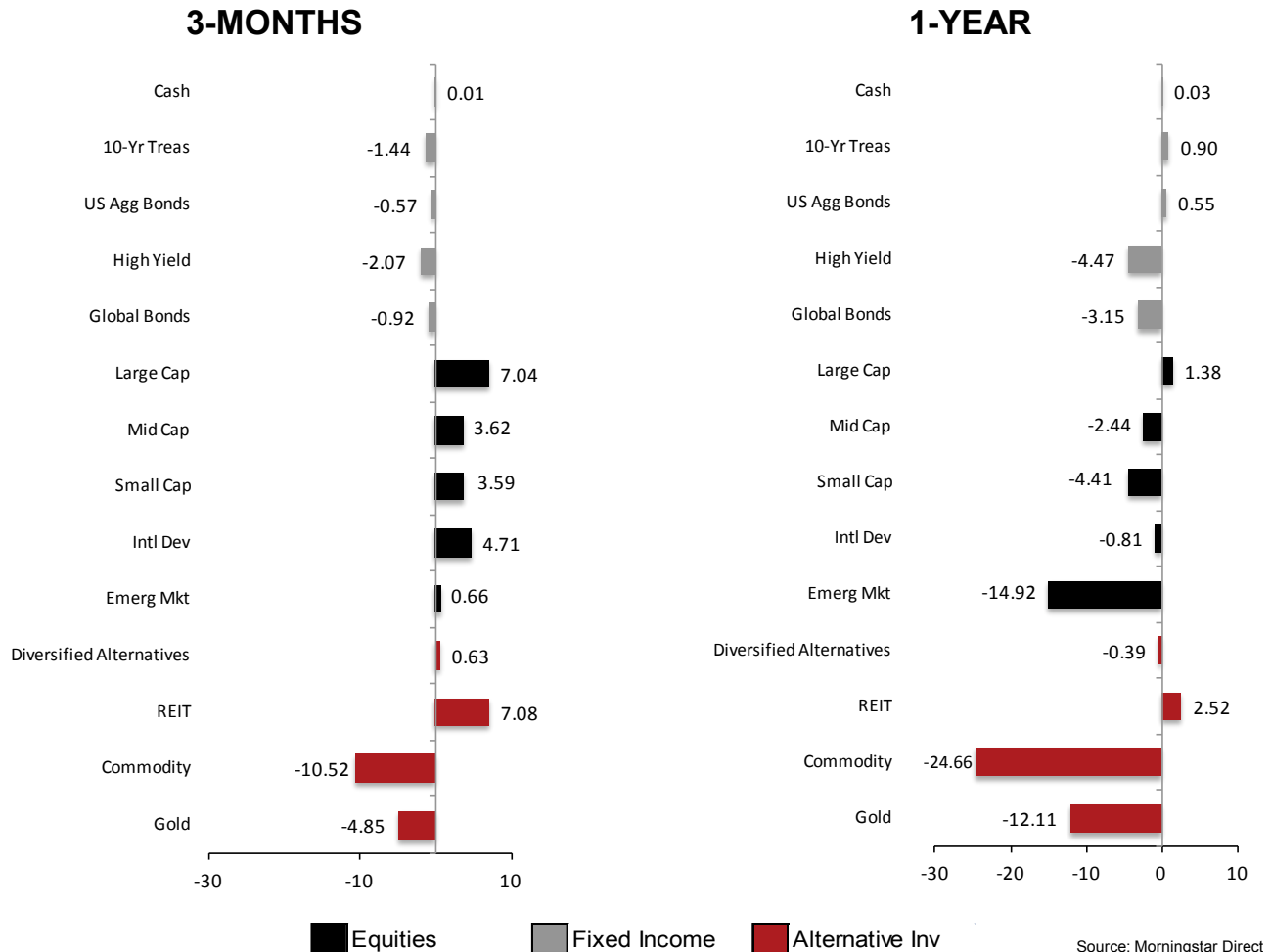


MARKET SUMMARY

FOR QUARTER ENDED DECEMBER 31, 2015

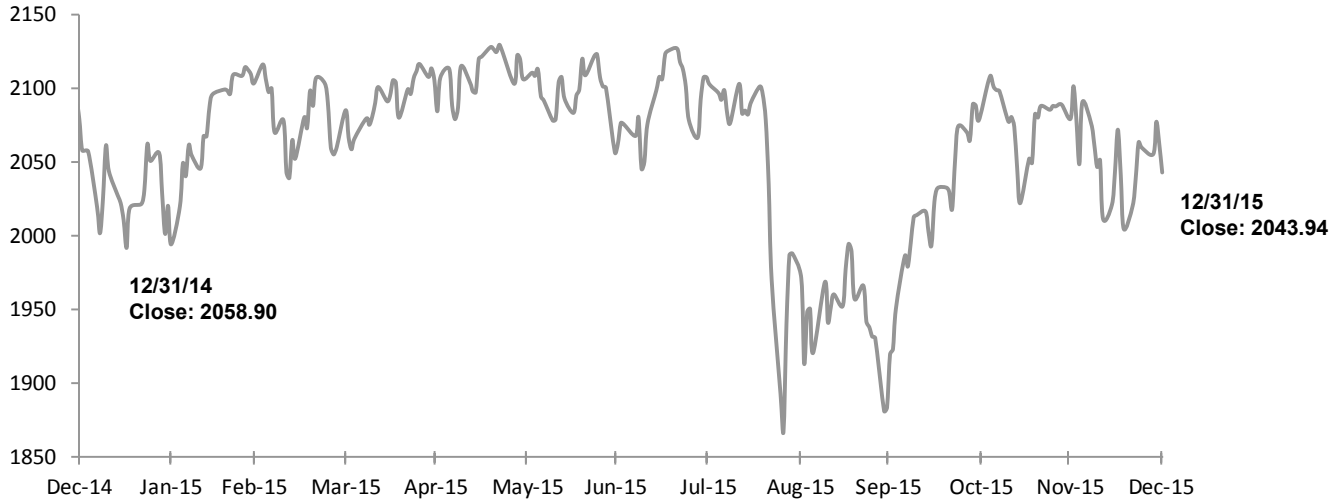


- Equity markets recovered in the fourth quarter of 2015, but it was not enough to offset heavy losses experienced in August and September. Results for the 2015 calendar year ranged from slightly positive to steeply negative. Additionally, market performance was very narrow, with the average return of the 10 largest stocks in the S&P 500 Index up over 20% compared to a slightly negative average return for all other stocks in the index.
- The domestic equity market, as represented by the S&P 500 Index, recorded a 7.04% gain for the quarter and a 1.38% gain for the year. The domestic fixed income market, as represented by the Barclays Aggregate Bond Index, posted a loss of -0.57% for the quarter and returned 0.55% for the 1-year period.
- The 10-year Treasury yield ended the quarter at 2.27%, up from 2.04% at the beginning of the quarter and 2.17% at the beginning of 2015.
- Domestic large cap equities outperformed mid cap and small cap equities during the fourth quarter. For the 1-year period, only the S&P 500 Index remained in positive territory as the Russell 2000® Index and Russell Midcap® Index posted losses.
- Developed international equities generally underperformed domestic equities during the quarter. The S&P 500 Index continued to outperform the MSCI EAFE Index for the 1-year period.
- Emerging market equities posted a return of 0.66% for the quarter. The 1-year return for the MSCI Emerging Markets Index was -14.92% as of 12/31/15.
- REITs continued to post strong relative returns, with a gain of 7.08% in the fourth quarter. The decline in commodities continued, with a loss of -10.52% for the quarter. Commodities are down almost -25% for the 1-year period.

BROAD MARKET OVERVIEW

FOR QUARTER ENDED DECEMBER 31, 2015

1-YEAR CLOSE OF S&P 500 INDEX



Returns, As of 12/31/15	Last Price	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year
Capital Markets								
Dow Jones Industrial Avg	17,425.03	-1.52%	7.70%	0.21%	0.21%	12.66%	11.30%	7.75%
S&P 500 Index	2,043.94	-1.58%	7.04%	1.38%	1.38%	15.13%	12.57%	7.31%
S&P 500 Value Index	876.09	-1.68%	6.05%	-3.13%	-3.13%	12.83%	10.96%	5.80%
S&P 500 Growth Index	1,163.70	-1.52%	7.86%	5.52%	5.52%	17.19%	14.06%	8.70%
Russell 1000® Index	1,131.89	-1.80%	6.50%	0.92%	0.92%	15.01%	12.44%	7.40%
Russell 1000® Value Index	964.61	-2.15%	5.64%	-3.83%	-3.83%	13.08%	11.27%	6.16%
Russell 1000® Growth Index	1,000.10	-1.47%	7.32%	5.67%	5.67%	16.83%	13.53%	8.53%
Russell Midcap® Index	1,596.21	-2.68%	3.62%	-2.44%	-2.44%	14.18%	11.44%	8.00%
Russell Midcap® Value Index	1,580.99	-3.10%	3.12%	-4.78%	-4.78%	13.40%	11.25%	7.61%
Russell Midcap® Growth Index	738.40	-2.26%	4.12%	-0.20%	-0.20%	14.88%	11.54%	8.16%
Russell 2000® Index	1,135.89	-5.02%	3.59%	-4.41%	-4.41%	11.65%	9.19%	6.80%
Russell 2000® Value Index	1,380.60	-5.27%	2.88%	-7.47%	-7.47%	9.06%	7.67%	5.57%
Russell 2000® Growth Index	707.36	-4.77%	4.32%	-1.38%	-1.38%	14.28%	10.67%	7.95%
MSCI EAFE Index	1,716.28	-1.35%	4.71%	-0.81%	-0.81%	5.01%	3.60%	3.03%
MSCI EAFE Value Index	2,583.41	-1.93%	2.68%	-5.68%	-5.68%	3.14%	2.55%	1.96%
MSCI EAFE Growth Index	1,391.46	-0.78%	6.67%	4.09%	4.09%	6.83%	4.60%	4.03%
MSCI Emerging Markets	794.14	-2.23%	0.66%	-14.92%	-14.92%	-6.76%	-4.81%	3.61%
MSCI US REIT Index	1,100.94	1.83%	7.08%	2.52%	2.52%	11.06%	11.88%	7.35%
Barclays Aggregate Bond Index	1,925.40	-0.32%	-0.57%	0.55%	0.55%	1.44%	3.25%	4.51%
Barclays Corporate High Yield Index	1,548.58	-2.52%	-2.07%	-4.47%	-4.47%	1.69%	5.04%	6.96%
HFRI Fund of Funds Index*	5,694.54	-0.61%	0.63%	-0.39%	-0.39%	3.91%	2.08%	2.25%

Yields, As of 12/31/15	Last Yield	Prior Month	3 Months Ago	Year-End	1 Year Ago	3 Years Ago	5 Years Ago
Cash & Bond Markets							
Fed Funds Target	0.25%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2-Year Treasury	1.05%	0.91%	0.64%	0.66%	0.66%	0.25%	0.59%
10-Year Treasury	2.27%	2.14%	2.04%	2.17%	2.17%	1.76%	3.29%
Municipal	2.24%	2.30%	2.32%	2.32%	2.32%	2.65%	3.09%

Prices, As of 12/31/15	Last Price	Prior Month	3 Months Ago	Year-End	1 Year Ago	3 Years Ago	5 Years Ago
Commodities							
Gold	\$1,061.42	\$1,069.29	\$1,113.56	\$1,184.86	\$1,184.86	\$1,675.35	\$1,420.78
Crude Oil	\$37.04	\$41.65	\$45.09	\$53.27	\$53.27	\$91.82	\$91.38
Gasoline	\$2.14	\$2.20	\$2.42	\$2.39	\$2.39	\$3.33	\$3.11

SIZE AND STYLE

FOR QUARTER ENDED DECEMBER 31, 2015

	3-MONTHS			YTD			1-YEAR		
	Value	Core	Growth	Value	Core	Growth	Value	Core	Growth
Large	5.6	6.5	7.3	-3.8	0.9	5.7	-3.8	0.9	5.7
Mid	3.1	3.6	4.1	-4.8	-2.4	-0.2	-4.8	-2.4	-0.2
Small	2.9	3.6	4.3	-7.5	-4.4	-1.4	-7.5	-4.4	-1.4
Int'l	2.7	4.7	6.7	-5.7	-0.8	4.1	-5.7	-0.8	4.1

	3-YEAR			5-YEAR		
	Value	Core	Growth	Value	Core	Growth
Large	13.1	15.0	16.8	11.3	12.4	13.5
Mid	13.4	14.2	14.9	11.3	11.4	11.5
Small	9.1	11.7	14.3	7.7	9.2	10.7
Int'l	3.1	5.0	6.8	2.5	3.6	4.6

Represents percent return in Russell indexes and MSCI EAFE Indexes. Boxes shown in red represent returns below 0%. Gray boxes represent returns between 0% and 10%. Returns above 10% are shown in black. Source: Morningstar Direct

- All equity indexes represented in the style boxes above posted gains for the 3-month period. However, only domestic large core, domestic large growth and international growth stocks remained positive for the 1-year period.
- International equity markets, as represented above by the MSCI EAFE Indexes, underperformed domestic equity markets for the fourth quarter of 2015. International equities still trailed for the 1-, 3- and 5-year periods. Domestic large cap core stocks, returned 15.0% for the 3-year period and international core stocks returned 5.0%, a difference of 10.0%.
- During the quarter, domestic growth stocks outperformed their value counterparts across all capitalizations. Domestic growth stocks significantly outperformed value stocks for the 1-year period and lead for the 3- and 5-year periods as well.
- International value stocks lagged their growth counterparts in the fourth quarter. With six consecutive quarters of underperformance, international value stocks significantly underperformed international growth stocks for the 1-year period ending 12/31/15.
- Small cap core stocks underperformed large cap core stocks during the quarter by 2.9%. For the 1-, 3- and 5-year periods, large caps lead small caps across the style spectrum.
- Materials, Health Care and Information Technology were among the strongest-performing sectors for the quarter while Energy, Utilities and Consumer Discretionary were among the weakest performing. For calendar year 2015, Consumer Discretionary was the top performing sector (10.1% return) while Energy was the bottom performing sector (-21.1% return).

ANNUAL TOTAL RETURNS OF KEY ASSET CLASSES

Through 12/31/2015

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Real Estate 12.83%	Comm. 25.91%	Emerging Markets 55.82%	Real Estate 31.49%	Emerging Markets 34.00%	Real Estate 35.92%	Emerging Markets 39.42%	Bonds 5.24%	Emerging Markets 78.51%	Real Estate 28.48%	Real Estate 8.69%	Emerging Markets 18.22%	Small Cap Blend 38.82%	Real Estate 30.38%	Large Cap Growth 5.67%
Bonds 8.44%	Global Bonds 16.52%	Small Cap Blend 47.25%	Emerging Markets 25.55%	Comm. 21.36%	Emerging Markets 32.14%	Comm. 16.23%	Global Bonds 4.79%	High Yield 58.21%	Small Cap Blend 26.86%	Bonds 7.84%	Mid Cap Blend 17.88%	Mid Cap Blend 33.50%	S&P 500 13.69%	Real Estate 2.52%
High Yield 5.28%	Bonds 10.25%	Foreign Stocks 38.59%	Foreign Stocks 20.25%	Foreign Stocks 13.54%	Foreign Stocks 26.34%	Large Cap Growth 11.81%	Alternative -21.39%	Mid Cap Blend 37.38%	Mid Cap Blend 26.64%	Global Bonds 5.64%	Real Estate 17.77%	Large Cap Growth 33.48%	Large Cap Value 13.45%	S&P 500 1.38%
Alternative 2.80%	Real Estate 3.64%	Real Estate 36.74%	Small Cap Blend 18.33%	Mid Cap Blend 12.56%	Large Cap Value 22.25%	Foreign Stocks 11.17%	High Yield -26.16%	Large Cap Growth 37.21%	Emerging Markets 18.88%	High Yield 4.98%	Large Cap Value 17.51%	Large Cap Value 32.53%	Large Cap Growth 13.05%	Bonds 0.55%
Small Cap Blend 2.49%	Alternative 1.01%	Mid Cap Blend 35.62%	Large Cap Value 16.49%	Real Estate 12.13%	Small Cap Blend 18.37%	Alternative 10.26%	Small Cap Blend -33.79%	Foreign Stocks 31.78%	Comm. 16.83%	Large Cap Growth 2.64%	Foreign Stocks 17.32%	S&P 500 32.39%	Mid Cap Blend 9.77%	Alternative -0.39%
Global Bonds 1.57%	High Yield -1.41%	Large Cap Value 30.03%	Mid Cap Blend 16.48%	Alternative 7.50%	S&P 500 15.79%	Global Bonds 9.48%	Comm. -35.65%	Real Estate 28.81%	Large Cap Growth 16.71%	S&P 500 2.11%	Small Cap Blend 16.35%	Foreign Stocks 22.78%	Bonds 5.97%	Foreign Stocks -0.81%
Mid Cap Blend -0.61%	Emerging Markets -6.17%	Large Cap Growth 29.75%	High Yield 11.13%	Large Cap Value 7.05%	High Yield 11.85%	Mid Cap Blend 7.98%	Mid Cap Blend -36.23%	Small Cap Blend 27.17%	Large Cap Value 15.51%	Large Cap Value 0.39%	S&P 500 16.00%	Alternative 8.96%	Small Cap Blend 4.89%	Mid Cap Blend -2.18%
Emerging Markets -2.62%	Mid Cap Blend -14.51%	High Yield 28.97%	S&P 500 10.88%	Large Cap Growth 5.26%	Alternative 10.39%	Bonds 6.97%	Large Cap Value -36.85%	S&P 500 26.46%	High Yield 15.12%	Mid Cap Blend -1.73%	High Yield 15.81%	High Yield 7.44%	Alternative 3.46%	Global Bonds -3.15%
Large Cap Value -5.59%	Large Cap Value -15.52%	S&P 500 28.68%	Global Bonds 9.27%	S&P 500 4.91%	Mid Cap Blend 10.32%	S&P 500 5.49%	S&P 500 -37.00%	Large Cap Value 19.69%	S&P 500 15.06%	Small Cap Blend -4.18%	Large Cap Growth 15.26%	Real Estate 2.47%	High Yield 2.45%	Large Cap Value -3.83%
S&P 500 -11.89%	Foreign Stocks -15.94%	Comm. 23.93%	Comm. 9.15%	Small Cap Blend 4.55%	Large Cap Growth 9.07%	High Yield 1.87%	Real Estate -37.97%	Comm. 18.91%	Foreign Stocks 7.75%	Alternative -5.72%	Alternative 4.79%	Bonds -2.02%	Global Bonds 0.59%	Small Cap Blend -4.41%
Comm. -19.51%	Small Cap Blend -20.48%	Global Bonds 12.51%	Alternative 6.87%	High Yield 2.74%	Global Bonds 6.64%	Large Cap Value -0.17%	Large Cap Growth -38.44%	Alternative 11.47%	Bonds 6.56%	Foreign Stocks -12.14%	Global Bonds 4.32%	Global Bonds -2.60%	Emerging Markets -2.19%	High Yield -4.47%
Large Cap Growth -20.42%	S&P 500 -22.10%	Alternative 11.62%	Large Cap Growth 6.30%	Bonds 2.43%	Bonds 4.33%	Small Cap Blend -1.57%	Foreign Stocks -43.38%	Global Bonds 6.93%	Alternative 5.69%	Comm. -13.32%	Bonds 4.22%	Emerging Markets -2.60%	Foreign Stocks -4.90%	Emerging Markets -14.92%
Foreign Stocks -21.44%	Large Cap Growth -27.89%	Bonds 4.10%	Bonds 4.34%	Global Bonds -4.49%	Comm. 2.07%	Real Estate -16.82%	Emerging Markets -53.33%	Bonds 5.93%	Global Bonds 5.54%	Emerging Markets -18.42%	Comm. -1.06%	Comm. -9.52%	Comm. -17.01%	Comm. -24.66%

Best Performing

Worst Performing

Large Cap Blend: S&P 500 Index	Global Bonds: Barclays Global Aggregate Bond Index
Large Cap Growth: Russell 1000® Growth Index	High Yield: Barclays Corporate High Yield Index
Large Cap Value: Russell 1000® Value Index	Bonds: Barclays Capital U.S. Aggregate Bond Index
Mid Cap Blend: S&P MidCap 400 Index	Alternatives: HFRI Fund of Fund Composite Index
Small Cap Blend: Russell 2000® Index	Commodities: Bloomberg Commodity Index
Foreign Stocks: MSCI EAFE Index	Real Estate: MSCI US REIT Index
Emerging Markets: MSCI Emerging Mkts	

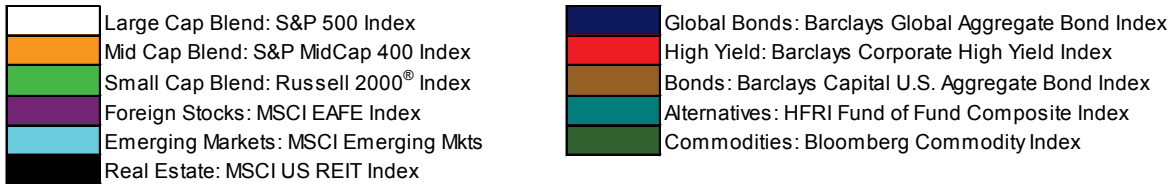
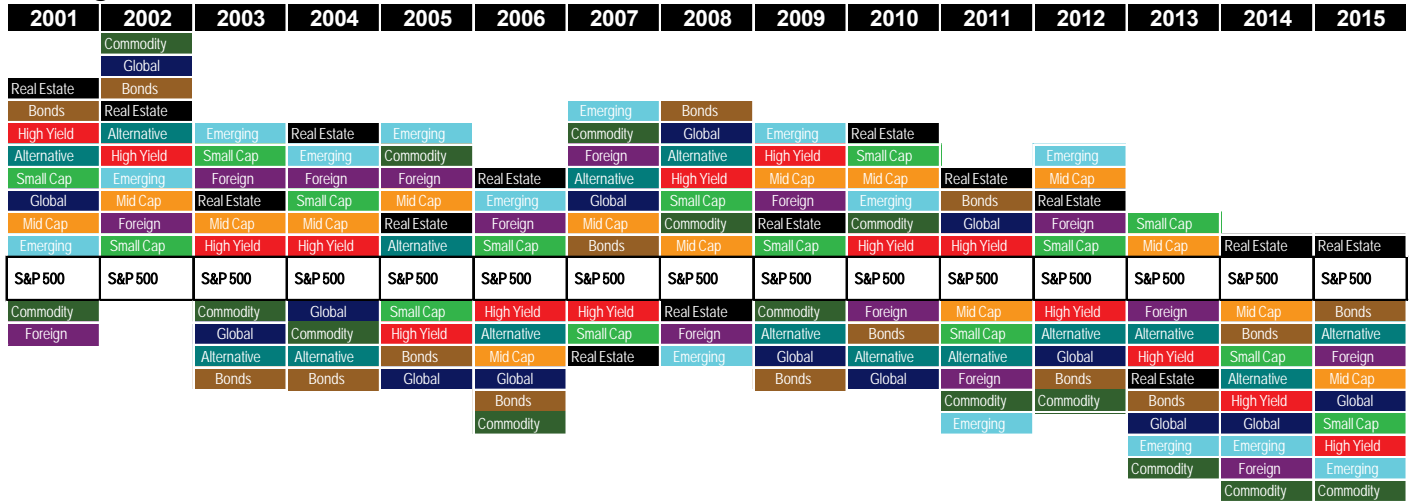
Past performance is no guarantee of future results. Chart performance is derived from various unmanaged indices, is illustrative in nature and not representative of any specific fund. You cannot invest directly in an index.

Source: Morningstar Direct

ANNUAL TOTAL RETURNS OF KEY ASSET CLASSES

WITH THE S&P 500 INDEX AS A BASELINE

Through 12/31/2015



Past performance is no guarantee of future results. Chart performance is derived from various unmanaged indices, is illustrative in nature and not representative of any specific fund. You cannot invest directly in an index.

Source: Morningstar Direct

ANNUAL TOTAL RETURNS OF KEY SECTORS

Through 12/31/2015

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Materials 1.0%	Con Staples -4.9%	Info Tech 46.2%	Energy 30.7%	Energy 30.1%	Telecom Services 37.2%	Energy 34.9%	Con Staples -15.6%	Info Tech 61.4%	Cons Discret. 30.4%	Utilities 19.6%	Financials 28.3%	Cons Discret. 43.1%	Utilities 29.0%	Cons Discret. 10.1%
Cons Discret. -1.9%	Materials -7.8%	Cons Discret. 40.3%	Telecom Services 27.9%	Utilities 17.9%	Energy 24.3%	Materials 29.6%	Health Care -22.2%	Materials 51.5%	Industrials 27.7%	Con Staples 12.9%	Cons Discret. 24.5%	Health Care 41.5%	Health Care 25.3%	Health Care 6.9%
Con Staples -6.3%	Energy -12.1%	Materials 36.4%	Utilities 24.2%	Health Care 7.3%	Utilities 20.6%	Utilities 20.1%	Utilities -29.7%	Cons Discret. 43.7%	Materials 23.4%	Health Care 12.1%	Health Care 19.1%	Industrials 40.7%	Info Tech 20.1%	Con Staples 6.6%
Industrials -7.6%	Financials -14.3%	Industrials 32.8%	Industrials 18.0%	Financials 6.1%	Cons Discret. 19.8%	Info Tech 16.8%	Cons Discret. -34.3%	S&P 500 26.5%	Energy 20.6%	Cons Discret. 5.3%	Telecom Services 18.8%	Financials 35.6%	Con Staples 16.0%	Info Tech 5.9%
Energy -8.5%	Health Care -20.5%	Financials 30.2%	Cons Discret. 15.1%	S&P 500 4.9%	Financials 19.7%	Con Staples 14.5%	Energy -35.7%	Industrials 22.3%	Telecom Services 18.8%	Telecom Services 4.3%	S&P 500 16.0%	S&P 500 32.4%	Financials 15.2%	Telecom Services 3.4%
Financials -9.0%	S&P 500 -22.1%	S&P 500 28.7%	Materials 12.1%	Con Staples 4.9%	S&P 500 15.8%	Industrials 12.8%	Telecom Services -36.0%	Health Care 20.2%	S&P 500 15.1%	Energy 3.0%	Industrials 15.7%	Info Tech 28.4%	S&P 500 13.7%	S&P 500 1.4%
S&P 500 -11.9%	Industrials -17.7%	Energy 25.9%	Financials 11.1%	Materials 4.1%	Materials 15.6%	Telecom Services 8.4%	S&P 500 -37.0%	Financials 17.1%	Con Staples 14.2%	Info Tech 2.6%	Materials 15.2%	Con Staples 26.1%	Industrials 9.8%	Financials -1.5%
Health Care -14.4%	Cons Discret. -29.5%	Utilities 24.1%	S&P 500 10.9%	Info Tech 3.0%	Con Staples 14.6%	Health Care 6.5%	Industrials -41.1%	Telecom Services 16.6%	Financials 13.4%	S&P 500 2.1%	Info Tech 15.0%	Materials 25.6%	Cons Discret. 9.7%	Industrials -2.5%
Telecom Services -18.5%	Utilities -31.7%	Telecom Services 18.8%	Con Staples 8.7%	Industrials 2.5%	Industrials 14.0%	S&P 500 5.5%	Info Tech -42.5%	Energy 16.4%	Info Tech 10.1%	Industrials -0.5%	Con Staples 10.7%	Energy 25.1%	Materials 6.9%	Utilities -4.8%
Info Tech -28.6%	Info Tech -37.8%	Health Care 15.5%	Health Care 1.8%	Telecom Services -2.1%	Info Tech 7.9%	Cons Discret. -11.0%	Materials -46.6%	Con Staples 14.7%	Utilities 5.3%	Materials -9.3%	Energy 4.6%	Utilities 13.2%	Telecom Services 3.0%	Materials -8.4%
Utilities -35.1%	Telecom Services -38.6%	Con Staples 13.0%	Info Tech 1.6%	Cons Discret. -6.9%	Health Care 7.8%	Financials -16.6%	Financials -53.4%	Utilities 12.6%	Health Care 3.0%	Financials -16.4%	Utilities 1.4%	Telecom Services 11.5%	Energy -7.8%	Energy -21.1%

Best Performing

Worst Performing

Consumer Discretionary
Information Technology
Telecommunication Services
S&P 500 Benchmark

Financials
Industrials
Energy
Materials

Consumer Staples
Health Care
Utilities

	Early Cyclicals				Late Cyclicals		Defensive			
4Q 2015	Cons Discr	Financials	Technology	Industrials	Materials	Telecom	Energy	Health Care	Cons Stap	Utilities
Weights										
S&P 500	12.9%	16.5%	20.7%	10.0%	2.8%	2.4%	6.5%	15.2%	10.1%	3.0%
Russell 1000® Growth	21.2%	5.5%	28.0%	10.8%	3.4%	2.1%	0.5%	17.1%	11.3%	0.0%
Russell 1000® Value	5.2%	30.4%	11.5%	10.4%	2.6%	2.5%	12.2%	11.9%	7.0%	6.2%

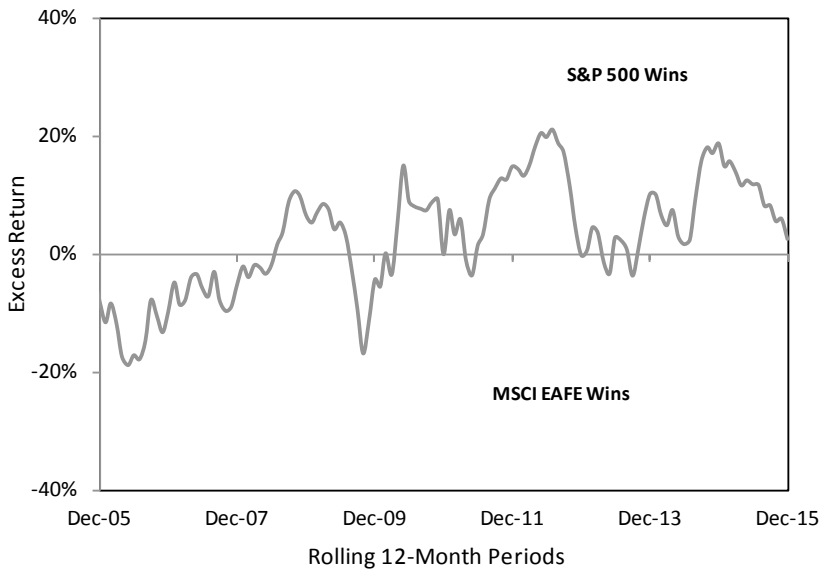
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Source: Morningstar Direct, Bloomberg

INTERNATIONAL EQUITY

FOR QUARTER ENDED DECEMBER 31, 2015

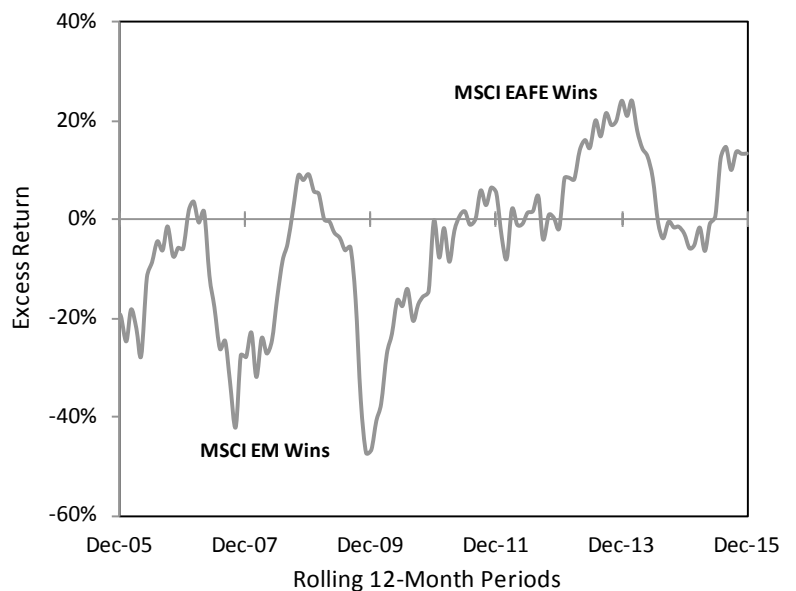
U.S. VERSUS INTERNATIONAL



- International equity stocks underperformed domestic equity stocks by 2.33% in the fourth quarter.
- The spread in 1-year rolling returns between domestic equity and international equity continued to contract during the fourth quarter of 2015. Even though international equities lagged domestic equities during the quarter, it was to a much lesser extent than the fourth quarter of 2014, when international stocks trailed by roughly 8.5%.
- The S&P 500 Index still outperformed the MSCI EAFE Index over the 1-year period, with a return of 1.38% versus -0.81% as of 12/31/15.
- Developed international stocks, as represented by the MSCI EAFE Index, returned 4.71% in the fourth quarter. In local currencies, the index returned 6.34% for the quarter.

DEVELOPED VERSUS EMERGING MARKETS

- The MSCI Emerging Markets (EM) Index posted a slight gain of 0.66% for the fourth quarter.
- The MSCI EAFE Index, representing international developed markets, outperformed the MSCI Emerging Markets Index for the 1-year period.
- The MSCI EAFE Index led the MSCI Emerging Markets Index on a rolling 1-year basis from the beginning of 2013 until July 2014. After almost a year of the emerging markets index outperforming, the developed markets index has “won” since June 2015.
- For 2015, the MSCI Emerging Markets Index trailed the MSCI EAFE Index by over 14%.
- Developed international markets still outperform emerging markets for the 3- and 5-year periods ending 12/31/15 as significant underperformance experienced in 2011 and 2013 continues to weigh on emerging market equity results, along with results in 2015.

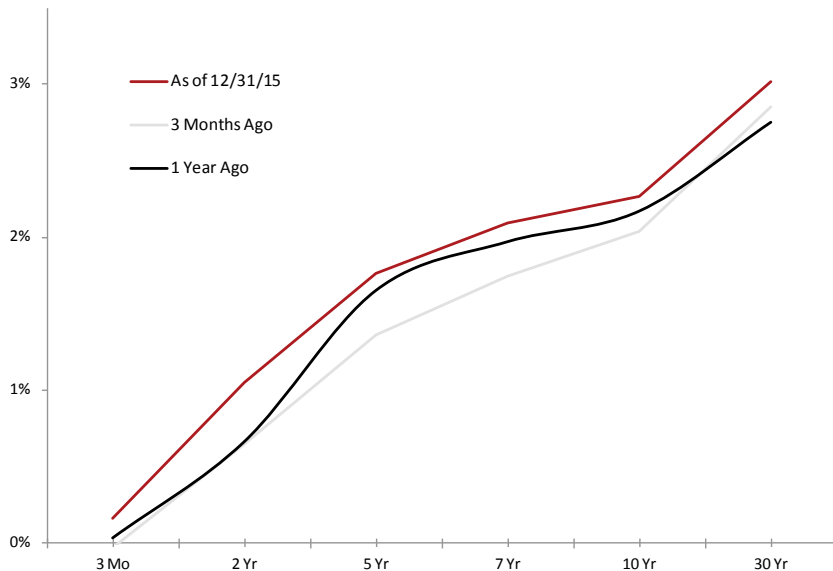


FIXED INCOME

Yields, As of 12/31/15	Last Yield	Prior Month	3 Months Ago	Year-End	1 Year Ago	3 Years Ago	5 Years Ago
Cash & Bond Markets							
Fed Funds Target	0.25%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2-Year Treasury	1.05%	0.91%	0.64%	0.66%	0.66%	0.25%	0.59%
10-Year Treasury	2.27%	2.14%	2.04%	2.17%	2.17%	1.76%	3.29%
Municipal	2.24%	2.30%	2.32%	2.32%	2.32%	2.65%	3.09%

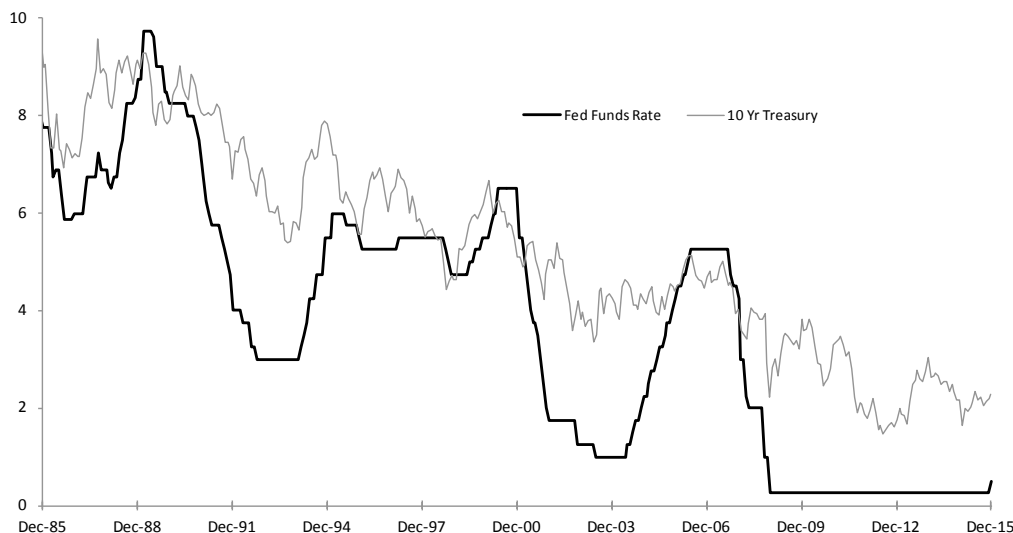
- The 10-year Treasury yield increased from 2.04% at the beginning of the quarter to end at 2.27%. The 10-year yield is higher than where it was at the beginning of 2015, but it is still lower than the highs experienced in June 2015.
- The 2-year Treasury yield increased from 0.64% to 1.05% during the quarter. The yield curve has shifted higher from the prior quarter and also from the prior year-end.
- The broad U.S. bond market generated a negative return in the fourth quarter, with the Barclays Aggregate Bond Index down -0.57%. The 1-year return for the Index was 0.55% as of 12/31/15.
- High yield bonds declined -2.07% during the fourth quarter and trailed investment grade bonds on a 1-year basis, with a return of -4.47%. Global bonds posted a loss during the quarter, and returns remained in negative territory for the 1-year period.

TREASURY YIELD CURVES



- At the December FOMC meeting, Fed officials released their current forecast for 2016 real GDP growth, which ranges from 2.0% to 2.7%. The Fed's unemployment rate projections for 2016 range from 4.3% to 4.9%.
- The Fed raised the short-term fed funds rate by 0.25% at their December meeting. However, the comments released along with the rate announcement were very dovish.
- The timing and pace of future Fed tightening will be dependent upon economic data over the coming months. We believe future rate hikes will be slow and measured.

HISTORICAL FED FUNDS RATE VS 10-YEAR TREASURY























- The December rate hike was the first time in almost a decade that the Fed has raised rates.
- Currently, the Fed Funds rate is at 0.25%.




TACTICAL ASSET ALLOCATION

Asset Allocation Views*

As of 12/31/2015

Market Segment	Current Outlook	Tactical Views			
		Views		Views	
Overall					
Stocks vs. Bonds	Slightly favor less risky assets due to our outlook of continued volatility as the Fed begins to normalize rates and a lack of robust growth globally	Bonds		Stocks	
Equities					
Large vs. Mid/Small Cap	A strong dollar supports overweight to mid and small cap stocks due to their lessened exposure to currency fluctuations	Large Cap		Mid/Small Cap	
Value vs. Growth	Favor growth in the large cap space in a slow growth environment	Value		Growth	
Active vs. Passive	Favor a combination of active and passive; active managers may be better positioned in the fixed income and EM equity space	Active		Passive	
U.S. vs. International	Slightly favor U.S. due to the growth outlook in both developed international and emerging markets	U.S.		International	
Dev. International vs. Emerging	Favor developed as emerging markets may be negatively impacted by the Fed lift-off as well as slowing economic growth	Developed		Emerging	
Fixed Income					
Short vs. Long Duration	U.S. interest rate gradually trending higher favors a slightly lower duration than the benchmark	Short		Long	
Treasury/Agency vs. Spread	More opportunities exist in certain spread sectors such as non-agency MBS, munis, floating rate, high yield and global bond	Trsy/Agency		Spread	
High vs. Low Quality Corporate	A gradual rising rate environment favors companies with strong balance sheets	High		Low	
U.S. vs. International	Favor U.S. given the interest rate differential and strong dollar	U.S.		International	

* Based on the Balanced objective.

Underweight 
 Neutral 
 Overweight 

WHAT COULD IMPACT OUR OUTLOOK

- Economic growth that is faster or slower than expected could impact the timing and pace of Fed action and interest rate normalization. The Fed is currently projecting four 25 bps rate hikes in 2016; however, the market is pricing in only two to three rate hikes.
- Higher or lower inflation than expected could also generate uncertainty regarding monetary policy. In addition, an unexpected spike in inflation or a deflationary environment could present a risk to sustainable economic growth.
- Commodity prices remain under pressure as excess supply outweighs demand. While lower energy prices have benefited consumer-driven areas of the market, energy-related areas could continue to be negatively impacted.
- Greater than anticipated international unrest could contribute to global macro uncertainties.
- Unexpected international financial stresses and/or an economic slowdown in emerging market countries could impact global markets. Questions remain about China's ability to transition from a manufacturing-based economy to a consumer-based economy, and its impact on economic growth.
- Lack of actual earnings growth in excess of, or equal to, the increase in interest rates could negatively impact the stock market. Companies have driven profit growth by restructuring debt, repurchasing stock and M&A activity. Higher interest rates could slow these activities.

KEY ECONOMIC INDICATORS¹

GDP GROWTH

<u>Quarter-End</u>	<u>Previous Quarter</u>
2.00%	3.90%

HEADLINE INFLATION (Y/Y CPI)

<u>Month-End</u>	<u>Previous Month</u>
0.50%	0.20%

CORE INFLATION (Y/Y CPI)

<u>Month-End</u>	<u>Previous Month</u>
2.00%	1.90%

UNEMPLOYMENT RATE

<u>Month-End</u>	<u>Previous Month</u>
5.00%	5.00%

CONSUMER CONFIDENCE

<u>Month-End</u>	<u>Previous Month</u>
92.60	91.30

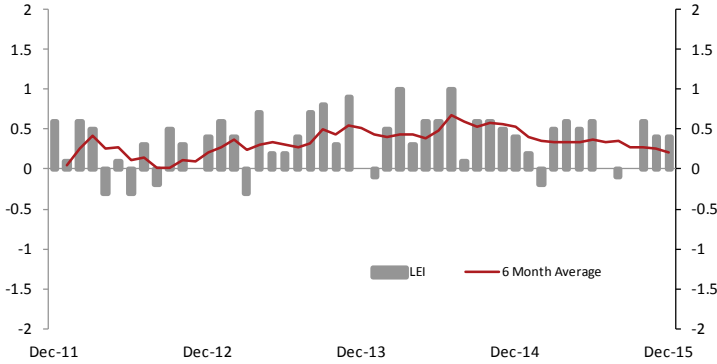
CRUDE OIL (WTI)

<u>Quarter-End</u>	<u>1 Yr Ago</u>
\$37.04	\$53.27

- Third quarter 2015 GDP estimates showed growth of 2.0%, compared to growth of 0.6% in the first quarter and 3.9% in the second quarter of 2015.
- We expect GDP growth in the U.S. to be in the 2% - 2.5% range for 2016.
- With energy prices remaining under pressure, recent CPI readings, 0.5% in November, have shown few signs of inflation. Food and energy prices are excluded from core inflation due to the volatile nature of their respective prices. At 2.0% year/year, core inflation is near the Federal Reserve's targeted range but well below the long-term average of roughly 4%.
- The unemployment rate for December remained unchanged from the prior month at 5.0%. The unemployment rate remained below the 50-year average of 6.2%.
- The broader U-6 unemployment rate remained unchanged from the prior month at 9.9%, but is down from the 11.1% reading from a year ago. This measure includes total unemployed, plus those that are employed part-time but want to be employed full-time, as well as those that are neither working or looking for work but indicate they are willing and available for a job and have looked for work within the past 12 months.
- The University of Michigan consumer confidence reading was at 92.6 in December, higher than the November reading of 91.3.
- Oil prices declined roughly 18% in the fourth quarter of 2015 and are down over 30% from a year ago.

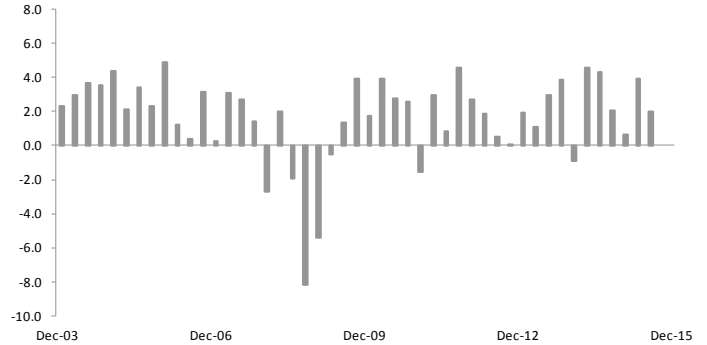
A LOOK AT KEY ECONOMIC INDICATORS OVER TIME

LEADING INDICATORS



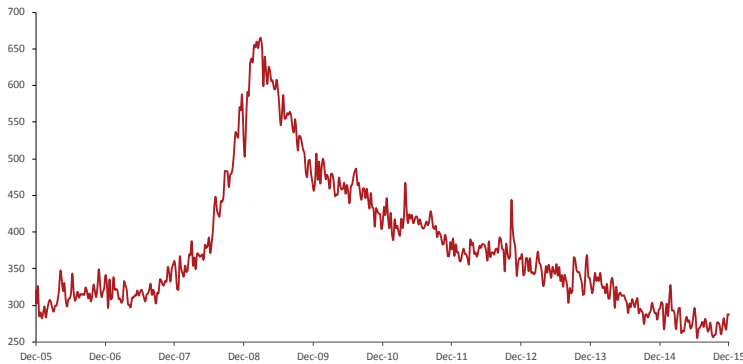
Source: Bloomberg

REAL GDP GROWTH



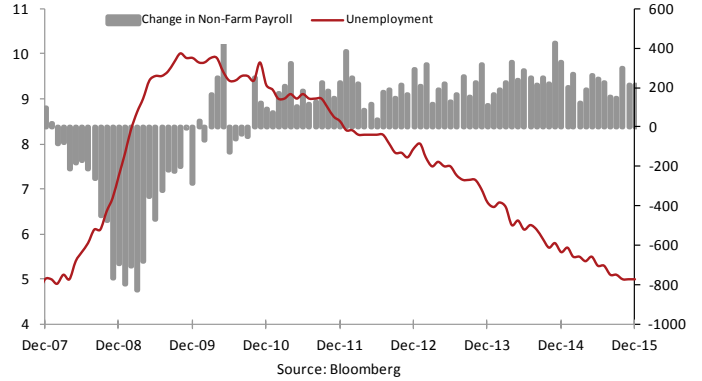
Source: U.S. Department of Commerce: Bureau of Economic Analysis/FRED

WEEKLY JOBLESS CLAIMS (In 000s)



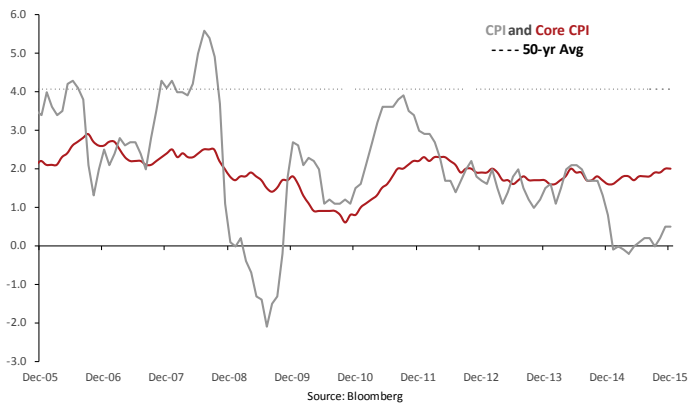
Source: Bloomberg

LABOR MARKET & UNEMPLOYMENT



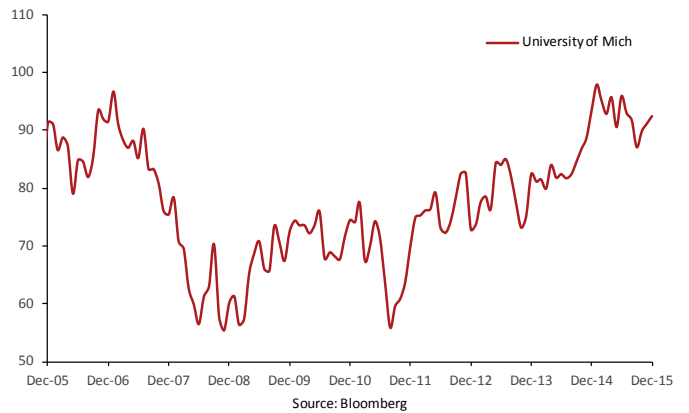
Source: Bloomberg

HEADLINE VS CORE INFLATION



Source: Bloomberg

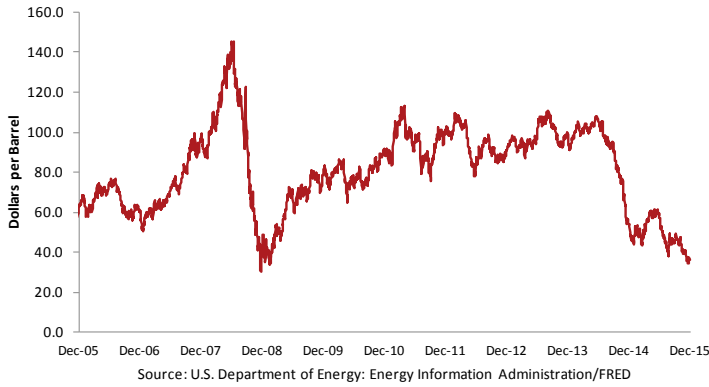
CONSUMER CONFIDENCE



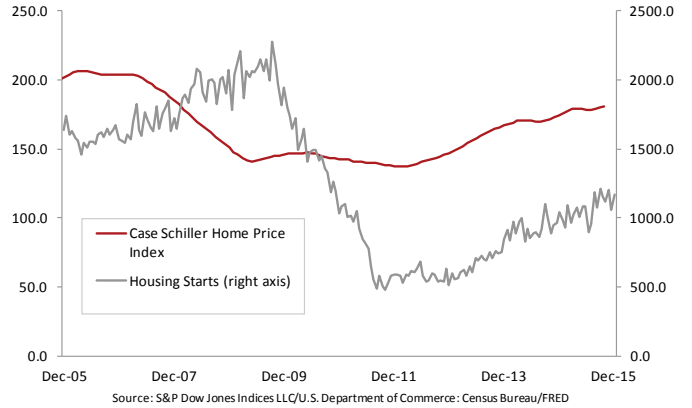
Source: Bloomberg

A LOOK AT VARIOUS ECONOMIC DATA POINTS

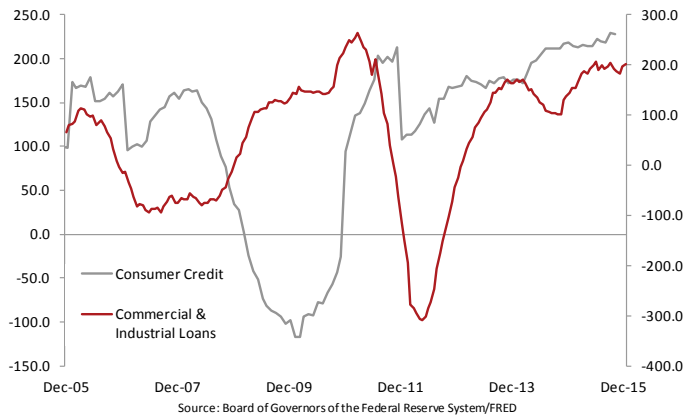
OIL PRICES (WTI)



HOUSING



CONSUMER & COMMERCIAL CREDIT



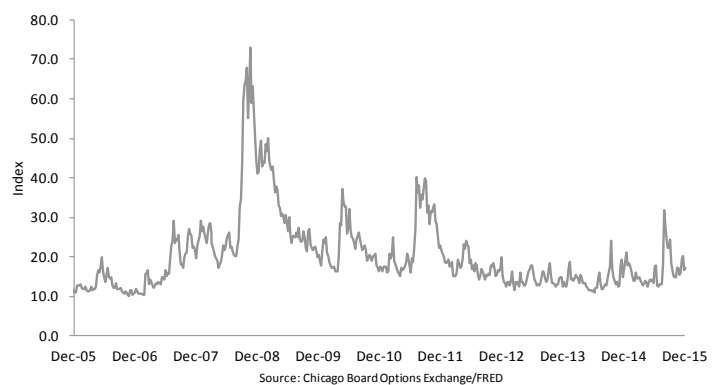
RETAIL SALES



TRADE WEIGHTED U.S. DOLLAR INDEX



CBOE VOLATILITY INDEX



IMPORTANT INFORMATION

Unless otherwise indicated, Bloomberg was the data source for all data points presented herein.

The HFRI Fund of Funds Composite has been included to represent performance of diversified alternative investments. Performance is pulled from HFRI and may include preliminary returns.

¹Key economic indicators reflect information available as of January 8, 2016.

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