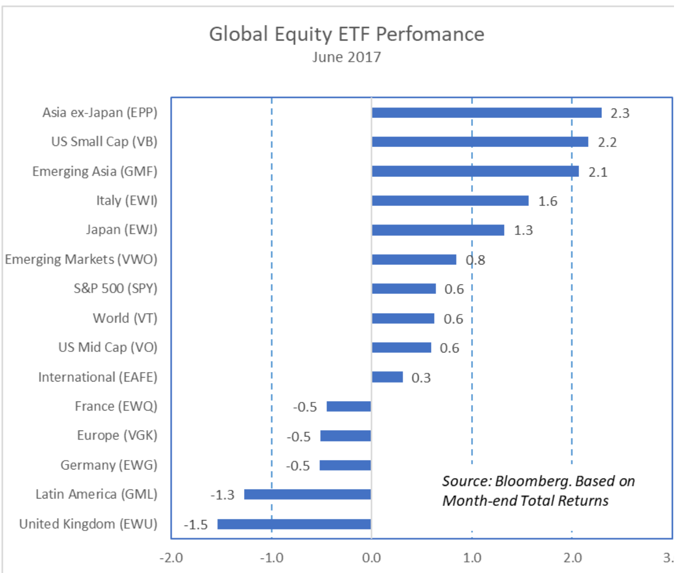
JUNE 2017 CAPITAL MARKET REVIEW

Asian equity markets outperformed most developed international stock markets in the month of June. Global bond markets were mixed with longer-dated U.S. credit and treasuries outperforming benchmarks along with international credit instruments.



Equity Markets*

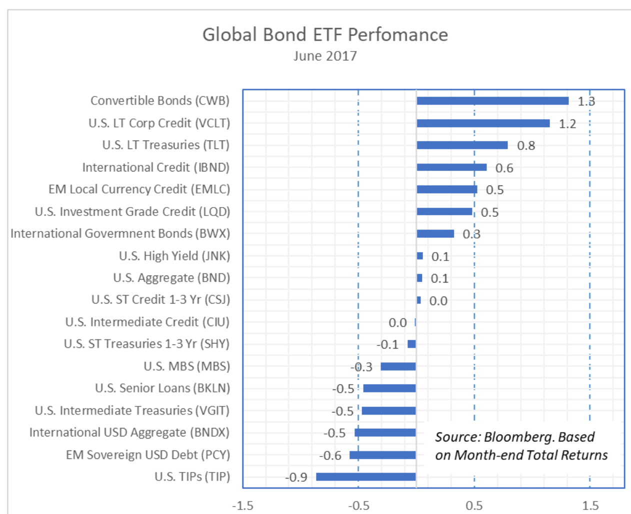
June was led by equity markets that generally are higher growth. Developed Asia outside of Japan outperformed, posting gains of 2.3% while emerging Asia followed closely behind advancing 2.1%. in the U.S., small cap companies outperformed larger companies, rising 2.2%.

With the exception of Italy, which climbed 1.6%, European bourses disappointed with France falling 0.5%, Germany 0.5%, and the U.K. contracting 1.5% mainly due to lingering concerns about Brexit.

Bond Markets*

Long-dated U.S. credit and treasuries led global bonds as did non-dollar denominated debt instruments.

Dollar denominated international fixed income faced headwinds from currency weakness in the U.S. dollar again in June. Bloomberg's measure of the U.S. dollar's exchange rate versus a basket of major currencies contracted 1.2% during the month.



Key Market Driver

The technology sector within the U.S. equity market and economy has been a growth engine for several years and especially lately. In the past year, through the end of this quarter, the S&P 500 technology index has risen almost 34% while the broader index has risen 17.9%. One of our key positions has been in technology-related investments so we are concerned when a key position and market barometer begins to stumble.

Technology Stocks relative to S&P 500

Since the recent peak in the tech sector on June 8th, the group has fallen 4.3% compared with the modest contraction of 0.3% in the S&P 500 through June 30th. The sector is dominated by some of the largest and most reputable companies in the world with solid fundamentals – strong balance sheets and robust earnings – and valuations, while full, are not overly so. This is one area of the market that we are continually monitoring closely.

**The returns cited in the above paragraphs reflect total return performance of exchange traded funds listed in the corresponding bar charts on this page.*

> *"Asian equities outpaced most global markets in the month of June led by developed Asia excluding Japan. Dollar denominated assets underperformed due to persistent U.S. dollar weakness."*

PORTFOLIO POSITIONING

We continue to position portfolios towards the U.S. but also have a favorable view of Asia and the emerging markets. European equity positions are now fully invested. In the U.S. stock market, we have the strongest preference for small and mid-cap companies. Cash positions in portfolios are generally neutral.

Our bond allocations favor the U.S. over the rest of the world with sizable commitments to short-term corporate credit and convertible securities. We continue to be positioned with lower duration than the benchmark. We have modest exposure to developed international government bonds and corporate credit through a currency hedged instrument. We have no emerging market debt holdings at this time.

RISK OUTLOOK

Economic activity generally remains robust both home and abroad. Consumer and business sentiment indicators remain bullish, corporate earnings growth is expanding, while inflation remains in check. Fiscal policy in the developed world will most likely continue to be expansionary and monetary policy, on balance, should remain accommodative. Political risk across Europe has dissipated through the election cycle. All of these developments are constructive for global risk assets.

As expected, the Federal Reserve raised interest rates by 25 basis points (0.25%) in June and appears on track for another hike by year end. The Fed's moves have been telegraphed and anticipated by market participants. There is some concern that volatility may resurface as the Fed begins to shrink its $4.5 trillion balance sheet. Another significant risk continues to be the Trump administration's ability to execute on policy. Healthcare legislation has stalled and the tax reform proposal is not likely to be addressed prior to the summer legislative recess. With the ongoing special investigation regarding Russian influence with the Trump presidential campaign, many market participants fear that the legislative agenda could be delayed for an extended period of time.

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KEY EVENTS IN JULY

Week 1

- 7/2 China Caixin Mfg PMI (June)
- 7/2 Japan Nikkei Mfg PMI (June)
- 7/3 Markit Mfg PMI (June) – U.S., U.K., and Eurozone
- 7/5 U.S. FOMC Meeting Minutes
- 7/6 Eurozone ECB Policy Meeting Recap
- 7/7 U.S. Unemployment Rate

Week 2

- 7/9 China Price Surveys
- 7/10 Eurozone Sentix Investor Confidence
- 7/12 U.S. Federal Reserve releases Beige Book
- 7/13 U.K. BOE Surveys
- 7/13-7/14 U.S. Price Index Surveys

Week 3

- 7/16 China GDP
- 7/18 U.K. Price Surveys
- 7/19 U.S. Housing
- 7/19-7/20 Japan BOJ Policy
- 7/20 U.S. Bloomberg Economic Expectations
- 7/20 U.S. Conf. Board Leading Indicators
- 7/20 Eurozone Consumer Confidence

Weeks 4 & 5

- 7/24 China Conf. Board Leading Indicators
- 7/24 Japan Leading Index Cycle Indicators
- 7/26 U.S. FOMC Rate Decision
- 7/26 U.K. GDP
- 7/27 U.K. GfK Consumer Confidence
- 7/27 Japan CPI Surveys
- 7/28 U.S. GDP
- 7/28 U.S. Univ. of Mich. Sentiment Surveys
- 7/28 Eurozone Confidence Surveys
- 7/31 China Caixin Mfg PMI (July)
- 7/31 Eurozone Unemployment Rate (June)

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It is important to remember that there are risks inherent in any investment and that there is no assurance that any money manager, fund, asset class, style, index or strategy will provide positive performance over time.

Diversification and strategic asset allocation do not guarantee a profit nor protect against a loss in declining markets. All investments are subject to risk, including the loss of principal.

The information contained herein is based upon the data available as of the date of this document and is subject to change at any time without notice.

Portfolios that invest in fixed income securities are subject to several general risks, including interest rate risk, credit risk, the risk of issuer default, liquidity risk and market risk. These risks can affect a security's price and yield to varying degrees, depending upon the nature of the instrument, and may occur from fluctuations in interest rates, a change to an issuer's individual situation or industry, or events in the financial markets. In general, a bond's yield is inversely related to its price. Bonds can lose their value as interest rates rise and an investor can lose principal. If sold prior to maturity, fixed income securities are subject to gains/losses based on the level of interest rates, market conditions and the credit quality of the issuer.

Foreign investments are subject to risks not ordinarily associated with domestic investments, such as currency, economic and political risks, and may follow different accounting standards than domestic investments. Investments in emerging or developing markets involve exposure to economic structures that are generally less diverse and mature, and to political systems that can be expected to have less stability than those of more developed countries. These securities may be less liquid and more volatile than investments in U.S. and longer-established non-U.S. markets.

An investment in small/mid-capitalization companies involves greater risk and price volatility than an investment in securities of larger capitalization, more established companies. Such securities may have limited marketability and the firms may have more limited product lines, markets and financial resources than larger, more established companies.

Portfolios that invest in real estate investment trusts (REITs) are subject to many of the risks associated with direct real estate ownership and, as such, may be adversely affected by declines in real estate values and general and local economic conditions.
Portfolios that invest a significant portion of assets in one sector, issuer, geographical area or industry, or in related industries, may involve greater risks, including greater potential for volatility, than more diversified portfolios.

Important Disclosures: Exchange-Traded Funds

Exchange-traded funds (ETFs) are investment vehicles that are legally classified as open-end investment companies or unit investment trusts (UITs), but differ from traditional open-end investment companies or UITs. ETF shares are bought and sold at market price (not net asset value) and are not individually redeemed from the fund. This can result in the fund trading at a premium or discount to its net asset value, which will affect an investor's value. Shares of certain ETFs have no or limited voting rights. ETFs are subject to risks similar to those of stocks.

ETFs included in portfolios may charge additional fees and expenses in addition to the advisory fee charged for the Selected Portfolio. These additional fees and expenses are disclosed in the respective fund/note prospectus. For complete details, please refer to the prospectus.

For additional information regarding advisory fees, please refer to the Fee Summary and/or Fee Detail pages (if included with this report) and the program sponsor's/each co-sponsor's Form ADV Part 2, Wrap Fee Brochure or other disclosure documents, which may be obtained through your advisor.

Certain ETFs have elected to be treated as partnerships for federal, state and local income tax purposes. Accordingly, investors in such ETFs will be taxed as a beneficial owner of an interest in a partnership. Tax information for such ETFs will be reported to investors on an IRS schedule K-1. Investors should consult with their tax advisors in determining the tax consequences of any investment, including the application of state, local or other tax laws and the possible effects of changes in federal or other tax laws.