

Market Indices ¹	August	Year-to-Date
S&P 500	0.31%	11.93%
Russell 3000	0.19%	11.20%
MSCI EAFE	-0.04%	17.05%
MSCI Emerging Markets	2.23%	28.29%
Barclays U.S. Aggregate Bond	0.90%	3.64%
Barclays U.S. Municipal Bond	0.76%	5.20%
Barclays U.S. Corporate High Yield	-0.04%	6.05%

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

At-A-Glance

- The S&P 500 set a new all-time high of 2,481 on August 7th, and solidly rebounded from a 1.8% mid-month slump to extend its 2017 rally from 11.59% in July to 11.93% in August.
- Gains in tech and biotech sent the NASDAQ Composite (+1.43%) to end at an all-time high in August, its first record close since July 26th (+20.34% YTD). The NASDAQ Biotech Index rose 4.59% in August.
- Emerging market stocks continued to widely outpace domestic equities in August and so far this year.

U.S. stocks ended a volatile and traditionally weak August with a five-day rally that pushed the S&P 500 fractionally above breakeven to extend positive returns for a 10th straight month. Volatility returned to Wall Street with the S&P 500 experiencing four separate sessions with moves of 1% or greater (two up and two down), ending months of relative calm. Worldwide investors were challenged by a series of unprecedented provocations by North Korea as Kim Jung Un ordered a resumption of ballistic missile launches, the latest of which flew over Japan, and was said to be a direct warning against Guam, the U.S. territorial Pacific island. Investor sentiment was also tested by Hurricane Harvey's deluge of record-setting rainfall in the greater Houston region and northward along a coastal path into southwest Louisiana. Harvey's disastrous and deadly outpouring, the worst rainfall event in U.S. history, knocked out upwards of 25% of U.S. refinery operations and spiked gasoline prices by nearly 14%. Yet solid corporate earnings, prospects for meaningful tax reform and an accelerating economy helped stave off bearish selling. Global markets also were energized by an upward revision of second quarter U.S. GDP growth from 2.6% to 3% and an increase in July consumer spending along with wage and salary gains.

Within the S&P 500, 6 of its 11 major sectors advanced in August, led by Technology (+3.47%), Utilities (+3.25%) and Healthcare (+1.85%). Energy (-5.18%) and Telecom (-3.02%) declined the most last month. On a YTD basis, Technology (+26.56%) and Healthcare (+19.13%) remain this year's best performing sectors, while Energy (-15.07%) and Telecom (-7.93%) once again are the only sectors that remain negative in 2017. Large cap stocks, as measured by the S&P 500, performed best in August, outperforming small and mid cap companies. Small cap companies, as measured by the Russell 2000 Index, fell 1.27% last month, while the Russell Mid Cap Index declined 0.78%. Large cap stocks also gained the most this year, up 11.9% YTD versus 8.73% for mid caps and 4.42% for small caps. Growth stocks outperformed value stocks in August, with the Russell 1000 Growth Index up 1.83%, while the Russell 1000 Value Index fell 1.16%. The outperformance in growth stocks has continued to widen on a year-to-date basis, with growth shares advancing 19.17% YTD, while value stocks trailed with a 4.81% YTD gain.

Hurt by the euro rising to a two-year high against the dollar, the MSCI EAFE Index, a broad performance measure of global developed markets outside the U.S. and Canada, underperformed relative to domestic equities last month, falling by 0.04%. Germany's DAX Index (-0.51%) fell for a third month in a row. In contrast, the MSCI Emerging Markets Index outperformed the U.S., posting a 2.23% gain in August. The MSCI All Country World Index excluding the U.S. rose 0.56% last month and 19.37% YTD.

Turning to bonds, prices on benchmark 10-year U.S. Treasury notes rallied in August, sending its yield lower by 18 basis points to end the month at a 2017 low of 2.118%. The Bloomberg Barclays U.S. Municipal Bond Index gained 0.76% last month, underperforming relative to the Bloomberg Barclays U.S. Aggregate Bond Index for only the second month since November 2016. The Aggregate Bond Index, a broader measure of U.S. investment grade bonds, advanced 0.9%. 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, slipped 0.04% in August, trimming its YTD gain to 6.05%.

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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).

Deutsche Boerse AG German Stock Index (DAX) - The DAX is a blue chip stock market index consisting of the 30 major German companies trading on the Frankfurt Stock Exchange. Prices are taken from the electronic Xetra trading system. According to Deutsche Börse, the operator of Xetra, uses free float in its equity calculations and measures the performance of the Prime Standard's 30 largest German companies in terms of order book volume and market capitalization.

The **MSCI ACWI Excluding the U.S.** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets without the inclusion of the United States. The MSCI ACWI consists of 46 country indexes comprising 23 developed and 23 emerging market country indexes. The developed market country indexes included are: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States. 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 **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 Biotechnology Index** is a modified market capitalization-weighted index designed to measure the performance of all NASDAQ stocks in the biotechnology sector. The index was developed with a base value of 200 as of November 1, 1993

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.