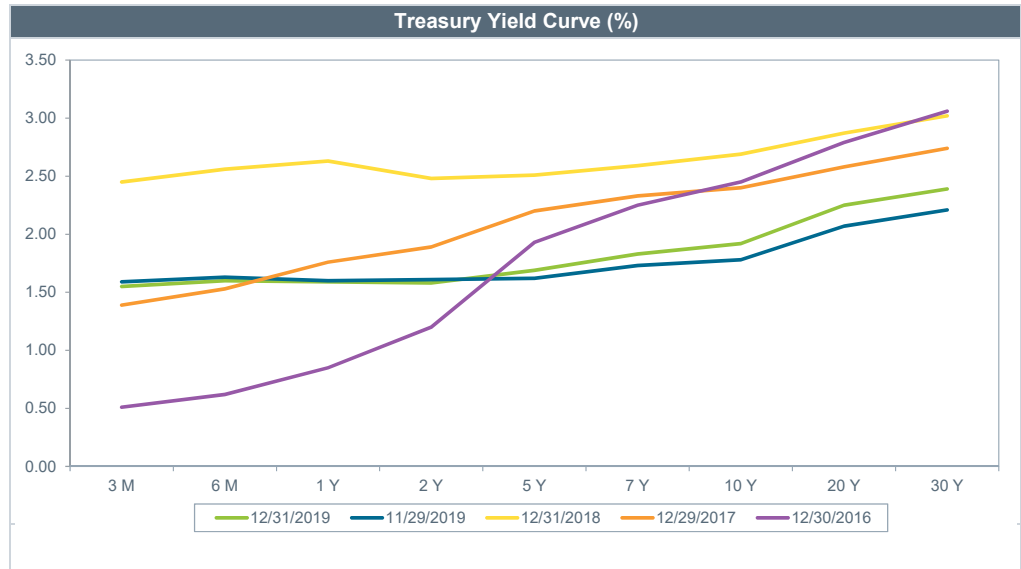


General Market Commentary

- The Federal Reserve left policy rates unchanged at the December meeting, citing concerns of muted inflation amidst a strong labor market. Chairman Powell noted that interest rates would likely remain steady throughout 2020 barring "material" changes to the economic outlook in the US or abroad.
- The US and China agreed to a "Phase 1" trade deal in mid-December, though the deal is not expected to be finalized until January 2020. The two nations agreed to cancel December tariffs on \$160 billion of Chinese consumer goods, cut tariffs enacted in September by 50%, and China committed to purchase additional US agricultural exports.
- US Treasury yields rose, and global equity markets rallied in December driven by the US/China trade agreement news, stronger than anticipated US economic data, and expectations for continued accommodative monetary policy over 2020 based on Chairman Powell's comments.
- Equity markets posted positive returns in December as the S&P 500 (Cap Wtd) Index returned 3.02% and the MSCI EAFE (Net) Index returned 3.25%. Emerging markets returned 7.46% as measured by the MSCI EM (Net) Index.
- The Bloomberg US Aggregate Bond Index returned -0.07% in December, underperforming the -0.03% return by the Bloomberg US Treasury Intermediate Term Index. International fixed income markets returned 0.83%, 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 -0.60% in December and 7.21% over the trailing five-year period.
- The Cambridge US Private Equity Index returned 10.49% for the trailing one-year period and 11.73% for the trailing five-year period ending June 2019.
- Absolute return strategies, as measured by the HFRI FOF Comp Index, returned 1.67% for the month and 8.34% over the trailing one-year period.
- Crude oil's price increased by 10.68% during the month, and has increased by 34.46% YoY.



Economic Indicators	Dec-19	Nov-19	Dec-18	10 Yr	20 Yr
Federal Funds Rate (%)	1.55 ▼	1.56	2.40	0.61	1.79
Breakeven Inflation - 5 Year (%)	1.70 ▲	1.53	1.49	1.75	1.85
Breakeven Inflation - 10 Year (%)	1.79 ▲	1.63	1.71	2.00	2.03
Breakeven Inflation - 30 Year (%)	1.81 ▲	1.71	1.82	2.13	2.26
Bloomberg US Agg Bond Index - Yield (%)	2.31 ▲	2.30	3.28	2.51	3.79
Bloomberg US Agg Bond Index - OAS (%)	0.39 ▼	0.44	0.54	0.52	0.63
Bloomberg US Agg Credit Index - OAS (%)	0.90 ▼	1.00	1.43	1.32	1.46
Bloomberg US Corp: HY Index - OAS (%)	3.36 ▼	3.70	5.26	4.81	5.46
Capacity Utilization (%)	77.02 ▼	77.37	79.46	76.67	77.10
Unemployment Rate (%)	3.5 —	3.5	3.9	6.2	5.9
PMI - Manufacturing (%)	47.2 ▼	48.1	54.3	54.2	52.6
Baltic Dry Index - Shipping	1,090 ▼	1,528	1,271	1,278	2,326
Consumer Conf (Conf Board)	126.50 ▼	126.80	126.60	91.32	92.55
CPI YoY (Headline) (%)	2.3 ▲	2.1	1.9	1.8	2.2
CPI YoY (Core) (%)	2.3 —	2.3	2.2	1.8	2.0
PPI YoY (%)	1.9 ▲	1.1	1.3	1.8	2.3
M2 YoY (%)	7.2 ▼	7.4	3.7	5.9	6.2
US Dollar Total Weighted Index	90.82 ▼	92.71	91.79	82.87	86.07
WTI Crude Oil per Barrel (\$)	61 ▲	55	45	72	62
Gold Spot per Oz (\$)	1,517 ▲	1,464	1,282	1,348	935

Treasury Yield Curve (%)	Dec-19	Nov-19	Dec-18	Dec-17	Dec-16			
3 Month	1.55	1.59	2.45	1.39	0.51			
6 Month	1.60	1.63	2.56	1.53	0.62			
1 Year	1.59	1.60	2.63	1.76	0.85			
2 Year	1.58	1.61	2.48	1.89	1.20			
5 Year	1.69	1.62	2.51	2.20	1.93			
7 Year	1.83	1.73	2.59	2.33	2.25			
10 Year	1.92	1.78	2.69	2.40	2.45			
20 Year	2.25	2.07	2.87	2.58	2.79			
30 Year	2.39	2.21	3.02	2.74	3.06			
Market Performance (%)	MTD	QTD	CYTD	1 Yr	3 Yr	5 Yr	7 Yr	10 Yr
S&P 500 (Cap Wtd)	3.02	9.07	31.49	31.49	15.27	11.70	14.73	13.56
Russell 2000	2.88	9.94	25.53	25.53	8.59	8.23	11.65	11.83
MSCI EAFE (Net)	3.25	8.17	22.01	22.01	9.56	5.67	6.35	5.50
MSCI EAFE SC (Net)	4.37	11.52	24.96	24.96	10.92	8.85	9.42	8.74
MSCI EM (Net)	7.46	11.84	18.44	18.44	11.57	5.61	3.26	3.68
Bloomberg US Agg Bond	-0.07	0.18	8.72	8.72	4.03	3.05	2.72	3.75
ICE BofAML 3 Mo US T-Bill	0.14	0.46	2.28	2.28	1.67	1.07	0.78	0.58
NCREIF ODCE (Gross)	1.52	1.52	5.35	5.35	7.10	8.97	10.17	11.42
FTSE NAREIT Eq REITs Index (TR)	-0.60	-0.76	26.00	26.00	8.14	7.21	9.51	11.94
HFRI FOF Comp Index	1.67	3.04	8.34	8.34	3.87	2.36	3.42	2.83
Bloomberg Cmdb Index (TR)	5.04	4.42	7.69	7.69	-0.94	-3.92	-6.72	-4.73

Treasury data courtesy of the US Department of the Treasury. Economic data courtesy of Bloomberg Professional Service.

