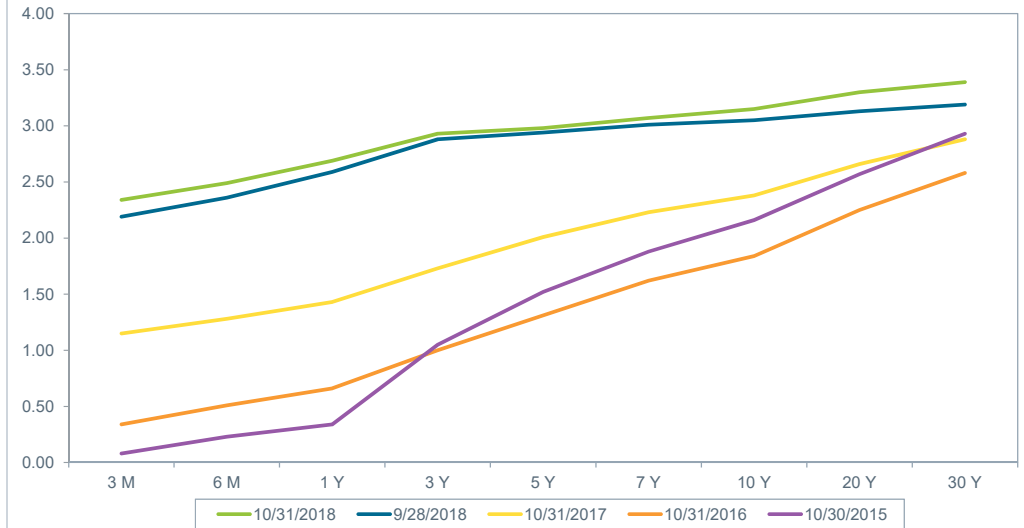


General Market Commentary

- The US Treasury yield curve steepened during the month, led by the 30-year coupon which rose 20 basis points while shorter-term rates increased marginally. Notably, US inflation expectations as measured by the difference between the 10-year nominal Treasury and 10-year TIPS, declined by 9 basis points over the month.
- Despite the announcement that US GDP increased at an annualized rate of 3.5% during the third quarter, US equities erased most of their 2018 gains. Market participants suggest the equity sell off was due to higher interest rates, general geopolitical tensions, and poor corporate earnings reports in select sectors.
- International equity indices also faltered during October, as most indices dropped over 8%, entering negative territory year-to-date. Overseas equities struggled due in part to a strengthening US dollar and reports that the Trump administration could impose tariffs in December on all remaining Chinese imports, estimated at over \$250 billion.
- Equity markets posted negative returns in October as the S&P 500 (Cap Wtd) Index returned -6.84% and the MSCI EAFE (Net) Index returned -7.96%. Emerging markets returned -8.71% as measured by the MSCI EM (Net) Index.
- The Bloomberg US Aggregate Bond Index returned -0.79% in October, underperforming the 0.04% return by the Bloomberg US Treasury Intermediate Term Index. International fixed income markets returned -1.45%, 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 -2.97% in October and 7.56% over the trailing five-year period.
- The Cambridge US Private Equity Index returned 18.22% for the trailing one-year period and 13.69% for the trailing five-year period ending June 2018.
- Absolute return strategies, as measured by the HFRI FOF Comp Index, returned -3.04% for the month and -1.25% over the trailing one-year period.
- Crude oil's price fell by 10.84% during the month, but has increased by 20.10% YoY.

Treasury Yield Curve (%)



Economic Indicators	Oct-18	Sep-18	Oct-17	10 Yr	20 Yr
Federal Funds Rate (%)	2.20 ▲	2.18	1.07	0.38	1.96
Breakeven Inflation - 1 Year (%)	0.37 ▼	1.18	1.21	0.77	N/A
Breakeven Inflation - 5 Year (%)	1.91 ▼	2.03	1.82	1.65	N/A
Breakeven Inflation - 10 Year (%)	2.06 ▼	2.14	1.88	1.96	N/A
Breakeven Inflation - 30 Year (%)	2.09 ▼	2.16	1.95	2.14	N/A
Bloomberg US Agg Bond Index - Yield (%)	3.59 ▲	3.46	2.60	2.66	4.00
Bloomberg US Agg Bond Index - OAS (%)	0.44 ▲	0.39	0.35	0.62	0.64
Bloomberg US Agg Credit Index - OAS (%)	1.12 ▲	1.00	0.91	1.58	1.48
Bloomberg US Corp: HY Index - OAS (%)	3.71 ▲	3.16	3.38	5.70	5.56
Capacity Utilization (%)	78.39 ▼	78.45	76.76	75.76	77.33
Unemployment Rate (%)	3.7 -	3.7	4.1	6.8	5.9
PMI - Manufacturing (%)	57.7 ▼	59.8	58.5	53.4	52.7
Baltic Dry Index - Shipping	1,490 ▼	1,540	1,522	1,397	2,308
Consumer Conf (Conf Board)	137.90 ▲	135.30	126.20	81.49	92.78
CPI YoY (Headline) (%)	2.5 ▲	2.3	2.0	1.6	2.2
CPI YoY (Core) (%)	2.1 ▼	2.2	1.8	1.8	2.0
PPI YoY (%)	3.4 ▲	3.0	2.9	1.5	2.3
M2 YoY (%)	3.7 ▼	3.9	5.0	6.3	6.3
US Dollar Total Weighted Index	91.74 ▲	90.11	89.74	81.25	86.29
WTI Crude Oil per Barrel (\$)	65 ▼	73	54	73	60
Gold Spot per Oz (\$)	1,215 ▲	1,193	1,271	1,298	872

Treasury Yield Curve (%)	Oct-18	Sep-18	Oct-17	Oct-16	Oct-15
3 Month	2.34	2.19	1.15	0.34	0.08
6 Month	2.49	2.36	1.28	0.51	0.23
1 Year	2.69	2.59	1.43	0.66	0.34
3 Year	2.93	2.88	1.73	1.00	1.05
5 Year	2.98	2.94	2.01	1.31	1.52
7 Year	3.07	3.01	2.23	1.62	1.88
10 Year	3.15	3.05	2.38	1.84	2.16
20 Year	3.30	3.13	2.66	2.25	2.57
30 Year	3.39	3.19	2.88	2.58	2.93

Market Performance (%)	MTD	QTD	CYTD	1 Yr	3 Yr	5 Yr	7 Yr	10 Yr
S&P 500 (Cap Wtd)	-6.84	-6.84	3.01	7.35	11.52	11.34	14.03	13.24
Russell 2000	-10.86	-10.86	-0.60	1.85	10.68	8.01	12.25	12.44
MSCI EAFE (Net)	-7.96	-7.96	-9.28	-6.85	3.62	2.02	5.63	6.89
MSCI EAFE SC (Net)	-9.63	-9.63	-11.61	-7.81	6.58	5.16	8.77	11.56
MSCI EM (Net)	-8.71	-8.71	-15.72	-12.52	6.52	0.78	1.85	7.84
Bloomberg US Agg Bond	-0.79	-0.79	-2.38	-2.05	1.04	1.83	1.89	3.94
ICE BofAML 3 Mo US T-Bill	0.17	0.17	1.48	1.68	0.90	0.55	0.42	0.35
NCREIF ODCE (Gross)	N/A	N/A	6.48	8.68	8.80	10.72	11.17	5.58
FTSE NAREIT Eq REITs Index (TR)	-2.97	-2.97	-1.21	1.26	4.55	7.56	9.15	11.28
HFRI FOF Comp Index	-3.04	-3.04	-2.13	-1.25	1.92	2.27	2.99	2.89
Bloomberg Cmtdy Index (TR)	-2.16	-2.16	-4.14	-1.73	-0.69	-7.31	-7.62	-4.18

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."