



Vantage Investment Partners

2018 MARKET REVIEW

2018 ANNUAL MARKET REVIEW







This report features world capital market performance for the past year.

Overview:

- Market Summary
- World Asset Classes
- US Stocks
- International Developed Stocks
- Emerging Markets Stocks
- Select Country Performance
- Select Currency Performance vs. US Dollar
- Real Estate Investment Trusts (REITs)
- Commodities
- Fixed Income
- Impact of Diversification

MARKET SUMMARY

INDEX RETURNS

	US Stock Market	International Developed Stocks	Emerging Markets Stocks	Global Real Estate	US Bond Market	Global Bond Market ex US
2018	STOCKS				BONDS	
	-5.24%	-14.09%	-14.58%	-5.90%	0.01%	3.17%
						
Since Jan. 2001						
Avg. Annual Return	7.6%	5.8%	13.1%	10.1%	4.5%	4.4%
Best Year	33.6% 2013	39.4% 2003	78.5% 2009	37.4% 2006	10.3% 2002	8.8% 2014
Worst Year	-37.3% 2008	-43.6% 2008	-53.3% 2008	-45.7% 2008	-2.0% 2013	1.2% 2013

Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Market segment (index representation) as follows: US Stock Market (Russell 3000 Index), International Developed Stocks (MSCI World ex USA Index [net div.]), Emerging Markets (MSCI Emerging Markets Index [net div.]), Global Real Estate (S&P Global REIT Index [net div.]), US Bond Market (Bloomberg Barclays US Aggregate Bond Index), and Global Bond Market ex US (Bloomberg Barclays Global Aggregate ex-USD Bond Index [hedged to USD]). S&P data © 2019 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. MSCI data © MSCI 2019, all rights reserved. Bloomberg Barclays data provided by Bloomberg.

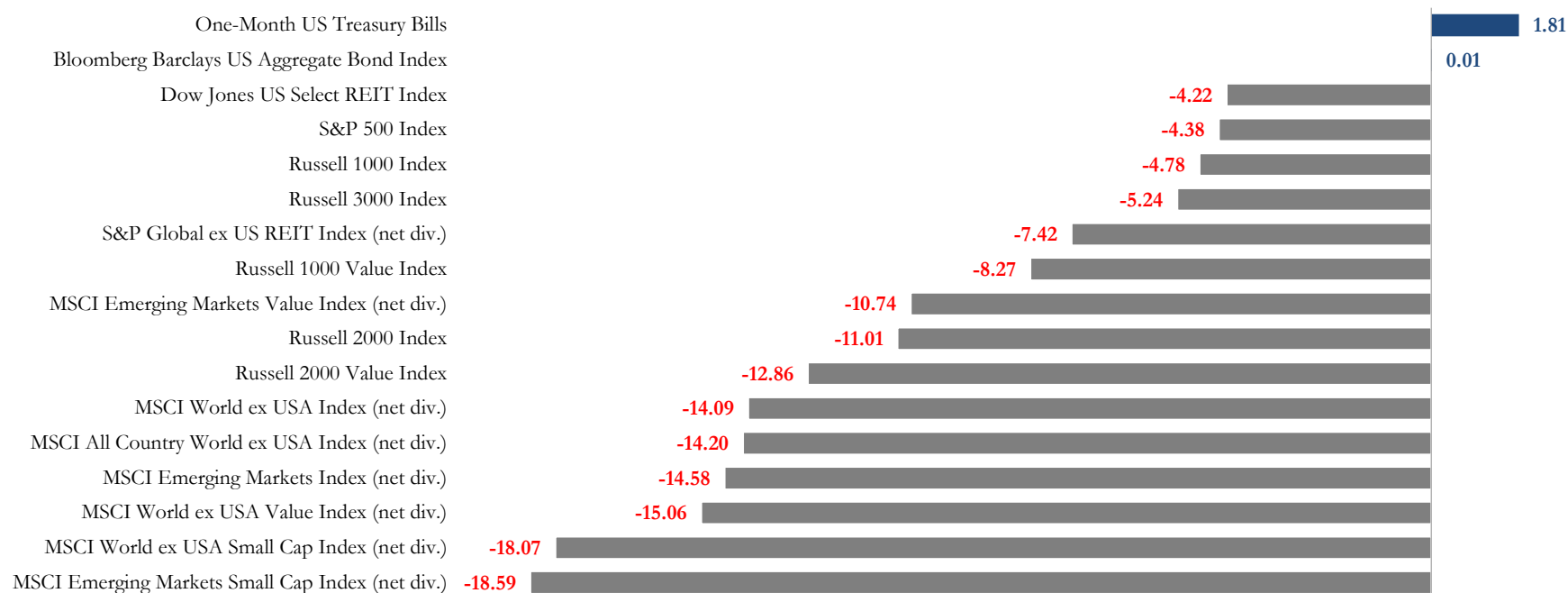
WORLD ASSET CLASSES

2018 INDEX RETURNS (%)

Equity markets around the world posted negative returns for 2018. Looking at broad market indices, the US outperformed non-US developed and emerging markets.

Value stocks were positive vs. growth stocks in emerging markets but negative in the US and non-US developed markets. Small caps underperformed large caps in the US, non-US developed, and emerging markets.

REIT indices outperformed equity market indices in both the US and non-US developed markets.



Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. The S&P data is provided by Standard & Poor's Index Services Group. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. MSCI data © MSCI 2019, all rights reserved. Dow Jones data © 2019 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. S&P data © 2019 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. Bloomberg Barclays data provided by Bloomberg. Treasury bills © Stocks, Bonds, Bills, and Inflation Yearbook™, Ibbotson Associates, Chicago (annually updated work by

US STOCKS

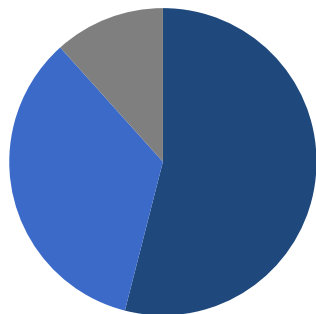
2018 INDEX RETURNS

US equities outperformed both non-US developed and emerging markets.

Value underperformed growth in the US across large and small cap stocks.

Small caps underperformed large caps in the US.

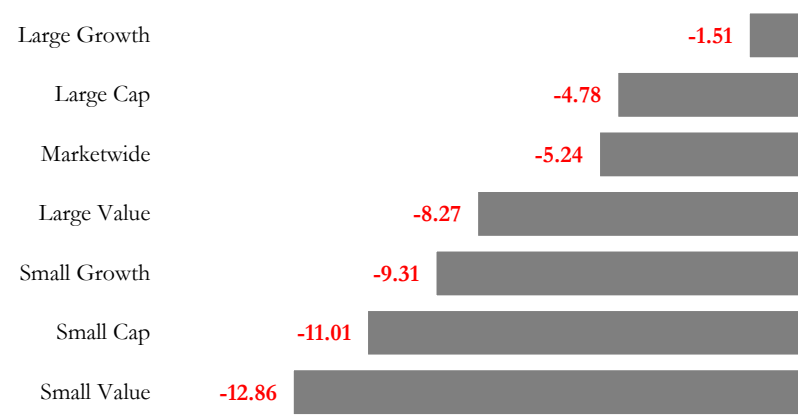
World Market Capitalization—US



54%

US Market
\$25.1 trillion

Ranked Returns for 2018 (%)



Period Returns (%)

** Annualized*

Asset Class	1 Year	3 Years*	5 Years*	10 Years*
Large Growth	-1.51	11.15	10.40	15.29
Large Cap	-4.78	9.09	8.21	13.28
Marketwide	-5.24	8.97	7.91	13.18
Large Value	-8.27	6.95	5.95	11.18
Small Growth	-9.31	7.24	5.13	13.52
Small Cap	-11.01	7.36	4.41	11.97
Small Value	-12.86	7.37	3.61	10.40

Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Market segment (index representation) as follows: Marketwide (Russell 3000 Index), Large Cap (Russell 1000 Index), Large Cap Value (Russell 1000 Value Index), Large Cap Growth (Russell 1000 Growth Index), Small Cap (Russell 2000 Index), Small Cap Value (Russell 2000 Value Index), and Small Cap Growth (Russell 2000 Growth Index). World Market Cap represented by Russell 3000 Index, MSCI World ex USA IMI Index, and MSCI Emerging Markets IMI Index. Russell 3000 Index is used as the proxy for the US market. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. MSCI data © MSCI 2019, all rights reserved.

INTERNATIONAL DEVELOPED STOCKS

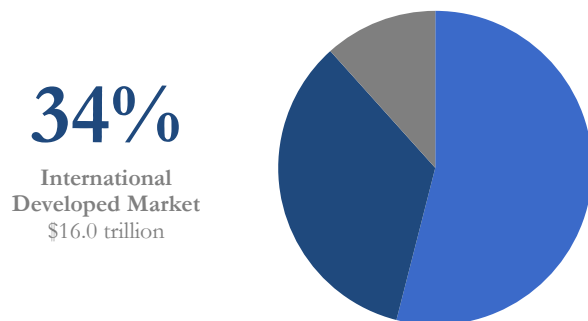
2018 INDEX RETURNS

In US dollar terms, developed markets outside the US outperformed emerging markets but underperformed the US during 2018.

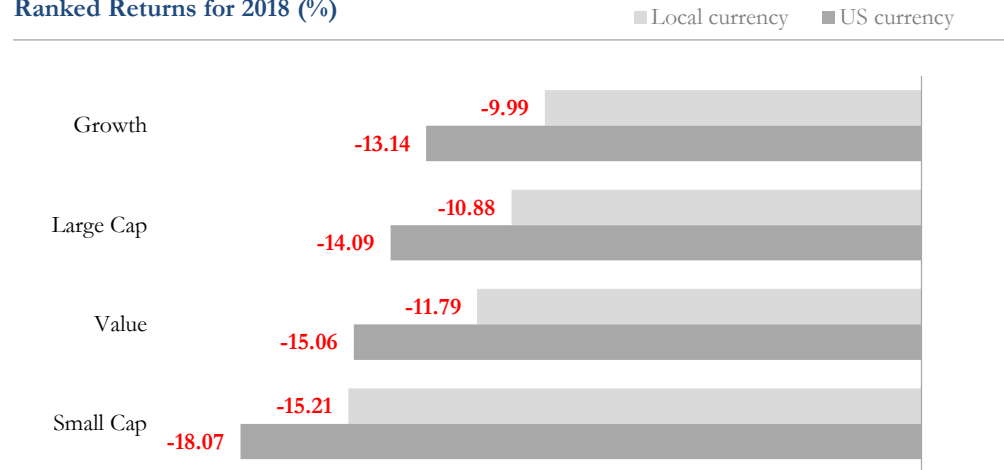
Value underperformed growth across large and small cap stocks in non-US developed markets.

Small caps underperformed large caps in non-US developed markets.

World Market Capitalization—International Developed



Ranked Returns for 2018 (%)



Period Returns (%)

Asset Class	1 Year	3 Years*	5 Years*	10 Years*
Growth	-13.14	2.84	1.36	6.74
Large Cap	-14.09	3.11	0.34	6.24
Value	-15.06	3.36	-0.73	5.69
Small Cap	-18.07	3.85	2.25	10.06

* Annualized

Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Market segment (index representation) as follows: Large Cap (MSCI World ex USA Index), Small Cap (MSCI World ex USA Small Cap Index), Value (MSCI World ex USA Value Index), and Growth (MSCI World ex USA Growth). All index returns are net of withholding tax on dividends. World Market Cap represented by Russell 3000 Index, MSCI World ex USA IMI Index, and MSCI Emerging Markets IMI Index. MSCI World ex USA IMI Index is used as the proxy for the International Developed market. MSCI data © MSCI 2019, all rights reserved.

EMERGING MARKETS STOCKS

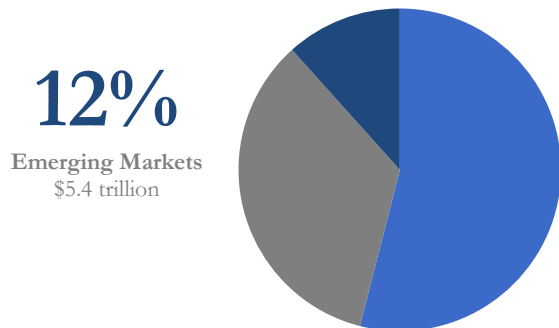
2018 INDEX RETURNS

In US dollar terms, emerging markets underperformed developed markets, including the US.

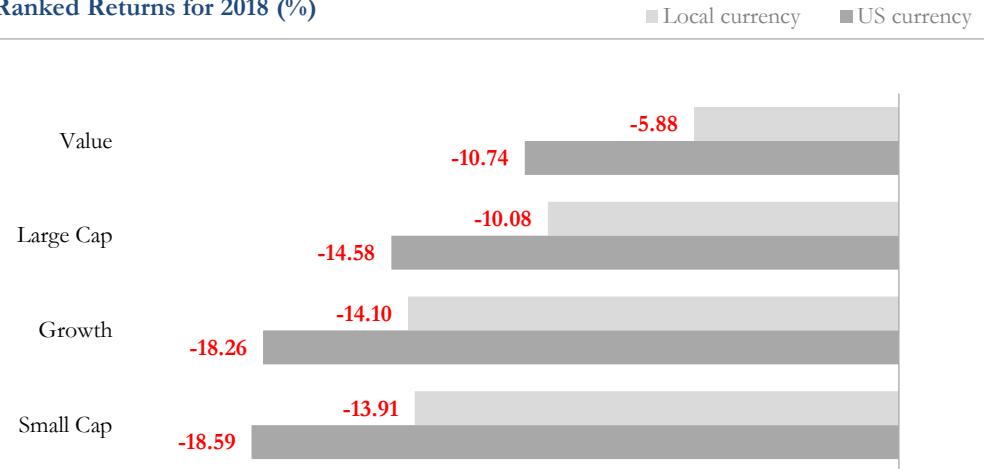
Value outperformed growth across large and small cap stocks in emerging markets.

Small caps underperformed large caps in emerging markets.

World Market Capitalization—Emerging Markets



Ranked Returns for 2018 (%)



Period Returns (%)

Asset Class	* Annualized			
	1 Year	3 Years*	5 Years*	10 Years*
Value	-10.74	9.52	0.51	6.99
Large Cap	-14.58	9.25	1.65	8.02
Growth	-18.26	8.89	2.67	8.97
Small Cap	-18.59	3.68	0.95	9.87

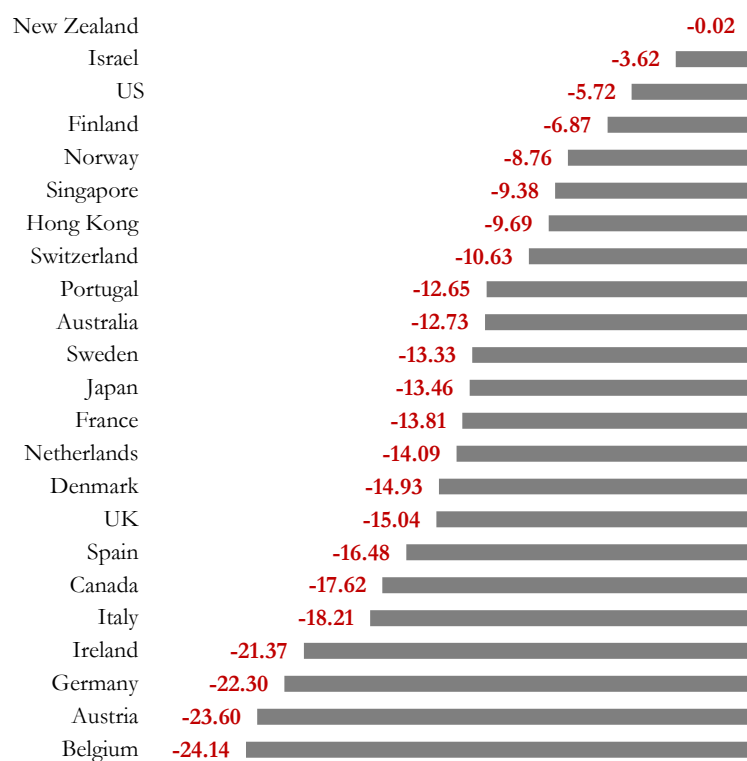
Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Market segment (index representation) as follows: Large Cap (MSCI Emerging Markets Index), Small Cap (MSCI Emerging Markets Small Cap Index), Value (MSCI Emerging Markets Value Index), and Growth (MSCI Emerging Markets Growth Index). All index returns are net of withholding tax on dividends. World Market Cap represented by Russell 3000 Index, MSCI World ex USA IMI Index, and MSCI Emerging Markets Index. MSCI IMI Index used as the proxy for the emerging market portion of the market. MSCI data © MSCI 2019, all rights reserved.

SELECT COUNTRY PERFORMANCE

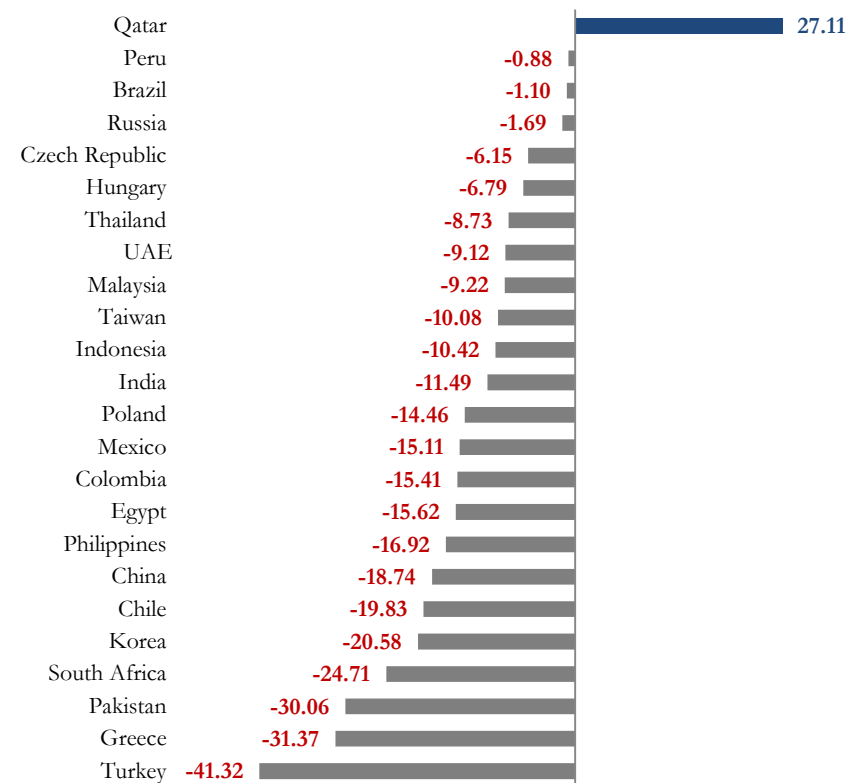
2018 INDEX RETURNS

Most non-US developed and emerging markets countries posted negative returns in US dollar terms in 2018, with wider dispersion for emerging markets countries.

Ranked Developed Markets Returns (%)



Ranked Emerging Markets Returns (%)



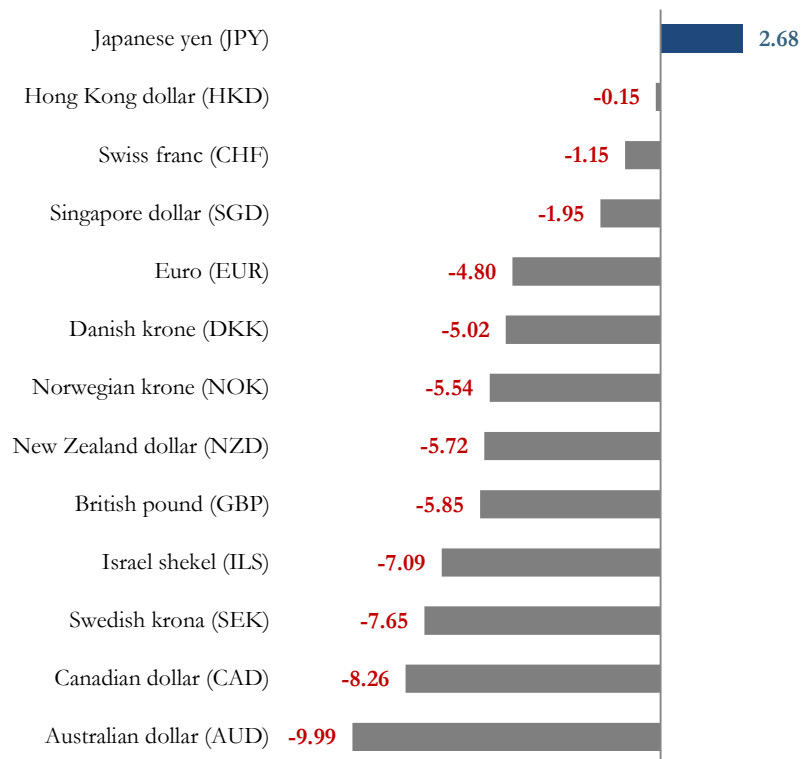
Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Country performance based on respective indices in the MSCI World ex US IMI Index (for developed markets), MSCI USA IMI Index (for US), and MSCI Emerging Markets IMI Index. All returns in USD and net of withholding tax on dividends. MSCI data © MSCI 2019, all rights reserved. UAE and Qatar have been reclassified as emerging markets by MSCI, effective May 2014.

SELECT CURRENCY PERFORMANCE VS. US DOLLAR

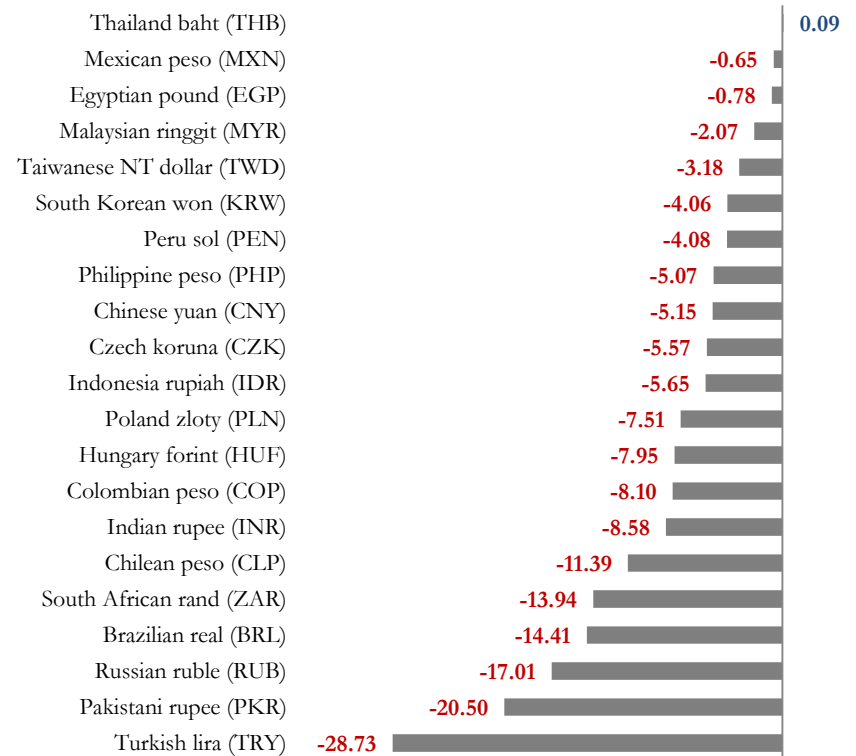
2018 INDEX RETURNS

Most currencies depreciated against the US dollar in developed and emerging markets, notably the Australian dollar in developed markets and the Turkish lira in emerging markets. One exception was the Japanese yen, which appreciated vs. the US dollar.

Ranked Developed Markets (%)



Ranked Emerging Markets (%)



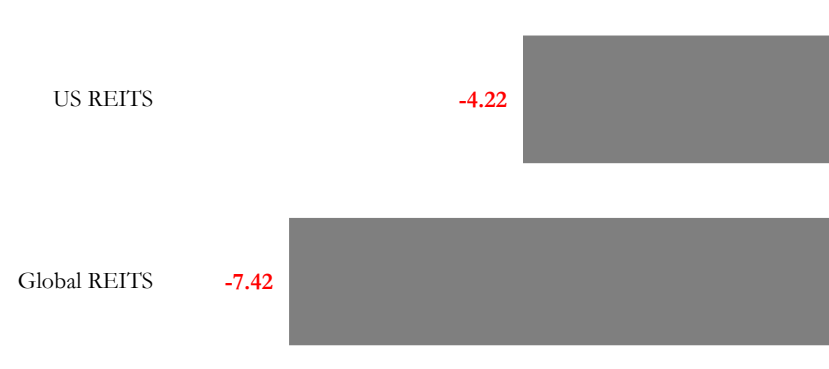
Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. MSCI data © MSCI 2019, all rights reserved.

REAL ESTATE INVESTMENT TRUSTS (REITs)

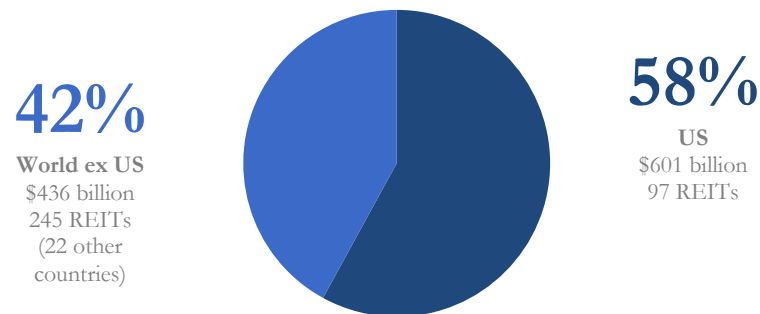
2018 INDEX RETURNS

US real estate investment trusts outperformed non-US REITs in US dollar terms.

Ranked Returns for 2018 (%)



Total Value of REIT Stocks



Period Returns (%)

** Annualized*

Asset Class	1 Year	3 Years*	5 Years*	10 Years*
US REITs	-4.22	1.97	7.89	12.05
Global REITs	-7.42	3.35	3.39	8.94

Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Number of REIT stocks and total value based on the two indices. All index returns are net of withholding tax on dividends. Total value of REIT stocks represented by Dow Jones US Select REIT Index and the S&P Global ex US REIT Index. Dow Jones US Select REIT Index used as proxy for the US market, and S&P Global ex US REIT Index used as proxy for the World ex US market. Dow Jones and S&P data © 2019 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved.

COMMODITIES

2018 RETURNS

The Bloomberg Commodity Index Total Return declined 11.25% in 2018.

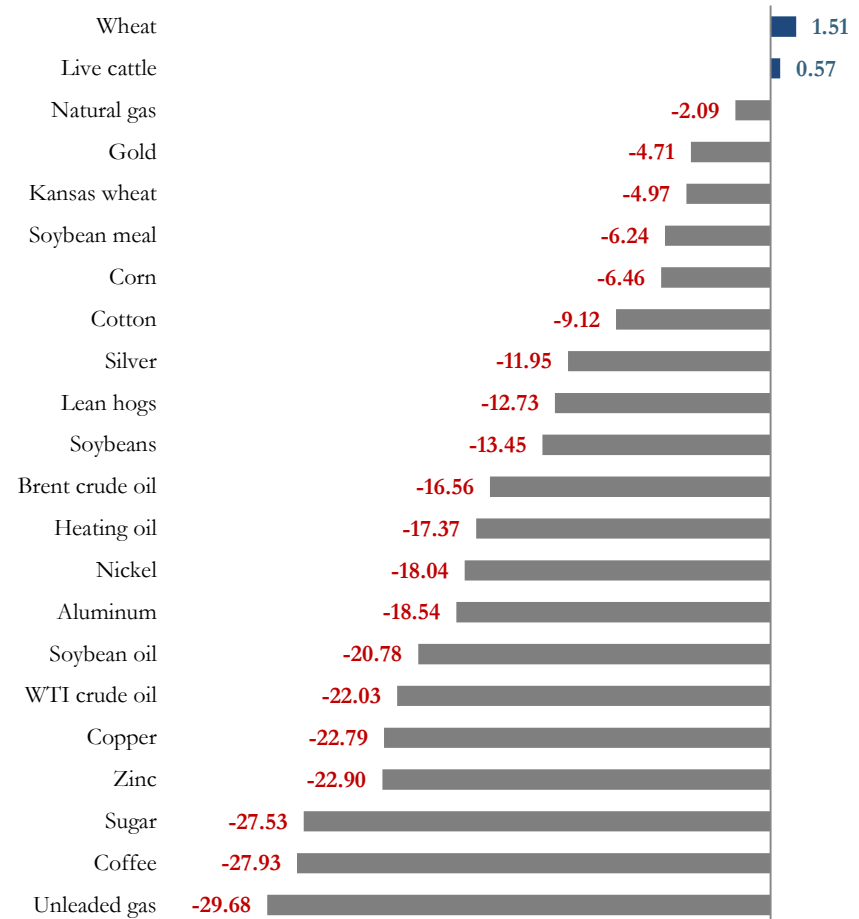
Wheat (Chicago) was the strongest performer, gaining 1.51%. Unleaded gas was the weakest performer, falling 29.68%. Coffee lost 27.93%, while sugar declined 27.53%.

Period Returns (%)

** Annualized*

Asset Class	1 Year	3 Years*	5 Years*	10 Years*
Commodities	-11.25	0.30	-8.80	-3.78

Ranked Returns for Individual Commodities (%)



Past performance is not a guarantee of future results. Index is not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. All index returns are net of withholding tax on dividends. Securities and commodities data provided by Bloomberg.

FIXED INCOME

2018 INDEX RETURNS

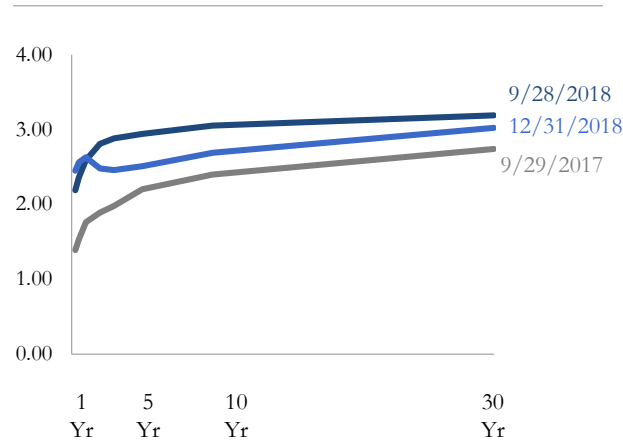
For 2018, yields on the 10-year Treasury note and 30-year Treasury bond increased 29 basis points (bps) and 28 bps, respectively.

The short end of the yield curve experienced the greatest increases. The yield on the 1-year Treasury bill increased 87 bps to end at 2.63%, while the 2-year Treasury note finished with a yield of 2.48% after an increase of 59 bps.

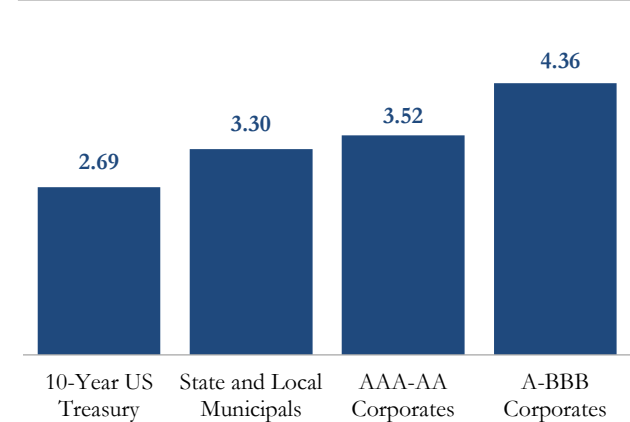
In terms of total returns, short-term corporate bonds increased 1.57% for the year. Intermediate-term corporate bonds declined 0.23%.

The total returns for short-term municipal bonds were 1.77%. Intermediate-term municipal bonds returned 1.57%. General obligation bonds outperformed revenue bonds.

US Treasury Yield Curve (%)



Bond Yields across Issuers (%)



Period Returns (%)

Asset Class	1 Year	3 Years*	5 Years*	10 Years*
FTSE World Government Bond Index 1-5 Years (hedged to USD)	2.12	1.58	1.53	1.69
ICE BofAML US 3-Month Treasury Bill Index	1.87	1.02	0.63	0.37
ICE BofAML 1-Year US Treasury Note Index	1.86	1.06	0.70	0.62
Bloomberg Barclays Municipal Bond Index	1.28	2.30	3.82	4.85
Bloomberg Barclays US Aggregate Bond Index	0.01	2.06	2.52	3.48
FTSE World Government Bond Index 1-5 Years	-0.76	1.56	-0.82	0.29
Bloomberg Barclays US TIPS Index	-1.26	2.11	1.69	3.64
Bloomberg Barclays US Government Bond Index Long	-1.79	2.63	5.90	4.15
Bloomberg Barclays US High Yield Corporate Bond Index	-2.08	7.23	3.83	11.12

* Annualized

One basis point equals 0.01%. Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Yield curve data from Federal Reserve. State and local bonds are from the S&P National AMT-Free Municipal Bond Index. AAA-AA Corporates represent the Bank of America Merrill Lynch US Corporates, AA-AAA rated. A-BBB Corporates represent the ICE BofAML Corporates, BBB-A rated. Bloomberg Barclays data provided by Bloomberg. US long-term bonds, bills, inflation, and fixed income factor data © Stocks, Bonds, Bills, and Inflation (S&BBI) Yearbook™, Ibbotson Associates, Chicago (annually updated work by Roger G. Ibbotson and Rex A. Sinquefeld). FTSE fixed income indices © 2019 FTSE Fixed Income LLC, all rights reserved. ICE BofAML index data © 2019 ICE Data Indices, L.L.C. S&P data © 2019 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved.

IMPACT OF DIVERSIFICATION

2018 INDEX RETURNS

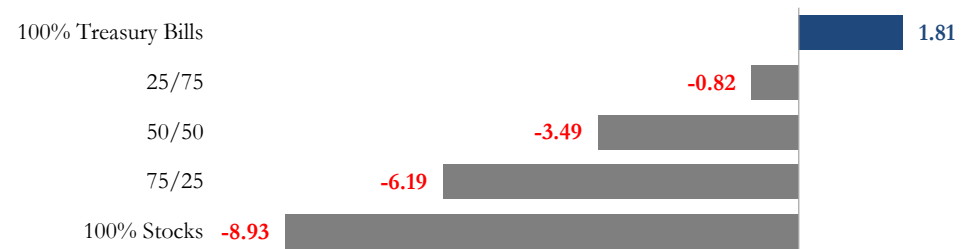
These portfolios illustrate the performance of different global stock/bond mixes. Mixes with larger allocations to stocks are considered riskier but have higher expected returns over time.

Period Returns (%)

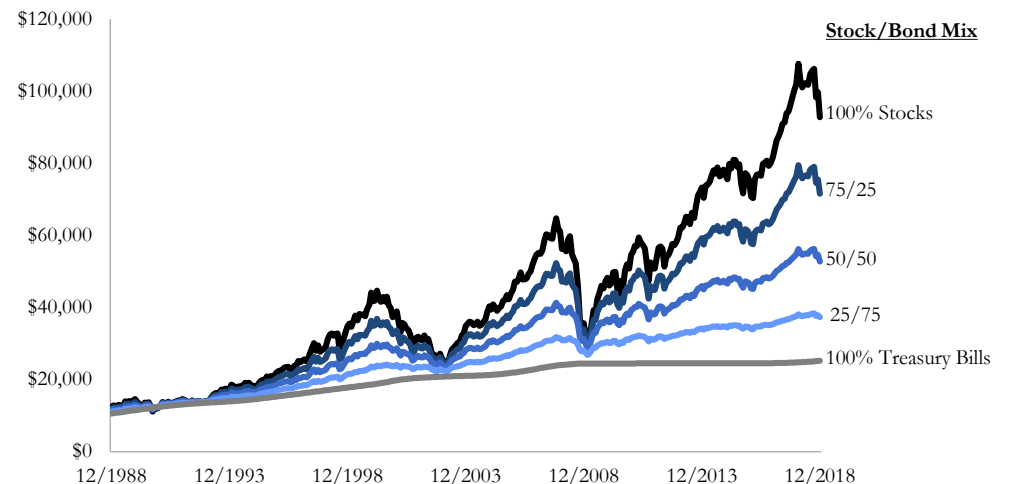
Asset Class	1 Year	3 Years*	5 Years*	10 Years*	10-Year STDEV ¹
100% Treasury Bills	1.81	0.93	0.57	0.32	0.16
25/75	-0.82	2.57	1.73	2.88	3.65
50/50	-3.49	4.16	2.82	5.36	7.32
75/25	-6.19	5.70	3.86	7.75	10.98
100% Stocks	-8.93	7.18	4.82	10.05	14.65

* Annualized

Ranked Returns for 2018 (%)



Growth of Wealth: The Relationship between Risk and Return



1. STDEV (standard deviation) is a measure of the variation or dispersion of a set of data points. Standard deviations are often used to quantify the historical return volatility of a security or portfolio. Diversification does not eliminate the risk of market loss. **Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect expenses associated with the management of an actual portfolio.** Asset allocations and the hypothetical index portfolio returns are for illustrative purposes only and do not represent actual performance. Global Stocks represented by MSCI All Country World Index (gross div.) and Treasury Bills represented by US One-Month Treasury Bills. Globally diversified allocations rebalanced monthly, no withdrawals. Data © MSCI 2019, all rights reserved. Treasury bills © Stocks, Bonds, Bills, and Inflation Yearbook™, Ibbotson Associates, Chicago (annually updated work by Roger G. Ibbotson and Rex A. Sinquefeld).