February 2018

THE MONTHLY VIEW FROM THE SUMMIT

Performance	Feb.	QTD	1 Year	3 Years
S&P 500 Total Return	-3.69%	1.83%	17.10%	11.13%
Russell 2000 Total Return	-3.87%	-1.36%	10.51%	8.54%
MSCI EAFE (USD)	-4.50%	0.30%	20.69%	6.14%
MSCI EAFE Small-cap (USD)	-3.54%	1.40%	27.86%	12.67%
MSCI Emerging Markets (USD)	-4.60%	3.36%	30.97%	9.36%
MSCI ACWI (USD)	-4.16%	1.27%	19.41%	8.92%
MSCI USA Min Vol	-4.21%	-0.84%	11.55%	10.22%
Barclays Aggregate (ETF: AGG)	-0.97%	-2.10%	0.47%	1.08%
Barclays High Yield 2% Issuer Cap	-0.85%	-0.26%	4.18%	5.20%
Barclays Global Aggregate ex US	-0.85%	2.16%	10.50%	3.40%
Gold (ETF: IAU)	-2.04%	1.60%	4.70%	2.52%
Oil (ETF: USO)	-4.37%	2.65%	8.22%	-12.15%
USD Trade Weighted (ETF: UUP)	1.83%	-1.30%	-9.27%	-2.00%

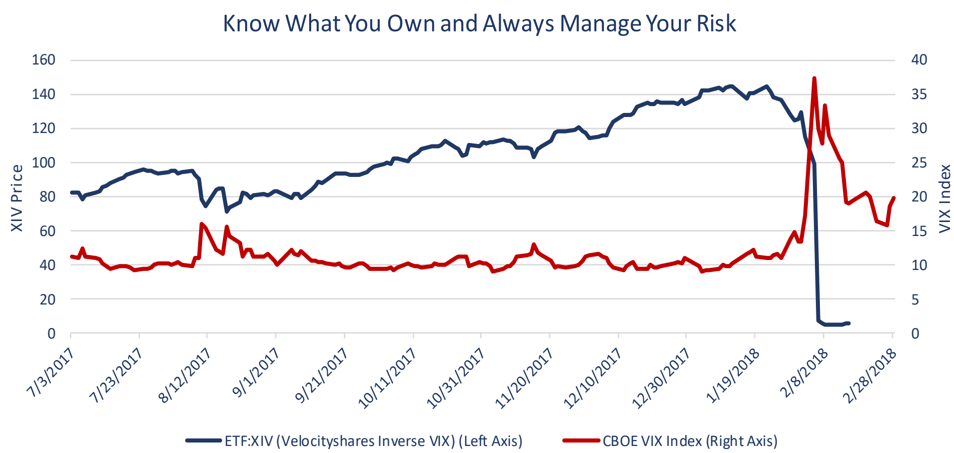
MARKET COMMENTARY

Volatility spiked in February, just as we feared in the previous monthly edition of the View From The Summit. In fact, on February 5th the Dow dropped 1,175.21 points - the largest drop on record. This opened the flood gates for major volatility, both on the upside and downside, for the rest of the month. When the closing bell finally rang, the S&P 500 was down 3.69% for February, which was the first down month since October 2016.

One cause for the brief correction and subsequent volatility is the expectation that interest rates and inflation will both increase. Ironically, this expectation is due to an outperforming economy. Many investors piled into the short volatility trade or leveraged equities because of depressed volatility. Once volatility spiked, those trades quickly unwound, putting further downward pressure on prices.

The team at SGI remains positive on the economy and the stock market. We expect volatility to remain at average levels, but we see nothing that signals recession or major correction.

CHART OF THE MONTH



The Velocityshares Inverse VIX ETF (Ticker: XIV) plunged 92.5% on February 6th due to the spike in volatility (CBOE VIX Index). Investors piled into the short volatility trade without realizing the consequences of a spike in VIX. The ETF was subsequently closed.

This is a prime example of why it is always critical to know exactly what you own, and that managing risk is a 365 day a year endeavor. Frequent stress-testing of portfolios is one of the many measures we take to help monitor and manage risk during rapidly changing market conditions.

620 South Main Street, Bountiful, UT 84010
888-251-4847 www.summitglobalinvestments.com