CETERA® INVESTMENT MANAGEMENT

First Quarter 2018 Chartbook

Cetera® FINANCIAL GROUP

First Quarter 2018 Outlook

Economy – Growth Set to Continue

The U.S. economy grew at a strong pace in the second half of 2017, pushing annual growth toward the 2.5% mark for the year. Activity spiked in late fall as recovery efforts from a highly destructive hurricane season got into full gear. As result, we have observed a relative cooling in some indicators as rebuilding subsides, and should note that recent readings remain consistent with the level of economic activity throughout the summer. Overall, the data indicates that the U.S. economy continues on a solid growth path, and 2018 growth is likely to hover near the mid 2% range as well. We expect that we may see weakening trends in the winter months as activity slows with the season, but in our view this is normal, and not an indication of an economic slowdown. In the near term, the risk of recession is low, but in the intermediate term growth may slow if interest rates increase sharply.

Equities – Caution at High Valuations

Equity valuations in the U.S and across most developed markets have increased to near-historic highs, as equity volatility remained low for most of 2017. While economic growth remains supportive, at these levels the downside risks are higher and markets are more susceptible to a near-term correction. Our expectations for the year ahead are for continued growth in equity earnings, predicated on successful implementation of tax reform. As some earnings growth is already priced in, we would expect modest equity appreciation, possibly in the 5-8% range, with likely increase in volatility. Demand from growth-starved investors willing to assume risk may continue to support high valuations, and value may benefit from a mean reversion.

Fixed Income - Higher Rates May Take Toll

Central bank action loomed large in fixed income news last year, and we expect this to continue in 2018. Investment-grade bonds performed well and shrugged off three Federal Reserve rate hikes in 2017 as the yield curve flattened, but there is very little room for flattening to continue over the next year. Our expectations are for bond prices to be under pressure as rates are likely to increase gradually while Fed tightening continues, and our base case calls for two rate increases in 2018. Credit-sensitive bonds are likely to offer only limited protection from rate increase as spreads are narrow by historic norms, and volatility may increase in periods of market stress. International bonds also offer little value given their current low yields.

Portfolio Positioning

While we are still constructive on equity earnings and believe economic growth will remain supportive, valuations are high and downside risks are larger. We recommend a diversified portfolio, keeping long-term risk and return objectives in mind. As central banks ease out of markets, volatility may return in the coming year. Investors have less cash on the sidelines to buy on dips and stabilize markets. With high valuations in equities, tight credit spreads in high-yield bonds and low yields in high-quality bonds, staying diversified against any one risk may be prudent. In addition, we believe adding an allocation to alternative investments, which have lower correlations to traditional investments, may protect a portfolio on the downside.

U.S. Economic Risk Overview

Indicator	Recession Risk	Trend Signal	Trend											Latest
ISM Manufacturing PMI	LOW	↑	54.5	56.0	57.7	57.2	54.8	54.9	57.8	56.3	58.8	60.8	58.7	58.2
ISM Non-Manufacturing PMI	LOW	↑	56.6	56.5	57.6	55.2	57.5	56.9	57.4	53.9	55.3	59.8	60.1	57.4
Industrial Production YoY Growth	LOW	↑	0.8%	0.0%	0.4%	1.4%	2.1%	2.3%	2.1%	1.8%	1.5%	1.9%	2.9%	3.4%
Real GDP YoY Growth	LOW	↑	2.7%	3.8%	3.3%	2.4%	2.0%	1.4%	1.2%	1.5%	1.8%	2.0%	2.2%	2.3%
Unemployment Rate	LOW	↑	4.7%	4.8%	4.7%	4.5%	4.4%	4.3%	4.4%	4.3%	4.4%	4.2%	4.1%	4.1%
Temporary Help Employment YoY	LOW	→	1.1%	3.1%	3.7%	3.9%	3.7%	4.9%	4.6%	4.5%	4.7%	4.0%	4.2%	3.9%
Real Retail Sales YoY Growth (3MMA)	LOW	↑	1.9%	2.2%	2.3%	2.4%	2.2%	2.3%	1.9%	1.8%	1.6%	2.1%	2.4%	3.0%
U. of Michigan Consumer Sentiment	LOW	→	98.2	98.5	96.3	96.9	97.0	97.1	95.1	93.4	96.8	95.1	100.1	98.5
Philly Fed Leading U.S. Index	LOW	→	1.7	1.4	1.5	1.4	1.5	1.5	1.4	1.4	1.2	1.3	1.2	1.7
Treasury Yield Curve (10yr - 2yr)	LOW	↓	1.29%	1.22%	1.22%	1.17%	1.06%	1.00%	0.85%	0.95%	0.87%	0.82%	0.81%	0.65%

Recession Riskometer

LOW

Economic Trend Signal

POSITIVE

Sources are listed on pages 25-26. Data as of 12/19/2017.

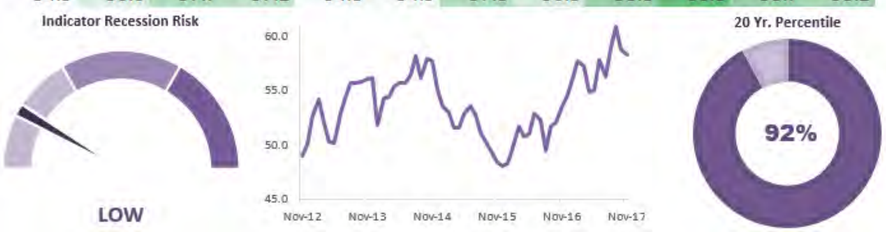
Commentary

The dials on the left show our combined estimate of near-term risk of recession and direction of economic growth, based on the average reading of ten economic indicators.
The Recession Riskometer focuses on producer sentiment, output and manufacturing growth, employment, consumer strength and leading market indicators. At this time all indicators are consistent with stable to accelerating economic growth. We are now in the ninth year of expansion, which is long by historical terms. While this period of growth is likely to continue into 2018, there is a risk that economic activity may start to slow down as we reach full employment and interest rates begin to rise.
Economic trend signals are somewhat more mixed, but in our view they are still supportive of near term expansion. We have observed a relative cooling in some indicators as the spike in activity related to hurricane recovery subsides, and should note that recent readings remain consistent with the level of economic expansion throughout the summer. Overall the data indicates that the U.S. economy continues on a solid growth path, and 2018 activity is likely to increase in the mid 2% range.

U.S. Economic Risk Indicators

ISM Manufacturing PMI

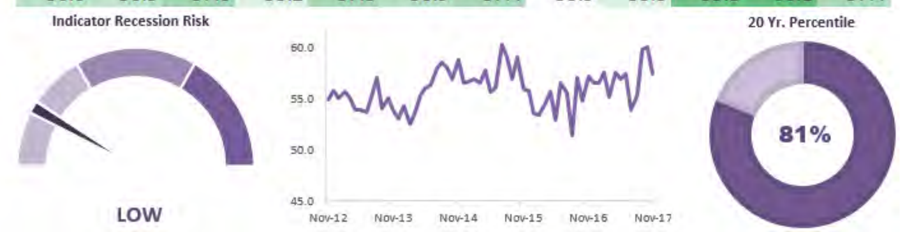
Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17
54.5	56.0	57.7	57.2	54.8	54.9	57.8	56.3	58.8	60.8	58.7	58.2



November's ISM Manufacturing PMI index stood at 58.2, slightly lower than the month prior. In our view this reading is still a strong indication for continuing growth, as the index is in the 92nd percentile - over the last 20 years the PMI reading has been higher only 8% of the time. This Index is based on surveys of over 400 manufacturing firms across 20 industries. A reading over 50 indicates expansion, and in the low 40's suggests recession.

ISM Non-Manufacturing PMI

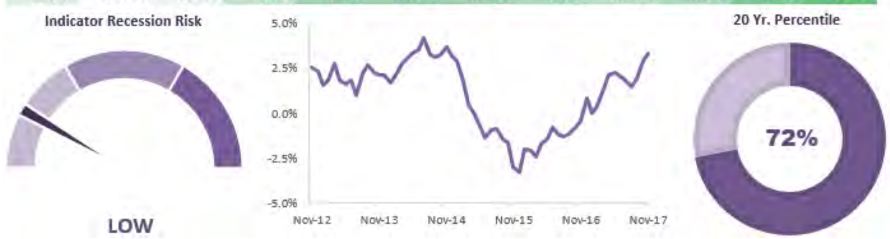
Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17
56.6	56.5	57.6	55.2	57.5	56.9	57.4	53.9	55.3	59.8	60.1	57.4



The ISM Non-Manufacturing Index reached a 12-year high in October, but declined for November to a 57.4 reading. Despite coming in below expectations last month, the index is above its 12-month average and consistent with strong numbers observed over the summer months. Even after the decline, the current reading has been exceeded only 19% of the time over the last 20 years, and we believe that this strength is still indicative of continued growth.

Industrial Production - YoY Change

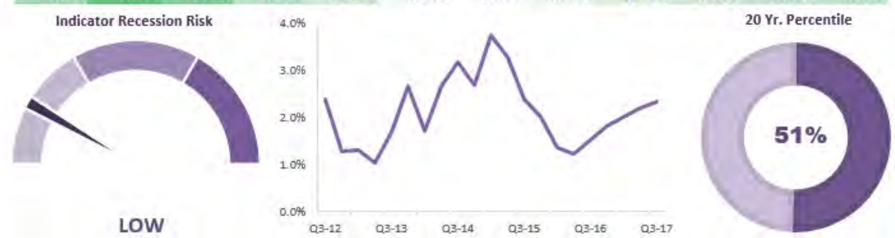
Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17
0.8%	0.0%	0.4%	1.4%	2.1%	2.3%	2.1%	1.8%	1.5%	1.9%	2.9%	3.4%



Industrial Production continues to experience accelerated growth, reaching a 3.4% year-over-year improvement in November. The most recent figure is higher than 72% of all monthly readings over the last 20 years and is currently growing above levels that historically have signaled recession risk.
Industrial Production and Capacity Utilization is measured monthly by the United States Federal Reserve, based on hours worked by industrial-sector employees.

Real GDP - YoY Change

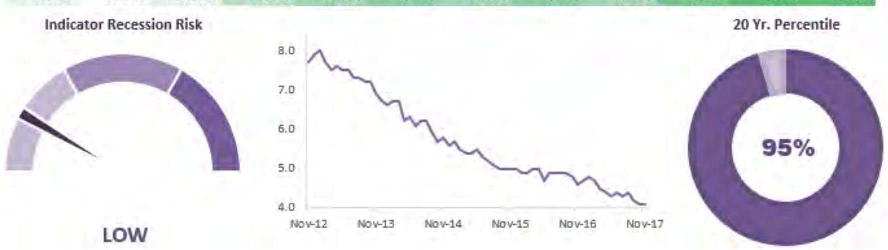
Q4-14	Q1-15	Q2-15	Q3-15	Q4-15	Q1-16	Q2-16	Q3-16	Q4-16	Q1-17	Q2-17	Q3-17
2.7%	3.8%	3.3%	2.4%	2.0%	1.4%	1.2%	1.5%	1.8%	2.0%	2.2%	2.3%



U.S. GDP grew by 2.3% year-over-year in the third quarter for its fifth consecutive quarter of accelerated growth. This indicator has been lower 51% of the time over the past 20 years and still points to a low probability of a recession in the near term.
Real GDP growth measures the change of the total value of goods and services produced within the U.S. The figure is adjusted for inflation so that changes in prices do not distort the reported growth rate. It is measured as the year-over-year change in Real GDP.

U3 Unemployment Rate

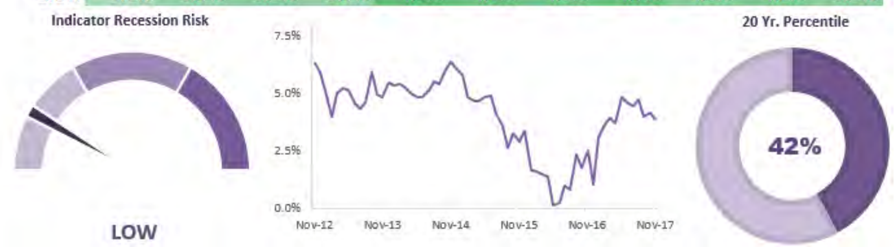
Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17
4.7%	4.8%	4.7%	4.5%	4.4%	4.3%	4.4%	4.3%	4.4%	4.2%	4.1%	4.1%



The Unemployment Rate has kept under 5% for the past 12 months, staying at 4.1% for the latest two months. As noted on the right, for the last 20 years the U3 Unemployment Rate has been higher 95% of the time, and a reading as low as this is typical for late expansions. The U3 Unemployment Rate measures the percentage of people without jobs who are actively seeking work. This is often the officially quoted unemployment rate.

Temporary Help Employment - YoY Change

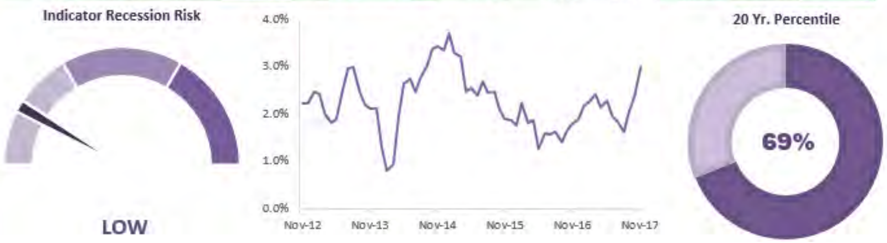
Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17
1.1%	3.1%	3.7%	3.9%	3.7%	4.9%	4.6%	4.5%	4.7%	4.0%	4.2%	3.9%



The year-over-year change in temporary help employment came down to 3.9% in November, but the reading is still stronger than 42% of all months over the past 20 years. This indicator continues to signal a healthy labor market. Temporary help employment figures are viewed favorably if they are positive and trending higher. Changes in temporary help numbers are often used as a predictor of changes in future employment.

Real Retail Sales (3MMA) - YoY Change

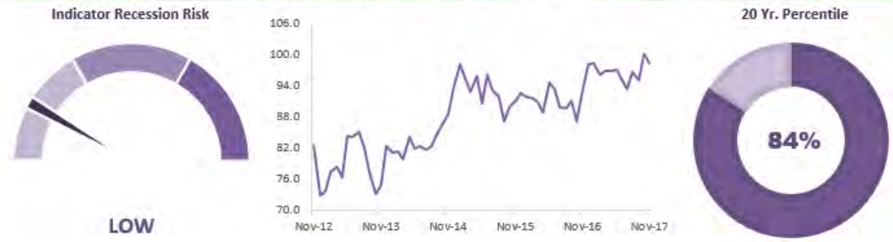
Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17
1.9%	2.2%	2.3%	2.4%	2.2%	2.3%	1.9%	1.8%	1.6%	2.1%	2.4%	3.0%



As measured in November, the three-month average of real retail sales grew by 3.0% over the past 12 months. This is a healthy reading, higher than we have seen 31% of time for the past 20 years, and a signal that consumer spending has accelerated in recent months. Real retail sales growth is a measure of the total year-over-year change in retail and food sales adjusted for inflation using the Consumer Price Index. Real retail sales typically decline heading into a recession, and a weaker reading is a concern for the economy.

U. of Michigan Consumer Sentiment

Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17
98.2	98.5	96.3	96.9	97.0	97.1	95.1	93.4	96.8	95.1	100.1	98.5



The University of Michigan Consumer Sentiment index dropped slightly to 98.5 in November from a very high reading in October. This indicator is currently in the 84th percentile, meaning it is higher now than 84% of all months over the last 20 years. Despite the recent small decline, the confidence level is still high and we expect growth in consumer spending in the months ahead based on the strength in this indicator. The index uses surveys to gather information on consumer expectations regarding the economy.

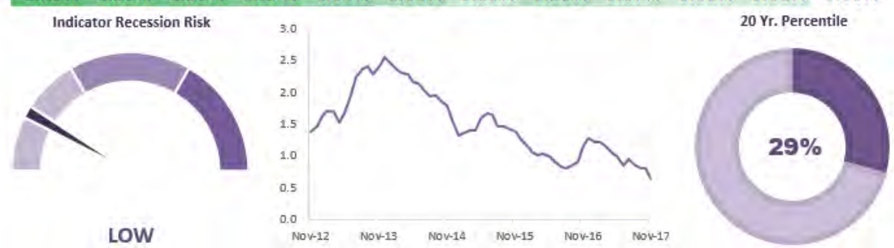
Philly Fed Leading U.S. Index

Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17
1.7	1.4	1.5	1.4	1.5	1.5	1.4	1.4	1.2	1.3	1.2	1.7

The September reading for the Philly Fed Leading Index was revised 0.3 upward to 1.2, and the most current reading improved to 1.7. This indicator has been higher than the current level only 18% of the time over the last 20 years. We expect that the current high level is unlikely to be maintained and this index may revert to levels around to 1.5 as we saw for most of 2017, which are supportive of stable growth. This is a composite index of several U.S. economic indicators that lead the economy. This indicator historically has declined into negative territory in recessions and rises back into positive territory in expansions.

Treasury Yield Curve (10 Yr. Minus 2 Yr.)

Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17
1.29%	1.22%	1.22%	1.17%	1.06%	1.00%	0.85%	0.95%	0.87%	0.82%	0.81%	0.65%



The last month-end reading of the yield curve slope at 0.65% is below average - this spread has only been as low 29% of the time over the last 20 years. This is consistent with a late cycle expansion or slowing growth, when spreads typically are lower.
The difference (spread) between the yields of the 10-Year and 2-Year maturity Treasury bonds is one of the early and reliable predictors of a recession. Under normal conditions the 10-Year/2-Year spread is positive, and as recession nears the spread flattens and turns negative. This indicator will shift to moderate risk when the spread is at 0.25% to zero.

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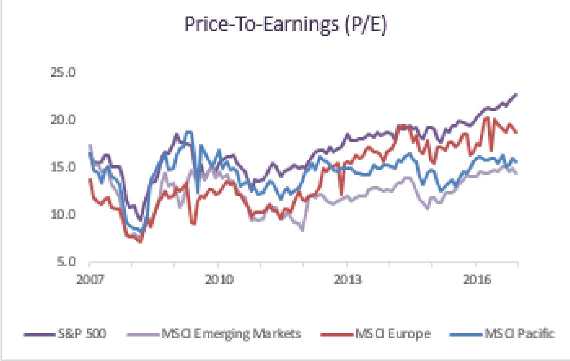
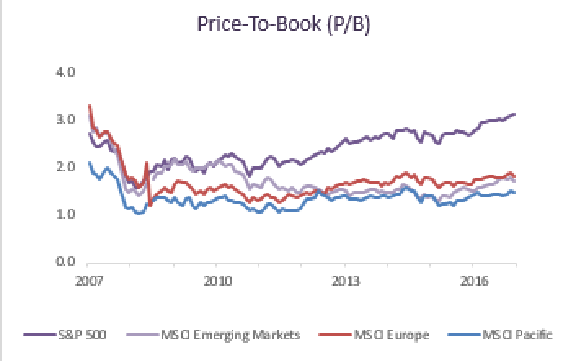
Sources are listed on pages 25-26. Data as of 12/19/2017.

Equity Valuation Overview

Price/Earnings (P/E)				
Index	Current	15 Yr. Avg.	St. Dev. From 15 Yr. Mean	Percentile (15 Yrs.)
S&P 500	22.7	17.3	2.2	100%
S&P 500 Growth	25.6	19.7	1.7	97%
S&P 500 Value	19.8	15.4	2.4	100%
S&P MidCap 400	24.0	19.1	2.1	100%
S&P MidCap 400 Growth	27.3	21.1	1.9	100%
S&P MidCap 400 Value	21.0	17.3	2.0	100%
S&P SmallCap 600	23.7	19.2	1.8	99%
S&P SmallCap 600 Growth	26.7	20.6	1.9	97%
S&P SmallCap 600 Value	21.2	18.0	1.5	99%
MSCI EAFE	17.4	13.4	0.9	93%
MSCI EAFE Growth	21.5	16.2	0.9	92%
MSCI EAFE Value	14.5	11.2	0.9	89%
MSCI Emerging Markets	14.4	12.6	0.8	78%
MSCI Europe	18.7	14.1	1.5	93%
MSCI Pacific	15.6	14.1	0.3	62%
MSCI ACWI	19.3	14.5	1.2	99%

Price/Book Value (P/B)				
Index	Current	15 Yr. Avg.	St. Dev. From 15 Yr. Mean	Percentile (15 Yrs.)
S&P 500	3.1	2.6	1.6	98%
S&P 500 Growth	5.4	4.0	1.6	94%
S&P 500 Value	2.1	1.9	0.7	77%
S&P MidCap 400	2.4	2.2	0.5	66%
S&P MidCap 400 Growth	3.6	3.1	1.0	88%
S&P MidCap 400 Value	1.8	1.7	0.1	59%
S&P SmallCap 600	2.3	2.0	0.9	82%
S&P SmallCap 600 Growth	3.0	2.7	0.8	79%
S&P SmallCap 600 Value	1.9	1.6	0.9	78%
MSCI EAFE	1.7	1.8	-0.3	63%
MSCI EAFE Growth	2.7	2.6	0.0	64%
MSCI EAFE Value	1.2	1.4	-0.4	56%
MSCI Emerging Markets	1.7	1.7	0.0	53%
MSCI Europe	1.8	2.1	-0.4	59%
MSCI Pacific	1.5	1.5	-0.1	65%
MSCI ACWI	2.2	2.1	-0.2	70%





Commentary

The two charts above show equity valuations based on the average Price-to-Earnings (P/E) and Price-to-Book (P/B) ratios for commonly used equity benchmarks. To the left, current valuations are compared to their 15-year average, and we show how far (as measured by standard deviation) the current valuation is from the average. Valuations within 0.5 standard deviations are close to historic norms, a reading around 1.5 indicates high valuation, and figures above 2 are near historic highs. The percentile figure shown next provides a ranking of each index valuation relative to its 15-year history. As an example, if the percentile is 80%, valuation is higher than 80% of all other observations for that index over the past 15-years and lower than 20% of the observations. As measured by Price-to-Earnings, most U.S. equity markets are close to historic highs. This does not imply an immediate market sell-off, but shows that most of the strength of economic data is already included in equity prices. We expect to see some declines in valuations as earnings grow into 2018, and this is why we expect more modest returns for U.S. equities next year. International valuations are lower in Asia and in Emerging Markets, and on a relative basis Value stocks are lower than their Growth counterparts - these areas of the markets may have more potential to grow later in the coming year.
Based on Price-to-Book, the valuation metrics are less extreme, with most international markets close to historical norms. Record value are seen mostly in the U.S. and in Growth stocks, many of which are less capital intensive. This metric is less forward looking than the P/E metric, but is also supportive of a view that international stocks have a lower valuation base and may have more room to grow.

Source: Cetera Investment Management, Morningstar, MSCI, and Standard & Poor's. Data as of 11/30/2017.

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Sector Valuation Overview

Price/Earnings (P/E)				
Index	Current	15 Yr. Avg.	St. Dev. From 15 Yr. Mean	Percentile (15 Yrs.)
S&P 500	22.7	17.3	2.2	100%
S&P 500 Consumer Discretionary	23.0	18.8	1.5	97%
S&P 500 Consumer Staples	21.4	19.2	0.8	78%
S&P 500 Energy	30.8	14.6	3.0	97%
S&P 500 Financials	17.3	14.4	1.2	96%
S&P 500 Health Care	24.2	20.5	0.9	85%
S&P 500 Industrials	23.4	18.1	1.7	98%
S&P 500 Information Technology	24.8	21.2	0.6	80%
S&P 500 Materials	26.6	18.9	1.6	93%
S&P 500 Real Estate*	35.7	N/A	N/A	N/A
S&P 500 Utilities	22.3	16.2	1.8	99%
S&P 500 Telecom Services	15.2	19.0	-0.4	44%

Price/Book Value (P/B)				
Index	Current	15 Yr. Avg.	St. Dev. From 15 Yr. Mean	Percentile (15 Yrs.)
S&P 500	3.1	2.6	1.6	98%
S&P 500 Consumer Discretionary	4.8	3.1	1.8	98%
S&P 500 Consumer Staples	4.6	4.2	0.5	73%
S&P 500 Energy	1.9	2.2	-0.6	41%
S&P 500 Financials	1.5	1.5	0.1	65%
S&P 500 Health Care	3.9	3.5	0.5	70%
S&P 500 Industrials	4.5	3.1	2.4	99%
S&P 500 Information Technology	5.4	3.9	2.7	99%
S&P 500 Materials	2.9	2.9	0.1	59%
S&P 500 Real Estate*	3.2	N/A	N/A	N/A
S&P 500 Utilities	2.1	1.8	1.1	85%
S&P 500 Telecom Services	2.7	2.2	0.9	81%

Commentary

These charts show sector valuations based on the average Price-to-Earnings (P/E) and Price-to-Book (P/B) ratios for the sectors within the S&P 500 index. Valuations are compared to 15 year averages, and we show by how many standard deviations the current is from the average. The percentile figure shown next provides a ranking of each index valuation relative to its 15-year history. As an example, if the percentile is 80%, it is greater than 80% of all other observations over the past 15 years and lower than 20% of observations. Cyclical sectors – Financials, Materials and Consumer Discretionary – tend to have highest P/E valuations, as investors are expecting higher earnings growth for the next year. Valuations for most economically-sensitive sectors – Energy, Industrials and Technology – tend to be in the near the median at present, but we should note that the 15-year average Energy sector earnings are depressed given the late 2015 downturn in this sector. In economically-sensitive sectors, Telecommunications has the lowest relative valuation at present. Valuations are closer to historic averages in defensive sectors such as Consumer Staples and Health Care, indicative of the lower growth of earnings these sectors tend to exhibit in an expanding economy. The Utilities sector, which tends to offer a steady dividend yield, has maintained a higher valuation in the current low rate environment.

*S&P 500 Real Estate Index does not have 15 years of historical data

Source: Cetera Investment Management, Morningstar, and Standard & Poor's. Data as of 11/30/2017.

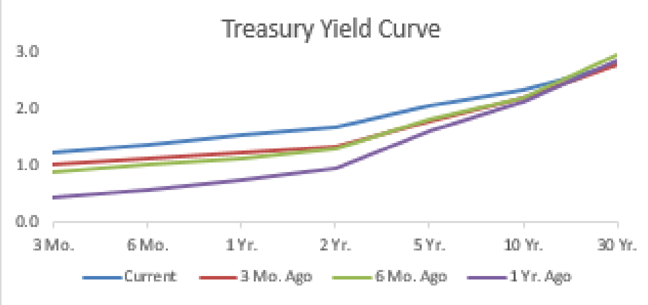
Fixed Income Overview

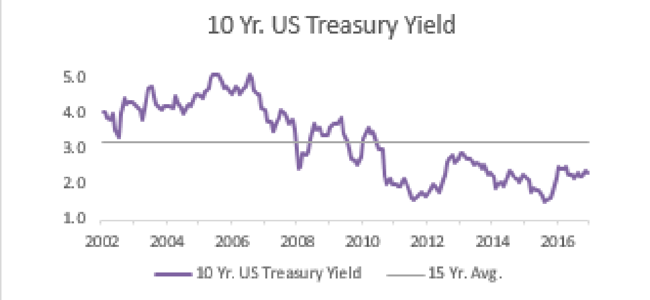
Yield				
Index	**Current**	**15 Yr. Avg.**	**St. Dev. From 15 Yr. Mean**	**Percentile (15 Yrs.)**
BofAML US Treasury Bill 3 Mon USD	1.27	1.20	1.0	29%
BBgBarc Treasury 1-3 Yr USD	1.80	1.65	1.2	30%
BBgBarc US Treasury 7-10 Yr USD	2.38	3.02	1.6	61%
BBgBarc US Treasury US TIPS USD	2.35	3.17	1.5	53%
BBgBarc Municipal USD	2.47	3.20	1.9	69%
BBgBarc GNMA USD	2.89	3.93	1.8	68%
BBgBarc US Corp IG USD	3.28	4.35	1.8	73%
BBgBarc US Corporate High Yield USD	5.68	8.14	1.9	89%
BBgBarc US Aggregate 1-3 Yr USD	1.96	2.19	1.2	45%
BBgBarc US Agg Bond USD	2.71	3.44	1.6	55%
BBgBarc Global Treasury Ex US USD	0.66	2.03	2.6	94%
JPM EMBI Global Diversified USD	5.30	6.60	1.9	85%

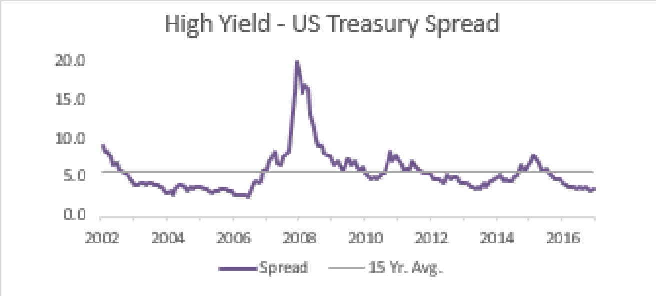
Treasury Spreads				
Index	**Current**	**15 Yr. Avg.**	**St. Dev. From 15 Yr. Mean**	**Percentile (15 Yrs.)**
BBgBarc Municipal USD	0.32	0.77	1.5	73%
BBgBarc GNMA USD	0.74	1.49	2.5	99%
BBgBarc US Corp IG USD	1.13	1.92	1.8	81%
BBgBarc US Corporate High Yield USD	3.53	5.71	1.8	87%
BBgBarc US Agg Bond USD	0.56	1.01	2.0	98%
BBgBarc Global Treasury Ex US USD	-1.49	-0.40	2.3	87%
JPM EMBI Global Diversified USD	3.15	4.17	1.8	83%

Commentary

The Yield chart above shows current yields for several commonly used fixed income benchmarks, compared to their 15-year average. The Treasury Spreads chart shows spreads of credit-sensitive bond sectors relative to Treasury bonds. We also show by how many standard deviations the current yield is from its average, and how often has it been as high or as low for the past 15 years. As indicated on the right, as the yield curve has flattened, 10-year Treasury yields have remained below historical norms. This indicates high valuations, and possibly higher volatility as yields rise. In comparison, short-term bonds may offer value, while international bond values are stretched. Spreads of credit-sensitive bonds are near historic lows, and may offer a weak bargain relative to Treasurys. Spreads may also widen in cases of market stress, causing credit bond prices to decline.







Source: Cetera Investment Management, Morningstar, BofAML, BBgBarc, JPMorgan, Federal Reserve Bank of St. Louis. Data as of 11/30/2017.

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Appendix

U.S. Economic Overview

Employment	As of	Latest	Previous	1 Yr. Ago	3 Mo. Avg.	12 Mo. Avg.	1 Mo. Diff.	1 Yr. Diff.	Percentile (10 Yrs.)	1 Yr. Trend	5 Yr. Trend	Trend					Latest
US Nonfarm Monthly Payrolls ('000)	Nov-17	228	244	164	170	173	-16	64	71%			210	138	208	38	244	228
US Total Nonfarm Payrolls - YoY Change	Nov-17	1.4%	1.4%	1.6%	1.4%	1.5%	0.0%	-0.2%	61%			1.5%	1.4%	1.5%	1.3%	1.4%	1.4%
U3 Unemployment Rate	Nov-17	4.1%	4.1%	4.6%	4.1%	4.4%	0.0%	-0.5%	100%			4.4%	4.3%	4.4%	4.2%	4.1%	4.1%
U6 Unemployment Rate	Nov-17	8.0%	7.9%	9.3%	8.1%	8.6%	0.1%	-1.3%	99%			8.6%	8.6%	8.6%	8.3%	7.9%	8.0%
Quit Rate	Oct-17	2.2%	2.2%	2.1%	2.2%	2.2%	0.0%	0.1%	95%			2.2%	2.1%	2.2%	2.1%	2.2%	2.2%
Job Openings: Total Nonfarm ('000)	Oct-17	5996	6177	5587	6088	5871	-181	409	97%			5702	6116	6140	6090	6177	5996
Initial Jobless Claims ('000) 4 Wk. MA - Month End	Nov-17	238	245	252	249	246	-7	-14	100%			243	244	239	265	245	238
KC Fed LMCI Momentum Indicator	Nov-17	1.7	1.5	1.2	1.4	1.3	0.1	0.5	100%			1.3	1.2	1.3	1.1	1.5	1.7
Labor Force Participation Rate	Nov-17	62.7%	62.7%	62.6%	62.8%	62.9%	0.0%	0.1%	7%			62.8%	62.9%	62.9%	63.1%	62.7%	62.7%
Employment to Population Ratio	Nov-17	60.1	60.2	59.7	60.2	60.1	-0.1	0.4	82%			60.1	60.2	60.1	60.4	60.2	60.1

Consumer	As of	Latest	Previous	1 Yr. Ago	3 Mo. Avg.	12 Mo. Avg.	1 Mo. Diff.	1 Yr. Diff.	Percentile (10 Yrs.)	1 Yr. Trend	5 Yr. Trend	Trend					Latest
Retail Sales - YoY Change	Nov-17	5.8%	4.9%	3.4%	5.2%	4.5%	0.9%	2.4%	82%			3.0%	3.7%	3.5%	5.0%	4.9%	5.8%
Vehicle Sales (Mil. Units, annualized)	Nov-17	17.3	18.0	17.6	17.9	17.2	-0.7	-0.2	86%			16.6	16.7	16.0	18.5	18.0	17.3
Personal Savings Rate	Oct-17	3.2%	3.0%	4.1%	3.2%	3.6%	0.2%	-0.9%	3%			3.8%	3.6%	3.4%	3.4%	3.0%	3.2%

Production	As of	Latest	Previous	1 Yr. Ago	3 Mo. Avg.	12 Mo. Avg.	1 Mo. Diff.	1 Yr. Diff.	Percentile (10 Yrs.)	1 Yr. Trend	5 Yr. Trend	Trend					Latest
Industrial Production - YoY Change	Nov-17	3.4%	2.9%	-0.4%	2.7%	1.7%	0.5%	3.8%	82%			2.1%	1.8%	1.5%	1.9%	2.9%	3.4%
Capacity Utilization	Nov-17	77.1%	77.0%	75.5%	76.8%	76.3%	0.1%	1.6%	64%			76.6%	76.5%	76.1%	76.2%	77.0%	77.1%
Core Capital Goods Orders - YoY Change	Oct-17	10.8%	7.8%	-6.0%	7.5%	3.6%	3.1%	16.8%	84%			7.4%	4.6%	6.1%	3.9%	7.8%	10.8%

Housing & Construction	As of	Latest	Previous	1 Yr. Ago	3 Mo. Avg.	12 Mo. Avg.	1 Mo. Diff.	1 Yr. Diff.	Percentile (10 Yrs.)	1 Yr. Trend	5 Yr. Trend	Trend					Latest
Building Permits ('000)	Nov-17	1298	1316	1255	1280	1255	-18	43	97%			1275	1230	1272	1225	1316	1298
Housing Starts ('000)	Nov-17	1297	1256	1149	1237	1213	41	148	99%			1217	1185	1172	1159	1256	1297
New Home Sales	Oct-17	685	645	577	632	604	40	108	100%			606	619	564	565	645	685
S&P/Case-Shiller Home Price Index (20 city) - YoY Change	Sep-17	6.2%	5.9%	5.1%	6.0%	5.7%	0.3%	1.1%	83%			5.7%	5.7%	5.7%	5.8%	5.9%	6.2%
Total Construction Spending - YoY Change	Oct-17	2.9%	2.4%	7.6%	2.7%	5.1%	0.5%	-4.7%	44%			5.1%	3.4%	2.1%	2.7%	2.4%	2.9%

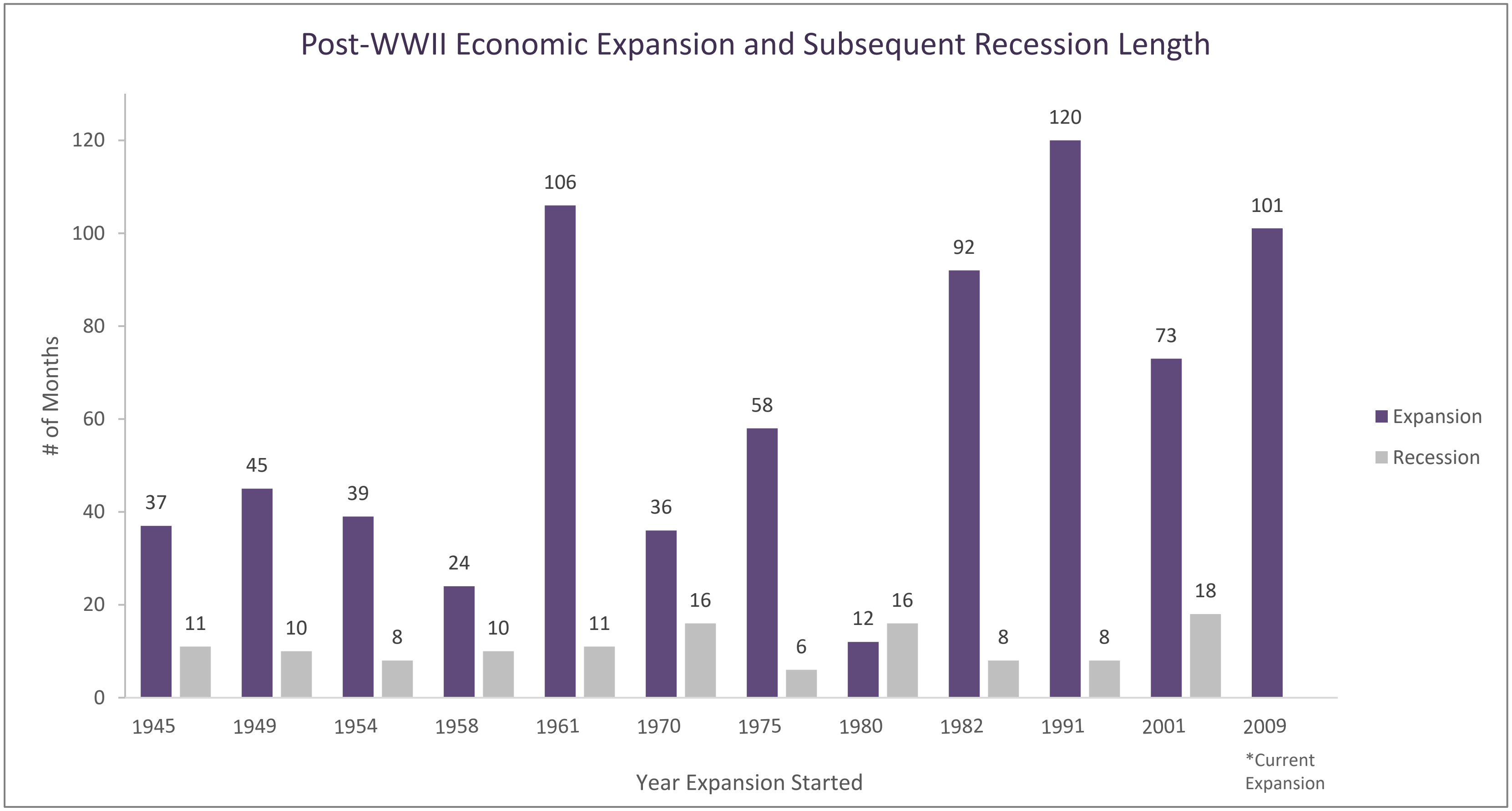
Survey Data	As of	Latest	Previous	1 Yr. Ago	3 Mo. Avg.	12 Mo. Avg.	1 Mo. Diff.	1 Yr. Diff.	Percentile (10 Yrs.)	1 Yr. Trend	5 Yr. Trend	Trend					Latest
ISM Manufacturing PMI Composite	Nov-17	58.2	58.7	53.5	59.2	57.1	-0.5	4.7	92%			57.8	56.3	58.8	60.8	58.7	58.2
ISM Manufacturing PMI New Orders	Nov-17	64.0	63.4	53.0	64.0	62.0	0.6	11.0	96%			63.5	60.4	60.3	64.6	63.4	64.0
ISM Non-Manufacturing PMI Composite	Nov-17	57.4	60.1	57.2	59.1	57.0	-2.7	0.2	89%			57.4	53.9	55.3	59.8	60.1	57.4
ISM Non-Manufacturing PMI New Orders	Nov-17	58.7	62.8	57.0	61.5	59.8	-4.1	1.7	73%			60.5	55.1	57.1	63.0	62.8	58.7
U. of Michigan Consumer Sentiment	Nov-17	98.5	100.1	93.8	97.9	96.9	-1.6	4.7	98%			95.1	93.4	96.8	95.1	100.1	98.5

Inflation	As of	Latest	Previous	1 Yr. Ago	3 Mo. Avg.	12 Mo. Avg.	1 Mo. Diff.	1 Yr. Diff.	Percentile (10 Yrs.)	1 Yr. Trend	5 Yr. Trend	Trend					Latest
Consumer Price Index (CPI) - YoY Change	Nov-17	2.2%	2.0%	1.7%	2.2%	2.1%	0.2%	0.5%	73%			1.6%	1.7%	1.9%	2.2%	2.0%	2.2%
Personal Consumption Expenditure (PCE) - YoY Change	Oct-17	1.6%	1.7%	1.6%	1.6%	1.7%	-0.1%	0.0%	56%			1.5%	1.4%	1.4%	1.4%	1.7%	1.6%
Producer Price Index (PPI) - YoY Change	Nov-17	4.3%	2.9%	0.4%	3.5%	3.1%	1.4%	3.9%	77%			2.1%	2.1%	2.9%	3.2%	2.9%	4.3%
Average Hourly Earnings - YoY Change	Nov-17	2.5%	2.3%	2.7%	2.5%	2.6%	0.2%	-0.2%	66%			2.5%	2.6%	2.6%	2.8%	2.3%	2.5%

GDP	As of	Latest	Previous	1 Yr. Ago	2 Qtr. Avg.	4 Qtr. Avg.	1 Qtr. Diff.	1 Yr. Diff.	Percentile (10 Yrs.)	1 Yr. Trend	5 Yr. Trend	Trend					Latest
Real GDP - QoQ (SAAR)	Q3-17	3.3%	3.1%	2.8%	3.2%	2.3%	0.2%	0.5%	85%			2.2%	2.8%	1.8%	1.2%	3.1%	3.3%
Real GDP - YoY Change	Q3-17	2.3%	2.2%	1.5%	2.3%	2.1%	0.1%	0.8%	67%			1.2%	1.5%	1.8%	2.0%	2.2%	2.3%

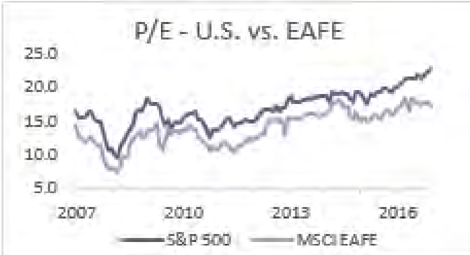
Other	As of	Latest	Previous	1 Yr. Ago	3 Mo. Avg.	12 Mo. Avg.	1 Mo. Diff.	1 Yr. Diff.	Percentile (10 Yrs.)	1 Yr. Trend	5 Yr. Trend	Trend					Latest
Treasury Yield Curve (10 Yr. Minus 2 Yr.) - Month End	Nov-17	0.65%	0.81%	1.16%	0.76%	0.99%	-0.16%	-0.51%	0%			0.85%	0.95%	0.87%	0.82%	0.81%	0.65%
Philly Fed Leading U.S. Index	Oct-17	1.7	1.2	1.3	1.4	1.4	0.5	0.4	81%			1.4	1.4	1.2	1.3	1.2	1.7

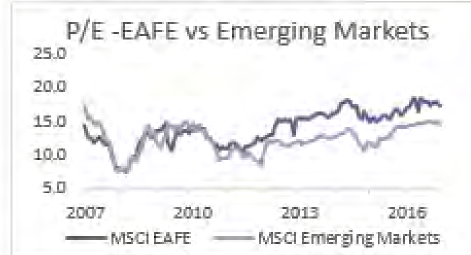
Sources are listed on pages 25-26. Data as of 12/19/2017.

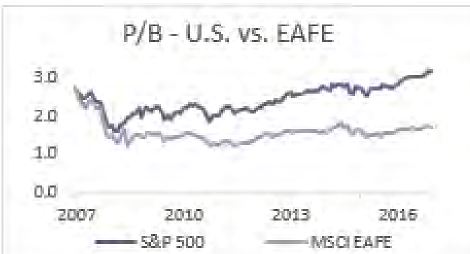


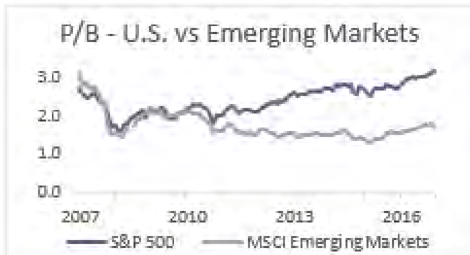
Source: Cetera Investment Management, National Bureau of Economic Research. Data as of 11/30/2017.

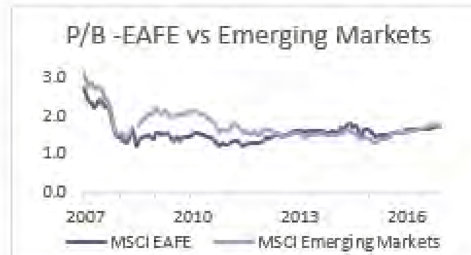
Equity Valuation Charts

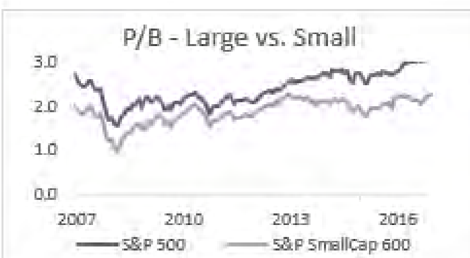


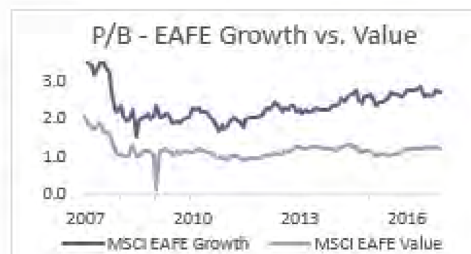












Source: Cetera Investment Management, Morningstar, MSCI, and Standard & Poor's. Data as of 11/30/2017.

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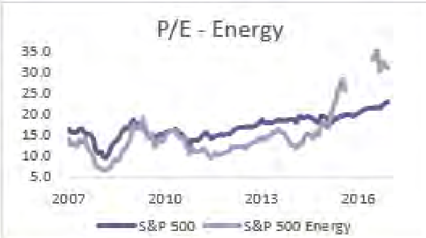
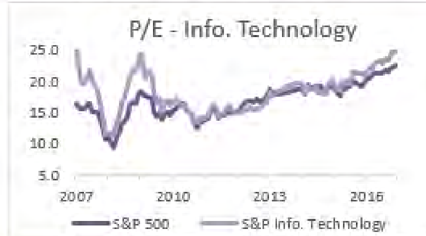
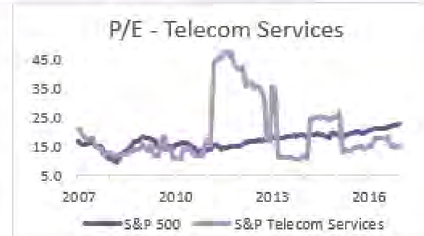
Sector Valuation Charts

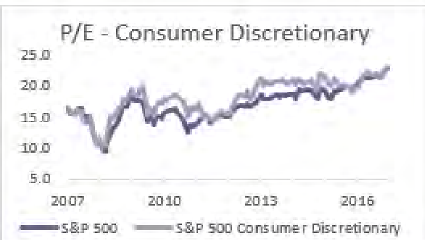
Economically Sensitive Sectors

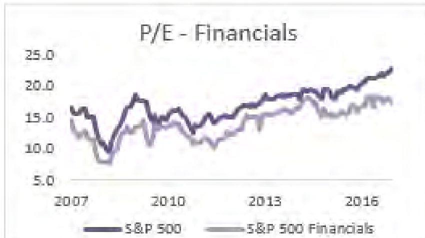




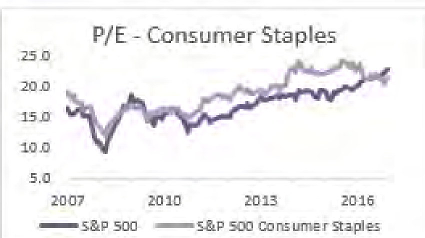


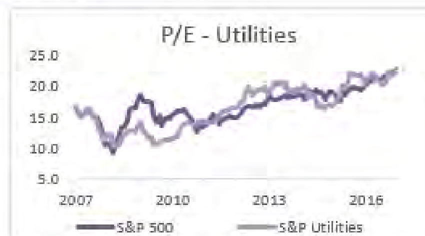
Cyclical Sectors





Defensive Sectors





Source: Cetera Investment Management, Morningstar, and Standard & Poor's. Data as of 11/30/2017.

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Active Fund Category Beat Rate

	Performance						Standard Deviation	
Category	**3 Mo.**	**YTD**	**1 Yr.**	**3 Yr.**	**2016**	**2015**	**1 Yr.**	**3 Yr.**
Domestic Large Cap Core	48%	31%	32%	17%	28%	33%	80%	56%
Domestic Large Growth	20%	37%	31%	16%	23%	38%	68%	69%
Domestic Large Cap Value	69%	75%	72%	48%	26%	58%	51%	60%
Domestic Mid Cap Core	60%	21%	34%	41%	63%	36%	14%	24%
Domestic Mid Cap Growth	29%	43%	42%	38%	38%	48%	11%	32%
Domestic Mid Cap Value	67%	51%	54%	41%	46%	49%	35%	22%
Domestic Small Cap Core	47%	26%	29%	28%	47%	48%	37%	73%
Domestic Small Cap Growth	37%	41%	40%	38%	50%	39%	37%	71%
Domestic Small Cap Value	60%	54%	46%	24%	13%	62%	52%	50%
Foreign Large Core	48%	38%	36%	57%	19%	87%	8%	82%
Foreign Large Growth	35%	46%	37%	47%	33%	83%	9%	75%
Foreign Large Value	65%	70%	60%	83%	12%	93%	23%	83%
Global Equity	42%	47%	42%	42%	26%	68%	14%	52%
Emerging Markets	40%	44%	38%	40%	34%	62%	40%	82%
Intermediate Govt/Corp	61%	61%	61%	52%	64%	26%	63%	61%
World Bond	46%	15%	19%	59%	75%	76%	91%	94%
Municipal - Short Term	95%	57%	54%	42%	35%	35%	86%	56%
Municipal - Intermediate	86%	22%	12%	19%	56%	13%	98%	96%
Municipal - Long Term	26%	15%	6%	9%	23%	16%	98%	98%
Municipal - High Yield	92%	88%	71%	91%	88%	74%	88%	56%
High Yield Bond	49%	27%	25%	11%	5%	71%	65%	78%
Bank Loan	42%	24%	31%	25%	32%	52%	44%	50%
Short Govt/Corp	93%	72%	72%	59%	68%	14%	76%	70%
Emerging Markets Bond	66%	73%	70%	37%	57%	13%	100%	28%
Specialty - TIPS	58%	39%	44%	18%	41%	26%	70%	48%
Multisector Bond	95%	89%	92%	75%	81%	29%	39%	25%
Real Estate	57%	62%	56%	43%	17%	62%	76%	93%
Global Real Estate	74%	92%	78%	32%	3%	29%	95%	96%
Specialty - Natural Resources	11%	66%	43%	87%	35%	78%	83%	87%
Equity Long/Short	9%	4%	4%	1%	12%	31%	36%	82%
Market Neutral	59%	75%	77%	64%	70%	57%	0%	0%
Managed Futures	73%	93%	83%	6%	16%	17%	55%	59%
Multialternative	11%	6%	5%	4%	7%	49%	36%	78%

Above 67%
Between 33% and 67%
Below 33%

Commentary

This chart shows the relative performance of actively managed mutual funds in each of the Morningstar categories listed, compared to the category average return. We also compare the risk, or standard deviation, of active funds relative to their category average risk.

A darker background color indicates that actively managed funds are outperforming, with over 67% of non-index funds beating the category average. The lightest color indicates that active management is lagging, with 33% or lower of active managers beating the category average. The middle shade indicates close to average results. For risk, as measured by standard deviation, a darker color indicates risk lower than 67% of the peer group average risk, and the lightest color indicates risk higher than 33% of the peer group average risk.

In performance, we have seen an improvement in the results of active managers for 2017. This trend is partly due to improving economic fundamentals, an environment where stronger positioned competitors outperform, and whose higher earnings are increasingly driving security prices. As a result, we have seen larger dispersion within asset classes and sectors, which is an environment that favors active security selection. In contrast, returns in the prior years were more heavily influenced by central bank policy and macro events, the directional impacts of which tend to move prices in the same direction. As the economy improves further, it may be reasonable to expect that some of the relative outperformance of active managers may persist.

The relative advantage of actively managed funds is more evident when looking at risk levels. When comparing standard deviations to the category average, active funds tend to more consistently show lower risk characteristic. At present this is true for the one- and three-year timeframes showcased here.

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Source: Cetera Investment Management, Morningstar. Data as of 11/30/2017.

Disclosures

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Disclosures (cont.)

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Definitions

The **Recession Riskometer** is the average reading of ten economic indicators – Unemployment, ISM Manufacturing and Non-Manufacturing Indexes, Industrial Production and Capacity Utilization, Real GDP Growth, Temporary Staffing Employment Growth, Real Retail Sales Growth, Consumer Confidence as measured by the University of Michigan, Philadelphia Federal Reserve's Leading Indicator for the U.S. Index, as well as the difference between 10- and 2-year Treasury rates.

The Economic Trend Signal measures the average of whether each of the ten indicators in the **Recession Riskometer** are improving, neutral or declining in their most recent reading as compared to historical data.

The U3 Unemployment Rate measures the percentage of people without jobs who are actively seeking work. This is often the officially quoted unemployment rate. The U6 Unemployment Rate expands the definition of U3 by including "discouraged workers", or those who have stopped looking for work because current economic conditions make them believe that no work is available for them, other "marginally attached workers", or those who would like and are able to work, but have not looked for work recently, as well as part-time workers who want to work full-time, but cannot due to economic reasons.

The ISM Manufacturing Index is based on surveys of over 400 manufacturing firms across 20 industries by the Institute of Supply Management. Equal weight is given to responses in five areas - new orders, production, supplier deliveries, employment and inventories. Generally, a reading over 50 indicates expansion, and a reading in the low 40's suggests recessionary conditions. Changes in the index are also helpful in gauging the direction of economic growth.

The ISM Non-Manufacturing Index is based on surveys of over 350 non-manufacturing firms in 17 industries representing over 80% of the U.S. economy by the Institute of Supply Management. The survey shows the percentage of managers reporting higher activity, lower activity or no change in the following areas: business activity, new orders, employment, supplier deliveries, backlog of orders, new export orders, inventory change, inventory sentiment, imports, and prices.

Definitions (cont.)

Industrial Production and Capacity Utilization is measured monthly by the United States Federal Reserve, based on hours worked by industrial-sector employees. The report shows total amount of US industrial production as a percentage compared to a baseline year. It also offers percentage changes from month to month and year to year, and a breakdown of production by industry grouping.

Real GDP Growth measures the change of the total value of goods and services produced within the borders of the United States. The figure is adjusted for inflation so that changes in prices do not distort the reported growth rate. It is measured as the year-over-year change in Real GDP.

The US Bureau of Labor Statistics surveys the temporary staffing industry is surveyed in its Professional and Business Services. They produce a report on Temporary Help Employment - changes in this figure are often used as a predictor of changes in future employment. Changes in Temporary Help Employment is a coincident economic indicator.

Real Retail Sales Growth is a measure of the total year-over-year change in retail and food sales adjusted for inflation using the Consumer Price Index. Real Retail Sales figures provided are the year-over-year change of the 3-month average. By neutralizing the impact of inflation, the year-over-year change in retail and food sales provides a better view into consumer spending strength because growth in this figure indicates stronger demand without the impact of rising prices. Real Retail and Food Sales typically decline heading into recession, and a weaker read is a concern for the economy.

The University of Michigan Consumer Sentiment Index is survey of consumer confidence conducted via telephone surveys to gather information on consumer expectations regarding the overall economy.

The Philly Fed U.S. Leading Index is a composite index of several U.S. economic indicators that lead the economy including housing permits, initial unemployment insurance claims, and Treasury yield spreads. This index is often used as a proxy to gauge where the economy is heading over the next several months because it measures the strength of leading indicators. The Leading U.S. Index historically has declined into negative territory during recessions and rises back into positive territory during expansions.

The difference (spread) between the yields of the 10-Year and 2-Year maturity Treasury bonds. Often referred to as the 10-Year/2-Year spread, this metric is one of the early and reliable predictors of recession. Under normal conditions the 10-Year/2-Year spread is positive, as investors demand higher risk premium for longer -term bonds. Spreads are usually wider early in an economic recovery and narrow as growth sets in. As recession becomes more likely, spreads tend to move toward zero or turn negative - this occurs because in periods when economic growth slows inflation decreases and demand for credit declines, pushing long term rates lower.

Definitions (cont.)

A Price/Earnings (P/E) ratio is a measure for equity analysis. It is calculated by dividing the current market price of a stock by its earning per share.

A Price/Book (P/B) ratio is a measure for equity analysis. It is calculated by dividing the current market price of a stock by the most recent book value per share.

The yield curve is a graphical representation of several yields or interest rates across different bond maturities. Typical maturities include 3-month, 6-month, 1-year, 2-year, 5-year, 10-year and 30-year.

The High-Yield - US Treasury spread is the percentage difference in current yields of various classes of high-yield bonds compared against U.S. Treasury bonds.

Percentile is a method of ranking a metric versus its history by measuring the percentage of group observations equal to or lower than it. As an example, if a metric scores in the 80th percentile, it is greater than 80% of all other group observations over the stated time period and lower than 20% of the group observations.

Standard deviation is a statistical method used to gauge asset risk based on measuring the dispersion in returns relative to the average over a specified period of time.

The Global Industry Classification Standard (GICS) is a classification system for equities, it is used by various equity indexes to classify domestic and international stocks and breaks equites down to 11 sectors, which Morningstar breaks down into three groups as described below. Stocks in Energy, Industrials, Information Technology and Telecommunication Services are classified as Sensitive. Consumer Discretionary, Financials and Materials are defined as Cyclical, and Consumer Staples, Health Care and Utilities are classified as Defensive.

Sensitive - The sensitive super sector includes industries which ebb and flow with the overall economy, but not severely so. Sensitive industries fall between the defensive and cyclical industries as they are not immune to a poor economy but they also may not be as severely impacted by a poor economy as industries in the cyclical super sector. In general, the stocks in these industries move closely to the direction of the economy.

Cyclical - The cyclical super sector includes industries significantly impacted by economic shifts. When the economy is prosperous these industries tend to expand and when the economy is in a downturn these industries tend to shrink. In general, the stocks in these industries expand faster when the economy is growing and also contract faster in a recession.

Defensive - The defensive super sector includes industries that are relatively immune to economic cycles. These industries provide services that consumers require in both good and bad times, such as healthcare and utilities. In general, the stocks in these industries are not very sensitive to the direction of the economy.

Index definitions

The S&P 500 is an index of 500 stocks chosen for market size, liquidity and industry grouping (among other factors) designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe.

The S&P Growth Index is a float adjusted, market capitalization weighted index of 317 stocks drawn from the S&P 500 Index that exhibit strong growth characteristics. S&P Dow Jones Indexes uses three factors to measure growth: sales growth, the ratio of earnings change to price, and momentum.

The S&P Value Index is a float adjusted, market capitalization weighted index of 364 stocks drawn from the S&P 500 Index that exhibit strong value characteristics. S&P Dow Jones Indexes uses three factors to measure value: the ratios of book value, earnings and the sales to price sales metric.

The S&P MidCap 400 provides investors with a benchmark for mid-sized companies. The index, which is distinct from the large-cap S&P 500®, measures the performance of 400 mid-sized companies, representing more than 7% of available market cap.

The S&P MidCap 400 Growth Index represents the growth companies of the S&P MidCap 400 Index which itself is composed of mid-cap stocks from the broad U.S. equity market. Growth companies are identified by three factors: book value to price ratio, earnings to price ratio, and sales to price ratio.

The S&P MidCap 400 Value Index represents the value companies of the S&P MidCap 400 Index which itself is composed of mid-cap stocks from the broad U.S. equity market. Value companies are identified by three factors: book value to price ratio, earnings to price ratio, and sales to price ratio.

The S&P SmallCap 600 measures the small-cap segment of the U.S. equity market. Introduced in 1994, the index is designed to track the performance of 600 small-size companies in the U.S, reflecting this market segment's distinctive risk and return characteristics. The index measures a segment of the market that is typically known for less liquidity and potentially less financial stability than large-caps, the index was constructed to be an efficient benchmark composed of small-cap companies that meet investability and financial viability criteria.

Index definitions (cont.)

The S&P SmallCap 600 Growth Index represents the growth companies of the S&P S&P SmallCap 600 Index which itself is composed of small cap stocks from the broad U.S. equity market. Growth companies are identified by three factors: book value to price ratio, earnings to price ratio, and sales to price ratio.

The S&P SmallCap 600 Value Index represents the value companies of the S&P SmallCap 600 Index which itself is composed of small-cap stocks from the broad U.S. equity market. Value companies are identified by three factors: book value to price ratio, earnings to price ratio, and sales to price ratio.

The MSCI EAFE is designed to measure the equity market performance of developed markets (Europe, Australasia, Far East) excluding the U.S. and Canada. The Index is market-capitalization weighted.

The MSCI EAFE Growth index represents large and mid-cap securities exhibiting overall growth style characteristics across Developed Markets countries around the world, excluding the U.S. and Canada.

The MSCI EAFE Value index represents large and-mid cap securities exhibiting overall value style characteristics across Developed Markets countries around the world, excluding the U.S. and Canada.

The MSCI Emerging Markets is designed to measure equity market performance in global emerging markets. It is a float-adjusted market capitalization index.

The MSCI Europe Index is a free float-adjusted market capitalization index that is designed to measure developed market equity performance in Europe.

The MSCI Pacific Index captures large and mid-cap representation across five Developed Markets (DM) countries in the Pacific region. With 470 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

Index definitions (cont.)

The MSCI ACWI is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. The MSCI ACWI consists of 46 country indexes comprising 23 developed and 23 emerging market country indexes. The developed market country indexes included are: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States. The emerging market country indexes included are: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Peru, Philippines, Poland, Qatar, Russia, South Africa, Taiwan, Thailand, Turkey and United Arab Emirates.

The S&P 500® Consumer Discretionary Index comprises those companies included in the S&P 500 that are classified as members of the GICS® Consumer Discretionary sector.

The S&P 500® Consumer Staples Index comprises those companies included in the S&P 500 that are classified as members of the GICS® Consumer Staples sector.

The S&P 500® Energy Index comprises those companies included in the S&P 500 that are classified as members of the GICS® Energy sector.

The S&P 500® Financials Index comprises those companies included in the S&P 500 that are classified as members of the GICS® Financials sector.

The S&P 500® Health Care Index comprises those companies included in the S&P 500 that are classified as members of the GICS® Health Care sector.

The S&P 500® Industrials Index comprises those companies included in the S&P 500 that are classified as members of the GICS® Industrials sector.

The S&P 500® Information Technology Index comprises those companies included in the S&P 500 that are classified as members of the GICS® Information Technology sector.

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Index definitions (cont.)

The S&P 500® Materials Index comprises those companies included in the S&P 500 that are classified as members of the GICS® Materials sector.

The S&P 500® Real Estate Index comprises those companies included in the S&P 500 that are classified as members of the GICS® Real Estate sector.

The S&P 500® Telecommunication Services Index comprises those companies included in the S&P 500 that are classified as members of the GICS® Telecommunication Services sector.

The S&P 500® Utilities Index comprises those companies included in the S&P 500 that are classified as members of the GICS® Utilities sector.

The Bank of America Merrill Lynch U.S. Treasury Bill 3 Month index measures the performance of a single issue of outstanding treasury bill which matures closest to, but not beyond, three months from the rebalancing date. The issue is purchased at the beginning of the month and held for a full month; at the end of the month that issue is sold and rolled into a newly selected issue.

The Bloomberg Barclays U.S. Treasury: 1-3 Year Index measures the performance of U.S. Treasury securities with remaining maturities of one to three years.

The Bloomberg Barclays U.S. Treasury: 7-10 Year Index measures the performance of U.S. Treasury securities that have a remaining maturity of at least seven years and less than 10 years.

The Bloomberg Barclays U.S. Treasury: U.S. TIPS Index includes all publicly issued, U.S. Treasury inflation-protected securities that have at least one year remaining to maturity, are rated investment grade, and have $250 million or more of outstanding face value.

The Bloomberg Barclays U.S. Municipal Bond Index is an unmanaged, market-value-weighted index of investment-grade municipal bonds with maturities of one year or more.

The Bloomberg Barclays GNMA Index measures the performance of Government National Mortgage Association (GNMA or "Ginnie Mae") bonds. It is a subset of the Bloomberg Barclays U.S. Aggregate index.

Index definitions (cont.)

The Bloomberg Barclays U.S. Corporate (Investment Grade) Bond Index measures the investment grade, fixed-rate, taxable corporate bond market. It includes USD-denominated securities publicly issued by U.S. and non-US private-sector industrial, utility and financial issuers. Certificates of deposit are also included. Launched in July 1973, securities included must be rated investment grade (Baa3/BBB-/BBB- or higher). Eligible senior and subordinated corporate securities must have at least one year until final maturity, but in practice the index holdings has a fluctuating average life of around 10.75 years. The index is unhedged and rebalances monthly.

The Bloomberg Barclays U.S. Corporate High-Yield Index measures the market of USD-denominated, non-investment grade, fixed-rate, taxable corporate bonds. Securities are classified as high-yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below, excluding emerging market debt.

The Bloomberg Barclays U.S. Aggregate 1-3 Years Index consists of publicly issued investment grade corporate, US Treasury and government agency securities with remaining maturities of one to three years.

The Bloomberg Barclays Capital U.S. Aggregate Bond Index, which was originally called the Lehman 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 debt securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency) debt securities that are rated at least Baa3 by Moody's and BBB- by S&P. Taxable municipals, including Build America bonds and a small amount of foreign bonds traded in U.S. markets are also included. Eligible bonds must have at least one year until final maturity, but in practice the index holdings has a fluctuating average life of around 8.25 years. This total return index, created in 1986 with history backfilled to January 1, 1976, is unhedged and rebalances monthly.

The Bloomberg Barclays Global Treasury ex U.S. Bond Index consists of those securities included in the Barclays Global Aggregate Bond Index that are Treasury securities, with the U.S. excluded. The Barclays Global Aggregate Bond Index is comprised of several other Barclays indexes that measure fixed income performance of regions around the world.

The JP Morgan Emerging Markets Bond Index (EMBI) Global Diversified measures the performance of fix-rate for external-currency denominated debt instruments including Brady bonds, loans, Eurobonds in emerging markets. Countries covered are Argentina, Brazil, Bulgaria, Mexico, Morocco, Nigeria, the Philippines, Poland, Russia, and South Africa. It covers more of the eligible instruments than the EMBI+ by relaxing somewhat the strict EMBI+ limits on secondary market trading liquidity.

Data Sources

Economic Indicator	Source
Nonfarm Monthly Payrolls ('000)	U.S. Bureau of Labor Statistics
Total Nonfarm Payrolls - YoY Change	U.S. Bureau of Labor Statistics
U3 Unemployment Rate	U.S. Bureau of Labor Statistics
U6 Unemployment Rate	U.S. Bureau of Labor Statistics
Quit Rate	U.S. Bureau of Labor Statistics
Job Openings: Total Nonfarm Payroll	U.S. Bureau of Labor Statistics
Initial Jobless Claims ('000) 4 Wk. MA - Month End	U.S. Employment and Training Administration
KC Fed LMCI Momentum Indicator	Federal Reserve Bank of Kansas City
Labor Force Participation Rate	U.S. Bureau of Labor Statistics
Employment to Population Ratio	U.S. Bureau of Labor Statistics
Temporary Help Employment	U.S. Bureau of Labor Statistics
Retail Sales - YoY Change	U.S. Bureau of the Census
Vehicle Sales (Mil. Units, annualized)	U.S. Bureau of Economic Analysis
Personal Savings Rate	U.S. Bureau of Economic Analysis
Real Retail Sales (3MMA) - YoY Change	Federal Reserve Bank of St. Louis
Industrial Production - YoY Change	Board of Governors of the Federal Reserve System (US)
Capacity Utilization	Board of Governors of the Federal Reserve System (US)
Core Capital Goods Orders - YoY Change	U.S. Bureau of the Census
Building Permits ('000)	U.S. Bureau of the Census
Housing Starts ('000)	U.S. Bureau of the Census

Data Sources (cont.)

Economic Indicator	Source
New Home Sales	U.S. Bureau of the Census
S&P/Case-Shiller Home Price Index (20 city) - YoY Change	S&P Dow Jones Indices LLC
Total Construction Spending - YoY Change	U.S. Bureau of the Census
ISM Manufacturing Composite PMI	Institute for Supply Management
ISM Manufacturing New Orders	Institute for Supply Management
ISM Non-Manufacturing Composite PMI	Institute for Supply Management
ISM Non-Manufacturing New Orders	Institute for Supply Management
U. of Michigan Consumer Sentiment	University of Michigan
Consumer Price Index (CPI) - YoY Change	U.S. Bureau of Labor Statistics
Personal Consumption Expenditure (PCE) - YoY Change	U.S. Bureau of Economic Analysis
Producer Price Index (PPI) - YoY Change	U.S. Bureau of Labor Statistics
Average Hourly Earnings - YoY Change	U.S. Bureau of Labor Statistics
Real GDP – QoQ (SAAR)	U.S. Bureau of Economic Analysis
Real GDP – YoY Change	U.S. Bureau of Economic Analysis
Treasury Yield Curve (10-Yr. Minus 2-Yr.)	Federal Reserve Bank of St. Louis
Philly Fed Leading U.S. Index	Federal Reserve Bank of Philadelphia