

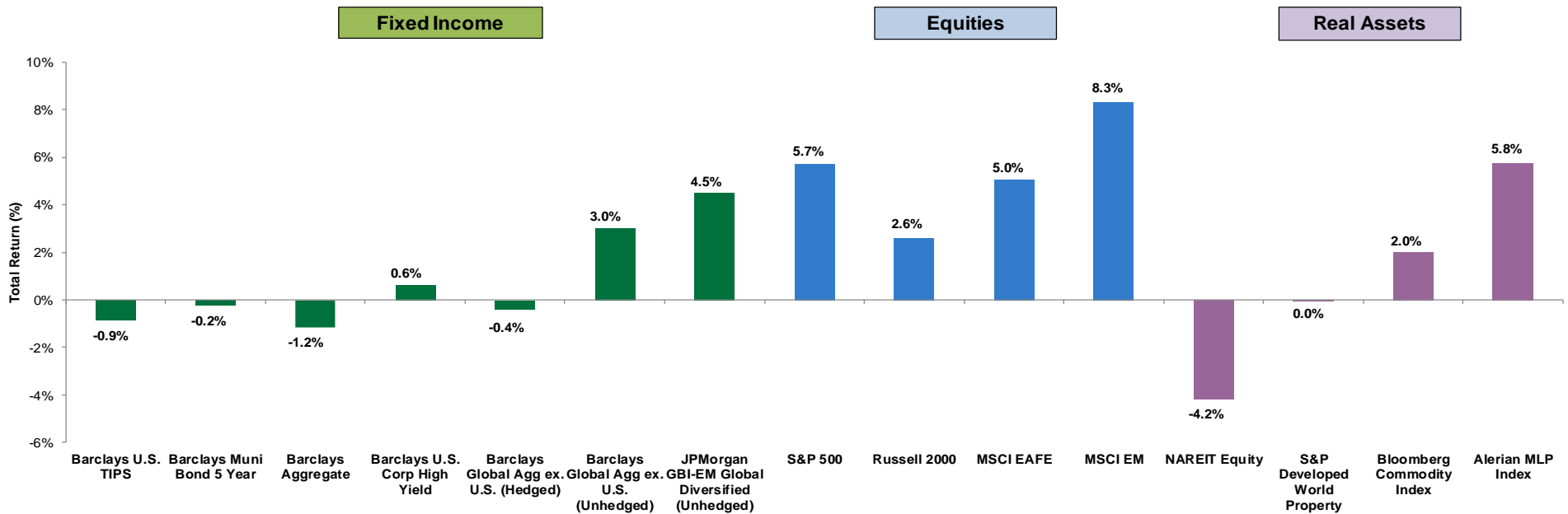
Market Commentary January 2018

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Global Markets Summary

January 2018

Asset Class Returns



Source: Morningstar

Fixed Income

- Domestic fixed income markets mostly fell as yields rose sharply in the month of January. High yield was the lone exception as credit spreads compressed.
- International bonds were higher during the month as rising yields were less of a headwind. They also benefitted from a weaker dollar.
- The 10-Year U.S. Treasury yield jumped 30 bps to end the month at 2.71%.

Equities

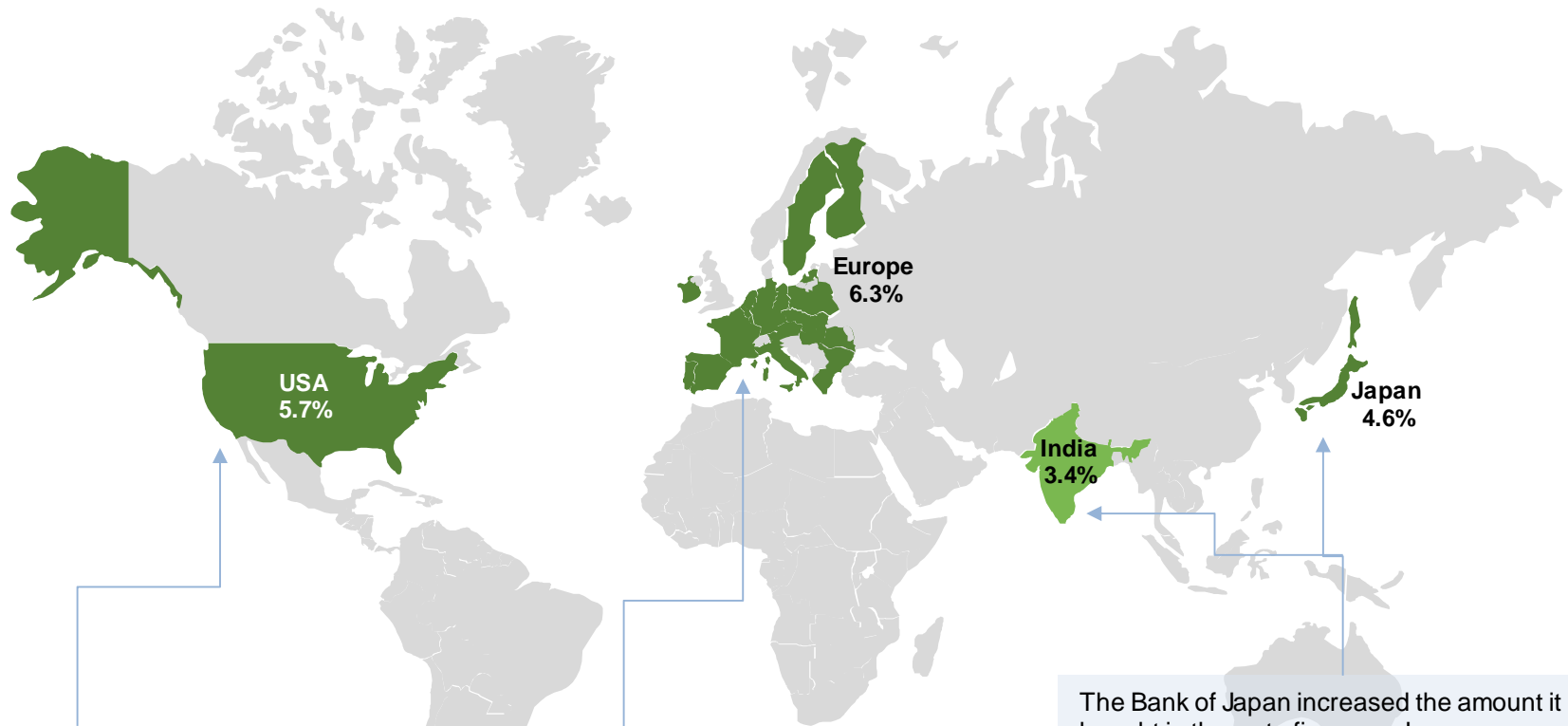
- Global equity markets were higher during the month. Strong performance continued in emerging markets while large caps in the United States outperformed small cap companies, broadly.
- Domestically, real estate and utilities were the only two sectors with losses as interest rates increased.
- France, Germany and Japan were all strong performers internationally. China, Brazil and Russia outperformed within emerging markets.

Real Assets

- For the second month in a row, MLPs were the top performing asset class within real assets. Continued stability in oil prices along with an uptick in institutional investment all played a role.
- Within real estate, the industrial sector was a major drag on performance with apartments also falling. Internationally, Asia rose sharply, benefitting global indices.
- Strong energy prices were the primary driver behind a higher commodities sector.

Global Highlights

December 2017



The Senate voted to confirm Jerome Powell as the 16th chairman of the Federal Reserve in January.

The U.S. government experienced a 3-day shutdown this month, yet the market seemingly shrugged it off. The Dow Jones and the S&P 500 surged to record highs following the Senate vote to end the shutdown.

The Euro hit a 3-year high this month on the heels of tighter monetary policy from the European Central Bank (ECB). As outlined in October of last year, the ECB's plan to reduce its monthly asset purchases by half began this month.

The Bank of Japan increased the amount it bought in three- to five-year Japanese Government Bonds (JGBs). The increased buying came about after the 10-year yield had risen to a six and a half month high and inflation remained below target.

India is expected to miss its budget deficit targets as Prime Minister Modi takes steps towards emphasizing programs that assist underdeveloped regions and creating jobs before the national elections next year.

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

Financial Markets Performance

Total Returns as of January 31, 2018

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%	0.1%	0.9%	0.4%	0.3%	0.2%	0.3%	1.2%
Bloomberg Barclays US TIPS	(0.9%)	0.2%	(0.9%)	1.3%	0.7%	0.1%	2.8%	3.0%	4.3%
Bloomberg Barclays Municipal Bond (5 Year)	(0.2%)	(0.9%)	(0.2%)	1.8%	1.1%	1.7%	2.7%	3.3%	3.4%
Bloomberg Barclays HY Muni	(0.9%)	0.6%	(0.9%)	7.2%	3.8%	3.9%	6.9%	5.0%	6.1%
Bloomberg Barclays US Aggregate	(1.2%)	(0.8%)	(1.2%)	2.1%	1.1%	2.0%	3.0%	3.7%	4.1%
Bloomberg Barclays U.S. Corporate High Yield	0.6%	0.6%	0.6%	6.6%	6.3%	5.6%	6.8%	8.2%	8.8%
Bloomberg Barclays Global Aggregate ex-US Hedged	(0.4%)	0.0%	(0.4%)	3.0%	2.2%	3.7%	4.2%	4.0%	4.1%
Bloomberg Barclays Global Aggregate ex-US Unhedged	3.0%	5.5%	3.0%	11.8%	3.4%	0.6%	1.4%	2.4%	4.3%
Bloomberg Barclays U.S. Long Gov / Credit	(2.1%)	0.3%	(2.1%)	8.1%	1.7%	4.6%	7.4%	6.9%	6.6%
JPMorgan GBI-EM Global Diversified	4.5%	8.4%	4.5%	17.7%	3.9%	(0.8%)	1.7%	3.9%	7.7%
Global Equity Markets	1 MO	3 MO	YTD	1YR	3YR	5YR	7YR	10YR	15YR
S&P 500	5.7%	10.2%	5.7%	26.4%	14.7%	15.9%	14.3%	9.8%	10.5%
Dow Jones Industrial Average	5.9%	12.5%	5.9%	34.8%	18.0%	16.4%	14.8%	10.4%	10.9%
NASDAQ Composite	7.4%	10.4%	7.4%	33.4%	18.3%	20.2%	16.9%	13.2%	13.3%
Russell 3000	5.3%	9.6%	5.3%	25.2%	14.1%	15.5%	14.0%	9.8%	10.8%
Russell 1000	5.5%	9.9%	5.5%	25.8%	14.3%	15.7%	14.1%	9.9%	10.8%
Russell 1000 Growth	7.1%	11.2%	7.1%	34.9%	17.0%	17.9%	15.5%	11.7%	11.4%
Russell 1000 Value	3.9%	8.6%	3.9%	17.2%	11.5%	13.5%	12.7%	8.0%	10.0%
Russell Mid Cap	3.8%	8.3%	3.8%	20.1%	11.5%	14.3%	13.0%	10.3%	12.5%
Russell Mid Cap Growth	5.7%	9.8%	5.7%	28.1%	13.0%	15.2%	13.4%	10.6%	12.4%
Russell Mid Cap Value	2.3%	7.1%	2.3%	14.0%	10.4%	13.6%	12.8%	9.9%	12.3%
Russell 2000	2.6%	5.1%	2.6%	17.2%	12.1%	13.3%	12.1%	9.8%	11.6%
Russell 2000 Growth	3.9%	7.0%	3.9%	24.9%	12.6%	14.6%	13.0%	10.7%	12.1%
Russell 2000 Value	1.2%	3.2%	1.2%	10.0%	11.6%	12.0%	11.0%	8.8%	11.0%
MSCI ACWI	5.7%	9.5%	5.7%	28.1%	12.5%	11.6%	9.9%	6.7%	10.2%
MSCI ACWI ex. U.S.	5.6%	8.9%	5.6%	30.3%	10.4%	7.6%	6.1%	3.9%	9.9%
MSCI EAFE	5.0%	7.9%	5.0%	28.2%	9.9%	8.3%	6.9%	3.9%	9.3%
MSCI EAFE Growth	4.6%	7.7%	4.6%	30.9%	10.8%	9.2%	7.6%	4.5%	9.2%
MSCI EAFE Value	5.4%	8.0%	5.4%	25.6%	8.9%	7.4%	6.1%	3.3%	9.3%
MSCI EAFE Small Cap	5.1%	9.7%	5.1%	35.5%	16.5%	13.2%	10.2%	7.8%	13.1%
MSCI Emerging Markets	8.3%	12.5%	8.3%	41.5%	12.2%	6.1%	4.5%	4.2%	13.3%
Real Assets	1 MO	3 MO	YTD	1YR	3YR	5YR	7YR	10YR	15YR
FTSE NAREIT Equity REITs	(4.2%)	(1.8%)	(4.2%)	0.7%	1.9%	7.7%	9.3%	7.1%	10.8%
S&P Developed World Property ex-US	4.1%	10.1%	4.1%	25.2%	8.2%	7.3%	8.1%	4.1%	11.1%
S&P Developed World Property	(0.0%)	4.2%	(0.0%)	12.3%	4.8%	7.3%	8.4%	5.0%	10.7%
Bloomberg Commodity Total Return	2.0%	4.5%	2.0%	3.6%	(3.3%)	(8.5%)	(8.0%)	(7.0%)	(0.6%)
Alerian MLP	5.8%	9.3%	5.8%	(5.7%)	(6.7%)	(1.3%)	2.9%	6.7%	10.8%

Source: Morningstar

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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.