

Quarterly Market Review

First Quarter 2019

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This report features world capital market performance and a timeline of events for the past quarter. It begins with a global overview, then features the returns of stock and bond asset classes in the U.S. and international markets.

Overview:

Market Summary

World Stock Market Performance

World Asset Classes

Fixed Income







U.S. Stocks

International Developed Stocks

Emerging Markets Stocks

Market Summary

First Quarter 2019 Index Returns

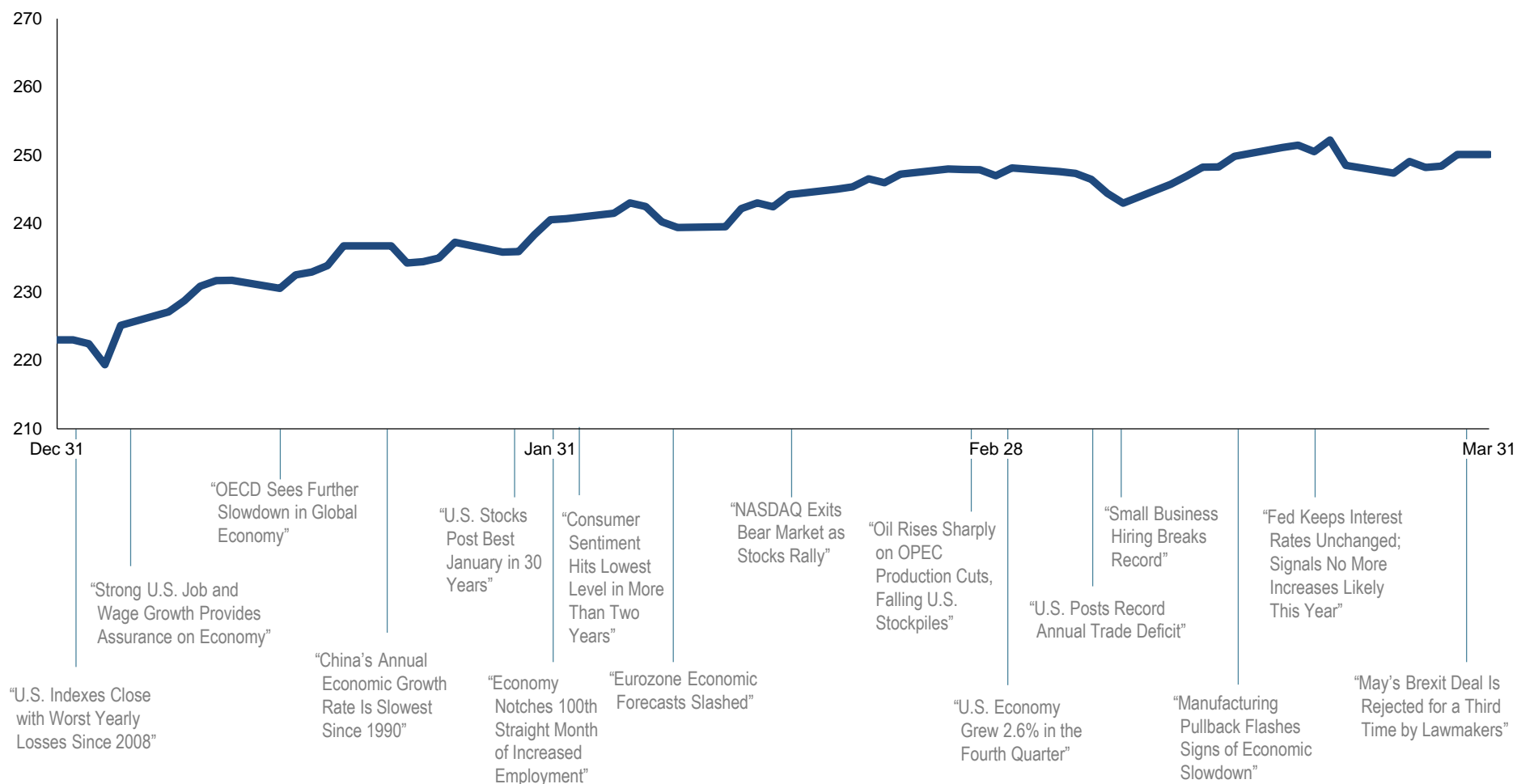
	U.S. Stock Market	International Developed Stocks	Emerging Markets Stocks	Gold	U.S. Taxable Bond Market	U.S. Muni Market
Q1 2019	14.04%	9.98%	9.97%	0.91%	2.32%	1.33%
						

Since Jan. 2001	STOCKS			COMMODITIES	BONDS	
Avg. Quarterly Return	2.0%	1.4%	3.0%	2.2%	1.0%	0.7%
Best Quarter	16.8%	25.4%	34.8%	16.5%	4.8%	2.9%
	2009 Q2	2009 Q2	2009 Q2	2016 Q1	2008 Q4	2002 Q2
Worst Quarter	-22.8%	-20.6%	-27.6%	-23.4%	-2.5%	-1.2%
	2008 Q4	2008 Q4	2008 Q4	2013 Q2	2004 Q2	2004 Q2

Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Market segment (index representation) as follows: U.S. Stock Market (Russell 3000 Index), International Developed Stocks (MSCI EAFE NR), Emerging Markets (MSCI Emerging Markets GR Index), Gold (S&P GSCI Gold TR), U.S. Bond Market (Bloomberg Barclays U.S. Government / Credit Intermediate TR Bond Index), and U.S. Muni Market (Bloomberg Barclays Municipal 3 Year 2-4 USD Index). S&P data © 2018 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. MSCI data © MSCI 2018, all rights reserved. Bloomberg Barclays data provided by Bloomberg. FTSE fixed income © 2018 FTSE Fixed Income LLC, all rights reserved.

World Stock Market Performance

MSCI All Country World Index with selected headlines from Q1 2019



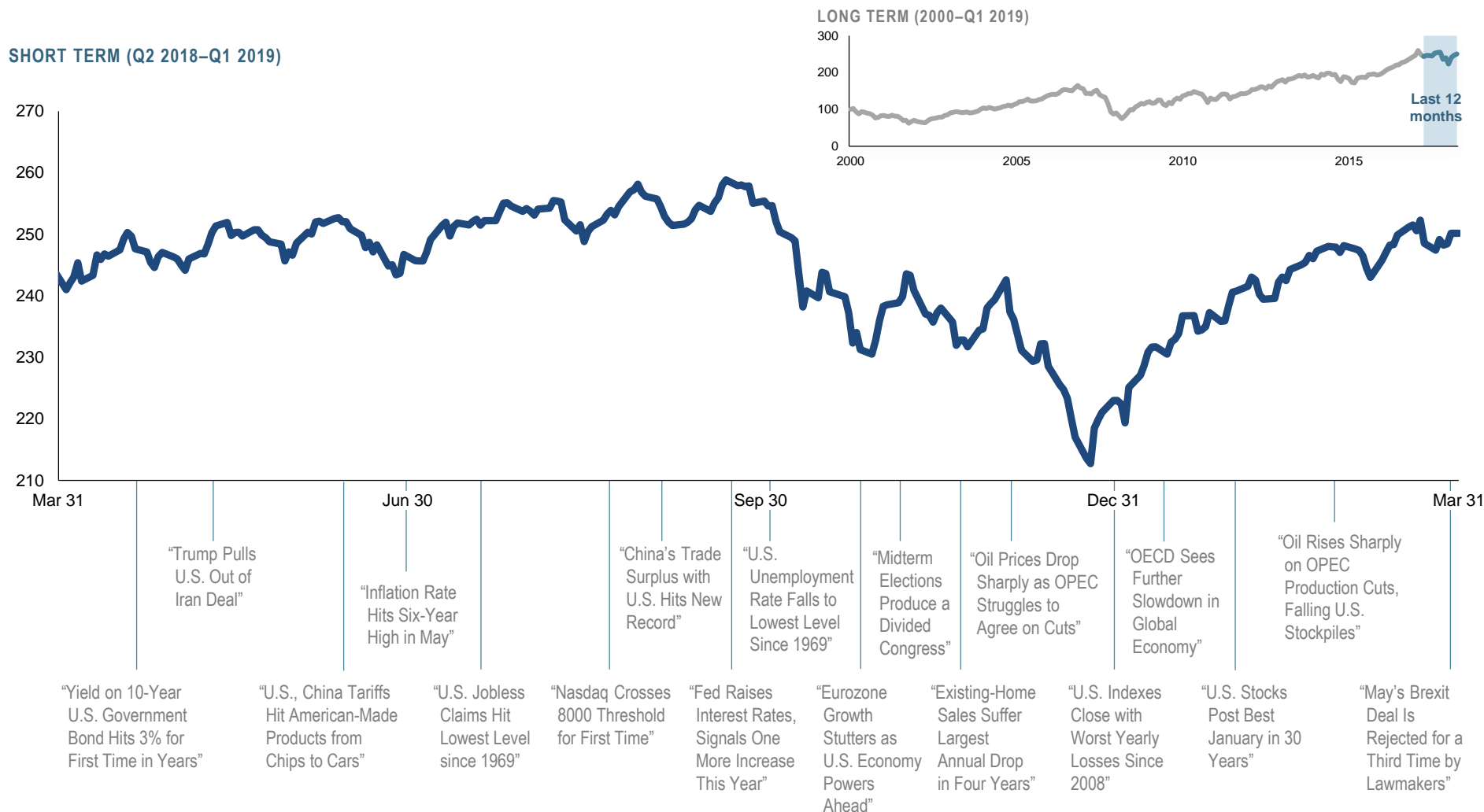
These headlines are not offered to explain market returns. Instead, they serve as a reminder that investors should view daily events from a long-term perspective and avoid making investment decisions based solely on the news.

Graph Source: MSCI ACWI Index [net div.]. MSCI data © MSCI 2019, all rights reserved.

It is not possible to invest directly in an index. Performance does not reflect the expenses associated with management of an actual portfolio. Past performance is not a guarantee of future results.

World Stock Market Performance

MSCI All Country World Index with selected headlines from past 12 months



These headlines are not offered to explain market returns. Instead, they serve as a reminder that investors should view daily events from a long-term perspective and avoid making investment decisions based solely on the news.

Graph Source: MSCI ACWI Index [net div.]. MSCI data © MSCI 2019, all rights reserved.

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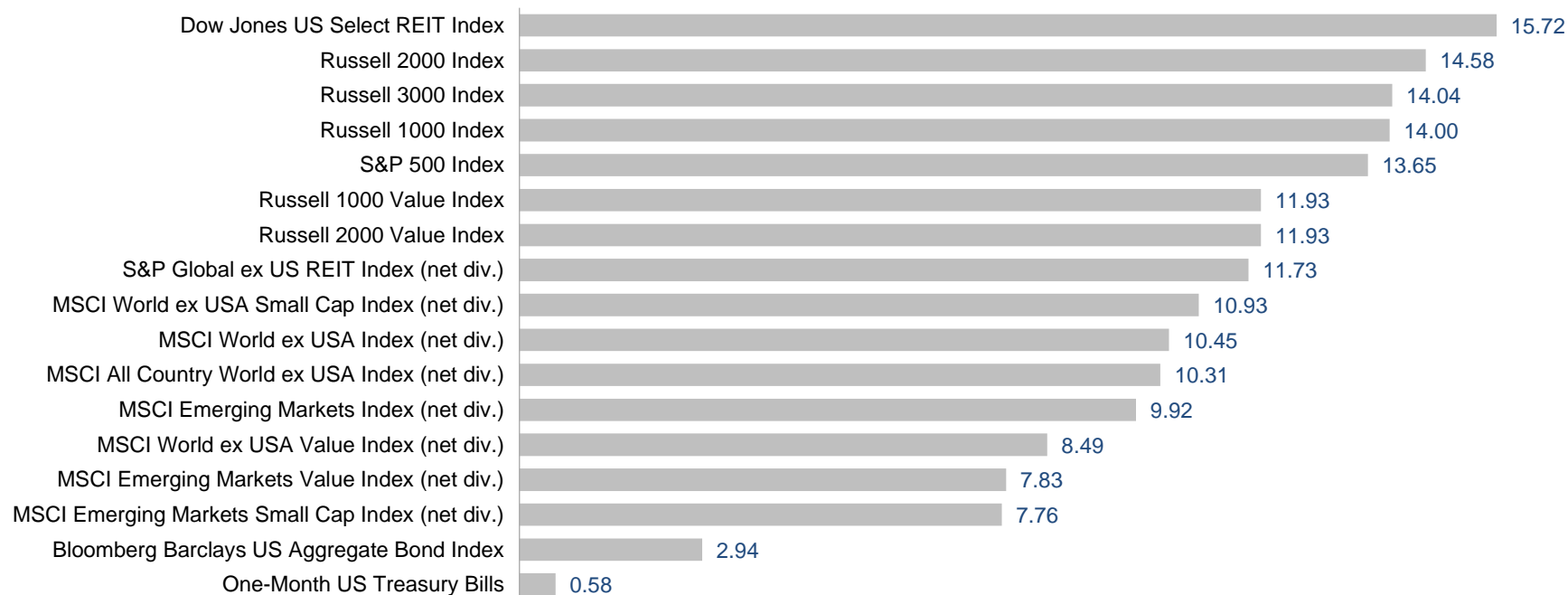
World Asset Classes

First Quarter 2019 Index Returns (%)

Equity markets posted positive returns around the globe in the first quarter. Looking at broad market indices, U.S. equities outperformed non-U.S. developed and emerging markets.

Small caps outperformed large caps in the U.S. and non-U.S. developed markets but underperformed in emerging markets. Value stocks generally underperformed growth stocks in all regions.

REIT indices outperformed equity market indices in both the U.S. and non-U.S. developed markets.



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Fixed Income

First Quarter 2019 Index Returns

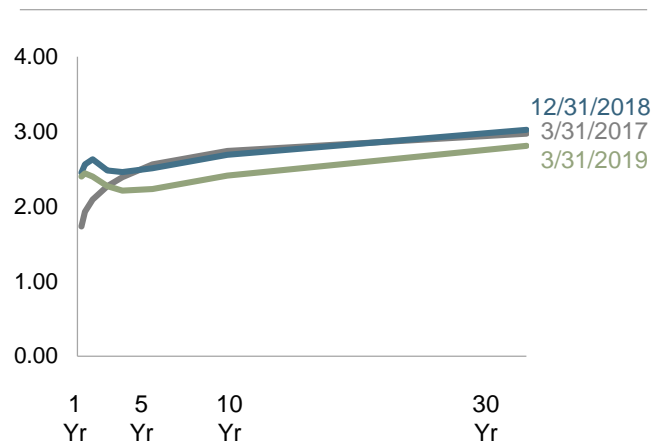
Interest rates decreased in the U.S. Treasury fixed income market during the first quarter. The yield on the 5-year Treasury note declined 28 basis points (bps), ending at 2.23%. The yield on the 10-year Treasury note decreased 28 bps to 2.41%. The 30-year Treasury bond yield fell 21 bps to finish at 2.81%.

On the short end of the curve, the 1-month T-bill yield was relatively unchanged at 2.43%, while the 1-year T-bill yield dipped 23 bps to 2.40%. The 2-year Treasury note finished at 2.27% after a 21 bps decrease.

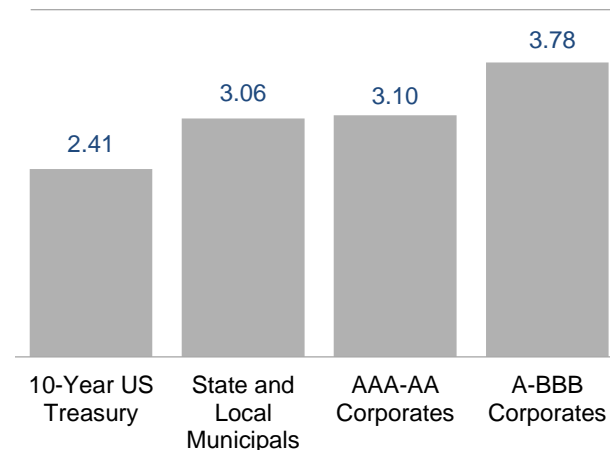
In terms of total returns, short-term corporate bonds gained 1.83%. Intermediate-term corporate bonds had a total return of 3.82%.

Total returns for short-term municipal bonds were 1.33%, while intermediate munis gained 2.78%. Revenue bonds outperformed general obligation bonds.

U.S. Treasury Yield Curve (%)



Bond Yield across Issuers (%)



Period Returns (%)

Asset Class	QTR	1 Year	3 Years*	5 Years*	10 Years*
Bloomberg Barclays Municipal Bond Index	2.90	5.38	2.71	3.73	4.72
Bloomberg Barclays US Aggregate Bond Index	2.94	4.48	2.03	2.74	3.77
Bloomberg Barclays US Government Bond Index Long	4.64	6.20	1.54	5.43	5.19
Bloomberg Barclays US High Yield Corporate Bond Index	7.26	5.93	8.56	4.68	11.26
Bloomberg Barclays US TIPS Index	3.19	2.70	1.70	1.94	3.41
FTSE World Government Bond Index 1-5 Years	0.34	-2.04	0.40	-0.95	0.71
FTSE World Government Bond Index 1-5 Years (hedged to USD)	1.16	3.13	1.59	1.65	1.73
ICE BofAML 1-Year US Treasury Note Index	0.82	2.44	1.21	0.85	0.70
ICE BofAML US 3-Month Treasury Bill Index	0.60	2.12	1.19	0.74	0.43

*Annualized

One basis point equals 0.01%. Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Yield curve data from Federal Reserve. State and local bonds are from the S&P National AMT-Free Municipal Bond Index. AAA-AA Corporates represent the Bank of America Merrill Lynch U.S. Corporates, AA-AAA rated. A-BBB Corporates represent the ICE BofAML Corporates, BBB-A rated. Bloomberg Barclays data provided by Bloomberg. U.S. long-term bonds, bills, inflation, and fixed income factor data © Stocks, Bonds, Bills, and Inflation (S&BBI) Yearbook™, Ibbotson Associates, Chicago (annually updated work by Roger G. Ibbotson and Rex A. Sinquefeld). FTSE fixed income indices © 2019 FTSE Fixed Income LLC, all rights reserved. ICE BofAML index data © 2019 ICE Data Indices, LLC. S&P data © 2019 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved.

U.S. Stocks

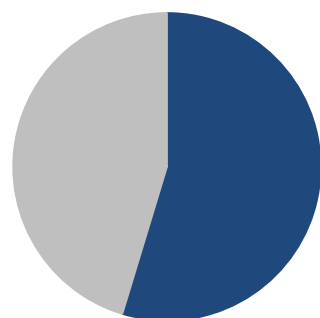
First Quarter 2019 Index Returns

The U.S. equity market posted a positive return, outperforming both non-U.S. developed and emerging markets in the first quarter.

Small caps outperformed large caps in the U.S.

Value underperformed growth across large and small cap stocks.

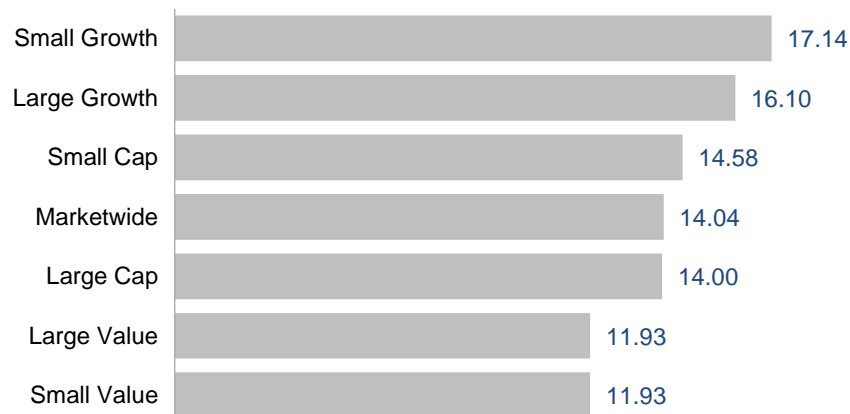
World Market Capitalization — U.S.



55%

U.S. Market
\$28.3 trillion

Ranked Returns for the Quarter (%)



Period Returns (%)

Asset Class	1 Year	3 Years*	5 Years*	10 Years*
Large Growth	12.75	16.53	13.50	17.52
Large Cap	9.30	13.52	10.63	16.05
Large Value	5.67	10.45	7.72	14.52
Small Growth	3.85	14.87	8.41	16.52
Small Cap	2.05	12.92	7.05	15.36
Small Value	0.17	10.86	5.59	14.12
Marketwide	8.77	13.48	10.36	16.00

*Annualized

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International Developed Stocks

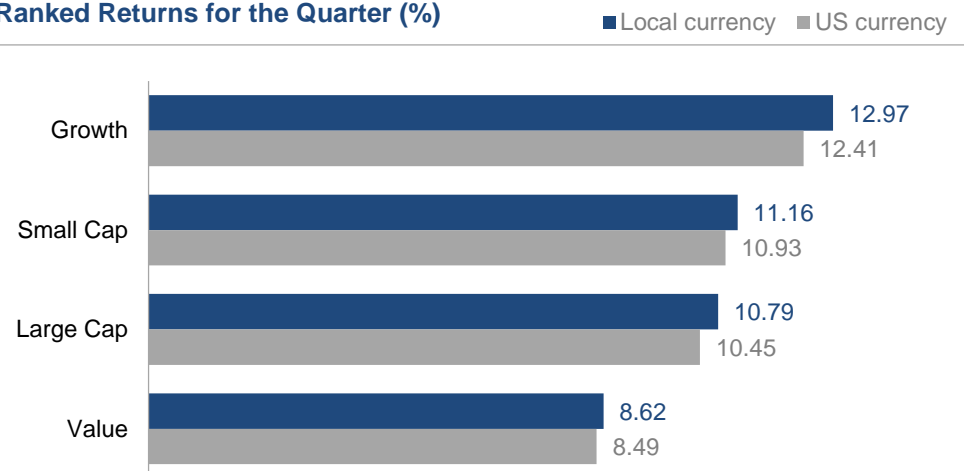
First Quarter 2019 Index Returns

In U.S. dollar terms, developed markets outside the U.S. outperformed emerging markets but underperformed the U.S. equity market during the quarter.

Small caps outperformed large caps in non-U.S. developed markets.

Value underperformed growth across large and small cap stocks.

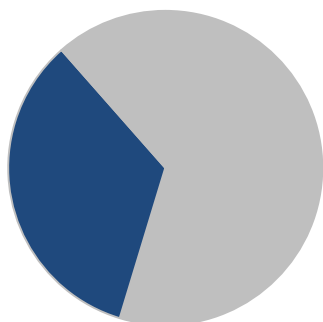
Ranked Returns for the Quarter (%)



World Market Capitalization — International Developed

34%

International
Developed Market
\$17.5 trillion



Period Returns (%)

Asset Class	1 Year	3 Years*	5 Years*	10 Years*
Growth	-0.82	7.42	3.67	9.35
Large Cap	-3.14	7.29	2.20	8.82
Value	-5.46	7.13	0.68	8.25
Small Cap	-8.66	7.28	3.69	12.25

* Annualized

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Emerging Markets Stocks

First Quarter 2019 Index Returns

In U.S. dollar terms, emerging markets underperformed developed markets, including the U.S.

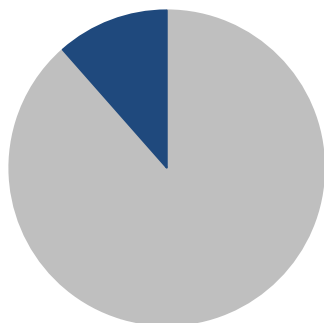
Value outperformed growth across small cap stocks but underperformed in large caps.

Small caps underperformed large caps.

World Market Capitalization — Emerging Markets

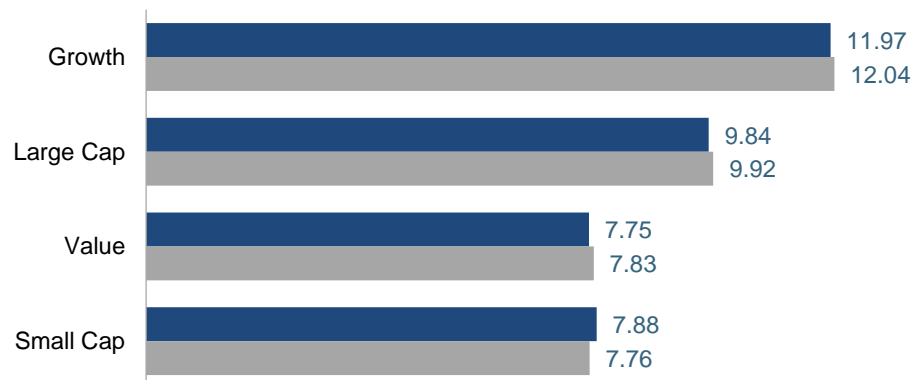
11%

Emerging Markets
\$6.0 trillion



Ranked Returns for the Quarter (%)

■ Local currency ■ US currency



Period Returns (%)

Asset Class	1 Year	3 Years*	5 Years*	10 Years*
Value	-5.27	9.54	2.21	7.83
Large Cap	-7.41	10.68	3.68	8.94
Growth	-9.52	11.75	5.04	9.98
Small Cap	-12.42	5.95	1.76	10.37

* Annualized

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