Market Overview

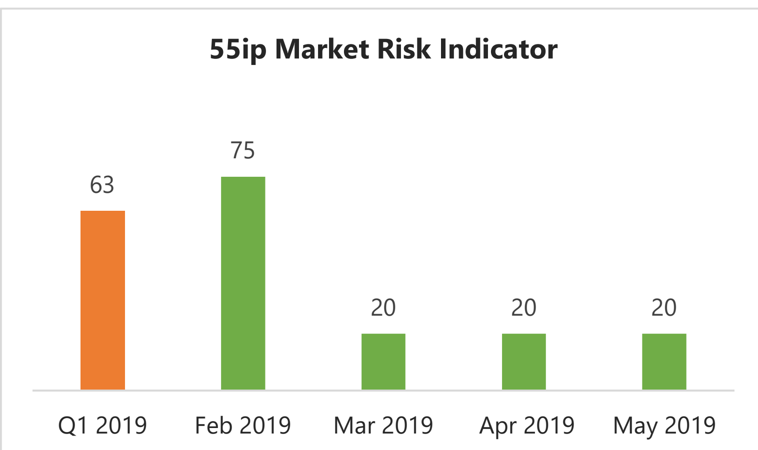
April continued the equity market's strong start to 2019 with the S&P 500 rising 3.93%, bringing YTD gains in the index to 17.51%. The first four months of 2019 marked the U.S. market's strongest start to a year in over 30 years. April started with a robust jobs report that surprised to the upside and kept the unemployment rate near a 50-year low at 3.8%. U.S. GDP also posted a positive surprise, up 3.2% vs. expectations of 2.0%. Global markets followed suit, continuing their solid march into 2019 with the MSCI EAFE Index up 2.46% in April and the MSCI EM Index up 2.0%, with both indices up double digits YTD. The employment picture has strengthened in the Eurozone as well with unemployment steadily declining since the beginning of the year.

55ip Risk Indicators

Market Risk Indicator (MRI)

55ip MRI guides allocation among global equities and a shelter basket (cash equivalents and other stable asset classes) to protect investors from extreme losses due to correlated and down markets. Based on the 55ip MRI score, exposure is dynamically adjusted to minimize the drag due to such allocation while aiming to provide protection when most needed. This becomes significantly important for investors who are averse to losses because of income or other needs.

The MRI score can range from 0 (lowest possible downside risk assessment) to 100 (highest possible downside risk assessment). (See White Paper). The MRI score is based on several indicators for **Valuations** (e.g. price to book ratio), **Macroeconomic Conditions** (e.g. manufacturing sentiment index), **Financing Indicators** (e.g. trend indicators) and **Return Stability** (e.g. multi-asset VIX).



55ip Market Risk Indicator (MRI) score remained unchanged at 20 in May 2019.

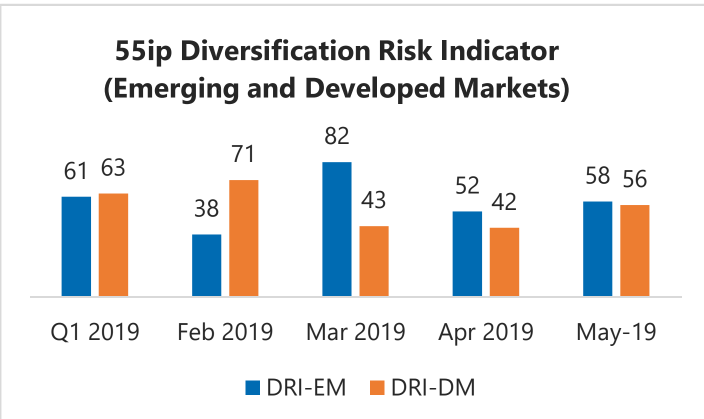
Based on this score, the shelter basket allocation remains at 10% in the Equities sleeve of the standard application of MRI. MRI contributing metrics:

- **VALUATION:** Instability in equity valuation factors were one of the few areas of concern contributing to our May MRI score.
- **MACROECONOMIC:** Macroeconomic metrics continue to be positive. Consumer Confidence improved in April and the overall economy achieved 120 months of consecutive growth. Key drivers were low unemployment and increased new orders and production.
- **FINANCING:** Financing risk metrics indicate low risk for May. Credit market conditions have been stable in April, benefiting from Fed policy and the current economic environment. Strong equity markets continue to support access to equity financing.
- **RETURNS STABILITY:** Overall return stability metrics are generally indicating a low risk environment; however, as equity markets continue to climb higher, increased demand for protection against extreme outcomes reveals an increased concern about the potential for a significant correction.

Diversification Risk Indicator (DRI)

55ip DRI guides allocation among US and non-US equities to protect from times when international exposure could lead to increased risk instead of diversification and risk reduction. This score is comprised of two regional components: DRI for Emerging Markets (DRI-EM) guides allocation between emerging market equities and US domestic markets. DRI for Developed Markets (ex-US) (DRI-DM) guides allocation between developed market equities and US domestic markets.

DRI score can range from 0 (lowest possible downside risk assessment) to 100 (highest possible downside risk assessment).



The regional risk scores, DRI for Emerging Markets (DRI-EM) went from 52 to 58 and for Developed Markets (DRI-DM) went from 42 to 56.

The DRI-EM score increased from last month, indicating more overall risk in Emerging Markets. From an asset allocation perspective, DRI-EM will retain a 29% reduction from the maximum EM equity allocation. The DRI-DM measure increased, as well, resulting in a reduction in the DM equity allocation of 28% in a standard 55ip-powered portfolio.

Compared to April, DRI-EM and DM increased slightly. Performance in non-U.S. markets has been strong on an absolute basis. However, our indicators suggest a declining risk/reward environment in these markets relative to the U.S.

55ip Risk Management Capabilities

55ip provides portfolio construction and rebalancing algorithms aimed at protecting investors from extreme losses through increased diversification and monitoring the effectiveness of diversification in protecting capital in various market conditions.

55ip believes asset class diversification is helpful, but its effectiveness is limited in certain market conditions when there is a high degree of correlation. We help advisors leverage sophisticated quantitative capabilities to address these limitations by dynamically shifting asset allocation from higher volatility assets such as equities to lower volatility assets such as short duration fixed income.

Please contact us with any questions at 617.960.9559.