Quarterly Investment Summary

SEPTEMBER 2017

Performance Summary (as of 09/30/2017)

	Target Allocation	Trailing Returns				
	Equity/Fixed	3 Months	YTD	1 Year	3 Year	5 Year
Fixed Income	0%/100%	0.72%	2.73%	1.46%	1.97%	1.82%
Conservative	25%/75%	1.71%	5.81%	5.68%	3.89%	4.35%
Balanced	50%/50%	2.64%	8.86%	9.93%	5.46%	6.66%
Growth	75%/25%	3.64%	12.09%	14.44%	7.15%	9.06%
Equity	100%/0%	4.56%	15.22%	18.86%	9.12%	11.74%

Market Commentary

- Despite increasing political instability at home and rising tensions abroad, the underlying economic backdrop has largely been supportive of financial markets. U.S. Gross Domestic Product (GDP) grew by 3.1% in the second quarter of 2017, the fastest growth seen in over two years. The 3.1% growth figure was an acceleration from the 1.2% growth reported in the first quarter, while estimates are currently in the 2.5% growth range for the third quarter as the major hurricanes likely caused temporary disruption. Overall, the combination of steady growth, low interest rates, and the absence of inflation concerns have provided fuel for the markets to produce strong returns. The overall employment picture remains fairly robust. In the month of August, employers added 156,000 jobs. On average, payrolls have grown by 176,000 per month so far in 2017, which is somewhat lower than the pace in 2016. At 4.4%, the jobless rate remains little changed, as it has been either 4.3% or 4.4% each month since April of this year. Jobless claims have been inching higher, although some of this rise is due to impact of the hurricanes. Individuals appear upbeat overall. Consumer confidence surveys remain near multi-year highs.

- The S&P 500 Index closed September at an all-time high, as the index rose 4.5% during the quarter. The third quarter marked the eighth consecutive quarterly gain for the S&P 500. The Nasdaq Composite Index posted its 50th record close for the year at quarter-end and the Russell 2000 ended the quarter at an all-time high. Global equity markets have seen outsized returns so far this year versus their domestic counterparts. A weaker dollar as well as earnings growth and easy global monetary policies have helped propel international markets higher to date in 2017. Emerging market stocks are on pace for their biggest gains in 8 years, boasting an impressive 28% return through the first three quarters of 2017.

- Yields on government bonds drifted lower throughout much of the third quarter with the 10-year Treasury bond ending September yielding 2.3%. Corporate bond spreads continued to narrow throughout much of the third quarter resulting in corporate bonds besting their government counterparts. The Federal Reserve maintained its Federal Funds Target Rate at 1.25% at their most recent meeting. The Fed plans to slowly shrink its $4.5 trillion portfolio of Treasury and mortgage-backed securities purchased during the three rounds of fiscal stimulus following the 2008-2009 financial crisis. Inflation continues to surprise to the downside to date so far in 2017. Core PCE inflation dropped to 1.3% year-over-year marking its softest number since late 2015.