

July 2017

M Wealth Perspective

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

June 2017 Capital Markets Review

Index	Period Ending June 30, 2017					
	Qtr	Ytd	1 Yr Return	3 Yr Return	5 Yr Return	10 Yr Return
U.S. Equity Markets						
S&P 500 Index	3.09%	9.34%	17.90%	9.61%	14.63%	7.18%
Russell 3000	3.02%	8.93%	18.51%	9.10%	14.58%	7.26%
Russell 1000	3.06%	9.27%	18.03%	9.26%	14.67%	7.29%
Russell 1000 Value	1.34%	4.66%	15.53%	7.36%	13.94%	5.57%
Russell 2000	2.46%	4.99%	24.60%	7.36%	13.70%	6.92%
Russell 2000 Value	0.67%	0.54%	24.86%	7.02%	13.39%	5.92%
Non-U.S. Equity Markets						
MSCI ACWI Ex US	5.78%	14.10%	20.45%	0.80%	7.22%	1.13%
MSCI Emerging Markets	6.27%	18.43%	23.75%	1.07%	3.96%	1.91%
Fixed Income						
Barclays Aggregate Bond	1.45%	2.27%	-0.31%	2.48%	2.21%	4.48%
Barclays US TIPS	-0.40%	0.85%	-0.63%	0.63%	0.27%	4.27%
Real Assets/Natural Resources						
DJ US Select REIT	1.64%	1.36%	-2.43%	8.04%	9.00%	5.42%
S&P North American Natural Resources	-7.09%	-11.04%	-2.62%	-11.92%	0.13%	-0.33%

Commentary

The U.S. Equity market posted its seventh straight quarterly gain, ending the second quarter up 3.0%. 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. For the year-to-date period, large-cap stocks posted a return of 9.3% which outperformed both mid- and small-cap stocks. Growth stocks outperformed value stocks by 3.3% in the quarter and 9.4% in the year-to-date period. Strong performance from the Health Care and Technology sectors aided growth stocks in the quarter, while poor performance in the Energy and Telecommunication sectors were the main detractors for the value segment of the market.

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International equities returned +5.8% in the quarter. In local currency terms, international equities returned +3.3% in the quarter. Favorable world economic data and the election of pro-European Union leaders positively impacted international equity markets and led to increasing values of other currencies relative to the U.S. dollar. Continued uncertainty regarding U.S. tax reform and infrastructure spending also pushed the value of the U.S. dollar lower during the quarter. Growth sectors, especially Health Care and Technology, outperformed most value sectors. OPEC and several other oil producing nations extended oil production cuts by nine months, but the small magnitude in cuts resulted in the price of oil falling.

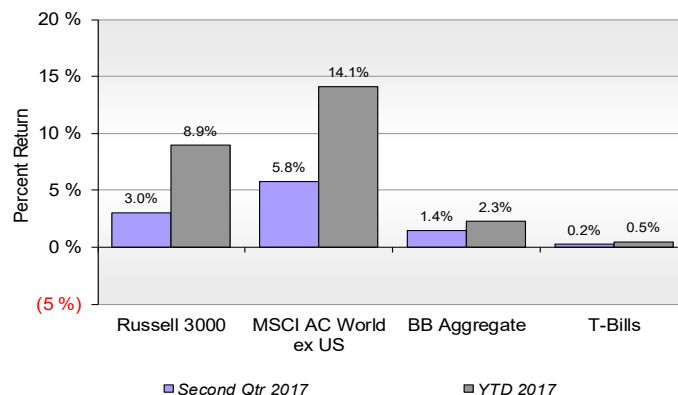
Emerging Markets returned 6.3% in the quarter. EM Asia (+8.6%) was led by technology-heavy South Korea (+10.2%) and Taiwan (+8.8%) for the second consecutive quarter. EM Latin America (-1.7%) was hurt by falling industrial metals and oil prices. Brazil (-6.7%) suffered after President Michel Tamer was indicted at the end of the quarter on corruption charges.

U.S. Government issues advanced 1.2%. The Federal Reserve raised rates in June, increasing the target short-term range by 1.00%–1.25%. U.S. Treasury yields rose for short-term maturities, but decreased for longer-term maturities. All maturities saw positive investment returns for the quarter, with the long end of the curve experiencing the largest increase. The 10-year Treasury yield dropped 0.09 percentage points ending at 2.31%.

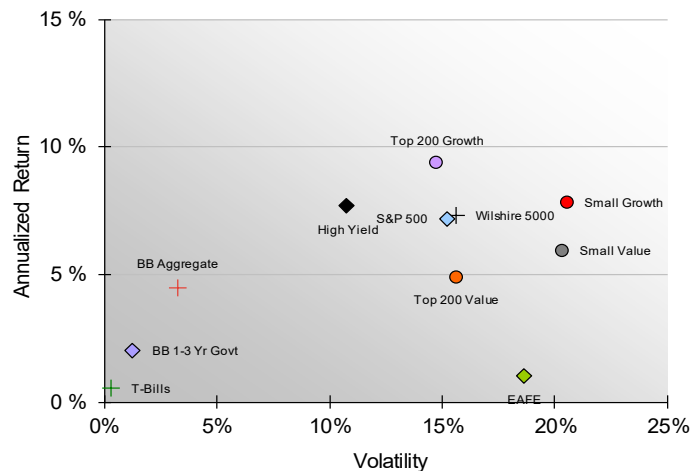
TIPS experienced a negative 0.4% return for the quarter due to decreasing inflation expectations. The breakeven inflation rate implied in 10-year U.S. TIPS ended the quarter at 1.73%, versus 1.97% at the end of the prior quarter.

Investment-grade credits posted a positive 2.4% return for the quarter, outpacing government issues. The Utility and Industrial sectors returned 3.0% and 2.7% respectively and Financials gained 2.1%. U.S. high yield bonds returned 2.2% in the quarter, with little differentiation between credit qualities.

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



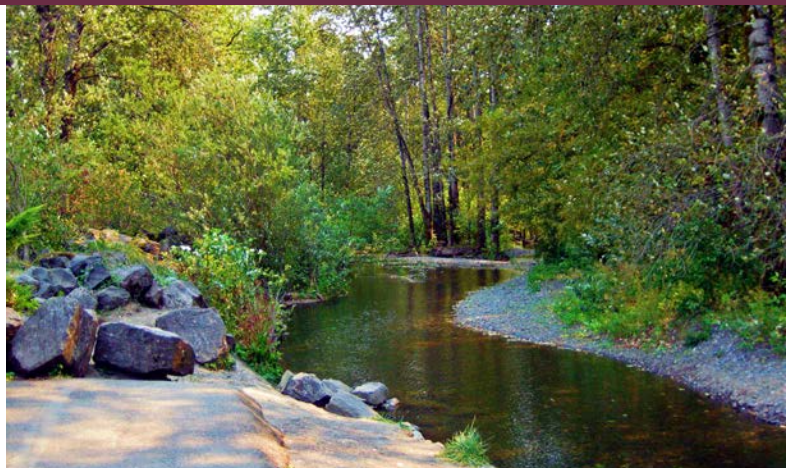
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Source of statistics not otherwise specifically cited within this newsletter: Strategic Capital Investment Advisors.

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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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