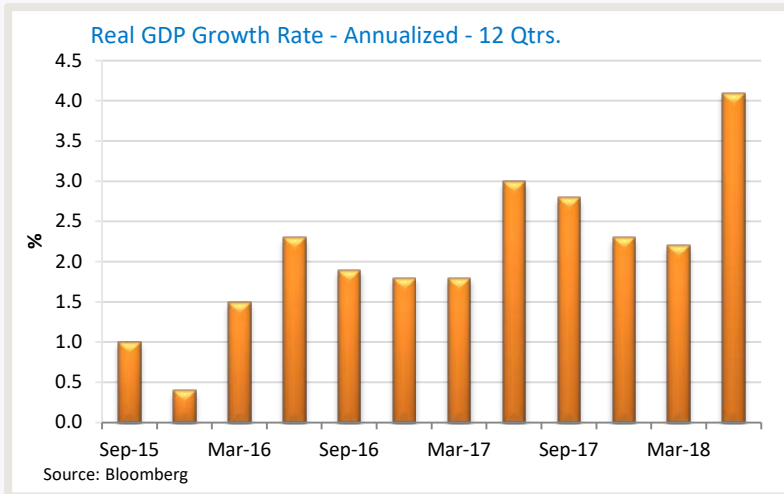




Chart of the Week



Weekly Highlights

- **Fed Signals Rate Increase Next Month.** At their last meeting, Federal Reserve (the Fed) officials signaled they were likely to raise interest rates next month if the economy performs in line with current expectations. At the recent meeting, Fed officials discussed dropping language from their post-meeting statement that for years has described monetary policy as “accommodative,” as it “at some point fairly soon ... may no longer be appropriate,” the minutes said.
- **Home Sales Tumbled In July for the Longest Slump Since 2013.** The downward slide in sales of previously owned homes continued, as rising home prices and higher mortgage rates priced more potential buyers out of the market. Compared with a year earlier, sales in July were down 1.5%. Economists state many potential home buyers are staying put, often choosing to renovate rather than give up their historically low mortgage rates and pay the significantly higher prices for their next home.
- **The US-China Trade Battle Escalates.** The world’s two largest economies kicked off two days of talks in Washington. On Thursday, the US imposed tariffs on \$16 billion of Chinese goods on top of the \$34 billion in Chinese imports already targeted. By the end of September, the US could add levies on another \$200 billion—about half of all Chinese imports.

Talking Points

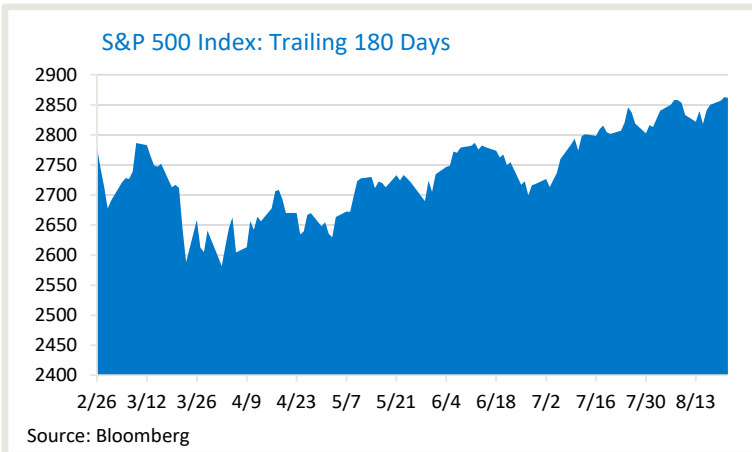
- **Global equity markets** were broadly up this week. US markets drifted slightly lower on Thursday, a day after the S&P 500’s bull run became the longest ever. International stocks were up modestly, and emerging markets reversed losses from last week, finishing largely in positive territory.
- **Treasury yields** have remained flat this week, with the yield on the key 10-Year US Treasury Note trading near 2.82.
- **Commodities remained relatively flat**, with the Bloomberg Commodity Index (the Index) finishing marginally higher after an up-and-down week. Within the Index, oil rose and headed for its first weekly gain in two months, as signs of tightened supply from the North Sea and Middle East surfaced.
- **The US dollar** ended the week lower against a basket of major trade partners’ currencies. The dollar fell 0.6% following a speech from Fed Chair Jerome Powell, in which he noted “further, gradual” rate hikes moving forward, given that the economy is “strong” and can handle tighter monetary policy.
- **In other economic news**, US jobless claims fell for a third consecutive week. Initial claims, a proxy for layoffs across the US, dropped to 210,000 in the week ended August 18, continuing to hover near historic lows. The unemployment rate fell to 3.9% in July, near its lowest level since April 2000, according to the Labor Department’s latest jobs report.

Market Dashboard

	Last Price	Change	% Chg.	YTD %
S&P 500	2,874.69	24.56	0.86%	7.5%
Dow Industrials	25,790.35	121.03	0.47%	4.3%
Nasdaq	7,945.98	129.65	1.66%	15.1%
Russell 2000	1,725.67	32.72	1.93%	12.4%
Euro Stoxx Index	383.56	2.50	0.66%	-1.4%
Shanghai Composite	2,729.43	60.46	2.27%	-17.5%
Russell Global	2,163.42	17.51	0.82%	0.9%

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

	Last Price	Change	% Chg.	YTD %
Russell Global EM	3,295.94	73.88	2.29%	-9.5%
10-Year US Treas.	2.83	-5 bps	NM	NM
Bloomberg Cmdts. Idx.	83.69	0.34	0.41%	-5.1%
Gold	\$1,206.08	\$21.49	1.81%	-7.5%
Crude Oil	\$68.57	\$3.35	5.14%	16.8%
Dollar Index	95.16	-0.94	-0.98%	3.3%
VIX Index	11.99	-0.65	-5.14%	8.6%



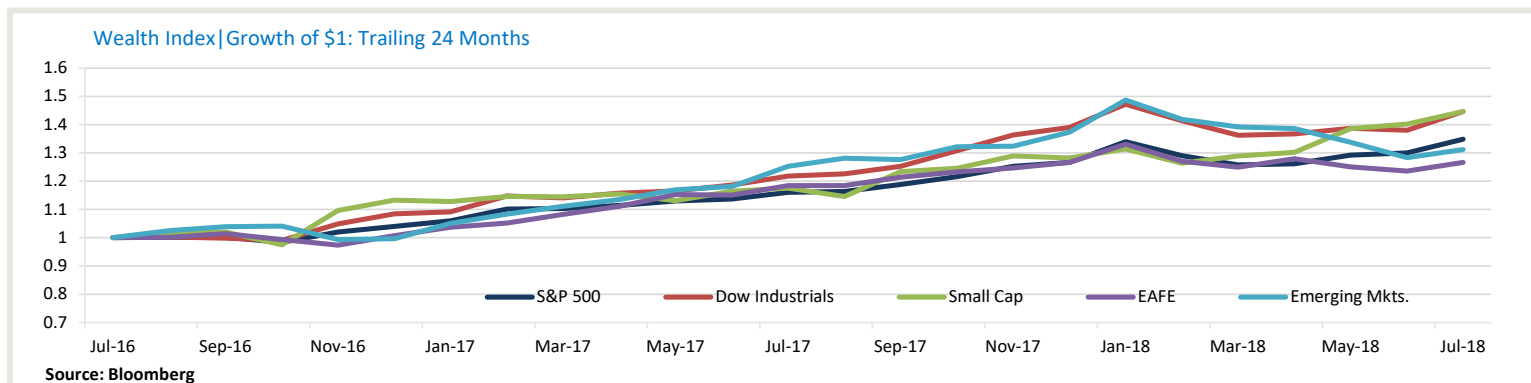
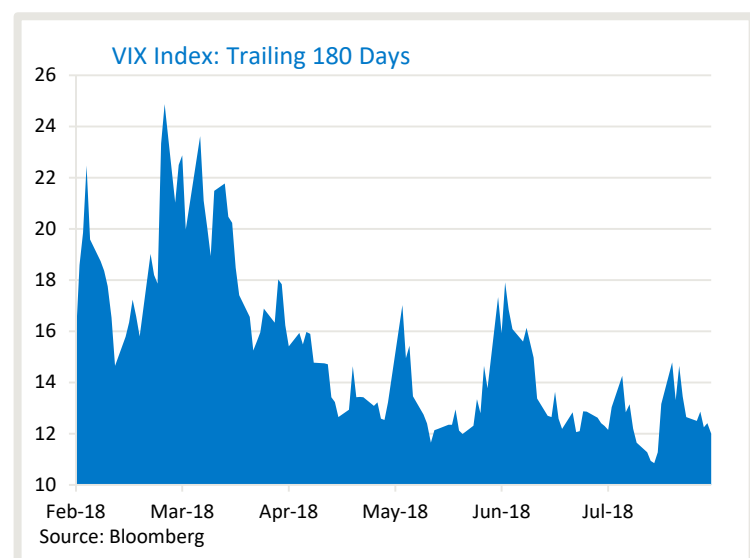
	One Week			YTD		
	Value	Growth		Value	Growth	
L	0.51%	0.87%	1.19%	1.58%	8.21%	14.09%
	0.48%	1.18%	2.24%	2.35%	6.37%	11.76%
S	1.30%	1.93%	2.56%	8.62%	12.38%	15.98%

Source: Bloomberg

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

	% Wgt in S&P 500	Week % Chg.	YTD % Chg.
Consumer Discretionary	12.8	2.04%	16.3%
Consumer Staples	6.8	-1.79%	-5.7%
Energy	5.9	2.64%	2.8%
Financials	13.9	0.24%	0.8%
Health Care	14.6	0.76%	10.9%
Industrials	9.6	0.50%	0.8%
Information Technology	26.2	1.69%	17.6%
Materials	2.5	1.17%	-2.3%
Real Estate	2.8	-1.08%	1.4%
Telecom Services	2.0	-0.74%	-5.7%
Utilities	2.9	-1.41%	1.5%

Source: Bloomberg



The Economy and Markets

A Macro View – Digital Oil

Although the cryptocurrency market may not be snagging headlines to the degree it did in late 2017 and early 2018, Venezuela, formerly Latin America's richest country, has fallen into an economic downward spiral, and now is looking at the crypto market as a source of "de-risking" its economy. This is somewhat ironic, given that demand for cryptocurrencies can be viewed as a proxy for financial risk appetite. However, Venezuela's goal in adopting cryptocurrency is to help fight the hyperinflation that is devastating this resource-rich country. Enter the Venezuelan cryptocurrency, the "Petro." Though other countries, like Russia and the United Arab Emirates, have launched similar "crypto-projects," Venezuela's cryptocurrency is unique, in that it is the only one to be backed by an asset—the country's vast oil reserves. The currency was launched in February, but beginning August 20, 2018, Nicolas Maduro, Venezuela's president, announced the state-owned oil giant Petroleos de Venezuela (PDVSA) will begin using the digital token as a mandatory accounting unit.¹ At the same time, the country is rolling out a new currency pegged to the cryptocurrency: "sovereign" bolivars. This new banknote will shed five zeroes from the former bolivar (i.e., 250,000 converts to 25).¹

Let's take a step back and review basic hyperinflation. Simply put, hyperinflation is rapidly accelerating inflation, eroding the real value of a currency as the prices of goods increase. Hyperinflation is sometimes referred to as the "wheelbarrow problem," as consumers must bring such massive amounts of currency to afford even small items (like groceries) that they might as well use a wheelbarrow to transport the payment. This sometimes results in the population switching to more stable foreign currencies, like the US dollar, which causes additional issues for the country, as it can introduce asset/liability currency mismatches. Once a population puts enough of the alternate currency into circulation, or even adopts it as an official currency, the sovereign government loses its ability to print money and pay its bills, further exacerbating the problem. Economists cite a number of possible causes for hyperinflation: large deficits financed by printing money versus borrowing or raising taxes, a drastic decrease in export prices, or a sharp decrease in tax revenue. Venezuela suffers from all three of these, with rampant government spending, an inability to borrow due to sanctions, a crash in oil prices in 2014 that has never fully recovered, and a population exiting in droves.² This leaves the country with an inflation rate that topped 60,000% as of August 20, 2018 that is projected to exceed a mind-boggling 1,000,000% by the end of 2018, which would make it the worst hyperinflation crisis in modern history.³

So what does President Maduro hope to gain from this move, as the country precariously teeters on economic collapse? Perhaps most important is establishing a currency with a more stable value. The Petro will be backed by crude oil and will fluctuate based on oil prices, helping to set prices for goods. Second, this currency could be used to circumnavigate sanctions the US placed on the country last August, prohibiting US citizens and associated entities from negotiating new debt with Venezuela and PDVSA. This in effect closed the country's access to financial markets and crippled its ability to pay debt, on which the country is currently \$6 billion dollars in default.⁴ Finally, some see the Petro as an opportunity to attract new international investors, specifically crypto-enthusiasts, who may view it to be a compelling risk/reward. However, this all must be done under the pretense of the Venezuelan government prioritizing an ethical stance in carrying out this project, which in and of itself is a source of concern.

Needless to say, President Maduro's plan has been largely criticized by academics, the International Monetary Fund, and Venezuela's opposition leaders. As Venezuela's government has largely stopped reporting economic data, most critics remain skeptical about unchecked government spending using drying up revenues. They argue a simple "face lift" to the bolivar's redenomination does not really change what's underneath, but is simply an outward appearance.⁵

Drastic measures are clearly on the table for a country with extraordinary problems. Could the crypto market be a lever with which to take some risk off the table for a country in turmoil? Unfortunately, outsiders, and to a more concerning degree, Venezuelans living through this economic and humanitarian crisis, must wait and see, as the Petro is moved toward center stage, and banks across the country are closing to prepare the "sovereign" bolivar for action.

¹ Reuters, July 25, 2018

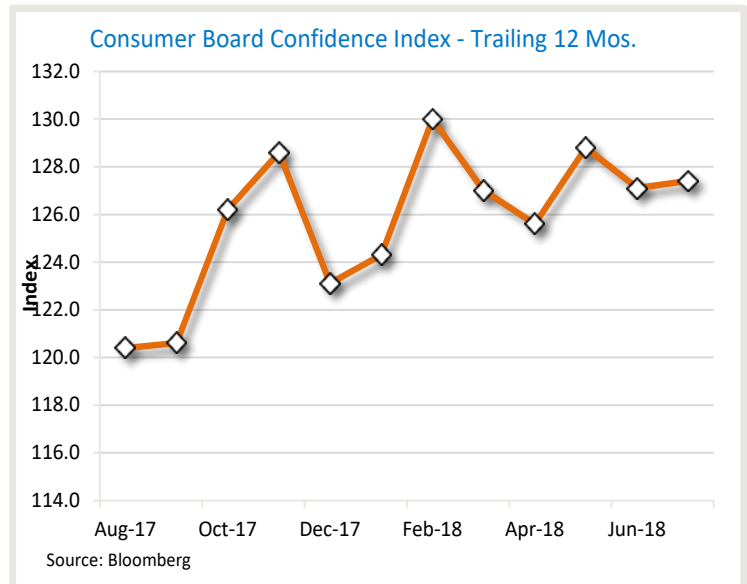
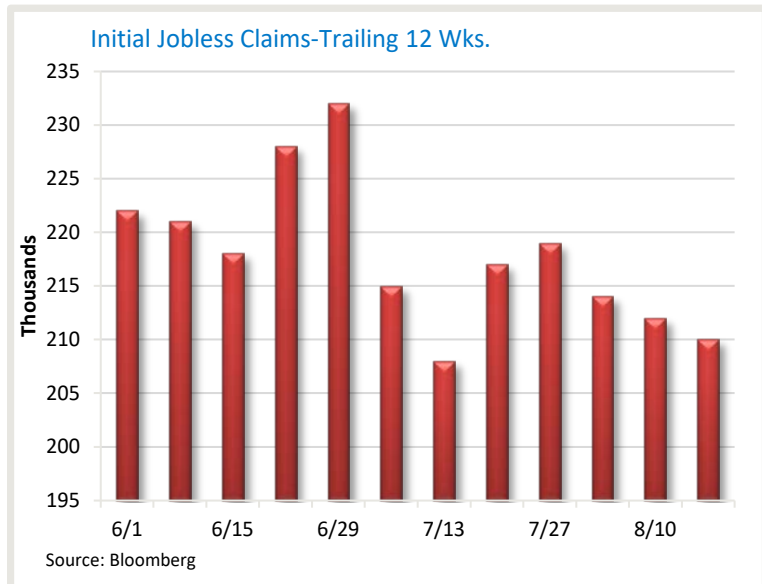
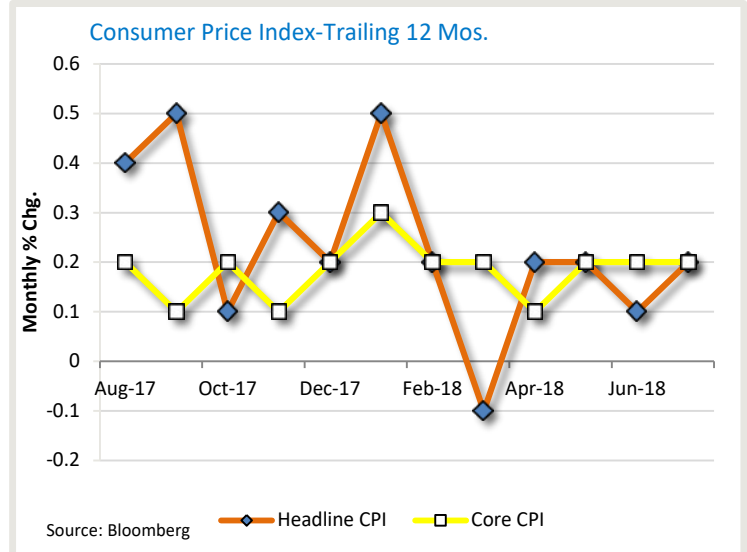
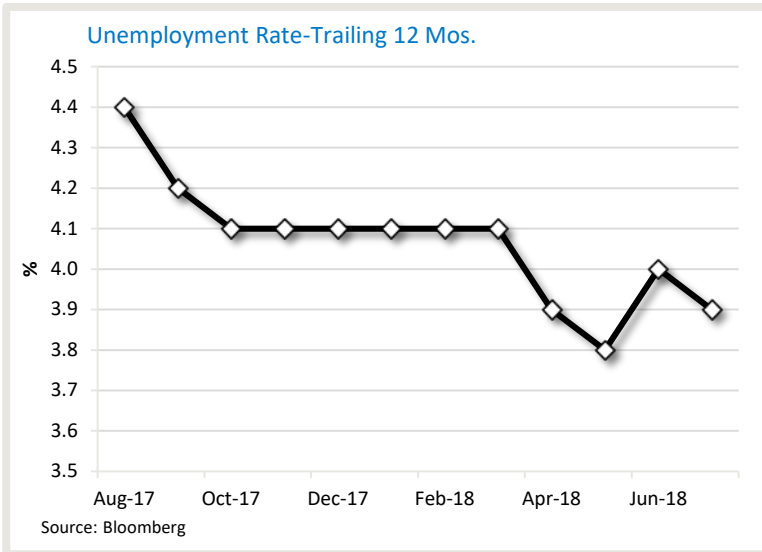
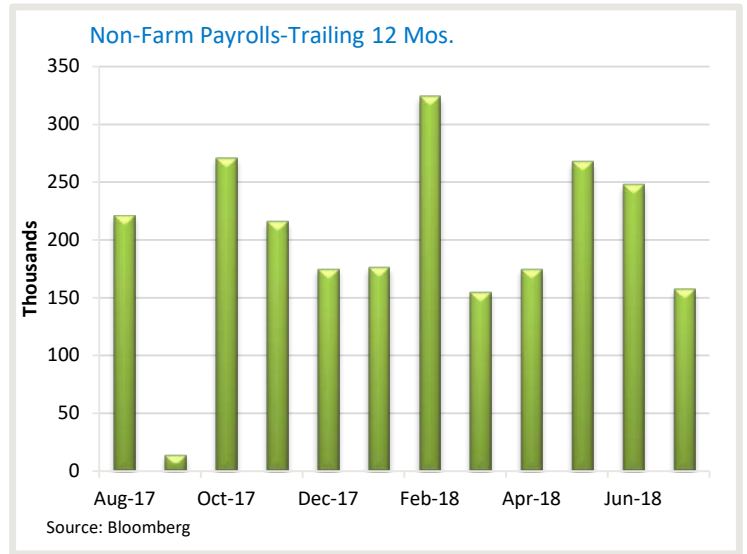
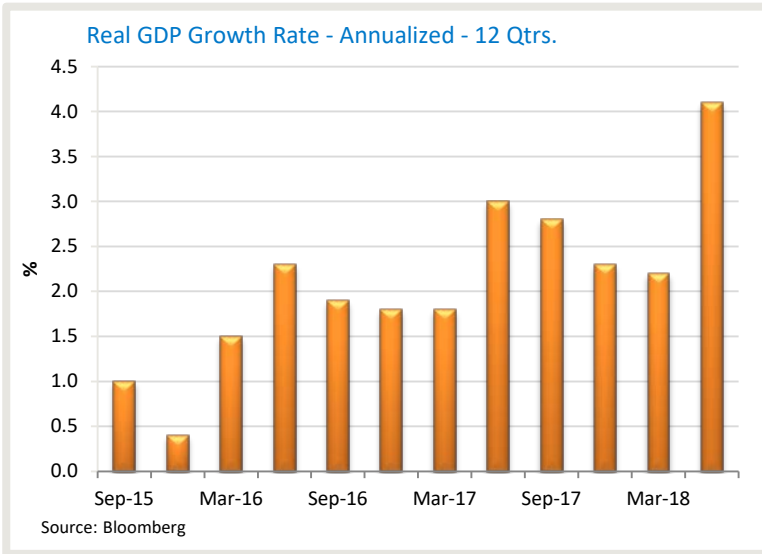
² United Nations estimates 2.3 million people have left the country since 2014 (The Wall Street Journal, August 20, 2018)

³ Reuters / NPR, August 23, 2018.

⁴ The Wall Street Journal, August 20, 2018.

⁵ NPR, August 20, 2018.

Economic Data



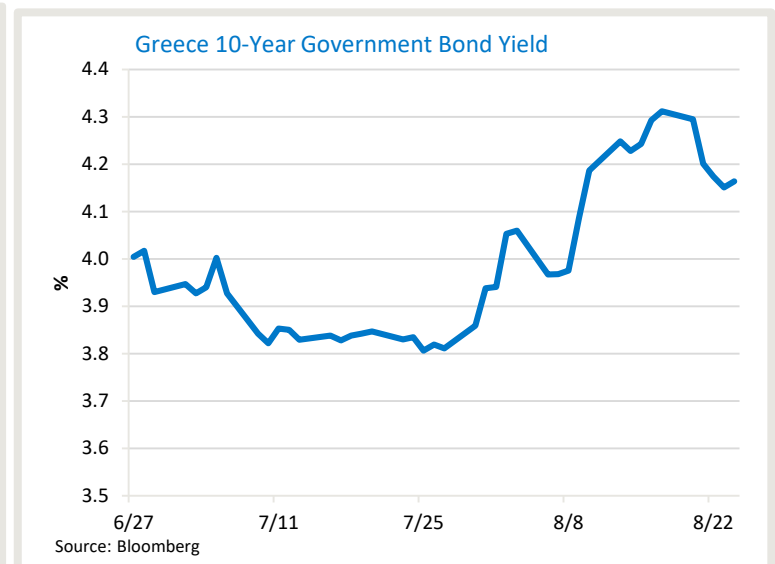
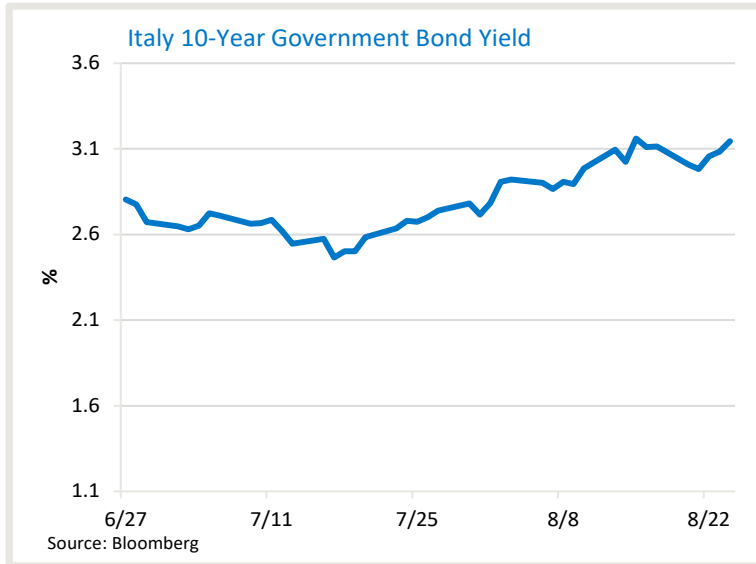
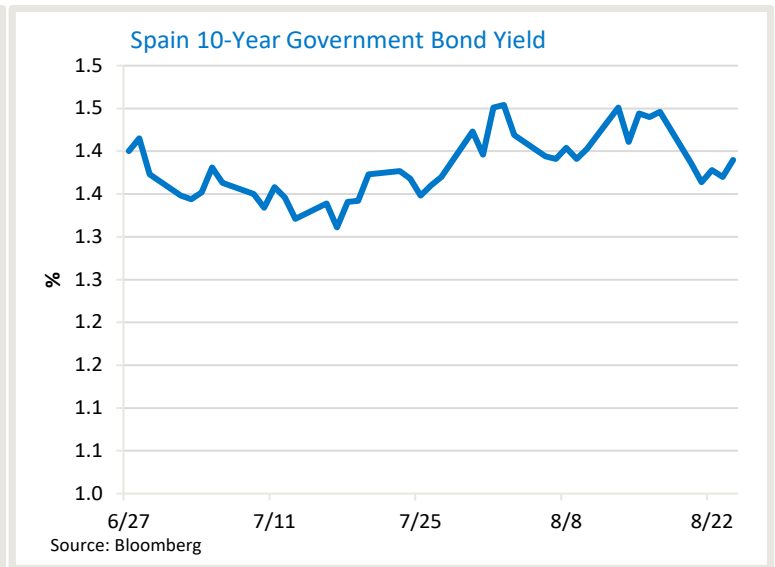
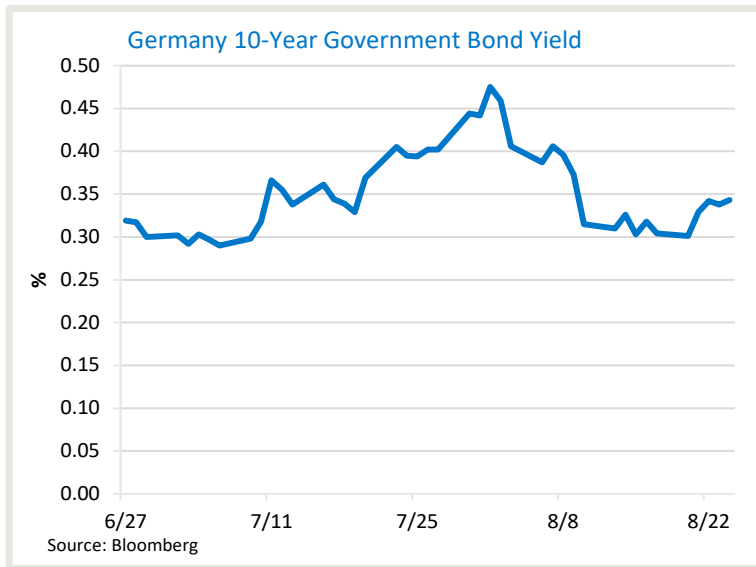
Eurozone

SELECTED EUROPEAN SOVEREIGN YIELD PERFORMANCE

	Last	Change	% Chg.	YTD %
Germany 10-Yr. Govt.	0.34	-4 bps	NM	NM
Greece 10-Yr. Govt.	4.16	11 bps	NM	NM
Italy 10-Yr. Govt.	3.14	-2 bps	NM	NM
Spain 10-Yr. Govt.	1.39	5 bps	NM	NM
Belgium 10-Yr. Govt.	0.70	-1 bps	NM	NM

	Last	Change	% Chg.	YTD %
France 10-Yr. Govt.	0.68	-2 bps	NM	NM
Ireland 10-Yr. Govt.	0.86	-2 bps	NM	NM
Portugal 10-Yr. Govt.	1.82	3 bps	NM	NM
Netherlands 10-Yr. Govt.	0.45	-4 bps	NM	NM
U.K. 10-Yr. Govt.	1.28	-5 bps	NM	NM

Source: Bloomberg
 Basis points (bps)

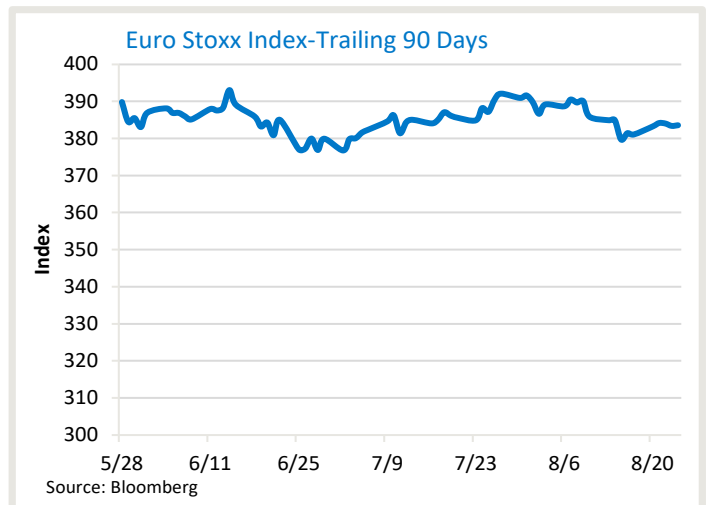
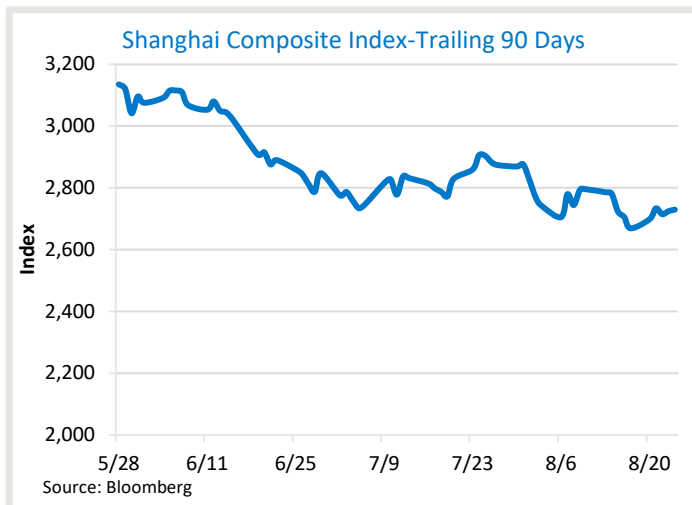
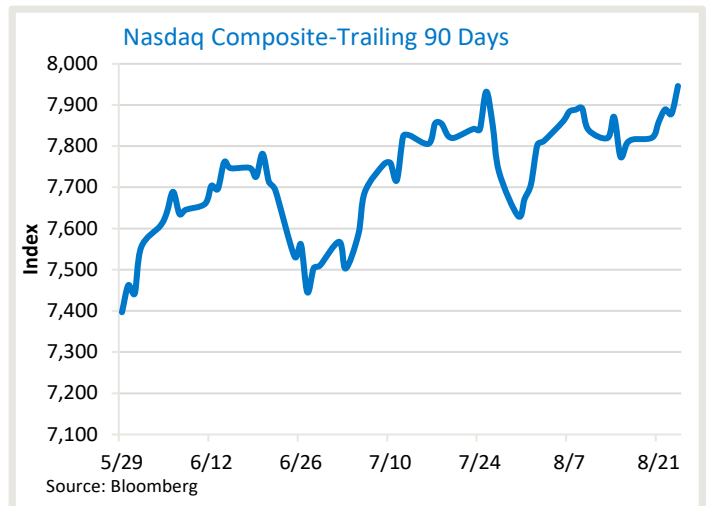
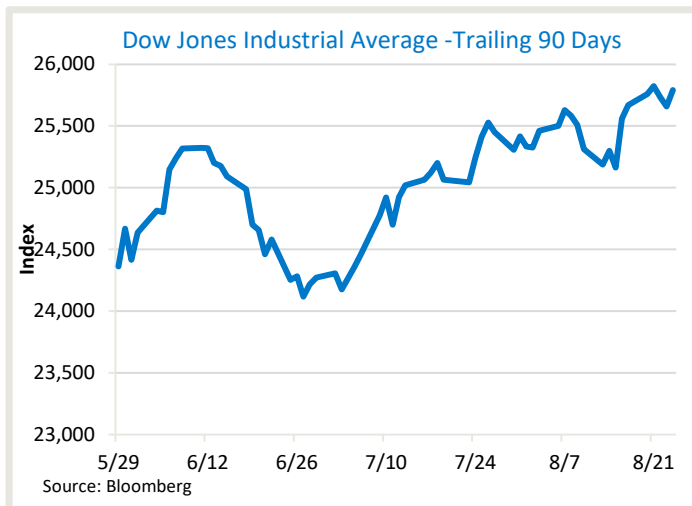


Equities

WORLD MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
S&P 500	2,874.69	24.56	0.86%	7.52%	Swiss Market Index	9,052.90	48.99	0.54%	-3.51%
Dow Industrials	25,790.35	121.03	0.47%	4.33%	CAC 40 Index (France)	5,432.50	87.57	1.64%	2.26%
Nasdaq Composite	7,945.98	129.65	1.66%	15.10%	DAX Index (Germany)	12,394.52	183.97	1.51%	-4.05%
Russell Global	2,163.42	17.51	0.82%	0.9%	Irish Overall Index	6,794.21	95.62	1.43%	-3.47%
Russell Global EM	3,295.94	73.88	2.29%	-9.5%	Nikkei 225	22,601.77	331.39	1.49%	-0.72%
S&P/TSX (Canada)	16,356.05	32.34	0.20%	0.91%	Hang Seng Index	27,671.87	458.46	1.68%	-7.51%
Mexico IPC	49,633.77	1369.14	2.84%	0.57%	Shanghai Composite	2,729.43	60.46	2.27%	-17.47%
Brazil Bovespa	76,262.25	233.73	0.31%	-0.18%	Kospi Index (S. Korea)	2,293.21	46.16	2.05%	-7.06%
Euro Stoxx 600	383.56	2.50	0.66%	-1.44%	Taiwan Taiex Index	10,809.35	118.39	1.11%	1.56%
FTSE 100	7,577.49	18.90	0.25%	-1.43%	Tel Aviv 25 Index	1,634.02	51.23	3.24%	8.23%
IBEX 35 (Spain)	9,589.50	172.20	1.83%	-4.52%	MOEX Index (Russia)	2,279.76	24.64	1.09%	8.06%

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



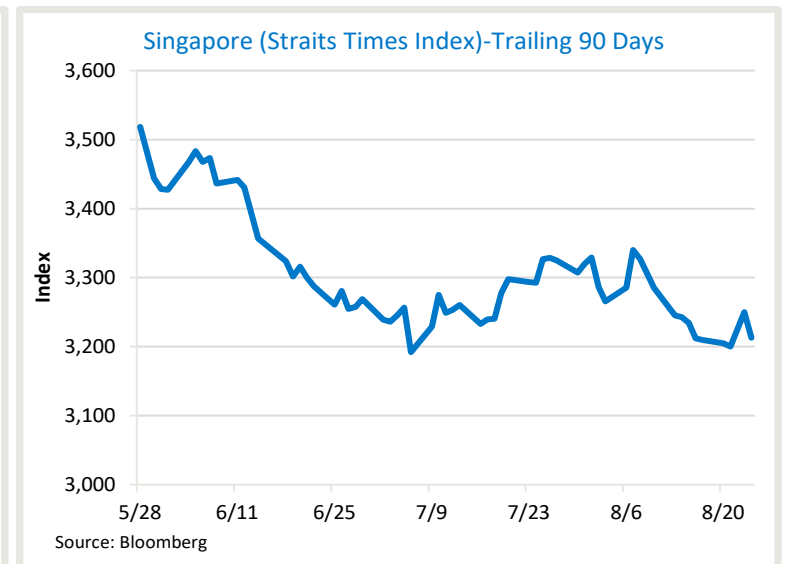
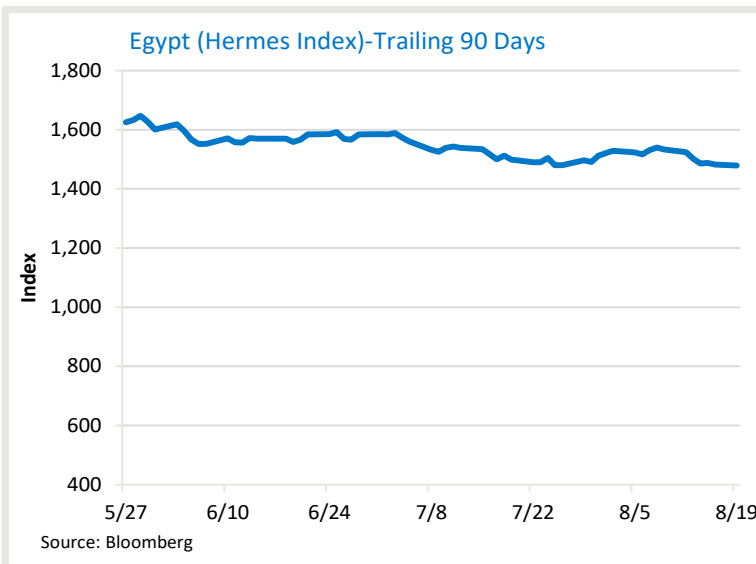
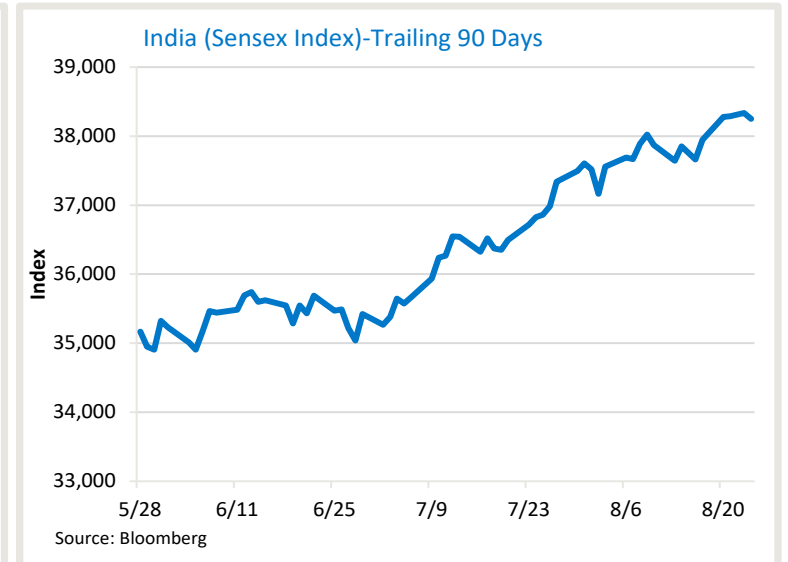
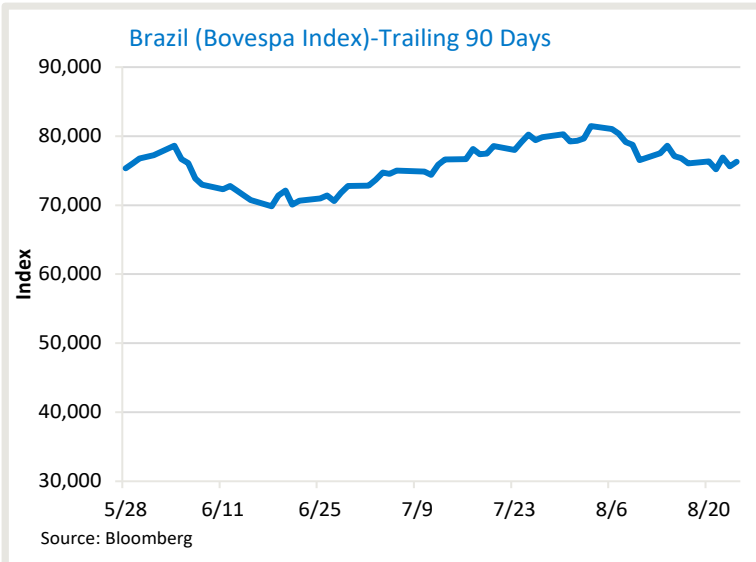
Equities – Emerging and Frontier Markets

EMERGING AND FRONTIER MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
Mexico IPC	49,633.77	1369.14	2.8%	0.6%
Brazil (Bovespa Index)	76,262.25	233.73	0.3%	-0.2%
MOEX Index (Russia)	2,279.76	24.64	1.1%	8.1%
Czech Republic (Prague)	1,072.86	14.81	1.4%	-0.5%
Turkey (Istanbul)	90,185.99	1451.23	1.6%	-21.8%
Egypt (Hermes Index)	1,479.00	-3.15	-0.2%	2.9%
Kenya (Nairobi 20 Index)	3,296.26	-39.80	-1.2%	-11.2%
Saudi Arabia (TASI Index)	7,867.16	-309.02	-3.8%	8.9%
Lebanon (Beirut BLOM Index)	1,009.03	-3.34	-0.3%	-12.1%
Palestine	541.71	0.15	0.0%	-5.7%

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

	Last	Change	% Chg.	YTD %
Hang Seng Index	27,671.87	458.46	1.7%	-7.5%
India (Sensex 30)	38,251.80	303.92	0.8%	12.3%
Malaysia (KLCI Index)	1,808.59	31.32	1.8%	0.7%
Singapore (Straits Times Index)	3,213.00	1.07	0.0%	-5.6%
Thailand (SET Index)	1,703.82	13.78	0.8%	-2.8%
Indonesia (Jakarta)	5,968.75	152.16	2.6%	-6.1%
Pakistan (Karachi KSE 100)	42,588.29	141.67	0.3%	5.2%
Vietnam (Ho Chi Minh)	987.05	18.17	1.9%	0.3%
Sri Lanka (Colombo)	6,052.69	-30.90	-0.5%	-5.0%
Cambodia (Laos)	877.86	6.43	0.7%	-12.1%

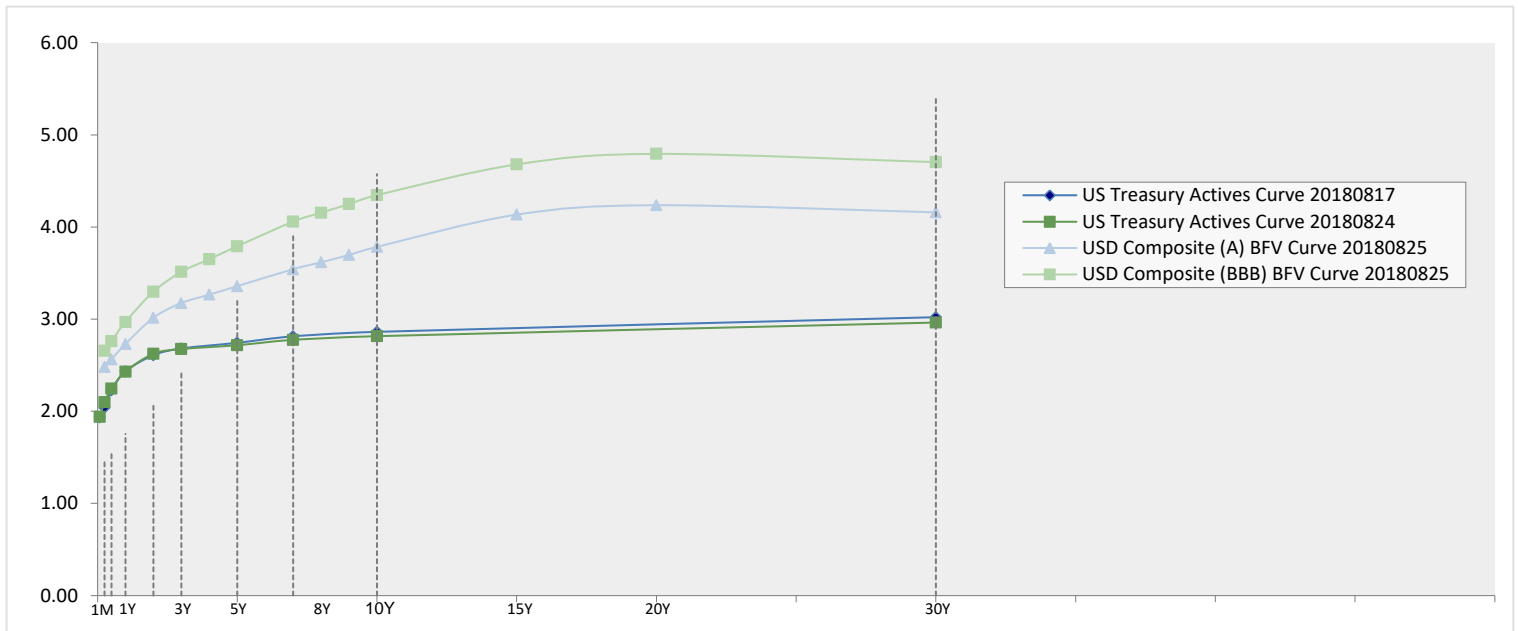


Interest Rates

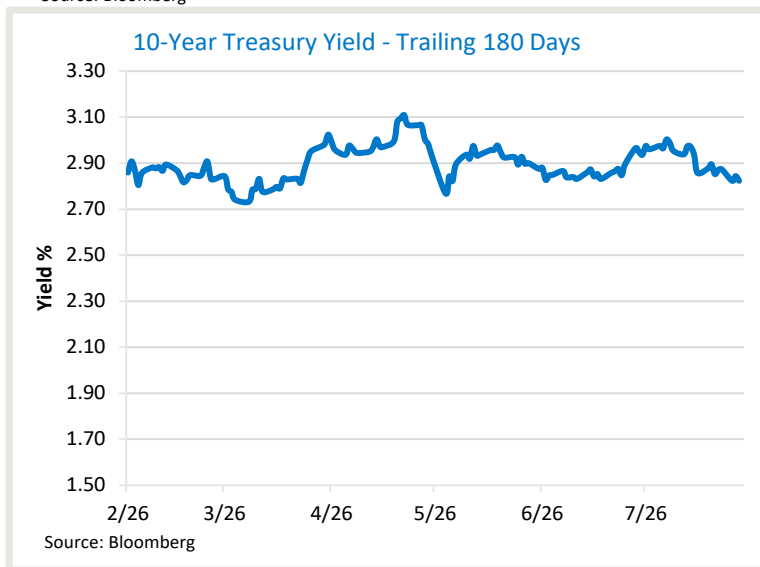
SELECTED INTEREST RATES

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
2-Yr. U.S. Treasury	2.62%	0 bps	NM	NM	Prime Rate	5.00%	0.00	NM	NM
5-Yr. U.S. Treasury	2.72%	-3 bps	NM	NM	Fed Funds Rate	2.00%	0.00	NM	NM
10-Yr. U.S. Treasury	2.83%	-5 bps	NM	NM	Discount Rate	2.50%	0.00	NM	NM
30-Yr. U.S. Treasury	2.98%	-5 bps	NM	NM	LIBOR (3 Mo.)	2.31%	0 bps	NM	NM
German 10-Yr. Govt.	0.34%	-4 bps	NM	NM	Bond Buyer 40 Muni	3.83%	-1 bps	NM	NM
France 10-Yr.	0.68%	-2 bps	NM	NM	Bond Buyer 40 G.O.	3.94%	NA	NM	NM
Italy 10-Yr.	3.14%	-2 bps	NM	NM	Bond Buyer 40 Rev.	4.44%	NA	NM	NM
Fed 5-Yr Fwd BE Inf.	2.10%	-2 bps	NM	NM					

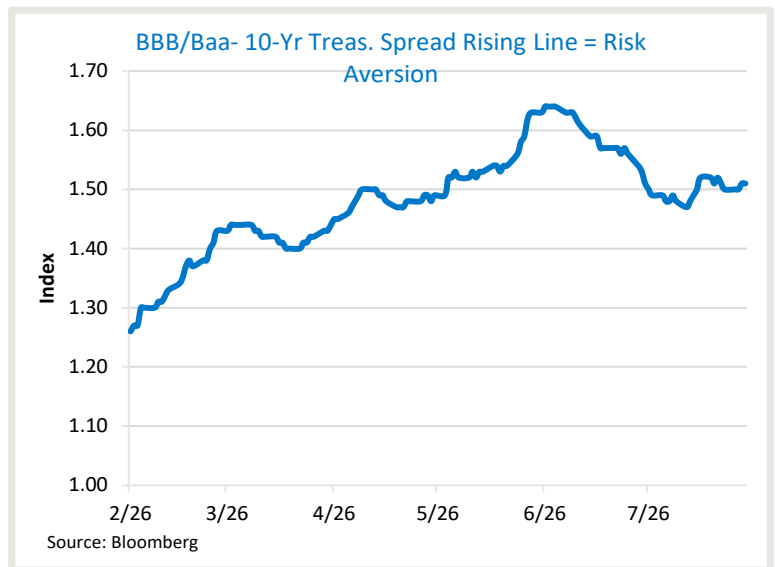
Source: Bloomberg



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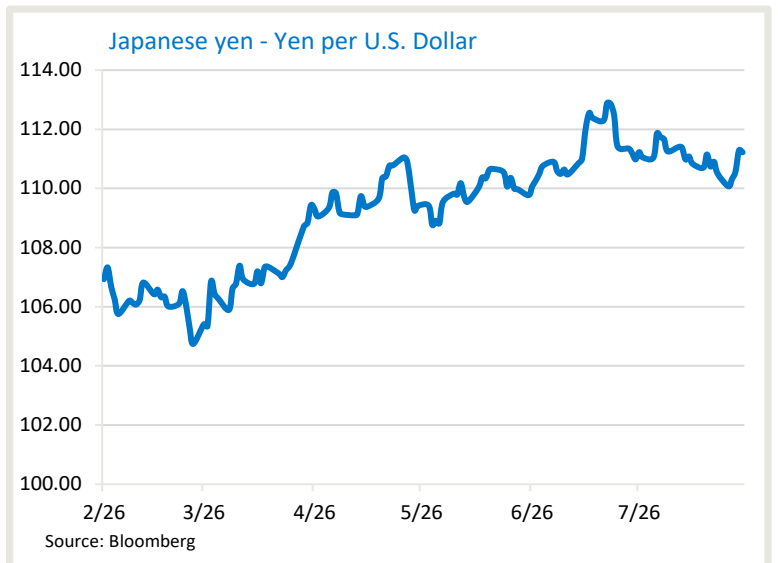
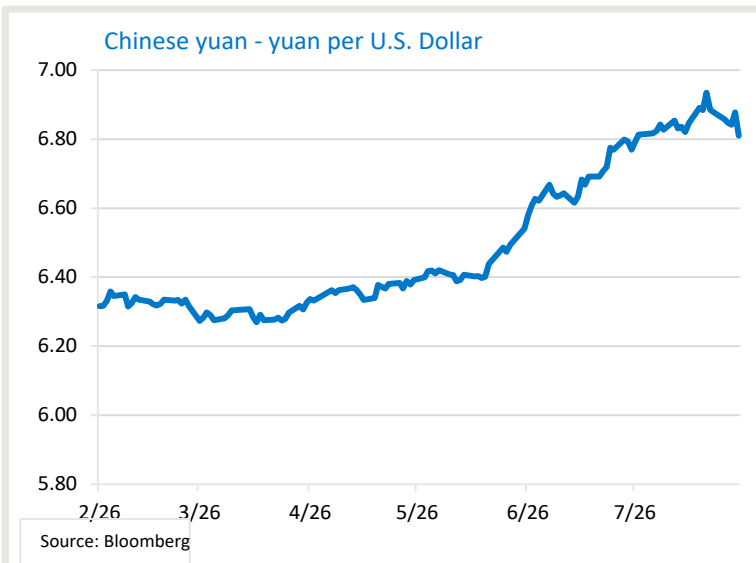
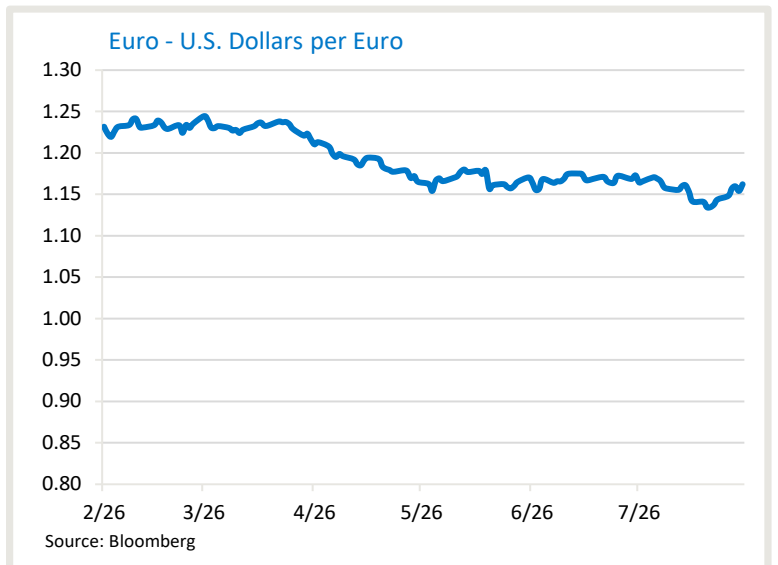
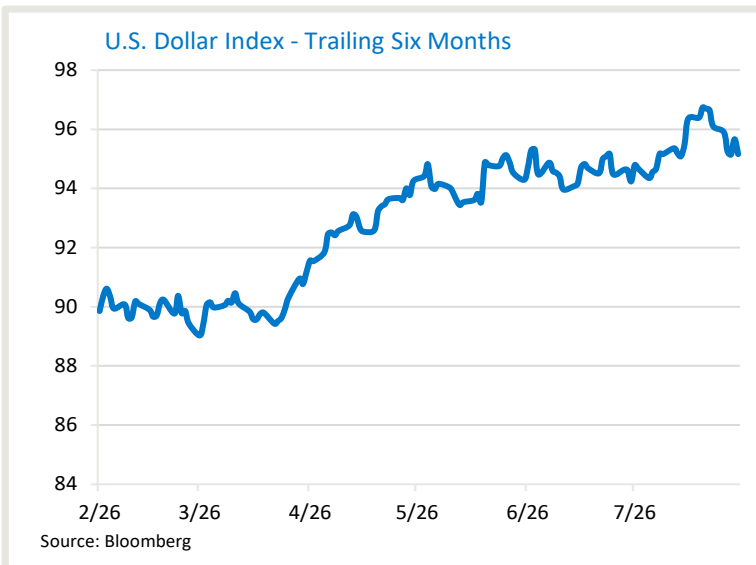
Currencies

SELECTED CURRENCY PERFORMANCE

	Last	Change	% Chg.	YTD %
Dollar Index	95.16	-0.943	-0.98%	3.29%
Euro	1.16	0.018	1.61%	-3.19%
Japanese Yen	111.24	0.720	-0.65%	1.32%
British Pound	1.28	0.010	0.77%	-4.93%
Canadian Dollar	1.30	-0.003	0.21%	-3.54%

	Last	Change	% Chg.	YTD %
Chinese Yuan	6.81	-0.067	0.98%	-4.46%
Swiss Franc	0.98	-0.013	1.30%	-0.89%
New Zealand Dollar	0.67	0.006	0.83%	-5.72%
Brazilian Real	4.10	0.198	-4.81%	-19.46%
Mexican Peso	18.92	0.030	-0.16%	3.90%

Source: Bloomberg

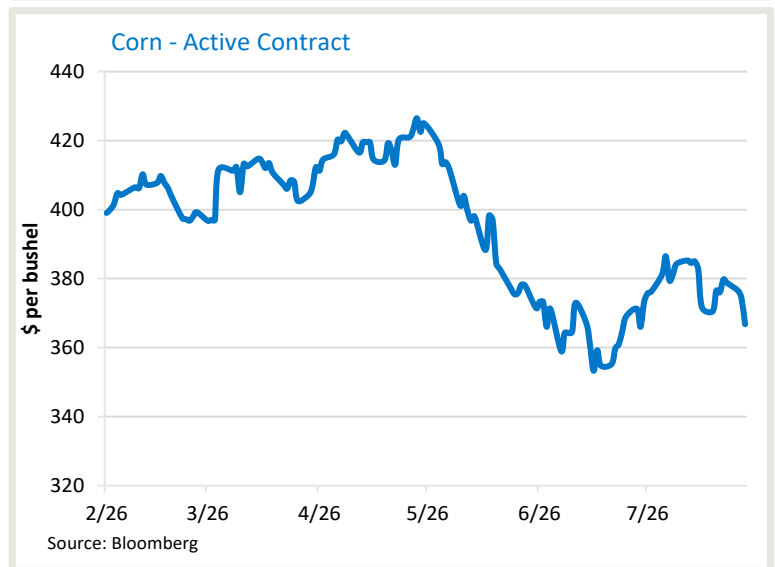
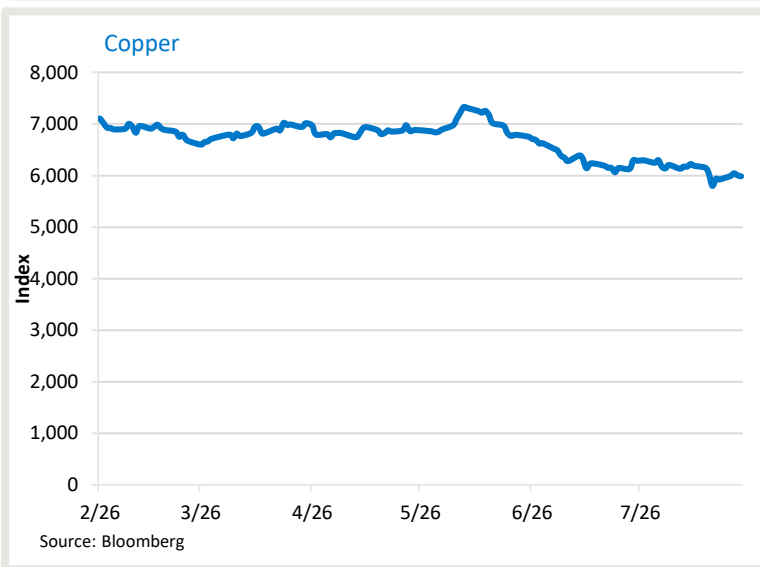
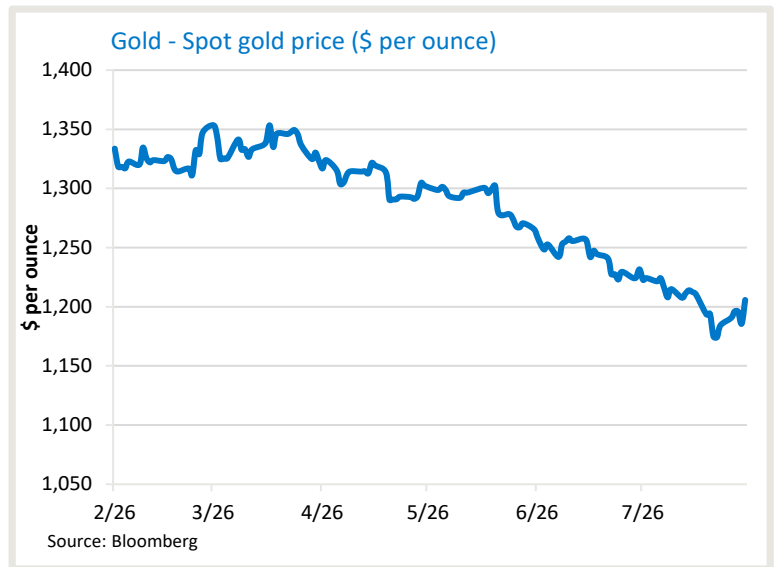
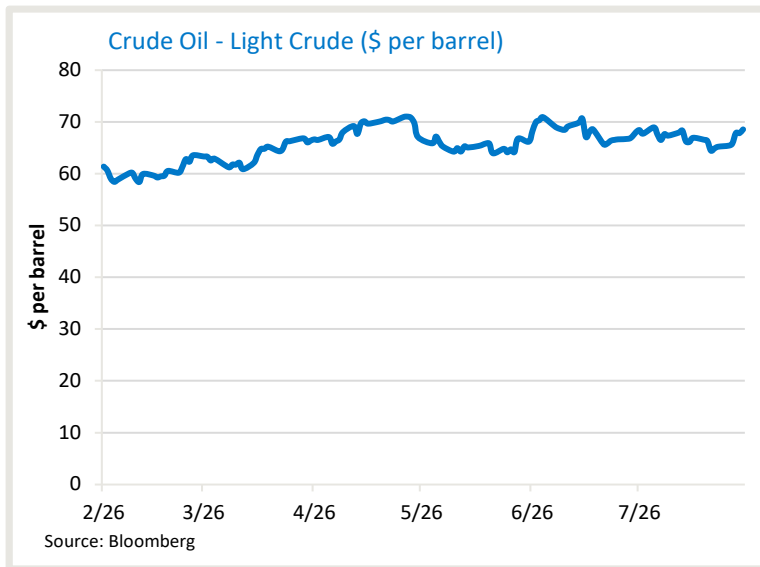


Commodities

SELECTED COMMODITY MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
Bloomberg Comm. Idx.	83.69	0.34	0.41%	-5.08%	Platinum Spot	\$790.65	\$1.59	0.20%	-14.84%
Crude Oil	\$68.56	\$3.35	5.14%	16.76%	Corn	362.75	-16.00	-4.22%	-5.53%
Natural Gas	\$2.91	-\$0.03	-1.09%	4.48%	Wheat	536.50	-43.25	-7.46%	11.31%
Gasoline (\$/Gal.)	\$2.84	-\$0.01	-0.21%	14.11%	Soybeans	855.25	-37.50	-4.20%	-12.35%
Heating Oil	219.90	10.20	4.86%	12.26%	Sugar	10.23	0.05	0.49%	-32.74%
Gold Spot	\$1,206.03	\$21.49	1.81%	-7.45%	Orange Juice	156.45	-0.90	-0.57%	10.18%
Silver Spot	\$14.81	\$0.01	0.07%	-12.54%	Aluminum	2,075.00	45.00	2.22%	-8.51%
					Copper	5,986.50	60.50	1.02%	-17.39%

Source: Bloomberg; % change is based on price.

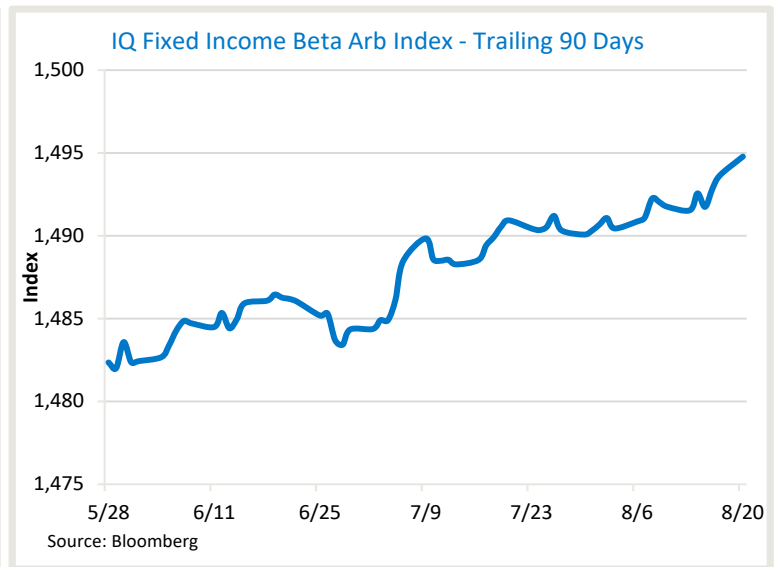
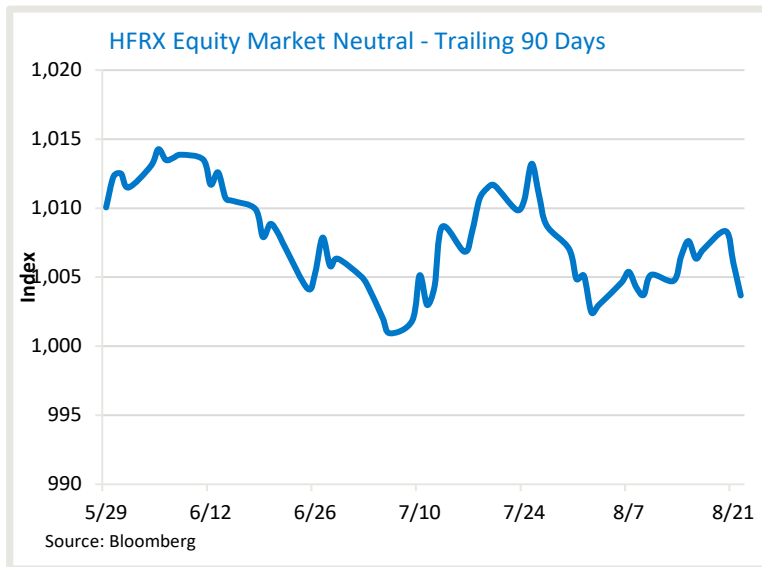
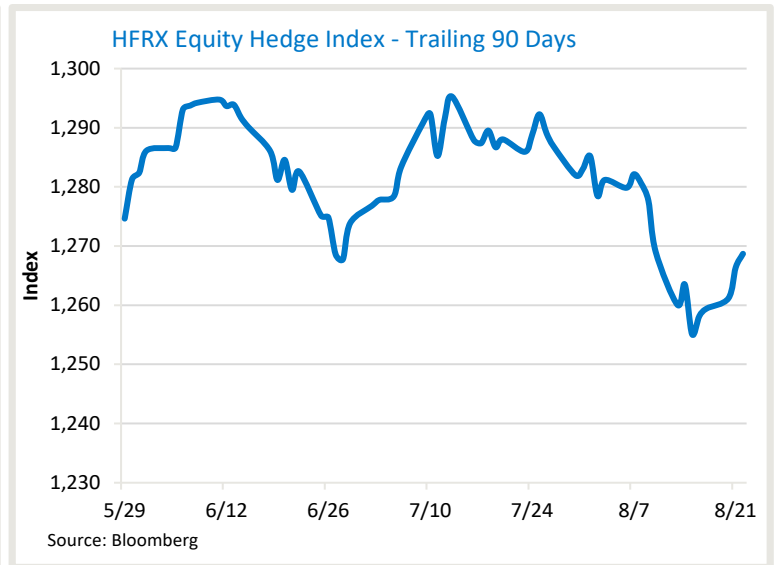
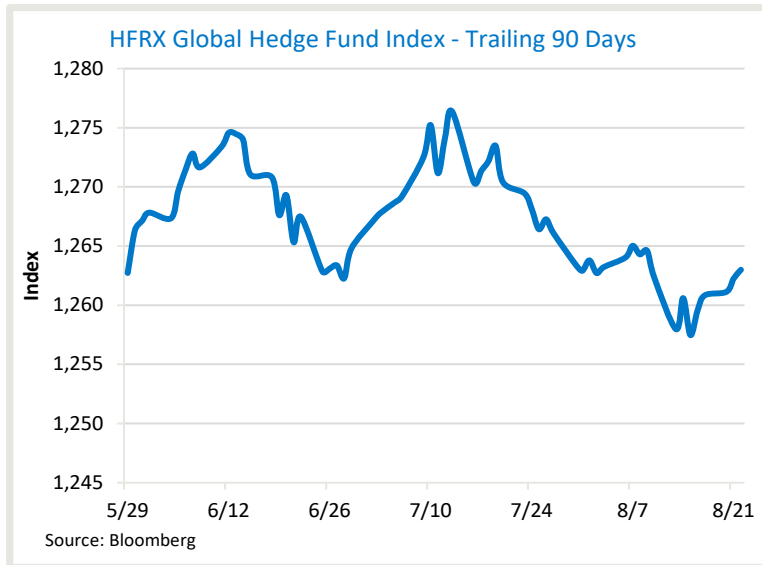


Alternative Investments

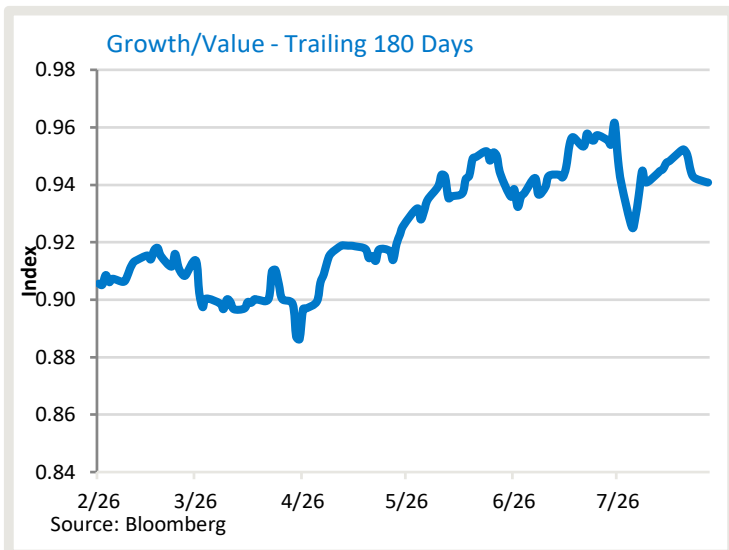
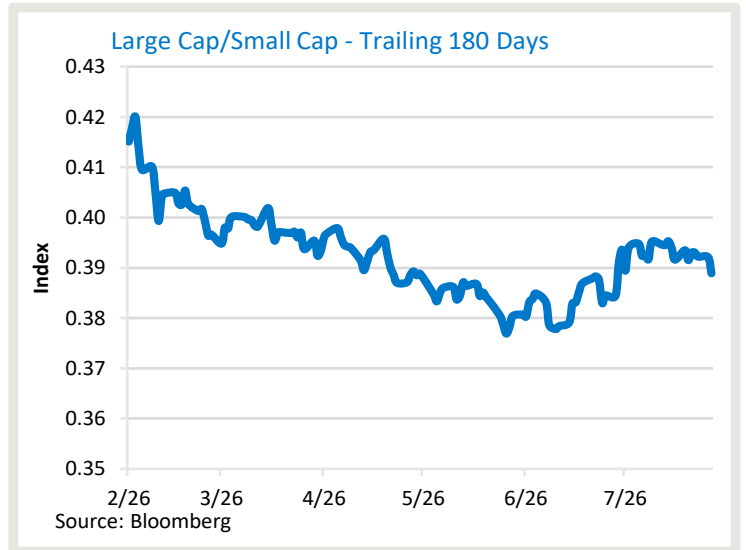
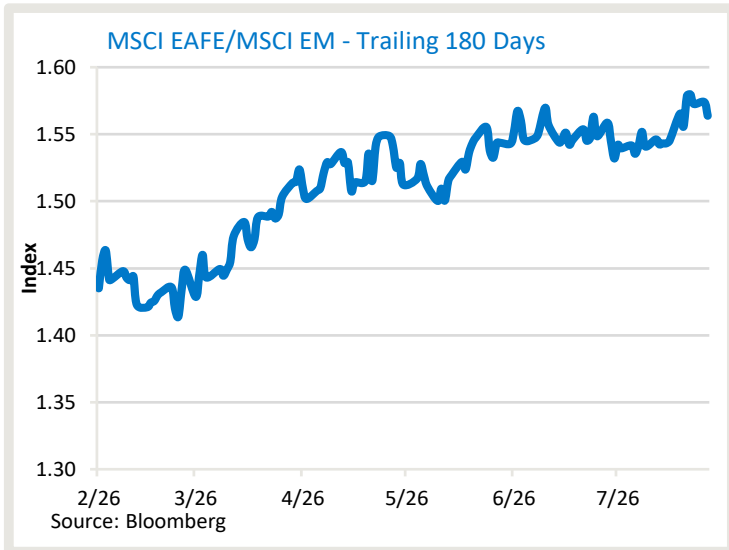
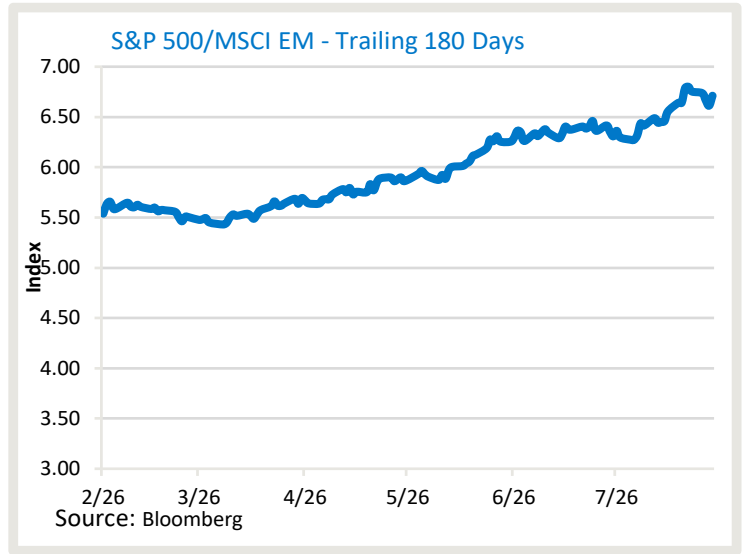
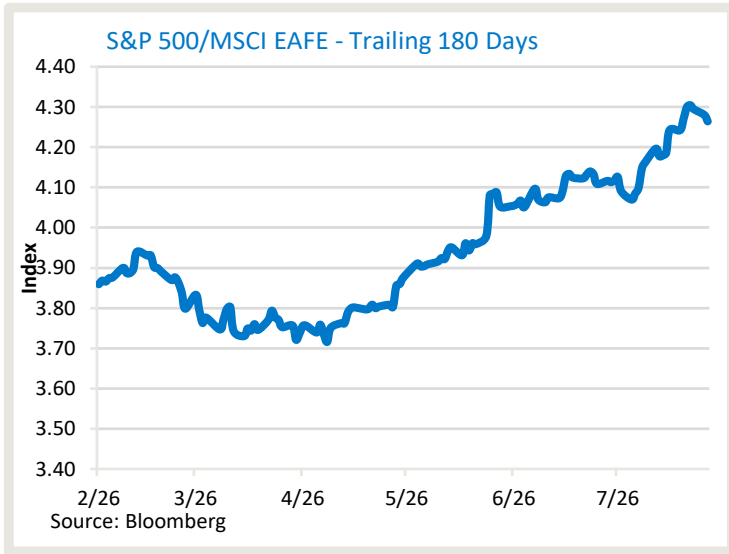
SELECTED ALTERNATIVE INVESTMENT INDEX PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
HFRX Global Hedge Fund Index	1262.99	2.16	0.17%	-0.99%	HFRX Distressed Index	1042.04	1.07	0.10%	-5.84%
HFRX Equity Market Neutral	1003.67	-3.34	-0.33%	-0.07%	HFRX Merger Arbitrage Index	1842.52	-1.01	-0.05%	-0.57%
HFRX Equity Hedge Index	1268.69	9.27	0.74%	-0.16%	HFRX Convertible Arbitrage Index	801.39	0.53	0.07%	0.65%
HFRX Event-Driven Index	1584.73	9.84	0.62%	-4.86%	HFRX Macro CTA Index	1145.28	-13.84	-1.19%	-1.60%
HFRX Absolute Return Index	1076.21	-0.66	-0.06%	1.22%	IQ Fixed Income Beta Arb Index	1496.93	3.26	0.22%	1.80%

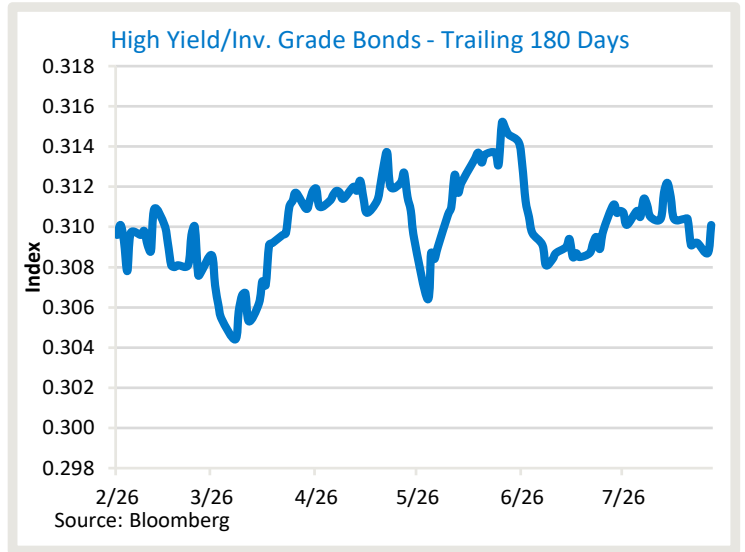
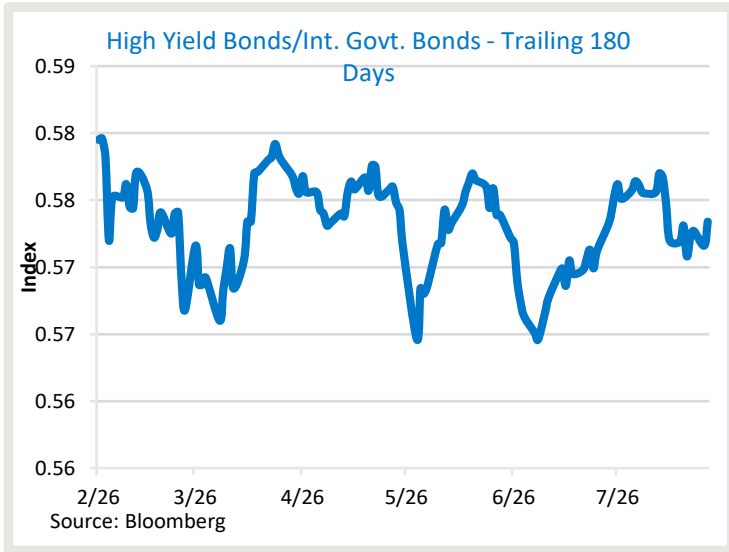
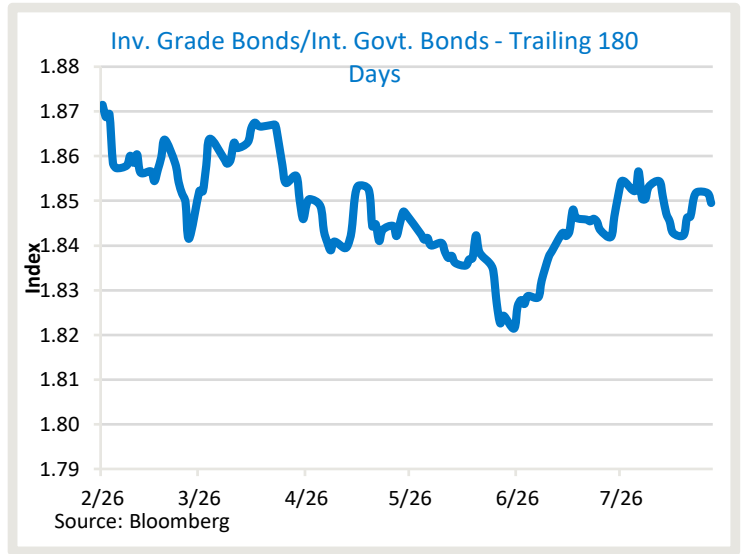
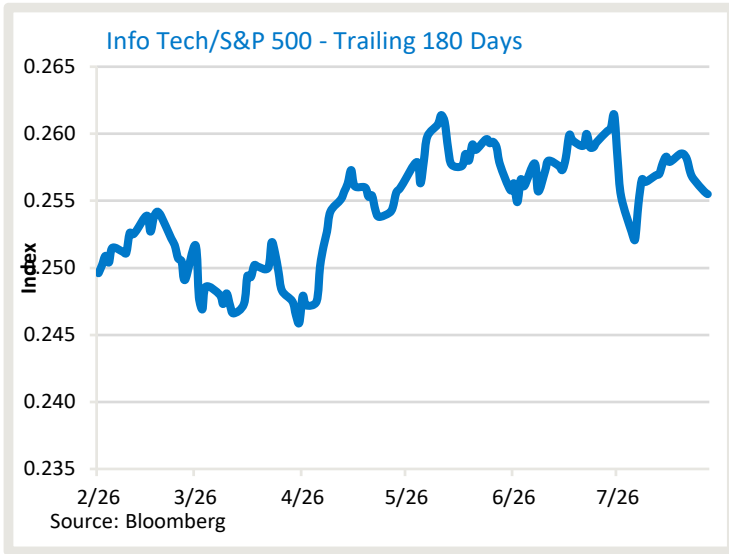
Source: Bloomberg; Index % change is based on price.



Portfolio Construction



Portfolio Construction (continued)



WEEKLY ASSET CLASS PERFORMANCE (Prior 12 weeks ending Thursday)

			6/7	6/14	6/21	6/28	7/5	7/12	7/19	7/26	8/2	8/9	8/16	8/23
Equity	Domestic Equity	Large Cap (R200)	2.53%	0.35%	-1.24%	-1.14%	0.68%	2.47%	0.15%	1.22%	-0.21%	1.01%	-0.49%	0.49%
		Small Cap (R2000)	2.09%	1.02%	0.25%	-2.60%	2.10%	0.64%	0.65%	-0.35%	-0.78%	0.52%	-0.30%	1.86%
	Int'l. Equity	MSCI EAFE	1.76%	-0.29%	-2.54%	-1.27%	0.80%	0.60%	0.25%	1.59%	-1.28%	0.54%	-3.26%	1.29%
		MSCI Em. Mkts.	2.58%	-2.09%	-4.04%	-3.10%	0.73%	1.51%	-0.90%	2.69%	-2.00%	1.05%	-5.29%	2.61%
Fixed Income	BarCap Agg. (AGG)	-0.53%	-0.06%	0.00%	0.37%	0.08%	0.09%	0.07%	0.45%	-0.25%	0.25%	0.38%	0.20%	
	High Yield (JNK)	0.36%	0.59%	-0.31%	-0.81%	-0.25%	0.62%	0.03%	0.45%	-0.11%	0.14%	-0.11%	0.33%	
Commodities	Bloomberg Commodity Index	-0.74%	-0.92%	-3.13%	0.43%	-1.45%	-1.78%	-1.12%	2.27%	-0.52%	0.45%	-2.21%	0.12%	
Alternatives	Hedge Funds (HFRX Global)	0.45%	0.09%	-0.68%	-0.24%	0.51%	0.44%	-0.06%	0.49%	-0.36%	0.15%	-0.40%	0.27%	
Asset Allocation	60/40*	1.20%	0.07%	-0.95%	-0.86%	0.58%	1.03%	0.13%	0.57%	-0.52%	0.58%	-0.80%	0.74%	
	48/32/20 (w/Alts.)**	1.05%	0.07%	-0.89%	-0.74%	0.57%	0.91%	0.09%	0.36%	-0.49%	0.50%	-0.72%	0.65%	

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	1.00	1.03	1.03	1.01	1.05	1.01	1.01	1.02	1.30	1.38	1.02	1.41	1.06	1.07
Large Cap Growth	1.00	1.00	1.03	1.02	1.01	1.05	1.01	1.01	1.01	1.29	1.37	1.02	1.41	1.05	1.06
Large Cap Value	0.97	0.97	1.00	1.00	0.98	1.02	0.98	0.99	0.99	1.26	1.34	0.99	1.37	1.03	1.03
Mid Cap Core	0.97	0.98	1.00	1.00	0.98	1.02	0.99	0.99	0.99	1.26	1.34	0.99	1.38	1.03	1.04
Mid Cap Growth	0.99	0.99	1.02	1.02	1.00	1.04	1.00	1.01	1.01	1.29	1.36	1.01	1.40	1.05	1.06
Mid Cap Value	0.95	0.95	0.98	0.98	0.96	1.00	0.96	0.96	0.97	1.23	1.31	0.97	1.34	1.00	1.01
Small Cap Core	0.99	0.99	1.02	1.01	1.00	1.04	1.00	1.00	1.00	1.28	1.36	1.01	1.40	1.04	1.05
Small Cap Growth	0.99	0.99	1.01	1.01	0.99	1.04	1.00	1.00	1.00	1.28	1.36	1.00	1.39	1.04	1.05
Small Cap Value	0.98	0.99	1.01	1.01	0.99	1.04	1.00	1.00	1.00	1.28	1.36	1.00	1.39	1.04	1.05
Int'l. Developed	0.77	0.77	0.79	0.79	0.78	0.81	0.78	0.78	0.78	1.00	1.06	0.79	1.09	0.81	0.82
Emerging Markets	0.73	0.73	0.75	0.75	0.73	0.76	0.74	0.74	0.74	0.94	1.00	0.74	1.03	0.77	0.77
REITs	0.98	0.98	1.01	1.01	0.99	1.03	0.99	1.00	1.00	1.27	1.35	1.00	1.39	1.04	1.05
Commodities	0.71	0.71	0.73	0.73	0.71	0.74	0.72	0.72	0.72	0.92	0.97	0.72	1.00	0.75	0.75
Int. Bond	0.95	0.95	0.98	0.97	0.96	1.00	0.96	0.96	0.96	1.23	1.30	0.97	1.34	1.00	1.01
High Yield	0.94	0.94	0.97	0.96	0.95	0.99	0.95	0.95	0.95	1.22	1.29	0.96	1.33	0.99	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 ReturnSM 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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