

~ JULY 2017 NEWSLETTER ~

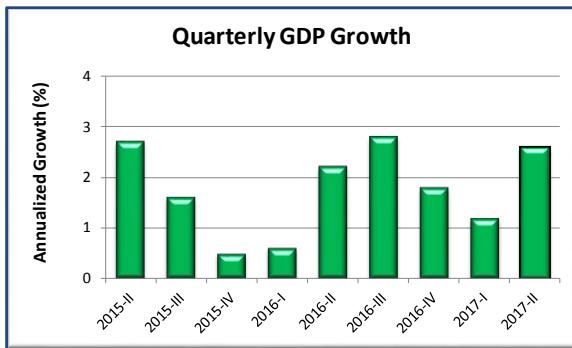
Monthly Summary

Investors were well rewarded in July as all major asset classes delivered positive results. International stocks, particularly those from emerging countries, and commodities were the top performing asset classes. Uncertainty over government policy and reduced expectations for further rate increases by the Federal Reserve continued to weigh on the U.S. dollar, boosting investments outside the U.S. The resurgence in energy prices was a boon for both commodities and stocks in the sector. Large cap growth stocks, well positioned to benefit from the uptick in global demand, once again did very well. Despite higher earnings growth and more attractive valuations, small cap stocks continued to underperform. Falling correlations among stocks and investor optimism has kept market volatility at historical lows. Intermediate bonds were the sweet spot in fixed income as a small increase in long-term rates caused longer maturity bonds to decline. Credit risk was rewarded during the month with high yield and emerging market debt posting the highest returns. Municipal bonds outperformed most taxable sectors.

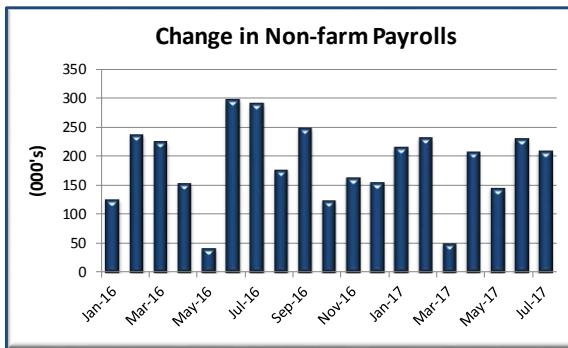
Economic news was generally positive during the month. Manufacturing and services are expanding globally. In the U.S., the recent jobs report was well received. Consumers are optimistic, spending and borrowing more. Corporate earnings are healthy and businesses have increased investment spending. Second quarter U.S. GDP growth was lower than expected but sharply outpaced first quarter results. Weak retail sales and falling inflation as well as a shift in geopolitical risks toward the U.S. suggest that investors should have a guarded outlook.

Economic Data

General	Prior	Current
GDP growth	1.2% (Q1)	2.6% (Q2)
Trade balance	-\$46.4B (May)	-\$43.6B (Jun)
Employment	Prior	Current
Initial jobless claims	245,000 (7/22)	240,000 (7/29)
Continuing claims	2.0MM (7/15)	2.0MM (7/22)
Change in nonfarm payrolls	231,000 (Jun)	209,000 (Jul)
Unemployment rate	4.4% (Jun)	4.3% (Jul)
Average weekly hours	34.5 (Jun)	34.5 (Jul)
Consumer	Prior	Current
Consumer confidence index (Conference Board)	117.3 (Jun)	121.1 (Jul)
Retail sales growth	-0.1% (May)	-0.2% (Jun)
Change in consumer credit	\$18.3B (May)	\$12.4B (Jun)



Data Source: U.S. Bureau of Economic Analysis

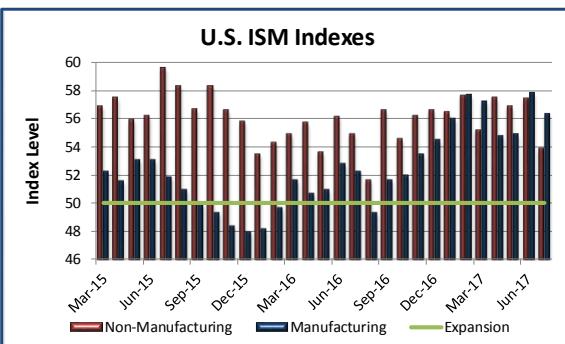


Data Source: U.S. Bureau of Labor Statistics

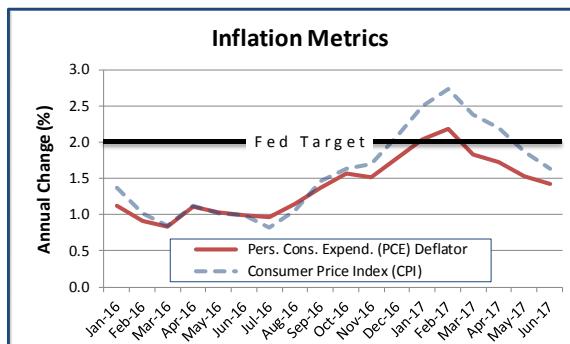
Manufacturing & Service	Prior	Current
ISM manufacturing index	57.8 (Jun)	56.3 (Jul)
ISM non-manufacturing index	57.4 (Jun)	53.9 (Jul)
Durable goods orders growth	-0.1% (May)	6.5% (Jun)
Industrial production growth	0.1% (May)	0.4% (Jun)
Capacity utilization	76.4% (May)	76.6% (Jun)

Real Estate	Prior	Current
New home sales	605,000 (May)	610,000 (Jun)
Existing home sales	5.6MM (May)	5.5MM (Jun)
S&P CoreLogic CS home price index (YoY)	5.8% (Apr)	5.7% (May)

Inflation	Prior	Current
Consumer price index/Core (YoY growth)	1.9%/1.7% (May)	1.6%/1.7% (Jun)
Producer price index/Core (YoY growth)	2.4%/2.1% (May)	2.0%/2.0% (Jun)



Data Source: Institute for Supply Management



Data Sources: U.S. Bureau of Labor Stats. & Economic Analysis

Market Returns

	July 2017	YTD 2017
Fixed Income		
BBgBarc Aggregate Bond	0.4%	2.7%
BBgBarc Municipal Bond	0.8%	4.4%
BBgBarc Gbl Agg. ex. U.S.	2.7%	9.0%
Alternatives		
Bloomberg Commodity	2.3%	-3.1%
DJ U.S. Real Estate	1.2%	7.2%
Domestic Equities		
Wilshire 5000	1.9%	10.8%
S&P 500	2.1%	11.6%
Russell 2000	0.7%	5.8%
International Equities		
MSCI EAFE (Developed)	2.9%	17.1%
MSCI EM (Emerging)	6.0%	25.5%

Data Source: Morningstar

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