

Market Indices <sup>1</sup>	May	Year-to-Date
S&P 500	2.35%	4.97%
Russell 3000	2.18%	4.32%
MSCI EAFE	1.62%	3.78%
MSCI Emerging Markets	3.49%	3.39%
Barclays U.S. Aggregate Bond	1.14%	3.87%
Barclays Municipal	1.29%	5.91%
Barclays U.S. Corporate High Yield	0.92%	4.59%

<sup>1</sup> Morningstar Direct (all performance percentages are total return based, which include reinvested dividend, interest)

- Global stocks extended gains in May, as investors' prior month reservations abated.
- Russian troops pulled back from its border with Ukraine, easing tensions.
- Stocks generally outperformed bonds, except YTD municipal bonds, outpacing stocks by nearly 1%.

Equities rose for a fourth straight month as prospects for a pickup in U.S. economic growth, together with improving corporate earnings, helped propel stocks to new heights in May. The S&P 500 rose the most since February and along with the Dow Industrials, finished at a new all-time high. The S&P 500 has rebounded nearly 6% since a selloff in biotech and internet stocks drove the benchmark index to a two-month low in mid-April. Wall Street largely ignored the second of three government estimates showing the economy sputtered during the first quarter (-1% GDP), its first quarterly pullback in three years. Yet the Federal Reserve acknowledged that the economy has strengthened after harsh winter weather undermined consumer spending and manufacturing activity. An apparent ease in the Ukraine crisis and an accelerated pace of M&A activity also contributed to bullish sentiment.

Small-cap stocks continued to underperform large-caps as the Russell 2000, a proxy for small-cap equities, rose 0.8% in May, trimming its 2014 loss to 2%. Mid-cap stocks, as measured by the Russell Mid Cap Index, rose 2.2% last month, rebounding from a 0.6% April loss, and lifting its YTD gain to 5.2%. Growth resumed its leadership over value last month as the Russell 1000 Growth Index gained 3.1%, while the Russell 1000 Value Index gained just 1.5%. On a YTD basis, the Russell 1000 Value Index is up 5.5%, while the Russell 1000 Growth Index is up 4.3%.

All but one of the ten major sector groups ended higher in May, led by Technology (+3.8%), Telecom (+3.4%) and Materials (+3%). Financials (+1.4%) gained the least, while Utilities (-1.1%) lagged. Utilities however, the only sector to retrace its steps last month, continues to be this year's top performer, up 13.6%. Healthcare (+8.2%) and Energy (+7.5%) are the next best performers so far in 2014.

Overseas developed markets underperformed the U.S. in May as the MSCI EAFE Index gained just 1.6%. For 2014, this index continues to lag U.S. equities. Emerging markets, as measured by the MSCI Emerging Markets Index, outperformed the U.S. last month by over 1%, rising 3.5% in May.

Bonds also rallied last month. Treasuries, as measured by the Barclays U.S. Government Bond Index, gained 0.9%, the most since January, and are up 2.8% YTD. Demand for 10-year Treasuries has pushed its yield down to 2.459%, off the most since January. U.S. investment grade bonds, as measured by the Barclays U.S. Aggregate Bond Index, returned 1.1% last month, extending YTD gains to 3.9%. The Barclays U.S. Corporate High Yield Index, a proxy for non-investment grade corporate bonds, returned 0.9% in May, extending YTD returns to 4.6%. Municipal Bonds, as measured by the Barclays Municipal Bond Index, gained 1.3% last month, extending 2014 gains to 5.9%.

# MONTHLY Market Monitor

*This information is compiled by Cetera Investment Management.*

## **About Cetera Investment Management**

Cetera Investment Management LLC provides passive and actively managed portfolios across five traditional risk tolerance profiles to the clients of financial advisors, who are affiliated with its family of broker-dealers and registered investment advisers. Cetera Investment Management is part of Cetera Financial Group, Inc., which includes Cetera Advisors LLC, Cetera Advisor Networks LLC, Cetera Financial Specialists LLC, and Cetera Investment Services LLC.

## **About Cetera Financial Group**

Cetera Financial Group, Inc. is the cornerstone of the retail advice division of RCS Capital Corporation (RCS Capital) (NYSE: RCAP), which is focused on serving the needs of investors with best-in-class solutions.

Committed to using its collective knowledge and expertise in service to and for others, Cetera Financial Group is focused on the growth of its affiliated broker-dealers and financial professionals' businesses by giving them the industry and market insight, technology, resources and solutions they need to better focus on helping their clients pursue their financial goals. For more information, visit [cetera.com](http://cetera.com).

*No independent analysis has been performed and the material should not be construed as investment advice. Investment decisions should not be based on this material since the information contained here is a singular update, and prudent investment decisions require the analysis of a much broader collection of facts and context. All information is believed to be from reliable sources; however, we make no representation as to its completeness or accuracy. The opinions expressed are as of the date published and may change without notice. Any forward-looking statements are based on assumptions, may not materialize, and are subject to revision.*

*All economic and performance information is historical and not indicative of future results. The market indices discussed are unmanaged. Investors cannot directly invest in unmanaged indices. Please consult your financial advisor for more information.*

*Additional risks are associated with international investing, such as currency fluctuations, political and economic instability, and differences in accounting standards.*

*Affiliates and subsidiaries and/or officers and employees of Cetera Financial Group or Cetera firms may from time to time acquire, hold or sell a position in the securities mentioned herein.*

### Instructions to Representatives (please remove before distributing):

*The above material has been approved for use with the public. The material must be presented in its original text; alteration to the material is prohibited. You may place this on DBA branded letterhead but please keep in mind that the material must be presented with all required disclosures and with the following information:*

*Securities offered through (insert broker/dealer name) (doing insurance business in CA as CFGAN Insurance Agency), Member FINRA/SIPC. Cetera is under separate ownership from any other named entity.*

*Your registered address*

*Your registered phone number*

*Your broker dealer title (registered representative, investment advisor representative)*

*If you are sending this commentary as an attachment to an email, you are required to use an approved signature block.*

*Please provide a copy of this piece printed on your letterhead to your OSJ Manager to keep in his/her Advertising Compliance file.*