Capital Markets Flash Report

July 2019

FIDUCIARY INVESTMENT ADVISORS
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Domestic Equity

Index Returns

	MTD	QTD	YTD	1-Year	3-Years
S&P 500	1.44	1.44	20.24	7.99	13.36
Russell 1000 Growth	2.26	2.26	24.23	10.82	17.13
Russell 1000 Value	0.83	0.83	17.20	5.20	9.44
Russell Mid Cap	1.43	1.43	23.08	6.71	11.02
Russell Mid Cap Growth	2.33	2.33	29.03	14.15	15.51
Russell Mid Cap Value	0.83	0.83	19.00	1.78	7.75
Russell 2000	0.58	0.58	17.66	(4.42)	10.36
Russell 2000 Growth	0.98	0.98	21.54	(1.22)	12.66
Russell 2000 Value	0.16	0.16	13.65	(7.71)	7.96

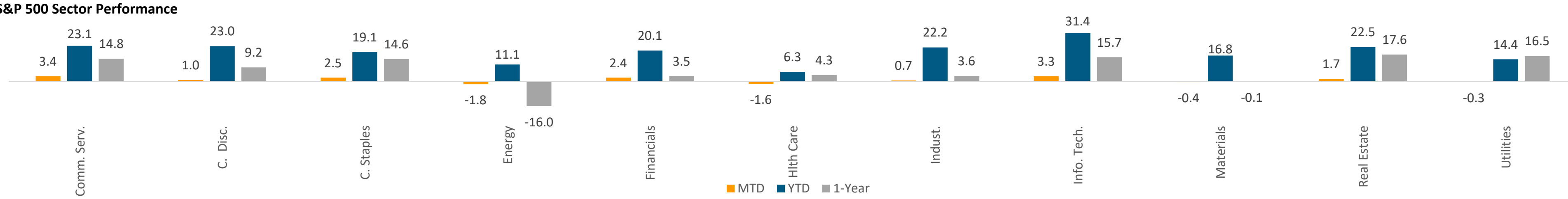
U.S. equity markets continued to march higher in July with the S&P 500 eclipsing an all-time high. Expectations of an increasingly accommodative Fed culminated in a 25 basis point rate cut on the final day of the month.

While returns were strong across market capitalizations, large cap stocks generally outpaced their smaller peers. Growth equities continued to lead value names, increasing their outperformance thus far in 2019.

Sector performance was mixed with the growth-oriented information technology and communication services sectors leading during the month. Energy and health care continued to lag with both sectors falling more than 1.5%.

The majority of S&P 500 companies reported earnings in July. Nearly three-quarters of those companies outpaced forecasts, although theses relative outcomes were partially driven by diminished expectations.

S&P 500 Sector Performance



International Equity

Index Returns

	MTD	QTD	YTD	1-Year	3-Years
MSCI EAFE	(1.27)	(1.27)	12.58	(2.60)	6.87
MSCI ACWI ex US	(1.21)	(1.21)	12.22	(2.27)	7.20
MSCI EM	(1.22)	(1.22)	9.23	(2.18)	8.42
MSCI EAFE Small Cap	(0.71)	(0.71)	11.75	(7.61)	6.67
MSCI EAFE Growth	(0.36)	(0.36)	18.04	1.76	7.82
MSCI EAFE Value	(2.25)	(2.25)	7.12	(6.97)	5.82
MSCI Japan (USD)	0.14	0.14	7.90	(4.44)	5.87
MSCI Germany (USD)	(3.48)	(3.48)	10.53	(10.94)	4.50
MSCI UK (USD)	(1.80)	(1.80)	10.87	(4.65)	5.29
MSCI France (USD)	(2.40)	(2.40)	15.06	(3.02)	10.26
MSCI China (USD)	(0.54)	(0.54)	12.35	(4.86)	12.83
MSCI Brazil (USD)	2.55	2.55	18.86	27.88	14.88
MSCI Russia (USD)	0.29	0.29	31.46	22.58	20.24
MSCI India (USD)	(5.21)	(5.21)	2.08	(3.94)	6.59

International equities, both developed and emerging, generally lagged domestic equites in July. Style leadership trends overseas were largely consistent with trends in the U.S. as growth stocks once again led the market. Regionally, Japan was a relative bright spot, outpacing most European markets in U.S. dollar terms.

A strong U.S. dollar was a headwind for international stocks, with the greenback appreciating more than 2% versus the euro. Christine Lagarde, former leader of the IMF, was nominated to replace Mario Draghi as president of the European Central Bank. Lagarde has been viewed as one of the more dovish choices, likely to continue the accommodative policies outlined by Draghi.

Emerging markets experienced varied results with gains in Brazil and Russia offset by underperformance across much of Asia. As trade negotiations between the U.S. and China continued, investors digested the potential impact of slowing economic growth in China.

Currency Spot Returns vs USD

	MTD	QTD	YTD	1-Year	3-Years
Euro	(2.23)	(2.23)	(2.60)	(4.84)	(0.14)
Japanese Yen	(0.77)	(0.77)	1.05	3.10	(1.90)
British Pound	(3.79)	(3.79)	(3.86)	(6.66)	(2.66)
Australian Dollar	(1.78)	(1.78)	(2.10)	(7.28)	(3.20)
Chinese Renminbi	(0.25)	(0.25)	(0.29)	(0.86)	(1.13)

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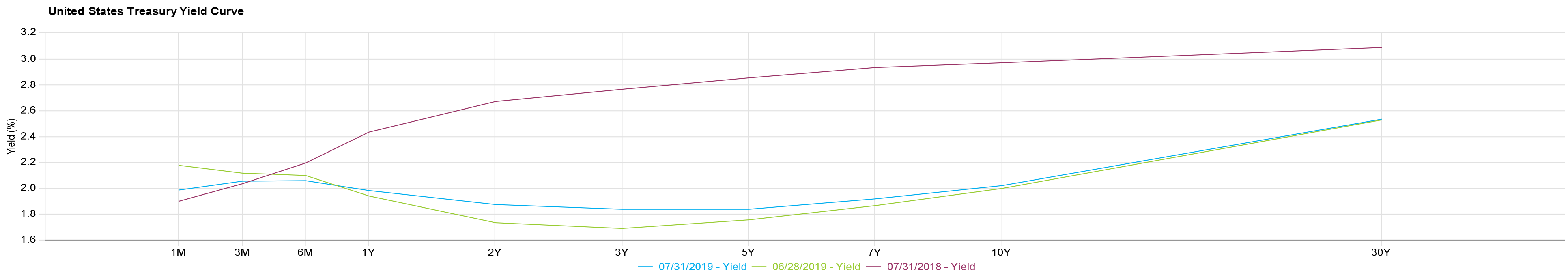
Fixed Income



Index Returns

	MTD	QTD	YTD	1-Year	3-Years
BBgBarc US Agg	0.22	0.22	6.35	8.08	2.17
BBgBarc US Corp IG	0.56	0.56	10.47	10.42	3.64
BBgBarc US Corp HY	0.56	0.56	10.56	6.92	6.77
BBgBarc US Long Corp	1.20	1.20	17.17	14.65	4.82
BBgBarc US Gov/Credit	0.15	0.15	7.06	8.60	2.19
BBgBarc US Long Gov/Credit	0.73	0.73	14.29	14.36	3.14
BBgBarc Municipal	0.81	0.81	5.94	7.31	2.80
BBgBarc US TIPS	0.36	0.36	6.53	5.72	1.91
BofAML US T-Bill 3M	0.18	0.18	1.43	2.34	1.44
FTSE WGBI USD	(0.47)	(0.47)	4.88	5.42	0.67
JPM EMBI Plus USD	0.82	0.82	11.70	10.48	3.49

Fixed income markets notched another positive month with both government and spread sectors producing gains. Interest rate movements across the yield curve varied with front end rates falling, intermediate rates rising, and long term rates holding steady. The 10 year Treasury ended the month with a yield of 2.02%.

Spreads tightened modestly with investment grade and high yield issues narrowing 7 and 6 basis points, respectively. Of note, high yield spreads ended the month at 371 basis points, approximately 150 basis points tighter than where they ended 2018.

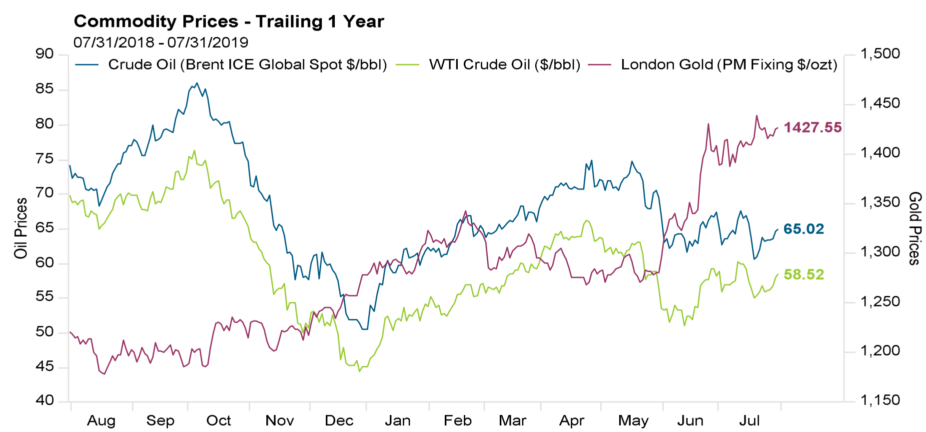
Municipal bonds continued to benefit from a favorable technical environment as strong investor demand continues to be met with limited supply of new issuance.

The FTSE WGBI Index was the laggard in the bond market with non-USD portions of the benchmark

Commodities & Real Estate

Commodities and natural resource equities struggled in July as fears of slowing global economic growth and a strong U.S. dollar continued to weigh on crude oil and base metals in particular. Precious metals performed well with gold reaching levels not seen since 2014.

REITs benefitted from a stable interest rate environment and an uptick in equities with U.S. listings leading the global REIT market higher.



Index Returns

	MTD	QTD	YTD	1-Year	3-Years
Bloomberg Commodity	(0.67)	(0.67)	4.35	(5.36)	(0.68)
S&P N.A. Natural Resources	(2.28)	(2.28)	11.97	(16.96)	(0.76)
FTSE NAREIT Eq REITs	1.28	1.28	19.29	11.73	3.23
FTSE NAREIT Developed	0.40	0.40	15.55	8.13	3.87

Source: FactSet, Morningstar Direct

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