A VIEW FROM THE SUMMIT

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SGI STRATEGIES

Summit Global Investments (SGI) equity strategies focus on managing risk. This emphasis has historically allowed investors to enjoy **competitive equity performance** while taking **significantly less risk**. For example, historically, our large cap strategy exposed investors to 25-30% less risk on average than the S&P 500 Index®. The large cap strategy had particularly strong performance during the second quarter of 2018. Our small cap and global strategies also performed well during the quarter as shown in the table below.

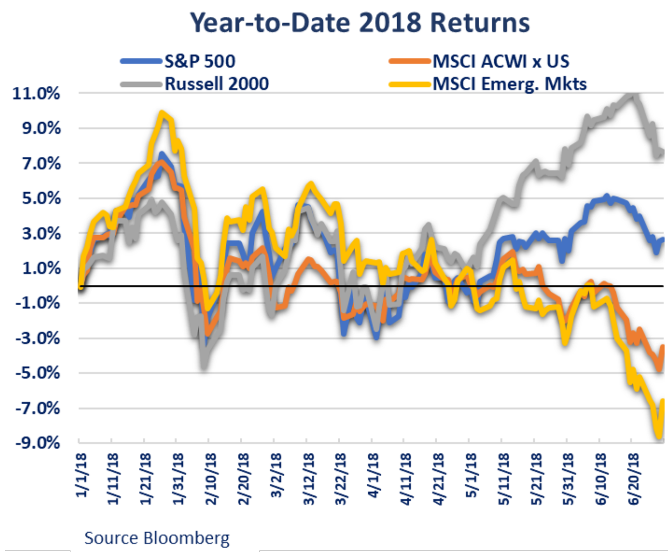
Performance	2Q18	YTD	1 Year	3 Years
SGI US Low Volatility Gross	6.05%	7.01%	18.46%	13.44%
SGI US Low Volatility Net	5.85%	6.64%	17.69%	12.65%
S&P 500 Total Return	3.43%	2.65%	14.37%	11.92%
Performance	**2Q18**	**YTD**	**1 Year**	**3 Years**
SGI US Small-Cap Low Volatility Gross	8.15%	6.81%	13.88%	15.92%
SGI US Small-Cap Low Volatility Net	7.97%	6.47%	13.16%	15.45%
Russell 2000 Total Return	7.75%	7.66%	17.57%	10.95%
Performance	**2Q18**	**YTD**	**1 Year**	**3 Years**
SGI Global Low Volatility Gross	0.54%	0.34%	9.80%	10.88%
SGI Global Low Volatility Net	0.39%	0.02%	9.13%	10.52%
MSCI ACWI (USD)	0.72%	-0.13%	11.31%	8.77%

Please see our individual strategy commentaries, available on our website, for specific details about portfolio positioning and attribution information.

MARKET COMMENTARY

Markets

During the second quarter, equity markets were mixed. Domestic markets performed well while international markets were generally weak and volatile. Emerging markets stocks (MSCI Emerging Markets Index®) were the worst performers declining 7.86% for the quarter.



Non-U.S. large cap stocks (MSCI EAFE Index®) were the second worst performing group, dropping 0.97%. U.S. large cap stocks (S&P 500 Index®) returned 3.43%, while U.S. small cap stocks (Russell 2000 Index®) were the best performers returning 7.75%. Growth stocks, as a style, significantly outperformed value stocks across all market caps.

Performance	2Q18	YTD	1 Year	3 Years
S&P 500 Total Return	3.43%	2.65%	14.37%	11.92%
Russell 2000 Total Return	7.75%	7.66%	17.57%	10.95%
MSCI EAFE (USD)	-0.97%	-2.37%	7.37%	5.41%
MSCI EAFE Small-cap (USD)	-1.38%	-1.06%	12.85%	10.48%
MSCI Emerging Markets (USD)	-7.86%	-6.51%	8.59%	5.98%
MSCI ACWI (USD)	0.72%	-0.13%	11.31%	8.77%
MSCI USA Min Vol	2.87%	1.77%	10.87%	12.09%
Barclays Aggregate (ETF: AGG)	-0.16%	-1.66%	-0.47%	1.65%
Barclays High Yield 2% Issuer Cap	1.03%	0.16%	2.62%	5.53%
Barclays Global Aggregate ex US	-4.76%	-1.31%	2.78%	3.22%
Gold (ETF: IAU)	-5.60%	-3.67%	0.41%	1.95%
Oil (ETF: USO)	14.70%	24.36%	58.69%	-8.99%
USD Trade Weighted (ETF: UUP)	5.69%	4.05%	0.97%	-0.03%

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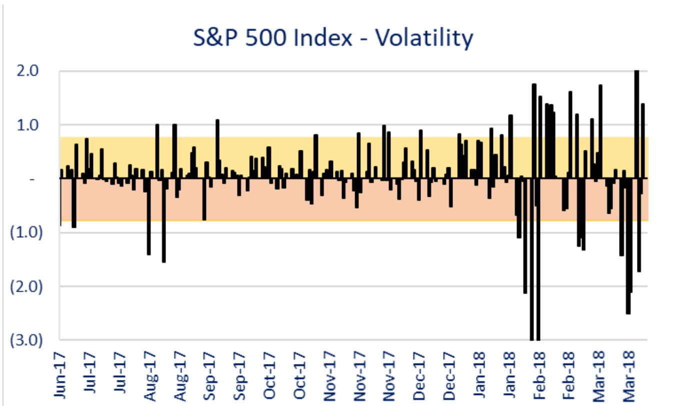
Stock market volatility (CBOE VIX Index®) remained higher than all of 2017, averaging 13.5 during the second quarter versus 11.1 during 2017. There was a clear increase in daily volatility of the S&P 500 Index® for the past year on the chart below. Wall Street analysts estimates for sales growth for the S&P 500 Index® companies are +8.3% from a year ago. Likewise, EPS and EBITDA are expected to grow double-digits from a year ago, +25.7% and +18.2% respectively.



The U.S. Dollar increased 5.0% relative to a trade weighted basket of currencies. These currency movements further contributed to the outperformance of U.S. stock markets in U.S. Dollar terms. Oil prices, defined by the WTI Cushing Crude Oil Index, dramatically rose +14.1% during the quarter closing at $74.15 versus $64.94 last quarter.

During June of 2018, the bull market reached the nine-year longevity mark making it the second longest bull market in history without a 20% correction.

Economy

The U.S. economy continued to grow modestly at a Real GDP growth rate of 2.0% in the first quarter, slightly down from 2.9% growth in the fourth quarter of 2017. The Atlanta Fed GDP Now Forecast Index for the United States, which estimates six-month forward economic growth, forecasts 3.8% annualized growth for the second half of 2018. Inflation expectations, measured by the 10-Year Breakeven Inflation Rate, rose slightly from 2.06% to 2.13% during the second quarter. New housing starts increased slightly to 1.35 million during the quarter and remained strong at more than double the rate of the recession lows in 2009. As of May, total vehicle sales were an annualized rate of 17.3 million units but remain down from a peak of 18.9 million units in September of 2017.

Retail sales and industrial production increased 3.1% and 3.4%, respectively, from a year ago. Total construction spending increased 7.6% year-over-year. Finally, the unemployment rate dropped to 3.8% from 4.3% in May of 2017. Overall, economic conditions were modest and steady. We do not see significant signs of a recession in the near term.

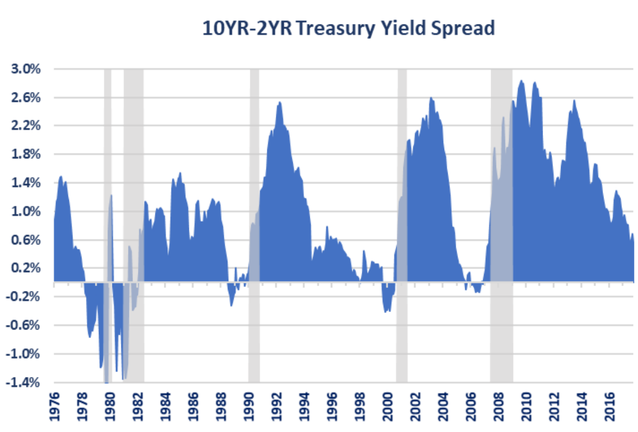
Trade Wars

Tax cuts are stimulative while tariffs and trade wars are counterproductive. The Trump administration began threating tariffs on all nations that are running significant surpluses with the U.S. In response China, EU, and Canada have all threatened retaliatory tariffs. The strong US dollar and the increasingly hostile trade rhetoric has clearly affected the equity markets, especially non-US markets. The MSCI Emerging Markets Index is down 18% from its peak in January, while both China and Brazil are already in bear markets, declining 22% and 32% respectively from their peaks. By comparison the S&P 500 Index is down only 5% from its January peak. Higher tariffs would mean an increase in import costs for U.S. consumers and business, but for China the consequences would be more severe including job losses, factory closures, and slower growth.

The President's politically motivated rhetoric in an interim election year and his Twitter negotiating style do not give us encouragement that global market volatility will revert anytime soon. We do hope rhetoric doesn't turn into policy because all nations should have learned the lessons of the Great Depression when the Smoot-Hawley tariffs resulted in a global trade war with significant negative consequences for all economies. Additionally, economies are much more intertwined than they were 85 years ago. Therefore, a slowdown in global trade may actually harm all economies faster and more unpredictably.

Interest Rates

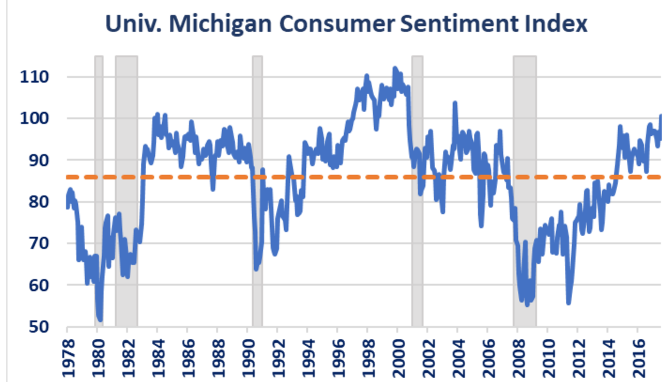
In June, the Federal Reserve bank increased the Fed Funds rate by another 0.25% to an upper-bound target of 2.00%. This is the seventh such increase since December 2015. Fed Chairman Powell already announced two more rate increases during the second half of 2018. However, the futures market is pricing in the implied probability of another two rate increases by the end of the year as 42%. The futures market is clearly expecting one rate hike but remains somewhat skeptical of two increases in the Fed Funds rate during the remainder of 2018. In addition to rate increases, the Federal Reserve will accelerate its balance reduction. The original $10 billion per month Fed balance sheet reduction has grown to $30 billion per month and beginning in July the Fed will accelerate to $50 billion per month. Increases in the Fed balance sheet came to be known as "quantitative easing". Reductions in the Fed balance sheet should be known as "quantitative tightening". Fed funds rate increases along with quantitative tightening at a rate of $50 billion per month or $600 billion per year will provide a double dose of restrictive monetary policy for the remainder of 2018.



Source Bloomberg; Federal Reserve Bank of St. Louis

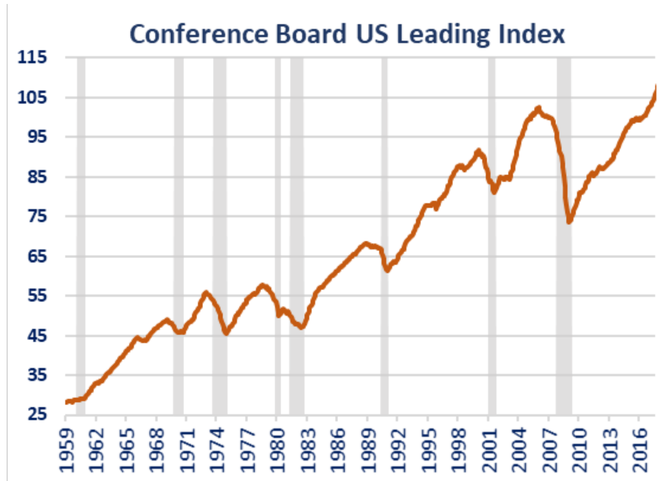
Historically, an inverted yield curve, measured by the difference between the 10-Year Treasury yield and the 2-Year Treasury yield, has been an excellent indicator of oncoming recessions. During the second quarter, the yield curve continued to flatten, with the spread down to 0.32%. If this spread inverts (goes below zero) it will clearly be a negative signal for economic growth.

Sentiment



Source Bloomberg; Federal Reserve Bank of St. Louis

Global sentiment decreased slightly as economic growth remained modest in the U.S., but slowed in some developed and emerging markets. In the U.S., the University of Michigan Consumer Sentiment Index decreased slightly from a quarter ago but remains near its highest level in 17 years at 98.2.

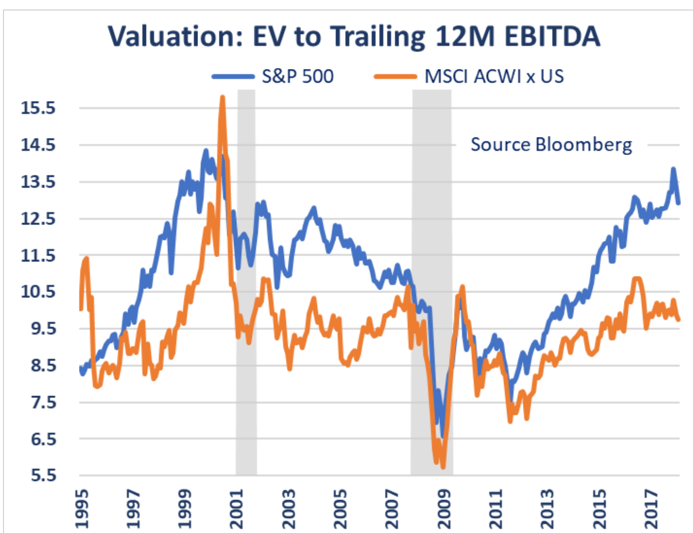


Source Bloomberg; NBER

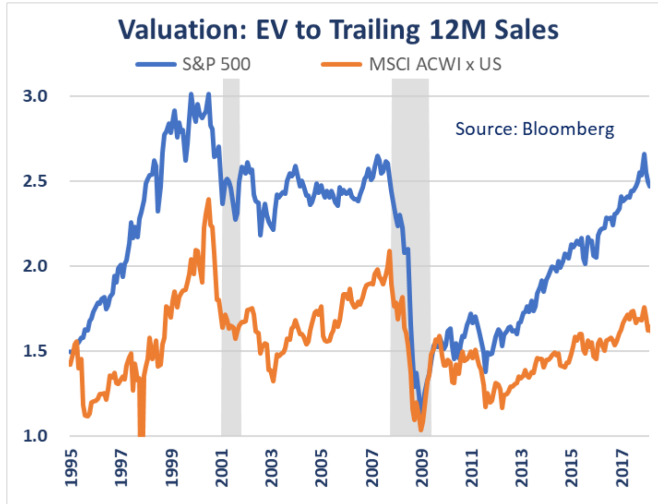
Consumers are clearly feeling good with total persons employed reaching an all-time high of 155.5 million, household and nonprofit net worth hitting a new high of $100.8 trillion, and the lowest household debt service ratio, 10.3%, in the past 30 years. Finally, the Conference Board of Ten Leading Economic Indicators rose to 109.5, up 6.1% from a year ago, confirming that the economy continues to grow modestly.

Valuations

During the second quarter, most global valuation signals remained elevated. Year-over-year earnings growth is expected to be +16.1% for non-U.S. markets and +23.7% in the U.S for this quarter. Strong earnings often support higher valuation multiples; however, risk of a market selloff has clearly increased. Historically, our low volatility, risk managed investment strategies have performed well during market downturns and periods of high volatility.



Both U.S. and non-U.S. valuations are at or near their 10-year peaks. The spread between them has been rising, with the U.S. approximately 30-40% more expensive than international markets. Although, notably, the U.S. stock market seems to always trade at a premium to international stocks.

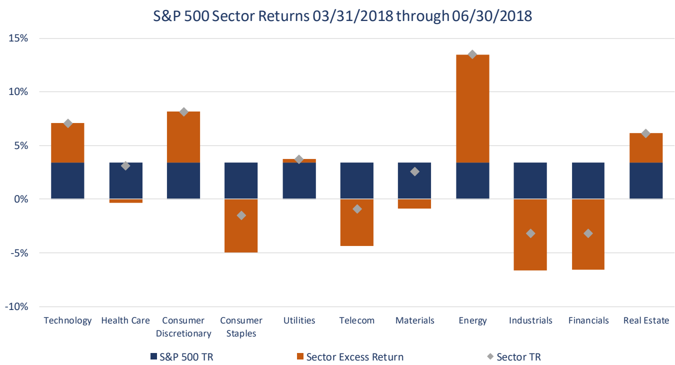


Lastly, while the markets are somewhat expensive, there usually exist attractively valued individual companies in which to invest. Summit Global Investments seeks attractively valued low volatility companies as part of our investment discipline.

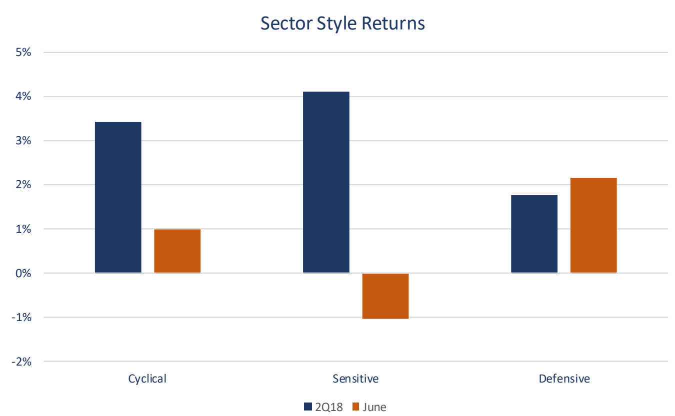
Sector and Factor Performance

The 2nd quarter was a continuation of the trend that has been in play for multiple years. Technology continued to outperform due to a preference for high growth with momentum stocks. June was a different story altogether as volatility spiked, technology stocks underperformed, and defensive sectors outperformed.

A major highlight throughout the quarter was the spike in oil. This led directly to extreme outperformance of energy stocks in the 2nd quarter. This outperformance was most pronounced in smaller-cap energy names, but it also existed internationally and through U.S. large-cap energy stocks as well.



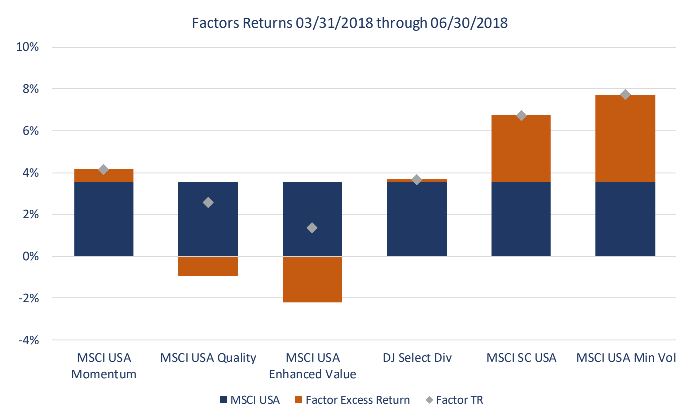
Defensive sectors (consumer staples, health care, and utilities) outperformed during June as volatility and fear increased. While not classified as defensive, real estate also outperformed in June due to the same reasons. The yield curve began to flatten signaling potential red flags in the economy. The drop of interest rates directly benefited interest rate sectors such as utilities, real estate, and higher yielding stocks. This also led a flight to lower volatility sectors such as consumer staples and health care, and a drop in higher momentum stocks that are arguably overvalued.



Financials and industrials were the laggards in June and during the 2nd quarter. Financials struggled as a flatter yield curve puts pressure on their balance sheet. This is due to them lending at longer term interest rates, for example mortgages, while paying out interest on short term deposits. Industrials, which are more cyclical in nature, declined due to trade concerns, higher commodity prices, and economic concerns.

The small-cap factor had a strong bounce during the quarter as well. This was sorely needed as small-caps had underperformed large-caps over the last few years. Small-caps are more insulated from the ripple effects of a potential trade war. Momentum outperformed over the quarter despite its underperformance during June. Value continued its secular underperformance. The yield factor bounced back strongly in June, but still ended flat due to a poor showing early in the quarter.

The flight to defensiveness in June caused the generic low volatility factor to outperform. The SGI strategies directly benefited from this rotation, however, SGI also had strong outperformance early in the quarter when defensive assets were not in favor. Active management through multiple quantitative techniques, alpha identification, and fundamental downside protection allows SGI to potentially outperform in all market environments while continuing to provide strong risk management.



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SGI's Outlook

Our expectations:

- Geopolitical events will likely cause volatility to remain elevated throughout 2018.
- Low volatility strategies generally outperform when volatility spikes up.
- U.S. economic growth will remain modest as the probability of a recession remains low.
- The Federal Reserve will continue raising interest rates in 0.25% increments at least once, but possibly twice during the remainder of 2018.
- Globally central bank balance sheets in aggregate will start to decline as debt matures creating a headwind for global growth.
- Valuations will remain elevated as measured by nearly every valuation metric.
- Unemployment rate will remain at generational lows.
- Equities will remain uncertain until the resolution on trade policy and further clarity on global monetary policy.

We continue to adhere to our disciplined, managed-risk, multi-factor investment process. Over a full market cycle, this approach has historically limited downside risks and allowed for participation in market rallies. After over nine years of an equity bull market, we believe it is time for investors to be proactively prudent by lowering equity market risk using our risk managed approach. We're grateful for the opportunity to help steward your investments.

Sincerely,

Summit Global Investments