

Investment Market Summary - March 2017



STANDARD INDICES (In USD)

	Mar 2017	YTD 2017	1 Years	3 Years	5 Years	10 Years
S&P 500 TR	0.1%	6.1%	17.2%	10.4%	13.3%	7.5%
MSCI AC World Index	1.2%	6.9%	15.0%	5.1%	8.4%	4.0%
MSCI EAFE	2.8%	7.2%	11.7%	0.5%	5.8%	1.1%
MSCI Emerging Markets	2.5%	11.4%	17.2%	1.2%	0.8%	2.7%
Alerian MLP Index	-1.3%	3.9%	28.3%	-5.2%	2.6%	7.2%
Bloomberg Barclays US Agg Index	-0.1%	0.8%	0.4%	2.7%	2.3%	4.3%
Bloomberg Barclays Muni Bond 5 Year Index	0.0%	1.9%	0.3%	2.0%	2.1%	3.8%
Bloomberg Barclays US Corp High Yield	-0.2%	2.7%	16.4%	4.6%	6.8%	7.5%
Bloomberg Commodity Index	-2.7%	-2.3%	8.7%	-13.9%	-9.5%	-6.2%
US Dollar Index	-0.8%	-1.8%	6.1%	7.8%	4.9%	1.9%

HEADLINES

The U.S. equity rally that had been running since the election took a pause in March, as doubts began to creep into market participants' minds about the ability of President Trump to push through key parts of his agenda such as tax reform and infrastructure spending. These doubts materialized as it became clear that healthcare reform would not pass in the House. Laggards in the Trump rally became leaders in March, and vice versa for the Trump rally darlings. Information Technology, a growth sector, was the top S&P 500 sector, rising 2.6% in March, while Financials, a value sector, was the worst sector, plunging 2.8%. The S&P 500 Index was roughly flat, gaining 0.1%.

On the other side of the Atlantic, the political sentiment brightened as Dutch elections did not result in a populist victory. So far this year, political risks on the European continent have been on the top of investors' minds, and March appeared to provide some relief. The STOXX Europe 600 Index surged 4.0% in USD terms, and rose 3.4% in Euro terms. However, the UK finally triggered BREXIT at the end of March, beginning the process of the UK leaving the European Union (EU). Uncertainty around the exit process lies ahead for the years to come.

Although political headlines captured much of March, monetary policy came back into the fray. The Federal Reserve raised its benchmark interest rate, the Federal Funds Rate, another 0.25%. However, the Federal Reserve

continued to emphasize a gradual rate increase process dependent on economic data. Even though the Fed raised its benchmark short-term rate, longer-term Treasury yields remained muted over the month.

With long-term yields remaining low and the U.S. Dollar continuing to weaken on the year, Emerging Market (EM) equities turned out another strong month, rising 2.5% in USD terms. EM is now up 11.4% on the year, above both the S&P 500 (+6.1%) and the MSCI EAFE (+7.2% in USD terms) Indices. Interestingly, in EM, Mexico had an excellent month, with the MSCI Mexico Index soaring 9.8% in USD terms; this was driven by strength in the Peso, as the index rose only 2.7% in Peso terms. This situation is similar to other Trump rally laggards reversing course, as Mexican assets have been hit hard following the U.S. election.

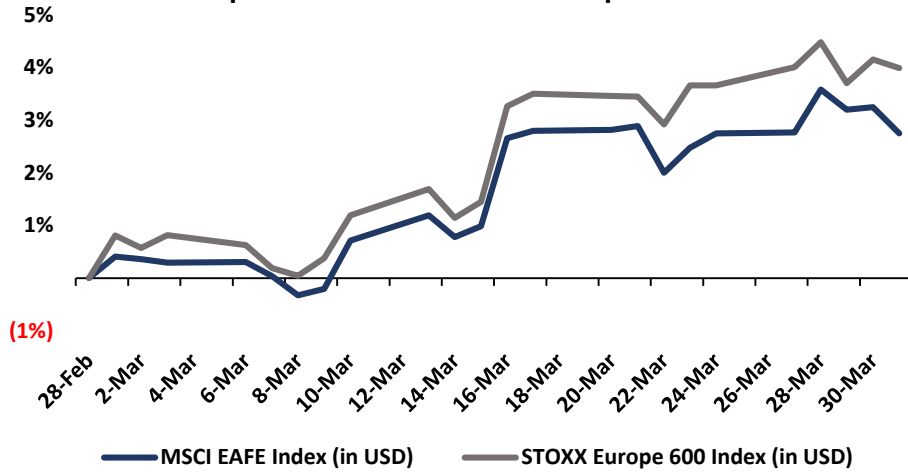
Although Natural Gas soared 15% in March, the fall in WTI Crude Oil (-6%) weighed on returns for MLPs. The Alerian MLP Index fell 1.3% on the month; however, it is up around 4% this year despite a 6% and 14% drop in Oil and Natural Gas, respectively.

Closed-End Funds (CEF) had a relatively quiet month, with the First Trust Composite CEF Index remaining roughly flat. According to CEFA, Bond CEF discounts widened over the month, while Equity CEF discounts tightened. Equity CEFs have been stronger than Fixed Income on the year.

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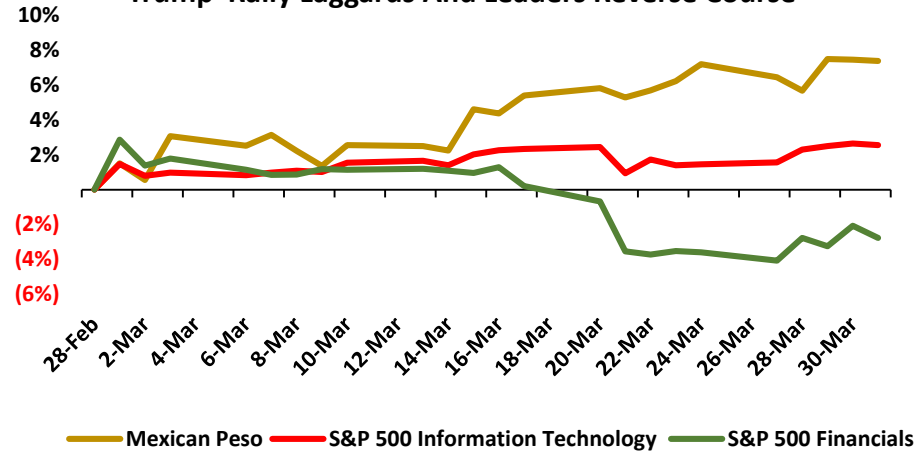


Europe Lifts International Developed Markets



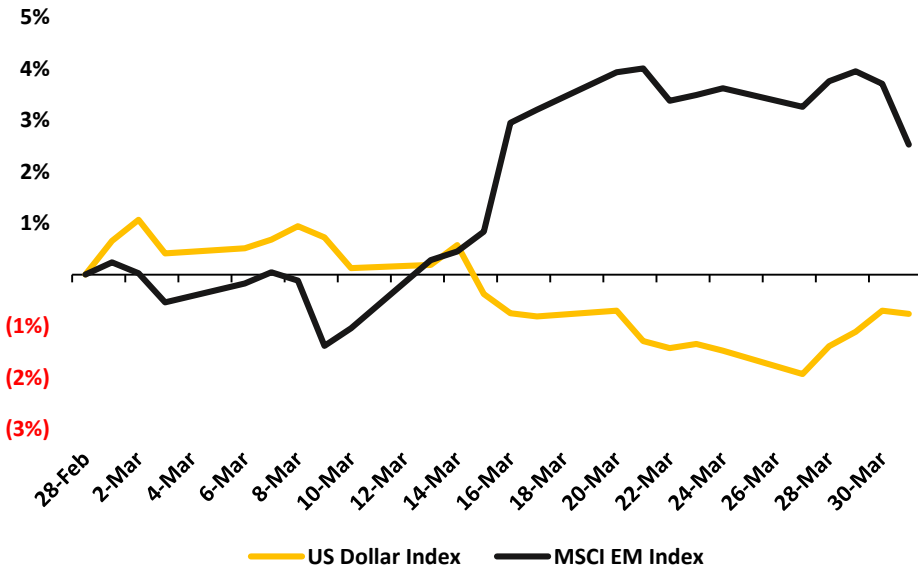
Source: Bloomberg

Trump Rally Laggards And Leaders Reverse Course



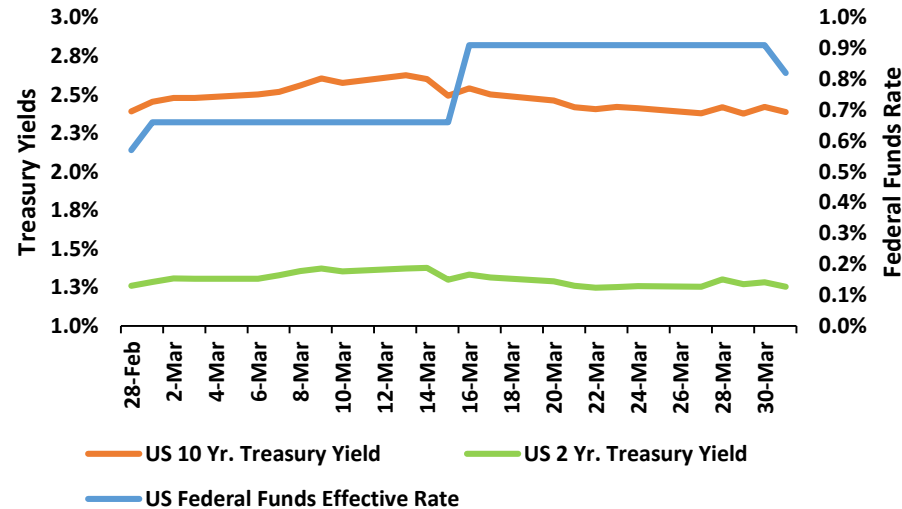
Source: Bloomberg

The EM Rally Continues As The Dollar Weakens



Source: Bloomberg

Treasury Yields Remain Muted Despite Fed Rate Hike



Source: Bloomberg

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