MONTHLY MARKET COMMENTARY | **JULY 2022**

Cooling economic activity ignites market rebound.

Monthly Snapshot

- The selloff that shaped the first half of 2022 came to a halt as equities and fixed-interest asset classes rallied, recovering at an accelerating pace as the end of July approached.[1]
- Equity performance patterns reversed during July, with US shares leading major markets. European shares had a large one-month gain, while UK shares trailed but nevertheless benefitted from a large rebound.
- There is no denying that rising interest rates will slow economic growth. But changes in monetary policy affect the economy with a long and variable lag. While the financial strength of businesses and households is likely to ebb, the starting point is a very high one.

The selloff that shaped the first half of 2022 came to a halt as equities and fixed-interest asset classes rallied in July. Shares and bonds moved sideways during the first half of the month after climbing off a bottom in mid-June, and then recovered at an accelerating pace as the end of July approached.[1]

Data showing softening economic activity counterintuitively provided investors with a confidence boost, as slower growth and milder inflation would likely mean that central banks won't need to increase rates as much as feared, thereby keeping a lid on borrowing costs.

Equity performance patterns reversed, with US shares leading major markets after delivering one of the second quarter's worst performances. Japan also had a large one-month gain, as did Europe; UK shares trailed these markets, but nevertheless benefitted from a large rebound in July. Emerging-market equities, meanwhile, generated a small loss as China's second-quarter rebound faltered.

Growth-oriented shares outpaced their value-oriented counterparts during the month, although the difference was considerably greater within large-cap equities than in small caps.

UK and eurozone government bond rates fell across most maturities in July, with the steepest declines in the medium-to-long-term segment of the yield curve. Short-term US Treasury rates increased, while medium-to-long term rates fell, resulting in a flatter curve that also grew more inverted (that is, when shorter-term rates are higher than longer-term rates).

The US dollar ended the month slightly higher than where it began (measured by the US Dollar Index), after its 13-month climb began to reverse in mid-July.

High-yield bonds were the best-performing fixed-interest asset class in July in keeping with the resurgent appetite for risk. Most other segments of the bond market were also positive given the general decline in rates (yields and prices have an inverse relationship).[2]

Commodity-price movements were mixed in July. The Bloomberg Commodity Index advanced by 4.08%, but Brent and West-Texas Intermediate crude oil prices slid 6.75% and 4.64%, respectively, and wheat prices fell by 8.63%. Natural gas prices, meanwhile, increased by 52.69% for the full month.[3]

Europe's pipeline-supplied natural gas came under renewed threat at the end of July as Russia cut deliveries to 20% of capacity for the Nord Stream 1 pipeline. The threat of undersupply inhibits Europe's ability to stockpile gas for the high-

[1] According to the MSCI ACWI Index
[2] According to data from FactSet and Lipper
[3] According to market data from The Wall Street Journal

Key Measures: July 2022

EQUITY		
Dow Jones Industrial Average	6.82%	↑
S&P 500 Index	9.22%	↑
NASDAQ Composite Index	12.39%	↑
MSCI ACWI Index (Net)	6.98%	↑
BOND		
Bloomberg Global Aggregate Index	2.13%	↑
VOLATILITY		
Chicago Board Options Exchange Volatility Index PRIOR Month: 28.71	21.33	↓
OIL		
WTI Cushing crude oil prices PRIOR MONTH: $105.76	$98.62	↓
CURRENCIES		
Sterling vs. U.S. dollar	$1.22	↑
Euro vs. U.S. dollar	$1.02	↓
U.S. dollar vs. yen	¥133.24	↓

Sources: Bloomberg, FactSet, Lipper

consumption winter months. EU nations have voluntarily agreed to reduce gas usage by 15% until March 2023 as a partial remedy.[4]

Ukraine's Minister of Infrastructure declared that the "...first grain ship since Russian aggression has left port" on 1 August after the countries struck a UN-Turkey brokered agreement in late July.[5] The ship carried corn destined for Lebanon; approximately 22 million tons of grain that have been awaiting shipment for months may now be transported along agreed-upon safe corridors. Sanctions on Russian grain and fertilizer exports have also been loosened as part of the deal.

UK Prime Minister Boris Johnson announced in early July his intention to resign once the Conservative Party elects a new leader. The succession race has boiled down to Liz Truss, the current Foreign Secretary, and Rishi Sunak, the recent Chancellor of the Exchequer. Truss appeared to have the edge at the end of July.

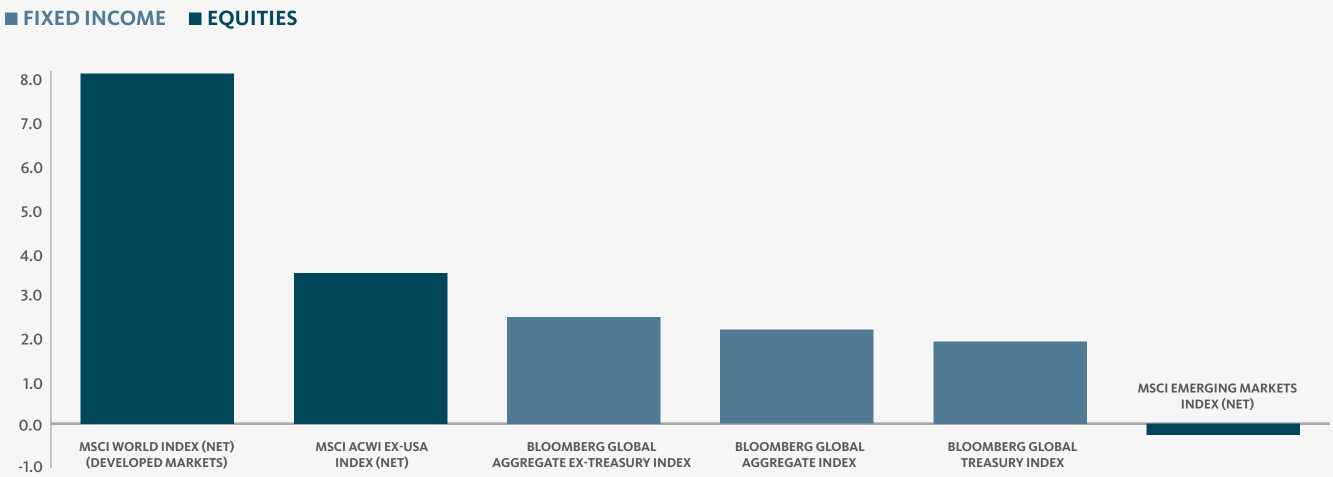
Mario Draghi resigned as Italy's Prime Minister in late July as a confidence vote revealed that he no longer had the backing of the coalition underpinning his national unity government. Elections are scheduled for late September.

The US Congress passed legislation in late July to appropriate $50 billion toward domestic development of semiconductor chip manufacturing and advanced technological research. Semiconductor scarcity has cascaded into an array of supply shortages; the industry's concentration—with an overwhelming majority of production originating in Taiwan—is viewed as a national security risk given China's claim to the territory. President Joe Biden signed the legislation into law on 2 August.

Chinese and US military posturing escalated in the vicinity of Taiwan toward the end of July as Nancy Pelosi, the Speaker of the House of Representatives (one of the two deliberative bodies that comprise the US Congress), prepared to visit the territory in addition to Japan, South Korea, Malaysia, and Singapore. Pelosi has been critical of China's authoritarian rule and human-rights record for several decades.

[4] "Member states commit to reducing gas demand by 15% next winter." European Council. 26 July 2022.
[5] "Russia and Ukraine sign UN-backed deal to resume grain exports via the Black Sea." CNBC. 22 July 2022.

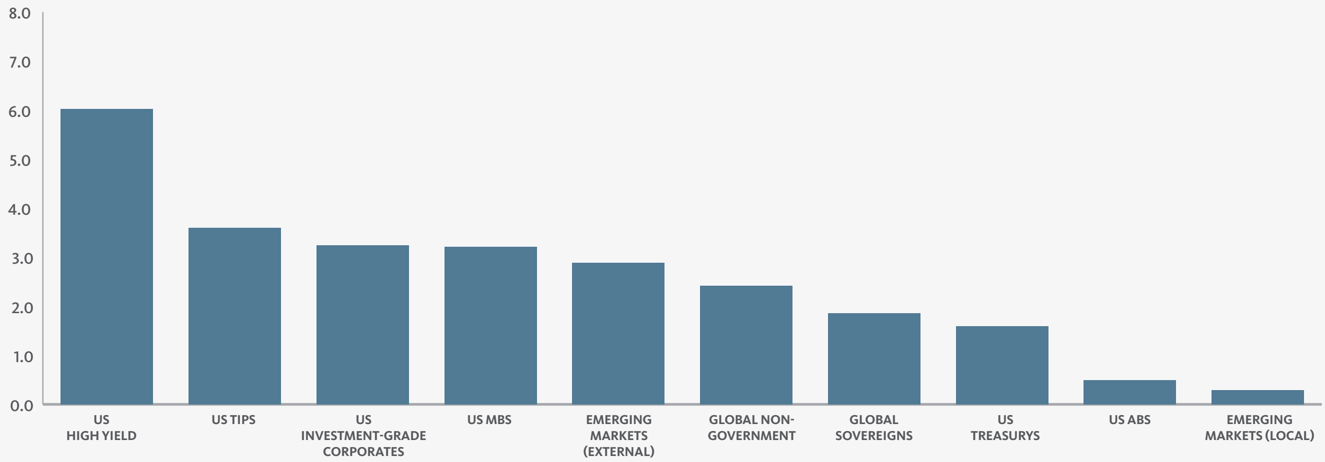
Major Index Performance in July 2022 (Percent Return)



Sources: FactSet, Lipper. See "Corresponding Indexes for Major Index Performance Exhibit" in the Index Descriptions section for more information.

All references to performance are in US dollar terms unless otherwise noted. See Standardised Performance for more information.

Fixed-Income Performance in July 2022 (Percent Return)



Sources: FactSet, Lipper. See "Corresponding Indexes for Fixed-Income Performance Exhibit" in the Index Descriptions section for more information.

Economic Data

UK

- Consumer prices in the UK jumped by 0.8% in June and 9.4% over the prior year—up from 0.7% and 9.1%, respectively, in May—and setting a new 40-year high for the year-over-year inflation rate.[6]
- UK manufacturing activity settled further into low-growth territory during July for the third consecutive month of slowing expansion.[7]
- Growth in the UK services sector held at modest-but-healthy levels in July that were roughly in line with May and June's expansion.
- The UK's claimant count (which calculates the number of people claiming Jobseeker's Allowance) declined in June for the sixteenth consecutive month—by about 20,000, with total claimants representing 3.9% of the population in June compared to 4.0% in May.
- The UK economy expanded by 0.4% in the three months to May 2022 and by 3.5% over the prior 12 months. These growth rates were slower than the first quarter rate of 0.8% (and 8.7% for the year through March).

[6] S&P Global / CIPS UK Manufacturing PMI. 1 August 2022.
[7] S&P Global / CIPS Flash UK Composite PMI. 22 July 2022.

Eurozone

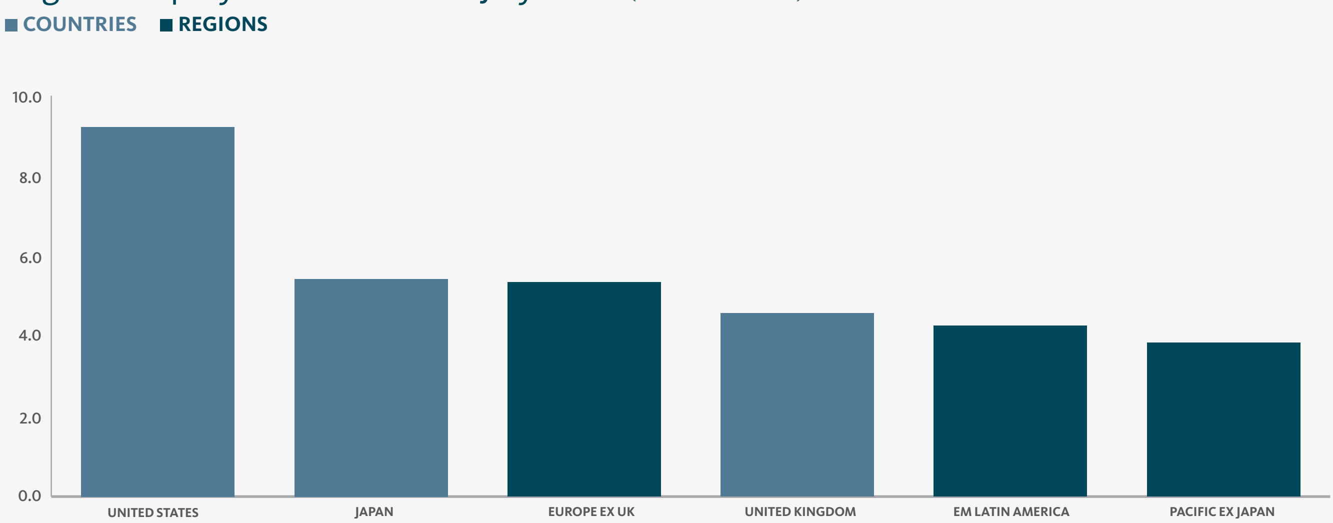
- Consumer prices increased by 0.1% in the eurozone during July, and 8.9% over the prior year, versus 0.8% and 8.6% in June. July's year-over-year inflation figure was the highest since Eurostat began tracking data in 1997.[8]
- The eurozone unemployment rate held at 6.6% in June—the lowest level since Eurostat began recording employment data in 1998.[9]
- Eurozone manufacturing began to contract during July, albeit modestly, continuing an uninterrupted decline in activity from January's peak.[10]
- The expansion in eurozone services activity continued to grind lower from a springtime peak, nearing a standstill in July.[11]
- The eurozone economy grew by 0.7% during the second quarter and 4.0% year over year, compared to 0.5% and 5.4%, respectively, in the first quarter.

US

- The US Personal Consumption Expenditures Price Index (the US Federal Reserve's preferred inflation measure) jumped to 6.8% year over year through June, from 6.3% in May, setting a new record dating to early 1982.[12]
- Manufacturing growth in the US slowed modestly in July, essentially preserving a mild expansion after declining sharply in June.[13]
- US services activity tumbled into contraction during July after attaining low growth in May and June.[14]
- US job openings fell in June, from 11.3 million in May, to 10.7 million. The number of unemployed Americans measured 5.91 million, meaning that there were about 1.8 jobs available for every jobseeker.
- The overall US economy contracted during the second quarter by an annualised 0.9% after declining by 1.6% during the first quarter.

[8] "Euro zone inflation hits yet another record high after big jump." Reuters. 29 July 2022.
[9] "Eurozone Unemployment Holds Stable At Historic Low." Barron's. 1 August 2022.
[10] S&P Global Eurozone Manufacturing PMI. 1 August 2022.
[11] S&P Global Flash Eurozone Composite PMI. 22 July 2022.
[12] "The Fed's preferred inflation measure set a new 40-year high in June." CNN. 29 July 2022.
[13] S&P Global US Manufacturing PMI. 1 August 2022.
[14] S&P Global Flash US Composite PMI. 22 July 2022.

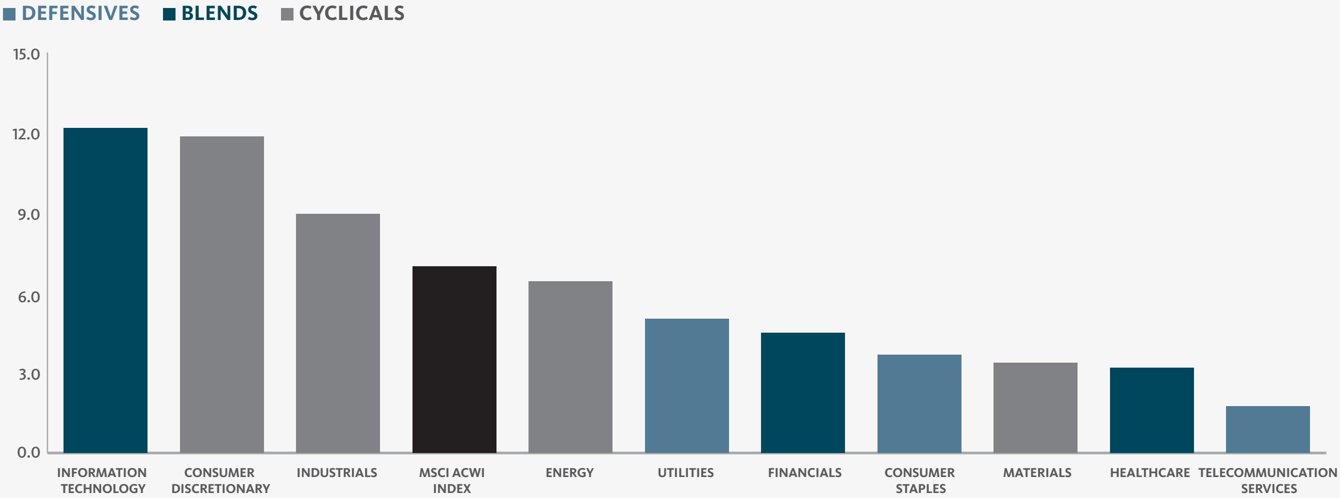
Regional Equity Performance in July 2022 (Percent Return)



Sources: FactSet, Lipper. See "Corresponding Indexes for Regional Equity Performance Exhibit" in the Index Descriptions section for more information.

All references to performance are in US dollar terms unless otherwise noted. See Standardised Performance for more information.

Global Equity Sector Performance in July 2022 (Percent Return)



Sources: FactSet, Lipper. MSCI ACWI Index Sector Components (Cyclicality determined by SEI).

Central banks

- The Bank of England's (BoE) Monetary Policy Committee (MPC) did not hold a meeting in July after increasing the bank rate to 1.25% in June and redeeming about £3.2 billion in balance sheet assets during July. At its early August meeting, the MPC hiked its benchmark rate by 0.50%, to 1.75%, the largest individual rate increase in 27 years.[15]
- The European Central Bank (ECB) increased its three benchmark rates by 0.50% at its July meeting for the first time in 11 years, surprising investors who were expecting hikes of 0.25%.[16] At the same meeting, the ECB approved the establishment of a Transmission Protection Instrument (TPI) to ensure the smooth transmission of monetary policy normalisation across eurozone countries. According to the ECB, the TPI "can be activated to counter unwarranted, disorderly market dynamics" by making "secondary market purchases of securities issued in jurisdictions experiencing a deterioration in financing conditions."
- The US Federal Reserve's (Fed) Federal Open Market Committee (FOMC) increased the federal-funds rate by 0.75% toward the end of July—the second hike of its size in this tightening cycle—bringing the benchmark rate to a range between 2.25% and 2.50%. The central bank has also begun to reduce its balance sheet, allowing Treasurys and mortgages to run off (that is, mature without being replaced) at maximum respective paces of $30 billion and $17.5 billion per month in July and August (and rising in September to $60 billion and $35 billion per month, respectively).
- The Bank of Japan (BOJ) remained committed to loose policy at its July meeting. Its short-term interest rate remained at -0.1%, and the 10-year Japanese government-bond (JGB) yield target held near 0%. The central bank continued to offer purchases of 10-year JGBs at 0.25% in order to keep its yield within the BOJ's acceptable range.

[15] "Bank of England announces biggest interest rate hike in 27 years." Yahoo! Finance. 4 August 2022.
[16] "European Central Bank raises interest rates for first time in 11 years." The Guardian. 21 July 2022.

All this suggests that workers are in a strong position to seek bigger wage gains in an effort to keep up with inflation.

SEI's view

It's been our mantra for the past year that US inflation would be higher for longer than most economists and investors appeared to expect. We believe this remains the case, although the gap between our expectations and those priced in US markets has narrowed considerably and the pace of inflation's increase is almost certainly close to a peak. Investors and the Fed still seem to be betting that inflation pressures will ebb significantly starting in the second half of this year and fall to 3% by the end of 2023.

Fed Chairman Jerome Powell continued to expresses hope that the Fed can achieve a "softish" landing, where inflation gradually decelerates back to the central bank's 2% target without a recession. Unfortunately, there has been only one successful instance since the end of World War II (1951-to-1952) when inflation was running above 5%.[17]

Federal funds-rate futures indicate that investors are anticipating a series of increases between now and year-end that would bring the funds rate to 3.4%. Markets are presumably pricing in a recession by the second half of 2023, considering the funds rate is projected to decline at that point.

We believe this to be a reasonable forecast, but the outcome will depend on how quickly the economy actually weakens and inflation ebbs. The evidence as of today suggests that the US economy may continue to show a resilience that surprises both the Fed and investors.

There are signs of economic trouble ahead. The surge in US mortgage rates is delivering a big blow to the housing market. Beyond real estate, economists have begun citing the big increase in retail inventories as an indication of recession. We are doubtful that the inventory problems of department stores and general merchandisers are serious enough to throw the economy into recession in the near term.

There is no denying that rising interest rates will slow economic growth. But changes in monetary policy affect the economy with a long and variable lag. While the financial strength of US businesses and households is likely to ebb, the starting point is a very high one. The labour market, for instance, remains exceptionally tight. Until a better balance between the demand and supply of labour is achieved, one should expect further large wage gains at the lower end of the wage-income spectrum, where the job market is tightest.

American job switchers have enjoyed a sharper-than-average wage gain over the past 12 months. It should not be surprising that the US quit rate is significantly higher than in 2019 or at the previous economic peak in 2007.

Other major developed economies aren't too far behind. The UK has an unemployment rate below 4%. Canada and Europe usually have unemployment rates that are considerably higher than the US and the UK. That remains the case, but both report jobless totals that are below previous cyclical lows.

All this suggests that workers are in a strong position to seek bigger wage gains in an effort to keep up with inflation. The possibility of a global wage-price spiral still cannot be dismissed out of hand. This could force central banks to raise interest rates more than they would prefer.

[17] According to SEI's analysis of data from the Economic Cycle Research Institute and U.S. Bureau of Labor Statistics.

In Europe, the need to hike interest rates has once again raised the spectre of another periphery debt crisis. The stress has not reached the crisis levels of the 2010-to-2012 period. Given all the other problems facing Europe, the ECB has vowed to support the weaker members of the eurozone with continued bond purchases.

As was the case last time, the economic priorities of the strongest countries are diverging from their weaker neighbours. The German-led group needs a more aggressive policy-tightening along the lines of what the Fed is expected to do. Meanwhile, the weaker countries—Italy and Greece especially—now bear an even heavier debt burden relative to the size of their economies than was the case a decade ago. The interest expense on that debt could get out of hand fairly quickly if the cost of capital continues its sharp upward trajectory.

China's economy appears to be in recovery mode. COVID-19 lockdowns in Beijing, Shanghai, and other parts of the country have eased. The zero-COVID policy pursued by the Chinese government has hurt the economy to an extent seldom seen in the past three decades. Home sales have also plummeted, falling 34% over the 12 months ended May. Chinese authorities are now trying to revive the property market by lowering mortgage rates, cutting mortgage down payment requirements, and encouraging banks to start lending again.

Economy-wide lending has picked up, finally turning positive for the first time in a year. If that trend continues in the months ahead, other measures of current economic health should begin to recover too. Whether that will be enough to stave off a global recession is doubtful, however, in view of the rising interest-rate trend in the advanced economies. It might even prove counterproductive if a revival in Chinese demand for energy and other raw materials exacerbates the commodity-price boom at a time when global supplies are still constrained.

The poor performance of financial markets this year suggests that investors have already discounted a lot of bad news. The price decline in the S&P 500 Index recorded in the year to date contrasts sharply with the ongoing increases in forward-earnings estimates. The result has been one of the sharpest reductions in stock multiples outside of a recession in the past 25 years.[18]

The froth certainly appears to have been taken out of the markets by this year's pullback. That's the good news. The bad news is that an economic recession and a corresponding decline in earnings might not yet be fully reflected in stock prices. Multiples tend to slide as projected earnings estimates fall. Even if price-to-earnings ratios remain at current levels, there could be a decline in projected earnings—and a comparable drop in stock prices—as analysts incorporate a recession's impact into their models. While the consensus view is that stock prices face rough seas ahead, it is possible that earnings multiples do not need to contract much further than they have already—with the caveat that bond yields stabilise near current levels and do not climb significantly higher.

The poor performance of financial markets this year suggests that investors have already discounted a lot of bad news.

[18] According to SEI's analysis of data provided through Factset.

Standardised Performance

		1 year to 31-Jul-22	1 year to 31-Jul-21	1 year to 31-Jul-20	1 year to 31-Jul-19	1 year to 31-Jul-18
KEY MEASURES						
Dow Jones Industrial Average		-4.14%	34.79%	0.83%	8.22%	18.75%
S&P 500 Index		-4.64%	36.45%	11.96%	7.99%	16.24%
NASDAQ Composite Index		-14.95%	37.53%	32.78%	7.74%	22.13%
MSCI ACWI Index (Net)		-10.48%	33.18%	7.20%	2.95%	10.97%
Bloomberg Barclays Global Aggregate Index		-12.52%	2.27%	7.95%	6.01%	-0.55%
MAJOR INDEX PERFORMANCE						
Bloomberg Barclays Global Aggregate ex-Treasury Index		-12.52%	2.27%	7.95%	6.01%	-0.55%
Bloomberg Barclays Global Aggregate Index		-14.58%	0.78%	7.85%	5.73%	-0.48%
Bloomberg Barclays Global Treasury Index		-16.39%	-0.52%	7.71%	5.50%	-0.43%
MSCI ACWI ex-USA (Net)		-15.26%	27.78%	0.66%	-2.27%	5.94%
MSCI Emerging Markets Index (Net)		-20.09%	20.64%	6.55%	-2.18%	4.36%
MSCI World Index (Net)		-9.16%	35.07%	7.23%	3.62%	11.88%
FIXED-INCOME PERFORMANCE						
US Treasury Inflation-Protected Securities (TIPS)	Bloomberg Barclays 1-10 Year U.S. TIPS Index	-0.78%	7.52%	7.10%	5.24%	0.55%
Global Non-Government	Bloomberg Barclays Global Aggregate ex-Treasury Index	-12.52%	2.27%	7.95%	6.01%	-0.55%
Global Sovereigns	Bloomberg Barclays Global Treasury Index	-16.39%	-0.52%	7.71%	5.50%	-0.43%
US Investment-Grade Corporates	Bloomberg Barclays U.S. Corporate Investment Grade Index	-12.61%	1.42%	12.44%	10.42%	-0.73%
US Asset-Backed Securities (ABS)	Bloomberg Barclays U.S. Asset-Backed Securities Index	-4.00%	1.13%	5.13%	4.86%	0.26%
US Mortgage-Backed Securities (MBS)	Bloomberg Barclays U.S. Mortgage-Backed Securities Index	-6.69%	0.03%	5.43%	6.76%	-0.41%
US Treasurys	Bloomberg Barclays U.S. Treasury Index	-8.69%	-3.01%	11.84%	7.57%	-1.23%
US High Yield	ICE BofAML US High Yield Constrained Index	-7.73%	10.75%	2.99%	6.93%	2.50%
Emerging Markets (External)	JPMorgan EMBI Global Diversified Index	-19.28%	4.11%	2.97%	10.98%	0.07%
Emerging Markets (Local)	JPMorgan GBI-EM Global Diversified Index	-18.70%	3.00%	-0.81%	7.95%	-2.50%
REGIONAL EQUITY PERFORMANCE						
United Kingdom	FTSE All-Share Index	-7.65%	34.15%	-11.84%	-5.47%	8.61%
EM Latin America	MSCI Emerging Markets Latin America Index (Net)	-8.79%	25.31%	-25.15%	8.58%	0.71%
Europe ex UK	MSCI Europe ex UK Index (Net)	-18.89%	33.00%	3.52%	-2.84%	4.67%
Pacific ex Japan	MSCI Pacific ex Japan Index (Net)	-10.24%	28.89%	-9.86%	5.24%	6.23%
United States	S&P 500 Index	-4.64%	36.45%	11.96%	7.99%	16.24%
Japan	TOPIX, also known as the Tokyo Stock Price Index	-14.16%	25.04%	0.70%	-5.76%	9.20%
GLOBAL EQUITY SECTOR PERFORMANCE						
MSCI ACWI Index		-10.48%	33.18%	7.20%	2.95%	10.97%
MSCI ACWI Consumer Discretionary Index		-18.59%	32.19%	17.71%	3.69%	14.30%
MSCI ACWI Consumer Staples Index		-1.49%	14.44%	4.12%	7.76%	1.29%
MSCI ACWI Energy Index		37.32%	33.46%	-33.47%	-12.05%	21.85%
MSCI ACWI Financials Index		-7.37%	44.18%	-15.38%	-1.16%	5.21%
MSCI ACWI Healthcare Index		-4.34%	21.95%	20.84%	2.49%	11.25%
MSCI ACWI Industrials Index		-12.07%	40.82%	-4.10%	0.88%	9.73%
MSCI ACWI Information Technology Index		-13.17%	40.15%	37.32%	11.17%	22.47%
MSCI ACWI Materials Index		-15.58%	41.80%	5.77%	-5.00%	10.99%
MSCI ACWI Telecommunication Services Index		-28.47%	33.66%	12.84%	11.90%	-5.30%
MSCI ACWI Utilities Index		5.66%	10.34%	4.59%	10.93%	2.67%

All references to performance are in US dollar terms unless otherwise noted. See Standardised Performance for more information.

Glossary of Financial Terms

Bull market: A bull market refers to a market environment in which prices are generally rising (or are expected to rise) and investor confidence is high.

European Commission: The European Commission is the executive branch of the European Union. It operates as a cabinet government, with 27 members of the Commission headed by a President.

Fiscal policy: Fiscal policy relates to decisions about government revenues and outlays, like taxation and economic stimulus.

Futures: Futures are derivative financial instruments that serve as contracts between buyers and sellers of securities, commodities or other assets at a future date for a given price.

Group of 7 (G7): The G7 is an inter-governmental forum for the leaders of major advanced democratic nations that includes Canada, France, Germany, Italy, Japan, the UK and the US.

Hawk: Hawk refers to a central-bank policy advisor who has a negative view of inflation and its economic impact, and thus tends to favour higher interest rates.

Maturity: A bond's maturity, or term, is a timeframe during which the bondholder will receive interest payments. At the end of this period, the bondholder is repaid its face value. The maturity is typically determined when a bond is issued.

Monetary policy: Monetary policy relates to decisions by central banks to influence the amount of money and credit in the economy by managing the level of benchmark interest rates and the purchase or sale of securities. Central banks typically make policy decisions based on their mandates to target specific levels or ranges for inflation and employment.

Mortgage-Backed Securities: Mortgage-backed securities (MBS) are pools of mortgage loans packaged together and sold to the public. They are usually structured in tranches that vary by risk and expected return.

Price-to-earnings (PE) ratio: The PE ratio is equal to the market capitalisation of a share or index divided by trailing (over the prior 12 months) or forward (forecasted over the next 12 months) earnings. The higher the PE ratio, the more the market is willing to pay for each dollar of annual earnings.

Quantitative easing: Quantitative easing refers to expansionary efforts by central banks to help increase the supply of money in the economy.

Summary of Economic Projections: The Fed's Summary of Economic Projections (SEP) is based on economic projections collected from each member of the Fed Board of Governors and each Fed Bank president on a quarterly basis.

Yield: Yield is a general term for the expected return, in percentage or basis points (one basis point is 0.01%), of a fixed-income investment.

Yield curve: The yield curve represents differences in yields across a range of maturities of bonds of the same issuer or credit rating (likelihood of default). A steeper yield curve represents a greater difference between the yields. A flatter curve indicates the yields are closer together.

Index Descriptions

The Bloomberg Commodity Index is composed of futures contracts and reflects the returns on a fully collateralised investment in the Index. This combines the returns of the Index with the returns on cash collateral invested in 13-week (3-month) US Treasury bills.

The Bloomberg Global Aggregate Index is an unmanaged market-capitalisation-weighted benchmark that tracks the performance of investment-grade fixed-income securities denominated in 13 currencies. The Index reflects reinvestment of all distributions and changes in market prices.

The MSCI ACWI Index is a market-capitalisation-weighted index composed of over 2,000 companies, and is representative of the market structure of 46 developed- and emerging-market countries in North and South America, Europe, Africa and the Pacific Rim. The Index is calculated with net dividends reinvested in US dollars.

The S&P 500 Index is a market-capitalisation-weighted index that consists of 500 publicly-traded large US companies that are considered representative of the broad US stock market.

The US Dollar Index (DXY Index) measures the value of the US dollar relative to a basket of other currencies, including the currencies of some of the US's major trading partners: the euro, Swiss franc, Japanese yen, Canadian dollar, British pound, and Swedish krona.

The US Personal Consumption Expenditures (PCE) Price Index is the primary inflation index used by the Federal Reserve when making monetary-policy decisions.

Corresponding Indexes for Key Measures Exhibit

Dow Jones Industrial Average	The Dow Jones Industrial Average is a widely followed market indicator based on a price-weighted average of 30 blue-chip New York Stock Exchange stocks that are selected by editors of The Wall Street Journal.
NASDAQ Composite Index	The NASDAQ Composite Index is a market-value-weighted index of all common stocks listed on the National Association of Securities Dealers Automated Quotations (NASDAQ) system, representing a subset of the US equity market.
MSCI ACWI Index	The MSCI ACWI Index is a market-capitalisation-weighted index composed of over 2,000 companies, and is representative of the market structure of 46 developed- and emerging-market countries in North and South America, Europe, Africa and the Pacific Rim. The Index is calculated with net dividends reinvested in US dollars.
Bloomberg Global Aggregate Index	The Bloomberg Global Aggregate Index is an unmanaged market-capitalisation-weighted benchmark that tracks the performance of investment-grade fixed-income securities denominated in 13 currencies. The Index reflects reinvestment of all distributions and changes in market prices.
Chicago Board Options Exchange Volatility Index (VIX)	The Chicago Board Options Exchange Volatility Index (VIX) tracks the expected volatility in the S&P 500 Index over the next 30 days. A higher number indicates greater volatility.

Corresponding Indexes for Major Index Performance Exhibit

MSCI ACWI ex-USA Index	The MSCI ACWI ex-USA Index includes both developed- and emerging-market countries, excluding the US.
MSCI Emerging Markets Index	The MSCI Emerging Markets Index is a free float-adjusted market-capitalisation-weighted index designed to measure the performance of global emerging-market equities.
MSCI World Index	The MSCI World Index is a free float-adjusted market-capitalisation-weighted index that is designed to measure the equity market performance of developed markets.
Bloomberg Global Aggregate Index	The Bloomberg Global Aggregate Index is an unmanaged market-capitalisation-weighted benchmark that tracks the performance of investment-grade fixed-income securities denominated in 13 currencies. The Index reflects reinvestment of all distributions and changes in market prices.
Bloomberg Global Aggregate ex-Treasury Index	The Bloomberg Global Aggregate ex-Treasury Index is an unmanaged market index representative of the total return performance of ex-Treasury major world bond markets.
Bloomberg Global Treasury Index	The Bloomberg Global Treasury Index is composed of those securities included in the Bloomberg Global Aggregate Index that are Treasury securities.

Corresponding Indexes for Fixed-Income Performance Exhibit

US High Yield	ICE BofA U.S. High Yield Constrained Index
Global Sovereigns	Bloomberg Global Treasury Index
Global Non-Government	Bloomberg Global Aggregate ex-Treasury Index
Emerging Markets (Local)	JPMorgan GBI-EM Global Diversified Index
Emerging Markets (External)	JPMorgan EMBI Global Diversified Index
US Mortgage-Backed Securities (MBS)	Bloomberg U.S. Mortgage Backed Securities Index
US Asset-Backed Securities (ABS)	Bloomberg U.S. Asset-Backed Securities Index
US Treasurys	Bloomberg U.S. Treasury Index
US Treasury Inflation-Protected Securities (TIPS)	Bloomberg 1-10 Year U.S. TIPS Index
US Investment-Grade Corporates	Bloomberg U.S. Corporate Bond Index

Corresponding Indexes for Regional Equity Performance Exhibit

United States	S&P 500 Index
United Kingdom	FTSE All-Share Index
Pacific ex Japan	MSCI Pacific ex Japan Index (Net)
Japan	TOPIX, also known as the Tokyo Stock Price Index
Europe ex UK	MSCI Europe ex UK Index (Net)
EM Latin America	MSCI Emerging Markets Latin America Index (Net)

All references to performance are in US dollar terms unless otherwise noted. See Standardised Performance for more information.

Important Information

Data refers to past performance. Past performance is not a reliable indicator of future results.

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