

Market Commentary - 2nd Quarter 2016

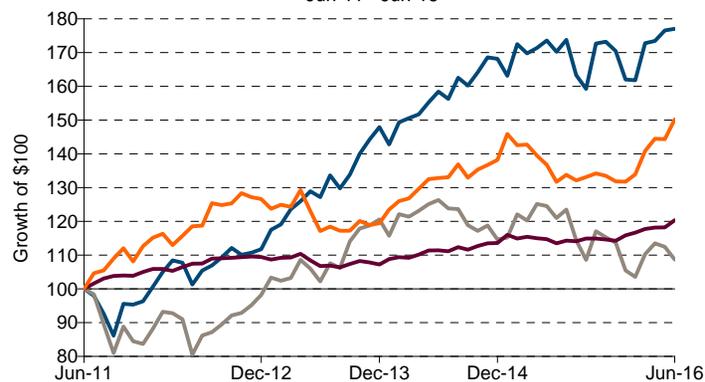
"The will of the British people is an instruction that must be delivered. It was not a decision that was taken lightly... So there can be no doubt about the result."

-David Cameron

	3 Months	YTD	1 Year	3 Years	5 Years	10 Years
S&P 500 Index	2.46	3.84	3.99	11.66	12.10	7.42
Russell 1000 Index	2.54	3.74	2.93	11.48	11.88	7.51
Russell 1000 Value Index	4.58	6.30	2.86	9.87	11.35	6.13
Russell 1000 Growth Index	0.61	1.36	3.02	13.07	12.35	8.78
Russell 2000 Index	3.79	2.22	-6.73	7.09	8.35	6.20
Russell 2000 Value Index	4.31	6.08	-2.58	6.36	8.15	5.15
Russell 2000 Growth Index	3.24	-1.59	-10.75	7.74	8.51	7.14
MSCI EAFE ND	-1.46	-4.42	-10.16	2.06	1.68	1.58
MSCI EAFE LOC	-0.47	-6.84	-9.75	6.25	6.70	2.57
MSCI ACWI ex. US	-0.64	-1.02	-10.24	1.16	0.10	1.87
MSCI EAFE Small Cap ND	-2.60	-3.18	-3.67	7.26	4.84	3.57
MSCI Japan ND	1.01	-5.58	-8.94	2.71	4.21	0.14
MSCI EM ND	0.66	6.41	-12.06	-1.56	-3.78	3.54
MSCI EM LOC	0.83	3.63	-7.35	4.07	2.38	6.06
DJ World Real Estate	3.81	8.75	8.76	7.49	7.52	4.24
DJ US Select REIT Index	5.42	10.82	22.85	13.55	12.30	6.86
DJ-UBS US Commodity Index	12.29	13.44	-13.69	-10.68	-10.90	-5.63
ML 3-month T-Bill	0.07	0.15	0.19	0.09	0.09	1.04
BC US Gov 1-3Y Bonds	0.52	1.42	1.31	1.00	0.84	2.54
BC US Gov/Corp Bonds	2.67	6.23	6.70	4.20	4.11	5.22
BC US Aggregate Bond	2.22	5.32	6.03	4.07	3.77	5.14
BC US Gov Long Bonds	6.37	14.94	18.98	10.38	10.17	8.69
BC US Corp Long Bonds	6.64	13.92	14.06	8.64	8.47	8.12
BC US High Yield Bonds	5.52	9.06	1.62	4.18	5.84	7.56
BC TIPS	1.71	6.24	4.35	2.31	2.63	4.75
MSCI Europe ND	-2.69	-5.13	-11.22	1.96	1.02	1.52

Broad Markets - Five Years

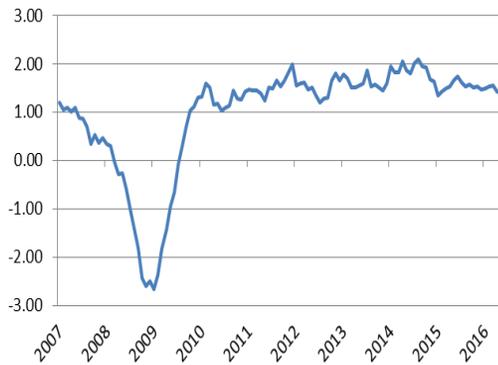
Jun-11 - Jun-16



■ S&P 500 Index ■ MSCI EAFE ND
■ BC US Aggregate Bond ■ BC US Corp Long Bonds

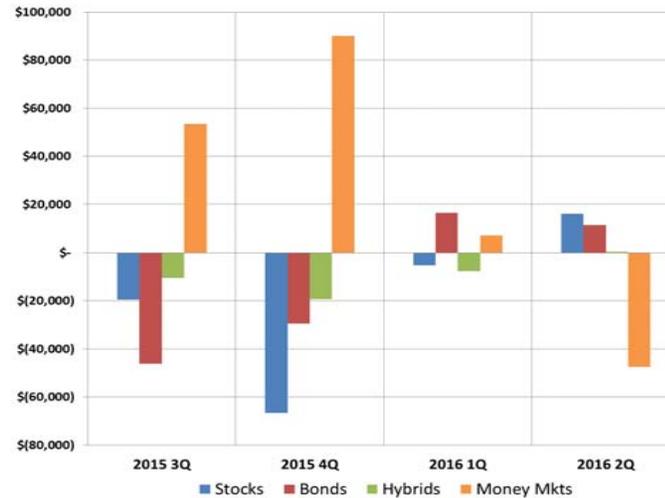
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FRB Leading Index for the United States, Percent, Monthly, Seasonally Adjusted

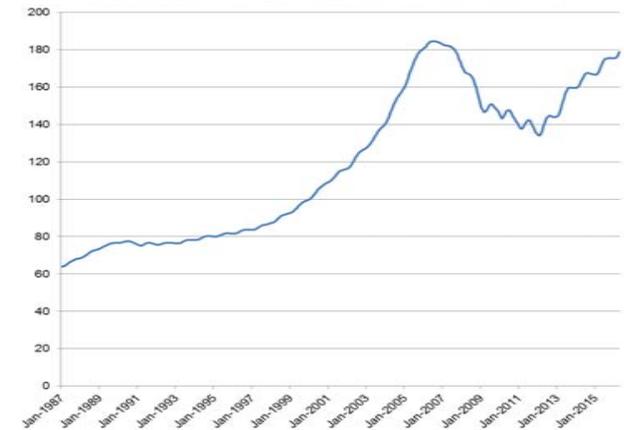


The Leading Index predicts the six-month growth rate of the United States' Coincident Economic Activity Index, which incorporates nonfarm payroll employment, the unemployment rate, average hours worked in manufacturing and wages and salaries in estimating economic activity.

Cash Flows in Mutual Fund Investing (\$MM)



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



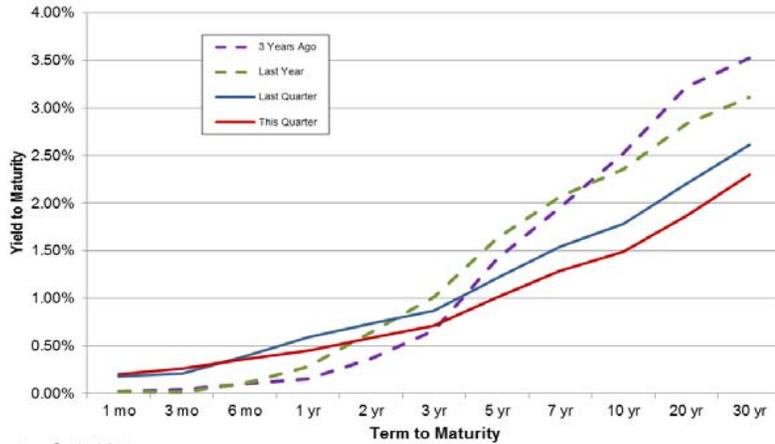
The S&P/Case-Shiller Home Price Indices are calculated monthly using a three-month moving average and published with a two month lag. Base Year 2000 = 100.

Market Commentary

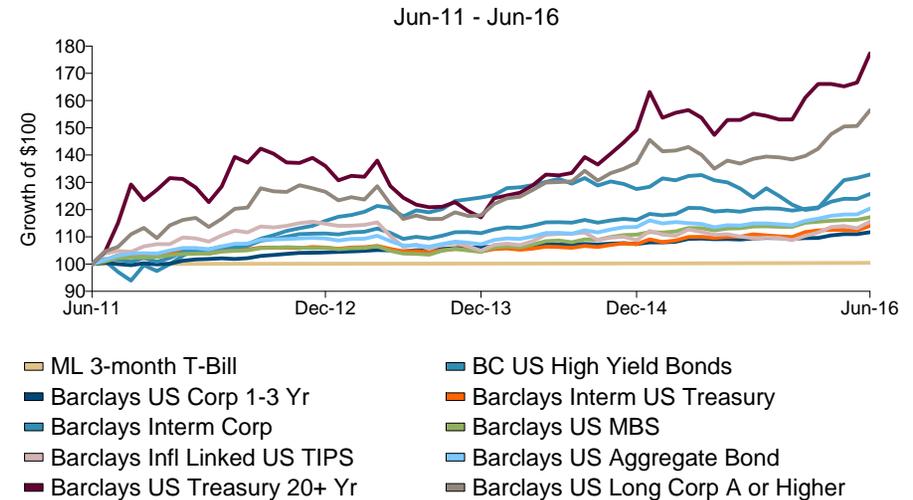
- Despite the uncertainty stemming from Britain's decision to leave the European Union, U.S. stocks finished the quarter up 2.46% as investors anticipated further positive economic data and low interest rates.
- In contrast, developed international equity markets were down on the news of Brexit and the forecasted negative effect it will have on growth in Europe.
- Emerging markets were up as commodities continued to rebound from last year's lows and interest rates in the United States remained near zero.
- The Fed deferred further rate increases on weaker-than-expected May unemployment figures and Brexit-related uncertainties within the global economy.
- Mutual fund investors increased their holdings in both stocks and bonds. For the quarter, stocks had a net inflow of \$16.1 billion and bonds had a net inflow of \$11.3 billion. Total money market mutual fund assets decreased by \$47 billion to \$2.7 trillion.
- The unemployment fell from 5.0% to 4.9%, as total employment increased by 453,131 jobs this quarter.
- The price of oil rose from \$37 per barrel to \$48 during the quarter.

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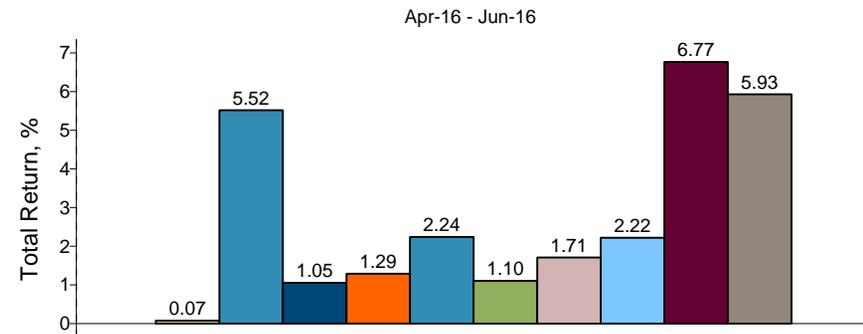
U.S. Treasury Yield Curve



US Fixed Income - Five Years



US Fixed Income - Quarter



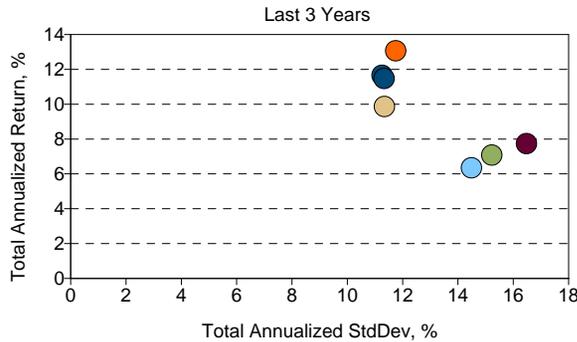
	Qtr	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs
ML 3-month T-Bill	0.07	0.15	0.19	0.09	0.09	1.04
BC US High Yield Bonds	5.52	9.06	1.62	4.18	5.84	7.56
Barclays US Corp 1-3 Yr	1.05	2.23	2.39	2.21	2.24	3.89
Barclays Interm US Treasury	1.29	3.67	4.05	2.88	2.65	4.28
Barclays Interm Corp	2.24	5.06	5.36	4.79	4.68	5.76
Barclays US MBS	1.10	3.10	4.33	4.11	3.22	5.07
Barclays Infl Linked US TIPS	1.71	6.24	4.36	2.80	2.93	4.90
Barclays US Aggregate Bond	2.22	5.32	6.03	4.07	3.77	5.14
Barclays US Treasury 20+ Yr	6.77	15.84	20.32	12.55	12.14	9.43
Barclays US Long Corp A or Higher	5.93	13.08	15.93	10.33	9.37	8.12

US Bond Market

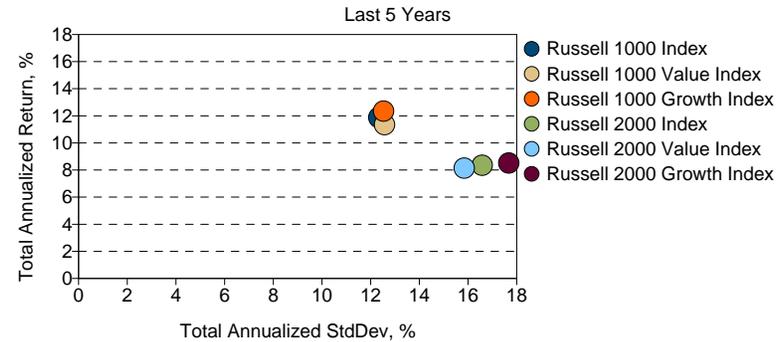
- The broad fixed income market rose 2.22% as investors sought refuge from volatile equity markets.
- The yield curve continued to flatten as global investor demand for Treasuries was heightened on uncertainty related to Brexit.
- Yields on 10-Year and 30-Year Treasuries both dropped by 30 basis points to 1.49% and 2.30%, respectively.
- Long-term Treasuries were the best performing sector, up 6.77%, as rates continued to remain low.
- High Yield bonds rose 5.52% as positive domestic economic news, which encouraged investors to try for more risky yields.

Market Commentary - 2nd Quarter 2016

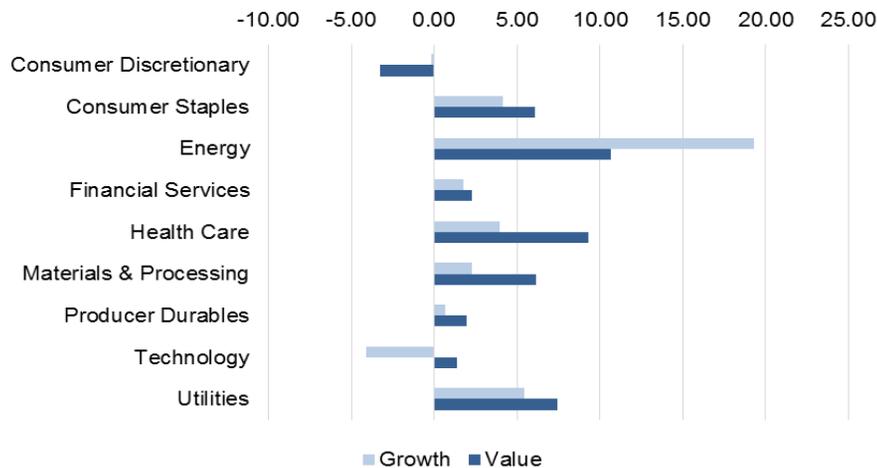
Performance vs. Risk



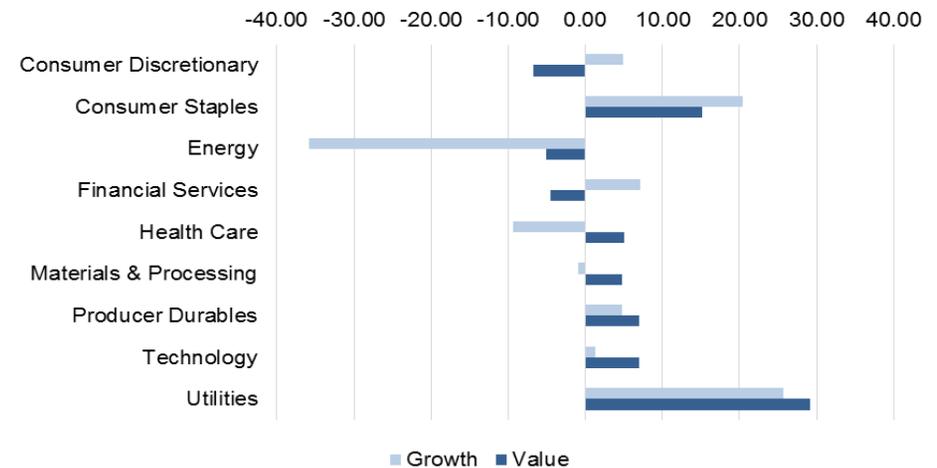
Performance vs. Risk



Russell 1000 Index Sector Quarterly Returns



Russell 1000 Index Sector Annual Returns



US Stock Market

- All major domestic indices posted gains for the quarter. The large-cap Russell 1000 Value Index had the best return, up 4.58%.
- In terms of capitalization, small-cap stocks seemingly benefitted from volatility and generally outperformed large-cap stocks.
- In comparing styles, value outperformed growth.
- REITs, up 5.42%, continued to benefit from low rates.
- Energy stocks were the best performing sector, up 10.99%, as commodity prices rebounded from last quarter's lows.
- Technology was the worst performing sector, down 2.42%.

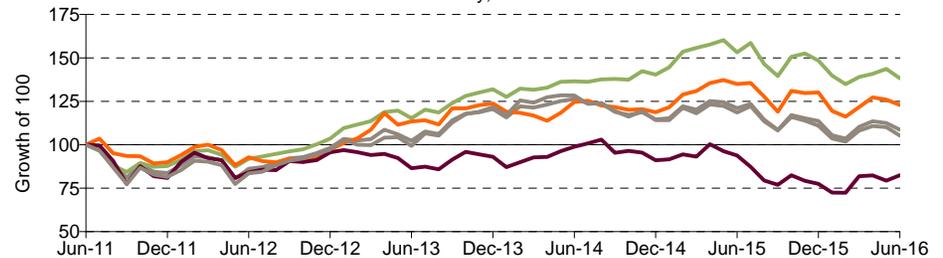
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	Units per US Dollar		
	This Quarter	Last Quarter	% Change
Brazil Reais	3.200	3.555	-9.97%
Canadian Dollar	1.299	1.297	0.19%
China Yuan Renminbi	6.649	6.445	3.17%
Euro	0.903	0.878	2.82%
India Rupees	67.518	66.175	2.03%
Japan Yen	102.710	112.424	-8.64%
Mexico Pesos	18.493	17.221	7.38%
Russia Rubles	64.097	67.238	-4.67%
United Kingdom Pounds	0.755	0.695	8.50%

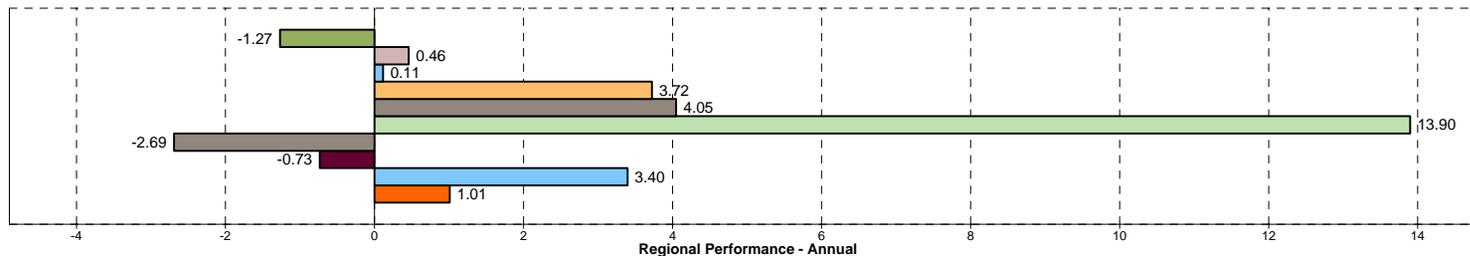
Source: www.xe.com

International - Five Years

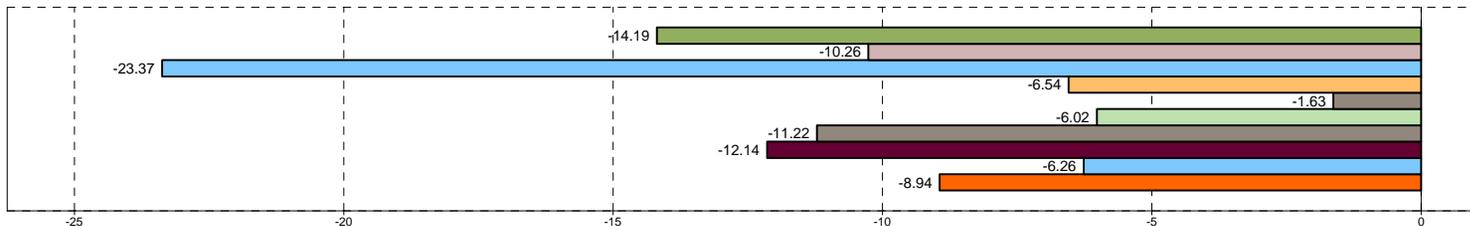
in mixed currency, Jun-11 - Jun-16



Regional Performance - Quarter
 Apr-16 - Jun-16



Regional Performance - Annual
 Jul-15 - Jun-16



- MSCI Emerging Markets Europe, Middle East & Africa ND USD
- MSCI AC Asia Pacific ex Japan ND USD
- MSCI China ND USD
- MSCI India ND USD
- MSCI Russia ND USD
- MSCI Brazil ND USD
- MSCI Europe ND
- MSCI United Kingdom ND USD
- MSCI Canada ND USD
- MSCI Japan ND

International Markets

- The dollar was up against most major currencies, particularly the Euro and Pound.
- For the quarter, the EAFE Index was down 1.46% while Emerging Markets were up 0.66%. Local currency returns for the EAFE and Emerging Market Indices were down 0.47% and up 0.83%, respectively, for the quarter.
- Among the major international regions, European stocks fared the worst, down 2.69%, as the prospect for growth came into question when the UK voted to leave the EU.
- Chinese stocks continue to be the biggest detractor on an annual basis, down 23.37%, as the rapid pace of growth the country has experienced appears unsustainable.
- Small-cap international stocks were down 2.60%.