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THIRD QUARTER 2020 MARKET RECAP

Can We "Elect" to Protect Our Money and Help it Grow?

How Will the Economic Recovery and the Election Impact Your Nest Egg?

Global stock markets have rallied off expectations for a near-term approval of a COVID-19 vaccine and additional economic stimulus. At the same time, the U.S. Federal Reserve ("Fed") and other central banks continue to backstop the bond markets and global economy by keeping interest rates artificially low. The global economic recovery provides a favorable backstop for stocks, but the decelerating pace of economic growth in the U.S. increases the importance of a timely approval and launch of a vaccine. While the latest polling data predicts a Biden victory and congressional "blue wave," 2016 has taught us that polling data may not be truly representative of how the electoral college votes. There is also the risk of a contested election given the significant amount of mail-in voting that will occur this election.

We generally maintain our conservative positioning within stocks and bonds since a timely approval and launch of a vaccine is not a certainty. We are also wary of a contested election and the aftermath of such a potential situation. As you may recall, in 2000, the U.S. stock market dropped 8.4% between election day and December 15, 2000, the date Al Gore conceded in the wake of the Supreme Court ruling that ended the Florida recount. Ultimately, however, the financial markets prefer certainty and history shows that stocks tend to rise in value during the first year of a presidency regardless of who is president or the makeup of congress[1].

U.S. Stocks

The Standard & Poor's 500 Index ("S&P 500"), which measures the performance of the 500 largest publicly traded companies in the U.S., rose 8.9% during third quarter 2020. The continued reopening of the U.S. economy, expectations of another big round of fiscal stimulus, and progress towards developing vaccines to treat COVID-19 helped drive investor sentiment over the course of the quarter. For the nine months ending 09/30/20 ("9M 2020"), which included a 35.3% market crash between 02/19/20 to 03/23/20, the S&P 500 was up 5.6%.

Within the S&P 500, consumer discretionary (+15.1%), materials (+13.3%), and industrials (+12.5%) were the best sectors in the third quarter while energy (-19.7%), real estate (+1.9%), and financials (+4.5%) were the sectors with the poorest results. Year-to-date through 09/30/20 ("YTD"), technology (+28.7%), consumer discretionary (+23.4%), and communication services (+8.6%) led all sectors while energy (-48.1%), financials (-20.2%), and real estate (-6.8%) were the worst performing sectors.

During 3Q 2020, value stocks, or shares of defensively oriented companies that generally have slower growth and higher dividend payouts, rose 4.8% while growth stocks, or shares of companies growing sales and profits faster than the broader market, increased 11.8%. Over the first nine months of 2020, growth stocks increased 20.6% while value stocks declined 11.5%. The Russell 2500 Index, a measure of domestic small and mid-capitalization stocks (U.S. companies with a market capitalization lower than $10 billion) increased 5.9% in 3Q 2020. YTD, the Russell 2500 Index is down 5.8%.

Expect a Vaccine and Infrastructure Spending Bill to Bend the "V-Check" Curve

As discussed in last quarter's market recap, the U.S. economy remains on a path of a "V-Check" recovery. The rapid "V-shaped" recovery in economic activity initially experienced after state and local jurisdictions began lifting shelter-in-place restrictions in June/July has decelerated into more of a "checkmark shaped" growth trend. Continued high unemployment and the inability of congress to enact additional fiscal policy support for unemployed individuals, small businesses, and state/local municipalities represent headwinds to a more rapid economic recovery. The Trump administration's failure to contain the spread of COVID-19 and the American public's refusal to fully embrace disease prevention recommendations (e.g. mask wearing, social distancing, hand washing) further exacerbates the U.S. economy's ability to recover at a faster pace. These factors have led the market strategists we consult with to conclude that U.S. economic recovery will continue to lose steam until a vaccine becomes broadly available, which they anticipate occurring as early as 1Q 2021. Furthermore, there is an expectation among these strategists, that regardless of who wins the presidency or controls congress, a substantial infrastructure spending bill will get enacted early next year given strong bipartisan support among republicans and democrats. Such a bill would provide an immediate boost to economic activity and job growth via accelerating the buildout of 5G networks and high-speed rail projects along with money for traditional infrastructure projects (e.g. highways, bridges, buildings).

Does It Matter Who Wins the Presidency and Controls Congress? No and Yes.

History shows that investors worry too much about which party wins the election. Since 1933, U.S. stocks have trended higher regardless of which party has been in office[2]. History also shows that there is very little difference between the average annual return for U.S. stocks under a unified government (+10.0%), a split congress (+10.4%), or a unified congress/president in other party (+7.4%)[1]. What matters most to investors is the certainty of knowing who will be in office over the next four years. With that said, if Joe Biden wins the presidency, there is near certainty he will raise the various personal and corporate tax rates, which were cut under the Trump administration. Again, history shows strong financial market results have occurred in years in which taxes have been raised with U.S. stocks rising 11% to 14% during the year taxes have been increased[2].

It is important to point out, however, that the political configuration of Congress post the November elections will have an impact on the size and scale of any infrastructure spending bill that congress may pass. This in turn will have implications on U.S. economic growth and ultimately U.S. stock market valuations. Under a Democratic sweep, where Biden takes the Presidency and Democrats control the House and Senate, the Democrats will have the motive and opportunity to pass a comprehensive infrastructure spending package. Under a Biden presidency and gridlocked Congress (Republican Senate and Democrat House), any infrastructure bill that becomes law is expected to be much smaller in scope given divisions within the Republican party over how to finance the spending bill.

Playing It Safe While Emphasizing More Cyclical Exposure

We realize the U.S. economy is in the early stages of a new business cycle, which usually provides a positive backdrop for stocks, but we are concerned over the dependence of the U.S. economic recovery on the successful development, commercialization and widespread deployment of a COVID-19 vaccine to reinvigorate economic growth. While we are highly encouraged about the timeline for potential FDA approval of one or more "passive" and/or "active" vaccines by year end, current stock valuations reflect a market that is not fully factoring in the potential risk of a development issue (e.g. serious adverse event, lack of efficacy) and/or manufacturing scale-up delay. Unfortunately, unlike other countries, such as Canada, China, and S. Korea, the U.S. has been unable to suppress its COVID-19-related death rate, because our government has not developed the ability to test, trace, or isolate and the American public does not have the wherewithal to fully embrace preventative measures. This further increases the importance of a vaccine to compensate for these deficiencies and to enable a more robust economic recovery.

We are maintaining our preference for owning shares of high quality, large capitalization ("cap"), companies with entrenched competitive positions and defensible cash flows. These stocks tend to have lower overall volatility compared to the broader market due to the strength of their businesses and the stability of their cash flows. If an effective vaccine is approved and commercially launched over the near-term, these stocks will still benefit from a "broadening out" of the U.S. stock rally, which to date has been predominately driven by a handful of mega cap "stay at home" technology stock themes. Our clients' exposure to higher beta smaller cap stocks (albeit at lower levels than we would normally recommending owning) will also disproportionately benefit due to their higher sensitivity to the economy and the equity markets. (Beta is a measure of the sensitivity of a stock to the price movements of a broad U.S. stock market index, such as the S&P 500).

As discussed above, the institutional portfolio managers and strategists we work with expect an infrastructure spending bill to become law in early 2021 regardless who wins the presidency and/or controls congress. This stimulus bill will likely be on top of a "stimulus light" measure, including aid to the airline industry, that is expected to be passed during the upcoming lame duck (post-election) season. For many clients, we are shifting direct investment out of a consumer staples sector fund and into sector funds that invest in industrials and information technology companies. These stocks will disproportionately benefit from the potential approval of an infrastructure spending bill next year. Stocks within these sectors are also highly cyclical and tend to outperform the broader equity market during the early-to-mid phase of an economic recovery. Most clients continue to own direct investment in the communication services sector, which provides exposure to most of "stay at home" stocks that have outperformed YTD due their ability to grow revenue and earnings during the COVID-19 nationwide lockdowns. These stocks should continue to garner investor interest due to their robust long-term growth rates, but we anticipate stocks within more cyclical sectors of the economy will begin to play "catch up" in terms of closing their discounted valuations relative to these stocks.

Foreign Stocks

The rebound in foreign stocks, both international developed markets and emerging markets, continued to trail U.S. stocks during 3Q 2020. The MSCI EAFE Index ("Europe, Australia-Asia, and Far East"), which measures the U.S. dollar-denominated ("USD") return of medium-to-large company stocks in developed markets outside of the US and Canada, increased 4.8% during the third quarter. Developed market stocks continue to underperform U.S. stocks due to their greater exposure to more cyclical businesses (e.g. travel/leisure, financials, and industrials). Stocks within these industries have lagged the recovery in more dynamic sectors such as technology and communication services, due to their higher sensitivity to macroeconomic conditions and global export demand. During the first nine months of 2020, the MSCI EAFE Index declined 7.1%.

Developed international small-to-mid ("smid") cap stocks, as measured by the MSCI EAFE SMID Cap (U.S. dollar) Index, rose 8.8% in 3Q 2020. While developed international smid cap stocks have even greater exposure to cyclical industries as compared to their large cap peers, they continued to outperform the MSCI EAFE Index. This is due to continued retracing of the significant underperformance relative to international developed large cap stocks during the February/March bear market. Fiscal policy support implemented in the wake COVID-19 has also disproportionately favored small-to-medium sized firms. During 9M 2020, the MSCI EAFE SMID Cap Index declined 4.7%.

Emerging market stocks (countries with less than a $25,000 per capita income), as measured by the MSCI Emerging Markets USD Index, rose 9.6% (on a U.S. dollar-denominated basis) in 3Q 2020. During the quarter, emerging market stocks benefited from a weaker U.S. dollar and strong results from both Chinese stocks and stocks within countries leveraged to China's economy. As of 06/30/20, China accounted for 41% of the value of the MSCI Emerging Markets USD Index while major Asian trading partners with China, namely Taiwan, S. Korea, and Thailand, comprised 26% of the index[3]. YTD through September 30, 2020, emerging market stocks dropped 1.2%.

The MSCI China (U.S. dollar) Index was up 12.5% during third quarter 2020 while stocks within the broader Asia Pacific region (ex-Japan), as measured by the MSCI AC Asia Pacific ex Japan (U.S. dollar) Index, rose 9.5%. Successful containment of COVID-19, targeted fiscal stimulus measures, and strong export demand from the U.S. have enabled China to experience a robust economic recovery, which provided a positive backdrop for both Chinese and Asia Pacific region stocks. Over the first nine months of 2020, Chinese stocks rose 16.5% while Asia Pacific stocks increased 2.8%.

Foreign Stocks Are More Attractive Than U.S. Stocks

We continue to prefer foreign stocks (international developed market and emerging market) over U.S. stocks from both a valuation and fundamental perspective. Foreign stocks currently trade at a meaningful discount to U.S. stocks, and offer the opportunity to generate a 9% to 13% return by just reverting back to their average 20-year valuation relative to U.S. stocks[4]. The market strategists we consult with also expect foreign stocks to experience an additional valuation boost from improving currency trends relative to the U.S. dollar going forward.

The recovery in international developed market corporate earnings growth will be supported by faster economic recoveries within key markets. This is due in part to international developed markets being further along in their COVID-19 infection curves and more effective control of the impact of the virus (as measured by much lower death rates as compared to the U.S.). All key economies have also enacted substantial monetary and fiscal policy support. The most significant being the European Union's ("EU") $1.6 trillion spending package that includes a $655 billion package of loans and grants to countries most impacted by COVID-19 (namely France, Spain, and Italy).

The worldwide recovery in manufacturing activity and the near "V-shape" recovery in China bodes well for international developed markets, which derive much higher economic growth and corporate earnings from manufactured basic material and durable good product exports relative to the U.S. The seemingly unending Brexit saga (i.e. the United Kingdom's withdrawal from the European Union) should achieve a meaningful milestone by year-end as both parties work towards a more extensive exit agreement.

The emerging market consumption growth megatrend fueled by the wealth effect and an expanding middle class underpins the attractiveness of owning emerging market stocks. Emerging markets are forecast to grow almost three times as fast as developed markets over the next five years and seven of the 10 largest economies by 2030 are projected to be emerging markets[5]. We are especially encouraged by the sharp snapback in economic activity in China. Real-time, "high frequency" economic activity data measures, such as power plant coal consumption, container freight activity, and traffic congestion, show that China's economy already reached 90% of pre-COVID levels in July[6]. We maintain our tactical emphasis on Asian-Pacific region equities as the companies in these countries are most leveraged to the growth dynamics set to playout in China and the broader emerging markets over the next ten years.

Real Assets

The S&P Real Asset Index rose 2.9% in third quarter 2020. The S&P Real Asset Index measures the results of securities tied to physical assets including those that can produce relatively stable income streams, such as real estate and infrastructure assets, and inflation-sensitive real assets (e.g. hard commodities, natural resources, and inflation-linked bonds). Low bond yields supported demand for higher yielding, income generating global real estate and infrastructure assets last quarter. Inflation-sensitive real assets benefited from rising inflation expectations driven by the significant increase in the U.S. Federal deficit, which is expected to reach $3.3 trillion or more than three times the shortfall recorded in 2019[5]. During 9M 2020, the S&P Real Asset Index declined 8.2%.

The Alerian US Midstream Energy Index, which measures the results of U.S. companies that gather, process, transport, and store oil and gas, declined 12.9% during the third quarter. After rising over 50% in the prior quarter, the U.S. midstream energy sector underperformed the broader equity markets due to concerns over excess pipeline capacity and Gavin Newsom's executive order banning the sale of new gasoline-powered cars and pickup trucks in California by 2035. YTD, the U.S. midstream energy sector is down 41.9%.

Real assets provide a viable substitute to owning more bonds given the relatively steady stream of income they generate given how low interest rates are. Real assets also provide a hedge against an unanticipated rise in inflation expectations because of the significant amount of debt that has been printed by the U.S. government and the potential implementation of a comprehensive infrastructure spending program. We also see value in owning real assets as they also provide exposure to gold and other precious metals, which tend to rise during heightened periods of market uncertainty.

The U.S. midstream energy sector has been the quintessential "baby being thrown out with the bathwater." The sector's 2020 and 2021 EBITDA (Earnings Before Income Taxes, Depreciation & Amortization or operating profit plus amortization/depreciation) estimates have only been cut by 0.5%

and 3.8%[8], respectively, whereas operating profit estimates for the S&P 500 were slashed by 26.8% and 15.6% for the same periods[9]. (Midstream energy companies have substantial higher non-cash amortization/depreciation charges relative to the broader market thus using EBITDA is an appropriate measure for comparing operating performance.) Furthermore, there were no cuts to midstream energy cash distributions during 2Q 2020[10], despite significant write-downs and dividend cuts within both the exploration/production and “supermajor” integrated oil and gas industries. (Supermajors, which are the largest companies in the energy industry, are fully integrated because they produce, distribute, refine, and sell oil and gas). The disparity in operating results and expectations between midstream energy companies, their energy sector peers, and the broader market indicates the YTD price declines are much more a function of overall negative energy sentiment versus a structural breakdown in midstream fundamentals. The degree of negative energy sector sentiment is best reflected in the S&P 500 Energy Index’s largest holding, a supermajor that accounts for 24% of the index[11], which is down 50% YTD.

We generally recommend maintaining exposure to midstream energy companies but will look for opportunities to harvest losses in taxable accounts where appropriate. We expect 2021 to be a breakout year for midstream energy stocks given the continued ultra-low interest rate environment and the sector’s significant yield differential versus the market and other higher yield equity sectors (9.6% versus 3.5% for real estate investment trusts, 3.4% for utility stocks, 1.8% for the S&P 500)[12]. A significant decline in gross capital spending among midstream companies due to lower drilling activity also provides the potential for greater shareholder friendly capital deployment (e.g. share buybacks) while maintaining dividend payments. A stock buyback program not only provides support to the underlying share price of a company, but it sends a strong signal to investors regarding the relative low valuation of the company compared to the broader stock market.

Alternatives

The Credit Suisse Liquid Alternatives Index, which measures the returns of investment assets/strategies that have very low correlation (i.e. relationship) to traditional stocks and bonds (i.e. “alternatives”), rose 2.8% in third quarter 2020. The recent stock market correction demonstrated the benefits of owning alternative assets/strategies to lower overall portfolio volatility. Due to their differentiated return streams, alternative assets/strategies experienced a much lower drawdown of 2.8% between 09/02/20 to 09/23/20 as compared to U.S. stocks, which fell 9.6% during the same period[13]. Over the first nine months of 2020, alternative assets/strategies rose 1.8%. We continue to advocate owning alternative assets/strategies to lower overall portfolio risk. When we have greater comfort with the global macroeconomic backdrop, we will consider using clients’ existing investments in this asset class as a source of capital to redeploy into other equity sectors with more compelling risk-adjusted return potential.

U.S. Fixed Income (U.S. Bonds)

The Bloomberg Barclays US Aggregate Bond Index (“Barclays Agg”), a measure of high-quality U.S. bonds of all types (i.e. “core bonds”), rose 0.6% in 3Q 2020. Investment grade corporate bonds, as measured by the Bank of America Merrill Lynch U.S. Corporate Bond Index once again outpaced U.S. Treasury bonds rising 1.7% during the quarter versus +0.2 percent for the Bloomberg Barclays Aggregate Treasury Index. With the entire Treasury bond real yield curve dropping into negative territory during the quarter, investors have increased their demand for corporate bonds to generate returns that have the potential to outpace inflation. (A real yield is the current yield of a bond less the rate of inflation.) Corporations have taken advantage of this demand by issuing debt at a record $3.5 trillion annualized pace this year[14]. For perspective, the highest single year of corporate debt issuance occurred in 2007 when approximately $1.7 trillion of debt was issued by corporations[14]. For 9M 2020, U.S. core bonds and investment grade corporate bonds were up 6.8% and 6.6% respectively while Treasury bonds led all investment grade sectors, rising 8.9% over the same period.

The S&P National Municipal Bond Index, which is designed to measure the returns of the investment grade, tax-exempt bond market, increased 1.0% in the 3Q 2020. Investor appetite for municipal bonds grew over the quarter due to an improvement in economic conditions as state and local governments loosened lockdown restrictions allowing more businesses to reopen. Investor sentiment was also boosted by increased expectations of fiscal support for municipalities. The S&P National Municipal Bond Index has risen 3.0% during the first nine months of 2020.

International Fixed Income (Foreign Bonds)

Outside of the U.S., the Bloomberg Barclays International Aggregate Bond USD ("U.S. Dollar") Index, a measure of international developed markets investment grade bonds of all types, rose (in US dollar terms) 4.1% in 3Q 2020. Central Bank monetary policy, such as the European Central Bank ("ECB") $700 billion Pandemic Purchase Program, provided support to both investment grade international developed market sovereign bonds and corporate bond markets. During the quarter, the S&P International Government Bond Index rose 4.5% while the S&P International Corporate Bond Index increased 5.6%. YTD, the Bloomberg Barclays International Bond USD Index was up 4.8% while international devolved market sovereign and corporate bonds increased 6.1% and 5.0% respectively over the same period.

The Bloomberg Barclays Emerging Markets Aggregate Bond Index, which measures the results of U.S. dollar-denominated debt of emerging market government and corporate issuers, increased 2.4% in third quarter 2020. Demand for Chinese government bonds was a key driver of results during the quarter due their single-A credit rating (i.e. rated upper medium investment grade by Standard & Poor's) and higher yields relative to the U.S. and other developed markets. For 9M 2020, the Bloomberg Barclays Emerging Markets Aggregate Bond Index rose 1.9%.

Low Interest Rates Through 2023

At its most recent Federal Open Market Committee ("FOMC") meeting on September 15-16, the Fed made it clear that it does not expect to raise short-term interest rates through 2023. The Fed wants to keep its target for short-term rates within a range of 0.00% to 0.25% to promote job growth given the high unemployment rate (7.9% as of 09/30/20) and the 10.8 million jobs that have been lost as a result of the COVID-19 pandemic. The Fed also announced at its last FOMC meeting that it has adopted an "average-inflation-targeting regime." This simply means the Fed will allow inflation to run above its 2.0% inflation target for as long as it takes for the rolling average trend of inflation to reach 2.0%. By letting inflation run "hotter," the Fed mitigates the risk associated with deflationary pressures brought on by the current high unemployment rate and uncertain job environment. In other words, when people do not have jobs or are worried about the stability of their job, they purchase less goods and services, which leads to lower prices. Declining prices, or deflation, ultimately results in lower corporate revenues, which leads to lower wage increases and fewer new job openings. Deflation can also cause consumers to delay their purchase decisions given the expectation of lower future prices.

Look for Stability with Bonds but Not Outsized Returns

The U.S. economic recovery is decelerating, and meaningful progress towards a full recovery, especially within the leisure, hospitality, travel, and restaurant industries, will not occur until we have better control over COVID-19. Unfortunately, due to the structural issues discussed above, this will not happen until the approval and commercial launch of a safe and effective vaccine (not to mention the uptake of a vaccine and the need to vaccinate the majority of the U.S. population). With most investment grade bond yields at or near historic lows, investors will unlikely experience the same returns they may have grown accustomed to over the past several years. This is especially true given the Fed's intention to keep rates low through at least 2023. It is not prudent, however, to attempt to increase the return potential of our clients' bond holdings through direct investments in high risk categories, such as high yield ("junk") bonds or convertible debt until we have greater confidence in the underlying strength of the U.S. recovery. Instead, we continue to advocate using equities to increase the risk-adjusted return profile of client portfolios, while owning a globally diversified mix of predominately investment grade bonds to stabilize returns, especially during periods of heightened financial market volatility.

Generally, we continue to recommend replacing a portion of high-quality bond exposure with national municipal bond strategies for clients in high income tax brackets. Municipal bonds offer attractive tax-equivalent yields as compared to U.S. Treasury bonds and investment grade corporate debt. In addition to continued Fed policy support, future fiscal stimulus measures are expected to provide more direct financial support for state and local governments, which will further stabilize the municipal bond markets.

For most clients, we still recommend owning emerging market bonds for their attractive yields and long-term growth potential. We are cognizant of the near-parabolic rise in COVID-19 cases in the emerging markets. The managers we use to gain access to these markets focus investment on countries with relatively strong balance sheets and the policy capacity to weather the pandemic. These managers also have the flexibility to take advantage of price dislocations within affected countries to pick up high-quality debt issues at deep discounts.

A Shot in the Dark?

The U.S. economy needs a COVID-19 vaccine to achieve a full recovery, and we remain encouraged that a safe and effective COVID-19 vaccine has a good "shot" of making it to market. However, there are too many uncertainties underpinning the stock market's expectation for a flawless approval, launch, and, ultimate, adoption of a vaccine over the coming months. The potential for a contested election is not fully discounted into current stock prices. (i.e. stock valuations do not fully reflect the potential risk of President Trump refusing to concede power under a narrow Biden victory). We maintain our conservative positioning within stocks and bonds due to these uncertainties. We stand ready to adjust our client portfolios accordingly upon firmer signs that U.S. economic growth is gaining more traction.

We Want to Help You Attain Your Financial and Personal Goals!

The general information in this report is not intended to reflect our specific recommendations for any client portfolio. Please contact us with any questions to discuss your personal goals and your investment portfolio.

We invite you to visit our new website at www.ginsburgadvisors.com. Here you will learn more about our services, client value proposition, and our team. The site also has a useful "Resources" section where you can access our previous market commentaries, watch informative videos, download our latest staff contact list, and access useful financial calculators and web links. Please be sure to check our website periodically, as we will be updating the functionality of the site to include a client portal and other useful applications.

We welcome the opportunity to discuss your goals and the most appropriate strategy to attain them. We are also honored to speak to any of your friends, associates, or relatives should they have an interest in our financial planning or investment management services.

Please stay healthy and safe!

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This information was compiled by Ginsburg Financial Advisors.

Unless otherwise noted, financial data are as of June 30, 2020

All economic and performance information is historical and not indicative of future results. The market indices discussed are not actively managed. Investors cannot directly invest in unmanaged indices. Please consult your financial advisor for more information.

Additional risks are associated with international investing, such as currency fluctuations, political and economic instability, and differences in accounting standards.

The return and principal value of bonds fluctuate with changes in market conditions. If bonds are not held to maturity, they may be worth more or less than their original value.

Index descriptions:

-Alerian Midstream Energy Index. The capped, float-adjusted, capitalization-weighted index, whose constituents earn the majority of their cash flow from midstream activities involving energy commodities, is disseminated real-time on a price-return basis (AMNA) and on a total-return basis (AMNAX).

-Bank of America Merrill Lynch U.S. Corporate Bond Index- BofA Merrill Lynch US Corporate Index – ETF Tracker. The Index is an unmanaged index comprised of U.S. dollar denominated investment grade corporate debt securities publicly issued in the U.S. domestic market with at least one-year remaining term to final maturity.

-Bloomberg Barclays Emerging Markets Aggregate Bond Index- The emerging markets bond index (EMBI) is a benchmark index for measuring the total return performance of international government and corporate bonds issued by emerging market countries that meet specific liquidity and structural requirements. Despite their increased riskiness relative to developed markets, emerging market bonds offer several potential benefits such as portfolio diversity as their returns are not closely correlated to traditional asset classes.

-Bloomberg Barclays International Aggregate Bond USD ("U.S. Dollar") Index- The Bloomberg Barclays US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate pass-throughs), ABS and CMBS (agency and non-agency).

-Bloomberg Barclays US Aggregate Bond Index, or the Agg, is a broad base, market capitalization-weighted bond market index representing intermediate term investment grade bonds traded in the United States.

-Credit Suisse Liquid Alternatives Index- The Credit Suisse Liquid Alternative Beta Index (CSLAB), which aims to reflect the performance of the global hedge fund industry, finished up 0.58% in August. The Event Driven strategy was the strongest performer for the month, and finished up 1.39% in August, and up 7.87% year-to-date

-MSCI China (U.S. dollar) Index- The MSCI China Index captures large and mid-cap representation across China A shares, H shares, B shares, Red chips, P chips and foreign listings (e.g. ADRs). With 711 constituents, the index covers about 85% of this China equity universe.

-MSCI EAFE Index is a stock market index that is designed to measure the equity market performance of developed markets outside of the U.S. & Canada.

-MSCI EAFE SMID Cap Index captures mid and small cap representation across Developed Markets countries around the world, excluding the US and Canada. With 2,865 constituents, the index covers approximately 28% of the free float-adjusted market capitalization in each country*

-MSCI Emerging Markets Index stands for Morgan Stanley Capital International (MSCI), and is an index used to measure equity market performance in global emerging markets.

-Russell 2500 Index is a broad index, featuring 2,500 stocks that cover the small- and mid-cap market capitalizations.

-S&P (Standard & Poor's) 500. A market capitalization-weighted index of 500 widely held stocks often used as a proxy for the US stock market. It measures the movement of the largest issues. Standard and Poor's chooses the member companies for the 500 based on market size, liquidity and industry group representation. Included are the stocks of industrial, financial, utility, and transportation companies. Since mid-1989, this composition has been more flexible and the number of issues in each sector has varied.

-S&P International Corporate Bond Index- S&P International Corporate Bond Index is an investable index of non-U.S. Dollar corporate bonds issued by non-U.S. investment grade issuers. The index seeks to measure the performance of corporate bonds issued in the non-U.S. Dollar G10 currencies

-S&P National AMT-Free Municipal Bond Index is a broad, comprehensive, market value-weighted index designed to measure the performance of the investment-grade tax-exempt U.S. municipal bond market. Bonds issued by U.S. territories, including Puerto Rico, are excluded from this index.

-S&P Real Assets Index is the first index of its kind designed to measure global property, infrastructure, commodities, and inflation-linked bonds using liquid and investable component indices that track public equities, fixed income, and futures.

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