

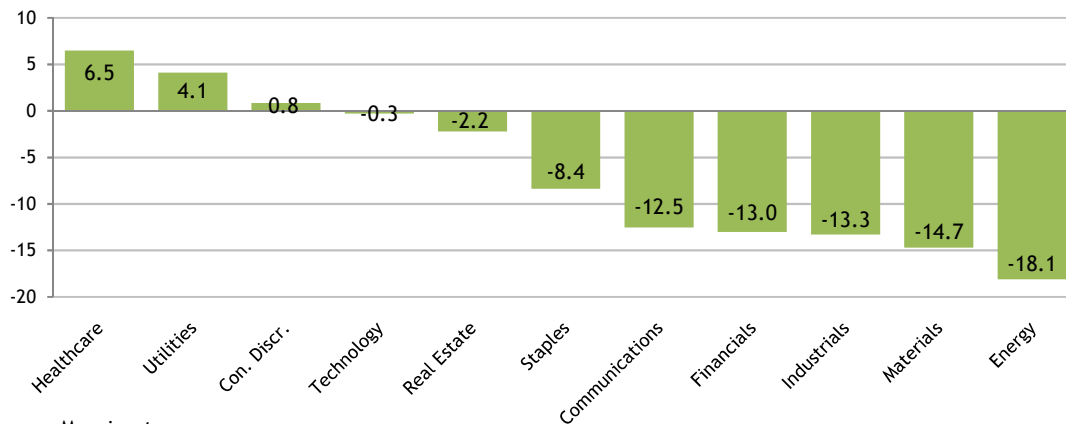
Stocks sold off sharply in the 4th quarter amid growing concerns about global economies and slowing corporate profit growth. The ongoing trade tensions with China and continued rate hikes from the Federal Reserve also weighed on investor sentiment. Earnings from S&P 500 companies remained strong throughout 2018, but earnings estimates for 2019 moved lower during the quarter. The S&P 500 suffered its largest quarterly decline since 2011, losing 13.5%. The 4.4% loss for the year marked the first negative yearly return from the S&P 500 since 2008.

Utilities were the only sector in the market to post positive returns in the quarter. Energy was the weakest sector, hurt by a 38% decline in the price of crude oil. The technology and industrial sectors were also down significantly during the quarter.

Even with the weak 4th quarter return from the S&P 500, large cap domestic stocks still outperformed both small cap and international stocks during 2018. The Russell 2000 Small Cap Index lost 20% during the 4th quarter, posting an 11% loss for the year. The MSCI EAFE International Index lost an even worse 13.8% for '18.

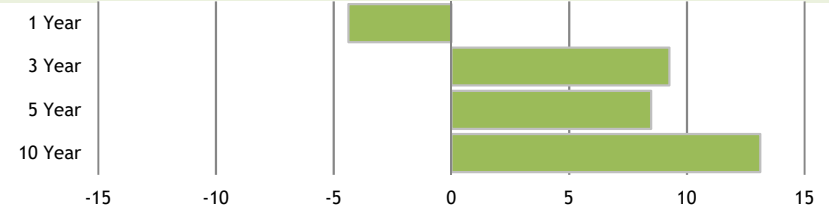
Treasury yields moved lower during the 4th quarter. The 2-year Treasury rate dropped 31 basis points to 2.50%, while the 10-year Treasury rate dropped 37 basis points to 2.68%. The Barclays Aggregate Bond Index gained 1.6% during the quarter and posted a return of 0.01% for the year.

S&P 500 Index: Sector Returns Percent Year-to-Date

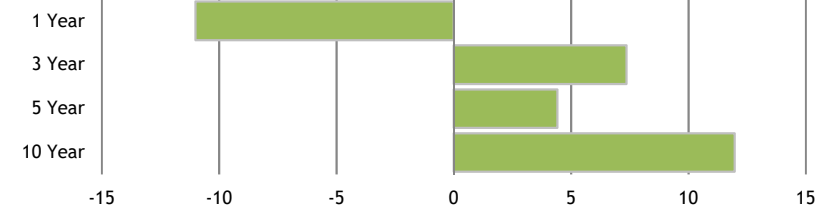


Source: Morningstar

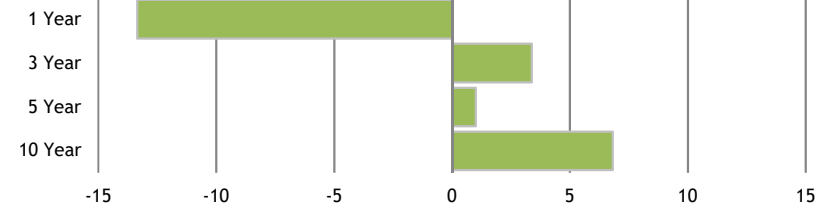
S&P 500 Average Annual Percent Total Return



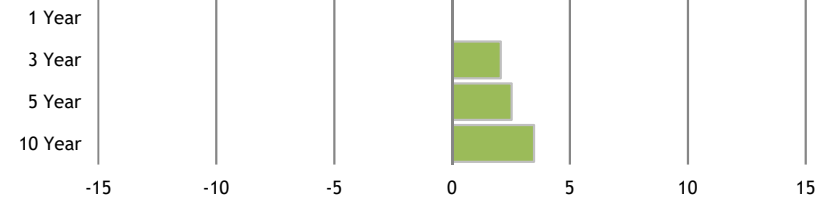
Russell 2000 Small Cap Index



MSCI EAFE International Index



Barclays Capital US Aggregate Bond Index



Barclays US Treasury Bill 1-3 Month

