

MONTHLY CAPITAL MARKETS REVIEW

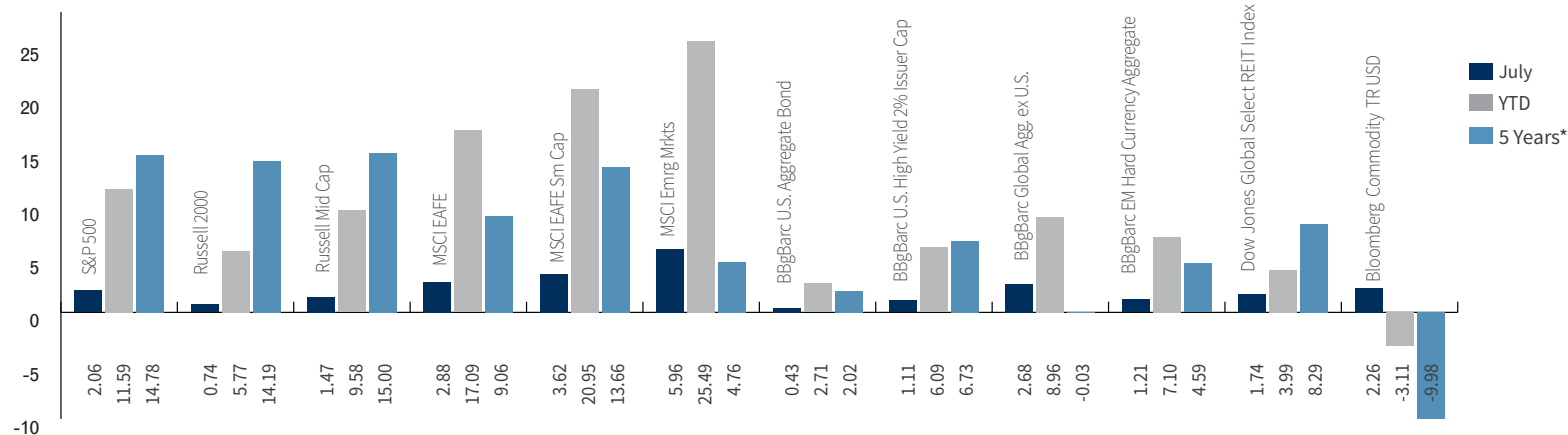
News from Asset Management Services Institutional Research

JULY HIGHLIGHTS

- Some trends that started earlier in the year continued in July. Emerging markets stocks had a stellar month, gaining 5.96% in July. This asset class has also enjoyed strong year-to-date returns of 25.49%, according to the MSCI Emerging Markets index. International developed markets continued to reward equity investors in July and returned 2.88% as per the MSCI EAFE index.
- Within domestic equity, large cap stocks outperformed their small and mid-counterparts, with the S&P 500 index gaining 2.06% for the month. A weaker U.S. dollar relative to other major currencies may have provided tailwinds to U.S. multinationals and also foreign investment returns, such as emerging market and international developed market equity. While all the S&P 500 sectors finished the month on a positive note, telecom stocks fared the best with a gain of 6.36%. Yet, this sector remains one of the weakest year-to-date with a loss 5.06%. With crude oil appreciating 8.97% in July, the energy sector received a much needed boost of 2.50%. However, energy stocks remain the worst performing year-to-date with a loss of 10.43%.

- Globally, international fixed income had the strongest returns for the month and year-to-date, posting 2.68% and 8.96%, respectively, as per the BBgBarc Gbl Agg Ex USD index. Yield-seeking investors continued to pour into high yield bonds, which gained 1.11% in July, according to the BBgBarc US HY 2% Issuer Cap index. With the 10-year Treasury yield edging down to 2.29 from 2.30, fixed income also had a positive month. While Treasuries finished the month almost flat, returning 0.17%, municipal bonds gained 0.81%.

INDEX RETURNS (%)



FOCUS ITEMS

	7/31/17	6/30/2017	1-Mth Change	7/31/16
U.S. Dollar (\$) / Japanese Yen (¥)	110.26	112.39	-1.90%	102.06
Euro (€) / U.S. Dollar (\$)	1.18	1.14	3.64%	1.12
Gold	1267.55	1242.25	2.04%	1342.00
10-Year Treasury Yield	2.29	2.30	-0.41%	1.45
Light Crude Oil	50.17	46.04	8.97%	41.60

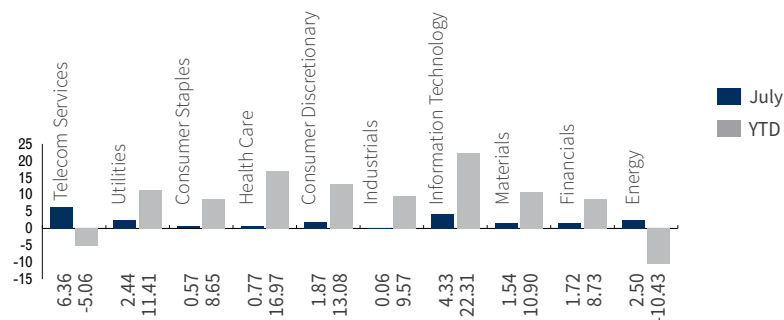
INTERNATIONAL EQUITY RETURNS (%)

	July	YTD	5-Years*
MSCI EAFE Growth NR USD	2.42	19.51	9.34
MSCI EAFE NR USD	2.88	17.09	9.06
MSCI EAFE Value NR USD	3.34	14.83	8.71

FIXED INCOME SECTOR RETURNS (%)

	July	YTD	5-Years*
BBgBarc US Agg Bond TR USD	0.43	2.71	2.02
BBgBarc US Treasury TR USD	0.17	2.04	1.11
BBgBarc US Corp IG TR USD	0.73	4.56	3.53
BBgBarc US Agg Govt Reltd TR USD	0.61	3.33	1.94
BBgBarc US Securitized TR USD	0.46	1.86	1.97
BBgBarc Municipal TR USD	0.81	4.40	3.10

S&P SECTOR RETURNS (%)



EQUITY STYLE RETURNS (%)

	JULY			YTD		
	Value	Core	Growth	Value	Core	Growth
Large	1.33	1.98	2.66	6.05	11.44	17.02
Mid	1.33	1.47	1.67	6.57	9.58	13.26
Small	0.63	0.74	0.85	1.18	5.77	10.91

*5-Year performance number is annualized. Please see next page for additional information.

Past performance is not a guarantee of future results. Indexes are not available for direct investment. Any investor who attempts to mimic an index will incur fees and expenses which would reduce returns.

THIS MATERIAL IS FOR INFORMATIONAL PURPOSES ONLY AND SHOULD NOT BE USED OR CONSTRUED AS A RECOMMENDATION REGARDING ANY SECURITY OUTSIDE OF A MANAGED ACCOUNT.

There is no assurance that any investment strategy will be successful or that any securities transaction, holdings, sectors or allocations discussed will be profitable. It should not be assumed that any investment recommendation or decisions made in the future will be profitable or will equal any investment performance discussed herein.

Fixed income securities are subject to interest rate risk. Generally, when interest rates rise, bond prices fall, and vice versa. Specific sector investing can be subject to different and greater risks than more diversified investments. Investing in small-cap and mid-cap stocks generally involves greater risks, and, therefore, may not be appropriate for every investor. International investing also involves special risks, including currency fluctuations, different financial accounting standards, and possible political and economic volatility. High-yield (below investment-grade) bonds are not suitable for all investors. When appropriate, these bonds should only comprise a modest portion of your portfolio. Commodities trading is generally considered speculative because of the significant potential for investment loss. Specific sector investing such as real estate can be subject to different and greater risks than more diversified investments. Declines in the value of real estate, economic conditions, property taxes, tax laws and interest rates all present potential risks to real estate investments.

ASSET CLASS RETURNS: Source: Russell, Bloomberg Barclays, Dow Jones, JP Morgan, Morningstar Direct

S&P 500 SECTOR RETURNS: [Source: Standard & Poor's] Returns are based on the GICS Classification model. Returns are cumulative total return for stated period, including reinvestment of dividends.

STYLE RETURNS: [Source: Russell] Style box returns based on the GICS Classification model. All values are cumulative total return for stated period including reinvestment of dividends. The Indices used from L to R, top to bottom are: Russell 1000 Value Index, Russell 1000 Index, Russell 1000 Growth Index, Russell Mid-cap Value Index, Russell Mid-cap Index, Russell Mid-cap Growth Index, Russell 2000 Value Index, Russell 2000 Index, and Russell 2000 Growth Index.

INTERNATIONAL EQUITY STYLE RETURNS, AND FOCUS ITEMS: Source: Morningstar Direct

FIXED INCOME SECTORS: [Source: Bloomberg Barclays] Returns based on the four sectors of Barclays Global Sector Classification Scheme: Securitized (consisting of U.S. MBS Index, the ERISA-Eligible CMBS Index, and the fixed-rate ABS Index), Government Related (consisting of U.S. Agencies and non-corporate debts with four sub sectors: Agencies, Local Authorities, Sovereign, and Supranational), Corporate (dollar denominated debt from U.S. and non-U.S. industrial, utility, and financial institutions issuers), and Treasuries (includes public obligations of the U.S. Treasury that have remaining maturities of one year or more).

Please note that all indices are unmanaged and investors cannot invest directly in an index. An investor who purchases an investment product which attempts to mimic the performance of an index will incur expenses that would reduce returns. Past performance is not indicative of future results.

INDEX DESCRIPTIONS:

BBgBarc EM Hard Currency Aggregate: The Bloomberg Barclays EM Hard Currency Aggregate index covers countries and sectors of the emerging markets fixed income investment universe, which includes USD-denominated emerging markets corporate and government-related debt.

BBgBarc U.S. Aggregate Bond Index: Measures changes in the fixed rate debt issues rated investment grade or higher by Moody's Investors Service, Standard and Poor's, or Fitch Investor's Service, in that order. The Aggregate Index is comprised of the Government/Corporate, the Mortgage-Backed Securities, and the Asset-Backed Securities indices.

BBgBarc U.S. Municipal Bond Index: The U.S. Municipal Index covers the USD-denominated long-term tax exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and prerefunded bonds local general obligation bonds, revenue bonds, insured bonds, and prerefunded bonds.

BBgBarc Global Aggregate ex U.S.: Measures changes in global investment-grade, fixed-rate debt markets. It combines non-U.S. dollar-denominated versions of the Pan-European Index and the Japanese, Canadian, Australian and New Zealand components of the Global Treasury Index.

BBgBarc U.S. High Yield 2% Issuer Cap index : The Bloomberg Barclays US Corporate High Yield 2% Issuer Capped

Bond Index is an issuer-constrained version of the flagship US Corporate High Yield Index, which measures the USD-denominated, high yield, fixed-rate corporate bond market. The index follows the same rules as the uncapped version, but limits the exposure of each issuer to 2% of the total market value and redistributes any excess market value index wide on a pro rata basis.

MSCI EAFE (Europe, Australasia, Far East): A free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the United States & Canada. The EAFE consists of the country indices of 21 developed nations.

The Dow Jones Global Select REIT Index: intends to measure the performance of publicly traded real estate securities.

The indices are designed to serve as proxies for direct real estate investment, in part by excluding companies whose performance may be driven by factors other than the value of real estate. This index represents equity real estate investment trusts (REITs) and real estate operating companies (REOCs) traded globally.

MSCI EAFE Small Cap: The MSCI Developed Markets Small Cap Indices offer an exhaustive representation of this size segment by targeting companies that are in the Investable Market Index but not in the Standard Index in a particular developed market. The indices include Value and Growth style indices and industry indices based on the Global Industry Classification Standard (GICS).

MSCI EAFE Value: Represents approximately 50% of the free float-adjusted market capitalization of the MSCI EAFE index, and consists of those securities classified by MSCI as most representing the value style.

MSCI EAFE Growth: Represents approximately 50% of the free float-adjusted market capitalization of the MSCI EAFE index, and consists of those securities classified by MSCI as most representing the growth style.

MSCI Emerging Markets: A free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. As of June 2, 2014, the index consists of the following 23 emerging market country indices: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Peru, Philippines, Poland, Qatar, Russia, South Africa, Taiwan, Thailand, Turkey, and the United Arab Emirates.

MSCI Local Currency: A special currency perspective that approximates the return of an index as if there were no currency valuation changes from one day to the next.

MSCI EAFE U.S. Dollar: An unmanaged capitalization-weighted index of companies representing the stock markets of Europe, Australasia and the Far East.

Russell 1000: Measures the performance of the 1,000 largest companies in the Russell 3000 Index, which represents approximately 90% of the investable U.S. equity market.

Russell 1000 Value Index: Measures the performance of those Russell 1000 companies with higher price-to-book ratios and lower forecasted growth values.

Russell 1000 Growth Index: Measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.

Russell Mid-cap: Measures the performance of the 800 smallest companies of the Russell 1000 Index, which represent approximately 30% of the total market capitalization of the Russell 1000 Index.

Russell Mid-cap Value Index: Measures the performance of those Russell Mid-cap companies with lower price-to-book ratios and lower forecasted growth values.

Russell Mid-cap Growth Index: Measures the performance of those Russell Mid-cap companies with higher price-to-book ratios and higher forecasted growth values.

Russell 2000: Measures the performance of the 2,000 smallest companies in the Russell 3000 Index, which represent approximately 8% of the total market capitalization of the Russell 3000 Index.

Russell 2000 Value Index: Measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values.

Russell 2000 Growth Index: Measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values.

Russell 3000: Representing approximately 98% of the investable U.S. equity market, the Russell 3000 index measures the performance of the largest 3,000 U.S. companies

Standard & Poor's 500 (S&P 500): Measures changes in stock market conditions based on the average performance of 500 widely held common stocks. Represents approximately 68% of the investable U.S. equity market.

Bloomberg Commodities Index: Formerly known as Dow Jones UBS Commodity Index (DJUBS). The Bloomberg Commodity Index is calculated on an excess return basis and composed of futures contracts on 22 physical commodities. It reflects the return of underlying commodity futures price movements.

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