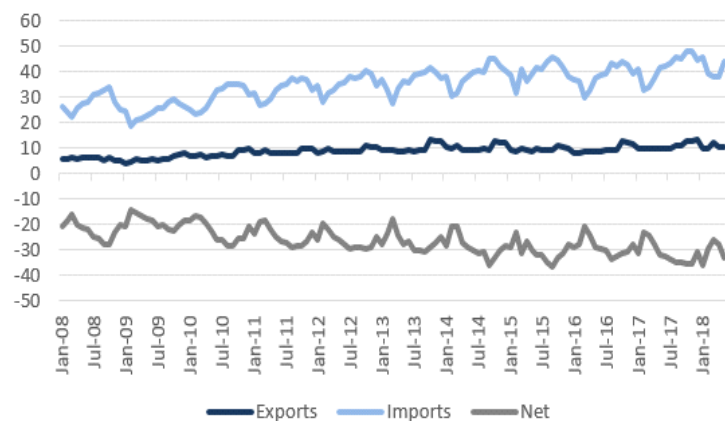


Market Commentary - 2nd Quarter 2018

“Nobody can honestly claim high confidence that they understand what the overall impact [of a trade war] will be. You may as well project the weather on a Tuesday afternoon a year from now.”

-Daniel Rosen, founding partner at economic research firm Rhodium Group

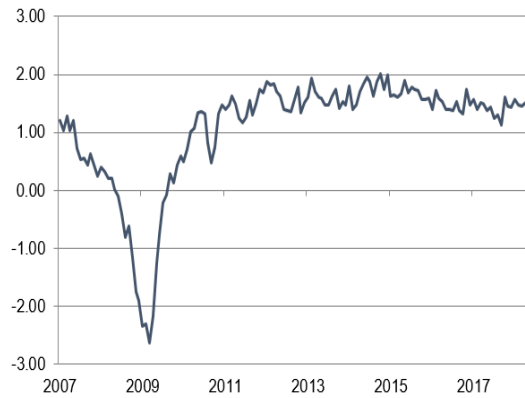
U.S. Trade in Goods with China, Billions of Dollars



	3 Months	YTD	1 Year	3 Years	5 Years	10 Years
S&P 500 Index	3.43	2.65	14.37	11.93	13.42	10.17
Russell 1000 Index	3.57	2.85	14.54	11.64	13.37	10.20
Russell 1000 Value Index	1.18	-1.69	6.77	8.26	10.34	8.49
Russell 1000 Growth Index	5.76	7.25	22.51	14.98	16.36	11.83
Russell 2000 Index	7.75	7.66	17.57	10.96	12.46	10.60
Russell 2000 Value Index	8.30	5.44	13.10	11.22	11.18	9.88
Russell 2000 Growth Index	7.23	9.70	21.86	10.60	13.65	11.24
MSCI EAFE ND	-1.24	-2.75	6.84	4.90	6.44	2.84
MSCI EAFE LOC	3.75	-0.57	6.64	5.69	9.43	5.47
MSCI ACWI ex. US	-2.61	-3.77	7.28	5.07	5.99	2.54
MSCI EAFE Small Cap ND	-1.57	-1.33	12.45	10.09	11.32	6.81
MSCI Europe ND	-1.27	-3.23	5.28	4.22	6.21	2.36
MSCI Japan ND	-2.84	-2.03	10.51	6.25	7.37	3.54
MSCI EM ND	-7.96	-6.66	8.20	5.60	5.01	2.26
MSCI EM LOC	-3.41	-2.67	10.87	7.87	8.84	5.58
DJ World Real Estate	2.47	-0.61	6.69	6.79	6.82	5.57
DJ US Select REIT Index	9.99	1.82	4.23	7.71	8.29	7.63
DJ-UBS US Commodity Index	0.40	0.00	7.35	-4.54	-6.40	-9.04
BofA ML 3-month T-Bill	0.45	0.81	1.36	0.68	0.42	0.35
BB Government 1-3 Yr	0.21	0.06	0.03	0.42	0.59	1.32
BB Government/Credit Bond	-0.33	-1.90	-0.63	1.83	2.29	3.78
BB US Aggregate Bond	-0.16	-1.62	-0.40	1.73	2.28	3.73
BB Long Government	0.26	-2.97	-0.13	3.40	4.56	6.02
BB Long U.S. Corporate	-2.83	-6.77	-1.75	5.10	5.47	7.40
BB High Yield Corporate Bond	1.03	0.16	2.62	5.53	5.51	8.19
BB TIPS	0.77	-0.02	2.11	1.93	1.68	3.03

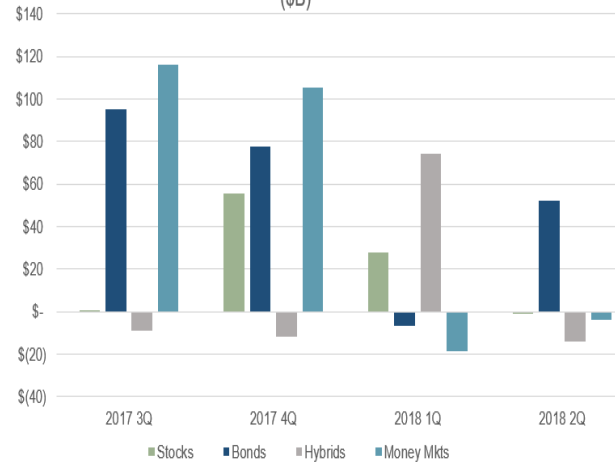
Market Commentary - 2nd Quarter 2018

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



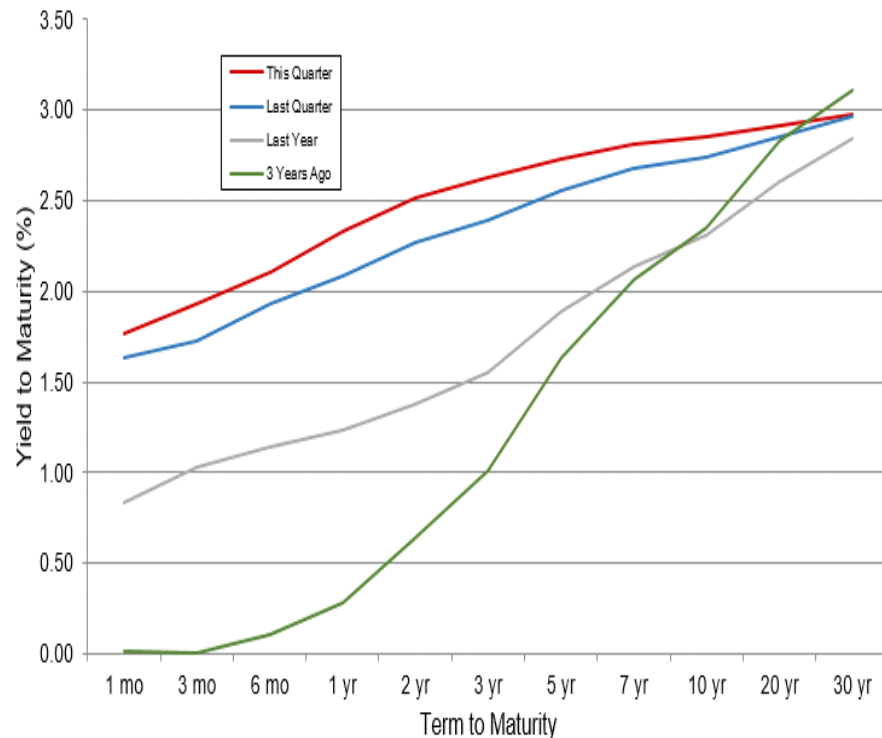
The S&P/Case-Shiller Home Price Indices are calculated monthly using a three-month moving average and published with a two month lag. Base Year 2000 = 100.

Market commentary

- Markets were mixed as volatility persisted due to investor unease regarding global trade.
- U.S. stocks (S&P 500) were up 3.43% as strong economic data overshadowed investor concerns relating to higher interest rates and trade tariffs against China.
- Emerging markets were down 7.96% on the increased strength of the US dollar despite higher commodity prices.
- The Federal Reserve raised its benchmark rate and may do so twice more in 2018.
- Investors decreased their holdings of stock mutual funds/ETFs while increasing their holdings of bond mutual funds/ETFs. For the quarter, stocks had a net outflow of \$0.84 billion while bonds had a net inflow of \$52 billion. Total money market mutual fund assets decreased by \$4.2 billion to \$2.8 trillion.
- Total employment increased by 632,000 jobs this quarter, and the unemployment rate decreased 0.1% to 4%.
- The price of oil rose from \$65 to \$74 a barrel through the quarter.

Market Commentary - 2nd Quarter 2018

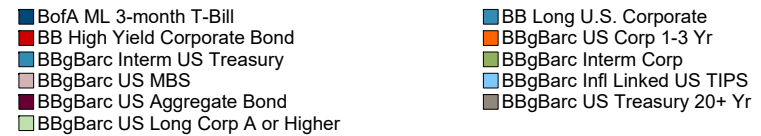
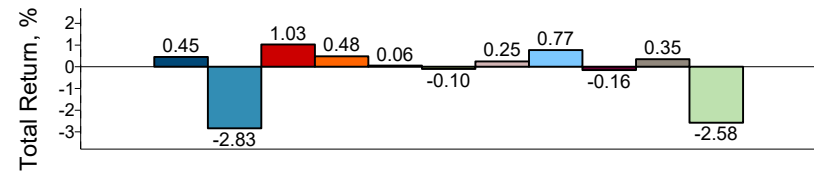
U.S. Treasury Yield Curve



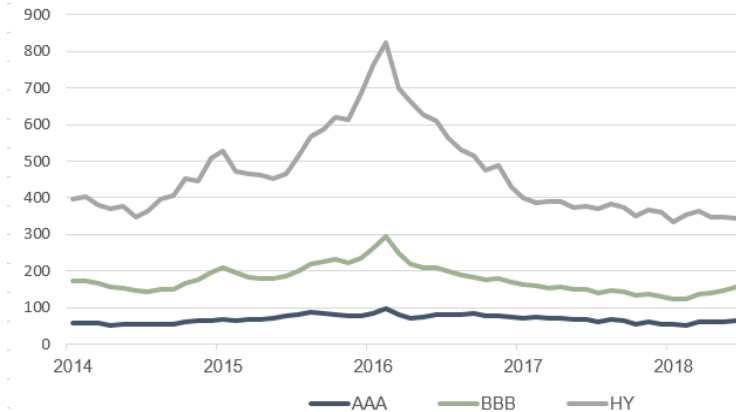
Source: Department of US Treasury

US Fixed Income - Quarter

Apr-18 - Jun-18



Spread to Treasuries (bps)



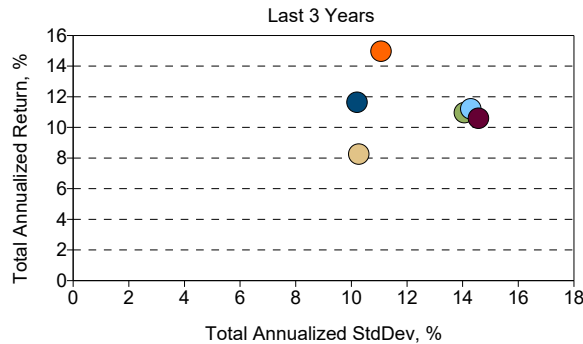
Source: Bank of America Merrill Lynch Option Adjusted Spread Index

U.S. bond market

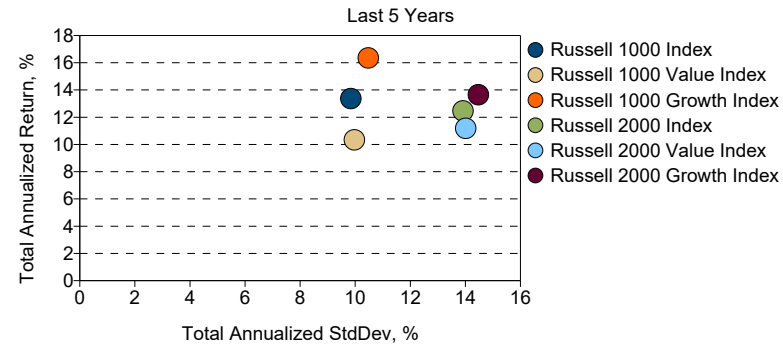
- The broad fixed income market was down due to higher inflation expectations and a continued tightening of monetary conditions.
- The yield curve shifted upwards and flattened on the bolstered inflation outlook and the Federal Reserve's plans to continue increasing its benchmark rate.
- The Federal Reserve is expected to increase its benchmark rate as many as two more times by year's end.
- Yields on the 10-year Treasury rose by 11 basis points while yields on the 30-year Treasury rose by 1 basis point.
- Long-term corporate bonds were the worst performing sector, down 2.83% on widening spreads due to trade related concerns, while long-term corporate bonds rated "A" or higher were down 2.58%.
- High yield corporate bonds, which are not as sensitive to international trade, were the best performing sector, up 1.03%.

Market Commentary - 2nd Quarter 2018

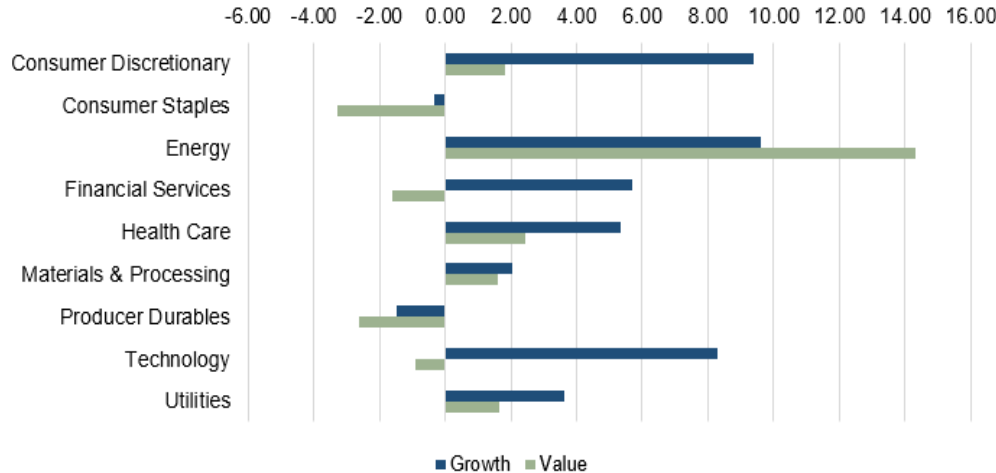
Performance vs. Risk



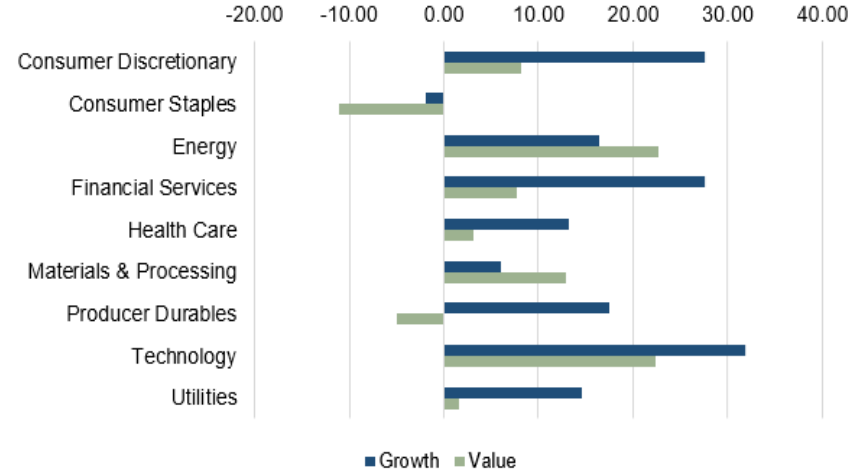
Performance vs. Risk



Russell 1000 Index Sector Quarterly Returns



Russell 1000 Index Sector Annual Returns



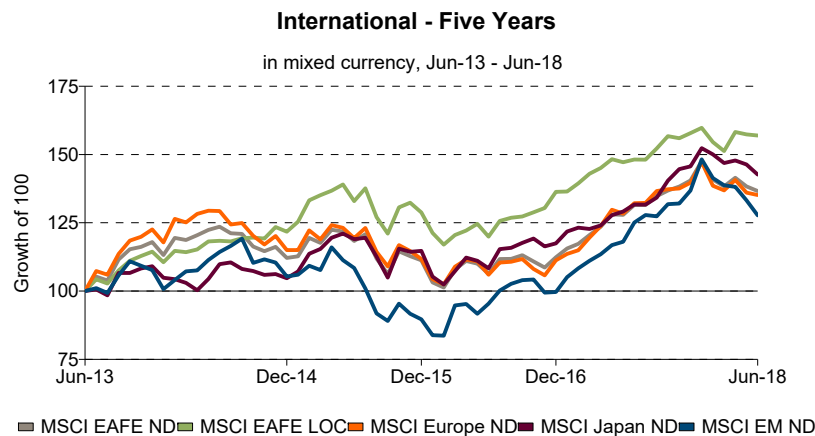
U.S. stock market

- Major domestic equity indices were up over the quarter, with large growth outperforming large value, while small value outperformed small growth. The Russell 2000 Value Index was the best performing sector, up 8.30%.
- In the quarter, larger capitalization stocks, which suffered significant outflows following the onset of protectionism, underperformed smaller capitalization stocks.
- REITs were up 9.99% due to high real estate demand and rising valuations despite interest rate concerns.
- Consumer staples stocks, which would be most susceptible to the proposed Chinese tariffs, were the worst performing sector, down 2.05%.
- Energy was the best performing sector, up 13.94% on a substantial rise in oil prices.

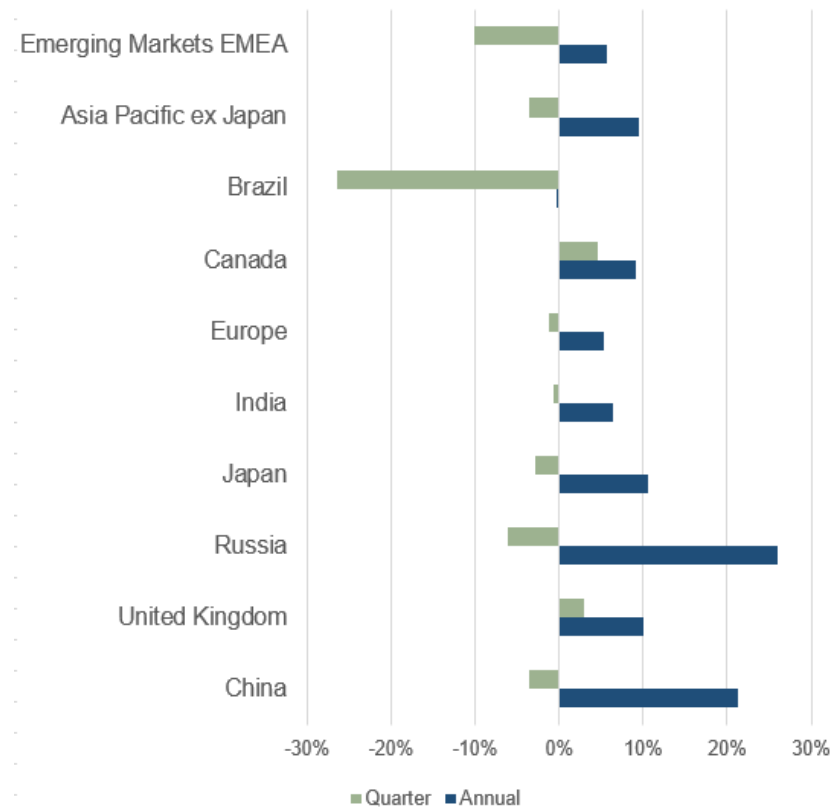
Market Commentary - 2nd Quarter 2018

	Units per US Dollar		
	This Quarter	Last Quarter	% Change
Euro	0.855	0.812	5.36%
United Kingdom Pound	0.756	0.713	6.08%
Japanese Yen	110.646	106.218	4.17%
Chinese Yuan Renminbi	6.636	6.284	5.60%
Mexican Peso	19.211	18.168	5.74%
Canadian Dollar	1.314	1.290	1.89%
Indian Rupee	68.867	65.079	5.82%
Russian Ruble	63.096	57.254	10.20%
Brazilian Reais	3.930	3.301	19.03%

Source: www.xe.com



Regional Performance



Source: MSCI

International market

- The dollar was up against most major currencies as interest rates rose and U.S. monetary policy continued to tighten.
- For the quarter, the EAFE Index was down 1.24% while the EM index was down 7.96%. Local currency returns for developed markets were up 3.75%, while local returns in emerging markets were down 3.41%.
- Among the major international regions, Canadian stocks were the best performing, largely due to higher oil prices.
- Brazilian stocks were the worst performing, as concerns over the country's fiscal outlook and political future led to a widespread selloff.
- Large-cap international stocks outperformed small-cap international stocks.

