

# Capital Markets Flash Report

December 2019

## U.S. Equity

|                        | MTD | YTD  | 1 Year | 3 Years | 5 Years | 10 Years |
|------------------------|-----|------|--------|---------|---------|----------|
| S&P 500                | 3.0 | 31.5 | 31.5   | 15.3    | 11.7    | 13.6     |
| Russell 1000 Growth    | 3.0 | 36.4 | 36.4   | 20.5    | 14.6    | 15.2     |
| Russell 1000 Value     | 2.8 | 26.5 | 26.5   | 9.7     | 8.3     | 11.8     |
| Russell Mid Cap        | 2.3 | 30.5 | 30.5   | 12.1    | 9.3     | 13.2     |
| Russell Mid Cap Growth | 1.2 | 35.5 | 35.5   | 17.4    | 11.6    | 14.2     |
| Russell Mid Cap Value  | 3.0 | 27.1 | 27.1   | 8.1     | 7.6     | 12.4     |
| Russell 2000           | 2.9 | 25.5 | 25.5   | 8.6     | 8.2     | 11.8     |
| Russell 2000 Growth    | 2.3 | 28.5 | 28.5   | 12.5    | 9.3     | 13.0     |
| Russell 2000 Value     | 3.5 | 22.4 | 22.4   | 4.8     | 7.0     | 10.6     |

U.S. equity markets finished the year on a high note, with the S&P 500 returning 3.0% in December and an impressive 31.5% for the year. Concerns surrounding trade tensions between the U.S. and China and slowing global growth, headlines throughout much of the year, were assuaged by the prospect of a phase one trade deal to be signed in January. Style trends were mixed during the month with growth outperforming value across large capitalization stocks, while value significantly outperformed growth across the small and mid-capitalization spectrums. From a sector standpoint, the energy and technology sectors led the way, while the industrials sector was the only negative returning sector during the month, largely driven by Boeing, which has been plagued with ongoing issues stemming from the 737 Max.

## Fixed Income

|                          | MTD  | YTD  | 1 Year | 3 Years | 5 Years | 10 Years |
|--------------------------|------|------|--------|---------|---------|----------|
| BBgBarc US Agg           | -0.1 | 8.7  | 8.7    | 4.0     | 3.0     | 3.7      |
| BBgBarc US Corp IG       | 0.3  | 14.5 | 14.5   | 5.9     | 4.6     | 5.5      |
| BBgBarc US Corp HY       | 2.0  | 14.3 | 14.3   | 6.4     | 6.1     | 7.6      |
| BBgBarc US Gov/Cr 1-3 Yr | 0.2  | 4.0  | 4.0    | 2.1     | 1.7     | 1.5      |
| BBgBarc US Gov/Cr Long   | -1.1 | 19.6 | 19.6   | 8.1     | 5.4     | 7.6      |
| BBgBarc Municipal        | 0.3  | 7.5  | 7.5    | 4.7     | 3.5     | 4.3      |
| FTSE WGBI USD            | 0.3  | 5.9  | 5.9    | 4.1     | 2.0     | 1.9      |
| ICE BofAML US 3M T-Bill  | 0.1  | 2.3  | 2.3    | 1.7     | 1.1     | 0.6      |

Bond markets were mixed in December, with the Bloomberg Barclays Aggregate Bond Index returning -0.1%. There was a steepening of the U.S. Treasury curve as front-end rates fell, while rates on the back end of the curve rose. The U.S. 10-year Treasury ended the month with a yield of 1.92%, up 14 basis points from the November close. The steepening of the curve had a negative impact on more interest rate sensitive, longer duration issues. Spread products outperformed Treasuries amid the risk-on mentality as investment grade and high yield spreads contracted 12 and 34 basis points, respectively. Global bonds rebounded during the month, with the FTSE WGBI Index posting a return of 0.3%.

## International Equity

|                     | MTD | YTD  | 1 Year | 3 Years | 5 Years | 10 Years |
|---------------------|-----|------|--------|---------|---------|----------|
| MSCI ACWI Ex USA    | 4.3 | 21.5 | 21.5   | 9.9     | 5.5     | 5.0      |
| MSCI EAFE           | 3.2 | 22.0 | 22.0   | 9.6     | 5.7     | 5.5      |
| MSCI EAFE Growth    | 2.9 | 27.9 | 27.9   | 12.8    | 7.7     | 6.9      |
| MSCI EAFE Value     | 3.7 | 16.1 | 16.1   | 6.3     | 3.5     | 4.0      |
| MSCI EAFE Small Cap | 4.4 | 25.0 | 25.0   | 10.9    | 8.9     | 8.7      |
| MSCI EM             | 7.5 | 18.4 | 18.4   | 11.6    | 5.6     | 3.7      |
| MSCI EM Small       | 6.1 | 11.5 | 11.5   | 6.7     | 3.0     | 2.9      |

International equities were positive in December, with the MSCI ACWI ex U.S. Index returning 4.3%, an advance that bested domestic markets. Value led growth, and small caps outperformed large caps across international developed markets. Emerging market returns were especially strong during the month as rising commodity prices provided a nice backdrop in December. For the year, both international developed and emerging markets trailed their U.S. counterparts, facing headwinds from a strengthening dollar and global growth concerns.

## Commodities & Real Estate

|                            | MTD  | YTD  | 1 Year | 3 Years | 5 Years | 10 Years |
|----------------------------|------|------|--------|---------|---------|----------|
| Bloomberg Commodity        | 5.0  | 7.7  | 7.7    | -0.9    | -3.9    | -4.7     |
| S&P N.A. Natural Resources | 7.1  | 17.6 | 17.6   | -2.0    | -1.4    | 1.4      |
| FTSE Nareit Equity REITs   | -0.6 | 26.0 | 26.0   | 8.1     | 7.2     | 11.9     |
| FTSE EPRA Nareit Developed | 0.6  | 23.1 | 23.1   | 9.3     | 6.5     | 9.2      |

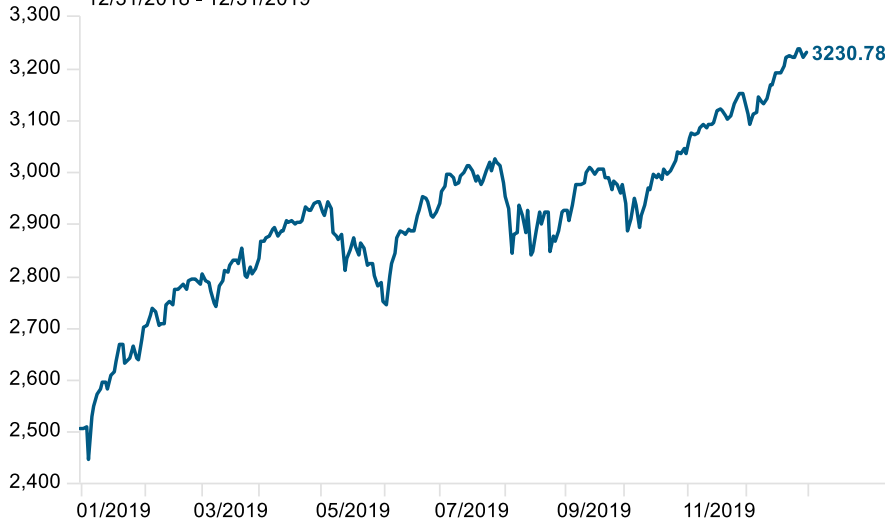
Commodities and natural resource equities performed well in December, returning 5.0% and 7.1%, respectively. Oil prices rose during the month amid elevated tensions in the Middle East and economic optimism following improved trade relations between the U.S. and China. REIT returns were muted during the month, lagging commodities and the broader equity markets in the face of rising interest rates.

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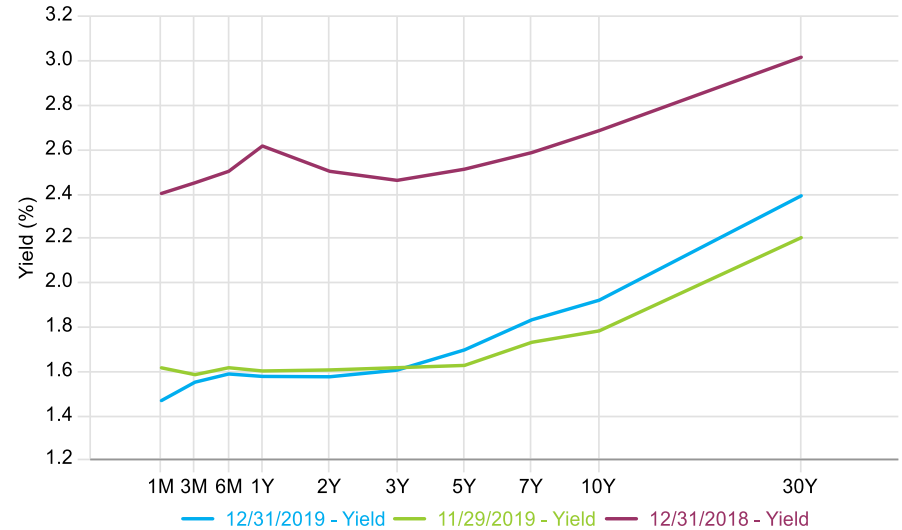
## S&P 500 Price History - Trailing 1 Year

12/31/2018 - 12/31/2019



FactSet, S&P

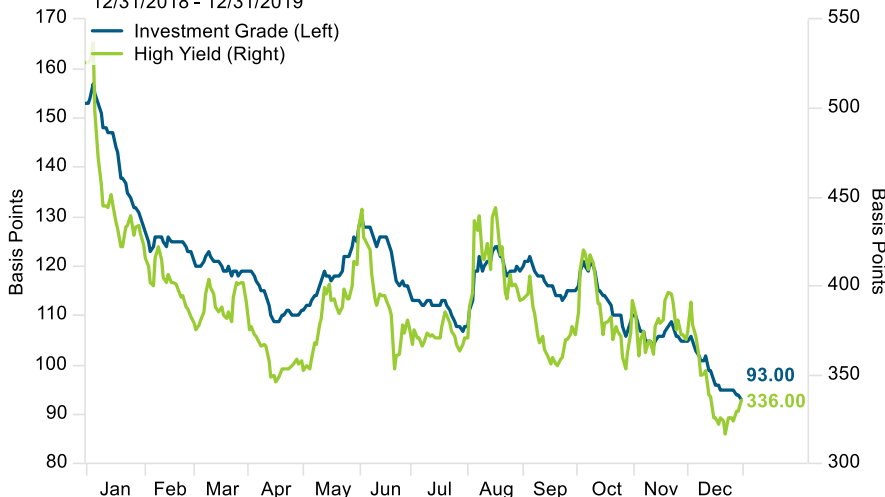
## United States Treasury Yield Curve



FactSet

## Barclays Corporate Option Adjusted Spread - Trailing 1 Year

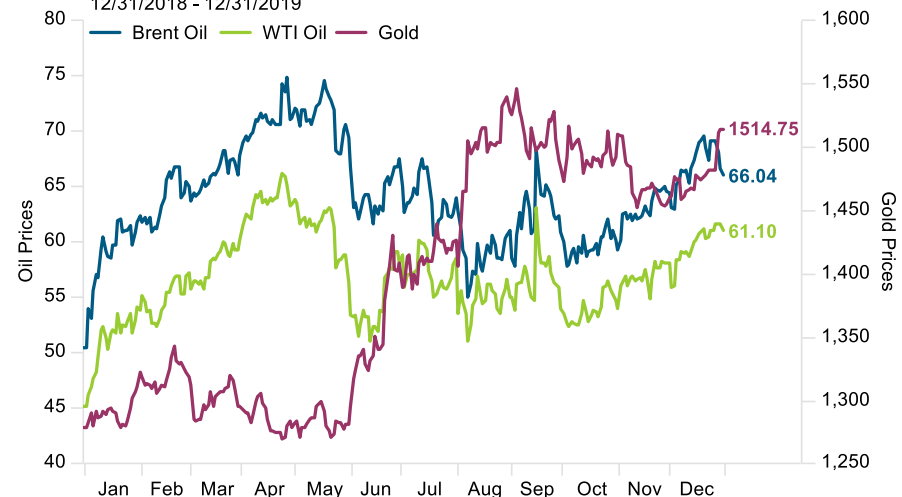
12/31/2018 - 12/31/2019



FactSet, Bloomberg Barclays

## Commodity Prices - Trailing 1 Year

12/31/2018 - 12/31/2019



FactSet

## Data Source Acknowledgements, Links, and Disclaimers

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**Performance data sourced from Morningstar Direct.**