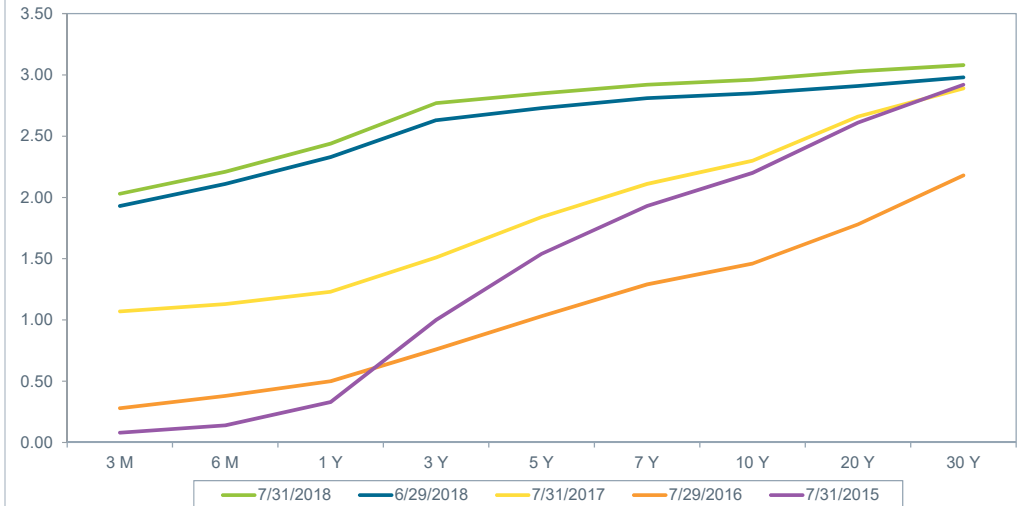


General Market Commentary

- In July, it was announced that US GDP grew at an annual rate of 4.1% in the second quarter of 2018. Increased purchases of consumer durables, business investment in real estate, exports, and intellectual property, as well as an uptick in government defense spending were primary drivers for the largest single-quarter jump in GDP since 2014.
- US interest rates moved up across the entire curve and flattened modestly in July, as investor risk appetite continued to US equities, which rallied during the month.
- The Trump administration announced plans for additional tariffs on \$200 billion of Chinese exports to the US, although immediate price action was limited. In addition, it was announced these tariffs could increase from a 10% rate to 25%. While the percentage increase has not yet been imposed, many economists continue to worry that additional tariffs on Chinese goods, and the expected imposition of retaliatory tariffs by China, could further slow global economic growth.
- Equity markets posted positive returns in July as the S&P 500 (Cap Wtd) Index returned 3.72% and the MSCI EAFE (Net) Index returned 2.46%. Emerging markets returned 2.20% as measured by the MSCI EM (Net) Index.
- The Bloomberg US Aggregate Bond Index returned 0.02% in July, outperforming the -0.20% return by the Bloomberg US Treasury Intermediate Term Index. International fixed income markets returned -0.40%, as measured by the FTSE Non-US World Gov't Bond Index.
- Public real estate, as measured by the Wilshire US REIT Index, returned 1.70% in July and 8.61% over the trailing five-year period.
- The Cambridge US Private Equity Index returned 16.17% for the trailing one-year period and 13.19% for the trailing five-year period ending March 2018.
- Absolute return strategies, as measured by the HFRI FOF Comp Index, returned 0.24% for the month and 4.32% over the trailing one-year period.
- Crude oil's price fell by 7.27% during the month, but has increased by 37.05% YoY.

Treasury Yield Curve (%)



Economic Indicators	Jul-18	Jun-18	Jul-17	10 Yr	20 Yr	
Federal Funds Rate (%)	1.91	—	1.91	1.07	0.37	2.00
Breakeven Inflation - 1 Year (%)	0.87	▼	1.42	0.71	0.74	N/A
Breakeven Inflation - 5 Year (%)	2.00	▼	2.08	1.70	1.63	N/A
Breakeven Inflation - 10 Year (%)	2.13	▼	2.13	1.82	1.95	N/A
Breakeven Inflation - 30 Year (%)	2.15	▲	2.12	1.90	2.14	N/A
Bloomberg US Agg Bond Index - Yield (%)	3.36	▲	3.29	2.51	2.70	4.03
Bloomberg US Agg Bond Index - OAS (%)	0.40	▼	0.44	0.40	0.66	0.65
Bloomberg US Agg Credit Index - OAS (%)	1.03	▼	1.16	0.98	1.64	1.48
Bloomberg US Corp: HY Index - OAS (%)	3.36	▼	3.63	3.52	5.87	5.59
Capacity Utilization (%)	78.05	▼	78.11	76.09	75.73	77.37
Unemployment Rate (%)	3.9	▼	4.0	4.3	6.9	5.9
PMI - Manufacturing (%)	58.1	▼	60.2	56.5	53.1	52.6
Baltic Dry Index - Shipping	1,747	▲	1,385	946	1,479	2,299
Consumer Conf (Conf Board)	127.40	▲	127.10	120.00	79.53	92.73
CPI YoY (Headline) (%)	2.9	—	2.9	1.7	1.6	2.2
CPI YoY (Core) (%)	2.4	▲	2.3	1.7	1.8	2.0
PPI YoY (%)	4.2	▲	4.0	2.1	1.6	2.2
M2 YoY (%)	3.9	▼	4.2	5.6	6.3	6.4
US Dollar Total Weighted Index	89.78	▼	89.97	87.80	80.90	86.40
WTI Crude Oil per Barrel (\$)	69	▼	74	50	74	59
Gold Spot per Oz (\$)	1,224	▼	1,253	1,269	1,288	860

Treasury Yield Curve (%)	Jul-18	Jun-18	Jul-17	Jul-16	Jul-15
3 Month	2.03	1.93	1.07	0.28	0.08
6 Month	2.21	2.11	1.13	0.38	0.14
1 Year	2.44	2.33	1.23	0.50	0.33
3 Year	2.77	2.63	1.51	0.76	1.00
5 Year	2.85	2.73	1.84	1.03	1.54
7 Year	2.92	2.81	2.11	1.29	1.93
10 Year	2.96	2.85	2.30	1.46	2.20
20 Year	3.03	2.91	2.66	1.78	2.61
30 Year	3.08	2.98	2.89	2.18	2.92

Market Performance (%)	MTD	QTD	CYTD	1 Yr	3 Yr	5 Yr	7 Yr	10 Yr
S&P 500 (Cap Wtd)	3.72	3.72	6.47	16.24	12.52	13.12	14.16	10.67
Russell 2000	1.74	1.74	9.54	18.73	12.04	11.33	12.70	10.39
MSCI EAFE (Net)	2.46	2.46	-0.36	6.40	5.03	5.86	5.49	3.43
MSCI EAFE SC (Net)	0.65	0.65	-0.68	9.22	10.02	10.15	8.63	7.38
MSCI EM (Net)	2.20	2.20	-4.61	4.36	8.94	5.25	1.81	2.87
Bloomberg US Agg Bond	0.02	0.02	-1.59	-0.80	1.49	2.25	2.34	3.73
ICE BofAML 3 Mo US T-Bill	0.16	0.16	0.97	1.44	0.73	0.45	0.35	0.35
NCREIF ODCE (Gross)	N/A	N/A	4.30	8.44	9.37	11.04	11.39	5.29
Wilshire US REIT	1.70	1.70	3.25	4.49	6.40	8.61	9.08	7.68
HFRI FOF Comp Index	0.24	0.24	0.92	4.32	1.95	3.30	2.79	1.70
Bloomberg Cmtly Index (TR)	-2.13	-2.13	-2.14	2.73	-1.61	-7.06	-8.47	-8.09

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."