



September 2018 Investment Report

Highlights

- As expected, the Federal Reserve (Fed) raised short-term interest rates 0.25% during its September committee meeting, crediting a strong labor market and economic growth as drivers for the third rate hike in 2018.
- Trade tensions re-emerged when the U.S. announced tariffs on an additional \$200 billion of Chinese goods. Conversely, trade concerns eased when Canada and the U.S. announced completion of negotiations for a new trade agreement.
- U.S. Economic momentum remains strong. The unemployment rate decreased to 3.7% in September, a 49-year low. The Consumer Confidence Index increased to 138.4 in September from 134.7 in August, achieving an 18-year high.
- In September, the Fixed Income Fund and Inflation Protection Fund outperformed their respective benchmarks, while the U. S. Equity Fund, International Equity Fund and Multiple Asset Fund underperformed.

Monthly Overview

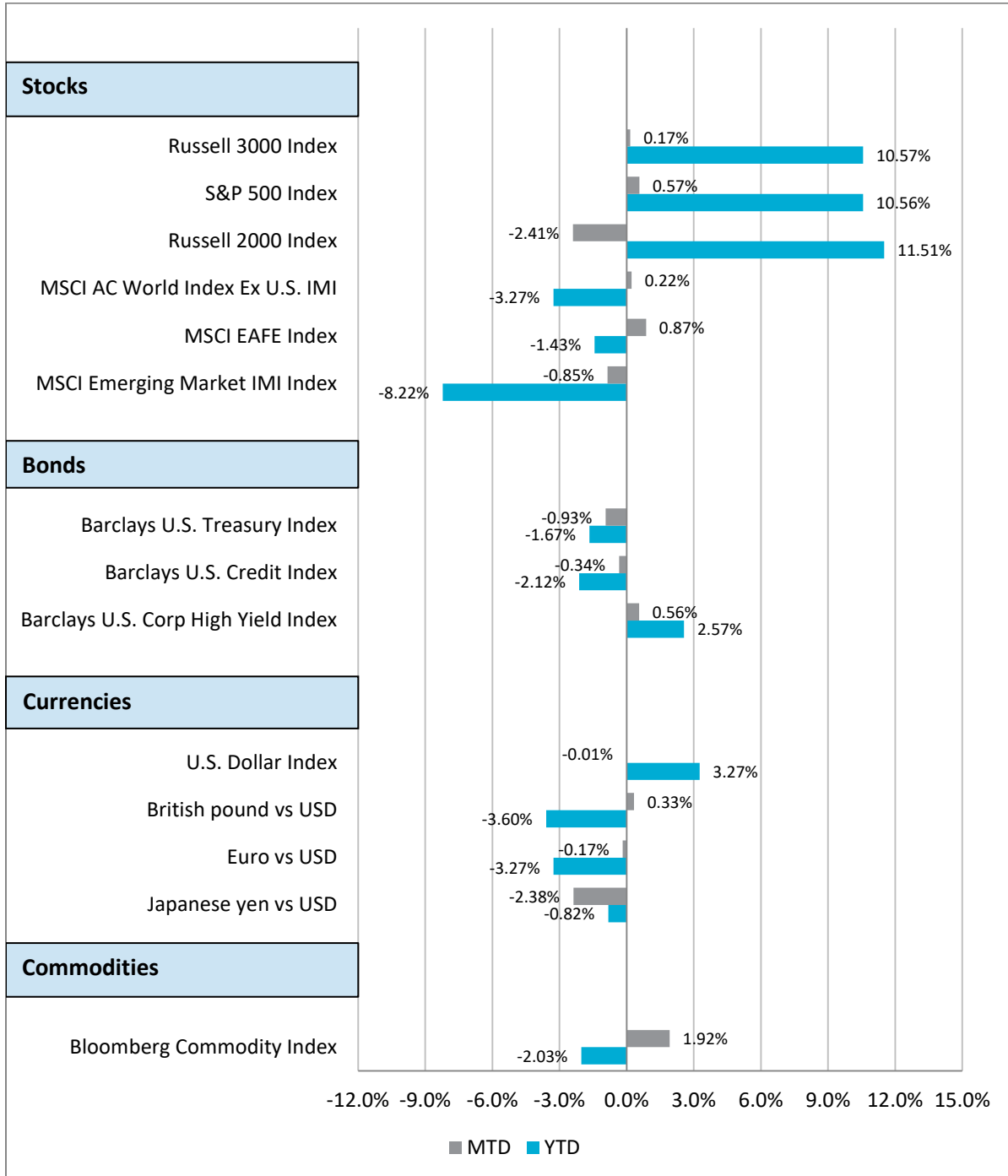
Global trade tensions back in focus

The U.S. Administration announced tariffs on \$200 billion of Chinese imports and Beijing responded with duties on \$60 billion of U.S. imports. This follows tariffs imposed on \$50 billion in Chinese goods in July and August, and steel and aluminum tariffs imposed in May and June. Tensions de-escalated when Canada agreed to enter into the new U.S.-Mexico-Canada Agreement (USMCA) scheduled to become effective in 2020, which will govern over \$1 trillion in trade across North America. Additional threatened tariffs may adversely affect long-term global productivity as countries shift to producing goods in which they do not possess a comparative advantage.

U.S. economic momentum remains strong

Small business confidence reached a 35-year high, evidenced by the August 2018 survey conducted by the National Federation of Independent Business, which highlighted a surge in small business optimism. In addition, the US Institute of Supply Management non-manufacturing index reached an all-time high of 61.6. September job growth fell to 134,000 on the back of Hurricane Florence, but the Labor Department reported a significant upward revision to its August report, raising the number of jobs created from 201,000 to 270,000. Pending home sales declined 1.8% in August largely due to higher interest rates. The Commerce Department reported its final estimate for second quarter U.S. GDP growth at an unrevised 4.2%. Core Personal Consumption Expenditures inflation—the Federal Reserve’s preferred inflation measure—was steady at 2% year-over-year.

Market Performance



Source: FactSet, as of September 30, 2018

Key Monthly Economic Statistics

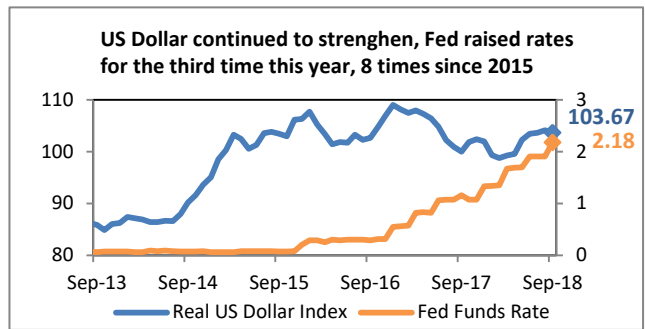
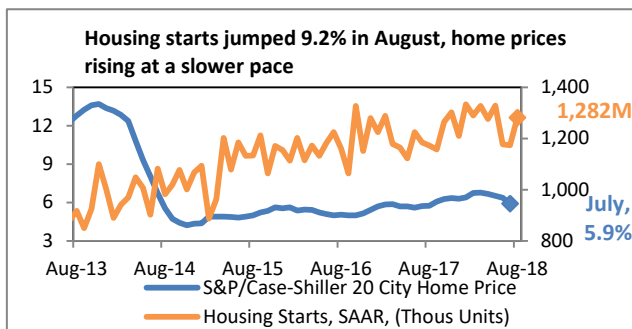
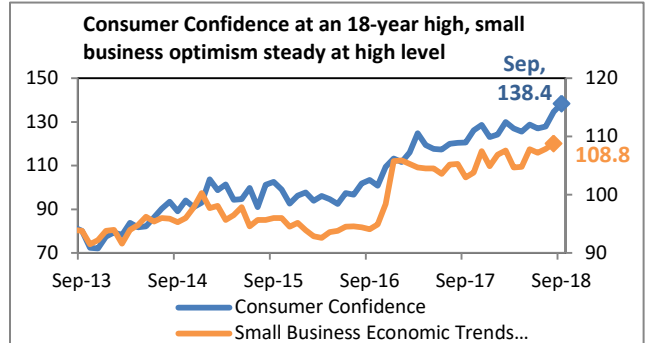
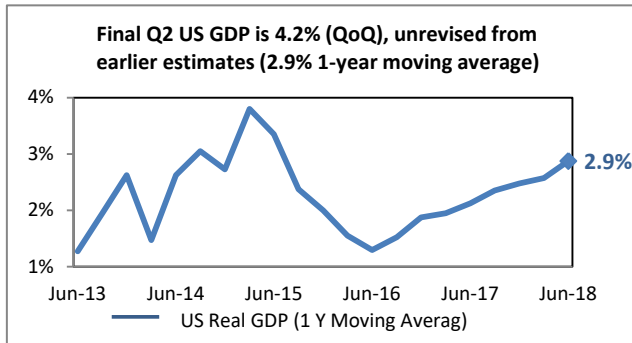
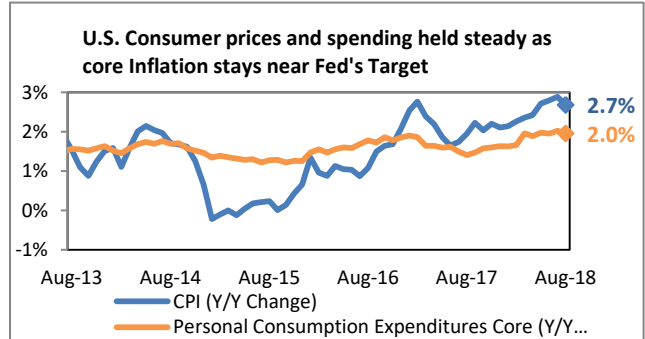
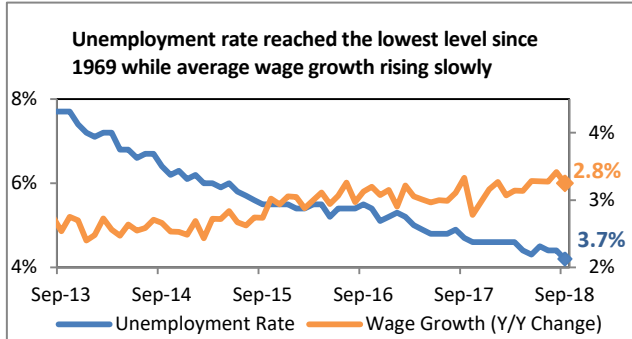
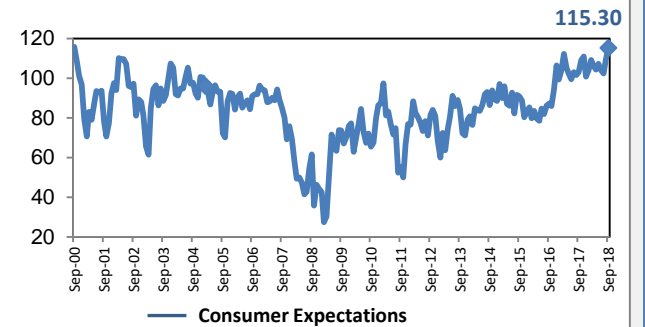


Chart of Month - Consumer Expectations Index

- The Consumer Expectations Index measures the short-term future economic outlook of households.
- The Index reached an all-time high since its September 2000 level.
- High consumer expectation should support strong economic momentum and consumer spending for the remainder of the year.



Source: FactSet



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