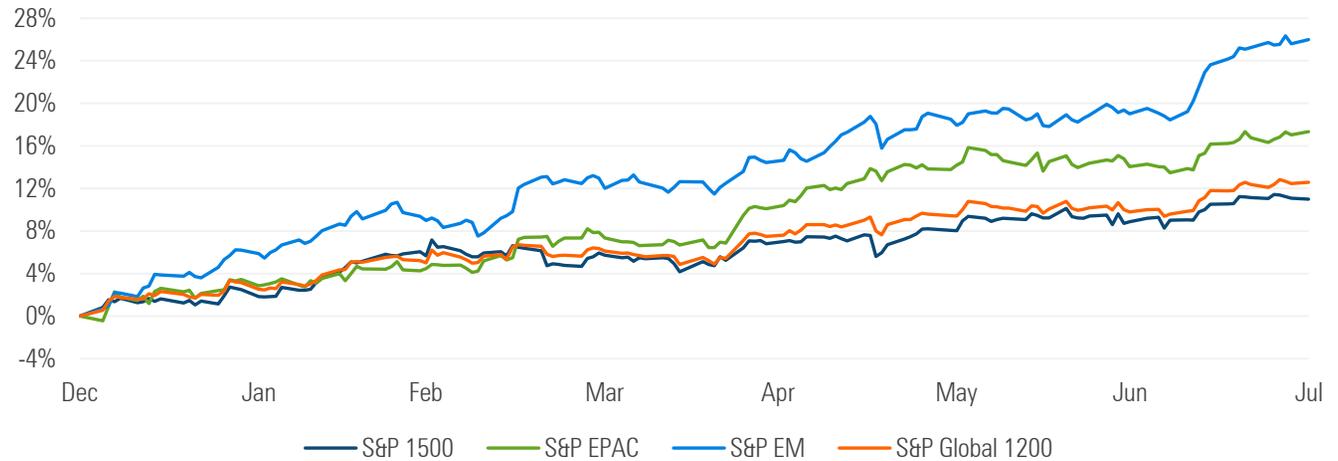


Markets in July climbed higher as volatility edged lower

- Whether stocks, bonds or commodities, asset prices pushed broadly higher in July. The breadth of equity market gains was noteworthy, with positive price movements across size, segment, sector and style.
- In the US, large-cap growth led the way, with telecom leading all sectors. Outside the US, emerging market stocks continued their streak of monthly gains and further extended their year-to-date lead over US and developed stocks.
- Up 22.3% ytd, technology continues to dominate all sectors, driven higher by growing earnings. The four biggest contributors to the S&P 500's ytd return are Apple, Facebook, Amazon and Microsoft. While they make up less than 1% of S&P 500 constituents, together they account for nearly a quarter of the index's ytd return.
- The ongoing low volatility of 2017 continues to set new records. Prior to July 2017, the VIX had never closed below 10 more than four times in any calendar month. This month it closed below 10 for 10 consecutive days.

Global Equity Markets: 2017 YTD % Δ



30-Day Volatility: 5-Year Historical Range

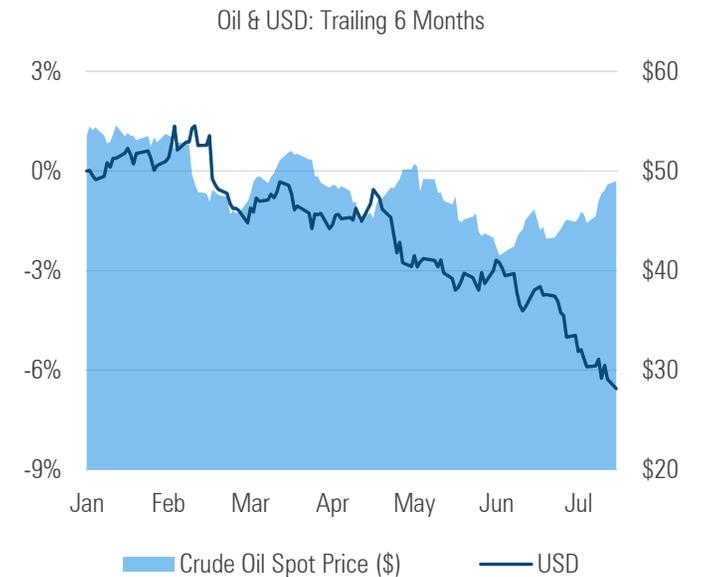
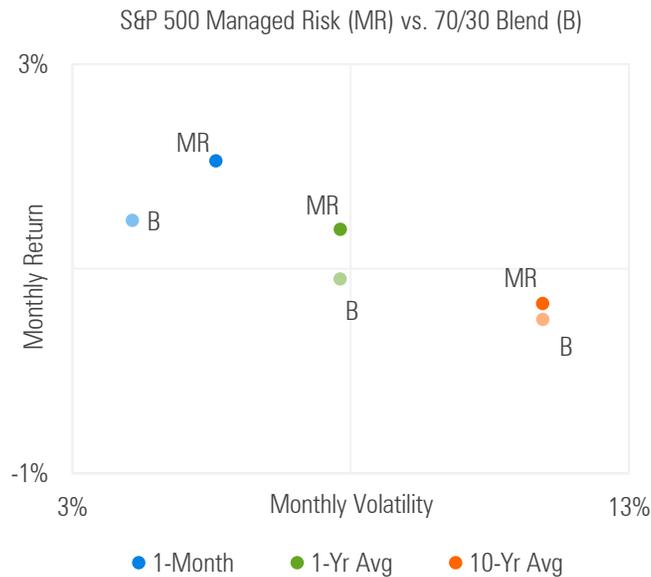


Rolling 3-Month Correlation to S&P 1500



- During a month where nearly everything pushed higher, one of the few exceptions was the US dollar, which finished lower for its fifth consecutive month and sixth out of the last seven.
- In addition to the VIX being low in July, realized volatility on the S&P 500 also remained muted, falling from its already low levels of the last four months. Once again, the [S&P 500 Managed Risk Index](#) (which has a 0% bond allocation and volatility target of 18%) maintained a 100% equity allocation for the entirety of the month, the eleventh consecutive calendar month in which it has done so.
- The return and volatility of S&P 500 Managed Risk Index in July matched those of the S&P 500, and surpassed the return of a 70/30 stock/bond blend* by 58 bps, bringing its YTD excess return to 3.6%.
- Over the last 10 years, the average monthly return of the Managed Risk Index has exceeded the average monthly return of a 70/30 blend by 16 bps. That translates into an average annualized excess return of 2.1% over a 70/30 blend, with less volatility and smaller drawdown.

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



Total Returns as of July 31, 2017										
	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	2.1%	2.1%	0.9%	1.0%	2.9%	5.9%	2.7%	0.4%	8.6%	-2.6%
3 Months	4.1%	4.1%	2.0%	1.8%	6.6%	10.1%	5.5%	1.0%	1.0%	-5.2%
6 Months	9.5%	9.5%	5.2%	4.2%	14.0%	19.5%	11.5%	2.3%	-8.5%	-6.6%
1 Year	16.0%	16.0%	14.7%	17.7%	18.1%	25.3%	17.6%	-0.5%	18.3%	-2.3%



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