



April 2017

# M Wealth Perspective

Offering value-added wealth services, including turnkey asset management and investment consulting.

## March 2017 Capital Markets Review

Index	Period Ending March 31, 2017					
	Qtr	Ytd	1 Yr Return	3 Yr Return	5 Yr Return	10 Yr Return
<b>U.S. Equity Markets</b>						
S&P 500 Index	6.07%	6.07%	17.17%	10.37%	13.3%	7.51%
Russell 3000	5.74%	5.74%	18.07%	9.76%	13.18%	7.54%
Russell 1000	6.03%	6.03%	17.43%	9.99%	13.26%	7.58%
Russell 1000 Value	3.27%	3.27%	19.22%	8.67%	13.13%	5.93%
Russell 2000	2.47%	2.47%	26.22%	7.22%	12.35%	7.12%
Russell 2000 Value	-0.13%	-0.13%	29.37%	7.62%	12.54%	6.09%
<b>Non-U.S. Equity Markets</b>						
MSCI ACWI Ex US	7.86%	7.86%	13.13%	0.56%	4.36%	1.35%
MSCI Emerging Markets	11.45%	11.45%	17.22%	1.18%	0.81%	2.72%
<b>Fixed Income</b>						
Barclays Aggregate Bond	0.82%	0.82%	0.44%	2.68%	2.34%	4.27%
Barclays US TIPS	1.26%	1.26%	1.48%	2.03%	0.97%	4.24%
<b>Real Assets/Natural Resources</b>						
DJ US Select REIT	-0.27%	-0.27%	1.21%	9.96%	9.45%	4.22%
S&P North American Natural Resources	-4.25%	-4.25%	17.93%	-5.88%	-0.45%	1.8%

### Commentary

All capitalization segments of the market posted positive results in the quarter, with large-cap stocks outperforming both the mid- and small-cap segments of the market. Despite trailing in the quarter, small-cap stocks outperformed large- and mid-cap stocks by more than 9% for the 1-year period. Growth stocks outperformed Value stocks by 5.6% in the quarter. Strong performance from the Technology and Health Care sectors aided Growth stocks in the quarter, while poor performance in the Energy and Telecom sectors were the main detractors for the Value segment of the market.

Technology was the best performing sector in the quarter aided by strong returns from the sector's larger constituents (i.e. Apple, Amazon, and Facebook). The Technology sector benefited from optimism over potentially

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lower corporate tax rates and the prospects of repatriating cash held outside the U.S., which has been a point of emphasis for the Trump administration. Energy was the worst performing sector for the quarter as oil prices dropped due to concerns that increasing U.S. oil production would offset production cuts that were agreed upon by OPEC.

Developed international equities returned +4.7% in the quarter on a local currency basis with developed small-cap stocks outperforming developed large-cap stocks. The value of the U.S. dollar depreciated relative to most major currencies, resulting in U.S. dollar returns in the developed markets being higher by 2.5 percentage points. Developed market growth stocks outperformed value stocks by 2.5 percentage points in the quarter. Favorable global economic data and the weaker U.S. dollar led to equity rallies in most international regions.

Emerging Markets returned +11.4% in the quarter as fears abated over the potential negative effects of changes to U.S. interest rates and U.S. foreign policy.

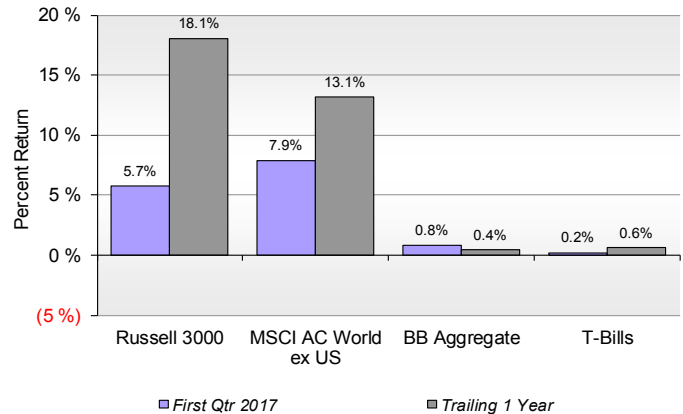
U.S. Government issues advanced 0.7%. The Federal Reserve raised rates in March, increasing the target short-term range to 0.75%–1.00%. As a result, U.S. Treasury yields rose for short-term maturities and modestly decreased for long-term maturities.

TIPS increased 1.3%, outperforming nominal Treasuries in the quarter as inflation expectations increased. The breakeven inflation rate implied in 10-year U.S. TIPS ended the quarter at 1.97%, versus 1.95% at the end of the prior quarter. The realized annual CPI was 2.8% through February 2017.

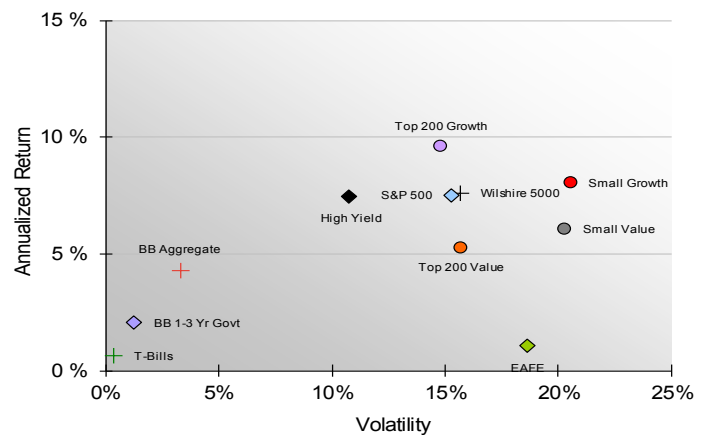
Investment-grade credits posted a positive 1.3% return for the quarter, outpacing government issues. All sectors outperformed government issues in the

quarter, with lower quality credits experiencing more favorable returns. Baa credits have outperformed Aaa credits by 5.4% over the past year.

Major Capital Market Returns



Note: The following indices represent the returns of the asset classes within the above chart: U.S. Stocks—Russell 3000, Non-U.S. Stocks—MSCI EAFE, Fixed Income—Barclays Aggregate, and U.S. Treasury Bills



Source of statistics not otherwise specifically cited within this newsletter: Strategic Capital Investment Advisors.

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*The Barclays U.S. Aggregate Bond Index is a market capitalization-weighted index of investment-grade, fixed-rate debt issues, including government, corporate, asset-backed, and mortgage-backed securities, with maturities of at least one year. The MSCI All Country World Exclude U.S. Net Total Return is a commonly used measure of common stock total return performance of 22 of 23 Developed Markets countries excluding the U.S. The Russell 2000 Total Return Index is a commonly used measure of small capitalization stocks. The S&P 500 Total Return is a commonly used measure of common stock performance of 500 leading companies in leading industries of the U.S. economy. All referenced indices are unmanaged and not available for direct investment. Past performance is not a guarantee of future results. The information and opinions expressed herein are for general and educational purposes only. M Financial Wealth Management makes no representation regarding the accuracy or completeness of information provided herein. All opinions and views constitute our judgments as of the date of writing and are subject to change at any time without notice.*



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