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Economic & Capital Market Review

September 30, 2015

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KEY HIGHLIGHTS

- In Q3 2015:
 - Concerns over slowing growth, specifically in China, primarily drove financial market performance.
 - Uncertainty surrounding future monetary policy actions by the US Federal Reserve also contributed to heightened market volatility.

- Growth assets were negative:
 - Q3 was the worst quarterly performance for the global equity market (MSCI ACWI IMI, -9.6%) since Q3 2011 and equity market volatility reached its highest level since September 2011.
 - On a relative basis, US stocks outperformed international markets.
 - Declining oil and commodity prices contributed to weakness in energy-related assets and emerging markets.
 - WTI crude oil fell to \$45 per barrel, down from \$60 at the end of Q2 and \$87 one year ago.

- Income asset prices generally rose:
 - Yields declined as demand for bonds rose amid the equity market sell-off.
 - The 10-year Treasury yield ended the quarter at 2.04%, down from 2.35% at the end of Q2.
 - Treasuries outperformed corporate bonds as spreads widened.
 - The US real estate market continued to strengthen, with core real estate allocations gaining over 3%.

- Diversifying assets were mixed:
 - Long Treasury bonds benefited from the flight to quality from stocks to bonds and cash, returning 5.1%.
 - Commodity allocations continued to decline with falling inflation and growth expectations (Bloomberg Commodity, -14.5%).

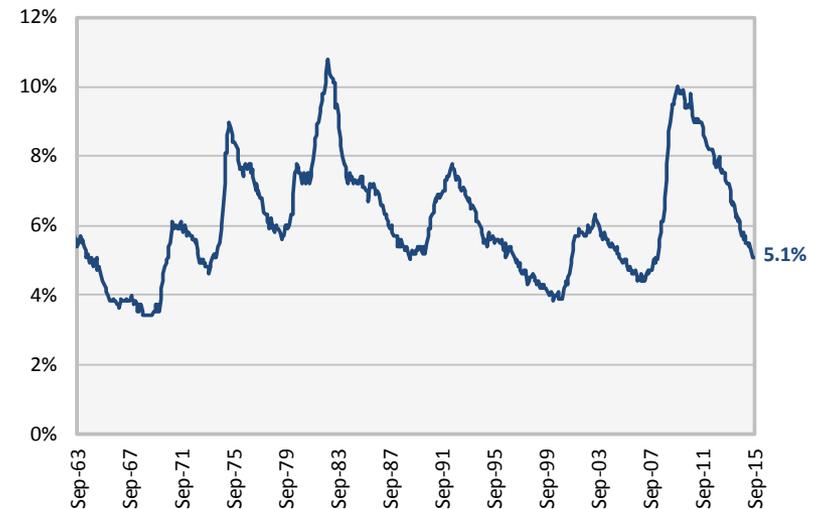
Economy

- Concerns over slowing global economic growth prompted the Federal Open Market Committee (FOMC) to keep short-term US interest rates unchanged during the third quarter. The FOMC acknowledged that the US economy continues to grow at a moderate pace, but believes recent global economic developments are likely to put downward pressure on US inflation in the short run; the Federal Reserve has an objective of maximum employment and price stability. In recent years the labor market has improved significantly as unemployment has declined, while inflation remains well below the Fed's 2% target level.
- Employment reports from July, August, and September showed that US job growth slowed somewhat during the summer months but remains positive. The unemployment rate declined 20 bps to 5.1% from June to September, its lowest level since April 2008. Over the past year the economy has added 229,000 jobs per month; however, job growth only averaged 167,000 over the three months ending September. Historically, 200,000 new jobs per month has been consistent with strong growth in the labor market.
- Additionally, reports from the third quarter reinforced the fact that US wage growth remains lackluster. For the 12 months ending September 2015, wages increased 2.2%. Since August 2008, wage growth has averaged just 2.1% per year, while prior to 2008 average annual wage growth was 4.6%, per the Bureau of Labor Statistics. The Federal Reserve is monitoring wage pressures as a sign of a tightening labor market and signal to raise interest rates. As the unemployment rate continues to decrease, wage pressures are more likely to emerge; with a shrinking pool of unemployed workers, employers must pay more to attract and retain employees.
- Real GDP increased at a 1.5% annualized rate during the third quarter, according to the Bureau of Economic Analysis. Real GDP growth of 3.9% for the second quarter suggested the US economy rebounded following a slow start to 2015, which saw GDP increase just 0.6% in the first quarter. Weakness outside the US and a drawdown of domestic inventories contributed to the third quarter slowdown. Exports decelerated, along with government spending and fixed investment.

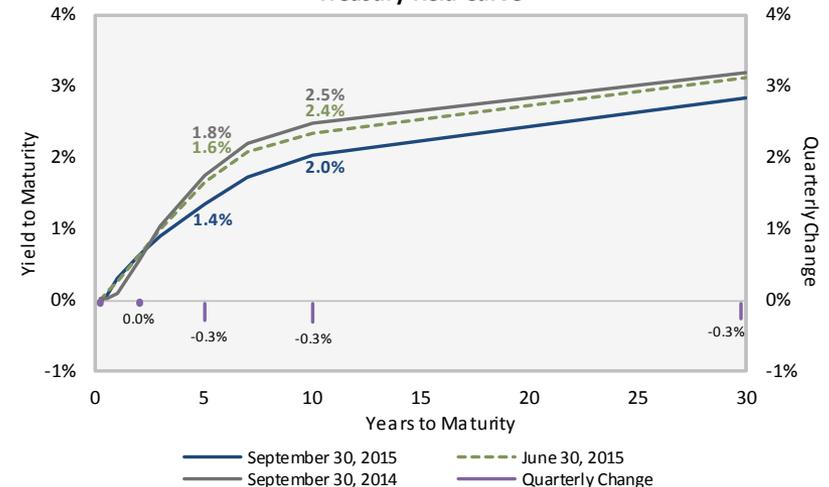
Yield Curve

- Declining growth and inflation expectations put downward pressure on interest rates during the quarter. The spread between 2-year and 30-year Treasuries tightened 25 bps to 220 bps from June to September as the yield curve flattened.

Unemployment Rate



Treasury Yield Curve

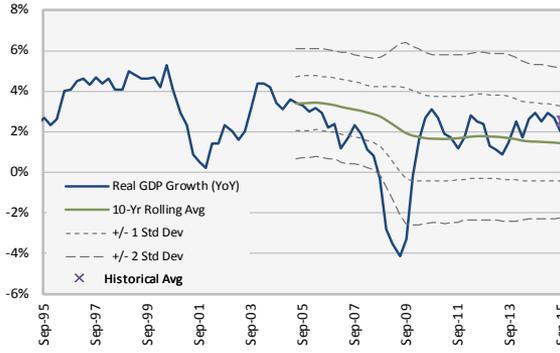


Source: Bloomberg

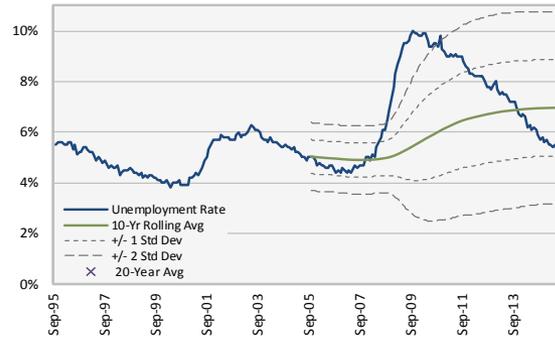
Economic Perspective

September 30, 2015

Real GDP Growth (YoY)



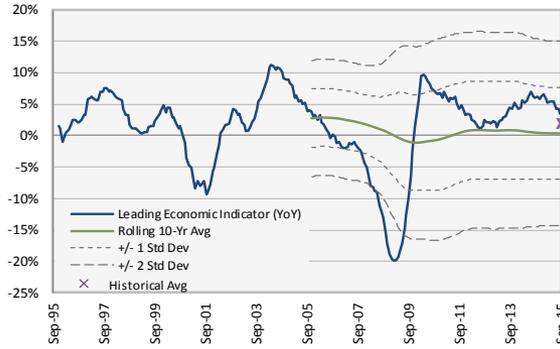
Unemployment Rate



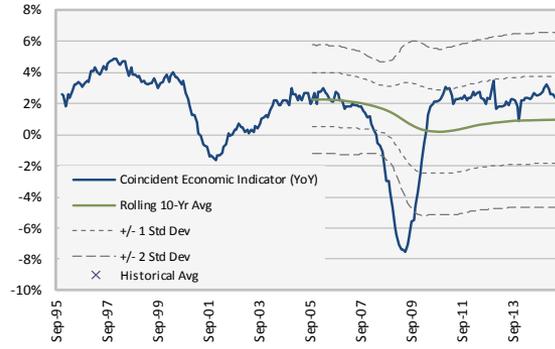
Manufacturing Strength



Leading Economic Indicator (YoY)



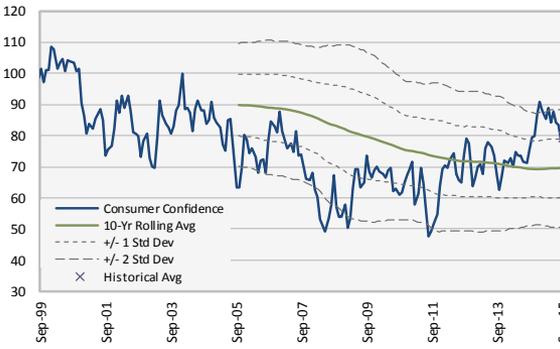
Coincident Economic Indicator (YoY)



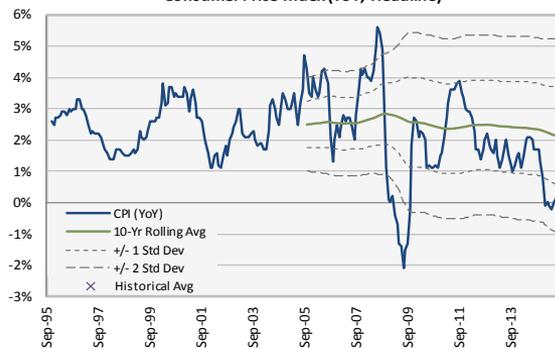
Lagging Economic Indicator (YoY)



Consumer Confidence

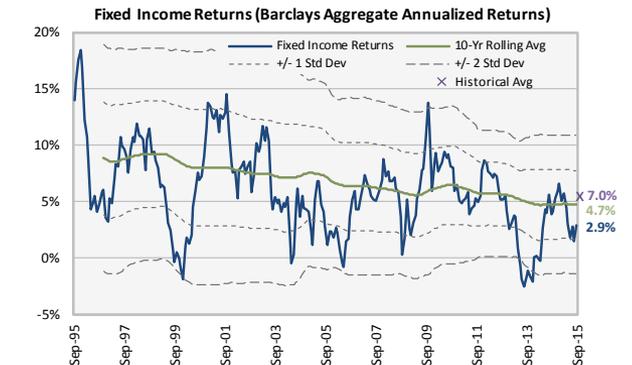
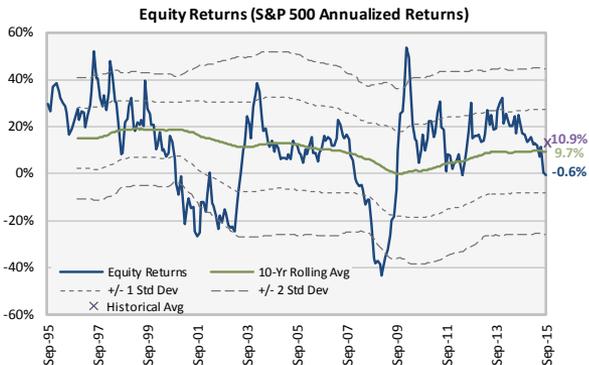
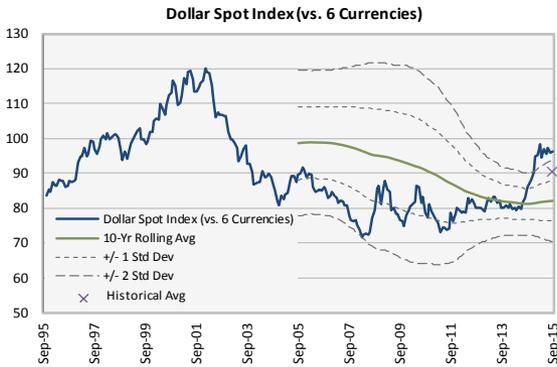
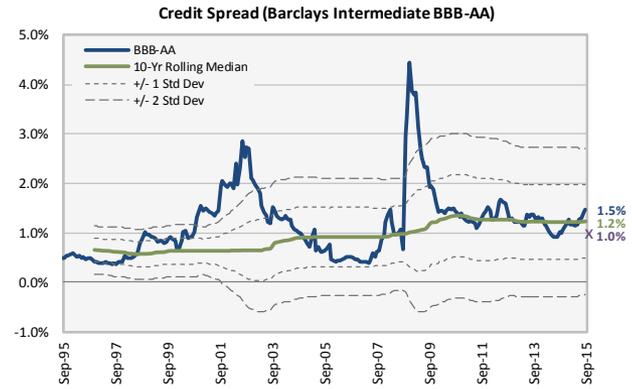
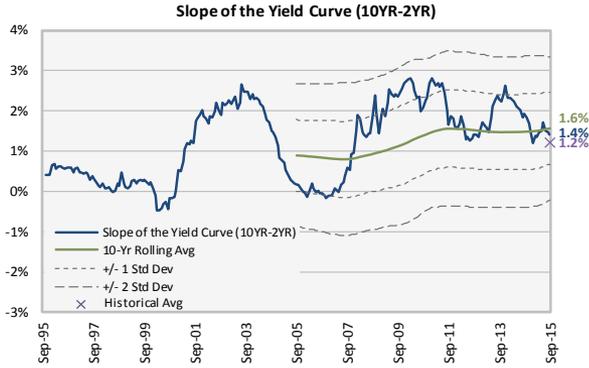


Consumer Price Index (YoY, Headline)



Federal Funds Target Rate





Growth Assets

September 30, 2015

Public Equities

- Fears of deterioration in global growth drove broad-based equity market declines during the third quarter. Oil prices continued to fall, the Bank of China devalued the yuan, and the Federal Reserve once again delayed “liftoff” at their September meeting. Emerging markets underperformed developed markets, losing 17.9% for the quarter versus a loss of 6.4% for the S&P 500.
- The third quarter saw the worst quarter of performance for Master Limited Partnerships (MLPs) in the history of the Alerian MLP Index. Technical selling pressures escalated in September with retail selling, closed-end fund deleveraging, and negative fund flows from MLP mutual funds. Long-term fundamentals for the asset class, driven by global energy consumption growth, remain intact.

Public Debt

- High yield bonds declined 4.9% during the quarter as yields reached 8%, a level not seen since the Greek Crisis in 2011/2012. High yield spreads widened 154 bps to 630 bps from June to September; over the past 20 years, spreads have averaged 534 bps.
- Continued concern over China growth and falling commodity prices impacted local emerging market debt as the asset class fell 10.5% over the quarter. Weaker currencies have been the primary contributor to the cumulative 12-month return of -19.8% in local markets.

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. However, several market participants are noticing widening bid/ask spreads as lenders are beginning to tighten. Additionally, public market volatility, combined with peak earnings, has begun to spook buyers.

Private Debt

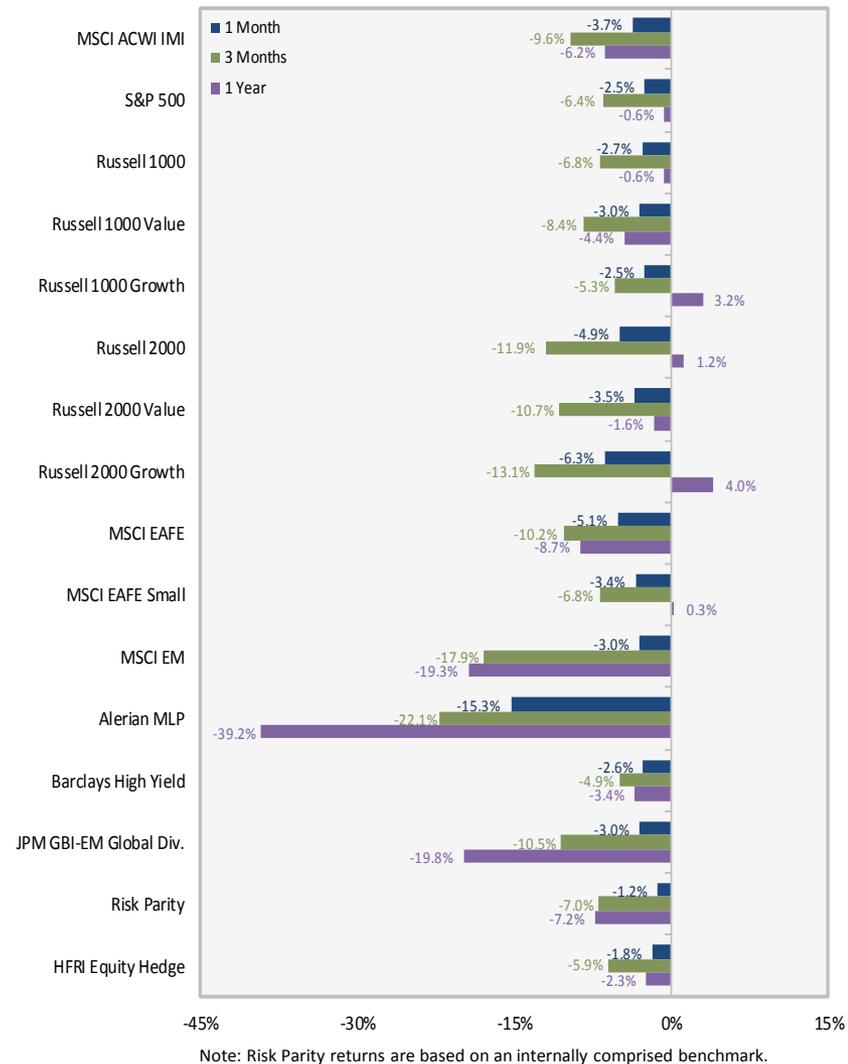
- The third quarter delivered another uptick in covenant relief amendments; however, there has been no concentration in any one industry. More amendments are possible in coming quarters as oil prices test the capital structures of several energy-related, sponsor-backed deals. Debt/EBITDA ratios are near all-time highs, but capex and interest coverage remain significantly higher than the low coverage rates seen in 2006 and 2007.

Risk Parity

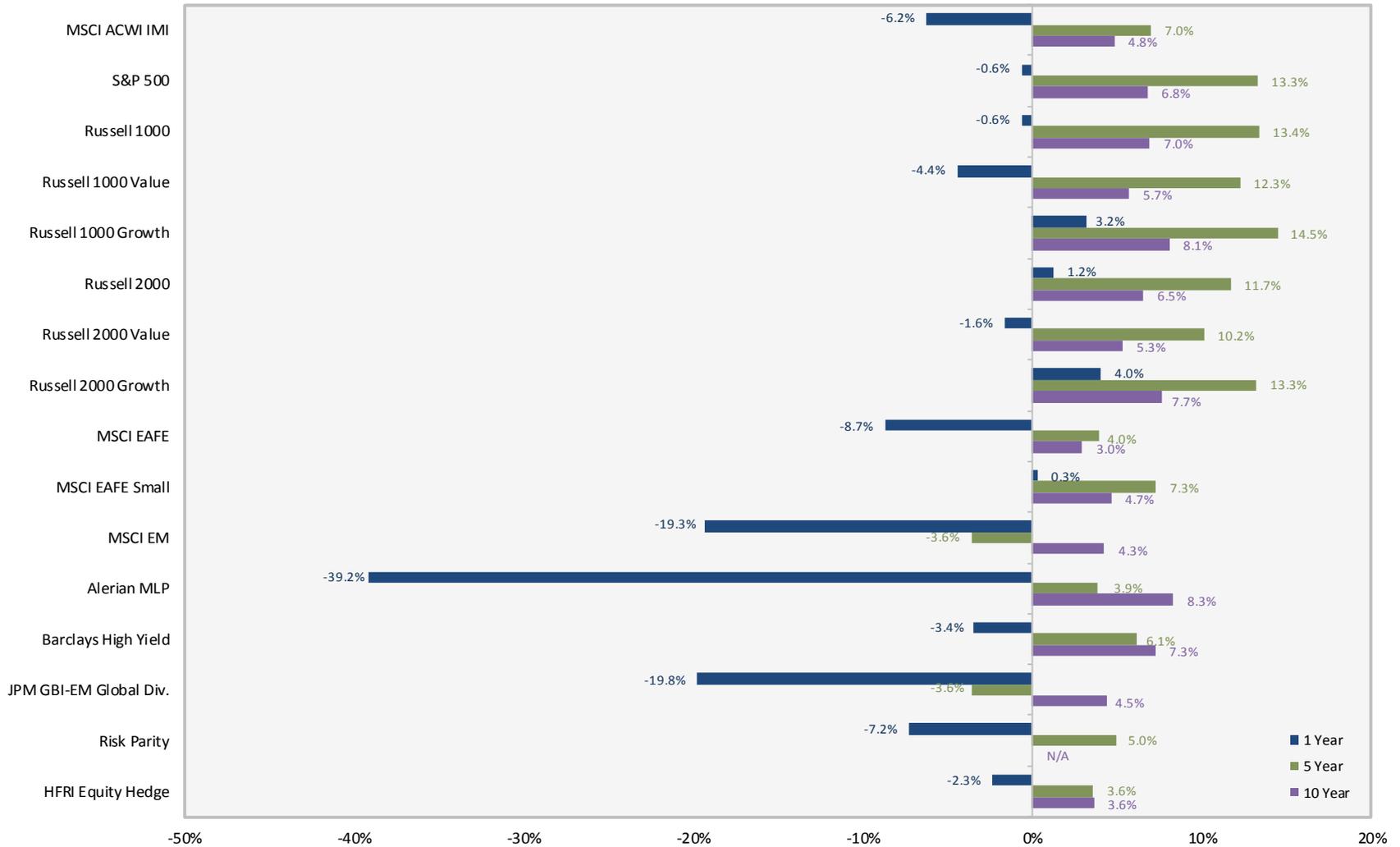
- Risk parity strategies detracted for the quarter. Equities and commodities were the largest losers while nominal bonds contributed.

Growth Hedge Funds

- Growth hedge funds detracted in the third quarter, with losses in equity long/short and event-driven strategies attributable to repricing of global growth expectations.

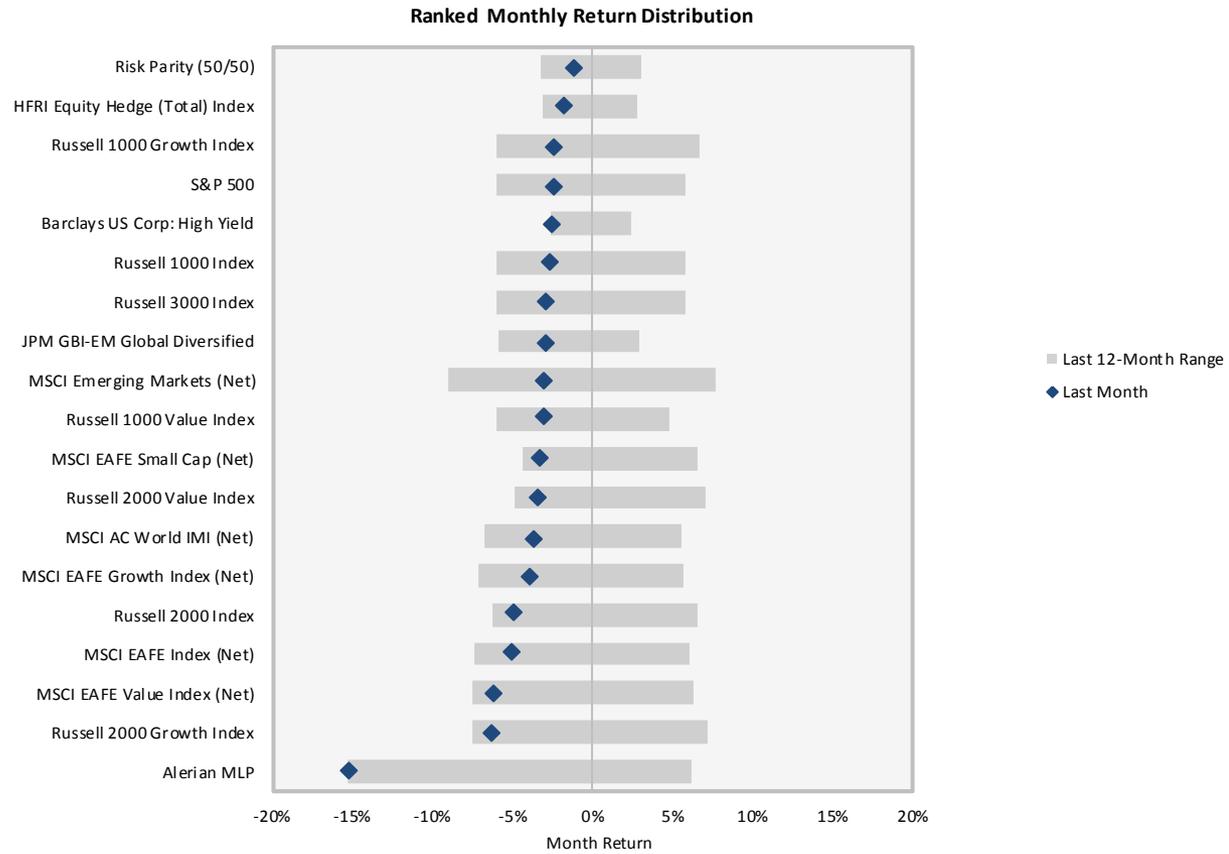


ANNUALIZED ONE-, FIVE-, AND TEN-YEAR RETURNS

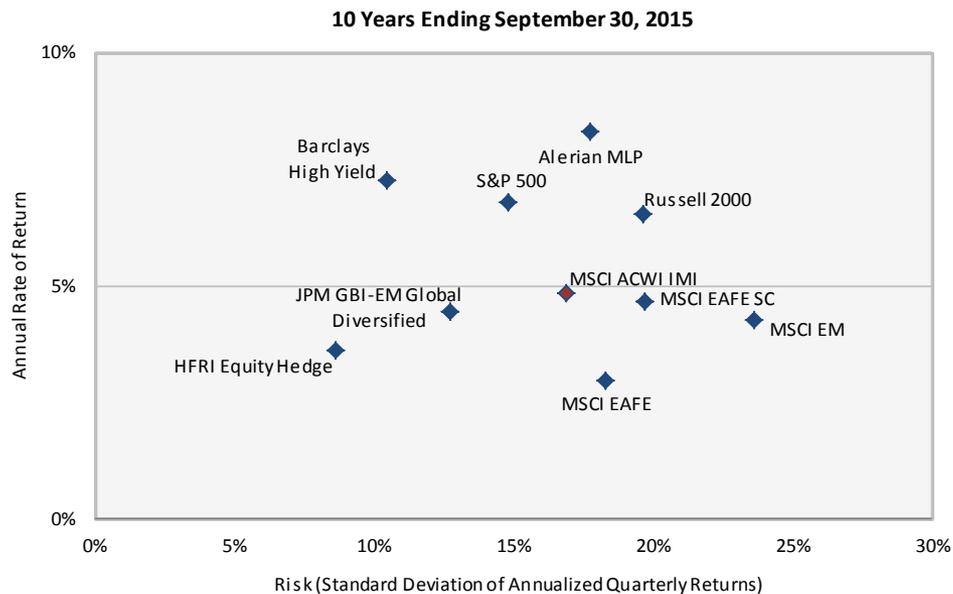
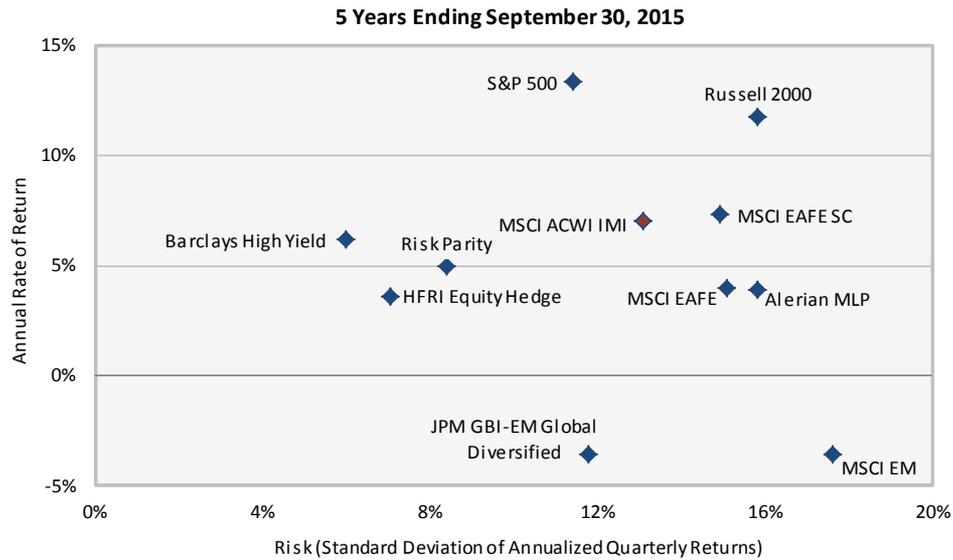


Note: Risk Parity returns are based on an internally comprised benchmark.

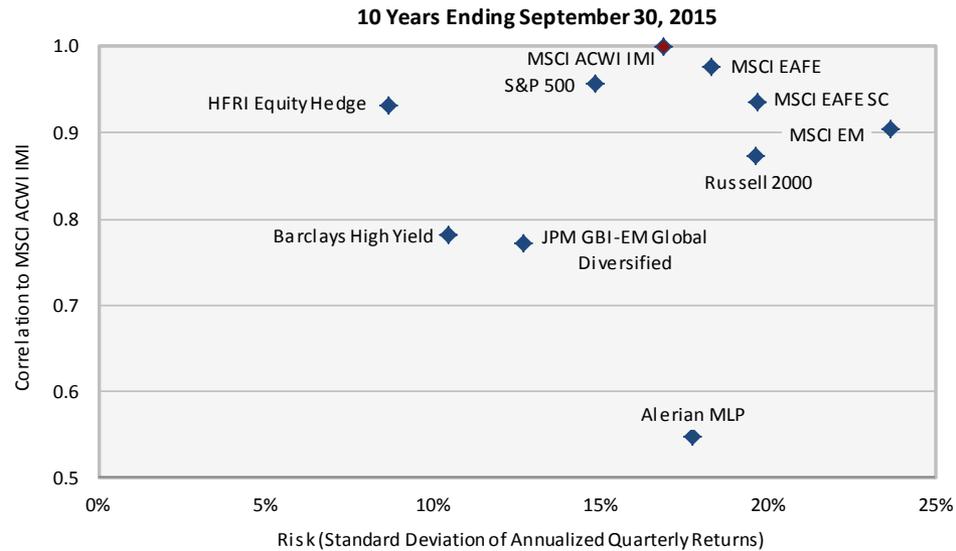
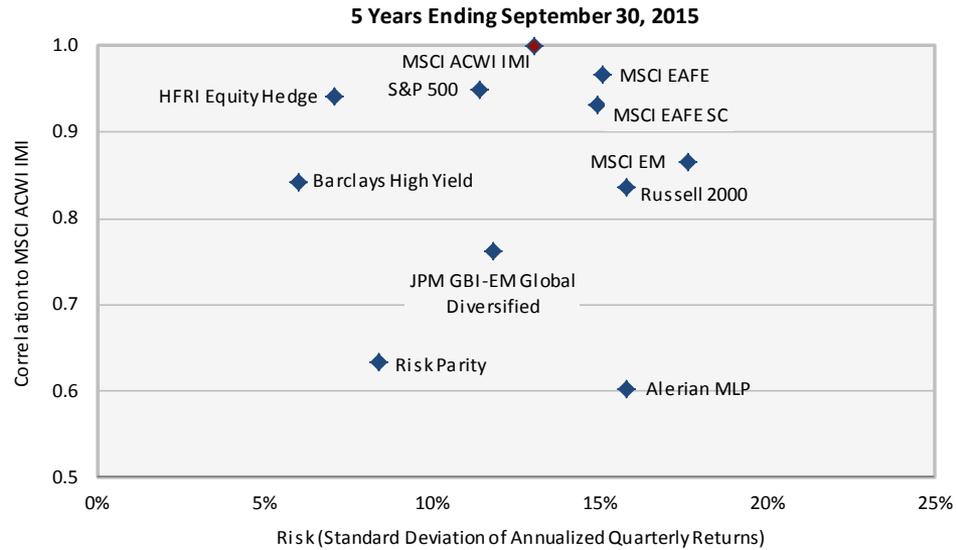
HISTORICAL RELATIVE PERFORMANCE



ASSET CLASS RISK/RETURN PERFORMANCE



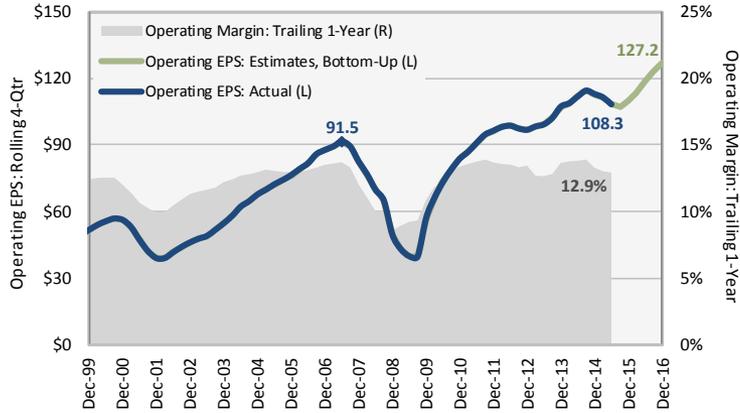
ASSET CLASS CORRELATION TO MSCI ACWI IMI



MARKET CHARTS

S&P 500 Operating Earnings

Rolling 4-Quarter, Actual and Estimated



Source: Standard & Poor's

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

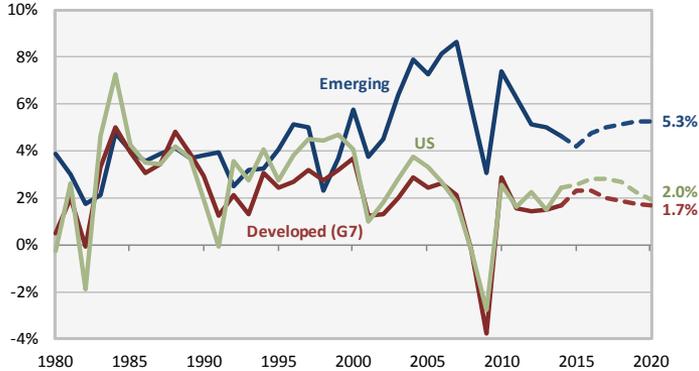
Purchasing Managers' Index



Source: Institute for Supply Management

US manufacturing has declined in 2015 due to lower foreign demand; a reading over 50 implies expansion.

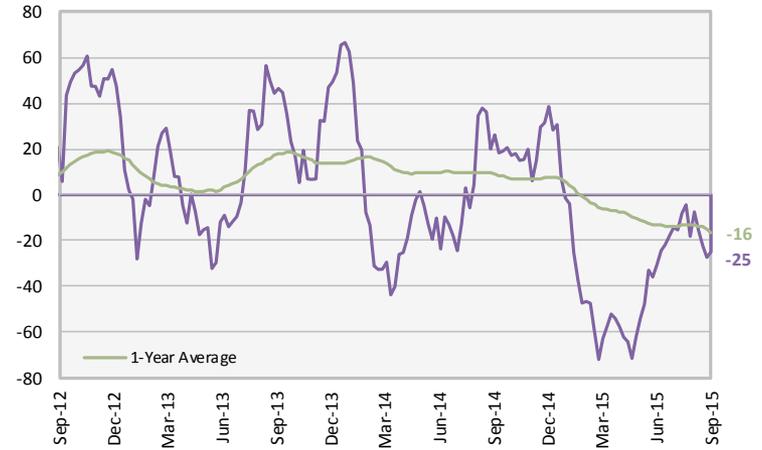
Real GDP Growth (YoY)



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 continued to come in lower than expected during the third quarter; an Index reading of 0 means data releases have met analyst expectations.

Public Debt

- The US Treasury curve flattened, with 10- and 30-year yields declining 32 bps and 27 bps, respectively. Weaker global economic data and uncertainty around when the Federal Reserve will raise interest rates from historic lows drove rates lower. Corporate bonds underperformed governments as default expectations increased modestly during the third quarter.
- International bonds underperformed US markets, returning 0.6% in the third quarter. Japanese and South Korean bonds were among the leading country constituents of the Barclays Global Aggregate ex US Index. Eurozone inflation came in under expectations, raising speculation for further quantitative easing and helping move Eurozone yields lower. Among laggards, Canadian bonds suffered as the CAD depreciated along with other commodity sensitive currencies.

Private Debt

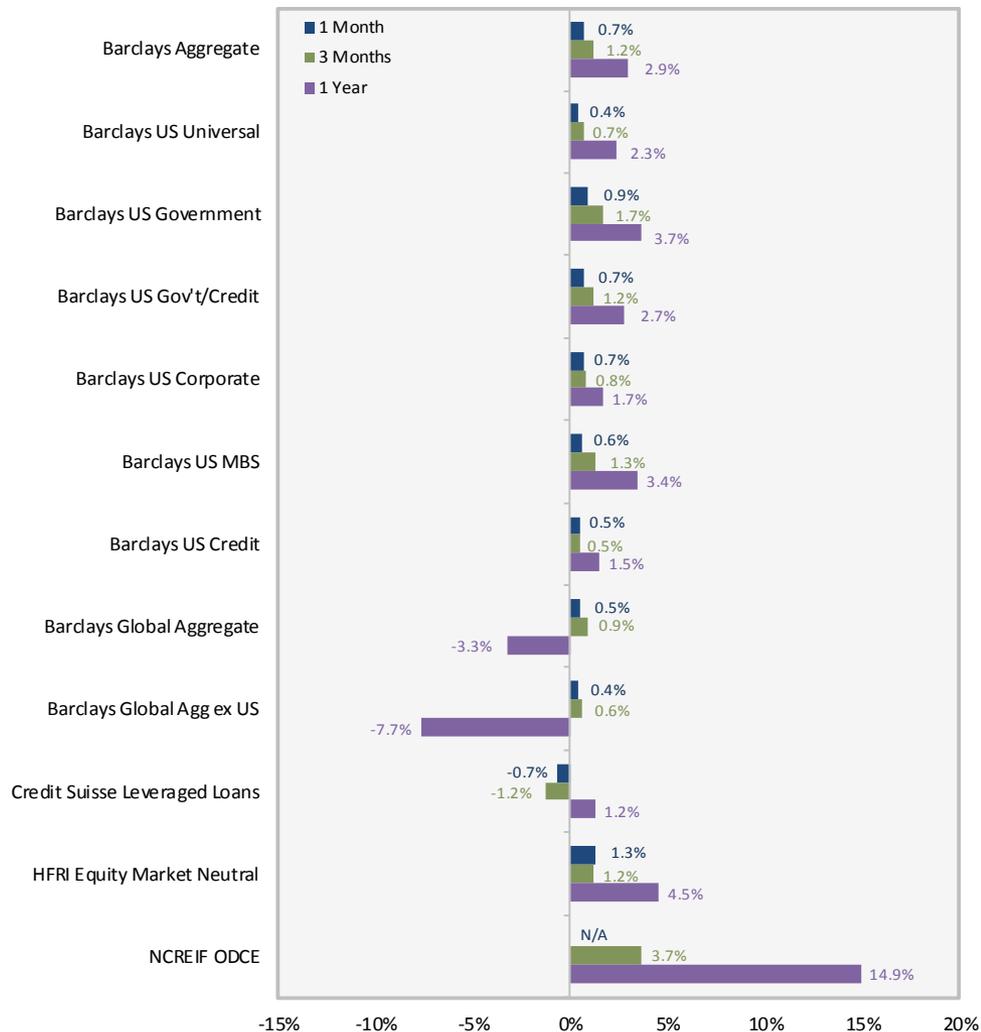
- Public bank loans, which tend to be more volatile than traditional core fixed income, saw modest declines during the quarter as yields rose. Average prices ended the quarter at \$94.30, a 3-year low. Issuance slowed substantially in September to \$9.5B, well below the average monthly volume of \$29.6B this year.

Relative Value Hedge Funds

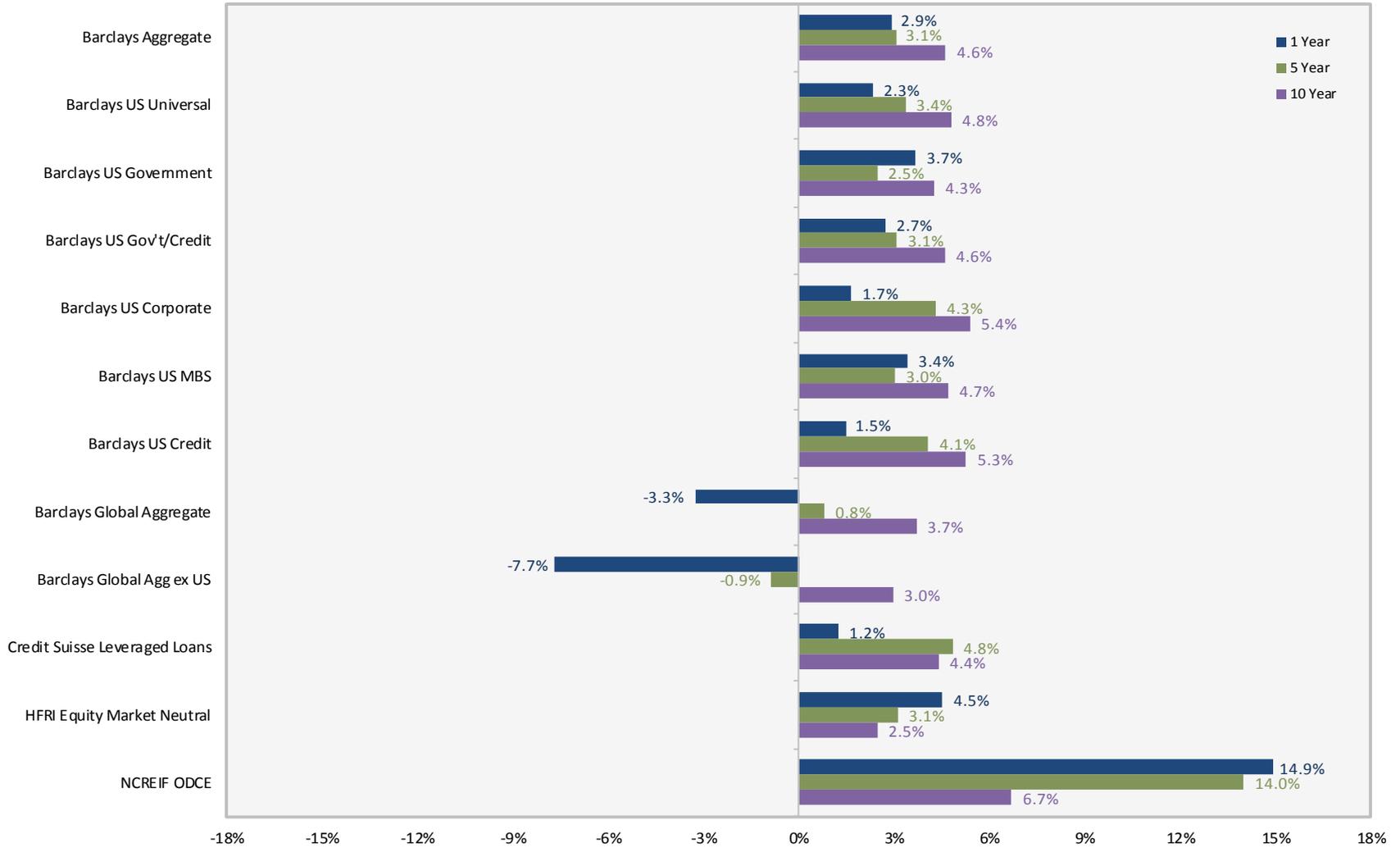
- Market neutral equity funds contributed, while most non-equity relative value strategies detracted. The largest losses were concentrated in credit-oriented strategies.

Core Real Estate

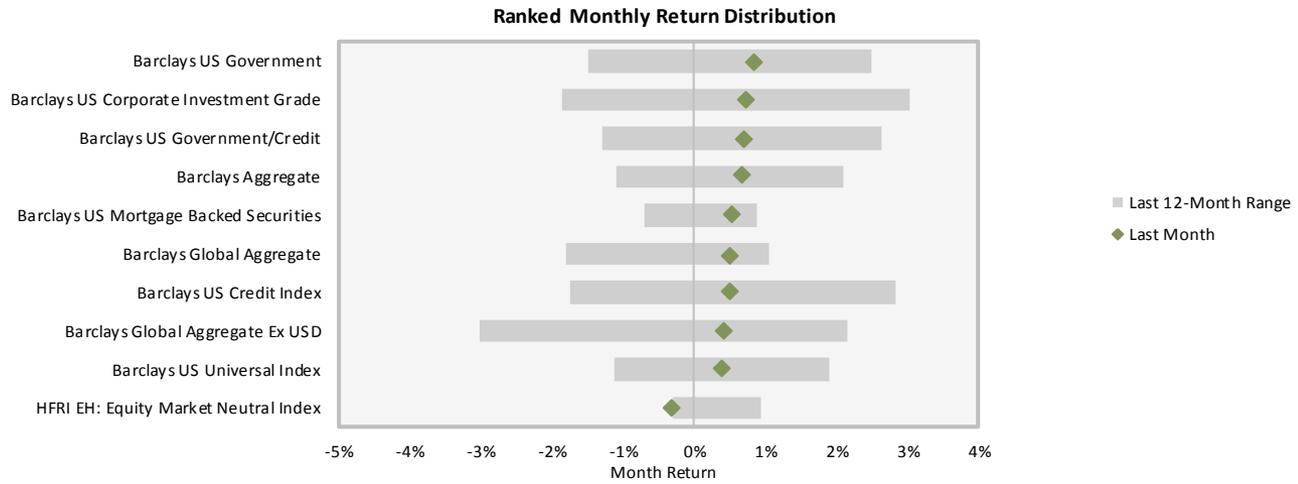
- Core real estate continued to perform well, with preliminary returns for the NCREIF ODCE Index coming in at 3.7% for the third quarter. New job openings are near all-time highs, new claims for unemployment are at their lowest levels in decades, and supply-demand fundamentals remain favorable for core real estate.



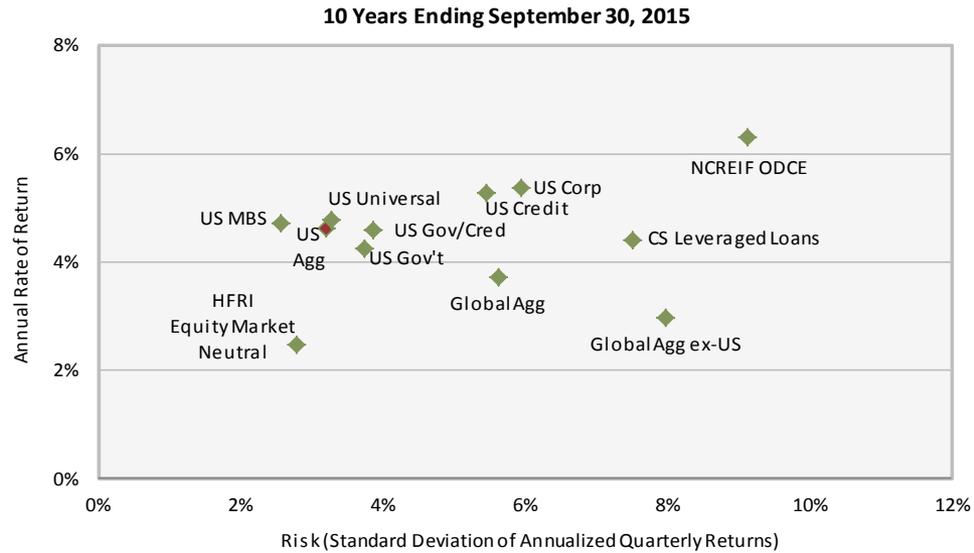
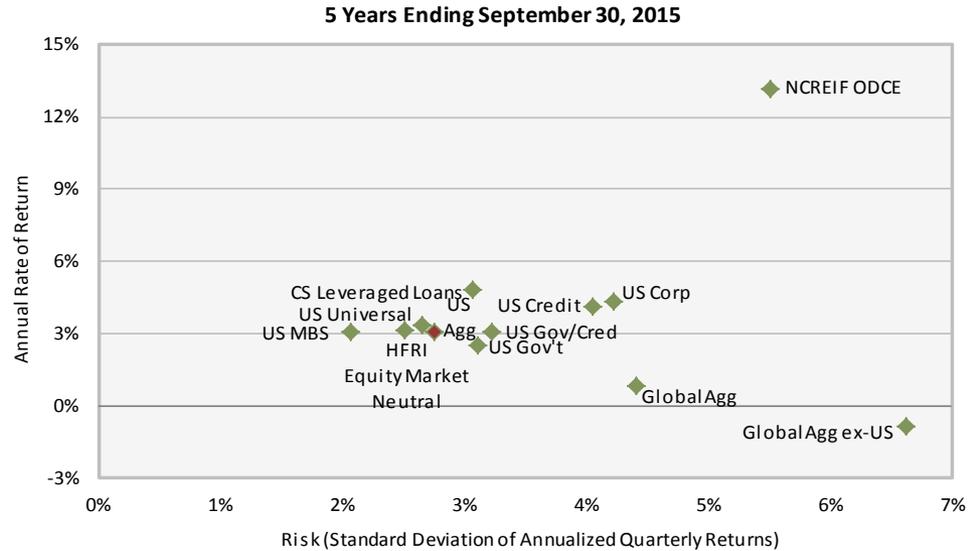
ANNUALIZED ONE-, FIVE-, AND TEN-YEAR RETURNS



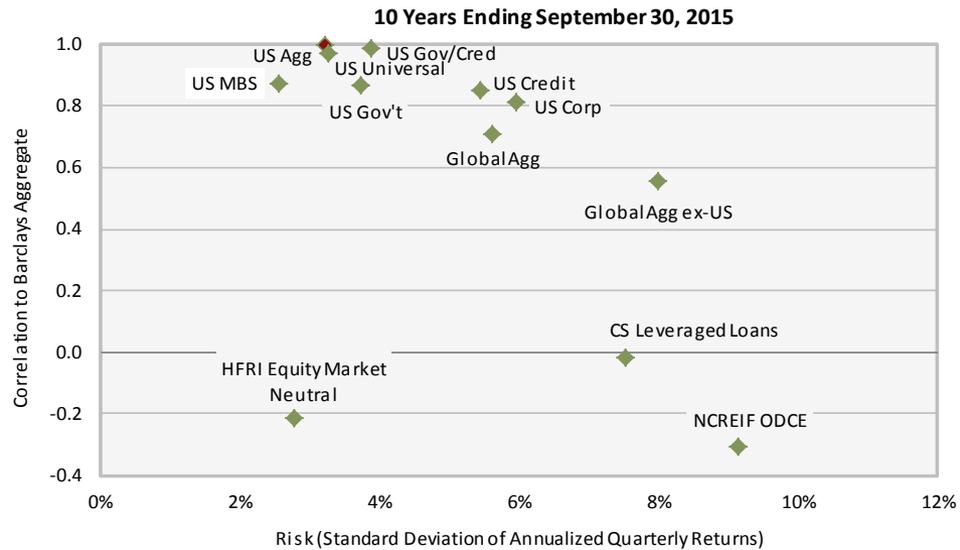
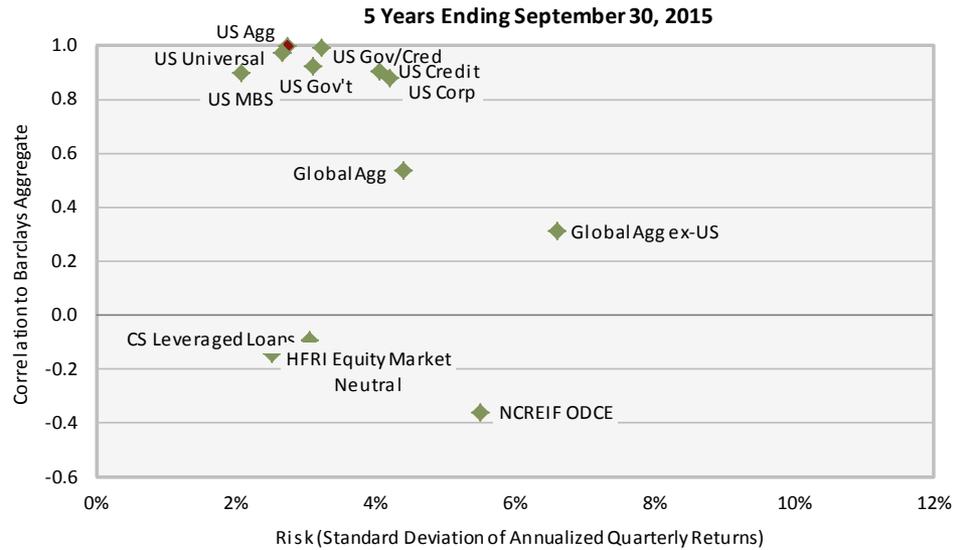
HISTORICAL RELATIVE PERFORMANCE



ASSET CLASS RISK/RETURN PERFORMANCE

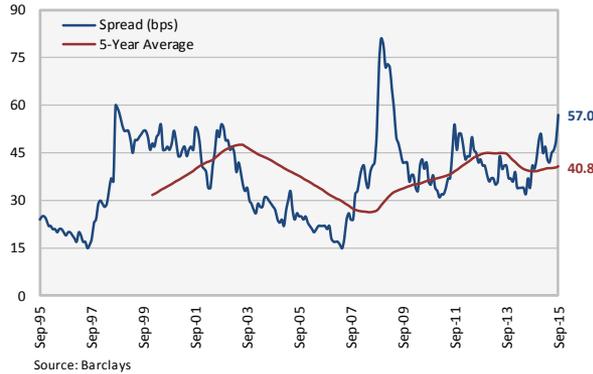


ASSET CLASS CORRELATION TO BARCLAYS AGGREGATE



MARKET CHARTS

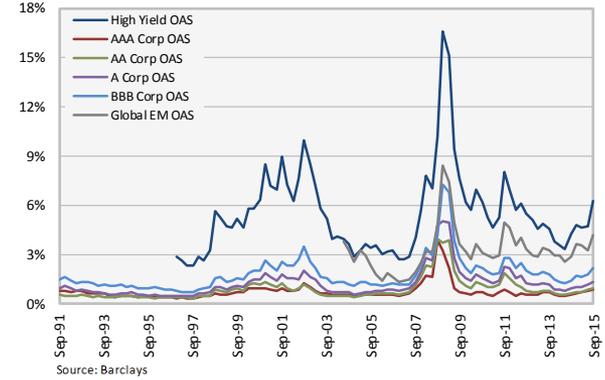
Core Plus vs Core Fixed Income



Source: Barclays

The spread between core plus and core fixed income has risen and is above longer-term averages.

Barclays Capital Option Adjusted Spreads



Source: Barclays

Spreads have widened across all credit qualities.

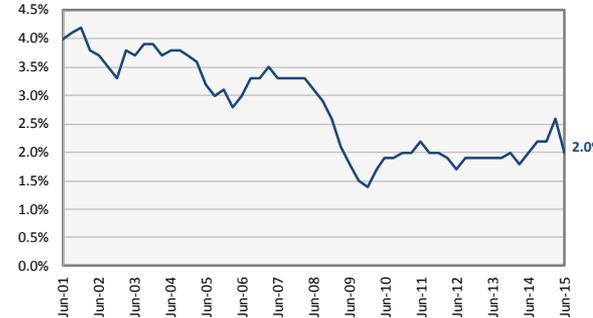
10-Year Implied Inflation



Source: Bloomberg

Long-term inflation expectations are at 2009 levels and remain well-below historical averages.

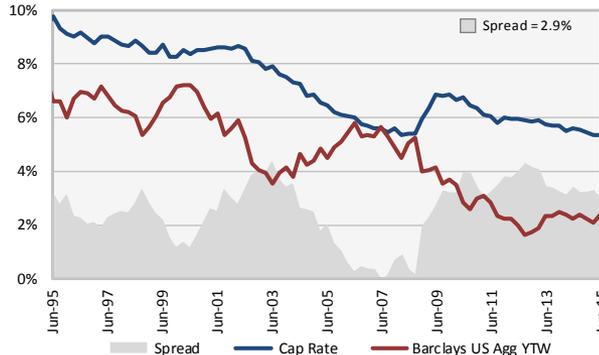
Employment Cost Index YoY % Change



Source: Bureau of Labor Statistics

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

NCREIF Cap Rates vs Barclays US Aggregate



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-City Home Price Index



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

Inflation

- TIPS declined during the quarter as inflation expectations continued to fall. The 10-year inflation rate implied by the bond market fell to 1.43% in September, its lowest level since March 2009.

Deflation

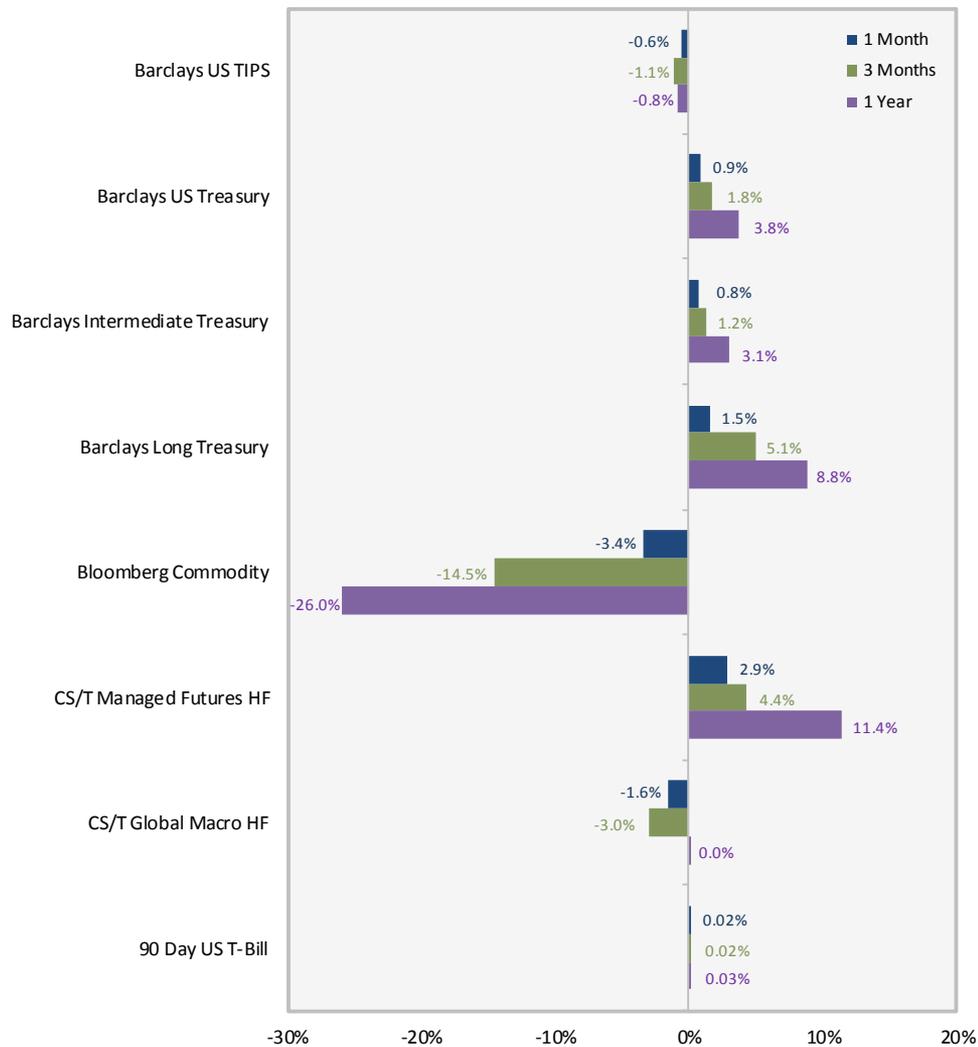
- Long bonds benefited from the reduction in inflation expectations and future interest rate hikes. 30-year Treasury rates fell in September, pushing Barclays Long Treasury Index returns up 1.5% for the month and 5.1% for the quarter. Returns for the Index had slid as far as -2.3% for September leading up to the mid-month Federal Reserve interest rate decision. The yield on the 30-year Treasury finished the quarter at 2.85% but was as high as 3.08% before the Fed meeting.
- Cash continues to offer virtually no return, with 90-day T-Bills returning just 3 basis points over the past year.

Commodities

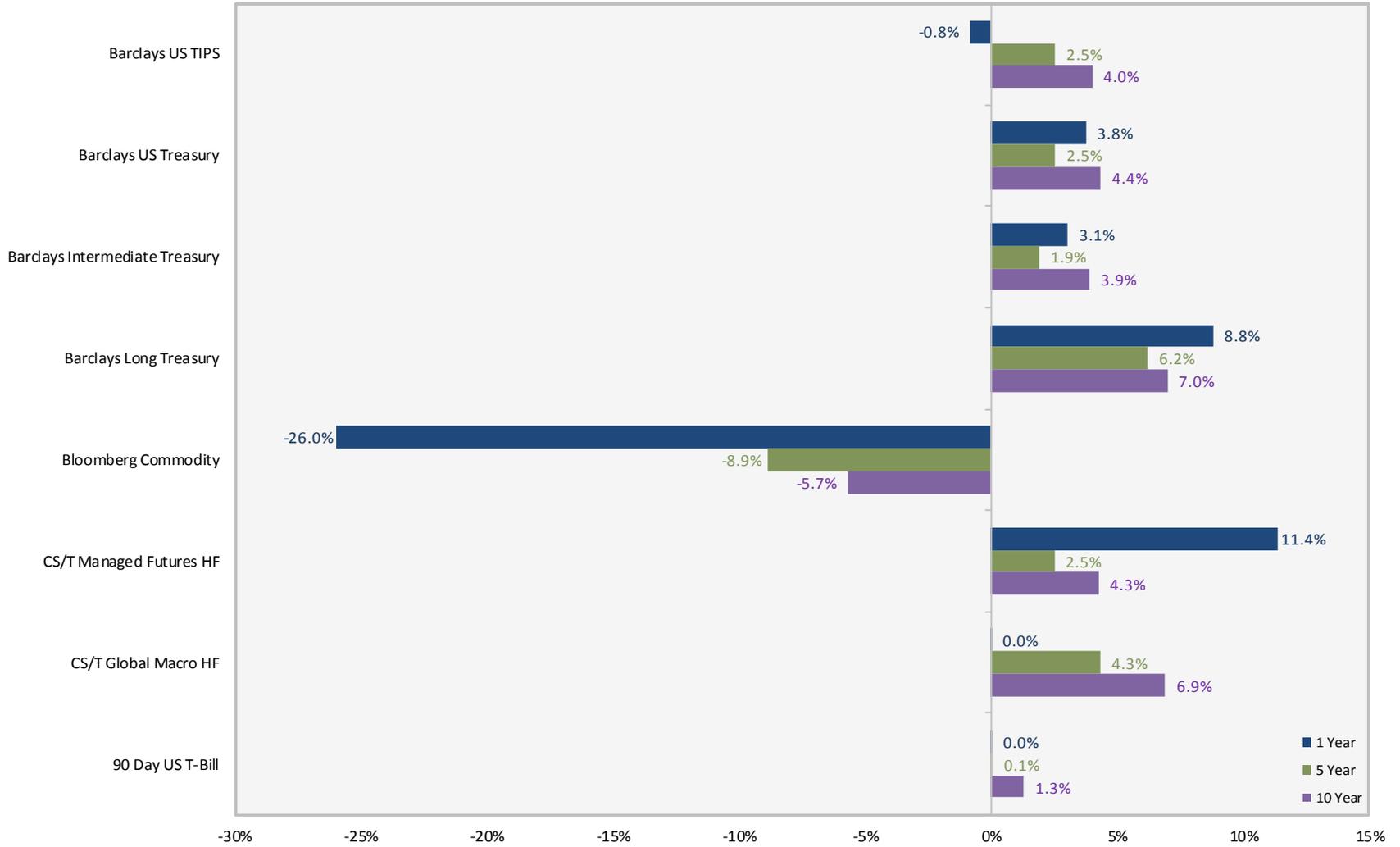
- Commodity indices declined each month, ending the quarter down 14.5%. The early part of the quarter was dominated by concerns over slowing Chinese demand growth for all commodities. Metals and agriculture commodities recovered later in the quarter, while energy commodities exacerbated their slide downward in September.

Tactical Trading

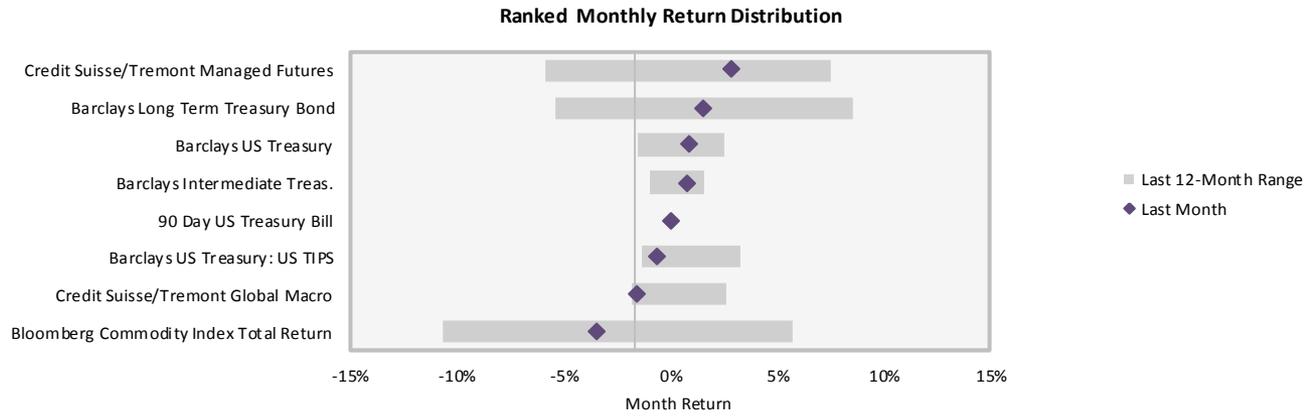
- Tactical trading hedge funds posted mixed performance in the third quarter, as managed futures contributed while CTAs detracted.



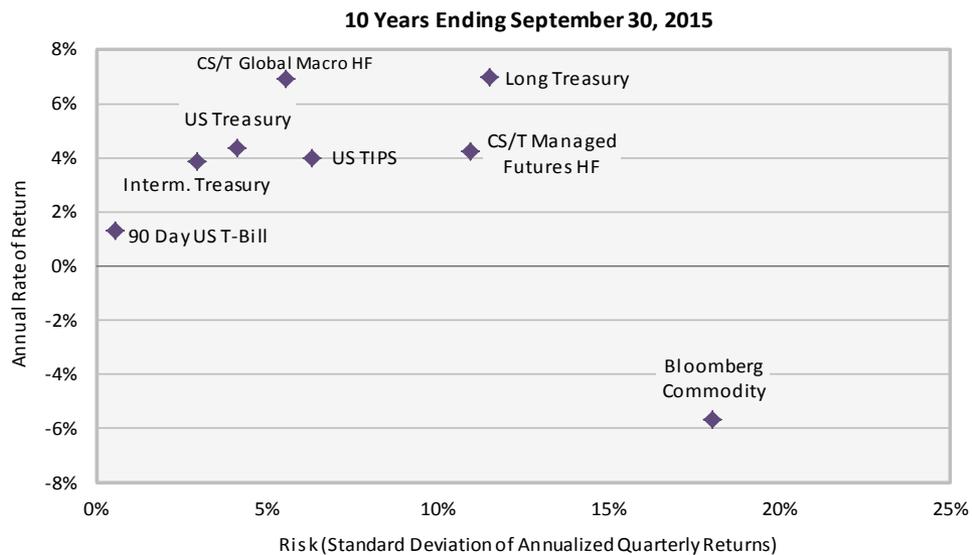
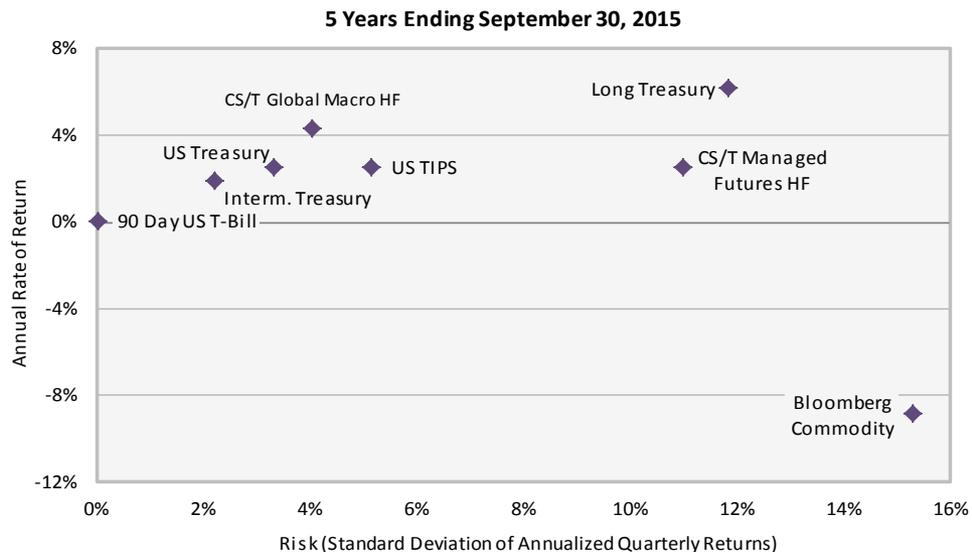
ANNUALIZED ONE-, FIVE-, AND TEN-YEAR RETURNS



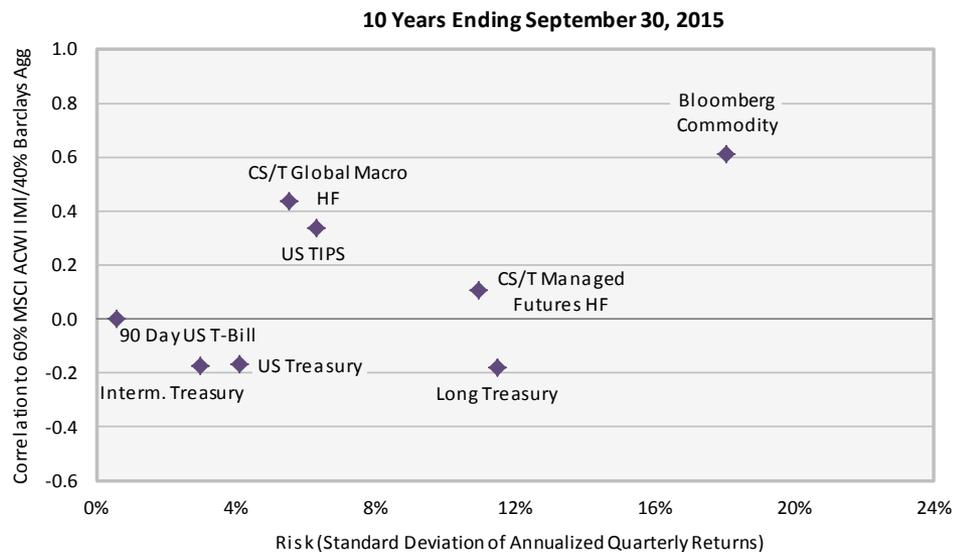
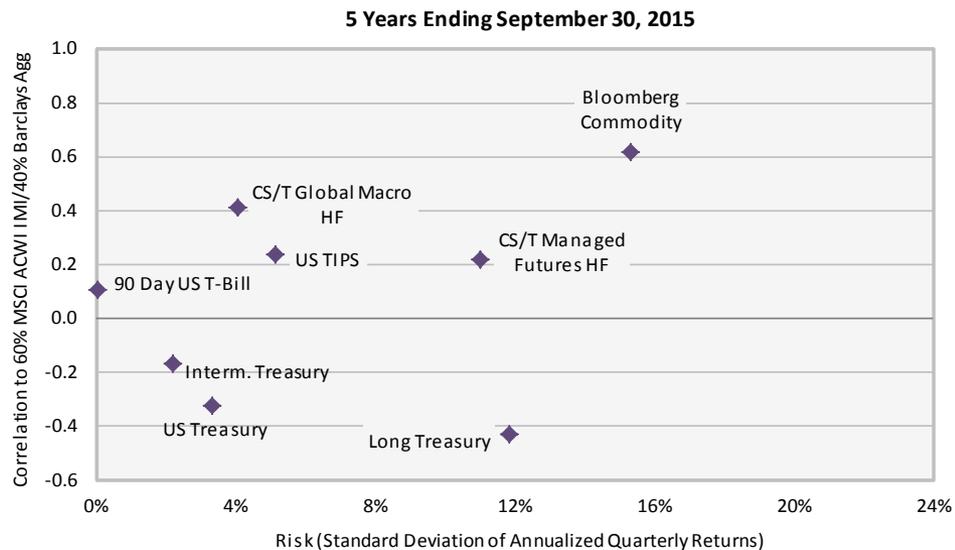
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ASSET CLASS RISK/RETURN PERFORMANCE

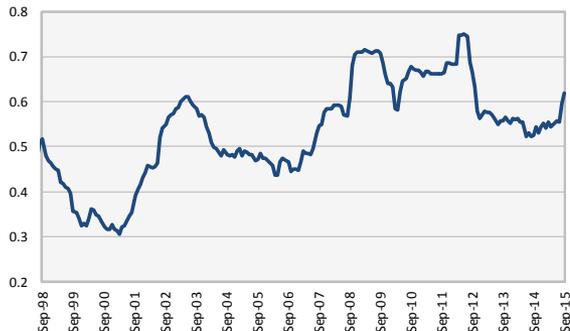


ASSET CLASS CORRELATION TO 60% MSCI ACWI IMI/40% BARCLAYS AGGREGATE



MARKET CHARTS

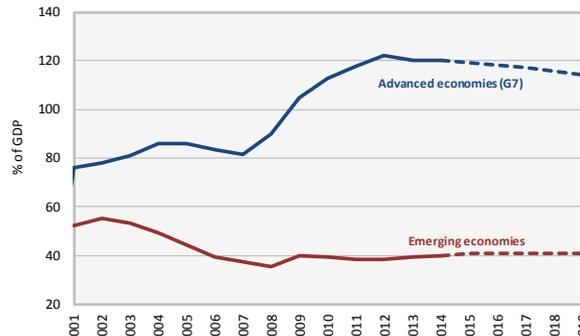
S&P 500 Member Average Correlation



Source: Summit Strategies Analysis

The correlation between individual stocks has increased over the past year.

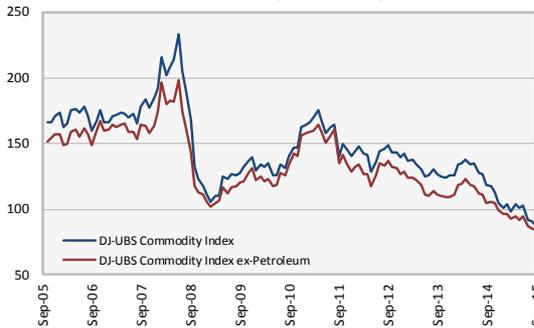
Government Debt/GDP



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

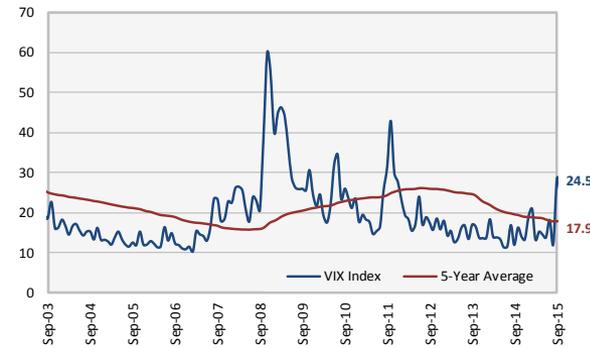


Source: Dow Jones-UBS

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

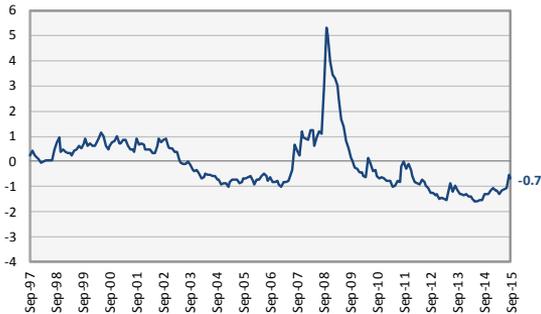
Equity volatility increased to its highest level since 2011 during the third quarter.

Equity Volatility (VIX)



Source: Chicago Board Options Exchange

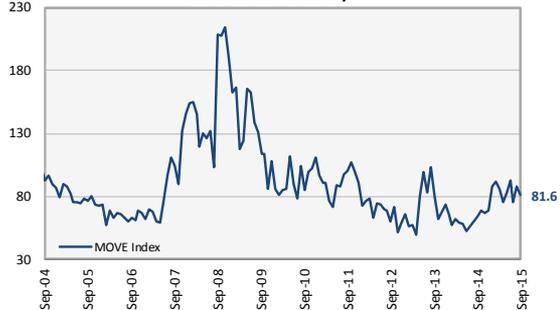
St. Louis Federal Reserve Financial Stress Index



Source: St. Louis Federal Reserve

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

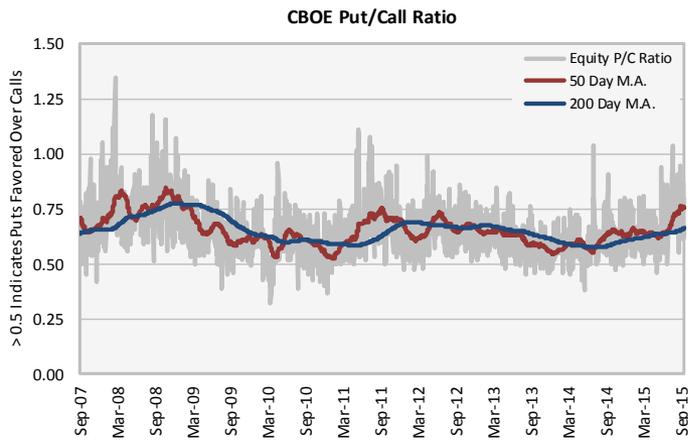
Fixed Income Volatility



Source: Merrill Lynch, Barclays

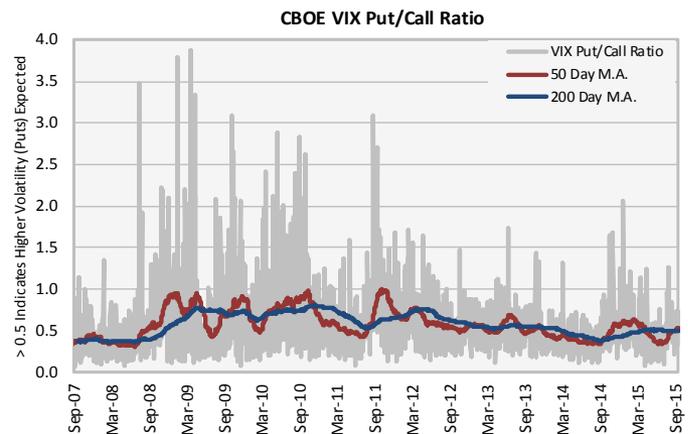
The bond market volatility index has increased 75% over the past 12 months.

MARKET SKEW



Source: Chicago Board Options Exchange

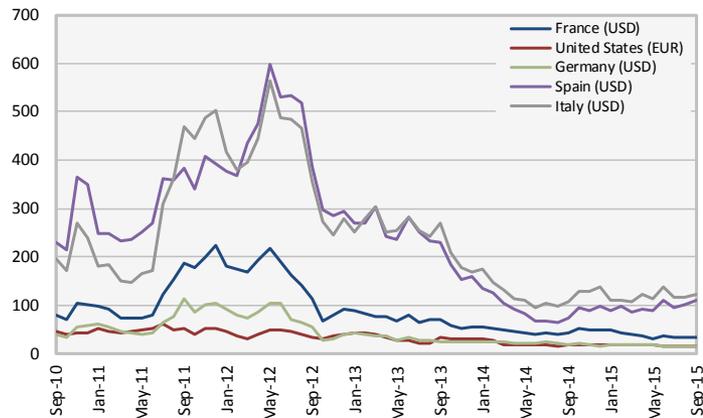
0.5 is neutral; investors are slightly more inclined to buy downside protection than they were at the beginning of the quarter, as suggested by the 50-day moving average.



Source: Chicago Board Options Exchange

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

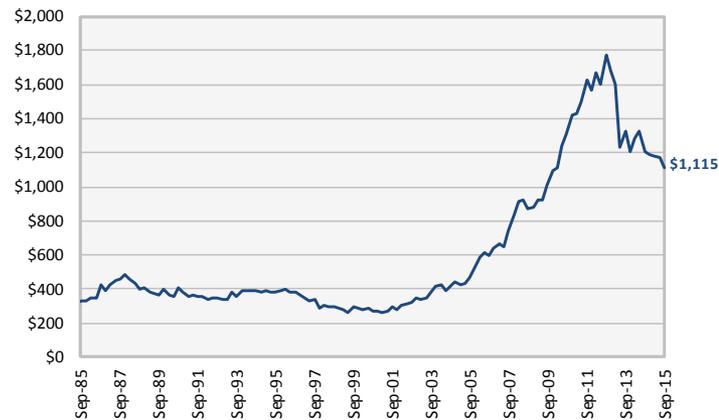
5-Year Credit Default Swaps Spreads



Source: Bloomberg

Sovereign spreads have risen from Q2 2014 lows.

Gold Spot \$/oz.



Source: Bloomberg

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.

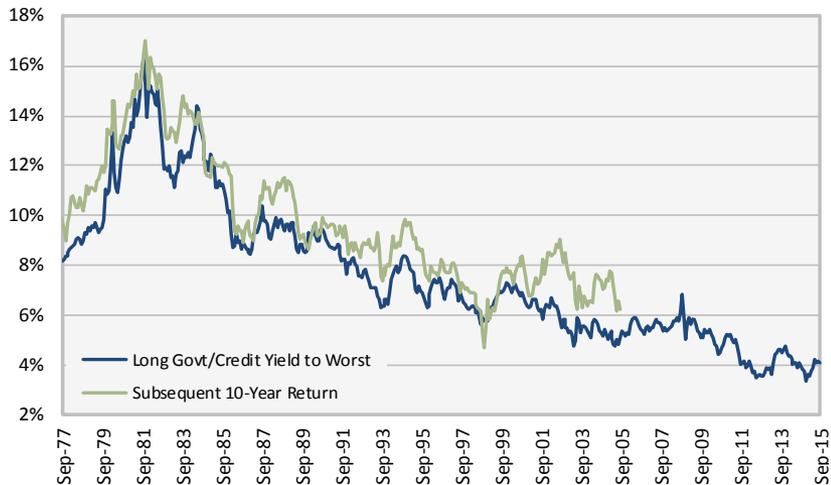
SUMMARY

- 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	5.25%	16.50%	5.00%	16.50%	0.50%
Small Cap	5.00%	20.50%	4.75%	20.50%	0.75%
International Large Cap	6.50%	19.75%	6.25%	19.75%	0.75%
International Small Cap	6.25%	22.75%	6.00%	22.75%	1.00%
Emerging Markets	8.50%	24.50%	8.25%	24.50%	1.00%
Master Limited Partnerships (MLP)	9.25%	18.50%	8.25%	18.50%	1.00%
Private Equity	8.00%	21.00%	7.75%	21.00%	1.00%
Growth Hedge Funds	5.50%	10.00%	5.50%	10.00%	0.75%
High Yield Bonds	6.25%	12.00%	5.00%	12.00%	0.50%
Emerging Market Debt	7.00%	10.50%	6.75%	10.50%	0.75%
Convertibles	4.75%	13.75%	4.25%	13.75%	0.50%
Private Debt	8.00%	15.00%	7.50%	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%	5.75%	15.00%	0.50%
Risk Parity	6.50%	10.00%	6.50%	10.00%	0.00%
INCOME:					
Governments	2.25%	4.50%	2.25%	4.50%	
Corporates	4.00%	6.00%	3.75%	6.00%	0.50%
Mortgages (Agency)	2.50%	3.00%	2.50%	3.00%	0.25%
Intermediate Fixed Income	2.75%	3.25%	2.75%	3.25%	0.25%
Core Fixed Income	3.00%	3.25%	2.75%	3.25%	0.25%
Core Plus Fixed Income	3.50%	3.75%	3.25%	3.75%	0.50%
Long Gov/Credit Fixed Income	4.00%	9.75%	3.50%	9.75%	0.25%
International Fixed Income	2.75%	8.25%	2.75%	8.25%	0.50%
Public Bank Loans	5.25%	11.00%	5.00%	11.00%	0.50%
Private Bank Loans	6.50%	13.00%	6.25%	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%	2.25%	5.50%	0.00%
Long Treasuries	2.50%	13.25%	2.50%	13.25%	0.00%
Commodities	6.00%	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



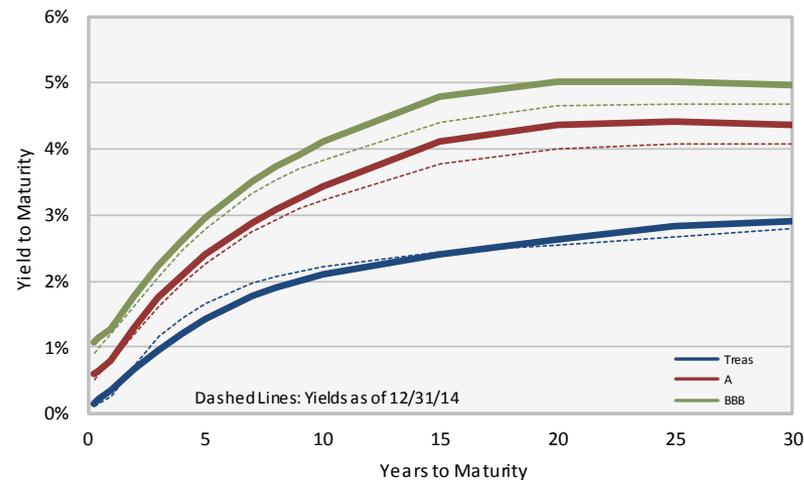
Historical Yields



Expected Return Option-Adjusted Spread

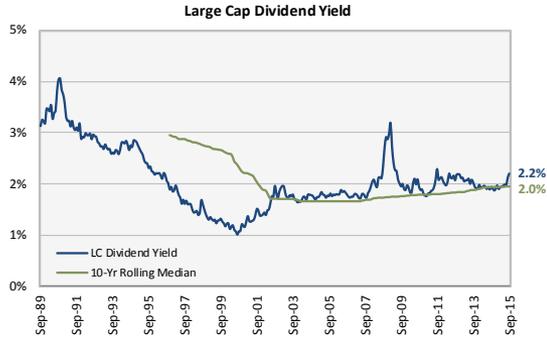
Asset Class	Expected Return		Option-Adjusted Spread	
	Current	Previous	Current	Previous
CPI	1.75%	1.75%	n/a	n/a
High Yield Bonds	6.25%	5.00%	630	466
Emerging Market Debt	7.00%	6.75%	n/a	n/a
Convertibles	4.75%	4.25%	n/a	n/a
Governments	2.25%	2.25%	1	2
Corporates	4.00%	3.75%	169	129
Mortgages (Agency)	2.50%	2.50%	31	20
Intermediate Fixed Income	2.75%	2.75%	50	37
Core Fixed Income	3.00%	2.75%	59	46
Core Plus Fixed Income	3.50%	3.25%	119	95
Long Gov/Credit Fixed Income	4.00%	3.50%	143	118
International Fixed Income	2.75%	2.75%	42	33
Cash	2.00%	2.00%	n/a	n/a
TIPS	2.25%	2.25%	n/a	n/a

Yield Curves



DOMESTIC EQUITY

Large Cap Equity



Dividend Yield: 2.00%

+



EPS Growth: 1.75%

+



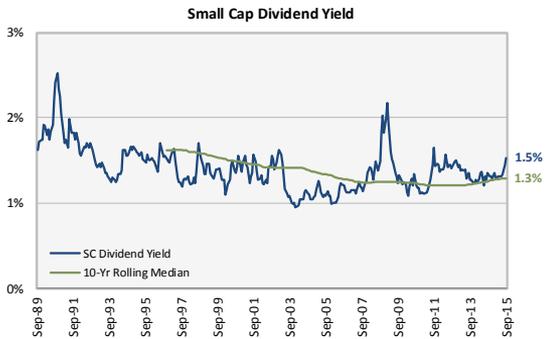
Change in P/E: -0.25%

+

1.75%
5.25%

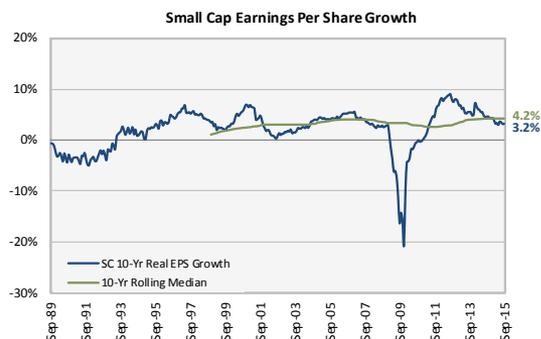
Inflation

Small Cap Equity



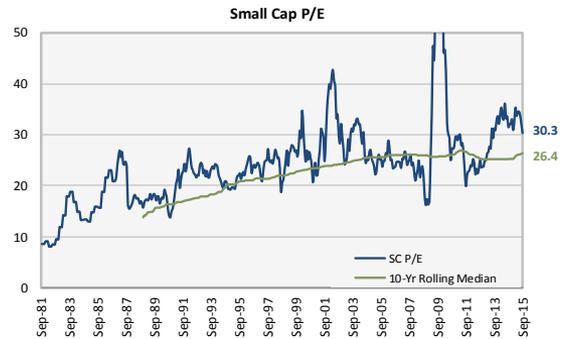
Dividend Yield: 1.25%

+



EPS Growth: 2.25%

+



Change in P/E: -0.25%

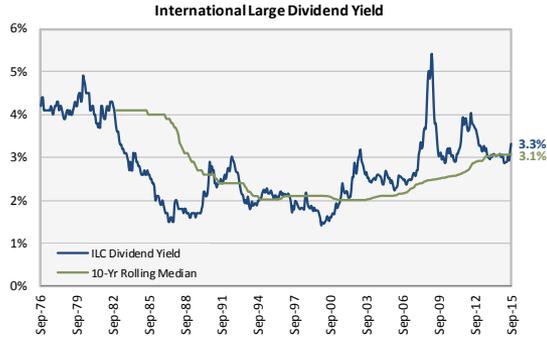
+

1.75%
5.00%

Inflation

DEVELOPED INTERNATIONAL EQUITY

International Large Cap Equity



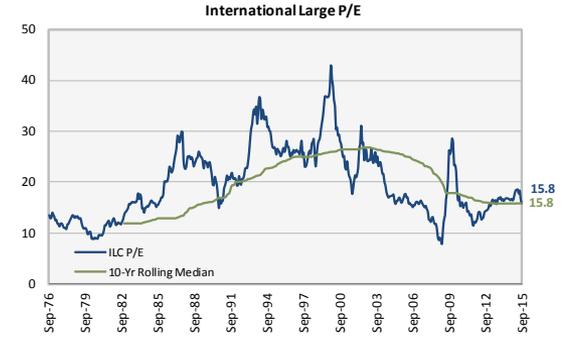
Dividend Yield: 3.25%

+



EPS Growth: 1.50%

+



Change in P/E: 0.00%

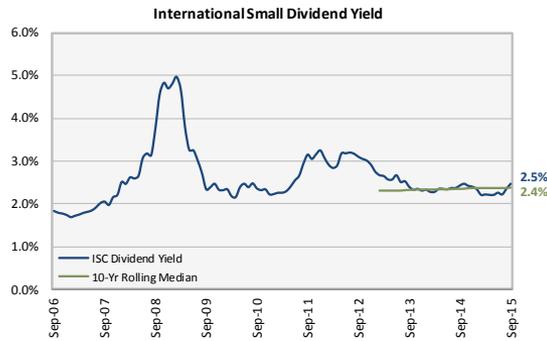
+

Inflation

1.75%

6.50%

International Small Cap Equity



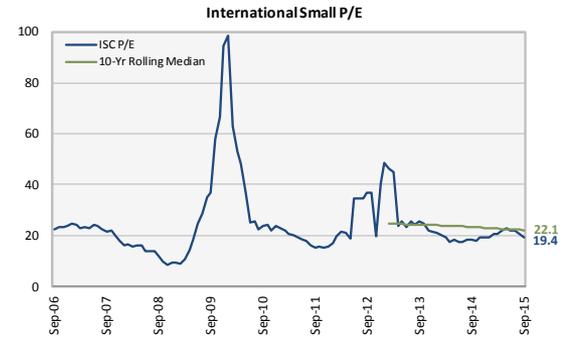
Dividend Yield: 2.50%

+



EPS Growth: 2.00%

+



Change in P/E: 0.00%

+

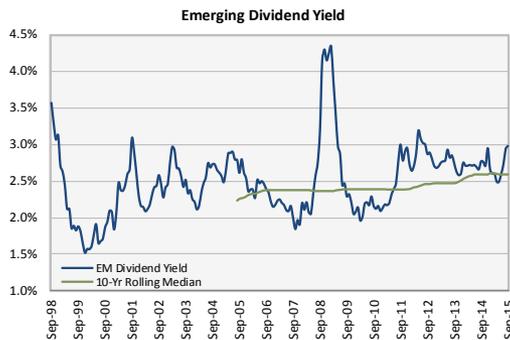
Inflation

1.75%

6.25%

INTERNATIONAL EQUITY

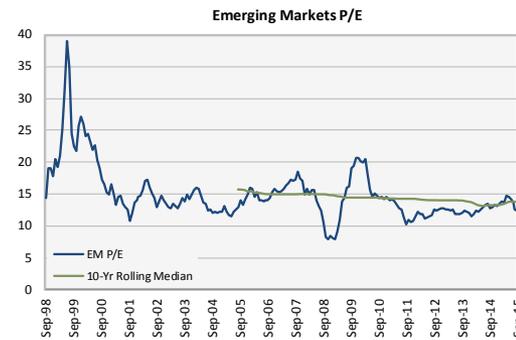
Emerging Markets Equity



Dividend Yield: 3.00%



EPS Growth: 3.25%

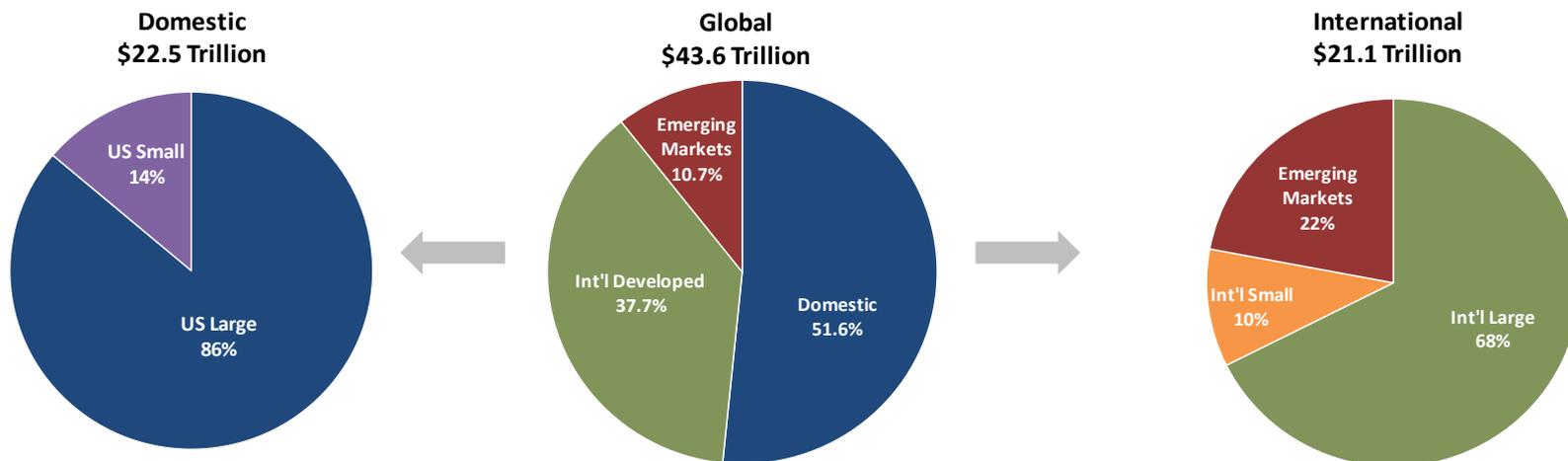


Change in P/E: 0.50%

+ 1.75%
8.50%

Inflation

Global Market Capitalization



ALTERNATIVES

GROWTH									
Private Equity					<i>Small Cap</i> 5.00%	+	<i>Return Premium</i> 3.00%	=	<i>Expected</i> 8.00%
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> 6.25%	+	<i>Return Premium</i> 1.75%	=	8.00%
Master Limited Partnerships			<i>Distribution Yield</i> 8.25%	+	<i>Distribution Growth</i> 1.00%	+	<i>Valuation</i> 0.00%	=	9.25%
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> 5.25%	+	<i>Return Premium</i> 1.25%	=	6.50%
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> 4.00%	=	6.00%
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%

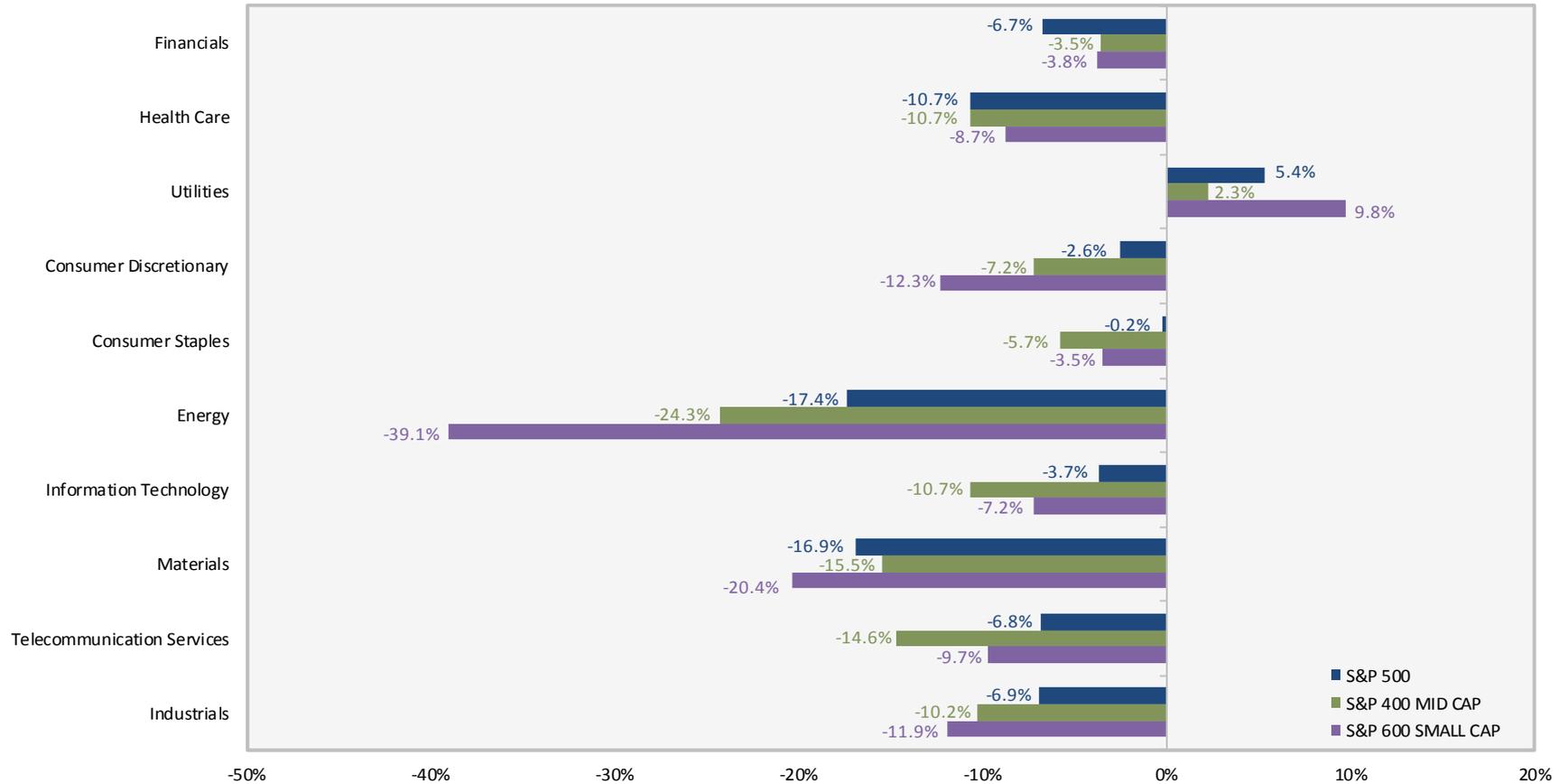
STYLE PERFORMANCE RANKING: ONE-YEAR TIME PERIODS

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Q3 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%	Int. Treas. 2.1%	Int. Treas. 1.2%	Large Growth 8.1%	Small Value 9.3%
	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%	Core Bonds 1.1%	Core Bonds 1.2%	Small Growth 7.7%	Large Value 8.6%
	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%	Large Growth -1.5%	HY Bonds -4.9%	HY Bonds 7.3%	S&P 500 8.1%
	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%	HY Bonds -2.5%	Large Growth -5.3%	S&P 500 6.8%	Small Cap 8.0%
	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%	EAFE -5.3%	S&P 500 -6.4%	Small Cap 6.5%	Large Growth 7.5%
	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%	S&P 500 -5.3%	Large Value -8.4%	Large Value 5.7%	HY Bonds 7.0%
	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%	Small Growth -5.5%	EAFE -10.2%	Small Value 5.3%	Small Growth 6.2%
	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%	Small Cap -7.7%	Small Value -10.7%	Core Bonds 4.6%	Core Bonds 5.6%
	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%	Large Value -9.0%	Small Cap -11.9%	EM 4.3%	EM 5.1%
	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%	Small Value -10.1%	Small Growth -13.1%	Int. Treas. 3.9%	Int. Treas. 4.8%
	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%	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%	EM -15.5%	EM -17.9%	EAFE 3.0%	EAFE 4.4%

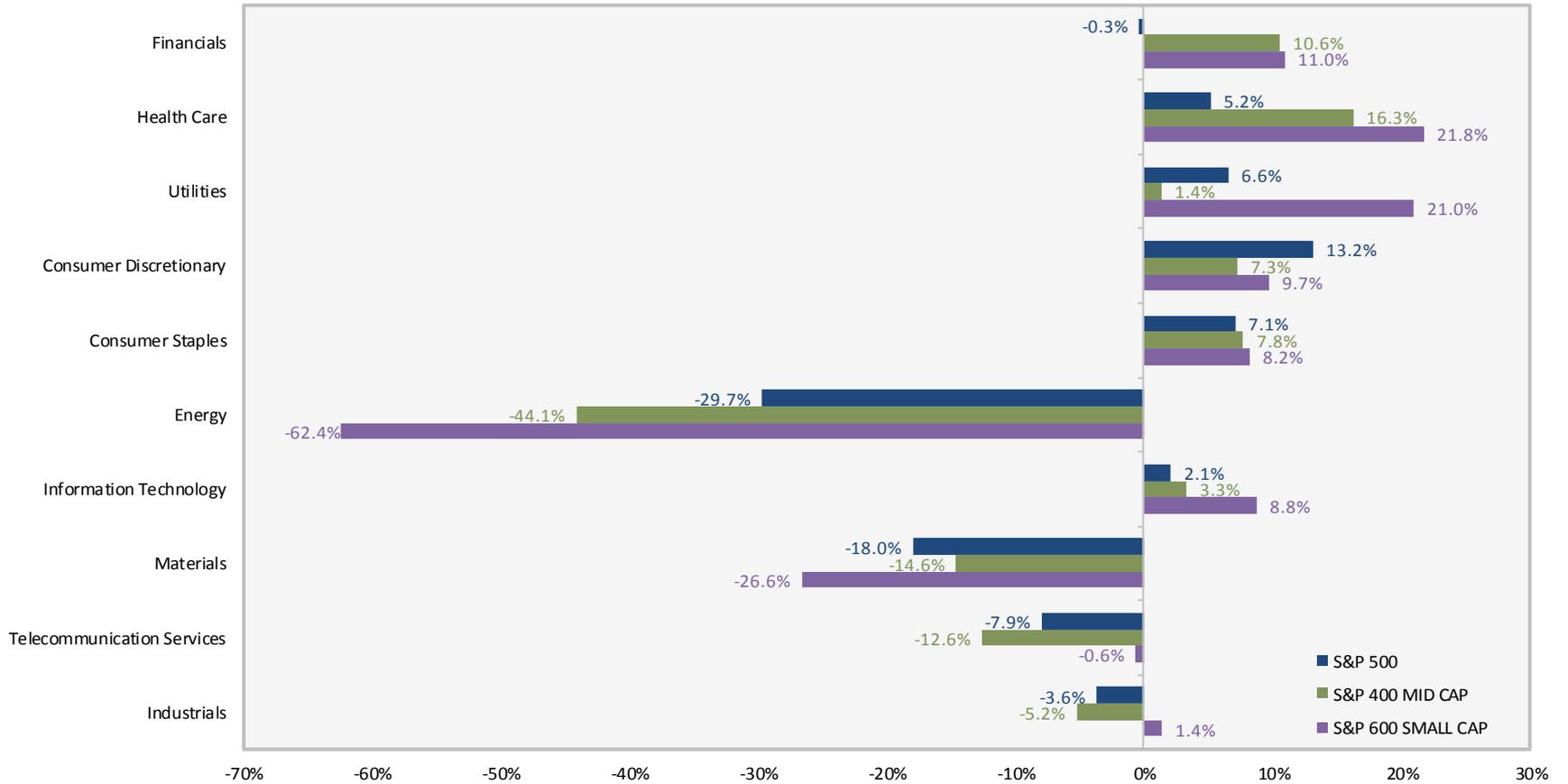
Best Performing

Worst Performing

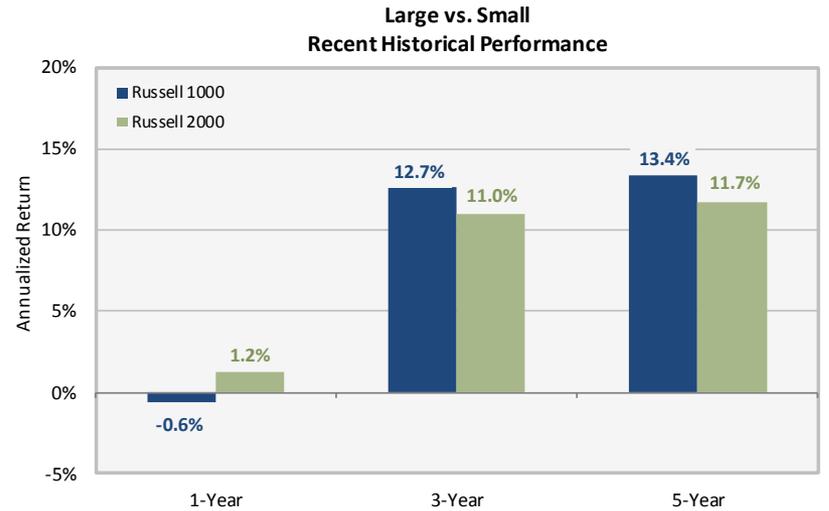
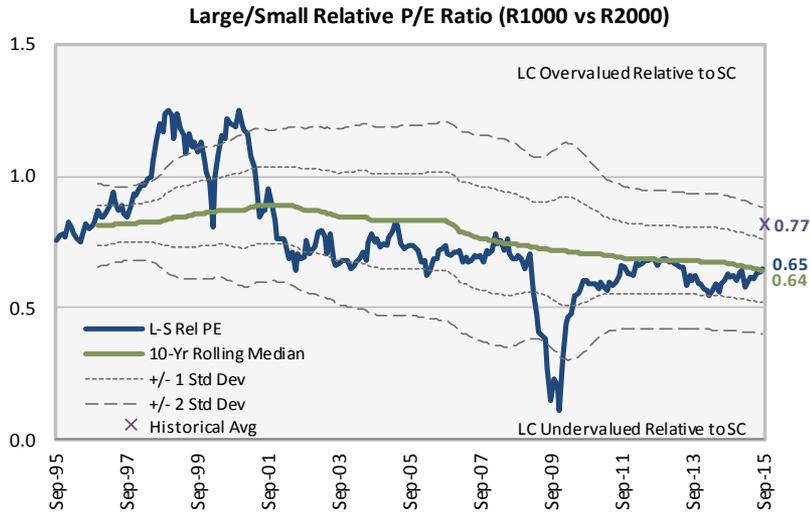
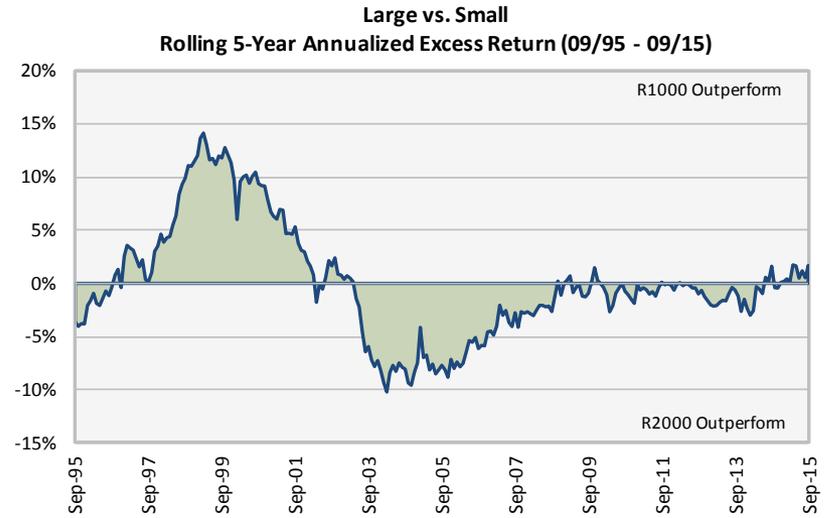
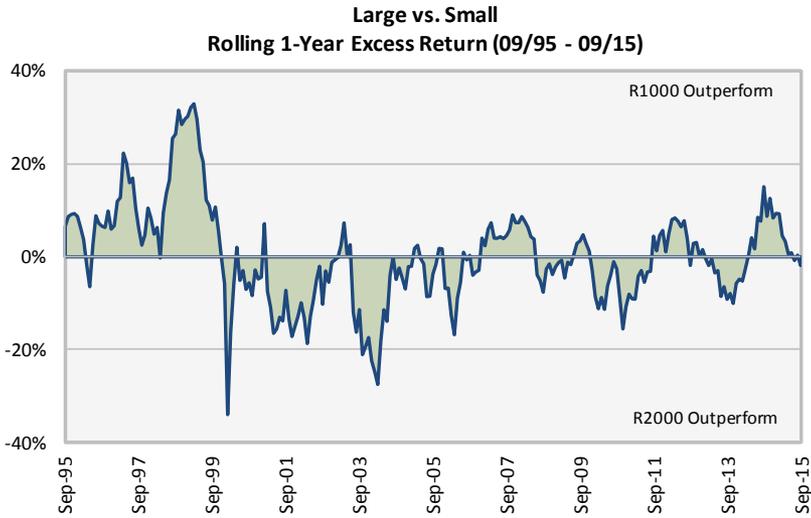
EQUITY STYLE SECTOR PERFORMANCE COMPARISON: CURRENT QUARTER
SMALL, MID, AND LARGE CAP



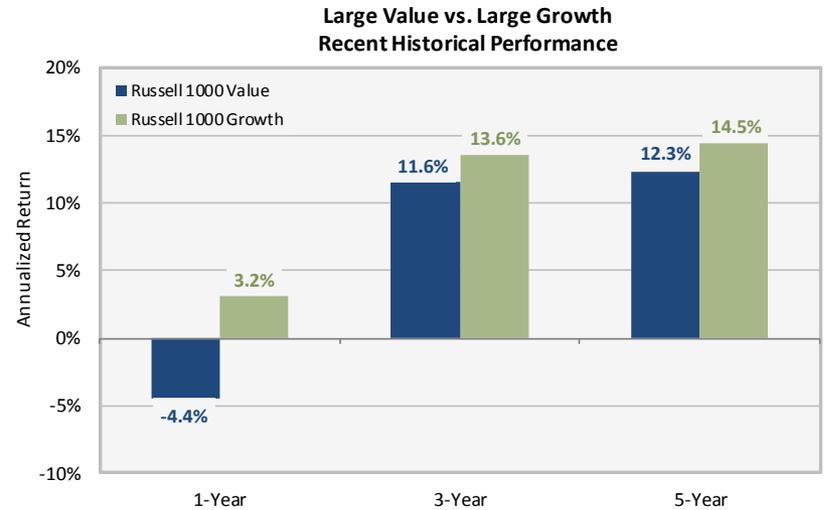
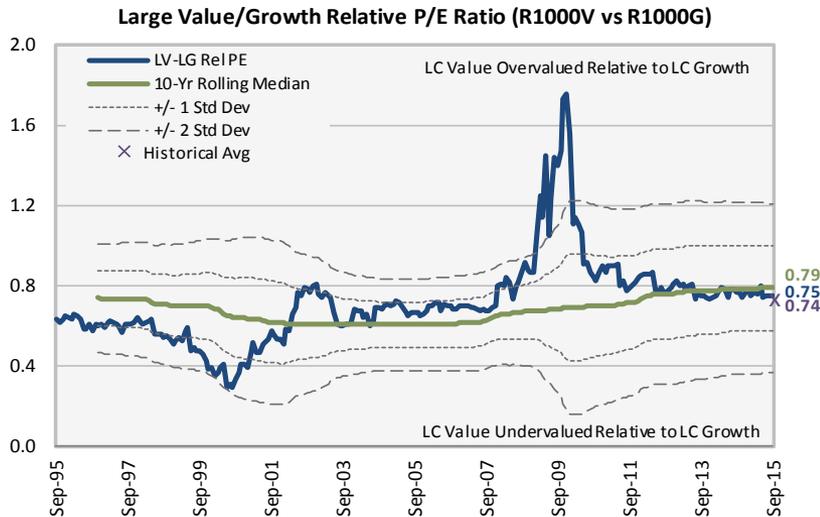
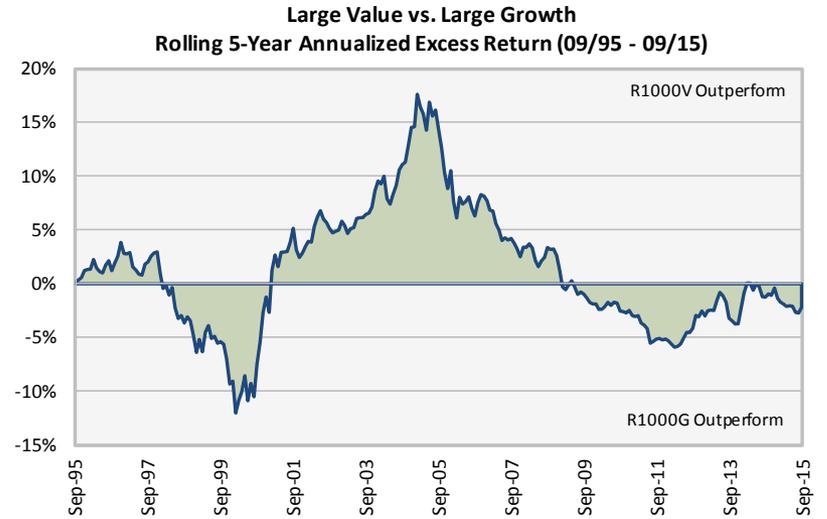
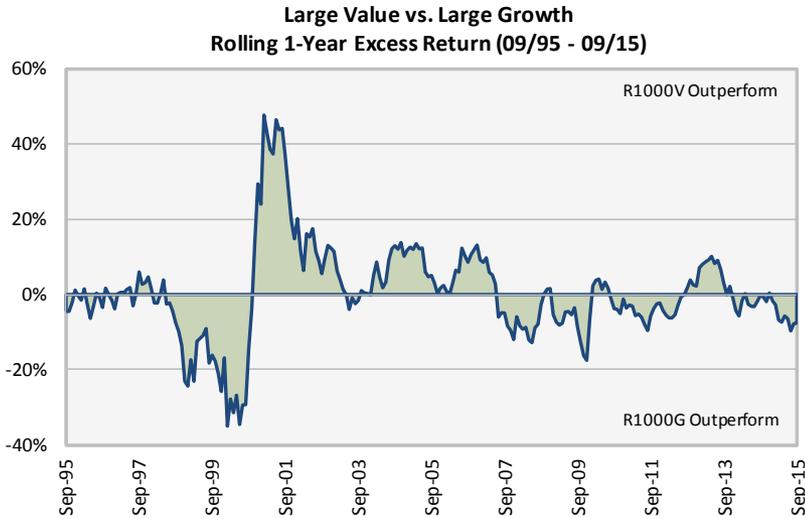
**EQUITY STYLE SECTOR PERFORMANCE COMPARISON: 1-YEAR
SMALL, MID, AND LARGE CAP**



HISTORICAL RELATIVE PERFORMANCE: LARGE CAP CORE TO SMALL CAP CORE



HISTORICAL RELATIVE PERFORMANCE: LARGE CAP VALUE TO LARGE CAP GROWTH

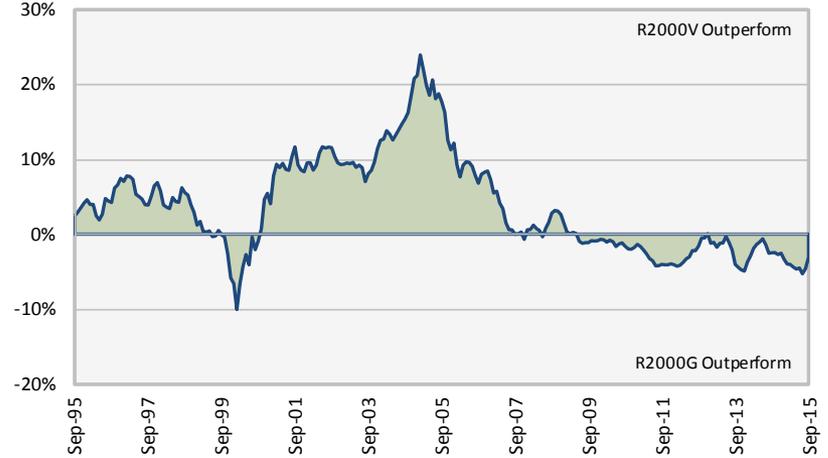


HISTORICAL RELATIVE PERFORMANCE: SMALL CAP VALUE TO SMALL CAP GROWTH

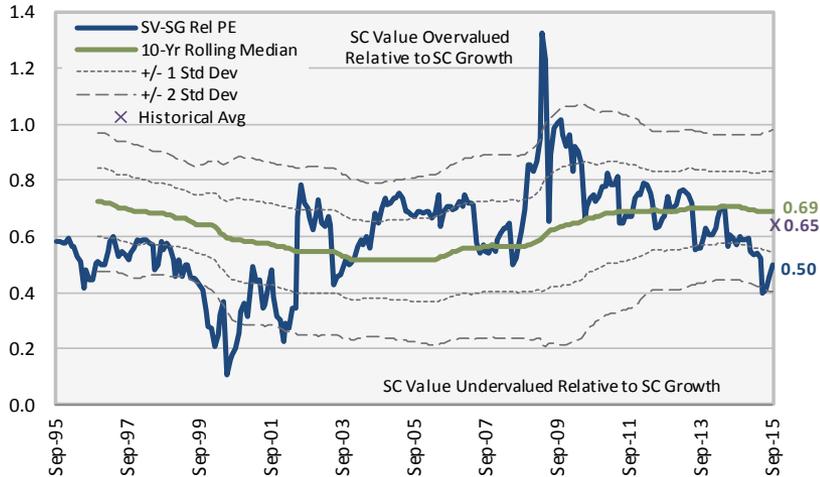
Small Value vs. Small Growth
Rolling 1-Year Excess Return (09/95 - 09/15)



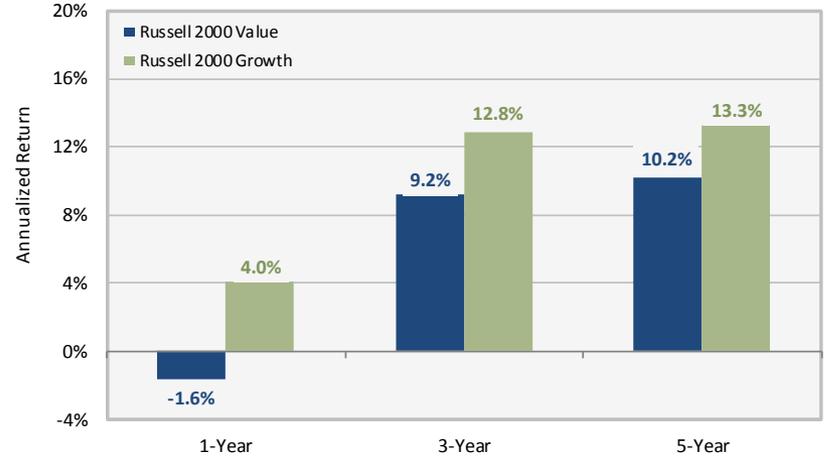
Small Value vs. Small Growth
Rolling 5-Year Annualized Excess Return (09/95 - 09/15)



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

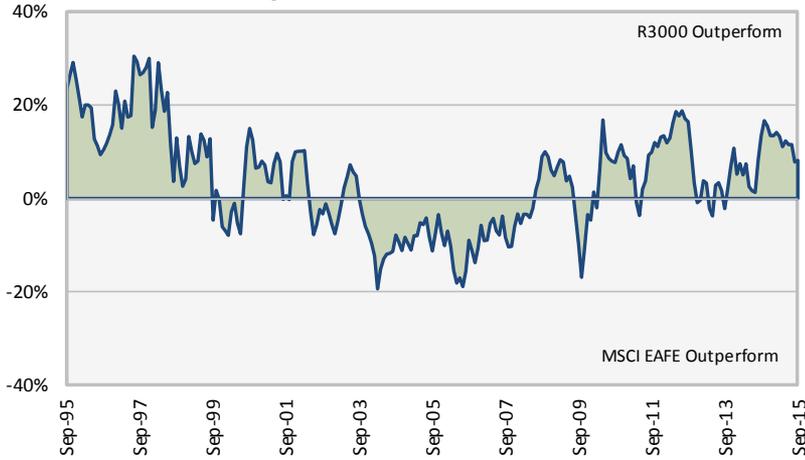


Small Cap Value vs. Small Cap Growth
Recent Historical Performance



HISTORICAL RELATIVE PERFORMANCE: DOMESTIC EQUITY TO DEVELOPED INTERNATIONAL EQUITY

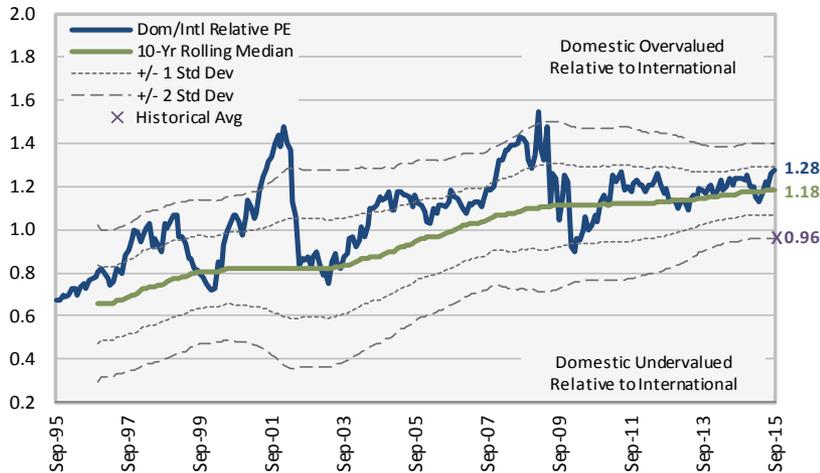
Domestic Equity vs. Developed International Equity
Rolling 1-Year Excess Return (09/95 - 09/15)



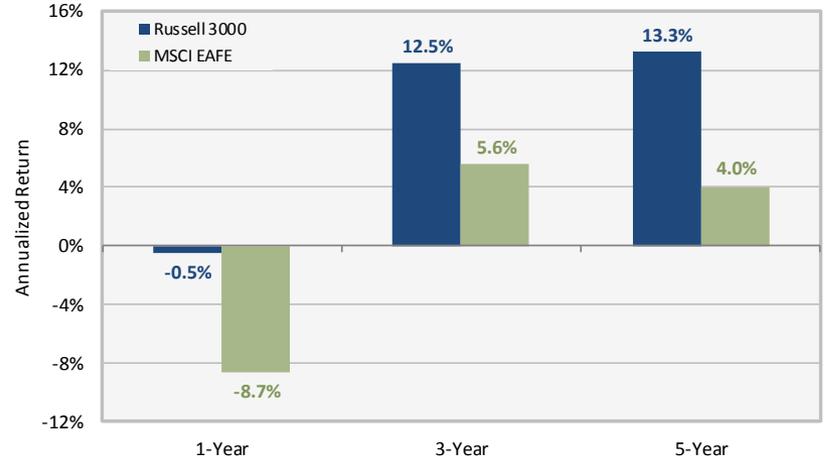
Domestic Equity vs. Developed International Equity
Rolling 5-Year Annualized Excess Return (09/95 - 09/15)



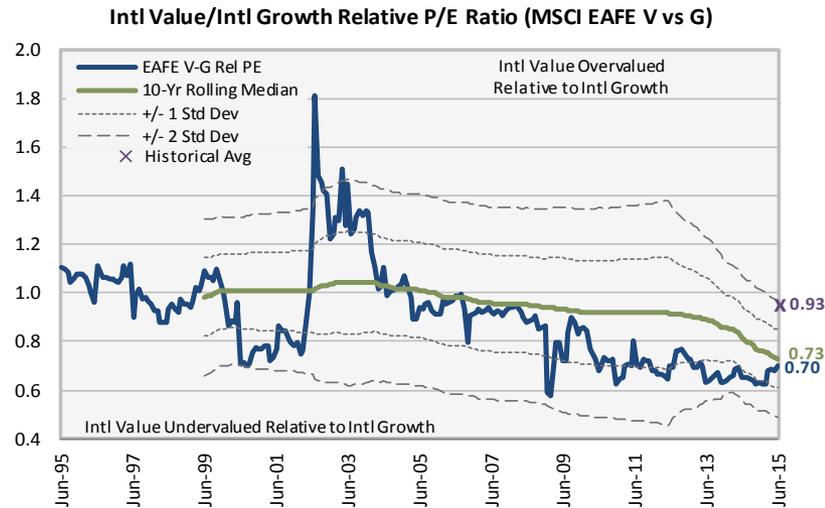
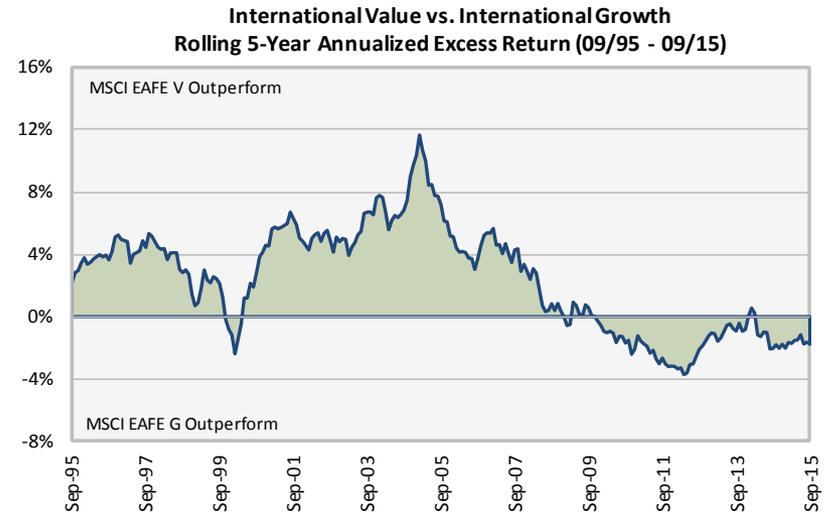
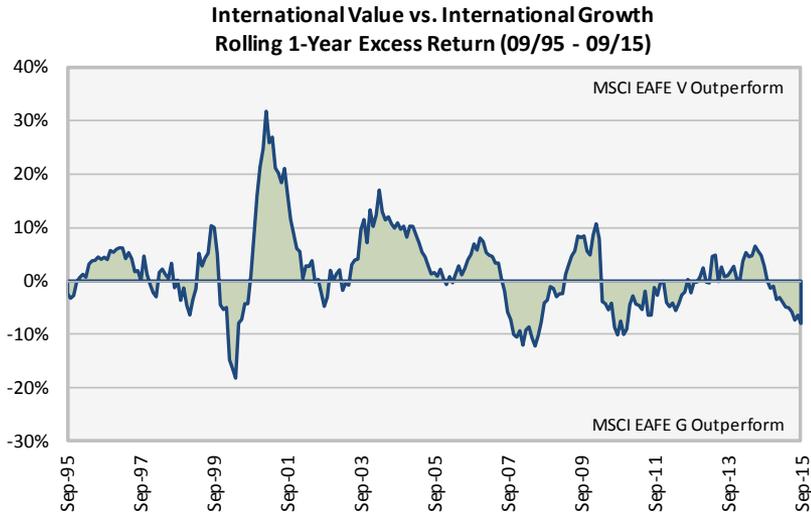
Domestic/International Relative P/E Ratio (R3000 vs MSCI EAFE)



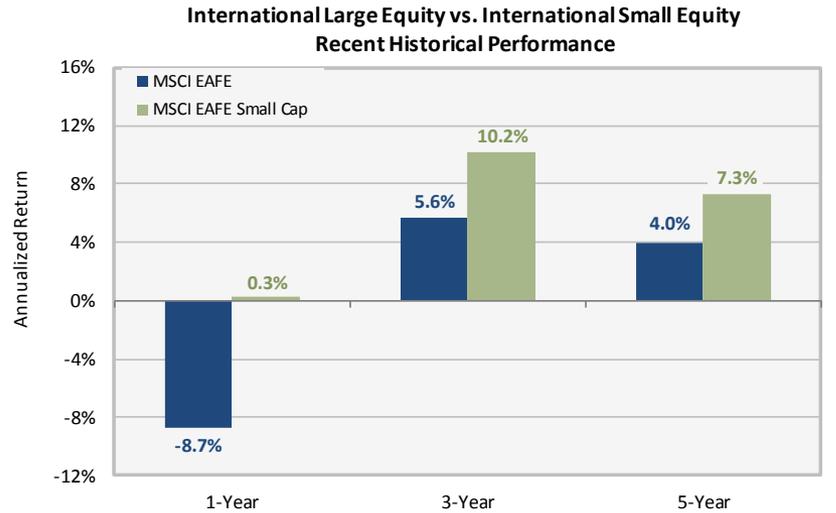
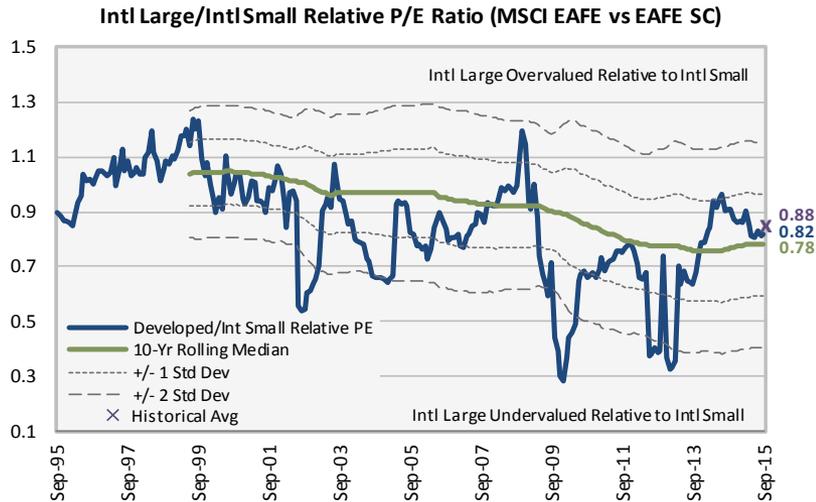
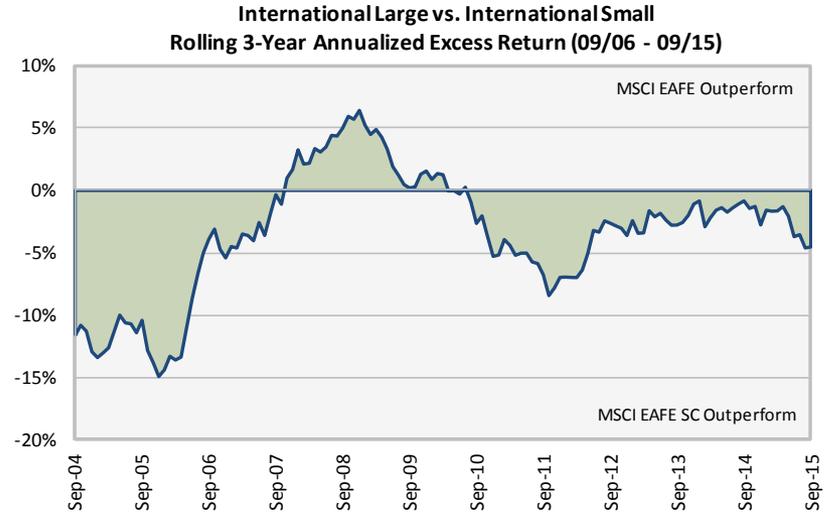
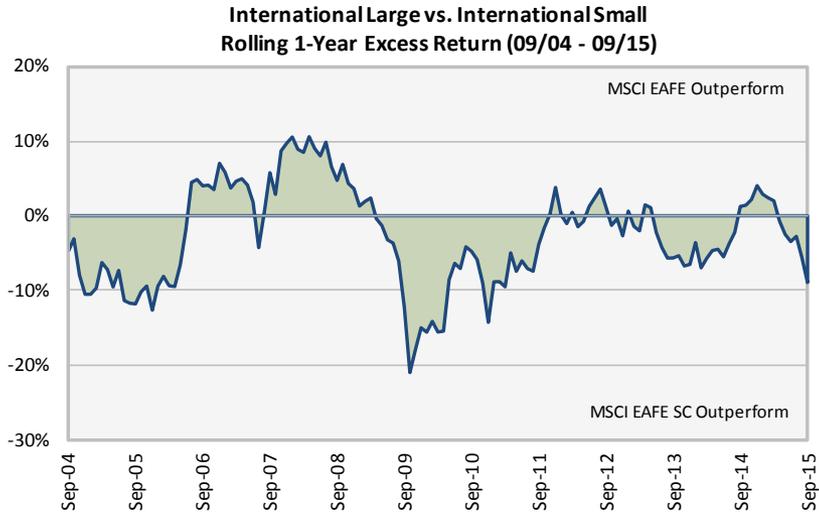
Domestic Equity vs. Developed International Equity
Recent Historical Performance



HISTORICAL RELATIVE PERFORMANCE: INTERNATIONAL VALUE TO INTERNATIONAL GROWTH

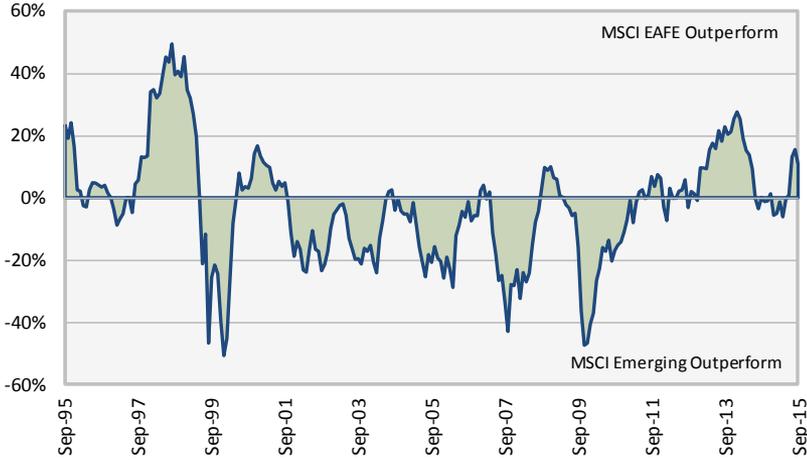


HISTORICAL RELATIVE PERFORMANCE: INTERNATIONAL LARGE CAP TO INTERNATIONAL SMALL CAP

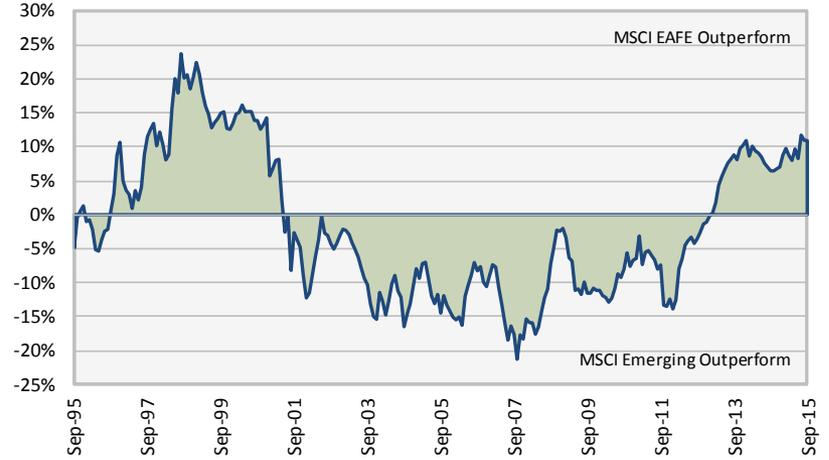


HISTORICAL RELATIVE PERFORMANCE: DEVELOPED INTERNATIONAL TO EMERGING MARKETS

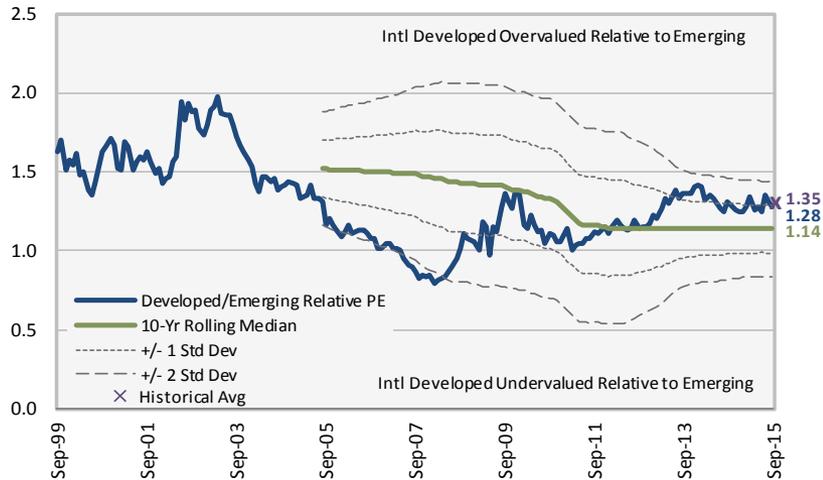
**Developed Intl Equity vs. Emerging Markets Equity
Rolling 1-Year Excess Return (09/95 - 09/15)**



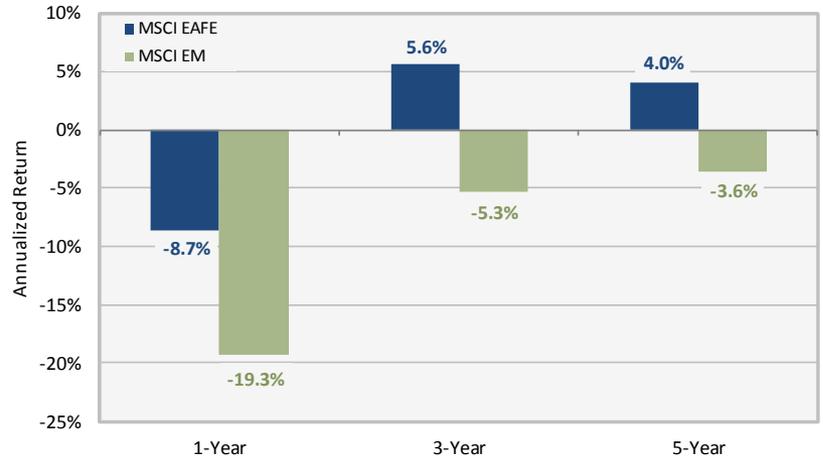
**Developed Intl Equity vs. Emerging Markets Equity
Rolling 3-Year Annualized Excess Return (09/95 - 09/15)**



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

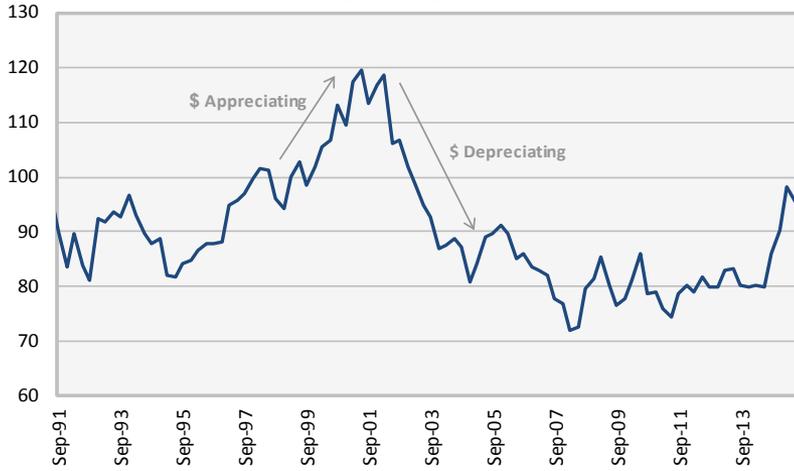


**Developed International Equity vs. Emerging Equity
Recent Historical Performance**



CURRENCY OVERVIEW

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



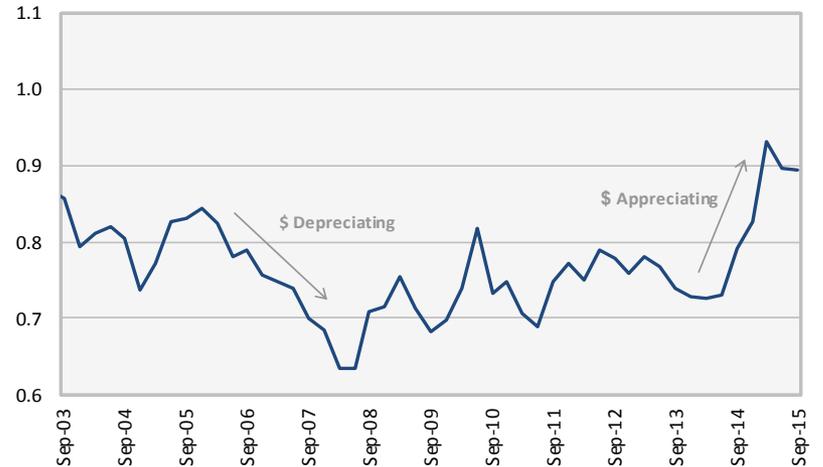
British Pound/US Dollar



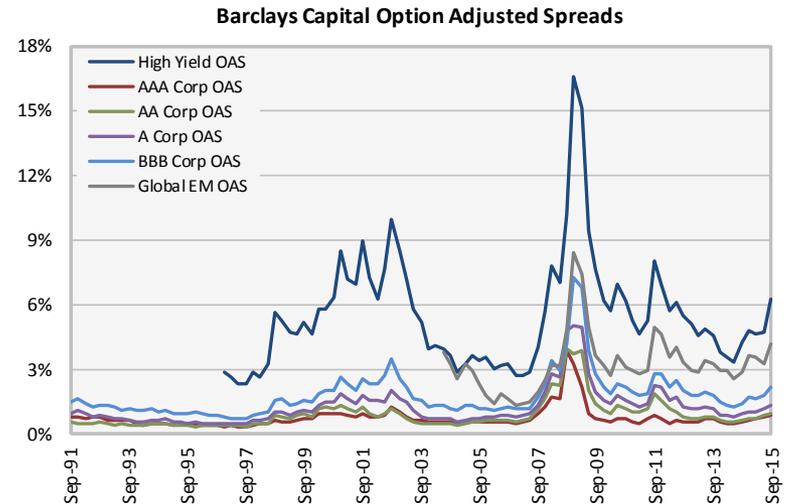
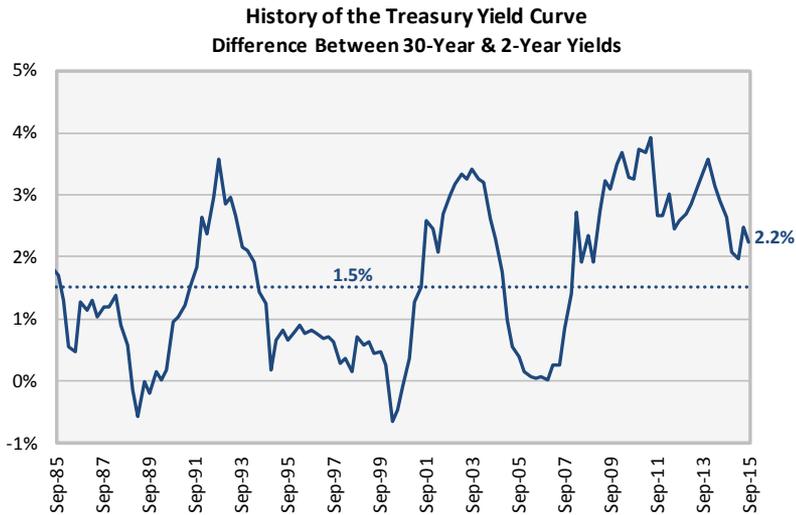
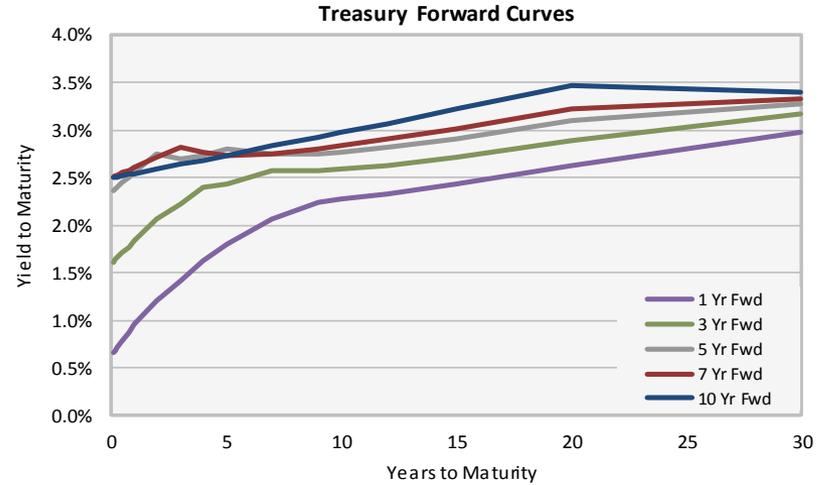
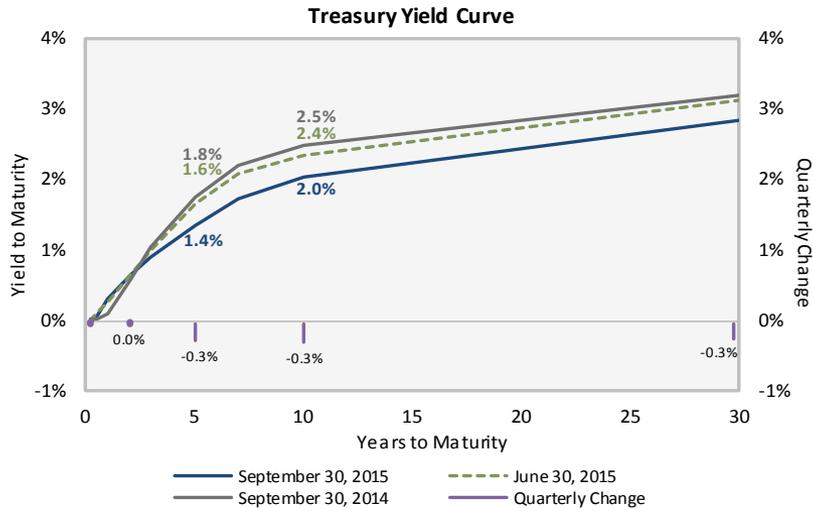
Japanese Yen/US Dollar



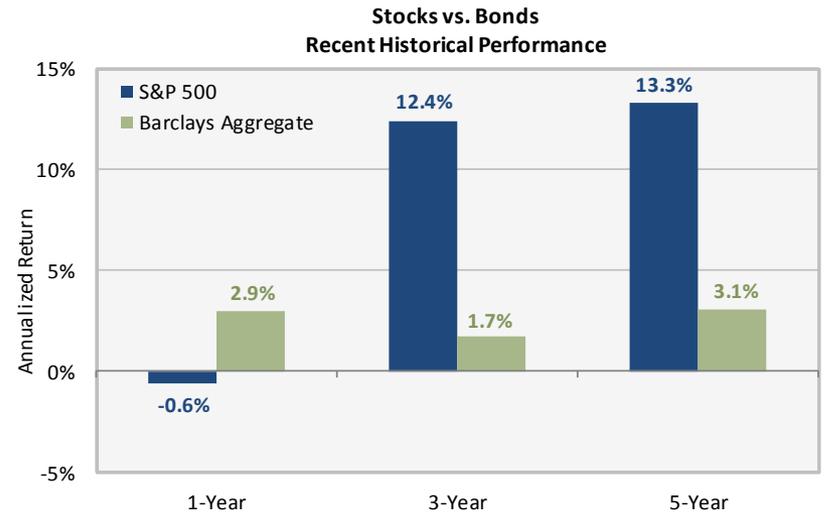
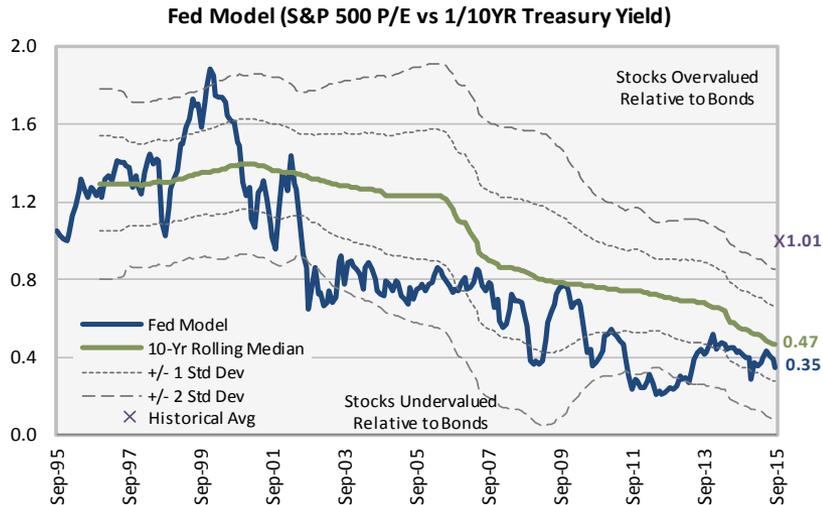
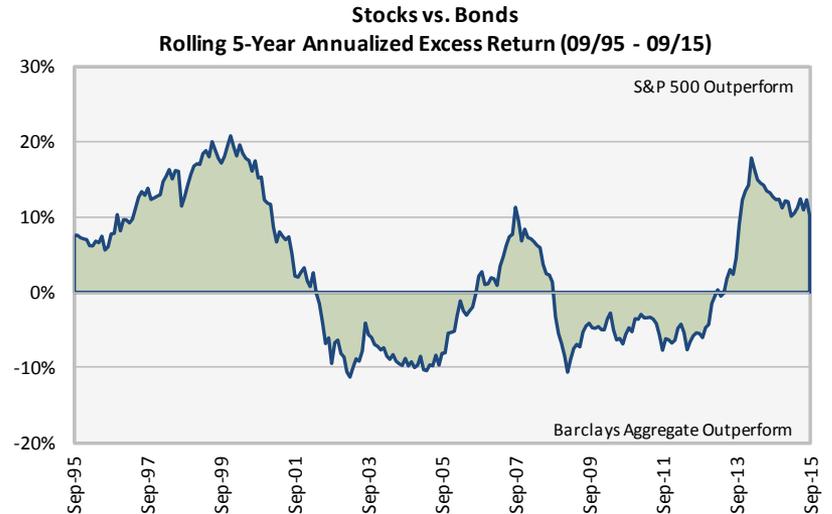
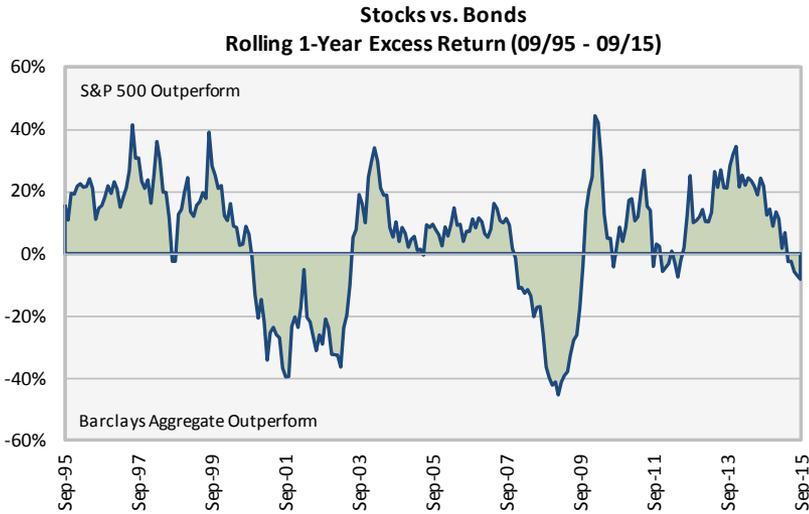
Euro/US Dollar



YIELD CURVE AND SPREAD ANALYSIS

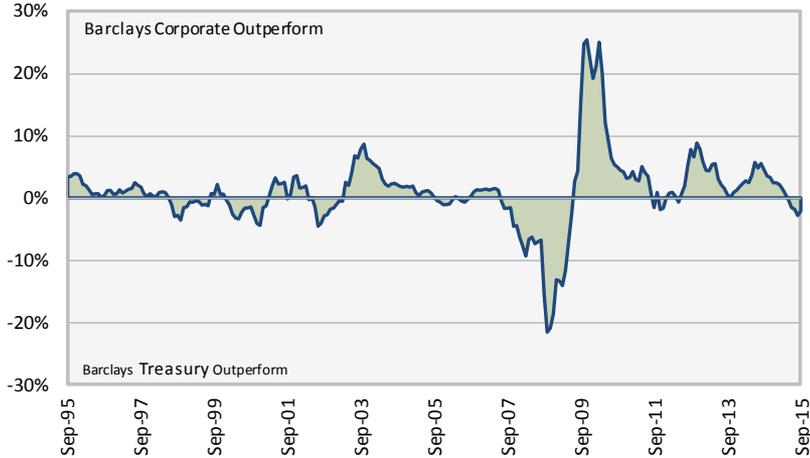


HISTORICAL RELATIVE PERFORMANCE: STOCKS VS. BONDS

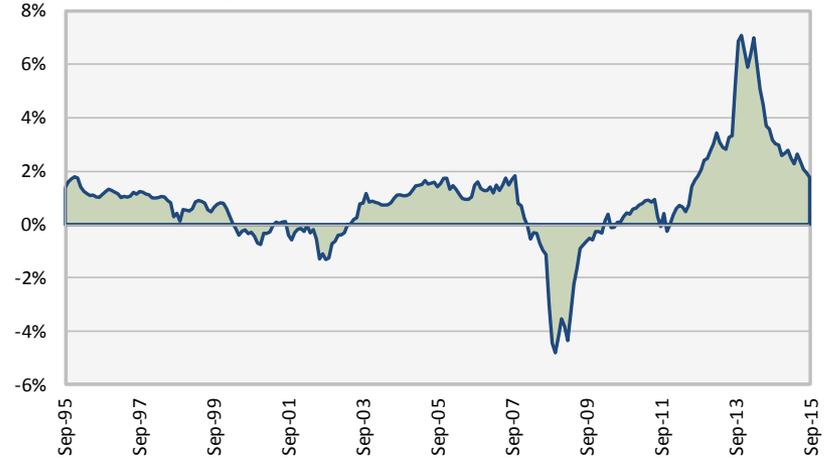


HISTORICAL RELATIVE PERFORMANCE: CORPORATE BONDS VS. TREASURIES

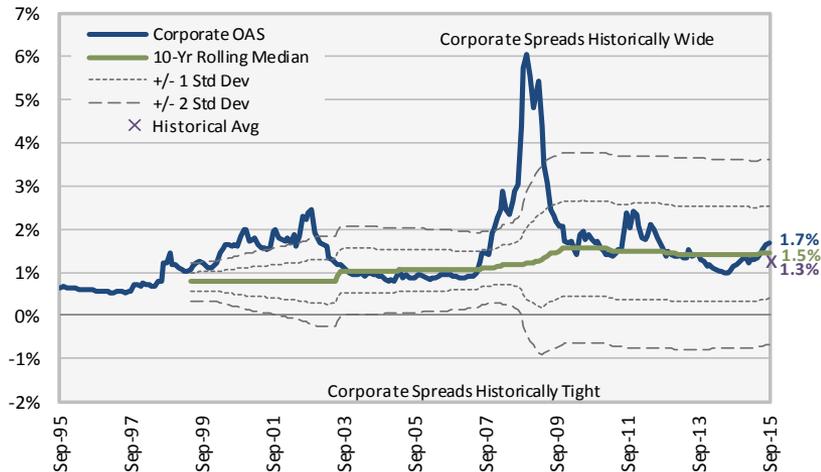
Corporates vs. Treasuries
Rolling 1-Year Excess Return (09/95 - 09/15)



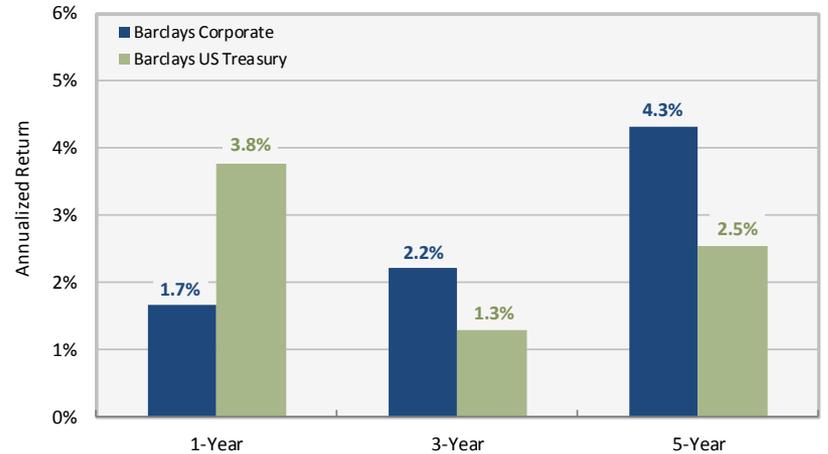
Corporates vs. Treasuries
Rolling 5-Year Annualized Excess Return (09/95 - 09/15)



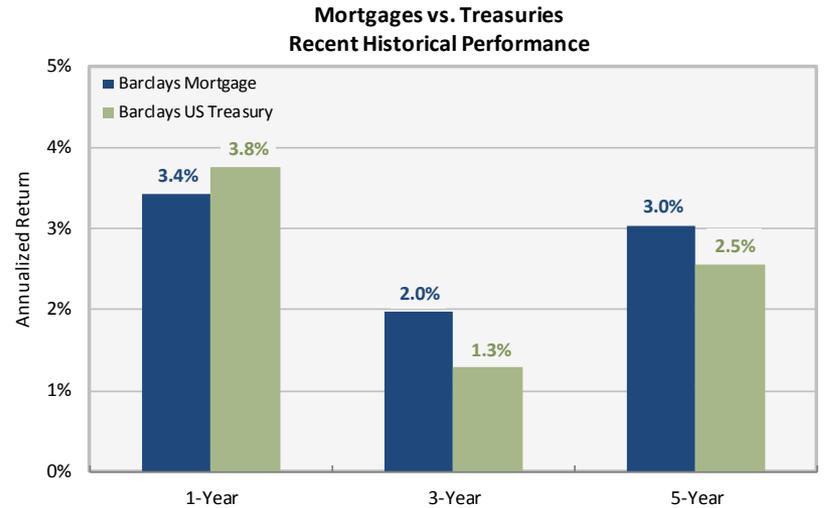
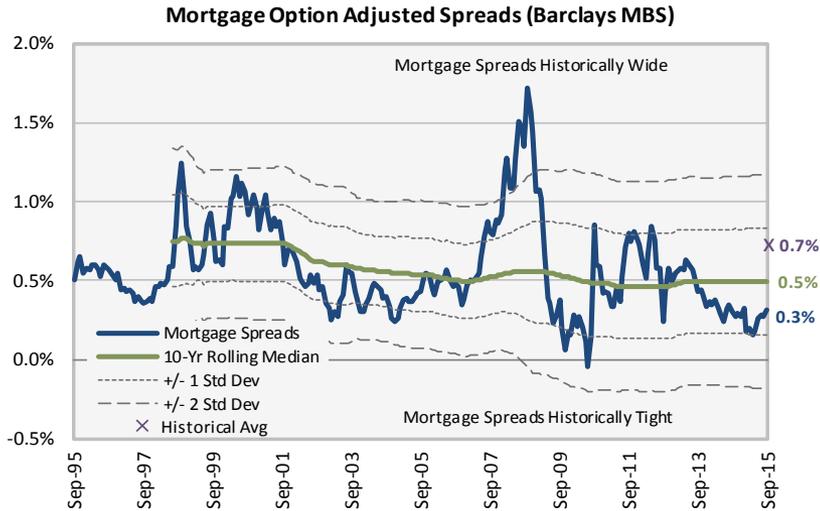
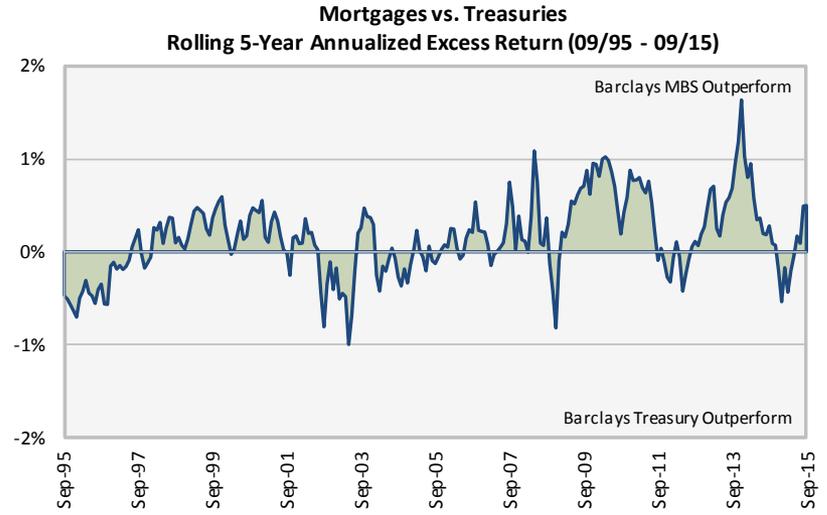
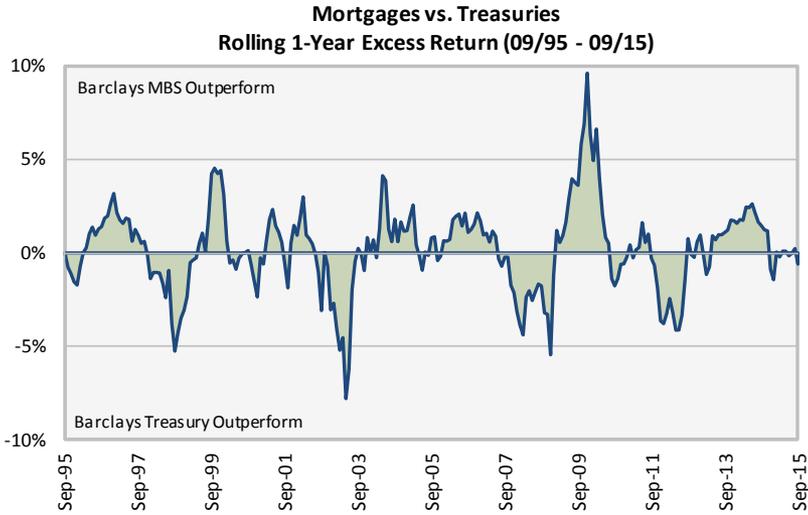
Corporate Option Adjusted Spreads (Barclays Corp)



Corporates vs. Treasuries
Recent Historical Performance

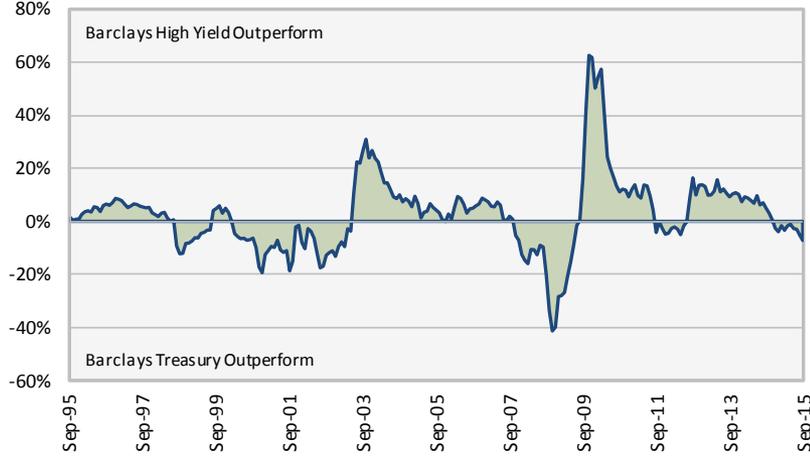


HISTORICAL RELATIVE PERFORMANCE: MORTGAGES VS. TREASURIES



HISTORICAL RELATIVE PERFORMANCE: HIGH YIELD BONDS VS. TREASURIES

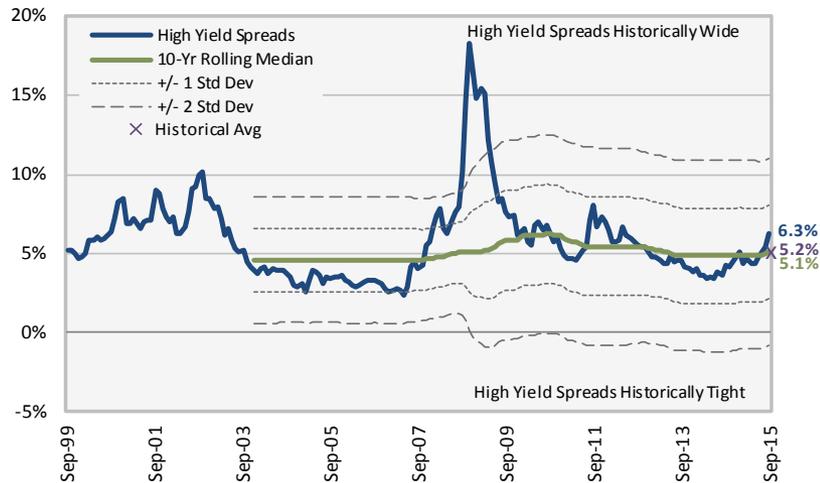
High Yield vs. Treasuries
Rolling 1-Year Excess Return (09/95 - 09/15)



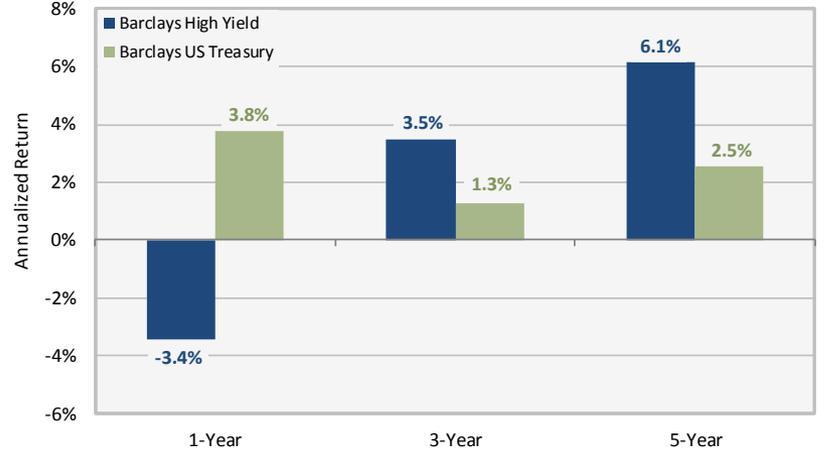
High Yield vs. Treasuries
Rolling 5-Year Annualized Excess Return (09/95 - 09/15)



High Yield Option Adjusted Spreads (Barclays HY)

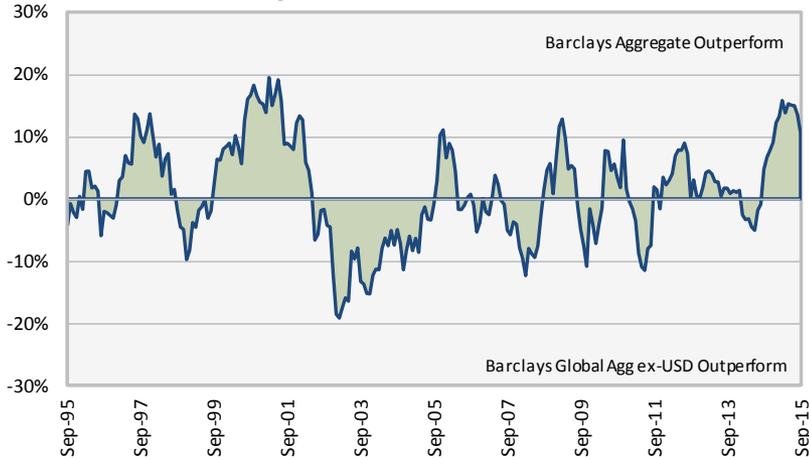


High Yield vs. Treasuries
Recent Historical Performance

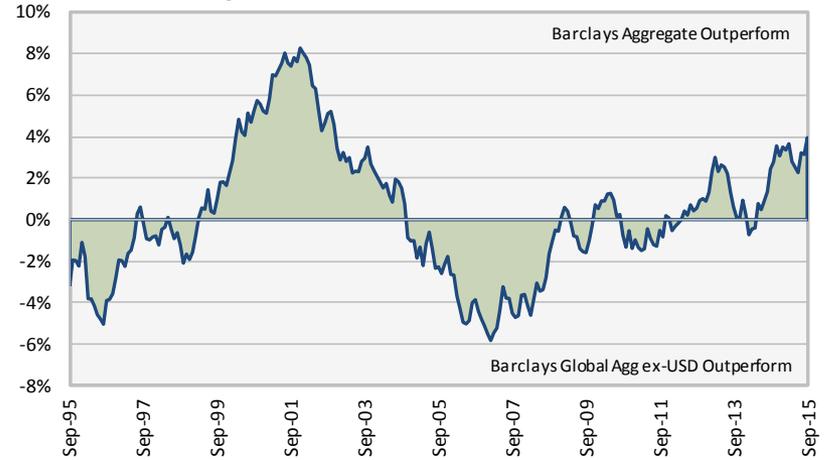


HISTORICAL RELATIVE PERFORMANCE: DOMESTIC VS. INTERNATIONAL FIXED INCOME

Domestic Fixed Income vs. International Fixed Income
Rolling 1-Year Excess Return (09/95 - 09/15)



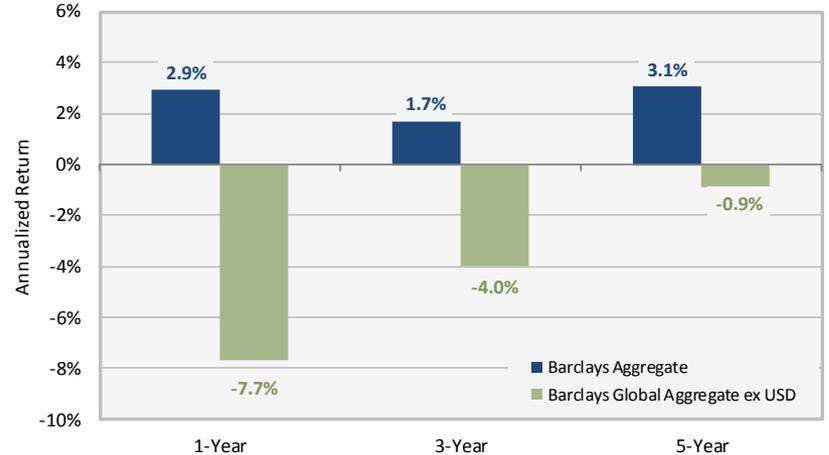
Domestic Fixed Income vs. International Fixed Income
Rolling 5-Year Annualized Excess Return (09/95 - 09/15)



Intl Option Adjusted Spreads (Barclays Global Aggregate exUSD)

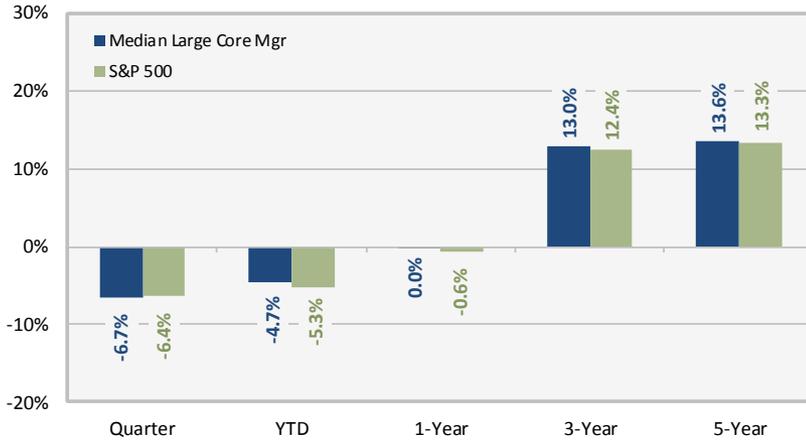


Domestic Bonds vs. International Bonds
Recent Historical Performance

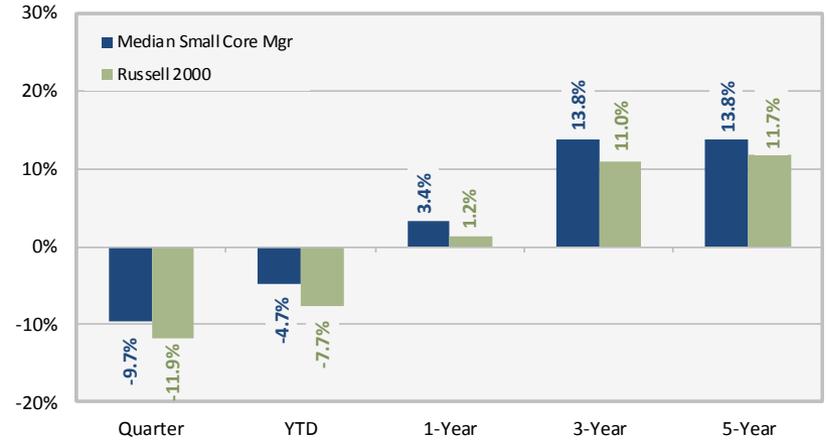


MEDIAN UNIVERSE CORE MANAGER RETURNS VS. INDEX RETURNS

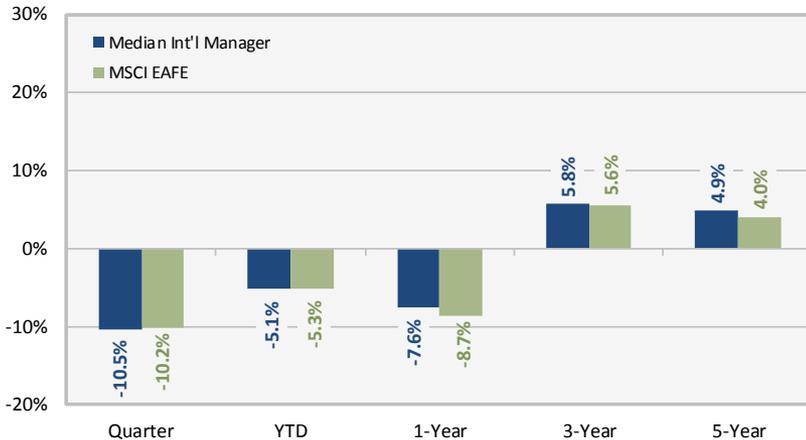
Median Large Capitalization Core Equity Manager vs. S&P 500



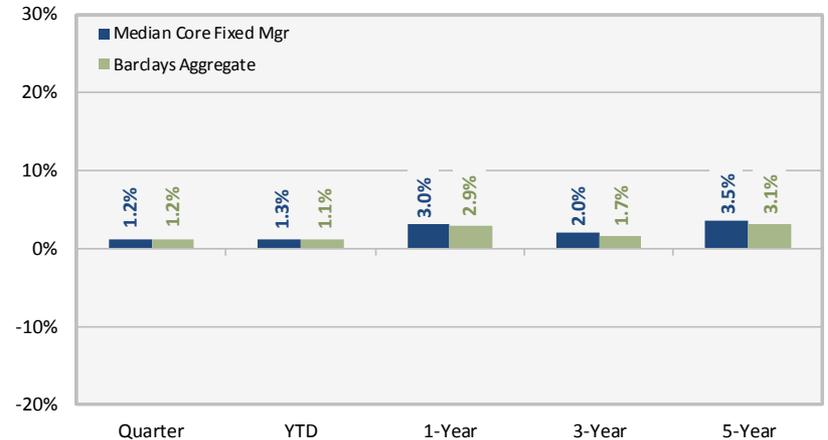
Median Small Capitalization Core Equity Manager vs. Russell 2000



Median International Core Equity Manager vs. MSCI EAFE



Median Core Fixed Income Manager vs. Barclays Aggregate

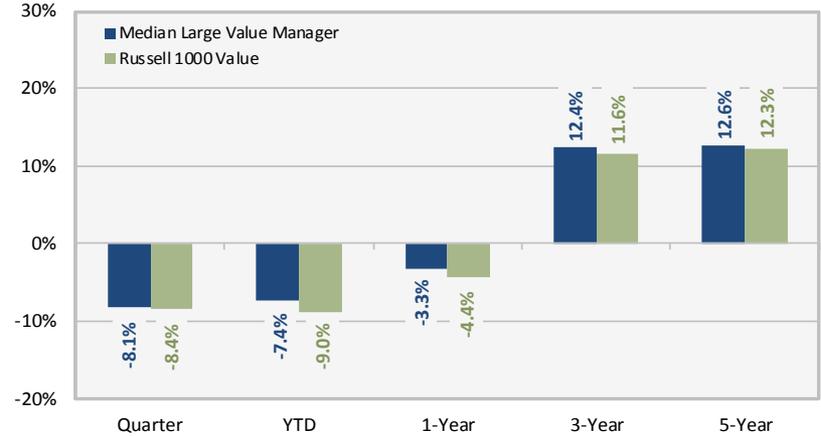


MEDIAN UNIVERSE EQUITY STYLE MANAGER RETURNS VS. INDEX STYLE RETURNS

Median Large Capitalization Growth Equity Manager vs. Russell 1000 Growth



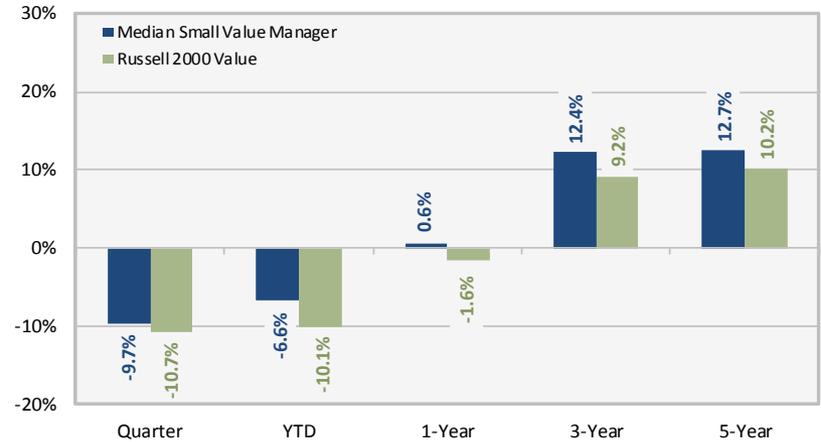
Median Large Capitalization Value Equity Manager vs. Russell 1000 Value



Median Small Capitalization Growth Equity Manager vs. Russell 2000 Growth

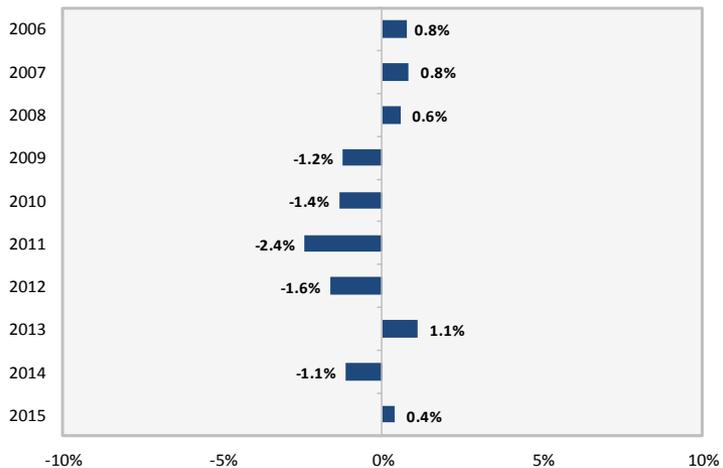


Median Small Capitalization Value Equity Manager vs. Russell 2000 Value

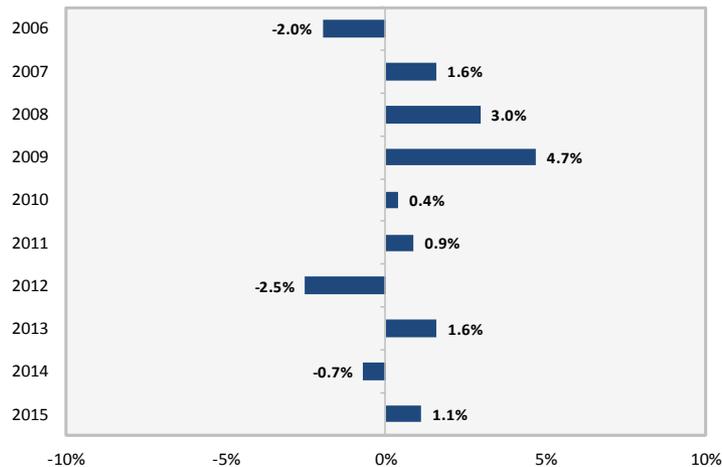


MEDIAN UNIVERSE EQUITY STYLE MANAGER ONE-YEAR RETURN DIFFERENTIAL ENDING SEPTEMBER 30: 10 YEARS

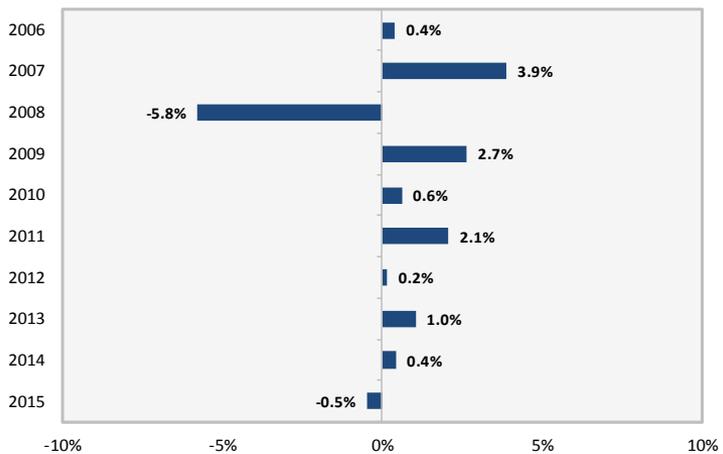
Median Large Capitalization Growth Equity Manager vs. Russell 1000 Growth



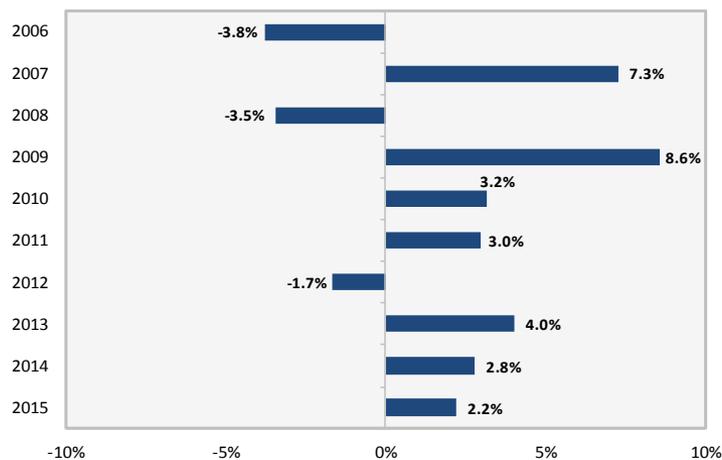
Median Large Capitalization Value Equity Manager vs. Russell 1000 Value



Median Small Capitalization Growth Equity Manager vs. Russell 2000 Growth

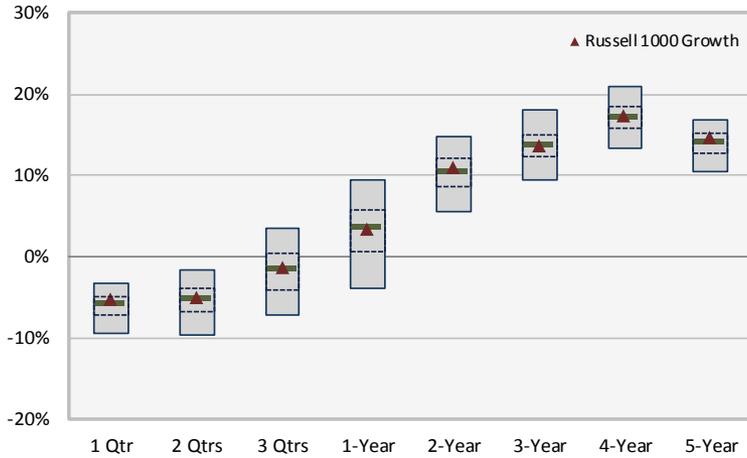


Median Small Capitalization Value Equity Manager vs. Russell 2000 Value

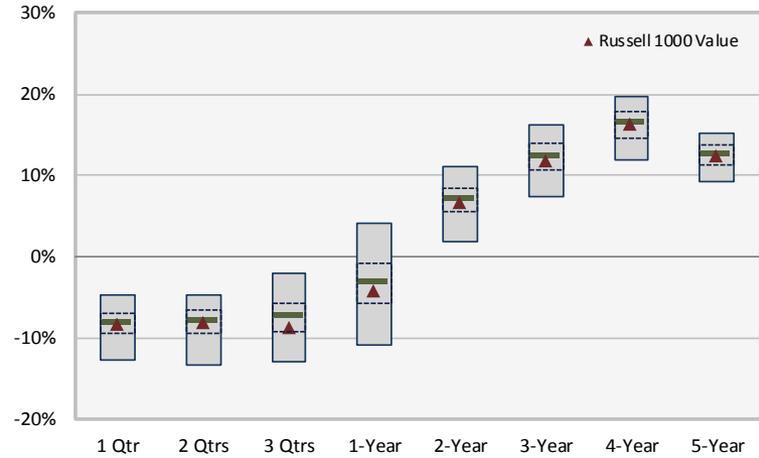


UNIVERSE EQUITY STYLE MANAGERS

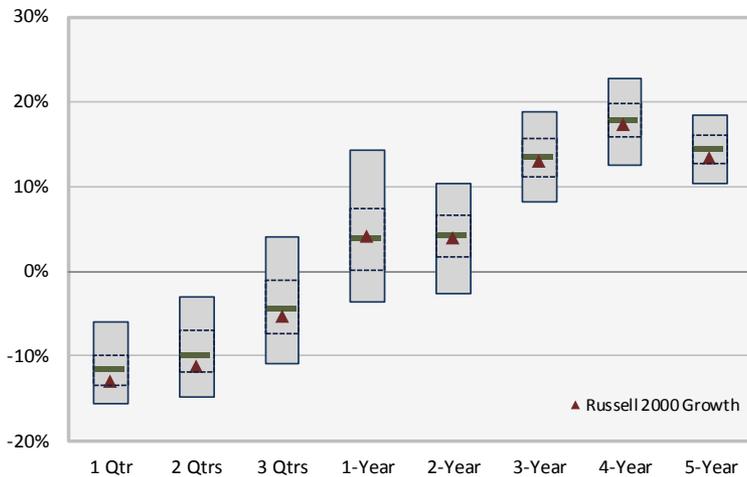
Large Cap Growth Equity Universe



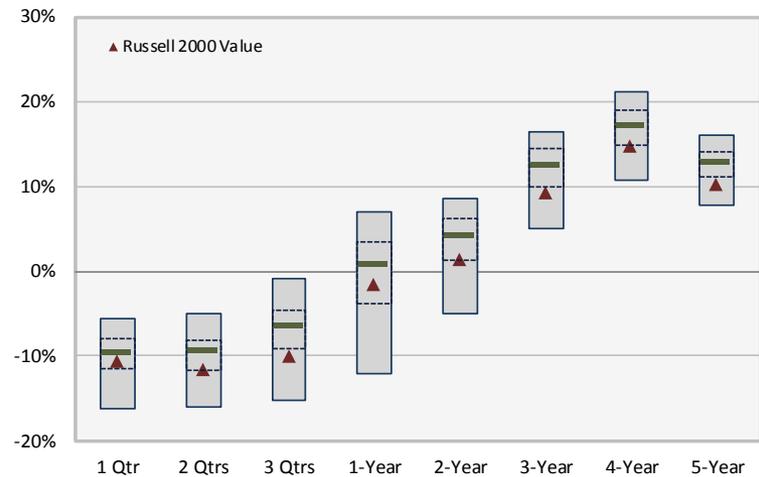
Large Cap Value Equity Universe



Small Cap Growth Equity Universe



Small Cap Value Equity Universe



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