



KEY TAKEAWAYS

- As the weather heats up, so have trade talks. Tariffs made their way back into headlines in May, causing a reversal in the optimism experienced to start the year. The U.S. and China appear further from a deal after negotiations broke down and tariffs on imports between the two countries have increased.
- At month end threats turned toward Mexico. President Trump signaled 5% tariffs on all imports in an effort to force Mexico to assist in the reduction of illegal immigration across the southern border.
- It's no surprise that markets wavered with the news and a risk-off environment ensued. Equity markets declined and safe government bonds rallied. The yield on the 10-year Treasury fell to 2.14%, the lowest level since 2017.
- With all the noise the S&P 500 finished the month only 6.5% below all-time highs. Real estate and utilities held up well over the month while the more cyclical technology and industrials sectors declined the most.
- Focus will turn to the G20 meeting at the end of June when Presidents Trump and Xi Jinping are anticipated to meet with hopes investors will gain more clarity on the trade front.

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INDEX PERFORMANCE (as of 5/31/19)

Equity	May	Year-to-Date	One-Year
U.S. Large Cap	-6.4%	10.7%	3.8%
U.S. Small Cap	-7.8%	9.3%	-9.0%
Developed Non-U.S.	-4.8%	7.6%	-5.8%
Emerging Market	-7.3%	4.1%	-8.7%
Real Assets			
Real Estate	-0.8%	12.3%	5.6%
Commodities	-3.4%	2.3%	-12.4%
Natural Resource Equities	-9.5%	5.6%	-20.2%
Fixed Income			
<u>Core Plus</u>			
U.S. High Yield Debt	-1.2%	7.5%	5.5%
Emerging Market Debt	0.3%	3.0%	0.4%
<u>Core Bonds</u>			
U.S. Aggregate Bonds	1.8%	4.8%	6.4%
U.S. Treasuries	2.4%	4.2%	6.3%
U.S. Municipal Bonds	1.1%	3.4%	5.3%
Month-End Values/Yield	Current	Prior Month	One-Year Ago
CBOE Volatility Index	18.7	13.1	15.4
10-Year Treasury Yield	2.1%	2.5%	2.8%

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

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