



Monthly Market Review

U.S. Equity

- Domestic equity markets, as represented by the S&P 500 Index (S&P), rose by 0.38% in April.
- Overall, sector performance within the S&P was mixed with six of the 11 sectors posting positive returns. Consumer Staples, Industrials, and Telecom led declines, returning -4.32%, -2.79%, and -0.98%, respectively. Energy, Consumer Discretionary, and Utilities posted positive returns with 9.36%, 2.36%, and 2.10%, respectively.
- By market capitalization, mid-caps (Russell Midcap Index) were the worst performers with a -0.15% return. Small-caps (Russell 2000 Index) were the best performers returning 0.86%, whereas large-caps (Russell 1000 Index) ended the month with a 0.34% return. Value stocks outperformed growth stocks (represented by Russell Indexes) within small-caps and mid-caps, while slightly underperforming within large-caps.

Non-U.S. Equity

- Non-U.S. equity markets, represented by MSCI ACWI ex-U.S., ended the month with a 1.60% return. Developed Markets, represented by MSCI EAFE Index, finished up 2.28%, while the Emerging Markets, represented by the MSCI Emerging Markets Index, finished down -0.44%.
- Within the ACWI ex-U.S. Index, Energy and Telecom were the strongest performing sectors, returning 7.28% and 3.32%, respectively. Information Technology was the only sector in the negative, returning -1.07%.
- United Kingdom and Pacific ex-Japan were the best performing regions, returning 4.83% and 3.11%, respectively.

Fixed Income

- The Bloomberg Barclays U.S. Aggregate Index returned -0.74% in April.
- Investment grade (IG) credit within the Aggregate returned -0.91%. Within the IG credit spectrum, returns were negative across all qualities. BBB-rated bonds returned -1.01%, A-rated bonds returned -0.93%, AA returned -0.73% and AAA returned -0.58%. High Yield (HY), represented by the Bloomberg Barclays U.S. Corporate HY Index, rose 0.65%.
- The U.S. Treasury Yield curve steepened during the month of April. Yields increased across all tenors, although the intermediate-term yields increased less than the longer-term. Yields along the two- and 10-year terms increased between 21 and 24 basis points (bps).

Other Asset Classes

- Real estate investment trusts (REITs) represented by FTSE NAREIT index returned 1.43% in April, bringing the year-to-date return to -6.88%. Returns were positive for all nine of

the individual real estate sectors for the second consecutive month. Industrials, Lodging/Resorts, and Diversified were the best performing sectors, returning 4.77%, 3.99%, and 2.67%, respectively.

- Commodities, represented by the Bloomberg Commodity Index, posted a 2.42% return. The active contract for West Texas Intermediate (WTI) crude closed at \$68.57 per barrel, up from \$64.94 in March.

Items to Watch

- After raising the target range for the Fed funds rate to 1.50-1.75% in March, the Federal Reserve (Fed) unanimously decided to keep interest rates unchanged at their May meeting. With inflation reaching close to the Fed's two percent target over 12 months, market participants are watching to see whether the Fed will raise rates a total of three or four times in 2018. They are expecting the Fed to raise rates at the upcoming meeting in June. The market may be negatively surprised if the Fed becomes more hawkish.
- According to the Bureau of Labor Statistics monthly jobs report, nonfarm payroll employment increased by 164,000 in April. Unemployment fell to 3.9%, which is the lowest level since December 2000 and close to the Fed's forecast of 3.8% by the end of the year. This is likely due to the 236,000 that dropped out of the labor force as participation dropped to 62.8%. Average hourly earnings rose 0.1% last month and 2.6% from last year. Economic data has recently become more mixed with inflation firming and less net new jobs. Investors are now watching to see if we are entering a period of slowing growth and rising inflation.
- Tension has grown recently between the U.S. and China after both sides threatened to impose tariffs on a wide range of products, which led to a two-day meeting between the two countries in Beijing. The U.S. made demands that China considered "unfair," including reducing the trade deficit by at least \$200 billion by the end of 2020, reducing tariffs on all products to levels that are no higher than the levels imposed by the U.S., and to stop providing subsidies for certain advanced technologies. The Trump administration has also imposed tariffs on solar cells, washing machines, steel and aluminum, leading trading partners to threaten retaliation.
- U.S. Gross Domestic Product (GDP) grew 2.3% for the first quarter in 2018, falling from the roughly 3% growth in the prior three quarters, based on advance estimates. This is mostly due to weakness in consumer spending, rising only 1.1%, which was the smallest increase in nearly five years. This is likely temporary as first quarter GDP typically lags behind other quarters because of seasonal adjustments. GDP growth in the Eurozone was also weak, growing only 0.4%, lower than the fourth quarter growth of 0.7%. The Atlanta Fed expects GDP growth to pick up in the second quarter to 4.0%. We will continue monitoring GDP estimates.

Total Return of Major Indices as of 4/30/18

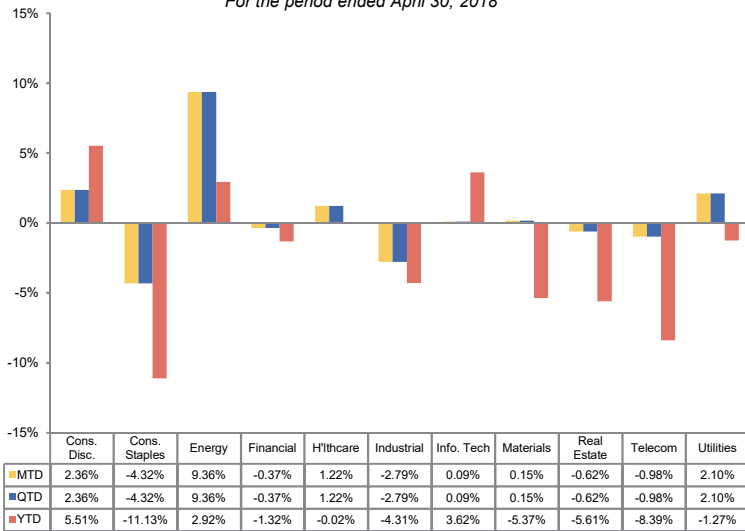
Domestic Equity	MTD	QTD	YTD	1 YR
S&P 500	0.38%	0.38%	-0.38%	13.26%
Russell 3000	0.38%	0.38%	-0.27%	13.04%
Russell 2000	0.86%	0.86%	0.79%	11.53%
Russell 1000	0.34%	0.34%	-0.35%	13.16%
International Equity	MTD	QTD	YTD	1 YR
MSCI ACWI ex-U.S.	1.60%	1.60%	0.40%	15.91%
MSCI EAFE	2.28%	2.28%	0.72%	14.51%
MSCI Emerging Markets	-0.44%	-0.44%	0.97%	21.71%
Fixed Income	MTD	QTD	YTD	1 YR
Bloomberg Barclays U.S. Agg	-0.74%	-0.74%	-2.19%	-0.32%
Bloomberg Barclays Global Agg	-1.60%	-1.60%	-0.26%	4.09%
Bloomberg Barclays U.S. HY	0.65%	0.65%	-0.21%	3.26%
Alternatives	MTD	QTD	YTD	1 YR
FTSE NAREIT Equity	1.43%	1.43%	-6.88%	-3.26%
Bloomberg Commodity	2.42%	2.42%	1.62%	6.64%

Economic Indicators

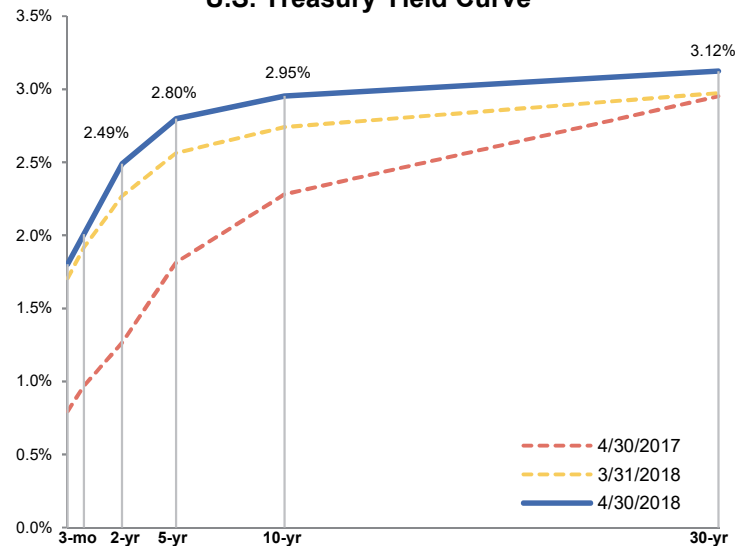
Domestic	Current	Previous
Unemployment Rate (%)	3.9%	4.1%
Initial Jobless Claims (4 week average)	221.5 K	229.3 K
CB Leading Economic Indicators	0.3	0.7
Capacity Utilization	78.0%	77.7%
GDP (annual growth rate)	2.3%	2.9%
Univ Michigan Consumer Confidence	98.8	101.4
New Home Starts	694 K	667 K
Existing Home Sales	5.6 MM	5.5 MM
Retail Sales (YoY)	4.5%	4.7%
U.S. Durable Goods (MoM)	2.6%	3.6%
Consumer Price Index (YoY)	2.4%	2.2%
Producer Price Index (MoM)	0.2%	-0.3%
Developed International*	12/31/2017	9/30/2017
Market GDP (annual rate)	2.2%	2.2%
Market Unemployment	5.1%	5.2%

Stock Market Sector Performance (S&P 500)

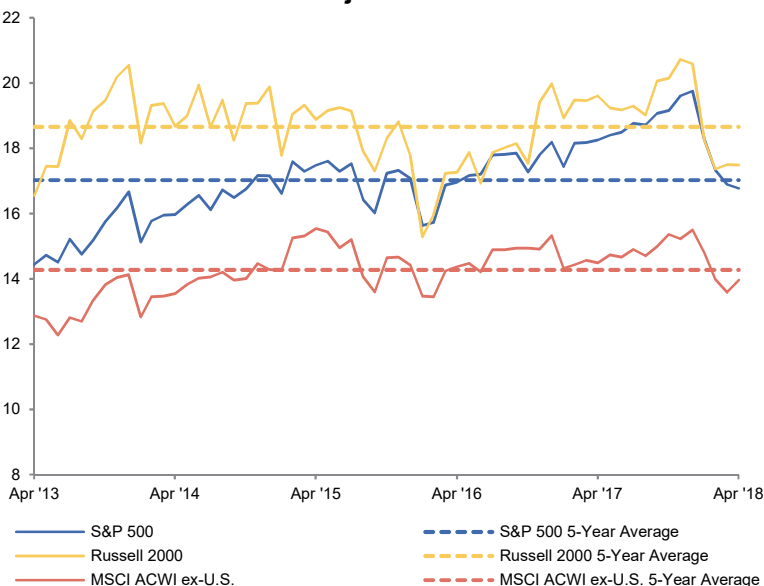
For the period ended April 30, 2018



U.S. Treasury Yield Curve



P/E Ratios of Major Stock Indices**



Source: Bloomberg. Data as of April 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 December 31, 2017 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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