

| Market Indices ¹ | October | Year-to-Date |
|------------------------------------|---------|--------------|
| S&P 500 | 2.33% | 16.91% |
| Russell 3000 | 2.18% | 16.40% |
| MSCI EAFE | 1.52% | 21.78% |
| MSCI Emerging Markets | 3.51% | 32.26% |
| Barclays U.S. Aggregate Bond | 0.06% | 3.20% |
| Barclays U.S. Municipal Bond | 0.24% | 4.92% |
| Barclays U.S. Corporate High Yield | 0.42% | 7.45% |

¹Morningstar Direct (all performance percentages are total return based, which include reinvested dividend, interest)

At-A-Glance

- Including dividends, the S&P 500 posted its 12th straight monthly gain and reached 11 new all-time highs in October, capping its 50th record-setting closing high this year.
- U.S. oil prices rose 4.7% in October, rising to an 8-month high of \$54.38/barrel.
- Foreign equity markets continued to outperform the U.S. in October and year-to-date.

Stocks posted strong gains in October, with all three major domestic equity indices registering their best monthly gains since February, as investors embraced improved prospects for tax cuts, robust economic data and outsized corporate profits. Relative to the two other primary U.S. benchmarks, the Dow Industrials posted the strongest October gain, adding 972-points for a 4.44% total return. The NASDAQ Composite advanced 3.62% last month, finishing October at a new record high for the 62 time this year, while extending its year-to-date gain to over 26%. Investor sentiment was boosted by an advance report showing the economy expanded at a 3% annualized pace during the third quarter, topping projections for a 2.6% increase. Together with the 3.1% expansion during the second quarter, it is the strongest two-quarter GDP growth since 2014. The third quarter earnings reporting season is nearly two-thirds complete, with 71% of S&P 500 reporting companies announcing results above analysts' projections. This compares favorably to a 68% beat-rate average over the past three years. Finally, the S&P 500 is trading at 18.8X its next 12-month estimated earnings, which S&P Dow Jones Indices notes is a 15% valuation premium to its 16.3X average since 2000.

Within the S&P 500, 7 of its 11 major sectors advanced in October, led by Technology (+7.76%), Utilities (+3.90%) and Materials (+3.87%). Telecom (-7.62%) and Consumer Staples (-1.40%) declined the most last month. On a YTD basis, Technology (+37.24%), Materials (+20.30%) and Healthcare (+19.39%) remain this year's best performing sectors, while Telecom (-11.95%) and Energy (-7.25%) once again are the only sectors that remain negative in 2017. Large cap stocks, as measured by the S&P 500, performed best in October, widely outperforming small and mid cap companies. Small cap companies, as measured by the Russell 2000 Index, rose 0.85% last month, while the Russell Mid Cap Index gained 1.67%. Large cap stocks also gained the most year-to-date, up 16.91% versus 13.60% for mid caps and 11.89% for small caps. Growth stocks outperformed value stocks in October, with the Russell 1000 Growth Index up 3.87%, while the Russell 1000 Value Index rose 0.73%. The outperformance in growth stocks continued to widen in 2017, with growth shares advancing 25.40% YTD, while value stocks trailed with an 8.70% YTD gain.

In international equities, the MSCI EAFE Index, a broad performance measure of global developed markets outside the U.S. and Canada, underperformed relative to domestic equities in October, rising 1.52%. In U.S dollar-denominated performance, Japan's Nikkei 225 Index advanced 7.12%. Also in contrast, the MSCI Emerging Markets Index outperformed the U.S., posting a 3.51% gain last month and 32.26% YTD. The MSCI All Country World Index excluding the U.S. rose 1.89% in October and 23.92% YTD.

Turning to bonds, prices on benchmark 10-year U.S. Treasury notes declined in October, sending its yield down 4.6 basis points to end the month at 2.38%. The Bloomberg Barclays U.S. Municipal Bond Index gained 0.24% last month, outperforming the Bloomberg Barclays U.S. Aggregate Bond Index. The Aggregate Bond Index, a broader measure of U.S. investment grade bonds, rose just 0.06%. At the other end of the credit risk spectrum, the Bloomberg Barclays U.S. Corporate High Yield Index, a proxy for below-investment grade corporate bonds, gained 0.42% in October, extending its YTD gain to 7.45%.

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Glossary

The **Bloomberg Barclays Capital U.S. Aggregate Bond Index**, which was originally called the Lehman Aggregate Bond Index, is a broad based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate debt securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency) debt securities that are rated at least Baa3 by Moody's and BBB- by S&P. Taxable municipals, including Build America bonds and a small amount of foreign bonds traded in U.S. markets are also included. Eligible bonds must have at least one year until final maturity, but in practice the index holdings has a fluctuating average life of around 8.25 years. This total return index, created in 1986 with history backfilled to January 1, 1976, is unhedged and rebalances monthly.

The **Bloomberg Barclays US Municipal Bond Index** covers the USD-denominated long-term tax exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and prerefunded bonds. Many of the subindices of the Municipal Index have historical data to January 1980. In addition, several subindices based on maturity and revenue source have been created, some with inception dates after January 1980, but no later than July 1, 1993. Eligible securities must be rated investment grade (Baa3/BBB- or higher) by Moody's and S&P and have at least one year until final maturity, but in practice the index holdings has a fluctuating average life of around 12.8 years. This total return index is unhedged and rebalances monthly.

The **Bloomberg Barclays US Corporate High Yield Index** measures the USD-denominated, non-investment grade, fixed-rate, taxable corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below, excluding emerging market debt. Payment-in-kind and bonds with predetermined step-up coupon provisions are also included. Eligible securities must have at least one year until final maturity, but in practice the index holdings has a fluctuating average life of around 6.3 years. This total return unhedged index was created in 1986, with history backfilled to July 1, 1983 and rebalances monthly..

The **Barclays U.S. Government Bond Index** is comprised of the U.S. Treasury and U.S. Agency Indices. The index includes U.S. dollar-denominated, fixed-rate, nominal US Treasuries and US agency debentures (securities issued by US government owned or government sponsored entities, and debt explicitly guaranteed by the US government). The US Government Index is a component of the U.S. Government/Credit and U.S. Aggregate Indices, and eligible securities also contribute to the multi-currency Global Aggregate Index. The U.S. Government Index has an inception date of January 1, 1973.

The **Bloomberg Commodity Index** is a broadly diversified index that allows investors to track commodity futures through a single, simple measure. It is composed of futures contracts on physical commodities and is designed to minimize concentration in any one commodity or sector. It currently includes 19 commodity futures in five groups. No one commodity can comprise less than 2% or more than 15% of the index, and no group can represent more than 33% of the index (as of the annual reweightings of the components).

The **MSCI EAFE** is designed to measure the equity market performance of developed markets (Europe, Australasia, Far East) excluding the U.S. and Canada. The Index is market-capitalization weighted.

MSCI Emerging Markets is designed to measure equity market performance in global emerging markets. It is a float-adjusted market capitalization index.

The **Russell 1000 Growth Index** measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000 Index companies with higher price-to-book ratios and higher forecasted growth values.

The **Russell 1000 Value Index** measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 Index companies with lower price-to-book ratios and lower forecasted growth values

The **Russell 2000 Index** measures the performance of the small-cap segment of the U.S. equity universe and is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

The **Russell 3000 Index** measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market.

The **Russell Midcap Index** measures the performance of the mid-cap segment of the U.S. equity universe and is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The Russell Midcap represents approximately 31% of the total market capitalization of the Russell 1000 companies.

The **S&P 500** is a capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

The **Dow Jones Industrial Average** is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ.

The **NASDAQ Composite Index** includes all domestic and international based common type stocks listed on The NASDAQ Stock Market. The NASDAQ Composite Index is a broad-based capitalization-weighted index.

The **U.S. Dollar Index** is a weighted geometric mean that provides a value measure of the United States dollar relative to a basket of major foreign currencies. The index, often carrying a USD_X or DXY moniker, started in March 1973, beginning with a value of the U.S. Dollar Index at 100.000. It has since reached a February 1985 high of 164.720, and has been as low as 70.698 in March 2008.