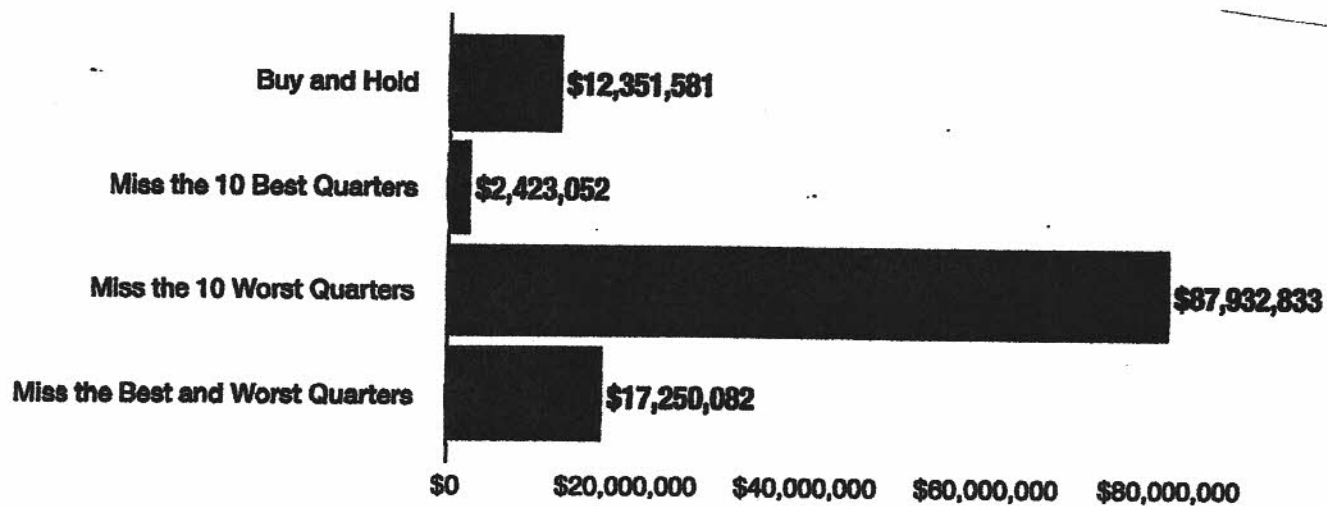


The Full Story

Figure A

Dow Jones Industrial Average 1950-2017

Hypothetical \$100,000 Invested



Source: Bloomberg, 2018. Indices are unmanaged and may not be invested in directly. Past performance is not indicative of future results.

Chart 1-A: The Dalbar Study (1/1/1987 - 12/31/2018)
 31 Years of Average Equity & Fixed Income Returns
 Fund Investors vs Indexes

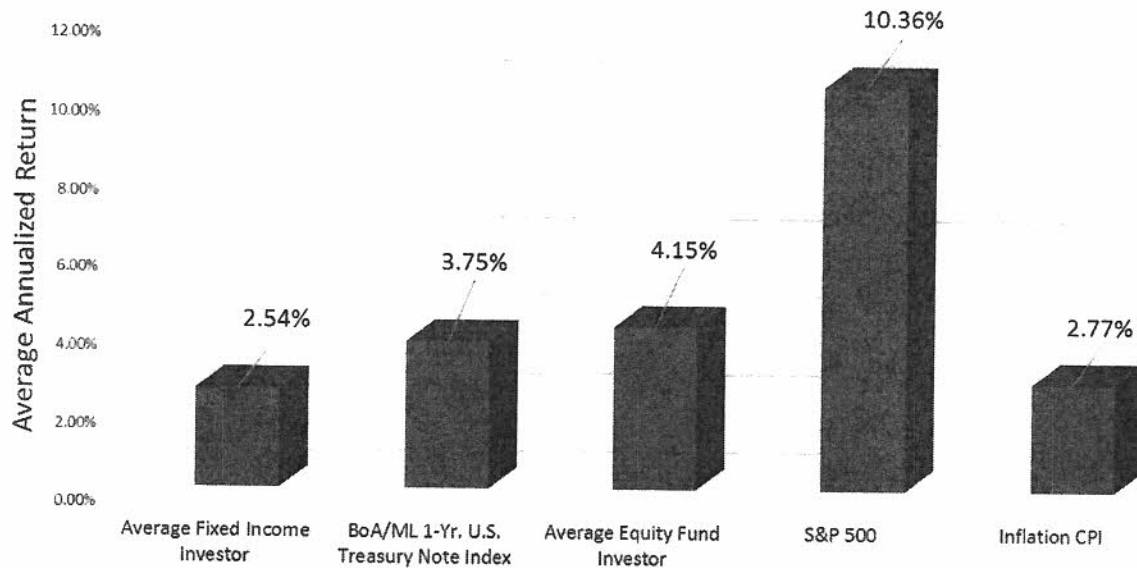


Chart 1-B: The Dalbar Study (1/1/1987 - 12/31/2018)
 31 Years of Average Equity & Fixed Income Returns
 Fund Investors vs Indexes

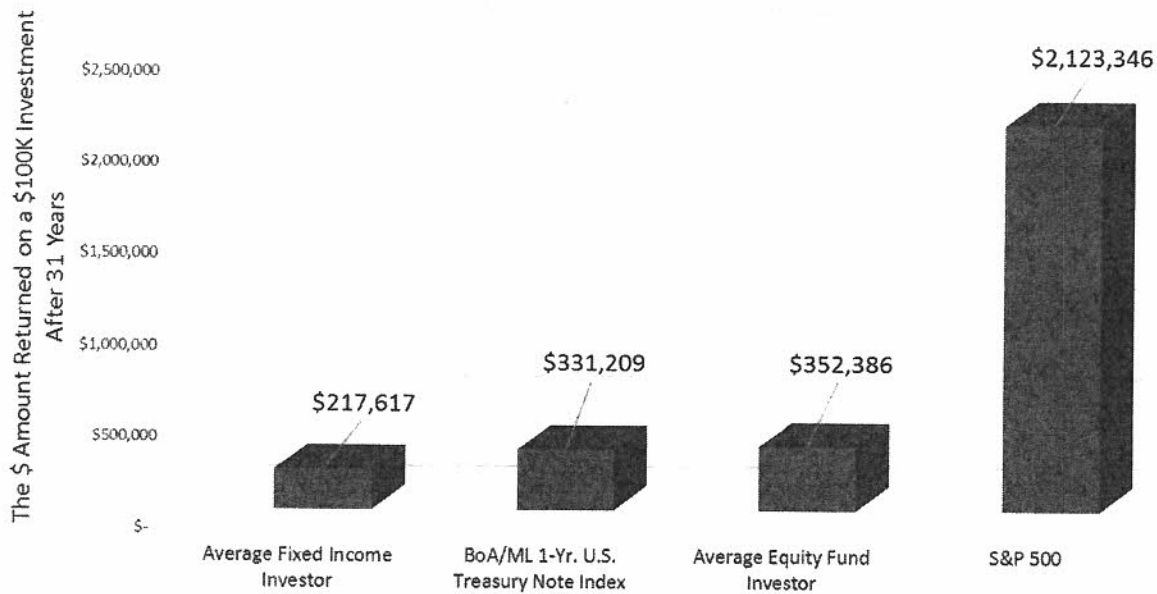


Chart-2 Moderate Pullbacks Happen Frequently

Drawdown Threshold	Historical Frequency	Typical # Per Year	Typical Recovery Time
20%	Once per market cycle	0	20 months
10%	Once per year	1	8 months
5%	Once per quarter	4	2 to 3 months
3%	Once per month	11	2 to 6 months
2%	Often	18	1 to 4 months

Source: J.P. Morgan Asset Management

Historically, the market has declined 5% an average of 4 times a year, or about once per quarter. Despite this, the market has tended to fully recover within 3 months.

Chart-3

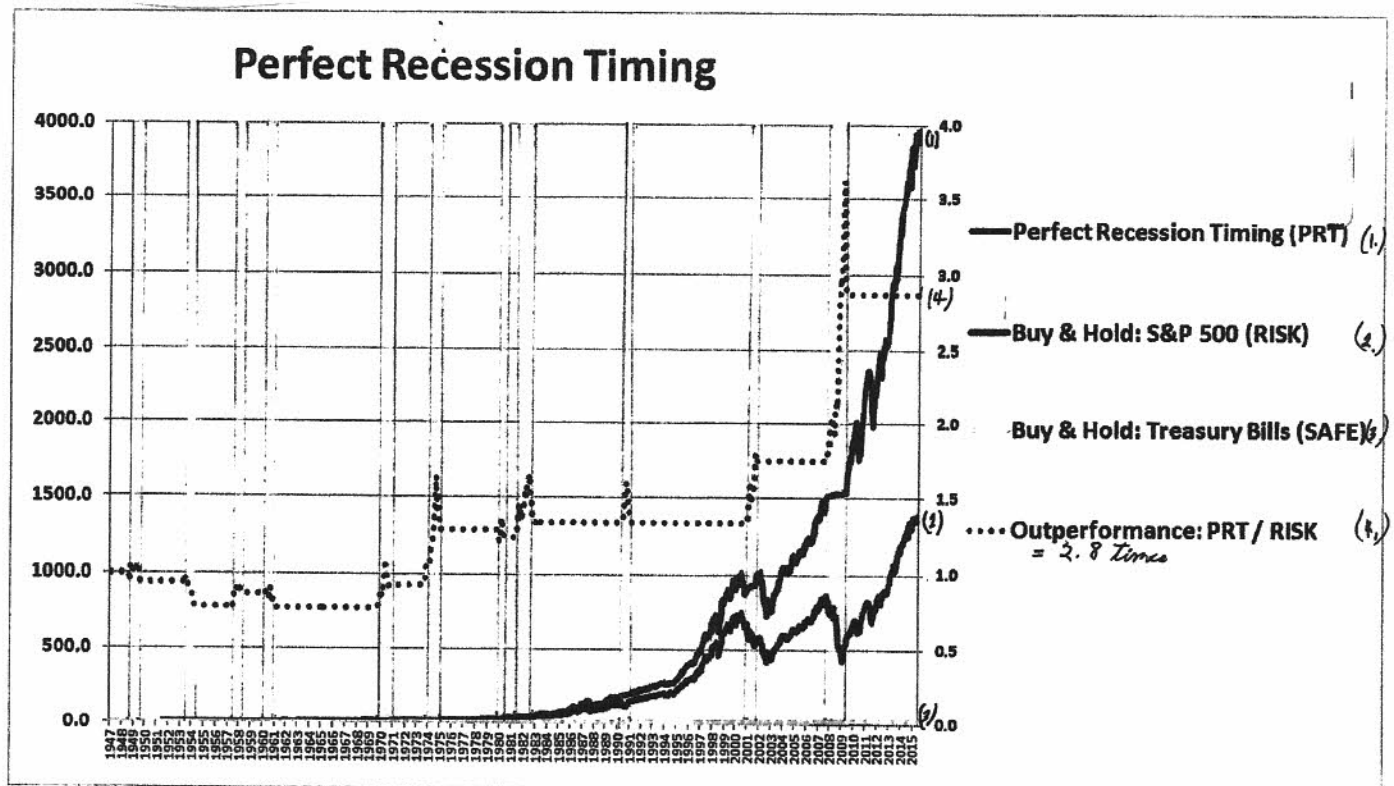
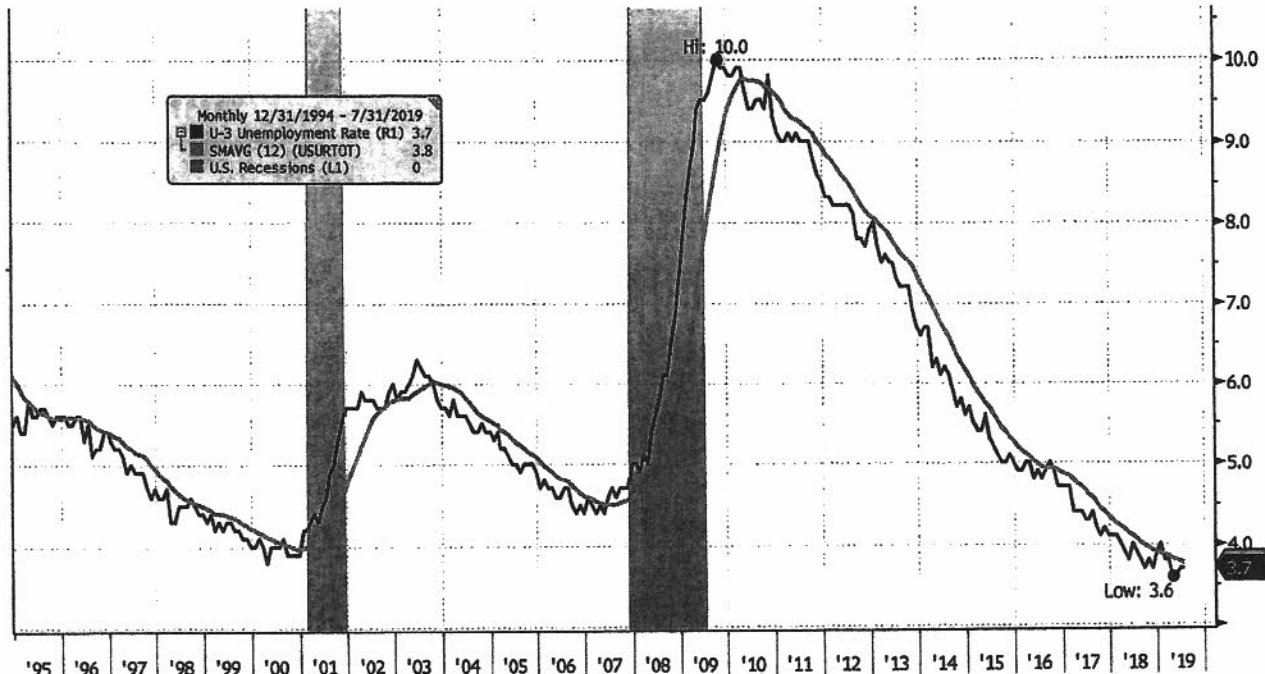


Chart-4

U.S. Unemployment Momentum

U-3 Rate and U-3 12 month Moving Average



Source: © Merk Investments, Bloomberg

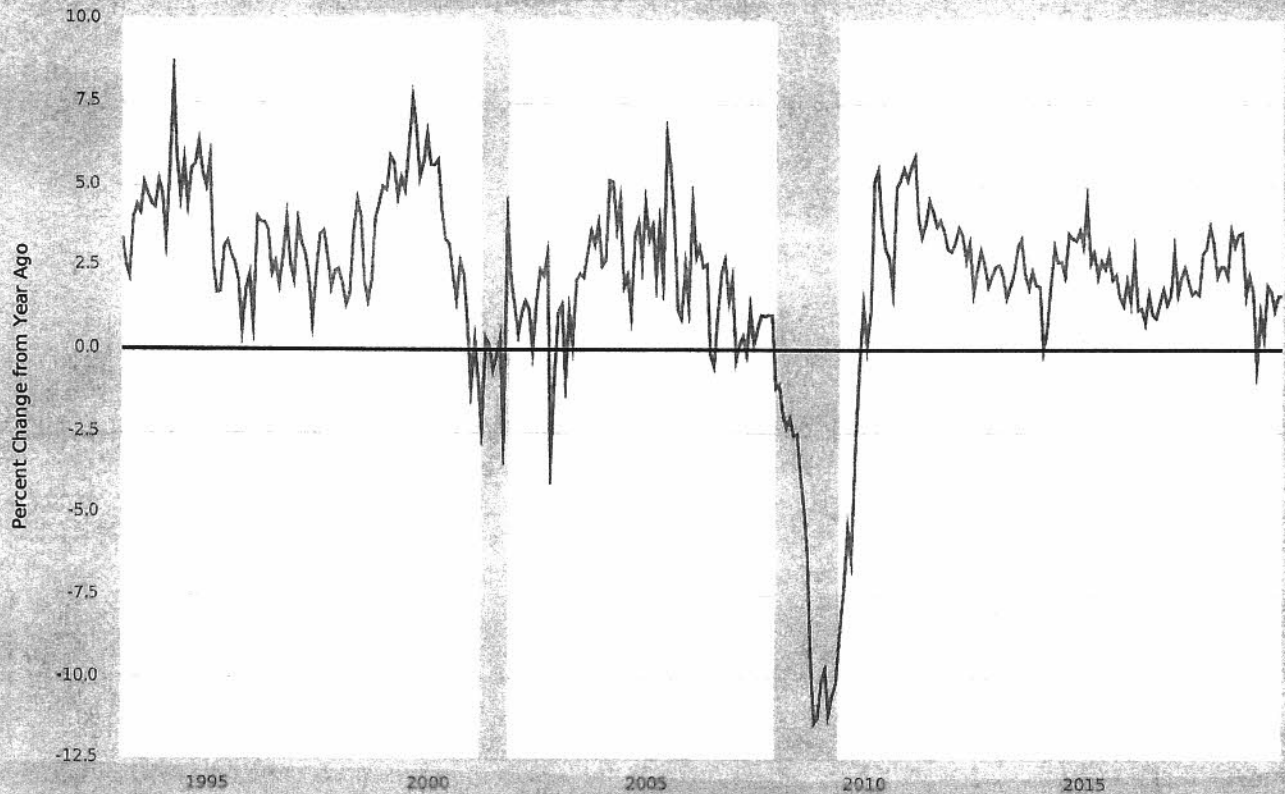
Analysis: The unemployment rate remained stable at 3.7, and is still below the 12-month moving average (labor force participation rate also ticked higher— not shown). Chart Framework: I'd get incrementally negative on the business cycle outlook if the unemployment rate moved above its 12m MA while the labor force participation rate trended lower.

Table-1 "Turning Higher"

RECESSION START	UE TURNED HIGHER	LEAD
1948.11	1948.06	5
1953.07	1953.07	0
1957.08	1957.04	4
1960.04	1960.03	1
1969.12	1969.06	6
1973.11	1973.11	0
1980.01	1979.07	6
1981.07	1981.04	3
1990.07	1990.04	3
2001.03	2001.01	2
2007.12	2007.03	8
AVERAGE		3.45

Chart-5

FRED — Advance Real Retail and Food Services Sales - Aug. 2019



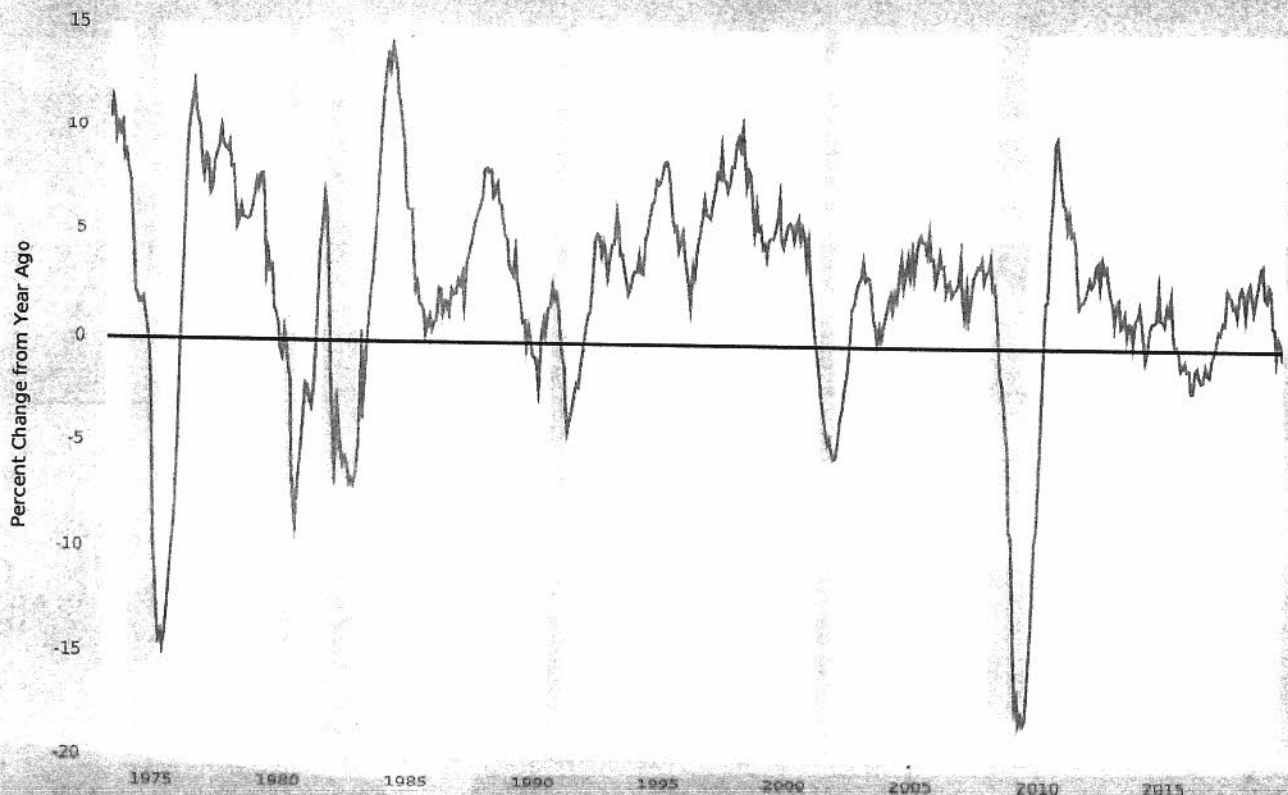
Shaded areas indicate U.S. recessions

Source: Federal Reserve Bank of St. Louis

fred.stlouisfed.org

Chart-6

FRED — Industrial Production: Manufacturing (NAICS)



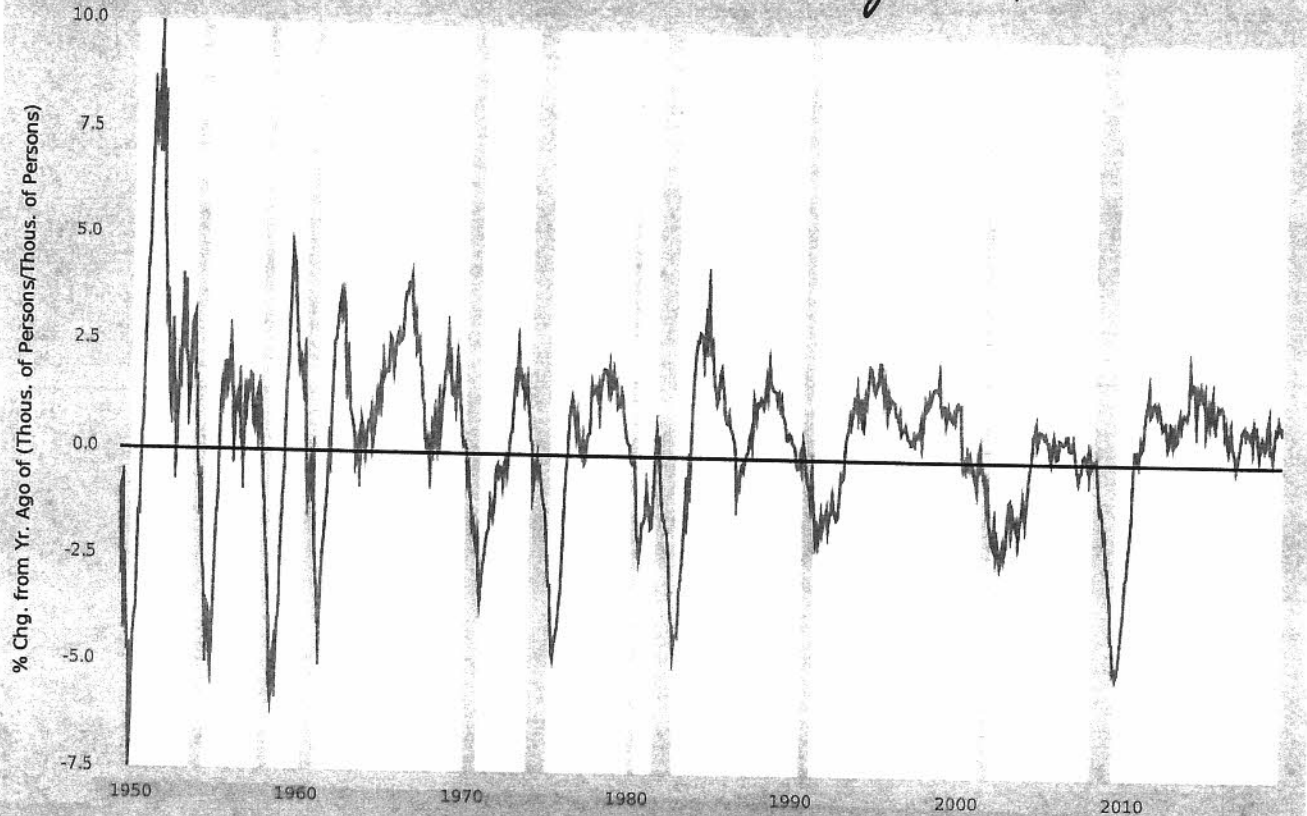
Shaded areas indicate U.S. recessions

Source: Board of Governors of the Federal Reserve System (US)

fred.stlouisfed.org

Chart-7

FRED — All Employees: Total Nonfarm Payrolls/Civilian Labor Force - August, 2019



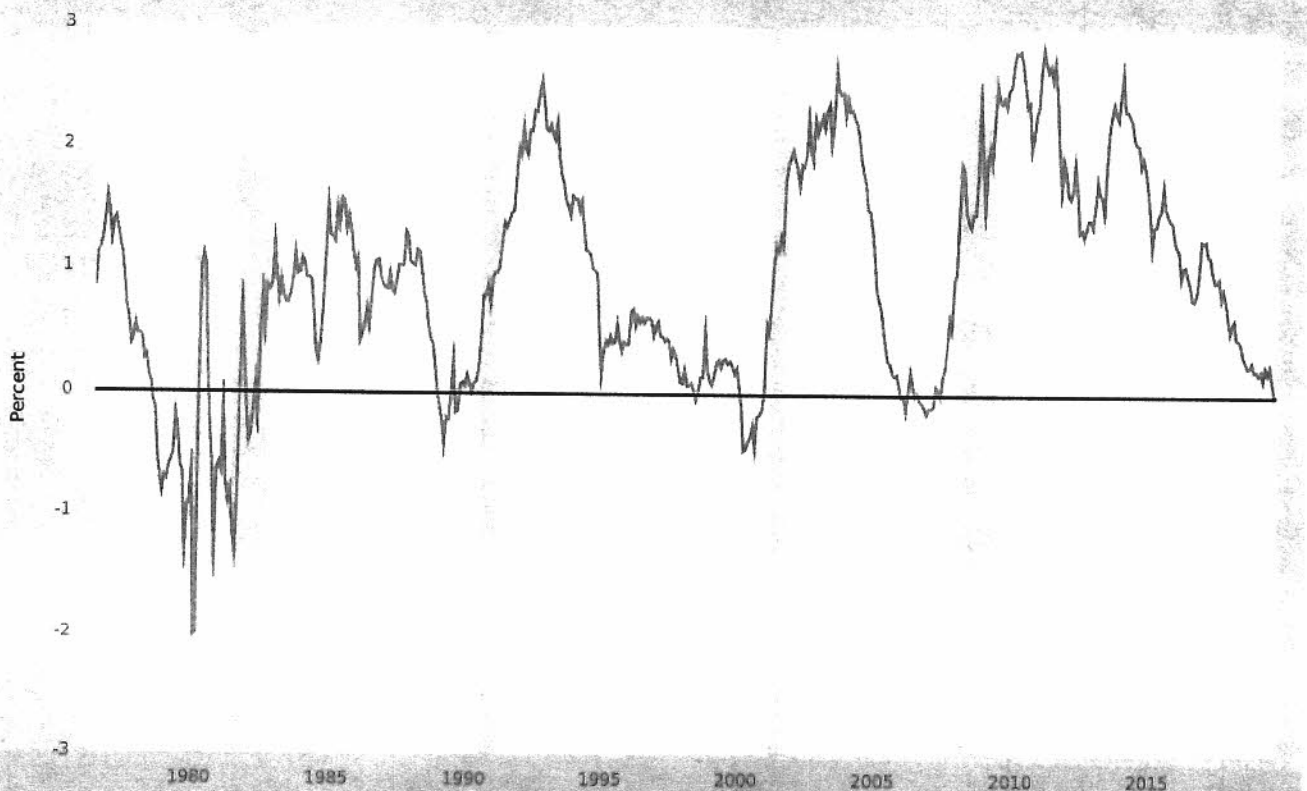
Shaded areas indicate U.S. recessions

Source: U.S. Bureau of Labor Statistics

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Chart-8

FRED — 10-Year Treasury Constant Maturity Minus 2-Year Treasury Constant Maturity



Shaded areas indicate U.S. recessions

Source: Federal Reserve Bank of St. Louis

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Chart-9

ADVISOR PERSPECTIVES

Aruoba-Diebold-Scotti Business Conditions Index 91-Day Moving Average With Recessions Highlighted

dshort.com
August 2019

Recessions — ADS Business Conditions 91-Day MA • Recession Starts - - - Current Level -0.20

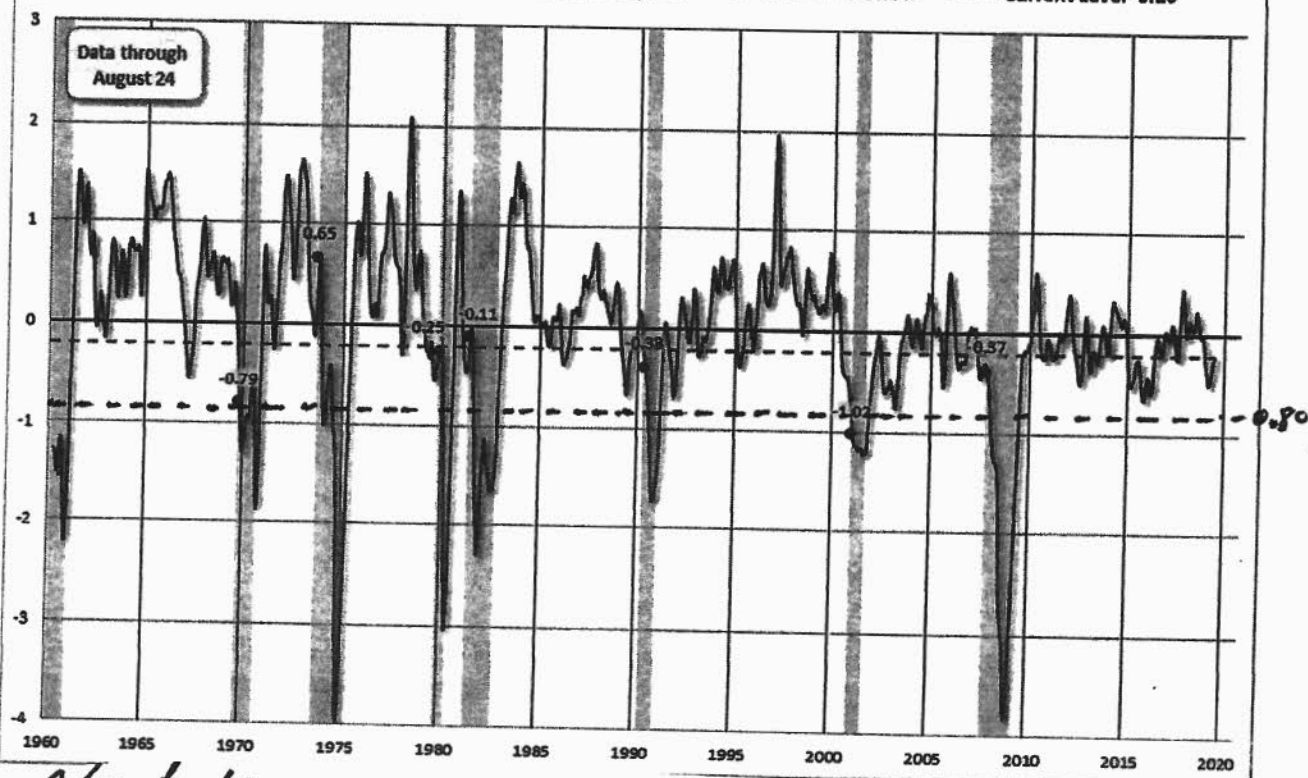


Chart-10

ADVISOR PERSPECTIVES

Chicago Fed National Activity Index

dshort.com
August 2019
Data through July

Recessions — MA3 • Recession Starts - - - Current Level

Red dots show CFNAI-MA3 at recession starts

"When the CFNAI-MA3 value moves below -0.70 following a period of economic expansion, there is an increasing likelihood that a recession has begun. Conversely, when the CFNAI-MA3 value moves above -0.70 following a period of economic contraction, there is an increasing likelihood that a recession has ended." (from the Chicago Fed Release)

