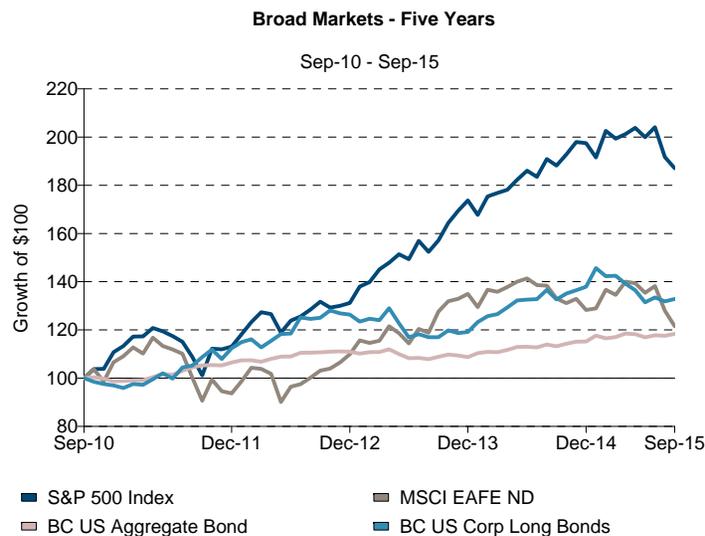


# Market Commentary - 3rd Quarter 2015

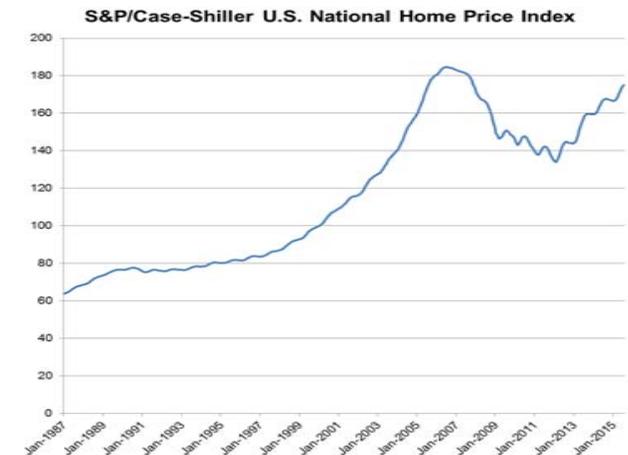
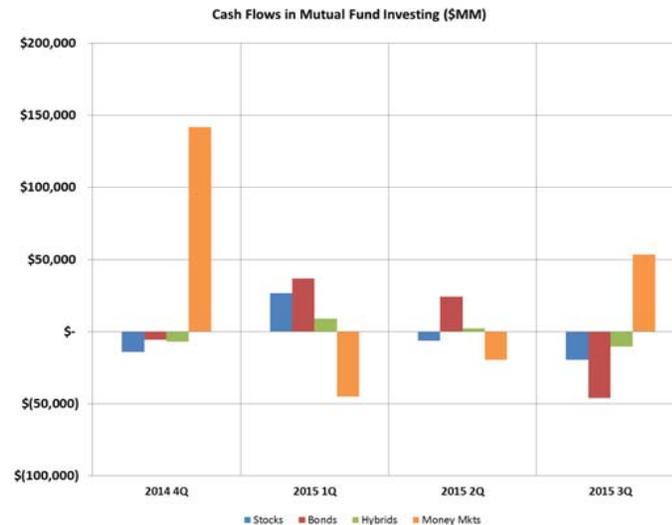
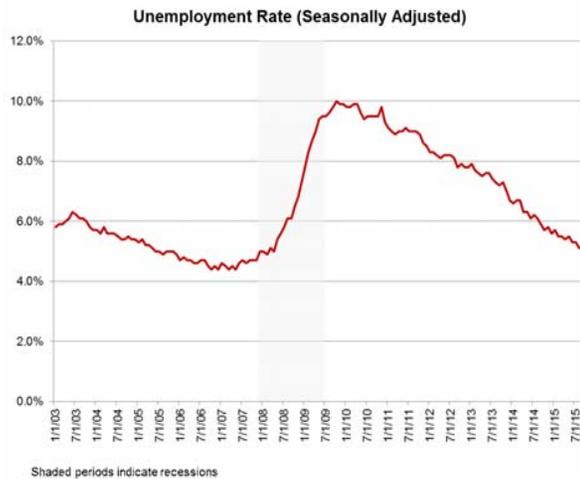
"Any ship, however large, may occasionally get unstable sailing on the high sea..."

-Xi Jinping, September 2015



	3 Months	YTD	1 Year	3 Years	5 Years	10 Years
S&P 500 Index	-6.44	-5.29	-0.61	12.40	13.34	6.80
Russell 1000 Index	-6.83	-5.24	-0.61	12.66	13.42	6.95
Russell 1000 Value Index	-8.39	-8.96	-4.42	11.59	12.29	5.71
Russell 1000 Growth Index	-5.29	-1.54	3.17	13.61	14.47	8.09
Russell 2000 Index	-11.92	-7.73	1.25	11.02	11.73	6.55
Russell 2000 Value Index	-10.73	-10.06	-1.60	9.18	10.17	5.35
Russell 2000 Growth Index	-13.06	-5.47	4.04	12.85	13.26	7.67
MSCI EAFE ND	-10.23	-5.28	-8.66	5.63	3.98	2.97
MSCI EAFE LOC	-8.93	-0.56	1.24	13.19	8.19	3.78
MSCI ACWI ex. US	-12.17	-8.63	-12.16	2.34	1.82	3.03
MSCI EAFE Small Cap ND	-6.83	2.62	0.29	10.17	7.30	4.65
MSCI Europe ND	-8.69	-5.20	-9.33	6.03	4.28	3.31
MSCI Japan ND	-11.80	0.21	-2.22	8.96	4.91	1.14
MSCI EM ND	-17.90	-15.47	-19.28	-5.27	-3.58	4.27
MSCI EM LOC	-11.97	-6.86	-6.79	2.45	2.09	6.91
DJ World Real Estate	-4.63	-5.26	0.71	5.51	7.00	4.64
DJ US Select REIT Index	3.09	-2.84	11.82	9.92	12.31	6.69
DJ-UBS US Commodity Index	-14.47	-17.21	-25.99	-16.02	-8.89	-5.67
ML 3-month T-Bill	0.01	0.02	0.02	0.06	0.08	1.33
BC US Gov 1-3Y Bonds	0.32	1.01	1.20	0.70	0.79	2.62
BC US Gov/Corp Bonds	1.20	0.90	2.73	1.59	3.09	4.61
BC US Aggregate Bond	1.23	2.75	4.59	2.25	3.43	4.81
BC US Gov Long Bonds	4.97	0.22	8.62	2.78	6.18	6.92
BC US Corp Long Bonds	1.10	-3.67	0.16	2.04	5.85	6.36
BC US High Yield Bonds	-4.86	-2.45	-3.43	3.51	6.15	7.25
BC TIPS	-1.14	-0.80	-0.83	-1.83	2.55	4.01

# Market Commentary - 3rd Quarter 2015



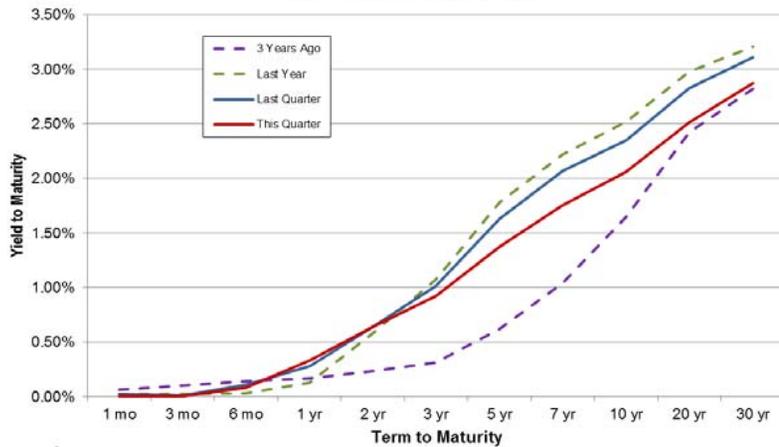
The S&P/Case-Shiller Home Price Indices are calculated monthly using a three-month moving average and published with a two month lag. Base Year 2000 = 100.

## Market Commentary

- The S&P 500 fell as concerns relating to slow global economic growth outweighed mildly positive U.S. economic data.
- Developed international equity markets were similarly down despite continued quantitative easing in Europe and Japan.
- Emerging markets fell significantly as slowing economic growth in China hampered global demand for commodities.
- The Fed continued to balk at raising rates as stagnating economic conditions abroad risked downward pressure on domestic inflation.
- Mutual fund investors decreased their holdings in both stocks and bonds. For the quarter, stock and bond funds had net outflows of \$20 billion and \$46 billion, respectively. Total money market mutual fund assets increased by \$53 billion to \$2.623 trillion.
- The unemployment rate fell from 5.3% to 5.1%, as total employment increased by 501,000 jobs this quarter.
- The price of oil fell from \$59 per barrel to \$48 during the quarter, a decrease of 18.00%, reflecting the general downward movement of commodities.

# Market Commentary - 3rd Quarter 2015

U.S. Treasury Yield Curve



Source: Department of US Treasury

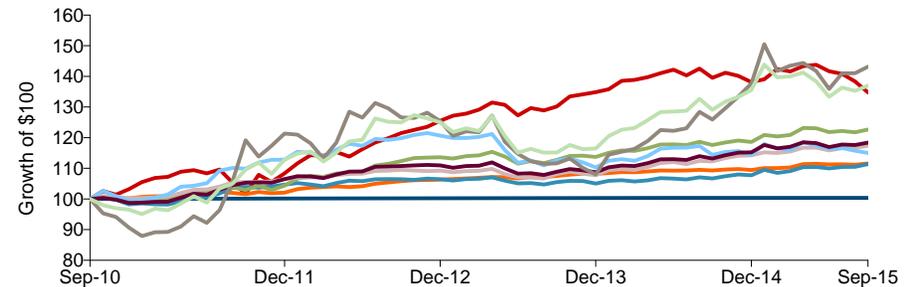
	Qtr	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs
ML 3-month T-Bill	0.01	0.02	0.02	0.06	0.08	1.33
BC US High Yield Bonds	-4.86	-2.45	-3.43	3.51	6.15	7.25
Barclays US Corp 1-3 Yr	0.30	1.96	2.08	1.79	2.22	3.88
Barclays Interm US Treasury	1.24	3.38	4.38	1.51	2.17	4.04
Barclays Interm Corp	0.71	3.42	4.28	2.96	4.17	5.27
Barclays US MBS	1.30	2.69	4.52	2.33	3.25	4.82
Barclays Infl Linked US TIPS	-1.14	0.61	0.58	-1.36	2.84	4.16
Barclays US Aggregate Bond	1.23	2.75	4.59	2.25	3.43	4.81
Barclays US Treasury 20+ Yr	5.33	3.98	13.71	4.18	7.44	7.41
Barclays US Long Corp A or Higher	2.70	1.05	6.11	3.10	6.49	6.31

## US Bond Market

- The broad fixed income market rose 1.23% and posted a coupon return of 0.77% in the 3rd quarter.
- The short end of the yield curve remained unchanged as the Fed maintained its near-zero interest rate policy.
- The yield curve flattened as the 30-year Treasury yield dropped by 0.24%. Weak inflation data and continued slack in the labor market postponed the Fed's decision to raise rates.
- Long-term government bonds were the best performing domestic sector this quarter, up 4.97%, as investors sought refuge from volatility abroad.
- Long-term investment-grade corporate bonds were up 1.10% due to the downward shift on the long-end of the yield curve outweighing a modest widening of spreads to Treasuries.
- High Yield bonds were the worst performing sector, down 4.86%, as investors generally became more risk averse through the quarter.

US Fixed Income - Five Years

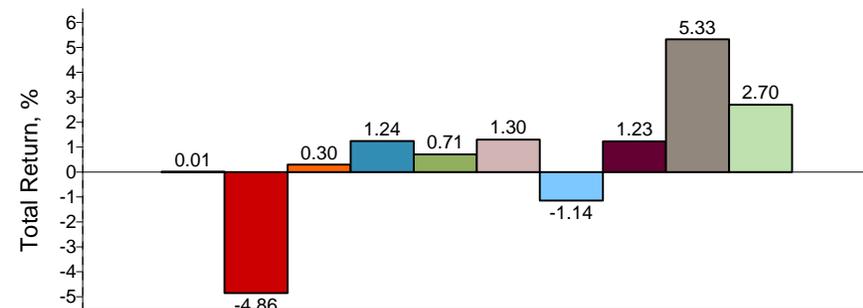
Sep-10 - Sep-15



- ML 3-month T-Bill
- Barclays US Corp 1-3 Yr
- Barclays Interm Corp
- Barclays Infl Linked US TIPS
- Barclays US Treasury 20+ Yr
- BC US High Yield Bonds
- Barclays Interm US Treasury
- Barclays US MBS
- Barclays US Aggregate Bond
- Barclays US Long Corp A or Higher

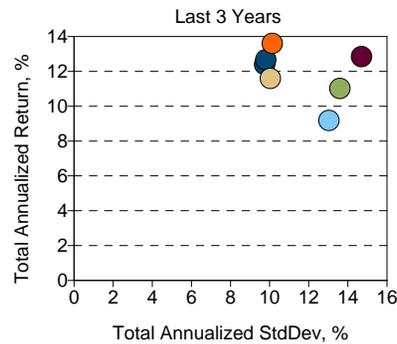
US Fixed Income - Quarter

Jul-15 - Sep-15

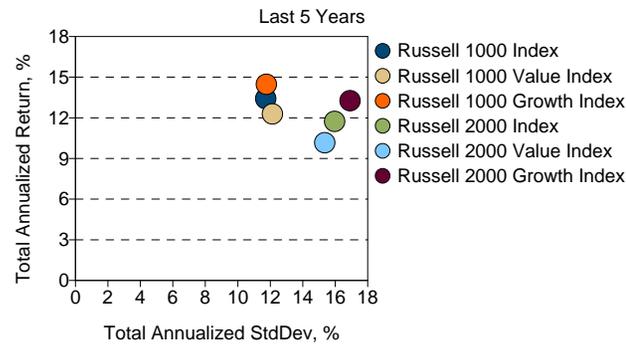


# Market Commentary - 3rd Quarter 2015

Performance vs. Risk

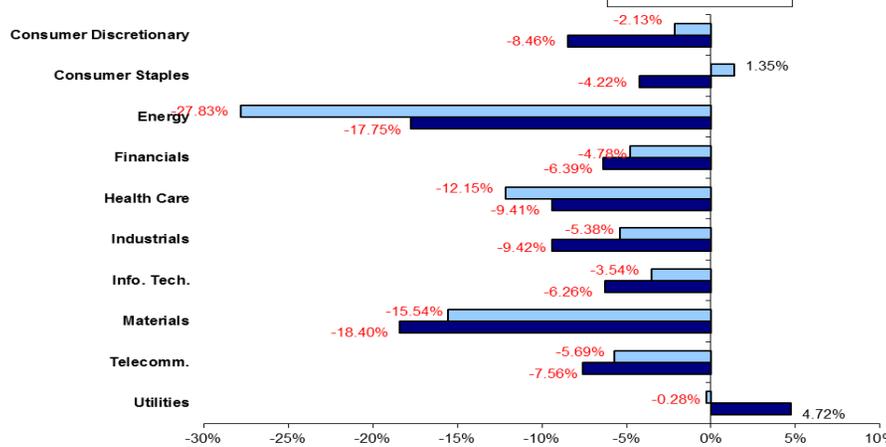


Performance vs. Risk

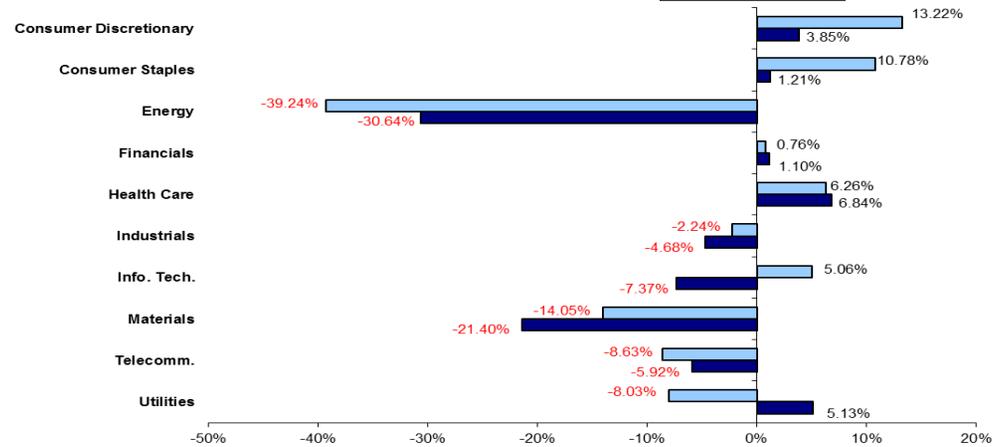


Sector Weights	Value	Growth
Consumer Discretionary	6.59%	18.94%
Consumer Staples	7.08%	10.42%
Energy	11.06%	4.52%
Financials	29.92%	5.18%
Healthcare	14.59%	14.49%
Industrials	10.29%	11.52%
Info. Tech.	9.25%	28.78%
Materials	3.12%	3.96%
Telecomm.	2.12%	2.12%
Utilities	5.99%	0.08%

Russell 1000 Index Sector Quarterly Returns



Russell 1000 Index Sector Annual Returns



## US Stock Market

- All major domestic equity indices posted a stark loss for the quarter. The small-cap Russell 2000 Growth Index had the worst return, down 13.06%.
- In terms of capitalization, large-cap stocks exhibited better downside protection and outperformed small-cap stocks.
- In comparing styles, there was no clear market preference for either value or growth stocks.
- REITs were up 3.09% as medium to long-term interest rates dropped during the quarter.
- Utilities were the best performing sector, up 4.20%, as investors sought safety from volatility.
- Energy was the worst performing sector, falling 19.00%, as global demand for commodities dissipated in general.

# Market Commentary - 3rd Quarter 2015

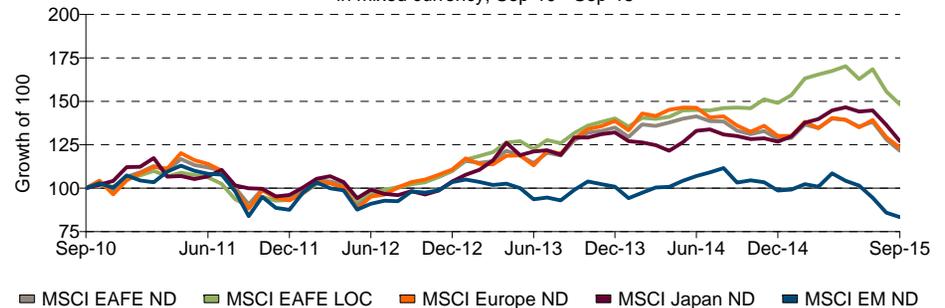
## Currency Exchange Rates

	Units per US Dollar		
	This Quarter	Last Quarter	% Change
Brazil Reais	3.960	3.110	27.33%
Canadian Dollar	1.339	1.248	7.30%
China Yuan Renminbi	6.356	6.199	2.54%
Euro	0.896	0.897	-0.14%
India Rupees	65.515	63.602	3.01%
Japan Yen	119.774	122.160	-1.95%
Mexico Pesos	16.901	18.672	-9.48%
Russia Rubles	65.382	55.423	17.97%
United Kingdom Pounds	0.662	0.636	4.03%

Source: www.xe.com

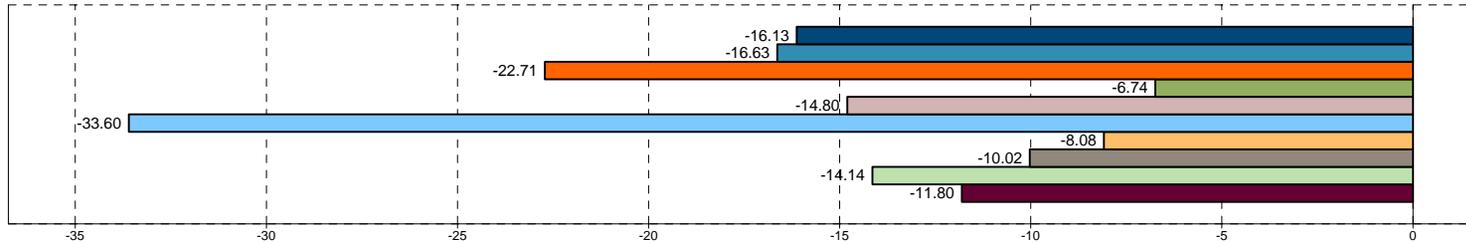
## International - Five Years

in mixed currency, Sep-10 - Sep-15



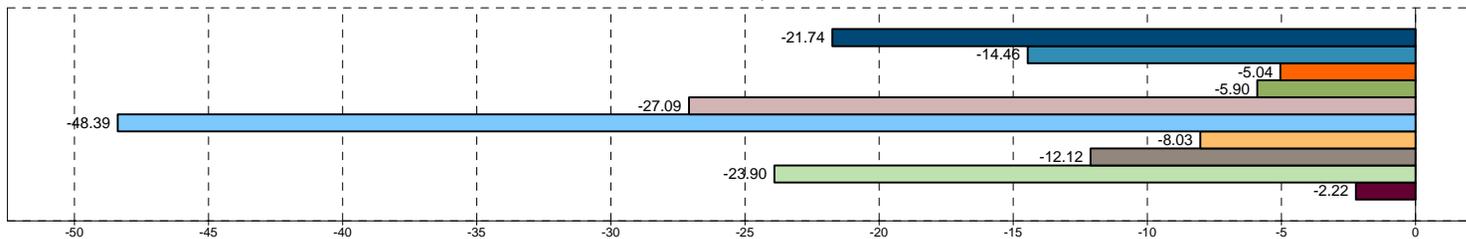
## Regional Performance - Quarter

Jul-15 - Sep-15



## Regional Performance - Annual

Oct-14 - Sep-15



- MSCI Emerging Markets Europe, Middle East & Africa ND USD
- MSCI AC Asia Pacific ex Japan ND USD
- MSCI China ND USD
- MSCI India ND USD
- MSCI Russia ND USD
- MSCI Brazil ND USD
- MSCI Europe ex UK ND USD
- MSCI United Kingdom ND USD
- MSCI Canada ND USD
- MSCI Japan ND

## International Markets

- The dollar was down against the euro and the yen.
- For the quarter, the EAFE Index was down 10.23% while Emerging Markets were down 17.90%. Local currency returns for the EAFE Index and Emerging Markets were down 8.93% and 11.97%, respectively.
- Among the major international regions, Brazilian stocks declined nearly 50% due to investors' concerns regarding recession, collapsing demand for commodities abroad, and systemic corruption in state-owned firms.
- Chinese stocks were also down as multiple economic indicators pointed to slowing growth.
- Small-cap international stocks, down 6.83%, outperformed large-cap international stocks, down 10.23% in the quarter.