

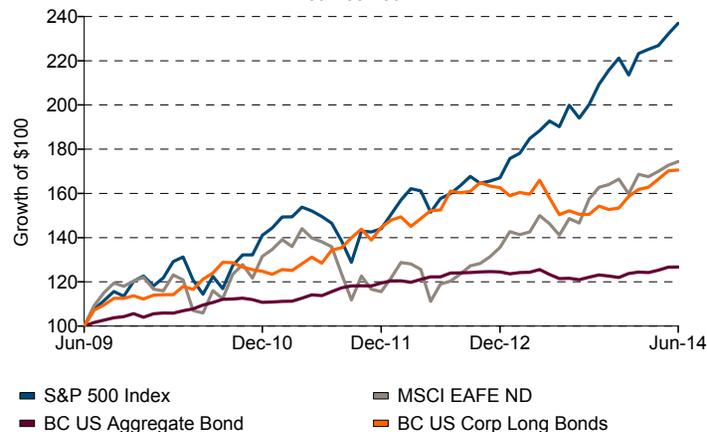
Market Commentary - 2nd Quarter 2014



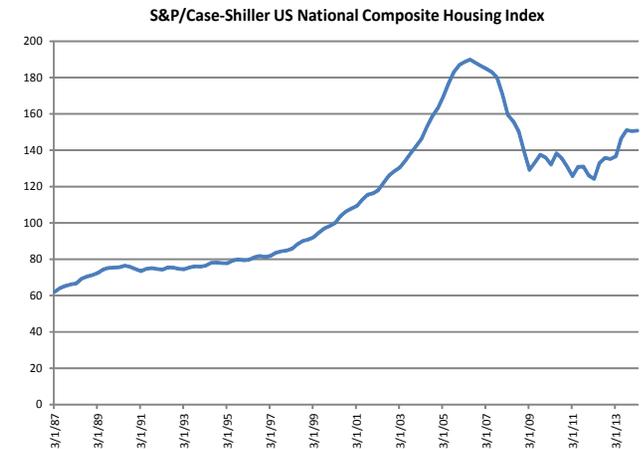
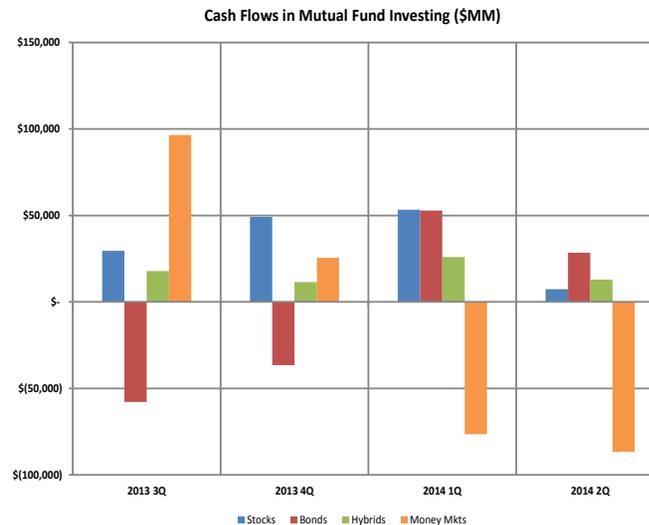
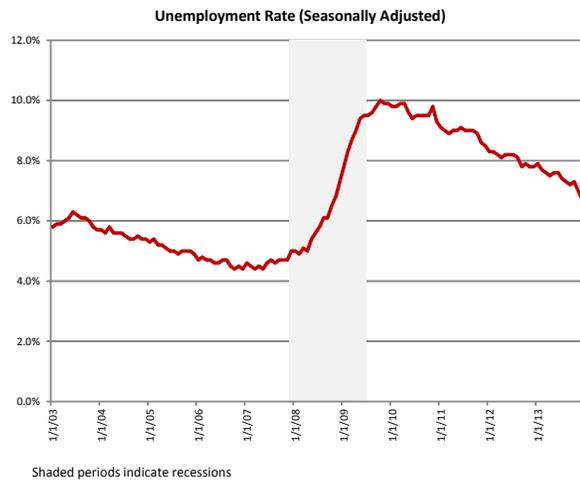
	Qtr	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs
S&P 500 Index	5.23	7.14	24.61	16.58	18.83	7.78
Russell 1000 Index	5.12	7.27	25.35	16.63	19.25	8.19
Russell 1000 Value Index	5.10	8.28	23.81	16.92	19.23	8.03
Russell 1000 Growth Index	5.13	6.31	26.92	16.26	19.24	8.20
Russell 2000 Index	2.05	3.19	23.64	14.57	20.21	8.70
Russell 2000 Value Index	2.38	4.20	22.54	14.65	19.88	8.24
Russell 2000 Growth Index	1.72	2.22	24.73	14.49	20.50	9.04
MSCI EAFE ND	4.09	4.78	23.57	8.10	11.77	6.93
MSCI ACWI ex. US	5.03	5.56	21.75	5.73	11.11	7.75
MSCI EAFE Small Cap ND	2.08	5.50	29.08	9.84	15.21	8.73
MSCI Europe ND	3.30	5.48	29.28	8.67	13.03	7.54
MSCI Japan ND	6.66	0.68	9.85	7.60	7.24	3.25
MSCI EM ND	6.59	6.14	14.31	-0.39	9.24	11.94
DJ World Real Estate	7.27	10.73	12.21	9.09	15.81	8.27
DJ US Select REIT Index	7.15	18.24	13.27	11.38	23.76	9.41
DJ-UBS US Commodity Index	0.08	7.08	8.21	-5.17	1.99	0.87
ML 3-month T-Bill	0.01	0.02	0.05	0.07	0.11	1.63
BC US Gov 1-3Y Bonds	0.27	0.42	0.77	0.66	1.24	2.72
BC US Gov/Corp Bonds	1.92	3.94	4.28	4.08	5.09	4.94
BC US Aggregate Bond	2.04	3.93	4.37	3.66	4.85	4.93
BC US Gov Long Bonds	4.73	12.08	6.44	8.70	7.41	7.17
BC US Corp Long Bonds	4.76	11.22	13.38	9.92	11.27	7.61
BC US High Yield Bonds	2.41	5.46	11.73	9.48	13.98	9.05
BC TIPS	3.81	5.83	4.44	3.55	5.55	5.25

Broad Markets - Five Years

Jun-09 - Jun-14



Market Commentary - 2nd Quarter 2014



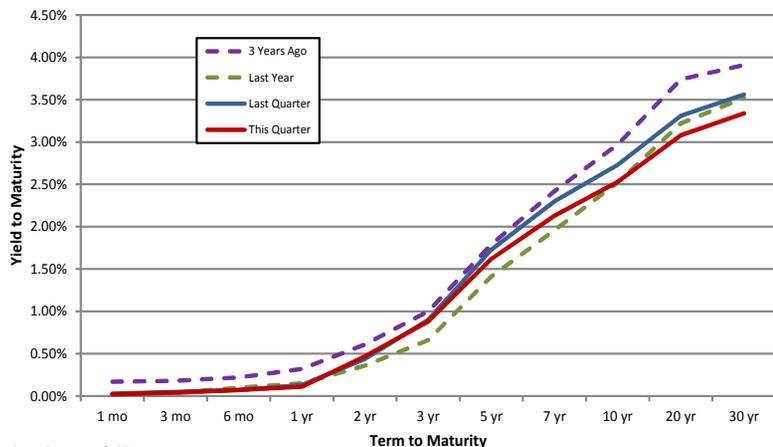
The S&P/Case-Shiller Home Price Indices are calculated monthly using a three-month moving average and published with a two month lag. Base Year 2000 = 100.

Market Commentary

- The U.S. stock market rose on strong mergers-and-acquisitions activity, better than expected corporate earnings, and signs of an improving economy.
- Developed international equity markets posted solid returns on central bank stimulus and an increase in mergers-and-acquisitions activity, while emerging markets rebounded on expectations of an improving global economy and reduced political uncertainty in certain developing countries.
- Market volatility was unusually low during the quarter.
- The Fed continued to modestly reduce its securities purchases by \$10 billion at each meeting. In addition, the Fed announced it will end its securities purchases program in October if the economy stays on track.
- Mutual fund investors increased their holdings in bonds and stocks. For the quarter, bond funds had net inflows of \$28.4 billion, while stock funds had net inflows of \$7.4 billion. Total money market mutual fund assets decreased by \$86.0 billion to \$2.557 trillion.
- The unemployment rate fell from 6.7% to 6.1%, as total employment increased by 816,000 jobs this quarter.
- The price of oil increased from \$102 per barrel to \$105 during the quarter, an increase of 2.9%.
- For the three months ending June 30, 2014, annualized seasonally adjusted CPI- U was 3.5%. Rising prices for gasoline drove the increase.

Market Commentary - 2nd Quarter 2014

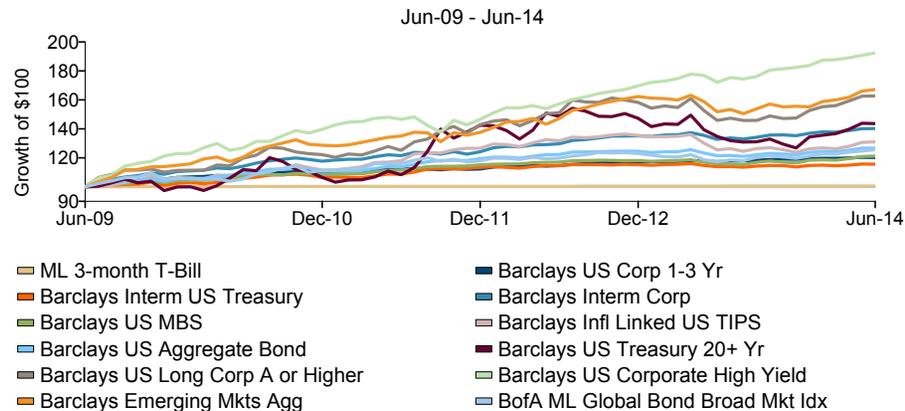
U.S. Treasury Yield Curve



Source: Department of US Treasury

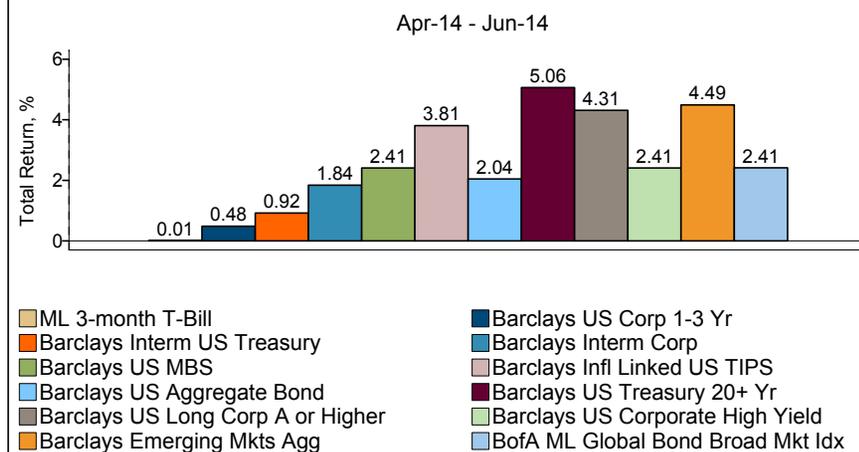
	Qtr	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs
ML 3-month T-Bill	0.01	0.02	0.05	0.07	0.11	1.63
Barclays US Corp 1-3 Yr	0.48	1.00	2.41	2.32	3.75	3.96
Barclays Interm US Treasury	0.92	1.57	1.51	2.05	2.93	3.92
Barclays Interm Corp	1.84	3.61	5.61	4.87	6.99	5.38
Barclays US MBS	2.41	4.03	4.66	2.80	3.92	4.94
Barclays Infl Linked US TIPS	3.81	5.83	4.44	3.55	5.55	5.25
Barclays US Aggregate Bond	2.04	3.93	4.37	3.66	4.85	4.93
Barclays US Treasury 20+ Yr	5.06	13.19	6.57	9.85	7.50	7.41
Barclays US Long Corp A or Higher	4.31	10.36	11.61	9.16	10.23	7.05
Barclays US Corporate High Yield	2.41	5.46	11.73	9.48	13.98	9.05
Barclays Emerging Mkts Agg	4.49	7.44	10.19	7.37	10.82	9.51
BofA ML Global Bond Broad Mkt Idx	2.41	4.92	7.15	2.67	4.67	5.11

US Fixed Income - Five Years



- ML 3-month T-Bill
- Barclays Interm US Treasury
- Barclays US MBS
- Barclays US Aggregate Bond
- Barclays US Long Corp A or Higher
- Barclays Emerging Mkts Agg
- Barclays US Corp 1-3 Yr
- Barclays Interm Corp
- Barclays Infl Linked US TIPS
- Barclays US Treasury 20+ Yr
- Barclays US Corporate High Yield
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US Fixed Income - Quarter



- ML 3-month T-Bill
- Barclays Interm US Treasury
- Barclays US MBS
- Barclays US Aggregate Bond
- Barclays US Long Corp A or Higher
- Barclays Emerging Mkts Agg
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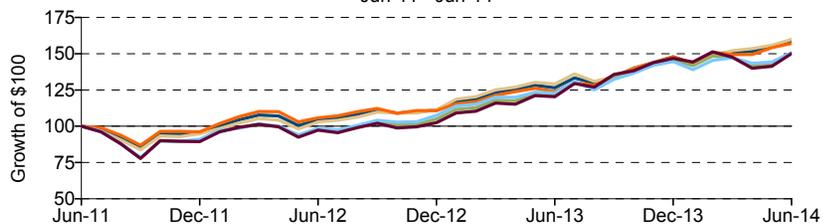
US Bond Market

- The broad fixed income market rose 2.04% in the 2nd quarter, as the positive impact from a 0.17% decline in interest rates enhanced the coupon return of 0.78%.
- The short end of the yield curve remained unchanged as the Fed maintained its near-zero interest rate policy.
- The yield curve continued to flatten as the 30-year Treasury yield fell by 0.20%, while the 2-year rose by 0.04%.
- Long-term government bonds were the best performing sector this quarter, up 5.06%, as U.S. and foreign institutions purchased long-term U.S. Treasuries (Fed's QE program and foreigners increasing dollar reserves).
- Long-term corporate bonds were up 4.31% due to tightening spreads and declining yields on the long end of the curve.
- 3-month T-Bills were the worst performing sector this quarter, up 0.01%, as short-term rates remained near 0%.

Market Commentary - 2nd Quarter 2014

Russell Indices - Three Years

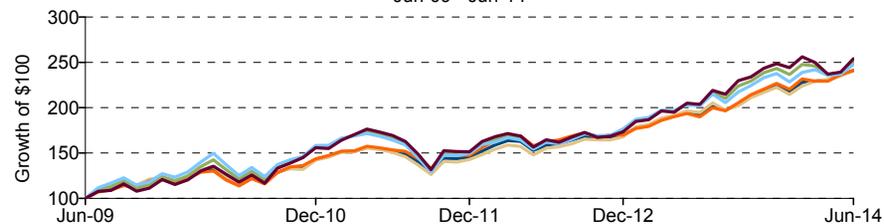
Jun-11 - Jun-14



■ Russell 1000 Index ■ Russell 1000 Value Index ■ Russell 1000 Growth Index
 ■ Russell 2000 Index ■ Russell 2000 Value Index ■ Russell 2000 Growth Index

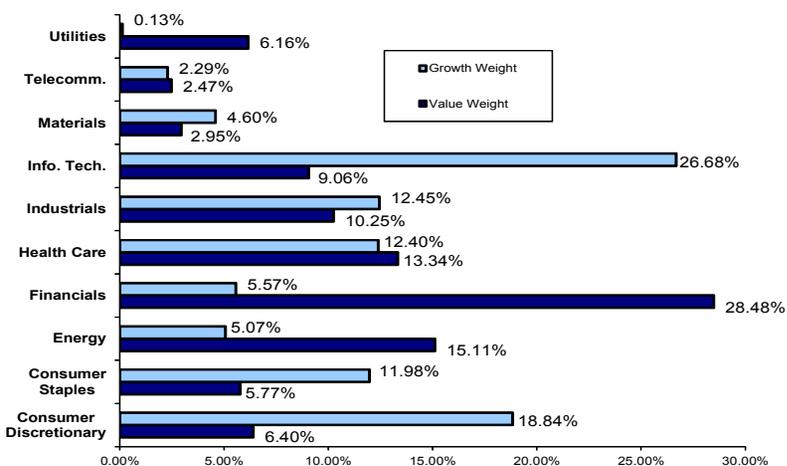
Russell Indices - Five Years

Jun-09 - Jun-14



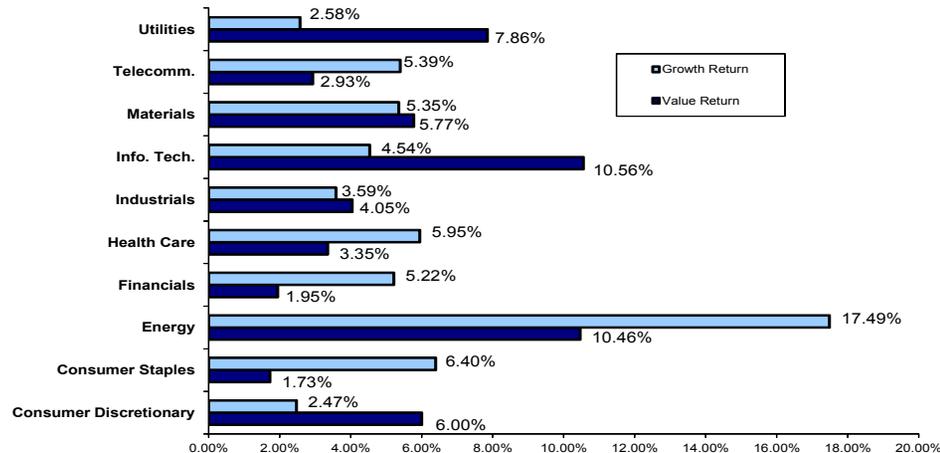
■ Russell 1000 Index ■ Russell 1000 Value Index ■ Russell 1000 Growth Index
 ■ Russell 2000 Index ■ Russell 2000 Value Index ■ Russell 2000 Growth Index

Russell 1000 Index Sector Weights



Source: Russell Investments

Russell 1000 Index Sector Quarterly Returns



US Stock Market

- Most major domestic equity indices posted a gain for the quarter. The large-cap Russell 1000 Growth Index had the best return, up 5.13%.
- In terms of capitalization, large-cap stocks outperformed small-cap stocks.
- In comparing styles, growth outperformed value in the large-cap area of the market, while value exceeded growth in the small-cap area.
- REITs rose 7.15%, as the U.S. commercial real estate market continued to improve and lower interest rates increased demand for dividend-paying stocks. The best performing REITs were hotels and timber.
- Energy was the best performing sector, up 12.28%, on fears of a potential oil and gas shortage due to political instability in the Middle East and Ukraine.
- Financials were the worst performing sector, up only 2.48%, on weak loan demand and falling long term rates.

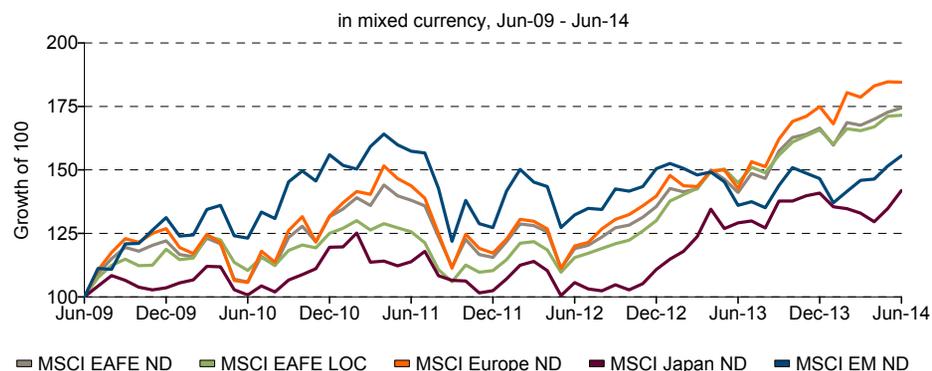
Market Commentary - 2nd Quarter 2014

Currency Exchange Rates

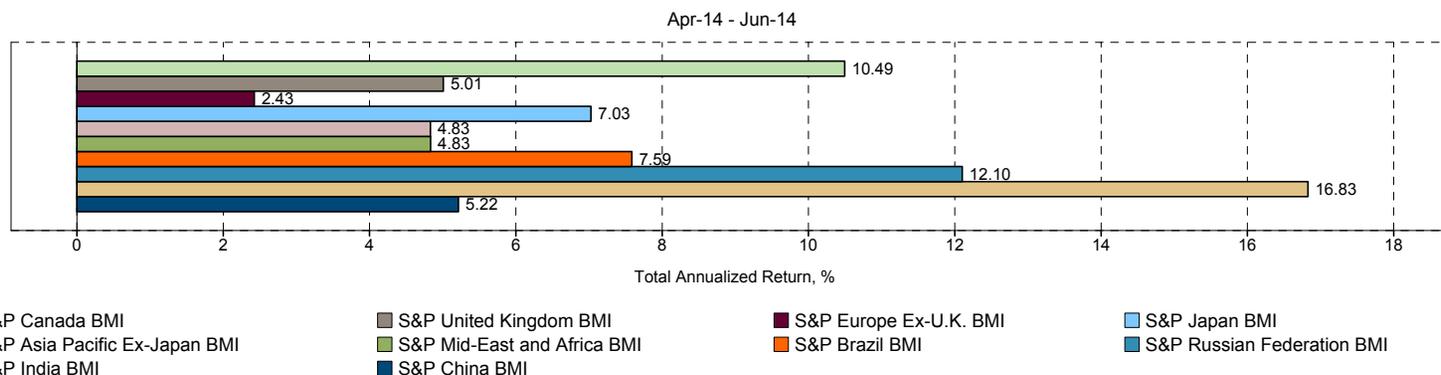
	Units per US Dollar		
	This Quarter	Last Quarter	% Change
Brazil Reais	2.204	2.256	-2.30%
Canadian Dollar	1.067	1.105	-3.40%
China Yuan Renminbi	6.204	6.216	-0.19%
Euro	0.731	0.726	0.62%
India Rupees	60.077	60.059	0.03%
Japan Yen	101.278	103.026	-1.70%
Mexico Pesos	12.973	13.061	-0.68%
Russia Rubles	33.978	35.177	-3.41%
United Kingdom Pounds	0.585	0.600	-2.51%

Source: www.xe.com

International - Five Years



Regional Performance - Quarter



International Markets

- The dollar was down against the yen and pound, but up against the euro.
- For the quarter, the EAFE Index was up 4.09%, and Emerging Markets were up 6.59%. Local currency returns for the EAFE Index and Emerging Markets were 3.41% and 5.14%, respectively.
- Among the major international regions, Indian stocks had the highest return, up 16.83%, as the election of a pro-business government fueled hopes for economic reforms and a faster growing economy.
- Stocks in Russia also rose substantially (+12.10%), as the conflict with Ukraine de-escalated, oil prices rose, and Russia signed an agreement to sell \$400 billion in gas to China.
- Large-cap stocks, up 4.1%, outperformed small-cap stocks, up 2.1%.