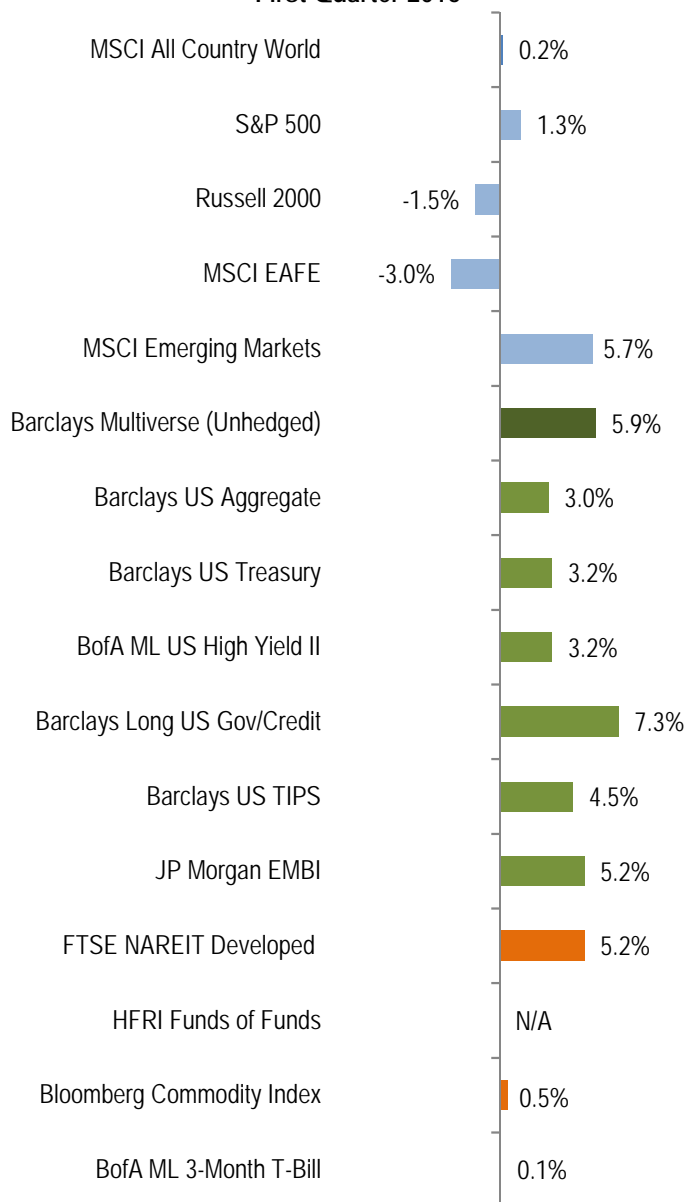


First Quarter 2016



First Quarter 2016: A Winter Freeze and Spring Thaw

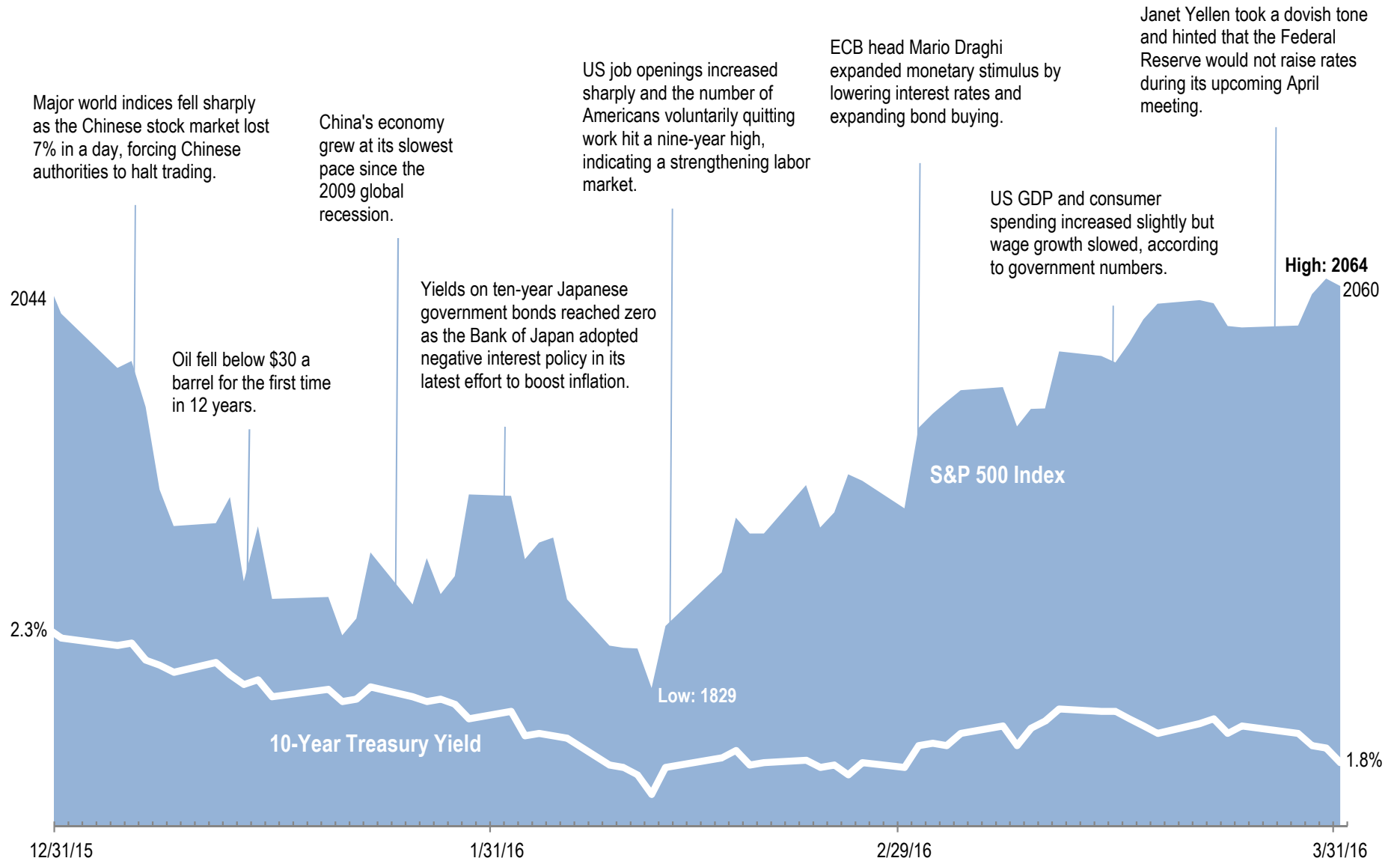
Chinese worries sparked a global market sell off in January before more optimistic data in March erased the earlier losses.

Chinese officials twice halted stock trading in early January as their policymakers' efforts to limit stock volatility appeared to have the opposite effect. The stock market tinkering was the latest in a long list of official efforts to smooth the Asian giant's bumpy transition to a consumer-driven economy. Investors here in the US, facing slowing demand from abroad and a tighter Federal Reserve at home, sold off stocks and high-yield bonds.

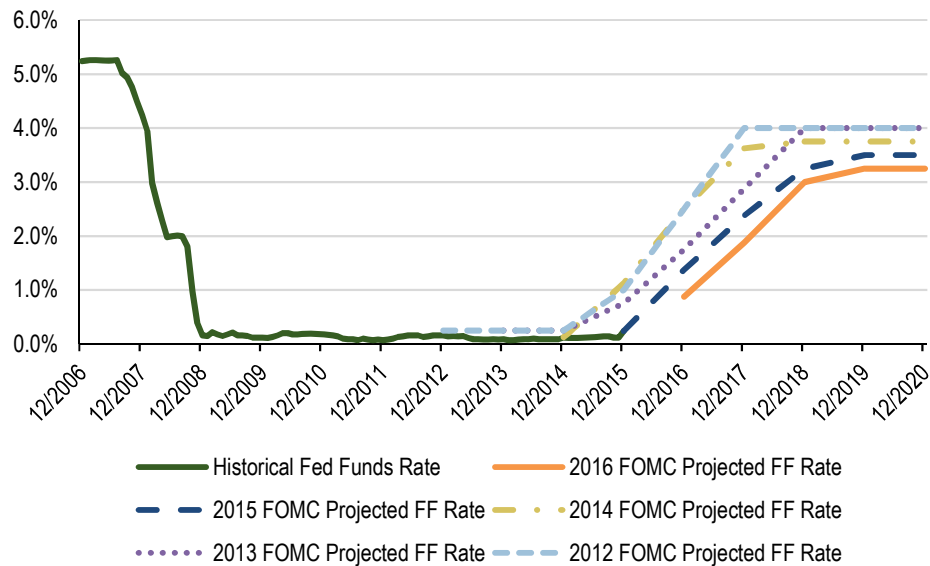
As the quarter continued, economic data releases improved. US GDP was revised upwards and private payrolls continued to expand robustly. The improvement in the job market has even brought in new job seekers, as the unemployment rate ticked up to 5.0% due to the marked increase in labor force participation. Wages, which the Fed has articulated as a key economic indicator that will determine the pace of this tightening cycle, rose modestly. Still, Fed Chair Yellen took a dovish tone in her most recent press conference, suggesting that the pace of rate hikes would not be as fast as first thought.

The European Central Bank expanded its bond buying program and the Bank of Japan set negative target interest rates as its 10-year government bonds yielded zero. The continued aggressiveness of the world's central banks helped drag down interest rates across the globe as bond indices performed well over the first quarter.

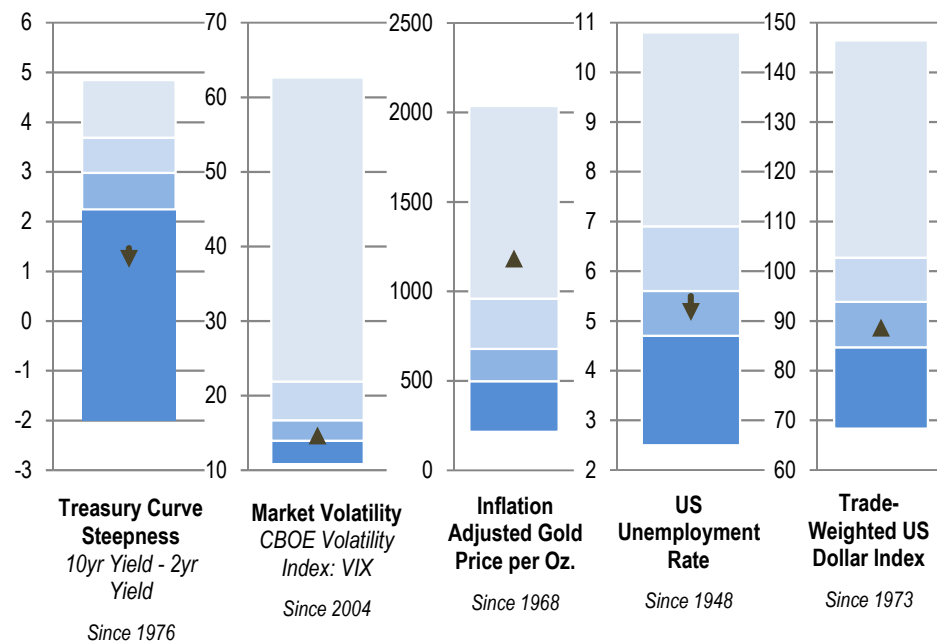
	<u>QTD</u>	<u>YTD</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
S&P 500	1.3%	1.3%	1.8%	11.8%	11.6%	7.0%
Russell 2000	(1.5%)	(1.5%)	(9.8%)	6.8%	7.2%	5.3%
MSCI EAFE (USD)	(3.0%)	(3.0%)	(8.3%)	2.2%	2.3%	1.8%
MSCI EAFE (Local)	(6.5%)	(6.5%)	(11.2%)	6.5%	6.2%	1.7%
MSCI Emerging Markets (USD)	5.7%	5.7%	(12.0%)	(4.5%)	(4.1%)	3.0%
MSCI Emerging Markets (Local)	2.7%	2.7%	(7.7%)	1.9%	1.3%	5.4%
Barclays US Aggregate	3.0%	3.0%	2.0%	2.5%	3.8%	4.9%
FTSE NAREIT Developed	5.2%	5.2%	0.4%	5.5%	7.6%	3.8%
HFRI Fund of Funds	N/A	N/A	N/A	N/A	N/A	N/A
BofA ML 3-Month T-Bill	0.1%	0.1%	0.1%	0.1%	0.1%	1.1%



The Federal Reserve Rate Hike In Context



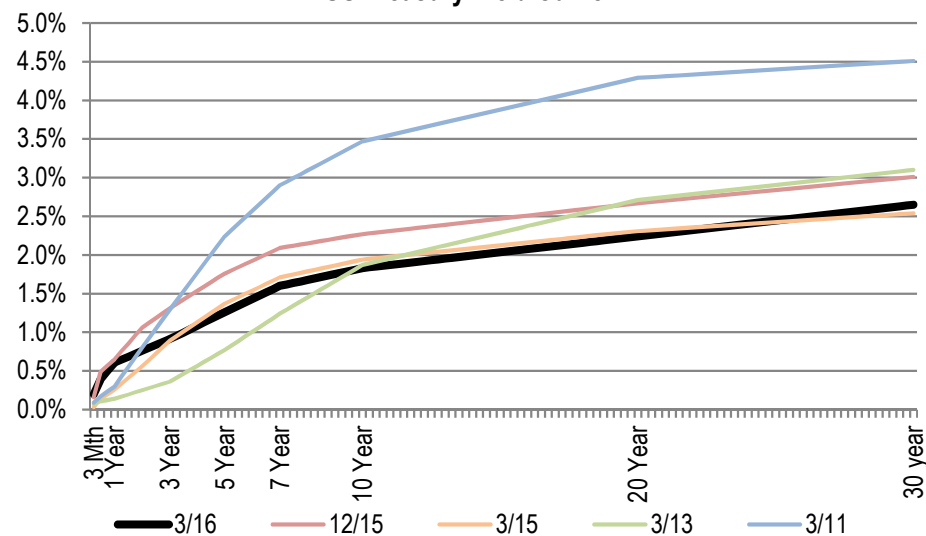
As of March 31, 2016



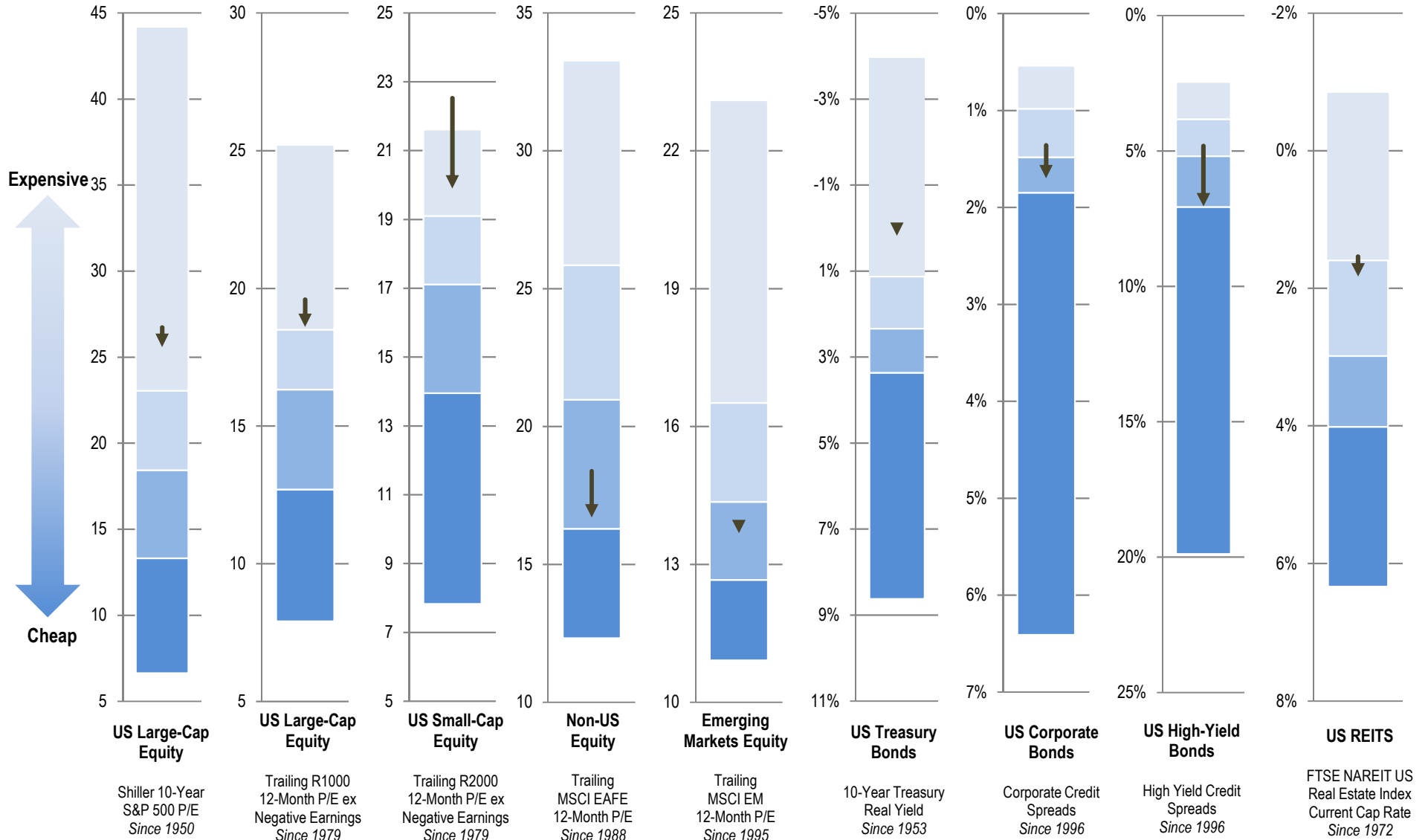
	<u>3/2016</u>	<u>12/2015</u>	<u>3/2015</u>	<u>3/2013</u>	<u>3/2011</u>
Market Inflation Expectations					
5 Year	1.5	1.3	1.5	2.2	2.2
10 Year	1.7	1.5	1.8	2.5	2.5
20 Year	1.6	1.6	1.8	2.6	2.7
CPI Year-over-Year	---	0.7	0.0	1.5	2.6
West Texas Crude Oil	38.0	37.1	47.7	97.2	106.2
Trade Wtd Dollar Index	90.5	94.1	91.5	76.3	70.5
Consumer Sentiment Index	91.0	92.6	93.0	78.6	67.5
US Corp Profits (% of GDP)	---	9%	10%	10%	9%
Real GDP Growth YoY	---	1.4	0.6	1.9	-1.5
Federal Funds Rate	0.38	0.24	0.11	0.14	0.14
US Govt Debt (% of GDP)	---	104%	103%	102%	94%

Arrows represent year on year change.

US Treasury Yield Curve



As of March 31, 2016



Trailing 12 month P/E and cap rate metrics exclude the top and bottom 5%. Current Russell metrics are as of 2/29/2016 and exclude negative earnings.

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

Real cap rates are inflation adjusted using the applicable 10-year TIPS breakeven inflation rate. Prior to 2003, real cap rates are calculated by adjusting the cap rate with the prior 12-month change in the core CPI-U.

P/E metrics calculated by InvestorForce use different methodology.

2007	2008	2009	2010	2011	2012	2013	2014	2015	YTD 2016	1/1/2007-03/31/2016	Legend
39%	14%	79%	27%	22%	29%	39%	19%	14%	7%	3%	MSCI All Country World
16%	8%	58%	20%	15%	19%	32%	15%	1%	6%	6%	S&P 500
15%	5%	38%	19%	14%	18%	23%	14%	1%	6%	5%	Russell 2000
12%	4%	35%	17%	10%	17%	23%	11%	1%	5%	0%	MSCI EAFE
12%	2%	32%	15%	8%	16%	13%	6%	1%	5%	1%	MSCI Emerging Markets
11%	-2%	28%	15%	8%	16%	9%	6%	0%	4%	4%	Barclays Multiverse
10%	-11%	27%	15%	6%	16%	7%	5%	0%	3%	5%	Barclays US Aggregate
9%	-11%	26%	13%	4%	16%	4%	5%	-1%	3%	5%	Barclays US Treasury
9%	-21%	19%	12%	2%	10%	0%	4%	-1%	3%	6%	BofA ML US High Yield II
7%	-26%	11%	10%	0%	9%	-2%	4%	-2%	1%	7%	Barclays Long US Gov/Credit
7%	-34%	11%	8%	-4%	7%	-2%	3%	-3%	1%	5%	Barclays US TIPS
6%	-36%	8%	7%	-6%	5%	-3%	3%	-3%	0%	7%	JP Morgan EMBI
5%	-37%	6%	6%	-6%	5%	-3%	0%	-4%	0%	---	NCREIF-ODCE
5%	-42%	2%	6%	-7%	4%	-7%	0%	-4%	-2%	2%	FTSE NAREIT Developed
2%	-43%	0%	6%	-12%	2%	-9%	-2%	-5%	-3%	---	HFRI Funds of Funds
-2%	-48%	-4%	6%	-13%	0%	-9%	-5%	-15%	---	-7%	Bloomberg Commodity Index
-7%	-53%	-30%	0%	-18%	-1%	-10%	-17%	-25%	---	1%	BofA ML 91-Day T-Bill

Returns for the period from 1/1/2007- 03/31/2016 are annualized.

Returns for HFRI Funds of Funds and NCREIF-ODCE AWA are not currently available.