



Monthly Market Review

U.S. Equity

- Domestic equity markets, as represented by the S&P 500 Index (S&P), increased 1.94% in March.
- Sector performance within the S&P during the month of March was positive in nine of 11 sectors. Real Estate and Information Technology performed best, returning 4.92% and 4.83% respectively. Financials and Industrials lagged during the month, returning -2.61%, and -1.14% respectively.
- By market capitalization, large-caps (Russell 1000 Index), performed best returning 1.74%, followed by mid-caps (Russell Mid Cap Index) returning 0.86%, and small-caps (Russell 2000 Index) returning -2.09%. Growth stocks outperformed value stocks across all market capitalizations.

Non-U.S. Equity

- Non-U.S. equity markets, represented by the MSCI ACWI ex-U.S., ended the month up 0.60%. Developed markets, represented by the MSCI EAFE Index, finished up 0.63%, while emerging markets (EM), represented by the MSCI Emerging Markets Index, returned 0.84% in March.
- Within the ACWI ex-U.S. Index, nine of 11 sectors posted positive returns. Real Estate and Consumer Staples were the best performers in March, returning 5.11% and 4.05% respectively. Financials and Consumer Discretionary lagged in March, returning -2.15% and -0.44%, respectively.
- EM Asia and the UK were the best performing regions in March, returning 1.82% and 1.06% respectively. EM Latin America and Emerging Europe, Middle East and Africa (EMEA) were the worst performing regions, returning -2.53% and -1.36% respectively in March.

Fixed Income

- The Bloomberg Barclays U.S. Aggregate Index returned 1.92% in March.
- Investment grade (IG) credit within the Aggregate returned 2.44%. Within the IG credit spectrum, returns were positive across all qualities. AAA-rated bonds returned 1.52%, AA-rated bonds returned 2.17%, A-rated bonds returned 2.33%, and BBB-rated bonds returned 2.75%. High Yield (HY), represented by the Bloomberg Barclays U.S. Corporate HY Index, returned 0.94% in March.
- Yields fell across the U.S. Treasury Yield Curve in March. The 12-month yield declined 15 basis points (bps), and yields for maturities between two and 30 years fell between 25 and 31 bps.

Alternatives and Other Asset Classes

- Real estate investment trusts (REITs), represented by FTSE NAREIT index, returned 3.35% in March. Returns were positive for eight of nine real estate sectors. Data Centers and Self-Storage REITs were the strongest performers, returning 6.65%, and 4.38% respectively. The worst performing REIT of the month was Lodging/Resorts, which had a return of -1.30%, followed by Retail REITs which returned 2.63% in the month.
- The active contract for West Texas Intermediate (WTI) crude closed at \$60.14 per barrel, up from \$57.22 per barrel in February.

Items to Watch

- The Federal Reserve (Fed) declined to raise interest rates at its March meeting, affirming its patient stance, and data-driven approach in its policy making decisions. There now appears to be no likelihood of a rate hike in 2019, barring significant changes in economic conditions. The Fed also forecasted downgrades for gross domestic product (GDP) growth (2.1%) and inflation (1.8%), as well as a slight improvement in the unemployment rate (3.7%).
- The March Jobs Report showed a rebound in hiring over the month, with 196,000 jobs added. Unemployment held steady at 3.8%, and average hourly earnings rose four cents to \$27.70 an hour, an increase of 3.2% year-over-year.
- Brexit continues to cast a shadow over the Eurozone's economic outlook. The UK's exit date on March 29 was delayed, and is likely to be delayed again as UK lawmakers continue to debate terms of the exit deal. Brexit and automobile tariffs have contributed to a subdued economic backdrop in the Eurozone for the remainder of 2019. Although signs of stabilization have emerged, such as a jump in retail sales, unemployment holding at a multi-year low, weak manufacturing data, sluggish global demand, and political uncertainty are potential headwinds.
- U.S.-China trade talks appear to be entering the home stretch, as both parties have touted progress in the negotiations over the last two months. The Chinese government recently lowered its GDP growth target for 2019 with weakening global demand leading to slowing industrial production. Accommodative fiscal policy support seems to have effectively propped up investment growth and retail sales over the first quarter of this year. Despite China's economy having become increasingly dependent on the consumer rather than on exports, much of the 2019 outlook in China and throughout Asia will be shaped by trade negotiations over the next few months.

Total Return of Major Indices as of 3/31/19

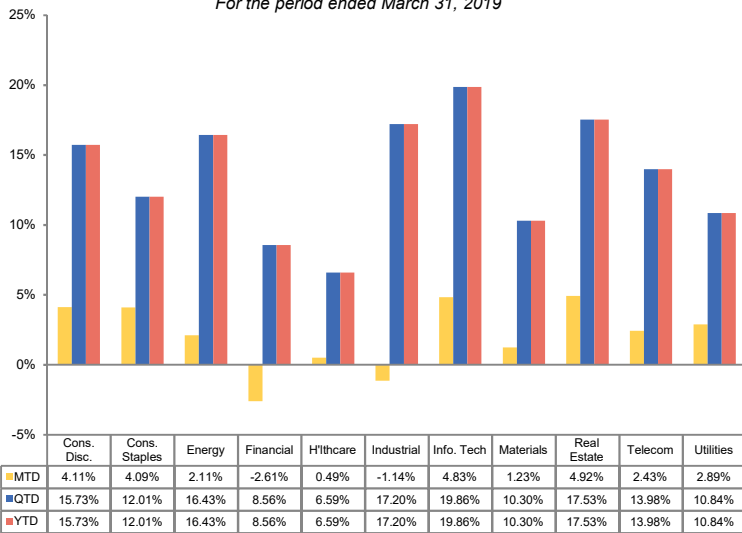
Domestic Equity	MTD	QTD	YTD	1 YR
S&P 500	1.94%	13.65%	13.65%	9.48%
Russell 3000	1.46%	14.04%	14.04%	8.75%
Russell 2000	-2.09%	14.57%	14.57%	2.01%
Russell 1000	1.74%	14.00%	14.00%	9.29%
International Equity	MTD	QTD	YTD	1 YR
MSCI ACWI ex-U.S.	0.60%	10.31%	10.31%	-4.22%
MSCI EAFE	0.63%	9.98%	9.98%	-3.71%
MSCI Emerging Markets	0.84%	9.91%	9.91%	-7.41%
Fixed Income	MTD	QTD	YTD	1 YR
Bloomberg Barclays U.S. Agg	1.92%	2.94%	2.94%	4.48%
Bloomberg Barclays Global Agg	1.25%	2.20%	2.20%	-0.38%
Bloomberg Barclays U.S. HY	0.94%	7.26%	7.26%	5.93%
Alternatives	MTD	QTD	YTD	1 YR
FTSE NAREIT Equity	3.35%	16.33%	16.33%	20.86%
Bloomberg Commodity	-0.37%	5.70%	5.70%	-7.30%

Economic Indicators

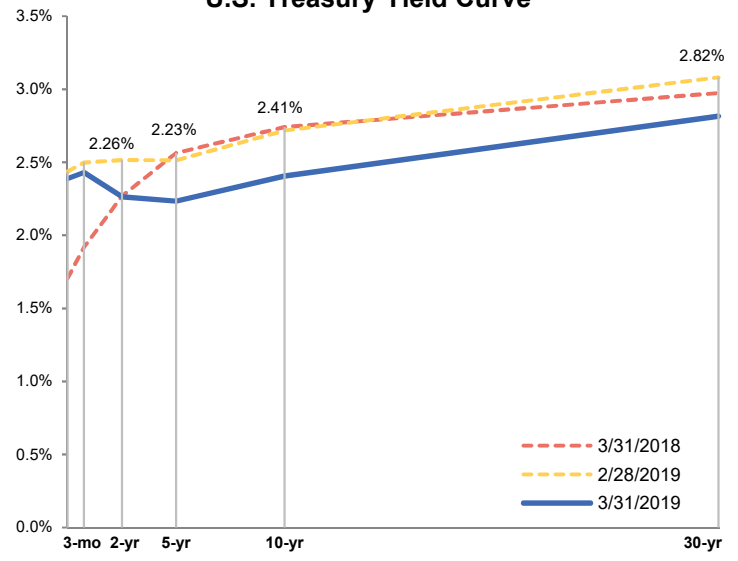
Domestic	Current	Previous
Unemployment Rate (%)	3.8%	3.8%
Initial Jobless Claims (4 week average)	213.5 K	217.5 K
CB Leading Economic Indicators	0.2	0.0
Capacity Utilization	79.1%	79.2%
GDP (annual growth rate)	2.2%	3.4%
University of Michigan Consumer Confidence	98.4	93.8
New Home Starts	667 K	636 K
Existing Home Sales	5.5 MM	4.9 MM
Retail Sales (YoY)	2.2%	3.4%
U.S. Durable Goods (MoM)	-1.6%	0.1%
Consumer Price Index (YoY)	1.5%	1.6%
Producer Price Index (MoM)	0.2%	-0.7%
Developed International*	12/31/2018	9/30/2018
Market GDP (annual rate)	1.1%	1.5%
Market Unemployment	4.6%	4.7%

Stock Market Sector Performance (S&P 500)

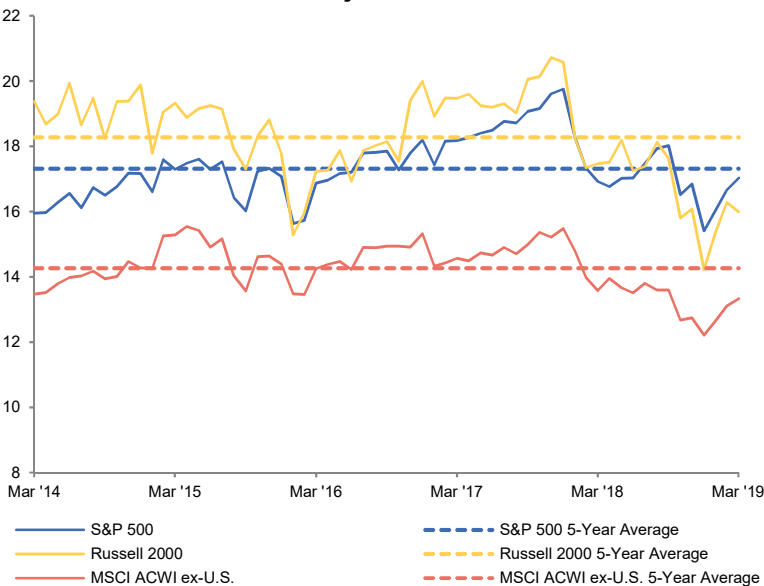
For the period ended March 31, 2019



U.S. Treasury Yield Curve



P/E Ratios of Major Stock Indices**



Source: Bloomberg. Data as of March 31, 2019, unless otherwise noted.
 *Developed market data is calculated with respect to the weightings in the MSCI World ex-U.S. index. Most current data is as of December 31, 2018 due to release dates of numerous countries.
 **P/E ratios are calculated based on one-year-forward estimates and adjusted to include only positive earning results for consistency.

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