

Market Indices <sup>1</sup>	August	Year-to-Date
S&P 500	0.14%	7.82%
Russell 3000	0.26%	8.01%
MSCI EAFE	0.07%	0.49%
MSCI Emerging Markets	2.49%	14.55%
Barclays U.S. Aggregate Bond	-0.11%	5.86%
Barclays U.S. Municipal Bond	0.13%	4.54%
Barclays U.S. Corporate High Yield	2.09%	14.35%

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

### At-A-Glance

- On a price basis, the S&P 500 fell 0.12% in August, but including dividends the index was positive. The index also posted an all-time high last month, reaching 2,190.15 on August 15<sup>th</sup>.
- Hurt by US dollar strength, the Bloomberg Commodity Index fell 1.76% in August. Oil futures climbed 0.5% last month, while gold fell 3.1%, its first monthly decline since May.
- REITs, which became the 11<sup>th</sup> sector within the S&P 500 on September 1st, fell 3.67% in August.

Including dividends, the S&P 500 registered its sixth consecutive monthly gain. Investors largely stayed on the sidelines, struggling to find direction amid mixed economic data and a flurry of commentary from Federal Reserve policymakers regarding the timing of the next rate hike. Overtones from the Fed culminated at the Kansas City Fed's August 26 symposium in Jackson Hole, Wyoming with Fed Chair Janet Yellen saying "the case for a rate increase has strengthened in recent months." Shortly thereafter, Fed Vice Chair Stanley Fischer said Yellen's comments were consistent with a possible September rate hike, together with a second 2016 increase as early as December. On the economic front, consumer confidence climbed to nearly a one-year high, while Commerce officials revised downward their second quarter GDP growth estimate from 1.2% to 1.1%. The result was an unusually tranquil trading month with the lowest daily share volume in almost two years. Also during the month, the S&P 500 reached its 38<sup>th</sup> consecutive trading session of not moving more than 1% in either direction.

Performance among the ten major sector groups was likewise mixed in August with Financials (+3.83%) and Technology (+2.12%) posting the largest gains among five advancing sectors. Defensive-oriented sectors suffered the largest declines with Telecom (-5.67%) and Utilities (-5.62%) falling the most. On a year-to-date (YTD) basis however, Telecom (+18.96%) and Utilities (+15.67%) remain this year's biggest winners, while Healthcare (+1.88%) and Consumer Discretionary (+3.96%) have gained the least.

Small-cap domestic stocks, as measured by the Russell 2000 Index, rose 1.77% in August, outperforming its large and mid-cap counterparts. Mid-cap stocks, as measured by the Russell Mid Cap Index, fell 0.25%. Small-caps stocks have overtaken Mid-caps on a YTD basis, gaining 10.23% and 10.04% respectively. Value stocks outperformed growth in August, with the Russell 1000 Value Index returning 0.77%, while the Russell 1000 Growth Index fell 0.50%. Year to date, value stocks continue to widely outperform growth, returning 10.23% and 5.62% respectively.

The MSCI EAFE Index, a broad performance measure of global developed markets outside of the U.S. and Canada, underperformed domestic equities, rising just 0.07% last month and up 0.49% YTD. The MSCI Emerging Markets Index gained 2.49%, its third consecutive monthly gain. Emerging market stocks, up 14.55% YTD, benefited from global central bank stimulus.

Treasuries, as measured by the Barclays U.S. Government Bond Index, fell 0.53% in August, its worst monthly performance since June 2015. The benchmark 10-year U.S. Treasury fell in price, sending its yield up nearly 13 basis points to finish the month at 1.581%. The Barclays U.S. Municipal Bond Index gained 0.13% last month. U.S. investment grade corporate, government and agency-backed bonds, as measured by the Barclays U.S. Aggregate Bond Index, fell 0.11% in August. At the other end of the credit spectrum, the Barclays U.S. Corporate High Yield Index, a proxy for below-investment grade corporate bonds, gained 2.09% in August, extending its YTD return to 14.35%.

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The **Barclays U.S. Aggregate Bond Index**, which used to be called the Lehman Aggregate Bond Index, is a broad base index, maintained by Barclays Capital, and it often used to represent investment grade bonds being traded in the U.S. Barclays Capital (BarCap) U.S. Aggregate Bond Index is made up of the Barclays Capital U.S. Government/Corporate Bond Index, Mortgage-Backed Securities Index, and Asset-Based Securities Index, including securities that are of investment grade quality or better, have at least one year to maturity, and have an outstanding par value of at least \$100 million.

The **Barclays U.S. Municipal Bond Index** is an unmanaged, market-value-weighted index of investment-grade municipal bonds with maturities of one year or more.

The **Barclays U.S. Corporate High Yield Index** measures the market of USD-denominated, non-investment grade, fixed-rate, taxable corporate bonds. 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.

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 **CBOE Volatility Index<sup>®</sup> (VIX<sup>®</sup>)** is a key measure of market expectations of near-term volatility conveyed by S&P 500 stock index option prices.

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 **Shanghai Composite Index** is a stock market index of all stocks (A shares and B shares) that are traded at the Shanghai Stock Exchange.

The **STOXX Europe 600 Index** is derived from the STOXX Europe Total Market Index (TMI) and is a subset of the STOXX Global 1800 Index. With a fixed number of 600 components, the STOXX Europe 600 Index represents large, mid and small capitalization companies across 18 countries of the European region: Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom.