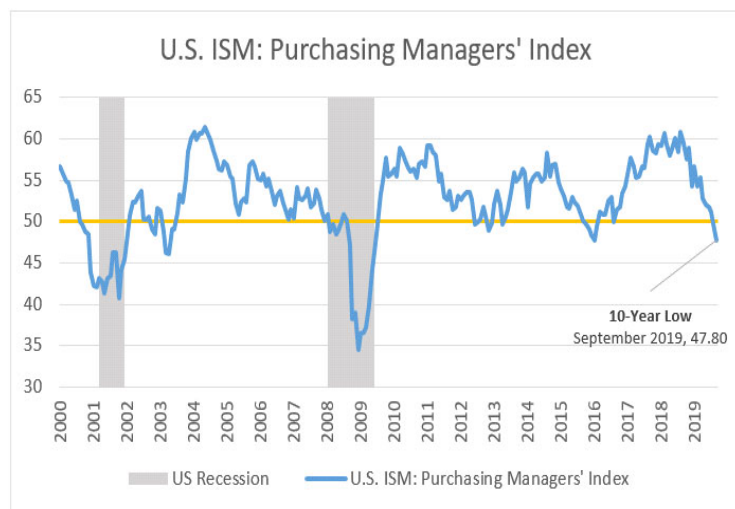


Market Commentary - 3rd Quarter 2019

"It's fewer jobs. It's less business going on. It's less investment. It's more uncertainty. It weighs like a big, dark cloud on the global economy."

-Christine Lagarde, Incoming European Central Bank President on Tariffs



Source: Moody's Analytics. Institute for Supply Management (ISM): Purchasing Managers' Index, (Diffusion index, SA)

	3 Months	YTD	1 Year	3 Years	5 Years	10 Years
S&P 500 Index	1.70	20.55	4.25	13.39	10.84	13.24
Russell 1000 Index	1.42	20.53	3.87	13.19	10.62	13.23
Russell 1000 Value Index	1.36	17.81	4.00	9.43	7.79	11.46
Russell 1000 Growth Index	1.49	23.30	3.71	16.89	13.39	14.94
Russell 2000 Index	-2.40	14.18	-8.89	8.23	8.19	11.19
Russell 2000 Value Index	-0.57	12.82	-8.24	6.54	7.17	10.06
Russell 2000 Growth Index	-4.17	15.34	-9.63	9.79	9.08	12.25
MSCI EAFE ND	-1.07	12.80	-1.34	6.48	3.27	4.90
MSCI EAFE LOC	1.83	16.23	2.10	8.84	6.54	7.55
MSCI ACWI ex. US	-1.80	11.56	-1.23	6.33	2.90	4.45
MSCI EAFE Small Cap ND	-0.44	12.05	-5.93	5.94	6.02	7.45
MSCI Europe ND	-1.80	13.72	-0.75	6.57	2.38	4.61
MSCI Japan ND	3.13	11.12	-4.69	6.22	5.61	5.51
MSCI EM ND	-4.25	5.90	-2.02	5.97	2.33	3.37
MSCI EM LOC	-1.93	8.11	0.16	8.04	5.91	6.28
DJ World Real Estate	3.71	20.88	14.58	7.67	7.86	9.05
DJ US Select REIT Index	6.83	24.64	16.41	6.48	9.70	12.69
DJ-UBS US Commodity Index	-1.84	3.13	-6.57	-1.50	-7.18	-4.32
BofA ML 3-month T-Bill	0.56	1.81	2.39	1.54	0.98	0.54
BB Government 1-3 Yr	0.59	3.07	4.42	1.54	1.34	1.21
BB Government/Credit Bond	2.64	9.72	11.32	3.16	3.61	3.94
BB US Aggregate Bond	2.27	8.53	10.31	2.93	3.39	3.76
BB Long Government	7.83	19.61	24.58	4.11	6.73	6.86
BB Long U.S. Corporate	5.61	22.26	20.06	6.48	6.95	7.82
BB High Yield Corporate Bond	1.33	11.41	6.36	6.07	5.37	7.94
BB TIPS	1.35	7.58	7.13	2.21	2.45	3.46

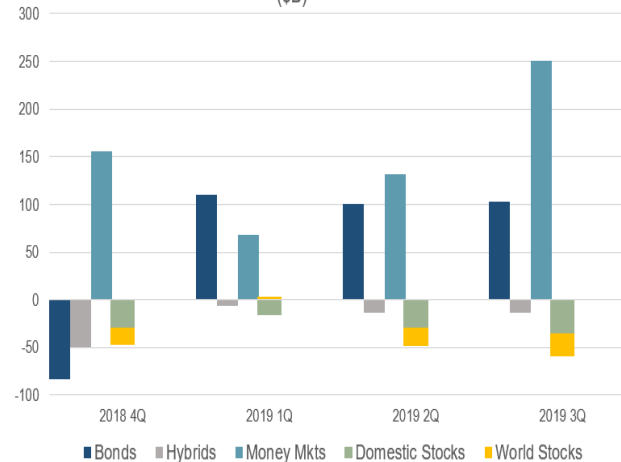
Market Commentary - 3rd Quarter 2019

FRB Leading Index for the United States, Percent, Monthly, Seasonally Adjusted



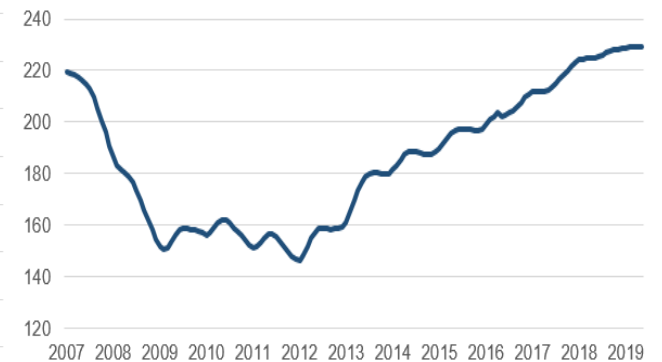
The Leading Index predicts the six-month growth rate of the United States' Coincident Economic Activity Index, which incorporates nonfarm payroll employment, the unemployment rate, average hours worked in manufacturing and wages and salaries in estimating economic activity.

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



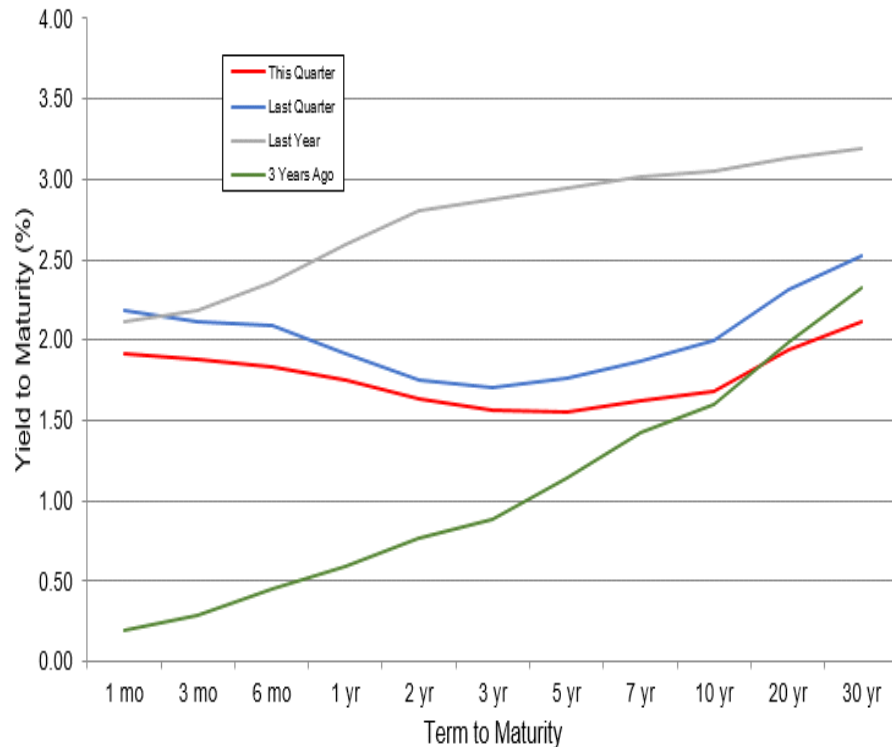
The S&P/Case-Shiller Home Price Indices are calculated monthly using a three-month moving average and published with a two month lag. Base Year 2000 = 100.

Market commentary

- Markets were mixed for the quarter as investors digested potential risks and opportunities in the market.
- U.S. stocks (S&P 500) were up 1.7% on a continued dovish Fed policy despite persistent trade worries.
- Emerging markets and foreign developed markets were down 4.25% and 1.07%, respectively, on trade tensions as well as a stronger dollar.
- The Federal Reserve cut rates twice during the quarter as multiple risks remained prevalent in the market.
- Investors decreased their holdings of domestic and world stock mutual funds/ETFs and increased their holdings of bond mutual funds/ETFs. For the quarter, stock funds had a net outflow of \$59 billion and bond funds had a net inflow of \$103 billion. Total money market mutual fund assets increased by \$250 billion to \$3.4 trillion.
- The US added 470,000 jobs this quarter, and the unemployment rate decreased from 3.7% to 3.5%.
- The price of oil decreased from \$58 to \$54 a barrel over the quarter due to a weaker economic outlook and faltering demand despite spiking mid-September after an attack on Saudi oil facilities.

Market Commentary - 3rd Quarter 2019

U.S. Treasury Yield Curve



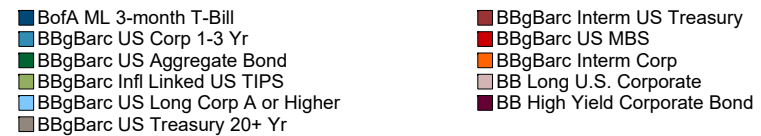
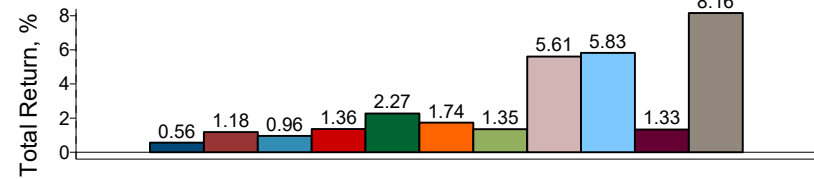
Source: Department of US Treasury

U.S. bond market

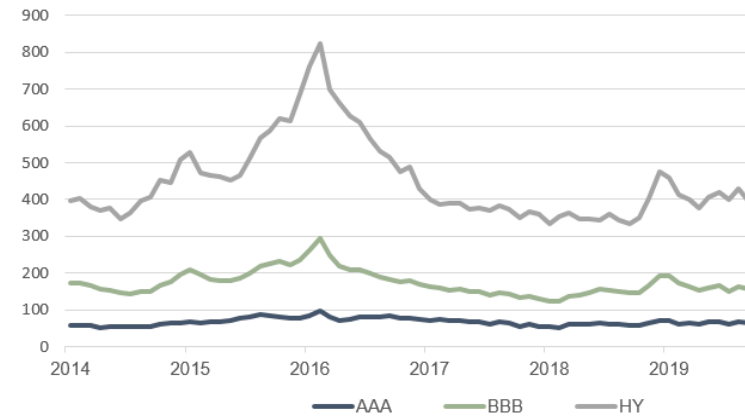
- The broad fixed income market was up as investors reacted positively to the Fed's more accommodative approach to monetary policy.
- The yield curve shifted downwards and remained inverted over the quarter, increasing concern among investors about a possible recession.
- The Federal Reserve cut rates by a quarter point twice during the quarter to provide insurance against ongoing risks in the market.
- Yields on the 10-year Treasury decreased 32 basis points while yields on the 30-year Treasury went down by 40 basis points.
- Short term U.S. corporates were up less than the rest of the market as interest rates fell.
- Long term US treasury bonds were the best performing, up 8.16%, as yields fell and investors were compensated for high quality long term holdings.

US Fixed Income - Quarter

Jul-19 - Sep-19



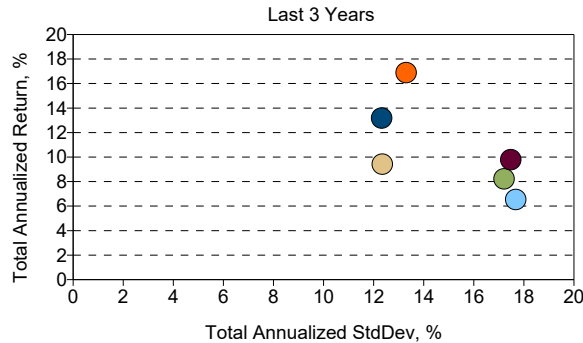
Spread to Treasuries (bps)



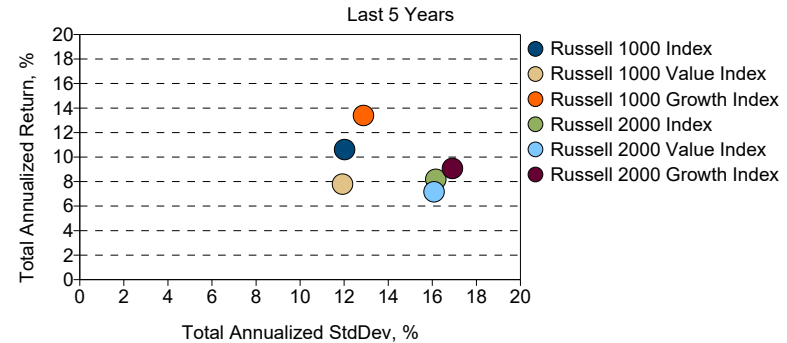
Source: Bank of America Merrill Lynch Option Adjusted Spread Index

Market Commentary - 3rd Quarter 2019

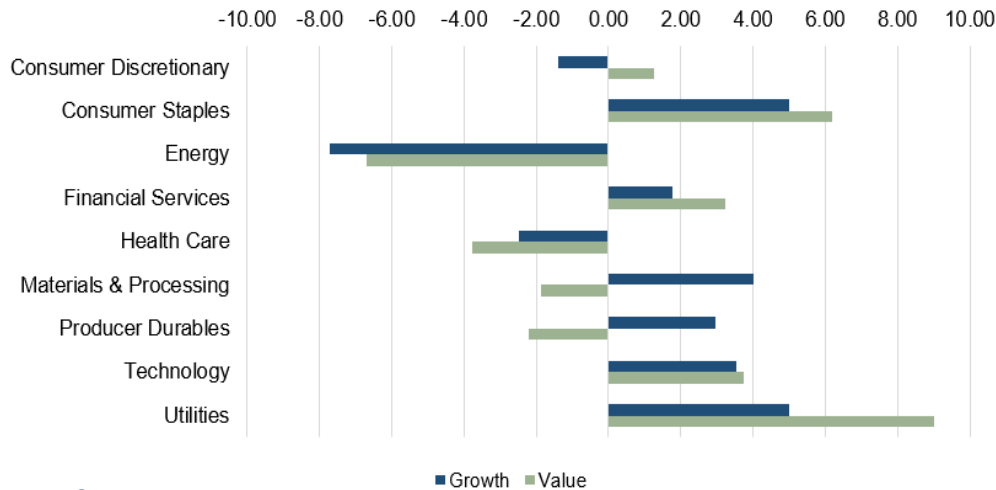
Performance vs. Risk



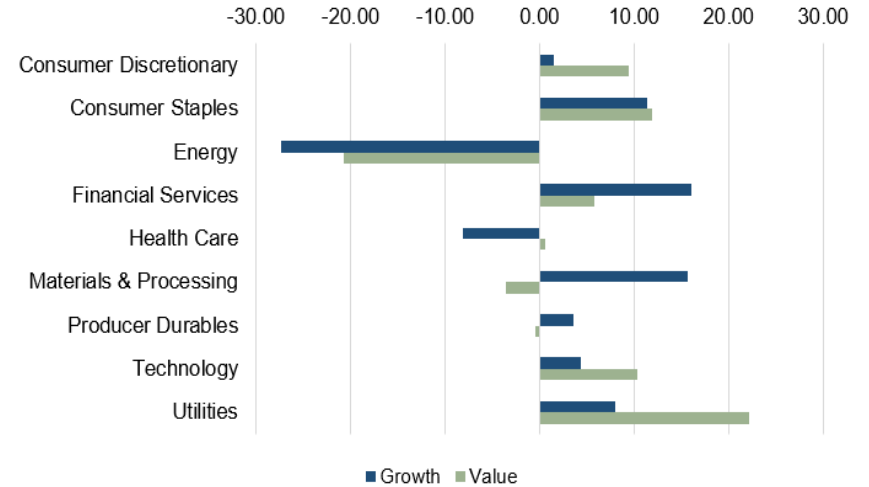
Performance vs. Risk



Russell 1000 Index Sector Quarterly Returns



Russell 1000 Index Sector Annual Returns

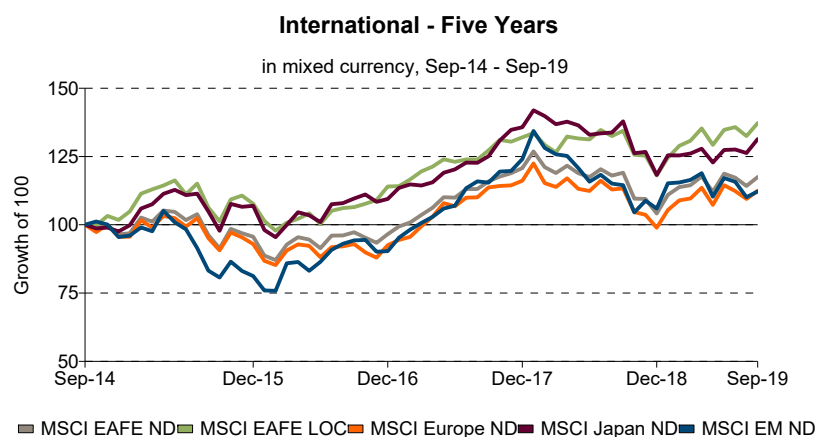


U.S. stock market

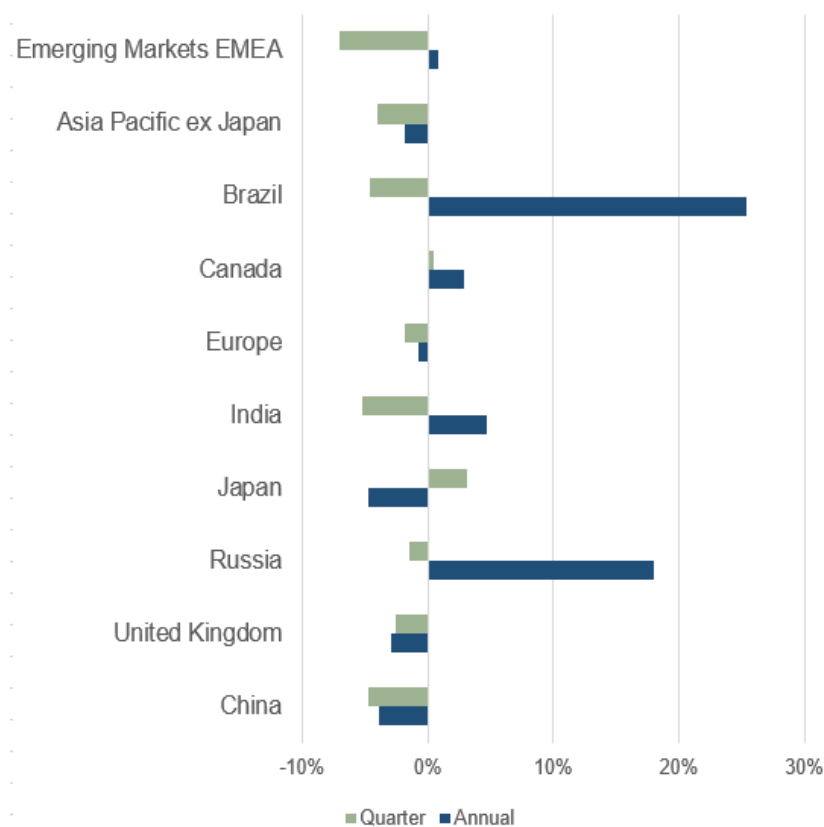
- Major domestic equity indices were mixed over the quarter, with large growth outperforming large value, but small value outperforming small growth. The S&P 500 was the best performing index, up 1.7%.
- In the quarter, smaller capitalization stocks lagged larger capitalization due to their volatility, given heightened uncertainty in the market.
- REITs were up 6.83% as interest rates fell and demand for yield persisted.
- Energy performed the worst, down 6.74%, as forecasts of a slowdown in global demand continued to put pressure on the sector and supply remained high.
- The Utilities sector performed the best, up 8.94%, as defensive stocks outperformed amid ongoing market uncertainty.

Market Commentary - 3rd Quarter 2019

	Units per US Dollar		
	This Quarter	Last Quarter	% Change
Euro	0.917	0.880	4.25%
United Kingdom Pound	0.813	0.787	3.24%
Japanese Yen	108.112	107.926	0.17%
Chinese Yuan Renminbi	7.149	6.866	4.12%
Mexican Peso	19.738	19.225	2.67%
Canadian Dollar	1.324	1.309	1.14%
Indian Rupee	70.664	68.949	2.49%
Russian Ruble	64.850	63.276	2.49%
Brazilian Real	4.162	3.847	8.17%



Regional Performance



Source: MSCI

International market

- The dollar was up against other major currencies, creating a substantial headwind for international stocks, particularly emerging markets as dollar-denominated returns were much lower than local currency returns.
- Fears of a no-deal Brexit persisted as a deal has not yet been reached. The U.K.'s new Prime Minister Boris Johnson temporarily suspended parliament until the U.K.'s Supreme Court ruled it unlawful leading up to the October deadline.
- For the quarter, the EAFE Index was down 1.07% while local currency returns for developed markets were up 1.83%. The EM index was down 4.25% while local currency returns in emerging markets were down only 1.93%.
- Among the major international regions, Japanese stocks were the best performing for the quarter, up 3.13%, as Japan's banking sector improved its profitability after a long period of underperformance.
- Of the emerging countries, Indian stocks performed the worst, down 5.15% amid weak corporate earnings and a slowdown in economic growth as well as a higher tax surcharge on Foreign Portfolio Investors.
- Small-cap international stocks outperformed large-cap international stocks.

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