



Economic & Capital Market Review

Q3 2018

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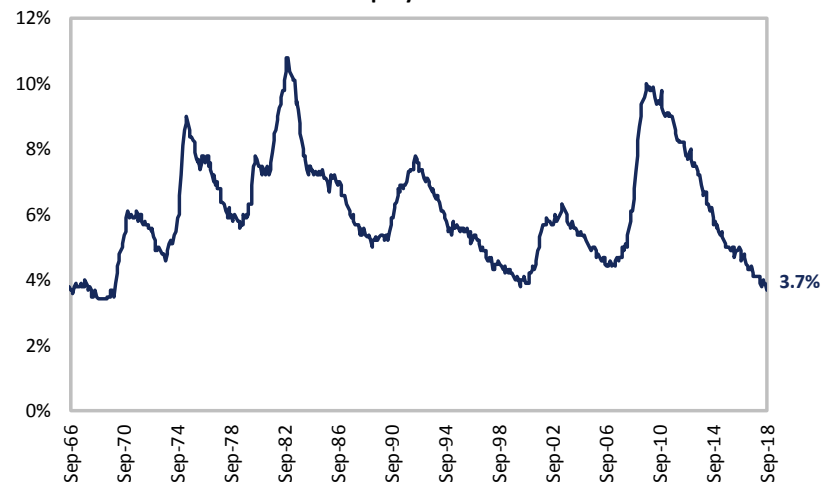
Economy

- Economic data released during the third quarter was generally positive, with the global expansion concluding its 9th year at the end of September. Growth remained at or above potential across regions, with the US accelerating as tax cuts and increased government spending have supported growth. The US unemployment rate reached its lowest level since 1969 (3.7%) and job openings reached their highest level on record, signaling a historically-tight labor market. Citing continued progress in the economy, the Federal Reserve once again raised interest rates by 25 bps, bringing short-term interest rates to a target range of 2.00% to 2.25% at the end of September.
- Real GDP in the US grew at a 4.1% annualized rate during the second quarter, according to the initial estimate released by the Bureau of Economic Analysis. Higher consumer spending, as well as an increase in soybean exports (as US producers exported more soybeans to China before tariffs were implemented) mostly accounted for the increase from the first quarter's 2.0% growth rate. These impacts are likely to moderate in future quarters. Expected GDP growth for the third quarter of 2018 is 3.9% annualized, according to the Atlanta Fed's GDPNow.

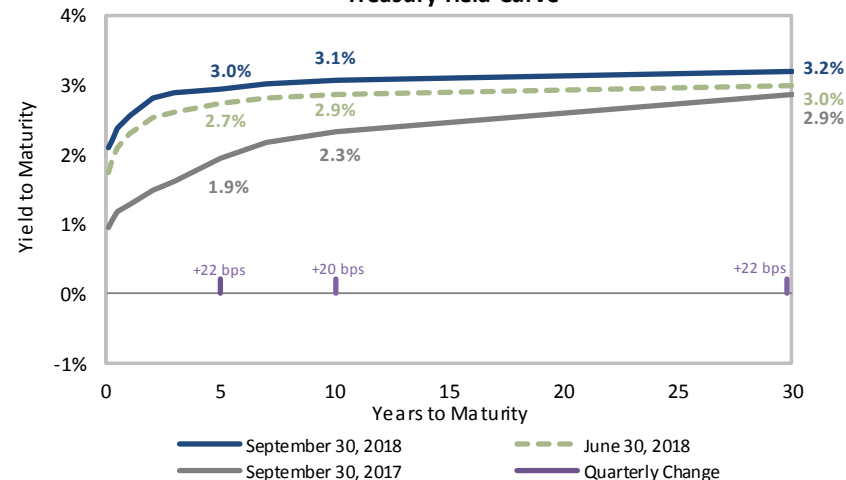
Yield Curve

- The spread between 2-year and 30-year Treasuries tightened 7 bps to 39 bps during the quarter, its lowest level since 2007. The tightening has primarily been a result of short-term rate increases by the Federal Reserve, while long-term rates have remained relatively anchored. The 20-year average spread between 2- and 30-year Treasuries is 193 bps.

Unemployment Rate

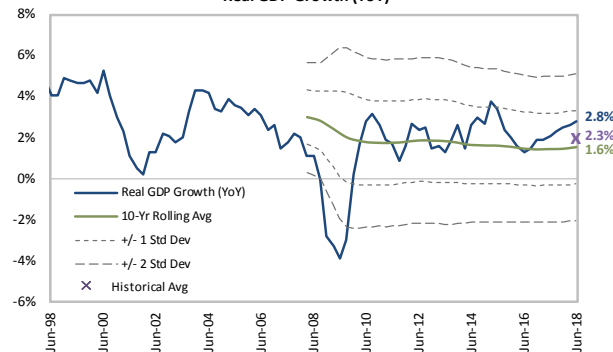


Treasury Yield Curve

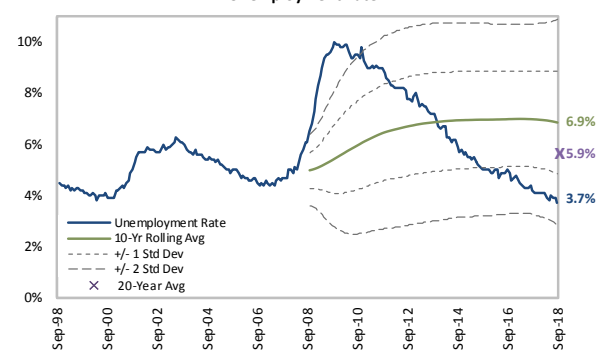


Source: Bloomberg

Real GDP Growth (YoY)



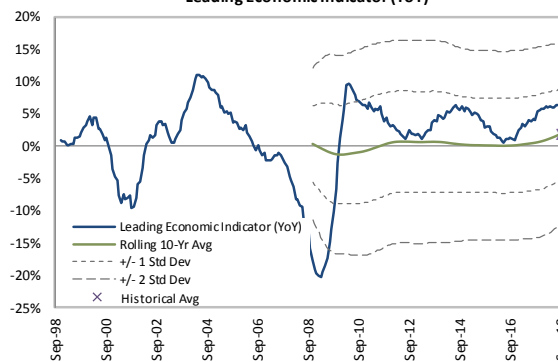
Unemployment Rate



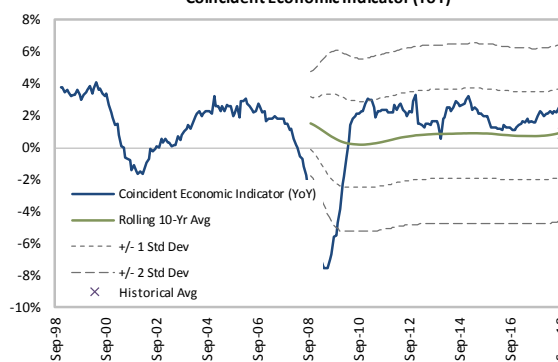
Manufacturing Strength



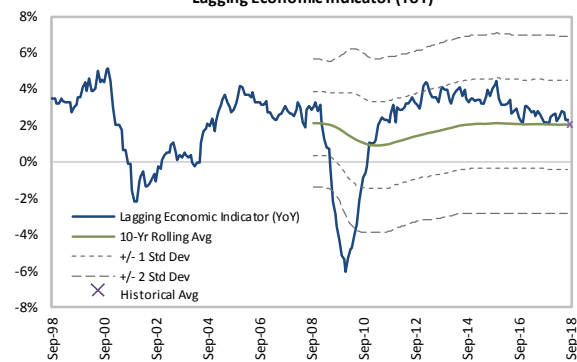
Leading Economic Indicator (YoY)



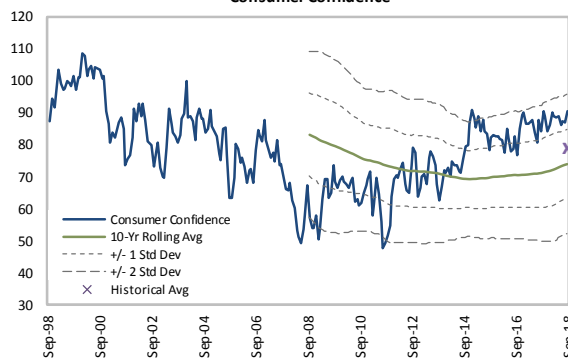
Coincident Economic Indicator (YoY)



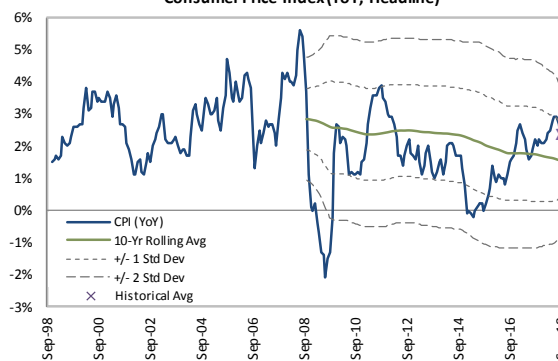
Lagging Economic Indicator (YoY)



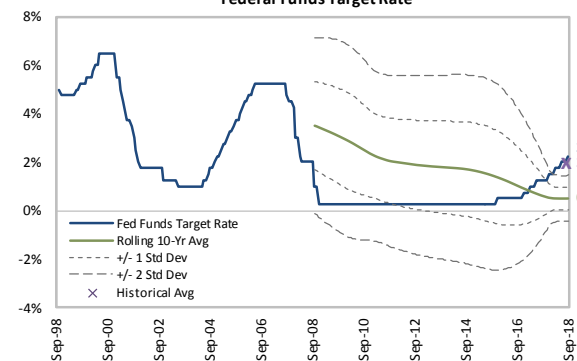
Consumer Confidence

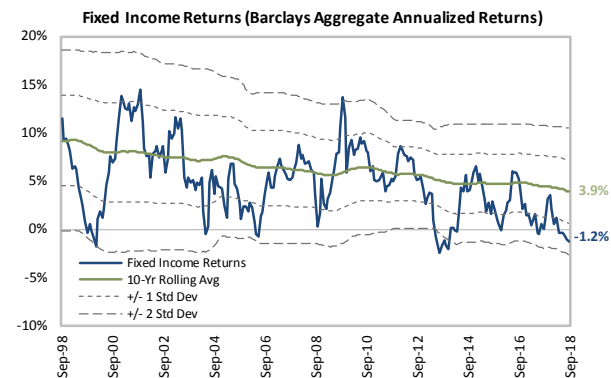
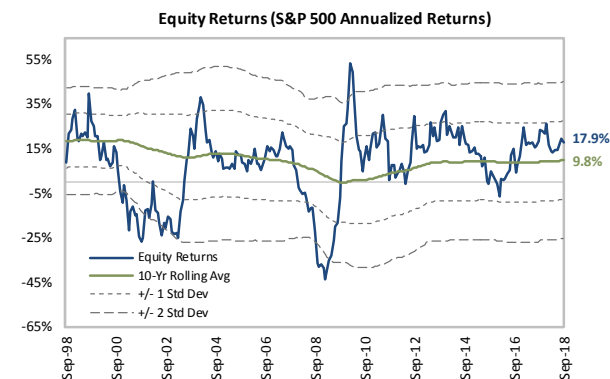
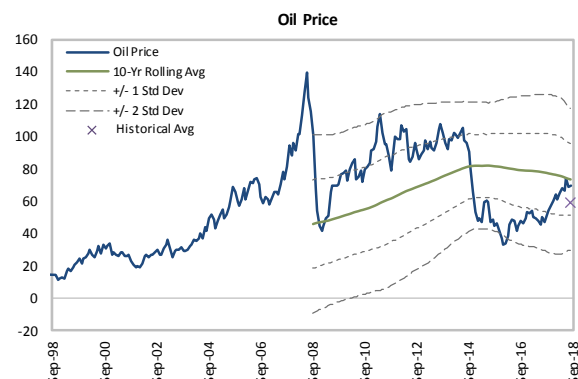
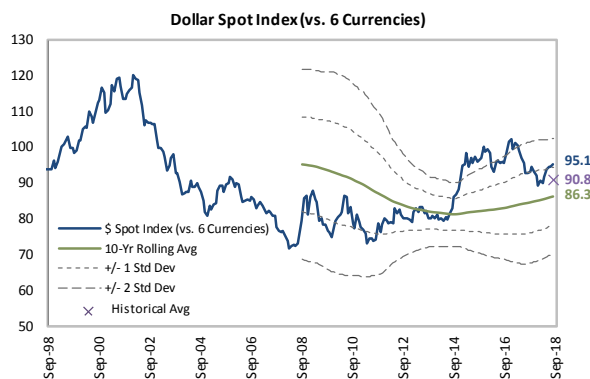
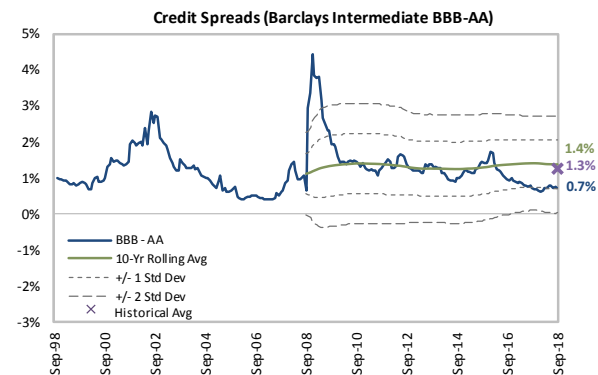
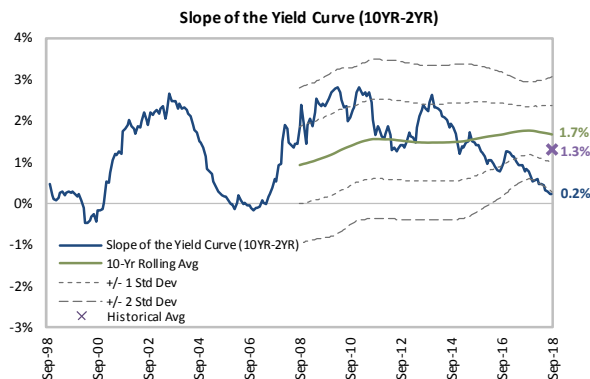


Consumer Price Index (YoY, Headline)



Federal Funds Target Rate





Public Equities

- Global equity markets returned 3.9% during the quarter, as US stocks generated strong gains and international markets were modestly positive. Continued strong demand for US equities, in particular large cap technology stocks, has increased US valuations relative to international markets to highs last seen during the early 2000s Tech Bubble.
- Master limited partnerships turned in another strong quarter of performance, gaining 4.9%. Increasing distributions and stronger fundamentals have contributed to improved sentiment for the asset class.

Public Debt

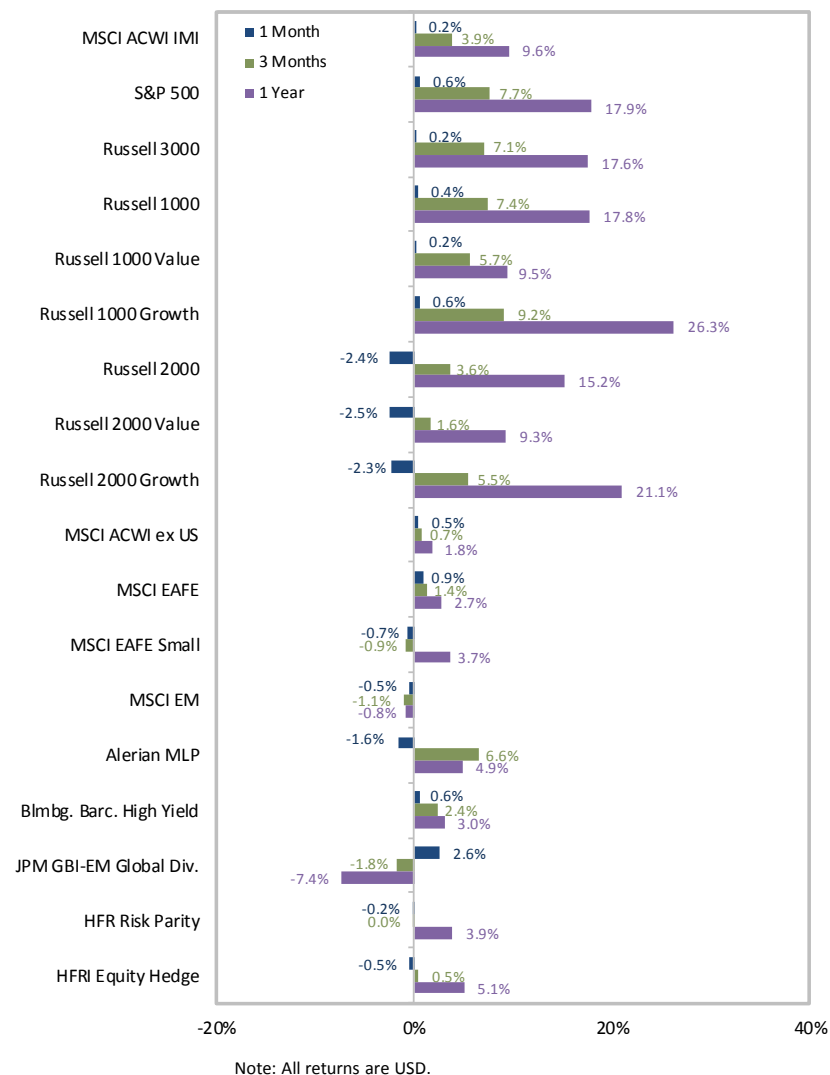
- High yield bonds gained 2.4% during the quarter, with the yield on the Bloomberg Barclays High Yield Index declining 25 bps to 6.2%. High yield spreads relative to treasuries compressed to their lowest level since 2007 in September, as rising treasury yields and continued investor demand for higher-yielding fixed income securities contributed to spread compression.
- Local currency emerging market bonds declined for the second consecutive quarter, returning -1.8%. Outflows from emerging markets pushed local currency yields up to their highest level since February 2017 at 6.6%.

Private Assets

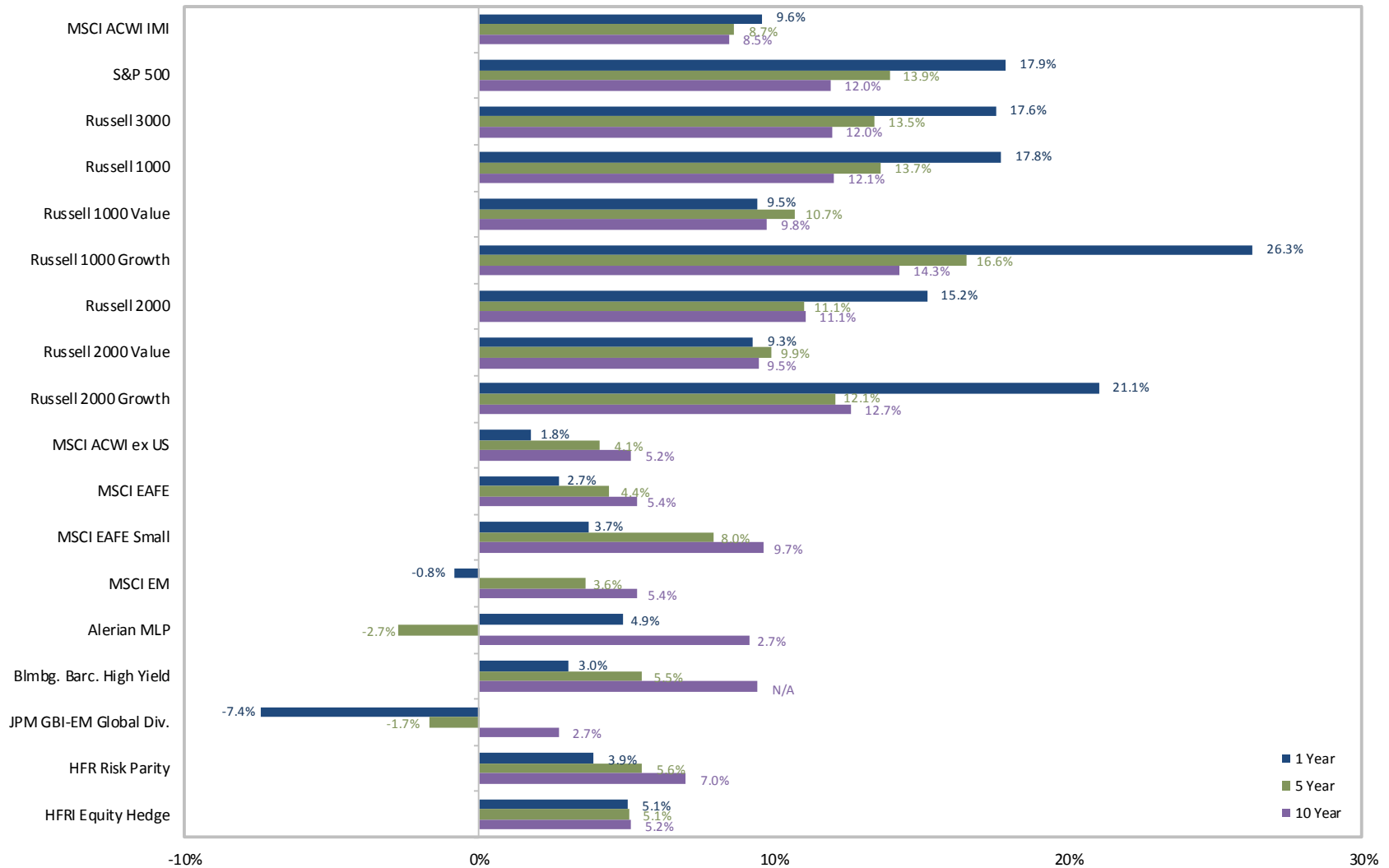
- The pace of fundraising remains elevated but below 2017's record levels. In the private capital space, 327 funds closed during the third quarter and raised a total of \$214B (per Preqin); funds have raised on average \$192B each quarter in 2018, more than every previous year with the exception of 2017. Dry powder continues to increase, reaching \$1.1T at the end of September.

Hedge Funds

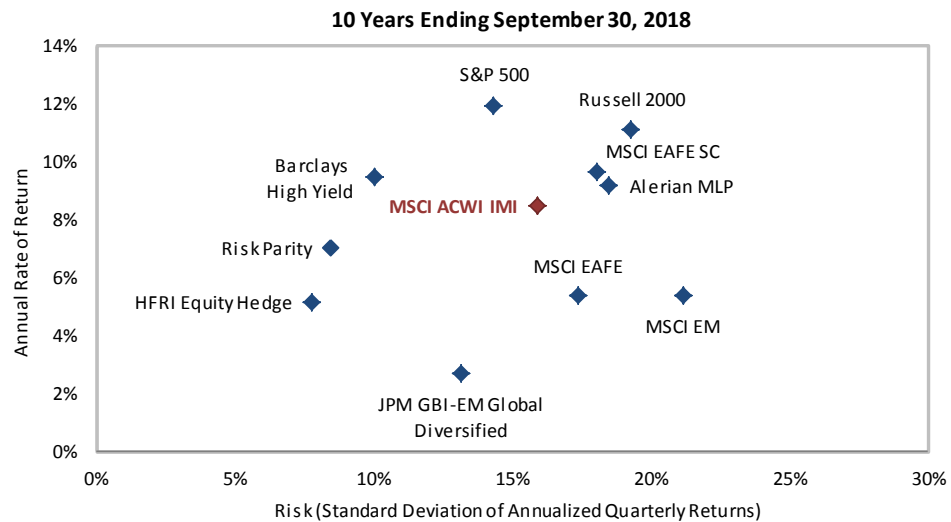
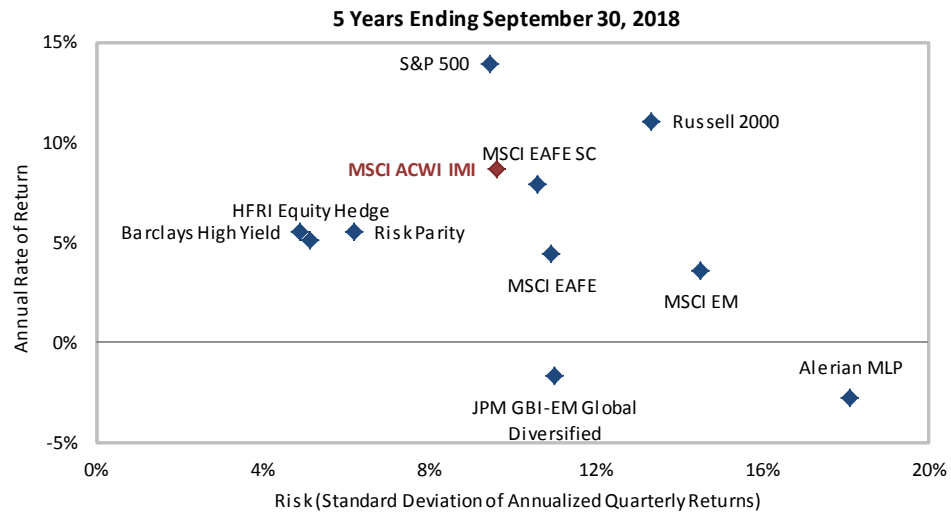
- Risk parity strategies were unchanged in aggregate, as positive equity returns were offset by declines in fixed income and commodity exposures.
- Growth hedge funds gained during the quarter but lagged public equity markets. The HFRI Equity Hedge Index gained 0.5%, underperforming the Russell 3000 by 660 bps.



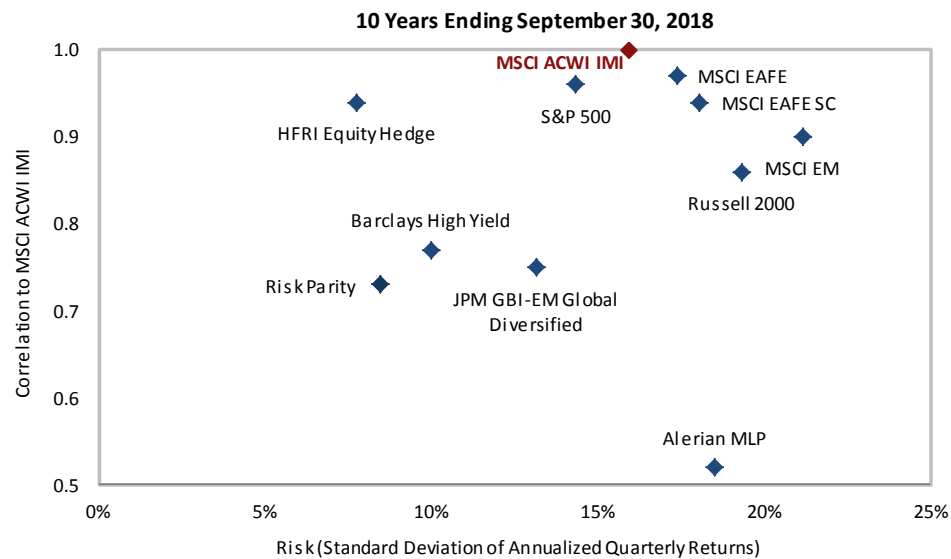
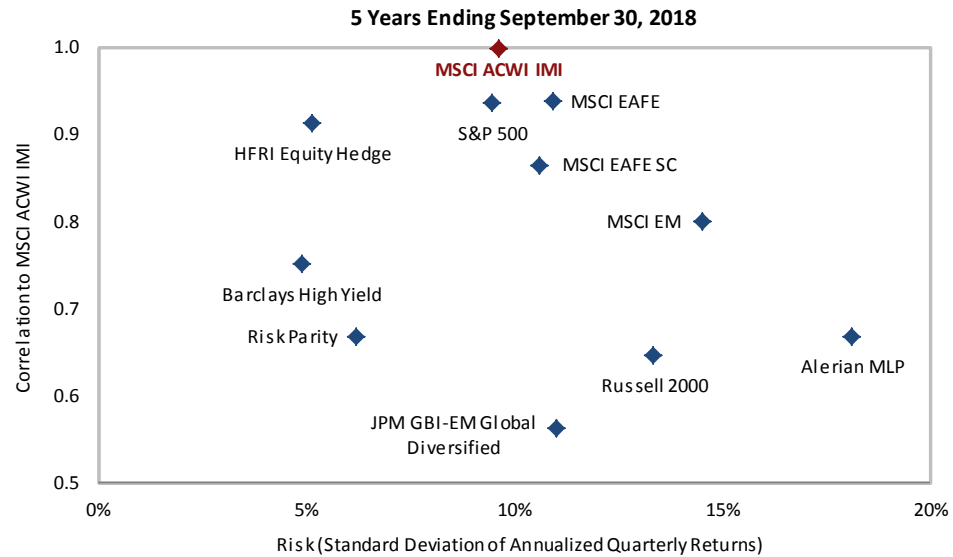
ANNUALIZED ONE-, FIVE-, AND TEN-YEAR RETURNS



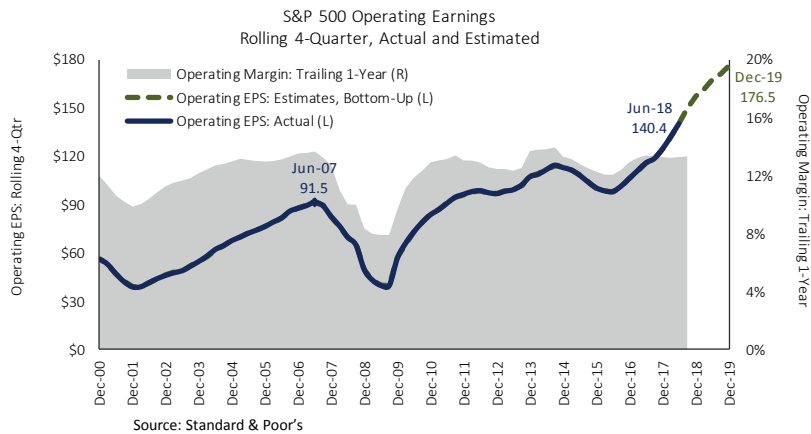
ASSET CLASS RISK/RETURN PERFORMANCE



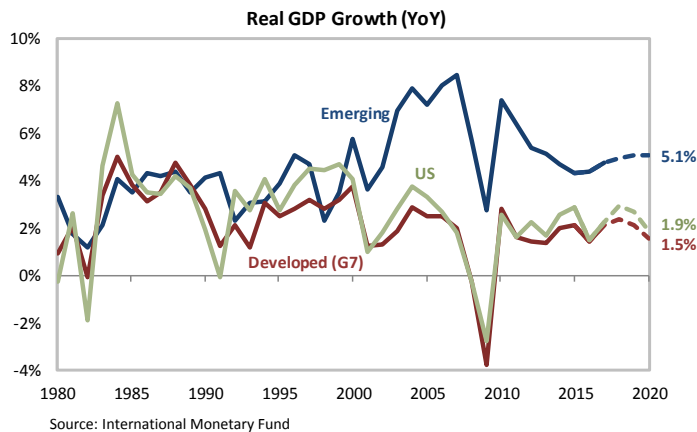
ASSET CLASS CORRELATION TO MSCI ACWI IMI



MARKET CHARTS



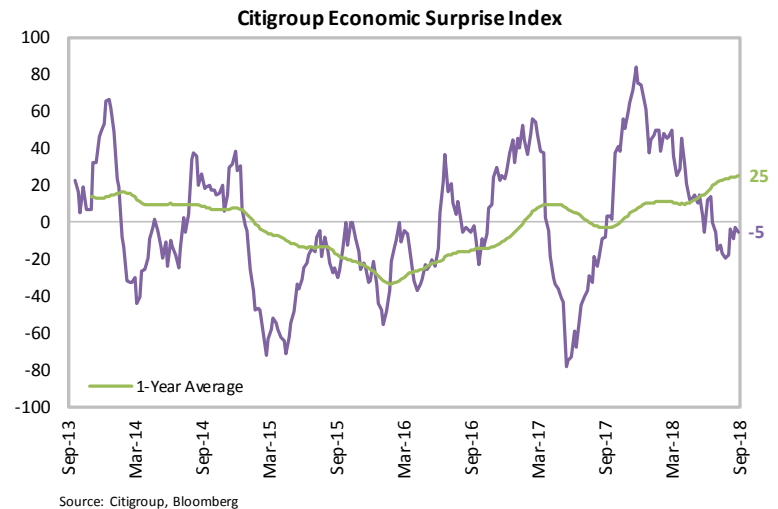
Operating margins remain near cyclical highs; analysts maintain a very positive outlook for US earnings.



Economic growth remains positive, but long-run expectations for future growth are muted in the developed world.



US manufacturing sentiment ended the quarter near an all-time high; a reading over 50 implies expansion.



Economic data releases have come in modestly below expectations recently; an Index reading of 0 means data releases have met analyst expectations.

Public Debt

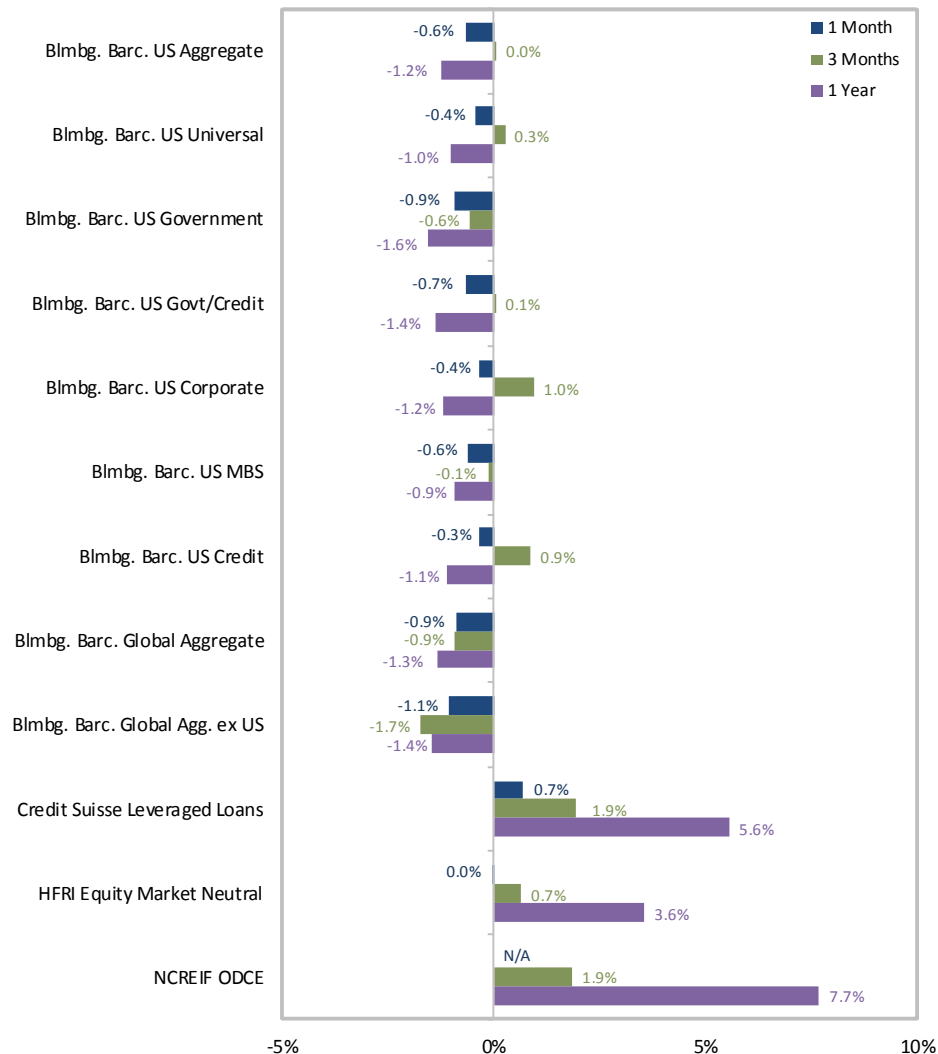
- In fixed income markets, returns have been muted year-to-date and negative over the past year as yields have risen. Increasing expectations for inflation as well as Federal Reserve rates hikes have been catalysts for higher yields. The 10-year Treasury yield was 3.1% at the end of September, up 20 bps from the end of June to its highest level since 2011.
- International fixed income returned -1.7% for the quarter, with underperformance primarily driven by the strengthening dollar versus foreign currencies.
- Public bank loans, as measured by the Credit Suisse Leveraged Loan Index, continued to perform well during the quarter. Bank loans outperformed core fixed income by 190 bps, benefiting from their low duration during the period of rising rates.

Relative Value Hedge Funds

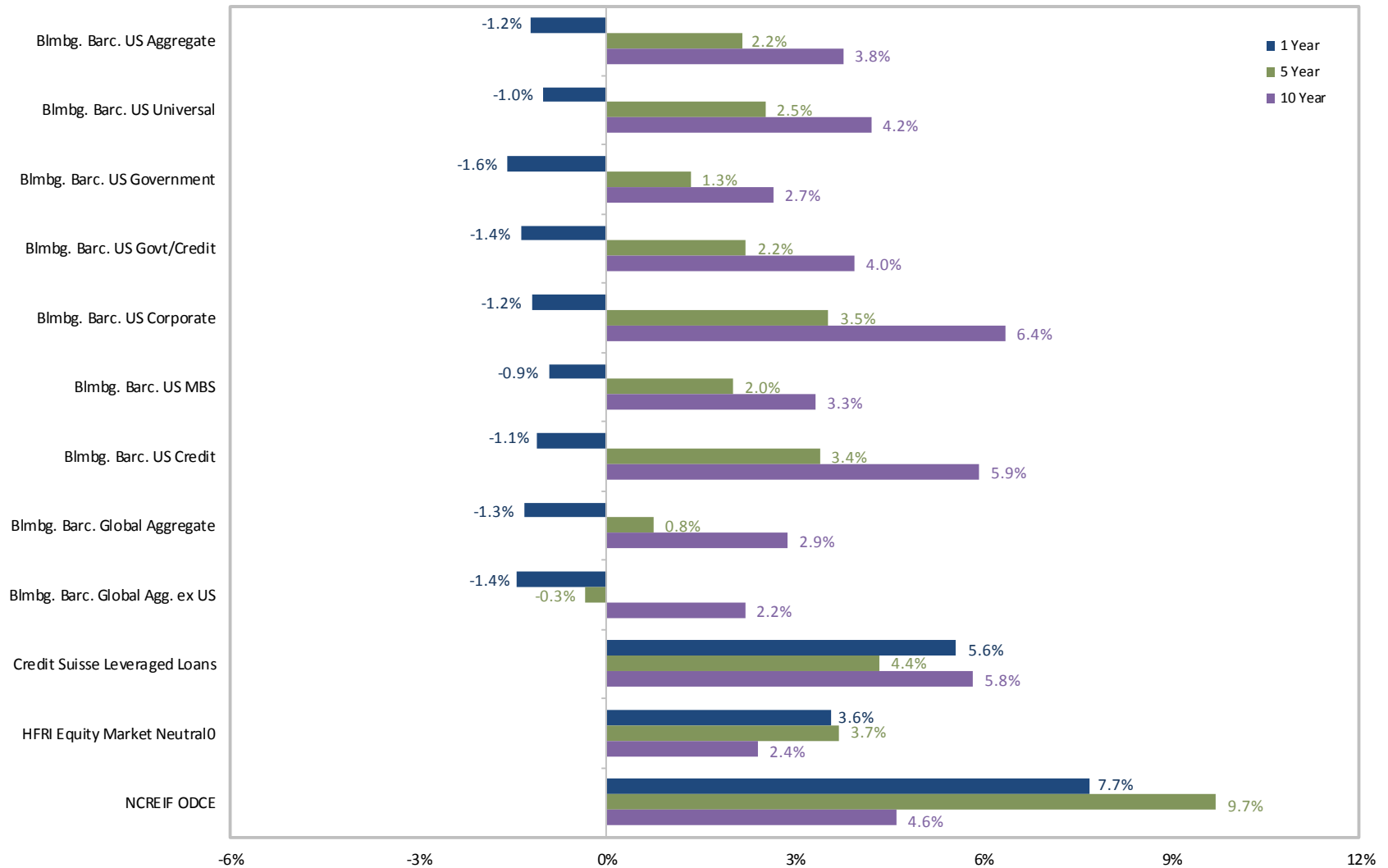
- Relative value hedge fund strategies gained during the quarter and continued their outperformance over core fixed income. As yields have risen over the past year, relative value strategies have outperformed core bonds by 480 bps.

Core Real Estate

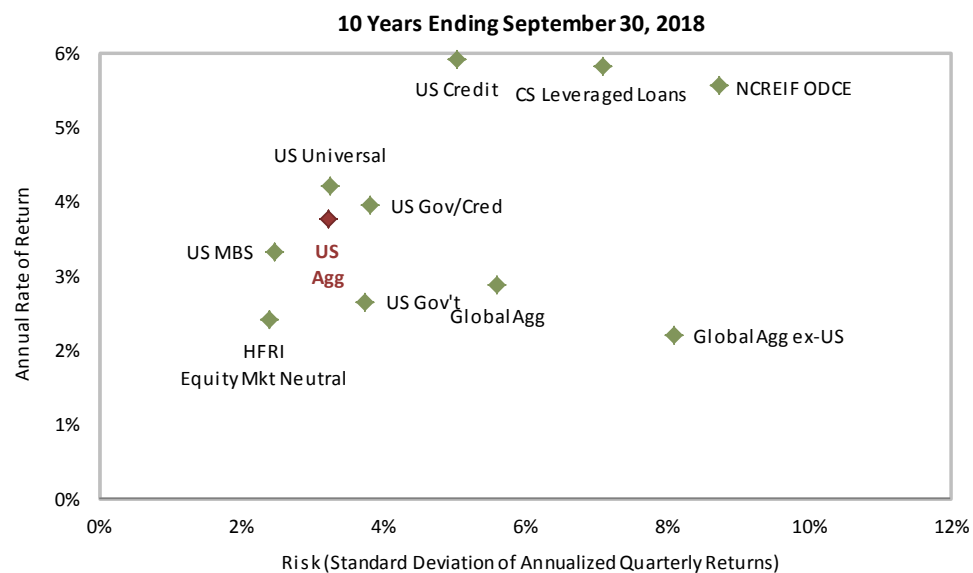
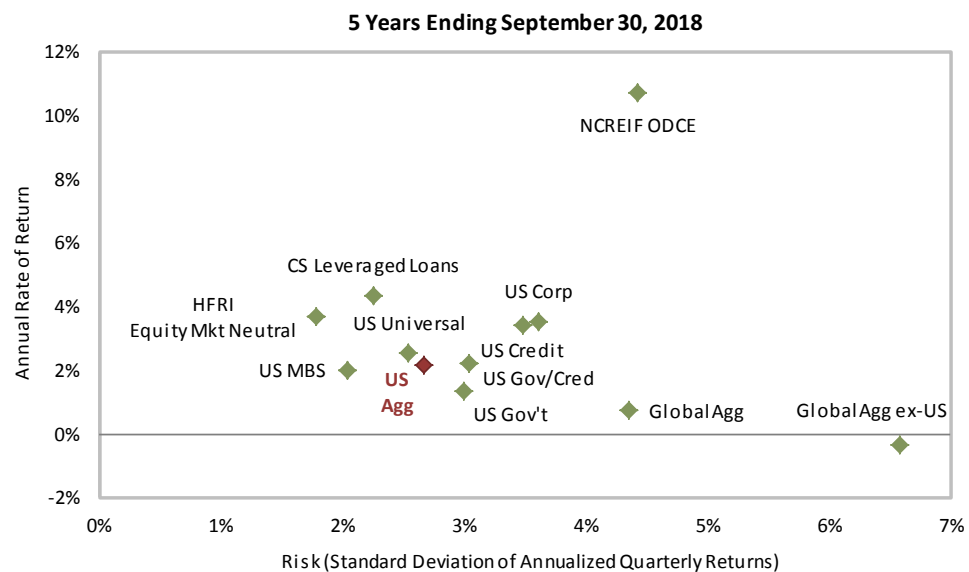
- Core real estate returns for the third quarter were 2.1% gross and 1.9% net, bringing the one-year gain for core funds to 7.7% net. Core real estate gains have moderated from the 11%+ annualized returns of 2013-2015, but limited supply increases and continued strong demand have acted as tailwinds for the market.



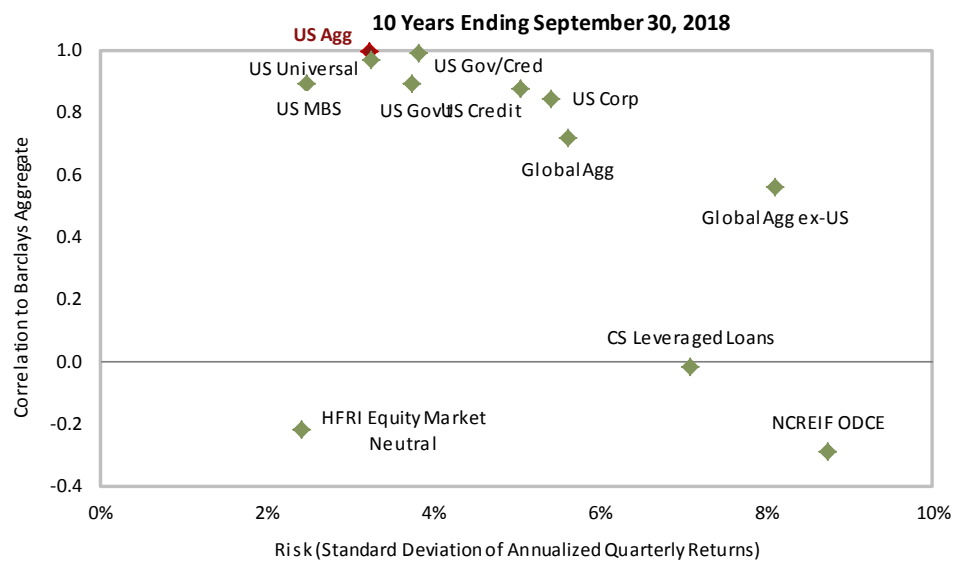
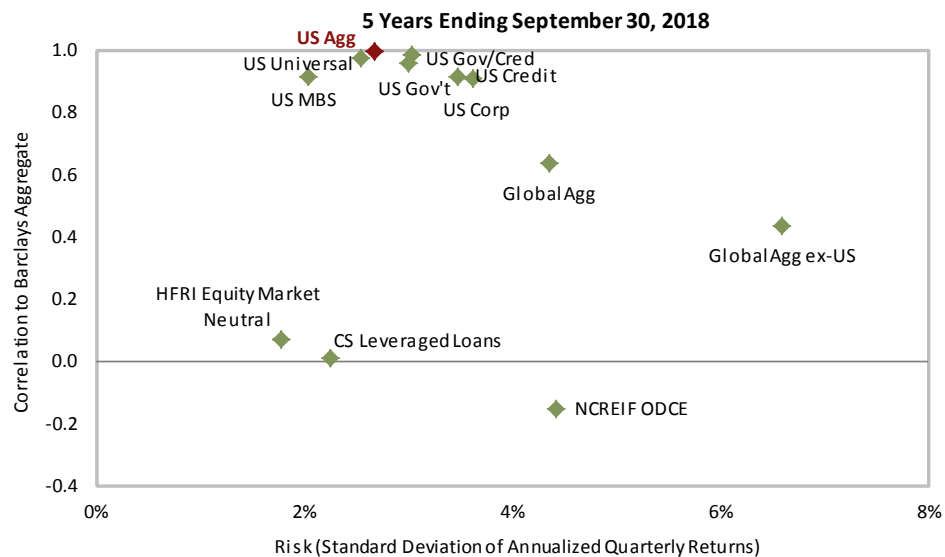
ANNUALIZED ONE-, FIVE-, AND TEN-YEAR RETURNS



ASSET CLASS RISK/RETURN PERFORMANCE

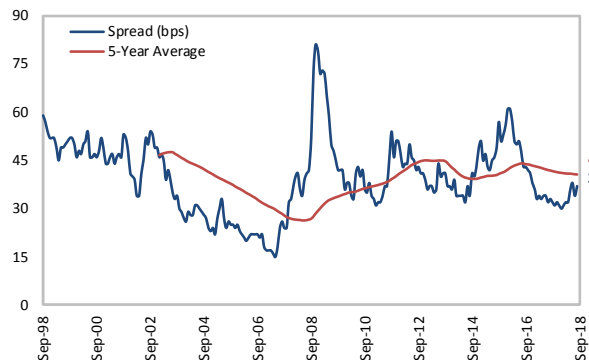


ASSET CLASS CORRELATION TO BARCLAYS AGGREGATE

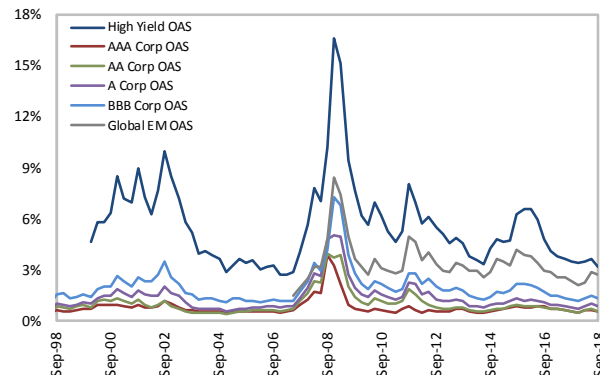


MARKET CHARTS

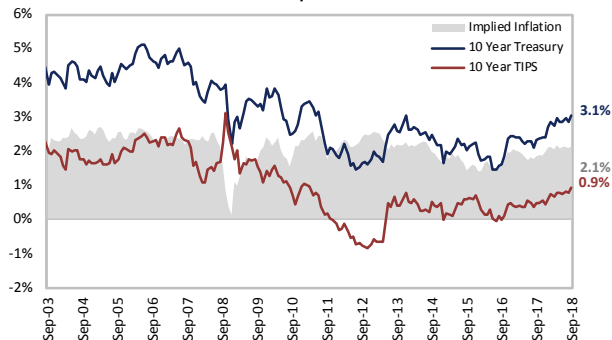
Core Plus vs Core Fixed Income



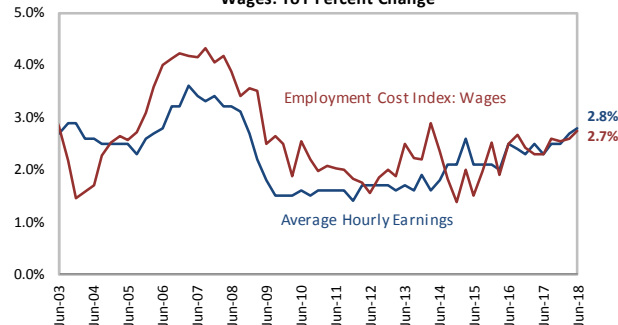
Barclays Capital Option Adjusted Spreads



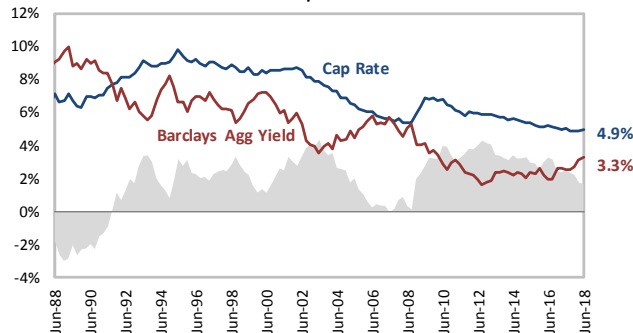
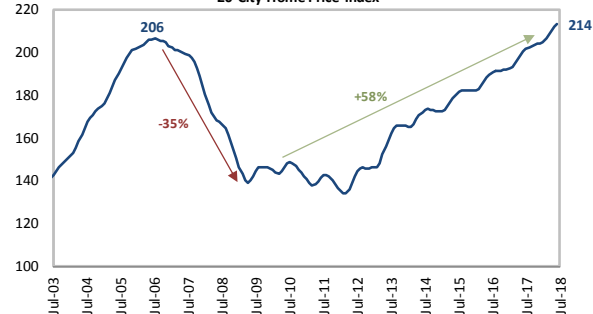
10-Year Implied Inflation



Wages: YoY Percent Change



Core Real Estate Cap Rates vs. Bond Yields

S&P/Case-Shiller Composite
20-City Home Price Index

Inflation

- TIPS declined 0.8% during the quarter and underperformed treasuries by 20 bps. Over the past year TIPS have been among the best-performing fixed income asset classes as inflation has increased. Prospective long-term returns have increased for TIPS as well, as real yields have risen; at the end of September 10-year real yields were 92 bps, their highest level since 2011. Market-implied breakeven inflation expectations have also increased, ending the quarter at 2.2%.

Deflation

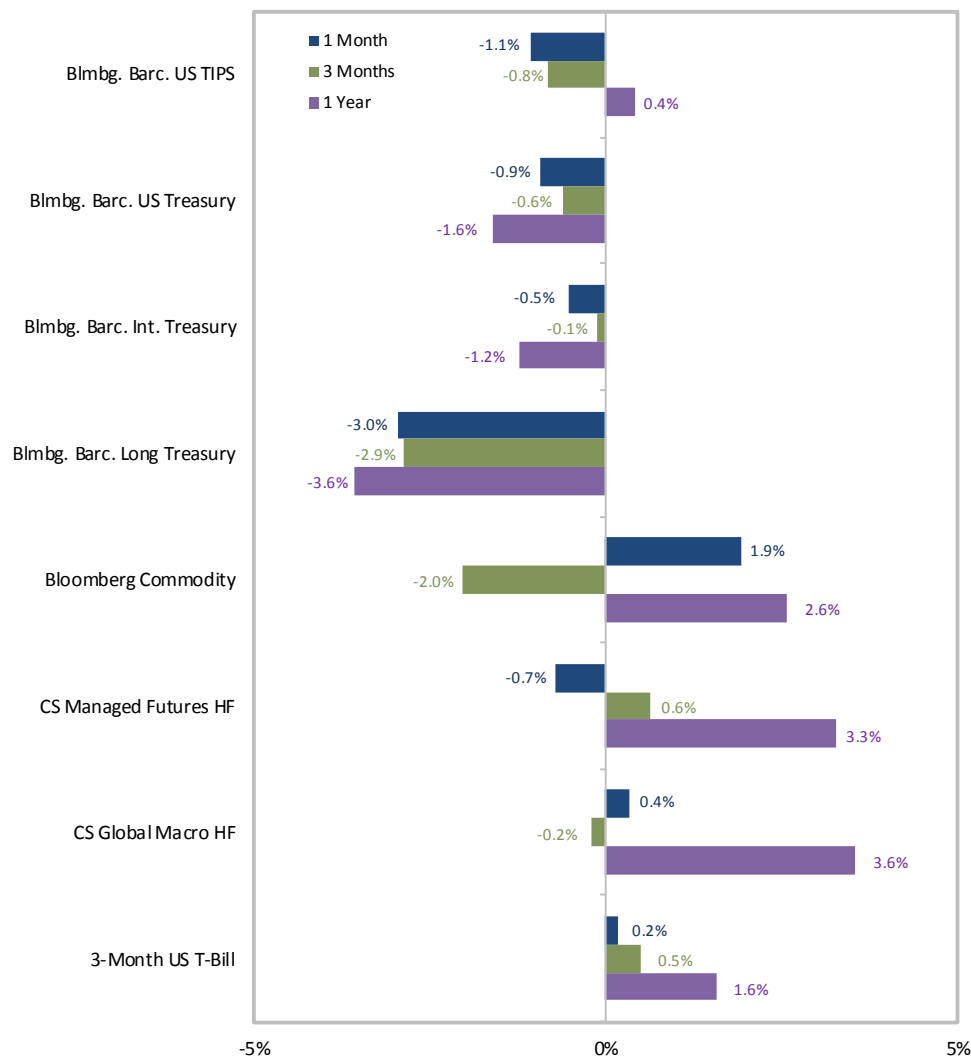
- Long treasuries declined and underperformed shorter-duration issues during the third quarter. The 30-year Treasury yield rose 21 bps to 3.2%. Long treasury yields have not risen to the extent of short-term bonds in recent years as demand from global investors for relatively high-yielding US bonds has been persistent. Developed market bond yields outside the US remain well below those offered by treasuries.
- Cash returns have increased but remain low, with 90-day T-Bills returning 0.5% for the quarter and 1.6% over the past year.

Commodities

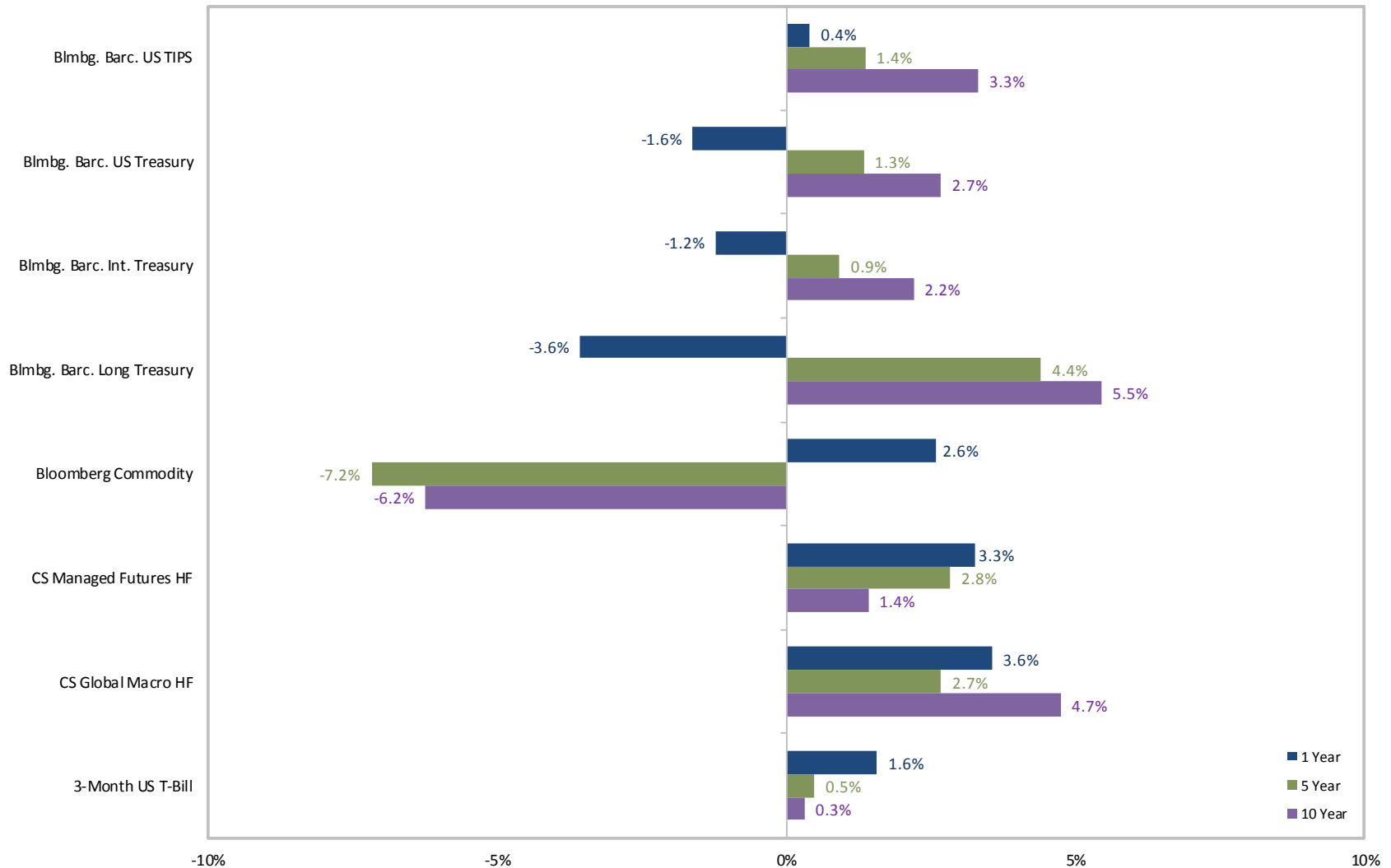
- The Bloomberg Commodity Index returned -2.0% during the quarter, with notable underperformers including agriculture and industrial commodities due to trade concerns and moderating demand outside the US year-to-date. The energy sector performed mostly in-line with the Bloomberg Commodity Index during the quarter, but has been a meaningfully positive contributor since the oil price bottom in February 2016.

Tactical Trading

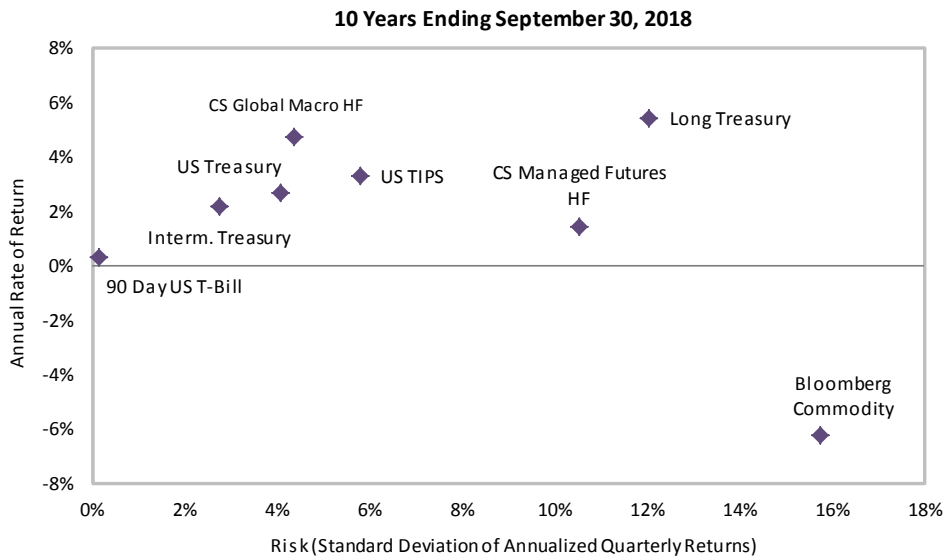
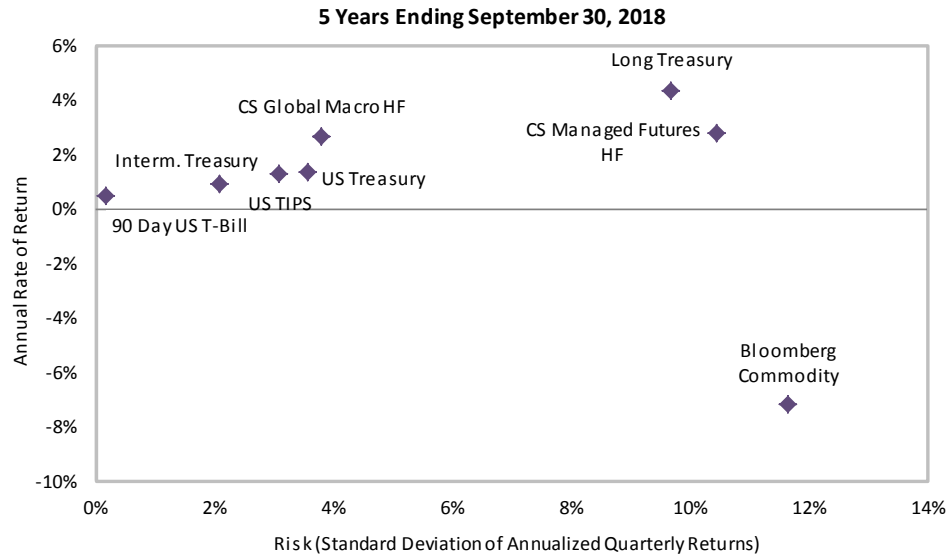
- Tactical trading strategies saw mixed performance for the quarter but have generated strong gains over the past year.



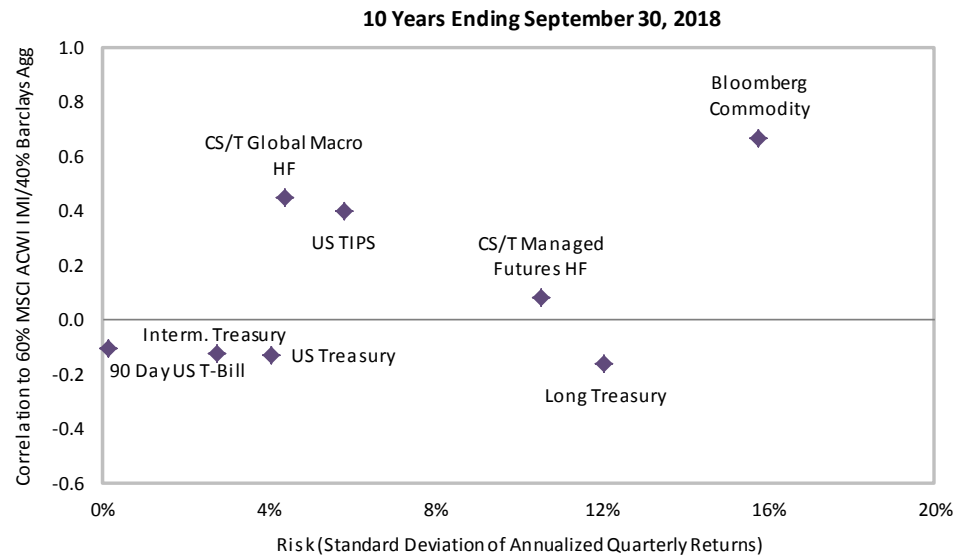
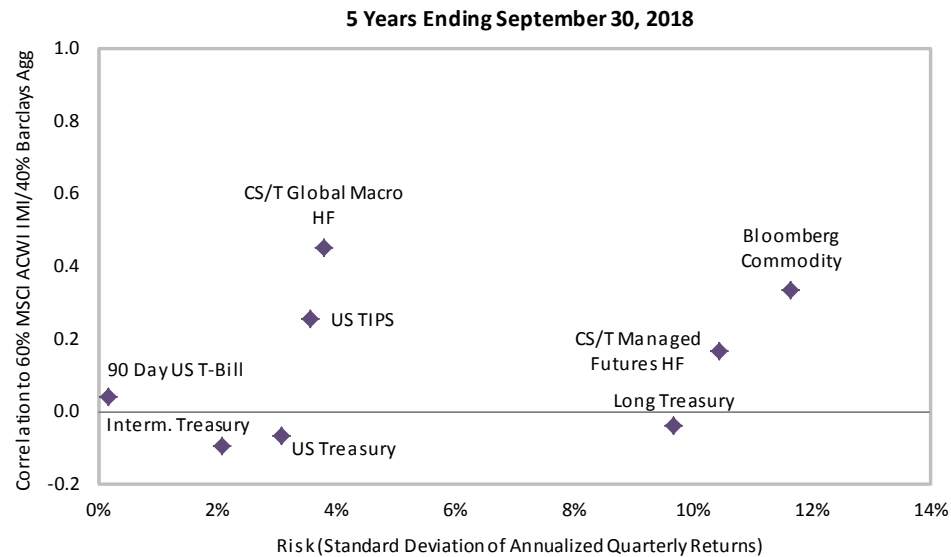
ANNUALIZED ONE-, FIVE-, AND TEN-YEAR RETURNS



ASSET CLASS RISK/RETURN PERFORMANCE

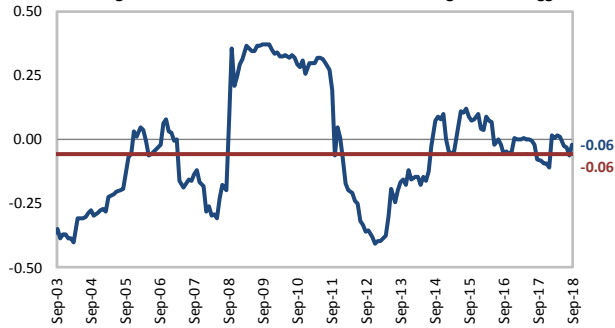


ASSET CLASS CORRELATION TO 60% MSCI ACWI IMI/40% BARCLAYS AGGREGATE



MARKET CHARTS

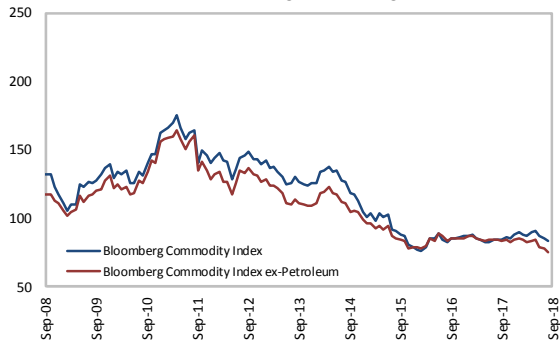
Rolling 3-Yr Correlation: MSCI ACWI IMI and Blmbg Barc. US Agg.



Source: Bloomberg.

The three-year correlation between stocks and bonds is near its historical average.

Commodities: Including and Excluding Petroleum



Source: Bloomberg

Commodity prices are modestly above 2016 lows, led by the energy sector.

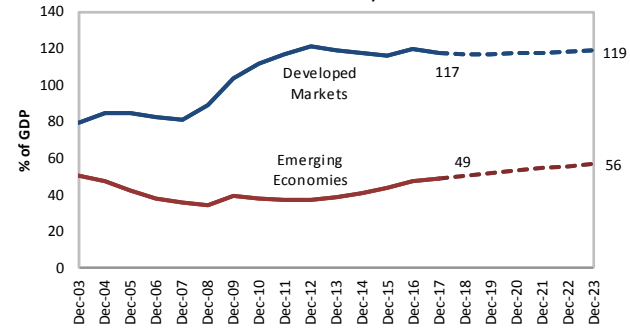
St. Louis Federal Reserve Financial Stress Index



Source: St. Louis Federal Reserve

According to the STLFSI, financial market stress is currently below-average; a reading of 0 indicates average market stress.

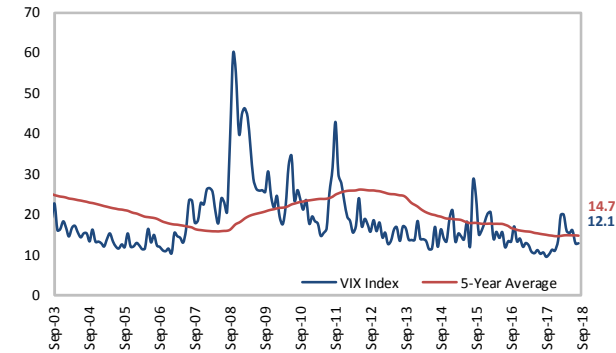
Government Debt/GDP



Source: Bloomberg.

Debt burdens in advanced economies are over 100% of GDP; emerging economies are expected to maintain a debt level of near 50% of GDP.

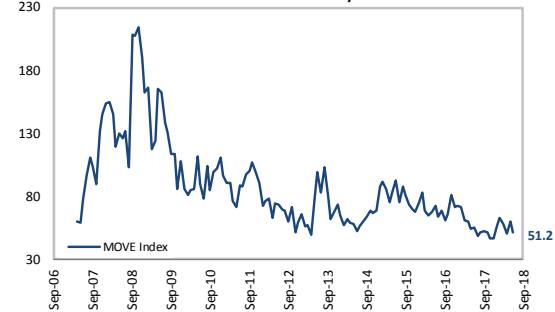
Equity Volatility (VIX)



Source: Chicago Board Options Exchange

Equity market volatility remains low.

Fixed Income Volatility

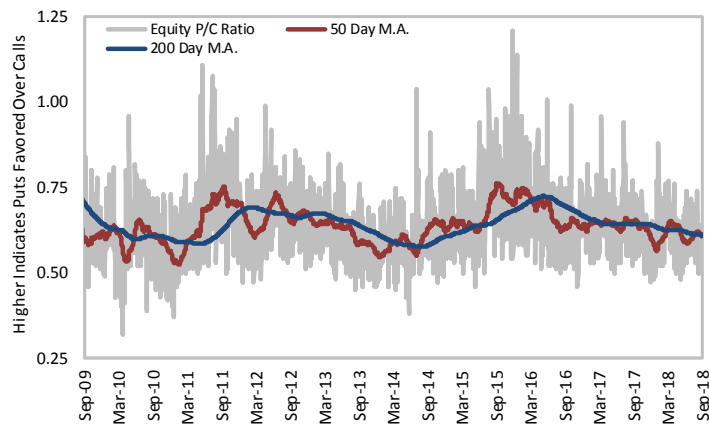


Source: Merrill Lynch, Barclays

Bond market volatility remains muted despite the rise in yields in 2018.

MARKET SKEW

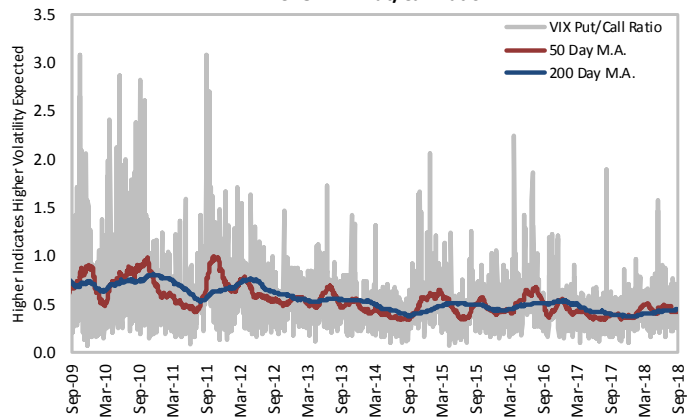
CBOE Put/Call Ratio



Source: Chicago Board Options Exchange

Investors are less inclined to buy downside protection than they were earlier in 2018, as suggested by the 50-day moving average.

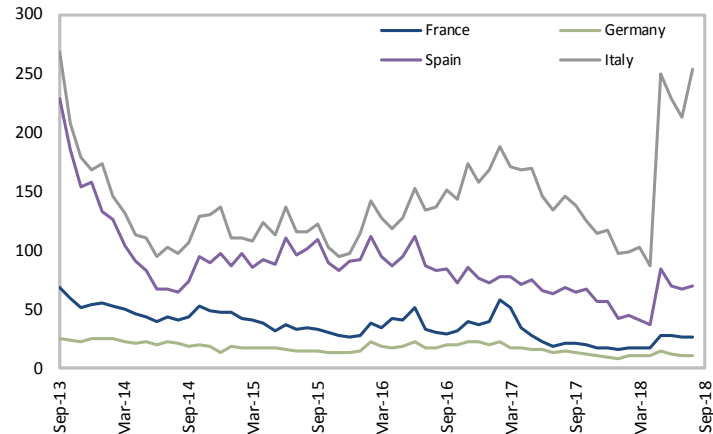
CBOE VIX Put/Call Ratio



Source: Chicago Board Options Exchange

There have been bouts of increased volatility/VIX put purchases in 2018, mainly driven by trade concerns.

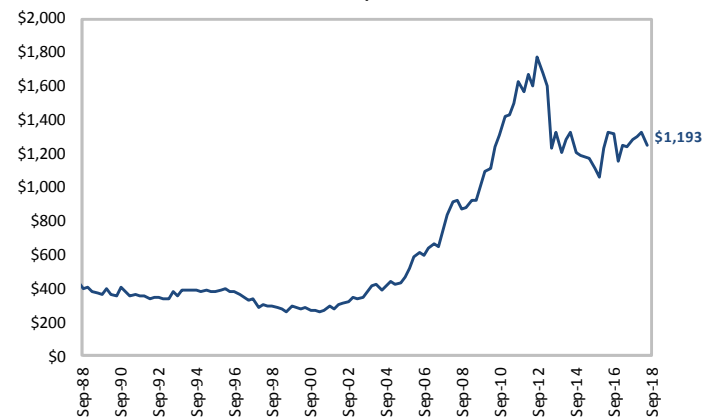
5-Year Credit Default Swaps Spreads



Source: Bloomberg

Political division in Italy has driven spreads significantly higher in the European periphery.

Gold Spot \$/oz.



Source: Bloomberg

Gold prices have mostly been range-bound for the past several years.

INVESTMENT THEMES: LOOKING FORWARD

What Has Happened

Equity Markets

- US equities have outperformed international, and investor positioning suggests investors are extrapolating this performance trend into the future.
- Growth stocks have outperformed value across all recent time periods and geographies. Growth valuations have risen significantly relative to value.
- 2018 has seen increasing late cycle market indicators: rising interest rates, rising stock/bond correlations, and more frequent bouts of volatility relative to earlier in the expansion.

Fixed Income Markets

- Short-term yields have risen as the Federal Reserve has raised interest rates, while long-term yields have risen but more modestly.
- Credit spreads remain historically tight despite levels of corporate debt-to-GDP near all-time highs.

What Investors Should Do

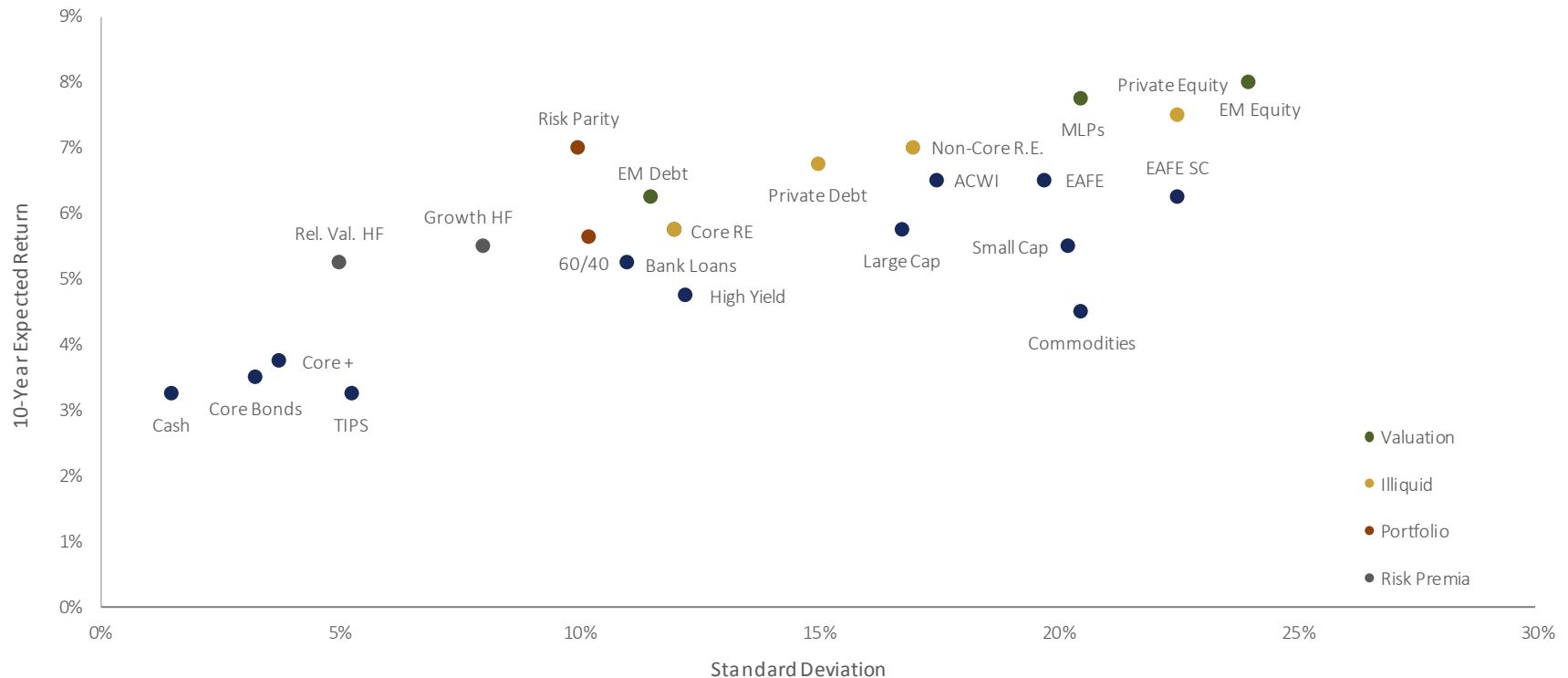
- Favor international equities over US, particularly emerging markets.
 - Tilt towards value within global equity portfolios.
 - Defensive positioning within equity portfolios and/or equity diversifiers are attractive today, as valuations are generally high.
-
- Favor return sources that diversify away from duration without significant credit risk (i.e. short-term fixed income, relative value hedge funds, and unconstrained fixed income).
 - Size these allocations appropriately given significant tracking error vs. core fixed income.

SUMMARY

- Each quarter Summit publishes long-term (10-year) strategic capital market assumptions.
- While these assumptions are long-term by definition (one would not expect them to change frequently), there are times when market fundamentals move dramatically, thereby altering the expected performance for certain asset classes.
- For a complete rationale (for all assumptions) please refer to Summit's annual "Capital Market Assumption" publication (available at www.ssgstl.com).

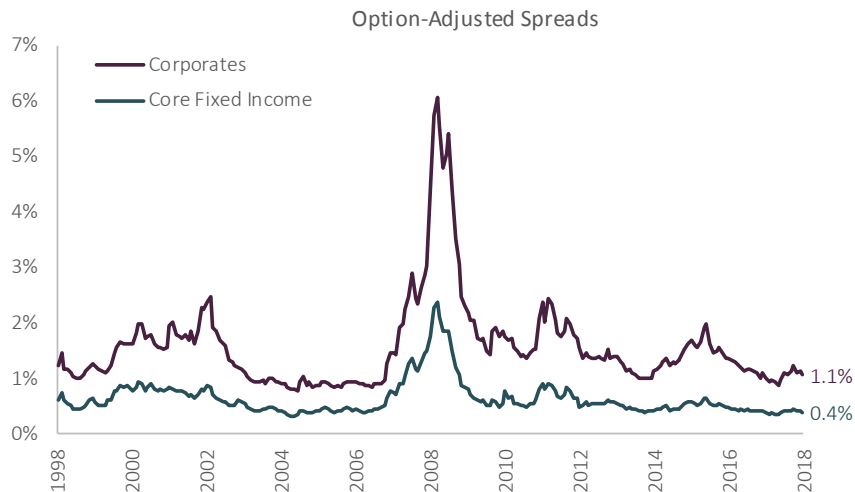
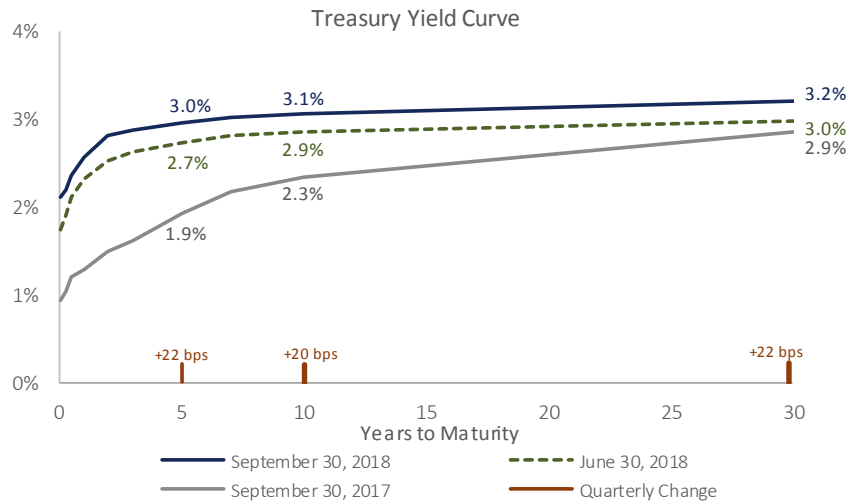
10-Year Expected Asset Class Returns and Standard Deviations		
Asset Class	Expected Return	Standard Deviation
Inflation (CPI)	2.25%	1.75%
Cash	3.25%	1.50%
Public Equity		
ACWI	6.50%	17.50%
Large Cap	5.75%	16.75%
Small Cap	5.50%	20.25%
International Large Cap	6.50%	19.75%
International Small Cap	6.25%	22.50%
Emerging Markets	8.00%	24.00%
Master Limited Partnerships (MLP)	7.75%	20.50%
Private Assets		
Private Equity	7.50%	22.50%
Private Debt	6.50%	15.00%
Marketable Alternatives		
Growth Hedge Funds	5.50%	8.00%
Alternative Risk Premia	5.75%	7.00%
Risk Parity	7.00%	10.00%
Fixed Income		
Core Fixed Income	3.50%	3.25%
Core Plus Fixed Income	3.75%	3.75%
Corporates	4.25%	6.00%
Long Gov/Credit	4.25%	10.25%
TIPS	3.25%	5.25%
High Yield Bonds	4.75%	12.25%
Bank Loans	5.25%	11.00%
Emerging Market Debt	6.25%	11.50%
Relative Value Hedge Funds	5.25%	5.00%
Real Assets		
Core Real Estate	5.50%	12.00%
Non-Core Real Estate	6.75%	17.00%
Private Real Assets	7.25%	18.75%
Commodities	4.50%	20.50%

ASSET CLASS EXPECTED RETURN AND RISK



- Historically broad asset classes have achieved a Sharpe Ratio of roughly 0.25.
- Based on Summit's Capital Market Assumptions, asset classes or strategies that appear to offer outsized absolute or risk-adjusted returns can be categorized into four main categories:
 - Valuation:** Current prices compared to fundamentals suggest relatively high prospective returns.
 - Illiquid:** Extended lock-up periods allow investors access to premia unavailable in public markets.
 - Portfolio:** Diversification benefits from combining multiple asset classes or strategies into a single portfolio.
 - Risk Premia:** Strategies employ leverage, have the ability to short, and/or are able to access unique risk premia unavailable in public markets.

FIXED INCOME

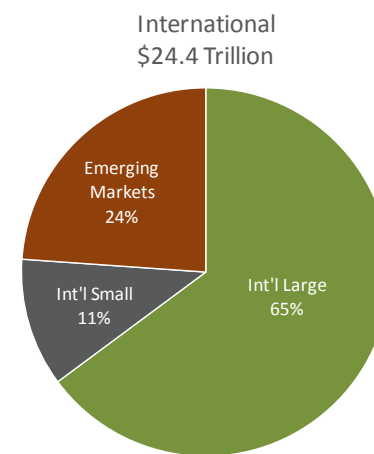
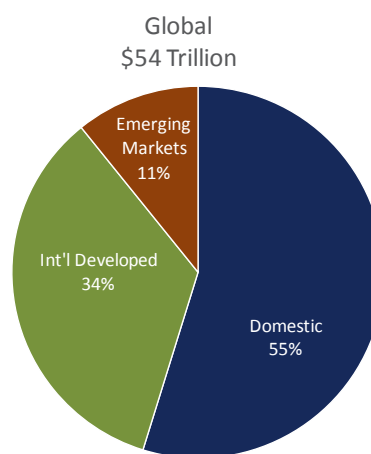
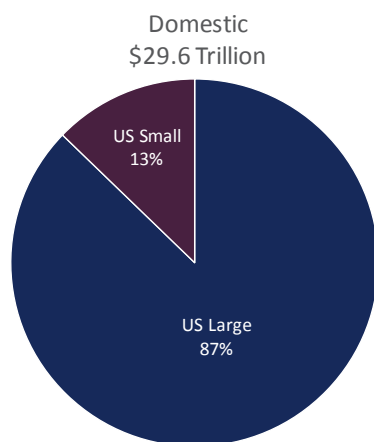


Asset Class	Expected Return		Option-Adjusted Spread	
	9/30/2018	6/30/2018	9/30/2018	6/30/2018
CPI	2.25%	2.00%	n/a	n/a
Cash	3.25%	3.00%	n/a	n/a
Core Fixed Income	3.50%	3.25%	39	44
Core Plus Fixed Income	3.75%	3.50%	75	83
Corporates	4.25%	4.00%	106	123
Long Gov/Credit	4.25%	4.00%	90	101
TIPS	3.25%	2.75%	n/a	n/a
High Yield Bonds	4.75%	4.75%	316	363
Bank Loans	5.25%	5.25%	n/a	n/a
Emerging Market Debt	6.25%	6.25%	n/a	n/a

EQUITY

9/30/2018	US Large Cap	US Small Cap	Int'l Large Cap	Int'l Small Cap	Emerging
Dividend Yield	1.75%	1.25%	3.00%	2.25%	2.50%
Real EPS Growth	2.00%	2.25%	1.25%	1.75%	3.25%
Change in P/E Ratio	-0.25%	-0.25%	0.00%	0.00%	0.00%
Inflation	2.25%	2.25%	2.25%	2.25%	2.25%
Total	5.75%	5.50%	6.50%	6.25%	8.00%

Global Market Capitalization



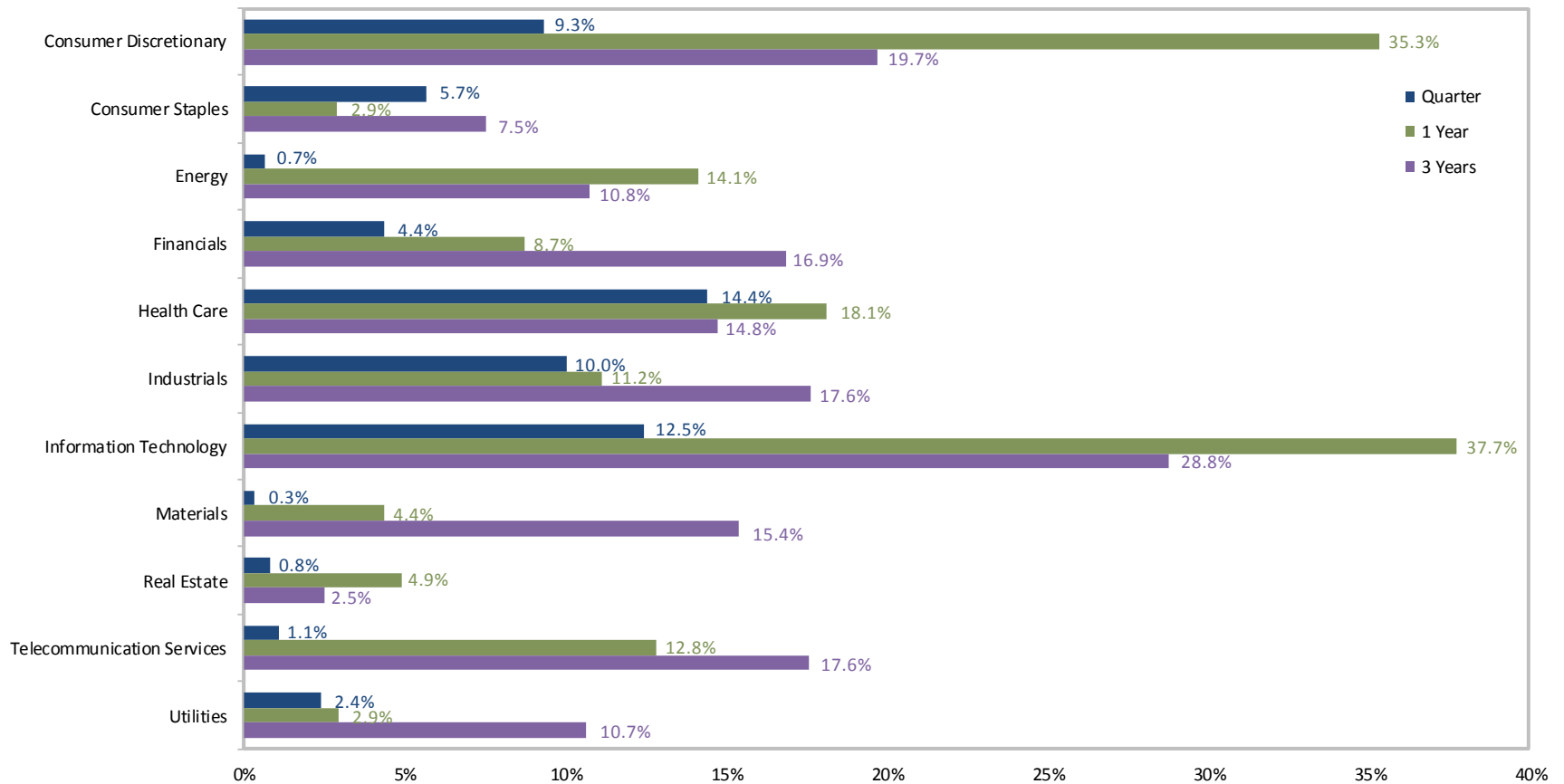
ALTERNATIVES

Asset Class / Strategy		Building Blocks				
Master Limited Partnerships (MLP)		<i>Distribution Yield</i> 7.75%	+	<i>Distribution Growth</i> 0.00%	+	<i>Valuation</i> 0.00% = <i>Expected</i> 7.75%
Private Equity				<i>Small Cap</i> 5.50%	+	<i>Return Premium</i> 2.00% = 7.50%
Private Debt				<i>High Yield</i> 4.75%	+	<i>Return Premium</i> 2.00% = 6.75%
Risk Parity		<i>Expected Sharpe Ratio</i> 0.4		<i>Cash</i> 3.25%	+	<i>Risk-Adj Beta Exposure</i> 3.75% = 7.00%
Growth Hedge Funds		<i>Expected Sharpe Ratio</i> 0.3		<i>Cash</i> 3.25%	+	<i>Vol-Adj Excess Returns</i> 2.25% = 5.50%
Relative Value Hedge Funds		<i>Expected Sharpe Ratio</i> 0.4		<i>Cash</i> 3.25%	+	<i>Vol-Adj Excess Returns</i> 2.00% = 5.25%
Core Real Estate		<i>Current Cap Rate</i> 5.00%	+	<i>Growth</i> 0.50%	+	<i>Valuation</i> 0.00% = 5.50%
Non-Core Real Estate		<i>Current Cap Rate</i> 5.00%	+	<i>Growth</i> 0.50%	+	<i>Return Premium</i> 1.25% = 6.75%
Commodities				<i>Cash</i> 3.25%	+	<i>Return Premium</i> 1.25% = 4.50%

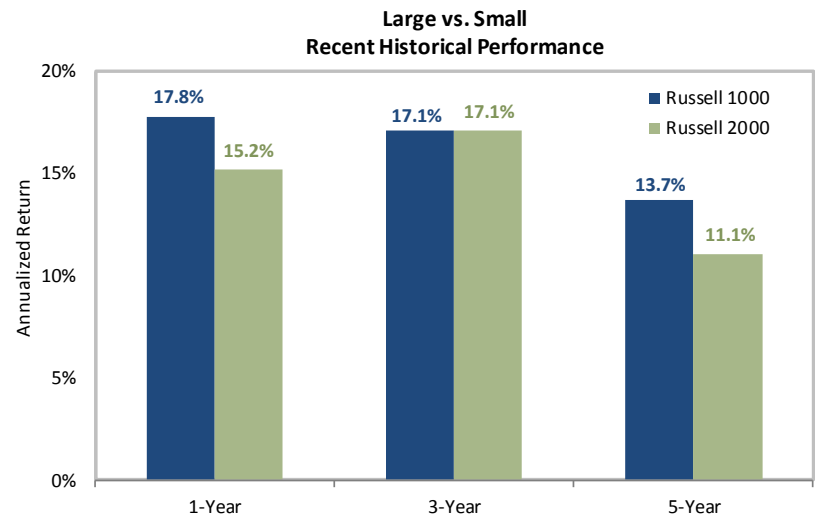
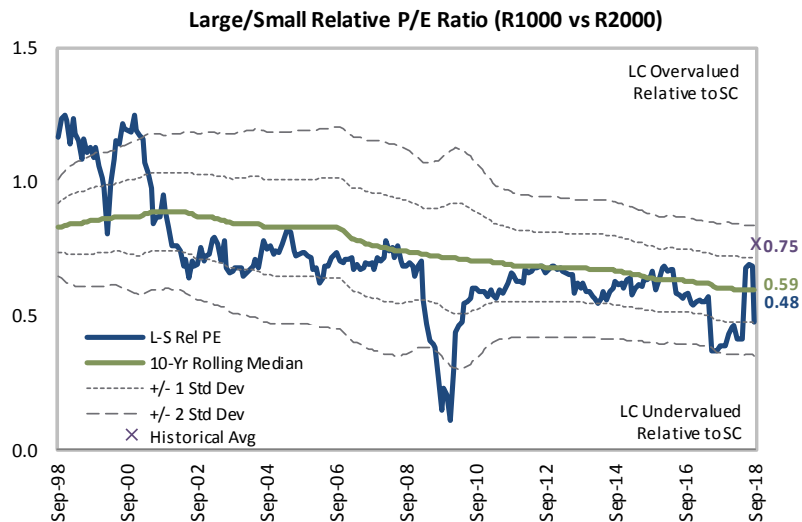
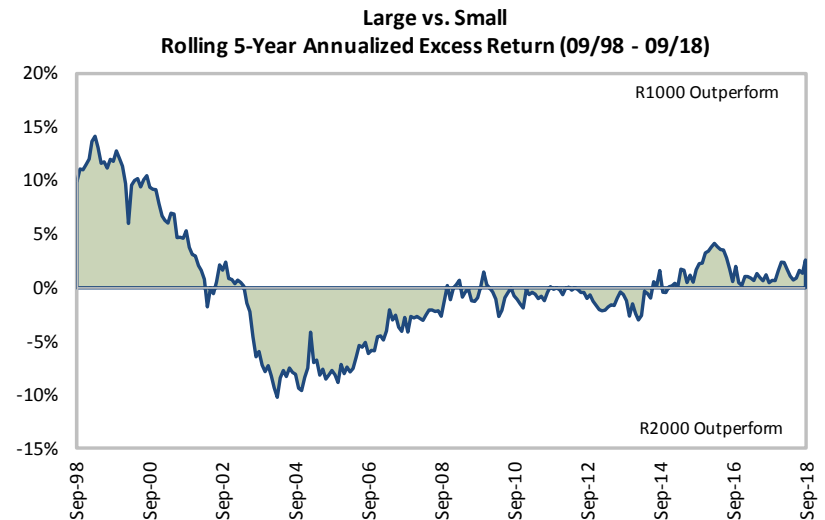
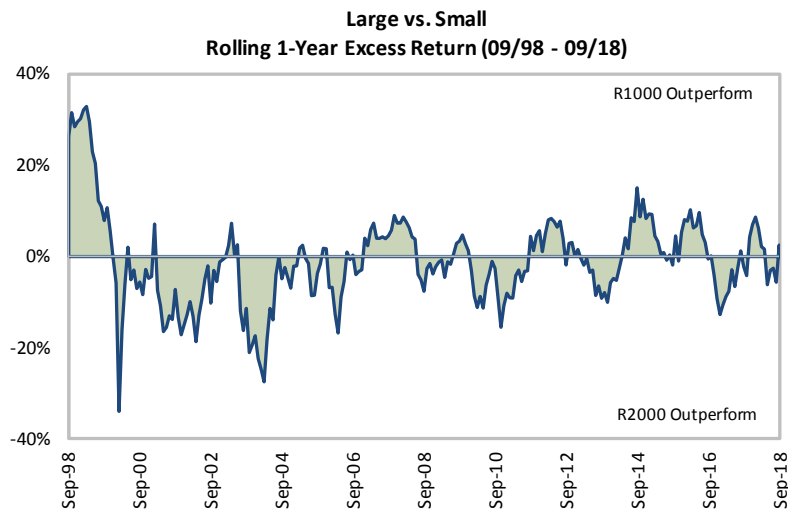
CALENDAR YEAR PERFORMANCE COMPARISON

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Q3 2018	10 Yr ROR	20 Yr ROR
Best Performing ↑	EM 74.8%	EAFE 8.1%	Large Value 38.4%	Large Growth 23.1%	Large Value 35.2%	Large Growth 38.7%	EM 66.4%	Small Value 22.8%	Small Value 14.0%	Core Bonds 10.3%	EM 55.8%	EM 25.6%	EM 34.1%	EM 32.2%	EM 39.4%	Int. Treas. 11.4%	EM 78.5%	Small Growth 29.1%	Core Bonds 7.8%	EM 18.2%	Small Growth 43.3%	S&P 500 13.7%	Large Growth 5.7%	Small Value 31.7%	EM 37.3%	Large Growth 17.1%	Large Growth 9.2%	Large Growth 14.3%	EM 9.8%
	EAFE 32.9%	Large Growth 2.7%	S&P 500 37.6%	S&P 500 23.0%	S&P 500 33.4%	S&P 500 28.6%	Small Growth 43.1%	Core Bonds 11.6%	Core Bonds 8.4%	Int. Treas. 9.6%	Small Growth 48.5%	Small Value 22.3%	EAFE 14.0%	EAFE 26.9%	Large Growth 11.8%	Core Bonds 5.2%	HY Bonds 58.2%	Small Cap 26.9%	Int. Treas. 6.6%	Small Value 18.1%	Small Cap 38.8%	Large Value 13.5%	S&P 500 1.4%	Small Cap 21.3%	Large Growth 30.2%	Small Growth 15.8%	S&P 500 7.7%	Small Growth 12.7%	Small Value 9.8%
	Small Value 23.8%	S&P 500 1.3%	Large Growth 37.2%	Large Value 21.6%	Small Value 31.8%	EAFE 20.3%	Large Growth 33.2%	Int. Treas. 10.3%	Int. Treas. 8.2%	HY Bonds -1.4%	Small Cap 47.3%	EAFE 20.7%	Large Value 7.1%	Small Value 23.5%	EAFE 11.6%	HY Bonds -26.2%	Large Growth 37.2%	Small Value 24.5%	HY Bonds 5.0%	Large Value 17.5%	Small Value 34.5%	Large Growth 13.1%	Int. Treas. 1.2%	Large Value 17.3%	EAFE 25.0%	Small Cap 11.5%	Large Value 5.7%	S&P 500 12.0%	Small Cap 9.4%
	Small Cap 18.9%	HY Bonds -1.0%	Small Growth 31.0%	Small Value 21.4%	Large Growth 30.5%	Large Value 15.6%	EAFE 27.3%	Large Value 7.0%	HY Bonds 5.3%	EM -6.0%	Small Value 46.0%	Small Cap 18.3%	Large Growth 5.3%	Large Value 22.2%	Int. Treas. 8.8%	Small Value -28.9%	Small Growth 34.5%	EM 18.9%	Large Growth 2.6%	EAFE 17.3%	Large Growth 33.5%	Core Bonds 6.0%	Core Bonds 0.6%	HY Bonds 17.1%	Small Growth 22.2%	S&P 500 10.6%	Small Growth 5.5%	Small Cap 11.1%	Small Growth 8.6%
	Large Value 18.1%	Small Value -1.5%	Small Cap 28.4%	Small Cap 16.5%	Small Cap 22.4%	Core Bonds 8.7%	Small Cap 21.3%	Small Cap -3.0%	Small Cap 2.5%	Small Value -11.4%	EAFE 39.2%	Large Value 16.5%	S&P 500 4.9%	Small Cap 18.4%	Small Growth 7.1%	Small Cap -33.8%	EAFE 31.9%	Large Growth 16.7%	S&P 500 2.1%	Small Cap 16.3%	Large Value 32.5%	Small Growth 5.6%	EAFE -0.8%	S&P 500 12.0%	S&P 500 21.8%	Small Value 7.1%	Small Cap 3.6%	Large Value 9.8%	Large Value 7.6%
Worst Performing ↓	HY Bonds 17.1%	Small Cap -1.8%	Small Value 25.8%	HY Bonds 11.4%	Small Growth 12.9%	Int. Treas. 8.6%	S&P 500 21.0%	HY Bonds -5.9%	EM -2.4%	Large Value -15.5%	Large Value 30.0%	Small Growth 14.3%	Small Value 4.7%	S&P 500 15.8%	Core Bonds 7.0%	Large Value -36.9%	Small Cap 27.2%	Large Value 15.5%	Large Value 0.4%	S&P 500 16.0%	S&P 500 32.4%	Small Cap 4.9%	Small Growth -1.4%	Small Growth 11.3%	Small Cap 14.6%	Large Value 3.9%	HY Bonds 2.4%	Small Value 9.5%	S&P 500 7.4%
	Small Growth 13.4%	Int. Treas. -1.8%	HY Bonds 19.2%	Small Growth 11.3%	HY Bonds 12.7%	HY Bonds 1.9%	Large Value 7.4%	S&P 500 -9.1%	Large Value -5.6%	EAFE -15.7%	Large Growth 29.8%	HY Bonds 11.1%	Small Cap 4.6%	Small Growth 13.4%	S&P 500 5.5%	S&P 500 -37.0%	S&P 500 26.5%	HY Bonds 15.1%	Small Growth -2.9%	HY Bonds 15.8%	EAFE 22.8%	Small Value 4.2%	Large Value -3.8%	EM 11.2%	Large Value 13.7%	HY Bonds 2.6%	Small Value 1.6%	HY Bonds 9.5%	Large Growth 7.2%
	S&P 500 10.1%	Large Value -2.0%	Core Bonds 18.5%	EAFE 6.4%	Core Bonds 9.7%	Small Growth 1.2%	HY Bonds 2.4%	EAFE -14.0%	Small Growth -9.2%	Small Cap -20.5%	Small Value 29.0%	S&P 500 10.9%	Small Growth 4.1%	HY Bonds 11.9%	HY Bonds 1.9%	Large Growth -38.4%	Small Value 20.6%	S&P 500 15.1%	Small Cap -4.2%	Large Growth 15.3%	HY Bonds 7.4%	Int. Treas. 2.6%	Small Cap -4.4%	Large Growth 7.1%	Small Value 7.8%	Int. Treas. -0.8%	EAFE 1.4%	EM 5.4%	HY Bonds 6.9%
	Core Bonds 9.8%	Small Growth -2.4%	Int. Treas. 14.4%	EM 6.0%	Int. Treas. 7.7%	Small Cap -2.5%	Int. Treas. 0.4%	Large Growth -22.4%	S&P 500 -11.9%	S&P 500 -22.1%	S&P 500 28.7%	Large Growth 6.3%	HY Bonds 2.7%	Large Growth 9.1%	Large Value -0.2%	Small Growth -38.5%	Large Value 19.7%	EAFE 7.8%	Small Value -5.5%	Small Growth 14.6%	Int. Treas. -1.3%	HY Bonds 2.5%	HY Bonds -4.5%	Core Bonds 2.7%	HY Bonds 7.5%	EAFE -1.4%	Core Bonds 0.0%	EAFE 5.4%	EAFE 5.2%
	Int. Treas. 8.2%	Core Bonds -2.9%	EAFE 11.6%	Int. Treas. 4.0%	EAFE 2.1%	Small Value -6.5%	Core Bonds -0.8%	Small Growth -22.4%	Large Growth -20.4%	Large Growth -27.9%	Core Bonds 4.1%	Core Bonds 4.3%	Core Bonds 2.4%	Core Bonds 4.3%	Small Cap -1.6%	EAFE -43.4%	Core Bonds 5.9%	Core Bonds 6.5%	EAFE -12.1%	Core Bonds 4.2%	Core Bonds -2.0%	EM -2.2%	Small Value -7.5%	Int. Treas. 1.1%	Core Bonds 3.5%	Core Bonds -1.6%	Int. Treas. -0.1%	Core Bonds 3.8%	Core Bonds 4.5%
	Large Growth 2.9%	EM -7.3%	EM -5.2%	Core Bonds 3.6%	EM -11.6%	EM -25.3%	Small Value -1.5%	EM -30.6%	EAFE -21.2%	Small Growth -30.3%	Int. Treas. 2.1%	Int. Treas. 2.0%	Int. Treas. 1.6%	Int. Treas. 3.5%	Small Value -9.8%	EM -53.3%	Int. Treas. -1.4%	Int. Treas. 5.3%	EM -18.4%	Int. Treas. 1.7%	EM -2.6%	EAFE -4.9%	EM -14.9%	EAFE 1.0%	Int. Treas. 1.1%	EM -7.7%	EM -1.1%	Int. Treas. 2.2%	Int. Treas. 3.6%

S&P 500 SECTOR PERFORMANCE COMPARISON



HISTORICAL RELATIVE PERFORMANCE: US LARGE CAP CORE TO SMALL CAP CORE



HISTORICAL RELATIVE PERFORMANCE: LARGE CAP VALUE TO LARGE CAP GROWTH

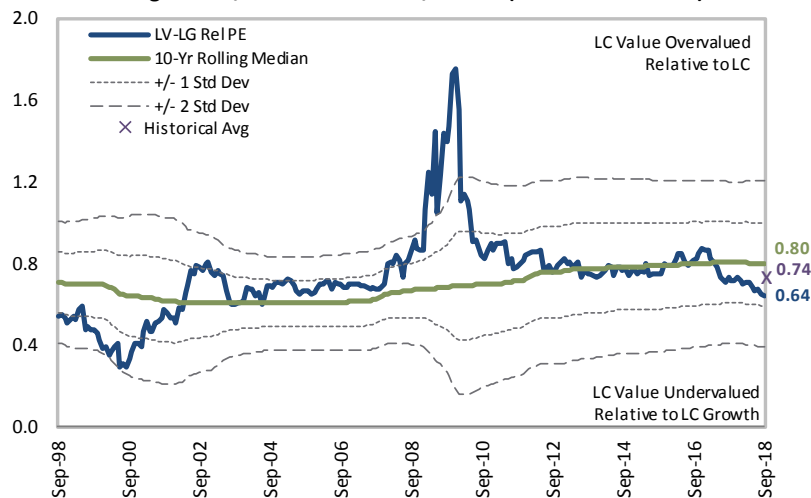
Large Value vs. Large Growth
Rolling 1-Year Excess Return (09/98 - 09/18)



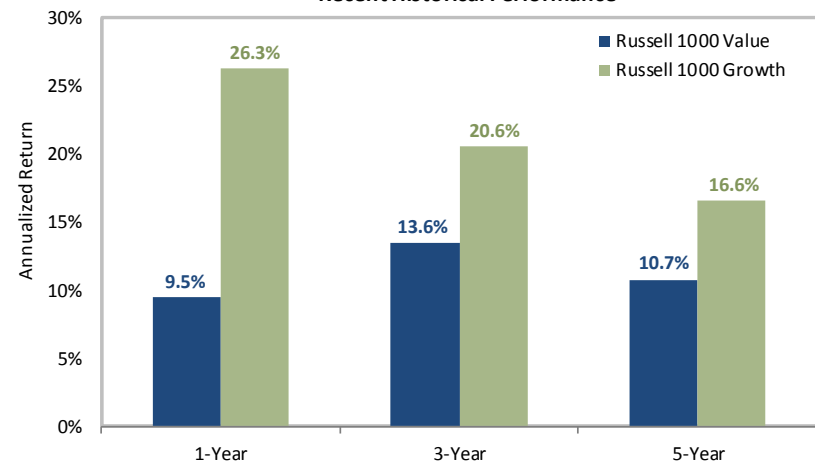
Large Value vs. Large Growth
Rolling 5-Year Annualized Excess Return (09/98 - 09/18)



Large Value/Growth Relative P/E Ratio (R1000V vs R1000G)

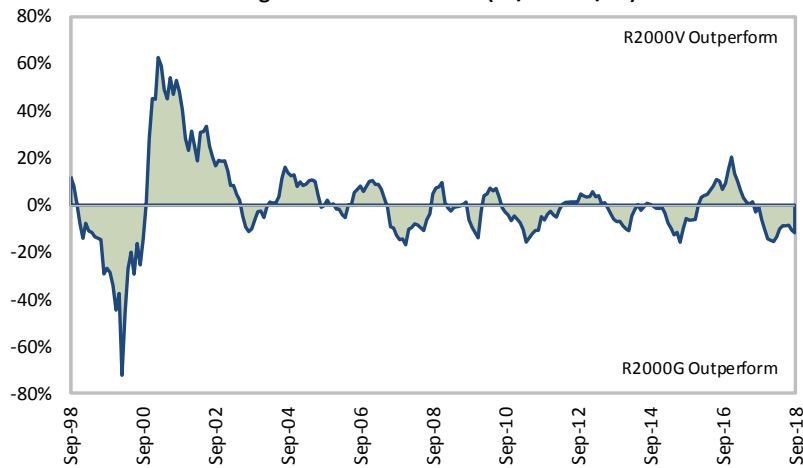


Large Value vs. Large Growth
Recent Historical Performance



HISTORICAL RELATIVE PERFORMANCE: SMALL CAP VALUE TO SMALL CAP GROWTH

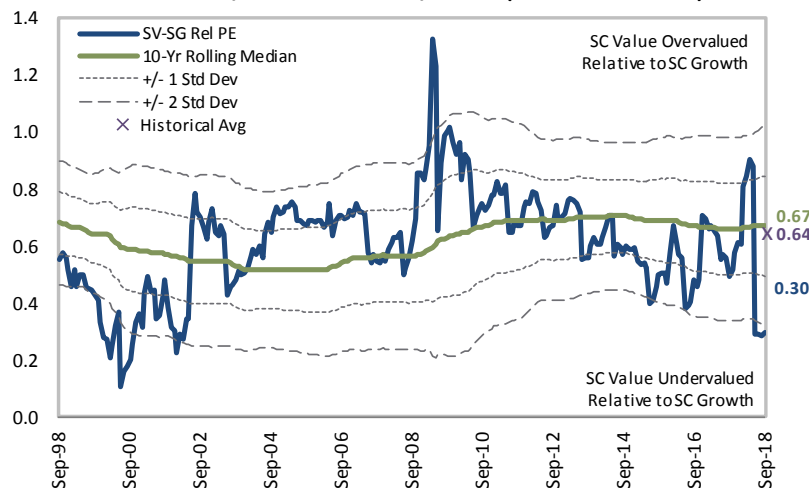
Small Value vs. Small Growth
Rolling 1-Year Excess Return (09/98 - 09/18)



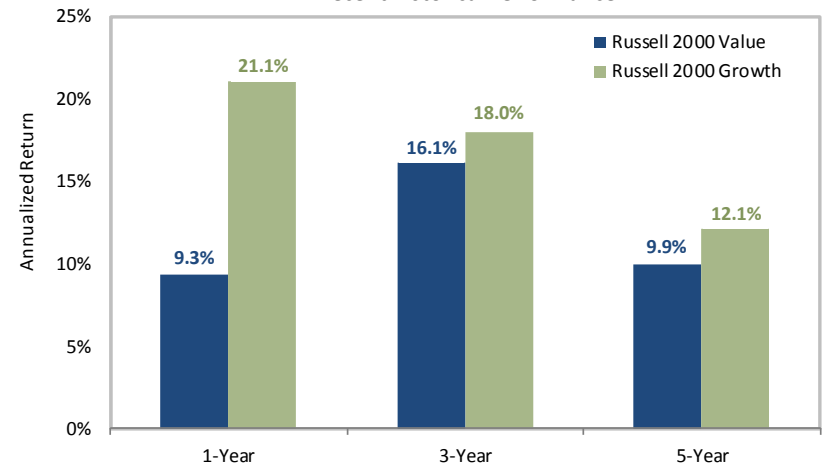
Small Value vs. Small Growth
Rolling 5-Year Annualized Excess Return (09/98 - 09/18)



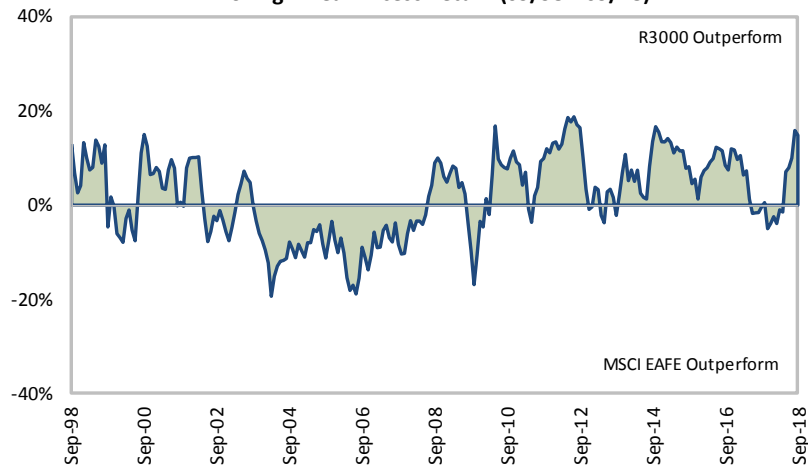
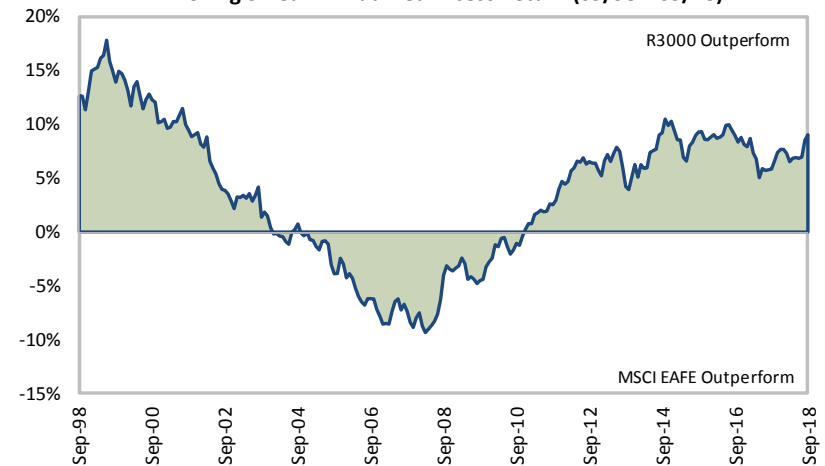
Small Value/Growth Relative P/E Ratio (R2000V vs R2000G)



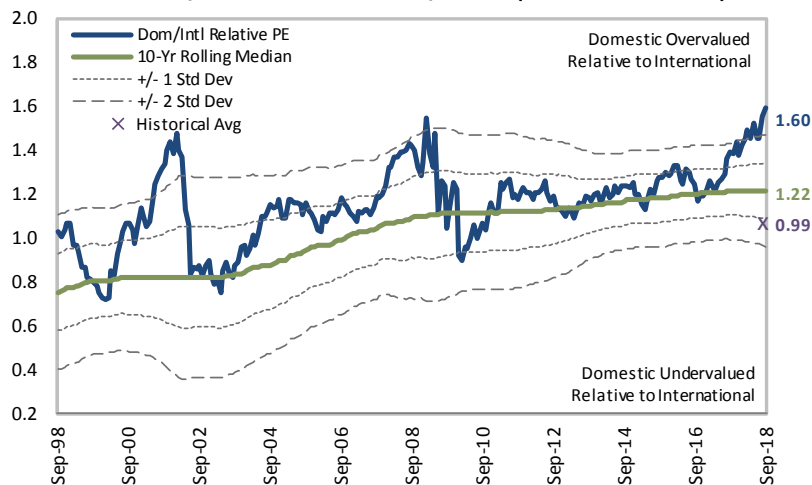
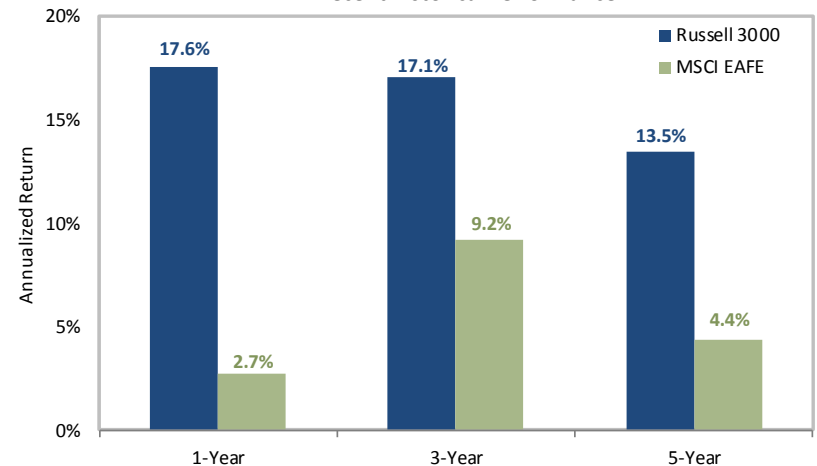
Small Cap Value vs. Small Cap Growth
Recent Historical Performance



HISTORICAL RELATIVE PERFORMANCE: DOMESTIC EQUITY TO DEVELOPED INTERNATIONAL EQUITY

Domestic Equity vs. Developed International Equity
Rolling 1-Year Excess Return (09/98 - 09/18)Domestic Equity vs. Developed International Equity
Rolling 5-Year Annualized Excess Return (09/98 - 09/18)

Domestic/International Relative P/E Ratio (R3000 vs MSCI EAFE)

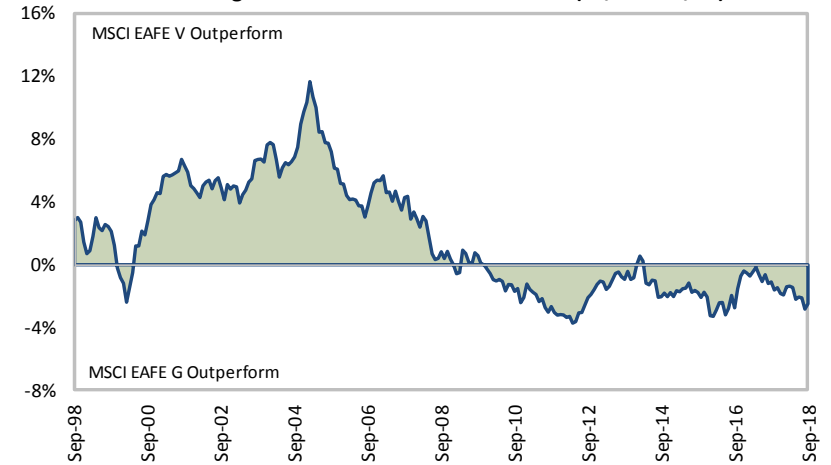
Domestic Equity vs. Developed International Equity
Recent Historical Performance

HISTORICAL RELATIVE PERFORMANCE: INTERNATIONAL VALUE TO INTERNATIONAL GROWTH

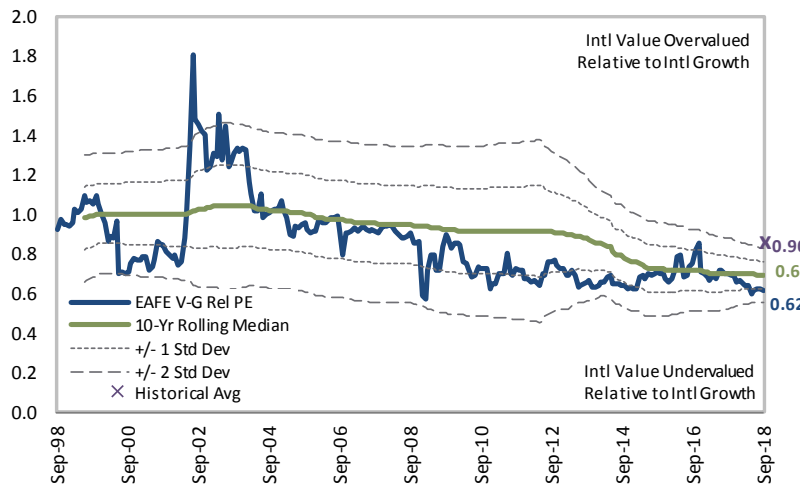
International Value vs. International Growth
Rolling 1-Year Excess Return (09/98 - 09/18)



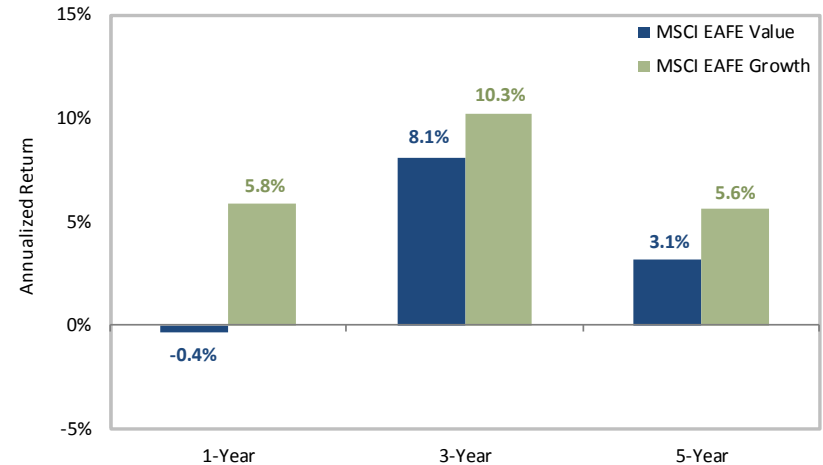
International Value vs. International Growth
Rolling 5-Year Annualized Excess Return (09/98 - 09/18)



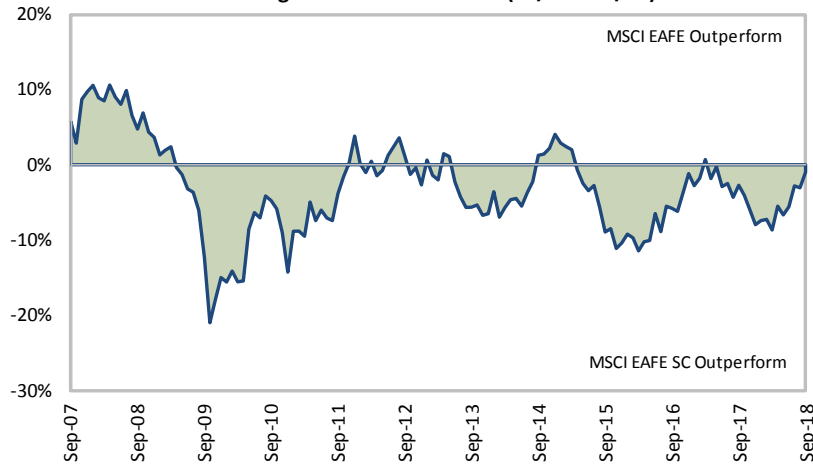
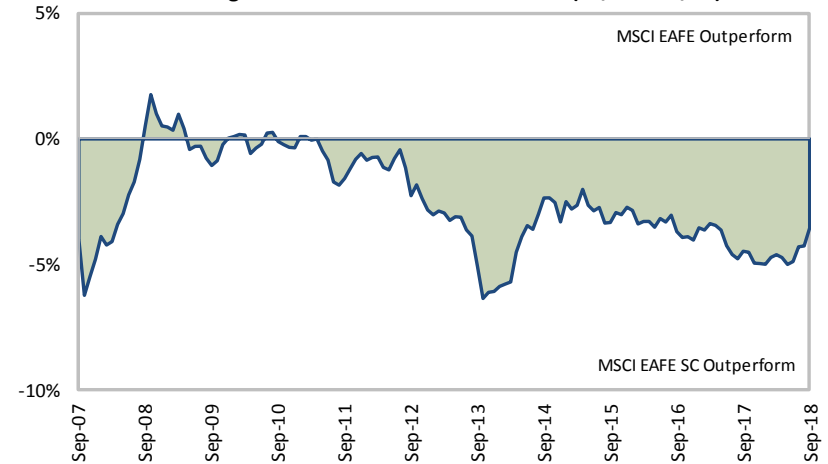
Intl Value/Intl Growth Relative P/E Ratio (MSCI EAFE V vs G)



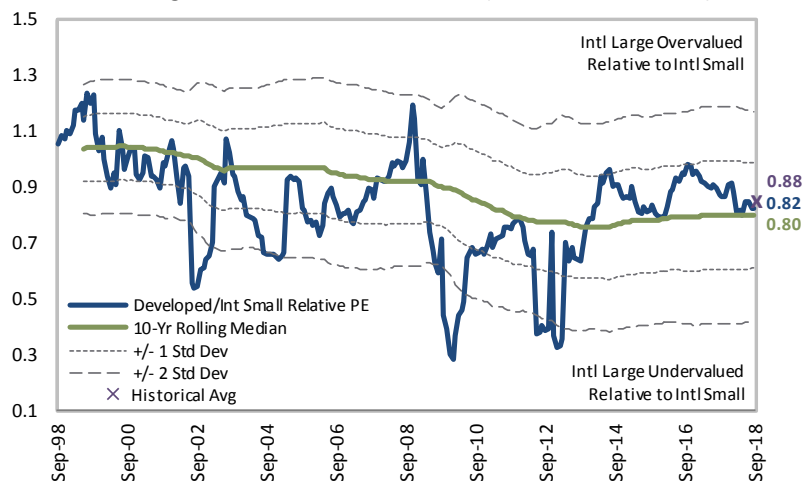
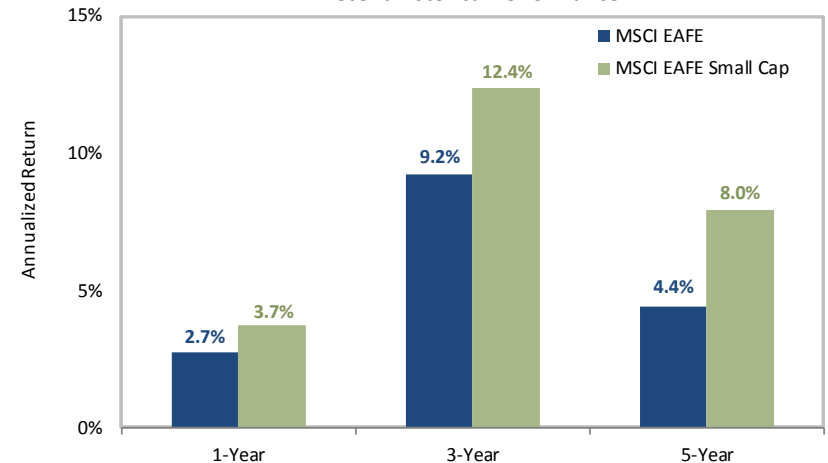
International Value vs. International Growth
Recent Historical Performance



HISTORICAL RELATIVE PERFORMANCE: INTERNATIONAL LARGE CAP TO INTERNATIONAL SMALL CAP

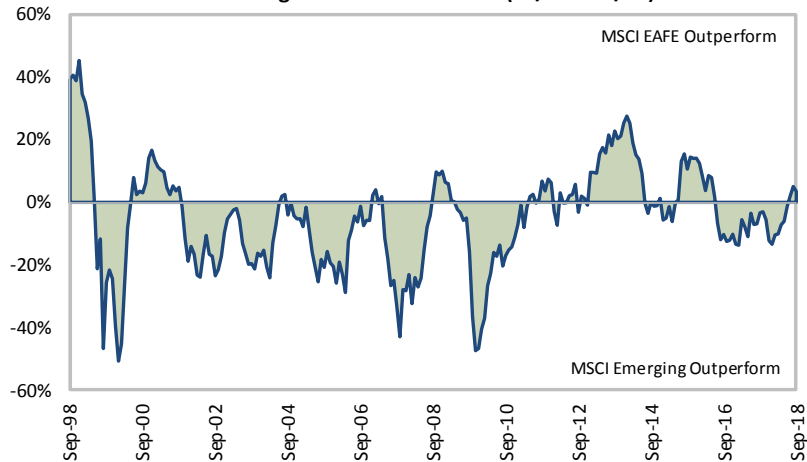
International Large vs. International Small
Rolling 1-Year Excess Return (09/07 - 09/18)International Large vs. International Small
Rolling 5-Year Annualized Excess Return (09/09 - 09/18)

Intl Large/Intl Small Relative P/E Ratio (MSCI EAFE vs EAFE SC)

International Large Equity vs. International Small Equity
Recent Historical Performance

HISTORICAL RELATIVE PERFORMANCE: DEVELOPED INTERNATIONAL TO EMERGING MARKETS

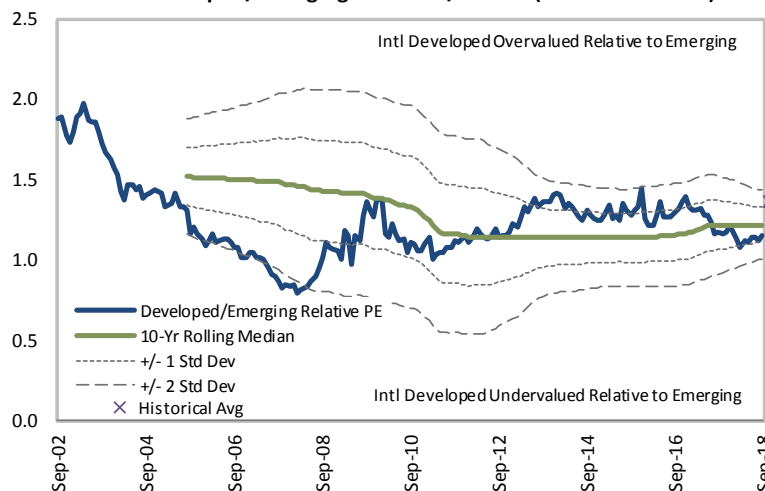
Developed Intl Equity vs. Emerging Markets Equity
Rolling 1-Year Excess Return (09/98 - 09/18)



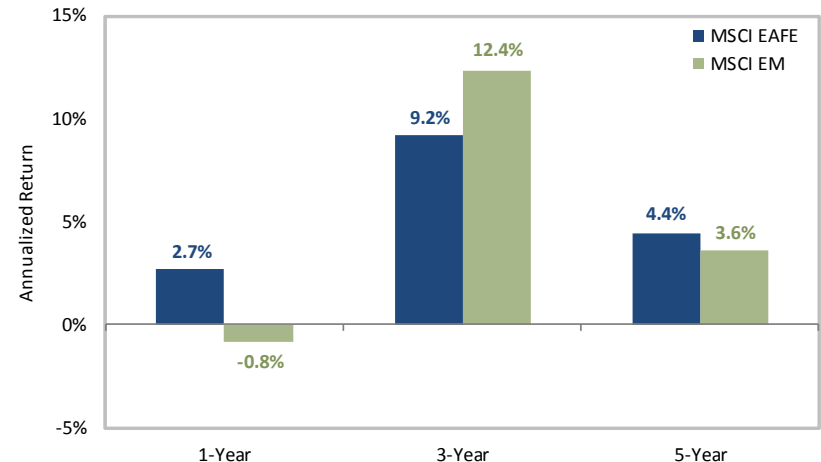
Developed Intl Equity vs. Emerging Markets Equity
Rolling 5-Year Annualized Excess Return (09/98 - 09/18)



Intl Developed/Emerging Relative P/E Ratio (MSCI EAFE vs EM)

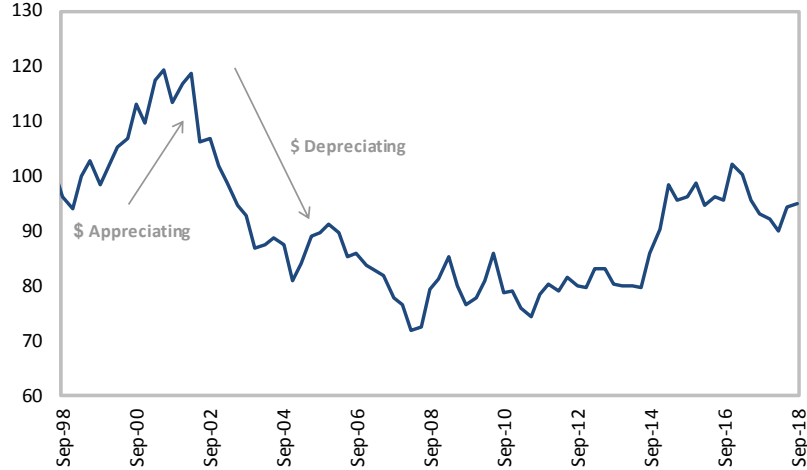


Developed International Equity vs. Emerging Equity
Recent Historical Performance

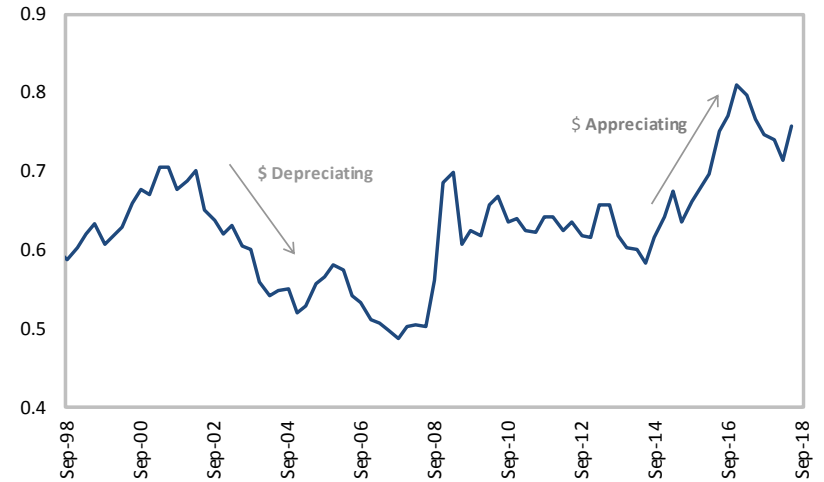


CURRENCY OVERVIEW

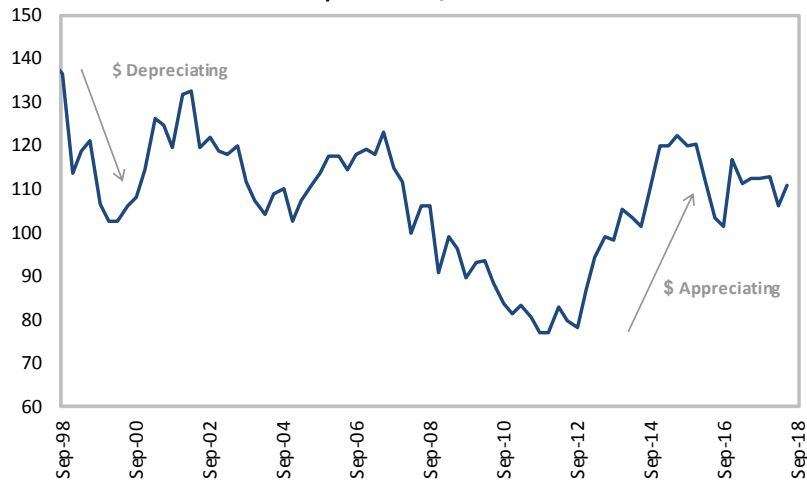
US Dollar Index: Weighted Avg of 6 Currencies vs US Dollar



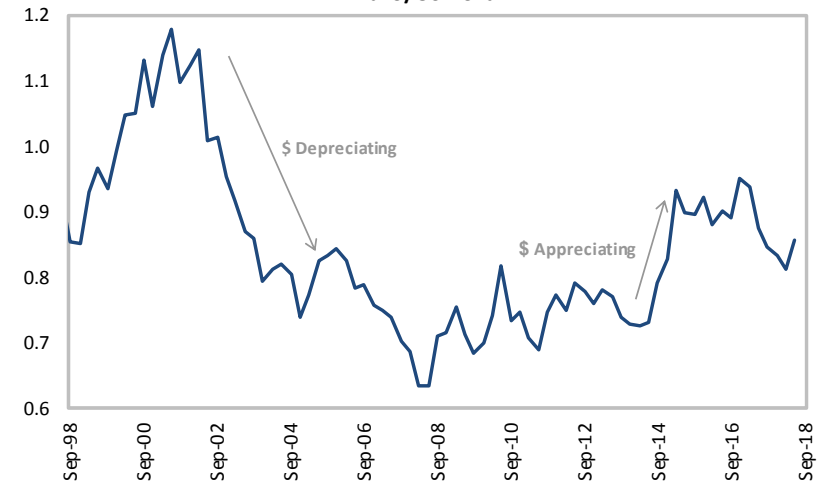
British Pound/US Dollar



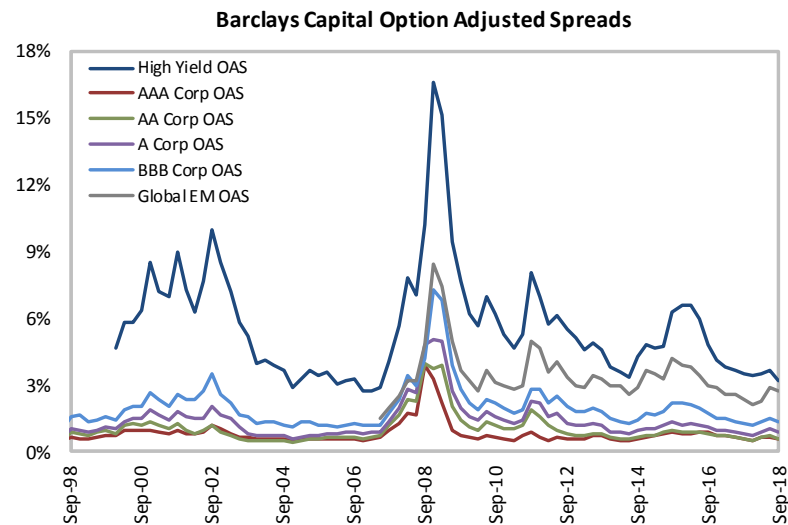
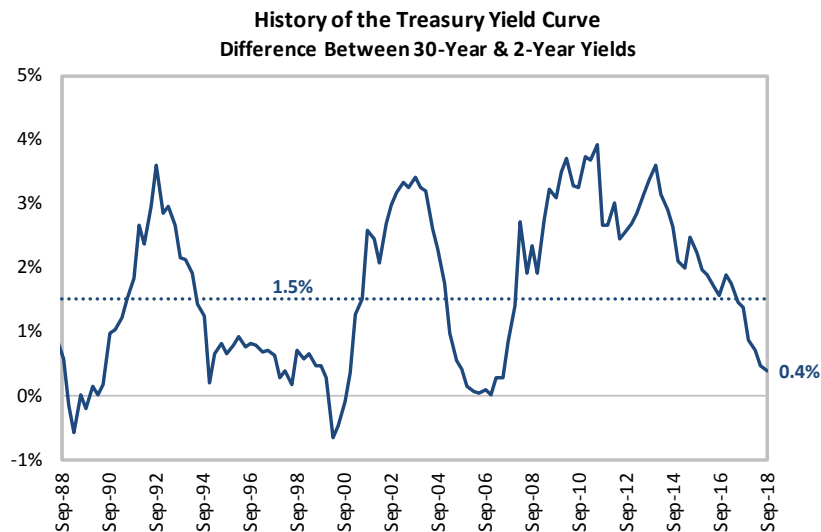
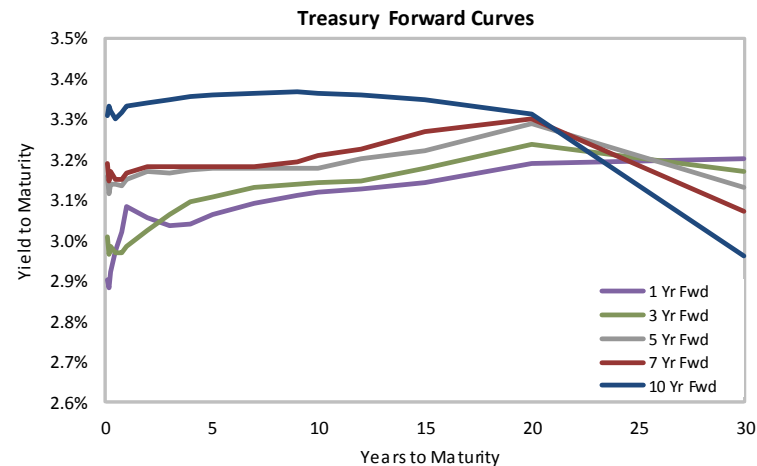
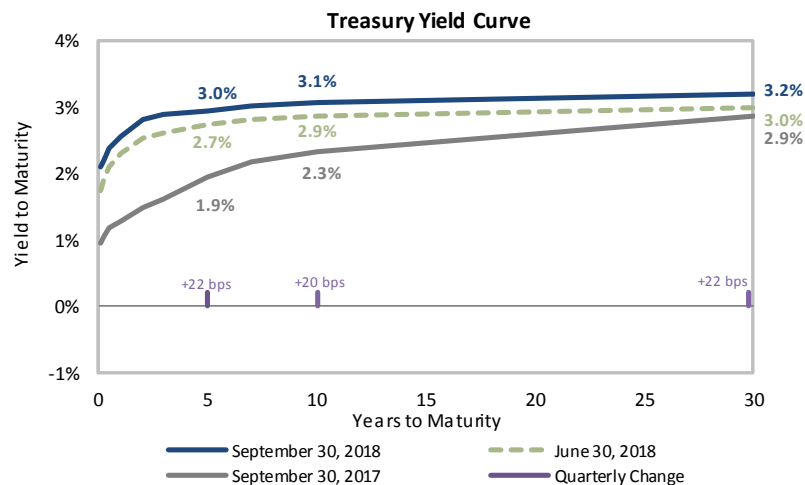
Japanese Yen/US Dollar



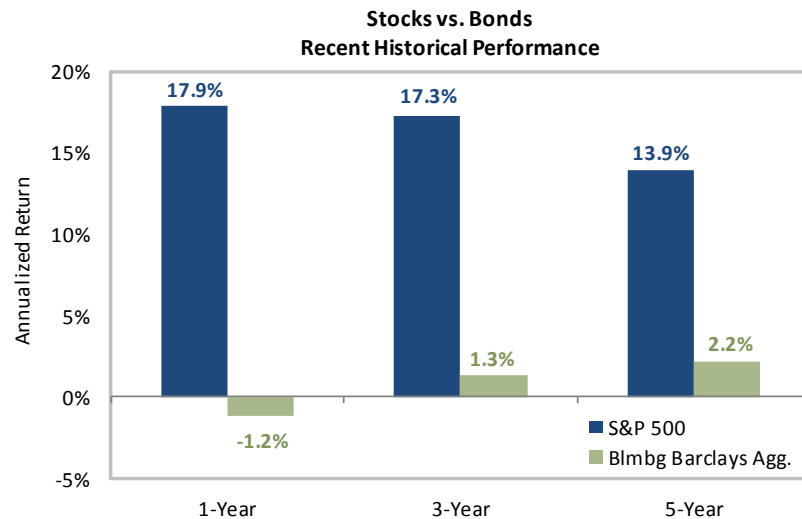
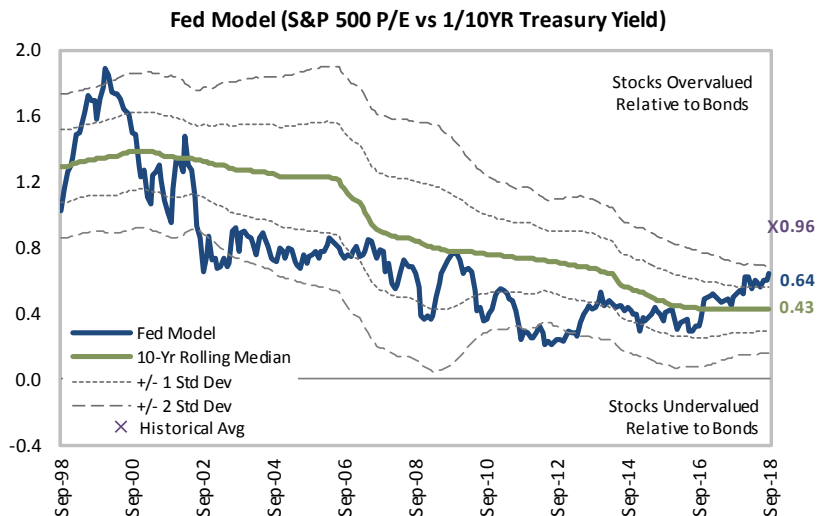
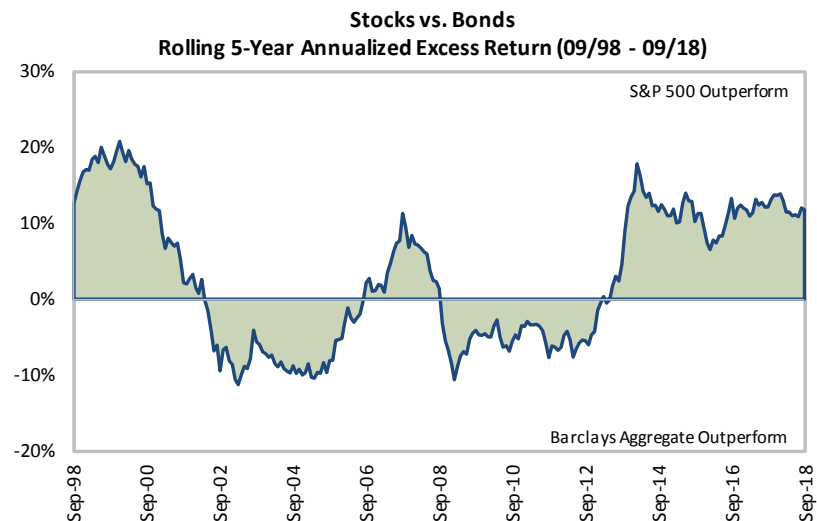
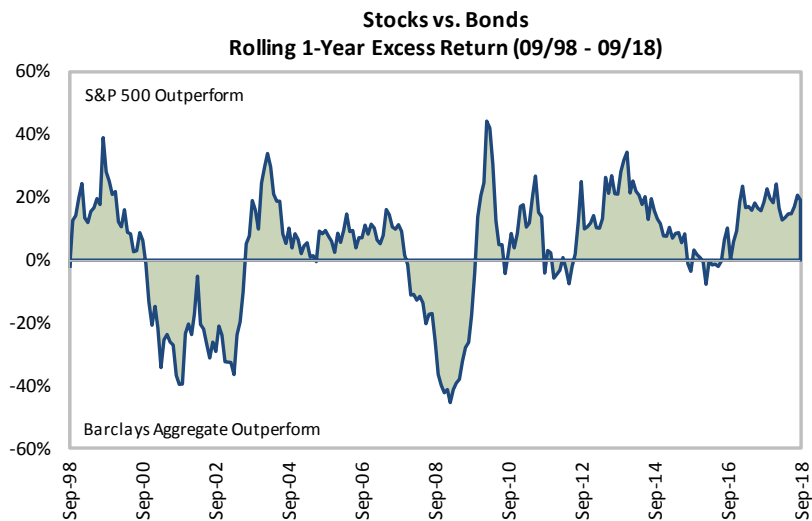
Euro/US Dollar



YIELD CURVE AND SPREAD ANALYSIS



HISTORICAL RELATIVE PERFORMANCE: STOCKS VS. BONDS

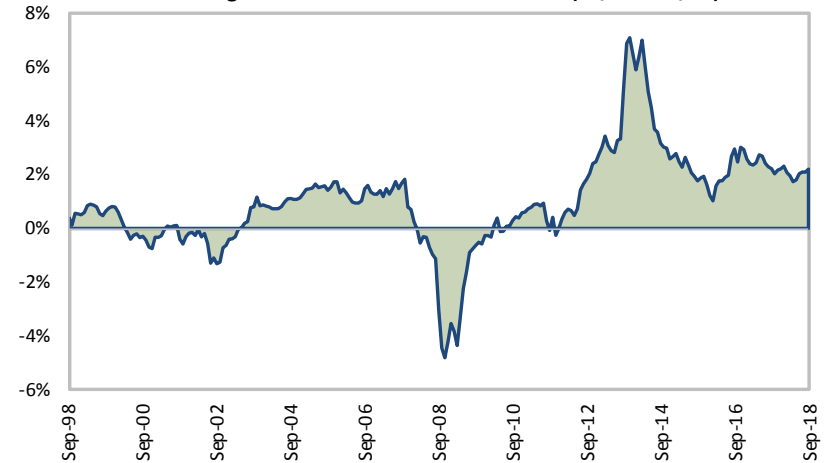


HISTORICAL RELATIVE PERFORMANCE: CORPORATE BONDS VS. TREASURIES

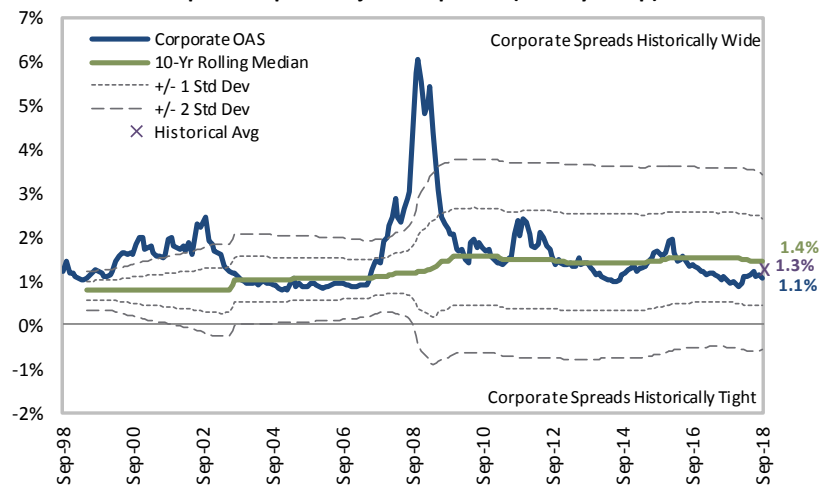
Corporates vs. Treasuries
Rolling 1-Year Excess Return (09/98 - 09/18)



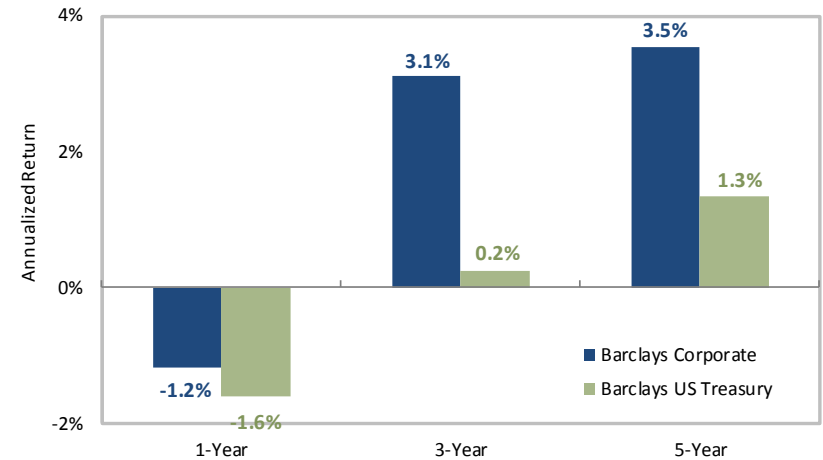
Corporates vs. Treasuries
Rolling 5-Year Annualized Excess Return (09/98 - 09/18)



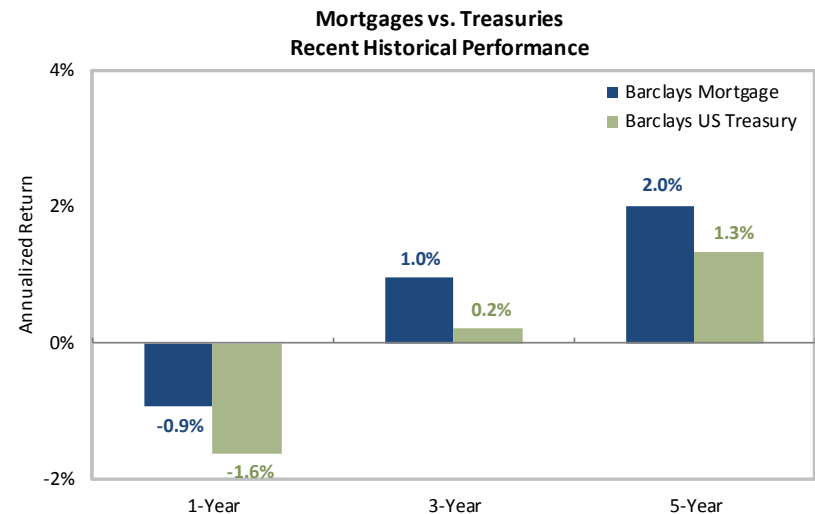
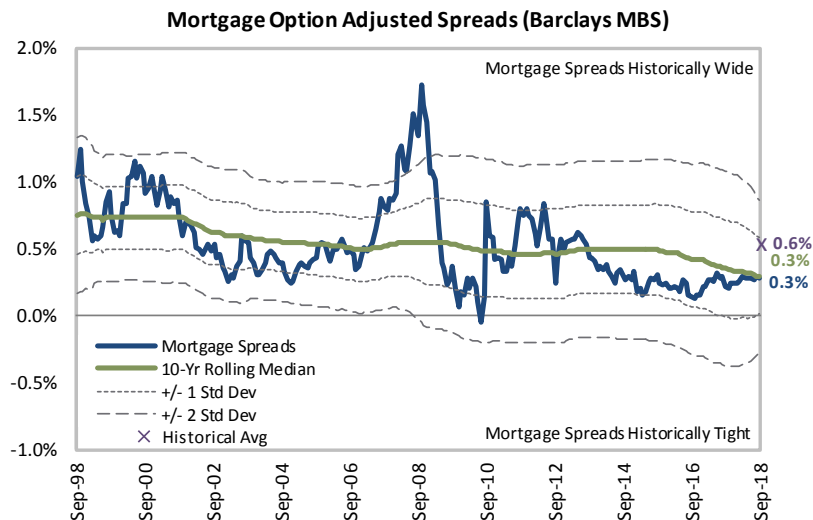
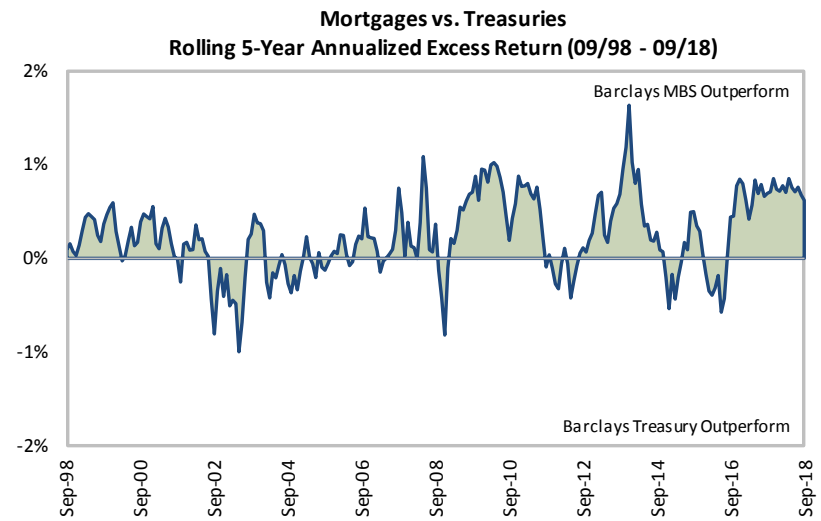
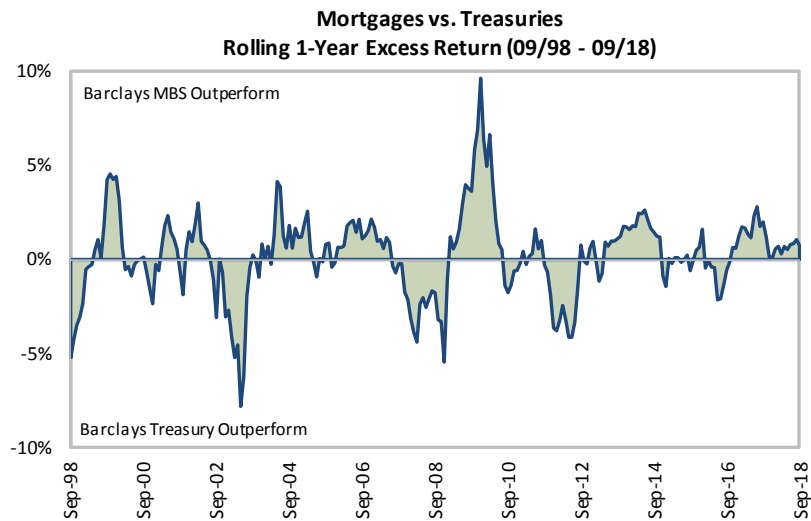
Corporate Option Adjusted Spreads (Barclays Corp)



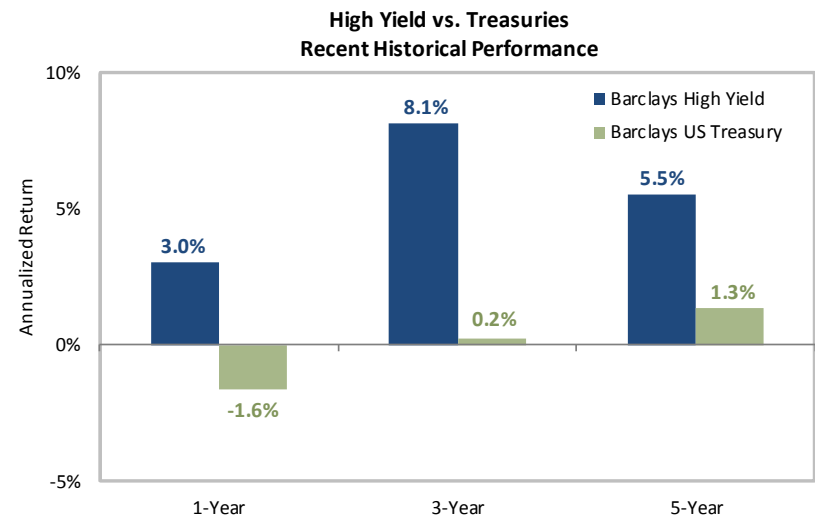
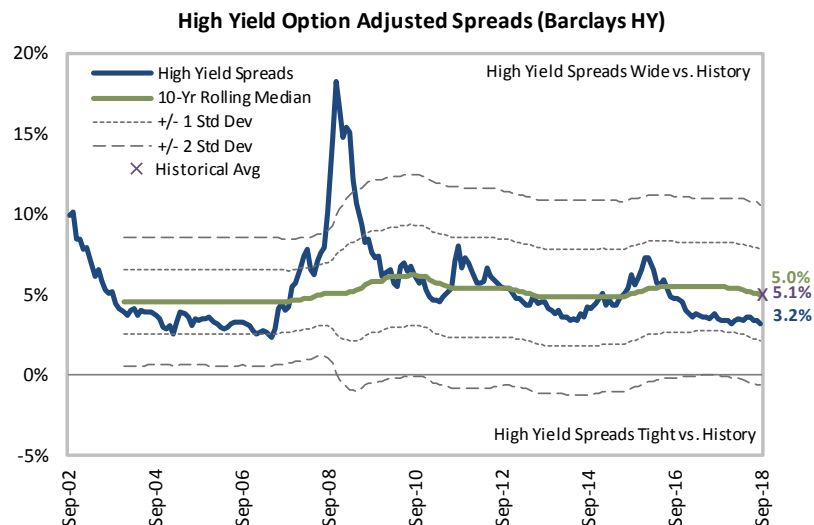
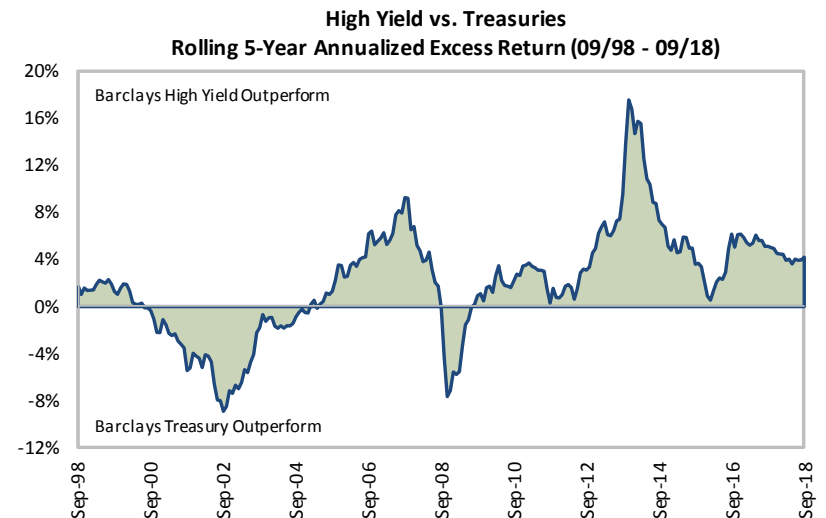
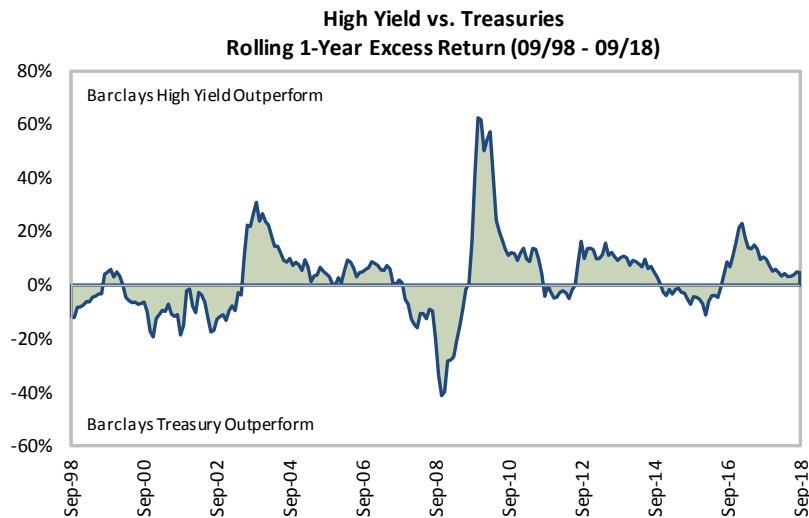
Corporates vs. Treasuries
Recent Historical Performance



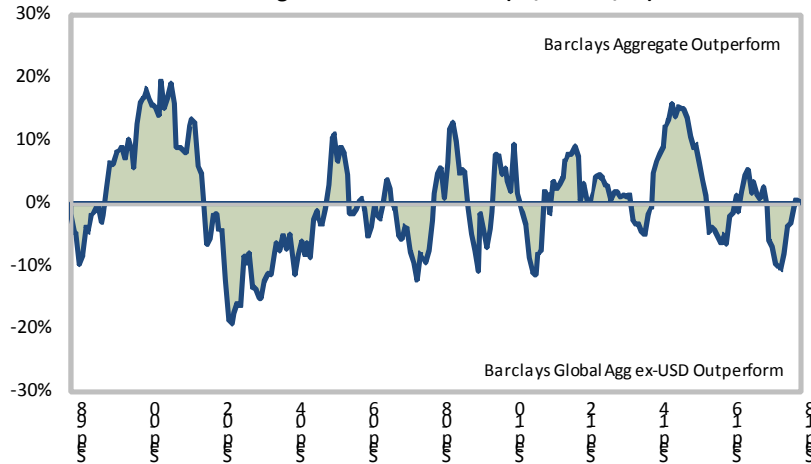
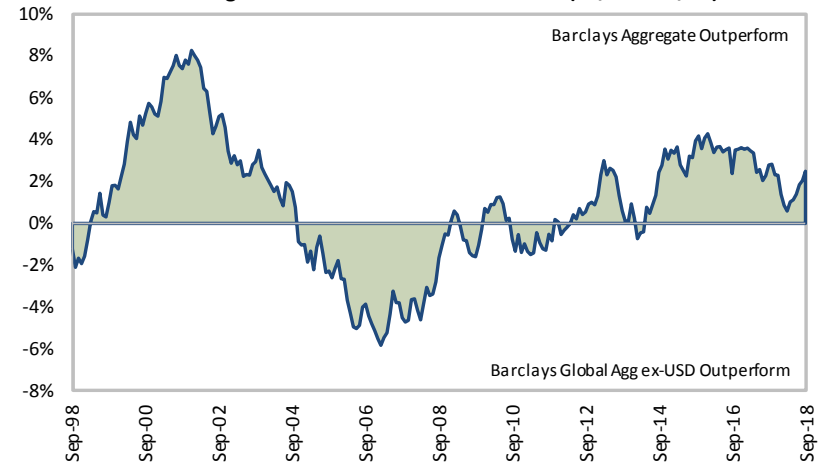
HISTORICAL RELATIVE PERFORMANCE: MORTGAGES VS. TREASURIES



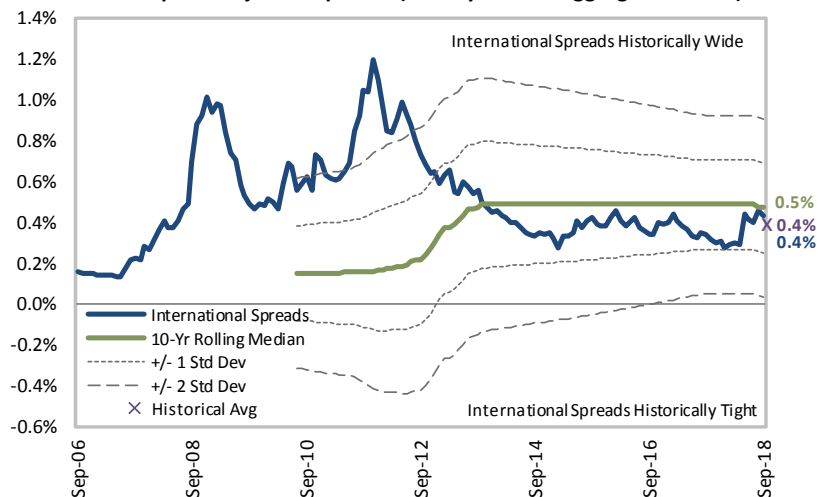
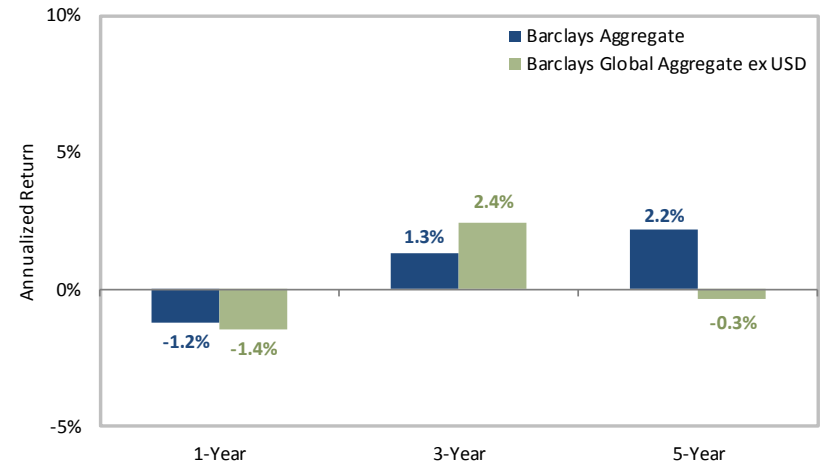
HISTORICAL RELATIVE PERFORMANCE: HIGH YIELD BONDS VS. TREASURIES



HISTORICAL RELATIVE PERFORMANCE: DOMESTIC VS. INTERNATIONAL FIXED INCOME

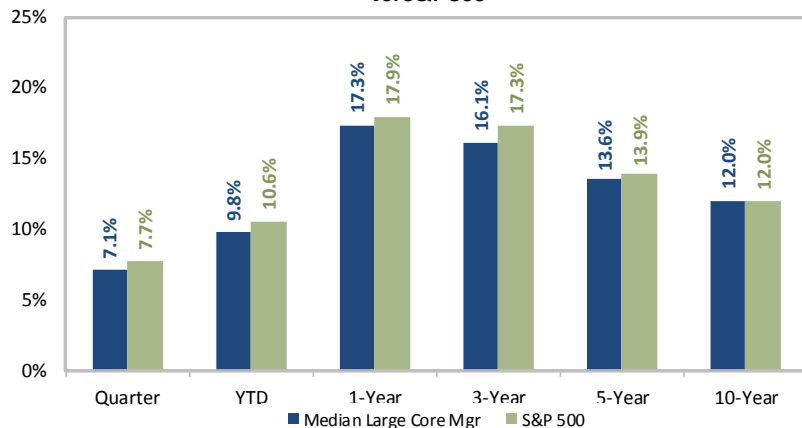
Domestic Fixed Income vs. International Fixed Income
Rolling 1-Year Excess Return (09/98 - 09/18)Domestic Fixed Income vs. International Fixed Income
Rolling 5-Year Annualized Excess Return (09/98 - 09/18)

Intl Option Adjusted Spreads (Barclays Global Aggregate ex USD)

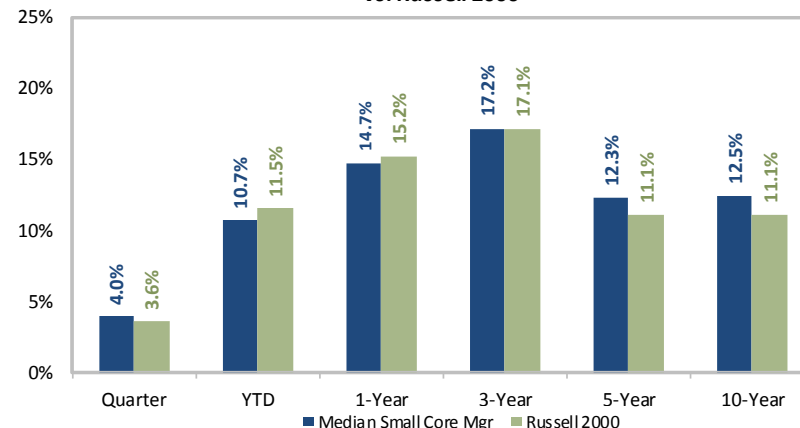
Domestic Bonds vs. International Bonds
Recent Historical Performance

MEDIAN MANAGER VERSUS STYLE BENCHMARK: VARIOUS TIME PERIODS

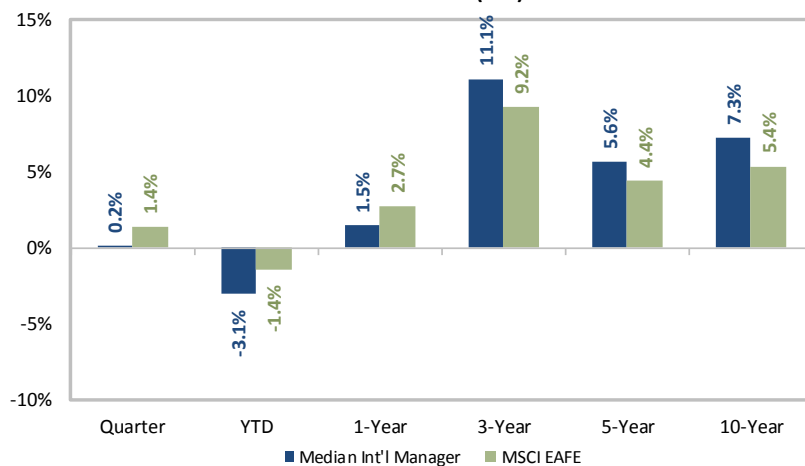
**Median Large Capitalization Core Equity Manager
vs. S&P 500**



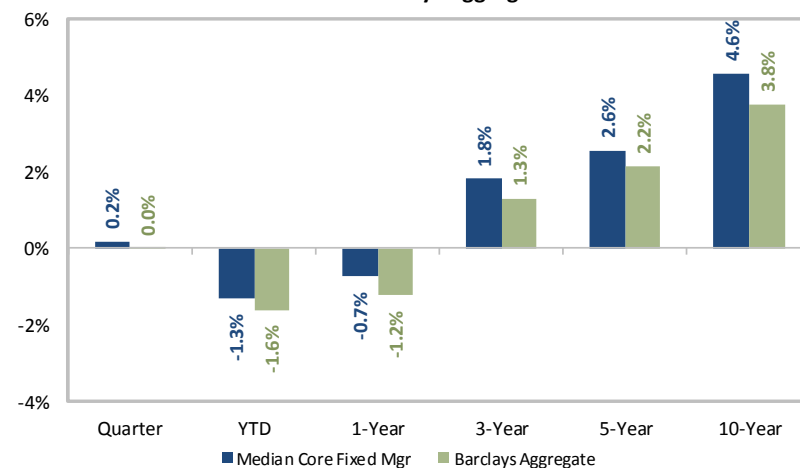
**Median Small Capitalization Core Equity Manager
vs. Russell 2000**



**Median International Core Equity Manager
vs. MSCI EAFE (net)**

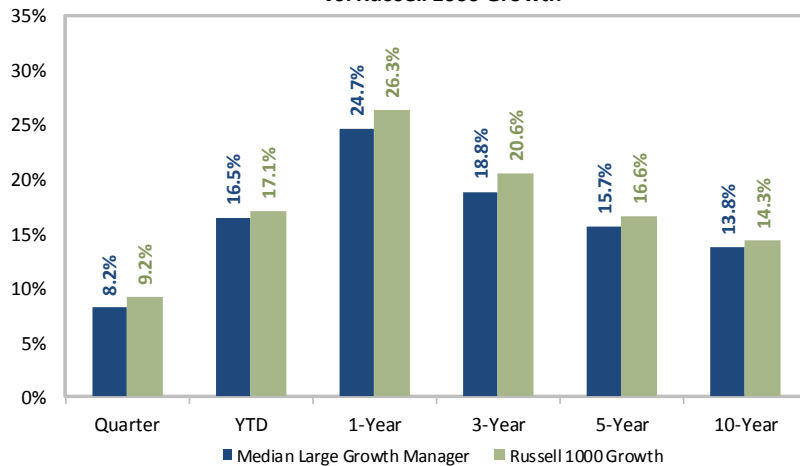


**Median Core Fixed Income Manager
vs. Barclays Aggregate**

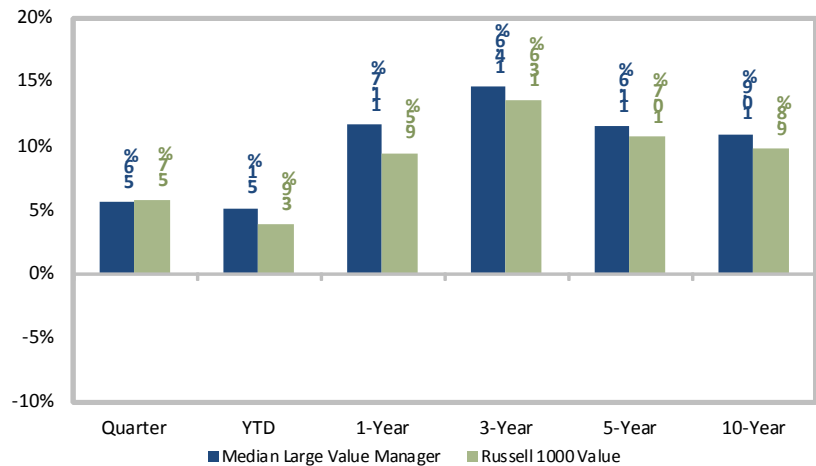


MEDIAN MANAGER VERSUS STYLE BENCHMARK: VARIOUS TIME PERIODS

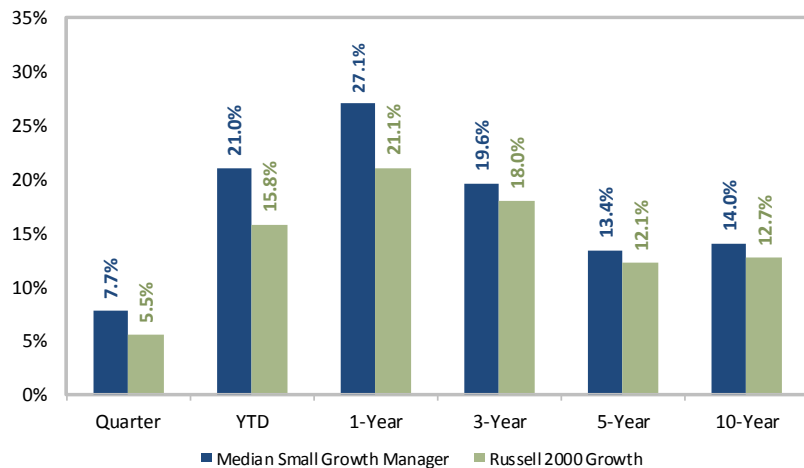
**Median Large Capitalization Growth Equity Manager
vs. Russell 1000 Growth**



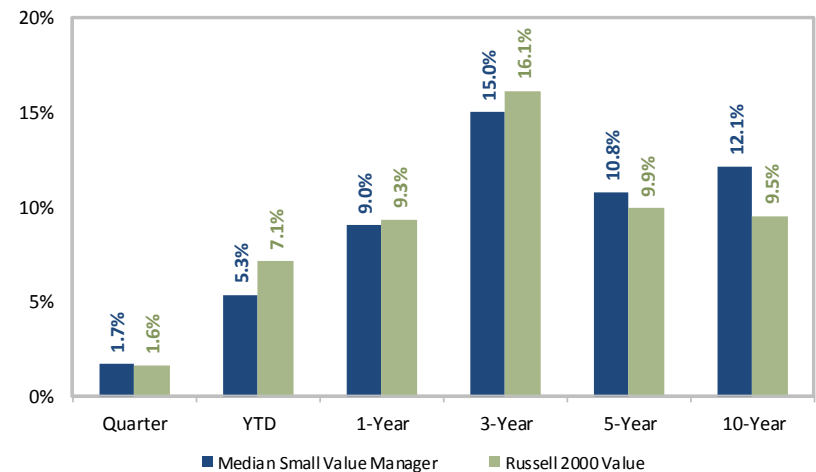
**Median Large Capitalization Value Equity Manager
vs. Russell 1000 Value**



**Median Small Capitalization Growth Equity Manager
vs. Russell 2000 Growth**

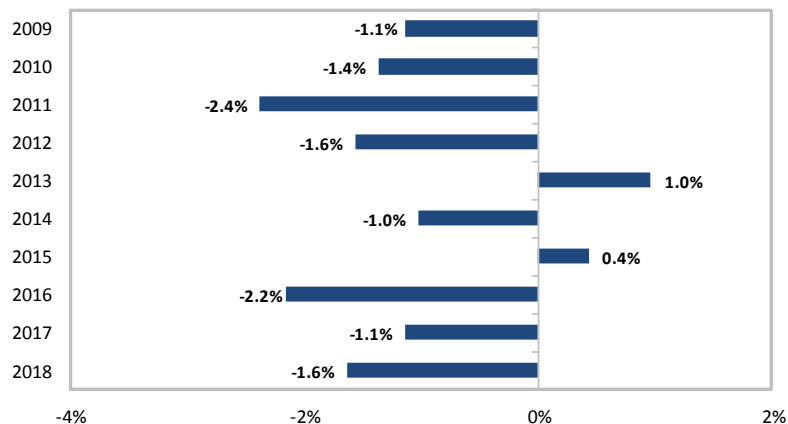


**Median Small Capitalization Value Equity Manager
vs. Russell 2000 Value**

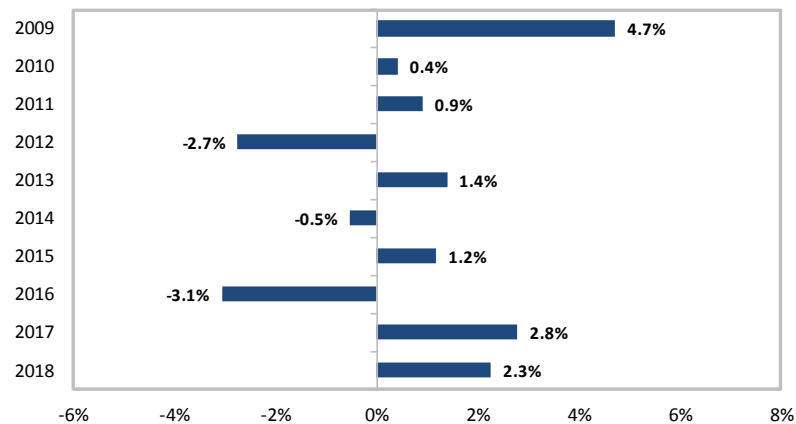


MEDIAN MANAGER VERSUS STYLE BENCHMARK: ONE-YEAR RETURN DIFFERENTIAL

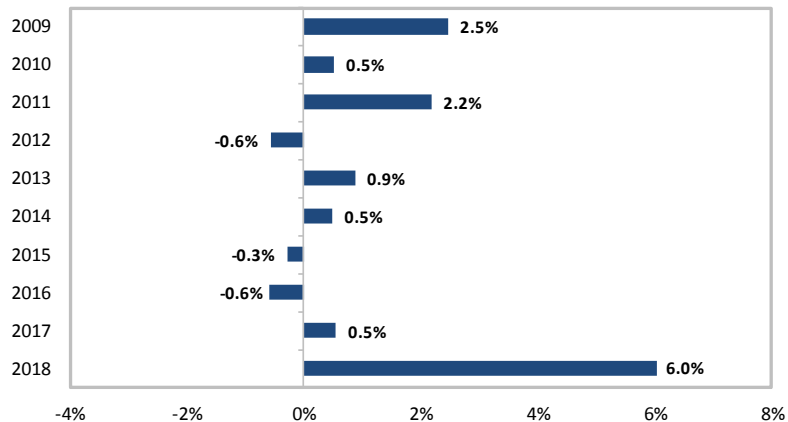
**Median Large Capitalization Growth Equity Manager
vs. Russell 1000 Growth**



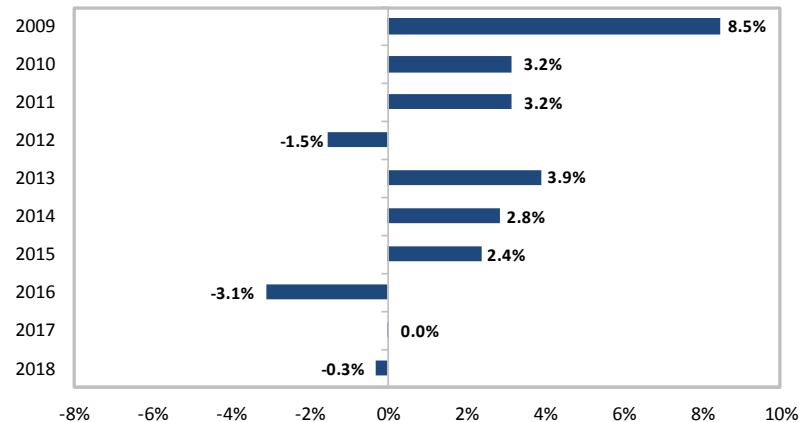
**Median Large Capitalization Value Equity Manager
vs. Russell 1000 Value**



**Median Small Capitalization Growth Equity Manager
vs. Russell 2000 Growth**

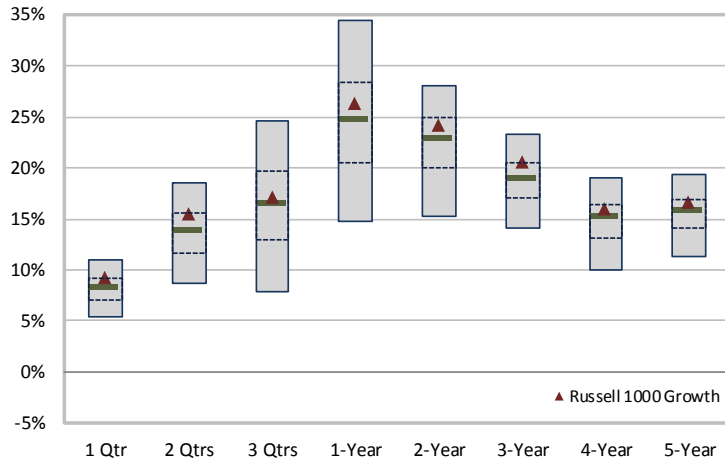


**Median Small Capitalization Value Equity Manager
vs. Russell 2000 Value**

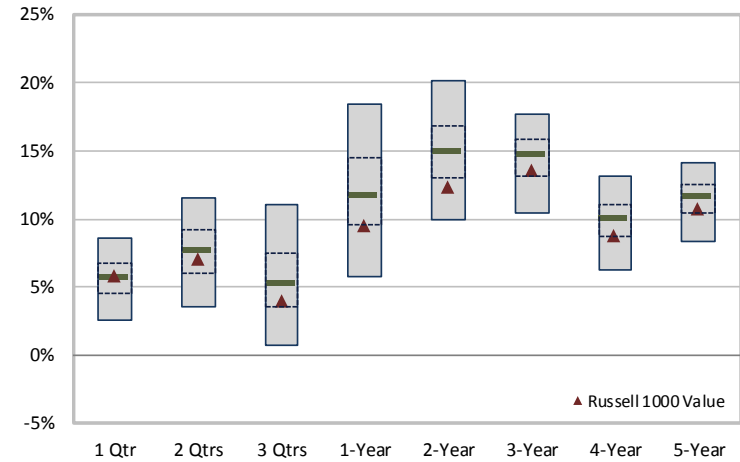


EQUITY UNIVERSE COMPARISON BY STYLE

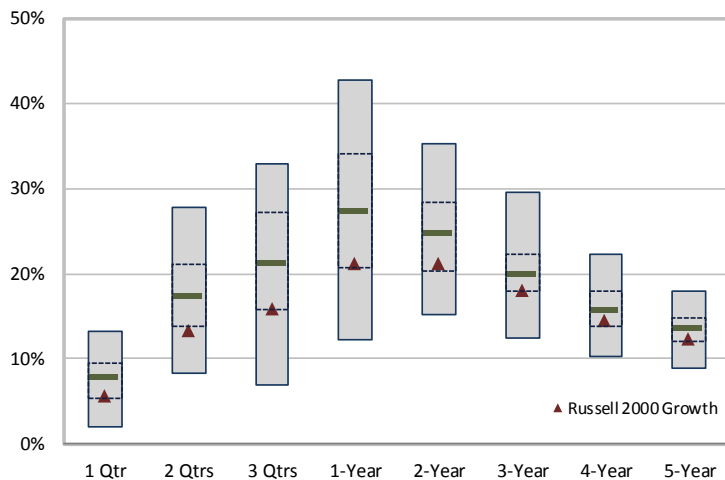
Large Cap Growth Equity Universe



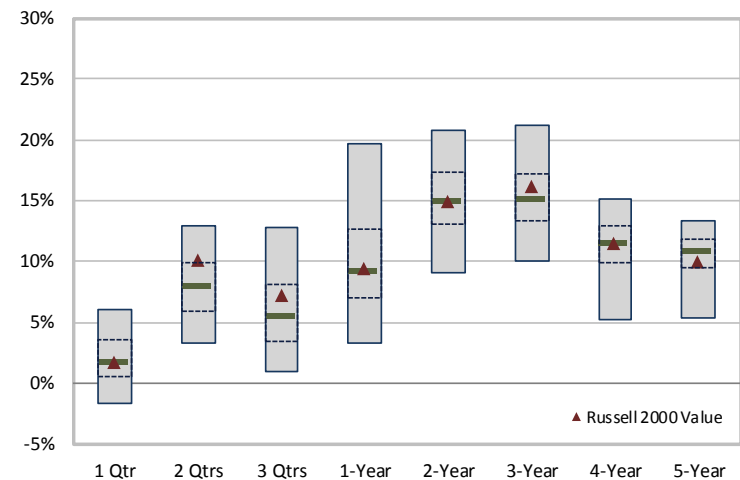
Large Cap Value Equity Universe



Small Cap Growth Equity Universe



Small Cap Value Equity Universe



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