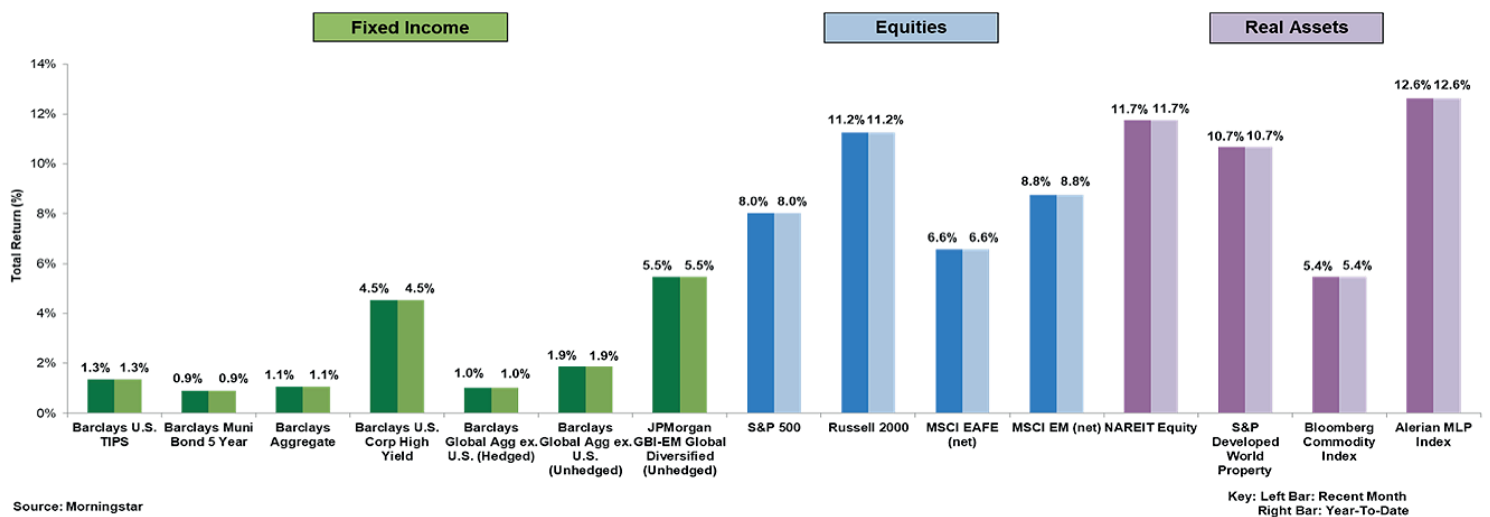


THE POWER OF BEING UNDERSTOOD

JANUARY 2019 MARKET COMMENTARY

Asset Class Returns



Fixed income

- The 10-year U.S. Treasury yield ended flat for the month as investors closely watched developments in the partial government shutdown and U.S.-China trade relations.
- All fixed income sectors moved higher as spreads compressed along with falling benchmark yields.
- Emerging markets debt was the best performing fixed income sector with strong returns for both sovereign and corporate assets.

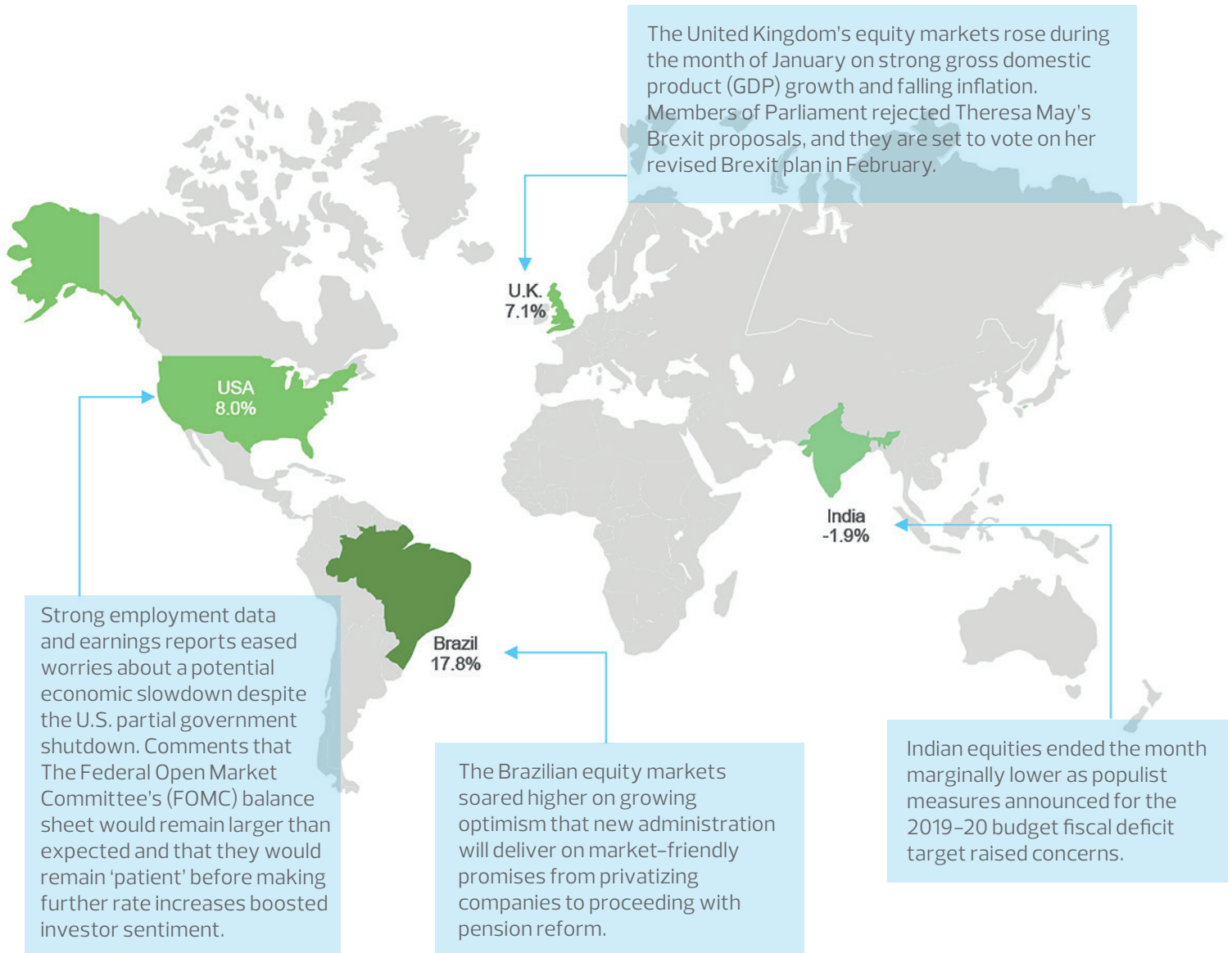
Equities

- U.S. equities started the year off positive on strong economic data, positive developments related to trade, and a temporary re-opening of the government.
- Growth broadly outperformed value during the month. Communication services, consumer discretionary, energy, financials, Industrials, and real estate outperformed the broader index.
- Developed international equities rallied but their advance was muted by weak regional data, an Italian recession, and ongoing Brexit uncertainty.

Real assets

- Real estate investment trusts (REITs) benefitted from attractive valuations, falling rates, and the "risk-on" sentiment across markets.
- Commodities were higher driven by an increase in energy prices and industrial metals, but were subdued by a decrease in livestock.
- Master limited partnerships (MLPs) were the best performing asset class in January as tailwinds from higher oil prices boosted returns.

# GLOBAL HIGHLIGHTS



## FINANCIAL MARKETS PERFORMANCE

Total Returns as of Jan. 31, 2019

Periods greater than one year are annualized

All returns are in U.S. dollar terms

Global fixed income markets	1MO	3MO	YTD	1YR	3YR	5YR	7YR	10YR	15YR
Bloomberg Barclays 1-3-Month T-Bill	0.2%	0.6%	0.2%	1.9%	10%	0.6%	0.5%	0.4%	1.3%
Bloomberg Barclays US TIPS	1.3%	2.4%	1.3%	0.9%	2.1%	1.6%	0.7%	3.6%	3.8%
Bloomberg Barclays Municipal Bond (5 Year)	0.9%	2.7%	0.9%	2.8%	14%	2.0%	2.0%	2.9%	3.3%
Bloomberg Barclays HY Muni	0.7%	2.2%	0.7%	6.5%	5.8%	6.0%	5.8%	8.6%	5.5%
Bloomberg Barclays US Aggregate	1.1%	3.5%	1.1%	2.3%	2.0%	2.4%	2.1%	3.7%	3.9%
Bloomberg Barclays U.S. Corporate High Yield	4.5%	1.4%	4.5%	1.7%	9.4%	4.6%	6.2%	11.0%	7.2%
Bloomberg Barclays Global Aggregate ex-US Hedged	1.0%	2.6%	1.0%	4.6%	3.3%	4.0%	4.0%	4.2%	4.3%
Bloomberg Barclays Global Aggregate ex-US Unhedged	1.9%	4.2%	1.9%	(3.3%)	3.6%	0.2%	0.1%	2.4%	3.0%
Bloomberg Barclays U.S. Long Gov / Credit	2.2%	6.6%	2.2%	(0.5%)	4.1%	5.0%	3.8%	6.8%	6.1%
JPMorgan GBI-EM Global Diversified	5.5%	9.8%	5.5%	(5.3%)	7.7%	1.1%	(0.1%)	4.6%	6.3%

Global equity markets	1MO	3MO	YTD	1YR	3YR	5YR	7YR	10YR	15YR
S&P 500	8.0%	0.3%	8.0%	(2.3%)	14.0%	11.0%	13.2%	15.0%	8.2%
Dow Jones Industrial Average	7.3%	0.1%	7.3%	(2.2%)	17.8%	12.4%	13.0%	15.0%	8.7%
NASDAQ Composite	9.8%	(0.0%)	9.8%	(0.7%)	17.8%	13.5%	15.9%	18.6%	9.8%
Russell 3000	8.6%	0.4%	8.6%	(2.3%)	14.2%	10.4%	13.0%	15.1%	8.3%
Russell 1000	8.4%	0.5%	8.4%	(2.2%)	14.1%	10.7%	13.2%	15.2%	8.4%
Russell 1000 Growth	9.0%	0.7%	9.0%	0.2%	16.6%	13.0%	14.6%	16.9%	9.2%
Russell 1000 Value	7.8%	0.3%	7.8%	(4.8%)	11.6%	8.3%	11.6%	13.4%	7.4%
Russell Mid Cap	10.8%	2.3%	10.8%	(2.9%)	13.3%	8.9%	12.2%	16.1%	9.4%
Russell Mid Cap Growth	11.5%	4.0%	11.5%	0.5%	15.6%	10.3%	12.9%	16.9%	9.5%
Russell Mid Cap Value	10.3%	1.1%	10.3%	(5.4%)	11.7%	7.9%	11.7%	15.4%	9.1%
Russell 2000	11.2%	(0.4%)	11.2%	(3.5%)	14.7%	7.3%	11.0%	14.5%	8.0%
Russell 2000 Growth	11.5%	0.1%	11.5%	(2.6%)	15.6%	7.8%	11.8%	15.7%	8.4%
Russell 2000 Value	10.9%	(0.9%)	10.9%	(4.5%)	13.8%	6.6%	10.2%	13.3%	7.4%
MSCI ACWI (net)	7.9%	1.8%	7.9%	(7.5%)	11.6%	6.7%	8.7%	11.3%	6.6%
MSCI ACWI ex. U.S. (net)	7.6%	3.7%	7.6%	(12.6%)	9.6%	3.1%	5.0%	8.3%	5.6%
MSCI EAFE (net)	6.6%	1.3%	6.6%	(12.5%)	7.7%	2.7%	5.9%	8.1%	5.1%
MSCI EAFE Growth (net)	—	—	—	—	—	—	—	—	—
MSCI EAFE Value (net)	6.7%	0.9%	6.7%	(13.7%)	8.1%	1.4%	5.2%	7.4%	4.6%
MSCI EAFE Small Cap (net)	8.1%	0.4%	8.1%	(15.6%)	9.4%	5.0%	8.8%	12.1%	7.5%
MSCI Emerging Markets (net)	8.8%	10.2%	8.8%	(14.2%)	14.9%	4.8%	2.9%	9.7%	8.3%

Real assets	1MO	3MO	YTD	1YR	3YR	5YR	7YR	10YR	15YR
FTSE NAREIT Equity REITs	11.7%	7.4%	11.7%	11.2%	8.0%	9.4%	9.2%	15.5%	8.7%
S&P Developed World Property ex-US	9.6%	10.2%	9.6%	(3.2%)	10.1%	6.3%	8.8%	12.0%	7.6%
S&P Developed World Property	10.7%	8.9%	10.7%	4.0%	9.1%	7.7%	9.0%	13.5%	8.0%
Bloomberg Commodity Total Return	5.4%	(2.4%)	5.4%	(8.2%)	2.7%	(7.9%)	(7.5%)	(2.7%)	(2.2%)
Alerian MLP	12.6%	1.2%	12.6%	(6.7%)	7.1%	(5.2%)	0.2%	9.3%	8.0%

Source: Morningstar

## INDEX DEFINITIONS

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 3 Month T-Bill

**TIPS** – Bloomberg Barclays U.S. Treasury TIPS

**Municipals** – Barclays Municipal Bond 5-Year

**Aggregate Bond** – Bloomberg Barclays U.S. Aggregate Bond Index

**High Yield Bond** – Bloomberg Barclays U.S. Corporate High-Yield

**Foreign Bond** – Bloomberg Barclays Global Aggregate Bond

**Emerging Markets Debt** – JP Morgan Government Bond Index (GBI) Emerging Markets Global Diversified (USD unhedged)

**Large Cap Blend** – S&P 500

**Large Growth** – Russell 1000 Growth

**Large Value** – Russell 1000 Value

**Small Cap Blend** – Russell 2000

**Small Cap Value** – Russell 2000 Value

**Small Cap Growth** – Russell 2000 Growth.

**International Equities** – MSCI EAFE

**Emerging Markets Equities** – MSCI Emerging Markets

**Domestic Real Estate Investment Trusts (REITs)** – NAREIT Equity Index

**Global Real Estate Investment Trusts (REITs)** – S&P Developed World Property

**Commodities** – Bloomberg Commodity

**Master Limited Partnerships (MLPs)** – Alerian MLP

**HFRI Direct Fund Composite** – The HFRI Fund Weighted Composite Index

**Hedge Funds** – HFRI Direct Fund Composite – The HFRI Fund Weighted Composite Index

**Balanced** – 5% Bloomberg Barclays US Treasury, TIPS, 10% Bloomberg Barclays US Aggregate Bond, 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, 16% S&P 500, 5% Russell 2000, 12% MSCI EAFE, 7% MSCI Emerging Markets, 5% FTSE NAREIT Equity REITs, 5% Bloomberg Commodity Index, 5% Alerian MLP, 10% HFRI Fund of Funds Composite Index.

Information obtained from various sources that are believed, but not guaranteed to be correct.

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