

# Investment Market Summary - May 2017



## STANDARD INDICES (In USD)

	May 2017	YTD 2017	1 Year	3 Years	5 Years	10 Years
S&P 500 TR	1.4%	8.7%	17.5%	10.1%	15.4%	6.9%
MSCI AC World Index	2.2%	11.0%	17.5%	5.3%	11.5%	3.6%
MSCI EAFE	3.7%	14.0%	16.4%	1.5%	10.2%	1.1%
MSCI Emerging Markets	3.0%	17.3%	27.4%	1.6%	4.5%	2.3%
Alerian MLP Index	-4.5%	-2.0%	6.2%	-9.3%	2.6%	5.9%
Bloomberg Barclays US Agg Index	0.8%	2.4%	1.6%	2.5%	2.2%	4.5%
Bloomberg Barclays Muni Bond 5 Year Index	1.0%	3.6%	1.8%	2.2%	2.1%	4.0%
Bloomberg Barclays US Corp High Yield	0.9%	4.8%	13.6%	4.7%	7.3%	7.5%
Bloomberg Commodity Index	-1.3%	-5.1%	-2.4%	-14.6%	-8.2%	-6.6%
US Dollar Index	-2.1%	-5.2%	1.1%	6.4%	3.1%	1.6%

## HEADLINES

World equity markets rallied in May, despite (or perhaps due to) a fall in bond yields. U.S. markets also rose but lagged international markets. International markets have been spurred by a weak U.S. Dollar (USD), stronger economic and earnings data, as well political relief as several European elections have been won by mainstream candidates. The MSCI EAFE Index rose 3.7% (in USD terms) in May, with Europe leading the way. In local terms, EAFE rose 2.1%. Emerging Markets (EM), as represented by the MSCI EM Index, fared well returning 3.0% (in USD terms). EM's gains came despite a sharp drop in Brazilian equities as a new political scandal emerged. Despite being a laggard in May, U.S. markets posted a solid month, returning 1.4%.

High quality bonds rallied on expectations of slower growth and lower inflation even as equity markets rallied. The Bloomberg Barclays U.S. Aggregate Bond Index rose 0.8%, with the 10-year Treasury yield falling to 2.2%. The search for yield and enthusiasm of the equity markets also pushed credit markets higher. The Bloomberg Barclays U.S. Corporate High Yield Index returned 0.9%.

Commodities were one of the few asset classes to face headwinds in May. Despite OPEC's continued pledge to extend output cuts, WTI Crude Oil

slumped 2.1%, while Natural Gas tumbled 6.3%. MLPs, as well as the broader energy sector, were dragged lower with the slide in commodity prices. The Alerian MLP Index fell 4.5% in May.

Discounts for Closed-End Funds (CEFs) were stable in May, while underlying asset exposures pushed prices higher. Along with higher yielding assets, CEFs have enjoyed a favorable backdrop over the past year as risk appetite has been strong, yields remain stubbornly low, and investors continue to search for relatively cheap assets in markets that are highly priced across most of the world. On the whole, CEFs, after trading at wide discounts the previous few years, are now within their historical discount range.

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