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QUARTERLY MARKET COMMENTARY | Q1 2019

Markets Rebound Around the Globe

Quarterly Snapshot

- Investor sentiment took a 180-degree turn in the New Year. Stock markets rallied around the globe through most of the first quarter, reclaiming much of the fourth quarter's losses.
- The U.S. and China continued to negotiate the terms of a trade agreement after President Donald Trump's administration waived an early March deadline to impose tariffs in the absence of a deal.
- In a world where the best- and worst-performing asset classes tend to dominate headlines, it can be easy to forget that diversification has historically been a reliable approach for meeting long-term investment objectives.

Investor sentiment took a 180-degree turn in the New Year. Stock markets rallied around the globe through most of the first quarter, reclaiming much of the fourth quarter's losses. The S&P 500 Index delivered its best quarterly performance since 2009. West Texas Intermediate crude oil topped $60 per barrel at the end of the three-month period after climbing by more than 30%.

Government bond rates declined in the U.S., U.K. and eurozone during the first three months of the year. The U.S. Treasury yield-curve inversion continued to deepen over the quarter, with the yield on the 10-year Treasury ultimately falling below those of Treasurys with the shortest maturities. Long-term rates generally fell by more than short-term rates in the U.K. and eurozone, while German 10-year government bond yields dropped back below zero.

The U.S. and China continued to negotiate the terms of a trade agreement after President Donald Trump's administration waived an early March deadline to impose tariffs in the absence of a deal. China's negotiators provided assurances toward the end of the quarter that foreign companies will have greater access to Chinese investments. U.S. negotiators promoted the idea of retaining a portion of the U.S. tariffs imposed on $250 billion of Chinese products last year as leverage to ensure China's compliance with the terms of the eventual agreement. A second summit between Trump and North Korea's Supreme Leader Kim Jong Un faltered in February when they failed to strike a compromise on steps toward North Korean denuclearization in exchange for sanction relief.

On the domestic front, the U.S. government remained partially shuttered for most of January due to an impasse between Congress and the White House about whether to fund a multi-billion dollar wall on the U.S.-Mexico border championed by the president. The Trump administration received a measure of resolution in March, when the special counsel investigating the 2016 election reportedly "did not establish that members of the Trump campaign conspired or coordinated with the Russian government" to sway the election (although it did concur with the U.S. intelligence community's assessment that Russia sought to influence the outcome in Trump's favor). The special counsel also reportedly did not conclude that the president

Key Measures: Q1 2019

Equity	
Dow Jones Industrial Average	11.81%
S&P 500 Index	13.65%
NASDAQ Composite Index	16.81%
MSCI ACWI Index (Net)	12.18%
Bond	
Bloomberg Barclays Global Aggregate Index	2.20%
Volatility	
Chicago Board Options Exchange Volatility Index PRIOR QUARTER: **25.42**	13.71
Oil	
WTI Cushing crude oil prices PRIOR QUARTER: **$45.41**	$60.14
Currencies	
Sterling vs. U.S. dollar	$1.30
Euro vs. U.S. dollar	$1.12
U.S. dollar vs. yen	¥110.69

Sources: Bloomberg, FactSet, Lipper

committed criminal obstruction of justice (but neither did it exonerate him); leadership at the Department of Justice found insufficient grounds to establish obstruction of justice charges based on the special counsel's report. Congressional Democrats intend to obtain and review the special counsel's report to make a separate determination in conjunction with information gathered through Congressional investigations.

The original Brexit Day (March 29) came and went without fanfare, as the EU granted an extension to the U.K. in hopes of avoiding a no-deal departure. Prime Minister Theresa May's deal was defeated in Parliament three separate times during the quarter—even as May offered to resign in exchange for votes in support of her deal—as were additional options that legislators debated and voted upon in late March (and again on April 1). These measures included a customs union between the U.K. and EU (which failed by only three votes in the second session) and a second referendum (which failed by only 12 votes in the second session). May's bid to resign in exchange for parliamentary support generated speculation about a change in leadership; separately, likelihood of a general election increased because the impasse risks provoking an no-confidence motion. Regardless, unless there is an immediate resolution, the U.K. is expected to participate in the EU's elections later this spring.

Elsewhere, Turkish stocks finished the quarter in negative territory after government-imposed currency controls triggered a sharp selloff in March. While local elections at the end of the quarter tilted the balance of power slightly away from President Tayyip Erdogan's Justice and Development Party, the ruling party remained Turkey's most dominant political force by a wide margin. In Ukraine, Volodymyr Zelenskiy—comedian, actor and political outsider—appeared set to win the presidency after a first-round election, which was held on the last day of the quarter.

Kazakhstan's President Nursultan Nazarbayev resigned in March after serving as the first and only leader of the country since it emerged from the USSR nearly 30 years ago. In Algeria, after military leadership sought to declare President Abdelaziz Bouteflika unfit for office, the ailing leader announced that he would step down in April after holding office for 20 years. Kazakhstan and Algeria are the ninth and tenth largest counties in the world, respectively, by land area.

Central Banks

- The Federal Open Market Committee took a dovish turn during the quarter, with new economic projections that showed zero interest-rate increases in 2019. It also unveiled a plan to start slowing the reduction of its balance sheet in May—before halting reduction altogether in September and converting its allocation of mortgage-related assets to Treasurys.

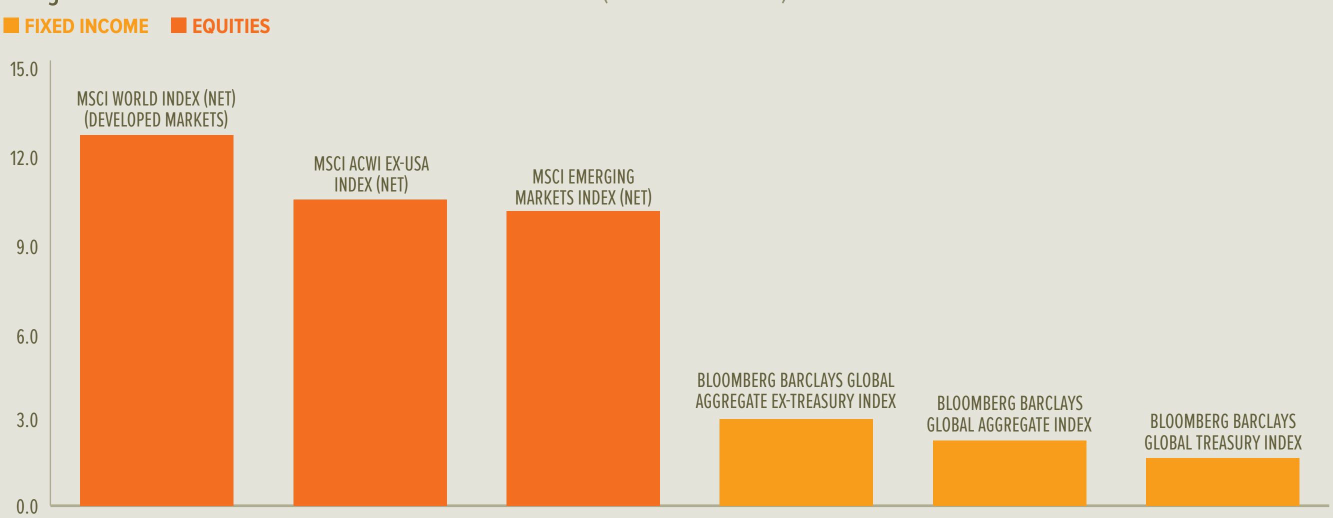
- The Bank of England's Monetary Policy Committee took no action in either of its two meetings this quarter. Its post-meeting statements expressed continued bias toward gradually tightening monetary policy (depending, of course, on the Brexit outcome).

- The European Central Bank said it intends to maintain current interest-rate levels through at least the end of the year (rather than through the summer) and continue re-investing proceeds from its asset-purchase program for just as long if not longer. The central bank also announced the scheduled September revival of its targeted longer-term refinancing operation to provide banks with funding for credit to households and businesses.
- The Bank of Japan made no changes to its accommodative monetary-policy orientation in either of its two meetings this quarter (first in late January and then in mid-March).
- The People's Bank of China undertook several initiatives early in the first quarter to increase liquidity through open-market operations, reducing reserve requirement ratios, establishing a new medium-term lending facility, and creating a line to swap perpetual bank bonds for the central bank's bills that can be pledged as collateral.

Economic Data

- U.S. manufacturing conditions oscillated between modest and healthy growth during the quarter, while services sector activity showed firmer strength. In February, the unemployment rate declined to 3.8% and the labor-force participation rate increased; more Americans joined or returned to the labor market amid an increase in average earnings. The U.S. economy expanded by a 2.2% annualized rate during the fourth quarter, propelled by strong consumer spending.
- British manufacturing growth cooled through January and February before rebounding convincingly in March; services sector growth slowed to a standstill in January, re-accelerated in February and then contracted in March. Claimant-count unemployment edged up to 2.9% in February after a flat January. The U.K. economy grew by 0.2% during the fourth quarter and 1.4% year over year.

Major Index Performance in Q1 2019 (Percent Return)



Sources: FactSet, Lipper

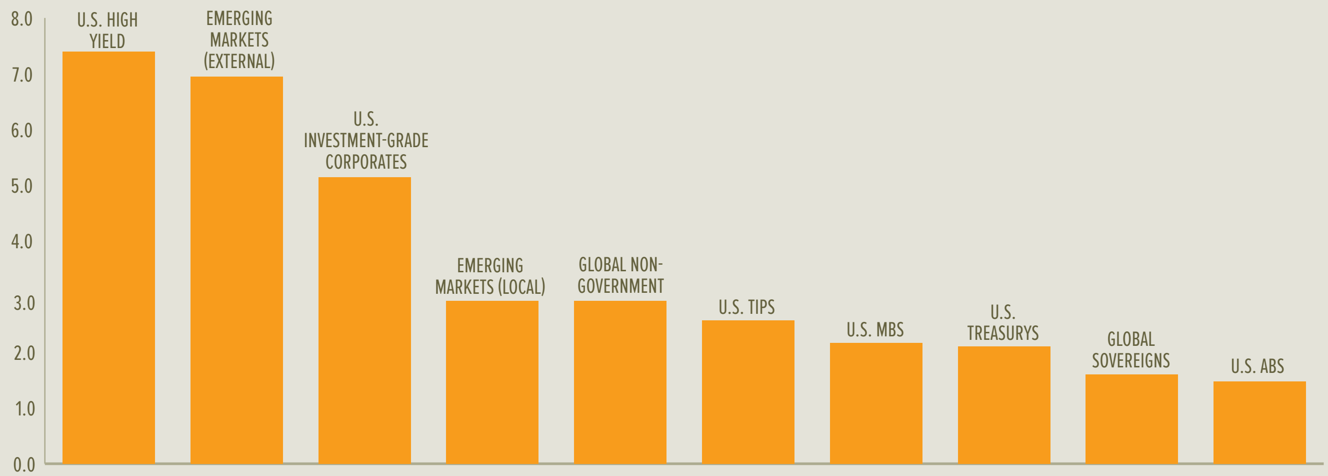
- Conditions in eurozone manufacturing deteriorated during the first quarter, starting in slow-growth territory, contracting modestly in February and tumbling further in March. Services sector activity picked up from slow growth to healthier levels over the same three-month period. Unemployment ticked down to a rate of 7.8% in January, where it remained in February. The eurozone economy expanded by 0.2% during the fourth quarter and by 1.1% for all of 2018—recording the softest year-over-year expansion in five years.

Portfolio Review

U.S. equities delivered a sharp recovery during the first quarter, led by small-company stocks. Our core large-cap strategy lagged the benchmark—but still produced double-digit returns. It was held back by an orientation toward value, under-exposure to the information technology sector and an overweight to health care; stock selection within banks and diversified financials contributed. Our core small-cap strategy performed in line with the benchmark; positioning within industrials as well as selection in consumer staples and financials contributed, while positioning within health care and an overweight to consumer staples detracted. International developed- and emerging-market equities had similar recoveries, but both lagged the U.S. Our emerging-market equity strategy also performed well due to selection in Chinese, Korean and Taiwanese information technology stocks. Selection within Indian, Chinese, and Russian energy stocks also helped, as did off-benchmark names. Within materials, selection and allocation added to performance. Selection in consumer discretionary detracted, while selection within Korean telecommunications and media stocks also hurt.

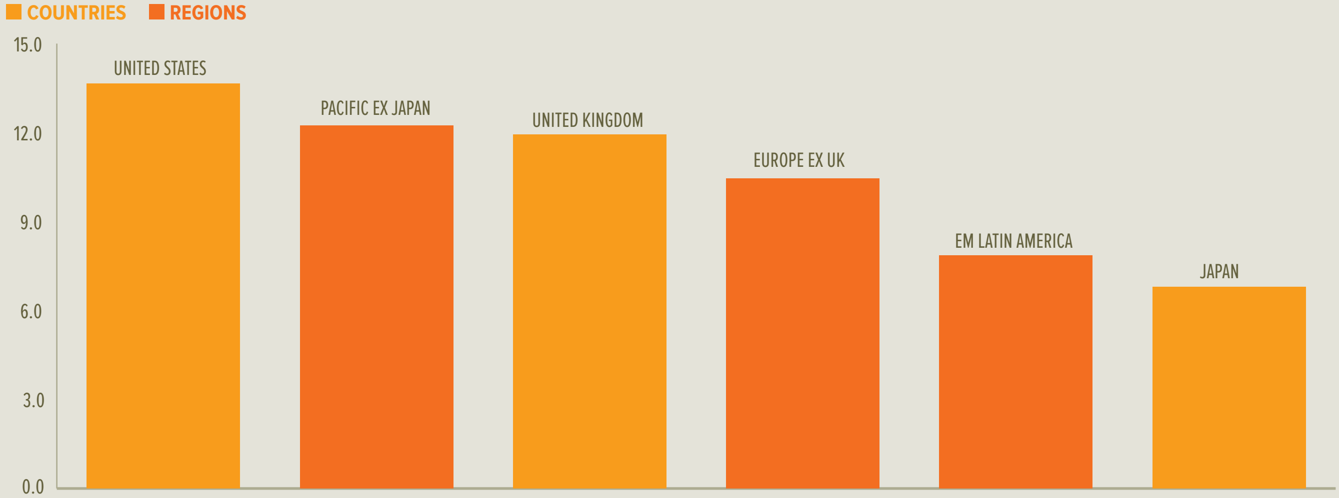
U.S. investment-grade non-government fixed-income sectors outperformed comparable U.S. Treasurys during the first quarter. Our core fixed-income strategy performed well in this environment; its long duration positioning,

Fixed-Income Performance in Q1 2019 (Percent Return)



Sources: FactSet, Lipper. See "Corresponding Indexes for Fixed-Income Performance Exhibit" in the Index Descriptions section for more information.

Regional Equity Performance in Q1 2019 (Percent Return)



Sources: FactSet, Lipper. See "Corresponding Indexes for Regional Equity Performance Exhibit" in the Index Descriptions section for more information.

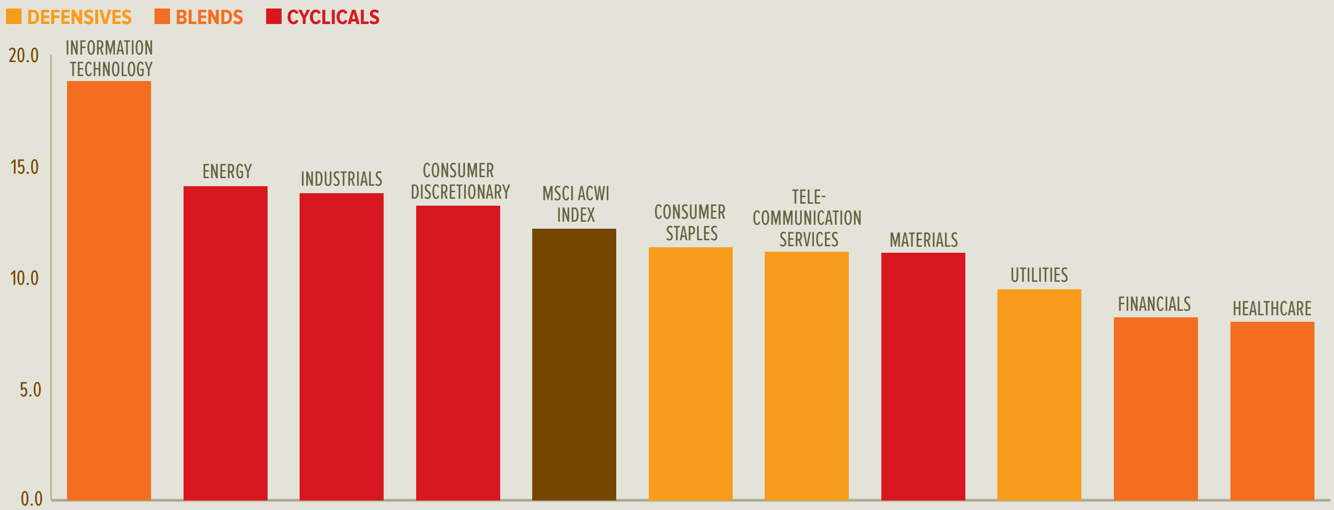
which added to performance as yields declined, moved closer to neutral by quarter-end. An overweight to the long end of the yield curve contributed as 30-year yields declined. A small overweight to credit helped, but a higher-quality bias within commercial mortgage-backed securities (CMBS) detracted as lower-quality issues outperformed. Our high-yield strategy underperformed the benchmark, but still posted a historically large quarterly return. Detractors included an allocation to collateralized loan obligations (CLOs), an overweight to retail, and an underweight to health care; underweights to basic industry and real estate contributed, as did an overweight to media. Our emerging-market debt strategy performed well; it benefited from positions within Venezuela and Egypt, an allocation to hard-currency corporates, and overweights to Saudi Arabia, Qatar and Bahrain.

Manager Positioning and Opportunities

Our core large-cap strategy was overweight financials, which appeared inexpensive. We were underweight information technology, which we viewed as expensive (we also had concerns about the sustainability of margins). Within our core small-cap strategy, we increased an overweight to information technology (preferring stability and value over momentum) and remained underweight to real estate and health care. Our emerging-market equity strategy increased an overweight to information technology, mainly within Taiwan, India and Russia. An underweight to financials was driven by concerns about Chinese banks. Our most significant position was an underweight to emerging Asia, primarily within Chinese technology and consumer stocks and via a reduction within Indian financials and consumer stocks. We were overweight Latin America, particularly Brazil—although we reduced exposure to the country by trimming consumer discretionary holdings. We were also overweight Europe ex-U.K.

Our core fixed-income strategy was overweight the long end of the yield curve on the belief that inflationary pressures will likely advance. We retained a small overweight to the corporate sector, but reduced an overweight to banking. Securitized overweights to asset-backed securities and CMBS remained as they offer competitive risk-adjusted yields. Within CMBS, we had a higher-quality bias. An allocation to non-agency mortgage-backed securities was maintained, as was an overweight agency mortgages (which we view as a high-quality alternative to Treasurys). We remained in gradual risk-reduction mode, looking for opportunities to add back risk. Within high yield, we decreased our allocation to CLOs, while continuing to see attractive opportunities there. We moved from a slight overweight to a slight underweight within health care, and increased an underweight to telecommunications (specifically within the wireless portion of the sector). We also remained underweight energy and financials. In emerging-market debt, we decreased an overweight to local-currency debt and an underweight to hard-currency debt. We remained overweight corporates with a focus on high-yield-rated companies that exhibited lower interest-rate sensitivity. Argentina was our largest overweight due to its attractive valuations and outlook, although elections later this year present a risk. We were also overweight Egypt as it continued to perform well under an International Money Fund program; we expect the country's credit rating to be upgraded soon. An underweight to the Philippines remained as its trade deficit continued to grow, outpacing muted growth in goods exports. We decreased an underweight to Russia (on the receding threat of increased sanctions), increased an underweight to Thailand (as its low-yielding local currency was used to fund other positions), and increased an overweight to Nigeria (driven by exposure to local-currency bonds).

Global Equity Sector Performance in Q1 2019 (Percent Return)



Sources: FactSet, Lipper. MSCI ACWI Index Components (as defined by SEI).

Our View

At the end of last year, we correctly forecasted that world equity markets were poised to robustly recover from their late December lows. We assumed the sharp price correction sustained during the fourth quarter overstated the weakness in economic fundamentals and various uncertainties that plagued markets throughout much of 2018. We firmly believed that most equity markets were deeply oversold.

Today, there's no denying that a synchronized global growth slowdown is underway. However, it does not mean that the world economy is in recession or that it will soon fall into one. China and the U.K., for example, are the third and fourth worst-performing countries, according to the Organisation for Economic Co-operation and Development's composite leading indicators. Yet China continues to post gross domestic product growth in the vicinity of 6%, while the U.K. recorded an increase of 1.3% last year (both in inflation-adjusted terms).

The spread between 3-month and 10-year Treasurys went negative in March after narrowing throughout much of the expansion. Recession historically occurs within 12 to 18 months of the yield curve either narrowing to 25 basis points or inverting. The only time recession did not follow a yield-curve inversion was in the 1966-to-1967 period—although U.S. economic growth slowed dramatically.

Deeper recessions usually cause sharper share-price declines (as was the case in 1973). More expensive stock markets (as seen following the 1998-to-2000 tech bubble) also are more vulnerable. But the time between an initial yield-curve inversion and the emergence of a bear market can be extremely long.

The Federal Reserve's change in rhetoric at the start of the year certainly has been a helpful catalyst in sparking the risk-asset rally and credit-spread narrowing. By stressing patience and data dependence, the central bank signaled that the pace of interest-rate increases will slow considerably from that of the past two years. The Fed's decision makers approvingly noted that the benefits of the long economic expansion are finally being distributed more evenly as the labor market tightens; they seem confident that the economy can grow without generating worrisome inflationary pressures, even as most measures of labor-market activity point toward accelerating wage inflation.

We see plenty of opportunities in emerging equities as investors gain confidence that the worst is behind us for the asset class. But a sustained improvement depends on better global growth. In our view, China is the linchpin; we are optimistic that the country's economic conditions will improve as it begins to feel the lagged impact of easier economic and monetary policies. We also expect domestic political pressures will likely force the Chinese government to ease further. Those political pressures certainly are influencing China's trade discussions with the U.S. Meanwhile, Trump is grappling with similar pressures on the American side of the negotiating table; he does not want the U.S. economy to sputter or the

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stock market to turn down as the country heads into a presidential election year. To put it bluntly, the leaders of both countries need a "win."

We therefore think China and the U.S. could reach a broader trade agreement than most observers currently expect. This is a more optimistic view than we expressed three months ago. Since that time, the Trump administration has deferred tariff increases. Both sides now recognize the damage that the trade standoff has caused to their respective economies and financial markets. While many view the delay in finalizing a trade deal as a bad sign, we see it as a signal that both sides are willing to grapple with the hard, substantive issues that would make for a broader, more meaningful agreement.

A more expansive trade agreement would provide a much-needed boost to the Chinese economy. It also would benefit nations that have high export exposure to China, both directly and through the supply-chain network. MSCI Emerging Markets Index performance will depend on the economic fortunes of China, South Korea and Taiwan, which now account for 57% of its market capitalization.

Investor pessimism about Europe appears overwhelming. The European Central Bank recently cut its forecast for 2019 eurozone gross domestic product growth to 1.1% from 1.7% just three months ago. It's a wonder that the year-to-date performance of European equities managed to nearly keep pace with that of U.S. equities.

Many of Europe's problems are structural and difficult to improve. Its demographic profile, for example, looks rather bleak. Europe is the only major region where the population is expected to contract between now and 2050. The unemployment rate for Europeans aged 25 to 29 is still in double digits (by comparison, the average annual unemployment rate in the U.S. for this age group is approximately 4%). Of course, demographics alone do not explain Europe's poor economic performance. A well-developed welfare state has its costs in the form of high taxation, extensive work rules, and regulations.

The shadow of a looming trade war with the U.S. surely hasn't helped sentiment in Europe. We doubt tariffs will be imposed on European autos, but headline risks may continue to have negative impacts—and it's still possible that Trump will turn his full attention to trade with Europe once his administration concludes negotiations with China. Speaking of which, China's slowdown is an additional factor behind the slide in Europe's exports. Not only was European industrial production in decline for the 2018 calendar year, but it started this year 23% below its January 2008 level.

The EU extended the Brexit deadline (to April 12) for the U.K. to decide on its course of action—meaning either a hard Brexit is on its way or that a longer delay is necessary (with the understanding that the U.K. will fundamentally rethink its position). A longer delay could entail another referendum or even a change of government. It also means that the U.K. must participate in EU Parliament elections starting May 23.

In our view, the best-case scenario is one in which the U.K. maintains close ties to the EU through a customs union. Failing that, now that voters have a better understanding of the costs and consequences of leaving, we think a second referendum either on Brexit alternatives or on Brexit itself makes sense. However, a referendum on reversing Brexit would risk political upheaval given the number of people who still support the divorce. Both Prime Minister May and U.K. Parliament will also have to reverse their stated positions. It would be nice to say that a no-deal Brexit is off the table, but that's not the case.

The uncertainty surrounding Brexit outcomes and timing remains a depressant for economic growth in the U.K. and the rest of Europe. Bottom-up analysts expect U.K. earnings to decelerate to just 2% in 2019, which is in stark contrast with last year's surprisingly strong rate of 10.8%.

The plunge in risk assets during the fourth quarter and subsequent bounce back in the first quarter of this year is a reminder that one should always expect the unexpected when it comes to investing. Cash was king in 2018, providing a 2.1% return. However, cash was consistently one of the worst performers in most other years going back to 2009. Emerging equities fell at the other end of the performance spectrum in 2018—the MSCI Emerging Markets Index sustained a total-return loss of 14.6%—but was the strongest category in 2017 and posted a double-digit return in 2016.

In a world where the best- and worst-performing asset classes tend to dominate the headlines, it can be easy to forget that diversification has historically been the most reliable approach for meeting long-term investment goals—especially when looking through the lens of risk-adjusted returns. While a diversified portfolio rarely wins from one year to the next, it also rarely loses—and therein lies its beauty.

Glossary of Financial Terms

Basis Point: One basis point equals 0.01%.

Dovish: Dovish refers to the views of a policy advisor (for example, at the Bank of England) who has a positive view of inflation and its economic impact and thus tends to favor lower interest rates.

Yield curve: The yield curve represents differences in yields across a range of maturities of bonds of the same issuer or credit rating (likelihood of default). A steeper yield curve represents a greater difference between the yields. A flatter yield curve indicates the yields are closer together.

Index and Benchmark Descriptions

All indexes are quoted in gross performance unless otherwise indicated.

The Bloomberg Barclays 1-10 Year U.S. TIPS Index measures the performance of inflation-protected public obligations of the U.S. Treasury that have a remaining maturity of 1 to 10 years.

The Bloomberg Barclays U.S. Asset Backed Securities (ABS) Index measures the performance of ABS with the following collateral types: credit and charge card, auto and utility loans. All securities have an average life of at least one year.

The Bloomberg Barclays Global Aggregate Bond Index (formerly Lehman Brothers Global Aggregate Index), an unmanaged market-capitalization-weighted benchmark, tracks the performance of investment-grade fixed-income securities denominated in 13 currencies. The Index reflects reinvestment of all distributions and changes in market prices.

The Bloomberg Barclays Global Aggregate ex-Treasury Index is an unmanaged market index representative of the total-return performance of ex-Treasury major world bond markets.

The Bloomberg Barclays Global Treasury Bond Index is composed of those securities included in the Bloomberg Barclays Global Aggregate Bond Index that are Treasury securities.

The Bloomberg Barclays U.S. Corporate Investment Grade Index is a broad-based benchmark that measures the investment-grade, fixed-rate, taxable corporate bond market.

The Bloomberg Barclays U.S. Mortgage Backed Securities (MBS) Index measures the performance of investment-grade, fixed-rate, mortgage-backed, pass-through securities of Government National Mortgage Association (GNMA), Federal National Mortgage Association (FNMA) and Freddie Mac (FHLMC).

The Bloomberg Barclays U.S. Treasury Index is an unmanaged index composed of U.S. Treasurys.

The BofA Merrill Lynch U.S. High Yield Constrained Index contains all securities in The BofA Merrill Lynch U.S. High Yield Index but caps exposure to individual issuers at 2%.

The BofA Merrill Lynch U.S. High Yield Index tracks the performance of below-investment-grade, U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market.

The Chicago Board Options Exchange Volatility Index (VIX) tracks the expected volatility in the S&P 500 Index over the next 30 days. A higher number indicates greater volatility.

The Dow Jones Industrial Average is a widely followed market indicator based on a price-weighted average of 30 blue-chip New York Stock Exchange stocks that are selected by editors of *The Wall Street Journal*.

The FTSE All-Share Index represents 98% to 99% of U.K. equity market capitalization. The Index aggregates the FTSE 100, FTSE 250 and FTSE Small Cap Indexes.

The JPMorgan EMBI Global Diversified Index tracks the performance of external debt instruments (including U.S. dollar-denominated and other external-currency-denominated Brady bonds, loans, eurobonds and local-market instruments) in the emerging markets.

JPMorgan GBI-EM Global Diversified Index tracks the performance of debt instruments issued in domestic currencies by emerging-market governments.

The MSCI ACWI Index is a market-capitalization-weighted index composed of over 2,000 companies, representing the market structure of 48 developed- and emerging-market countries in North and South America, Europe, Africa and the Pacific Rim. The Index is calculated with net dividends reinvested in U.S. dollars.

The MSCI ACWI ex-USA Index includes both developed- and emerging-market countries, excluding the U.S.

The MSCI Emerging Markets Index is a free float-adjusted market-capitalization-weighted index designed to measure the performance of global emerging-market equities.

The MSCI Emerging Markets Latin America Index captures large- and mid-cap representation across five emerging-market countries in Latin America.

The MSCI EMU (European Economic and Monetary Union) Index: is a free float-adjusted market-capitalization-weighted index that is designed to measure the equity market performance of countries within EMU. The Index consists of the following 10 developed-market country indexes: Austria, Belgium, Finland, France, Germany, Ireland, Italy, Netherlands, Portugal and Spain.

The MSCI Europe ex-UK Index is a free float-adjusted market-capitalization-weighted index that captures large- and mid-cap representation across 14 developed markets countries in Europe (Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden and Switzerland). The Index covers approximately 85% of the free float-adjusted market capitalization across European developed markets, excluding the U.K.

The MSCI Pacific ex Japan Index captures large- and mid-cap representation across four of five developed-market countries in the Pacific region (excluding Japan).

The MSCI Japan Index is designed to measure the performance of the large- and mid-capitalization stocks in Japan.

The MSCI World Index is a free float-adjusted market-capitalization-weighted index designed to measure the equity market performance of developed markets. The Index consists of the following 23 developed-market country indexes: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the U.K. and the U.S.

The MSCI World ex-USA Index is a free float-adjusted market-capitalization-weighted index that is designed to measure the equity market performance of developed markets, excluding the U.S.

The NASDAQ Composite Index is a market-value-weighted index of all common stocks listed on the National Association of Securities Dealers Automated Quotations (NASDAQ) system.

The Shenzhen Stock Exchange Composite Index tracks performance of A share stocks (which are denominated in renminbi, the local currency) and B share stocks (which are denominated in Hong Kong dollars, an offshore currency) on China's Shenzhen Stock Exchange.

The S&P 500 Index is a market-capitalization-weighted index that consists of 500 publicly-traded large U.S. companies that are considered representative of the broad U.S. stock market.

The TOPIX, also known as the Tokyo Stock Price Index, is a capitalization-weighted index of all companies listed on the First Section of the Tokyo Stock Exchange. The Index is supplemented by the subindexes of the 33 industry sectors. The Index calculation excludes temporary issues and preferred stocks, and has a base value of 100 as of January 4, 1968.

Corresponding Indexes for Fixed-Income Performance Exhibit

U.S. High Yield	BofA Merrill Lynch U.S. High Yield Master II Constrained Index
Global Sovereigns	Bloomberg Barclays Global Treasury Bond Index
Global Non-Government	Bloomberg Barclays Global Aggregate ex-Treasury Index
Emerging Markets (Local)	JPMorgan GBI-EM Global Diversified Index
Emerging Markets (External)	JPMorgan EMBI Global Diversified Index
U.S. Mortgage-Backed Securities (MBS)	Bloomberg Barclays U.S. Mortgage Backed Securities Index
U.S. Asset-Backed Securities (ABS)	Bloomberg Barclays U.S. Asset-Backed Securities Index
U.S. Treasurys	Bloomberg Barclays U.S. Treasury Index
U.S. Treasury Inflation-Protected Securities (TIPS)	Bloomberg Barclays 1-10 Year U.S. TIPS Index
U.S. Investment-Grade Corporates	Bloomberg Barclays U.S. Corporate Investment Grade Index

Corresponding Indexes for Regional Equity Performance Exhibit

United States	S&P 500 Index
United Kingdom	FTSE All-Share Index
Pacific ex Japan	MSCI Pacific ex Japan Index (Net)
Japan	TOPIX, also known as the Tokyo Stock Price Index
Europe ex UK	MSCI Europe ex UK Index (Net)
EM Latin America	MSCI Emerging Markets Latin America Index (Net)

Disclosures

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There are risks involved with investing, including loss of principal. Current and future portfolio holdings are subject to risks as well. International investments may involve risk of capital loss from unfavorable fluctuation in currency values, from differences in generally accepted accounting principles or from economic or political instability in other nations. Emerging markets involve heightened risks related to the same factors as well as increased volatility and lower trading volume. Narrowly focused investments and smaller companies typically exhibit higher volatility. Bonds and bond funds will decrease in value as interest rates rise. High-yield bonds involve greater risks of default or downgrade and are more volatile than investment-grade securities, due to the speculative nature of their investments.

Diversification may not protect against market risk. There is no assurance the objectives discussed will be met. Past performance does not guarantee future results. Index returns are for illustrative purposes only and do not represent actual portfolio performance. Index returns do not reflect any management fees, transaction costs or expenses. One cannot invest directly in an index.

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