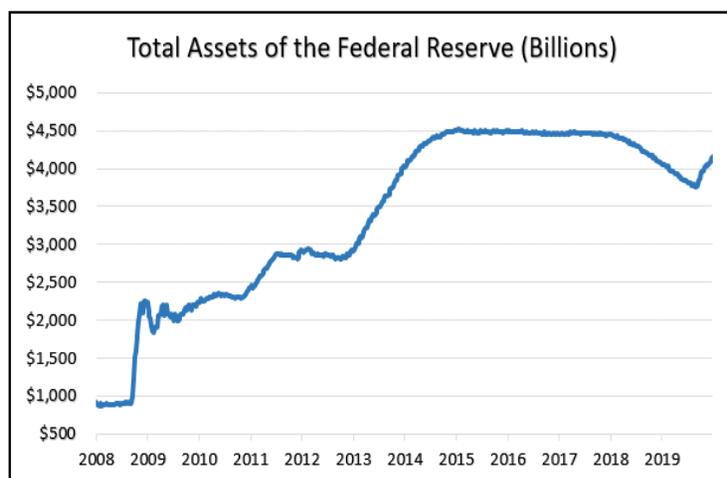


Market Commentary - 4th Quarter 2019

"I do think the growth in the balance sheet is having some impact on the financial markets...I want to be cognizant of not adding more fuel that could help create further excesses and imbalances."

-Robert Kaplan, Dallas Federal Reserve Bank President



Source: Board of Governors of the Federal Reserve System (US), Assets: Total Assets: Total Assets (Less Eliminations From Consolidation); Wednesday Level [WALCL], retrieved from FRED, Federal Reserve Bank of St. Louis.

	3 Months	YTD	1 Year	3 Years	5 Years	10 Years
S&P 500 Index	9.07	31.49	31.49	15.27	11.70	13.56
Russell 1000 Index	9.04	31.43	31.43	15.05	11.48	13.54
Russell 1000 Value Index	7.41	26.54	26.54	9.68	8.29	11.80
Russell 1000 Growth Index	10.62	36.39	36.39	20.49	14.63	15.22
Russell 2000 Index	9.94	25.52	25.52	8.59	8.23	11.83
Russell 2000 Value Index	8.49	22.39	22.39	4.77	6.99	10.56
Russell 2000 Growth Index	11.39	28.48	28.48	12.49	9.34	13.01
MSCI EAFE ND	8.17	22.01	22.01	9.56	5.67	5.50
MSCI EAFE LOC	5.23	22.31	22.31	8.20	7.25	7.74
MSCI ACWI ex. US	8.92	21.51	21.51	9.87	5.51	4.97
MSCI EAFE Small Cap ND	11.52	24.96	24.96	10.92	8.85	8.74
MSCI Europe ND	8.84	23.77	23.77	9.77	5.06	5.17
MSCI Japan ND	7.64	19.61	19.61	8.92	7.70	6.59
MSCI EM ND	11.84	18.44	18.44	11.57	5.61	3.68
MSCI EM LOC	9.63	18.52	18.52	11.91	7.86	6.52
DJ World Real Estate	3.67	25.33	25.33	11.00	7.32	9.05
DJ US Select REIT Index	-1.23	23.10	23.10	6.95	6.40	11.57
DJ-UBS US Commodity Index	4.42	7.69	7.69	-0.94	-3.92	-4.73
BofA ML 3-month T-Bill	0.46	2.28	2.28	1.67	1.07	0.58
BB Government 1-3 Yr	0.51	3.59	3.59	1.86	1.40	1.25
BB Government/Credit Bond	-0.01	9.71	9.71	4.35	3.23	3.96
BB US Aggregate Bond	0.18	8.72	8.72	4.03	3.05	3.75
BB Long Government	-4.06	14.75	14.75	6.95	4.16	6.97
BB Long U.S. Corporate	1.33	23.89	23.89	8.81	6.40	7.99
BB High Yield Corporate Bond	2.61	14.32	14.32	6.37	6.13	7.57
BB TIPS	0.79	8.43	8.43	3.31	2.62	3.36

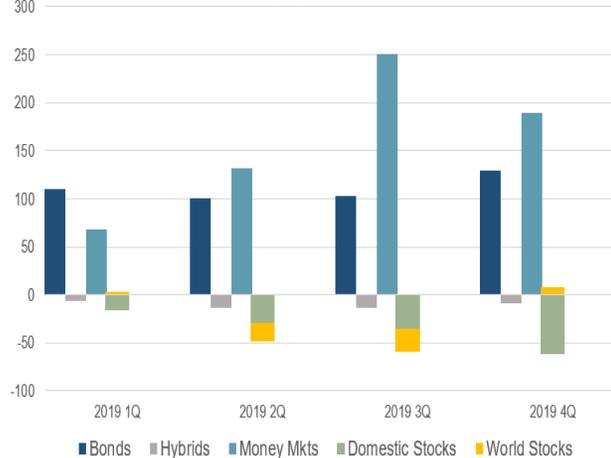
Market Commentary - 4th Quarter 2019

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



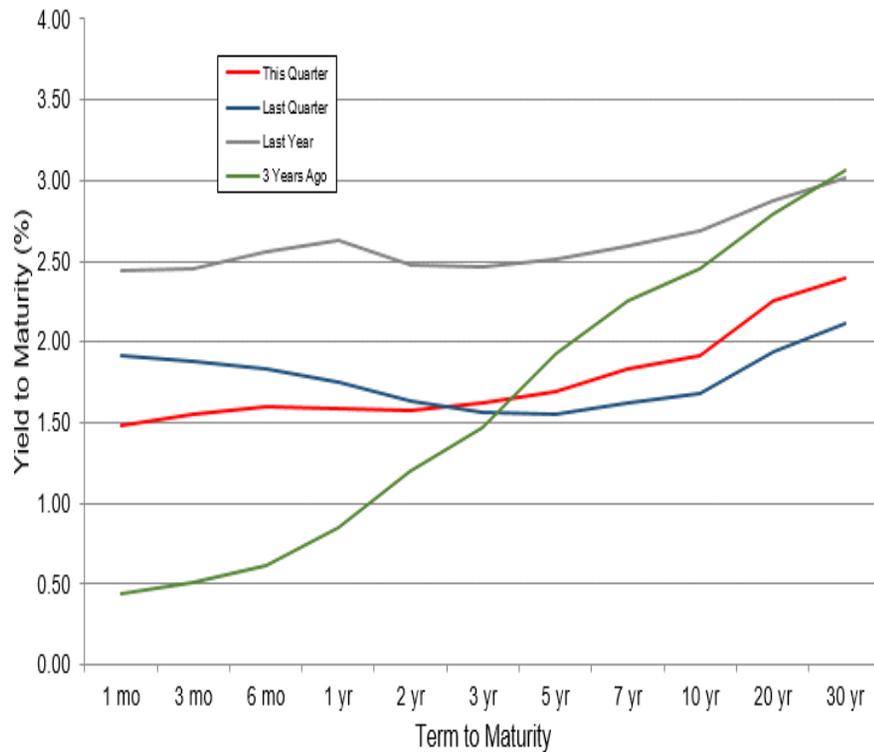
The S&P/Case-Shiller Home Price Indices are calculated monthly using a three-month moving average and published with a two month lag. Base Year 2000 = 100.

Summary

- Markets were largely up for the quarter as investors reacted to easing trade tensions and reduced fears of a recession.
- U.S. stocks (S&P 500) were up 9.07% on an accommodative Fed policy, logging their best year (+31.5%) since 2013.
- Emerging markets and foreign developed markets were up 11.84% and 8.17%, respectively, on a weaker dollar as well as positive trade news.
- The Federal Reserve cut rates once in October as multiple risks remained in the market and inflation remained below target.
- Investors decreased their holdings of domestic stock mutual funds/ETFs, but increased their holdings in world stock and bond mutual funds/ETFs. For the quarter, stock funds had a net outflow of \$53 billion and bond funds had a net inflow of \$130 billion. Total money market mutual fund assets increased by \$189 billion to \$3.6 trillion.
- The US added 553,000 jobs this quarter, and the unemployment rate remained at 3.5%.
- The price of oil increased from \$54 to \$61 a barrel over the quarter as supplies fell and tensions with the Middle East grew, creating a greater disruption risk.

Market Commentary - 4th Quarter 2019

U.S. Treasury Yield Curve

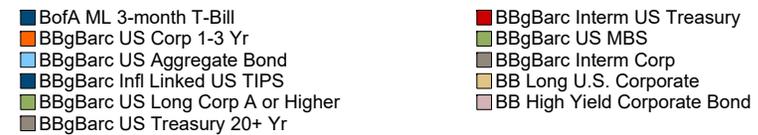
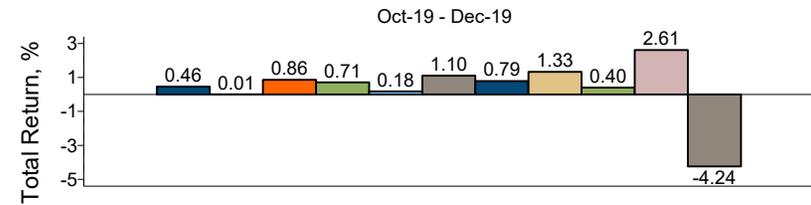


Source: Department of US Treasury

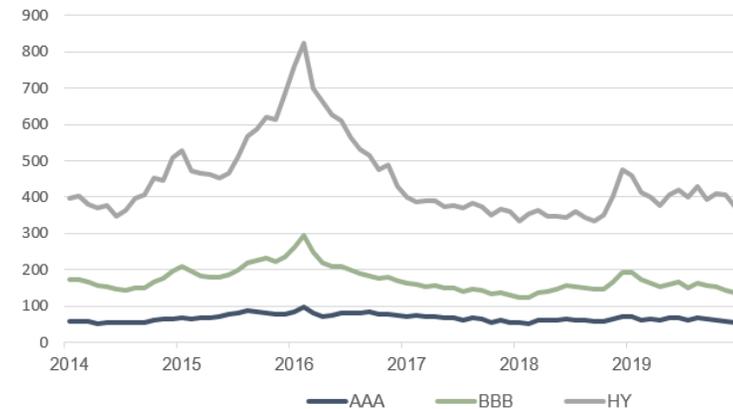
U.S. bond market

- The broad fixed income market was up slightly as the market was favoring riskier investments.
- The yield curve steepened over the quarter as the Fed cut rates once again.
- The Federal Reserve cut rates by a quarter point during the quarter due to below-target inflation and slowing trade.
- Yields on the 10-year Treasury rose 24 basis points while yields on the 30-year Treasury rose by 27 basis points.
- Long-term U.S. Treasuries performed the worst, down 4.24%, as long-term yields rose during the quarter.
- High Yield Corporate Bonds performed the best, up 2.61%, as investor appetite for credit risk increased.

US Fixed Income - Quarter



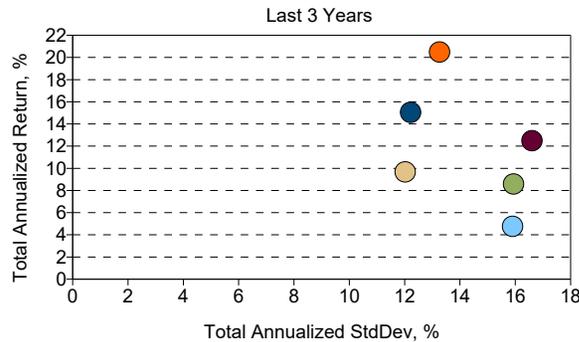
Spread to Treasuries (bps)



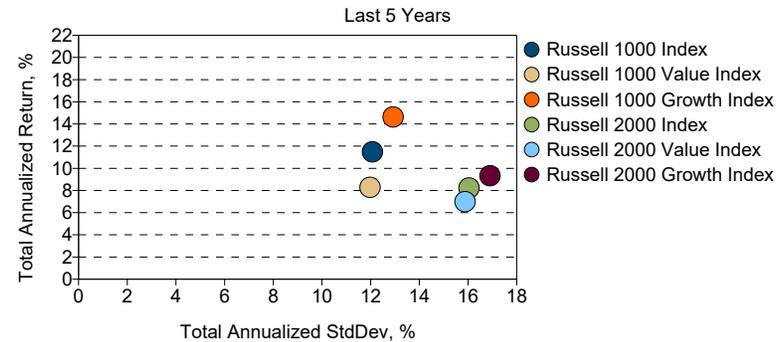
Source: Bank of America Merrill Lynch Option Adjusted Spread Index

Market Commentary - 4th Quarter 2019

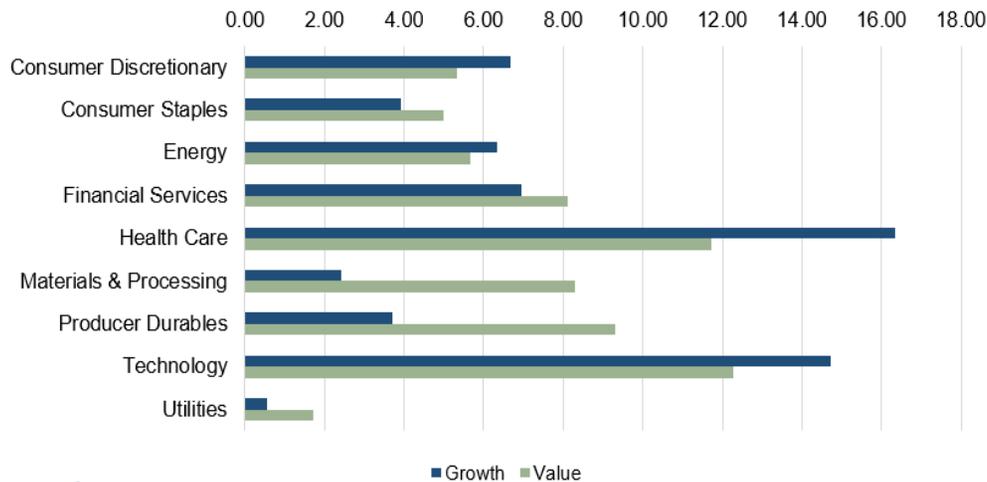
Performance vs. Risk



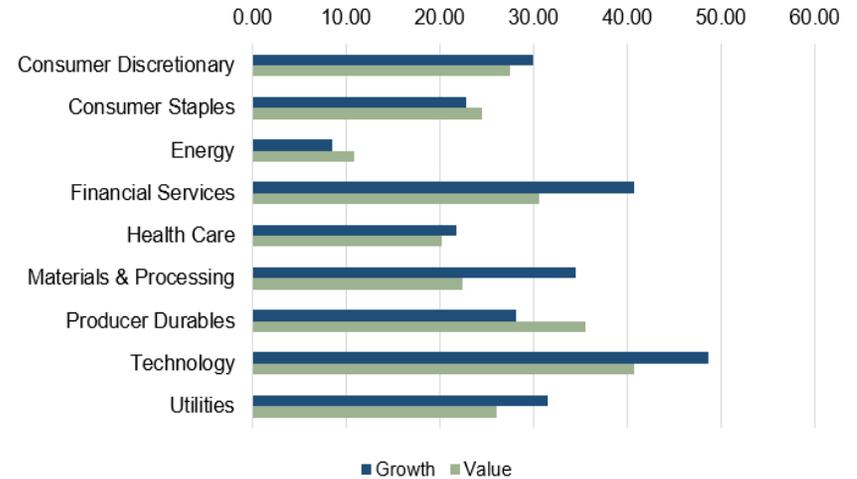
Performance vs. Risk



Russell 1000 Index Sector Quarterly Returns



Russell 1000 Index Sector Annual Returns



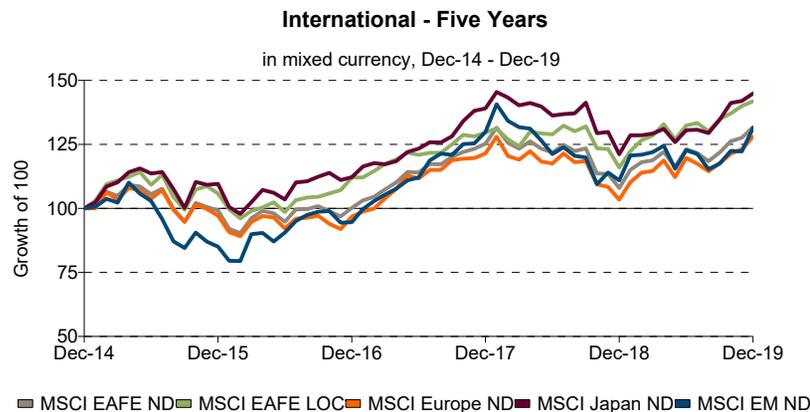
U.S. stock market

- Major domestic equity indices were up over the quarter, with large growth outperforming large value and small growth outperforming small value. The Russell 2000 Growth was the best performing index, up 11.39%.
- In the quarter, smaller capitalization stocks outpaced larger capitalization as health care, a large part of the Russell 2000 index, outperformed and lower rates implied stronger growth.
- REITs were down 1.23%, stalling after a strong year with a total return of 23.1%.
- The Utilities sector, up 1.70%, rose the least, as investors were less interested in defensive stocks.
- Technology performed the best, up 14.41%, on strong earnings growth and a continued rotation into growth-oriented stocks.

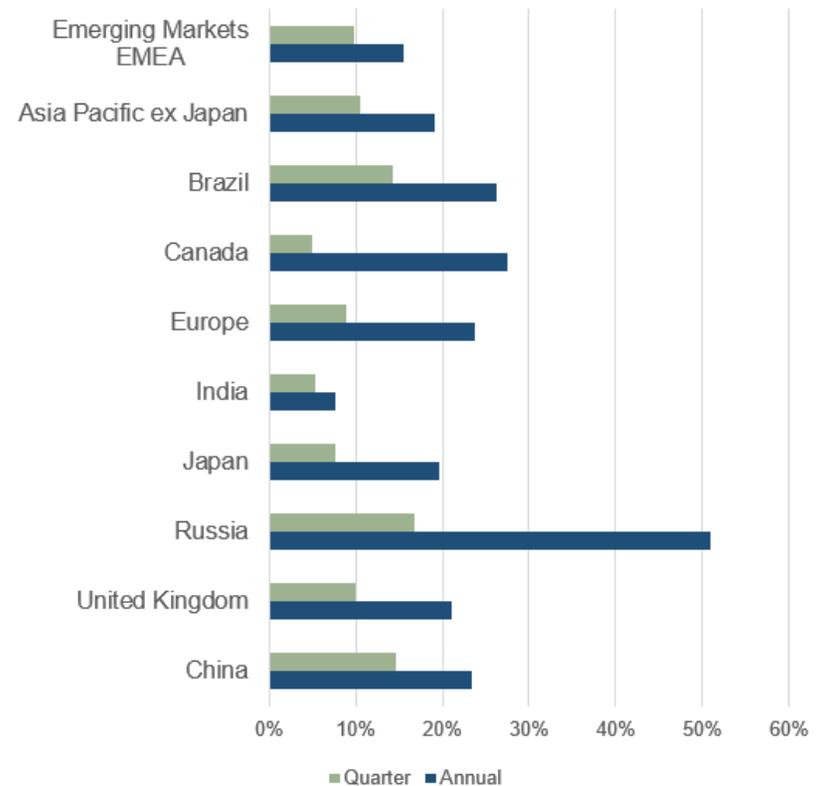
Market Commentary - 4th Quarter 2019

	Units per US Dollar		
	This Quarter	Last Quarter	% Change
Euro	0.891	0.917	-2.85%
United Kingdom Pound	0.754	0.813	-7.28%
Japanese Yen	108.679	108.112	0.52%
Chinese Yuan Renminbi	6.963	7.149	-2.60%
Mexican Peso	18.858	19.738	-4.46%
Canadian Dollar	1.296	1.324	-2.11%
Indian Rupee	71.292	70.664	0.89%
Russian Ruble	62.084	64.850	-4.27%
Brazilian Real	4.019	4.162	-3.42%

Source: www.xe.com



Regional Performance



Source: MSCI

International market

- The dollar was mostly down against other major currencies, creating a tailwind for international stocks, particularly emerging markets whose dollar-denominated returns were higher than local currency returns.
- U.K. Prime Minister Boris Johnson won a general election in December, solidifying support in Parliament for his Brexit plan.
- For the quarter, the EAFE Index was up 8.17% while local currency returns for developed markets were up 5.23%. The EM index was up 11.84% while local currency returns in emerging markets were up 9.63%.
- Among the major international regions, Russian stocks were the best performing for the quarter, up 16.75%, following multiple rate cuts by the Bank of Russia to curb falling inflation.
- Canadian stocks were up the least, returning only 4.89% after a tough quarter that saw three of Canada's six biggest banks miss earnings expectations.
- In the developed markets, small-cap international stocks outperformed large-cap international stocks.

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