

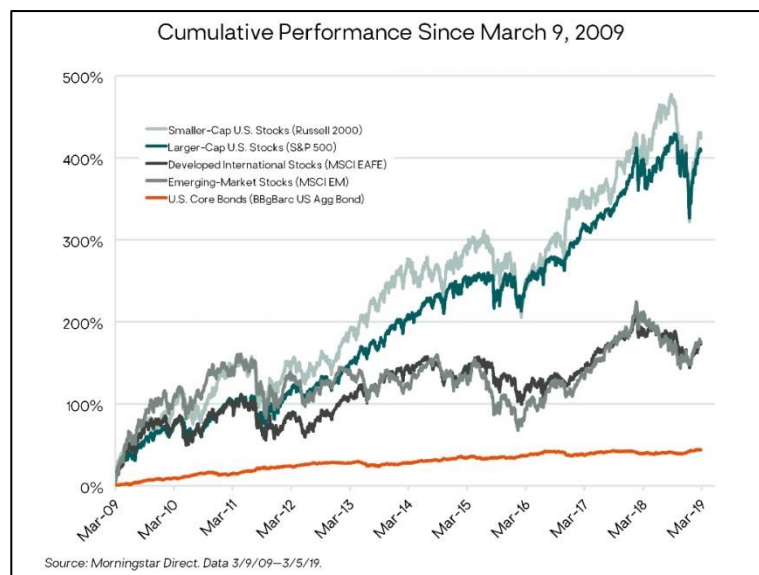
March 2019 Monthly Market Update

U.S. stocks continued their strong start to 2019. Larger-cap and smaller-cap stocks gained 3.2% and 5.2%, respectively, in February. Year-to-date returns already stand at 11.5% for larger-cap U.S. stocks and 17.1% for smaller-cap U.S. stocks (Vanguard 500 Index and iShares Russell 2000 ETF, respectively). This month marks the 10th anniversary of the current bull market. On March 9, 2009, equity markets around the world bottomed and started their process of recovery. The returns from the bottom are pretty astonishing (even when accounting for the fact we are cherry-picking the exact low in the market). Larger-cap U.S. stocks are up more than 400% cumulatively, or 17.7% annualized since then. The chart below shows returns for strategic asset classes since the start of this bull market.

Clearly, the leadership of U.S. stocks in the current bull market relative to international equities is stark. Despite this, we believe investing in foreign markets makes sense from a strategic and tactical standpoint.

Developed international stocks gained 2.3% in February and are up 10% so far in 2019 (Vanguard FTSE Developed Markets ETF). Emerging-market stocks fell 0.4% last month but remain up 9.2% this

February Benchmark Returns			
	MTD	QTD	YTD
EQUITY BENCHMARKS			
Vanguard 500 Index	3.2%	11.5%	11.5%
iShares Russell 1000 ETF	3.4%	11.9%	11.9%
iShares Russell 1000 Value ETF	3.2%	11.1%	11.1%
iShares Russell 1000 Growth ETF	3.6%	12.8%	12.8%
iShares Russell 2000 ETF	5.2%	17.1%	17.1%
Vanguard REIT	0.7%	12.6%	12.6%
iShares MSCI ACWI ETF	2.5%	10.7%	10.7%
Vanguard FTSE Developed Markets ETF	2.3%	10.0%	10.0%
Vanguard FTSE Europe ETF	3.2%	10.1%	10.1%
Vanguard FTSE Emerging Markets ETF	-0.4%	9.2%	9.2%
FIXED-INCOME BENCHMARKS			
Vanguard Total Bond Market Index	-0.1%	0.9%	0.9%
Vanguard Intermediate-Term Tax-Exempt	0.5%	1.3%	1.3%
iShares TIPS Bond ETF	-0.2%	1.3%	1.3%
ICE BofA Merrill Lynch U.S. High Yield Cash Pay Index	1.7%	6.4%	6.4%
S&P/LSTA Leveraged Loan Index	1.6%	4.2%	4.2%
ALTERNATIVE BENCHMARKS			
HFRX Global Hedge Fund Index	0.6%	2.8%	2.8%
Bloomberg Commodity Index	1.0%	6.5%	6.5%
SG Trend Index	0.8%	-2.4%	-2.4%
3-Month LIBOR	0.2%	0.5%	0.5%





year (Vanguard FTSE Emerging Markets ETF). International markets continue to face uncertainty over U.S. and China trade negotiations, slowing Chinese and European economies, and Brexit negotiations.

U.S. core investment-grade bonds fell modestly (down 0.1%) in February but remain in positive territory for the year (Vanguard Total Bond Market Index). Both high-yield bond and floating-rate loan markets performed well last month with gains of 1.7% and 1.6%, respectively (ICE BofA Merrill Lynch U.S. High Yield Cash Pay Index and S&P/LSTA Leveraged Loan Index, respectively). U.S. Treasury rates didn't move much during the month—the 10-year rate has traded in the 2.6% to 2.7% range for most of the year. The short end of the Treasury curve remains inverted (i.e., six-month and one-year rates remain higher than two-year, three-year, and five-year Treasury rates). Bond market investors could be signaling a couple of things by inverting the short end, such as concerns around slowing economic growth or an expectation that the Fed will cut interest rates. Most investors focus on the inversion between the short-end (three-month or two-year rates) and long-term rates (10-year) as a predictor of recession. This area of the curve remains in positive territory.