

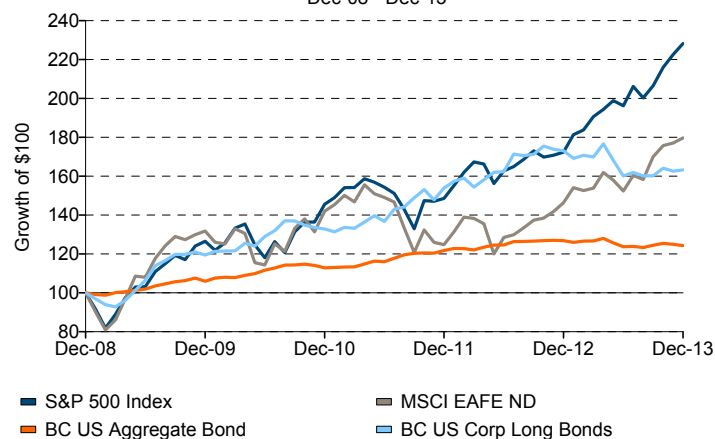
Market Commentary - 4th Quarter 2013

"The stock market is filled with individuals who know the price of everything, but the value of nothing."

– Phillip Fisher

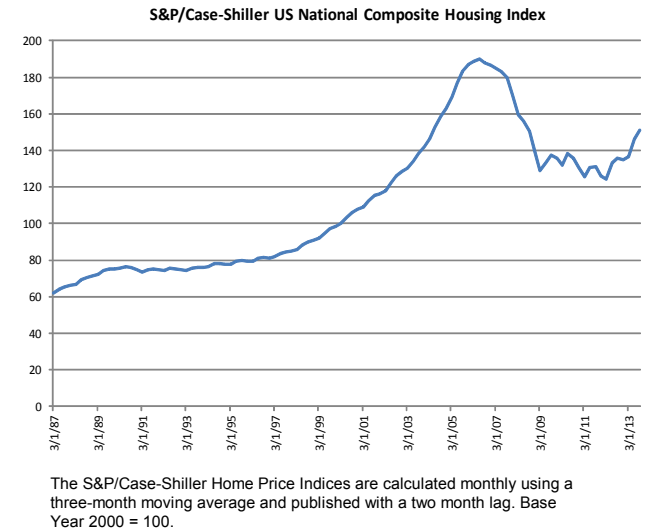
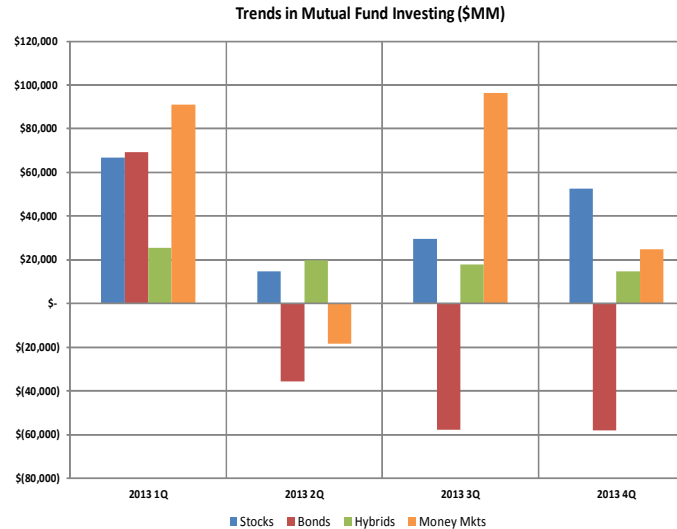
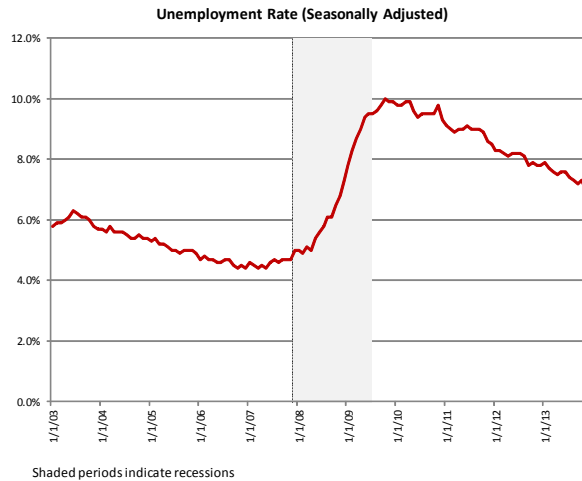
Broad Markets - Five Years

Dec-08 - Dec-13



	Qtr	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs
S&P 500 Index	10.51	32.39	32.39	16.18	17.94	7.41
Russell 1000 Index	10.23	33.11	33.11	16.30	18.59	7.78
Russell 1000 Value Index	10.01	32.53	32.53	16.06	16.67	7.58
Russell 1000 Growth Index	10.44	33.48	33.48	16.45	20.39	7.83
Russell 2000 Index	8.72	38.82	38.82	15.67	20.08	9.07
Russell 2000 Value Index	9.30	34.52	34.52	14.49	17.64	8.61
Russell 2000 Growth Index	8.17	43.30	43.30	16.82	22.58	9.41
MSCI EAFE ND	5.71	22.78	22.78	8.17	12.44	6.91
MSCI EAFE Small Cap ND	5.91	29.30	29.30	9.26	18.50	9.48
MSCI Europe ND	7.88	25.23	25.23	9.89	13.36	7.28
MSCI Japan ND	2.29	27.16	27.16	5.63	7.65	4.24
MSCI EM ND	1.83	-2.60	-2.60	-2.06	14.79	11.17
DJ World Real Estate	-0.77	2.85	2.85	7.00	15.68	8.04
DJ US Select REIT Index	-1.09	1.22	1.22	9.04	16.36	8.22
DJ-UBS US Commodity Index	-1.05	-9.52	-9.52	-8.11	1.51	0.87
ML 3-month T-Bill	0.02	0.07	0.07	0.10	0.12	1.68
BC US Gov 1-3Y Bonds	0.07	0.37	0.37	0.81	1.25	2.67
BC US Gov/Corp Bonds	-0.03	-2.35	-2.35	3.63	4.40	4.52
BC US Aggregate Bond	-0.14	-2.02	-2.02	3.26	4.44	4.55
BC US Gov Long Bonds	-2.97	-12.48	-12.48	5.47	2.42	5.94
BC US Corp Long Bonds	1.90	-5.68	-5.68	7.11	10.29	6.37
BC US High Yield Bonds	3.58	7.44	7.44	9.32	18.93	8.62
BC TIPS	-2.00	-8.60	-8.60	3.55	5.63	4.85

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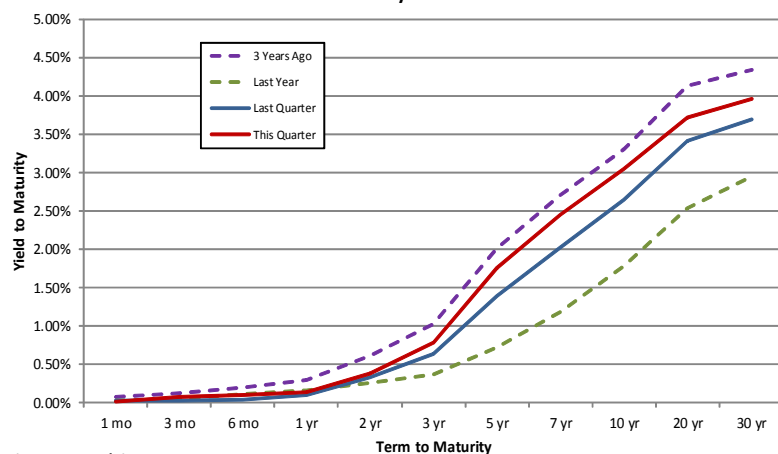


Market Commentary

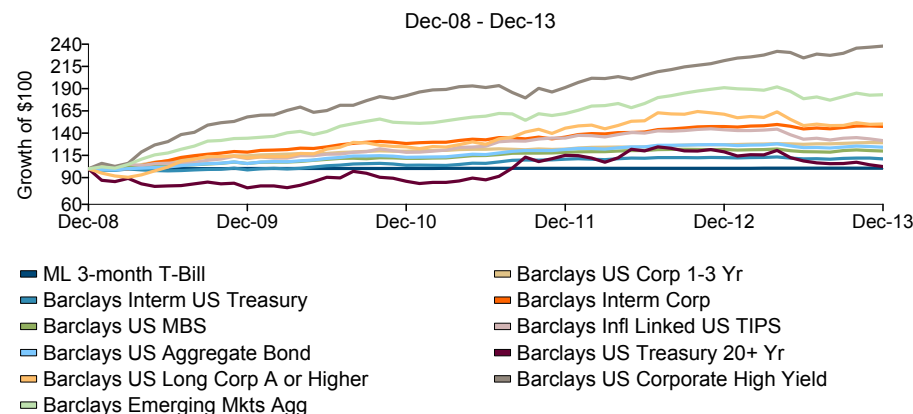
- The U.S. stock market rose on improving U.S. economic data, steady growth in corporate earnings, and the Federal Reserve's decision to modestly reduce (“ taper”) its securities purchases from \$85 billion per month to \$75 billion.
- Developed international equity markets posted solid returns on central bank stimulus and a steady recovery in economic growth, while emerging markets struggled in the second half of the quarter as economic data disappointed.
- In addition to tapering its securities purchases, the Fed confirmed its commitment to keep short-term interest rates “exceptionally low” until either the unemployment rate falls to about 6.5% or the inflation rate exceeds 2.5% a year.
- As the quarter ended, mutual fund investors decreased their holdings in bonds and increased their holdings in stocks. For the third consecutive quarter, bond funds had net outflows (\$58.2 billion in the 4th Quarter), while stock funds had net inflows of \$52.7 billion. Total money market mutual fund assets increased by \$24.8 billion to \$2.719 trillion.
- The unemployment rate fell from 7.2% to 6.7%, as total employment increased by 515,000 jobs.
- The price of oil decreased from \$102 per barrel to \$98 during the quarter, a decrease of 3.9%.
- For the three months ending December 31, 2013, annualized seasonally adjusted CPI – U was 1.1%. Rising prices for rental housing drove the increase.

Market Commentary - 4th Quarter 2013

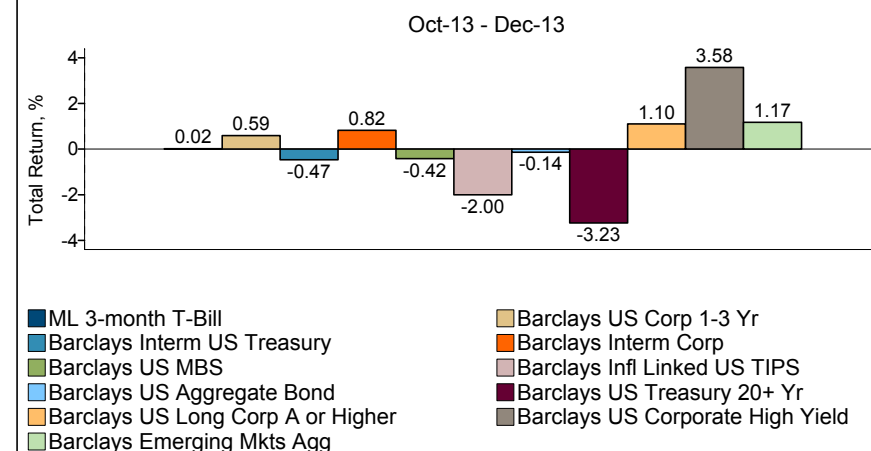
U.S. Treasury Yield Curve



US Fixed Income - Five Years



US Fixed Income - Quarter



	Qtr	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs
ML 3-month T-Bill	0.02	0.07	0.07	0.10	0.12	1.68
Barclays US Corp 1-3 Yr	0.59	1.71	1.71	2.58	5.27	3.89
Barclays Interm US Treasury	-0.47	-1.34	-1.34	2.26	2.11	3.73
Barclays Interm Corp	0.82	0.08	0.08	4.75	8.09	5.01
Barclays US MBS	-0.42	-1.41	-1.41	2.42	3.69	4.61
Barclays Infl Linked US TIPS	-2.00	-8.61	-8.61	3.55	5.63	4.85
Barclays US Aggregate Bond	-0.14	-2.02	-2.02	3.26	4.44	4.55
Barclays US Treasury 20+ Yr	-3.23	-13.88	-13.88	6.01	0.48	6.07
Barclays US Long Corp A or Higher	1.10	-6.85	-6.85	6.45	8.48	5.92
Barclays US Corporate High Yield	3.58	7.44	7.44	9.32	18.93	8.62
Barclays Emerging Mkts Agg	1.17	-4.12	-4.12	6.55	12.87	8.54

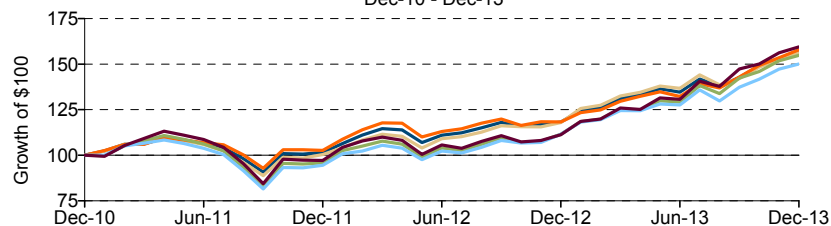
US Bond Market

- The broad fixed income market fell 0.14% in the 4th quarter, as the negative impact from a 0.14% rise in interest rates more than offset the coupon return of 0.79%.
- The short end of the yield curve remained unchanged as the Fed maintained its near-zero interest rate policy.
- Interest rates moved decidedly higher for 5- to 30-year Treasury bonds.
- High-yield bonds were the best performing sector this quarter, up 3.58%, as investors favored bonds with higher yields.
- Long-term corporate bonds were up 1.10%, as tightening spreads slightly offset the negative impact from rising yields on the long end of the curve.
- Long-term government bonds were the worst performing sector this quarter, down 3.23%, as investors moved out of safe-haven assets.
- The 3-month T-Bill returned 0.02% in the fourth quarter, the same return as in the third quarter.

Market Commentary - 4th Quarter 2013

Russell Indices - Three Years

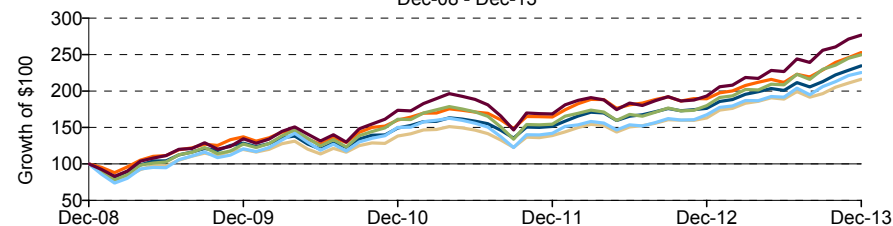
Dec-10 - Dec-13



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

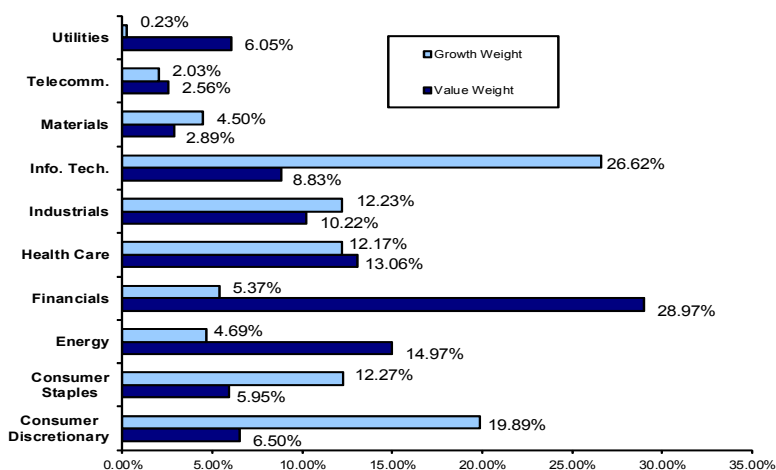
Russell Indices - Five Years

Dec-08 - Dec-13



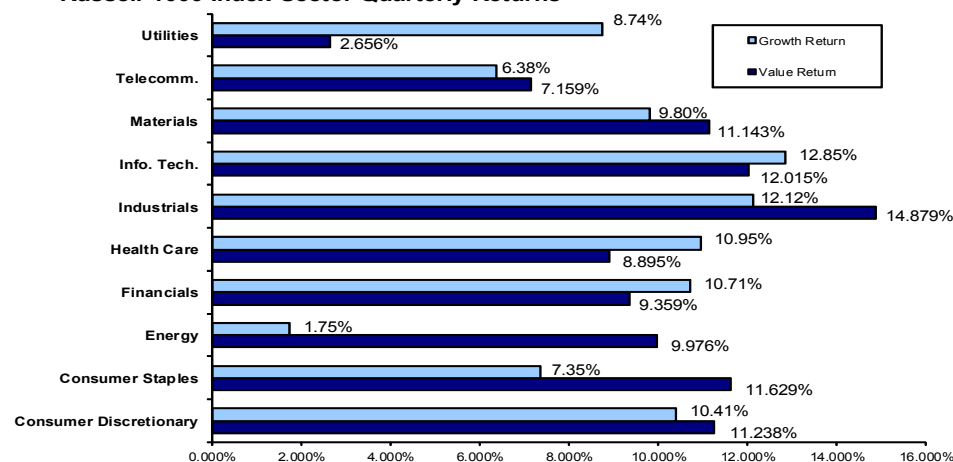
■ Russell 1000 Index ■ Russell 1000 Value Index ■ Russell 1000 Growth Index
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Russell 1000 Index Sector Weights



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 10.44%.
- 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 beat growth in the small-cap area.
- REITs fell 1.09%, as higher interest rates reduced demand for dividend-paying stocks. The worst performing sectors were health care and self-storage.
- Industrials were the best performing sector, up 13.34%, on optimism about U.S. economic growth.
- Utilities were the worst performing sector, up 2.88%, as investors generally moved out of lower-risk assets.

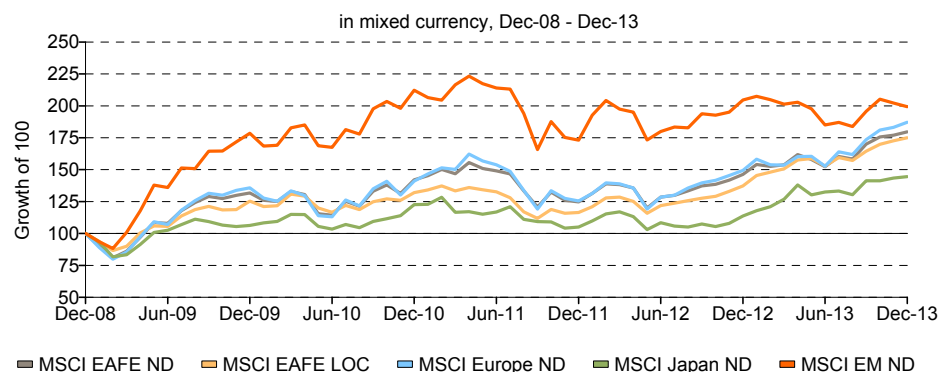
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Currency Exchange Rates

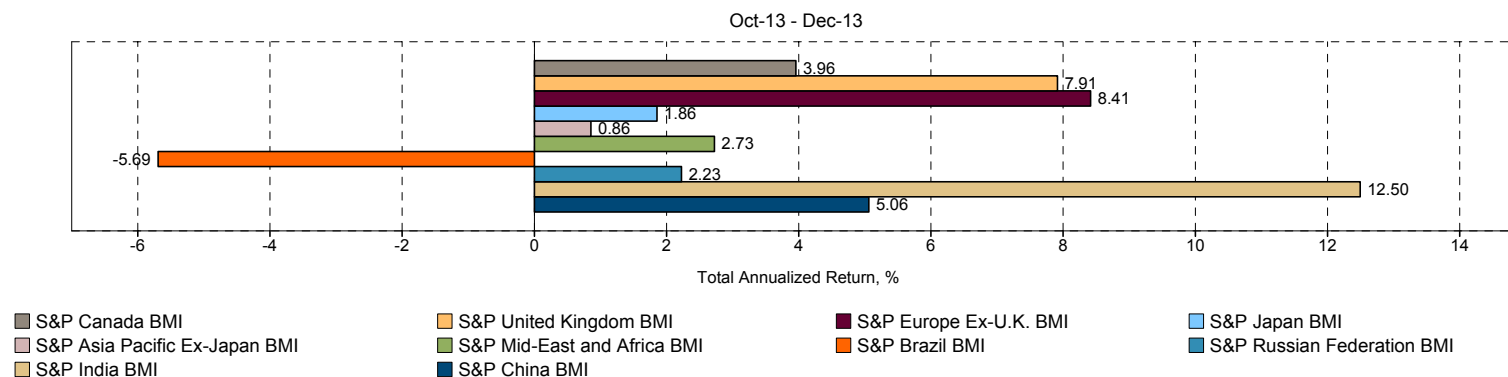
	Units per US Dollar		
	This Quarter	Last Quarter	% Change
Brazil Reais	2.36	2.22	6.23%
Canadian Dollar	1.06	1.03	3.38%
China Yuan Renminbi	6.05	6.12	-1.10%
Euro	0.73	0.74	-1.74%
India Rupees	61.86	62.65	-1.27%
Japan Yen	105.28	98.29	7.10%
Mexico Pesos	13.10	13.16	-0.44%
Russia Rubles	32.88	32.35	1.63%
United Kingdom Pounds	0.60	0.62	-2.37%

Source: www.xe.com

International - Five Years



Regional Performance - Quarter



International Markets

- The dollar was down against the euro and pound, but up strongly against the yen.
- For the quarter, the EAFE Index was up 5.71%, and Emerging Markets were up 1.83%. Local currency returns for the EAFE Index and Emerging Markets were 6.36% and 2.96%, respectively.
- Among the major international regions, Indian stocks had the highest return, up 12.50%, as the new central bank chief raised investor confidence with measures to control inflation and support growth.
- Stocks in Brazil had the lowest return, down 5.69%, as a result of weak economic growth, lower commodity prices, and deteriorating fiscal conditions.
- Small-cap stocks, up 5.9%, outperformed large-cap stocks.