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MONTHLY MARKET COMMENTARY | NOVEMBER 2019

Equities Shine in November

Monthly Snapshot

- Equities continued to climb around the globe during November as volatility trended lower. Government bond rates increased in the U.S., U.K. and eurozone.
- The U.S. and China appeared close to settling the first phase of a multi-part trade deal aside from an impasse over the degree of tariff rollbacks. Progress was interrupted in late November following the passage of a U.S. law supporting democracy in Hong Kong—enflaming divisions between U.S. and Chinese leaders.
- As always, we believe in a diversified approach to investing—and that it is especially important for those with long time horizons to avoid trying to time the market or making outsized sector or regional bets.

Equities continued to shine brightly around the globe during the full month of November as volatility trended lower. U.S. stocks maintained a steady ascent; U.K. stocks began the period with a rally, which was quickly erased by a downtrend before bouncing back sharply to finish higher. European and Japanese equities plateaued for most of November after a gleaming start.

Hong Kong and mainland Chinese equities started November with sharp rallies, but ultimately ended lower after similarly sharp selloffs gave way to a volatile second half. Brazilian stocks advanced for the full period, mounting a sizeable recovery from a mid-month decline.

Government bond rates increased in the U.S., U.K. and eurozone during November. Oil prices generally advanced outside of a mid-month drop, which was driven by a report about Russia's hesitance to deepen supply cuts. However, the oil-producing nation apparently remained committed to production constraints as part of its non-member alliance with the Organization of the Petroleum Exporting Countries (OPEC), which cut its medium- and long-term forecast for oil demand.

The U.S. and China appeared close to settling the first phase of a multi-part trade deal during November, agreeing on the necessity of mutual tariff rollbacks—even if still negotiating the degree of such reductions (China wanted the U.S. to remove all tariffs, which remained a non-starter for U.S. negotiators). Signs of trade-talk progress were interrupted, however, when President Donald Trump signed into law a bill that supports democracy in Hong Kong—where protests have been escalating for months. This enflamed divisions between the U.S. and Chinese leaders. China maintained its desire to secure a deal, but now asserted willingness to respond to further trade-war escalations.

Elsewhere, the U.S. delayed a decision on whether to impose tariffs on European automobiles for another six months. At the beginning of December, President Trump announced that steel and aluminum imports from Brazil and Argentina would once again be subject to tariffs after earning exemptions in May 2018.

Key Measures: November 2019

EQUITY	
Dow Jones Industrial Average	4.11% ↑
S&P 500 Index	3.63% ↑
NASDAQ Composite Index	4.64% ↑
MSCI ACWI Index (Net)	2.44% ↑
BOND	
Bloomberg Barclays Global Aggregate Index	-0.76% ↓
VOLATILITY	
Chicago Board Options Exchange Volatility Index PRIOR MONTH: **13.22**	11.29 ↓
OIL	
WTI Cushing crude oil prices PRIOR MONTH: **$54.18**	$55.17 ↑
CURRENCIES	
Sterling vs. U.S. dollar	$1.29 ↓
Euro vs. U.S. dollar	$1.10 ↓
U.S. dollar vs. yen	¥109.51 ↑

Sources: Bloomberg, FactSet, Lipper

Domestic U.S. political strains flared in light of a series of public hearings in the House of Representatives, led by the Democratic Party, as part of an impeachment inquiry into Trump. The hearings centred on allegations that he asked Ukrainian President Volodymyr Zelensky to conduct and publically announce investigations into Trump's political opponents—in exchange for $400 million of congressionally approved military aid and a meeting at the White House.

As an explicit act of good will toward North Korea, the U.S. postponed a joint military drill with South Korea that was scheduled for mid-November. However, North Korean officials demanded that joint military drills be stopped altogether if the U.S. wants to resume nuclear disarmament negotiations. At the same time, a meeting between U.S. and South Korean officials over defense spending was cut short over South Korea's apparent unwillingness to accept an increased share of the burden for U.S. military stationed on the Asian peninsula. On a positive note, top U.S. defense officials succeeded in pressuring South Korea and Japan to retain a military information-sharing agreement, at least temporarily, that was otherwise set to lapse in late November amid a trade war between the two East Asian countries.

U.K. opinion polling showed the Conservative Party as set to win an outright majority of seats in the House of Commons at a December 12 general election, although with a narrowing projected lead over the course of November. A Conservative majority would keep Prime Minister Boris Johnson at the helm of the U.K. government, enabling him to execute its plan to exit the EU on January 31, 2020.

The Iranian government reignited a set of centrifuges to enrich uranium in early November, representing its latest step away from its commitment to the 2015 multi-party nuclear disarmament agreement. Protests over fuel price increases reached more than one hundred Iranian cities; the Islamic Republic turned off the internet for part of November as it cracked down on riots that extended to the burning of banks and petrol stations.

Central Banks

- The Federal Open Market Committee (FOMC) did not meet during November after announcing an expected 0.25% decrease in the federal-funds rate toward the end of October. It was the third cut in as many meetings, but minutes from the October meeting suggest committee members will return to a data-dependent posture. Markets have interpreted this stance as unlikely to produce another cut at the FOMC's final meeting of the year in December.

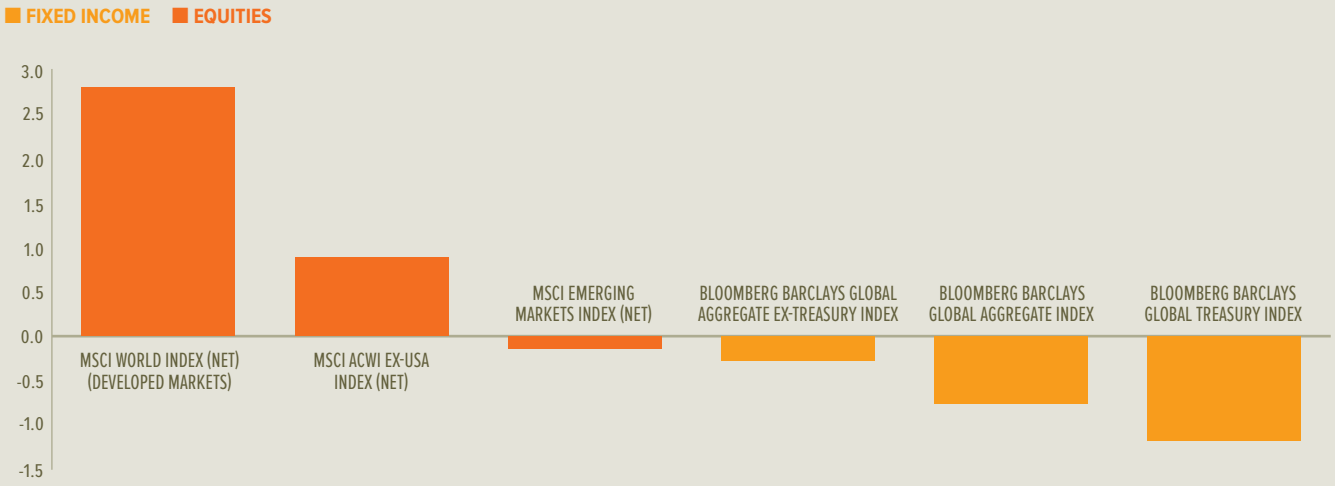
- The Bank of England's Monetary Policy Committee kept the Bank Rate unchanged at 0.75% following its early November meeting. However, two out of nine committee members voted for a 0.25% rate reduction, the first expressed preference for a rate cut since the immediate aftermath of the Brexit vote in 2016.

- The European Central Bank (ECB) did not hold a formal monetary-policy meeting in November. Christine Lagarde began her tenure as president of the ECB during the month; during her first speech in the role, she made an overture for better-targeted fiscal spending and more government investment by the EU's more frugal members.
- The Bank of Japan held no monetary-policy meeting in November, and announced no change in its program following its late-October meeting.
- The People's Bank of China (PBOC) trimmed the one-year Loan Prime Rate (LPR) to 4.15% from 4.20%, the third cut in recent months. The latest decrease in the LPR closely followed cuts to the central bank's seven-day reverse repurchase rate and medium-term lending-facility rate. Taken together with an explicit call by the PBOC in mid-November for China's financial sector to extend credit to struggling companies, these moves represent an acknowledgement by the central bank of the increased economic pressures on China this year.

Economic Data

- Conflicting reports on U.S. manufacturing conditions depicted slow but steady growth on one hand, and middling but persistent contraction on the other. Services sector activity picked up in November from almost no expansion to modestly healthier levels. Overall economic growth was measured at a 2.1% annualized rate in the third quarter, slightly higher than both a preliminary estimate and the second-quarter annualized rate.
- A contraction in U.K. manufacturing conditions deepened in November, while services-sector activity also began to contract during the month. The claimant count U.K. unemployment rate ticked up to 3.4% in October from

Major Index Performance in November 2019 (Percent Return)



Sources: FactSet, Lipper

3.3%, while the three-month average decreased from 3.9% to 3.8% for the July-to-September period. However, average year-over-year earnings growth declined from 3.8% to 3.6% for the same three-month period. Overall economic growth returned to the U.K. during the third quarter, with an early report of gross domestic product showing a 0.3% quarterly growth rate (1.0% year over year), after a contraction of 0.2% in the second quarter (and year-over-year growth of 1.3%).

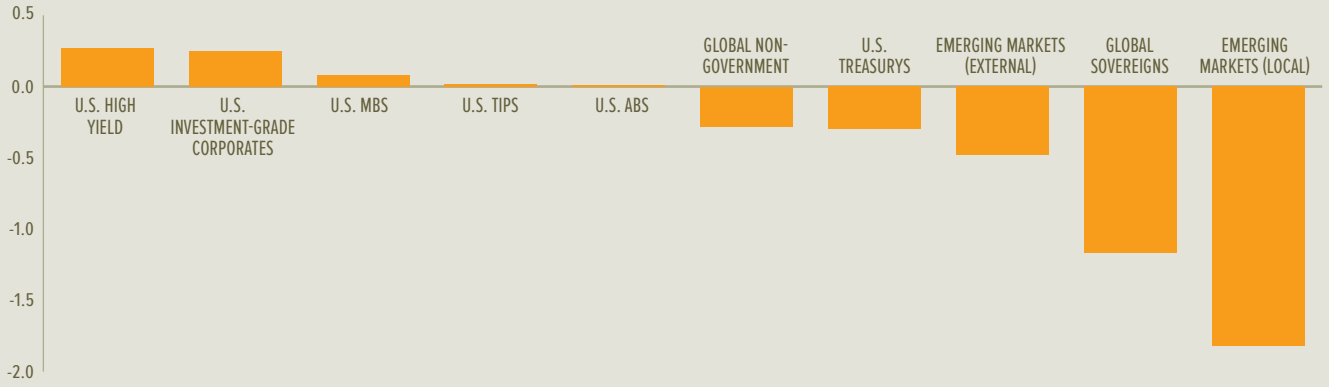
- Eurozone manufacturing slowed by less in November than during October, but remained well inside contraction territory, while services sector growth slowed. The unemployment rate in the eurozone declined to 7.5% from an upward-revised 7.6% in October. Eurozone economic growth remained sluggish in the third quarter, holding at 0.2% for the three-month period and increasing to 1.2% year over year (from 1.1% year-over-year growth in the second quarter).

Portfolio Review

U.S. equities underwent a sharp advance in November, with small-cap stocks outshining large caps and growth surpassing value. In aggregate, our large-cap strategies[1] performed well as a result of an overweight to healthcare and stock selection within consumer staples, while an underweight to information technology detracted. Our small-cap strategies were hurt by their defensive positioning amid a bullish environment. Overseas, our international developed-market equity strategy performed well on the strength of selection in financials, consumer staples and healthcare, along with an overweight to information technology; the only substantive detractor from a sector standpoint was an underweight to materials. The most significant contributor at the country level was an allocation to Canada, followed by an overweight to and selection in

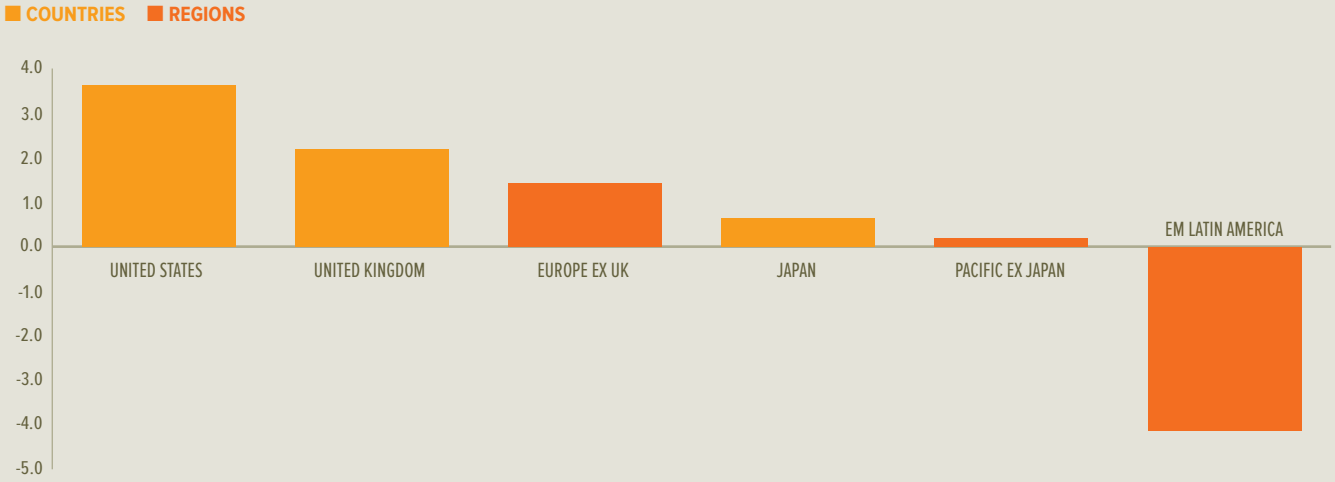
[1] Individual holdings will differ between strategies. Not representative of our passive strategies.

Fixed-Income Performance in November 2019 (Percent Return)



Sources: FactSet, Lipper. See "Corresponding Indexes for Fixed-Income Performance Exhibit" in the Index Descriptions section for more information.

Regional Equity Performance in November 2019 (Percent Return)



Sources: FactSet, Lipper. See "Corresponding Indexes for Regional Equity Performance Exhibit" in the Index Descriptions section for more information.

Ireland, as well as selection in the Netherlands and Norway. Selection in France and Denmark detracted, as did an allocation to South Korea. Our emerging-market equity strategy performed in line with the benchmark during November. Beneficial selection in communication services was offset by unfavorable selection in consumer discretionary and information technology. At the country level, selection in Russia and India contributed, while an allocation to the U.K. and selection in China and Taiwan detracted.

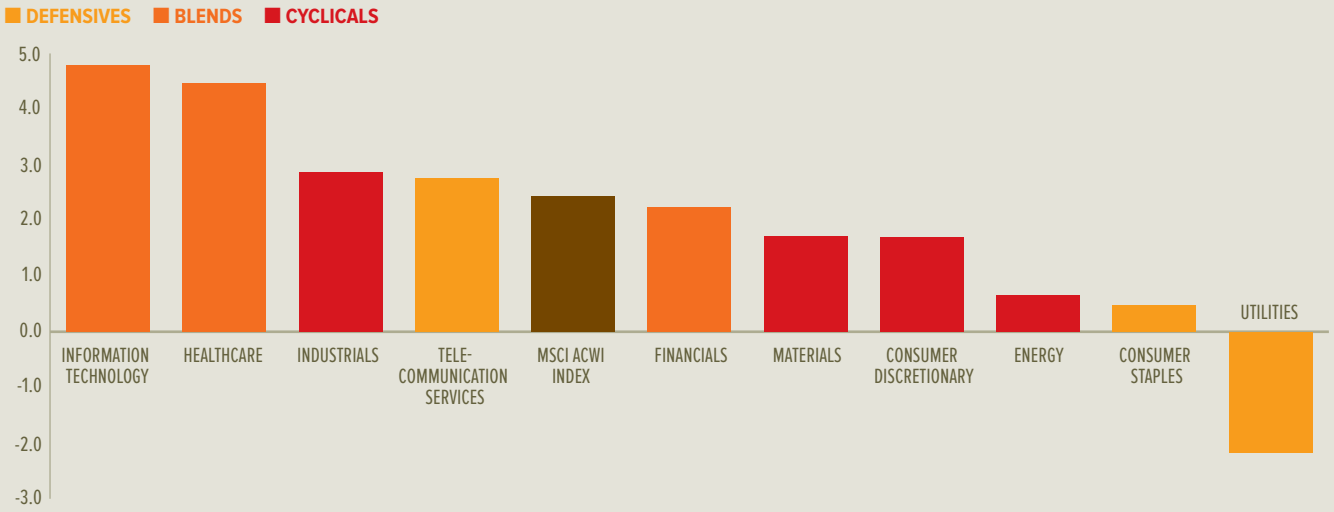
Our core fixed-income strategy matched its benchmark during November, delivering essentially flat absolute performance, as U.S. investment-grade non-government fixed-income sectors led comparable U.S. Treasurys. An overweight to the long end of the yield curve detracted slightly as the 30-year Treasury yield inched upward (yields and prices move inversely). A slight overweight to corporate credit contributed, as did an allocation to non-agency mortgage-backed securities (MBS). An overweight to agency MBS also enhanced returns, but was partially held back by an emphasis on underperforming 30-year MBS and those with higher coupons. An overweight to asset-backed securities (ABS) was generally beneficial as the sector outperformed, but our allocation to student loans detracted; conversely, an overweight to commercial MBS (CMBS) was largely unfavorable as the sector underperformed, but our emphasis on higher-quality holdings outperformed lower-quality CMBS tranches. An underweight to taxable municipal bonds contributed. Our high-yield strategy was challenged in November by an allocation to collateralized loan obligations (CLOs), as well as selection within energy and services; selection in media, consumer goods, technology and electronics contributed. Within emerging-market debt, our strategy performed in line with the benchmark during November as both foreign- and local-currency-denominated debt declined. Our strategy benefited from avoiding the worst-performing countries (including Lebanon) and allocating to strong performers (such as Egypt); however, an overweight to Chile detracted.

Positioning and Opportunities

Markets may remain volatile due to ongoing uncertainty regarding trade negotiations and still-muted global economic growth. U.S. consumers are nevertheless holding up well amid solid job growth, thereby supporting spending and the housing market, despite a contraction in manufacturing. We've been cautious in light of slightly elevated valuations and elusive earnings growth. Within large caps, we continued to underweight some of the largest-capitalization stocks in favor of more attractively valued opportunities further down the capitalization spectrum. Within small caps, we emphasized value (due to historically large valuation spreads) and stability (to reflect our cautious stance). Our international developed-market equity strategy increased overweights to information technology and communications services at the expense of financials and energy, and remained overweight industrials and healthcare. We were underweight defensive low-growth sectors like real estate and utilities, as well as mining stocks. Our emerging-markets equity strategy maintained an overweight to energy via attractively valued companies in India and Russia as well as an overweight to information technology. We also remained overweight industrials on the presumption that emerging markets' long-term secular growth is intact despite shorter-term headwinds from trade tariffs and a stronger U.S. dollar. We retained underweights to financials, real estate and materials, driven by a cautious view on the Chinese economy. From a country perspective, we were overweight Latin America via Brazil; we slightly increased exposure to India during November. Allocations to healthcare and information technology were increased at the expense of real estate and financials.

Our core fixed-income strategy retained an overweight to the 25-to-30-year segment of the yield curve, an underweight to the 15-to-20-year segment, and an overweight to the short-term segment. We remained slightly overweight corporate credit, primarily within banking. Overweights

Global Equity Sector Performance in November 2019 (Percent Return)



Sources: FactSet, Lipper. MSCI ACWI Index Components (as defined by SEI).

to ABS and CMBS were preserved due to their competitive risk-adjusted yields; within ABS, we reduced exposure to student loans. We retained an allocation to non-agency MBS and continued to increase an overweight to agency MBS. Our high-yield strategy retained an allocation to CLOs; it also had small overweights to insurance, technology and electronics. The most substantial underweights were to energy, banking, financial services, capital goods and telecommunications. Within emerging-market debt, our strategy remained overweight to local-currency assets. At the country level, our largest overweights were to Mexico, Ukraine and Egypt; our most significant underweights were to Philippines, Poland and South Africa.

SEI's View

We have leaned toward an optimistic view on equities and other risk-oriented assets for the past 10 years. When markets corrected sharply in price—as several U.S. equity indexes did in 2011, 2015 and late last year—we viewed the pullbacks as buying opportunities. We believe that staying invested has been a sound overall strategy. Today, while we still doubt that a true bear market is on the immediate horizon, we are surprised by the resilience of the stock-market averages during recent months in the face of numerous economic and political uncertainties, both in the U.S. and around the globe.

The U.S. economy remains in reasonably good shape and appears to be in little danger of contracting any time soon. Granted, the U.S. manufacturing and agricultural sectors are being stressed by the trade war with China. But we think there is a limit to how far this deterioration in economic activity will go. Few economists would dispute that the U.S. consumer sector is in great shape.

Looking at the U.S. stock market, the forward-earnings trend has flattened in recent quarters. Periods of flat-to-down earnings over several quarters occurred in the 2014-to-2015 period, and in 2011, 2007 and 1998, each coinciding with flat-to-declining stock prices, increased volatility and moderate-to-severe market corrections.

A trade truce between China and the U.S. would be a relief, but it would be only one piece of a larger mosaic that must first come together. Getting the world back on a faster growth track will depend on an economic rebound in the domestic economies of China and Europe.

Our expectation of an economic revival in China rests on the assumption that all the fiscal and monetary-policy measures put in place over the past year will overcome the major challenge posed by the trade war. The latest tranches of import duties are aimed at Chinese goods like apparel and toys, which usually have thin profit margins, are labor-intensive, and can be more easily produced in other low-wage nations than higher-tech products. We therefore believe that Chinese President Xi Jinping has an incentive to get a deal done with President Trump. The last thing Xi needs is a sharp rise in Chinese unemployment and corporate bankruptcies as profit margins get eviscerated.

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How does one explain the rather robust performance of European equities? It can largely be attributed to the lack of an alternative option.

China's currency reached an 11-year low against the U.S. dollar in September 2019 that amounted to a cumulative decline of 12% since April 2018—offsetting a little more than half of the imposed or announced tariff increases. The Chinese government is reluctant to encourage additional currency depreciation, fearing that capital could flee the country. Rather, there is evidence that it is getting more aggressive when it comes to pulling the monetary and fiscal levers.

Slowing growth in China, the U.S. and the eurozone does not bode well for other economies. On a positive note, many developing countries have been able to cut interest rates since mid-year. Meanwhile, capital-market conditions in emerging countries still appear benign. Spreads on U.S. dollar-denominated debt remain in the middle of their range for the past eight years.

Despite all its economic and political problems, European-wide equity markets have done rather well this year. How does one explain the rather robust performance of European equities? It can largely be attributed to the lack of an alternative option. For example, with most of Germany's sovereign yield curve well into negative territory, its investors have little hope of building wealth in less risky fixed-income assets and are therefore forced into equities and other risk-oriented investments. Investors globally face similar challenges, even if not quite to the same extent.

While Germany's overall economy is not clearly in a recession, its manufacturing sector almost certainly is—the 6.4% decline in industrial production from the peak in November 2017 through July 2019 was worse than Italy's 2.5% contraction over the same period. Considering that manufacturing represents almost 23% of the country's GDP as of 2018 (much higher than the average for developed countries), it is easy to understand why the country is in a funk.

As we had speculated, the U.K. was granted a new Brexit deadline, which will allow for a general election and, hopefully, a new mandate from the electorate. Despite the rather solid financial position of U.K. households, both consumer and business confidence are nearing levels consistent with recession. Confidence measures in the eurozone, while off the highs of 2017, have not fallen to the same degree.

Despite Japan's tight labor market—with an almost record high number of available jobs per applicant—the decline in earnings growth from last year is surprisingly steep. Regardless of all their efforts, Prime Minister Shinzo Abe's government and the Bank of Japan have been unable to spur a lasting reflation of the economy.

Like Germany, Japan has been hurt by the slowing growth of China and the general malaise affecting Asia as a whole. To make matters worse, Japan's political relationship with South Korea has frayed badly in recent months. Both countries have expanded economic sanctions, including tit-for-tat tariff duties and consumer boycotts. Even more worrisome is the breakdown in direct military intelligence sharing at a time when China is pushing its weight around in the East and South China Seas.

In all, Japan's outlook appears to be one of stasis. In the meantime, investors will likely continue to view the country as a safe haven owing to its low volatility. We believe the yen will remain well-bid under this scenario.

In view of the uncertainties facing investors presently, the prediction game is arguably even more challenging than usual. Accordingly, as always, we believe in a diversified approach to investing. Although maintaining exposure to equities and other risk-oriented assets can at times feel uncomfortable, it is our view that investors with long time horizons should avoid timing the market or making outsized sector or regional bets. We think it is best not to assume, for example, that the S&P 500 Index and growth stocks will always be the only games in town. The recent volatility and sharp style rotations in the past quarter should serve as reminders that trends do not last forever.

Glossary of Financial Terms

Bear market: A bear market refers to a market environment in which prices are generally falling (or are expected to do so) and investor confidence is low.

Stability: Stability securities exhibit lower risk and higher quality, and can benefit from the power of long-term compounding as a result of investors' tendency to misprice lower risk.

Value: Value stocks are those that are considered to be cheap and are trading for less than they are worth.

Yield curve: The yield curve represents differences in yields across a range of maturities of bonds of the same issuer or credit rating (likelihood of default). A steeper yield curve represents a greater difference between the yields. A flatter yield curve indicates the yields are closer together.

Index and Benchmark Descriptions

All indexes are quoted in gross performance unless otherwise indicated.

The Bloomberg Barclays 1-10 Year U.S. TIPS Index measures the performance of inflation-protected public obligations of the U.S. Treasury that have a remaining maturity of 1 to 10 years.

The Bloomberg Barclays U.S. Asset Backed Securities (ABS) Index measures the performance of ABS with the following collateral types: credit and charge card, auto and utility loans. All securities have an average life of at least one year.

The Bloomberg Barclays Global Aggregate Bond Index (formerly Lehman Brothers Global Aggregate Index), an unmanaged market-capitalization-weighted benchmark, tracks the performance of investment-grade fixed-income securities denominated in 13 currencies. The Index reflects reinvestment of all distributions and changes in market prices.

The Bloomberg Barclays Global Aggregate ex-Treasury Index is an unmanaged market index representative of the total-return performance of ex-Treasury major world bond markets.

The Bloomberg Barclays Global Treasury Bond Index is composed of those securities included in the Bloomberg Barclays Global Aggregate Bond Index that are Treasury securities.

The Bloomberg Barclays U.S. Corporate Investment Grade Index is a broad-based benchmark that measures the investment-grade, fixed-rate, taxable corporate bond market.

The Bloomberg Barclays U.S. Mortgage Backed Securities (MBS) Index measures the performance of investment-grade, fixed-rate, mortgage-backed, pass-through securities of Government National Mortgage Association (GNMA), Federal National Mortgage Association (FNMA) and Freddie Mac (FHLMC).

The Bloomberg Barclays U.S. Treasury Index is an unmanaged index composed of U.S. Treasurys.

The BofA Merrill Lynch U.S. High Yield Constrained Index contains all securities in The BofA Merrill Lynch U.S. High Yield Index but caps exposure to individual issuers at 2%.

The BofA Merrill Lynch U.S. High Yield Index tracks the performance of below-investment-grade, U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market.

The Chicago Board Options Exchange Volatility Index (VIX) tracks the expected volatility in the S&P 500 Index over the next 30 days. A higher number indicates greater volatility.

The Dow Jones Industrial Average is a widely followed market indicator based on a price-weighted average of 30 blue-chip New York Stock Exchange stocks that are selected by editors of *The Wall Street Journal*.

The FTSE All-Share Index represents 98% to 99% of U.K. equity market capitalization. The Index aggregates the FTSE 100, FTSE 250 and FTSE Small Cap Indexes.

The JPMorgan EMBI Global Diversified Index tracks the performance of external debt instruments (including U.S. dollar-denominated and other external-currency-denominated Brady bonds, loans, eurobonds and local-market instruments) in the emerging markets.

JPMorgan GBI-EM Global Diversified Index tracks the performance of debt instruments issued in domestic currencies by emerging-market governments.

The MSCI ACWI Index is a market-capitalization-weighted index composed of over 2,000 companies, representing the market structure of 48 developed- and emerging-market countries in North and South America, Europe, Africa and the Pacific Rim. The Index is calculated with net dividends reinvested in U.S. dollars.

The MSCI ACWI ex-USA Index includes both developed- and emerging-market countries, excluding the U.S.

The MSCI Emerging Markets Index is a free float-adjusted market-capitalization-weighted index designed to measure the performance of global emerging-market equities.

The MSCI Emerging Markets Latin America Index captures large- and mid-cap representation across five emerging-market countries in Latin America.

The MSCI EMU (European Economic and Monetary Union) Index: is a free float-adjusted market-capitalization-weighted index that is designed to measure the equity market performance of countries within EMU. The Index consists of the following 10 developed-market country indexes: Austria, Belgium, Finland, France, Germany, Ireland, Italy, Netherlands, Portugal and Spain.

The MSCI Europe ex-UK Index is a free float-adjusted market-capitalization-weighted index that captures large- and mid-cap representation across 14 developed markets countries in Europe (Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden and Switzerland). The Index covers approximately 85% of the free float-adjusted market capitalization across European developed markets, excluding the U.K.

The MSCI Pacific ex Japan Index captures large- and mid-cap representation across four of five developed-market countries in the Pacific region (excluding Japan).

The MSCI Japan Index is designed to measure the performance of the large- and mid-capitalization stocks in Japan.

MSCI United Kingdom Index: The MSCI United Kingdom Index is designed to measure the performance of the large and mid-cap segments of the UK market.

MSCI USA Index: The MSCI USA Index is designed to measure the performance of the large- and mid-cap segments of the U.S. market.

The MSCI World Index is a free float-adjusted market-capitalization-weighted index designed to measure the equity market performance of developed markets. The Index consists of the following 23 developed-market country indexes: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the U.K. and the U.S.

The MSCI World ex-USA Index is a free float-adjusted market-capitalization-weighted index that is designed to measure the equity market performance of developed markets, excluding the U.S.

The NASDAQ Composite Index is a market-value-weighted index of all common stocks listed on the National Association of Securities Dealers Automated Quotations (NASDAQ) system.

The Shenzhen Stock Exchange Composite Index tracks performance of A share stocks (which are denominated in renminbi, the local currency) and B share stocks (which are denominated in Hong Kong dollars, an offshore currency) on China's Shenzhen Stock Exchange.

The S&P 500 Index is a market-capitalization-weighted index that consists of 500 publicly-traded large U.S. companies that are considered representative of the broad U.S. stock market.

The TOPIX, also known as the Tokyo Stock Price Index, is a capitalization-weighted index of all companies listed on the First Section of the Tokyo Stock Exchange. The Index is supplemented by the subindexes of the 33 industry sectors. The Index calculation excludes temporary issues and preferred stocks, and has a base value of 100 as of January 4, 1968.

Corresponding Indexes for Fixed-Income Performance Exhibit

U.S. High Yield	BofA Merrill Lynch U.S. High Yield Master II Constrained Index
Global Sovereigns	Bloomberg Barclays Global Treasury Bond Index
Global Non-Government	Bloomberg Barclays Global Aggregate ex-Treasury Index
Emerging Markets (Local)	JPMorgan GBI-EM Global Diversified Index
Emerging Markets (External)	JPMorgan EMBI Global Diversified Index
U.S. Mortgage-Backed Securities (MBS)	Bloomberg Barclays U.S. Mortgage Backed Securities Index
U.S. Asset-Backed Securities (ABS)	Bloomberg Barclays U.S. Asset-Backed Securities Index
U.S. Treasurys	Bloomberg Barclays U.S. Treasury Index
U.S. Treasury Inflation-Protected Securities (TIPS)	Bloomberg Barclays 1-10 Year U.S. TIPS Index
U.S. Investment-Grade Corporates	Bloomberg Barclays U.S. Corporate Investment Grade Index

Corresponding Indexes for Regional Equity Performance Exhibit

United States	S&P 500 Index
United Kingdom	FTSE All-Share Index
Pacific ex Japan	MSCI Pacific ex Japan Index (Net)
Japan	TOPIX, also known as the Tokyo Stock Price Index
Europe ex UK	MSCI Europe ex UK Index (Net)
EM Latin America	MSCI Emerging Markets Latin America Index (Net)

Disclosures

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There are risks involved with investing, including loss of principal. International investments may involve risk of capital loss from unfavorable fluctuation in currency values, from differences in generally accepted accounting principles or from economic or political instability in other nations. Emerging markets involve heightened risks related to the same factors as well as increased volatility and lower trading volume. Narrowly focused investments and smaller companies typically exhibit higher volatility. Bonds and bond funds will decrease in value as interest rates rise. High-yield bonds involve greater risks of default or downgrade and are more volatile than investment-grade securities, due to the speculative nature of their investments.

Diversification may not protect against market risk. Past performance does not guarantee future results. Index returns are for illustrative purposes only and do not represent actual portfolio performance. Index returns do not reflect any management fees, transaction costs or expenses. One cannot invest directly in an index.

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