



KEY TAKEAWAYS

- Trade wars and falling interest rates dominated investment headlines in August, as Presidential tweets seem to be the source of more short-term volatility. Equity prices fell, as investors grew anxious over increasing trade conflicts and concerns about slowing global growth.
- Despite the down month, the S&P 500 is up an impressive 18% year-to-date and closed the month within 4% of all-time highs. U.S. Large Caps continue to outshine their foreign counterparts. Safe haven assets, such as gold, have caught a bid recently. Gold prices increased by over 7% in August.
- The most dramatic move during the month was the fall in interest rates. Global interest rates continue to fall further into negative territory. The 10-year Treasury yield dropped from 2.0% to 1.5% in August, resulting in core bonds delivering the best performance for the month. The swift fall in longer term interest rates left the yield curve inverted between the 10-year and 2-year rates.
- Markets are pricing in a near certainty of another rate cut by the Fed at the September meeting, and investors will keep a close eye on the Economic Projections released for further clarification on the outlook of monetary policy.
- Uncertainty over trade, Brexit, and protests in Hong Kong is likely to continue dominating headlines and fueling volatility over the near term.

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INDEX PERFORMANCE (as of 8/31/19)

Equity	August	Year-to-Date	One-Year
U.S. Large Cap	-1.6%	18.3%	2.9%
U.S. Small Cap	-4.9%	11.9%	-12.9%
Developed Non-U.S.	-2.6%	9.7%	-3.3%
Emerging Market	-4.9%	3.9%	-4.4%
Real Assets			
Real Estate	1.0%	16.3%	7.6%
Commodities	-2.3%	1.9%	-5.9%
Natural Resource Equities	-5.1%	6.3%	-18.0%
Fixed Income			
<u>Core Plus</u>			
U.S. High Yield Debt	0.4%	11.0%	6.6%
Emerging Market Debt	-2.6%	6.8%	11.9%
<u>Core Bonds</u>			
U.S. Aggregate Bonds	2.6%	9.1%	10.2%
U.S. Treasuries	3.4%	8.6%	10.4%
U.S. Municipal Bonds	0.8%	5.5%	6.7%
Month-End Values/Yield	Current	Prior Month	One-Year Ago
CBOE Volatility Index	19.0	13.9	12.9
10-Year Treasury Yield	1.5%	2.1%	2.9%

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

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