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Economic & Capital Market Review

December 31, 2013

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KEY HIGHLIGHTS

- In Q4 2013:
 - Asset class trends from the first part of 2013 continued to close out the year. Risk-on investors were rewarded as equities, propelled by improving economic indicators, dramatically outperformed fixed income.
 - The Federal Reserve announced at its December meeting that it will begin purchasing Treasuries and mortgage-backed securities at a rate of \$75 billion per month in January. Equity markets rose in response to this \$10 billion per month reduction in purchases.
 - Global Purchasing Managers Indices (PMIs) indicate that manufacturing is strengthening throughout the world, a positive sign for future economic growth.
- Growth assets were positive in Q4 2013:
 - Global equity indices were led higher by US stocks, which rose 10% during the quarter. The S&P 500 ended 2013 up 32.6%, the best year for the index since 1997.
 - The eurozone continues to emerge from recession. European equities performed well during the quarter but lagged domestic (MSCI EAFE up 5.7%). Emerging markets (MSCI EM up 1.8%) rose but were the worst equity performers for the quarter.
 - Equity surrogates continued their 2013 trend of underperforming equity markets.
 - Growth remains the primary concern for long-term investors: “When will growth become self-sustaining in the developed world?”
- Income assets were mixed in Q4 2013:
 - Traditional fixed income assets were mostly down during the quarter as a result of rising interest rates.
 - Alternatives to traditional fixed income such as private debt, relative value hedge funds, and real estate outperformed the Barclays Aggregate.
- Diversifying assets were mostly down in Q4 2013:
 - TIPS and Treasury yields rose during the quarter, but the increase was modest compared to the first half of 2013.
 - Commodities continued to struggle, due in part to strengthening of the dollar.
 - Managed futures, which benefited from the rise in equities, and global macro hedge funds were the lone positive diversifiers for the quarter.
 - Diversification assets were out of favor for much of 2013 as concentrated equity risk was rewarded during the year.

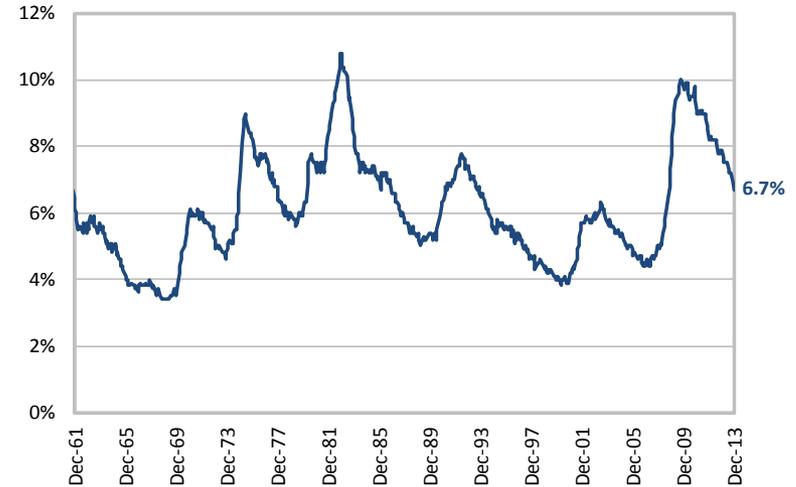
Economy

- The unemployment rate was 6.7% as of December, its lowest level since October 2008. However, the labor force participation rate continues to decrease as people stop looking for work.
- Gross domestic product expanded at a 4.1% annual rate during the third quarter, up from the BEA's initial estimate of 2.8%. GDP is estimated to have grown 3.3% during the fourth quarter.
- Consumer prices, as measured by the Consumer Price Index, rose 0.3% in December. Core CPI, which excludes food and energy, increased 0.1%. Consumer prices were up 1.5% for the 12 months ending December, while the core rate increased 1.7%.
- The Producer Price Index decreased 0.4% in December. Excluding food and energy, the PPI increased 0.3%. The PPI rose 1.2% year-over-year ending December, while core prices rose 1.7%.
- Despite falling 9.8% in December, housing starts finished 2013 at their highest yearly level since 2007. Building permits, a sign of future real estate activity, fell 3.0% during December.
- US manufacturing continued its expansion in December, as the ISM Index came in at 57.0, well above economists' expectations of 54.7. An ISM figure over 50 implies expansion.
- Retail sales (ex auto and gas) increased 0.6% in December, while inventories at US wholesalers increased by 0.5% in November.

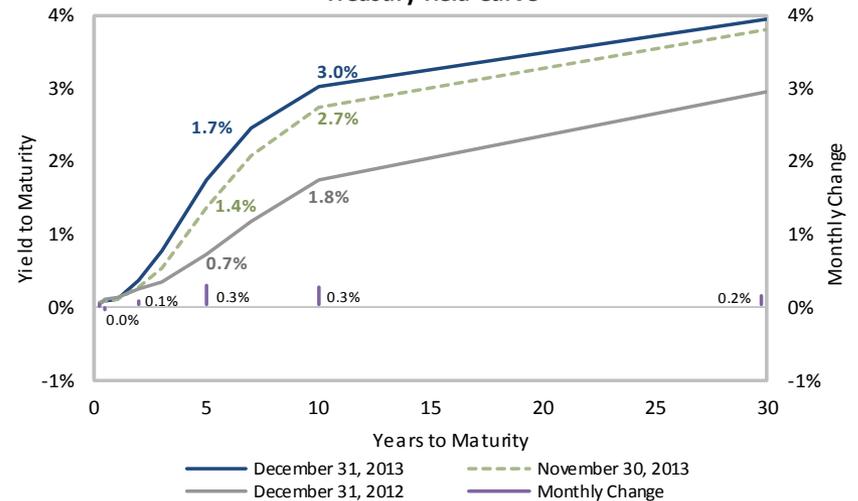
Yield Curve

- In addition to scaling back Quantitative Easing, Chairman Bernanke also stated the FOMC will continue to closely monitor unemployment and inflation in the coming months.
- Yields increased across the curve in December. The spread between 2-year and 30-year Treasuries widened 6 bps to 359 bps.

Unemployment Rate



Treasury Yield Curve



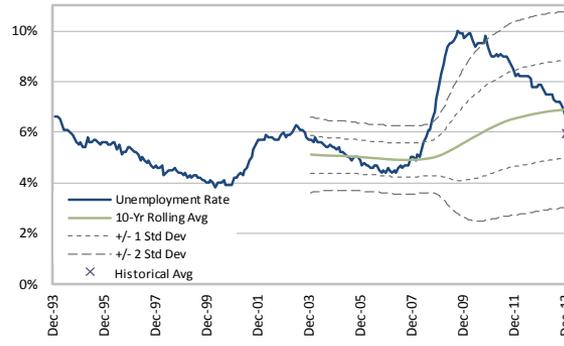
Economic Perspective

December 31, 2013

Real GDP Growth (YoY)



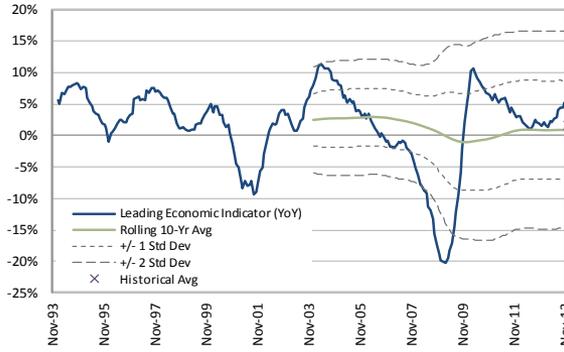
Unemployment Rate



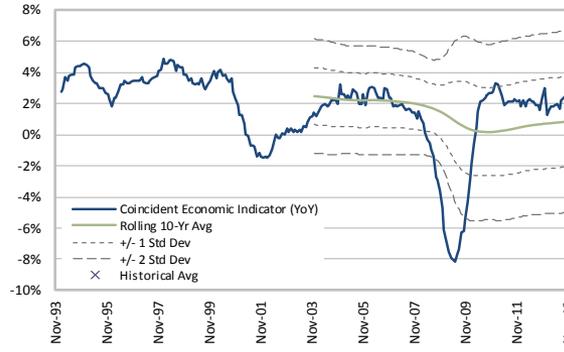
Manufacturing Strength



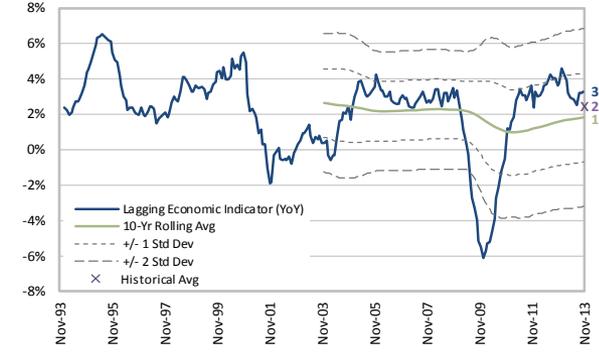
Leading Economic Indicator (YoY)



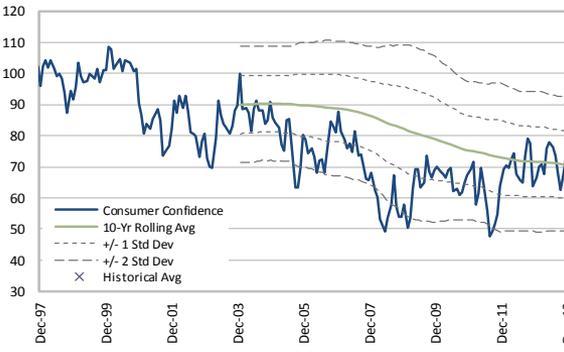
Coincident Economic Indicator (YoY)



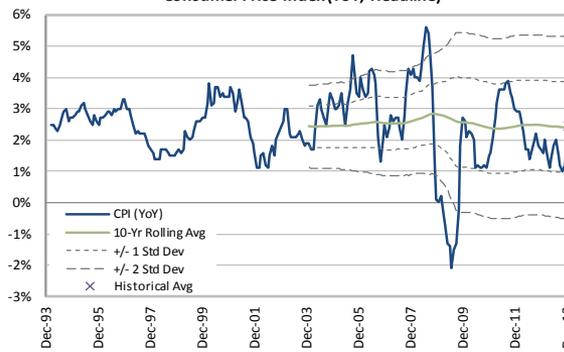
Lagging Economic Indicator (YoY)



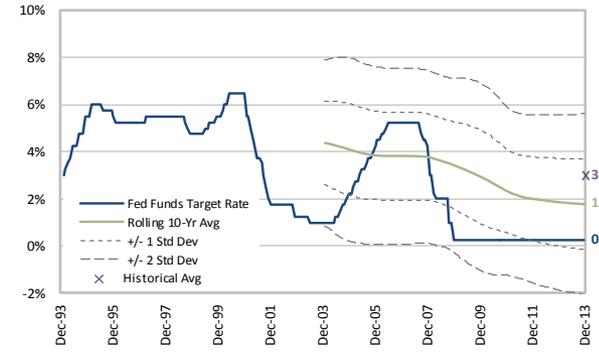
Consumer Confidence

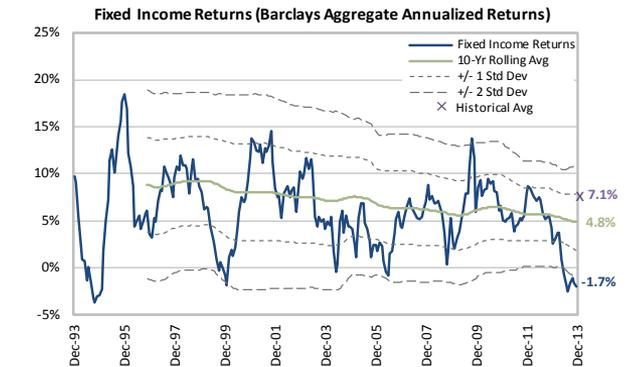
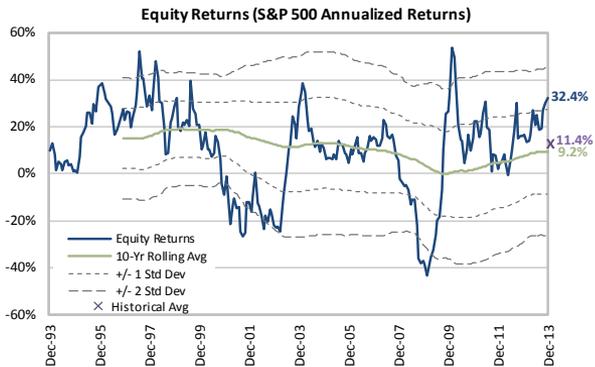
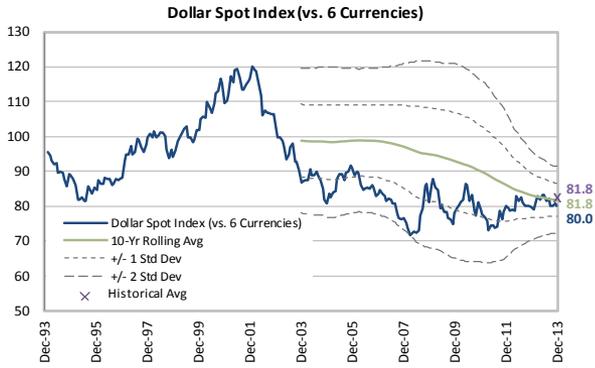
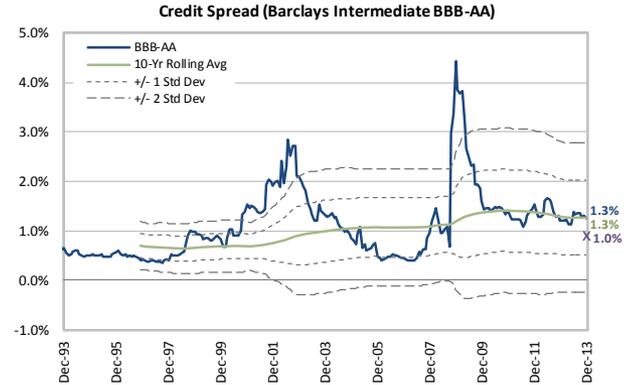
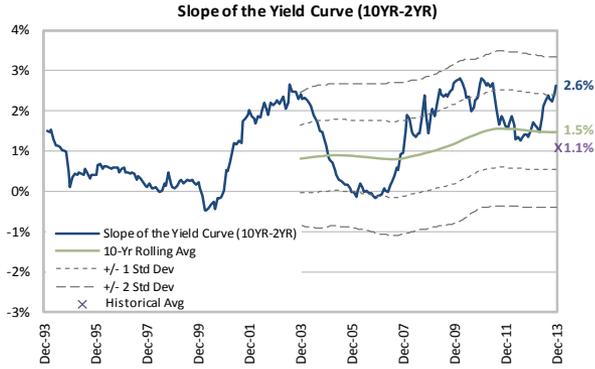


Consumer Price Index (YoY, Headline)



Federal Funds Target Rate





Public Equities

- Domestic equities (S&P 500) were the best equity performer during the fourth quarter, outperforming international equities (MSCI EAFE) by 480 bps and emerging markets (MSCI EM) by 870 bps.
- Commodity-exposed MLPs, coal (up 5%) and upstream (up 4%), outperformed during December, along with MLP General Partners (up 8%). Pipeline MLPs were positive but returned less, with natural gas pipeline (up 4%) and gathering and processing (up 2%) MLPs leading the midstream sector. Small cap modestly outperformed large cap MLPs during the month, reflecting full valuation of many of the largest and most broadly-owned MLPs.

Public Debt

- High yield returned 3.6% during the quarter as spreads tightened 80 bps to 380 bps.

Private Equity

- Private equity new deal volume was down 10% in 2013 versus 2012. However, the aggregate value of deals is slightly higher, resulting in the highest average deal size since 2007. Fundraising strengthened significantly, increasing 52% Q4 over Q3 and 170% over Q4 2012.

Private Debt

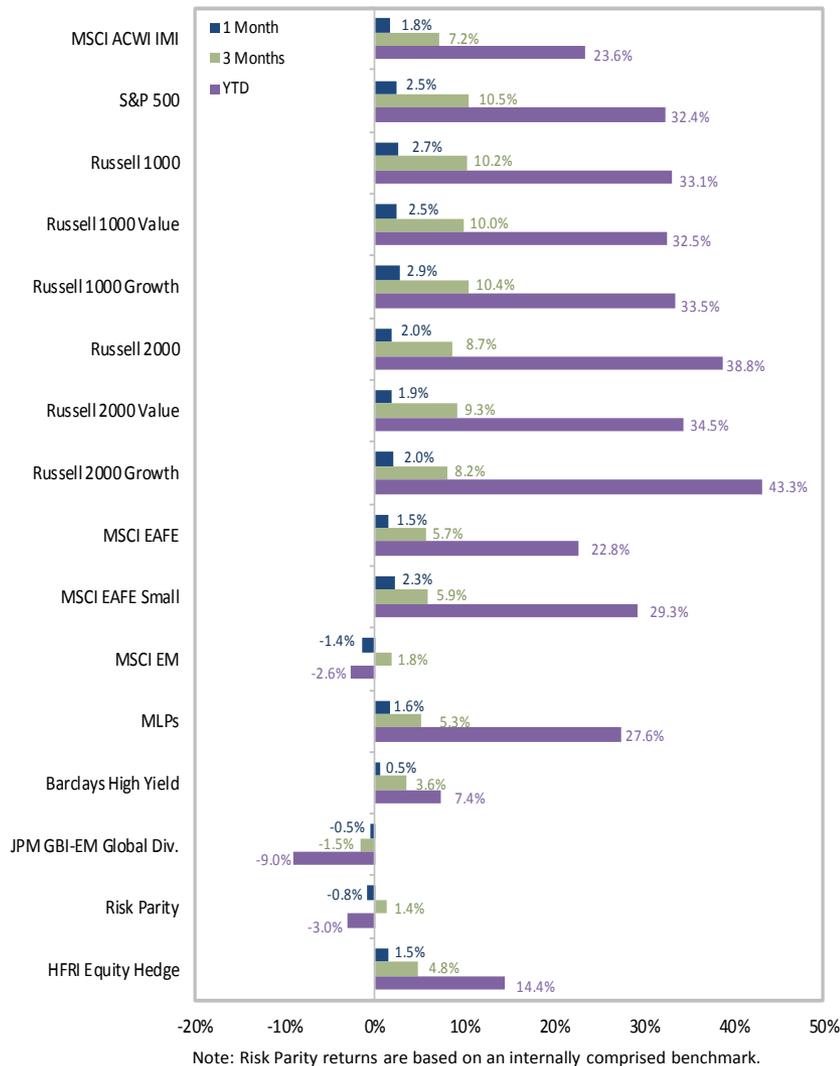
- Debt markets remain extremely accommodating to corporate issuers. The loan market is approaching frothy levels, as evidenced by the return of covenant lite loans, increasing leverage ratios, and attractive pricing (for the borrower). New leveraged loans totaled \$605 billion in 2013, up 30% over 2012 and above pre-crisis boom years. CLOs are back; CLO issuance for 2013 totaled \$82 billion across 170 new vehicles, a post-crisis high.

Risk Parity

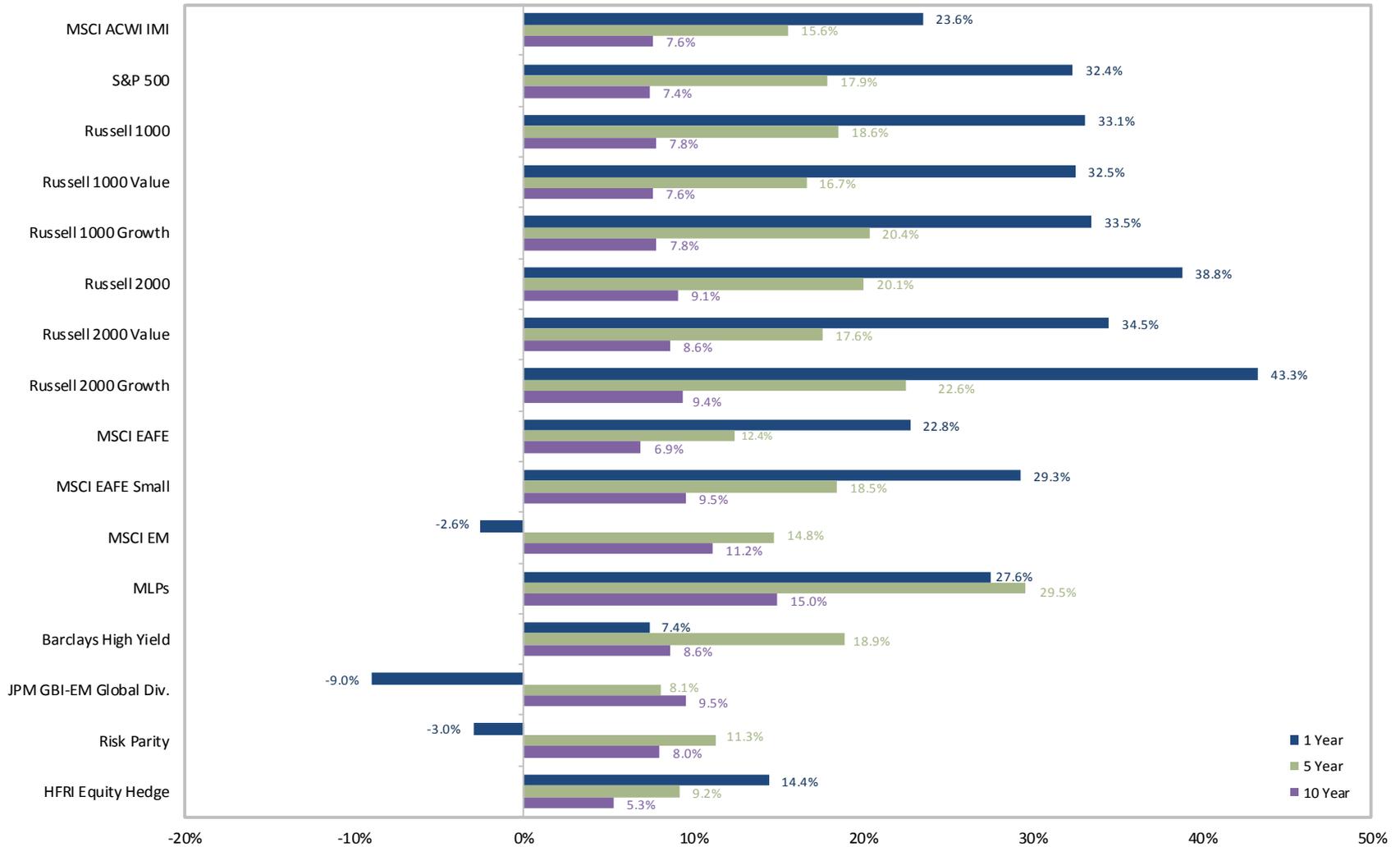
- Risk parity-based strategies underperformed balanced allocations (60/40 blends) during December. Equity gains were more than offset by losses from inflation-linked and nominal bonds, which suffered as interest rates rose following the FOMC taper announcement.

Growth Hedge Funds

- The HFRI Equity Hedge Index continued gains in December and 2013, leading all index sectors and posting its best calendar year since 2009. Event-driven managers also posted gains for the month, with distressed and restructuring strategies outperforming merger arbitrage.

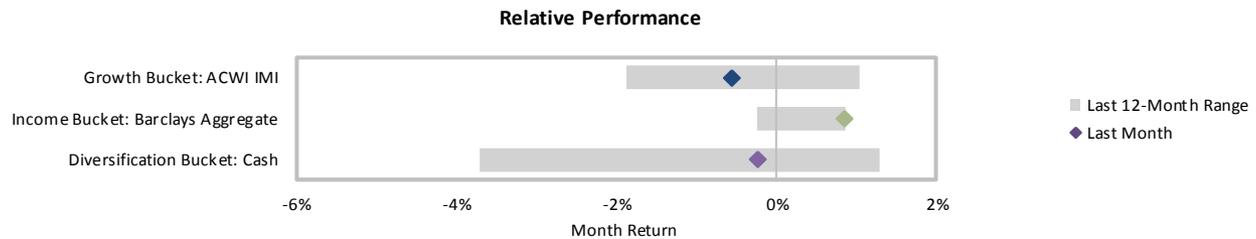
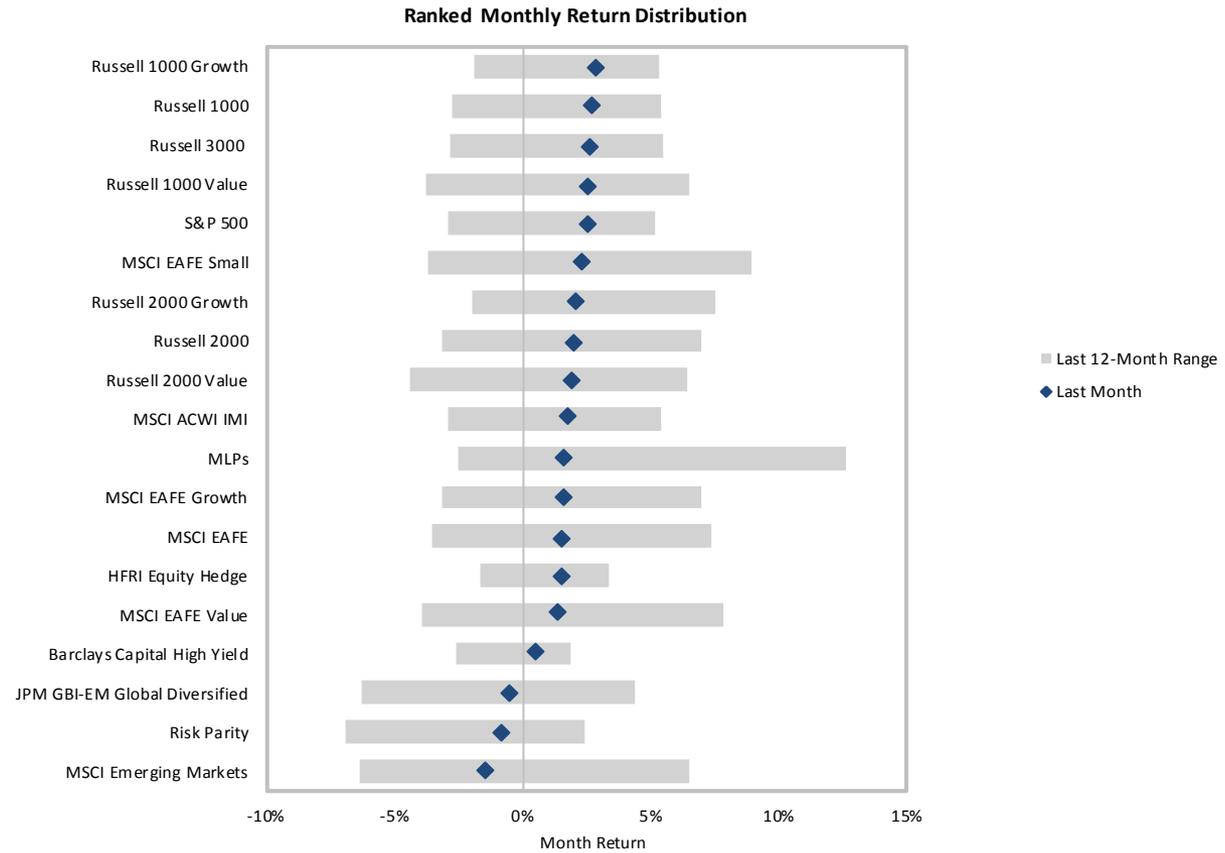


ANNUALIZED ONE-, FIVE-, AND TEN-YEAR RETURNS

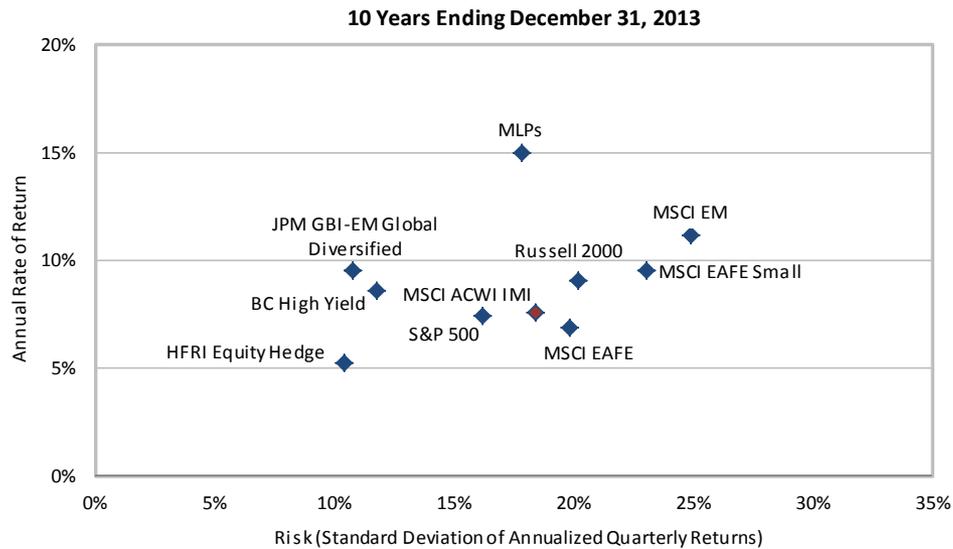
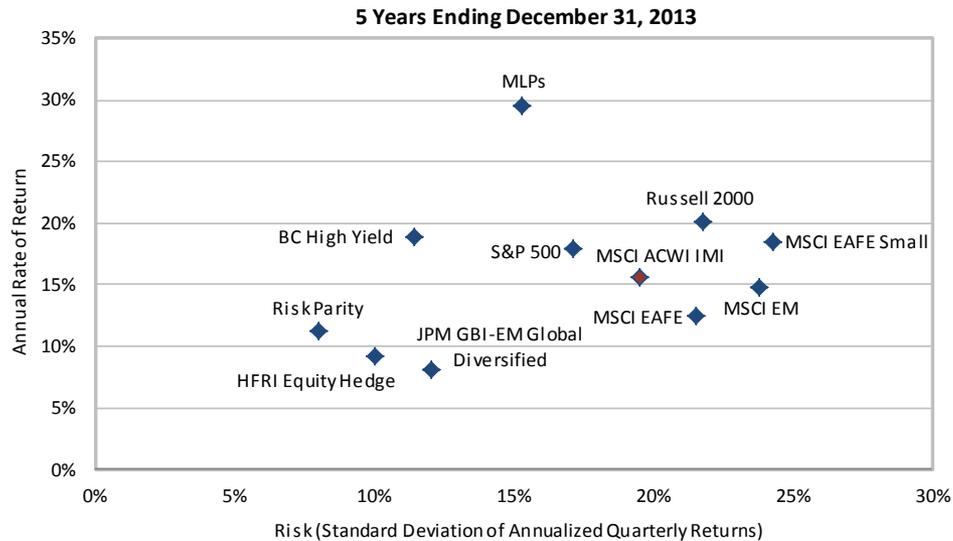


Note: Risk Parity returns are based on an internally comprised benchmark.

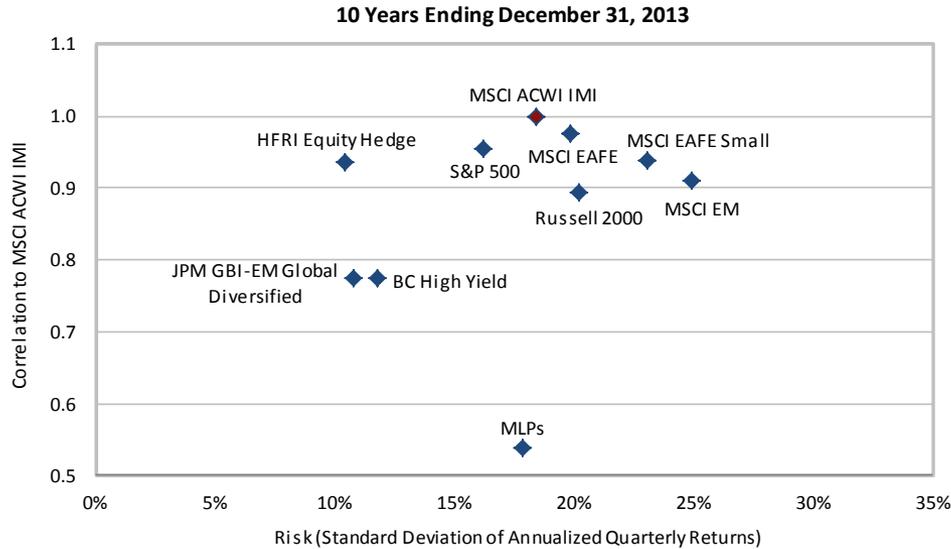
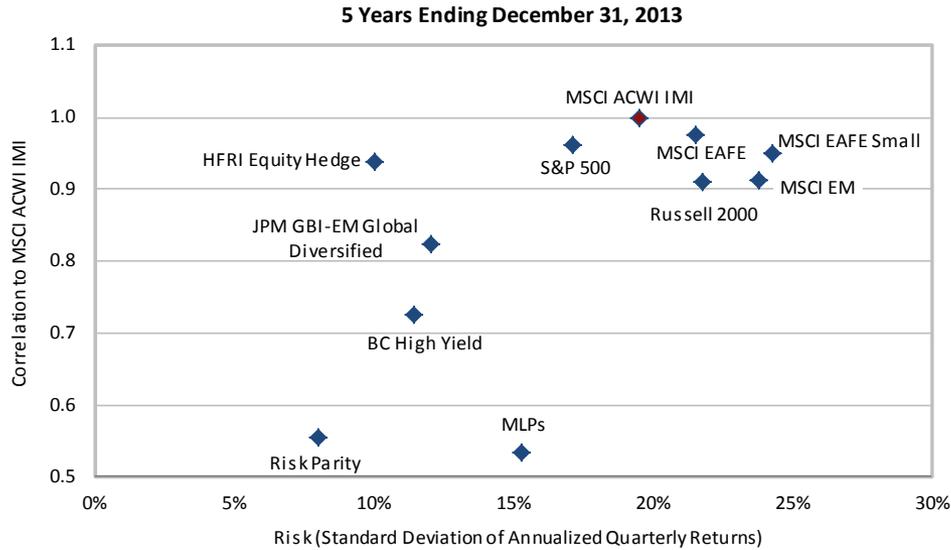
HISTORICAL RELATIVE PERFORMANCE



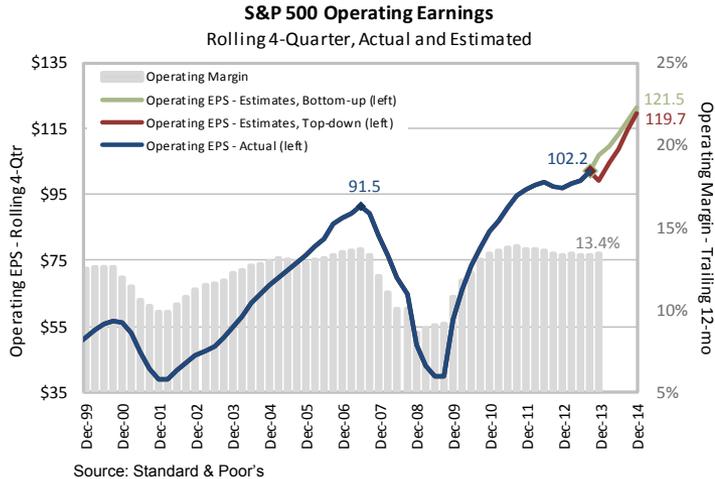
ASSET CLASS RISK/RETURN PERFORMANCE



ASSET CLASS CORRELATION TO MSCI ACWI IMI



MARKET CHARTS



Both earnings 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 expanded substantially in 2013 relative to the rest of the world.



US economic releases generally came in above expectations in 2013, a tailwind for domestic equities.

Income Assets

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Public Debt

- The Barclays Capital Aggregate returned -0.1% in the fourth quarter.
- Government bonds were also down, returning -0.7%.
- Corporate bonds saw returns of 1.1% during the quarter, as spreads tightened 25 bps to 115 bps.
- Mortgage-backed securities returned -0.4% for the quarter as agency MBS spreads tightened 10 bps to 35 bps.
- The Barclays Global Aggregate ex US Index returned -0.7% for the month, underperforming the US Aggregate by 60 bps.

Private Debt

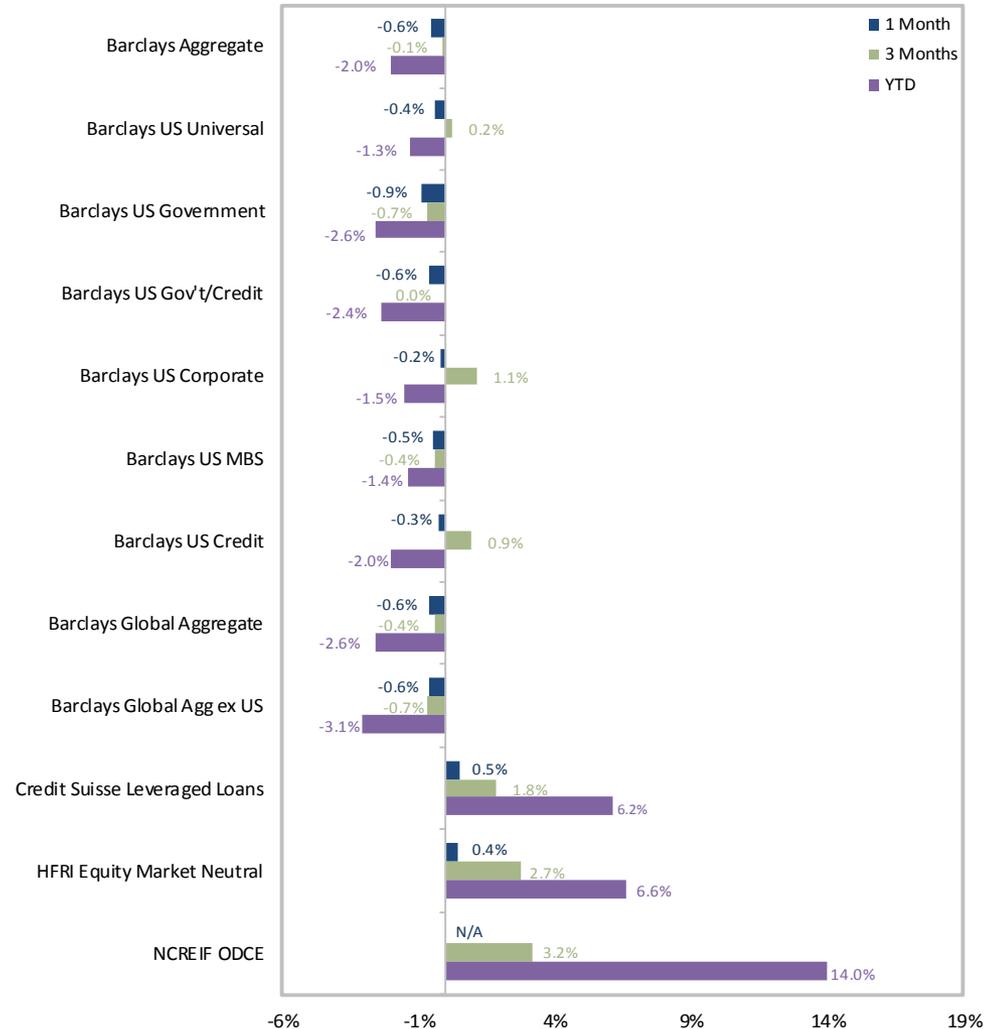
- Leveraged loans returned 1.8% in Q4 and 6.2% in 2013.

Relative Value Hedge Funds

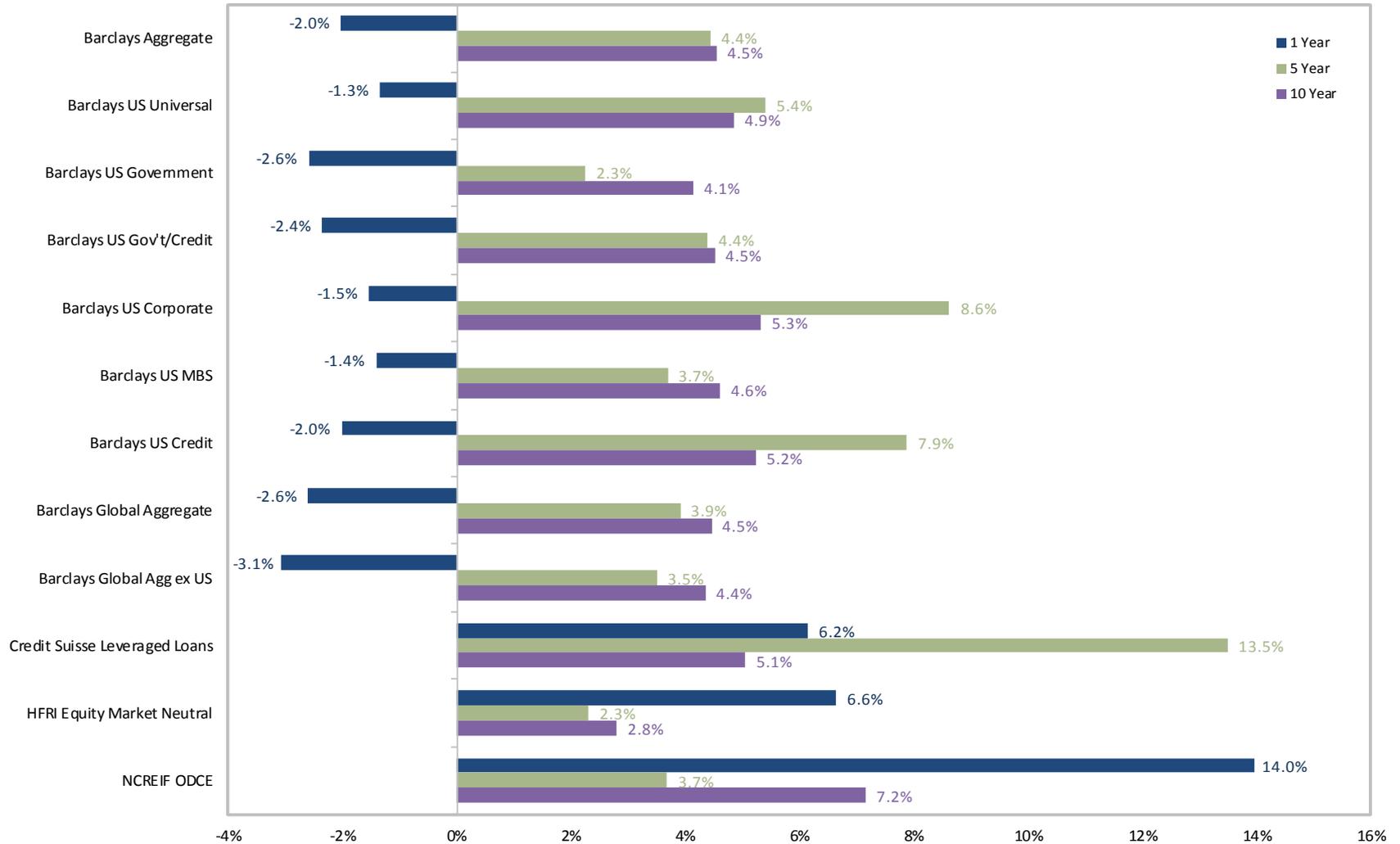
- The HFRI Equity Market Neutral Index closed out the year with another positive month, making 2013 the best calendar year for the index since 2006. Mortgage/ABS relative value funds and corporate credit funds posted additional gains on continued spread tightening in the fourth quarter.

Core Real Estate

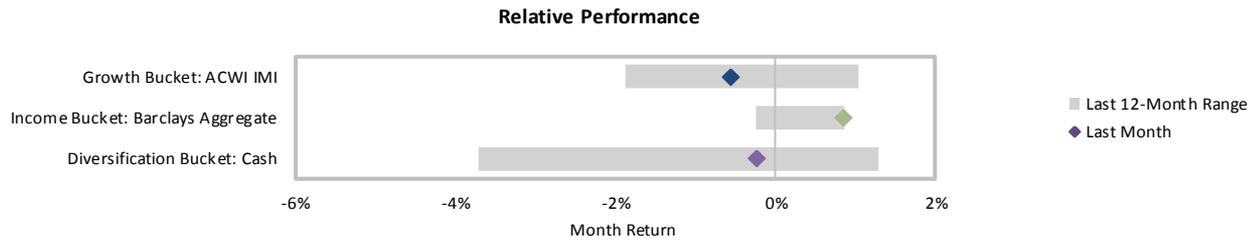
- Core real estate continued to show strong gains during the fourth quarter as the index posted a 3.2% gain and finished up 14% for the year. These gains were fueled by a continued increase in tenant demand with a limited supply of new construction. As commercial real estate fundamentals continue to improve, Summit expects more investment activity in secondary markets to occur as prices in some primary markets now exceed pre-recessionary levels. While we remain optimistic about the sector in 2014 we are also cautious about these pricing levels relative to a potential rise in interest rates.



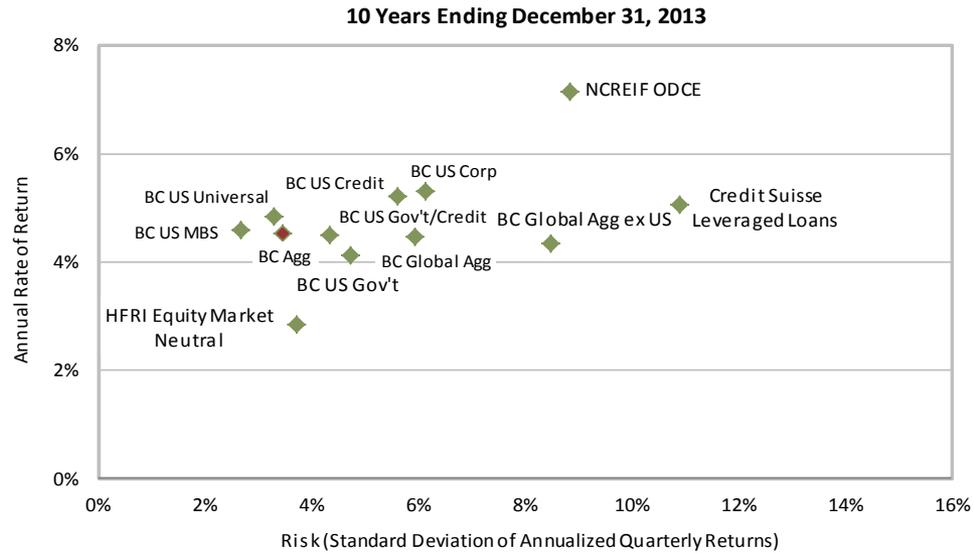
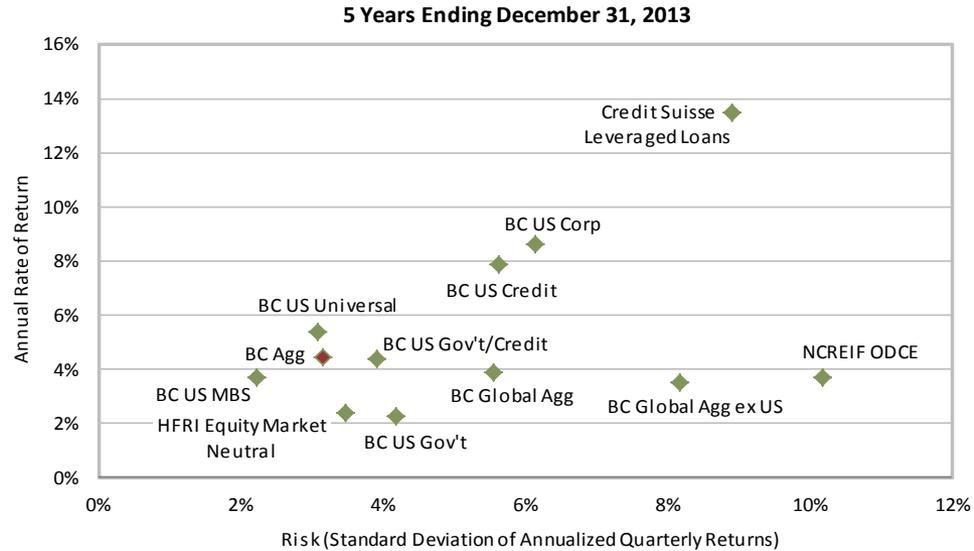
ANNUALIZED ONE-, FIVE-, AND TEN-YEAR RETURNS



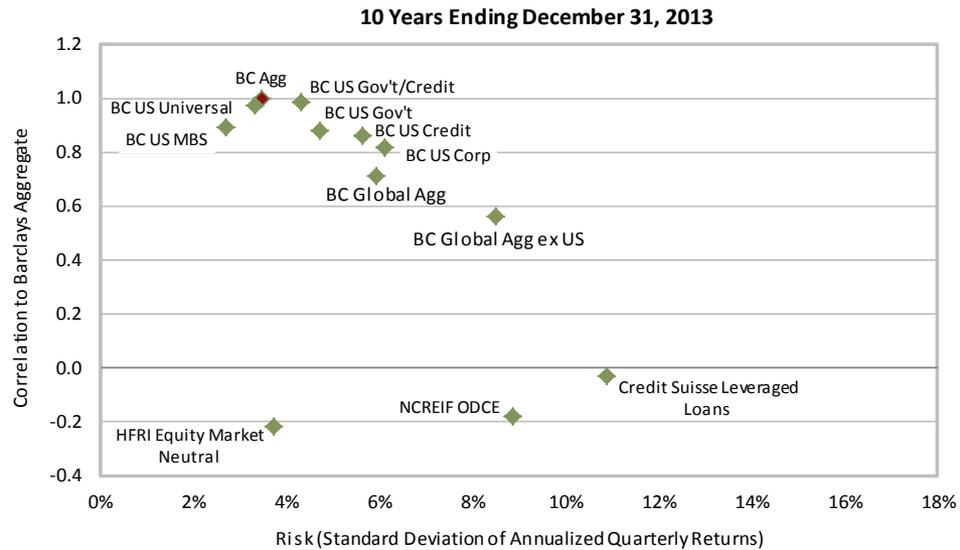
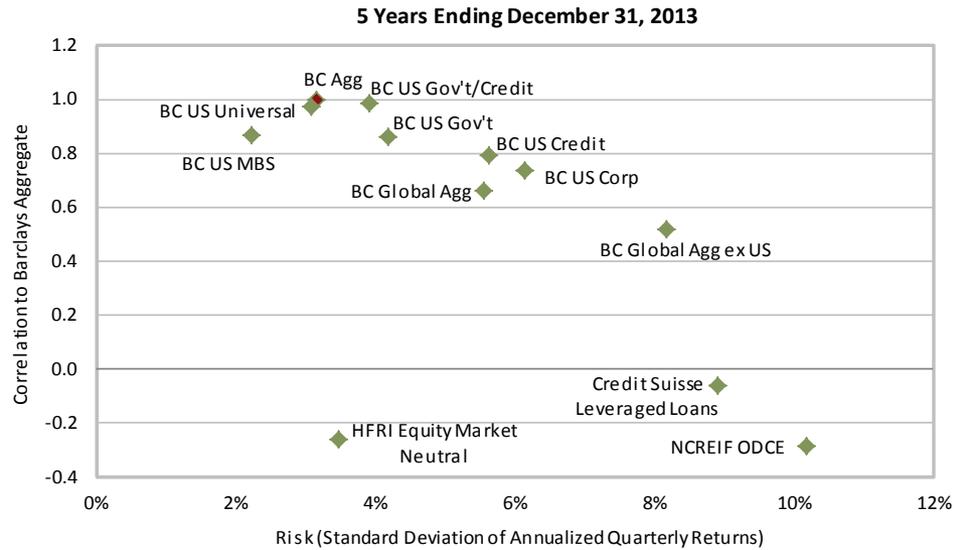
HISTORICAL RELATIVE PERFORMANCE



ASSET CLASS RISK/RETURN PERFORMANCE

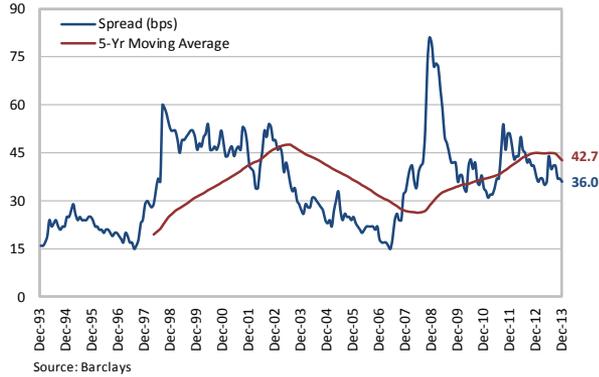


ASSET CLASS CORRELATION TO BARCLAYS AGGREGATE



MARKET CHARTS

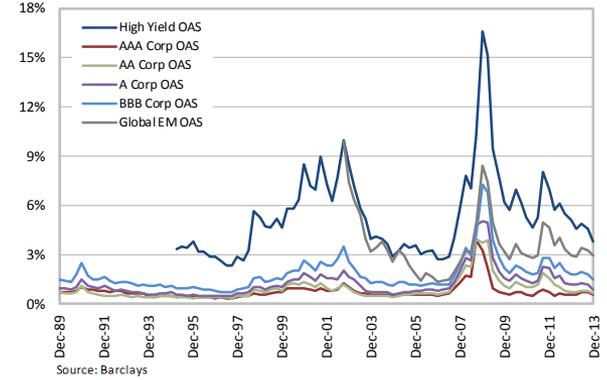
Core Plus vs Core Fixed Income



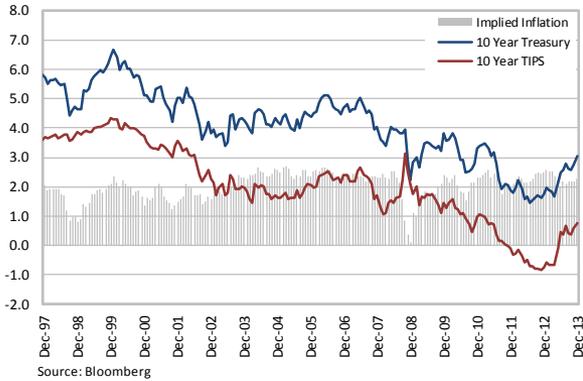
Core plus spread over core fixed income is near its five-year average.

Spreads have compressed since 2008-09, but remain elevated relative to pre-crisis levels.

Barclays Capital Option Adjusted Spreads



Implied Inflation



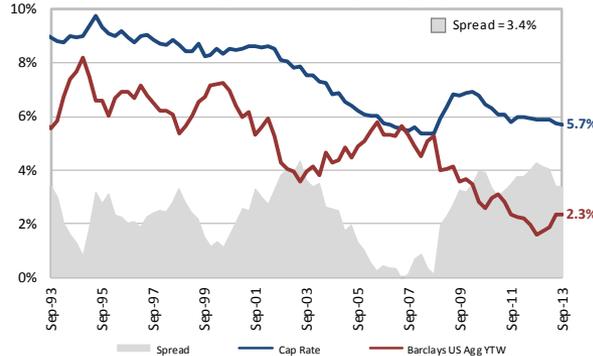
Long-term implied inflation is near its historical average of 2.1%.

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 relative to Treasuries remaining elevated.

Home prices remain well below the highs of 2006.

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



Diversification Assets

December 31, 2013

Inflation

- TIPS returned -2.0% during the quarter and ended 2013 with the worst calendar year return (-8.6%) in the history of the asset class (16 years).

Deflation

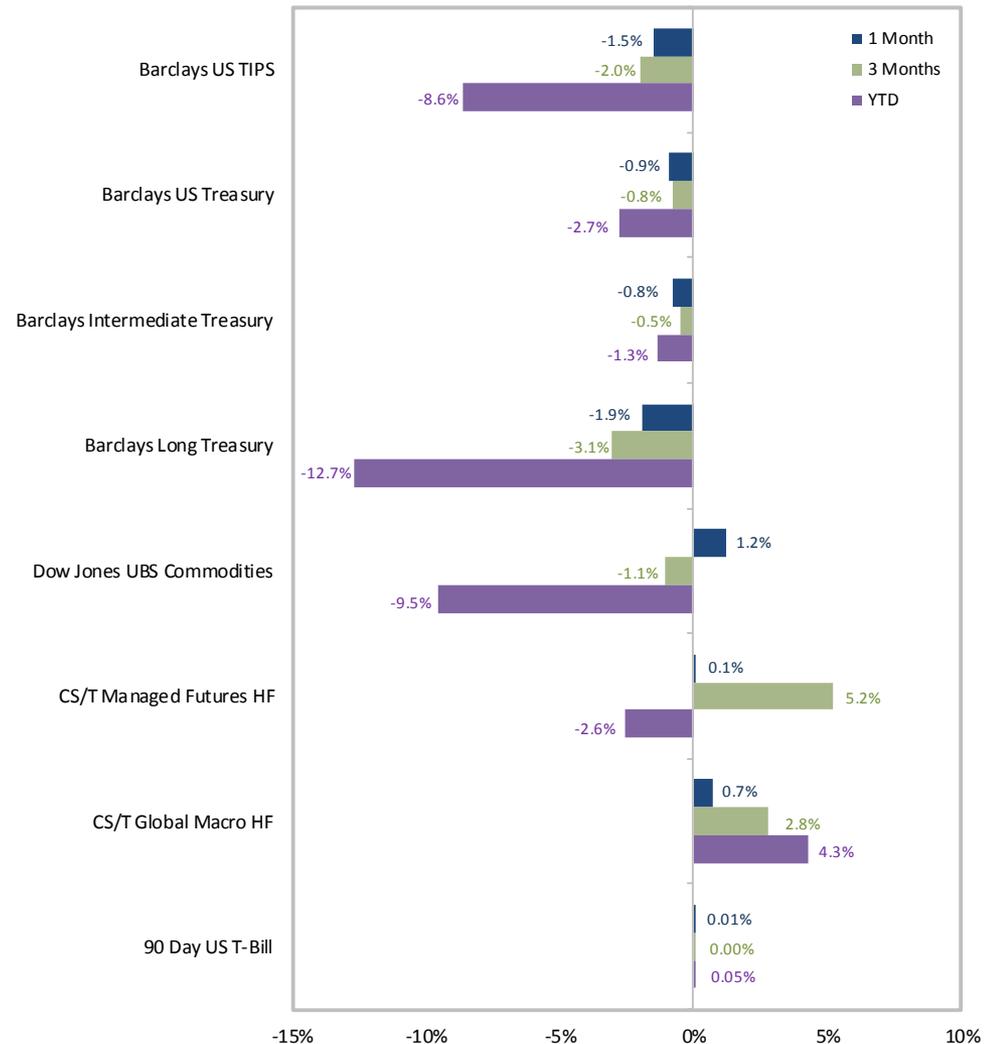
- Treasuries fell 0.8% in the fourth quarter.
- Intermediate Treasuries returned -0.5% during the quarter and long duration Treasuries returned -3.1%. Intermediate and long Treasuries earned -1.3% and -12.7%, respectively, in 2013.
- 90-day T-bills returned 5 bps in 2013.

Commodities

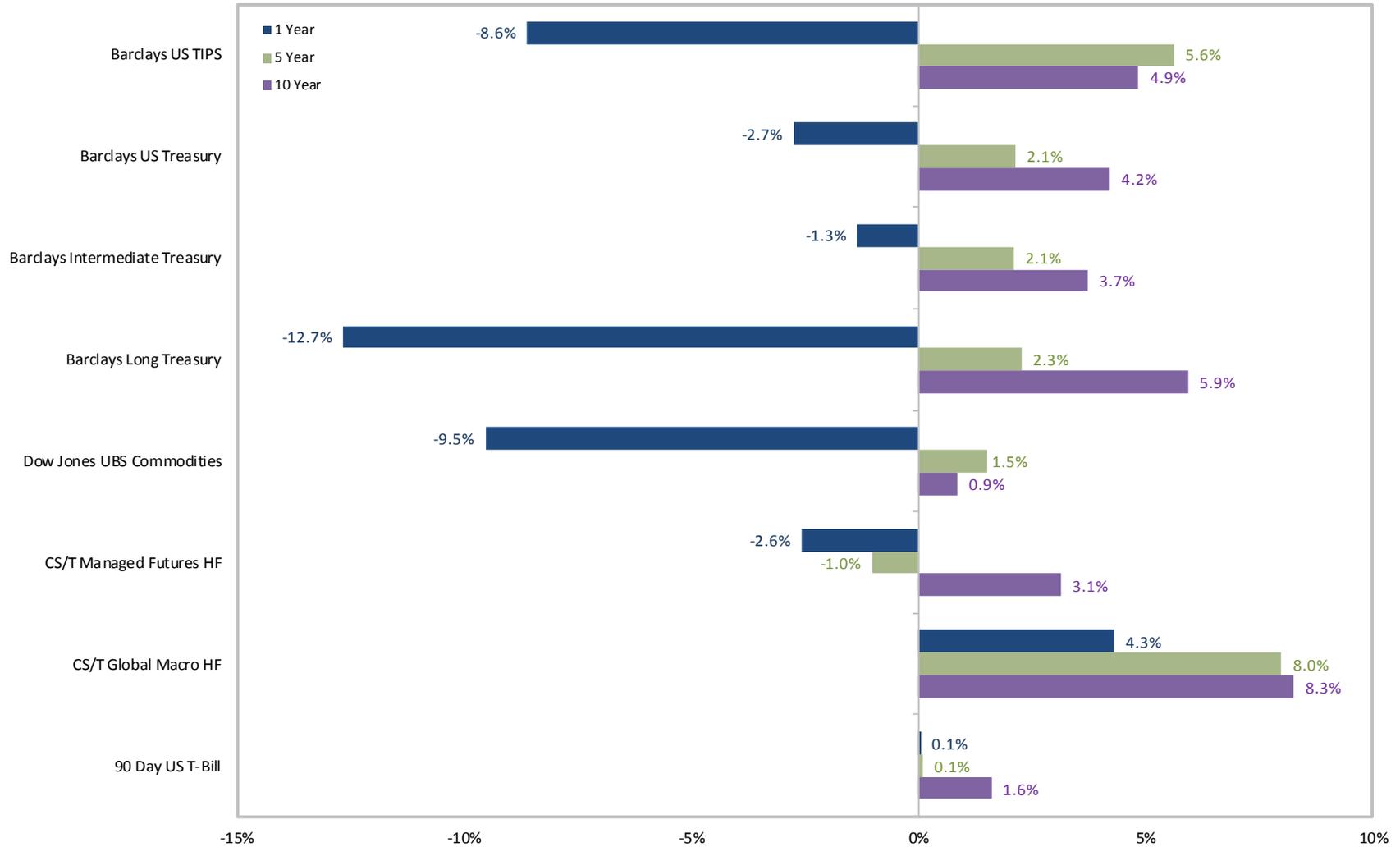
- Commodities halted a three-month slide and returned 1.2% during December. Agriculture and livestock remain challenged amid elevated supply levels. The exception was cotton, which was up 8% in December. China, the world's largest producer and consumer of cotton, announced it will end its inventory program, reducing future supply expectations. All energy commodities were positive during the month with WTI crude oil (+6%) and natural gas (+7%) leading the way. The cold winter has reduced natural gas inventories below seasonal levels. Precious metals, both gold (-4%) and silver (-3%) declined in response to broad signals of a recovering economy. Industrial metals all rebounded in December, with zinc prices climbing 10% amid mine depletions and closures in Canada and Australia.

Tactical Trading

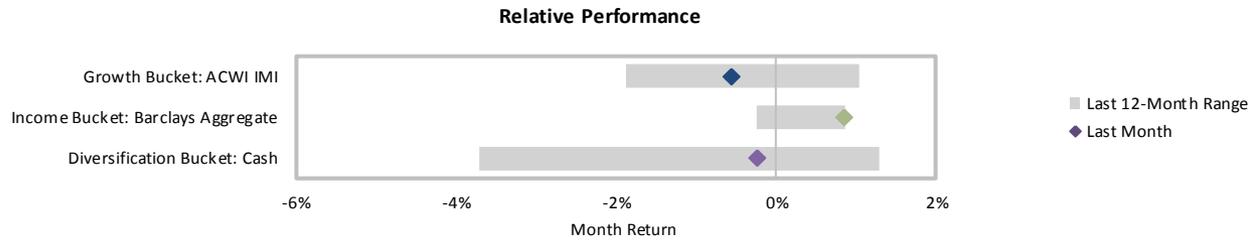
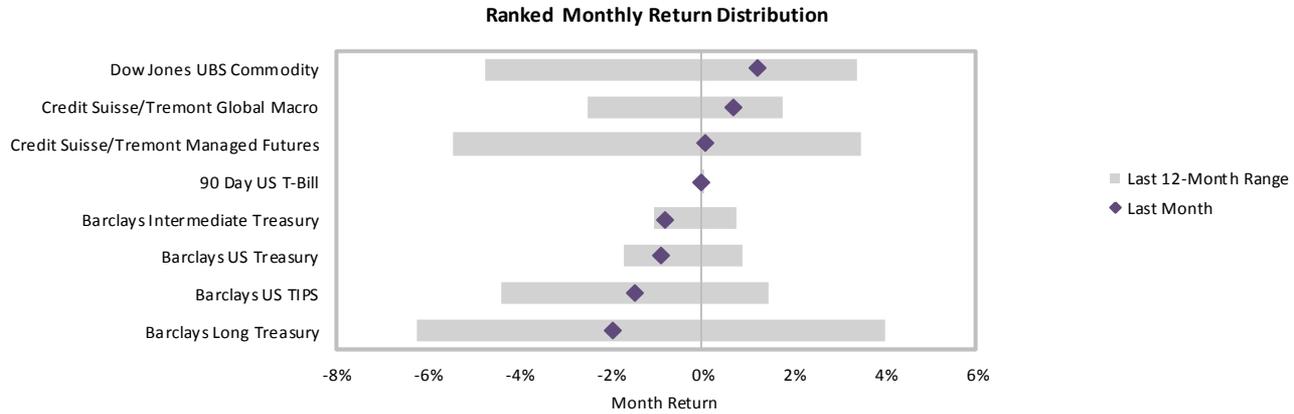
- Managed futures were slightly positive in December, with gains from long equity exposures generally being offset from losses in fixed income.
- Global macro hedge funds closed out 2013 with modest gains for the month and calendar year. Positions and trading were somewhat light going into 2014.



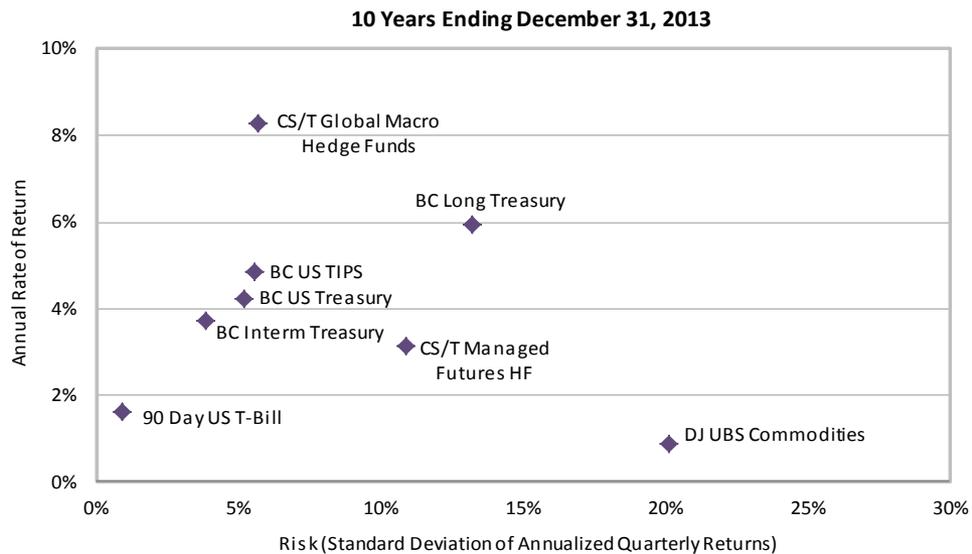
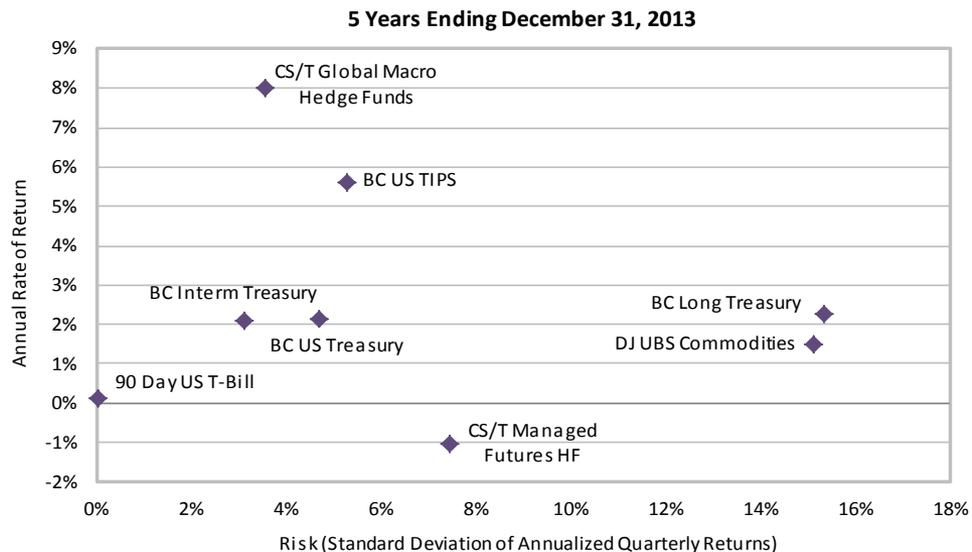
ANNUALIZED ONE-, FIVE-, AND TEN-YEAR RETURNS



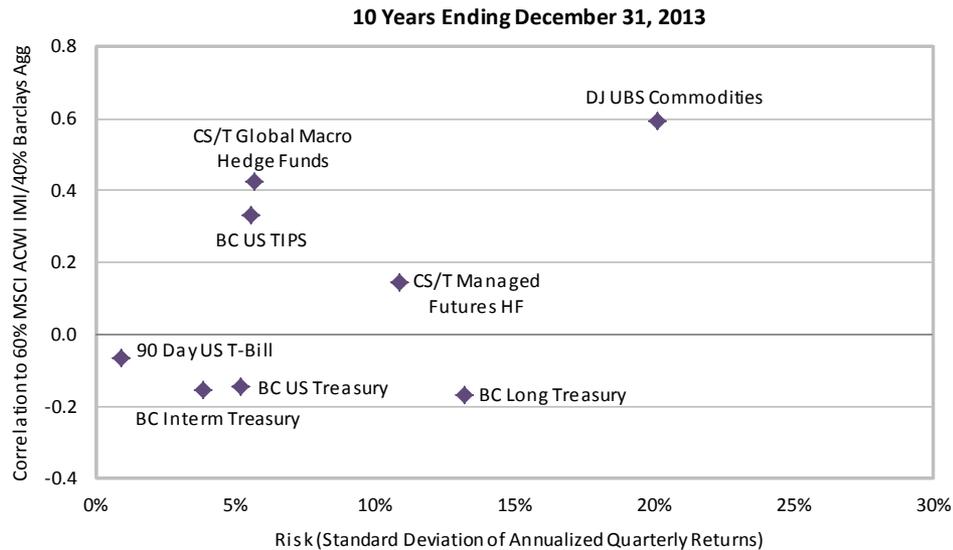
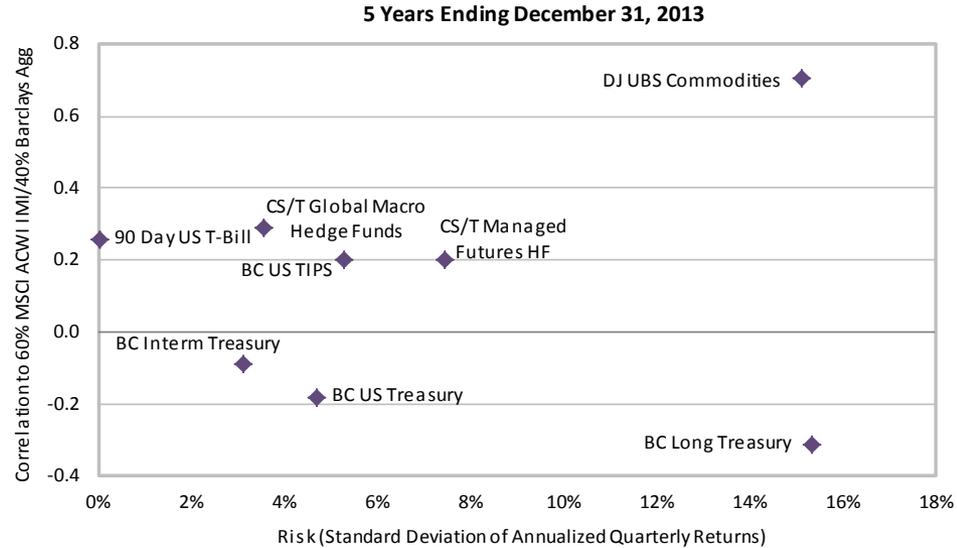
HISTORICAL RELATIVE PERFORMANCE



ASSET CLASS RISK/RETURN PERFORMANCE

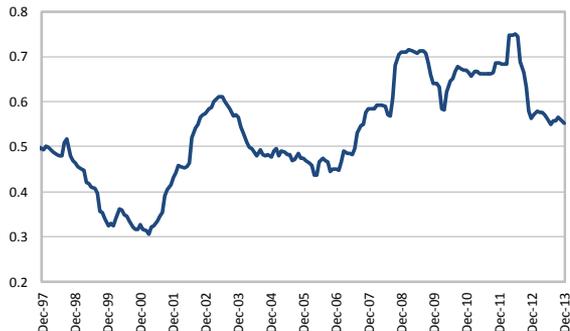


ASSET CLASS CORRELATION TO 60% MSCI ACWI IMI/40% BARCLAYS AGGREGATE



MARKET CHARTS

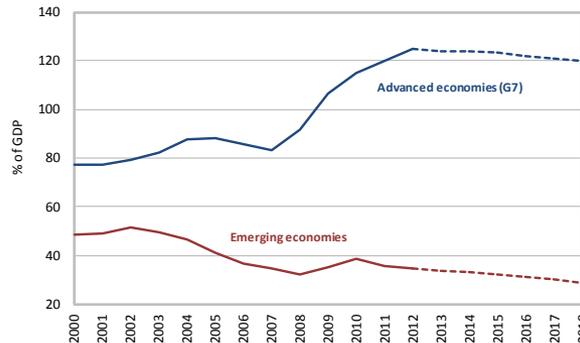
S&P 500 Member Average Correlation



Source: Summit Strategies Analysis

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

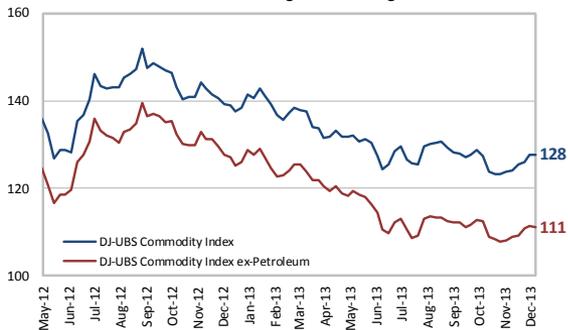
Government Debt/GDP



Source: International Monetary Fund

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

Commodities: Including and Excluding Petroleum

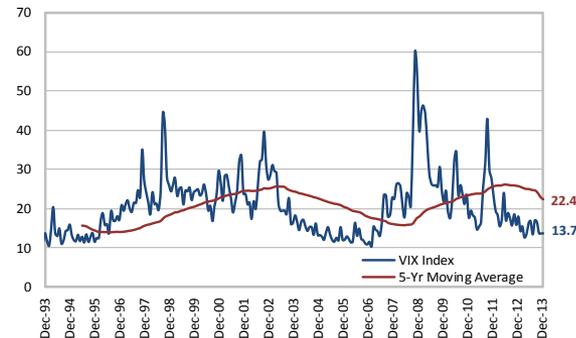


Source: Dow Jones-UBS

Commodities remain in a downward trend; weak global growth and limited inflation are keeping prices in check.

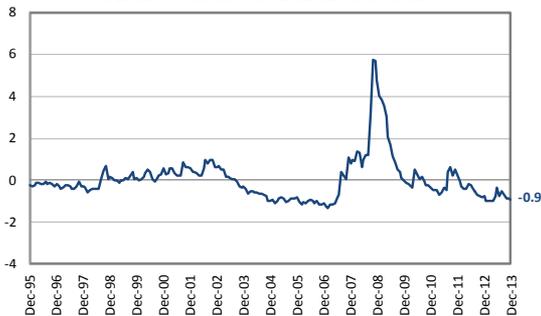
The S&P 500 has experienced above-average returns (32% in 2013) with below average volatility.

CBOE Volatility Index (VIX)



Source: Chicago Board Options Exchange

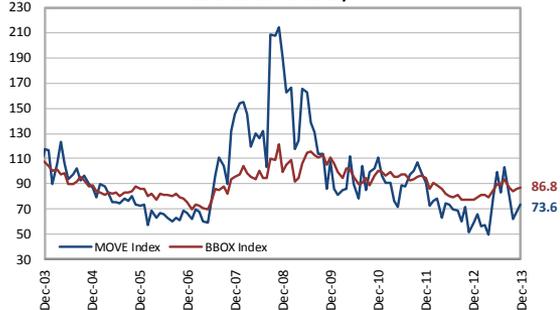
St. Louis Federal Reserve Financial Stress Index



Source: St. Louis Federal Reserve

According to the STLFSI, financial market stress is currently below-average.

Fixed Income Volatility

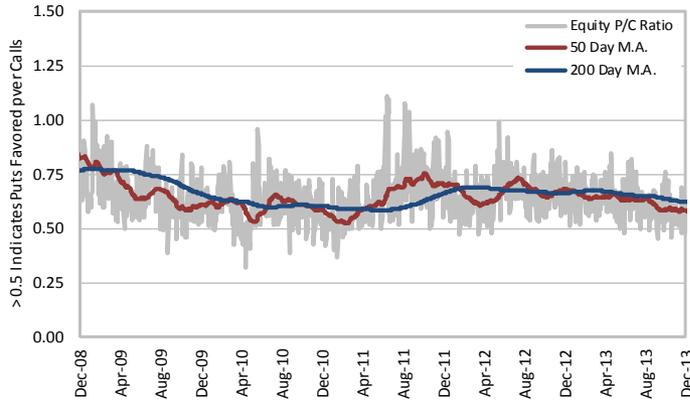


Source: Merrill Lynch, Barclays

Uncertainty regarding Fed policy increased volatility in fixed income markets.

MARKET SKEW

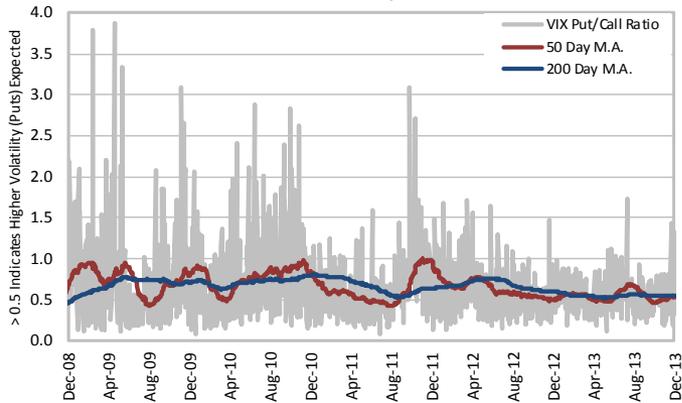
CBOE Put/Call Ratio



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.

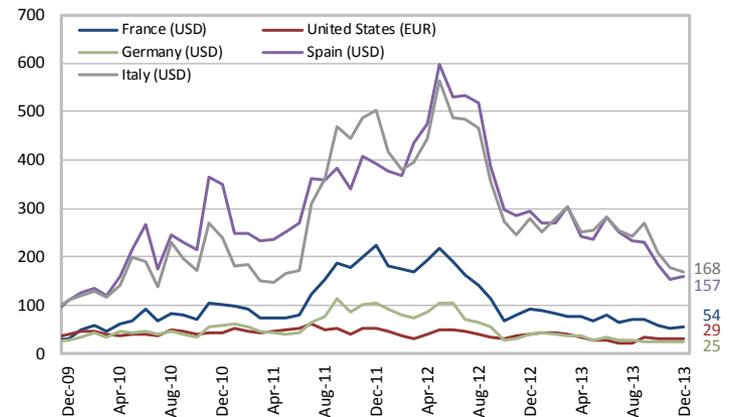
CBOE VIX Put/Call Ratio



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.

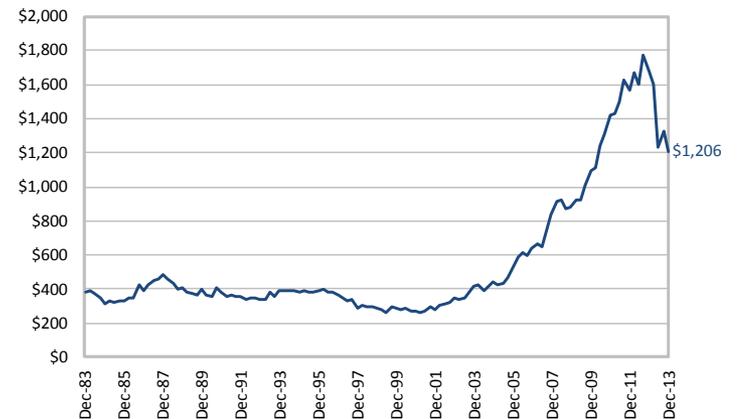
5-Year Credit Default Swaps Spreads



Source: Bloomberg

Sovereign spreads have decreased over the last year in addition to the pickup in interest rate volatility.

Gold Spot \$/oz.



Source: Bloomberg

Gold remains meaningfully off its recent high, as real yields have increased.

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.

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).

Income

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

- Selectively overweight spread product relative to Treasuries.
- Consider non-benchmark strategies such as relative value hedge funds or bank loans.

Diversification

- Low to negative correlation to Growth and Income.

- Assets utilized protect against very specific risk factors:
 - Inflation.
 - Deflation.
 - Tail Risk.

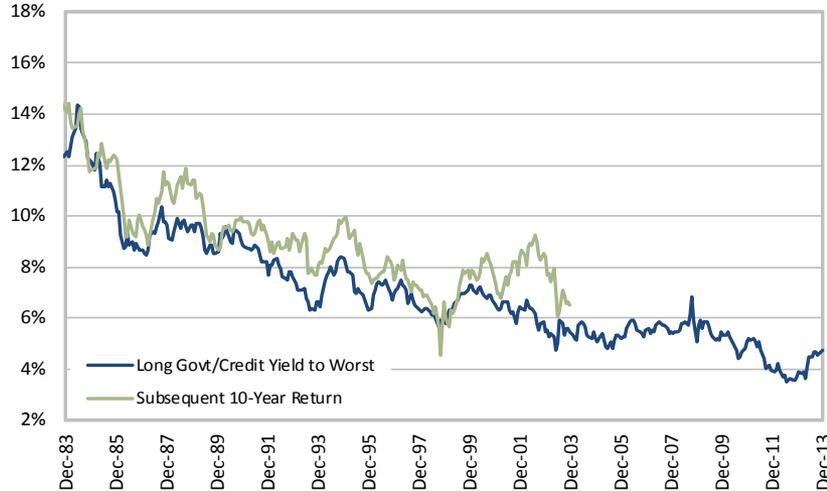
CAPITAL MARKET ASSUMPTIONS

- 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	Beginning of Year 2014		Beginning of Year 2013		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%	6.25%	17.25%	0.50%
Small Cap	5.25%	20.50%	6.00%	21.50%	0.75%
International Large Cap	6.75%	20.00%	7.25%	21.50%	0.75%
International Small Cap	6.75%	23.25%	7.25%	24.50%	1.00%
Emerging Markets	8.50%	25.25%	8.50%	26.25%	1.00%
Master Limited Partnerships (MLP)	8.25%	18.00%	8.75%	17.75%	
Private Equity	9.25%	21.00%	9.75%	21.00%	
Growth Hedge Funds	6.50%	10.00%	5.75%	10.00%	
High Yield Bonds	4.25%	12.00%	4.50%	12.25%	0.50%
Emerging Market Debt	6.75%	11.00%	5.50%	10.50%	0.75%
Convertibles	4.50%	13.75%	4.25%	13.75%	0.50%
Private Debt	7.25%	15.00%	7.75%	15.00%	
Non-Core Real Estate	8.75%	23.00%	9.50%	23.00%	
Public Real Estate (REITs)	5.75%	15.00%	4.75%	15.00%	
Risk Parity	7.50%	10.00%	6.25%	10.00%	
INCOME:					
<i>Public Debt</i>					
Governments	3.00%	4.75%	1.75%	4.75%	
Corporates	4.25%	6.25%	3.25%	6.25%	0.50%
Mortgages (Agency)	3.25%	3.25%	2.25%	3.25%	0.25%
Intermediate Fixed Income	3.25%	3.50%	2.25%	3.50%	0.25%
Core Fixed Income	3.50%	3.50%	2.25%	3.50%	0.25%
Core Plus Fixed Income	4.00%	4.00%	2.75%	4.00%	0.50%
Long Gov/Credit Fixed Income	4.00%	9.75%	3.00%	9.75%	0.25%
International Fixed Income	3.50%	8.50%	2.50%	8.50%	0.50%
Public Bank Loans	4.25%	11.00%	4.50%	11.00%	
Private Bank Loans	5.50%	13.00%	7.00%	13.00%	
Relative Value Hedge Funds	5.50%	5.00%	4.25%	5.00%	
Core Real Estate	6.75%	12.00%	7.00%	12.00%	
DIVERSIFICATION:					
Cash	3.00%	1.75%	1.75%	1.75%	
TIPS	3.25%	5.50%	1.50%	4.75%	
Long Treasuries	3.00%	13.25%	2.50%	13.00%	
Commodities	5.25%	20.50%	4.50%	20.50%	
Tactical Trading	7.00%	10.00%	5.75%	10.00%	
Diversified Hedge Funds	6.00%	6.00%	5.75%	7.00%	

CAPITAL MARKET ASSUMPTIONS: FIXED INCOME

Yield as an Estimate of Fixed Income Returns

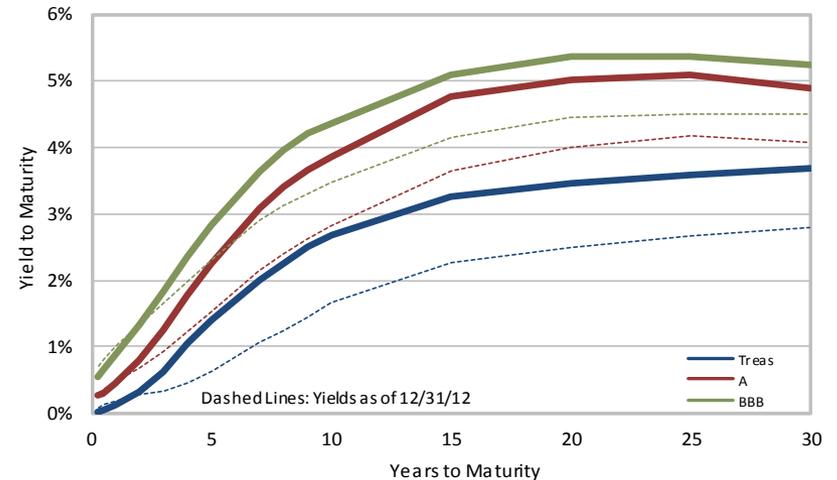


Historical Yields



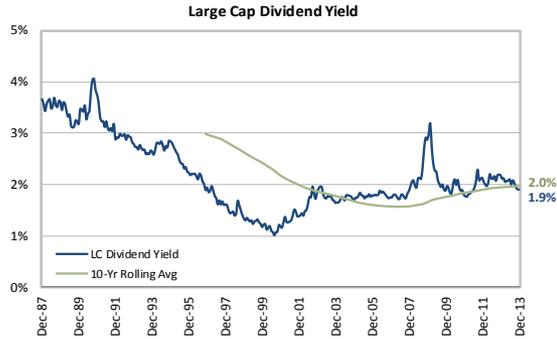
Asset Class	Assumptions		Option-Adjusted Spread	
	BOY 2014	BOY 2013	BOY 2014	BOY 2013
CPI	2.25%	2.25%	n/a	n/a
High Yield Bonds	4.25%	4.50%	382	511
Emerging Market Debt	6.75%	5.50%	n/a	n/a
Convertibles	4.50%	4.25%	n/a	n/a
Governments	3.00%	1.75%	3	2
Corporates	4.25%	3.25%	114	141
Mortgages (Agency)	3.25%	2.25%	35	50
Intermediate Fixed Income	3.25%	2.25%	35	40
Core Fixed Income	3.50%	2.25%	45	53
Core Plus Fixed Income	4.00%	2.75%	85	95
Long Govt/Credit Fixed Income	4.00%	3.00%	105	109
International Fixed Income	3.50%	2.50%	45	65
Cash	3.00%	1.75%	n/a	n/a
TIPS	3.25%	1.50%	19	17

Yield Curves



CAPITAL MARKET ASSUMPTIONS: DOMESTIC EQUITY

Large Cap Equity



Dividend Yield: 2.00%



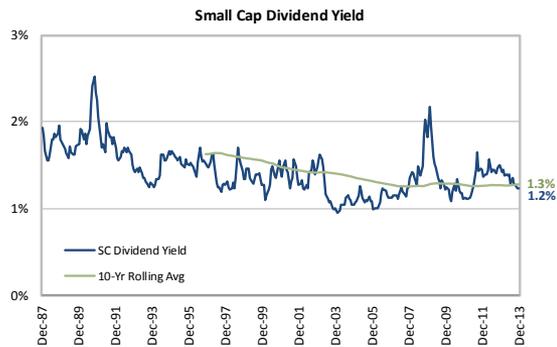
Real EPS Growth: 1.75%



Change in P/E: -0.50%

Inflation
+ 2.25%
5.50%

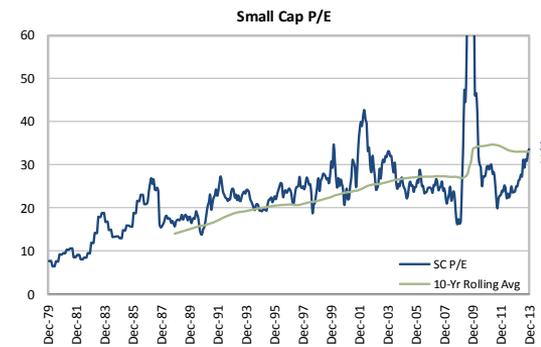
Small Cap Equity



Dividend Yield: 1.25%



Real EPS Growth: 2.25%

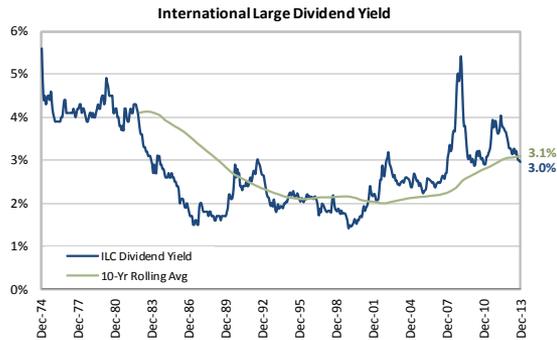


Change in P/E: -0.50%

Inflation
+ 2.25%
5.25%

CAPITAL MARKET ASSUMPTIONS: DEVELOPED INTERNATIONAL EQUITY

International Large Cap Equity



Dividend Yield: 3.00%



Real EPS Growth: 1.50%

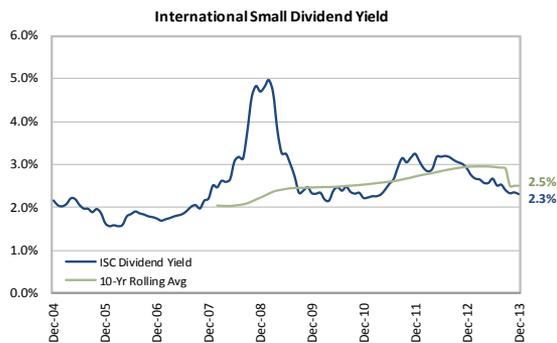


Change in P/E: 0.00%

Inflation

+ 2.25%
6.75%

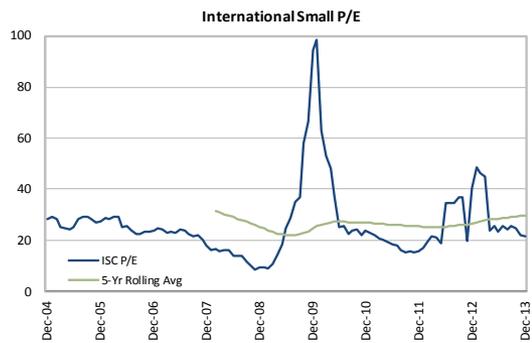
International Small Cap Equity



Dividend Yield: 2.50%



Real EPS Growth: 2.00%



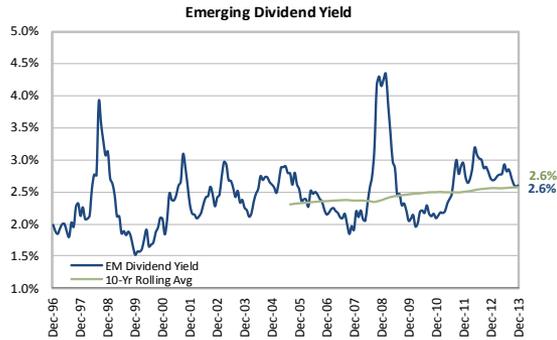
Change in P/E: 0.00%

Inflation

+ 2.25%
6.75%

CAPITAL MARKET ASSUMPTIONS: INTERNATIONAL EMERGING EQUITY

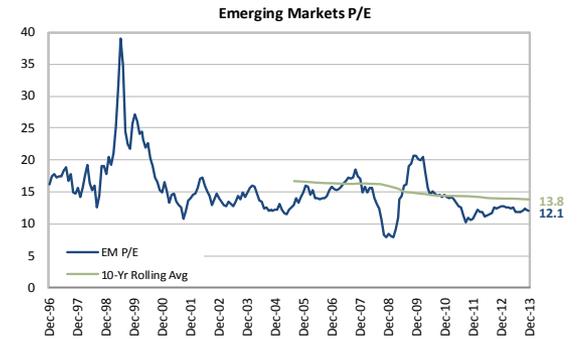
Emerging Markets Equity



Dividend Yield: 2.50%



Real EPS Growth: 3.25%

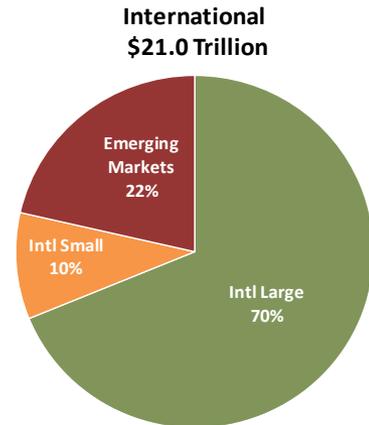
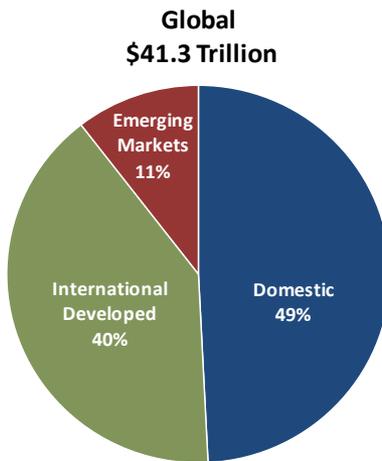
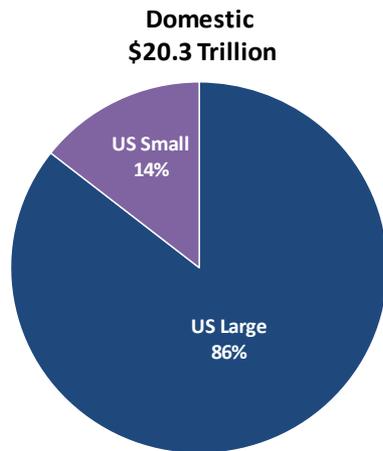


Change in P/E: 0.50%

+ 2.25%
8.50%

Inflation

Global Market Capitalization



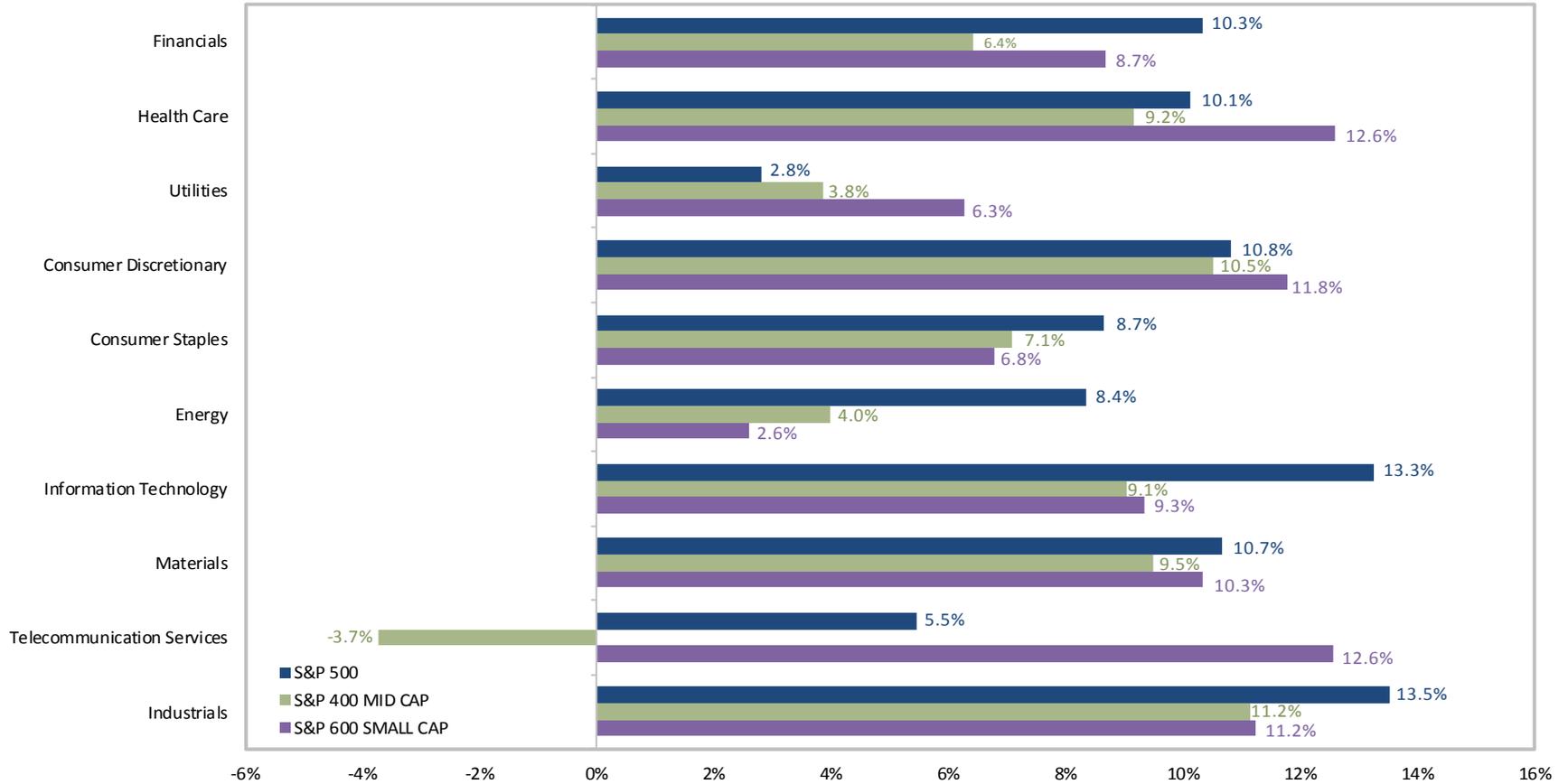
CAPITAL MARKET ASSUMPTIONS: ALTERNATIVES

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> 3.00%	+	<i>Vol-Adj Excess Returns</i> 3.50% = 6.50%
Private Debt			<i>High Yield</i> 4.25%	+	<i>Liquidity Premium</i> 2.00%	+	<i>Net Alpha</i> 1.00% = 7.25%
Master Limited Partnerships			<i>Distribution Yield</i> 6.00%	+	<i>Growth</i> 2.25%	+	<i>Valuation</i> 0.00% = 8.25%
Non-Core Real Estate	<i>Current Cap Rate</i> 5.75%	+	<i>Growth</i> 1.00%	+	<i>Liquidity Premium</i> 1.50%	+	<i>Leverage Adjustment</i> 0.50% = 8.75%
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> 3.00%	+	<i>Risk-Adj Beta Exposure</i> 4.50% = 7.50%
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> 3.00%	+	<i>Vol-Adj Excess Returns</i> 2.50% = 5.50%
Core Real Estate	<i>Current Cap Rate</i> 5.75%	+	<i>Growth</i> 1.00%	+	<i>Valuation</i> 0.00%	+	<i>Leverage Adjustment</i> 0.00% = 6.75%
DIVERSIFICATION							
Commodities			<i>Cash</i> 3.00%	+	<i>Inflation</i> 2.25%	+	<i>Inflation Utility</i> 0.00% = 5.25%
Tactical Trading	<i>Expected Sharpe Ratio</i> 0.40				<i>Cash</i> 3.00%	+	<i>Vol-Adj Excess Returns</i> 4.00% = 7.00%
Diversified Hedge Funds	<i>Expected Sharpe Ratio</i> 0.50				<i>Cash</i> 3.00%	+	<i>Vol-Adj Excess Returns</i> 3.00% = 6.00%

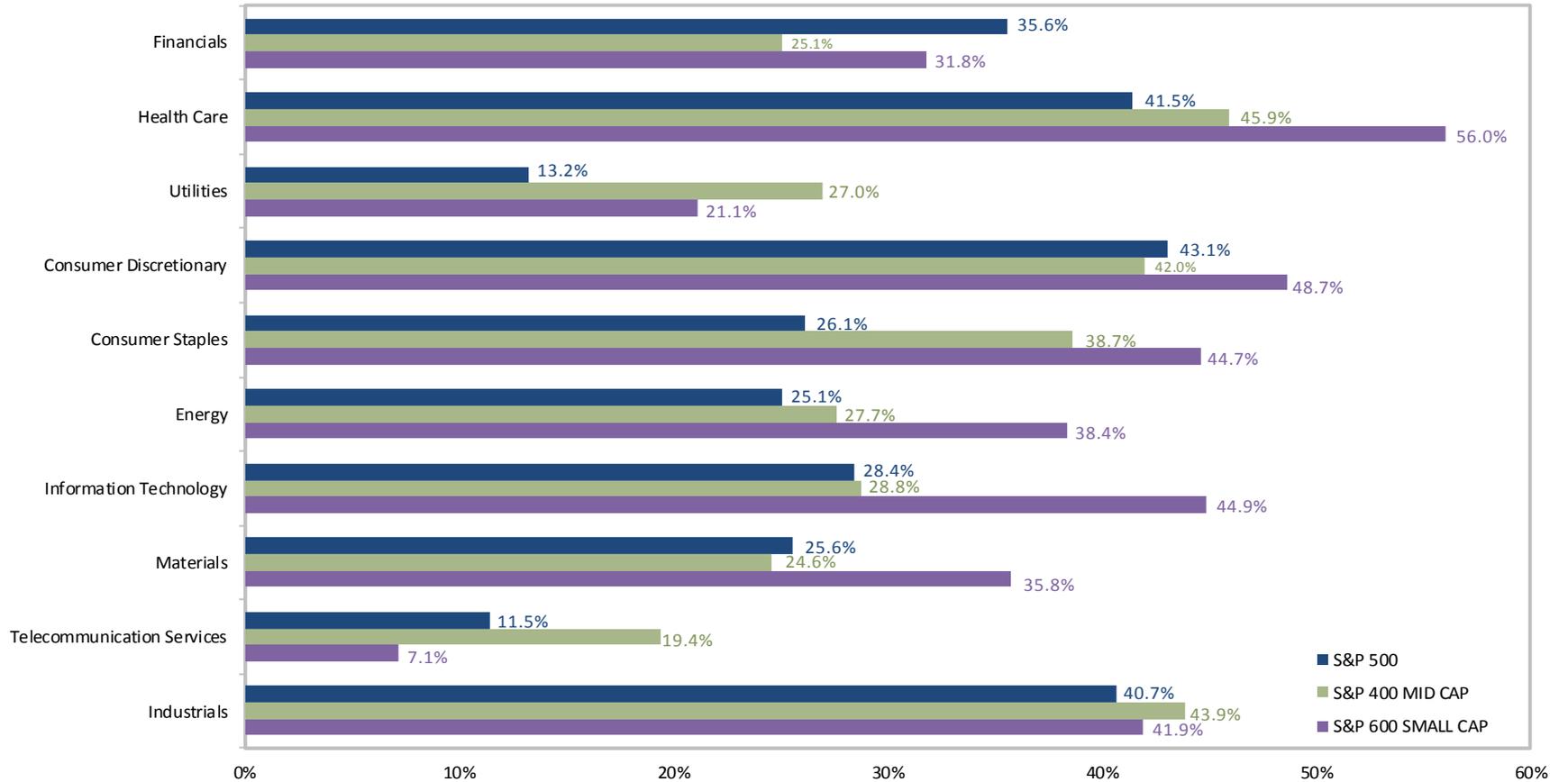
STYLE PERFORMANCE RANKING: ONE-YEAR TIME PERIODS

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Past Qtr	2013	10 Yr ROR	20 Yr ROR
Best Performing ↑	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%	S&P 500 10.5%	Small Growth 43.3%	EM 11.2%	Small Value 10.6%
	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%	BC HY 58.2%	Small Cap 26.9%	BC Int Treas 6.6%	Small Value 18.1%	Large Growth 10.4%	Small Cap 38.8%	Small Growth 9.4%	Large Value 9.7%
	BC HY 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%	BC HY -1.4%	Small Cap 47.3%	EAFE 20.7%	Large Value 7.1%	Small Value 23.5%	EAFE 11.6%	BC HY -26.2%	Large Growth 37.2%	Small Value 24.5%	BC HY 5.0%	Large Value 17.5%	Large Value 10.0%	Small Value 34.5%	Small Cap 9.1%	Small Cap 9.3%
	Large Value 13.8%	Small Cap 18.9%	BC HY -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%	BC HY 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%	Small Value 9.3%	Large Growth 33.5%	BC HY 8.6%	S&P 500 9.2%
	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%	Small Cap 8.7%	Large Value 32.5%	Small Value 8.6%	Large Growth 8.5%
	Small Growth 7.8%	BC HY 17.1%	Small Cap -1.8%	Small Value 25.8%	BC HY 11.4%	Small Growth 12.9%	BC Int Treas 8.6%	S&P 500 21.0%	BC HY -5.9%	EM -2.4%	Large Value -15.5%	Large Value 30.0%	Small Growth 14.3%	Small Value 4.7%	Small Value 15.8%	S&P 500 7.0%	Core Bonds -36.9%	Large Value 27.2%	Small Cap 15.5%	Large Value 0.4%	S&P 500 16.0%	Small Growth 8.2%	S&P 500 32.4%	Large Growth 7.8%	BC HY 7.8%
	S&P 500 7.6%	Small Growth 13.4%	BC Int Treas -1.8%	BC HY 19.2%	Small Growth 11.3%	BC HY 12.7%	BC HY 1.9%	Large Value 7.4%	S&P 500 -9.1%	Large Value -5.6%	EAFE -15.7%	Large Growth 29.8%	BC HY 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%	BC HY 15.1%	Small Growth -2.9%	BC HY 15.8%	EAFE 5.7%	EAFE 22.8%	Large Value 7.6%	Small Growth 7.4%
	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%	BC HY 2.4%	EAFE -14.0%	Small Growth -9.2%	Small Cap -20.5%	BC HY 29.0%	S&P 500 10.9%	Small Growth 4.1%	BC HY 11.9%	BC HY 1.9%	Large Growth -38.4%	Small Value 20.6%	S&P 500 15.1%	Small Cap -4.2%	Large Growth 15.3%	BC HY 3.6%	BC HY 7.4%	S&P 500 7.4%	Core Bonds 5.7%
	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%	BC HY 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%	EM 1.8%	BC Int Treas -1.3%	EAFE 6.9%	EAFE 5.7%
	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 -0.1%	Core Bonds -2.0%	Core Bonds 4.5%	EM 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%	BC Int Treas -0.5%	EM -2.6%	BC Int Treas 3.7%	BC Int Treas 5.0%	

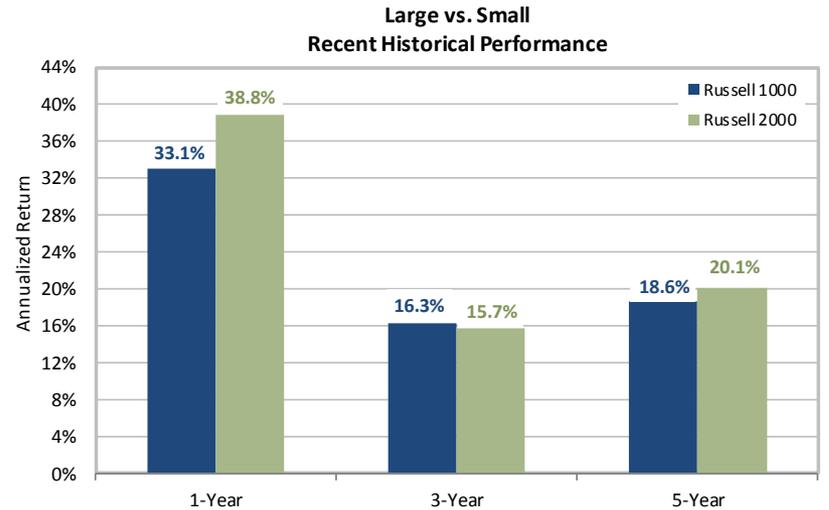
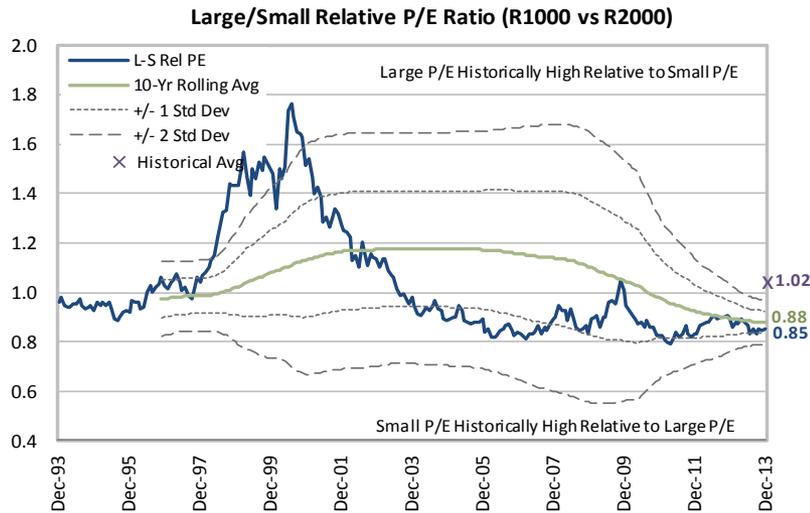
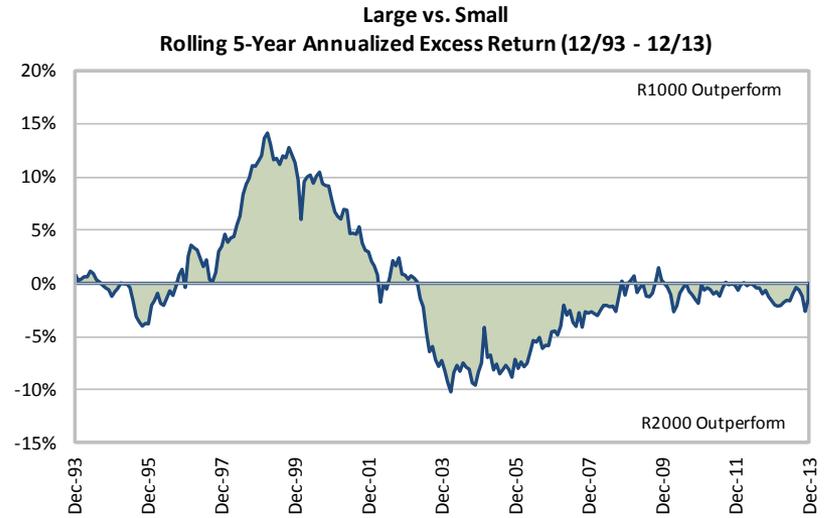
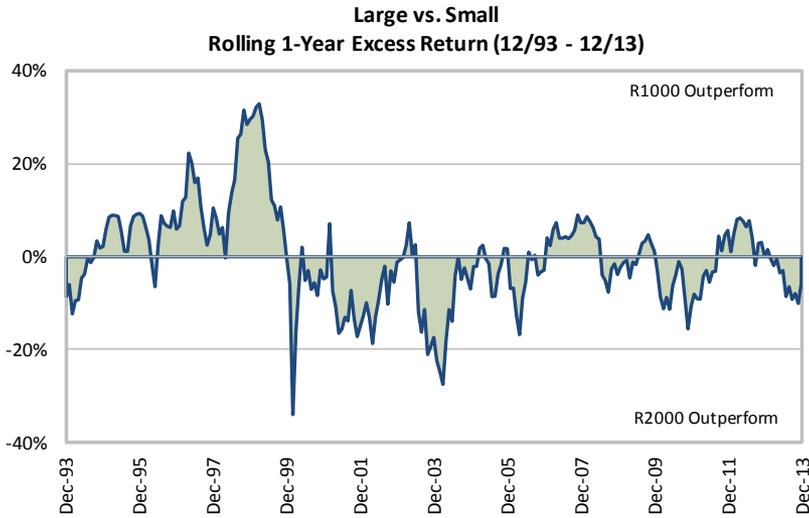
EQUITY STYLE SECTOR PERFORMANCE COMPARISON: CURRENT QUARTER
SMALL, MID, AND LARGE CAP



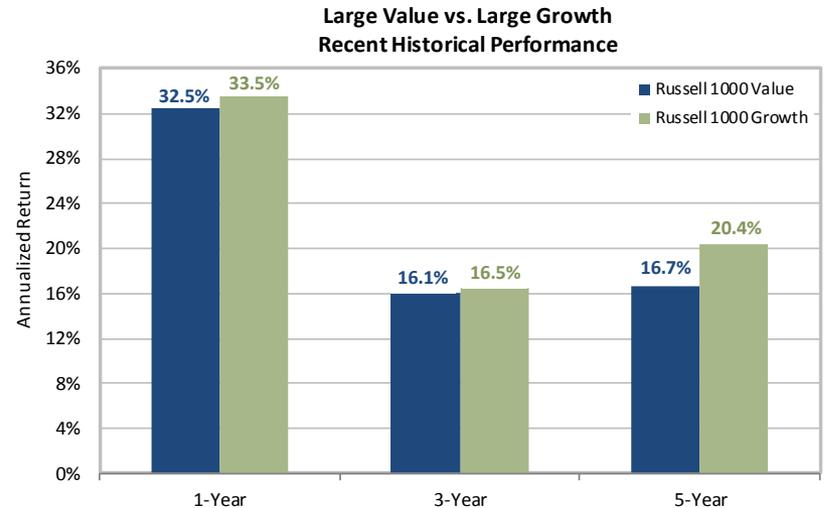
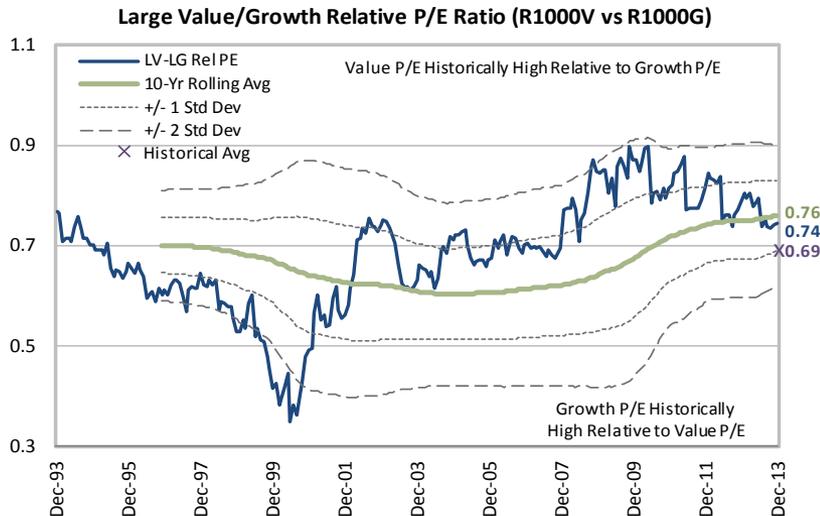
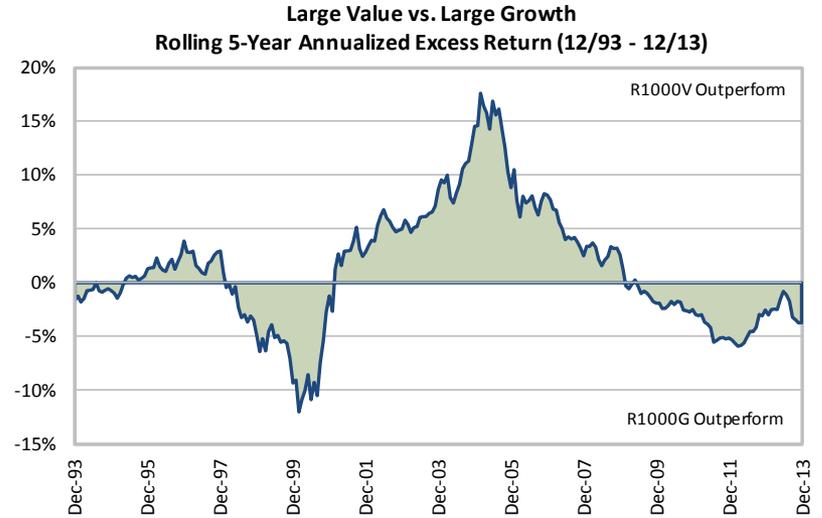
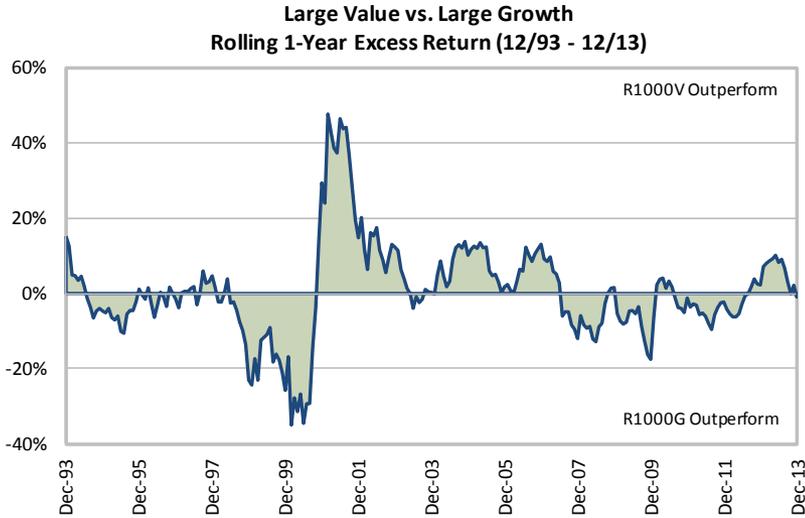
**EQUITY STYLE SECTOR PERFORMANCE COMPARISON: 1-YEAR
SMALL, MID, AND LARGE CAP**



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

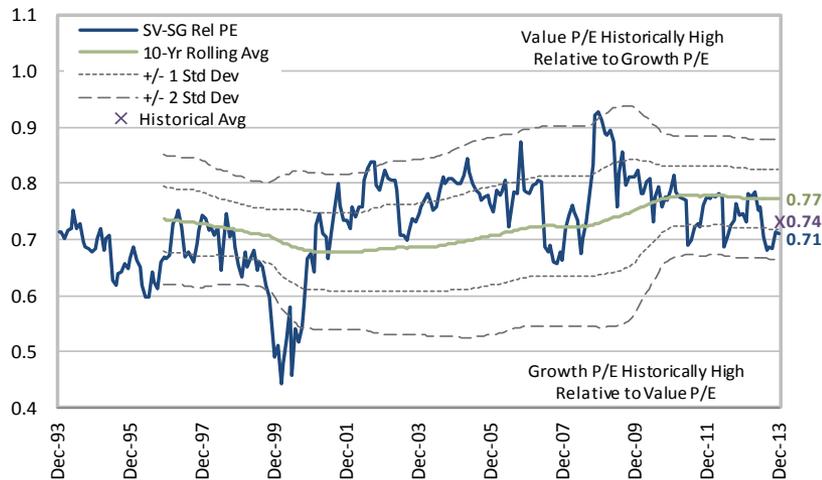
Small Value vs. Small Growth
Rolling 1-Year Excess Return (12/93 - 12/13)



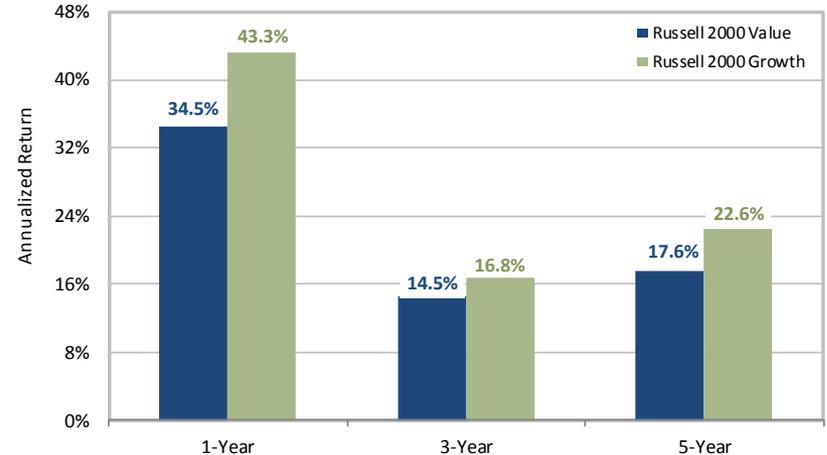
Small Value vs. Small Growth
Rolling 5-Year Annualized Excess Return (12/93 - 12/13)



Small Value/Growth Relative P/E Ratio (R2000V vs R2000G)

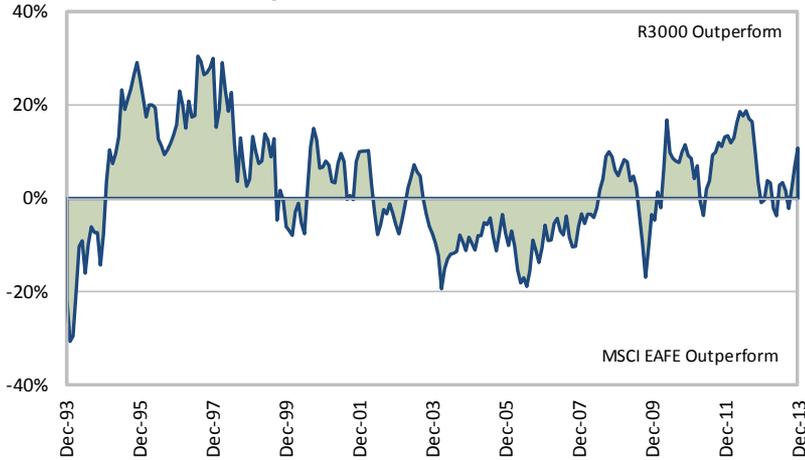


Small Cap Value vs. Small Cap Growth
Recent Historical Performance



HISTORICAL RELATIVE PERFORMANCE: DOMESTIC EQUITY TO DEVELOPED INTERNATIONAL EQUITY

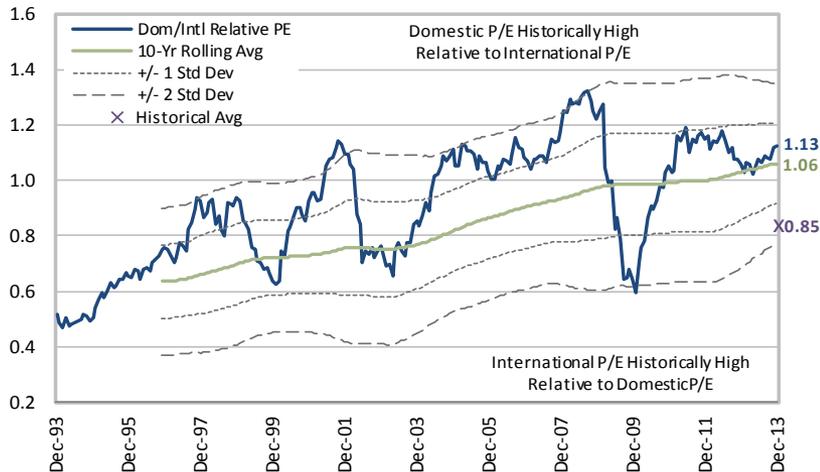
Domestic Equity vs. Developed International Equity
Rolling 1-Year Excess Return (12/93 - 12/13)



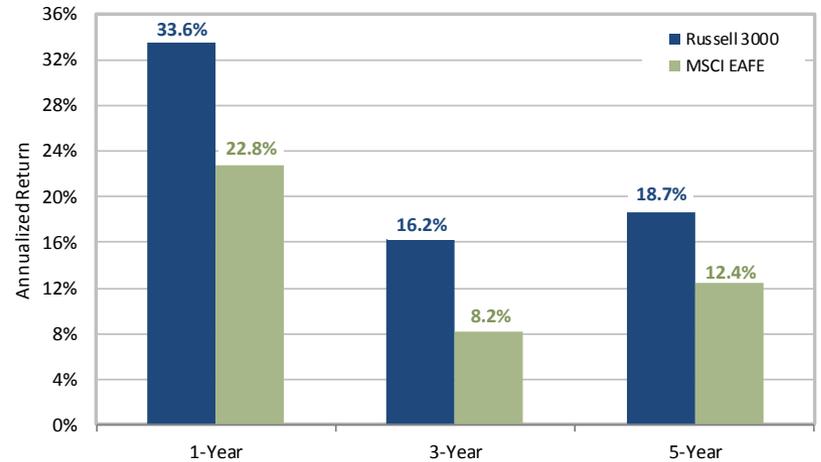
Domestic Equity vs. Developed International Equity
Rolling 5-Year Annualized Excess Return (12/93 - 12/13)



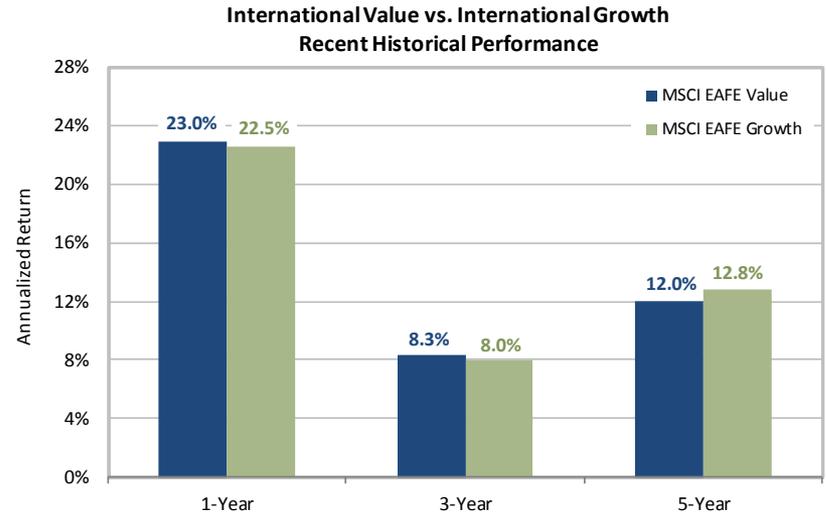
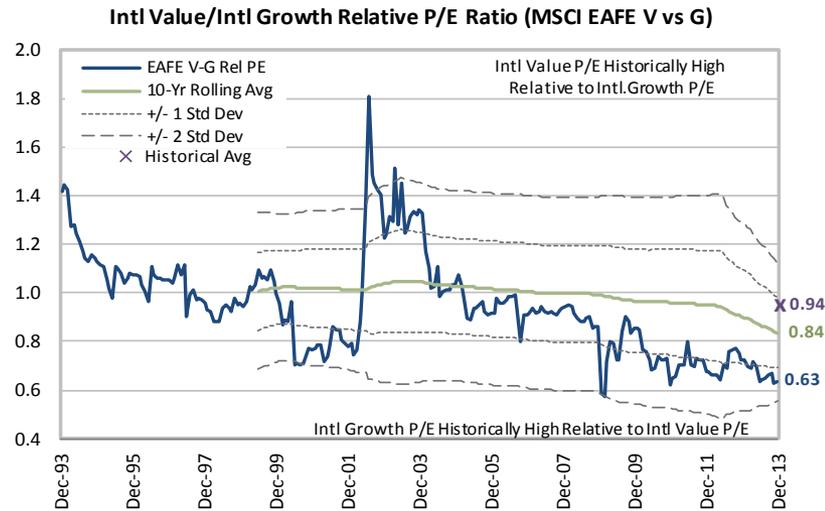
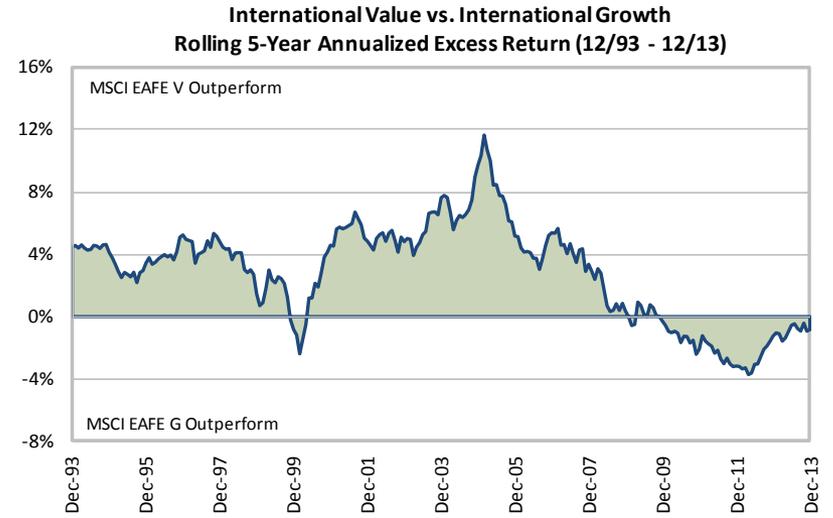
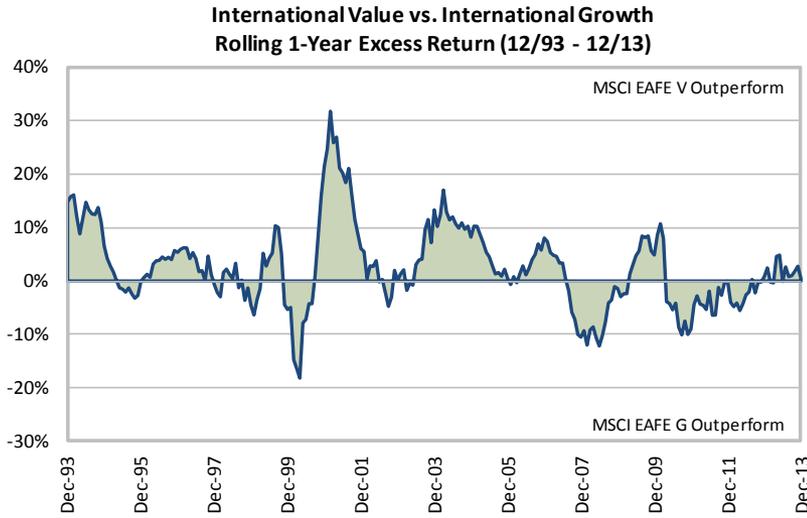
Domestic/International Relative P/E Ratio (R3000 vs MSCI EAFE)



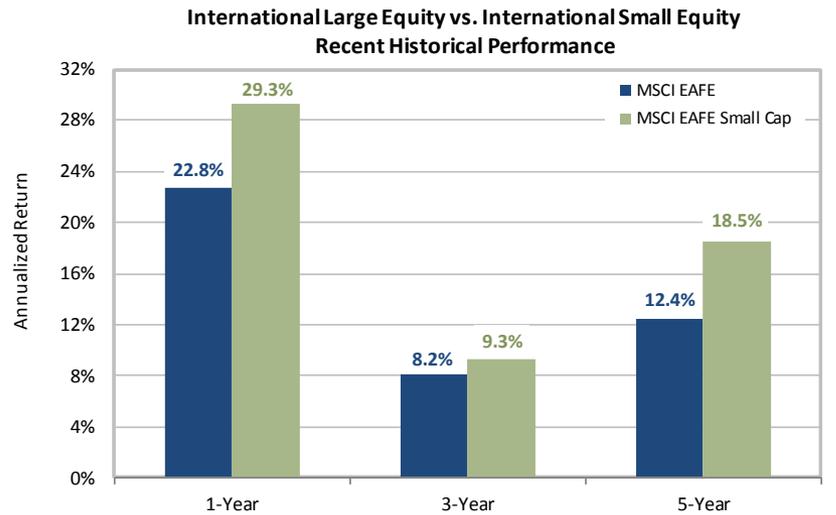
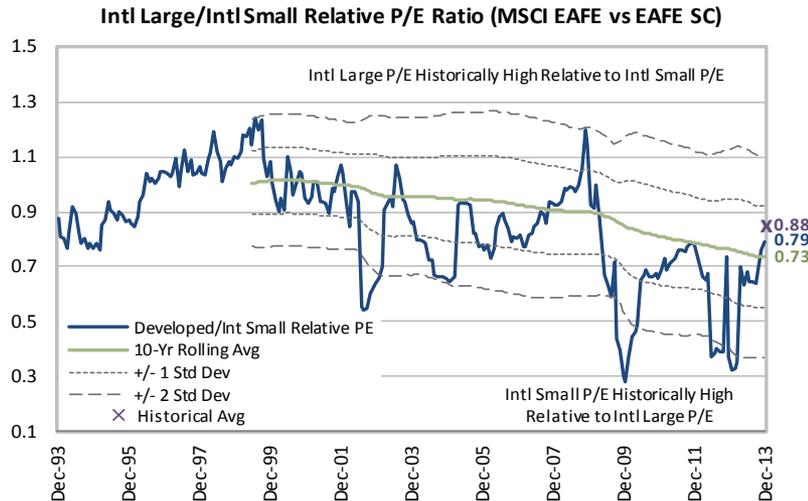
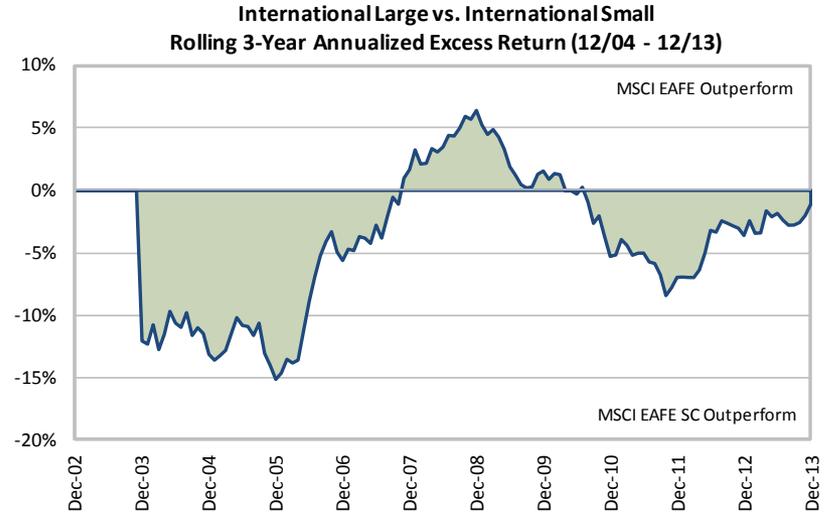
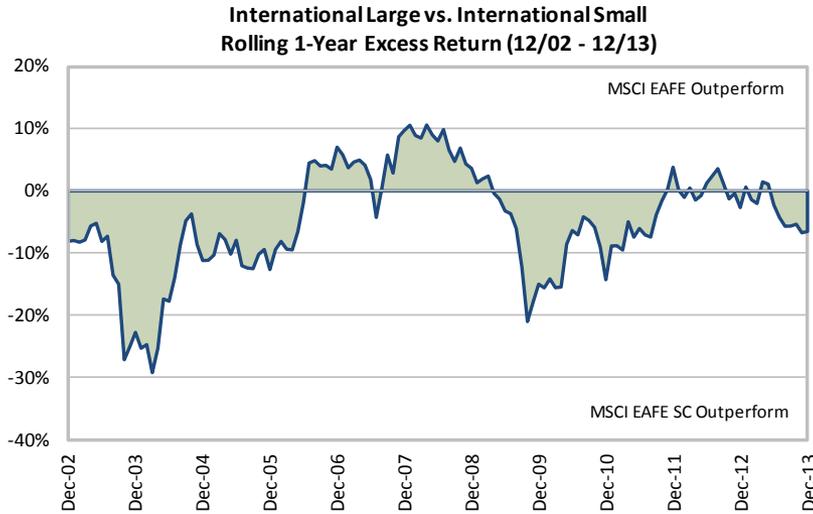
Domestic Equity vs. Developed International Equity
Recent Historical Performance



HISTORICAL RELATIVE PERFORMANCE: INTERNATIONAL VALUE TO INTERNATIONAL GROWTH

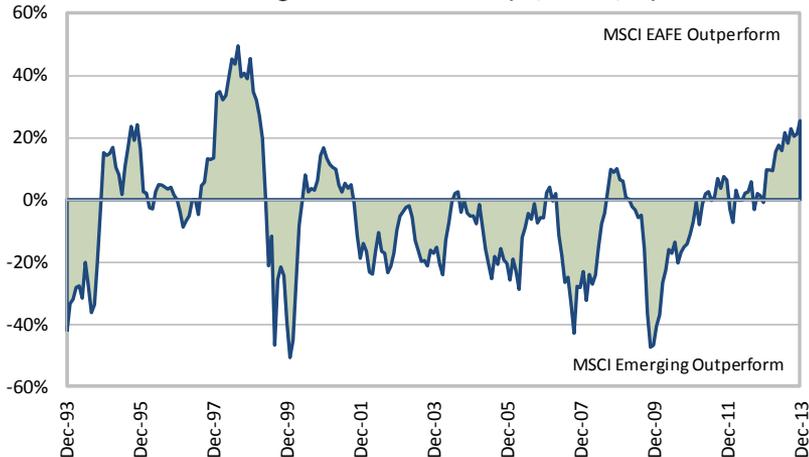


HISTORICAL RELATIVE PERFORMANCE: INTERNATIONAL LARGE CAP TO INTERNATIONAL SMALL CAP



HISTORICAL RELATIVE PERFORMANCE: DEVELOPED INTERNATIONAL TO EMERGING MARKETS

**Developed Intl Equity vs. Emerging Markets Equity
Rolling 1-Year Excess Return (12/93 - 12/13)**



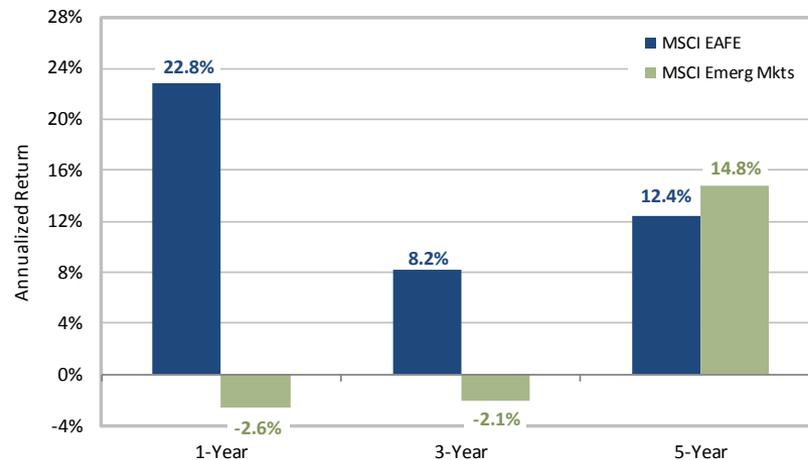
**Developed Intl Equity vs. Emerging Markets Equity
Rolling 3-Year Annualized Excess Return (12/93 - 12/13)**



Intl Developed/Emerging Relative P/E Ratio (MSCI EAFE vs EM)

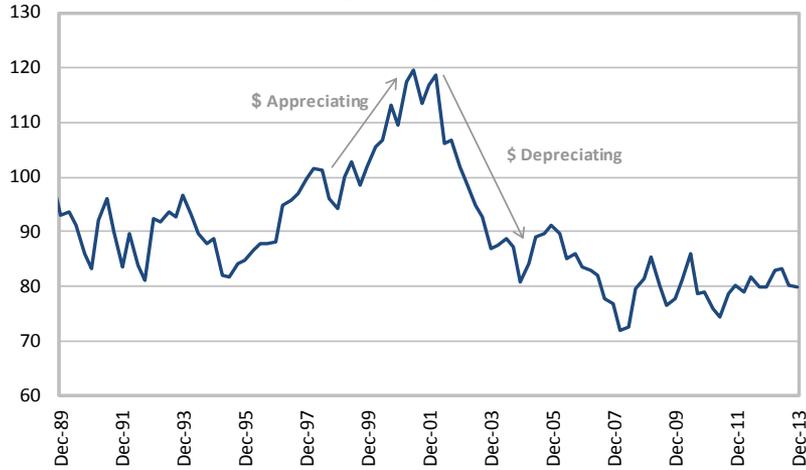


**Developed International Equity vs. Emerging Equity
Recent Historical Performance**

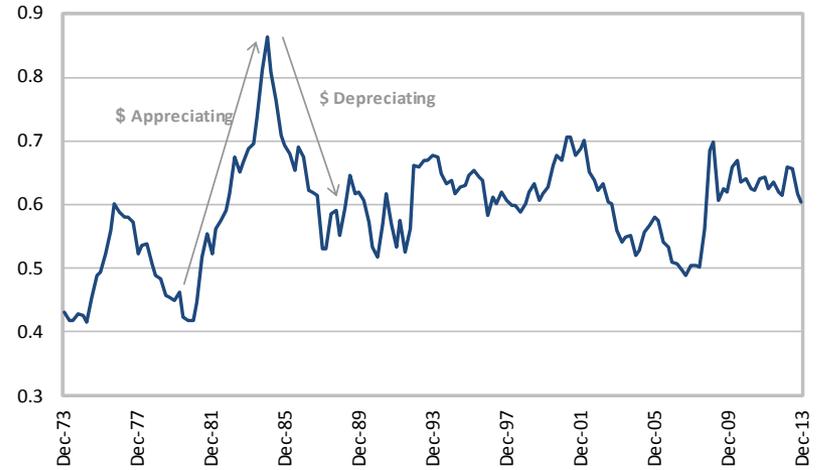


CURRENCY OVERVIEW

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



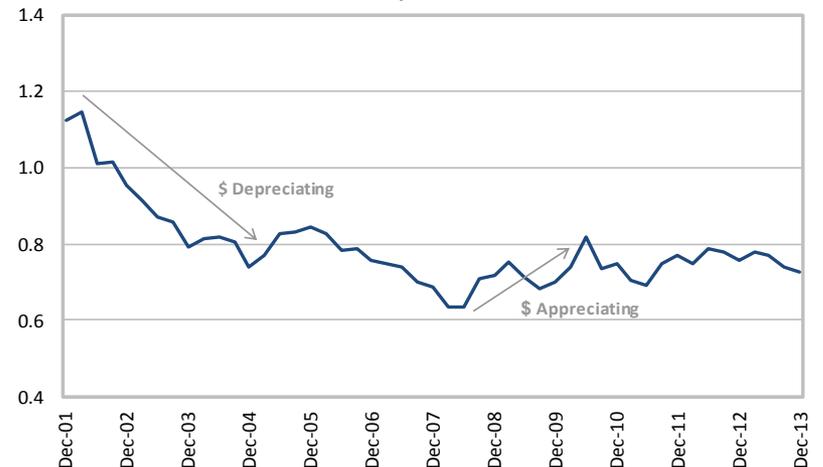
British Pound/US Dollar



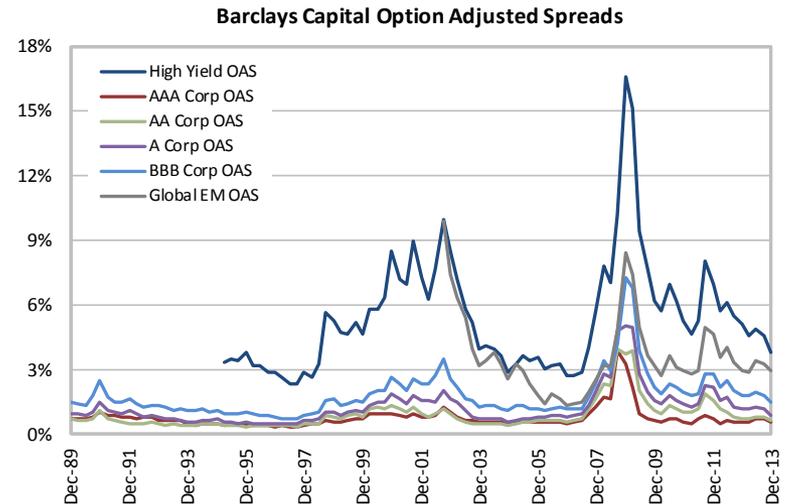
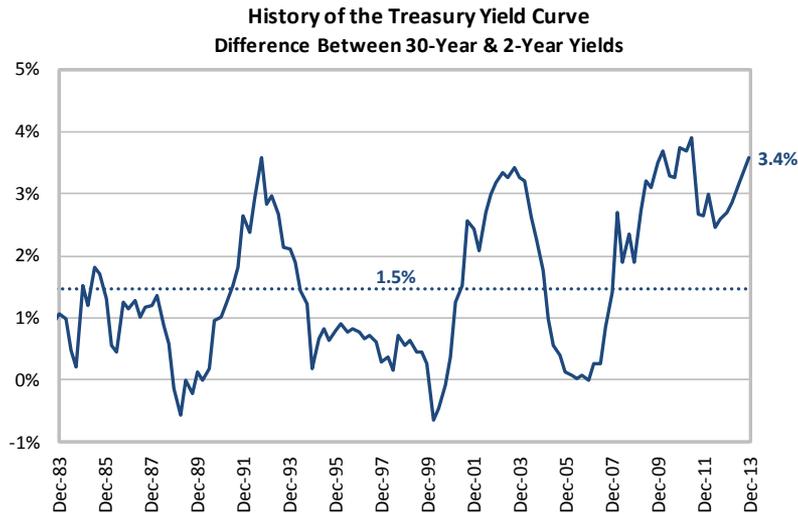
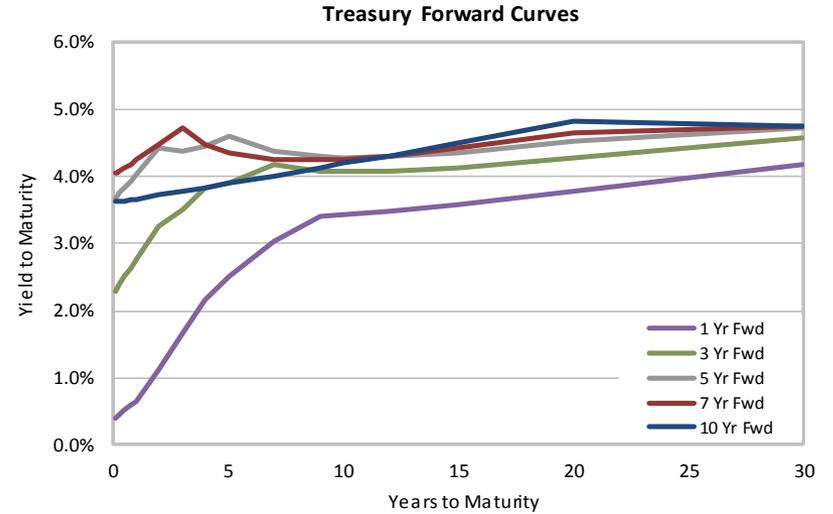
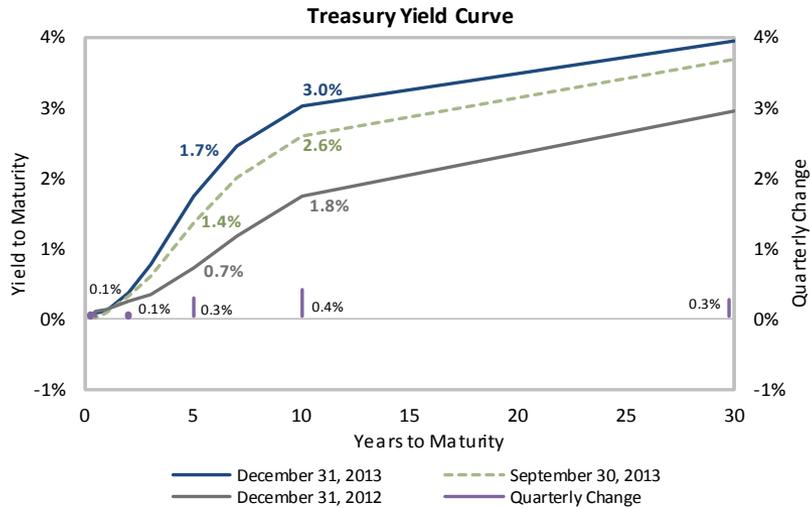
Japanese Yen/US Dollar



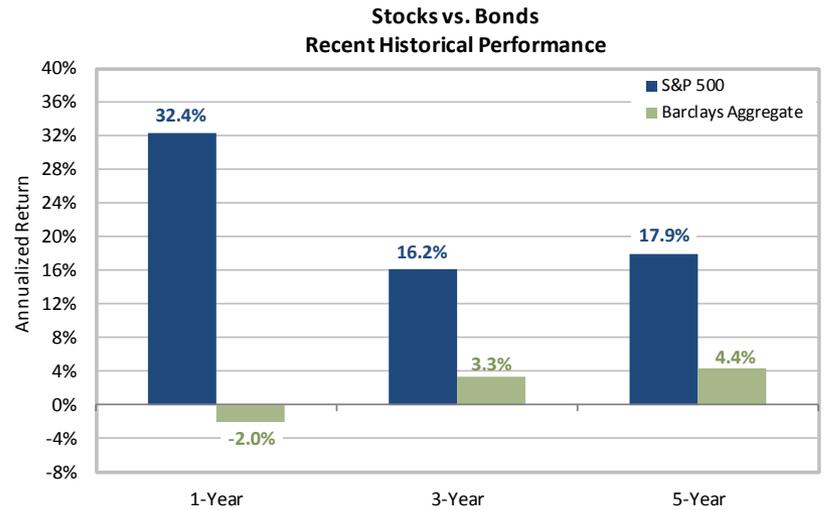
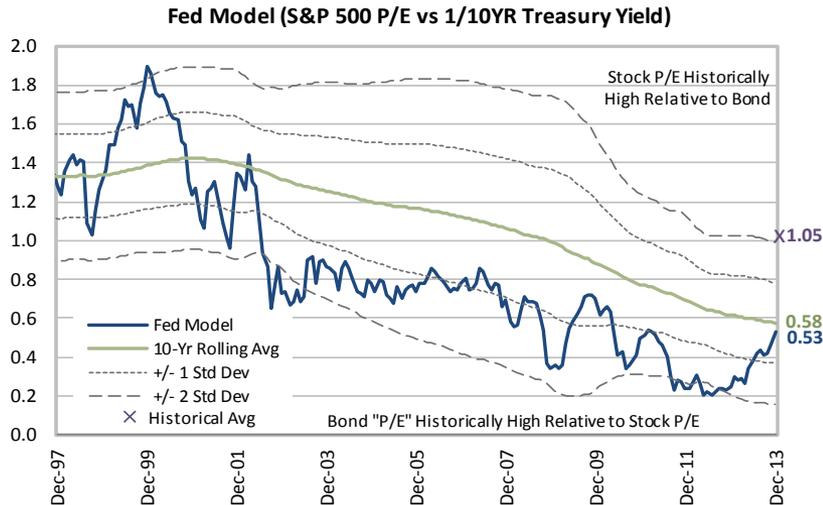
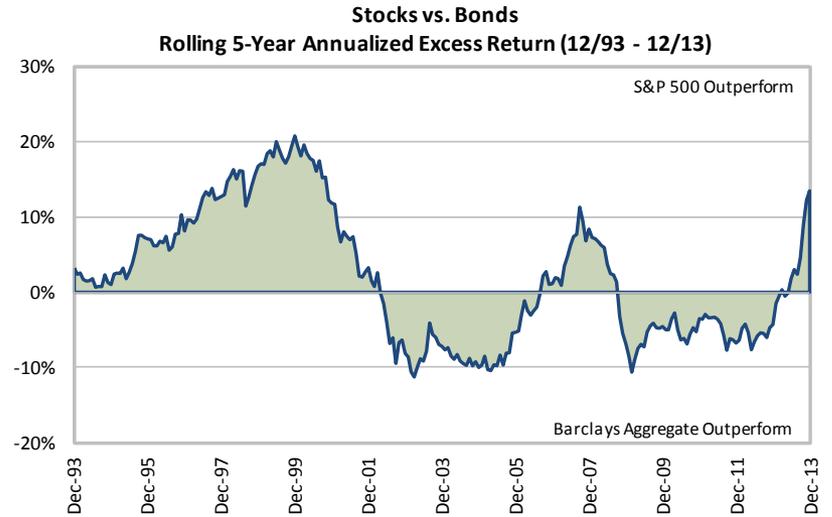
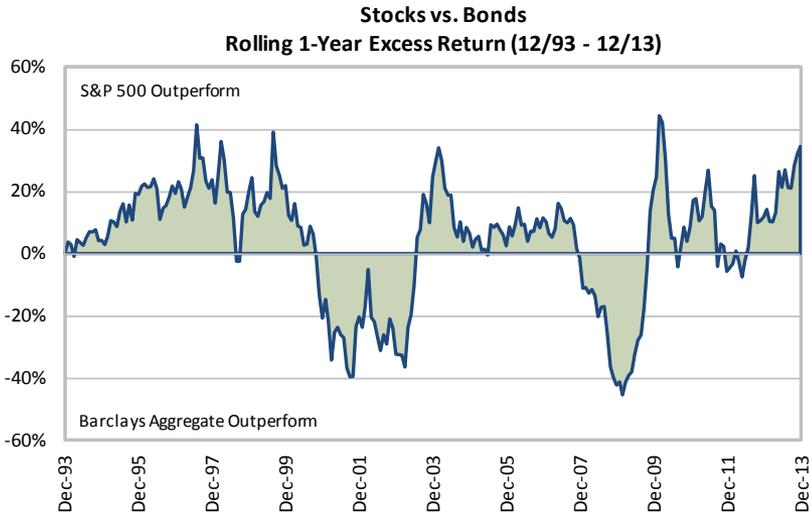
Euro/US Dollar



YIELD CURVE AND SPREAD ANALYSIS

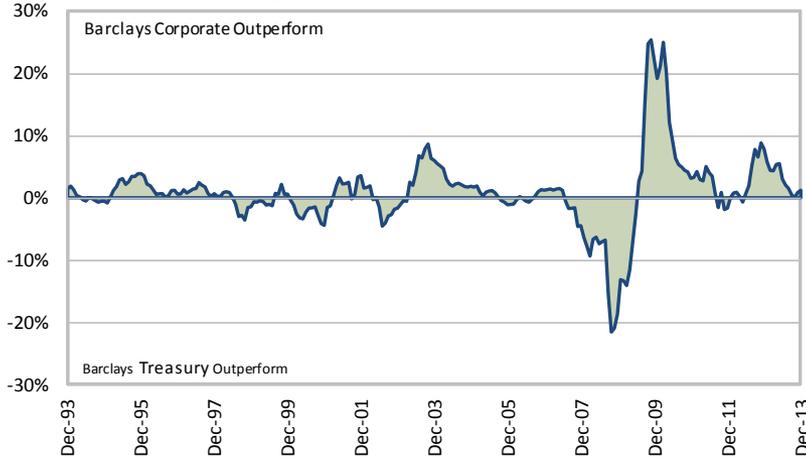


HISTORICAL RELATIVE PERFORMANCE: STOCKS VS. BONDS

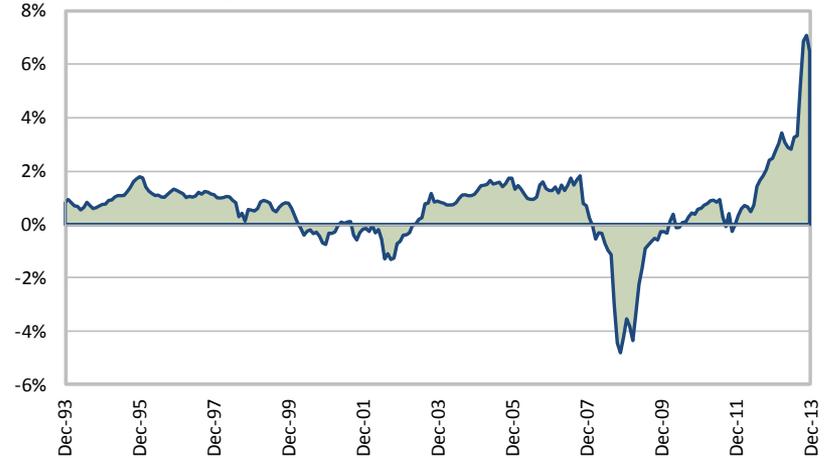


HISTORICAL RELATIVE PERFORMANCE: CORPORATE BONDS VS. TREASURIES

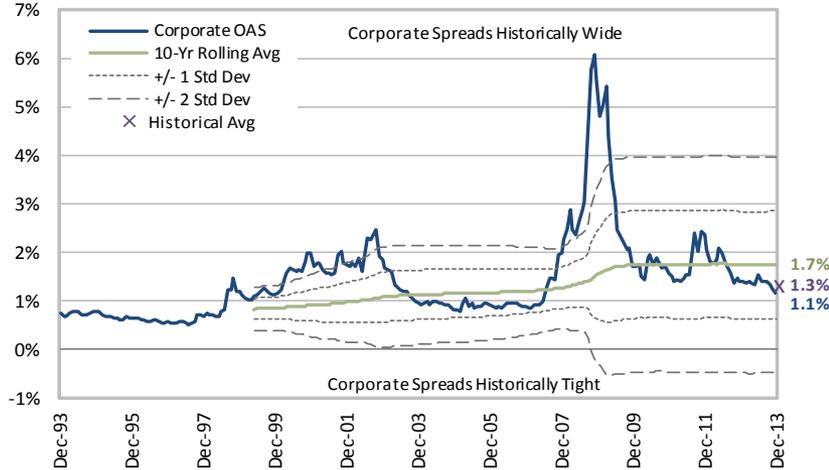
Corporates vs. Treasuries
Rolling 1-Year Excess Return (12/93 - 12/13)



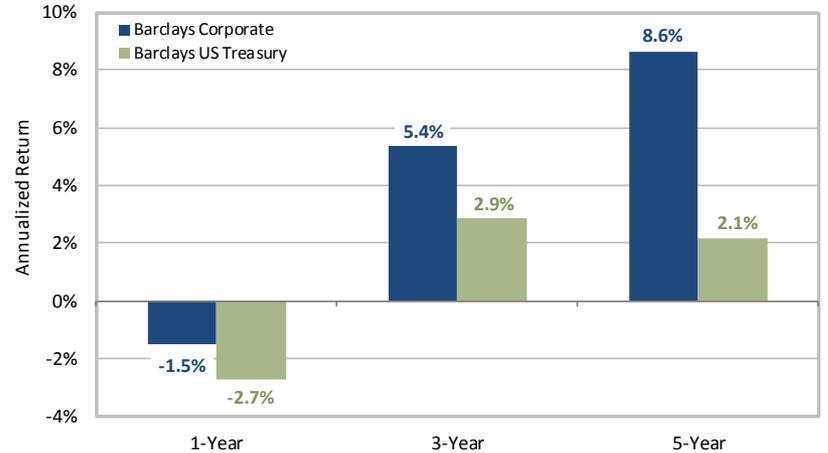
Corporates vs. Treasuries
Rolling 5-Year Annualized Excess Return (12/93 - 12/13)



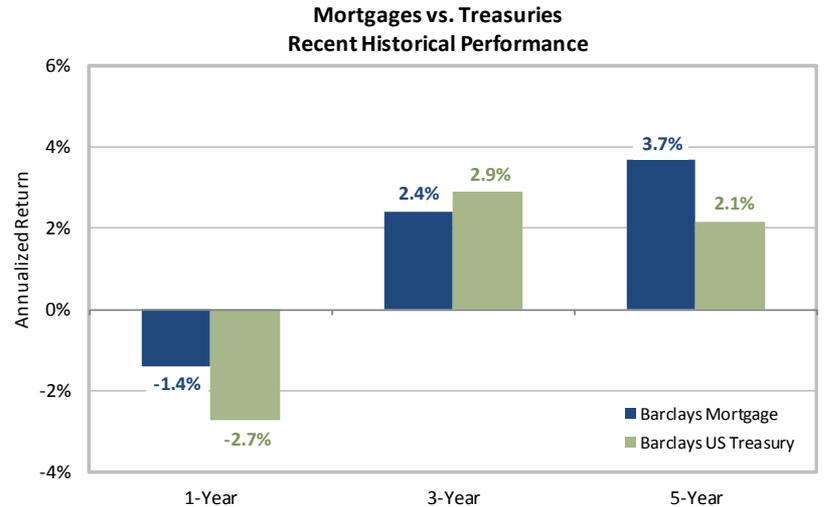
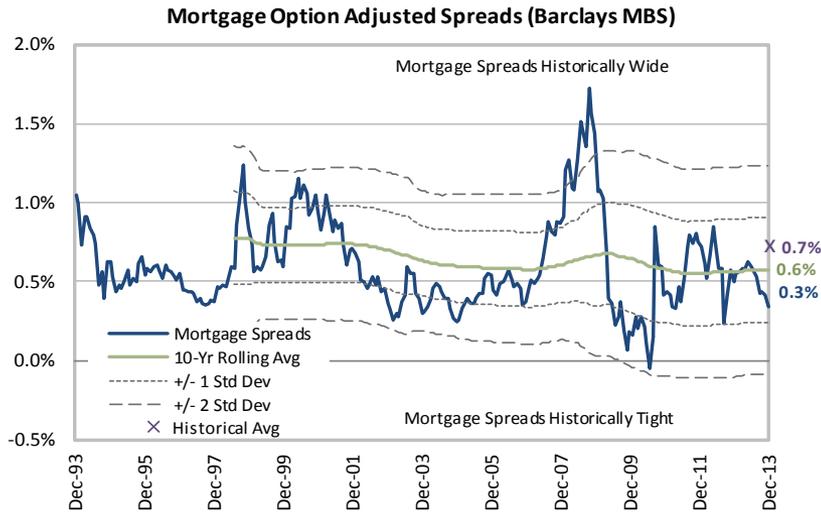
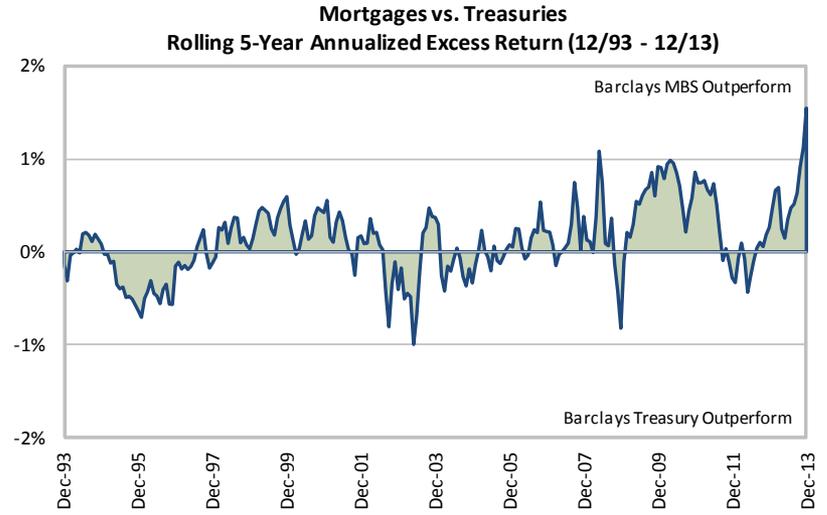
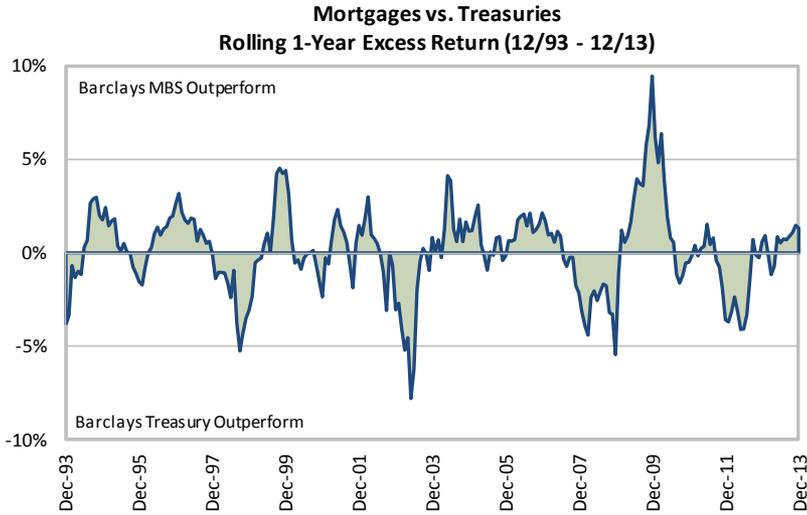
Corporate Option Adjusted Spreads (Barclays Corp)



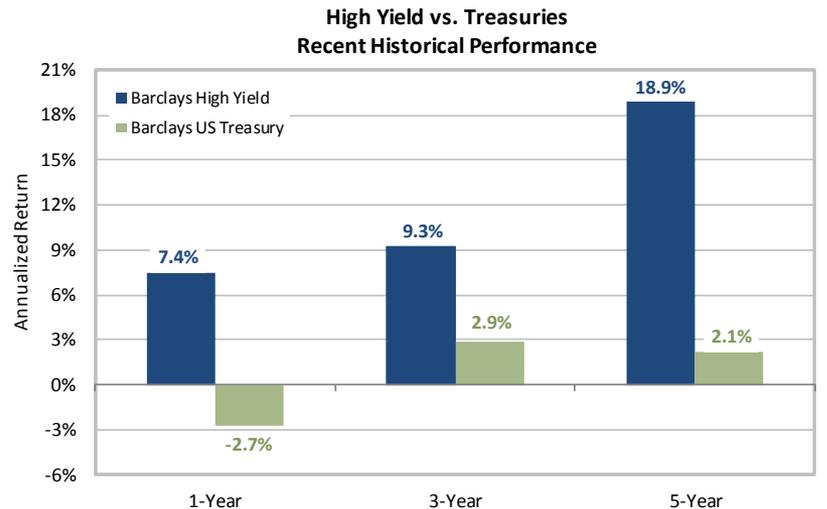
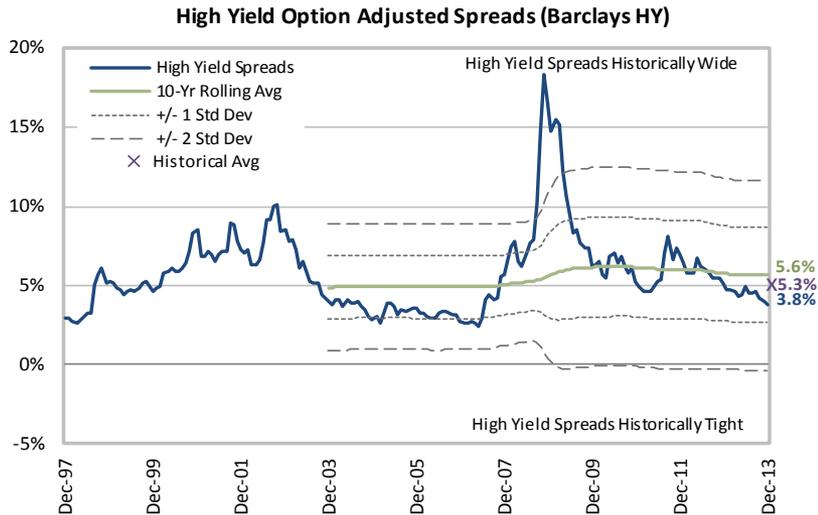
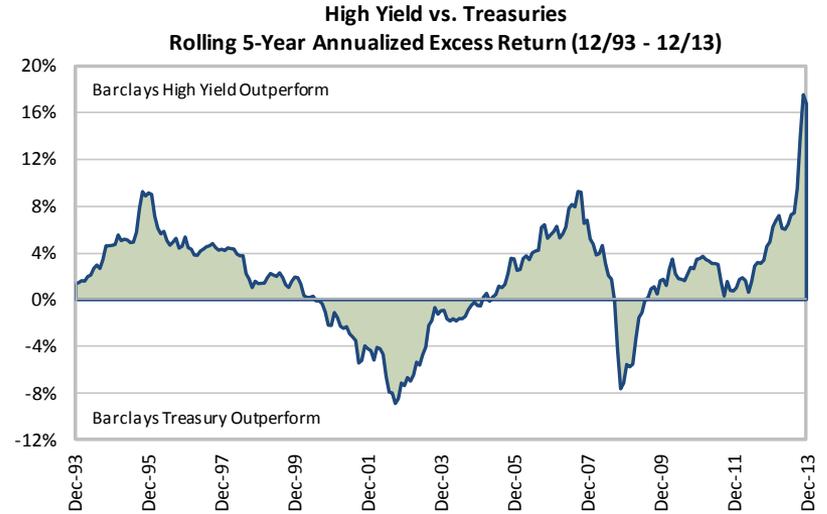
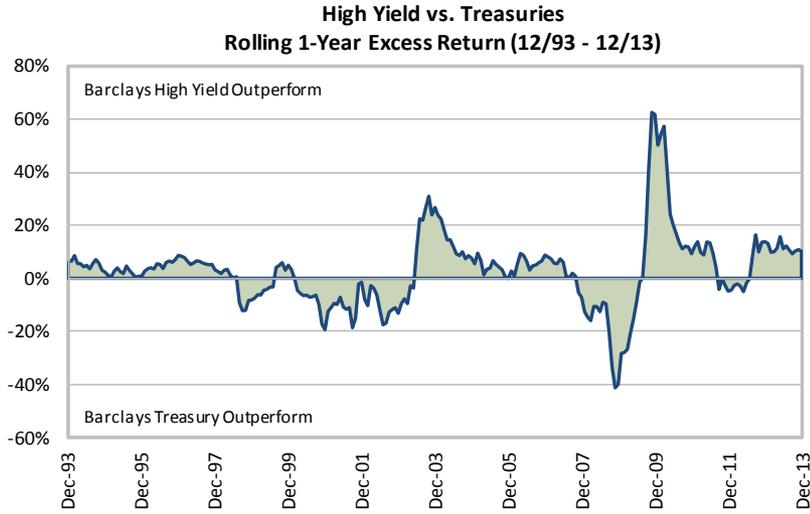
Corporates vs. Treasuries
Recent Historical Performance



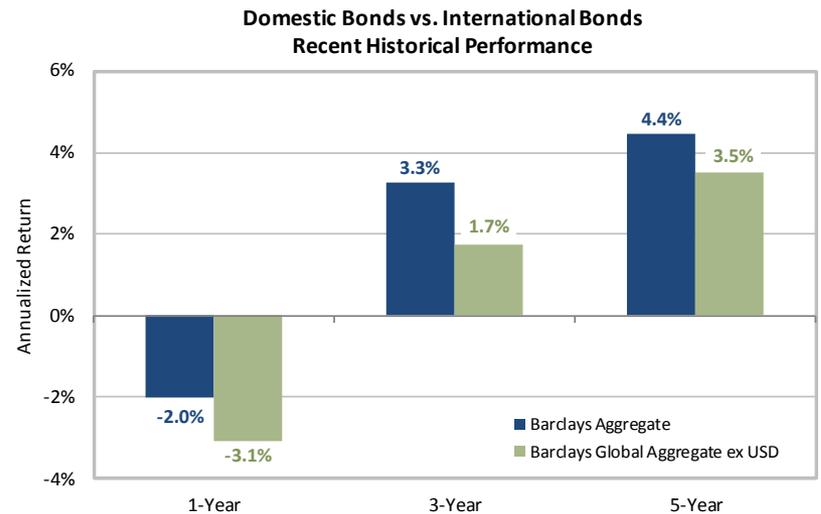
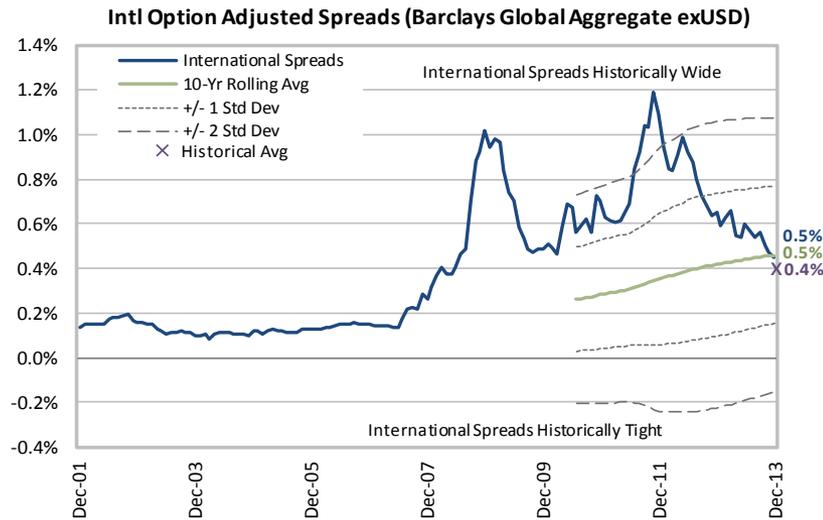
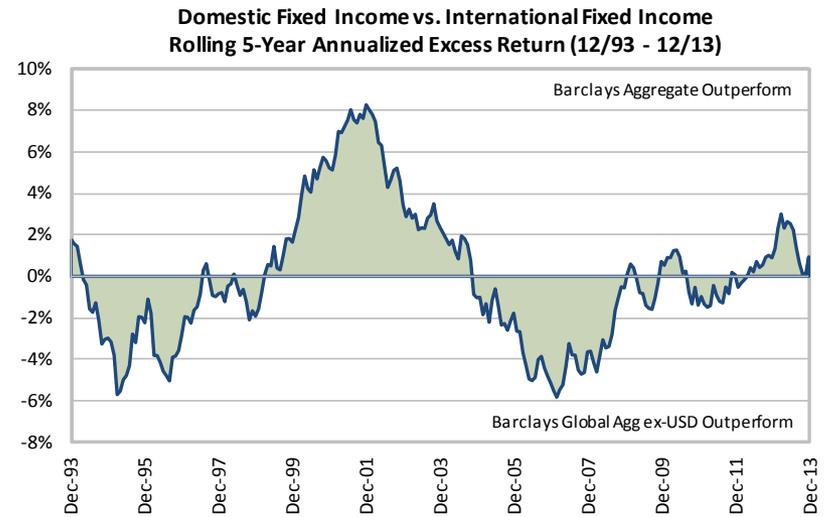
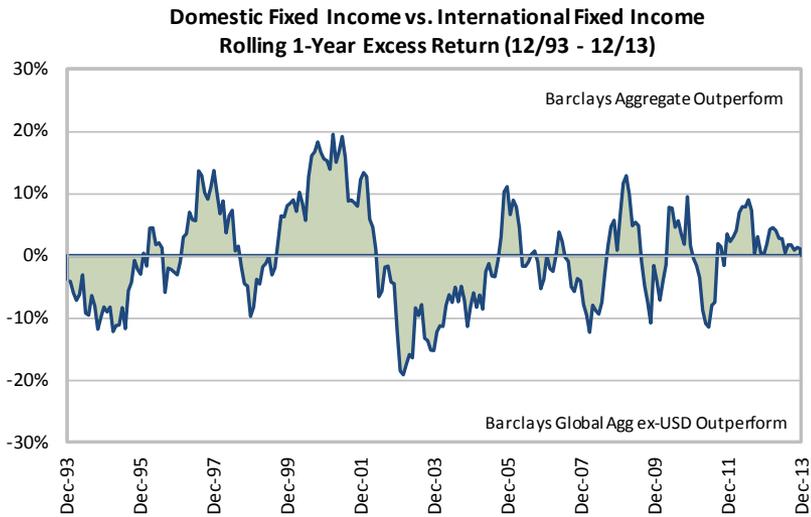
HISTORICAL RELATIVE PERFORMANCE: MORTGAGES VS. TREASURIES



HISTORICAL RELATIVE PERFORMANCE: HIGH YIELD BONDS VS. TREASURIES

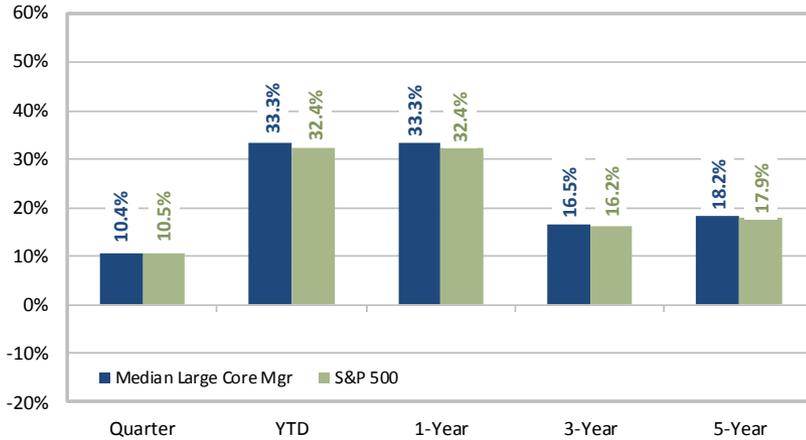


HISTORICAL RELATIVE PERFORMANCE: DOMESTIC VS. INTERNATIONAL FIXED INCOME

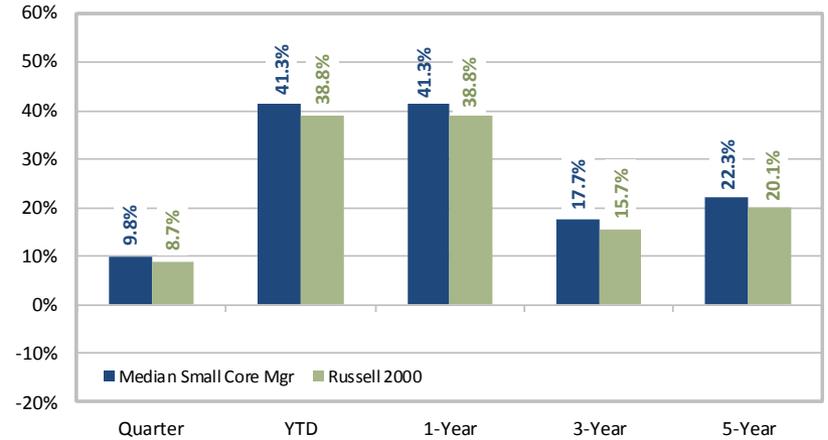


MEDIAN UNIVERSE CORE MANAGER RETURNS VS. INDEX RETURNS

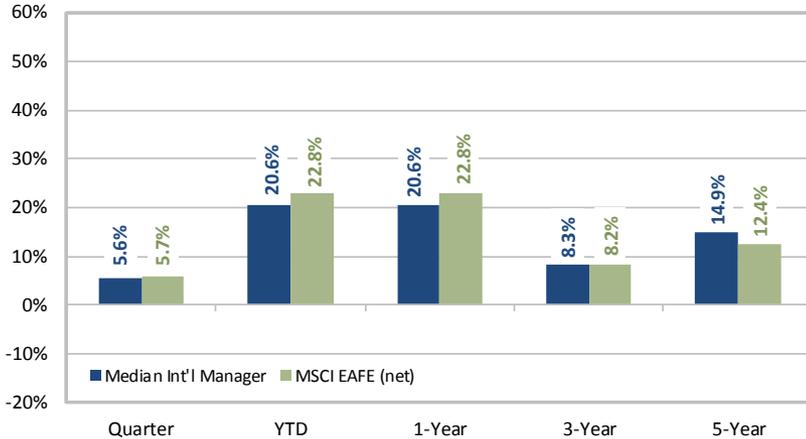
Median Large Capitalization Core Equity Manager vs. S&P 500



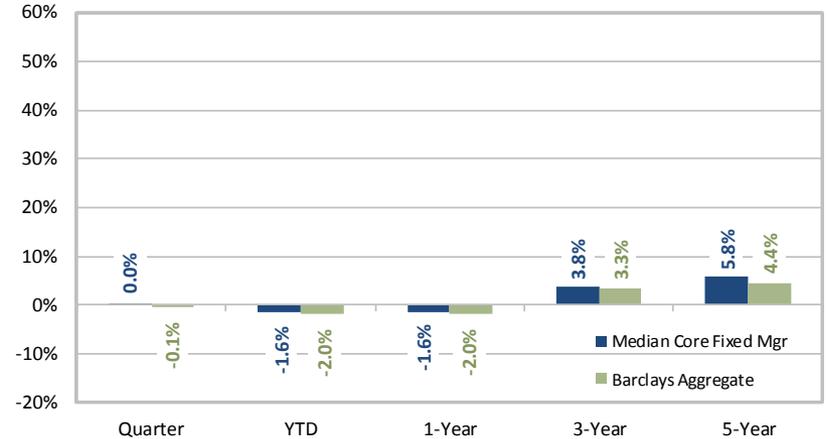
Median Small Capitalization Core Equity Manager vs. Russell 2000



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

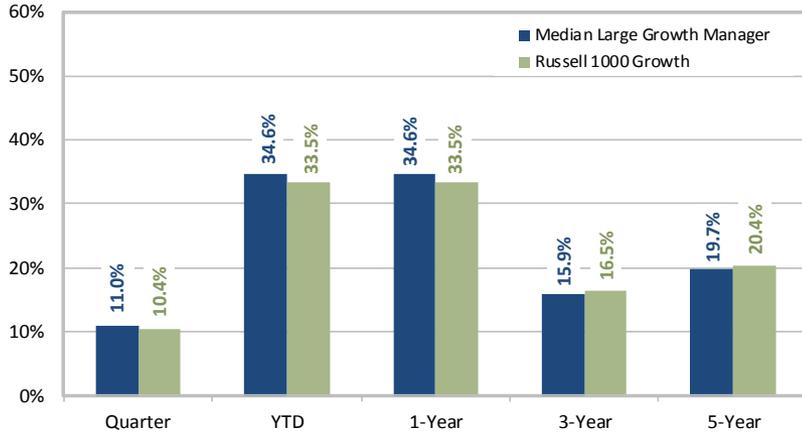


Median Core Fixed Income Manager vs. Barclays Aggregate

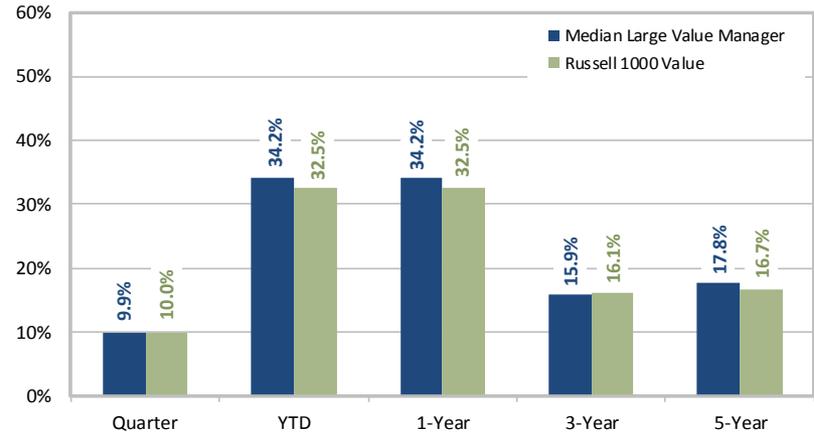


MEDIAN UNIVERSE EQUITY STYLE MANAGER RETURNS VS. INDEX STYLE RETURNS

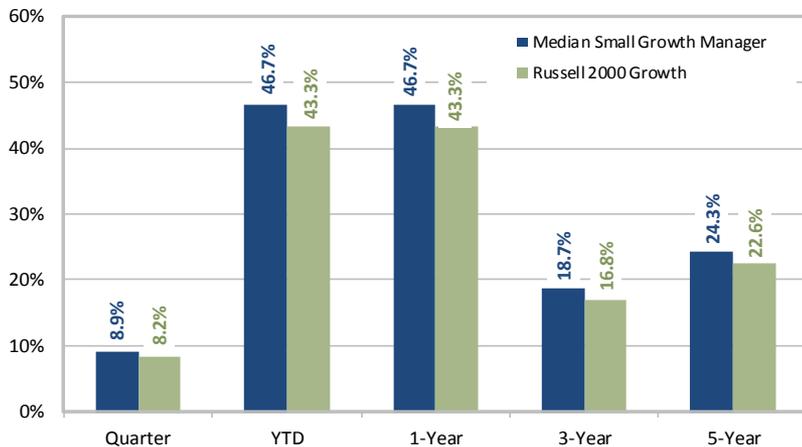
Median Large Capitalization Growth Equity Manager vs. Russell 1000 Growth



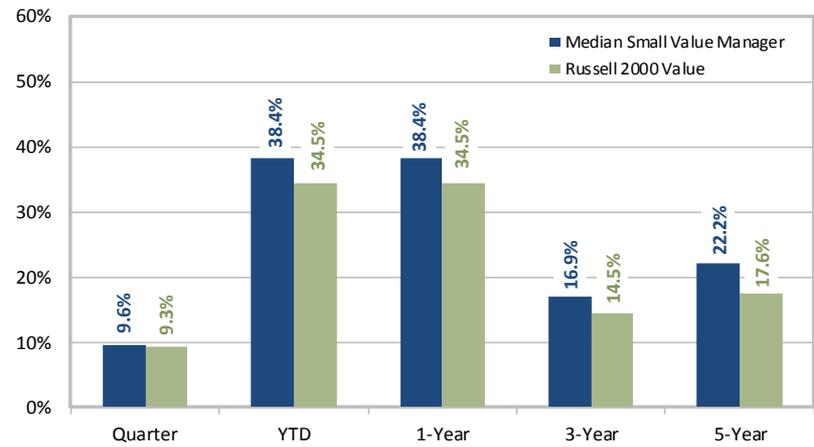
Median Large Capitalization Value Equity Manager vs. Russell 1000 Value



Median Small Capitalization Growth Equity Manager vs. Russell 2000 Growth

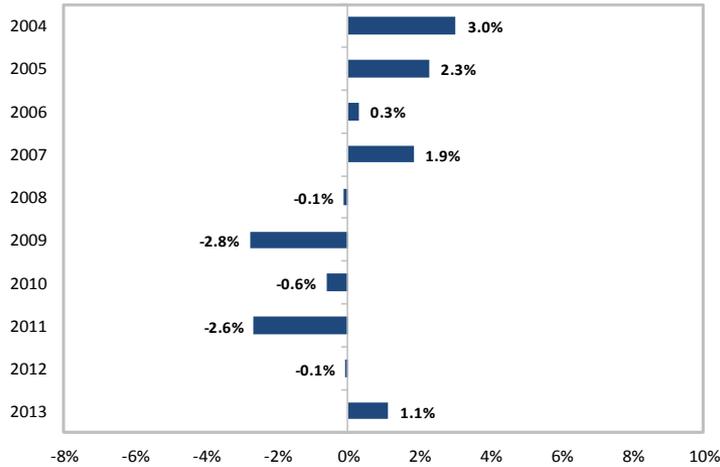


Median Small Capitalization Value Equity Manager vs. Russell 2000 Value

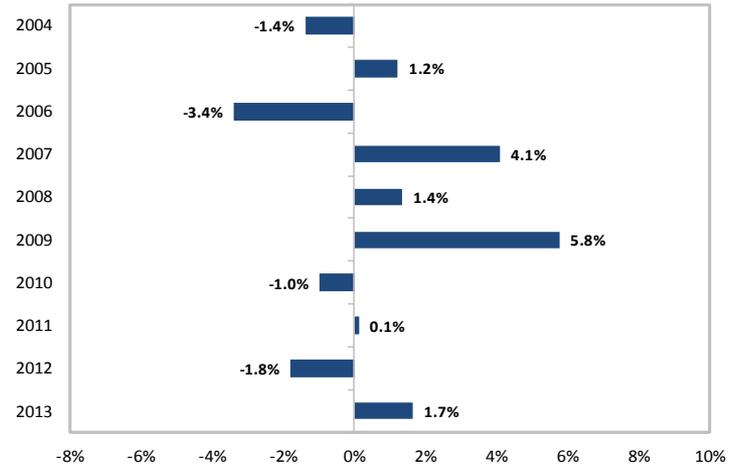


MEDIAN UNIVERSE EQUITY STYLE MANAGER ONE-YEAR RETURN DIFFERENTIAL ENDING DECEMBER 31: 10 YEARS

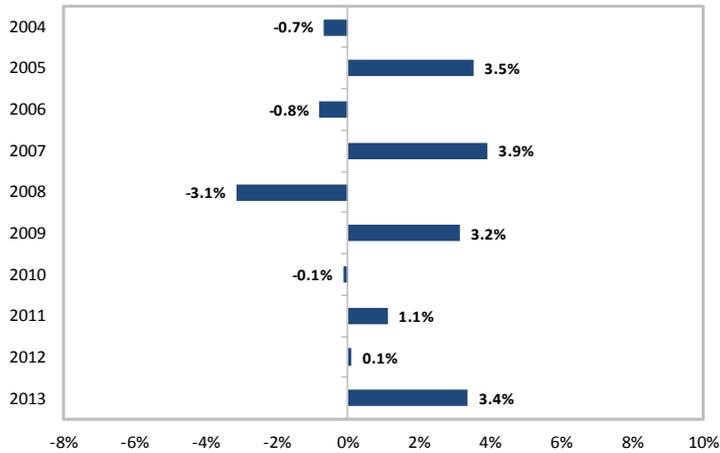
Median Large Capitalization Growth Equity Manager vs. Russell 1000 Growth



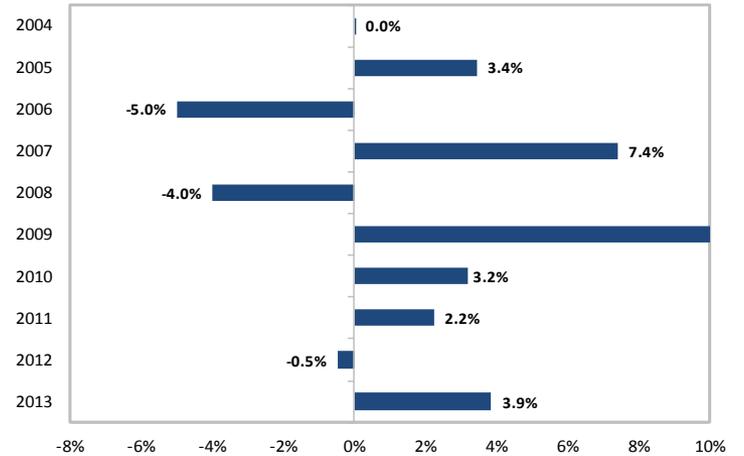
Median Large Capitalization Value Equity Manager vs. Russell 1000 Value



Median Small Capitalization Growth Equity Manager vs. Russell 2000 Growth

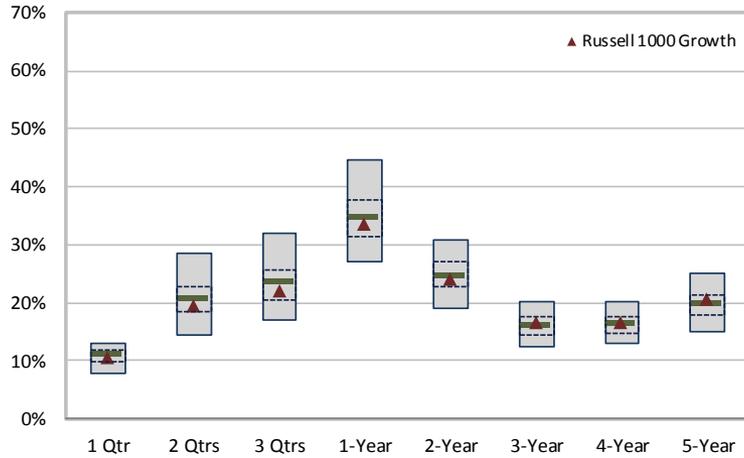


Median Small Capitalization Value Equity Manager vs. Russell 2000 Value

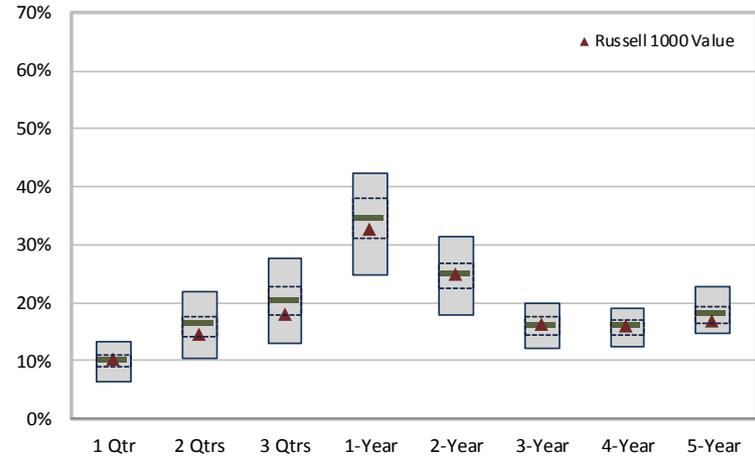


UNIVERSE EQUITY STYLE MANAGERS

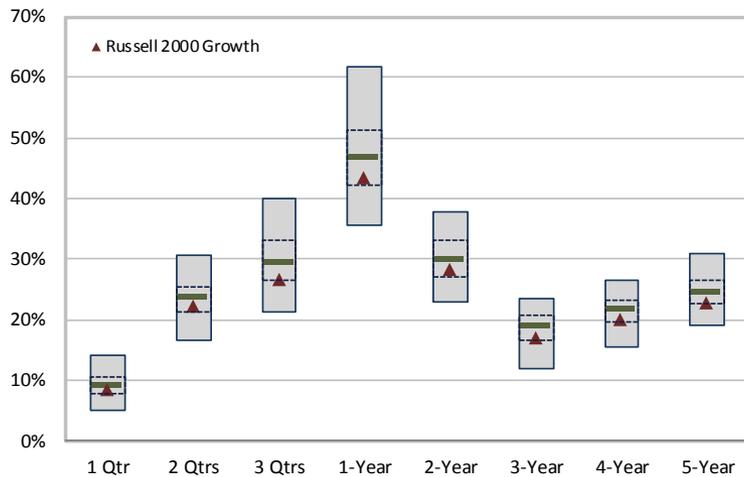
Large Cap Growth Equity Universe



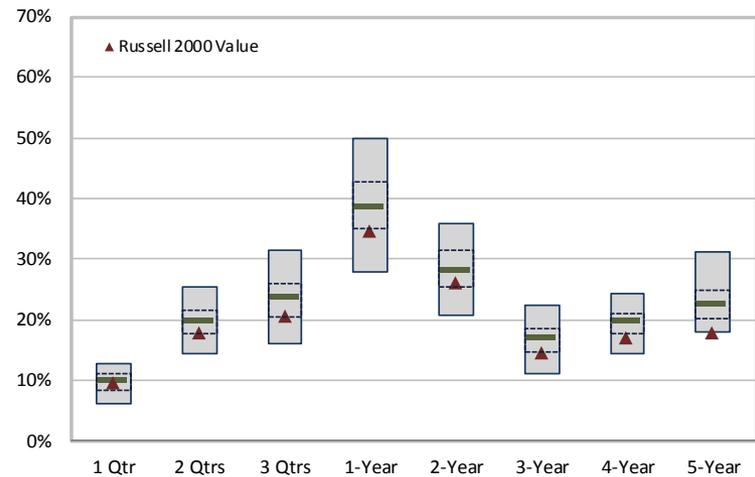
Large Cap Value Equity Universe



Small Cap Growth Equity Universe



Small Cap Value Equity Universe



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