

CPWM's Weekly Market Monitor is designed to provide a summary of recent market commentary and statistics.

**MARKET COMMENTARY**

- Major U.S. equity indexes finished the week relatively flat following Wednesday's largely predicted Federal Open Market Committee (FOMC) announcement of a 25 basis point (bp) increase to the Fed funds rate.
- Gold prices dipped and oil was slightly up. The 10-yr U.S. Treasury note yield ended the week at approx. 2.60%.
- The FOMC voted unanimously for a 25 bp increase to the Fed funds rate retaining in their statement that near-term risks to the economic outlook appear roughly balanced.
- While the Fed projects three more hikes during 2017, Fed Chair Janet Yellen stressed that though the economy has made considerable progress toward its inflation and employment goals, the economic outlook remains highly uncertain.
- Rising market and investor confidence has been a recurring theme since the U.S. presidential election. The National Federation of Independent Business (NFIB) Small Business Optimism release was consistent with this trend, with November's reading coming in at a 98.4 level against October's 94.9.
- Economic sentiment also improved in the European Union with Zew Survey Expectations rising from 15.8 in November to 18.1 in December, beating the consensus of 16.5.
- December's fund manager survey by BofA Merrill Lynch suggests there are heightened expectations the reflation trade will continue into next year. 54% of respondents thought the rotation into cyclicals and inflationary sectors will continue into 2017, up from 44% in November. This comes as expectations for global growth jumped to 19-month highs.
- U.S. housing starts dove 18.7% during November after registering their strongest level since 2007 in October.
- The U.S. consumer price index (CPI) measured 1.7% year-over-year in its November reading, this is the highest rate of inflation since October 2014.
- The U.K. and the European Union also demonstrated modest growth in November on a year-over-year basis. U.K. CPI rose 1.2% during the period while euro zone CPI crept up 0.6%.
- U.K. unemployment declined to 4.8% in the three months leading to October, the lowest level in 11 years.
- In China, retail sales grew 10.8 percent in November, year-over year. This is the strongest growth posted since December 2015. Industrial production also increased by 6.2 percent during the same period.

**MARKET PERFORMANCE**

ASSET CLASS / BENCHMARK	1 WEEK	1 MONTH	YTD	1 YEAR
<b>Investment Grade Fixed Income</b>				
iShares Short-Term National AMT-Free Muni Bond ETF	(0.1)	(0.1)	(0.3)	(0.0)
iShares National AMT-Free Muni Bond ETF	(0.6)	(1.0)	(1.1)	(0.3)
iShares Core US Aggregate Bond ETF	(0.6)	(1.6)	1.4	1.6
<b>U.S. Equity</b>				
iShares Core S&P 500 ETF	(0.1)	3.9	12.9	11.3
iShares Russell Mid Cap ETF	(1.1)	3.5	14.5	13.5
iShares Russell 2000 ETF	(1.7)	4.9	22.1	20.6
iShares Core U.S. Value ETF	(0.4)	5.0	19.1	18.0
iShares Core U.S. Growth ETF	(0.1)	2.8	8.3	6.8
<b>Foreign Equity</b>				
iShares MSCI EAFE ETF	(1.0)	3.1	1.0	0.2
iShares MSCI EAFE Small Cap ETF	(1.5)	0.9	1.0	1.1
iShares MSCI EAFE Value ETF	(1.2)	4.4	5.2	4.7
iShares MSCI EAFE Growth ETF	(1.0)	1.0	(4.1)	(4.9)
<b>Emerging Markets Equity</b>				
iShares MSCI Emerging Markets ETF	(2.8)	1.3	10.1	8.4
iShares MSCI Emerging Markets Small Cap ETF	(1.5)	(0.1)	1.4	3.4
<b>"Other" Asset Classes</b>				
iShares U.S. Real Estate ETF	(0.7)	3.7	5.3	5.8
iShares International Developed Real Estate ETF	(3.5)	0.7	(1.2)	(1.8)
SPDR Barclays High Yield Bond ETF	(0.5)	2.1	13.4	13.4
iShares S&P GSCI Commodity Indexed Trust	0.3	9.5	8.7	10.0

## IMPORTANT NOTES

ALL COMMENTARY SOURCED FROM VOYA GLOBAL PERSPECTIVES REPORT AND TO BE USED FOR INFORMATIONAL PURPOSES ONLY.

PRIOR PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS. INDIVIDUAL INVESTOR PERFORMANCE MAY VARY. ALL INVESTING INVOLVES THE RISK OF LOSS INCLUDING THE POSSIBLE LOSS OF ALL AMOUNTS INVESTED. DIFFERENT TYPES OF INVESTMENTS INVOLVE VARYING DEGREES OF RISK, AND THERE CAN BE NO ASSURANCE THAT ANY SPECIFIC INVESTMENT WILL BE PROFITABLE.

MARKET-RELATED DATA INCLUDED IN CHARTS AND GRAPHS IS SOURCED MORNINGSTAR.COM.

ALL RETURNS REFERENCED ARE EXCHANGE TRADED FUNDS (ETFs) DESIGNED TO TRACK A PARTICULAR INDEX OR BENCHMARK. THERE CAN BE NO GUARANTEE THE ETFs ACHIEVE THEIR OBJECTIVE. BENCHMARK DESCRIPTIONS PROVIDED BELOW.

WHILE THE INFORMATION CONTAINED HEREIN WAS OBTAINED FROM SOURCES BELIEVED TO BE RELIABLE, CPCM CANNOT GUARANTEE ITS ACCURACY OR COMPLETENESS. TOTALS MAY NOT SUM DUE TO ROUNDING.

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### EXCHANGE TRADED FUND DESCRIPTIONS:

- THE ISHARES SHORT-TERM NATIONAL AMT-FREE MUNI BOND ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF AN INDEX COMPOSED OF INVESTMENT-GRADE U.S. MUNICIPAL BONDS WITH REMAINING MATURITIES BETWEEN ONE MONTH AND FIVE YEARS.
- THE ISHARES NATIONAL AMT-FREE MUNI BOND ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF AN INDEX COMPOSED OF INVESTMENT-GRADE U.S. MUNICIPAL BONDS.
- THE ISHARES CORE U.S. AGGREGATE BOND ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF AN INDEX COMPOSED OF THE TOTAL U.S. INVESTMENT-GRADE BOND MARKET.
- THE ISHARES CORE S&P 500 ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF AN INDEX COMPOSED OF LARGE-CAPITALIZATION U.S. EQUITIES.
- THE ISHARES RUSSELL MID-CAP ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF AN INDEX COMPOSED OF MID-CAPITALIZATION U.S. EQUITIES.
- THE ISHARES RUSSELL 2000 ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF AN INDEX COMPOSED OF SMALL-CAPITALIZATION U.S. EQUITIES.
- THE ISHARES CORE U.S. VALUE ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF A BROAD-BASED INDEX COMPOSED OF U.S. EQUITIES THAT EXHIBIT VALUE CHARACTERISTICS.
- THE ISHARES CORE U.S. GROWTH ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF A BROAD-BASED INDEX COMPOSED OF U.S. EQUITIES THAT EXHIBIT GROWTH CHARACTERISTICS.
- THE ISHARES MSCI EAFE ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF AN INDEX COMPOSED OF LARGE-, MID- AND SMALL-CAPITALIZATION DEVELOPED MARKET EQUITIES, EXCLUDING THE U.S. AND CANADA.
- THE ISHARES MSCI EAFE SMALL CAP ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF AN INDEX COMPOSED OF SMALL-CAPITALIZATION DEVELOPED MARKET EQUITIES, EXCLUDING THE U.S. AND CANADA.
- THE ISHARES MSCI EAFE VALUE ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF AN INDEX COMPOSED OF DEVELOPED MARKET EQUITIES, EXCLUDING THE U.S. AND CANADA, THAT EXHIBIT VALUE CHARACTERISTICS.
- THE ISHARES MSCI EAFE GROWTH ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF AN INDEX COMPOSED OF DEVELOPED MARKET EQUITIES, EXCLUDING THE U.S. AND CANADA, THAT EXHIBIT GROWTH CHARACTERISTICS.
- THE ISHARES MSCI EMERGING MARKETS ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF AN INDEX COMPOSED OF LARGE- AND MID-CAPITALIZATION EMERGING MARKET EQUITIES.
- THE ISHARES MSCI EMERGING MARKETS SMALL CAP ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF AN INDEX COMPOSED OF SMALL-CAPITALIZATION EMERGING MARKET EQUITIES.
- THE ISHARES U.S. REAL ESTATE ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF AN INDEX COMPOSED OF U.S. EQUITIES IN THE REAL ESTATE SECTOR.
- THE ISHARES INTERNATIONAL DEVELOPED REAL ESTATE ETF SEEKS TO TRACK THE INVESTMENT RESULTS OF AN INDEX COMPOSED OF REAL ESTATE EQUITIES IN DEVELOPED NON-U.S. MARKETS.
- THE SPDR® BARCLAYS HIGH YIELD BOND ETF SEEKS TO PROVIDE INVESTMENT RESULTS THAT, BEFORE FEES AND EXPENSES, CORRESPOND GENERALLY TO THE PRICE AND YIELD PERFORMANCE OF THE BARCLAYS HIGH YIELD VERY LIQUID INDEX.
- THE ISHARES S&P GSCI COMMODITY INDEXED TRUST SEEKS TO TRACK THE RESULTS OF A FULLY COLLATERALIZED INVESTMENT IN FUTURES CONTRACTS ON AN INDEX COMPOSED OF A DIVERSIFIED GROUP OF COMMODITIES FUTURES.