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Economic & Capital Market Review

March 31, 2014

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KEY HIGHLIGHTS

- In Q1 2014:
 - After historically high equity returns and low volatility in 2013, some uneasiness returned to the market during the first quarter.
 - The crisis in Ukraine, slowing growth in China and other emerging economies, and weaker-than-expected US economic data in January and February all contributed to a more volatile market environment.
- Growth assets were positive in Q1 2014:
 - Despite increased risks from a variety of sources, central banks around the world remain accommodative and markets continue to recover from the financial crisis of 2008-09.
 - Global equity indices climbed higher, led by US stocks, which rose 1.8% during the quarter. A debt ceiling deal by Congress pushed stocks higher, with the S&P 500 reaching new record highs during the quarter.
 - The eurozone continues to recover, although inflation remains well below the target set by the ECB. International equities (MSCI EAFE, +0.7%) trailed domestic for the quarter, as gains from Europe were offset by losses in Japan.
 - Emerging markets (MSCI EM, -0.4%) fell as investors continued to show negative sentiment towards EM.
 - Equity surrogates were led by risk parity (+5.1%) for the quarter.
- Income assets were positive in Q1 2014:
 - Global bonds outperformed stocks as rates fell. The yield on the 10-Year Treasury declined 26 basis points, from 3.01% to 2.76%.
 - After yields fell early in the quarter on EM concerns, they remained low as turbulence persisted in Ukraine and other markets.
 - Alternatives to traditional fixed income such as private debt, relative value hedge funds, and real estate performed roughly in-line with the Barclays Aggregate.
- Diversifying assets were also positive in Q1 2014:
 - TIPS and Treasury yields fell during the quarter, reversing some of their losses from 2013.
 - Commodities were among the best performing asset classes, up 7.0%.
 - Managed futures and global macro hedge funds posted losses for the quarter (-4.3% and -0.6%, respectively).

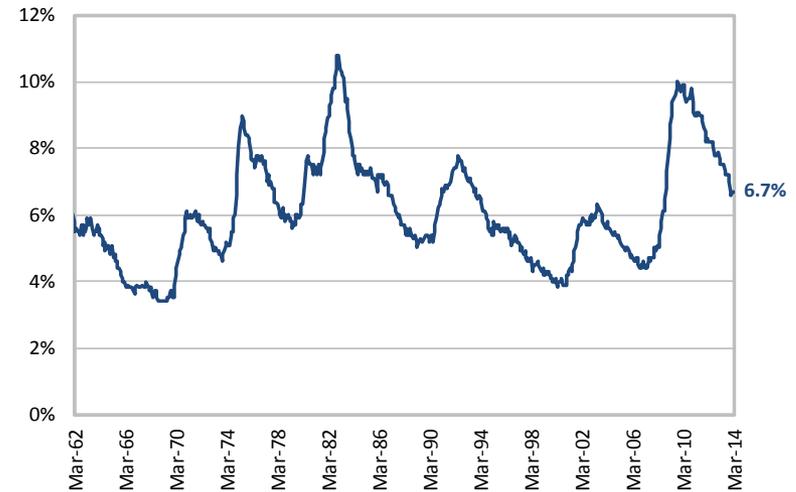
Economy

- The Federal Reserve, citing continued improvements in the labor market and broader economy, elected to decrease monthly asset purchases at its March meeting. Going forward, the Fed will purchase mortgage-backed securities and Treasury bonds at a rate of \$55B per month, down from the previous rate of \$60B.
- The unemployment rate remained at 6.7% in March, unchanged from its December 2013 level. Nonfarm payrolls increased by 192,000, slightly below expectations of 200,000. The labor force participation rate rose 0.2% to 63.2% and remains near a five-year low.
- Gross domestic product expanded at a 2.6% annual rate during the fourth quarter of 2013, according to the BEA's third estimate. GDP is expected to have grown at a 1.0% annual pace during the first quarter, due largely to adverse winter weather.
- Consumer prices, as measured by the Consumer Price Index, rose 0.2% in March. Core CPI, which excludes food and energy, also increased 0.2%. Consumer prices were up 1.5% for the 12 months ending March, while the core rate increased 1.7%.
- The Producer Price Index increased 0.5% in March. Excluding food and energy, the PPI increased 0.6%. The PPI rose 1.4% year-over-year ending March, while core prices also rose 1.4%.
- Housing market figures have been weaker than expected for March. Housing starts (up 2.8% month-over-month) and building permits (-2.4%) both missed economists' expectations, while existing home sales declined 0.2%. Rising mortgage rates present an additional headwind for the housing market. Rates rose slightly in February, but remain well below historical levels.
- US manufacturing expanded during March, a sign that the economy is accelerating after winter weather caused decreased demand across the country in previous months. The ISM Index came in at 53.7; a figure over 50 implies expansion.
- Retail sales (ex auto and gas) rose 1.0% in March, while inventories at US wholesalers increased by 0.5% in February.

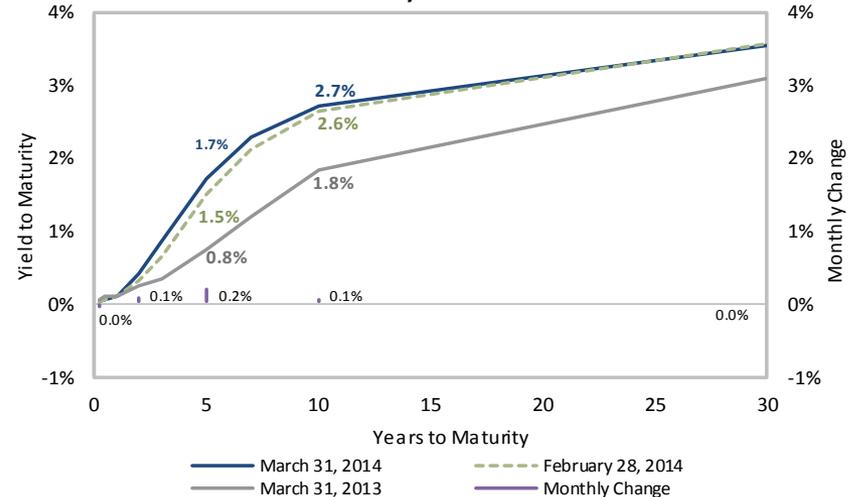
Yield Curve

- Yields rose across the short end of the curve in March. The spread between 2-year and 30-year Treasuries tightened 12 basis points to 314 bps.

Unemployment Rate



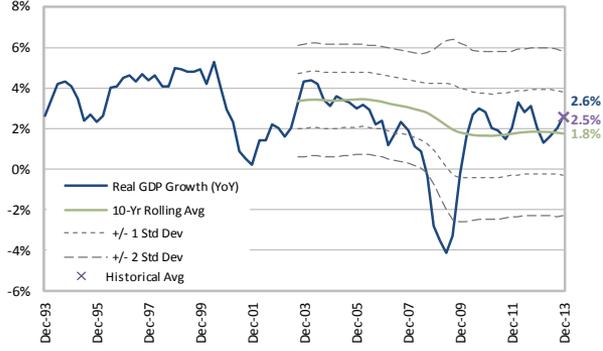
Treasury Yield Curve



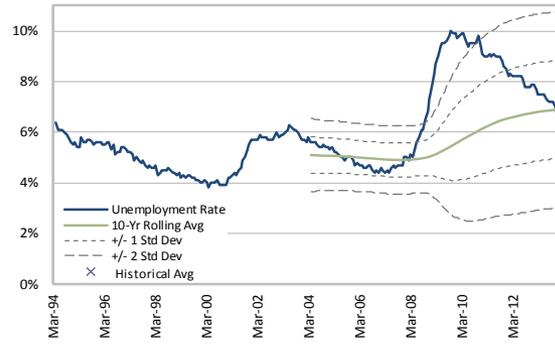
Economic Perspective

March 31, 2014

Real GDP Growth (YoY)



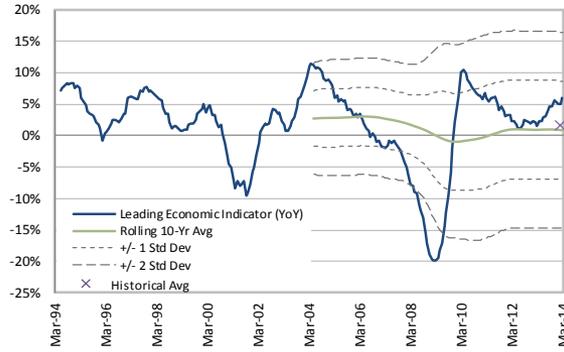
Unemployment Rate



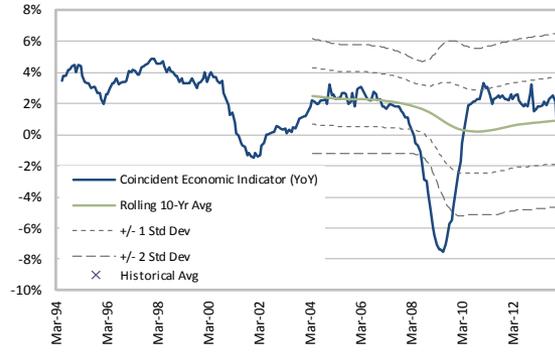
Manufacturing Strength



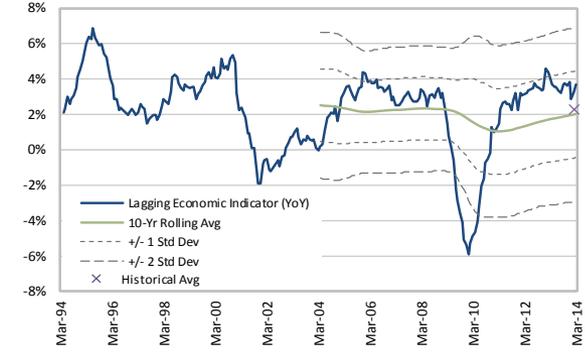
Leading Economic Indicator (YoY)



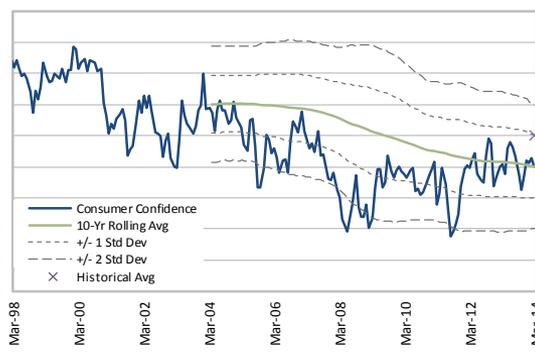
Coincident Economic Indicator (YoY)



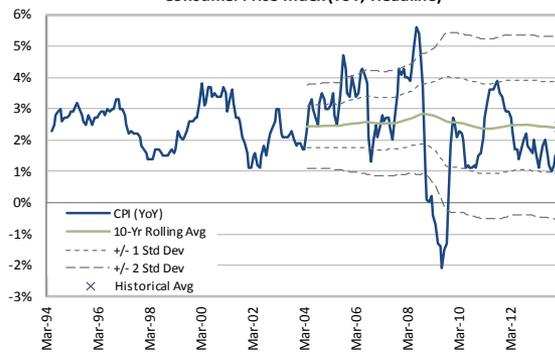
Lagging Economic Indicator (YoY)



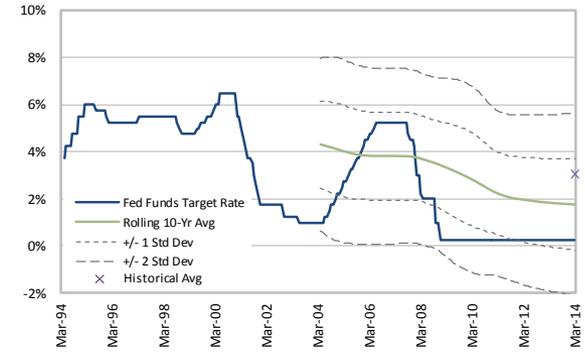
Consumer Confidence

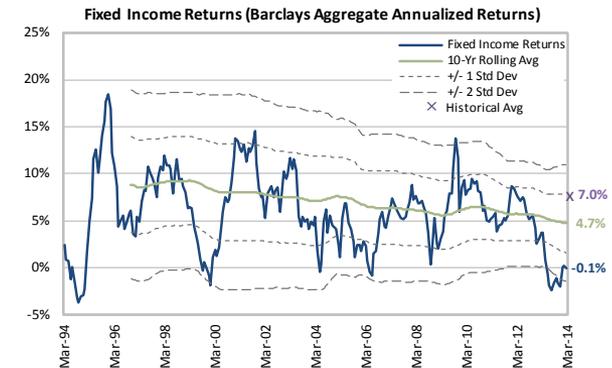
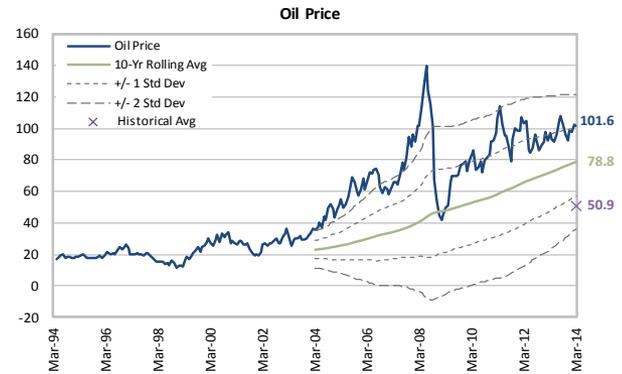
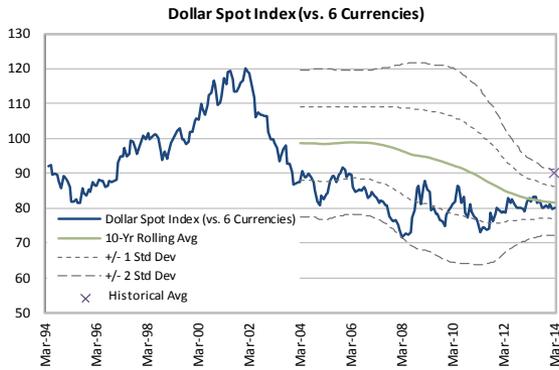
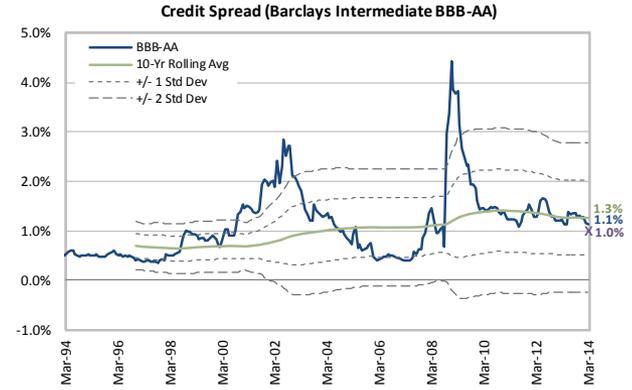
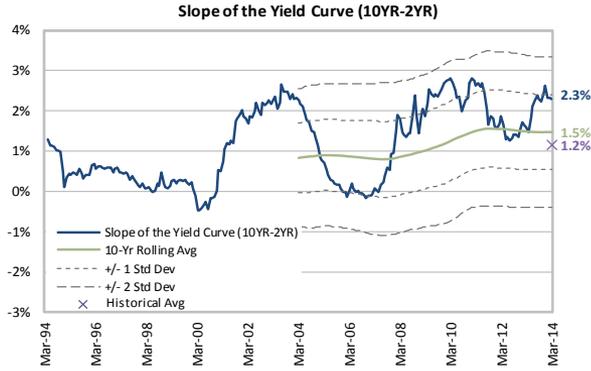


Consumer Price Index (YoY, Headline)



Federal Funds Target Rate





Growth Assets

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Public Equities

- Domestic equities (S&P 500) outperformed international equities (MSCI EAFE) by 110 bps in the first quarter. International small caps were the best equity performers, as the MSCI EAFE SC Index rose 3.4% during the quarter.
- For March, MLP returns were driven by modest yield compression, being equally distributed across large and small capitalization MLPs. MLP General Partners continued their strong run, earning 7% this month. Traditional energy infrastructure sectors (natural gas pipelines, refined products pipelines, and gathering & processing MLPs) all performed well, up 3% during March. Upstream MLPs fell 5% during the month as natural gas prices came down from peak winter pricing.

Public Debt

- High yield bonds earned a return of 3.0% as spreads tightened 25 bps to 360 bps. Historically, high yield spreads have averaged 525 bps.

Private Equity

- Deal value picked up in the 1st quarter of 2014 compared to the 4th quarter of 2013 in both the US and the rest of the world, but declined slightly in Europe. However deal volume trailed fundraising, causing an increase in uninvested capital (aka dry powder). Globally, funds are now sitting on \$950 billion of uninvested capital, up from \$890 billion at the end of 2013 and a new all-time high. Accommodative debt markets and increasing levels of uninvested capital continue to sustain high deal prices and a challenging investment environment according to managers.

Private Debt

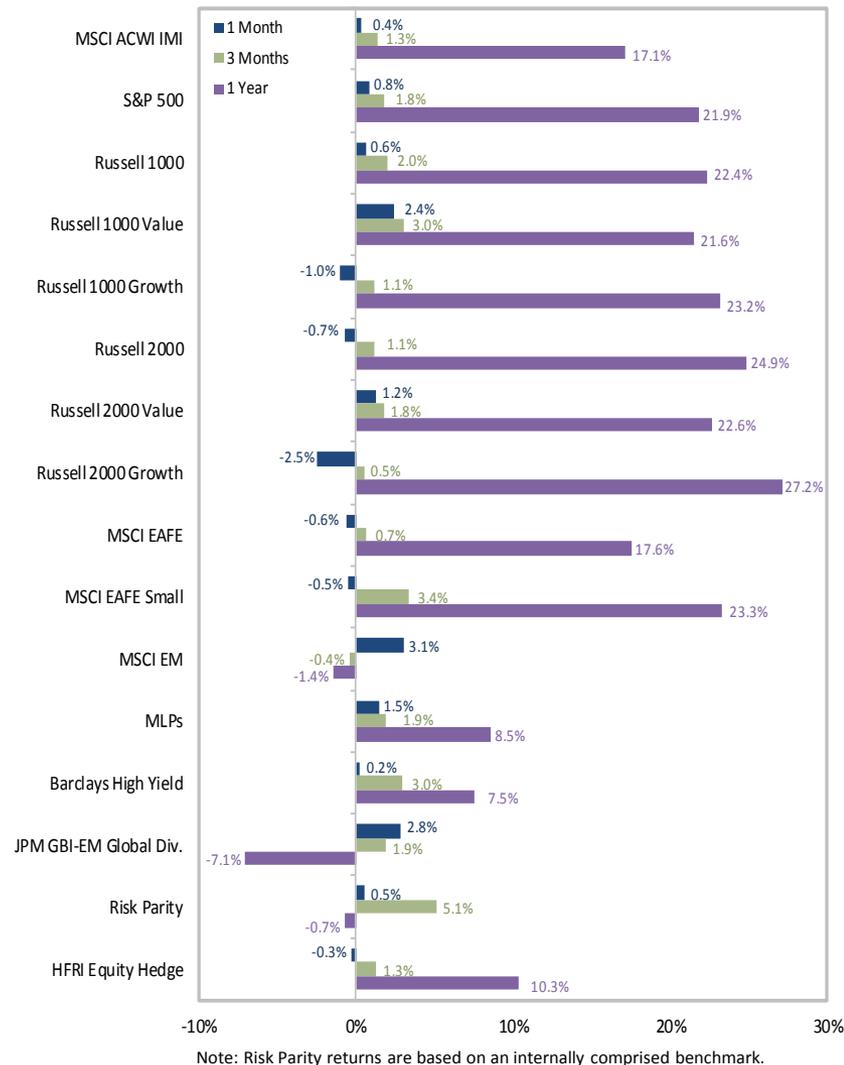
- The availability and aggressive terms from senior lenders has allowed debt levels to increase to a new cycle high of 5.6x EBITDA. This remains lower than the prior cycle high of 6.2x recorded in 2007. The willingness of senior lenders to reach deeper into capital structures and accept higher levels of risk has been particularly challenging for mezzanine providers. According to data from S&P, mezzanine's share of new deal capital structures was 0% in the 1st quarter of 2014. This compares to a typical share of 5-10% over the prior 10 years.

Risk Parity

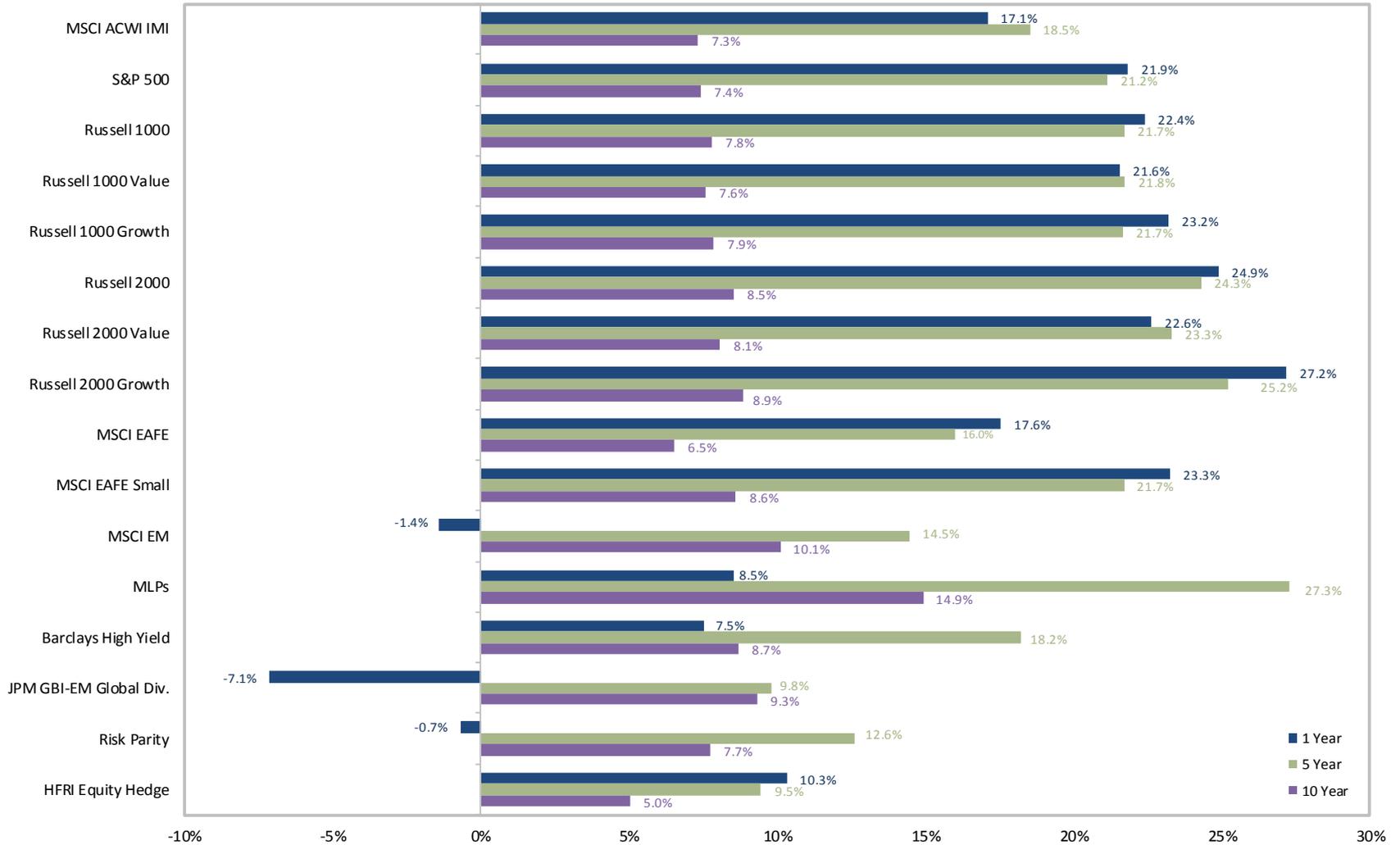
- Risk parity-based strategies produced muted returns in March, with small gains from equity and credit sectors and small losses from commodity and fixed income allocations. Risk parity has returned 5.1% thus far in 2014.

Growth Hedge Funds

- The HFRI Equity Hedge Index saw losses in March as the equity market saw a strong reversal in high momentum sectors such as technology and bio-tech. Manager dispersion for the month was large, with many top performing 2013 managers giving back significant gains. The Event-driven Index was roughly unchanged on the month as distressed strategies posted small gains and merger arbitrage posted small losses.

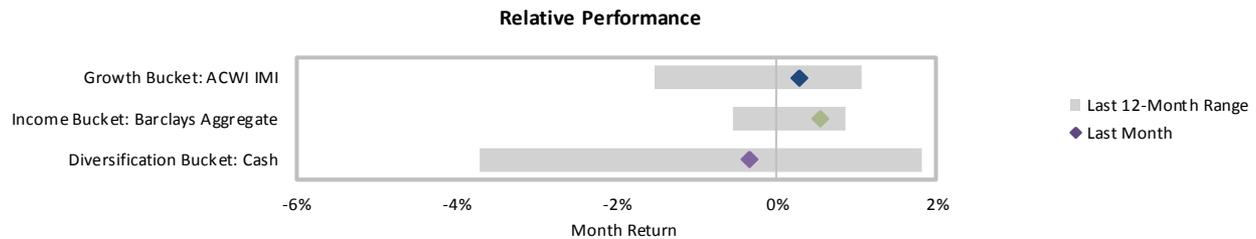
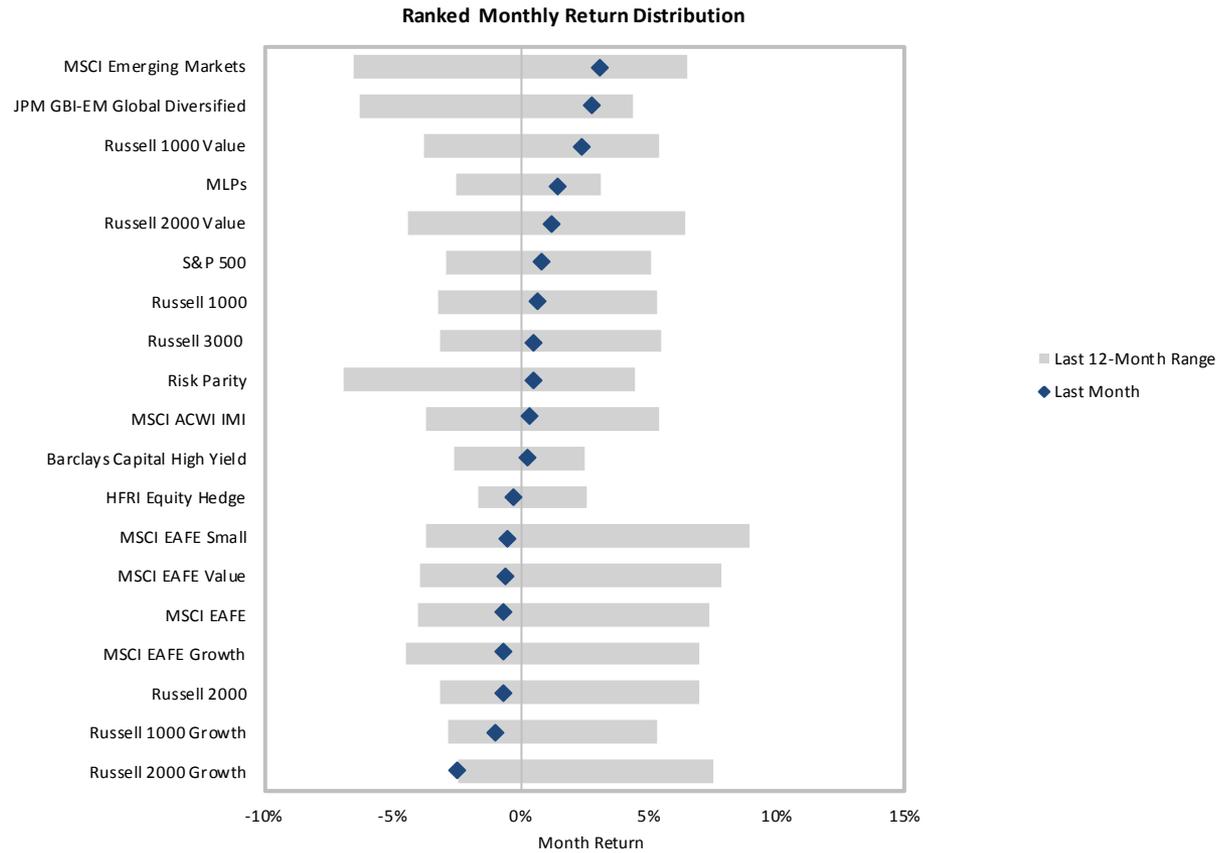


ANNUALIZED ONE-, FIVE-, AND TEN-YEAR RETURNS

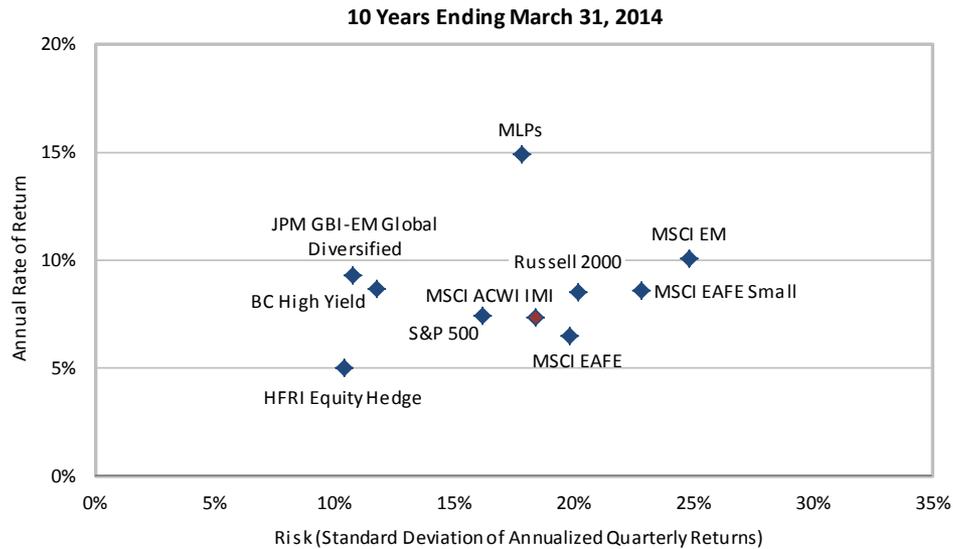
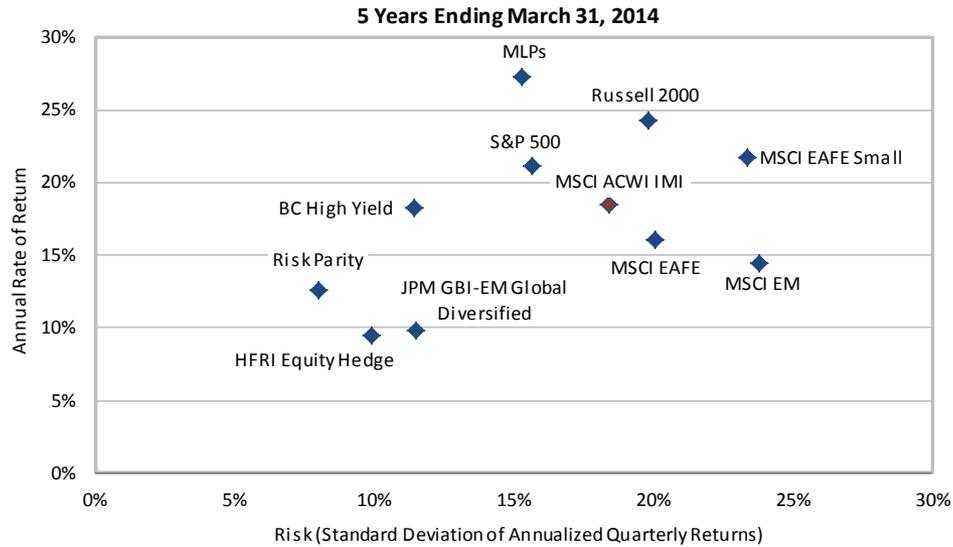


Note: Risk Parity returns are based on an internally comprised benchmark.

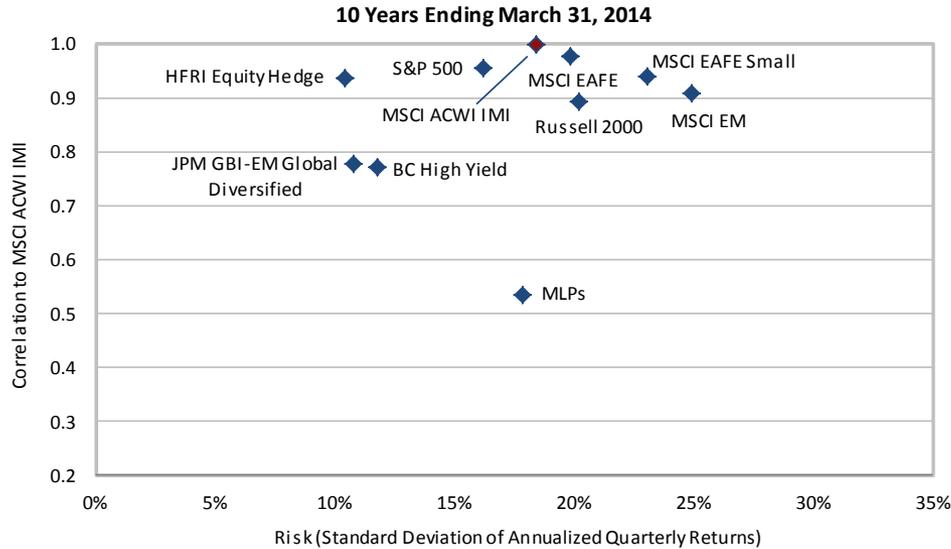
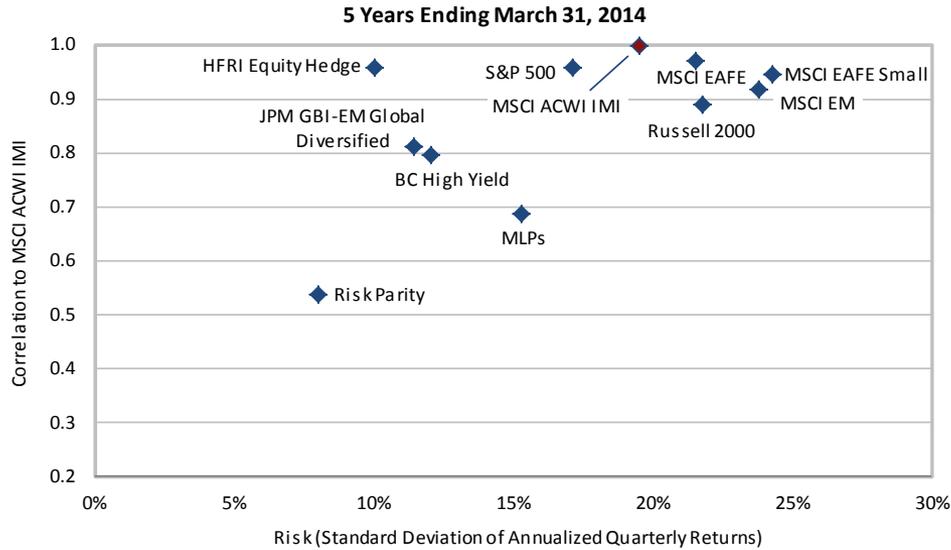
HISTORICAL RELATIVE PERFORMANCE



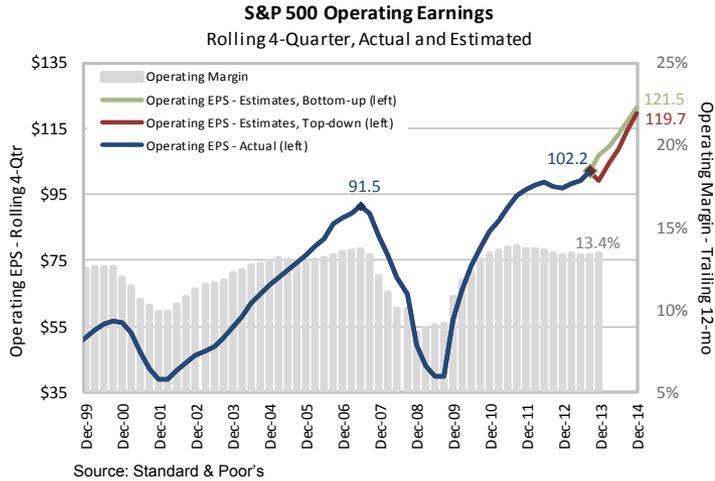
ASSET CLASS RISK/RETURN PERFORMANCE



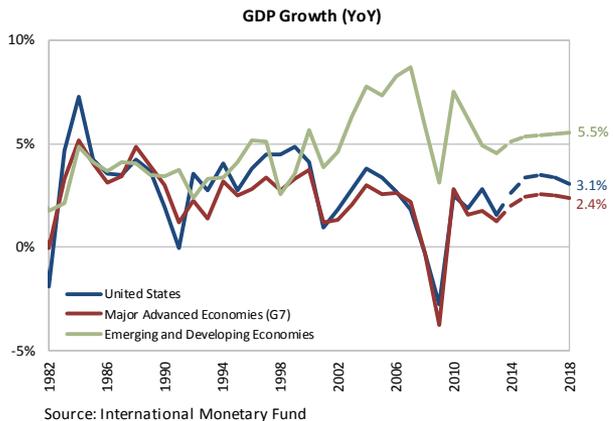
ASSET CLASS CORRELATION TO MSCI ACWI IMI



MARKET CHARTS



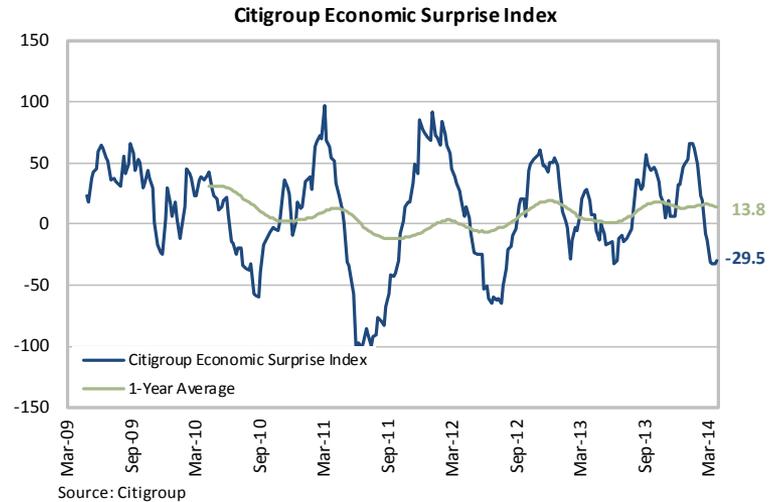
Both earnings growth expectations and operating margins remain high.



Economic growth expectations remain positive. In the developed world, growth is below long-term averages going forward. In the developing world, growth is below the averages of the last 10 years.



US manufacturing continues to improve; a reading over 50 implies expansion.



US economic releases generally came in sharply lower in Q1, partly due to severe winter weather.

Income Assets

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Public Debt

- The Barclays Capital Aggregate returned 1.8% in the first quarter.
- Government bonds were also up, returning 1.3%.
- Corporate bonds saw returns of 2.9% during the quarter as investment grade spreads tightened 10 bps to 105 bps. Corporate bond spreads have historically averaged 135 bps.
- Mortgage-backed securities returned 1.6% for the month as agency MBS spreads widened 5 bps to 40 bps, below the historical average of 70 bps.
- International bonds were among the top fixed income performers, as the Barclays Global Agg ex US outperformed the US Aggregate by 100 bps.

Private Debt

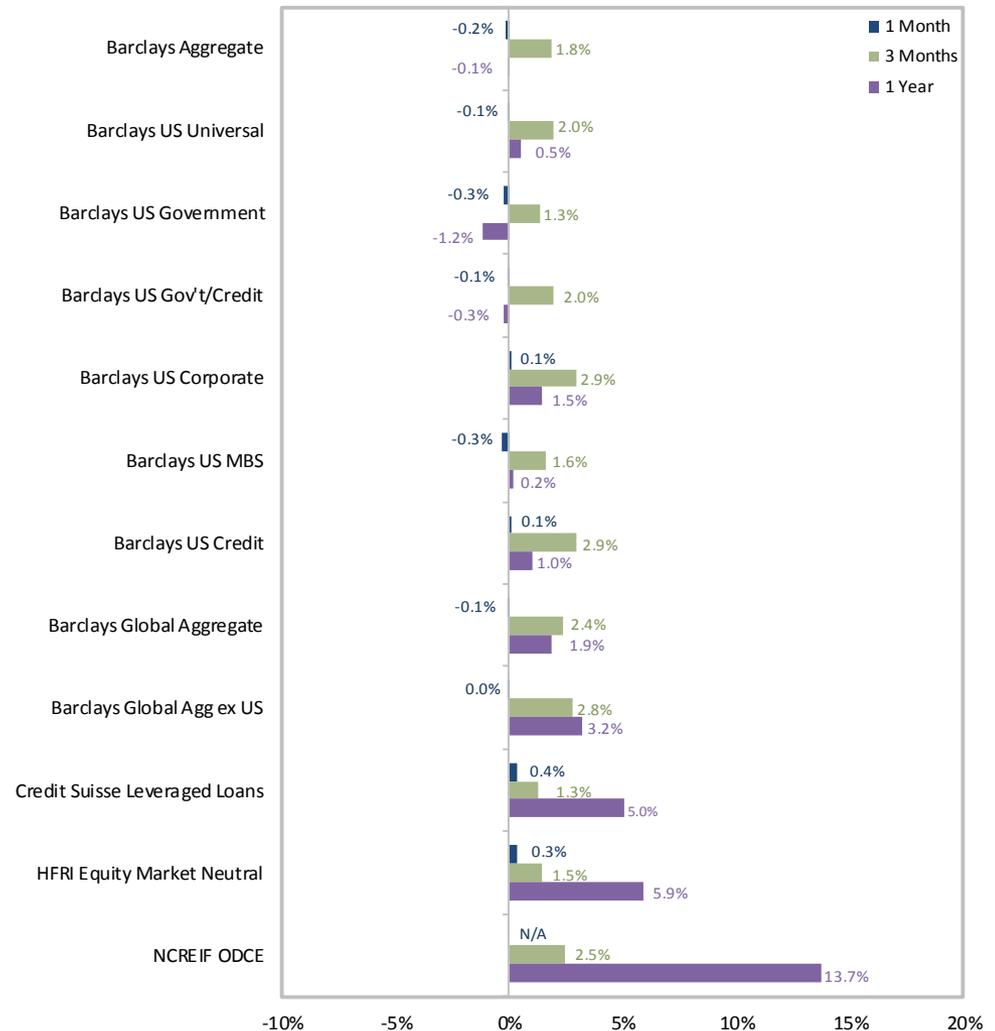
- Leveraged loans returned 1.3% for the quarter and are up 5.0% over the 12 months ending March.

Relative Value Hedge Funds

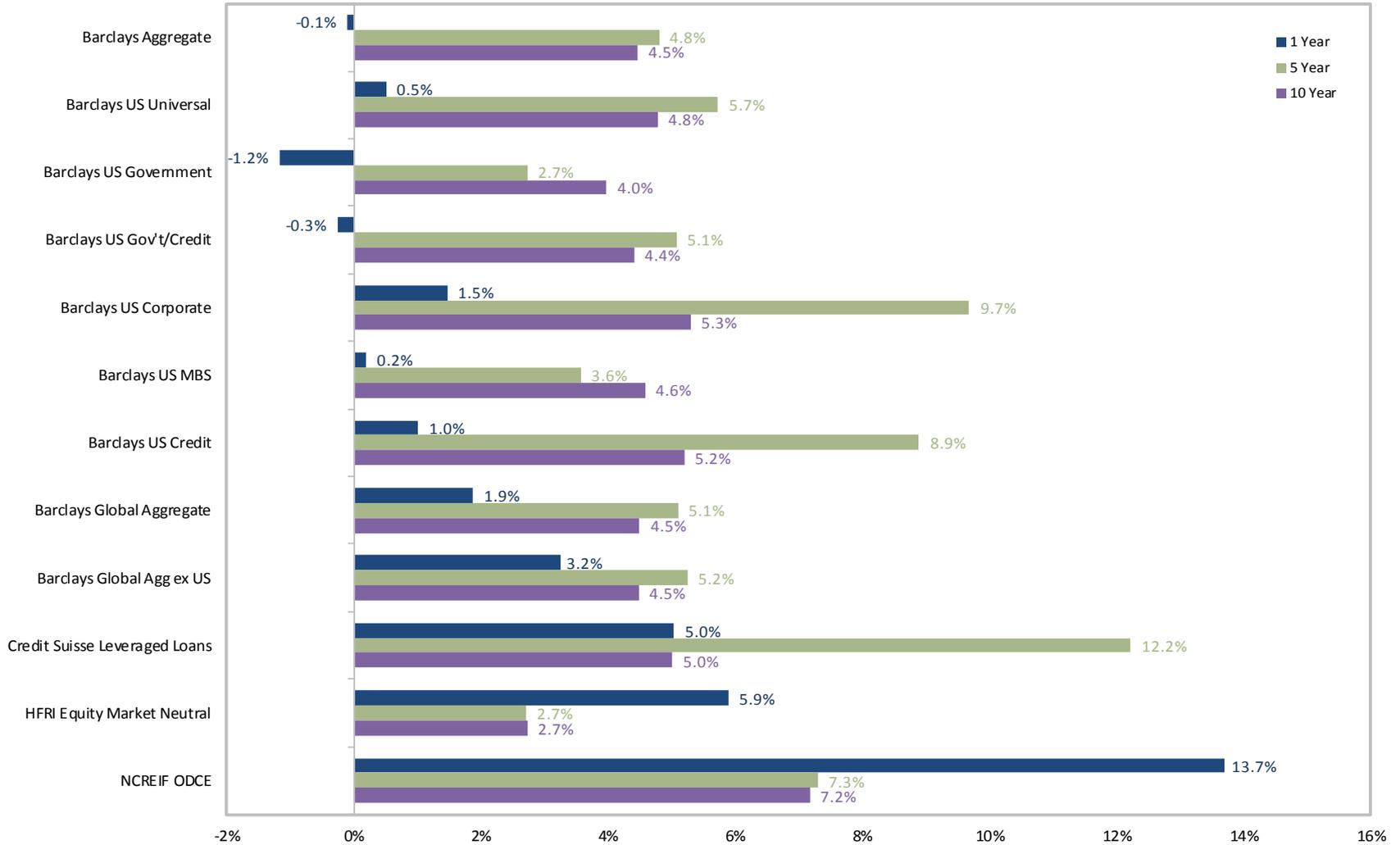
- The HFRI Equity Market Neutral posted modest gains for the quarter and in March, led by value-driven factors. Other relative value strategies, including mortgage/ABS relative value funds and corporate credit funds, continued to post gains as fixed income strategies benefited from ongoing spread compression.

Core Real Estate

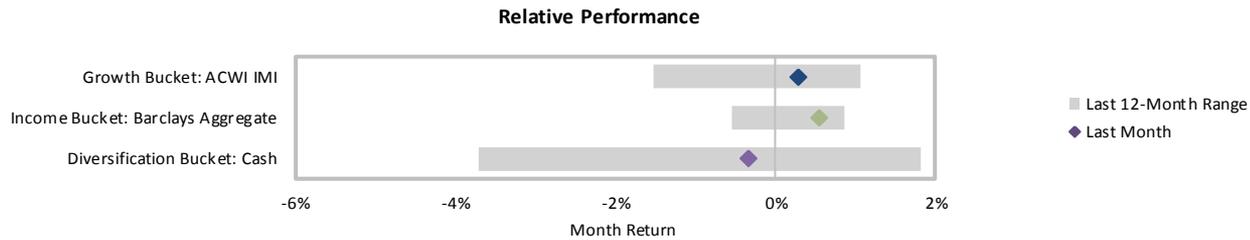
- Although core real estate had its lowest return in five quarters, fundamentals in the sector have continued to stay strong. The 2.5% overall return on the NCREIF ODCE Index was fueled by more income-oriented returns and less appreciation. With retail sales up 3.8% year-over-year and corporate profits back to peak levels from 2007, Summit remains constructive on the space. Our only hesitation is the influx of new capital coming into the space from other sectors, which has limited purchases for open-end core funds.



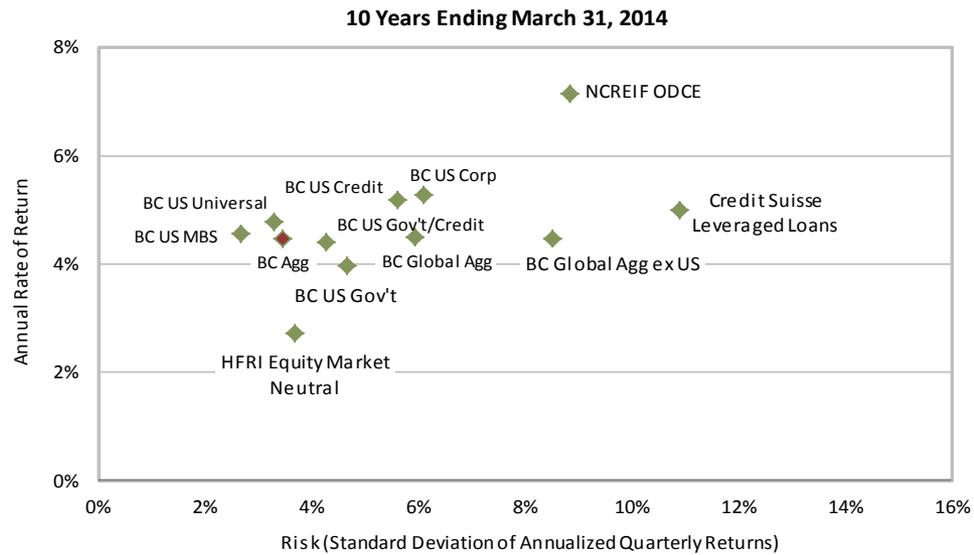
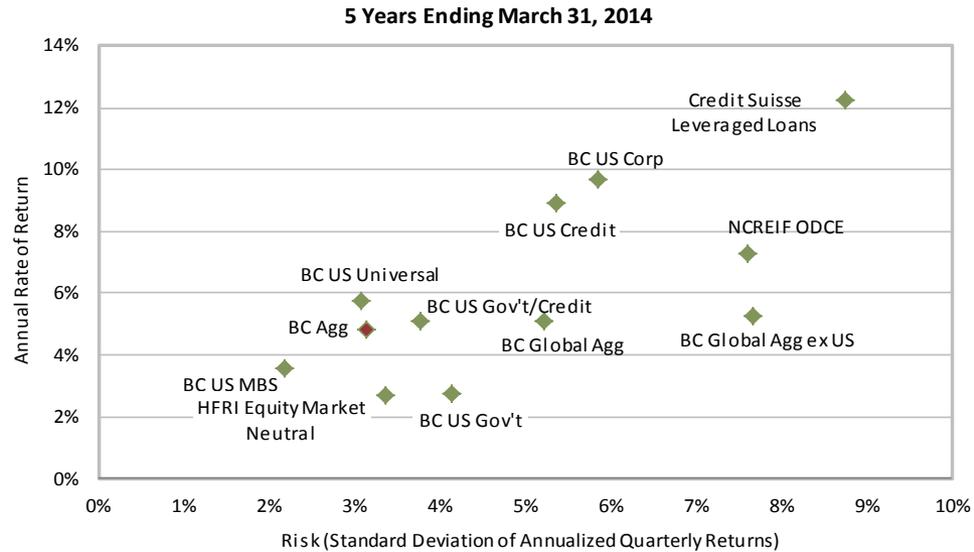
ANNUALIZED ONE-, FIVE-, AND TEN-YEAR RETURNS



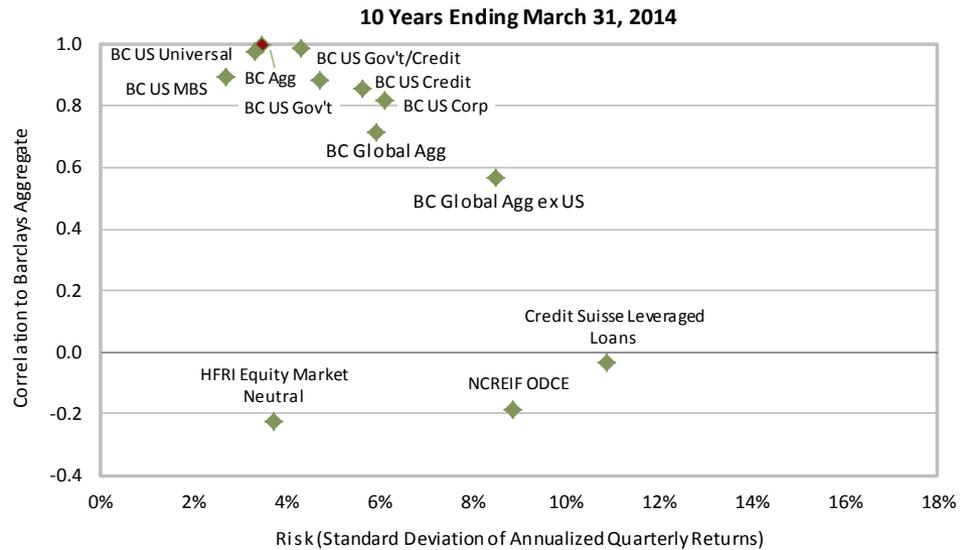
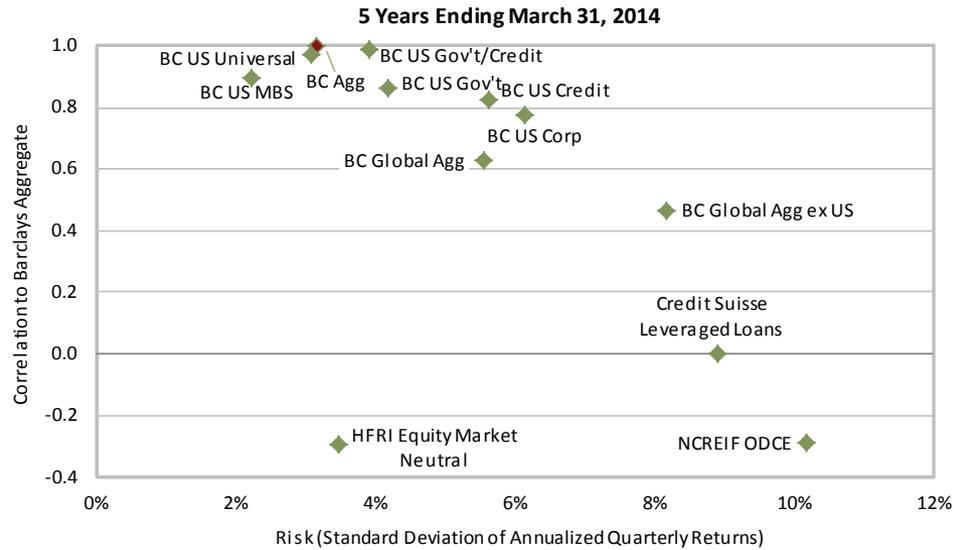
HISTORICAL RELATIVE PERFORMANCE



ASSET CLASS RISK/RETURN PERFORMANCE

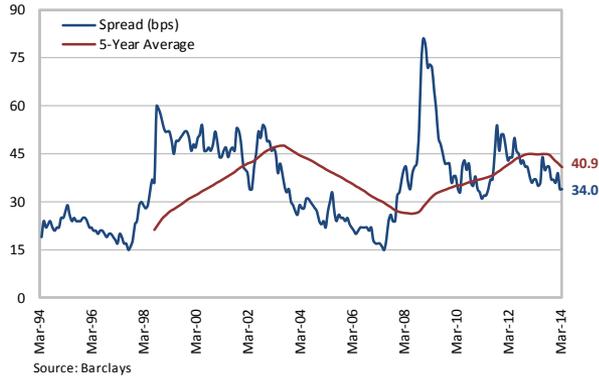


ASSET CLASS CORRELATION TO BARCLAYS AGGREGATE



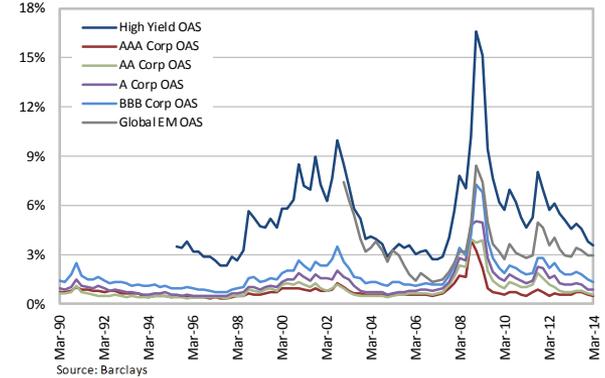
MARKET CHARTS

Core Plus vs Core Fixed Income



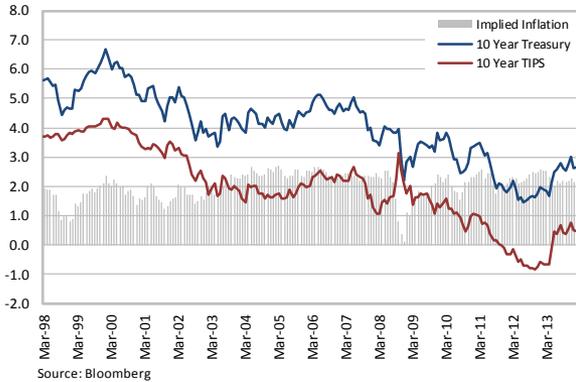
Core plus maintains an appealing spread over core fixed income.

Barclays Capital Option Adjusted Spreads



Spreads continue to decline towards pre-crisis levels.

Implied Inflation



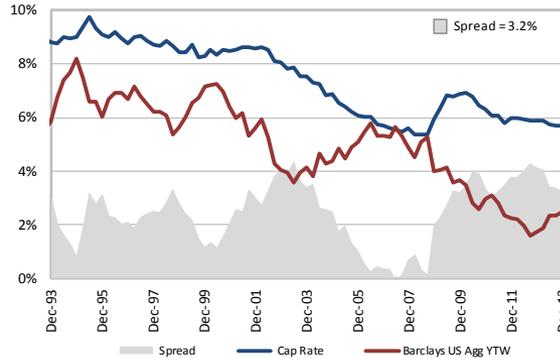
Long-term implied inflation is near its historical average of 2.1%.

Employment Cost Index YoY % Change



There has been no substantial upward pressure on wages over the last ten years.

NCREIF Cap Rates vs. Barclays US Aggregate



Post-2008, commercial real estate cap rates have remained relatively stable, with spreads to Treasuries remaining elevated relative to historical levels.

Home prices experienced strong increases in 2013 but remain well below the highs of 2006.

S&P/Case-Shiller Composite 20 Home Price Index



Diversification Assets

March 31, 2014

Inflation

- TIPS returned 1.9% in the first quarter. Despite this gain, the asset class has lost 6.5% over the 12 months ending March.

Deflation

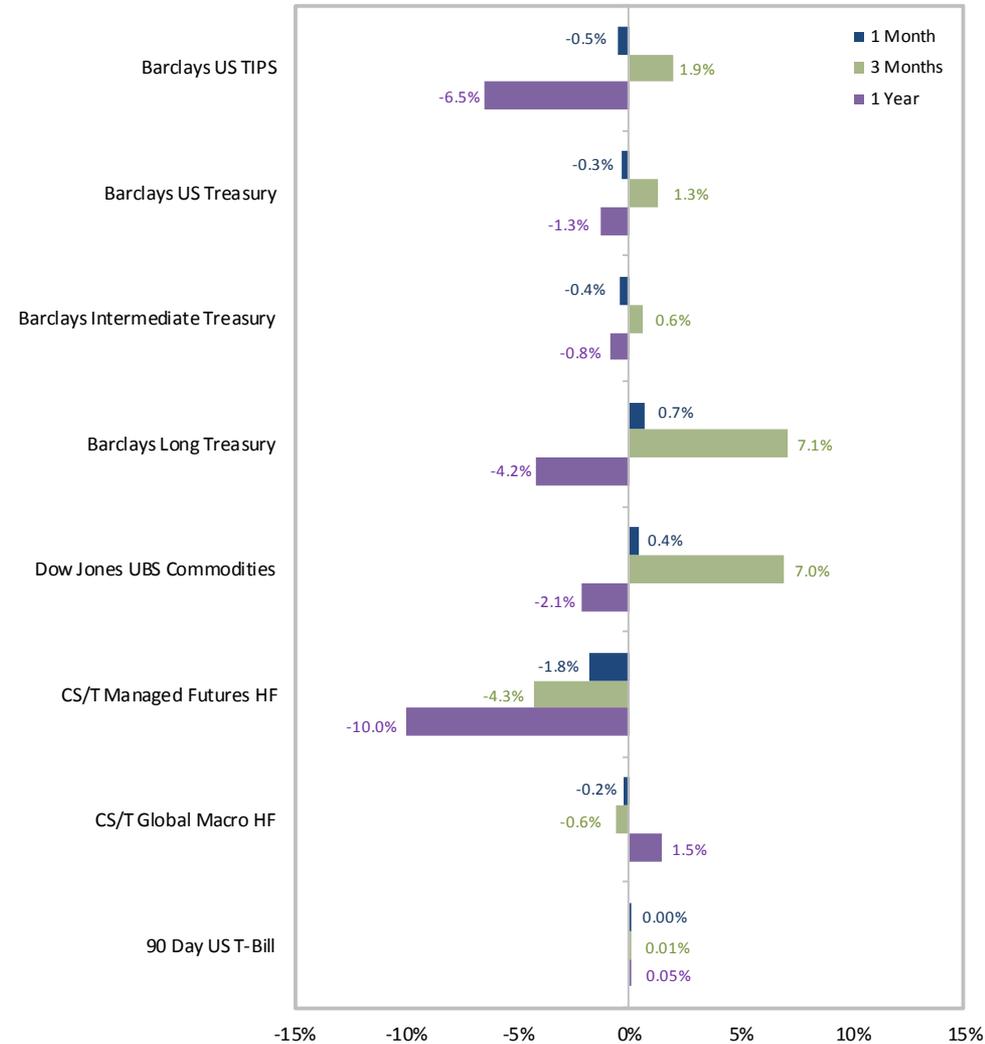
- Treasuries reversed some of their losses from 2013, returning 1.3% during the month.
- Intermediate Treasuries returned 0.6% and long duration Treasuries returned 7.1%. Intermediate and long Treasuries have earned -0.8% and -4.2%, respectively, over the past year.
- Cash continues to offer virtually no return, as 90 Day T-Bills have gained just 5 bps over the past year.

Commodities

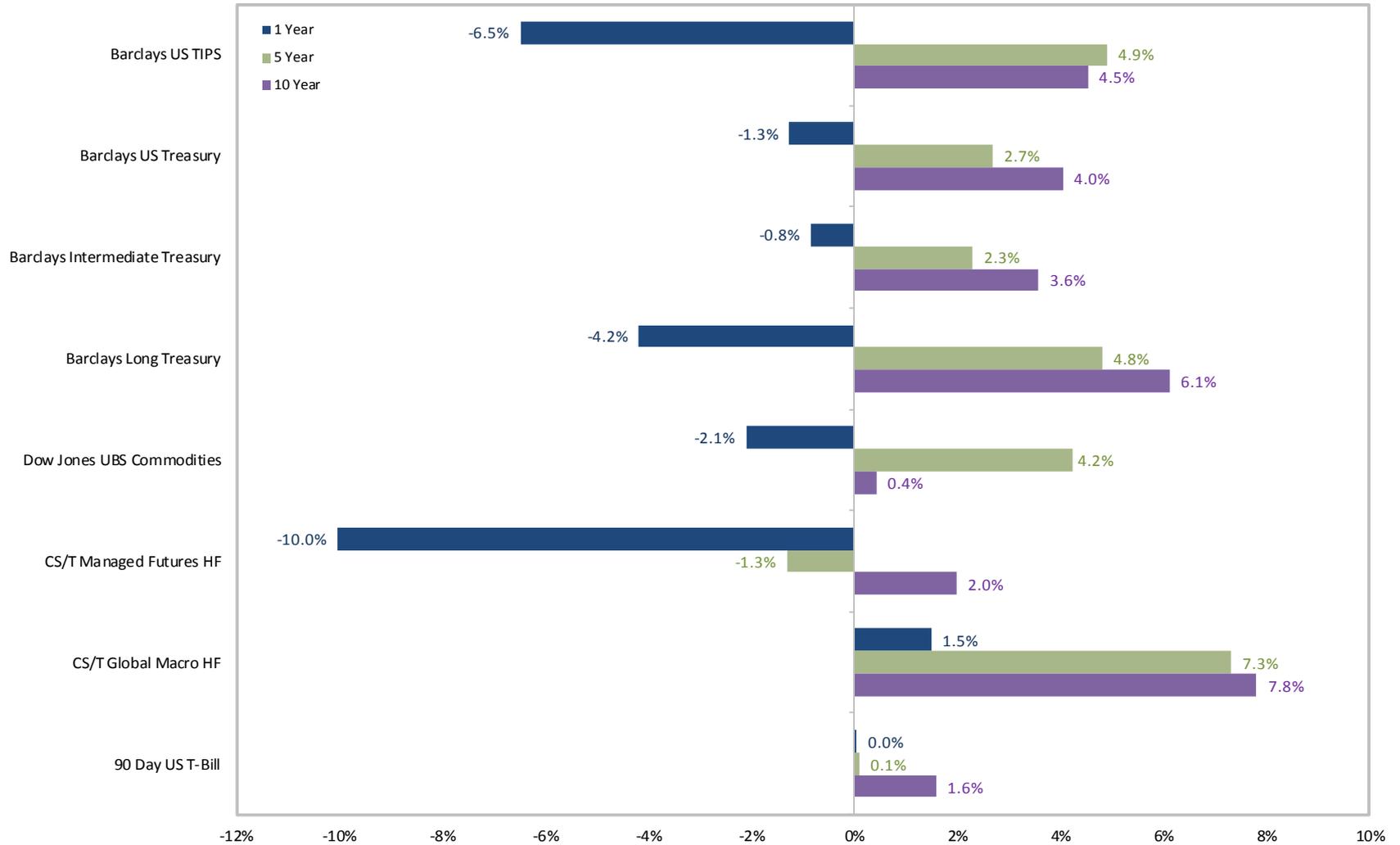
- The Dow-Jones UBS Commodity Index rose for the fourth straight month in March. Gains in nearly all agricultural commodities offset mostly negative performance in energy and metals sectors. Lean hogs (up 18%), wheat (up 16%) and corn (up 10%) led advancers during the month. Silver (down 7%), copper (down 7%), and natural gas (down 5%) led decliners during the month.

Tactical Trading

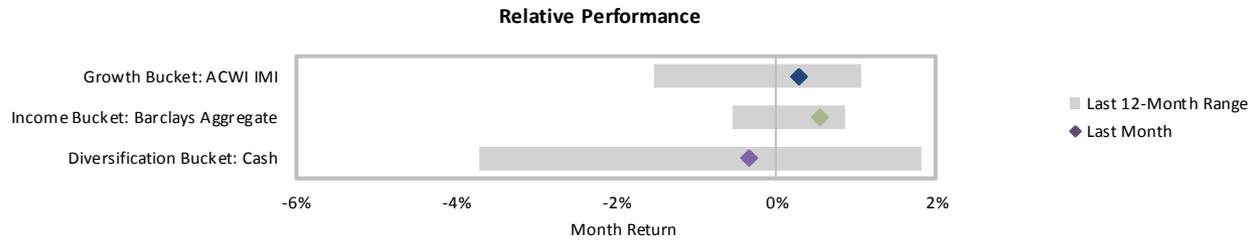
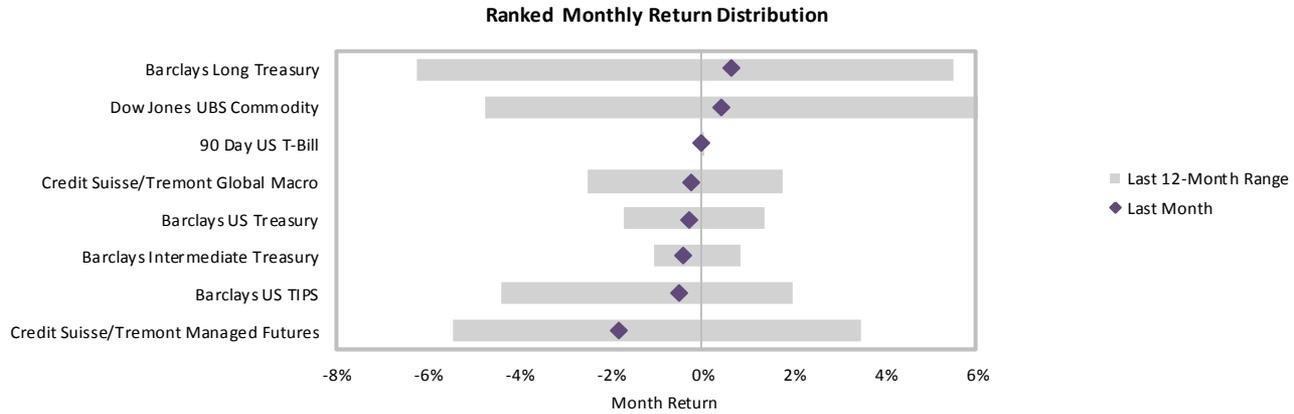
- Managed futures continued to struggle in March, with losses from equity indices and commodities, and small gains from currency positions.
- Global macro hedge funds produced a modest loss as currency positions and emerging markets reversed course over the month.



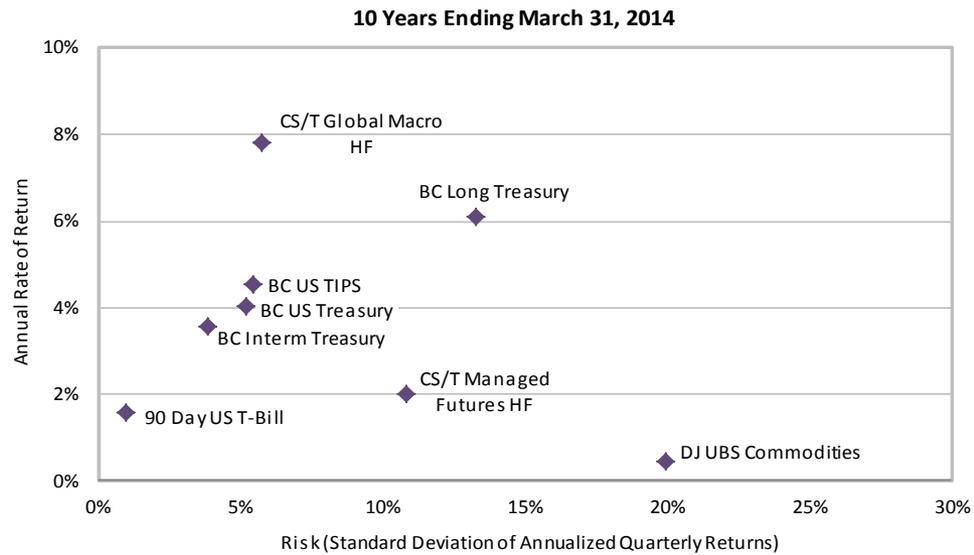
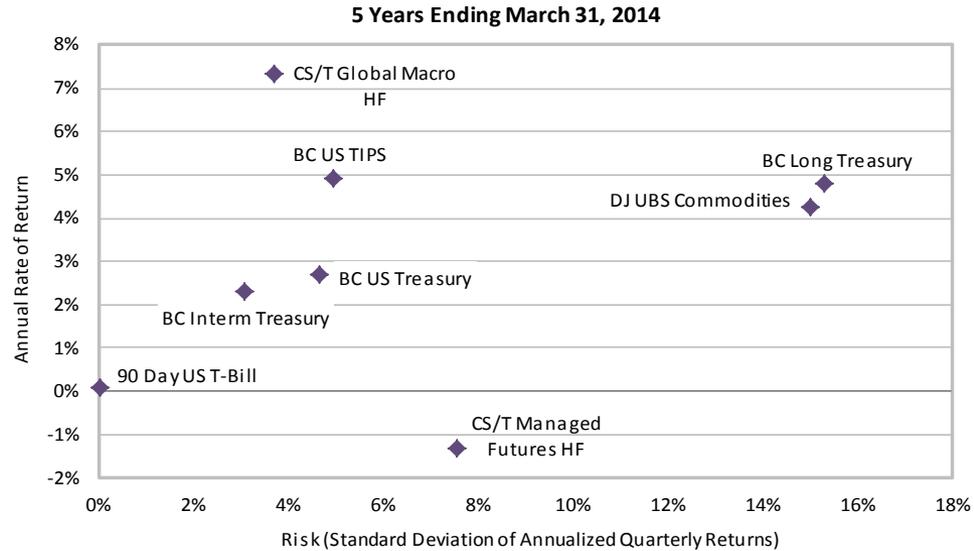
ANNUALIZED ONE-, FIVE-, AND TEN-YEAR RETURNS



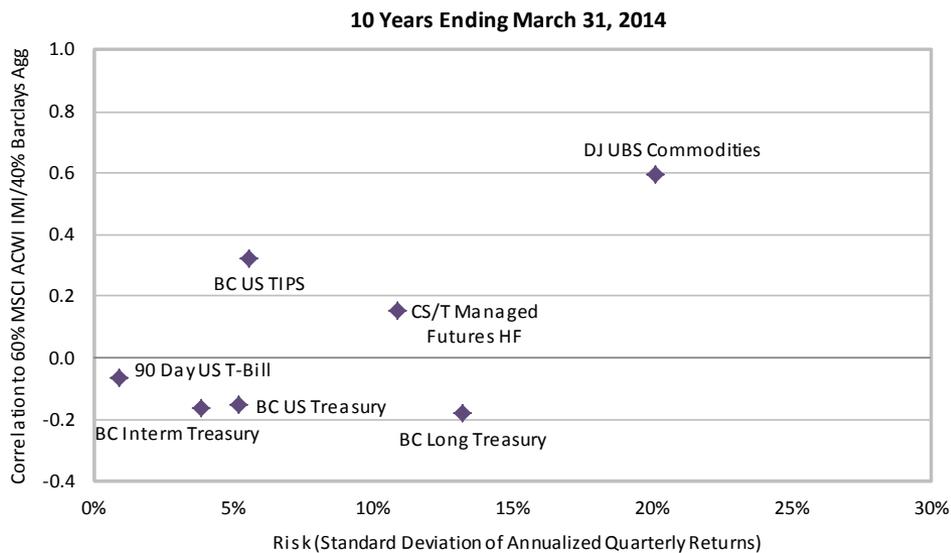
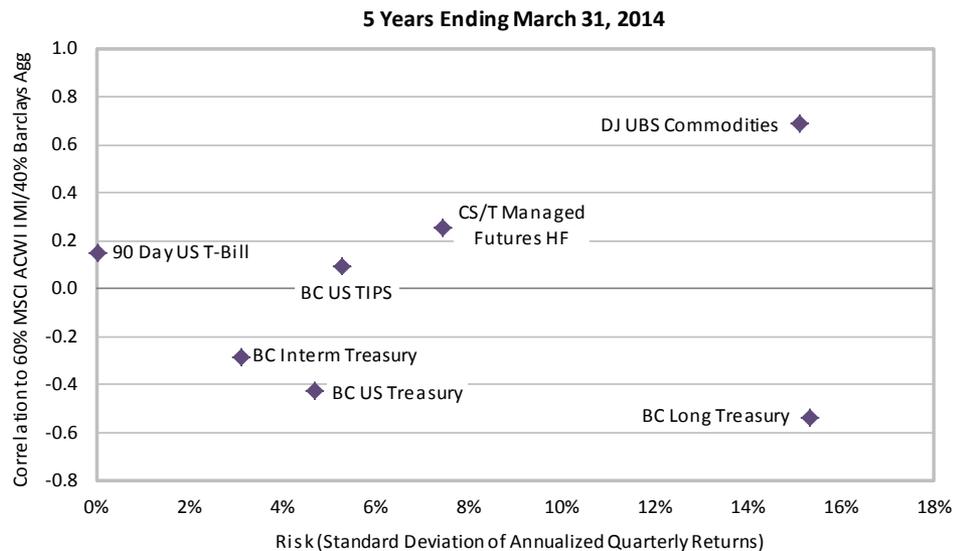
HISTORICAL RELATIVE PERFORMANCE



ASSET CLASS RISK/RETURN PERFORMANCE

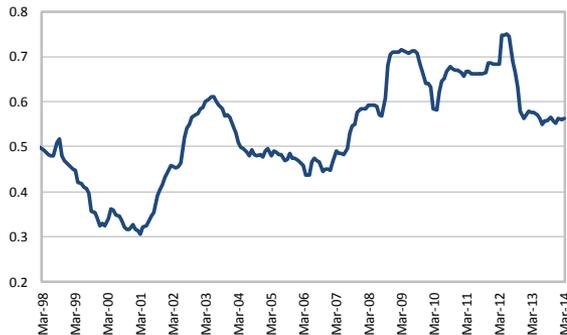


ASSET CLASS CORRELATION TO 60% MSCI ACWI IMI/40% BARCLAYS AGGREGATE



MARKET CHARTS

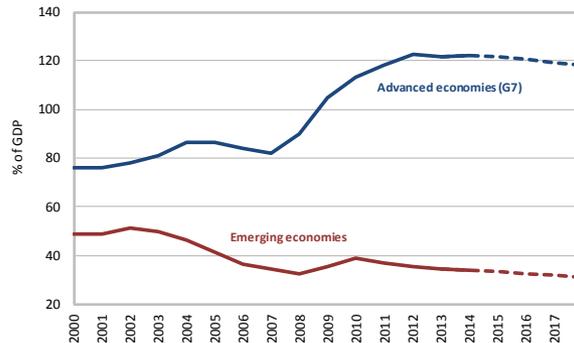
S&P 500 Member Average Correlation



Source: Summit Strategies Analysis

The correlation between individual stocks is relatively unchanged from one year ago.

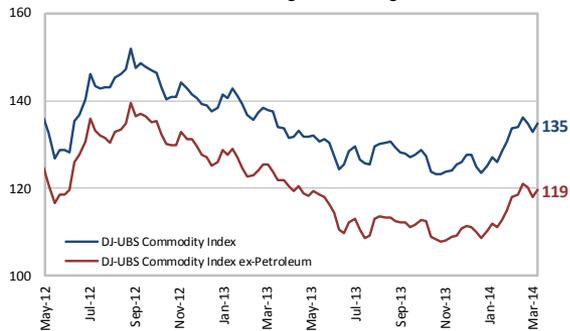
Government Debt/GDP



Source: International Monetary Fund

Advanced economies are just now addressing debt burdens (well over 100% of GDP), whereas the emerging economies are about reasonable at about 35% of GDP.

Commodities: Including and Excluding Petroleum

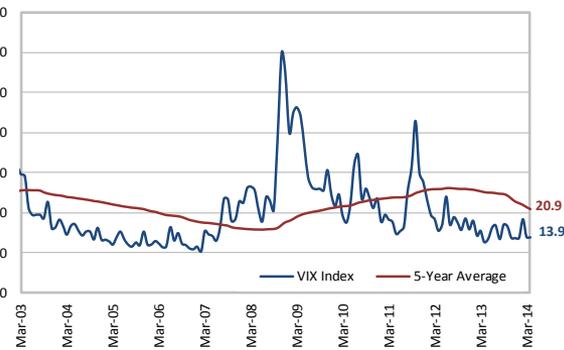


Source: Dow Jones-UBS

After a 15-month decline, commodities changed course in Q1.

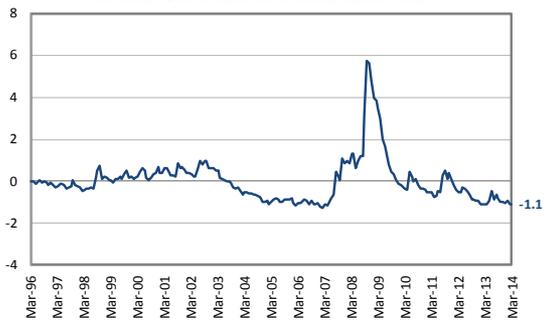
The S&P 500 has returned 22% over the past year; volatility increased in the first part of Q1 but remains low relative to historical levels.

Equity Volatility (VIX)



Source: Chicago Board Options Exchange

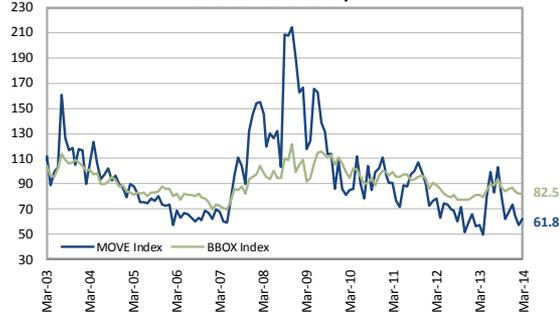
St. Louis Federal Reserve Financial Stress Index



Source: St. Louis Federal Reserve

According to the STLFSI, financial market stress is currently below-average; a reading of 0 indicates average market stress.

Fixed Income Volatility

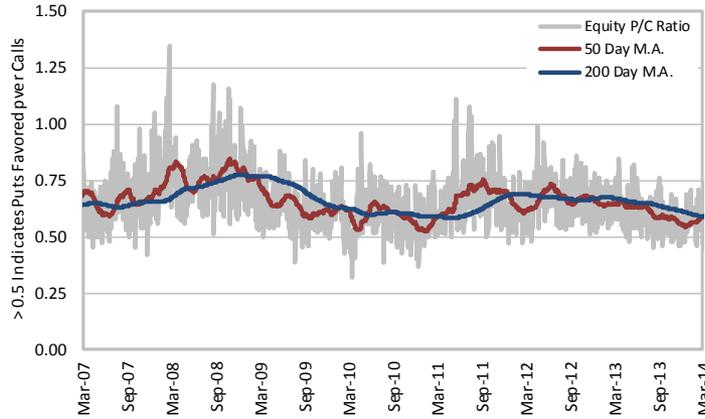


Source: Merrill Lynch, Barclays

Since the spike following the May 2013 FOMC meeting, volatility in fixed income markets has subsided.

MARKET SKEW

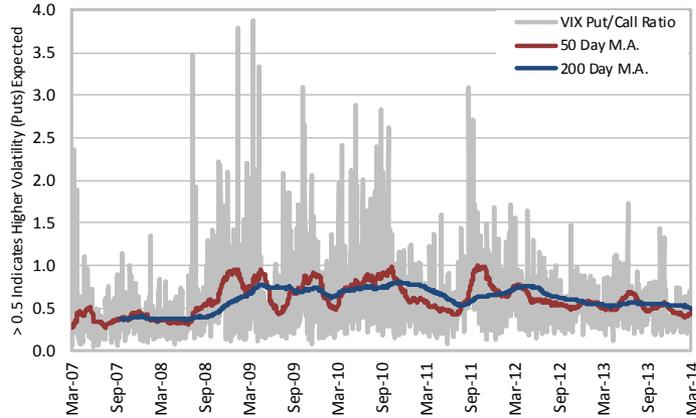
CBOE Put/Call Ratio



Source: Chicago Board Options Exchange

0.5 is neutral, investors are slightly more inclined to buy protection than they are to go return seeking – the ratio has been falling for a year.

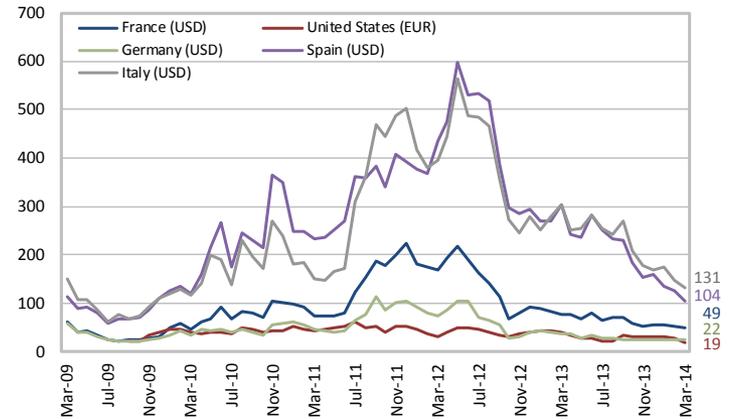
CBOE VIX Put/Call Ratio



Source: Chicago Board Options Exchange

0.5 is neutral, investors expect equity volatility to be slightly elevated, but there is noticeably less conviction in this trade than there was two years ago.

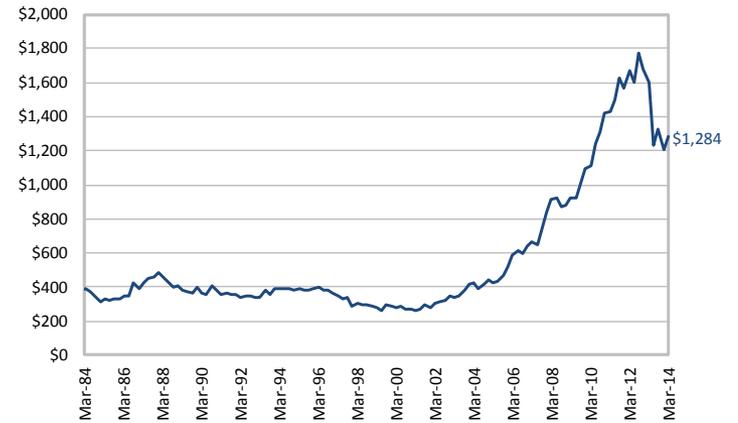
5-Year Credit Default Swaps Spreads



Source: Bloomberg

Sovereign spreads have decreased over the last year in with peripheral spreads near pre-crisis levels.

Gold Spot \$/oz.



Source: Bloomberg

Although the price decline appears to have reversed, gold remains well off its recent high.

INVESTMENT THEMES

What We Believe

Growth

- Slowing economic growth in developed economies.
 - An aging developed world and continued deleveraging pressures.
- Higher economic growth and good relative valuations in emerging economies.
- Ongoing government intervention leading to a distortion of fundamentals.
 - Central Bank policy, rather than fundamentals, is serving as the catalyst for risk on/risk off trading.
- Periodic moments of high volatility.
 - Resulting in radically changing correlations.

Income

- Low real returns for US Treasuries.
 - For maturities of 10 years and in.

Diversification

- Low to negative correlation to Growth and Income.

What Investors Should Do

- Monitor valuations on developed markets and public equities.
 - Overweight emerging market equity and debt.
 - Emphasize broad diversification, and focus on active management and quality.
 - Hedge against volatility by utilizing tactical trading strategies (global macro and CTAs).
-
- Selectively overweight spread product relative to Treasuries.
 - Consider non-benchmark strategies such as relative value hedge funds or bank loans.
-
- Assets utilized protect against very specific risk factors:
 - Inflation.
 - Deflation.
 - Tail Risk.

CAPITAL MARKET ASSUMPTIONS

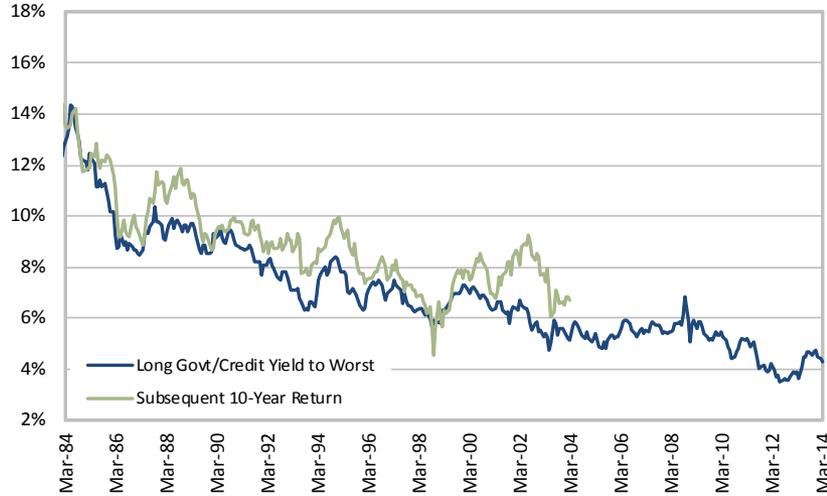
- The capital market assumptions section summarizes changes to Summit's long-term strategic capital market assumptions that have occurred since the beginning of the calendar year (Summit's full assumptions document is updated annually).
- While these assumptions are long-term by definition (one would not expect them to change frequently), there are times throughout the year when market fundamentals move dramatically, thereby altering the long-term expected performance for certain asset classes.
- The pages that follow provide brief supporting documentation for each of the asset classes in the table. For a complete rationale (for all assumptions) please refer to Summit's annual "Capital Market Assumptions" publication (available at www.summitstrategies.com).

Asset Class Returns and Standard Deviations

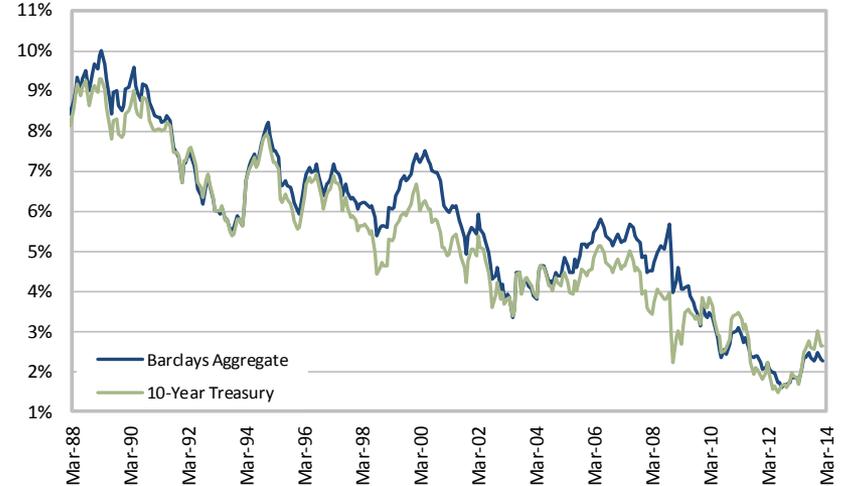
Asset Class	Current Estimates		Beginning of Year 2014		Alpha Assumptions
	Expected Return	Standard Deviation	Expected Return	Standard Deviation	
Inflation (CPI)	2.25%	1.75%	2.25%	1.75%	
GROWTH:					
Large Cap	5.50%	16.75%	5.50%	16.75%	0.50%
Small Cap	5.25%	20.50%	5.25%	20.50%	0.75%
International Large Cap	6.75%	20.00%	6.75%	20.00%	0.75%
International Small Cap	6.75%	23.25%	6.75%	23.25%	1.00%
Emerging Markets	8.50%	25.25%	8.50%	25.25%	1.00%
Master Limited Partnerships (MLP)	8.00%	18.00%	8.25%	18.00%	
Private Equity	9.25%	21.00%	9.25%	21.00%	
Growth Hedge Funds	6.25%	10.00%	6.50%	10.00%	
High Yield Bonds	4.00%	12.00%	4.25%	12.00%	0.50%
Emerging Market Debt	6.75%	11.00%	6.75%	11.00%	0.75%
Convertibles	4.25%	13.75%	4.50%	13.75%	0.50%
Private Debt	7.00%	15.00%	7.25%	15.00%	
Non-Core Real Estate	8.50%	23.00%	8.75%	23.00%	
Public Real Estate (REITs)	5.75%	15.00%	5.75%	15.00%	
Risk Parity	7.25%	10.00%	7.50%	10.00%	
INCOME:					
Public Debt					
Governments	2.75%	4.75%	3.00%	4.75%	
Corporates	3.75%	6.25%	4.25%	6.25%	0.50%
Mortgages (Agency)	3.00%	3.25%	3.25%	3.25%	0.25%
Intermediate Fixed Income	3.00%	3.50%	3.25%	3.50%	0.25%
Core Fixed Income	3.25%	3.50%	3.50%	3.50%	0.25%
Core Plus Fixed Income	3.75%	4.00%	4.00%	4.00%	0.50%
Long Gov/Credit Fixed Income	3.75%	9.75%	4.00%	9.75%	0.25%
International Fixed Income	3.25%	8.50%	3.50%	8.50%	0.50%
Public Bank Loans	4.25%	11.00%	4.25%	11.00%	
Private Bank Loans	5.50%	13.00%	5.50%	13.00%	
Relative Value Hedge Funds	5.25%	5.00%	5.50%	5.00%	
Core Real Estate	6.50%	12.00%	6.75%	12.00%	
DIVERSIFICATION:					
Cash	2.75%	1.75%	3.00%	1.75%	
TIPS	3.00%	5.50%	3.25%	5.50%	
Long Treasuries	3.00%	13.25%	3.00%	13.25%	
Commodities	5.00%	20.50%	5.25%	20.50%	
Tactical Trading	6.75%	10.00%	7.00%	10.00%	
Diversified Hedge Funds	5.75%	6.00%	6.00%	6.00%	

CAPITAL MARKET ASSUMPTIONS: FIXED INCOME

Yield as an Estimate of Fixed Income Returns

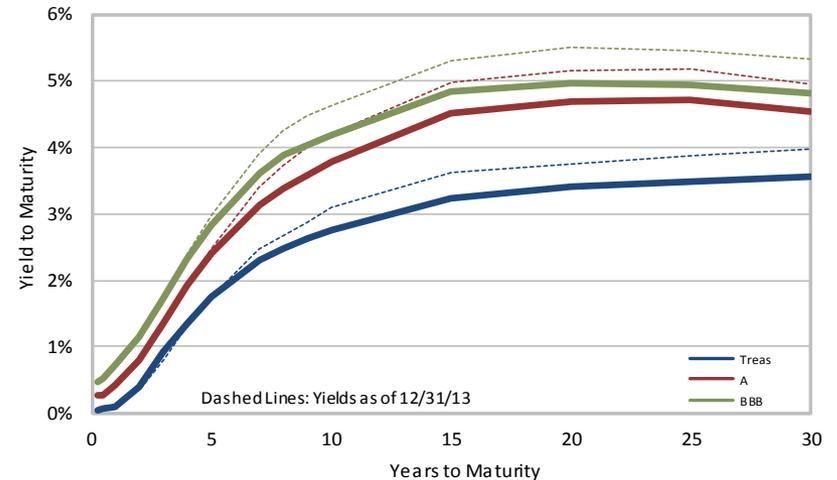


Historical Yields



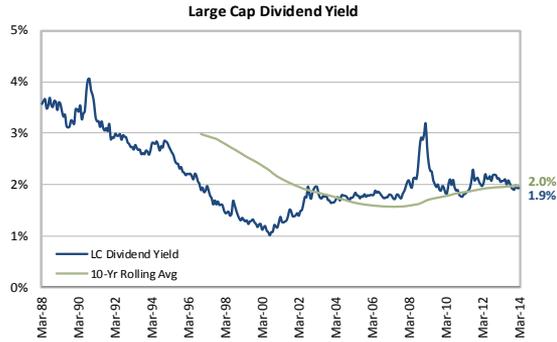
Asset Class	Assumptions		Option-Adjusted Spread	
	Current	BOY 2014	Current	BOY 2014
CPI	2.25%	2.25%	n/a	n/a
High Yield Bonds	4.00%	4.25%	359	382
Emerging Market Debt	6.75%	6.75%	n/a	n/a
Convertibles	4.25%	4.50%	n/a	n/a
Governments	2.75%	3.00%	2	3
Corporates	3.75%	4.25%	105	114
Mortgages (Agency)	3.00%	3.25%	38	35
Intermediate Fixed Income	3.00%	3.25%	31	35
Core Fixed Income	3.25%	3.50%	44	45
Core Plus Fixed Income	3.75%	4.00%	83	85
Long Gov/Credit Fixed Income	3.75%	4.00%	103	105
International Fixed Income	3.25%	3.50%	43	45
Cash	2.75%	3.00%	n/a	n/a
TIPS	3.00%	3.25%	20	19

Yield Curves



CAPITAL MARKET ASSUMPTIONS: DOMESTIC EQUITY

Large Cap Equity



Dividend Yield: 2.00%



Real EPS Growth: 1.75%

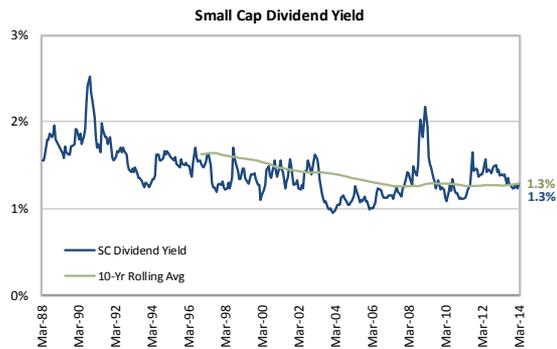


Change in P/E: -0.50%

Inflation

+ 2.25%
5.50%

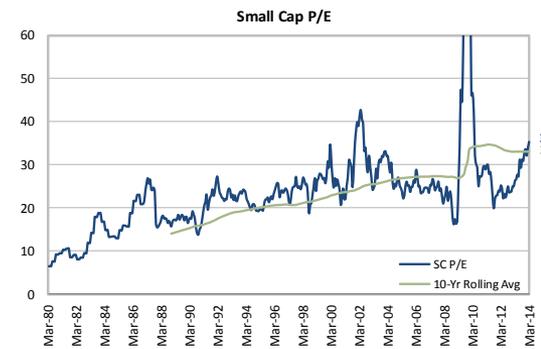
Small Cap Equity



Dividend Yield: 1.25%



Real EPS Growth: 2.25%



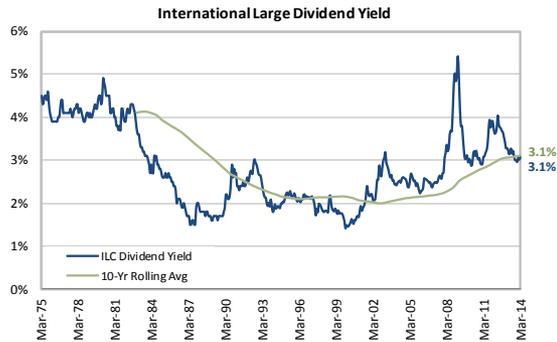
Change in P/E: -0.50%

Inflation

+ 2.25%
5.25%

CAPITAL MARKET ASSUMPTIONS: DEVELOPED INTERNATIONAL EQUITY

International Large Cap Equity



Dividend Yield: 3.00%



Real EPS Growth: 1.50%

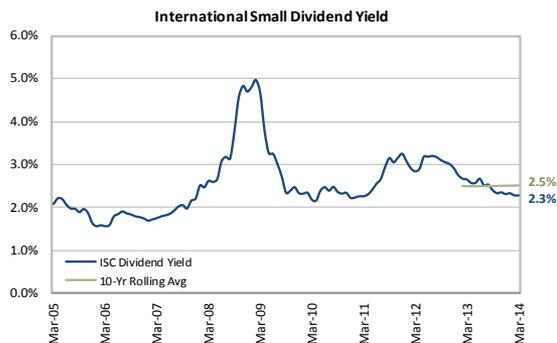


Change in P/E: 0.00%

Inflation

+ 2.25%
6.75%

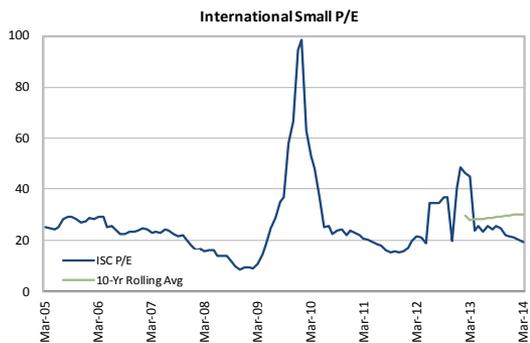
International Small Cap Equity



Dividend Yield: 2.50%



Real EPS Growth: 2.00%



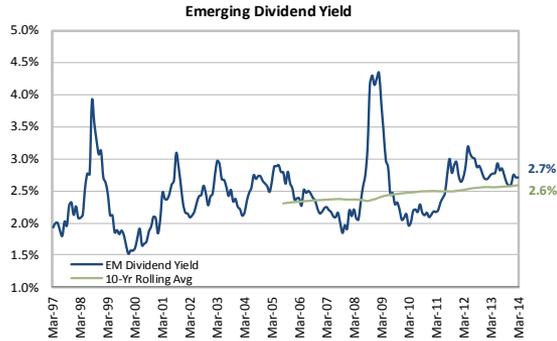
Change in P/E: 0.00%

Inflation

+ 2.25%
6.75%

CAPITAL MARKET ASSUMPTIONS: INTERNATIONAL EMERGING EQUITY

Emerging Markets Equity



Dividend Yield: 2.50%



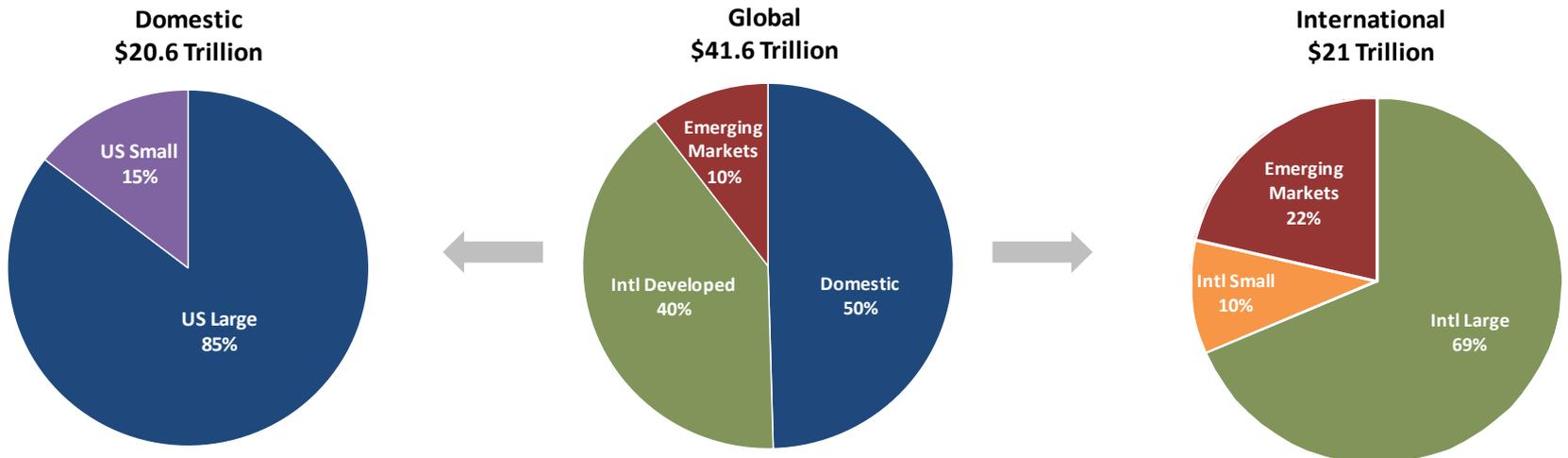
Real EPS Growth: 3.25%



Change in P/E: 0.50%

+ 2.25%
8.50%

Global Market Capitalization



Capital Market Assumptions

March 31, 2014

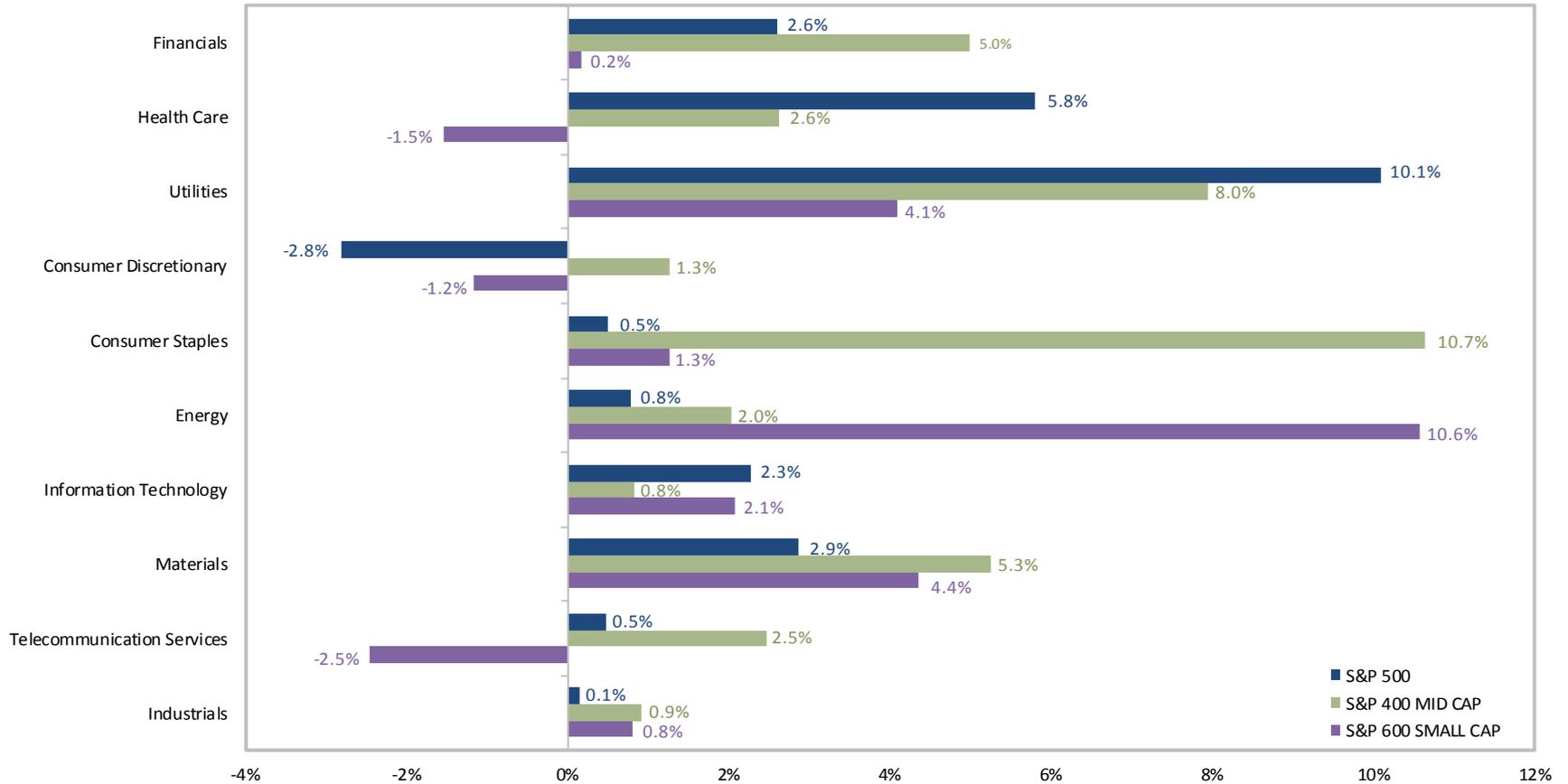
CAPITAL MARKET ASSUMPTIONS: ALTERNATIVES

GROWTH							
Private Equity	<i>Small Cap</i> 5.25%	+	<i>Liquidity Premium</i> 2.00%	+	<i>Leverage Adjustment</i> 1.00%	+	<i>Net Alpha</i> 1.00% = <i>Expected</i> 9.25%
Growth Hedge Funds	<i>Expected Sharpe Ratio</i> 0.35				<i>Cash</i> 2.75%	+	<i>Vol-Adj Excess Returns</i> 3.50% = 6.25%
Private Debt			<i>High Yield</i> 4.00%	+	<i>Liquidity Premium</i> 2.00%	+	<i>Net Alpha</i> 1.00% = 7.00%
Master Limited Partnerships			<i>Distribution Yield</i> 5.75%	+	<i>Growth</i> 2.25%	+	<i>Valuation</i> 0.00% = 8.00%
Non-Core Real Estate	<i>Current Cap Rate</i> 5.50%	+	<i>Growth</i> 1.00%	+	<i>Liquidity Premium</i> 2.00%	+	<i>Leverage Adjustment</i> 0.00% = 8.50%
Public Real Estate (REITS)	<i>Current Yield</i> 4.00%	+	<i>Growth</i> 1.00%	+	<i>Valuation</i> 0.00%	+	<i>Leverage Adjustment</i> 0.75% = 5.75%
Risk Parity	<i>Expected Sharpe Ratio</i> 0.45				<i>Cash</i> 2.75%	+	<i>Risk-Adj Beta Exposure</i> 4.50% = 7.25%
INCOME							
Private Bank Loans			<i>Public Bank Loans</i> 4.25%	+	<i>Private Spread</i> 0.75%	+	<i>Net Alpha</i> 0.50% = 5.50%
Relative Value Hedge Funds	<i>Expected Sharpe Ratio</i> 0.50				<i>Cash</i> 2.75%	+	<i>Vol-Adj Excess Returns</i> 2.50% = 5.25%
Core Real Estate	<i>Current Cap Rate</i> 5.50%	+	<i>Growth</i> 1.00%	+	<i>Valuation</i> 0.00%	+	<i>Leverage Adjustment</i> 0.00% = 6.50%
DIVERSIFICATION							
Commodities			<i>Cash</i> 2.75%	+	<i>Inflation</i> 2.25%	+	<i>Inflation Utility</i> 0.00% = 5.00%
Tactical Trading	<i>Expected Sharpe Ratio</i> 0.40				<i>Cash</i> 2.75%	+	<i>Vol-Adj Excess Returns</i> 4.00% = 6.75%
Diversified Hedge Funds	<i>Expected Sharpe Ratio</i> 0.50				<i>Cash</i> 2.75%	+	<i>Vol-Adj Excess Returns</i> 3.00% = 5.75%

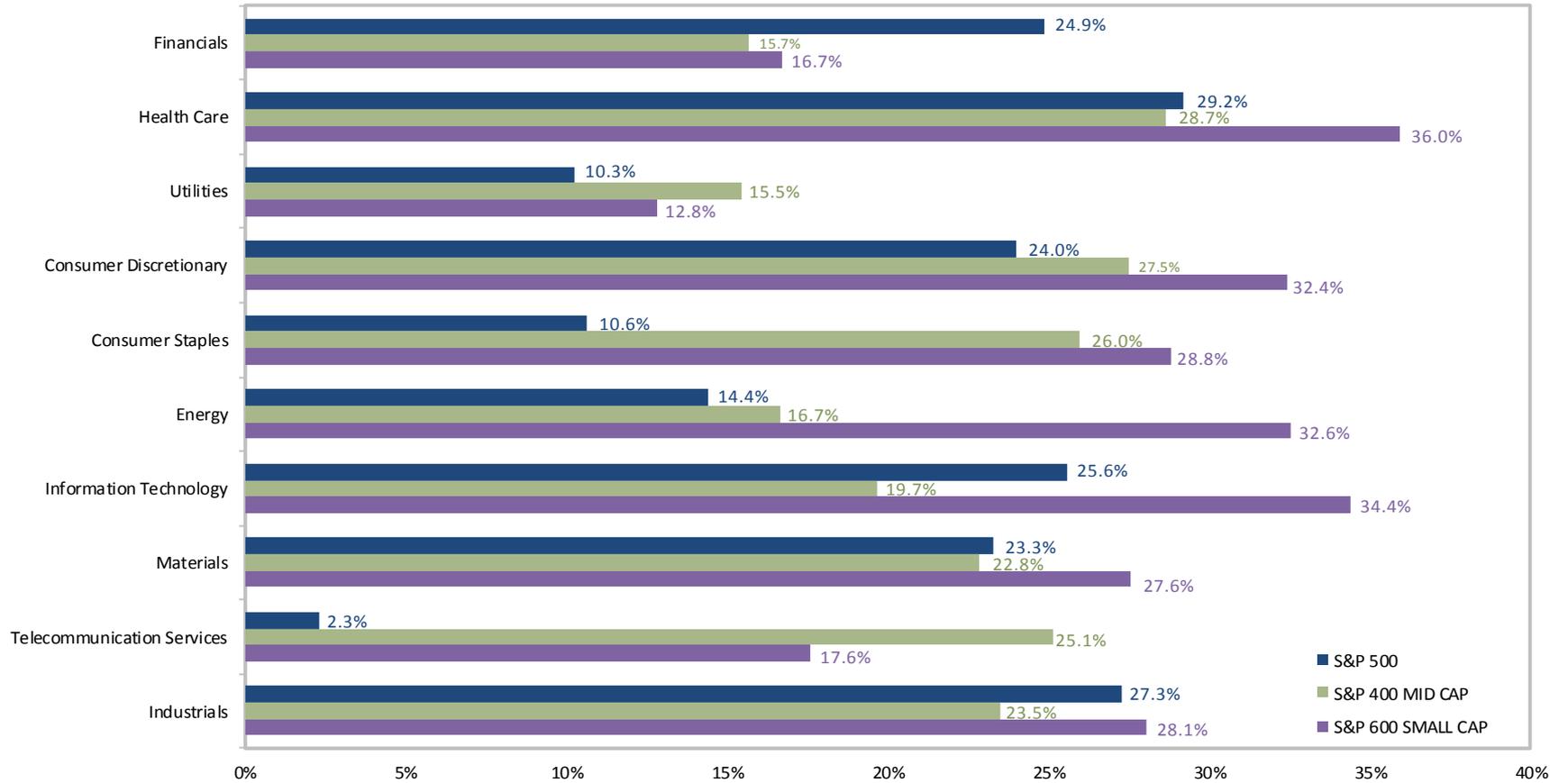
STYLE PERFORMANCE RANKING: ONE-YEAR TIME PERIODS

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	10 Yr ROR	20 Yr ROR
	Small Value 29.1%	EM 74.8%	EAFE 8.1%	Large Value 38.4%	Large Growth 23.1%	Large Value 35.2%	Large Growth 38.7%	EM 66.4%	Small Value 22.8%	Small Value 14.0%	Core Bonds 10.3%	EM 55.8%	EM 25.6%	EM 34.1%	EM 32.2%	EM 39.4%	BC Int Treas 11.4%	EM 78.5%	Small Growth 29.1%	Core Bonds 7.8%	EM 18.2%	Small Growth 43.3%	Large Value 3.0%	EM 10.1%	Small Value 10.8%
	Small Cap 18.4%	EAFE 32.9%	Large Growth 2.7%	S&P 500 37.6%	S&P 500 23.0%	S&P 500 33.4%	S&P 500 28.6%	Small Growth 43.1%	Core Bonds 11.6%	Core Bonds 8.4%	BC Int Treas 9.6%	Small Growth 48.5%	Small Value 22.3%	EAFE 14.0%	EAFE 26.9%	Large Growth 11.8%	Core Bonds 5.2%	HY Bonds 58.2%	Small Cap 26.9%	BC Int Treas 6.6%	Small Value 18.1%	Small Cap 38.8%	BC HY 3.0%	Small Growth 8.9%	Large Value 10.1%
	HY Bonds 15.8%	Small Value 23.8%	S&P 500 1.3%	Large Growth 37.2%	Large Value 21.6%	Small Value 31.8%	EAFE 20.3%	Large Growth 33.2%	BC Int Treas 10.3%	BC Int Treas 8.2%	HY Bonds -1.4%	Small Cap 47.3%	EAFE 20.7%	Large Value 7.1%	Small Value 23.5%	EAFE 11.6%	HY Bonds -26.2%	Large Growth 37.2%	Small Value 24.5%	HY Bonds 5.0%	Large Value 17.5%	Small Value 34.5%	Core Bonds 1.8%	HY Bonds 8.7%	S&P 500 9.5%
	Large Value 13.8%	Small Cap 18.9%	HY Bonds -1.0%	Small Growth 31.0%	Small Value 21.4%	Large Growth 30.5%	Large Value 15.6%	EAFE 27.3%	Large Value 7.0%	HY Bonds 5.3%	EM -6.0%	Small Value 46.0%	Small Cap 18.3%	Large Growth 5.3%	Large Value 22.2%	BC Int Treas 8.8%	Small Value -28.9%	Small Growth 34.5%	EM 18.9%	Large Growth 2.6%	EAFE 17.3%	Large Growth 33.5%	S&P 500 1.8%	Small Cap 8.5%	Small Cap 9.5%
	EM 11.4%	Large Value 18.1%	Small Value -1.5%	Small Cap 28.4%	Small Cap 16.5%	Small Cap 22.4%	Core Bonds 8.7%	Small Cap 21.3%	Small Cap -3.0%	Small Cap 2.5%	Small Value -11.4%	EAFE 39.2%	Large Value 16.5%	S&P 500 4.9%	Small Cap 18.4%	Small Growth 7.1%	Small Cap -33.8%	EAFE 31.9%	Large Growth 16.7%	S&P 500 2.1%	Small Cap 16.3%	Large Value 32.5%	Small Value 1.8%	Small Value 8.1%	Large Growth 8.8%
	Small Growth 7.8%	HY Bonds 17.1%	Small Cap -1.8%	Small Value 25.8%	HY Bonds 11.4%	Small Growth 12.9%	BC Int Treas 8.6%	S&P 500 21.0%	HY Bonds -5.9%	EM -2.4%	Large Value -15.5%	Large Value 30.0%	Small Growth 14.3%	Small Value 4.7%	S&P 500 15.8%	Core Bonds 7.0%	Large Value -36.9%	Small Cap 27.2%	Large Value 15.5%	Large Value 0.4%	S&P 500 16.0%	S&P 500 32.4%	Large Growth 1.1%	Large Growth 7.9%	HY Bonds 8.0%
	S&P 500 7.6%	Small Growth 13.4%	BC Int Treas -1.8%	HY Bonds 19.2%	Small Growth 11.3%	HY Bonds 12.7%	HY Bonds 1.9%	Large Value 7.4%	S&P 500 -9.1%	Large Value -5.6%	EAFE -15.7%	Large Growth 29.8%	HY Bonds 11.1%	Small Cap 4.6%	Small Growth 13.4%	S&P 500 5.5%	S&P 500 -37.0%	S&P 500 26.5%	HY Bonds 15.1%	Small Growth -2.9%	HY Bonds 15.8%	EAFE 22.8%	Small Cap 1.1%	Large Value 7.6%	Small Growth 7.7%
	Core Bonds 7.4%	S&P 500 10.1%	Large Value -2.0%	Core Bonds 18.5%	EAFE 6.4%	Core Bonds 9.7%	Small Growth 1.2%	HY Bonds 2.4%	EAFE -14.0%	Small Growth -9.2%	Small Cap -20.5%	HY Bonds 29.0%	S&P 500 10.9%	Small Growth 4.1%	HY Bonds 11.9%	HY Bonds 1.9%	Large Growth -38.4%	Small Value 20.6%	S&P 500 15.1%	Small Cap -4.2%	Large Growth 15.3%	HY Bonds 7.4%	EAFE 0.7%	S&P 500 7.4%	Core Bonds 6.0%
	BC Int Treas 7.0%	Core Bonds 9.8%	Small Growth -2.4%	BC Int Treas 14.4%	EM 6.0%	BC Int Treas 7.7%	Small Cap -2.5%	BC Int Treas 0.4%	Large Growth -22.4%	S&P 500 -11.9%	S&P 500 -22.1%	S&P 500 28.7%	Large Growth 6.3%	HY Bonds 2.7%	Large Growth 9.1%	Large Value -0.2%	Small Growth -38.5%	Large Value 19.7%	EAFE 7.8%	Small Value -5.5%	Small Growth 14.6%	BC Int Treas -1.3%	BC Int Treas 0.7%	EAFE 6.5%	EM 6.0%
	Large Growth 5.0%	BC Int Treas 8.2%	Core Bonds -2.9%	EAFE 11.6%	BC Int Treas 4.0%	EAFE 2.1%	Small Value -6.5%	Core Bonds -0.8%	Small Growth -22.4%	Large Growth -20.4%	Large Growth -27.9%	Core Bonds 4.1%	Core Bonds 4.3%	Core Bonds 2.4%	Core Bonds 4.3%	Small Cap -1.6%	EAFE -43.4%	Core Bonds 5.9%	Core Bonds 6.5%	EAFE -12.1%	Core Bonds 4.2%	Core Bonds -2.0%	Small Growth 0.5%	Core Bonds 4.5%	EAFE 5.5%
	EAFE -11.8%	Large Growth 2.9%	EM -7.3%	EM -5.2%	Core Bonds 3.6%	EM -11.6%	EM -25.3%	Small Value -1.5%	EM -30.6%	EAFE -21.2%	Small Growth -30.3%	BC Int Treas 2.1%	BC Int Treas 2.0%	BC Int Treas 1.6%	BC Int Treas 3.5%	Small Value -9.8%	EM -53.3%	BC Int Treas -1.4%	BC Int Treas 5.3%	EM -18.4%	BC Int Treas 1.7%	EM -2.6%	EM -0.4%	BC Int Treas 3.6%	BC Int Treas 5.1%

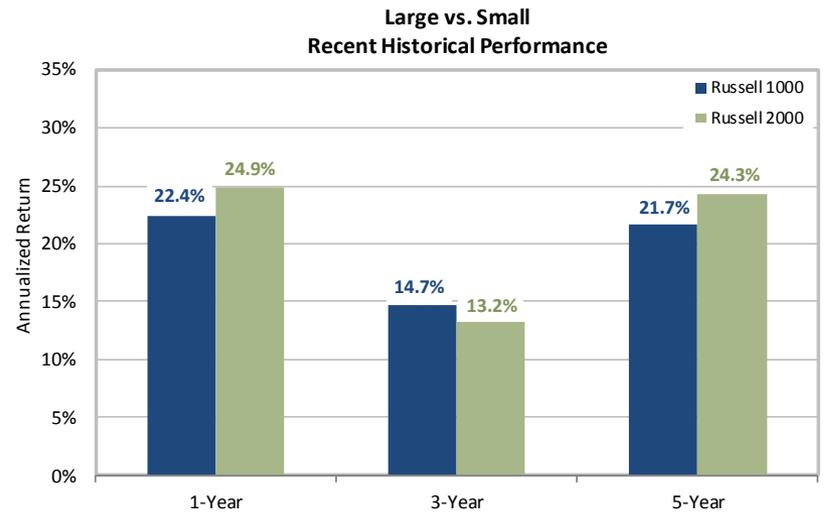
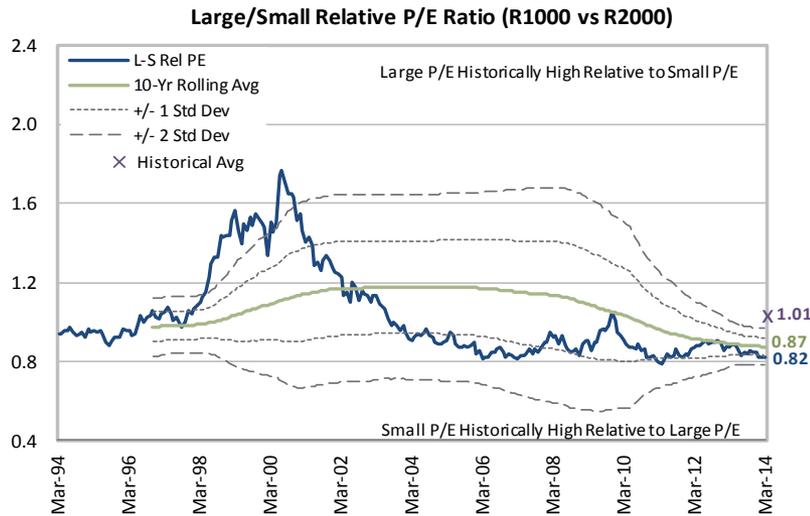
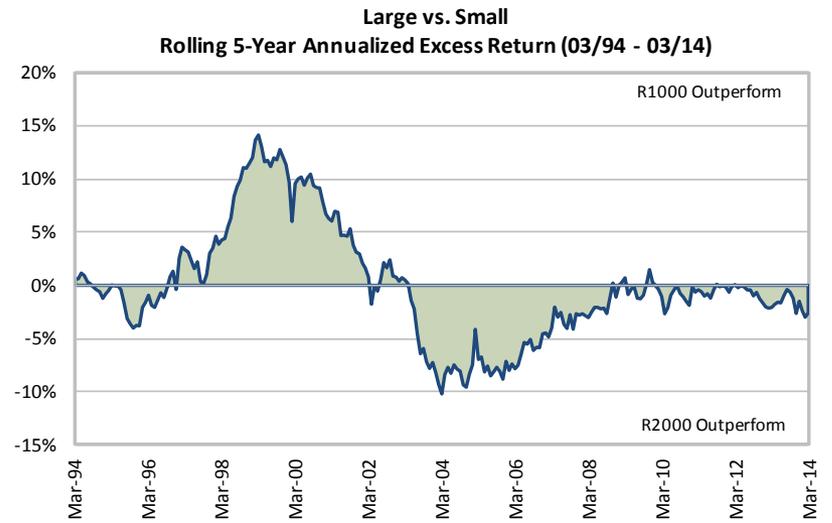
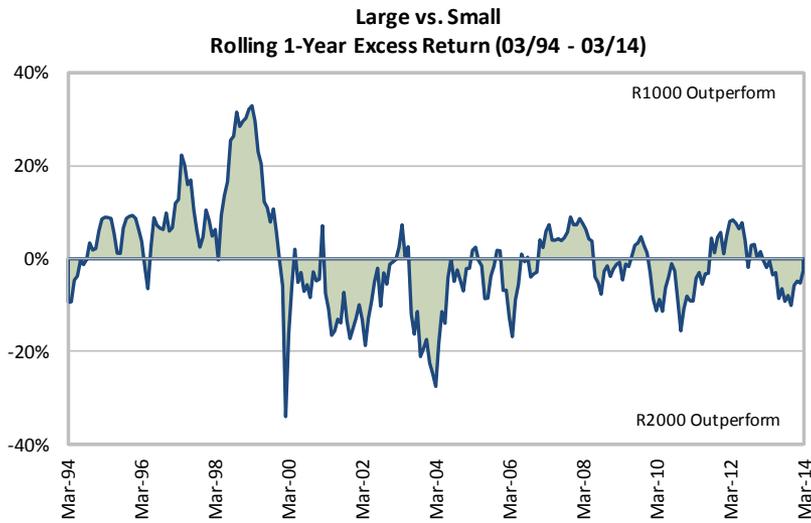
EQUITY STYLE SECTOR PERFORMANCE COMPARISON: CURRENT QUARTER
SMALL, MID, AND LARGE CAP



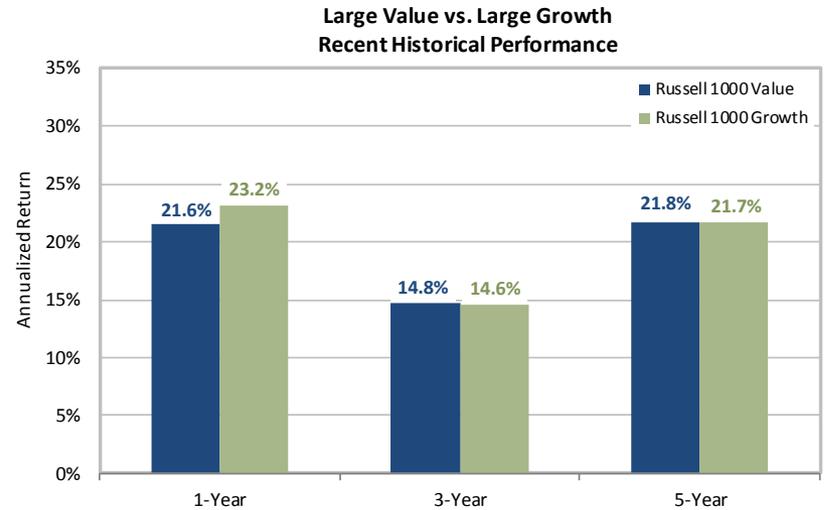
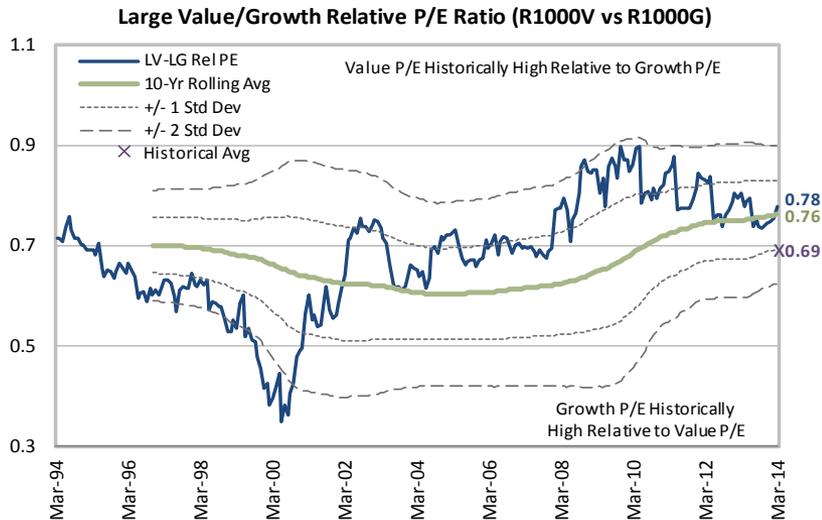
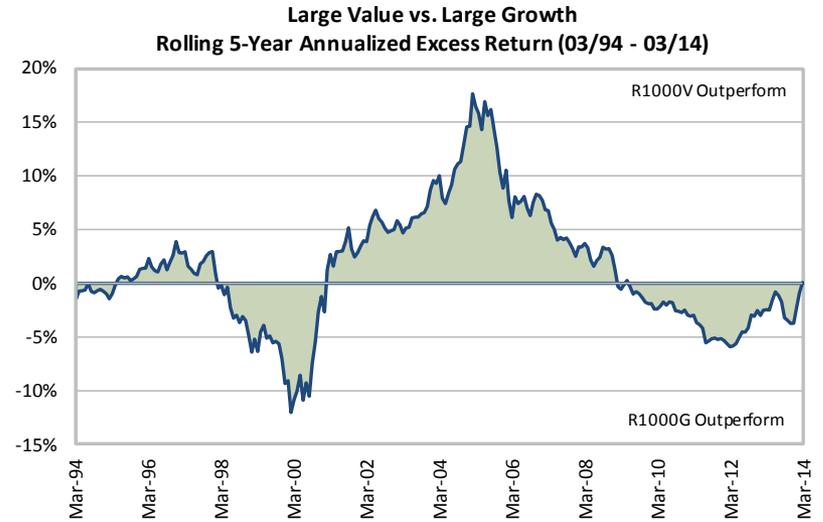
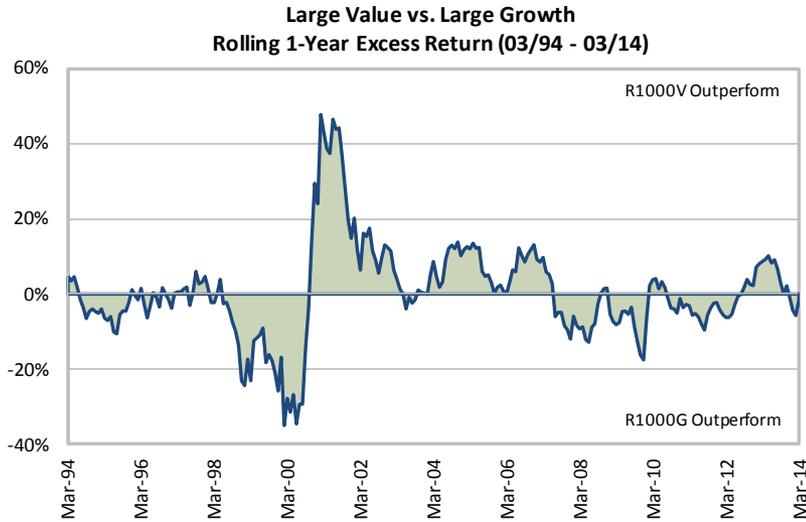
**EQUITY STYLE SECTOR PERFORMANCE COMPARISON: 1-YEAR
SMALL, MID, AND LARGE CAP**



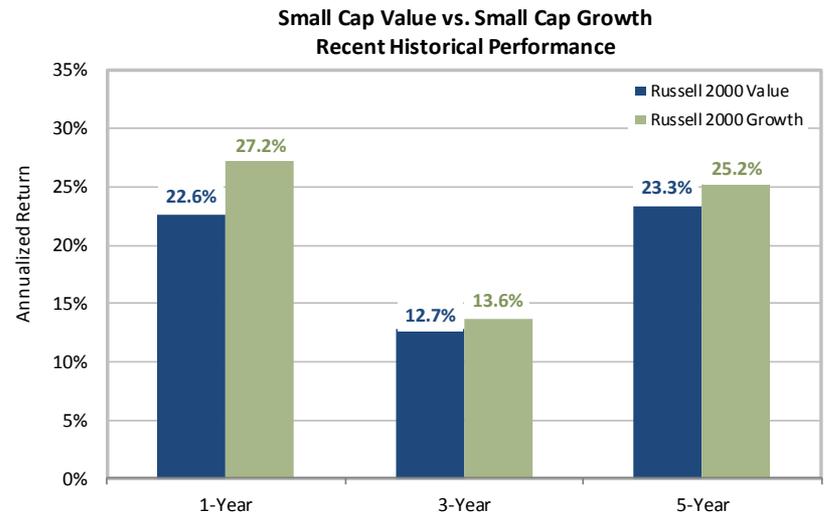
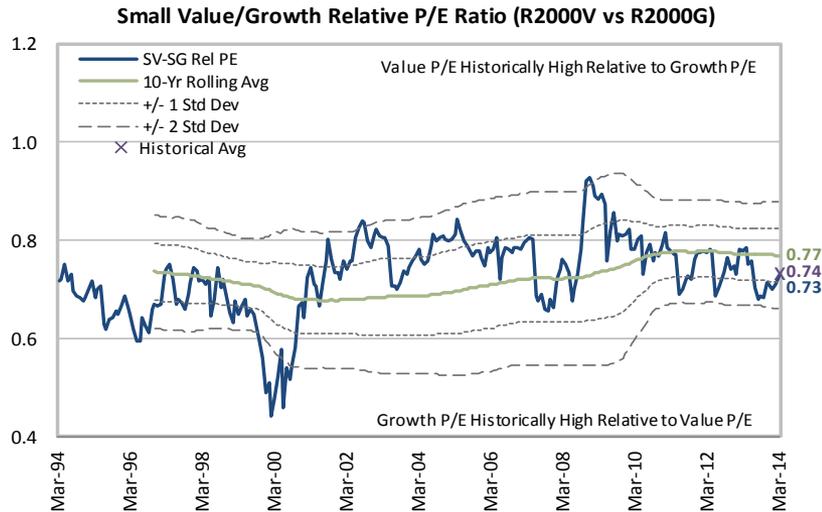
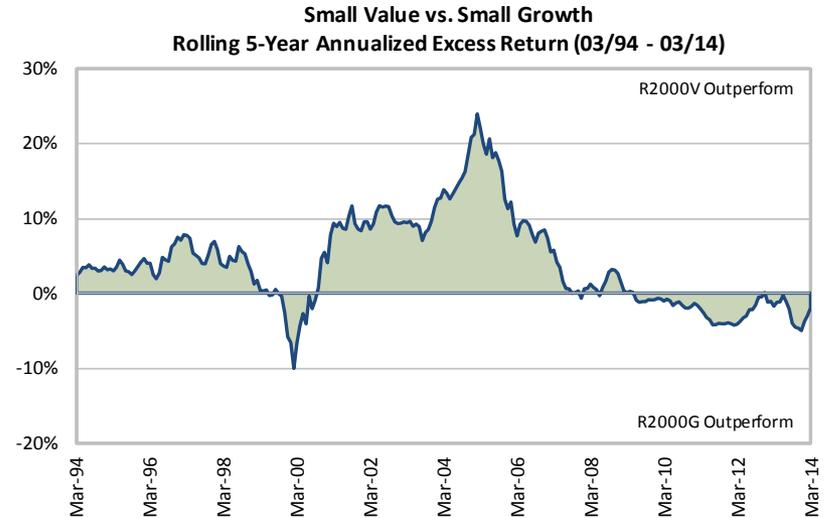
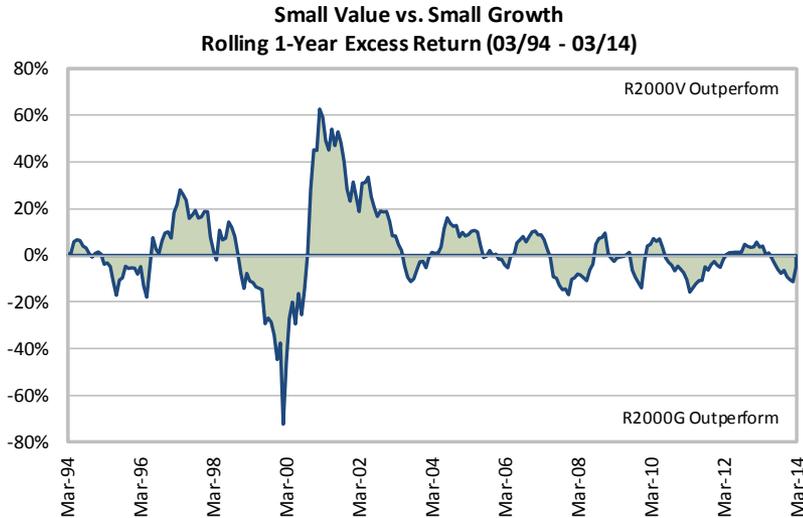
HISTORICAL RELATIVE PERFORMANCE: LARGE CAP CORE TO SMALL CAP CORE



HISTORICAL RELATIVE PERFORMANCE: LARGE CAP VALUE TO LARGE CAP GROWTH

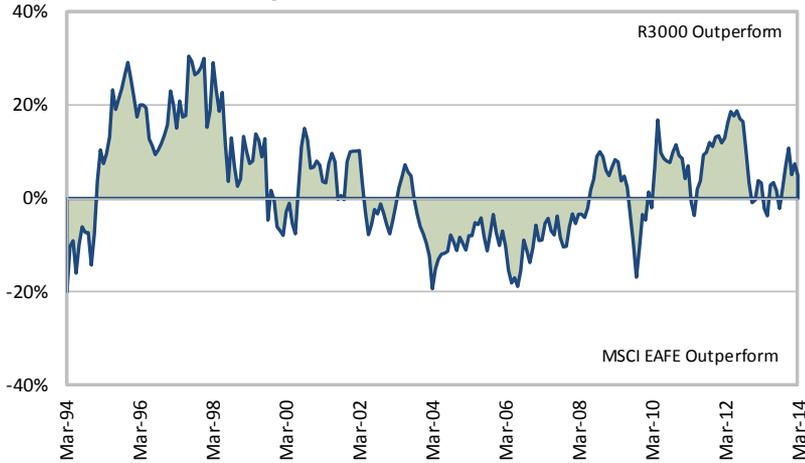


HISTORICAL RELATIVE PERFORMANCE: SMALL CAP VALUE TO SMALL CAP GROWTH



HISTORICAL RELATIVE PERFORMANCE: DOMESTIC EQUITY TO DEVELOPED INTERNATIONAL EQUITY

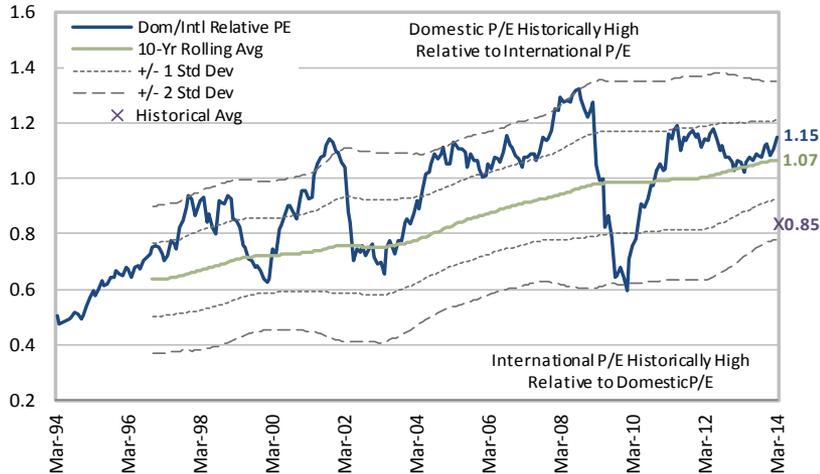
Domestic Equity vs. Developed International Equity
Rolling 1-Year Excess Return (03/94 - 03/14)



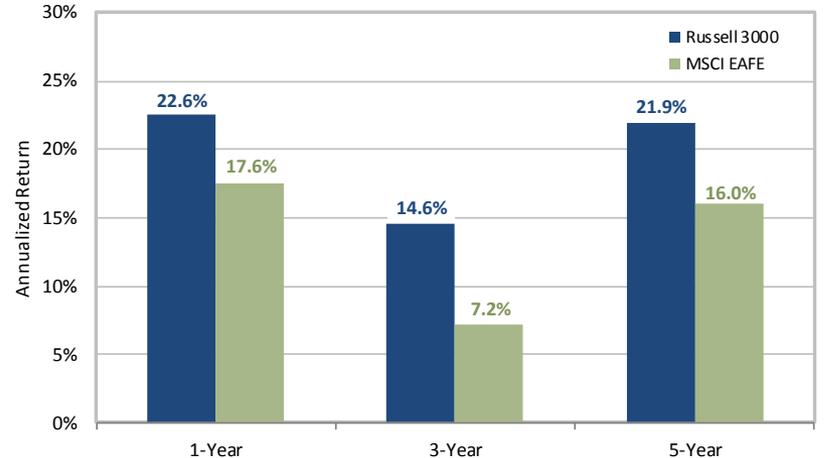
Domestic Equity vs. Developed International Equity
Rolling 5-Year Annualized Excess Return (03/94 - 03/14)



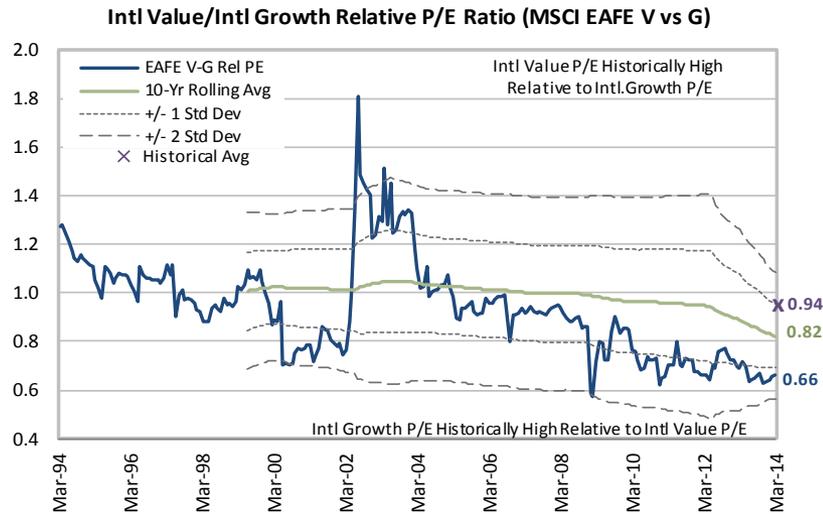
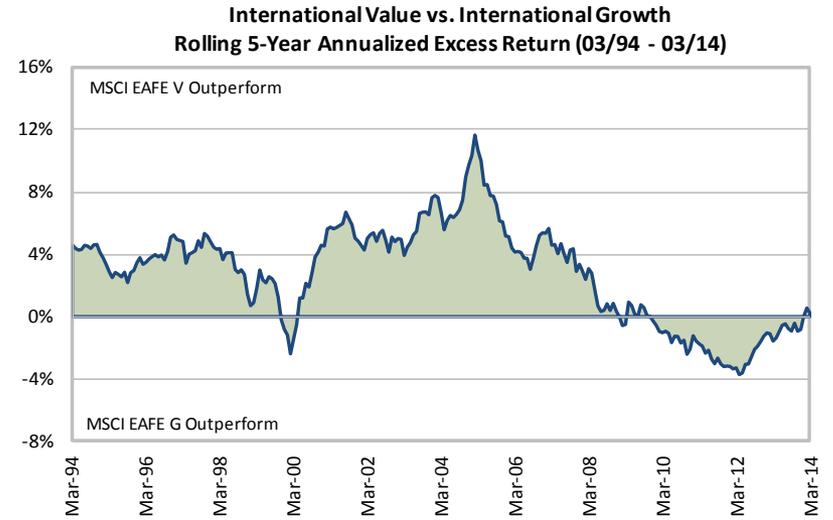
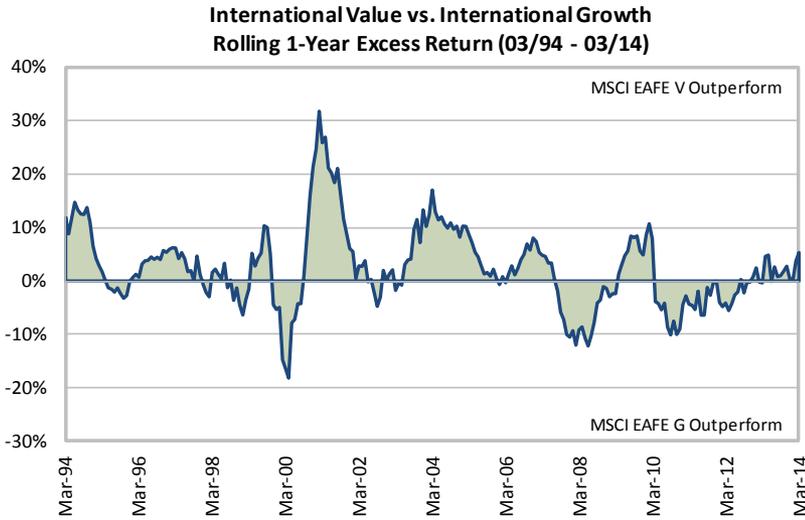
Domestic/International Relative P/E Ratio (R3000 vs MSCI EAFE)



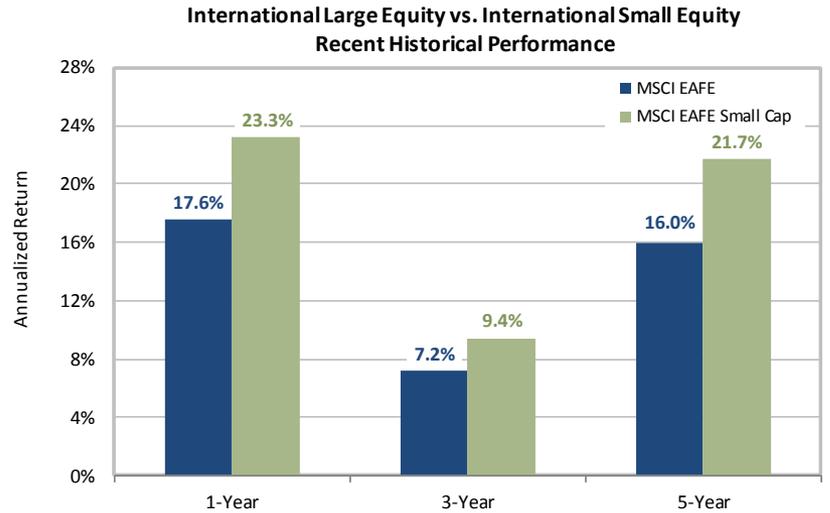
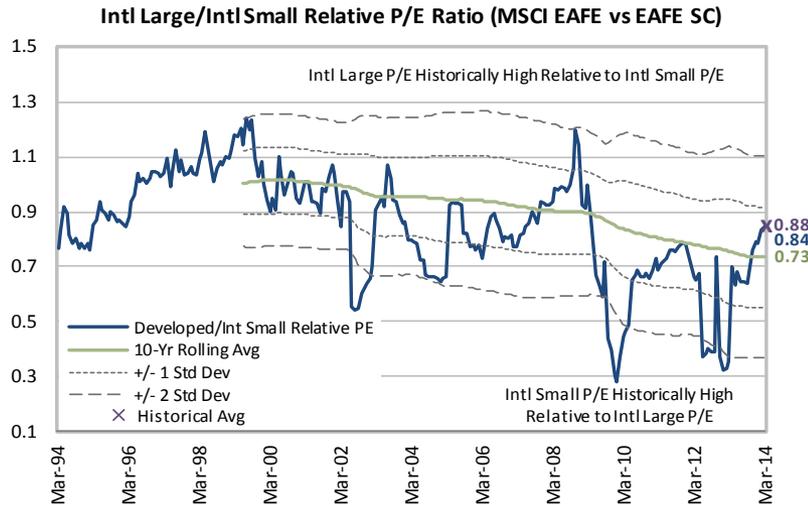
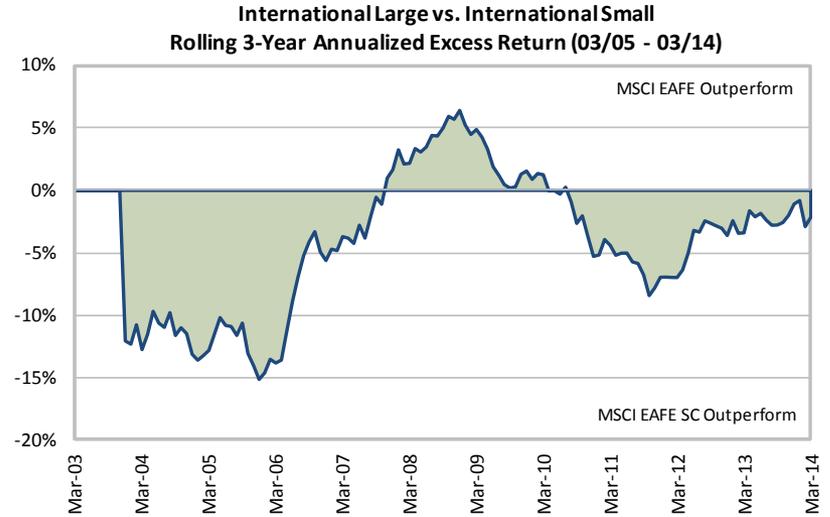
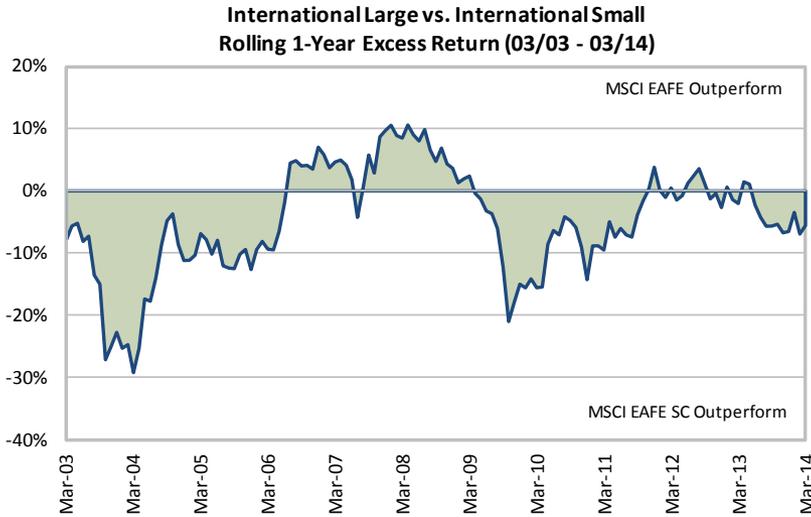
Domestic Equity vs. Developed International Equity
Recent Historical Performance



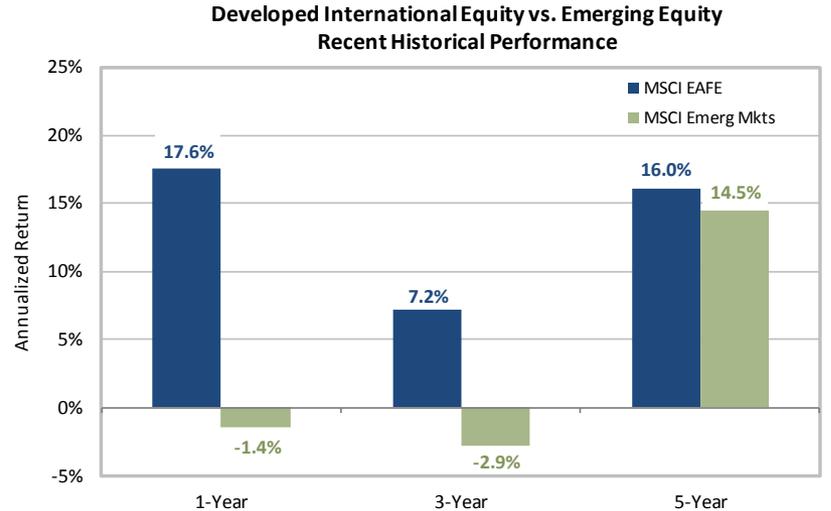
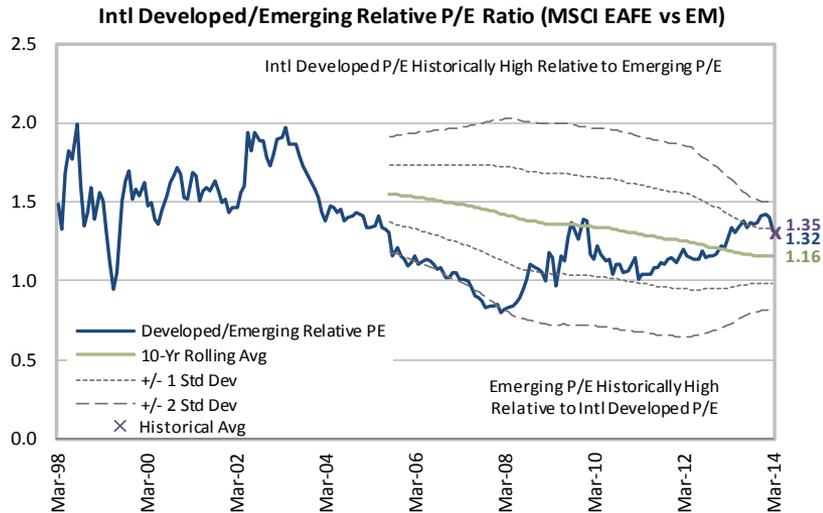
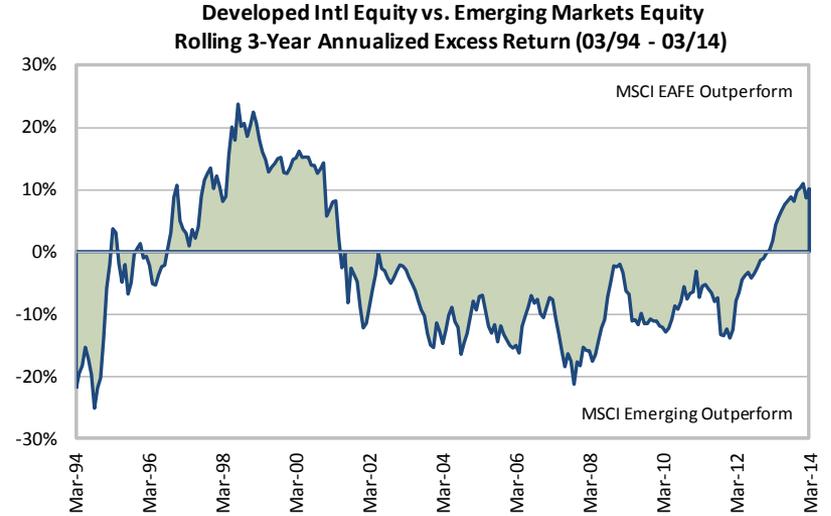
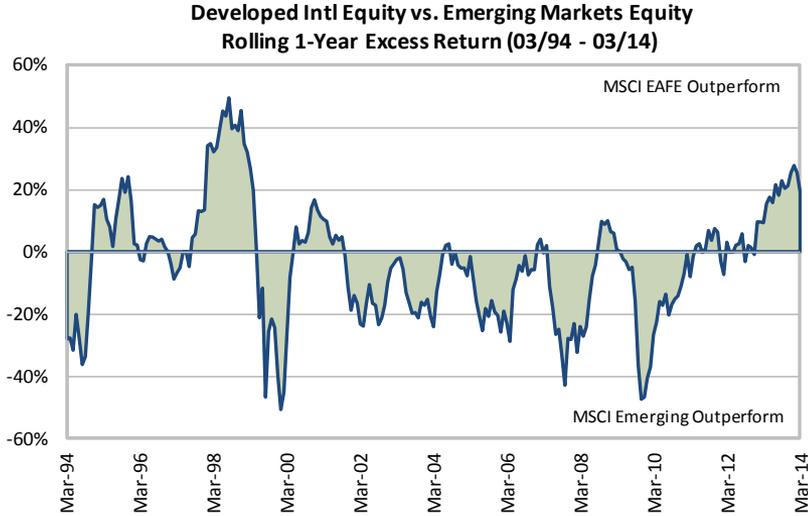
HISTORICAL RELATIVE PERFORMANCE: INTERNATIONAL VALUE TO INTERNATIONAL GROWTH



HISTORICAL RELATIVE PERFORMANCE: INTERNATIONAL LARGE CAP TO INTERNATIONAL SMALL CAP

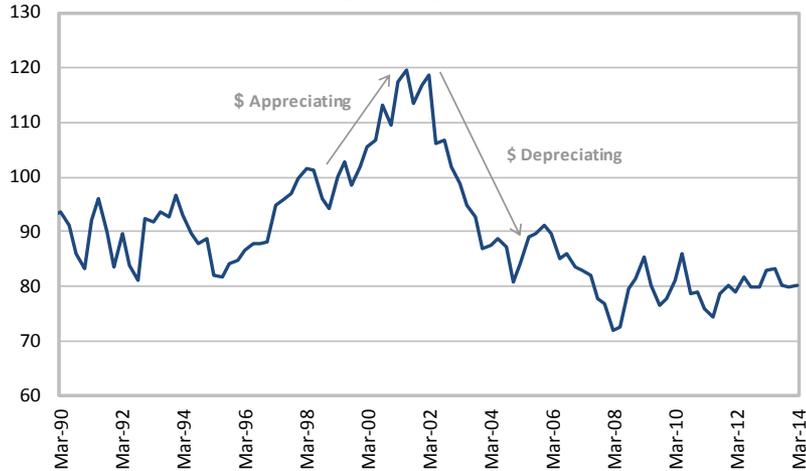


HISTORICAL RELATIVE PERFORMANCE: DEVELOPED INTERNATIONAL TO EMERGING MARKETS

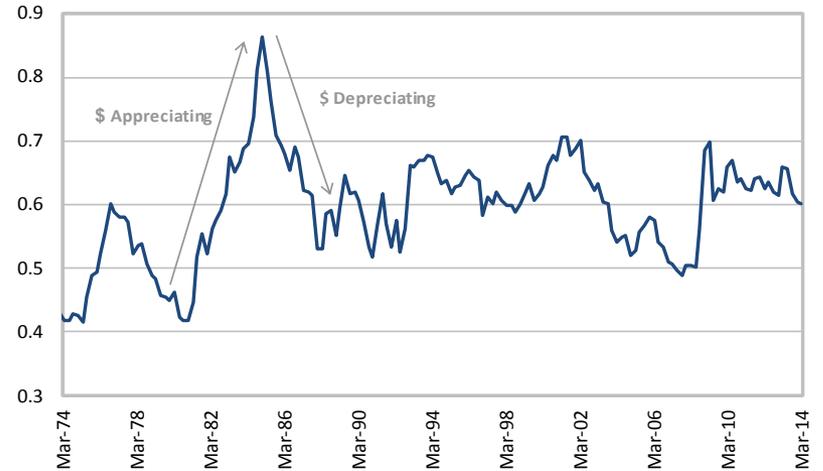


CURRENCY OVERVIEW

US Dollar Index: Weighted Avg of 6 Currencies vs US Dollar



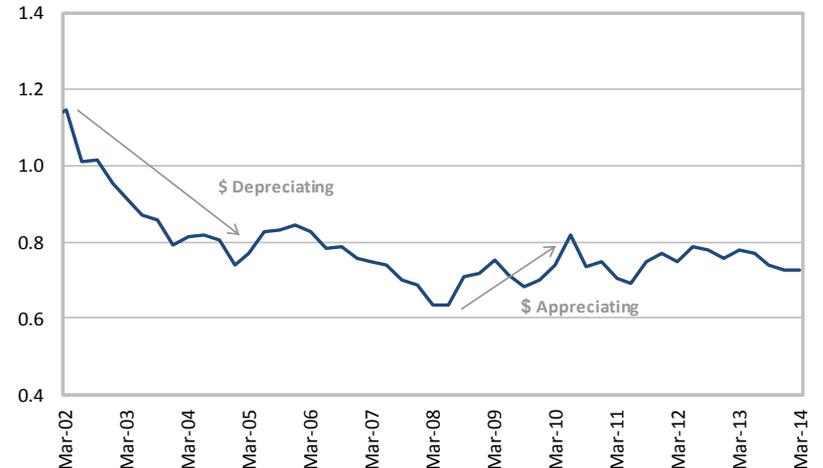
British Pound/US Dollar



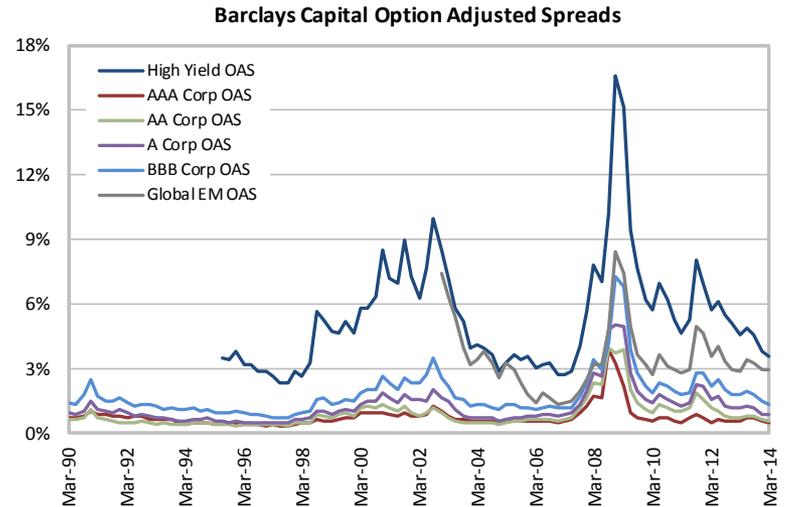
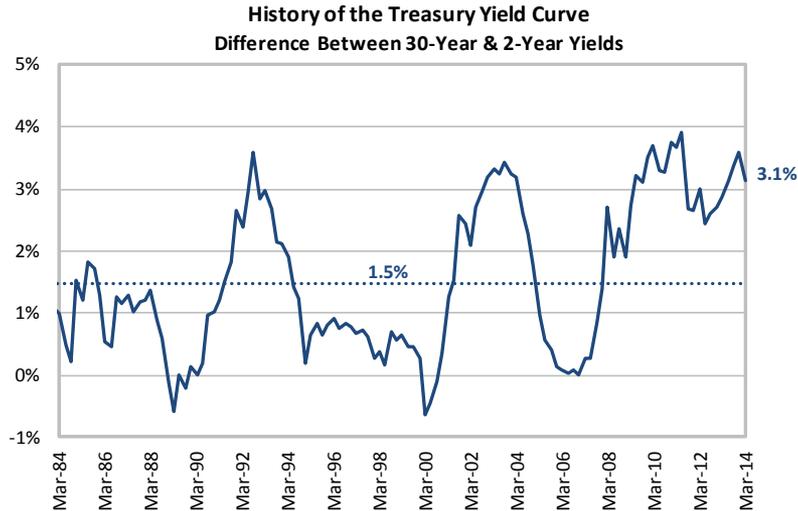
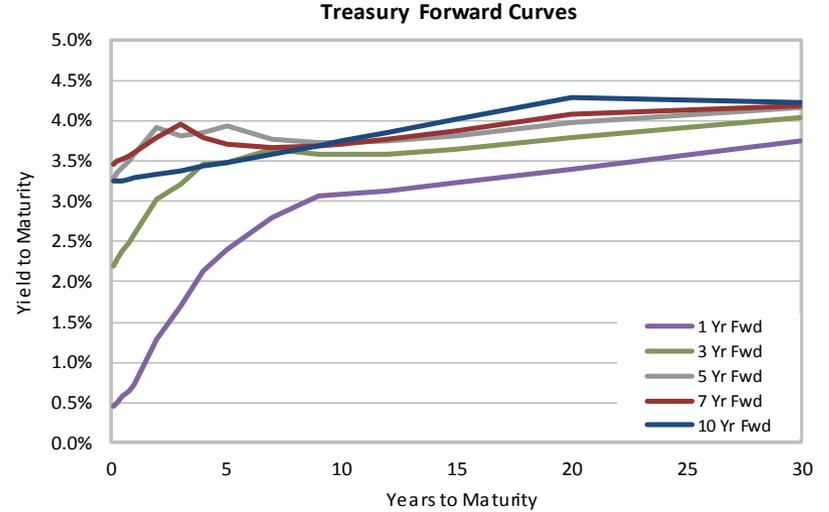
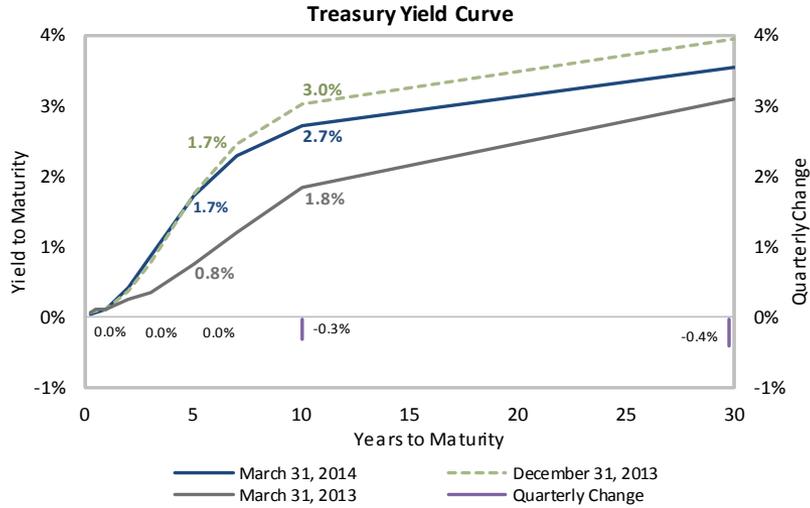
Japanese Yen/US Dollar



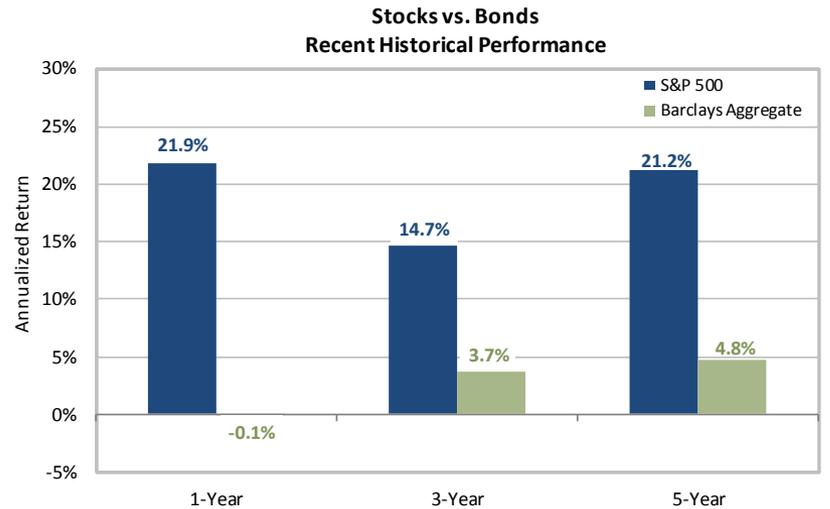
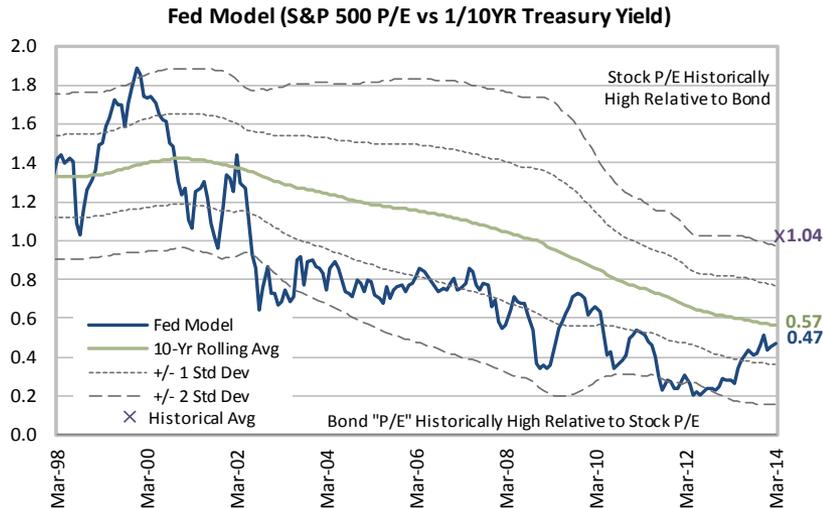
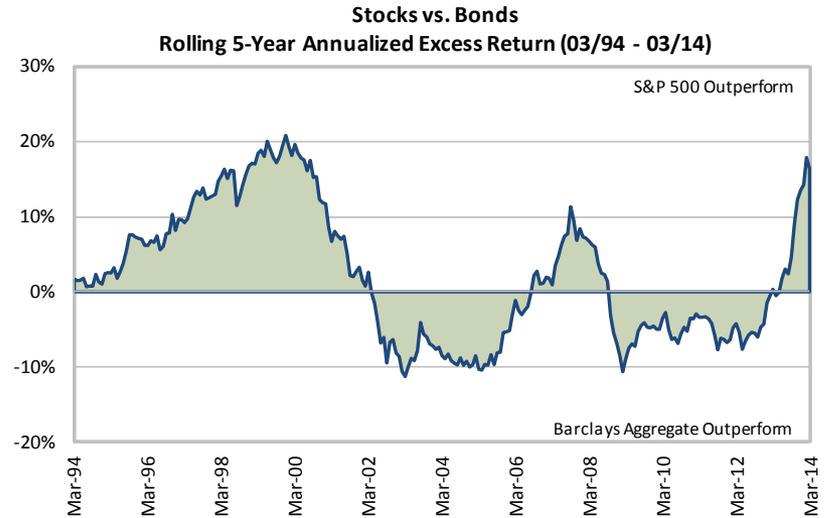
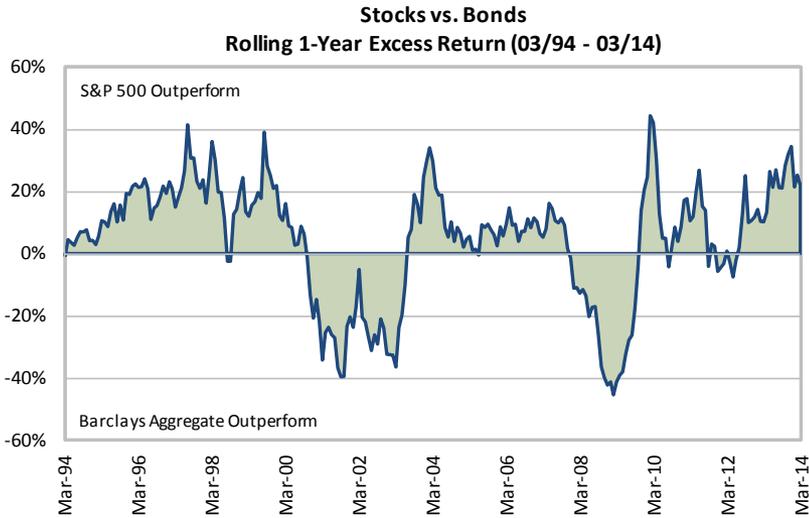
Euro/US Dollar



YIELD CURVE AND SPREAD ANALYSIS

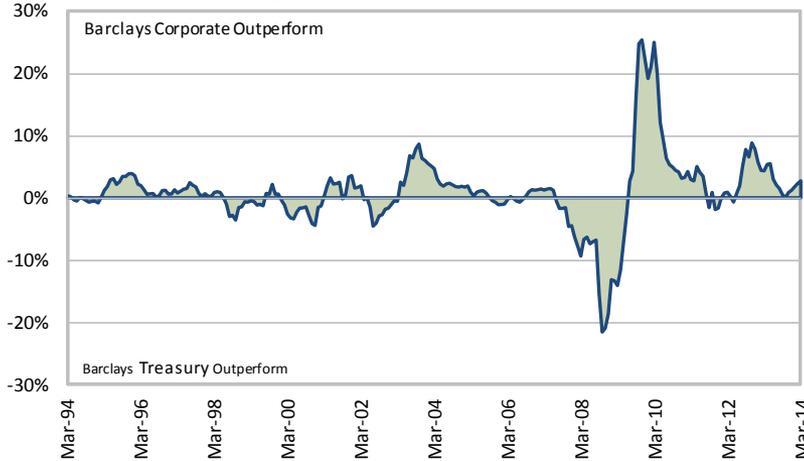


HISTORICAL RELATIVE PERFORMANCE: STOCKS VS. BONDS

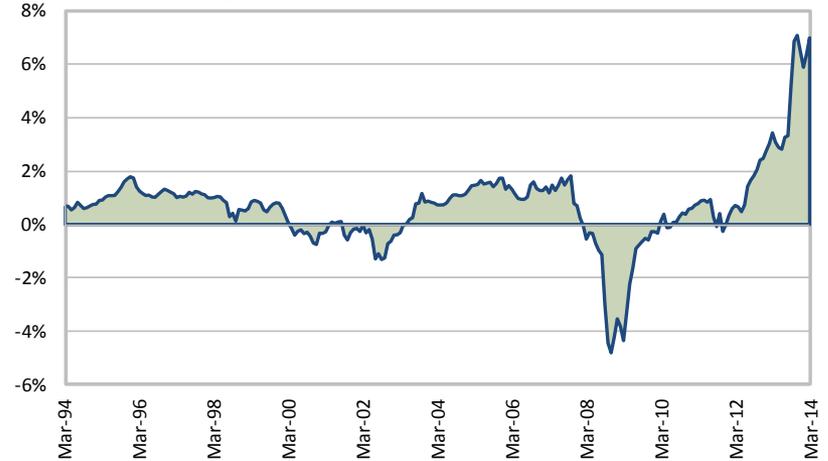


HISTORICAL RELATIVE PERFORMANCE: CORPORATE BONDS VS. TREASURIES

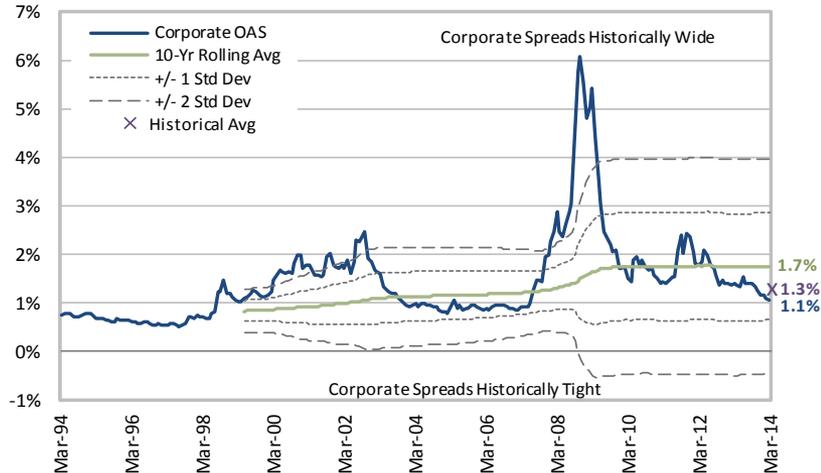
Corporates vs. Treasuries
Rolling 1-Year Excess Return (03/94 - 03/14)



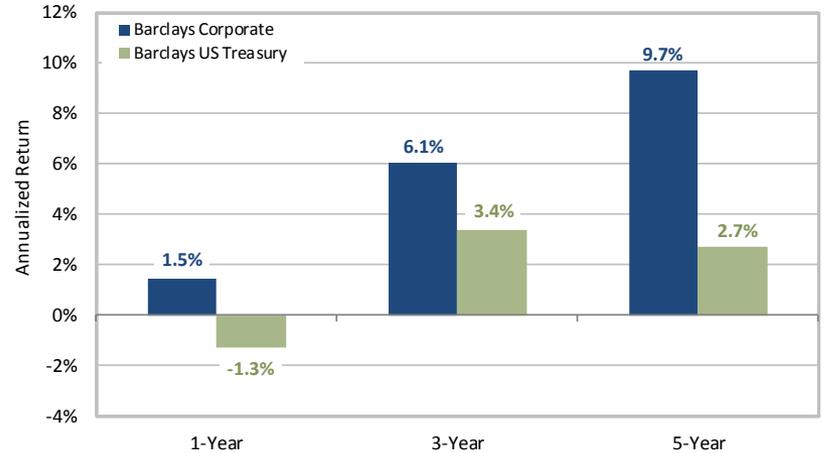
Corporates vs. Treasuries
Rolling 5-Year Annualized Excess Return (03/94 - 03/14)



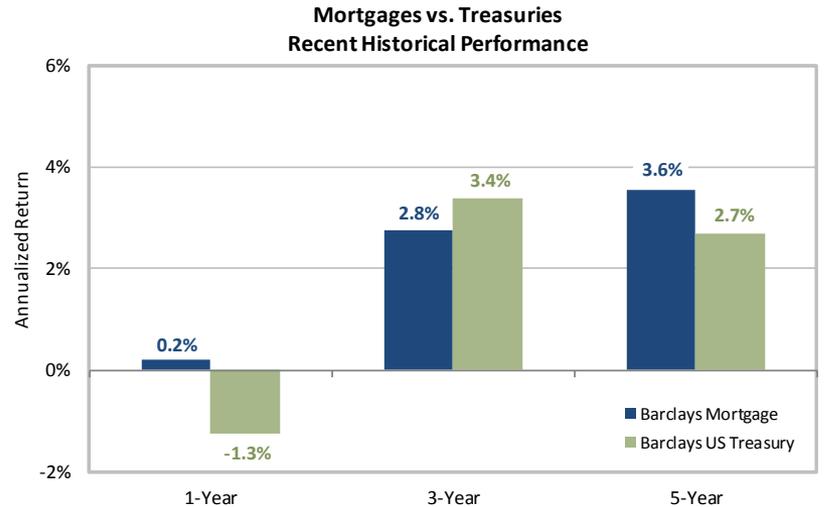
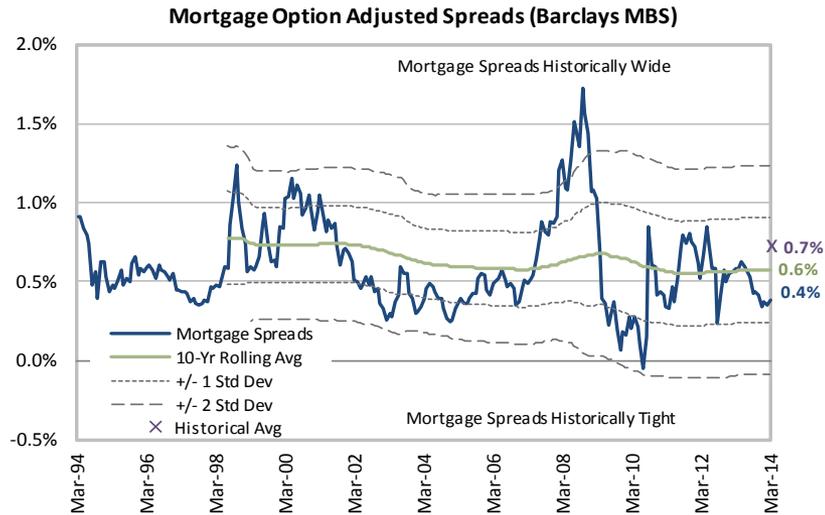
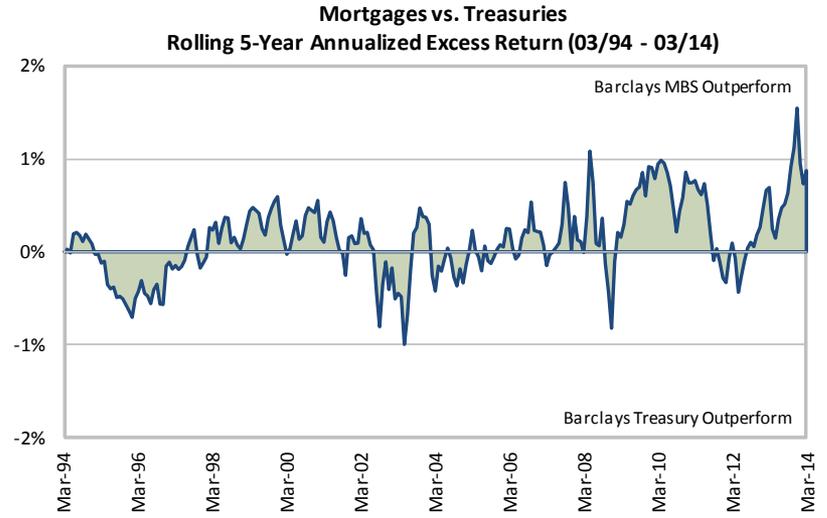
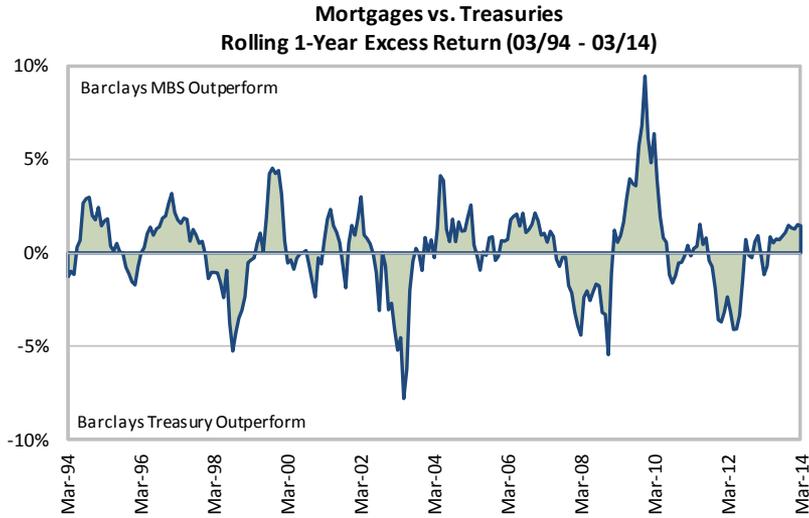
Corporate Option Adjusted Spreads (Barclays Corp)



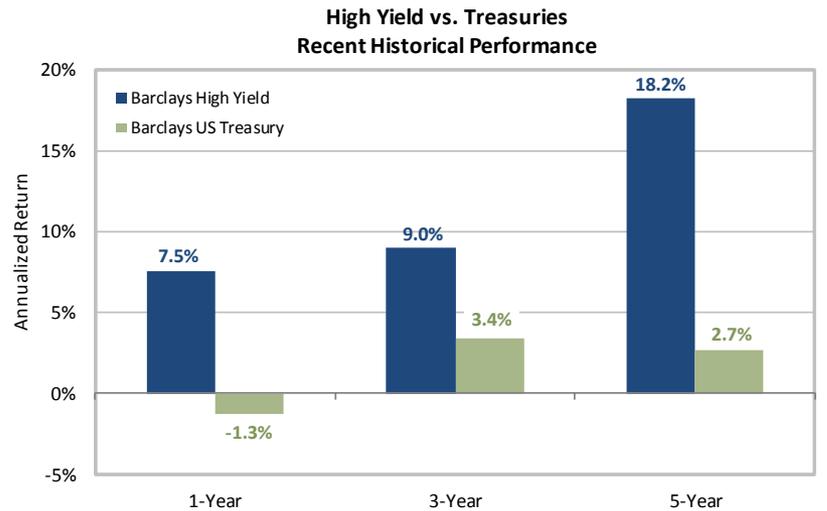
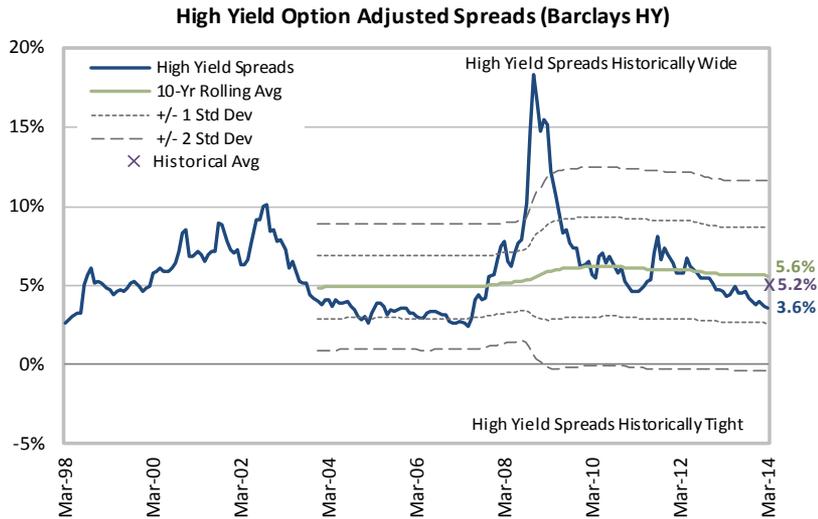
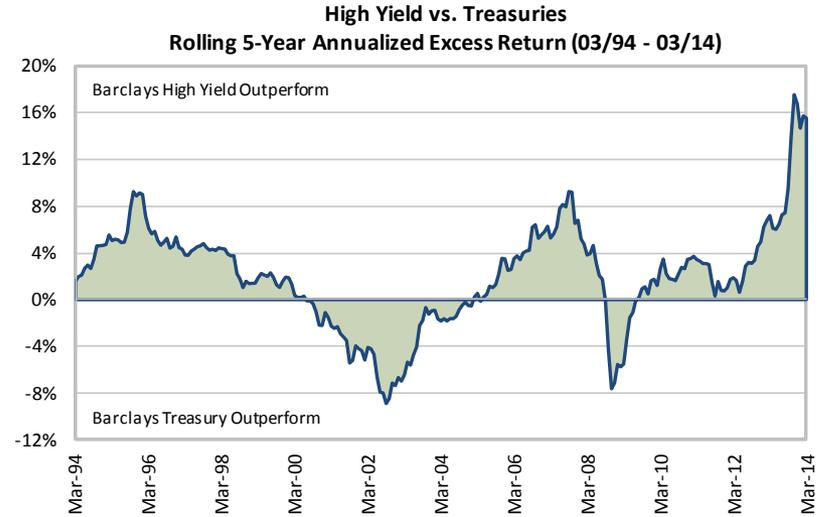
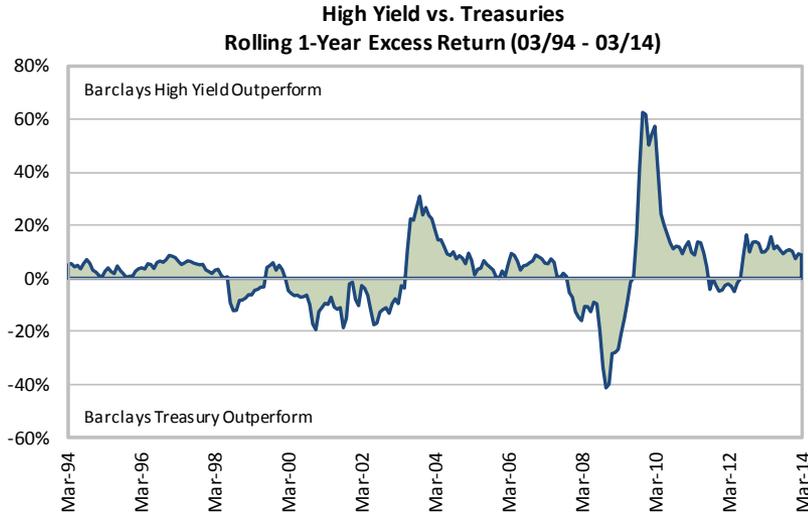
Corporates vs. Treasuries
Recent Historical Performance



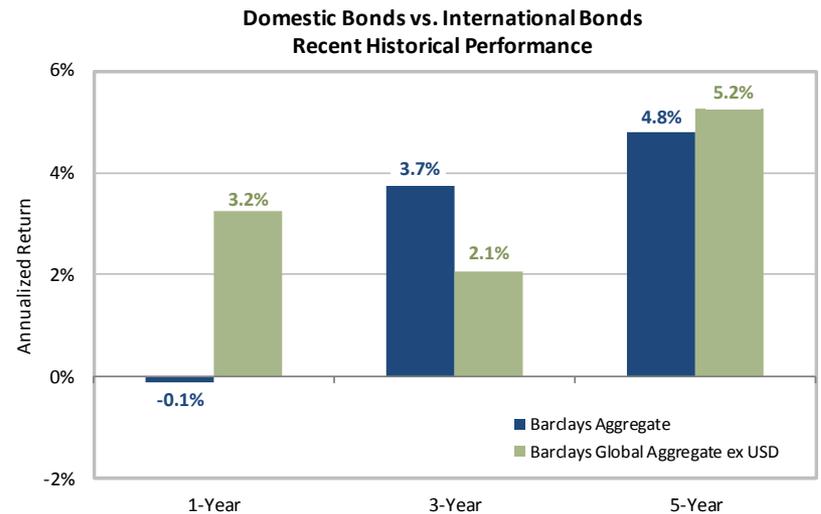
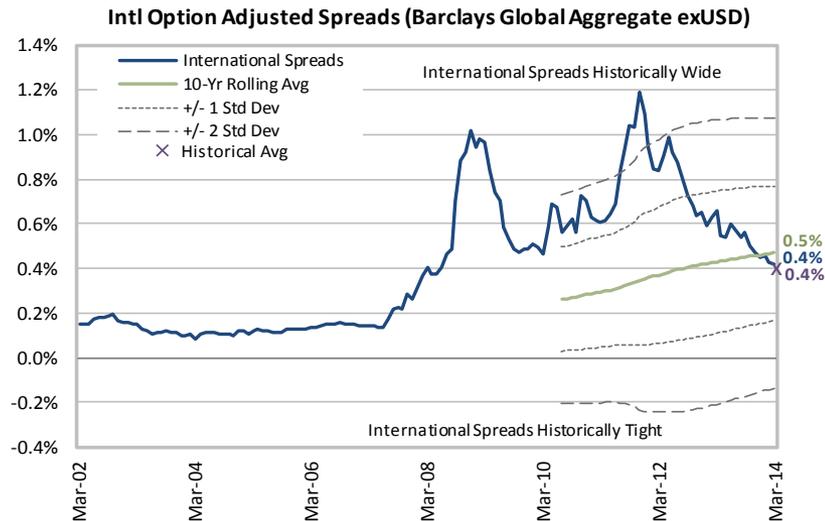
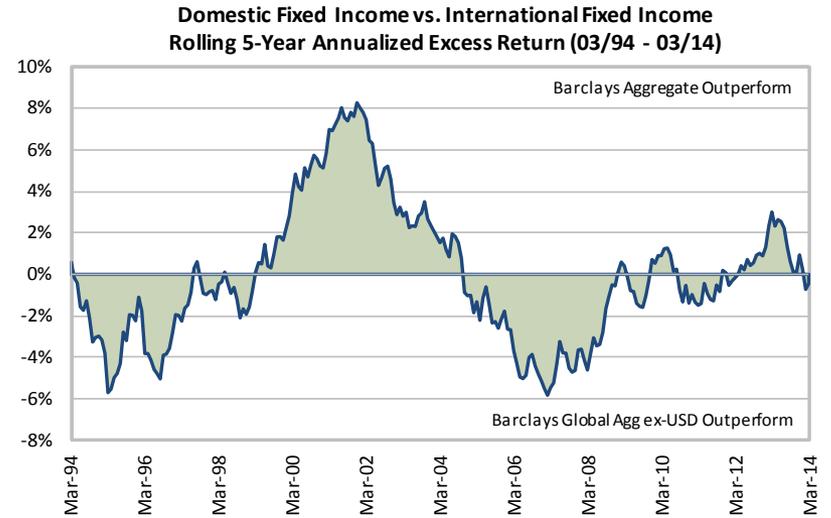
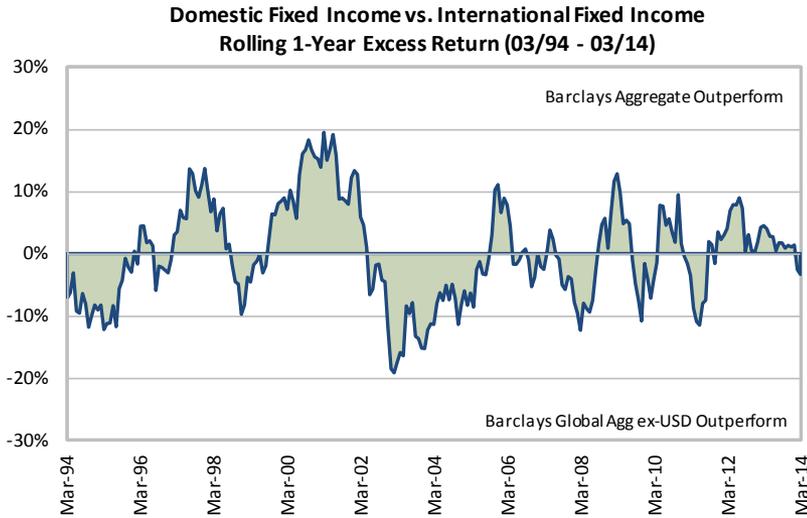
HISTORICAL RELATIVE PERFORMANCE: MORTGAGES VS. TREASURIES



HISTORICAL RELATIVE PERFORMANCE: HIGH YIELD BONDS VS. TREASURIES

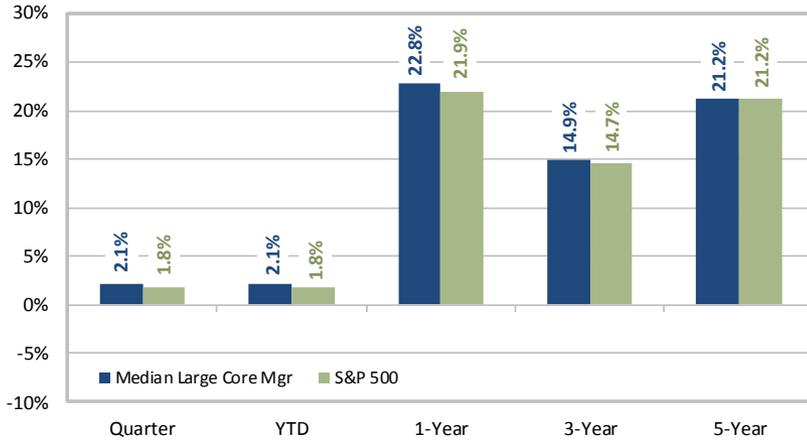


HISTORICAL RELATIVE PERFORMANCE: DOMESTIC VS. INTERNATIONAL FIXED INCOME

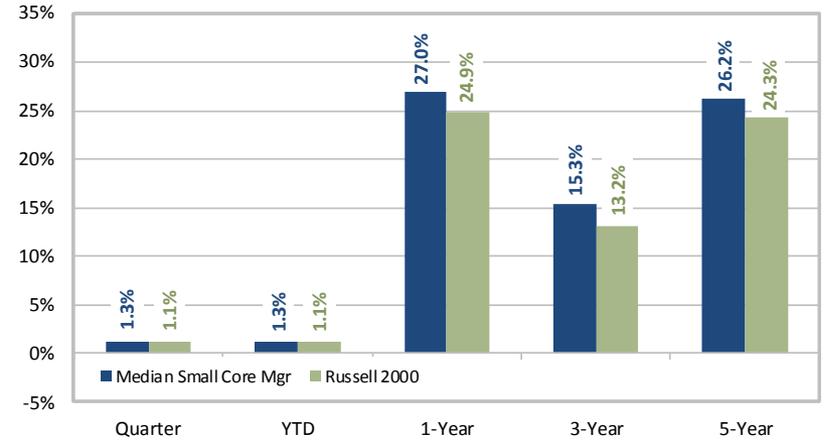


MEDIAN UNIVERSE CORE MANAGER RETURNS VS. INDEX RETURNS

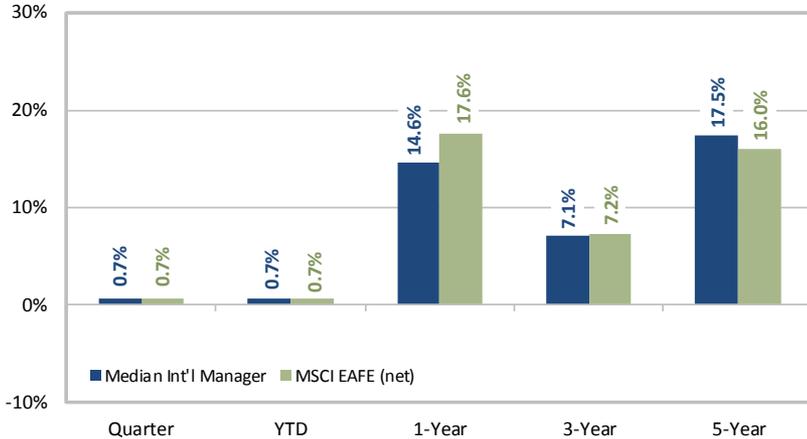
Median Large Capitalization Core Equity Manager vs. S&P 500



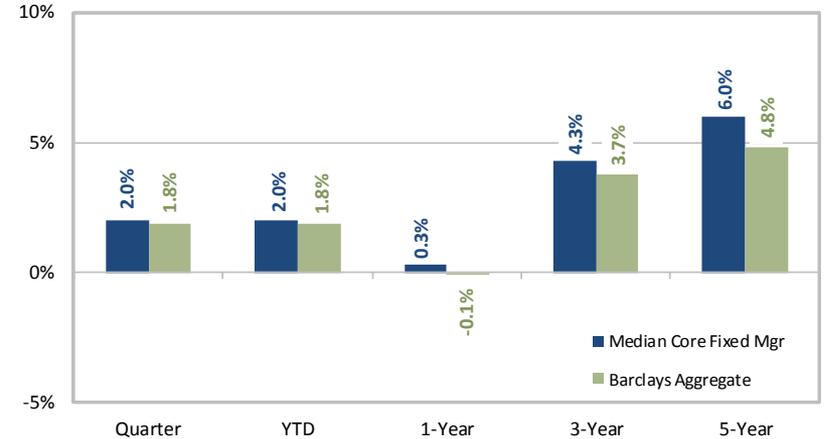
Median Small Capitalization Core Equity Manager vs. Russell 2000



Median International Core Equity Manager vs. MSCI EAFE (net)

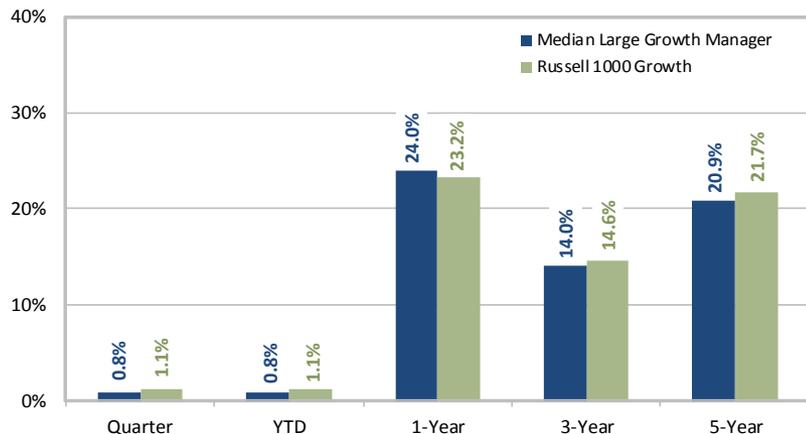


Median Core Fixed Income Manager vs. Barclays Aggregate

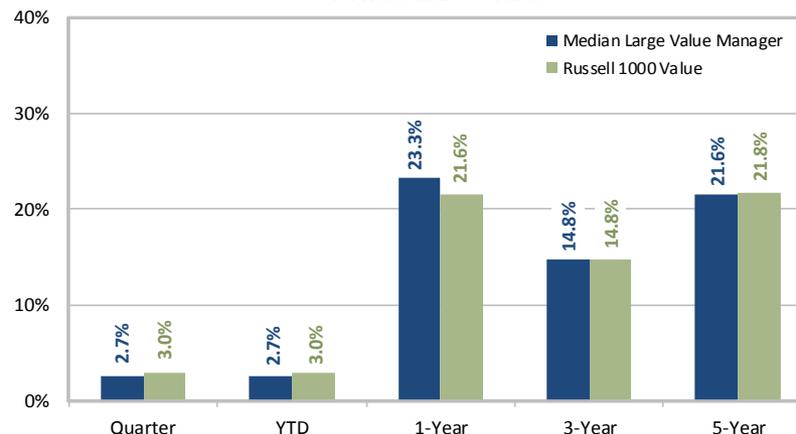


MEDIAN UNIVERSE EQUITY STYLE MANAGER RETURNS VS. INDEX STYLE RETURNS

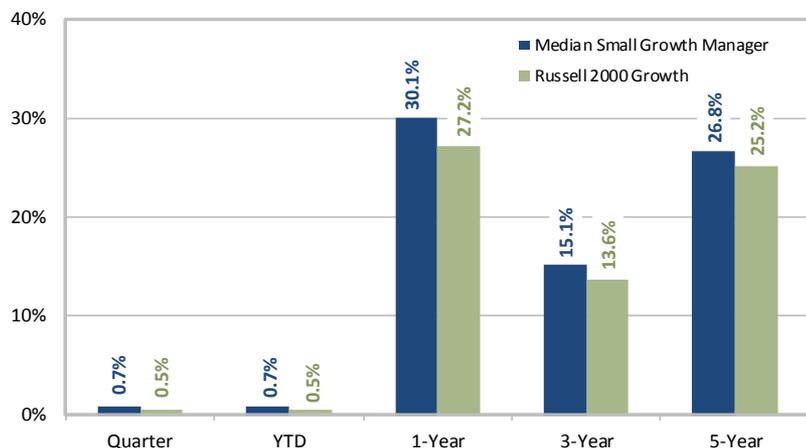
Median Large Capitalization Growth Equity Manager vs. Russell 1000 Growth



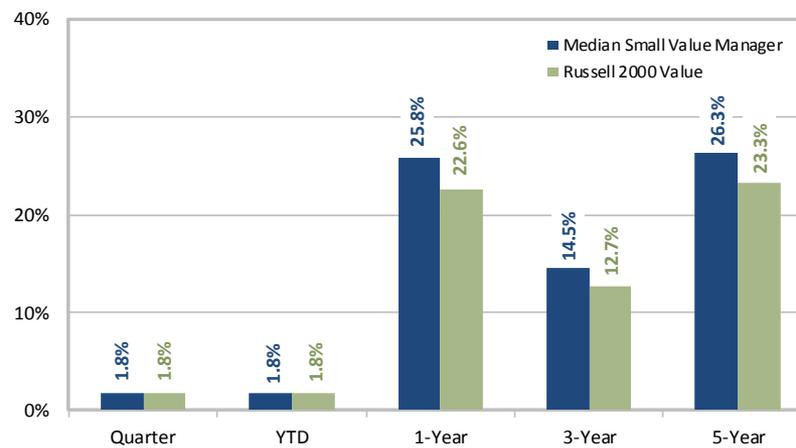
Median Large Capitalization Value Equity Manager vs. Russell 1000 Value



Median Small Capitalization Growth Equity Manager vs. Russell 2000 Growth

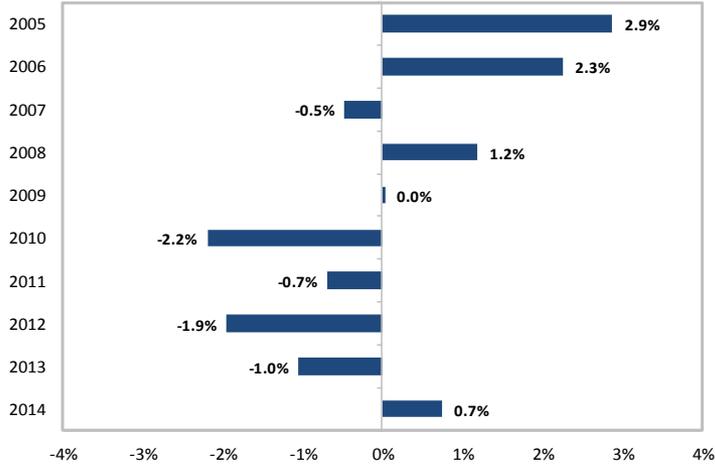


Median Small Capitalization Value Equity Manager vs. Russell 2000 Value

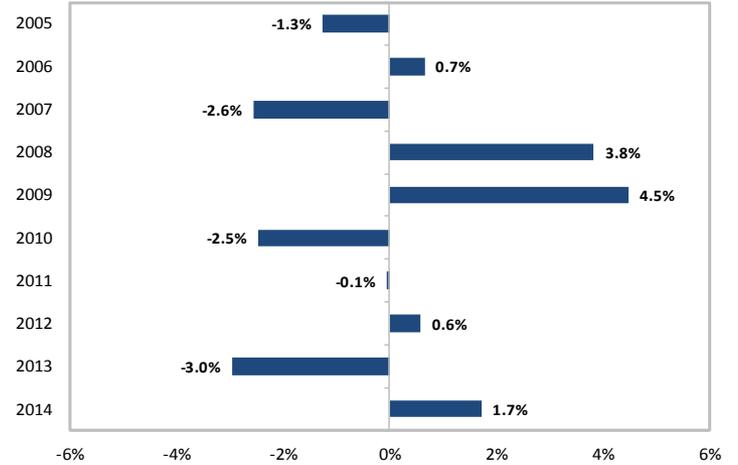


MEDIAN UNIVERSE EQUITY STYLE MANAGER ONE-YEAR RETURN DIFFERENTIAL ENDING MARCH 31: 10 YEARS

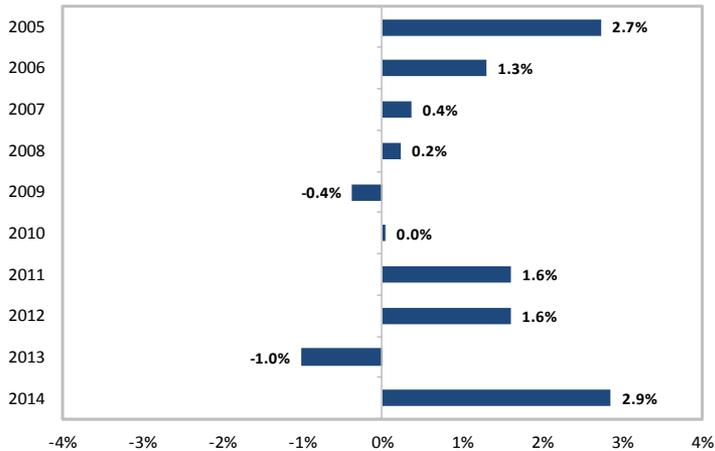
Median Large Capitalization Growth Equity Manager vs. Russell 1000 Growth



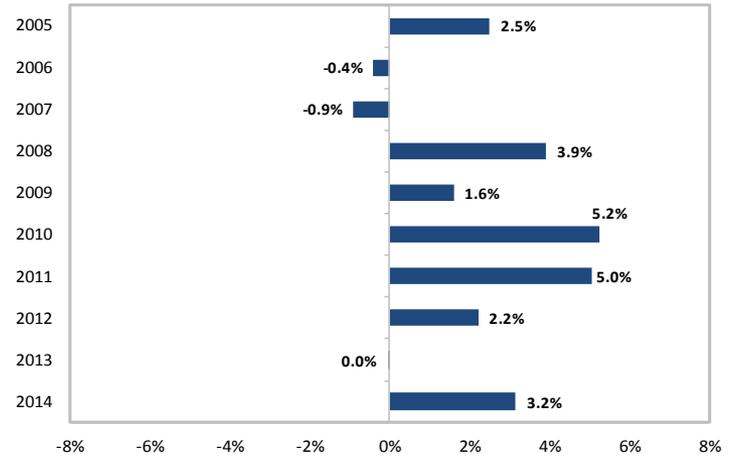
Median Large Capitalization Value Equity Manager vs. Russell 1000 Value



Median Small Capitalization Growth Equity Manager vs. Russell 2000 Growth

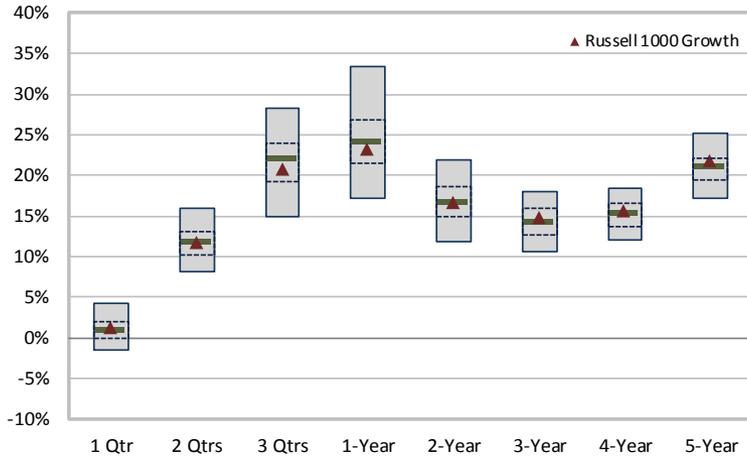


Median Small Capitalization Value Equity Manager vs. Russell 2000 Value

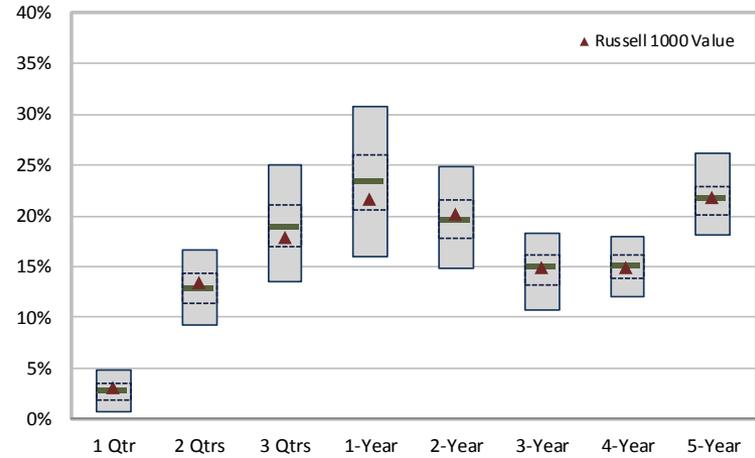


UNIVERSE EQUITY STYLE MANAGERS

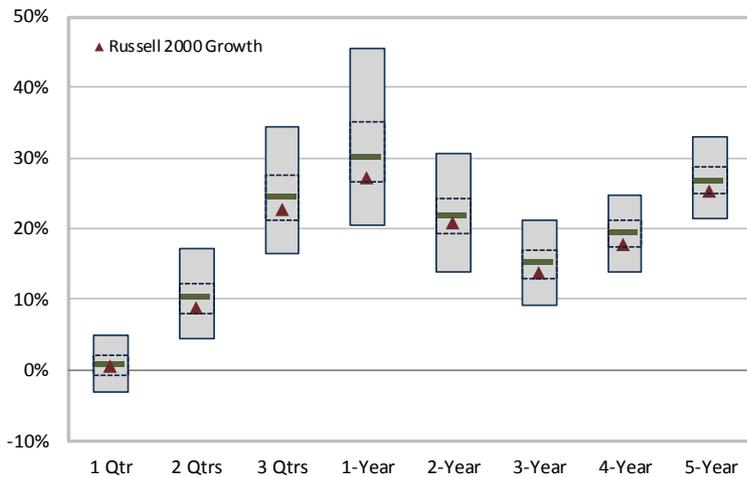
Large Cap Growth Equity Universe



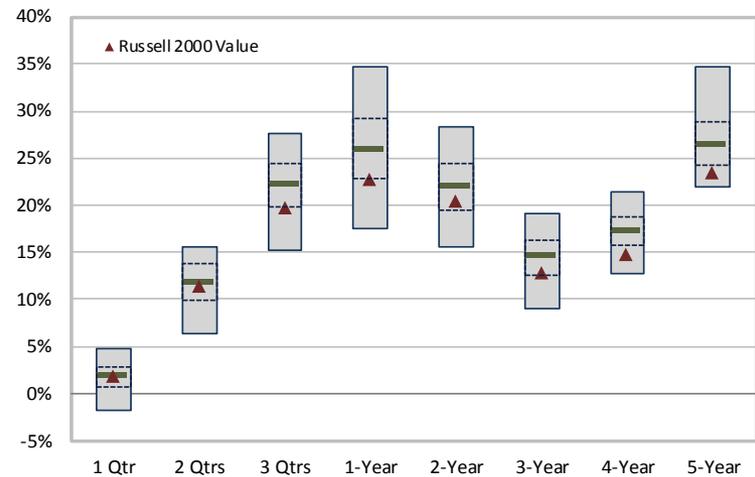
Large Cap Value Equity Universe



Small Cap Growth Equity Universe



Small Cap Value Equity Universe



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