GIA PARTNERS

4th Quarter 2019

Highlights

- Higher risk assets "melted up" in December on better trade news and limited liquidity. Core U.S. fixed income delivered the best annual performance in over a decade. Our portfolios benefited.
- Global economic data improved during the fourth quarter. Armed with a proposed trade deal and supportive policy, economists forecast better results in 2020.
- Financial markets had an excellent year, yet the world experienced demonstrations, violence and widespread acrimony. Is global development headed in the wrong direction?

Markets

		Returns (%)			
GIA	Average Quality	4Q19 Gross	4Q19 Net	12 Months Gross	12 Months Net
Core Plus Composite	**(A)**	**1.19**	**1.10**	**11.08**	**10.69**
Global Credit Plus Composite	**(BBB+)**	**1.71**	**1.58**	**13.63**	**13.07**
Emerging Market Corporate Debt Composite	**(BB+)**	**2.96**	**2.81**	**15.14**	**14.45**
High Yield Composite	**(B+)**	**3.43**	**3.29**	**15.66**	**15.02**
Benchmark Bonds					
Bloomberg Barclay's U.S. Agg. Index	(AA+)	0.18		8.72	
Treasury	(AAA)	-0.79		6.86	
Credit	(A)	1.05		13.80	
Mortgage	(AAA)	0.71		6.35	
Government/Credit	(AA)	-0.01		9.71	
ICE BofAML U.S. Corporate & Yankees	(A-)	1.06		13.54	
ICE BofAML U.S. Corporate	(A-)	1.15		14.23	
ICE BofAML U.S. High Yield	(B+)	2.61		14.41	
ICE BofAML EM Corporate Plus	(BBB-)	2.08		12.97	
ICE BofAML Global Gov't ex-US	(AA-)	-2.21		4.45	
JPM Emerging Markets EMBI+	(BB+)	3.38		12.60	
JPM CEMBI Broad	(BBB-)	1.99		13.21	
JPM GBI-EM Global Diversified	(BBB)	5.20		13.47	
Benchmark Equities					
S&P 500	NA	8.53		28.88	
Nasdaq Composite	NA	12.17		35.23	
Russell 2000	NA	9.52		23.72	
MSCI EAFE	NA	7.81		18.44	
Europe	NA	8.47		20.03	
Japan	NA	7.49		17.08	
MSCI Emerging Markets Equity	NA	11.36		15.42	

Markets

What a year! Twelve months ago, markets were in turmoil following the Fed's four rate hikes. By year-end 2019, U.S. equity markets closed near record highs with returns exceeding 30%, higher quality bonds delivered the best returns in over a decade and most global assets provided returns well in excess of inflation. During the year, markets oscillated between enthusiasm and depression depending on the status of trade negotiations. The trade conflict escalated in April and again in August, leading to a crash in sentiment and a plunge in global interest rates. That anxiety ended during the fourth quarter after the Phase I agreement was announced, and an October rate cut from the Fed ratified the central bank's support. In addition, economic data improved and corporate earnings came in marginally ahead of consensus. For the quarter and full-year, the S&P 500 returned 9.1% and 31.5% respectively (including dividends), European equities were up 8.5% for the quarter and 20.0% for the year in dollars and emerging equities were up 11.7% and 18.4% respectively. U.S. treasuries returned -0.89% for the quarter, but were up 6.99% for the year and were easily surpassed by higher risk credit sectors. Commodities were up 5.4%, lifted by big moves for oil (+24.7%) and gold (15.5%). The U.S. dollar ended the year relatively flat against a basket of currencies, despite strengthening against both the Euro and the Yen.

Investment grade credit delivered excellent returns during both the quarter and full year driven by continuing fund flows, lower rates and steady creditworthiness. Credit spreads tightened during the quarter and the year helping the sector outperform. The investment grade corporate bond index, the ICE BofAML U.S. Corporate Index (C0A0), was up 1.15% for the quarter and an impressive 14.2% for 2019. By comparison, the U.S. treasury index declined -0.89% during 4Q and was up 6.99% for the year. Corporate option adjusted spreads (OAS) narrowed by 20 b.p. to 100 b.p., while the yield to worst of the index declined from 2.95%% to 2.88%. Issuance for the quarter declined to $231.6 billion, the lowest quarterly sum of the year. However, full year borrowing of $1.297 trillion exceeded 2018's total and is the fourth largest annual issuance on record. Companies took advantage of declining rates and willing investors to refinance and strengthen their balance sheets.

The high yield market turned in an excellent quarter driven largely by a December recovery in energy related borrowers. For the year, returns were strong, although energy and commodity related industries underperformed. The ICE BofAML U.S High Yield Index (H0A0) returned 2.61% for the quarter and a healthy 14.41% for the year. Energy, which constitutes over 12.5% of the index, returned 5.62% in December and 5.57% for the year. Spreads to worst narrowed by 45 b.p. from 415 b.p. to 370 b.p., while the yield to worst decreased from 5.82% to 5.30%. High yield retail investors added $3.6 billion during the quarter and $19.3 for all of 2019. Favorable flows in high yield contrasted with a $37.2 billion outflow from leveraged loan funds. The default rate increased to 2.63% in December (2.86% including distressed exchanges) from 2.52% in September. For the year, defaults rose by 0.80% due primarily to insolvencies at energy related companies. The largest bond defaulter was Weatherford International, an oil field services company, which defaulted in July on $6.2 billion in bonds. The new issue market was lively during the quarter and for the year. In 4Q new issuance totaled $78.4 billion, the largest quarterly total of the year, and the yearly borrowing of $286.6 billion exceeded 2018's sum by 53%.

Emerging markets bonds benefitted from favorable fund flows and improved sentiment following the trade agreement. A few countries experienced demonstrations and violence which led to investor consternation. Although these events were not impactful enough to set back the sector's overall returns, they did limit the performance of affected countries. For the quarter, the JPM Emerging Markets Bond Index Plus (EMBI+), a dollar denominated sovereign index, was up 3.38% behind a 20.75% rally in Argentine sovereign debt. For the year the EMBI+ returned 12.6%. The JPM Corporate

Emerging Markets Broad Diversified Index (CEMBI BD) returned 2.21% and 13.1% respectively. The JPM Global Bond Index – Emerging Markets Global Diversified (GBI-EM Global Diversified), a local markets index had a strong quarter up 5.20% behind improved currency and bond performance in Russia and Turkey. For the year, local markets returned 13.47%.

Portfolios

Our *Core Plus Composite* consists of portfolios that can hold securities rated below investment grade, but are managed against a Core fixed income benchmark. The Composite outperformed the Bloomberg Barclays U.S. Aggregate Index, net of fees, by 92 b.p. for the quarter, and was ahead by 197 b.p. over the last twelve months. Liquidity in fixed income markets was poor during the fourth quarter, while investor sentiment and fund flows improved. The combination led to higher demand than supply of higher yielding securities. The portfolios were overweight credit across investment grade, high yield and emerging markets. That positioning was rewarded and accounted for most of the quarter's outperformance. Over the past 12 months, the portfolios gained from a combination of lower rates and tighter spreads. The decline in rates also hurt mortgages as prepayments accelerated in the second half of the year and the duration of the index shortened by over one and a half year.

Our *Global Credit Plus Composite* consists of portfolios holding investment and non-investment grade credit related securities. The Composite is measured against a benchmark consisting 85% of the ICE BofAML U.S. Corporate and Yankees and 15% of the ICE BofAML U.S. Cash Pay High Yield Index. The Composite outperformed the benchmark, net of fees, by 29 b.p. during the quarter, but was behind by 62 b.p. over the last twelve months. The portfolios had allocations that favored investment grade over high yield, and included both emerging markets and shorter duration government agencies. During the quarter, interest rates rose holding back the performance of longer duration corporates. The portfolios benefited because of a boost from emerging markets and a favorable contribution from the agency holdings. Over the past 12 months, these same exposures along with an underweight to investment grade credit, caused the underperformance as investment grade credit and high yield were the year's best performing sectors.

Our *High Yield Composite* consists of portfolios investing primarily in bonds issued by U.S. borrowers with below investment grade credit ratings. The portfolio is measured against the ICE BofAML U.S. High Yield Index (H0A0). The Composite outperformed the benchmark by 20 b.p. net of fees for the quarter and by 4 b.p. over the last twelve months. The high yield market delivered excellent performance in 2019, although the largest industry, energy, underperformed. However, in December, energy had a stellar month driven by higher prices and expectations for more balance between supply and demand in 2020. The portfolios were overweight energy and benefited from sector-wide spread compression. Over the last twelve months, the portfolios largely matched the benchmark with favorable security selection in consumer products, technology and financial services, which offset the drag from energy.

Our *Emerging Market Corporate Debt Composite* consists of portfolios investing in dollar denominated emerging market credit securities, primarily from corporate issuers. The Composite is measured against the ICE BofAML U.S. Emerging Markets Corporate Plus Index (EMUB). During the quarter the Composite outperformed the benchmark by 73 b.p., net of fees, and was ahead by 148 b.p. over the last twelve months. During 2019, emerging markets lived in the shadow of trade negotiations, despite good news from countries like Brazil, Colombia, Ukraine and Russia. Ultimately, a deal announcement helped push the sector higher and favorable news from Argentina and Turkey boosted the fourth quarter. The portfolio was overweight below investment grade securities, which outperformed, and had a sizable exposure in

Brazil, one of the best performing countries during 2019. Over the last twelve months, the portfolios benefitted from exposures to countries like Brazil, Ukraine, Turkey and India. The portfolios were also underweight Asia, which benefited from declining rates, but faced concerns related to Hong Kong's protests.

Economy

During 2018 the Fed raised rates four times taking the Fed Funds target rate to the 2.25% – 2.50% range. In 2019, the central bank reversed course and lowered rates three times leaving the target range at 1.50% - 1.75% as of October 31. After its October meeting the Fed indicated it would hold rates steady and monitor economic developments. Following vociferous calls for cuts early in the year, economists and investors became silent, apparently accepting the Fed's October pronouncement. Perhaps coincidently, economic data improved during the ensuing two months leading many economists to forecast bland, although better economic growth for the U.S. and the rest of the world. We would note, many actually expect the U.S. to slow modestly while the rest of the world accelerates.

Last quarter we mentioned that over 75% of economists participating in the WSJ Economic September Survey forecast a recession by 2021. That question was not asked for the December survey, however only three of 57 respondents put a recession in their 2020 numbers. Of significance, on average, economists raised their forecasts for 1Q and 2Q 2020 growth following developments on trade and data releases during the last quarter of the year.

This quarter's review of industries had two notable updates. Commodity prices recovered during the quarter led by oil. Discipline from OPEC combined with a more moderate U.S. production outlook to balance a market perceived to be oversupplied. In technology and media, the battle for consumers in the marketplace of content delivery became more competitive. Investment in content will likely keep studios, radio, TV and telecom companies in bitter competition during the next few years. Away from these high-profile industries, bank earnings and low unemployment confirm consumer financial health remains strong.

Another change in economic outlook from three months ago is a shift in growth expectations away from the U.S. In Europe, the decline in manufacturing abated suggesting a turn will likely be seen in 2020. Also, many emerging economies will likely perform better than last year because of improved financial conditions, higher commodity prices and woeful performance in 2019. China may be moving into a slower growth phase, but we think countries like Brazil, India, Turkey, Mexico and Argentina will likely perform better this year than last.

Scenarios

We propose three scenarios for the U.S. economy over the next 6 months:

1. Our most likely case has the economy growing between1.5% and 2.0% in 1Q and 2Q 2020. While we agree the U.S. economy has shifted to a slower pace of growth, some of the economic drags are being lifted. In particular, the trade conflict with China will likely reverse, the risk of recession in Europe is fading, Brexit appears headed to a sensible resolution and economic expectations have improved. In addition, healthy employment and rising wages combined with lower interest rates and tame inflation incent consumers to purchase homes and other large ticket items. PROBABILITY 60%

2. A second scenario has the economy declining to a 1.0% or lower growth rate. The shift in sentiment during the fourth quarter was abrupt and linked to a still-unknown trade agreement. As with 2019, the agreement may prove to contain limited substance and lead to stubborn positioning in Phase II. In addition, while the market ignored U.S. politics in 2019, it must confront a rancorous presidential election in 2020 that may alter expectations for policy. Finally, geopolitical events had limited weight this year, and they may gain sufficient prominence to affect both investment and consumer confidence. PROBABILITY 20%

3. A third scenario has the economy returning to an above-trend growth rate of 3.0% over the next six months. If the U.S. and China announce a more comprehensive trade agreement that restores the tariff-free flow of goods and services, the confidence effect could be meaningful for the global economy. In addition, with monetary authorities resorting to supplementary stimulus and fiscal policy support lined up in Europe and China, recent economic sluggishness may reverse and provided a healthy temporary boost. PROBABILITY 20%

Market Outlook

The year ended on a positive note for financial markets. Global economic activity improved and sentiment remained upbeat behind the proposed January signing of trade deal Phase I. While sentiment appears justifiably supportive, valuations in higher risk markets became stretched following the year's impressive performance. Acknowledging risks are always present, we believe the current environment endorses a favorable market outlook. In fixed income, we expect most sectors to earn their yield. While this implies lower absolute returns, higher risk sectors should continue to outperform and interest rates should remain stable to marginally higher. Regarding portfolio positioning, we recommend retaining credit exposure, but tight valuations lead us to avoid moving far down the credit spectrum or further out the yield curve. Generating excess returns will likely be more challenging, placing a premium on insightful security selection.

Commentary – Taking Stock

Year 2019 seemed like a year of acrimony. Financial markets began the year apprehensively after dreadful performance during the fourth quarter of 2018. The Fed appeared intransigent insisting on a year-end rate hike and the outlook for the economy looked to be in flux. After a recovery in sentiment during the first quarter, the trade war escalated, global manufacturing began to plummet, and economic data started to deteriorate. By year end three rates cuts and a trade deal helped deliver the best all-around performance year of the decade, even though away from financial markets, geopolitical conflicts, public antipathy and popular anger proliferated. Demonstrations erupted in France, Spain, Hong Kong, Iran and Latin America, while fighting continued in the Middle East despite the defeat of ISIS. With such anger permeating many parts of the world, one might wonder if civilization made progress over the last decade. As we begin a new one, it might be a good time to reflect on the state of the world especially in the context of recent financial market performance.

Perhaps a good place to begin is by assessing "global wellbeing." Many organizations collect data and/or create indexes that measure people's wellbeing. While not comprehensive, we believe the concept of wellbeing can be captured in four broad aspects of people's lives.

- Income and Employment
- Health, Education and Opportunity
- Confidence and Happiness
- Knowledge and Information

Income and Employment

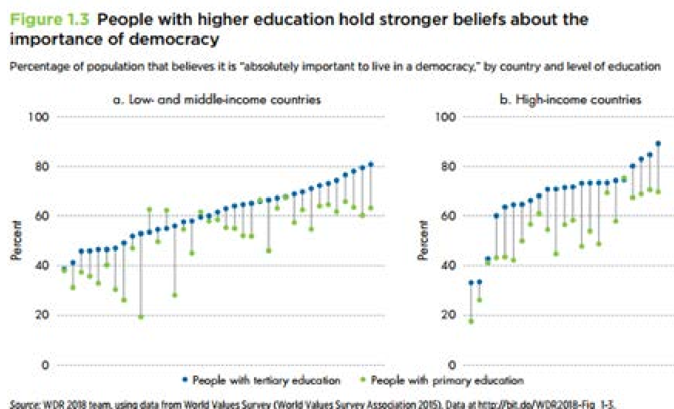
From a market perspective, the culmination of the decade marked a fitting end to the "great recession" of 2009. The year's growth rate was underwhelming by historical standards, and the decade produced the slowest annual improvement in 50 years. Nevertheless, considered in a longer historical context, the last 50 years (using 2018 data) produced an average annual growth rate in GDP per capita of 5.7%. According to World Bank data, GDP per capita stood at about $11,312 per person in 2018 compared to $695 in 1968. Considering global advances in manufacturing, technology, education and development policy, we expect the global growth rate to move higher over the coming decade. While many countries face demographic challenges, the outlook for income growth worldwide looks bright.

Using International Labor Organization (ILOSAT) data, the World Bank estimates global unemployment was 4.9% in 2019. This number is the lowest since 2007, and a vast improvement from 2009's 5.6% figure. Over the historical period provided by ILOSAT, the low occurred in 1991 at 4.4% and the high at 5.9% in 2003. Acknowledging the challenges in compiling unemployment data, it is instructive to highlight conditions in certain countries or regions. Specifically, Latin America experienced a delayed reaction to the financial crisis. Unemployment estimates for the region total 8.0% in 2019 compared to just 6.1% in 2014. Significant for the region, Brazil suffered a debilitating recession that took unemployment from 6.7% in 2014 to 12.8% in 2017. The country appears to be on the mend with a 12.2% estimate for 2019 and an improving economy pointing to lower rates ahead. Like the U.S., the Euro area unemployment rate is recovering now at 7.8% compared to the region's high point of 11.9% in 2013. For the U.S., unemployment declined to 3.5%, a 50-year low, after a debilitating 9.6% in 2010.

The message as we start 2020 is that per capita world income appears to be growing and unemployment should continue to decline. This combination yields the encouraging conclusion that for a world shifting rapidly from production based to consumption-based growth, conditions appear properly aligned.

Health, Education and Opportunity

The United Nations under the auspices of the United Nations Development Programme (UNDP) supported the creation of the Human Development Index (HDI) a statistic intended to assess development of a country on measures of the capabilities and wellbeing of its people rather than GDP alone. The statistic results from the assessment of three essential aspects of the human condition, health, education and standard of living. It is not surprising that HDI has been improving for most countries. What may be less obvious is that the group with the highest growth rate over the last 28 years (1990 – 2018) consisted of the least developed countries. Similarly gratifying, countries of medium development had the highest growth rates over the last eight and 28 years. By region, East Asia and the Pacific grew at the fastest pace, likely a reflection of China's rapid development, and, given the components of the index, it is encouraging to see education and health continue to improve in the neediest countries.



Another organization, the Global Partnership for Education (GPE), helps support the delivery and improvement in education via partnerships with many developing nations. Among others, GPE highlights two logical and essential accomplishments of improved education, better paying jobs with improved gender equality, and more education leads to a more democratic world. These observations are contained in reports by entities, including the World Bank and the Global Education Monitoring Reports, researching the status of global education. GPE cites these conclusions evidencing the value of its work and the critical implications of proper education for development. A "catchy," yet relevant description of the UNDP's goals includes sustainable development. Few policy priorities surpass education when thinking of sustainability, and successful education carries corollary benefits, as for instance, demonstrating for freedom and democracy.

Confidence and Happiness

According to Organization for Economic Cooperation and Development (OECD) data, its consumer confidence index ended 2019 at 100.46 up from a low of 100.16 in September and a high of 100.58 in April. Over the last six years the high was 100.91 in March 2018 and the low was 99.60 in January 2014. Other surveys also suggest global consumer confidence hit annual or multi-year highs at year-end. These data are consistent with the global employment and income statistics cited above and suggest people feel confident about their financial and work prospects.

Under the auspices of the United Nations, a number of economists developed and computed a World Happiness Index which has been presented annually since 2012 in a World Happiness Report. To construct the index, developers use a variety of data including information contained in Gallup World Polls conducted between 2005 – 2008 and 2016 – 2018. The objective of the project has been to assess subjective measures of wellbeing to assist in understanding human development. Broadly, the critical inputs included measures of GDP per capita, healthy life expectancy, social support,

freedom, generosity, perceptions of corruption and inequality. As with other wellbeing measures discussed above, global happiness increased during the decade between the 2005 – 2008 and 2016 - 2018 polls. Although country-by-country results vary, the data provide broadly gratifying conclusions. Of 132 countries with complete data, Happiness increased in 64, declined in 42 and was unchanged in 26. Developing countries and regions were more gainers than losers, whereas developed countries had a few losers, including the U.S. Confirming the work has merit, the two biggest losers were Venezuela and Syria.

Knowledge and Information

The world experienced explosive technological progress during the last decade. An essential contributor to human economic and social development was the availability of information and the democratization of communications. According to Statista, a research organization, Facebook users grew from 100 million in 2008 to 2.449 billion in 2019. Similarly, smartphone users expanded by over one billion between 2016 and 2020. Pew Research notes that 94% of advanced country adults own a mobile phone with 90% being "smart." In emerging economies 83% own a mobile phone, although fewer of those devices are smart. The proliferation of communications devices and platforms evidences the remarkable expansion in means of communications now available to people. One further piece of data is the "connectedness" distinction between the older and younger generation. Young adults globally are highly likely to own mobile phones, actively use the internet and have a social media presence. While some worry about the nefarious side effects of the vast networks of information and data, we believe the contributions to knowledge, understanding and curiosity should prove a larger societal outcome.

Public demonstrations, violence, political rage and a hyper-active news cycle may make people wonder if the world order is under threat or at least directionally misguided. We believe the opposite is true and, instead, the disturbances reflect manifestations of a more educated and informed populace arguing for freedom, fairness and equality. Data on human development and wellbeing corroborate a vast improvement over the last decade, especially in areas of education, healthcare and opportunity. There will always be room for improvement and organizations like the United Nations, the World Bank and numerous non-for-profit educators will continue their laudable efforts. Comparing current conditions with former intractable crises like the Cold War, sovereign debt defaults, Apartheid and the great recession of 2009, suggests the world is a much better place today. In the end, people tend to aspire to be healthy, educated, safe and free. We believe we are moving, in fits and starts, in the right direction.

Sources:
World Bank, International Labor Organization, United Nations, United Nations Development Program, Human Development Index, Global Partnership for Education, World Happiness Report, OECD, Conference Board Statista, Pew Research

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Important Information

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Index Definitions

Bloomberg Barclays U.S. Aggregate Index

The Barclays U.S. Aggregate Index represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. These major sectors are subdivided into more specific indices that are calculated and reported on a regular basis.

Bloomberg Barclays U.S. Treasury Index

This index is the U.S. Treasury component of the U.S. Government index. Public obligations of the U.S. Treasury with a remaining maturity of one year or more.

Bloomberg Barclays U.S .Government/Credit Index

The Government/Credit Index includes securities in the Government and Credit Indices. The Government Index includes treasuries and agencies. The Credit Index includes publicly issued U.S. corporate and foreign debentures and secured notes that meet specified maturity, liquidity, and quality requirements.

Bloomberg Barclays U.S. Credit Index

This index is the U.S. Credit component of the U.S. Government/Credit index. Publicly issued U.S. corporate and specified foreign debentures and secured notes that meet the specified maturity, liquidity, and quality requirements. To qualify, bonds must be SEC-registered.

Bloomberg Barclays U.S. Mortgage Backed Securities Index

This index is the U.S. MBS component of the U.S. Aggregate index. The MBS Index covers the mortgage-backed pass-through securities of Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC).

ICE BofAML U.S. Corporate & Yankees Index

The ICE BofAML U.S. Corporate & Yankees Index tracks the performance of US dollar denominated investment grade debt publicly issued in the US domestic market by US and non-US corporations and non-US quasi-governments.

ICE BofAML U.S. Corporate Index

The ICE BofAML U.S. Corporate Index tracks the performance of US dollar denominated investment grade corporate debt publicly issued in the US domestic market. Qualifying securities must have an investment grade rating (based on an average of Moody's, S&P and Fitch) and an investment grade rated country of risk (based on an average of Moody's, S&P and Fitch foreign currency long term sovereign debt ratings).

ICE BofAML U.S. High Yield Index
The ICE BofAML U.S. High Yield Index tracks the performance of below investment grade US dollar-denominated corporate bonds publicly issued in the US domestic market.

ICE BofAML Global Government Excluding the U.S. Index (N0G1)
The ICE BofAML Global Government Excluding the U.S. Index tracks the performance of publicly issued investment grade sovereign debt denominated in the issuer's own domestic currency. N0G1 excludes U.S. government bonds.

JP Morgan Corporate Emerging Markets Bond Index Broad (CEMBI Broad)
The CEMBI tracks total returns of US dollar-denominated debt instruments issued by corporate entities in Emerging Markets countries. Two variations are available: CEMBI Broad and CEMBI. The CEMBI Broad is the most comprehensive corporate benchmark followed by the CEMBI, which consists of an investable universe of corporate bonds. Both indices are also available in Diversified versions.

JP Morgan EMBI+ Index
The EMBI+ tracks total returns for U.S-dollar-denominated debt instruments of the emerging markets: Brady bonds, loans, Eurobonds. The EMBI+ currently covers 104 instruments across 15 countries.

JP Morgan Government Bond Index-Emerging Markets (GBI-EM)
The GBI-EM is the first comprehensive, global local Emerging Markets index, and consists of regularly traded, liquid fixed-rate, domestic currency government bonds to which international investors can gain exposure. Variations of the index are available to allow investors to select the most appropriate benchmark for their objectives.

S&P 500 Index
An index of 500 stocks chosen for market size, liquidity and industry grouping, among other factors. The S&P 500 is designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe.

Nasdaq Composite Index
An index that tracks the change in the total market value of all companies listed on the Nasdaq Stock Market.

Russell 2000 Index
An index measuring the performance of the 2,000 smallest companies in the Russell 3000 Index, which is made up of 3,000 of the biggest U.S. stocks. The Russell 2000 serves as a benchmark for small cap stocks in the United States.

MSCI EAFE Index
The index is a capitalization weighted index that monitors the performance of stocks from Europe, Australasia and the Far East.

MSCI EAFE- Europe Index
The index is a capitalization weighted index that monitors the performance of stocks from Europe.

MSCI EAFE- Japan Index
The index is a capitalization weighted index that monitors the performance of stocks from Japan.

MSCI Emerging Markets Equity
The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets.