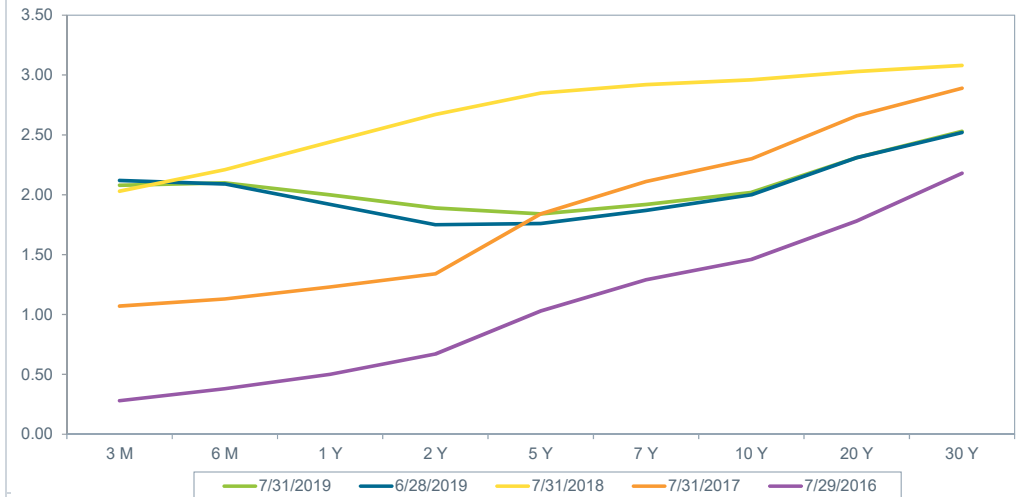


General Market Commentary

- In a widely anticipated move, the Federal Reserve voted to cut interest rates by 25 basis points at the end of July, the first US interest rate cut since 2008. The yield curve flattened during July, as short-term rates increased while long-term rates remained relatively static.
- While the 25 basis point rate cut did not come as a surprise, equities sold off on Chairman Powell's comments that this move represented a "mid-cycle adjustment to policy" as opposed to "the beginning of a lengthy cutting cycle," dashing some investor's hopes of an additional rate cut in 2019.
- US equities traded higher during the month on hopes of more accommodative monetary policy and strong corporate earnings while international equities sold off during July after the release of weaker-than-expected economic data in both developed and emerging economies.
- Equity markets posted mixed returns in July as the S&P 500 (Cap Wtd) Index returned 1.44% and the MSCI EAFE (Net) Index returned -1.27%. Emerging markets returned -1.22% as measured by the MSCI EM (Net) Index.
- The Bloomberg US Aggregate Bond Index returned 0.22% in July, outperforming the -0.18% return by the Bloomberg US Treasury Intermediate Term Index. International fixed income markets returned -0.70%, 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 1.28% in July and 8.19% over the trailing five-year period.
- The Cambridge US Private Equity Index returned 10.61% for the trailing one-year period and 11.82% for the trailing five-year period ending December 2018.
- Absolute return strategies, as measured by the HFRI FOF Comp Index, returned 0.26% for the month and 1.20% over the trailing one-year period.
- Crude oil's price increased by 0.19% during the month, but has decreased by 14.81% YoY.

Treasury Yield Curve (%)



Economic Indicators	Jul-19	Jun-19	Jul-18	10 Yr	20 Yr
Federal Funds Rate (%)	2.40	—	2.40	1.91	0.54
Breakeven Inflation - 5 Year (%)	1.55	▲	1.54	2.00	1.75
Breakeven Inflation - 10 Year (%)	1.75	▲	1.70	2.13	2.01
Breakeven Inflation - 30 Year (%)	1.79	▲	1.76	2.15	2.15
Bloomberg US Agg Bond Index - Yield (%)	2.52	▲	2.49	3.36	2.57
Bloomberg US Agg Bond Index - OAS (%)	0.42	▼	0.46	0.40	0.53
Bloomberg US Agg Credit Index - OAS (%)	1.03	▼	1.09	1.03	1.36
Bloomberg US Corp: HY Index - OAS (%)	3.71	▼	3.77	3.36	4.97
Capacity Utilization (%)	77.49	▼	77.79	78.78	76.31
Unemployment Rate (%)	3.7	—	3.7	3.9	6.5
PMI - Manufacturing (%)	51.2	▼	51.7	58.4	54.5
Baltic Dry Index - Shipping	1,868	▲	1,354	1,747	1,330
Consumer Conf (Conf Board)	135.70	▲	124.30	127.90	88.13
CPI YoY (Headline) (%)	1.8	▲	1.6	2.9	1.7
CPI YoY (Core) (%)	2.2	▲	2.1	2.4	1.8
PPI YoY (%)	0.8	▲	0.4	4.3	1.7
M2 YoY (%)	5.1	▲	4.7	3.9	5.9
US Dollar Total Weighted Index	92.31	▲	90.86	89.78	82.09
WTI Crude Oil per Barrel (\$)	59	▲	58	69	73
Gold Spot per Oz (\$)	1,414	▲	1,409	1,224	1,329

Treasury Yield Curve (%)	Jul-19	Jun-19	Jul-18	Jul-17	Jul-16
3 Month	2.08	2.12	2.03	1.07	0.28
6 Month	2.10	2.09	2.21	1.13	0.38
1 Year	2.00	1.92	2.44	1.23	0.50
2 Year	1.89	1.75	2.67	1.34	0.67
5 Year	1.84	1.76	2.85	1.84	1.03
7 Year	1.92	1.87	2.92	2.11	1.29
10 Year	2.02	2.00	2.96	2.30	1.46
20 Year	2.31	2.31	3.03	2.66	1.78
30 Year	2.53	2.52	3.08	2.89	2.18

Market Performance (%)	MTD	QTD	CYTD	1 Yr	3 Yr	5 Yr	7 Yr	10 Yr
S&P 500 (Cap Wtd)	1.44	1.44	20.24	7.99	13.36	11.34	13.99	14.03
Russell 2000	0.58	0.58	17.66	-4.42	10.36	8.53	11.95	12.47
MSCI EAFE (Net)	-1.27	-1.27	12.58	-2.60	6.87	2.39	6.94	5.84
MSCI EAFE SC (Net)	-0.71	-0.71	11.75	-7.61	6.67	4.75	9.72	8.79
MSCI EM (Net)	-1.22	-1.22	9.24	-2.18	8.42	1.84	3.68	4.56
Bloomberg US Agg Bond	0.22	0.22	6.35	8.08	2.17	3.05	2.45	3.75
ICE BofAML 3 Mo US T-Bill	0.18	0.18	1.42	2.34	1.44	0.91	0.67	0.51
NCREIF ODCE (Gross)	N/A	N/A	2.43	6.41	7.57	9.76	10.52	9.88
FTSE NAREIT Eq REITs Index (TR)	1.28	1.28	19.29	11.73	3.23	8.19	8.77	14.46
HFRI FOF Comp Index	0.26	0.26	6.43	1.20	3.82	2.31	3.59	3.08
Bloomberg Cmnty Index (TR)	-0.67	-0.67	4.35	-5.36	-0.68	-8.34	-7.61	-4.11

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.

