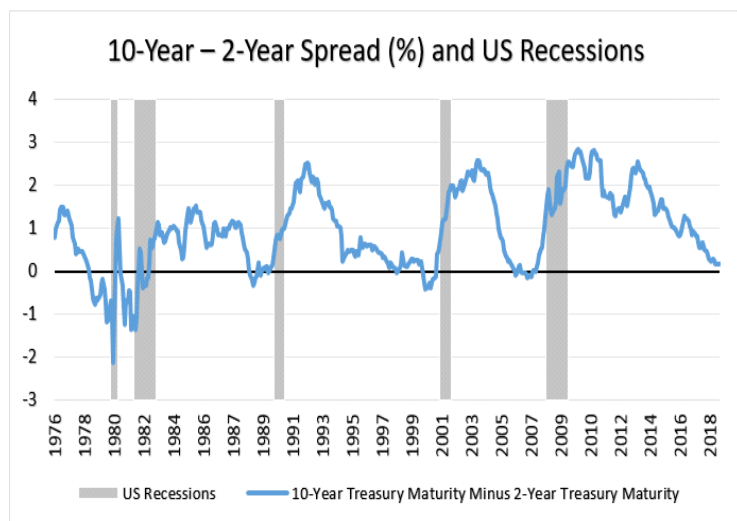


Market Commentary - 1st Quarter 2019

"I would not look at the yield curve and its potential inversion as giving the same signals as in the past. There has simply been too much interference in the global markets by central banks and regulators to understand its full effect on the yield curve."

-Jamie Dimon, CEO of J.P. Morgan Chase



Source: Federal Reserve Bank of St. Louis, 10-Year Treasury Constant Maturity Minus 2-Year Treasury Constant Maturity [T10Y2Y], retrieved from FRED

	3 Months	YTD	1 Year	3 Years	5 Years	10 Years
S&P 500 Index	13.65	13.65	9.50	13.51	10.91	15.92
Russell 1000 Index	14.00	14.00	9.30	13.52	10.63	16.05
Russell 1000 Value Index	11.93	11.93	5.67	10.45	7.72	14.52
Russell 1000 Growth Index	16.10	16.10	12.75	16.53	13.50	17.52
Russell 2000 Index	14.58	14.58	2.05	12.92	7.05	15.36
Russell 2000 Value Index	11.93	11.93	0.17	10.86	5.59	14.12
Russell 2000 Growth Index	17.14	17.14	3.85	14.87	8.41	16.52
MSCI EAFE ND	9.98	9.98	-3.71	7.27	2.33	8.96
MSCI EAFE LOC	10.73	10.73	3.36	9.06	6.48	10.27
MSCI ACWI ex. US	10.31	10.31	-4.22	8.09	2.57	8.85
MSCI EAFE Small Cap ND	10.65	10.65	-9.36	7.50	4.47	12.76
MSCI Europe ND	10.84	10.84	-3.72	6.56	1.04	8.95
MSCI Japan ND	6.66	6.66	-7.84	8.06	5.61	7.96
MSCI EM ND	9.93	9.93	-7.41	10.68	3.68	8.94
MSCI EM LOC	9.88	9.88	-1.57	11.66	7.50	10.53
DJ World Real Estate	15.52	15.52	11.13	8.03	7.60	14.40
DJ US Select REIT Index	15.72	15.72	19.73	5.29	8.93	18.50
DJ-UBS US Commodity Index	6.32	6.32	-5.25	2.22	-8.92	-2.56
BofA ML 3-month T-Bill	0.60	0.60	2.12	1.19	0.74	0.43
BB Government 1-3 Yr	0.99	0.99	2.74	1.00	0.99	1.10
BB Government/Credit Bond	3.26	3.26	4.48	2.12	2.78	3.92
BB US Aggregate Bond	2.94	2.94	4.48	2.03	2.75	3.77
BB Long Government	4.64	4.64	6.20	1.54	5.43	5.19
BB Long U.S. Corporate	7.97	7.97	4.38	5.26	5.31	9.24
BB High Yield Corporate Bond	7.26	7.26	5.93	8.56	4.68	11.26
BB TIPS	3.19	3.19	2.70	1.70	1.94	3.41

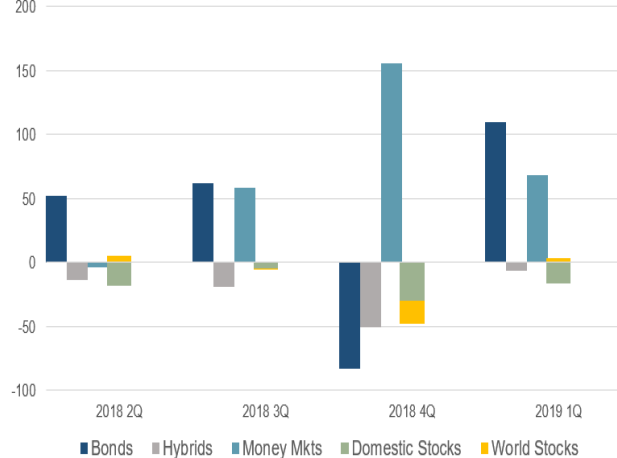
Market Commentary - 1st Quarter 2019

FRB Leading Index for the United States, Percent, Monthly, Seasonally Adjusted



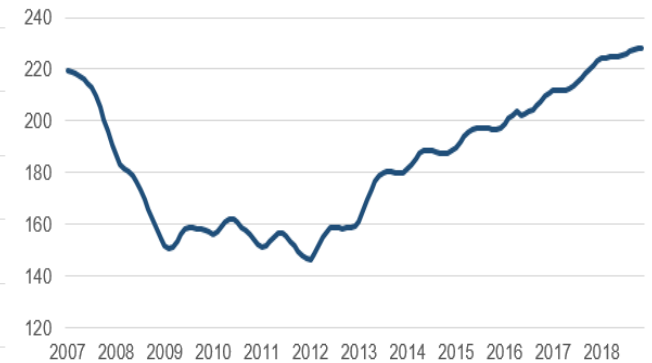
The Leading Index predicts the six-month growth rate of the United States' Coincident Economic Activity Index, which incorporates nonfarm payroll employment, the unemployment rate, average hours worked in manufacturing and wages and salaries in estimating economic activity.

Estimated Cash Flows in Mutual Fund and Exchange-Traded Fund Investing (\$B)



Source: Investment Company Institute

S&P/Case-Shiller 10-City Composite Home Price Index



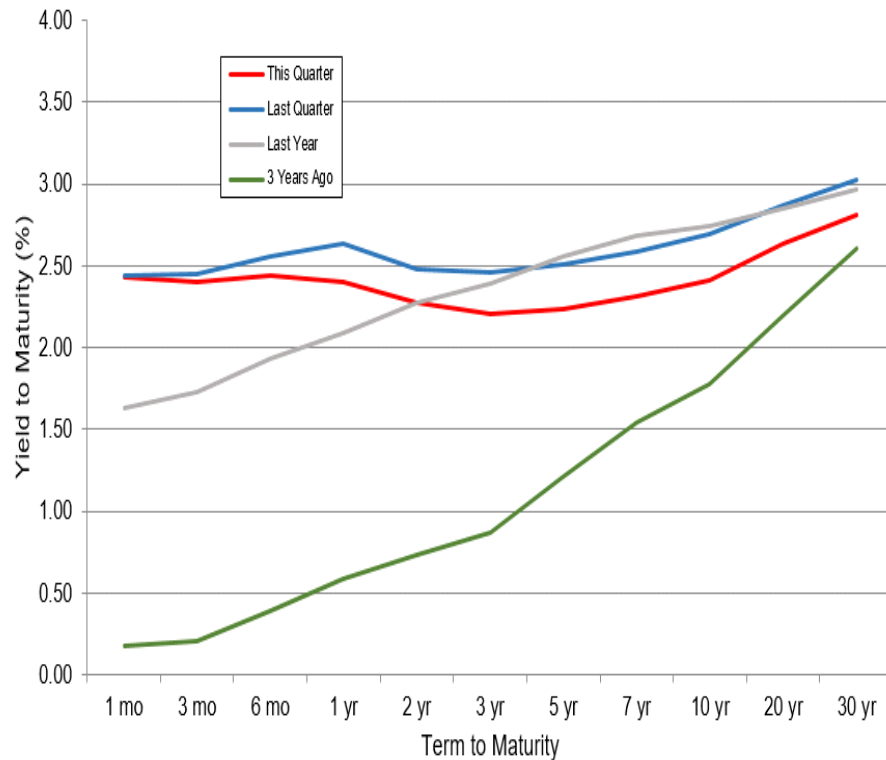
The S&P/Case-Shiller Home Price Indices are calculated monthly using a three-month moving average and published with a two month lag. Base Year 2000 = 100.

Market commentary

- Markets were positive across the board for the quarter after the steep drawdown in late 2018.
- U.S. stocks (S&P 500) were up 13.65%, the best quarter in 10 years, as the Fed became more dovish and on speculation for a positive U.S./China trade resolution.
- Emerging markets and foreign developed markets were up 9.93% and 9.98%, respectively, on positive economic and trade outlook.
- The Federal Reserve surprised markets by not forecasting any further rate hikes in 2019 and announcing a slowdown of its balance sheet reduction plan.
- Investors decreased their holdings of domestic stock mutual funds/ETFs and increased their holdings of world stock and bond mutual funds/ETFs. For the quarter, stock funds had a net outflow of \$13 billion and bond funds had a net inflow of \$110 billion. Total money market mutual fund assets increased by \$68 billion to \$3.1 trillion.
- Total employment increased by 541,000 jobs this quarter, and the unemployment rate decreased from 3.9% to 3.8%.
- The price of oil increased significantly from \$45 to \$60 a barrel over the quarter as oil demand remained strong and OPEC cut production at the same time U.S. sanctions constricted crude exports from Iran and Venezuela.

Market Commentary - 1st Quarter 2019

U.S. Treasury Yield Curve

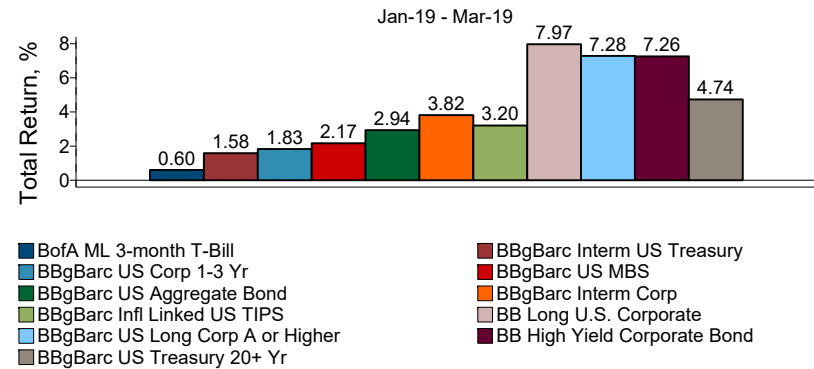


Source: Department of US Treasury

U.S. bond market

- The broad fixed income market was up as investors reacted positively to the Fed's more patient approach to policy.
- The yield curve flattened and shifted downwards. It inverted in late March, raising some concern among investors about a possible recession.
- The Federal Reserve kept rates unchanged and lowered its 2019 projection to no further increases. This helped spreads tighten further in the quarter as demand rebounded from weakness at the end of 2018.
- Yields on the 10-year Treasury decreased 28 basis points while yields on the 30-year Treasury went down by 21 basis points.
- Short term and intermediate U.S. treasuries were up the least as investors were better rewarded for riskier, longer term investments.
- Long term US corporate bonds were the best performing sector, up 7.97% amid a more stable economic backdrop and growing demand for investment grade credit.

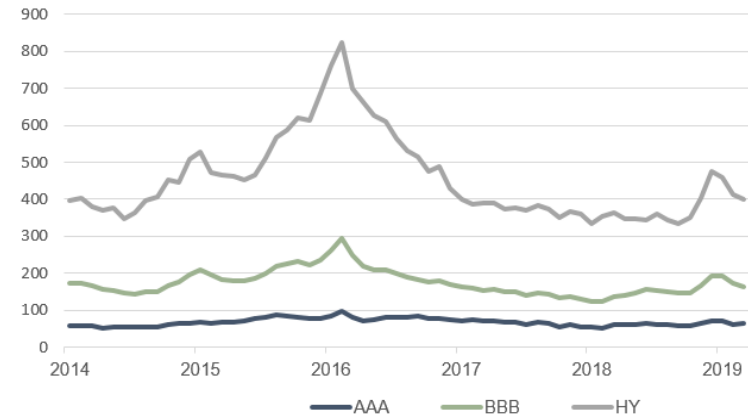
US Fixed Income - Quarter



Legend for US Fixed Income - Quarter:

- BofA ML 3-month T-Bill
- BBgBarc US Corp 1-3 Yr
- BBgBarc US Aggregate Bond
- BBgBarc US Inflation Protected Bond
- BBgBarc US Long Corp A or Higher
- BBgBarc Interm US Treasury
- BBgBarc US MBS
- BBgBarc Interm Corp
- BB Long U.S. Corporate
- BB High Yield Corporate Bond
- BBgBarc US Treasury 20+ Yr

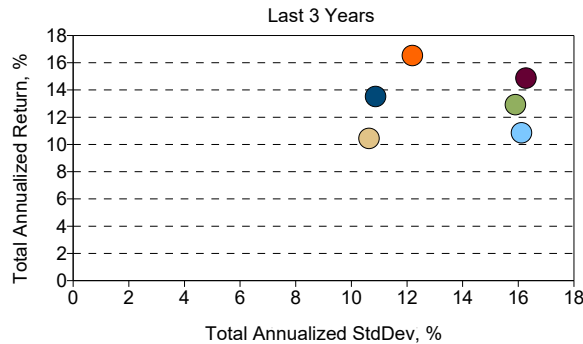
Spread to Treasuries (bps)



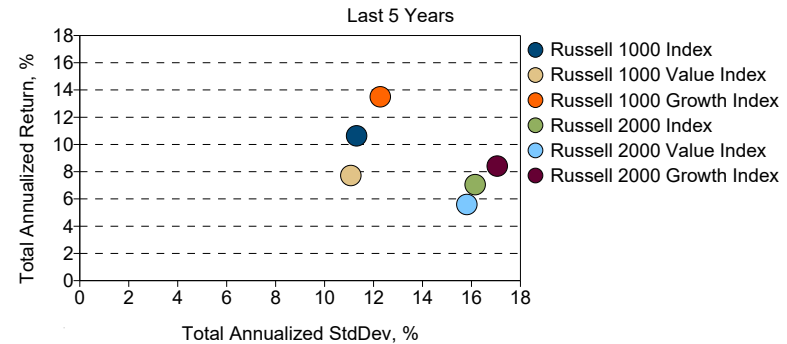
Source: Bank of America Merrill Lynch Option Adjusted Spread Index

Market Commentary - 1st Quarter 2019

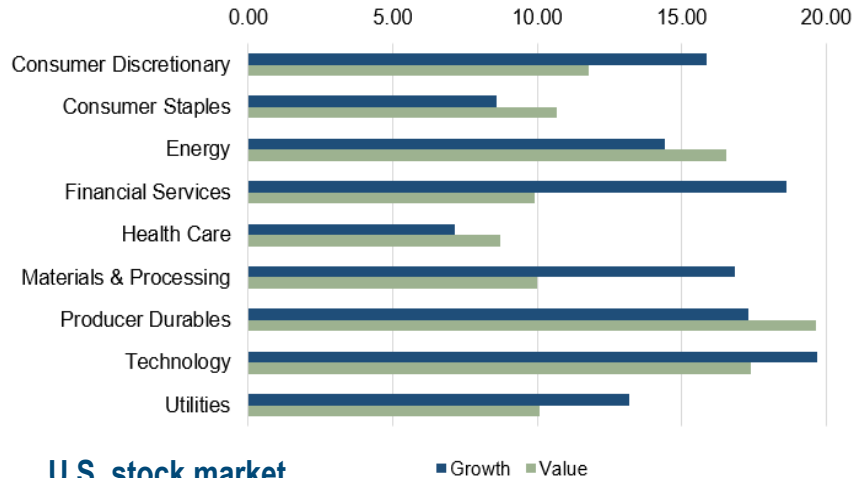
Performance vs. Risk



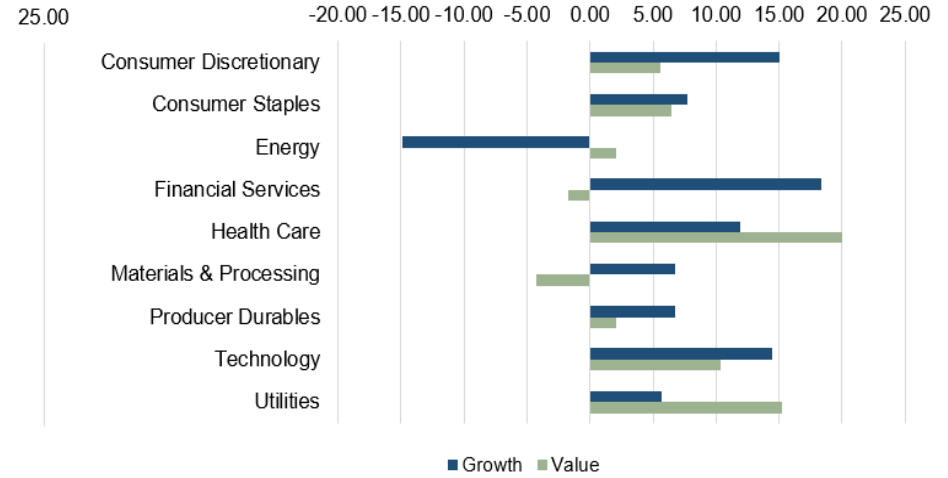
Performance vs. Risk



Russell 1000 Index Sector Quarterly Returns



Russell 1000 Index Sector Annual Returns



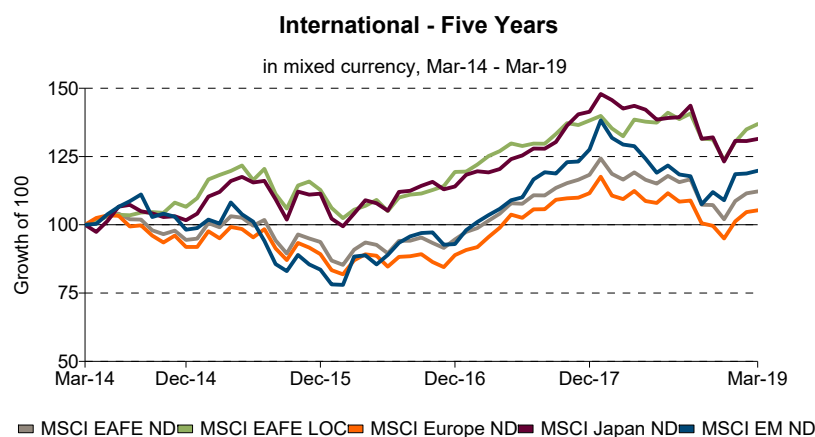
U.S. stock market

- Major domestic equity indices were up over the quarter, with large growth outperforming large value, and small growth outperforming small value. The Russell 2000 Growth Index was the best performing sector, up 17.14%.
- In the quarter, smaller capitalization stocks outperformed larger capitalization due to more attractive valuations, as volatility continued.
- REITs were up 15.72% as medium to long-term interest rates declined and demand for real estate increased.
- Health Care was up the least among the sectors even though demand for products and services rose. Political and legal rhetoric around the sector continued to fuel volatility over the quarter.
- Producer Durables was the best performing sector, up 18.12%, as a more positive economic forecast emerged and interest rates remained unchanged.

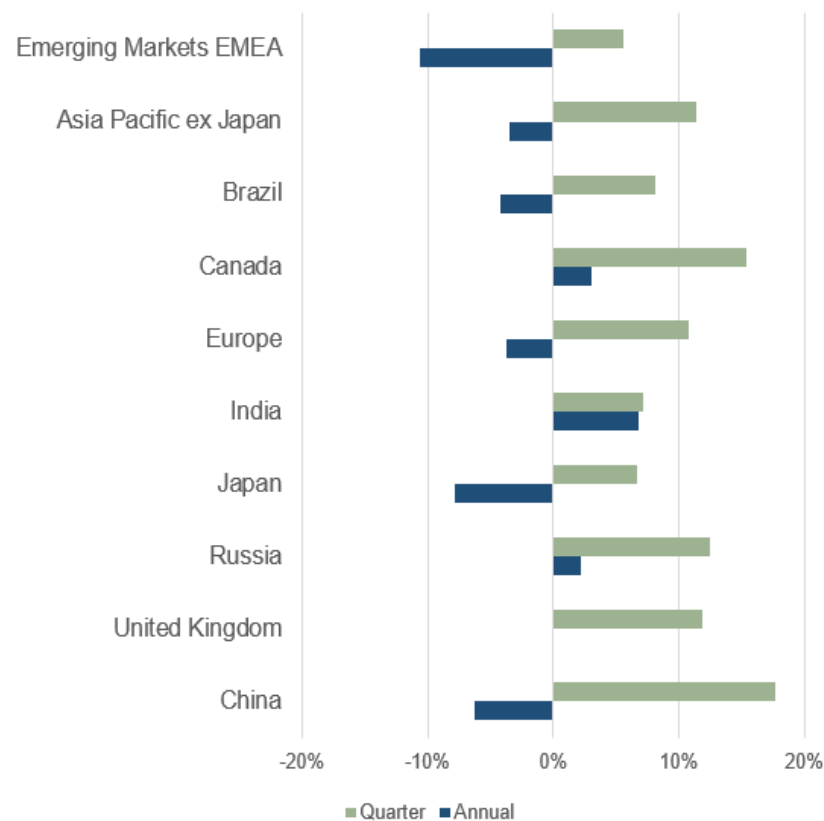
Market Commentary - 1st Quarter 2019

	Units per US Dollar		
	This Quarter	Last Quarter	% Change
Euro	0.891	0.873	2.09%
United Kingdom Pound	0.767	0.784	-2.16%
Japanese Yen	110.861	109.714	1.05%
Chinese Yuan Renminbi	6.711	6.878	-2.43%
Mexican Peso	19.435	19.643	-1.06%
Canadian Dollar	1.334	1.364	-2.22%
Indian Rupee	69.281	69.605	-0.46%
Russian Ruble	66.748	69.367	-3.78%
Brazilian Real	3.923	3.881	1.09%

Source: www.xe.com



Regional Performance



Source: MSCI

International market

- The dollar was slightly down against most major currencies as interest rates remained static.
- Fears of a no-deal Brexit grew as the U.K. parliament vote on an EU deal was rejected for a third time and the two governments continue to try to reach a deal as an already extended deadline quickly approaches.
- For the quarter, the EAFE Index was up 9.98% while the EM index was up 9.93%. Local currency returns for developed markets were up 10.73%, while local returns in emerging markets were up 9.88%.
- Among the major international regions, Chinese stocks were the best performing for the quarter, up 17.69% after tensions decreased following speculation of a positive U.S./China trade deal.
- Among the developed markets, Japanese stocks were up the least, 6.66%, amid continued wage growth with modest consumption and retail sales activity.
- Small-cap international stocks outperformed large-cap international stocks.

