

# Market Commentary

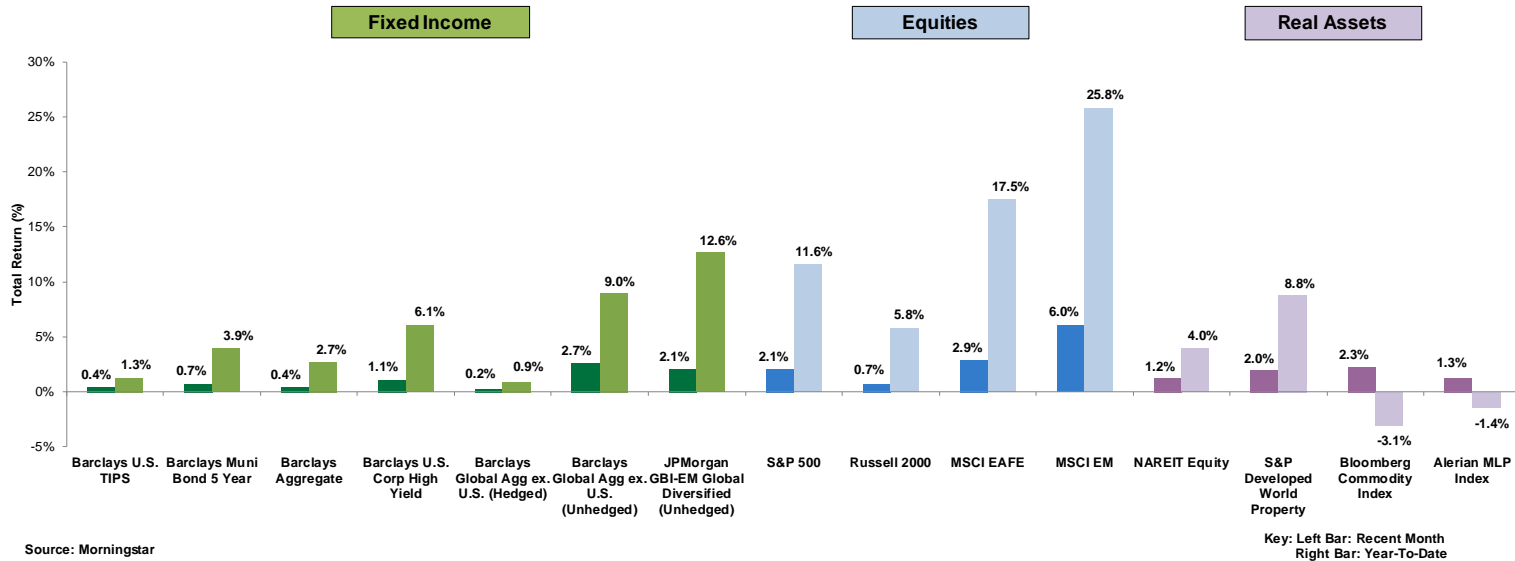
## July 2017

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# Global Markets Summary

## July 2017

### Asset Class Returns



### Fixed Income

- Fixed income markets made gains during the month with high yield outpacing investment grade bonds domestically.
- International developed and emerging markets debt both showed strong performance, outpacing domestic fixed income broadly, and extending their year-to-date advantage.
- The 10-year U.S. Treasury was largely unchanged during the month.

### Equities

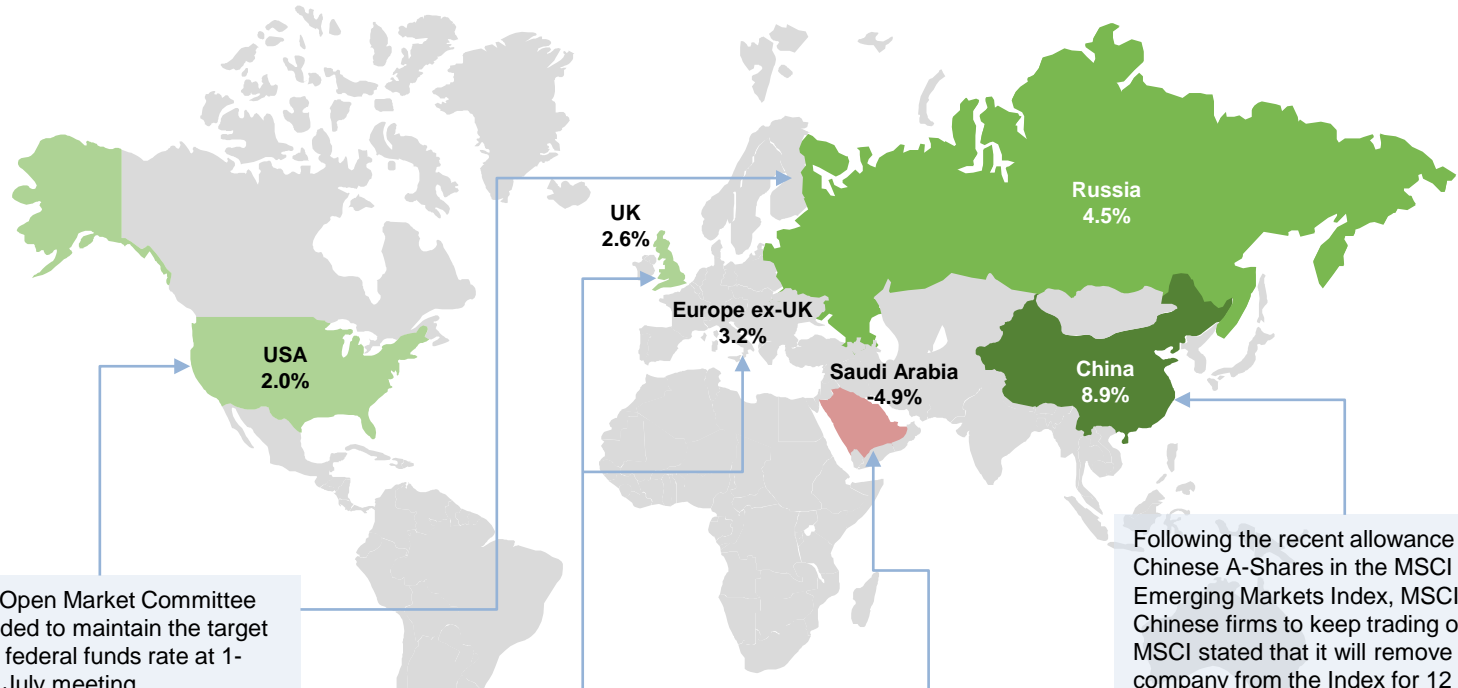
- Large cap companies broadly outperformed their mid and small cap counterparts. Across styles, growth saw modest outperformance relative to value.
- Emerging markets continued to outpace developed equity returns, continuing their impressive year-to-date performance. International developed markets outperformed domestic equities.
- Domestically, technology and telecom were the sectors which led the market.

### Real Assets

- Real assets were positive for the month with all asset classes experiencing modest gains.
- Commodities were positive as energy and industrial metals were most additive to overall performance. These gains were partially offset by losses in natural gas and livestock.
- Global REITs continued to outpace domestic REITs year-to-date. MLPs finished positive, offsetting a portion of their year-to-date losses.

# Global Highlights

July 2017



The Federal Open Market Committee (FOMC) decided to maintain the target range for the federal funds rate at 1-1¼% in their July meeting.

President Trump signed a bill imposing sanctions on Russia that also gave Congress new veto power to block the executive branch from removing such sanctions. Russia retaliated by evicting some U.S. Diplomatic Staff.

Eurozone inflation held steady in July, remaining below the central bank's 2% target rate.

The UK cabinet agreed to a "softer" Brexit, allowing the free movement of EU citizens for up to four years after Brexit as part of a transitional deal.

Oil prices rose in July ending just above \$50 per barrel despite concerns over supply nearing the end of the month.

Following the recent allowance of Chinese A-Shares in the MSCI Emerging Markets Index, MSCI warned Chinese firms to keep trading open. MSCI stated that it will remove a company from the Index for 12 months if the company suspends trading for over 50 days.

Growth within China's manufacturing sector slowed marginally in July.

*Stated returns reflect each country's MSCI Gross Country Index in U.S. Dollars*

## Financial Markets Performance

As of July 31, 2017

Periods greater than one year are annualized

All returns are in U.S. dollar terms

Global Fixed Income Markets	1 MO	3 MO	YTD	1YR	3YR	5YR	7YR	10YR	15YR
Bloomberg Barclays 1-3-Month T-Bill	0.1%	0.2%	0.4%	0.5%	0.2%	0.2%	0.1%	0.5%	1.2%
Bloomberg Barclays US TIPS	0.4%	(0.5%)	1.3%	(1.0%)	0.8%	(0.0%)	2.9%	4.1%	4.8%
Bloomberg Barclays Municipal Bond (5 Year)	0.7%	1.3%	3.9%	0.8%	2.2%	2.1%	2.7%	4.0%	3.7%
Bloomberg Barclays US Aggregate	0.4%	1.1%	2.7%	(0.5%)	2.7%	2.0%	3.1%	4.4%	4.4%
Bloomberg Barclays U.S. Corporate High Yield	1.1%	2.1%	6.1%	10.9%	5.3%	6.7%	7.8%	8.2%	9.5%
Bloomberg Barclays Global Aggregate ex-US Hedged	0.2%	0.2%	0.9%	(1.0%)	3.7%	3.8%	3.8%	4.4%	4.3%
Bloomberg Barclays Global Aggregate ex-US Unhedged	2.7%	4.8%	9.0%	(2.0%)	(1.1%)	(0.0%)	1.4%	3.0%	4.7%
Bloomberg Barclays U.S. Long Gov / Credit	0.3%	3.1%	6.3%	(3.3%)	5.3%	3.4%	6.6%	7.5%	7.2%
JPMorgan GBI-EM Global Diversified	2.1%	4.6%	12.6%	8.0%	(1.8%)	(0.7%)	1.4%	4.1%	-
Global Equity Markets	1 MO	3 MO	YTD	1YR	3YR	5YR	7YR	10YR	15YR
S&P 500	2.1%	4.1%	11.6%	16.0%	10.9%	14.8%	14.6%	7.7%	9.1%
Dow Jones Industrial Average	2.7%	5.2%	12.3%	21.8%	12.5%	13.8%	14.0%	8.0%	9.0%
NASDAQ Composite	3.4%	5.3%	18.6%	24.4%	14.6%	18.1%	17.3%	10.8%	12.0%
Russell 3000	1.9%	3.9%	11.0%	16.1%	10.5%	14.8%	14.5%	7.8%	9.4%
Russell 1000	2.0%	4.0%	11.4%	16.0%	10.6%	14.8%	14.6%	7.8%	9.3%
Russell 1000 Growth	2.7%	5.0%	17.0%	18.1%	12.7%	15.6%	15.8%	9.4%	9.6%
Russell 1000 Value	1.3%	2.9%	6.0%	13.8%	8.5%	14.0%	13.5%	6.2%	8.9%
Russell Mid Cap	1.5%	3.4%	9.6%	13.0%	9.3%	15.0%	14.4%	8.2%	11.4%
Russell Mid Cap Growth	1.7%	4.4%	13.3%	13.4%	9.5%	14.6%	14.4%	8.3%	11.2%
Russell Mid Cap Value	1.3%	2.5%	6.6%	12.7%	9.0%	15.3%	14.3%	8.0%	11.3%
Russell 2000	0.7%	2.1%	5.8%	18.5%	9.9%	14.2%	13.4%	7.8%	10.4%
Russell 2000 Growth	0.9%	3.4%	10.9%	17.8%	10.2%	14.6%	14.2%	8.5%	10.8%
Russell 2000 Value	0.6%	0.9%	1.2%	19.2%	9.5%	13.8%	12.5%	6.9%	10.0%
MSCI ACWI	2.8%	5.7%	15.0%	17.7%	6.8%	11.5%	10.3%	4.7%	8.7%
MSCI ACWI ex. U.S.	3.7%	7.6%	18.7%	19.6%	2.8%	8.2%	6.4%	2.0%	8.4%
MSCI EAFE	2.9%	6.6%	17.5%	18.3%	3.3%	9.6%	7.4%	1.9%	7.7%
MSCI EAFE Growth	2.4%	7.0%	19.9%	13.4%	4.8%	9.7%	8.1%	2.8%	7.7%
MSCI EAFE Value	3.4%	6.3%	15.3%	23.4%	1.6%	9.3%	6.7%	1.0%	7.7%
MSCI EAFE Small Cap	3.6%	7.6%	21.3%	20.7%	8.1%	14.0%	11.0%	4.2%	11.2%
MSCI Emerging Markets	6.0%	10.4%	25.8%	25.3%	2.8%	5.1%	3.9%	2.3%	12.0%
Real Assets	1 MO	3 MO	YTD	1YR	3YR	5YR	7YR	10YR	15YR
FTSE NAREIT Equity REITs	1.2%	2.6%	4.0%	(4.5%)	8.8%	9.4%	11.9%	7.0%	10.5%
S&P Developed World Property ex-US	3.0%	6.0%	14.8%	5.3%	3.6%	8.5%	9.2%	2.1%	10.0%
S&P Developed World Property	2.0%	4.3%	8.8%	(0.2%)	5.7%	8.8%	10.3%	3.9%	10.0%
Bloomberg Commodity Total Return	2.3%	0.7%	(3.1%)	0.8%	(12.7%)	(10.0%)	(6.3%)	(6.5%)	0.2%
Alerian MLP	1.3%	(3.9%)	(1.4%)	1.1%	(9.8%)	1.0%	5.1%	6.0%	11.5%

## Disclosures

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When referencing asset class returns or statistics, the following indices are used to represent those asset classes. Each index is unmanaged and investors can not actually invest directly into an index: Cash – Citigroup 90 Day T-Bill; TIPS – Bloomberg Barclays US Treasury TIPS; Aggregate Bond – Bloomberg Barclays US Aggregate Bond Index; Municipal Bond – Bloomberg Barclays Municipal 5-Year Bond, High Yield – Bloomberg Barclays US Corporate High Yield; Foreign Bond – Bloomberg Barclays Global Aggregate Ex USD; Local Currency Denominated Emerging Markets Debt – JPMorgan GBI-EM Global Diversified Unhedged Index; Large Value – Russell 1000 Value; Large Blend – S&P 500; Large Growth – Russell 1000 Growth; Small Value – Russell 2000 Value; Small Blend – Russell 2000; Small Growth – Russell 2000 Growth; International – MSCI EAFE; Emerging Markets – MSCI EM; REITs - FTSE NAREIT Equity REITs; Commodities – Bloomberg Commodity Index; MLP – Alerian MLP; Hedge Funds – HFRI Fund of Funds Composite Index; Balanced – 5% Bloomberg Barclays US Treasury TIPS, 10% Bloomberg Barclays US Aggregate Bond Index, 4.5% Bloomberg Barclays Global Aggregate Ex USD, 4.5% Bloomberg Barclays Global Aggregate Ex USD (Hedged), 9% Bloomberg Barclays US Corporate High Yield, 2% JPMorgan GBI-EM Global Diversified Unhedged Index, 16% S&P 500, 5% Russell 2000, 12% MSCI EAFE, 7% MSCI EM, 5% FTSE NAREIT Equity REITs, 5% Bloomberg Commodity Index, 5% Alerian MLP, 10% HFRI Fund of Funds Composite Index; Domestic Equity Indices – Russell 1000, Russell 1000 Growth, Russell 1000 Value, Russell Mid-Cap, Russell Mid Cap Growth, Russell Mid-Cap Value, Russell 2000, Russell 2000 Growth, Russell 2000 Value; International Developed Markets – MSCI EAFE; US Dollar – US Dollar Index; Unhedged Developed Fixed Income – Bloomberg Barclays Global Aggregate Ex USD (Hedged); Real Assets – Bloomberg Commodity Index; Materials, Financials, Energy, Oil & Gas, Healthcare, Information Technology, Consumer Related Sectors – Dow Jones Sector Indices; Small Cap Securities – Russell 2000, Russell 2000 Growth, Russell 2000 Value; Large Cap Securities – Russell 1000, Russell 1000 Growth, Russell 1000 Value; Mid Cap Securities – Russell Mid Cap, Russell Mid Cap Growth, Russell Mid Cap Value; Growth; Russell 1000 Growth, Russell Mid Cap Growth, Russell Small Cap Growth; Value – Russell 1000 Value, Russell Mid Cap Value, Russell 2000 Value; Fixed Income Markets – Bloomberg Barclays US Treasury TIPS, Bloomberg Barclays Municipal 5-Year Bond, Bloomberg Barclays Aggregate; Investment Grade Corporate Securities – Bloomberg Barclays US Credit; Long Maturity Treasuries – Bloomberg Barclays US Treasury 20+ Year; Shorter Dated Issues – Bloomberg Barclays US Treasury 1-3 Year; Industrial-, Financial- and Utility-Related Credits – Bloomberg Barclays Fixed Income Sector Indices; BB-Rated, B-Rated and CCC-Rated – Bloomberg Barclays Fixed Income Credit Quality Indices; MBS – Bloomberg Barclays US MBS; ABS – Bloomberg Barclays ABS; Crude Oil – Bloomberg Composite Crude Oil; Australia, New Zealand, Japan, China, India, Taiwan, South Korea, Brazil, Mexico, Chile, South Africa, Turkey, Egypt, Hungary, Poland, Russia, Canada, United Kingdom, Spain, Germany, Italy, France – MSCI Country Index Gross return USD; Natural Gas – Bloomberg Natural Gas