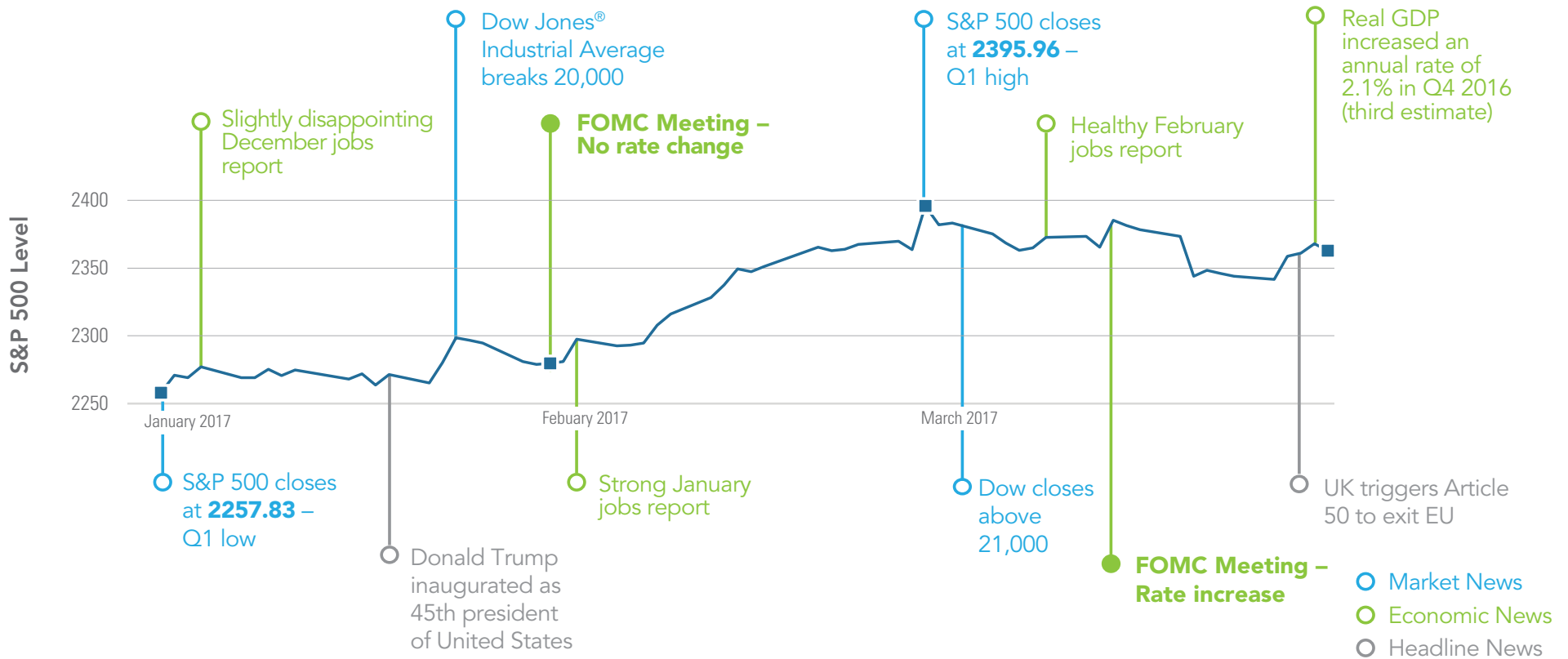


# First Quarter 2017 in Review

THE S&P 500® INDEX AND KEY EVENTS



## 1 During the quarter, very strong performance in equities

- Dow Jones® Industrial Average closed above 21,000 for the first time.
- Non-US developed (MSCI EAFE Index: 7.4%) outperformed both US small cap (Russell 2000® Index: 2.5%) and US large cap (Dow Jones Industrial Average: 5.2%). Emerging markets delivered a stellar 11.5% (MSCI EM Index).

## 2 US bond markets positive across sectors and maturities after a bumpy quarter

- Positive performance was welcomed for Treasuries (BofA Merrill Lynch 7-10 Year US Treasury Index: 0.9%) and municipals (S&P Municipal Bond Index: 1.4%) after last quarter's negative returns.
- High yield delivered higher returns for the quarter, both in corporates (S&P 500 High Yield Corporate Bond Index: 1.9%) and municipals (S&P Municipal Bond High Yield Index: 2.6%).

## 3 Important events

- Consumer confidence rose sharply in response to President Trump's promise of growth-oriented economic policies. However, the demise of the Republican healthcare legislation caused analysts to revise expectations about the magnitude and timing of the impact of promised reform and legislation.
- After making its case for several weeks, the Federal Open Market Committee (FOMC) increased rates at its March meeting. The FOMC expects to raise rates another two times in 2017.
- The US economy was lackluster in 2016, growing at 1.6 percent, the weakest pace since 2011 and slower than the euro zone.

Data as of 3/31/17, unless noted. Source: Bloomberg.

### Important Information

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S&P 500 Index is an unmanaged index that is generally considered representative of the US equity market, consisting of 500 leading companies in leading industries of the US economy (typically large cap companies) representing approximately 75% of the investable US equity market. One cannot invest directly in an index. Dow Jones Industrial Average (a registered trademark of Dow Jones & Co., Inc.) is an unmanaged index composed of 30 common stocks. Russell 2000® Index consists of the smallest 2,000 securities in the Russell 3000® Index. This is the Frank Russell Company's small capitalization index that is widely regarded in the industry as the premier measure of small capitalization stocks. The Russell 3000 Index is composed of the 3,000 largest U.S. securities, as determined by total market capitalization. MSCI EAFE (Europe, Australasia, Far East) Index measures the equity market performance of countries considered to represent developed markets, excluding the U.S. and Canada. MSCI Emerging Markets (EM) Index measures the equity market performance of countries considered to represent emerging markets. The BofA Merrill Lynch 7-10 Year US Treasury Index is a subset of The BofA Merrill Lynch US Treasury Index including all securities with a remaining term to final maturity greater than or equal to 7 years and less than 10 years. The S&P Municipal Bond Index is a broad, market value-weighted index that seeks to measure the performance of the U.S. municipal bond market. The S&P 500 High Yield Corporate Bond Index, a subindex of the S&P 500 Bond Index, seeks to measure the performance of U.S. corporate debt issued by constituents in the S&P 500 with a high-yield rating. The S&P Municipal Bond High Yield Index consists of bonds in the S&P Municipal Bond Index that are not rated or are rated below investment grade.

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