

Market Indices ¹	February	Year-to-Date
S&P 500	3.97%	5.94%
Russell 3000	3.72%	5.67%
MSCI EAFE	1.43%	4.37%
MSCI Emerging Markets	3.06%	8.70%
Barclays U.S. Aggregate Bond	0.67%	0.87%
Barclays U.S. Municipal Bond	0.69%	1.36%
Barclays U.S. Corporate High Yield	1.46%	2.93%

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

At-A-Glance

- The Dow Jones Industrial Average posted 12 consecutive daily all-time highs in February, its longest record-setting winning streak in 30 years. For the month, the Dow rose 948 points.
- The technology-focused NASDAQ Composite gained 3.91% last month, extending its YTD gain to 8.4%.
- Financials remain the best performing sector on a post-election basis, up 23% since November 8th.

Equities performed well in February, as market momentum increased amid White House reassurances that details of President Trump's plans for tax reform and infrastructure spending would be released within a matter of weeks. The S&P 500 advanced for a fourth consecutive month, finishing February with its strongest monthly gain since March 2016. After gaining just 0.6% in January, the Dow Industrials gained 5.17% in February, outpacing gains in the broader market. Both the Dow and S&P 500 registered daily gains in all but four of February's 19 trading sessions. Stocks finished lower on the last day of the month on jitters ahead of President Trump's first address before a joint session of Congress, and on hawkish comments from Federal Reserve policymakers. New York Fed President William Dudley said the economic case for a rate hike has become "a lot more compelling," while San Francisco Fed President John Williams said he expects "serious consideration for a rate hike" at the March 14-15 Federal Open Market Committee meeting.

Nine of the 11 major sector groups finished higher in February, with Healthcare (+6.43%), Utilities (+5.28%), and Financials (+5.2%) posting the strongest gains. Materials (+0.69%) rose the least, while Energy (-2.19%) and Telecom (-0.39%) lagged. Two months into the first quarter, Technology (+9.77%), Healthcare (+8.82%), and Consumer Staples (+6.68%) are this year's top performing sectors. Energy shares (-5.71%) are down the most on a year-to-date (YTD) basis, amid forecasts that rising U.S. production will push crude oil inventories to record levels.

Large cap stocks, as measured by the S&P 500, performed best in February, outperforming small and mid cap shares. The Russell Mid Cap Index gained 2.83% last month, while the Russell 2000 Index, a measure of smaller-sized companies' share performance, rose 1.93%. Growth stocks outperformed value stocks in February, with the Russell 1000 Growth Index up 4.15%, while the Russell 1000 Value Index returned 3.59%. The outperformance in growth stocks was even more pronounced on a year-to-date basis, with growth shares up 7.66%, while value stocks trailed with a 4.33% YTD gain.

The MSCI EAFE Index, a broad performance measure of global developed markets outside of the U.S. and Canada, underperformed relative to emerging market equities in February, rising 1.43%. The MSCI Emerging Markets Index extended gains with a 3.06% February advance, twice the gain of the MSCI EAFE Index.

Prices on benchmark 10-year U.S. Treasury notes climbed last month, sending its yield down 6.3 basis points to 2.391%. The Bloomberg Barclays U.S. Municipal Bond Index gained 0.69% last month, while the Bloomberg Barclays U.S. Aggregate Bond Index, a broader measure of U.S. investment grade bonds, rose 0.67%. At the other end of the credit spectrum, the Bloomberg Barclays U.S. Corporate High Yield Index, a proxy for below-investment grade corporate bonds, was once again the best performing domestic bond index, returning 1.46%.

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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 **Bloomberg 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 **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.