A VIEW FROM THE SUMMIT

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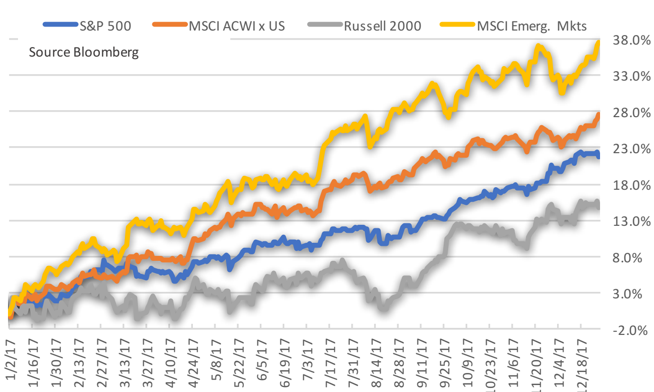
MARKET COMMENTARY

Markets

2017 was an outstanding year for equity markets combining high returns with historically low volatility. Emerging markets stocks (MSCI Emerging Markets Index®) performed the best with total returns of 37.75% for the year. Non-U.S. large cap stocks (MSCI EAFE Index®) returned 25.62%, outperforming U.S. developed market stocks (S&P 500 Index®) returning 21.83%. U.S. small cap stocks (Russell 2000 Index®) were the worst performing group, but still exhibited a positive return of 14.65%. Growth stocks, as a style, significantly outperformed value stocks.

2017 Returns



The risk-reward metrics (returns divided by volatility) for the 2017 equity markets were one of the best on record. Double-digit earnings growth, 5.3% sales growth, combined with historically low interest rates and volatility, drove the stellar performance. Wall Street estimates for sales growth for the S&P 500 Index® in 2018 are +7.7% while EPS and EBITDA are expected to grow double-digits.

The U.S. Dollar continued to decline relative to a trade weighted basket of currencies. These currency movements further contributed to the outperformance of non-U.S. stock markets in U.S. Dollar terms. Oil price, defined as the WTI Cushing Crude Oil Index, rebounded 15.67% during the quarter recovering to $60.42. This helped energy related stocks to perform well recently but still underperform for the year.

Performance	4Q2017	2017	3 Years	5 Years
S&P 500 Total Return	6.64%	21.83%	21.83%	11.40%
Russell 2000 Total Return	3.34%	14.65%	14.65%	9.95%
MSCI EAFE (USD)	4.27%	25.62%	25.62%	8.29%
MSCI EAFE Small-cap (USD)	6.08%	33.50%	33.50%	14.59%
MSCI Emerging Markets (USD)	7.50%	37.75%	37.75%	9.49%
MSCI ACWI (USD)	5.84%	24.62%	24.62%	9.88%
MSCI USA Min Vol	5.34%	19.18%	19.18%	11.68%
Barclays Aggregate (ETF: AGG)	0.36%	3.53%	3.53%	2.18%
Barclays High Yield 2% Issuer Cap	0.47%	7.50%	7.50%	6.36%
Barclays Global Aggregate ex US	1.63%	10.51%	10.51%	1.77%
Gold (ETF: IAU)	0.98%	11.58%	11.58%	2.36%
Oil (ETF: USO)	15.67%	3.19%	3.19%	-15.67%
USD Trade Weighted (ETF: UUP)	-0.62%	-9.13%	-9.13%	0.06%

The S&P 500 Index® and the Dow Jones Industrial Average both achieved their ninth quarterly increase in a row, which has not been seen since the fourth quarter of 2006. Another major U.S. index, the NASDAQ Composite, returned 6.57% in the quarter, reaching a new all-time high. U.S. stocks finished the year with positive returns in every single month of the year for the first time in history.

Economy

The economy accelerated from 3.1% growth in the second quarter to 3.2% during the third quarter. However, the Federal Reserve Leading Index for the United States, which estimates six-month forward economic growth, forecasts 2.8% annualized growth.

Inflation expectations, measured by the 10-Year Breakeven Inflation Rate, rose slightly from 1.84% to 1.96% during the fourth quarter. New housing starts rose slightly to 1.297 million during the quarter and remained at double the rate of the recession lows in 2009. As of November, total vehicle sales were an annualized rate of 17.9 million units but are down from a peak of 18.9 million units in September of 2017.

Retail sales and industrial production increased 5.2% and 3.4%, respectively, from a year ago. Total construction spending increased 2.4% year-over-year. Finally, the unemployment rate dropped to 4.1% from 4.6% in November of 2016. Overall, economic conditions were modest with some slight acceleration. We do not see signs of a recession in the near term.

Tax Reform

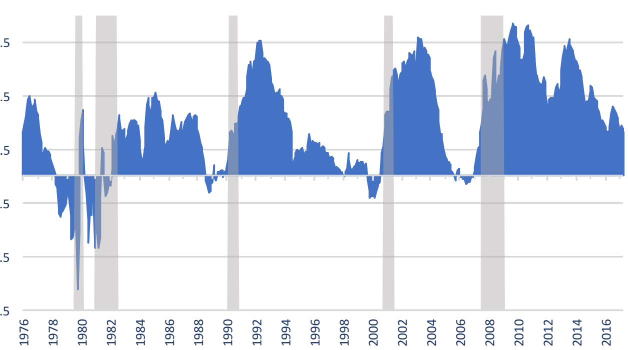
On December 22nd, President Trump signed the $1.5 trillion Tax Cuts and Jobs Act. The law marked the most significant revisions of the tax code in many decades. The independent non-profit Tax Foundation estimates the plan will lower marginal tax rates for businesses and individuals. GDP is expected to increase 1.7% over the long term, wages are expected to increase 1.5%, and an additional 340,000 jobs will likely be created. The major provisions of the act:

- Lowers individual tax rates on six of the seven brackets including reducing the top marginal rate to 37.0% from 39.6%.
- Lowers the corporate income tax rate to 21% from 35% starting in 2018.
- Allows repatriation of cash from foreign earnings.
- Increases the standard deduction for all filers.
- Limits the mortgage interest deduction to the first $750,000 in principal value.
- Effectively repeals the individual mandate penalty of the Affordable Care Act (Obamacare).
- Raises the alternative minimum tax exemption phase-out threshold.
- Caps the deduction for state and local taxes paid to $10,000.

Interest Rates

In December, the Federal Reserve increased the Fed Funds Rate by 0.25% for the fifth time since

10YR-2YR Treasury Constant Maturity Spread



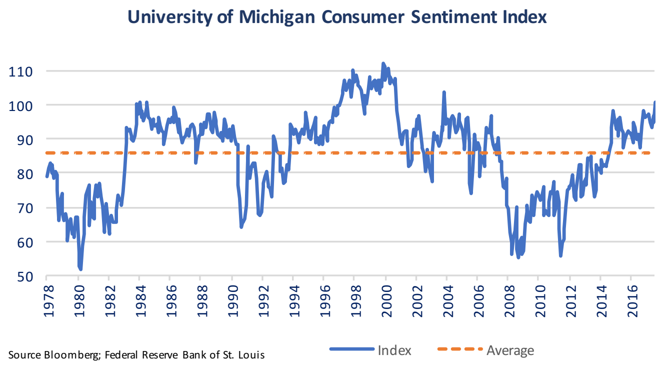
Source Bloomberg; Federal Reserve Bank of St. Louis

December 2015. At the end of the fourth quarter, the futures markets implied the probability of another 0.25% rate increase to be 81% by year end 2018 with expectations of more than one rate hike. The tax cuts should boost economic growth enough for the Fed to have confidence to keep hiking interest rates.

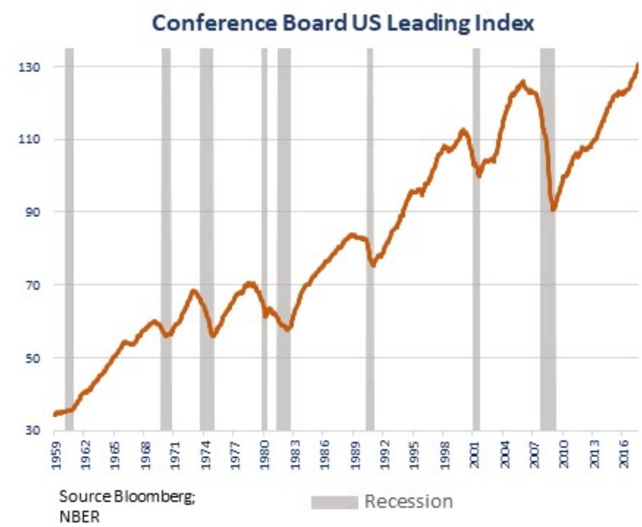
Historically, an inverted yield curve, measured by the difference between the 10-Year Treasury yield and the 2-Year Treasury yield, has been an excellent indicator of oncoming recessions. During the fourth quarter, the yield curve continued to flatten, with the spread down to 0.56%. However, it’s still a quite a long way from falling below zero, or inverting.

Sentiment

Sentiment increased globally as economic growth picked up in both developed and emerging markets. In the U.S., the University of Michigan Consumer Sentiment Index increased slightly from a quarter ago and remains close to its highest level in 12 years at 95.9. Consumers are clearly feeling good with low unemployment, a new high of $99.7 trillion



household net worth, and the lowest household debt service ratio, 10.0%, since 1980. Finally, the Conference Board of Ten Leading Economic

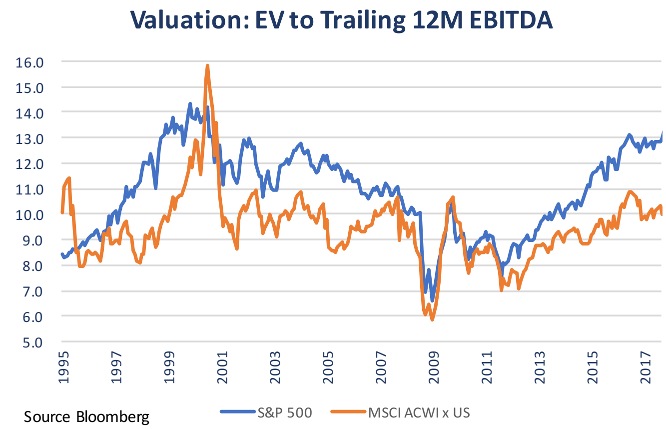


Indicators rose to 130.9 which confirms that the economy continues to grow modestly.

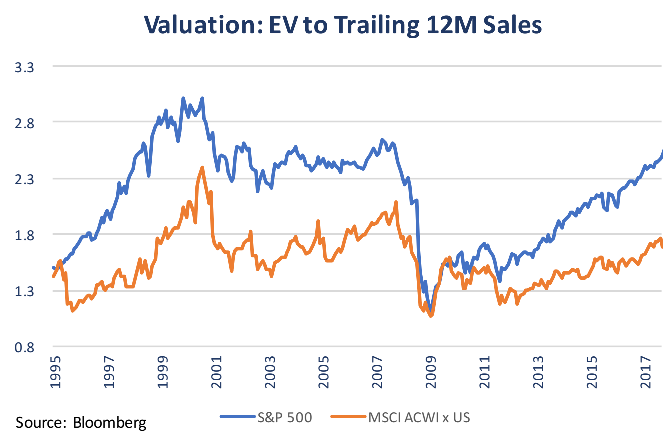
Valuations

During the fourth quarter, most global valuation signals continued higher. Robust earnings growth is expected across global equity markets. Strong earnings often support higher valuation multiples; however, risk of a market selloff is clearly increased. Historically, our low volatility, risk managed investment strategies have performed well during market downturns.

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.

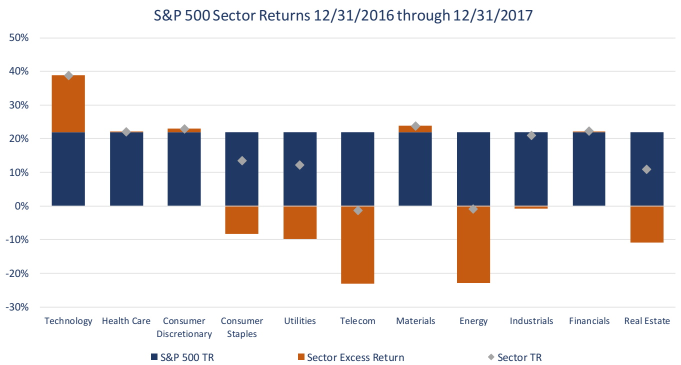


Lastly, while the markets are somewhat expensive, there usually exists attractively valued individual companies in which to invest. Summit Global Investments seeks attractively valued low volatility companies as part of our investment discipline.

Sectors

The year ended with extreme sector dispersion across U.S. large-caps, small-caps, and global stocks. In U.S. large-cap stocks, for December, the energy and telecommunications sectors had the strongest gains with a return of roughly 5%, but both lost about 1% over 2017. Those same sectors, energy and telecommunications, experienced the highest daily volatility throughout 2017, nearly doubling the S&P 500 volatility with volatility readings of 13.24% and

15.50% respectively. Materials, industrials, and financials posted returns in-line with the S&P 500® Index for 2017. The big winner was the technology sector which rode the growth and momentum wave to an outstanding 38.83% return for the year. Volatility was slightly elevated in technology, but the sector still easily produced the strongest risk adjusted returns.

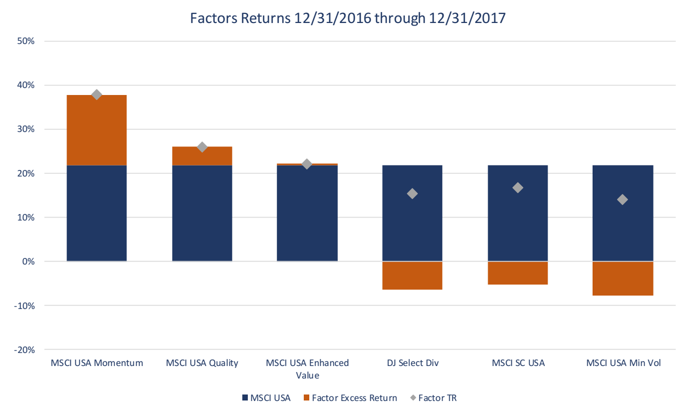


Interestingly, U.S. small-cap sector performance barely resembled their large-cap counterparts. For December, small-cap telecommunications were down 5.27%, while large cap telecommunications were among the strongest performers gaining 5.77%. Health care was the 2017 champion with a return of 36.07% with energy stocks declining a disastrous 17.05%. However, in December, energy bounced back, in tandem with oil, with a return of 6.38%. Industrials performed well during 2017 with a return of 27.25% boosted by a best in class return of 9.68% in the fourth quarter.

Globally the sector themes were much more in line with U.S. large-caps. Technology and materials led the way in 2017 returning 42.27% and 30.20% respectively. While telecommunications and energy trailed during the year.

Factors

The momentum trade was king in 2017, both domestically and globally. In the U.S., momentum returned 37.82% during 2017, far outpacing the second-place quality factor which returned 26.00%. The value factor started the year slowly but picked up steam with a return of 8.67% in the 4th quarter and a factor leading return of 1.63% in December. Growth had an outstanding year, but the shift to value near the end of 2017 may mark a style shift. The Federal Reserve hiking interest rates caused the yield factor to underperform due to its sensitivity to interest rate changes. Small-caps underperformed relative to large-caps, but this was largely driven by the strong returns of select mega caps.

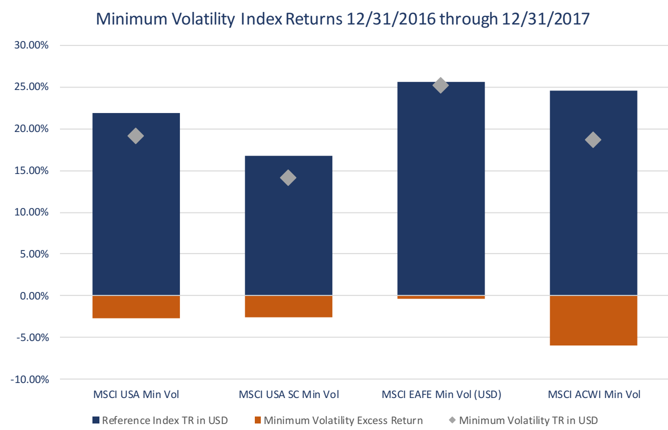


The low volatility factor is of a major interest to the team at SGI and our investors. Globally, whether in U.S. large-caps, small-caps, or international developed, the low volatility factor underperformed. In the U.S., the low volatility factor returned 19.18% versus 21.90% for the MSCI USA Index. This slight underperformance persisted throughout 2017. However, low volatility typically underperforms in bull markets, so an 87.5% upside capture should be considered a win. The low volatility factor continued to provide a smoother ride in 2017 with about 80% of the volatility of the S&P 500® Index. This volatility reduction is even more impressive given the historically low volatility environment we are currently experiencing.

Factors and Sectors: Risk

Individual factors and sectors, excluding the low volatility factor, continue to produce slightly higher volatility than their parent index. Diversifying amongst factors and sectors allows for significant volatility reduction.

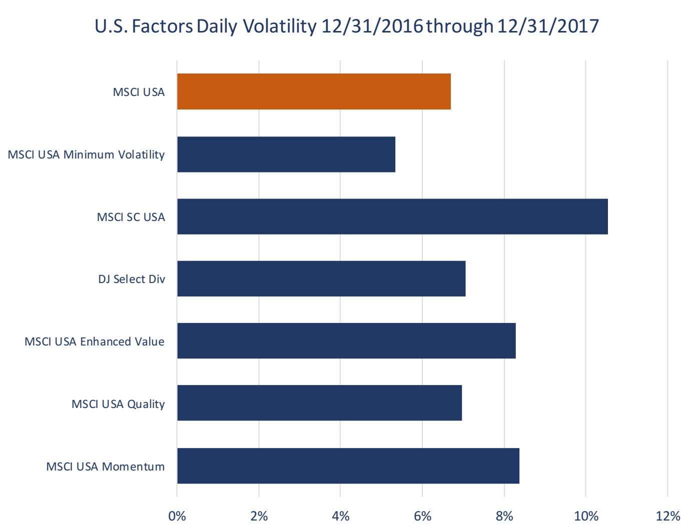
Small-cap factors produced the highest volatility with momentum not too far behind. Yield, quality, and the

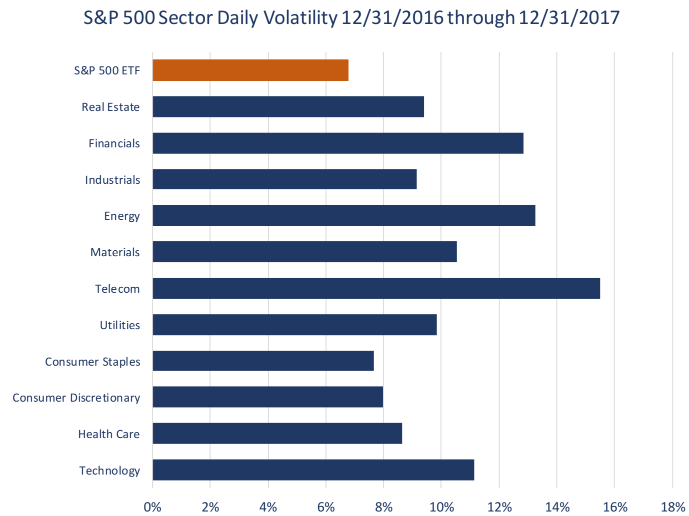


low volatility factors provided the lowest volatility in 2017. Historically, the consistency of factor volatility has allowed SGI to better manage risk.

Both consumer sectors, particularly consumer staples, provided the least sector volatility in 2017. Energy consistently posts high volatility, driven by its key relationship with the volatile commodity, oil.

In conclusion, diversifying amongst factors and sectors reduces volatility, but investing in the low volatility factor remains the premier way to achieve a smoother ride than the market.





Summit's 2018 Outlook

Our expectations:

- Continuation of modest U.S. economic growth as the probability of a recession remains low.
- Due to tax reform, GDP and consumer spending will increase.
- The Federal Reserve will continue hiking interest rates in 0.25% increments in 2018.
- Longer maturity yields will rise as GDP expectations have increased.
- The U.S. Dollar should strengthen because of higher GDP and interest rates.
- Globally central bank balance sheets in aggregate will start to decline as maturing debt is not renewed.
- Extremely subdued volatility levels will not last.
- Financials should benefit from increased yields and regulatory reform.
- Valuations remain elevated but show only modest downside due to increased growth expectations.

A VIEW FROM THE SUMMIT

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

Sincerely,

Summit Global Investments