

Monthly Market Commentary

PERSPECTIVES FROM WILSHIRE ASSOCIATES



January 2019

U.S. Economy and Markets

- Domestic equity markets were positive in January, as the Wilshire 5000 Total Market IndexSM and the S&P 500 Index returned 8.65% and 8.01%, respectively.
- Market volatility decreased this month, with the CBOE Volatility Index (VIX) ending January at 16.57, a decrease from its December close of 25.42. As a comparison, the VIX ended January 2018 at 13.54.
- Performance across all GICS sectors was positive for the month, with the Real Estate and Industrials sectors leading the group, gaining 11.67% and 11.45%, respectively. The Utilities and Consumer Staples sectors trailed in January, returning 4.06% and 5.24%, respectively.
- Small cap stocks outperformed their large cap counterparts by 363 basis points this month, with the Wilshire U.S. Small Cap IndexSM and the Wilshire U.S. Large Cap IndexSM returning 11.95% and 8.32%, respectively.

International Economy and Markets

- Developed international equity markets, as measured by the MSCI EAFE Index, returned 6.57%.
- Emerging markets continued to lead the major international equity indices, as the MSCI Emerging Markets Index returned 8.76%.

Fixed Income/Real Estate/Commodities

- The 10-year U.S. Treasury yield gradually increased during January before settling at 2.63%, down from 2.69% at the end of 2018.
- The Bloomberg Barclays U.S. Aggregate Index posted a gain of 1.06% in January.
- The Bloomberg Barclays U.S. Corporate High Yield Index was the best performer this month, returning 4.52%, while the Bloomberg Barclays Long Term Treasury lagged, returning 0.67%.
- U.S. real estate posted strong positive returns in January, with the Wilshire U.S. Real Estate Securities IndexSM returning 11.44%. International real estate securities also delivered strong positive returns, with the Wilshire Global ex U.S. Real Estate Securities IndexSM returning 9.88%.
- Commodities, as measured by the Bloomberg Commodity Index, gained 5.45% in January.

Alternatives

- The Wilshire Liquid Alternatives IndexSM returned 2.02% in January. The Wilshire Liquid Alternative Equity Hedge IndexSM and the Wilshire Liquid Alternative Multi-Strategy IndexSM were the relative best performers this month, returning 3.55% and 2.58%, respectively.
- The Wilshire Liquid Alternative Global Macro IndexSM, the top performer in December 2018, was the relative underperformer in January, declining -0.31%.

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GICS SECTOR RETURNS

Wilshire 5000 Index As Of 01/31/2019	MTD (%)	QTD (%)	YTD (%)	1 Y (%)
Consumer Discretionary	10.10	10.10	10.10	-0.08
Consumer Staples	5.24	5.24	5.24	-5.06
Energy	11.43	11.43	11.43	-13.00
Financials	9.09	9.09	9.09	-10.20
Health Care	6.15	6.15	6.15	4.93
Industrials	11.45	11.45	11.45	-8.87
Information Technology	7.95	7.95	7.95	0.97
Materials	7.68	7.68	7.68	-13.23
Real Estate	11.67	11.67	11.67	9.90
Communications Services	10.32	10.32	10.32	-5.56
Utilities	4.06	4.06	4.06	12.10

GICS Sector returns for the Wilshire 5000 Total Market IndexSM
Source: Wilshire AtlasSM

NORTH AMERICAN EQUITY	MTD* (%)	QTD* (%)	YTD* (%)	1 Year* (%)
Wilshire 5000 Total Market Index SM	8.65	8.65	8.65	-2.20
Standard & Poor's 500	8.01	8.01	8.01	-2.31
Standard & Poor's/TSX (CAD)	8.74	8.74	8.74	0.47
U.S. EQUITY BY SIZE/STYLE				
Wilshire U.S. Large Cap Index SM	8.32	8.32	8.32	-2.13
Wilshire U.S. Large Cap Growth Index SM	10.00	10.00	10.00	-1.07
Wilshire U.S. Large Cap Value Index SM	6.84	6.84	6.84	-3.28
Wilshire U.S. Small Cap Index SM	11.95	11.95	11.95	-2.55
Wilshire U.S. Small Cap Growth Index SM	11.78	11.78	11.78	-2.91
Wilshire U.S. Small Cap Value Index SM	12.12	12.12	12.12	-2.26
Wilshire U.S. Micro Cap Index SM	10.83	10.83	10.83	-7.33
INTERNATIONAL EQUITY (USD)				
MSCI AC World ex U.S.	7.56	7.56	7.56	-12.58
MSCI EAFE	6.57	6.57	6.57	-12.51
MSCI Europe	6.59	6.59	6.59	-13.91
MSCI Pacific	6.47	6.47	6.47	-10.23
MSCI Japan	6.10	6.10	6.10	-11.62
MSCI EM (Emerging Markets)	8.76	8.76	8.76	-14.24
INTERNATIONAL EQUITY (LOCAL CURRENCY)				
MSCI AC World ex U.S.	6.11	6.11	6.11	-7.42
MSCI EAFE	5.46	5.46	5.46	-7.25
MSCI Europe	5.61	5.61	5.61	-6.58
MSCI Pacific	5.14	5.14	5.14	-8.48
MSCI Japan	5.24	5.24	5.24	-11.88
MSCI EM (Emerging Markets)	7.16	7.16	7.16	-9.74
U.S. FIXED INCOME				
Bloomberg Barclays U.S. Aggregate	1.06	1.06	1.06	2.25
Bloomberg Barclays Long Gov't/Credit	2.24	2.24	2.24	-0.50
Bloomberg Barclays Long-Term Treasury	0.67	0.67	0.67	2.12
Bloomberg Barclays U.S. TIPS	1.35	1.35	1.35	0.93
Bloomberg Barclays U.S. Credit	2.16	2.16	2.16	0.94
Bloomberg Barclays Corporate High Yield	4.52	4.52	4.52	1.73
INTERNATIONAL FIXED INCOME				
Bloomberg Barclays Global Aggregate (Unhedged)	1.52	1.52	1.52	-0.88
Bloomberg Barclays Global Aggregate (Hedged)	1.06	1.06	1.06	3.58
JPM EMBI Plus	5.08	5.08	5.08	-0.01
REAL ESTATE/COMMODITIES/ALTERNATIVES				
Wilshire U.S. Real Estate Securities Index SM	11.44	11.44	11.44	10.24
Wilshire Global ex U.S. Real Estate Securities Index SM	9.88	9.88	9.88	-0.95
Wilshire Global Real Estate Securities Index SM	10.88	10.88	10.88	6.16
Bloomberg Commodity Index	5.45	5.45	5.45	-8.23
S&P GSCI Commodity (S&P GSCI)	8.99	8.99	8.99	-9.17
Wilshire Liquid Alternatives Index SM	2.02	2.02	2.02	-3.83
Wilshire Liquid Alternative Equity Hedge Index SM	3.55	3.55	3.55	-6.57
Wilshire Liquid Alternative Event Driven Index SM	1.45	1.45	1.45	0.85
Wilshire Liquid Alternative Global Macro Index SM	-0.31	-0.31	-0.31	-8.62
Wilshire Liquid Alternative Multi-strategy Index SM	2.58	2.58	2.58	-3.96
Wilshire Liquid Alternative Relative Value Index SM	1.66	1.66	1.66	-0.80
Wilshire Focused Liquid Alternative Index SM	1.71	1.71	1.71	-2.82

*As of January 31, 2019. Source: Wilshire CompassSM

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