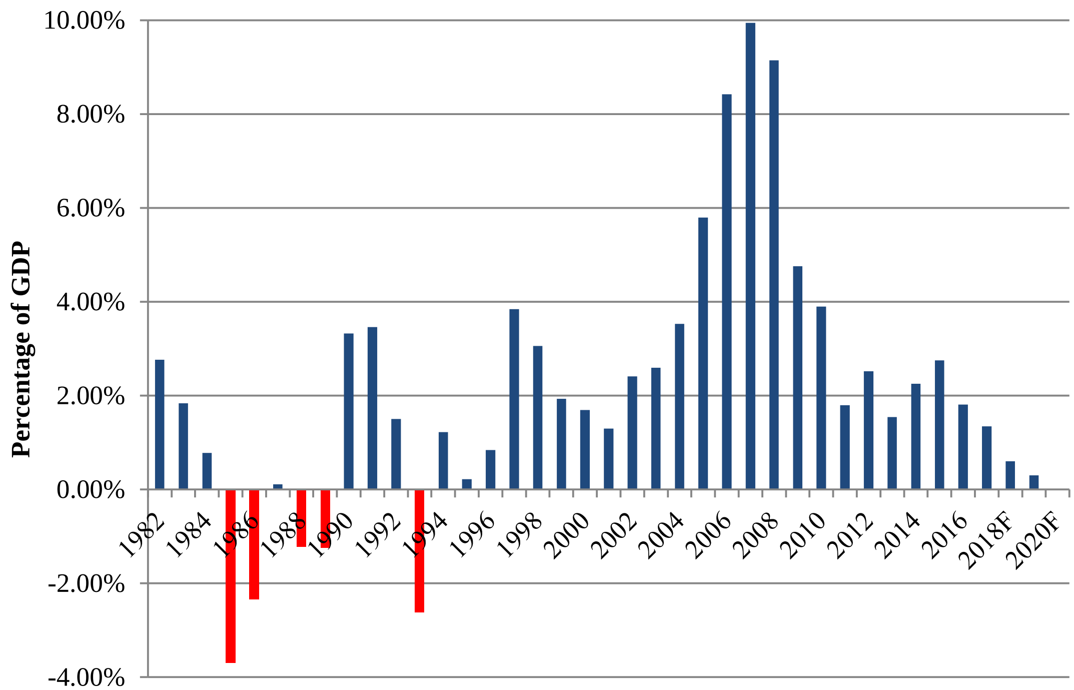
Quarterly Review and Strategy Update

March 31, 2019

Chinese Current Account Balance



Source: World Bank

- **Financial markets recover from December corrections to post record first quarter returns**
- **Federal Reserve signals "pivot" away from its tightening schedule in recognition of weaker economic fundaments**
- **We strongly urge investors to maximize risk diversification in anticipation of higher volatility**

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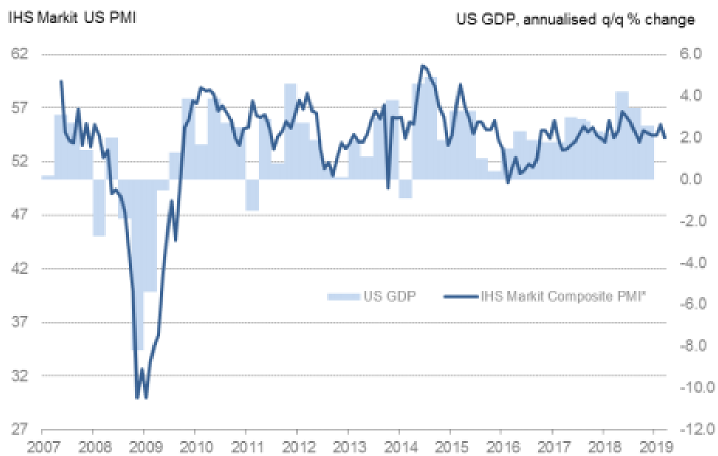
THE ECONOMIC ENVIRONMENT

IHS Markit Composite PMI and U.S. GDP



Source: HIS Markit

- **Clear signs of slowing U.S. economic growth**
- **Federal Reserve seen as having "pivoted" from tightening to putting interest rate normalization on hold**
- **A weaker Dollar and stable oil prices may provide a boost for emerging markets**

The U.S. Economy

Alan Greenspan, the former chairman of the Federal Reserve who called out the tech-fueled rally of the 1990s as "irrational exuberance," is now warning investors that the markets might have reached their peak. In a recent interview he observed, "It would be very surprising to see it sort of stabilize here, and then take off again. Markets could still go up, but at the end of that run, run for cover!" Greenspan, who took office just a few months before the stock market crash of 1987 and left before the Global Financial Crisis, is now widely criticized for having allowed stock market gyrations to dictate Fed policy, and for keeping interest rates too low following each financial crisis, spawning the foundations of the next. Given Jerome Powell's overnight conversion from the disciplined terminator of quantitative easing to quivering dove, it would be hard to blame investors for believing that the current Fed chairman is following in Greenspan's footsteps. Following the 24% drop in the S&P 500 from October to Christmas last year the Federal Reserve has signaled that it would "be patient" in its plan to raise interest rates further this year. It has also announced that its schedule to reduce the size of its balance sheet by ceasing to roll over maturing bonds into new issues would end in March.

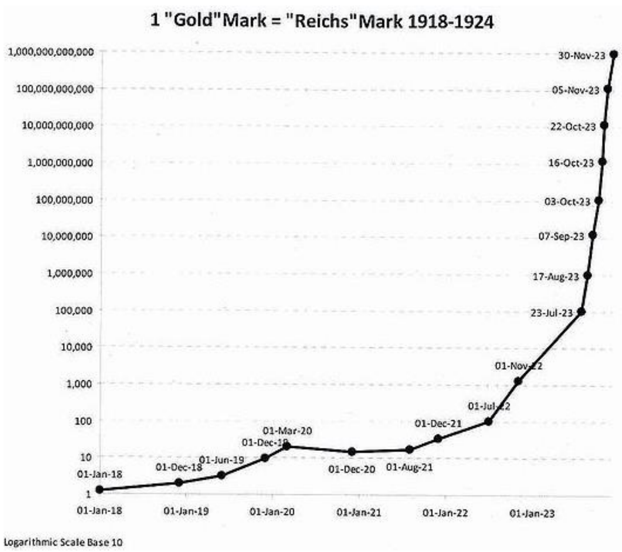
To be fair to Powell, there are indeed signs that the US economy has peaked. GDP growth is slowing, advancing at an annualized 2.2% in the final quarter of 2018 following a 3.4% expansion in the third quarter. The Atlanta Fed's GDPNow model estimates growth in the first quarter to come in at just 1.7%. The 35-day partial government shutdown may have shaved 0.4% off GDP. The shocking February employment number, which showed the economy adding just 33,000 nonfarm jobs (in contrast to the 311,000 jobs added in January and the 223,000 average increases in 2018), as well as poor retail sales data and sharply decelerating housing starts (housing starts in January were down 7.8% below the pace the same month last year) all suggest that the stimulus of the 2017 Tax Act has worn off.

Nor are there indications of higher inflation. Prices rose 1.5% in February from a year earlier, the slowest pace since September 2016. Core inflation, which excludes volatile food and energy items, ticked down to 2.1% over the past 12 months. Given tight employment conditions the market has assumed that labor costs would ignite inflation, but average hourly earnings increased by just 1.9% from February last year. Employers have indeed been raising wages - last month Costco raised starting wages for store workers to $15 an hour, following similar steps by Amazon and Target. Walmart, the biggest private U.S. employer with about 1.5 million workers, raised its starting wage to $11 last year. In the coming weeks the House of Representatives is set to vote on a plan to increase the Federal minimum wage to $15 an hour. However, these increases have yet to flow through into higher inflation measures.

One factor that has kept U.S. inflation in check has been the strength of the Dollar. Since January last year, the Dollar has strengthened about 5% compared to a basket of foreign trading partner currencies, attracting foreign capital into the U.S. markets and reducing the costs of imports. If the Fed becomes more accommodative, the interest rate differential between the U.S. and other countries will narrow and potentially reverse Dollar appreciation. For many countries, particularly in emerging markets, a weaker Dollar will be supportive of their economies and markets. However, it may not help the Eurozone, whose economies grew at just 0.2% in the fourth quarter of 2018. Germany saw no growth at all in the fourth quarter, after contracting -0.2% in the third, the first time it had experienced negative growth since 2015. Italy has formally fallen into a recession with two straight quarters of contraction. While France, Spain and even the U.K. have seen modest growth (despite the continued chaos of Brexit), the overall picture in Europe looks bleak.

The global macroeconomic picture continues to be driven by China, which is under considerable economic stress and has lowered its growth target this year to between 6% and 6.5%. Premier Li Keqiang recently laid out plans to support the economy by increasing public spending, cutting taxes and boosting bank lending to small and private companies by 30%. There are signs that the plan may be bearing fruit: Manufacturing activity in China jumped unexpectedly in March at its fastest pace in eight months. While these policies may halt the decline in growth there is risk that they will exacerbate the enormous debt overhang and weaken the Yuan. Contrary to those who believe China is trying to manipulate its currency down, it is desperately trying to shore it up, since a weaker currency would lead to capital flight and increase corporate bankruptcies. Chinese companies have borrowed over $1.9 trillion in Dollars and other foreign currencies, but its undisclosed external debt could be double that number. For a $13 trillion economy, that external liability may appear manageable, but it is nevertheless growing at an alarming pace - at 35% since the beginning of 2017 - while foreign currency reserves have declined almost a quarter from $4 trillion in 2014 to $3 trillion today. Despite its export revenues China still needs to buy oil in Dollars, so a weakening currency will hurt its current account balance. Deutsche Bank chief China economist Zhiwei Zhang estimated that China had a current account deficit of US$ 34 billion in the first quarter of 2018, the first quarterly deficit since 2001. If President Xi delivers on his promises to import more goods from the U.S. to appease the White House, the current account picture will deteriorate further. A deteriorating trade balance, lower foreign reserves and a collapsing currency suggests that a textbook emerging market balance of payments crisis may be looming.

Weimar Republic Inflation



Source: Law about the Revaluation of Mortgages and other claims (Revaluation Act 1925), issued the 25th of July, 1925, (Aufwertungsgesetz, Reichsgesetzblatt, Teil I, 1825)

Money to fund the "Green New Deal"? $8 billion for a border wall? Healthcare coverage for all? According to Modern Monetary Theory, or "MMT", an economic theory that has recently attracted press coverage in both economic and political circles, these potential government programs could be funded by simply printing money. "If you control your own currency", argues Stephanie Kelton, an economist who is universally acknowledged as the foremost proponent of MMT, "and you have bills that are coming due, it means you can always afford to pay the bills on time. You can never go broke; you can never be forced into bankruptcy. You're nothing like a household."

Supporters of this theory argue that such spending can lead to full employment, and only if inflation triggered by such profligacy escalates to dangerous levels should Congress intervene to reduce spending or raise taxes. Not surprisingly, some progressive Democrats have embraced the theory to justify expansionary social programs. Even some Republicans, who have clearly abandoned any pretense of fiscal discipline, have suggested that a theory that appears to bless the huge deficits arising from the 2017 Tax Act might be, well, not so bad. Ironically, it has fallen on Nancy Pelosi to defend economic orthodoxy by confirming that if a Democratic president succeeds Trump, she would resurrect the "pay-go" rule that would mandate all new spending to be offset with budget cuts or tax increases.

There are several reasons why proponents of MMT suggest that prodigious public spending may not necessarily be hyperinflationary. First, they argue that if such government spending increases productivity and generates a return on investment above the cost of debt, it should be neutral to or even accretive to GDP. Investments in infrastructure or education, they claim, raise productivity. Second, they point to countries such as Japan (where both its 253% debt to GDP and its 4.6% government budget to GDP deficit ratios are the highest in the developed world) as actually having practiced MMT-inspired policies without having suffered no inflation, despite an almost 25-year campaign to push it higher. The abundance of low-cost productive capacity around the world and new technological innovation, they argue, have established deflationary trends that will counteract potential inflation.

The problem is that most government spending does not generate positive return on investment. According to the Center on Budget & Policy

Priorities, nearly 75% of every tax dollar goes to non-productive spending. Entitlement programs such as social security, Medicare and Medicaid, defense and interest on existing debt do not generate positive returns. As for Japan, while it is true that inflation has not budged, almost all the country's liabilities are owned by the Bank of Japan and domestic institutions that can be cajoled into absorbing endless quantities of debt, whereas over 37% of the $16 trillion of U.S. Treasuries outstanding are held by foreign governments and investors. The White House's just released 10-year budget forecasts $49 trillion in tax receipts and $56.3 trillion in spending, resulting in a $7.3 trillion deficit over the next decade. Since this projection assumes highly optimistic levels of 2.8% to 3.1% annual GDP growth, compared to the sub-2% growth forecast by most economists, it would be shocking if both the deficit and the resulting government debt liability did not end up being much higher. The cost of this debt would increase significantly if foreign holders were to stop buying Treasuries. The history of Pound Sterling should remind us that even globally-dominant reserve currencies are not invulnerable to declines in economic productivity and competitiveness.

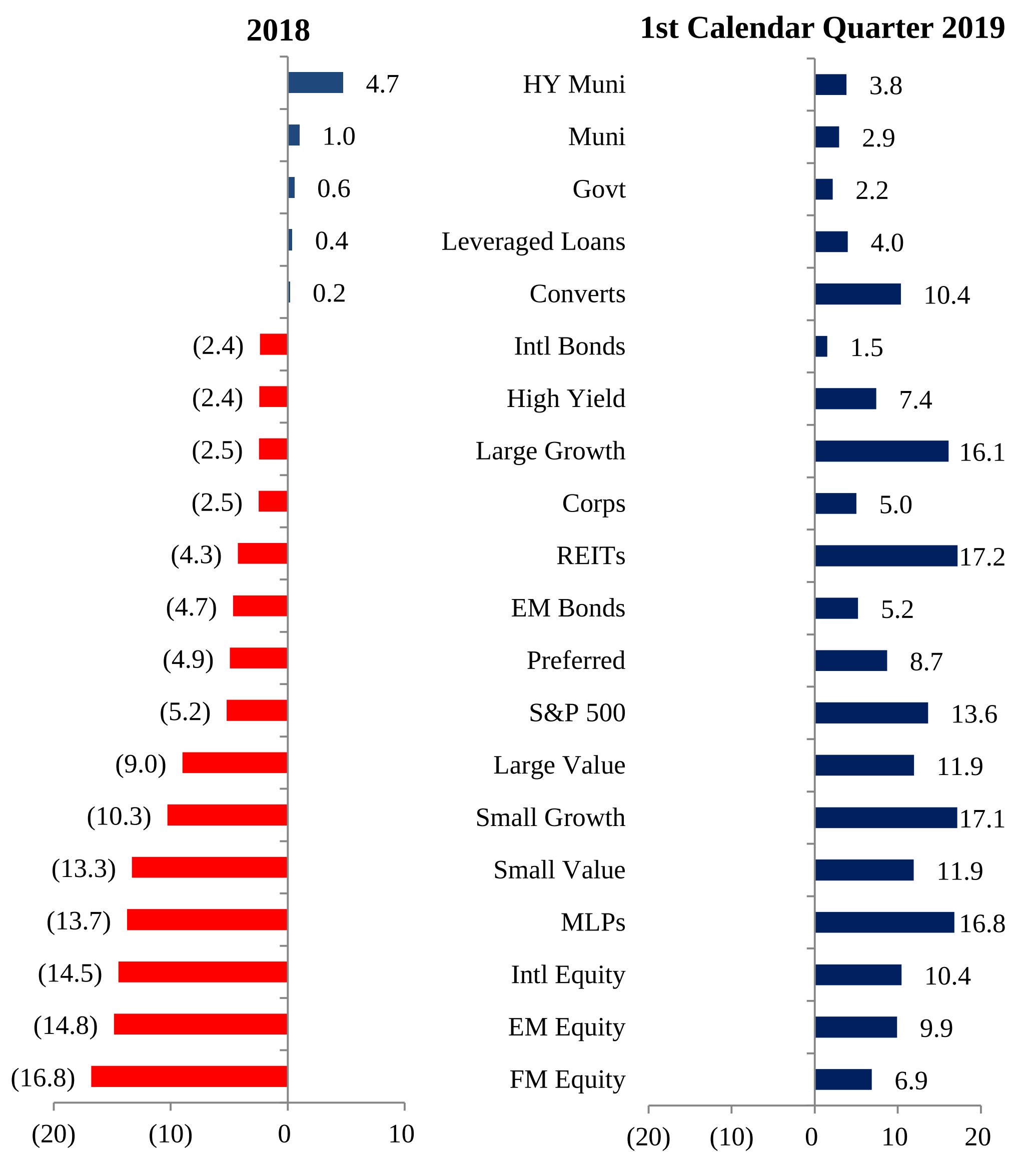
Modern Monetary Theory also flips on its head the historical responsibilities between Congress and the Federal Reserve. Traditionally, Congress decides on spending and determines the acceptable level of public debt. The Federal Reserve then relaxes or tightens monetary policy to support economic growth and keep inflation in check. It can respond quickly to adjust interest rates and bank reserve requirements to control money supply. Under MMT, however, Congress is effectively in charge of both fiscal and monetary policies, and if the economy overheats, it would reduce spending or raise taxes to dampen inflation. The Fed's job, apparently, is not to concern itself with its dual mandate of maintaining price stability and full employment, but to enable government spending by printing money. Stephanie Kelton has proposed that Congress, and not the Federal Reserve, manage the business cycle.

This constitutional nuance seems to be both unrealistic and fraught with risk. A data-driven central bank can act independently of political pressures to rein in fiscal excess or move quickly to stem financial crises. Can we truly expect elected politicians to pass legislation in a timely manner to cut spending and raise taxes to cool an overheating economy?

Despite the flaws in the theory, some of its prescriptions may well come into play. If the Federal Reserve is unable to raise interest rates further it will not have the full monetary toolkit to fight the next recession. In past contractions, the Fed has lowered interest rates by an average of 5%, which it clearly cannot do today. While it could reintroduce quantitative easing, the restructuring of its assets has also been put on hold, so that it would be buying bonds from a much-bloated balance sheet. This may leave MMT-style fiscal stimulus as the inevitable alternative.

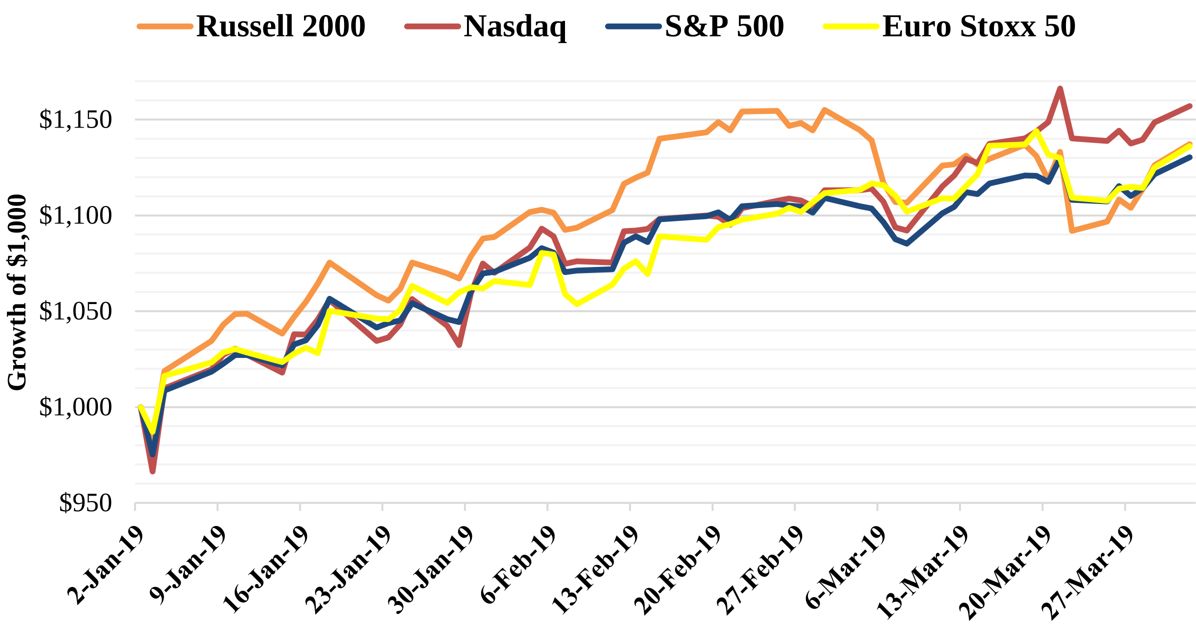
1st QUARTER 2019 AND 2018 PERFORMANCE OF MAJOR ASSET CLASSES

Numbers represent percentage change



EQUITIES

Equity Market Performance



Source: Bloomberg

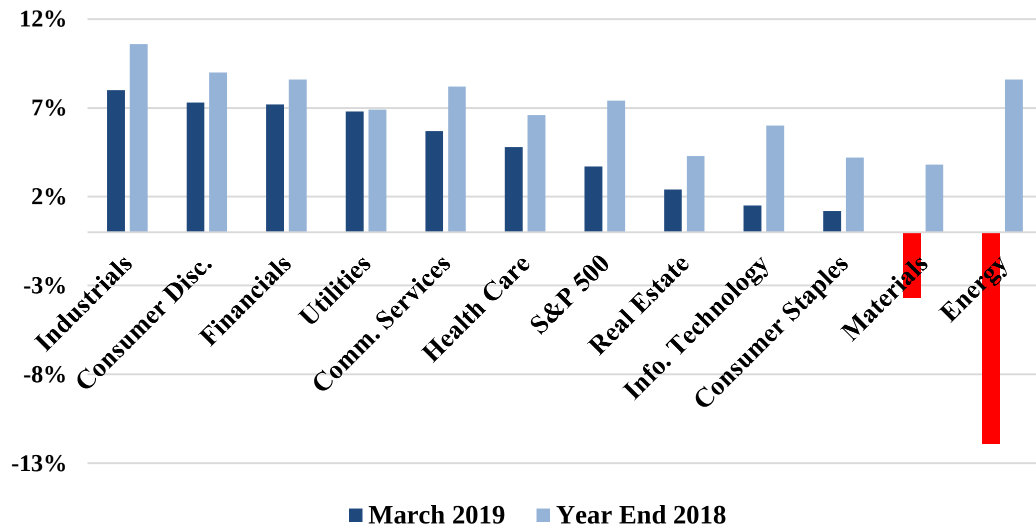
U.S. Equities

After its worst December since 1931, the S&P 500 Index returned more than 13.5% in the first quarter of 2019, driven higher by signals from the Federal Reserve that its planned schedule of rate increases for the year would be placed on hold. The NASDAQ was up 15.7% and the Russell 2000 up 13.7% in the first quarter. The FANG stocks all recovered some of their losses, although they have not regained the peaks of 2018. Facebook was up 24% year-to-date, Amazon up 17%, Netflix up 36% and Google up 14%. Investors appear to be buying on the dips, adding nearly $50 billion to ETFs in December as markets plunged, but redeeming $3.5 billion in January, in contrast to the same time last year, when an eye-popping $68 billion flowed into ETFs, the most ever for a single month.

While investors appear to be shrugging off bad news, such as the failure of President Trump's talks with North Korean leader Kim Jong-un and the lack of a resolution to the trade conflict with China despite blowing through the March 1st deadline, there are several compelling arguments why the stock market's optimism may be on shaky foundations:

Valuations are still elevated:
The market rally this year has pushed P/E multiples back above 17 times, while the cyclically-adjusted Shiller ratio is at 31 times, higher than at any point since 1875 and the highest level since the peak of the dot-com era.

Corporate Earnings Growth



Source: Factset

Earnings are slowing down:

According to FactSet, companies in the S&P 500 index are expected to report a 13.1% year-over-year increase in fourth quarter earnings, much slower than in the three earlier quarters in 2018 when corporate tax cuts fueled over 20% profit growth. Looking ahead, however, analysts predict 6% EPS growth for the S&P 500 in 2019. We may have reached a short term but also a cyclical peak.

Companies will reduce stock buybacks:

Since 2009, U.S. companies have spent a record $3.8 trillion on share repurchases, financed principally by issuing debt. 40% of EPS growth and 30% of price gains have been derived from buy-backs. However, as corporate leverage levels reach their limits and funding costs increase, buy backs will slow down.

Volatility is at generational lows:

In executing their stock buyback programs, companies have not only supported stock prices but have provided liquidity and depressed volatility, which has declined back to low teens on the VIX index after spiking to 36 on Christmas Eve. The resumption of volatility shorting strategies despite two major spikes over the past 14 months suggests a mind-boggling level of complacency. Negative economic and market surprises may trigger a vicious cycle of volatility shocks and market corrections.

Passive investing:

The shift from active to passive investing is a significant amplifier of future volatility. Active managers serve as a volatility buffer, willing to step in and buy undervalued stocks when the market is falling and sell overvalued stocks when the market is overreaching. The detrimental impact of passive investment strategies on price discovery will magnify volatility when negative earnings surprises hit the market.

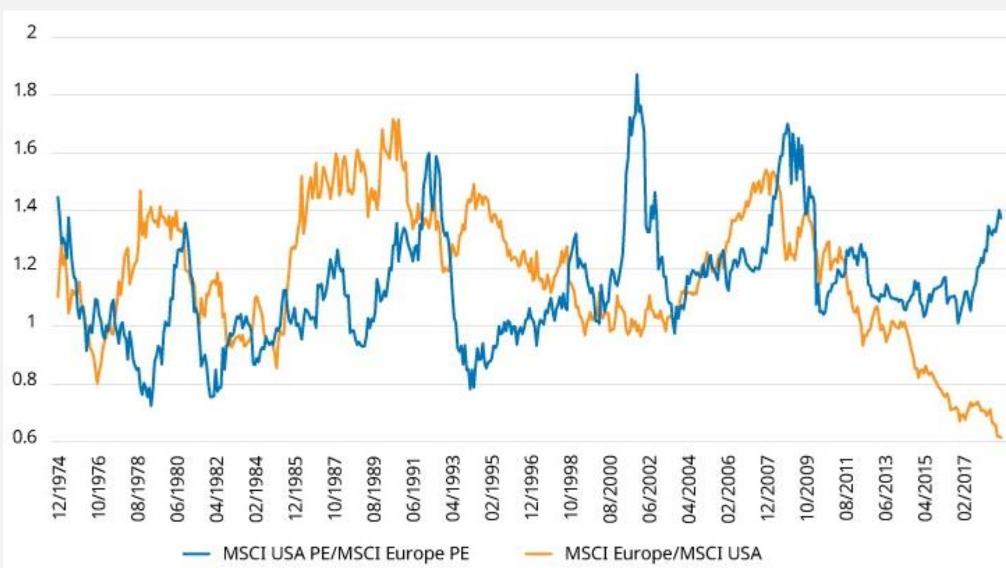
Sentiment:
Finally, measures of investor sentiment show confidence at all-time highs. The Michigan Consumer Sentiment Index, for example, stands at 98.4 in March, an increase from 93.8 in February. Positive sentiment is often a contrarian indicator. The wave of mega-IPOs that will follow the launch of Lyft into the public markets is also reminiscent of the late 1990s internet boom. While companies such as Uber, Airbnb, Palantir, Pinterest and WeWork have all demonstrated impressive revenue growth, none expect to see profitability in the near future.

While these data points do not imply that a market correction is inevitable, they should suggest that investors position their equity portfolios to be more defensive, checking that they are sufficiently diversified and focusing on higher quality stocks.

International and Emerging Market Equities

We have been suggesting for some time that international and emerging markets have offered more attractive valuations than U.S. stocks. The chart below shows the valuation and performance gap between U.S. and European markets. The blue line shows the ratio of U.S. to European P/E multiples, while the orange line shows the relative performance of the two markets. European equities have not benefited from the share buyback bonanza experienced in the U.S., and the dividend yield is a very healthy 3.7%. Economic weakness will keep interest rates near zero and is likely to induce more fiscal stimulus as politicians respond to populist concerns.

Comparison of U.S. and European Equity Markets



Source: MSCI, Schroders

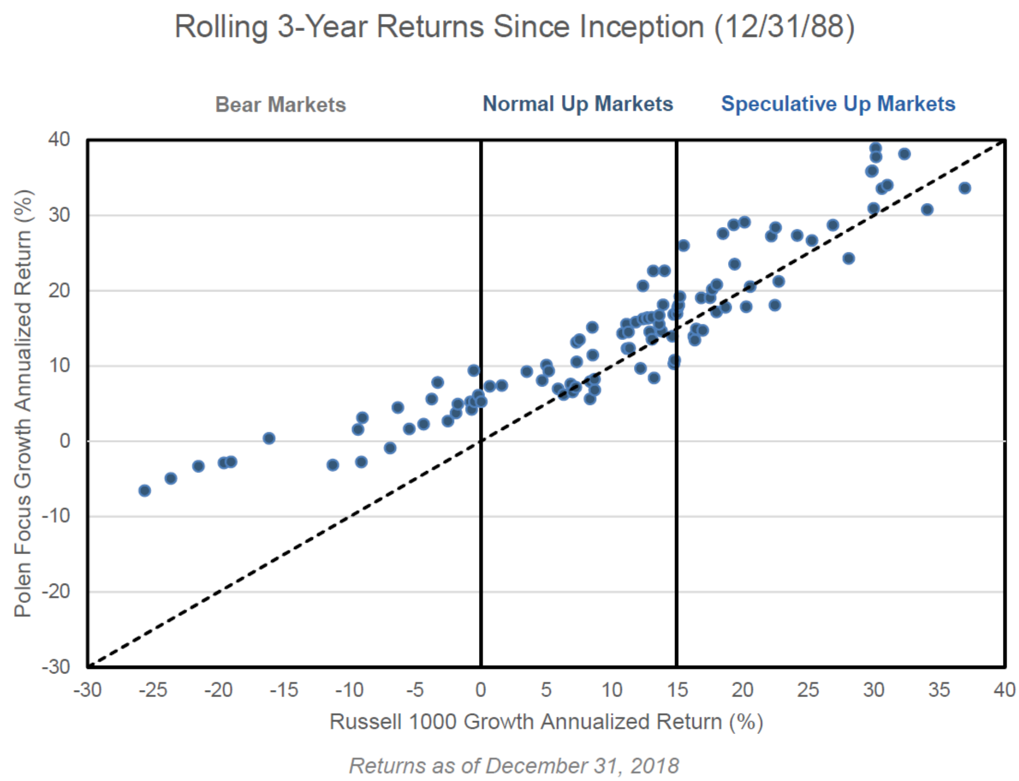
As we discuss in the following section, we prefer active managers that do not necessarily hug market benchmarks. Changes to these indices, however, can have material impact on capital flows and market movements. In February, MSCI announced that it will gradually increase the weight of China A shares (shares of Chinese incorporated companies that trade on either the Shanghai or Shenzhen stock exchanges) in the MSCI Emerging Markets Index so that local Chinese shares will represent approximately 3.3% of the index. While the percentage is small the potential flows into these shares will be material given the number of funds around the world indexed to the benchmark. Although corporate governance, transparency and shareholder rights remain poor by developed market standards, the Chinese equity market represents 7.5% of global equity market capitalization (14% if Hong Kong is included), compared to 40% for the U.S., 20% for Europe and 7.6% for Japan. Allocations to Chinese shares by institutional investors will increase over time, and domestic Chinese companies will become household names that will play significant roles on the global stage.

SELECTED MANAGER OUTPERFORMANCE

At View Capital, we prefer active managers to passive strategies because of their potential to outperform their respective indexes and because their portfolios, in theory, should be less subject to the whims of the broader market. As passive investing continues to gain assets, its effects on both equity and credit markets become more pronounced. Even if a particular equity or credit is attractively valued and is top-tier quality, it will be subject to volatility if it is a large weighting in an index or is part of multiple indexes (and therefore a holding of many ETFs) in a period of market stress. Consequently, unless we are looking for beta exposure of the market, we prefer to invest in active managers. We take different approaches to this in equity and fixed income.

For equity managers we choose strategies with concentrated portfolios that invest in quality companies. We like concentrated portfolios because they are less like the index, meaning we are able to discern if the manager is able to pick and weight stocks well; lower conviction positions don't make it into the portfolio and dilute returns; and high active share portfolios have a tendency to outperform. Active share refers to how different a portfolio is from a benchmark. This value, of course, is only useful if the benchmark used to calculate active share is appropriate for the strategy. Additionally, we like investing in quality. Quality companies are identified with both soft and hard criteria, such as corporate governance, business models, market positioning, financial strength, and attractive valuations. Quality equities tend to outperform over the long term and especially during market stress.

The best example of our equity philosophy is Polen Capital's Focus Growth strategy. Polen invests in large cap growth stocks in the U.S. They returned a *positive* 7.82% in 2018, outperforming their index (Russell 1000 Growth) by over 9%. While the fourth quarter was tough, they declined by 12.74% versus a decline of 15.43% by the index, outperforming by 2.69%. Polen has a concentrated portfolio of 20 to 25 stocks with low turnover, separating positions into different groups by growth rate. They limit a single position to less than ten percent of the portfolio. When picking stocks, they place a large emphasis on quality companies and in particular on their earnings growth. The earnings growth rate for the portfolio is consistently in the mid-teens, and this approach has led to top-tier returns over the past 30 years. These high quality companies become ballasts in tough markets and decline less than their peers while also generally keeping up during market rallies. This was especially true in the fourth quarter as Polen's "Safety holdings" such as Dollar General, O'Reilly Automotive, and Microsoft Corporation outperformed. Since the inception of Polen's mutual fund in late 2010, the strategy has an up capture ratio of 92.8 and a down capture ratio of only 83.5, meaning that for every 100 points the index went up, Polen went up 92.8 and similarly going down just 83.5 to the index's 100 point drop. Even though these quality companies might not outperform every year, we feel it's very important to protect on the downside and compound returns from a higher base.



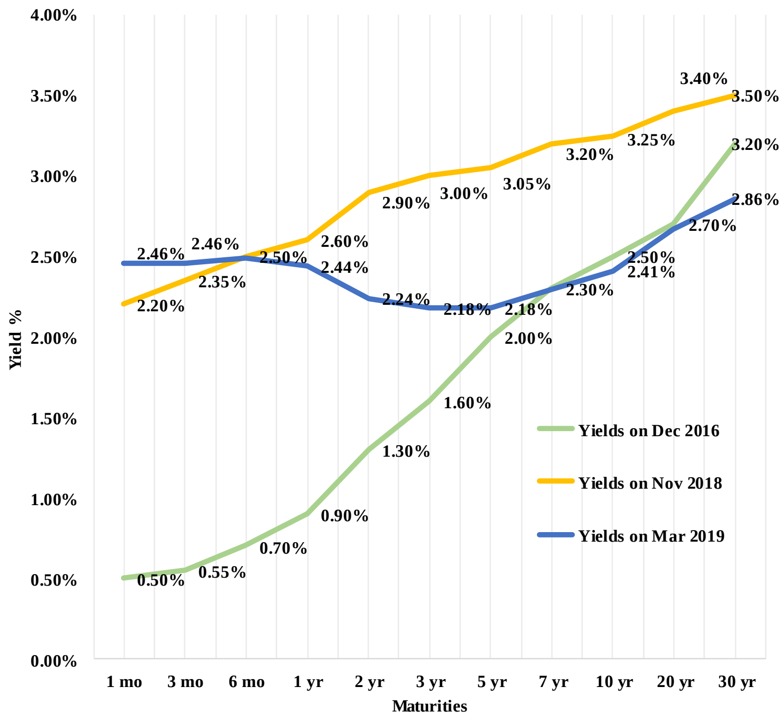
For fixed income managers, we again like strategies that don't mimic the benchmark. Fixed income benchmarks and the ETFs that track them are typically weighted by the amount of outstanding debt; in other words, the companies with the most debt are the ones with the largest weights in the index. While this does provide liquidity, that liquidity can be detrimental during market stress because each trade affects the mark-to-market value of the issuances. Additionally, during market stress, managers will sell their most liquid positions first, further depressing values. As a result, we like managers who are smaller, more nimble, and invest in less liquid and smaller tranches of credit.

This is exactly how Sound Point Capital's floating rate loan mutual fund strategy was positioned before the turmoil in the fourth quarter. While other floating rate managers were invested in larger, more liquid, and higher rated credits (BBB and BB), Sound Point was in B and CCC rated credits that were in smaller tranches and therefore less liquid. This was by design. Over the course of the fourth quarter, those higher quality credits sold off not due to poor valuations or company-specific concerns but simply because they were the most liquid positions in portfolios as some managers were forced to sell to either meet client withdrawal requests or reposition their portfolios more defensively by going to cash.

While Sound Point's portfolio wasn't immune to the leveraged loan market decline, it only lost -2.39% as opposed to the index's -3.35%. Sound Point was able to take advantage of the situation and repositioned their portfolio as other managers were being forced to sell. This selling pressure created a contradictory dynamic where the expected return of higher rated and more senior credit was greater than the lower rated credit even though the risk of the "better" credit was still naturally lower due to its higher rating or seniority. This is another case of how important it is for active managers to be nimble during events like this technical sell-off (as opposed to fundamental) in order to beat their benchmarks.

BONDS

U.S. Treasury Yield Curve



Source: Bloomberg, Wolf Street

U.S. Treasuries

The 3-month / 10-year yield curve inverted in March. While this combination of short- and long-term interest rates may not be the one most closely watched by the market (the 2-year / 10-year curve is still positive at 14 basis points), it nevertheless suggested that the much-hyped recession indicator might be emerging from hibernation. The 10-year Treasury yield rose in January but subsequently declined, settling at 2.44% at quarter end, 18 basis points lower than the start of the year and the lowest level in 12 months. While the bond market seems to be sending an unambiguous message that the economy is in trouble, the odd shape of the yield curve suggests that investors are buying intermediate term notes but do not have sufficient conviction that recession is imminent to be buying the long end of the curve. We continue to suggest that investors park their cash in short term bills.

Are the equity and bond markets looking at different sets of data? From a portfolio perspective, the positive returns for both asset classes have benefited investors last quarter, but what might happen in a recession? Capstone, a volatility trading hedge fund, has calculated that between 1883 and 2015 movements in stocks and bonds were

Highly correlated 30% of the time, moderately correlated 69% of the time, and moved opposite one another just 11% of the time. It is only during the last two decades of falling rates, accommodative monetary policy and globalization that we have seen an extraordinary period of anti-correlation. Investors with "60/40" portfolios assume that bonds will offer diversification and risk mitigation during periods of equity market stress, but the historical evidence is not reassuring. In the meantime, bond market volatility is at an all-time low, indicating, as in equities, that the market expects little risk.

Treasury Volatility

Source: Chicago Board Options Exchange, CBOE 10-Year Treasury Note Volatility Futures [VXTYN], retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/VXTYN, March 21, 2019.

Corporate Credit

Credit markets also recovered from their December corrections, with investment grade yields reverting back to 148 basis points over Treasuries at quarter end, compared to 178 at the start of the year, and high yield at 452 basis points after peaking at 566 at year end. Unsurprisingly, the riskiest credit ratings (such as CCC rated bonds) have recovered the least, reflecting increasing concerns about credit health. At a recent investment conference David Rosenberg, Chief Economist & Strategist for Gluskin Sheff, noted that a global survey of investors carried out recently by Bank of America Merrill Lynch found that 50 percent of respondents would rather see companies use their cash to mend balance sheets than spend it on plants or equipment or return it to shareholders via buybacks or dividends. That was the highest response to this question since September 2009. He went on to suggest that the reason why many BBB credits had not yet been downgraded despite suffering from junk bond metrics was that their managements had convinced the rating agencies that cash flow was indeed being diverted to repay debt. While this would be comforting to credit investors, it would imply that both stock buybacks as well as capex spending that had been encouraged by the 2017 Tax Act might be coming to an end. This seems to be supported by recent surveys of corporate CFOs and business owners. Does this corporate behavior, more characteristic of economic downturns, portend bad news ahead?

Disclosures
VIEW CAPITAL RIA, LP

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Disclosures for Proposed Investment Manager.

The descriptions included in this report are not meant to be a complete description of the managers' style and methodology and performance. The included descriptions do include alternative investments that may or may not be suitable for the clients' investment profile. Please read the prospectus carefully before investing.

Glossary and Index Definition

•Alerian MLP Index (MLP) - The Alerian MLP Index is a composite of the 50 most prominent energy master limited partnerships calculated by Standard & Poor's using a float-adjusted market capitalization methodology. The index is disseminated by the New York Stock Exchange real-time on a price return basis (NYSE: AMZ). The corresponding total return index is calculated and disseminated daily through ticker AMZX.

•Barclays Capital U.S. Municipal Index – The U.S. Municipal Index covers the USD-denominated long-term tax exempt bond market. The index has four main sectors: state and local general obligations, revenue bonds, insured bonds, and prerefunded bonds. Many of the subindices of the Municipal Index have historical data to January 1980. In addition, several subindices based on maturity and revenue source have been created, some with inception dates after January 1980 but no later than July 1, 1993. In January 1996, Barclays Capital also began publishing a non-investment grade municipal bond index and "enhanced" state specific indices for Arizona, Connecticut, Maryland, Massachusetts, Minnesota, and Ohio. These indices are published separately from the Barclays Capital Municipal Bond Index.

•BofA Merrill Lynch Convertible Bond Index (Convertibles) - The BofA Merrill Lynch Convertible Bond Index tracks the performance of US dollar denominated convertible bonds issued in the US domestic market. In addition, qualifying securities must have at least one year remaining term to final maturity, a fixed coupon schedule and a minimum amount outstanding of $100 million.

•BofA Merrill Lynch Perpetual Preferred Securities Index (Preferred) - The BofA Merrill Lynch Fixed Rate Preferred Securities Index tracks the performance of US dollar denominated preferred securities issued in the US domestic market. Qualifying securities must be rated investment grade (based on an average of Moody's, S&P and Fitch) and must have an investment grade rated country of risk (based on an average of Moody's, S&P and Fitch foreign currency long term sovereign debt ratings).

•BofA Merrill Lynch US High Yield Master II Index – This index tracks the performance of below investment grade US dollar-denominated corporate bonds publicly issued in the US domestic market.

•BofA Merrill Lynch EM External Debt Sovereign Index – This index tracks the performance of US dollar-denominated debt issued by sovereign issuers in countries belonging to emerging markets.

•BofA Merrill Lynch Mortgage Master Index – This index tracks the performance of US dollar-denominated mortgage securities.

•BofA Merrill Lynch Municipal Bond Index – This index tracks the performance of US dollar-denominated investment grade tax-exempt bonds.

•Credit Suisse Leveraged Loan Index – This index tracks the investable market of the U.S. dollar denominated leveraged loan market. It consists of issues rated "5B" or lower, meaning that the highest rated issues included in this index are Moody's/S&P ratings of Baa1/BB+ or Ba1/BBB+. All loans are funded term loans with a tenor of at least one year and are made by issuers domiciled in developed countries.

•JP Morgan Emerging Market Bond Index (EMBI+) - The Emerging Markets Bond Index Plus tracks total returns for traded external debt instruments in the emerging markets. The instruments include external-currency-denominated Brady bonds, loans and Eurobonds, as well as U.S. dollar local markets instruments. The EMBI+ is concentrated in instruments from the three major Latin American countries (Argentina, Brazil, and Mexico), reflecting the size and liquidity of these external debt markets. The non-Latin countries are represented in the index by Bulgaria, Morocco, Nigeria, the Philippines, Poland, Russia, and South Africa.

•MSCI Emerging Market Index (Emerging Market Equities) - The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. As of March 2015, the MSCI Emerging Markets Index consisted of the following 23 emerging market country indices: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Peru, Philippines, Poland, Qatar, Russia, South Africa, Taiwan, Thailand, Turkey, and United Arab Emirates.

•MSCI Frontier Market Index – The MSCI Frontier Market Index is a free float-adjusted market capitalization index designed to measure equity market performance of the frontier markets. As of March 2015, the MSCI Frontier Markets Index consists of the following 24 frontier market country indices: Argentina, Bahrain, Bangladesh, Bulgaria, Croatia, Estonia, Jordan, Kenya, Kuwait, Lebanon, Lithuania, Kazakhstan, Mauritius, Morocco, Nigeria, Oman, Pakistan, Romania, Serbia, Slovenia, Sri Lanka, Tunisia, Ukraine, and Vietnam.

•Russell 2000 Index (TR) - The best-known of a series of market-value weighted indices published by the Frank Russell Company. The index measures the performance of the smallest 2,000 companies in the Russell 3000 Index of the 3,000 largest U.S. companies in terms of market capitalization.

•Russell 1000 Index (TR) –A market-value weighted indices published by the Frank Russell Company. The index measures the performance of the largest1,000 companies in the Russell 3000 Index of the 3,000 largest U.S. companies in terms of market capitalization.

•S&P 500 Index (TR) -Widely regarded as the best single gauge of the U.S. equities market, this world-renowned index includes 500 leading companies in leading industries of the U.S. economy. S&P 500 is a core component of the U.S. indices that could be used as building blocks for portfolio construction. It is also the U.S. component of S&P Global 1200. Total return (TR) provides investors with a price-plus-gross cash dividend return. Gross cash dividends are applied on the ex-date of the dividend.

•FTSE NAREIT US Real Estate Index Series – The FTSE NAREIT US Real Estate Index Series is designed to present investors with a comprehensive family of REIT performance indexes that span the commercial real estate space across the US economy, offering exposure to all investment and property sectors. In addition, the more narrowly focused property sector and sub-sector indexes provide the facility to concentrate commercial real estate exposure in more selected markets.

Data Sources: Bloomberg, L.P., JPMorgan, BofA Merrill Lynch, Standard and Poors, Barclays Capital, Alerian, Morningstar Direct, MSCI, HFR, Goldman Sachs, Trading Economics, HIS Markit, Eurostat, Eaton Vance.