

Monthly Market Commentary

PERSPECTIVES FROM WILSHIRE ASSOCIATES



February 2019

U.S. Economy and Markets

- Domestic equity markets were positive in February, as the Wilshire 5000 Total Market IndexSM and the S&P 500 Index returned 3.47% and 3.21%, respectively.
- Market volatility continued to decrease this month, with the CBOE Volatility Index (VIX) ending February at 14.78, a decrease from its January close of 16.57.
- Performance across all GICS sectors was positive for the month and year-to-date, with the Information Technology and Industrials sectors leading the group, gaining 7.39% and 6.48%, respectively. The Real Estate and Consumer Discretionary sectors trailed in comparison, returning 0.78% and 1.09%, respectively.
- Small cap stocks outperformed their large cap counterparts in February, with the Wilshire U.S. Small Cap IndexSM and the Wilshire U.S. Large Cap IndexSM returning 5.01% and 3.31%, respectively.

International Economy and Markets

- Developed international equity markets, as measured by the MSCI EAFE Index, returned 2.55% this month.
- Europe led developed international equity markets, with the MSCI Europe Index returning 3.36%. Japan lagged this month, with the MSCI Japan Index declining -0.03%.
- The MSCI Emerging Markets Index gained 0.23% in February.

Fixed Income/Real Estate/Commodities

- The 10-year U.S. Treasury yield ended the month at 2.73%. This is an increase from its January 2019 close of 2.63%.
- The Bloomberg Barclays U.S. Aggregate Index posted a loss of -0.06% in February.
- The Bloomberg Barclays U.S. Corporate High Yield Index continued to be the best performer within U.S. fixed income, returning 1.66%. The Bloomberg Barclays Long Term Treasury Index lagged, declining -1.22%.
- U.S. real estate posted positive returns in February, with the Wilshire U.S. Real Estate Securities IndexSM returning 0.88%. International real estate securities also delivered positive returns, with the Wilshire Global ex U.S. Real Estate Securities IndexSM returning 0.11%.
- Commodities, as measured by the Bloomberg Commodity Index, gained 1.01% in February.

Alternatives

- The Wilshire Liquid Alternatives IndexSM returned 0.56% in February. The Wilshire Liquid Alternative Multi-Strategy Index and the Wilshire Liquid Alternative Equity Hedge Index were the relative best performers this month, returning 0.83% and 0.76%, respectively.
- The Wilshire Liquid Alternative Global Macro IndexSM, the bottom performer in January 2019, was the relative underperformer in February, returning 0.19%.

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GICS SECTOR RETURNS

Wilshire 5000 Index As Of 02/28/2019	MTD (%)	QTD (%)	YTD (%)	1 Y (%)
Consumer Discretionary	1.09	11.30	11.30	4.80
Consumer Staples	2.07	7.42	7.42	4.92
Energy	2.28	13.96	13.96	-0.44
Financials	2.81	12.15	12.15	-5.10
Health Care	1.70	7.96	7.96	11.40
Industrials	6.48	18.68	18.68	1.38
Information Technology	7.39	15.92	15.92	8.19
Materials	3.42	11.37	11.37	-5.61
Real Estate	0.78	12.54	12.54	19.12
Communications Services	1.14	11.57	11.57	2.52
Utilities	4.07	8.30	8.30	21.47

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	3.47	12.42	12.42	5.07
Standard & Poor's 500	3.21	11.48	11.48	4.68
Standard & Poor's/TSX (CAD)	3.15	12.16	12.13	6.86
U.S. EQUITY BY SIZE/STYLE				
Wilshire U.S. Large Cap Index SM	3.31	11.90	11.90	4.92
Wilshire U.S. Large Cap Growth Index SM	2.74	13.01	13.01	4.31
Wilshire U.S. Large Cap Value Index SM	3.83	10.92	10.92	5.41
Wilshire U.S. Small Cap Index SM	5.01	17.56	17.56	6.84
Wilshire U.S. Small Cap Growth Index SM	6.07	18.57	18.57	6.60
Wilshire U.S. Small Cap Value Index SM	3.92	16.52	16.52	7.03
Wilshire U.S. Micro Cap Index SM	6.27	17.78	17.78	2.13
INTERNATIONAL EQUITY (USD)				
MSCI AC World ex U.S.	1.95	9.66	9.66	-6.46
MSCI EAFE	2.55	9.29	9.29	-6.04
MSCI Europe	3.36	10.17	10.17	-5.46
MSCI Pacific	1.24	7.79	7.79	-7.17
MSCI Japan	-0.03	6.06	6.06	-10.30
MSCI EM (Emerging Markets)	0.23	9.01	9.01	-9.89
INTERNATIONAL EQUITY (LOCAL CURRENCY)				
MSCI AC World ex U.S.	2.82	9.11	9.11	-1.44
MSCI EAFE	3.48	9.12	9.12	-0.79
MSCI Europe	3.63	9.44	9.44	0.34
MSCI Pacific	3.28	8.58	8.58	-2.74
MSCI Japan	2.26	7.62	7.62	-6.41
MSCI EM (Emerging Markets)	1.10	8.35	8.35	-5.07
U.S. FIXED INCOME				
Bloomberg Barclays U.S. Aggregate	-0.06	1.00	1.00	3.17
Bloomberg Barclays Long Gov't/Credit	-0.55	1.67	1.67	2.17
Bloomberg Barclays Long-Term Treasury	-1.22	-0.56	-0.56	3.99
Bloomberg Barclays U.S. TIPS	-0.01	1.33	1.33	1.91
Bloomberg Barclays U.S. Credit	0.22	2.38	2.38	2.72
Bloomberg Barclays Corporate High Yield	1.66	6.26	6.26	4.31
INTERNATIONAL FIXED INCOME				
Bloomberg Barclays Global Aggregate (Unhedged)	-0.58	0.94	0.94	-0.57
Bloomberg Barclays Global Aggregate (Hedged)	0.12	1.18	1.18	3.94
JPM EMBI Plus	-0.08	5.00	5.00	2.19
REAL ESTATE/COMMODITIES/ALTERNATIVES				
Wilshire U.S. Real Estate Securities Index SM	0.88	12.42	12.42	20.33
Wilshire Global ex U.S. Real Estate Securities Index SM	0.11	10.00	10.00	5.20
Wilshire Global Real Estate Securities Index SM	0.61	11.56	11.56	14.72
Bloomberg Commodity Index	1.01	6.51	6.51	-5.67
S&P GSCI Commodity (S&P GSCI)	3.81	13.14	13.14	-2.45
Wilshire Liquid Alternatives Index SM	0.56	2.59	2.59	-1.17
Wilshire Liquid Alternative Equity Hedge Index SM	0.76	4.34	4.34	-2.17
Wilshire Liquid Alternative Event Driven Index SM	0.63	2.09	2.09	1.43
Wilshire Liquid Alternative Global Macro Index SM	0.19	-0.11	-0.11	-4.59
Wilshire Liquid Alternative Multi-strategy Index SM	0.83	3.43	3.43	-1.03
Wilshire Liquid Alternative Relative Value Index SM	0.42	2.10	2.10	0.21
Wilshire Focused Liquid Alternative Index SM	0.69	2.41	2.41	-0.44

*As of February 28, 2019. Source: Wilshire CompassSM

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