



KEY TAKEAWAYS

- Small U.S. companies were leaders in the month of May, up more than 6%. Growth companies within the U.S. and abroad continue to outperform their value counterparts, as the Technology sector (+7.4%) had another strong month of returns.
- U.S. equities have been supported by an economy that continues to grow at a moderate pace with strong manufacturing and low unemployment, down to 3.8%, which is the lowest level since the 1960's.
- Non-U.S. equities faced headwinds over the past month. Continued tariff rhetoric has spoked fears of an escalating trade war. Political concerns in Italy, which caused some to question the future of the EU, have been eased for now as a deal to form a coalition government was agreed upon.
- Emerging Markets were dragged down by Argentina, Brazil, and Turkey. Recent dollar strength and rising U.S. rates have put pressure on dollar denominated EM assets, causing concern that certain countries might have difficulty paying back dollar denominated debts.
- The next meeting of the Federal Reserve FOMC is scheduled to begin on June 13th. Markets expect another 25 basis point increase in the federal funds rate.

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INDEX PERFORMANCE (as of 5/31/18)

Equity	May	Three-Month	One-Year
U.S. Large Cap	2.4%	0.2%	14.4%
U.S. Small Cap	6.1%	8.4%	20.8%
Developed Non-U.S.	-2.3%	-1.8%	8.0%
Emerging Market	-3.5%	-5.8%	14.0%
Real Assets			
Real Estate	0.8%	4.7%	7.4%
Commodities	1.4%	3.4%	11.0%
Natural Resource Equities	3.0%	13.1%	18.1%
Fixed Income			
<u>Core Plus</u>			
U.S. High Yield Debt	0.0%	0.0%	2.4%
Emerging Market Debt	-5.0%	-6.9%	1.0%
<u>Core Bonds</u>			
U.S. Aggregate Bonds	0.7%	0.6%	-0.4%
U.S. Treasuries	0.9%	1.0%	-0.8%
U.S. Municipal Bonds	0.8%	0.7%	0.0%
Month-End Values/Yield	Current	Prior Month	One-Year Ago
CBOE Volatility Index	15.4	15.9	10.4
10-Year Treasury Yield	2.8%	2.9%	2.2%

Sources: Bloomberg, Morningstar, treasury.gov.

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