

		<u>Oct. 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	-6.84%	3.01%	7.35%	11.52%	11.34%	13.24%
U.S Mid Cap Equities	Russell Midcap	-8.31%	-1.47%	2.80%	9.04%	8.97%	14.19%
U.S. Small Cap Equities	Russell 2000	-10.86%	-0.60%	1.85%	10.68%	8.01%	12.44%
Master Limited Partnerships (MLP)	Alerian MLP	-7.99%	-2.57%	0.68%	-1.52%	-4.84%	8.29%
Global Equities	MSCI All Country World Index	-7.49%	-3.96%	-0.52%	7.74%	6.15%	9.75%
International Developed Equities	MSCI EAFE	-7.96%	-9.28%	-6.85%	3.62%	2.02%	6.89%
Emerging Market Equities	MSCI Emerging Markets	-8.71%	-15.72%	-12.52%	6.52%	0.78%	7.84%
U.S. Taxable Fixed Income	Barclay's U.S. Aggregate	-0.79%	-2.38%	-2.05%	1.04%	1.83%	3.94%
U.S. Tax-Exempt Fixed Income	Barclay's Municipal Aggregate	-0.62%	-1.01%	-0.51%	1.90%	3.25%	4.80%
High Yield Fixed Income	Barclay's U.S. Corporate High Yield	-1.60%	0.93%	0.97%	6.60%	4.68%	11.20%
Floating Rate Fixed Income	S&P/LSTA Leveraged Loan	-0.03%	4.00%	4.54%	5.37%	3.97%	7.66%
International Fixed Income	Barclay's Global Aggregate Ex-U.S.	-1.39%	-4.38%	-2.09%	1.82%	-0.82%	2.52%

- October was a challenging period for all global equity and fixed income markets. The sharp declines strained the resolve of the nine-year-old U.S. bull market, but the near-correction likely returned these stocks closer to their fair value.
- The October weakness stemmed from five primary catalysts, including: (1) higher interest rates; (2) midterm election uncertainty; (3) tariffs / protectionism; (4) S&P earnings growth, and (5) fears about slowing global growth.
- U.S. large cap stocks performed relatively better, falling 6.8%, despite tech giants like Amazon and Netflix losing 1/5th of their value.
- Midstream MLPs receded 8% in October, but remain positive over the past 12-months, and at month-end the Index yielded 8.3%.
- Foreign stock markets, which were already slumping because of weaker economic growth and concerns about trade negotiation and local political headaches, experienced contagion losses from U.S. markets; the MSCI EAFE and MSCI EM both declined roughly 8%.
- Global bonds markets were broadly negative but held up significantly better relative to the equity markets.
- U.S. investment grade bonds fell less than 0.8%, while high yield corporate bonds ended the month 1.6% lower.
- Loans finished October roughly where they began, falling less than 5 basis points, with interest return making up for market-value losses.
- Foreign bonds were negatively affected by a strong U.S. dollar, which appreciated 2.1% in October, as well as general uncertainty surrounding regional fiscal and monetary policies.

- The Canadian dollar weakened 1.7% against the U.S. dollar in October; year-to-date the currency has weakened 4.2%.
- Canada’s economy grew for a seventh straight month in August, led by crude oil and financial services.
- Recent remarks by the Bank of Canada suggest the central bank will steadily withdrawal stimulus by continuing to raise its interest rate.
- Specifically, the Bank of Canada has signaled it will gradually raise its benchmark rate from the current level of 1.75%, to a “neutral stance” of somewhere between 2.5% and 3.5%.
- The Bank of Canada recently raised interest rates for a fifth time in only fifteen months; 3% interest rates will be the “new normal.”
- Despite the positive growth momentum, the headline index for the Canadian equity market, the S&P/Toronto Stock Exchange Composite Index (CAD), fell 6.5% in October.

Date Range	CAD/USD	+/-
October	0.775 - 0.762	-1.7%
YTD 2018	0.795 - 0.762	-4.2%
12-Months	0.779 - 0.762	-2.2%

USD to CAD	30-Days	90-Days
High	1.31593	1.31749
Low	1.29358	1.28122
Average	1.30519	1.30342
Volatility	0.28%	0.34%

