

Investors Begin the Year in a Nervous Mood

Market Review

Markets were hit by their first quarterly losses since 2015 as questions over global trade and regulation of technology companies weighed on stock prices.

The global rally began to fall apart in early February when nerves about the pace of interest rate increases by central banks saw a rapid sell-off.

While stock markets made back most of their early February losses before March ended, the recovery relied on technology stocks. Controversy around Facebook's ability to protect its customer's data, led investors to jettison the so-called Faang stocks — Facebook, Apple, Amazon, Netflix and Google.

Meanwhile, escalating rhetoric from the US, Europe and China over tariffs stoked protectionism fears, encouraging many investors to reduce their holdings in companies exposed to global trade. Including dividends the S&P 500 lost 0.90% and the MSCI World index lost 1.28% in US dollar terms for the quarter.

The first quarter was a prime example of why investors should be cautious with bitcoin. The digital currency has always been prone to wild price swings, pushed around by news flow and investors' rapidly changing sentiment. Bitcoin posted its second-worst quarter on record, down 49% to close at \$6,926.

Global bonds finished the quarter up 0.55% as per the Barclays Global Aggregate Index.

Investment Implications

Investors enter the second quarter with an apprehensive mind-set, reflecting both the sharp late-March retreat of once-favored technology shares and increasing concern about the impact of rising interest rates on market valuations and volatility.

The stunning reversal and recovery has put many investors on watch for this upcoming quarter. But many say that beneath the uncertainty over the White House's trade policies and the path of interest rates, the economic outlook continues to look positive—something that should help boost stocks, even as volatility has rattled the markets anew this year.

It will be very important to remember to keep a long term focus during periods of volatility and market movements. Our retirement specialists can assist.

We also suggest you contact one of our financial consultants if you have any questions or concerns over your portfolio. They can be contacted at 295-5566 or via email at retirement@bfm.bm.

The information and opinions in this newsletter are intended to provide a general commentary on areas which may be of interest to readers. This publication is not intended to provide specific financial advice or recommendations. Readers should consult with their personal financial advisor before acting on any information or opinions contained in this publication.

Target Date Performance by Profile	Annualized Returns at March 31, 2018				
	10 years	5 years	3 years	1 year	YTD
GlidePath Retirement	2.65	2.27	2.58	5.43	-0.19
Index	3.06	2.44	2.79	5.03	-0.50
GlidePath 2010	2.22	2.69	2.61	5.60	-0.21
Index	3.24	2.64	2.87	5.19	-0.51
GlidePath 2020	2.52	3.78	3.58	7.24	-0.25
Index	3.88	3.84	3.99	6.67	-0.71
GlidePath 2030	3.11	5.64	5.34	11.09	-0.08
Index	4.85	5.86	5.93	10.21	-0.85
GlidePath 2040	3.49	6.48	6.19	12.72	0.03
Index	5.36	7.08	6.90	11.77	-0.87
GlidePath 2050	3.75	7.00	6.76	13.87	0.12
Index	5.69	7.93	7.53	12.86	-0.89
GlidePath 2060					0.12
Index					-0.88

Risk-Based Performance by Profile	Annualized Returns at March 31, 2018				
	10 years	5 years	3 years	1 year	YTD
Guaranteed Interest	1.33	0.77	0.77	0.82	0.25
Index	1.33	0.77	0.77	0.82	0.25
Conservative Risk	2.83	2.95	2.40	3.98	0.11
Index	2.48	2.33	1.89	3.05	-0.50
Moderate Risk	3.38	4.05	3.34	5.99	-0.07
Index	2.65	2.92	2.41	4.36	-1.06
Accumulator	4.51	5.98	4.52	8.10	-0.29
Index	3.57	4.32	3.26	5.88	-1.63
Stable Growth	5.26	7.14	5.37	10.75	0.72
Index	3.92	5.41	4.21	8.23	-1.11
Growth Risk	5.52	7.81	6.72	13.89	1.45
Index	4.07	5.93	5.24	10.51	-1.12
Aggressive Risk	7.04	10.56	8.07	17.58	2.62
Index	5.15	8.34	6.67	13.60	-0.68

Data obtained from Morningstar Direct. Risk profile performance is based on historical blend of actual managers. Individual fund performance reflects only the manager currently used for that asset class. Past performance is no guarantee of future performance. The price of the shares of each Profile and the income received from each Profile may go down as well as up, and investors may not get back the full amount that they invested. Investment in any of the Profiles involves risks. Currency fluctuations will affect the value of overseas investments. Information has been provided by BF&M Investment Services Limited, which is licensed to conduct Investment Business by the Bermuda Monetary Authority under the Investment Business Act.

Performance by Fund	Annualized Returns at March 31, 2018				
	10 years	5 years	3 years	1 year	YTD
Guaranteed Interest Account (GIA5)	1.33	0.77	0.77	0.82	0.25
Money Market – Payden USD Liquidity (MMKT)	0.54	0.66	1.02	1.43	0.32
Bank of America ML US Treasury Bill 3 Month TR USD	0.34	0.34	0.53	1.11	0.35
Short Duration - Logan Circle Short Duration 1-3yr (BFMSDF)	2.25	0.76	0.80	0.89	0.62
BofAML US Treasuries 1-3 Year TR USD	1.13	0.52	0.40	0.03	-0.13
Global Bond - Lazard Global Bond Core Plus (BFMGBF1)	2.04	0.79	2.57	6.65	1.44
Barclays Global Aggregate TR USD	2.57	1.49	3.14	6.97	1.36
US Bond - PIMCO Total Return (BF1)	4.29	1.84	1.72	2.15	-1.30
Barclays US Aggregate Bond TR USD	3.63	1.82	1.20	1.20	-1.46
Inflation Strategy - PIMCO Inflation Strategy (INFLTN)	0.85	-1.39	-0.73	0.11	-0.95
PIMCO Inflation Strategy Benchmark USD	1.74	-1.24	0.07	0.18	-1.42
Global TIPS - Global Inflation Linked Bond	4.04	2.44	2.78	1.94	-0.18
Barclays Gbl. Inflation Linked TIPS TR USD	2.93	0.05	1.30	0.92	-0.79
High Yield Bond – Alliance Bernstein Global High Yield (HYLDBD)	7.09	4.41	5.09	4.20	0.00
Barclays Global High Yield TR USD	8.27	5.31	6.72	6.65	-0.36
Emerging Mkt Bond - MFS Meridian EM Debt (EMKBD)	6.73	3.18	4.68	3.97	-1.60
JPM EMBI Plus TR USD	6.52	3.57	5.14	2.23	-2.04
Global Value Stock - Templeton Global (GVF)	5.02	7.84	4.15	10.99	-1.36
MSCI ACWI NR USD	5.57	9.20	8.12	14.85	-0.96
Global Growth Stock - Artisan Global Opportunities (IGF)	11.96	13.38	13.10	22.96	3.37
MSCI ACWI NR USD	5.57	9.20	8.12	14.85	-0.96
US Growth Stock - Franklin US Opportunities (USGF)	10.73	13.82	9.51	21.75	5.50
MSCI US Large Cap Growth PR USD	9.85	14.06	11.08	19.19	1.62
US Value Stock - MFS Meridian US Value (USVF)	7.69	10.69	8.07	8.06	-3.20
MSCI US Large Cap Value PR USD	4.24	7.78	5.96	4.58	-4.34
US Stock Index - Vanguard US 500 Stock Index (INDUSE)	8.61	12.49	10.03	13.24	-0.91
S&P 500 NR USD	8.79	12.60	10.09	13.32	-0.90
Global Stock Index - Vanguard Global Stock Index (INDGEQ)	5.67	9.52	7.80	13.44	-1.32
MSCI World Free NR USD	5.90	9.70	7.97	13.59	-1.28
Global Small Cap Stock - Vanguard Glb. Small Cap Index (GSMCEQ)	N/A	10.60	9.21	15.59	-0.69
MSCI World Small Cap NR USD	8.56	10.87	9.48	15.90	-0.55
Emerging Market Stock - Schroder Global EM Opp. (EMKEQ)	4.81	7.23	11.98	30.04	3.53
MSCI EM PR USD	0.59	2.50	6.31	22.17	1.07