

Market Commentary

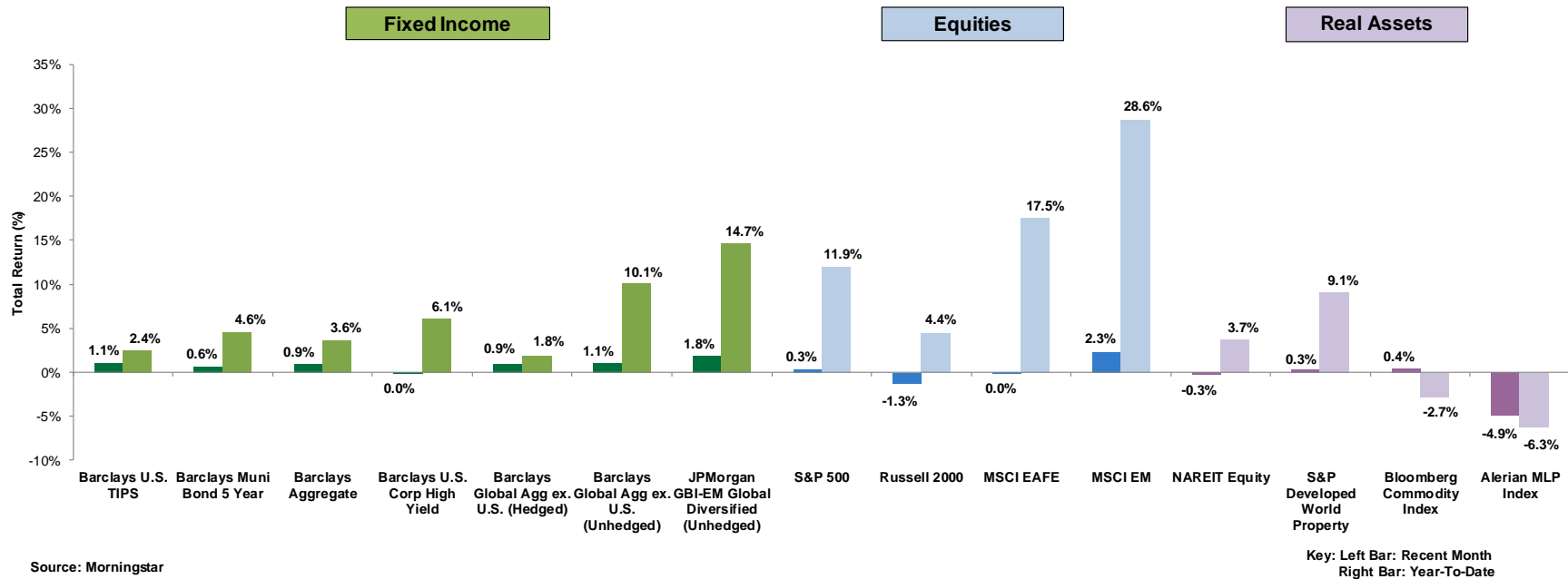
August 2017

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Global Market Summary

August 2017

Asset Class Returns



Fixed Income

- Fixed income markets globally were positive for the month with gains being evenly distributed. High yield was the only laggard as energy credits were affected by Hurricane Harvey.
- Year-to-date, international markets continued to outpace domestic. U.S. TIPS had a noteworthy month as inflation expectations held steady.
- The 10-year U.S. Treasury yield fell 18 bps during the month to end at 2.12%.

Equities

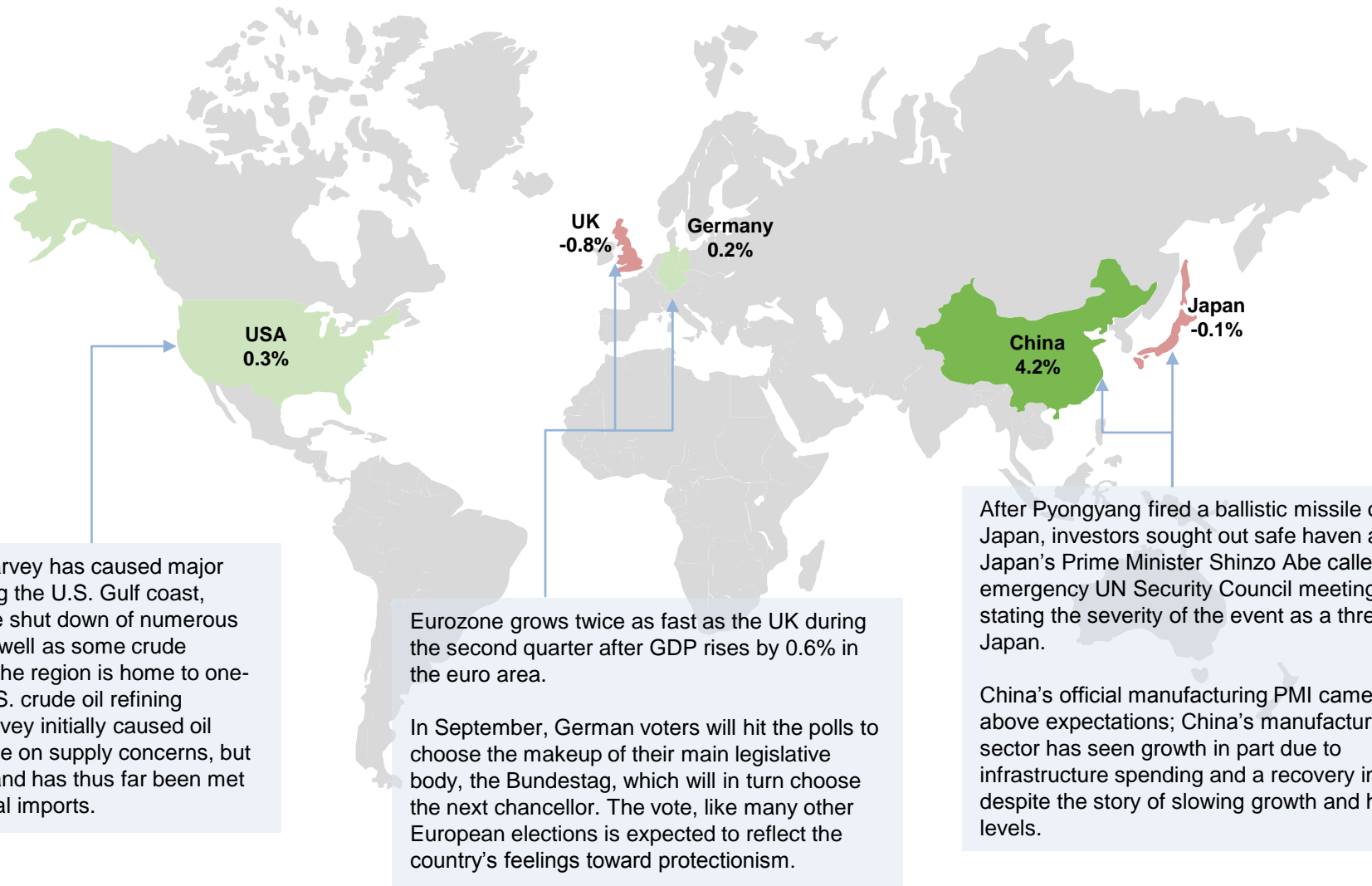
- U.S. large cap equities broadly outperformed their mid and small cap counterparts. Growth equities fared better than value across all market caps.
- International equities, both developed and emerging, saw strong performance. Emerging markets are up over 28% year to date in 2017.
- Domestically, oil and gas were a drag on returns while technology and healthcare saw the biggest increases.

Real Assets

- Hurricane Harvey's disruption in the Gulf of Mexico negatively impacted MLP performance. The group saw a noticeable pullback as a result of refineries temporarily suspending operations.
- International and Domestic REITs were both flat during an uneventful month.
- Commodities ended marginally higher as refinery suspensions led to a mild supply shock in natural gas and unleaded gasoline. Metals were also positive while agriculture fell.

Global Highlights

August 2017



Hurricane Harvey has caused major flooding along the U.S. Gulf coast, leading to the shut down of numerous refineries as well as some crude production. The region is home to one-quarter of U.S. crude oil refining capacity. Harvey initially caused oil prices to spike on supply concerns, but excess demand has thus far been met with additional imports.

Eurozone grows twice as fast as the UK during the second quarter after GDP rises by 0.6% in the euro area.

In September, German voters will hit the polls to choose the makeup of their main legislative body, the Bundestag, which will in turn choose the next chancellor. The vote, like many other European elections is expected to reflect the country's feelings toward protectionism.

After Pyongyang fired a ballistic missile over Japan, investors sought out safe haven assets. Japan's Prime Minister Shinzo Abe called for an emergency UN Security Council meeting after stating the severity of the event as a threat to Japan.

China's official manufacturing PMI came in above expectations; China's manufacturing sector has seen growth in part due to infrastructure spending and a recovery in exports despite the story of slowing growth and high debt levels.

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

Financial Markets Performance

As of August 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%	0.5%	0.6%	0.3%	0.2%	0.1%	0.4%	1.2%
Bloomberg Barclays US TIPS	1.1%	0.6%	2.4%	0.5%	1.0%	0.3%	2.8%	4.1%	4.6%
Bloomberg Barclays Municipal Bond (5 Year)	0.6%	0.9%	4.6%	1.4%	2.2%	2.2%	2.6%	4.0%	3.7%
Bloomberg Barclays US Aggregate	0.9%	1.2%	3.6%	0.5%	2.6%	2.2%	3.0%	4.4%	4.4%
Bloomberg Barclays U.S. Corporate High Yield	(0.0%)	1.2%	6.1%	8.6%	4.8%	6.5%	7.8%	8.0%	9.3%
Bloomberg Barclays Global Aggregate ex-US Hedged	0.9%	0.7%	1.8%	(0.1%)	3.5%	3.9%	3.7%	4.4%	4.3%
Bloomberg Barclays Global Aggregate ex-US Unhedged	1.1%	3.7%	10.1%	(0.2%)	(0.8%)	(0.1%)	1.4%	3.0%	4.7%
Bloomberg Barclays U.S. Long Gov / Credit	2.2%	3.3%	8.7%	(1.1%)	4.9%	4.0%	6.2%	7.5%	7.0%
JPMorgan GBI-EM Global Diversified	1.8%	4.4%	14.7%	9.9%	(1.4%)	(0.3%)	1.5%	4.5%	–
Global Equity Markets	1 MO	3 MO	YTD	1YR	3YR	5YR	7YR	10YR	15YR
S&P 500	0.3%	3.0%	11.9%	16.2%	9.5%	14.3%	15.4%	7.6%	9.1%
Dow Jones Industrial Average	0.7%	5.1%	13.0%	22.3%	11.5%	13.7%	14.8%	7.9%	9.1%
NASDAQ Composite	1.4%	4.0%	20.3%	24.7%	13.3%	17.4%	18.6%	10.7%	12.0%
Russell 3000	0.2%	3.0%	11.2%	16.1%	9.1%	14.3%	15.4%	7.7%	9.4%
Russell 1000	0.3%	3.0%	11.8%	16.2%	9.2%	14.4%	15.4%	7.7%	9.3%
Russell 1000 Growth	1.8%	4.3%	19.2%	20.8%	11.7%	15.4%	16.9%	9.4%	9.7%
Russell 1000 Value	(1.2%)	1.8%	4.8%	11.6%	6.7%	13.2%	14.0%	6.0%	8.7%
Russell Mid Cap	(0.8%)	1.7%	8.7%	12.4%	7.3%	14.1%	15.0%	8.1%	11.3%
Russell Mid Cap Growth	0.7%	2.7%	14.1%	14.5%	7.9%	14.0%	15.3%	8.3%	11.3%
Russell Mid Cap Value	(1.9%)	0.9%	4.6%	10.8%	6.8%	14.2%	14.8%	7.8%	11.1%
Russell 2000	(1.3%)	2.9%	4.4%	14.9%	7.7%	13.2%	14.4%	7.4%	10.4%
Russell 2000 Growth	(0.1%)	4.2%	10.8%	16.4%	8.2%	13.7%	15.5%	8.2%	10.8%
Russell 2000 Value	(2.5%)	1.6%	(1.3%)	13.5%	7.1%	12.5%	13.3%	6.5%	9.8%
MSCI ACWI	0.4%	3.8%	15.5%	17.7%	6.2%	11.1%	10.9%	4.8%	8.7%
MSCI ACWI ex. U.S.	0.5%	4.6%	19.4%	19.4%	2.8%	7.8%	6.9%	2.2%	8.4%
MSCI EAFE	(0.0%)	2.7%	17.5%	18.2%	3.3%	9.0%	7.9%	2.1%	7.8%
MSCI EAFE Growth	0.6%	2.4%	20.5%	15.7%	4.9%	9.4%	8.6%	2.9%	7.8%
MSCI EAFE Value	(0.6%)	3.1%	14.6%	20.7%	1.6%	8.4%	7.1%	1.2%	7.7%
MSCI EAFE Small Cap	0.8%	4.5%	22.3%	22.4%	8.4%	13.6%	11.6%	4.8%	11.4%
MSCI Emerging Markets	2.3%	9.6%	28.6%	25.0%	2.8%	5.7%	4.5%	2.8%	12.0%
Real Assets	1 MO	3 MO	YTD	1YR	3YR	5YR	7YR	10YR	15YR
FTSE NAREIT Equity REITs	(0.3%)	3.2%	3.7%	(1.1%)	7.6%	9.3%	12.1%	6.3%	10.5%
S&P Developed World Property ex-US	1.0%	3.6%	15.9%	8.1%	3.9%	8.6%	9.3%	2.1%	10.3%
S&P Developed World Property	0.3%	3.3%	9.1%	2.9%	5.4%	8.8%	10.4%	3.7%	10.2%
Bloomberg Commodity Total Return	0.4%	2.5%	(2.7%)	3.0%	(12.3%)	(10.1%)	(5.9%)	(6.1%)	(0.1%)
Alerian MLP	(4.9%)	(4.3%)	(6.3%)	(2.6%)	(13.6%)	(0.3%)	4.7%	6.1%	10.7%

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