

Market Indices ¹	February	Year-to-Date
S&P 500	-0.13%	-5.09%
Russell 3000	-0.03%	-5.67%
MSCI EAFE	-1.83%	-8.93%
MSCI Emerging Markets	-0.16%	-6.64%
Barclays U.S. Aggregate Bond	0.71%	2.10%
Barclays U.S. Municipal	0.16%	1.35%
Barclays U.S. Corporate High Yield	0.57%	-1.04%

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

At-A-Glance

- U.S. equities were mixed in February. The Dow Jones Industrial Average rose 0.75% and the NASDAQ Composite Index fell 1.03%.
- West Texas Intermediate (WTI) crude oil rallied from a \$28.83 low on February 11, finishing the month at \$33.75/barrel.
- Gold futures surged 10.8% in February—its largest monthly gain in four years—becoming the best performing asset class so far this year, up 16.7%.

The S&P 500 fell 0.8% on the last session of the month. This Leap Year trading day erased a monthly gain for the S&P 500 and the index finished February fractionally lower, posting its third consecutive monthly decline. Traders attributed the February 29 pullback to month-end profit-taking, following a 6.5% rebound rally during the two weeks since falling to a 22-month low on February 11. After investors wrestled in January with weak oil and slowing growth trends in China, which threatened to spill over to other world markets, February essentially benefited from signs of stabilization. Thanks in part to a pending oil production freeze deal led by Saudi Arabia and Russia, crude oil futures finished February with a 0.4% gain—its first monthly gain since October. Oil and other commodities advanced after China's central bank relaxed its banking reserve requirement to help spur additional lending. In the U.S., recent economic data showed continued weak manufacturing readings, while inflation ticked slightly higher and retail sales remained resilient. Commerce officials also upwardly revised their annualized estimate of fourth quarter gross domestic product (GDP) growth from 0.7% to 1%. The Atlanta Fed's GDPNow forecast points to first quarter GDP growth of 1.9%, with consumer spending expected to increase by 3.1%. GDPNow digests incoming economic data from the 13 subcomponents that comprise GDP and forecasts upcoming GDP growth.

Six of the ten major sector groups advanced in February, with Materials (+7.60%), Industrials (+3.99%) and Telecom (+2.69%) having the strongest gains. Financials (-2.94%) was the worst performer in February. On a year-to-date (YTD) basis, Telecom (+9.64%) is up the most, while Financials (-11.53%) is down the most.

Mid-cap domestic stocks, as measured by the Russell Mid-Cap Index, rose 1.13% in February, widely outperforming its large and small-cap counterparts. Small-cap stocks, as measured by the Russell 2000 Index, were unchanged. Value stocks slightly outperformed growth in February, with the Russell 1000 Value Index slipping 0.03% and the Russell 1000 Growth Index falling 0.04%.

Internationally, the MSCI EAFE Index, a broad measure of global developed markets outside of the U.S. and Canada, fell 1.83% last month. The STOXX Europe 600 ended the month with its first three-day rally of the year, paring its February loss to 2.12%. Japan's Nikkei 225 Index sank over 8% for a second month. The MSCI Emerging Markets Index fared better, falling just 0.16% in February. China's Shanghai Composite Index extended January's near 23% plunge, falling 1.80% last month.

Treasuries, as measured by the Barclays U.S. Government Bond Index, gained 0.86% in February, extending its YTD gain to 2.95%. Benchmark 10-year U.S. Treasuries rallied in February, sending its yield down nearly twenty basis points during the month to end at 1.736%. The Barclays U.S. Municipal Bond Index rose 0.16% in February. U.S. investment grade corporate, government and agency-backed bonds, as measured by the Barclays U.S. Aggregate Bond Index, gained 0.71% last month. At the other end of the credit spectrum, the Barclays U.S. Corporate High Yield Index, a proxy for below-investment grade corporate bonds, rose 0.57% in February, trimming its YTD loss to 1.04%.

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Additional risks are associated with international investing, such as currency fluctuations, political and economic instability, and differences in accounting standards.

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 **Dow Jones Industrial Average** is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ.

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 index consisting of 225 top-rated prominent Japanese stocks listed in the First Section of the Tokyo Stock Exchange. The Nikkei has been calculated since May 16, 1949, where the average 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 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 **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.

West Texas Intermediate (WTI) is a crude oil stream produced in Texas and southern Oklahoma which serves as a reference or "marker" for pricing a number of other crude streams. WTI is the underlying commodity of the New York Mercantile Exchange's oil futures contracts.