

		<u>Q3 2018</u>	<u>YTD</u>	<u>1-Year</u>	<u>3-Years</u>	<u>5-Years</u>	<u>10-Years</u>
U.S. Large Cap Equities	S&P 500	7.71%	10.56%	17.91%	17.31%	13.95%	11.97%
U.S Mid Cap Equities	Russell Midcap	5.00%	7.46%	13.98%	14.52%	11.65%	12.31%
U.S. Small Cap Equities	Russell 2000	3.58%	11.51%	15.24%	17.12%	11.07%	11.11%
Master Limited Partnerships (MLP)	Alerian MLP	6.57%	5.90%	4.89%	4.43%	-2.72%	9.18%
Global Equities	MSCI All Country World Index	4.28%	3.83%	9.77%	13.40%	8.67%	8.19%
International Developed Equities	MSCI EAFE	1.35%	-1.43%	2.74%	9.23%	4.42%	5.38%
Emerging Market Equities	MSCI Emerging Markets	-1.09%	-7.68%	-0.81%	12.36%	3.61%	5.40%
U.S. Taxable Fixed Income	Barclay's U.S. Aggregate	0.02%	-1.60%	-1.22%	1.31%	2.16%	3.77%
U.S. Tax-Exempt Fixed Income	Barclay's Municipal Aggregate	-0.15%	-0.40%	0.35%	2.24%	3.54%	4.75%
High Yield Fixed Income	Barclay's U.S. Corporate High Yield	2.40%	2.57%	3.05%	8.15%	5.54%	9.46%
Floating Rate Fixed Income	S&P/LSTA Leveraged Loan	1.84%	4.04%	5.19%	5.32%	4.13%	6.15%
International Fixed Income	Barclay's Global Aggregate Ex-U.S.	-1.74%	-3.03%	-1.45%	2.40%	-0.33%	2.20%

- Global equity markets diverged in the third quarter with U.S. market strength pushing domestic indexes to new record highs.
- Conversely, political uncertainty and trade concerns weighed heavily on international developed and emerging markets equities.
- U.S. equity markets gained 7.7% during the quarter, as favorable economic data and earnings results overshadowed trade discussions.
- Smaller U.S. companies also performed well, gaining 3.6%, but the beneficial tax reform appears fully priced in and less energizing.
- The Alerian MLP Index outperformed in the quarter, gaining 6.7%, amid lower headline risk and a 4.1% increase in the price of crude oil.
- International developed equities ended the quarter in the black, but Eurozone gains were modest as banks were generally weaker.
- Emerging markets equities lagged all major global indexes in the third quarter, falling 1.1% and declining 7.7% year-to-date. The losses were primarily attributable to the U.S.-implemented tariffs on \$250bn of Chinese goods, as well as persistent U.S. dollar strength.
- The Federal Reserve, citing strong U.S. market fundamentals, implemented its third 0.25% interest rate hike in 2018.
- The yield curve flattened further during the quarter; the spread between short-term and long-term bond rates is now merely 0.38%.
- Domestic bond market returns were muted, with investment grade bonds underperforming both high yield bonds and floating rate loans.
- Global bond yields generally rose in the third quarter, resulting in lower prices, but emerging markets had a tumultuous quarter and local currency fixed income was broadly negative amid a strong U.S. dollar.



- The Canadian dollar strengthened 1.4% against the U.S. dollar in September; year-to-date the currency has weakened 2.5%.
- As expected, the Bank of Canada did not raise interest rates on September 5th, choosing to maintain a steady rate of 1.5%.
- The market remains mixed on the possibility of an additional 0.25% rate hike by the central bank at the next meeting on October 24th, but it is far more likely following the successful renegotiation of NAFTA, now renamed the United States-Mexico-Canada Agreement (USMCA).
- Consumer price inflation rose higher than expected in July, but the increase appeared transitory and driven by higher gasoline prices.
- Canadian economic numbers were robust, with GDP rebounding to 2.9% growth in April-June, up from a softer January-March period.
- Despite continued long-term uncertainty surrounding the newly formed USMCA, the market has remained optimistic overall due to higher business investment and exports, which have proven to be a good interim supplement for economic growth. Moreover, the Canadian housing markets has stabilized following the unpopular housing policy changes that were implemented at the start of the year.

Date Range	CAD/USD	+/-
Q3 2018	0.761-0.775	+1.8%
YTD 2018	0.795-0.775	-2.5%
12-Months	0.802-0.775	-3.4%

USD to CAD	30-Days	90-Days
High	1.31723	1.32613
Low	1.28122	1.28122
Average	1.29722	1.30465
Volatility	0.36%	0.36%

