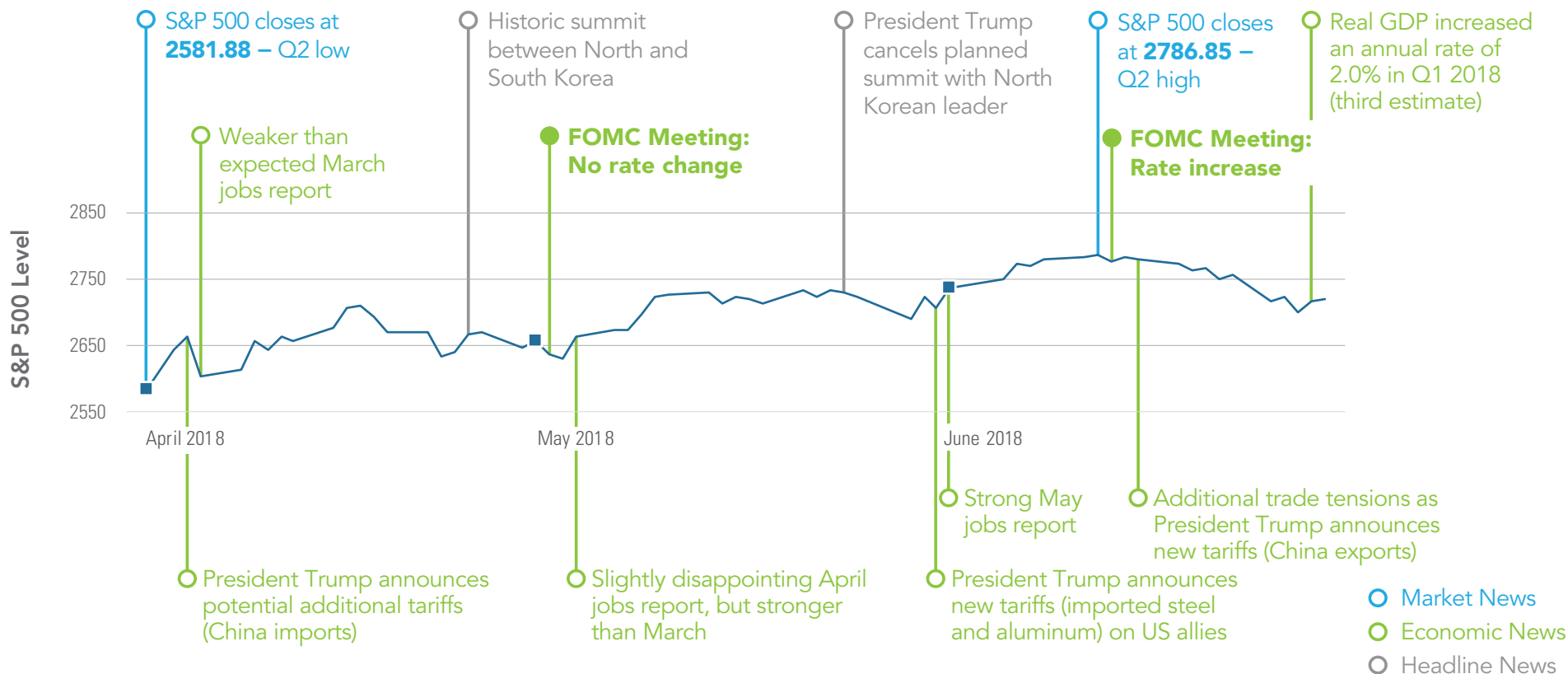


Second Quarter 2018 in Review

THE S&P 500® INDEX AND KEY EVENTS



1 During the quarter, pockets of the equity market soared—or soured

- Equity market volatility returned to normal in May and June, after being elevated in April.
- Primarily due to the stronger dollar, global equity markets diverged strongly – the US performed well; emerging markets trailed significantly. In particular, US small cap delivered a stellar quarter (Russell 2000® Index: 7.8%), outpacing both US large cap (Dow Jones® Industrial Average: 1.3%) and non-US developed (MSCI EAFE Index: -1.1%). In contrast, emerging markets were pummeled, returning a disappointing -7.9% (MSCI EM Index).

2 US bond markets disappointed across most sectors and maturities

- Both Treasuries and investment grade corporate bonds delivered sub-par returns in the second quarter (iShares 7-10 Year Treasury Bond ETF: -0.1%; S&P 500® Investment Grade Corporate Bond Index: -0.8%). After a rough first quarter, municipal bonds landed in positive territory (S&P Municipal Bond Index: 0.9%).
- Corporate high yield continued to struggle (S&P 500 High Yield Corporate Bond Index: -0.3%).

3 Important events

- While the US economic expansion continues, real GDP ticked downward for the third consecutive quarter (2.0% in the first quarter of 2018).
- The Federal Open Market Committee (FOMC) raised interest rates for the second time this year at the June meeting and confirmed the expectation for two additional increases in 2018.
- President Trump announced additional tariffs, causing a number of US industries to raise concerns.

Data as of 6/29/18, unless noted. Sources: Bloomberg, Bureau of Economic Analysis.

Important Information

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S&P 500 Index is an unmanaged index that is generally considered representative of the US equity market, consisting of 500 leading companies in leading industries of the US economy (typically large cap companies) representing approximately 75% of the investable US equity market. Dow Jones Industrial Average (a registered trademark of Dow Jones & Co., Inc.) is an unmanaged index composed of 30 common stocks. Russell 2000® Index consists of the smallest 2,000 securities in the Russell 3000® Index. This is the Frank Russell Company's small capitalization index that is widely regarded in the industry as the premier measure of small capitalization stocks. The Russell 3000 Index is composed of the 3,000 largest U.S. securities, as determined by total market capitalization. MSCI EAFE (Europe, Australasia, Far East) Index measures the equity market performance of countries considered to represent developed markets, excluding the U.S. and Canada. MSCI Emerging Markets (EM) Index measures the equity market performance of countries considered to represent emerging markets. The iShares 7-10 Year Treasury Bond ETF (IEF) seeks to track the investment results of an index composed of U.S. Treasury bonds with remaining maturities between seven and ten years. The S&P Municipal Bond Index is a broad, market value-weighted index that seeks to measure the performance of the U.S. municipal bond market. The S&P 500 High Yield Corporate Bond Index, a subindex of the S&P 500 Bond Index, seeks to measure the performance of U.S. corporate debt issued by constituents in the S&P 500 with a high-yield rating. The S&P Municipal Bond High Yield Index consists of bonds in the S&P Municipal Bond Index that are not rated or are rated below investment grade. The S&P 500 Investment Grade Corporate Bond Index, a subindex of the S&P 500 Bond Index, seeks to measure the performance of U.S. corporate debt issued by constituents in the S&P 500 with an investment-grade rating. The S&P 500 Bond Index is designed to be a corporate-bond counterpart to the S&P 500, which is widely regarded as the best single gauge of large-cap U.S. equities. One cannot invest directly in an index.

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