

### Equities

Asset prices rallied in the first quarter of 2019, marking a strong rebound from the December correction. The S&P 500 Index rose 13.7% during the quarter, buoyed by low valuations at the start of 2019 and accommodative statements from Federal Reserve officials. The impressive returns marked the strongest quarter for the S&P 500 since early 2009, when stocks bottomed out following the Financial Crisis. It is worth noting that the recent 10-year anniversary of that market bottom results in a 10-year annualized return for the S&P 500 of almost 16%, well above the historical long-term average of closer to 9%–10% for the index. Given a much higher starting point today, investors might expect more modest performance over coming years.

Every sector in the S&P 500 participated in the first quarter rally. The S&P Technology Sector Index rose 19.9% during the quarter, while industrial and energy stocks rose 17.2% and 16.3%, respectively. Relative laggards during the quarter included the financial sector and healthcare stocks, which rose 8.6% and 6.6%, respectively. Small cap U.S. equities returned 14.6% during the quarter.

Many longer-term trends persisted across the equity asset class in the first quarter. Growth stocks outperformed value stocks during the quarter, with the Russell 1000 Growth Index up 16.1% compared to 11.9% for the Russell 1000 Value Index. U.S. stocks continued to outperform non-U.S. stocks, with the MSCI EAFE Index posting a respectable 10% return during the quarter, but still lagging the S&P 500. The MSCI Emerging Markets Index rose 9.9% during the quarter.

### Fixed Income

Interest rates declined across the yield curve during 1Q19, resulting in continued flattening and even inversion across certain maturities. The one-year Treasury rate declined .21% to end the quarter at 2.39%, higher than 2.24% for five-year Treasuries and only slightly below the 10-year rate of 2.41%. After raising their key Fed Funds rate in December 2018, the Federal Reserve hit the pause button during the first quarter in response to market volatility and signs of a slowing economy and lower inflation. The market no longer expects additional rate hikes during 2019 due to the Fed's changed tone.

Declining rates across the yield curve resulted in relatively strong bond returns during the quarter. The Bloomberg Barclays U.S. Aggregate Bond Index returned 2.9%, while the Bloomberg Barclays U.S. Corporate Bond Index returned 5.1%. Lower-quality bonds also performed well during this "risk-on" environment. The Bank of America Merrill Lynch High Yield Index returned 7.4% during the quarter. Municipal bonds performed in line with the broader market and the Bloomberg Barclays Municipal Bond Index returned 2.9% in the quarter.

### Commodities

After a difficult end to 2018, commodity prices bounced back to start 2019. The Bloomberg Commodity Index returned 6.3% during the quarter as oil prices rose from \$44 for a barrel of West Texas intermediate oil to over \$60 at the end of March. The LBMA Gold Price Index returned 1.3% in the quarter.

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Mesirow Wealth Advisors understands the challenges and pressures that individuals face when trying to manage their personal wealth, throughout the many stages and events of a lifetime. We partner with you to understand your personal goals, and then together we develop a plan designed to accumulate, grow, protect and distribute your wealth as planned. We are dedicated to helping you make the best financial decisions that support your most important life decisions.

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Sources: MorningStar and Federal Reserve Bank of St. Louis

### Important Information:

The **Standard & Poor's 500 Index**, often abbreviated as S&P 500, is an American stock exchange market index based on the market capitalizations of 500 large companies having common stock listed on the NYSE or NASDAQ. The S&P 500 index components and their weightings are determined by S&P Dow Jones Indices.

The **Russell 1000 Growth Index** is a broadly diversified index predominantly made up of growth stocks of large U.S. companies.

The **Russell 1000 Value Index** is a broadly diversified index predominantly made up of value stocks of large U.S. companies.

The **Russell 2000 Index** is a small-cap stock market index of the bottom 2,000 stocks in the Russell 3000 Index. The index is maintained by FTSE Russell, a subsidiary of the London Stock Exchange Group.

The **Russell Microcap Index** measures the performance of the microcap segment of the U.S. equity market. It includes 1,000 of the smallest securities in the Russell 2000 Index based on a combination of their market cap and current index membership and it also includes up to the next 1,000 stocks.

The **MSCI EAFE Index** is a stock market index that is designed to measure the equity market performance of developed markets outside of the U.S. and Canada.

The **MSCI Emerging Markets Index** is an index designed to measure equity market performance in global emerging markets.

The **Bloomberg Barclays US Aggregate Bond Index** is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market.

The **Bloomberg Barclays US Corporate Bond Index** measures the investment grade, fixed-rate, taxable corporate bond market. It includes USD denominated securities publicly issued by US and non-US industrial, utility and financial issuers.

The **Bank of America Merrill Lynch High Yield Bond Index** tracks the performance of below-investment-grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market.

The **Bloomberg Barclays U.S. Municipal Index** covers the USD-denominated long-term tax exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds and prerefunded bonds.

The **LBMA Gold Price Index** is the global benchmark for unallocated gold and silver delivered in London.

The **West Texas Intermediate (WTI)** oil, also known as Texas light sweet, is a grade of crude oil used as a benchmark in oil pricing. This grade is described as light because of its relatively low density, and sweet because of its low sulfur content.

**Bloomberg Commodity Index (BCOM)** is calculated on an excess return basis and reflects commodity futures price movements.

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