

US Equity	Mar-14	YTD
Large Stocks:		
S&P 500	0.8%	1.8%
Russell 3000	0.5%	2.0%
Russell 1000	0.6%	2.0%
Russell 1000 Growth	-1.0%	1.1%
Russell 1000 Value	2.4%	3.0%
Small Stocks:		
Russell 2000	-0.7%	1.1%
Russell 2000 Growth	-2.5%	0.5%
Russell 2000 Value	1.2%	1.8%
International Equity**		
MSCI All-Country World ex-US	0.3%	0.6%
MSCI EAFE	-0.6%	0.8%
MSCI EAFE Growth	-0.6%	0.2%
MSCI EAFE Value	-0.6%	1.3%
MSCI Europe	-1.0%	2.2%
MSCI Japan	-1.2%	-5.5%
MSCI Emerging Markets	3.1%	-0.4%
Hedge Funds***		
HFRX Indexes:		
Convertible Arbitrage	-0.3%	1.0%
Distressed	0.5%	2.7%
Equity Hedge	0.4%	3.0%
Equity Market Neutral	-0.9%	0.7%
Event Driven	0.3%	1.7%
Macro	-0.5%	2.4%
Relative Value Arbitrage	-0.3%	2.0%
Fixed Income		
U.S. Intermediate Treasuries ⁽¹⁾	-0.4%	0.6%
U.S. Long Treasuries ⁽²⁾	0.7%	7.1%
U.S. TIPS ⁽³⁾	-0.5%	2.0%
Tax-Exempt Bonds ⁽⁴⁾	0.2%	3.3%
Corporate Bonds ⁽⁵⁾	0.1%	2.8%
High-Yield Bonds ⁽⁶⁾	0.2%	3.0%
Real Assets		
Commodities ⁽⁷⁾	0.4%	7.0%
Real Estate Investment Trusts ⁽⁸⁾	0.4%	8.5%

Overview

Fourth quarter US GDP growth was revised higher to 2.6% with unemployment at 6.7%. In mid-March, the Federal Reserve announced round three of tapering to negative market reaction as Fed Chair Janet Yellen suggested interest rates would rise six months after ending quantitative easing; Yellen's more dovish remarks yesterday sent markets soaring. Geopolitical tensions flared in Ukraine when Russian President Putin seized the once-autonomous Republic of Crimea.

US Equity

The S&P 500 gained 0.8% in March after posting a record intra-day high during the month. Healthcare and consumer discretionary sectors that led the broad market higher in February were two of the worst performing sectors this month. Small cap stocks declined 0.7%, bringing year-to-date total return to 1.1%. Value stocks outperformed growth stocks across market capitalizations reversing the trend established in early 2013.

International Equity

Developed international stocks fell 0.6% in March bringing year-to-date total return to 0.8%. Strong European stock performance in February was erased by the Crimean crisis. Japanese equities fell sharply in March despite modest Yen depreciation. Emerging markets stocks gained 3.1%, bringing year-to-date returns to -0.4%. Russia's Crimean invasion and an unexpected drop in Chinese exports did not dampen investor enthusiasm for emerging markets.

Hedge Funds

It was a volatile month for a broad range of hedge strategies. Many hedge fund managers reduced bets on crude oil prices as inventories continued to build. M&A activity carried on through March as activists pressured corporations with large stockpiles of cash. Some tech-focused hedge fund managers struggled in March as a few of the widely held technology names (e.g., Netflix, Facebook, and Priceline) experienced double-digit losses for the month.

Fixed Income

Short and intermediate-term Treasuries fell after the Fed's announced intention to raise interest rates sooner than anticipated. In contrast, long-term Treasuries gained 0.7%, bringing year-to-date gains to 7.1%. The latest survey of FOMC participants indicated higher median targets for Fed Funds rates: 1.0% for 2015 and 2.25% for 2016. Municipal bond funds saw inflows in March with higher yielding tax-exempt bonds garnering significant investor interest.

Real Assets

Commodities grew modestly by 0.4%, bringing a strong year-to-date return to 7.0%. Copper prices dropped on weaker Chinese demand. Gold prices—on a tear to start 2014—declined sharply after the Fed's mid-March announcement. REITs gained 0.4% in March, maintaining strong positive momentum, and are outperforming US large cap stocks by 670 basis points for the year.

*Data Source: Bloomberg **The MSCI returns are gross returns calculated in US Dollars. *** Hedge Fund Index returns are reported using Simple Price Appreciation and are only available on a one day lag. For complete Index Descriptions, please go to <http://www.greycourt.com/indices.html>

(1) Barclays US Total Treasury Intermediate Total Return (2) Barclays US Total Treasury Long Total Return (3) Barclays US Treasury Inflation-Protected Securities Total Return (4) Barclays Municipal Bond Total Return (5) Barclays US Corporate Investment-Grade Total Return (6) Barclays High-Yield US Corporate Total Return (7) Dow Jones UBS Commodity Total Return (8) FTSE NAREIT Equity REIT Index Total Return