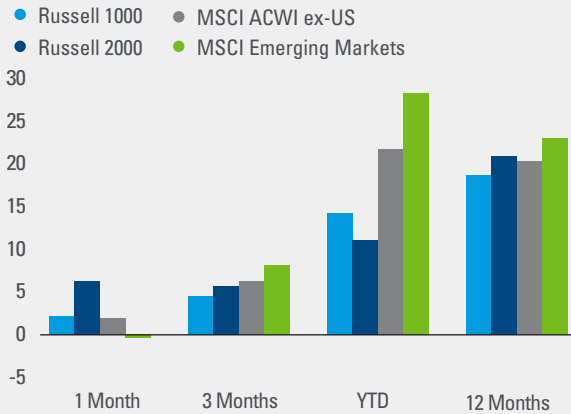
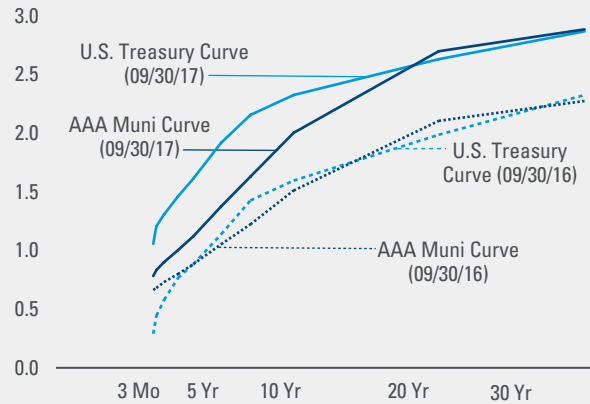


## EQUITY PERFORMANCE



Source: Bloomberg, FactSet 09/30/17

## DOMESTIC YIELD CURVE



Source: Bloomberg, FactSet 09/30/17

		1 Mo	3 Mos	YTD	12 Mos
Large Cap	S&P 500	2.06	4.48	14.24	18.61
	DJIA	2.16	5.58	15.45	25.45
	Russell 1000	2.13	4.48	14.17	18.54
	Russell 1000 Value	2.96	3.11	7.92	15.12
	Russell 1000 Growth	1.30	5.90	20.72	21.94
Small/Mid Cap	Russell 2000	6.24	5.67	10.94	20.74
	Russell 2000 Value	7.08	5.11	5.68	20.55
	Russell 2000 Growth	5.45	6.22	16.81	20.98
	Russell Microcap	8.15	6.65	11.16	22.33
	Russell Midcap	2.77	3.47	11.74	15.32
	Russell Midcap Value	2.73	2.14	7.43	13.37
All Cap	Russell Midcap Growth	2.83	5.28	17.29	17.82
	Russell 3000	2.44	4.57	13.91	18.71
	Russell 3000 Value	3.26	3.27	7.72	15.53
International Markets	Russell 3000 Growth	1.62	5.93	20.43	21.87
	MSCI EAFE	2.53	5.47	20.47	19.65
	MSCI ACWI ex US	1.89	6.25	21.61	20.15
	MSCI Europe	3.32	6.49	23.45	23.01
	MSCI Japan	2.08	4.10	14.63	14.46
	MSCI AC Asia Pacific ex Japan	-0.28	6.04	27.17	20.99
	MSCI EAFE SMID	2.55	6.76	24.28	21.03

		1 Mo	3 Mos	YTD	12 Mos
Int'l-Continued	MSCI ACWI ex US SMID	1.94	6.59	23.28	19.13
	MSCI Emerging Mkts	-0.37	8.04	28.14	22.91
	MSCI EMEA	-3.82	6.45	11.98	14.11
	MSCI Latin America	1.58	15.12	27.00	26.03
	MSCI Frontier Markets	2.07	8.10	25.27	25.95
Sectors -S&P 500 GICS	Consumer Discretionary	0.84	0.84	11.93	14.52
	Consumer Staples	-0.86	-1.35	6.57	4.42
	Energy	9.94	6.84	-6.63	0.16
	Financials	5.14	5.24	12.48	36.21
	Healthcare	0.99	3.65	20.31	15.49
	Industrials	4.00	4.22	14.13	22.35
	Information Technology	0.64	8.65	27.36	28.88
	Materials	3.52	6.05	15.82	21.26
	Telecom Services	3.52	6.78	-4.69	-0.14
	Utilities	-2.74	2.87	11.87	12.03

Source: Bloomberg, FactSet 09/30/17 (Data continued on following page.)

All data represent total returns, where applicable. Information contained in this report is from sources deemed to be reliable. We cannot guarantee the accuracy or completeness of such information and we assume no liability for damages resulting from or arising out of the use of such information. Further, please note that past performance is not indicative of future results.

	1 Mo	3 Mos	YTD	12 Mos
BI BarCap US Agg	-0.48	0.85	3.14	0.07
BI BarCap 1-10 Muni	-0.52	0.65	3.43	1.03
BI BarCap HY Muni	-0.54	1.50	7.72	1.43
BI BarCap Inv. Grade Credit	-0.17	1.34	5.19	2.21
BI BarCap Muni Long Bond -22+	-0.70	1.23	5.83	0.59
BI BarCap US Agg Securitized MBS	-0.22	0.96	2.32	0.30
BI BarCap US TIPs	-0.64	0.86	1.72	-0.73
BI BarCap US Treasury Intern	-0.60	0.34	1.56	-0.73
BI BarCap US Treasury Long	-2.16	0.58	6.02	-6.35
BI BarCap US High Yield Loans	0.34	0.90	2.33	4.59
ML Preferred Stock Hybrid	0.16	1.23	11.19	6.17
ML US High Yield BB/B Rated	0.78	1.94	6.57	7.91
ML US Convert ex Mandatory	1.94	4.47	13.62	16.58
JPM GBI Global ex US Hedged	-0.61	0.64	0.82	-1.36
JPM GBI Global ex US Unhedged	-1.32	2.52	8.21	-3.7
JPM GBI-EM Global Div	-0.34	3.55	14.28	7.32
JPM ELMI+	-0.63	2.00	9.35	5.43
JPM EMBI+ Composite	-0.11	2.23	8.64	2.86

Fixed Income

	1 Mo	3 Mos	YTD	12 Mos
HFRX Absolute Return	0.71	1.85	3.26	2.90
HFRX Market Directional	0.94	1.28	2.34	4.26
HFRX Convertible Arb.	0.60	1.26	5.67	6.27
HFRX Distressed	0.18	-0.13	2.43	7.99
HFRX Equity Hedge	1.82	3.21	7.07	7.91
HFRX Market Neutral	0.63	2.07	2.78	1.52
HFRX Event Driven	0.79	1.88	6.58	10.47
HFRX Merger Arb.	0.45	0.36	1.73	2.86
HFRX Relative Value Arb.	0.25	1.11	2.84	4.16
HFRX Global Hedge Fund	0.60	1.83	4.43	5.64
HFRX Macro Index	-1.03	0.66	-0.10	-1.89
HFRX Systematic Diversified	-1.80	0.87	-1.92	-5.33
Bloomberg Commodity	-0.15	2.52	-2.87	-0.29
DJ Wilshire REIT	0.27	0.38	1.75	-0.83
Alerian MLP	0.69	-3.05	-5.62	-3.70

Alternatives

	Latest Mo End (09/30/17)	3 Mos Ago (06/30/17)	Latest Yr End (12/31/16)	12 Mos Ago (09/30/16)
U.S. Dollar Index Value	93.08	95.63	102.21	95.42
USD vs. Yen	112.46	112.35	116.90	101.34
Euro vs. USD	1.18	1.14	1.05	1.12
Gold (\$ per Troy Ounce)	1279.40	1241.20	1150.90	1315.90
Crude Oil (\$ per Barrel)	51.67	46.04	53.72	48.24

Currency

Cmtys

# SEPTEMBER 2017 IN REVIEW

October Update | As of September 30, 2017

## ECONOMY: HURRICANES IMPACT DATA, BUT EXPANSION APPEARS INTACT

### Economic Data

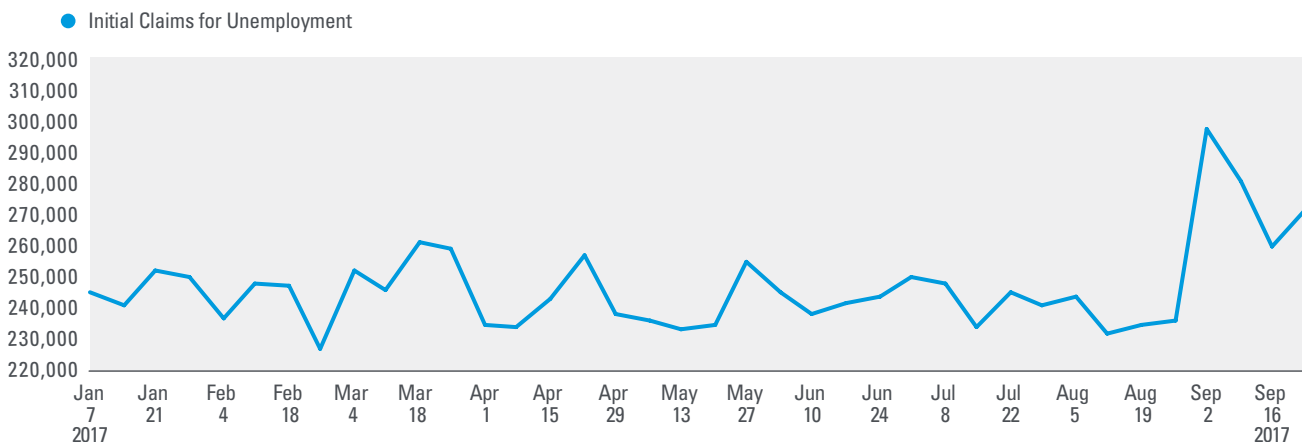
Economic reports released in September 2017, which mostly reflect economic activity in August but also include some weekly data and preliminary reports for September, were already showing the impact of three powerful hurricanes that hit Texas, Florida, Louisiana, and Puerto Rico in August and September. The economic impact of these events was significant, but the impact on everyday lives as these regions start to recover and build, is difficult to capture.

Typically, weather events of this scale have an initial negative impact on economic data due to the destructive impact of the storms and the disruption of regional commerce. But regional events also can have a national impact due to the regional concentration of key industries or agricultural products (oil refineries, oranges) and the disruption of transportation networks. The economic data

often pick up as regions begin to recover and rebuild, creating increased demand for goods and services. In addition to missing the human toll, economic data also typically miss the cost of destroyed property, which isn't reflected in current activity, and the need to reallocate resources to replace it that might have been put to more productive use elsewhere.

While the September reports were generally weaker than reports in August, we believe the change mostly reflects the impact of the hurricanes, with no real indication, in our view, that the overall course of the economy has changed. Economists' estimates of economic data pre-release were generally well calibrated with actual data, indicating minimal unexpected shocks outside of the hurricanes. Over the course of September, the Citi Economic Surprise Index, an aggregate of standardized economic surprises, rose from -23 to -8. (Zero represents surprises that were completely in line with expectations. We generally consider expectations to be in line with data when the index reads between +25 and -25.) Of the 95 economic data points tracked by Bloomberg for which they have economic estimates, 45

### DISRUPTIONS FROM HARVEY AND IRMA CLEARLY HAVING AN IMPACT ON DATA



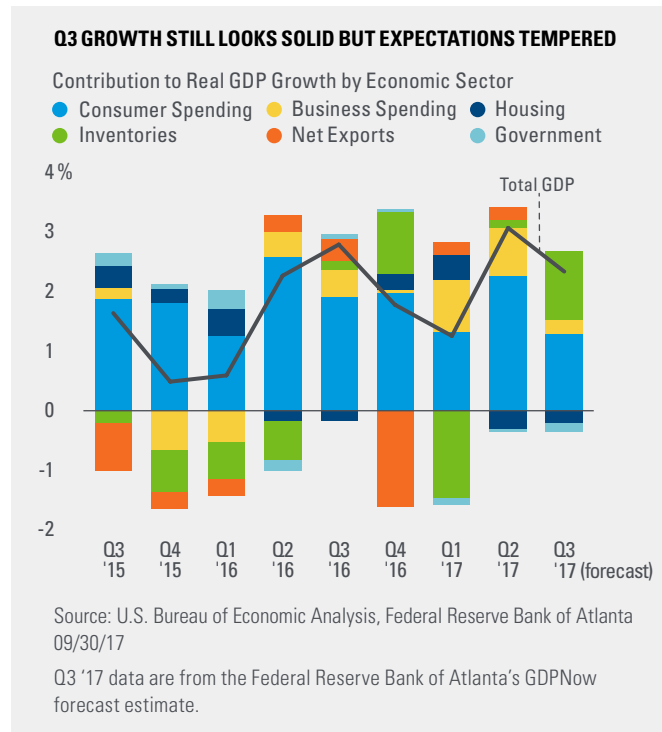
Source: U.S. Employment and Training Administration 09/30/17

came in above expectation and 50 below expectation, with the median negative surprise slightly larger, again indicating that average expectations were about right.

The immediate impact of the hurricanes already stood out in some reports. New claims for unemployment, which is released weekly, jumped noticeably from an average of 247,000 in the prior year (and 235,000 at the end of August) to 298,000 for the first week in September. The number declined later in the month, but remained elevated. While not as dramatic, industrial production for August also started to show the impact of Harvey, posting its largest monthly decline since the Great Recession. The Federal Reserve (Fed), which provides the data, estimated that of the 0.9% decline, about 0.75% could be attributed to the storms.

The impact was also readily apparent in lowered expectations for third quarter real gross domestic product (GDP) growth, which will be released on October 27. Economists' estimates for real economic growth have generally come down 0.4–0.8% in September. (This range is based on a review of changes in individual forecasts—broad forecast averages may not be updated frequently enough to reflect the impact of the hurricanes.) We have seen similar adjustments in the New York and Atlanta Fed's NowCast models. The New York Fed model's estimate for third quarter growth fell 0.7% between September 1 and September 29, and now indicates forecasted growth of 1.5%, while the Atlanta Fed's model declined 0.9% to forecasted growth of 2.3%. Note that these models are purely data driven and reflect the economic shock from the hurricanes as already expressed in recent data; the changes do not directly reflect economists' judgment.

Growth estimates have declined across economic sectors in the Atlanta Fed's Nowcast model except for inventories, which may see a temporary increase due to an unexpected decline in demand and the inability of finished goods to make it to market, and net exports, which have been helped by a weaker dollar independent of weather events, but may also get some support from disruptions in production of some U.S. goods. Anything between about 2.0 and 2.5% growth in the third quarter would generally fall within the expected range and would not be considered a disruption in the current run rate of economic growth after adjusting for the initial negative impact of the hurricanes.



There was also some positive economic news in September. Leading indicators, as aggregated in the Conference Board's Leading Economic Index, advanced at an accelerated pace year over year in August, indicating below-historical odds of a recession in the next 12–18 months. Several measures of regional manufacturing activity surprised to the upside, building permits for August rose, and some measures of inflation ticked up (while still remaining stubbornly below the Fed's 2% target). The impact of the hurricanes will likely continue to be felt in October's data releases, making it more difficult to gauge the health of the overall economy, but the broader signs point to continued expansion.

### Central Banks

Following its September 19–20 policy meeting, the Fed announced that it was leaving the target range for the fed funds rate unchanged at 1–1.25%, as widely expected. The meeting did include updated economic projections and forecasts for the expected future path of interest rates. Median expectations continued to point to an additional rate hike in December and three more in 2018. The Fed also announced that its balance sheet normalization program would begin in October 2017. The plan calls for gradually reducing the size of the Fed balance sheet by decreasing reinvestment of principal payments from maturing bonds.

## GLOBAL EQUITIES:

### ANOTHER UP MONTH FOR U.S. STOCKS

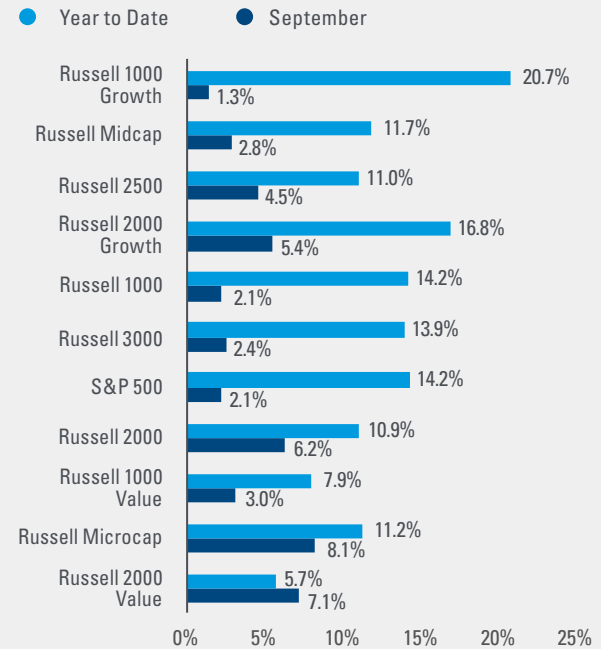
#### U.S.

Stocks posted yet another positive month in September, as the S&P 500 Index returned 2.1% (including dividends), ending near the 2500 level and record highs. This marked 6 straight months of gains; or based on total return (including dividends), 11 straight months, which is the longest streak in more than 50 years. The Dow has also produced 6 straight monthly gains, while the Nasdaq, which eked out a 1% gain in September, has been higher 10 of 11 months.

In September, the more than eight-year-old bull market continued to garner support from improving global growth, strong earnings, low interest rates, and contained inflation. Meanwhile, intra-market movements and commentary from Washington, D.C. insiders suggest that market participants have gained more confidence that tax reform, or at least tax cuts, will be achieved. Although skeptics are not hard to find, the progress made on taxes late in the month buoyed investor sentiment. Stocks continued to largely shrug off the most common concerns, including hurricane damage, North Korea threats, central bank tightening, elevated stock valuations, and the age of the business cycle.

From a sector perspective, the rebound in the energy sector (+9.9%) was the big story of the month as crude oil jumped more than 9%. Also notable was weakness in technology (+0.6%), a victim of rotation into areas that have lagged and potentially would benefit more from tax reform, some profit taking after such a strong year, and weakness in a large sector constituent. Industrials fared well due to its commodity sensitivity and improved global growth prospects, while financials benefited from higher interest rates as expectations for a late 2017 Fed rate hike increased. Conversely, higher interest rates hampered utilities, which lagged. Year to date, technology (+27.4%) remains the top-performing sector, followed by healthcare (+20.3%), while energy (-6.6%) has suffered the biggest decline.

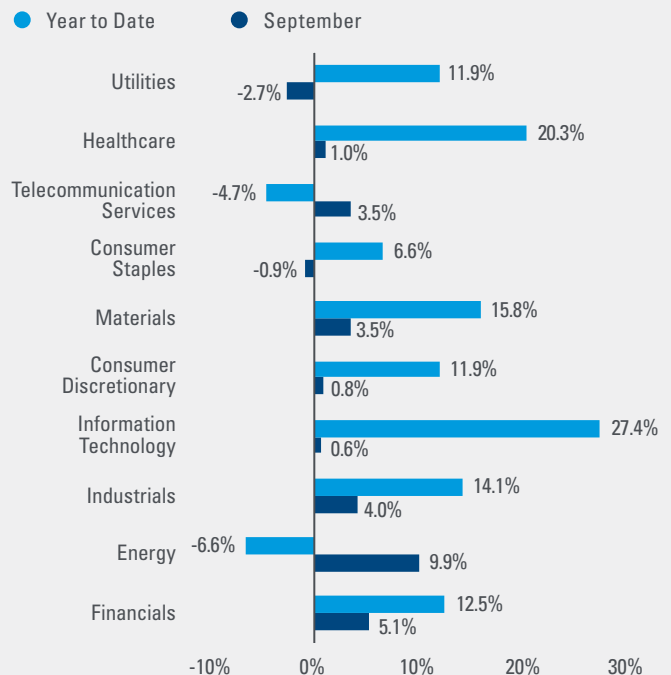
#### DOMESTIC INDEX PERFORMANCE



Source: FactSet 09/30/17

Indexes are unmanaged and cannot be invested into directly. Past performance is no guarantee of future results.

#### S&P 500 SECTOR PERFORMANCE



Source: FactSet 09/30/17

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Stock investing involves risk, including loss of principal.

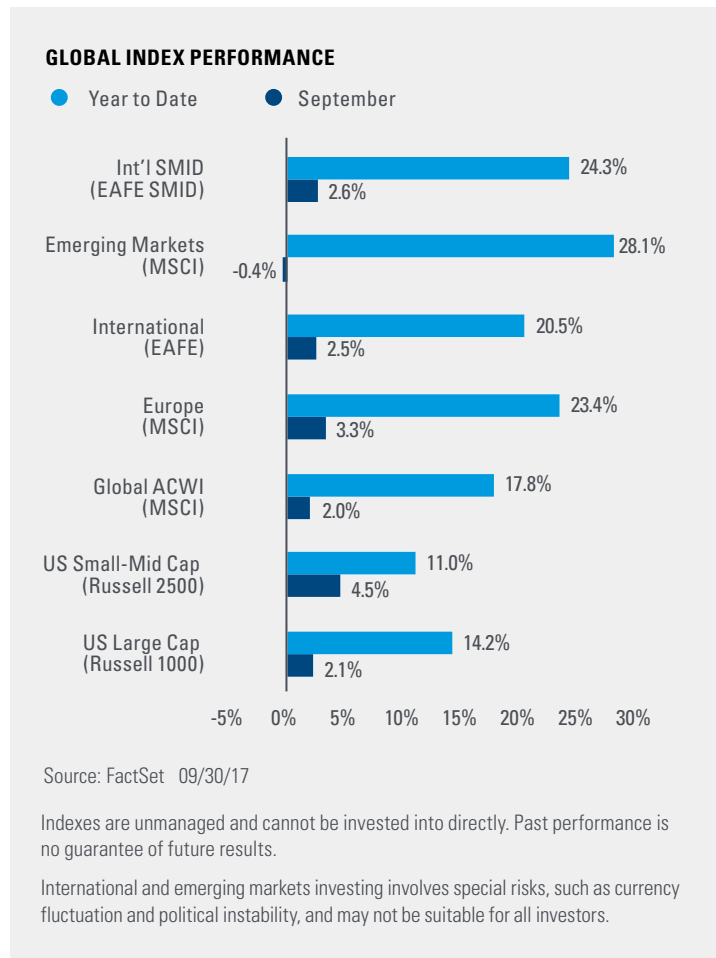
Because of its narrow focus, sector investing will be subject to greater volatility than investing more broadly across many sectors and companies.

The change in sector leadership that occurred during September favored the value style, as the Russell 3000 Value Index outperformed its growth counterpart for just the second time this year (June was the other). In general, improving economic growth, higher commodity prices, and rising interest rates—all typically tied to higher inflation—tend to be more favorable for the value style. Specifically, the outperformance by energy and financials, the two biggest value sectors, coupled with technology’s underperformance, drove the value outperformance for the month. It’s been all about growth this year, with the Russell 3000 Growth Index outperforming its value counterpart by nearly 13% year to date (20.4% versus 7.7%).

Small caps played some catch-up in September, as the Russell 2000 Index outperformed the large cap Russell 1000 by 3.3%. The strength reflected some increase in confidence that policymakers will achieve tax reform, given that smaller companies tend to be more domestic, and usually pay higher tax rates, and therefore tend to benefit more from tax reform. Small cap outperformance during the month was concentrated in the most economically sensitive areas, including technology, financials, consumer discretionary, and industrials. Year to date, small caps still trail large, with the Russell 2000 up 10.9% compared to 14.2% for the Russell 1000.

**International**

Developed international equities produced a solid 2.5% gain in September, outpacing both the domestic (S&P 500) and developing (MSCI Emerging Markets Index) market benchmarks, bringing the year-to-date return to 20.5%. Europe drove much of the monthly gain as the region continued to produce solid economic growth, strong enough to assuage fears of tighter monetary policy. The rally in the euro currency paused, which helped investor sentiment toward European-based exporters. Geopolitical risk, including North Korean saber-rattling, the German election—which offered no surprises, Japanese leader Shinzo Abe’s call for an October snap election, and the bumpy start to Brexit negotiations with the European Union, did little to slow overseas markets. European markets:



Germany, France, Italy, and the U.K. were the top performers during the month. Performance laggards included Australia and Hong Kong.

September was mixed for emerging markets, as the MSCI Emerging Markets (EM) Index lost 0.4%, but is still up over 28% year to date. EM equities are more sensitive to Fed policy, so the increasing odds of a late 2017 rate hike likely hindered the asset class. Strength in the U.S. dollar and profit taking after such a strong year may have also played a role. In terms of countries, oil’s rally boosted Russia, Brazil’s resurgence continued, and South Korea impressively performed well, despite heightened North Korea tensions. China’s market produced a modest gain amidst steady economic growth and ongoing efforts to curb property speculation, while South Africa, India, and Taiwan lagged.

## FIXED INCOME: RATES RISE AS FED CONTINUES GRADUAL MONETARY POLICY NORMALIZATION

Treasury yields rose sharply across the maturity spectrum during September. The 2-year Treasury rose by 16 basis points (0.16%), while the 10- and 30-year Treasuries rose by 22 and 13 basis points (0.22% and 0.13%), respectively. Higher inflation expectations helped push long-term rates higher, while the Fed stood firm on its commitment to continued gradual rate hikes, which pressed short-term rates higher as well. The Fed's decision to begin its balance sheet normalization program in October also pushed long-term rates higher.

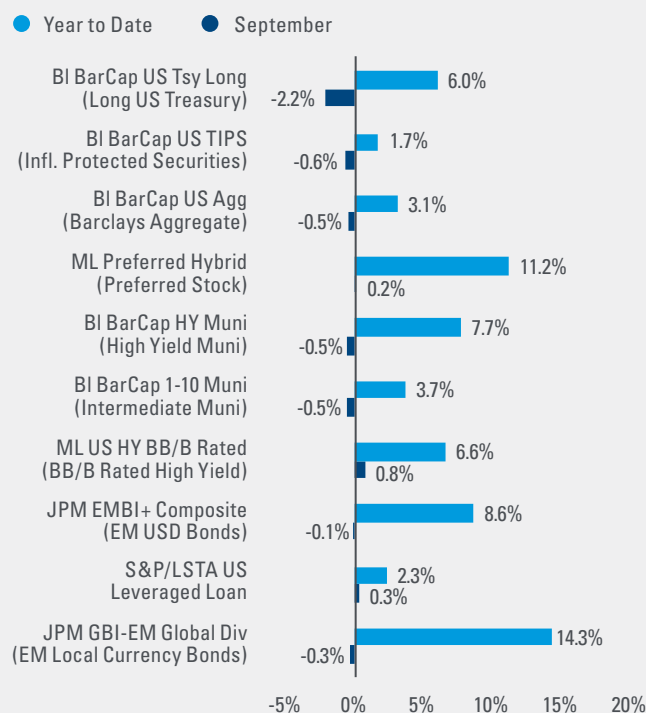
The upward pressure on yields led to a challenging month for high-quality fixed income. The broad Bloomberg Barclays Aggregate Bond Index returned -0.5% during the month, while Treasuries underperformed, returning -0.9% (Bloomberg Barclays U.S. Treasury Index). Mortgage-backed securities and investment-grade corporates both returned -0.2%, outperforming the broad high-quality market.

Economically sensitive sectors of fixed income were boosted by strong equity markets and a rise in the price of oil, which rallied 9.4% during September. Major beneficiaries of lower-quality fixed income strength were high yield and bank loans, which returned 0.8% and 0.3%, respectively.

Investing in foreign and emerging markets debt securities involves special additional risks. These risks include, but are not limited to, currency risk, geopolitical and regulatory risk, and risk associated with varying settlement standards.

Municipal bonds are subject to availability, price, and to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rate rise. Interest income may be subject to the alternative minimum tax. Federally tax-free but other state and local taxes may apply.

### FIXED INCOME PERFORMANCE



### U.S. TREASURY YIELDS

Security	08/31/17	09/30/17	Change in Yield
3 Month	1.01	1.06	0.05
2 Year	1.33	1.47	0.14
5 Year	1.70	1.92	0.22
10 Year	2.12	2.33	0.21
30 Year	2.73	2.86	0.13

### AAA MUNICIPAL YIELDS

Security	08/31/17	09/30/17	Change in Yield
2 Year	0.92	1.02	0.10
5 Year	1.25	1.38	0.13
10 Year	1.95	2.09	0.14
20 Year	2.60	2.74	0.14
30 Year	2.78	2.91	0.13

Source: Bloomberg, FactSet 09/30/17

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Bonds are subject to market and interest rate risk if sold prior to maturity. Bond values and yields will decline as interest rates rise, and bonds are subject to availability and change in price.

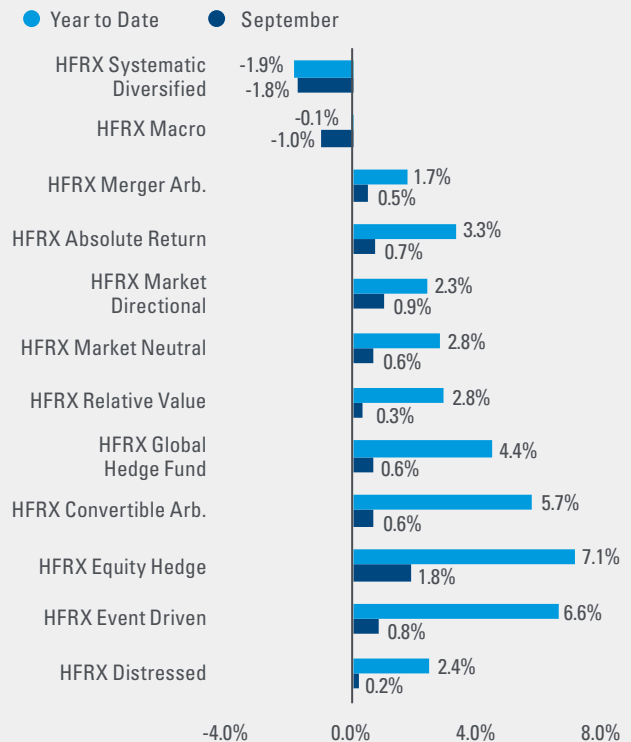
Bank loans are loans issued by below investment-grade companies for short-term funding purposes with higher yield than short-term debt and involve risk.

## ALTERNATIVES: LONG/SHORT EQUITY KEEPS PACE

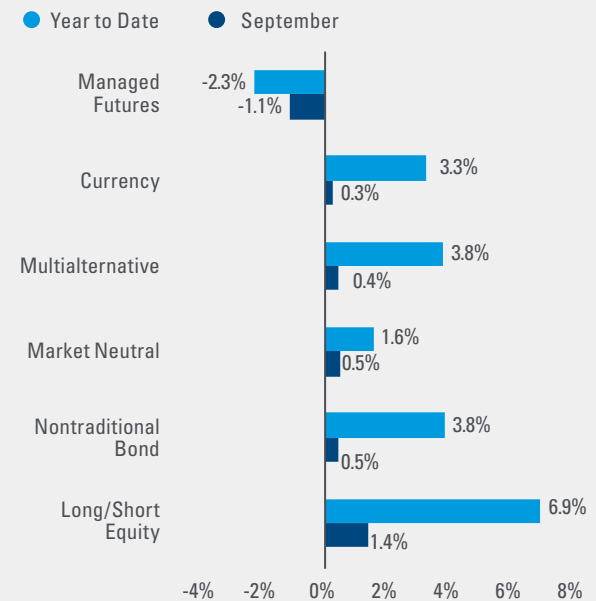
The HFRX Equity Hedge Index gained 1.8% during the month, capturing a majority of the S&P 500's 2.0% return. While strength in technology and other large cap growth holdings have supported the industries year-to-date gains; small cap and value firms led equity markets higher during September. We were pleased to see continued strength within the long/short space, as these types of sudden rotations often lead to periods of underperformance, and identify managers that have been crowding into winning trades. However, September's performance suggests that managers have not concentrated risk in a specific sector or style and continue to maintain diverse long and short exposure. Year to date, the HFRX Equity Hedge Index has returned 7.1%, with a beta of only 0.44 to the S&P 500, representing the best start since 2008.

Event-driven strategies rebounded with a gain of 0.8%, as the HFRX Event Driven Index has now returned 6.6% on the year. During August, the spikes in volatility led to temporary losses for those in announced merger deals. However, September's return to a low-volatility environment and a move higher in equity prices provided a constructive backdrop and lower deal spreads. Additionally, as the discussion and potential proposals surrounding tax reform continue to develop, opportunities within the event-driven space are set to grow. Lower corporate tax rates may stimulate additional merger volume as firms seek inorganic growth with the extra cash flow. There also exists potential divergences in equity valuations, as investors reevaluate how changes to the tax rate, interest deductibility, and capital expenditure expensing impact corporate earnings, growth, and overall capital structures.

### HFRX INDEX PERFORMANCE



### MORNINGSTAR INDEX PERFORMANCE



Source: FactSet 09/30/17

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Alternative strategies may not be suitable for all investors and should be considered as an investment for the risk capital portion of the investor's portfolio. The strategies employed in the management of alternative investments may accelerate the velocity of potential losses.



## INTERNATIONAL REAL ESTATE AND GLOBAL INFRASTRUCTURE PACED LIQUID REAL ASSET GAINS

Much like August, September was mixed for liquid assets. Master limited partnerships (MLP) benefited from higher oil prices and produced the strongest gains in this category for the month, while international real estate and global infrastructure declined and commodities and U.S. real estate investment trusts (REIT) were largely unchanged.

### MLPs

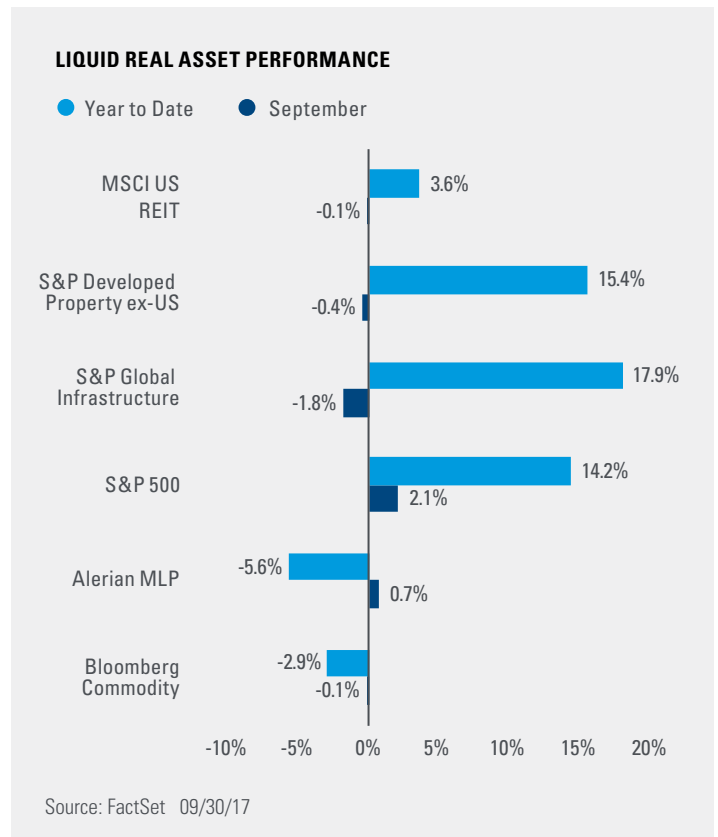
MLPs benefited from the big jump in oil prices in September, helping the asset class recover from its August decline. September also benefited from earnings and distribution stability after a major MLP announced a distribution cut in August that weighed on the group, and reports that hurricane damage was less than feared. The increase in interest rates during the month likely capped MLP gains.

### REITs and Global Listed Infrastructure

Domestic REITs were essentially unchanged in September, with gains in office and hotel REITs offset by weakness in industrial, residential, and healthcare REITs. And after delivering the best August returns among liquid real asset categories in August, global infrastructure struggled during September. The weakness in both U.S. REITs and global infrastructure were partly attributable to rising interest rates. Meanwhile, hurricane damage had some impact on U.S. real estate and the rebound in the U.S. dollar weighed on the international constituents within the S&P Global Infrastructure Index.

### Commodities

The Bloomberg Commodity Index was essentially unchanged in September, slipping 0.1% during the month. Oil's more than 9% rally was the biggest



story in commodities, although besides grains, little else in the commodities complex got much play. Oil benefited from firm demand, anticipation of extended production limits overseas, and slower-than-expected increases in U.S. production. However, the bullish sentiment for oil did not carry over into natural gas, which fell over the month.

Metals were weak across the board, hurt by the rising dollar, concerns about Chinese demand, and for precious metals in particular, increasing chances of a late-2017 rate hike. In agriculture, wheat and soybean prices rose as winter weather risks (i.e., La Nina) began getting priced in and reports of supply pressures in Latin America surfaced.

Investing in real estate/REITs involves special risks such as potential illiquidity and may not be suitable for all investors. There is no assurance that the investment objectives of this program will be attained.

Investing in MLPs involves additional risks as compared with the risks of investing in common stock, including risks related to cash flow, dilution, and voting rights.

MLPs may trade less frequently than larger companies due to their smaller capitalizations, which may result in erratic price movement or difficulty in buying or selling. MLPs are subject to significant regulation and may be adversely affected by changes in the regulatory environment, including the risk that an MLP could lose its tax status as a partnership. Additional management fees and other expenses are associated with investing in MLP funds.

## IMPORTANT DISCLOSURE INFORMATION

*This document is intended for informational purposes only and contains the opinions of Camden Capital and should not be taken as a recommendation to invest in any asset class or foreign securities market. The information contained in this report is current only as of the earlier of the publishing date and the date on which it is delivered by Camden Capital. All information in this report has been gathered from LPL Financial and sources we believe to be reliable, but we do not guarantee the accuracy or completeness of such information. The economic performance figures displayed herein may have been adversely or favorably impacted by events and economic conditions that will not prevail in the future. Past performance is not indicative of future results. All investments involve risk including the loss of principal.*

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