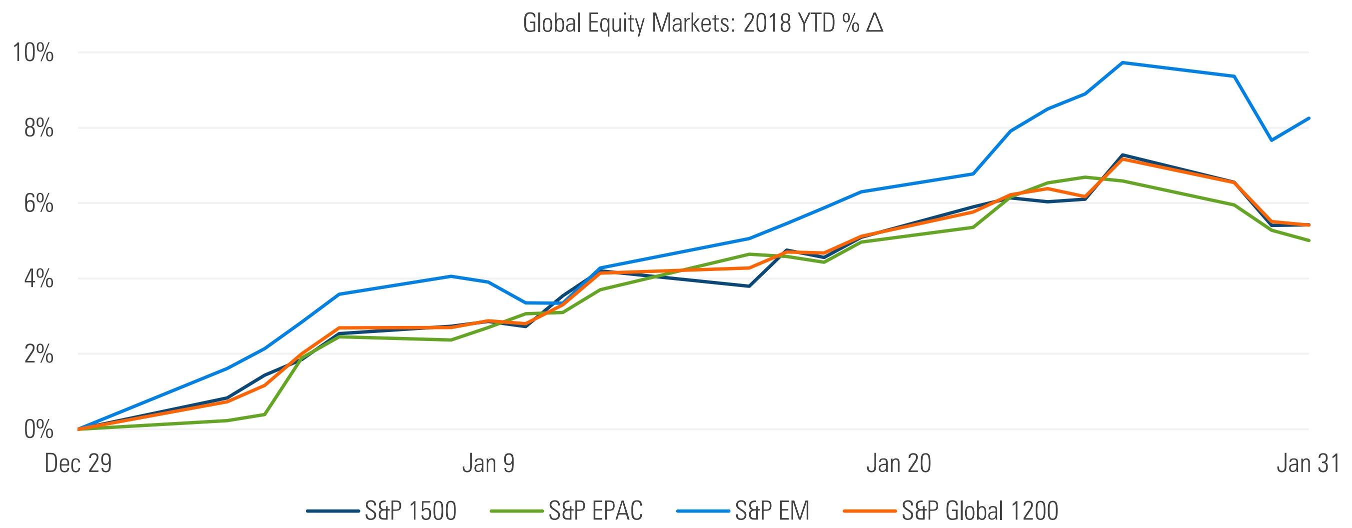
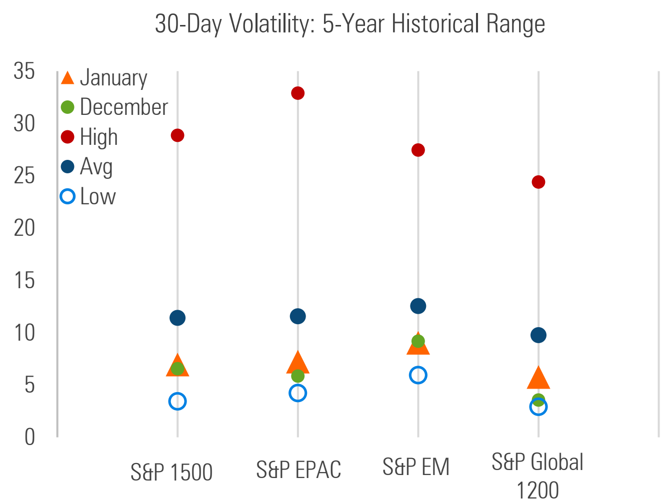
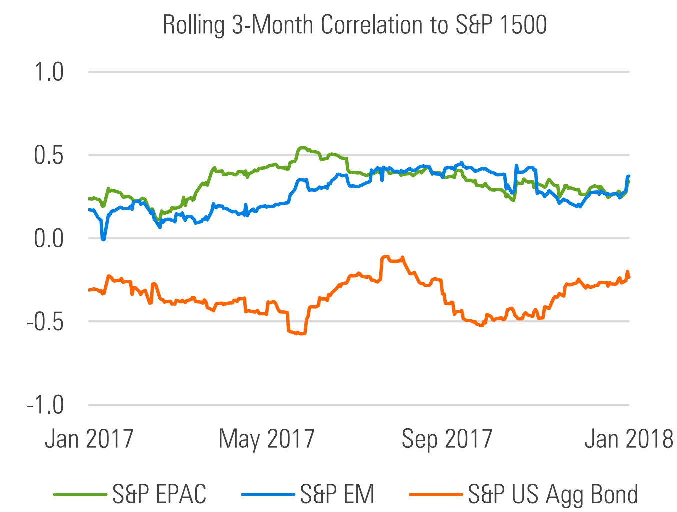
WITHOUT MISSING A BEAT, GLOBAL EQUITIES CONTINUED THEIR RALLY INTO 2018

- After rising 1.5% in December and finishing the year 24% higher, the global equity market roared out of the gate in January climbing 5.5% and notching its best start to a new year since 1994.
- Emerging market equities lead the way, rising nearly 10% before finishing the month up 8.2%. That brings its 12-month return to 41.3%, its best since April 2010.
- With the exception of emerging market equities, volatility edged slightly higher around the globe in January, but remained in a historically low range. The VIX reached its highest level since August.
- In the US, consumer discretionary stocks lead all sectors, rising 9.2% on the month, while interest-rate sensitive utilities lagged as the majority of the yield curve pushed sharply higher.
- The Fed left its interest rate unchanged at its Jan. 31 meeting, but noted that, "Inflation on a 12-month basis is expected to move up this year and to stabilize around the committee's 2 percent objective over the medium term."





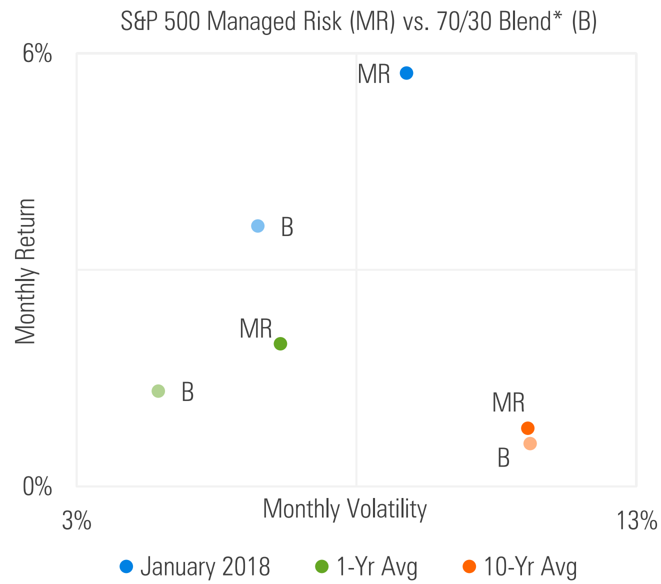


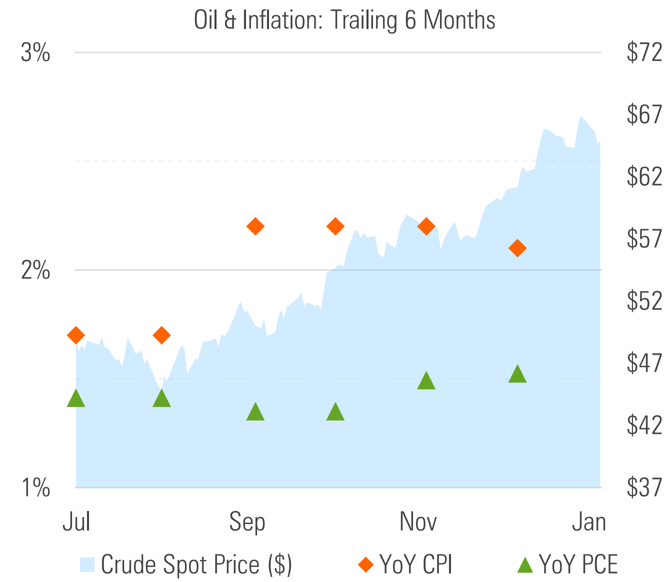
MANAGED RISK INVESTING

- Low equity-market volatility meant that the **S&P 500 Managed Risk Index**, which has an 18% vol cap and no fixed allocation to bonds, maintained a 100% equity allocation for the eighteenth consecutive month. It matched the return and volatility of the S&P 500 during the month while rising interest rates helped it outperform a 70/30 stock/bond* blend by 212 bps, but with higher volatility.
- Over the last 10 years, the Managed Risk Index has exhibited a slightly lower average monthly volatility than a 70/30 blend, while generating an average excess monthly return of 21 bps.

- Already down 8.5% in 2017, the US dollar fell another 3.4% in January, its largest monthly decline in almost two years.
- The spot price of crude oil climbed again in January and now sits 41% higher than it did just five months ago.
- Likely due at least in part to the weakening dollar and rising oil price, bond-market inflation expectations have risen to a three-year high.

*As measured by the S&P 500 Index and the S&P US Aggregate Bond Index.





Total Returns as of January 31, 2018

	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	US Dollar
1 Month	5.7%	5.7%	2.9%	2.5%	5.0%	8.2%	5.5%	-1.0%	6.4%	-3.4%
3 Months	10.2%	10.2%	6.9%	5.6%	7.8%	12.4%	9.2%	-0.7%	18.1%	-5.2%
6 Months	15.4%	15.4%	11.8%	11.9%	12.3%	18.3%	14.3%	-0.2%	32.5%	-2.9%
1 Year	26.4%	26.4%	17.6%	16.6%	28.0%	41.3%	27.4%	2.1%	21.2%	-9.3%
Volatility	8.3%	8.4%	9.1%	10.9%	6.9%	9.3%	6.9%	2.1%	16.5%	5.1%

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