



# Quarterly Investment Summary

JUNE 2017

## Performance Summary (as of 06/30/2017)

	Target Allocation	Trailing Returns				
		3 Months	YTD	1 Year	3 Year	5 Year
	Equity/Fixed					
Fixed Income	0%/100%	0.88%	2.00%	1.35%	1.59%	2.22%
Conservative	25%/75%	1.64%	4.03%	5.48%	3.11%	4.72%
Balanced	50%/50%	2.39%	6.06%	9.75%	4.25%	7.03%
Growth	75%/25%	3.17%	8.15%	14.16%	5.52%	9.40%
Equity	100%/0%	3.89%	10.20%	18.61%	7.06%	12.08%

## Market Commentary

- The U.S. economy continues to expand at a steady pace, albeit a slow one. The overall employment picture continues to improve. In the month of May employers added 138,000 jobs. On average, payrolls have grown by 121,000 per month so far in 2017, which is somewhat lower than the pace in 2016 but still strong enough to continue to bring down the headline unemployment rate. At 4.3% the jobless rate hit a 16-year low, and there have only been three other periods in the past 50 years where the unemployment rate was as low as it is today. Individuals remain upbeat overall. The Consumer Confidence Index, which had declined from its most recent peak in March, increased moderately in June. The manufacturing side of the economy continues to expand. The Institute for Supply Management's Purchasing Managers Index (PMI) registered at 54.9, which was up 0.1 percent from April. A reading above 50 indicates that the manufacturing economy is expanding; below 50 indicates contraction. Oil prices plunged into bear market territory in June as WTI crude hit a low of \$42.51 per barrel, a decline of over 20% from the most recent highs in February of this year. Despite efforts by OPEC to limit output, oil supply remains abundant as U.S. oil production has increased and the number of active rigs domestically is at a 2-year high.
- Stock markets both in the U.S. and around the globe continued to rally for most of the second quarter, tacking additional gains onto the first quarter's positive performance. Markets have continued setting new records this year with the S&P closing at a new high on 24 occasions and the Nasdaq setting a total of 38 new highs so far in 2017. Technology and growth stocks have been among the year's biggest winners. In late-April the Nasdaq closed above 6,000 for the first time. Growth stocks in general are leading value stocks by a wide margin with the S&P Growth index up 4.42% in the second quarter compared to the return for the S&P Value index of 1.51%. Year-to-date growth stocks have returned 13.33% versus 4.85% for value stocks, one of the widest margins for growth relative to value over the past several years.
- Yields on shorter-term government bonds increased during the final month of the second quarter while yields on longer-term government bonds spent most of the period in a downtrend. The 10-year Treasury bond hit its lowest level since the November election in June, closing at a yield of 2.13%. Shorter-term rates were influenced by the Federal Reserve's June rate hike. The 3-month Treasury bill ended the quarter yielding 1.01%. The Federal Funds Target Rate now stands at a range of 1.00% - 1.25% after the Federal Open Market Committee voted to increase the rate at its June meeting. This move was the Fed's second hike for calendar year 2017, and its fourth hike since it began raising rates in December 2015.