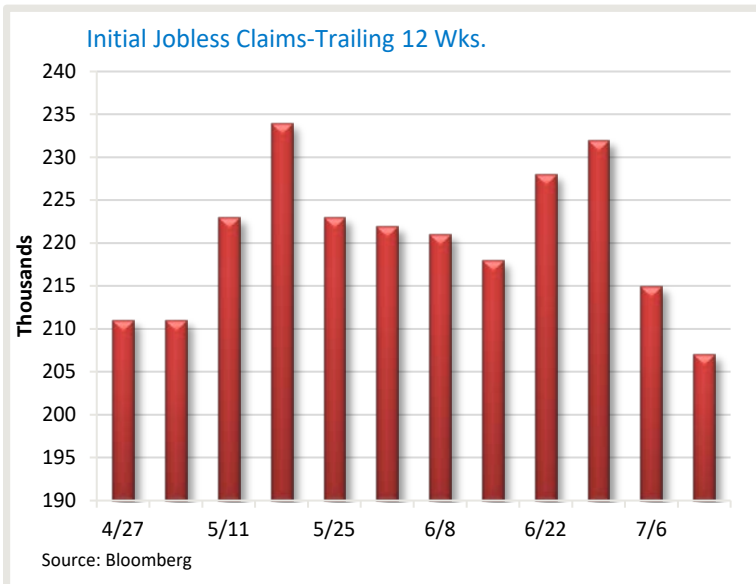
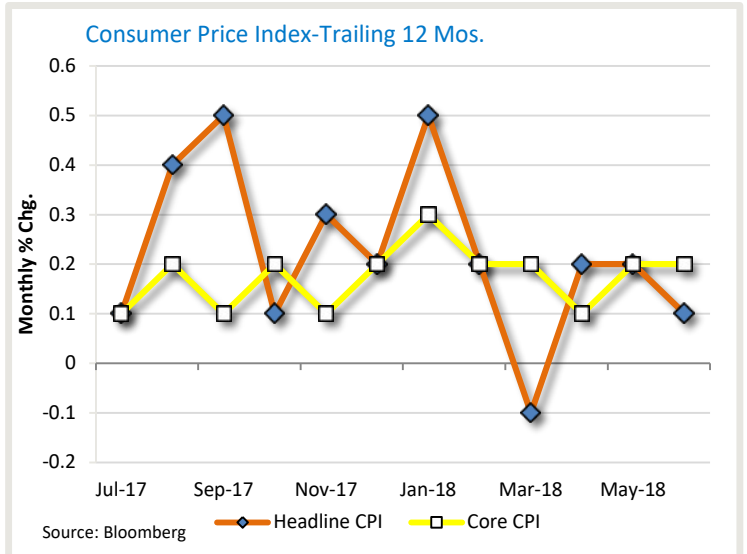
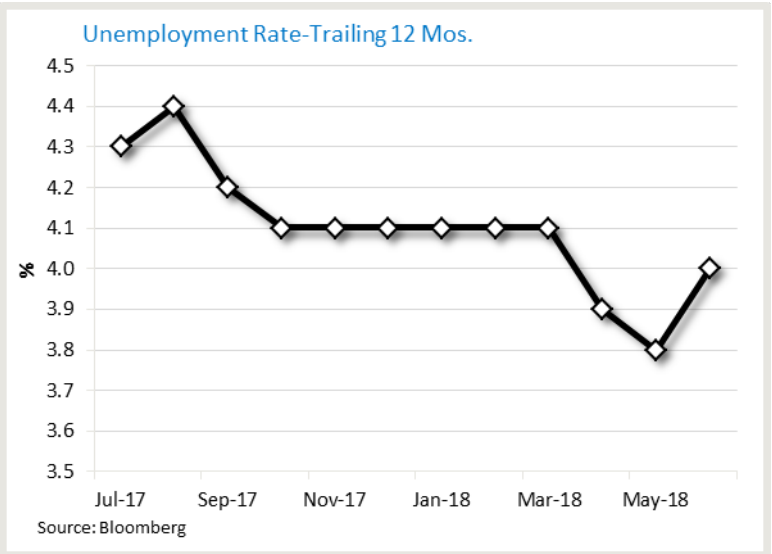
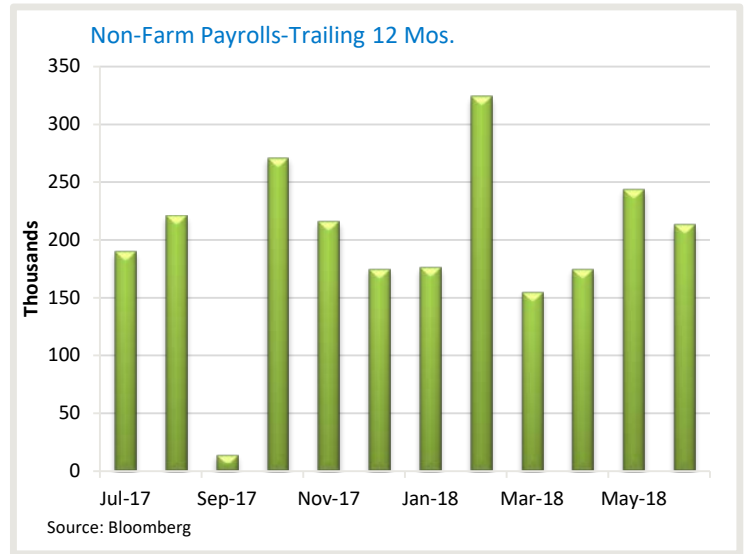
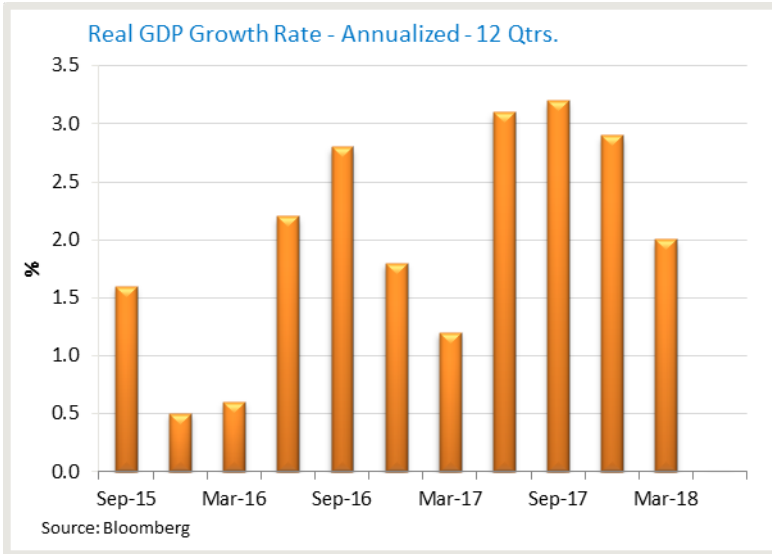
The rest of the world’s willingness to preserve free trade may offer some consolation to the situation. On Tuesday, the EU did an about-face and signed its largest bilateral trade deal with Japan, which is estimated to create an open-trade zone for more than 600 million people. The EU and Japan account for approximately one-third of the world’s GDP; and even though that is just a fraction more than US’s GDP alone, the stance against protectionism seems to resonate strongly among the rest of the world, providing some solace in today’s tense atmosphere.

<sup>1</sup> IMF World Economic Outlook, July 2018: Less Even Expansion, Rising Trade Tensions

<sup>2</sup> IMF World Economic Outlook, April 2018: Cyclical Upswing, Structural Changes

<sup>3</sup> IMF Blogs July 18, 2018: Shifting Tides: Policy Changes and Opportunities for the G-20

Economic Data



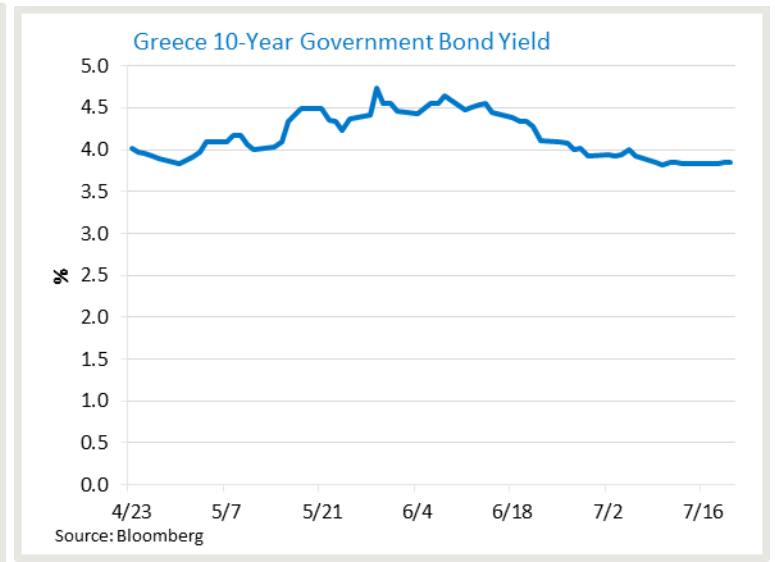
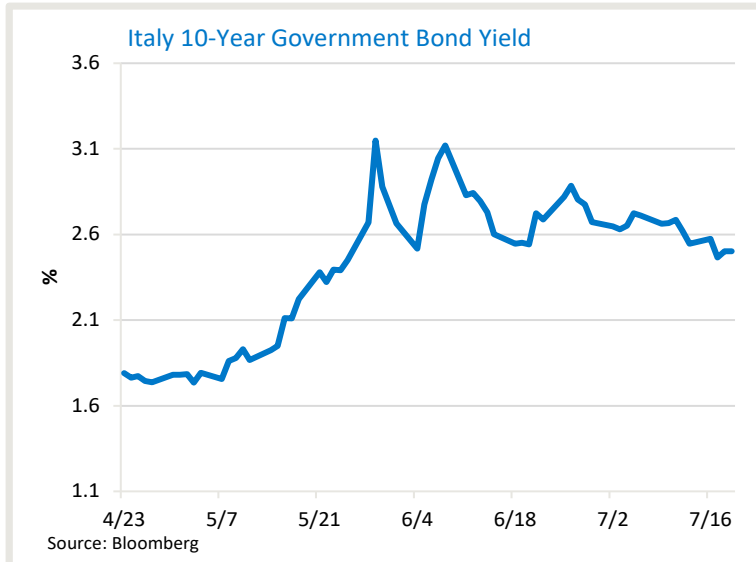
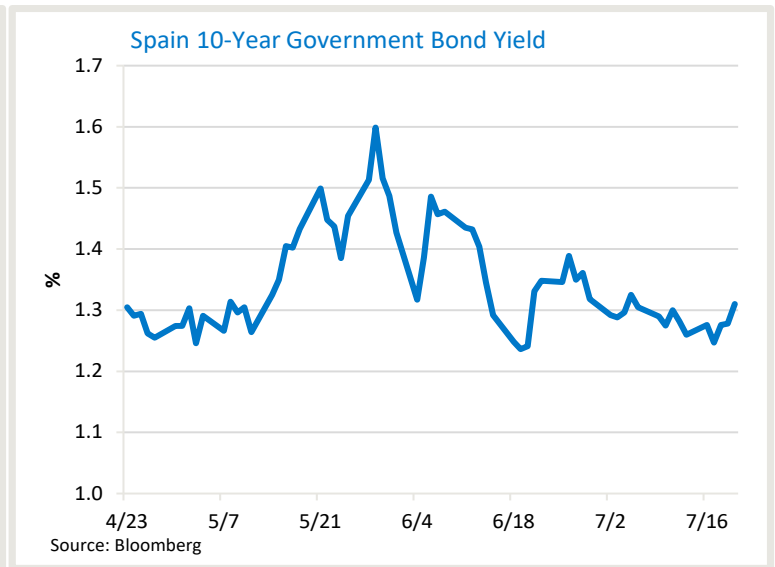
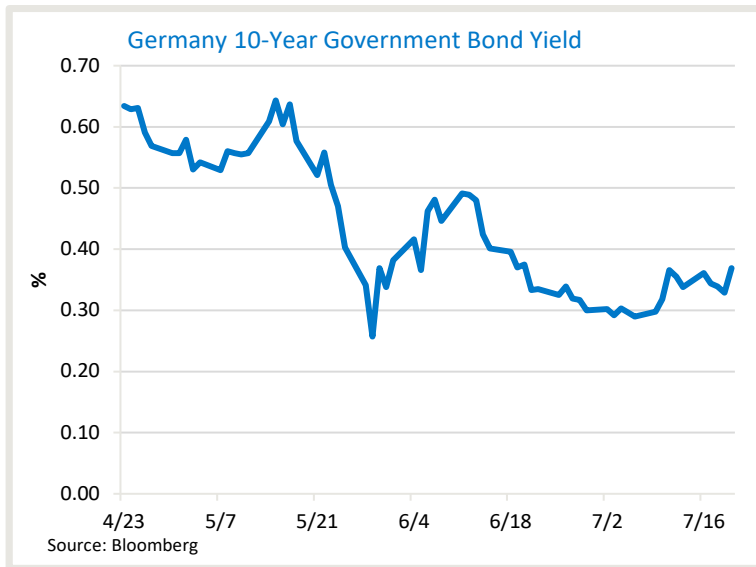
**Eurozone**

SELECTED EUROPEAN SOVEREIGN YIELD PERFORMANCE

	Last	Change	% Chg.	YTD %
Germany 10-Yr. Govt.	0.37	-3 bps	NM	NM
Greece 10-Yr. Govt.	3.85	-1 bps	NM	NM
Italy 10-Yr. Govt.	2.59	-3 bps	NM	NM
Spain 10-Yr. Govt.	1.31	-5 bps	NM	NM
Belgium 10-Yr. Govt.	0.69	-6 bps	NM	NM

	Last	Change	% Chg.	YTD %
France 10-Yr. Govt.	0.68	-6 bps	NM	NM
Ireland 10-Yr. Govt.	0.84	-4 bps	NM	NM
Portugal 10-Yr. Govt.	1.77	-4 bps	NM	NM
Netherlands 10-Yr. Govt.	0.47	-4 bps	NM	NM
U.K. 10-Yr. Govt.	1.23	4 bps	NM	NM

Source: Bloomberg  
Basis points (bps)

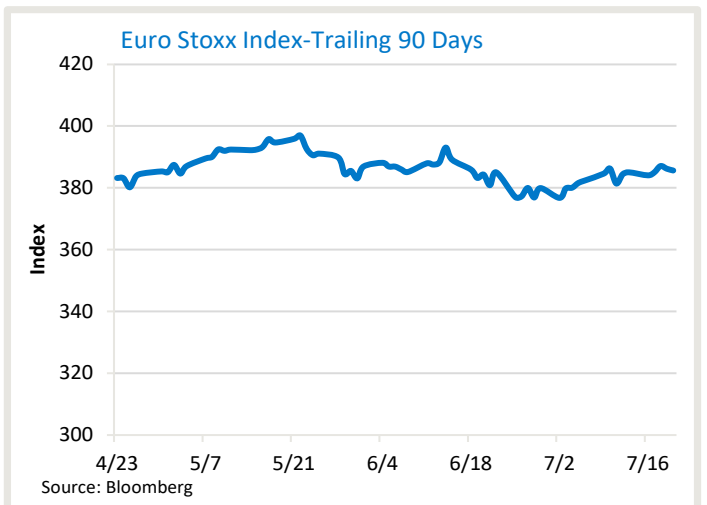
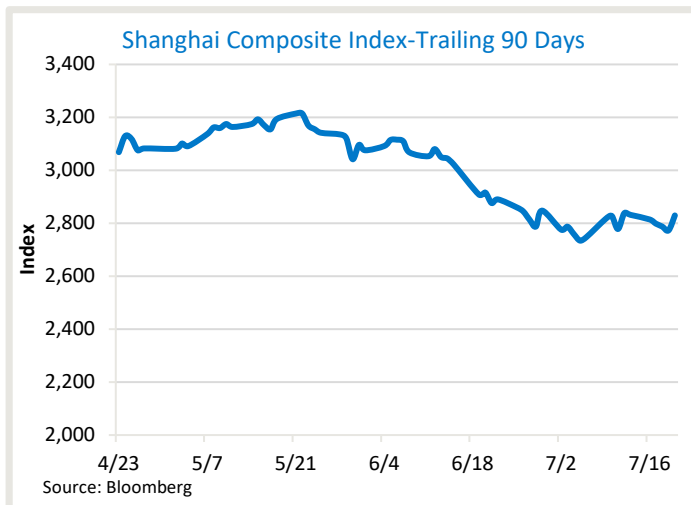
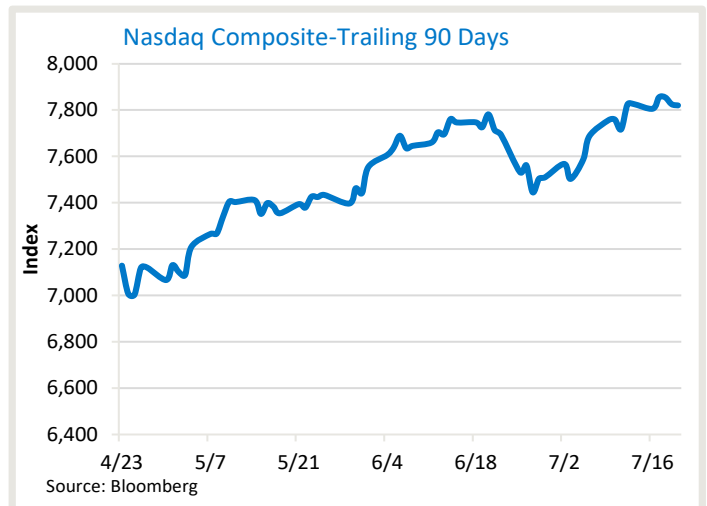
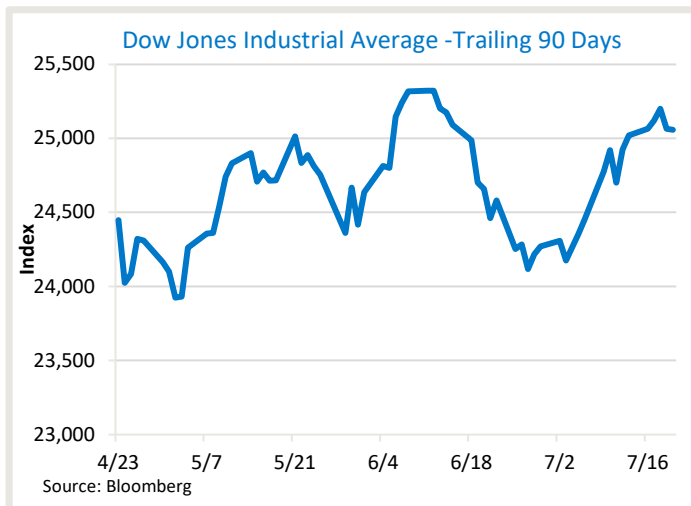


Equities

WORLD MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
S&P 500	2,801.83	0.52	0.02%	4.80%	Swiss Market Index	8,991.34	130.29	1.47%	-4.16%
Dow Industrials	25,058.12	38.71	0.15%	1.37%	CAC 40 Index (France)	5,398.32	-30.88	-0.57%	1.61%
Nasdaq Composite	7,820.20	-5.78	-0.07%	13.28%	DAX Index (Germany)	12,561.42	20.69	0.16%	-2.76%
Russell Global	2,154.50	-1.95	-0.09%	0.5%	Irish Overall Index	6,935.73	-110.28	-1.57%	-1.46%
Russell Global EM	3,331.78	-45.74	-1.35%	-8.6%	Nikkei 225	22,697.88	509.92	2.30%	-0.29%
S&P/TSX (Canada)	16,435.46	-125.66	-0.76%	1.40%	Hang Seng Index	28,224.48	-300.96	-1.06%	-5.66%
Mexico IPC	48,908.24	502.23	1.04%	-0.90%	Shanghai Composite	2,829.27	-1.91	-0.07%	-14.45%
Brazil Bovespa	78,571.31	1976.94	2.58%	2.84%	Kospi Index (S. Korea)	2,289.19	-21.71	-0.94%	-7.23%
Euro Stoxx 600	385.62	0.59	0.15%	-0.91%	Taiwan Taiex Index	10,932.11	67.57	0.62%	2.72%
FTSE 100	7,678.79	16.92	0.22%	-0.12%	Tel Aviv 25 Index	1,544.13	-5.57	-0.36%	2.28%
IBEX 35 (Spain)	9,724.80	-10.00	-0.10%	-3.18%	MOEX Index (Russia)	2,247.82	-98.61	-4.20%	6.54%

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



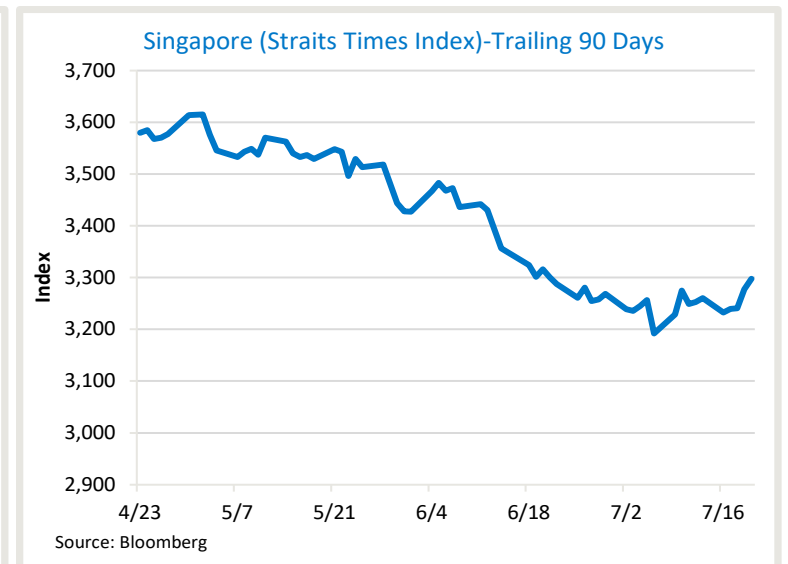
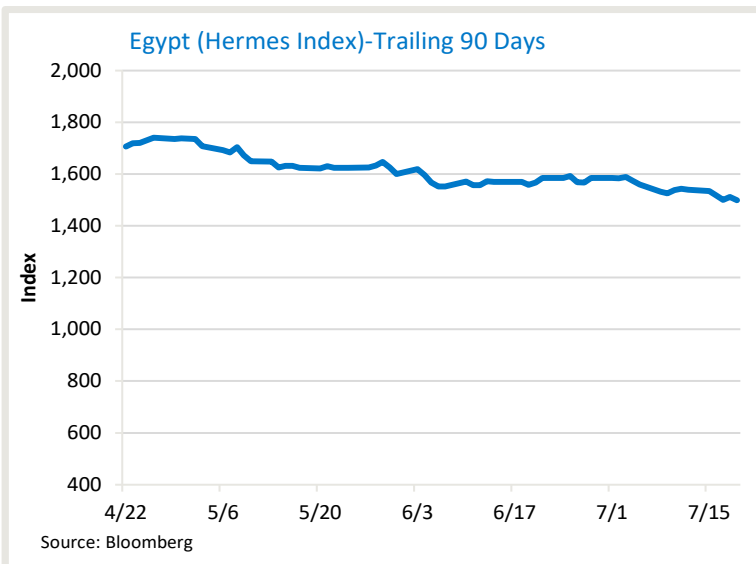
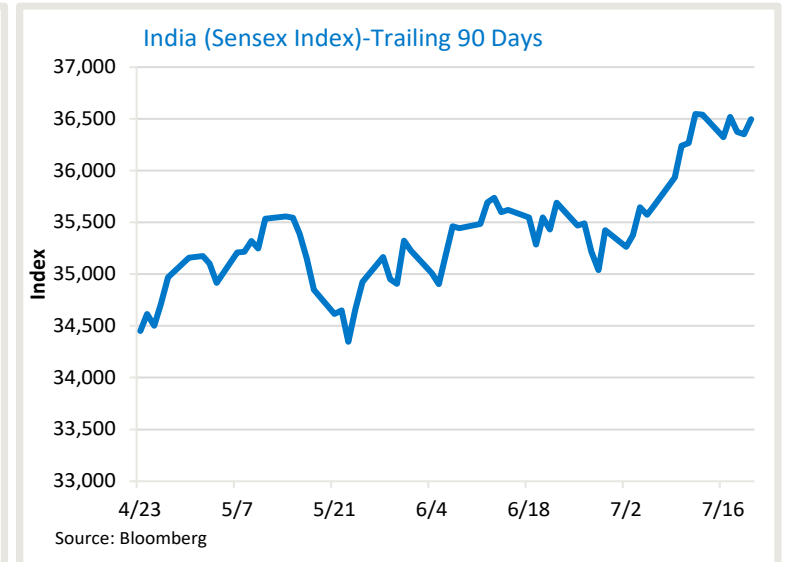
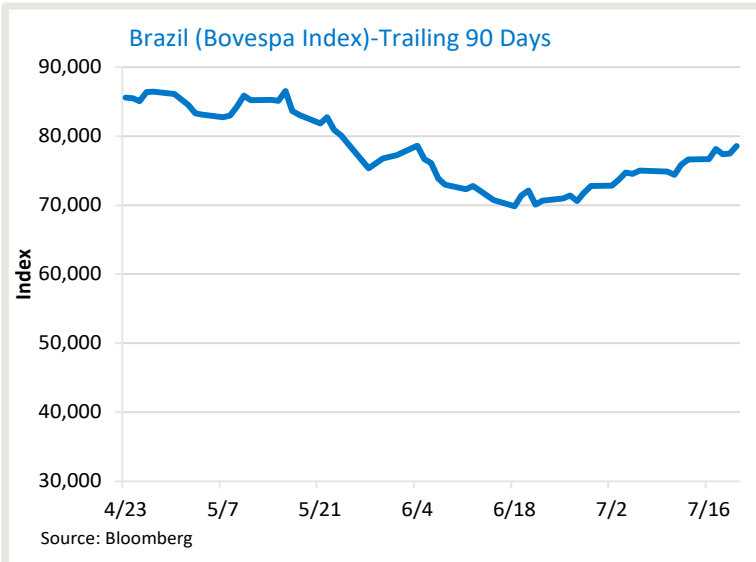
## Equities – Emerging and Frontier Markets

### EMERGING AND FRONTIER MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
Mexico IPC	48,908.24	502.23	1.0%	-0.9%
Brazil (Bovespa Index)	78,571.31	1976.94	2.6%	2.8%
MOEX Index (Russia)	2,247.82	-98.61	-4.2%	6.5%
Czech Republic (Prague)	1,084.97	0.18	0.0%	0.6%
Turkey (Istanbul)	94,082.34	4184.67	4.7%	-18.4%
Egypt (Hermes Index)	1,498.40	-40.45	-2.6%	4.3%
Kenya (Nairobi 20 Index)	3,314.60	-19.61	-0.6%	-10.7%
Saudi Arabia (TASI Index)	8,449.97	87.56	1.0%	16.9%
Lebanon (Beirut BLOM Index)	1,032.75	-5.75	-0.6%	-10.1%
Palestine	543.56	-1.53	-0.3%	-5.4%

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

	Last	Change	% Chg.	YTD %
Hang Seng Index	28,224.48	-300.96	-1.1%	-5.7%
India (Sensex 30)	36,496.37	-45.26	-0.1%	7.2%
Malaysia (KLCI Index)	1,754.67	32.74	1.9%	-2.3%
Singapore (Straits Times Index)	3,297.83	37.48	1.1%	-3.1%
Thailand (SET Index)	1,671.06	27.54	1.7%	-4.7%
Indonesia (Jakarta)	5,872.79	-71.29	-1.2%	-7.6%
Pakistan (Karachi KSE 100)	41,221.75	950.75	2.4%	1.9%
Vietnam (Ho Chi Minh)	933.39	23.67	2.6%	-5.2%
Sri Lanka (Colombo)	6,191.17	53.09	0.9%	-2.8%
Cambodia (Laos)	912.99	13.22	1.5%	-8.6%

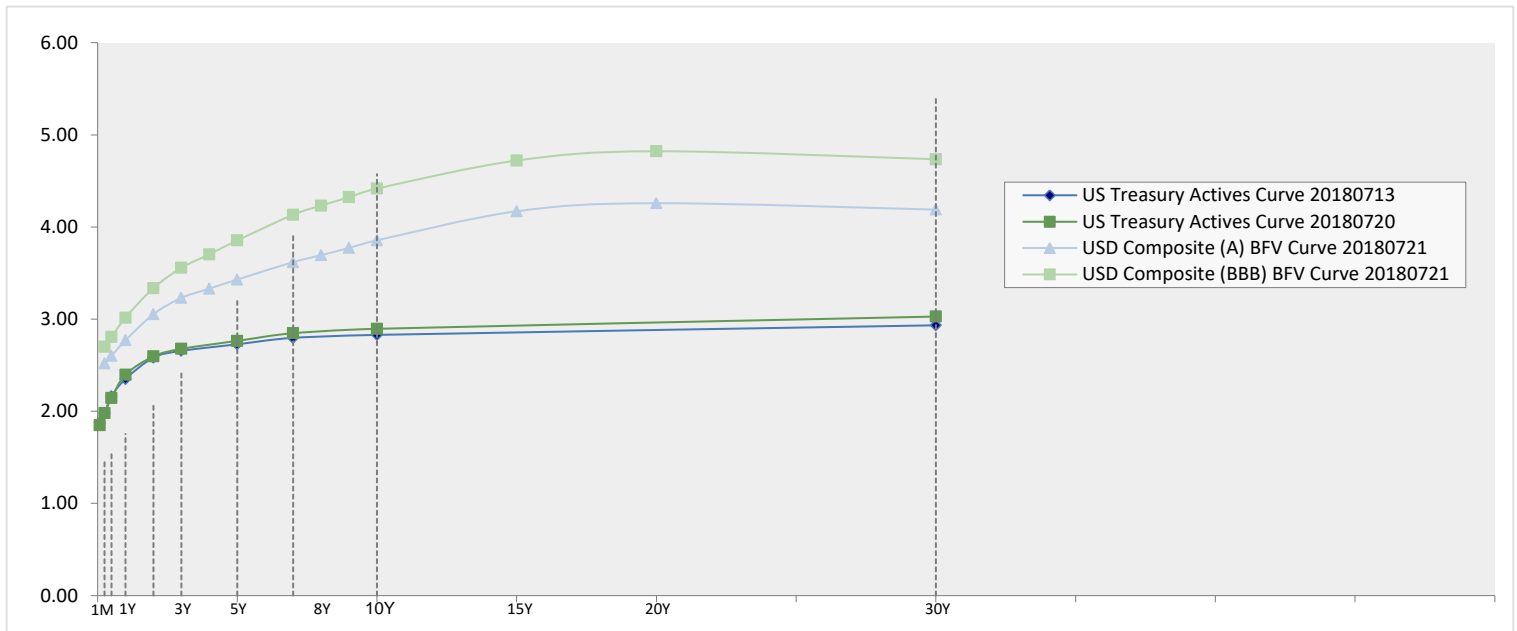


## Interest Rates

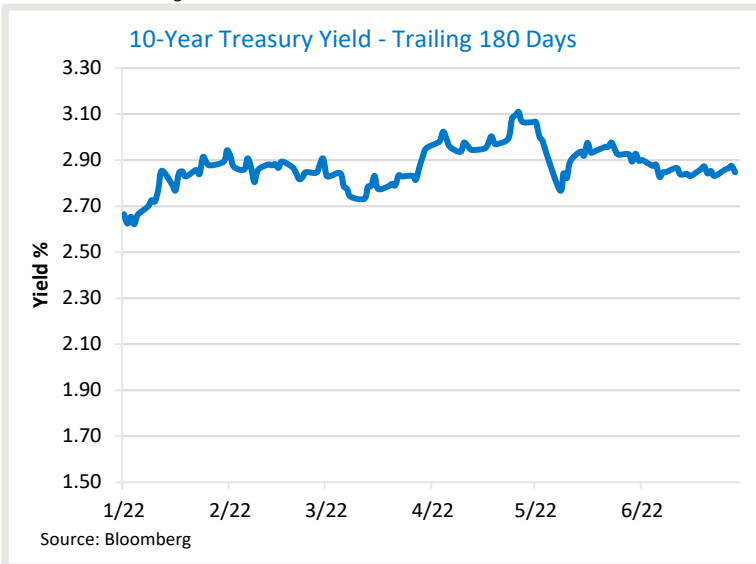
SELECTED INTEREST RATES

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
2-Yr. U.S. Treasury	2.59%	0 bps	NM	NM	Prime Rate	5.00%	0.00	NM	NM
5-Yr. U.S. Treasury	2.77%	4 bps	NM	NM	Fed Funds Rate	2.00%	0.00	NM	NM
10-Yr. U.S. Treasury	2.90%	6 bps	NM	NM	Discount Rate	2.50%	0.00	NM	NM
30-Yr. U.S. Treasury	3.03%	10 bps	NM	NM	LIBOR (3 Mo.)	2.35%	1 bps	NM	NM
German 10-Yr. Govt.	0.37%	-3 bps	NM	NM	Bond Buyer 40 Muni	3.72%	2 bps	NM	NM
France 10-Yr.	0.68%	-6 bps	NM	NM	Bond Buyer 40 G.O.	3.83%	NA	NM	NM
Italy 10-Yr.	2.59%	-3 bps	NM	NM	Bond Buyer 40 Rev.	4.33%	NA	NM	NM
Fed 5-Yr Fwd BE Inf.	2.11%	-1 bps	NM	NM					

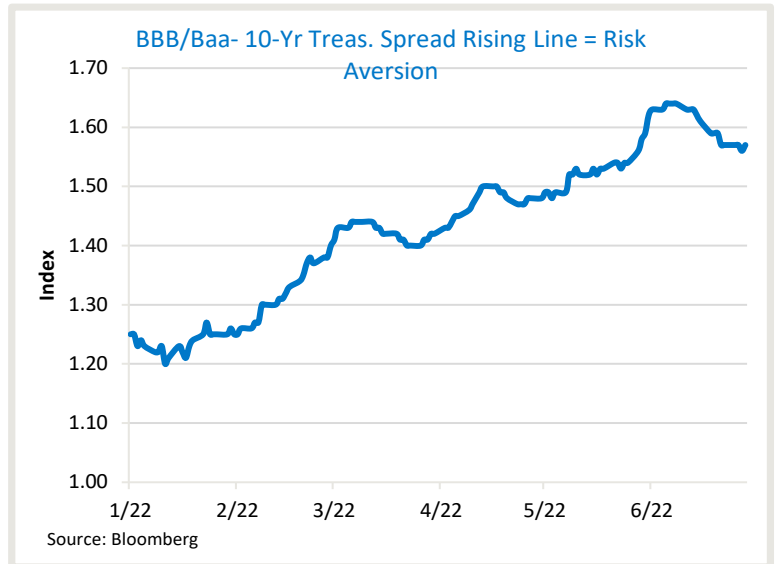
Source: Bloomberg



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg



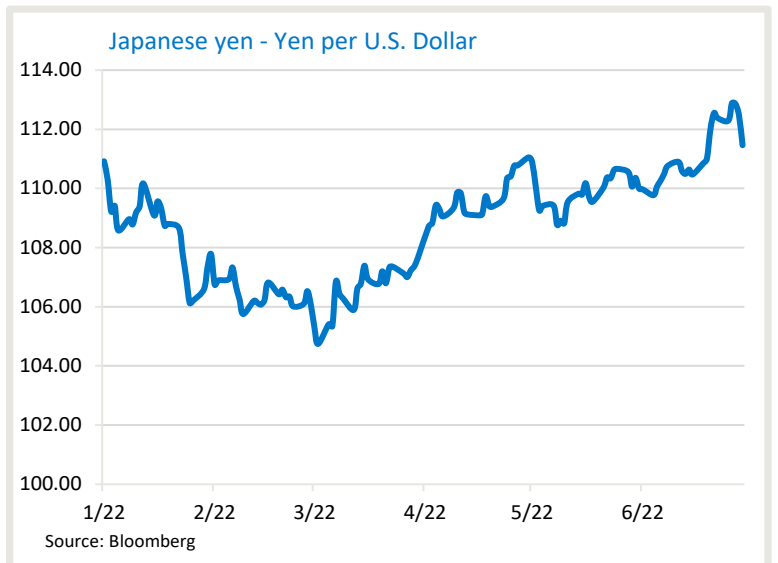
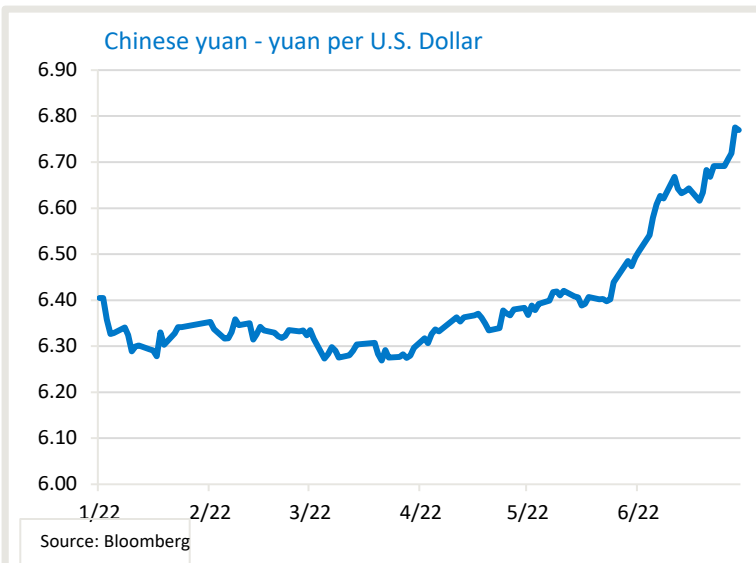
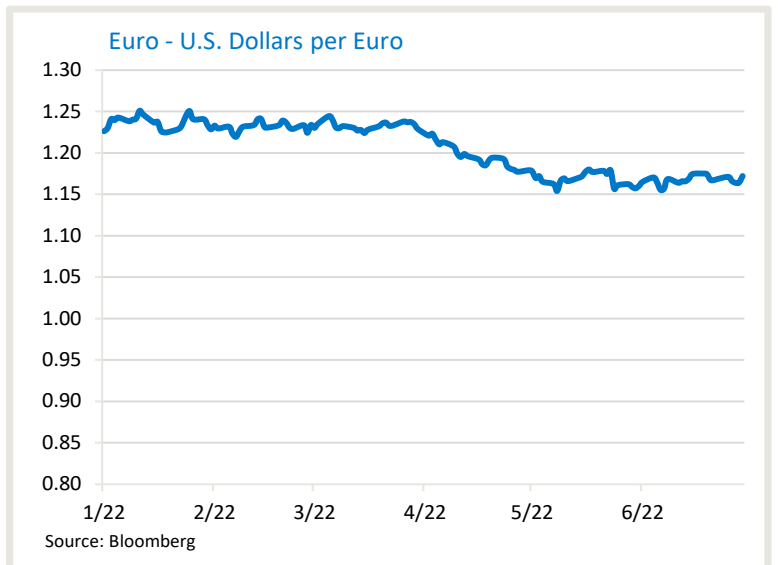
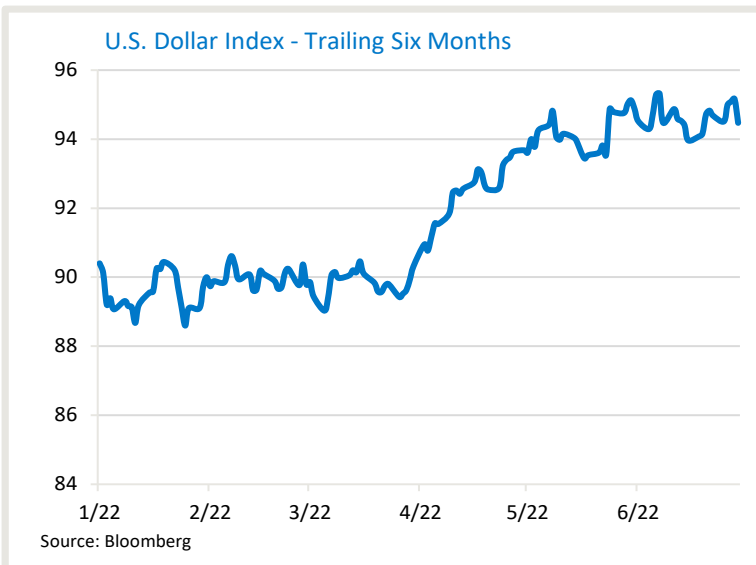
## Currencies

### SELECTED CURRENCY PERFORMANCE

	Last	Change	% Chg.	YTD %
<b>Dollar Index</b>	<b>94.45</b>	<b>-0.203</b>	<b>-0.21%</b>	<b>2.55%</b>
<b>Euro</b>	<b>1.17</b>	<b>0.004</b>	<b>0.31%</b>	<b>-2.37%</b>
<b>Japanese Yen</b>	<b>111.41</b>	<b>-0.920</b>	<b>0.83%</b>	<b>1.10%</b>
<b>British Pound</b>	<b>1.31</b>	<b>-0.009</b>	<b>-0.67%</b>	<b>-2.81%</b>
<b>Canadian Dollar</b>	<b>1.31</b>	<b>-0.003</b>	<b>0.21%</b>	<b>-4.27%</b>

Source: Bloomberg

	Last	Change	% Chg.	YTD %
<b>Chinese Yuan</b>	<b>6.77</b>	<b>0.078</b>	<b>-1.15%</b>	<b>-3.89%</b>
<b>Swiss Franc</b>	<b>0.99</b>	<b>-0.010</b>	<b>0.97%</b>	<b>-1.79%</b>
<b>New Zealand Dollar</b>	<b>0.68</b>	<b>0.006</b>	<b>0.86%</b>	<b>-4.04%</b>
<b>Brazilian Real</b>	<b>3.77</b>	<b>-0.080</b>	<b>2.11%</b>	<b>-12.29%</b>
<b>Mexican Peso</b>	<b>19.02</b>	<b>0.128</b>	<b>-0.67%</b>	<b>3.36%</b>

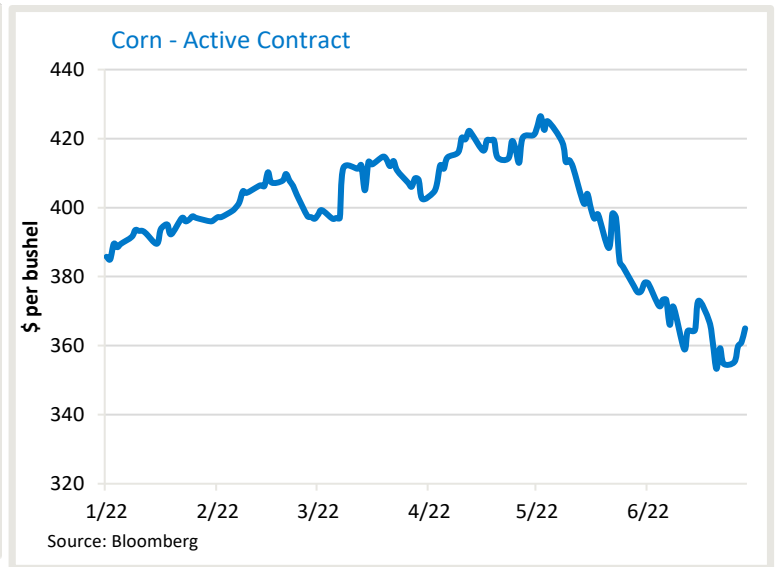
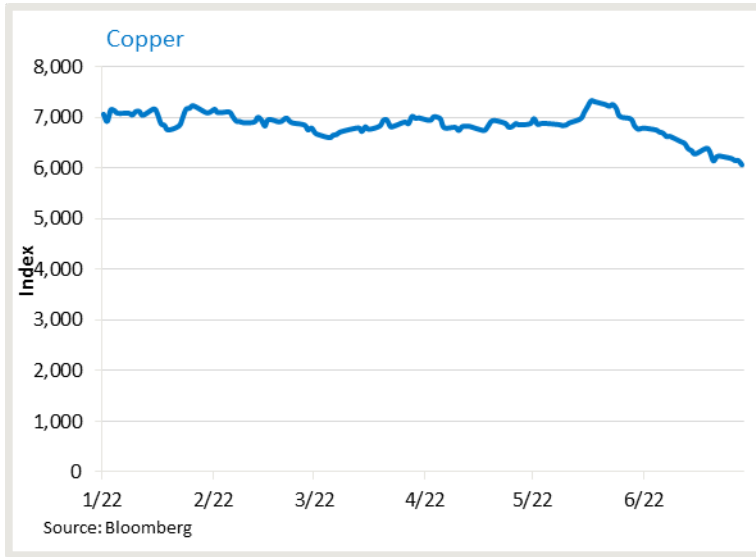
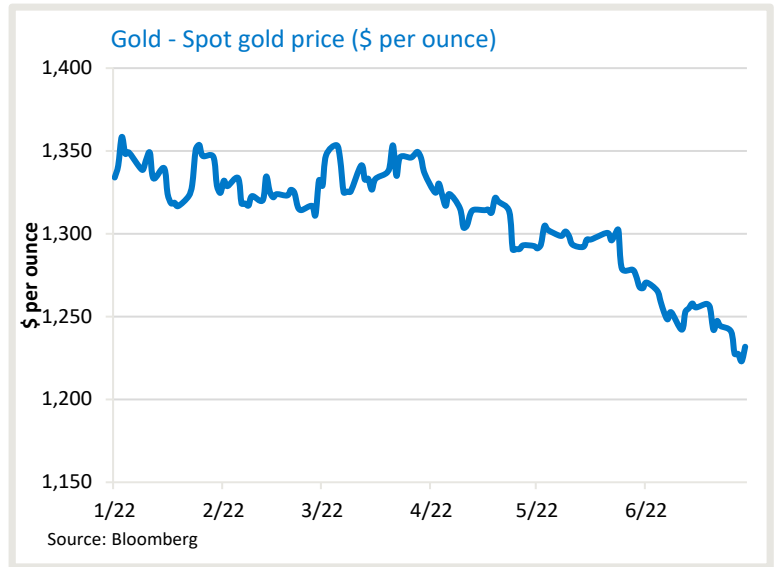
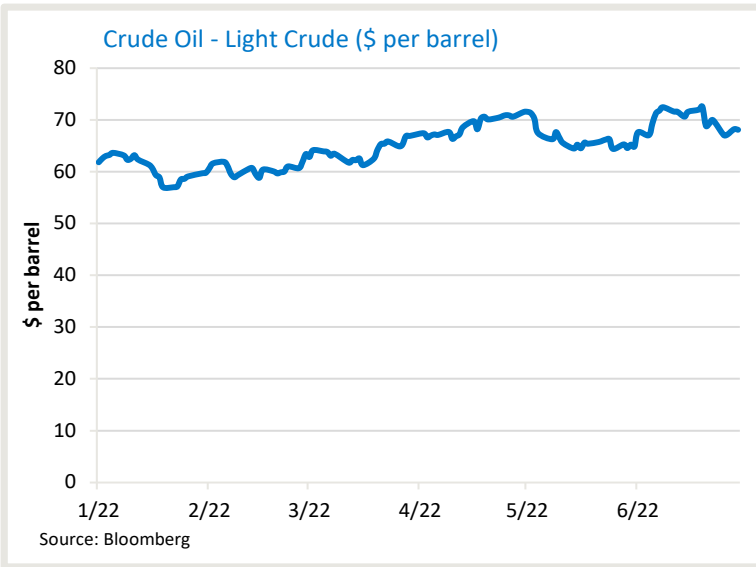


Commodities

SELECTED COMMODITY MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
Bloomberg Comm. Idx.	83.68	-0.15	-0.18%	-5.09%	Platinum Spot	\$828.63	-\$0.83	-0.10%	-10.77%
Crude Oil	\$68.11	-\$1.85	-2.64%	15.29%	Corn	369.00	14.25	4.02%	-3.91%
Natural Gas	\$2.76	\$0.01	0.36%	-1.60%	Wheat	516.00	19.00	3.82%	10.79%
Gasoline (\$/Gal.)	\$2.85	-\$0.03	-1.04%	14.68%	Soybeans	864.75	30.50	3.66%	-11.38%
Heating Oil	210.30	-3.05	-1.43%	7.06%	Sugar	11.12	0.16	1.46%	-26.89%
Gold Spot	\$1,229.53	-\$12.52	-1.01%	-5.45%	Orange Juice	170.95	2.15	1.27%	21.98%
Silver Spot	\$15.51	-\$0.30	-1.91%	-8.41%	Aluminum	2,001.00	-30.00	-1.48%	-11.77%
					Copper	6,065.00	-172.00	-2.76%	-16.31%

Source: Bloomberg; % change is based on price.

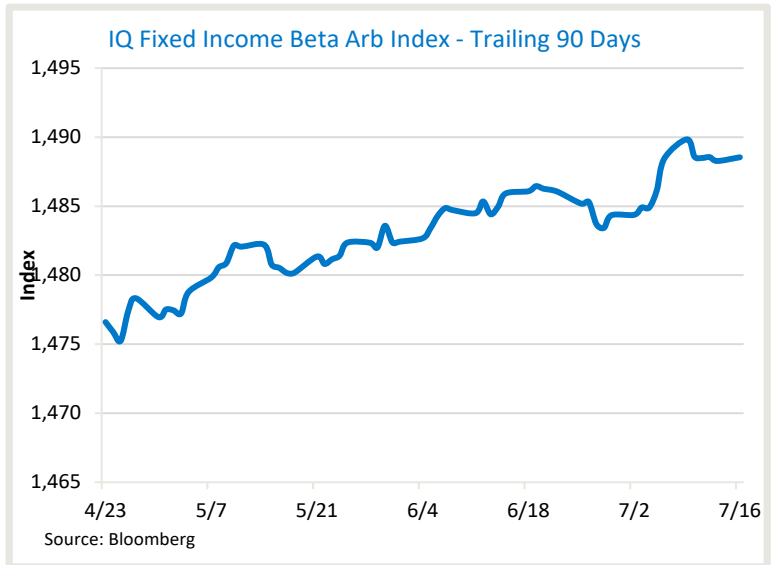
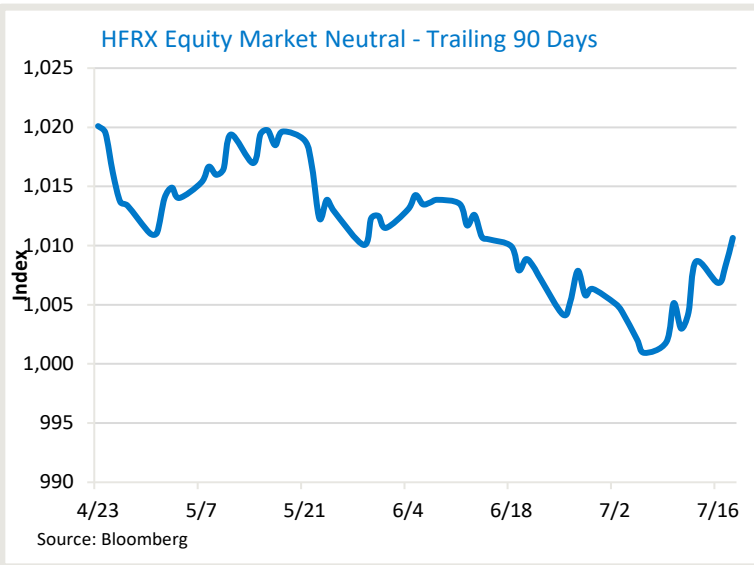
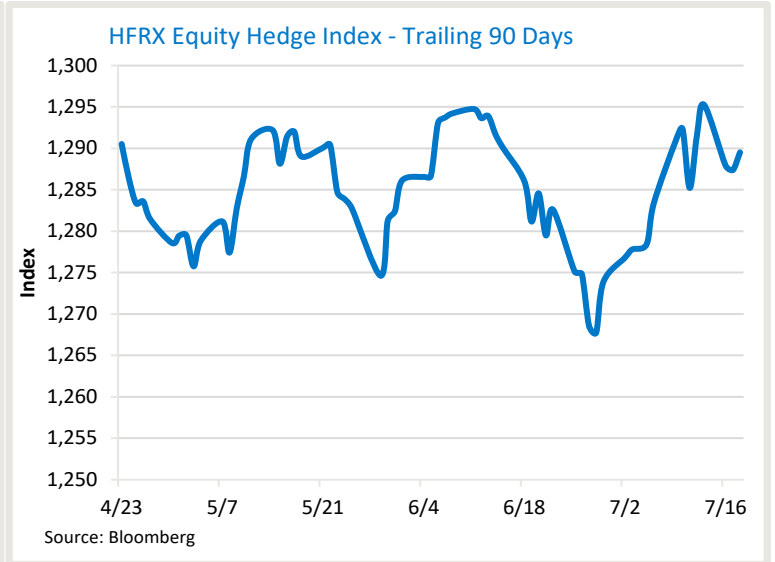
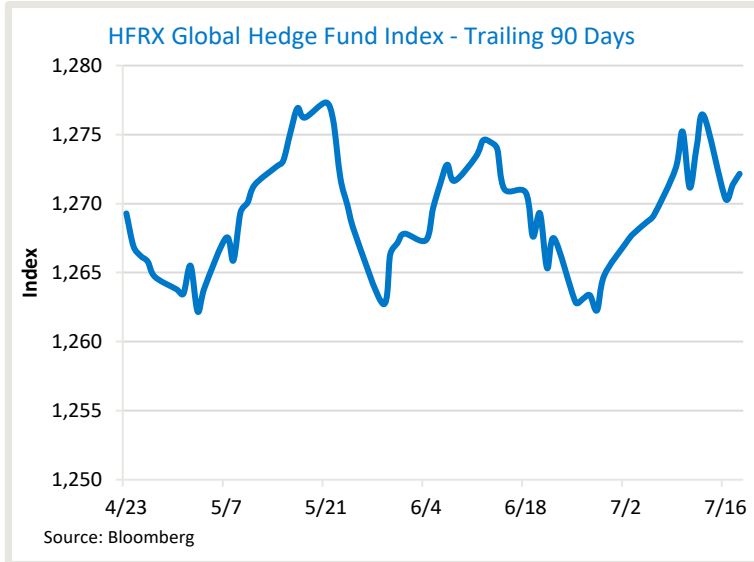


## Alternative Investments

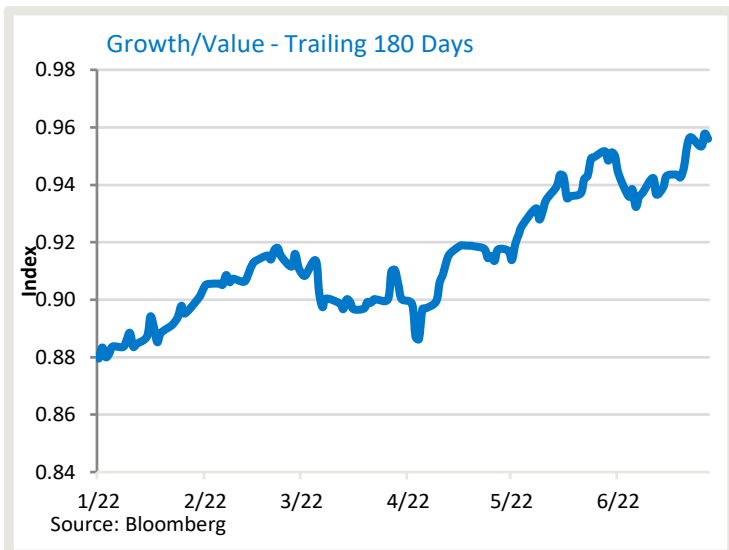
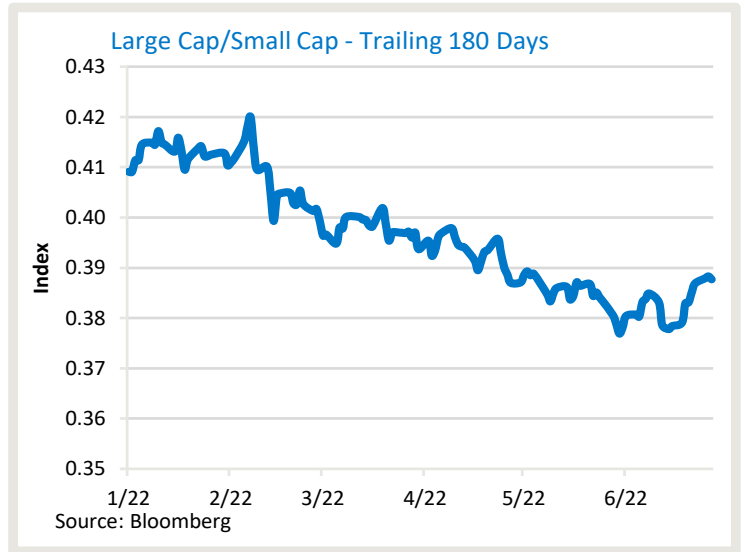
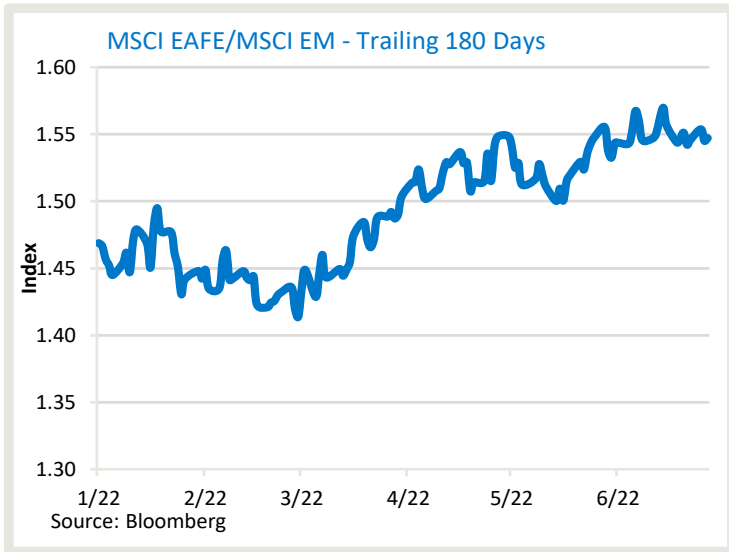
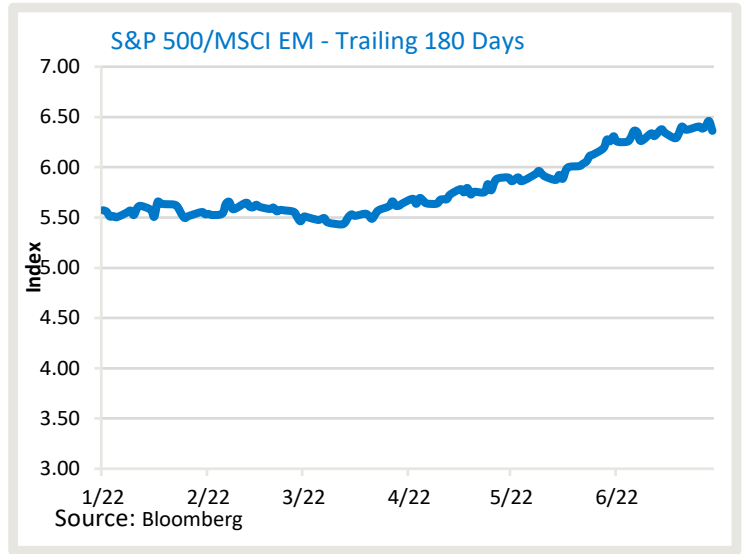
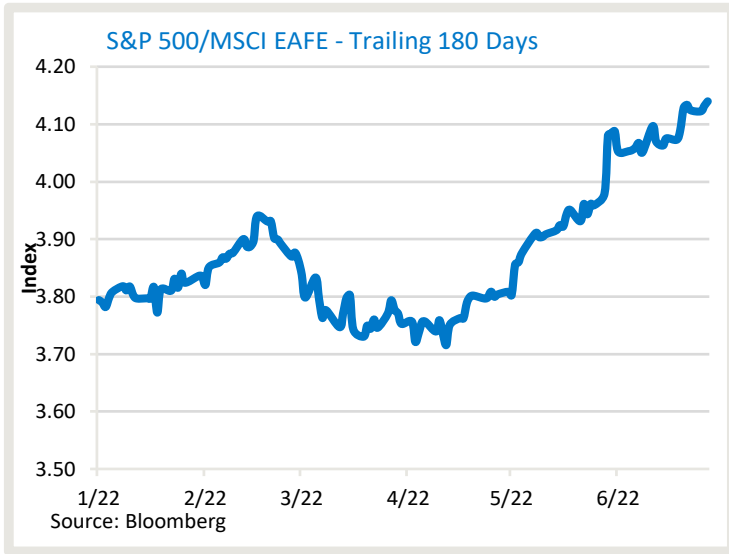
### SELECTED ALTERNATIVE INVESTMENT INDEX PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
HFRX Global Hedge Fund Index	1273.47	-2.87	-0.22%	-0.17%	HFRX Distressed Index	1039.52	-0.16	-0.02%	-6.07%
HFRX Equity Market Neutral	1011.42	2.77	0.27%	0.70%	HFRX Merger Arbitrage Index	1842.95	-5.83	-0.32%	-0.54%
HFRX Equity Hedge Index	1286.69	-8.57	-0.66%	1.25%	HFRX Convertible Arbitrage Index	802.12	1.86	0.23%	0.74%
HFRX Event-Driven Index	1595.85	-7.79	-0.49%	-4.20%	HFRX Macro CTA Index	1161.27	4.85	0.42%	-0.22%
HFRX Absolute Return Index	1077.85	2.50	0.23%	1.37%	IQ Fixed Income Beta Arb Index	1490.93	2.66	0.18%	1.39%

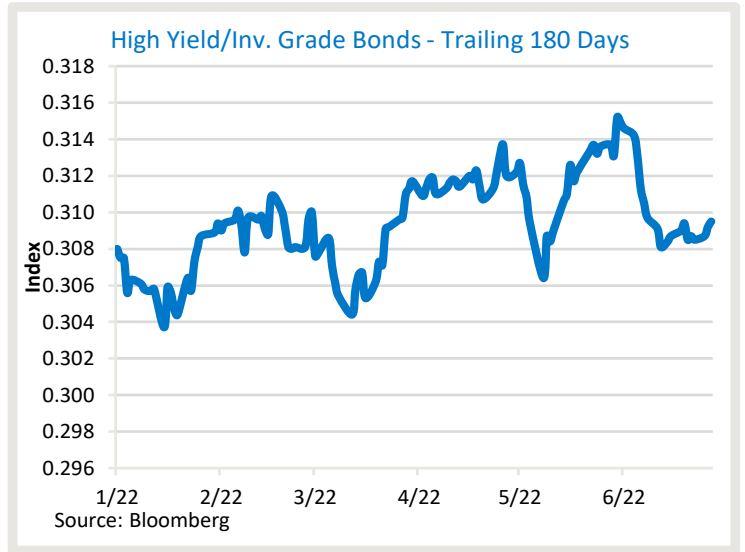
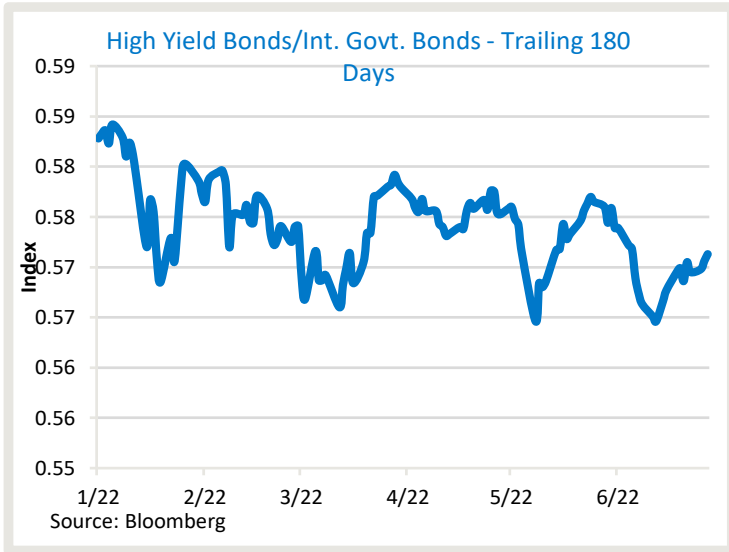
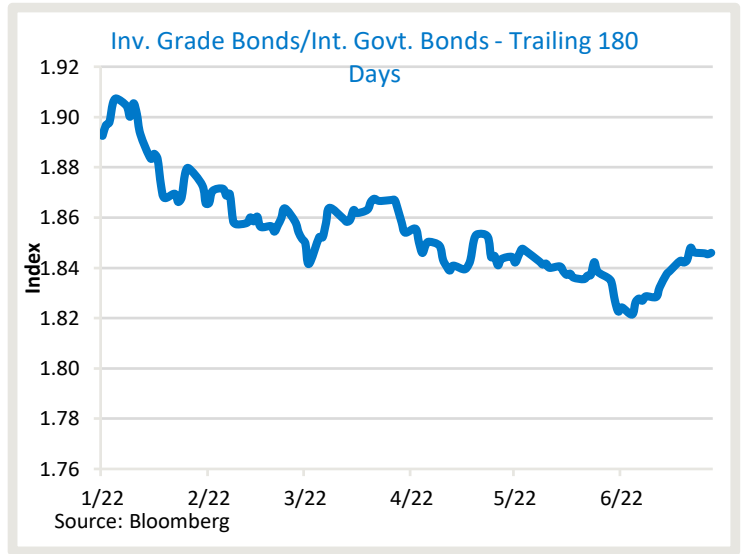
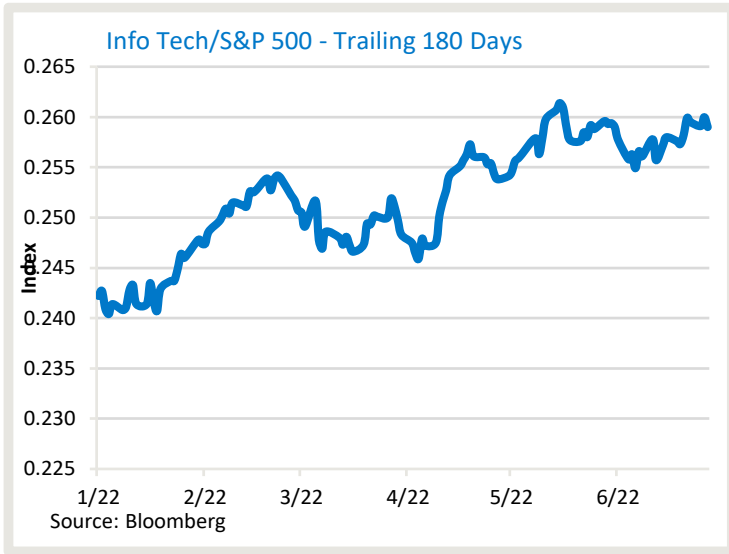
Source: Bloomberg; Index % change is based on price.



## Portfolio Construction



Portfolio Construction (continued)



WEEKLY ASSET CLASS PERFORMANCE (Prior 12 weeks ending Thursday)

			5/3	5/10	5/17	5/24	5/31	6/7	6/14	6/21	6/28	7/5	7/12	7/19
Equity	Domestic Equity	Large Cap (R200)	-1.38%	3.69%	-0.14%	0.29%	-0.72%	2.53%	0.35%	-1.24%	-1.14%	0.68%	2.47%	0.15%
		Small Cap (R2000)	-0.73%	3.70%	1.35%	0.18%	0.33%	2.09%	1.02%	0.25%	-2.60%	2.10%	0.64%	0.65%
	Int'l. Equity	MSCI EAFE	-0.47%	0.84%	0.33%	-1.34%	-1.82%	1.76%	-0.29%	-2.54%	-1.27%	0.80%	0.60%	0.25%
		MSCI Em. Mkts.	-0.57%	1.64%	-1.08%	-0.79%	-1.26%	2.58%	-2.09%	-4.04%	-3.10%	0.73%	1.51%	-0.90%
Fixed Income	BarCap Agg. (AGG)	-0.06%	0.02%	-0.74%	0.82%	0.54%	-0.53%	-0.06%	0.00%	0.37%	0.08%	0.09%	0.07%	
	High Yield (JNK)	-0.56%	0.39%	-0.36%	0.14%	-0.36%	0.36%	0.59%	-0.31%	-0.81%	-0.25%	0.62%	0.03%	
Commodities	Bloomberg Commodity Index	0.30%	0.98%	-0.27%	1.33%	-0.87%	-0.74%	-0.92%	-3.13%	0.43%	-1.45%	-1.78%	-1.12%	
Alternatives	Hedge Funds (HFRX Global)	-0.29%	0.63%	0.54%	-0.55%	-0.22%	0.45%	0.09%	-0.68%	-0.24%	0.51%	0.44%	-0.06%	
Asset Allocation	60/40*	-0.63%	1.71%	-0.19%	0.16%	-0.35%	1.20%	0.07%	-0.95%	-0.86%	0.58%	1.03%	0.13%	
	48/32/20 (w/Alts.)**	-0.56%	1.49%	-0.04%	0.02%	-0.32%	1.05%	0.07%	-0.89%	-0.74%	0.57%	0.91%	0.09%	

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	0.96	1.09	1.00	0.97	1.03	0.97	0.96	0.99	1.24	1.44	0.97	1.62	1.07	1.18
Large Cap Growth	1.04	1.00	1.14	1.04	1.02	1.07	1.01	1.00	1.03	1.30	1.51	1.02	1.70	1.12	1.23
Large Cap Value	0.92	0.88	1.00	0.91	0.89	0.94	0.88	0.88	0.90	1.14	1.32	0.89	1.49	0.98	1.08
Mid Cap Core	1.00	0.96	1.10	1.00	0.98	1.03	0.97	0.96	0.99	1.25	1.45	0.98	1.63	1.07	1.18
Mid Cap Growth	1.03	0.98	1.12	1.02	1.00	1.05	0.99	0.98	1.01	1.28	1.48	1.00	1.67	1.10	1.21
Mid Cap Value	0.97	0.93	1.06	0.97	0.95	1.00	0.94	0.93	0.96	1.21	1.41	0.95	1.58	1.04	1.15
Small Cap Core	1.04	0.99	1.13	1.03	1.01	1.06	1.00	0.99	1.02	1.29	1.50	1.01	1.68	1.11	1.22
Small Cap Growth	1.04	1.00	1.14	1.04	1.02	1.07	1.01	1.00	1.03	1.30	1.51	1.02	1.69	1.11	1.23
Small Cap Value	1.02	0.97	1.11	1.01	0.99	1.04	0.98	0.97	1.00	1.26	1.47	0.99	1.65	1.08	1.20
Int'l. Developed	0.80	0.77	0.88	0.80	0.78	0.83	0.78	0.77	0.79	1.00	1.16	0.78	1.31	0.86	0.95
Emerging Markets	0.69	0.66	0.76	0.69	0.67	0.71	0.67	0.66	0.68	0.86	1.00	0.67	1.12	0.74	0.82
REITs	1.03	0.98	1.12	1.02	1.00	1.06	0.99	0.98	1.01	1.28	1.48	1.00	1.67	1.10	1.21
Commodities	0.62	0.59	0.67	0.61	0.60	0.63	0.59	0.59	0.61	0.77	0.89	0.60	1.00	0.66	0.73
Int. Bond	0.94	0.90	1.02	0.93	0.91	0.96	0.90	0.90	0.92	1.16	1.35	0.91	1.52	1.00	1.10
High Yield	0.85	0.81	0.93	0.84	0.83	0.87	0.82	0.81	0.84	1.06	1.23	0.83	1.38	0.91	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.

The information, analysis, and opinions expressed herein are for general and educational purposes only. Nothing contained in this weekly review is intended to constitute legal, tax, accounting, securities, or investment advice, nor an opinion regarding the appropriateness of any investment, nor a solicitation of any type. All investments carry a certain risk, and there is no assurance that an investment will provide positive performance over any period of time. An investor may experience loss of principal. Investment decisions should always be made based on the investor's specific financial needs and objectives, goals, time horizon, and risk tolerance. The asset classes and/or investment strategies described may not be suitable for all investors and investors should consult with an investment advisor to determine the appropriate investment strategy. Past performance is not indicative of future results.

Information obtained from third party sources are believed to be reliable but not guaranteed. Endowment Wealth Management makes no representation regarding the accuracy or completeness of information provided herein. All opinions and views constitute our judgments as of the date of writing and are subject to change at any time without notice.

Investments in smaller companies carry greater risk than is customarily associated with larger companies for various reasons such as volatility of earnings and prospects, higher failure rates, and limited markets, product lines or financial resources. Investing overseas involves special risks, including the volatility of currency exchange rates and, in some cases, limited geographic focus, political and economic instability, and relatively illiquid markets. Income (bond) securities are subject to interest rate risk, which is the risk that debt securities in a portfolio will decline in value because of increases in market interest rates. 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. Index Performance is presented for illustrative purposes only and does not represent the performance of any specific investment product or portfolio. An investment cannot be made directly into an index.

Alternative Investments may have complex terms and features that are not easily understood and are not suitable for all investors. You should conduct your own due diligence to ensure you understand the features of the product before investing. Alternative investment strategies may employ a variety of hedging techniques and non-traditional instruments such as inverse and leveraged products. Certain hedging techniques include matched combinations that neutralize or offset individual risks such as merger arbitrage, long/short equity, convertible bond arbitrage and fixed-income arbitrage. Leveraged products are those that employ financial derivatives and debt to try to achieve a multiple (for example two or three times) of the return or inverse return of a stated index or benchmark over the course of a single day. Inverse products utilize short selling, derivatives trading, and other leveraged investment techniques, such as futures trading to achieve their objectives, mainly to track the inverse of their benchmarks. As with all investments, there is no assurance that any investment strategies will achieve their objectives or protect against losses.

Neither Endowment Wealth Management nor its representatives render tax, accounting or legal advice. Any tax statements contained herein are not intended or written to be used, and cannot be used, for the purpose of avoiding U.S. federal, state, or local tax penalties. Taxpayers should always seek advice based on their own particular circumstances from an independent tax advisor.

Copyright Endowment Wealth Management, Inc. All rights reserved

---

**ABOUT Endowment Wealth Management, Inc.**

We are a Multi-Client Family Office whose *sole mission* is to provide wealth sustainability for individuals, families, retirement plans and institutions through the utilization of the *Endowment Investment Philosophy*. We manage our client's financial wealth to enhance the human capital of their future generations. We work closely with our clients to develop an integrated long-term wealth plan that maximizes the benefit gained by integrating all of our individuals or families wealth producing assets. We are different from many other firms, in the way we build our portfolios on behalf of our clients.

For more information on Endowment Wealth Management, Inc., please call (920) 785-6010 and/or visit [www.EndowmentWM.com](http://www.EndowmentWM.com).