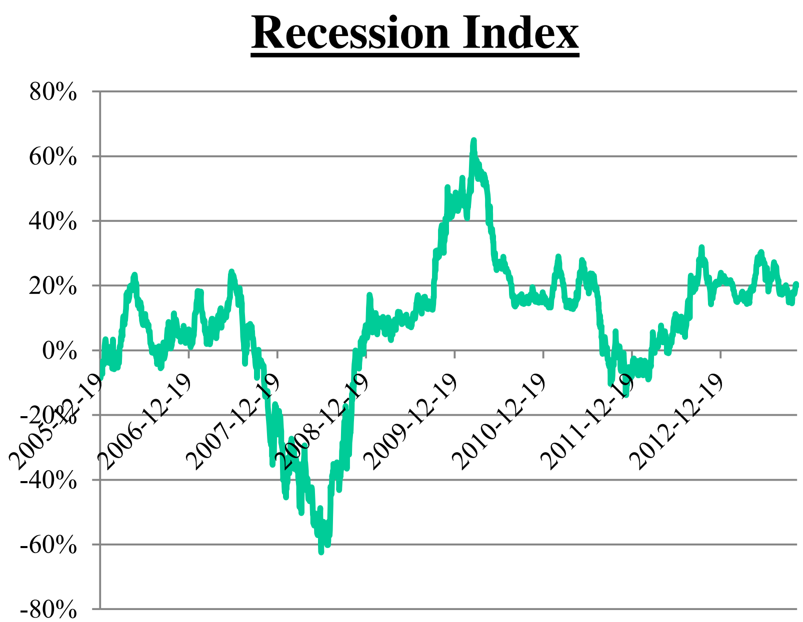
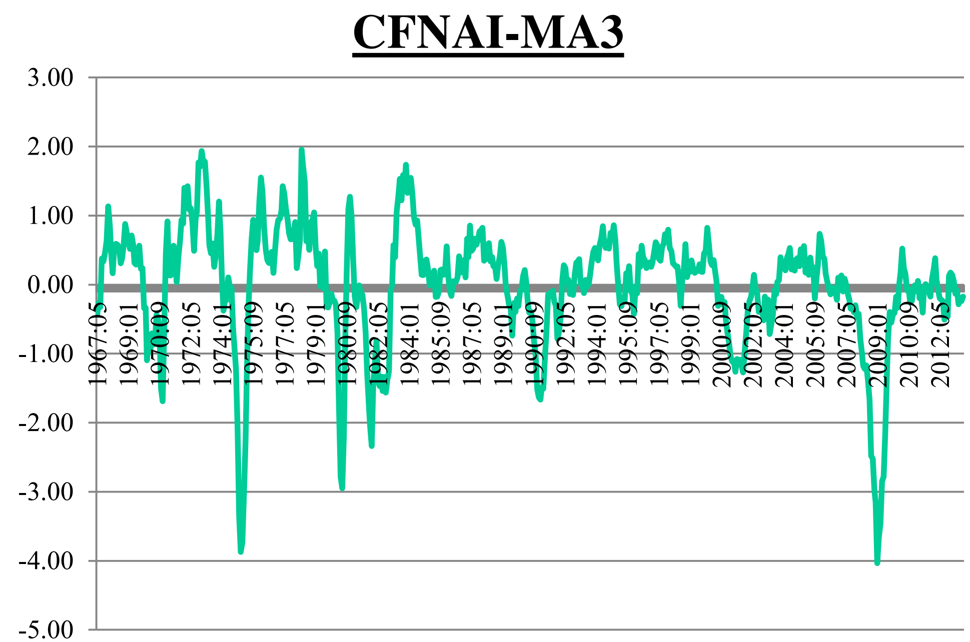
Recession Index



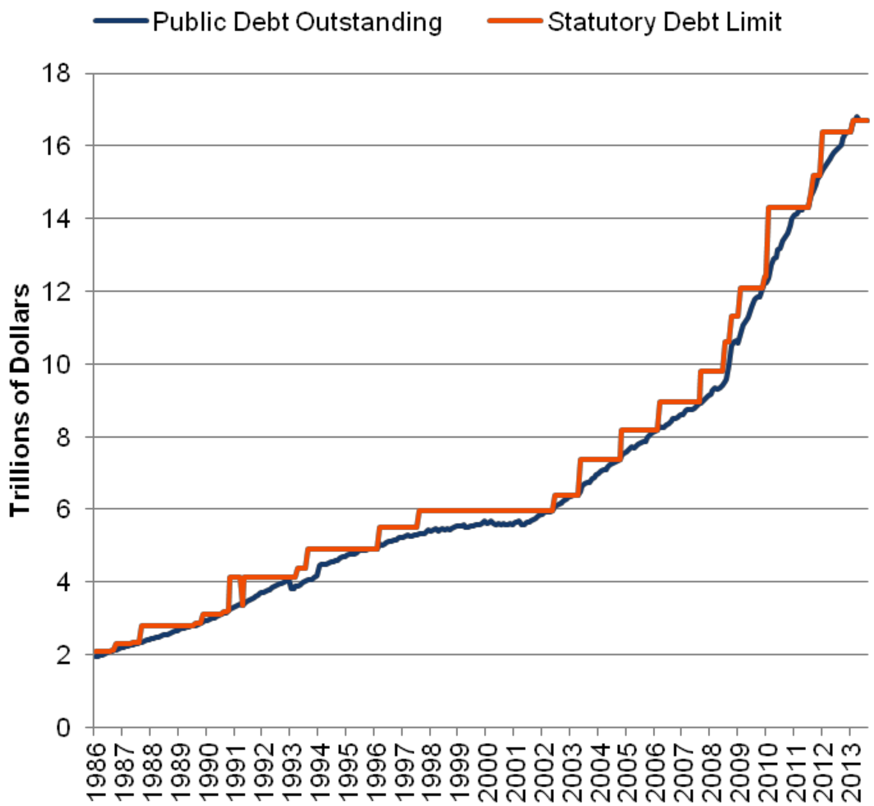


History has shown that when the Recession Index is less than zero, the CFNAI-MA3 measurement is less than -0.70 and both are trending more negatively, that the economy is relatively sensitive to macro economic shocks. However, this does NOT guarantee that a recession is at hand. As the graphs above exhibit, however, the values of these metrics were significantly negative during the last several recessions. Based on our calculations the current Recession Index value as of 11/05/2013 is +20% and the CFNAI-MA3 is -0.18. Please note, however, that past economic performance is no guarantee of future performance and diversification does not ensure a profit or guarantee against loss: it is a method used to help manage risk.

Source: St. Louis Federal Reserve Data Site (http://research.stlouisfed.org/fred2)

Market Summary

- The strong performance of developed equities pushed stock price multiples to elevated levels.
- Current valuations are not at extremes, but are vulnerable to a correction in the face of bad news.
- We anticipate further market volatility with the political games of Washington, D.C., leading headlines—the debt ceiling, fiscal-year budget and sequester.
- The resilience of the stock market suggests investors are assuming things get worked out; but as uncertainty lingers, increased volatility would not be surprising.
- The odds of a mild-to-moderate price correction in equities have increased.



Source: U.S. Department of the Treasury, SEI

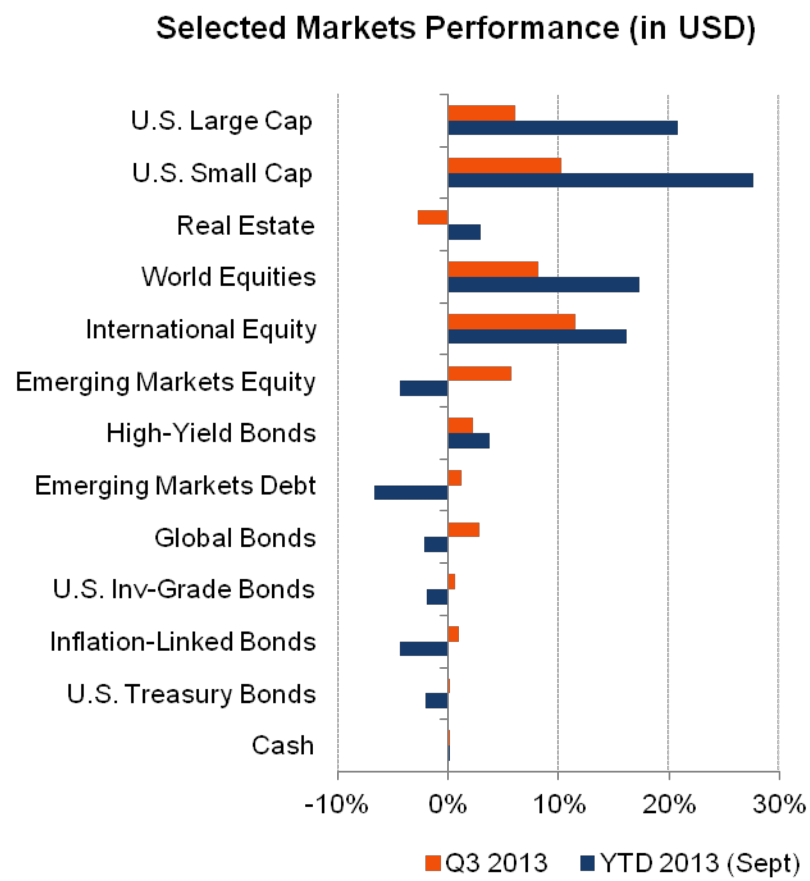
Diversification | Asset Class Returns

- Individual asset classes go in and out of favor over time. Harnessing proper diversification can enhance returns and help to cushion against volatility.
- This graphic illustrates why investors diversify and the potential damages of market timing.
- As you can see, no single asset class remained at the top for two consecutive years, and in fact often trailed the market in succeeding years.

Source: Ibbotson Associates. This material has been obtained from sources generally considered reliable. No guarantee can be made as to its accuracy. Not intended to represent the performance of any particular investment. Indices are unmanaged and one cannot invest directly in an index.

Global market review

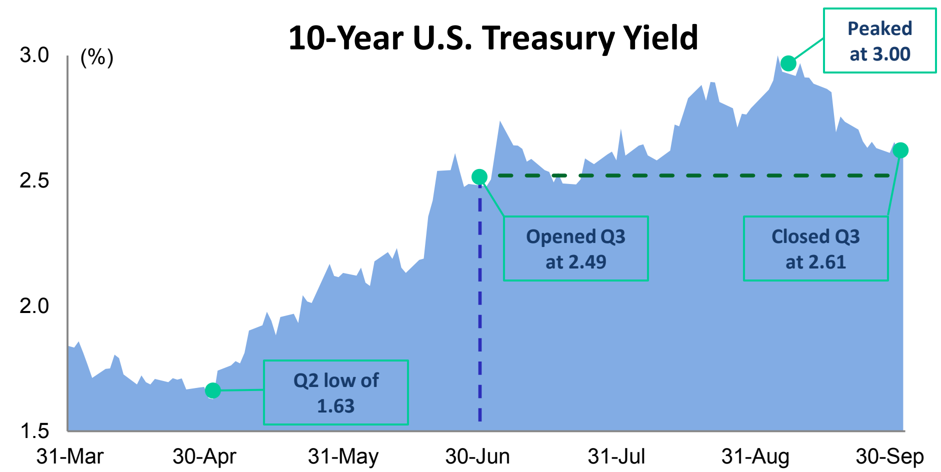
- Economic data around the world continued to show improvement.
- Equities continued to rally, outpacing modest fixed-income returns.
- Non-US equities led the rally on better economic news.
- Domestic markets encountered increased volatility as investors reacted to policy confusion in Washington.
- Inflation remained benign, but commodities rebounded.

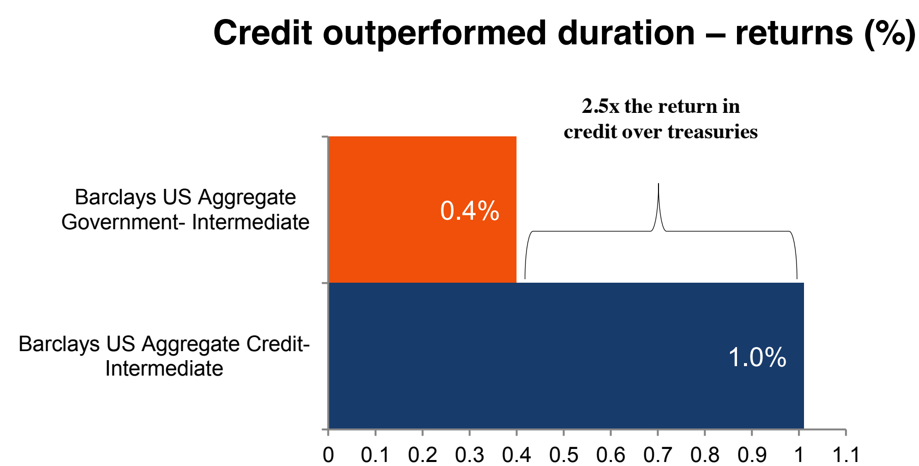


- Source: SEI,. Returns in US dollars. Large Cap = Russell 1000, Small Cap = Russell 2000, Real Estate = Wilshire RESI (Float Adjusted) Index, Developed International Equity Markets = MSCI EAFE, Emerging Markets Equity = MSCI EME, World Equities = MSCI World Index, Global Bonds = Barclay's Capital Aggregate Global Bond Index, US Investment Grade Bonds = Barclay's Capital US Aggregate, High Yield = Merrill Lynch US HY Constrained, Emerging Markets Debt = JP Morgan EMBIGD, Treasury = Barclay's Capital US Treasury Bond Index, Inflation Linked = Barclays Capital 1-10 Yrs TIPS Index, Cash = BoA ML USD LIBOR 3M. Index returns are for illustrative purposes only and do not represent actual fund performance. Index performance returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged and one cannot invest directly in an index. Past performance is no guarantee of future results.

Bonds market review: Roundtrip

- Interest rates rose early in the quarter, as economic data fed speculation of a potential Fed taper.
- Rates retreated when the Fed surprised investors by taking no action at the September meeting.
  - The 10-year U.S. Treasury yield rose from 2.49% to 3.00%, closing the quarter at 2.61%.
- After rising early on technical pressure, non-government spreads declined on firm economic fundamentals.
  - U.S. credit outperformed government bonds.
- The near-term selloff in spread sectors was overdone due to technical, not fundamental, factors, creating opportunity in non-Treasury's.
  - Credit fundamentals continue to remain strong.
- We expect interest rates to rise over time, but we anticipate rates to remain range bound near term.

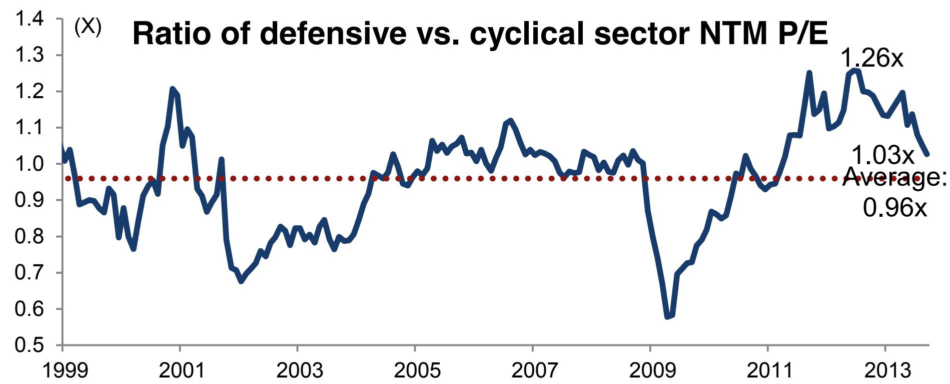


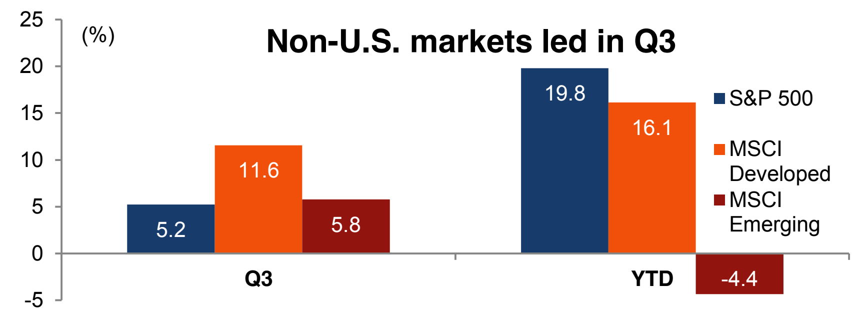


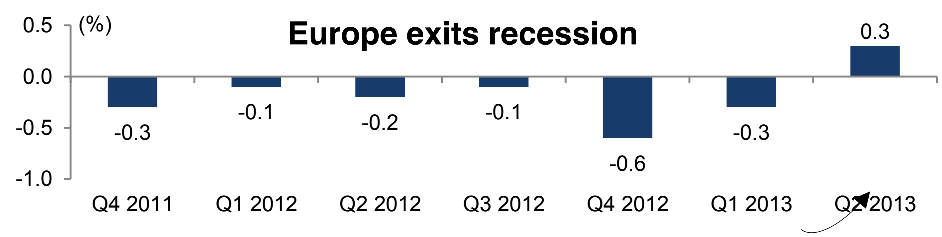
- Source (Both Charts): FactSet, SEI

Stock market review: September rally caps volatile market

- Equity markets rallied despite a pause in August over possible U.S. military intervention in Syria and speculation of Fed tapering.
- Defensives underperformed cyclicals, with utilities and telecom lagging the most.
  - Bond proxies (megacaps with high dividend yields) performed poorly; valuations were lowered, but still above historical norm.
- Developed non-U.S. equities outperformed the U.S. on signs of economic improvement.
  - Emerging-market equities rebounded in September.
  - Valuations and long-term growth prospects are looking more attractive, but cyclical slowing creates near-term challenges.
- We believe U.S. equities are fairly valued, but remain attractive as slow earnings growth can continue to support price appreciation.







- Source (All Charts): FactSet, SEI. Cyclical: Information Tech., Industrials, Energy, Consumer Discretionary, Materials.Defensive: Health Care, Consumer Staples, Utilities, Telecom. Services.
- Top Chart: Next 12-month P/E ratio for defensives/ next 12-month P/E ratio for cyclicals- Excludes financials