

KEY TAKEAWAYS

- U.S. stocks extended their gains as a series of upbeat earnings reports last month helped bolster optimism about the economy. The S&P 500 advanced for the 6th month in a row (the index has posted a positive return in 13 out of the past 14 months) while the technology-oriented Nasdaq broke through to a new record high.
- Equity markets around the globe breathed a huge sigh of relief after France held the first round of voting in its widely-watched presidential election. Even as voters rejected established political parties, it became apparent that centrist candidate Emmanuel Macron will be the frontrunner to win deciding May 7th votes. With the risk of France following Britain's shocking vote to exit the European Union seemingly abated, the euro rose to its highest level in five months.
- The U.S. economy expanded at a weak 0.7% annual rate in the first quarter, the slowest pace in three years. While the housing and labor markets are bright spots, consumer spending remains constrained. At least investors do not have to worry about a government shutdown, which has been averted for now.
- U.S. markets have been brimming with enthusiasm about tax cuts, and investors finally got to see the broad outline of a new plan. The overhaul would sharply slash rates on businesses and overseas corporate profits returned to the U.S while also modifying individual tax brackets. However, the proposal, in its current form, faces an uphill battle among lawmakers—concerned that lack of detail around raising new revenue could potentially add billions of dollars to the federal deficit.

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INDEX PERFORMANCE (as of 04/30/17)

Equity	April	Year-to-Date	One-Year
U.S. Large Cap	1.0%	7.2%	17.9%
U.S. Small Cap	1.1%	3.6%	25.6%
Developed Non-U.S.	2.6%	10.2%	11.8%
Emerging Market	2.2%	13.9%	19.6%
Real Assets			
Real Estate	1.4%	5.1%	4.6%
Commodities	-1.5%	-3.8%	-1.3%
Natural Resource Equities	-3.0%	-7.2%	2.6%
Fixed Income			
<u>Core Plus</u>			
U.S. High Yield Debt	1.2%	3.9%	13.3%
Emerging Market Debt	1.2%	7.7%	4.0%
<u>Core Bonds</u>			
U.S. Aggregate Bonds	0.8%	1.6%	0.8%
U.S. Treasuries	0.7%	1.4%	-0.6%
U.S. Municipal Bonds	0.6%	2.2%	0.3%
Month-End Values/Yields	Current	Prior Month	One-Year Ago
CBOE Volatility Index	10.8	12.4	15.7
10-Year Treasury Yield	2.3%	2.4%	1.8%

Sources: Bloomberg, Morningstar

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