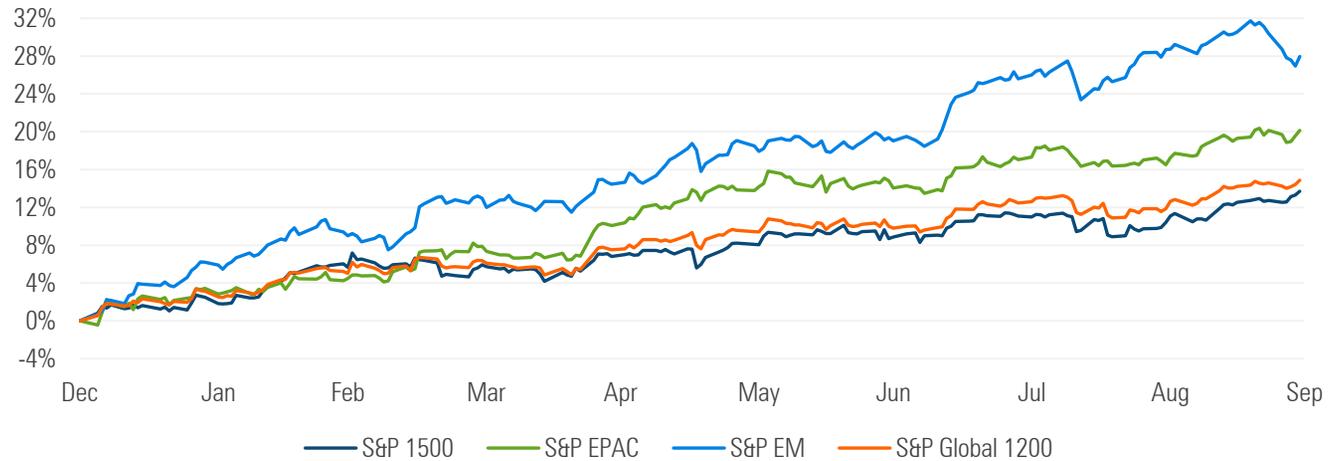


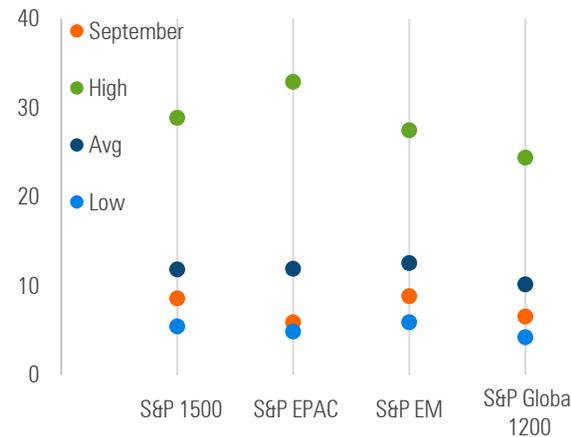
DEVELOPED MARKETS CHARGED AHEAD AS EM EQUITIES SNAP 9-MONTH STREAK

- After a quiet August, U.S. equity markets resumed their ascent, having their best month since February and notching their 11th consecutive month of positive returns.
- Up 3.9% and 7.7% respectively, mid- and small-caps stocks lead the way. There have been only two calendar months out of the last five years when small-caps generated a higher return.
- Having rattled off nine consecutive months of positive returns (their longest positive streak in more than a decade), EM stocks finished lower in September, after a late-month 3% selloff.
- Equity-market volatility remained low, capping off a record-setting quarter. In 2017, the S&P 500 has seen just 8 daily moves of more than 1%. Investors would have to look back to the early 1960s to find such a prolonged period of calm in the markets.
- Since its start date on Jan. 2, 1990, the VIX had never closed below 10 more than four times in any calendar year. In 2017 it has done it 24 times, 17 of which were in Q3.

Global Equity Markets: 2017 YTD % Δ



30-Day Volatility: 5-Year Historical Range



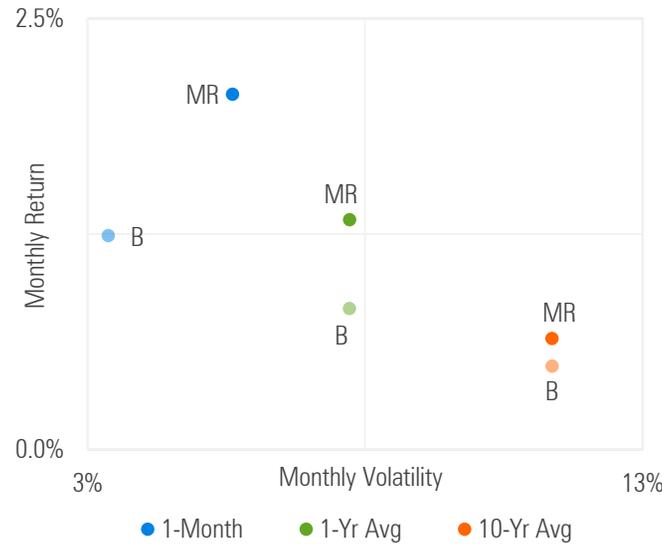
Rolling 3-Month Correlation to S&P 1500



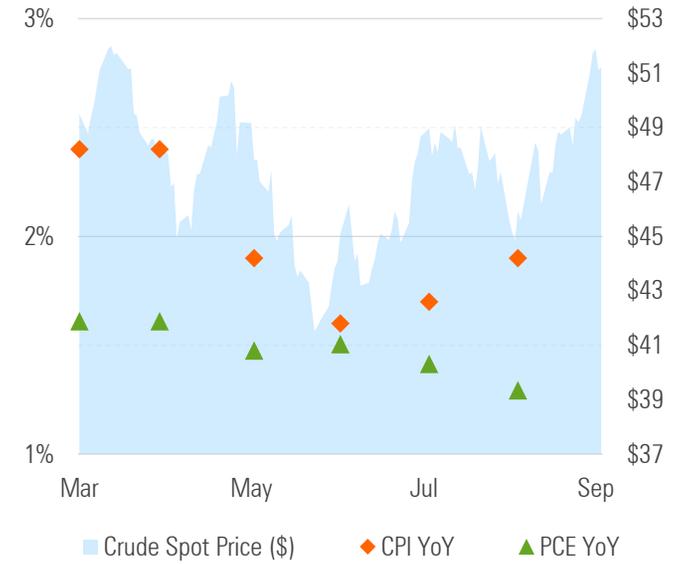
- After falling 1.5% during the first week, the dollar recovered its losses and finished September 0.65% higher, snapping a 6-month losing streak.
- The price of Midland crude oil reached its highest level since April, rising 11.5% to \$51.22/barrel.
- Yearly inflation as measured by CPI increased to 1.9% in August, while PCE, the Fed's preferred measure of inflation declined further to 1.3%.
- The Fed's open market committee left its overnight rate target unchanged at 1.25%, but announced that it will begin its balance sheet normalization program in October. It will begin by allowing \$10 billion of its balance sheet to mature each month without reinvesting the proceeds. This will in turn reduce the supply of reserve balances.
- Low equity-market volatility meant that the **S&P 500 Managed Risk Index** maintained its 100% equity allocation for the fourteenth consecutive month. It matched the return and volatility of the S&P 500 while outperforming a 70/30 stock/bond* blend by 82 bps.

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

S&P 500 Managed Risk (MR) vs. 70/30 Blend* (B)



Oil & Inflation: Trailing 6 Months



Total Returns as of September 30, 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%	3.9%	7.7%	2.5%	-0.6%	2.2%	-0.4%	11.5%	0.6%
3 Months	4.5%	4.5%	3.2%	6.0%	5.3%	7.5%	5.2%	0.8%	13.6%	-2.0%
6 Months	7.7%	7.7%	5.3%	7.8%	11.9%	14.3%	9.7%	2.1%	3.5%	-5.1%
1 Year	18.6%	18.6%	17.5%	21.1%	19.3%	22.4%	19.6%	0.1%	7.1%	-1.9%



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