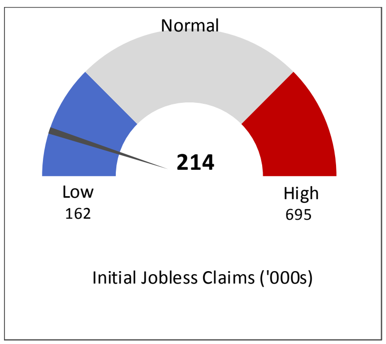
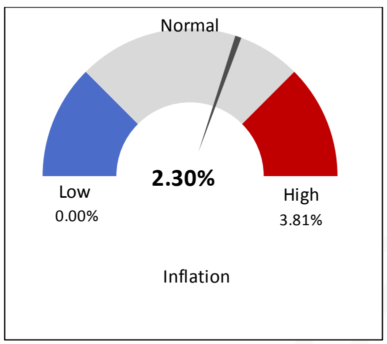
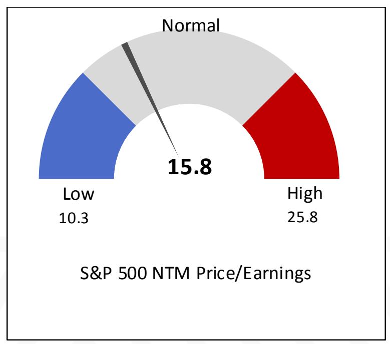
CERITY PARTNERS

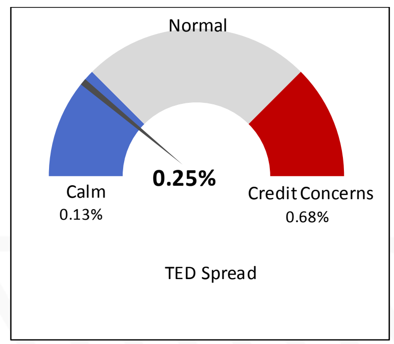
Quarterly Market Digest

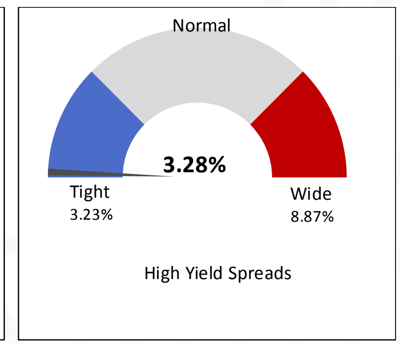
Third Quarter 2018











Advice-driven financial service.

Third Quarter Market Digest

Key Takeaways

- Strong U.S. earnings and revenue growth helped drive markets upward in the quarter.
- Chinese markets remained under pressure as the country attempts a controlled economic slowdown.
- Q3 global bond performance was mixed.
- Volatility in U.S. markets is likely to increase due to trade concerns and the Fed's monetary policy.

Global Markets: : Headlines take backseat to strong economic data

Trade tensions dominated the headlines for most of the third quarter. But that's not what drove global markets for the past three months. Instead, global performance was fueled by the accelerating U.S. economy. After a distinct bout of decoupling (divergence) during the first half of the year, many international markets produced positive returns, rejoining the U.S. in this lengthy bull market.

U.S. markets were propelled upward thanks in part to strong corporate numbers. Second quarter earnings and revenues grew at a rate of 26.5%, surpassing first quarter results and potentially dispelling beliefs that earnings had peaked earlier in the year. As in the previous quarter, tax reform was responsible for much of this growth. Arguably more impressive was the 10% increase in revenues. Unlike earnings growth, revenue growth hasn't felt the effects of tax reform yet so it's a better indicator of the overall strength of the U.S. economy.

Trade remained a contentious topic during the summer with much of the talk centered on China. Not surprisingly, Chinese equities declined. As the quarter came to a close, the Chinese government halted their currency depreciation against the dollar. However, they continue to decrease their interest rates while implementing expansionary fiscal policies.

While China struggled, other developed and emerging international equity markets stabilized and began to slowly advance. European and Japanese equities were able to take advantage of the strong global-growth environment as well as their recent currency declines to generate price gains. Despite the rout in Chinese stocks and the high profile crises in Turkey, South Africa and Argentina, both the Emerging Market (EM) debt and equity markets closed the quarter flat to slightly higher on a total return basis. EM countries with relatively low budget and trade deficits that have been able to fund themselves with a greater level of local currency debt seemed to garner the most interest from investors.

On the bond front, the U.S. yield curve continued to flatten somewhat, but markets generally saw an upward shift in rates across the maturity spectrum. As a result, most investment-grade taxable and tax-exempt fixed income markets posted flat to negative returns for the quarter. Weaker economic growth in many developed countries caused bond yields to decline overseas, producing positive returns in both Europe and Japan.

One notable exception was Italy where uncertainty surrounding the outcome of the government's budget process caused an upward spike in yields. The fear is that the increased spending being proposed may exacerbate the country's already high budget deficits.

The U.S. high yield (below investment grade) debt market fought off rising yields to produce positive returns for the quarter. With no apparent signs of a recession happening in the near future, already low default rates should remain at current levels.

Oil prices were in the $65 to $75 trading range throughout the quarter, although the price was close to breaking through the downside in mid-August. At that time, Russia and Saudi Arabia appeared to be jockeying for position to replace lost Iranian production brought about by U.S. sanctions. Oil prices crept back toward the upper end of the range at quarter end when OPEC and Russia agreed to maintain the current level of production.

Most industrial metals declined amid worries about the potential impact of the trade war on the Chinese economy, although many of them had recovered somewhat by the end of September.

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Looking ahead to the fourth quarter, equity investors will likely have their fortitude tested on several fronts. The trade war drama is ever evolving. Right now China is the primary focus of the U.S. administration but the uncertainty around the ultimate treatment of Europe remains a concern. A potentially larger risk is the continuation of the Federal Reserve's (the Fed) monetary policy tightening. Investors should keep a close eye on the flattening yield curve for signs the Fed could become excessively tight and provoke a recession sooner than many analysts expect. The U.S. midterm elections might also contribute to greater market volatility. Control of Congress could potentially flip going into 2019. The good news is that strong economic fundamentals, particularly for the U.S., should help prevent a serious market correction as we close out the year.

Global Economy: Potential headwinds lurking in the shadows

Many analysts expect third-quarter Gross Domestic Product (GDP) to be around 3.5%. While lower than the 4.2% growth we saw in Q2, there's no cause for alarm. The economy is still chugging along at a good pace. However, for this above-trend economic growth to continue, U.S. businesses will need to increase their capital spending. Uncertainty around the impact of Fed tightening and the scope of trade friction could prevent companies from fully utilizing the tremendous cash flows they've generated during this prolonged economic expansion.

The economic slowdowns in many European countries were due in part to the impact of currency appreciation on exports and heightened trade rhetoric. Currency depreciation in 2018 and the strong U.S. economy should alleviate any concerns about an impending recession in countries where the central bankers remain very accommodative.

Beyond the basic retaliatory measures of placing tariffs on U.S. imports, Chinese authorities are attempting to manage a controlled economic slowdown to clear the excess supply in certain industries and sectors. Given the size and burgeoning economic power of China, their success will be essential for sustaining global economic expansion into the next decade.

Index Performance Data

	3Q 2018	YTD	3-Year Annualized
Equity Index Returns			
Dow Jones	9.63%	8.83%	20.49%
S&P 500	7.71%	10.56%	17.31%
Russell 2000	3.58%	11.51%	17.12%
MSCI ACWI	4.28%	3.83%	13.40%
MSCI EAFE	1.35%	-1.43%	9.23%
MSCI Emerging Markets	-1.09%	-7.68%	12.36%
Other Index Returns			
MSCI US REIT	1.09%	2.30%	7.72%
Bloomberg Commodity Index	-2.02%	-2.03%	-0.11%
HFRI FoF Index	0.44%	1.16%	3.35%

	3Q 2018	YTD	3-Year Annualized
Fixed Income Index Returns			
Barclays Aggregate Bond	0.02%	-1.60%	1.31%
Barclays 1-10 Year Municipal Bond	-0.07%	0.03%	1.39%
Merrill Lynch High Yield Master II	2.44%	2.52%	8.19%
Citi World Government Bond	-0.56%	0.21%	2.05%
JPM Emerging Markets Bond Index Global	1.87%	-3.46%	5.70%
Barclays TIPS	-0.82%	-0.84%	2.04%

Source: FactSet
Notes: HFRI FoF Index Performance as of 9/30/2018.
Returns are total returns except for Dow Jones & MSCI US REIT (price returns).
Citi World Government Bond is the hedged index.

Third Quarter Performance Summary

Asset Class	Benchmark	3Q18 Return	YTD Return	Performance Summary
Cash	Citi 3-month T-bill	0.50	1.29	The Federal Reserve raised short-term interest rates to a range of 2.00%-2.25% in September. Cash yields have recently risen to more attractive levels and should continue to increase if the Fed stays on its path to normalize rates. A fourth rate hike before year end appears likely.
Domestic Tax-Exempt	BC Municipal Bond 1-10 Year	(0.07)	0.03	The Bloomberg Barclay Municipal Bond 1-10 Year Index finished the third quarter down 0.07%, as interest rates resumed their upward trajectory. The yield curve was essentially unchanged, but shifted upward in a parallel manner. Issuance activity in the third quarter remained weak, with total volume down 8.7% to $84.2 billion. Overall, issuance continued to feel pressure from the 2017 Tax Cuts and Jobs Act, which reduced the relative benefit for municipalities to use advance refundings.
Investment-Grade Debt	BC Aggregate	0.02	(1.60)	Continued economic strength, which was confirmed by the Fed's rate hike announcement, helped push the yield on the 10-year Treasury note back above 3% to close the quarter at 3.05%. The higher rates pushed down Treasury bond returns for the quarter. However, lower credit spreads, helped by the stronger economy, allowed corporate bonds to post modest gains. The benchmark Bloomberg Barclays U.S. Aggregate Bond Index finished the quarter with a modest 0.02% increase.
High-Yield Debt	ML High Yield Master II	2.44	2.52	High-yield credit outperformed government bonds as the high-yield sector benefited from stock market gains, generally positive earnings reports and low default levels. Light issuance and inflows also provided support. High-yield debt was the best performing fixed-income asset class, with the benchmark Merrill Lynch High Yield Master II Index gaining 2.44%.
Global Bonds	Citi World Gov't Bond Index (Hedged)	(0.56)	0.21	Global bonds struggled during the third quarter as persistently low interest rates created demand for U.S. Treasuries, which have relatively higher yields than most sovereign debt in developed markets. The Citi World Government Bond Index dropped 0.56% during the third quarter.
Emerging-Markets Debt	JPM EMBI Global Diversified (Hedged)	1.87	(3.46)	Emerging market debt snapped back during the third quarter after a difficult first half of the year, with the benchmark JPMorgan Emerging Market Bond Index returning 1.87%. Broad emerging market fundamentals at both the sovereign and corporate level remain strong. However, the widening growth gap between the U.S. and other developed markets, in addition to rising core yields and a stronger U.S. dollar, has created a challenging external environment for emerging markets. Although still supported by stronger commodities and overall healthier fundamentals, emerging market growth is being tested by rising trade tensions, idiosyncratic stories and more hawkish emerging market central banks.
Large-Cap Equity	S&P 500	7.71	10.56	The S&P 500 shrugged off additional trade tariffs, a Fed rate hike, and the summer doldrums to reach another record high in the third quarter, rising 7.71%. The broad rise in U.S. large-cap equities was paced by renewed strength in the healthcare and industrial sectors. After trailing last quarter, glimmers of hope on the trade front also helped the S&P 500 outperform the more domestically oriented small-cap indexes. Growth continued to outpace value across the capitalization spectrum in Q3.

Third Quarter Performance Summary (continued)

Asset Class	Benchmark	3Q18 Return	YTD Return	Performance Summary
Small/Mid-Cap Equity	Russell 2000	3.58	11.51	Small-cap stocks posted strong gains for the third quarter with the Russell 2000 returning 3.58%, but trailed their large cap counterparts, a reversal of a trend seen in the first half of the year. Smaller companies have benefited from corporate tax reform as well as a strengthening dollar (less of their operations rely on exports). They have also been somewhat shielded from the global trade spat because they do less business in foreign markets.
International Equity	MSCI EAFE	1.35	(1.43)	Developed international equities rose 1.35% during the third quarter as measured by the benchmark MSCI EAFE Index. Despite lingering signs of protectionism and uncertainty surrounding Italy's 2019 budget and Brexit negotiations, developed international stocks pushed higher due in part to solid corporate earnings in the eurozone, strong economic readings in Japan (driven by a spike up in exports) and continued strength out of Australia.
Emerging Markets Equity	MSCI EM	(1.09)	(7.68)	Emerging market equities have been weighed down by a slowdown in Chinese credit growth, fears over the vulnerability of some economies to tighter U.S. monetary policy and concerns about the potential impact of global trade tensions. Pronounced currency crises in Turkey and Argentina also contributed to negative performance for the quarter. The benchmark MSCI Emerging Markets Index fell 1.09% in Q3 and is now down 7.68% for the year.
TIPS	BC TIPS	(0.82)	(0.84)	Treasury Inflation Protected Securities underperformed investment-grade credit during Q3 on a relative basis as nominal interest rates raised inflation expectations. Despite dropping significantly from 2.13 to 2.07 in July and August, the 10-Year Breakeven Inflation Rate rebounded in September to finish the quarter at 2.14.
Commodities	Bloomberg Commodity Index	(2.02)	(2.03)	The Bloomberg Commodities index fell 2.02% during the third quarter. Energy (+4.4%) delivered strong performance, led by gas oil and gasoline. The petroleum complex rallied amidst supply concerns and healthy global economic growth. Crude oil benefited from declining inventory amid OPEC's decision not to increase production, and as the first round of US sanctions on Iran took effect. Above-average temperatures at the beginning of the quarter, along with forecasts for colder temperatures in the northern U.S. supported natural gas. Precious metals (-6.0%) ended the quarter lower, as strength in global equities, higher yields, and positive economic data exerted downward pressure on the sector. Additionally, a strong U.S. dollar, higher U.S. interest rates and expectations for tighter monetary policy added further pressure on prices. Despite a rebound in prices toward the end of the quarter, industrial metals (-6.9%) was the worst performer, as global trade disputes drove the group lower. Agriculture and livestock ended the quarter in negative territory, driven by declines in cocoa, sugar, and coffee, which were impacted by higher volatility in emerging markets and a firmer U.S. dollar.
Real Estate	MSCI US REIT	1.09	2.30	Despite rising interest rates, REITS returned 1.09% in Q3 as measured by the benchmark MSCI US REIT Index. Already facing pressure from unaffordability issues, rising mortgage rates in 2018 has led to a softening in single-family markets. Rental markets, however, have largely picked up the slack. Most REIT sectors are experiencing a mild reacceleration in fundamentals as oversupply pressures continue to fade. Retail REITs continue to be in-focus after another round of high profile retail bankruptcies, most notably Sears.
Private Equity	S&P Listed Private Equity	5.08	4.45	According to Preqin, PE fundraising picked up in Q3 after two down quarters. Investors focused on the long-term investment horizon and strong performance record of private markets as a buffer against a potential downturn in public markets. Rising investor uncertainty is steering more capital to re-ups and larger, more established managers with good track records. PE dry powder stands at $1.14tn as of September. Private debt, real estate and infrastructure funds also recorded brisk activity in the quarter for many of these reasons.
Hedge Funds	HFRI FOF Composite Index	0.44	1.16	Per HFR, Q3 category returns were affected by a rise in perceived financial market risk, which led to more defensive, hedged positioning by managers in anticipation of higher volatility and increased risk of contagion across global markets for the balance of the year. Equity-based strategies in technology and healthcare have delivered the best results YTD, while global macro, FX and credit-based strategies have struggled.

Source: FactSet; Data as of 9/30/2018

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Third Quarter Market Summary

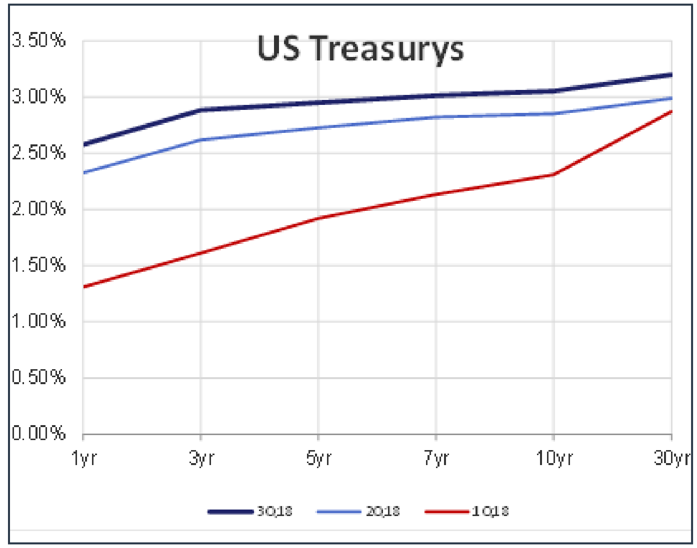
								Annualized			
		2014	4Q17	1Q18	2Q18	3Q18	YTD	1-Year	3-Year	5-Year	10-Year
US Equity Benchmarks	**Price**										
Dow Jones Industrial	26,458.31	28.11	10.96	(1.96)	1.26	9.63	8.83	20.76	20.49	14.57	12.22
Nasdaq Index Composite	8,046.35	29.64	6.55	2.59	6.61	7.41	17.48	25.17	21.70	17.72	15.72
S&P 500	2,913.98	21.83	6.64	(0.76)	3.43	7.71	10.56	17.91	17.31	13.95	11.97
Russell 1000 (Large Cap)	1,614.54	21.69	6.59	(0.69)	3.57	7.42	10.49	17.76	17.07	13.67	12.09
Russell 1000 Growth	1,568.32	30.21	7.86	1.42	5.76	9.17	17.09	26.30	20.55	16.58	14.31
Russell 1000 Value	1,247.34	13.66	5.33	(2.83)	1.18	5.70	3.92	9.45	13.55	10.72	9.79
Russell Mid Cap	2,205.46	18.52	6.07	(0.46)	2.82	5.00	7.46	13.98	14.52	11.65	12.31
Russell Mid Cap Growth	1,092.20	25.27	6.81	2.17	3.16	7.57	13.38	21.10	16.65	13.00	13.46
Russell Mid Cap Value	2,084.16	13.34	5.50	(2.50)	2.41	3.30	3.13	8.81	13.09	10.72	11.29
Russell 2000 (Small Cap)	1,696.57	14.65	3.34	(0.08)	7.75	3.58	11.51	15.24	17.12	11.07	11.11
Russell 2000 Growth	1,090.46	22.17	4.59	2.30	7.23	5.52	15.76	21.06	17.98	12.14	12.65
Russell 2000 Value	1,989.89	7.84	2.05	(2.64)	8.30	1.60	7.14	9.33	16.12	9.91	9.52
S&P GICS Sectors	**Weight**										
Consumer Discretionary	12.6%	22.98	9.87	3.09	8.17	8.18	20.64	32.54	18.50	16.05	17.40
Consumer Staples	9.7%	13.49	6.49	(7.12)	(1.54)	5.70	(3.34)	2.93	7.56	9.20	10.03
Energy Sector	8.0%	(1.01)	6.02	(5.88)	13.48	0.61	7.46	13.94	10.73	1.32	3.93
Financials	16.2%	22.18	8.63	(0.95)	(3.16)	4.36	0.09	8.73	16.75	13.45	7.43
Health Care	14.9%	22.08	1.47	(1.22)	3.09	14.53	16.63	18.35	14.81	15.37	14.22
Industrials	10.4%	21.03	6.05	(1.56)	(3.18)	10.00	4.84	11.18	17.66	12.88	11.75
Information Technology	19.7%	38.83	9.01	3.53	7.09	8.80	20.62	31.49	27.68	22.40	17.10
Materials	3.2%	23.84	6.93	(5.52)	2.58	0.36	(2.73)	4.01	15.53	8.79	8.47
Telecommunication Services	2.3%	(1.25)	3.61	(7.48)	(0.94)	9.94	0.75	4.39	9.75	6.65	8.89
Utilities	3.0%	12.11	0.21	(3.30)	3.74	2.39	2.72	2.93	10.61	11.06	9.04
Global Equity Benchmarks	**Price**										
MSCI ACWI	2,184.01	23.97	5.73	(0.96)	0.53	4.28	3.83	9.77	13.40	8.67	8.19
MSCI AC World x-USA	289.62	27.19	5.00	(1.18)	(2.61)	0.71	(3.09)	1.76	9.97	4.12	5.18
MSCI EAFE	1,973.60	25.03	4.23	(1.53)	(1.24)	1.35	(1.43)	2.74	9.23	4.42	5.38
MSCI EAFE Growth	1,651.27	28.86	5.24	(1.04)	0.11	1.53	0.58	5.85	10.26	5.62	6.20
MSCI EAFE Value	2,872.91	21.44	3.24	(2.03)	(2.64)	1.18	(3.49)	(0.36)	8.12	3.14	4.49
MSCI Emerging Markets	1,047.91	37.28	7.44	1.42	(7.96)	(1.09)	(7.68)	(0.81)	12.36	3.61	5.40
MSCI BRIC	300.64	41.75	6.61	2.22	(6.71)	(4.12)	(8.56)	(2.51)	13.76	4.43	4.40
MSCI Japan	3,429.64	23.99	8.49	0.83	(2.84)	3.68	1.58	10.20	12.13	6.76	5.96

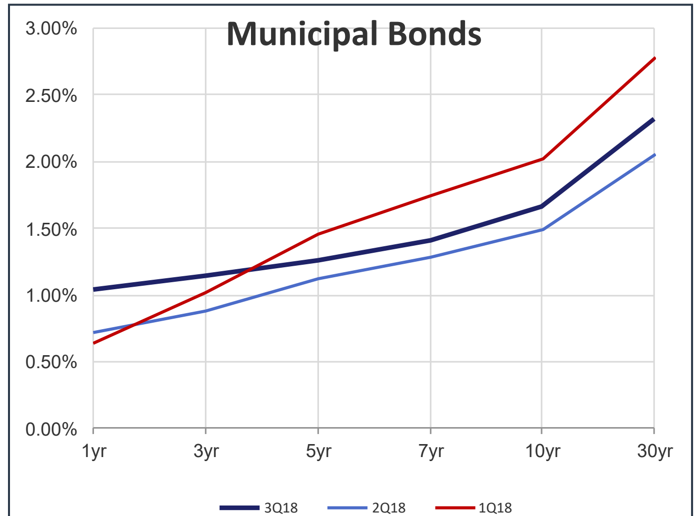
Global Equity Valuation Summary	2Q18	3Q18	QoQ
S&P 500			
Price	2,718.37	2,913.98	195.61
Trailing P/E	19.85	20.36	0.50
Est P/E	16.22	16.88	0.65
Trailing 12m Earnings	127.73	135.50	7.77
Est Forward 12m Earnings	167.93	172.97	5.04
Implied 1yr Earnings Growth	31.48%	27.66%	-3.8%
Russell Mid Cap			
Price	212.14	220.50	8.36
Trailing P/E	18.61	18.56	(0.05)
Est P/E	16.32	16.85	0.53
Trailing 12m Earnings	9.83	10.36	0.53
Est Forward 12m Earnings	13.04	13.11	0.08
Implied 1yr Earnings Growth	32.66%	26.59%	-6.1%
Russell 2000			
Price	163.77	168.55	4.78
Trailing P/E	19.54	17.61	(1.93)
Est P/E	22.67	22.00	(0.67)
Trailing 12m Earnings	4.16	4.88	0.71
Est Forward 12m Earnings	7.31	7.74	0.43
Implied 1yr Earnings Growth	75.46%	58.69%	-16.8%
MSCI EAFE			
Price	66.97	67.99	1.02
Trailing P/E	13.90	14.38	0.48
Est P/E	13.55	13.59	0.05
Trailing 12m Earnings	4.69	4.62	(0.07)
Est Forward 12m Earnings	4.95	5.01	0.06
Implied 1yr Earnings Growth	5.53%	8.44%	2.9%
MSCI EM			
Price	43.33	42.92	(0.41)
Trailing P/E	13.01	12.64	(0.36)
Est P/E	11.33	11.12	(0.21)
Trailing 12m Earnings	3.25	3.26	0.01
Est Forward 12m Earnings	3.84	3.87	0.03
Implied 1yr Earnings Growth	18.03%	18.72%	0.7%

Source: FactSet; Data as of 9/30/2018

Third Quarter Market Summary (continued)

		2014	4Q17	1Q18	2Q18	3Q18	YTD	Annualized 1-Year	3-Year	5-Year	10-Year
Interest Rates	**Yield**										
Prime Rate	5.25	4.10	1.07	1.10	1.17	1.24	3.55	4.66	4.01	3.70	3.50
3m Treasury Bill	2.19	0.94	0.31	0.38	0.46	0.51	1.37	1.68	0.88	0.54	0.33
US LIBOR 3m	2.40	1.26	0.37	0.47	0.58	0.58	1.64	2.02	1.25	0.85	0.69
US Treasury 3m	2.88	1.57	0.45	0.56	0.64	0.68	1.90	2.36	1.59	1.31	1.11
US Treasury 10yr	3.05	2.33	0.59	0.67	0.72	0.73	2.13	2.74	2.29	2.33	2.51
US Treasury 30yr	3.20	2.89	0.70	0.74	0.76	0.76	2.28	3.00	2.84	2.98	3.35
Fixed Income	**Price**										
Citi 3-month T-bill	637.71	0.84	0.28	0.35	0.44	0.50	1.29	1.57	0.80	0.49	0.32
BC U.S. Gov't & Related 5-7	100.13	4.73	0.00	(1.36)	(0.37)	0.42	(1.31)	(1.30)	1.57	2.32	4.22
BC Municipal Bond 1-10 Year	108.17	3.49	(0.22)	(0.71)	0.81	(0.07)	0.03	(0.19)	1.39	2.15	3.44
BC TIPS	100.04	3.01	1.26	(0.79)	0.77	(0.82)	(0.84)	0.41	2.04	1.37	3.32
BC Aggregate	99.19	3.54	0.39	(1.46)	(0.16)	0.02	(1.60)	(1.22)	1.31	2.16	3.77
ML High Yield Master II	98.56	7.48	0.41	(0.91)	1.00	2.44	2.52	2.94	8.19	5.54	9.38
Citi World Gov't Bond Index	837.95	2.14	0.74	0.59	0.19	(0.56)	0.21	0.95	2.05	3.14	3.63
JPMorgan EMBI Global	780.00	9.32	0.54	(1.78)	(3.51)	1.87	(3.46)	(2.94)	5.70	4.63	7.25
Real Estate	**Price**										
MSCI US REIT	1,146.51	5.07	1.41	(8.09)	10.10	1.09	2.30	3.74	7.72	9.16	7.50
FTSE EPRA/NAREIT Europe	1,806.96	28.78	7.63	(0.81)	0.09	(1.95)	(2.65)	4.78	5.23	7.32	5.82
Commodities											
Bloomberg Commodity Index	85.20	1.70	4.71	(0.40)	0.40	(2.02)	(2.03)	2.59	(0.11)	(7.18)	(6.24)
Energy	44.11	(4.31)	8.93	1.76	10.73	4.39	17.63	28.13	0.39	(12.72)	(16.06)
Agriculturals	41.74	(11.05)	(2.01)	3.15	(8.66)	(5.45)	(10.92)	(12.71)	(7.50)	(10.03)	(4.54)
Livestock	29.39	6.36	3.31	(10.03)	5.47	2.88	(2.38)	0.85	(1.83)	(2.70)	(4.48)
Softs	31.83	(14.80)	5.17	(10.10)	(1.86)	(12.52)	(22.83)	(18.84)	(6.13)	(10.94)	(4.25)
Industrial Metals	120.47	29.35	10.72	(6.23)	0.98	(6.88)	(11.82)	(2.36)	7.87	(1.35)	(2.75)
Precious Metals	153.38	10.94	2.04	(0.53)	(4.45)	(6.00)	(10.66)	(8.83)	1.02	(4.16)	2.25
Private Equity / Hedge Funds	**Price**										
S&P Listed Private Equity Index	12.33	24.00	1.41	(1.24)	0.64	5.08	4.45	5.92	13.00	8.87	3.94
HFRI FOF Index	6,206.62	7.77	2.07	0.27	0.44	0.44	1.16	3.25	3.35	3.21	2.57
Currencies	**Price**										
ICE Dollar Index	95.13	(9.87)	(1.02)	(2.14)	4.97	0.52	3.27	2.21	(0.40)	3.47	1.82
Euro / US Dollar	1.16	13.85	1.57	2.42	(5.07)	(0.52)	(3.27)	(1.75)	1.33	(3.02)	(1.88)
Pound / US Dollar	1.30	9.48	0.83	3.70	(5.88)	(1.23)	(3.60)	(2.80)	(4.87)	(4.24)	(3.08)
US Dollar / Yen	113.59	(3.42)	0.08	(5.59)	4.15	2.55	0.83	0.91	(1.75)	2.97	0.68





Source: FactSet, Cerity Partners. Reflects 5-year tenor, broad composite and generic returns. Municipal bond yields are shown on a comparable, adjusted basis using a 35% tax rate.

Source: FactSet; Data as of 9/30/2018

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