

KEY TAKEAWAYS

- Heading into the summer months, the S&P 500 continues to climb to new heights. Amid historically low volatility, the index has now posted gains in 15 out of the past 16 months, including a streak of eight in a row.
- Crude oil, on the other hand, has fallen back into a bear market, setting new lows dating back to last August as oversupply concerns continue to weigh on the market.
- As widely expected, the Federal Reserve hiked its policy rate by 25 basis points at their June meeting. Fed officials still expect to raise that rate once more in the second half of this year, despite the recent weakness of core inflation (which they believe to be temporary). The Fed also laid out plans for shrinking its balance sheet, with the initial run-off of assets projected to begin later this year.
- Bonds markets reacted to Fed activity with a shrug. The bellwether ten-year Treasury note ended the month yielding 2.3% and has been in a relatively tight range for several months.
- MSCI announced plans to add locally traded Chinese shares to its benchmark emerging market index. While MSCI indexes already include Chinese companies' shares listed in cities like Hong Kong and New York, the decision to add mainland A-shares (stocks denominated in yuan and listed in either Shanghai or Shenzhen) could be a boon to the efforts of the world's most populous nation to open up its markets to global (foreign investors currently hold just about 1.5% of the Chinese stock market).

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INDEX PERFORMANCE (as of 06/30/17)

Equity	June	Year-to-Date	One-Year
U.S. Large Cap	0.6%	9.3%	17.9%
U.S. Small Cap	3.5%	5.0%	24.6%
Developed Non-U.S.	-0.1%	14.2%	20.8%
Emerging Market	1.1%	18.6%	24.2%
Real Assets			
Real Estate	1.0%	8.0%	4.0%
Commodities	-0.2%	-5.3%	-6.5%
Natural Resource Equities	-0.6%	-11.0%	-2.6%
Fixed Income			
<u>Core Plus</u>			
U.S. High Yield Debt	0.1%	4.9%	12.7%
Emerging Market Debt	0.5%	10.4%	6.4%
<u>Core Bonds</u>			
U.S. Aggregate Bonds	-0.1%	2.3%	-0.3%
U.S. Treasuries	-0.2%	1.9%	-2.3%
U.S. Municipal Bonds	-0.3%	3.0%	0.2%
Month-End Values/Yields	Current	Prior Month	One-Year Ago
CBOE Volatility Index	11.1	10.4	15.6
10-Year Treasury Yield	2.3%	2.2%	1.5%

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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