As of May 31, 2017

ALPHAGENERATION
SUBSCRIPTION SERVICES

MONTHLY MARKET BAROMETER

An Analysis of Current Market Conditions

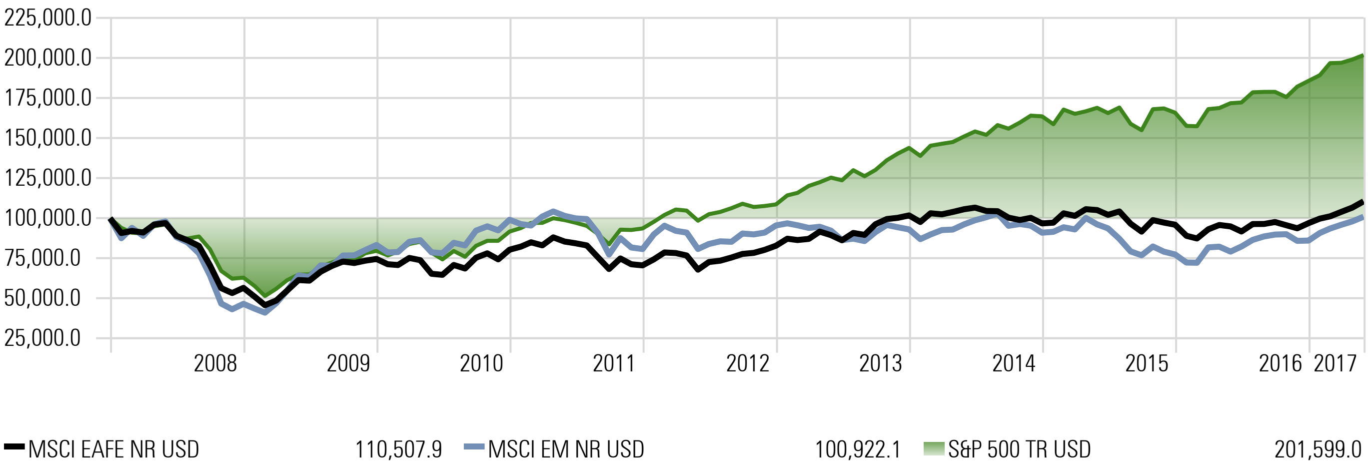
AlphaGeneration Subscription Services is a Division of Renaissance Capital Management, LLC, a State Registered Investment Advisor

Monthly Market Barometer

U.S. vs International Equities

Investment Growth

Time Period: 1/1/2008 to 5/31/2017

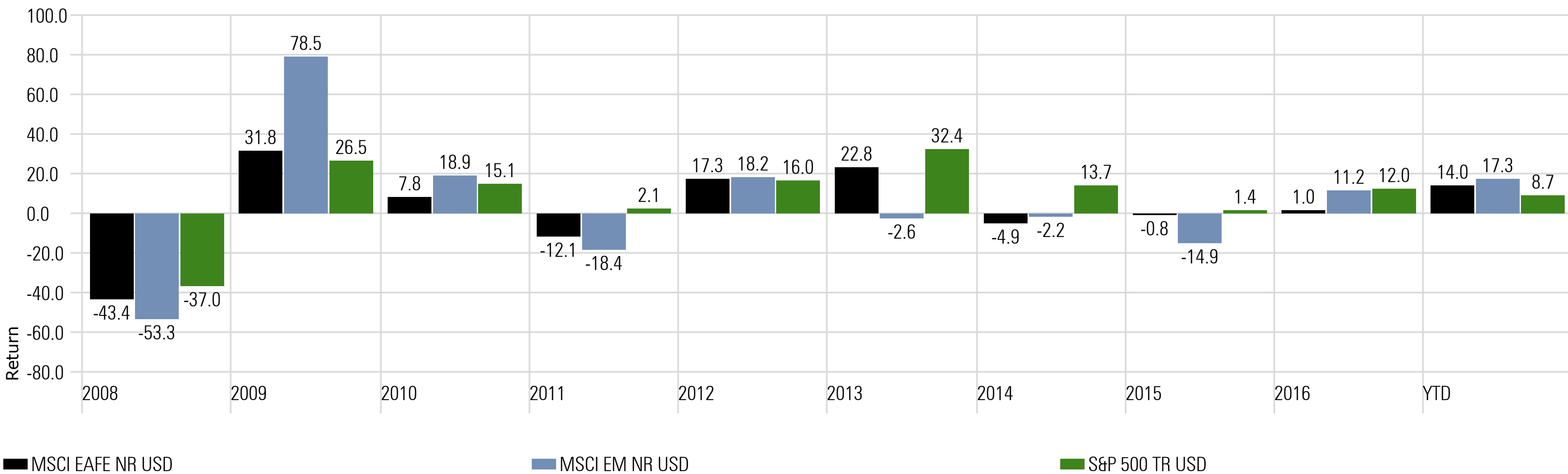


U.S. vs International Equities

After years of outperformance by domestic equity markets over developed international and emerging markets, we continue to see strong relative outperformance by Ex-US equities in recent months. In May, the S&P 500 was up +1.41%; at the same time, the MSCI EAFE Index was up 3.67%, and the MSCI Emerging Markets Index was up 2.96%. Year-to-date the S&P 500 is up +8.66%, but even more impressively, the EAFE is up +14.01%, and Emerging Markets are up +17.25%.

EDGE: Ex-U.S.

Annual Returns



Monthly Market Barometer
Domestic Market-Cap Leadership

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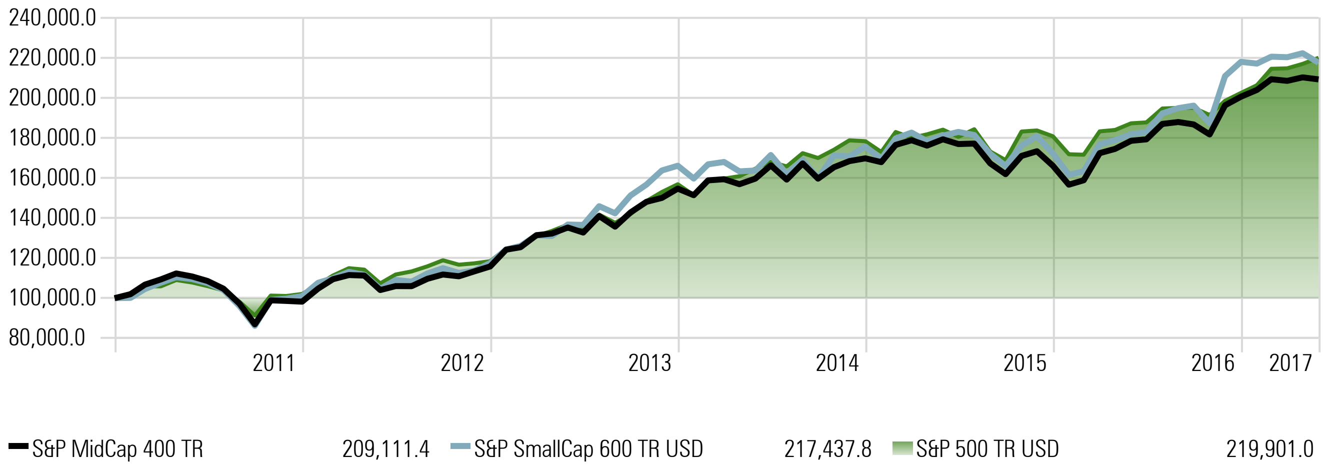
Investment Growth

Time Period: 1/1/2011 to 5/31/2017

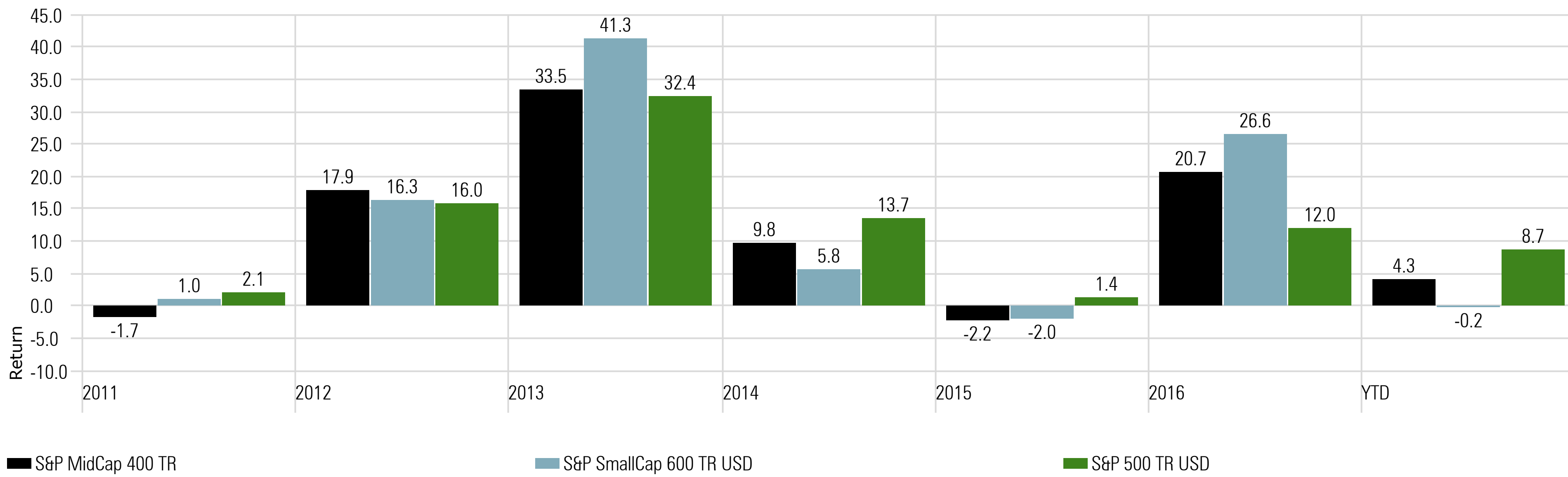


Market-Cap Leadership

After years of market leadership demonstrated by domestic Large-Cap stocks, in 2016 mid and small caps dramatically outperformed. That trend has strongly reversed thus far in 2017, as large-caps have once again decidedly retained the lead. In May, the S&P 500 posted a positive return, up +1.41%. Both Mid and Small-Cap stocks were negative, with the S&P MidCap 400 down -0.49% and the S&P SmallCap 600 down -2.13%. Year-to-date, the S&P 500 is up +8.66%, but Mid-Caps are only up +4.30% and Small-Caps are negative, -0.19%.

EDGE: Large-Cap

Annual Returns



Monthly Market Barometer

Growth vs Value Stocks

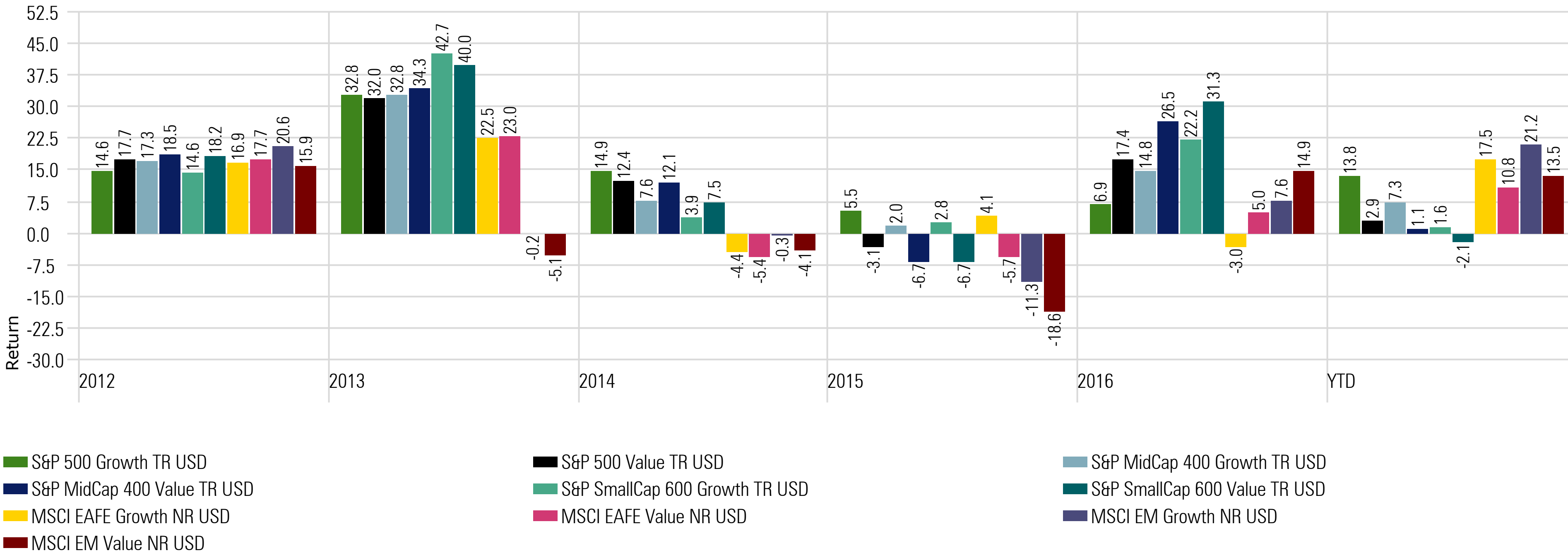
Growth vs Value Stocks

From 2012-2014 there was very little divergence between Growth and Value indices within each respective market capitalization or global market. Then, in 2015, when equity markets worldwide struggled to generate a positive rate of return, Growth handily outperformed Value, with the S&P 500 Growth Index up +5.52%, while the S&P 500 Value Index was down -3.13%. In 2016, this trend reversed course and Value dramatically outperformed Growth. The S&P 500 Value was up +17.40%, while the S&P 500 Growth was only up +6.89%. So far this year, we have again witnessed another sharp trend reversal, as Growth has very strongly come back into favor over Value. In May, the S&P 500 Growth was up +2.83%, compared to a loss of -0.32% for the S&P 500 Value. Year-to-date the S&P 500 Growth is up +13.78%, while the S&P 500 Value has only posted modest gains of +2.89%.

The pronounced divergence we are seeing between Growth and Value is not only present in Large-Cap domestic stocks, but across all market capitalizations the world over. Consider the following returns of notable Growth vs Value Indices year-to-date: S&P Mid-Cap Growth +7.30% / Value +1.07%, S&P Small-Cap Growth +1.58% / Value -0.83%, MSCI EAFE Growth +17.45% / Value +10.78%, and MSCI Emerging Markets Growth +21.16% / Value +13.53%

EDGE: Growth

Annual Returns



Monthly Market Barometer

Market Beta vs Low Volatility Equities

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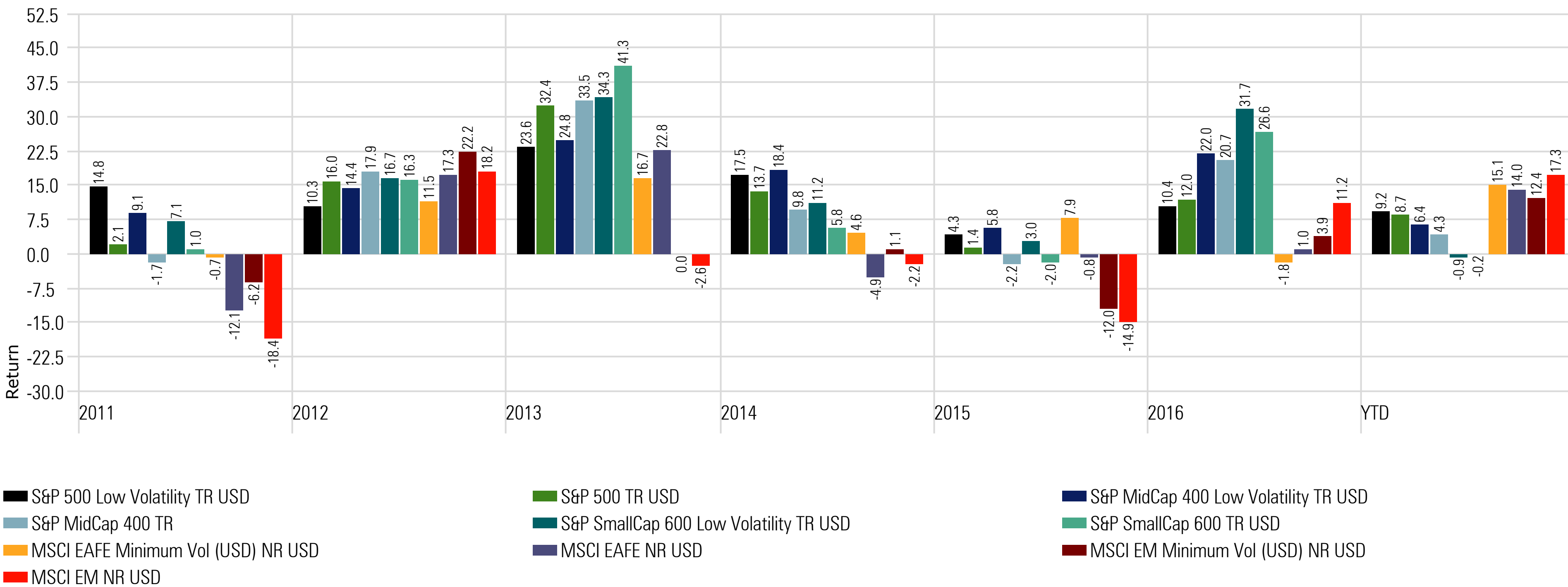
Market Beta vs Low Volatility

In recent years, many low volatility indices have outperformed their capitalization weighted, market-beta oriented counterparts. This trend strongly reversed during the last few months of 2016, as low volatility equities significantly lagged. However, year-to-date and in recent months, low volatility equities have regained their footing and essentially drawn even with market beta equities. Consider the following returns of notable Market Beta vs Low Volatility Indices year-to-date: S&P 500 +8.66% / S&P 500 Low Volatility +9.23%, S&P Mid-Cap +4.30% / S&P Mid-Cap Low Volatility +6.36%, S&P Small-Cap -0.19% / S&P Small-Cap Low Volatility -0.90%, MSCI EAFE +14.01% / MSCI EAFE Minimum Volatility +15.07%, MSCI Emerging Markets +17.25% / MSCI Emerging Markets Minimum Volatility +12.42%.

It should be noted, in all but one of our five observed categories (with the exception of Emerging Markets) Low Volatility outperformed Market Beta equities in May. Should equity market conditions weaken in the coming months, this trend may be expected to continue.

EDGE: Neutral

Annual Returns



Select Sector SPDR ETFs

The nine major sectors of the U.S. equity markets we follow each fall into one of three larger Super Sectors, identifying constituents to be either economically Sensitive, Defensive, or Cyclical. The Sensitive Super Sector is comprised of the Energy, Technology, and Industrial sectors; the Defensive Super Sector is made up of the Health Care, Consumer Staples, and Utilities sectors; and the Cyclical Super Sector contains the Consumer Discretionary, Financial, and Materials sectors. Reflecting on the relative performance of each of these nine major sectors and their larger Super Sectors may provide further insight into our current stage in the economic cycle, and improve clarity on current market conditions.

- **<u>Super Sector: Sensitive</u>**
  The Sensitive Super Sector has generated the largest divergence in underlying sector performance year-to-date. The Select Sector Technology SPDR ETF (Ticker: XLK) has been the best performer in the group, and best performing sector overall, up +17.40%. The Select Sector Industrials SPDR ETF (Ticker: XLI) comes in next, with a return of +9.01%. The Select Sector Energy SPDR ETF (Ticker: XLE) has dramatically underperformed the markets, down -12.55% year-to-date. **Avg YTD Performance: +4.62%**

- **<u>Super Sector: Defensive</u>**
  The Defensive Super Sector has generated by far the most consistently strong performance year-to-date. The Select Sector Utilities SPDR ETF (Ticker: XLU) leads the way, up +11.70%, followed closely by the Select Sector Health Care SPDR ETF (Ticker: XLV), with a return of +10.83%. The Select Sector Consumer Staples SPDR ETF (Ticker: XLP), pulls up the rear, though it can hardly be called a laggard, with an impressive return through month-end of +10.14%.
  Avg YTD Performance: +10.89%

- **<u>Super Sector: Cyclical</u>**
  Similar to the Sensitive Super Sector, we've witnessed relatively significant divergences between the performance year-to-date of each of our three Cyclical sectors. The Select Sector Consumer Discretionary SPDR ETF (Ticker: XLY) leads the group, up the second most out of our nine sectors, at +12.25%. The Select Sector Materials SPDR ETF (Ticker: XLB) comes in next, up +7.19%. Despite coming into the year with strong tail-winds, the Select Sector Financial SPDR ETF (Ticker: XLF) has been the worst performing cyclical sector to date, up a paltry +0.41%.
  Avg YTD Performance: +6.62%

We find it interesting to note that the two best performing sectors in 2016, up to this point, have been the two worst performers in 2017. The Financial Sector ETF (XLF) is up less than +1%, and the Energy Sector ETF (XLE) is down more than -12%. Conversely, the Health Care Sector ETF (XLV) was the worst performer among our nine sectors in 2016, and the only sector to post losses on the year. Year-to-date, the Select Sector Health Care SPDR ETF is currently up more than +10%.
EDGE: Defensive Super Sector

Monthly Market Barometer

SECTOR ANALYSIS: Select Sector SPDR ETFs

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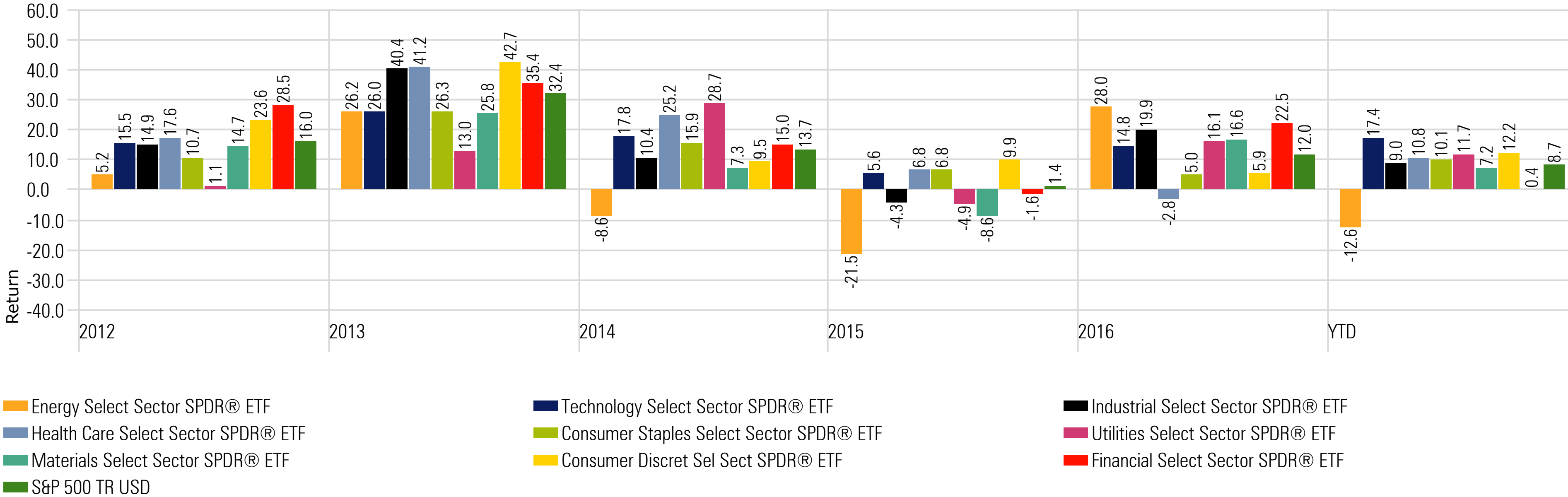
Annual Returns



Performance

Time Period: 1/1/2012 to 5/31/2017

	Return	Cumulative Return	Std Dev	Alpha	Beta	Sharpe Ratio	Correlation	Up Capture Ratio	Down Capture Ratio	Max Drawdown
Energy Select Sector SPDR® ETF	1.18	6.56	16.83	-13.34	1.08	0.14	0.64	68.74	174.42	-41.01
Technology Select Sector SPDR® ETF	17.89	143.87	12.21	1.75	1.06	1.40	0.87	113.36	107.71	-7.95
Industrial Select Sector SPDR® ETF	15.95	122.96	11.60	0.23	1.04	1.33	0.90	103.50	101.55	-11.92
Health Care Select Sector SPDR® ETF	17.46	139.09	11.67	2.86	0.95	1.43	0.82	100.66	78.00	-13.05
Consumer Staples Select Sector SPDR® ETF	13.67	100.21	9.93	3.77	0.65	1.33	0.65	76.80	53.59	-7.73
Utilities Select Sector SPDR® ETF	11.62	81.35	13.13	8.27	0.24	0.89	0.18	48.23	-2.67	-12.70
Materials Select Sector SPDR® ETF	11.12	77.02	15.12	-6.11	1.21	0.76	0.80	96.14	133.93	-23.02
Consumer Discret Sel Sect SPDR® ETF	18.64	152.35	11.80	2.15	1.07	1.50	0.91	108.52	86.93	-7.97
Financial Select Sector SPDR® ETF	17.75	142.32	14.33	0.05	1.18	1.21	0.83	116.19	116.73	-15.23
S&P 500 TR USD	15.21	115.35	10.04	0.00	1.00	1.45	1.00	100.00	100.00	-8.36

Monthly Market Barometer
High-Quality vs Low-Quality Bonds

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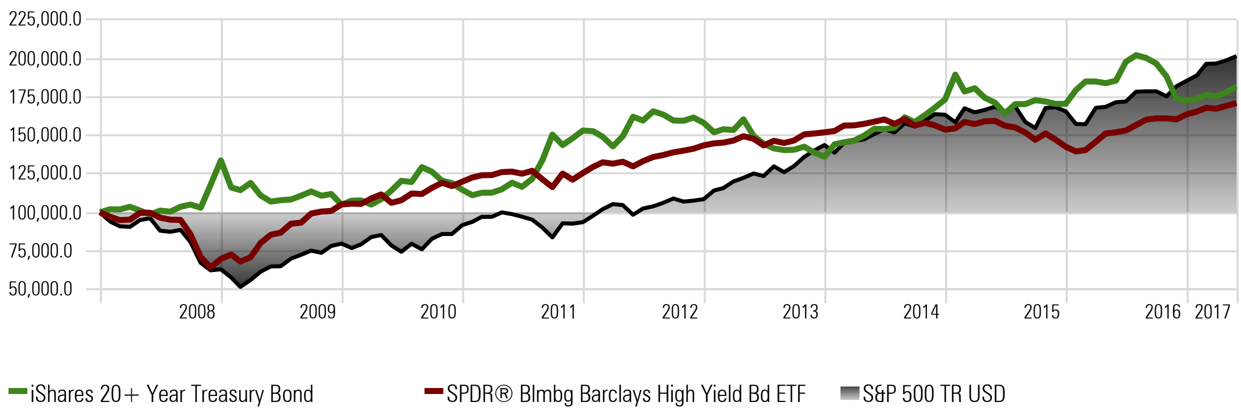
Investment Growth

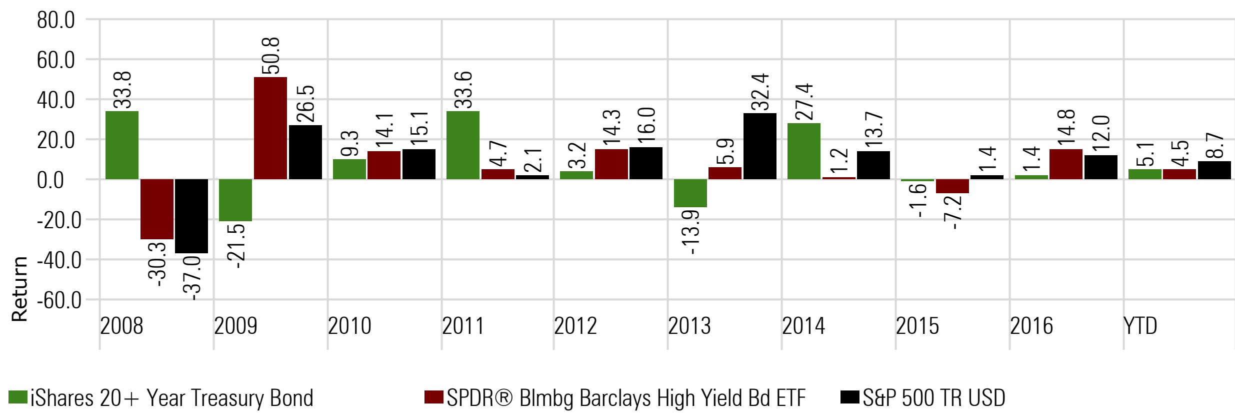
Time Period: 1/1/2008 to 5/31/2017



Performance

	Return	Cumulative Return	Std Dev	Alpha	Beta	Sharpe Ratio	Correlation
iShares 20+ Year Treasury Bond	6.55	81.76	14.43	9.44	-0.28	0.49	-0.30
SPDR® Blmbg Barclays High Yield Bd ETF	5.86	71.01	12.21	1.12	0.60	0.50	0.76
S&P 500 TR USD	7.73	101.60	15.50	0.00	1.00	0.54	1.00

Annual Returns



High-Quality vs Low-Quality Bonds

Oftentimes, the credit markets can serve as a strong indicator for the equity markets. Historically, when equity market conditions have been favorable, it is common for lower quality bonds to outperform higher quality bonds. Conversely, when equity market conditions have worsened, one can typically expect higher quality bonds to outperform. Therefore, paying attention to the relative performance between high and low-quality bonds can help investors formulate a better overall assessment of current market conditions, and which asset classes may be favored in a given environment.

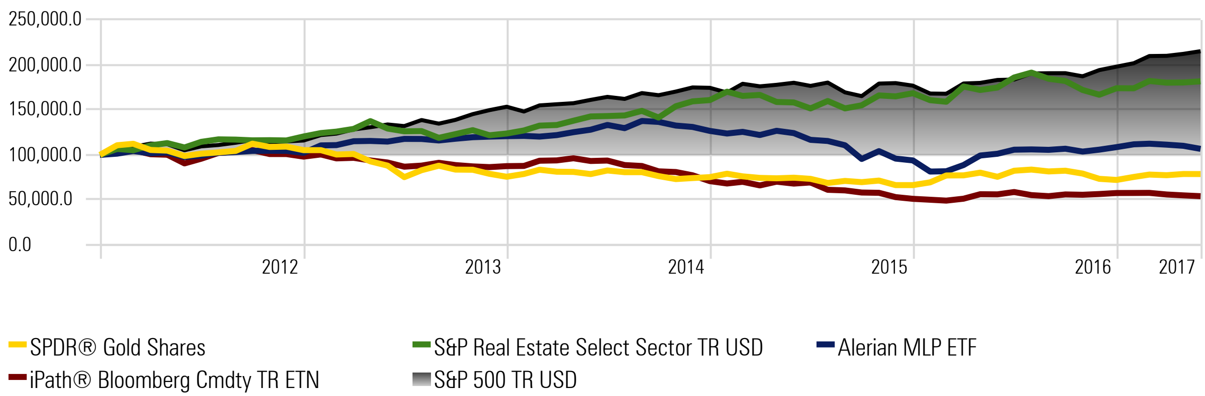
During favorable equity market conditions in 2016, the SPDR Bloomberg Barclays High Yield Bond ETF (Ticker: JNK) posted an annual return of +14.75%, versus a modest gain of only +1.36% for the iShares 20+ Year Treasury Bond ETF (Ticker: TLT). As global equity markets have risen thus far in 2017, both our low-quality and high-quality proxy ETFs have generated favorable returns, with JNK up +4.45% year-to-date, and TLT up +5.14%. During May, when both Mid and Small-Cap domestic equities posted a negative rate of return, long-term Treasuries outperformed High-Yield, with TLT up +2.09%, compared to +1.04% for JNK. Should we experience additional softening of the equity markets in the coming months, one should expect higher-quality bonds, and specifically U.S. Treasuries, to move into greater relative favor.

EDGE: Neutral

Monthly Market Barometer
Alternative Asset Classes

Investment Growth

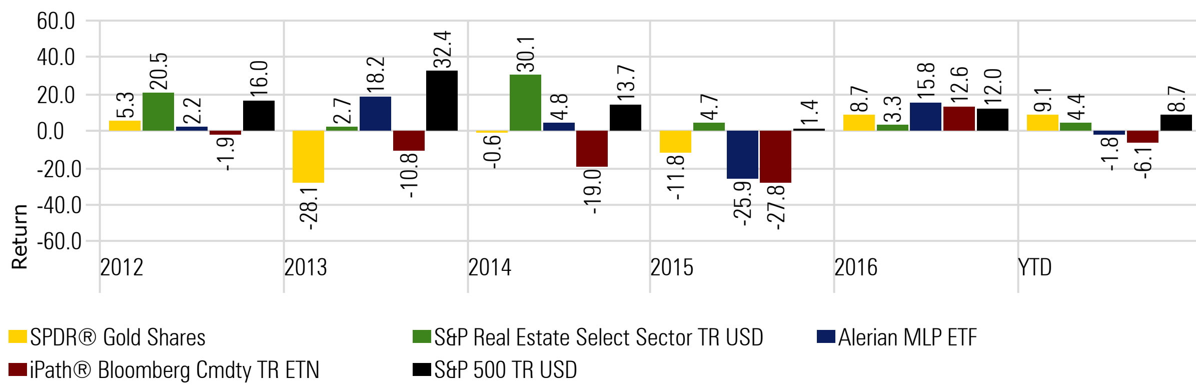
Time Period: 1/1/2012 to 5/31/2017



Performance

	Return	Cumulative Return	Std Dev	Alpha	Beta	Sharpe Ratio	Correlation
SPDR® Gold Shares	-4.33	-21.31	16.86	-4.88	0.12	-0.19	0.07
S&P Real Estate Select Sector TR USD	11.67	81.83	13.27	2.30	0.65	0.89	0.49
Alerian MLP ETF	1.20	6.70	14.61	-10.46	0.86	0.14	0.59
iPath® Bloomberg Cmdty TR ETN	-10.73	-45.92	14.15	-17.11	0.46	-0.74	0.32
S&P 500 TR USD	15.21	115.35	10.04	0.00	1.00	1.45	1.00

Annual Returns



Alternative Asset Classes

We actively monitor four alternative asset classes: Gold, REITs, MLPs, and the Bloomberg Commodity Index. Alternative asset classes can be significantly more volatile than either stocks or bonds, therefore creating significant challenges when it comes to timing purchases appropriately. For this reason, in most cases, this category is not appropriate for individual investors. However, the performance of these underlying asset classes can be a valuable tool for assessing the overall market landscape, and to what degree risk is either in or out of favor.

Gold has long been considered a flight to safety asset class and store of value for investors. As domestic markets have gone on a long and pronounced string of gains in recent years, the performance of Gold has suffered. 2016 was the first year out of the past four that Gold produced gains, but even then the average annual return over the past 5 years is -4.45%. Therefore, we find it interesting to note that Gold is currently among the best performing asset classes year-to-date, up +9.06%. This indicates to us, at least a modest decrease in investor confidence in risk assets.

The relative performance of REITs, MLPs, and Commodities are often heavily related to expansionary growth. At this stage, that appears to be in question, with the S&P Real Estate Select Sector Index lagging the broader market, up +4.39% year-to-date, while both the Alerian MLP ETF (Ticker: AMLP) and the iPath Bloomberg Commodity ETN (Ticker: DJP) have posted losses, down -1.78% and -6.10%.

Monthly Market Barometer
May 31, 2017 SUMMARY

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SUMMARY

The vast majority of active managers have failed to outperform their respective benchmarks in recent years. When you look at the performance of the market's underlying asset classes, and the relative instability we have witnessed over this period, it's not hard to see why. Even this year, those following a traditional MPT approach to asset allocation are highly likely to have experienced lagging returns. Many investors have a value bias, and value stocks have dramatically underperformed. Additionally, since the performance of Ex-U.S. equities has been so poor over recent years, many investors remain under-allocated to what has strongly been the best performing asset class over the past year. For those chasing returns, last year's winning sectors, have been this year's worst performers.

In our opinion, overall market conditions at this point remains neutral at best. With low volatility gaining favor in recent months over market beta, the recent resurgence in high-quality over low-quality bonds, Gold regaining favor, and market leadership most broadly represented by the most defensive sectors, investors should grow increasingly skeptical of the equity markets in the near term. That said, in no way would we ever advocate investors take action on their investments based on sentiment.

As economist John Maynard Keynes once famously said, "The markets can remain irrational longer than you can remain solvent." In other words, it can be foolhardy to bet against the markets, in either direction, with any level of conviction. What is most important is that investors remain steadfast and disciplined in their approach, and mindful of employing strategies that will provide them with a modicum of relative downside risk reduction under more adverse market conditions. Further adhering to a rules-based process enables investors to eliminate the noise that far too often leads investors astray.

AlphaGeneration Subscription Services provides investors with the opportunity to employ a diverse line-up of industry leading investment strategies, at a fraction of typical management costs. With more than 25 strategies from 5 unique categories, we are confident you will find the right strategy for you. Subscribers retain complete control over their investments and gain access to all current holdings, portfolio analytics and historical illustrations, and receive timely notifications of all portfolio changes. Together, we can finally swing the pendulum in favor of the individual investor, and empower the next generation of intelligent investors.

PERFORMANCE DISCLOSURE

The performance of benchmark indices and notable Exchange Traded Funds depicted in this commentary were provided by an independent third-party data provider. Renaissance Capital Management, LLC does not independantly verify this information. All portfolios presented by AlphaGeneration are available on a subscription basis through www.myalphageneration.com. These portfolios are also available to investors through sub-advisory or direct investment relations with Renaissance Capital Management, LLC, at www.rcmportfolios.com.