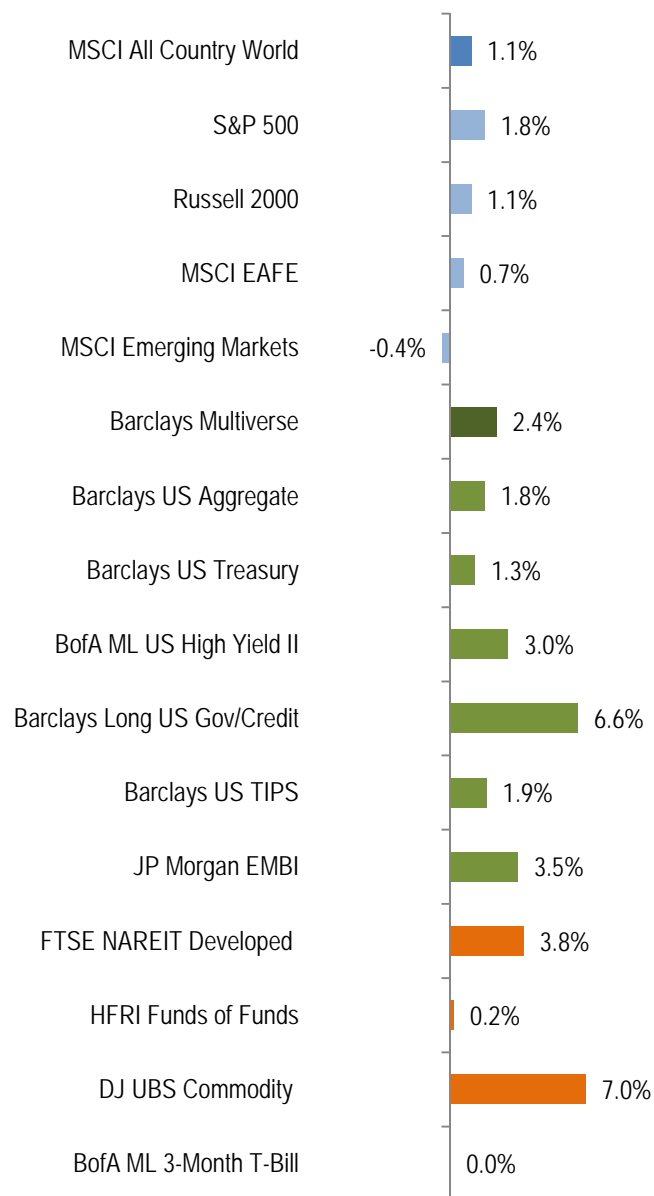


First Quarter 2014



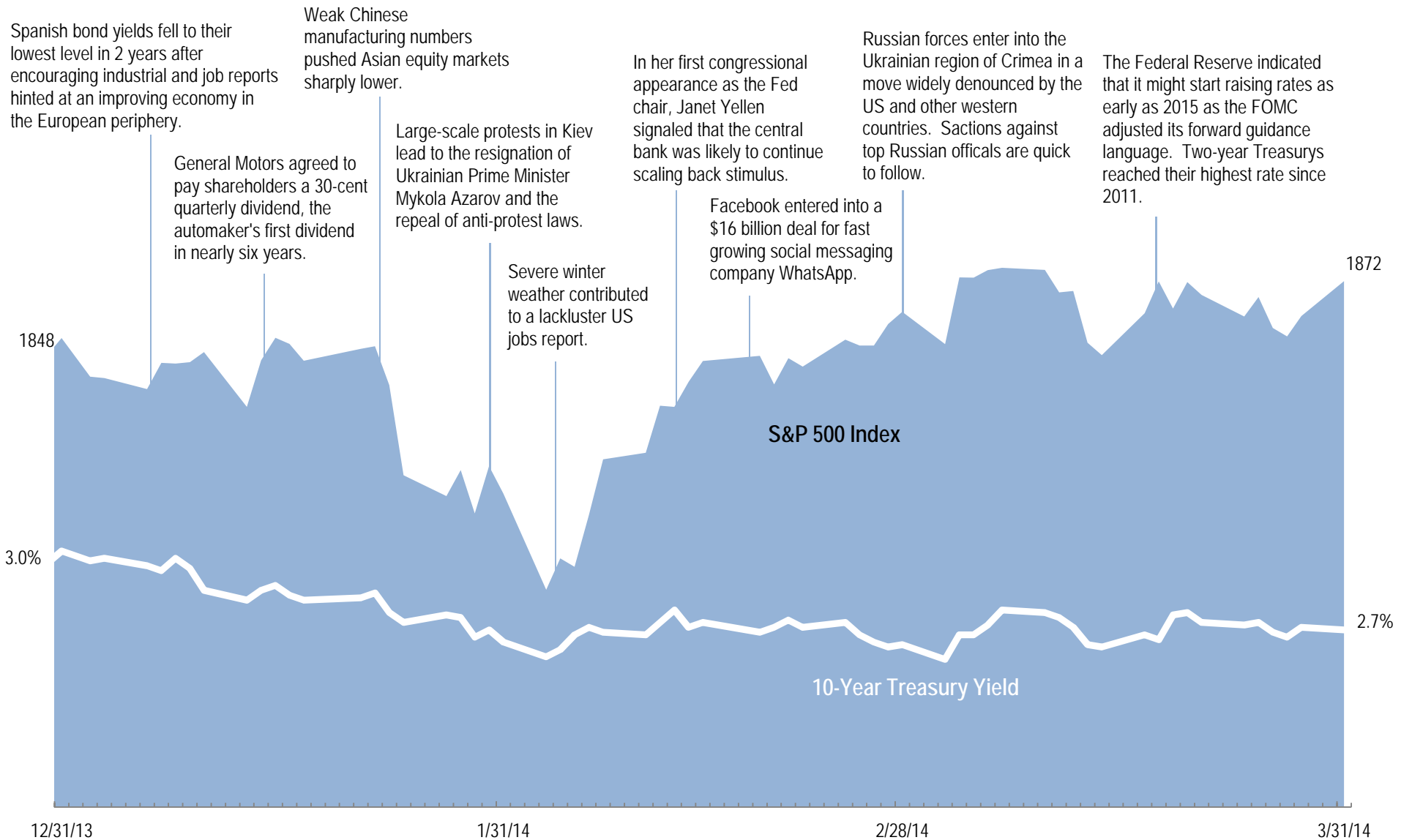
First Quarter 2014: A Winter Chill on Global Markets

World equity markets cooled off in the first quarter of 2014 as severe winter weather slowed US economic activity and tension in the Ukrainian region of Crimea elevated concerns internationally. Even so, world equity markets finished marginally higher over the first three months of the year. Unusually strong winter weather dampened manufacturing, construction, and real estate sales in several regions across the US. The effects were largely seen as transitory as manufacturing increased more quickly in March than the previous two months and job growth in February was stronger than forecast. Optimism in commercial and residential real estate helped returns, with real estate indices posting the strongest returns among major asset classes.

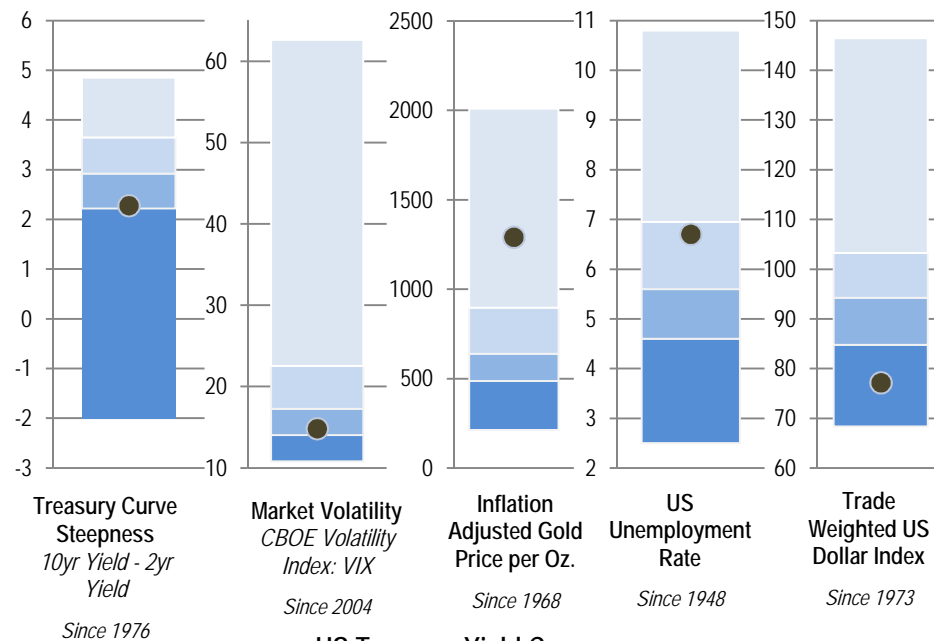
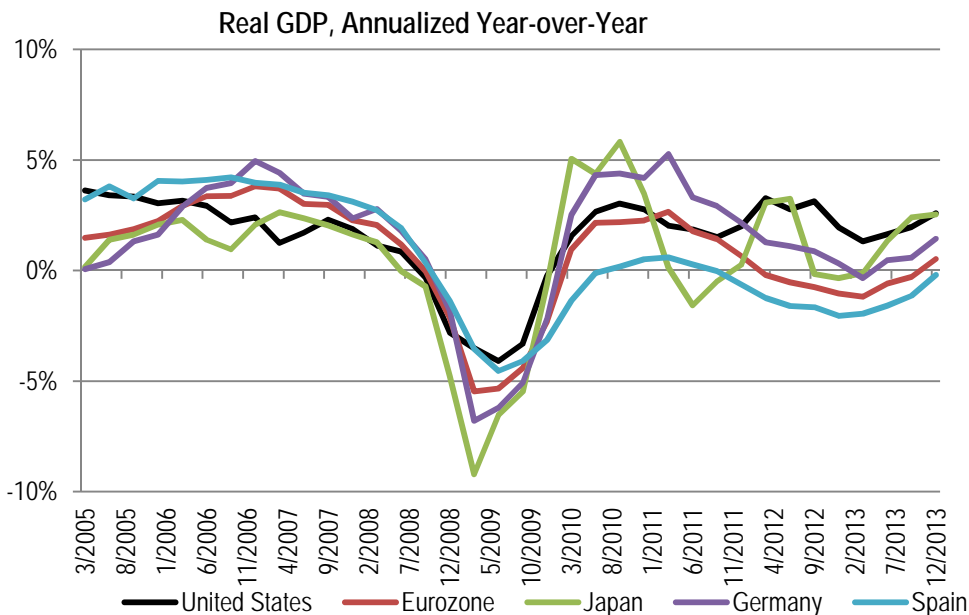
The Federal Reserve, now under Janet Yellen's leadership, slightly adjusted its forward guidance policy by dropping the unemployment rate threshold in favor of more broad labor market measures, inflation pressures, and financial developments. The shift in policy was minor and the Fed continued to systematically reduce the size of its large-scale monthly asset purchases. Market participants were slightly surprised by Fed projections that suggested the Federal Funds rate could be raised as early as 2015. Yields for two-year Treasuries rose to their highest levels since 2011 on the news. Over the course of the quarter, however, interest rates declined, pushing most fixed income indices higher. Improving demand for loans in the corporate sector and easing credit conditions indicated prospects for future growth.

Emerging markets continued their run in the red, before rebounding in the last two weeks of the quarter, as worries over a Chinese slowdown and conflict in Ukraine raised worries about near-term growth prospects. Chinese corporate credit markets proved problematic for the emerging giant. Lending to Chinese corporations slowed materially and several companies scrapped their planned bond offerings because of lack of demand from the market. Protests in Kiev following the abandonment of an agreement for closer trade ties with European Union in favor of increased cooperation with Russia led to the ouster of Ukrainian President Yanukovich in February, and Russia's annexation of Crimea just weeks later. The possibility of international conflict and trade restrictions between the EU and Russia has investors worried that already anemic growth in the Eurozone might slow further.

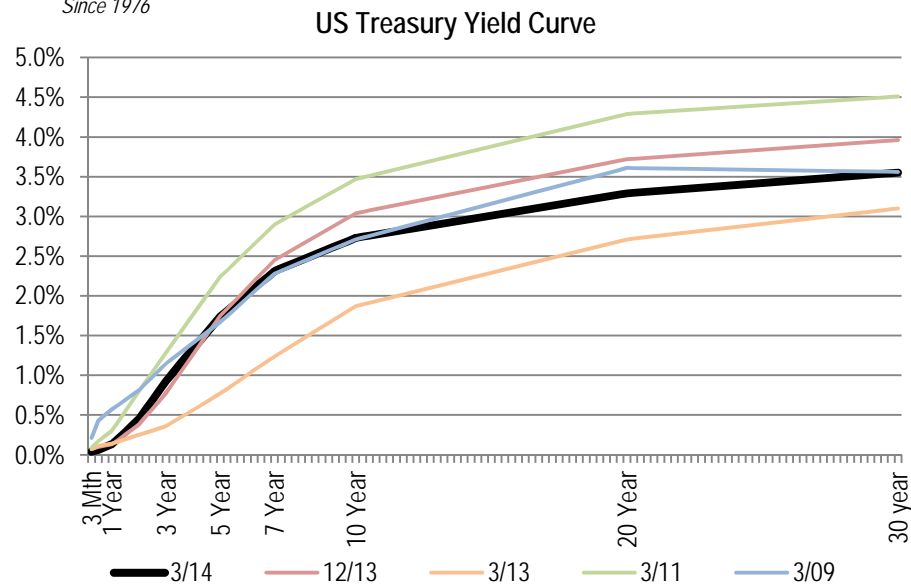
| | <u>QTD</u> | <u>YTD</u> | <u>1 Year</u> | <u>3 Years</u> | <u>5 Years</u> | <u>10 Years</u> |
|------------------------|------------|------------|---------------|----------------|----------------|-----------------|
| S&P 500 | 1.8% | 1.8% | 21.9% | 14.7% | 21.2% | 7.4% |
| Russell 2000 | 1.1% | 1.1% | 24.9% | 13.2% | 24.3% | 8.5% |
| MSCI EAFE | 0.7% | 0.7% | 17.6% | 7.2% | 16.0% | 6.5% |
| MSCI Emerging Markets | (0.4%) | (0.4%) | (1.4%) | (2.9%) | 14.5% | 10.1% |
| Barclays US Aggregate | 1.8% | 1.8% | (0.1%) | 3.7% | 4.8% | 4.5% |
| Barclays US Treasury | 1.3% | 1.3% | (1.3%) | 3.4% | 2.7% | 4.1% |
| HFRI Fund of Funds | 0.2% | 0.2% | 5.7% | 2.3% | 4.8% | 3.1% |
| BofA ML 3-Month T-Bill | 0.0% | 0.0% | 0.1% | 0.1% | 0.1% | 1.7% |



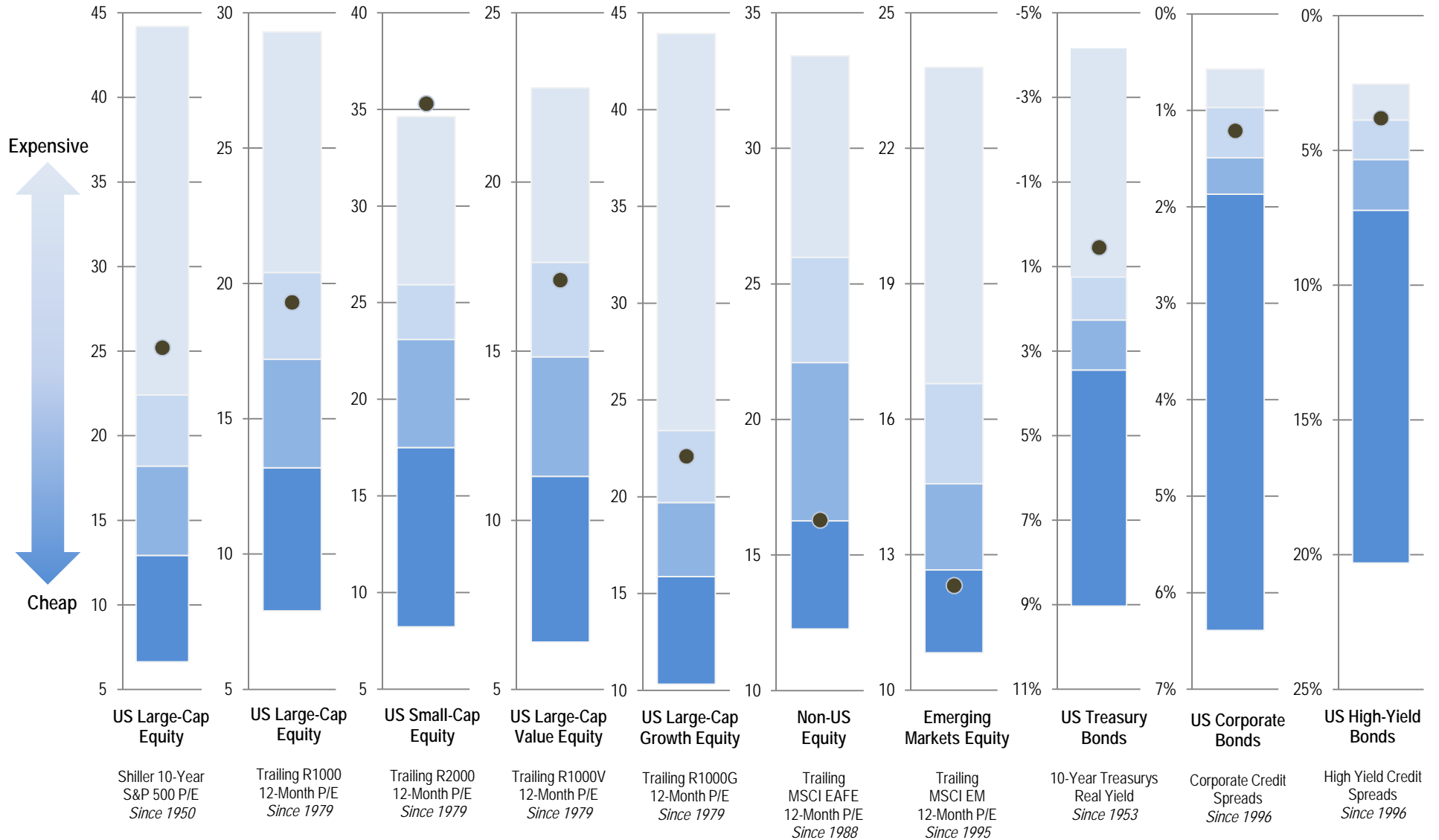
As of March 31, 2014



| | <u>3/2014</u> | <u>12/2013</u> | <u>3/2013</u> | <u>3/2011</u> | <u>3/2009</u> |
|-------------------------------|---------------|----------------|---------------|---------------|---------------|
| Market Inflation Expectations | | | | | |
| 5 Year | 1.7 | 1.7 | 2.2 | 2.2 | 0.7 |
| 10 Year | 2.1 | 2.2 | 2.5 | 2.5 | 1.3 |
| 20 Year | 2.3 | 2.4 | 2.6 | 2.7 | 1.6 |
| CPI Year-over-Year | --- | 1.5 | 1.5 | 2.6 | -0.4 |
| West Texas Crude Oil | 100.1 | 98.2 | 97.2 | 106.2 | 49.6 |
| Trade Wtd Dollar Index | 77.1 | 76.6 | 76.3 | 70.5 | 81.4 |
| Consumer Sentiment Index | 80.0 | 82.5 | 78.6 | 67.5 | 57.3 |
| US Corp Profits (% of GDP) | --- | 11% | 11% | 9% | 7% |
| Real GDP Growth YoY | --- | 2.6 | 1.3 | 2.0 | -3.5 |
| Federal Funds Rate | 0.07 | 0.09 | 0.14 | 0.14 | 0.18 |
| US Govt Debt (% of GDP) | --- | 102% | 101% | 94% | 77% |



As of March 31, 2014



Trailing 12 month P/E metrics exclude the top and bottom 5%.

10-Year Treasury real yields are based on the constant maturity TIPS yields calculated by the Federal Reserve since 2003. Prior to 2003, real yields are calculated by adjusting the nominal yield with the prior 12-month change in CPI-U.

As of March 31, 2014

| 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | YTD 2014 | 01/01/2005 - 03/31/2014 | Legend |
|------|------|------|------|------|------|------|------|------|----------|-------------------------|-----------------------------|
| 34% | 42% | 39% | 14% | 79% | 27% | 22% | 29% | 39% | 7% | 6% | MSCI All Country World |
| 21% | 32% | 16% | 8% | 58% | 20% | 15% | 19% | 32% | 7% | 7% | S&P 500 |
| 20% | 26% | 15% | 5% | 38% | 19% | 14% | 18% | 23% | 4% | 8% | Russell 2000 |
| 15% | 21% | 12% | 4% | 35% | 17% | 10% | 17% | 23% | 3% | 5% | MSCI EAFE |
| 14% | 18% | 12% | 2% | 32% | 15% | 8% | 16% | 13% | 3% | 9% | MSCI Emerging Markets |
| 11% | 16% | 11% | -2% | 28% | 15% | 8% | 16% | 9% | 2% | 4% | Barclays Multiverse |
| 11% | 15% | 10% | -11% | 27% | 15% | 6% | 16% | 7% | 2% | 5% | Barclays US Aggregate |
| 7% | 12% | 9% | -11% | 26% | 13% | 4% | 16% | 4% | 2% | 4% | Barclays US Treasury |
| 5% | 10% | 9% | -21% | 19% | 12% | 2% | 10% | 0% | 2% | 8% | BofA ML US High Yield II |
| 5% | 10% | 7% | -26% | 11% | 10% | 0% | 9% | -2% | 2% | 7% | Barclays Long US Gov/Credit |
| 5% | 7% | 7% | -34% | 11% | 8% | -4% | 7% | -2% | 1% | 5% | Barclays US TIPS |
| 3% | 5% | 6% | -36% | 8% | 7% | -6% | 5% | -3% | 1% | 8% | JP Morgan EMBI |
| 3% | 4% | 5% | -37% | 6% | 6% | -6% | 5% | -3% | 1% | 6% | NCREIF-ODCE AWA |
| 3% | 3% | 5% | -42% | 2% | 6% | -7% | 4% | -7% | 1% | 6% | FTSE NAREIT Developed |
| 3% | 3% | 2% | -43% | 0% | 6% | -12% | 2% | -9% | 0% | 3% | HFRI Funds of Funds |
| 2% | 2% | -2% | -48% | -4% | 6% | -13% | 0% | -9% | 0% | 1% | DJ-UBS Commodities Index |
| -4% | 0% | -7% | -53% | -30% | 0% | -18% | -1% | -10% | 0% | 2% | BofA ML 91-Day T-Bill |

Returns for the period from 01/01/2005 - 03/31/2014 are annualized.