WINTHROP
WEALTH MANAGEMENT

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MARKET REVIEW & OUTLOOK

Andrew Murphy, CFA
Director of Portfolio Management

info@winthropwealth.com

321 Columbus Avenue
Boston, MA 02116

www.winthropwealth.com

617.530.1010

A LETTER TO OUR CLIENTS

Reflecting on the last 34 years we feel extremely grateful to have developed such wonderful relationships with our clients. We are inspired by the clients we work with everyday and truly cherish our relationships which come in so many different forms. However, what is most rewarding is watching our clients evolve and helping them navigate some of life's opportunities and challenges. In some cases, we are working with third and fourth generation clients. Our desire to be there for our clients and for the forthcoming generations has motivated us to make some key updates to prepare our business. We would like to recap some of the recent developments here at Winthrop Wealth Management.

In April of 2018 we celebrated our one-year anniversary as an independent Registered Investment Advisor and have never been stronger. Autonomy is becoming increasingly important in our business as the environment seems to be changing more quickly than ever before. Our independence empowers us with the flexibility to stay on the forefront of industry changes which in turn enables us to act in our clients' best interests. Our fiduciary responsibility to our clients is the bedrock of everything that we do and is ingrained in our culture. 2019 will be a milestone year as we will celebrate 35 years of serving clients.

We invested heavily in both our team and infrastructure in 2018 to ensure that we are equipped to provide world class service for the decades to come. As a part of our longer-term continuity plan, we have strategically grown our multi-generational team within financial planning, portfolio management, operations and client service. We have both broadened and deepened our experience, reducing key-person risk. We also invested heavily in revamping our operations and technology infrastructure. The goal of these investments is to continually increase the precision and productivity of our work, delivering more comprehensive guidance and allowing our senior partners and advisors to spend more time with clients.

We are honored to be your trusted advisor and are committed to supporting you and your families. We look forward to meeting with you in this new year and may it be a healthy, happy and prosperous one. Please enjoy the enclosed commentary.

The Winthrop Wealth Management Team

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OVERVIEW

2018 was a challenging year a virtually all global equity indices finished negative. The global equity market as measured by the MSCI All Country World Index (ACWI) ended the year down -8.9% for the worst annual decline since 2008 (-41.8%). The fourth quarter was an especially difficult period as the MSCI ACWI had its worst quarterly return since Q3 2011. Several factors weighed on the global equity markets throughout the year including the US and China trade war and slowing global economic growth. The United States investment grade fixed income market was basically flat as the Barclays US Aggregate Bond Index returned +0.01%. We would like to highlight three key themes of 2018.

1. US and China Trade War

The ongoing trade war between the United States and China dominated the financial news throughout 2018. Earlier in the year both sides implemented tariffs. The US placed 10-25% tariffs on $250B worth of Chinese goods and threatened tariffs on the remaining amount imported from China (about another $250B). China placed 5-25% tariffs on $110B worth of US goods.

Both sides met at the G20 meeting in Argentina on December 1st and called the meeting "highly successful" as they agreed to hold off on implementing new tariffs for 90 days in hopes that a broader agreement can be reached. The stock market reaction was initially positive, but the optimism rapidly faded due to ambiguity over the details of the agreement. A few days after the meeting, President Trump stated that "I am a Tariff Man" and investors became worried that the trade war was back on.

Over the last several weeks, tensions between both sides appear to be cooling. China agreed to cut several retaliatory tariffs, restart purchases of US soybeans, and are supposedly drafting a plan to prevent forced technology transfer. President Trump also said that he spoke with Chinese President Xi Jinping by phone and the "deal is moving along very well." A US delegation is set to travel to China in early January to continue the discussions.

The ongoing trade war has been an overhang on the stock market due to the potential negative impacts. Tariffs can raise prices for US consumers while decreasing revenue for domestic companies doing business in China. Given the recent developments, negotiations appear to be moving in the right direction. However, the situation will remain a market risk until an agreement is signed.

2. Volatility

Volatility increased significantly in 2018 compared to 2017's dormant levels. The absence of volatility was a mystery in 2017 with no clear explanation. We communicated to clients all year to expect an increase in volatility as a reversion to average levels was a likely event. We suspect that 2019's volatility levels will resemble 2018 given that several market risks still remain.

The following chart displays daily returns for the S&P 500 over the last 50 years – larger daily swings (moves of greater than +/- 1%) are associated with an increase in volatility. Although 2018's volatility was generally in line with historical averages, December was especially high. December alone saw the S&P 500 move +/- 2% six times vs. zero for all of 2017.

Reasons for the uptick in volatility were usually cited as trade war fears, political uncertainty, the Fed raising interest rates, and the increase in electronic or algorithm trading.

SOURCE: BLOOMBERG

S&P 500 Daily Returns

	2017	2018	December 2018	50 Year Annual Average
+/- 1%	8	64	10	59
+/- 2%	0	20	6	13
+/- 3%	0	6	2	4

3. The Fed

The Federal Open Market Committee (FOMC) raised the federal funds rate range by 25bps to 2.25% to 2.50% at their December meeting – this was the 9th rate hike since the financial crisis and the 4th in 2018. The Fed also updated their Summary of Economic Projections which decreased their expected number of rate hikes in 2019 from three to two. The Fed also conveyed an upbeat view of the US economy despite recent market volatility and slowing growth overseas.

President Trump was openly critical of the Fed and Chairman Jerome Powell throughout the year for, in his view, raising interest rates too quickly. Historically, it is rare for the President to publicly criticize the Fed. The Fed is designed to be an independent organization. Rumors swirled toward the end of the year that President Trump could potentially fire Chairman Powell (Trump appointed Powell as Fed Chairman in 2017). However, these rumors were quickly dissipated by members of the White House administration – it also isn't clear whether President Trump has the authority to fire Chairman Powell.

Fed Chair Powell had a trying first year in office due to a few public misstatements that worried investors and shook the stock market. First, in early October, Powell stated that interest rates are "a long way from neutral" and the Fed may raise rates "past neutral." The neutral rate is the theoretical interest rate that would neither slow down nor speed up economic growth. In late November, Powell walked back his comments by stating interest rates are "just below" the neutral range. Second, at the December FOMC meeting Powell stated that the Fed's balance sheet runoff is on "automatic pilot." The Fed's balance sheet grew to over $4 trillion after the Financial Crisis through purchases of US treasuries and mortgage backed securities in an attempt to increase liquidity in the financial system. In 2017, the Fed announced a systematic plan to wind down the size of its balance sheet. Investors wanted Chair Powell to signal that the Fed was open to flexibility with their balance sheet runoff if the US economy weakens. A few days later, New York Fed Governor John Williams attempted to calm markets by stating the Fed would be open to adjusting the balance sheet runoff. The market expects Powell to clarify his comments on the Fed's balance sheet in early 2019.

US MARKETS

US EQUITY MARKETS

Going into final month of the year the S&P 500 was sitting on solid gains (+5.1%) before undergoing the worst December since 1931 (-9.0%) and finishing 2018 in negative territory (-4.4%) for the first time since 2008. Across market caps, Large (S&P 500:-4.4%) caps outperformed Mid (S&P 400:-11.1%) and Small (Russell 2000:-11.0%). Across styles, Growth (Russell 1000 Growth:-1.5%) outperformed Value (Russell 1000 Value:-8.3%). Defensive sectors performed best in 2018 as Health Care (+6.5%) and Utilities (+4.1%) finished in positive territory. Energy (-18.1%) and Materials (-14.7%) were the worst performers as the price of oil decreased by-24.8%.

Despite strong fundamental data, several factors weighed on the stock market, including the US trade war with China, Federal Reserve interest rate hikes and a few missteps by new Chairman Jerome Powell, political turmoil in Washington, and fears that the preceding items could lead to an economic recession in 2019. The S&P 500's valuation decreased throughout the year as the price declined while earnings increased. The Forward P/E now stands at 14.4x, below the 25-year average of 16.1x. Factset currently estimates that corporate earnings will increase by about 8% in 2019.

S&P 500 2018 ANNUAL CHART

SOURCE: BLOOMBERG

US FIXED INCOME MARKETS

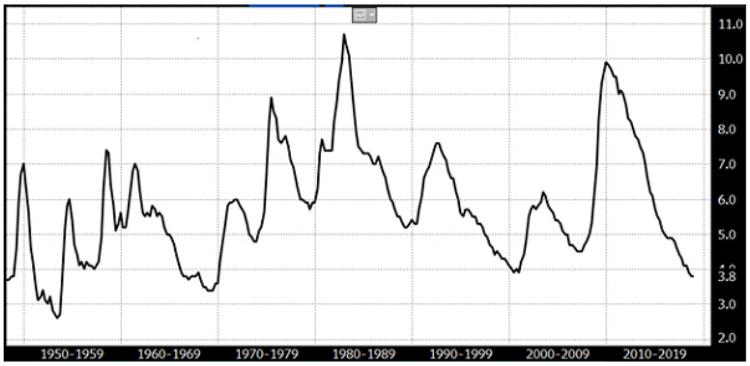
Bonds were basically flat for the year as the increase in interest rates put pressure on fixed income investments (interest rates move inversely to bond prices). The Barclays US Aggregate Bond Index (Agg), which acts as a proxy for the investment-grade bond market, increased by +0.01%. The Agg increased by +1.6% in the fourth quarter as interest rates decreased during the stock market weakness. During stock market declines investors often pile into the safety of US treasuries, which pushes interest rates down and prices up. Other sectors of the fixed income market, including Credit (Barclays Credit:-2.1%), Munis (Barclays Municipal Bond: +1.3%), and High Yield (Barclays High Yield:-2.1%) posted mixed returns for the year.

US ECONOMY

ECONOMIC DATA

Economic data was generally solid throughout the year. According to the latest Bloomberg survey, GDP is expected to increase year-over-year by 2.9% and 2.6% in 2018 and 2019 respectively. The employment picture is strong as the US averaged adding 220 thousand non-farm jobs per month for 2018. The unemployment rate decreased to 3.7% toward the end of the year – the lowest level since 1969. The following chart shows the US unemployment rate over various market cycles since 1948. The consumer is in great shape as Mastercard reported that retail sales increased to their highest level in six years during the 2018 holiday season. Housing data started to cool toward the end of the year due to the impact of increasing mortgage rates. Manufacturing data also cooled in December but was still firmly in expansion level territory.

US UNEMPLOYMENT RATE

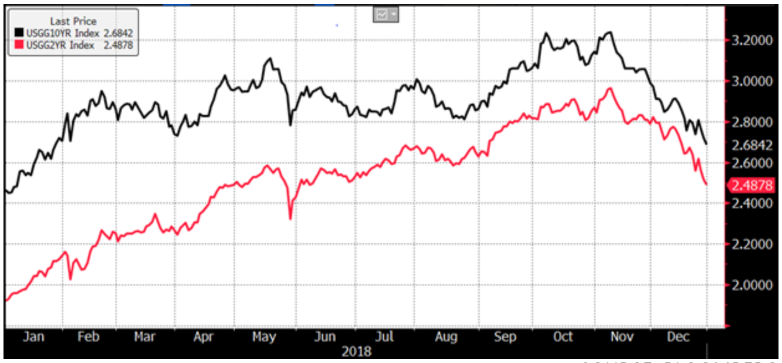


SOURCE: BLOOMBERG

INTEREST RATES

Interest rates increased throughout the year as the economy performed well and the Fed raised rates four times. The 2YR treasury increased from 1.88% to 2.49% while the 10YR treasury increased from 2.41% to 2.68%. Rates peaked in early November and declined into year-end as concerns over the stock market and economy caused investors to purchase US treasuries in a flight-to-safety event.

US 2 AND 10 YEAR TREASURY RATES



SOURCE: BLOOMBERG

The yield curve flattened as the spread between the 10YR and 2YR declined to 19bps. An inverted yield curve (2YR yields > 10YR yields) has predated each recession over the last fifty years. Historically the average lag time between a yield curve inversion and the start of a recession has been 15 months. Also note that the S&P 500 has historically produced positive returns over subsequent twelve-month periods when the spread between the 10YR and 2YR is less than 30bps. Fed Chair Jerome Powell downplayed the risk of an inverted yield curve by stating “there is no reason to think the probability of a recession in the next year or two is at all elevated.”

FOREIGN MARKETS

DEVELOPED INTERNATIONAL

Slowing growth, ongoing Brexit negotiations, the Italian budget, potential trade issues, and a stronger US dollar weighed on developed international equity markets throughout the year. The MSCI EAFE Index declined by -13.4% in 2018 and fell into a bear market (peak-to-trough decline of -20%). The EAFE index includes a broad range of equities located in several international countries, including Japan, United Kingdom, France, Germany, Italy, and others. Within International Markets, the MSCI Europe index decreased by -14.3%, while the MSCI Japan index declined by-12.6%.

The European Central Bank (ECB) left their key policy settings unchanged at the December meeting, which includes a negative deposit rate (-0.40%). The ECB also announced an end to their 2.6 trillion euro bond buying program after four years. ECB President Mario Draghi further kept his commitment that interest rates will remain at present levels "at least through the summer of 2019" and for as long as necessary to keep inflation on a sustained path. The ECB also updated their economic projections which included a downward revision to their 2019 GDP forecast from +1.8% to +1.7% year-over-year.

EMERGING MARKETS

Trade impacts, high country debt levels, and a stronger dollar pushed Emerging Markets to their third double-digit annual loss in the last 10 years. The MSCI Emerging Markets index declined by -14.3% in 2018 and fell into bear market territory. Some countries included in the Emerging Markets index are Brazil, Russia, India, China, and South Korea. The MSCI China index declined by -18.9% while MSCI India declined by -7.1%.

The main story in Emerging Markets throughout 2018 was the economic and market weakness in China partially caused by the impacts of the ongoing trade war with the United States. China's economy (Real GDP) is projected to slow from 9.5% in 2011 to 6.0% in 2020. China's government is attempting to navigate gradual economic deceleration rather than a crash. In December, China's official Manufacturing PMI fell into contraction territory for the first time since 2016. Late in 2018, China confirmed that more monetary and fiscal stimulus measures will be rolled out in 2019. The recent economic weakness could compel China to be more receptive to negotiate a trade deal with the United States.

KEY RISKS

We would also like to highlight a few key risks we feel are facing the market. This list is not designed to be comprehensive, but rather a few things we are discussing internally as we balance short-term developments with our long-term viewpoint.

Recession: Although US economic data remains at fairly solid levels, in December the stock market seemed to be pricing in a US recession early 2019. There seems to be a disconnect between the way the Fed and the stock market view the economy.

Trade: The US and China have both implemented tariffs. While negotiations appear to be moving in the right direction, trade will remain a key risk until an agreement is signed.

Yield Curve Inversion: An inverted yield curve has historically been a strong recession indicator. The spread between long and short-term rates (10YR – 2YR) has narrowed to 19bps. Historically the average lag time between a yield curve inversion and the start of a recession has been 15 months.

Fed Policy Mistake: There seems to be a disconnect between the way the Fed and the stock market view the economy. The market is worried that the Fed will cause a recession through unnecessary rate hikes and overly restrictive policy. We have also seen Fed Chairman Powell make a few public misstatements that later need to be corrected.

Long-term Interest Rates Spike: Historically, equities and fixed income have had a negative correlation. However, if long-term rates increase too rapidly, both equity and fixed income markets would decline simultaneously.

Earnings Disappoint: Earnings expectations are for about 8% growth in 2018. Earnings growth could disappoint if economic growth slows, tariffs get implemented, or companies lower guidance in fear of potential tariffs.

US Debt Levels: Total US national debt is currently over $21.9 trillion. The public debt to GDP ratio has risen to 82.3% from 60.8% over the last 10 years and the 2019 budget deficit is projected at-4.7% of GDP. At some point high debt/deficit levels become unsustainable.

CLIENT QUESTION OF THE QUARTER

The S&P 500 returned -4.4% in 2018, ending a streak of positive annual returns dating back to 2009. For our client question of the month, we thought we would provide some historical context to a negative annual return and revisit our previous analysis on bear markets and recessions.

The below chart displays the S&P 500's annual returns since 1928. From 1928 to 2018, the stock market produced a total annualized return of +9.2%. We would also like to highlight that this data set starts right before The Great Depression where the market posted a total return of -29.0% throughout the entire 1930s. An annualized return of +9.2% is excellent (we won't predict that the next 91 years will be as strong), but as always, we remind our clients that the returns were not linear, and the market had its share of negative periods. The aforementioned time period includes ten bear markets, fourteen recessions, and dozens of corrections and pullbacks.

Since 1928, the stock market produced positive results in 66 calendar years vs. 25 years with negative returns. The market went higher in 73% of years with an average return of +20.7%, and declined in 27% of years with an average return of -14.0%. 2018's return of -4.4% ranks 70th over 91 total periods. Although annual losses are always difficult, we will point out that 2018's decline was more modest than the historical average negative return.

S&P 500 Annual Return: 1928 - 2018

Total Annualized Return: 9.24%

Positive Annual Returns:	**66**	**73%**
Negative Annual Returns	**25**	**27%**

-50% to -40%	1931 -47.1%
-40% to -30%	1937 -34.7%; 2008 -37.0%
-30% to -20%	2002 -22.1%; 1974 -26.5%; 1930 -28.5%
-20% to -10%	1957 -10.7%; 1941 -11.6%; 2001 -11.9%; 1929 -11.9%; 1973 -14.7%; 1932 -14.8%
-10% to 0%	1939 -0.1%; 1953 -0.9%; 1990 -3.2%; 2018 -4.4%; 1934 -4.7%; 1981 -4.9%; 1977 -7.2%; 1946 -8.0%; 1969 -8.4%; 1962 -8.7%; 2000 -9.1%; 1940 -9.6%; 1966 -10.0%
0% to 10%	1992 7.6%; 1978 6.6%; 1956 6.5%; 1984 6.3%; 1947 5.6%; 2007 5.6%; 1948 5.4%; 1987 5.3%; 2005 4.9%; 1970 3.9%; 2011 2.1%; 2015 1.4%; 1994 1.3%; 1960 0.5%
10% to 20%	1944 19.5%; 1972 19.0%; 1986 18.7%; 1979 18.6%; 1952 18.2%; 1988 16.6%; 1964 16.4%; 2012 16.0%; 2006 15.8%; 2010 15.1%; 1971 14.3%; 2014 13.7%; 1965 12.5%; 1959 12.0%; 2016 12.0%; 1968 11.0%; 2004 10.9%; 1993 10.1%
20% to 30%	2003 28.7%; 1998 28.5%; 1961 26.9%; 2009 26.4%; 1943 25.6%; 1976 23.9%; 1967 23.9%; 1951 23.8%; 1949 23.6%; 1996 22.9%; 1963 22.8%; 1983 22.6%; 2017 21.8%; 1982 21.5%; 1999 21.0%; 1942 20.1%
30% to 40%	1928 37.9%; 1995 37.5%; 1975 37.2%; 1945 36.3%; 1936 33.7%; 1997 33.3%; 1950 32.6%; 1980 32.5%; 2013 32.4%; 1985 31.7%; 1989 31.7%; 1955 31.4%; 1991 30.4%; 1938 30.1%
40% to 50%	1933 44.1%; 1958 43.1%; 1935 41.4%
50% to 60%	1954 52.3%

What about consecutive annual declines?

The S&P 500 has only had four periods that produced negative returns in consecutive years. Consecutive annual market declines have historically occurred in periods of severe economic distress. Note the following time periods:

S&P 500 CONSECUTIVE ANNUAL DECLINES

Years	Period	Duration (Years)	Total Market Decline
1929-1932	Great Depression	4	-71.6%
1939-1941	Fed Tightening	3	-20.1%
1973-1974	Stagflation	2	-37.3%
2000-2002	Tech Bubble	3	-37.6%

SOURCE: BLOOMBERG

We obviously cannot say for certain whether the market will produce positive returns in 2019 as no one can predict the future. However, we believe it is important to point out that another annual decline would be rare unless the United States suffers a negative economic event or market shock. (See page 9 for our 2019 Market Outlook).

Did we enter into a bear market?

Bear markets are typically defined as a 20% decline from a previous market high. We covered bear markets and recessions in our October monthly recap, but we thought we would provide an update given the events of the fourth quarter. Several major US indices, including the Nasdaq 100 (Large Caps), S&P 400 (Mid Caps), and Russell 2000 (Small Caps) along with International indices including MSCI Europe, MSCI Japan, and MSCI Emerging Markets entered into bear market territory in 2018. The S&P 500 fell to the brink of a bear market on Christmas Eve (-19.8%) before rebounding by +6.7% to finish out the year. The S&P 500 is the most widely followed index and is probably the best gauge of the United States stock market. The S&P 500 is an index comprised of the 500 largest US stocks measured by market capitalization.

We believe that parsing whether the S&P 500 actually fell into a bear market is trivial and the more important exercise is to focus on where the market may go from here. Based on our previous analysis, we know that secular bear markets accompanied by a recession tend to last longer, have more severe drawdowns, and longer recovery periods. Going back to 1929, there have been 10 bear markets.

- Number of Bear Markets accompanied by a recession: 8
- Average peak-to-trough decline: -49%
- Average time it took the market to bottom: 29 months
- Average time it took the market to recover back to its previous peak: 68 months

Bear markets not accompanied by a recession tend to be more cyclical in nature. The two bear markets without a recession include right before the Cuban Missile Crisis of 1962 and the Market Crash of 1987.

- Number of Bear Markets without a recession: 2
- Average peak-to-trough decline: -31%
- Average time it took the market to bottom: 5 months
- Average time it took the market to recover back to its previous peak: 18 months

Historically, bear markets that were not accompanied by a recession were milder, quicker, and the recovery period was far shorter. We will not claim that we will be able to precisely predict when the next bear market or recession will start – we do not believe anyone can do this consistently. We can, however, rely on our experience and investment process to analyze data and get a sense of the current environment. While it is certainly possible that the United States falls into a recession in 2019, it still isn't the most likely outcome based on the current economic data. For now, we expect that if the S&P 500 does indeed fall into a bear market that the duration will be more cyclical than secular.

S&P 500 Bear Markets

Accompanied by a Recession				
Bear Market	**Market Peak**	**Peak-to-Trough Decline (Return)**	**Peak-to-Trough Duration (Months)**	**Peak-to-Recovery Duration (Months)**
Great Depression (1)	September 1929	-86%	32	196
1937 Fed Tightening	March 1937	-60%	61	87
Post WWII Crash	May 1946	-30%	36	40
Tech Crash of 1970	November 1968	-36%	17	28
Stagflation	January 1973	-48%	20	42
Volcker Tightening	November 1980	-27%	20	22
Tech Bubble	March 2000	-49%	30	79
Global Financial Crisis	October 2007	-57%	17	54
Average		**-49%**	**29**	**68**

No Recession				
Bear Market	**Market Peak**	**Peak-to-Trough Decline (Return)**	**Peak-to-Trough Duration (Months)**	**Peak-to-Recovery Duration (Months)**
Cuban Missile Crisis	December 1961	-28%	6	16
1987 Crash	August 1987	-34%	3	21
Average		**-31%**	**5**	**18**

(1) Great Depression: The S&P 500 peaked in September 1929, over the next 32 months the market declined by -86% before reaching a bottom in June 1932. The S&P then took 196 months to recover back to its September 1929 peak.

MARKET OUTLOOK

We are moving into 2019 with a balanced outlook for the US equity markets. Fundamentals remain at solid levels despite a notable deceleration from 2018's figures due to the waning effects of fiscal stimulus, higher interest rates, and impacts from trade tariffs. For 2019, Bloomberg estimates that GDP growth will increase by 2.6%, while Factset projects that S&P 500 corporate earnings will rise by about 8%. The S&P 500's valuation decreased throughout the year as the price declined while earnings increased. The Forward P/E now stands at 14.4x, below the 25-year average of 16.1x. Despite the strong fundamental data, several factors weighed on the market toward the end of the year, including the US trade war with China, Federal Reserve interest rate hikes and a few missteps by new Chairman Jerome Powell, political turmoil in Washington, and fears that the preceding items could lead to an economic recession in 2019.

While it is certainly possible that the United States falls into a recession in 2019, it still isn't the most likely outcome based on the current economic data. Nobel Prize winning economist Paul Samuelson once quipped that the "stock market has predicted 9 out of the last 5 recessions." We are aware of the risks currently facing the market and do not believe this is a time for excessive risk taking. However, we also do not believe that 2019 will be as grim as the stock market suggested in December 2018. The most important thing will be to remain realistic with our expectations going forward and prevent emotional or reactionary behavior. We further understand that markets can change quickly and therefore will continuously monitor new developments while we work to help our clients achieve their goals.

Our fixed income outlook remains cautious as we expect interest rates to continue to increase (bond prices move inversely to yield). Bond yields declined substantially toward the end of the year due to equity market weakness, slowing global growth, and fear of a recession. Unless the economy falters, we would expect interest rates to tick back up. We remind our clients that fixed income is designed to provide stability and income to investment portfolios. Bonds often act as a portfolio ballast during periods of equity market weakness.

We consistently encourage our clients to maintain a long-term viewpoint while remaining focused on their overall goals and objectives. At Winthrop Wealth Management, financial planning works in concert with investment management. The Financial Plan, which helps clients define cash flow needs and future objectives, drives the investment management strategy. The investment management process is designed to provide well-diversified portfolios constructed with a methodology based on prudent risk management, asset allocation, and security selection. As always, please contact us if you have any updates to your personal or financial circumstances.

DISCLOSURES

Securities and Retirement Plan Consulting Program advisory services offered through LPL Financial, a Registered Investment Advisor, Member FINRA/SIPC. Other advisory services offered through Winthrop Wealth Management, a separate entity from LPL Financial.

The economic forecasts set forth in this material may not develop as predicted and there can be no guarantee that strategies promoted will be successful.

Content in this material is for general information only and not intended to provide specific advice or recommendations for any individual.

The prices of small cap stocks and mid cap stocks are generally more volatile than large cap stocks.

Because of their narrow focus, sector investing will be subject to greater volatility than investing more broadly across many sectors and companies.

Bonds are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise and bonds are subject to availability and change in price.

International investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors. These risks are often heightened for investments in emerging markets.

Price to forward earnings is a measure of the price-to-earnings ratio (P/E) using forecasted earnings

All indexes mentioned are unmanaged indexes which cannot be invested into directly. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment. Past performance is no guarantee of future results.

The MSCI ACWI (All Country World Index) is a free float-adjusted market capitalization weighted index that
is designed to measure the equity market performance of developed and emerging markets.

The Standard & Poor's 500 Index is a capitalization weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

The S&P Midcap 400 Stock Index is an unmanaged index generally representative of the market for the stocks of mid-sized US companies.

The Russell 2000 Index is an unmanaged index generally representative of the 2,000 smallest companies in the Russell 3000 index, which represents approximately 10% of the total market capitalization of the Russell 3000 Index.

DISCLOSURES

Russell 1000 Value Index measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.

The Bloomberg Barclays U.S. Aggregate Bond Index is an index of the U.S. investment-grade fixed-rate bond market, including both government and corporate bonds.

The Barclays Capital Municipal Bond Index is a broad market performance benchmark for the tax-exempt bond market, the bonds included in this index must have a minimum credit rating of at least Baa.

The Barclays US High Yield Index covers the universe of fixed rate, non-investment grade debt. Euro-bonds
and debt issues from countries designated as emerging markets (sovereign rating of Baa1/BBB+/BBB+ and
below using the middle of Moody's, S&P, and Fitch) are excluded, but Canadian and global bonds (SEC registered) of issuers in non-EMG countries are included.

The MSCI EAFE Index is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada.

The MSCI Europe Index captures large and mid cap representation across 15 Developed Markets (DM) countries in Europe*. With 445 constituents, the index covers approximately 85% of the free float-adjusted market capitalization across the European Developed Markets equity universe.

The MSCI Japan Index is designed to measure the performance of the large and mid cap segments of the Japanese market. With 322 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in Japan.

The MSCI EM (Emerging Markets) Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the emerging market countries of the Americas, Europe, the Middle East, Africa and Asia.

The MSCI China Index captures large and mid cap representation across China H shares, B shares, Red chips, P chips and foreign listing. With 459 constituents, the index covers about 85% of this China equity universe. Currently, the index also includes Large Cap
A shares represented at 5% of their free float adjusted market capitalization.

The MSCI India Index is designed to measure the performance of the large and mid cap segments of the Indian market. With 78 constituents,
the index covers approximately 85% of the Indian equity universe.

The Nasdaq-100 Index includes 100 of the largest domestic and international non-financial companies listed on The Nasdaq Stock Market based on market capitalization. The Index reflects companies across major industry groups including computer hardware and software, telecommunications, retail/wholesale trade and biotechnology. It does not contain securities of financial companies including investment companies.