U.S. Equities June 2018

KEY HIGHLIGHTS

- The S&P 500® was up 0.48% in June, bringing the YTD return to 1.67%.
- The Dow Jones Industrial Average® was down 0.59% for the month and was down 1.81% YTD.
- The S&P MidCap 400® was up 0.27% for the month and up 2.69% YTD.
- The S&P SmallCap 600® was up 0.98% in June and up 8.66% YTD.

Exhibit 1: Index Returns

INDEX	1-MONTH (%)	3-MONTH	YTD (%)	1-YEAR (%)
S&P 500	0.48	2.93	1.67	12.17
Dow Jones Industrial Average	-0.59	0.70	-1.81	13.69
S&P MidCap 400	0.27	3.88	2.69	11.74
S&P SmallCap 600	0.98	8.41	8.66	18.87

Source: S&P Dow Jones Indices LLC. Data as of June 29, 2018. Past performance is no guarantee of future results. Table is provided for illustrative purposes. Returns shown are price returns.

MARKET SNAPSHOT

Viewed from the bottom line 0.48% June gain (0.62% with dividends), the month was boring. However, judging from the sector results (consumer staples up 4.15% and industrials down 3.43%) or issue level variance (107 issues up at least 5% and 69 down at least 5%; 34.9% of the index) there was action, with a good number of winners and losers. Over the quarter, YTD—heck, since the Nov. 8, 2016, election, the index has done what it usually does: meld issues and results (on a market-weighted basis), which can also result in reducing risk. Year-to-date, the index was up 1.67% (2.65% with dividends), but over 45% of the issues have moved at least 10% (121 up and 114 down; 45.6% of the index). Since the election, the index was up 27.05% (31.32% with dividends), but 23.8% of the issues (120) were in the red. The takeaway performance stat since the election is a 57.8% spread between the best sector, information technology (up 52.4%), and the worst sector, telecommunication services (-5.4%). The takeaway for investors is that it's a trader's market that can make or break you. If you "know" the right sector or stock, buy it, and I'll recognize you since you will be buying at the bar, but if you are wrong, I'll also recognize you because you will be the one crying over your domestic draft beer. If you don't know, an index (and there are many out there from many institutions) is an alternative since it melds the results and spreads the risk—but it also reduces potential profits if you are right. If you are only partially sure, you can still find an index or other instrument (many with specific types of

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approaches and weighting) that suits your risk level. Finally, if you "know for sure" what to buy, you might want to plan for a call from the friendly people at the SEC if you make the trade.

It was a difficult month for the market, as trade issues and immigration polices (both political) dominated the newspapers, web, and started to fill the streets through rallies and demonstrations. The trade issues made the market nervous, with the concern greater outside the U.S., as U.S. markets were up 0.52% in June as measured by the S&P United States BMI (up 0.48% for the S&P 500), but non-U.S. markets declined 2.25%, with emerging doing much worse than developed ex-U.S., off 4.34% and off 1.68%, respectively. Immigration also had an impact, but it was more verbal in the U.S., with the issue continuing to play a role in elections (especially Europe), which affects policy. On a fundamental side, Q1 2018 earnings season was officially classified as a "huge success," as lower tax rates and higher sales produced a 26.7% year-over-year gain, with Q2 2018 expected to continue on that path, while sales increased 9.4% year-over-year and are expected to continue up. Of note for the month (quarter, YTD, and since the U.S. Nov. 8, 2016, election), was the variance in stock and sector return, as the moderate index return (up 1.67% and up 2.65% with dividends) melds the extremes; from the election, information technology was up 52.4% and telecommunication services was down 5.4%—a 57.8% spread over less than 20 months.

July typically opens slowly, as the summer vacation schedule reduces the action, activity, and presence on the Street. Wednesday's U.S. July 4 holiday, which closes banks and exchanges, with exchanges closing early on Tuesday (1 p.m.), also slows things down. However, Friday, July 6, 2018) could be active as the employment report is released before the opening, with light trading swings more possible. The action returns on Friday, July 13, 2018 (historically Friday the 13th is up 55.84% compared to 54.20% for all days), as the Q2 2018 earnings season starts, with big banks as the opening act (Citigroup [C], JPMorgan Chase [JPM], and Wells Fargo [WFC]). From the reports, the market and trades should focus on the continued impact of lower income taxes, as research analysts fine-tune their forward estimates. Trade issues are expected to continue to affect the market, as they play out in the public forum and behind closed doors. The U.S. Fed will also hold its two-day meeting starting on July 31, 2018, with no change expected. Historically, July posts gains 57.8% of the time, with an average gain of 5.03% for the up months and a 3.24% average decrease for the down months, with an overall average gain of 0.69%.

With Q1 2018 earnings and sales in the rearview mirror (and still looking good), attention has centered on the upcoming Q2 season, as a few issues have warned—typically companies try to control the disappointment, but are willing to ride with a positive surprise. Currently, Q2 2018 is expected to post a 5.8% gain over the record Q1 2018 and a 26.7% gain over Q2 2017. For 2018, estimates have held their position, with a 26.8% gain expected over 2017, while 2019 is showing an expected gain of 10.9% over 2018, although weneed to get into Q3 2018 before we can use 2019 expectations. The market continues to be concerned about current P/Es, which were over 20 for Operating and over 23 for As Reported based on the current 12-month March EPS, but at this point the market seems content to pay ahead, with the year-end 2018 operating level at 17and 18, respectively, and 2019 at the 16 level. The current trading range has helped to keep P/Es from growing, as higher earnings pushed them down. Q2 2018 EPS should continue along the higher earnings path (with a new record expected), therefore holding down P/Es and leaving the actual P/Es up to the market price.

The June 2018 cash dividend payment of USD 3.60 per share marked a 4.30% gain over the June 2017 payment of USD 3.46. For the Q2 2018 period, dividends set a new record, with a USD 13.10 per share payment, up 2.4% from the prior Q1 2018 record (of USD 12.79) and up 8.15% from the Q2 2017 payment (of USD 12.12), as the aggregate USD 111.6 billion payment also set a record from the prior record of USD 109.5 billion, set in Q4 2017. For the first half of 2018, 216 issues increased their dividends, with only 1 decreasing, as the lone decliner, Wyndham Worldwide, was spinning off a division (both will be added to the S&P MidCap 400), with their declared dividend rate for the two issues the same as the pre-spinoff rate (but a technical cut's a cut). The 215-1 ratio has no parallel in recent index history (my data starts in 2003). At this point, based solely on the declared dividend rates and policies, 2018 has a 7.2% increase baked into its payments over 2017, which would be another record year. Given the environment, availability of cash, increased income expectations, and the "desire" of companies to show shareholder return, the return to a double-digit actual cash payment gain (year-over-year) seems feasible. Buybacks posted a record high of USD 189.1 billion (prior record was USD 171.9 billion set in Q3 2007), as the 12-month March 2017 total shareholder return of dividends and buybacks passed USD 1 trillion for the first time ever (USD 1.003 trillion).

The two-day G7 summit in Quebec, Canada ended in disagreement, as Trump's trade and America First polices ended in no agreement or even a positive statement, as political name calling went public and left leaders speaking to and defending their positions domestically. The meeting between Trump and Kim Jong-un in Singapore went more "civilized," at least publicly, as Trump praised the work as a start and predicted a good relationship. Positive statements and goals were announced (with many handshakes), but actual actions will need to be worked out; the meeting was met with mixed reaction in the U.S. (mostly divided by political lines), as North Korea highlighted the event as a "coming of age" and acceptance for their country.

A federal judge approved the AT&T (T) and Time Warner (TWX) deal (which the companies quickly closed within a few days), disallowing the U.S. government's objection, in what was seen as solid green light to M&A, which has already been on a run (helping Wall Street fees). Trump said he would "most likely" meet with Russian President Putin in July 2018 in Helsinki. U.S. Supreme Court Justice Anthony Kennedy (81) said he would retire. He is currently seen as centralist (although classified as a conservative), with the replacement expected to be conservative, as Trump will nominate a replacement and Congress will need to approve it.

The U.S. let the May 31, 2018, tentative tariff exemption deadline expire and started taxing imports from the EU, Canada, and Mexico, as those countries responded with tariffs of their own against the U.S. exports, and NAFTA negotiations continued on. China offered to purchase nearly USD 70 billion of U.S. farm, manufacturing, and energy products if the Trump administration abandons its threat of USD 50 billion in duties on China-made products, but the offer was not accepted, as USD 50 billion in tariffs on China went into effect, with China initiating USD 50 billion in tariffs on the U.S. Adding fuel to the discussion was China's trade surplus with the U.S., which increased 11.7% in May to USD 24.6 billion and passed the USD 100 billion mark for the first five months of the year. Trump then said he planned to block companies with 25% of Chinese ownership from buying "industrially significant technology," as "enhanced" U.S. export controls on China were also in the works, with Chinese President Xi Jinping responding that China would "punch back." Trump later said he would use existing laws to counter Chinese investments and would not seek new rules, as public negotiations continued.

The 10-year U.S. Treasury Bond closed the month at 2.86%, slightly down from last month's 2.87% (2.41% for year-end 2017 and 2.45% for year-end 2016). The pound closed down, at 1.3205 from 1.3294 in May (1.3498 for year-end 2017 and 1.2345 for year-end 2016), the euro moved down to

1.1685 from 1.1695 (1.2000, 1.0520), the yen was at 110.68 from 108.82 (112.68, 117.00), and the yuan closed at 6.6225, up from last month's 6.4104 (6.5030, 6.9448). Oil increased to a three-year high (helped by the OPEC meeting) to close at USD 74.31, up from May's USD 66.93 (USD 60.09 for year-end 2017 and USD 53.89 for year-end 2016). U.S. gasoline pump prices (EIA, all grades) decreased, closing the month at USD 2.913 from last month's USD 3.039 per gallon (USD 2.589, USD 2.364). Gold was down for the month, closing at USD 1,254.40 from 1,303.00 for May (USD 1,305.00 for year-end 2017 and USD 1,152.00 for year-end 2016). VIX® closed at 16.09, trading as high as 19.61 and as low as 11.22, up from May's 15.43 (11.05 at year-end 2017 and 14.04 at year-end 2016).

Australia's central bank left interest rates unchanged (for the 22nd time; at 1.5%), stating that it expects the country's GDP to be above 3% in both 2018 and 2019. India's central bank raised its key repo rate by 0.25% to 6.25% (first increase since 2014), as it voiced some concern over potential inflation, but kept its position neutral. Turkey raised its interest rate for the third time in two months to 17.75% from the prior 16.5%. The IMF and Argentina agreed on a USD 50 billion bailout deal. At its June policy meeting, the U.S. FOMC, as expected, increased interest rates by 0.25% after increasing it 0.25% in March 2018. In its quarterly projection and quarterly commentary, the FOMC pointed toward two more increases this year. It also said starting in January 2019, news conferences would be held after each FOMC meeting (currently they are held quarterly). The ECB said it would end asset purchases this year and interest rates would not raise until before September 2019. The Bank of Japan kept rates unchanged, as it lowered its inflation outlook. The Bank of England held its rates, as the vote moved closer to an increase.

INDEX REVIEW

S&P 500

The S&P 500 posted a 0.48% June gain (0.62% with dividends) after last month's significant 2.16% gain (2.41%), as it ended the second quarter up 2.93% (3.43%) and was up 1.67% YTD (2.65%). While the halftime gain was minor compared to the 2017's 19.42% gain (21.83%), any gain seems acceptable given the trade issues facing the economy and the length of the aging bull market, which is set to become the longest-running bull market on Aug. 22, 2018, when it reaches 113.4 months, displacing the 1990-2000 bull. The index has been digesting the situation, as it remains in a trading range, off 5.38% from its Jan. 26, 2018, closing high, and up 5.32% from its Feb. 8, 2018 low (when it was in correction territory, off 10.16%). At this point, investors are holding their positions, although there are reallocations, with the index needing a reason to move up or down (and out of its current trading range). A trade war would be a reason to decline, with a positive earnings season—and, more importantly, a positive outlook—a reason to move up.

June's volatility decreased, as 2 of the 21 days moved at least 1% (1 up and 1 down), compared to 3 last month (2 up and 1 down). The high-low spread also continued to decline, with June at 3.70%, down from May's 5.69% and April's 6.41%. Trading volume increased 2% from May, but it was 4% lower than June 2017, while it was 4% higher than the five-year monthly average.

Sector return variance continued, but decreased, as investors reacted to trade, as well as specific events and polices. For the month, the spread between the best (consumer staples) and worst sector (industrials) was 7.58%, down from May's 9.41% and April's 13.81%; the one-year average was 10.36%. Year-to-date, the spread was 21.62%.

For the month, 8 of the 11 sectors gained, up from 7 last month and 6 the month before, as quarterly window dressing and some bottom fishing around the end of the month affected the market. Consumer staples, did poorly YTD, did the best in June, rebounding to post a 4.15% monthly gain—its first gain since January's 1.41%—and ending the half with a 9.93% loss. Consumer discretionary added 3.50%, as it became the best sector YTD, up 10.81%. Real estate also rebounded, up 3.88%, but remained in the red YTD, off 0.96%. A similar scenario was seen for utilities, which added 2.46% but was down 1.52% YTD. Industrials did the worst, off 3.43%, as concern over tariffs and margins pushed stocks down; year-to-date, the sector was down 5.60%. Energy gained 0.57% and was up 5.27% YTD, as oil traded at a three-year high. Financials made it five months in a row of losses, declining 2.02% in June and off 4.91% YTD.

Breadth remained positive in June, as 284 issues gained (an average increase of 5.04%), up from May's 279 and April's 265, as 32 issues gained at least 10% (versus 49 last month). For the month, 221 issues declined (an average fall of 4.38%), down from last month's 226 and 240 the month before that; 16 issues declined at least 10% (25 fell at least 10% last month). Year-to-date, breadth remained negative (but again improved), as 245 (230 last month and 220 in the prior month) issues gained (an average gain of 14.62%), with 121 (113) up at least 10%, and 45 of them up at least 25%; 260 (275) issues declined (an average fall of 10.45%), as 114 (112) were off at least 10% YTD, with 18 of them down at least 25%.

The Dow®

Performance was everything, except for a few days this month, when S&P Dow Jones Indices removed General Electric (GE) from the Dow Jones Industrial Average, as it added drugstore issue Walgreens Boots Alliance (WBA). General Electric was an original of The Dow, which started on May 26, 1896. It was deleted in September 1898, then added back in April 1899, then removed again in April 1901, and added back in November 1907; now it was removed again before the opening of June 26, 2018. The removal of General Electric was generally expected, as the once-dominant conglomerate has now sold off significant parts of its business. Twenty years ago (June 1998), General Electric was the largest issue in the S&P 500, with a market value of USD 296 billion; today it is valued at USD 118 billion. What a long strange trip it's been—but who can say if the trip is over yet?

The Dow continued to underperform the core indices, as it was the only one to post a loss for the month. For June, The Dow closed at 24,271.41, down 0.59% (-0.49% with dividends) from May's 24,415.84 close, when it gained 1.05% (1.41% with dividends) and April's 24,163.15 close, when it was up 0.25% (0.34% with dividends). For the quarter, The Dow added 0.70% (1.26% with dividends), again the worst of the group, with the YTD result a decline of 1.84% (-0.73% with dividends), again leaving The Dow as the worst performer of the four headline indices and the only one in the red. From The Dow's last closing high of 26,616.71 on Jan. 26, 2018, the index has declined 8.81%.

For the month, 17 of The Dow's 30 issues gained, with an average gain of 3.15%, up from 16 last month and 15 in March, as 1 issue gained at least 10% (1 gained 10% last month); the 13 decliners posted an average fall of 3.38%, as 1 issue declined at least 10% (1 did last month). For the quarter, 18 issues were up, with 7 up at least 10%, as 12 were down, and 3 were down at least 10%. Year-to-date, breadth remained strongly negative, as 12 issues gained (an average increase of 10.44%), up from 10 gainers last month, with 18 falling (an average decrease of 8.70%). Six issues added at least 10% YTD, as 7 declined at least 10%.

Issues continued to vary, as they have all year, demonstrated by double-digit June bookends: athletic apparel issue Nike (NKE) gained 10.97% in June, was up 19.93% for the quarter, and up 27.39% YTD (best of any Dow issue); meanwhile, earth-moving machinery issue Caterpillar (CAT) declined 10.69% in June, was off 7.95% for the quarter, and down 13.90% YTD. Consumer issues generally did well, as household and personal care issue Procter & Gamble (PG) rebounded 6.68% for the month but remained off 15.04% YTD. Entertainment issue Walt Disney (DIS) added 5.37% but remained down 2.51% YTD, and Walmart (WMT) gained 3.77% but was off 13.27% YTD. Newcomer to The Dow drugstore issue Walgreens Boots Alliance (WBA) fell 3.81% and was off 17.36% YTD (as the issue it replaced, General Electric, fell 3.34% in June and was off 22.01% YTD). Of note was Apple (AAPL), which fell 0.94% for the month and was up 9.38% YTD, as business systems issue International Business Machines (IBM) declined 1.14% and was off 8.94% YTD.

S&P MidCap 400

The S&P MidCap 400 posted a 0.27% gain, after last month's strong 3.95% advance and April 0.34% decline, for a 3.88% second quarter gain. Year-to-date, the index was up 3.88%, with a one-year return of 11.74%.

Seven of the eleven sectors gained for the month, down from nine last month, but up from six in the prior month. Sector returns continued to vary, as the spread between the best and worst group decreased (again) to 10.79% from May's 15.76% spread (but was up from April's 17.33%). The three-month spread was 27.94%, with the one-year spread at 56.23%, demonstrating the blending of sectors (energy was up 38.68% for the one-year period, as telecommunication services was down 17.55%). Telecommunication services did the best in June, as it rebounded 7.32% but was still off 2.18% for the quarter and down 1.37% YTD. Both consumer sectors posted slight gains, as consumer discretionary added 3.67% (up 0.19% YTD) and consumer staples added 5.82% (up 0.3% YTD). Energy, which did the best last month (adding 9.25% after the prior month's 6.60% gain), gained 1.30% in June and was up 16.14% YTD. Financials did the worst, as it declined 3.47%, even as the FOMC increased interest rates and the Fed approved 34 of the 35 big banks for dividends and buybacks; the sector was down 0.80% YTD. Health care continued higher, adding 3.17% in June and up 18.52% YTD, the best of any mid-cap sector.

Breadth remained positive for June, but declined, as 215 issues gained (an average increase of 5.83%), down from May's 278 gainers but up from April's 201 gainers, as 184 issues declined (an average loss of 5.06%), up from last month's 121 issues (April had 198 decliners). For the month, 36 issues (75 last month) gained at least 10% (average 15.37%), as 20 (17) declined at least 10% (average loss of 15.82%). Year-to-date, breadth remained positive and improved, with 204 (199) gaining (average 15.42%) and 187 (198) declining (-11.92%), as 107 (the same as last month) were up at least 10% and 89 (92) were down at least 10%.

S&P SmallCap 600

The S&P SmallCap 600 continued up, as it posted new all-time highs. For the month, the index did the best of any headline index, adding 0.98% after last month's strong 6.54% gain (April was up 0.96%). For the quarter, the small-cap index was up 8.41%, more than twice the gain of the next best index, with the same statistic for the YTD returns, as the small-cap index was up 8.66% YTD, far outpacing its peers.

Ten of the eleven sectors were positive for the month, though the index missed a second month of 11 for 11, as information technology posted a 0.01% decline for the month (but the sector was up 6.04% for the quarter and up 7.44% YTD). Sector variance increased, as the difference between the best and worst sector was 7.97%, up from May's 6.13% and down from April's significant 18.32% return. Telecommunication services added 6.10% (and was up 10.21% YTD), and energy was the worst, off 1.87% (but up 9.99% YTD). Both consumer discretionary and consumer staples outperformed, adding 3.41% and 4.77%, respectively, as they were up 7.96% and 5.43% YTD, respectively. Health care continued up, adding 2.61% in June (after May's 9.25% gain) to post a 15.38% gain for the quarter and 30.37% YTD (the best of any sector in any index).

For the month, breadth remained positive, but declined, as 338 issues gained (an average increase of 6.95%), down from May's 465 and April's 328. On the down side, 262 fell (an average loss of 5.60%), up from 132 in May (April posted 273 down). Gains of at least 10% declined to 71 from last month's 188 (88 the month before that), with 43 (50 last month and 51 the month before that) issues off at least 10%. Year-to-date, breadth remained positive, as 358 (346 last month) issues were up, with an average gain of 25.50%, while 242 (255) were down, with an average loss of 13.97%. Year-to-date, 62.8% of the index moved up least 10%, 246 (239) issues were up and 131 (129) moved down at least 10%, while 130 issues moved up at least 25% and 42 declined at least 25%.

S&P Global BMI

Call it tit-for-tat, a trade war, retaliation, catch-up polices, or just politics—but the market didn't like it, with non-U.S. markets doing a lot worse than the U.S. Although the overall damage to global markets is not significant at this point (easy to say from a U.S. market perspective), markets are making a lot of noise over trade (as they should—significant potential), with the bark appearing to be worse than the bite, but the barks are getting louder (everywhere). The result for June was global shareholders (of the S&P Global BMI) had a USD 654 billion loss for the month and were down USD 1,028 billion YTD. However, the global breakdown comes down to the U.S. and non-U.S.

- Global markets were down 1.31% YTD, but ex-the U.S.'s 2.30% gain they were down 4.98%.
- Emerging markets were off 4.34% for the month and off 7.22% YTD.
- Developed markets were down 0.41% for the month and down 0.60% YTD, but ex-the U.S. they were down 1.68% and down 4.36%, respectively.

For June, global markets declined 0.82% after April's 0.09% return, and only 12 of the 48 posted gains, up from 10 gainers last month, as the U.S. outperformance continued to affect the overall results. For June, the U.S. gained 0.52% (up 2.95% last month), as the global ex-U.S. return for June was -2.25% (May was -2.79%). For the quarter, the S&P Global BMI was up 0.06%, with the U.S. up 3.39% and globals ex-the U.S. were down 3.34%; year-to-date, the global index was down 1.31%, but ex-the U.S.'s 2.30%, they were down 4.98%. For the one-year period, the U.S. outperformed, as global markets were up 9.05%, and absent the U.S.'s 12.68% return, they were up 5.33%. Since the U.S. election (Nov. 8, 2016), the non-U.S. global market has underperformed the U.S. gain, returning 10.15% while the U.S. gained 28.27%. Over the longer term, the U.S. has also done better, as the global three-year return was 19.99%, but absent the U.S.'s 30.90%, the three-year return was 9.51%.

Sector returns continued to vary, as 6 of the 11 sectors gained for the month, the same as last month (8 gained in the prior month). The spread between the best (consumer staples was up 1.72%) and worst (industrials was down 2.86%) sectors for the month was 4.57%, down from last month's hectic 11.50% spread. Health care did well (helped by some M&A), adding 0.94% and up 2.23% YTD. Information technology fell 1.29% but posted the best YTD gain, up 6.64%, as telecommunication services declined 0.35% and had the worst YTD standing, off 11.09%.

Emerging markets continued to do poorly, and they declined a broad 4.32% for June (off 3.17% in May), as they were down 8.16% for the quarter and down 5.63% YTD. For June, only 5 of 22 markets were positive, up from 3 in May (12 were up in April). The one-year return continued to slide, as it was up 6.45% (it was up 11.81% in May). Over the two-year period, emerging markets increased 27.08% (37.01% in May) and their three-year return was up 9.20% (10.64% in May). Mexico was the best market, as it gained 7.87% ahead of its elections but was still down 3.68% YTD. Greece was the next best, as financing improved; the country added 2.01% for the month but was down 8.34% YTD. Qatar followed, adding 1.18% for the month and up 4.77% YTD). The remaining 18 markets were in the red, and Pakistan ranked as the worst performer again, off 16.71% and off 13.22% YTD. Thailand was next, off 11.08% (off 11.95% YTD), followed by Brazil, which fell 8.56% (off 19.10% YTD).

Developed markets did better than emerging markets for the month (again), though they were still in the red, falling 0.41%. However, they were down 1.68% ex-the U.S., after last month's 0.48% gain (-2.23% ex-the U.S.), as the quarterly return was up 1.06% but down 1.99% ex-the U.S., with the YTD return down 0.60% and down 4.36% ex-the U.S. Of the 25 markets, 8 gained (up from 7 gainers last month). Developed markets were up 9.37% for the one-year period (10.30% in May) and up 5.08% ex-the U.S. (up 6.89% in May). Belgium did the best in June, up 2.06%, but was down 6.84% YTD. Spain was next, adding 1.69% but still down 6.65% YTD, followed by Norway, which added 1.20% and was up 5.44% YTD. On June's down side, Korea did the worst, falling 7.30% (down 9.30% YTD), followed by Singapore, which lost 6.80% (off 6.86% YTD), and Hong Kong, down 5.05% (down 3.89% YTD). Of note was Germany's 2.69% decline, bringing its YTD loss to 9.07%, and Japan's 2.69% decrease (same as Germany), bringing its YTD loss to 2.79%.

PERFORMANCE RECAP

Exhibit 2: Monthly Returns

S&P 500	PRICE	1-MONTH (%)	3-MONTH (%)	YTD (%)	1-YEAR (%)	3-YEAR (%)	FR 12/99 (%)
Energy	561.54	0.57	12.69	5.27	17.50	1.89	163.98
Materials	363.65	0.12	2.05	-4.03	7.77	19.81	127.34
Industrials	602.10	-3.43	-3.66	-5.60	3.29	29.10	120.24
Consumer Discretionary	870.23	3.51	7.84	10.81	21.87	43.32	190.75
Consumer Staples	529.08	4.15	-2.34	-9.93	-6.66	8.14	154.31
Health Care	965.78	1.51	2.66	0.99	5.33	12.14	195.54
Financials	441.15	-2.02	-3.58	-4.91	7.71	34.11	37.12
Information Technology	1218.64	-0.39	6.75	10.17	29.60	76.15	50.93
Telecommunication Services	148.12	2.24	-2.33	-10.81	-3.84	-3.49	-54.11
Utilities	263.30	2.46	2.80	-1.52	-0.18	25.04	84.86
Real Estate	201.90	3.88	5.13	-0.96	1.45	15.89	-
S&P 500	2718.37	0.48	2.93	1.67	12.17	31.76	85.02
DOW JONES INDUSTRIAL AVERAGE	**PRICE**	**1-MONTH (%)**	**3-MONTH (%)**	**YTD (%)**	**1-YEAR (%)**	**3-YEAR (%)**	**FR 12/99 (%)**
Dow Jones Industrial Average	24271.41	-0.59	0.70	-1.81	13.69	37.75	111.11
S&P MIDCAP 400	**PRICE**	**1-MONTH (%)**	**3-MONTH (%)**	**YTD (%)**	**1-YEAR (%)**	**3-YEAR (%)**	**FR 12/99 (%)**
Energy	490.33	1.30	25.48	16.14	38.68	-21.59	179.45
Materials	500.31	-2.28	2.49	-2.27	8.02	38.39	350.85
Industrials	985.80	-1.08	-1.00	-3.79	10.37	39.05	453.77
Consumer Discretionary	797.19	3.67	4.20	0.19	11.45	11.02	300.77
Consumer Staples	1732.15	5.82	4.18	0.30	4.78	6.91	894.25
Health Care	1893.46	3.17	11.78	18.51	18.52	46.78	970.27
Financials	1002.69	-3.47	-2.47	-0.80	8.47	39.79	203.07
Information Technology	2431.36	-0.50	1.20	5.15	17.12	47.80	188.54
Telecommunication Services	145.48	7.32	-2.18	-1.37	-17.55	-45.46	-69.25
Utilities	541.71	0.62	7.12	2.62	6.09	43.39	291.07
Real Estate	234.33	3.31	11.34	2.87	1.96	-	-
S&P MidCap 400	1951.67	0.27	3.88	2.69	11.74	29.92	338.90
S&P SMALLCAP 600	**PRICE**	**1-MONTH (%)**	**3-MONTH (%)**	**YTD (%)**	**1-YEAR (%)**	**3-YEAR (%)**	**FR 12/99 (%)**
Energy	617.89	-1.87	22.38	9.99	27.80	-35.28	297.61
Materials	535.51	-0.21	3.75	1.34	12.66	33.78	288.44
Industrials	1111.63	0.40	5.16	4.99	19.83	42.84	455.98
Consumer Discretionary	603.95	3.41	10.17	7.96	20.43	20.06	345.62
Consumer Staples	1869.39	4.77	12.42	5.43	17.98	35.64	837.74
Health Care	3073.23	2.61	15.38	30.37	46.40	80.18	1597.54
Financials	1098.07	-1.59	4.30	5.82	13.64	44.73	274.88
Information Technology	717.05	-0.01	6.04	7.44	11.09	57.27	162.20
Telecommunication Services	3.13	6.10	15.93	10.21	7.93	32.63	-95.74
Utilities	963.54	0.70	7.16	0.42	8.96	60.34	413.34
Real Estate	199.23	3.65	10.78	-2.05	-1.77	-	-
S&P SmallCap 600	1017.38	0.98	8.41	8.66	18.87	41.46	414.37

Source: S&P Dow Jones Indices LLC. Data as of June 29, 2018. Past performance is no guarantee of future results. Table is provided for illustrative purposes. Returns shown are price returns.

Exhibit 3: Total Returns

INDEX	1-MONTH (%)	3-MONTH (%)	YTD (%)	1-YEAR (%)	3-YEAR (%)	5-YEAR (%)	10-YEAR (%)
S&P 500	0.62	3.43	2.65	14.37	40.23	87.70	163.40
S&P MidCap 400	0.42	4.29	3.49	13.50	36.37	81.71	178.45
S&P SmallCap 600	1.13	8.77	9.39	20.50	47.52	97.65	217.52
S&P Composite 1500	0.62	3.65	2.91	14.50	40.13	87.52	166.35
Dow Jones Industrial Average	-0.49	1.26	-0.73	16.31	48.43	83.88	178.31

Source: S&P Dow Jones Indices LLC. Data as of June 29, 2018. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

Exhibit 4: S&P Global BMI, Emerging, Sorted by June Performance

BMI MEMBER	1-MONTH (%)	3-MONTH	YTD (%)	1-YEAR (%)	2-YEAR (%)	3-YEAR (%)
Global	-0.82	0.06	-1.31	9.05	27.49	19.99
Global Ex-U.S.	-2.25	-3.34	-4.98	5.33	23.90	9.51
Emerging	-4.34	-8.16	-7.22	6.45	27.08	9.20
Mexico	7.87	-4.72	-3.68	-12.01	-3.75	-16.06
Greece	2.01	-2.90	-8.34	-8.16	39.56	-24.24
Qatar	1.18	5.58	4.77	0.05	-4.72	-24.29
Colombia	0.91	4.00	6.48	12.12	18.78	4.47
Hungary	0.02	-16.22	-17.57	-4.08	32.87	56.15
Egypt	-0.82	-7.03	9.04	21.82	15.09	-16.01
Russia	-0.88	-8.82	-0.42	16.94	28.00	25.58
Czech Republic	-1.84	-9.05	-3.36	16.21	30.85	10.75
Peru	-2.09	-5.19	2.98	24.91	46.25	49.79
Taiwan	-2.31	-4.92	-1.37	3.26	31.30	15.17
U.A.E.	-2.37	-4.64	-6.76	-7.50	-4.71	-20.98
Malaysia	-2.57	-11.10	-6.83	1.94	4.63	-4.59
India	-2.61	-1.91	-9.36	5.45	30.00	22.93
Poland	-3.51	-12.70	-19.59	-9.04	32.07	-1.10
Turkey	-4.90	-26.69	-30.87	-27.48	-23.19	-32.65
South Africa	-5.16	-13.40	-16.02	3.65	11.69	-6.53
Chile	-5.21	-12.03	-11.47	11.21	28.77	25.40
China	-5.82	-4.18	-2.18	18.45	50.95	15.80
Philippines	-5.94	-11.72	-20.66	-13.73	-17.49	-17.57
Indonesia	-7.55	-12.42	-16.05	-11.66	-0.87	2.25
Brazil	-8.56	-26.68	-19.10	-3.18	11.76	1.54
Thailand	-11.08	-15.29	-11.95	2.96	15.92	7.03
Pakistan	-16.71	-14.74	-13.22	2.42	14.59	-4.12

Source: S&P Dow Jones Indices LLC. Data as of June 29, 2018. Past performance is no guarantee of future results. Table is provided for illustrative purposes. Returns shown are price returns.

Exhibit 5: S&P Global BMI, Developed, Sorted by June Performance

BMI MEMBER	1-MONTH (%)	3-MONTH	YTD (%)	1-YEAR (%)	2-YEAR (%)	3-YEAR (%)
Developed	-0.41	1.06	-0.60	9.37	27.57	21.20
Developed Ex-U.S.	-1.68	-1.99	-4.36	5.08	23.14	9.54
Belgium	2.06	-7.43	-6.84	-0.86	2.57	3.90
Spain	1.69	-5.18	-6.65	-5.07	24.01	-6.50
Norway	1.20	3.59	5.44	24.44	39.23	16.49
Portugal	1.02	-1.65	1.36	11.92	28.65	7.94
Switzerland	0.67	-4.00	-8.58	-4.79	9.56	-1.00
Australia	0.66	4.03	-3.06	5.65	19.41	11.13
United States	0.52	3.39	2.30	12.68	30.93	30.90
Israel	0.04	5.74	2.08	-1.84	3.52	-8.39
Canada	-0.08	4.06	-4.14	6.42	15.31	6.75
New Zealand	-0.17	0.71	0.53	5.52	15.38	40.18
Netherlands	-0.22	-2.92	-2.12	8.61	37.48	24.42
Italy	-0.54	-8.45	-4.23	6.86	40.04	1.76
Sweden	-0.79	-3.92	-7.34	-5.94	16.51	5.20
United Kingdom	-1.18	1.74	-2.99	6.58	17.17	-1.92
Finland	-1.19	-1.25	3.49	5.08	29.80	24.75
France	-1.20	-2.34	-2.24	6.82	34.02	20.39
Denmark	-1.30	-4.92	-5.98	3.04	10.61	12.92
Ireland	-2.16	2.23	-0.89	7.57	31.05	22.68
Japan	-2.69	-2.28	-2.79	9.31	28.17	17.54
Germany	-2.69	-5.90	-9.07	2.01	29.31	13.51
Austria	-3.52	-10.56	-6.47	10.77	68.71	46.69
Luxembourg	-4.91	-0.82	-4.69	6.33	32.95	-2.89
Hong Kong	-5.05	-2.29	-3.89	5.95	23.86	2.88
Singapore	-6.80	-9.49	-6.85	3.11	15.05	0.24
Korea	-7.30	-9.03	-9.30	3.32	29.27	19.68

Source: S&P Dow Jones Indices LLC. Data as of June 29, 2018. Past performance is no guarantee of future results. Table is provided for illustrative purposes. Returns shown are price returns.

Exhibit 6: Price-to-Earnings Ratios

INDEX	2015	2016	2017	ESTIMATED 2018
S&P 500	14.73	22.69	21.83	17.22
S&P 500 Consumer Discretionary	16.89	22.17	24.69	21.71
S&P 500 Consumer Staples	15.96	22.18	19.34	17.79
S&P 500 Energy	12.03	-38.97	42.25	19.10
S&P 500 Financials	13.46	16.83	16.59	13.02
S&P 500 Health Care	14.68	21.02	21.42	16.53
S&P 500 Industrials	14.76	19.49	19.88	16.15
S&P 500 Information Technology	14.19	22.20	24.09	18.88
S&P 500 Materials	16.20	38.50	21.17	15.76
S&P 500 Telecommunication Services	43.21	14.02	14.55	10.25
S&P 500 Utilities	14.84	22.21	18.12	16.63
S&P 500 Real Estate				38.46
INDEX	**2015**	**2016**	**2017**	**ESTIMATED 2018**
S&P MidCap 400	18.71	30.41	24.99	18.53
S&P 400 Consumer Discretionary	18.19	20.80	18.79	15.79
S&P 400 Consumer Staples	16.80	23.84	23.54	19.10
S&P 400 Energy	22.82	-4.95	-306.46	45.83
S&P 400 Financials	18.61	25.05	19.36	14.31
S&P 400 Health Care	21.24	27.39	36.68	23.24
S&P 400 Industrials	15.55	21.56	21.58	17.88
S&P 400 Information Technology	23.60	40.03	32.58	20.56
S&P 400 Materials	17.93	28.08	18.21	13.08
S&P 400 Telecommunication Services	34.07	13.29	-12.78	26.36
S&P 400 Utilities	15.52	23.42	20.70	21.27
S&P 400 Real Estate				29.59
INDEX	**2015**	**2016**	**2017**	**ESTIMATED 2018**
S&P SmallCap 600	22.04	42.43	32.62	20.25
S&P 600 Consumer Discretionary	21.45	23.16	25.13	16.19
S&P 600 Consumer Staples	18.26	20.41	29.29	19.40
S&P 600 Energy	77.57	-2.48	-30.14	28.59
S&P 600 Financials	20.10	26.37	20.42	15.14
S&P 600 Health Care	21.59	43.30	-671.01	37.31
S&P 600 Industrials	17.85	24.72	25.12	19.73
S&P 600 Information Technology	31.37	41.01	31.04	20.91
S&P 600 Materials	22.56	46.69	23.04	16.59
S&P 600 Telecommunication Services	24.20	36.50	...	-156.50
S&P 600 Utilities	16.69	23.40	26.61	23.69
S&P 600 Real Estate				…

Source: S&P Dow Jones Indices LLC. Data as of June 29, 2018. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

Exhibit 7: Operating EPS Changes

INDEX	Q3 2017 OVER Q3 2016	Q4 2017 OVER Q4 2016	Q1 2018 OVER Q1 2017	Q2 2018E OVER Q2 2017	Q3 2018E OVER Q2 2017	2017 OVER 2016 (%)	2018E OVER 2017 (%)
S&P 500	9.20	21.36	26.79	26.68	29.17	17.18	26.74
S&P 500 Consumer Discretionary	3.75	13.18	14.41	13.55	14.79	5.83	13.76
S&P 500 Consumer Staples	5.60	14.40	13.02	7.59	9.62	7.97	8.74
S&P 500 Energy	328.74	614.63	62.37	170.55	115.01	480.80	121.22
S&P 500 Financials	-12.29	13.31	15.37	21.06	40.72	11.77	27.45
S&P 500 Health Care	6.36	10.66	15.49	30.31	35.88	6.24	29.56
S&P 500 Industrials	7.33	19.85	40.19	15.96	18.88	11.90	23.11
S&P 500 Information Technology	32.18	38.80	48.54	35.89	27.70	33.20	27.59
S&P 500 Materials	9.92	31.73	18.83	28.22	38.54	31.95	34.28
S&P 500 Telecommunication Services	5.38	-23.62	32.96	27.50	39.05	3.25	41.94
S&P 500 Utilities	-5.48	27.50	18.67	8.50	5.79	6.29	8.95
S&P 500 Real Estate	-	-	-	-	-20.51	-	-6.25
INDEX	**Q3 2017 OVER Q3 2016**	**Q4 2017 OVER Q4 2016**	**Q1 2018 OVER Q1 2017**	**Q2 2018E OVER Q2 2017**	**Q3 2018E OVER Q2 2017**	**2017 OVER 2016 (%)**	**2018E OVER 2017 (%)**
S&P MidCap 400	-2.15	37.11	25.21	29.86	53.70	21.03	34.85
S&P 400 Consumer Discretionary	14.21	6.63	26.41	13.61	13.42	11.72	19.00
S&P 400 Consumer Staples	16.98	-0.66	40.17	20.10	16.36	4.50	23.28
S&P 400 Energy	-138.67	115.35	900.00	-9.29	144.27	96.99	768.75
S&P 400 Financials	-25.51	7.13	9.69	23.10	93.74	15.57	35.31
S&P 400 Health Care	37.27	16.00	15.97	135.56	34.95	3.43	57.81
S&P 400 Industrials	14.90	28.62	29.63	13.65	19.45	13.69	20.69
S&P 400 Information Technology	19.04	7.56	22.10	55.77	64.49	25.05	58.45
S&P 400 Materials	48.01	60.41	32.01	40.30	47.78	53.64	39.28
S&P 400 Telecommunication Services	-569.86	-324.44	183.04	133.42	143.44	-456.74	148.51
S&P 400 Utilities	1.67	10.38	10.62	6.77	-24.63	7.47	-2.67
S&P 400 Real Estate	-	-	-	-	25.35	-	8.79
INDEX	**Q3 2017 OVER Q3 2016**	**Q4 2017 OVER Q4 2016**	**Q1 2018 OVER Q1 2017**	**Q2 2018E OVER Q2 2017**	**Q3 2018E OVER Q2 2017**	**2017 OVER 2016 (%)**	**2018E OVER 2017 (%)**
S&P SmallCap 600	9.94	30.60	27.12	61.82	70.83	21.79	61.11
S&P 600 Consumer Discretionary	-8.01	28.81	40.37	45.05	89.11	0.67	55.22
S&P 600 Consumer Staples	-34.07	11.99	111.37	12.02	61.71	-16.14	51.00
S&P 600 Energy	63.43	73.61	101.76	423.13	202.00	82.77	205.41
S&P 600 Financials	-2.22	21.07	25.29	39.17	52.48	16.81	34.85
S&P 600 Health Care	897.92	-576.47	677.54	19353.85	128.91	-133.02	1898.25
S&P 600 Industrials	11.55	68.94	8.91	39.20	28.73	19.27	27.29
S&P 600 Information Technology	18.85	24.59	6.00	62.32	61.44	36.28	48.44
S&P 600 Materials	-16.88	47.40	11.17	36.12	54.61	21.74	38.90
S&P 600 Telecommunication Services	-50.00	-200.00	0.00	…	…	…	-
S&P 600 Utilities	-32.44	4.38	27.61	-5.45	-6.57	1.51	12.34
S&P 600 Real Estate	-	-	-	-	…	-	…

Source: S&P Dow Jones Indices LLC. Data as of June 29, 2018. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

Exhibit 8: Breadth of Change (Issues With Monthly Price Changes as Described by Type)

S&P 500

TYPE	JUNE 2018	AVERAGE % CHANGE	3-MONTH	AVERAGE % CHANGE	YTD	AVERAGE % CHANGE
Up	284	5.04	287	10.46	245	14.62
Down	221	-4.38	218	-7.71	260	-10.45
Up >= 10%	32	16.04	118	18.87	121	25.17
Down <= -10%	16	-14.69	65	-15.70	114	-17.81
Up >= 25%	5	28.64	23	35.03	45	41.01
Down <= -25%	1	-39.17	5	-34.17	18	-30.22
Up >= 50%	0	0.00	1	50.53	8	74.11
Down <= -50%	0	0.00	1	-54.05	0	0.00

S&P MIDCAP 400

TYPE	JUNE 2018	AVERAGE % CHANGE	3-MONTH	AVERAGE % CHANGE	YTD	AVERAGE % CHANGE
Up	215	5.83	255	12.95	207	15.42
Down	184	-5.06	138	-8.64	187	-11.92
Up >= 10%	36	15.37	130	20.99	107	25.17
Down <= -10%	20	-15.82	45	-17.68	89	-19.98
Up >= 25%	3	32.88	30	38.65	41	38.62
Down <= -25%	1	-59.18	6	-34.67	19	-34.41
Up >= 50%	0	0.00	5	63.31	8	63.22
Down <= -50%	1	-59.18	1	-61.31	1	-61.79

S&P SMALLCAP 600

TYPE	JUNE 2018	AVERAGE % CHANGE	3-MONTH	AVERAGE % CHANGE	YTD	AVERAGE % CHANGE
Up	338	6.95	434	19.05	358	25.50
Down	262	-5.60	166	-10.78	242	-13.97
Up >= 10%	71	17.96	271	27.56	246	34.73
Down <= -10%	43	-15.75	68	-19.94	131	-21.88
Up >= 25%	12	34.91	108	45.25	130	50.93
Down <= -25%	1	-27.86	13	-36.70	42	-33.00
Up >= 50%	1	55.11	32	72.72	45	79.98
Down <= -50%	0	0.00	1	-55.92	1	-67.57

DOW JONES INDUSTRIAL AVERAGE

TYPE	JUNE 2018	AVERAGE % CHANGE	3-MONTH	AVERAGE % CHANGE	YTD	AVERAGE % CHANGE
Up	17	3.15	18	7.25	12	10.44
Down	13	-3.38	12	-6.75	18	-8.70
Up >= 10%	1	10.98	7	12.69	6	16.04
Down <= -10%	1	-10.69	3	-11.57	7	-14.65
Up >= 25%	0	0.00	0	0.00	1	27.39
Down <= -25%	0	0.00	0	0.00	0	0.00
Up >= 50%	0	0.00	0	0.00	0	0.00
Down <= -50%	0	0.00	0	0.00	0	0.00

Source: S&P Dow Jones Indices LLC. Data as of June 29, 2018. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

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