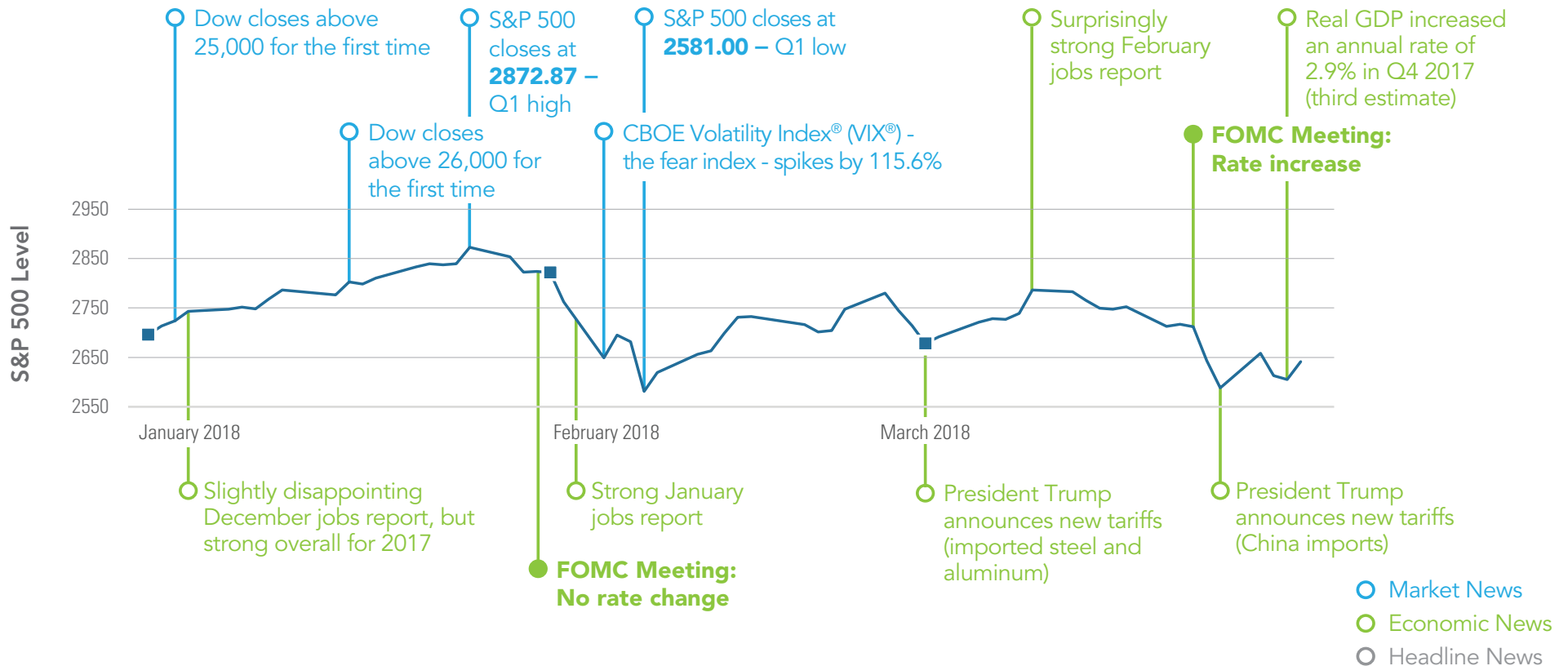


# First Quarter 2018 in Review

THE S&P 500® INDEX AND KEY EVENTS



## 1 During the quarter, most equity markets stumbled

- The major averages continued to reach record highs during a quarter marked with bouts of volatility.
- Most markets delivered less-than-stellar returns. Emerging markets was a bright spot, landing in positive territory (MSCI EM Index: 1.4%). US small cap (Russell 2000® Index: -0.1%) outpaced both US large cap (Dow Jones® Industrial Average: -2.0%) and non-US developed (MSCI EAFE Index: -1.4%).

## 2 US bond markets disappointed across most sectors and maturities

- Treasuries continued to deliver sub-par returns in the first quarter (iShares 7-10 Year Treasury Bond ETF: -1.9%); municipals and investment grade corporate bonds also settled in negative territory (S&P Municipal Bond Index: -0.9%; S&P 500® Investment Grade Corporate Bond Index: -2.3%).
- Corporate high yield also struggled during the first quarter of the year (S&P 500 High Yield Corporate Bond Index: -1.5%).

## 3 Important events

- US economic expansion continued modestly as 2017 closed the books – real GDP increased 2.3% for the year, compared to 1.5% in 2016 and 2.9% in 2015.
- The Federal Open Market Committee (FOMC) raised interest rates at its March meeting, reiterating the expectation for two (or more) increases in 2018.
- President Trump announced multiple tariffs on imports, resulting in strong reactions and temporary market dips.

Data as of 3/29/18, unless noted. Sources: Bloomberg, Bureau of Economic Analysis.

### 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. 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 iShares 7-10 Year Treasury Bond ETF (IEF) seeks to track the investment results of an index composed of U.S. Treasury bonds with remaining maturities between seven and ten 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. The S&P 500 Investment Grade 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 an investment-grade rating. The S&P 500 Bond Index is designed to be a corporate-bond counterpart to the S&P 500, which is widely regarded as the best single gauge of large-cap U.S. equities. One cannot invest directly in an index.

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