

Market Commentary - 2nd Quarter 2015

“Greece is absolutely, irreversibly committed to staying in the eurozone... the problem is, that once you're in, like... "Hotel California," you can check out anytime you like, but you can never leave.”

–Yanis Varoufakis, Former Greek Finance Minister

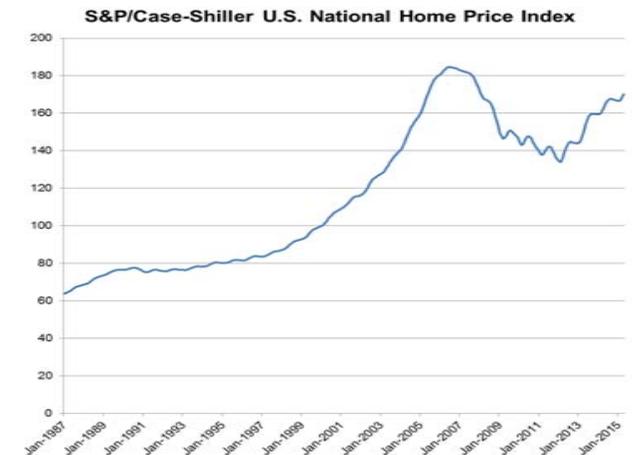
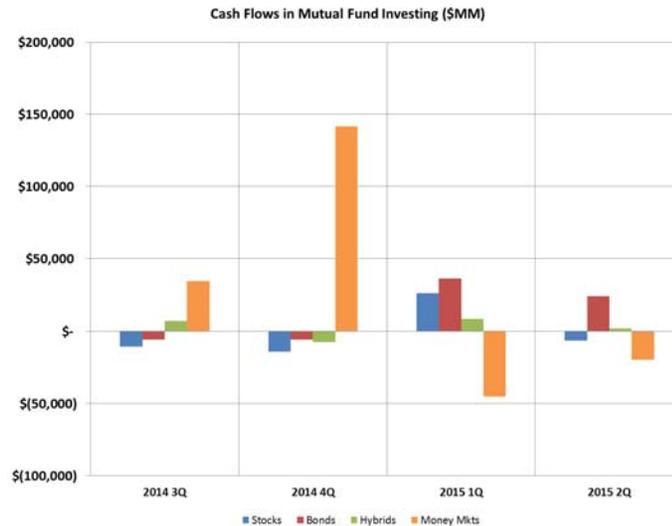
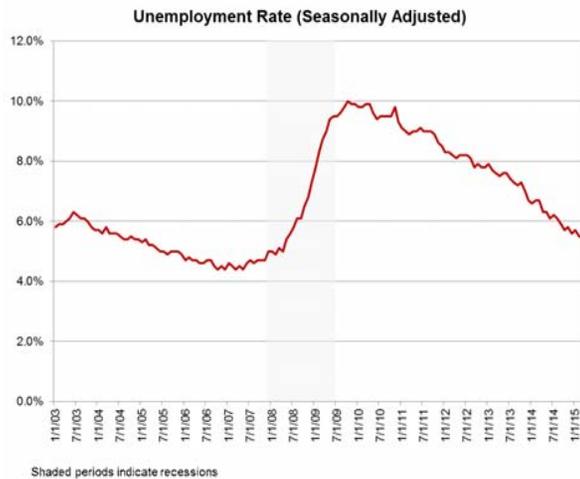
Broad Markets - Five Years

Jun-10 - Jun-15



	Qtr	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs
S&P 500 Index	0.28	1.23	7.42	17.31	17.34	7.89
Russell 1000 Index	0.11	1.71	7.37	17.73	17.58	8.13
Russell 1000 Value Index	0.11	-0.61	4.13	17.34	16.50	7.05
Russell 1000 Growth Index	0.12	3.96	10.56	17.99	18.59	9.10
Russell 2000 Index	0.42	4.75	6.49	17.81	17.08	8.40
Russell 2000 Value Index	-1.20	0.76	0.78	15.50	14.81	6.87
Russell 2000 Growth Index	1.98	8.74	12.34	20.11	19.33	9.86
MSCI EAFE ND	0.62	5.52	-4.22	11.97	9.54	5.12
MSCI EAFE LOC	-1.61	9.19	12.25	18.59	11.77	5.90
MSCI ACWI ex. US	0.53	4.03	-5.26	9.44	7.76	5.54
MSCI EAFE Small Cap ND	4.34	10.15	-0.77	15.69	12.40	6.59
MSCI Europe ND	0.36	3.82	-7.65	12.37	10.02	5.03
MSCI Japan ND	3.09	13.62	8.31	13.30	8.80	4.23
MSCI EM ND	0.69	2.95	-5.12	3.71	3.68	8.11
DJ World Real Estate	-4.61	-0.66	1.77	9.45	11.74	5.77
DJ US Select REIT Index	-10.00	-5.75	5.21	8.67	14.43	6.78
DJ-UBS US Commodity Index	4.66	-3.21	-23.71	-8.76	-3.91	-2.62
ML 3-month T-Bill	0.01	0.01	0.02	0.06	0.08	1.42
BC US Gov 1-3Y Bonds	0.15	0.69	0.91	0.68	0.85	2.60
BC US Gov/Corp Bonds	-2.10	-0.30	1.69	1.76	3.52	4.38
BC Aggregate Bond	-1.68	-0.10	1.86	1.83	3.35	4.44
BC US Gov Long Bonds	-8.10	-4.52	6.20	1.25	6.23	6.12
BC US Corp Long Bonds	-7.76	-4.72	-0.86	3.51	6.89	5.94
BC US High Yield Bonds	0.00	2.53	-0.40	6.81	8.61	7.89
BC TIPS	-1.06	0.34	-1.73	-0.76	3.29	4.13

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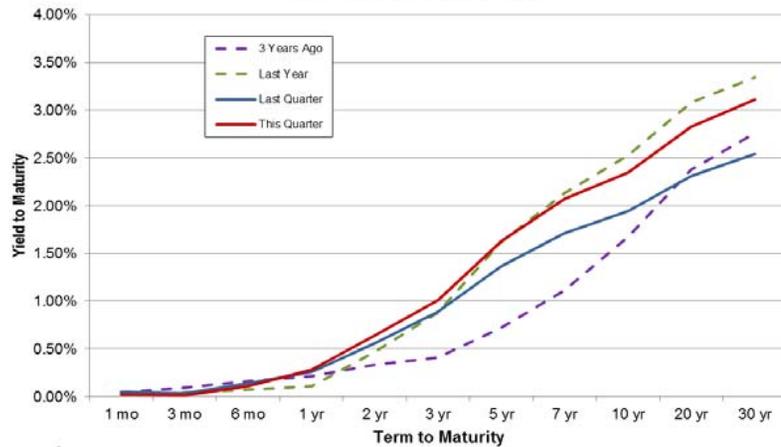
The S&P/Case-Shiller Home Price Indices are calculated monthly using a three-month moving average and published with a two month lag. Base Year 2000 = 100.

Market Commentary

- The S&P 500 was flat during the quarter as strong M&A activity and positive signs of global economic growth were offset by fears of a Greek exit from the Euro.
- Developed international equity markets were mixed; continued aggressive easing in Japan contributed while investor anxiety relating to higher interest rates and financial market instability inhibited equity returns.
- Emerging markets rose slightly due to investor expectation of further monetary stimulus in China.
- The Fed deemed the current near-zero federal funds rate as "appropriate" with regard to low inflation and stagnant wage figures; current projections indicate rise in rate by year-end.
- Mutual fund investors decreased their holdings in stocks while increasing their holdings in bonds. For the quarter, stock funds had net outflow of \$6.3 billion, while bond funds had net inflow of \$24 billion. Total money market mutual fund assets decreased by \$19 billion to \$2.093 trillion.
- The unemployment rate fell from 5.4% to 5.3%, as total employment increased by 664,000 jobs this quarter.
- The price of oil recovered from \$54 per barrel to \$59 during the quarter, an increase of 9.25%, reflecting a general uptick in commodity prices through the quarter.

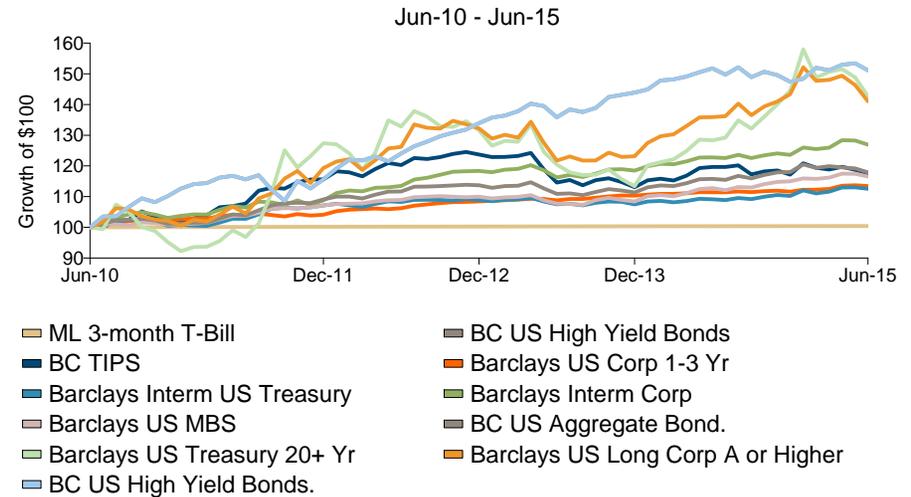
Market Commentary - 2nd Quarter 2015

U.S. Treasury Yield Curve



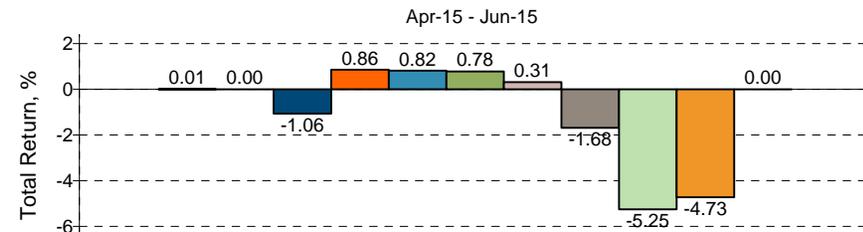
Source: Department of US Treasury

US Fixed Income - Five Years



	Qtr	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs
ML 3-month T-Bill	0.01	0.01	0.02	0.06	0.08	1.42
BC US High Yield Bonds	0.00	2.53	-0.40	6.81	8.61	7.89
BC TIPS	-1.06	0.34	-1.73	-0.76	3.29	4.13
Barclays US Corp 1-3 Yr	0.86	1.65	1.83	2.22	2.56	3.87
Barclays Interm US Treasury	0.82	2.11	3.12	1.30	2.39	3.85
Barclays Interm Corp	0.78	2.69	3.41	3.80	4.89	5.13
Barclays US MBS	0.31	1.37	3.36	2.27	3.11	4.66
BC US Aggregate Bond.	-1.68	-0.10	1.86	1.83	3.35	4.44
Barclays US Treasury 20+ Yr	-5.25	-1.28	11.19	2.41	7.37	6.49
Barclays US Long Corp A or Higher	-4.73	-1.61	3.77	3.78	7.12	5.73

US Fixed Income - Quarter

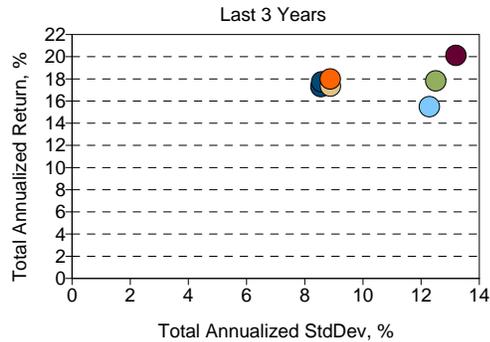


US Bond Market

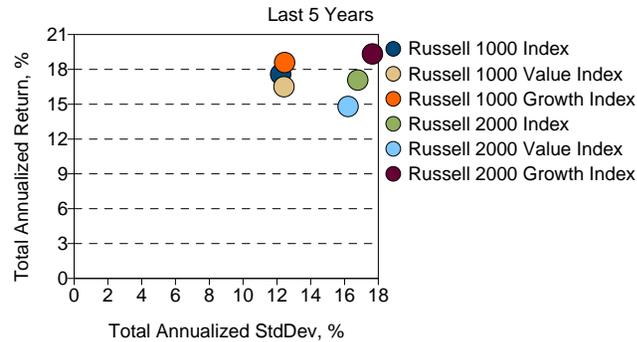
- The broad fixed income market fell -1.68% in the 2nd quarter, as the negative impact from a 0.33% increase in interest rates inhibited the coupon return of 0.74%.
- The short end of the yield curve remained unchanged as the Fed maintained its near-zero interest rate policy.
- The yield curve steepened as the 30-year Treasury yield rose by 0.57%, while the 1-year rose by 0.02%.
- Short-term corporate bonds were the best performing domestic sector this quarter, up 0.86%, as investors sought refuge from rising rates.
- Long-term investment-grade corporate bonds were down 4.73%, as yields increased on the long end of the yield curve while spreads to Treasuries widened.
- Long-term government bonds were the worst performing sector, down 5.25%, as investors moved into shorter-dated notes in anticipation of rising rates.

Market Commentary - 2nd Quarter 2015

Performance vs. Risk

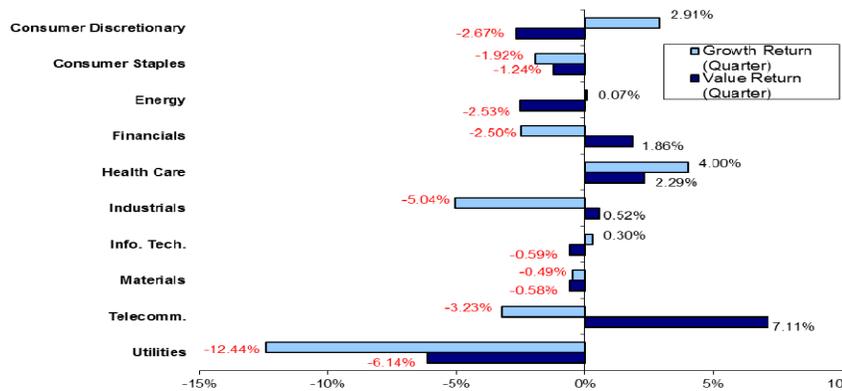


Performance vs. Risk

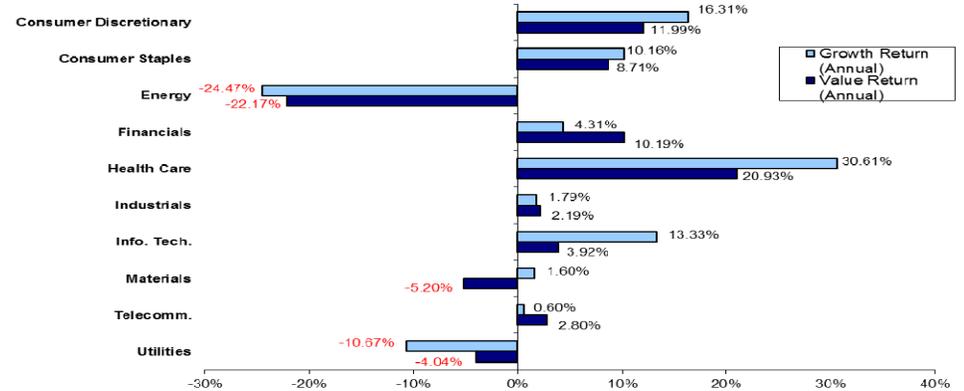


Sector Weights	Value	Growth
Consumer Discretionary	6.59%	18.94%
Consumer Staples	7.08%	10.42%
Energy	11.06%	4.52%
Financials	29.92%	5.18%
Healthcare	14.59%	14.49%
Industrials	10.29%	11.52%
Info. Tech.	9.25%	28.78%
Materials	3.12%	3.96%
Telecomm.	2.12%	2.12%
Utilities	5.99%	0.08%

Russell 1000 Index Sector Quarterly Returns



Russell 1000 Index Sector Annual Returns



Source: Russell Investments

US Stock Market

- Most major domestic equity indices posted a modest gain for the quarter. The small-cap Russell 2000 Growth Index had the best return, up 1.98%.
- In terms of capitalization, small-cap stocks outperformed large-cap stocks.
- In comparing styles, growth outperformed value across most market sectors.
- REITs fell 10.00% as medium to long-term interest rates rose during the quarter. Free Standing and Healthcare were the worst performing sectors, down 15% and 14%, respectively.
- Healthcare was the best performing sector, up 3.15%, as the industry was bolstered by strong mergers-and-acquisition activity.
- Utilities were the worst performing sector, falling 6.23%, as interest rates rose.

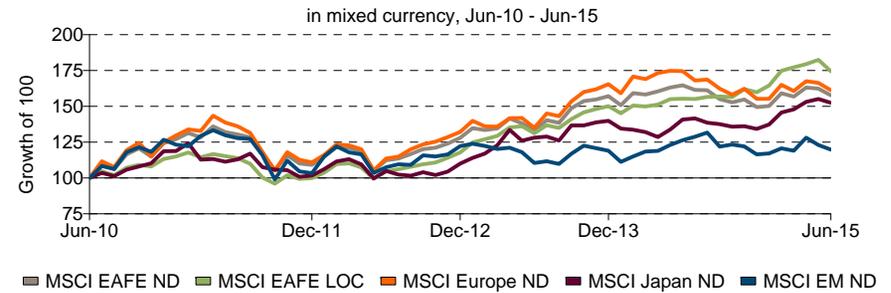
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Currency Exchange Rates

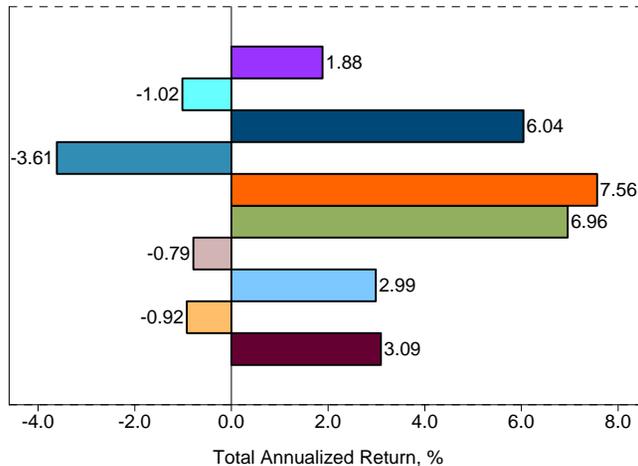
	Units per US Dollar		
	This Quarter	Last Quarter	% Change
Brazil Reais	3.110	3.182	-2.26%
Canadian Dollar	1.248	1.268	-1.60%
China Yuan Renminbi	6.199	6.201	-0.03%
Euro	0.897	0.931	-3.67%
India Rupees	63.602	62.336	2.03%
Japan Yen	122.160	119.965	1.83%
Mexico Pesos	18.672	17.900	4.31%
Russia Rubles	55.423	58.176	-4.73%
United Kingdom Pounds	0.636	0.674	-5.59%

Source: www.xe.com

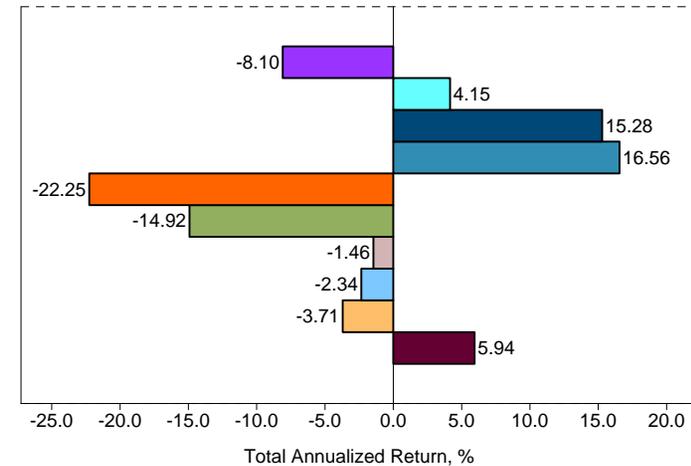
International - Five Years



Regional Performance - Quarter



Regional Performance - Annual



International Markets

- The dollar was down against the euro and pound but up against the yen.
- For the quarter, the EAFE Index was up 0.62%, and Emerging Markets were up 0.69%. Local currency returns for the EAFE Index and Emerging Markets were -1.61% and 0.82%, respectively.
- Among the major international regions, Russia had the highest return, up 7.56%, and Brazil posted a stark turn turnaround from last quarter, up 6.96%, as general commodity prices continued to rebound.
- Chinese stocks gained in the quarter due to a pledge of continued accommodative fiscal and monetary policies from the central authorities.
- Stocks in India had the lowest return, down 3.61% in the 2nd quarter, as investor enthusiasm for reforms seemed to fade.
- Small-cap stocks, up 4.34%, significantly outperformed large-cap stocks, up 0.62% in the quarter.