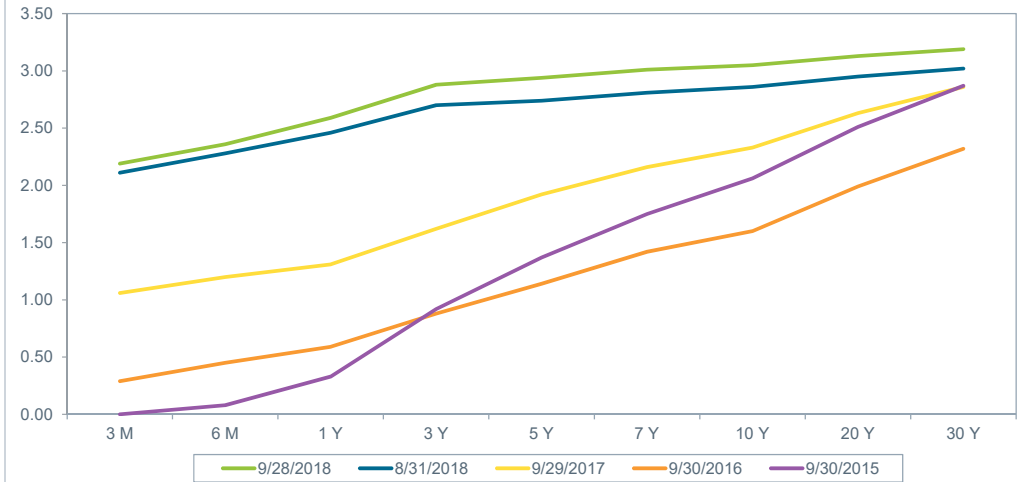


**General Market Commentary**

- The Federal Reserve increased US interest rates for the third time in 2018, raising the federal funds rate by 25 basis points to a range of 2% - 2.25%. The FOMC cited a strong domestic economy as the primary reason for raising rates and signaled a fourth rate hike later in 2018, most likely at the December meeting.
- In a reversal of recent trends, the US yield curve steepened as longer-term rates increased significantly while short-term rates were up marginally.
- The Trump administration enacted 10% tariffs on \$200 billion of Chinese goods, as was announced in August. The rate is set to increase to 25% at the end of 2018. The Chinese government responded by announcing additional tariffs on \$60 billion of US goods, causing affected sectors to trade lower on the announcement.
- Equity markets posted positive returns in September as the S&P 500 (Cap Wtd) Index returned 0.57% and the MSCI EAFE (Net) Index returned 0.87%. Emerging markets returned -0.53% as measured by the MSCI EM (Net) Index.
- The Bloomberg US Aggregate Bond Index returned -0.64% in September, underperforming the -0.52% return by the Bloomberg US Treasury Intermediate Term Index. International fixed income markets returned -1.07%, 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 -2.54% in September and 9.16% 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 -0.18% for the month and 3.08% over the trailing one-year period.
- Crude oil's price increased by 4.94% during the month, and has increased by 41.77% YoY.

**Treasury Yield Curve (%)**



Economic Indicators	Sep-18	Aug-18	Sep-17	10 Yr	20 Yr
Federal Funds Rate (%)	2.18 ▲	1.91	1.06	0.37	1.97
Breakeven Inflation - 1 Year (%)	1.18 ▲	0.99	1.24	0.74	N/A
Breakeven Inflation - 5 Year (%)	2.03 ▲	1.99	1.78	1.64	N/A
Breakeven Inflation - 10 Year (%)	2.14 ▲	2.09	1.85	1.95	N/A
Breakeven Inflation - 30 Year (%)	2.16 ▲	2.11	1.93	2.13	N/A
Bloomberg US Agg Bond Index - Yield (%)	3.46 ▲	3.30	2.55	2.68	4.01
Bloomberg US Agg Bond Index - OAS (%)	0.39 ▼	0.42	0.38	0.64	0.64
Bloomberg US Agg Credit Index - OAS (%)	1.00 ▼	1.08	0.96	1.61	1.48
Bloomberg US Corp: HY Index - OAS (%)	3.16 ▼	3.38	3.47	5.78	5.57
Capacity Utilization (%)	78.10 ▲	78.06	75.66	75.72	77.34
Unemployment Rate (%)	3.7 ▼	3.9	4.2	6.9	5.9
PMI - Manufacturing (%)	59.8 ▼	61.3	60.2	53.3	52.7
Baltic Dry Index - Shipping	1,540 ▼	1,579	1,356	1,401	2,305
Consumer Conf (Conf Board)	138.40 ▲	134.70	120.60	80.88	92.74
CPI YoY (Headline) (%)	2.3 ▼	2.7	2.2	1.6	2.2
CPI YoY (Core) (%)	2.2 —	2.2	1.7	1.8	2.0
PPI YoY (%)	3.0 ▼	3.6	3.3	1.5	2.2
M2 YoY (%)	3.9 ▼	4.0	5.2	6.3	6.3
US Dollar Total Weighted Index	90.11 ▼	90.26	88.10	81.16	86.31
WTI Crude Oil per Barrel (\$)	73 ▲	70	52	73	59
Gold Spot per Oz (\$)	1,193 ▼	1,201	1,280	1,294	868

Treasury Yield Curve (%)	Sep-18	Aug-18	Sep-17	Sep-16	Sep-15
3 Month	2.19	2.11	1.06	0.29	0.00
6 Month	2.36	2.28	1.20	0.45	0.08
1 Year	2.59	2.46	1.31	0.59	0.33
3 Year	2.88	2.70	1.62	0.88	0.92
5 Year	2.94	2.74	1.92	1.14	1.37
7 Year	3.01	2.81	2.16	1.42	1.75
10 Year	3.05	2.86	2.33	1.60	2.06
20 Year	3.13	2.95	2.63	1.99	2.51
30 Year	3.19	3.02	2.86	2.32	2.87

Market Performance (%)	MTD	QTD	CYTD	1 Yr	3 Yr	5 Yr	7 Yr	10 Yr
S&P 500 (Cap Wtd)	0.57	7.71	10.56	17.91	17.31	13.95	16.91	11.97
Russell 2000	-2.41	3.58	11.51	15.24	17.12	11.07	16.43	11.11
MSCI EAFE (Net)	0.87	1.35	-1.43	2.74	9.23	4.42	8.30	5.38
MSCI EAFE SC (Net)	-0.72	-0.88	-2.19	3.73	12.39	7.96	11.46	9.68
MSCI EM (Net)	-0.53	-1.09	-7.68	-0.81	12.36	3.61	5.03	5.40
Bloomberg US Agg Bond	-0.64	0.02	-1.60	-1.22	1.31	2.16	2.02	3.77
ICE BofAML 3 Mo US T-Bill	0.15	0.49	1.30	1.59	0.84	0.52	0.39	0.34
NCREIF ODCE (Gross)	2.09	2.09	6.48	8.68	8.80	10.72	11.17	5.58
FTSE NAREIT Eq REITs Index (TR)	-2.54	0.79	1.81	3.35	7.64	9.16	11.75	7.44
HFRI FOF Comp Index	-0.18	0.27	0.99	3.08	3.29	3.18	3.61	2.55
Bloomberg Cmtdy Index (TR)	1.92	-2.02	-2.03	2.59	-0.11	-7.18	-6.48	-6.24

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."