ALTAIR INSIGHT

Quarterly Market Review

Dovish Turn

April 2019

Photo credit: Mike Murray, Managing Director
Ha Long Bay, Vietnam

First Quarter 2019

Key Topics

1. A less hawkish Fed has been a major catalyst for markets and provides an important underpinning for the rest of the year.

2. The yield curve and brief softening in the U.S. economy does not appear to signal an end to the 10-year-old expansion.

3. Trade tensions have eased with progress toward a U.S.-China agreement but global vulnerability to tariffs remains.

4. The international outlook looks poised for an upswing, especially in emerging markets, after a series of economic challenges.

Jerome Powell hardly set out to make a splash with monetary policy or even alter its direction when he took over as Federal Reserve chairman nearly 15 months ago. An economist described him as "Mr. Continuity" after his Senate confirmation hearing. The Wall Street Journal dubbed the mild-mannered consensus-seeker "Mr. Ordinary."

Yet the simple change that Powell's Federal Reserve made in early 2019 – declaring planned interest-rate increases on hold for the rest of this year – provided the biggest quarterly bump to markets in a decade. U.S. large-cap stocks jumped 13.7% from January through March, small caps advanced 14.6% and international stocks also benefited with double-digit returns.

History suggests that such a pace, which has continued in April, will soon moderate. But even with an ebb in momentum or a return to greater volatility, we believe these gains are sustainable. Stocks' recent rise, while exceptional, has not been abnormal if viewed in longer-term context. The Standard & Poor's 500 Index is up 11% in the past year, close to its historical average, and only pushed through to a new record high on April 23rd.

The U.S. market generally delivers additional returns in the final three quarters in years it posts a double-digit return from January through March. The S&P 500 has gained at least 20% in 10 of the 14 years it had a first-quarter return of 10% or more.

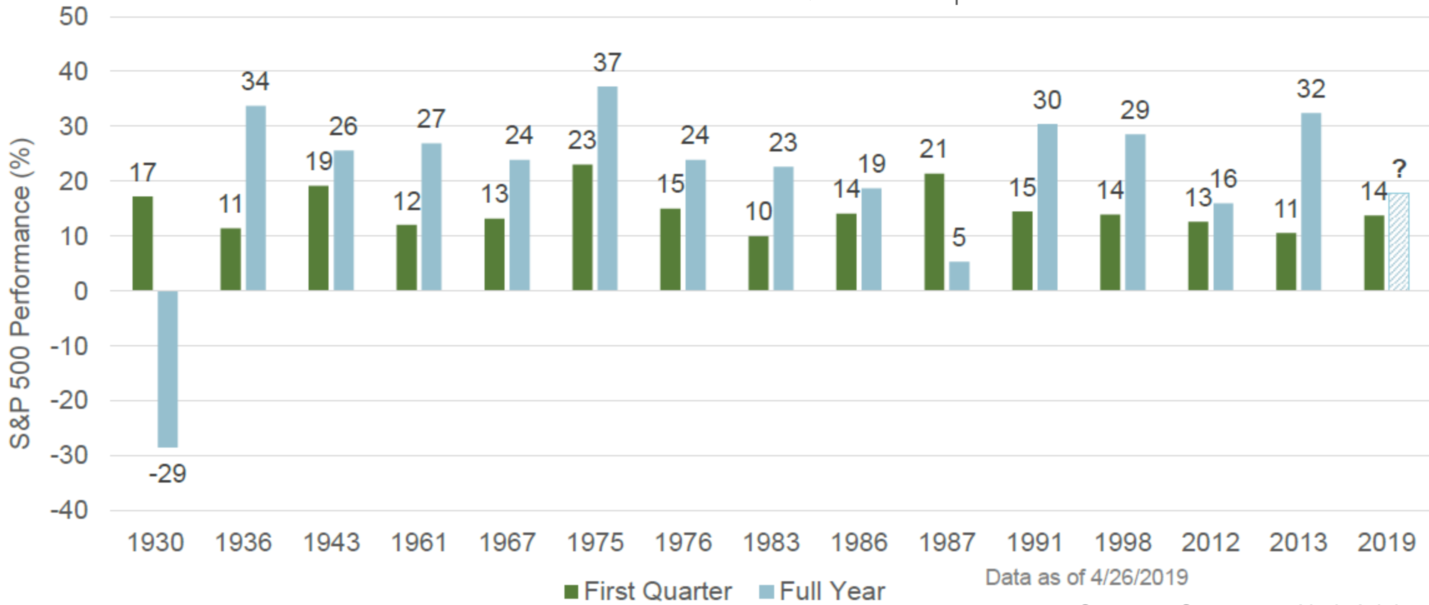
Extreme market swings have been more common in the past two years, including the rarity of a 20% rise, 20% fall and now a 20+% rise again in the S&P 500. Yet higher volatility does not necessarily mean bad markets. With economic indicators sound, if partially softened as the booster shot provided by last year's tax cuts fades, we see no fundamental catalyst for a near-term bear market.

The two biggest threats to markets coming into the year – a tightening Fed and an expanding U.S.-China trade war – have since diminished. Global central banks, led by the Fed, have taken a 180-degree turn toward dovishness. And both sides in the trade conflict continue to talk optimistically of an agreement.

Noah Kroese Illustration

Market Builds Off First-Quarter Momentum

S&P 500 Performance After the First Quarter is Up 10% or More



Sources: Strategas, Altair Advisers

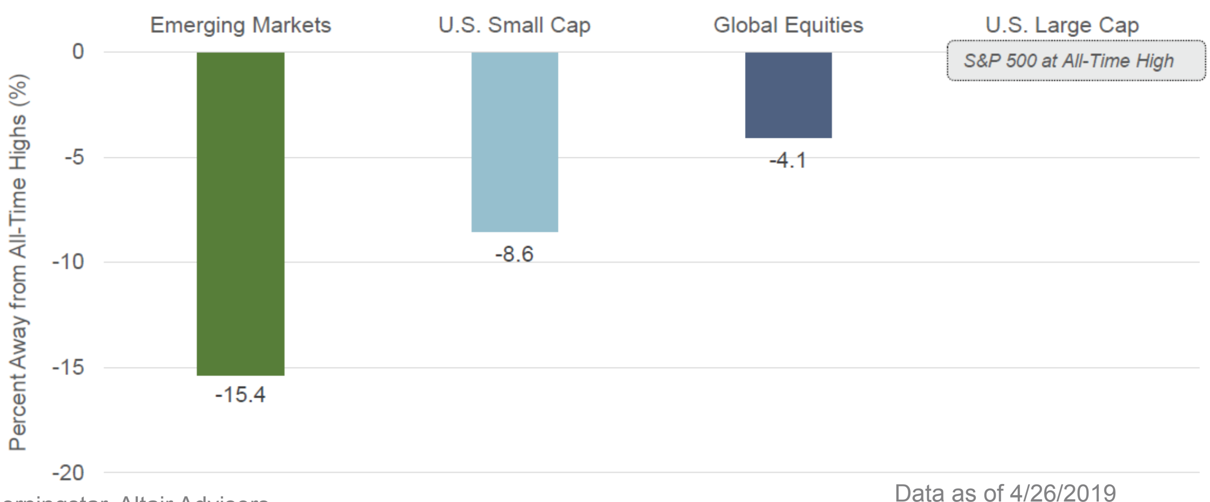
Other concerns remain: Slower global growth, including rocky times for advanced economies such as Germany and Japan, and a possible decline in year-over-year earnings growth for U.S. companies. A brief inversion of part of the yield curve in March stirred debate about its predictive power for recessions.

Despite these scattered clouds, we believe the overall outlook remains favorable for risk assets and recommend clients stay at target allocations in the higher-, medium- and lower-risk categories. We believe a domestic or global recession is unlikely in the next 12 months, given the continued good health of the U.S. economy – underpinned by strong consumer confidence, tepid inflation and solid job data – and recent signs the global slowdown is bottoming.

We remain especially constructive on small-cap and emerging-market stocks after increasing allocations to both in the first quarter.

Small caps are still 8.6% off last year's record high after a 14.6% return in the first quarter, and their valuations remain relatively cheap; the current price-earnings ratio of 17.8 based on earnings from the past 12 months is well below the average of 20 for the last five years. Emerging-market stocks stand to benefit from a global trade uptick if a U.S.-China deal is reached as expected; their benchmark remains 15.4% below its 2018 top.

Not All Markets Back at 2018 Highs



Sources: Morningstar, Altair Advisers

Read on for more detailed views on these and other issues in our quarterly look at the markets through what we consider to be the leading topics:

1. A less hawkish Fed has been a major catalyst for markets and provides an important underpinning for the rest of the year.

Call it the pause that reflated. The Federal Reserve's January decision to suspend rate hikes, which it doubled down on in March, did not all by itself cause the rally in capital markets in the first four months of 2019. A recovery of some magnitude was probably due anyway after their nosedive to oversold levels at the end of last year.

It importantly showed, however, that Powell is willing to do "whatever it takes" to keep the economic expansion on track, to quote the market-boosting 2012 mantra of his European Central Bank counterpart, Mario Draghi. That reaffirms our confidence that risky assets should be able to weather any bouts of volatility to stay on an overall upward trajectory this year.

Not only did the Fed reassure markets that it foresees no rate increases this year, down from the two it projected in December, and only one in 2020. It also called a halt this fall to its current $50-billion-a-month reduction of debt from its balance sheet, another form of tightening squeezing the U.S. economy. That contrasted sharply with Powell's comment in December that the wind-down of the then-$4 trillion balance sheet was "on autopilot."

The combined impact of those two policy reversals reverberated well beyond stocks. Bond yields fell, and prices rose, as the Fed acknowledged that the pace of economic growth had slowed. Yet most markets responded positively, viewing the Fed as having investors' backs.

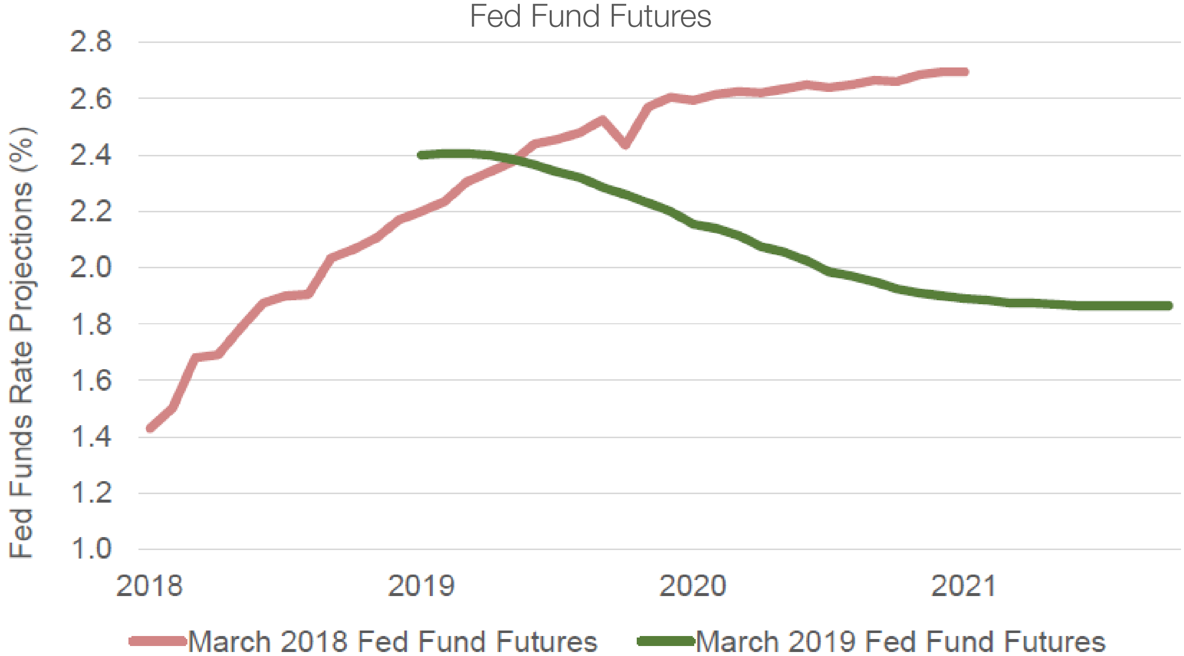
A narrowing of the credit spread – the difference between corporate and government bond yields – signaled increased investor confidence in businesses and the economy as a result of the less challenging interest-rate outlook. The Fed's U-turn also slowed the dollar's upward momentum, a help for U.S. multinational companies and commodities prices, most of which are denominated in dollars on global markets, as well as emerging markets dependent on commodity exports.

We also expect the more dovish slant to Fed policy to ultimately provide a welcome lift to corporate earnings after their first-quarter slowdown.

The possible motivations behind the turnaround have been widely scrutinized. Should Fed officials be so sensitive to the markets? (Powell in January: "We're

Fed Resets Expectations

Fed Fund Futures



Sources: International Monetary Fund, Altair Advisers listening sensitively to the message that markets are sending.") Did their policy reversal reflect deepening concern about the economy? Without having fully restored interest rates to "normal" levels or lowered the balance sheet as much as planned, will they have enough monetary ammunition to combat the next economic crisis?

Our view is that the Fed was wise to stop tightening in the face of some softening indicators, including a panicked market this past winter, coupled with still-tepid inflation. Despite our concerns about the unknown future repercussions of a now-$3.9 trillion balance sheet, acting to reduce the chances of a near-term recession rightly took priority.

Powell cited in particular a concern about stubbornly sluggish inflation, which has remained below the Fed's 2% target and was just 1.6% in March, according to the bank's preferred core-price gauge. Persistently low inflation can signal underlying economic weakness, and a further decline in the inflation rate could heighten recession risks. Not moving forward with additional rate increases is exactly what Powell's predecessor, Janet Yellen, told Congress two years ago could happen if inflation continued to undershoot the target.

Strategy could change again next year, particularly depending on how the two open seats on the policy-setting Federal Open Market Committee are filled. A return to rate cuts is possible, even this year if the economy deteriorates. (The Fed also could resume tightening by the end of the year if meaningfully higher inflation or other data justify such a move, although we view this scenario as unlikely.)

Given the Fed's demonstrated support for the economy and the markets, we remain confident holding to target allocations for stocks and other higher-risk assets.

2. The yield curve and brief softening in the U.S. economy does not appear to signal an end to the 10-year-old expansion.

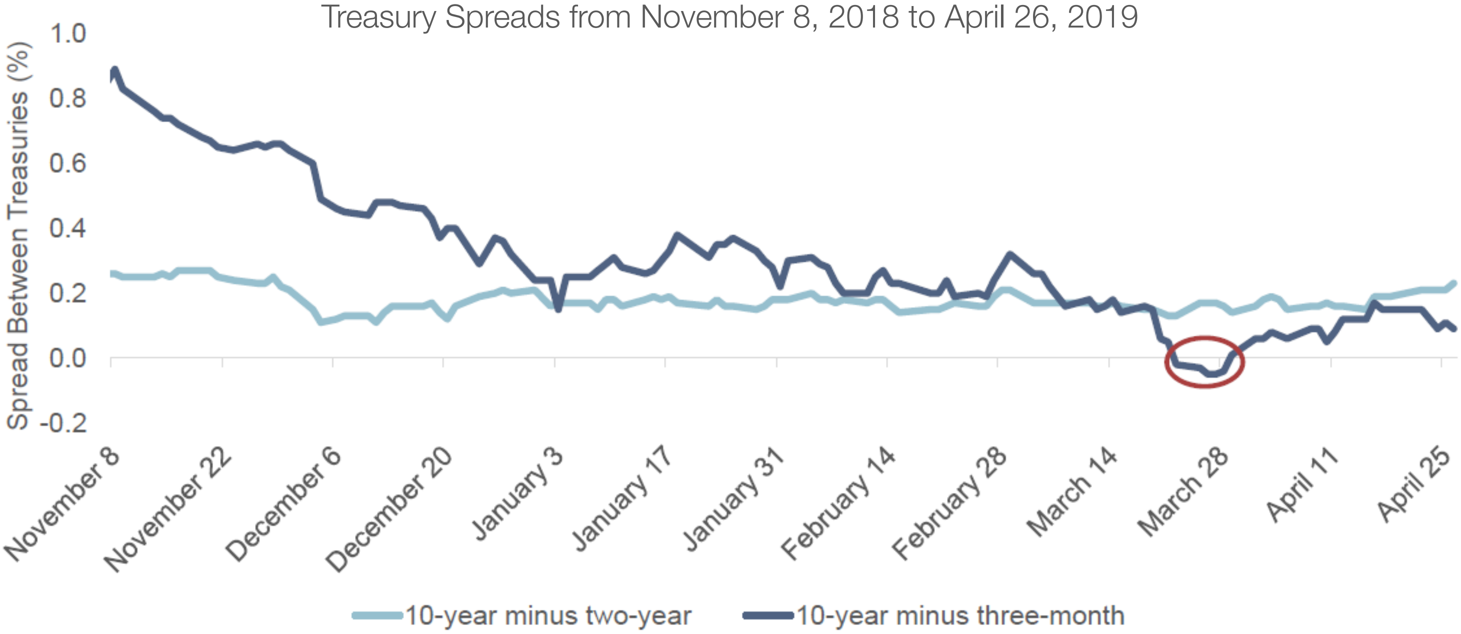
An old joke in the financial world, courtesy of late Nobel Prize-winning economist Paul Samuelson, holds that "Wall Street indexes predicted nine out of the last five recessions!" In other words, market volatility and occasional big drops often are just noise.

But what about a yield curve inversion, a far more reliable predictor which has preceded every recession in the modern era? Did the inversion that occurred in late March, stirring widespread concern, signal impending trouble for the economy?

Not likely, based on our analysis of multiple other indicators showing a steady economy. Just like last December's market plunge, we believe the brief

Partial Inversion an Unlikely Recession Alarm

Treasury Spreads from November 8, 2018 to April 26, 2019



Sources: St. Louis Federal Reserve, Altair Advisers inversion of a portion of the yield curve was not a clear near-term recession signal. Most signs point instead to an improving economy in the second half of 2019.

A quick recap: The yield on the benchmark 10-year Treasury note fell below rates on three-month bills from March 22nd-26th for the first time since 2007. That meant lenders charged lower rates for a 10-year loan than a three-month loan, suggesting waning investor confidence in economic growth prospects. The previous six inversions (of all parts of the yield curve) were followed by recessions.

We have been wary of the flattening yield curve since 2017, as regular followers of our commentaries may recall, and said we would consider reducing risk if it inverted. While we remain watchful, this slight, short-lived inversion is not a cause for near-term concern.

Yield curve inversions do not actually cause recessions, however, and we believe economic conditions today are different from past cases when recessions soon followed, especially given the extent of the Fed's quantitative easing program in recent years. Inversions typically occur when interest rates are rising and near-term rates are increasing faster than the long term. The most recent inversion occurred with rates falling and when longer rates (10-year) dropping below very short (three-month) rates.

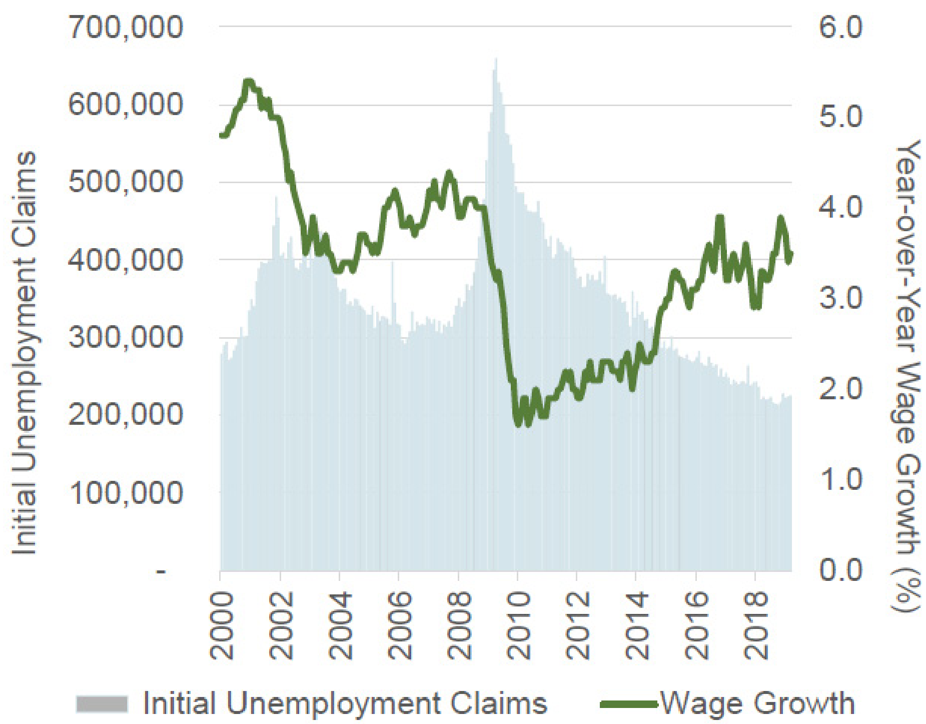
An equally important part of the yield curve, the spread between the 10-year and 2-year Treasury yields, never inverted and, while flat, has changed little since December. No recession in the last 60 years has occurred without an inversion of this part of the curve. We would be concerned if it too inverted, and for a sustained period of time, sending a clearer signal about the potential for an economic downturn.

Even if the 10-year/2-year spread ultimately does invert, we would not expect an immediate market pullback. Stocks have historically continued to do well in the months before a recession finally occurs. For example, the global financial crisis did not begin until 24 months after the curve inverted on December 30, 2005, and the market was up a cumulative 17% during that period.

More important than the yield spreads is the broader picture, where the economy endured a soft patch to start the year but has since demonstrated resilience.

Jobless Claims Low and Wages Climbing

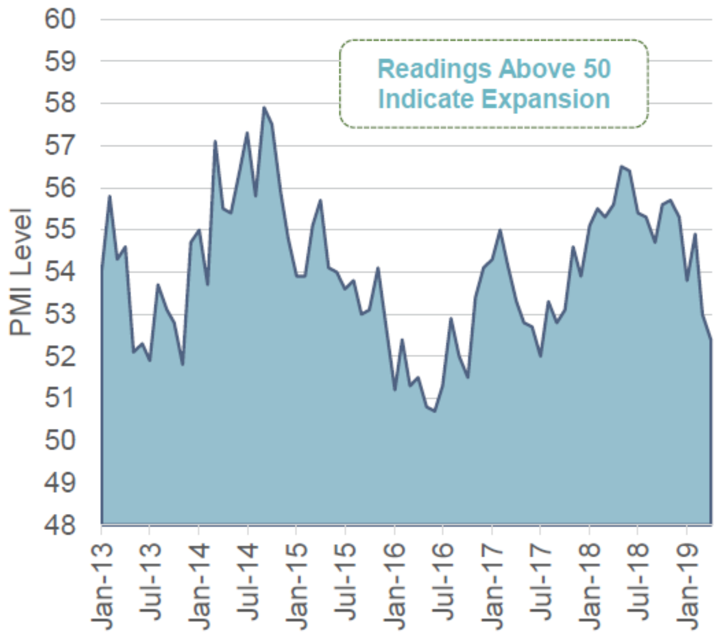
Initial Unemployment Claims and Wage Growth



Sources: St. Louis Federal Reserve, Altair Advisers

Activity Slowing But Still in Expansion

Purchasing Managers Index (PMI) of Manufacturing Activity



Sources: Markit, Altair Advisers

First-quarter GDP growth, estimated at one point to be close to zero, picked up as the winter went along and wound up surpassing expectations at 3.2% despite the 35-day partial government shutdown. The Leading Economic Index, comprised of 10 indicators, rode strong job creation to a healthy increase in March after essentially no gain in January and February. Monthly retail sales rose by the most since September 2017.

Cautionary signs remain. Manufacturing is growing at the slowest pace since June 2017, according to a recent reading. With first-quarter reporting season approaching completion, the results – while slightly better than expected – place in jeopardy the streak of 10 straight quarters of year-over-year corporate earnings growth.

Overall, the economy is healthy and still growing. We do not believe a recession is likely in 2019 and there may not be one in 2020. A projected pickup in second-half earnings bodes well for this expansion to continue.

3. Trade tensions have eased with progress toward a U.S.-China agreement but global vulnerability to tariffs remains.

"Nobody wins a trade war." – Christine Lagarde, *International Monetary Fund managing director*

The world economy has begun to feel a significant sting from the U.S.-China trade war this year even as hope rises that the pain could subside soon. We anticipate that a deal would bolster markets over time, but real risks remain.

The truce in place since December has contained the damage and kept it from sparking a global recession. Nevertheless, the impact is substantial, with the two sides having imposed tariffs on $350 billion worth of each other's goods. It has the potential to worsen dramatically if Washington follows through on threats of $267 billion more.

The IMF now forecasts the weakest global growth since 2009 – 3.3%, down from both 3.6% real growth in 2018 and the fund's 3.5% estimate in January – due largely to the trade war. The tariffs pose an ongoing threat to global jobs, growth and economic stability. South Korea, Japan, Germany, Italy, the United Kingdom and France are deemed especially vulnerable to the slowdown.

Recently we have seen disruptions in global supply chains and a decline in business confidence, with companies expressing reluctance to increase capital expenditures. Multinational companies including Apple, FedEx and Volkswagen cited a slowing Chinese economy in their outlooks during first-quarter earnings reports. Over 400 Chinese companies warned of lower profits in their reports.

We find merit in Washington's campaign to combat cybertheft and challenge alleged anti-competitive practices, including limited access for U.S. companies to China's markets and forced technology transfers. But prolonging a dispute that drags down both sides' economies and risks causing a global recession would not be worth that fight.

The continuing danger is that the months-long negotiations break down, prompting President Trump to move forward on the additional tariffs and Beijing to respond in kind. That would imperil chances for a second-half recovery and likely deal a jolt to global markets that have already partially factored in an agreement.

Still, we remain optimistic a deal will be reached in the not-distant future. President Trump would like a foreign-policy victory to take into his re-election campaign and does not want a slumping economy or stock market as 2020 nears. President Xi Jinping, too, needs a trade-war resolution with his country's economic growth slowing over the last few years and mixed results from recent stimulus efforts.

Global trade tensions are unlikely to evaporate with an agreement. The Trump administration may wish to retain a reduced level of tariffs against China. And the European Union already is targeting U.S. products with a potential $20 billion in tit-for-tat tariffs in response to Washington's threatened levies. However, in our view an all-out trade war with our historical allies is unlikely.

We think a trade agreement and the removal of U.S.-China tariffs will bolster investors' confidence further and help serve as a catalyst to push stocks higher over the next six months.

4. The international outlook looks poised for an upswing, especially in emerging markets, after a series of economic challenges.

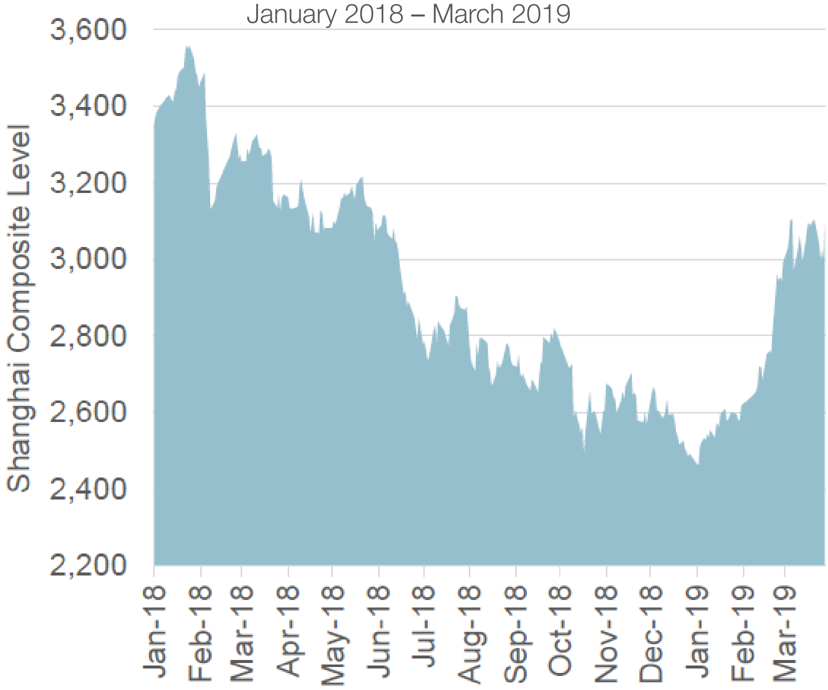
Fears about the global economy's strength have hung over world markets ever since the Trump administration fired the first shots of the trade war last year, at a time when global central banks were offering less support.

That narrative may now be changing for the better, with central banks coming to the rescue again and China's economy and stimulus efforts both picking up. We expect emerging markets to be among the prime beneficiaries of a rebound.

China's Increased Stimulus Paying Off

Shanghai Composite

January 2018 – March 2019



Sources: Yahoo Finance, Altair Advisers

International economies first have some continuing challenges to overcome. Lagarde, the IMF chief, cautioned in early April that global growth has lost momentum since the start of the year, leaving the world economy in a "precarious" position. Recent evidence suggests the slump may hit its nadir in the second quarter.

Recoveries have notably stumbled in Europe and Japan, where negative bond yields underscore economic weaknesses for both:

- The eurozone remains hamstrung by the global trade reduction, rising oil prices, new U.S. tariffs on steel and aluminum and political uncertainties, including Brexit (although that risk has been deferred until a new deadline in October). The manufacturing sector remains weak, especially in Germany where factory output fell recently to a seven-year low. The economic slowdown coupled with regulatory and other structural issues is causing our managers to hold higher-quality stocks. In this tenuous environment, we believe stock-pickers are best-positioned to prevail.

- Japan's economy is estimated to have contracted in the first quarter, also affected by the China trade fall-off. Inflation is far below the 2% target. Near-term risk is magnified by Prime Minister Shinzo Abe's determination to raise the country's sales tax by two percentage points to 10%. The last tax hike, in 2014, caused a sharp economic downturn.

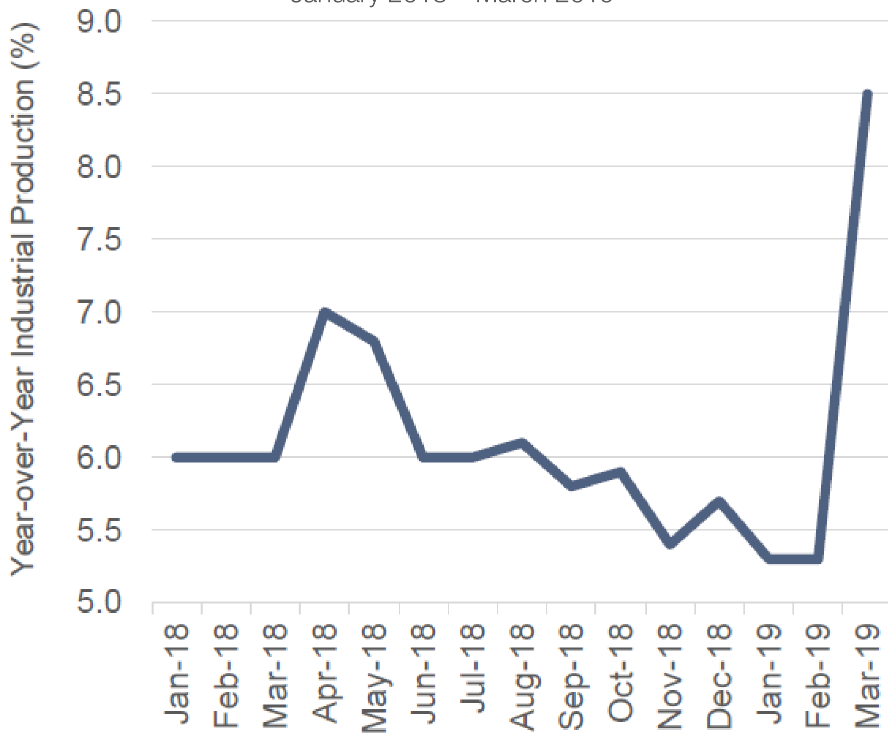
Yet we are encouraged by the IMF's forecast of a second-half global recovery, attributed to the dovish turn by major central banks as well as increased stimulus by the Chinese government.

The European Central Bank took its lead from the Fed in backing away from tightening, pledging no rate hikes before next year (when Draghi will no longer be its president) and indicating it will undertake a new round of cheap funding to help banks and signaling additional monetary stimulus as soon as June.

China, meanwhile, has cut taxes and raised spending in trying to counteract pressures from the trade war. Its economy appears to have steadied, with first-quarter GDP growing slightly better than expected and factory output and retail sales both surging in March. No doubt a trade agreement with the United States in the coming months would lift its

Industrial Strength

Chinese Industrial Production
January 2018 – March 2019



Sources: National Bureau of Statistics China, Altair Advisers exports and imports, with positive repercussions for all its international trading partners.

A global bounce-back should provide a meaningful catalyst for emerging-market stocks, an asset class we raised our recommended allocation to earlier this year. A rebound in overseas growth typically weakens the dollar, which would boost commodity prices along with the economies of developing nations.

The IMF foresees a gradual stabilization of conditions in stressed EM economies, including Argentina and Turkey. Its World Economic Outlook report in April addressed a slow turnaround in those areas: "Improved momentum for emerging market and developing economies is projected to continue into 2020, primarily reflecting developments in economies currently experiencing macroeconomic distress."

International stocks have underperformed their U.S. peers for most of the past decade, an imbalance we do not expect to last indefinitely based on alternating historical cycles of under- and out-performance. We believe that the backdrop for international developed and especially emerging-market stocks will strengthen further in the near to intermediate term, enjoying tailwinds from additional fiscal stimulus from central banks, a weaker dollar and potentially a resolution to the trade war.

Our Outlook

The Federal Reserve's dovish turn has been a difference-maker for markets in 2019, removing fears of over-tightening. The Fed's actions give us confidence it will be as accommodative as necessary in order not to jeopardize this economic expansion.

The risk of a recession in the next 12 months appears limited given accommodative central banks, a strong job market and positive leading indicators. While we believe it is relatively late in the economic cycle, there is no sign the end of this 10-year expansion is imminent.

The U.S. economy showed its resilience in overcoming slowdowns in consumer and business spending in the first quarter. Whether a 3% pace is sustainable remains to be determined, but we see no major hurdles to growth continuing through 2019.

We expect an eventual U.S.-China trade deal to revive global trade and weaken the dollar, providing tailwinds for both international developed and emerging-market stocks.

Small-cap stocks are positioned for continued strength given our outlook for a second-half pickup in economic activity and a rebound in company earnings, with attractive valuations relative to their large-cap counterparts.

Quotes of the Quarter

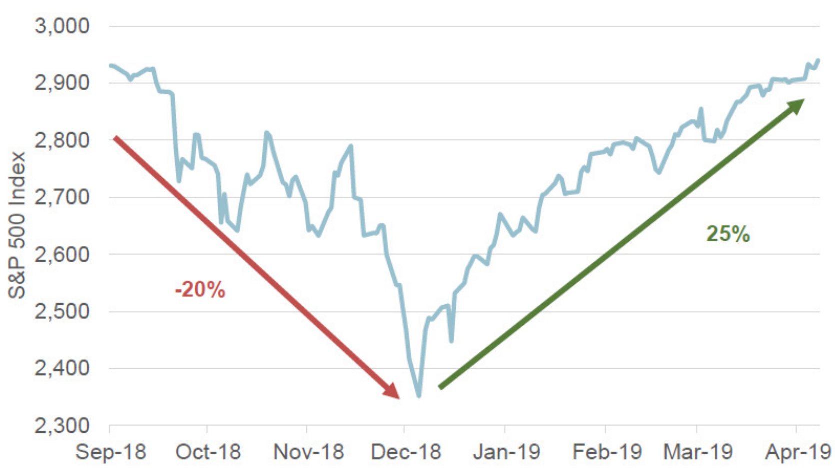
"We've seen a bit of slowing, but still to healthy levels, in the U.S. economy this year."
– Jerome Powell, Federal Reserve chairman

"I guess I'm stuck with you."
– President Donald Trump to Fed chairman Powell

"The global economy is at a 'delicate moment.' (But) we do not see a recession in the near term."
– Christine Lagarde, *International Monetary Fund managing director*

A Sharp Rebound from December Lows

September 20, 2018 – April 25, 2019



Sources: Morningstar, Altair Advisers

Market Data

U.S. Stocks

Within a fraction of falling into a bear market (20 percent drop) in late December, the Standard & Poor's 500 Index rallied back hard into 2019 to log its best performance in a decade. Propelling the market was the Federal Reserve's decision to shelve all planned interest-rate hikes this year, along with increased optimism about U.S.-China trade negotiations and signs that global central banks would back off on their monetary tightening in the face of decelerating economic growth.

The iShares S&P 500 ETF, which had shed 13.2% in the fourth quarter, pogo-sticked back with a 13.7% return from January through March. It was the best quarterly gain for the market since the third quarter of 2009 and the best three-month start to a year since 1998, leaving it within 3.3% of last September's all-time high.

The FAANG stocks (Facebook, Apple, Amazon, Netflix and Google parent Alphabet) led the way again after a rare bull-market slump last year as technology outpaced all other sectors with a 19.8% gain, followed by real estate (17.5%) and industrials (17.1%). Netflix added 33%, Facebook gained 27% and Apple and Microsoft rose more than 16% each, while ride-sharing firm Lyft debuted in the biggest IPO since Alibaba went public in 2014 – first in a series of big U.S. tech companies lined up to go public this year.

Small caps were even a bigger winner than their larger counterparts amid perceptions their 20% fourth-quarter drop was overdone. The iShares Russell 2000 Index ETF returned 14.6% in the first quarter.

Investors' return to risk made growth the top-performing investment style again after value had briefly turned the tables in the fourth quarter. The iShares Russell 1000 Growth ETF rose by 16.0% compared with an 11.8% rise for its value peer.

International Stocks

Progress toward a U.S.-China trade deal and central banks' willingness to stay accommodative kept non-U.S. stocks resurgent even in the face of waning global growth and Brexit turmoil. While international returns once again lagged the U.S., overseas returns were still in the double digits. The iShares MSCI All-Country World ex-US ETF, a dollar-denominated proxy for stocks in both developed and emerging markets, gained 10.3%.

Stocks in developed countries had strong performances despite Europe's economic and political worries. The iShares MSCI EAFE ETF, an international benchmark tracking developed-market stocks in Europe, Australasia and the Far East, returned 10.3%. Before translation to the stronger dollar, the index rose 10.7% in local currencies. Of note, Germany's DAX 30 index rose 8.9%, the United Kingdom's FTSE 100 added 8.1% and Japan's Nikkei 225 Index increased by 7.7%.

China led emerging markets higher with a 27% jump for the Shanghai Composite index as Beijing took steps to stimulate the economy, including cutting taxes. The iShares MSCI Emerging Markets ETF was up 9.9% in the quarter.

Real Estate

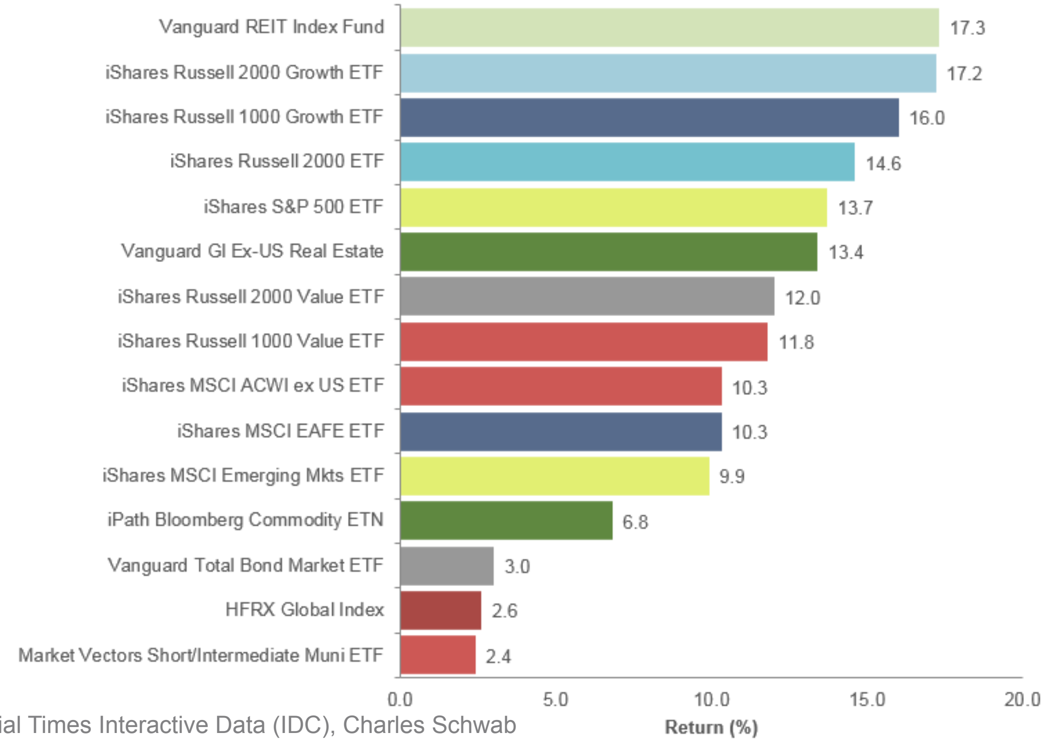
U.S. real estate investment trusts rose steadily throughout the quarter and outperformed the broader stock market, with the Vanguard REIT Index Fund posting a 17.3% return. After the market-wide rush to safety sent them tumbling in December, REITs bounced back as investors regained confidence in the economy and welcomed the Fed dropping its plans to further tighten. They led all asset classes for the quarter and also over the trailing year (up 20.0%).

International REITs as benchmarked by the Vanguard Global ex-U.S. Real Estate ETF trailed their U.S. counterparts but still added 13.4%.

Commodities

Commodities enjoyed their best quarter in nearly three years thanks largely to broad energy price increases. The Fed's dovish stance was seen as likely to eventually weaken the dollar, further boosting demand for commodities. The iPath Bloomberg Commodity Total Return ETN, a benchmark of 23 raw materials led by oil and gas as the largest components, added 6.8% for its largest gain since the second quarter of 2016.

First Quarter 2019 Market Returns



Sources: Financial Times Interactive Data (IDC), Charles Schwab

Crude oil paved the way with a 32% jump, its biggest quarterly jump since 2009, amid supply concerns and optimism over demand. Production cuts by OPEC, Russia and other major suppliers buoyed the market, with West Texas crude climbing above $60 a barrel. Natural gas increased by 26%, with nickel, zinc, heating oil and copper all also up double digits. Among agricultural commodities, wheat prices sank 10% on oversupply and abundant rainfall, while a bumper crop of Brazilian coffee sent prices of that commodity to 14-year lows.

Hedged/Opportunistic

The recovery in global financial markets lifted the hedge fund industry to its best quarter in six years following the steep fourth-quarter decline. Funds benefited from strong global stock markets and late-quarter gains in bonds.

The HFRX Equity Hedge Index, which tracks both long and short equity-related strategies, climbed 6.0% to regain a majority of its 2018 loss in the first three months of 2019. The HFRX Global Index, an overall benchmark for hedge-fund strategies, was up 2.6%. Both indexes were less volatile than stocks during the sell-off late last year.

Fixed Income

Both taxable and tax-exempt bonds posted a second consecutive quarter of gains, fueled by the Federal Reserve's dovish statements on interest rates and milder-than-expected inflation. The yield on the U.S. 10-year Treasury note fell from 2.68% at the start of the year to 2.41% at the end of the quarter, a boon for bondholders since prices move in the opposite direction from yields. Tepid inflation, too, made it likelier the Fed will stick to its guidance of no rate raises until 2020, adding to support for bonds.

The Vanguard Total Bond Market Index ETF, a gauge of the broad U.S. taxable bond market, rose 3.0% for the quarter. Much of the gain came in March after the Fed reinforced its commitment to a rate-hike pause.

Altair's investable benchmark for the municipal bond market, a blend of the Market Vectors' short and intermediate ETFs, gained 2.4%. Munis rode the momentum in Treasurys to their best month in three years in March and benefited from a drop in supply – a lingering carryover from the glut issued at year-end 2017 to beat the tax reform act. Higher demand from retail investors more than offset reduced interest from banks and insurance companies, which began last year when lower corporate tax rates lessened munis' tax-free appeal for corporations.

Investable Benchmark Returns through March 31, 2019

	Quarter (%)	Year-to-Date (%)	Annualized 1 Year (%)	Annualized 3 Year (%)	Annualized 5 Year (%)	Annualized 10 Year (%)
Large Cap Equity						
iShares S&P 500 ETF	13.7	13.7	9.4	13.5	10.9	15.9
iShares Russell 1000 Growth ETF	16.0	16.0	12.5	16.3	13.3	17.4
iShares Russell 1000 Value ETF	11.8	11.8	5.5	10.3	7.5	14.3
Small Cap Equity						
iShares Russell 2000 ETF	14.6	14.6	2.1	12.9	7.1	15.4
iShares Russell 2000 Growth ETF	17.2	17.2	3.9	15.0	8.5	16.6
iShares Russell 2000 Value ETF	12.0	12.0	0.2	10.8	5.5	14.0
International Equity						
iShares MSCI ACWI ex US ETF	10.3	10.3	-4.6	8.2	2.5	8.5
iShares MSCI EAFE ETF	10.3	10.3	-4.0	7.5	2.3	8.8
MSCI EAFE Index - in local[1]	10.7	10.7	3.4	9.1	6.5	10.3
Vanguard FTSE Europe ETF	10.9	10.9	-4.4	6.8	1.3	9.3
Vanguard FTSE Pacific ETF	8.8	8.8	-7.1	8.9	4.9	8.9
iShares MSCI Emerging Mkts ETF	9.9	9.9	-9.1	10.0	3.1	7.7
Fixed Income						
Market Vectors Sh/Inter Muni ETF	2.4	2.4	4.6	1.7	2.1	2.9
Barclays 5 Yr Muni Index[1]	2.1	2.1	4.4	1.8	2.2	3.1
SPDR Nuveen Barclays Muni Bond	2.8	2.8	5.0	2.2	3.5	4.2
Vanguard Total Bond Market ETF	3.0	3.0	4.3	1.9	2.6	3.6
Gl FixedInc Investable Benchmark	1.9	1.9	-1.0	1.2	0.7	2.6
iShares BarclaysInt Govt/Credit	2.3	2.3	4.1	1.4	1.9	2.8
Alternative						
SPDR Barclays High Yield Bond	8.1	8.1	6.2	7.7	3.1	9.8
Vanguard REIT Index Fund	17.3	17.3	20.0	5.7	8.8	18.3
Vanguard Gl Ex-US Real Estate	13.4	13.4	2.2	8.2	6.1	12.4
HFRX Global Index	2.6	2.6	-3.3	1.9	-0.3	1.7
HFRX Equity Hedge Index	6.0	6.0	-5.1	2.9	0.7	1.9
iPath Bloomberg Commodity ETN	6.8	6.8	-6.9	1.8	-10.5	-3.7
CEF Blended Benchmark[1]	14.2	14.2	6.8	8.5	5.3	10.9
Other Common Benchmarks						
SPDR Dow Jones Industrial Avg	11.8	11.8	9.9	16.3	12.1	15.8
Fidelity Nasdaq Comp. ETF	16.7	16.7	10.5	17.7	14.1	18.7
iShares MSCI ACWI ETF	12.5	12.5	2.8	11.2	6.8	12.1
SPDR Barclays 1-3 Month T-Bill	0.5	0.5	1.9	1.0	0.6	0.3
Inflation - CPI[1]	1.2	1.2	1.9	2.2	1.5	1.8

[1]There is no investable equivalent for this index

Source: Financial Times Interactive Data (IDC) and Charles Schwab.

This table was prepared using investment performance and other information obtained from third-party sources, which we believe to be reliable; however, we have not audited the data from these sources and are not responsible for its accuracy. Past performance is no guarantee of future results.

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