A VIEW FROM THE SUMMIT

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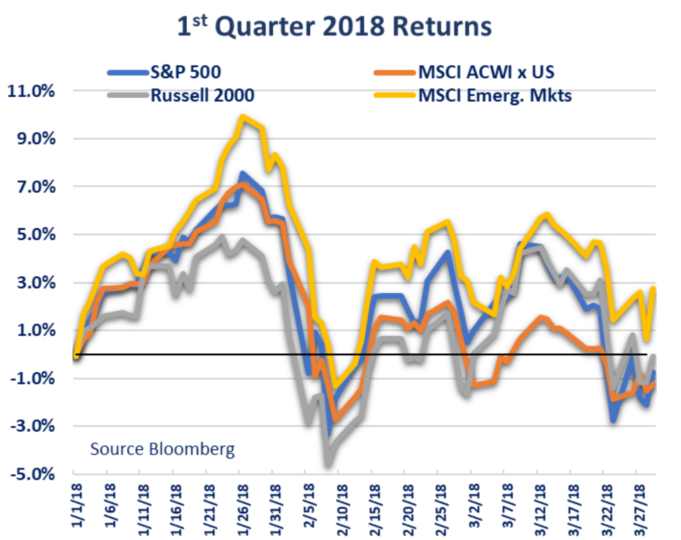
MARKET COMMENTARY

Markets

During the first quarter of 2018, the equity markets were generally weak and volatile. Emerging markets stocks (MSCI Emerging Markets Index®) were the only group with positive total returns, they returned 1.47%. Non-U.S. large cap stocks (MSCI EAFE Index®) were the worst performing group, returning -1.41%. U.S. large cap stocks (S&P 500 Index®) returned -0.76%, while U.S. small cap stocks (Russell 2000 Index®) were nearly flat with total return of -0.08%. Growth stocks, as a style, significantly outperformed value stocks across all market caps.



Stock market volatility (CBOE VIX Index®) dramatically rebounded +55% from historic lows averaging 17.2 during the first quarter versus 11.1 during 2017. Highlighting the return of volatility, the S&P 500 Index® closed up or down at least one percent 23 times this quarter versus only 8 times in all of 2017. Wall Street analysts estimates for sales growth for the S&P 500 Index® companies are +5.2% from a year ago. Likewise, EPS and EBITDA are expected to grow double-digits from a year ago, +22.4% and +11.1% respectively.

The U.S. Dollar declined slightly relative to a trade weighted basket of currencies. These currency movements further contributed to the marginal outperformance of non-U.S. stock markets in U.S. Dollar terms. Oil prices, defined by the WTI Cushing Crude Oil Index, were volatile but closed the quarter at $64.94 up +7.5% from the end of last year.

Performance	March	1Q18	1 Year	3 Years
SGI US Low Volatility Gross	-0.83%	0.90%	14.33%	10.46%
SGI US Low Volatility Net	-0.86%	0.75%	13.64%	9.68%
S&P 500 Total Return	-2.54%	-0.76%	12.95%	9.89%
Performance	**March**	**1Q18**	**1 Year**	**3 Years**
SGI US Small-Cap Low Volatility Gross	2.72%	-1.24%	10.19%	12.63%
SGI US Small-Cap Low Volatility Net	2.68%	-1.40%	9.52%	12.23%
Russell 2000 Total Return	1.29%	-0.08%	10.96%	8.75%
Performance	**March**	**1Q18**	**1 Year**	**3 Years**
SGI Global Low Volatility Gross	-0.44%	-0.20%	13.21%	10.24%
SGI Global Low Volatility Net	-0.48%	-0.36%	12.46%	9.95%
MSCI ACWI (USD)	-2.08%	-0.84%	15.51%	7.92%
Performance	**March**	**1Q18**	**1 Year**	**3 Years**
S&P 500 Total Return	-2.54%	-0.76%	12.95%	9.89%
Russell 2000 Total Return	1.29%	-0.08%	10.96%	8.75%
MSCI EAFE (USD)	-1.70%	-1.41%	17.05%	5.38%
MSCI EAFE Small-cap (USD)	-1.06%	0.32%	24.19%	11.91%
MSCI Emerging Markets (USD)	-1.83%	1.47%	26.06%	8.44%
MSCI ACWI (USD)	-2.08%	-0.84%	15.51%	7.92%
MSCI USA Min Vol	-0.23%	-1.07%	10.37%	9.84%
Barclays Aggregate (ETF: AGG)	0.62%	-1.49%	1.01%	1.25%
Barclays High Yield 2% Issuer Cap	-0.60%	-0.86%	3.27%	4.85%
Barclays Global Aggregate ex US	1.43%	3.62%	11.09%	3.78%
Gold (ETF: IAU)	0.44%	2.05%	4.74%	2.60%
Oil (ETF: USO)	5.62%	8.42%	13.11%	-10.26%
USD Trade Weighted (ETF: UUP)	-0.25%	-1.55%	-8.79%	-2.03%

During March 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 2.9% in the fourth quarter, slightly down from 3.2% growth in the third quarter. The Federal Reserve Leading Index for the United States, which estimates six-month forward economic growth, forecasts 2.8% annualized growth for the first half of 2018. Inflation expectations, measured by the 10-Year Breakeven Inflation Rate, rose slightly from 1.96% to 2.08% during the first quarter. New housing starts declined slightly to 1.236 million during the quarter but remained strong at more than double the rate of the recession lows in 2009. As of February, total vehicle sales were an annualized rate of 17.4 million units but are down from a peak of 18.9 million units in September of 2017.

Retail sales and industrial production increased 4.1% and 4.6%, respectively, from a year ago. Total construction spending increased 3.2% year-over-year. Finally, the unemployment rate dropped to 4.1% from 4.7% in February of 2017. Overall, economic conditions were modest and steady. We do not see significant signs of a recession in the near term.

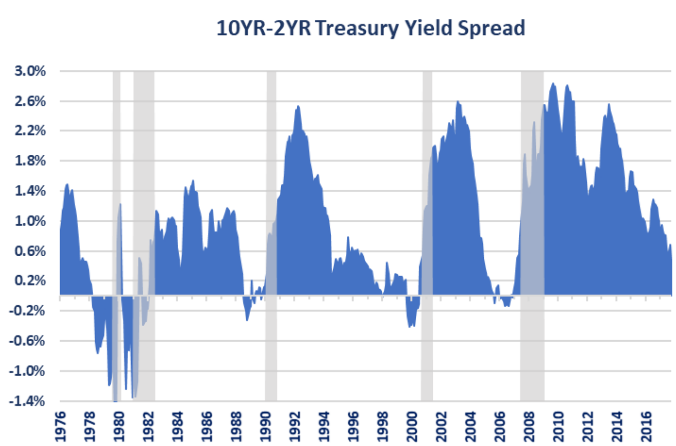
Trade Wars

The Trump administration fired the first shot by imposing 25% tariffs on $50 billion worth of Chinese imports. Additionally, President Trump asked China to immediately reduce the trade deficit by $100 billion. China responded strongly by saying it was prepared to retaliate with tariffs on 128 imports from the U.S. The equity markets were stunned. Is a trade war imminent?

Not in our opinion. First, China has much more to lose than the U.S. in a trade war given the $375 billion surplus it runs every year. Second, the President has a history of beginning negotiations with a seemingly extreme position. This may just be his negotiation style. Third, everyone learned the lessons of the Great Depression when the Smoot-Hawley tariffs resulted in a global trade war with significant negative consequences for all nations. Fourth, 2018 is an interim election year so all the trade war bluster is likely politically motivated. One of his pre-election promises was to reduce the trade deficit with China. Finally, Chinese and U.S. trade negotiators are already underway discussing a trade agreement which will likely reduce the trade deficit and lower tariffs on certain industries from both countries. It doesn't mean there is no chance of an extended trade war, but the probability of significant escalation remains low. Stay tuned.

Interest Rates

In March, the Federal Reserve bank increased the Fed Funds rate by 0.25% to an upper-bound target of 1.75%. This is the sixth such increase since December 2015. Based upon the futures market, the implied probability of another 0.25% hike in the Fed Funds rate in June is 61%. Expectations exist for more than one rate hike remaining in 2018. The tax cuts should boost economic growth enough for the Fed to have confidence to keep raising interest rates.

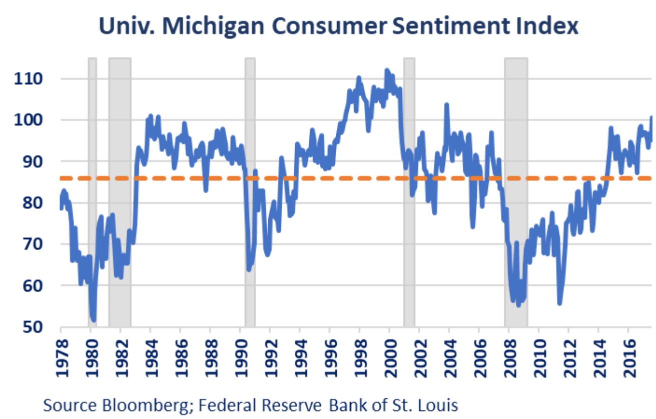


Source Bloomberg; Federal Reserve Bank of St. Louis

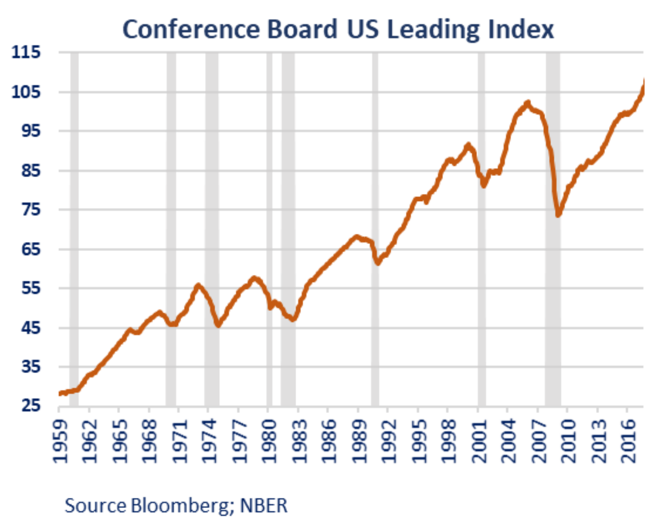
Historically, an inverted yield curve, measured by the difference between the 10-Year Treasury yield and the 2-Year Treasury yield, has been an excellent indicator of oncoming recessions. During the first quarter, the yield curve continued to flatten, with the spread down to 0.47%. However, it's still 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 from a quarter ago and remains near its highest level in 17 years at 101.4. Consumers are clearly feeling good with the unemployment rate at 4.1%, household net worth

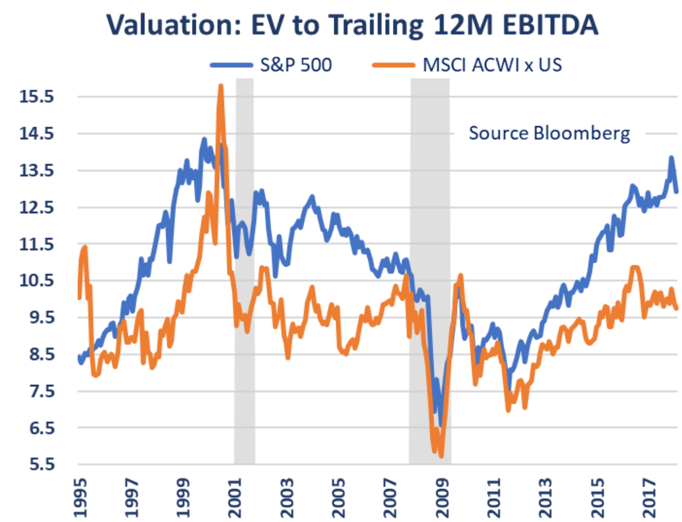


hitting a new high of $98.7 trillion, and the lowest household debt service ratio, 10.3%, in the past 30 years. Finally, the Conference Board of Ten Leading Economic Indicators rose to 108.70, up 6.4% from a year ago, confirming that the economy continues to grow modestly.

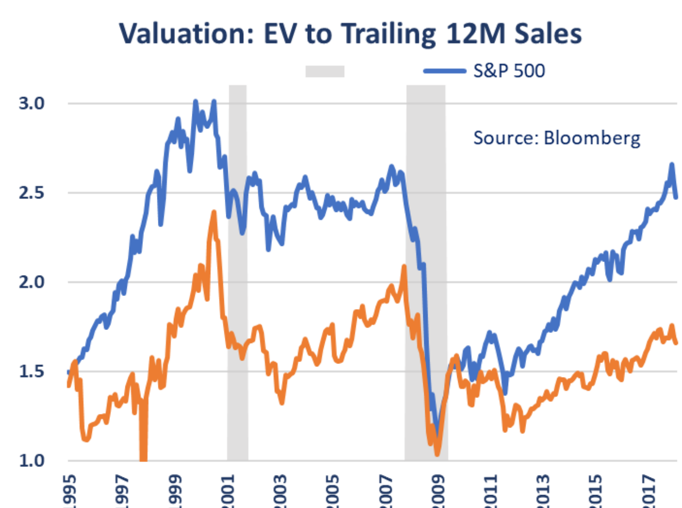


Valuations

During the first quarter, most global valuation signals remained elevated. Robust earnings growth is expected across global equity markets. 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.



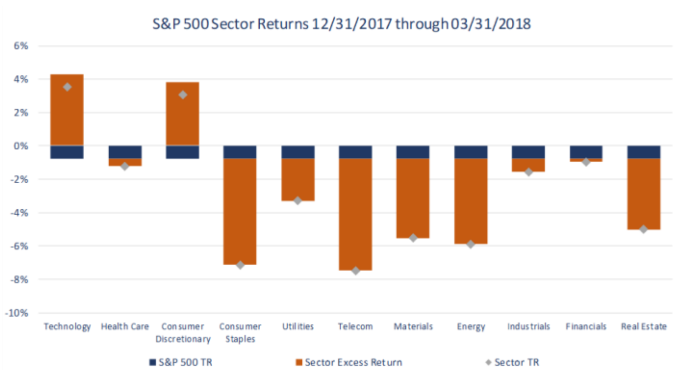
Both U.S. and non-U.S. valuations are at or near their 10-year peaks. The spread between them has been rising with the U.S. approximately 30-40% more expensive than international markets. Although, notably, the U.S. stock market seems to always trade at a premium to international stocks.



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.

Sector and Factor Performance

Sector and factor performance for the first quarter was a tale of two halves. In January the story was the same old risk on story, but a large rotation began in February. In February we saw a sudden volatility spike causing the beginning of unwind of the risk on trade. This rotation was consistent whether you were invested in U.S. large-caps, U.S. small-caps or global stocks.

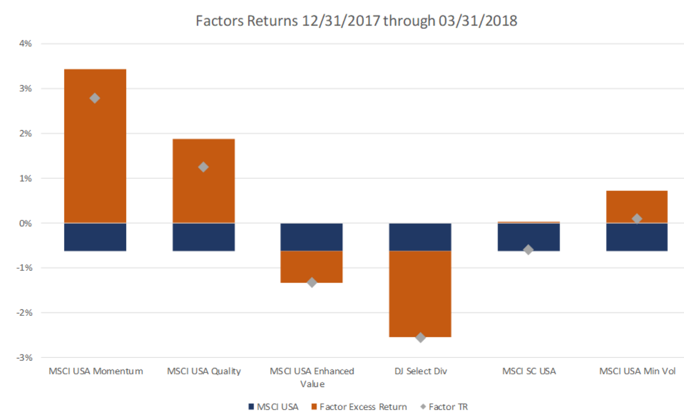


January was a continuation of the risk on technology trade from the previous couple years. The FANG stocks continued to show dominance as valuations continued to be stretched. Interest rate sensitive sectors such as utilities, telecommunication services and real estate underperformed as rates continued to rise. The momentum trade continued to produce alpha as investors continued to ride the wave.

In February the initial volatility spike was due to fears of an overheating economy causing faster than expected interest rate increases. This cascaded into a full unwind of the short volatility trade which began a push to a more risk off stance. This led into potential trade war, debt debates, and a bubbling to the surface of valuation concerns all culminating into a rotation into risk off**.**

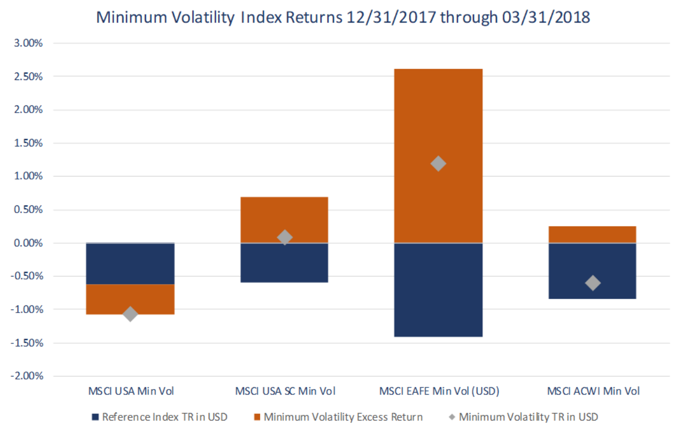
Technology and momentum were major victims of this rotation as it underperformed in March, led by the FANG stocks. In particular, Facebook was a major laggard due to their data scandal. To further emphasize this rotation, technology and momentum were still the top performing U.S. large-cap sector and factor for the quarter.

Safer, more interest rate sensitive sectors and factors were the beneficiaries of this rotation. Utilities, real estate, and higher yielding stocks led the way in March. However, they were amongst the worst performing for the quarter. These safer sectors and factors may continue to perform well if volatility continues to rise.



The SGI alpha and factor rotation models successfully navigated this rotation. Particularly, our U.S. large-cap strategy was overweight technology in 2017 and through January. After the volatility spike our alpha and factor rotation models were suggesting a rotation into a more risk off stance. Therefore, we trimmed our technology and added more in safer, higher-yielding sectors, such as utilities.

The low volatility factor also experienced a major inflection point in performance. The factor lagged globally in January as defensiveness underperformed. The strength of the factor was on full display during the volatility spike and subsequent drawdowns. The outperformance in March was not enough for U.S. large cap low volatility to outperform for the quarter, but was strong enough for U.S. small-cap, EAFE, and global low volatility to outperform.



Summit's Outlook

Our expectations:

- Increased volatility in the first quarter will likely 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 twice during 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.
- U.S. technology behemoth companies will come under increasing regulatory scrutiny.

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