

Market Commentary

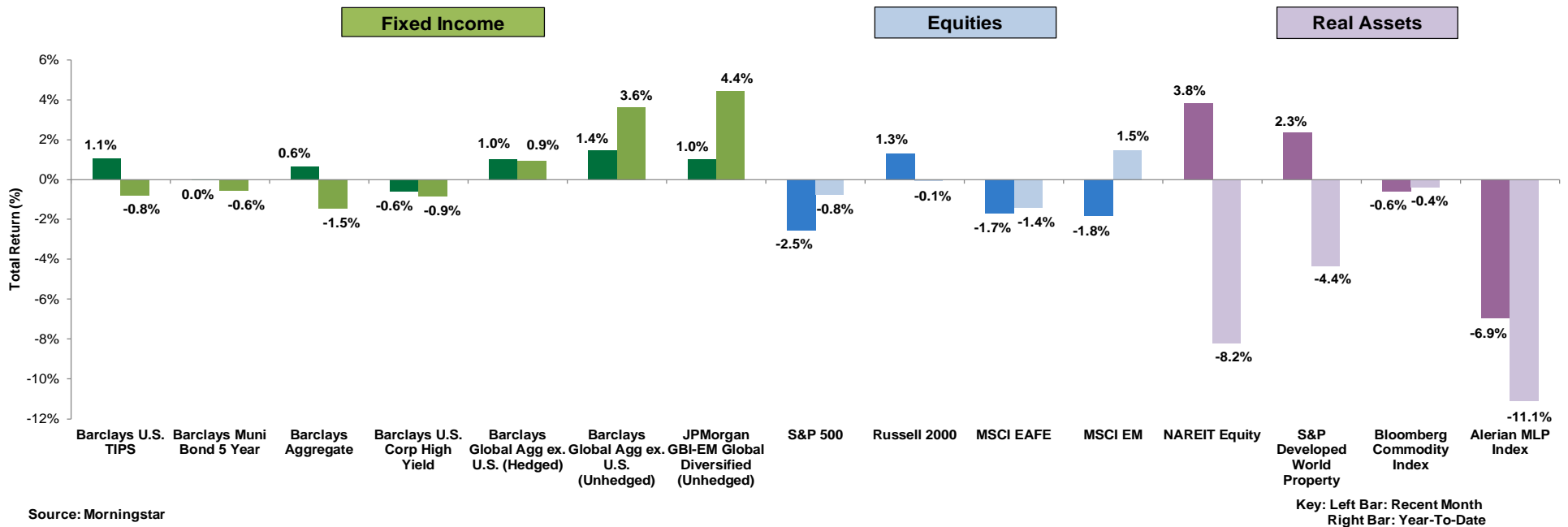
March 2018

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Global Markets Summary

March 2018

Asset Class Returns



Fixed Income

- Domestic fixed income markets were mixed as investment grade bonds outperformed high yield. Investors exited lower quality bonds as IG spreads stayed consistent while HY widened.
- Non-U.S. bonds performed well as economic fundamentals overseas continued to strengthen. EMD added another positive month and is the best performing asset class year-to-date.
- The 10-Year U.S. Treasury yield fell 12 bps to end the month at 2.74%.

Equities

- Equity markets were mostly lower during the month of March. Headlines centered around trade policy and the follow on effects from tariffs. Large capitalization companies were negatively impacted while smaller companies performed well.
- Domestically, financials, technology, and materials all took a step back while energy, utilities and real estate outperformed.
- Internationally, emerging markets felt the brunt of trade policy discussions as China, India and Russia all fell more than others.

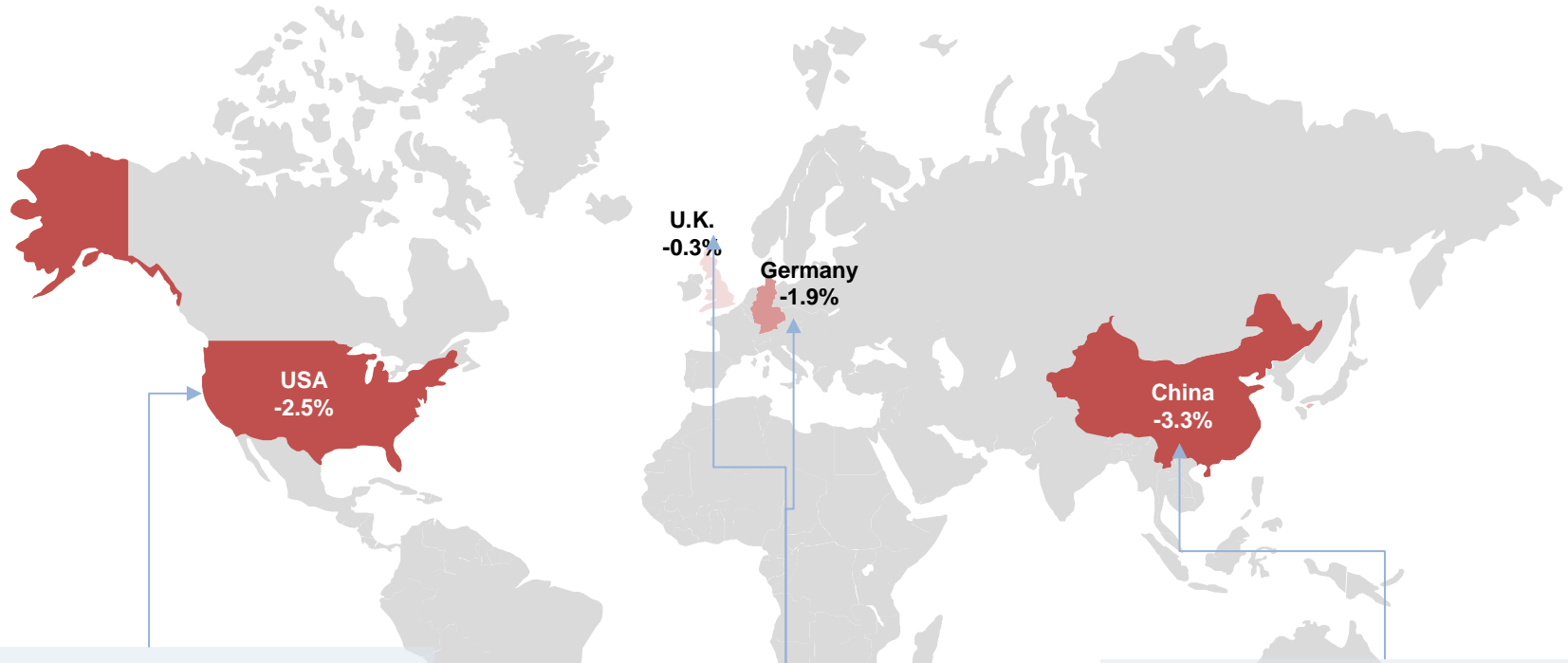
Real Assets

- Real assets were also mixed during the month as REITs rallied and MLPs fell. Steady interest rates and continued fundamental strength helped REITs.
- A ruling by the Federal Energy Regulatory Commission (FERC) affecting how certain MLPs are able to set rates led to indiscriminate selling within the asset class.
- Compared to other asset classes, commodities were relatively unchanged for the month. Stronger energy prices offset weakness in agriculture.



Global Highlights

March 2017



The final estimate of fourth quarter US GDP was reported at 2.9% by the Bureau of Economic Analysis. This was spurred by gains in consumer spending. Inflation remained at 1.8% just below the Federal Reserve's target of 2.0%

The Federal Reserve increased US interest rates during their March meeting to a range of 1.50% – 1.75%, an increase of 0.25% from the previous target range. There was no shift in the expected number of rate increases during 2018, which remains at three.

News from Germany that the SPD political party ratified a renewed coalition with Angela Merkel's CDU party (six months after the inconclusive general election) was welcomed by market participants, but not enough to overcome the broader equity pullback.

The BoE voted to leave interest rates unchanged at 0.5% after inflation eased to 2.7% from 3.0% last month.

China responded to steel and aluminum tariffs imposed by the U.S. (among threats for further tariffs) by placing taxes on 128 American-made products such as fruit, wine and pork. Tariffs were placed at 15% for most products while some garnered a 25% rate.

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

Financial Markets Performance

Total Returns as of March 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%	0.3%	1.0%	0.5%	0.3%	0.2%	0.3%	1.2%
Bloomberg Barclays US TIPS	1.1%	(0.8%)	(0.8%)	0.9%	1.3%	0.0%	2.5%	2.9%	4.2%
Bloomberg Barclays Municipal Bond (5 Year)	(0.0%)	(0.6%)	(0.6%)	0.6%	1.3%	1.5%	2.5%	3.3%	3.3%
Bloomberg Barclays HY Muni	1.5%	0.6%	0.6%	6.0%	4.6%	4.1%	7.0%	5.6%	6.3%
Bloomberg Barclays US Aggregate	0.6%	(1.5%)	(1.5%)	1.2%	1.2%	1.8%	2.9%	3.6%	3.9%
Bloomberg Barclays U.S. Corporate High Yield	(0.6%)	(0.9%)	(0.9%)	3.8%	5.2%	5.0%	6.3%	8.3%	8.4%
Bloomberg Barclays Global Aggregate ex-US Hedged	1.0%	0.9%	0.9%	3.4%	2.5%	3.7%	4.4%	4.2%	4.2%
Bloomberg Barclays Global Aggregate ex-US Unhedged	1.4%	3.6%	3.6%	11.7%	4.6%	1.2%	1.3%	1.8%	4.2%
Bloomberg Barclays U.S. Long Gov / Credit	1.7%	(3.6%)	(3.6%)	5.1%	2.1%	4.1%	6.9%	6.8%	6.4%
JPMorgan GBI-EM Global Diversified	1.0%	4.4%	4.4%	13.0%	5.4%	(0.7%)	1.1%	3.8%	7.6%
Global Equity Markets	1 MO	3 MO	YTD	1YR	3YR	5YR	7YR	10YR	15YR
S&P 500	(2.5%)	(0.8%)	(0.8%)	14.0%	10.8%	13.3%	12.7%	9.5%	10.1%
Dow Jones Industrial Average	(3.6%)	(2.0%)	(2.0%)	19.4%	13.5%	13.3%	12.9%	9.9%	10.4%
NASDAQ Composite	(2.8%)	2.6%	2.6%	20.8%	14.3%	18.1%	15.6%	13.2%	12.8%
Russell 3000	(2.0%)	(0.6%)	(0.6%)	13.8%	10.2%	13.0%	12.4%	9.6%	10.4%
Russell 1000	(2.3%)	(0.7%)	(0.7%)	14.0%	10.4%	13.2%	12.6%	9.6%	10.4%
Russell 1000 Growth	(2.7%)	1.4%	1.4%	21.3%	12.9%	15.5%	14.1%	11.3%	10.9%
Russell 1000 Value	(1.8%)	(2.8%)	(2.8%)	6.9%	7.9%	10.8%	11.0%	7.8%	9.7%
Russell Mid Cap	0.1%	(0.5%)	(0.5%)	12.2%	8.0%	12.1%	11.5%	10.2%	12.2%
Russell Mid Cap Growth	(0.2%)	2.2%	2.2%	19.7%	9.2%	13.3%	11.9%	10.6%	12.1%
Russell Mid Cap Value	0.2%	(2.5%)	(2.5%)	6.5%	7.2%	11.1%	11.2%	9.8%	12.1%
Russell 2000	1.3%	(0.1%)	(0.1%)	11.8%	8.4%	11.5%	10.4%	9.8%	11.5%
Russell 2000 Growth	1.3%	2.3%	2.3%	18.6%	8.8%	12.9%	11.3%	11.0%	12.0%
Russell 2000 Value	1.2%	(2.6%)	(2.6%)	5.1%	7.9%	10.0%	9.4%	8.6%	10.8%
MSCI ACWI	(2.1%)	(0.8%)	(0.8%)	15.4%	8.7%	9.8%	8.5%	6.1%	9.9%
MSCI ACWI ex. U.S.	(1.7%)	(1.1%)	(1.1%)	17.0%	6.7%	6.4%	4.7%	3.2%	9.7%
MSCI EAFE	(1.7%)	(1.4%)	(1.4%)	15.3%	6.0%	7.0%	5.8%	3.2%	9.1%
MSCI EAFE Growth	(1.1%)	(1.0%)	(1.0%)	17.9%	7.1%	7.5%	6.5%	3.8%	9.0%
MSCI EAFE Value	(2.3%)	(1.9%)	(1.9%)	12.8%	4.9%	6.4%	5.0%	2.6%	9.1%
MSCI EAFE Small Cap	(1.1%)	0.3%	0.3%	23.9%	12.6%	11.5%	9.1%	6.8%	12.9%
MSCI Emerging Markets	(1.8%)	1.5%	1.5%	25.4%	9.2%	5.4%	2.8%	3.4%	13.2%
Real Assets	1 MO	3 MO	YTD	1YR	3YR	5YR	7YR	10YR	15YR
FTSE NAREIT Equity REITs	3.8%	(8.2%)	(8.2%)	(4.5%)	1.1%	5.9%	8.2%	6.4%	10.2%
S&P Developed World Property ex-US	1.1%	(0.9%)	(0.9%)	15.5%	5.7%	5.6%	7.3%	4.0%	11.0%
S&P Developed World Property	2.3%	(4.4%)	(4.4%)	5.2%	3.2%	5.6%	7.5%	4.8%	10.4%
Bloomberg Commodity Total Return	(0.6%)	(0.4%)	(0.4%)	3.7%	(3.2%)	(8.3%)	(8.8%)	(7.7%)	(0.5%)
Alerian MLP	(6.9%)	(11.1%)	(11.1%)	(20.1%)	(11.2%)	(5.8%)	(0.0%)	5.6%	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.