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MONTHLY MARKET COMMENTARY | FEBRUARY 2020

Investor Concerns Go Viral

Monthly Snapshot

- Concerns about the international spread of a novel coronavirus (COVID-19) continued to dominate financial markets throughout February.
- Developed-market government bond yields tumbled as investors sought "safe-haven" assets amid equity-market volatility that crescendoed to the highest level since August 2015 (bond yields fall when their prices rise).
- We maintained our emphasis on strategic (long-term) investing over tactical (short-term) decision-making, as it is impossible to identify with complete accuracy how investors might react to macroeconomic shifts.

Concerns about the international spread of a novel coronavirus (COVID-19) dominated conditions in financial markets throughout February, continuing a trend that began in late January. Developed-market shares, as measured by the MSCI World Index, registered their largest decline since May 2012. The U.K. fared the worst among developed markets, followed by Europe and Japan performing in line with each other; the U.S. declined by slightly less than the others. Emerging-market equities outperformed developed markets. Mainland China (where COVID-19 originated) actually finished February with a gain after sharply selling off in January; despite hosting far more COVID-19 cases to date than all other countries combined, China's infection rate slowed considerably while recoveries accelerated as the month progressed.

Developed-market government bond yields tumbled as investors sought "safe-haven" assets (bond yields fall when their prices rise) amid a crescendo of equity-market volatility that peaked on the last trading day of the month, when the CBOE Volatility Index (VIX) hit its highest level since August 2015. U.S., U.K., and European government-bond rates declined across all maturities; long-term U.S. Treasury yields finished the month at historic lows. Energy prices fell sharply during February in light of weakening prospects for global economic growth as governments implemented restrictions to counteract the COVID-19 outbreak that also impact productivity (such as shuttering workplaces, closing schools, quarantining exposed individuals, and imposing trade and travel barriers).

The U.S. Department of Commerce announced new rules that would allow President Donald Trump's administration to impose tariffs on imports from countries deemed to have artificially decreased the value of their currencies for trade advantages.

China cut tariffs in half on $75 billion worth of U.S. products in mid-February, and also announced the suspension of additional tariffs on U.S. industrial goods later in the month. Domestically, the regional government of Hainan, China, planned to take control of China's HNA Group, an aviation-focused conglomerate with an unsustainable debt load that was further crippled by COVID-19-induced travel stoppages.

U.K. Prime Minister Boris Johnson shuffled his cabinet ministers and senior government officials during February, prompting Chancellor of the Exchequer

Key Measures: February 2020

EQUITY		
Dow Jones Industrial Average	-9.75%	↓
S&P 500 Index	-8.23%	↓
NASDAQ Composite Index	-6.27%	↓
MSCI ACWI Index (Net)	-8.08%	↓
BOND		
Bloomberg Barclays Global Aggregate Index	0.67%	↑
VOLATILITY		
Chicago Board Options Exchange Volatility Index PRIOR MONTH: **18.84**	40.11	↑
OIL		
WTI Cushing crude oil prices PRIOR MONTH: **$51.56**	$44.76	↓
CURRENCIES		
Sterling vs. U.S. dollar	$1.28	↓
Euro vs. U.S. dollar	$1.10	↓
U.S. dollar vs. yen	¥107.89	↓

Sources: Bloomberg, FactSet, Lipper

Sajid Javid to resign. Javid was replaced by Rishi Sunak, a senior Treasury official and former banker.

Germany's political fortunes were less certain in February after Chancellor Angela Merkel's intended successor—Annegret Kramp-Karrenbauer, defense minister in Merkel's government and leader of the Christian Democratic Union party—unexpectedly announced that she won't compete for the top post in 2021.

In Ireland's early-February election, the left-nationalist Sinn Fein party secured a historic win—breaking the country's traditional mold of two centrist parties that has defined much of its first century as an independent state. All three parties (Sinn Fein, Fianna Fail and Fine Gael) polled between 20% and 25%, with incumbent Fine Gael having the poorest showing.

Turkey began to allow Syrian refugees passage to Europe at the end of February—a decision that came after the Syrian military attacked Turkish troops stationed in northeastern Syria and the Turkish military responded by shooting down multiple Syrian fighter jets. The resulting flood of refugees immediately led to a renewed migrant crisis in Greece.

The governments of Hong Kong, Singapore and Macau each announced direct fiscal stimulus measures during February—in the form cash payments or shopping vouchers to their respective citizens—intended to counteract the negative economic effects introduced by the COVID-19 outbreak.

The Federal Open Market Committee (FOMC), Bank of England, European Central Bank (ECB) and Bank of Japan (BOJ) held no meetings on their respective domestic monetary policies during February. Furthermore, each central bank kept their respective benchmark rates unchanged following their January meetings. However, the FOMC announced an off-meeting cut of .50% (bringing the federal funds rate down to a range of 1.00 to 1.25%) on March 3 in an effort to counteract the economic drag introduced by the COVID-19 outbreak.

Economic Data

- U.S. manufacturing growth slowed nearly to a standstill during February, and an early report showed services sector activity contracted in February after expanding at healthy levels in January. Personal spending declined to 0.2% in January from 0.4% in December, and overall fourth-quarter economic growth registered a 2.1% annualized rate.

- A preliminary report on U.K. services sector activity depicted a slower but still sturdy expansion in February, while an early report on manufacturing showed a rebound that was beginning to show signs of healthier growth. Retail sales jumped by 0.9% in January after sliding by 0.5% in December. The claimant count unemployment rate held at 3.4% in January.

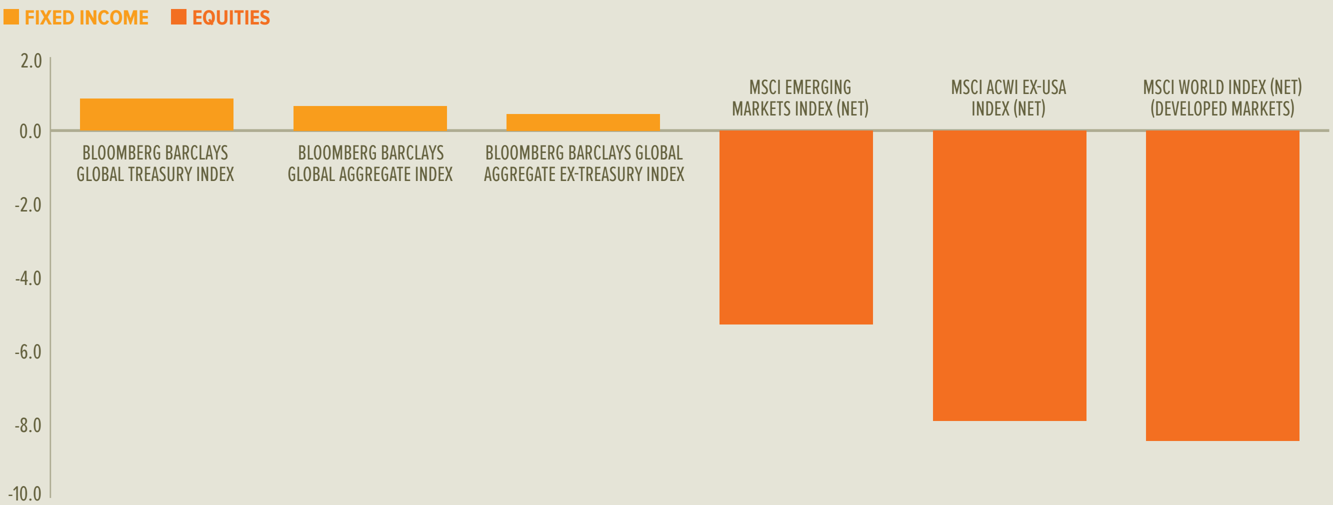
- The contraction of eurozone manufacturing activity slowed in February, nearing neutral (that is, neither shrinking nor expanding). A preliminary report on services activity depicted modest improvement with services growth remaining at healthy levels. The unemployment rate held at 7.4% in January, while the economy grew by 0.1% during the fourth quarter and 0.9% during 2019; both measures of economic growth were lower than during the prior period.

Portfolio Review

Our U.S. large-cap strategies[1] performed in line with their benchmarks during February as the sharp late-month selloff wiped out progress made during the first half of the month. The negative impacts of an underweight to communication services and overweight to energy were offset by the positive effects of strong stock selection in information technology and consumer staples. Our small-cap strategies underperformed due to selection in industrials, information technology, and overall positioning in healthcare. Our international developed-market equity strategy performed comparatively well amid the steep decline in stock prices around the globe. Underweights to and selection in energy and materials—two of the most cyclically-sensitive sectors—were top contributors. Positioning in real estate was also helpful. Selection in communication services was the largest detractor. From a country perspective, underweights to Japan and Australia were the top contributors, while selection in Norway detracted most. Our emerging-market equity strategy performed in line with the benchmark, helped primarily by an underweight to and selection in materials; selection in information technology, consumer discretionary and communication services detracted. From a country perspective, underweights to South Africa and Saudi Arabia were the greatest contributors, while an underweight to and selection in China were the most significant detractors.

[1] Individual holdings will differ between strategies. Not representative of our passive strategies.

Major Index Performance in February 2020 (Percent Return)



Sources: FactSet, Lipper

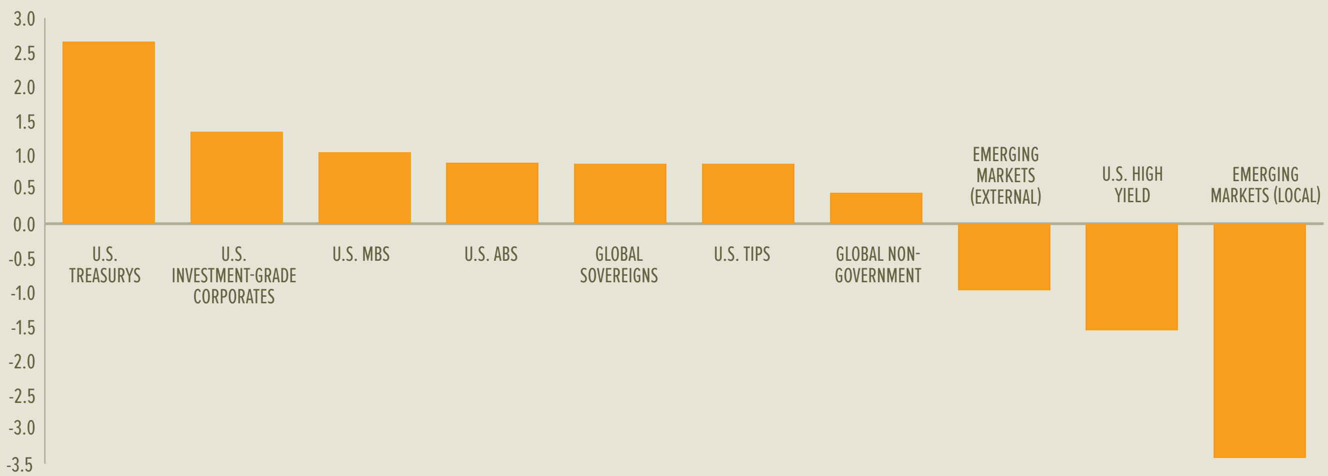
U.S. stock-market volatility has been enormous, yet we see the impact of COVID-19 concerns on performance as transitory.

Our core fixed-income strategy lagged its benchmark during February as U.S. investment-grade non-government fixed-income sectors underperformed comparable U.S. Treasurys despite generating positive returns. Neutral-to-short duration caused a slight drag on performance as yields declined; however, an overweight to the long end of the yield curve contributed as the 30-year U.S. Treasury yield fell to an all-time low. An overweight to corporate bonds detracted despite a concentration in financials, which outperformed utilities and industrials. Non-agency mortgage-backed securities (MBS) performed in line with comparable Treasurys during February, but an overweight to agency MBS hurt. Other detractors included an overweight to asset-backed securities (ABS), which modestly underperformed, an underweight to taxable municipals amid strong demand; and an overweight to U.S. dollar-denominated foreign government bonds, which underperformed in the "risk-off" environment. Our high-yield strategy modestly trailed the benchmark. The most significant detractors included overall positioning in telecommunications and selection in basic industry and media; an underweight to energy and selection in leisure and retail were the top contributors. Our emerging-market debt strategy underperformed the benchmark as local-currency debt declined by more than foreign-currency debt, pressuring our overweight to local-currency holdings. At the country level, an overweight to local-currency Mexican assets was among the largest detractors, while an underweight to local-currency Turkish assets was a top contributor.

Manager Positioning and Opportunities

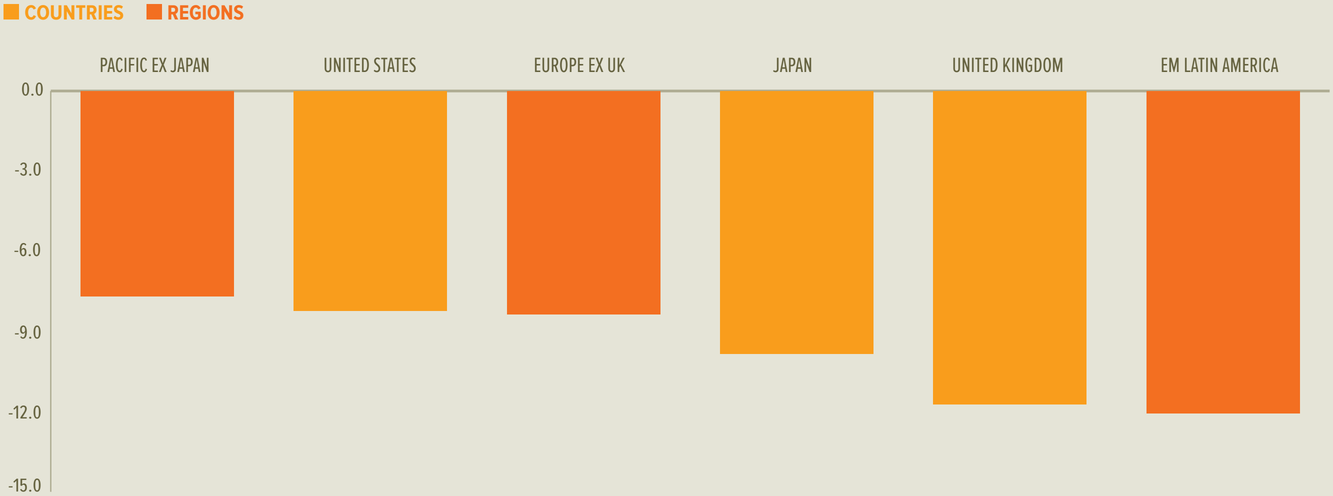
We expect global growth to slow and corporate earnings to be hit for at least one quarter due to the effects of COVID-19—but this already appears (in our view) to be largely reflected in asset prices. U.S. stock-market volatility has been enormous, yet we see the impact of COVID-19 concerns on performance as transitory. Within our U.S. large-cap strategies, we

Fixed-Income Performance in February 2020 (Percent Return)



Sources: FactSet, Lipper. See "Corresponding Indexes for Fixed-Income Performance Exhibit" in the Index Descriptions section for more information.

Regional Equity Performance in February 2020 (Percent Return)



Sources: FactSet, Lipper. See "Corresponding Indexes for Regional Equity Performance Exhibit" in the Index Descriptions section for more information.

continued to underweight some of the largest-capitalization stocks in favor of more attractively valued opportunities further down the capitalization spectrum. Valuations came down in the recent selloff for mega-cap growth stocks, but still looked expensive relative to the general market. Our small-cap strategies continued to favor value (due to large valuation dispersions) and stability (due to our cautious stance). Our international developed-market strategy retained overweights to information technology, communications services, industrials and healthcare. Defensive sectors such as real estate and utilities remained underweight given their lower-growth opportunities; mining stocks were underweight on caution toward the commodity cycle. Our emerging-market equity strategy also retained overweights to information technology and industrials; it also remained overweight to energy, primarily on exposure to dominant oil companies trading at attractive valuations in India and Russia. Financials and real estate remained underweight on caution about the Chinese economy; materials was also underweight.

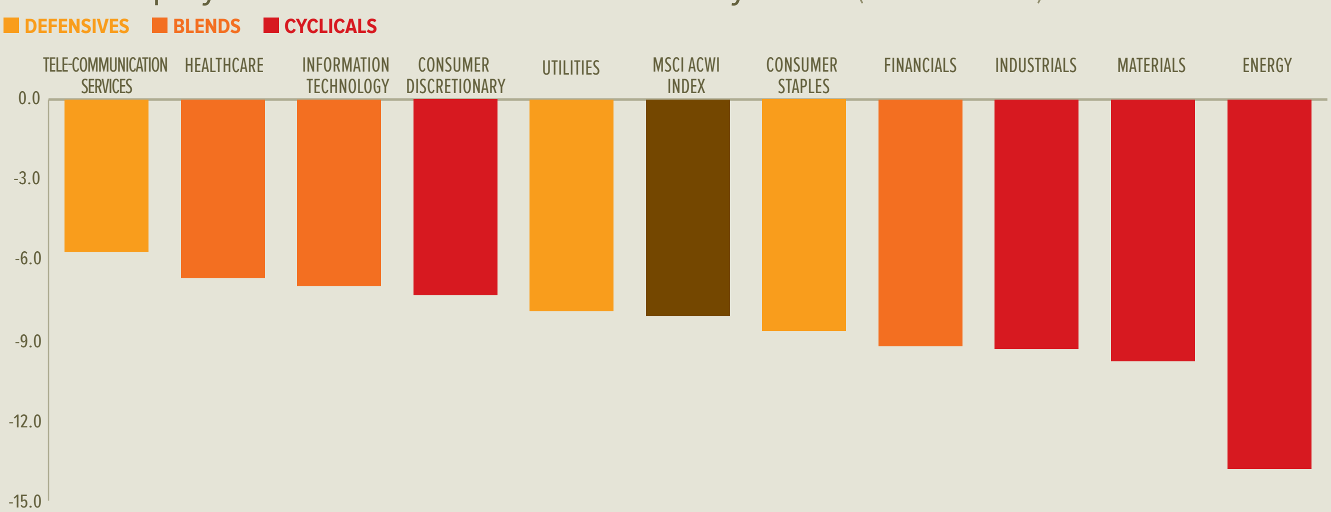
In general, our core fixed-income strategy remained in gradual risk-reduction mode while looking for opportunities to incrementally add risk should opportunities arise. Recent returns have been robust, and further appreciation is likely to be more incremental. The strategy's duration posture moved slightly short of its benchmark as long-term U.S. Treasury yields hit record lows late in the month on the belief that the market priced in a majority of the worst-case scenario. We remained overweight the front and long ends of the yield curve, selectively adding exposure in the front end of the curve as the growth and inflationary outlook turned more cautious and the Federal Reserve (Fed) took a more accommodative policy stance. We retained a modest overweight to corporates, primarily within banking; overweights to ABS and commercial MBS (CMBS) also remained, with an emphasis on higher-quality holdings given their competitive risk-adjusted yields. We maintained an allocation to non-agency MBS and continued to increase an agency MBS overweight, as we trimmed risk elsewhere within the strategy. Our high-yield strategy retained a large allocation to collateralized-loan obligations along with overweights to media and insurance. These came at the expense of underweights to telecommunications, energy, consumer goods, capital goods, and healthcare. Our emerging-market debt strategy kept an overweight to local-currency assets. The strategy's largest country overweights were Mexico, Ukraine and Egypt; its most significant underweights were to Philippines, Poland and Taiwan.

SEI's View

At the beginning of 2019, many investors were licking their wounds following a sharp global stock-market correction. Today we are confronted with a notably different market backdrop as share prices generally ended 2019 near their highs of the year. The spread of COVID-19—first within China's mainland borders and then to the rest of the world—has introduced a significant headwind to the global economy, which financial markets have acknowledged in the rapid downward repricing of assets through late January and February.

With regard to the U.S. economy, our expectations turned out to be mildly optimistic. But we think it's worth pointing out that quarter-to-quarter fluctuations in the country's seasonally-adjusted gross domestic product (GDP) growth have remained on a relatively narrow path compared to their far more volatile historical range. One reason for the lower volatility was steady growth in U.S. household spending. By contrast, the contribution to real (inflation-adjusted) U.S. GDP growth from investment, both residential and non-residential, has been in a slowing trend; the pace of business spending in the country has eased dramatically since early 2018. On the positive side, the absence of an investment boom means there should be little to no side effect; even if a recession were to develop in the next year or so, we believe it almost certainly will not be especially painful.

Global Equity Sector Performance in February 2020 (Percent Return)



Sources: FactSet, Lipper. MSCI ACWI Index Components (as defined by SEI).

On the other side of the pond, Prime Minister Boris Johnson's decision to hold a snap election in the fourth quarter paid off. He now enjoys the largest Tory majority in Parliament since 1987, when Margaret Thatcher was re-elected Prime Minister for a third term. The victory eliminated the possibility of a dramatic remaking of the British economy as envisioned by the Labour Party—and decreased the likelihood of a hung Parliament, which could have prolonged the uncertainty surrounding Brexit.

Of course, uncertainty still remains. While the U.K. formally left the EU in January, the two parties still must negotiate their future trading relationship by the end of 2020. A no-deal Brexit would provide a substantial negative shock to merchandise trade because dealings with the EU would revert to the most-favored-nation rules of the World Trade Organization. Trade in financial services, a category critical to the U.K.'s economic well-being, would be saddled with increased regulations, paperwork and costs.

It continues to be our working assumption that a no-deal Brexit will be avoided, although it may take an extension of the transition period to effect a deal that minimizes the disruption. With that said, Boris Johnson already announced his intention to exit the transition period at the December 31, 2020 deadline.

For Europe, we accurately anticipated a further slowdown in economic growth over 2019. We think it may now make sense to look past the current gloom when it comes to Europe. The lessening of trade tensions should provide export-dependent Europe with a moderate boost in 2020.

Government policy also is geared toward encouraging growth. There are signs that ECB policy is having some positive impact. The banking system is slowly recuperating. Lending to households and businesses has been in a modestly accelerating trend over the past few years. There also is more serious discussion nowadays about easing fiscal policy. Even Jens Weidmann President of the Deutsche Bundesbank, member of the Governing Council of the ECB, and a long-time hawk, has recently felt comfortable backing calls for government spending. Perhaps there's hope that fiscal policy will turn into a tailwind for eurozone growth instead of a steady headwind.

Our expectation that emerging-market economies would enjoy a decent 2019 didn't pan out. First, we thought an economic turnaround in China was just around the corner. The country had been pushing through various monetary, fiscal and structural reform measures aimed at jumpstarting economic growth, and we assumed that the Chinese government would go back to the debt well if needed. This happened only to a limited extent.

We have frequently made the argument that an all-encompassing trade war between China and the U.S. would be in neither countries' interest. The economic and political reverberations would simply be too painful. And so, the agreement on a "phase-one" deal at least helps lower the temperature and halts the tit-for-tat tariff escalations. We expect the truce will hold through the 2020 U.S. presidential election.

Early signs of improvement are already apparent, which should boost the prospects of trade-dependent economies, notwithstanding the pressures created by efforts to contain the COVID-19 outbreak.

Looking at the big picture for the year ahead, we anticipate continued growth for the U.S. and global economies, but at a sluggish pace. This should keep inflation under control and encourage central banks to remain accommodative. Quantitative easing also should help keep fixed-income yields relatively steady even as government deficit spending picks up. Altogether, this scenario should be positive for risk assets.

We've summarized the major themes and outstanding questions that could cause markets to behave in ways that run counter to our positioning in 2020:

- The U.S. is converging with the rest of the world as U.S. economic and profits growth decline. Given the disparity in stock-market valuations, international markets are expected to outperform U.S. equities.
- The partial U.S./China trade-war truce and a steady progression of fiscal and monetary stimulus measures over the past two years should pay off in 2020. Early signs of improvement are already apparent, which should boost the prospects of trade-dependent economies, notwithstanding the pressures created by efforts to contain the COVID-19 outbreak.
- The U.S. dollar should reverse convincingly by losing value relative to other currencies. The Fed's pivot toward an aggressive approach to supporting the overnight lending market has the potential to significantly increase the global supply of dollars, and its emergency rate cut in early March should also put downward pressure on the dollar's value relative to other currencies. Since we believe the dollar is overvalued on a fundamental basis, its depreciation is a high-conviction call. This would be a tailwind for non-U.S. economies and financial markets.
- The value style should prevail. Modest improvement in global economic growth, a tendency for inflation and interest rates to move higher and the record disparity in valuation between the most- and least-expensive stocks should lead to a stronger result for value-oriented active managers.
- We foresee less Brexit uncertainty, assuming a trade deal can be reached between the EU and U.K. We expect rationality to prevail, but a no-deal Brexit remains a residual risk. As the year-end 2020 transition deadline nears, U.K. and European markets could experience renewed volatility if the negotiations appear to be foundering on irreconcilable differences.
- Presidential politics could roil equity markets in the U.S. and elsewhere. A sense of which Democratic nominee will face Donald Trump in the coming U.S. presidential election should get clearer in March, when 25 states and Puerto Rico go to the polls; California and Texas, plus 12 other states, will have held their primary elections on Super Tuesday, March 3.

In our view, another stellar year for U.S. equities in 2020 would be a source of concern rather than celebration. Equities and other risky assets are not well-correlated with the fundamentals in the short run. Investor expectations can change much more quickly and far more dramatically than the fundamentals. Indeed, as seen in the past two years, changes in investor expectations can sometimes completely negate the change in the fundamentals.

With that in mind, we will retain our emphasis on strategic investing over tactical moves. We will also continue to take stock of the economic and financial developments around the globe and provide our thoughts on where global growth and interest rates are headed. That's actually the easy part, as the experience of the last few years illustrates. Figuring out how investors might react to the shifts in macroeconomic conditions is almost always the much harder exercise.

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Glossary of Financial Terms

Federal-funds rate: The federal-funds rate is the interest rate at which a depository institution lends immediately-available funds (balances at the Federal Reserve) to another depository institution overnight in the U.S.

Duration: Duration is a measure of a security's price sensitivity to changes in interest rates. Specifically, duration measures the potential change in value of a bond that would result from a 1% change in interest rates. The shorter the duration of a bond, the less its price will potentially change as interest rates go up or down; conversely, the longer the duration of a bond, the more its price will potentially change.

Index and Benchmark Descriptions

All indexes are quoted in gross performance unless otherwise indicated.

The Bloomberg Barclays 1-10 Year US TIPS Index measures the performance of inflation-protected public obligations of the U.S. Treasury that have a remaining maturity of 1 to 10 years.

The Bloomberg Barclays US Asset Backed Securities (ABS) Index measures the performance of ABS with the following collateral types: credit and charge card, auto and utility loans. All securities have an average life of at least one year.

The Bloomberg Barclays Global Aggregate Index is an unmanaged market-capitalization-weighted benchmark, tracks the performance of investment-grade fixed-income securities denominated in 13 currencies. The Index reflects reinvestment of all distributions and changes in market prices.

The Bloomberg Barclays Global Aggregate ex-Treasury Index is an unmanaged market index representative of the total-return performance of ex-Treasury major world bond markets.

The Bloomberg Barclays Global Treasury Index is composed of those securities included in the Bloomberg Barclays Global Aggregate Bond Index that are Treasury securities.

The Bloomberg Barclays US Corporate Bond Index is a broad-based benchmark that measures the investment-grade, fixed-rate, taxable corporate bond market.

The Bloomberg Barclays US Mortgage Backed Securities (MBS) Index measures the performance of investment-grade, fixed-rate, mortgage-backed, pass-through securities of Government National Mortgage Association (GNMA), Federal National Mortgage Association (FNMA) and Freddie Mac (FHLMC).

The Bloomberg Barclays US Treasury Index is an unmanaged index composed of U.S. Treasurys.

The ICE BofA U.S. High Yield Constrained Index contains all securities in The ICE BofA U.S. High Yield Index but caps exposure to individual issuers at 2%.

The ICE BofA U.S. High Yield Index tracks the performance of below-investment-grade, U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market.

The Chicago Board Options Exchange Volatility Index (VIX) tracks the expected volatility in the S&P 500 Index over the next 30 days. A higher number indicates greater volatility.

The Dow Jones Industrial Average is a widely followed market indicator based on a price-weighted average of 30 blue-chip New York Stock Exchange stocks that are selected by editors of *The Wall Street Journal.*

The FTSE All-Share Index represents 98% to 99% of U.K. equity market capitalization. The Index aggregates the FTSE 100, FTSE 250 and FTSE Small Cap Indexes.

The JPMorgan EMBI Global Diversified Index tracks the performance of external debt instruments (including U.S. dollar-denominated and other external-currency-denominated Brady bonds, loans, eurobonds and local-market instruments) in the emerging markets.

JPMorgan GBI-EM Global Diversified Index tracks the performance of debt instruments issued in domestic currencies by emerging-market governments.

The MSCI ACWI Index is a market-capitalization-weighted index composed of over 2,000 companies, representing the market structure of 48 developed- and emerging-market countries in North and South America, Europe, Africa and the Pacific Rim. The Index is calculated with net dividends reinvested in U.S. dollars.

The MSCI ACWI ex-USA Index includes both developed- and emerging-market countries, excluding the U.S.

The MSCI Emerging Markets Index is a free float-adjusted market-capitalization-weighted index designed to measure the performance of global emerging-market equities.

The MSCI Emerging Markets Latin America Index captures large- and mid-cap representation across five emerging-market countries in Latin America.

The MSCI EMU (European Economic and Monetary Union) Index is a free float-adjusted market-capitalization-weighted index that is designed to measure the equity market performance of countries within EMU. The Index consists of the following 10 developed-market country indexes: Austria, Belgium, Finland, France, Germany, Ireland, Italy, Netherlands, Portugal and Spain.

The MSCI Europe ex-UK Index is a free float-adjusted market-capitalization-weighted index that captures large- and mid-cap representation across 14 developed-market countries in Europe (Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden and Switzerland). The Index covers approximately 85% of the free float-adjusted market capitalization across European developed markets excluding the U.K.

The MSCI Pacific ex Japan Index captures large- and mid-cap representation across four of five developed-market countries in the Pacific region (excluding Japan).

The MSCI Japan Index is designed to measure the performance of the large- and mid-capitalization stocks in Japan.

MSCI United Kingdom Index is designed to measure the performance of the large- and mid-cap segments of the U.K. market.

MSCI USA Index is designed to measure the performance of the large- and mid-cap segments of the U.S. market.

The MSCI World Index is a free float-adjusted market-capitalization-weighted index designed to measure the equity market performance of developed markets. The Index consists of the following 23 developed-market country indexes: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the U.K. and the U.S.

The MSCI World ex-USA Index is a free float-adjusted market-capitalization-weighted index that is designed to measure the equity market performance of developed markets, excluding the U.S.

The NASDAQ Composite Index is a market-value-weighted index of all common stocks listed on the National Association of Securities Dealers Automated Quotations (NASDAQ) system.

Russell 1000 Growth Index measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000 Index companies with higher price-to-book ratios and higher forecasted growth values.

The Russell 1000 Value Index measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 Index companies with lower price-to-book ratios and lower expected growth values.

The Shenzhen Stock Exchange Composite Index tracks performance of A share stocks (which are denominated in renminbi, the local currency) and B share stocks (which are denominated in Hong Kong dollars, an offshore currency) on China's Shenzhen Stock Exchange.

The S&P 500 Index is a market-capitalization-weighted index that consists of 500 publicly-traded large U.S. companies that are considered representative of the broad U.S. stock market.

The TOPIX, also known as the Tokyo Stock Price Index, is a capitalization-weighted index of all companies listed on the First Section of the Tokyo Stock Exchange. The Index is supplemented by the subindexes of the 33 industry sectors. The Index calculation excludes temporary issues and preferred stocks, and has a base value of 100 as of January 4, 1968.

Corresponding Indexes for Fixed-Income Performance Exhibit

U.S. High Yield	ICE BofA U.S. High Yield Constrained Index
Global Sovereigns	Bloomberg Barclays Global Treasury Index
Global Non-Government	Bloomberg Barclays Global Aggregate ex-Treasury Index
Emerging Markets (Local)	JPMorgan GBI-EM Global Diversified Index
Emerging Markets (External)	JPMorgan EMBI Global Diversified Index
U.S. Mortgage-Backed Securities (MBS)	Bloomberg Barclays US Mortgage Backed Securities Index
U.S. Asset-Backed Securities (ABS)	Bloomberg Barclays US Asset Backed Securities Index
U.S. Treasurys	Bloomberg Barclays US Treasury Index
U.S. Treasury Inflation-Protected Securities (TIPS)	Bloomberg Barclays 1-10 Year US TIPS Index
U.S. Investment-Grade Corporates	Bloomberg Barclays US Corporate Bond Index

Corresponding Indexes for Regional Equity Performance Exhibit

United States	S&P 500 Index
United Kingdom	FTSE All-Share Index
Pacific ex Japan	MSCI Pacific ex Japan Index (Net)
Japan	TOPIX, also known as the Tokyo Stock Price Index
Europe ex U.K.	MSCI Europe ex UK Index (Net)
EM Latin America	MSCI Emerging Markets Latin America Index (Net)

Disclosures

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There are risks involved with investing, including loss of principal. International investments may involve risk of capital loss from unfavorable fluctuation in currency values, from differences in generally accepted accounting principles or from economic or political instability in other nations. Emerging markets involve heightened risks related to the same factors as well as increased volatility and lower trading volume. Narrowly focused investments and smaller companies typically exhibit higher volatility. Bonds and bond funds will decrease in value as interest rates rise. High-yield bonds involve greater risks of default or downgrade and are more volatile than investment-grade securities, due to the speculative nature of their investments.

Diversification may not protect against market risk. Past performance does not guarantee future results. Index returns are for illustrative purposes only and do not represent actual portfolio performance. Index returns do not reflect any management fees, transaction costs or expenses. One cannot invest directly in an index.

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