

Market Indices ¹	March	1Q 2017	YTD 2017
S&P 500	0.12%	6.07%	6.07%
Russell 3000	0.07%	5.74%	5.74%
MSCI EAFE	2.75%	7.25%	7.25%
MSCI Emerging Markets	2.52%	11.45%	11.45%
Barclays U.S. Aggregate Bond	-0.05%	0.82%	0.82%
Barclays U.S. Municipal Bond	0.22%	1.58%	1.58%
Barclays U.S. Corporate High Yield	-0.22%	2.70%	2.70%

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

At-A-Glance:

- The S&P 500, including dividends, posted its fifth straight monthly gain, helping equities ring in their eighth year in this current bull market on March 9th and marking the second longest bull market since World War II.
- U.S. oil prices retreated 7% in March to \$50.60/barrel, the largest monthly decline since July 2016.
- Major metal prices rose for a fifth quarter, led by palladium (+17%), silver (+15%), and gold (+8.4%). Falling oil and grain prices pushed the Bloomberg Commodities Index down 2.3% in the first quarter.

Best Quarter Since 2015 – The S&P 500 surged just over 6% in first three months of this year, its strongest quarterly performance since the fourth quarter of 2015. Benefiting from a double-digit rally in technology shares, the NASDAQ Composite performed the best among major U.S. averages, returning 10.13% for its best three-month gain since 2013. Meanwhile, the Dow Industrials rose 5.19% for its sixth consecutive quarterly gain, representing its longest winning streak since the end of 2006. The quarter was characterized by gains associated with President Trump's pro-growth policies and backed by a strengthening economy considered strong enough to withstand a ¼-point Fed rate hike on March 15th. Investor optimism was also bolstered by a solid recovery in corporate earnings, up 9.3% according to the Commerce Department, the most since 2012. Notwithstanding a fade in momentum in early March (as doubts intensified whether or not Republicans could deliver legislative passage of the President's ambitious plans), well over 65% of companies in the S&P 500 advanced in the first quarter. First quarter gains extended a rally that began just before the 2016 elections, pushing the S&P 500 up 14.31% since October 4th.

By market capitalization, U.S. small cap companies outperformed large and midcaps last month; but trailed them on a quarterly basis. The Russell 2000 Index, a broad measure of small cap equity performance, rose 0.13% in March, whereas the Russell Mid Cap Index fell 0.16%. Mid cap stocks gained 5.15% in the first quarter, while the Russell 2000 Index rose 2.47%. Growth-oriented stocks outperformed value stocks both in March and for the quarter. The Russell 1000 Growth Index rose 1.16% in March and advanced 8.91% during the first quarter. In contrast, the Russell 1000 Value Index fell 1.02% last month and gained 3.27% during the first three months of the year.

Within the S&P 500 Index, eight of the 11 major sector groups declined in March, with Financials (-2.77%), Telecom (-1.15%), and Energy (-1.03%) falling the most. Technology (+2.55%), Consumer Discretionary (+2.05%), and Materials (+0.48%) outperformed last month. For the quarter, Technology (+12.57%), Consumer Discretionary (+8.45%) and Healthcare (+8.37%) led all sectors, while Energy (-6.68%) and Telecom (-3.97%) were the worst performers.

The MSCI EAFE Index, which measures returns on developed markets outside the U.S. and Canada, outperformed domestic equities in both March and the first quarter. The MSCI EAFE rose 2.75% last month and advanced 7.25% on the quarter.

The Stoxx Europe 600 Index rose 3.44% in March and gained 6.30% in the first quarter, capping its longest stretch of gains since 2014. Even as British Prime Minister Theresa May invoked the EU charter Article 50 clause to formally trigger Brexit, the U.K.-based FTSE 100 Index rose 1.23% last month, capping a 3.67% first quarter gain. Meanwhile, Japan's Nikkei 225 retreated fractionally last month and for the quarter, falling 0.47% and 0.38% respectively.

Emerging market stocks rebounded from a 4% fourth quarter 2016 loss, as the MSCI Emerging Markets Index gained 2.52% in March, extending its first quarter gain to 11.45%. The first quarter's emerging markets performance has already outpaced its own 11.19% full-year gain in 2016, which was its first annual gain in four years.

Turning to bonds, U.S. Treasuries, as measured by the Bloomberg Barclays U.S. Government Bond Index, were little changed in March (-0.04%), slightly paring a quarterly gain to 0.68%. The yield on benchmark 10-year Treasury notes ended the first quarter at 2.39%, just 5.7 basis points below where it began the year at 2.45%. Investment grade bonds of all types, as measured by the Bloomberg Barclays U.S. Aggregate Bond Index, fell 0.05% in March, trimming its first quarter gain to 0.82%. Higher-rated corporate bonds delivered strong gains as the Bloomberg Barclays U.S. Corporate Investment Grade Bond Index returned 1.22% for the quarter.

Municipal bonds outperformed government and other investment grade bonds, as the Bloomberg Barclays Municipal Bond Index rose 0.22% last month, extending its first quarter gain to 1.58%, its best quarterly gain in nine months. At the other end of the credit spectrum, the Barclays U.S. Corporate High Yield Index, which measures returns of below-investment grade corporate bonds, fell 0.22% in March.

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Glossary

The **Bloomberg Barclays US 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 Corporate (Investment Grade) Bond Index** measures the investment grade, fixed-rate, taxable corporate bond market. It includes USD-denominated securities publicly issued by U.S. and non-US private-sector industrial, utility and financial issuers. Certificates of deposit are also included. Launched in July 1973, securities included must be rated investment grade (Baa3/BBB-/BBB- or higher). Eligible senior and subordinated corporate securities must have at least one year until final maturity, but in practice the index holdings has a fluctuating average life of around 10.75 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 US Government Bond Index** is comprised of the US Treasury and US Agency Indices carrying at least investment grade ratings (Baa3/BBB- or higher) by Moody's and S&P. 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). Eligible securities must have at least one year until final maturity, but in practice the index holdings has a fluctuating average life of around 7.3 years. 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. This total return index 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 Global Aggregate Index** is a flagship measure of global investment grade debt from twenty-four local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers. There are four regional aggregate benchmarks that largely comprise the index: the US Aggregate, the Pan-European Aggregate, the Asian-Pacific Aggregate, and the Canadian Aggregate Indices. Eligible securities must be rated investment grade (Baa3/BBB-/BBB- or higher) using the middle rating of Moody's, S&P, and Fitch; and have at least one year until final maturity, but in practice the index holdings has a fluctuating average life of around 8.7 years. This total return index is unhedged and rebalances monthly.

The **Bloomberg Commodity Index** is a broadly diversified index that measures 22 exchange-traded futures on physical commodities in five groups (energy, agriculture, industrial metals, precious metals, and livestock), which are weighted to account for economic significance and market liquidity. No single commodity can comprise less than 2% or more than 15% of the index; and no group can represent more than 33% of the index. However, between rebalancings, group weightings may fluctuate to levels outside the limits. The index rebalances annually, weighted 2/3 by trading volume and 1/3 by world production

Canada's **S&P/TSX Composite Index** is the headline index for the Canadian equity market. It is the broadest in the S&P/TSX family and is the basis for multiple sub-indices including but not limited to equity indices, Income Trust Indices, Capped Indices, GICS Indices and market cap based indices. The Toronto Stock Exchange (TSX) serves as the distributor of both real-time and historical data for this index

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 **FTSE 100 Index** is a capitalization-weighted index of the 100 most highly capitalized companies traded on the London Stock Exchange. The equities use an investibility weighing in the index calculation and was developed with a base level of 1000 as of December 30, 1983.

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 **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 index.

The **Nikkei 225 Stock Average** is a price-weighted average of 225 top-rated Japanese companies listed in the First Section of the Tokyo Stock Exchange. The constituents are changed at the beginning of October every year based on an annual review by Nikkei, Inc. The Nikkei average was first published on May 16, 1949, where the average price was ¥176.21 with a divisor of 225.

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 an index of 500 stocks chosen for market size, liquidity and industry grouping (among other factors) designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe.

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.

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.