

Market Facts and Figures from Q1 2018

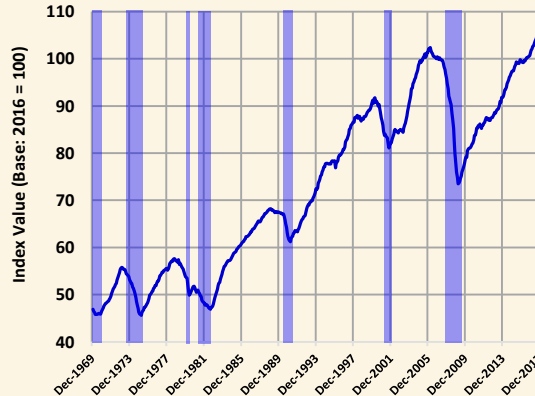
Small Caps and Growth stocks outperformed to start the year.

2018 1Q US Returns (Russell Indices)

	Value	Core	Growth
Large	-2.8%	-0.7%	1.4%
Mid	-2.5%	-0.5%	2.2%
Small	-2.6%	-0.1%	2.3%

US leading indicators continue to look strong (periods of recession are shaded blue).

CB Leading Indicator Index: 1970 - Mar 2018



Best and Worst Markets

Developed Markets

Top 3	2018 1Q	Bottom 3	2018 1Q
Finland	8.21%	Ireland	-5.87%
Italy	5.35%	Australia	-6.15%
Portugal	3.09%	Canada	-7.35%

Emerging Markets

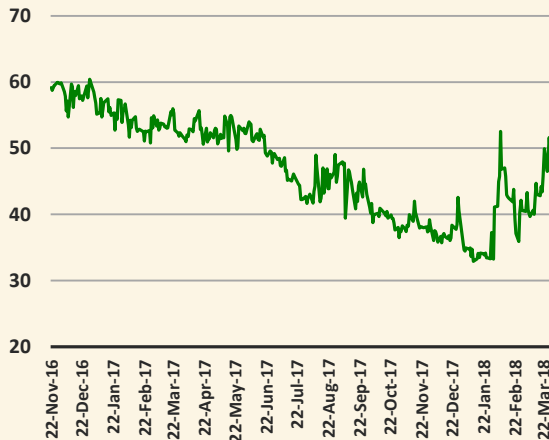
Top 3	2018 1Q	Bottom 3	2018 1Q
Brazil	12.36%	Indonesia	-7.18%
Pakistan	11.44%	Poland	-8.18%
Egypt	11.10%	Philippines	-11.57%

Frontier Markets

Top 3	2018 1Q	Bottom 3	2018 1Q
Tunisia	30.27%	Argentina	-5.63%
Kenya	22.16%	Estonia	-6.21%
Romania	20.56%	Mauritius	-25.65%

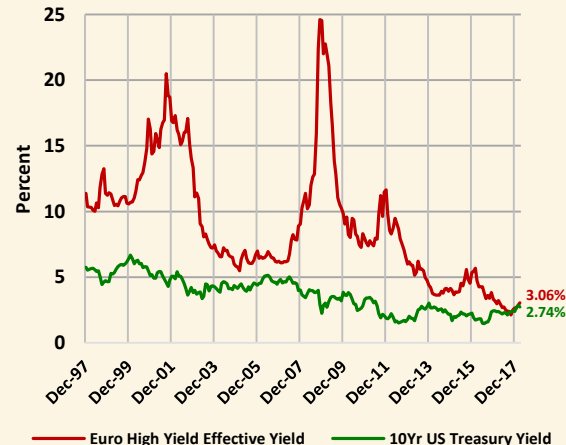
The implied correlation between stocks has begun to rise again after declining throughout 2017.

CBOE S&P 500 Implied Correlation
Nov 2016 – Mar 2018



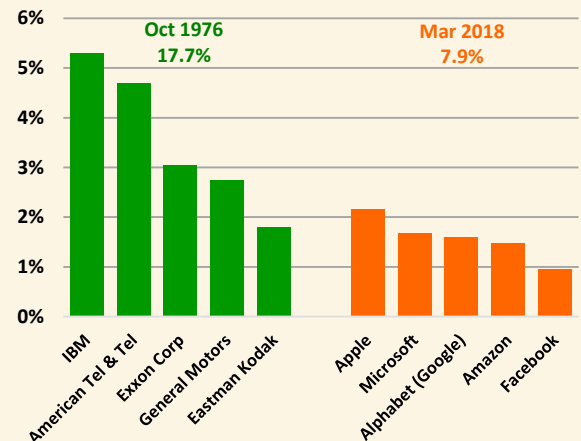
The 10-year US Treasury bond now offers almost the same yield as European High Yield credits.

US Treasury Yield vs European High Yield



The world's five largest stocks represent a much smaller share of the market today than in the 1970s.

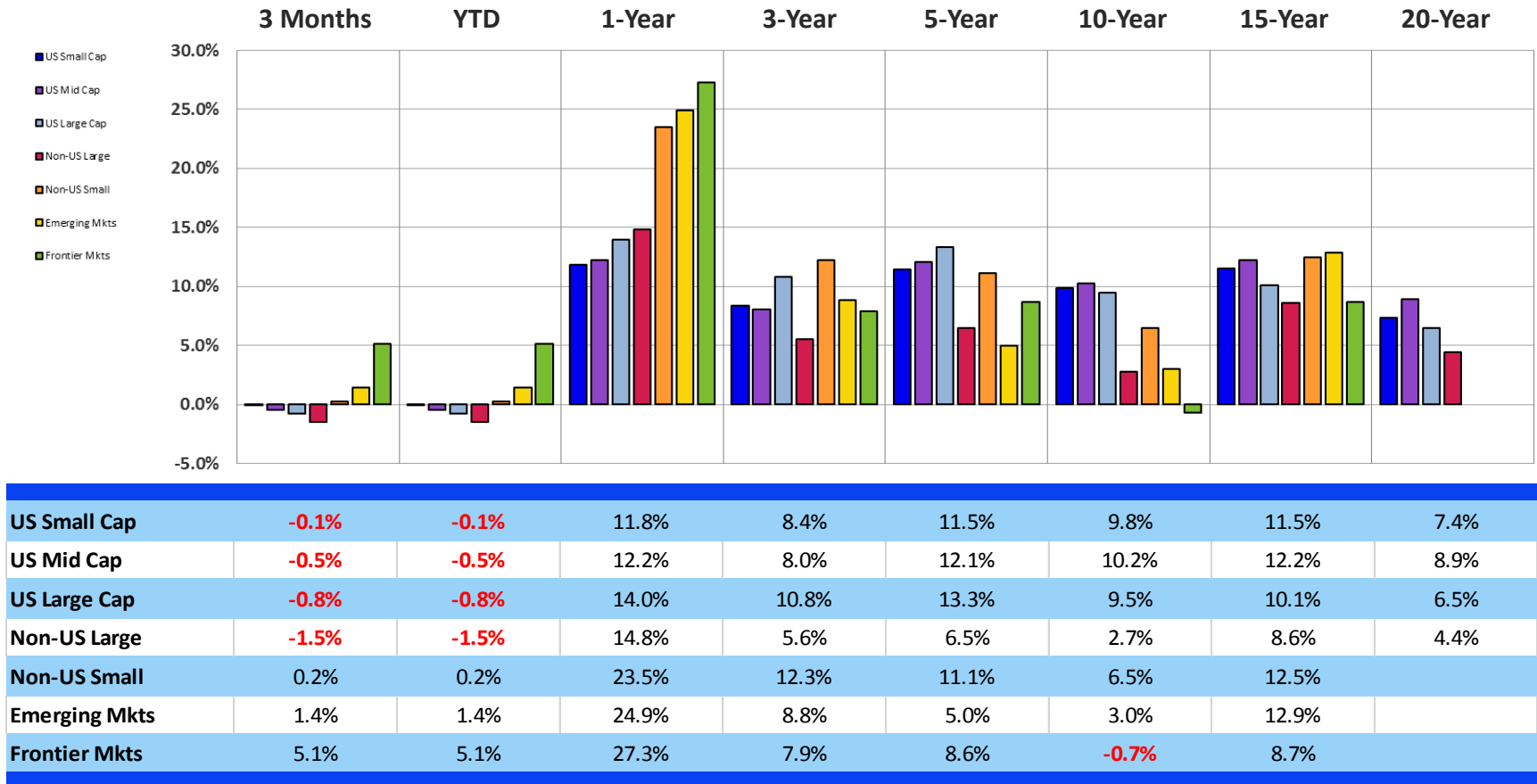
Weight of Top 5 Stocks In MSCI World Index



Sources: Morningstar Advisor Workstation, research.stlouisfed.org, www.CBOE.com, www.MSCI.com

World Equity Performance

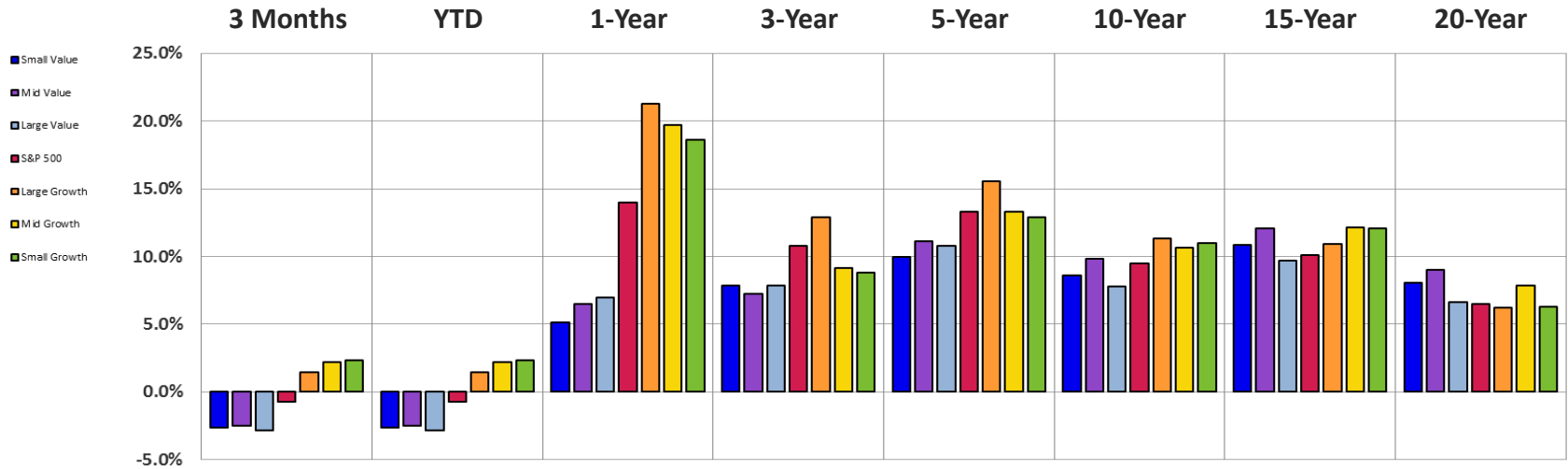
Quarter Ending March 31, 2018



“Synchronized global growth” is a common refrain in current discussions of the investment markets. At the end of 2017, no major economy was in contraction for the first time since 2007. Emerging and Frontier Markets stocks continued their strong run to kick off 2018. Over the trailing 12 months, Emerging (+24.9%) and Frontier (+27.3%) are well ahead of US and Non-US large cap stocks (+14% and +14.8%, respectively).

U.S. Equity Style Performance

Quarter Ending March 31, 2018

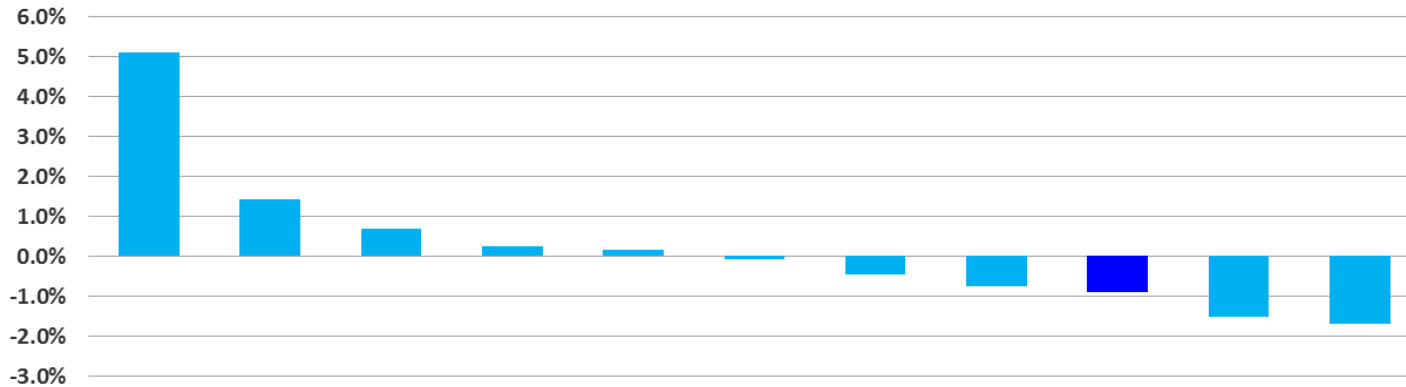


	3 Months	YTD	1-Year	3-Year	5-Year	10-Year	15-Year	20-Year
Small Value	-2.6%	-2.6%	5.1%	7.9%	10.0%	8.6%	10.8%	8.0%
Mid Value	-2.5%	-2.5%	6.5%	7.2%	11.1%	9.8%	12.1%	9.0%
Large Value	-2.8%	-2.8%	6.9%	7.9%	10.8%	7.8%	9.7%	6.6%
S&P 500	-0.8%	-0.8%	14.0%	10.8%	13.3%	9.5%	10.1%	6.5%
Large Growth	1.4%	1.4%	21.3%	12.9%	15.5%	11.3%	10.9%	6.2%
Mid Growth	2.2%	2.2%	19.7%	9.2%	13.3%	10.6%	12.1%	7.8%
Small Growth	2.3%	2.3%	18.6%	8.8%	12.9%	11.0%	12.0%	6.2%

In the US, growth stocks are holding on to their run of dominance as we progress into the new year. This is particularly true among large cap stocks, where on a trailing 3-year basis large growth has outperformed large value by a full 5% annualized. For Q1, smaller stocks also led their larger counterparts.

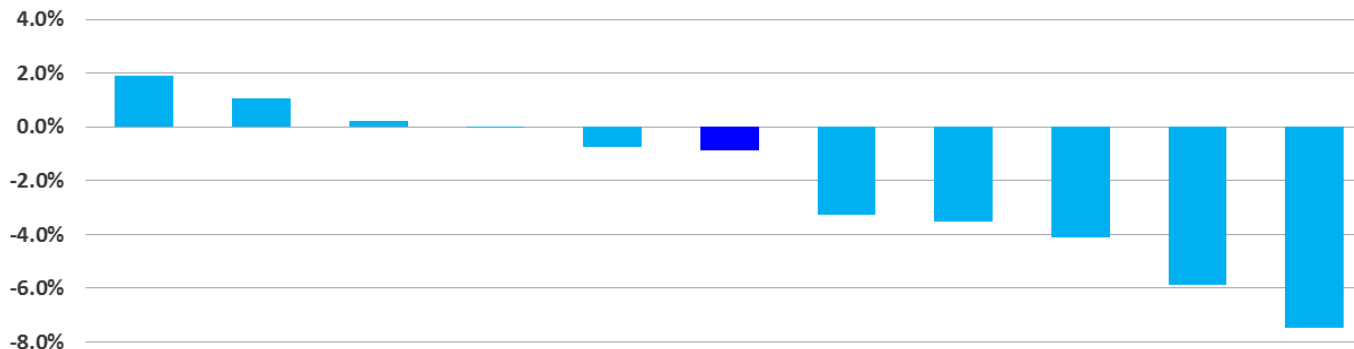
Equity Performance Breakdown

2018 1Q World Index Returns



Emerging Markets, Frontier Markets and Small Cap stocks were positive in Q1, while Large and Mid Cap stocks in the developed world were down. The positive result in the Frontier Markets was driven by strong returns in Vietnam (+17.6%), Romania (+20.6%) and Kenya (+22.2%).

2018 1Q Country Returns for the MSCI ACWI IMI

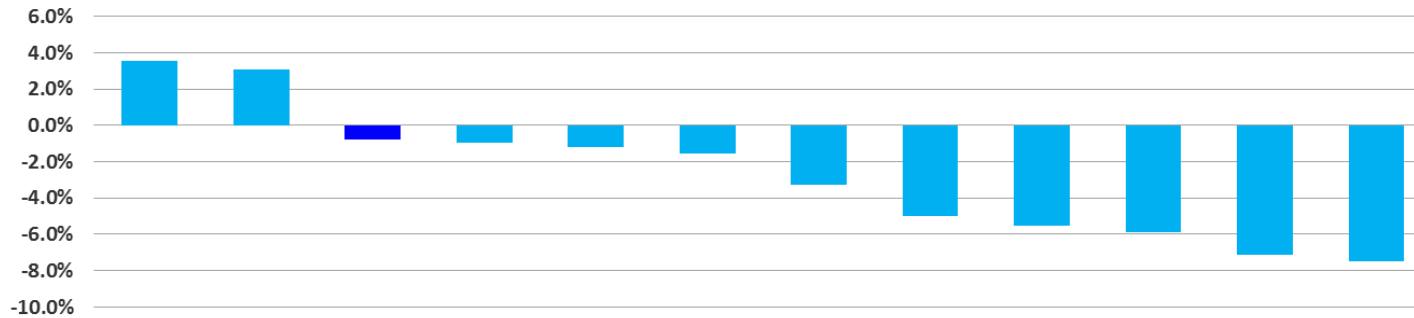


China and Japan led the way in the first quarter, up 1.9% and 1.1% respectively. GDP growth in China is expected to slow down in 2018 as the country continues to transition to a more consumer-driven economy, however their forecasted 6.5% growth rate is still much higher than developed markets can reasonably expect. The larger European stock markets were mostly negative for the quarter, with the exception of France where stocks managed to finish just barely positive.

	China	Japan	France	South Korea	U.S.	MSCI ACWI IMI Index	Germany	United Kingdom	Switzerland	Australia	Canada
2018 1Q Return	1.9%	1.1%	0.2%	0.0%	-0.7%	-0.9%	-3.3%	-3.5%	-4.1%	-5.9%	-7.5%
Weight in ACWI	3.5%	8.5%	3.3%	1.9%	51.7%	-	3.0%	5.8%	2.4%	2.2%	3.0%

Equity Performance Breakdown

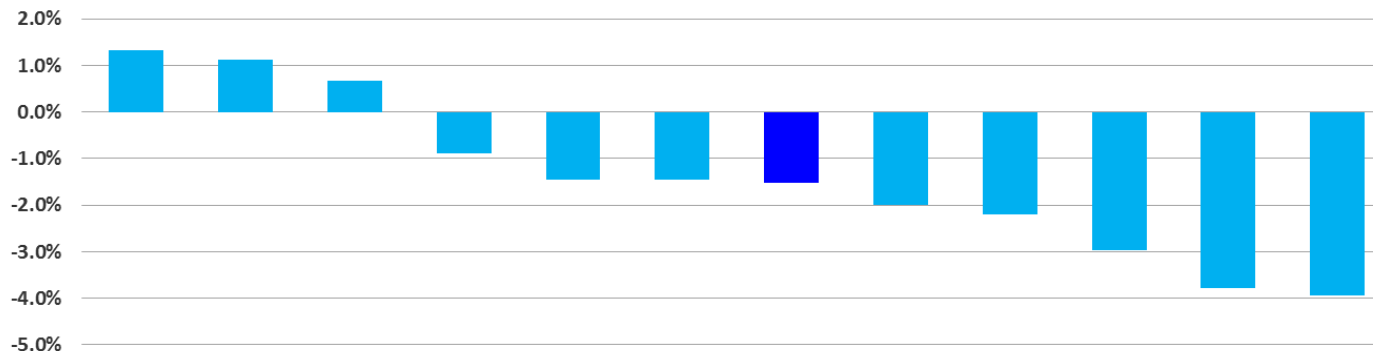
2018 1Q Sector Returns for the S&P 500



Nine out of 11 sectors in the S&P 500 finished down for the quarter. The recent tax cut bill helped drive US stocks higher in January, but as the quarter wound to a close an escalating trade war between the US and China and fears of rising inflation weighed on the market. Technology (+3.5%) and Consumer Discretionary (+3.1%) were the lone positive sectors.

	Technology	Consumer Discretionary	S&P 500 Index	Financials	Health Care	Industrials	Utilities	Real Estate	Materials	Energy	Consumer Staples	Telecomm
2018 1Q Return	3.5%	3.1%	-0.8%	-1.0%	-1.2%	-1.6%	-3.3%	-5.0%	-5.5%	-5.9%	-7.1%	-7.5%
Weight in S&P	24.9%	12.7%	-	14.7%	13.7%	10.2%	2.9%	2.8%	2.9%	5.7%	7.7%	1.9%

2018 1Q Sector Returns for the MSCI EAFE



For non-US developed markets, eight out of 11 sectors were negative in Q1. Financials (-2.2%) and Consumer Staples (-3.0%) were the weakest performers among the larger sectors in the EAFE index. With the UK looking more likely to increase interest rates in the near future and the possibility that the European Central Bank could do likewise, investors are keeping a close eye on monetary policy moves across the Atlantic.

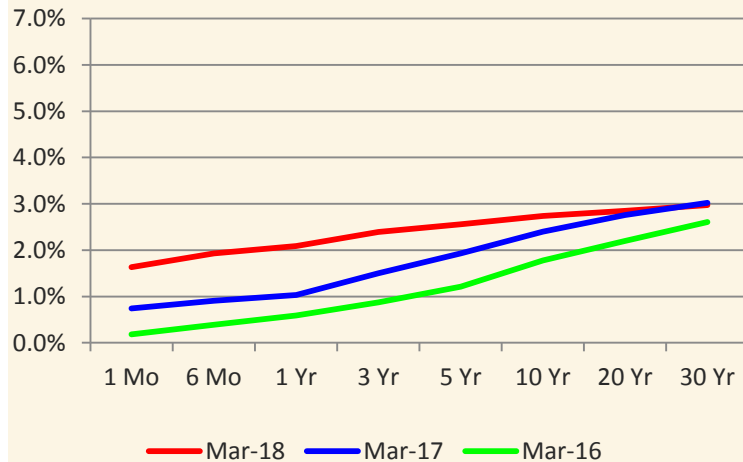
	Utilities	Technology	Consumer Discretionary	Health Care	Real Estate	Industrials	MSCI EAFE Index	Energy	Financials	Consumer Staples	Materials	Telecomm
2018 1Q Return	1.3%	1.1%	0.7%	-0.9%	-1.5%	-1.5%	-1.5%	-2.0%	-2.2%	-3.0%	-3.8%	-3.9%
Weight in EAFE	3.3%	6.6%	12.6%	10.2%	3.5%	14.6%	-	5.3%	21.1%	11.1%	8.0%	3.8%

Fixed Income Performance

Fixed Income Rates of Return		2018 1Q	YTD	1 Year	3 Year	5 Year	10 Year
Broad Market Indices	BBgBarc US Aggregate TR	-1.46%	-1.46%	1.20%	1.20%	1.82%	3.63%
	BBgBarc US Govt/Credit TR	-1.58%	-1.58%	1.38%	1.22%	1.84%	3.65%
Intermediate Indices	BBgBarc US Int Agg TR	-1.05%	-1.05%	0.51%	1.02%	1.45%	3.18%
	BBgBarc US Govt/Credit Int TR	-0.98%	-0.98%	0.35%	0.94%	1.25%	2.92%
Government Only Indices	Citi 3 Month Treasury	0.35%	0.35%	1.07%	0.49%	0.31%	0.31%
	BBgBarc US Govt 1-3 Yr TR	-0.15%	-0.15%	0.02%	0.40%	0.53%	1.22%
	BBgBarc US Govt Int TR	-0.73%	-0.73%	-0.14%	0.46%	0.75%	2.21%
	BBgBarc US TIPS TR	-0.79%	-0.79%	0.92%	1.30%	0.05%	2.93%
	BBgBarc US Govt Long TR	-3.22%	-3.22%	3.53%	0.45%	3.28%	5.75%
Municipal Indices	BBgBarc US Municipal TR	-1.11%	-1.11%	2.66%	2.25%	2.73%	4.40%
	BBgBarc US Municipal 1 Yr TR	0.38%	0.38%	0.61%	0.66%	0.66%	1.34%
	BBgBarc US Municipal 10 Yr TR	-1.61%	-1.61%	2.31%	2.14%	2.72%	4.66%
	BBgBarc US Municipal 20 Yr TR	-1.52%	-1.52%	4.28%	3.05%	3.62%	5.49%
Mortgage Backed Indices	BBgBarc US MBS TR	-1.19%	-1.19%	0.77%	1.12%	1.80%	3.46%
Corporate Bond Indices	BBgBarc US Credit TR	-2.13%	-2.13%	2.59%	2.16%	2.83%	5.15%
	BBgBarc US High Yield TR	-0.86%	-0.86%	3.78%	5.17%	4.99%	8.27%
World Bond Indices	Citi World Government Bond	2.50%	2.50%	8.49%	3.45%	1.18%	1.97%
	BBgBarc EM USD Sovereign TR	-1.84%	-1.84%	3.33%	5.14%	4.06%	6.89%

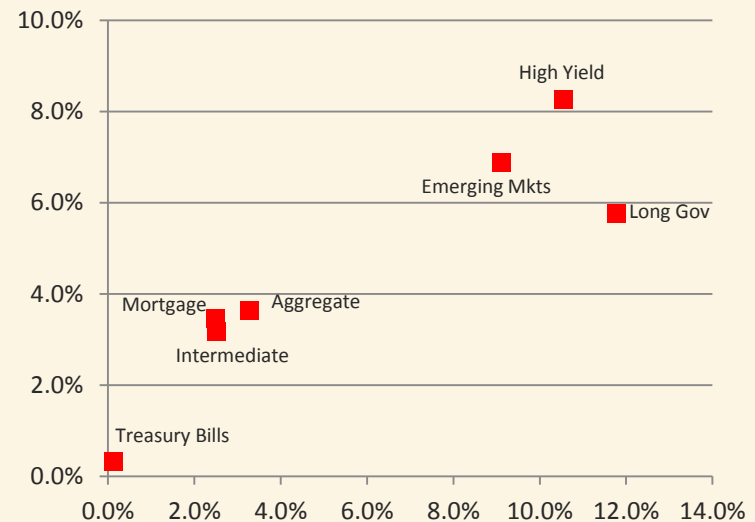
Source: Morningstar Advisor Workstation

United States Yield Curve



Source: United States Federal

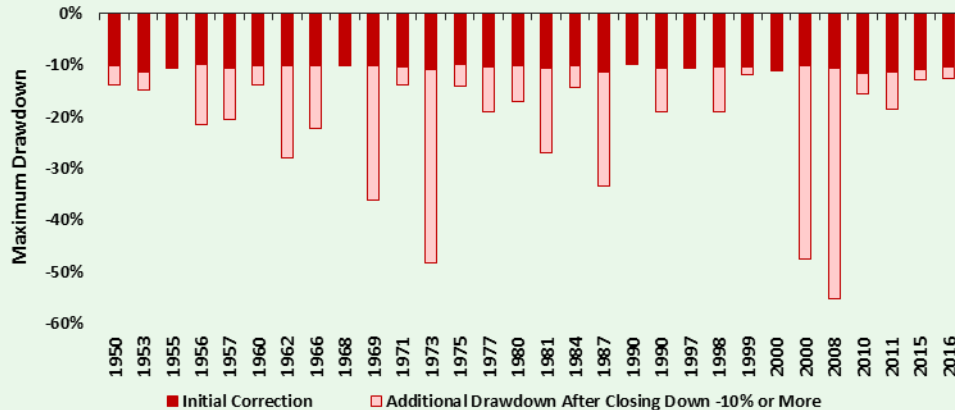
10 Yr Risk vs Return - Selected Indices



MARKET MICROSCOPE – What Happens After A Market Correction?

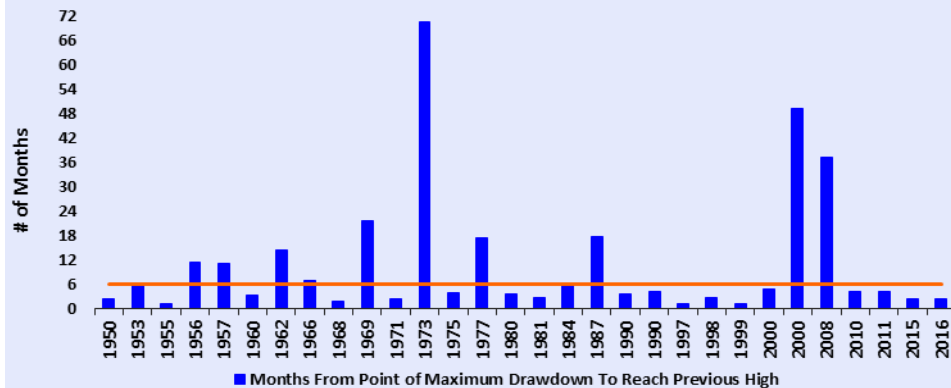
A market “correction” is defined as a decline of -10%. The S&P 500 experienced 30 distinct corrections from 1950-2017. \$1,000 invested at the start of 1950 was worth \$1,515,051 at year end 2017 (an 11.37% annualized return).

How Much Farther Did The Market Fall After The First -10%?



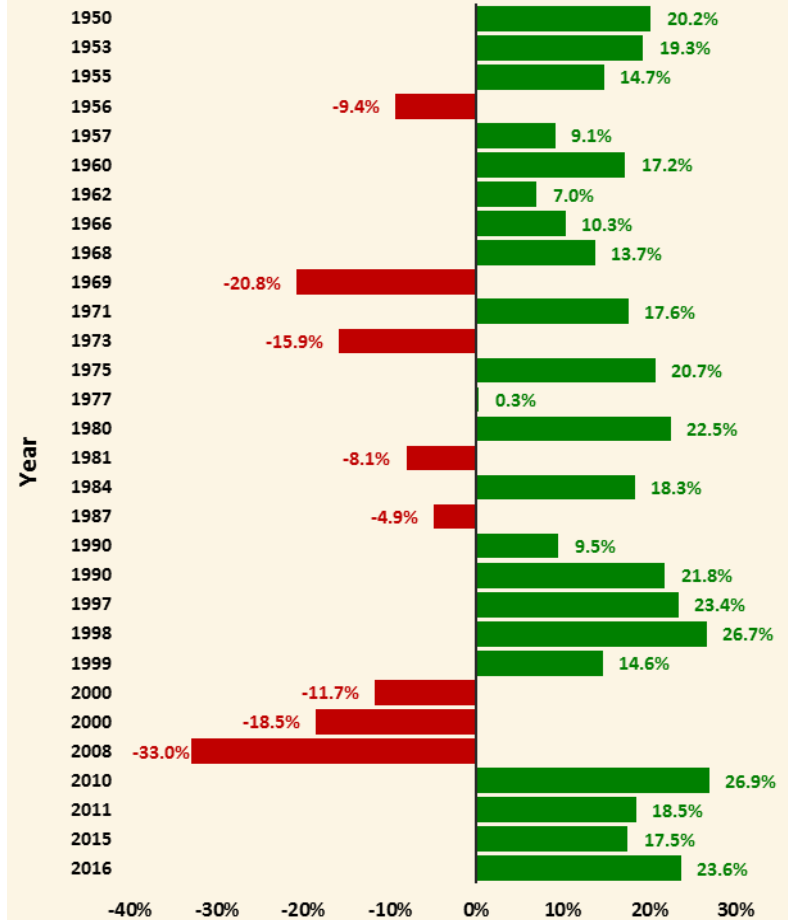
The additional drawdown after the initial -10% correction was in the single digits 20 times out of 30. On 5 occasions there was no additional drawdown at all.

How Fast Did The Market Rebound?



The S&P 500 moved back to the previous high **in 6 months or less** 20 out of 30 times. An investor scared away from the market could easily miss the rebound.

S&P 500 12-Month Return After A Correction



Starting from the date the index first reached -10%, the S&P 500 had a positive return over the following 12-month period 22 times out of 30, and was up double-digits 18 times.