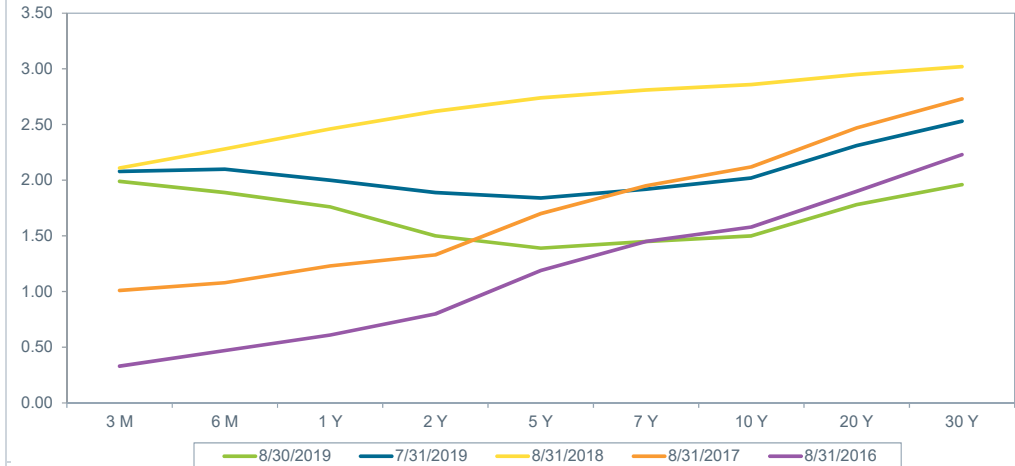


General Market Commentary

- Financial markets experienced a bout of volatility in August, driven primarily by escalating fears and confusion surrounding the trade war between the United States and China, a sustained yield curve inversion between the 2 and 10 year treasury, and the release of lower-than-expected US manufacturing data.
- At the beginning of the month, President Trump unexpectedly announced a 10% tariff on \$300 billion of Chinese goods including smart phones and laptops scheduled to take effect in early September, but then later delayed implementation of some of the tariffs until mid-December. China responded by devaluing its currency and announcing tariffs of their own; a 5% to 10% tariff on \$75 billion of US imports, and resumed previously announced tariffs on US-made automobiles and parts.
- Equity markets posted negative returns in August as the S&P 500 (Cap Wtd) Index returned -1.58% and the MSCI EAFE (Net) Index returned -2.59%. Emerging markets returned -4.88% as measured by the MSCI EM (Net) Index.
- The Bloomberg US Aggregate Bond Index returned 2.59% in August, outperforming the 1.82% return by the Bloomberg US Treasury Intermediate Term Index. International fixed income markets returned 2.22%, 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 3.40% in August and 8.29% over the trailing five-year period.
- The Cambridge US Private Equity Index returned 12.74% for the trailing one-year period and 12.17% for the trailing five-year period ending March 2019.
- Absolute return strategies, as measured by the HFRI FOF Comp Index, returned -0.59% for the month and 0.42% over the trailing one-year period.
- Crude oil's price fell by 5.94% during the month, and has decreased by 21.06% YoY.

Treasury Yield Curve (%)



Economic Indicators	Aug-19	Jul-19	Aug-18	10 Yr	20 Yr
Federal Funds Rate (%)	2.13 ▼	2.40	1.91	0.56	1.85
Breakeven Inflation - 5 Year (%)	1.36 ▼	1.55	1.99	1.75	1.85
Breakeven Inflation - 10 Year (%)	1.54 ▼	1.75	2.09	2.01	2.03
Breakeven Inflation - 30 Year (%)	1.60 ▼	1.79	2.11	2.15	2.26
Bloomberg US Agg Bond Index - Yield (%)	2.13 ▼	2.52	3.30	2.55	3.87
Bloomberg US Agg Bond Index - OAS (%)	0.48 ▲	0.42	0.42	0.53	0.63
Bloomberg US Agg Credit Index - OAS (%)	1.14 ▲	1.03	1.08	1.35	1.46
Bloomberg US Corp: HY Index - OAS (%)	3.93 ▲	3.71	3.38	4.93	5.49
Capacity Utilization (%)	77.88 ▲	77.52	79.28	76.39	77.18
Unemployment Rate (%)	3.7 —	3.7	3.8	6.5	5.9
PMI - Manufacturing (%)	49.1 ▼	51.2	60.8	54.5	52.8
Baltic Dry Index - Shipping	2,378 ▲	1,868	1,579	1,324	2,318
Consumer Conf (Conf Board)	135.10 ▼	135.80	134.70	88.86	92.69
CPI YoY (Headline) (%)	1.7 ▼	1.8	2.7	1.7	2.2
CPI YoY (Core) (%)	2.4 ▲	2.2	2.2	1.8	2.0
PPI YoY (%)	0.2 ▼	0.8	3.7	1.7	2.3
M2 YoY (%)	5.4 ▲	5.1	3.8	5.9	6.2
US Dollar Total Weighted Index	92.88 ▲	92.30	90.26	82.24	86.14
WTI Crude Oil per Barrel (\$)	55 ▼	59	70	73	61
Gold Spot per Oz (\$)	1,520 ▲	1,414	1,201	1,333	915

Treasury Yield Curve (%)	Aug-19	Jul-19	Aug-18	Aug-17	Aug-16			
3 Month	1.99	2.08	2.11	1.01	0.33			
6 Month	1.89	2.10	2.28	1.08	0.47			
1 Year	1.76	2.00	2.46	1.23	0.61			
2 Year	1.50	1.89	2.62	1.33	0.80			
5 Year	1.39	1.84	2.74	1.70	1.19			
7 Year	1.45	1.92	2.81	1.95	1.45			
10 Year	1.50	2.02	2.86	2.12	1.58			
20 Year	1.78	2.31	2.95	2.47	1.90			
30 Year	1.96	2.53	3.02	2.73	2.23			
Market Performance (%)	MTD	QTD	CYTD	1 Yr	3 Yr	5 Yr	7 Yr	10 Yr
S&P 500 (Cap Wtd)	-1.58	-0.17	18.34	2.92	12.70	10.11	13.37	13.45
Russell 2000	-4.94	-4.39	11.85	-12.89	7.89	6.41	10.62	11.59
MSCI EAFE (Net)	-2.59	-3.83	9.66	-3.26	5.91	1.89	6.13	5.00
MSCI EAFE SC (Net)	-2.47	-3.16	8.99	-9.16	5.99	4.26	8.92	7.68
MSCI EM (Net)	-4.88	-6.04	3.92	-4.36	5.76	0.38	3.00	4.07
Bloomberg US Agg Bond	2.59	2.82	9.10	10.17	3.09	3.35	2.82	3.91
ICE BofAML 3 Mo US T-Bill	0.21	0.39	1.63	2.36	1.50	0.95	0.70	0.52
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)	3.40	4.72	23.34	12.12	5.70	8.29	9.29	13.41
HFRI FOF Comp Index	-0.59	-0.30	5.85	0.42	3.48	2.03	3.40	2.91
Bloomberg Cmtly Index (TR)	-2.32	-2.98	1.93	-5.89	-0.87	-8.58	-8.08	-4.28

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.

