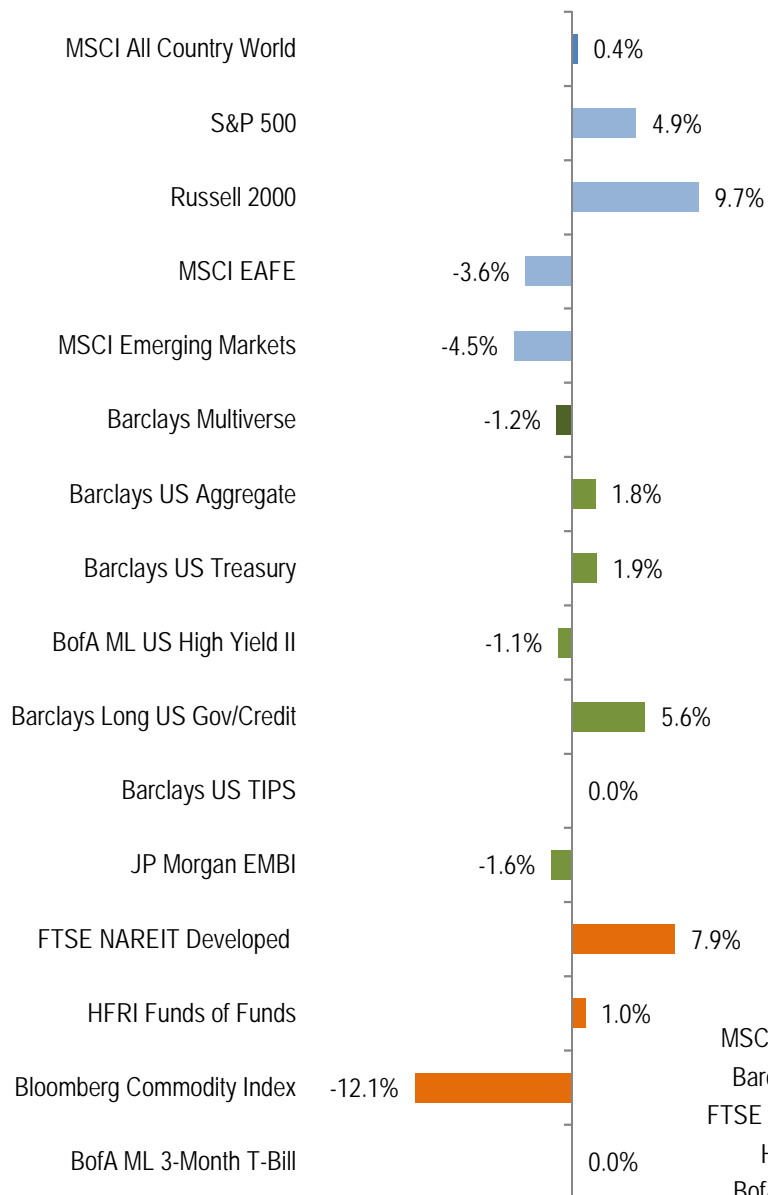


Fourth Quarter 2014



Fourth Quarter 2014: Oil Drowns

2014 closed with the sharply declining price of oil dominating headlines and awakening volatility in global equity markets.

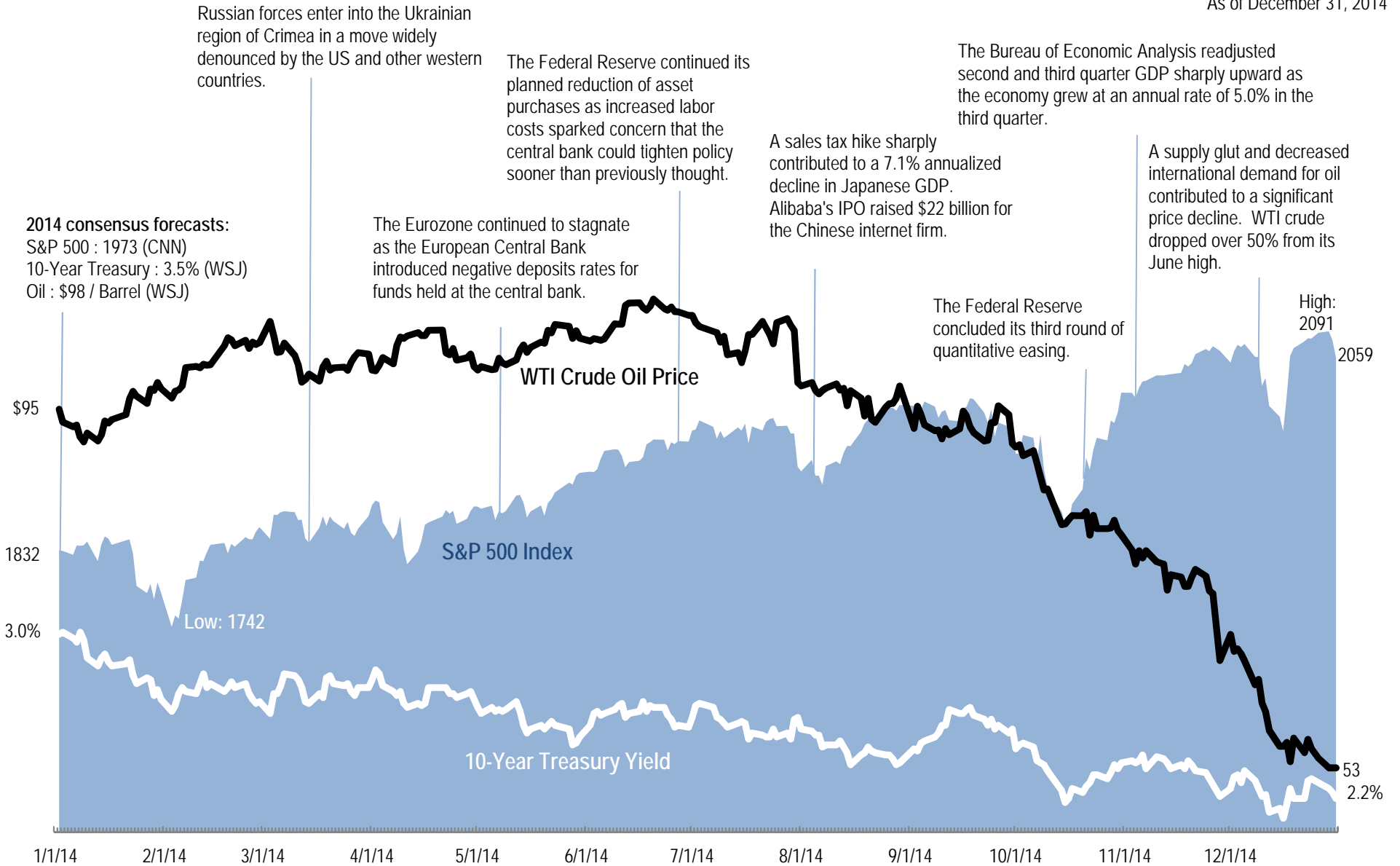
In the fourth quarter, crude prices fell more than 50% from their summer highs. Oil's decline caused a flight to quality, benefiting the US dollar as well as US equities and Treasury bonds. Oil exporters were correspondingly harmed. Russia, which had grown to the world's fifth largest economy after years of oil exports at high prices, was among the hardest hit as the ruble tumbled, forcing the Bank of Russia to hike its interest rate by 6.5% to 17% overnight to stem the free fall.

Domestically, lower prices at the pump, higher employment, and increased consumer confidence were welcome signs for domestic consumers, who recorded higher-than-expected spending during the holidays. This higher consumption helped rally the market as small-cap names outgained their larger counterparts in the fourth quarter.

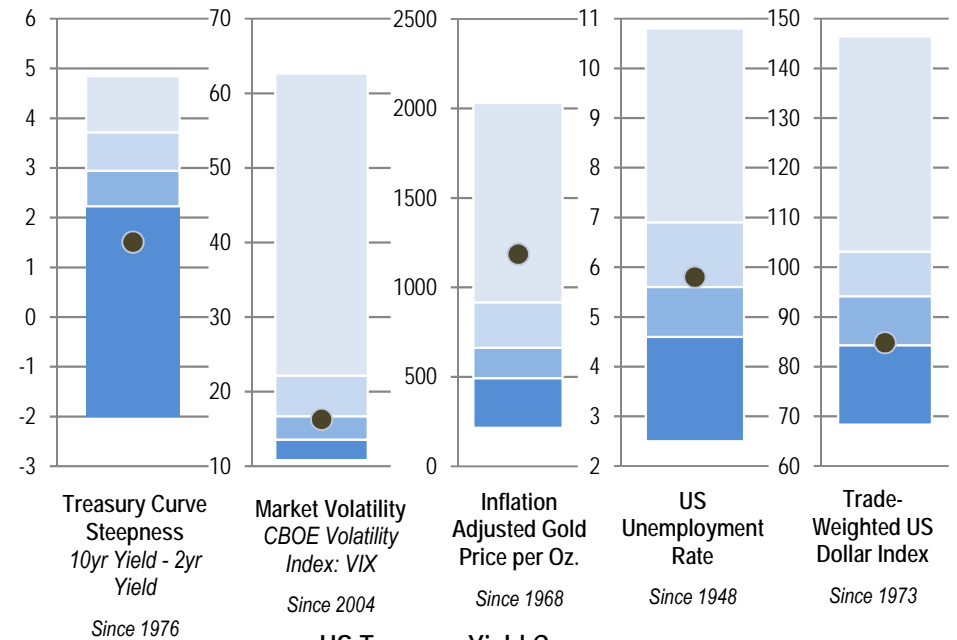
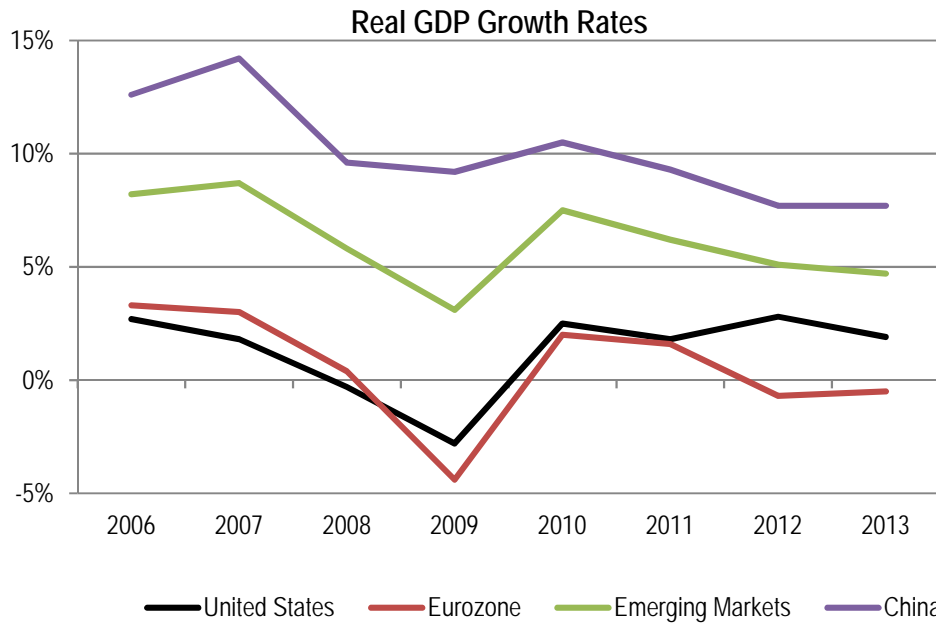
US third-quarter GDP growth was revised upwards to an annualized 5.0%, its highest reading in 11 years. This robust expansion resulted in declining unemployment levels while wage growth remained tepid. Internationally, however, the economic situation remains bleaker, with both the Eurozone and Japan struggling to find the right mix of policies to deal with accumulated debt and stagnant economies. The uncertainty abroad and strong domestic economy helped push down US Treasury rates and push up the value of the US dollar, which reached a 9-year high against the Euro.

Quietly, the Federal Reserve exited its third round of quantitative easing without a repeat of 2013's "taper tantrum." Janet Yellen remained vague in her statements about possible rate hikes, but the low energy prices should help subdue political pressure to tighten.

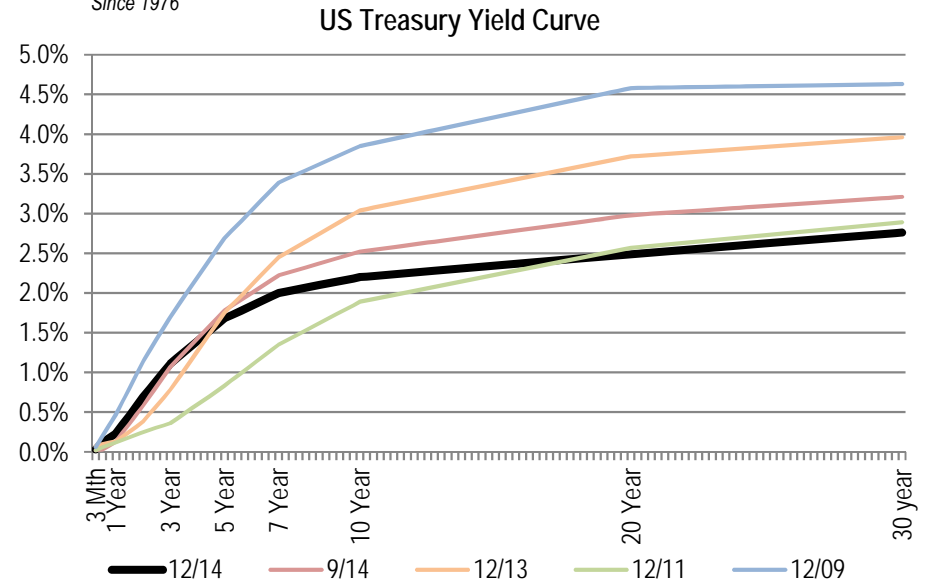
	<u>QTD</u>	<u>YTD</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
S&P 500	4.9%	13.7%	13.7%	20.4%	15.5%	7.7%
Russell 2000	9.7%	4.9%	4.9%	19.2%	15.5%	7.8%
MSCI EAFE	(3.6%)	(4.9%)	(4.9%)	11.1%	5.3%	4.4%
MSCI Emerging Markets	(4.5%)	(2.2%)	(2.2%)	4.0%	1.8%	8.4%
Barclays US Aggregate	1.8%	6.0%	6.0%	2.7%	4.4%	4.7%
FTSE NAREIT Developed	7.9%	15.0%	15.0%	15.1%	11.3%	6.2%
HFRI Fund of Funds	1.0%	3.4%	3.4%	5.7%	3.3%	3.0%
BofA ML 3-Month T-Bill	0.0%	0.0%	0.0%	0.1%	0.1%	1.5%



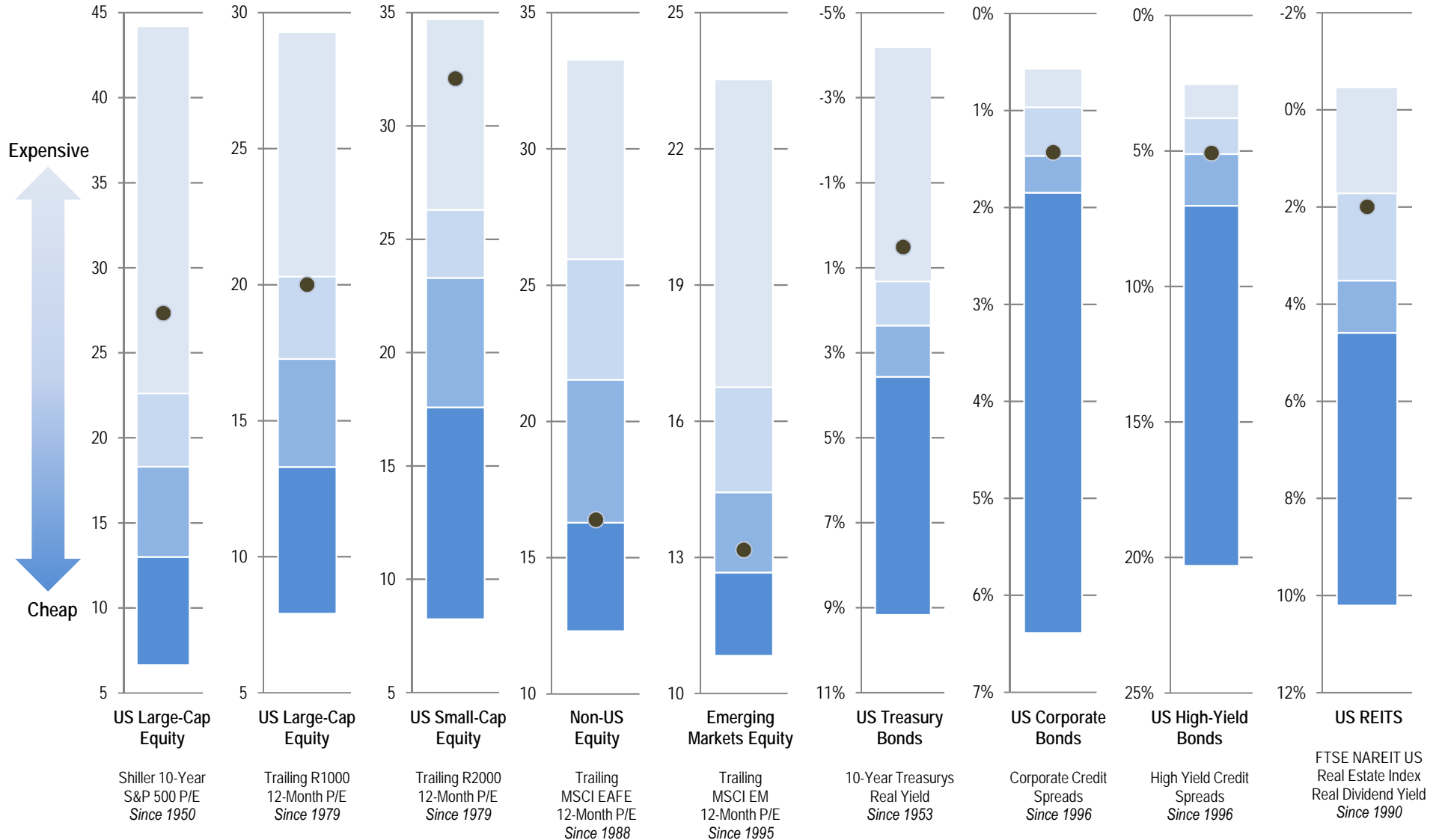
As of December 31, 2014



	12/2014	9/2014	12/2013	12/2011	12/2009
Market Inflation Expectations					
5 Year	1.2	1.6	1.7	1.6	2.1
10 Year	1.6	2.0	2.2	2.0	2.4
20 Year	1.7	2.1	2.4	2.0	2.6
CPI Year-over-Year	---	1.7	1.5	3.0	2.8
West Texas Crude Oil	53.5	91.2	98.2	98.8	79.4
Trade Wtd Dollar Index	84.8	79.9	76.4	73.5	74.0
Consumer Sentiment Index	93.6	84.6	82.5	69.9	72.5
US Corp Profits (% of GDP)	---	11%	10%	10%	9%
Real GDP Growth YoY	---	5.0	3.5	4.6	3.9
Federal Funds Rate	0.09	0.09	0.09	0.07	0.12
US Govt Debt (% of GDP)	---	101%	102%	96%	85%



As of December 31, 2014



Trailing 12 month P/E metrics exclude the top and bottom 5%. Current values for Russell metrics are as of 11/30/2014.

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.

P/E metrics calculated by InvestorForce use different methodology.

As of December 31, 2014

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

Returns for the period from 1/1/2005 - 12/31/2014 are annualized.