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Economic & Capital Market Review

June 30, 2015

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KEY HIGHLIGHTS

- In Q2 2015:
 - The global economy continued to experience lackluster growth and inflation despite extraordinary accommodation by central banks. In the US, economic activity appears to have increased relative to the first quarter of 2015, in which GDP contracted 0.2% on an annual basis. Concerns around a Greek debt default, slowing growth and a stock market bubble in China, and a likely interest rate increase in 2015 by the US Federal Reserve received the most attention during the quarter.
- Growth assets mostly saw muted gains:
 - Major headlines surrounding Greece and China were not enough to generate selling among risky assets during the quarter. The global equity market was led modestly higher by international indices, which benefited from the decline in the US dollar.
 - The US equity market saw small gains as economic data improved, but not enough to make investors fearful of the Fed raising interest rates at a faster pace than previously thought.
 - Other growth assets, such as master limited partnerships (MLPs), REITs, and risky parity, traded lower as interest rates rose.
- Income assets generally declined:
 - Interest rates rose throughout the world during the quarter, as both real rates and inflation expectations increased. International bond returns were brought higher by the relatively weaker US dollar.
 - Core fixed income strategies declined on rising rates. Despite the increase in rates during the quarter, they remain at very low levels relative to their historical averages.
 - Core real estate continues to produce strong returns, gaining 3.8% for the quarter, and relative value hedge fund strategies were also positive.
- Diversifying assets were mixed:
 - Commodity indices saw gains as oil prices stabilized at prices much lower than this time one year ago. Crude oil (WTI) ended the quarter up 25% at \$59 per barrel; as of June 30, 2014, the price was \$95 per barrel.
 - Long Treasury bonds declined as 30-year yields in the US rose more than 50 bps during the quarter.

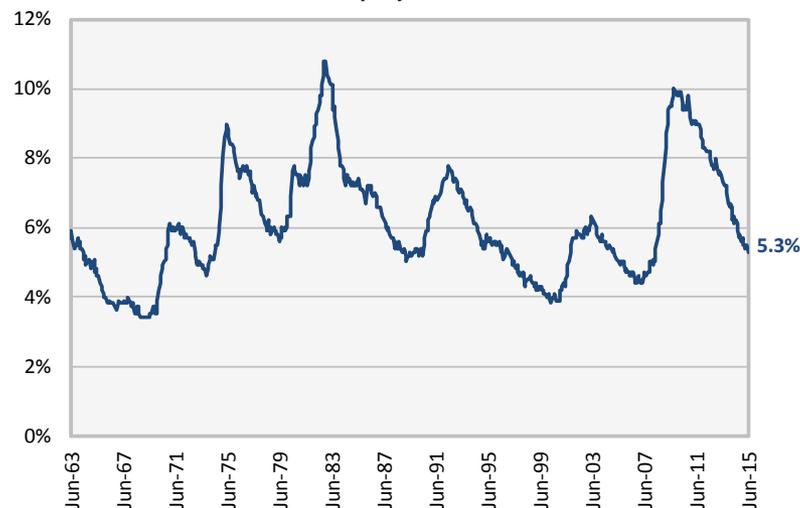
Economy

- The US economy showed modest acceleration during the quarter relative to the sluggish start to 2015. Economic data releases improved, with housing and labor market indicators leading the way in the US. During June the global economy turned its focus to Greece, a country currently experiencing what many are equating to the US Great Depression. Concerns regarding the future of Greece as a member of the eurozone and the potential ripple effect of Greece's actions on other European countries and the rest of the world raised financial market uncertainty, as many issues remain to be resolved in coming weeks and months.
- Employment reports from Q2 suggest continued expansion in the US labor market, as the unemployment rate fell 20 basis points to 5.3%, its lowest level since April 2008; however, workers continued to leave the labor force, and the labor force participation rate reached its lowest level since 1977. While job gains have been strong following the Great Recession, the declining labor force participation rate has also helped lower the unemployment rate. Average weekly earnings were unchanged in June from March, a sign that although the unemployment rate continues to decline, there remains some degree of slack in the job market.
- US inflation continues to run below the 2.0% target of the Federal Reserve. While consumer prices, according to the Consumer Price Index (CPI), rose 0.9% from March to June, they rose just 0.2% over the 12 months ending June. Core prices, which exclude food and energy, rose 0.6% during from March to June and were up 1.8% for the 12 months ending June. Declining energy prices mainly account for the difference between core and headline inflation figures.
- Some of the major trends in the global economy reversed, at least for the time being, during the quarter. The US dollar, which had strengthened 23% in the 12 months ending March 2015 according to the DXY Index, declined 3% during the quarter. Crude oil prices (WTI) were as high as \$105 per barrel in June 2014, but had declined 53% over the 12 months ending March to \$48 per barrel. During the second quarter, crude prices found some temporary footing and rebounded 25% to \$59 per barrel.

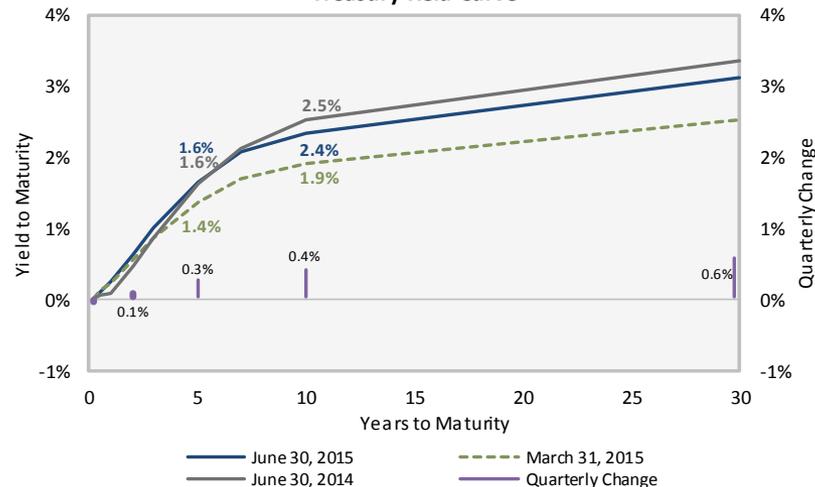
Yield Curve

- Yields rose across the curve during the quarter. The spread between 2-year and 30-year Treasuries widened 50 bps during the three months ending June, from what was its lowest level since 2008, to 250 bps.

Unemployment Rate



Treasury Yield Curve

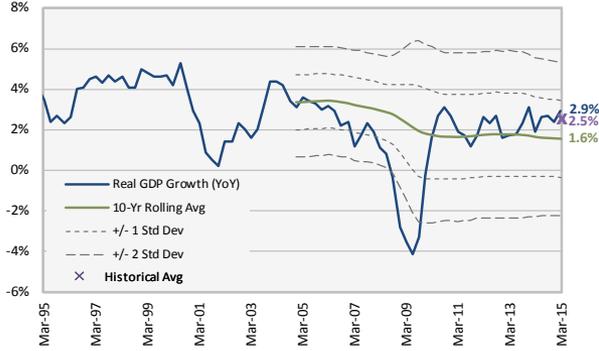


Source: Bloomberg

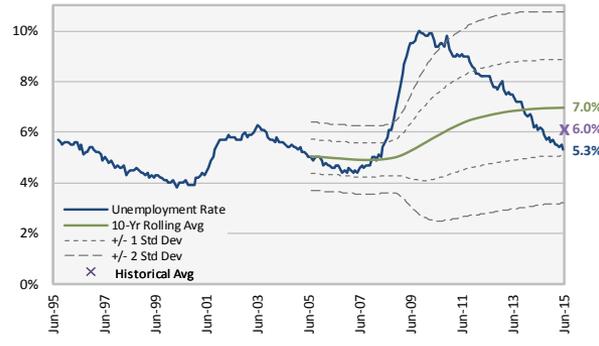
Economic Perspective

June 30, 2015

Real GDP Growth (YoY)



Unemployment Rate



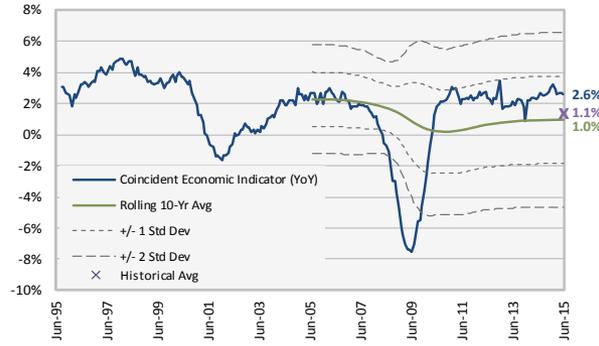
Manufacturing Strength



Leading Economic Indicator (YoY)



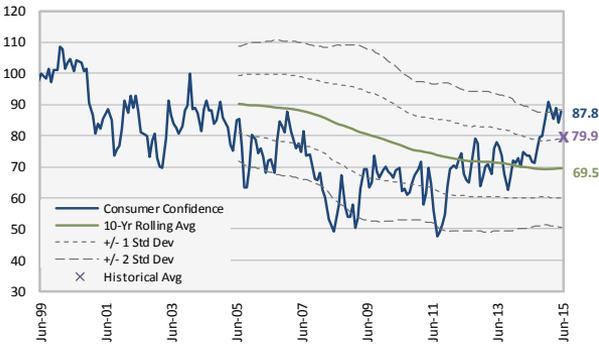
Coincident Economic Indicator (YoY)



Lagging Economic Indicator (YoY)



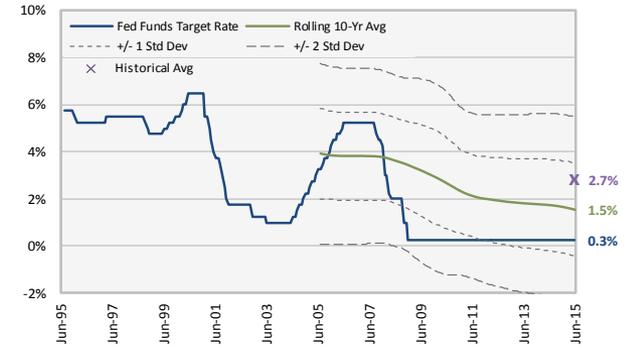
Consumer Confidence

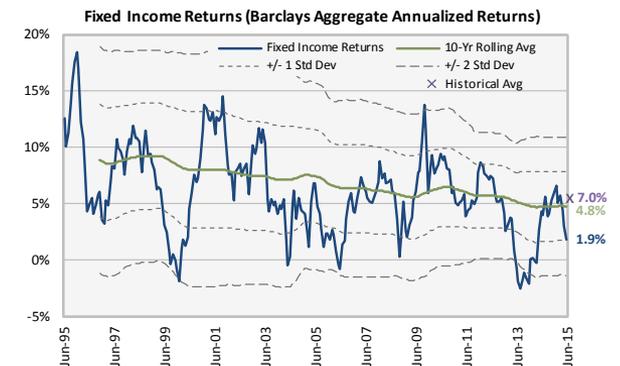
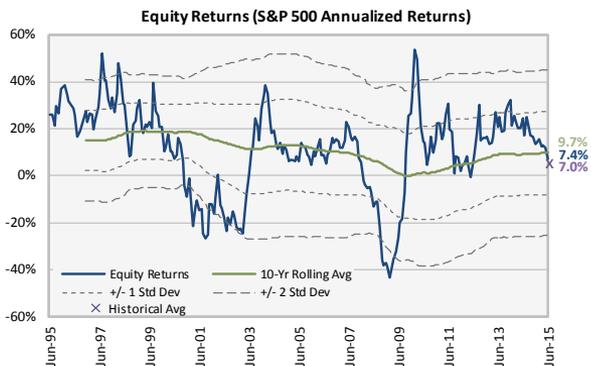
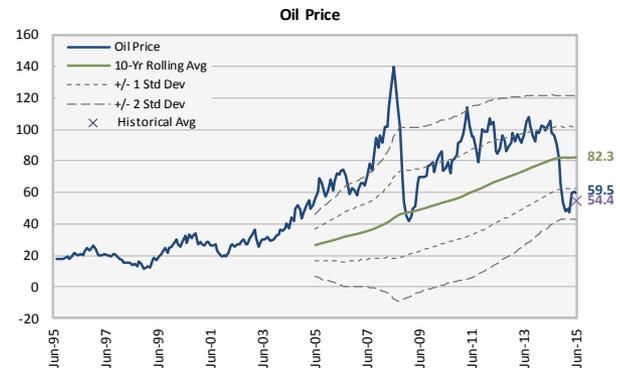
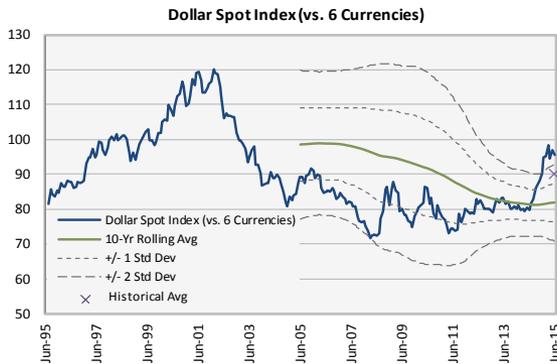
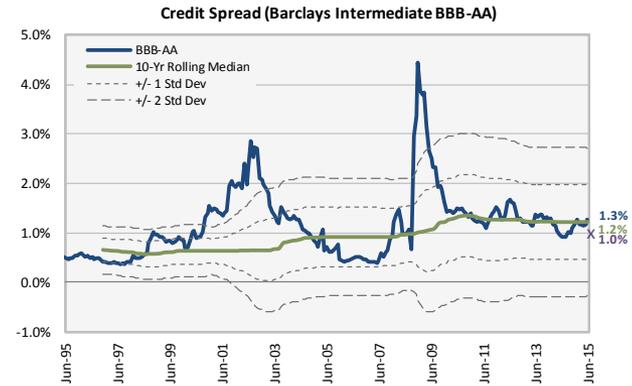
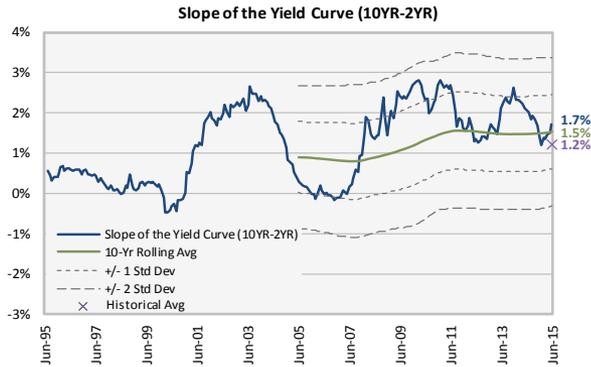


Consumer Price Index (YoY, Headline)



Federal Funds Target Rate





Growth Assets

June 30, 2015

Public Equities

- Global equity markets were modestly higher during the quarter, as focus continued to be on major central banking policy actions. In aggregate, non-US markets outperformed primarily on foreign currency strength. Emerging market returns were driven by China, which experienced a rapid market run-up on expectations for easier monetary policy to stem the country's declining growth rate.
- Master Limited Partnerships (MLPs) were volatile during the quarter, ultimately declining 6.1% with sharp up and down months. Continued volatility of and lower overall crude oil pricing continues to cause uncertainty in the MLP market, as investors search for greater visibility on forward-looking producer volumes.

Public Debt

- High yield returns were flat for the quarter. Spreads initially tightened in May before spiking in June over Greek debt concerns, an increase in Treasury yields, mutual fund outflows, and equity volatility. Default expectations for 2015 are under 2% but 2016 could see an uptick due to the energy sector.
- The local emerging market debt index fell nearly 1% for the quarter with currency depreciation subtracting 70 bps; US dollar strength continued to be a headwind. Generally, growth in emerging markets continues to disappoint and the currency depreciation experienced over the past year has yet to translate into major export growth or realignment of current account balances.

Private Equity

- Purchase price multiples, as measured by S&P Leveraged Commentary and Data (LCD), remain at record high levels; the easy availability of credit and record levels of dry powder have been the main drivers. Higher purchase price multiples could be more of a new normal rather than the result of a market cycle peak. The asset class continues to become more efficient as investors commit more and more dollars to the space.

Private Debt

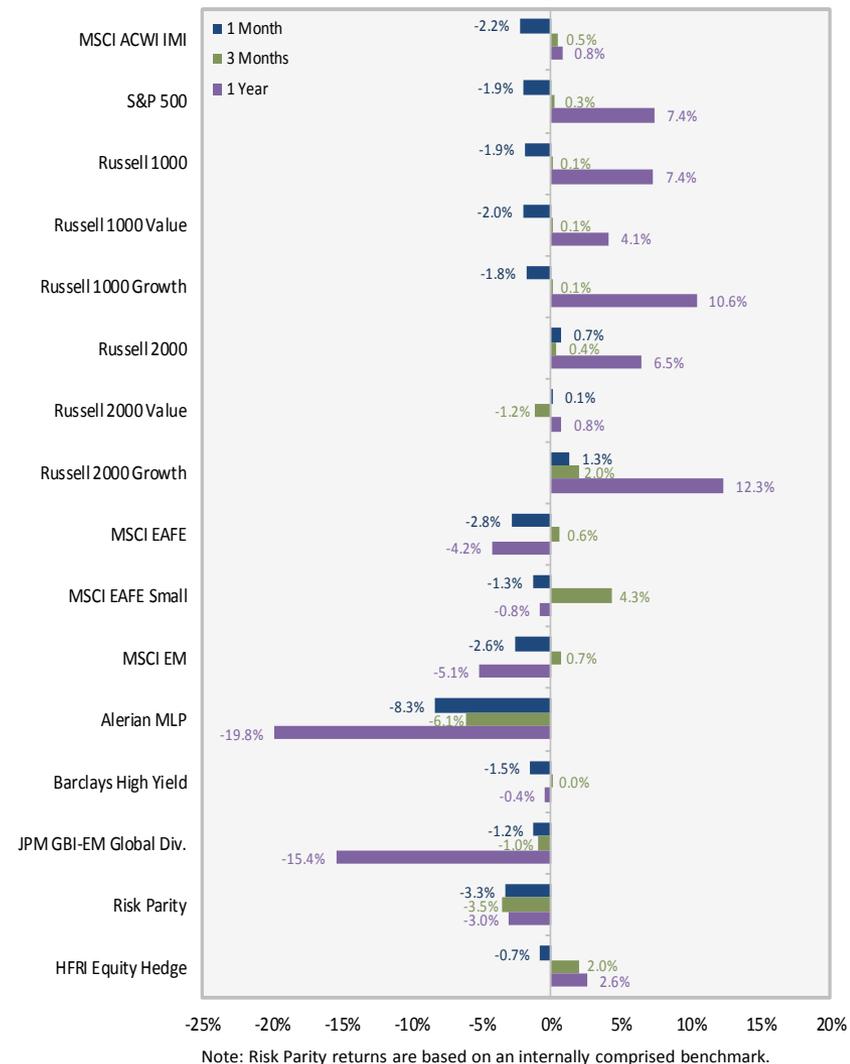
- While the first quarter experienced an uptick in covenant relief amendments, there was no corresponding increase in the second quarter. More reliefs are possible in coming quarters as oil prices test the capital structures of several energy-related, sponsor-backed deals. Debt/EBITDA ratios are near all-time highs, but capex and interest coverage remain significantly higher than the low coverage rates seen in 2006 and '07.

Risk Parity

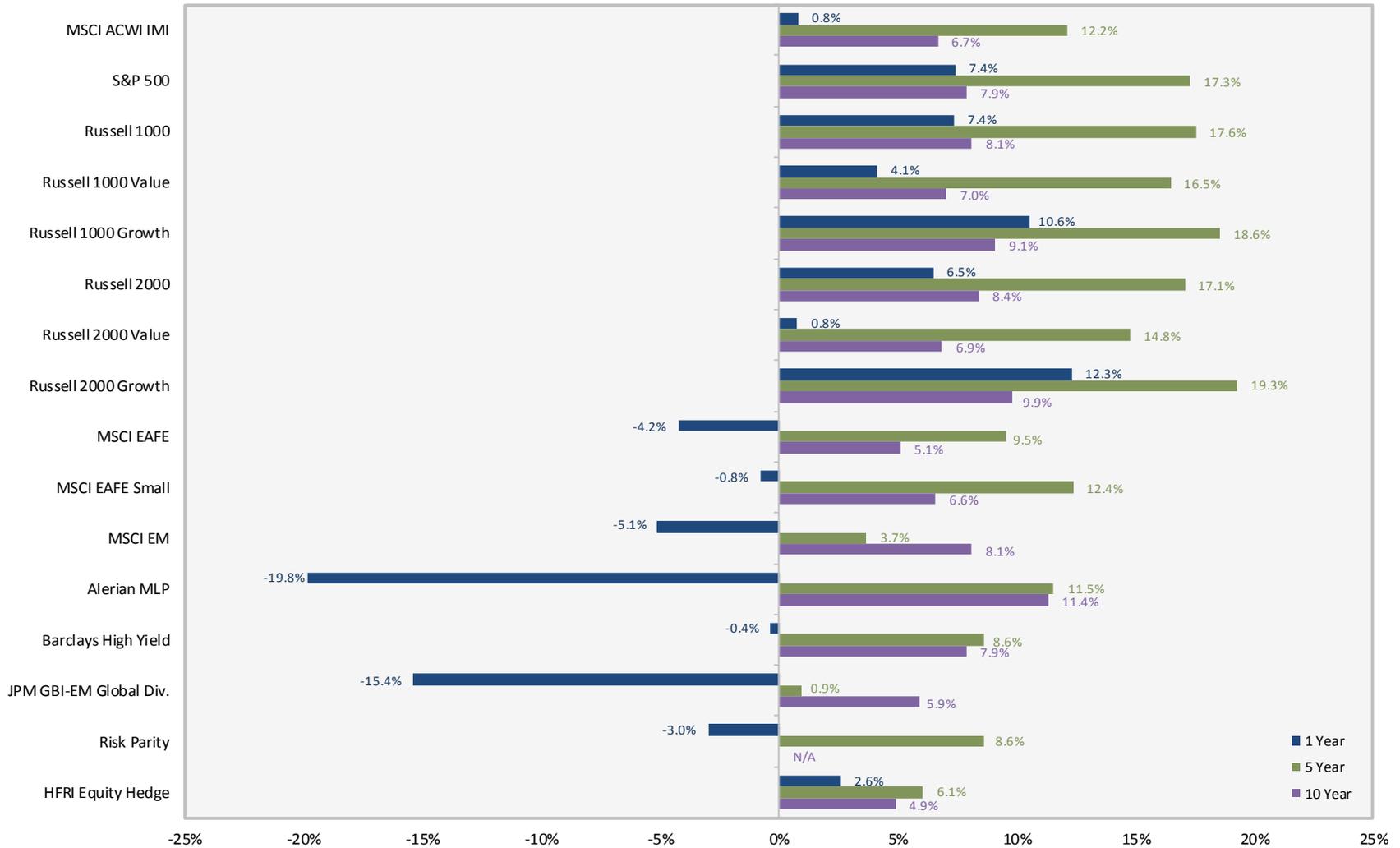
- Risk Parity strategies performed poorly in the second quarter, with losses in global bonds and credit exposures; commodities and equities contributed.

Growth Hedge Funds

- Long/short equity funds were positive for the quarter. Event-Driven strategies were mixed, with gains in activist and merger arbitrage strategies. Distressed and multi-strategy funds were down slightly.

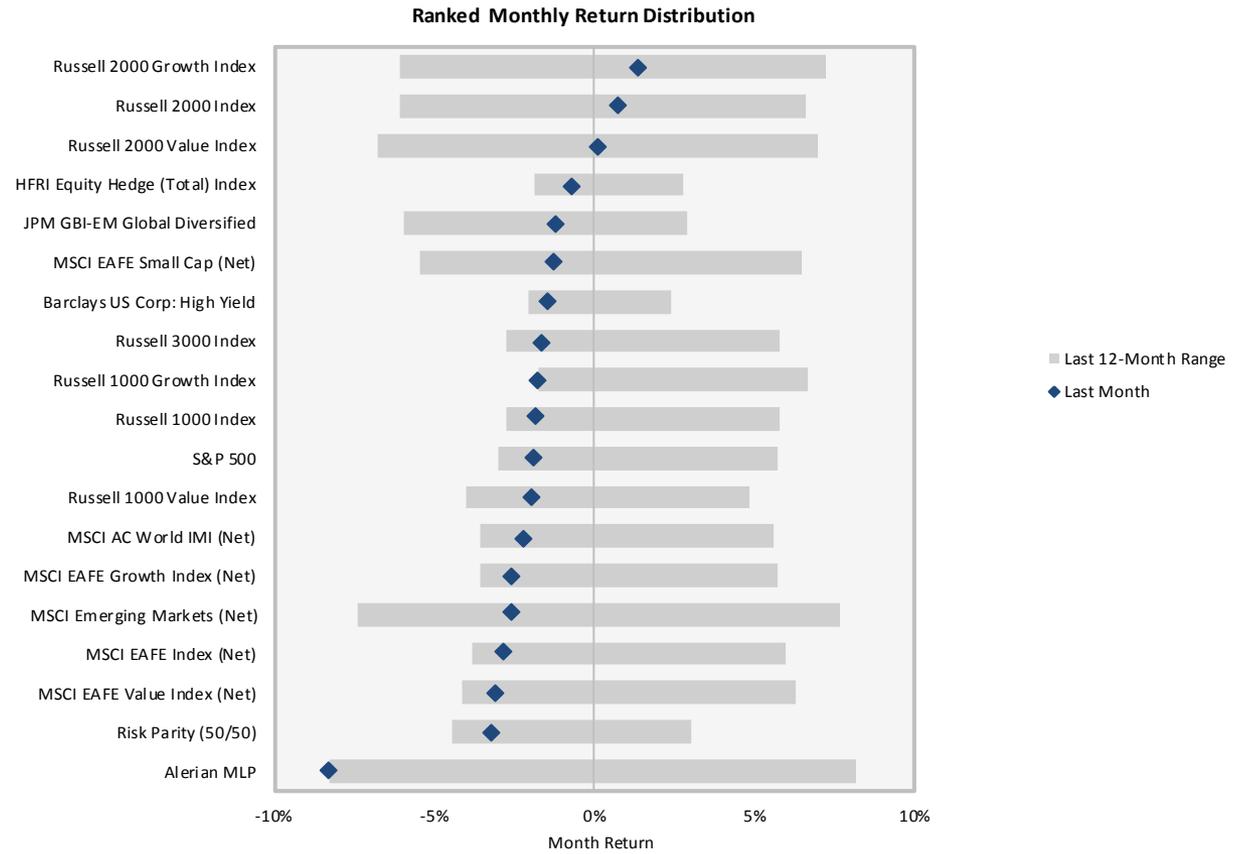


ANNUALIZED ONE-, FIVE-, AND TEN-YEAR RETURNS

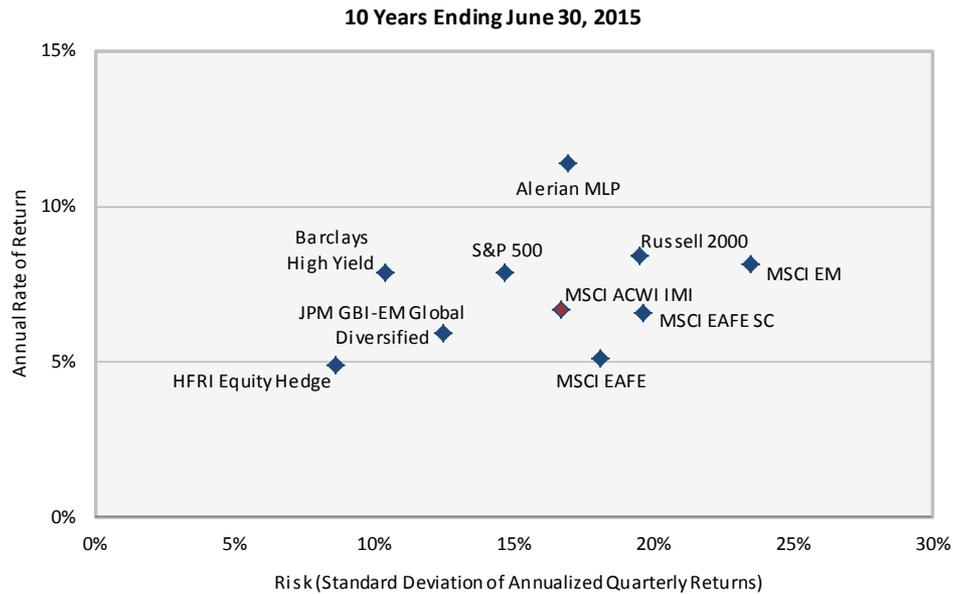
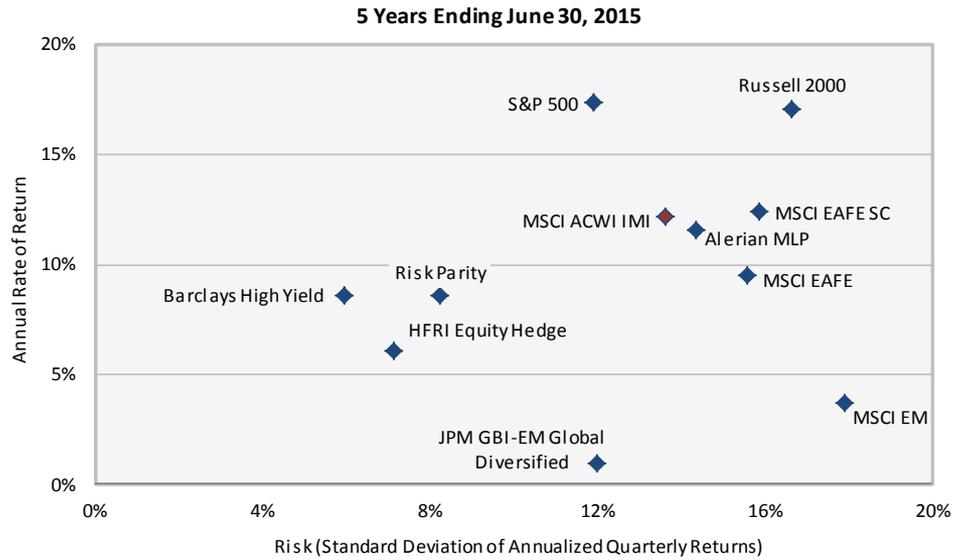


Note: Risk Parity returns are based on an internally comprised benchmark.

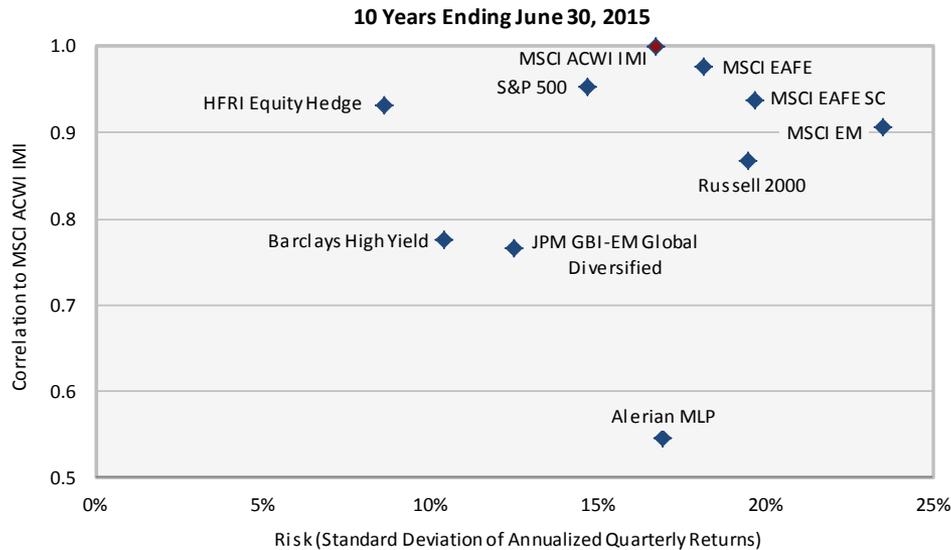
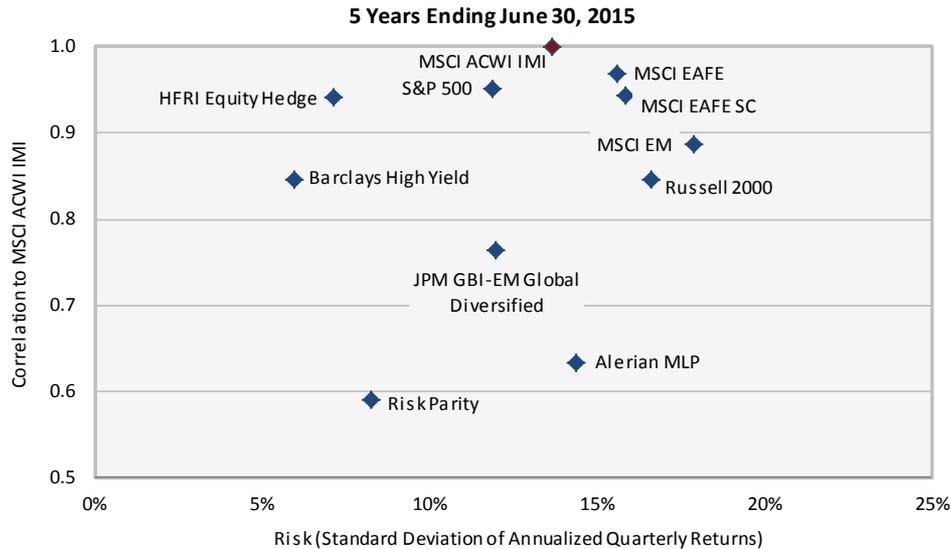
HISTORICAL RELATIVE PERFORMANCE



ASSET CLASS RISK/RETURN PERFORMANCE



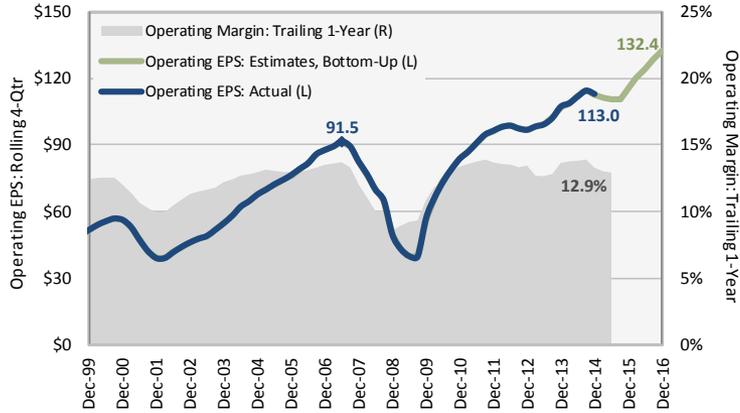
ASSET CLASS CORRELATION TO MSCI ACWI IMI



MARKET CHARTS

S&P 500 Operating Earnings

Rolling 4-Quarter, Actual and Estimated



Source: Standard & Poor's

Operating margins remain at cyclical highs; S&P 500 earnings are expected to have declined in Q2 due to the energy sector and strong dollar.

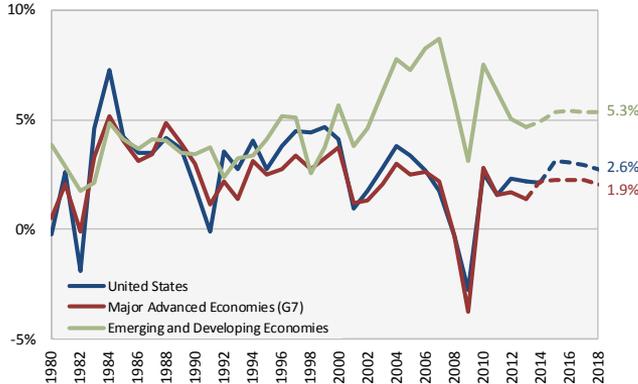
Purchasing Managers' Index



Source: Institute for Supply Management

US manufacturing picked up in Q2, but remains below the strong levels of 2014; a reading over 50 implies expansion.

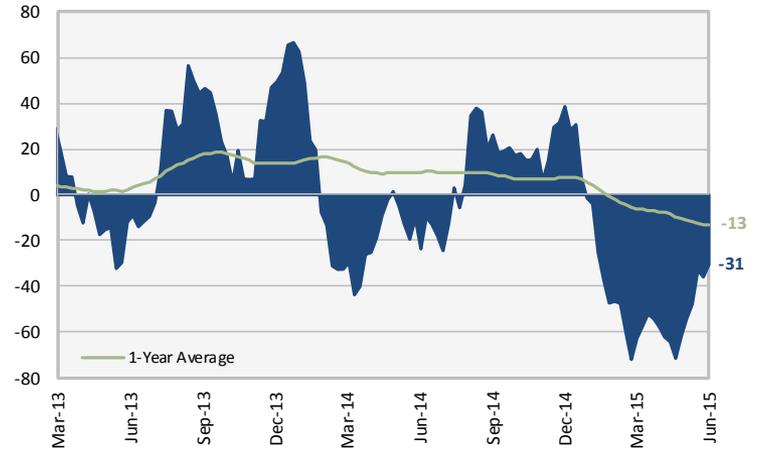
GDP Growth (YoY)



Source: International Monetary Fund

Economic growth remains positive, but expectations for future growth are muted.

Citigroup Economic Surprise Index



Source: Citigroup, Bloomberg

Economic data releases came in lower than expected in Q2, but at a lower rate than in Q1; an Index reading of 0 means data has met analyst expectations.

Income Assets

June 30, 2015

Public Debt

- The US Treasury curve steepened, with the 10- and 30-Year up 43 bps and 53 bps, respectively, while the 2-Year rose a modest 9 bps. Lower liquidity, continued speculation over the timing of the Fed's first rate increase, and better second quarter economic prints impacted rates. Within investment grade spread sectors, credit was the worst performer by a wide margin, falling 2.9% due to wider spreads, heavy corporate issuance, and a longer duration profile. Agency MBS fell 0.7% on volatility in rates and rising rates increasing extension risk driven by slower prepayments.
- Developed international debt markets suffered in the second quarter, falling 1.5%. Rates conspired against the Barclays Global Aggregate ex US Index with yields in Europe spiking in May and June. After reaching an all-time low of 0.1% in late April, the 10-year German Bund moved dramatically higher by 91 bps through early June after signs of life in European economies and inflation. On a positive note, peripheral Europe managed to hold on versus core Europe as the Greece crisis once again heated up, peaking at a spread of 165 bps to Bunds versus over 500 bps during the initial European Financial Crisis.

Private Debt

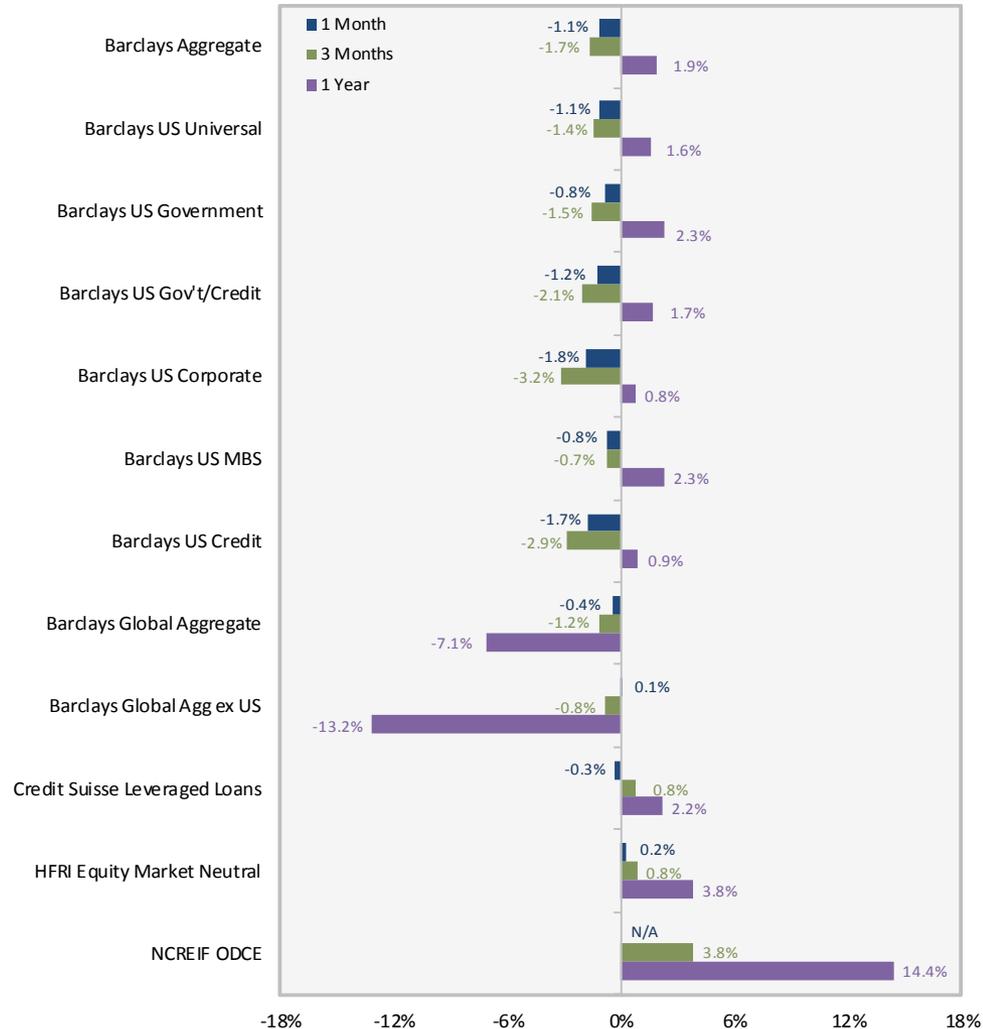
- A floating rate and thereby, shorter duration, helped public bank loans produce a positive 0.8% quarterly return, easily besting other fixed income sectors. For the past year, returns total 2.2%. May witnessed the fifth-largest monthly issuance volume of \$68.4B on record, but year-to-date volumes trail 2014 by \$100B. Acquisition-related issuance hit a post-crisis high of 37% of total volume, with LBOs 16% of the total volume. Refinancings/repricings still account for the majority of issuance, totaling 62% of the year's issuance.

Relative Value Hedge Funds

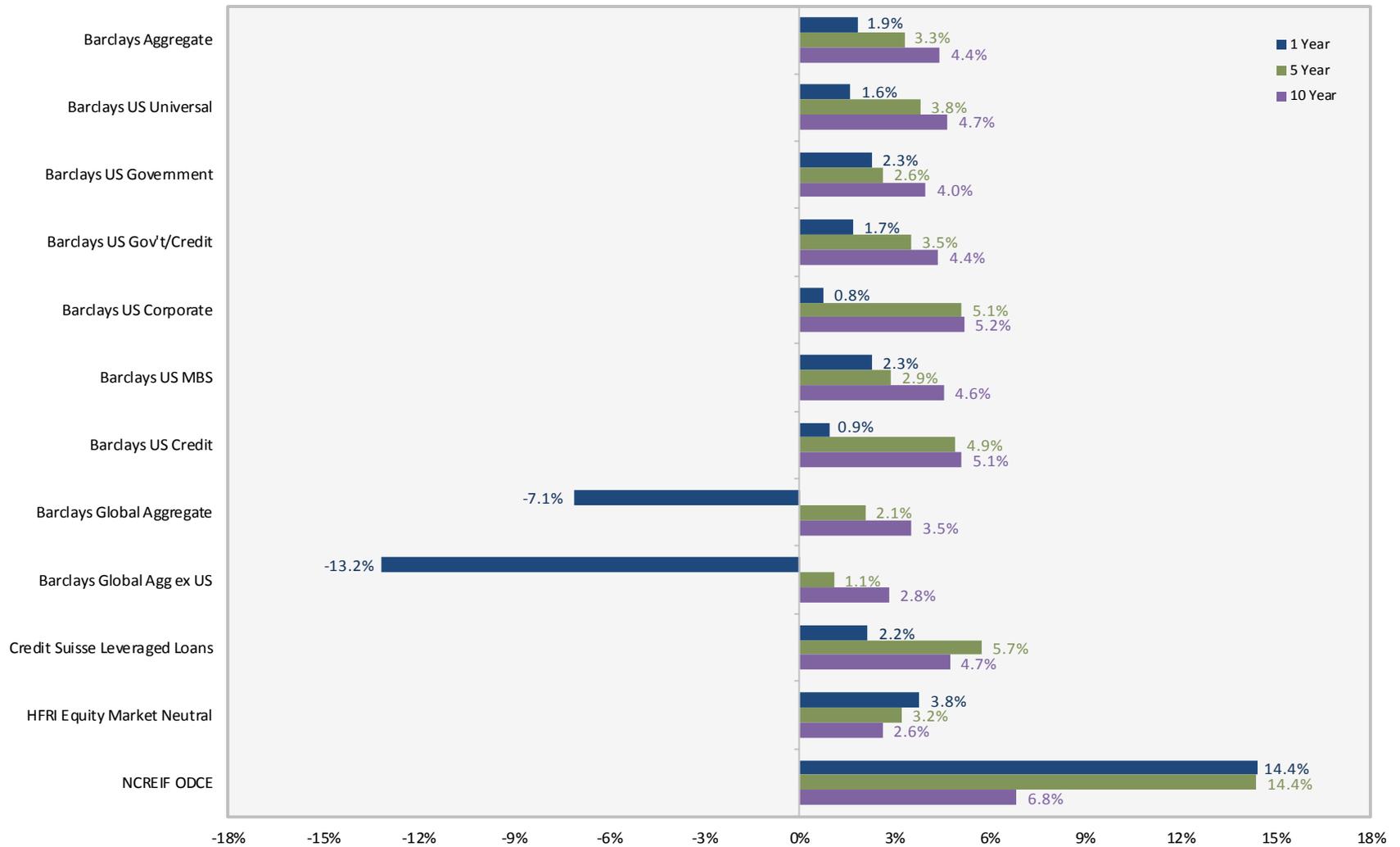
- Market neutral equity strategies were positive for the quarter. Relative value strategies were positive as well, with asset-backed and convertible arbitrage strategies providing the largest gains.

Core Real Estate

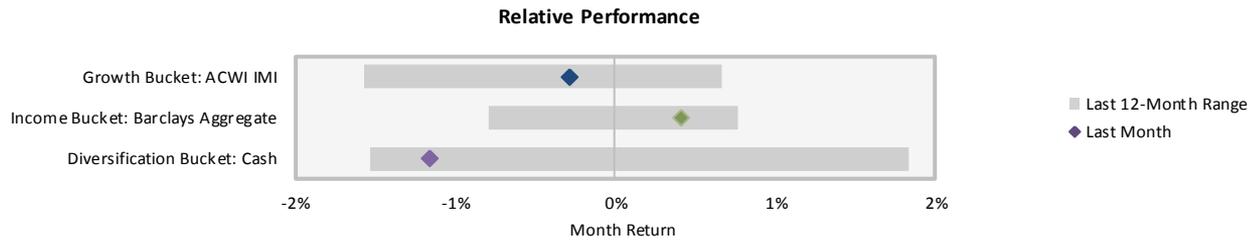
- Core real estate continued to perform well in the second quarter with a 3.8% gross return as measured by the NCREIF ODCE Index. Continued economic growth throughout the US has accelerated income returns, which in turn has also advanced appreciation returns. With a limited amount of new supply, the current economic growth supported a landlord-friendly environment.



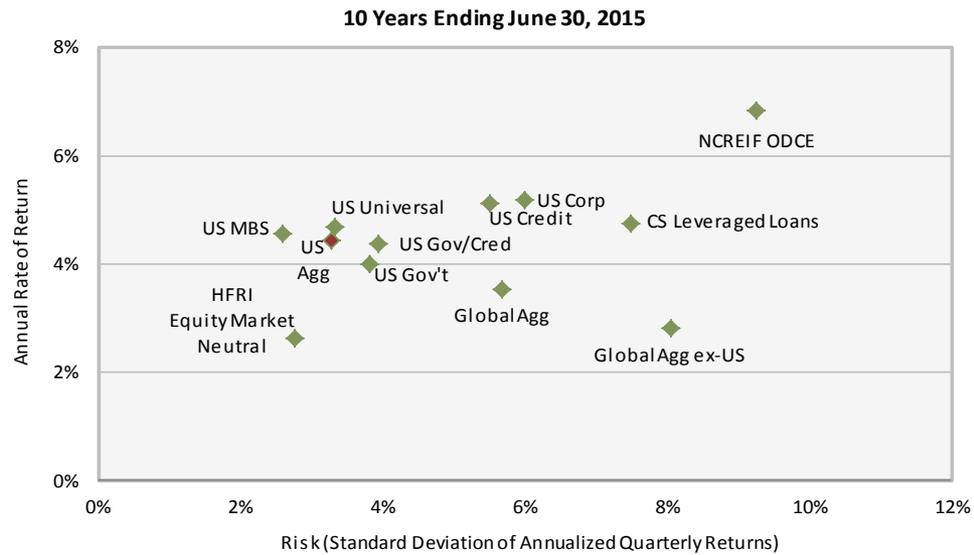
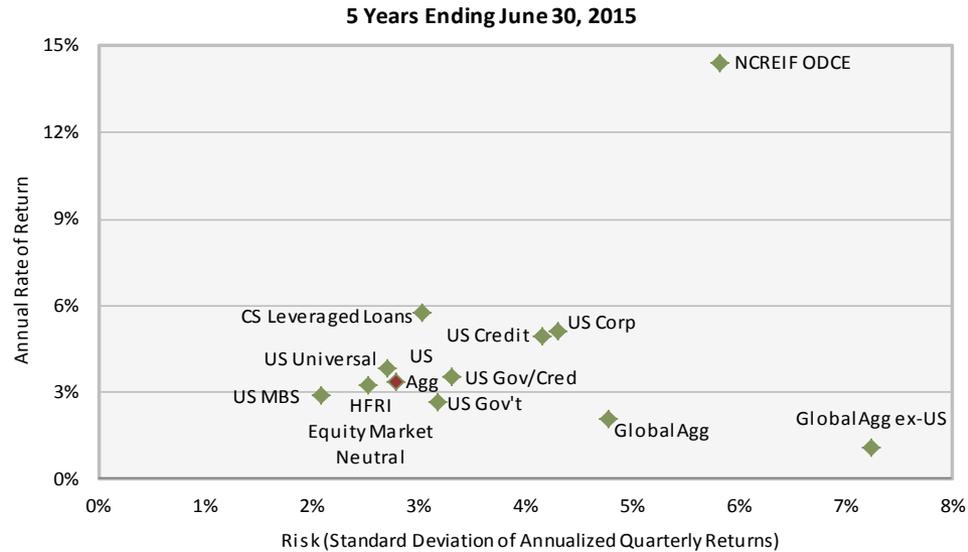
ANNUALIZED ONE-, FIVE-, AND TEN-YEAR RETURNS



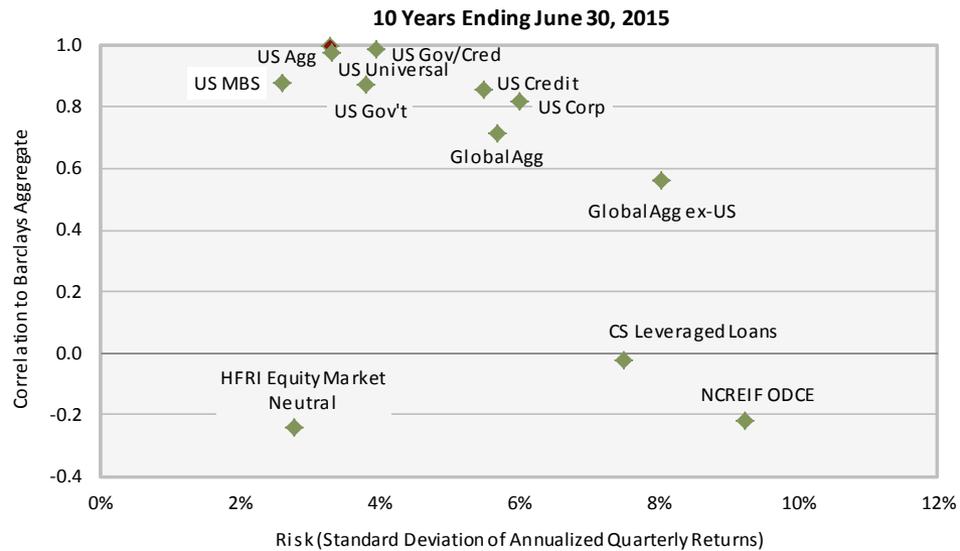
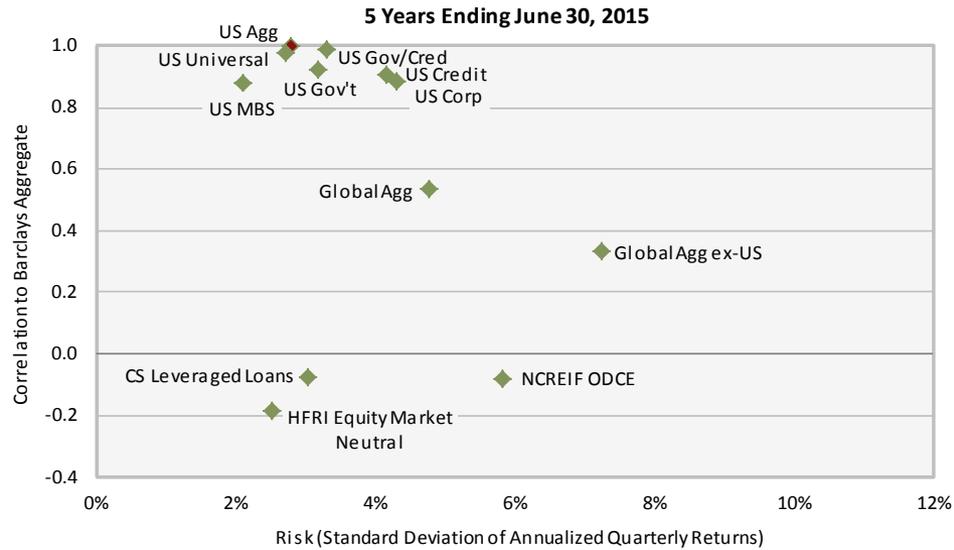
HISTORICAL RELATIVE PERFORMANCE



ASSET CLASS RISK/RETURN PERFORMANCE

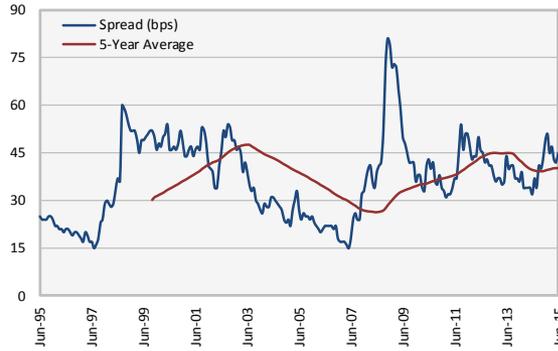


ASSET CLASS CORRELATION TO BARCLAYS AGGREGATE



MARKET CHARTS

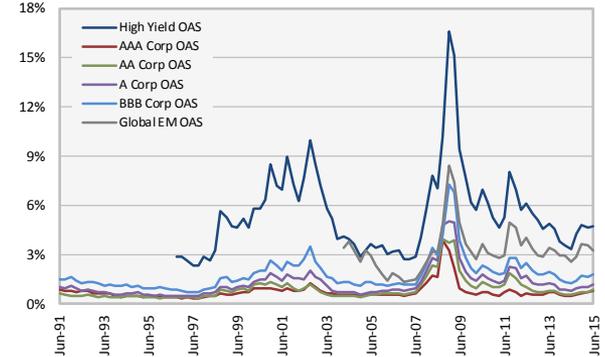
Core Plus vs Core Fixed Income



Source: Barclays

The spread between core plus and core fixed income is near longer-term averages.

Barclays Capital Option Adjusted Spreads



Source: Barclays

Spreads have widened slightly, but remain relatively low.

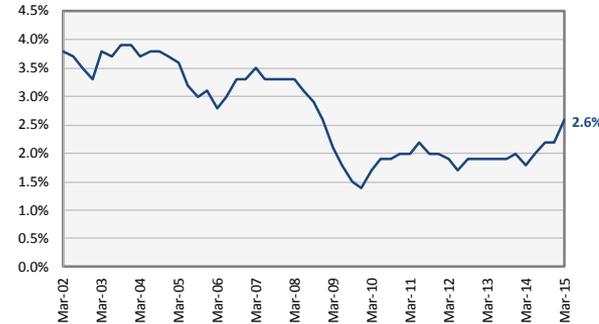
Implied Inflation



Source: Bloomberg

Long-term implied inflation is up 20 bps from year-end 2014 levels, but remains below its long-term average of 2.1%

Employment Cost Index YoY % Change



Source: Bureau of Labor Statistics

Wage growth has only slightly increased since the Great Recession. As the labor market continues to tighten, expect this indicator to rise.

NCREIF Cap Rates vs Barclays US Aggregate



Source: NCREIF, Barclays

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

Home prices continue to rise but remain below the highs of 2006.

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



Source: S&P Case-Shiller Composite 20-Home Price Index NSA

Diversification Assets

June 30, 2015

Inflation

- Five-year forward, five-year breakeven inflation stood at 214 bps at the end of the second quarter, up from 177 bps to start the quarter but below the more typical 250 bps level last seen in 2014. Five-year breakeven inflation saw a smaller 9 bps rise to 167 bps as the nominal curve steepened more than the real curve. Real rates at the 5- and 10-year points were both up 30 bps.

Deflation

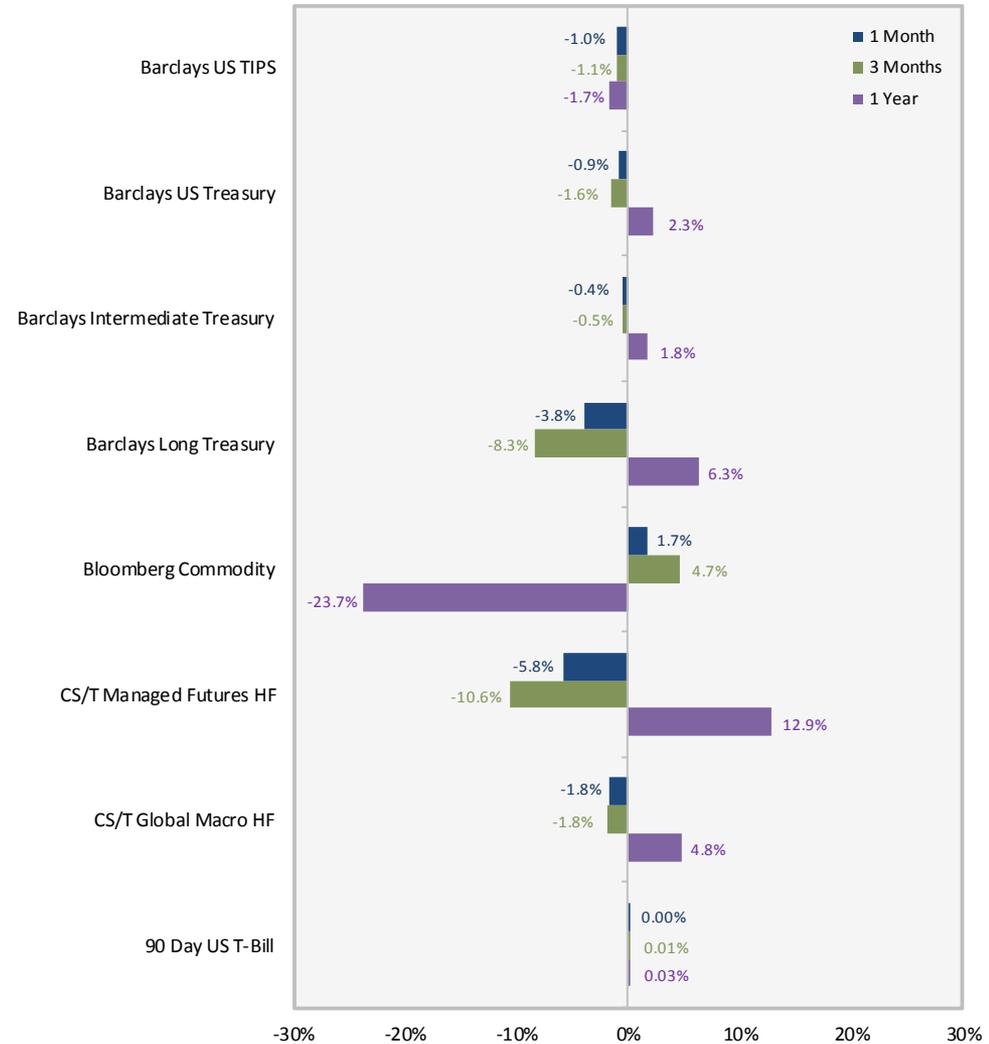
- In deflation-protecting assets, 30-year Treasury yields and 30-year Treasury Principal Strips increased 53 bps and 62 bps, respectively. Thirty-year demand weakened as rate markets sold-off in sympathy with Europe's increasing inflation expectations among other factors. Additionally, the 30-Year suffered poor primary market auctions in both April and May.

Commodities

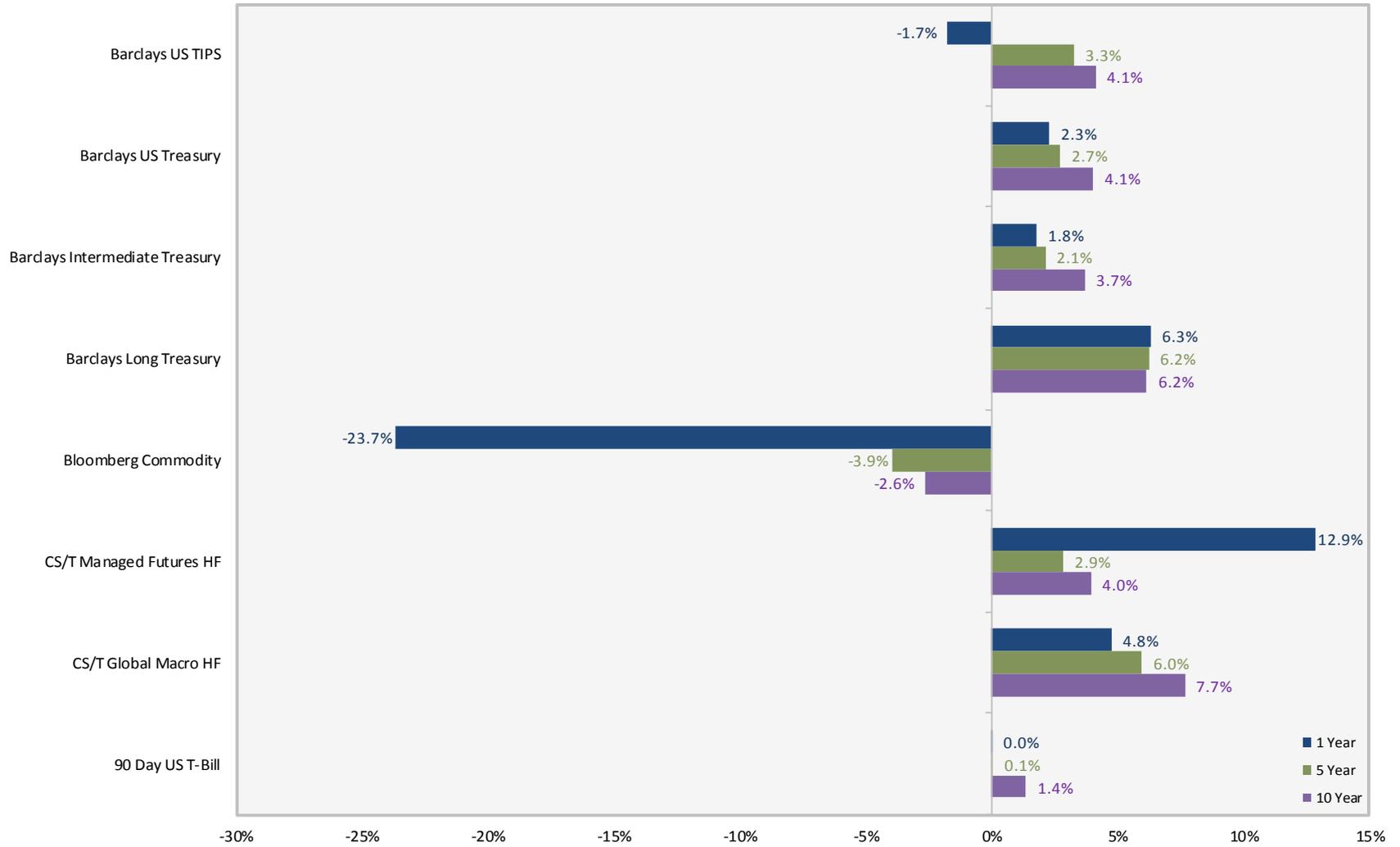
- Commodities performed well in the second quarter, gaining 4.7%, driven by bottoming prices in several commodities as well as less strength in the US dollar. Sector beta drove performance, as each energy commodity and nearly all agriculture commodities rose during the quarter, while all metals commodities modestly declined.

Tactical Trading

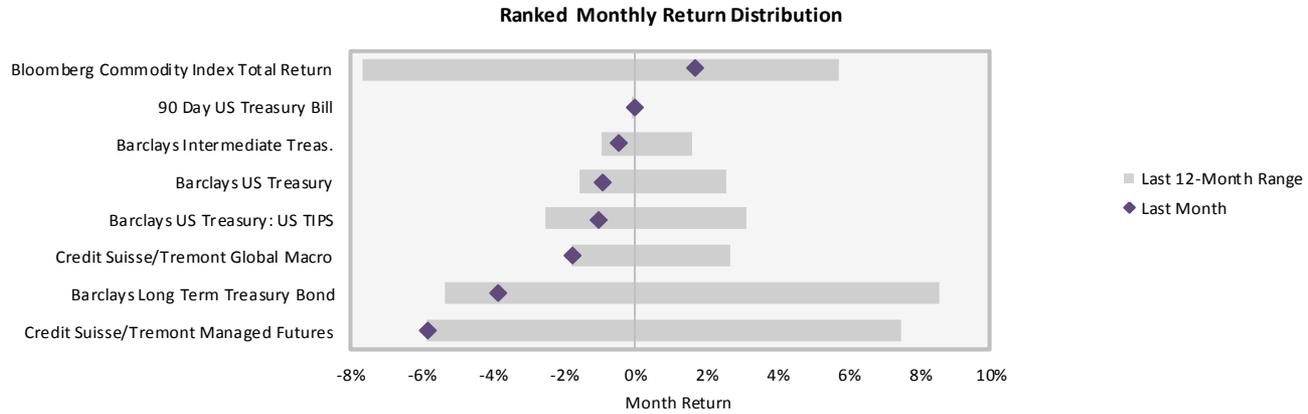
- Diversification hedge funds struggled in the second quarter. Both global macro and managed futures funds detracted.



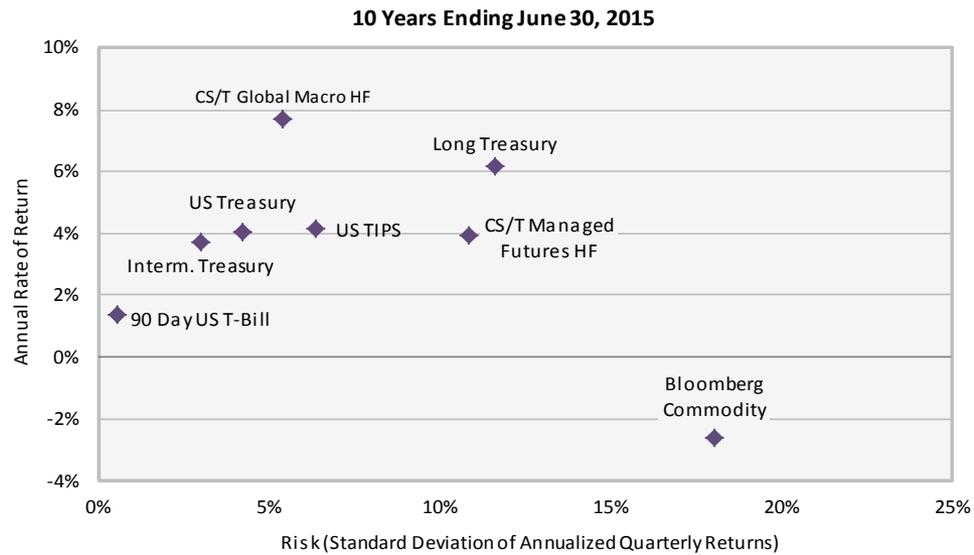
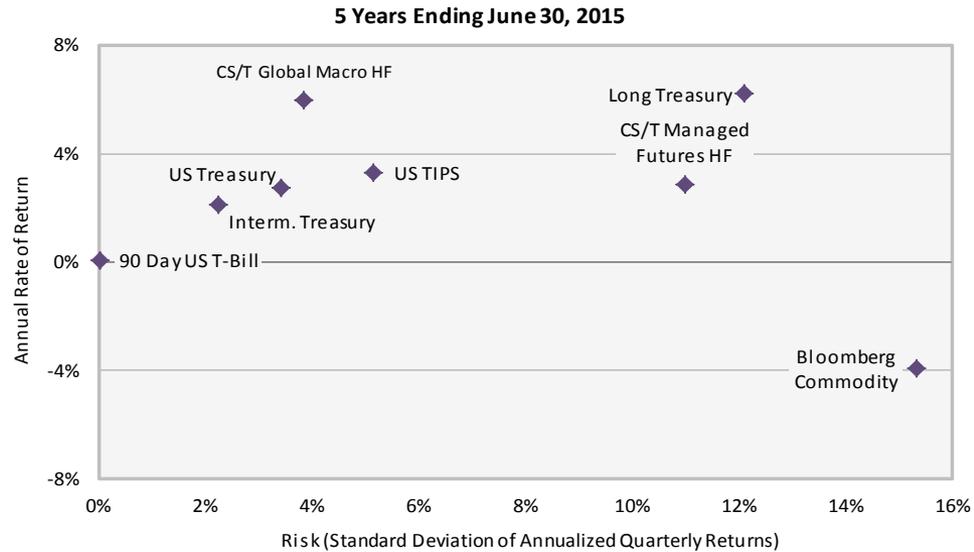
ANNUALIZED ONE-, FIVE-, AND TEN-YEAR RETURNS



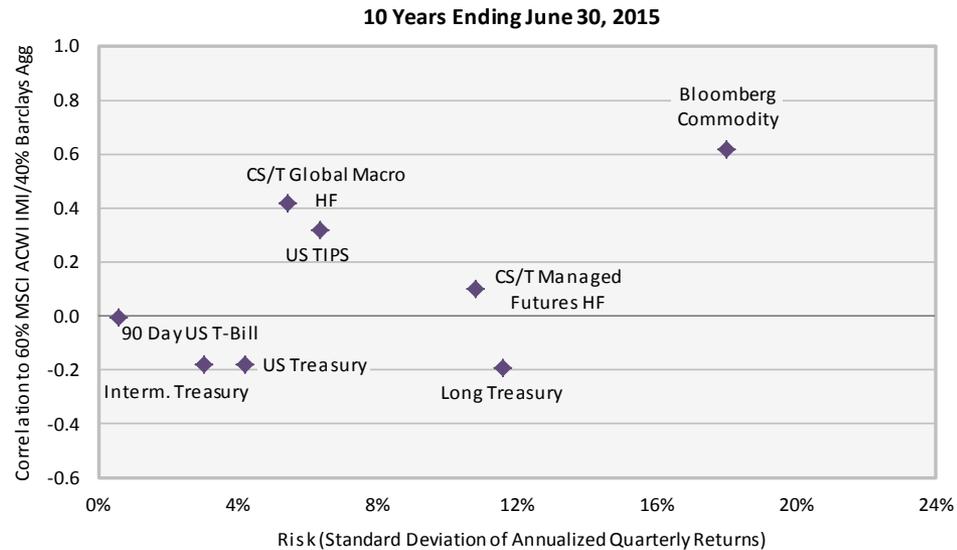
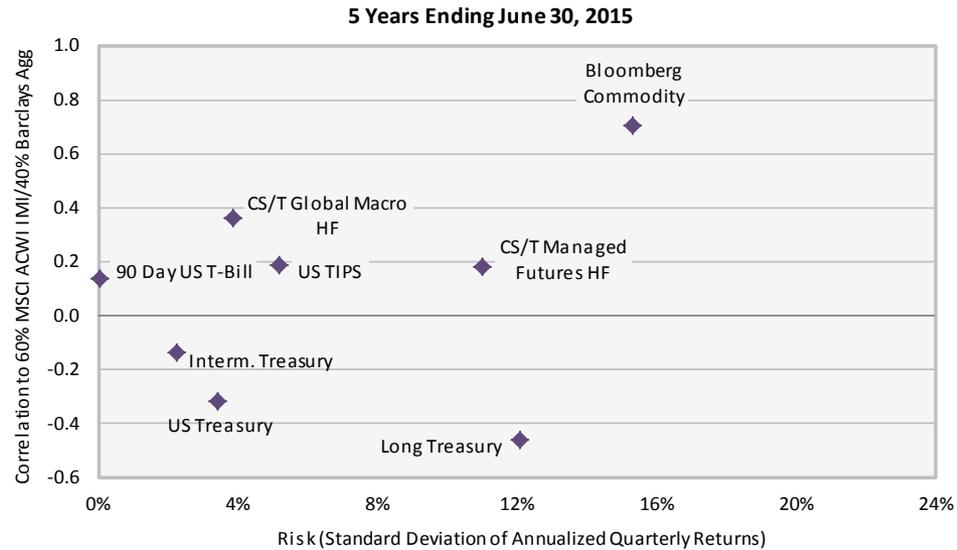
HISTORICAL RELATIVE PERFORMANCE



ASSET CLASS RISK/RETURN PERFORMANCE

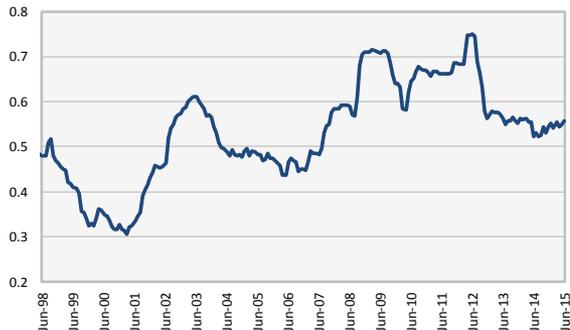


ASSET CLASS CORRELATION TO 60% MSCI ACWI IMI/40% BARCLAYS AGGREGATE



MARKET CHARTS

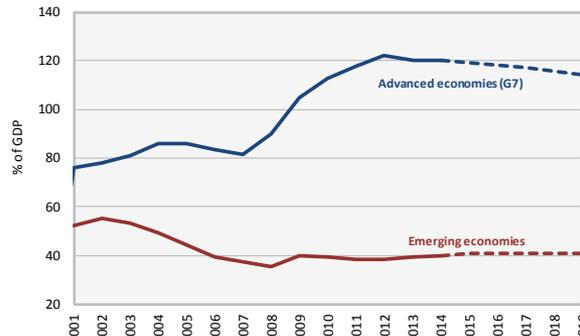
S&P 500 Member Average Correlation



Source: Summit Strategies Analysis

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

Government Debt/GDP



Source: International Monetary Fund

Debt burdens in advanced economies are well over 100% of GDP but are expected to decline; emerging economies are expected to maintain a debt level of near 40% of GDP.

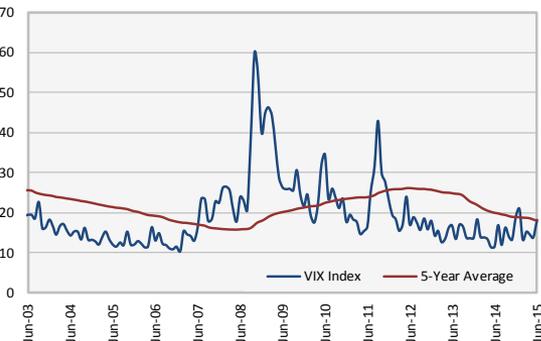
Commodities: Including and Excluding Petroleum



Source: Dow Jones-UBS

Commodity price declines have continued; the damage has not been limited to energy.

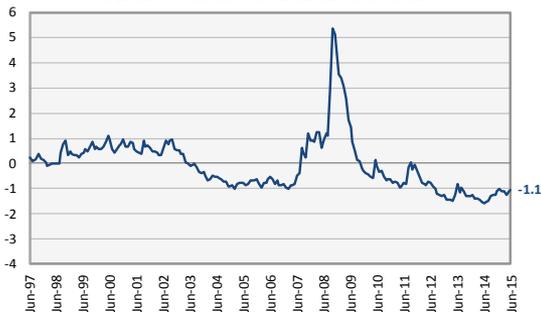
Equity Volatility (VIX)



Source: Chicago Board Options Exchange

Equity volatility has been low and traded within a narrow range for 3-plus years now.

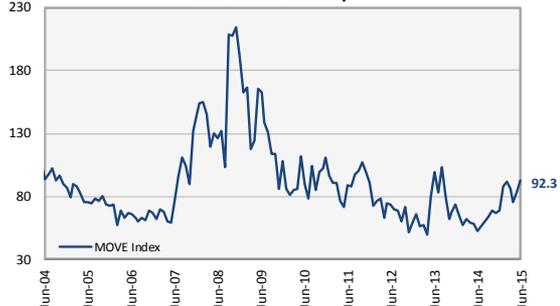
St. Louis Federal Reserve Financial Stress Index



Source: St. Louis Federal Reserve

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

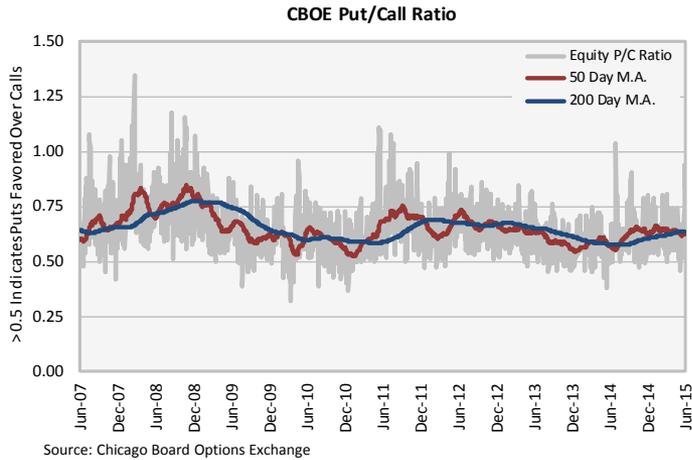
Fixed Income Volatility



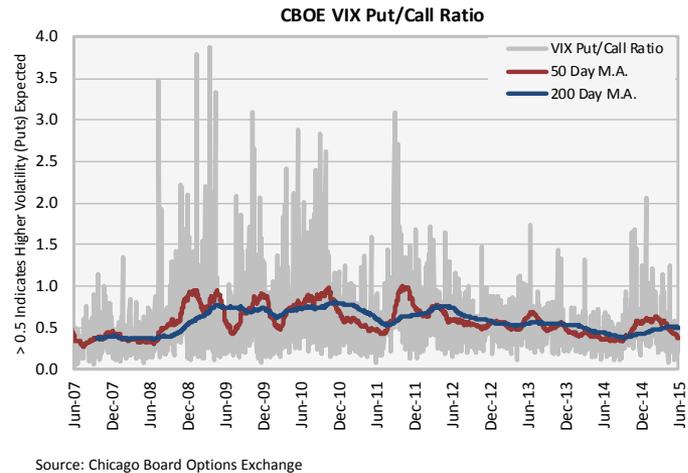
Source: Merrill Lynch, Barclays

The bond market volatility index has increased 75% over the past 12 months.

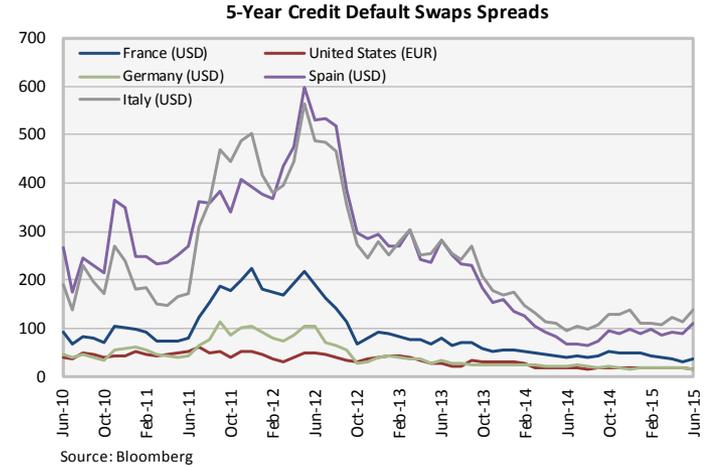
MARKET SKEW



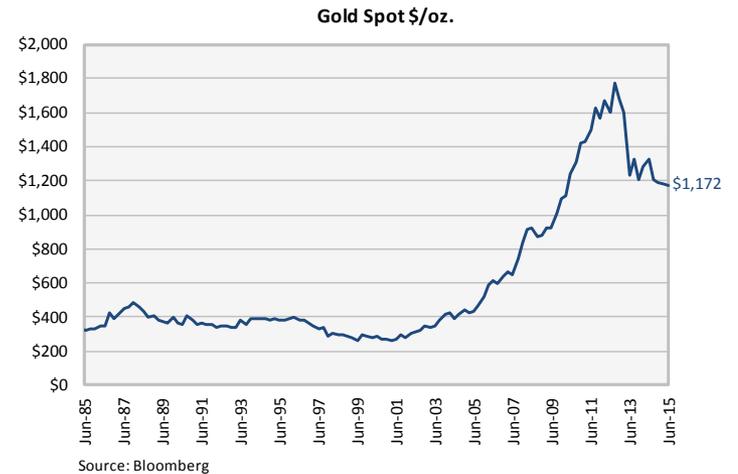
0.5 is neutral; investors are slightly more inclined to buy downside protection than they were at the beginning of the quarter, as suggested by the 50-day moving average.



0.5 is neutral; investors expect equity volatility to increase modestly.



Sovereign spreads rose slightly after decreasing for much of the past few years.



Gold has declined in recent quarters as the US dollar has appreciated in value.

INVESTMENT THEMES: LOOKING FORWARD

What We Believe

Growth

- Muted global growth.
 - Deleveraging/deflationary pressures continue.
 - Growth potential continues to decline.
- Ongoing divergence in global economies.
 - More varied policy maker responses.
 - Source of market volatility.
- Major economies at different stages of central bank intervention.
- Valuation differences between domestic equities and other growth assets remain elevated, presenting opportunities.
- Strengthening US Dollar versus foreign currencies.

Income

- Muted returns for most fixed income assets.
 - Yields are low and credit spreads remain relatively compressed.

Diversification

- Market is pricing in significant deflationary pressures.
- Inflation and growth expectations are at very low levels.
- The cost of explicit tail insurance remains moderate.

What Investors Should Do

- Conservatively position Growth portfolio.
 - Move equity allocations near lower end of range.
 - Decrease return expectations.
- Focus on active management and quality.
- Emphasize broad diversification.
- Overweight emerging market equities and debt.
- In developed markets, bias towards US Dollar exposure.
- Balance credit risk, duration risk, and active management risk.
- Favor cheap inflation protection over expensive deflation protection.
- Monitor tail hedging strategy costs for potential inclusion.

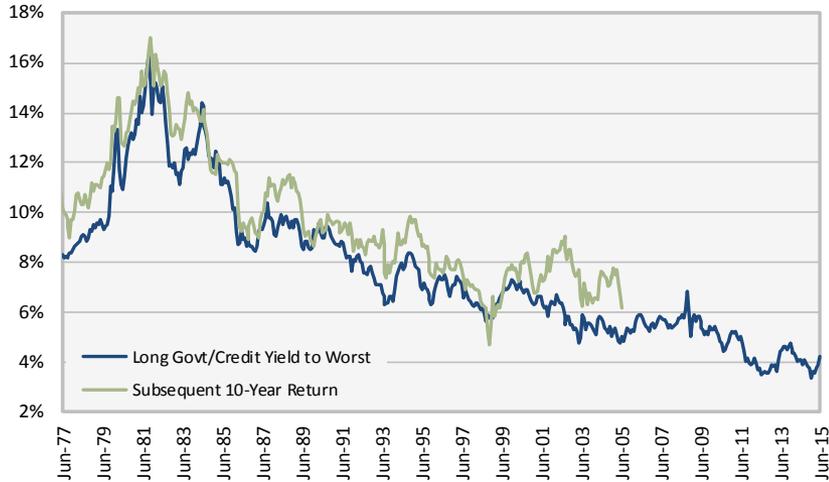
SUMMARY

- The capital market assumptions section summarizes changes to Summit’s long-term strategic capital market assumptions (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 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 Assumption” publication (available at www.summitstrategies.com).

Asset Class Returns and Standard Deviations					
Asset Class	Current Estimates		Previous Quarter		Alpha Assumptions
	Expected Return	Standard Deviation	Expected Return	Standard Deviation	
Inflation (CPI)	1.75%	1.75%	1.75%	1.75%	
GROWTH:					
Large Cap	5.00%	16.50%	5.00%	16.50%	0.50%
Small Cap	4.75%	20.50%	4.75%	20.50%	0.75%
International Large Cap	6.25%	19.75%	6.25%	19.75%	0.75%
International Small Cap	6.00%	22.75%	6.25%	22.75%	1.00%
Emerging Markets	8.25%	24.50%	8.25%	24.50%	1.00%
Master Limited Partnerships (MLP)	8.25%	18.50%	8.00%	18.50%	1.00%
Private Equity	7.75%	21.00%	7.75%	21.00%	1.00%
Growth Hedge Funds	5.50%	10.00%	5.50%	10.00%	0.75%
High Yield Bonds	5.00%	12.00%	4.75%	12.00%	0.50%
Emerging Market Debt	6.75%	10.50%	6.25%	10.50%	0.75%
Convertibles	4.25%	13.75%	4.25%	13.75%	0.50%
Private Debt	7.50%	15.00%	7.25%	15.00%	0.75%
Non-Core Real Estate	7.75%	23.00%	7.75%	23.00%	1.00%
Public Real Estate (REITs)	5.75%	15.00%	5.25%	15.00%	0.50%
Risk Parity	6.50%	10.00%	6.50%	10.00%	0.00%
INCOME:					
Governments	2.25%	4.50%	1.75%	4.50%	
Corporates	3.75%	6.00%	3.25%	6.00%	0.50%
Mortgages (Agency)	2.50%	3.00%	2.25%	3.00%	0.25%
Intermediate Fixed Income	2.75%	3.25%	2.25%	3.25%	0.25%
Core Fixed Income	2.75%	3.25%	2.25%	3.25%	0.25%
Core Plus Fixed Income	3.25%	3.75%	2.75%	3.75%	0.50%
Long Gov/Credit Fixed Income	3.50%	9.75%	3.00%	9.75%	0.25%
International Fixed Income	2.75%	8.25%	2.25%	8.25%	0.50%
Public Bank Loans	5.00%	11.00%	4.75%	11.00%	0.50%
Private Bank Loans	6.25%	13.00%	6.00%	13.00%	0.75%
Relative Value Hedge Funds	4.50%	5.00%	4.50%	5.00%	0.50%
Core Real Estate	6.50%	12.00%	6.50%	12.00%	0.25%
DIVERSIFICATION:					
Cash	2.00%	1.75%	2.00%	1.75%	
TIPS	2.25%	5.50%	2.00%	5.50%	0.00%
Long Treasuries	2.50%	13.25%	2.25%	13.25%	0.00%
Commodities	4.75%	20.75%	4.75%	20.75%	1.00%
Tactical Trading	6.00%	10.00%	6.00%	10.00%	0.50%
Diversified Hedge Funds	5.00%	6.00%	5.00%	6.00%	0.75%

FIXED INCOME

Yield as an Estimate of Fixed Income Returns



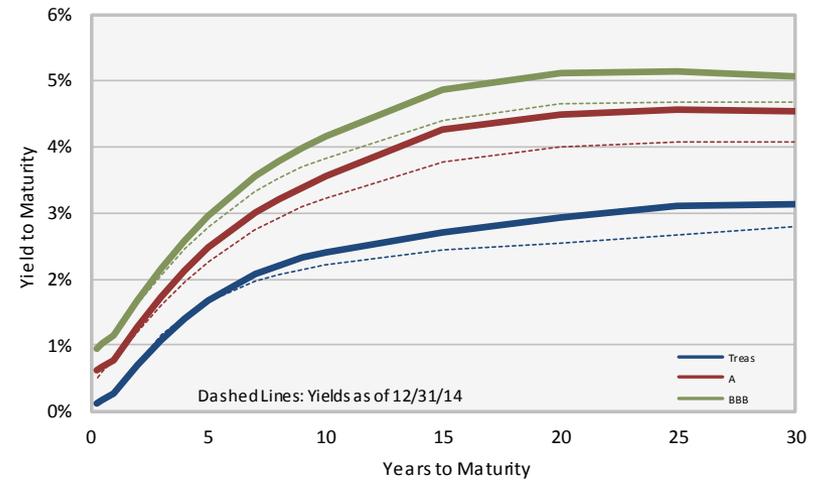
Historical Yields



Expected Return Option-Adjusted Spread

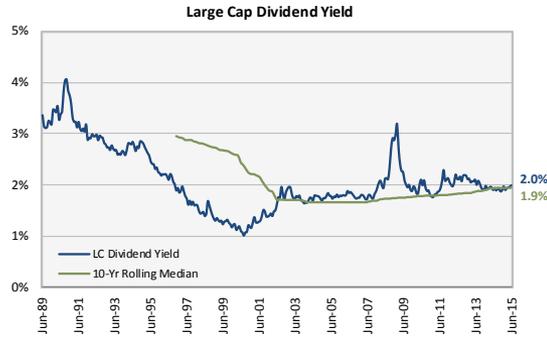
Asset Class	Expected Return		Option-Adjusted Spread	
	Current	Previous	Current	Previous
CPI	1.75%	1.75%	n/a	n/a
High Yield Bonds	5.00%	4.75%	476	466
Emerging Market Debt	6.75%	6.25%	n/a	n/a
Convertibles	4.25%	4.25%	n/a	n/a
Governments	2.25%	1.75%	1	2
Corporates	3.75%	3.25%	145	129
Mortgages (Agency)	2.50%	2.25%	26	20
Intermediate Fixed Income	2.75%	2.25%	43	37
Core Fixed Income	2.75%	2.25%	51	46
Core Plus Fixed Income	3.25%	2.75%	99	95
Long Gov/Credit Fixed Income	3.50%	3.00%	128	118
International Fixed Income	2.75%	2.25%	41	33
Cash	2.00%	2.00%	n/a	n/a
TIPS	2.25%	2.00%	n/a	n/a

Yield Curves



DOMESTIC EQUITY

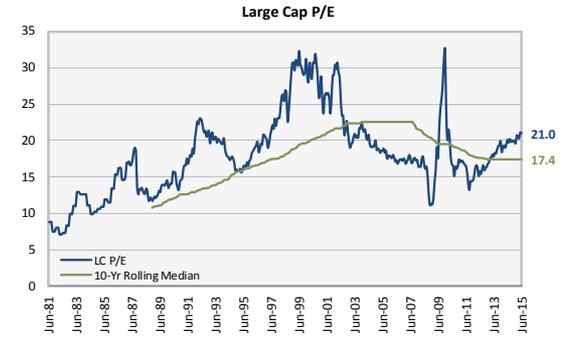
Large Cap Equity



Dividend Yield: 2.00%



EPS Growth: 1.75%



Change in P/E: -0.50%

Inflation

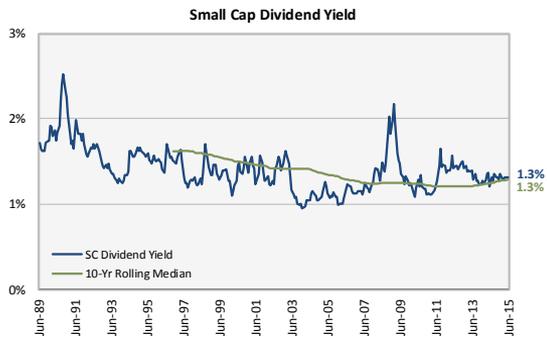
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+

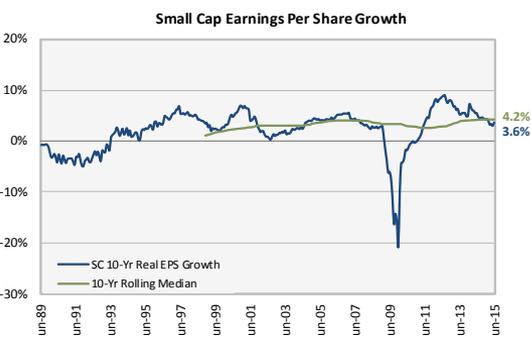
+

1.75%
5.00%

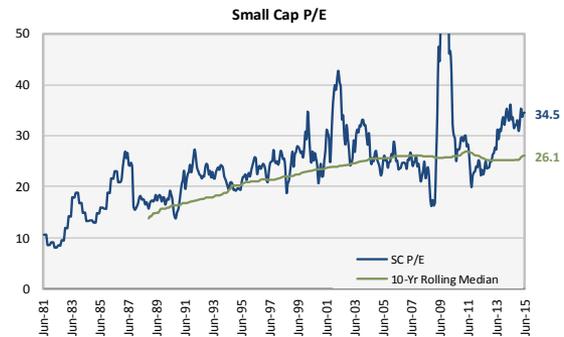
Small Cap Equity



Dividend Yield: 1.25%



EPS Growth: 2.25%



Change in P/E: -0.50%

Inflation

+

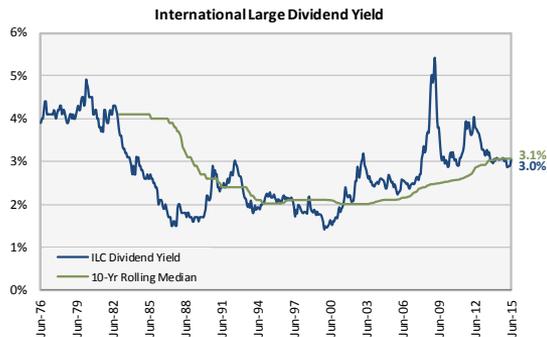
+

+

1.75%
4.75%

DEVELOPED INTERNATIONAL EQUITY

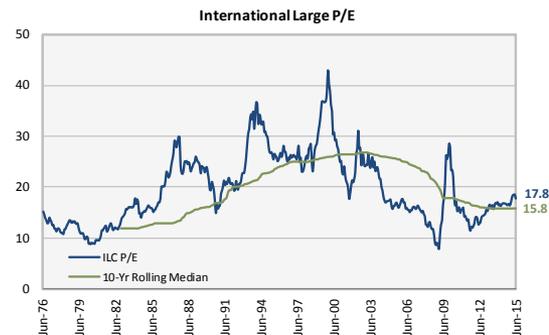
International Large Cap Equity



Dividend Yield: 3.00%



EPS Growth: 1.50%



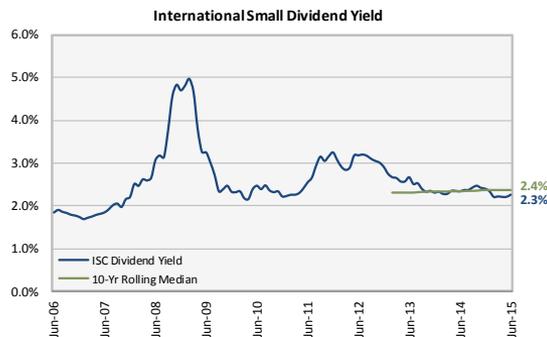
Change in P/E: 0.00%

Inflation

+ 1.75%

6.25%

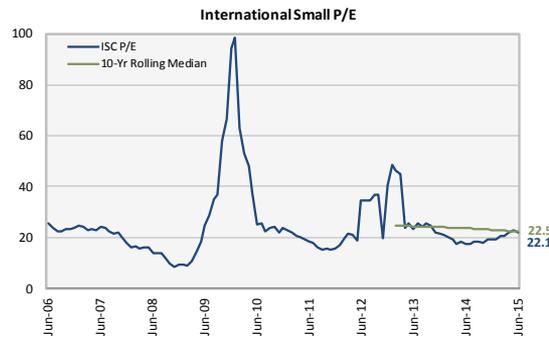
International Small Cap Equity



Dividend Yield: 2.25%



EPS Growth: 2.00%



Change in P/E: 0.00%

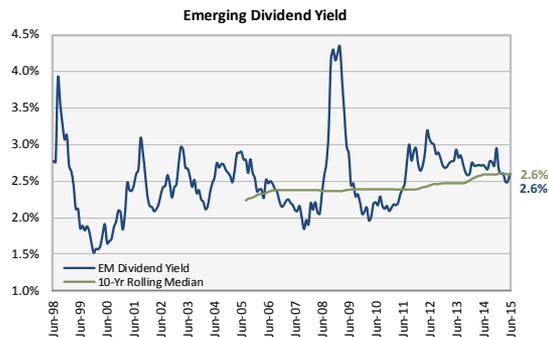
Inflation

+ 1.75%

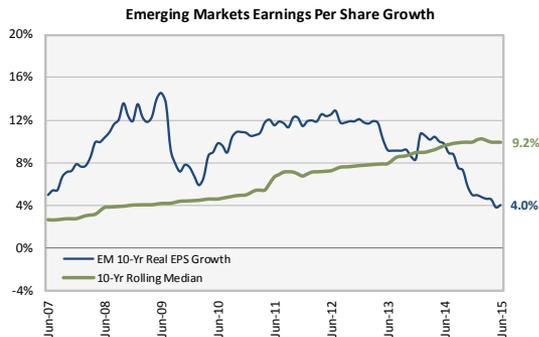
6.00%

INTERNATIONAL EQUITY

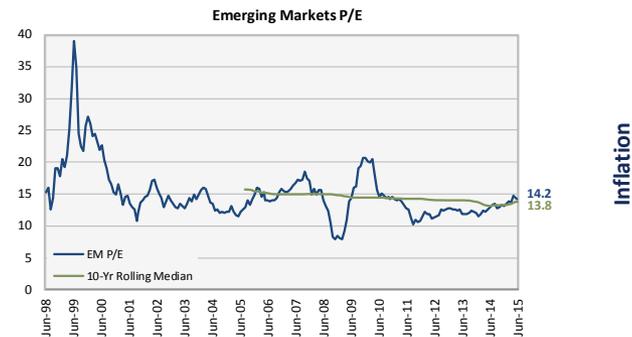
Emerging Markets Equity



Dividend Yield: 2.75%



EPS Growth: 3.25%

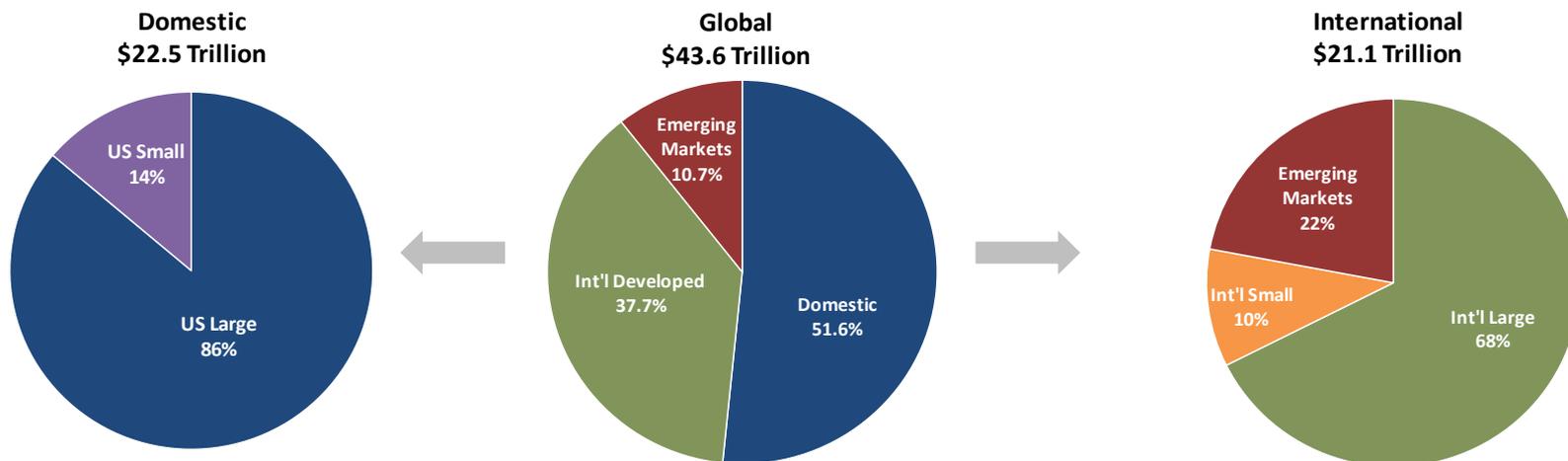


Change in P/E: 0.50%

+ 1.75%

8.25%

Global Market Capitalization



ALTERNATIVES

GROWTH							
Private Equity					<i>Small Cap</i> 4.75%	+	<i>Return Premium</i> 3.00% = 7.75%
Growth Hedge Funds	<i>Expected Sharpe Ratio</i> 0.35				<i>Cash</i> 2.00%	+	<i>Vol-Adj Excess Returns</i> 3.50% = 5.50%
Private Debt					<i>High Yield</i> 5.00%	+	<i>Return Premium</i> 2.50% = 7.50%
Master Limited Partnerships			<i>Distribution Yield</i> 6.50%	+	<i>Distribution Growth</i> 1.75%	+	<i>Valuation</i> 0.00% = 8.25%
Non-Core Real Estate	<i>Current Cap Rate</i> 5.50%	+	<i>Growth</i> 1.00%	+	<i>Liquidity Premium</i> 1.25%	+	<i>Leverage Adjustment</i> 0.00% = 7.75%
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> 2.00%	+	<i>Risk-Adj Beta Exposure</i> 4.50% = 6.50%
INCOME							
Private Bank Loans					<i>Public Bank Loans</i> 5.00%	+	<i>Return Premium</i> 1.25% = 6.25%
Relative Value Hedge Funds	<i>Expected Sharpe Ratio</i> 0.50				<i>Cash</i> 2.00%	+	<i>Vol-Adj Excess Returns</i> 2.50% = 4.50%
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> 2.00%	+	<i>Return Premium</i> 2.75% = 4.75%
Tactical Trading	<i>Expected Sharpe Ratio</i> 0.40				<i>Cash</i> 2.00%	+	<i>Vol-Adj Excess Returns</i> 4.00% = 6.00%
Diversified Hedge Funds	<i>Expected Sharpe Ratio</i> 0.50				<i>Cash</i> 2.00%	+	<i>Vol-Adj Excess Returns</i> 3.00% = 5.00%

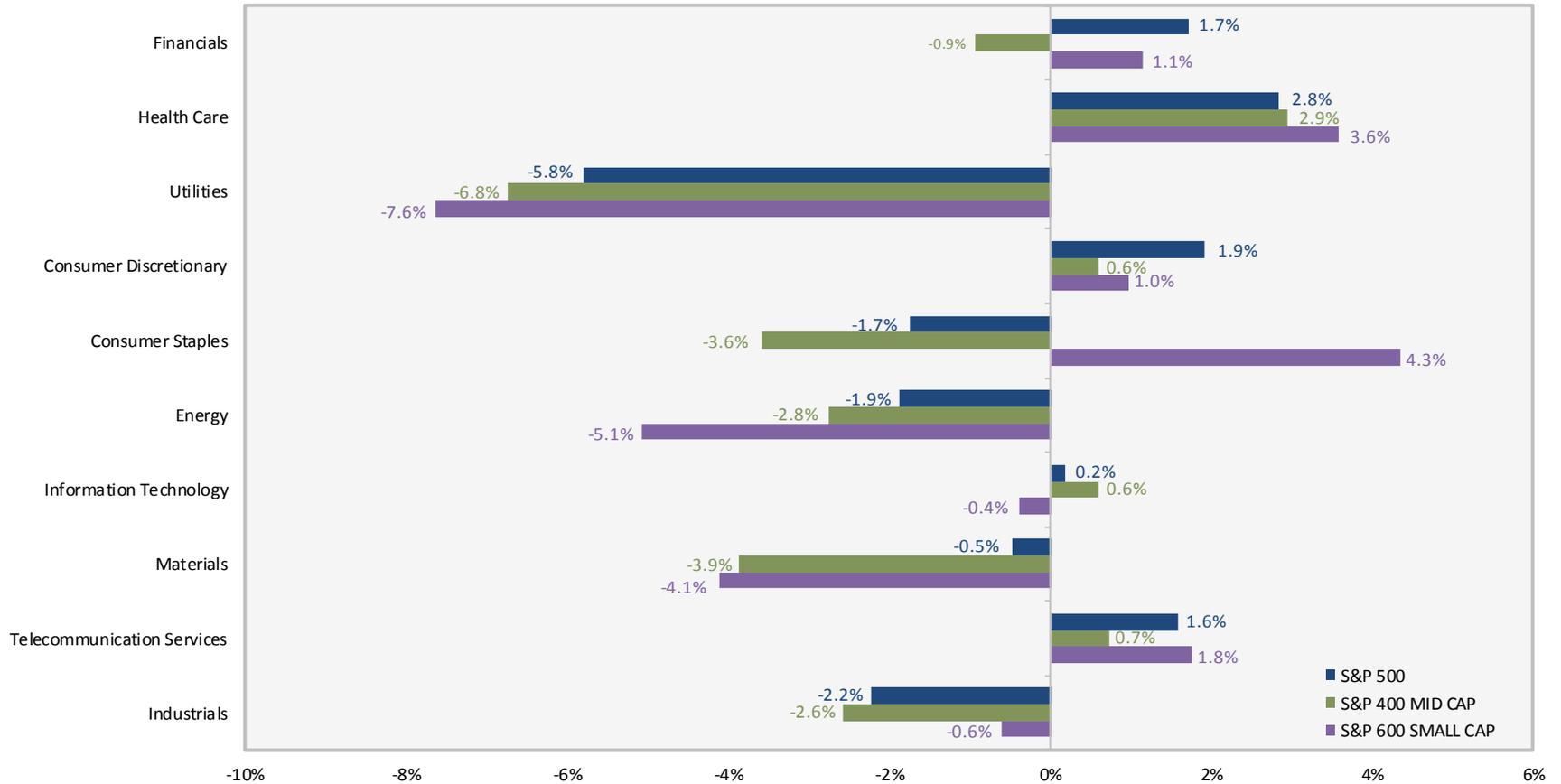
STYLE PERFORMANCE RANKING: ONE-YEAR TIME PERIODS

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Q2 2015	10 Yr ROR	20 Yr ROR
	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%	Int. Treas. 11.4%	EM 78.5%	Small Growth 29.1%	Core Bonds 7.8%	EM 18.2%	Small Growth 43.3%	S&P 500 13.7%	Small Growth 8.7%	Small Growth 2.0%	Small Growth 9.9%	Small Value 10.3%
	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%	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%	Int. Treas. 6.6%	Small Value 18.1%	Small Cap 38.8%	Large Value 13.5%	EAFE 5.5%	EM 0.7%	Large Growth 9.1%	Large Value 9.5%
	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%	Int. Treas. 10.3%	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%	Large Growth 13.1%	Small Cap 4.8%	EAFE 0.6%	Small Cap 8.4%	Small Cap 9.2%
	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%	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%	Core Bonds 6.0%	Large Growth 4.0%	Small Cap 0.4%	EM 8.1%	S&P 500 8.9%
	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 Growth 5.6%	EM 2.9%	S&P 500 0.3%	S&P 500 7.9%	Large Growth 8.2%
	HY Bonds 17.1%	Small Cap -1.8%	Small Value 25.8%	HY Bonds 11.4%	Small Growth 12.9%	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%	Small Cap 4.9%	HY Bonds 2.5%	Large Growth 0.1%	HY Bonds 7.9%	Small Growth 7.5%
	Small Growth 13.4%	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 Value 4.2%	S&P 500 1.2%	Large Value 0.1%	Large Value 7.0%	HY 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%	Int. Treas. 2.6%	Int. Treas. 0.8%	HY Bonds 0.0%	Small Value 6.9%	EM 6.1%
	Core Bonds 9.8%	Small Growth -2.4%	Int. Treas. 14.4%	EM 6.0%	Int. Treas. 7.7%	Small Cap -2.5%	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%	Int. Treas. -1.3%	HY Bonds 2.5%	Small Value 0.8%	Int. Treas. -0.5%	EAFE 5.1%	Core Bonds 5.6%
	Int. Treas. 8.2%	Core Bonds -2.9%	EAFE 11.6%	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%	EM -2.2%	Core Bonds -0.1%	Small Value -1.2%	Core Bonds 4.4%	EAFE 5.2%
	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%	Int. Treas. 2.1%	Int. Treas. 2.0%	Int. Treas. 1.6%	Int. Treas. 3.5%	Small Value -9.8%	EM -53.3%	Int. Treas. -1.4%	Int. Treas. 5.3%	EM -18.4%	Int. Treas. 1.7%	EM -2.6%	EAFE -4.9%	Large Value -0.6%	Core Bonds -1.7%	Int. Treas. 3.7%	Int. Treas. 4.8%

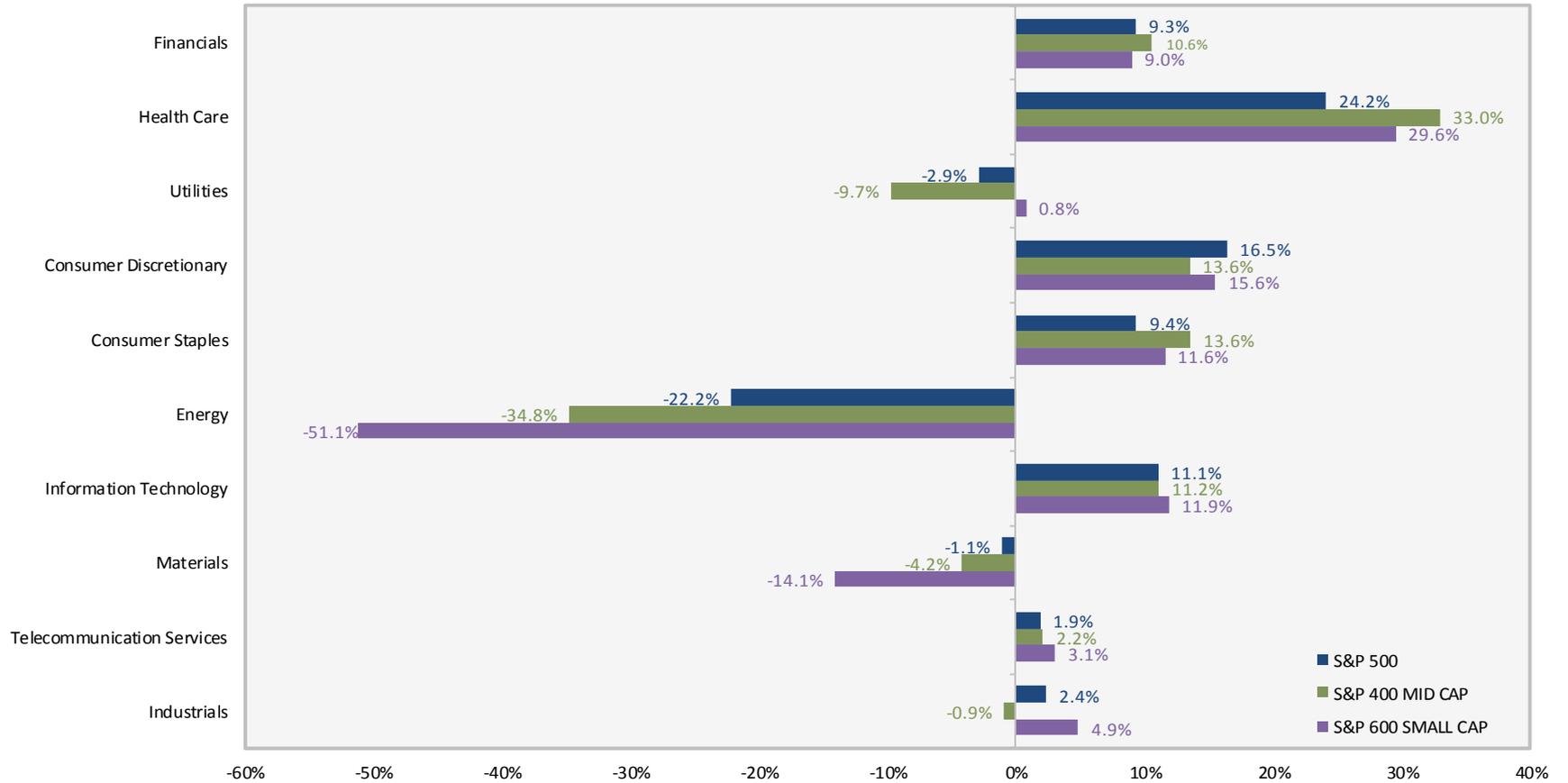
Best Performing

Worst Performing

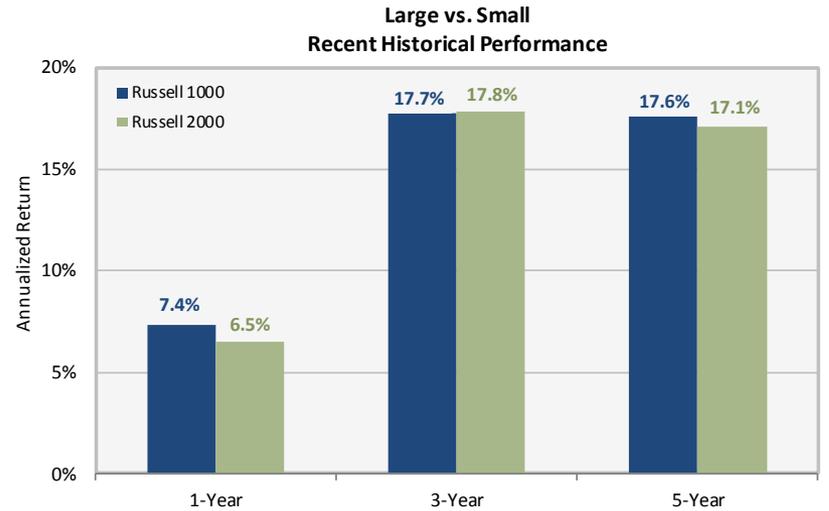
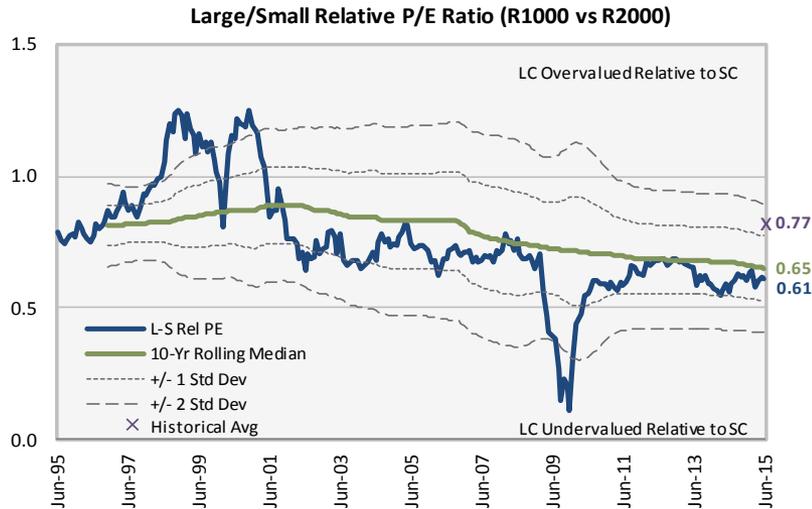
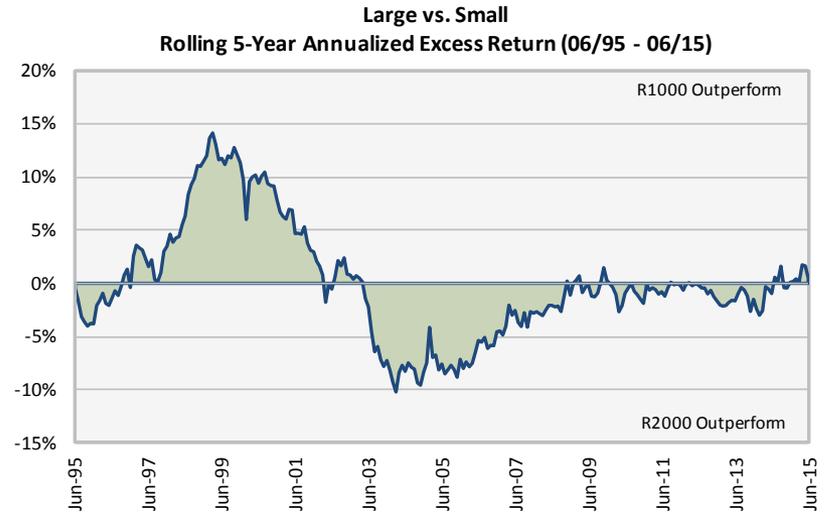
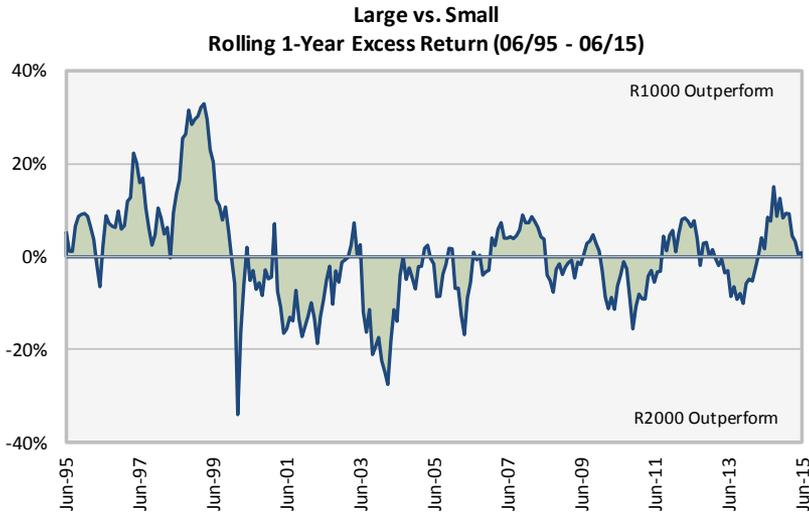
EQUITY STYLE SECTOR PERFORMANCE COMPARISON: CURRENT QUARTER
SMALL, MID, AND LARGE CAP



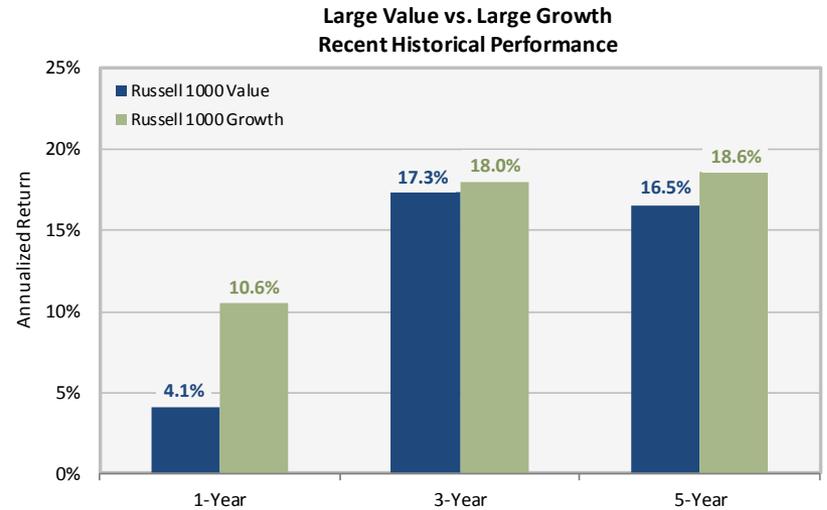
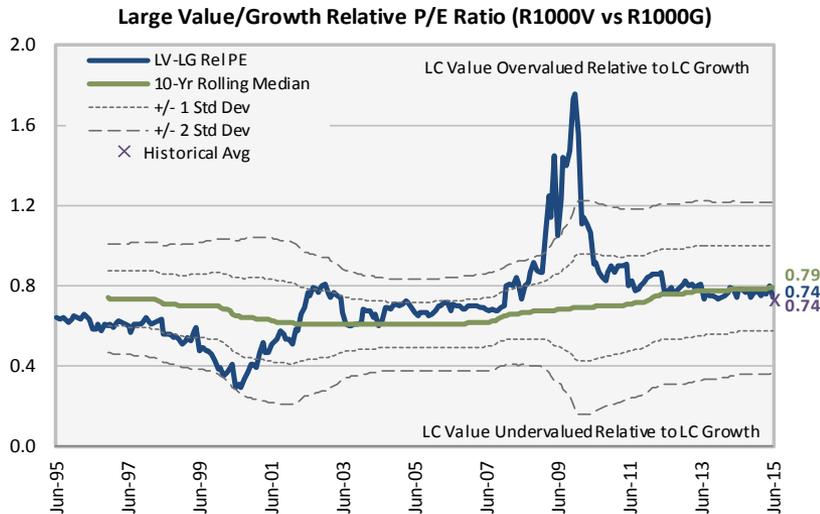
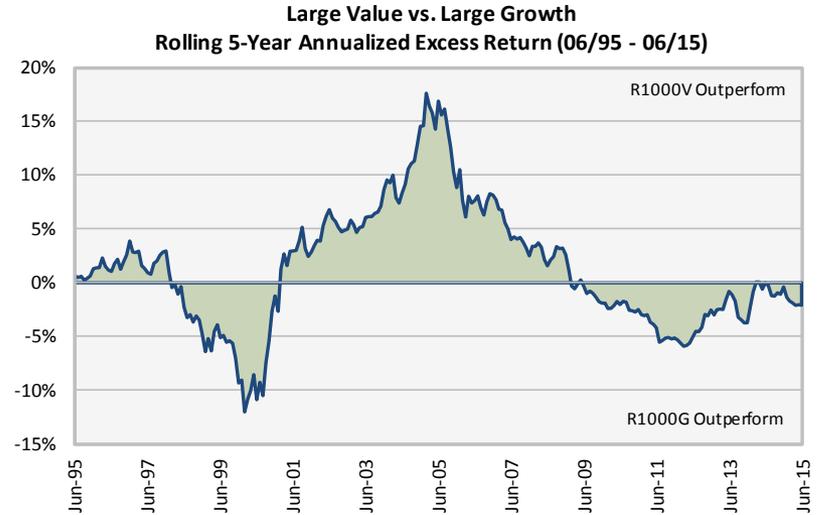
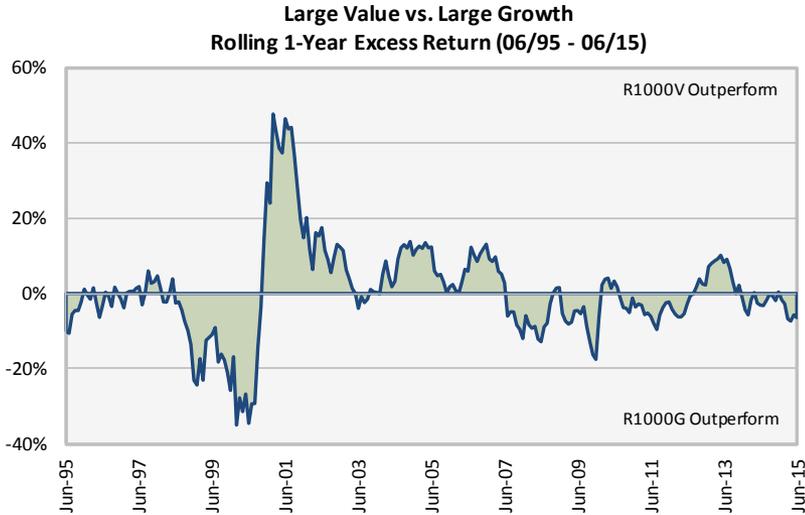
**EQUITY STYLE SECTOR PERFORMANCE COMPARISON: 1-YEAR
SMALL, MID, AND LARGE CAP**



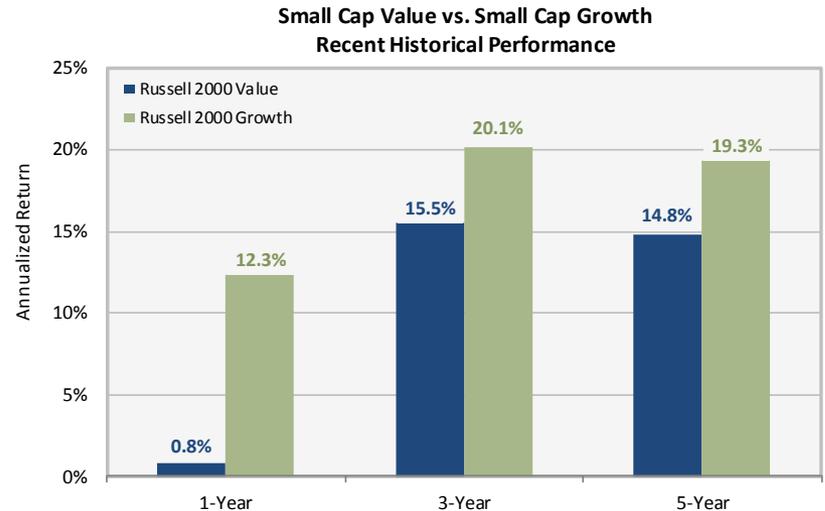
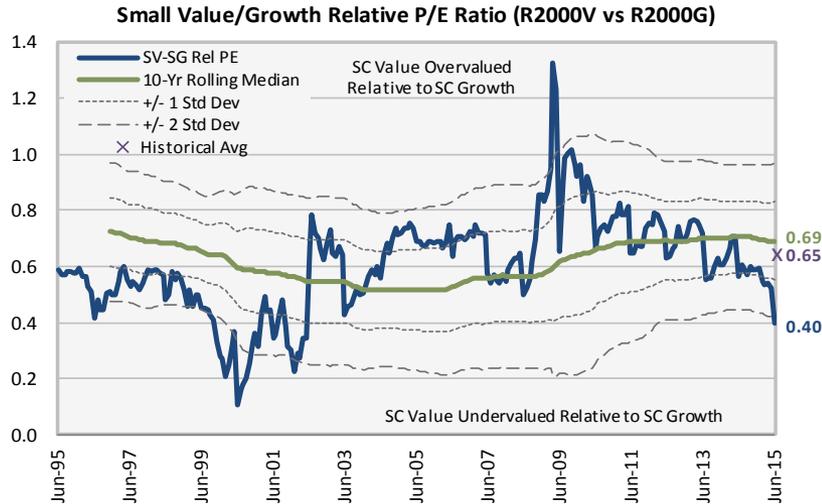
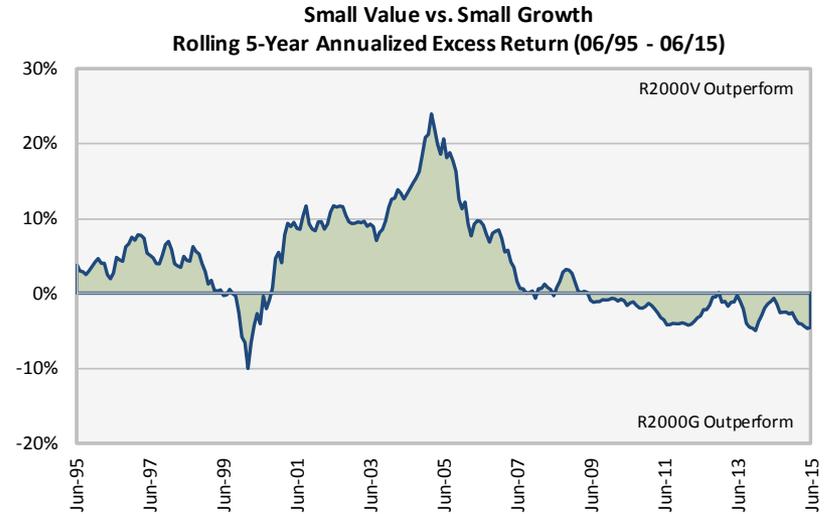
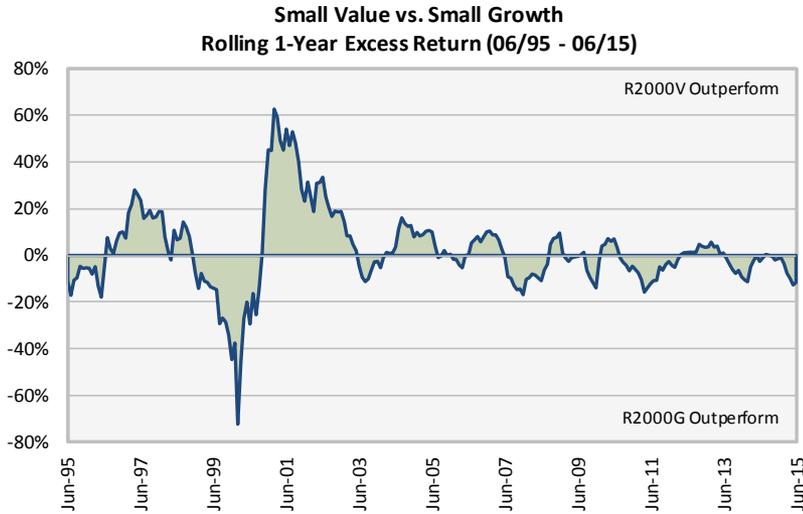
HISTORICAL RELATIVE PERFORMANCE: LARGE CAP CORE TO SMALL CAP CORE



HISTORICAL RELATIVE PERFORMANCE: LARGE CAP VALUE TO LARGE CAP GROWTH

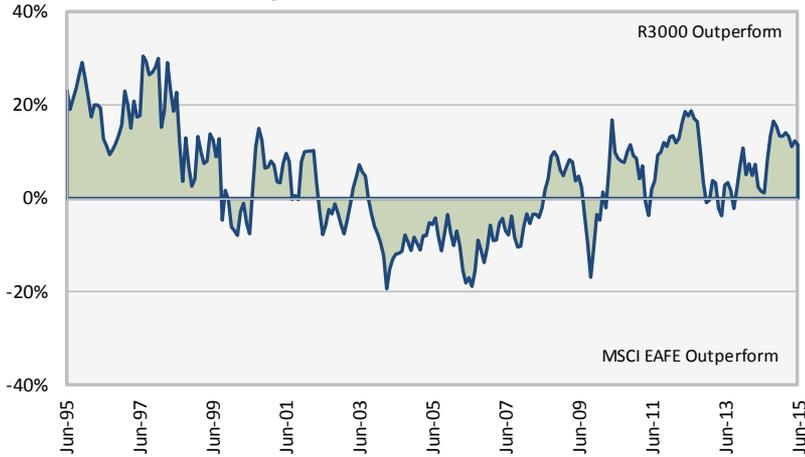


HISTORICAL RELATIVE PERFORMANCE: SMALL CAP VALUE TO SMALL CAP GROWTH



HISTORICAL RELATIVE PERFORMANCE: DOMESTIC EQUITY TO DEVELOPED INTERNATIONAL EQUITY

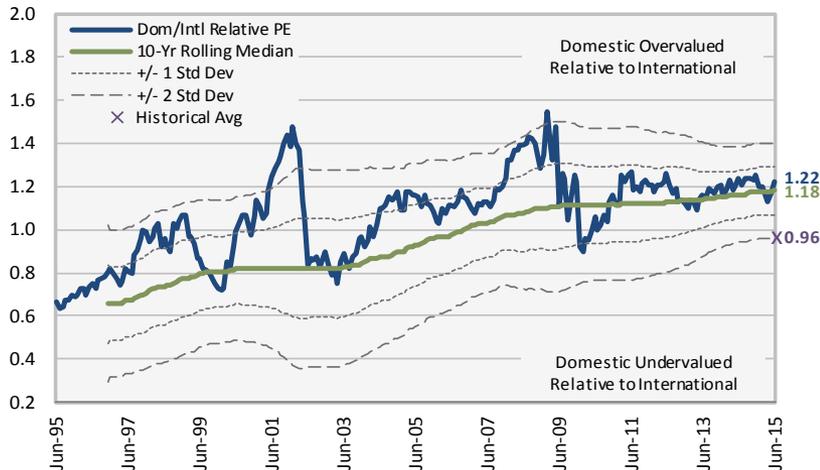
Domestic Equity vs. Developed International Equity
Rolling 1-Year Excess Return (06/95 - 06/15)



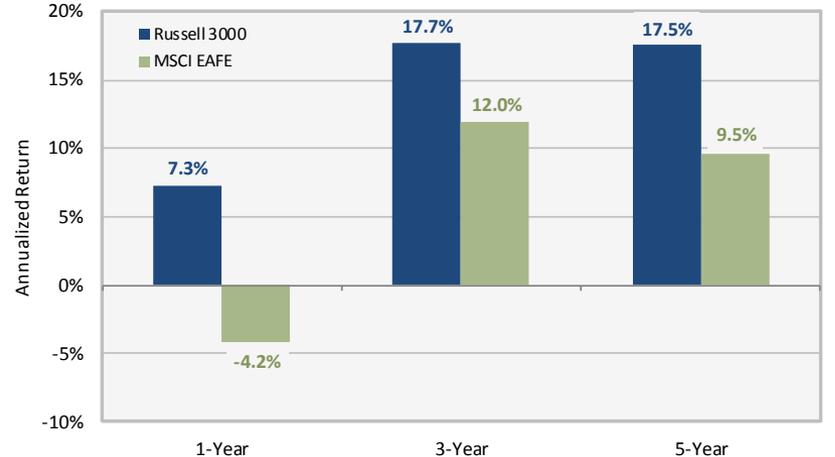
Domestic Equity vs. Developed International Equity
Rolling 5-Year Annualized Excess Return (06/95 - 06/15)



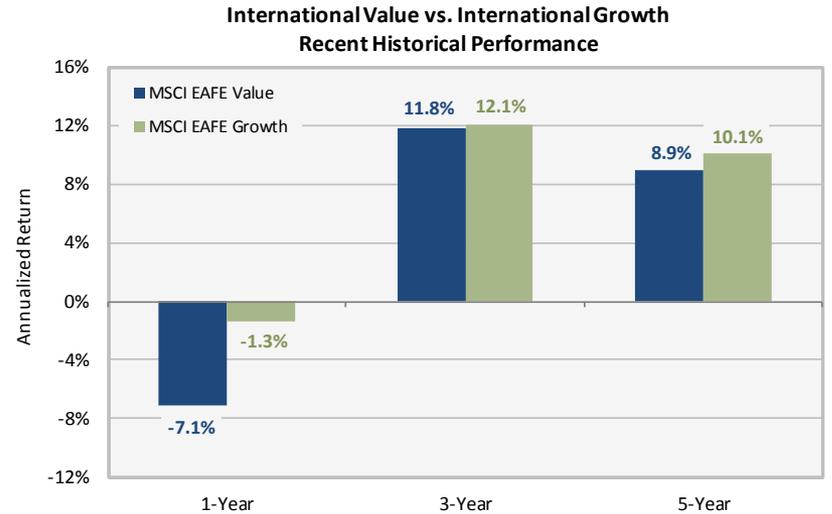
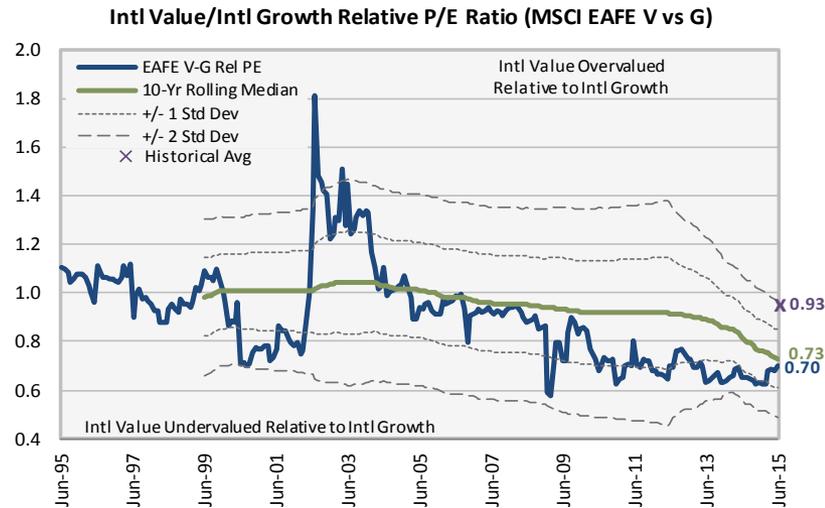
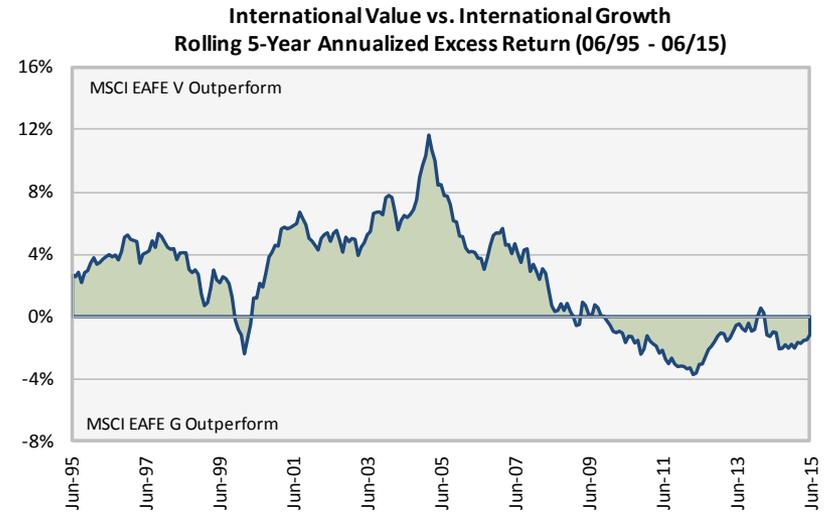
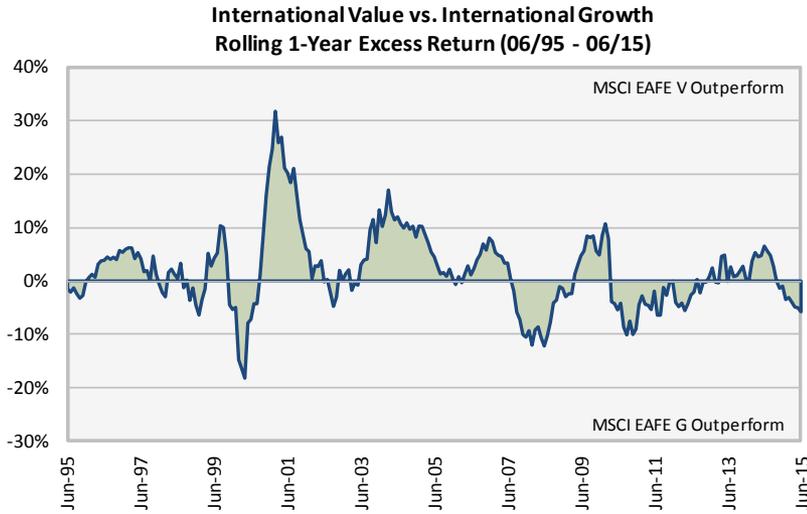
Domestic/International Relative P/E Ratio (R3000 vs MSCI EAFE)



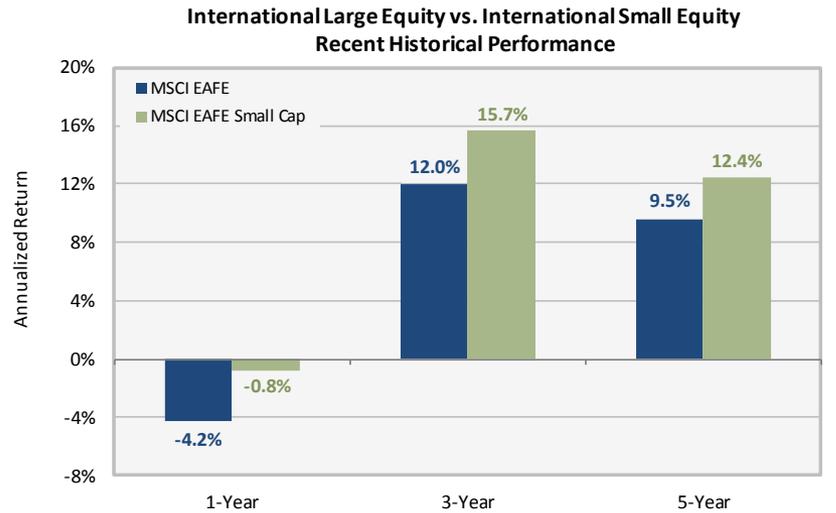
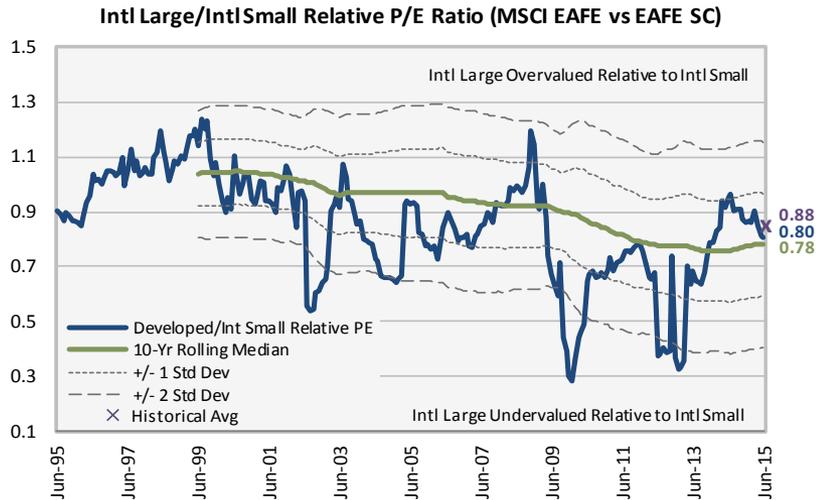
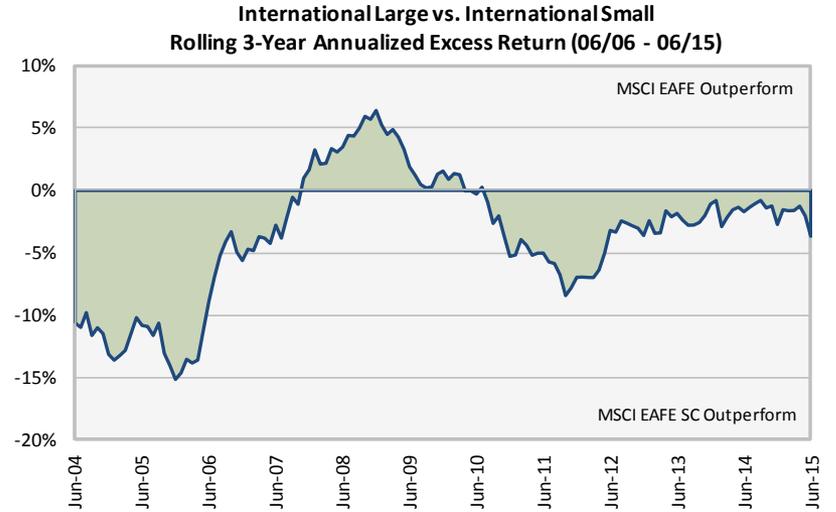
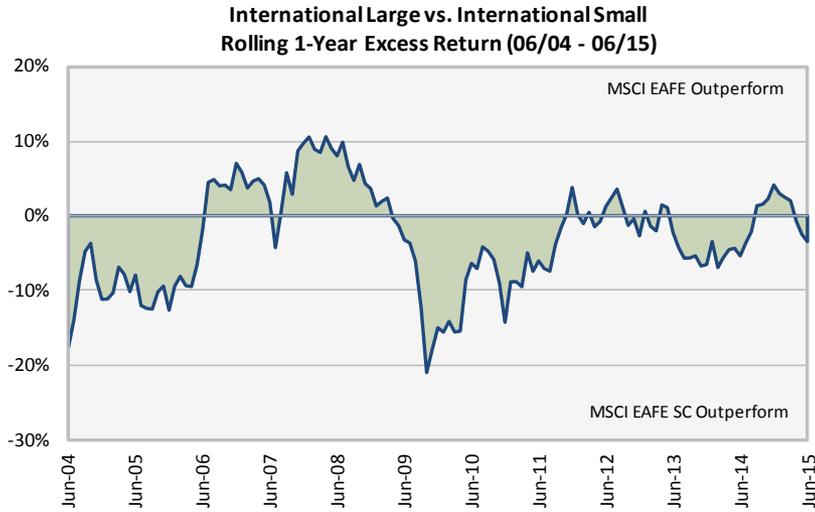
Domestic Equity vs. Developed International Equity
Recent Historical Performance



HISTORICAL RELATIVE PERFORMANCE: INTERNATIONAL VALUE TO INTERNATIONAL GROWTH

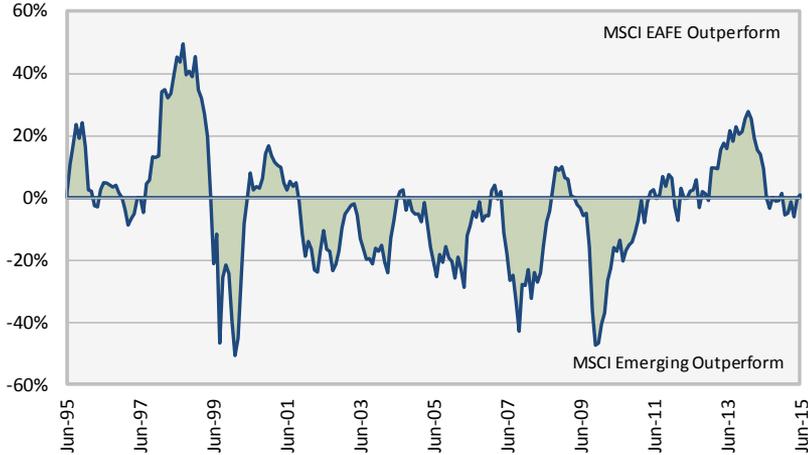


HISTORICAL RELATIVE PERFORMANCE: INTERNATIONAL LARGE CAP TO INTERNATIONAL SMALL CAP

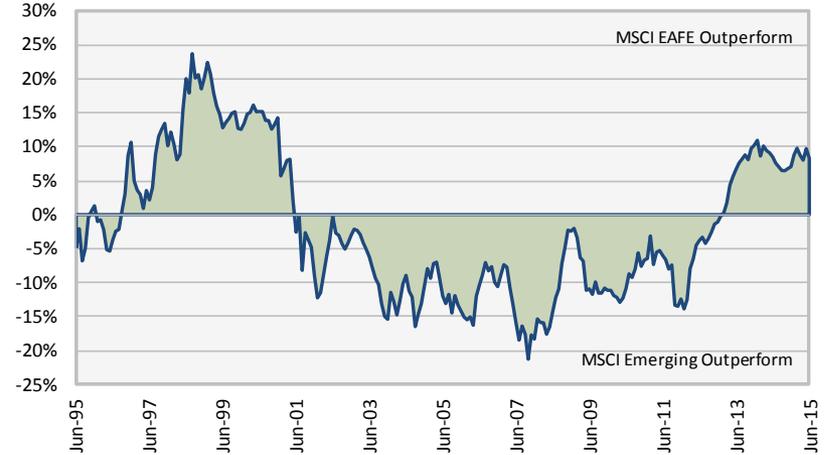


HISTORICAL RELATIVE PERFORMANCE: DEVELOPED INTERNATIONAL TO EMERGING MARKETS

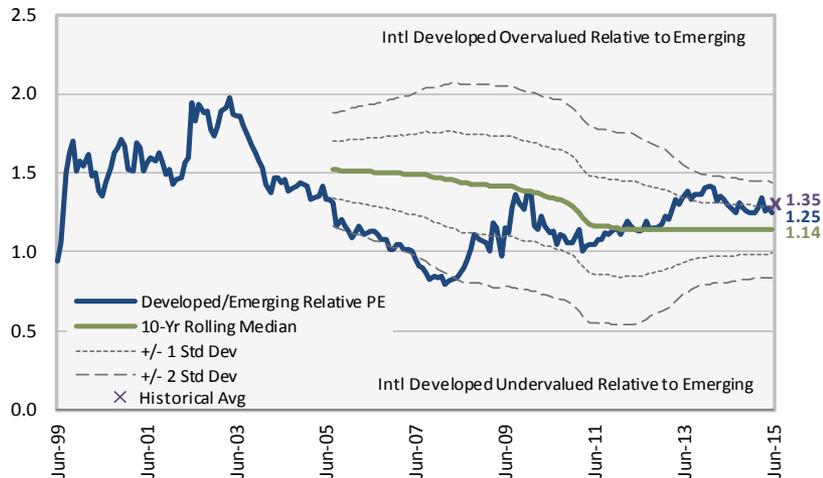
Developed Intl Equity vs. Emerging Markets Equity
Rolling 1-Year Excess Return (06/95 - 06/15)



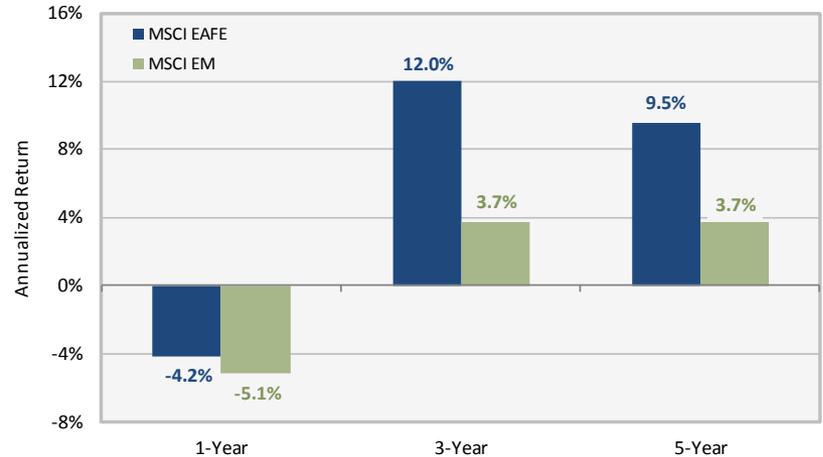
Developed Intl Equity vs. Emerging Markets Equity
Rolling 3-Year Annualized Excess Return (06/95 - 06/15)



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

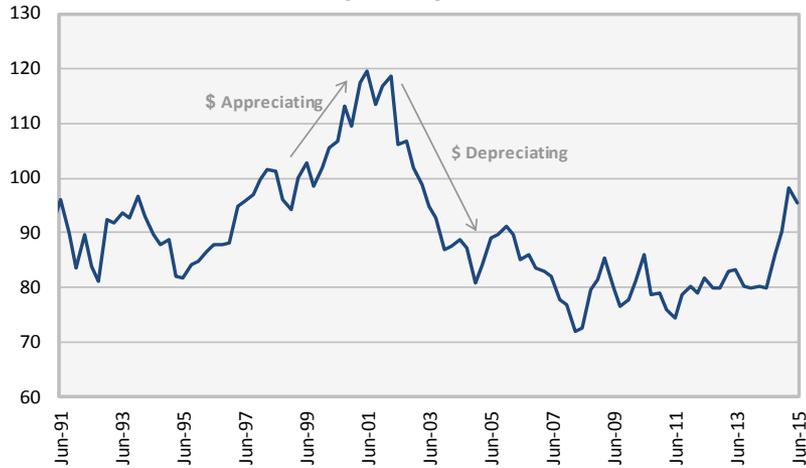


Developed International Equity vs. Emerging Equity
Recent Historical Performance



CURRENCY OVERVIEW

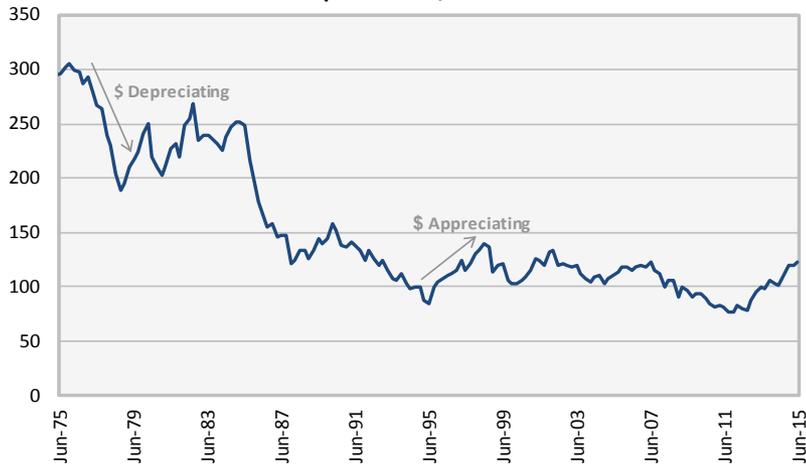
US Dollar Index: Weighted Avg of 6 Currencies vs US Dollar



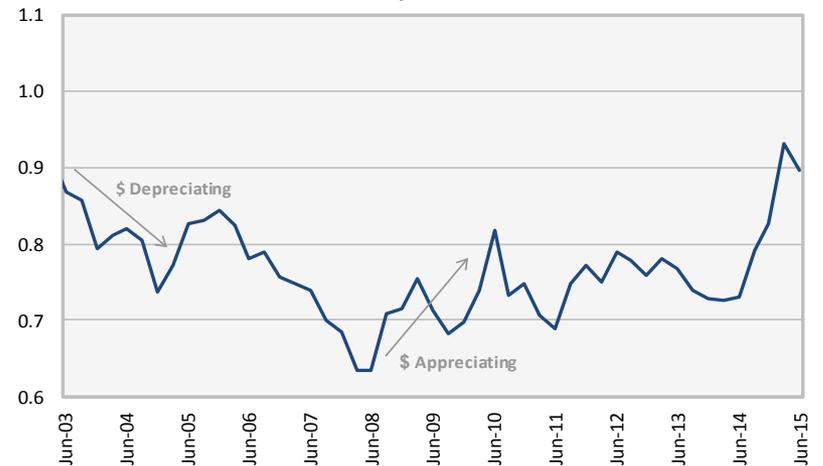
British Pound/US Dollar



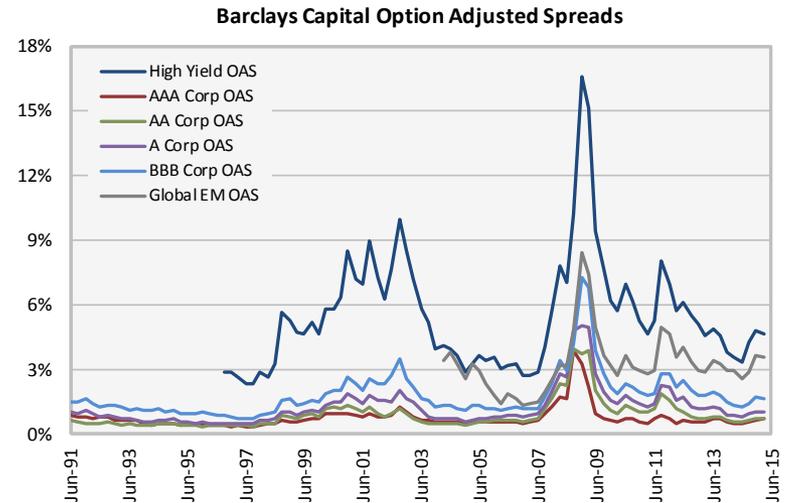
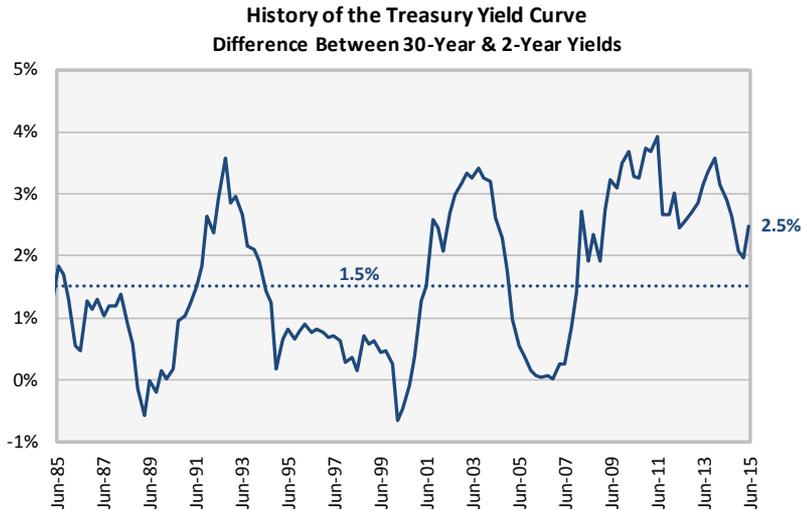
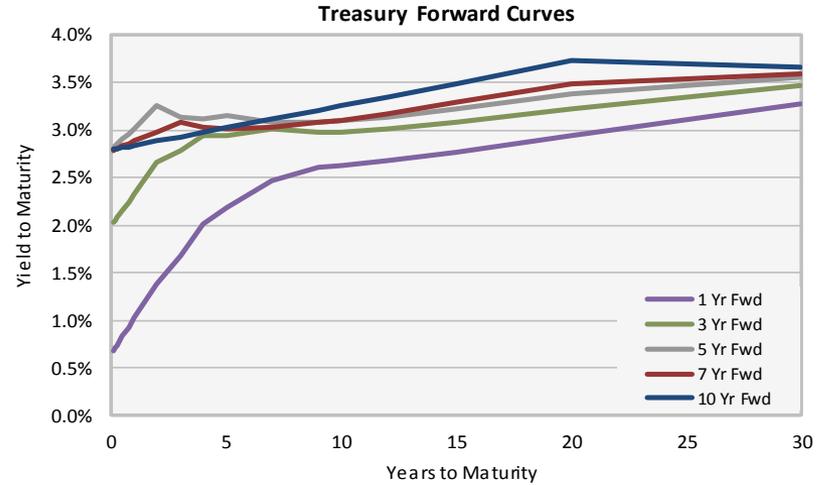
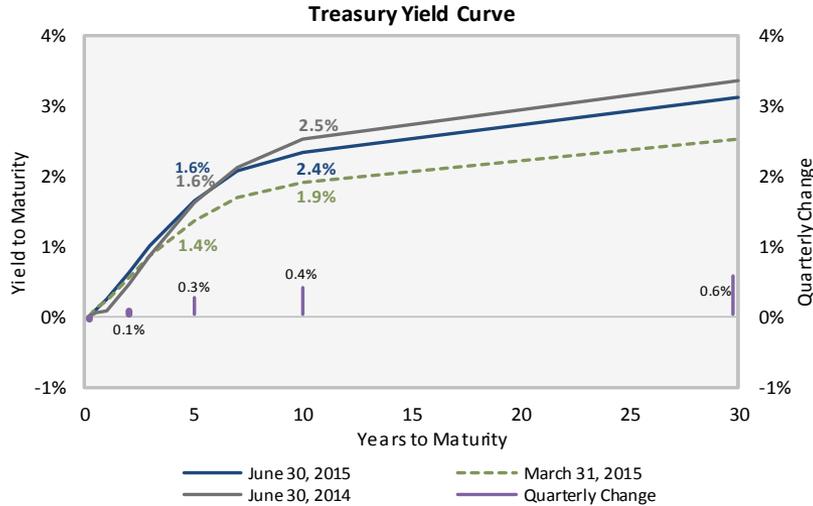
Japanese Yen/US Dollar



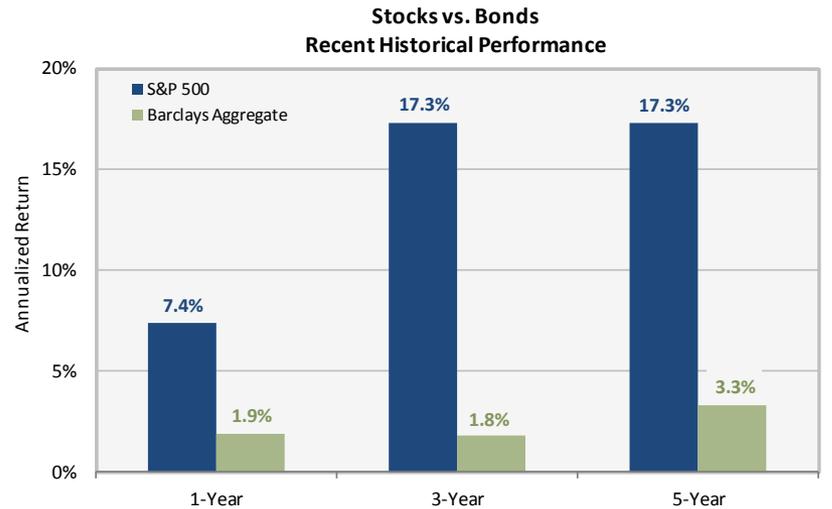
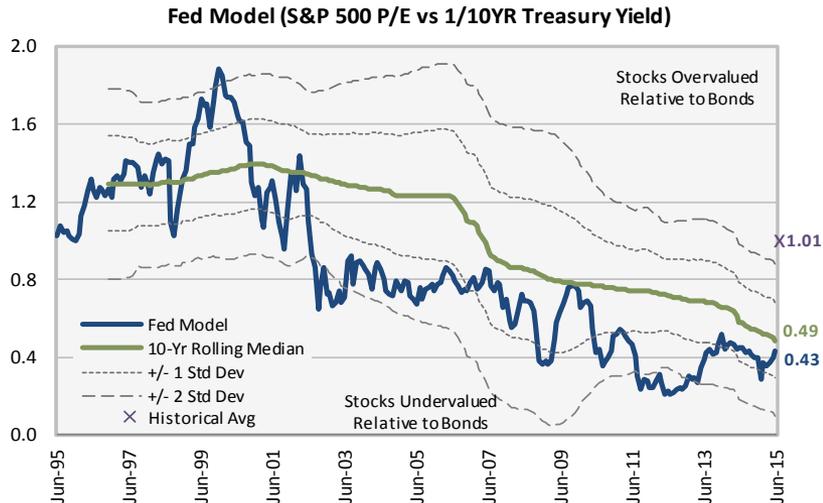
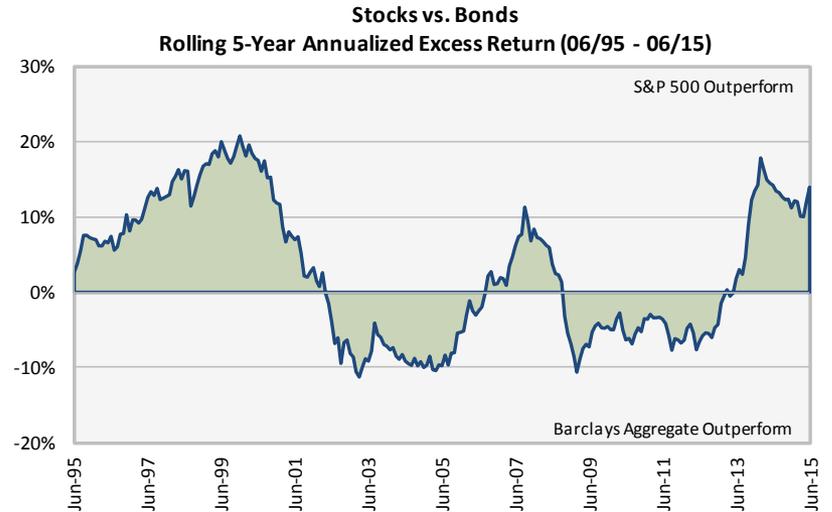
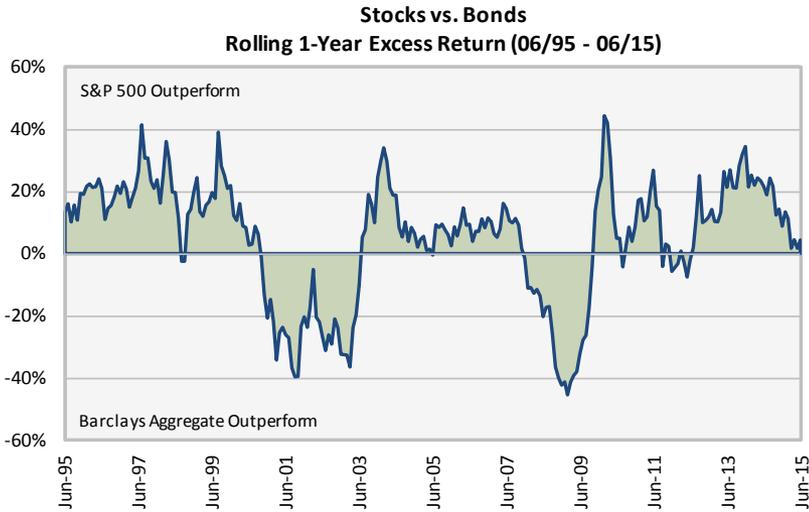
Euro/US Dollar



YIELD CURVE AND SPREAD ANALYSIS

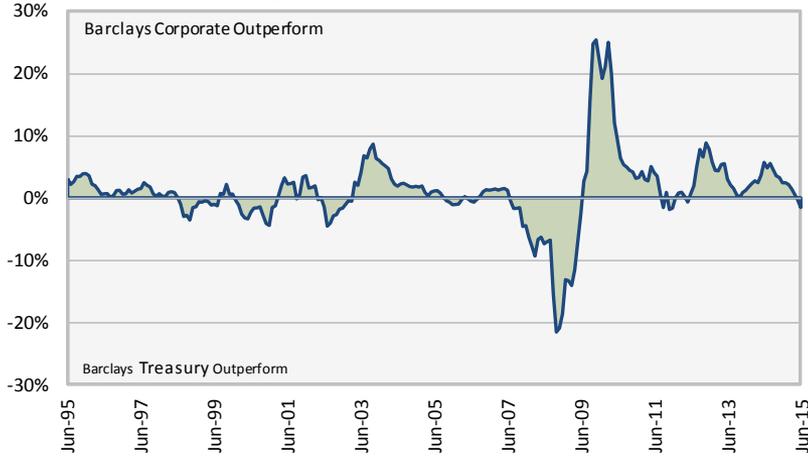


HISTORICAL RELATIVE PERFORMANCE: STOCKS VS. BONDS



HISTORICAL RELATIVE PERFORMANCE: CORPORATE BONDS VS. TREASURIES

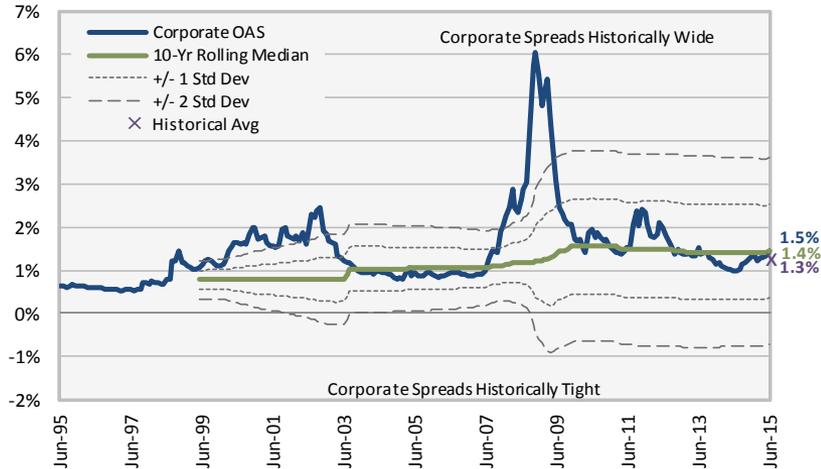
Corporates vs. Treasuries
Rolling 1-Year Excess Return (06/95 - 06/15)



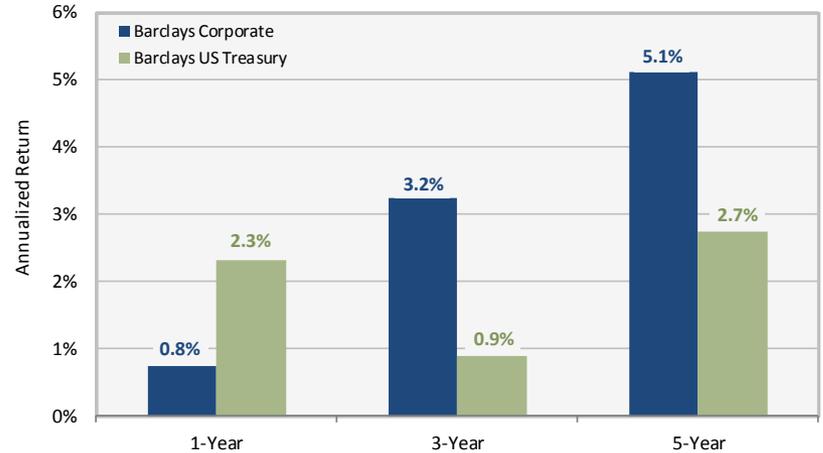
Corporates vs. Treasuries
Rolling 5-Year Annualized Excess Return (06/95 - 06/15)



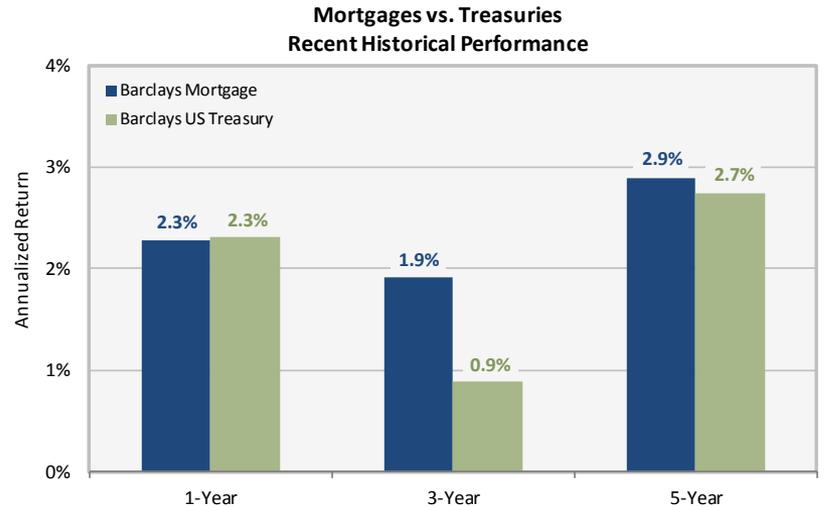
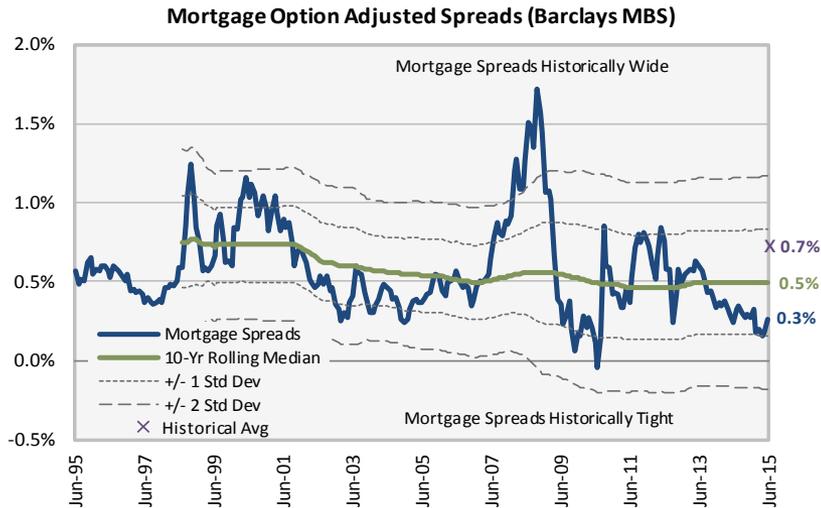
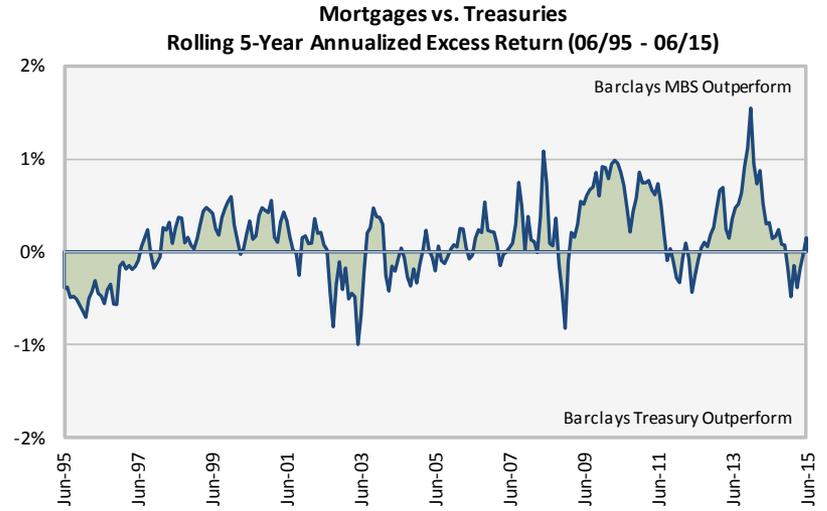
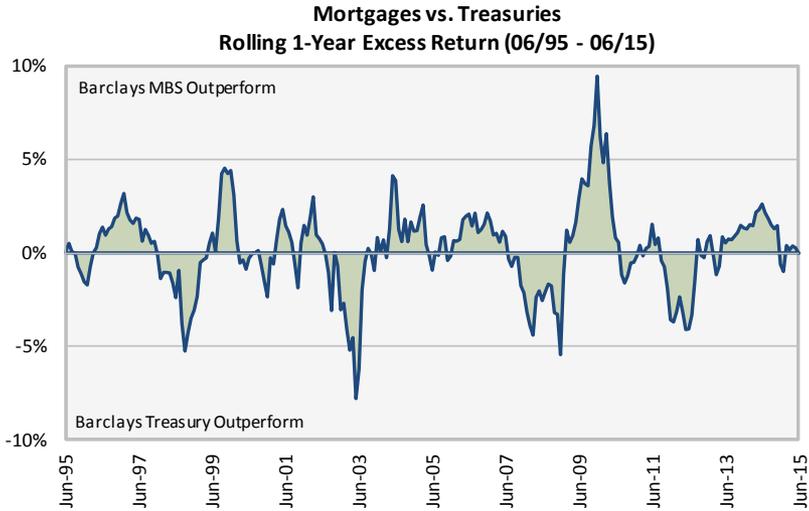
Corporate Option Adjusted Spreads (Barclays Corp)



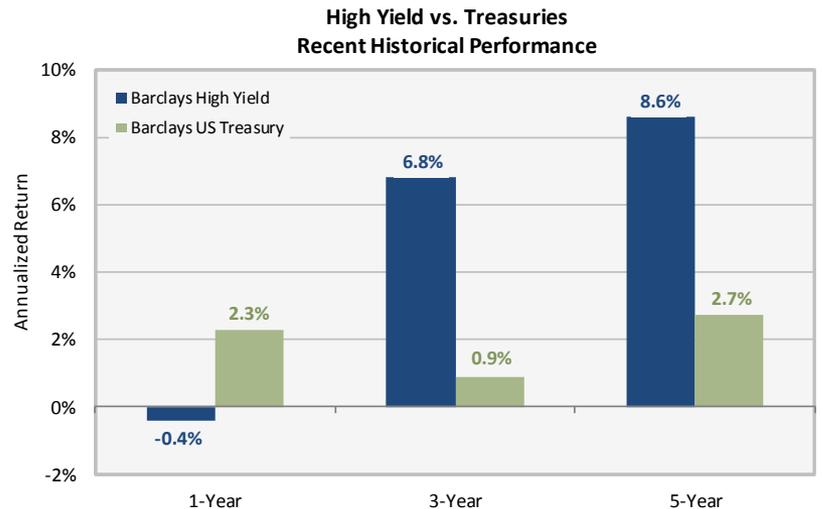
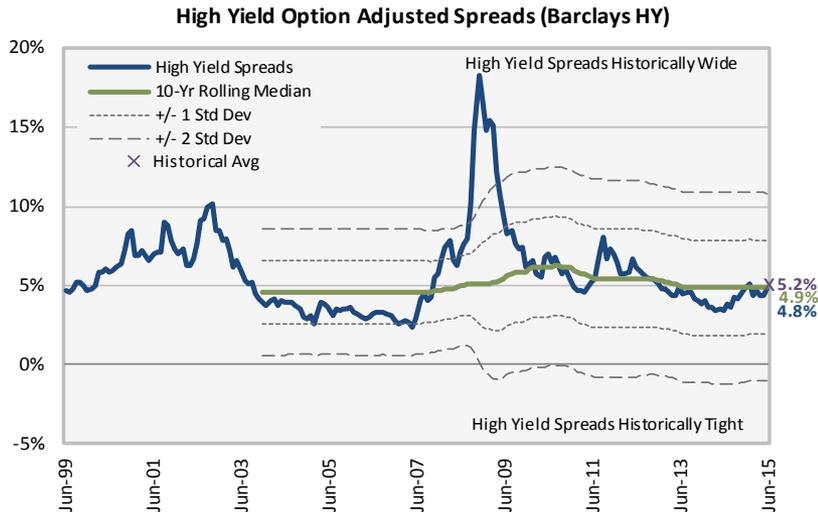
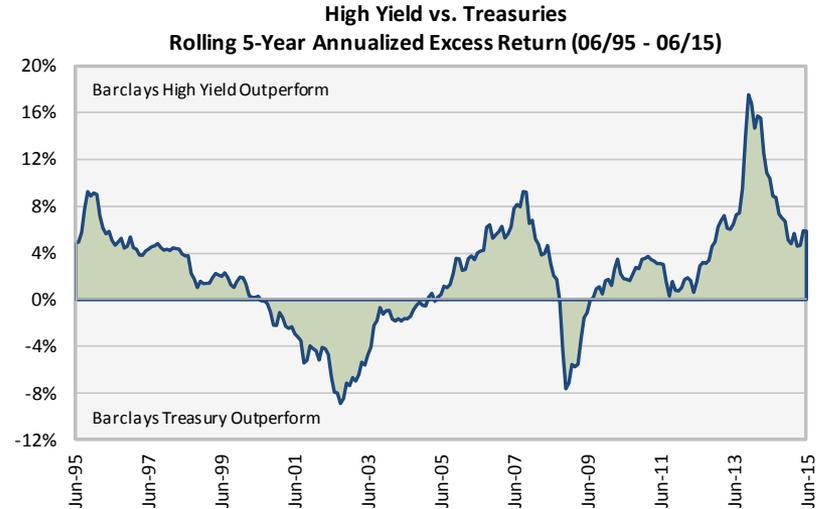
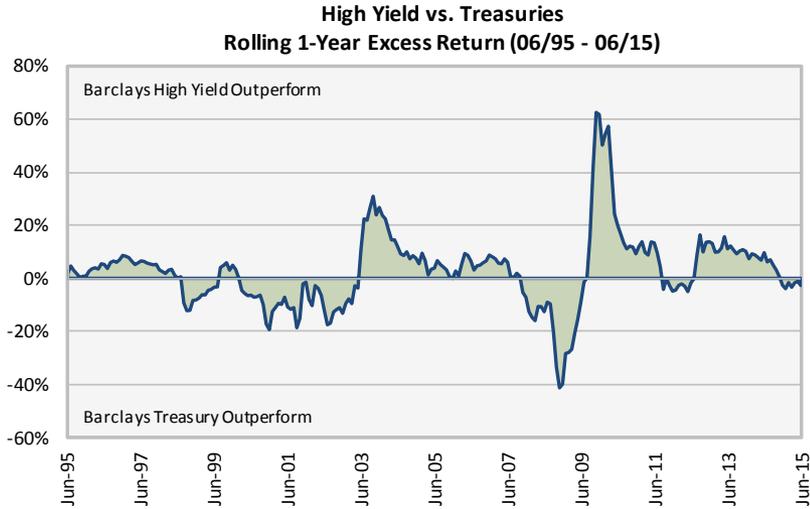
Corporates vs. Treasuries
Recent Historical Performance



HISTORICAL RELATIVE PERFORMANCE: MORTGAGES VS. TREASURIES

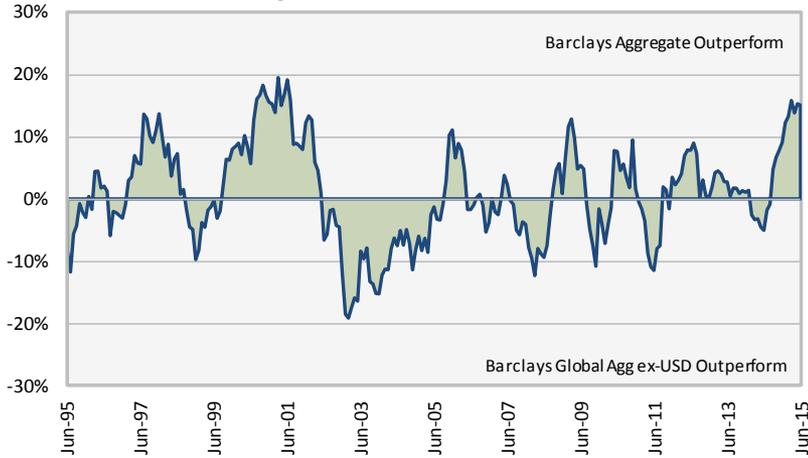


HISTORICAL RELATIVE PERFORMANCE: HIGH YIELD BONDS VS. TREASURIES

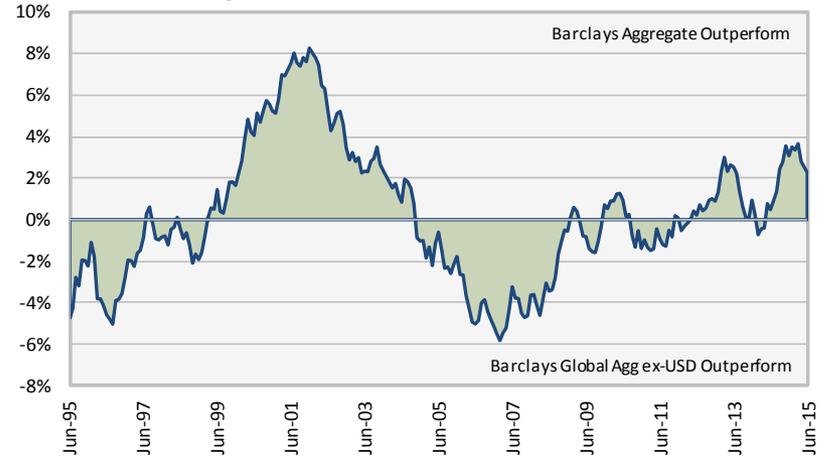


HISTORICAL RELATIVE PERFORMANCE: DOMESTIC VS. INTERNATIONAL FIXED INCOME

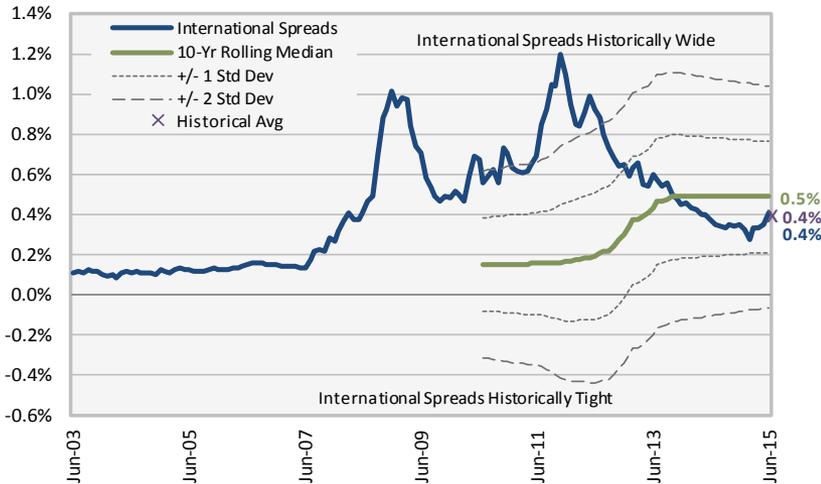
Domestic Fixed Income vs. International Fixed Income
Rolling 1-Year Excess Return (06/95 - 06/15)



Domestic Fixed Income vs. International Fixed Income
Rolling 5-Year Annualized Excess Return (06/95 - 06/15)



Intl Option Adjusted Spreads (Barclays Global Aggregate exUSD)



Domestic Bonds vs. International Bonds
Recent Historical Performance



MEDIAN UNIVERSE CORE MANAGER RETURNS VS. INDEX RETURNS

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



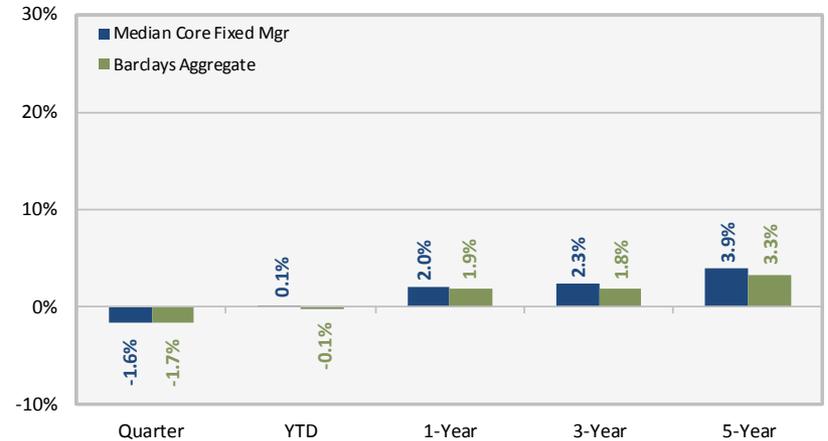
Median Small Capitalization Core Equity Manager vs. Russell 2000



Median International Core Equity Manager vs. MSCI EAFE



Median Core Fixed Income Manager vs. Barclays Aggregate

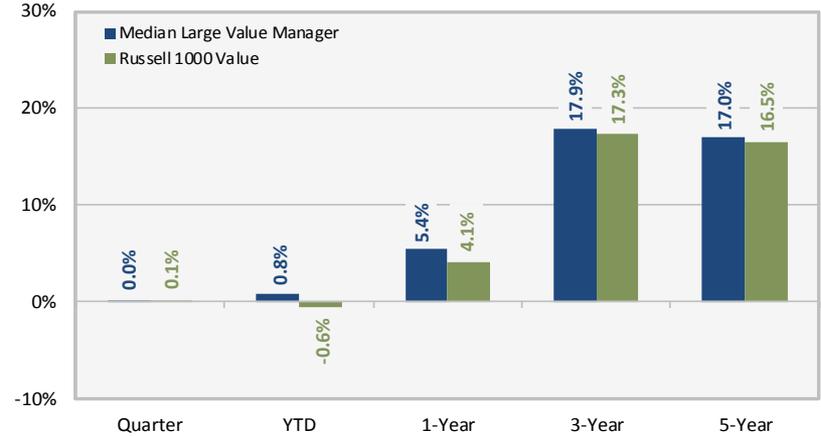


MEDIAN UNIVERSE EQUITY STYLE MANAGER RETURNS VS. INDEX STYLE RETURNS

Median Large Capitalization Growth Equity Manager vs. Russell 1000 Growth



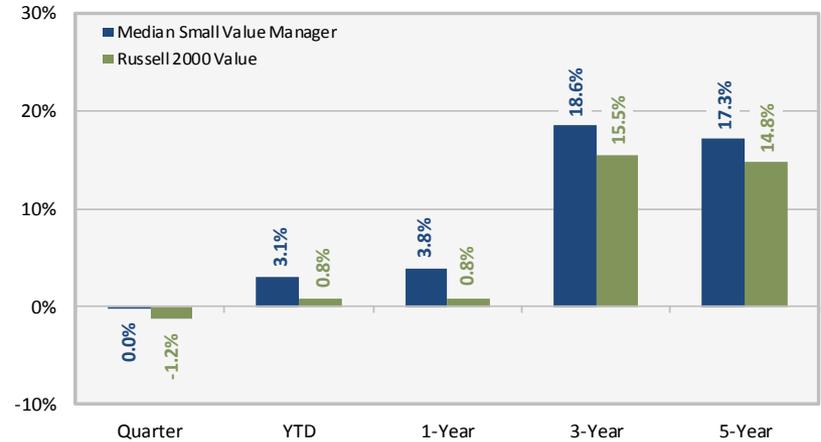
Median Large Capitalization Value Equity Manager vs. Russell 1000 Value



Median Small Capitalization Growth Equity Manager vs. Russell 2000 Growth

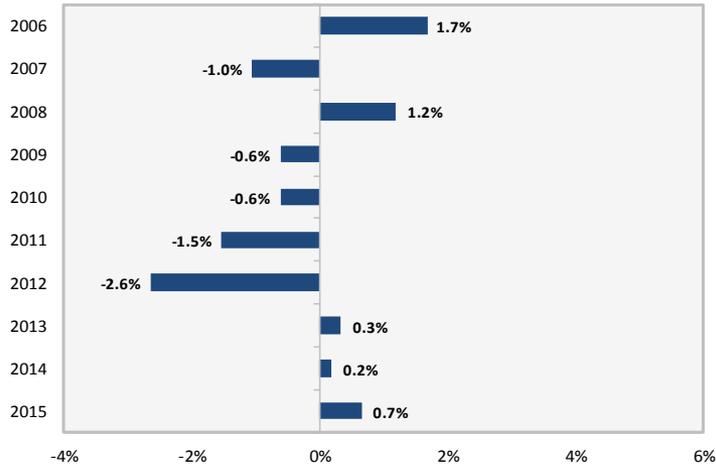


Median Small Capitalization Value Equity Manager vs. Russell 2000 Value

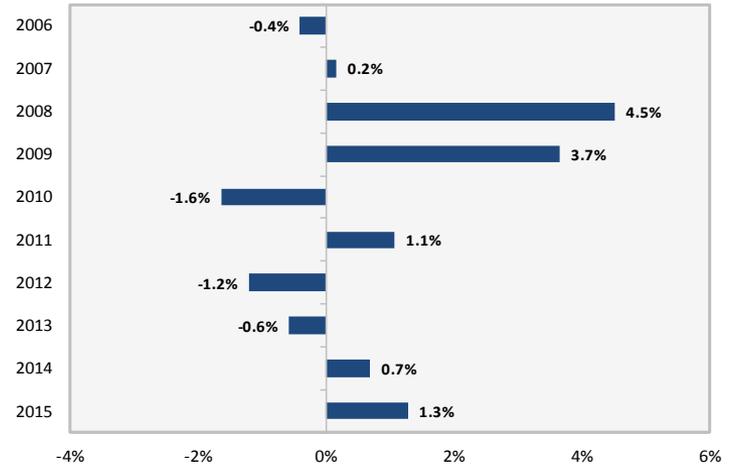


MEDIAN UNIVERSE EQUITY STYLE MANAGER ONE-YEAR RETURN DIFFERENTIAL ENDING JUNE 30: 10 YEARS

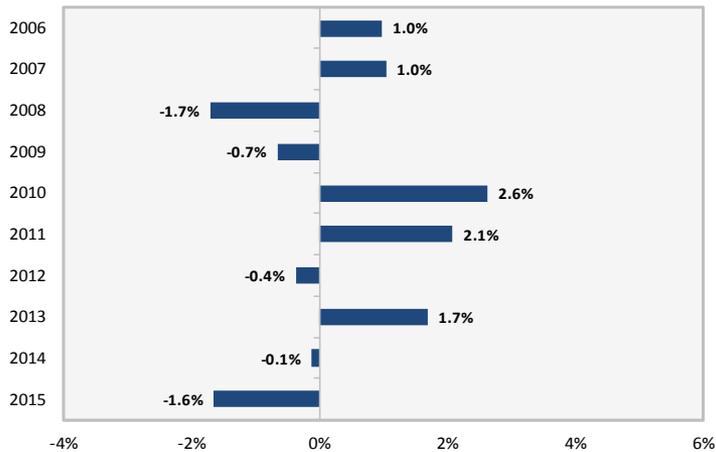
Median Large Capitalization Growth Equity Manager vs. Russell 1000 Growth



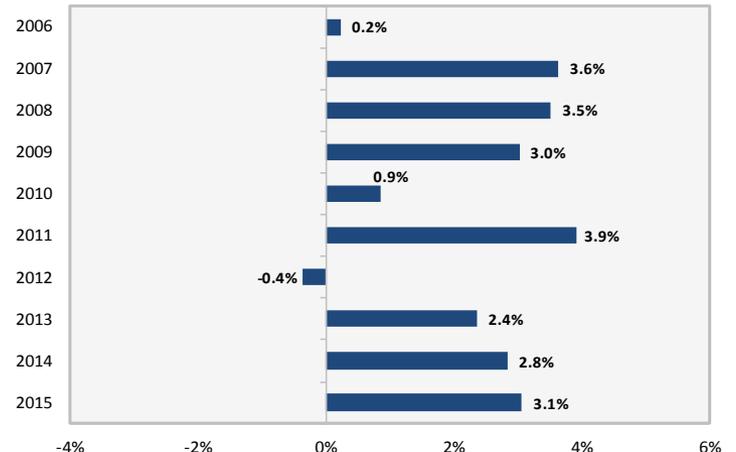
Median Large Capitalization Value Equity Manager vs. Russell 1000 Value



Median Small Capitalization Growth Equity Manager vs. Russell 2000 Growth

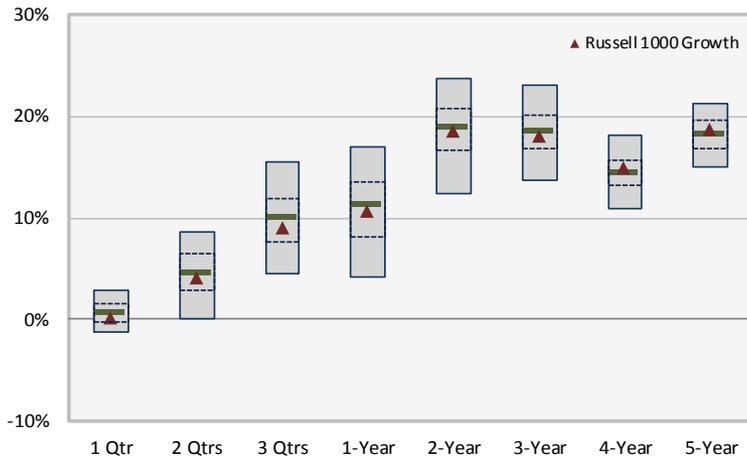


Median Small Capitalization Value Equity Manager vs. Russell 2000 Value

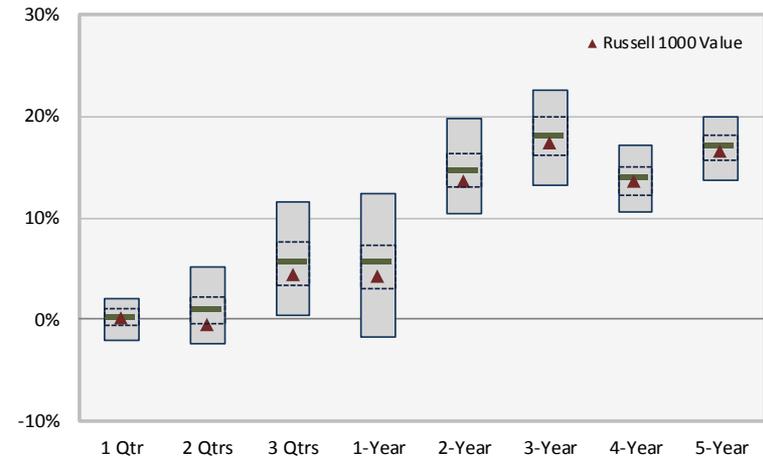


UNIVERSE EQUITY STYLE MANAGERS

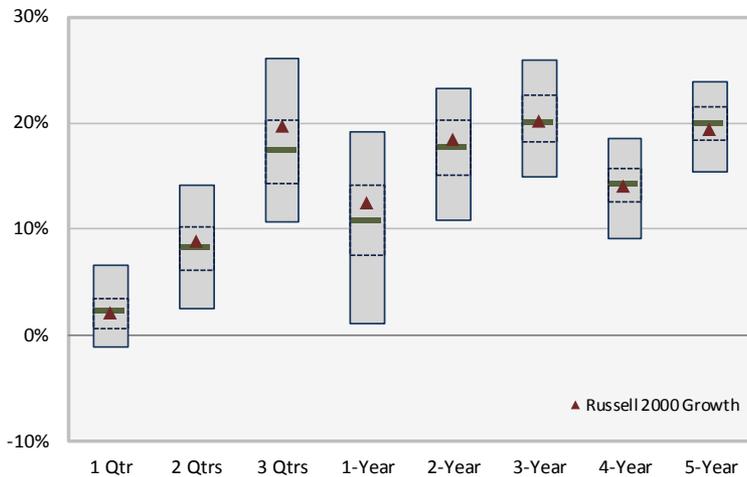
Large Cap Growth Equity Universe



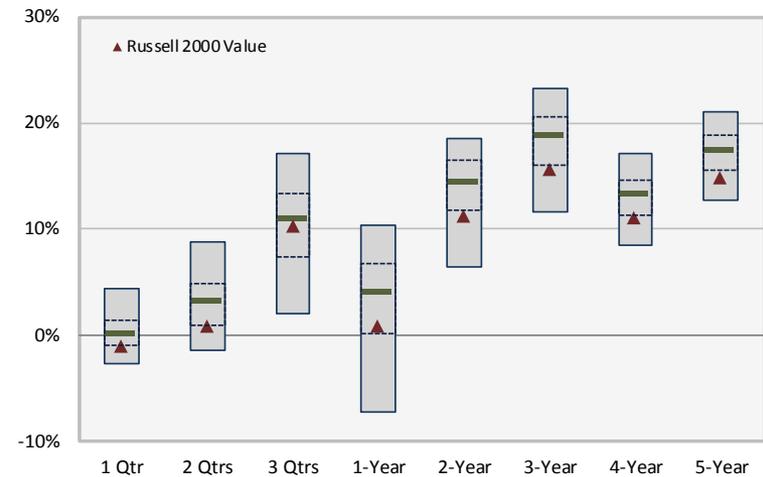
Large Cap Value Equity Universe



Small Cap Growth Equity Universe



Small Cap Value Equity Universe



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