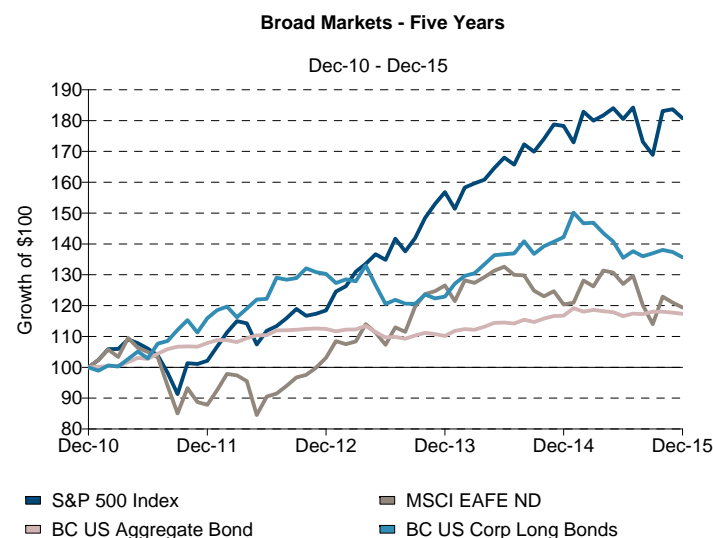


# Market Commentary - 4th Quarter 2015

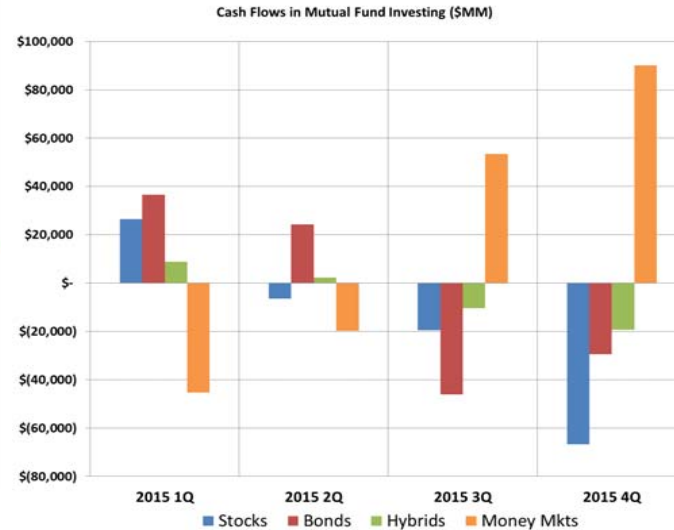
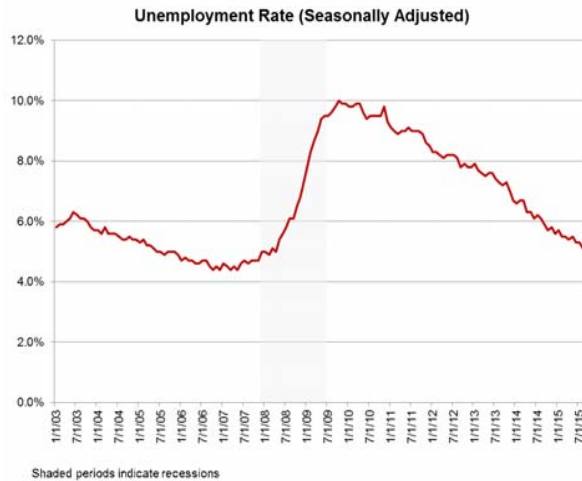
"The quarter was marked by three key themes; higher base interest rates in the US, steady domestic economic growth, and a drop in commodity prices stemming from global growth concerns."

-Milliman



	3 Months	YTD	1 Year	3 Years	5 Years	10 Years
S&P 500 Index	7.04	1.38	1.38	15.13	12.57	7.31
Russell 1000 Index	6.50	0.92	0.92	15.01	12.44	7.40
Russell 1000 Value Index	5.64	-3.83	-3.83	13.08	11.27	6.16
Russell 1000 Growth Index	7.32	5.67	5.67	16.83	13.53	8.53
Russell 2000 Index	3.59	-4.41	-4.41	11.65	9.19	6.80
Russell 2000 Value Index	2.88	-7.47	-7.47	9.06	7.67	5.57
Russell 2000 Growth Index	4.32	-1.38	-1.38	14.28	10.67	7.95
MSCI EAFE ND	4.71	-0.81	-0.81	5.01	3.60	3.03
MSCI EAFE LOC	6.38	5.78	5.78	12.78	8.34	3.70
MSCI ACWI ex. US	3.24	-5.66	-5.66	1.50	1.06	2.92
MSCI EAFE Small Cap ND	6.79	9.59	9.59	10.44	6.32	4.55
MSCI Europe ND	2.49	-2.84	-2.84	4.51	3.88	3.36
MSCI Japan ND	9.34	9.57	9.57	10.17	4.39	0.91
MSCI EM ND	0.66	-14.92	-14.92	-6.76	-4.81	3.61
MSCI EM LOC	1.57	-5.40	-5.40	1.20	1.27	6.36
DJ World Real Estate	4.86	-0.65	-0.65	5.04	6.66	4.61
DJ US Select REIT Index	7.54	4.48	4.48	11.76	12.32	7.20
DJ-UBS US Commodity Index	-11.05	-26.36	-26.36	-17.46	-13.57	-6.48
ML 3-month T-Bill	0.03	0.05	0.05	0.05	0.07	1.24
BC US Gov 1-3Y Bonds	-0.43	0.57	0.57	0.53	0.73	2.51
BC US Gov/Corp Bonds	-0.74	0.15	0.15	1.21	3.39	4.47
BC US Aggregate Bond	-0.57	0.55	0.55	1.44	3.25	4.52
BC US Gov Long Bonds	-1.38	-1.16	-1.16	2.55	7.65	6.67
BC US Corp Long Bonds	-0.97	-4.61	-4.61	1.36	6.29	6.18
BC US High Yield Bonds	-2.06	-4.47	-4.47	1.69	5.04	6.96
BC TIPS	-0.64	-1.44	-1.44	-2.26	2.55	3.93

# Market Commentary - 4th Quarter 2015



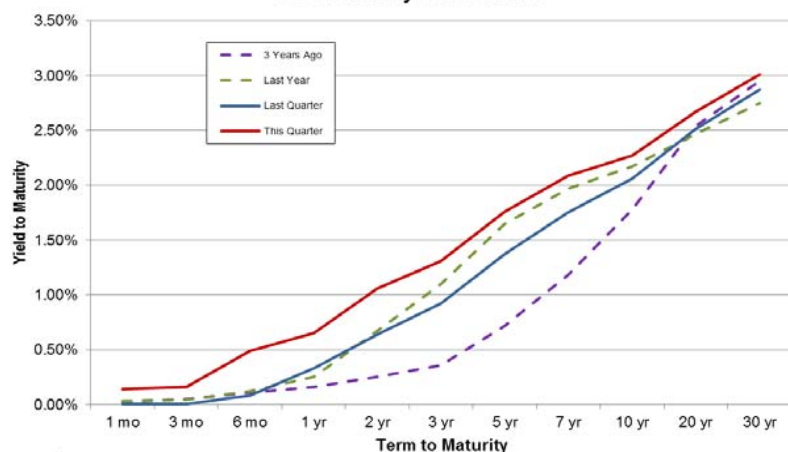
The S&P/Case-Shiller Home Price Indices are calculated monthly using a three-month moving average and published with a two month lag. Base Year 2000 = 100.

## Market Commentary

- The S&P 500 was up overall as initial optimism in the global economic recovery and continued heightened M&A activity outweighed pessimism in the latter part of the quarter.
- Developed international equity markets were similarly up overall despite the onset of volatility in the latter stages of the quarter.
- Emerging markets were relatively flat as the slump in commodity prices from decreased Chinese economic activity erased the early gains made in the quarter.
- Chinese equities initially rallied in October, but gains were later reduced as the government's anti-corruption campaign targeted large domestic brokerage firms.
- The Fed marginally increased base interest rates by 25 basis points for the first time in nine years as employment figures held steady at the Fed's target. Inflation figures, however, continued to remain below the 2% annual figure targeted by the Fed.
- Mutual fund investors decreased their holdings in both stocks and bonds. For the quarter, stock and bond funds had net outflows of \$67 billion and \$29 billion, respectively. Total money market mutual fund assets increased by \$90 billion to \$3.523 trillion.
- The unemployment rate fell from 5.1% to 5.0%, as total employment increased by 987,000 jobs this quarter.
- The price of oil fell from \$45 per barrel to \$37 during the quarter, a decrease of 17.8%, reflecting the general downward movement of commodities.

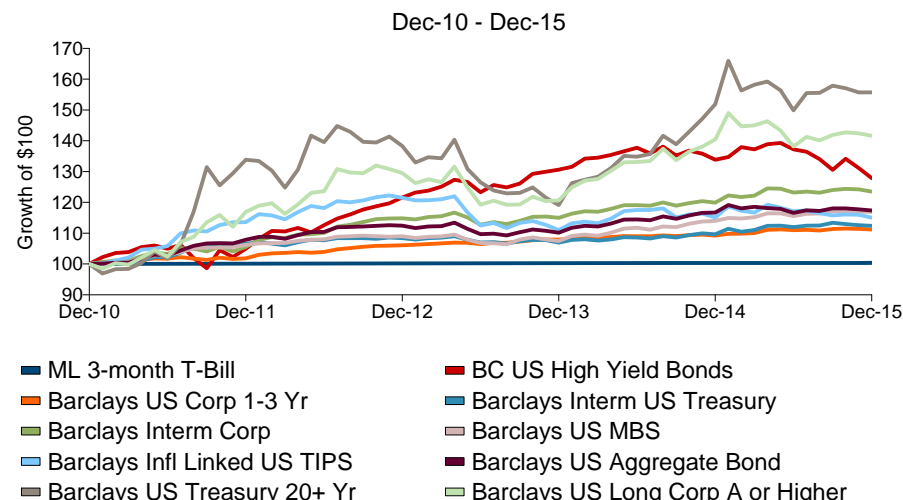
# Market Commentary - 4th Quarter 2015

U.S. Treasury Yield Curve

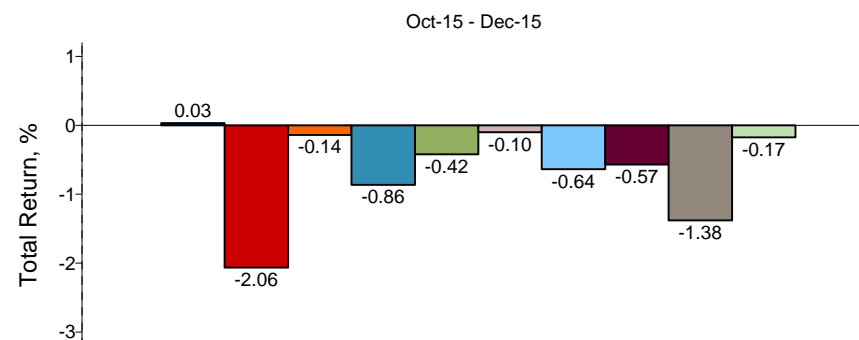


Source: Department of US Treasury

US Fixed Income - Five Years



US Fixed Income - Quarter



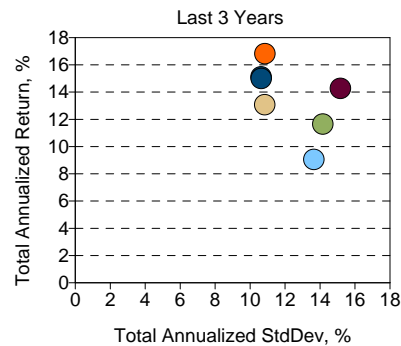
	Qtr	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs
ML 3-month T-Bill	0.03	0.05	0.05	0.05	0.07	1.24
BC US High Yield Bonds	-2.06	-4.47	-4.47	1.69	5.04	6.96
Barclays US Corp 1-3 Yr	-0.14	1.81	1.81	1.57	2.14	3.80
Barclays Interm US Treasury	-0.86	2.49	2.49	1.22	2.36	3.88
Barclays Interm Corp	-0.42	2.98	2.98	2.45	4.32	5.19
Barclays US MBS	-0.10	2.59	2.59	2.37	3.18	4.74
Barclays Infl Linked US TIPS	-0.64	-0.03	-0.03	-1.80	2.84	4.08
Barclays US Aggregate Bond	-0.57	0.55	0.55	1.44	3.25	4.52
Barclays US Treasury 20+ Yr	-1.38	2.54	2.54	4.03	9.26	7.12
Barclays US Long Corp A or Higher	-0.17	0.87	0.87	3.03	7.21	6.21

## US Bond Market

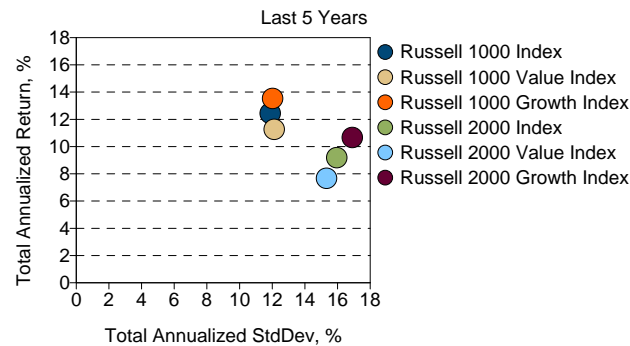
- The broad fixed income market fell 0.57%, where mid- and long-term corporate bonds displayed better downside protection than similar Treasuries.
- The yield curve shifted vertically as the Federal Reserve opted to raise its benchmark target rate.
- Short-term Treasuries were the best performing sector, up 0.03% as rates rose in the quarter.
- Conversely, long-term Treasuries were down 1.38% due to the rising rates.
- High Yield bonds were the worst performing sector, down 2.06%, as volatility abroad and rising defaults among lower-rated companies dampened the market's risk tolerance.

# Market Commentary - 4th Quarter 2015

Performance vs. Risk

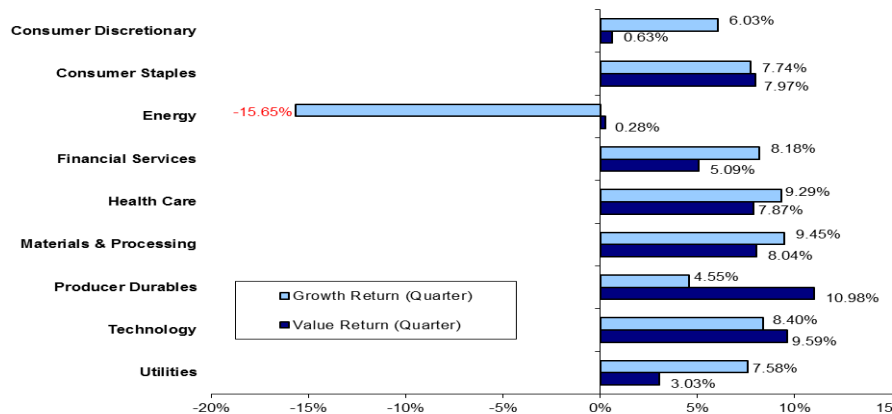


Performance vs. Risk

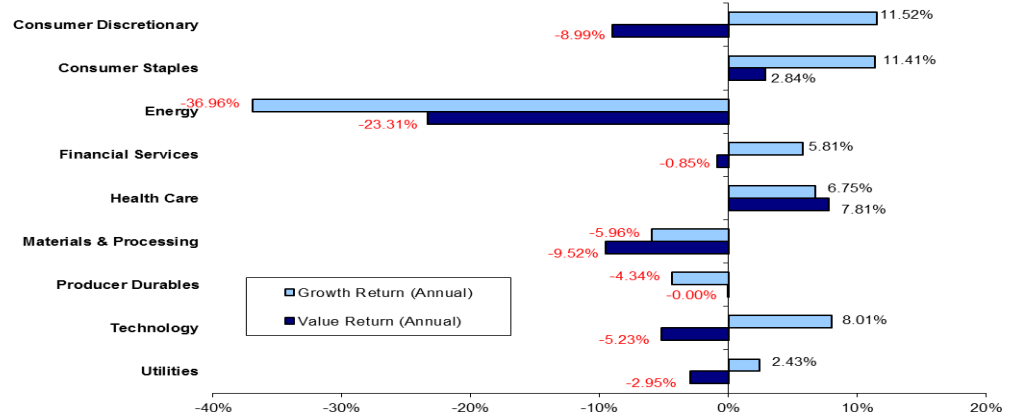


Sector Weights	Value	Growth
Consumer Discretionary	6.32%	22.91%
Consumer Staples	5.84%	10.28%
Energy	13.18%	0.67%
Financial Services	30.37%	9.44%
Health Care	11.63%	16.40%
Materials & Processing	3.25%	4.02%
Producer Durables	9.93%	11.51%
Technology	11.06%	22.78%
Utilities	8.43%	2.00%

Russell 1000 Index Sector Quarterly Returns



Russell 1000 Index Sector Annual Returns



Source: Russell Investments

## US Stock Market

- All major domestic equity indices posted a gain for the quarter. The large-cap Russell 1000 Growth Index had the best return, up 7.32%.
- In terms of capitalization, large-cap stocks were more insulated from volatility and outperformed small-cap stocks.
- In comparing styles, growth outperformed value.
- REITs were up 7.54% despite the marginally rising interest rates.
- Materials & Processing was the best performing sector, up 8.9%, as domestic economic activity appeared to pick up during the quarter.
- Energy continued to be the worst performing sector, falling 22.00% over the year, as a global oversupply of oil continued to persist through the end of the year.

# Market Commentary - 4th Quarter 2015

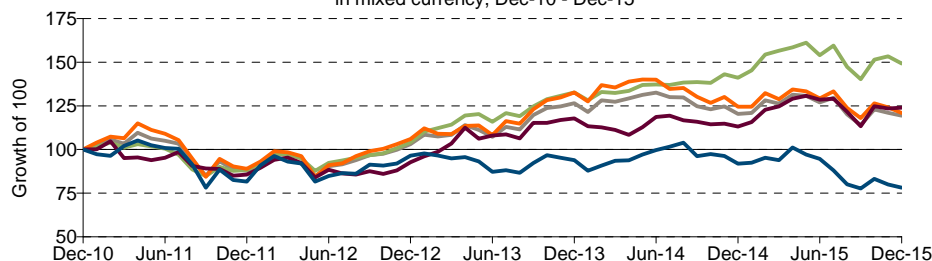
## Currency Exchange Rates

	Units per US Dollar		
	This Quarter	Last Quarter	% Change
Brazil Reais	3.961	3.960	0.03%
Canadian Dollar	1.385	1.339	3.41%
China Yuan Renminbi	6.495	6.356	2.18%
Euro	0.920	0.896	2.73%
India Rupees	66.201	65.515	1.05%
Japan Yen	120.305	119.774	0.44%
Mexico Pesos	17.250	16.901	2.06%
Russia Rubles	73.479	65.382	12.39%
United Kingdom Pounds	0.677	0.662	2.37%

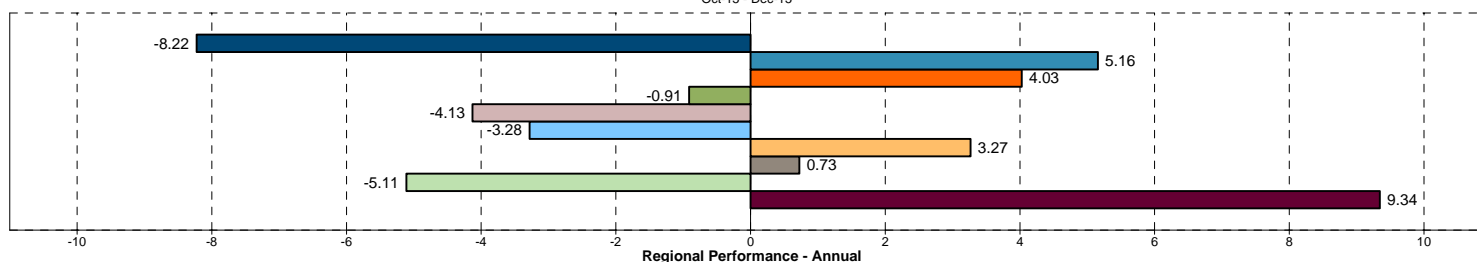
Source: [www.xe.com](http://www.xe.com)

## International - Five Years

in mixed currency, Dec-10 - Dec-15

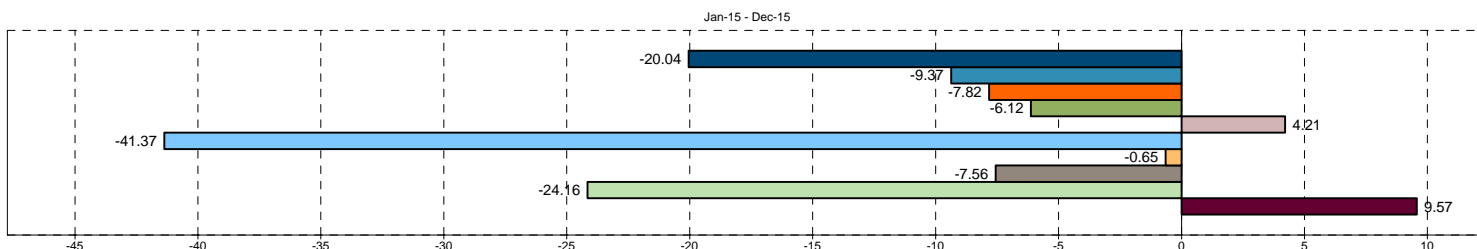


Regional Performance - Quarter  
Oct-15 - Dec-15



■ 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

Regional Performance - Annual



## International Markets

- The dollar was up against most major currencies as the European Central Bank pushed interest rates below zero while Japan continued an aggressive easing campaign.
- For the quarter, the EAFE Index was up 4.71% while Emerging Markets were up slightly at 0.66%. Local currency returns for the EAFE Index and Emerging Markets were up 6.38% and 1.57%, respectively, for the year.
- Chinese stocks were up by over 9% in October as concerns regarding economic growth were outweighed by optimism related to stabilizing commodity prices. However, the government's anti-corruption investigations of large brokerage firms in November caused stocks to tumble, resulting in a muted 4.03% total return for the quarter.
- Among the major international regions, Brazilian stocks continued their sharp decline, falling 3% in the quarter and down 41% over 2015, as continued political instability and domestic inflation weighed on investor confidence.
- Canadian stocks were also down significantly in both the quarter and the year as the price of oil continued its downward spiral.
- Small-cap EAFE stocks, up 6.79%, outperformed large-cap EAFE stocks, up 4.71%, in the quarter.