

Investment Market Summary - February 2017



STANDARD INDICES (In USD)

	Feb 2017	YTD 2017	1 Years	3 Years	5 Years	10 Years
S&P 500 TR	4.0%	5.9%	25.0%	10.6%	14.0%	7.6%
MSCI AC World Index	2.8%	5.6%	22.1%	4.8%	8.3%	4.1%
MSCI EAFE	1.4%	4.4%	15.8%	-0.6%	5.2%	1.0%
MSCI Emerging Markets	3.1%	8.7%	29.5%	1.4%	-0.4%	2.9%
Alerian MLP Index	0.4%	5.3%	40.8%	-4.3%	2.1%	7.8%
Bloomberg Barclays US Agg Index	0.7%	0.9%	1.4%	2.6%	2.2%	4.3%
Bloomberg Barclays Muni Bond 5 Year Index	0.8%	1.9%	-0.1%	1.7%	1.9%	3.9%
Bloomberg Barclays US Corp High Yield	1.5%	2.9%	21.8%	4.7%	6.8%	7.5%
Bloomberg Commodity Index	0.2%	0.3%	16.0%	-13.0%	-9.8%	-5.9%
US Dollar Index	1.6%	-1.1%	3.0%	8.3%	5.1%	1.9%

HEADLINES

Risk assets continued to rally as equity markets surged, led by Domestic and Emerging Market (EM) equities. The S&P 500, MSCI EAFE and MSCI EM Indices rose 4.0%, 1.4%, and 3.1%, all in USD terms. The top three sectors leading the S&P's performance were Health Care (+6.4%), Utilities (+5.3%), and Financials (+5.2%). Health Care has rebounded from a negative year in 2016, when drug pricing concerns embroiled the industry. Utilities, which sport high dividend yields and act as bond proxies, were supported by a fall in yields over the month. Despite the fall in yields, which typically pressure Financials, the Financials sector moved higher on continued optimism for an expected acceleration in U.S. economic growth and future Fed rate hikes.

EM bucked the headwinds of a stronger U.S. Dollar. China, Brazil, and India all posted solid months. Stabilizing economic data and commodity prices appear to be underpinning investor confidence in EM despite continuing fears of a stronger USD and potential trade frictions. Non-US Developed Markets (DM) lagged, as represented by the MSCI EAFE Index. However, much of this can be attributed to a stronger Dollar; the Stoxx Europe 600 Index gained 1.4% in USD terms, but rose 3.1% in local Euro terms.

In line with this strong risk appetite, credit markets pushed higher as well. The Bloomberg Barclays U.S. Corporate High Yield Bond Index returned 1.5%, while the S&P/LSTA Leveraged Loan Index gained 0.5%. A mix of

optimism regarding U.S. economic growth, along with still relatively low interest rates, has put credit in a sweet spot. With decent corporate earnings and a calm economy providing support for corporate issuers, investors continue to allocate to higher yielding credit in the search for yield. With regards to high quality bonds, yields fell in the U.S., with the Bloomberg Barclays U.S. Aggregate Bond Index rising 0.7%.

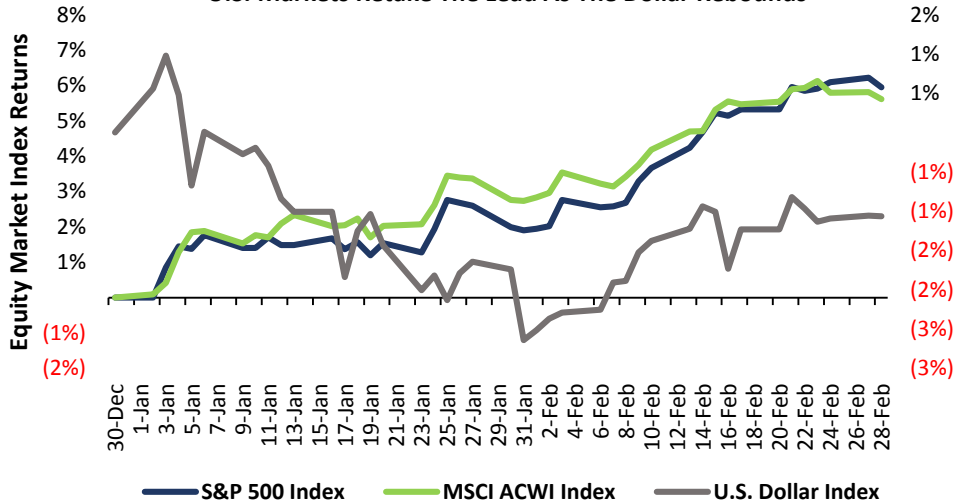
In the Energy space, MLPs lagged the equity rally, as the Alerian MLP Index returned 0.4%. Although WTI Crude oil gained 2.3%, Natural Gas dropped 11.0%. A warm winter has led to reduced Natural Gas demand and inventory draw expectations. Further, Natural Gas had a huge 2016, surging almost 60%, making the commodity more sensitive to a fall in expectations (in contrast, WTI Crude Oil rose 45% in 2016).

Closed-End Funds (CEFs) had a decent month, although discounts did not exhibit large movements over the month. Rather, it appears that the underlying assets drove performance. Equity CEFs performed the best, as the First Trust Equity CEF Index rose 3.2%. Taxable Fixed Income CEFs performed well too, with the First Trust Taxable Fixed Income CEF Index gaining 1.8%. Munis only rose 0.1% (First Trust Municipal CEF Index).

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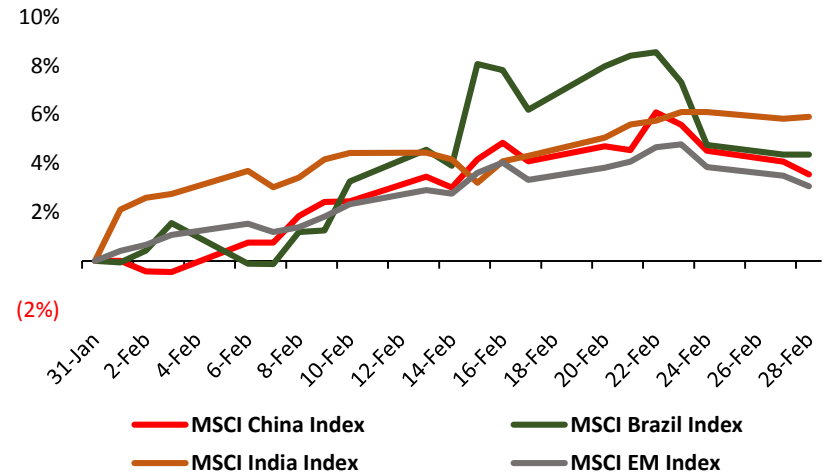


U.S. Markets Retake The Lead As The Dollar Rebounds



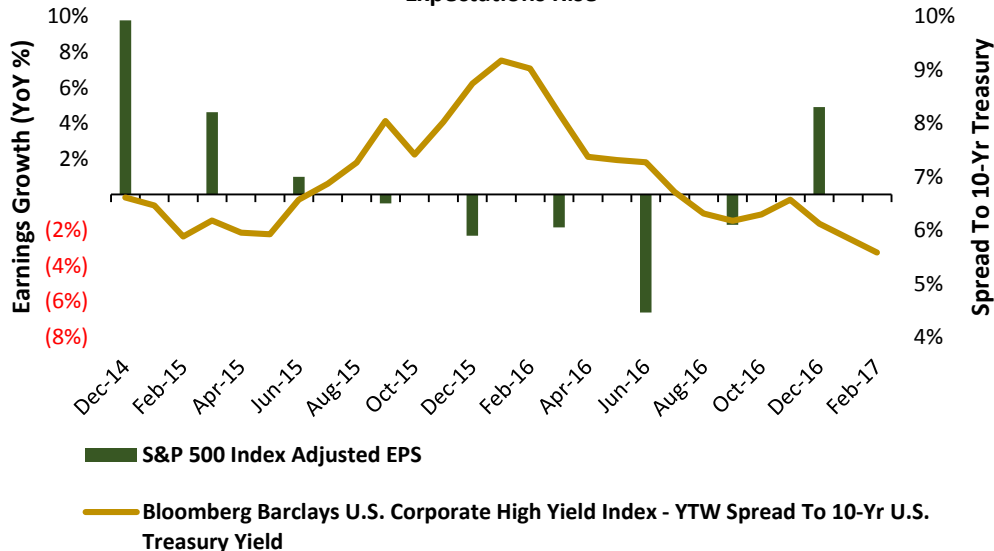
Source: Bloomberg

Heavyweights Power EM



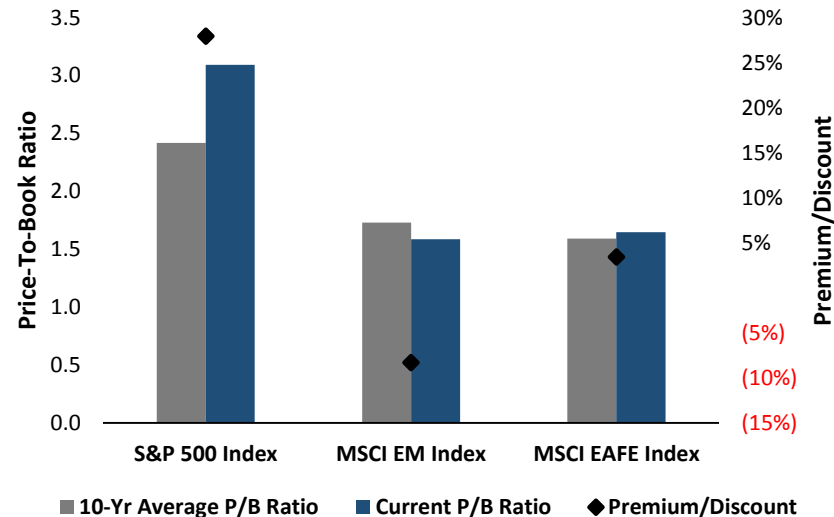
Source: Bloomberg

Credit Spreads Continue To Tighten As Earnings Improve And Economic Expectations Rise



Source: Bloomberg

Equity Market Valuations - EM Appears Attractive



Source: Bloomberg

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