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A STRONG MARCH CAPPED OFF STRONGER Q1

While the bond market exhibited signs of concern, equities continued to rally.

- With its third straight month of positive returns, the S&P 500 notched its best quarterly return since Q3 2009.
- Out of the last 20 years (80 quarters), just four quarters had a higher return than this one: Q2 & Q3 in 2009 and Q2 2003 and Q4 1999.
- From its 2018 low on Christmas Eve through the end of Q1 2019, the S&P 500 has generated a 21.2% total return.
    - Climbing 4.8%, IT led all sectors in March, bringing its YTD return to 19.4%, accounting for nearly one-third of the S&P 500's total YTD return.
    - Financials brought up the rear, falling 2.7% as more of the yield curve inverted in March.
    - Mid- and small-cap stocks fell on the quarter, while developed and emerging market equities edged higher.
    - After falling 12.9% in Q4 2018, the global equity market recovered much of that loss, rising 12.3% in Q1.
- After a below-average February, the volatility of the S&P 500 increased in March, back to its five-year average.
- It was during Q1 2009 that the S&P 500 touched its financial-crisis low. Since the end of that quarter over the following 10 years, it generated a cumulative total return of 338%, or 15.9% on an annualized basis.
- Falling yields and tightening credit spreads pushed the US aggregate bond market to its best monthly return since January 2015.
- The S&P 500's correlation to developed and emerging markets rose sharply during the month back above 0.5, but its correlation with the U.S. aggregate bond market edged lower.

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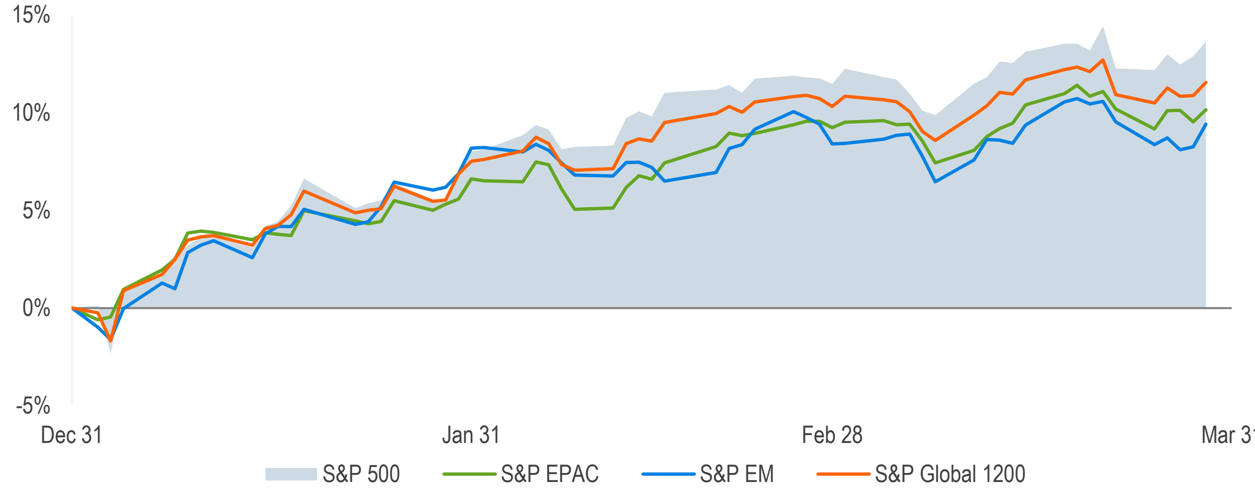
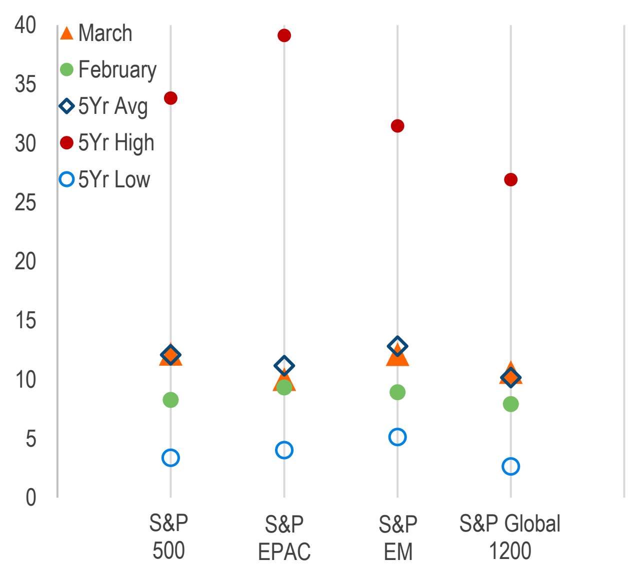
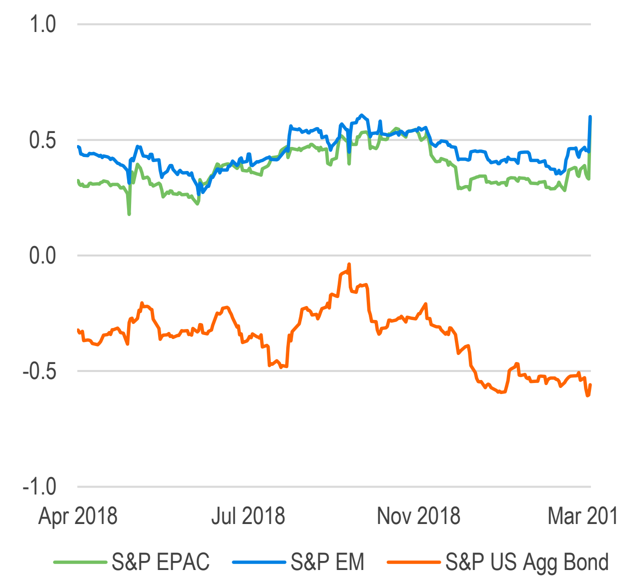
Global Equity Markets: 2019 YTD Cumulative Total Return



20-Day Volatility: 5-Year Historical Range



Rolling 3-Month Correlation to S&P 500



MILLIMAN FINANCIAL RISK MANAGEMENT

Market Commentary: March 2019

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MANAGED RISK INVESTING

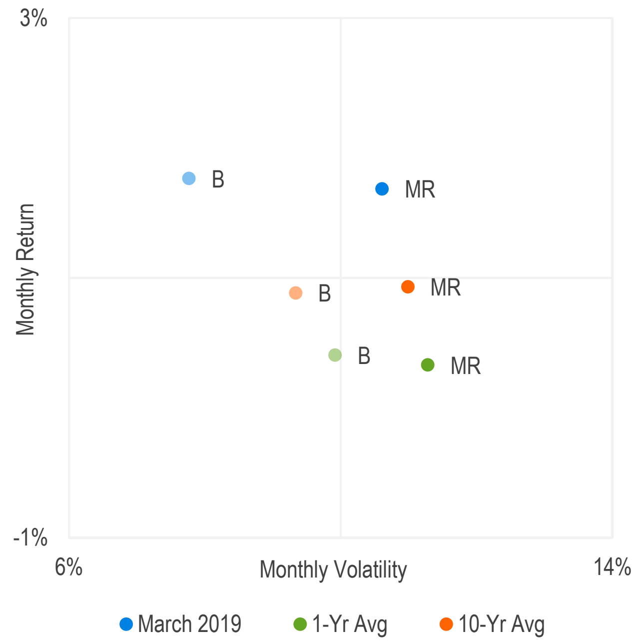
Managed Risk Benchmarks increased their equity exposure again in March.

- 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.
- After beginning the month with an equity allocation of 82%, the Index steadily increased its equity exposure to 96% by month end.
- With the US bond market posting its second-best month in the last 10 years, the return of the Managed Risk Index trailed a 70/30 blend* by eight basis points.
- Over the last 10 years, the average monthly return of the Managed Risk Index has exceeded the return of a 70/30 blend by five bps, generating an annualized excess return of 50 bps.

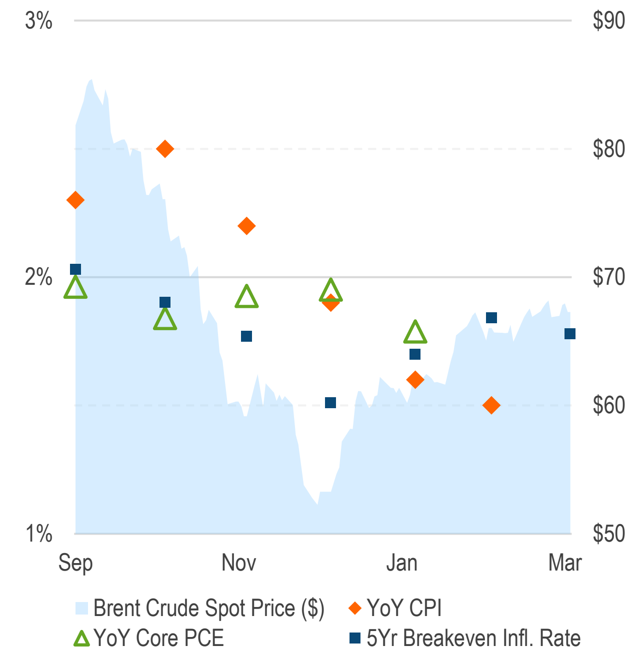
- In spite of its third straight monthly increase and 26% rise YTD, the price of Brent crude oil remains 21% below its 2018 high of $85.44.
- YoY CPI fell for the fourth consecutive month and now sits at 1.5%. The most recent reading of YoY PCE was also down from the previous month, as was the 5Yr breakeven rate of inflation.
- The US dollar rose 0.7% in March, the Fed's dovish pivot notwithstanding, which may signal that relative to other central banks, the Fed is still hawkish.
- As of month end, the fed funds futures market was indicating a 70% implied probability of a rate cut by the end of 2019 versus 0% chance of a hike.
- In addition to moving sharply lower, a larger portion of the yield curve became inverted during the month, with the 10-yr yield closing below the 1-yr yield for five straight days before finishing the month just one bp above it.
- Combined, these circumstances suggest that the extraordinary policy measures applied in the wake of the financial crisis are proving extraordinarily difficult to undo.

*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 March 31, 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	1.9%	1.7%	-0.6%	-3.3%	0.8%	0.9%	1.4%	1.6%	1.9%	0.7%	1.8%
3 Months	13.6%	8.5%	14.5%	11.6%	10.2%	9.4%	12.3%	2.5%	26.3%	0.2%	9.9%
6 Months	-1.7%	-3.7%	-5.3%	-10.8%	-3.5%	1.9%	-2.2%	3.9%	-17.8%	1.3%	-0.6%
1 Year	9.5%	6.5%	2.6%	1.6%	-3.1%	-6.5%	4.0%	3.9%	-3.3%	6.5%	6.6%
1M Volatility	12.2%	11.1%	16.1%	19.6%	10.1%	12.2%	10.7%	2.1%	12.1%	4.9%	7.8%

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