PATHSTONE
FEDERAL STREET

MARKET FLASH REPORT

December 2017

KEY TAKEAWAYS

- Heading into the final month of 2017, the S&P 500 continues on the course of impressive gains. The index has posted a positive return for all 11 months this year, despite the headline noise from North Korea, tax reform uncertainty and other geopolitical events.
- A strong Q3 GDP estimate was revised upwards, and continued strength through Q4 is expected. The economy keeps chugging along helped by high consumer confidence, low unemployment, and stabilized oil prices.

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INDEX PERFORMANCE (as of 11/30/17)

Equity	November	Year-to-Date	One-Year
U.S. Large Cap	3.1%	20.5%	22.9%
U.S. Small Cap	2.9%	15.1%	18.3%
Developed Non-U.S.	1.1%	23.1%	27.3%
Emerging Market	0.2%	32.5%	32.8%
Real Assets			
Real Estate	2.2%	14.0%	16.7%
Commodities	-0.5%	-1.3%	0.5%
Natural Resource Equities	1.6%	-4.2%	-3.5%
Fixed Income			
Core Plus			
U.S. High Yield Debt	-0.3%	7.2%	9.2%
Emerging Market Debt	1.7%	12.9%	15.0%
Core Bonds			
U.S. Aggregate Bonds	-0.1%	3.1%	3.2%
U.S. Treasuries	-0.1%	2.0%	1.9%
U.S. Municipal Bonds	-0.9%	2.8%	3.6%

Month-End Values/Yields	Current	Prior Month	One-Year Ago
CBOE Volatility Index	11.3	10.2	13.3
10-Year Treasury Yield	2.4%	2.4%	2.4%

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.

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U.S. Large Cap Equity is represented by the S&P 500 Index, with dividends reinvested. U.S. Small Cap Equity is represented by the Russell 2000 Index. Developed Non-U.S. Equity is represented by the MSCI EAFE Index. Emerging Market Equity is represented by the MSCI EM Index. Real Estate is represented by the S&P Global Property Index. Commodities are represented by the DJ UBS Commodity Index. Natural Resource Equities are represented by the S&P North American Natural Resources Index. U.S. High Yield Debt is represented by the Bloomberg Barclays U.S. Corporate High Yield Index. Emerging Market Debt is represented by the JPM GMI-EM Global Diversified Index. U.S. Aggregate Bonds is represented by the Bloomberg Barclays U.S. Aggregate Bond Index. U.S. Treasuries is represented by the Bloomberg Barclays U.S. Treasury Index. U.S. Municipal Bonds is represented by the Bloomberg Barclays Municipal 1-10yr Index.