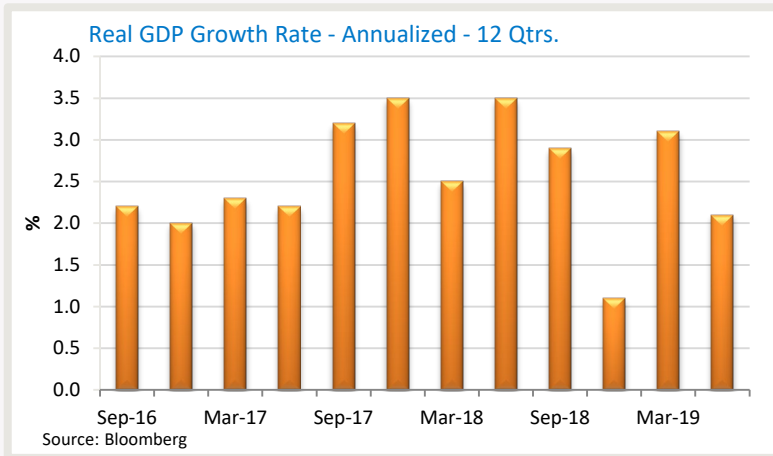




Chart of the Week



Weekly Highlights

- **The bond market yield curve inverted three times last week**, with the yield on the 10-year U.S. Treasury Note trading under that of the 2-year note. The curve inverted again on Friday as both the US and China hardened their positions on trade disputes. Some economists believe that the distortion in the bond market is a result of the current weakness in markets outside the US, especially the negative yields in Europe. Other economists suggest that it may be signaling recession, as has occurred after past yield curve inversions.
- **At the Jackson Hole annual Economic Policy Symposium** that kicked off on Friday, Fed Chair Jerome Powell hinted at possible interest rates cuts if a slowdown hits the economy, disappointing some investors (including current administration officials), who were expecting a more aggressive easing campaign. With global recession fears growing and bond yields tumbling, this week's gathering was one of the most anticipated in years.
- **The federal deficit is expected to inflate** to higher levels than previously thought over the next decade, according to the non-partisan Congressional Budget Office (CBO). The US budget deficit is expected to balloon to \$960 billion in 2019 and average \$1.2 trillion per year between 2020 and 2029. The office also projects that the current administration's tariffs will shrink US gross domestic product (GDP) by 0.30%, whereas further tariffs hikes could hamper economic growth. Currently, the CBO is projecting a real GDP growth rate of 2.30% in 2019.
- **On Wednesday, Germany sold close to \$1 billion of 30-year bonds at a negative yield** for the first time in its history. The bonds, which sold for an average yield of -0.11%, have a zero-coupon feature (and therefore pay no interest) and will mature in August 2050. Currently, about 15 trillion of negative-yielding bonds are outstanding worldwide, a good chunk of which was issued by European governments or state-sponsored agencies.

Talking Points

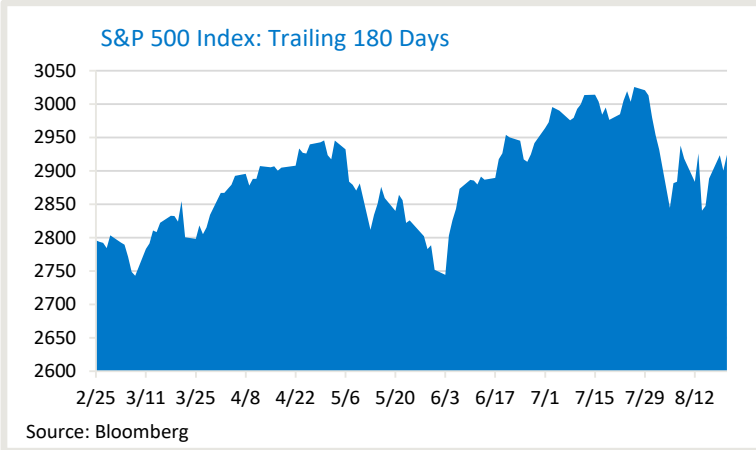
- US equities seesawed most of the week on worries about a potential recession in the US as well as an escalation of the trade war with China. The S&P 500 Index lost more than 2.5% on Friday after President Trump ordered US companies to "find an alternative to China," which followed China's announcement that it would impose new tariffs on \$75 billion of US goods. International equities followed a similar pattern, with both developed and emerging markets erasing earlier gains.
- Treasury yields increased across the board, with the yield on the 2-year note increasing more than that of the 10-year note. During the week, the yield curve inverted three times.
- The Markit Flash Manufacturing PMI dropped to 49.9 this month, falling below 50 for the first time in about ten years. The index also was lower than the 50.3 reading forecast by economists in a WSJ survey.
- The Conference Board Leading Economic Index (LEI) ticked up 0.50% from the previous month to 112.2 in July, which signals that the economy will continue to expand in the second half, albeit at a slower pace.
- The University of Michigan's preliminary August survey showed that consumer sentiment fell to 92.1 in August from the 98.4 level reached in July. The reading, which was well below the market consensus of 97.2, was the lowest since January, and reflects growing concerns of an economic downturn and stock market volatility.

Market Dashboard

	Last Price	Change	% Chg.	YTD %
S&P 500	2,847.11	-41.57	-1.44%	13.6%
Dow Industrials	25,628.90	-257.11	-0.99%	9.9%
Nasdaq	7,751.77	-144.23	-1.83%	16.8%
Russell 2000	1,459.49	-34.16	-2.29%	8.2%
Euro Stoxx Index	371.36	1.73	0.47%	10.0%
Shanghai Composite	2,897.43	73.60	2.61%	16.2%
MSCI ACWI	508.91	5.23	1.04%	11.7%

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

	Last Price	Change	% Chg.	YTD %
MSCI EM	975.66	5.39	0.56%	1.0%
10-Year US Treas.	1.53	-1 bps	NM	NM
Bloomberg Cmdts. Idx.	76.07	-0.71	-0.92%	-0.8%
Gold	\$1,527.02	\$12.61	0.83%	19.0%
Crude Oil	\$53.87	-\$0.89	-1.62%	12.2%
Dollar Index	97.70	-0.42	-0.43%	1.6%
VIX Index	19.87	1.40	7.58%	-21.8%



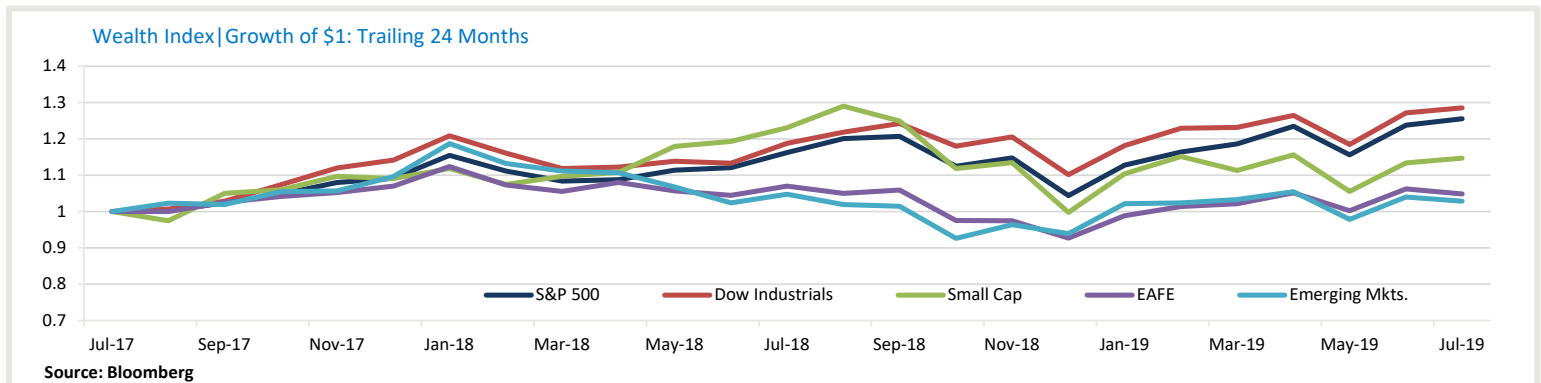
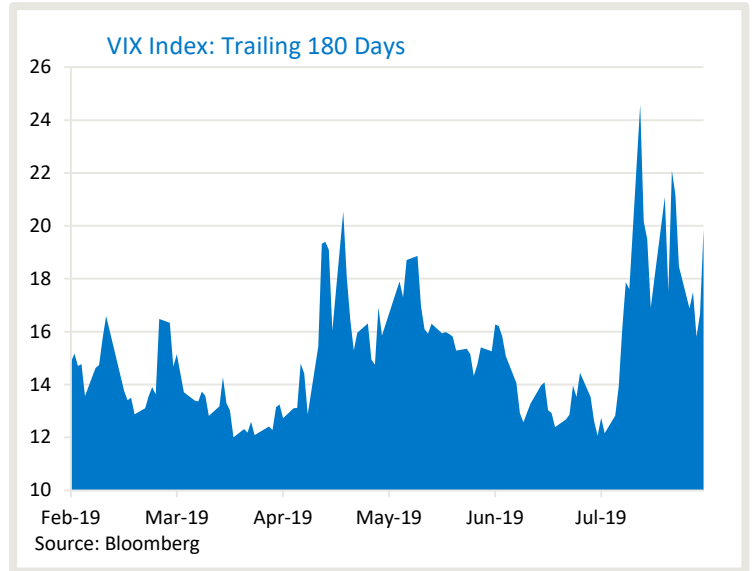
	One Week			YTD		
	Value	Growth		Value	Growth	
L	-1.64%	-1.43%	-1.27%	8.17%	13.27%	17.77%
	-1.60%	-1.43%	-1.17%	10.36%	15.49%	23.18%
S	-2.23%	-2.29%	-2.34%	3.24%	8.23%	13.13%

Source: Bloomberg

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

	% Wgt in S&P 500	Week % Chg.	YTD % Chg.
Consumer Discretionary	10.2	0.12%	17.3%
Consumer Staples	7.7	-1.16%	17.2%
Energy	4.4	-1.99%	-3.2%
Financials	12.7	-1.90%	9.1%
Health Care	14.0	-1.95%	2.4%
Industrials	9.2	-1.62%	13.3%
Information Technology	22.0	-1.42%	24.1%
Materials	2.7	-3.05%	8.5%
Real Estate	3.3	-0.29%	23.8%
Communication Services	10.4	-2.00%	16.1%
Utilities	3.5	0.19%	15.6%

Source: Bloomberg



Can Fed stimulus compensate for trade war damage?

The Treasury's yield curve inversion headlines, and the bad omen it signals about the state of the economy, dominated the news cycle last week. On Wednesday, Thursday, and Friday, the yield on the benchmark 10-year U.S. Treasury Note dropped below the 2-year yield. The scrutinized bond-market spread, when inverted, is seen by many market participants as an important recession signal, though the timing of the eventual downturn is less predictable. The last five yield curve inversions eventually have led to recessions. Some economists have argued that the current low yields and recent yield curve inversions in the US have more to do with the suppressed and negative yields in other parts of the world than with the conditions of the US economy.

Recession fears have indeed grown in recent weeks, fueled by slowing global growth, intensifying trade tensions between the US and China, and mixed economic data in the US. In the last few weeks, US corporate profits were revised down by \$200 billion, as were employment numbers, which were revised lower by 500,000 jobs between March 2018 and 2019. The Markit Flash Manufacturing PMI Index dropped to 49.9 this month, falling below 50 for the first time in about 10 years. Consumer and small-business optimism have fallen as well, and two out of five economists surveyed by the National Association of Business Economists now expect the economy to slip into a recession this year or next.

Acknowledging the rising fears of a slowdown, President Trump's rhetoric shifted notably from a position of "no recession" over the previous two weeks to the "possibility of a recession" warranted in order to fight China. Early in the week the President confirmed that to stimulate the slowing economy, he was considering "various tax reductions," including a payroll tax cut and indexing capital gains taxes to inflation, although he later retracted from this position. Some analysts believe that the warning of a possible recession could be a sign that the President is preparing the US for a long trade fight with China.

Could indexing capital gains taxes to inflation and reducing the payroll tax help to shield the US economy from the current global slowdown and trade war threats? Economists' opinions are split on both issues. According to some, indexing capital gains taxes would do very little to actually spur economic growth. Because a capital gain is the profit from the sale of securities or real estate, it is generally the very wealthiest of taxpayers who derive the bulk of their income from capital gains profits on investments. Indexing capital gains to inflation, therefore, would favor higher-income individuals, as the largest increase would benefit only the top 1% of taxpayers, and by just 0.83%, according to the calculations performed by the Tax Foundation. Proponents of indexing capital gains argue that the proposal would unlock trillions of dollars in capital if it were implemented. Analysts at Strategas estimate that doing so would be the equivalent of a 45% tax rate reduction, and that small companies would benefit most from these cuts.

Similarly, the supporters of a payroll tax cut maintain that it could help offset the impact of the tariffs that are set to go into effect in September and again in December. They believe that a payroll tax cut is good for growth and would help in the face of the slower global growth patch. Millions of Americans pay a payroll tax of 6.20% on their earnings, a levy that is used to finance Social Security programs. The payroll tax was last cut in 2011 and 2012, to 4.20%, in the Obama Administration, as a way to encourage more consumer spending during the Great Recession. But the cut was allowed to reset back to 6.20% in 2013. According to some economists, the 2011 payroll tax cut had little impact on growth and consumption, and they expect a payroll tax cut would have little effect on business confidence this time around. Business confidence has slumped since the tariffs were imposed beginning in mid-2018, and capital expenditures have dropped as a result. Interestingly, a simulation by the Urban-Brookings Tax Policy Center shows that a 2% cut in payroll tax would benefit 121 million workers; however, nearly three-quarters of them would be high earners in the top fourth and fifth quintiles. To conclude, the cost of such a measure would be enormous for the government coffers, at a time when the annual budget deficit is expected to approach \$1 trillion soon.

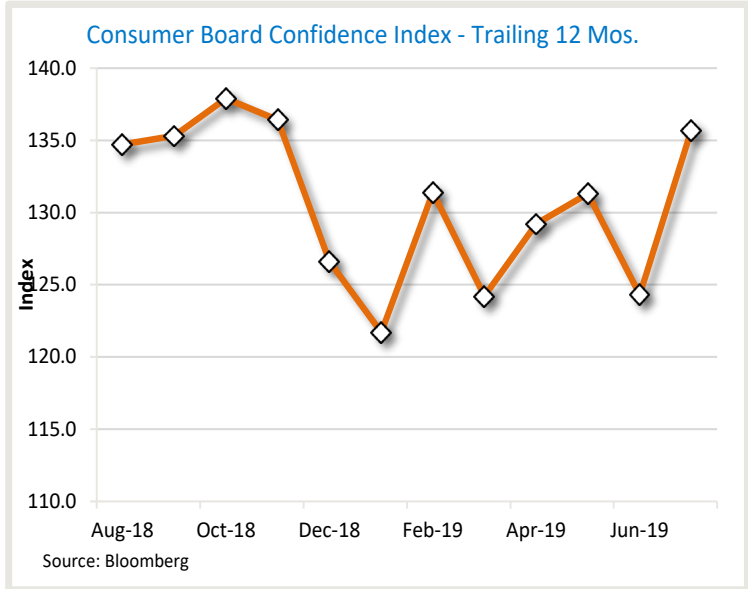
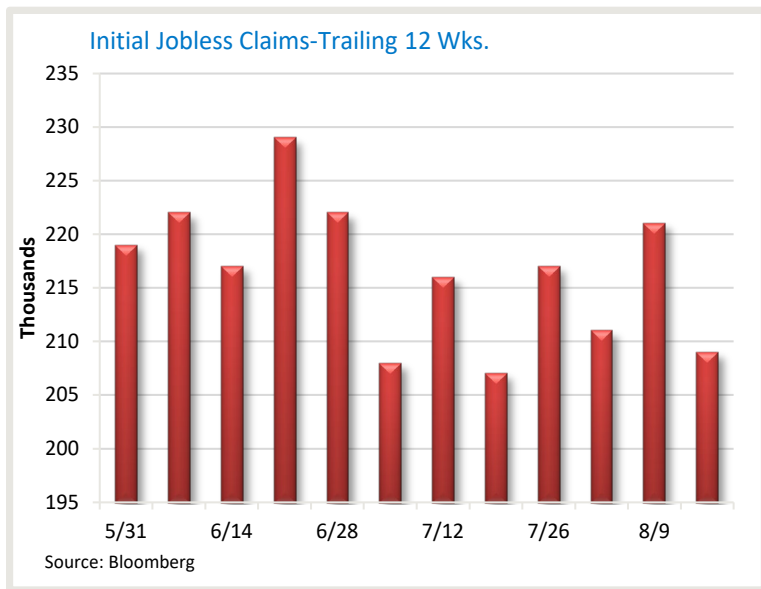
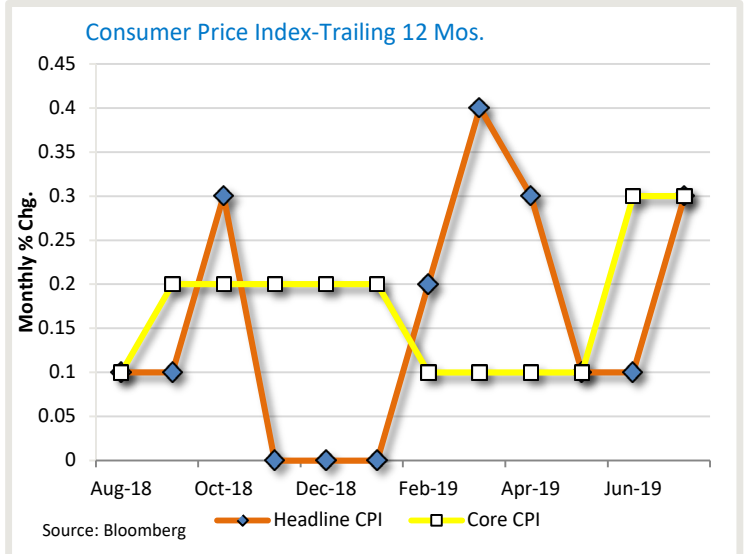
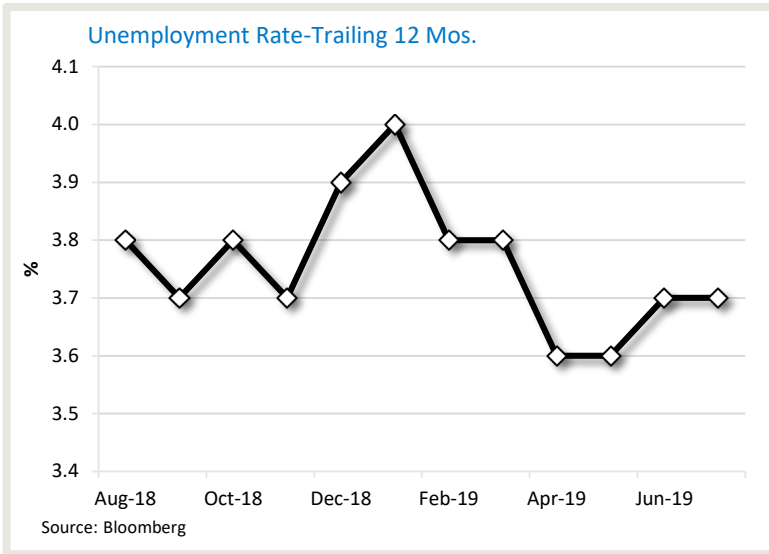
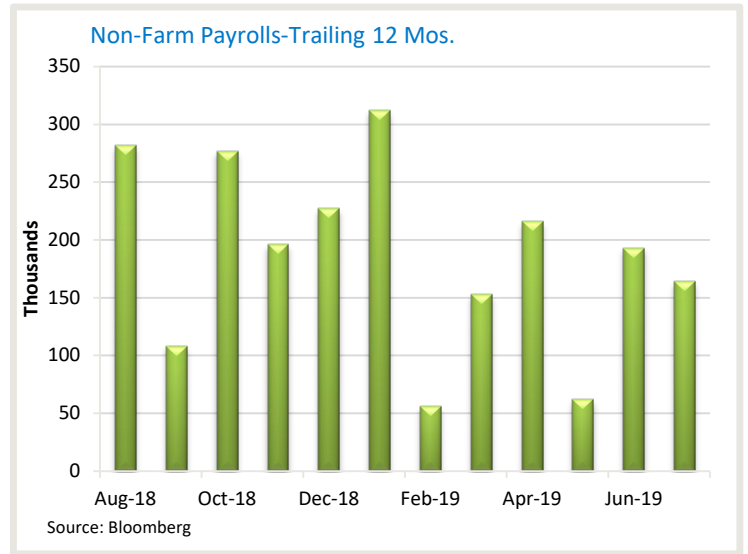
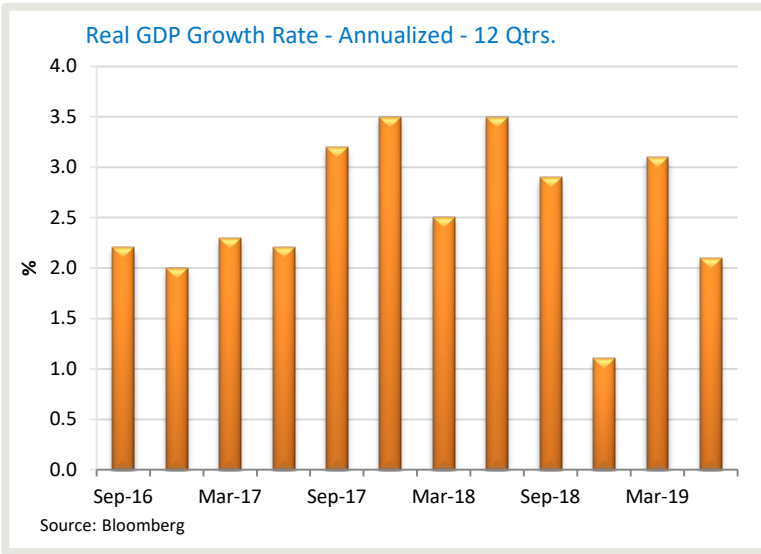
It seems for now that the Trump Administration has placed the additional tax cuts on the back burner and is handing the torch to the Federal Reserve (the Fed) to enact more monetary stimulus. However, by not giving a clear sign that the rate cut is coming during his address at the Jackson Hole meeting last Friday, Fed Chair Jerome Powell disappointed the current Administration's officials who were hoping for a more aggressive Fed stance. As Fed Chair Powell confirmed, monetary policy may not be enough to counteract President Trump's trade policies, which are fueling uncertainties and posing risks to the US economy. Whether this fact will make the current Administration reconsider its war on China remains to be seen. As of last Friday, the odds looked really low.

<https://files.constantcontact.com/668faa28001/2f0b98b4-3c7e-47e3-ade5-9887542aa300.pdf> <https://taxfoundation.org/economic-budget-impact-indexing-capital-gains-inflation/>

<https://www.strategasrp.com/>

<https://www.marketwatch.com/story/this-is-exactly-how-much-a-payroll-tax-cut-would-help-the-average-american-2019-08-21>

Economic Data



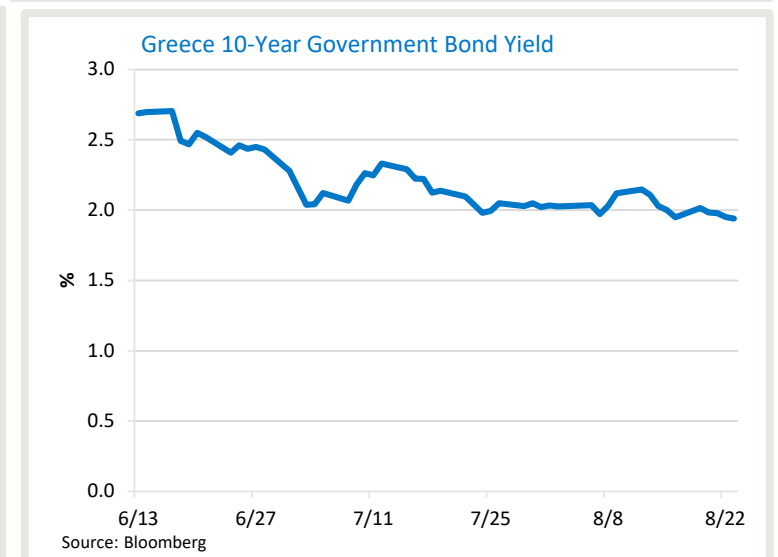
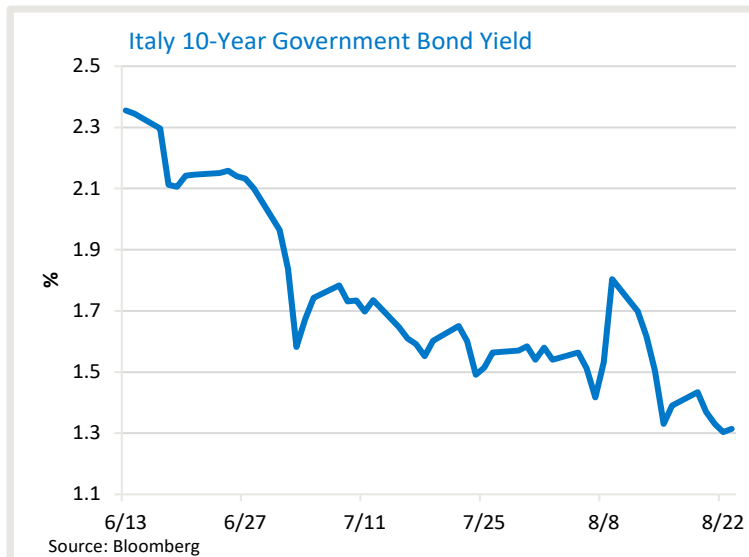
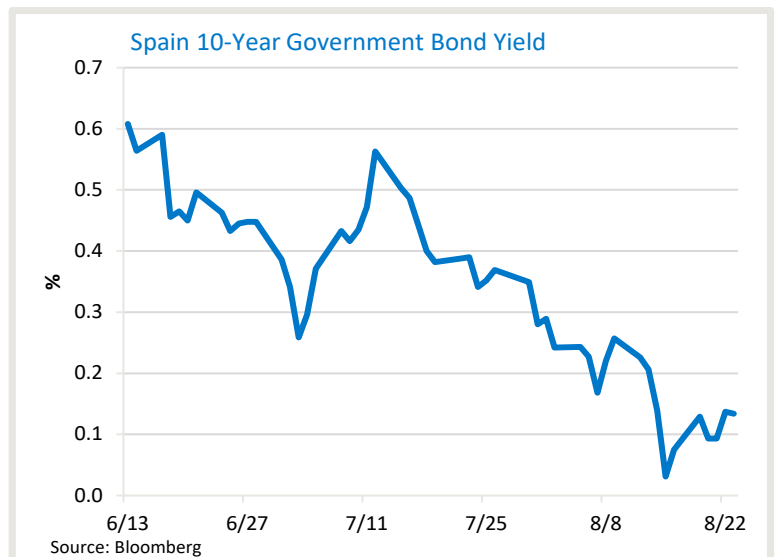
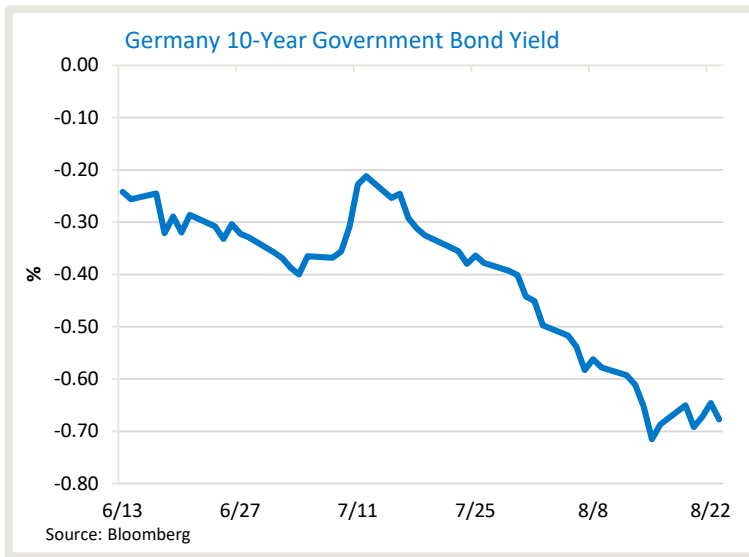
Eurozone

SELECTED EUROPEAN SOVEREIGN YIELD PERFORMANCE

	Last	Change	% Chg.	YTD %
Germany 10-Yr. Govt.	-0.68	-1 bps	NM	NM
Greece 10-Yr. Govt.	1.94	1 bps	NM	NM
Italy 10-Yr. Govt.	1.31	7 bps	NM	NM
Spain 10-Yr. Govt.	0.13	-6 bps	NM	NM
Belgium 10-Yr. Govt.	-0.32	-5 bps	NM	NM

	Last	Change	% Chg.	YTD %
France 10-Yr. Govt.	-0.38	-4 bps	NM	NM
Ireland 10-Yr. Govt.	-0.05	-9 bps	NM	NM
Portugal 10-Yr. Govt.	0.16	-6 bps	NM	NM
Netherlands 10-Yr. Govt.	-0.54	-3 bps	NM	NM
U.K. 10-Yr. Govt.	0.48	-2 bps	NM	NM

Source: Bloomberg
 Basis points (bps)



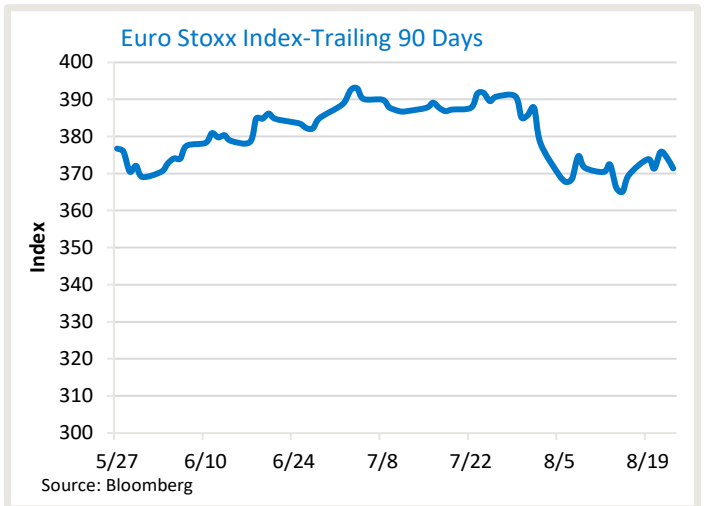
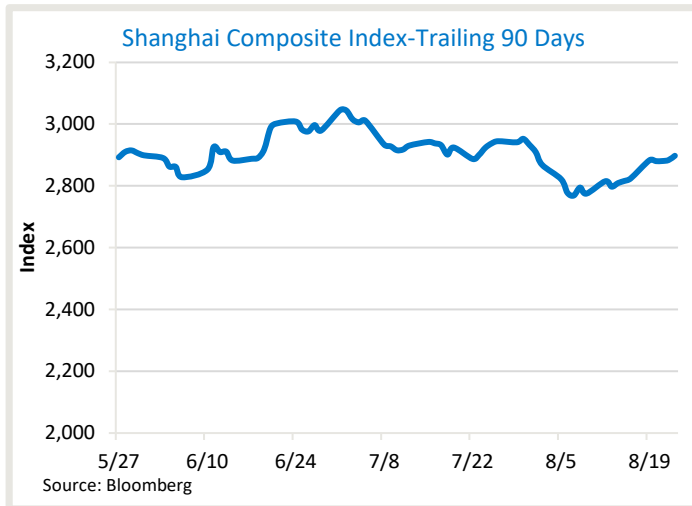
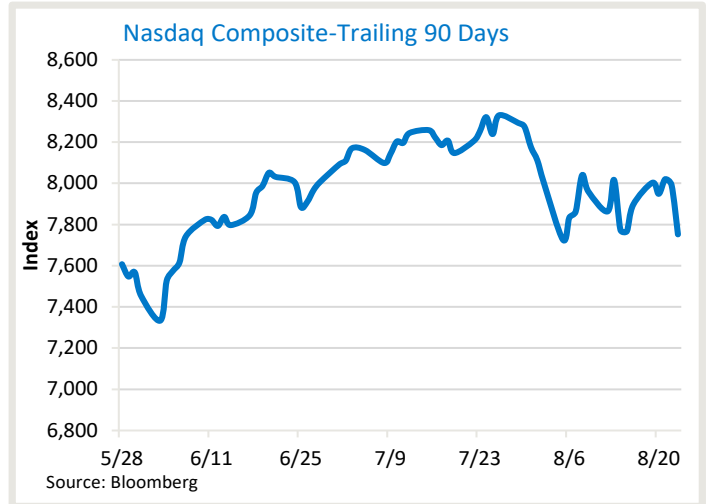
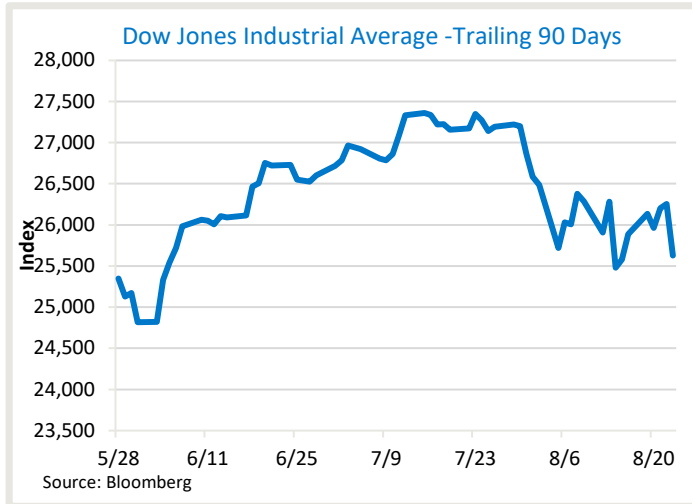
Equities

WORLD MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
S&P 500	2,847.11	-41.57	-1.44%	13.57%
Dow Industrials	25,628.90	-257.11	-0.99%	9.87%
Nasdaq Composite	7,751.77	-144.23	-1.83%	16.83%
MSCI ACWI	508.91	5.23	1.04%	11.7%
MSCI EM	975.66	5.39	0.56%	1.0%
S&P/TSX (Canada)	16,037.58	-112.21	-0.69%	11.97%
Mexico IPC	39,862.07	522.52	1.33%	-4.27%
Brazil Bovespa	97,667.50	-2138.29	-2.14%	11.13%
Euro Stoxx 600	371.36	1.73	0.47%	9.98%
FTSE 100	7,094.98	-22.17	-0.31%	5.45%
IBEX 35 (Spain)	8,649.50	-20.90	-0.24%	1.28%

	Last	Change	% Chg.	YTD %
Swiss Market Index	9,744.98	16.59	0.17%	15.61%
CAC 40 Index (France)	5,326.87	26.08	0.49%	12.60%
DAX Index (Germany)	11,611.51	48.77	0.42%	9.97%
Irish Overall Index	5,749.46	-23.81	-0.41%	4.92%
Nikkei 225	20,710.91	292.10	1.43%	3.48%
Hang Seng Index	26,179.33	445.11	1.73%	1.29%
Shanghai Composite	2,897.43	73.60	2.61%	16.18%
Kospi Index (S. Korea)	1,948.30	21.13	1.10%	-4.54%
Taiwan Taiex Index	10,538.11	117.22	1.12%	8.33%
Tel Aviv 25 Index	1,595.05	41.84	2.69%	8.96%
MOEX Index (Russia)	2,660.74	45.54	1.74%	12.30%

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



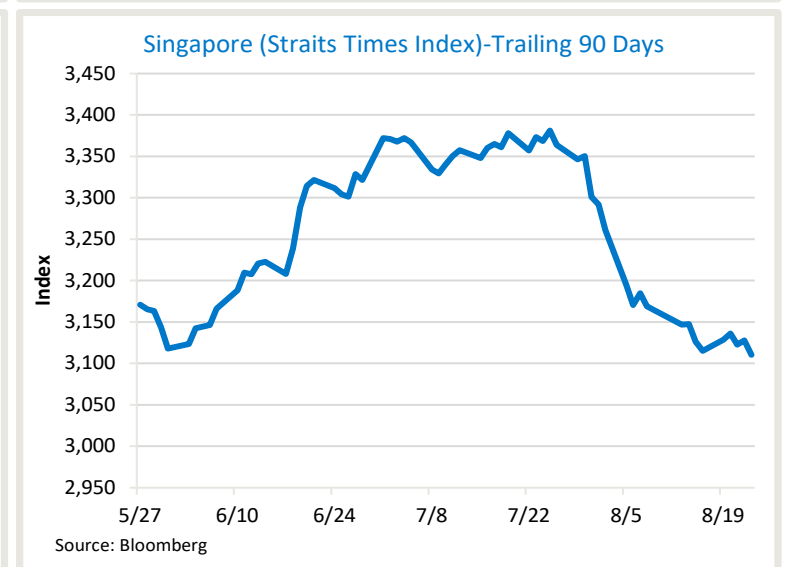
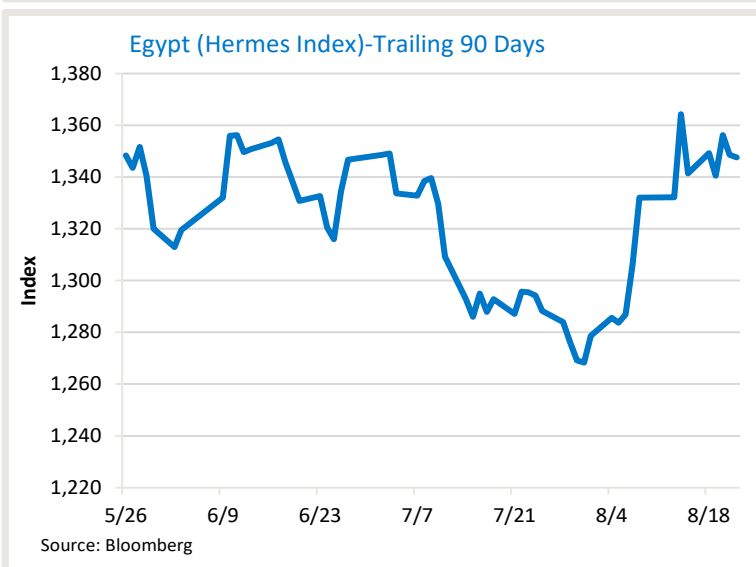
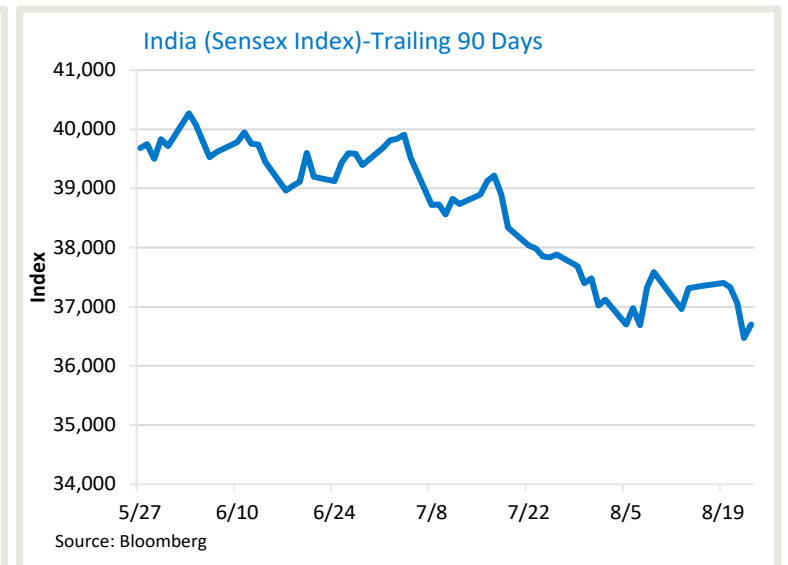
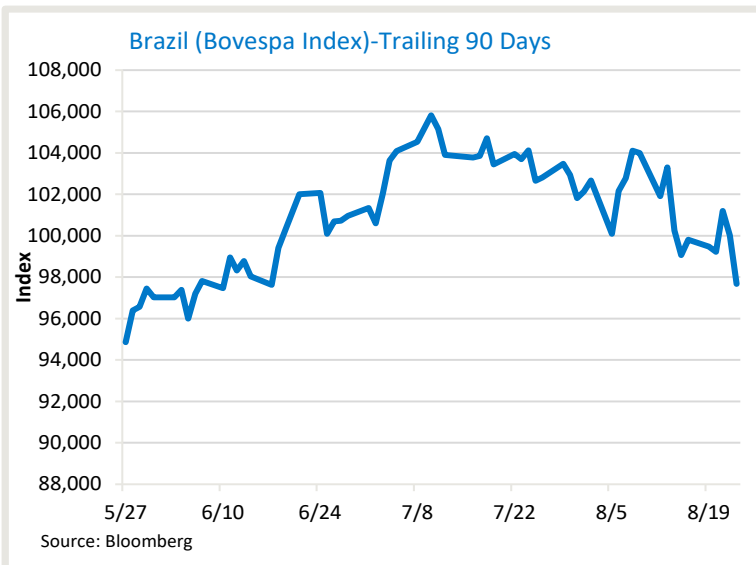
Equities – Emerging and Frontier Markets

EMERGING AND FRONTIER MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
Mexico IPC	39,862.07	522.52	1.3%	-4.3%
Brazil (Bovespa Index)	97,667.50	-2138.29	-2.1%	11.1%
MOEX Index (Russia)	2,660.74	45.54	1.7%	12.3%
Czech Republic (Prague)	1,045.55	10.09	1.0%	6.0%
Turkey (Istanbul)	97,149.06	1414.87	1.5%	6.4%
Egypt (Hermes Index)	1,347.54	6.09	0.5%	5.5%
Kenya (Nairobi 20 Index)	2,477.66	-62.29	-2.5%	-12.6%
Saudi Arabia (TASI Index)	8,445.66	-104.57	-1.2%	7.9%
Lebanon (Beirut BLOM Index)	804.47	-6.73	-0.8%	-17.6%
Palestine	520.98	-10.19	-1.9%	-1.6%

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

	Last	Change	% Chg.	YTD %
Hang Seng Index	26,179.33	445.11	1.7%	1.3%
India (Sensex 30)	36,701.16	-649.17	-1.7%	1.8%
Malaysia (KLCI Index)	1,609.33	10.11	0.6%	-4.8%
Singapore (Straits Times Index)	3,110.35	-4.68	-0.2%	1.4%
Thailand (SET Index)	1,646.68	15.28	0.9%	5.3%
Indonesia (Jakarta)	6,255.60	-31.06	-0.5%	1.0%
Pakistan (Karachi KSE 100)	31,350.01	2585.38	9.0%	-15.4%
Vietnam (Ho Chi Minh)	992.45	12.45	1.3%	11.2%
Sri Lanka (Colombo)	5,898.47	3.96	0.1%	-2.5%
Cambodia (Laos)	769.55	2.94	0.4%	-8.0%

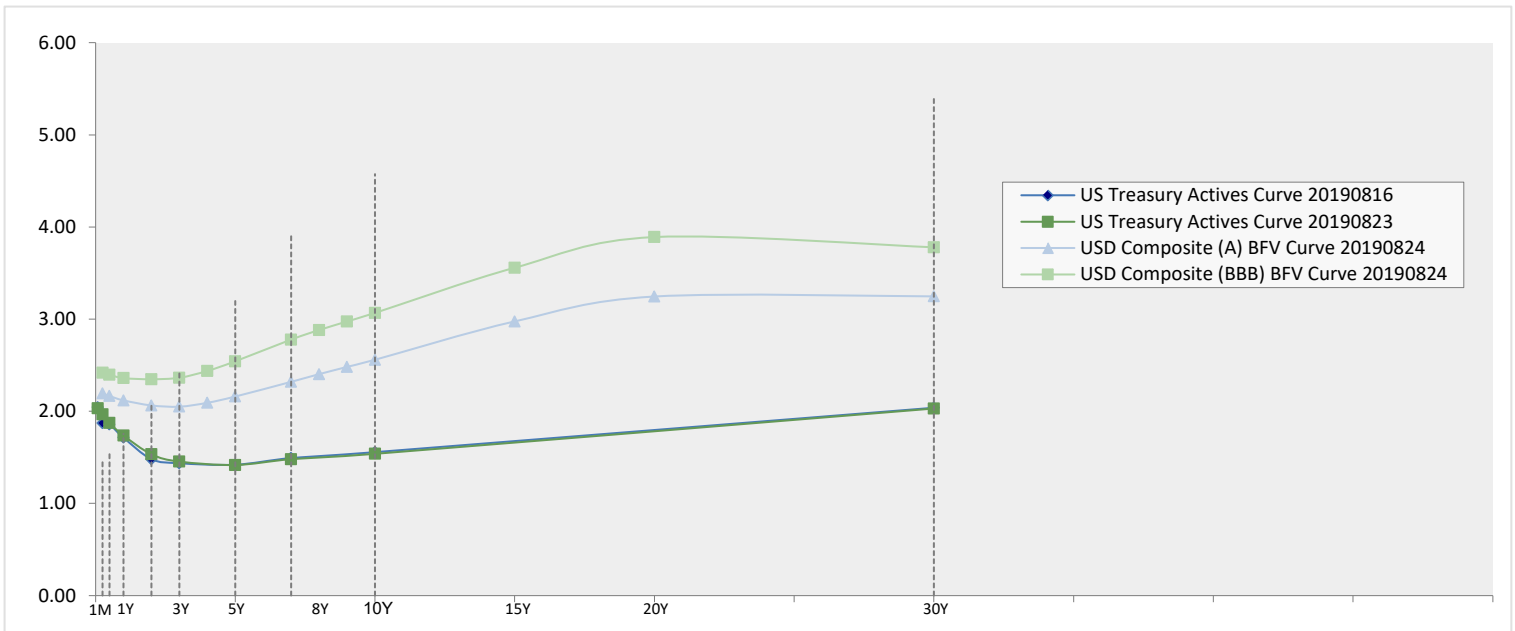


Interest Rates

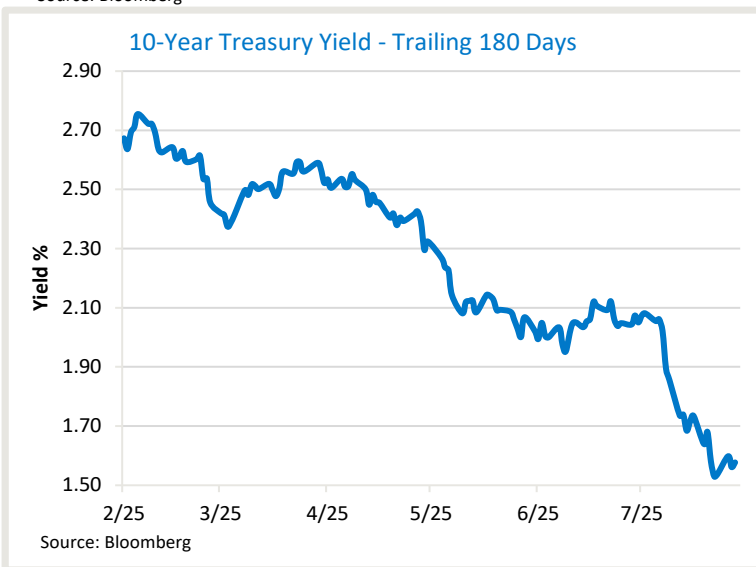
SELECTED INTEREST RATES

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
2-Yr. U.S. Treasury	1.53%	-1 bps	NM	NM	Prime Rate	5.25%	0.00	NM	NM
5-Yr. U.S. Treasury	1.41%	0 bps	NM	NM	Fed Funds Rate	2.25%	0.00	NM	NM
10-Yr. U.S. Treasury	1.53%	-1 bps	NM	NM	Discount Rate	2.75%	0.00	NM	NM
30-Yr. U.S. Treasury	2.03%	3 bps	NM	NM	LIBOR (3 Mo.)	2.13%	0 bps	NM	NM
German 10-Yr. Govt.	-0.68%	-1 bps	NM	NM	Bond Buyer 40 Muni	2.60%	5 bps	NM	NM
France 10-Yr.	-0.38%	-4 bps	NM	NM	Bond Buyer 40 G.O.	3.07%	NA	NM	NM
Italy 10-Yr.	1.31%	7 bps	NM	NM	Bond Buyer 40 Rev.	3.55%	NA	NM	NM
Fed 5-Yr Fwd BE Inf.	1.59%	-13 bps	NM	NM					

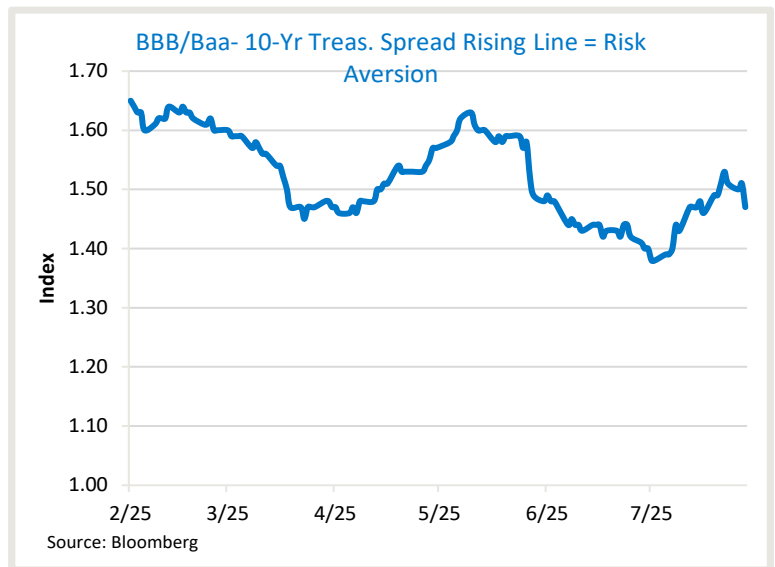
Source: Bloomberg



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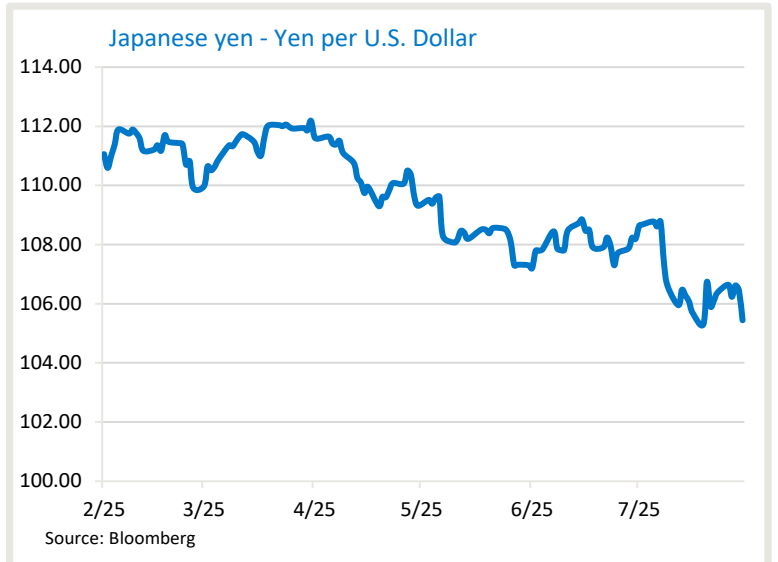
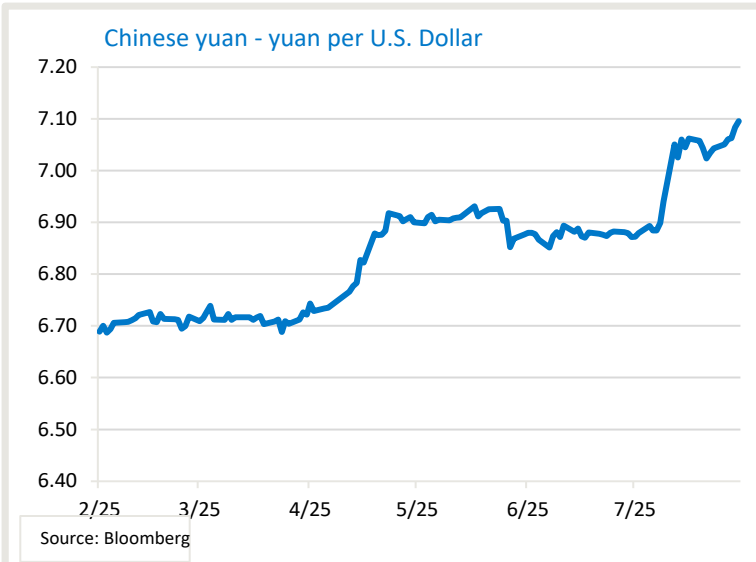
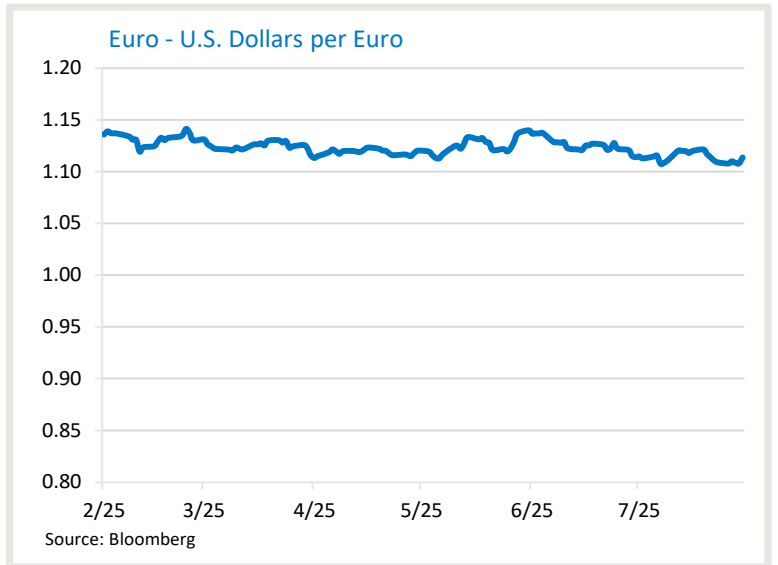
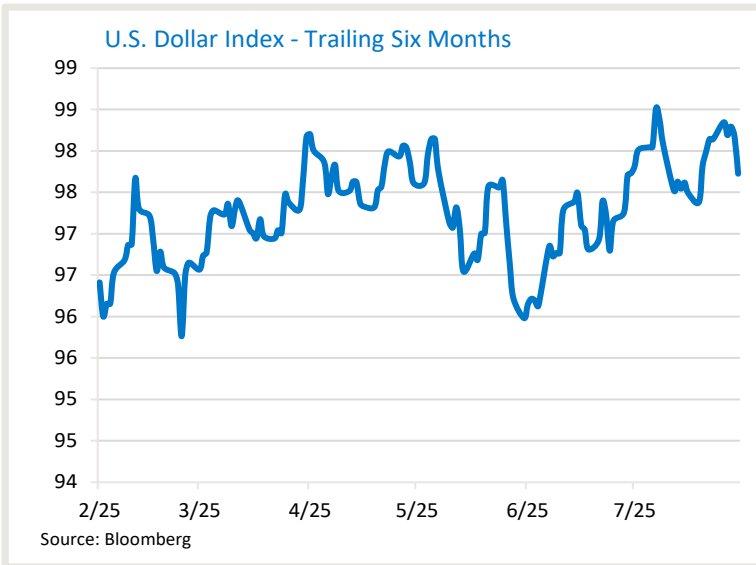
Currencies

SELECTED CURRENCY PERFORMANCE

	Last	Change	% Chg.	YTD %
Dollar Index	97.71	-0.420	-0.43%	1.61%
Euro	1.11	0.005	0.41%	-2.89%
Japanese Yen	105.34	-0.940	0.89%	4.03%
British Pound	1.23	0.013	1.08%	-3.72%
Canadian Dollar	1.33	0.002	-0.14%	2.63%

	Last	Change	% Chg.	YTD %
Chinese Yuan	7.10	0.053	-0.74%	-3.06%
Swiss Franc	0.98	-0.003	0.29%	0.68%
New Zealand Dollar	0.64	-0.004	-0.64%	-4.93%
Brazilian Real	4.13	0.117	-2.84%	-6.03%
Mexican Peso	19.90	0.230	-1.16%	-1.20%

Source: Bloomberg

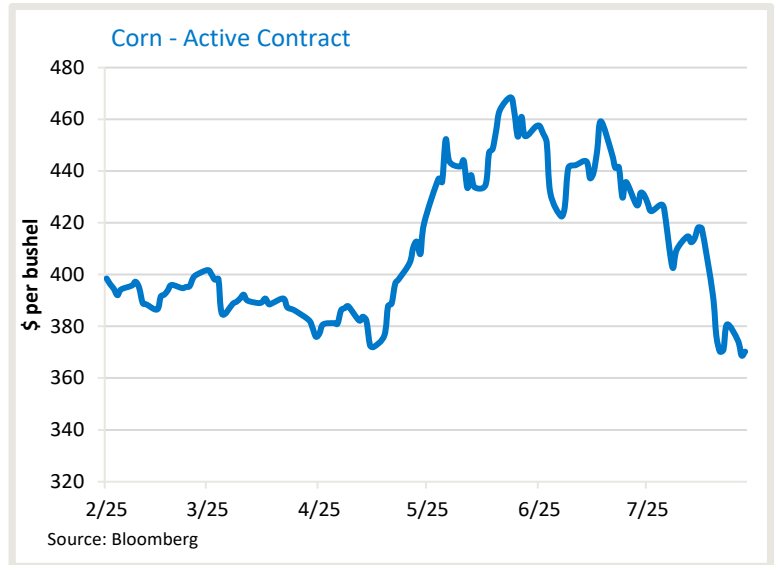
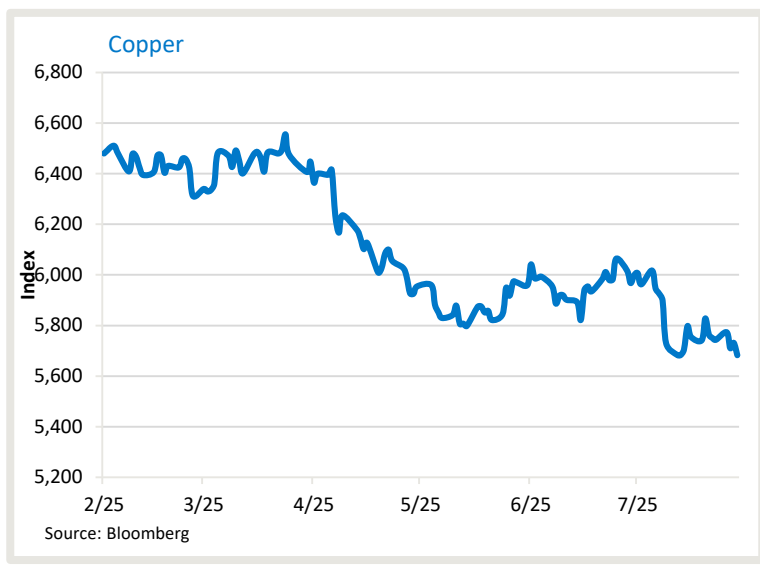
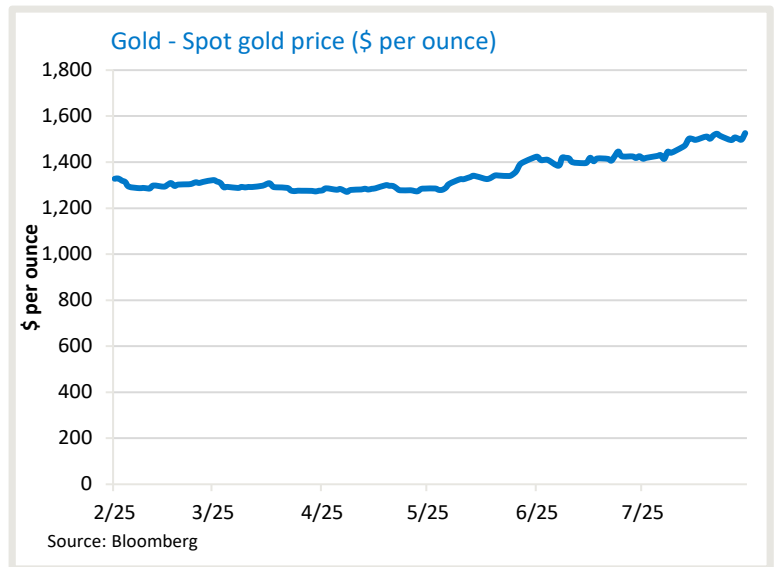
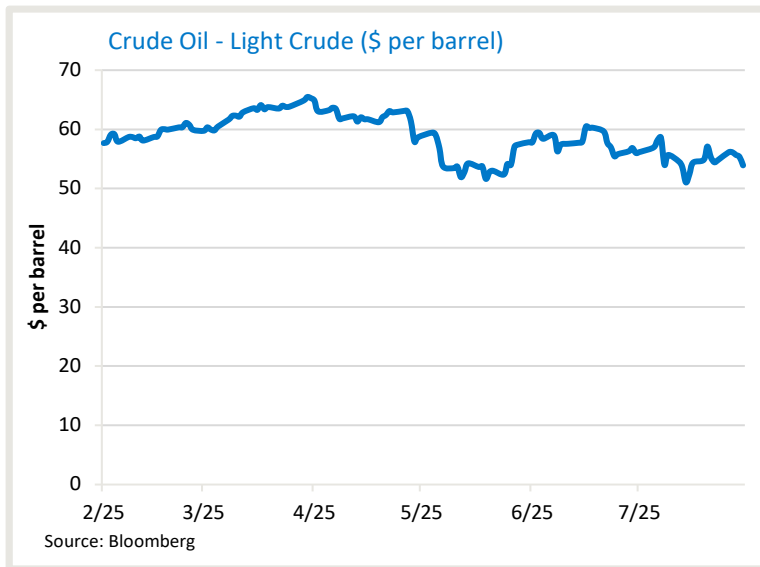


Commodities

SELECTED COMMODITY MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
Bloomberg Comm. Idx.	76.07	-0.71	-0.92%	-0.85%	Platinum Spot	\$857.49	\$8.48	1.00%	7.79%
Crude Oil	\$53.90	-\$0.89	-1.62%	12.24%	Corn	367.75	-13.00	-3.41%	-7.48%
Natural Gas	\$2.16	-\$0.04	-1.73%	-20.66%	Wheat	477.75	0.25	0.05%	-11.94%
Gasoline (\$/Gal.)	\$2.60	-\$0.03	-0.95%	15.29%	Soybeans	856.50	-23.25	-2.64%	-8.42%
Heating Oil	181.04	-0.07	-0.04%	6.56%	Sugar	11.47	-0.17	-1.46%	-8.46%
Gold Spot	\$1,526.49	\$12.61	0.83%	19.00%	Orange Juice	98.30	-2.70	-2.67%	-24.88%
Silver Spot	\$17.42	\$0.31	1.79%	12.42%	Aluminum	1,766.00	-26.00	-1.45%	-4.33%
					Copper	5,683.00	-61.00	-1.06%	-4.73%

Source: Bloomberg; % change is based on price.

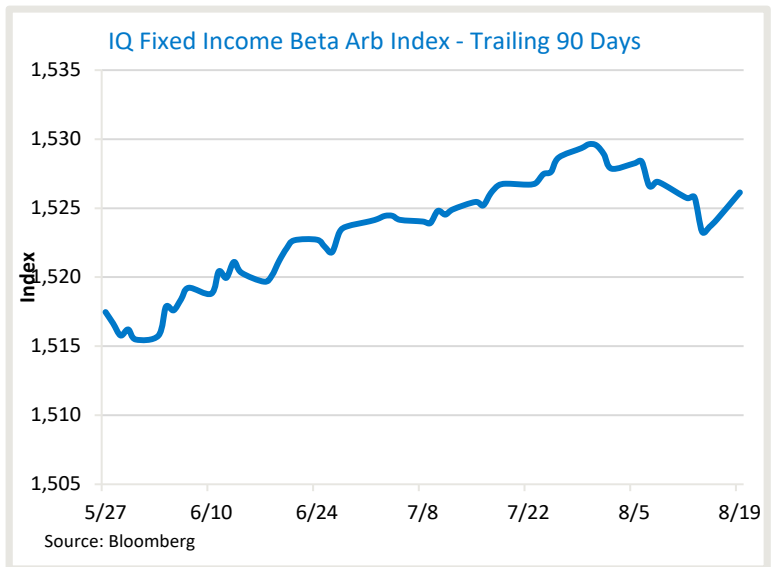
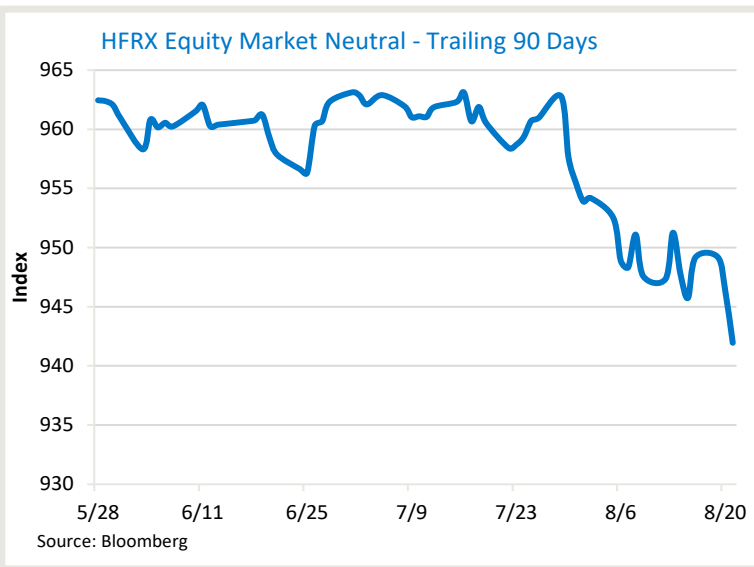
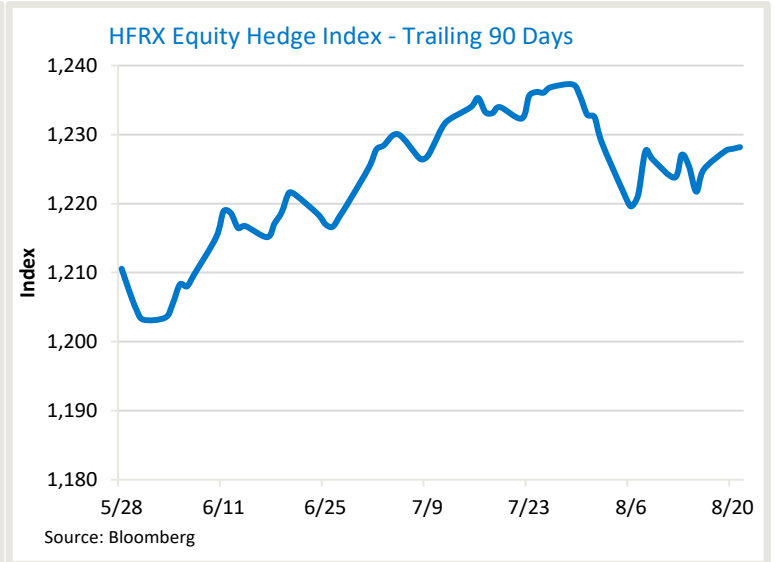
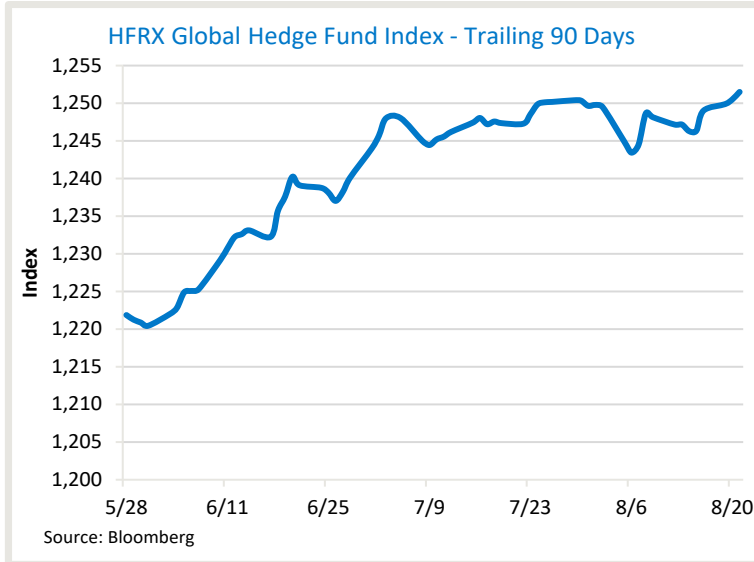


Alternative Investments

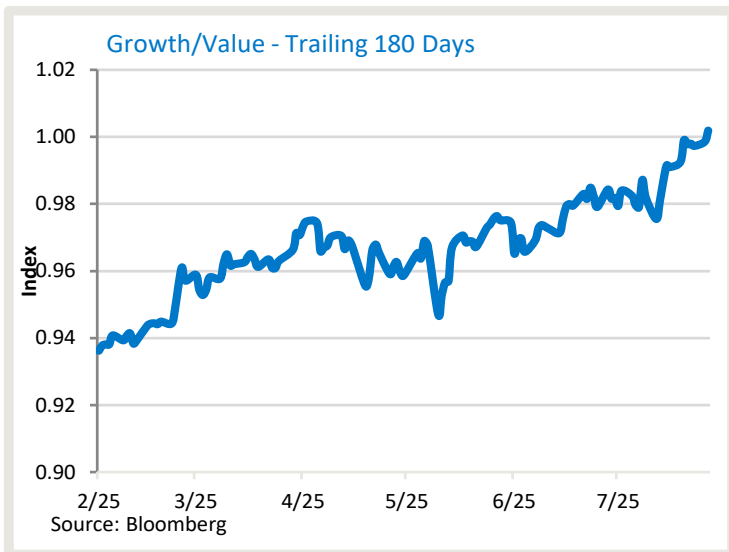
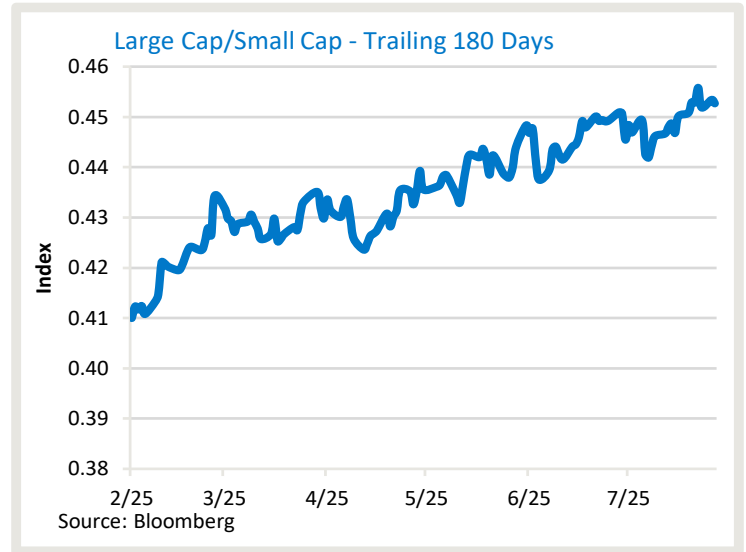
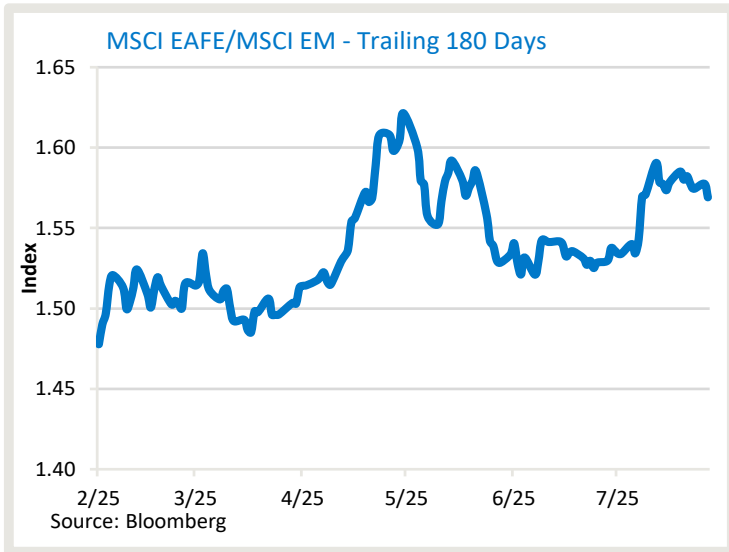
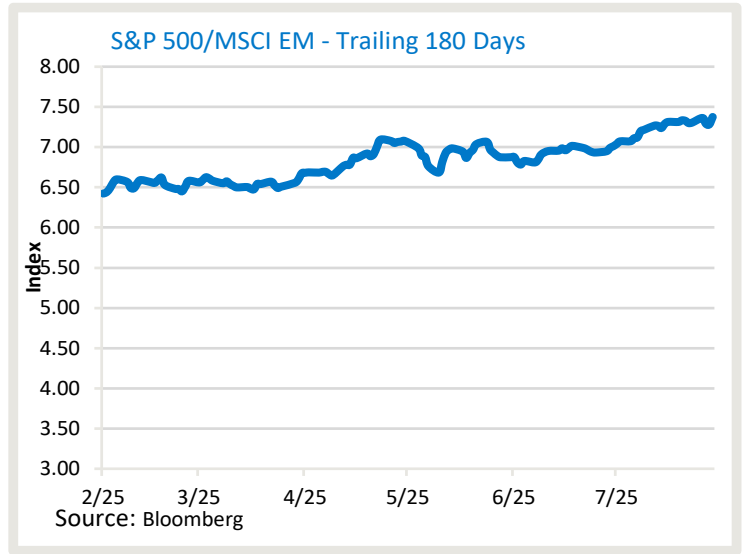
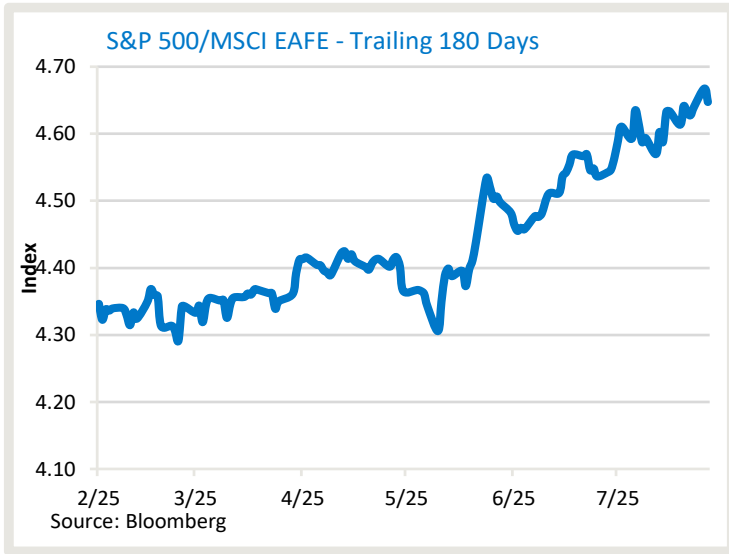
SELECTED ALTERNATIVE INVESTMENT INDEX PERFORMANCE

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
HFRX Global Hedge Fund Index	1252.48	3.47	0.28%	5.26%	HFRX Special Situation Index	1230.96	6.13	0.50%	2.32%
HFRX Equity Market Neutral	945.56	-3.60	-0.38%	-2.79%	HFRX Merger Arbitrage Index	1781.24	1.45	0.08%	-2.00%
HFRX Equity Hedge Index	1229.58	4.68	0.38%	6.82%	HFRX Convertible Arbitrage Index	811.16	3.79	0.47%	2.98%
HFRX Event-Driven Index	1522.84	7.26	0.48%	3.51%	HFRX Macro CTA Index	1184.24	-0.03	0.00%	5.16%
HFRX Absolute Return Index	1081.24	1.21	0.11%	2.19%	IQ Fixed Income Beta Arb Index	1527.07	2.87	0.19%	4.41%

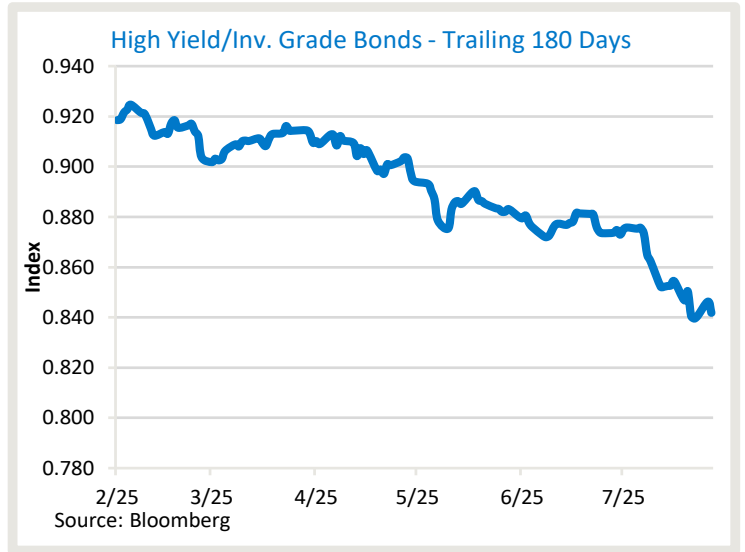
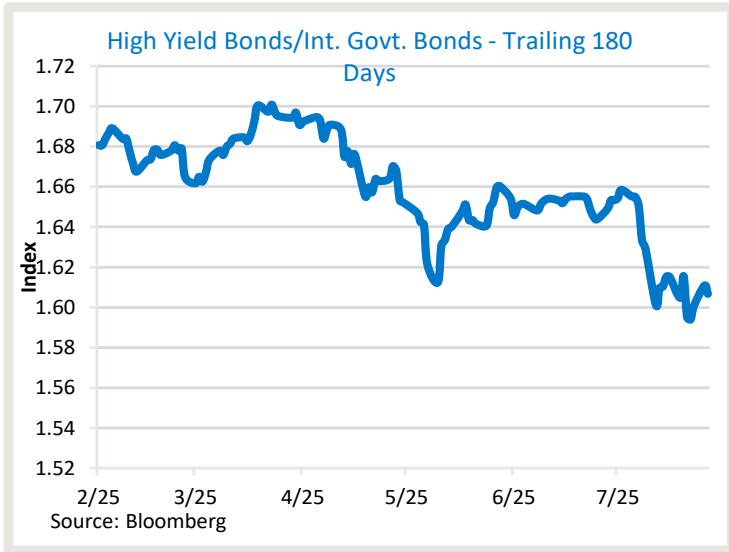
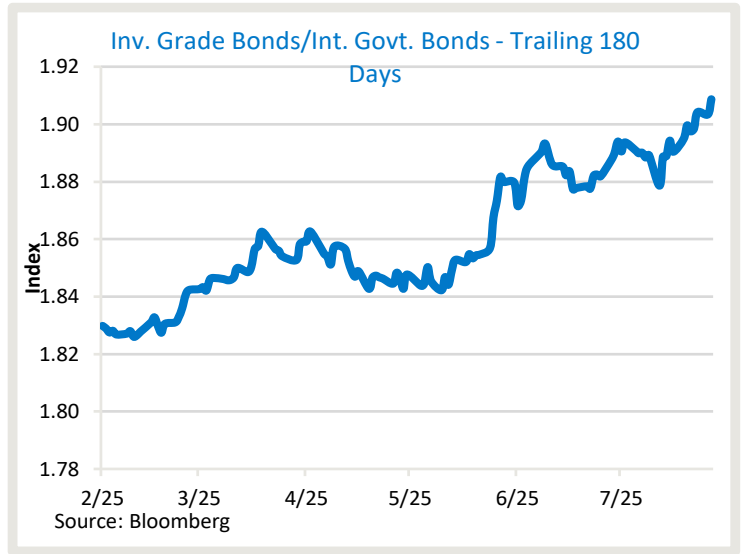
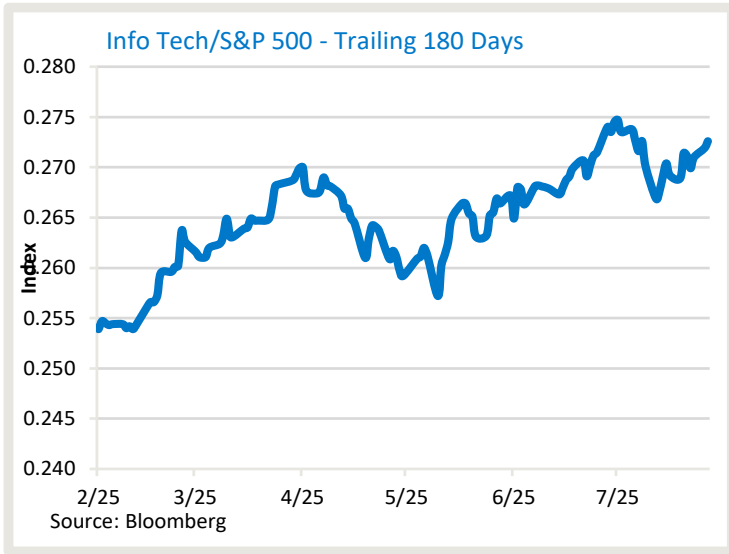
Source: Bloomberg; Index % change is based on price.



Portfolio Construction



Portfolio Construction (continued)



WEEKLY ASSET CLASS PERFORMANCE (Prior 12 weeks ending Thursday)

			6/6	6/13	6/20	6/27	7/4	7/11	7/18	7/25	8/1	8/8	8/15	8/22
Equity	Domestic Equity	Large Cap (R200)	1.68%	1.82%	2.25%	-0.91%	2.44%	0.27%	-0.17%	0.26%	-1.62%	-0.58%	-2.98%	2.63%
		Small Cap (R2000)	1.21%	2.15%	1.80%	-1.08%	1.65%	-0.90%	-0.15%	0.37%	-0.68%	-1.20%	-4.60%	3.03%
	Int'l. Equity	MSCI EAFE	1.54%	1.36%	2.08%	-0.24%	1.87%	-1.54%	-0.69%	0.66%	-1.28%	-2.53%	-2.66%	1.78%
		MSCI Em. Mkts.	0.79%	1.93%	3.10%	0.10%	0.93%	-0.89%	-0.33%	0.24%	-2.82%	-3.93%	-2.11%	1.26%
Fixed Income	BarCap Agg. (AGG)	0.30%	0.34%	0.73%	-0.01%	0.14%	-0.80%	0.57%	-0.10%	0.65%	0.79%	0.86%	-0.39%	
	High Yield (JNK)	0.32%	0.58%	1.46%	-0.54%	0.13%	-0.57%	-0.06%	0.31%	-0.52%	-0.36%	-0.53%	1.33%	
Commodities	Bloomberg Commodity Index	-2.52%	0.65%	2.00%	1.29%	-1.23%	1.72%	-2.04%	0.10%	-2.52%	0.04%	-0.44%	-0.37%	
Alternatives	Hedge Funds (HFRX Global)	0.34%	0.62%	0.62%	-0.16%	0.79%	-0.20%	0.16%	0.20%	-0.03%	-0.09%	-0.19%	0.49%	
Asset Allocation	60/40*	1.02%	1.21%	1.65%	-0.44%	1.28%	-0.59%	0.01%	0.21%	-0.69%	-0.61%	-1.58%	1.35%	
	48/32/20 (w/Alts.)**	0.88%	1.09%	1.44%	-0.39%	1.18%	-0.51%	0.04%	0.21%	-0.56%	-0.51%	-1.30%	1.18%	

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	1.07	1.03	0.97	1.07	1.07	1.04	1.11	1.19	1.32	0.85	1.19	0.77	0.94
Large Cap Growth	1.04	1.00	1.11	1.07	1.01	1.12	1.12	1.08	1.15	1.24	1.37	0.89	1.24	0.80	0.98
Large Cap Value	0.94	0.90	1.00	0.96	0.91	1.00	1.00	0.98	1.04	1.12	1.24	0.80	1.12	0.72	0.88
Mid Cap Core	0.97	0.94	1.04	1.00	0.95	1.04	1.04	1.01	1.08	1.16	1.28	0.83	1.16	0.75	0.91
Mid Cap Growth	1.03	0.99	1.10	1.05	1.00	1.10	1.10	1.07	1.14	1.22	1.35	0.88	1.22	0.79	0.96
Mid Cap Value	0.93	0.90	1.00	0.96	0.91	1.00	1.00	0.97	1.03	1.11	1.23	0.80	1.11	0.72	0.88
Small Cap Core	0.93	0.90	1.00	0.96	0.91	1.00	1.00	0.97	1.03	1.11	1.23	0.80	1.11	0.72	0.88
Small Cap Growth	0.96	0.92	1.03	0.99	0.94	1.03	1.03	1.00	1.06	1.15	1.27	0.82	1.14	0.74	0.90
Small Cap Value	0.90	0.87	0.96	0.93	0.88	0.97	0.97	0.94	1.00	1.08	1.19	0.77	1.08	0.69	0.85
Int'l. Developed	0.84	0.80	0.89	0.86	0.82	0.90	0.90	0.87	0.93	1.00	1.10	0.72	1.00	0.64	0.79
Emerging Markets	0.76	0.73	0.81	0.78	0.74	0.81	0.81	0.79	0.84	0.90	1.00	0.65	0.90	0.58	0.71
REITs	1.17	1.12	1.25	1.20	1.14	1.25	1.25	1.22	1.29	1.40	1.54	1.00	1.39	0.90	1.10
Commodities	0.84	0.81	0.90	0.86	0.82	0.90	0.90	0.87	0.93	1.00	1.11	0.72	1.00	0.64	0.79
Int. Bond	1.30	1.25	1.39	1.34	1.27	1.40	1.40	1.36	1.44	1.55	1.72	1.11	1.55	1.00	1.22
High Yield	1.07	1.02	1.14	1.09	1.04	1.14	1.14	1.11	1.18	1.27	1.41	0.91	1.27	0.82	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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