

# Market Commentary

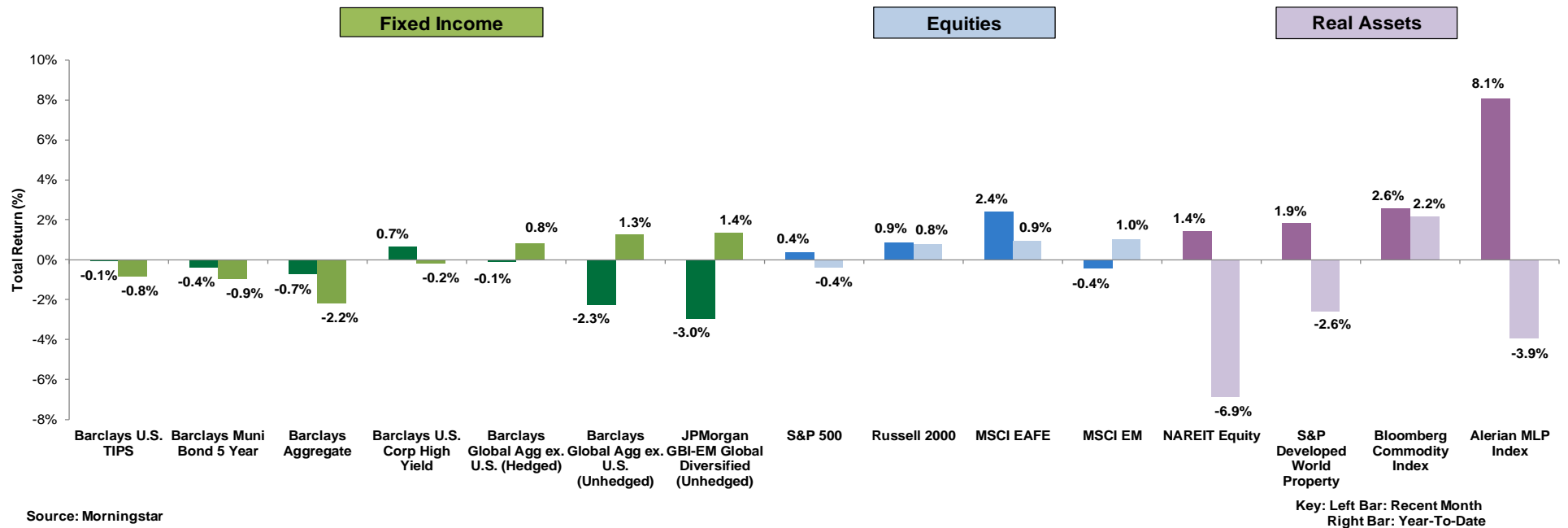
## April 2018

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# Global Markets Summary

## April 2018

### Asset Class Returns



#### Fixed Income

- The 10-year U.S. Treasury rose 21 bps to end the month at 2.95% after briefly rising above 3.0% for the first time since January 2014. The curve continued to flatten as short rates rose more than long.
- The dollar was a headwind for non-U.S. denominated bonds as it noticeably strengthened into the end of the month.
- U.S. high yield ended in positive territory as its yield advantage and shorter duration were benefits as yields rose and prices fell broadly.

#### Equities

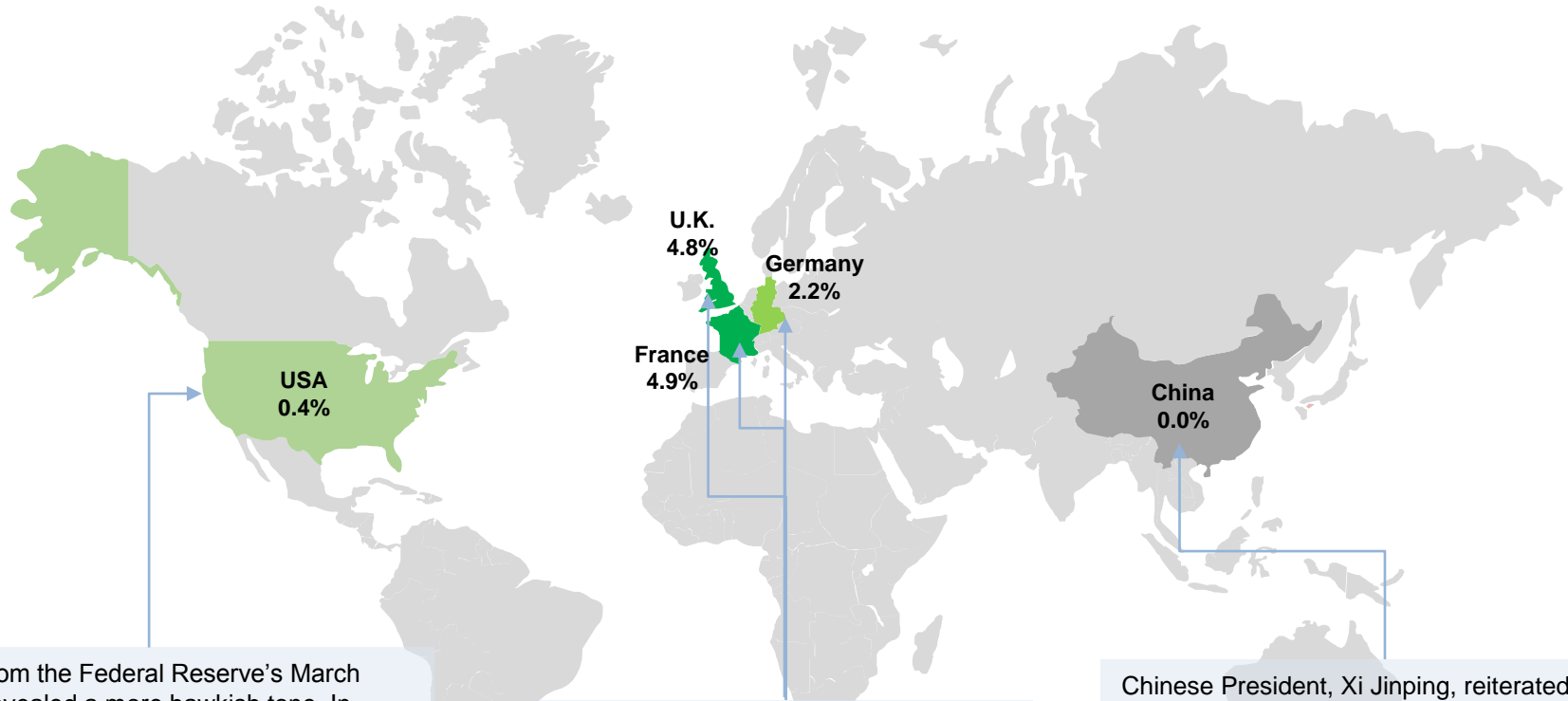
- Domestic equity markets were mostly higher with small cap companies slightly outperforming large cap names. Energy stocks performed well as crude prices rose. Consumer discretionary also outperformed while staples lagged all other sectors.
- Developed international stocks outperformed all other equity markets on the heels of strong performance from France, the U.K. and Germany. Despite the rise in oil, emerging markets fell with Russia, Brazil and Taiwan all coming under pressure.

#### Real Assets

- Real assets finished higher during April as inflation expectations increased. REITs, commodities and MLPs all performed better than U.S. large cap equities with MLPs besting all other asset classes. Higher oil prices helped while M&A also picked up slightly.
- REITs gained some footing after falling sharply in the first quarter of the year as investors rotated back into the sector and inflation came into focus.
- Energy largely led commodities higher and industrial metals also gained.

# Global Highlights

April 2018



Minutes from the Federal Reserve’s March meeting revealed a more hawkish tone. In addition to raising the target Fed Funds Rate by 25 bps (which was announced during the meeting), it was learned that all participants now expect the economy to strengthen and inflation to rise throughout the course of this year.

First quarter GDP in the United States grew at an annualized rate of 2.3%. This is below the 2.9% pace during the fourth quarter, yet was still above expectations which called for 2.0% growth.

A combination of events helped the European stocks finish higher during the month. Earnings reports were largely positive, China lightened its rhetoric on trade tariffs and a lower euro also helped lift stocks. Higher bond yields also led to outperformance by the financial sector.

Chinese President, Xi Jinping, reiterated plans to continue opening up the Chinese economy during the Boao Forum, an annual summit focused on Asian economies similar to the annual conference in Davos. His plans include lowering import tariffs on a number of products.

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

# Financial Markets Performance

Total Returns as of April 30, 2018

*Periods greater than one year are annualized*

*All returns are in U.S. dollar terms*

<b>Global Fixed Income Markets</b>	<b>1 MO</b>	<b>3 MO</b>	<b>YTD</b>	<b>1YR</b>	<b>3YR</b>	<b>5YR</b>	<b>7YR</b>	<b>10YR</b>	<b>15YR</b>
Bloomberg Barclays 1-3-Month T-Bill	0.1%	0.4%	0.5%	1.1%	0.5%	0.3%	0.2%	0.3%	1.2%
Bloomberg Barclays US TIPS	(0.1%)	0.0%	(0.8%)	0.3%	1.0%	(0.1%)	2.1%	3.1%	4.2%
Bloomberg Barclays Municipal Bond (5 Year)	(0.4%)	(0.7%)	(0.9%)	(0.4%)	1.2%	1.4%	2.3%	3.3%	3.3%
Bloomberg Barclays HY Muni	0.4%	2.0%	1.0%	5.8%	4.9%	4.0%	6.9%	5.6%	6.2%
Bloomberg Barclays US Aggregate	(0.7%)	(1.1%)	(2.2%)	(0.3%)	1.1%	1.5%	2.6%	3.6%	3.8%
Bloomberg Barclays U.S. Corporate High Yield	0.7%	(0.8%)	(0.2%)	3.3%	5.0%	4.8%	6.2%	7.9%	8.0%
Bloomberg Barclays Global Aggregate ex-US Hedged	(0.1%)	1.2%	0.8%	2.7%	2.8%	3.4%	4.2%	4.2%	4.1%
Bloomberg Barclays Global Aggregate ex-US Unhedged	(2.3%)	(1.7%)	1.3%	7.7%	3.1%	0.4%	0.4%	1.9%	4.0%
Bloomberg Barclays U.S. Long Gov / Credit	(1.9%)	(3.5%)	(5.5%)	1.5%	2.3%	2.9%	6.3%	6.6%	6.1%
JPMorgan GBI-EM Global Diversified	(3.0%)	(3.0%)	1.4%	8.4%	3.4%	(1.9%)	(0.0%)	3.3%	7.0%
<b>Global Equity Markets</b>	<b>1 MO</b>	<b>3 MO</b>	<b>YTD</b>	<b>1YR</b>	<b>3YR</b>	<b>5YR</b>	<b>7YR</b>	<b>10YR</b>	<b>15YR</b>
S&P 500	0.4%	(5.8%)	(0.4%)	13.3%	10.6%	13.0%	12.3%	9.0%	9.5%
Dow Jones Industrial Average	0.3%	(7.1%)	(1.6%)	18.1%	13.4%	13.0%	12.3%	9.4%	10.0%
NASDAQ Composite	0.1%	(4.4%)	2.7%	18.1%	14.0%	17.6%	15.1%	12.6%	12.1%
Russell 3000	0.4%	(5.3%)	(0.3%)	13.0%	10.2%	12.8%	12.0%	9.1%	9.9%
Russell 1000	0.3%	(5.5%)	(0.4%)	13.2%	10.3%	12.8%	12.2%	9.1%	9.8%
Russell 1000 Growth	0.3%	(5.0%)	1.8%	19.0%	12.8%	15.1%	13.6%	10.8%	10.4%
Russell 1000 Value	0.3%	(6.1%)	(2.5%)	7.5%	7.7%	10.5%	10.6%	7.3%	9.1%
Russell Mid Cap	(0.2%)	(4.2%)	(0.6%)	11.2%	8.3%	11.8%	11.0%	9.5%	11.7%
Russell Mid Cap Growth	(0.9%)	(4.2%)	1.2%	16.9%	9.1%	12.8%	11.2%	9.7%	11.6%
Russell Mid Cap Value	0.5%	(4.2%)	(2.0%)	6.8%	7.8%	11.0%	10.9%	9.2%	11.6%
Russell 2000	0.9%	(1.8%)	0.8%	11.5%	9.6%	11.7%	10.1%	9.5%	10.9%
Russell 2000 Growth	0.1%	(1.4%)	2.4%	16.6%	9.9%	13.1%	10.7%	10.4%	11.4%
Russell 2000 Value	1.7%	(2.2%)	(1.0%)	6.5%	9.3%	10.4%	9.4%	8.5%	10.3%
MSCI ACWI	1.0%	(5.2%)	0.2%	14.8%	8.0%	9.4%	8.0%	5.7%	9.3%
MSCI ACWI ex. U.S.	1.7%	(4.7%)	0.6%	16.5%	5.5%	5.9%	4.3%	2.7%	9.2%
MSCI EAFE	2.4%	(3.9%)	0.9%	15.1%	5.4%	6.4%	5.3%	2.9%	8.6%
MSCI EAFE Growth	1.6%	(3.8%)	0.6%	16.2%	6.4%	7.0%	5.8%	3.5%	8.5%
MSCI EAFE Value	3.2%	(3.9%)	1.3%	14.0%	4.5%	5.7%	4.6%	2.3%	8.6%
MSCI EAFE Small Cap	1.4%	(3.2%)	1.8%	20.5%	11.5%	11.0%	8.5%	6.7%	12.3%
MSCI Emerging Markets	(0.4%)	(6.7%)	1.0%	22.1%	6.4%	5.1%	2.3%	2.5%	12.6%
<b>Real Assets</b>	<b>1 MO</b>	<b>3 MO</b>	<b>YTD</b>	<b>1YR</b>	<b>3YR</b>	<b>5YR</b>	<b>7YR</b>	<b>10YR</b>	<b>15YR</b>
FTSE NAREIT Equity REITs	1.4%	(2.8%)	(6.9%)	(3.3%)	3.5%	4.9%	7.5%	5.9%	10.0%
S&P Developed World Property ex-US	2.2%	(2.7%)	1.2%	14.9%	5.1%	4.4%	6.9%	3.7%	10.9%
S&P Developed World Property	1.9%	(2.6%)	(2.6%)	5.7%	4.1%	4.5%	7.0%	4.4%	10.2%
Bloomberg Commodity Total Return	2.6%	0.2%	2.2%	8.0%	(4.2%)	(7.3%)	(8.9%)	(7.8%)	(0.3%)
Alerian MLP	8.1%	(9.2%)	(3.9%)	(12.5%)	(10.7%)	(4.5%)	0.6%	5.7%	9.3%

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.