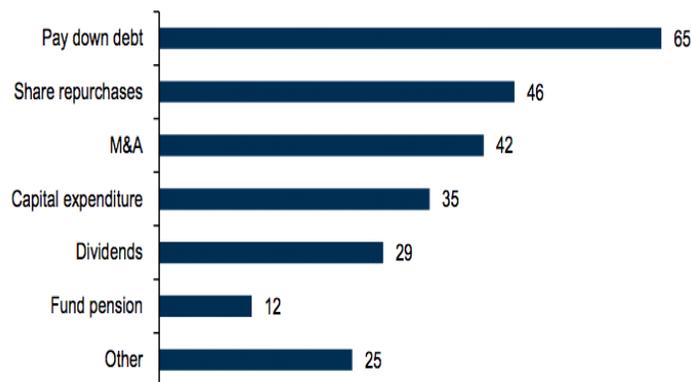


“Why aren't the other hands up?”

-Gary Cohn, White House Chief Economic Advisor, after WSJ CEO Council was polled on who would increase capital expenditure after tax reform was passed.

How would the proceeds of repatriated earnings be used? (Choose all that apply, %)



Note: From survey of companies (issuers).

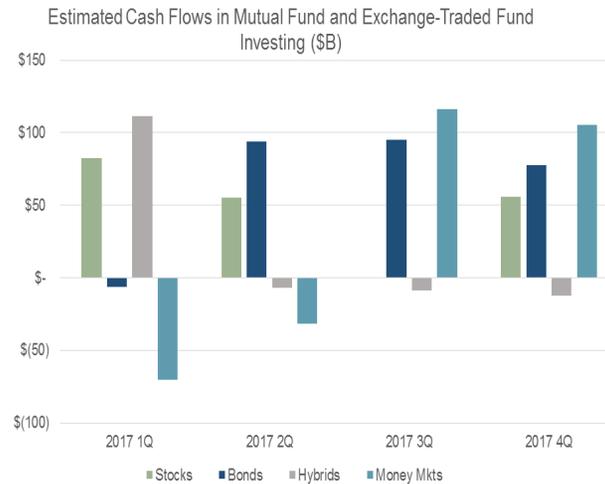
Source: 2017 BofAML Corporate Risk Management Survey

	3 Months	YTD	1 Year	3 Years	5 Years	10 Years
S&P 500 Index	6.64	21.83	21.83	11.41	15.79	8.50
Russell 1000 Index	6.59	21.69	21.69	11.23	15.71	8.59
Russell 1000 Value Index	5.33	13.66	13.66	8.65	14.04	7.10
Russell 1000 Growth Index	7.86	30.21	30.21	13.79	17.33	10.00
Russell 2000 Index	3.34	14.65	14.65	9.96	14.12	8.71
Russell 2000 Value Index	2.05	7.84	7.84	9.55	13.01	8.17
Russell 2000 Growth Index	4.59	22.17	22.17	10.28	15.21	9.19
MSCI EAFE ND	4.23	25.03	25.03	7.80	7.90	1.94
MSCI EAFE LOC	3.71	15.77	15.77	9.04	11.95	3.79
MSCI ACWI ex. US	5.00	27.19	27.19	7.83	6.80	1.84
MSCI EAFE Small Cap ND	6.05	33.01	33.01	14.20	12.85	5.77
MSCI Europe ND	2.21	25.51	25.51	6.69	7.37	1.34
MSCI Japan ND	8.49	23.99	23.99	11.62	11.16	3.17
MSCI EM ND	7.44	37.28	37.28	9.10	4.35	1.68
MSCI EM LOC	5.74	31.00	31.00	10.91	8.38	4.49
DJ World Real Estate	4.02	16.94	16.94	6.77	7.27	3.83
DJ US Select REIT Index	1.98	3.76	3.76	4.97	9.09	7.07
DJ-UBS US Commodity Index	4.71	1.70	1.70	-5.03	-8.45	-6.83
BofA ML 3-month T-Bill	0.28	0.86	0.86	0.41	0.27	0.39
BB Government 1-3 Yr	-0.27	0.45	0.45	0.63	0.58	1.53
BB Government/Credit Bond	0.49	4.00	4.00	2.38	2.13	4.08
BB US Aggregate Bond	0.39	3.55	3.55	2.25	2.11	4.01
BB Long Government	2.34	8.53	8.53	2.85	3.49	6.49
BB Long U.S. Corporate	3.34	12.09	12.09	5.87	5.31	7.83
BB High Yield Corporate Bond	0.47	7.50	7.50	6.35	5.78	8.03
BB TIPS	1.26	3.01	3.01	2.05	0.13	3.53

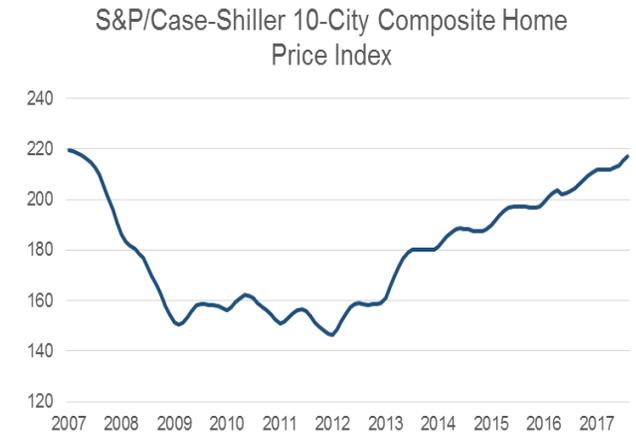
Market Commentary - 4th Quarter 2017



The Leading Index predicts the six-month growth rate of the United States' Coincident Economic Activity Index, which incorporates nonfarm payroll employment, the unemployment rate, average hours worked in manufacturing and wages and salaries in estimating economic activity.



Source: Investment Company Institute



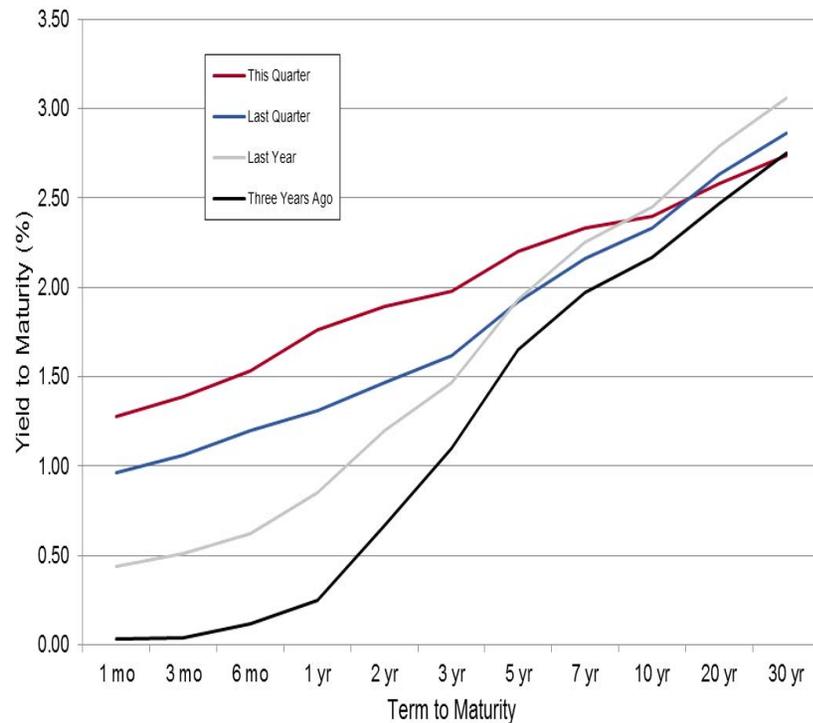
The S&P/Case-Shiller Home Price Indices are calculated monthly using a three-month moving average and published with a two month lag. Base Year 2000 = 100.

Market commentary

- Markets continued to benefit from consistent global economic growth.
- U.S. stocks (S&P 500) were up 6.64% as tax reform and strong corporate earnings bolstered equity prices.
- Emerging markets, up 7.44%, continued to rally on a weakening dollar and higher oil prices.
- The Federal Reserve raised its benchmark rate at the end of the quarter and is expected to begin unwinding its balance sheet over 2018.
- Investors increased their holdings of stocks and bonds mutual funds and ETFs. For the quarter, stocks had a net inflow of \$56 billion while bonds had a net inflow of \$77 billion. Total money market mutual fund assets increased by \$105 billion to \$2.8 trillion.
- Total employment increased by 611,000 jobs this quarter, and the unemployment rate fell from 4.2% to 4.1%.
- The price of oil rose from \$52 to \$60 a barrel through the quarter.

Market Commentary - 4th Quarter 2017

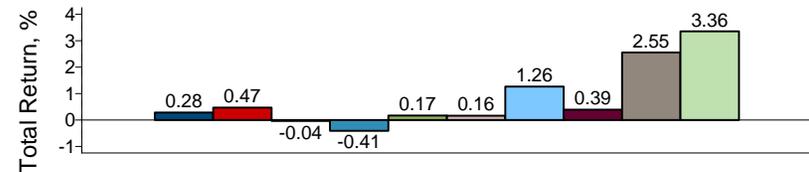
U.S. Treasury Yield Curve



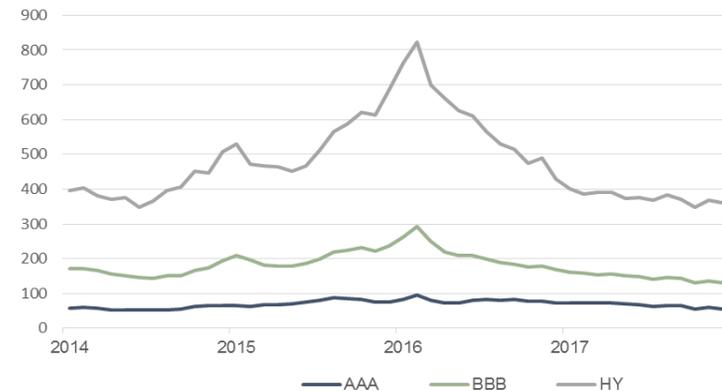
Source: Department of US Treasury

US Fixed Income - Quarter

Oct-17 - Dec-17



Spread to Treasuries (bps)



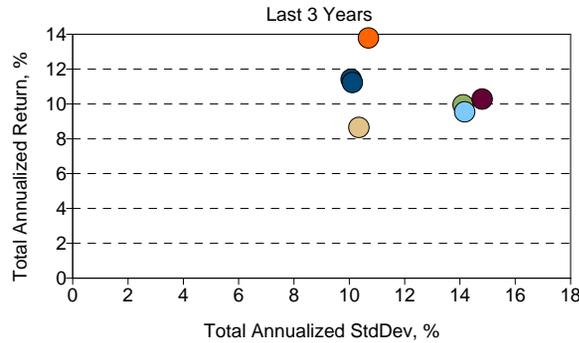
Source: Bank of America Merrill Lynch Option Adjusted Spread Index

U.S. bond market

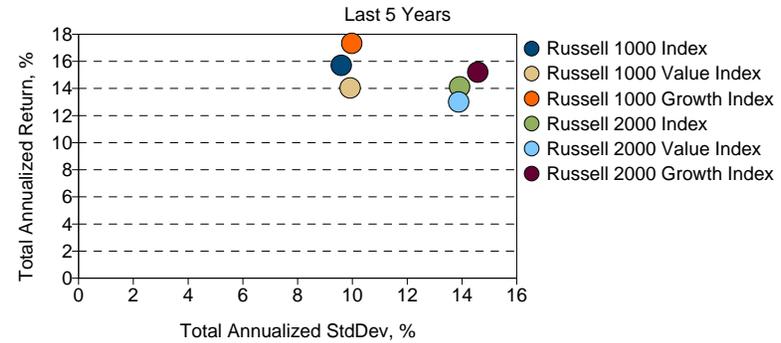
- The broad fixed income market was up slightly as low inflation expectations balanced out higher short-term rates.
- The yield curve flattened over the quarter as the Federal Reserve increased its benchmark rate.
- Investors are anticipating Jerome Powell to be sworn in as the next chairman of the Federal Reserve. He is expected to maintain the bank's current approach of gradually raising short-term rates.
- Yields on the 10-year rose by eight basis points while yields on the 30-year dropped by 12.
- Short-term government bonds were the worst performing sector, down 27 basis points, as the Federal Reserve increased its benchmark rate in December.
- Long-term corporate bonds were the best performing sector, up 3.36%, as longer term rates fell and spreads tightened.

Market Commentary - 4th Quarter 2017

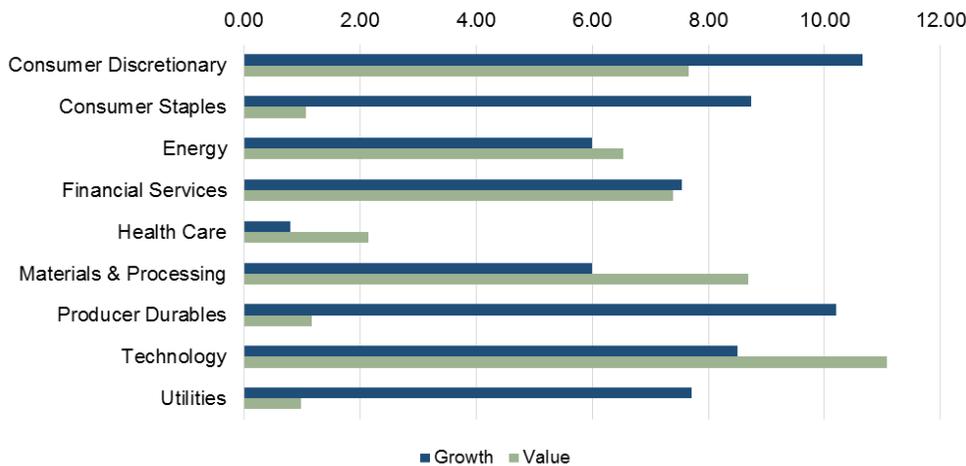
Performance vs. Risk



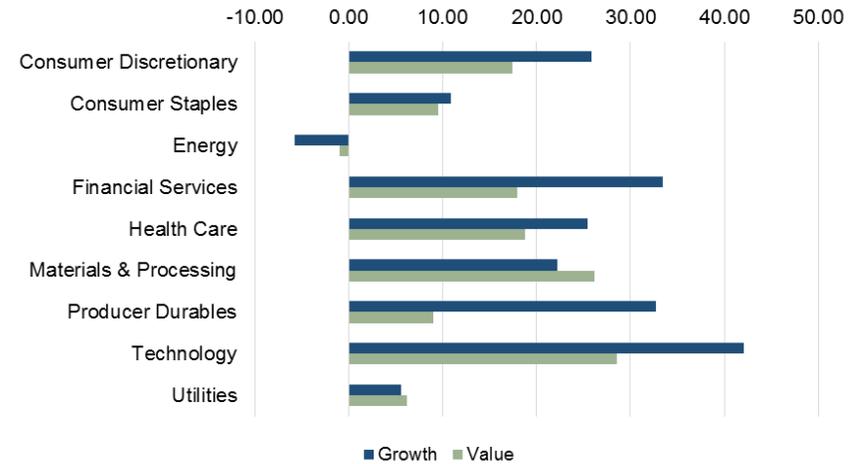
Performance vs. Risk



Russell 1000 Index Sector Quarterly Returns



Russell 1000 Index Sector Annual Returns



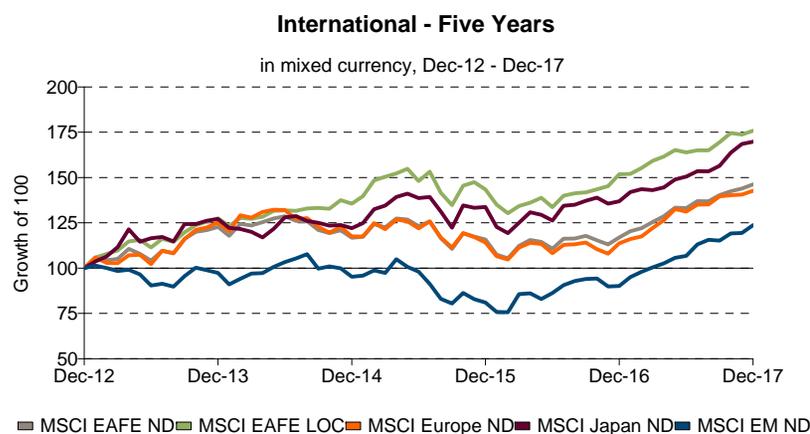
U.S. stock market

- Major domestic equity indices posted gains in the quarter. The Russell 1000 Growth Index was the best performing sector, up 7.86%
- In the quarter, larger capitalization stocks outperformed smaller capitalization stocks as tax reform increased the prospect for more robust dividend payments.
- REITs were up 1.98% as inflation expectations continue to be muted.
- Healthcare was the worst performing sector, up only 1.48%, as the tax reform legislation passed by Congress injected uncertainty into the healthcare industry by repealing the Individual Mandate within the Patient Protection and Affordable Care Act.
- Consumer Discretionary stocks, which would benefit most from lower income tax rates, were the best performing, up 9.73%.

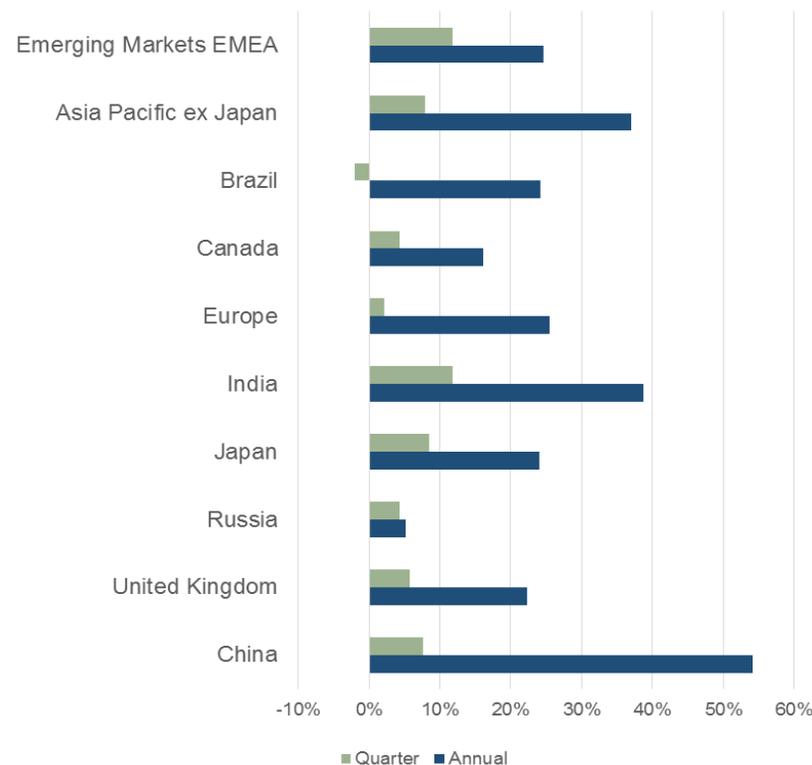
Market Commentary - 4th Quarter 2017

	Units per US Dollar		
	This Quarter	Last Quarter	% Change
Euro	0.832	0.846	-1.72%
United Kingdom Pound	0.740	0.746	-0.91%
Japanese Yen	112.701	112.651	0.04%
Chinese Yuan Renminbi	6.507	6.650	-2.14%
Mexican Peso	19.638	18.151	8.19%
Canadian Dollar	1.252	1.251	0.05%
Indian Rupee	63.836	65.313	-2.26%
Russian Ruble	57.555	57.596	-0.07%
Brazilian Reais	3.313	3.162	4.76%

Source: www.xe.com



Regional Performance



Source: MSCI

International market

- The dollar was down against most major currencies as global economic data continued to improve while the price of oil rose in the quarter.
- For the quarter, the EAFE and Emerging Market Indices were up 4.23% and 7.44%, respectively. Local currency returns for developed markets were up 3.71%, while local returns in emerging markets were up 5.74%.
- Among the major international regions, Indian stocks performed best over the quarter, reflecting an increase in the level of domestic investment in equity mutual funds throughout 2017.
- Brazilian stocks were the worst performing, down on uncertainty related to the country's proposed pension reform.
- Small-cap international stocks outperformed large-cap international stocks.

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