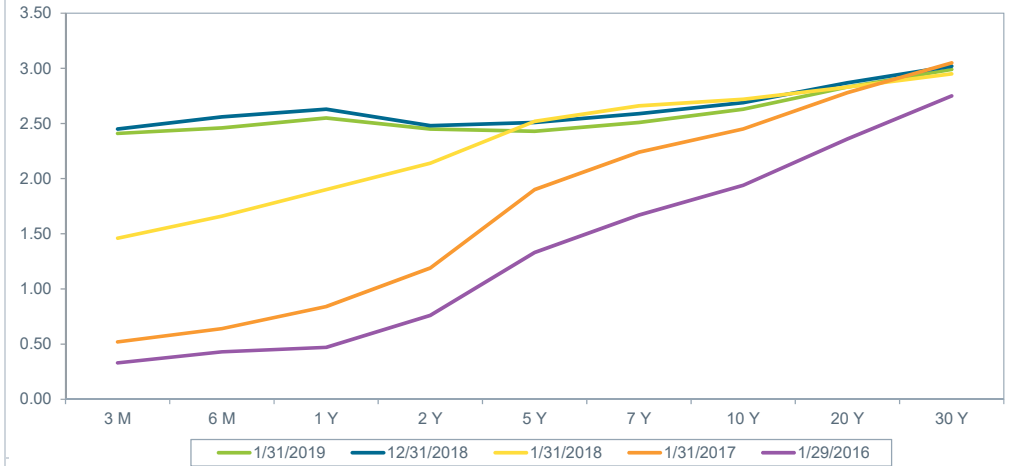


General Market Commentary

- After a turbulent December, global equity markets rebounded sharply in January. Market participants traded on optimism over trade discussions between the US and China, generally strong corporate earnings reports, and the release of the December jobs report, which noted that US employers added 128,000 more jobs than anticipated.
- Additionally, stocks traded higher and bond yields fell on news that the Federal Reserve would not increase interest rates at the January meeting. The FOMC also stated that the Fed would take a "patient" approach to raising interest rates, and Chairman Powell noted that "the case for raising rates has weakened," which was viewed as a reversal from comments made in the fourth quarter of 2018.
- Equity markets posted positive returns in January as the S&P 500 (Cap Wtd) Index returned 8.01% and the MSCI EAFE (Net) Index returned 6.57%. Emerging markets returned 8.77% as measured by the MSCI EM (Net) Index.
- The Bloomberg US Aggregate Bond Index returned 1.06% in January, outperforming the 0.43% return by the Bloomberg US Treasury Intermediate Term Index. International fixed income markets returned 1.96%, as measured by the FTSE Non-US World Gov't Bond Index.
- Public real estate, as measured by the FTSE NAREIT Eq REITs Index (TR), returned 11.75% in January and 9.43% over the trailing five-year period.
- The Cambridge US Private Equity Index returned 18.01% for the trailing one-year period and 13.40% for the trailing five-year period ending September 2018.
- Absolute return strategies, as measured by the HFRI FOF Comp Index, returned 2.60% for the month and -3.84% over the trailing one-year period.
- Crude oil's price increased by 18.45% during the month, but has decreased by 16.90% YoY.

Treasury Yield Curve (%)



Economic Indicators	Jan-19	Dec-18	Jan-18	10 Yr	20 Yr
Federal Funds Rate (%)	2.40	—	2.40	1.34	0.43
Breakeven Inflation - 1 Year (%)	-0.86	▲	-2.84	2.13	0.86
Breakeven Inflation - 5 Year (%)	1.73	▲	1.49	2.01	1.71
Breakeven Inflation - 10 Year (%)	1.86	▲	1.71	2.11	1.99
Breakeven Inflation - 30 Year (%)	1.94	▲	1.82	2.15	2.16
Bloomberg US Agg Bond Index - Yield (%)	3.15	▼	3.28	2.97	2.63
Bloomberg US Agg Bond Index - OAS (%)	0.47	▼	0.54	0.34	0.58
Bloomberg US Agg Credit Index - OAS (%)	1.21	▼	1.43	0.82	1.49
Bloomberg US Corp: HY Index - OAS (%)	4.23	▼	5.26	3.19	5.39
Capacity Utilization (%)	78.22	▼	78.83	76.98	75.89
Unemployment Rate (%)	4.0	▲	3.9	4.1	6.8
PMI - Manufacturing (%)	56.6	▲	54.3	59.6	53.8
Baltic Dry Index - Shipping	668	▼	1,271	1,152	1,406
Consumer Conf (Conf Board)	120.20	▼	126.60	124.30	83.64
CPI YoY (Headline) (%)	1.6	▼	1.9	2.1	1.6
CPI YoY (Core) (%)	2.2	—	2.2	1.8	1.8
PPI YoY (%)	0.3	▼	1.4	2.9	1.5
M2 YoY (%)	4.3	▲	3.9	4.4	6.2
US Dollar Total Weighted Index	90.53	▼	91.79	84.86	81.50
WTI Crude Oil per Barrel (\$)	54	▲	45	65	73
Gold Spot per Oz (\$)	1,321	▲	1,282	1,345	1,309

Treasury Yield Curve (%)	Jan-19	Dec-18	Jan-18	Jan-17	Jan-16
3 Month	2.41	2.45	1.46	0.52	0.33
6 Month	2.46	2.56	1.66	0.64	0.43
1 Year	2.55	2.63	1.90	0.84	0.47
2 Year	2.45	2.48	2.14	1.19	0.76
5 Year	2.43	2.51	2.52	1.90	1.33
7 Year	2.51	2.59	2.66	2.24	1.67
10 Year	2.63	2.69	2.72	2.45	1.94
20 Year	2.83	2.87	2.83	2.78	2.36
30 Year	2.99	3.02	2.95	3.05	2.75

Market Performance (%)	MTD	QTD	CYTD	1 Yr	3 Yr	5 Yr	7 Yr	10 Yr
S&P 500 (Cap Wtd)	8.01	8.01	8.01	-2.31	14.02	10.96	13.23	15.00
Russell 2000	11.25	11.25	11.25	-3.52	14.71	7.26	11.05	14.52
MSCI EAFE (Net)	6.57	6.57	6.57	-12.51	7.74	2.66	5.93	8.11
MSCI EAFE SC (Net)	8.06	8.06	8.06	-15.59	9.39	4.99	8.76	12.11
MSCI EM (Net)	8.77	8.77	8.77	-14.24	14.89	4.77	2.89	9.66
Bloomberg US Agg Bond	1.06	1.06	1.06	2.25	1.95	2.44	2.12	3.68
ICE BofAML 3 Mo US T-Bill	0.20	0.20	0.20	1.95	1.08	0.66	0.50	0.40
NCREIF ODCE (Gross)	N/A	N/A	N/A	8.35	8.24	10.41	10.99	7.00
FTSE NAREIT Eq REITs Index (TR)	11.75	11.75	11.75	11.23	7.99	9.43	9.24	15.54
HFRI FOF Comp Index	2.60	2.60	2.60	-3.84	3.07	1.98	3.03	3.30
Bloomberg Cmtty Index (TR)	5.45	5.45	5.45	-8.23	2.66	-7.88	-7.46	-2.74

NCREIF performance is reported quarterly; MTD and QTD returns are shown as "N/A" on interim-quarter months and until available. Data shown is as of most recent quarter-end.

Treasury data courtesy of the US Department of the Treasury. Economic data courtesy of Bloomberg Professional Service.

Breakeven Inflation does not have 20 years of history; therefore, its 20-year average is shown as "N/A."

