



KEY TAKEAWAYS

- After December's drawdown, markets snapped back during the first month of 2019. The S&P 500 posted its best January results since 1987, and it is up over 15% from the December lows. Smaller U.S. companies led the way, up 11.3% during the month.
- Investor confidence has been lifted by a stable U.S. economy and a dovish tone from the Fed, which kept rates steady in January, and communicated that a more patient and data dependent path for future policy decisions lies ahead.
- The longest U.S. government shutdown on record came to an end on January 25th—after 35 days—as a tentative deal was reached, reopening the government for three weeks while discussion around funding for a border wall continues.
- Oil prices rebounded, helping to lead the Energy sector up over 11% during the month, according to the S&P 500 Energy Sector Index. MLPs were up 12.6% based on the Alerian MLP Index.
- Trade talks between the U.S. and China are ongoing, as neither side is yet to reach a resolution, though momentum has been building toward the potential of a deal. Brexit negotiations continue to make little progress, as the March 29th deadline fast approaches.

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INDEX PERFORMANCE (as of 1/31/19)

Equity	January	Three-Month	One-Year
U.S. Large Cap	8.0%	0.3%	-2.3%
U.S. Small Cap	11.3%	-0.4%	-3.5%
Developed Non-U.S.	6.6%	1.3%	-12.5%
Emerging Market	8.8%	10.2%	-14.2%
Real Assets			
Real Estate	10.5%	9.7%	1.6%
Commodities	5.5%	-2.4%	-8.2%
Natural Resource Equities	12.8%	-1.9%	-13.0%
Fixed Income			
<u>Core Plus</u>			
U.S. High Yield Debt	4.5%	1.4%	1.7%
Emerging Market Debt	5.5%	9.8%	-5.3%
<u>Core Bonds</u>			
U.S. Aggregate Bonds	1.1%	3.5%	2.3%
U.S. Treasuries	0.5%	3.5%	2.7%
U.S. Municipal Bonds	0.9%	2.8%	3.1%
Month-End Values/Yield	Current	Prior Month	One-Year Ago
CBOE Volatility Index	16.6	25.4	13.5
10-Year Treasury Yield	2.6%	2.7%	2.7%

Sources: Bloomberg, Morningstar, treasury.gov, S&P Dow Jones Indices.

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