Global Market Investment Returns June 30, 2018

		Q2 2018	YTD	1-Year	3-Years	5-Years	10-Years
U.S. Large Cap Equities	S&P 500	3.43%	2.65%	14.37%	11.93%	13.42%	10.17%
U.S Mid Cap Equities	Russell Midcap	2.82%	2.35%	12.33%	9.58%	12.22%	10.23%
U.S. Small Cap Equities	Russell 2000	7.75%	7.66%	17.57%	10.96%	12.46%	10.60%
Master Limited Partnerships (MLP)	Alerian MLP	11.80%	-0.63%	-4.58%	-5.93%	-4.09%	6.46%
Global Equities	MSCI All Country World Index	0.53%	-0.43%	10.73%	8.19%	9.41%	5.80%
International Developed Equities	MSCI EAFE	-1.24%	-2.75%	6.84%	4.90%	6.44%	2.84%
Emerging Market Equities	MSCI Emerging Markets	-7.96%	-6.66%	8.20%	5.60%	5.01%	2.26%
U.S. Taxable Fixed Income	Barclay's U.S. Aggregate	-0.16%	-1.62%	-0.40%	1.72%	2.27%	3.72%
U.S. Tax-Exempt Fixed Income	Barclay’s Municipal Aggregate	0.87%	-0.25%	1.56%	2.85%	3.53%	4.43%
High Yield Fixed Income	Barclay’s U.S. Corporate High Yield	1.03%	0.16%	2.62%	5.53%	5.51%	8.19%
Floating Rate Fixed Income	S&P/LSTA Leveraged Loan	0.70%	2.16%	4.37%	4.21%	4.00%	5.19%
International Fixed Income	Barclay's Global Aggregate Ex-U.S.	-4.76%	-1.31%	2.78%	3.23%	0.88%	1.76%

- Global equity markets diverged during the second quarter as monetary policy speculation and trade tensions sent foreign equity indexes lower.
- U.S. equity markets gained 3.4% in the quarter, supported by strong corporate earnings and full employment; estimated second quarter GDP is 4%.
- U.S. small cap equity strategies fared best, gaining 7.8%, the result of tax policy, easy borrowing conditions and higher consumer spending.
- Looking ahead the U.S. appears well positioned for moderate sustained growth; rising interest rates and tariff uncertainty may result in market volatility.
- Master limited partnerships performed exceptionally well, gaining 11.8% in the quarter; Ferc-proposed income tax fears abated and oil prices recovered.
- Generally unfavorable conditions and a “risk-off” attitude resulted in broad quarterly losses for most foreign equity and bond markets.
- International developed equity and emerging market equity indexes fell 1.2% and 8.0%, respectively, as a multitude of headwinds pressured the markets:
    - ❖ A strong U.S. dollar and rising interest rates; fear of a global trade war; geopolitical concerns; lower growth forecasted.
- Despite the poor quarterly results, foreign equity strategies still offer competitive yields relative to U.S. equities and valuations appear more attractive.
- U.S. bond markets generally performed better than foreign bond markets in the second quarter.
- U.S. municipal bonds outperformed U.S. investment grade taxable bonds; however, the Barclays Aggregate is better priced at $99.9 (munis @ $107.3).
- U.S. high yield bonds participated in the quarterly U.S. market rally; bank loans gained 0.70% and loans are now trading back below par.
- Global bond markets were negatively impacted by a stronger U.S. dollar and generally unfavorable monetary, fiscal and geopolitical policies.

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Currency Review (Canadian Dollar vs U.S. Dollar) June 30, 2018

- U.S. trade tariff discussions, centered around steel, significantly disrupted currency markets through the quarter.
- A NAFTA breakup has been and remains the most potent risk to the Canadian dollar.
- The CAD appears to be pricing in a sizable risk premium, creating upside potential if negotiations are successful.
- Consensus continues to suggests the Canadian dollar will strengthen against the U.S. dollar, however investors are currently pessimistic about the short-term effect of a potential Bank of Canaada interest rate hike.

Date Range	CAD/USD	+/-
1Q 2018	0.795-0.775	-2.5%
2Q 2018	0.775-0.761	-1.8%
1H 2018	0.795-0.761	-4.3%

	Last 30 Days	Last 90 Days
High	1.33298	1.33298
Low	1.29691	1.25588
Average	1.31736	1.29454
Volatility	0.37%	0.35%

Source: www.xe.com

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