

May Market Monitor

- The S&P 500 posted a fourth monthly advance, currently its longest monthly rally since September.
- The Dow Industrials rose 2.66% last month, while the tech-heavy Nasdaq Composite gained 4.77%.
- The Bloomberg Commodity Index fell 0.42% in April, despite a 6.3% gain in U.S. oil prices.

U.S. equities ended April on a high note, with the S&P 500 registering its strongest four-month performance in nearly nine years and finished the month at a new all-time high. Besides a mostly better-than-expected earnings season, Wall Street welcomed positive-trending economic reports, a dovish Federal Reserve policy stance, tame inflation and signs of progress toward a U.S.-China trade agreement. With 290 of the S&P 500 companies reporting quarterly results so far, analysts now expect first quarter EPS (earnings per share) to grow by 1.5% from a year ago, a notable reversal from the 2% decline expected at the start of reporting season. The month culminated with a report showing the economy expanded at a 3.2% annualized rate in the first quarter, widely topping projections.

Large cap stocks, as measured by the S&P 500, performed best in April, outpacing the Russell Mid Cap Index (+3.81%) and the small cap focused Russell 2000 Index. Financials led among sector gainers last month, rebounding strongly from a 2.6% decline the month prior. Meanwhile, all eleven sector groups remain positive for the year, led by Technology and Consumer Discretionary. Developed market excluding the U.S. and Canada outperformed Emerging Markets, while both foreign indices trailed U.S. markets. Globally, the MSCI All-Country World Index excluding the U.S. rose 2.64% in April and has rallied 13.22% year-to-date (YTD).

With the Fed's continued patient interest rate policy stance, Treasury prices were once again range-bound last month. The yield on 10-year notes traded within a range of 2.47% to 2.59%, with the resulting 12 basis point differential matching February as the least volatile month since the 1970s. Investment-grade bonds posted a fractional gain in April, while state and local municipal bonds outperformed. Non-investment grade high-yield corporate bonds performed best last month and year-to-date.

Top Performers – April 2019 ¹	Bottom Performers – April 2019
Financials (+9.00%)	Healthcare (-2.63%)
Communication Services (+6.53%)	Real Estate (-0.47%)
Technology (+6.43%)	Energy (+0.07%)
Top Performers – YTD 2019	Bottom Performers – YTD 2019
Technology (+27.57%)	Healthcare (+3.79%)
Consumer Discretionary (+22.33%)	Utilities (+11.87%)
Industrials (+22.02%)	Materials (+14.31%)

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

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Glossary

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 multicurrency 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. The MSCI Emerging Markets is designed to measure equity market performance in global emerging markets. It is a float-adjusted market capitalization index. The MSCI All-Country World Ex-U.S. Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets, but excludes the United States. The SMCI ACWI consists of 45 country indexes comprising 22 developed and 23 emerging market country indexes. The developed country indexes include: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and the United Kingdom. The emerging market country indexes included are: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Peru, Philippines, Poland, Qatar, Russia, South Africa, Taiwan, Thailand, Turkey and United Arab Emirates. 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 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 USDX 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.