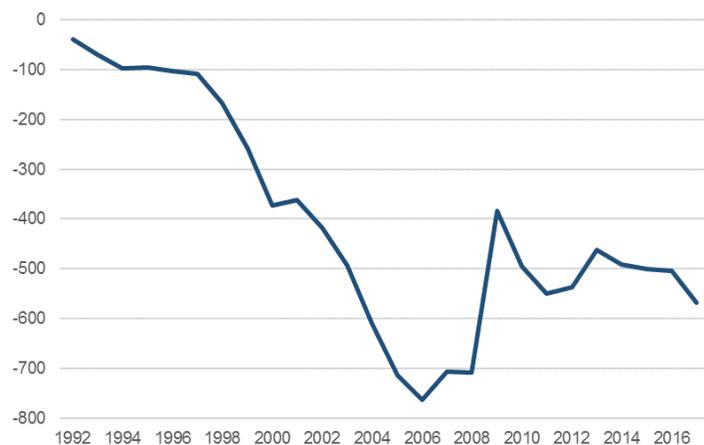


“The curious task of economics is to demonstrate to men how little they really know about what they imagine they can design.”

-Friedrich August von Hayek

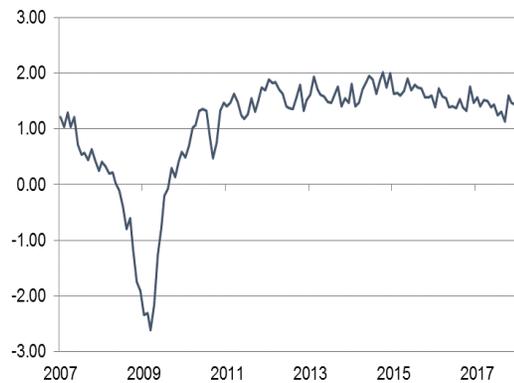
U.S. International Trade Deficit, Goods and Services, Billions of Dollars, Seasonally Adjusted



	3 Months	YTD	1 Year	3 Years	5 Years	10 Years
S&P 500 Index	-0.76	-0.76	13.99	10.78	13.31	9.49
Russell 1000 Index	-0.69	-0.69	13.98	10.39	13.17	9.61
Russell 1000 Value Index	-2.83	-2.83	6.95	7.88	10.78	7.78
Russell 1000 Growth Index	1.42	1.42	21.25	12.90	15.53	11.34
Russell 2000 Index	-0.08	-0.08	11.79	8.39	11.47	9.84
Russell 2000 Value Index	-2.64	-2.64	5.13	7.87	9.96	8.61
Russell 2000 Growth Index	2.30	2.30	18.63	8.77	12.90	10.95
MSCI EAFE ND	-1.53	-1.53	14.80	5.55	6.50	2.74
MSCI EAFE LOC	-4.16	-4.16	5.82	3.84	8.95	5.02
MSCI ACWI ex. US	-1.18	-1.18	16.53	6.18	5.89	2.70
MSCI EAFE Small Cap ND	0.24	0.24	23.49	12.25	11.10	6.48
MSCI Europe ND	-1.98	-1.98	14.49	4.79	6.37	2.06
MSCI Japan ND	0.83	0.83	19.64	8.36	8.92	4.10
MSCI EM ND	1.42	1.42	24.93	8.81	4.99	3.02
MSCI EM LOC	0.76	0.76	22.44	9.42	8.64	5.79
DJ World Real Estate	-3.00	-3.00	8.25	4.28	5.21	4.39
DJ US Select REIT Index	-7.43	-7.43	-3.68	0.74	5.97	6.02
DJ-UBS US Commodity Index	-0.40	-0.40	3.71	-3.21	-8.32	-7.71
BofA ML 3-month T-Bill	0.35	0.35	1.11	0.53	0.34	0.34
BB Government 1-3 Yr	-0.15	-0.15	0.02	0.40	0.53	1.22
BB Government/Credit Bond	-1.58	-1.58	1.38	1.22	1.84	3.65
BB US Aggregate Bond	-1.46	-1.46	1.20	1.21	1.83	3.64
BB Long Government	-3.22	-3.22	3.53	0.45	3.28	5.75
BB Long U.S. Corporate	-4.05	-4.05	6.11	3.30	4.83	7.68
BB High Yield Corporate Bond	-0.86	-0.86	3.78	5.17	4.99	8.27
BB TIPS	-0.79	-0.79	0.92	1.30	0.05	2.93

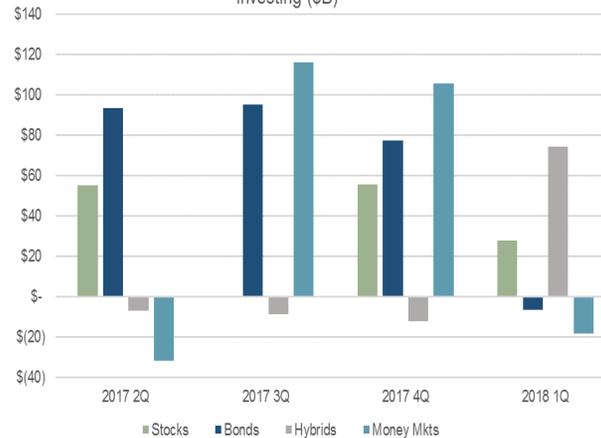
Market Commentary - 1st Quarter 2018

FRB Leading Index for the United States, Percent, Monthly, Seasonally Adjusted



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.

Estimated Cash Flows in Mutual Fund and Exchange-Traded Fund Investing (\$B)



Source: Investment Company Institute

S&P/Case-Shiller 10-City Composite Home Price Index



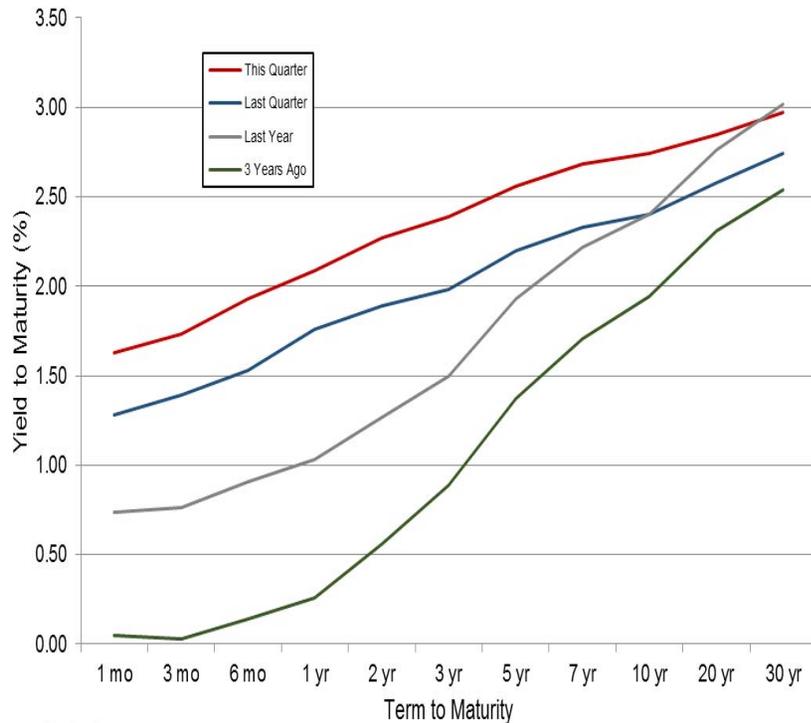
The S&P/Case-Shiller Home Price Indices are calculated monthly using a three-month moving average and published with a two month lag. Base Year 2000 = 100.

Market commentary

- Markets showed signs of volatility as investors feared an uptick in both global protectionism and inflation expectations.
- U.S. stocks (S&P 500) were down 0.76% as strong corporate earnings were overshadowed by investors' concerns relating to higher interest rates and large-scale trade tariffs against China.
- Emerging markets, up 1.42%, continued to benefit from a weakening dollar and sustained growth.
- The Federal Reserve, now under Jerome Powell's leadership, raised its benchmark rate by 0.25% and is expected to do so twice more in 2018.
- Investors increased their holdings of stock mutual funds and ETFs while decreasing their holdings of bond mutual funds and ETFs. For the quarter, stocks had a net inflow of \$28 billion while bonds had a net outflow of \$7 billion. Total money market mutual fund assets decreased by \$18 billion to \$2.8 trillion.
- Total employment increased by 605,000 jobs this quarter, and the unemployment rate remained at 4.1%
- The price of oil rose from \$60 to \$65 a barrel through the quarter.

Market Commentary - 1st Quarter 2018

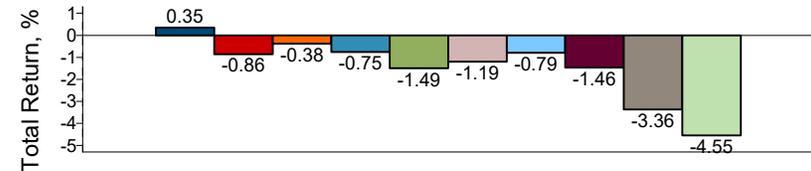
U.S. Treasury Yield Curve



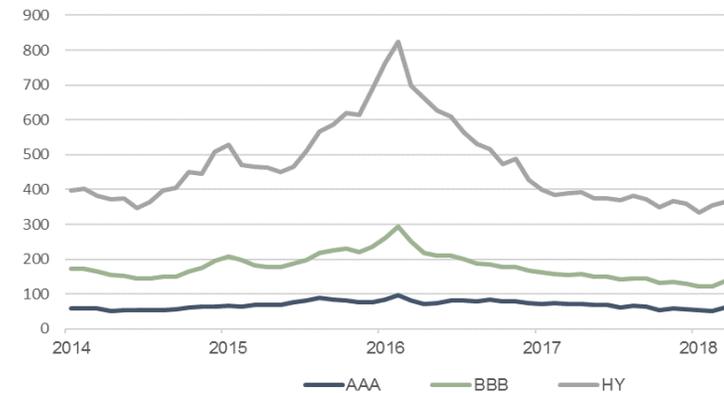
Source: Department of US Treasury

US Fixed Income - Quarter

Jan-18 - Mar-18



Spread to Treasuries (bps)



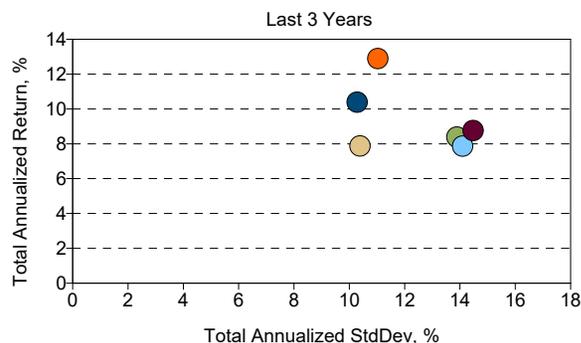
Source: Bank of America Merrill Lynch Option Adjusted Spread Index

U.S. bond market

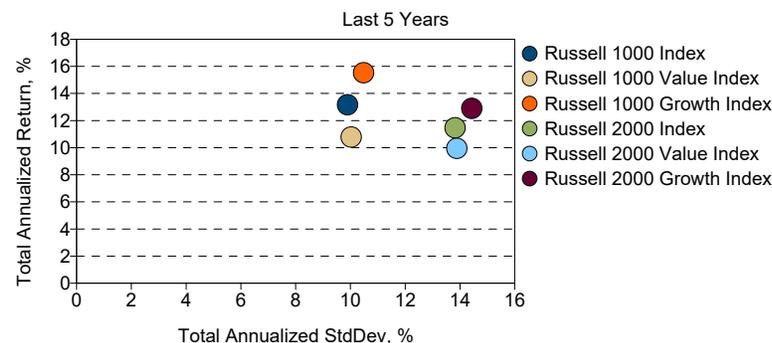
- The broad fixed income market was down due to higher inflation expectations, which stemmed from stronger hourly earnings data reported in the quarter.
- The yield curve shifted upwards on the bolstered inflation outlook and the Federal Reserve's plans to continue increasing its benchmark rate.
- The Federal Reserve, now with Jerome Powell as chairman, is expected to increase its benchmark rate two more times over the course of 2018.
- Yields on the 10-year rose by 33 basis points while yields on the 30-year rose by 23 basis points.
- Long-term corporate bonds were the worst performing sector, down 4.05%, due to the upward shift in the yield curve.
- Short-term government bonds, down 15 basis points, had the greatest downside protection in the rising rate environment.

Market Commentary - 1st Quarter 2018

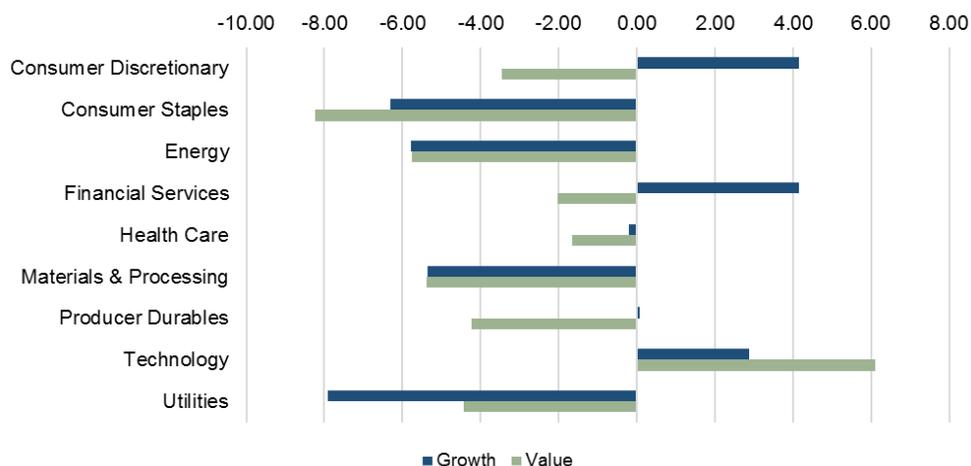
Performance vs. Risk



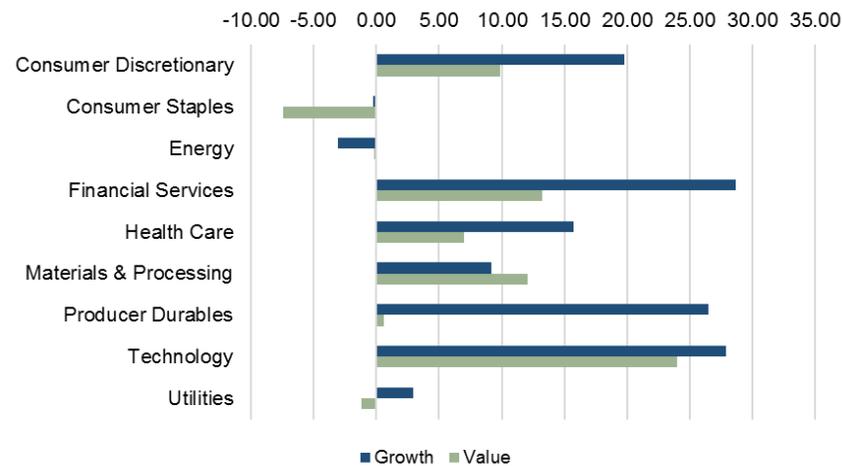
Performance vs. Risk



Russell 1000 Index Sector Quarterly Returns



Russell 1000 Index Sector Annual Returns



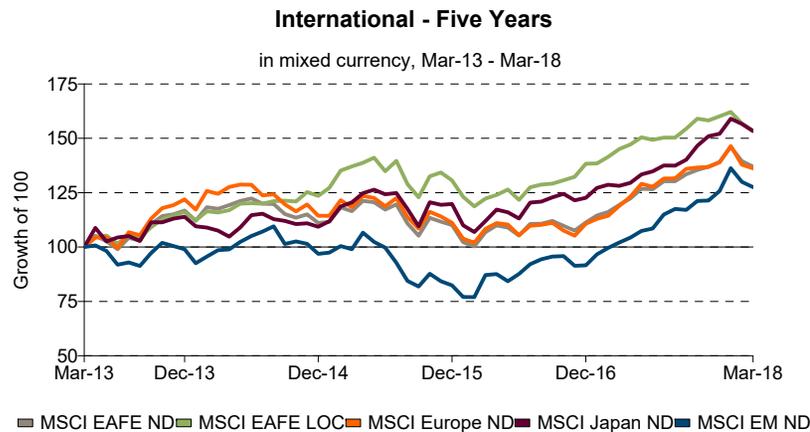
U.S. stock market

- Major domestic equity indices were mixed in the quarter, with growth stocks outperforming value stocks across all market capitalizations. The Russell 2000 Growth Index was the best performing sector, up 2.30%.
- In the quarter, larger capitalization stocks, which suffered significant outflows following the prospect for protectionism, underperformed smaller capitalization stocks.
- REITs were down 7.43% as inflation expectations rose.
- Consumer staples stocks, which would be most susceptible to the proposed Chinese tariffs, were the worst performing sector, down 7.37%.
- Despite a broad selloff near the end of the quarter concerning future growth prospects and regulatory scrutiny, technology stocks were the best performing sector, up 3.51%.

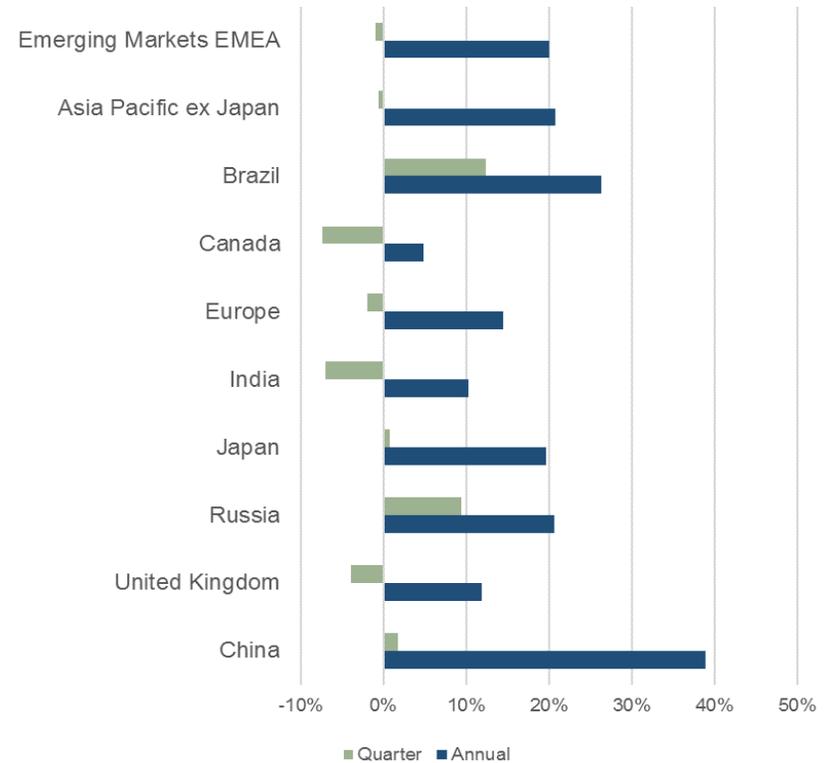
Market Commentary - 1st Quarter 2018

	Units per US Dollar		
	This Quarter	Last Quarter	% Change
Euro	0.812	0.832	-2.40%
United Kingdom Pound	0.713	0.740	-3.58%
Japanese Yen	106.218	112.701	-5.75%
Chinese Yuan Renminbi	6.284	6.507	-3.43%
Mexican Peso	18.168	19.638	-7.48%
Canadian Dollar	1.290	1.252	3.00%
Indian Rupee	65.079	63.836	1.95%
Russian Ruble	57.254	57.555	-0.52%
Brazilian Reais	3.301	3.313	-0.35%

Source: www.xe.com



Regional Performance



Source: MSCI

International market

- The dollar was down against most major currencies as economic data bolstered the market's inflation expectation.
- For the quarter, the EAFE Index was down 1.53% while the EM index was up 1.42%. Local currency returns for developed markets were down 4.16%, while local returns in emerging markets were up 0.76%.
- Among the major international regions, Brazilian stocks were the best performing, reflecting positive economic data and lower interest rates in the country.
- Canadian stocks were the worst performing, as rising protectionism in the U.S. hindered investors' outlook.
- Small-cap international stocks outperformed large-cap international stocks.

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