Q1 GLOBAL EQUITY RALLY EXTENDED INTO Q2

April marked the best risk-adjusted monthly return for global equities since October 2015.

- Up for its fourth consecutive month, the global equity market, as measured by the S&P Global 1200, locked in its best YTD-through-April return on record.
- The gain was broad based, with domestic, international developed, and emerging markets all finishing the month higher.
- Notwithstanding its strong YTD return, the S&P Global 1200 still hadn't fully recovered from the 18% drawdown it experienced in late 2018 and remained well below its all-time high from January 2018.
- Higher-than-expected Q1 GDP growth along with the Fed's continued commitment to patience contributed to another strong month for the S&P 500:
  - Nine of 11 sectors were positive on the month, with Real Estate and Healthcare posting negative returns.
  - After being the worst performing sector in March, Financials led all sectors in April, posting their best monthly return since late 2016, as the longer end of the yield curve shifted higher.
  - Info Tech was a close second, climbing 6.4% and bringing its YTD return to 27%.
- Equity market volatility in April declined sharply from average levels in March down to near their 5-year low.
- Tightening credit spreads were offset by rising yields in April, leaving the investment grade bond market flat for the month.
- After rising sharply in March, the S&P 500's correlation to developed and emerging markets declined during the month, while its correlation with the U.S. aggregate bond market moved substantially higher.

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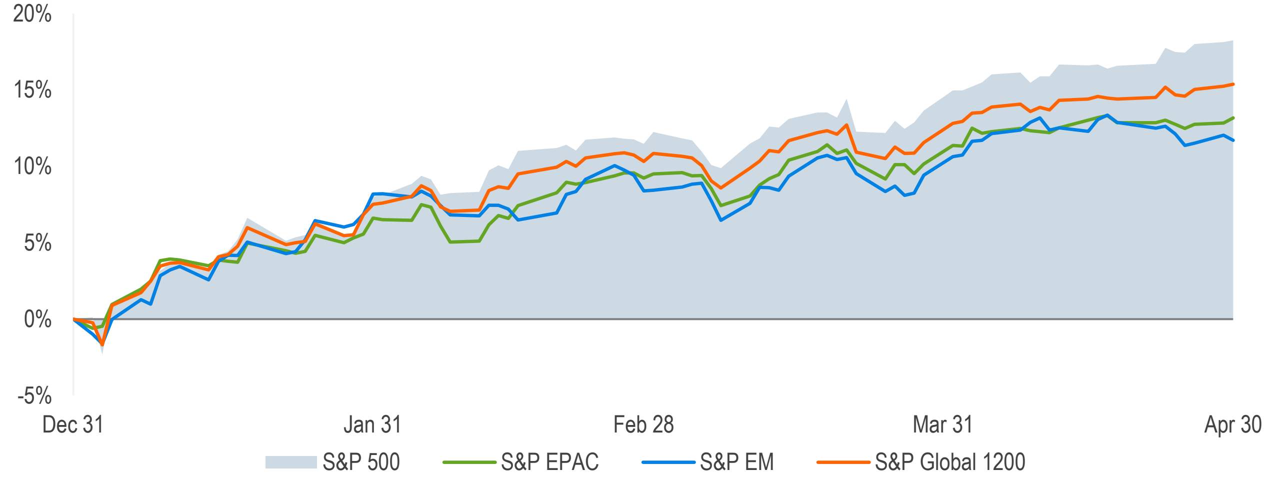
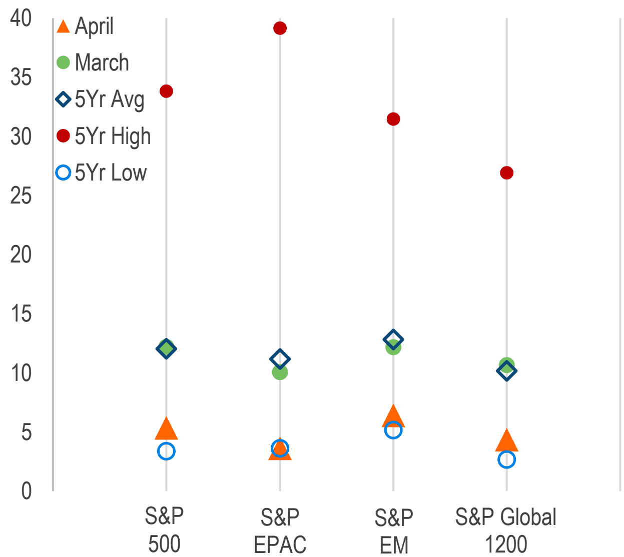
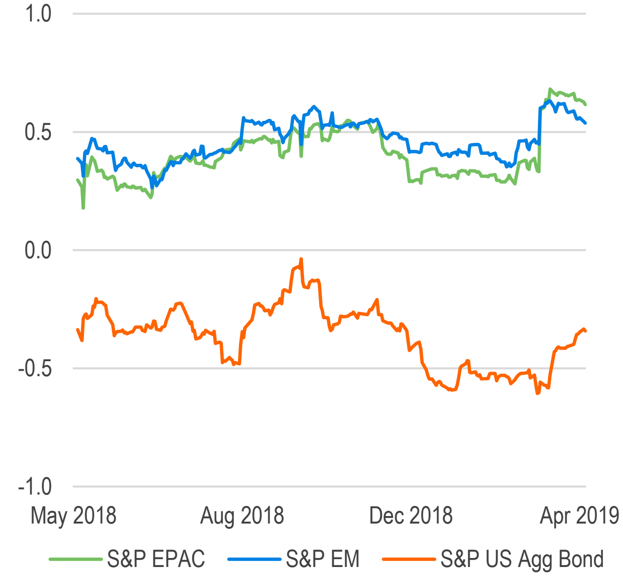
Global Equity Markets: 2019 YTD Cumulative Total Return



20-Day Volatility: 5-Year Historical Range



Rolling 3-Month Correlation to S&P 500



MANAGED RISK INVESTING

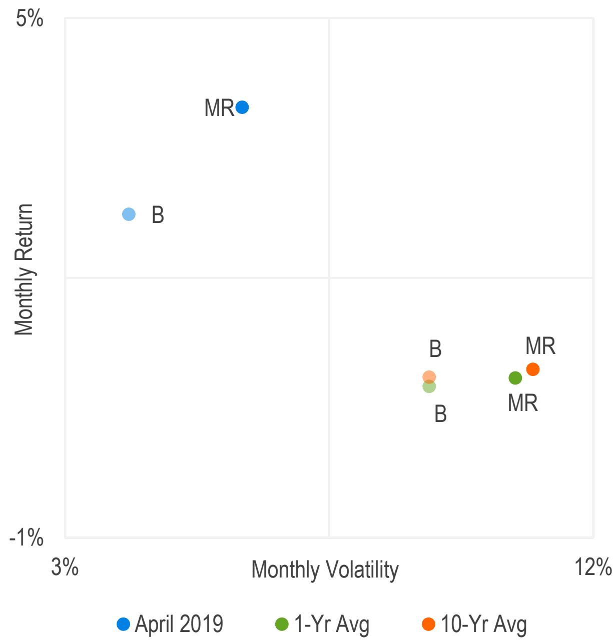
Managed Risk Benchmarks maintained their maximum equity exposure in April.

- Just as in March, the volatility of the S&P 500 began the month below the 18% volatility threshold of the S&P 500 Managed Risk Index and remained below it the entire month.
- Having begun the month at a 100% equity allocation, the index maintained it through the entire month, fully participating in the market's strong return, as volatility ebbed lower.
- Over the last 10 years, the average monthly return of the Managed Risk Index has exceeded the return of a 70/30* blend by nine bps, generating an annualized excess return of 107 bps.

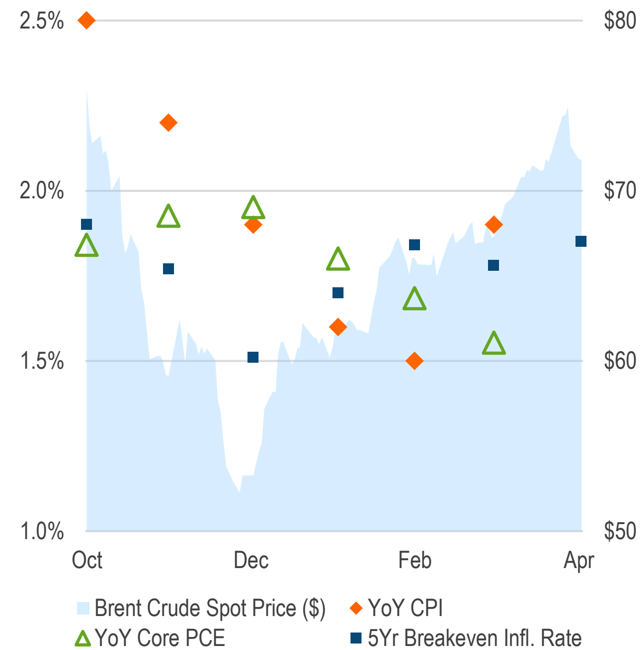
- The price of oil climbed 6.8%, marking its fourth consecutive month of increases and bringing its YTD increase to 35%.
- As oil climbed, so too did inflation expectations, approaching their highest levels of the last six months.
- Apart from energy, inflation was little changed; while YoY CPI saw its largest monthly increase since January 2016, YoY Core PCE fell for the third straight month.
- The probability of a Fed rate cut, as indicated by Fed funds futures, declined through mid-month only to increase through the second half back to where it started.
- The longer end of the yield curve steepened in April, while the short end remained inverted at month end, but to a lesser degree than a month earlier.
- The Fed again indicated its intention to remain patient with respect to making changes to the Fed funds rate, as strong GDP growth and rising inflation expectations put downward pressure on the likelihood of a rate cut.

*Measured by the S&P 500 and the S&P US Agg Bond Index

S&P 500 Managed Risk (MR) vs. 70/30 Blend* (B)



Oil & Inflation: Trailing 6 Months



Total Returns as of April 30, 2019

	S&P 500	S&P 500 MR	S&P 400	S&P 600	S&P EPAC	S&P EM	S&P Global 1200	S&P US AGG	Crude Oil (Brent)	US Dollar	70/30 Stock/Bond*
1 Month	4.0%	4.0%	4.0%	3.9%	2.7%	2.1%	3.7%	-0.0%	6.8%	0.1%	2.7%
3 Months	9.5%	8.1%	7.8%	4.8%	6.2%	3.3%	8.1%	1.6%	16.1%	1.6%	6.7%
6 Months	9.8%	7.1%	8.9%	3.5%	7.8%	13.9%	9.3%	4.5%	-5.6%	-0.9%	7.6%
1 Year	13.5%	10.6%	7.0%	4.4%	-2.7%	-4.4%	6.7%	4.5%	-3.7%	4.6%	9.5%
1M Volatility	5.4%	5.4%	10.9%	12.3%	3.6%	6.4%	4.4%	1.9%	18.7%	3.5%	4.1%

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