Monthly Market Review

U.S. Equity

- Domestic equity markets, as represented by the Standard & Poor's 500 Index (S&P), rose by 0.62% in June.
- Sector performance within the S&P was generally positive, with eight of the 11 sectors posting positive returns. Consumer Staples, Real Estate and Consumer Discretionary led gains, returning 4.50%, 4.44% and 3.61%, respectively. Industrials, Financials and Information Technology were the losing sectors during the month of June, returning -3.31%, -1.92% and -0.35%, respectively.
- By market capitalization, small-caps (Russell 2000 Index) were the best performers during the month, returning 0.72%. The second-best performers during the period were mid-caps (Russell MidCap Index), returning 0.69%, followed by large-caps (Russell 1000 Index), with a return of 0.65%. Growth stocks outperformed value stocks within the large-cap and small-cap indices; however, mid-cap value stocks outperformed their growth counterparts.

Non-U.S. Equity

- Non-U.S. equity markets, represented by MSCI ACWI ex-U.S., ended the month down 1.88%. Developed Markets, represented by MSCI EAFE Index, finished down 1.22%, while the Emerging Markets (EM), represented by MSCI Emerging Markets Index, returned -4.15% during the month.
- Within the ACWI ex-U.S. Index, Energy, Consumer Staples and Healthcare were the only sectors to generate positive returns, returning 0.59%, 0.44% and 0.38%, respectively. Information Technology and Consumer Staples were the worst-performing sectors, returning -3.20% and -2.94%, respectively.
- North America was the best-performing region, returning 0.62% in June. EM Asia and EM Latin America were the worst-performing regions, returning -4.65% and -3.06%, respectively.

Fixed Income

- The Bloomberg Barclays U.S. Aggregate Index (Aggregate) returned -0.12% in June. Meanwhile, short-term Treasury yields rose, while spreads on investment grade (IG) corporate bonds widened.
- IG credit within the Aggregate returned -0.47%. Within the IG credit spectrum, returns were negative across all qualities. AAA-rated bonds returned -0.01%, AA-rated bonds returned -0.27%, A-rated bonds returned -0.52% and BBB-rated bonds returned -0.57%. On the contrary, High Yield (HY), represented by the Bloomberg Barclays U.S. Corporate HY Index, returned 0.40% in June.
- The U.S. Treasury yield curve flattened during the month of June. Yields at the short end of the curve increased, while yields at the long end of the curve fell. Yields for three- and six-month bills rose two and three basis points (bps), respectively. The yield on 30-year bonds fell four bps. Furthermore, the curvature of the yield curve increased during June, with 12-month and two-year bonds experiencing the largest increase in yields, nine and 10 bps, respectively.

Other Asset Classes

- Real Estate Investment Trusts (REITs) represented by the FTSE Nareit Index returned 4.36% in June, bringing the year-to-date (YTD) return to 1.02%. Returns were positive for all nine of the individual real estate sectors except for Lodging/Resorts, which posted a loss of -1.93% for the month; however, Lodging/Resorts remains one of the best-performing sectors in 2018, with a return of 8.45% YTD. The best-performing sectors for the month were Self-Storage, Data Centers and Retail, returning 7.03%, 6.68% and 5.77%, respectively.
- Commodities, represented by the Bloomberg Commodity Index, posted a -3.64% return. The active contract for West Texas Intermediate (WTI) crude closed at $74.15/barrel, up significantly from $67.04 in May.

Items to Watch

- The U.S. Dollar (USD) continued to appreciate against a basket of other currencies during the month of June, extending the rally that has continued since February. There are several reasons for the relative strength including rising interest rates in the U.S., investors seeking safety due to trade tensions and increasing political uncertainty in Europe, and weaker economic data relative to the U.S. that has zapped the strength from foreign currencies.
- On June 15, President Trump detailed plans to slap 25% tariffs on $34 billion in goods imported from China, most of which were scheduled to take effect on July 6. Later, an additional $16 billion of imports from China were added to the list. The Chinese State Council's commission on tariffs and customs said that a 25% tariff would take effect July 6 on $50 billion of U.S. goods. Beijing has further promised to match any additional tariffs. President Trump, in another attempt to pressure China to make trade concessions, threatened on June 18 to impose tariffs on an additional $200 billion of Chinese imports and to double that amount if Beijing retaliates with countermeasures. Trade tensions have also been rising with Canada and the European Union (EU), both of which have also levied retaliatory tariffs on U.S. exports.
- Europe has been a key source of uncertainty in recent years. Brexit talks have been slow to make meaningful progress, populist sentiment is gaining traction and poses a major risk to the EU, and governments within the EU are still struggling to reach consensus on major issues. In June, the main source of EU uncertainty pertained to whether German Chancellor Angela Merkel would reach a multilateral solution with Germany's EU partners regarding immigration. While it seemed unlikely, on June 29 Merkel proved successful, which eased tensions and lifted European equity markets. In addition to political uncertainty, European economic data has been weak; however, it appears to be showing signs of improvement.

Total Return of Major Indices as of 6/30/18

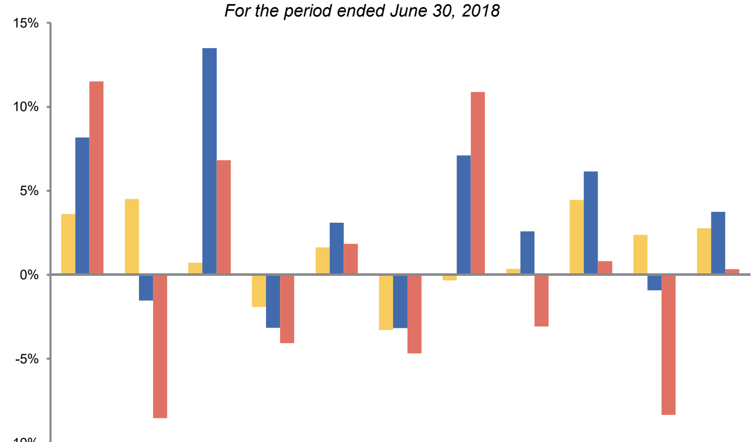
Domestic Equity	MTD	QTD	YTD	1 YR
S&P 500	0.62%	3.43%	2.65%	14.36%
Russell 3000	0.65%	3.89%	3.22%	14.77%
Russell 2000	0.72%	7.75%	7.67%	17.56%
Russell 1000	0.65%	3.57%	2.85%	14.53%
International Equity	**MTD**	**QTD**	**YTD**	**1 YR**
MSCI ACWI ex-U.S.	-1.88%	-2.62%	-3.77%	7.28%
MSCI EAFE	-1.22%	-1.24%	-2.75%	6.84%
MSCI Emerging Markets	-4.15%	-7.96%	-6.66%	8.20%
Fixed Income	**MTD**	**QTD**	**YTD**	**1 YR**
Bloomberg Barclays U.S. Agg	-0.12%	-0.16%	-1.62%	-0.40%
Bloomberg Barclays Global Agg	-0.44%	-2.78%	-1.46%	1.36%
Bloomberg Barclays U.S. HY	0.40%	1.03%	0.16%	2.62%
Alternatives	**MTD**	**QTD**	**YTD**	**1 YR**
FTSE NAREIT Equity	4.36%	10.04%	1.02%	3.50%
Bloomberg Commodity	-3.64%	-0.07%	-0.86%	5.82%

Economic Indicators

Domestic	Current	Previous
Unemployment Rate (%)	4.0%	3.8%
Initial Jobless Claims (4 week avg)	224.5 K	222.3 K
CB Leading Economic Indicators	0.2	0.4
Capacity Utilization	77.9%	78.1%
GDP (annual growth rate)	2.0%	2.9%
University of Michigan Consumer Confidence	98.2	98.0
New Home Starts	689 K	646 K
Existing Home Sales	5.4 MM	5.5 MM
Retail Sales (YoY)	6.4%	4.9%
U.S. Durable Goods (MoM)	-0.4%	-1.0%
Consumer Price Index (YoY)	2.8%	2.5%
Producer Price Index (MoM)	1.0%	-0.1%
Developed International*	**3/31/2018**	**12/31/2017**
Market GDP (annual rate)	1.9%	2.2%
Market Unemployment	4.9%	5.0%

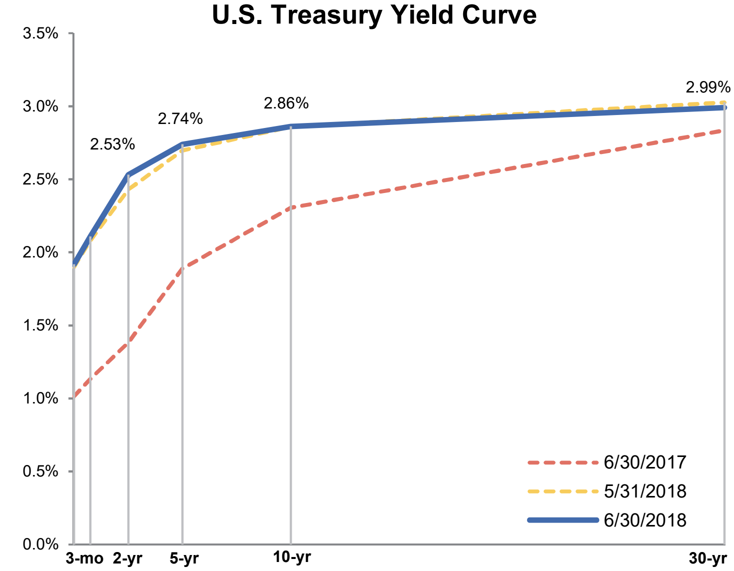
Stock Market Sector Performance (S&P 500)

For the period ended June 30, 2018

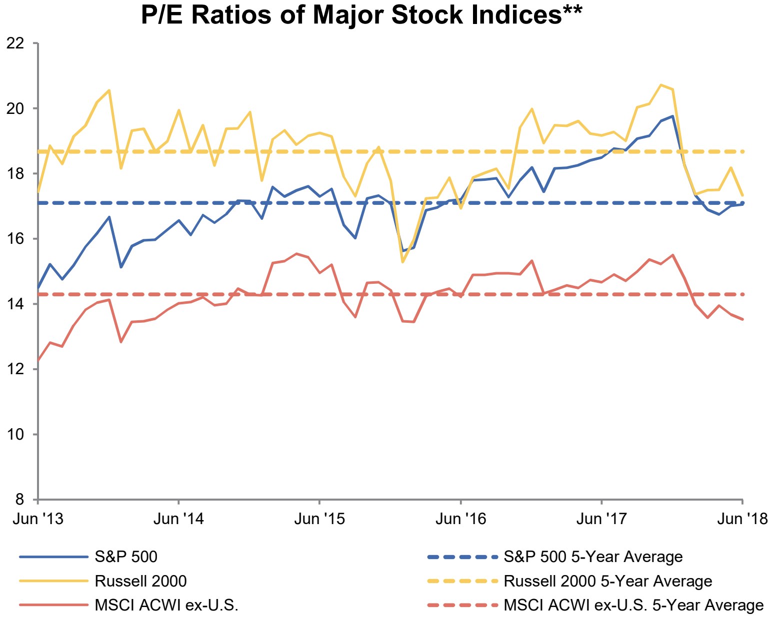


	Cons. Disc.	Cons. Staples	Energy	Financial	H'lthcare	Industrial	Info. Tech	Materials	Real Estate	Telecom	Utilities
MTD	3.61%	4.50%	0.71%	-1.92%	1.63%	-3.31%	-0.35%	0.34%	4.44%	2.37%	2.77%
QTD	8.17%	-1.54%	13.48%	-3.16%	3.09%	-3.18%	7.09%	2.58%	6.13%	-0.94%	3.74%
YTD	11.50%	-8.55%	6.81%	-4.09%	1.83%	-4.69%	10.87%	-3.08%	0.81%	-8.35%	0.32%

U.S. Treasury Yield Curve



P/E Ratios of Major Stock Indices**



Source: Bloomberg. Data as of June 30, 2018, unless otherwise noted.
*Developed market data is calculated with respect to the weightings in the MSCI World ex-US index. Most current data is as of March 31, 2018, due to release dates of numerous countries.
**P/E ratios are calculated based on 1-year-forward estimates and adjusted to include only positive earning results for consistency.

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