

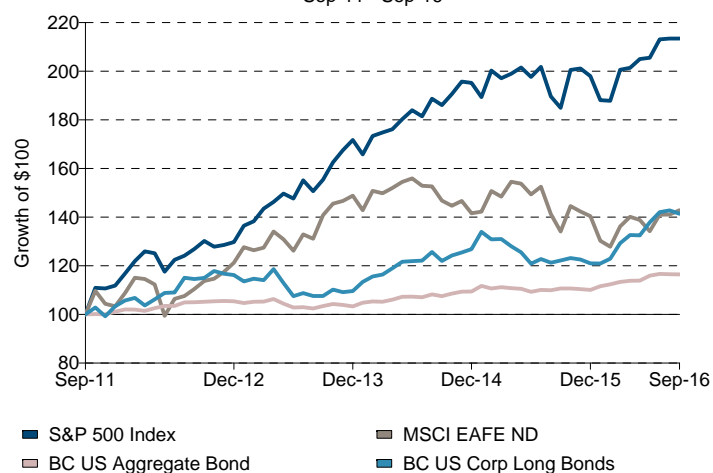
Market Commentary - 3rd Quarter 2016

"So just as I want pilots on the planes that I fly, when it comes to monetary policy, I want to think that there is someone with sound judgement at the controls."

-Martin Feldstein, Former Chairman of Council of Economic Advisers, 2006

Broad Markets - Five Years

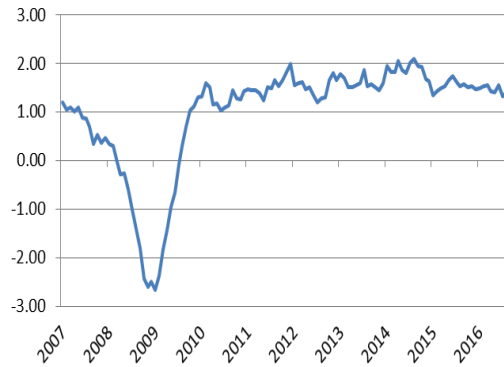
Sep-11 - Sep-16



	3 Months	YTD	1 Year	3 Years	5 Years	10 Years
S&P 500 Index	3.85	7.84	15.43	11.16	16.37	7.24
Russell 1000 Index	4.03	7.92	14.93	10.78	16.41	7.40
Russell 1000 Value Index	3.48	10.00	16.20	9.70	16.15	5.85
Russell 1000 Growth Index	4.58	6.00	13.76	11.83	16.60	8.85
Russell 2000 Index	9.05	11.46	15.47	6.71	15.82	7.07
Russell 2000 Value Index	8.87	15.49	18.81	6.77	15.45	5.78
Russell 2000 Growth Index	9.22	7.48	12.12	6.58	16.15	8.29
MSCI EAFE ND	6.43	1.73	6.52	0.48	7.39	1.82
MSCI EAFE LOC	6.11	-1.15	5.15	5.78	11.72	2.67
MSCI ACWI ex. US	6.91	5.82	9.26	0.18	6.04	2.16
MSCI EAFE Small Cap ND	8.64	5.19	12.33	5.08	11.07	4.39
MSCI Europe ND	5.40	0.00	2.49	-0.56	7.46	1.50
MSCI Japan ND	8.60	2.54	12.13	3.33	7.36	1.05
MSCI EM ND	9.03	16.02	16.78	-0.56	3.03	3.94
MSCI EM LOC	7.71	11.62	13.37	4.71	7.33	6.28
DJ World Real Estate	1.81	10.71	16.10	7.38	12.24	3.52
DJ US Select REIT Index	-1.24	9.45	17.70	14.29	15.60	5.80
DJ-UBS US Commodity Index	-3.86	8.87	-2.58	-12.34	-9.37	-5.33
ML 3-month T-Bill	0.10	0.24	0.27	0.11	0.10	0.92
BC US Gov 1-3Y Bonds	-0.10	1.32	0.89	0.87	0.72	2.33
BC US Gov/Corp Bonds	0.40	6.66	5.86	4.22	3.24	4.86
BC US Aggregate Bond	0.46	5.80	5.21	4.03	3.09	4.80
BC US Gov Long Bonds	-0.29	14.61	13.02	11.07	5.48	7.97
BC US Corp Long Bonds	2.56	16.84	15.70	9.54	7.17	7.65
BC US High Yield Bonds	5.55	15.11	12.73	5.28	8.34	7.71
BC TIPS	0.97	7.27	6.58	2.40	1.93	4.48

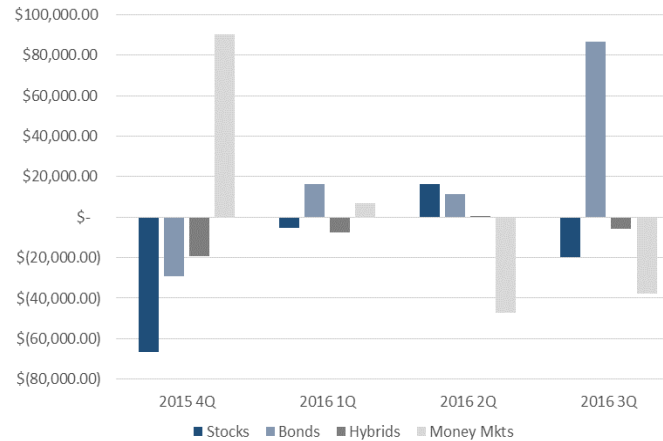
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FRB Leading Index for the United States, Percent, Monthly, Seasonally Adjusted



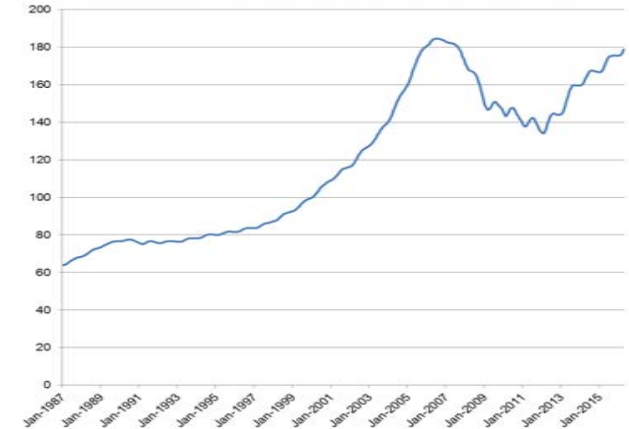
The Leading Index predicts the six-month growth rate of the United States' Coincident Economic Activity Index, which incorporates nonfarm payroll employment, the unemployment rate, average hours worked in manufacturing and wages and salaries in estimating economic activity.

Cash Flows in Mutual Fund Investing (\$MM)



Source: Investment Company Institute

S&P/Case-Shiller U.S. National Home Price Index



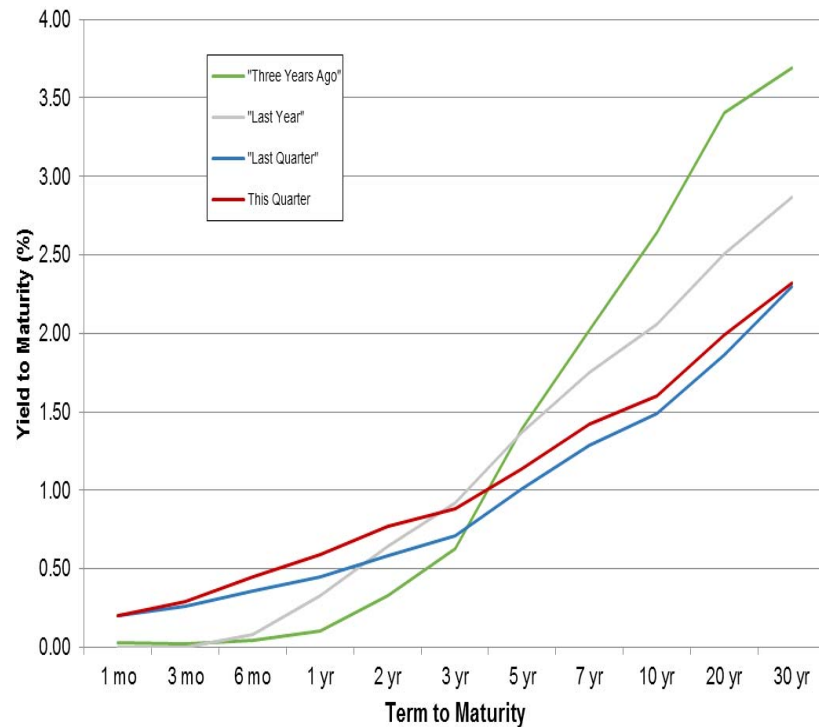
The S&P/Case-Shiller Home Price Indices are calculated monthly using a three-month moving average and published with a two month lag. Base Year 2000 = 100.

Market Commentary

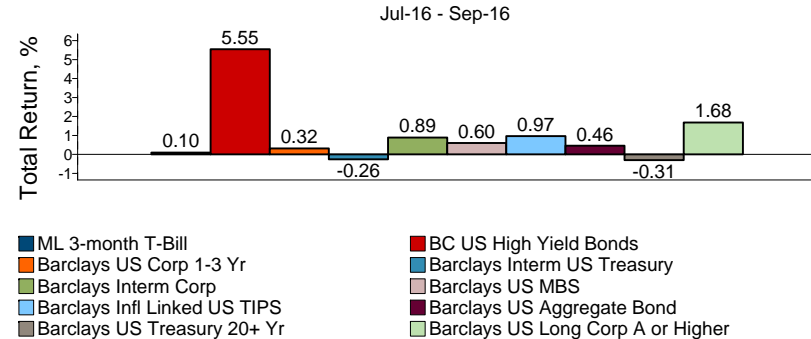
- Investors continued to be confident in an indefinite low rate environment as central bankers reaffirmed their commitment to unconventional monetary policy.
- U.S. stocks were up 3.85% as continued evidence of improvement in the labor market was not enough to convince the Federal Reserve to raise rates before the November election.
- Despite commodities being down in the quarter, Emerging Market stocks were up 9.03% as lower rates in major economies prompted investors to seek assets with higher risk and return potential.
- In another attempt to combat sustained low inflation, the Bank of Japan announced it would suppress 10-year yields to 0% until inflation remains above 2% for an extended time.
- Mutual fund investors decreased their holdings in stocks while increasing their holdings in bonds. For the quarter, stocks had a net outflow of \$19.7 billion and bonds had a net inflow of \$86.7 billion. Total money market mutual fund assets decreased by \$38 billion to \$2.7 trillion.
- Total employment increased by 451,000 jobs this quarter, although the unemployment rate rose slightly from 4.9% to 5.0% as workers re-entered the labor market.
- The price of oil was flat at \$48 a barrel through the quarter.

Market Commentary - 3rd Quarter 2016

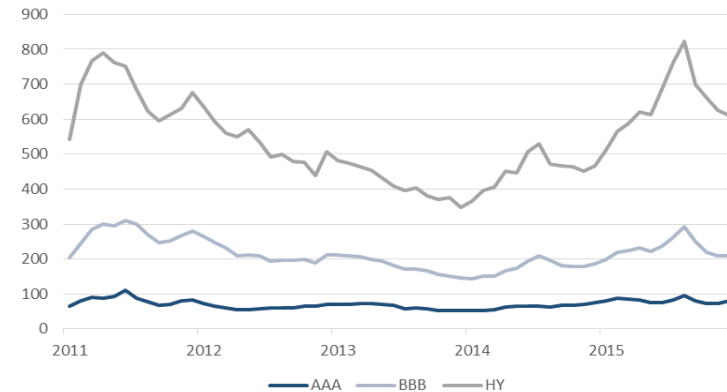
U.S. Treasury Yield Curve



US Fixed Income - Quarter



Spread to Treasuries (bps)



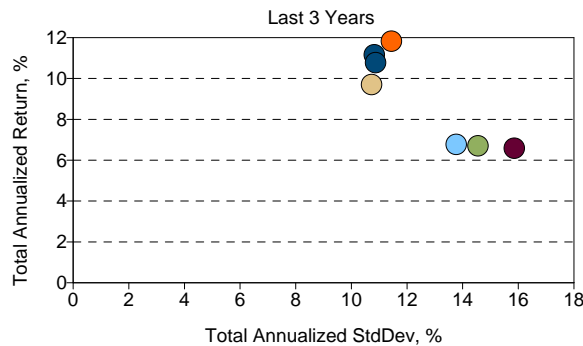
Source: Bank of America Merrill Lynch Option Adjusted Spread Index

US Bond Market

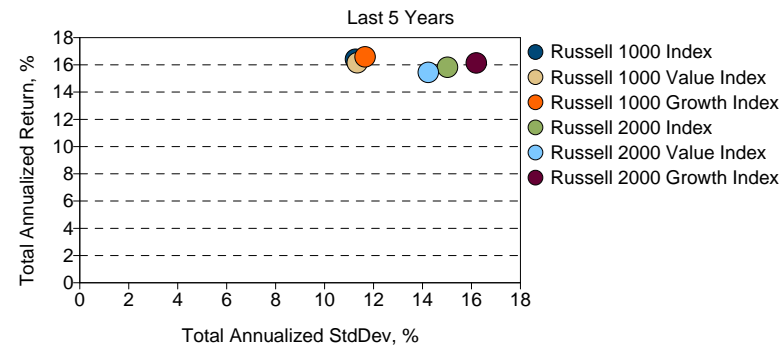
- The broad fixed income market rose marginally as the Federal Reserve strongly hinted at a December rate increase.
- The yield curve rose slightly as market participants began to anticipate a moderate increase in rates.
- Yields on the 10-Year Treasury rose by 11 basis points while the yield on the 30-Year rose 2 bps.
- The best performing sector was High Yield Bonds, up 5.55%, as investors accepted more risk for better returns in the low-rate environment.
- Additionally, spreads narrowed between Treasuries and riskier securities.

Market Commentary - 3rd Quarter 2016

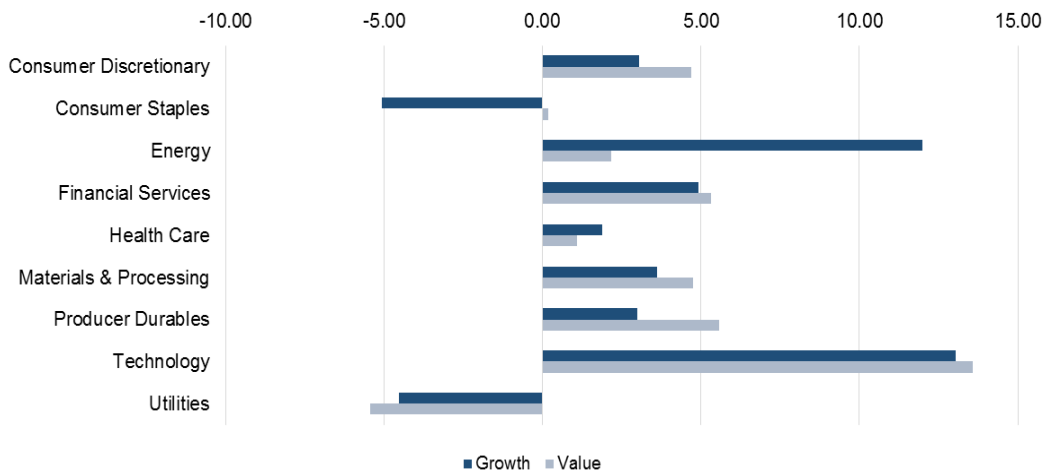
Performance vs. Risk



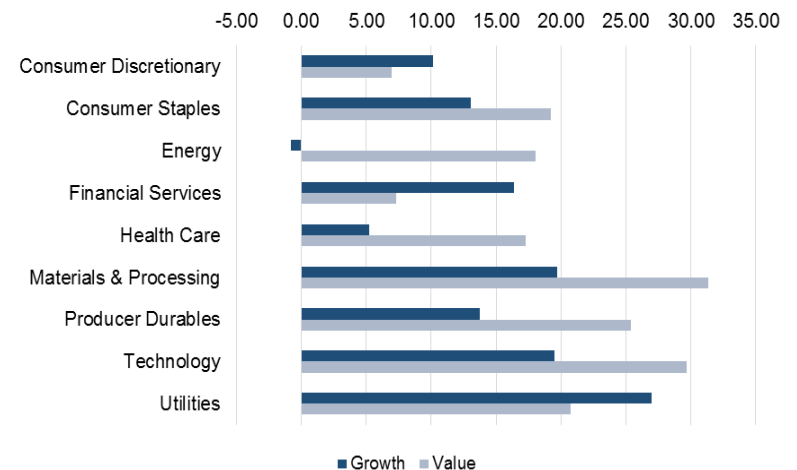
Performance vs. Risk



Russell 1000 Index Sector Quarterly Returns



Russell 1000 Index Sector Annual Returns



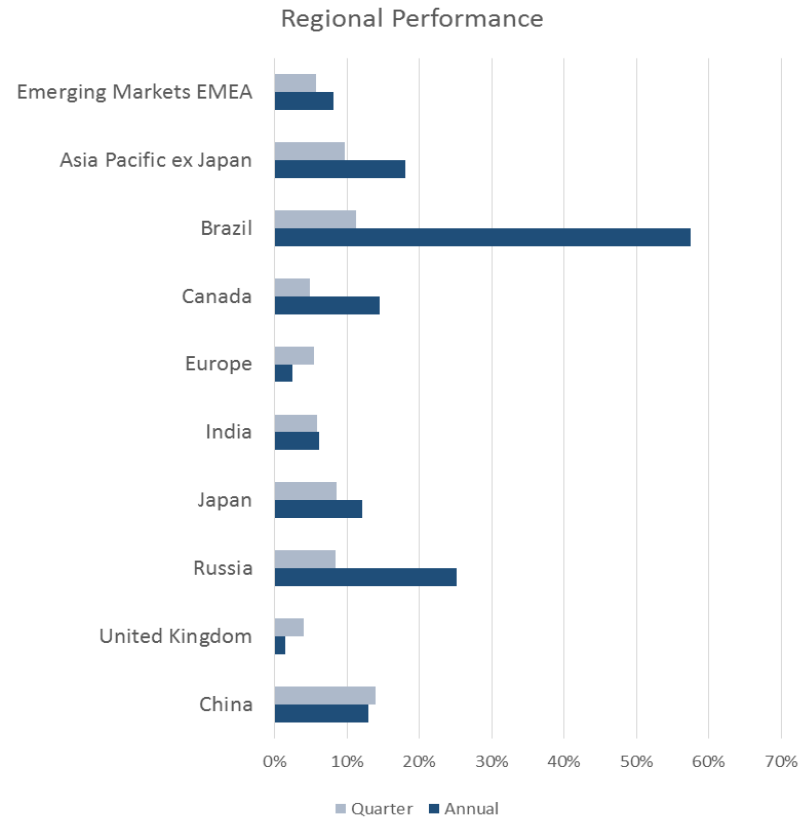
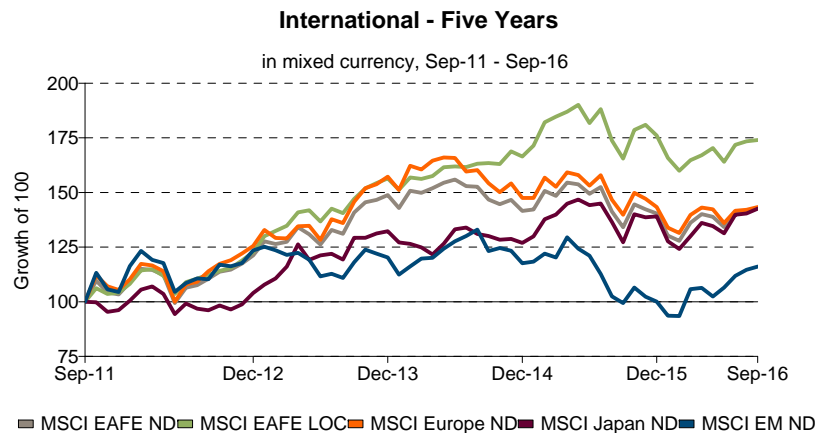
US Stock Market

- All major domestic equities posted a gain for the quarter. The Russell 2000 Growth Index was the best performing asset class, up 9.22%
- Within the more-risk tolerant marketplace, small-cap stocks outperformed large cap stocks. Similarly, in comparing style, growth outperformed value.
- REITs were down 1.24% as investors became more confident in an increase in short-term rates by the end of the year.
- Utilities, the worst performing sector, were similarly down as investors prepared for marginally higher rates domestically.
- Technology was the best performing sector as investors were generally less risk averse in the quarter.

Market Commentary - 3rd Quarter 2016

	Units per US Dollar		
	This Quarter	Last Quarter	% Change
Euro	0.890	0.903	-1.45%
United Kingdom Pound	0.768	0.755	1.85%
Japanese Yen	101.187	102.710	-1.48%
Chinese Yuan Renminbi	6.671	6.649	0.34%
Mexican Peso	19.345	18.493	4.60%
Canadian Dollar	1.312	1.299	0.98%
Indian Rupee	66.598	67.518	-1.36%
Russian Ruble	62.753	64.097	-2.10%
Brazilian Reais	3.244	3.200	1.38%

Source: www.xe.com



Source: MSCI

International Markets

- The dollar was down against the Euro and the Yen but up against the British pound.
- For the quarter, the EAFE Index was up 6.43% and the Emerging Markets Index was up 9.03%. Local currency returns were 6.11% and 7.71% for the EAFE and Emerging Market Indices, respectively.
- Among the major developed international regions, Japanese stocks posted the strongest quarterly return because of the Bank of Japan's explicit commitment to asset purchases going forward. Among developing regions, China was the best performing as its consumer goods & services sectors expanded in the second quarter of the year.
- European stocks were up 5.40%, recouping some of the losses suffered in June after the Brexit vote.
- Brazil posted a striking annual return, up nearly 60%, as equity markets continue to stabilize after higher volatility earlier in the year.
- Small-cap international stocks outperformed large cap international stocks by a 200 basis point margin.

Additional Notes

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