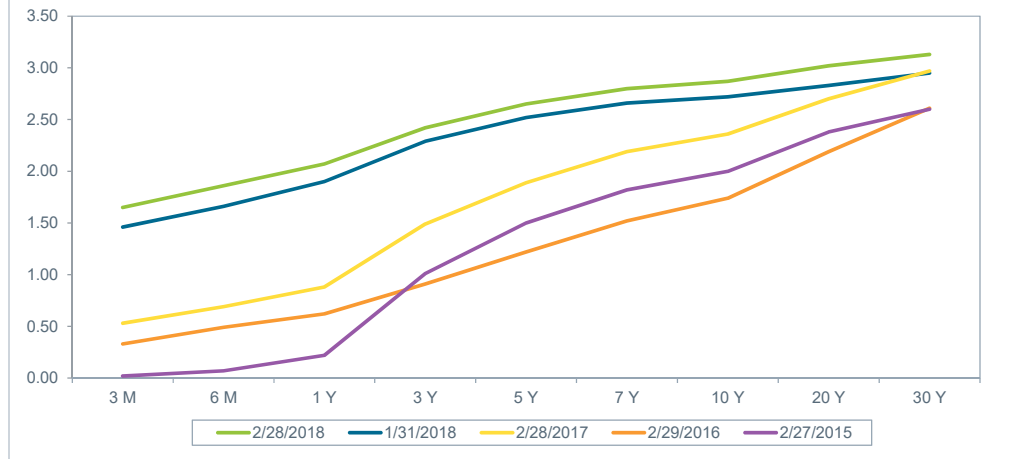


**General Market Commentary**

- February was a challenging month for global stocks and bonds, as increased inflation expectations caused an uptick in volatility in stock and bond markets. In the US, 10 year yields reached levels last seen in early 2014 before settling at 2.87% by the end of the month.
- In his first appearance before lawmakers since becoming Federal Reserve Chairman, Jerome Powell indicated that the Fed could raise interest rates up to four times this year. Powell cited a strong US labor market and a growing global economy as key indicators that the US economy can accommodate higher interest rates.
- Equity markets posted negative returns in February as the S&P 500 (Cap Wtd) Index returned -3.69% and the MSCI EAFE (Net) Index returned -4.51%. Emerging markets returned -4.61% as measured by the MSCI EM (Net) Index.
- The Bloomberg US Aggregate Bond Index returned -0.95% in February, underperforming the -0.30% return by the Bloomberg US Treasury Intermediate Term Index. International fixed income markets returned -0.65%, as measured by the FTSE Non-US World Gov't Bond Index.
- Public real estate, as measured by the Wilshire US REIT Index, returned -7.59% in February and 5.86% over the trailing five-year period.
- The Cambridge US Private Equity Index returned 16.79% for the trailing one-year period and 13.27% for the trailing five-year period ending September 2017.
- Absolute return strategies, as measured by the HFRI FOF Comp Index, returned -1.26% for the month and 6.91% over the trailing one-year period.
- Crude oil's price fell by 4.77% during the month, but has increased by 14.13% YoY.

Economic Indicators	Feb-18		Jan-18	Feb-17	10 Yr	20 Yr
Federal Funds Rate (%)	1.35	▲	1.34	0.57	0.39	2.09
Breakeven Inflation - 1 Year (%)	2.39	▲	2.13	2.38	0.79	N/A
Breakeven Inflation - 5 Year (%)	2.09	▲	2.01	2.00	1.64	N/A
Breakeven Inflation - 10 Year (%)	2.12	▲	2.11	2.01	1.96	N/A
Breakeven Inflation - 30 Year (%)	2.14	▼	2.15	2.09	2.16	N/A
Bloomberg US Agg Bond Index - Yield (%)	3.15	▲	2.97	2.57	2.77	4.09
Bloomberg US Agg Bond Index - OAS (%)	0.37	▲	0.34	0.43	0.70	0.65
Bloomberg US Agg Credit Index - OAS (%)	0.91	▲	0.82	1.10	1.69	1.49
Bloomberg US Corp: HY Index - OAS (%)	3.36	▲	3.19	3.63	6.02	5.64
Capacity Utilization (%)	78.12	▲	77.42	75.83	75.83	77.49
Unemployment Rate (%)	4.1	—	4.1	4.7	6.9	5.9
PMI - Manufacturing (%)	60.8	▲	59.1	57.6	52.7	52.4
Baltic Dry Index - Shipping	1,192	▲	1,152	859	1,815	2,291
Consumer Conf (Conf Board)	130.80	▲	124.30	116.10	76.88	92.93
CPI YoY (Headline) (%)	2.2	▲	2.1	2.7	1.7	2.1
CPI YoY (Core) (%)	1.8	—	1.8	2.2	1.8	2.0
PPI YoY (%)	2.7	▼	3.0	3.8	1.8	2.1
M2 YoY (%)	4.0	▼	4.2	6.3	6.4	6.4
US Dollar Total Weighted Index	N/A	N/A	84.86	94.26	80.16	86.63
WTI Crude Oil per Barrel (\$)	62	▼	65	54	76	58
Gold Spot per Oz (\$)	1,318	▼	1,345	1,248	1,272	839

**Treasury Yield Curve (%)**



Treasury Yield Curve (%)	Feb-18	Jan-18	Feb-17	Feb-16	Feb-15
3 Month	1.65	1.46	0.53	0.33	0.02
6 Month	1.86	1.66	0.69	0.49	0.07
1 Year	2.07	1.90	0.88	0.62	0.22
3 Year	2.42	2.29	1.49	0.91	1.01
5 Year	2.65	2.52	1.89	1.22	1.50
7 Year	2.80	2.66	2.19	1.52	1.82
10 Year	2.87	2.72	2.36	1.74	2.00
20 Year	3.02	2.83	2.70	2.19	2.38
30 Year	3.13	2.95	2.97	2.61	2.60

Market Performance (%)	MTD	QTD	CYTD	1 Yr	3 Yr	5 Yr	7 Yr	10 Yr
S&P 500 (Cap Wtd)	-3.69	1.83	1.83	17.10	11.14	14.73	13.13	9.73
Russell 2000	-3.87	-1.36	-1.36	10.51	8.55	12.19	10.59	9.75
MSCI EAFE (Net)	-4.51	0.28	0.28	20.13	5.65	7.06	5.24	2.82
MSCI EAFE SC (Net)	-3.55	1.39	1.39	27.40	12.29	11.77	8.90	6.57
MSCI EM (Net)	-4.61	3.34	3.34	30.51	8.97	5.02	3.58	2.65
Bloomberg US Agg Bond	-0.95	-2.09	-2.09	0.51	1.14	1.71	2.84	3.60
ICE BofA ML 3 Mo US T-Bill	0.10	0.21	0.21	0.99	0.48	0.31	0.25	0.35
NCREIF ODCE (Gross)	N/A	N/A	N/A	7.62	10.42	11.53	12.07	5.03
Wilshire US REIT	-7.59	-11.13	-11.13	-9.97	0.22	5.86	7.40	6.48
HFRI FOF Comp Index	-1.26	1.11	1.11	6.91	2.37	3.74	2.68	1.36
Bloomberg Cmdty Index (TR)	-1.73	0.22	0.22	1.58	-4.69	-8.08	-8.42	-8.26

NCREIF performance is reported quarterly; MTD, QTD and CYTD 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."