

**Home Office**

1900 S. Highland Ave.  
Suite 100  
Lombard, IL 60148

ph 630.873.8520  
fax 630.873.8536  
web [www.forumfin.com](http://www.forumfin.com)

## Quarter-End Summary

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Throughout the course of this year's NCAA men's basketball tournament, not one Cinderella story emerged. (The glass slipper didn't quite fit Syracuse.) Although 41% of early-round games ended in upsets, the No. 2 Villanova Wildcats took the national championship in a 77–74 win over the No. 1 North Carolina Tar Heels. With a buzzer-beating 3-pointer from junior Kris Jenkins, Villanova managed to write a fairy tale of its own.

Whether in business, life or even love, we find ourselves compelled to root for the underdog. In that endeavor, the market has presented a very unlikely Cinderella: emerging markets. In 2015, the down-and-out asset class claimed the title of worst-performing asset class with a total return of –14.86% (as proxied by DFA Emerging Markets Core Equity Portfolio).

What a difference a year can make. Emerging markets appears to be staging a comeback as it now ranks as the second-highest-performing equity asset class in 2016 with a total return of 7.26% (as of March 31, 2016). International real estate currently holds the title with a year-to-date total return of 8.67% (as proxied by DFA International Real Estate Securities Portfolio). Even with this unexpected turnaround, it is too early to call what will happen at year-end because short-term performance historically carries very little weight.

This fact is no more evident than in the recent run-up the market experienced beginning on February 12. Investors were shaken and stirred up in January as the market logged record lows for the start of a year. The S&P 500 Index had its lowest 2016 close at 1829 on February 11. By March 31, the market had nearly erased those losses to close at 2060. To further illustrate this point, the MSCI All-Country World Index started the year at –11.39% and then found new footing to end the month of March with a total return of 0.24%.

All of this short-term volatility is cause for reflection. As investors, we don't always find ourselves on the sunny side of the street. But a ready investor has already accounted for the periodic bad market with a long-term plan and a determined outlook. The benefit of having a globally diversified portfolio is that it does not only seek to find high-performing asset classes that we cannot know ahead of time, but rather elegantly captures the returns of the broader market, underdogs included.

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