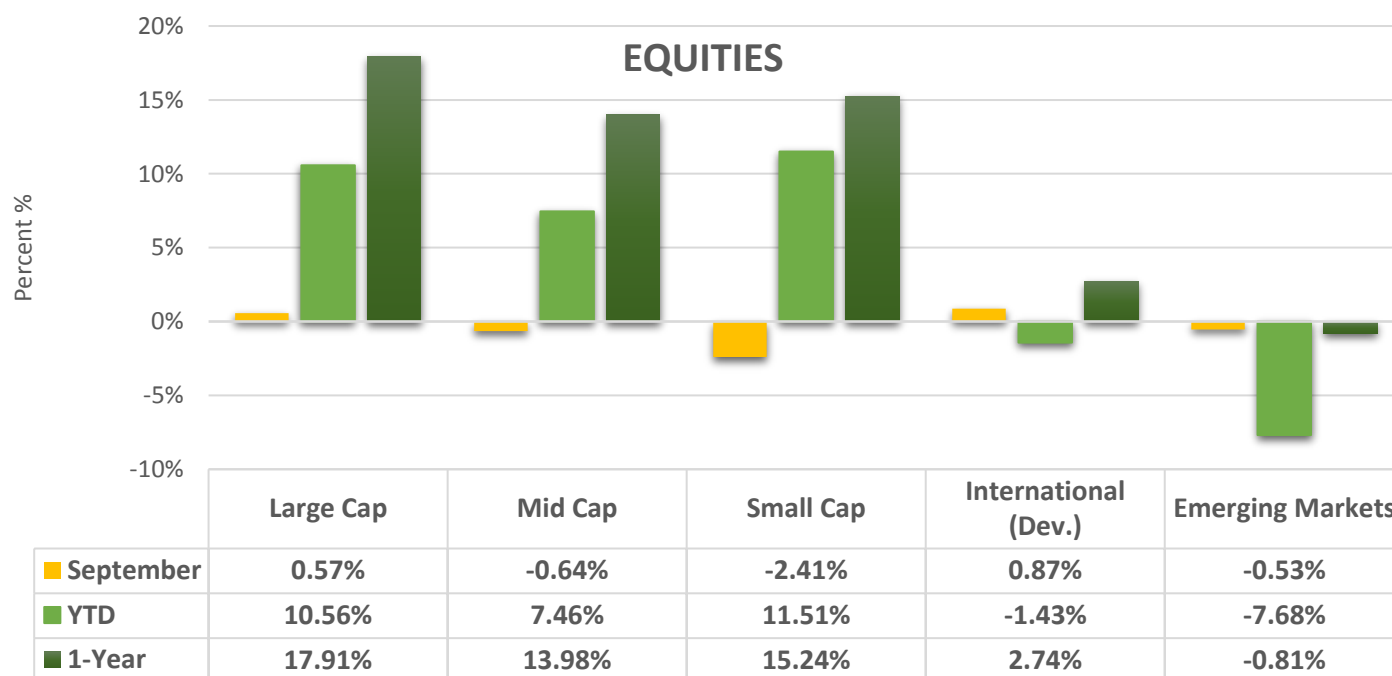


September 2018

## Market Update and Economic Developments

- Developed international stocks slightly edged domestic U.S. equities for the month of September, bolstered partly by an updated trade agreement with South Korea, Japan, Mexico and Canada.
- Small cap U.S. stocks took a hit in September, down 2.4% for the month, but remained ahead of large cap U.S. equities for the year to date period (up 11.5% versus 10.6% for large cap U.S. equities) due to a strengthening U.S. dollar, effects of 2017 tax cuts, and continued economic growth.
- Emerging markets equities continued to underperform in 2018, partly attributed to the continued chaos in markets such as Argentina and Turkey. However, valuations in the asset class remain attractive.

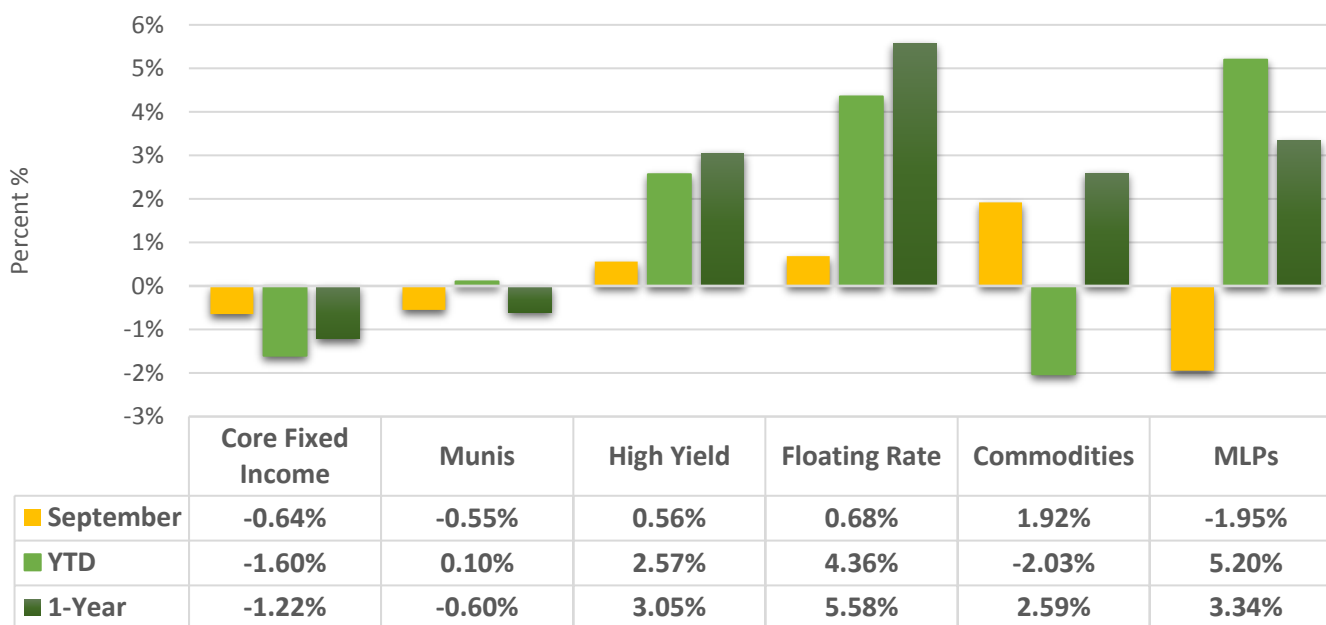


Benchmark Indexes: Large Cap = S&P 500; Mid Cap = Russell Mid Cap; Small Cap = Russell 2000; International Developed = MSCI EAFE; Emerging Markets = MSCI EM.

## Fixed Income Market Update and Other Assets

- At the Federal Reserve's September 2018 meeting, rates were hiked a third time this year by a quarter of a point, from 2.00% to 2.25%, signaling a bullish tone on the economy. Consequently, the yield on the 10-year treasury moved slightly higher to end the month just over 3.00%, up from 2.85% just a month earlier.
- Core fixed income returns were stifled in September, with the Bloomberg Barclays Aggregate Bond Index declining by 0.60%. Muni bonds also followed suit, down just over half a percent this month.
- Commodities finished the month positive, returning nearly 2%, boosted somewhat by tighter oil supplies which helped elevate prices. However, October has historically been a weak month for the asset class, which could further dampen year to date returns.
- MLPs rallied the first two months of the third quarter until cooling off in September, down nearly 2% as measured by the Alerian MLP Infrastructure Index.

### FIXED INCOME AND OTHERS



Benchmark Indexes: Core Fixed Income = Barclays US Agg; Municipal Bonds = Barclays 4-6 Yr Muni; High Yield = Barclays US Corp. HY; Floating Rate = CSFB Leveraged Loan Index; Commodities = Bloomberg Commodity; MLPs = Alerian MLP Infrastructure.