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QUARTERLY MARKET COMMENTARY | Q1 2021

Markets Adapt in a Season of Change

Quarterly Snapshot

- Globally, the cyclically sensitive energy and financial equity sectors led at a distance for the second consecutive quarter, while defensive consumer staples had the only negative performance of the period.
- President Biden signed an aid package totaling $1.9 trillion into law on March 11, and announced a $2.3 trillion package targeted at modernizing infrastructure and a range of other priorities on the last day of March.
- Investors are anticipating the return to a more normal world. This is reflected in the rapid rise in bond yields, the most important change in the financial environment so far this year.

The first quarter of 2021 was marked by transitions. Geopolitically, the federal government came under the leadership of the Biden administration and unified control of his Democratic Party in the Congress, while the U.K. bid the EU adieu after more than four years of anticipation.

This season of change was perhaps most evident in the trajectory of COVID-19's toll: case counts and daily deaths began the calendar year at (or near) their all-time peaks in many parts of the world, which created a sense for much of the quarter that the state of COVID-19 affairs was improving—albeit from a bleak starting point. The increasing availability of vaccines boosted this impression. However, case counts began rising again in several countries near the end of the quarter, and herd immunity was estimated to still be a couple months away at best, leading to the extension or re-imposition of varying restrictive public health measures around the globe.

Forward-looking capital markets focused on the brightening outlook throughout the first quarter. Globally, the cyclically sensitive energy and financial equity sectors led at a distance for the second consecutive quarter, while the defensive consumer staples sector was the only negative performer.

At the country level, Chile delivered the first quarter's top equity market gain. It has the world's largest copper reserves and is responsible for roughly one-third of global copper output. It has also established one of the most expedient vaccination programs on the planet. Energy producers Saudi Arabia and UAE were the next-best performers. Among major markets, Hong Kong had the best performance, followed by the U.K., the U.S., Europe and Japan. Mainland Chinese shares were slightly negative.

As equity performance implies, commodities delivered large gains on the anticipated transition back to normal life. The West Texas Intermediate crude oil price increased by 21.9% during the quarter. OPEC+ (the Organization of the Petroleum Exporting Countries, led by Saudi Arabia—plus Russia) announced on April 1 a planned increase in crude oil production beginning in May and escalating to more than 2 million additional barrels per day by July.

Key Measures: Q1 2021

EQUITY		
Dow Jones Industrial Average	**8.29%**	↑
S&P 500 Index	**6.17%**	↑
NASDAQ Composite Index	**2.95%**	↑
MSCI ACWI Index (Net)	**4.57%**	↑
BOND		
Bloomberg Barclays Global Aggregate Index	**-4.46%**	↓
VOLATILITY		
Chicago Board Options Exchange Volatility Index PRIOR QUARTER: **22.75**	**19.4**	↓
OIL		
WTI Cushing crude oil prices PRIOR QUARTER: **$48.52**	**$59.16**	↑
CURRENCIES		
Sterling vs. U.S. dollar	**$1.38**	↑
Euro vs. U.S. dollar	**$1.17**	↓
U.S. dollar vs. yen	**¥110.72**	↑

Sources: Bloomberg, FactSet, Lipper

Government bond rates in major developed countries generally increased during the first quarter, and yield curves steepened as longer-term rates rose by more than shorter term rates. The greatest increase in long-term rates came during February, and was most pronounced in the U.S., although U.K. and EU rates followed a similar path. In the U.S., short-term rates fell throughout the quarter, while they only began falling in the U.K. and EU during March. The 10-year Treasury rate nearly doubled during the quarter—moving from 0.93% to 1.74%.

President Biden signed an aid package totaling $1.9 trillion into law on March 11, providing funding for extended and expanded unemployment benefits, direct stimulus payments, child tax credits, schools, state and local governments and elsewhere.

On the last day of March, Biden announced a $2.3 trillion package targeted at modernizing travel and utility infrastructure, care for the elderly and disabled, manufacturing, affordable housing and expanded access to broadband internet, coupled with a broad low-carbon electricity generation mandate. This was the first of a two-part long-term economic plan with costs spread over eight years; the second part will focus on childcare and health care, and more details are expected in late April. The price tag for Biden's proposal would be offset by increasing the corporate tax rate from 21% to 28% for a 15-year period and raising taxes on overseas corporate profits.

The Biden administration revisited U.S. tariffs in March, agreeing with the EU to suspend $4 billion in EU tariffs on U.S. goods and $7.5 billion in U.S. tariffs on EU goods for a four-month period in an effort to negotiate a resolution. A similar (but smaller) truce was made with the U.K. U.S. tariffs on Chinese goods, however, would remain in place, according to U.S. Trade Representative Katherine Tai.

In the U.K., Chancellor of the Exchequer Rishi Sunak's Spring Budget announcement contrasted upfront spending and tax incentives with higher taxes in the coming years. The budget extends income replacement schemes for furloughed employees and the self-employed, provides payments for non-essential retail, hospitality and leisure businesses, and Restart grants for businesses that were required to shut down, among other programs.

The budget also offers nearer-term investment incentives for businesses—principally in the form of a 130% tax credit for capital expenditures over the next two years, followed by an increase in the corporation tax rate from 19% to 25% in 2023. According to the Office for Budget Responsibility, a five-year freeze on the tax-free personal allowance and higher rate tax threshold is projected to create 1.3 million new taxpayers and push 1 million taxpayers into a higher tax bracket, raising $8 billion in tax revenue between 2022 and 2025.

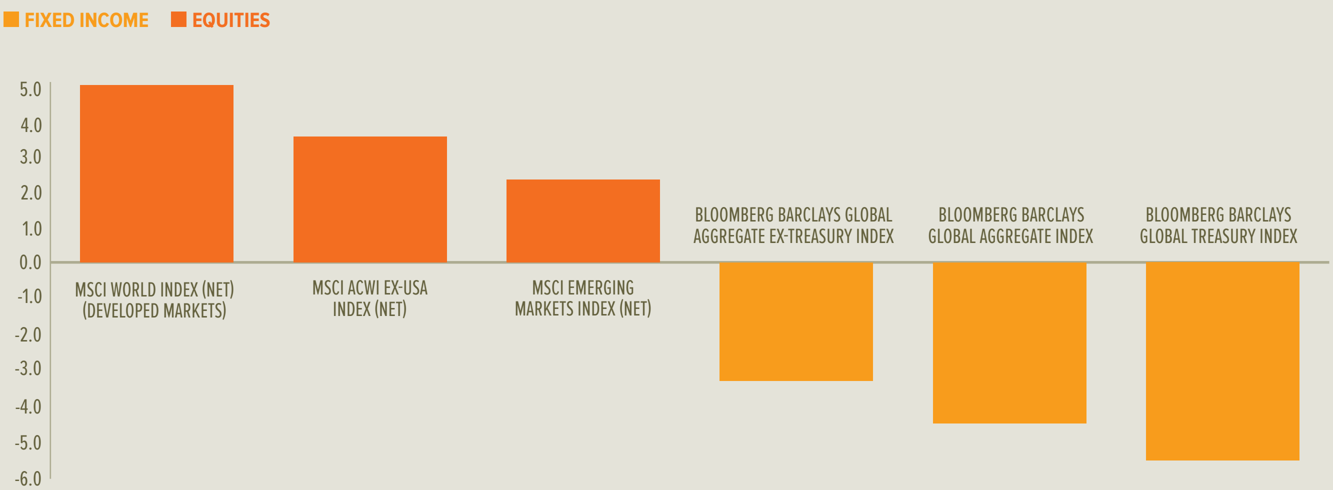
Economic Data

- U.S. manufacturing growth continued to increase at robust levels throughout the first quarter. U.S. services sector growth also accelerated throughout the first quarter starting with a substantial increase in the rate of expansion during January. New U.S. jobless claims climbed back to nearly 1 million per week in mid-January before declining unevenly to almost 700,000 by the end of the quarter. The overall U.S. economy grew by a 4.3% annualized rate in the fourth quarter, down from 33.4% during the third quarter's huge rebound.

- U.K. manufacturing growth slowed to a modest pace in January before accelerating through February and March to end the first quarter with a robust expansion. U.K. services activity contracted sharply in January and essentially maintained pace in February before returning to strong growth in March. The U.K. claimant count (which calculates the number of people claiming Jobseeker's Allowance) decreased slightly in January to 7.2%, then jumped in February to 7.5%, tying August 2020 for the highest level since 1995 and representing about 2.68 million total claimants. The overall U.K. economy grew by 1.3% during the fourth quarter of 2020, down from 16.0% during the third quarter's sharp recovery, and contracted by 7.3% year over year through the fourth quarter.

- Growth in eurozone manufacturing activity started at healthy levels in January before climbing through February and March to a red-hot pace. Eurozone services, meanwhile, continued to contract throughout the first quarter, worsening through January and February after a partial recovery in December, and then improving in March to the mildest levels since September. The overall eurozone economy contracted by 0.7% during the fourth quarter of 2020 after expanding by 12.4% during the third-quarter snapback.

Major Index Performance in Q1 2021 (Percent Return)

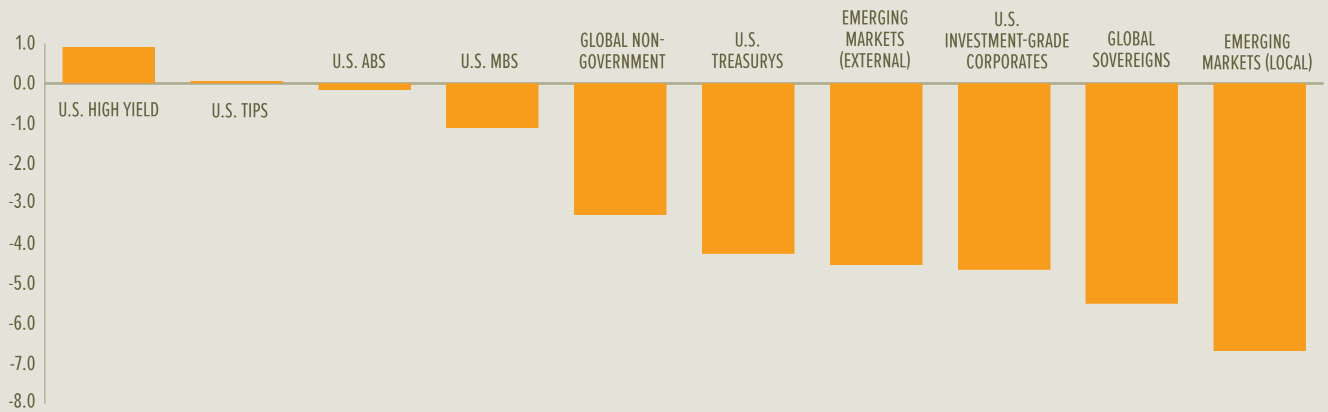


Sources: FactSet, Lipper

Central Banks

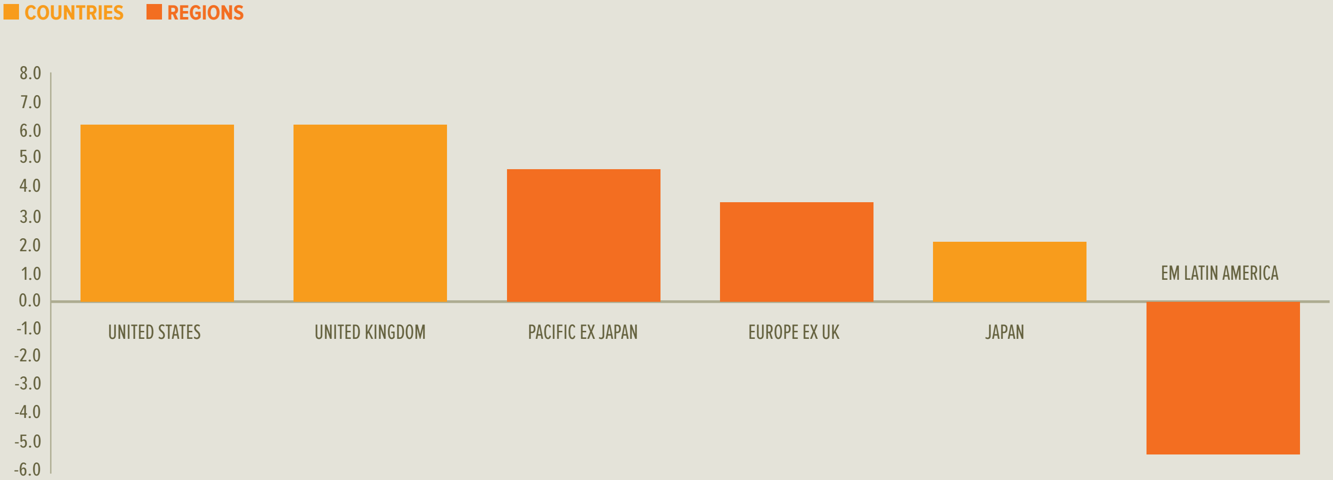
- The Federal Open Market Committee (FOMC) held the federal funds rate near zero throughout the first quarter and continued its asset purchases apace ($80 billion in Treasurys and $40 billion in agency mortgage-backed securities per month). Its latest Summary of Economic Projections (SEP), release in mid-March, showed marked improvements in 2021 estimates for GDP and employment, as well as a significant increase in the inflation rate, compared to the December SEP. Federal Reserve (Fed) Chair Jerome Powell followed the March meeting by communicating that the FOMC would not seek to pre-empt rising inflation with tighter monetary policy.
- The Bank of England's Monetary Policy Committee (MPC) kept the bank rate at 0.1% and retained a maximum allowance for asset purchases of £895 billion throughout the first quarter. Following its early-February meeting, the MPC communicated that it had no intention of lowering rates into negative territory within the next six months; by mid-March—faced with rising rates—the MPC stated it wouldn't increase rates "at least until there is clear evidence that significant progress is being made in eliminating spare capacity and achieving the 2% inflation target sustainably."
- The European Central Bank (ECB) announced plans in mid-March to increase the pace of asset purchases under its €1.85 trillion Pandemic Emergency Purchase Programme (PEPP) relative to the speed and size of purchases made in early 2021. This move is intended to counter the negative economic impact of rising rates. The ECB's latest forecast showed a modest improvement in GDP for 2021.

Fixed-Income Performance in Q1 2021 (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 2021 (Percent Return)



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

- The Bank of Japan (BOJ) detailed the results of its Assessment for Further Effective and Sustainable Monetary Easing, which recommended establishing a program subsidizing banks to compensate for the impact of negative interest rates. Other changes generally concerned shifting to market interventions on an as-needed, rather than a programmatic, basis. The BOJ established a band in which the 10-year Japanese government bond rate would be allowed to fluctuate before intervening with purchases to control the level. ETF and J-REIT purchases also remained part of the policy mix, but rather than making routine purchases, the BOJ will shift to intervening when faced with market weakness. The central bank also plans to continue purchasing corporate paper and bonds to a total of about ¥20 trillion through September 2021.

Portfolio Review

U.S. equities delivered very strong performance in the first quarter, with small-cap stocks roughly doubling the gains of large caps. Our U.S. large-cap strategies[1] outperformed their benchmarks during the quarter as a result of their value tilts. From a sector perspective, an overweight to financials was beneficial while an overweight to consumer staples detracted. Our U.S. small-cap strategies also outpaced their benchmarks in the first quarter. An underweight to and selection in healthcare were the main contributors, but an overweight to and selection in financials were additive as well. Overseas, our international developed-market equity strategy improved on its benchmark's strong quarterly performance. Strong gains on value-oriented positions in airlines, banks, energy companies and elsewhere were greater than the underperformance of momentum and stability stocks. Emerging-market equities produced healthy performance for the quarter, and our emerging-market equity strategy outperformed the

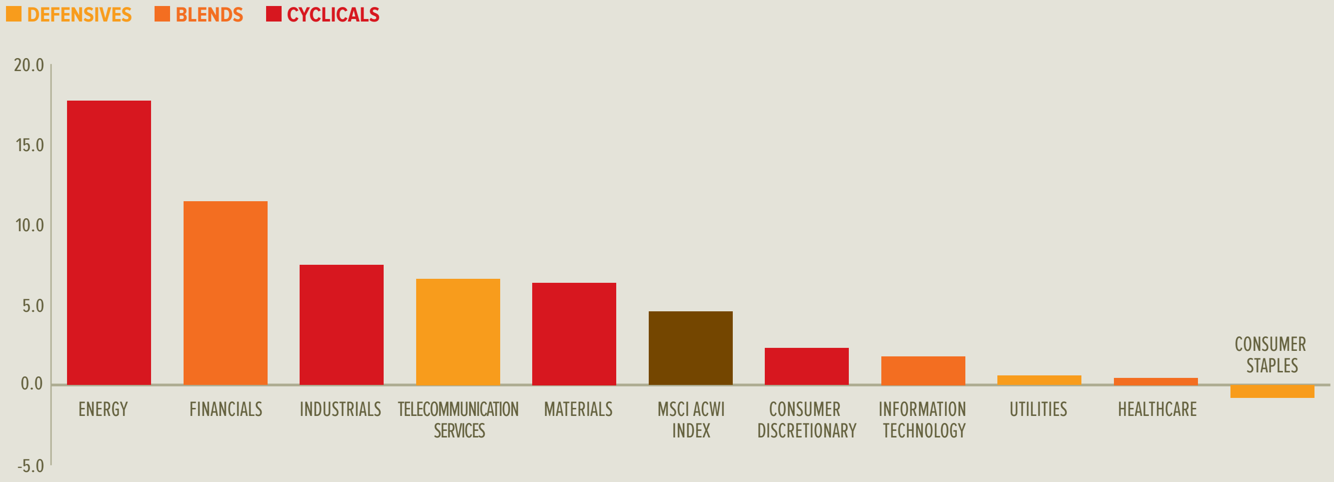
[1] Individual holdings will differ between strategies. Not representative of our passive strategies.

U.S. high-yield bonds were a rare bright spot on the fixed-income landscape during the quarter.

benchmark. Value and momentum holdings contributed to performance, offsetting headwinds from stability holdings.

Our core fixed-income strategy trailed its benchmark during the first quarter as yields increased and non-government fixed-income sectors had mixed performance relative to comparable U.S. Treasurys. An overweight to the long end of the yield curve detracted with the increase in long-term yields. An overweight to corporate bonds was positive, but was offset by an overweight to financials, which lagged riskier sectors. An allocation to non-agency mortgage-backed securities (MBS) continued to outperform, and an overweight to agency MBS also contributed. Asset-backed securities performed well on a relative basis, benefitting an overweight—particularly within our largest allocation to student loans as well as within higher quality credit card and automobile securitizations. Our higher quality bias within commercial MBS (CMBS) detracted as lower quality tranches outperformed, although selection within CMBS was strong. An underweight to taxable municipals detracted as they continued to recover and maintained higher yields versus comparable corporates. U.S. high-yield bonds were a rare bright spot on the fixed-income landscape during the quarter, and our high-yield strategy outperformed its benchmark. An allocation to collateralized loan obligations (CLOs) was the top contributor, followed by selection in energy and services. Selection in financials and automotive, as well as an underweight to capital goods, were the top detractors. Emerging-market debt (EMD) had a challenging quarter, and our EMD strategy lagged its blended benchmark; an underweight to foreign-currency debt contributed, while an overweight to local-currency and corporate debt detracted. At the country level, underweights to South Africa, Thailand and Chile were the top contributors, while an underweight to Colombia and overweights to Argentina and Russia were the top detractors.

Global Equity Sector Performance in Q1 2021 (Percent Return)



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

Manager Positioning and Opportunities

Our U.S. large-cap strategies continued to overweight financials, which remained inexpensive, and underweight communication services on valuation concerns. We've decreased an underweight to information technology as it grew less over-valued during the first quarter. Our U.S. small-cap strategies remained underweight health care due to the speculative nature of the biotechnology sub-sector, and increased an overweight to financials, as banks' prospects have improved in the rising rate environment. Overseas, our international developed-market equity strategy remained overweight growth opportunities in technology and underweight defensive sectors like utilities and real estate with limited growth opportunities and elevated valuations. Our emerging-market equity strategy also continued to emphasize growth opportunities in technology, as well as materials, on the broadening prospects for commodities. We were underweight communication services (due to elevated valuations in internet-related names) and healthcare (for stock-specific reasons).

With long-term yields rising but still near historically low levels, our core fixed-income strategy has been gradually adjusting its yield curve posture—reducing an overweight to the 25-to-30 year segment of the yield curve and increasing exposure in the 5-to-7 year segment. Our two primary corporate overweights—industrials and financials—were both trimmed. Overweights to ABS and CMBS remained as both offer competitive risk-adjusted yields; we continued to emphasize higher-quality holdings. We maintained an allocation to non-agency MBS, and we have added agency MBS exposure, which serves as a high-quality alternative to Treasurys. Our U.S. high-yield strategy's top active position remained an allocation to CLOs, which we increased during the first quarter, followed by underweights to telecommunications and capital goods. Our EMD strategy decreased both its large underweight to foreign-currency debt and its smaller overweight to local-currency debt. From a country perspective, the strategy's largest position was an underweight to Thailand, followed by overweights to Mexico and Egypt. The most significant country-level changes were moving from underweight Taiwan to an overweight, moving from overweight Romania to an underweight, and underweighting Peru from neutral weight.

SEI's View

The war against COVID-19 is not over, but the path to victory has become clearer. Investors are anticipating the return to a more normal world. This is reflected in the rapid rise in bond yields, the most important change in the financial environment so far this year. This jump has caused outsized price drops in long-term fixed-income securities and has helped fuel the sharp rotation in the equity market away from expensive growth shares and into value-oriented and cyclical sectors, both in the U.S. and internationally.

We expect to see cyclical and value-oriented shares continue to advance relative to growth and defensively oriented sectors.

At the start of the year, most economists and bond investors expected higher rates. Few, however, predicted the speed and extent of the increases. While yields on U.S. sovereign debt are setting the pace, they are rising in other countries too.

With the passage of the latest U.S. fiscal stimulus package, the cumulative amount of U.S. fiscal support over the past 12 months totals a remarkable $6 trillion, approaching 30% of U.S. GDP. The Fed has gone to great lengths to protect the bond market from the rising tide of Treasury issuance with its purchases of outstanding issues. In the 12 months ended March 26, 2021, the Fed has bought $2.1 trillion of Treasury securities; just one month prior, the federal deficit over the past 12 months amounted to $3.55 trillion.

Higher bond yields may cause bouts of indigestion for equities, but they should not derail the bull market. We expect to see cyclical and value-oriented shares continue to advance relative to growth and defensively oriented sectors. In most cycles, value stocks outperform growth when the yield curve is rising or is very wide (rates on long-term Treasury bonds are well above those on short-term securities). Value's performance against growth bottomed on September 1 and has been on a tear since.

While value-oriented shares have been making a comeback against growth in the U.S., other countries' equity markets are making a comeback against the US.

Japan has been a strong performer among countries with the highest market capitalizations. The economy has benefited from strong exports to China and the U.S. over the past year. Real GDP at the end of 2020 was only 1.3% below the year-ago level, better than most other developed countries, including the United States.

France also has seen a 20%-plus gain in its equity market since August. This might be an even greater surprise than the run-up in Japanese share prices, since the country has been enduring a difficult COVID-19 wave like much of Europe.

Although the U.K. has lagged the MSCI World Index over the past seven months, its 14.53% total return nonetheless was slightly ahead of that of the U.S. Considering all the uncertainty surrounding Brexit and the harsh lockdowns associated with COVID-19 in recent months, this is not a bad outcome.

As spring arrives and lockdowns end on the back of the country's successful vaccination effort, we look for the U.K. to experience a strong recovery in consumer demand and business activity that should outpace the rest of Europe's.

U.K. government policy remains supportive in the near term. But the recently-proposed fiscal budget appears rather restrained compared to the measures taken by the Biden Administration, adding only about 3% of GDP to the budget deficit for the 2021/22 fiscal year. From fiscal year 2023/24 and beyond, policy actions begin to reduce the deficit, mostly through an increase in the corporation tax rate from 19% to 25% and through the freezing of income tax thresholds.

Although not as high as the valuation metrics found in the U.S. equity market, shares outside the U.S. still appear expensive. Currently, the MSCI World ex USA Index is priced at almost 17 times the earnings per share forecast for the next 12 months, the highest level since 2004.

To repeat, developed equity markets still look cheap compared to the U.S. The forward price-to-earnings ratio for the MSCI USA index is still above 22. The MSCI World ex USA Index therefore trades at an unusually wide 25% discount. Although longer-term growth differentials justify a structurally higher multiple for U.S. equities, rebounding economies and rising interest rates should lead to a narrower valuation gap.

The jump in U.S. bond yields this year has raised investor concerns that emerging markets will be the victims of a 2013-style taper tantrum. Rising rates are a headwind, but we believe emerging economies are generally in a better position to withstand the pressure than they were eight years ago. Strong growth in the world economy over the next year should help lift most emerging markets. World trade volumes, for example, had already reached pre-pandemic levels by the end of last year. Over the course of 2021, the expansion in trade should continue. When trade volumes are strong, developing equity markets tend to perform well against those of the economically advanced countries.

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We believe the economic backdrop strongly supports cyclical and value-oriented equities in the emerging markets, just as it does in developed markets. The MSCI Emerging Markets Value total-return Index is highly correlated with industrial commodity prices, which have already vaulted higher from their year-ago lows.

We project that more commodity price gains are on the way. Strong manufacturing and construction demand in the U.S. and China, recovery in Europe and Latin America as vaccines become more widely available, the global push into electric vehicles and other climate projects, and the major infrastructure package that is next on the Biden Administration's to-do list all promise to stoke demand for metals and other commodities.

Emerging economies also look less susceptible to a 2013-style taper tantrum because their external positions are much healthier. Current account balances as a percentage of GDP are generally much smaller now than eight years ago. Emerging-market local-currency and US-dollar bond yields have moved higher this year, but the increase has so far been quite modest. Option-adjusted spreads are still near their lows of the past three years, certainly not qualifying as a taper tantrum. Granted, some big countries face continuing problems. Besides Turkey, debt dynamics among the larger countries appear most worrying in Brazil and South Africa. However, most of the debt in these two countries is denominated in local currency, allowing their governments to engage in some form of financial repression (like quantitative easing) in order to temper the pressure on their bond markets.

SEI's base case is an optimistic one. Developing countries will likely take longer to reopen fully since vaccination distribution will take time. Yet, even these countries will benefit economically from the upswing in developed-market consumer demand.

Having confidence is not the same as being complacent, however. Beyond COVID concerns, investors will be increasingly focused on the next multi-trillion dollar U.S. infrastructure package. Tax increases on corporations and high-income households will also be part of this package. Compromises will be needed to keep the Democratic caucus unified.

Generally speaking, the tax and regulatory changes championed by the Biden administration are not business- or equity-market friendly. But the same could be said of the economic policies pursued during the Obama Administration. That did not prevent one of the strongest and most enduring bull-market runs in U.S. history. We caution against making broad asset-allocation changes based on perceived shifts in the political winds.

As for monetary policy, we will be watching whether the Fed can maintain its stance of a near-zero federal funds rate through 2023. If the acceleration in inflation proves stronger and longer-lasting than investors expect, bond yields could climb appreciably from today's levels.

If the Fed accelerates policy rate hikes, we would expect a neutral-to-negative reaction in equities and other risk assets. Suppressing the rise in bond yields through even more aggressive policy actions, on the other hand, could lead to a weaker dollar and a sharper investor focus on inflation-hedging. Equity valuations could get even more expensive than they are now as investors grow even more exuberant. Interesting times, indeed.

Glossary of Financial Terms

Bear market: A bear market refers to a market environment in which prices are generally falling (or are expected to fall) and investor confidence is low.

Bull market: A bull market refers to a market environment in which prices are generally rising (or are expected to rise) and investor confidence is high.

Fiscal policy: Fiscal policy relates to decisions about government revenues and outlays, like taxation and economic stimulus.

Fiscal stimulus: Fiscal stimulus refers to government spending intended to provide economic support.

Monetary policy: Monetary policy relates to decisions by central banks to influence the amount of money and credit in the economy by managing the level of benchmark interest rates and the purchase or sale of securities. Central banks typically make policy decisions based on their mandates to target specific levels or ranges for inflation and employment.

Pandemic Emergency Purchase Programme (PEPP): PEPP is a temporary asset purchase programme of private and public sector securities established by the ECB to counter the risks to monetary policy transmission and the outlook for the euro area posed by the COVID-19 outbreak.

Paycheck Protection Program: The Paycheck Protection Program is a loan offer by the U.S. government's Small Business Administration (SBA) designed to provide a direct incentive for small businesses to keep their workers on the payroll. SBA will forgive loans if all employees are kept on the payroll for eight weeks and the money is used for payroll, rent, mortgage interest, or utilities.

Quantitative easing: Quantitative easing refers to expansionary efforts by central banks to help increase the supply of money in the economy.

Index and Benchmark Descriptions

All indexes are quoted in gross performance unless otherwise indicated.

The Bloomberg Barclays 1-10 Year US 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 US 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 Index is 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 Index is composed of those securities included in the Bloomberg Barclays Global Aggregate Bond Index that are Treasury securities.

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

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

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

The ICE BofA 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.

CBOE Volatility Index (VIX Index): The VIX Index 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 developed-market countries in Europe excluding the UK.

The MSCI Frontier Emerging Markets Index is a free float-adjusted market capitalization index designed to serve as a benchmark covering all countries from the MSCI Frontier Markets Index and the lower size spectrum of the MSCI Emerging Markets Index.

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.

MSCI United Kingdom Index is designed to measure the performance of the large- and mid-cap segments of the U.K. market.

MSCI USA Index is designed to measure the performance of the large- and mid-cap segments of the U.S. market.

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.

Russell 1000 Growth Index measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000 Index companies with higher price-to-book ratios and higher forecasted growth values.

The Russell 2000 Growth Index measures the performance of the small-cap growth segment of the U.S. equity universe. It includes those Russell 2000 Index companies with higher price-to-value ratios and higher forecasted growth values.

The Russell 1000 Value Index measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 Index companies with lower price-to-book ratios and lower expected growth values.

The Russell 2000 Value Index measures the performance of small-cap value segment of the U.S. equity universe. It includes those Russell 2000 Index companies with lower price-to-book ratios and lower forecasted growth values.

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 Index is an unmanaged market-capitalization-weighted index comprising 500 of the largest publicly-traded U.S. companies and is 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	ICE BofA U.S. High Yield Constrained Index
Global Sovereigns	Bloomberg Barclays Global Treasury 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 US Mortgage Backed Securities Index
U.S. Asset-Backed Securities (ABS)	Bloomberg Barclays US Asset Backed Securities Index
U.S. Treasurys	Bloomberg Barclays US Treasury Index
U.S. Treasury Inflation-Protected Securities (TIPS)	Bloomberg Barclays 1-10 Year US TIPS Index
U.S. Investment-Grade Corporates	Bloomberg Barclays US Corporate Bond 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 U.K.	MSCI Europe ex UK Index (Net)
EM Latin America	MSCI Emerging Markets Latin America Index (Net)

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