Covenant Asset Management, LLC

First Quarter 2019 Investment Perspectives

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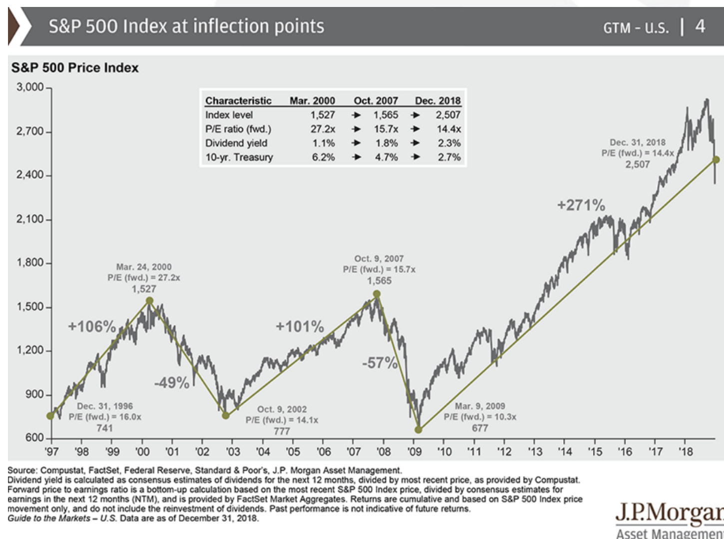
Economic and Financial Markets Review & Outlook

Covenant Asset Management is pleased to offer our latest investment perspectives. In this publication we review fourth quarter results and highlight key economic, financial and political themes which we expect will drive markets and investment performance in the coming months.

What happened? Three months ago, the U.S. economy and financial markets were riding high. GDP growth had surged above 3%, major U.S. stock indexes had risen to all-time highs and the ten-year U.S. Treasury yield had jumped above 3.2%. Then, by year-end, stock market indexes had plummeted and the ten-year Treasury yield had dropped below 2.7%. Historic declines in stocks in December resulted in all market benchmarks showing declines for 2018. The S&P 500 lost 13.5% in the 4th quarter and 4.4% for the year; the DJIA was down 7.4% in the quarter and 5.6% for the year; and Nasdaq declined 17.3% in the quarter and 3.9% for all of 2019. In a reversal of 2017, cash was the only asset class to produce a positive return last year.



Characteristic	Mar. 2000		Oct. 2007		Dec. 2018
Index level	1,527	→	1,565	→	2,507
P/E ratio (fwd.)	27.2x	→	15.7x	→	14.4x
Dividend yield	1.1%	→	1.8%	→	2.3%
10-yr. Treasury	6.2%	→	4.7%	→	2.7%

Source: Compustat, FactSet, Federal Reserve, Standard & Poor's, J.P. Morgan Asset Management.
Dividend yield is calculated as consensus estimates of dividends for the next 12 months, divided by most recent price, as provided by Compustat. Forward price to earnings ratio is a bottom-up calculation based on the most recent S&P 500 Index price, divided by consensus estimates for earnings in the next 12 months (NTM), and is provided by FactSet Market Aggregates. Returns are cumulative and based on S&P 500 Index price movement only, and do not include the reinvestment of dividends. Past performance is not indicative of future returns.
Guide to the Markets – U.S. Data are as of December 31, 2018.

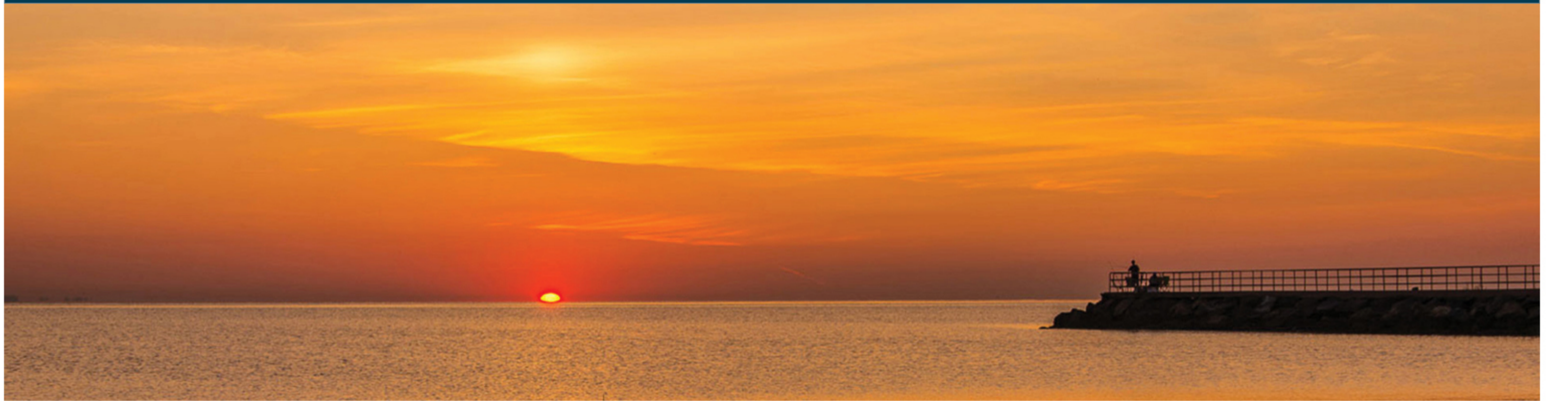
KEY THEMES

1. Global and U.S. economic growth is slowing and the risk of recession is rising
2. Corporate earnings growth is expected to decelerate sharply this year
3. Monetary policy and trade tensions are the biggest risks for the economy and financial markets as we enter 2019
4. After reaching all-time highs in October, major stock indexes flirted with bear market territory by year-end
5. Expect markets to remain volatile in early 2019 as economic data, Fed policy and China trade negotiations are monitored and assessed

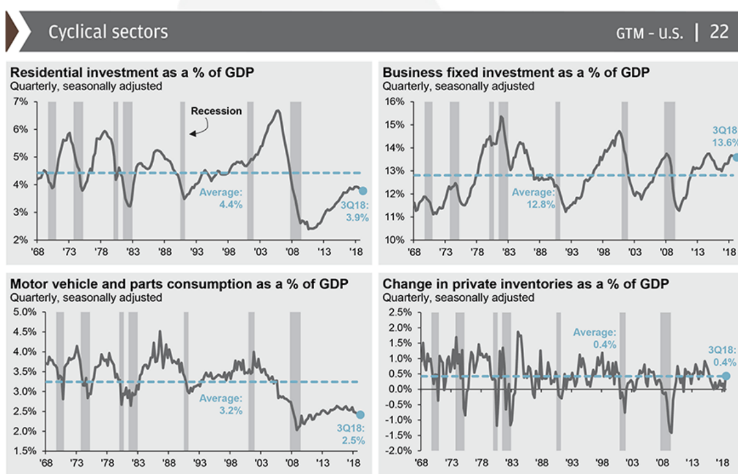
Emerging market equities were the worst performer in 2019, dropping 14.2% after leaping 37.8% in 2017. All asset class returns can be viewed on the last page of this report.

A myriad of factors can be blamed for the harsh sell-off in stocks and the flight to safety within financial markets. Markets began to rollover after the Federal Reserve raised the Fed Funds rate in late September and Fed chair Jerome Powell indicated that the Fed believed there was a lot of room to continue raising interest rates. The Federal Open Market Committee indicated at that time that they envisioned another Fed Funds rate hike in 2018 and four more in 2019. These comments and the Fed's forecast took investors by surprise as the economic forecast was much stronger than market consensus. During ensuing weeks, as global economic data, especially from China, pointed to deteriorating economic growth, investors became increasingly dismayed that Fed policy appeared too aggressive. December turned out to be a perfect storm for financial markets. Although the U.S. and China agreed to extend negotiations on trade disputes until March 1,

Economic and Financial Markets Review



President Trump and other officials from the Administration continued to communicate mixed messages about the likelihood of consummating a deal in time to avoid an escalation of tariffs. In the meanwhile, in the midst of an already jittery market, the Fed raised the Fed Funds rate again in mid-December. Comments by chairman Powell after the Fed decision were construed as being out of step with tightening financial market conditions. Mr. Powell suggested that the Fed's program to slowly shrink its balance sheet by not reinvesting all of the securities expiring each month was essentially on auto-pilot. These comments were interpreted by traders as suggesting the Fed was out of touch with what was happening in real-time in the global economy and capital markets.

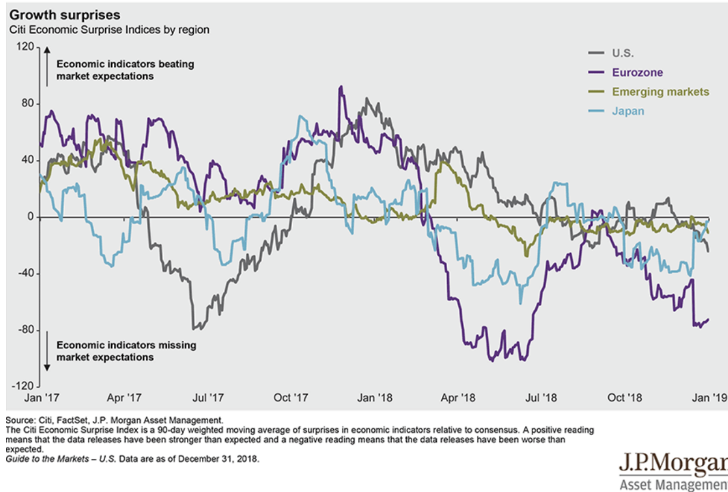


Additionally, there were concerns that the Fed was too reliant on its internal models, which are too backward-looking and don't assign enough weight to forward-looking indicators, such as the performance of financial markets. Even as some Fed officials attempted to backtrack on the perception that their policy stance was too rigid, damage had been done to the Fed's credibility. Traders began to factor in the possibility of a monetary policy mistake, which could eventually end with a recession in the U.S. While all of this was playing out in financial markets, the fight over funding for border security led to a partial government shutdown and several high profile members of the Trump Administration were either fired or resigned. There was also some concern that President Trump, through a series of tweets, inappropriately attempted to pressure the Fed to hold off on raising interest rates. Fed Chairman Powell assured us that the Fed is an independent entity and apolitical in its decision-making. However, there was some worry by investors that the President's tweets may have been counter-productive. Some of these factors occurred during the last two weeks of December, a timeframe when trading is typically slower due to holiday schedules. Within this less liquid trading environment, volatility became exaggerated, as stocks endured wild daily and intra-day swings.

As we look ahead, we believe investors will continue to focus on China trade negotiations, monetary policy by central banks throughout the developed world and corporate earnings trends. Recent manufacturing data out of China suggests its economy has weakened considerably in the past several quarters. Tariffs imposed by the U.S. on Chinese exports have likely contributed to recent weakness. It is also apparent that there has been a spillover effect on other Asian and emerging market economies, which tend to be large suppliers to China. Stock prices in China and many emerging markets have been signaling an economic slowdown since last summer, as many of them tumbled following the imposition of China tariffs early last

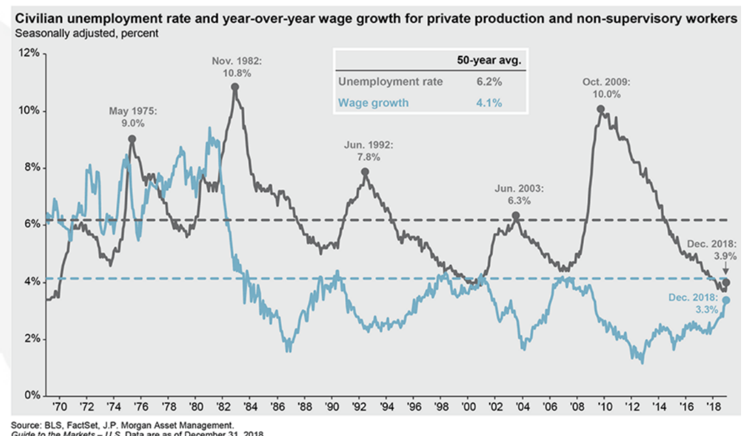
Economic and Financial Markets Challenges

year. Of course, this is part of the calculus by the Trump Administration to put pressure on China to negotiate more equitable trade terms. In addition to lowering tariff's on U.S. imports, U.S. trade negotiators are focused on making China change its policy on forced technology transfers and



intellectual property theft. China's unfair trading practices go back many decades and changes are sorely needed. There are two schools of thought regarding the likelihood of a deal this year. Optimists point to the fact that the U.S. and China have some urgency to agree to terms, as both economies are slowing and President Trump needs a healthy economy and strong financial markets to bolster his chances for reelection in 2020. Others believe that the U.S. needs to stand firm in its demands now, because it will become more difficult to extract fair terms in the future if China's economy eclipses the U.S. as the world's largest. It is difficult to know whether a deal will be reached before the March 1 deadline or whether enough progress will be made to allow the deadline for negotiations to be extended. The performance of financial markets will partly depend on the outcome of these negotiations.

To some extent, trade negotiations will also influence monetary policy decisions. Should a trade deal be reached and financial markets respond positively, it may provide the Fed the opportunity to raise the Fed Funds rate further in 2019. If negotiations fail and tensions and or tariffs escalate, the global economy is likely to slow further and markets are likely to suffer fresh declines, which will prohibit the Fed from any more monetary tightening. Beyond trade, economic growth in the U.S. is expected to decelerate from 2018's robust pace. When fourth quarter 2018 GDP growth is reported later this month, it is likely to show annual GDP growth above 3% for the first time since 2005. Estimates for 2019 generally range from 2-2.5% with an increasing number of economists worried that growth might drop below 2% by the end of 2019. Slower economic growth expectations are related to slowing momentum from tax cuts, higher interest rates and the effects of the trade war with China and other countries.

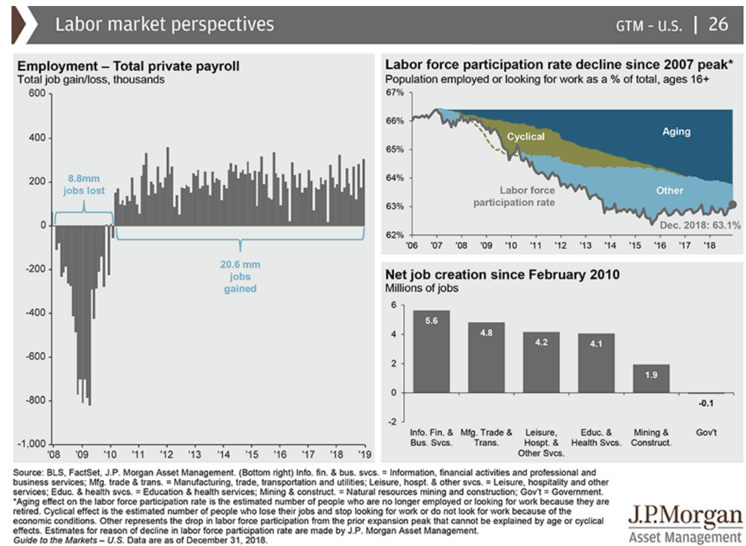


Economic and Financial Markets Challenges

At the same time, U.S. economic fundamentals remain strong. In last year's fourth quarter, job creation averaged over 250,000 per month. The unemployment rate sat at 3.9% and the labor force December participation rate has been rising, as job seekers saw more abundant opportunities for work. In addition, wage growth is above 3%, the highest level since the financial crisis in 2008. Consumer confidence remains near a twenty year high and service sector business activity is robust. Lower energy prices are also likely to have a positive affect on spending, as consumers pay less for gasoline and home heating. Amid all of these signs of strength, higher interest rates have had a negative impact on certain sectors, particularly housing and autos, as the cost of financing those purchases has risen.

After surging over 20% in 2018, corporate profit growth is projected to slow to low-single digits in 2019. Waning effects of last years's tax cut are the primary reason for the slowdown. Also, energy sector profits will be weaker following lower oil prices and tougher year-over-year comparisons.

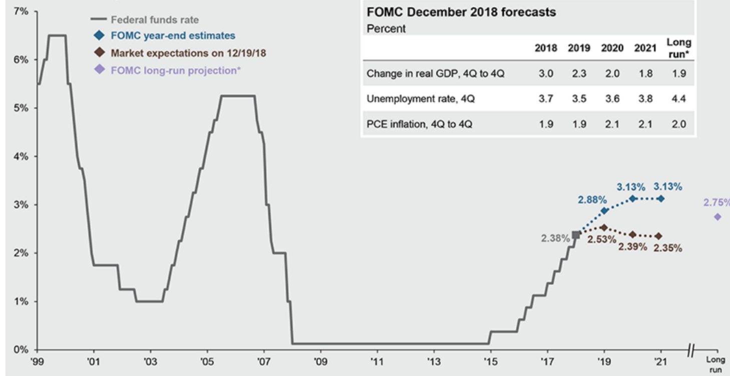
With this economic backdrop, the inevitable question is, where do we go from here? In our view, some of the damage done in the last few months of last year was warranted, as the stock market is forward looking and it is understandable that prices would adjust downward to reflect the anticipation of slowing economic and profit growth. However, short of a full blown recession, the sudden and violent correction that occurred was overdone and likely exacerbated by illiquidity in the final few weeks of December. Economic surveys from China and the U.S. and Apple's profit warning in recent days alarmed investors that global growth was rapidly slowing. Investors were equally worried that the Fed and other central



banks were embarking on ill-conceived monetary tightening policies, which would ultimately lead to global recession. The blow-out December jobs report showing 312,000 jobs created, upward revisions of nearly 60,000 jobs for the previous two months and strong wage growth dispelled some the the economic slowdown worries. In addition, Fed chairman Powell, speaking at an economic forum, assured investors that the Fed was ready "to adjust policy quickly and flexibly" if needed and that included halting the policy of shrinking the Fed's balance sheet, if necessary. Momentum appears to have shifted positively in the new year, as markets have gained ground in 6 of the past 7 trading sessions. In the weeks ahead, it would not be surprising to see half or more of the market correction recovered from deeply oversold conditions. Beyond that, markets will be grappling with the core issues of economic growth, monetary policy and trade as discussed in detail previously. For the better part of a year we have been communicating that we are near the

Economic and Financial Markets Challenges

The Fed and interest rates GTM - U.S. | 31



FOMC December 2018 forecasts
Percent

	2018	2019	2020	2021	Long run*
Change in real GDP, 4Q to 4Q	3.0	2.3	2.0	1.8	1.9
Unemployment rate, 4Q	3.7	3.5	3.6	3.8	4.4
PCE inflation, 4Q to 4Q	1.9	1.9	2.1	2.1	2.0

Source: Bloomberg, FactSet, Federal Reserve, J.P. Morgan Asset Management.
Market expectations are the federal funds rates priced into the fed futures market as of the date of the December 2018 FOMC meeting and are through November 2021. *Long-run projections are the rates of growth, unemployment and inflation to which a policymaker expects the economy to converge over the next five to six years in absence of further shocks and under appropriate monetary policy.
Guide to the Markets – U.S. Data are as of December 31, 2018.

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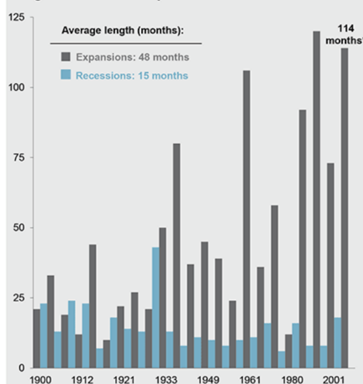
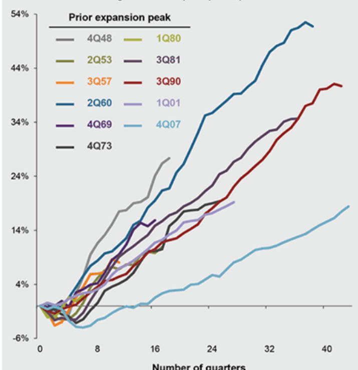
end of a long economic expansion and bull market that began in 2009. Eliminating leverage such as margin and other debt is a sensible step toward becoming more cautious and defensive. Additionally, reviewing investment strategy and asset allocation to ensure they align with your objectives is vital at this stage of the business cycle.

The length and strength of expansions GTM - U.S. | 19





Source: BEA, NBER, J.P. Morgan Asset Management. *Chart assumes current expansion started in July 2009 and continued through December 2018, lasting 114 months so far. Data for length of economic expansions and recessions obtained from the National Bureau of Economic Research (NBER). These data can be found at www.nber.org/cycles/ and reflect information through December 2018. Past performance is not a reliable indicator of current and future results.
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We will be closely monitoring economic reports, policy changes and financial markets performance, and will be sure to notify you of any recommended changes to investment strategy.

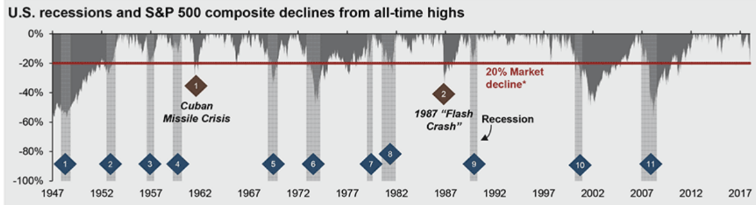
Thank you for the continued opportunity to serve you. All of us at Covenant look forward this year to helping achieve your financial goals. Please accept our best wishes for a healthy, happy and prosperous 2019!

Economic & Financial Markets Charts

Rather than write extensively about equity valuations, economic statistics and investing principles, we offer the following charts organized by topic and courtesy of J.P. Morgan Asset Management:

Recessions and bear markets

GTM – U.S. | 16



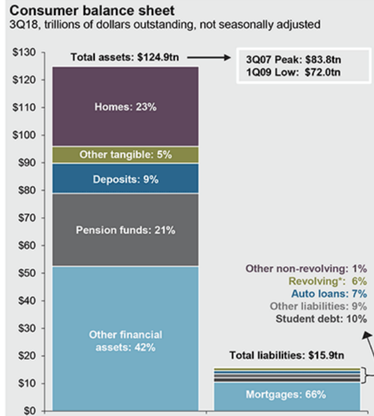
Characteristics of recessions and related stock market declines

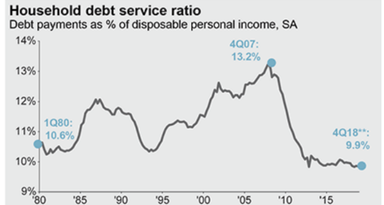
Recession	Recession: Peak Quarter	Recession: Trough Quarter	Recession: % Decline	Related Market Sell-off: Peak Date	Related Market Sell-off: Trough Date	Related Market Sell-off: % Decline	Macro Environment: Commodity Spike	Macro Environment: Aggressive Fed	Macro Environment: Extreme Valuations
1 Recession of 1949	4Q48	4Q49	-1.5%	6/15/1948	6/13/1949	-21%			◆
2 Recession of 1953	2Q53	2Q54	-2.4%	1/5/1953	9/14/1953	-15%			
3 Recession of 1958	3Q57	2Q58	-3.0%	8/2/1956	10/22/1957	-22%			◆
4 Recession of 1960-61	2Q60	1Q61	-0.1%	8/3/1959	10/25/1960	-14%			◆
5 Recession of 1969-70	4Q69	4Q70	-0.2%	11/29/1968	5/26/1970	-36%		◆	
6 Recession of 1973-75	4Q73	1Q75	-3.1%	1/11/1973	10/3/1974	-48%	◆		
7 Recession of 1980	1Q80	3Q80	-2.2%	2/13/1980	3/27/1980	-17%	◆	◆	
8 Recession of 1981-82	3Q81	4Q82	-2.5%	11/28/1980	8/12/1982	-27%		◆	
9 Early 1990s recession	3Q90	1Q91	-1.4%	7/16/1990	10/11/1990	-20%	◆	◆	
10 Early 2000s recession	1Q01	4Q01	-0.4%	3/24/2000	10/9/2002	-49%	◆		◆
11 Great Recession	4Q07	2Q09	-4.0%	10/9/2007	3/9/2009	-57%	◆	◆	
Non-recession Bear Markets									
1 1962 flash crash, Cuban Missile Crisis	-	-	-	12/12/1961	6/26/1962	-28%			◆
2 1987 flash crash, program trading, overheating markets	-	-	-	8/25/1987	12/4/1987	-34%			◆
Average	-	-	**-1.9%**	-	-	**-30%**			

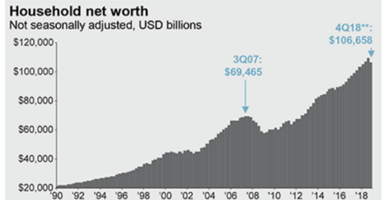
Source: FactSet, NBER, Robert Shiller, Standard & Poor's, J.P. Morgan Asset Management.
*A bear market is defined as a 20% or more decline from the previous market high. The related market return is the peak to trough return over the cycle. Periods of "Recession" are defined using NBER business cycle dates. "Commodity spikes" are defined as movement in oil prices of over 100% over an 18-month period. Periods of "Extreme Valuations" are those where S&P 500 last 12 months' P/E levels were approximately two standard deviations above long-run averages, or time periods where equity market valuations appeared expensive given the broader macroeconomic environment. "Aggressive Fed Tightening" is defined as Federal Reserve monetary tightening that was unexpected and/or significant in magnitude. Bear and Bull returns are price returns.
Guide to the Markets – U.S. Data are as of December 31, 2018.

Consumer finances

GTM – U.S. | 21



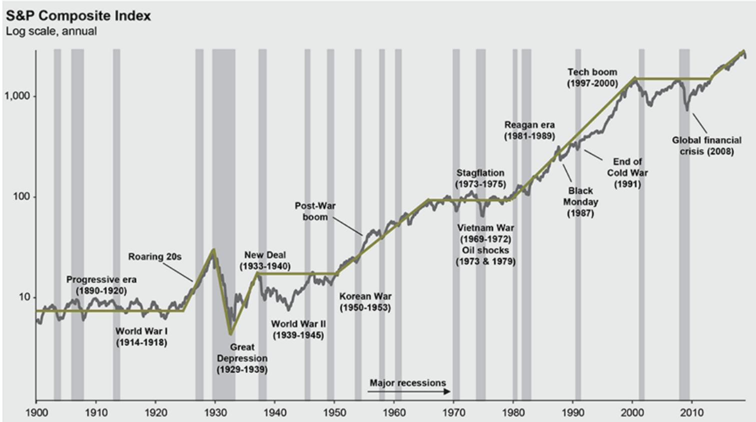




Source: FactSet, FRB, J.P. Morgan Asset Management; (Top and bottom right) BEA.
Data include households and nonprofit organizations. SA – seasonally adjusted. *Revolving includes credit cards. Values may not sum to 100% due to rounding. **3Q18 figure for debt service ratio and 4Q18 figures for debt service ratio and household net worth are J.P. Morgan Asset Management estimates.
Guide to the Markets – U.S. Data are as of December 31, 2018.

Stock market since 1900

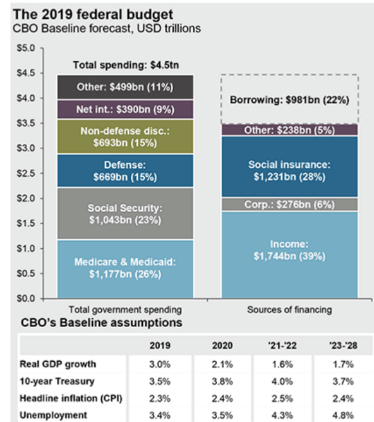
GTM – U.S. | 18



Source: FactSet, NBER, Robert Shiller, J.P. Morgan Asset Management.
Data shown in log scale to best illustrate long-term index patterns. Past performance is not indicative of future returns. Chart is for illustrative purposes only.
Guide to the Markets – U.S. Data are as of December 31, 2018.

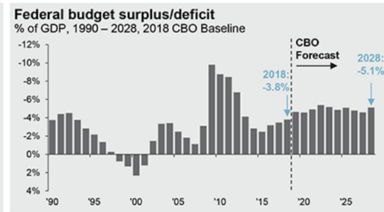
Federal finances

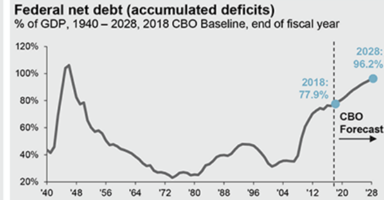
GTM – U.S. | 24



CBO's Baseline assumptions

	2019	2020	'21-'22	'23-'28
Real GDP growth	3.0%	2.1%	1.6%	1.7%
10-year Treasury	3.5%	3.8%	4.0%	3.7%
Headline inflation (CPI)	2.3%	2.4%	2.5%	2.4%
Unemployment	3.4%	3.5%	4.3%	4.8%





Source: CBO, J.P. Morgan Asset Management; (Top and bottom right) BEA, Treasury Department.
2019 Federal Budget is based on the Congressional Budget Office (CBO) April 2018 Baseline Budget Forecast. CBO Baseline is based on the Congressional Budget Office (CBO) August 2018 Update to Economic Outlook. Other spending includes, but is not limited to, health insurance subsidies, income security and federal civilian and military retirement. Note: Years shown are fiscal years (Oct. 1 through Sep. 30).
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Economic & Financial Markets Charts

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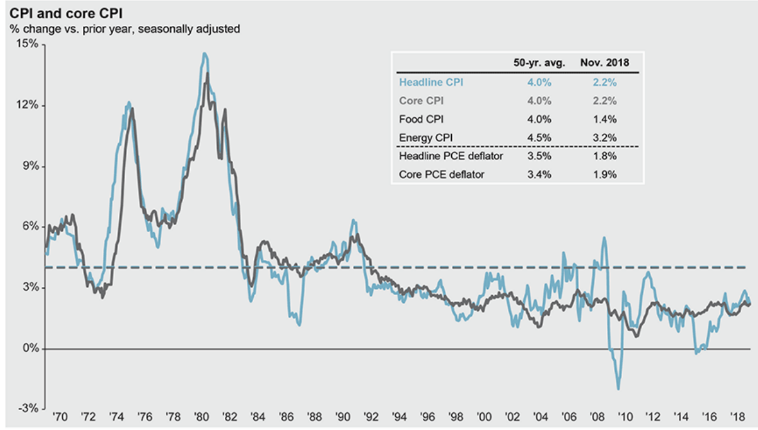
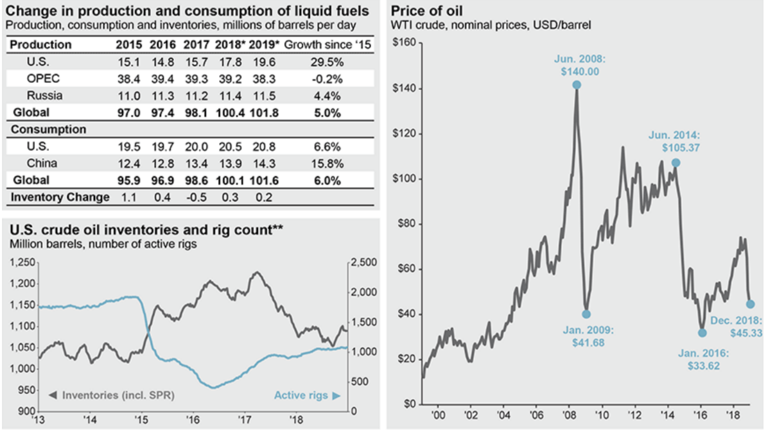
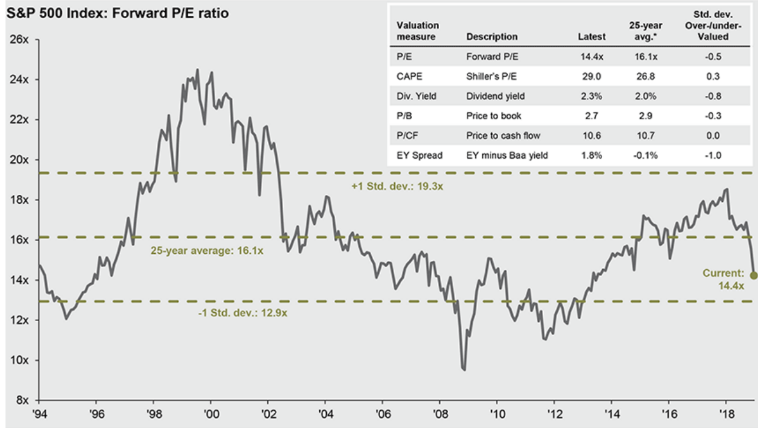


	50-yr. avg.	Nov. 2018
Headline CPI	4.0%	2.2%
Core CPI	4.0%	2.2%
Food CPI	4.0%	1.4%
Energy CPI	4.5%	3.2%
Headline PCE deflator	3.5%	1.8%
Core PCE deflator	3.4%	1.9%



Production	2015	2016	2017	2018*	2019*	Growth since '15
U.S.	15.1	14.8	15.7	17.8	19.6	29.5%
OPEC	38.4	39.4	39.3	39.2	38.3	-0.2%
Russia	11.0	11.3	11.2	11.4	11.5	4.4%
Global	97.0	97.4	98.1	100.4	101.8	5.0%
Consumption						
U.S.	19.5	19.7	20.0	20.5	20.8	6.6%
China	12.4	12.8	13.4	13.9	14.3	15.8%
Global	95.9	96.9	98.6	100.1	101.6	6.0%
Inventory Change	1.1	0.4	-0.5	0.3	0.2	



Valuation measure	Description	Latest	25-year avg.*	Std. dev. Over-/under-Valued
P/E	Forward P/E	14.4x	16.1x	-0.5
CAPE	Shiller's P/E	29.0	26.8	0.3
Div. Yield	Dividend yield	2.3%	2.0%	-0.8
P/B	Price to book	2.7	2.9	-0.3
P/CF	Price to cash flow	10.6	10.7	0.0
EY Spread	EY minus Baa yield	1.8%	-0.1%	-1.0

Date of inversion prior to recession	Time to recession
April 11, 1968	19 months
March 9, 1973	7 months
August 18, 1978	16 months
September 12, 1980	9 months
December 13, 1988	18 months
February 2, 2000	12 months
June 8, 2006	17 months
Average	14 months

Economic Charts

Rather than write extensively about equity valuations, economic statistics and investing principles, we offer the following charts organized by topic and courtesy of J.P. Morgan Asset Management:

Manufacturing momentum

GTM – U.S. | 47

Global Purchasing Managers' Index for manufacturing, quarterly

2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018

		2018 Nov	2018 Dec
	Global	52.0	51.5
	DM	52.8	52.3
	EM	50.8	50.3
Developed	U.S.	55.3	53.8
Developed	Canada	54.9	53.6
Developed	Japan	52.2	52.6
Developed	UK	53.6	54.2
Developed	Euro Area	51.8	51.4
Developed	Germany	51.8	51.5
Developed	France	50.8	49.7
Developed	Italy	48.6	49.2
Developed	Spain	52.6	51.1
Developed	Greece	54.0	53.8
Emerging	China	50.2	49.7
Emerging	Indonesia	50.4	51.2
Emerging	Korea	48.6	49.8
Emerging	Taiwan	48.4	47.7
Emerging	India	54.0	53.2
Emerging	Brazil	52.7	52.6
Emerging	Mexico	49.7	49.7
Emerging	Russia	52.6	51.7

Source: Markit, J.P. Morgan Asset Management.
Heatmap colors are based on PMI relative to the 50 level, which indicates acceleration or deceleration of the sector, for the time period shown. Heat map is based on quarterly averages, with the exception of the two most recent figures, which are single month readings. Data for Canada, Indonesia and Mexico are back-tested and filled in from December 2007 to November 2010 for Canada and May 2011 for Indonesia and Mexico due to lack of existing PMI figures for these countries. DM and EM represent developed markets and emerging markets, respectively.
Guide to the Markets – U.S. Data are as of December 31, 2018.

J.P.Morgan
Asset Management

Financial Markets Charts

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Asset class returns

GTM – U.S. | 60

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2004 - 2018 Ann.	2004 - 2018 Vol.
REITs 31.6%	EM Equity 34.5%	REITs 35.1%	EM Equity 39.8%	Fixed Income 5.2%	EM Equity 79.0%	REITs 27.9%	REITs 8.3%	REITs 19.7%	Small Cap 38.8%	REITs 28.0%	REITs 2.8%	Small Cap 21.3%	EM Equity 37.8%	Cash 1.8%	REITs 8.5%	REITs 22.4%
EM Equity 26.0%	Comdty. 21.4%	EM Equity 32.6%	Comdty. 16.2%	Cash 1.8%	High Yield 59.4%	Small Cap 26.9%	Fixed Income 7.8%	High Yield 19.6%	Large Cap 32.4%	Large Cap 13.7%	Large Cap 1.4%	High Yield 14.3%	DM Equity 25.6%	Fixed Income 0.0%	EM Equity 8.3%	EM Equity 22.1%
DM Equity 20.7%	DM Equity 14.0%	DM Equity 26.9%	DM Equity 11.6%	Asset Alloc. -25.4%	DM Equity 32.5%	EM Equity 19.2%	High Yield 3.1%	EM Equity 18.6%	DM Equity 23.3%	Fixed Income 6.0%	Fixed Income 0.5%	Large Cap 12.0%	Large Cap 21.8%	REITs -4.0%	Large Cap 7.8%	Small Cap 18.6%
Small Cap 18.3%	REITs 12.2%	Small Cap 18.4%	Asset Alloc. 7.1%	High Yield -26.9%	REITs 28.0%	Comdty. 16.8%	Large Cap 2.1%	DM Equity 17.9%	Asset Alloc. 14.9%	Asset Alloc. 5.2%	Cash 0.0%	Comdty. 11.8%	Small Cap 14.6%	High Yield -4.1%	Small Cap 7.5%	Comdty. 18.6%
High Yield 13.2%	Asset Alloc. 8.1%	Large Cap 15.8%	Fixed Income 7.0%	Small Cap -33.8%	Small Cap 27.2%	Large Cap 15.1%	Cash 0.1%	Small Cap 16.3%	High Yield 7.3%	Small Cap 4.9%	DM Equity -0.4%	EM Equity 11.6%	Asset Alloc. 14.6%	Large Cap -4.4%	High Yield 7.3%	DM Equity 17.6%
Asset Alloc. 12.8%	Large Cap 4.9%	Asset Alloc. 15.3%	Large Cap 5.5%	Comdty. -35.6%	Large Cap 26.5%	High Yield 14.8%	Asset Alloc. -0.7%	Large Cap 16.0%	REITs 2.9%	Cash 0.0%	Asset Alloc. -2.0%	REITs 8.6%	High Yield 10.4%	Asset Alloc. -5.8%	Asset Alloc. 6.2%	Large Cap 14.5%
Large Cap 10.9%	Small Cap 4.6%	High Yield 13.7%	Cash 4.8%	Large Cap -37.0%	Asset Alloc. 25.0%	Asset Alloc. 13.3%	Small Cap -4.2%	Asset Alloc. 12.2%	Cash 0.0%	High Yield 0.0%	High Yield -2.7%	Asset Alloc. 8.3%	REITs 8.7%	Small Cap -11.0%	DM Equity 5.2%	High Yield 11.0%
Comdty. 9.1%	High Yield 3.6%	Cash 4.8%	High Yield 3.2%	REITs -37.7%	Comdty. 18.9%	DM Equity 8.2%	DM Equity -11.7%	Fixed Income 4.2%	Fixed Income -2.0%	EM Equity -1.8%	Small Cap -4.4%	Fixed Income 2.6%	Fixed Income 3.5%	Comdty. -11.2%	Fixed Income 3.9%	Asset Alloc. 10.3%
Fixed Income 4.3%	Cash 3.0%	Fixed Income 4.3%	Small Cap -1.6%	DM Equity -43.1%	Fixed Income 5.9%	Fixed Income 6.5%	Comdty. -13.3%	Cash 0.1%	EM Equity -2.3%	DM Equity -4.5%	EM Equity -14.6%	DM Equity 1.5%	Comdty. 1.7%	DM Equity -13.4%	Cash 1.3%	Fixed Income 3.3%
Cash 1.2%	Fixed Income 2.4%	Comdty. 2.1%	REITs -15.7%	EM Equity -53.2%	Cash 0.1%	Cash 0.1%	EM Equity -18.2%	Comdty. -1.1%	Comdty. -9.5%	Comdty. -17.0%	Comdty. -24.7%	Cash 0.3%	Cash 0.8%	EM Equity -14.2%	Comdty. -2.5%	Cash 0.8%

Source: Barclays, Bloomberg, FactSet, MSCI, NAREIT, Russell, Standard & Poor's, J.P. Morgan Asset Management.
Large cap: S&P 500, Small cap: Russell 2000, EM Equity: MSCI EME, DM Equity: MSCI EAFE, Comdty: Bloomberg Commodity Index, High Yield: Bloomberg Barclays Global HY Index, Fixed Income: Bloomberg Barclays US Aggregate, REITs: NAREIT Equity REIT Index, Cash: Bloomberg Barclays 1-3m Treasury. The "Asset Allocation" portfolio assumes the following weights: 25% in the S&P 500, 10% in the Russell 2000, 15% in the MSCI EAFE, 5% in the MSCI EME, 25% in the Bloomberg Barclays US Aggregate, 5% in the Bloomberg Barclays 1-3m Treasury, 5% in the Bloomberg Barclays Global High Yield Index, 5% in the Bloomberg Commodity Index and 5% in the NAREIT Equity REIT Index. Balanced portfolio assumes annual rebalancing. Annualized (Ann.) return and volatility (Vol.) represents period of 12/31/03 – 12/31/18. Please see disclosure page at end for index definitions. All data represents total return for stated period. Past performance is not indicative of future returns.
Guide to the Markets – U.S. Data are as of December 31, 2018.

J.P.Morgan
Asset Management

*Any performance-related data listed in this report may represent un-audited results compiled by Covenant Asset Management or others. It could be intended to reflect results that are indicative of Covenant's individual client's equity performance who religiously invest according to our model portfolios. This performance data represents past performance and individual client results may vary materially. Past performance does not guarantee future results and current performance may be higher or lower than the performance data quoted.

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