Global Market Investment Returns December 31, 2017

		Dec. 2017	4Q 2017	One Year	Three Years	Five Years
U.S. Large Cap Equities	S&P 500	1.11%	6.64%	21.83%	11.41%	15.79%
U.S Mid Cap Equities	Russell Midcap	0.93%	6.07%	18.52%	9.58%	14.96%
U.S. Small Cap Equities	Russell 2000	-0.40%	3.34%	14.65%	9.96%	14.12%
Master Limited Partnerships (MLP)	Alerian MLP	4.74%	-0.95%	-6.52%	-9.33%	-0.06%
International Developed Equities	MSCI EAFE	1.61%	4.23%	25.03%	7.80%	7.90%
Emerging Market Equities	MSCI Emerging Markets	3.59%	7.44%	37.28%	9.10%	4.35%
U.S. Taxable Fixed Income	Barclay's U.S. Aggregate	0.46%	0.39%	3.54%	2.24%	2.10%
U.S. Tax-Exempt Fixed Income	Barclay’s Municipal Aggregate	1.05%	0.75%	5.45%	2.98%	3.02%
High Yield Fixed Income	Barclay’s U.S. Corporate High Yield	0.30%	0.47%	7.50%	6.35%	5.78%
Floating Rate Fixed Income	S&P/LSTA Leveraged Loan	0.40%	1.11%	4.12%	4.44%	4.03%
International Fixed Income	Barclay's Global Aggregate Ex-U.S.	0.27%	1.63%	10.51%	1.77%	-0.20%

Source: eVestment

2017 Review

- Broadly positive returns in December capped off a terrific year for global equity investors; all major indexes recorded double digit returns.
- U.S. equity markets gained 21.8% during the year, supported by healthy growth, solid earnings, low unemployment and record high consumer sentiment.
- Energy infrastructure MLPs struggled to generate positive returns in 2017; the Alerian ended the year on a positive note and fundamentals are strong.
- Developed international equities outperformed U.S. equities, while offering a significantly lower rate of volatility relative to emerging markets equities.
- Emerging markets equities recorded a welcomed, but unsustainably high return in 2017 as the MSCI EM Index gained 37.3%.
- U.S. investment grade taxable and tax-exempt bond indexes gained 3.5% and 5.5%, respectively; investment grade bonds remain expensive.
- U.S. corporate high yield bonds produced consistently positive monthly returns in 2017, while providing shelter for investors against rising rates.
- Floating rate loans gained 4.1% in 2017, ended the year yielding more than 5%, and remains the only fixed income sector trading at a discount to par.
- Global fixed income (ex-U.S.) recorded double digit returns in 2017 and appear well supported by macro factors heading into 2018.

2018 Outlook

- U.S. growth trend to continue, albeit at a slow pace, supported by favorable monetary and fiscal policy; no foreseeable risk of recession in 2018.
- The economic backdrop for economies outside the U.S. is favorable, and there is a strong likelihood for sustainable synchronized global growth.
- The outlook for fixed income in 2018 is cautious; expect higher yields and falling prices.

Independence Asset Advisors

- The Canadian dollar strengthened 6.9% against the U.S. dollar in 2017; 0.74386 to 0.79535.
- As of January 3, 2018 the exchange rate of $1 CAD equaled 0.798410 U.S. dollars.
- Through year-end, consensus suggested general U.S. dollar weakness with oil prices trading above $60 per barrel.
- Looking ahead into 2018, the dominant themes affecting these currencies include:
  - ✓ U.S. dollar strengthening as a result of expected tax overhaul
  - ✓ Oil price movement amid proposed deregulation
  - ✓ NAFTA re-negotiations
  - ✓ Bank of Canada's monetary tightening cycle

	Last 30 Days	Last 90 Days
HIGH	0.79966	0.80317
LOW	0.77641	0.77558
AVERAGE	0.78454	0.78695
VOLATILITY	0.32%	0.36%

$1 CAD to USD

Source: www.xe.com