

Open-End Net Fund Flows (\$)	8/18	7/18	YTD (Aug)
Equity	-24.45B	-20.87B	-98.43B
Taxable Bond	11.20B	14.08B	97.71B
Municipal Bond	1.86B	3.17B	15.67B
Hybrid	-6.61B	-6.29B	-35.64B
Taxable Money Market	29.31B	16.65B	2.49B

Key Interest Rates	9/30/18	12/29/17	9/29/17
Federal Funds Target Rate	2.25%	1.50%	1.25%
ICE LIBOR (3-Month)	2.40%	1.69%	1.33%
2-Year T-Note	2.82%	1.89%	1.49%
10-Year T-Note	3.06%	2.41%	2.33%
Bond Buyer 40	4.12%	3.87%	4.03%

Commodities/U.S. Dollar	9/18	YTD	12 Mo.
U.S. Dollar Index (DXY)	-0.01%	3.27%	2.20%
TR/CC CRB Commodity Index	1.14%	0.67%	6.59%
Crude Oil (Barrel)	4.94%	21.23%	41.77%
Natural Gas (per million BTUs)	3.08%	2.03%	0.00%
Gold Bullion (Ounce)	-0.84%	-9.00%	-7.02%

### Total Return Performance

U.S. Stock Indices	9/18	YTD	12 Mo.
S&P 500	0.57%	10.56%	17.90%
DJIA	1.97%	8.83%	20.76%
NASDAQ 100	-0.29%	20.18%	28.91%
S&P MidCap 400	-1.10%	7.48%	14.19%
Russell 2000	-2.41%	11.51%	15.23%
Russell 3000	0.17%	10.57%	17.57%

U.S. Styles/Market Caps	9/18	YTD	12 Mo.
S&P 500 Growth	0.73%	17.24%	25.20%
S&P 500 Value	0.38%	3.51%	10.05%
S&P MidCap 400 Growth	-1.23%	8.84%	16.55%
S&P MidCap 400 Value	-0.96%	6.03%	11.70%
Russell 2000 Growth	-2.34%	15.72%	21.02%
Russell 2000 Value	-2.48%	7.17%	9.36%

Foreign Stock Indices (USD)	9/18	YTD	12 Mo.
MSCI World NET (Ex-U.S.)	0.78%	-1.50%	2.67%
MSCI Emerging Markets NET	-0.53%	-7.68%	-0.81%
MSCI Europe NET	0.36%	-2.46%	-0.30%
MSCI BRIC NET	-1.12%	-8.56%	-2.51%
MSCI EM Latin America NET	4.69%	-6.91%	-9.09%
Nikkei 225	3.81%	6.80%	19.67%

Barclays Bond Indices	9/18	YTD	12 Mo.
U.S. Treasury: Intermediate	-0.52%	-0.81%	-1.22%
GNMA 30 Year	-0.59%	-0.91%	-0.89%
Municipal Bond (22+)	-0.91%	-1.13%	1.07%
U.S. Aggregate	-0.64%	-1.60%	-1.22%
Intermediate Corporate	-0.25%	-0.81%	-0.64%
U.S. Corporate High Yield	0.56%	2.57%	3.05%
Global Aggregate	-0.86%	-2.37%	-1.32%
EM Hard Currency Aggregate	1.21%	-2.54%	-1.66%

Sources: Bloomberg, Bloomberg Barclays, Investment Company Institute

Past performance is no guarantee of future results. Historical performance figures for the indices are for illustrative purposes only and not indicative of any actual investment. Indices are unmanaged and an investor cannot invest directly in an index.

### Climate

The ISM-non-manufacturing index stood at 61.6 in September, its highest reading in 20 years and its second highest reading ever. The consensus estimate from economists was 58.0, according to Bloomberg. In Q3'18, global mergers and acquisitions (M&A) activity slowed from the robust pace set in the first half of the year. Global M&A deal volume declined 35% from Q2'18 to \$783 billion, according to Reuters. On a year-over-year basis, U.S. M&A deal volume rose 14% to \$368.1 billion. Goldman Sachs reported that a surge in corporate profitability is fueling an increase in capital spending and research and development (R&D), according to MarketWatch. In the first half of 2018, capital spending by S&P 500 companies totaled \$341 billion, up 19.2% from the \$286 billion posted in the first half of 2017. If companies maintain the current pace, it would mark the fastest growth in capital spending in at least 25 years. R&D spending was up 14% to \$147 billion in the first half of 2018, the largest increase in more than a decade.

### Stock Market

The S&P 500 Index ("index") closed at 2,913.98 on 9/28/18, 0.57% below its all-time high of 2,930.75 set on 9/20/18, according to Bloomberg. The index posted a total return of 0.57% in September. S&P Dow Jones Indices made some changes to its Global Industry Classification Standard (GICS) in late September that impacted the constituents in the information technology, consumer discretionary and telecommunication services sector indices. The telecommunication services sector will now be called the communication services sector. After adjusting for the new GICS classifications, six of the 11 major sectors that comprise the index were up on a total return basis in September. The top-performer was Communication Services, up 4.26%, while the worst showing came from Real Estate, down 2.65%. YTD through 9/28/18, the index posted a total return of 10.56%. Nine of the 11 sectors were up on a total return basis. The top-performer was Information Technology, up 20.62%, while the worst showing came from Consumer Staples, down 3.35%. S&P Dow Jones Indices reported that S&P 500 Index stock buybacks totaled an all-time high of \$190.6 billion (preliminary) in Q2'18, up 0.8% from the \$189.1 billion executed in Q1'18 and up 58.7% from the \$120.1 billion spent on buybacks in Q2'17. With the exception of the mid-cap space, growth stocks are dominating value stocks on a year-to-date basis (see U.S. Styles/Market Caps). The growth bias also comes through when comparing dividend-paying stocks to non-payers. Year-to-date through September, the dividend payers (411 companies) in the S&P 500 Index (equal weight) posted a total return of 6.22%, vs. 18.28% for the non-payers (94 companies), according to S&P Dow Jones Indices.

### Bond Market

The yield on the benchmark 10-year Treasury note (T-note) closed trading on 9/28/18 at 3.06%, up 20 basis points (bps) from the close on 8/31/18, according to Bloomberg. The yield stood 55 bps higher than its 2.51% average for the 10-year period ended 9/28/18. With yields inching higher, it is not a surprise to see that high yield corporate bonds were the only domestic category in positive territory in September (see Barclays Bond Indices). Demand for high yield corporate bonds is healthy at a time when new high yield corporate debt issuance is running about 30% below last year's level at this point in time, according to Bloomberg. This dynamic has driven the yield spread between sub-investment grade U.S. bonds over Treasuries down to around 3.09 percentage points – its lowest level since July 2007, according to Bloomberg.

### Takeaway

Last month, we noted that U.S. multinationals have offshore cash and equivalent holdings totaling an estimated \$3 trillion and that government data had indicated that about \$300 billion was repatriated in Q1'18, according to Reuters. The Federal Reserve reported that companies have chosen to return the bulk of that capital to shareholders, according to Bloomberg. We can now update this through Q2'18. In September, the government released data showing that approximately \$170 billion was repatriated in Q2'18, down from around \$295 billion in Q1'18, according to CBS News. This indicates that U.S. companies are bringing capital back at a measured pace, which means there is still a lot of dry powder left that could be tapped moving forward, in our opinion.

Index	10-Yr. High Value	Date	10-Yr. Low Value	Date	Month-End Value	% Off High Value	YTD Return (USD)	Month-End Yield
S&P 500	2930.75	9/20/2018	676.53	3/9/2009	2913.98	-0.57%	10.56%	1.80%
S&P 500 Growth	1779.52	9/28/2018	363.99	3/9/2009	1779.52	0.00%	17.24%	1.23%
S&P 500 Value	1195.51	1/26/2018	307.16	3/9/2009	1144.50	-4.27%	3.51%	2.49%
S&P MidCap 400	2050.23	8/29/2018	404.62	3/9/2009	2019.55	-1.50%	7.48%	1.55%
S&P MidCap 400 Growth	962.51	9/14/2018	174.44	11/20/2008	945.37	-1.78%	8.84%	1.17%
S&P MidCap 400 Value	680.56	8/29/2018	144.98	3/9/2009	669.49	-1.63%	6.03%	1.96%
S&P 100	1299.40	9/20/2018	322.13	3/9/2009	1294.27	-0.39%	11.09%	1.90%
DJIA	26743.50	9/21/2018	6547.05	3/9/2009	26458.31	-1.07%	8.83%	2.09%
NASDAQ 100	7660.18	8/29/2018	1036.51	11/20/2008	7627.65	-0.42%	20.18%	0.96%
Russell 2000	1740.75	8/31/2018	343.26	3/9/2009	1696.57	-2.54%	11.51%	1.36%
Russell 2000 Growth	1117.18	8/31/2018	190.73	3/9/2009	1090.46	-2.39%	15.72%	0.63%
Russell 2000 Value	2049.42	8/22/2018	469.32	3/9/2009	1989.89	-2.90%	7.17%	2.14%
Russell 3000	1737.97	9/20/2018	389.61	3/9/2009	1726.52	-0.66%	10.57%	1.78%
MSCI World Net (ex U.S.) (USD)	6487.64	1/25/2018	2131.84	3/9/2009	6014.01	-7.30%	-1.50%	3.21%
MSCI Emerging Markets Net (USD)	573.23	1/26/2018	164.51	10/27/2008	481.42	-16.02%	-7.68%	2.74%
Ibovespa/Brazil (USD)	43619.40	4/8/2011	9077.09	1/21/2016	19817.77	-54.57%	-14.20%	3.58%
RTS/Russia (USD)	2123.56	4/8/2011	498.20	1/23/2009	1192.04	-43.87%	8.09%	5.44%
S&P BSE 500/India (USD)	245.12	1/24/2018	57.52	3/9/2009	199.12	-18.77%	-14.34%	1.23%
Shanghai Composite/China (USD)	832.07	6/12/2015	249.66	11/4/2008	410.73	-50.64%	-17.24%	2.42%
KOSPI/South Korea (USD)	2.42	1/29/2018	0.63	11/20/2008	2.11	-12.89%	-7.98%	1.85%
Hang Seng (USD)	4241.01	1/26/2018	1420.72	10/27/2008	3551.02	-16.27%	-4.26%	3.63%
MSCI Euro (USD)	1544.35	1/26/2018	682.47	3/9/2009	1347.34	-12.76%	-3.04%	3.45%
S&P 500 Consumer Discretionary	939.41	9/27/2018	125.72	3/9/2009	938.23	-0.13%	20.62%	1.18%
S&P 500 Consumer Staples	605.24	1/26/2018	199.80	3/9/2009	554.91	-8.32%	-3.35%	2.98%
S&P 500 Energy	737.09	6/23/2014	304.81	3/5/2009	560.91	-23.90%	7.46%	2.73%
S&P 500 Utilities	287.82	11/14/2017	113.81	3/9/2009	267.28	-7.14%	2.72%	3.49%
S&P 500 Financials	501.29	1/26/2018	81.74	3/6/2009	458.18	-8.60%	0.09%	1.84%
S&P 500 Banks	372.05	2/1/2018	49.02	3/5/2009	334.80	-10.01%	-0.25%	2.20%
FTSE NAREIT All Equity REITs	725.61	8/1/2016	163.57	3/6/2009	676.71	-6.74%	2.14%	4.06%
S&P 500 Health Care	1101.37	9/28/2018	252.84	3/5/2009	1101.37	0.00%	16.63%	1.50%
S&P 500 Pharmaceuticals	708.06	9/21/2018	214.50	3/3/2009	700.23	-1.11%	12.79%	2.42%
NYSE Arca Biotechnology	5400.34	9/27/2018	541.77	3/9/2009	5381.09	-0.36%	27.70%	0.27%
S&P 500 Information Technology	1329.47	8/29/2018	198.51	11/20/2008	1322.07	-0.56%	20.62%	1.36%
Philadelphia Semiconductor	1445.90	3/12/2018	171.32	11/20/2008	1366.74	-5.47%	10.57%	1.72%
S&P 500 Communication Services	183.85	7/1/2016	88.10	3/9/2009	160.55	-12.68%	0.75%	1.39%
S&P 500 Industrials	678.74	1/26/2018	132.83	3/9/2009	659.07	-2.90%	4.84%	1.85%
S&P 500 Materials	401.59	1/26/2018	108.33	3/2/2009	363.12	-9.58%	-2.73%	1.99%
Philadelphia Gold & Silver	228.95	4/8/2011	38.84	1/19/2016	65.18	-71.53%	-23.10%	0.88%
TR/CC CRB Commodity	370.56	4/29/2011	155.01	2/11/2016	195.16	-47.33%	0.67%	N/A
ICE BofAML Perpetual Preferred	259.60	8/30/2018	51.79	3/9/2009	257.23	-0.91%	0.24%	5.66%
ICE BofAML U.S. High Yield Constrained	428.04	9/28/2018	130.37	12/12/2008	428.04	0.00%	2.50%	6.49%

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