

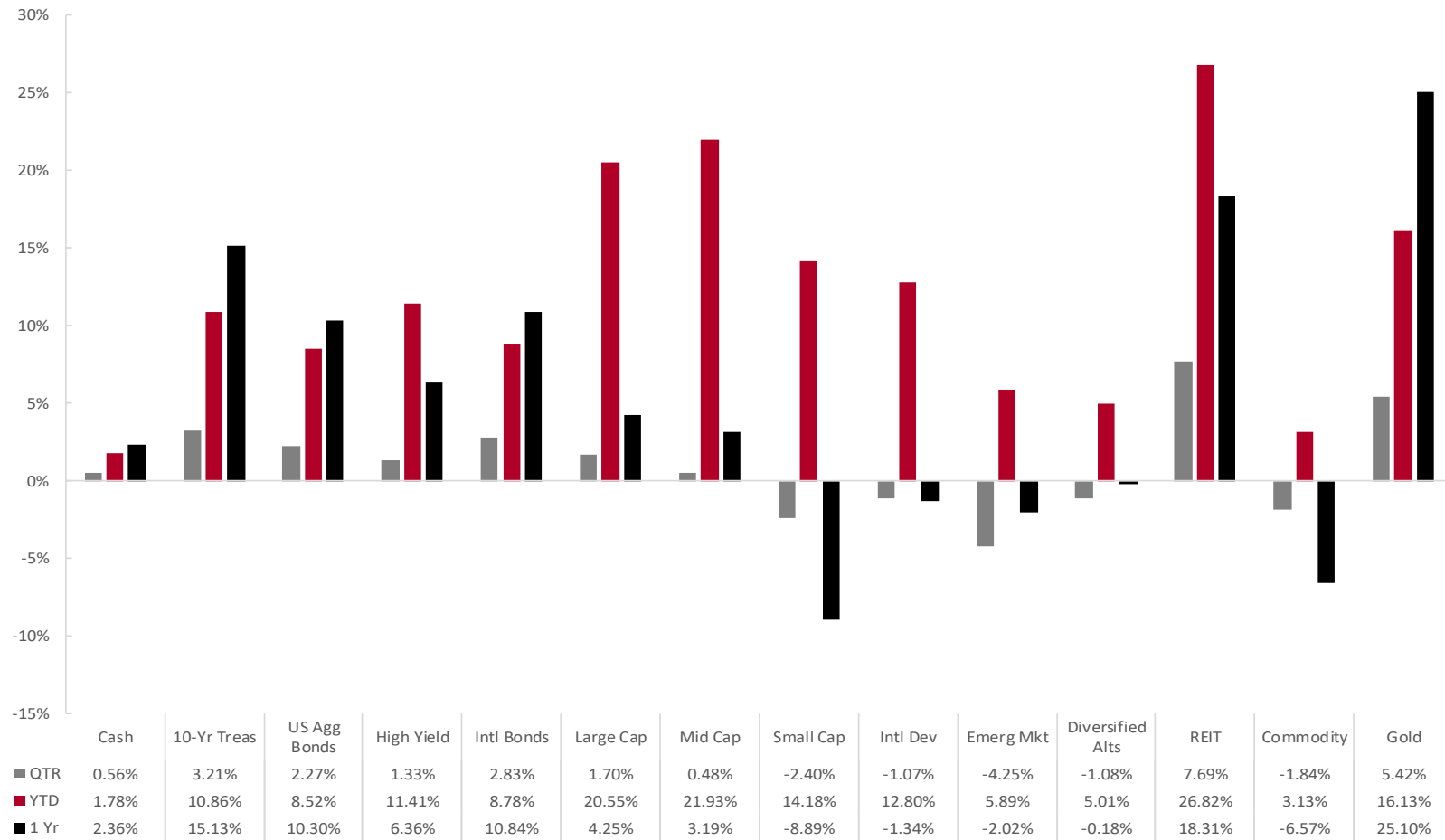
Quarterly Market Overview

As of September 30, 2019



Market Summary

There has been no shortage of global issues to raise concerns – trade uncertainty between the U.S. and China, lack of clarity on the Brexit outcome, attacks on Saudi oil field facilities, and the possibility of impeachment. However, the US economy has held up well in 2019, with GDP growth that is slowing yet still positive. Equity market volatility continued in the third quarter, leading to mixed results among broad market index returns.



Source: Morningstar

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Broad Market Review

As of 9/30/19

Returns	3 Mo.	YTD	1 Yr.	3 Yrs.	5 Yrs.	10 Yrs.
Capital Markets						
DJ Industrial Average TR USD	1.83	17.51	4.21	16.45	12.28	13.56
NASDAQ 100 TR USD	1.29	23.42	2.73	18.02	15.19	17.58
Russell 3000 TR USD	1.16	20.09	2.92	12.84	10.45	13.08
S&P 500 TR USD	1.70	20.55	4.25	13.40	10.84	13.24
Domestic Large Cap Equities						
Russell 1000 TR USD	1.42	20.53	3.87	13.20	10.62	13.23
Russell 1000 Value TR USD	1.36	17.81	4.00	9.44	7.79	11.46
Russell 1000 Growth TR USD	1.49	23.30	3.71	16.90	13.39	14.94
Domestic Mid Cap Equities						
Russell Mid Cap TR USD	0.48	21.93	3.19	10.70	9.10	13.07
Russell Mid Cap Value TR USD	1.22	19.47	1.60	7.82	7.55	12.29
Russell Mid Cap Growth TR USD	-0.67	25.23	5.20	14.51	11.12	14.08
Domestic Small Cap Equities						
Russell 2000 TR USD	-2.40	14.18	-8.89	8.23	8.19	11.20
Russell 2000 Value TR USD	-0.57	12.82	-8.24	6.54	7.17	10.06
Russell 2000 Growth TR USD	-4.17	15.34	-9.63	9.80	9.08	12.25
International Equities						
MSCI EAFE NR USD	-1.07	12.80	-1.34	6.48	3.27	4.90
MSCI EAFE Value NR USD	-1.74	7.67	-4.92	5.10	0.99	3.23
MSCI EAFE Growth NR USD	-0.45	17.94	2.21	7.77	5.49	6.52
MSCI ACWI Ex USA NR USD	-1.80	11.56	-1.23	6.34	2.90	4.46
MSCI EM NR USD	-4.25	5.89	-2.02	5.98	2.33	3.37
Cash & Fixed Income						
FTSE Treasury Bill 3 Mon USD	0.56	1.78	2.36	1.52	0.96	0.52
BBgBarc US Agg Bond TR USD	2.27	8.52	10.30	2.93	3.38	3.75
BBgBarc Gbl Agg Ex USD TR Hdg USD	2.83	8.78	10.84	4.12	4.64	4.44
BBgBarc US Corporate High Yield TR USD	1.33	11.41	6.36	6.07	5.37	7.94
Alternatives						
HFRI Fund of Funds Composite USD	-1.08	5.01	-0.18	3.09	1.91	2.66
MSCI US REIT GR USD	7.69	26.82	18.31	7.27	10.11	13.00
Bloomberg Commodity TR USD	-1.84	3.13	-6.57	-1.50	-7.18	-4.32

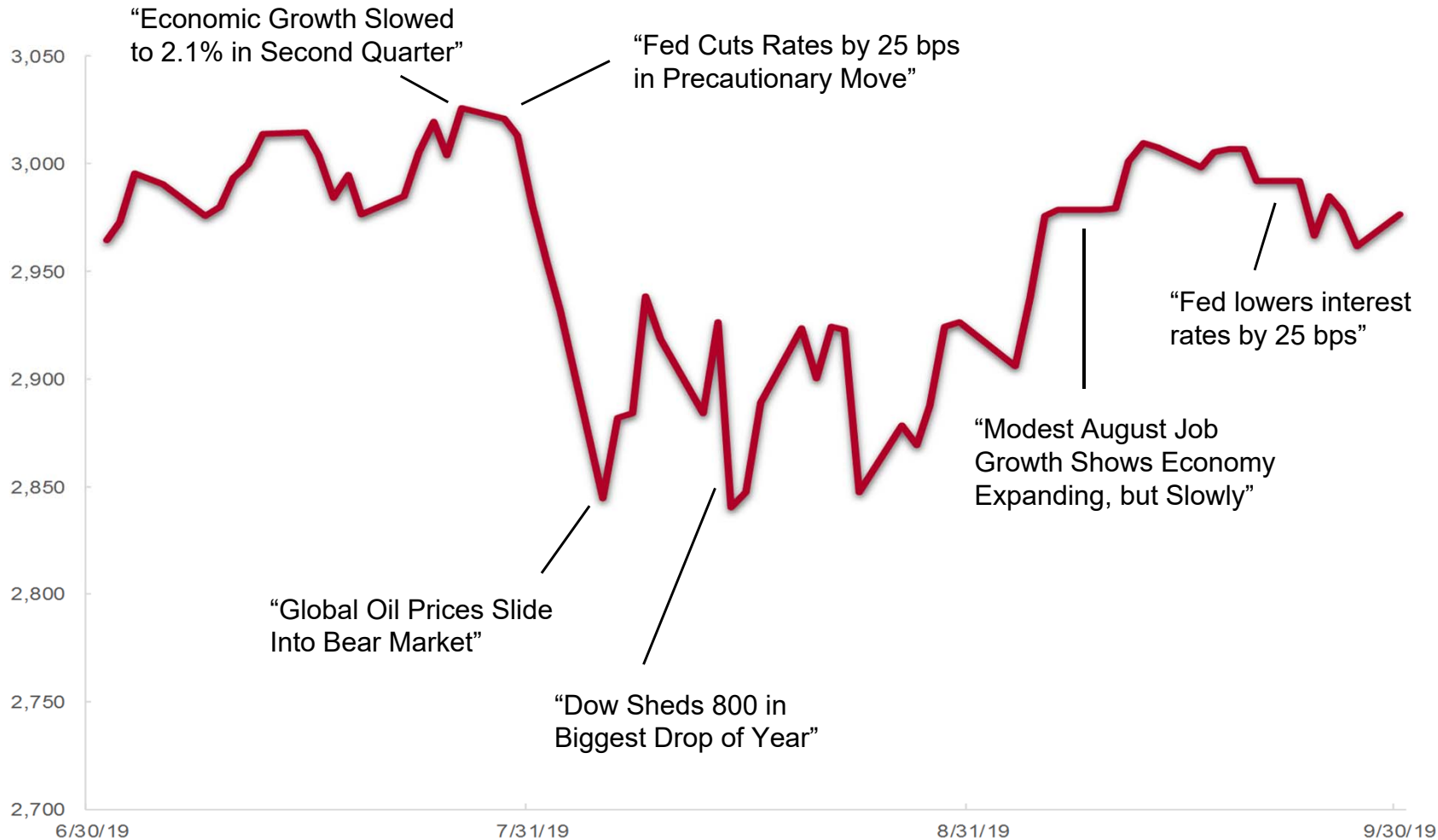
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Stock Market Performance with Headlines

S&P 500 Index for Q3 2019



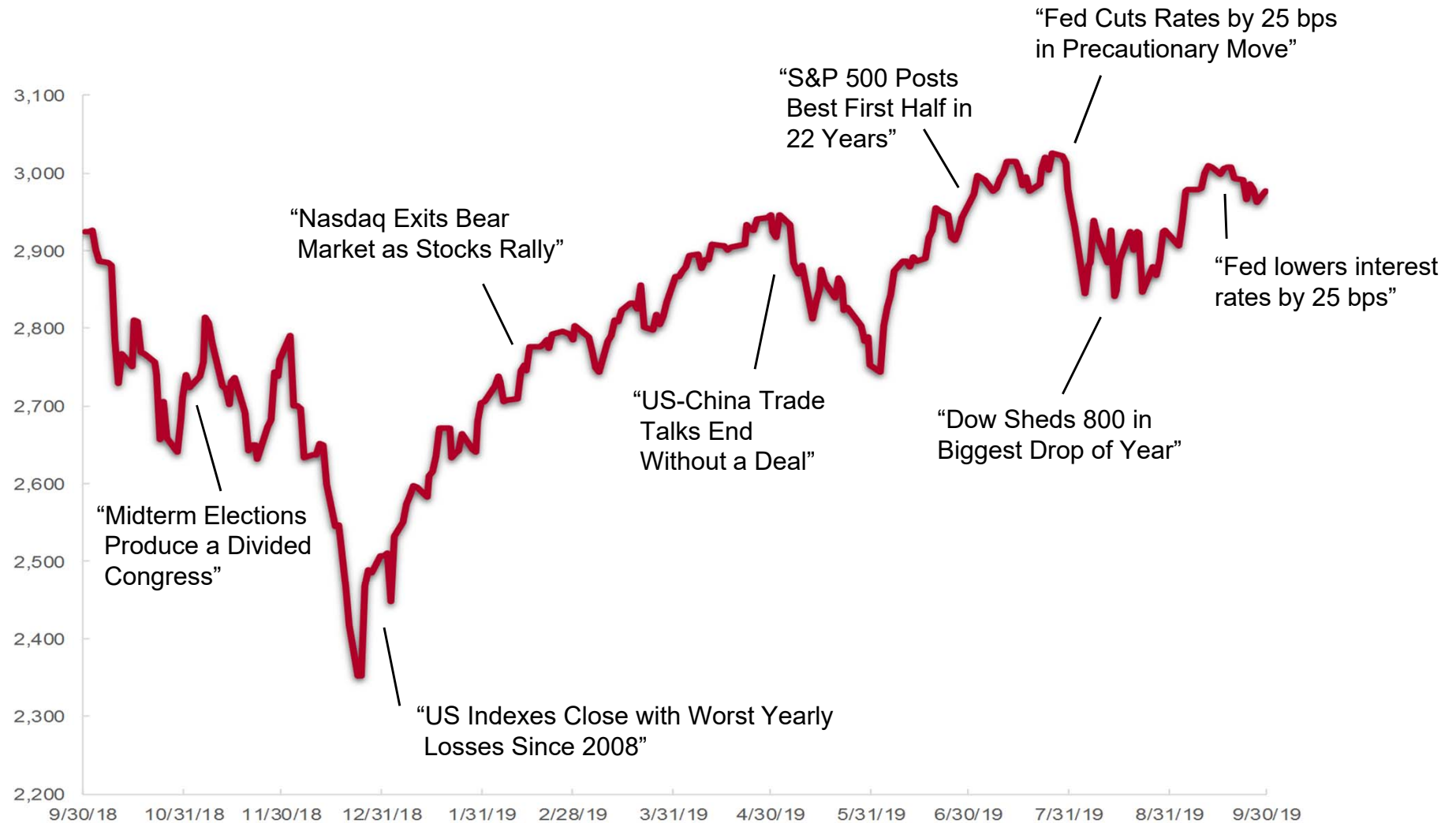
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Stock Market Performance with Headlines

S&P 500 Index from the Past 12 Months



Source: Morningstar

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Annual Total Returns of Key Asset Classes

As of 9/30/19

2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	YTD	
78.51%	26.85%	7.84%	18.22%	38.82%	13.69%	5.67%	21.31%	37.28%	3.17%	23.30%	Best Performing ↑ ↓ Worst Performing
58.21%	25.48%	4.98%	17.51%	34.76%	13.45%	1.38%	17.34%	30.21%	0.01%	21.93%	
40.48%	18.88%	3.94%	17.32%	33.48%	13.22%	1.36%	17.13%	25.03%	-1.51%	20.55%	
37.21%	16.71%	2.64%	17.28%	32.53%	13.05%	0.55%	13.80%	21.83%	-2.08%	17.81%	
31.78%	15.51%	2.11%	16.35%	32.39%	8.79%	-0.27%	11.96%	18.52%	-4.02%	14.18%	
27.17%	15.12%	0.39%	16.00%	22.78%	5.97%	-0.81%	11.19%	14.65%	-4.38%	12.80%	
26.46%	15.06%	-1.55%	15.81%	8.96%	4.89%	-2.44%	7.08%	13.66%	-8.27%	11.41%	
19.69%	7.75%	-4.18%	15.26%	7.44%	3.37%	-3.83%	4.90%	7.77%	-9.06%	8.78%	
11.47%	6.54%	-5.72%	6.46%	1.18%	2.45%	-4.41%	2.65%	7.50%	-11.01%	8.52%	
5.93%	5.70%	-12.14%	4.79%	-2.02%	-2.19%	-4.47%	1.00%	3.54%	-13.79%	5.89%	
4.43%	3.28%	-18.42%	4.21%	-2.60%	-4.90%	-14.92%	0.51%	2.48%	-14.57%	5.01%	

S&P 500
Large Cap Value
Large Cap Growth

Mid Cap Blend
Small Cap Blend
Alternatives

Foreign Stocks
Emerging Markets
High Yield

Bonds
Foreign Bonds

*Index representation information on Important Information and Disclosures page.

Source: Morningstar

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U.S. Equity

Q3 2019

	Value	Core	Growth
Large	1.4	1.7	1.5
Mid	1.2	0.5	-0.7
Small	-0.6	-2.4	-4.2

YTD

	Value	Core	Growth
Large	17.8	20.6	23.3
Mid	19.5	21.9	25.2
Small	12.8	14.2	15.3

1 Year

	Value	Core	Growth
Large	4.0	4.3	3.7
Mid	1.6	3.2	5.2
Small	-8.2	-8.9	-9.6

3 Year

	Value	Core	Growth
Large	9.4	13.4	16.9
Mid	7.8	10.7	14.5
Small	6.5	8.2	9.8

5 Year

	Value	Core	Growth
Large	7.8	10.8	13.4
Mid	7.6	9.1	11.1
Small	7.2	8.2	9.1

Returns in the style boxes are represented by the Russell indexes, and the S&P 500 for the Large Cap Core space. Boxes shown in red represent returns below 0%. Gray boxes represent returns between 0% and 10%. Returns above 10% are shown in black.

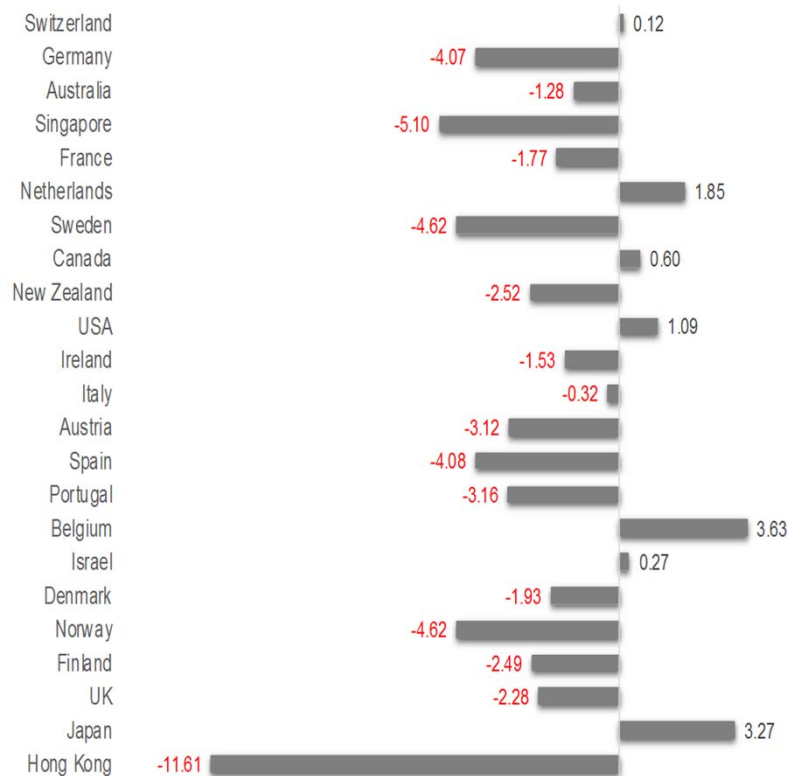
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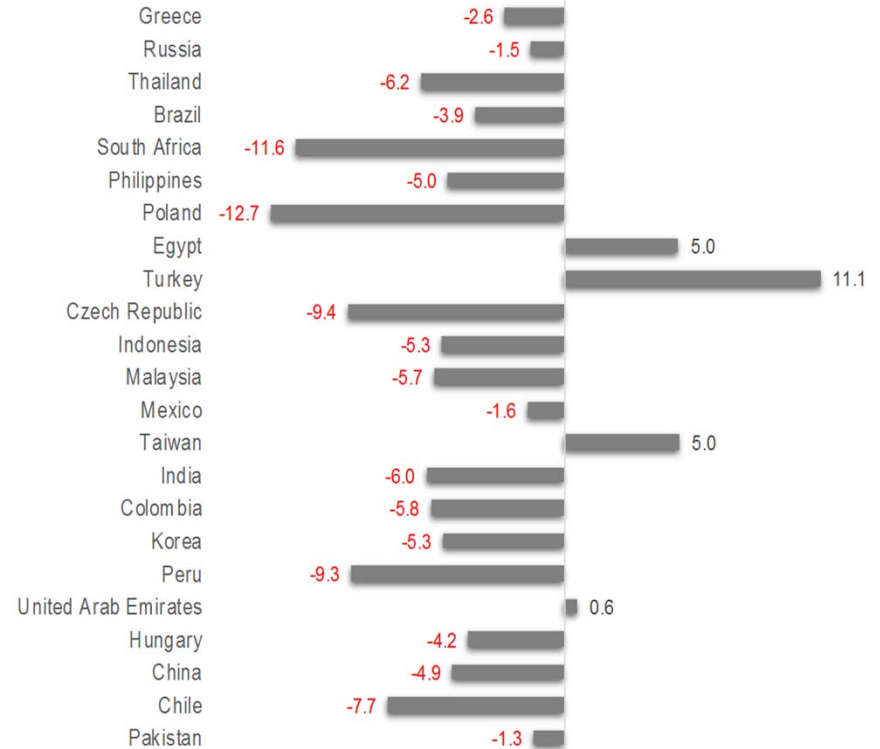
International Equity

In U.S. dollar terms, international developed market indices outperformed emerging markets, but both trailed U.S. equity markets for 3q19. Growth outperformed value in large cap developed markets but value outperformed in the small cap developed markets space. Within broad emerging markets indexes, growth significantly outperformed value.

Developed Markets Returns, Q3 19 (%)



Emerging Markets Returns, Q3 19 (%)



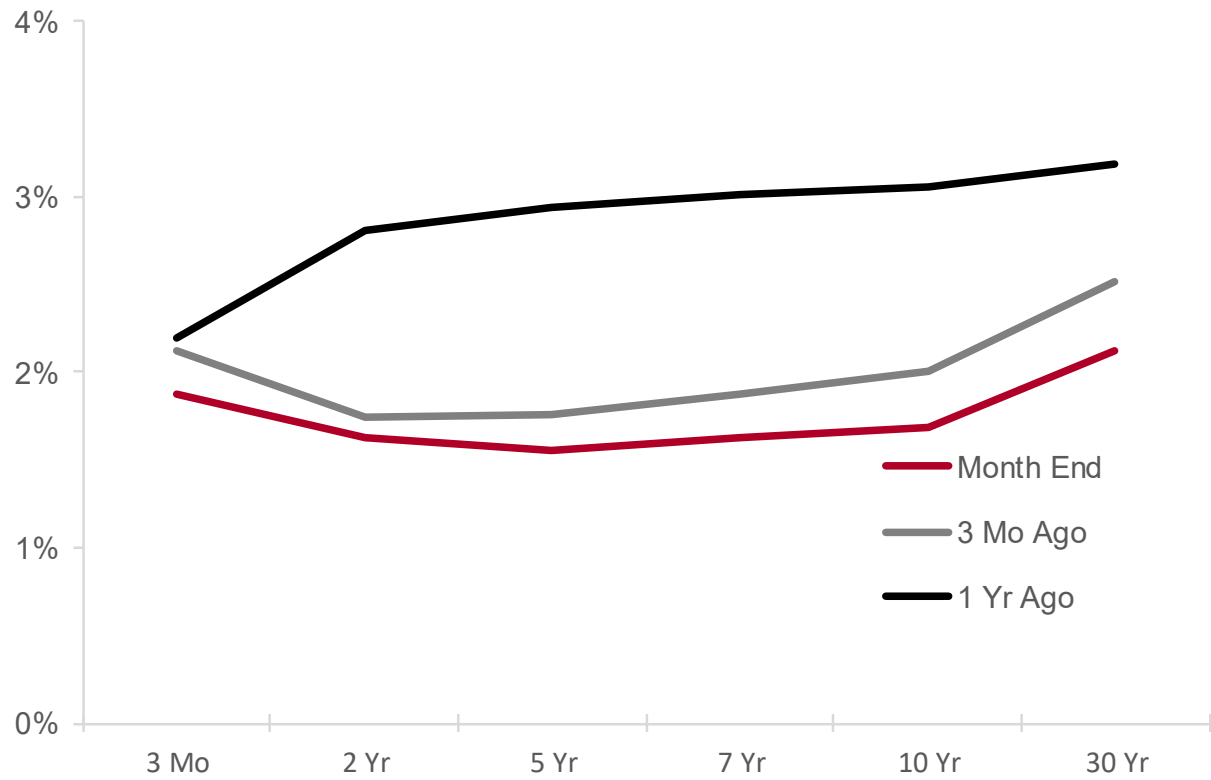
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Fixed Income

Treasury Yield Curve
As of 9/30/19



Source: Morningstar

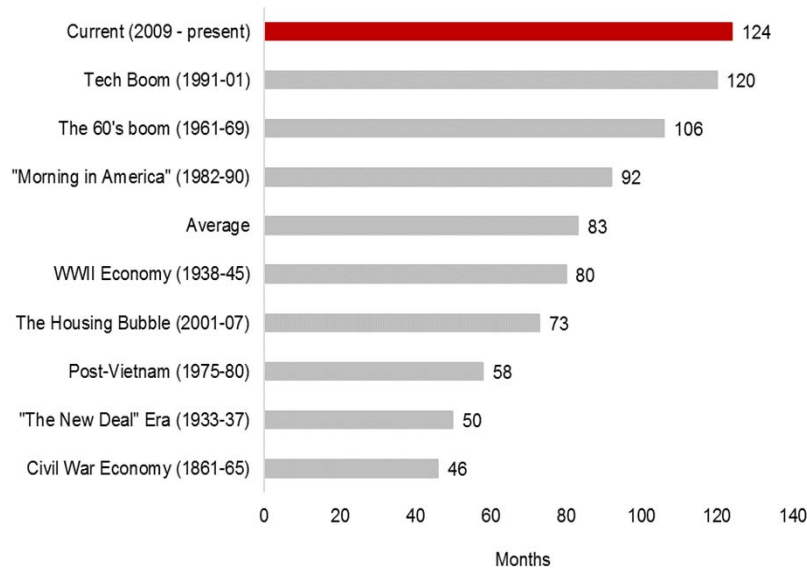
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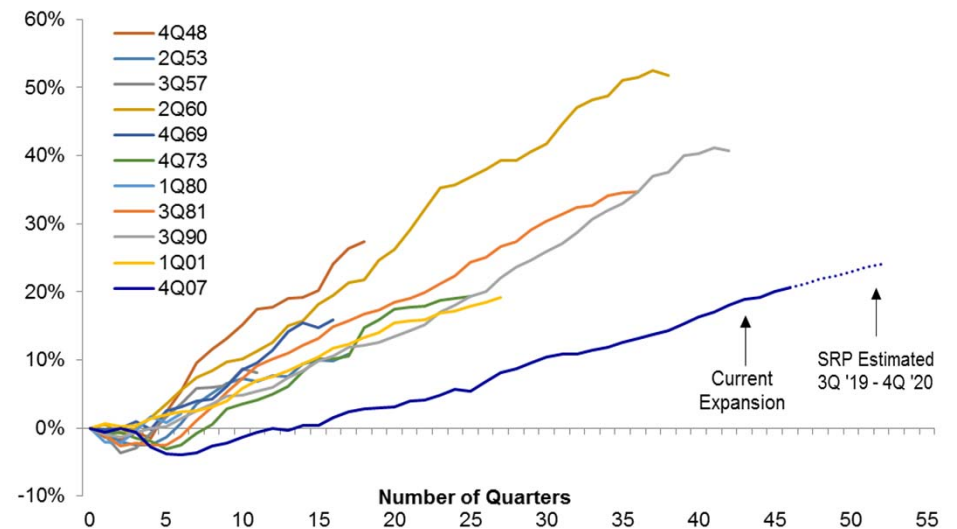
Long, Slow Recovery

The current economic expansion has now been the longest, yet slowest, expansion in U.S. history. Starting in 2009, the expansion has lasted 124 months. While a record in terms of duration, the recovery lags past recoveries in terms of cumulative GDP growth. Our current outlook is for this recovery to continue, albeit with slower growth.

Length of Economic Expansions



Strength of Economic Expansions



Source: Strategas

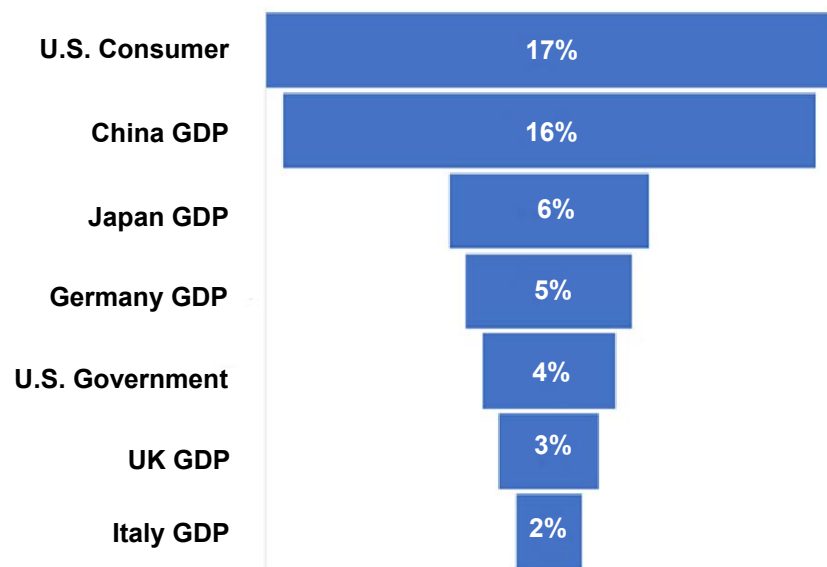
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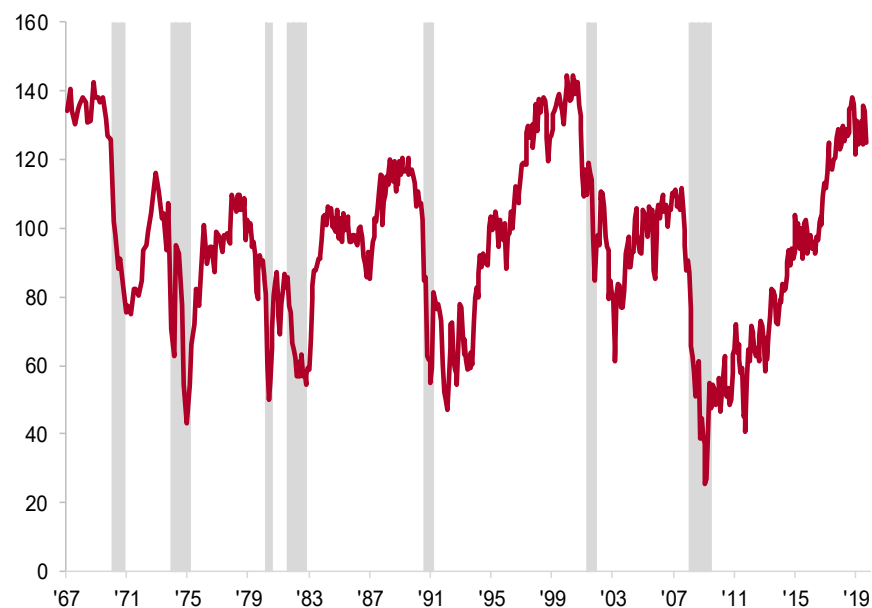
Strength of the U.S. Consumer

The sustained recovery has been largely supported by the strength of the U.S. consumer. The consumer contributes roughly 70% to our U.S. gross domestic product (GDP), a measure of economic growth. Globally, the U.S. consumer is equivalent to 17% of world GDP, greater than the contribution of most other countries. Consumer confidence remains strong despite the trade turmoil and increased volatility, supporting our view that a recession is unlikely in the next 12 months.

Share of World GDP (2018)



Consumer Board Consumer Confidence



Source: C. J. Lawrence – Strategas, St. Louis Fed

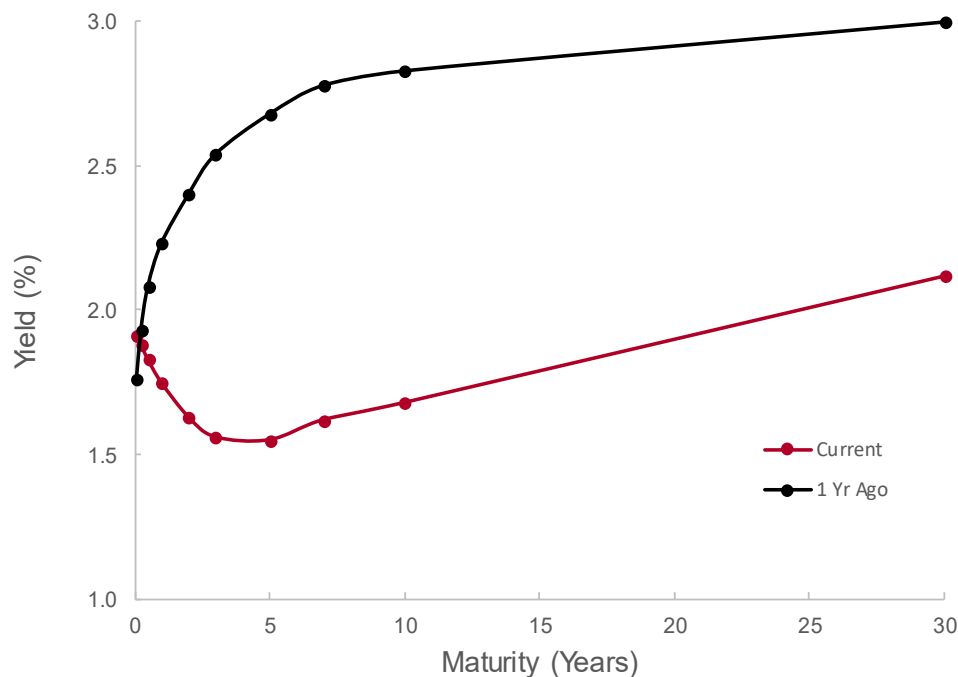
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The Inverted Yield Curve

The yield curve has historically been viewed as a good forecaster of future economic activity. An upward sloping yield curve indicates an expectation of continued or accelerating economic growth with some inflation, leading investors to demand a higher rate of return to offset the longer-term effects of inflation. In contrast, the “inverted” yield curve indicates economic activity may slow and the Federal Reserve is expected to respond by lowering interest rates.

Treasury Yield Curve
As of 9/30/19



In our opinion, there are differences between this inverted yield curve and past instances. Interest rates in developed international markets are much lower than here in the US. This has resulted in longer term U.S. rates being lower than what we would expect based upon U.S. economic data alone. Hence the current inversion within US bond markets may not result in the same recession outcome as we have seen from past periods of inversion.

Source: Morningstar

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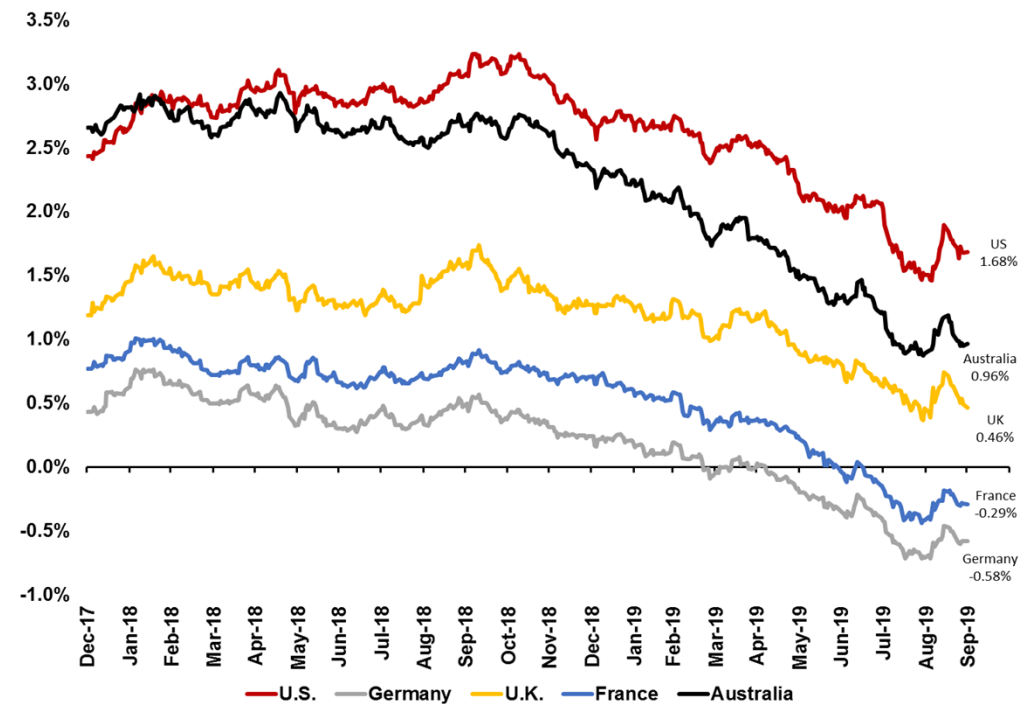
Negative Yielding Debt Globally

At no time in the past have global interest rates been this low. Currently, more than \$14 trillion in government debt globally has negative interest rates, reflecting little to no growth among international economies.

Bloomberg Barclays Global Aggregate Negative Yielding Debt (Trillion \$)



Global Interest Rates – 10-year Yields



Source: Strategas, Factset

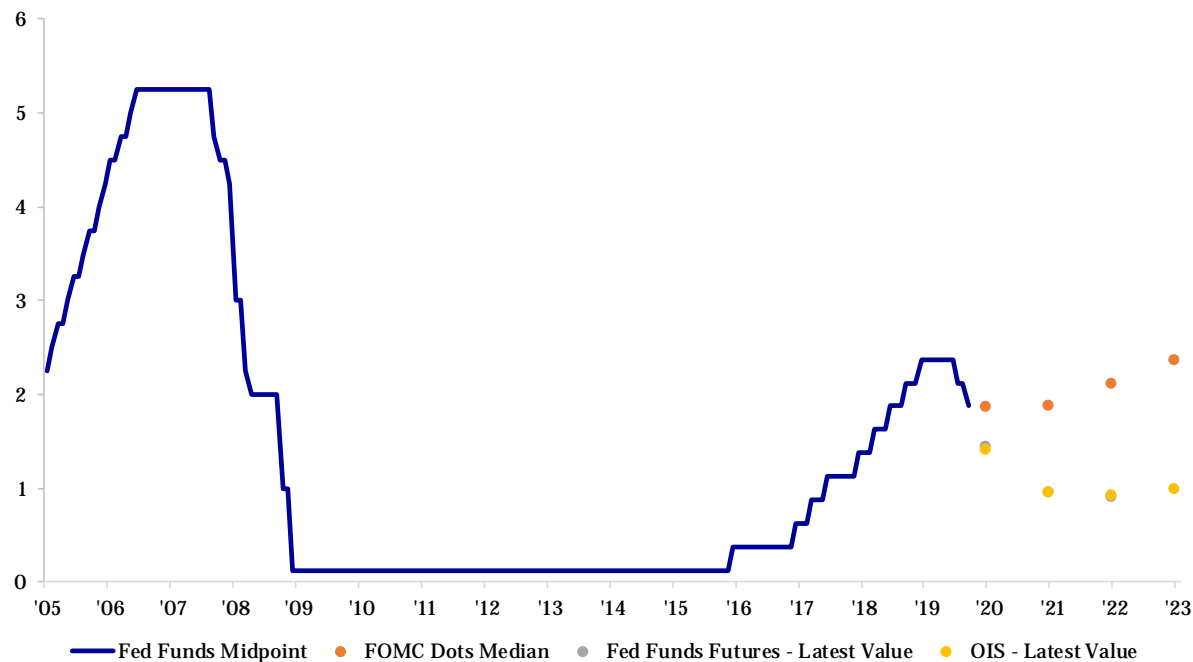
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Lower Forecasted Fed Funds Rate

In recent meetings, the Federal Open Market Committee (FOMC) hinted at additional possible rate cuts as a result of increased “uncertainties” and their intent to “sustain the expansion”. The dot plot below reflects an outlook of stable or decreasing rates among the Committee, while the market is expecting a more significant decrease in rates. The Fed lowered rates twice during the quarter both times by 25 bps.

Market Expectations vs Fed Forecasts
As of October 4, 2019



Source: Strategas

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