

~ APRIL 2018 NEWSLETTER ~

Monthly Summary

Global stock markets edged higher in April, supported by a strong earnings season and a rebound in energy stocks. Short-term volatility kept price gains contained, particularly in the U.S. and the emerging markets. Although most U.S. companies beat earnings estimates by a wide margin in the first quarter, higher interest rates and fears that recently enacted tariffs will suppress trade and spur inflation dampened investor enthusiasm. Value stocks staged a resurgence, particularly in the small cap segment, driven by double digit returns from energy companies which make up a large portion of the value index. The U.S. dollar rallied against a broad range of currencies, paring back returns from international investments. Rising interest rates caused most fixed income sectors to decline. The exception was high yield bonds which also benefitted from a large weighting in energy companies. Interest rates stabilized at the end of the month after the Fed meeting ended with no policy changes and a series of benign economic reports.

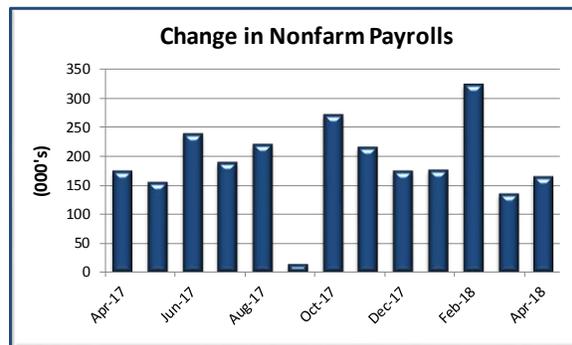
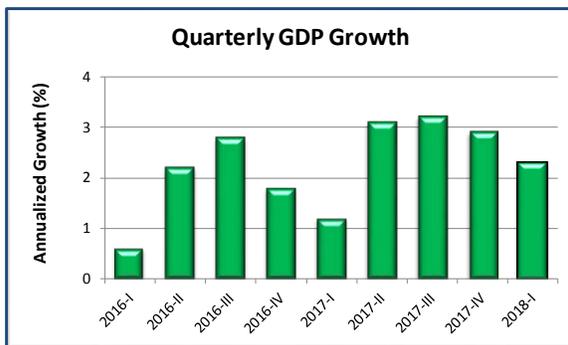
Economic growth remains positive, but signs of a slowdown are building. In the U.S., consumer spending is losing momentum and recent manufacturing and trade data have been weak. Inflation has reached the Fed's 2% target despite limited wage pressure. The possibility of further dollar weakness and supply disruptions resulting from escalating tensions between the U.S., China and large oil producers are pushing inflation expectations upward. Leading economic indicators are also slowing in Europe. Investors will be closely watching how the Fed and other central banks navigate this difficult environment.

Economic Data

General	Prior	Current
GDP growth	2.9% (Q4 2017)	2.3% (Q1 2018)
Trade balance	-\$57.7B (Feb)	-\$49.0B (Mar)

Employment	Prior	Current
Initial jobless claims	209,000 (4/21)	211,000 (4/28)
Continuing claims	1.83MM (4/14)	1.76MM (4/21)
Change in non-farm payrolls	135,000 (Mar)	164,000 (Apr)
Unemployment rate	4.1% (Mar)	3.9% (Apr)
Average weekly hours	34.5 (Mar)	34.5 (Apr)

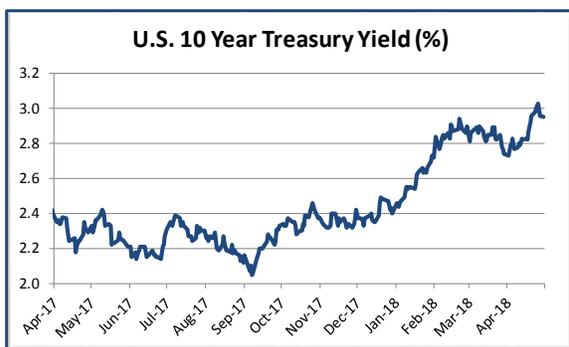
Consumer	Prior	Current
Consumer confidence index (Conference Board)	127.0 (Mar)	128.7 (Apr)
Retail sales growth	-0.1% (Feb)	0.6% (Mar)
Change in consumer credit	\$15.6B (Jan)	\$10.6B (Feb)



Manufacturing & Service	Prior	Current
ISM manufacturing index	59.3 (Mar)	57.3 (Apr)
ISM non-manufacturing index	58.8 (Mar)	56.8 (Apr)
Durable goods orders growth	3.5% (Feb)	2.6% (Mar)
Industrial production growth	1.0% (Feb)	0.5% (Mar)
Capacity utilization	77.7% (Feb)	78.0% (Mar)

Real Estate	Prior	Current
New home sales	667,000 (Feb)	694,000 (Mar)
Existing home sales	5.5MM (Feb)	5.6MM (Mar)
S&P CoreLogic CS home price index (YoY)	6.1% (Jan)	6.3% (Feb)

Inflation	Prior	Current
Consumer price index/Core (YoY growth)	2.2%/1.8% (Feb)	2.4%/2.1% (Mar)
Producer price index/Core (YoY growth)	2.8%/2.7% (Feb)	3.0%/2.9% (Mar)



Market Returns

	Apr 2018	YTD 2018
Fixed Income		
BBgBarc Aggregate Bond	-0.7%	-2.2%
BBgBarc Municipal Bond	-0.4%	-1.5%
BBgBarc Gbl Agg. ex. U.S.	-2.3%	1.3%
Alternatives		
Bloomberg Commodity	2.6%	2.2%
DJ U.S. Real Estate	0.3%	-5.7%

	Apr 2018	YTD 2018
Domestic Equities		
Wilshire 5000	0.4%	-0.4%
S&P 500	0.4%	-0.4%
Russell 2000	0.9%	0.8%
International Equities		
MSCI EAFE (Developed)	2.3%	0.7%
MSCI EM (Emerging)	-0.4%	1.0%

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