MARKET LETTER

PACIFIC PORTFOLIO CONSULTING, LLC

Second Quarter 2020

ISN'T THIS WHERE WE CAME IN?

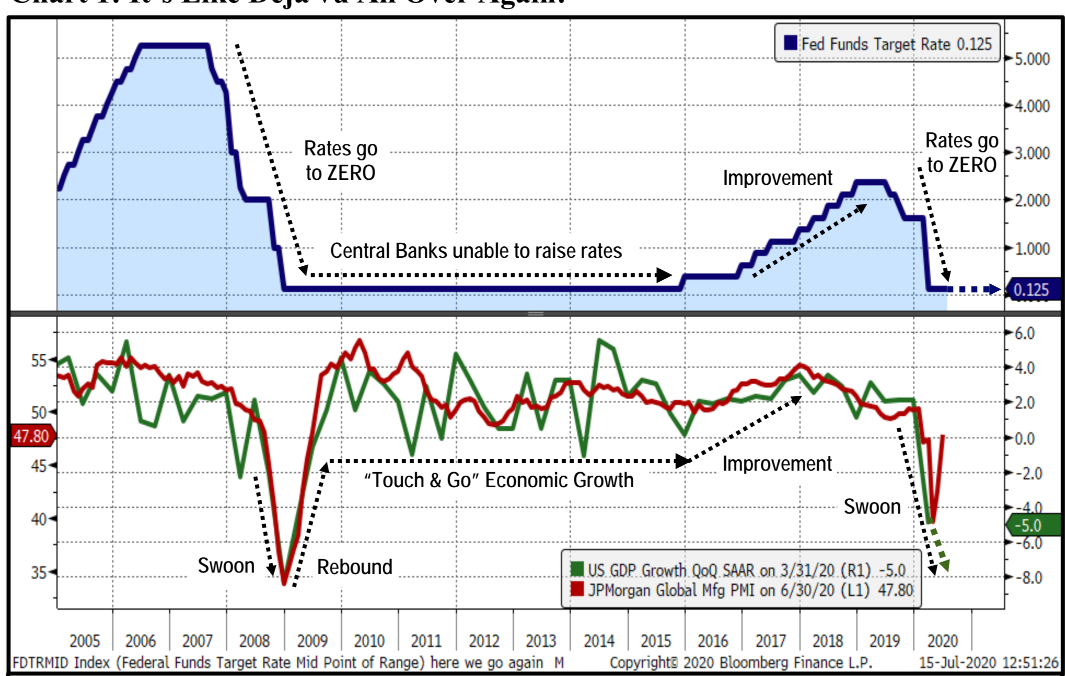
The title with which I was originally tempted to open this quarter's piece was "What a Long, Strange Trip It's Been!", one that (those of you keeping score will know) we have actually used before – specifically, in our 2016 year-end wrap-up. Seriously: what better way to encapsulate THAT rollercoaster ride of a year?! We had to be witnessing the peak in uncertainty, volatility, and insanity, right?? Or so we thought!

Recycling a headline like that just did not sit well with me, though. We've never done that before – just thinking about it felt wrong! Yet – even at the very great risk of being unoriginal – it just seemed so perfectly suited to the "you-couldn't-even-make-this-stuff-up"-type of economic and market conditions we have witnessed lately! In the end, however, what convinced me to turn definitively away from this quip was the sense of closure that it seems to convey: phrased in the past tense, it clearly implies we are at the end of our trip, that all of the wild, weird, or just outright scary antics and adventures are behind us at this stage. Sorry, no; we're just getting started here.

This is not to imply that our Investment Committee believes we are likely to see a repeat of the utter mayhem that brutally disfigured the first half of the year – we do not; nonetheless, the sheer number of risks, uncertainties, and binary outcome events scattering the landscape right now is, to say the least, daunting. This is a fact of life that we are – and all investors should be – keeping front of mind these days, as – if nothing else – it requires that we discount even further any kind of outlook or prediction we might be tempted to make (something that the wide dispersion in the near-term views of our Investment Committee members – the widest I have seen in my 16 years with the firm! – would seem to confirm) and, thus, also rein in any urge to drastically alter our risk exposure as a result.

Meanwhile, the more I thought about our present circumstances, the more I was struck by this sense that we've been watching the same movie over and over again; we might have come in late, but we've more than come full-circle to where we first came in: we've already seen this part! Worse still, it's actually more like a series of vignettes all strung together and played on loop: the market's greatest hits (and flops) of the past hundred years. Shades of '29 and '87, with some of the most violent, record-crushing market moves ever seen; echoes of 1999, with massive divergences between economic sectors and investing styles seeming stretched to the point of making any

Chart 1: It's Like Déjà vu All Over Again!



It's all eerily familiar, is it not? Policy interest rates collapse to the zero-bound, with every indication from the Fed that they're unlikely to move higher any time soon. At the same time – and by no coincidence – a very sharp contraction in economic activity is unfolding, one that very soon will rival – at least in severity – the 2008-2009 recession. Certainly, the quick rebound in the manufacturing PMI could bode well, alluding to the potential brevity of the current economic recession, though there remains tremendous uncertainty at this point, as the rate of new COVID-19 infections in the U.S. continues to hit new highs and the process of re-opening the economy either slows, stalls, or, in some cases, even reverses.

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rational investor want to scream "Mean Reversion!!" – but which then continue to push inexorably forward; and, of course, a trailer for the sequel – one that literally no one had been waiting for! – to the 2008-2009 saga, with global economic growth back on what appears to be fairly uncertain footing and interest rates back at zero once again (several more years of financial repression, anyone?).

So, what can be said of financial markets throughout all of this nonsense? Well, against a backdrop that could easily have been expected to give the market more than a hint of heartburn, it's really hard to argue the fact that investors have taken the whole thing really, really well so far! On the heels of the market's gobsmacking plunge in February and March, which left the market down -34% from its all-time high in the span of roughly a month in the swiftest (and, possibly, also the briefest) bear market in history, stocks have staged an equally jaw-dropping recovery, gaining +44% (as of mid-July) over the roughly four months since the market's late-March bottom (which – remember! – still leaves us with slightly negative returns, net-net, since the market needs to make more on the upside to offset what it loses to the downside).

Chart 2: It Was All Just a Bad Dream…. Or Was It?!?

Investors – as a collective – tend to overreact, both on the downside and the upside. So, let's assume for just a moment that the market didn't deserve to go down as much as it did in Q1 – let's say, just for now, that it was an overreaction– it still seems rather unlikely the economy will simply "pick up where it left off" as the market seems to expect. We believe this recession is going to leave a mark and the bond market, for one, certainly seems to agree, with yields hovering near all-time lows, as if to say, "Nothing to see here!" Yes, markets are forward-looking; as such, they may not be overly concerned with the immediate "here & now" but either stocks and bonds are looking at things very differently or they must be looking at very different things! Even if we assume the bond market is being distorted by the Fed's vow to hold rates at zero for an extended period, justifying equity investors' optimism requires the continued ability to move forward with the re-opening of the global economy in order to set the stage for a growth and earnings recovery to unfold over the course of 2021.

At first glance, there would seem to be at least the potential for a pretty material disconnect somewhere within this whole dynamic. Sure, the world did not actually come to an end, the financial system did not collapse and those market participants who had been fearing the worst have breathed a huge, collective sigh of relief. That's good. Meanwhile, there have been some early signs of economic healing and recovery, as much of the recent data has come in well ahead of what the market has been looking for. That, too, serves as support for a significantly more bullish outlook than that which prevailed just a few months ago; at the same time, by our measures at least, investor sentiment – while having swung sharply back towards the bullish camp – does not yet look stretched in most areas. It feels, nonetheless, like a quantum leap of faith from there to believing that this whole ordeal need be nothing more than a bad memory at this point, that the only lasting mark this recession will leave – after having brought the longest economic expansion in history to its knees almost overnight! – will be a tiny footnote at the bottom of some little-visited Wikipedia page. Much more likely, in our view, is the possibility that there will be both immediate and longer-term ramifications to the – we would clearly note – ongoing public health and economic crisis, no matter how well things play out from here. Thus, even as equity markets look ahead to better times, we note that it is early yet and that tremendous uncertainty remains, increasing the potential variability in outcomes exponentially and, with that, the potential relative fortunes of a host of asset classes, styles, and investment strategies.

The Shape of Things to Come

It's no surprise, then, that just about every strategist, analyst, portfolio manager, pundit, and politician – across the country and around the world – is pulling his or her hair out right now trying to "get it right", to somehow discern the "shape" of the trajectory that the current economic recovery will follow as it continues to play out (and we are no exception). Will the U.S. and – not to be completely self-absorbed – global economies be blessed with the rare "V"-shaped recovery, a best-case scenario where activity rebounds sharply to effectively pick up right where things left off back in February? Or will we need to make do with a "U"-shape, a more gradual recovery and, thus, one accompanied by a longer period of uncertainty and discomfort? A "W"-shaped recovery scenario, one that people – thankfully – have not had to give too much thought to yet, would be a distinctly less popular outcome, given the potentially violent degree of economic turbulence its jagged shape can imply – hey, it's better than just wallowing in recession, but it may not feel like it! Finally, never at a loss for clever concepts, Wall Street has brought us the increasingly popular "Nike Swoosh" theory: picture a cliff drop followed by an initial "V"-shaped rebound that quickly tapers to a much more gradual pace to then trace out a more modest and elongated recovery following the initial "pop". Needless to say, the ramifications for global monetary and fiscal policy, interest rates, inflation, and the ever-important stock and bond markets could potentially be very different under each of these scenarios.

There's no question that much of the data to emerge in recent months has appeared more consistent with a recovery of the "V" variety (something that clearly has not been lost on the stock market). Although we know – even before we get the actual number – that GDP growth itself was a disaster in Q2, both monthly PMI indices used to measure activity in the U.S manufacturing and services sectors snapped back smartly into "expansion" territory in June, looking – for now – as if they had not missed a beat. The U.S. labor market is another area where investors have had better-than-expected news to cheer: first and foremost, +2.7 million jobs were created in May versus the market's expectation for the loss of an additional -7.5 million jobs; in June, meanwhile, a further +4.8 million jobs were created relative to expectations of just +3.2 million. Thus, even though the unemployment rate – at 11.1% – remains at its second-highest level in the post-WWII era, it is still down significantly from its catastrophic 14.7% reading in April – not a great situation but still a clear "Win" in the eyes of the market.

Chart 3: If You're That Good at Math, You Know the Math Is Not That Good

WEEKLY COVID RECOVERY MONITOR

	6-Mar	13-Mar	20-Mar	27-Mar	3-Apr	10-Apr	17-Apr	24-Apr	1-May	8-May	15-May	22-May	29-May	5-Jun	12-Jun	19-Jun	26-Jun	3-Jul	10-Jul	17-Jul
Virus																				
New COVID cases	202	1917	17094	82384	173710	221168	203171	205652	198423	180148	159259	158063	145836	150751	151148	171975	246443	326031	391138	462664
Lockdown Index	20.4	30.1	67.1	72.7	72.7	72.7	72.7	72.7	72.7	72.7	72.7	72.7	72.7	72.7	72.7	69.0	69.0	69.0	69.0	69.0
Real Economy																				
Jobless Claims	0.2	0.3	3.3	6.9	6.6	5.2	4.4	3.9	3.2	2.7	2.4	2.1	1.9	1.6	1.5	1.5	1.4	1.3	1.3	1.3
Public Transit Ridership	4.1	-1.2	-35.0	-60.6	-67.7	-71.5	-73.4	-72.6	-71.9	-70.0	-70.0	-67.8	-66.8	-62.5	-59.9	-57.5	-54.4	-53.6	-52.7	-53.1
Airline Passengers	2.2	1.7	0.6	0.2	0.1	0.1	0.1	0.1	0.2	0.2	0.3	0.3	0.3	0.4	0.5	0.5	0.5	0.5	0.5	0.5
Mortgage Apps	-1%	-2%	-16%	-25%	-34%	-36%	-34%	-27%	-22%	-14%	-9%	-1%	4%	10%	14%	10%	9%	15%	8%	8%
Consumer Comfort	63	63	63	60	56	50	45	41	40	37	36	35	36	37	39	40	41	43	43	44
Same Store Sales	5.4	6.0	7.2	7.9	7.5	7.0	(2.0)	(4.4)	(5.7)	(6.6)	(7.5)	(8.5)	(7.5)	(7.5)	(9.7)	(9.0)	(8.0)	(7.4)	(7.3)	(5.5)
Restaurant Bookings	(6.0)	(36.0)	(99.4)	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	(98.8)	(97.1)	(93.6)	(87.3)	(81.6)	(75.5)	(65.0)	(60.0)	(58.0)	(57.2)	(62.5)	(59.3)
Active Oil Rigs	2.6%	2.8%	-0.1%	-6.1%	-15.4%	-24.2%	-34.1%	-43.1%	-51.1%	-56.1%	-61.2%	-64.3%	-64.3%	-64.3%	-70.1%	-71.6%	-71.7%	-72.2%	-72.8%	-72.9%
Steel Production	0.01	0.00	-0.02	-0.03	-0.1	-0.2	-0.3	-0.3	-0.3	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.3	-0.3
Energy Demand	0.2%	-3.2%	-1.9%	-14.2%	-26.9%	-31.1%	-35.5%	-37.3%	-39.2%	-37.4%	-33.8%	-35.0%	-36.1%	-32.9%	-30.4%	-30.4%	-28.6%	-26.6%	-30.2%	-
Financial Markets																				
S&P 500	-8.7%	-16.8%	-29.2%	-22.0%	-23.6%	-14.3%	-11.7%	-12.9%	-13.1%	-10.0%	-12.1%	-9.3%	-6.5%	-1.9%	-6.6%	-4.9%	-7.6%	-3.9%	-2.2%	-3.1%
Financial Conditions	-1.8	-4.1	-6.2	-5.6	-4.7	-3.4	-3.0	-2.6	-1.9	-1.2	-1.2	-0.7	-0.6	-0.1	-1.0	-0.6	-0.7	-0.3	-0.3	-0.1

Source: Bloomberg

I know: this table has A LOT of numbers and they are all very small! Still, the nice thing about the weekly COVID recovery monitor we follow is that the numbers matter less than their change over time and whether things are getting better (greener cells) or worse (redder cells). This makes it easy to get a sense of progress being made – or lost – across a large cross-section of data on the virus, economy, and market. For now, we can see that many components of the economy remain severely challenged, though they have made – and, largely, held on to – meaningful improvement. This table also makes clear the drastic swing in investor sentiment from doom and gloom to a more measured, though not yet outright gleeful, mindset. What would, in theory at least, be the most notable component, however, is the U.S. new COVID-19 case count at the very top, whose dark red shading highlights the dramatic increase in the number of people infected to new daily highs as the degree of "lockdown" (e.g., business closures, shelter-in-place orders, etc.) has declined over the past couple of months. The market has managed to shrug off much of the deterioration in this series, so long as the re-opening of the economy has continued to move forward; as progress has begun to stall – or, in some cases, even reverse – in recent weeks, however, investors are starting to take greater note in formulating their outlooks.

All of this is very clearly positive, though the truth is that this sort of vibrant tone to the data is pretty much what you would expect of almost all of the possible recovery trajectories this early in the game:

they all basically start out as a sharp snap-back towards growth (with the exception of "U"-shaped, which would be expected to look fairly lackluster at the outset) as pent-up activity is unleashed – it's really what comes next that distinguishes them. So, then, where do we see things goings from here? Well, the framework for our thinking on our near-term economic future might best be expressed with some basic math (and don't bother checking, as you won't find this in any of the textbooks!). That is, we can formulate – symbolically, at least – the state of the U.S. economy in an active COVID setting as the degree of re-opening of the economy times those businesses that remain viable, all to the power of consumer behaviors.

At the present, the degree of openness of the U.S. economy remains fairly low – yes, it has shown some improvement, but we remain in a state of partially-suspended animation as a result of the continued COVID containment efforts. To increase the value of this first factor, we need to move further down the road to re-opening. In the absence of a vaccine – which seems to still be down the road a ways – this is really a judgement call by state and local officials, albeit one that will hopefully be made with due consideration to the medical data. Meanwhile, the impact of any such decision will only be applied to those business that have managed to stay afloat during the shutdown; this factor has gotten some support from programs enacted by the Fed and by Congress but there's still no getting around the fact that the longer we remain on even partial lockdown, the more businesses will ultimately become permanent casualties of this crisis. Finally, even when those businesses that are eventually able to re-open will find themselves subject to a "new reality" of consumer behaviors likely very different than they were before this all began and which may prove quite "sticky" going forward, some likely indefinitely.

Meanwhile, a lot of the "math" recently has started going in the wrong direction lately. As depicted in Chart 3 on the prior page, the pace of new COVID cases has picked up dramatically in recent weeks in response to an initial easing in lockdown measures and likely a tipping point in "quarantine fatigue" as the weather has improved. While the market seemed to believe the economy could take this initial increase in stride – in other words, investors did not believe this would prove sufficient to materially impede the process of re-opening the economy – as the pick-up in infection rates has worsened and spread, several states have hit "Pause" or even begun to reverse the process. As a vast majority of states have now seen their new daily COVID case counts in a rising trend since Memorial Day and a full half of all U.S. states recently have been experiencing their highest rates of infection since the start of this entire pandemic, market action has begun to hint that many investors are starting to put their near-term outlooks for economic growth and corporate earnings under review.

Zen and the Art of Portfolio Maintenance

One of the tenets of Buddhism is that much of our suffering stems from the failure of events/life/reality to meet our expectations. Unlike a highly trained Zen master, though, it's not possible for us – despite all our discipline – to be completely devoid of expectations. It would be great if we could allow ourselves that luxury – seriously, given the number of unknowns out there right now, what better time to say we're setting expectations aside and simply throwing up our hands? Expectations are an essential component to the formation of our outlook, however, which, in turn, allows us to better interpret economic and market developments and to position client portfolios accordingly.

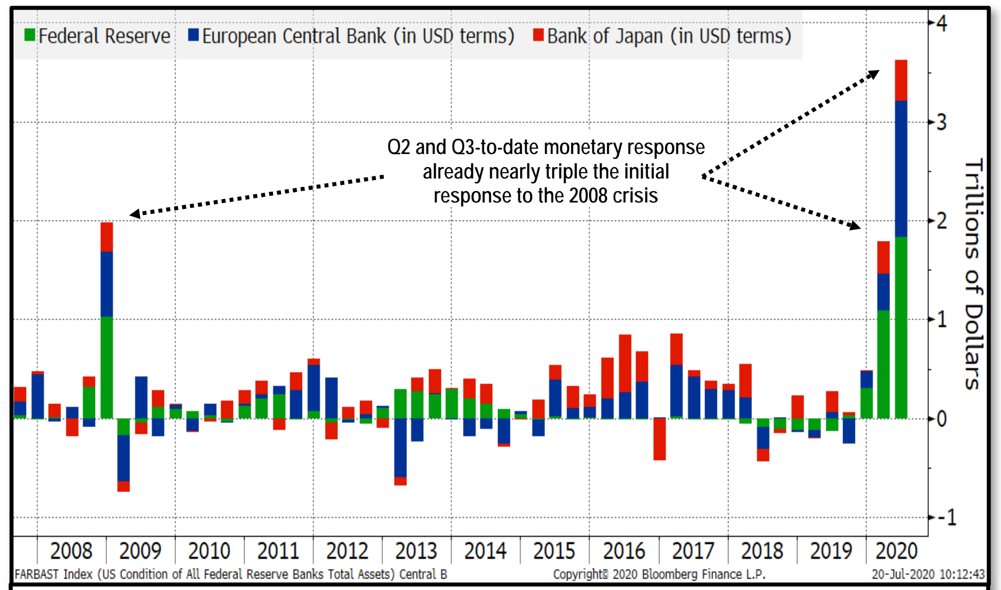
Now, having said that, there are a few important "rules of thumb" that should guide the proper use of such expectations and outlooks. First of all, while a short- to intermediate-term outlook might be useful in fine-tuning a portfolio, tilting towards or away from those areas excepted to do relatively better or worse, it should not cause an investor to deviate materially from his or her long-term strategy. Further, although your outlook will reflect what you consider to be the most likely scenario, it's important to leave room for other outcomes. In other words, even though you may expect A, B, and C, acknowledge the possibility of X, Y, and Z and maintain a portfolio that holds up under either scenario. Thus, as an example, even if you believed stocks were poised to go straight up, you should not dump all of your fixed income holdings: on the one hand, if you hold them as part of your long-term strategy, refer back to Rule 1, but they are also an important hedge against the possibility of you being wrong! Similarly, if you were concerned that the market was overdue for a pullback, there are steps you could take to address that; liquidating your portfolio, however, is not one of them. Yes, this might allow you to feel better in the short run by sidestepping volatility and avoiding a near-term drawdown, but then what? What do you do once the market turns and begins to recover? What do you do when a sharp advance has now left it higher than where you sold out? This isn't just hypothetical: based on the stampede of assets we have seen into money market funds in recent months, the abruptness of the market's reversal to the upside and the speed and persistence of its advance has left more than a few investors stranded on the sidelines! By allowing their outlook to cause them to take such extreme measures, they put themselves in the position of having to get the re-entry

decision right as well, something we know from having seen it play out over and over again over the years, rarely ever happens. This is what we mean when we say, “Be smart instead of trying to be clever”: put the heavy lifting into finding the right long-term strategy for you and don’t allow the near-term temptation to tinker with it to screw things up.

Finally, while you will hopefully have conviction in your outlook – if you don’t, you may want to rethink it! – it’s important to remain open-minded, to continue to look for information that challenges your current view rather than becoming wed to the idea of a particular outcome (THAT’s where you could see some real suffering take place!)

These are the lenses through which we are surveying the current economic and market recoveries: we believe conditions remain extremely fluid right now and that it will be important to be able to adapt our perspective as the facts change. Now, the market has already recovered dramatically, pointing to expectations for a robust rebound in the economy that, for the time being, is still pending. Yes, economic data has begun to post some gains relative to the rock-bottom readings seen during the heart of the shutdown but there is a long way to go. Meanwhile, the lower frequency of such data means that we will not be able to see the improvement or deterioration unfolding in some of these measures until long after it has taken place. As a result, what we could really use is a “leading indicator” of some sort to give us insight into where the economic data may be headed. Based on our “math” work, above, we could use the lockdown factor, which – in theory – should key off of the COVID infection and fatality rates. Based on the deterioration observed in both of these series in recent weeks and months (thankfully, the fatality rate has not seen as dramatic a spike as the new infection rate but it is rising nonetheless), we are inclined to believe that the pace of re-opening seen to date – and, thus, the “V”-shaped tone in the economic data – will not be sustainable and that (much as we hate Wall Street jargon) a “Nike Swoosh” trajectory, where the sharp initial rebound in growth transitions to more gradual improvement over the next 12-18 months, appears more likely. Of course, we must also consider the fact that we omitted – quite deliberately – a variable from our earlier economic equation: stimulus – and lots of it! At this point, if there’s a risk asset market out there, chances are there’s a Fed program supporting it; similarly, just about any economic actor you point to is covered one way or another by the series of fiscal packages enacted (or soon to be!) by Congress. Now extrapolate that to a global scale and you have what remains a clear wildcard in this scenario, as the traction and impact of what has been put in place – let alone of what is still to come – cannot readily be assessed, other than to say it will initially make things “better than they would otherwise be”; its longer-term effects, meanwhile, could be a completely different story.

Chart 4: It’s Like Déjà vu…Wait, I Feel Like We Already Said That…



Global central banks certainly are not wasting any time, as the jump in their balance sheets over the past 6 months already dwarfs the initial response to 2008. A tremendous amount of liquidity is being pushed into the financial system and asset markets of all kind are being backstopped, all of which is aimed at incentivizing risk-taking behaviors by investors. At the same time, there is a massive response playing out on the fiscal side of the equation as well. If “successful,” all of this should help sustain individuals, businesses, markets, and overall economic activity even as the COVID crisis continues to play out. It does introduce, however, some new risks: although not our base case, if we were to get a “V”-shaped economic recovery – and not just a market recovery – the amount of liquidity sloshing through the financial system could cause things to heat up pretty quickly. That would feel good at first but could soon become too hot to handle. On the other hand, if unsuccessful, expect more stimulus to come on both fronts (they don’t really have any other tools to work with!) and the risk of the U.S. economy “turning Japanese” – stuck in slow-growth mode, with sluggish rates and inflation – would increase.

So, how would we expect our base case outlook to impact the financial markets? Overwhelmingly, we believe the implications of a tapering in the pace of recovery are consistent with what we could call the “Defensively Bullish” posture we first relayed to you last quarter (and according to which our strategies have been positioned – to their benefit

– for the past several months). While the "easy money" has been made in stocks, we believe some consolidation with a gradual bias higher from here is likely through year-end, albeit with the potential for spikes in volatility along the way as any number of shoes may unexpectedly drop. In light of the extreme uncertainty and expectations for relatively modest economic growth, we believe the market will most likely continue to favor the more defensive positioning that has worked so well for it thus far, one that emphasizes stocks more able to influence their own fate than companies relying more on economic acceleration, bank credit, and reflation – in other words, we continue to favor larger-capitalization, growthier stocks for the time being. Value investing will see its revival at some point, but not yet; the relative valuations are already in place to support this but, on their own, are a necessary but insufficient catalyst to turn the tides.

Meanwhile, although the path of the Coronavirus currently looks quite a bit uglier in the U.S. than many other parts of the world, we continue to think the U.S. will likely be better positioned coming out of all of this. Granted, if the COVID trends continue, our economy may be end up emerging from the crisis quite a bit later than places like Europe or Japan, but those economies already had plenty of problems going into this pandemic that the last few months are unlikely to have done anything to help. As a result, we retain some broad exposure to foreign equity as part of our overall diversification but are positioned with an emphasis on the U.S. stocks we think will continue to lead the way.

On the fixed income side, meanwhile, we have similarly embraced many of the principles laid out herein; although we think the bond market in general – with yields stuck at absurdly low levels – is overpriced, we retain our long-term strategic allocation to fixed income within conservative and balanced portfolios. Certainly, barring some further, unexpected economic collapse that sends interest rates into negative territory, you should not expect your bond allocation to deliver the capital appreciation component that it has so consistently in recent years – but that's not why you own it. It will, however, continue to provide some (very modest) income and, more importantly, serve as a stabilizer to reduce your risk and smooth out the ride of your overall portfolio strategy. In this same vein, we retain some exposure to the credit markets, though at a much-reduced size, having taken advantage of their sharp recovery in recent months to trim our holdings. Having originally beefed up this exposure in the face of 20% yield premiums on corporate debt over treasuries in the aftermath of 2008-2009, it has provided a dramatic and relatively consistent benefit to our strategies but, in the current environment, the risk-return tradeoff has become downright anemic by comparison. Nonetheless, there is still some incremental yield to be had here and, more to the point, we believe it likely always makes sense to retain at least some small portion of our risk budget allocated to this space from within the bond exposure – the return drivers are just that different!

These portfolio tilts continue to reflect the views of our Investment Committee with regard to the segments of the market we believe hold the most favorable prospects over the coming 3-5 years based on the overall economic scenario we currently envision. Nonetheless, consistent with our philosophy – as sketched out herein – we remain broadly diversified and continue to adhere to the discipline intrinsic to our long-term strategic global asset allocation approach. Uncertainty remains extraordinarily high – particularly as we approach the Presidential election in the Fall – and, as we noted earlier, the potential range of outcomes is extremely broad on a wide number of fronts. Thus, while we remain comfortable with (and believe we are well positioned for) our view that the process of recovery from the recent recession and bear market will moderate but continue to make progress nonetheless, we also continue to monitor the path of the virus with an eye towards its effect on the global economy's near-term prospects. In the meantime, we are maintaining our efforts to remain in relatively more frequent communication with all of you, though you are, of course, always welcome to reach out to us; in this regard, we invite you to contact your Advisor or Jim Ayres, our company's Chief Investment Officer should you have questions, concerns, or simply wish to review your situation or your level of risk exposure.

2ND QUARTER 2020 CAPITAL MARKET PERFORMANCE

Index (as of 6/30/2020)[1]	1 Qtr	1 Year	3 Year	5 Year	10 Years
FTSE 3-month T-Bills	0.14%	0.52%	1.56%	1.72%	1.15%
Bloomberg Barclays Gov't/Credit Int.	2.81%	5.28%	7.12%	4.43%	3.46%
ICE BofAML US High Yield	9.58%	-4.73%	-1.06%	2.95%	4.58%
Bloomberg Barclays Multiverse	3.68%	2.53%	3.84%	3.72%	3.63%
S&P 500	20.54%	-3.08%	7.51%	10.73%	10.73%
Russell 1000 Value	14.29%	-16.26%	-8.84%	1.82%	4.64%
Russell 1000 Growth	27.84%	9.81%	23.28%	18.99%	15.89%
Russell Mid Cap	24.61%	-9.13%	-2.24%	5.79%	6.76%
Russell 2000	25.42%	-12.98%	-6.63%	2.01%	4.29%
Russell 2000 Value	18.91%	-23.50%	-17.48%	-4.35%	1.26%
Russell 2000 Growth	30.58%	-3.06%	3.48%	7.86%	6.86%
MSCI EAFE	15.08%	-11.07%	-4.73%	1.30%	2.54%
MSCI EAFE Small Cap	20.04%	-12.91%	-3.19%	0.90%	4.19%
MSCI Emerging Markets	18.18%	-9.67%	-3.05%	2.27%	3.24%
MSCI Frontier Markets	14.80%	-15.70%	-11.04%	-1.54%	0.18%
Wilshire US REIT	10.56%	-17.77%	-12.30%	0.23%	3.98%
DJ Global Select RESI	9.15%	-22.86%	-17.71%	-2.21%	1.10%
Bloomberg Commodity Index	5.08%	-19.40%	-17.38%	-6.14%	-7.69%
Credit Suisse Liquid Alts	5.08%	-1.01%	1.09%	1.82%	1.95%
60-40 Balanced EQ/FI – US Only	13.29%	0.66%	7.92%	8.55%	8.06%
60-40 Balanced EQ/FI – Global	12.59%	-1.16%	4.97%	6.13%	5.87%

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