Investment Market Summary - September 2017

HILLVIEW®

STANDARD INDICES (In USD)

	Sep 2017	YTD 2017	1 Year	3 Years	5 Years	10 Years
S&P 500 TR	2.1%	14.2%	18.6%	10.8%	14.2%	7.4%
MSCI AC World Index	1.9%	17.3%	18.6%	7.4%	10.2%	3.9%
MSCI EAFE	2.5%	20.0%	19.1%	5.0%	8.4%	1.3%
MSCI Emerging Markets	-0.4%	27.8%	22.5%	4.9%	4.0%	1.3%
Alerian MLP Index	0.7%	-5.6%	-3.7%	-12.9%	-0.6%	6.5%
Bloomberg Barclays US Agg Index	-0.5%	3.1%	0.1%	2.7%	2.1%	4.3%
Bloomberg Barclays Muni Bond 5 Year Index	-0.7%	3.9%	1.1%	2.0%	1.9%	3.8%
Bloomberg Barclays US Corp High Yield	0.9%	7.0%	8.9%	5.8%	6.4%	7.8%
Bloomberg Commodity Index	-0.1%	-2.9%	-0.3%	-10.4%	-10.5%	-6.8%
US Dollar Index	0.4%	-8.9%	-2.5%	2.7%	3.1%	1.8%

HEADLINES

Risk assets, with the exception of Emerging Market (EM) equities, cruised higher into the end of the quarter. Synchronized global growth and broad corporate earnings strength, along with a lack of any persistent shocks or negative news, have fed risk appetite this year. Moreover, global central banks have continued to provide liquidity and keep yields low, pushing investors into riskier assets in search of yield and returns.

EM equities, as represented by the MSCI EM Index, fell 0.4% in US dollar (USD) terms in September, as US Treasury yields and the USD moved higher, and as geopolitical tensions with North Korea put investors on edge. However, developed markets posted solid gains, with the S&P 500 and MSCI EAFE Indices (in USD terms) climbing 2.1% and 2.5%, respectively. In the US, Energy and Financials led equities higher as oil prices and yields also made strong moves higher. The S&P 500 Energy and Financials Indices returned 9.9% and 5.1%, respectively.

Yields moved higher in September as the Federal Reserve signaled its intention to push through one more rate hike in 2017, as well as begin to unwind its large balance sheet of mortgage-backed securities. Although the Fed's preferred measure of inflation remains below its 2% target, Fed officials have been motivated to continue with rate hikes due to steady economic growth and a tightening labor market. The US 10-Yr. Treasury yield surged from around 2.1% at the beginning of September to over 2.3% by month-end. The move in yields pushed the Bloomberg Barclays US Aggregate Bond Index 0.5% lower. Riskier bonds continued their grind higher, however, with the Bloomberg Barclays US Corporate High Yield and S&P/LSTA US Leveraged Loan 100 Indices returning 0.9% and 0.4%, respectively. Riskier debt has been buoyed by low fixed income yields, a benign default environment, and healthy corporate earnings.

Despite the Bloomberg Commodity Index falling 0.1%, WTI Crude Oil soared from around \$47 at the beginning of the month to well above \$51 by month-end. The relief in oil prices was caused by a bullish demand outlook as the International Energy Agency revised upwards its 2017 oil demand growth estimate. This was welcome news for MLPs and the wider Energy sector. MLPs, as represented by the Alerian MLP Index, rose 0.7% in September.

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