



Monthly Market Review

U.S. Equity

- Domestic equity markets, as represented by the S&P 500 Index ("S&P"), increased 4.05% in April.
- Sector performance within the S&P during the month of April was positive in nine of 11 sectors. Financials and Communication Services performed best, returning 9.00% and 6.53% respectively. Healthcare, returning -2.63%, and Real Estate, returning -0.47%, lagged during the month.
- By market capitalization, large-caps (Russell 1000 Index) performed best returning 4.04%, followed by mid-caps (Russell Mid Cap Index) returning 3.81%, and small-caps (Russell 2000 Index) returning 3.40%. Growth stocks outperformed value stocks across large- and mid-caps, while value outperformed growth in small-caps.

Non-U.S. Equity

- Non-U.S. equity markets, represented by the MSCI ACWI ex-U.S., ended the month up 2.64%. Developed markets, represented by the MSCI EAFE Index, finished up 2.81% while emerging markets (EM), represented by the MSCI Emerging Markets Index, returned 2.11% in April.
- Within the ACWI ex-U.S. Index, eight of 11 sectors posted positive returns. Information Technology and Consumer Discretionary were the best performers in April, returning 5.24% and 4.96% respectively. Real Estate and Healthcare lagged in April, with Real Estate returning -2.33% and Healthcare -1.93%.
- Emerging Europe Middle East and Africa (EMEA) and Europe ex UK were the best performing regions in April, returning 5.14% and 4.07% respectively. EM Latin America and Japan were the worst performing regions, returning 0.43% and 1.39% respectively in April.

Fixed Income

- The Bloomberg Barclays U.S. Aggregate Index (Aggregate) returned 0.03% in April.
- Investment grade (IG) credit within the Aggregate returned 0.49%. Within the IG credit spectrum, returns were positive across all qualities. AAA-rated bonds returned 0.05%, AA-rated bonds returned 0.00%, A-rated bonds returned 0.25%, and BBB-rated bonds returned 0.86%. High Yield (HY), represented by the Bloomberg Barclays U.S. Corporate HY Index, returned 1.42% in April.
- Yields rose across the U.S. Treasury Yield Curve in April, except for the 12-month yield which declined two basis points (bps).

Alternatives and Other Asset Classes

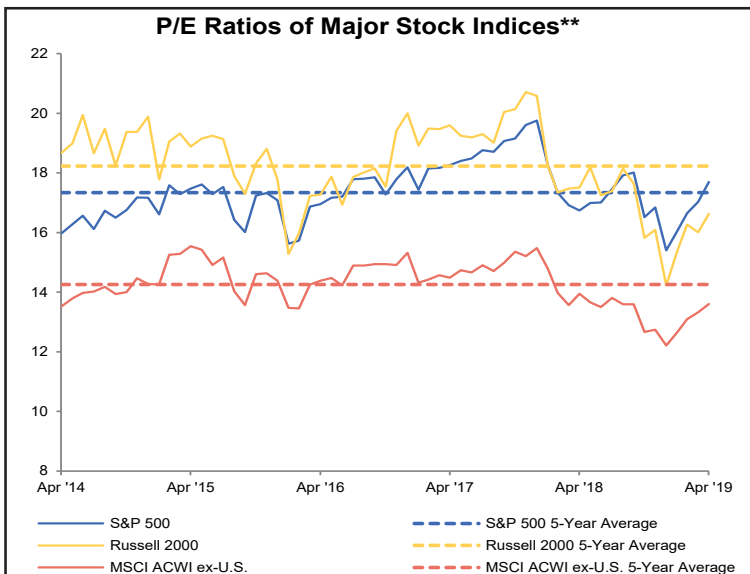
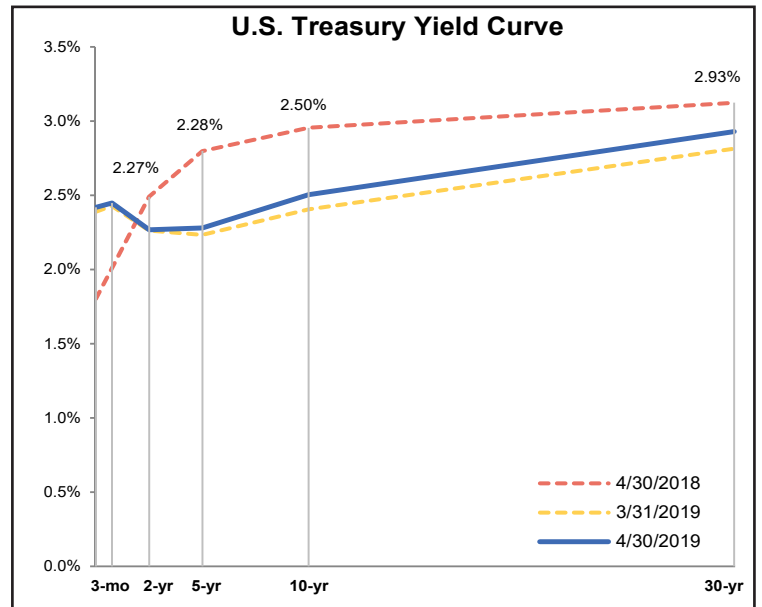
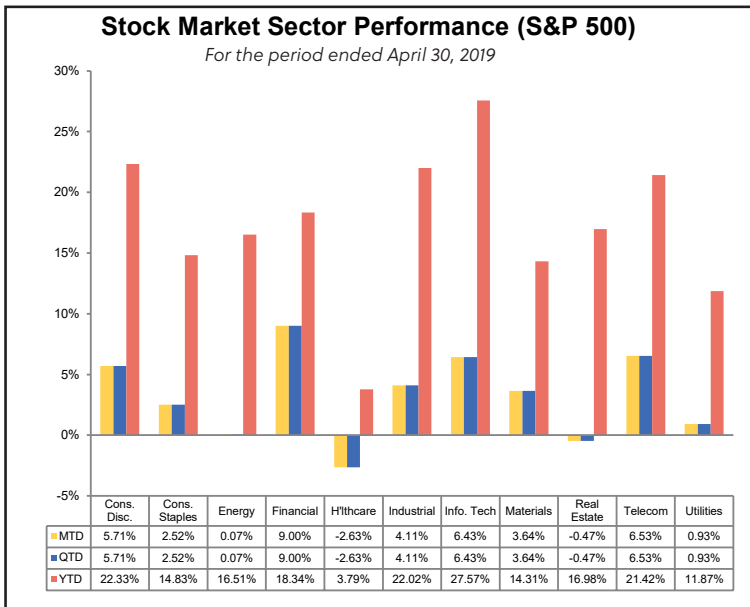
- Real estate investment trusts (REITs), represented by FTSE NAREIT Index, returned -0.24% in April despite positive returns for seven of nine real estate sectors. Industrials and Lodging/Resort REITs were the strongest performers, returning 4.29% and 2.03% respectively. The worst performing REIT of the month was Healthcare which had a return of -4.42%, followed by Retail REITs which returned -3.51%.
- The active contract for West Texas Intermediate (WTI) crude closed at \$63.91/barrel in April, up from \$60.14/barrel in March.

Items to Watch

- U.S. gross domestic product (GDP) grew at an annual rate of 3.2% in the first quarter of 2019, stronger than expectations of 2.5% and the strongest first quarter GDP reading since 2015. Net exports, large business inventories and increased state and local government spending all contributed to GDP growth in the quarter.
- The Federal Reserve (Fed) elected to leave its benchmark interest rate unchanged after a two-day meeting which concluded May 1. Fed Chairman Jerome Powell said that "overall the economy continues on a healthy path." However, declining annual inflation threatens to persist, and underlying slowdowns in household spending and business investment are sending mixed signals after a strong GDP reading.
- The Labor Department's jobs report showed non-farm payrolls increased a seasonally adjusted 263,000 in April. The unemployment rate fell to 3.6%, a fresh 50-year low. Part of the decrease is explained by the shrinking of the labor force. The labor force participation rate fell to 62.8% from 63% in March, and still sits below prerecession levels suggesting the economy still has room for more workers. Average hourly wages for private-sector workers grew 3.2% year-over-year for the second straight month, a solid pace, but unlikely to contribute to rising inflation.
- In the first quarter of 2019, China's economy grew at 6.4% year-over-year, holding steady from the previous quarter and beating expectations of 6.3%. The growth was supported by substantially higher factory production and fiscal stimulus.
- The Eurozone economy surprised in the first quarter, growing 0.4% compared to the previous three months. Unemployment across the EU is at its lowest level since September 2008, wages continue to rise, and consumer demand is strengthening. Brexit has become a non-factor until the fall, and fears of an impending recession have been subdued.

| Total Return of Major Indices as of 4/30/19 | | | | |
|---|--------|--------|--------|---------|
| Domestic Equity | MTD | QTD | YTD | 1 YR |
| S&P 500 | 4.05% | 4.05% | 18.25% | 13.48% |
| Russell 3000 | 3.99% | 3.99% | 18.60% | 12.66% |
| Russell 2000 | 3.40% | 3.40% | 18.46% | 4.57% |
| Russell 1000 | 4.04% | 4.04% | 18.60% | 13.32% |
| International Equity | MTD | QTD | YTD | 1 YR |
| MSCI ACWI ex-U.S. | 2.64% | 2.64% | 13.23% | -3.23% |
| MSCI EAFE | 2.81% | 2.81% | 13.07% | -3.22% |
| MSCI Emerging Markets | 2.11% | 2.11% | 12.23% | -5.04% |
| Fixed Income | MTD | QTD | YTD | 1 YR |
| Bloomberg Barclays U.S. Agg | 0.03% | 0.03% | 2.97% | 5.29% |
| Bloomberg Barclays Global Agg | -0.30% | -0.30% | 1.90% | 0.94% |
| Bloomberg Barclays U.S. HY | 1.42% | 1.42% | 8.78% | 6.74% |
| Alternatives | MTD | QTD | YTD | 1 YR |
| FTSE NAREIT Equity | -0.24% | -0.24% | 16.06% | 18.88% |
| Bloomberg Commodity | -0.63% | -0.63% | 5.03% | -10.07% |

| Economic Indicators | | |
|--|------------|-----------|
| Domestic | Current | Previous |
| Unemployment Rate (%) | 3.6% | 3.8% |
| Initial Jobless Claims (4 week average) | 212.5 K | 206 K |
| CB Leading Economic Indicators | 0.4 | 0.1 |
| Capacity Utilization | 78.8% | 79.0% |
| GDP (annual growth rate) | 3.2% | 2.2% |
| University of Michigan Consumer Confidence | 97.2 | 98.4 |
| New Home Starts | 692 K | 662 K |
| Existing Home Sales | 5.2 MM | 5.5 MM |
| Retail Sales (YoY) | 3.6% | 2.3% |
| U.S. Durable Goods (MoM) | 2.6% | -1.3% |
| Consumer Price Index (YoY) | 1.9% | 1.5% |
| Producer Price Index (MoM) | 1.4% | 0.2% |
| Developed International* | 12/31/2018 | 9/30/2018 |
| Market GDP (annual rate) | 1.1% | 1.5% |
| Market Unemployment | 4.6% | 4.7% |



Source: Bloomberg. Data as of April 30, 2019, unless otherwise noted.
 *Developed market data is calculated with respect to the weightings in the MSCI World ex-U.S. index. Most current data is as of December 31, 2018 due to release dates of numerous countries.
 **P/E ratios are calculated based on one-year-forward estimates and adjusted to include only positive earning results for consistency.

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