

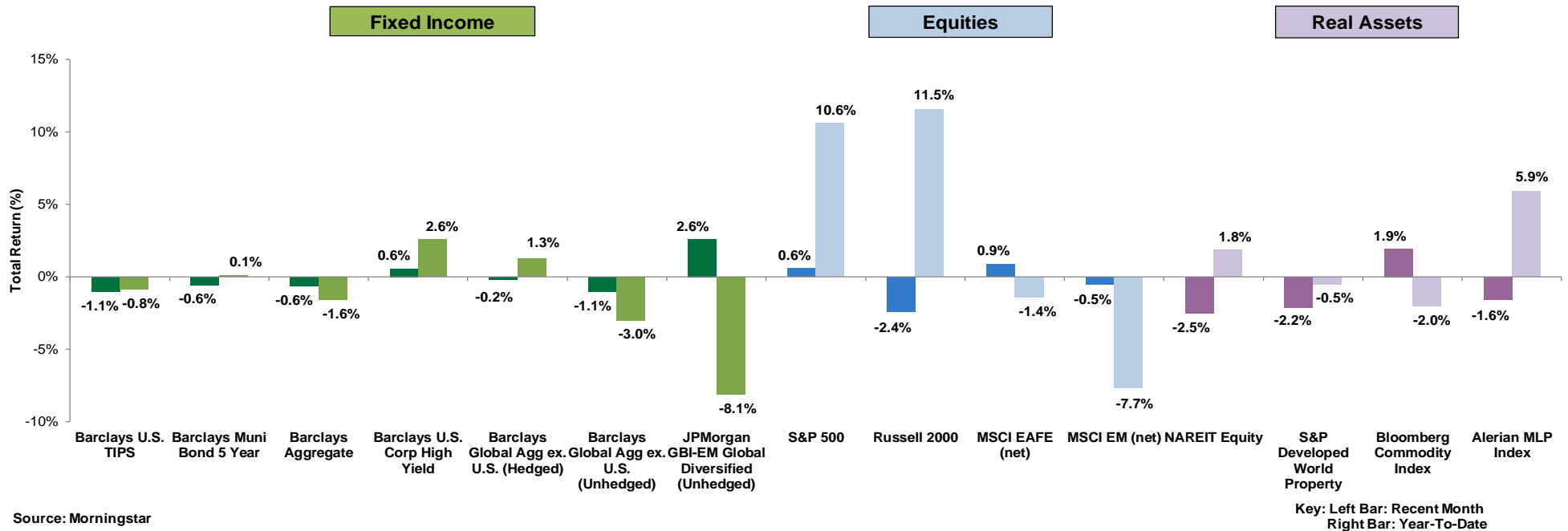
Welcome

Market Commentary September 2018

Global Markets Summary

September 2018

Asset Class Returns



Fixed Income

- The Federal Reserve announced a 25 bp rate hike during their September meeting, increasing the target range to 2.00% - 2.25%.
- Yields across the curve rose in parallel fashion with the 2-year widening by 19 bps and the 10-year widening by 20. IG and HY spreads both narrowed slightly.
- Emerging markets debt was the best performing bond sector as crisis concerns eased for troubled countries.

Equities

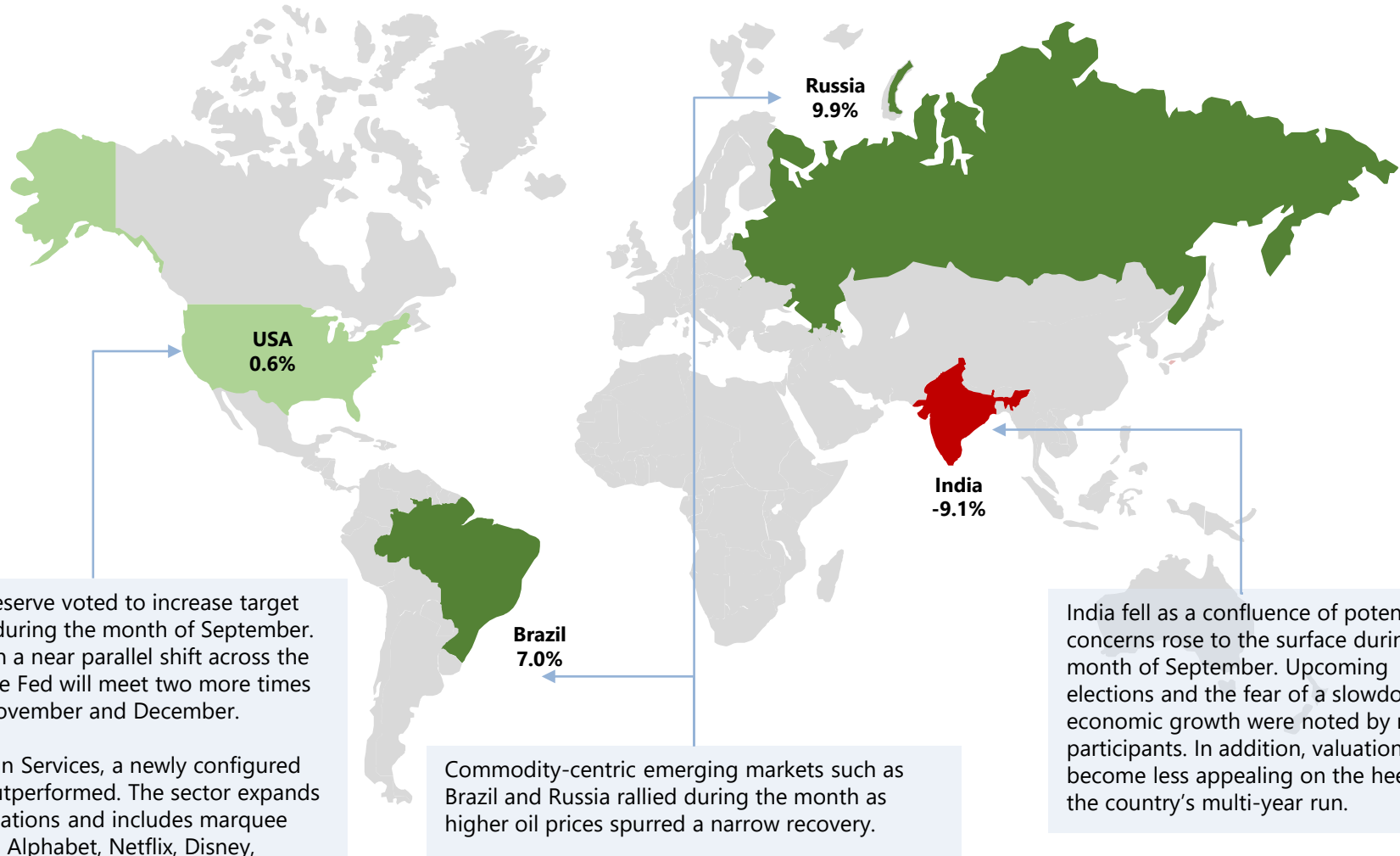
- Domestic equities finished the month mixed as large cap companies outperformed small caps.
- The Communication Services sector, a newly reconstructed version of Telecommunication was the best performing sector during the month.
- International developed markets saw consistent performance across many of the largest countries. Within emerging markets, commodity-centric economies outperformed.

Real Assets

- Energy, livestock and industrial metals led commodities higher during the month which was the best performing real asset.
- Higher yields hurt REITs, both domestically and internationally, during the month as fixed income became a more attractive alternative and borrowing costs increased.
- MLPs fell slightly, also appearing less attractive in a world of higher interest rates. They remained the best performing real asset year-to-date.

Global Highlights

September 2018



The Federal Reserve voted to increase target interest rates during the month of September. This resulted in a near parallel shift across the yield curve. The Fed will meet two more times in 2018 – in November and December.

Communication Services, a newly configured GICS sector outperformed. The sector expands Telecommunications and includes marquee names such as Alphabet, Netflix, Disney, Comcast and Facebook. The change won't create any sweeping fundamental differences, but sector allocations are likely to shift solely as a result of the new classifications.

Commodity-centric emerging markets such as Brazil and Russia rallied during the month as higher oil prices spurred a narrow recovery.

India fell as a confluence of potential concerns rose to the surface during the month of September. Upcoming elections and the fear of a slowdown in economic growth were noted by market participants. In addition, valuations have become less appealing on the heels of the country's multi-year run.

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

Financial Markets Performance

Total Returns as of September 30, 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	0.2%	0.5%	1.3%	1.5%	0.8%	0.5%	0.4%	0.3%	1.2%
Bloomberg Barclays US TIPS	(1.1%)	(0.8%)	(0.8%)	0.4%	2.0%	1.4%	1.3%	3.3%	3.9%
Bloomberg Barclays Municipal Bond (5 Year)	(0.6%)	(0.2%)	0.1%	(0.6%)	1.2%	1.9%	2.0%	3.4%	3.2%
Bloomberg Barclays HY Muni	(0.4%)	0.8%	4.4%	6.4%	6.3%	6.4%	6.3%	6.5%	5.9%
Bloomberg Barclays US Aggregate	(0.6%)	0.0%	(1.6%)	(1.2%)	1.3%	2.2%	2.0%	3.8%	3.8%
Bloomberg Barclays U.S. Corporate High Yield	0.6%	2.4%	2.6%	3.0%	8.1%	5.5%	7.6%	9.5%	7.7%
Bloomberg Barclays Global Aggregate ex-US Hedged	(0.2%)	(0.2%)	1.3%	2.4%	3.1%	3.8%	3.8%	4.2%	4.1%
Bloomberg Barclays Global Aggregate ex-US Unhedged	(1.1%)	(1.7%)	(3.0%)	(1.5%)	2.4%	(0.3%)	(0.1%)	2.2%	3.3%
Bloomberg Barclays U.S. Long Gov / Credit	(1.6%)	(0.5%)	(5.4%)	(2.7%)	3.4%	5.2%	3.9%	7.1%	5.9%
JPMorgan GBI-EM Global Diversified	2.6%	(1.8%)	(8.1%)	(7.4%)	5.2%	(1.7%)	(0.0%)	2.7%	6.0%
Global Equity Markets	1 MO	3 MO	YTD	1YR	3YR	5YR	7YR	10YR	15YR
S&P 500	0.6%	7.7%	10.6%	17.9%	17.3%	13.9%	16.9%	12.0%	9.7%
Dow Jones Industrial Average	2.0%	9.6%	8.8%	20.8%	20.5%	14.6%	16.4%	12.2%	10.0%
NASDAQ Composite	(0.7%)	7.4%	17.5%	25.2%	21.7%	17.7%	20.2%	15.7%	11.6%
Russell 3000	0.2%	7.1%	10.6%	17.6%	17.1%	13.5%	16.9%	12.0%	9.9%
Russell 1000	0.4%	7.4%	10.5%	17.8%	17.1%	13.7%	16.9%	12.1%	9.8%
Russell 1000 Growth	0.6%	9.2%	17.1%	26.3%	20.6%	16.6%	18.7%	14.3%	10.7%
Russell 1000 Value	0.2%	5.7%	3.9%	9.5%	13.6%	10.7%	15.0%	9.8%	8.9%
Russell Mid Cap	(0.6%)	5.0%	7.5%	14.0%	14.5%	11.7%	16.1%	12.3%	11.1%
Russell Mid Cap Growth	(0.4%)	7.6%	13.4%	21.1%	16.6%	13.0%	16.9%	13.5%	11.1%
Russell Mid Cap Value	(0.8%)	3.3%	3.1%	8.8%	13.1%	10.7%	15.5%	11.3%	10.8%
Russell 2000	(2.4%)	3.6%	11.5%	15.2%	17.1%	11.1%	16.4%	11.1%	10.1%
Russell 2000 Growth	(2.3%)	5.5%	15.8%	21.1%	18.0%	12.1%	17.5%	12.7%	10.6%
Russell 2000 Value	(2.5%)	1.6%	7.1%	9.3%	16.1%	9.9%	15.3%	9.5%	9.5%
MSCI ACWI (net)	0.4%	4.3%	3.8%	9.8%	13.4%	8.7%	11.6%	8.2%	8.1%
MSCI ACWI ex. U.S. (net)	0.5%	0.7%	(3.1%)	1.8%	10.0%	4.1%	7.2%	5.2%	7.2%
MSCI EAFE (net)	0.9%	1.4%	(1.4%)	2.7%	9.2%	4.4%	8.3%	5.4%	6.8%
MSCI EAFE Growth (net)	(0.2%)	1.5%	0.6%	5.8%	10.3%	5.6%	9.3%	6.2%	7.2%
MSCI EAFE Value (net)	2.1%	1.2%	(3.5%)	(0.4%)	8.1%	3.1%	7.3%	4.5%	6.3%
MSCI EAFE Small Cap (net)	(0.7%)	(0.9%)	(2.2%)	3.7%	12.4%	8.0%	11.5%	9.7%	9.5%
MSCI Emerging Markets (net)	(0.5%)	(1.1%)	(7.7%)	(0.8%)	12.4%	3.6%	5.0%	5.4%	9.7%
Real Assets	1 MO	3 MO	YTD	1YR	3YR	5YR	7YR	10YR	15YR
FTSE NAREIT Equity REITs	(2.5%)	0.8%	1.8%	3.3%	7.6%	9.2%	11.7%	7.4%	9.4%
S&P Developed World Property ex-US	(1.6%)	(2.1%)	(3.5%)	2.8%	7.5%	4.6%	9.4%	7.3%	8.7%
S&P Developed World Property	(2.2%)	(0.6%)	(0.5%)	3.4%	7.5%	6.6%	10.5%	7.4%	8.8%
Bloomberg Commodity Total Return	1.9%	(2.0%)	(2.0%)	2.6%	(0.1%)	(7.2%)	(6.5%)	(6.2%)	(1.1%)
Alerian MLP	(1.6%)	6.6%	5.9%	4.9%	4.4%	(2.7%)	3.7%	9.2%	9.2%

Source: Morningstar

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