Quarterly Review and Strategy Update

June 30, 2019

Global Government Bond Yields

Source: Refinitiv, WSJ

- **The U.S. is entering its 121th consecutive month of economic expansion, the longest since the 1990s**
- **The Federal Reserve is under pressure to cut rates in July in light of overwhelming market signals and political pressure from the White House**
- **Equity and bond markets point to divergent views on the direction of the economy; investors need to be as diversified in their risk exposures as possible**

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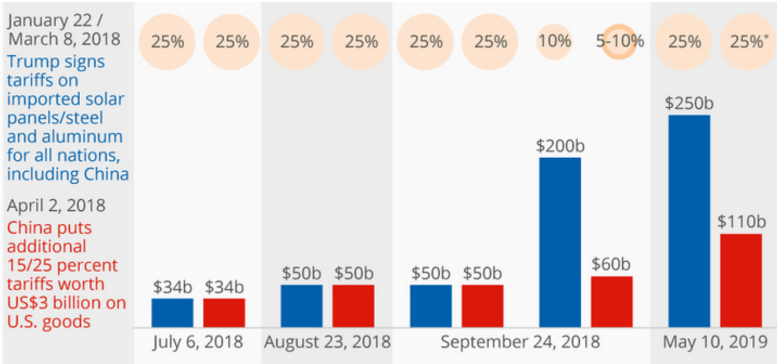
THE ECONOMIC ENVIRONMENT

U.S. and Chinese Tariffs



Source: Statista

- **The markets breathed a (temporary) sigh of relief following U.S. - China truce**
- **Federal Reserve expected to cut rates by a quarter or half percent at the end of July**
- **Divergence between the bond and equity markets are unsustainable and may lead to significant market volatility**

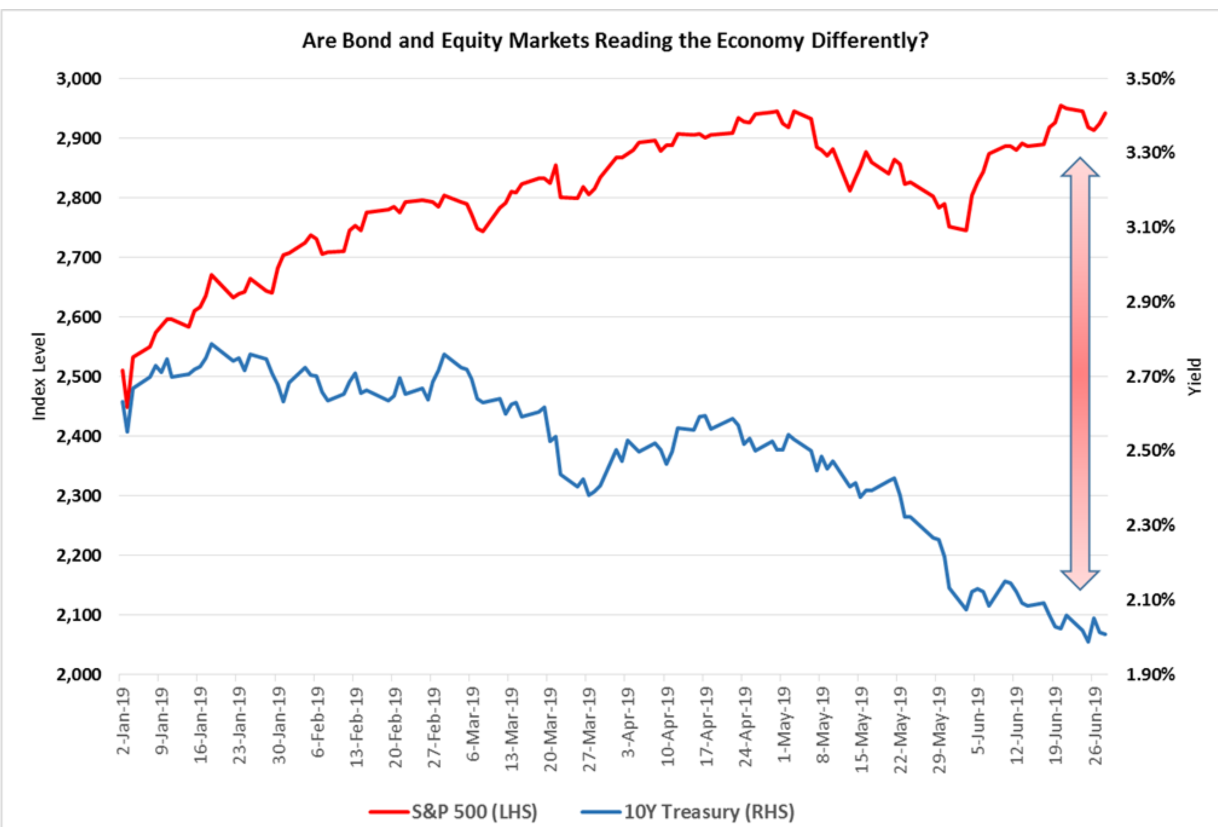
The U.S. Economy

At the G20 meeting in Osaka, Presidents Trump and Xi Jinping agreed to a cease-fire on trade and committed to resume negotiations. The U.S. agreed to indefinitely postpone tariffs on $300 billion of additional goods and removed some curbs on the ability of Huawei Technologies to buy components and equipment from American companies. In return, China apparently agreed to start buying significant amounts of U.S. farm products.

While the markets were relieved that the conflict between the two powers had not escalated, it is unlikely that compromise can be reached on more fundamental issues, such as China's subsidies of state-owned enterprises, forced technology transfer, intellectual property protection, the Belt Road Initiative and the "Made in China 2025" policy. By kicking the can down the road and offering some relief to his farm-belt support, President Trump can claim victory. However, the damage to business confidence may already have been inflicted. How can businesses plan long-term capital spending and hiring in the face of the capricious nature of the administration's twitter strategy, where polices are announced one day and rescinded the next?

Meanwhile the financial markets continue to be dominated by Federal Reserve Bank policy. In early June, Chairman Jerome Powell acknowledged that he might support cutting rates if the trade war and other indicators pointed to a deteriorating economic outlook. There are now mounting signs that a contraction might be approaching. In May, non-farm payrolls grew by just 75,000 jobs (compared to consensus expectations of 185,000 jobs). Job gains have now averaged 164,000 per month in 2019, compared with an average gain of 223,000 2018. Wage growth remained subdued, increasing at an annualized rate of 3.1% in May, down from 3.2% in April. The IHS Markit US Manufacturing PMI, a measure of private sector manufacturing activity, has declined steadily since its recent peak reading of 55.7 in October last year to 50.1 in June (a reading below 50 indicated a contraction). Residential housing has struggled, with sales falling for 15 straight months, despite lower mortgage rates than last year. New housing starts fell 0.9% in May from April, and home-builder confidence has dropped, as builders reported concerns over rising construction costs. Overall inflation continues to be low, with the Core Personal Consumption Expenditure deflator increasing only 1.5% in May on a year-on-year basis, well below the Fed's 2% target. Many economists assumed that tariffs would be inflationary; in fact they may have triggered deflationary behavior. Jerome Powell has changed his previously stated opinion that below-target inflation would be a "temporary phenomenon," accepting that "The latest data...looks like it may be more persistent than we had hoped."

So, is a recession inevitable? The bond markets seem insistent that the Federal Reserve must act in order to prevent its imminent arrival. Interest rates have tumbled, with the 2-year Treasury note yield falling about a 1¼ % from 2.98% in November to 1.75% at the end of June, and the 10-year bond yield falling from 3.23% to 2%. The yield curve has been inverted now for several months, and the New York Federal Reserve's recession probability model, which predicts the probability of a US recession in the next 12 months, delivered a reading of 32.9% for June, the highest level since the Global Financial Crisis. The futures markets are pricing in a 94% chance of a 0.25% Fed rate cut in July, and a 6% probability of a 0.5% cut. Yet this strong conviction of lower rates lies in stark contrast to the bullishness of equity investors, who have pushed the S&P 500 index to record levels.



While the bond markets are forecasting a certain economic downturn, the equity markets continue to shrug off bad news to climb to record heights. Equity bulls argue that lower interest rates reduce borrowing costs as well the rate which future profits are discounted, justifying higher prices. While they acknowledge some weak economic data, they point to others – such as the robust level of retail sales (which have risen by an average of 0.72% a month during the first 5 months of the year) and the high level of consumer sentiment (The University of Michigan's consumer sentiment index has remained consistently high for the past 2 years) as evidence that recession fears are overblown. Americans' pretax earnings from wages, salaries and investments climbed 0.5% in May from April, matching the best monthly gain so far this year and GDP expanded at a strong 3.1% annual rate in the first quarter. Equity investors also believe that the Federal Reserve – under pressure from a White House facing an election less than a year and a half away – will counteract any significant market correction.

They also suggest that the fall in bond yields is less a reflection of an impending recession than the flight of global capital to the haven of the U.S. dollar in response to a multitude of global political tensions. The skirmishes with Iran in the Persian Gulf are a proverbial dynamite accident waiting to be sparked; the North Korean talks have stalled; Trump may threaten a major trade war with Europe over its development of a non-Dollar payment system or with Mexico if it fails to stem the flood of immigrants; and hostilities with Russia may escalate (this August the 1987 treaty between the U.S. and Russia that banned the development of certain classes of nuclear weapons will expire).

Falling U.S. bond yields may also reflect the relative attractiveness of U.S. bonds compared to domestic options for the international investor. As the chart on the cover page illustrates, the amount of government bonds with negative yields around the world have swelled to over *$13 trillion*. Positive U.S. yields, low as they might seem to an average American saver or investor, looks preposterously attractive to a European or Japanese one. However, interest rate differentials alone do not mean that capital will flow. Once currency hedging costs are factored in, the yield advantage disappears. In fact, the data suggests that most of the recent buying of U.S. Treasuries have come from domestic investors or foreign investors buying on an unhedged basis, hoping that the Dollar will strengthen.

It is true that there have been several times since the Global Financial Crisis when bond yields have temporarily fallen alongside a rising stock market. However, the speed of the current rate decline and the overwhelming conviction of bond traders suggest that winter may be coming. Falling and negative interest rates around the world unquestionably signify that growth is expected to be weak. The Trump administration's foreign and trade policies, regardless of whether they are justified, have increased the odds of a global economic slowdown. Lack of political and economic visibility creates its own self-fulfilling vicious cycle of postponed purchasing orders, investment, and hiring decisions that ultimately weigh on business consumer confidence and earnings expectations. History has shown that bond investors are often more prescient than equity investors.

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Financial crises can be triggered by unexpected events. One development that merits scrutiny is the current dislocation in the Chinese bank funding markets.

In May, Baoshang Bank, a regional bank in Inner Mongolia with $85 billion in assets (roughly the size of Comerica Bank in Dallas) was taken over by China's banking and insurance regulators following discovery that bank funds had been misappropriated by its largest shareholder, The Tomorrow Group, which has been under an anti-graft investigation. Its founder, Xiao Jianhua, has been "missing" since 2017. The latest available financials from 2017 showed the bank's balance sheet had expanded 6 times over 3 years. China's central bank has announced that it would guarantee all deposits and interbank liabilities below 50 million Yuan ($7.4 million).

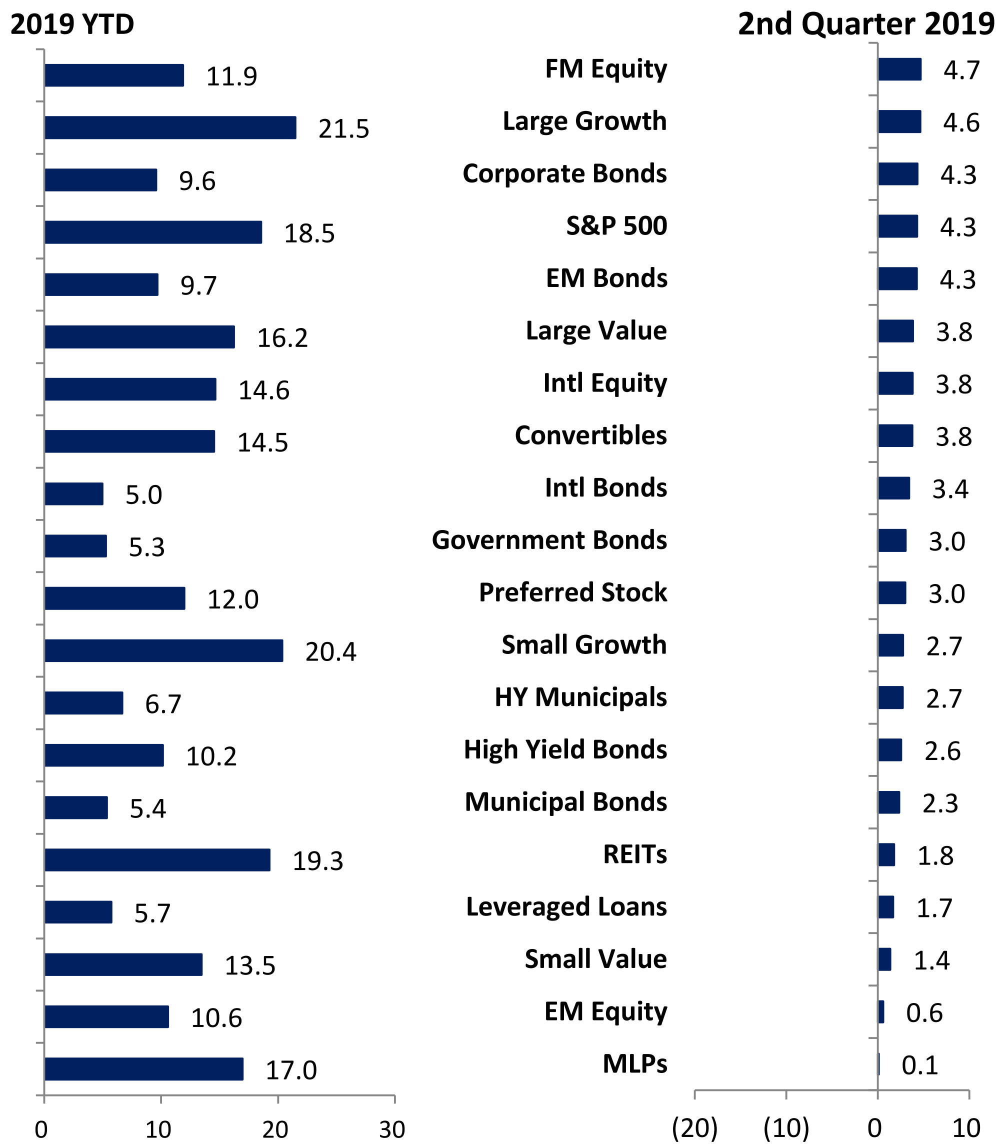
The failure of the 50th largest bank in China has triggered several dislocations in the Chinese banking system. Many smaller Chinese banks had been financing growth by selling negotiable certificates of deposits to larger banks and corporations. For many banks this source of funding had comprised up to a third of their balance sheet. This market has now effectively seized up, with CD rates soaring. Credit spreads for corporate bonds have also spiked, new issuance has slowed, and most importantly, banks and non-bank financial institutions alike have become much more cautious about accepting bonds as collateral for loans. Since repo financing constitutes a significant part of liquidity transfer in the Chinese financial system, its collapse may lead to increasing defaults. There has already been a record pace of corporate defaults, amounting to 39 billion Yuan of domestic bond defaults in the first four months of the year, 3.4 times the total for the same period of 2018. Perhaps only the government's control of the press has forestalled a consumer bank run.

The People's Bank of China has been forced to inject liquidity repeatedly to support medium and smaller banks – in June, it injected as much as the equivalent of $120 billion. It is also encouraging larger banks to provide emergency funding to the brokerage sector. The freezing of the interbank funding market was a key catalyst in the U.S. financial crisis as shadow funding conduits froze up in the aftermath of Lehman's bankruptcy. Amidst the collapse in exports, a weakening economy and increasing capital flight, the Baoshang failure could not have come at a worse time for China. The People's Bank of China's massive injection of liquidity is depressing the Yuan at a time when the country cannot be deliberately weakening the currency to fight the tariff war.

The collapse of Baoshang highlights the problems that afflict many smaller banks in China – corrupt lending, poor risk controls, inadequate capital and lack of reporting transparency. Barclays reports that 18 small Chinese banks have now delayed releasing their 2018 annual reports. It has also shown that the support that the authorities provided to the financial sector to quietly resolve issues behind-the-scenes in the past may be over, as the scale of problems from bad debts and spiraling leverage becomes impossible to handle discreetly. Baoshang Bank was the first takeover of a financial institution by authorities in almost 30 years. While the international focus is on China's tariff and technology conflicts, its $40 trillion domestic banking system (by comparison, the US banking system is about $20 trillion) may be its weakest – and most dangerous – Achilles' heel.

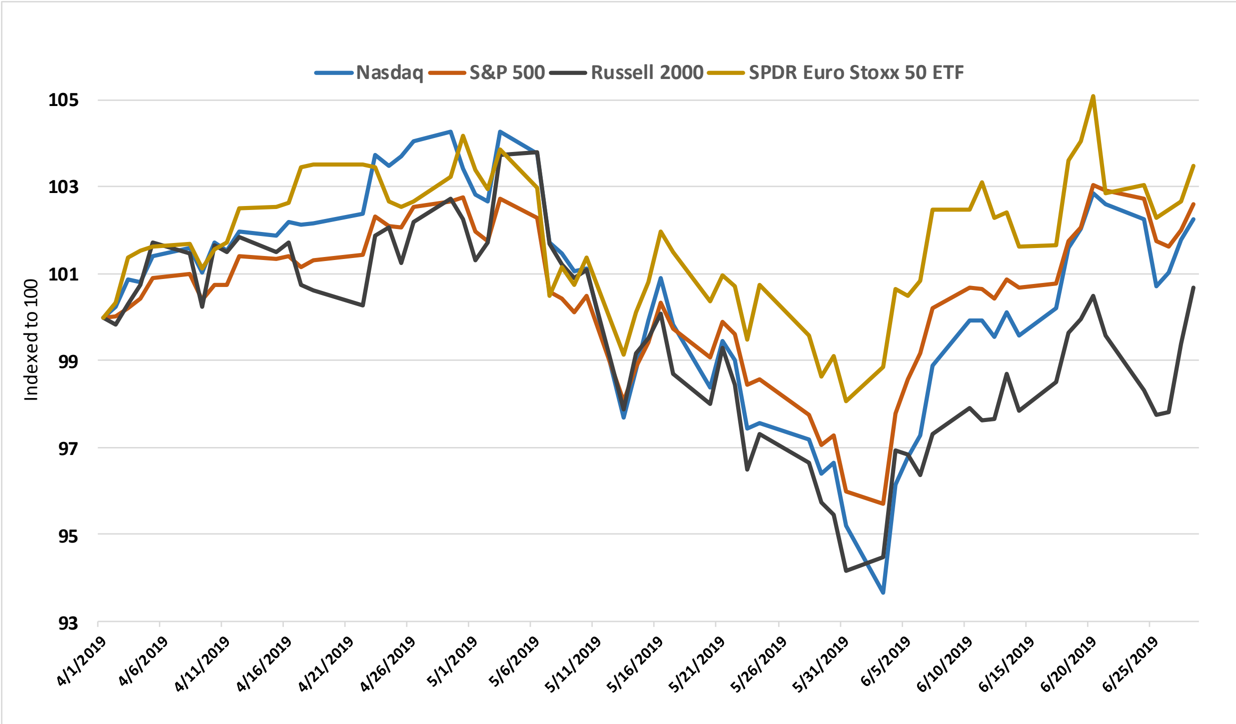
2nd QUARTER 2019 PERFORMANCE OF MAJOR ASSET CLASSES

Numbers represent percentage change



EQUITIES

2nd Quarter Equity Market Performance



Source: Bloomberg

U.S. Equities

Following the strong performance in the first quarter, the U.S. equity markets continued to rise. The S&P 500 Index returned more than 4.3% for the quarter, the NASDAQ was up 3.6% and the Russell 2000 up 3.3%. These gains were realized despite a 6.5% correction in May triggered by President Trump's unexpected threats to hike tariffs on $200 billion worth of Chinese goods, implementing them 5 days later, and prohibiting American companies from doing business with Huawei, the Chinese telecommunication company. China retaliated by imposing tariffs on $60 billion of American imports. To compound tensions, Trump also threatened Mexico with tariffs if the flood of immigrants was not curtailed. The market's hope that the conflict with China would be addressed at the G20 meeting and Mexico's rapid accommodation were enough to resume the market's upward trajectory. The equity market gains represent the best first-half performance since 1997 and erased the steep losses that jarred investors at the end of last year.

Whatever the outcome of the trade negotiations, many U.S. companies doing business with China have either already put in motion or have plans to restructure their global supply chains and tackle increasing restrictions on the exchange of technology, intellectual property and personnel. This will negatively impact all businesses trading with China. Judging by the performance of the most affected sectors, including technology, materials and consumer products, investors may not have fully internalized these implications. Earning prospects for companies are deteriorating. Factset estimates that earnings for companies in the S&P 500 index will decline by 2.6% in the 2nd quarter compared to a year ago. While analysts see a further decline in earnings for the 3rd quarter, they expect earnings to rebound modestly by mid-single-digits in the final quarter of the year.

Corporate stock buybacks also declined to $205 billion in the first quarter, compared to $223 billion in the final quarter of 2018. As companies hit limits on debt to finance buybacks and analysts become more discriminating about applying the same earnings multiples to organic growth and buyback-driven EPS adjustments, a major factor boosting the market in past years may become less potent.

Nevertheless, valuations based on Price/Earnings ratios, while still above long-term historical averages, have come down. The S&P 500's forward P/E ratio stands at 17.7, compared to 16.9 over the past 30 years. However value stocks are priced somewhat below historical averages, while growth stocks are at the high end of the range in both small and large capitalization sectors. According to Morningstar, investors have pulled $425 billion out of mutual funds and separate accounts over the last twelve months. If favorable political developments and lower interest rates come about investors could reverse course and drive markets even higher in a classic end-of-cycle market melt up.

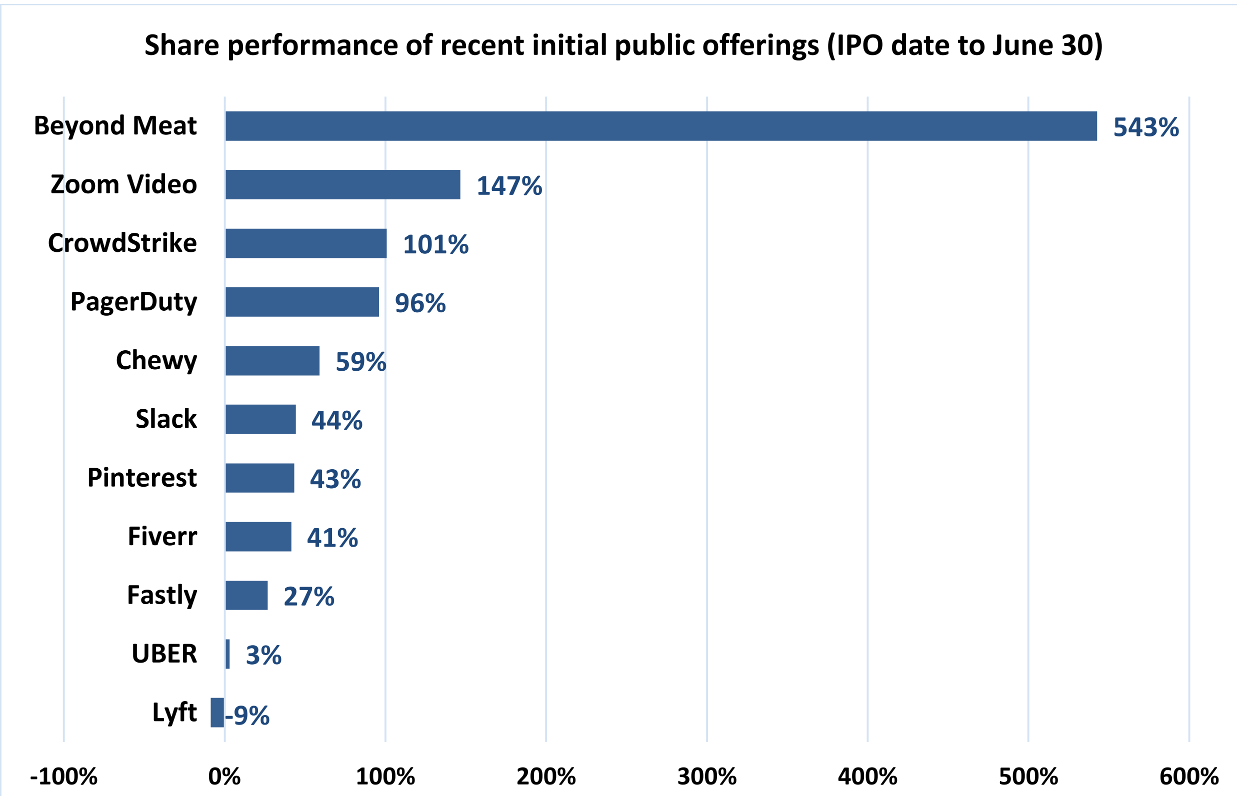
International and Emerging Market Equities

While international markets in general realized gains in the quarter their year-to-date performance has lagged the U.S. markets. Developed, emerging and frontier markets are up 14.6%, 10.6% and 11.9%, respectively, lagging the 18.5% appreciation in the S&P 500.

International markets have been hurt by weakness in China, as well as the strength of the U.S. Dollar, which has held steady this year following a 5% gain against major currencies last year. A strong Dollar is generally negative for emerging markets in particular. First, a strong Dollar pulls capital into the U.S. and out of emerging markets. Second, it increases the financing cost of countries and companies that have borrowed in Dollars. Finally, commodity prices have an inverse relationship with the Dollar, hurting commodity exports.

THE UBER IPO

On May 9th, Uber, the ridesharing company, launched its initial public offering at $45 a share, valuing the company at $75 billion. The stock traded down to $41.57 that day, and on the following Monday fell further to close at $37.10, a loss of 17.6% from its IPO price, representing a staggering $13 billion decline in market value. The IPO lost more in dollar terms than any other American initial public offering since 1975. In the run-up to its much-anticipated IPO, Wall Street had chattered about a $120 billion valuation for Uber, considerably above the record $104 billion valuation for Facebook. It emerged that CEO Dara Khosrowshahi, who had been recruited to save the company after the ouster of scandal-plagued founder Travis Kalanick, stood to receive a payout of $80 million to $100 million if the public market value of the company remained above $120 billion for at least three months in the next five years.



Uber's stock has since recovered to just above its IPO price, and a subsequent wave of 25 IPOs have raised $19 billion, with their stock prices rising an average of 34% on their first day of trading. The success of companies like Beyond Meat, a producer of plant-based meat substitutes, CrowdStrike, a cybersecurity company, and Fiverr, an exchange for freelance labor, reflects public investors' enthusiasm for technology and business innovation.

Uber's IPO prospectus is a 300-page document that provides a detailed explanation of its complex set of businesses. The Financial Times provided a cogent and sober analysis of the company, but one reader, going by the name of "horsesatemymoney", offered a blunt "dummies" critique of the document:

Abbreviated version of prospectus

- *We don't make money*
- *We probably will never make money*
- *Our current business relies on shareholders to fund cheap cab rides in the hope that regulators will let us become a monopoly and charge whatever we want but the regulators are not playing along*
- *We have therefore spent more money expanding into other low margin highly competitive activities like food delivery or trucking despite there being lots of specialist logistics firms so not obvious how we are going to make any money there either*
- *We hope in the future there will be driverless cars and that we can then make money because no drivers, but other people are developing them too*
- *We have annoyed lots of regulators so we have lots of disputes and problems with regulators*
- *We don't pay much tax and have done lots of aggressive tax planning and so we have lots of disputes and problems with tax authorities*
- *We don't employ anyone (or we say we don't) but we have lots of de facto employees and so we have lots of disputes and problems with drivers and employment tribunals*
- *We don't actually own many assets because we managed to get our drivers to provide their own cars*
- *We have an app but other cab companies also have apps*
- *Current investors want to get out and so we hope you will buy some shares anyway because you have heard of us also we need more money to fund the businesses that don't make money*
- *We are expanding into more business lines that don't make money and we need more money to fund those*
- *We are really big and you have heard of us plus we say we are a tech disruptor so don't worry that we make no money it will all be great because you will be an Uber investor*

Uber's IPO fiasco was also surprising as in March, Lyft, Uber's principal rival in North America, had also gone public, pricing its IPO at $72 a share. While Lyft's first print was at $87.33, it declined over the next few weeks and sank to as low as $48 in May (a 33% loss). If investors were clearly skeptical about Lyft's prospects, why were Uber's underwriters so optimistic?

There are research analysts who believe that Uber is "one of the most transformational companies in the world". As Wedbush Securities argues, "A core tenet of our bull thesis on Uber is around the company's ability to morph its unrivaled ridesharing platform into a broader consumer engine with Uber Eats, Uber Freight and autonomous initiatives 'just scratching the surface' of the full monetization potential of this platform over the next decade." In the short run, however, the company recognizes that it has no idea when it will be profitable. At the end of May, in its first earnings report since the IPO, Uber reported its slowest growth in years and losses of more than $1 billion for the quarter. While revenue rose 20% to $3.1 billion, it was slower than the 25% annual growth it had recorded in the prior quarter. While it operates in 700 cities in 63 countries today, it has been forced to scale back its ambitions in Asia, ceding ground to Didi in China and Grab in Southeast Asia. Since it cannot meaningfully offer its customers a service or experience that is differentiated from its competitors like Lyft, it can only compete on price. Consequently it has spent heavily to acquire customers and subsidize drivers, resulting in low to negative margins that are unlikely to improve. Its cavalier "ask forgiveness later than ask for prior permission" stance with respect to obtaining operating approvals from target cities have led to a backlash from municipalities who are imposing fees, taxes and other costly restrictions.

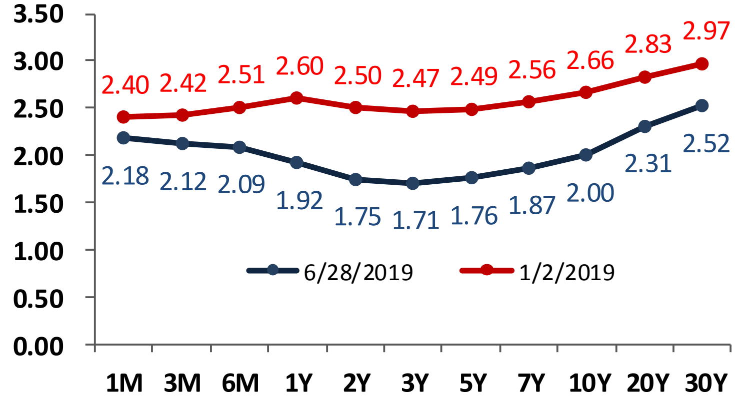
Uber may find that public market investors are less forgiving than the venture capitalists who have been willing to supply a generous flow of capital. Uber has raised a total of $24.7 billion in funding over 23 rounds since its founding. However, at the height of its management and regulatory problems last year, its valuation had dropped from $70 billion to $48 billion. Japanese conglomerate Softbank acquired 20% of Uber's stock at this lower valuation before another funding round a few months later bumped valuations back to $62 billion. The fact that only a few months' later investment banks were suggesting a $120 billion valuation illustrates the somewhat arbitrary nature of valuing a business with so much speculation about its financial future.

It is moreover a future where the viability of its core business, by the company's own admission, may become disrupted in unforeseen ways by the advent of driverless cars. Although Uber has invested heavily in the technology, they have conceded that their core business may not reach profitability before road transportation is radically changed. The willingness of investors to assign such enormous valuations to untested business models is reminiscent of the dot.com bubble. While companies like eBay and Amazon emerged to become monopolistic players in their respective fields, they were the few exceptions amidst a rubble of forgotten failures like Pets.com, Webvan and TheGlobe.com.

The wave of IPOs is certainly welcome in replenishing the roster of publicly traded companies. Just before the internet bubble burst almost of 20 years ago there were over 7,500 American companies listed on U.S. stock exchanges. Now there are just 3,600, as industries have consolidated and private equity firms have taken companies private. A thriving public equity market is essential in providing investors access to growth opportunities, particularly for most individual investors who cannot gain exposure to private equity. Uber and its newly public peers will now have to fight for public support under the glare of reporting transparency, demands for high governance standards and daily market liquidity.

BONDS

U.S. Treasury Yield Curve



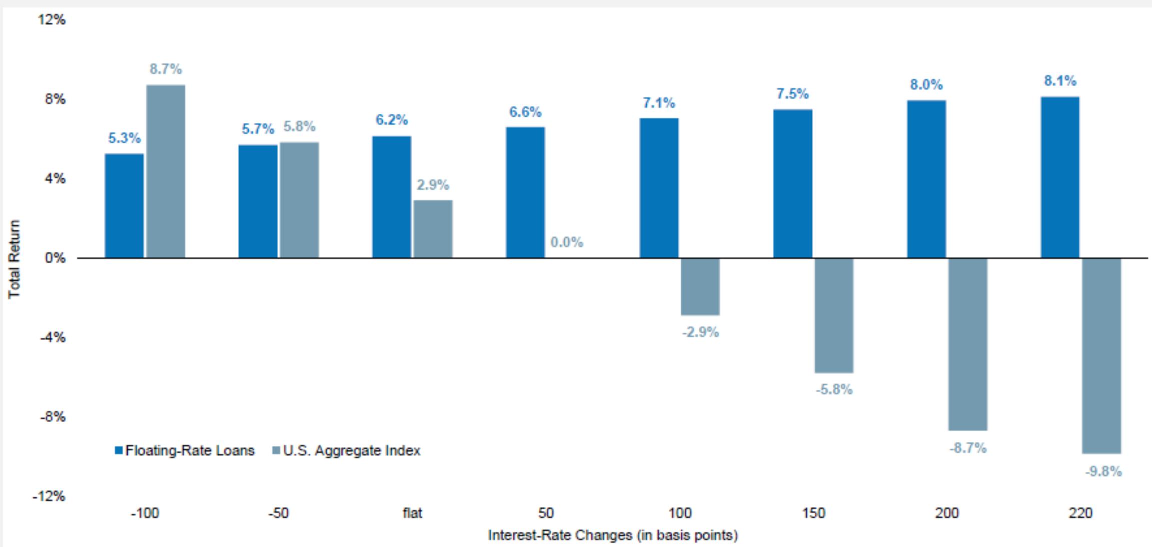
- **Interest rates have fallen across the maturity spectrum, but declines are more pronounced in intermediate maturities**
- **Federal Reserve expected to cut rates by a quarter or half percent at the end of July**
- **All credit assets gain as investors anticipate lower rate environment**

Source: Bloomberg

U.S. Treasuries	While the bond markets may prove to be correct about the path of the U.S. economy, we believe that it has moved way ahead of itself both in its overly pessimistic assessment of the economy and its predictions for the number of rate cuts this year. The yield curve has inverted into a smile shape with 1-month Libor at 2.4%, 2-year Treasury notes at 1.75%, 10-year bonds at 2% and 30-year bonds at 2.5%. Investors concerned about market volatility may therefore be better off holding cash than investing in long duration Treasuries, which do not offer enough yield to compensate for risk. The rapid decline in yields has led to a spike in bond market volatility to a level nearly 50% above its twelve-month average. All major developed market central banks have now adopted accommodative monetary policies, driving global interest rates lower. The 10-year German government bond now yields -0.32 % and the Japanese equivalent -0.16%.
Corporate Credit	All credit assets performed well in the second quarter. Investment grade yields tightened by about 50 basis points during the quarter, ending at 3.2%, a level last seen at the beginning of 2018. However, spreads, which reflect credit risk, remained unchanged despite some ups and downs during the quarter. The high yield market performed better, with yields compressing by almost 2% this year to around 6%. Spreads in this market have fallen consistently throughout the year, reflecting elevated investor risk appetite and continuing low default rates. Bank loans have also performed well this year with total returns of 5.7%. Bank loans pay coupons that are reset every 3 months based on the prevailing Libor rate. Although Libor has

fallen this year, the additional credit spread that investors receive has increased, offsetting the decline in Libor. The loan market has seen only $121 billion of new issuance this year, a decline of 70% compared to last year, due to a drop-in refinancing activity, while demand from CLO vehicles have remained steady, supporting prices. However, if the Fed funds rate falls and Libor follows, total yields may decline. Banks loans traditionally incorporated a "Libor floor", often set at 1%, that provided a minimum base interest rate to ensure that coupons did not decline below a certain level. Unfortunately today almost 80% of loans issued today lack such protection, part of a trend of weakening investor protections that have become widespread in the public credit markets. Investors who believe that interest rates might fall significantly may want to trim their exposure to bank loans. As the chart below from Eaton Vance shows, combining traditional fixed-income and floating-rate bank loans may provide balanced returns in a stable or falling interest rate environment.

Hypothetical Returns of Loans and Bonds in Various Interest Rate Scenarios



Source: Bloomberg

Disclosures
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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 prefunded 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.