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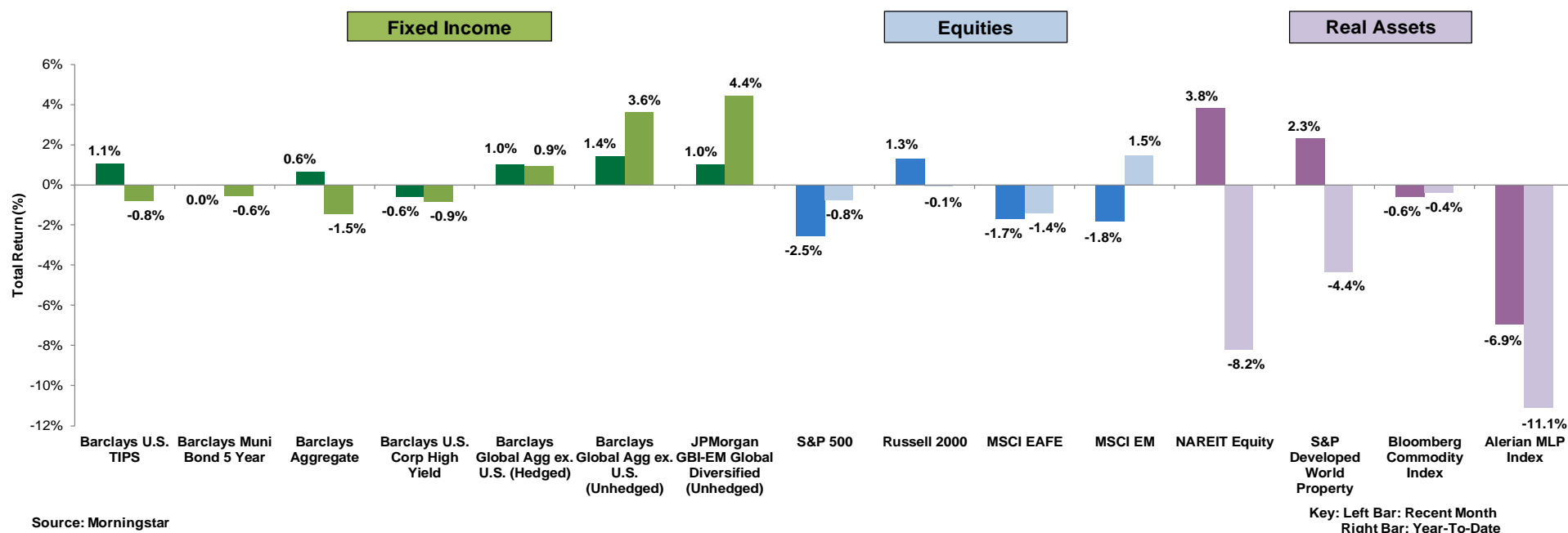
# Market Commentary

## March 2018

# 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

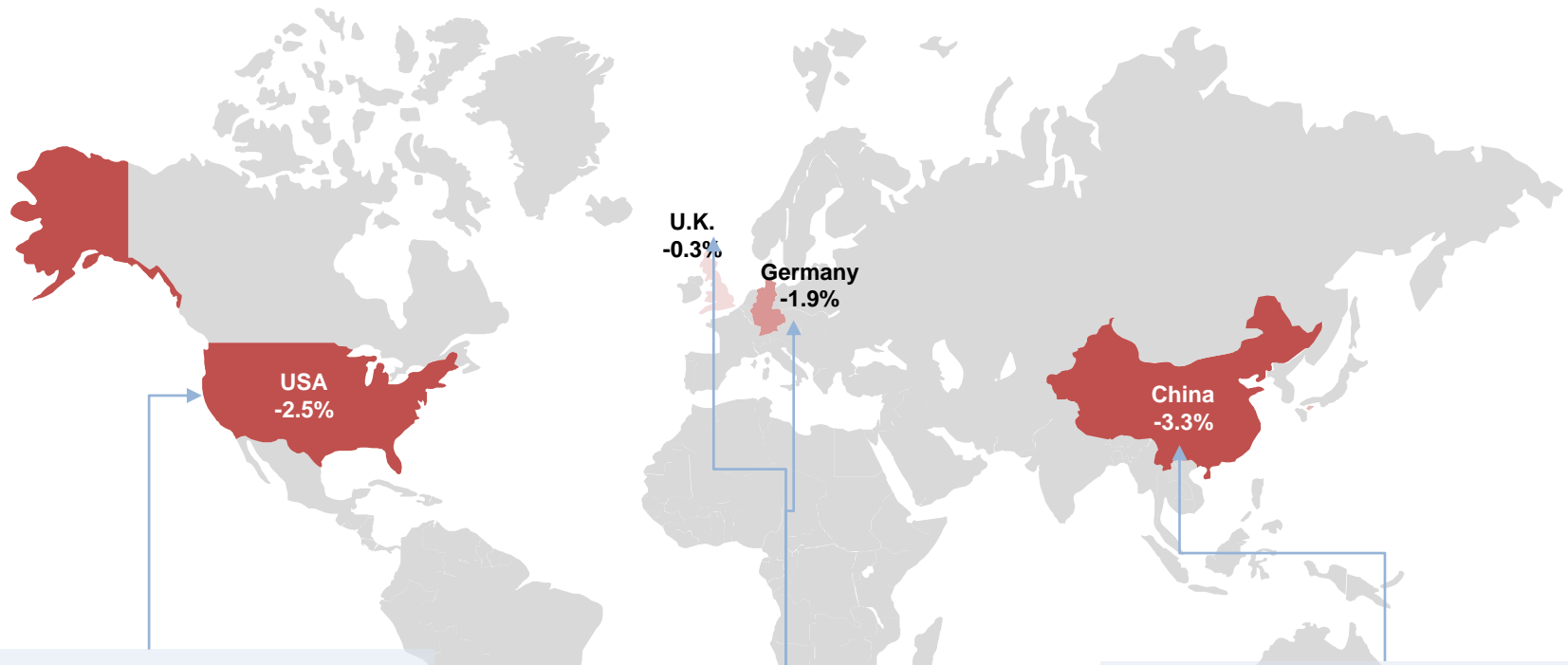
- Equity markets were mostly lower during the month of March. Headlines centered around trade policy and the follow on effects from tariffs. Large capitalization companies were negatively impacted while smaller companies performed well.
- Domestically, financials, technology, and materials all took a 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

<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%	0.3%	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%
<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	(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%
<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	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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