

## KEY TAKEAWAYS

- Stocks got off to a decent start in 2017 on continued optimism that the new administration's fiscal policies will ultimately spur economic growth. January has been a tough month for the markets in recent years, and though stocks once again wavered near the end in face of political turmoil, the S&P 500 still managed to rise 1.9% for the month. It was the first January gain since 2013. The Dow Jones Industrial Average, meanwhile, breached the 20,000 mark mid-month for the first time ever.
- International markets did even better, with returns for U.S.-based investors benefiting from a decline in the dollar (which logged its worst month in nearly a year). The MSCI EAFE index of developed overseas markets rose 2.9% in January (in dollar terms). Emerging markets were the biggest winner, gaining 5.5%.
- The threat of protectionist policies and steep tariffs on imported goods could be a hurdle for the market, as they would likely prove costly to American consumers and be a drag on growth. For now markets appear hopeful that the new administration is simply testing out negotiating tactics for procuring better deals, and that all-out trade wars will be avoided.
- While Treasury bond yields ended January more or less unchanged from the prior month, corporate high yield spreads (the difference in yield between junk bonds and treasuries) continued to narrow. This is often interpreted as an indicator of a healthy corporate environment.

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## INDEX PERFORMANCE (as of 01/31/17)

Equity	January	Three-Month	One-Year
U.S. Large Cap	1.9%	7.8%	20.0%
U.S. Small Cap	0.4%	14.7%	33.5%
Developed Non-U.S.	2.9%	4.3%	12.6%
Emerging Market	5.5%	0.9%	25.9%
<b>Real Assets</b>			
Real Estate	1.2%	0.7%	11.9%
Commodities	0.1%	3.3%	13.8%
Natural Resource Equities	-0.7%	7.9%	36.4%
<b>Fixed Income</b>			
<u>Core Plus</u>			
U.S. High Yield Debt	1.5%	2.8%	20.8%
Emerging Market Debt	2.3%	-3.2%	12.0%
<u>Core Bonds</u>			
U.S. Aggregate Bonds	0.2%	-2.0%	1.5%
U.S. Treasuries	0.2%	-2.6%	-0.8%
U.S. Municipal Bonds	0.8%	-1.3%	-0.4%
<b>Month-End Values/Yields</b>	<b>Current</b>	<b>Prior Month</b>	<b>One-Year Ago</b>
CBOE Volatility Index	12.0	14.0	20.2
10-Year Treasury Yield	2.5%	2.4%	1.9%

Sources: Bloomberg, Morningstar

You cannot invest directly in an index; therefore, performance returns do not reflect any management fees. Returns of the indices include the reinvestment of all dividends and income, as reported by the commercial databases involved.

## DISCLOSURE

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