



### KEY TAKEAWAYS

- U.S. economic data releases continue their impressive trend of matching or beating estimates. Unemployment remains low, inflation has been modest, and GDP growth is strong. In fact, GDP growth was revised upward to an annual rate of 4.2% in the second quarter—the fastest pace of growth seen in almost four years.
- Shrugging off ongoing trade discussions, the S&P 500 climbed to all-time highs in the month of August and ended the month up nearly 10% on a year-to-date basis. Small U.S. companies have also been bright spots, posting impressive year-to-date gains of 14%.
- Many currencies have depreciated relative to the U.S. dollar so far this year, reducing returns for U.S.-based investors. In particular, several EM currencies have been impacted amid trade uncertainty, U.S. economic growth, and rising U.S. interest rates. The Turkish lira and Argentine peso stand out especially, both down about 25% versus the dollar in August alone. Argentina was forced to request an emergency bailout of \$50 billion from the IMF to help support its currency and finances.
- In local currency terms, returns don't look quite as bad. The MSCI EM Index is up 4.7% over the past twelve months, compared to -0.7% in U.S. dollar terms.
- The market is anticipating another 25 basis point rate hike by the Federal Reserve at their upcoming September meeting.

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### INDEX PERFORMANCE (as of 8/31/18)

Equity	August	Three-Month	One-Year
U.S. Large Cap	3.3%	7.8%	19.7%
U.S. Small Cap	4.3%	6.9%	25.5%
Developed Non-U.S.	-1.9%	-0.7%	4.4%
Emerging Market	-2.7%	-4.7%	-0.7%
Real Assets			
Real Estate	0.4%	1.6%	4.6%
Commodities	-1.8%	-7.2%	0.5%
Natural Resource Equities	-3.9%	-2.0%	16.9%
Fixed Income			
<u>Core Plus</u>			
U.S. High Yield Debt	0.7%	2.3%	3.4%
Emerging Market Debt	-6.1%	-7.0%	-10.1%
<u>Core Bonds</u>			
U.S. Aggregate Bonds	0.6%	0.5%	-1.1%
U.S. Treasuries	0.8%	0.4%	-1.5%
U.S. Municipal Bonds	0.1%	0.7%	-0.2%
Month-End Values/Yield	Current	Prior Month	One-Year Ago
CBOE Volatility Index	12.9	12.8	10.6
10-Year Treasury Yield	2.9%	3.0%	2.1%

Sources: Bloomberg, Morningstar, treasury.gov, S&P Dow Jones Indices.

You cannot invest directly in an index; therefore, performance returns do not reflect any management fees. Returns of the indices include the reinvestment of all dividends and income, as reported by the commercial databases involved.

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