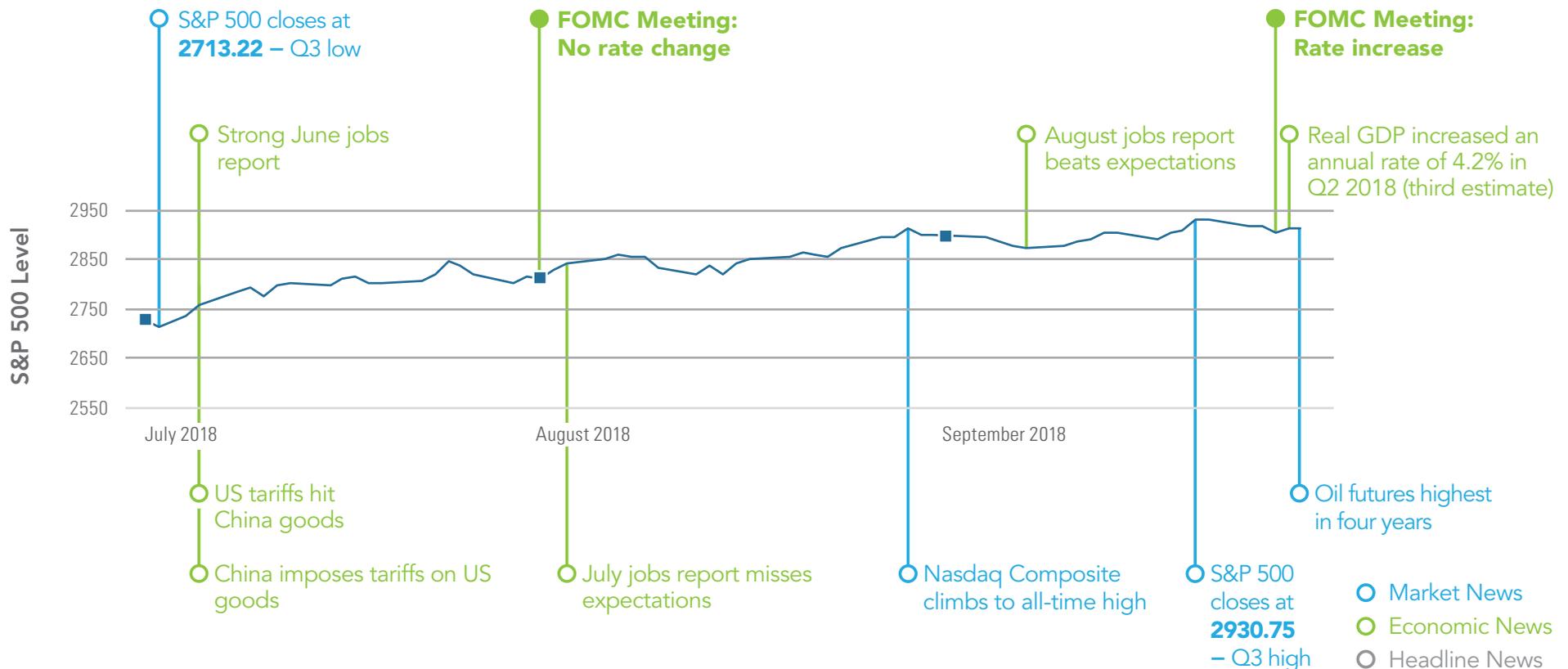


Third Quarter 2018 in Review

THE S&P 500® INDEX AND KEY EVENTS



1 During the quarter, the US equity markets was the top performer

- Both the S&P 500® and the Nasdaq Composite Index rose to all-time highs in the third quarter.
- US equities outperformed global markets; US large cap reflected the stellar quarter (Dow Jones® Industrial Average: 9.6%), outpacing both US small cap (Russell 2000® Index: 3.6%) and non-US developed (MSCI EAFE Index: 1.4%). Emerging markets continued its negative trend, returning -1.0% (MSCI EM Index).

2. US bond markets delivered mixed performance across sectors and maturities

- Treasuries had sub-par returns (iShares 7-10 Year Treasury Bond ETF: -0.7%) while investment grade corporate bonds finally turned in positive performance (S&P 500® Investment Grade Corporate Bond Index: 1.0%). After achieving a positive return in the second quarter, municipal bonds retreated to negative territory in the third quarter (S&P Municipal Bond Index: -0.1%).
- Corporate high yield was a bright spot (S&P 500 High Yield Corporate Bond Index: 2.3%).

3 Important events

- Real GDP leapt forward (4.2% in the second quarter of 2018) reversing the downward trend of the past several quarters.
- The Federal Open Market Committee (FOMC) raised interest rates for the third time this year at the September meeting and set the stage for an additional increase during the last quarter.
- The US and China place tariffs on each other's goods; multiple US industries continue to raise concerns.

Data as of 9/28/18, 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. Nasdaq Composite Index is a composite index covering price movements of all new world common stocks listed on the New York Stock Exchange. It is based on the close of the market on December 31, 1965, at a level of 50.00, and is weighted according to the number of shares listed for each issue. One cannot invest directly in an index.

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