

U.S. Equities August 2018

KEY HIGHLIGHTS

- The [S&P 500®](#) was up 3.03% in August, bringing the YTD return to 8.52%.
- The [Dow Jones Industrial Average®](#) gained 2.16% for the month and was up 5.04% YTD.
- The [S&P MidCap 400®](#) was up 3.03% for the month and up 7.58% YTD.
- The [S&P SmallCap 600®](#) was up 4.72% in August and up 17.31% YTD.

Exhibit 1: Index Returns

| INDEX | 1-MONTH (%) | 3-MONTH | YTD (%) | 1-YEAR (%) |
|------------------------------|-------------|---------|---------|------------|
| S&P 500 | 3.03 | 7.25 | 8.52 | 17.39 |
| Dow Jones Industrial Average | 2.16 | 6.34 | 5.04 | 18.30 |
| S&P MidCap 400 | 3.03 | 5.05 | 7.58 | 18.13 |
| S&P SmallCap 600 | 4.72 | 9.01 | 17.31 | 30.69 |

Source: S&P Dow Jones Indices LLC. Data as of Aug. 31, 2018. Past performance is no guarantee of future results. Table is provided for illustrative purposes. Returns shown are price returns.

MARKET SNAPSHOT

Everyone loves a party, and while August traditionally has many of them at the summer beach houses, the many parties this year appeared to be on the shore of Broad and Wall, as tourists climbed the stairs across the street to take pictures, with traders booking paper profits—though few actually took profits via reduced positions. Investors opened the month with a shiny Apple (AAPL), as the issue beat earnings and phoned in a 19.6% gain, becoming the first fully public company to post a market value above USD 1 trillion and closing the month with USD 1.1 trillion in market value; Amazon (AMZN) was right behind, at USD 982 billion. If you were able to buy one share at Apple's 1980 IPO price of USD 22, you would have USD 56 per share today (USD 0.39 per share adjusted for splits), with a market value of USD 12,747. An initial investment of USD 10,000 would be worth USD 5,794,218, without dividends. Apple and Amazon are 8.1% of the full S&P 500 market value, worth over USD 2 trillion, but at the end of 1982, International Business Machines and AT&T were 10.9% of the market value, with USD 110.8 billion combined.

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S&P Dow Jones Indices' Market Attributes® series provides market commentary highlighting developments across various asset classes.

The real fruit of the month, and of more relevance, was the return of the new closing high, as the S&P 500 broke out of its trading range (the old high of 2,872.87 on Jan. 26, 2018, and the recent low of 2,581.00 on Feb. 8, 2018) on the top side to post new intraday and closing highs. The S&P 500 set its 15th record closing high for the year on Aug. 24, 2018, at 2,874.79—210 days after the prior record close. The index then went on to post its 16th, 17th, and 18th record highs, with the latest record close on Aug. 29, 2018, at 2,914.04 (there have been 88 new closing highs since the U.S. Nov. 8, 2016, election). The index broke above 2,900 for the first time (it broke through 2,800 on Jan. 17, 2018); the new record intraday high was 2,916.50, set on the same day as the new closing high.

The current bull market has become the oldest on record for the S&P 500, at 3,462 days and counting, replacing the prior 1990-2000, 3,452-day record set in Y2K. The continuing bull (since March 9, 2009) has gained an annualized 16.60% in price return terms (329% for the full period) and 19.08% with dividends reinvested (423%). Consumer Discretionary led the pack, with an annualized return of 25.43% (756%), and Energy was the lowest, posting an 8.83% annualized return (123%). However, the key question is, can it continue? At this point, the fundamentals are positive: record-setting earnings (with 98% of Q2 2018 reported, the quarter is setting a new record, along with a 26.9% year-over-year gain), record sales (up 11.2% year-over-year) and new record margin (11.57%), as well as low unemployment and higher consumer spending, as the economy continues to grow (helped by tax cut spending, based on the initial reports). The negatives are increasing interest rates (although it may be gradual, as many expect the FOMC to increase them at the Sept. 25-26, 2018, meeting), with flat curves, debt cost (more debt, even if rates rise slowly, eventually will cost much more), the Fed's balance sheet, tariffs, and trade. Momentum is positive at this point, as the prior trading range (if we don't slip back into it) seemed to have given anyone who wanted out an opportunity (and the support level to do it), leaving a stronger base. On both the negative and positive side, the market didn't turn into a Turkey (and there was limited contagion), but the bird was sliced, as the concern over the Turkish economy increased (more specifically the 20% bond rate and fixed income securities held by EU members and institutions), and the country's currency and markets significantly decreased. South of the U.S., Argentina's central bank increased interest rates to 60%, as the Argentine peso continued to decline; the country asked for an early release of an IMF USD 50 billion loan.

For the S&P 500, Q3 2018-to-date (two months) has come in strong (so much for the summer doldrums), and the index posted gains for eight of the nine weeks (it was down 0.25% the week the Turkey news broke), posting a pleasing and unexpected 6.74% return. Before you go out and pop the cork to celebrate, the gains have not been universal, as the higher U.S. dollar, trade issues (NAFTA is two-thirds done, as low-level U.S.-Chinese talks have come and gone, with the Street believing that they will start up again), and politics have muddied the waters, headlines, perceptions, and returns, as these factors have increased blood pressures, but more pleasingly, the market (at least the U.S. market).

Overall, the quarter-to-date has been nice for those who are long equities (or short energy, off 2.49% for the month), but not so for some specific headline bellwether investments. Specifically, oil closed the second quarter (June 30, 2018) at USD 74.31 (USD 60.09 at year-end 2017) and has since tested the USD 64 level, to close at USD 69.92. The British pound sterling seemed to exit returns, closing at 1.2960, down from 1.3205 (breaking under 1.2700; 1.3498 at year-end). The U.S. 10-Year Treasury Bond, which closed June at 2.86% (2.41% at year-end) and was expected to increase (helped by the FOMC), was down from July's 2.96%. Gold did not shine and broke under USD 1,200 to close at USD 1,205 from Q2's USD 1,254 close (USD 1,305 at year-end). Then there were foreign markets, with

developed markets (ex-the U.S.) in the red, and emerging markets deeply in the red. For this snapshot, U.S. equities have been and are doing well, which can help via copycat investing, but it can also make it a target for profit-taking, as protecting what you have sometimes overpowers greed.

Trade issues continued to dominate the news and global markets, as a new NAFTA agreement with Mexico was completed, with the third partner, Canada, still in negotiations and set for next week (as the U.S. and Mexico said they would go it alone without Canada if Canada did not make concessions). The U.S.-Chinese issues and actual tariffs increased (although there was a low-level meeting); strong earnings and sales continued to dominate the U.S. market, as a new closing high was posted; foreign markets, however, performed poorly.

The S&P 500 closed at 2,901.52, up 3.03% (up 3.26% with dividends) from last month's 2,816.29 close, when it rose 0.48% (0.62%); for the three-month period, the index was up 7.25% (up 7.76% with dividends); year-to-date, the index was up 8.52% (9.94% with dividends), with the one-year period up 17.39% (19.66% with dividends) and up 35.61% (40.61%) from the Nov. 8, 2016, election's 2,139.56 close. The index posted four new closing highs for the month and 18 YTD (last closing high on Aug. 29, 2018, at 2,914.04), with 62 for 2017 (second only to the 77 posted in 1995) and 88 from the election. The Dow[®] closed at 25,964.82, up 2.16% (up 2.56% with dividends) from July's 25,415.19, when it was up 4.71% (4.83%), with the three-month return up 6.34% (6.99%), and a YTD gain of 5.04% (6.73%). The Dow failed to post any new highs (11 YTD; last closing high on Jan. 26, 2018, at 26,616.71), though it had a record-setting 71 in 2017 (from 1896; 1995 had 69), and 99 from the election.

Bitcoin rebounded to close at USD 7,067, trading as high as USD 7,761 and as low as USD 5,891, up from July's USD 7,703 (USD 13,850 at year-end 2017 and USD 968 at year-end 2016). One-year bottom-up target prices continued to inch up, matching the market; the S&P 500 target price was 3,093 (6.60% from here; 3,053 in July), as The Dow's was 28,261 (8.84% from here; 27,831 in July).

With 97.8% of S&P 500 earnings reported, an unusually high 79.7% of the issues have beaten their operating estimates, as EPS are setting a third consecutive record quarter (with Q3 2018 expected to set a fourth). Operating margins are setting a record at 11.57% (the prior record was 11.40%); the 20-year average is 8.08%. Sales are posting a strong 11.2% year-over-year gain, a potential new record, and from my point of view, they may be the major takeaway from the earnings season. Currently, 397 of the 498 issues have reported beats on operating earnings, with 75 missing and 26 meeting their expectations. For the 495 issues with full sales data, 365 have beaten estimates (73.7%). For all of 2018, earnings are on track to post a 26.7% gain over 2017 (with taxes getting most of the credit), and 2019 estimates are pointing to a 12.2% gain over 2018 (but are still seen as slightly optimistic given the uncertainties of the economy). With 98.2% of buybacks reported (USD 185.1 billion), Q2 2018 is running 3.0% below the record Q1 2018 period (USD 189.1 billion) and 55.1% ahead of Q2 2018. The August 2018 cash dividend payment of USD 6.43 per share marked a 4.17% gain over the August 2017 payment, as the YTD USD 35.53 was up 7.94% over the same period for 2017. There were 277 dividend increases YTD, with only one decrease. The lone decliner, Wyndham Worldwide, did a spinoff (with the two dividends rated the same as the pre-spinoff rate). I find no parallels in my index history to compare this to (my data starts in 2003). For August, the median dividend increase was 14.81%, up from July's 13.04% and June's 10.26%, and the YTD median was 10.34%. The average increase was 16.59% (last month was 17.95%). Year-to-date, the average increase was 14.45% (July was 14.29%), up from 2017's 11.36%. With the trailing 12-month payment (through August) up 7.39% year-over-

year, 2018 is expected to set another record. 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, but at this point, it appears to be a long shot (but it's a nice area to be in).

Trump said he was willing to meet with Iran's president with no conditions, but Iran turned the invitation down. Later in the month, the U.S. Department of Energy announced that it is offering to sell 11 million barrels of oil from the Strategic Petroleum Reserve ahead of sanctions on Iran. Trump moved toward reinstating sanctions on Iran (90 days after the U.S. withdrew from the nuclear deal), which would take effect on Nov. 5, 2018, restricting the sale of U.S. currency and products unless Iran agrees to tougher steps on their nuclear program. The Ohio special election for a member of the House of Representatives was initially too close to call, as a full count of absentee and provisional ballots resulted in Republican Troy Balderson beating Democrat Danny O'Connor (by 1,680 votes); Democrats need to add 23 additional seats in the House to win control (for the Nov. 6, 2018 election).

The Turkish lira and equity market continued to decline, as U.S. sanctions added additional pressure to the Turkish economy (in an effort to have Turkey free an imprisoned American). Emerging markets declined on concern, although full contagion was not seen. Turkey said it would boycott U.S. electronics, as Qatar said it would invest USD 15 billion in the Turkish economy in a show of support. Trump announced sanctions against Turkey over an American pastor accused of supporting a coup in Turkey two years ago; Turkey took a confrontational stance to the announcement. The next week, Trump tweeted that tariffs on Turkish aluminum and steel would be doubled, and the Turkish lira declined, with the Turkish 10-year bond trading over 20%, as European markets declined on the situation.

Trump planned to roll back Environmental Protection Agency restrictions on coal-burning power plants. The U.S. imposed additional sanctions on Russia over its nerve-agent poisoning of a former spy in the UK; the Russian ruble fell to a two-year low against the U.S. dollar after the announcement. Tariffs for USD 16 billion against China took effect, as China implemented an equal amount against the U.S., bringing the total combined implemented tariffs to USD 100 billion (with more in the works), as lower-level direct U.S.-China trade talks started up again, with both sides presenting their arguments, but not yet negotiating. Related, Chinese exports and imports to the U.S. increased ahead of the expected tariffs, as companies tried to stock up on materials and supplies; the buildup is expected to reduce Q3 2018 orders, subject to the trade and tariff situation.

The U.S. and China resumed trade talks (halted in May) with a low-level meeting, as the current status of trade tariffs appears to be heading for another round. Both sides seem to be stuck in a public position (Trump and Xi Jinping will meet in November). India increased its benchmark interest rate by 0.25% (to 6.5%), as it tries to control inflation and capital outflows. The Bank of England unanimously voted to increase interest rates to 0.75% from 0.50%, the highest rate since 2009 (1.00%). The Reserve Bank of Australia held its interest rate overnight at 1.5% (the same level it has held for two years), as it acknowledged uncertainty and the damage to Australia's farms over the recent drought. Venezuela devalued its currency (by 96%) and increased its minimum wages (3,000%) in an attempt to stabilize the economy.

The U.S. FOMC met and kept interest rates unchanged, saying that the economy was "strong" and the outlook was optimistic. The market interpreted these remarks as confirmation of an increase at the next meeting on Sept. 25-26, 2018. The members also saw labor markets as strong, with wages

expected to increase soon. At the annual Kansas City Fed's symposium in Jackson Hole, Chairman Jerome Powell defended the FOMC policy of gradual interest rate increases (appreciated by the market). Most interpreted the remarks as affirmation that rates would be increased again at the next FOMC meeting on Sept. 12-13, 2018 (the Dec. 18-19, 2018, action is still being debated, but more are saying "no" than "yes"—but "they" don't vote). Similar to the FOMC meeting notes, the Chairman did not remark on Trump's critique of the FOMC's recent interest rate increases. The Senate confirmed Trump's appointee Richard Clarida (PIMCO managing director and Columbia University economist) to become the Federal Reserve vice-chairman.

The 10-year U.S. Treasury Bond closed the month at 2.86%, down from last month's 2.96% (2.41% for year-end 2017 and 2.45% for year-end 2016). The pound closed down at 1.2960 from 1.3123 in July (1.3498 for year-end 2017 and 1.2345 for year-end 2016), the euro moved down to 1.1606 from 1.1693 (1.2000, 1.0520), the yen closed at 111.173 from 111.84 (112.68, 117.00), and the yuan closed at 6.8318 from last month's 6.8112 (6.5030, 6.9448). Oil increased to close at USD 69.92 from July's USD 68.43 but was down from June's USD 74.31 (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 2.906, down from last month's USD 2.924 per gallon (USD 2.589, USD 2.364). Gold was down for the month, closing at USD 1,205.30 from 1,232.90 for July (USD 1,305.00 for year-end 2017 and USD 1,152.00 for year-end 2016). VIX closed at 12.86, trading as high as 16.86 and as low as 10.17, up from July's 12.84 (11.05 at year-end 2017 and 14.04 at year-end 2016).

INDEX REVIEW

S&P 500

The S&P 500 made it two months of strong returns in a row (6.74%), as the slow summer doldrums have been replaced by slow trading, but strong gains. For August, the index registered another broad gain, posting a 3.03% return (3.26% with dividends), after last month's broad 3.60% increase (3.72% with dividends), its fifth consecutive month of gains, and six out of the eight YTD). The down months of February (-3.69%) and March (-2.69%), which resulted in an official correction (down over 10% from the high), have been replaced by new record highs. For the three-month period, the index return was up 7.25% (7.76%), as it was up 8.62% YTD (9.94%), with the one-year return up 17.39% (19.66%), and the gain from the U.S. Nov. 8, 2016, election (of Trump; the next election is Nov. 6, 2018) of 35.61% and 40.61% with dividends. The YTD return of 8.62% annualized out to a 15.16% rate, not bad for an aging bull, which is 9.5 years old and still setting new highs (the average bull lives 5.1 years). In August, the aging bull became the longest running bull market in S&P 500 history (113.4 months on Aug. 22, 2018), as it boasts a return of 329% for stock and 423% with dividends. Energizing the market has been better-than-expected earnings (which set a new record), as the tax reduction has made it easy for companies to book record profits and share some of it with shareholders via higher dividends and buybacks.

August, similar to July, saw its volatility decrease, as none of the 23 trading days moved at least 1%, with the last up 1% day being June 1, 2018 (1.08%) and last 1% decline being on June 25, 2018 (-1.37%), with the last 2% move (up or down) being in April 2018. The monthly high/low spread also decreased to 4.30% from last month's 5.52%, which was up from June's 3.70%; the one-year average monthly spread was 5.38%, and the 10-year average was 7.19%. Trading volume increased 7% for the month, but adjusted for actual trading days (23 versus 21) it was down a tick, after July's 17% decline;

year-over-year trading was down 2%. Sector return variance increased after three months of declines, as prices continued up. For the month, the spread between the best (Information Technology) and worst sector (Energy) was 10.53%, up from July's 6.25%, June's 7.13%, and May's 9.41%; the one-year average was 11.00%, and the YTD snapshot spread was 27.26%.

For the month, 8 of the 11 sectors gained, down from all 11 gaining last month, and 8 were also up in June. The overall results reflected the broad earnings gains, helped by lower tax rates, and trade issues, which appeared to be moving forward. The gains, however, were not universal, as commodity-based groups (Energy and Materials) fell, with Industrials mixed (as it reacted to specific trade and tariff issues). For the month, Information Technology did the best, up 6.74% after last month's 2.04% gain, as Apple added 19.2% (up 34.5% YTD) and passed the USD 1 trillion mark in market value (closing with USD 1.10 trillion). Year-to-date, Information Technology was up 19.98% and up 65.99% from the U.S. Nov. 8, 2016, election. Health Care was next, as it added 6.48% for the month (after last month's 1.51% subpar gain, when the index was up 3.60%), as it was up 12.03% YTD. Consumer groups differed, but at least both were positive. Consumer Discretionary gained 4.98% for the month and was up 18.32% YTD (just behind Information Technology), as Amazon added 13.2% for the month and was up 72.1% YTD, approaching the USD 1 trillion mark and closing with USD 982 billion in market value. Consumer Staples added 0.34% for the month, but it remained 6.11% in the red YTD. Energy did the worst, as oil declined (but saw some support, limiting the fall) to post a 3.79% loss, but it remained positive YTD, up 2.66%. Materials was off 0.74%, as it continued down YTD, off 1.94%, and Industrials was the third sector in the red for the month, off 0.01% but up 1.24% YTD.

Breadth remained strongly positive, but did decline, as 315 issues gained (an average gain of 5.47%), down from July's 381 gainers but up from June's 284, as 41 issues gained at least 10% (average 14.54% YTD), down from 54 last month (and 32 the month before that). On the down side, 189 issues fell (an average 4.32% each), up from 124 in July and down from June's 221, as 19 issues fell at least 10% (off an average 13.70% each), up from 15 in July (16 in June). Year-to-date, breadth remained positive and increased, as 304 issues were up (an average of 18.81% each), up from 289 in July (245 in June), with 188 (154) up at least 10% and 79 (58) of them up at least 25%; 201 (216) issues declined (an average of 11.15% each) YTD, as 90 (85) were off at least 10% YTD, with 22 (16) of them down at least 25%.

The Dow

For July, The Dow closed at 25,964.82, up 2.16% (2.56% with dividends) from July's 25,415.19 close, when it added 4.19% (4.83% with dividends), and June's 24,271.41 close, when it was down 0.59% (-0.49% with dividends). For the three-month period, The Dow added 6.34% (6.99% with dividends), up 5.04% YTD (6.73% with dividends), again leaving The Dow as the worst performer of the four core indices, as the one-year return was 18.30% (21.00% with dividends). The Dow briefly reached 26,000, crossing above it twice (26,064.02) but closing short at month-end, as it failed to set a new high and remained 2.45% away from its closing high of 26,616.71 from Jan. 26, 2018.

For the month, 21 of the 30 issues gained, with an average gain of 4.83%, down from 25 last month (17 the month before that), as 9 issues gained at least 10% (3 did so last month). The 9 declining issues averaged a 2.76% loss, compared with last month's 5 decliners (and 13 the month before that). For the three-month period, 27 issues gained (versus 23 issues at the end of June), with 18 up at least 10% (7 last month), and 3 were down (7 last month), with 2 down at least 10% (none last month). Year-to-date, breadth remained positive, but declined, as 16 issues gained (an average of 16.26% each), down

from 17 last month, with 14 down (for an average decline of 5.57%), versus 13 in July; 9 issues added at least 10% YTD, and 2 declined at least 10% YTD.

Issues continued to vary in August. Last month's new kid on the block, drugstore Walgreens Boots Alliance (WBA; added on June 26, 2018) thanked The Dow with a 12.67% gain in July and continued to thank The Dow in August and added 7.43%, but it remained down 2.93% YTD (so The Dow got the rebound, but didn't have to book the decline). This month's shining star was Apple, which did the best and passed the USD 1 trillion mark (closing at USD 1.1 trillion), as the largest company in the world posted a 19.62% August gain (lifting many portfolios), and it was up 34.51% YTD. Network maker Cisco Systems (CSCO) added 12.96%, as it was up 24.73% YTD, while charge card issuer Visa (V) added 7.42% and was up 28.83% YTD. On the down side was oil issue Chevron (CVX), which declined 6.19% and fell into the red YTD, off 5.38%, as Exxon Mobile (XOM) lost 1.64% and was down 4.15% YTD. Financials was mixed, as JPMorgan Chase (JPM) fell 0.32% (up 7.14% YTD), Goldman Sachs (GS) added 0.16% (off 6.65% YTD), and insurance issue Travelers (TRV) gained 1.12% (off 2.98% YTD). Of note, heavy machinery issue Caterpillar (CAT) lost 3.14%, as it was down 11.89% YTD, the worst of any Dow issue.

S&P MidCap 400

The S&P MidCap 400 posted a 3.03% gain, the same as its large-cap peer, after last month's 1.68% gain (when it was the lowest of the four) and after the prior month's 0.27% gain. The three-month gain was 5.05% (also the lowest), the YTD return was 7.58%, and the one-year gain was 18.13%.

The S&P MidCap 400 posted gains for 10 of the 11 sectors, up from 6 last month and 7 the month before that. Sector returns, however, continued to vary, and the spread between the best and worst group increased to 20.94% from July's 13.20% and June's 10.79%, as Telecommunication Services rebounded; excluding Telecommunication Services, the spread declined to 9.57%. The three-month spread was 18.46% (24.41% in July), with the one-year spread at 54.94% (57.02%), demonstrating the blending of sectors (Energy was up 49.09% for the one-year, and Materials was down 0.88%). Telecommunication Services continued on its rollercoaster, gaining 18.97% in August—the best of any sector in any index—as it was the worst in July, off 7.91%, after it did the best in June, up 7.32%, and it posted an 8.05% YTD gain. Information Technology was next, adding 7.60% for the month and up 15.49% YTD. Health Care moved up 6.16% for August and was up 32.19% YTD, the best of any mid-cap group. Energy gained 1.46%, and it was up 15.83% YTD. Consumer Staples moved up 4.27%, and Consumer Discretionary added 2.56%, posting 1.87% and 1.01% YTD returns, respectively.

Breadth increased for August, as 280 issues gained (an average of 6.20% each), up from July's 239 and June's 215 issues, as 117 issues declined (an average of -5.34% each), down from last month's 159 issues, but up from June's 184. For the month, 53 issues (46 last month) gained at least 10% (average 17.41%), as 17 (16) declined at least 10% (average loss of 15.14%). Year-to-date, breadth remained positive and improved, with 247 (227) gaining (average 20.20%) and 146 (167) declining (-14.25%), as 153 (122 last month) were up at least 10% and 72 (82) were down at least 10%.

S&P SmallCap 600

The S&P SmallCap 600 continued its winning ways in August. For the month, the index posted a 4.72% gain, the best of any headline index, after July's 3.10% gain and after adding 0.89% in the prior month. The three-month return posted a 9.01% gain, as it was up 17.37% YTD and up 30.67% for the one-year period—all the best of any core index.

The gains were broad, with 10 of the 11 sectors up, which was down from all 11 last month, and 10 were also up in June. Sector variance increased, as the difference between the best and worst sector was 13.92%, up from July's 6.33% spread and June's 7.97%. Health Care did the best, up 8.92%, as it posted a 47.23% YTD gain. Consumer Discretionary was next, up 7.54% (up 17.18% YTD), as Consumer Staples added 3.63% (up 12.51% YTD). Energy did the worst, off 5.00%, as its YTD gain was reduced to 6.14%.

For the month, breadth improved, as 393 issues gained in August (an average of 10.10% each), up from July's 377 issues and June's 338. On the down side, 209 fell (an average decline of 7.85%), down from last month's 224 and June's 262. Gains of at least 10% increased to 141 from last month's 94 (71 the month before that), with 59 (38 last month and 43 the month before that) issues off at least 10%. Year-to-date, breadth improved (again), as 409 issues were up (an average gain of 32.78%) from July's 381, as 194 (220) were down (with an average loss of 17.11%). Year-to-date, over 68% of the index moved up at least 10%, as 292 (277) moved up and 117 (126) moved down at least 10%, while 178 issues moved up at least 25%, and 46 declined at least 25%.

S&P Global BMI

It was another Home Sweet Home moment for U.S. investors, as the U.S. continued to significantly outperform the rest of the world. For August, global markets posted a consolidated 0.70% gain, but absent the U.S.'s 3.26% gain, global markets were down 2.12% for the month. The view of the U.S.'s dominance is not new, as the YTD performance has the U.S. up 9.06% and global markets ex-the U.S. down 5.22%. Longer-term yardsticks continue the pattern, as the two-year global return was 26.00% with the U.S. and 17.42% without it, and the three-year return was up 32.61%, but absent the U.S., it was up 19.09%.

Trade issues continued to affect markets, with the U.S.-China talks being the major one. Progress on a NAFTA agreement was seen, as the U.S. and Mexico came to an agreement, and talks with the third partner, Canada, continued. Sanctions on Iran also played out, as some negotiations appeared to be possible. The overall August market was up, as the S&P Global BMI increased USD 380 billion for the month (up USD 1,378 billion in July) and was up USD 730 billion YTD (up USD 350 billion last month). The reality, however, was in the breakdown, as non-U.S. markets declined USD 563 billion for the month, and U.S. markets gained USD 944 billion. The telling stat YTD was that non-U.S. markets lost USD 1.428 trillion, and the U.S. market made USD 2.158 trillion.

Global markets were up 0.70% for the month, but excluding the U.S.'s 3.26%, they were down 2.12%; year-to-date, global markets were up 1.97%, but excluding the U.S.'s 9.06% gain, they were down 5.22%. Emerging markets were down 3.78% for the month and off 8.87% YTD. Developed markets were up 1.19% for the month and up 3.26% YTD, but excluding the U.S., they were down 1.68% and down 4.22%, respectively.

For August, global markets increased 0.70%, after July's 2.60%, June's 0.82% decline, and May's 0.09% gain, as 12 of the 48 markets posted gains, down from 40 last month and 12 the month before that, while the U.S. dominance (and outperformance) continued to affect the overall results. For August, the U.S. gained 3.26% (up 3.25% last month), as the global ex-U.S. return for August was -2.12% (July was 1.91%). For the three-month period, the S&P Global BMI was up 2.47%, with the U.S. up 7.17%, and global markets excluding the U.S. were down 2.50%; year-to-date, the S&P Global BMI was up 1.97%, but excluding the U.S.'s 9.06%, it was down 5.22%. For the one-year period, the U.S. outperformed, as global markets were up 9.61%, and absent the U.S.'s 18.07% return, they were up 1.14%. Since the U.S. election (Nov. 8, 2016), the non-U.S. global market underperformed the U.S., returning 18.84%, while the U.S. gained 36.74%. Over the longer term, the U.S. has also done better, as the global three-year return was 32.61%, but absent the U.S.'s 46.51%, the three-year return was 19.09%.

Sector variance increased, as 4 of the 11 sectors gained, down from all 11 last month (6 gained the month before that). The spread between the best (Information Technology, up 5.17%) and worst (Energy, off 3.28%) sectors for the month was 8.45%, up from last month's 4.52% and the prior month's 4.57%. Year-to-date, Information Technology did the best, up 13.68%, as Telecommunication Services did the worst, off 9.12%, resulting in a 22.80% spread.

Emerging markets returned to the red in August, posting a 3.78% decline, after July's 2.08% gain (June fell 4.32% and May declined 3.17%), as the three-month return was -6.04%, with the YTD return down 8.87%. For August, 6 of the 23 markets gained, down from 17 last month and 5 in June. The one-year return turned negative, off 3.60%, as the two-year period was up 16.79%, with the three-year return up 28.57%. Egypt did the best, up 2.35% for the month and posting a 7.31% YTD gain. Thailand was next, up 2.24% but down 3.78% YTD, followed by Philippines, which added 1.83% but was down 14.05% YTD. Turkey did the worst, off 28.52% for the month, as it fell 54.16% YTD. Brazil fell 11.95% and was off 20.73% YTD, as South Africa declined 10.20% and was off 20.78% YTD.

Developed markets continued to be profitable, thanks to the U.S., as they were up 1.19% after July's 2.66% gain, but absent the U.S., August was down 1.68% and July's gain was cut to 1.86%. For the three-month period, developed markets were up 3.46% but down 1.54% without the U.S., as the YTD return was 3.26%, but excluding the U.S., it was -4.22%. Only 6 of the 25 markets gained, down from 23 last month and 8 the month before that. Israel did the best, up 5.95% and up 11.36% YTD, followed by the U.S., which added 3.26% and was up 9.06% YTD, and then Korea, which gained 2.19% but was down 9.10% YTD. Italy did the worst, off 8.75% and off 9.96% YTD, followed by Spain, which fell 5.03% (off 9.04% YTD) and then Belgium, which was off 4.57% and off 9.04% YTD. Notably, Japan fell 0.03% and was off 2.68% YTD, as Germany lost 2.92% and was down 7.91% YTD, with Canada down 1.23% and down 3.53% YTD.

PERFORMANCE RECAP

| Exhibit 2: Monthly Returns | | | | | | | |
|------------------------------|----------|-------------|-------------|---------|------------|------------|--------------|
| S&P 500 | PRICE | 1-MONTH (%) | 3-MONTH (%) | YTD (%) | 1-YEAR (%) | 3-YEAR (%) | FR 12/99 (%) |
| Energy | 547.58 | -3.79 | -1.93 | 2.66 | 18.62 | 13.09 | 157.42 |
| Materials | 371.60 | -0.74 | 2.31 | -1.94 | 7.81 | 36.83 | 132.31 |
| Industrials | 645.72 | -0.01 | 3.57 | 1.24 | 10.95 | 46.53 | 136.20 |
| Consumer Discretionary | 929.23 | 4.98 | 10.52 | 18.32 | 30.49 | 56.42 | 210.46 |
| Consumer Staples | 551.48 | 0.34 | 8.56 | -6.11 | -1.84 | 13.88 | 165.07 |
| Health Care | 1071.38 | 4.18 | 12.60 | 12.03 | 14.19 | 31.70 | 227.86 |
| Financials | 469.32 | 1.18 | 4.24 | 1.16 | 14.90 | 48.84 | 45.88 |
| Information Technology | 1327.21 | 6.74 | 8.48 | 19.98 | 31.13 | 97.91 | 64.37 |
| Telecommunication Services | 153.99 | 2.93 | 6.30 | -7.27 | -1.82 | 5.03 | -52.30 |
| Utilities | 269.70 | 0.59 | 4.95 | 0.87 | -2.73 | 25.86 | 89.35 |
| Real Estate | 208.46 | 2.23 | 7.26 | 2.26 | 2.70 | 20.02 | - |
| S&P 500 | 2901.52 | 3.03 | 7.25 | 8.52 | 17.39 | 47.12 | 97.48 |
| DOW JONES INDUSTRIAL AVERAGE | PRICE | 1-MONTH (%) | 3-MONTH (%) | YTD (%) | 1-YEAR (%) | 3-YEAR (%) | FR 12/99 (%) |
| Dow Jones Industrial Average | 25964.82 | 2.16 | 6.34 | 5.04 | 18.30 | 57.10 | 125.84 |
| S&P MIDCAP 400 | PRICE | 1-MONTH (%) | 3-MONTH (%) | YTD (%) | 1-YEAR (%) | 3-YEAR (%) | FR 12/99 (%) |
| Energy | 489.03 | 1.46 | 1.04 | 15.83 | 49.09 | -7.57 | 178.71 |
| Materials | 507.41 | -1.97 | -0.89 | -0.88 | 8.63 | 53.78 | 357.25 |
| Industrials | 1054.43 | 1.59 | 5.80 | 2.91 | 19.03 | 56.01 | 492.32 |
| Consumer Discretionary | 803.68 | 2.56 | 4.51 | 1.01 | 16.84 | 17.14 | 304.03 |
| Consumer Staples | 1759.28 | 4.27 | 7.48 | 1.87 | 9.05 | 8.55 | 909.83 |
| Health Care | 2111.94 | 6.16 | 15.08 | 32.19 | 36.21 | 72.22 | 1093.76 |
| Financials | 1036.26 | 1.76 | -0.24 | 2.52 | 15.34 | 50.85 | 213.22 |
| Information Technology | 2670.59 | 7.60 | 9.29 | 15.49 | 24.31 | 78.67 | 216.93 |
| Telecommunication Services | 159.38 | 18.97 | 17.57 | 8.05 | -5.85 | -38.23 | -66.31 |
| Utilities | 554.01 | 0.31 | 2.91 | 4.95 | 4.32 | 47.80 | 299.95 |
| Real Estate | 238.76 | 2.57 | 5.26 | 4.82 | 5.35 | - | - |
| S&P MidCap 400 | 2044.70 | 3.03 | 5.05 | 7.58 | 18.13 | 44.32 | 359.82 |
| S&P SMALLCAP 600 | PRICE | 1-MONTH (%) | 3-MONTH (%) | YTD (%) | 1-YEAR (%) | 3-YEAR (%) | FR 12/99 (%) |
| Energy | 596.28 | -5.00 | -5.30 | 6.14 | 35.50 | -17.34 | 283.71 |
| Materials | 562.58 | 0.74 | 4.83 | 6.47 | 21.69 | 59.68 | 308.08 |
| Industrials | 1237.10 | 4.43 | 11.73 | 16.84 | 36.75 | 70.82 | 518.74 |
| Consumer Discretionary | 655.52 | 7.54 | 12.24 | 17.18 | 37.41 | 40.59 | 383.67 |
| Consumer Staples | 1995.08 | 3.63 | 11.81 | 12.51 | 24.39 | 50.54 | 900.79 |
| Health Care | 3470.78 | 8.92 | 15.89 | 47.23 | 64.47 | 105.73 | 1817.13 |
| Financials | 1157.72 | 2.42 | 3.76 | 11.57 | 24.91 | 61.24 | 295.25 |
| Information Technology | 784.19 | 7.09 | 9.35 | 17.50 | 20.80 | 83.65 | 186.76 |
| Telecommunication Services | 3.37 | 7.32 | 14.24 | 18.66 | 13.85 | 56.02 | -95.41 |
| Utilities | 986.44 | 0.53 | 3.09 | 2.80 | 2.40 | 59.42 | 425.54 |
| Real Estate | 205.97 | 3.14 | 7.15 | 1.26 | 0.92 | - | - |
| S&P SmallCap 600 | 1098.36 | 4.72 | 9.01 | 17.31 | 30.69 | 62.75 | 455.32 |

Source: S&P Dow Jones Indices LLC. Data as of Aug. 31, 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 | 3.26 | 7.76 | 9.94 | 19.66 | 56.55 | 97.01 | 180.44 |
| S&P MidCap 400 | 3.19 | 5.46 | 8.68 | 20.00 | 51.46 | 86.68 | 192.93 |
| S&P SmallCap 600 | 4.83 | 9.37 | 18.30 | 32.46 | 69.69 | 105.05 | 222.94 |
| S&P Composite 1500 | 3.30 | 7.65 | 10.10 | 20.06 | 56.56 | 96.43 | 182.89 |
| Dow Jones Industrial Average | 2.56 | 6.99 | 6.73 | 21.00 | 69.23 | 98.00 | 192.64 |

Source: S&P Dow Jones Indices LLC. Data as of Aug. 31, 2018. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

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

| BMI MEMBER | 1-MONTH (%) | 3-MONTH | YTD (%) | 1-YEAR (%) | 2-YEAR (%) | 3-YEAR (%) |
|----------------|-------------|---------|---------|------------|------------|------------|
| Global | 0.70 | 2.47 | 1.97 | 9.61 | 26.00 | 32.61 |
| Global Ex-U.S. | -2.12 | -2.50 | -5.22 | 1.14 | 17.42 | 19.09 |
| Emerging | -3.78 | -6.04 | -8.87 | -3.60 | 16.79 | 28.57 |
| Egypt | 2.35 | -2.39 | 7.31 | 17.11 | -2.74 | -3.01 |
| Thailand | 2.24 | -2.84 | -3.78 | 6.98 | 15.86 | 34.94 |
| Philippines | 1.83 | 1.89 | -14.05 | -6.30 | -12.24 | -1.21 |
| Hungary | 1.80 | 4.27 | -14.06 | -13.17 | 26.30 | 65.38 |
| Qatar | 0.54 | 11.12 | 15.07 | 11.86 | -7.12 | -9.96 |
| India | 0.15 | 2.66 | -4.45 | 4.62 | 27.07 | 40.22 |
| Indonesia | -0.01 | -5.27 | -13.97 | -9.36 | -5.16 | 22.04 |
| U.A.E. | -0.07 | 2.97 | -1.67 | -6.75 | -3.08 | -10.56 |
| Taiwan | -0.25 | -0.70 | 0.26 | 2.05 | 25.53 | 42.34 |
| Poland | -0.26 | 5.49 | -12.09 | -10.96 | 34.47 | 14.61 |
| Malaysia | -0.52 | 1.67 | -2.77 | 5.49 | 7.20 | 19.35 |
| Czech Republic | -2.23 | 1.61 | 0.03 | 10.70 | 36.97 | 9.42 |
| Pakistan | -2.82 | 34.08 | -16.65 | 39.50 | 60.17 | 59.31 |
| Mexico | -3.01 | 14.42 | 2.17 | -10.29 | 1.28 | -2.30 |
| China | -4.03 | -12.39 | -9.01 | -1.46 | 27.01 | 38.75 |
| Colombia | -4.56 | -5.48 | -0.26 | -0.63 | 7.52 | 24.55 |
| Greece | -5.68 | -4.40 | -14.10 | -15.69 | 21.53 | -3.08 |
| Peru | -6.15 | -6.04 | -1.18 | 6.50 | 36.54 | 80.51 |
| Russia | -7.45 | -6.87 | -6.43 | -0.49 | 17.79 | 34.89 |
| Chile | -8.78 | -10.03 | -15.97 | -8.31 | 22.12 | 30.92 |
| South Africa | -10.20 | -10.54 | -20.78 | -11.19 | 4.51 | 0.77 |
| Brazil | -11.95 | -10.40 | -20.73 | -19.73 | -1.18 | 33.05 |
| Turkey | -28.52 | -36.93 | -54.16 | -56.47 | -47.05 | -47.05 |

Source: S&P Dow Jones Indices LLC. Data as of Aug. 31, 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 August Performance

| BMI MEMBER | 1-MONTH (%) | 3-MONTH | YTD (%) | 1-YEAR (%) | 2-YEAR (%) | 3-YEAR (%) |
|-------------------|--------------------|----------------|----------------|-------------------|-------------------|-------------------|
| Developed | 1.19 | 3.46 | 3.26 | 11.20 | 27.07 | 33.11 |
| Developed Ex-U.S. | -1.68 | -1.54 | -4.22 | 2.44 | 17.63 | 17.00 |
| Israel | 5.95 | 9.14 | 11.36 | 21.27 | 8.83 | -0.83 |
| United States | 3.26 | 7.17 | 9.06 | 18.07 | 34.36 | 46.51 |
| Korea | 2.19 | -7.10 | -9.10 | 3.13 | 20.53 | 37.77 |
| Finland | 1.90 | 1.40 | 6.21 | 5.44 | 26.10 | 32.37 |
| New Zealand | 1.73 | 1.96 | 2.67 | 7.78 | 7.73 | 56.59 |
| Switzerland | 0.76 | 7.55 | -2.33 | 1.56 | 14.94 | 8.49 |
| Japan | -0.03 | -2.58 | -2.68 | 6.87 | 21.38 | 24.04 |
| Denmark | -0.30 | 4.16 | -0.78 | 0.69 | 17.70 | 18.08 |
| Ireland | -0.98 | -4.54 | -3.30 | 3.70 | 16.49 | 15.58 |
| Sweden | -1.18 | 3.46 | -3.37 | -4.07 | 14.08 | 13.80 |
| Canada | -1.23 | 0.56 | -3.53 | 3.25 | 12.76 | 20.73 |
| Norway | -1.25 | 1.36 | 5.61 | 10.09 | 35.70 | 34.28 |
| France | -1.88 | 0.11 | -0.94 | 4.44 | 29.57 | 24.44 |
| Australia | -2.20 | 0.34 | -3.36 | 1.52 | 13.17 | 25.97 |
| Netherlands | -2.30 | 0.88 | -1.04 | 3.53 | 29.18 | 32.78 |
| Austria | -2.65 | -1.23 | -4.25 | 4.79 | 56.35 | 54.80 |
| Hong Kong | -2.67 | -6.27 | -5.13 | 0.26 | 14.26 | 20.41 |
| Singapore | -2.74 | -8.39 | -8.44 | -1.30 | 15.14 | 17.78 |
| Germany | -2.92 | -1.48 | -7.93 | 0.13 | 19.77 | 20.33 |
| Portugal | -3.48 | 0.75 | 1.09 | 4.22 | 20.40 | 14.54 |
| Luxembourg | -3.52 | -0.24 | -0.01 | 3.65 | 25.82 | 16.91 |
| United Kingdom | -4.40 | -4.99 | -6.73 | 1.52 | 9.75 | 0.42 |
| Belgium | -4.57 | -0.35 | -9.04 | -8.84 | -1.26 | 5.75 |
| Spain | -5.03 | -0.91 | -9.04 | -10.12 | 12.77 | -4.41 |
| Italy | -8.75 | -6.49 | -9.96 | -8.02 | 24.76 | -3.16 |

Source: S&P Dow Jones Indices LLC. Data as of Aug. 31, 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 | 23.30 | 18.39 |
| S&P 500 Consumer Discretionary | 16.89 | 22.17 | 26.37 | 23.18 |
| S&P 500 Consumer Staples | 15.96 | 22.18 | 20.16 | 18.60 |
| S&P 500 Energy | 12.03 | -38.97 | 41.20 | 19.05 |
| S&P 500 Financials | 13.46 | 16.83 | 17.65 | 13.55 |
| S&P 500 Health Care | 14.68 | 21.02 | 23.76 | 19.29 |
| S&P 500 Industrials | 14.76 | 19.49 | 21.32 | 17.15 |
| S&P 500 Information Technology | 14.19 | 22.20 | 26.23 | 20.48 |
| S&P 500 Materials | 16.20 | 38.50 | 21.63 | 15.85 |
| S&P 500 Telecommunication Services | 43.21 | 14.02 | 15.13 | 10.32 |
| S&P 500 Utilities | 14.84 | 22.21 | 18.56 | 16.99 |
| S&P 500 Real Estate | - | - | - | 37.63 |
| INDEX | 2015 | 2016 | 2017 | ESTIMATED 2018 |
| S&P MidCap 400 | 18.71 | 30.41 | 26.18 | 19.69 |
| S&P 400 Consumer Discretionary | 18.19 | 20.80 | 18.95 | 16.33 |
| S&P 400 Consumer Staples | 16.80 | 23.84 | 23.91 | 20.42 |
| S&P 400 Energy | 22.82 | -4.95 | -305.64 | 161.93 |
| S&P 400 Financials | 18.61 | 25.05 | 20.01 | 14.43 |
| S&P 400 Health Care | 21.24 | 27.39 | 40.91 | 25.93 |
| S&P 400 Industrials | 15.55 | 21.56 | 23.08 | 18.98 |
| S&P 400 Information Technology | 23.60 | 40.03 | 35.78 | 24.35 |
| S&P 400 Materials | 17.93 | 28.08 | 18.47 | 12.77 |
| S&P 400 Telecommunication Services | 34.07 | 13.29 | -14.01 | 27.29 |
| S&P 400 Utilities | 15.52 | 23.42 | 21.17 | 21.26 |
| S&P 400 Real Estate | - | - | - | 27.29 |
| INDEX | 2015 | 2016 | 2017 | ESTIMATED 2018 |
| S&P SmallCap 600 | 22.04 | 42.43 | 35.22 | 23.70 |
| S&P 600 Consumer Discretionary | 21.45 | 23.16 | 27.28 | 18.00 |
| S&P 600 Consumer Staples | 18.26 | 20.41 | 31.26 | 23.19 |
| S&P 600 Energy | 77.57 | -2.48 | -29.09 | 127.14 |
| S&P 600 Financials | 20.10 | 26.37 | 21.53 | 15.96 |
| S&P 600 Health Care | 21.59 | 43.30 | -757.81 | 56.76 |
| S&P 600 Industrials | 17.85 | 24.72 | 27.95 | 22.48 |
| S&P 600 Information Technology | 31.37 | 41.01 | 33.95 | 26.32 |
| S&P 600 Materials | 22.56 | 46.69 | 24.21 | 17.93 |
| S&P 600 Telecommunication Services | 24.20 | 36.50 | - | -67.40 |
| S&P 600 Utilities | 16.69 | 23.40 | 27.24 | 22.82 |
| S&P 600 Real Estate | - | - | - | 38.50 |

Source: S&P Dow Jones Indices LLC. Data as of Aug. 31, 2018. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

Exhibit 7: Operating EPS Changes

| INDEX | Q4 2017 OVER Q4 2016 (%) | Q1 2018 OVER Q1 2017 (%) | Q2 2018E OVER Q2 2017 (%) | Q3 2018E OVER Q3 2017 (%) | Q4 2018E OVER Q4 2017 (%) | 2017 OVER 2016 (%) | 2018E OVER 2017 (%) |
|------------------------------------|---|---|--|--|--|-----------------------------------|------------------------------------|
| S&P 500 | 21.36 | 26.79 | 26.94 | 28.25 | 25.04 | 17.18 | 26.72 |
| S&P 500 Consumer Discretionary | 13.18 | 14.41 | 20.09 | 10.72 | 10.29 | 5.83 | 13.76 |
| S&P 500 Consumer Staples | 14.40 | 13.02 | 12.50 | 5.58 | 3.75 | 7.97 | 8.41 |
| S&P 500 Energy | 614.63 | 62.37 | 142.18 | 111.26 | 169.62 | 480.80 | 116.25 |
| S&P 500 Financials | 13.31 | 15.37 | 30.52 | 41.37 | 35.09 | 11.77 | 30.27 |
| S&P 500 Health Care | 10.66 | 15.49 | 6.11 | 35.88 | 35.29 | 6.24 | 23.20 |
| S&P 500 Industrials | 19.85 | 40.19 | 20.95 | 17.02 | 22.42 | 11.90 | 24.33 |
| S&P 500 Information Technology | 38.80 | 48.54 | 36.45 | 27.79 | 11.00 | 33.20 | 28.13 |
| S&P 500 Materials | 31.73 | 18.83 | 35.58 | 38.54 | 57.98 | 31.95 | 36.44 |
| S&P 500 Telecommunication Services | -23.62 | 32.96 | 39.29 | 42.34 | 81.96 | 3.25 | 46.56 |
| S&P 500 Utilities | 27.50 | 18.67 | 14.05 | 4.29 | 0.33 | 6.29 | 9.22 |
| S&P 500 Real Estate | - | - | - | -21.15 | -0.72 | - | -1.07 |
| INDEX | Q4 2017 OVER Q4 2016 (%) | Q1 2018 OVER Q1 2017 (%) | Q2 2018E OVER Q2 2017 (%) | Q3 2018E OVER Q3 2017 (%) | Q4 2018E OVER Q4 2017 (%) | 2017 OVER 2016 (%) | 2018E OVER 2017 (%) |
| S&P MidCap 400 | 37.11 | 25.21 | 26.63 | 50.41 | 30.48 | 21.03 | 32.95 |
| S&P 400 Consumer Discretionary | 6.63 | 26.41 | 15.44 | 5.38 | 19.20 | 11.72 | 15.98 |
| S&P 400 Consumer Staples | -0.66 | 40.17 | 13.07 | 3.64 | 15.28 | 4.50 | 17.10 |
| S&P 400 Energy | 115.35 | 900.00 | -376.50 | 134.08 | -20.35 | 96.99 | 288.75 |
| S&P 400 Financials | 7.13 | 9.69 | 36.41 | 92.90 | 33.40 | 15.57 | 38.63 |
| S&P 400 Health Care | 16.00 | 15.97 | 145.04 | 34.77 | 64.73 | 3.43 | 57.77 |
| S&P 400 Industrials | 28.62 | 29.63 | 17.61 | 18.92 | 23.03 | 13.69 | 21.63 |
| S&P 400 Information Technology | 7.56 | 22.10 | 16.72 | 60.97 | 80.00 | 25.05 | 46.94 |
| S&P 400 Materials | 60.41 | 32.01 | 51.35 | 48.32 | 43.58 | 53.64 | 44.63 |
| S&P 400 Telecommunication Services | -324.44 | 183.04 | 141.84 | 143.44 | 147.12 | -456.74 | 151.32 |
| S&P 400 Utilities | 10.38 | 10.62 | 14.54 | -18.36 | -3.61 | 7.47 | -0.42 |
| S&P 400 Real Estate | - | - | - | 24.65 | -15.83 | - | 20.19 |
| INDEX | Q4 2017 OVER Q4 2016 (%) | Q1 2018 OVER Q1 2017 (%) | Q2 2018E OVER Q2 2017 (%) | Q3 2018E OVER Q3 2017 (%) | Q4 2018E OVER Q4 2017 (%) | 2017 OVER 2016 (%) | 2018E OVER 2017 (%) |
| S&P SmallCap 600 | 30.60 | 27.12 | 30.39 | 57.45 | 75.27 | 21.79 | 48.61 |
| S&P 600 Consumer Discretionary | 28.81 | 40.37 | 52.07 | 63.17 | 50.11 | 0.67 | 51.56 |
| S&P 600 Consumer Staples | 11.99 | 111.37 | -20.74 | 34.79 | 41.86 | -16.14 | 34.80 |
| S&P 600 Energy | 73.61 | 101.76 | -507.50 | 186.25 | 251.64 | 82.77 | 122.88 |
| S&P 600 Financials | 21.07 | 25.29 | 44.20 | 48.53 | 25.32 | 16.81 | 34.85 |
| S&P 600 Health Care | -576.47 | 677.54 | 9123.08 | 87.79 | 285.45 | -133.02 | 1435.15 |
| S&P 600 Industrials | 68.94 | 8.91 | 34.35 | 24.48 | 28.01 | 19.27 | 24.36 |
| S&P 600 Information Technology | 24.59 | 6.00 | 2.39 | 48.25 | 49.56 | 36.28 | 29.00 |
| S&P 600 Materials | 47.40 | 11.17 | 32.68 | 43.00 | 55.02 | 21.74 | 34.98 |
| S&P 600 Telecommunication Services | -200.00 | 0.00 | -300.00 | -200.00 | 0.00 | -100.00 | - |
| S&P 600 Utilities | 4.38 | 27.61 | 22.27 | -21.12 | 25.84 | 1.51 | 19.36 |
| S&P 600 Real Estate | - | - | - | 17.04 | 14.71 | - | -12.58 |

Source: S&P Dow Jones Indices LLC. Data as of Aug. 31, 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 | AUGUST 2018 | AVERAGE % CHANGE | 3-MONTH | AVERAGE % CHANGE | YTD | AVERAGE % CHANGE |
| Up | 315 | 5.47 | 355 | 29.72 | 304 | 18.81 |
| Down | 189 | -4.32 | 149 | -11.65 | 201 | -11.15 |
| Up >= 10% | 41 | 14.54 | 270 | 37.60 | 188 | 27.58 |
| Down <= -10% | 19 | -13.70 | 64 | -21.31 | 90 | -19.43 |
| Up >= 25% | 2 | 31.86 | 166 | 50.38 | 79 | 42.33 |
| Down <= -25% | 0 | 0.00 | 23 | -32.30 | 22 | -30.96 |
| Up >= 50% | 0 | 0.00 | 58 | 76.89 | 15 | 72.50 |
| Down <= -50% | 0 | 0.00 | 1 | -55.01 | 1 | -56.11 |
| S&P MIDCAP 400 | | | | | | |
| TYPE | AUGUST 2018 | AVERAGE % CHANGE | 3-MONTH | AVERAGE % CHANGE | YTD | AVERAGE % CHANGE |
| Up | 280 | 6.20 | 285 | 31.10 | 247 | 20.20 |
| Down | 117 | -5.34 | 107 | -13.51 | 146 | -14.53 |
| Up >= 10% | 53 | 17.41 | 218 | 39.04 | 153 | 29.82 |
| Down <= -10% | 17 | -15.14 | 51 | -23.04 | 81 | -22.41 |
| Up >= 25% | 6 | 33.09 | 127 | 54.52 | 72 | 45.60 |
| Down <= -25% | 1 | -36.94 | 14 | -38.35 | 26 | -33.77 |
| Up >= 50% | 0 | 0.00 | 48 | 85.96 | 23 | 70.90 |
| Down <= -50% | 0 | 0.00 | 2 | -53.98 | 2 | -56.59 |
| S&P SMALLCAP 600 | | | | | | |
| TYPE | AUGUST 2018 | AVERAGE % CHANGE | 3-MONTH | AVERAGE % CHANGE | YTD | AVERAGE % CHANGE |
| Up | 393 | 10.10 | 456 | 45.21 | 409 | 32.78 |
| Down | 209 | -7.85 | 145 | -19.13 | 194 | -17.11 |
| Up >= 10% | 141 | 20.74 | 388 | 52.23 | 292 | 43.70 |
| Down <= -10% | 59 | -18.59 | 84 | -29.43 | 117 | -25.16 |
| Up >= 25% | 31 | 36.99 | 274 | 66.73 | 178 | 61.17 |
| Down <= -25% | 7 | -40.55 | 39 | -43.26 | 46 | -38.30 |
| Up >= 50% | 4 | 57.28 | 150 | 92.93 | 86 | 87.27 |
| Down <= -50% | 3 | -57.50 | 9 | -64.09 | 5 | -64.79 |
| DOW JONES INDUSTRIAL AVERAGE | | | | | | |
| TYPE | AUGUST 2018 | AVERAGE % CHANGE | 3-MONTH | AVERAGE % CHANGE | YTD | AVERAGE % CHANGE |
| Up | 21 | 4.83 | 27 | 21.59 | 16 | 16.26 |
| Down | 9 | -2.76 | 3 | -9.38 | 14 | -5.57 |
| Up >= 10% | 2 | 16.29 | 18 | 30.09 | 9 | 25.04 |
| Down <= -10% | 0 | 0.00 | 2 | -12.99 | 2 | -11.14 |
| Up >= 25% | 0 | 0.00 | 10 | 41.10 | 4 | 31.52 |
| Down <= -25% | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 |
| Up >= 50% | 0 | 0.00 | 2 | 52.94 | 0 | 0.00 |
| Down <= -50% | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 |

Source: S&P Dow Jones Indices LLC. Data as of Aug. 31, 2018. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

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