GREYCOURT

Capital Markets Flash Report

For the Month Ending April 30, 2016

US Equity	Apr-16	YTD
S&P 500	0.4%	1.7%
Russell 1000	0.5%	1.7%
Russell 1000 Value	2.1%	3.8%
Russell 1000 Growth	-0.9%	-0.2%
Russell 2000	1.6%	0.0%
Russell 2000 Value	2.1%	3.9%
Russell 2000 Growth	1.0%	-3.7%
Non-US Equity		
MSCI All-Country World ex-US	2.7%	2.4%
MSCI EAFE	3.0%	0.0%
MSCI Europe	2.6%	0.2%
MSCI Japan	4.7%	-2.0%
MSCI EAFE Value	4.1%	0.1%
MSCI EAFE Growth	2.0%	0.0%
MSCI Emerging Markets	0.6%	6.4%
MSCI BRIC	2.3%	3.7%
Fixed Income[1]		
U.S. Intermediate Treasuries	0.0%	2.3%
U.S. Long Treasuries	-0.5%	7.6%
U.S. TIPS	0.3%	4.8%
Corporate IG Bonds	1.2%	5.0%
High-Yield Bonds	3.9%	7.4%
Tax-Exempt Bonds	0.7%	2.4%
Currencies		
US Dollar[2]	-1.6%	-5.6%
Euro	0.6%	5.4%
Yen	5.9%	13.1%
Emerging Markets[3]	0.9%	4.9%
Real Assets		
Commodities[4]	8.5%	8.9%
Energy	13.4%	2.9%
Industrial Metals	7.2%	9.6%
Gold	4.5%	21.7%
Real Estate Investment Trusts[5]	-1.8%	3.9%
Hedge Strategies[6]		
Equity Hedge	0.3%	-2.6%
Equity Market Neutral	-2.3%	-4.8%
Event Driven	0.8%	-0.4%
Relative Value Arbitrage	0.9%	-1.9%
Distressed	4.5%	2.9%
Macro	0.4%	0.5%

Overview

Real economic growth fell below expectations as less-than-stellar corporate earnings in the US raised concerns in the markets. Offsetting these facts were increasing oil prices and Janet Yellen's recent acknowledgement that there are "asymmetries in the effectiveness of monetary policy." Markets are keenly aware now that the global central banks are increasingly in synch and disposed to accommodative policies that support global dollar liquidity. As a result, investor fears of recession have abated with predictable positive results for risk asset returns.

US Equity

US stocks moved slightly higher this month amid rising oil prices, strong M&A deal flow, and a mix of encouraging economic data, such as improved manufacturing, rising household employment, and increased spending. First quarter US GDP was positive but lower than expected, receiving support from consumer spending and residential investment. The data led the Fed to postpone raising interest rates citing soft business investment, muted exports, and low inflation. In US large cap equities, the outperformance of value stocks over growth stocks increased during the month as the beaten-down materials and energy sectors surged on higher oil prices and increased demand from China.

Non-US Equity

Non-US stocks were resilient, led by gains in Japan and Europe. Japanese equities were boosted by higher oil prices, solid job growth, and easing worries over the Chinese economy; nonetheless, they fell when the Bank of Japan voted against additional stimulus measures highlighting the issues with monetary policy globally. European equities also moved higher on favorable employment data and improved investor sentiment. Emerging market equity returns were relatively modest compared to the hefty double-digit returns last month. Two of the BRIC nations, Brazil and Russia, continued to drive returns higher on strong gains in commodity prices and increased foreign investor interest.

Fixed Income

The shift toward easier global monetary policies continued to support global fixed income markets. US Treasury returns were flat to negative for the month with longer-dated Treasuries declining the most. The yield on the 10-year note ended at 1.83%, slightly higher than the previous month. High-yield bond prices and returns were up substantially for the month, boosted by a rise in oil prices, cheaper valuations, and a more accommodative Fed. Municipal bonds were up slightly, benefiting from positive fund inflows and manageable supply.

Currencies

The US dollar continued to fall, weighed down by higher oil prices, lower-than-expected real growth in the US, and a strengthening Yen that was driven by the Fed and BoJ holding steady. Despite weak inflation and soft household spending, the Bank of Japan surprised investors by announcing it would take no further action to jumpstart its faltering economy; this sent the Yen soaring against the US dollar recording its largest one-day gain since 2010. Emerging market currencies received a boost from the recovery in oil prices and a 'dovish' Fed.

Real Assets

Commodities surged this month led by strong gains in the energy sector, specifically in oil. Oil prices reached levels above $48 a barrel (the highest since November) fueled by a decline in US oil inventories and an uptick in global demand from China and US gasoline consumers. Industrial metals also rallied, boosted by strong industrial production and property market data in China. REITs turned lower this month, despite a favorable backdrop of lower-for-longer interest rates and encouraging housing data.

Hedge Strategies

As risk assets continued their upward trend, hedge fund strategies were mostly positive led by distressed strategies that were up 4.5% for the month. The returns in high yield were driven primarily by a perceived turnaround in the energy sector. Event-driven strategies received a nice boost amid a flurry of announced M&A activity last week. With the fluctuation in global currencies and the continued divergence in monetary policies, macro strategies were also up slightly for the month.

Data Source: Bloomberg. MSCI returns are gross USD. Currency returns are Simple Price Appreciation (SPA) USD basis. [1] Fixed Income reported on Barclays Indices. [2] US Dollar Index
[3] MSCI Emerging Markets Currency Index [4] Bloomberg Commodity Indices [5] FTSE NAREIT Equity REIT Index [6] Hedge strategy returns are SPA reported on HFRX Indices with one day lag . For complete Index Descriptions, see http://www.greycourt.com/indices.html

Greycourt & Co., Inc., 2100 Wharton Street, Suite 600, Pittsburgh, Pennsylvania • 707 SW Washington Street, Suite 900, Portland, Oregon
808 Travis Street, Suite 914, Houston, Texas • 222 S. 9th Street, Suite 1600, Minneapolis, Minnesota