

Market Commentary

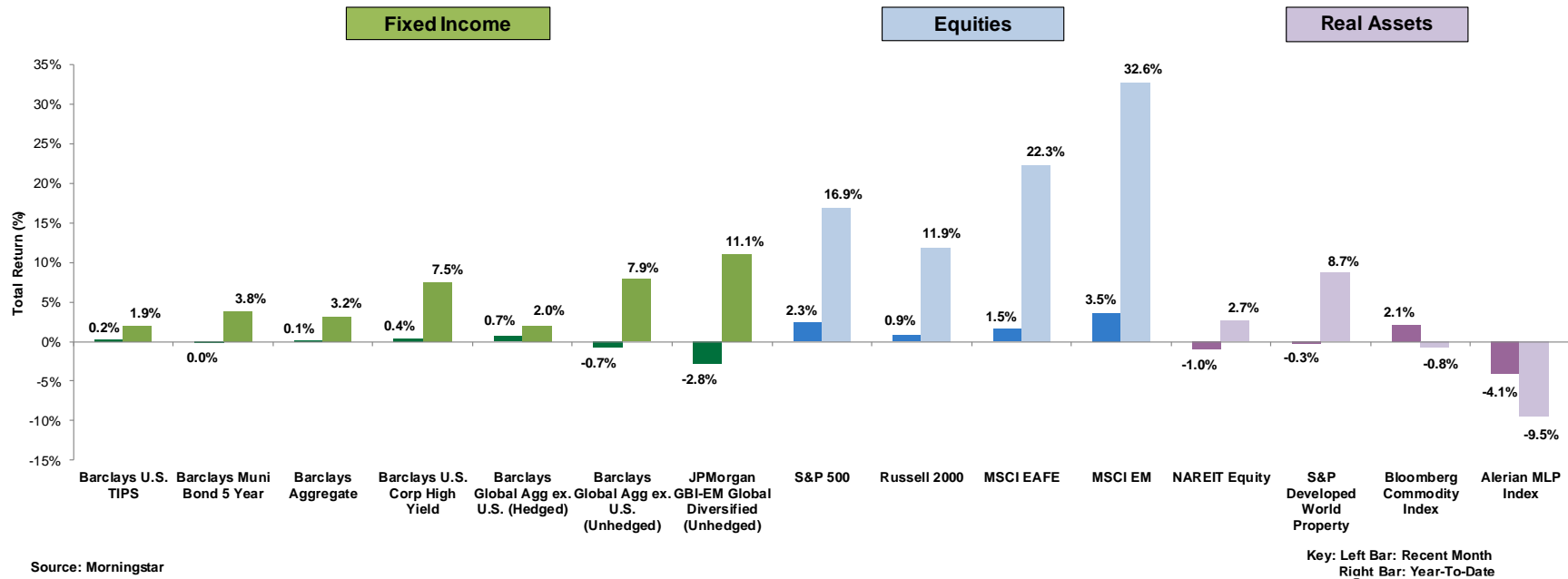
October 2017

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Global Market Summary

October 2017

Asset Class Returns



Fixed Income

- Fixed income markets were mixed during the month with domestic securities generally outperforming international issues as the USD strengthened.
- Emerging markets debt was the worst performing fixed income asset class yet still remains the best performer year-to-date. Global bonds hedged in USD performed the best.
- The 10-year U.S. Treasury yield rose 5 bps during the month to end at 2.38%.

Equities

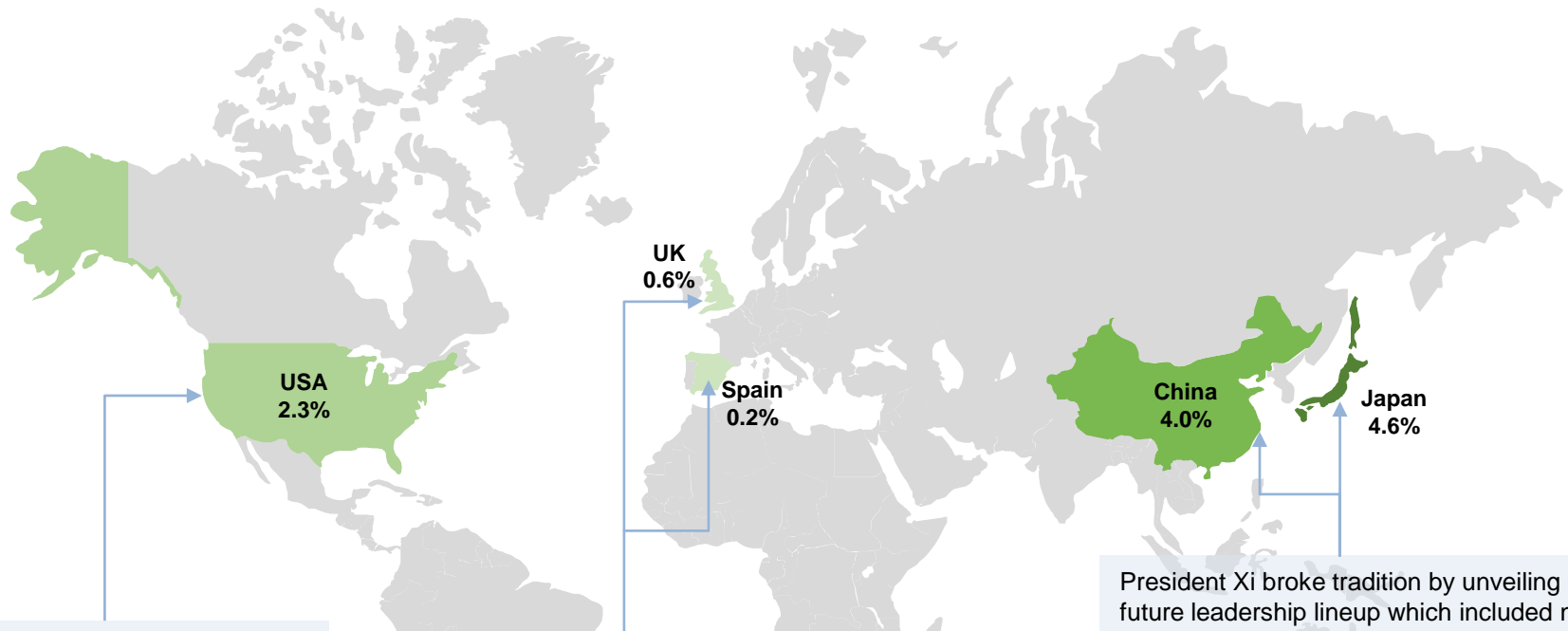
- Both domestic and international equities ended the month with positive performance. Emerging markets outpaced other equity categories this month and maintain a large lead in year-to-date performance.
- Domestically, technology and utilities sectors outperformed following robust earnings announcements.
- Internationally, Japan, Korea and India all showed strong performance while Mexico and Brazil lagged.

Real Assets

- Commodities were the best performing category within real assets during the month as petroleum, livestock and industrial metals were all significantly higher. Natural gas lagged.
- REIT performance was slightly negative as a negative earnings surprise from Simon Property Group brought down the index.
- Master Limited Partnerships (MLPs) also fell during the month, further denting year-to-date performance.

Global Highlights

October 2017



The Federal Open Market Committee kept the Federal Funds rate in the range of 1% to 1.25% following its last meeting. The decision came despite notes underscoring strong economic activity and continued strength in the labor market. The market is expecting a hike again in December.

President Trump announced plans to appoint Jerome Powell, a Federal Reserve board governor, as Fed Chair to replace Janet Yellen at the end of her term in February.

The Bank of England voted to hike rates for the first time in a decade putting the trajectory of UK interest rates more in-line with the U.S. Federal Reserve.

The ECB announced the extension of its QE program for another nine months beginning in January but at a reduced pace.

Spanish Prime Minister Mariano Rajoy has called on Spain's Senate to allow the central government to temporarily intervene in the running of Catalonia's regional government. This comes following the region's pro-independence party's attempt to claim independence.

President Xi broke tradition by unveiling his future leadership lineup which included no potential heirs, raising the likelihood of an attempt to stay in office beyond 2022.

The Bank of Japan kept its monetary policy steady despite the decision of its peers to wind down stimulus.

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

Financial Markets Performance

As of October 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%	0.3%	0.6%	0.7%	0.3%	0.2%	0.2%	0.4%	1.2%
Bloomberg Barclays US TIPS	0.2%	0.6%	1.9%	(0.1%)	1.4%	(0.1%)	2.3%	3.8%	4.6%
Bloomberg Barclays Municipal Bond (5 Year)	(0.0%)	(0.1%)	3.8%	1.6%	1.9%	1.9%	2.6%	3.8%	3.6%
Bloomberg Barclays US Aggregate	0.1%	0.5%	3.2%	0.9%	2.4%	2.0%	2.9%	4.2%	4.3%
Bloomberg Barclays U.S. Corporate High Yield	0.4%	1.3%	7.5%	8.9%	5.6%	6.3%	7.1%	7.8%	9.5%
Bloomberg Barclays Global Aggregate ex-US Hedged	0.7%	1.2%	2.0%	1.3%	3.4%	3.8%	3.9%	4.3%	4.3%
Bloomberg Barclays Global Aggregate ex-US Unhedged	(0.7%)	(0.9%)	7.9%	1.3%	0.2%	(0.8%)	0.2%	2.3%	4.5%
Bloomberg Barclays U.S. Long Gov / Credit	0.4%	1.7%	8.1%	2.5%	4.8%	3.8%	6.6%	7.2%	6.9%
JPMorgan GBI-EM Global Diversified	(2.8%)	(1.4%)	11.1%	5.2%	(1.2%)	(1.6%)	0.1%	3.1%	–
Global Equity Markets	1 MO	3 MO	YTD	1YR	3YR	5YR	7YR	10YR	15YR
S&P 500	2.3%	4.8%	16.9%	23.6%	10.8%	15.2%	14.1%	7.5%	9.6%
Dow Jones Industrial Average	4.4%	7.4%	20.6%	32.1%	13.2%	15.1%	14.1%	8.1%	9.8%
NASDAQ Composite	3.6%	6.3%	26.1%	31.1%	14.6%	19.2%	16.5%	10.1%	12.5%
Russell 3000	2.2%	4.9%	16.4%	24.0%	10.5%	15.1%	14.0%	7.6%	10.0%
Russell 1000	2.3%	4.8%	16.8%	23.7%	10.6%	15.2%	14.1%	7.6%	9.9%
Russell 1000 Growth	3.9%	7.2%	25.4%	29.7%	13.1%	16.8%	15.3%	9.1%	10.3%
Russell 1000 Value	0.7%	2.5%	8.7%	17.8%	8.0%	13.5%	12.9%	6.0%	9.4%
Russell Mid Cap	1.7%	3.7%	13.6%	21.1%	9.0%	14.9%	13.4%	8.1%	12.0%
Russell Mid Cap Growth	2.8%	6.5%	20.6%	26.2%	10.0%	15.3%	13.7%	8.2%	11.8%
Russell Mid Cap Value	0.8%	1.6%	8.3%	17.1%	8.3%	14.5%	13.3%	7.9%	11.9%
Russell 2000	0.9%	5.8%	11.9%	27.8%	10.1%	14.5%	13.0%	7.6%	11.2%
Russell 2000 Growth	1.5%	7.0%	18.6%	31.0%	10.5%	15.4%	13.7%	8.2%	11.5%
Russell 2000 Value	0.1%	4.6%	5.8%	24.8%	9.7%	13.6%	12.2%	7.0%	10.8%
MSCI ACWI	2.1%	4.6%	20.2%	23.9%	8.5%	11.4%	9.5%	4.3%	9.3%
MSCI ACWI ex. U.S.	1.9%	4.4%	23.9%	24.2%	6.2%	7.8%	5.5%	1.4%	9.1%
MSCI EAFE	1.5%	4.1%	22.3%	24.0%	6.6%	9.0%	6.6%	1.6%	8.5%
MSCI EAFE Growth	2.3%	4.8%	25.7%	24.1%	8.0%	9.7%	7.2%	2.3%	8.3%
MSCI EAFE Value	0.8%	3.3%	19.2%	23.9%	5.1%	8.3%	5.8%	0.8%	8.6%
MSCI EAFE Small Cap	1.7%	5.5%	28.0%	28.0%	12.9%	13.4%	10.0%	4.5%	12.4%
MSCI Emerging Markets	3.5%	5.5%	32.6%	26.9%	6.1%	5.2%	3.0%	0.9%	12.6%
Real Assets	1 MO	3 MO	YTD	1YR	3YR	5YR	7YR	10YR	15YR
FTSE NAREIT Equity REITs	(1.0%)	(1.2%)	2.7%	5.7%	6.1%	9.7%	10.5%	5.6%	11.1%
S&P Developed World Property ex-US	0.6%	1.1%	16.1%	13.0%	5.2%	7.1%	7.0%	1.2%	10.5%
S&P Developed World Property	(0.3%)	(0.1%)	8.7%	8.9%	5.3%	8.1%	8.4%	2.8%	10.5%
Bloomberg Commodity Total Return	2.1%	2.4%	(0.8%)	2.3%	(9.5%)	(9.4%)	(7.2%)	(6.9%)	(0.1%)
Alerian MLP	(4.1%)	(8.2%)	(9.5%)	(3.4%)	(12.8%)	(1.5%)	2.6%	5.3%	10.7%

Source: Morningstar

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