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Economic & Capital Market Review

June 30, 2017

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KEY HIGHLIGHTS

- In Q2 2017:
 - Strong global equity market performance was supported by better-than-expected corporate earnings and continued central bank accommodation throughout the world.
 - The Federal Reserve increased interest rates at its June meeting by 25 basis points, bringing the Federal Funds rate target to 1.00%-1.25%.
 - Continued progress in the labor market supported the interest rate hike. The Federal Open Market Committee (FOMC) also announced that it would begin reducing its \$4.5 trillion balance sheet, most likely later in 2017.
- Growth assets performed well:
 - Continued economic strength, combined with increased earnings growth and high consumer and business confidence, were catalysts for global equity indices reaching new all-time highs (ACWI +4.2%).
 - Across equity regions, emerging markets (+6.3%) were the best performers, followed by developed international (MSCI EAFE, +6.1%) and the US (Russell 3000, +3.0%).
- Income assets also gained:
 - The 10-year Treasury ended the quarter yielding 2.31%, down 8 bps from the first quarter.
 - Short-term yields rose during the quarter due to the Fed's interest rate hike, and yields declined modestly across the long end of the curve.
 - Credit outperformed US Treasuries as spreads tightened to their lowest levels since the financial crisis.
- Diversifying assets were mixed:
 - Lower commodity prices and inflation expectations contributed to gains for long treasuries.
 - 10-year breakeven inflation expectations ended the quarter at 1.74%, down 24 bps quarter-over-quarter.

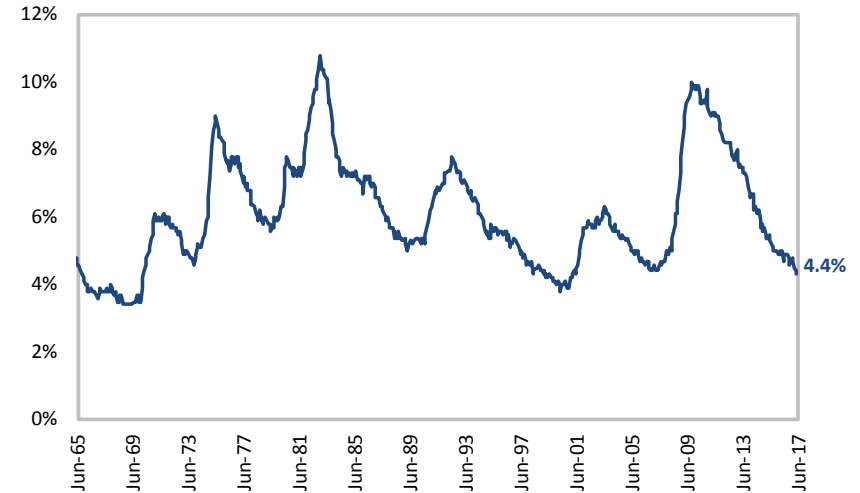
Economy

- The second quarter of 2017 was characterized by continued economic strength throughout the world. The US Federal Reserve raised interest rates 25 basis points for the fourth time this cycle in June, bringing the Federal Funds rate target to 1.00%-1.25%. Further progress in the labor market (the unemployment rate reached its lowest level since May 2001) supported the Fed's decision to raise rates once again. Going forward, however, members of the Federal Open Market Committee (FOMC) expect to be cautious when raising rates given the Fed's limited ability to ease in an economic downturn.
- The labor market continued to strengthen during the second quarter, with the US economy adding 185,000 jobs per month. The unemployment rate fell to 4.3% in May, its lowest level since May 2001, and ended the quarter at 4.4%. Wage growth, as measured by the change in average hourly earnings of private sector workers, fell 20 bps to 2.5% year-over-year in April and was unchanged for the remainder of the quarter.
- Real GDP grew at a 1.4% annual rate during the first quarter of 2017 according to the final estimate released by the Bureau of Economic Analysis. The estimate was revised upward from the second estimate of 1.2%, reflecting positive changes in nonresidential fixed income, personal consumption, and state and local government spending. GDP growth for Q2 2017 is estimated to have been 2.7% annualized according to the Atlanta Federal Reserve.
- Economic activity in both the manufacturing and services sectors continued to expand in the second quarter, as measured by purchasing managers indices (PMI). The US ISM Manufacturing PMI expanded 2.9 points in June to 57.8; an Index reading over 50 suggests expansion in the sector. The Non-Manufacturing (or services) PMI also continued to reflect strength, led by strong consumer spending; US services have expanded for 90 consecutive months.

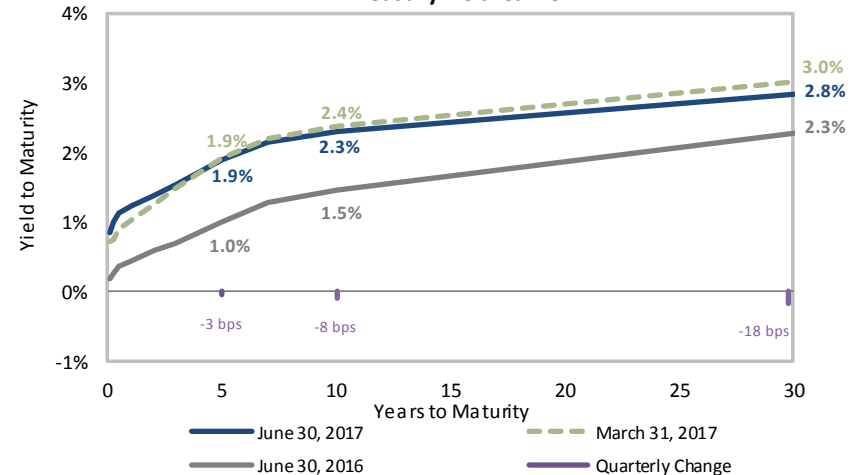
Yield Curve

- The spread between 2-year and 30-year Treasuries tightened 30 bps to 145 bps during the quarter. Over the past two years, the 2-30 spread has tightened by 103 bps, with the long end of the curve declining while short-term yields have been lifted by Federal Reserve rate hikes. The 20-year average spread between 2-year and 30-year Treasuries is 190 bps.

Unemployment Rate

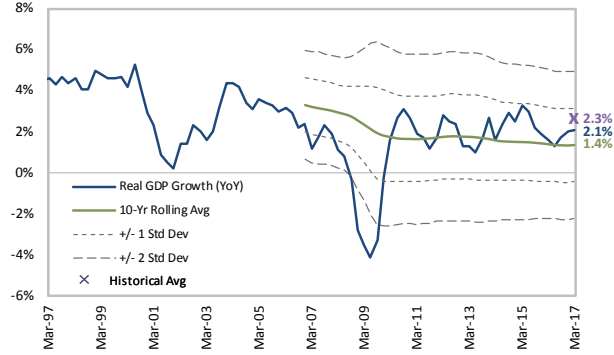


Treasury Yield Curve

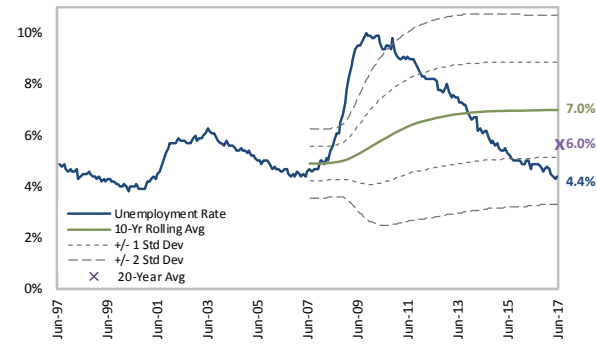


Source: Bloomberg

Real GDP Growth (YoY)



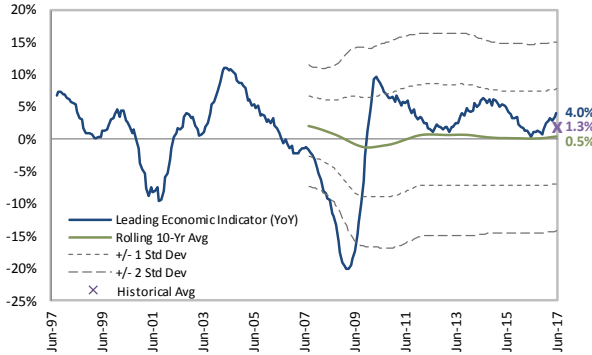
Unemployment Rate



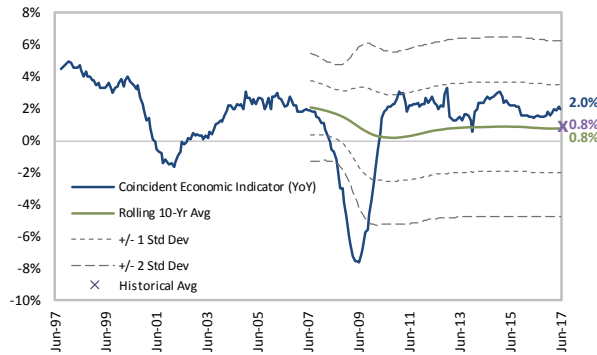
Manufacturing Strength



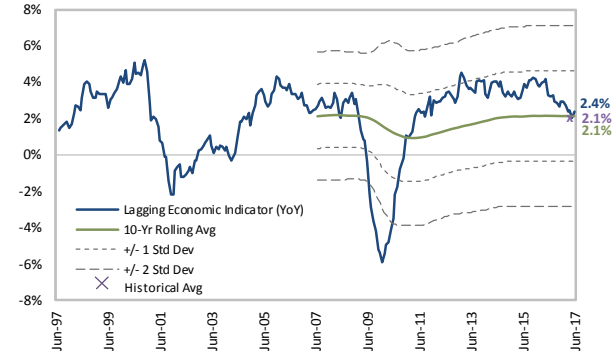
Leading Economic Indicator (YoY)



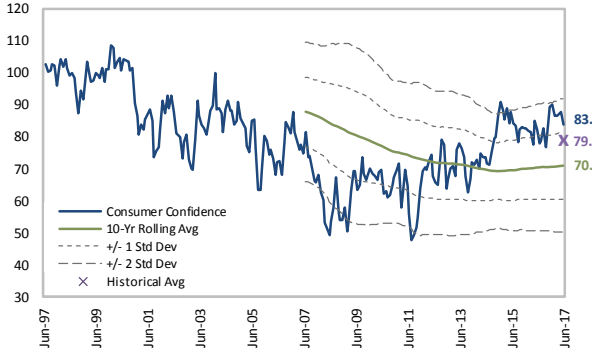
Coincident Economic Indicator (YoY)



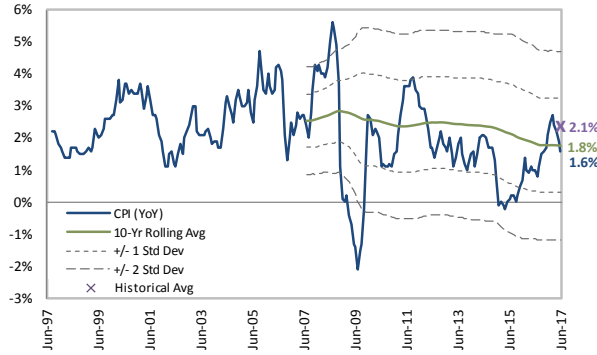
Lagging Economic Indicator (YoY)



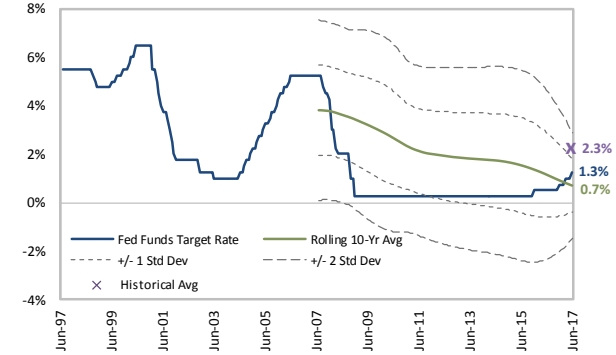
Consumer Confidence

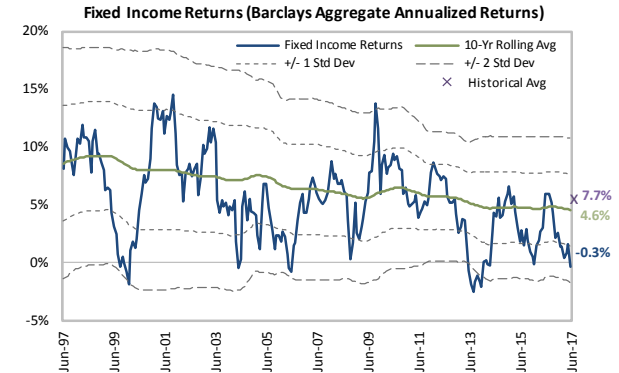
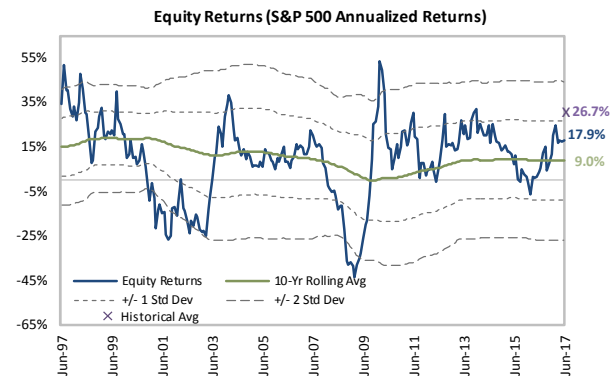
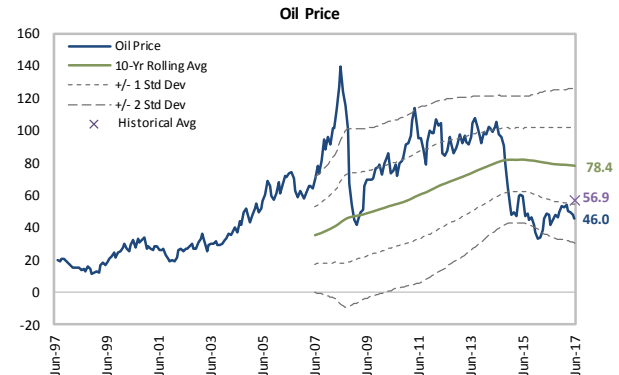
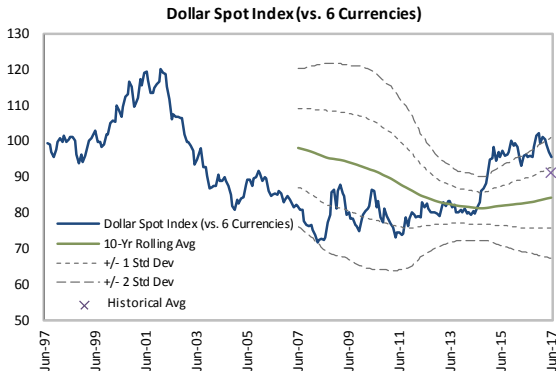
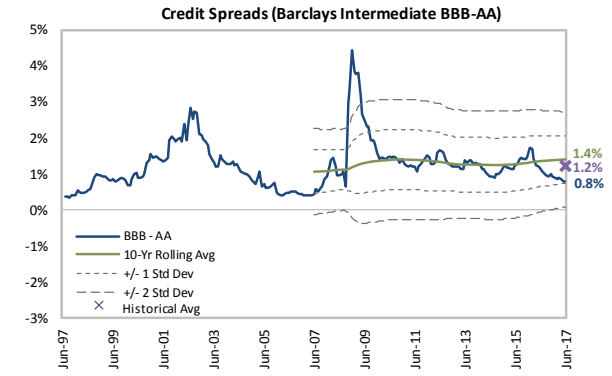
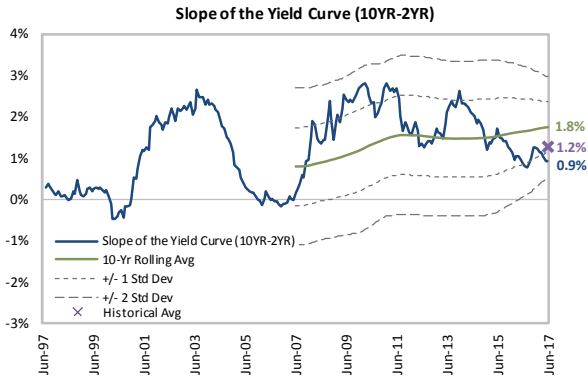


Consumer Price Index (YoY, Headline)



Federal Funds Target Rate





Growth Assets

June 30, 2017

Public Equities

- Strong global equity market performance continued during the second quarter, supported by gains across major markets. Across regions, emerging markets were the best performers (MSCI EM +6.3%) and international markets once again outperformed domestic (MSCI ACWI ex US +5.8%, Russell 3000 +3.0%).
- Master limited partnerships (MLPs) returned -6.4% for the second quarter. The largest losses were seen in the energy sector, returning -22.1%. Shipping as well as exploration and production (E&P) also contributed to underperformance, both declining more than 10% for the quarter. Year-to-date, distribution yields have risen 6 bps to 7.1%

Public Debt

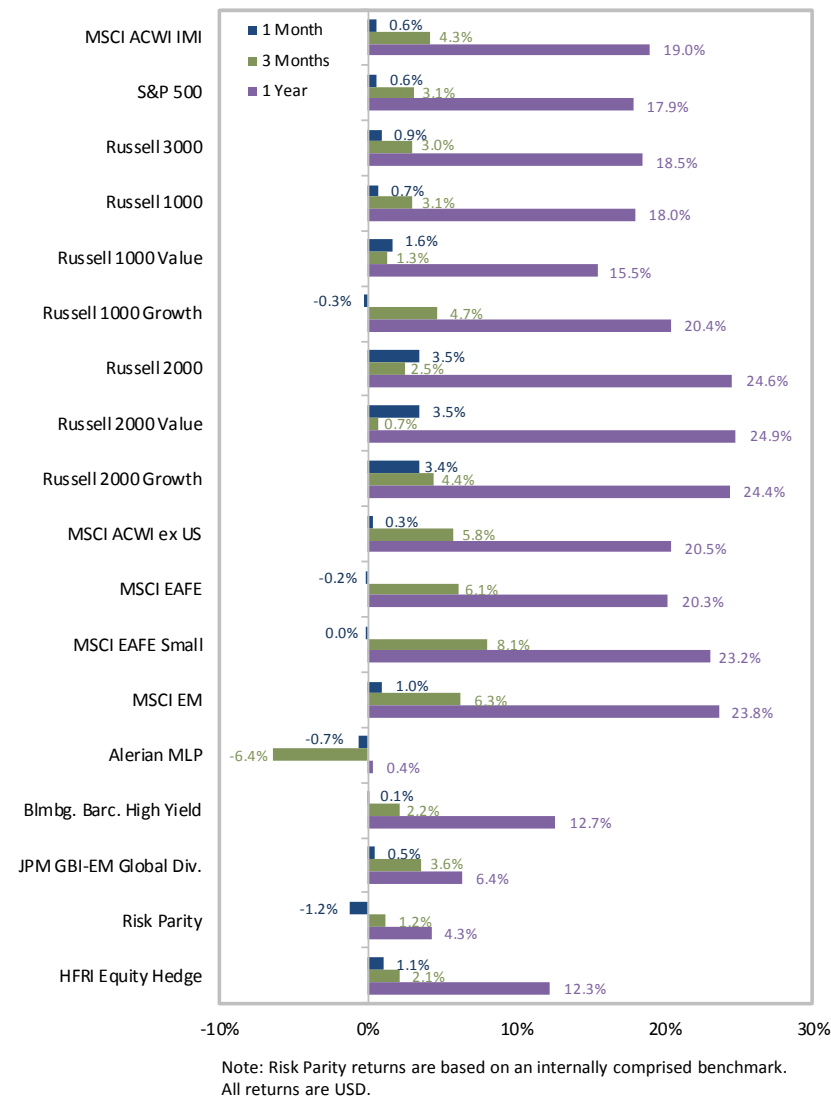
- The Bloomberg Barclays High Yield Index gained 2.2% during the second quarter of 2017. Spreads continued to tighten during the quarter, decreasing 19 bps to 364 bps. For the trailing 12 months, spreads have tightened by 230 bps; over the past 20 years, high yield spreads have averaged 552 bps.
- Local currency emerging market debt returned 3.6%, benefitting from currency appreciation and improving emerging market growth forecasts. Emerging market debt performance has been strong year-to-date, returning 10.4% as emerging market fundamentals continue to improve.

Private Assets

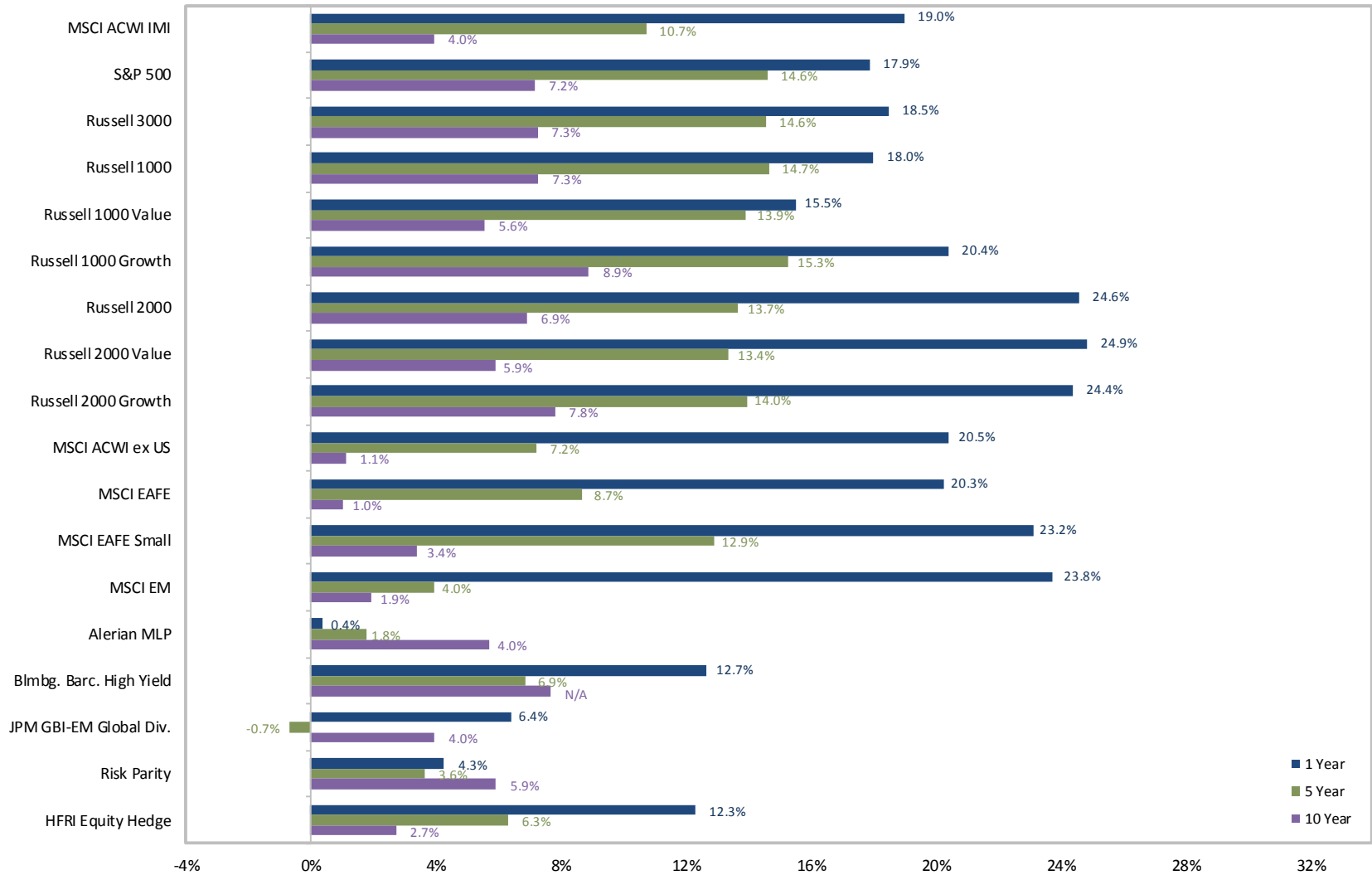
- The strong fundraising environment for private equity continued into the second quarter. Capital commitments have now exceeded \$100b in five of the last seven quarters, with Preqin estimating that Q2 fundraising totaled \$121b. The amount of capital raised has been relatively concentrated, with approximately 63% of the \$121b raised being secured by the top 10 funds closed during the quarter. Purchase price multiples for middle-market LBOs, as measured by S&P Leveraged Commentary and Data (S&P LCD), have remained relatively stable from 2016 at 9.5x YTD.
- Momentum in private debt fundraising slowed during the first half of 2017 compared to record highs at the end of 2016. Twenty-eight funds, totaling \$16b in capital, closed during the second quarter, down from \$26b in Q1. The second quarter marked the first time in three years in which private debt fundraising did not surpass \$20b.

Hedge Funds

- Risk parity funds performed well during the second quarter but lagged strong equity market gains. Equity and credit allocations contributed, while commodities detracted.
- Growth hedge funds gained in the second quarter, with a tailwind from strong risk asset performance. Equity long/short and activist strategies led performance, while merger arbitrage and distressed/restructuring strategies also contributed.

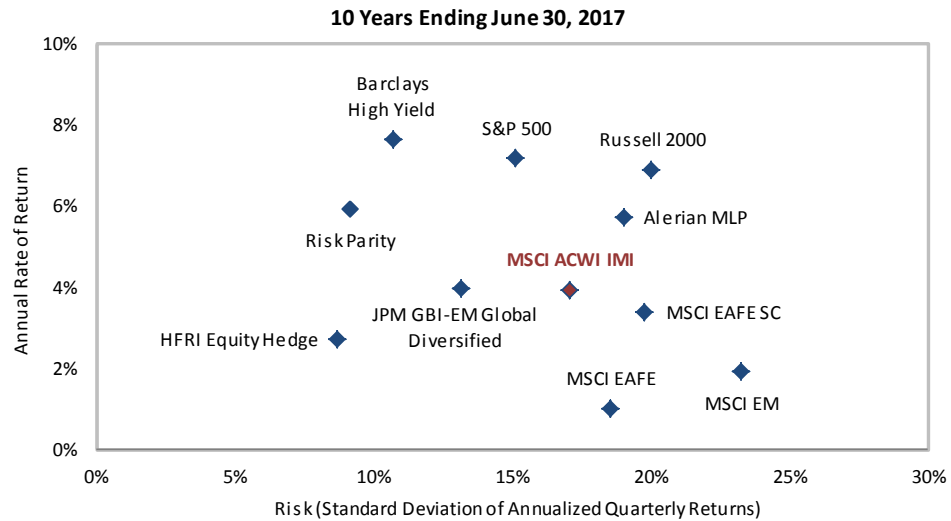
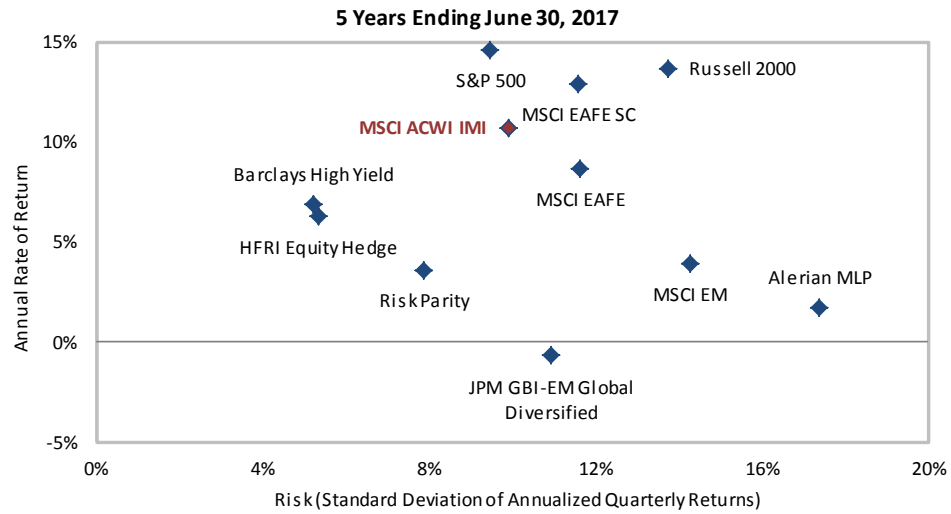


ANNUALIZED ONE-, FIVE-, AND TEN-YEAR RETURNS

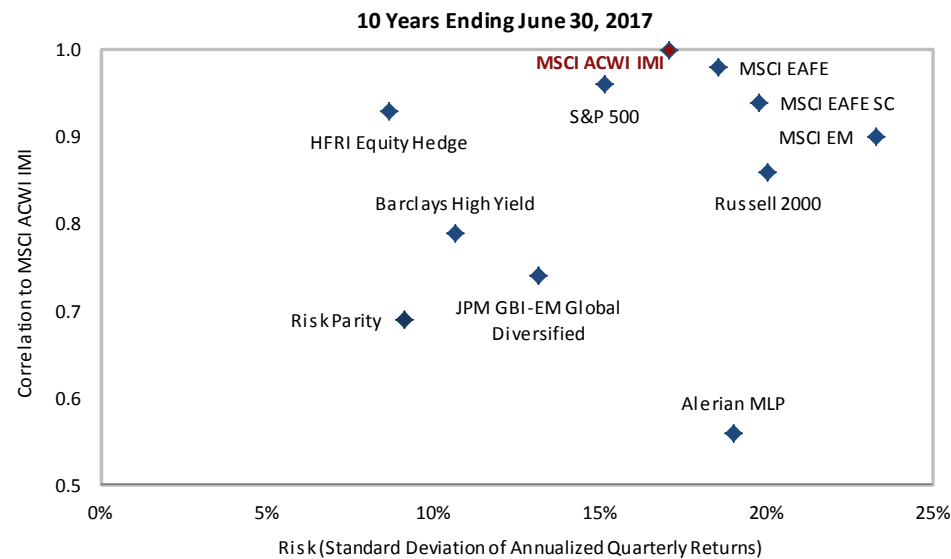
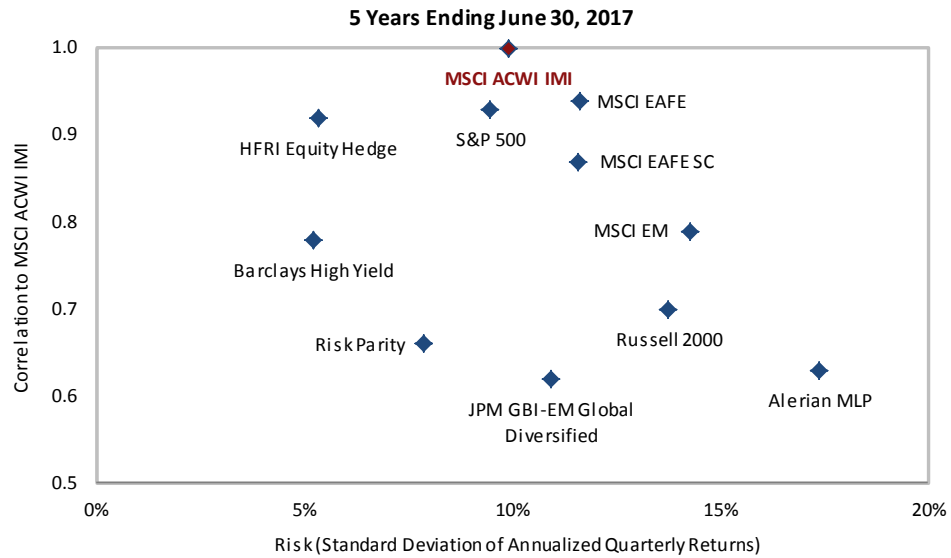


Note: Risk Parity returns are based on an internally comprised benchmark.

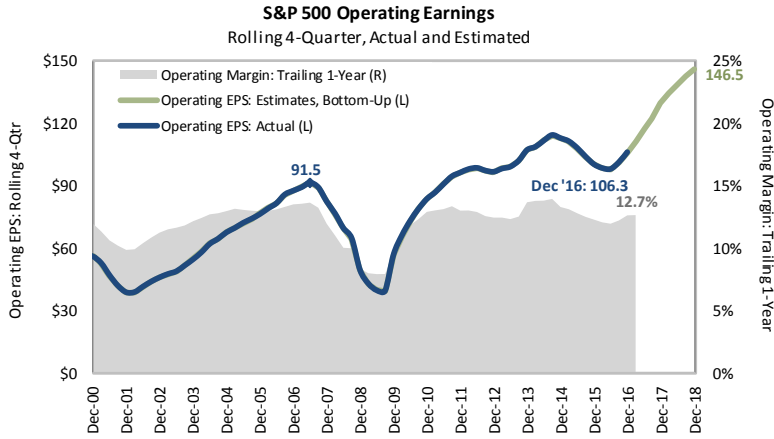
ASSET CLASS RISK/RETURN PERFORMANCE



ASSET CLASS CORRELATION TO MSCI ACWI IMI

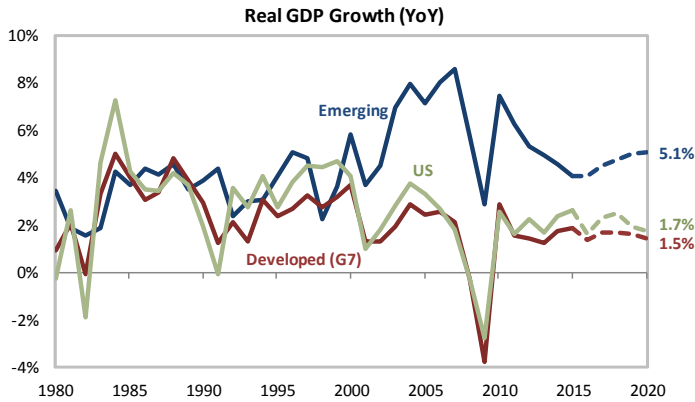


MARKET CHARTS



Source: Standard & Poor's

Operating margins remain near cyclical highs; analysts maintain a very positive outlook for US earnings.



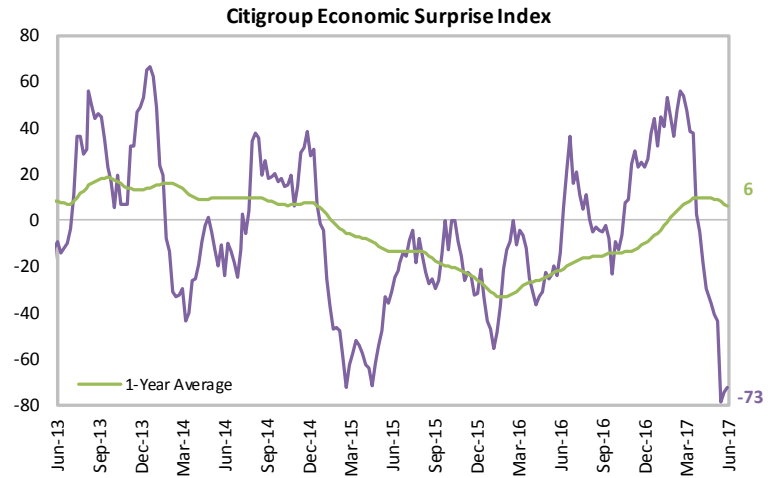
Source: International Monetary Fund

Economic growth remains positive, but long-run expectations for future growth are muted.



Source: Institute for Supply Management

US manufacturing demand has recovered as the drag from slower foreign growth has reversed, and manufacturers estimate an increased in domestic demand; a reading over 50 implies expansion.



Source: Citigroup, Bloomberg

Economic data releases have disappointed as expectations increased dramatically after the election; an Index reading of 0 means data releases have met analyst expectations.

Public Debt

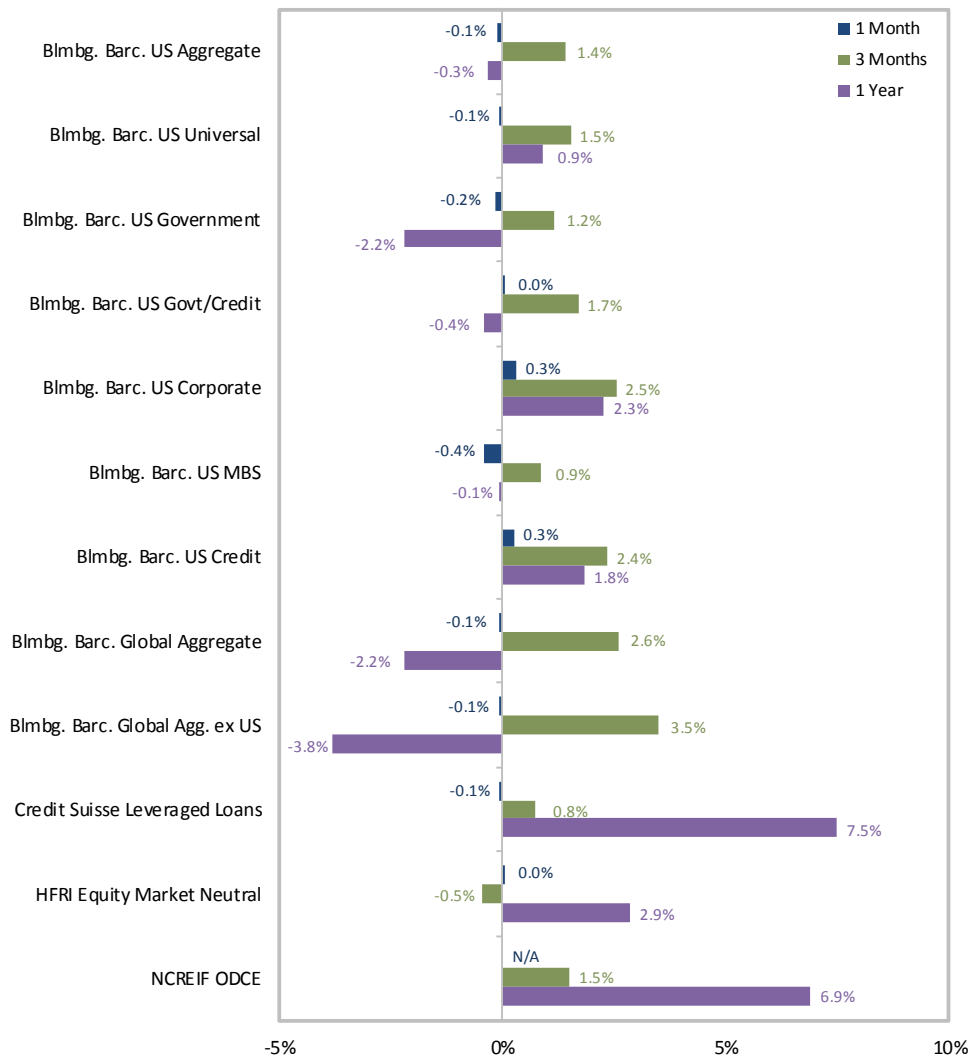
- The Bloomberg Barclays US Aggregate gained 1.4% during the quarter. The longer duration portion of the Index outperformed as yields along the long end of the curve declined and lower-quality outperformed higher quality issues as spreads tightened.
- International bonds returned 3.5% for the quarter, with international outperformance over domestic fixed income predominately driven by declines in the dollar against foreign currencies.
- Public bank loans, as measured by the Credit Suisse Leveraged Loan Index, returned 0.8% for the quarter. The trailing 12-month default rate in loans has remained relatively constant year-to-date at 1.5%, approximately in line with forecasts. Recovery rates have averaged 73% year-to-date compared to 63% in 2016.

Relative Value Hedge Funds

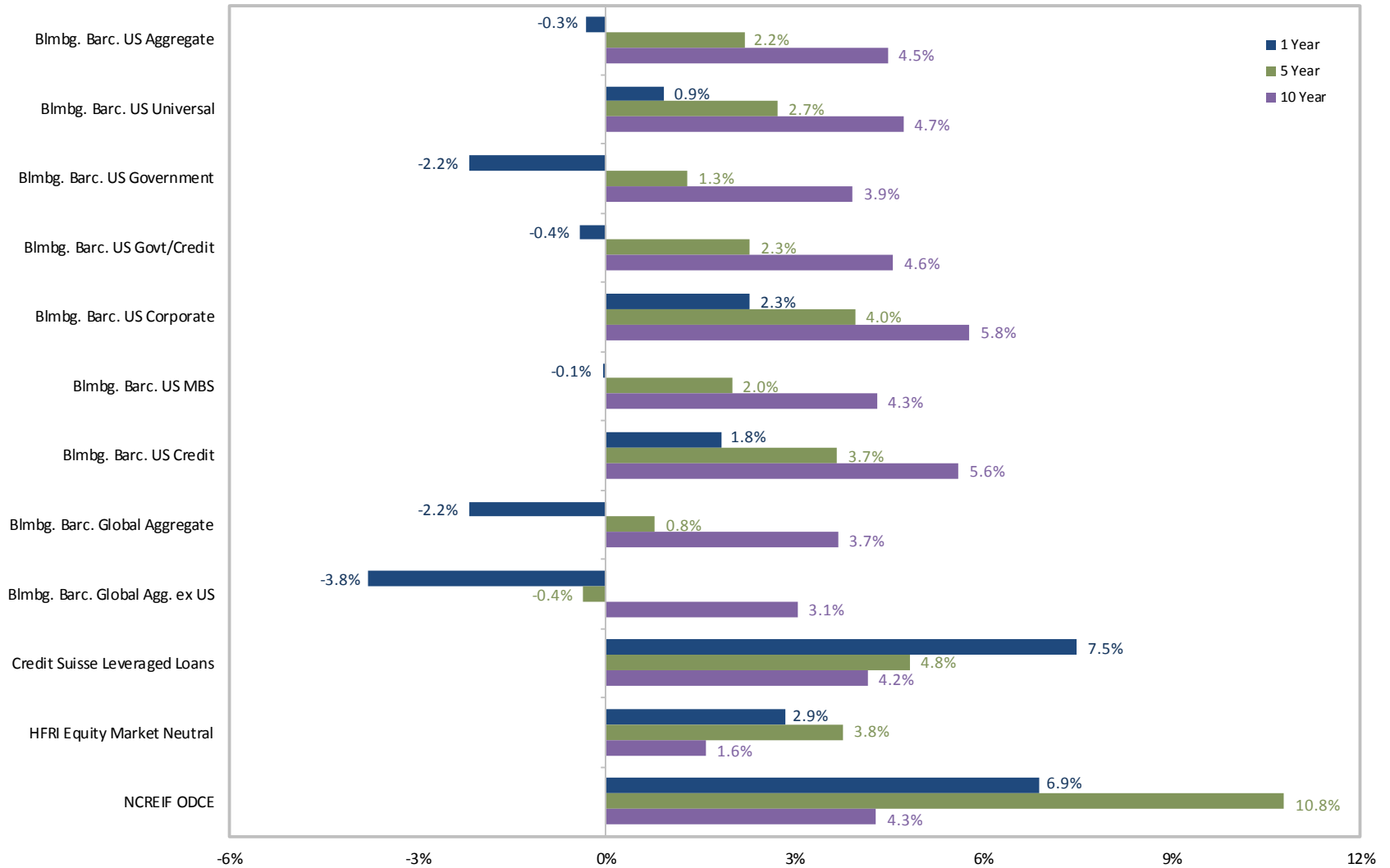
- Relative value hedge funds were mostly unchanged during the second quarter. Volatility strategies were the largest contributors, while credit strategies also gained, most notably in the asset-backed strategies. Equity market neutral strategies detracted.

Core Real Estate

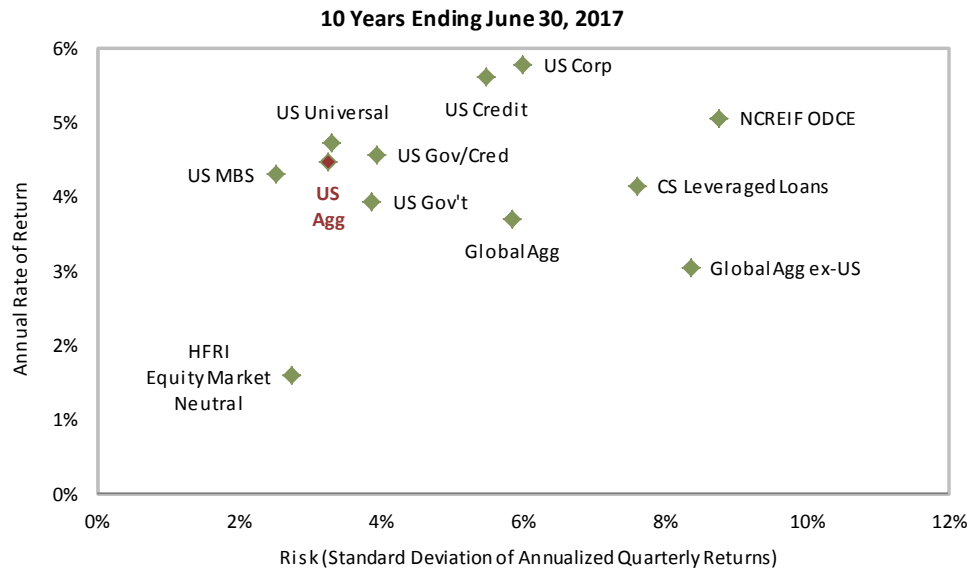
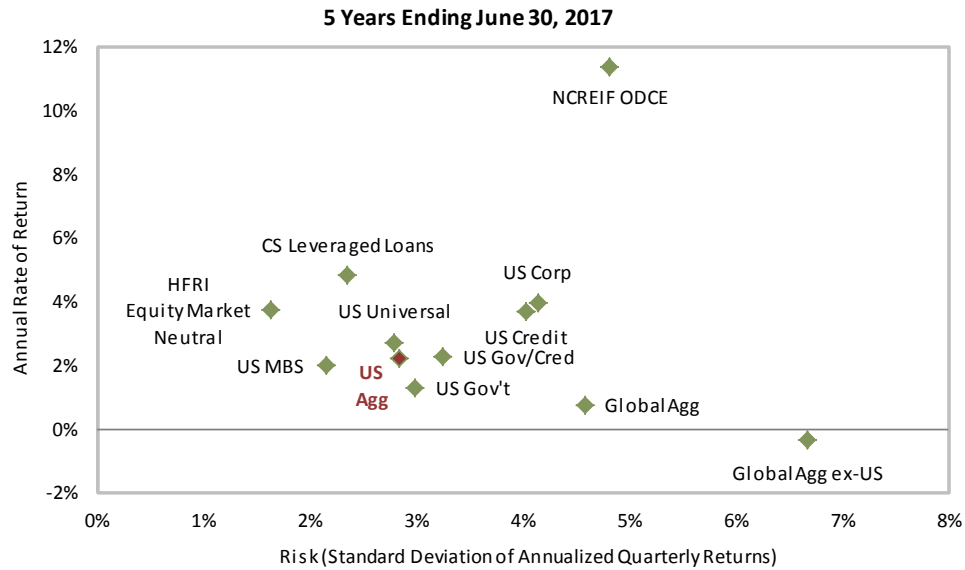
- Core real estate returns for the second quarter of 2017 were 1.7% gross and 1.5% net, bringing the one-year gain for core funds to 6.9%. Strong but declining gains in the commercial real estate market have been supported by the US cyclical expansion, with strong labor market growth fueling demand while supply remains limited. In recent quarters price appreciation has slowed compared to prior in the expansion, with a larger percentage of real estate gains now being generated through income.



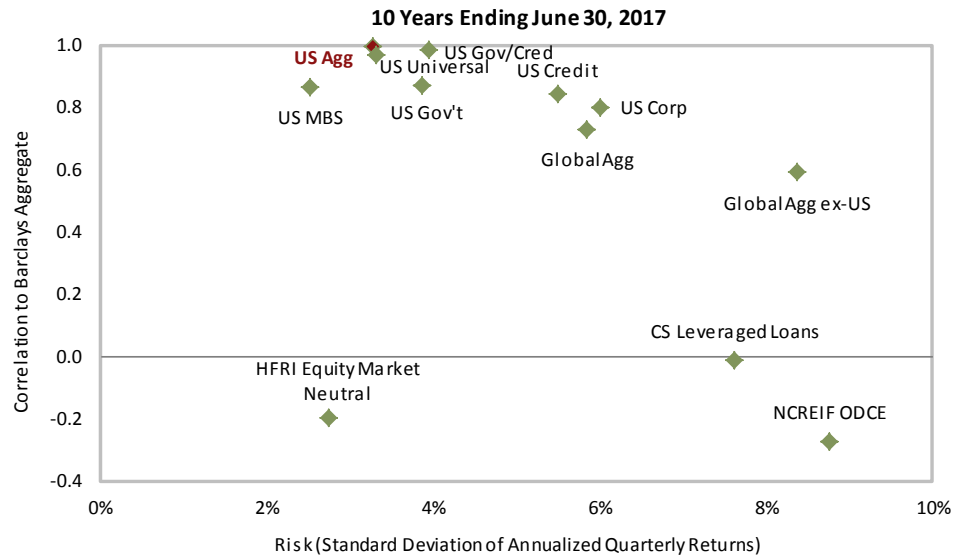
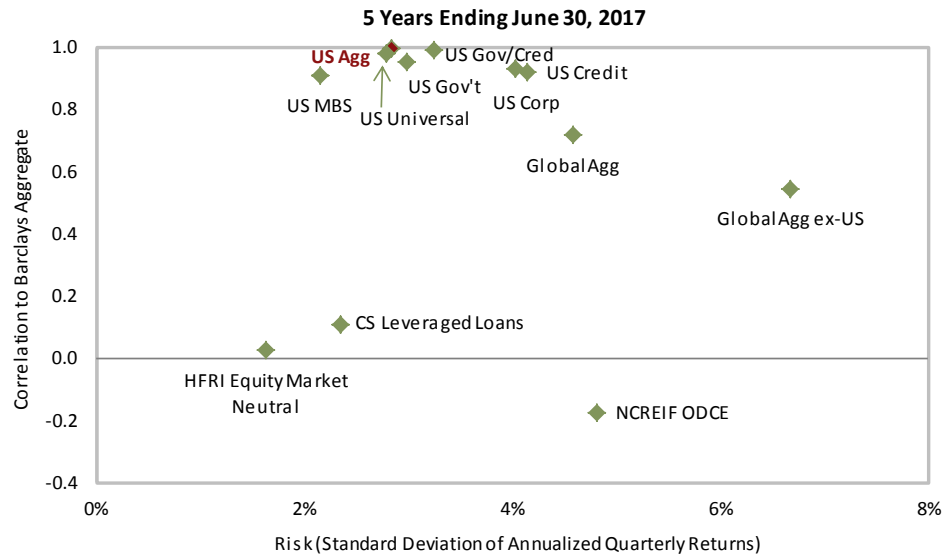
ANNUALIZED ONE-, FIVE-, AND TEN-YEAR RETURNS



ASSET CLASS RISK/RETURN PERFORMANCE

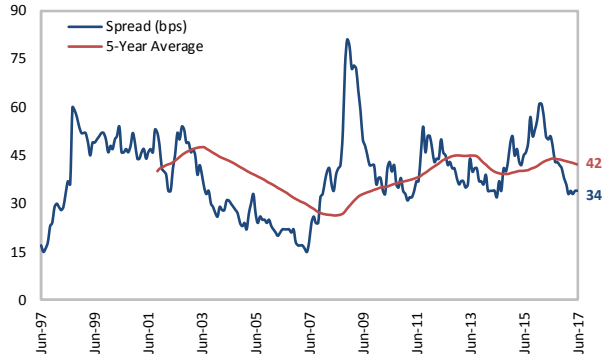


ASSET CLASS CORRELATION TO BARCLAYS AGGREGATE



MARKET CHARTS

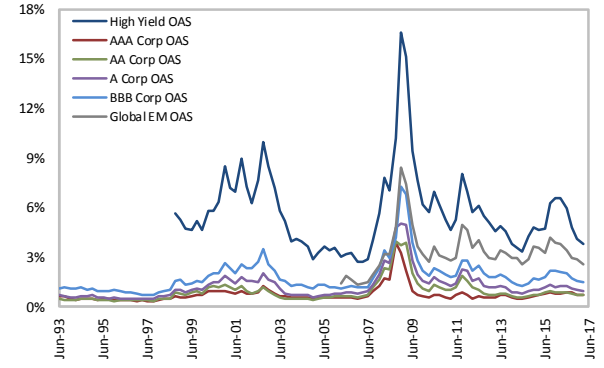
Core Plus vs Core Fixed Income



The spread between core plus and core fixed income has declined to post-crisis lows.

Source: Barclays

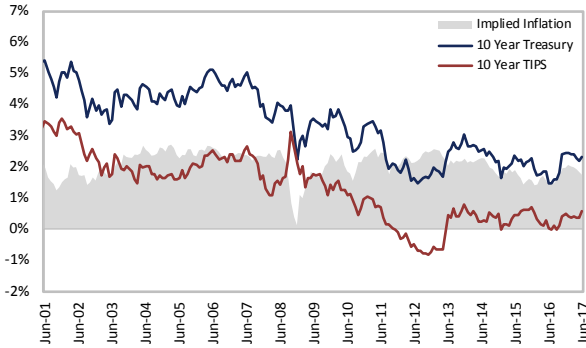
Barclays Capital Option Adjusted Spreads



Spreads have narrowed across credit qualities.

Source: Barclays

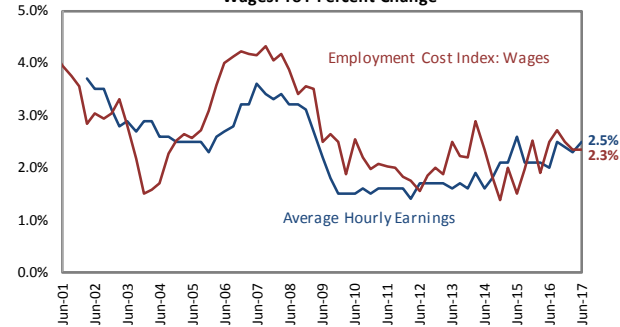
10-Year Implied Inflation



Long-term inflation expectations have declined to below historical average levels.

Source: Bloomberg.

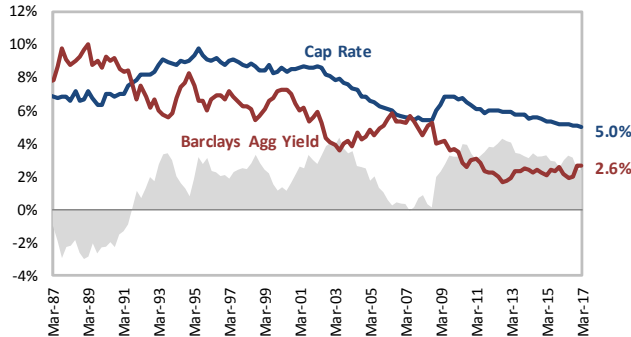
Wages: YoY Percent Change



Wage growth has increased from very low levels. As the labor market continues to tighten, this indicator should rise.

Source: Bureau of Labor Statistics, Bloomberg.

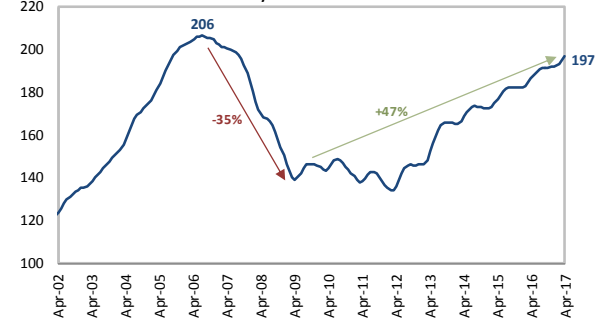
Core Real Estate Cap Rates vs. Bond Yields



Commercial real estate cap rates have declined to their lowest levels of the past 30 years.

Source: Bloomberg, NCREIF.

S&P/Case-Shiller Composite 20-City Home Price Index



Home prices continue to rise but remain below the highs of 2006.

Source: S&P Case-Shiller Composite 20-Home Price Index NSA

Diversification Assets

June 30, 2017

Inflation

- TIPS returned -0.4% during the second quarter, with losses predominately being driven by declining inflation expectations. At the end of the second quarter market-implied 10-year inflation expectations were 1.74%, below their 20-year average of 1.99%.

Deflation

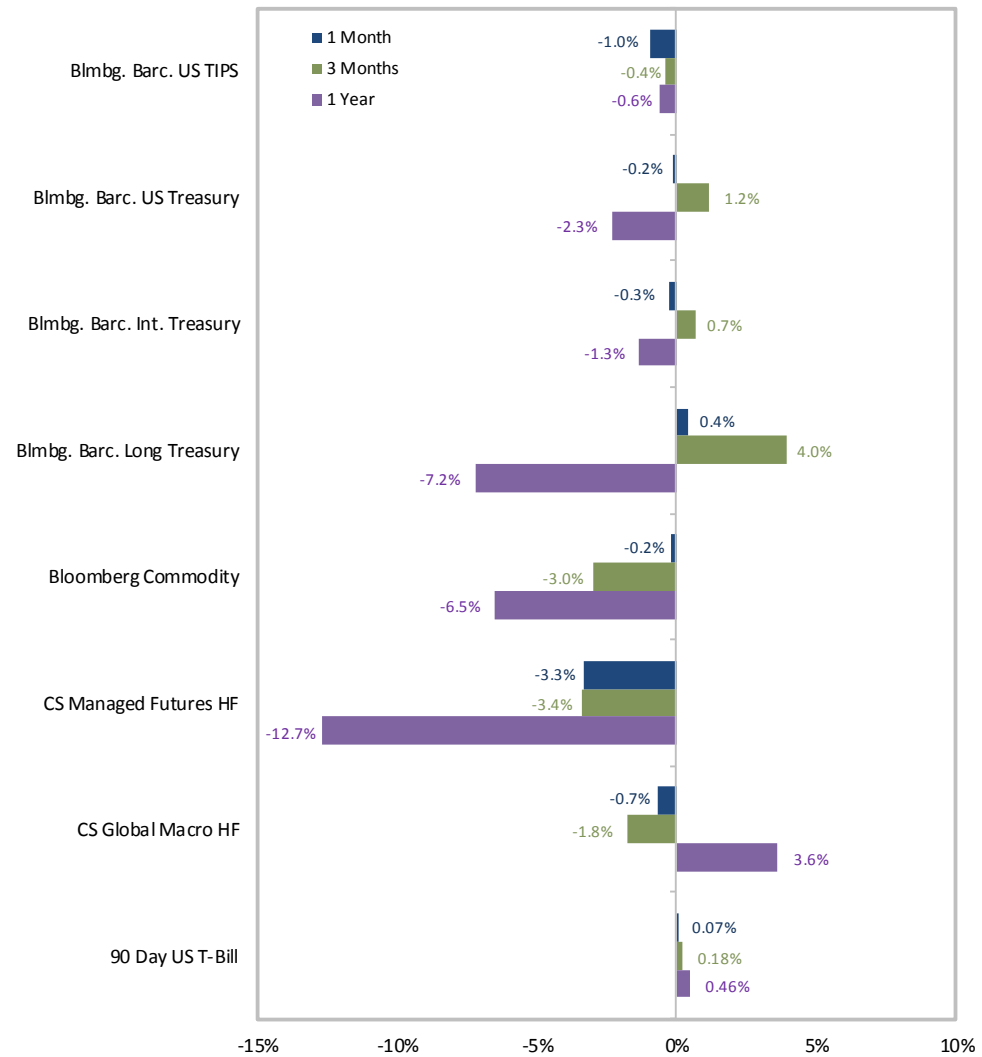
- Long treasuries were the best-performing sector of government fixed income for the quarter, returning 4.0% as yields at the long end of the curve declined modestly. The 30-year Treasury ended the quarter yielding 2.8%, a decline of 30 bps from the end of 2016.
- Cash returns have increased but remain low, with 90-day T-Bills offering 18 bps for the quarter and 46 bps over the past year.

Commodities

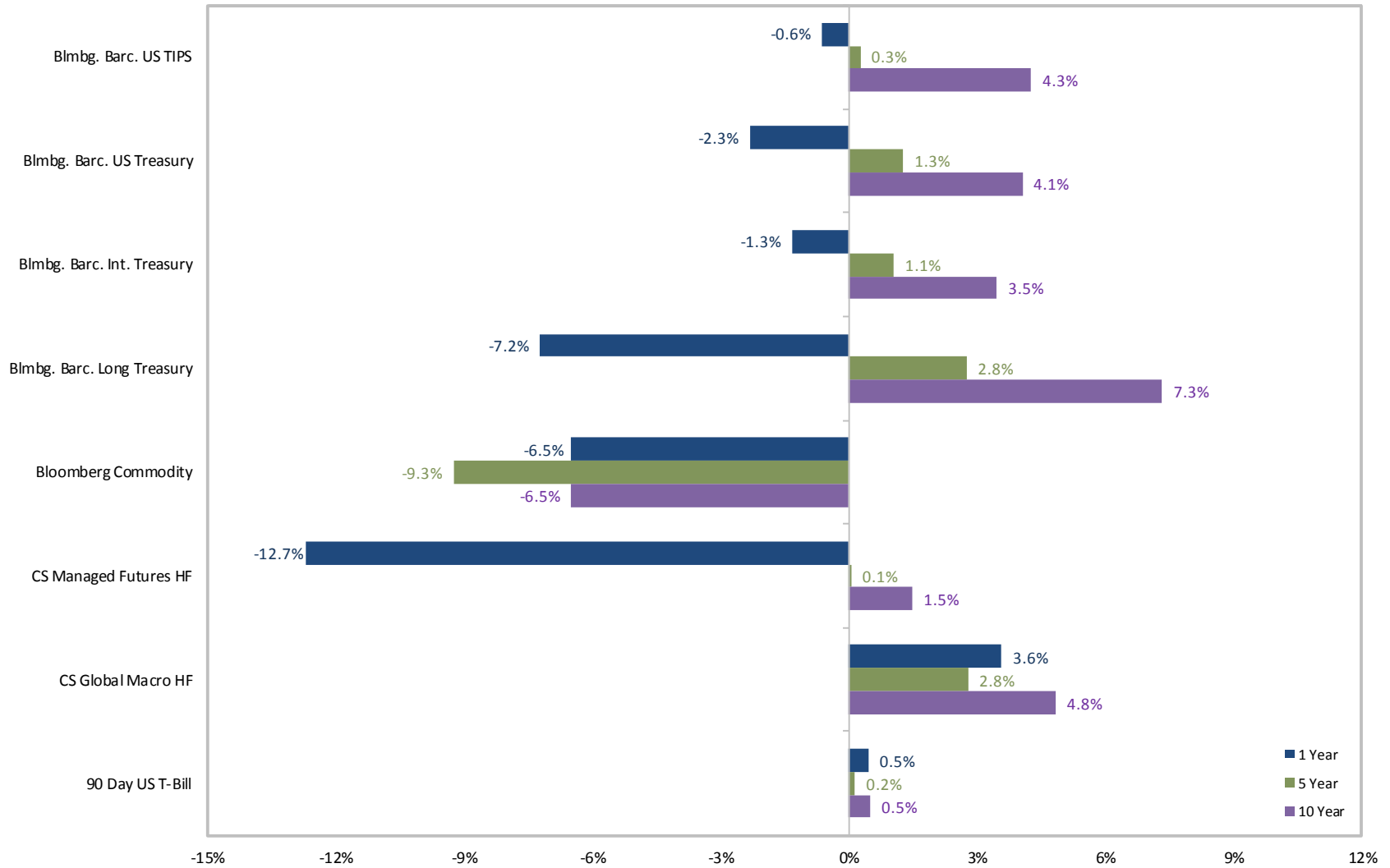
- The Bloomberg Commodity Index declined during the second quarter, returning -3.0%. Underperformance was largely attributed to losses in the energy (-9.7%) as OPEC members extended production cuts, but not to the extent expected by investors. Livestock produced the highest sector gains for the quarter, returning 11.2%, with lean hogs driving outperformance. Broad commodity prices have reversed from the beginning of the year, after originally benefitting from optimism around the prospects of infrastructure spending under the Trump administration.

Tactical Trading

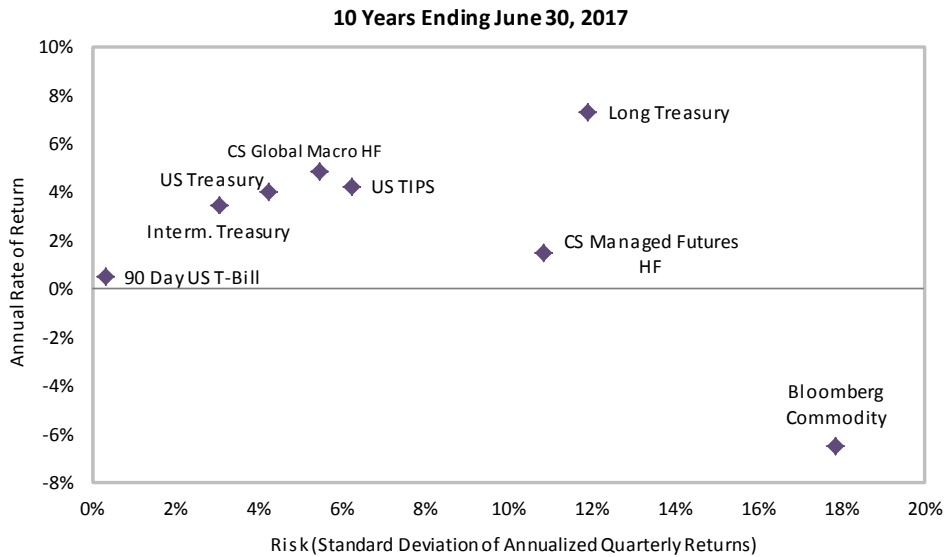
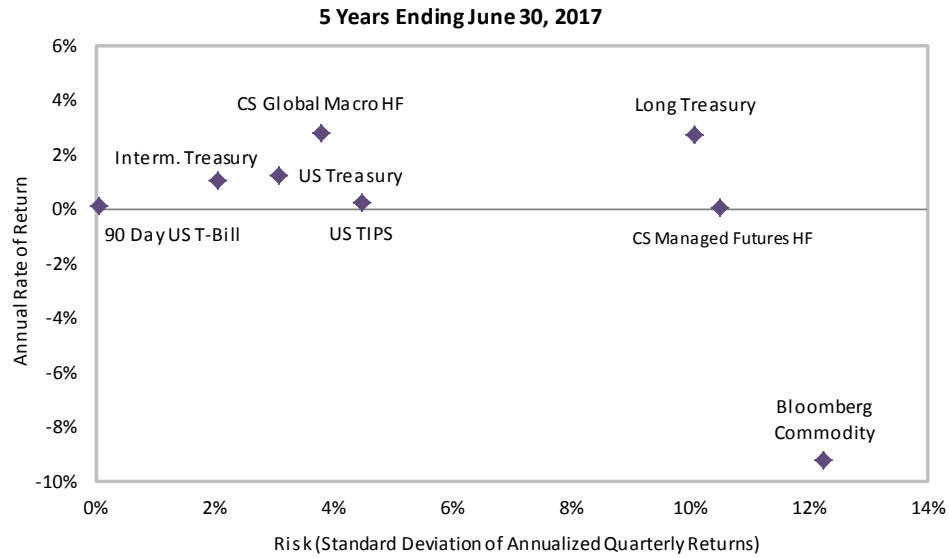
- Tactical trading hedge funds detracted in the second quarter. Managed futures strategies were the larger detractor, though discretionary global macro was also negative.



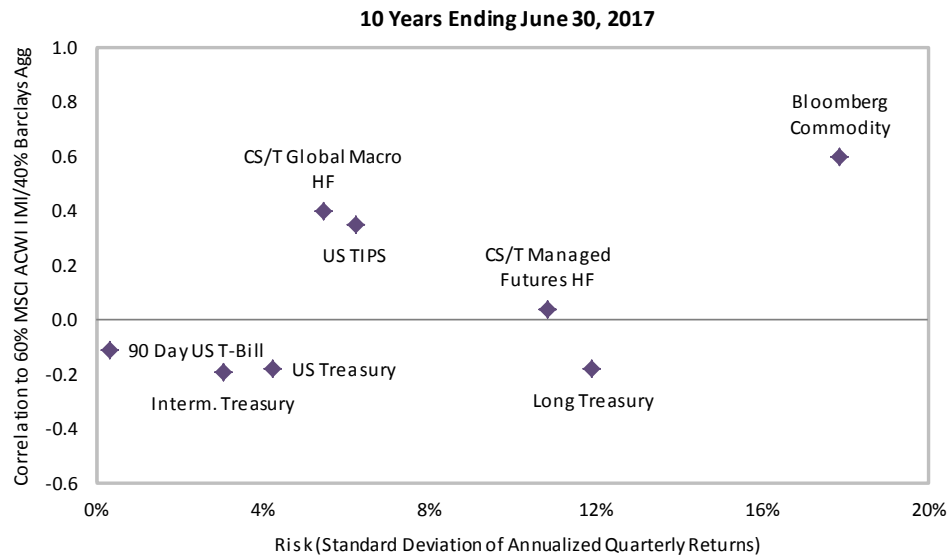
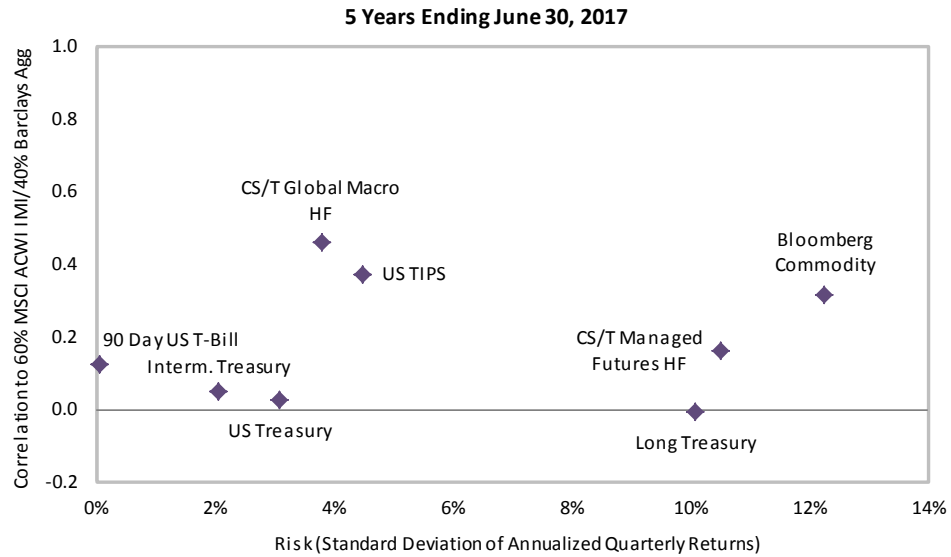
ANNUALIZED ONE-, FIVE-, AND TEN-YEAR RETURNS



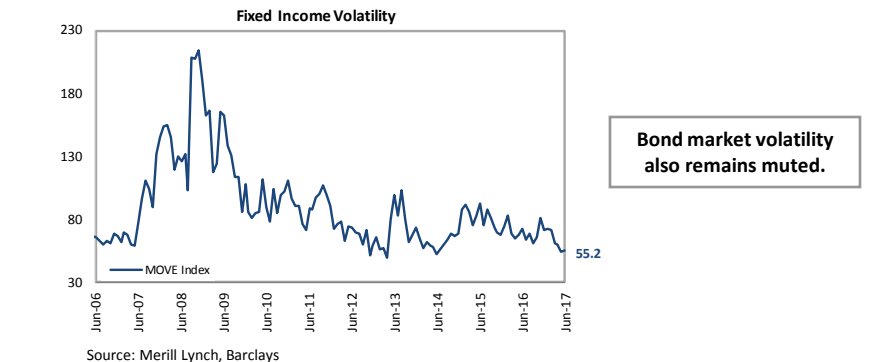
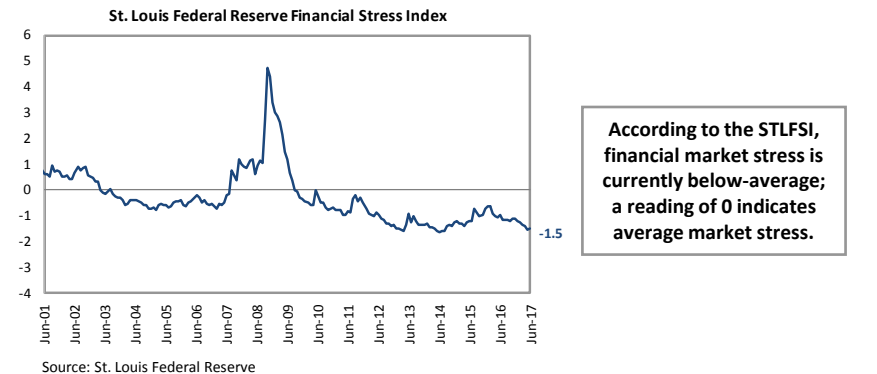
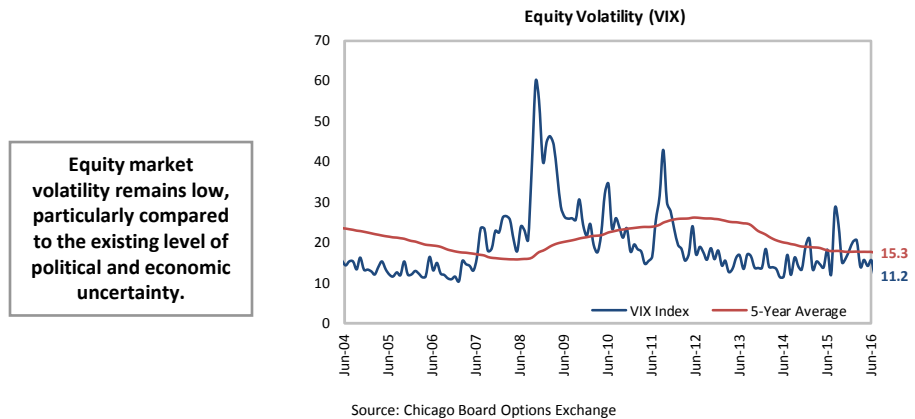
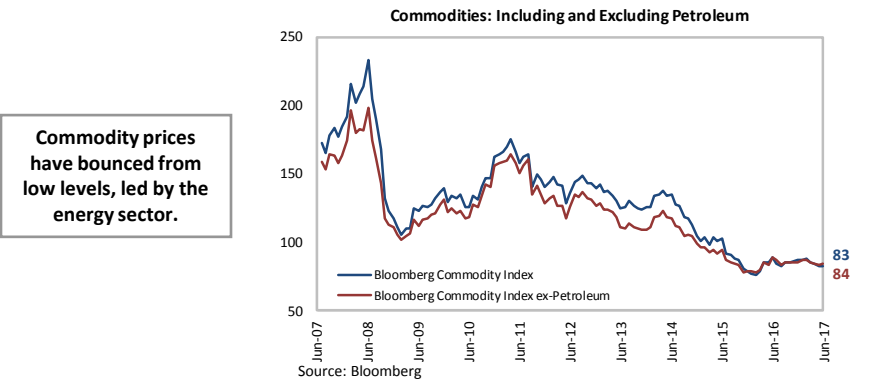
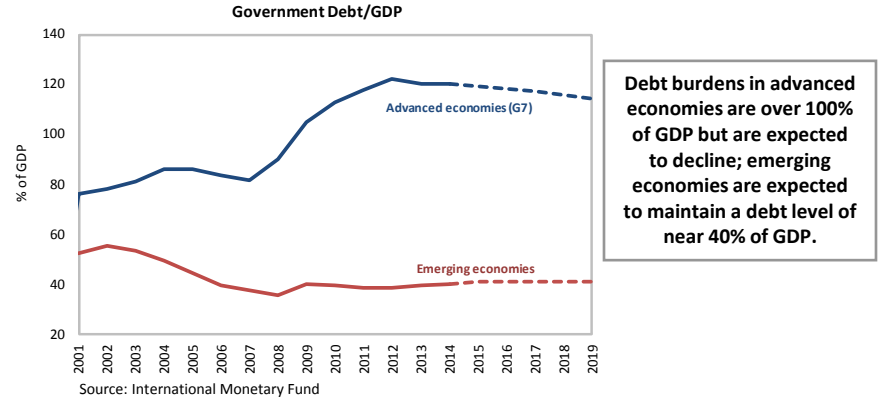
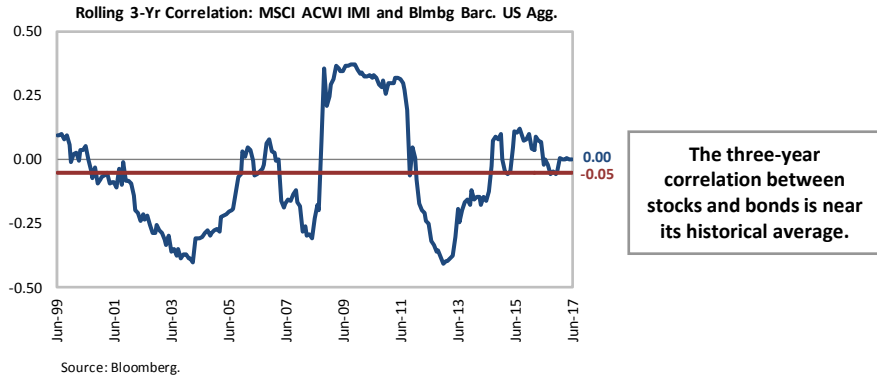
ASSET CLASS RISK/RETURN PERFORMANCE



ASSET CLASS CORRELATION TO 60% MSCI ACWI IMI/40% BARCLAYS AGGREGATE

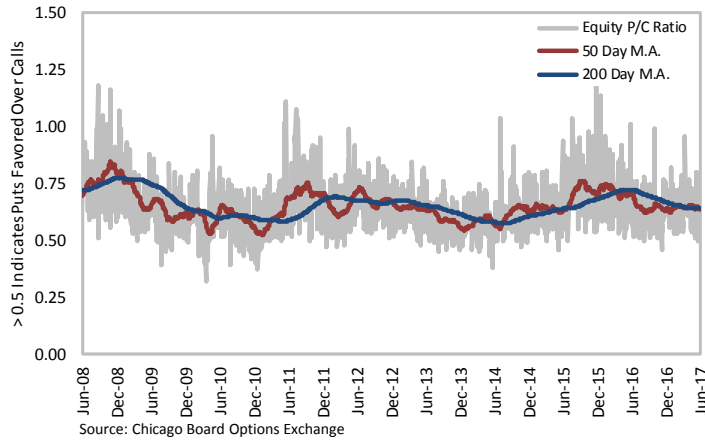


MARKET CHARTS



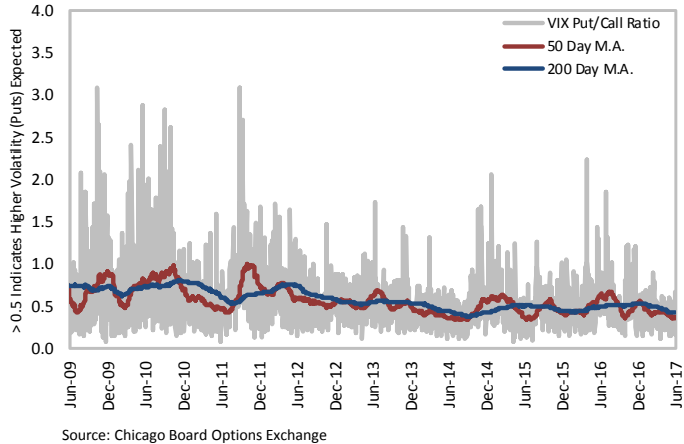
MARKET SKEW

CBOE Put/Call Ratio



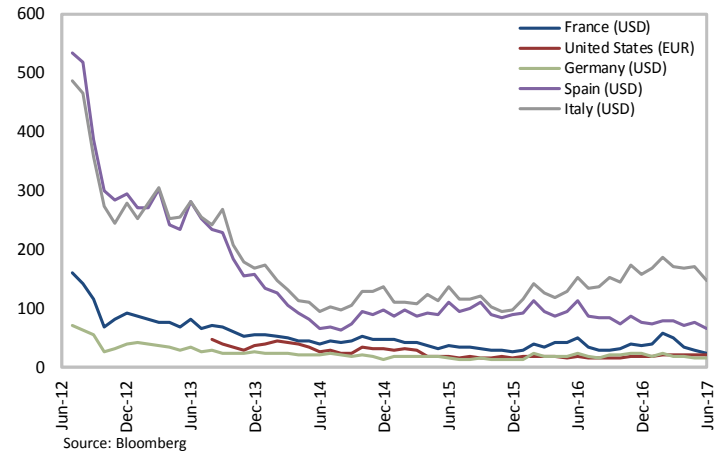
0.5 is neutral; investors are more inclined to buy downside protection than they were one year ago, as suggested by the 50-day moving average.

CBOE VIX Put/Call Ratio



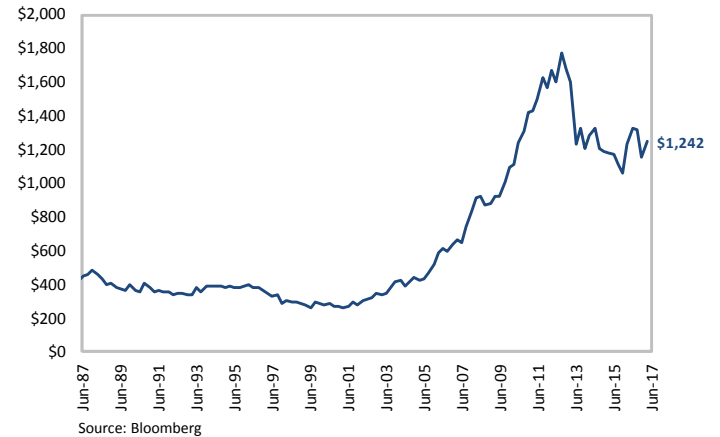
0.5 is neutral; on average investors' purchases of volatility puts and calls have not changed dramatically.

5-Year Credit Default Swaps Spreads



Sovereign spreads remain tight, particularly compared to 2011/2012 levels.

Gold Spot \$/oz.



After falling for much of the past three years, gold prices have risen recently as short-term interest rates remain low/negative and political risk has increased.

INVESTMENT THEMES: LOOKING FORWARD

What We Believe

Growth

- Equity market valuations, particularly in the US, remain elevated.
- Short- to medium-term global growth prospects are positive given the broad-based nature of the cyclical upswing.
- High levels of uncertainty (central bank, political, economic, etc.) persist, while realized and implied market volatility remains low.

Income

- Muted returns for most fixed income assets as yields remain below historical levels.
- Credit spreads have compressed despite levels of corporate debt-to-GDP at cyclical highs.

Diversification

- The 'cost' of holding diversifying assets has declined given high equity valuations and low bond yields.

What Investors Should Do

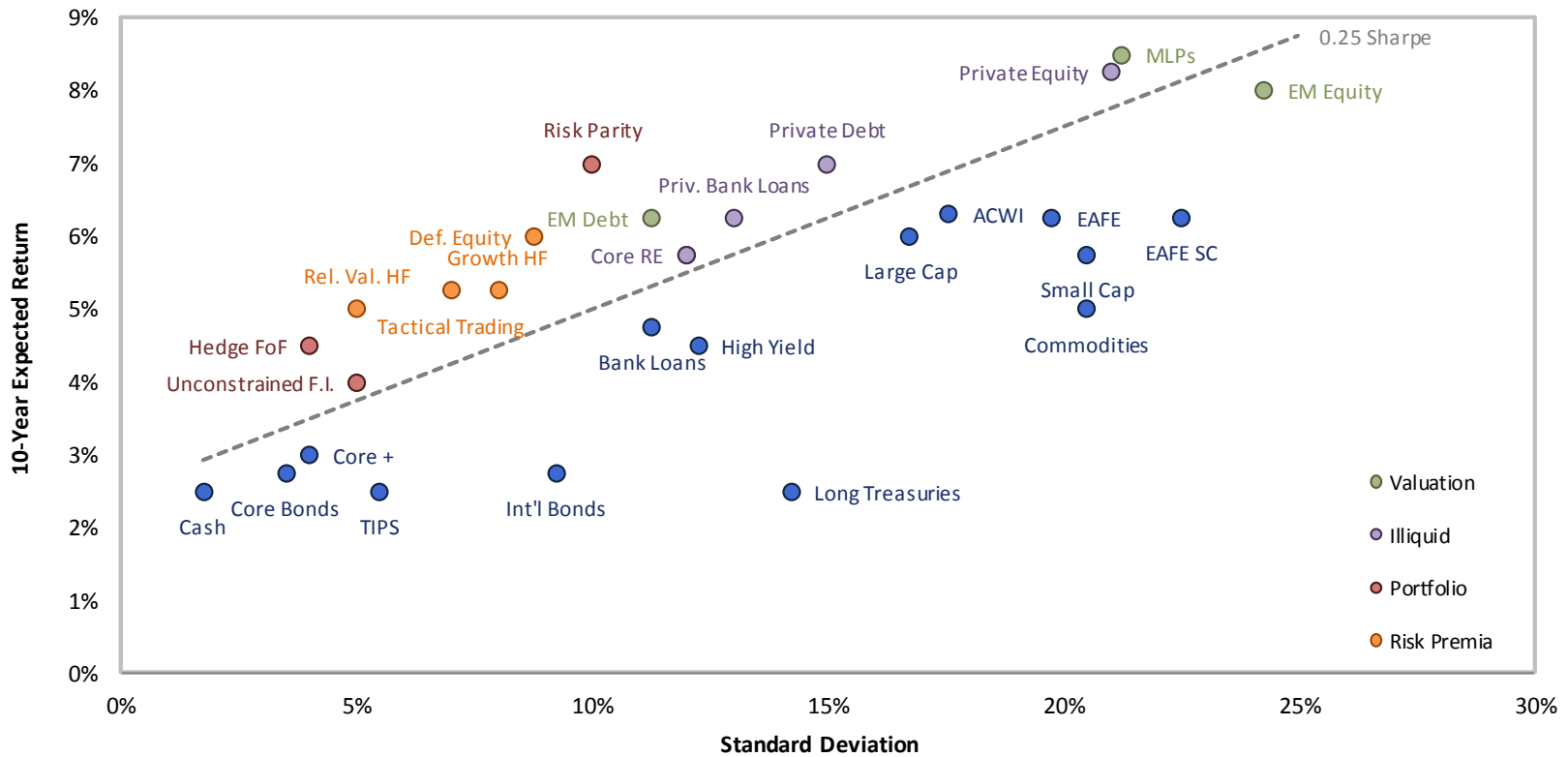
- Favor conservative positioning over aggressive return-seeking given current valuations. Within equity, tilt towards emerging and international developed markets.
- With lower expected asset class returns going forward, emphasize active management in less efficient markets.
- Favor return sources that diversify away from duration without significant credit risk (i.e. relative value hedge funds, unconstrained fixed income).
 - Size these allocations appropriately given significant tracking error vs. core fixed income.
- Maintain equity diversification (tactical trading strategies) and fixed income diversification (commodities, TIPS) for portfolio balance and hedging qualities.

SUMMARY

- Each quarter Summit publishes long-term (10-year) strategic capital market assumptions.
- While these assumptions are long-term by definition (one would not expect them to change frequently), there are times when market fundamentals move dramatically, thereby altering the expected performance for certain asset classes.
- For a complete rationale (for all assumptions) please refer to Summit’s annual “Capital Market Assumption” publication (available at www.ssgstl.com).

Asset Class Returns and Standard Deviations					
Asset Class	June 30, 2017		March 31, 2017		Manager Excess Return
	Expected Return	Standard Deviation	Expected Return	Standard Deviation	
Inflation (CPI)	2.00%	1.75%	2.00%	1.75%	
GROWTH:					
Large Cap	6.00%	16.75%	6.25%	16.75%	0.25%
Small Cap	5.75%	20.50%	6.00%	20.50%	0.75%
International Large Cap	6.25%	19.75%	6.50%	19.75%	0.75%
International Small Cap	6.25%	22.50%	6.50%	22.50%	0.75%
Emerging Markets	8.00%	24.25%	8.25%	24.25%	0.75%
Master Limited Partnerships (MLP)	8.50%	21.25%	8.25%	21.25%	1.00%
Private Equity	8.25%	21.00%	8.50%	21.00%	1.00%
Growth Hedge Funds	5.25%	8.00%	5.25%	8.00%	0.75%
High Yield Bonds	4.50%	12.25%	4.50%	12.25%	0.25%
Emerging Market Debt	6.25%	11.25%	6.50%	11.25%	0.25%
Convertibles	4.25%	13.75%	4.25%	13.75%	0.25%
Private Debt	7.00%	15.00%	7.00%	15.00%	0.75%
Non-Core Real Estate	7.00%	23.00%	7.00%	23.00%	1.00%
Public Real Estate (REITs)	5.25%	25.75%	5.25%	25.75%	0.25%
Risk Parity	7.00%	10.00%	7.00%	10.00%	0.00%
INCOME:					
Governments	2.25%	4.75%	2.50%	4.75%	0.00%
Corporates	3.50%	6.00%	3.75%	6.00%	0.50%
Mortgages (Agency)	2.50%	3.00%	2.75%	3.00%	0.25%
Intermediate Fixed Income	2.75%	3.25%	3.00%	3.25%	0.25%
Core Fixed Income	2.75%	3.50%	3.00%	3.50%	0.25%
Core Plus Fixed Income	3.00%	4.00%	3.50%	4.00%	0.50%
Long Gov/Credit Fixed Income	3.50%	10.50%	3.75%	10.50%	0.25%
International Fixed Income	2.75%	9.25%	3.00%	9.25%	0.25%
Public Bank Loans	4.75%	11.25%	4.75%	11.25%	0.50%
Private Bank Loans	6.25%	13.00%	6.25%	13.00%	0.75%
Relative Value Hedge Funds	5.00%	5.00%	5.00%	5.00%	0.50%
Core Real Estate	5.75%	12.00%	5.75%	12.00%	0.25%
DIVERSIFICATION:					
Cash	2.50%	1.75%	2.50%	1.75%	0.00%
TIPS	2.50%	5.50%	2.50%	5.50%	0.00%
Long Treasuries	2.50%	14.25%	2.75%	14.25%	0.00%
Commodities	5.00%	20.50%	5.00%	20.50%	0.50%
Tactical Trading	5.25%	7.00%	5.25%	7.00%	0.50%
Diversified Hedge Funds	4.50%	4.00%	4.50%	4.00%	0.75%

ASSET CLASS EXPECTED RETURN AND RISK



- Over long periods of time broad asset classes have achieved a Sharpe Ratio of roughly 0.25.
- Based on Summit’s Capital Market Assumptions, asset classes or strategies that appear to offer outsized absolute or risk-adjusted returns can be categorized into four main categories:
 1. Valuation: Current prices compared to fundamentals suggest relatively high prospective returns.
 2. Illiquid: Extended lock-up periods allow investors access to premia unavailable in public markets.
 3. Portfolio: Diversification benefits from combining multiple asset classes or strategies into a single portfolio.
 4. Risk Premia: Strategies employ leverage, have the ability to short, and/or are able to access unique risk premia unavailable in public markets.

FIXED INCOME

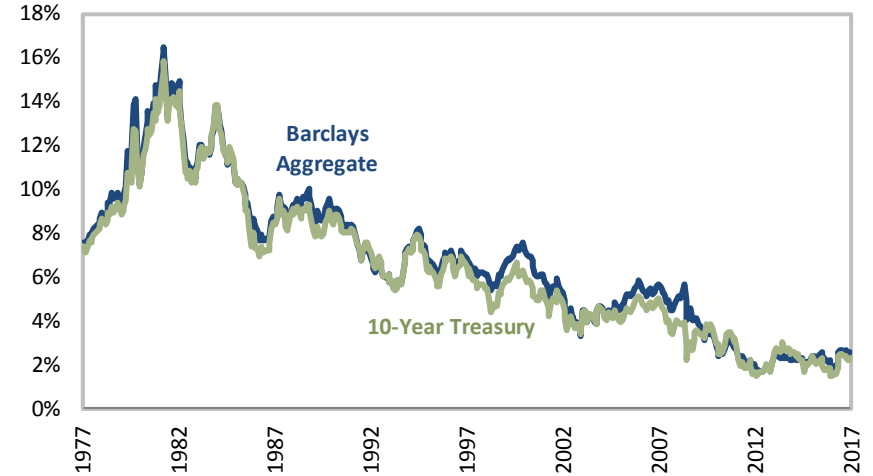
Yield as an Estimate of Future Returns

Bloomberg Barclays US Aggregate



Source: Bloomberg.

Historical Yields

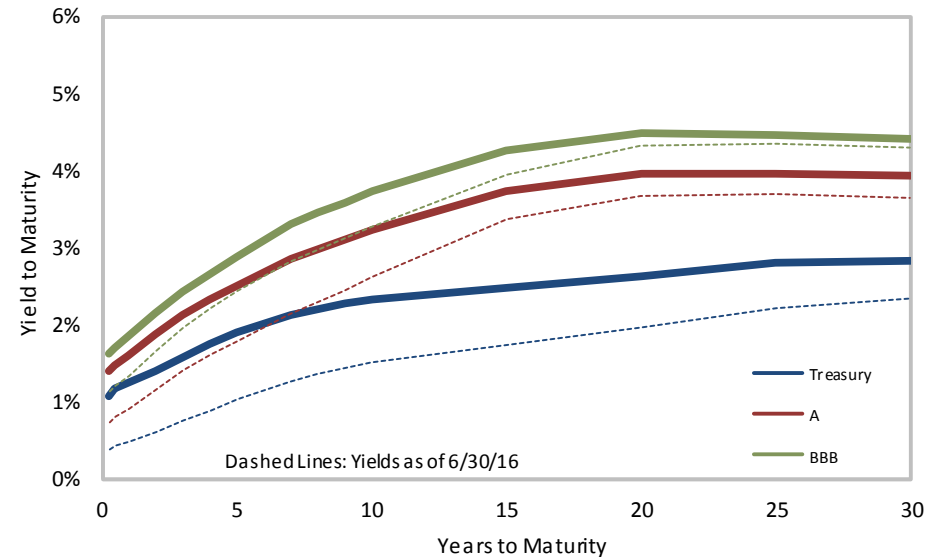


Source: Bloomberg.

Expected Return Option-Adjusted Spread

Asset Class	Expected Return		Option-Adjusted Spread	
	6/30/2017	3/31/2017	6/30/2017	3/31/2017
CPI	2.00%	2.00%	n/a	n/a
High Yield Bonds	4.50%	4.50%	368	383
Emerging Market Debt	6.25%	6.50%	n/a	n/a
Convertibles	4.25%	4.25%	n/a	n/a
Governments	2.25%	2.50%	1	1
Corporates	3.50%	3.75%	109	118
Mortgages (Agency)	2.50%	2.75%	32	27
Intermediate Fixed Income	2.75%	3.00%	32	36
Core Fixed Income	2.75%	3.00%	43	44
Core Plus Fixed Income	3.00%	3.50%	80	82
Long Gov/Credit Fixed Income	3.50%	3.75%	94	101
International Fixed Income	2.75%	3.00%	33	41
Cash	2.50%	2.50%	n/a	n/a
TIPS	2.50%	2.50%	n/a	n/a

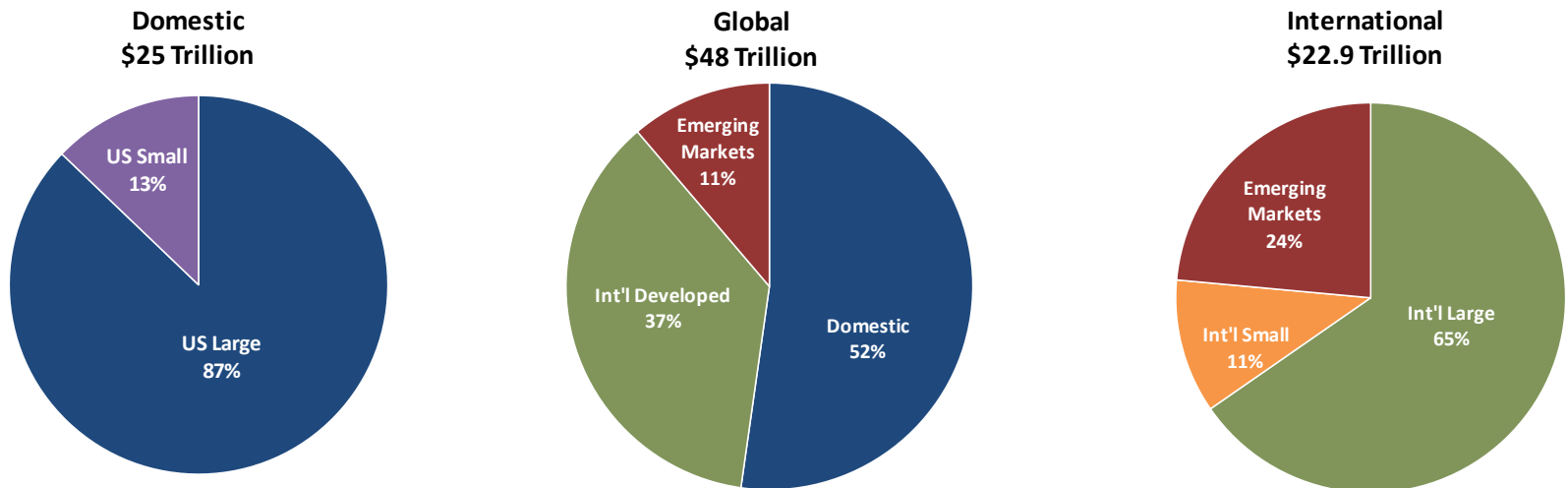
Yield Curves



EQUITY

<i>6/30/2017</i>	US Large Cap	US Small Cap	International Large Cap	International Small Cap	Emerging Markets
Dividend Yield	2.00%	1.50%	3.00%	2.50%	2.75%
Real EPS Growth	2.25%	2.50%	1.25%	1.75%	3.25%
Change in P/E Ratio	-0.25%	-0.25%	0.00%	0.00%	0.00%
Inflation	2.00%	2.00%	2.00%	2.00%	2.00%
Total	6.00%	5.75%	6.25%	6.25%	8.00%

Global Market Capitalization



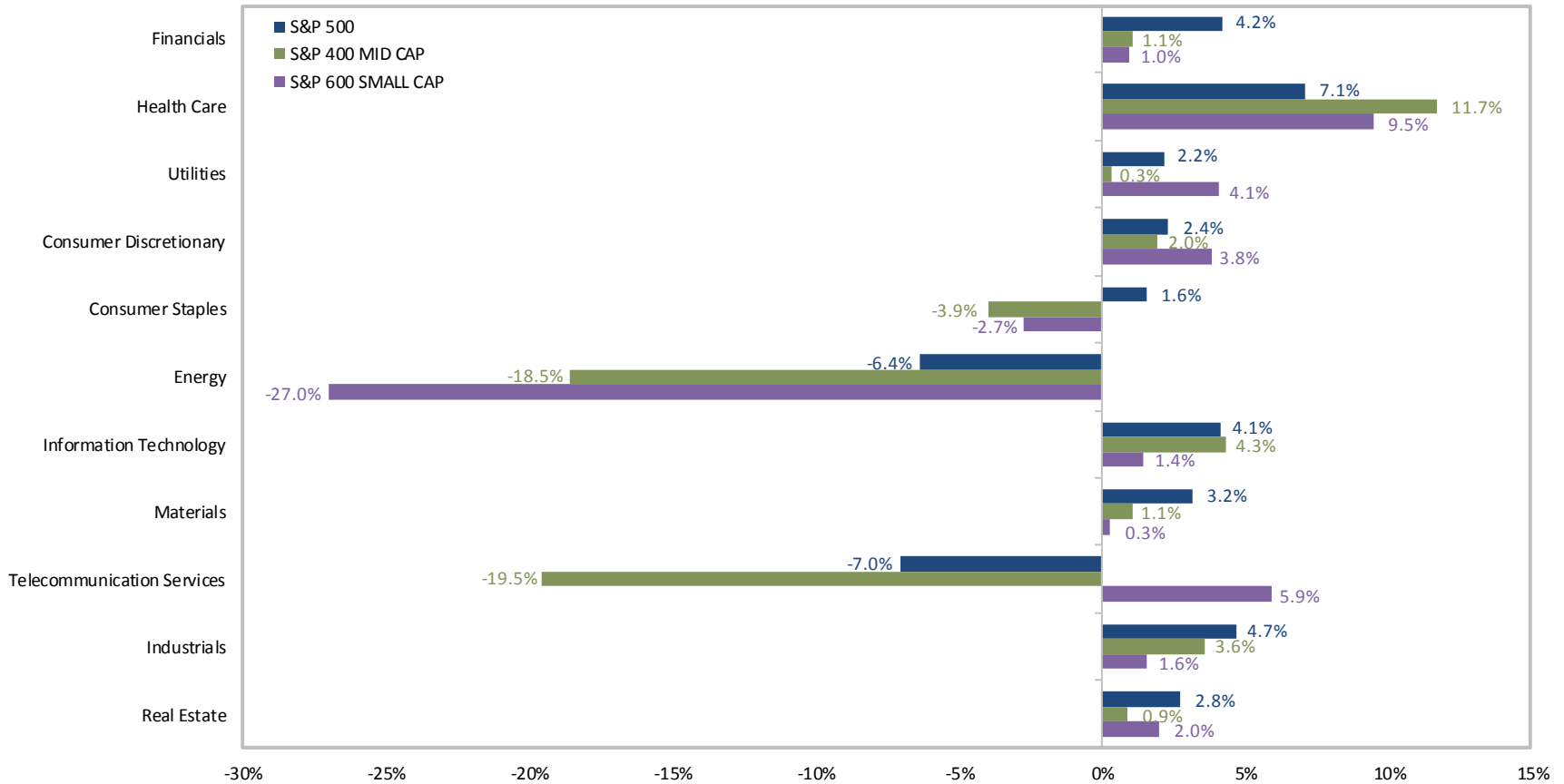
ALTERNATIVES

GROWTH						
Private Equity				<i>Small Cap</i> 5.75%	+	<i>Return Premium</i> 2.50% = 8.25%
Growth Hedge Funds	<i>Expected Sharpe Ratio</i> 0.35			<i>Cash</i> 2.50%	+	<i>Vol-Adj Excess Returns</i> 2.75% = 5.25%
Private Debt				<i>High Yield</i> 4.50%	+	<i>Return Premium</i> 2.50% = 7.00%
Master Limited Partnerships		<i>Distribution Yield</i> 7.25%	+	<i>Distribution Growth</i> 1.25%	+	<i>Valuation</i> 0.00% = 8.50%
Non-Core Real Estate	<i>Current Cap Rate</i> 5.00%		+	<i>Growth</i> 0.75%	+	<i>Illiquidity Premium</i> 1.25%
Public Real Estate (REITs)		<i>Current Yield</i> 4.00%	+	<i>Growth</i> 1.25%	+	<i>Valuation</i> 0.00% = 5.25%
Risk Parity	<i>Expected Sharpe Ratio</i> 0.45			<i>Cash</i> 2.50%	+	<i>Risk-Adj Beta Exposure</i> 4.50% = 7.00%
INCOME						
Private Bank Loans				<i>Public Bank Loans</i> 4.75%	+	<i>Return Premium</i> 1.50% = 6.25%
Relative Value Hedge Funds	<i>Expected Sharpe Ratio</i> 0.50			<i>Cash</i> 2.50%	+	<i>Vol-Adj Excess Returns</i> 2.50% = 5.00%
Core Real Estate	<i>Current Cap Rate</i> 5.00%		+	<i>Growth</i> 0.75%	+	<i>Valuation</i> 0.00%
					+	<i>Leverage Adjustment</i> 0.00% = 5.75%
DIVERSIFICATION						
Commodities				<i>Cash</i> 2.50%	+	<i>Return Premium</i> 2.50% = 5.00%
Tactical Trading	<i>Expected Sharpe Ratio</i> 0.40			<i>Cash</i> 2.50%	+	<i>Vol-Adj Excess Returns</i> 2.75% = 5.25%
Diversified Hedge Funds	<i>Expected Sharpe Ratio</i> 0.50			<i>Cash</i> 2.50%	+	<i>Vol-Adj Excess Returns</i> 2.00% = 4.50%

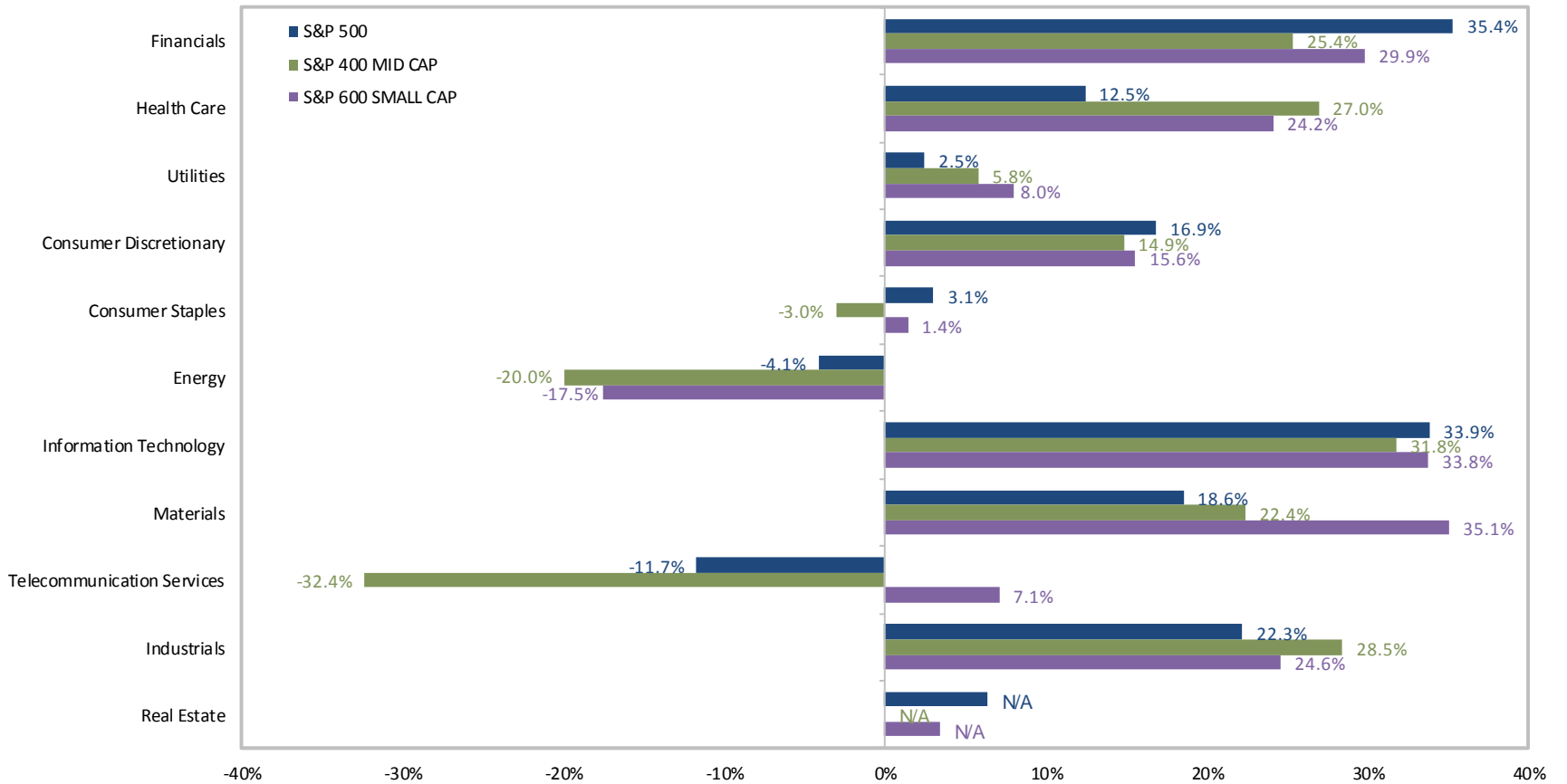
CALENDAR YEAR PERFORMANCE COMPARISON

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	YTD 2017	Q2 2017	10 Yr ROR	20 Yr ROR
Best Performing	EM 74.8%	EAFE 8.1%	Large Value 38.4%	Large Growth 23.1%	Large Value 35.2%	Large Growth 38.7%	EM 66.4%	Small Value 22.8%	Small Value 14.0%	Core Bonds 10.3%	EM 55.8%	EM 25.6%	EM 34.1%	EM 32.2%	EM 39.4%	Int. Treas. 11.4%	EM 78.5%	Small Growth 29.1%	Core Bonds 7.8%	EM 18.2%	Small Growth 43.3%	S&P 500 13.7%	Large Growth 5.7%	Small Value 31.7%	EM 18.4%	EM 6.3%	Large Growth 8.9%	Small Value 9.0%
	EAFE 32.9%	Large Growth 2.7%	S&P 500 37.6%	S&P 500 23.0%	S&P 500 33.4%	S&P 500 28.6%	Small Growth 43.1%	Core Bonds 11.6%	Core Bonds 8.4%	Int. Treas. 9.6%	Small Growth 48.5%	Small Value 22.3%	EAFE 14.0%	EAFE 26.9%	Large Growth 11.8%	Core Bonds 5.2%	HY Bonds 58.2%	Small Cap 26.9%	Int. Treas. 6.6%	Small Value 18.1%	Small Cap 38.8%	Large Value 13.5%	S&P 500 1.4%	Small Cap 21.3%	Large Growth 14.0%	EAFE 6.1%	Small Growth 7.8%	Small Cap 8.0%
	Small Value 23.8%	S&P 500 1.3%	Large Growth 37.2%	Large Value 21.6%	Small Value 31.8%	EAFE 20.3%	Large Growth 33.2%	Int. Treas. 10.3%	Int. Treas. 8.2%	HY Bonds -1.4%	Small Cap 47.3%	EAFE 20.7%	Large Value 7.1%	Small Value 23.5%	EAFE 11.6%	HY Bonds -26.2%	Large Growth 37.2%	Small Value 24.5%	HY Bonds 5.0%	Large Value 17.5%	Small Value 34.5%	Large Growth 13.1%	Int. Treas. 1.2%	Large Value 17.3%	EAFE 13.8%	Large Growth 4.7%	HY Bonds 7.7%	Large Value 7.7%
	Small Cap 18.9%	HY Bonds -1.0%	Small Growth 31.0%	Small Value 21.4%	Large Growth 30.5%	Large Value 15.6%	EAFE 27.3%	Large Value 7.0%	HY Bonds 5.3%	EM -6.0%	Small Value 46.0%	Small Cap 18.3%	Large Growth 5.3%	Large Value 22.2%	Int. Treas. 8.8%	Small Value -28.9%	Small Growth 34.5%	EM 18.9%	Large Growth 2.6%	EAFE 17.3%	Large Growth 33.5%	Core Bonds 6.0%	Core Bonds 0.6%	HY Bonds 17.1%	Small Growth 10.0%	Small Growth 4.4%	S&P 500 7.2%	S&P 500 7.2%
	Large Value 18.1%	Small Value -1.5%	Small Cap 28.4%	Small Cap 16.5%	Small Cap 22.4%	Core Bonds 8.7%	Small Cap 21.3%	Small Cap -3.0%	Small Cap 2.5%	Small Value -11.4%	EAFE 39.2%	Large Value 16.5%	S&P 500 4.9%	Small Cap 18.4%	Small Growth 7.1%	Small Cap -33.8%	EAFE 31.9%	Large Growth 16.7%	S&P 500 2.1%	Small Cap 16.3%	Large Value 32.5%	Small Growth 5.6%	EAFE -0.8%	S&P 500 12.0%	S&P 500 9.3%	S&P 500 3.1%	Small Cap 6.9%	HY Bonds 7.0%
	HY Bonds 17.1%	Small Cap -1.8%	Small Value 25.8%	HY Bonds 11.4%	Small Growth 12.9%	Int. Treas. 8.6%	S&P 500 21.0%	HY Bonds -5.9%	EM -2.4%	Large Value -15.5%	Large Value 30.0%	Small Growth 14.3%	Small Value 4.7%	S&P 500 15.8%	Core Bonds 7.0%	Large Value -36.9%	Small Cap 27.2%	Large Value 15.5%	Large Value 0.4%	S&P 500 16.0%	S&P 500 32.4%	Small Cap 4.9%	Small Growth -1.4%	Small Growth 11.3%	Small Cap 5.0%	Small Cap 2.5%	Small Value 5.9%	Large Growth 6.6%
	Small Growth 13.4%	Int. Treas. -1.8%	HY Bonds 19.2%	Small Growth 11.3%	HY Bonds 12.7%	HY Bonds 1.9%	Large Value 7.4%	S&P 500 -9.1%	Large Value -5.6%	EAFE -15.7%	Large Growth 29.8%	HY Bonds 11.1%	Small Cap 4.6%	Small Growth 13.4%	S&P 500 5.5%	S&P 500 -37.0%	S&P 500 26.5%	HY Bonds 15.1%	Small Growth -2.9%	HY Bonds 15.8%	EAFE 22.8%	Small Value 4.2%	Large Value -3.8%	EM 11.2%	HY Bonds 4.9%	HY Bonds 2.2%	Large Value 5.6%	Small Growth 6.5%
	S&P 500 10.1%	Large Value -2.0%	Core Bonds 18.5%	EAFE 6.4%	Core Bonds 9.7%	Small Growth 1.2%	HY Bonds 2.4%	EAFE -14.0%	Small Growth -9.2%	Small Cap -20.5%	HY Bonds 29.0%	S&P 500 10.9%	Small Growth 4.1%	HY Bonds 11.9%	HY Bonds 1.9%	Large Growth -38.4%	Small Value 20.6%	S&P 500 15.1%	Small Cap -4.2%	Large Growth 15.3%	HY Bonds 7.4%	Int. Treas. 2.6%	Small Cap -4.4%	Large Growth 7.1%	Large Value 4.7%	Core Bonds 1.4%	Core Bonds 4.5%	EM 5.5%
	Core Bonds 9.8%	Small Growth -2.4%	Int. Treas. 14.4%	EM 6.0%	Int. Treas. 7.7%	Small Cap -2.5%	Int. Treas. 0.4%	Large Growth -22.4%	S&P 500 -11.9%	S&P 500 -22.1%	S&P 500 28.7%	Large Growth 6.3%	HY Bonds 2.7%	Large Growth 9.1%	Large Value -0.2%	Small Growth -38.5%	Large Value 19.7%	EAFE 7.8%	Small Value -5.5%	Small Growth 14.6%	Int. Treas. -1.3%	HY Bonds 2.5%	HY Bonds -4.5%	Core Bonds 2.7%	Core Bonds 2.3%	Large Value 1.3%	Int. Treas. 3.5%	Core Bonds 5.2%
	Int. Treas. 8.2%	Core Bonds -2.9%	EAFE 11.6%	Int. Treas. 4.0%	EAFE 2.1%	Small Value -6.5%	Core Bonds -0.8%	Small Growth -22.4%	Large Growth -20.4%	Large Growth -27.9%	Core Bonds 4.1%	Core Bonds 4.3%	Core Bonds 2.4%	Core Bonds 4.3%	Small Cap -1.6%	EAFE -43.4%	Core Bonds 5.9%	Core Bonds 6.5%	EAFE -12.1%	Core Bonds 4.2%	Core Bonds -2.0%	EM -2.2%	Small Value -7.5%	Int. Treas. 1.1%	Int. Treas. 1.2%	Small Value 0.7%	EM 1.9%	Int. Treas. 4.3%
Large Growth 2.9%	EM -7.3%	EM -5.2%	Core Bonds 3.6%	EM -11.6%	EM -25.3%	Small Value -1.5%	EM -30.6%	EAFE -21.2%	Small Growth -30.3%	Int. Treas. 2.1%	Int. Treas. 2.0%	Int. Treas. 1.6%	Int. Treas. 3.5%	Small Value -9.8%	EM -53.3%	Int. Treas. -1.4%	Int. Treas. 5.3%	EM -18.4%	Int. Treas. 1.7%	EM -2.6%	EAFE -4.9%	EM -14.9%	EAFE 1.0%	Small Value 0.5%	Int. Treas. 0.7%	EAFE 1.0%	EAFE 4.3%	

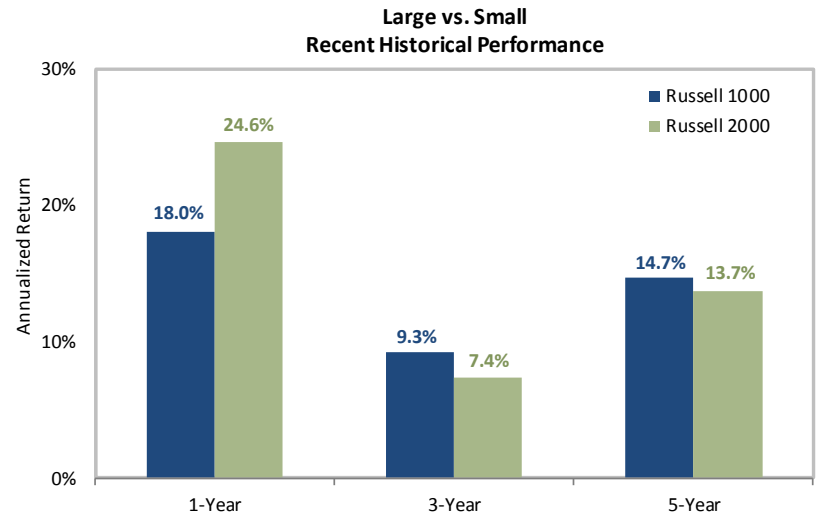
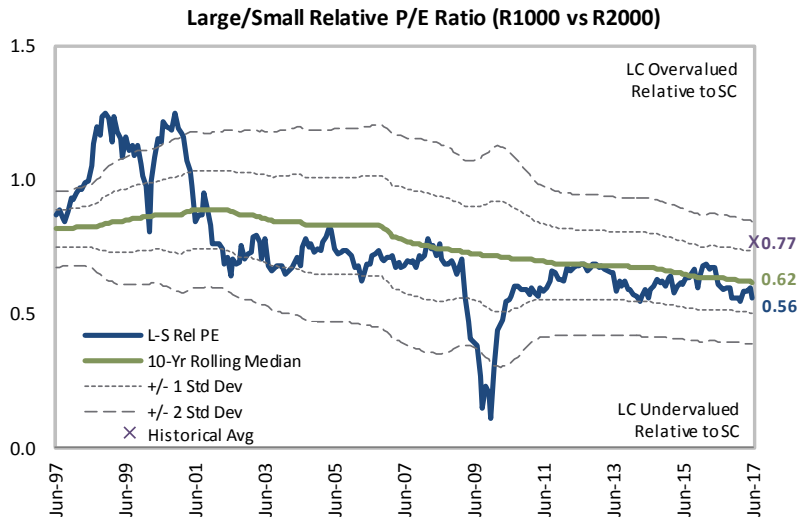
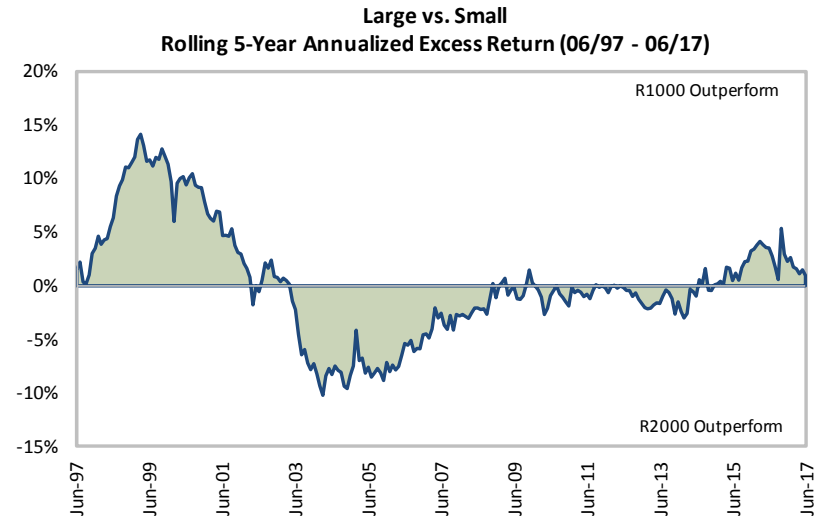
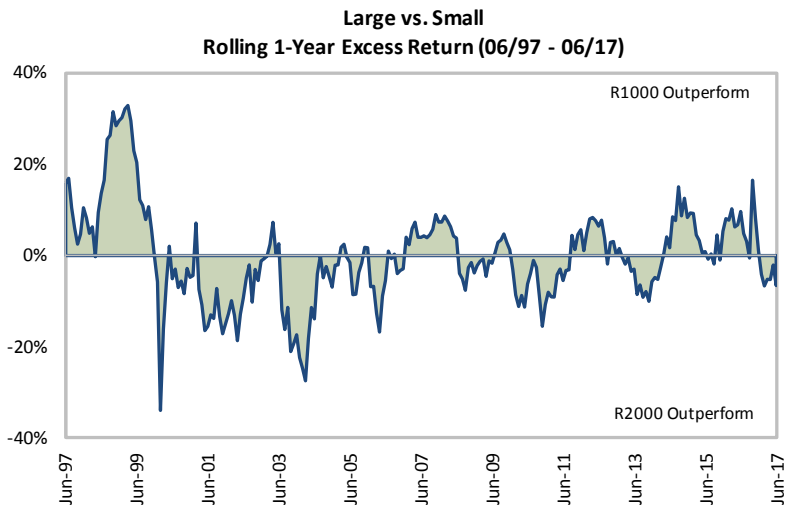
EQUITY STYLE SECTOR PERFORMANCE COMPARISON: CURRENT QUARTER
SMALL, MID, AND LARGE CAP



**EQUITY STYLE SECTOR PERFORMANCE COMPARISON: 1-YEAR
SMALL, MID, AND LARGE CAP**



HISTORICAL RELATIVE PERFORMANCE: US LARGE CAP CORE TO SMALL CAP CORE

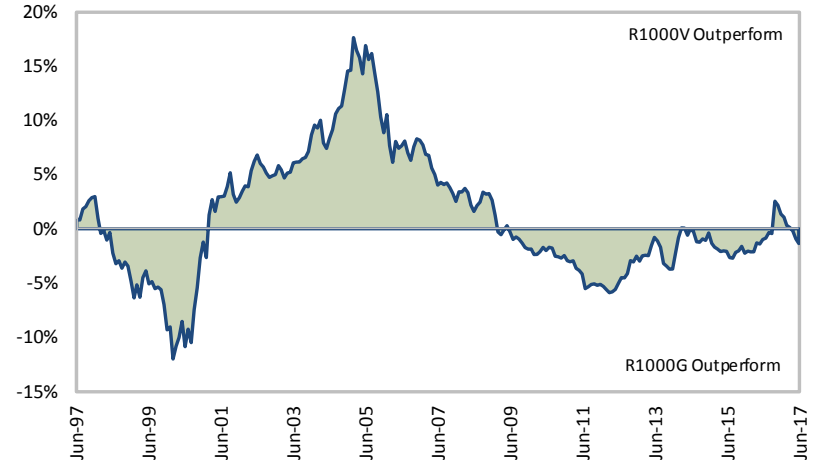


HISTORICAL RELATIVE PERFORMANCE: LARGE CAP VALUE TO LARGE CAP GROWTH

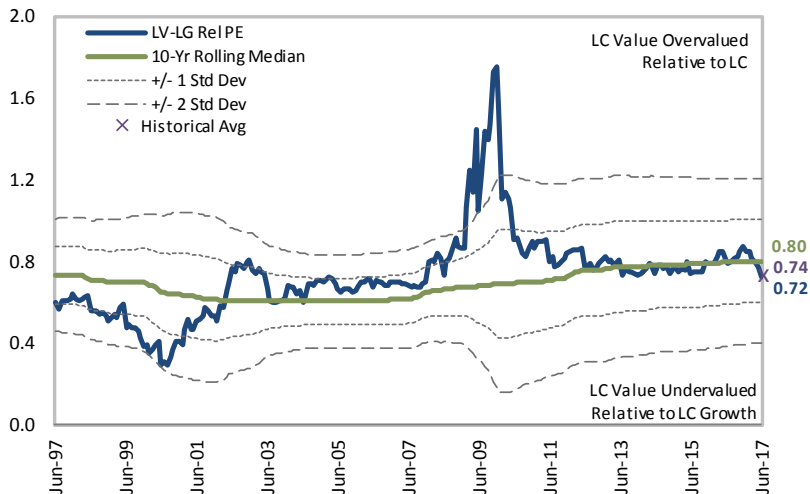
Large Value vs. Large Growth
Rolling 1-Year Excess Return (06/97 - 06/17)



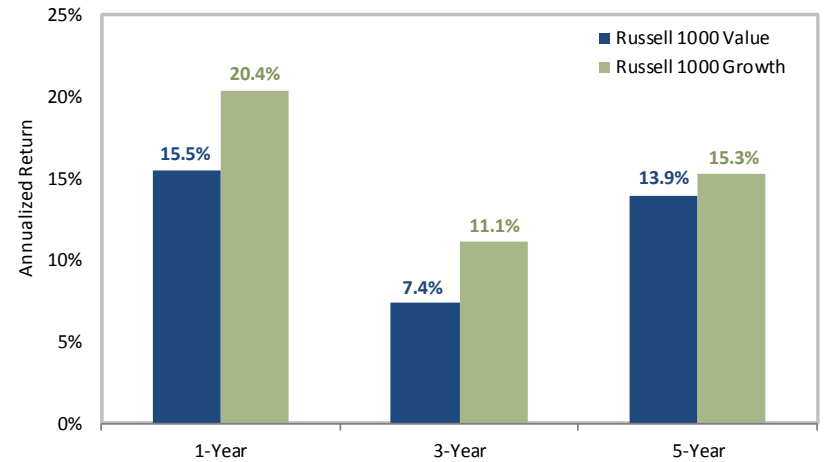
Large Value vs. Large Growth
Rolling 5-Year Annualized Excess Return (06/97 - 06/17)



Large Value/Growth Relative P/E Ratio (R1000V vs R1000G)



Large Value vs. Large Growth
Recent Historical Performance



HISTORICAL RELATIVE PERFORMANCE: SMALL CAP VALUE TO SMALL CAP GROWTH

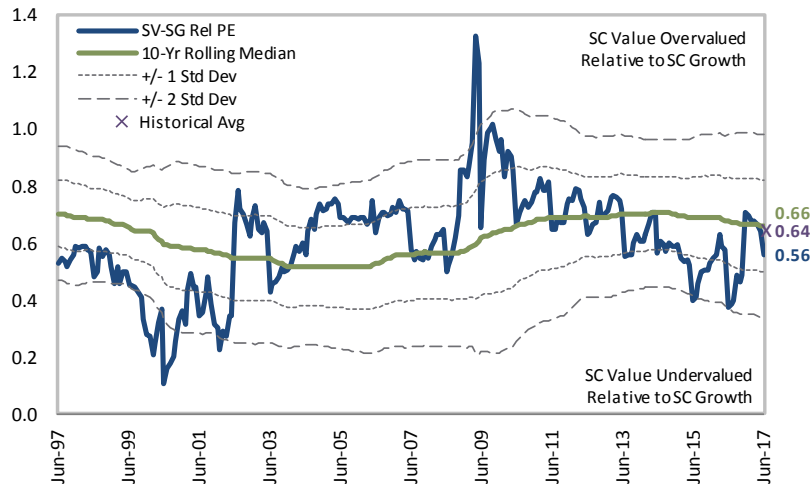
Small Value vs. Small Growth
Rolling 1-Year Excess Return (06/97 - 06/17)



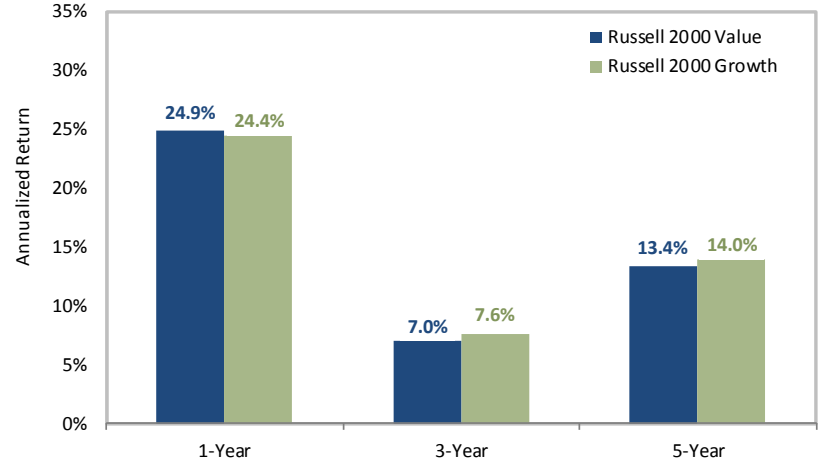
Small Value vs. Small Growth
Rolling 5-Year Annualized Excess Return (06/97 - 06/17)



Small Value/Growth Relative P/E Ratio (R2000V vs R2000G)

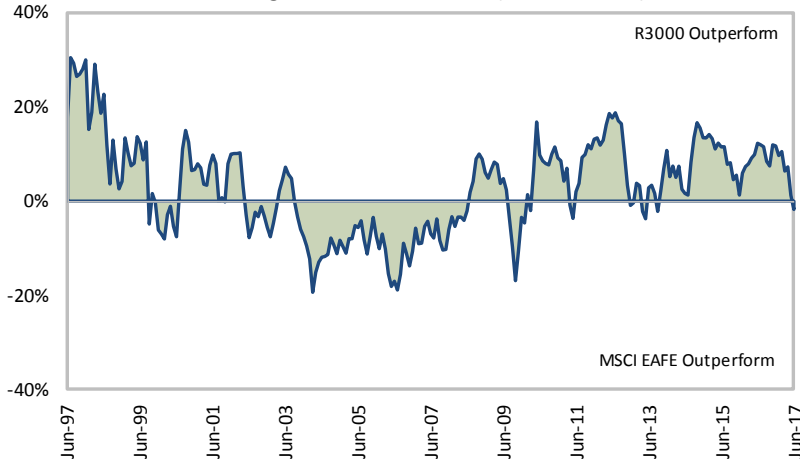


Small Cap Value vs. Small Cap Growth
Recent Historical Performance

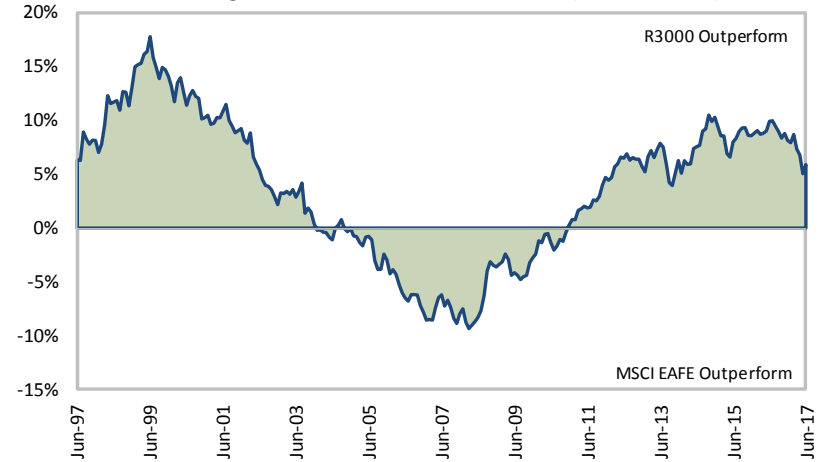


HISTORICAL RELATIVE PERFORMANCE: DOMESTIC EQUITY TO DEVELOPED INTERNATIONAL EQUITY

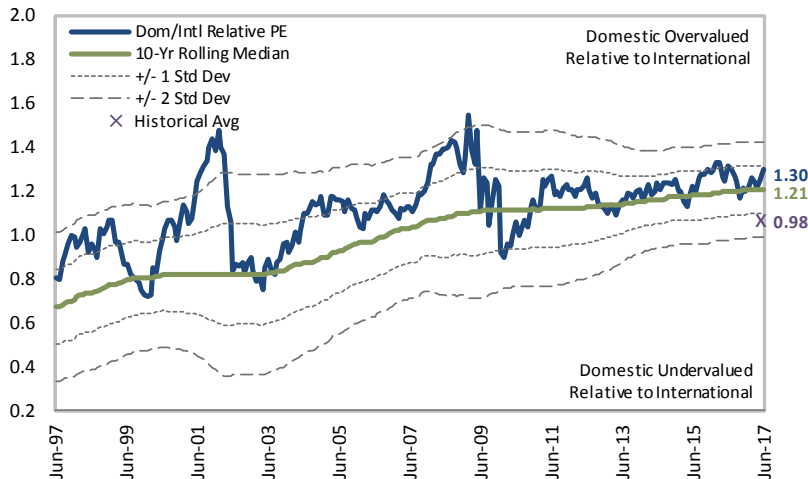
Domestic Equity vs. Developed International Equity
Rolling 1-Year Excess Return (06/97 - 06/17)



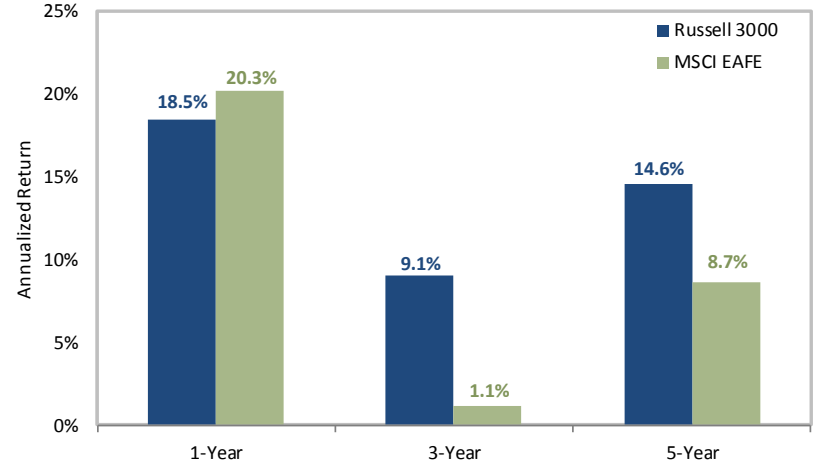
Domestic Equity vs. Developed International Equity
Rolling 5-Year Annualized Excess Return (06/97 - 06/17)



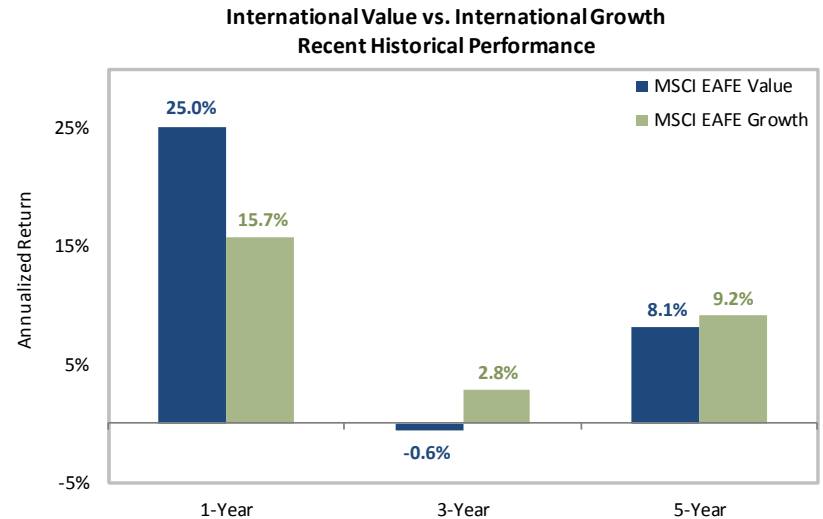
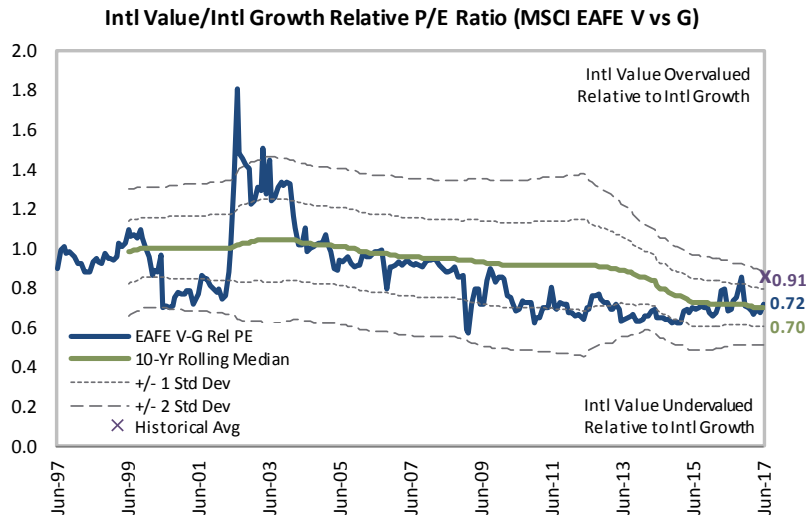
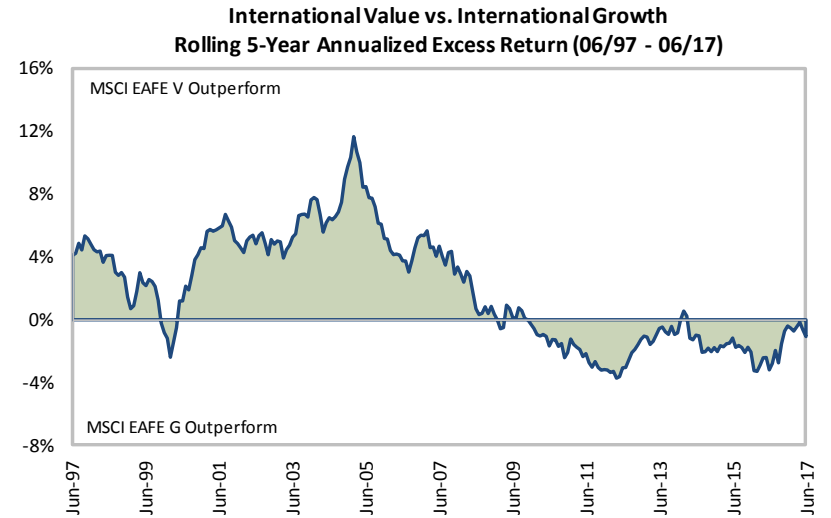
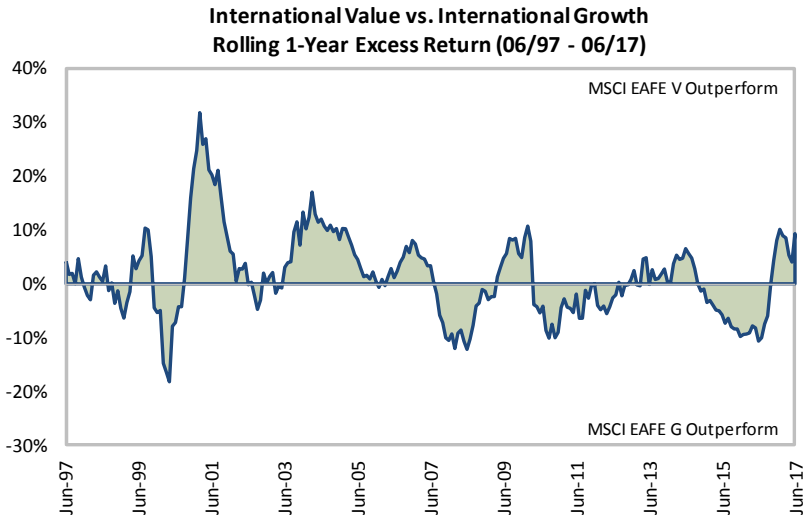
Domestic/International Relative P/E Ratio (R3000 vs MSCI EAFE)



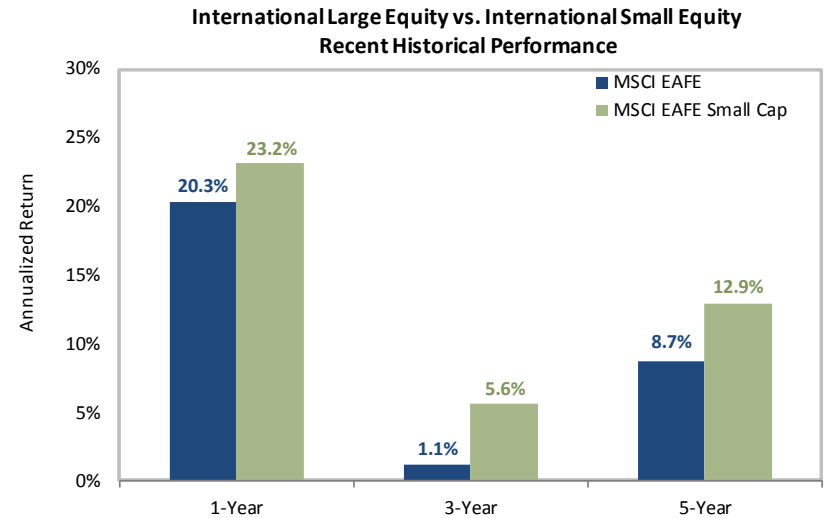
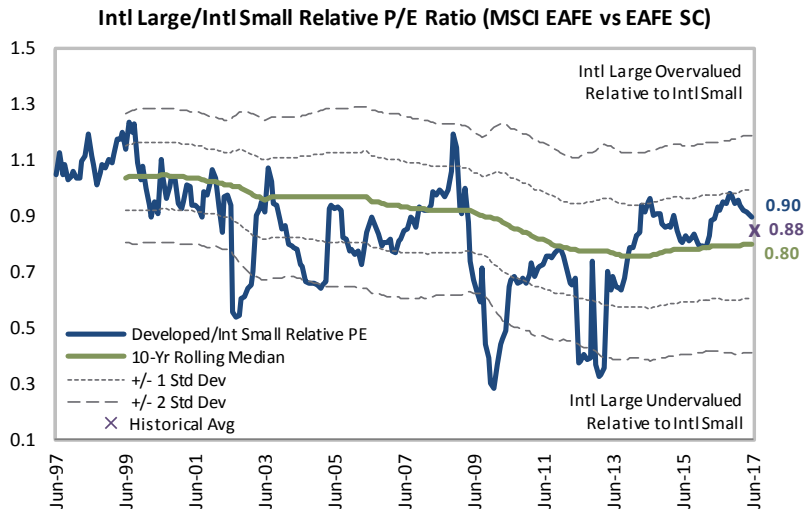
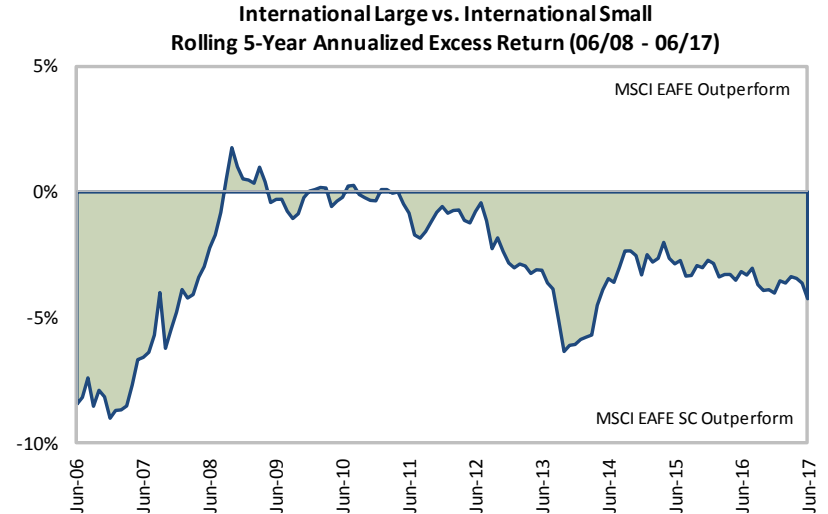
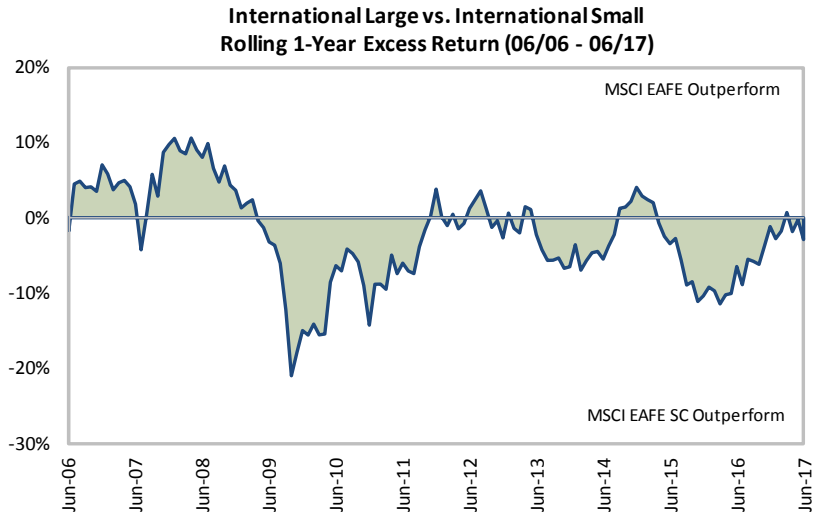
Domestic Equity vs. Developed International Equity
Recent Historical Performance



HISTORICAL RELATIVE PERFORMANCE: INTERNATIONAL VALUE TO INTERNATIONAL GROWTH

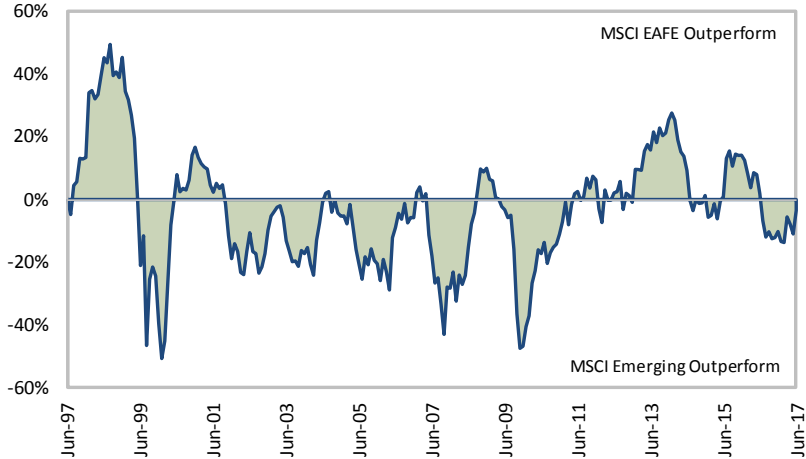


HISTORICAL RELATIVE PERFORMANCE: INTERNATIONAL LARGE CAP TO INTERNATIONAL SMALL CAP

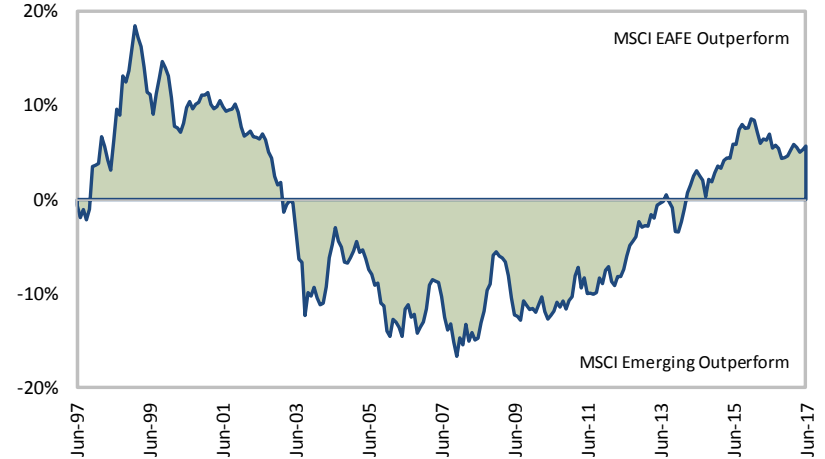


HISTORICAL RELATIVE PERFORMANCE: DEVELOPED INTERNATIONAL TO EMERGING MARKETS

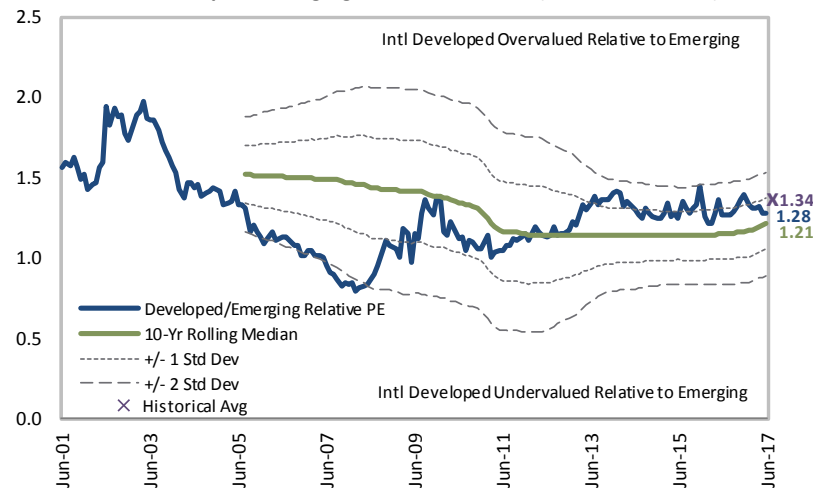
Developed Intl Equity vs. Emerging Markets Equity
Rolling 1-Year Excess Return (06/97 - 06/17)



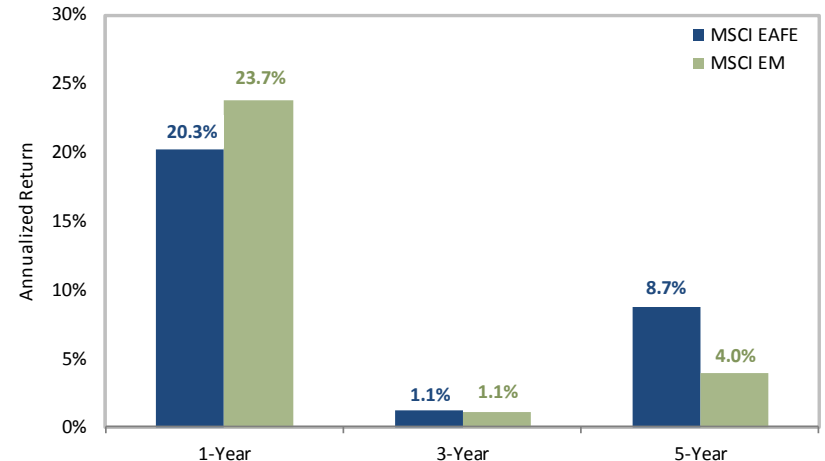
Developed Intl Equity vs. Emerging Markets Equity
Rolling 5-Year Annualized Excess Return (06/97 - 06/17)



Intl Developed/Emerging Relative P/E Ratio (MSCI EAFE vs EM)

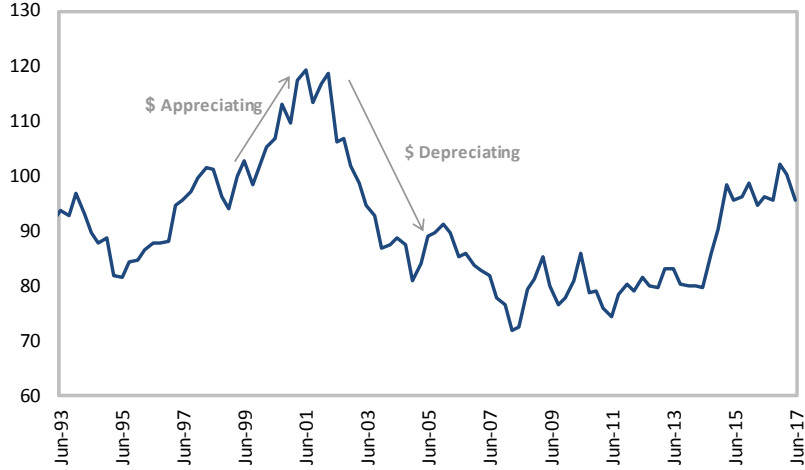


Developed International Equity vs. Emerging Equity
Recent Historical Performance

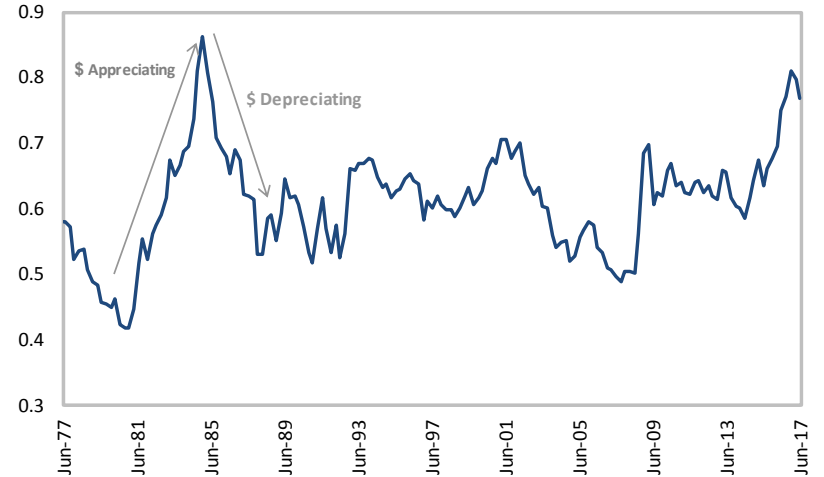


CURRENCY OVERVIEW

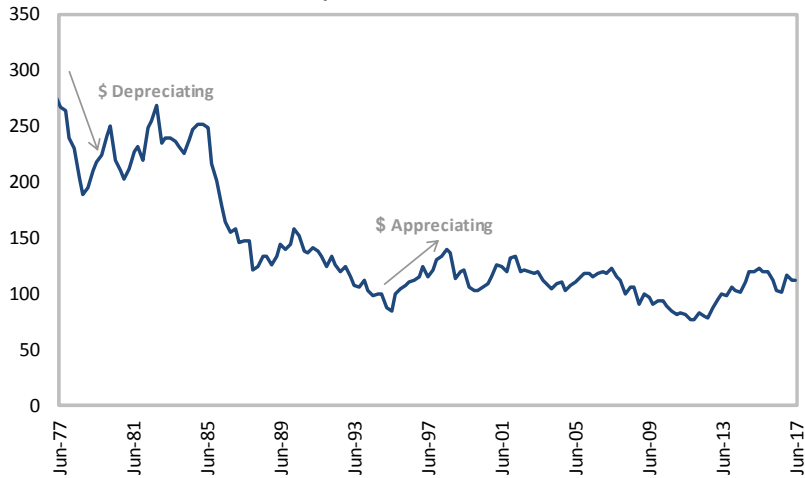
US Dollar Index: Weighted Avg of 6 Currencies vs US Dollar



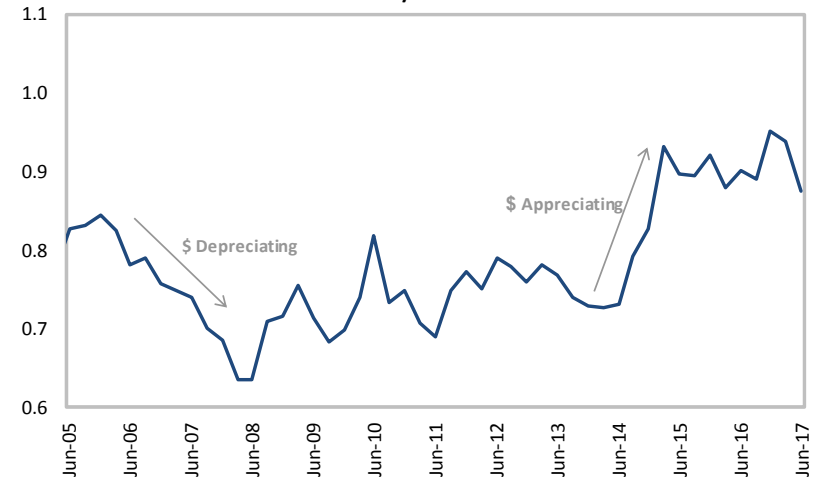
British Pound/US Dollar



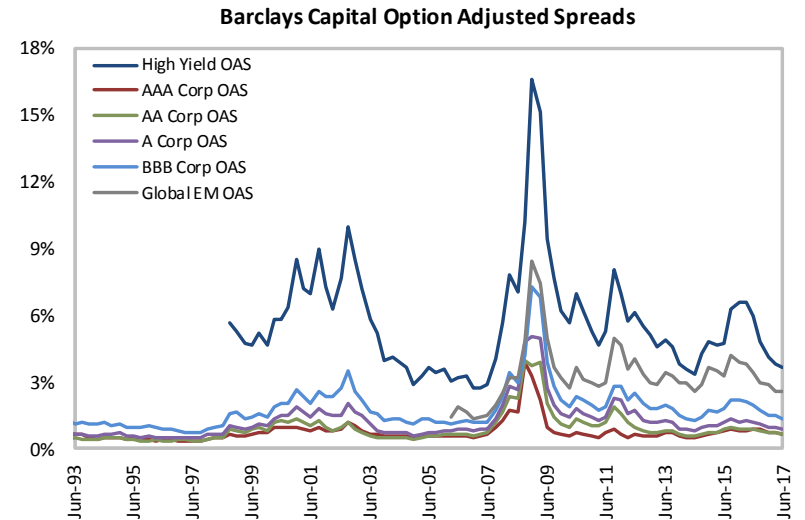
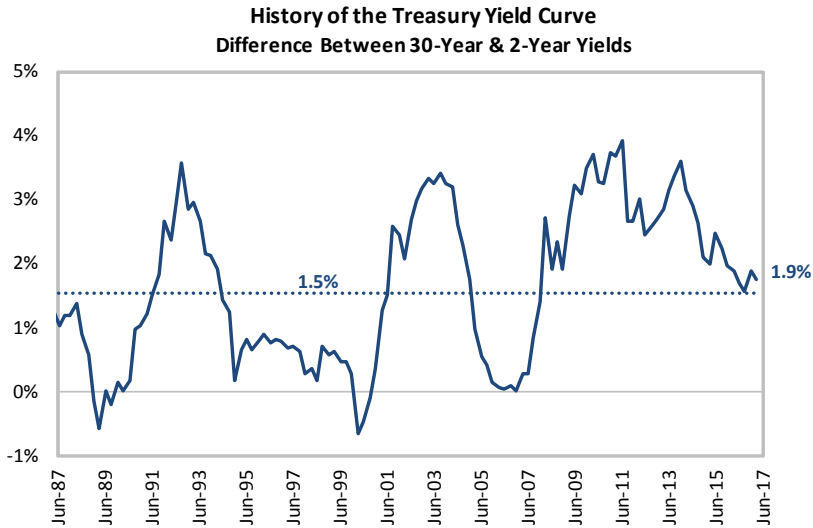
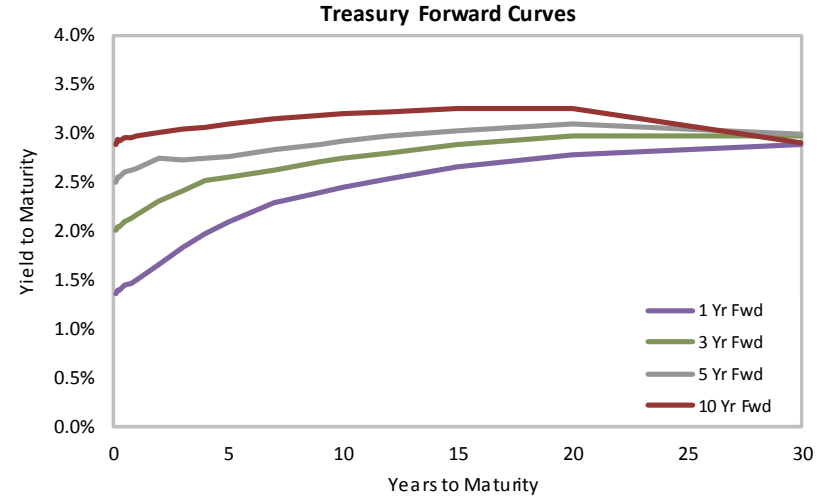
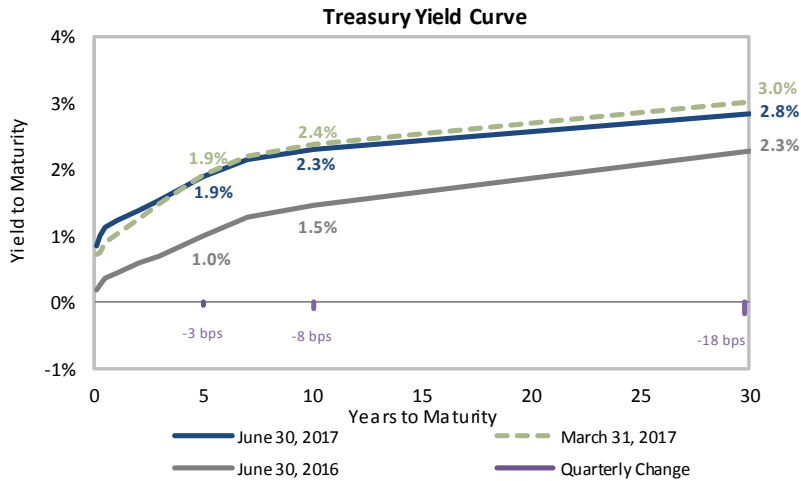
Japanese Yen/US Dollar



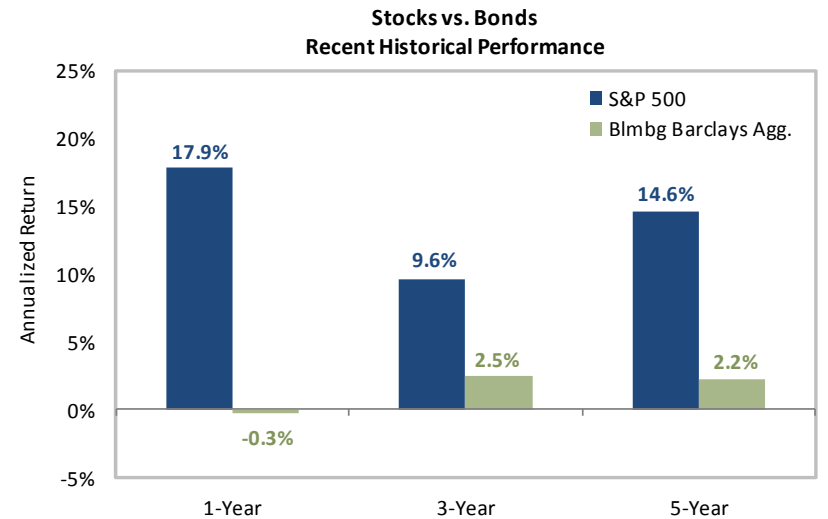
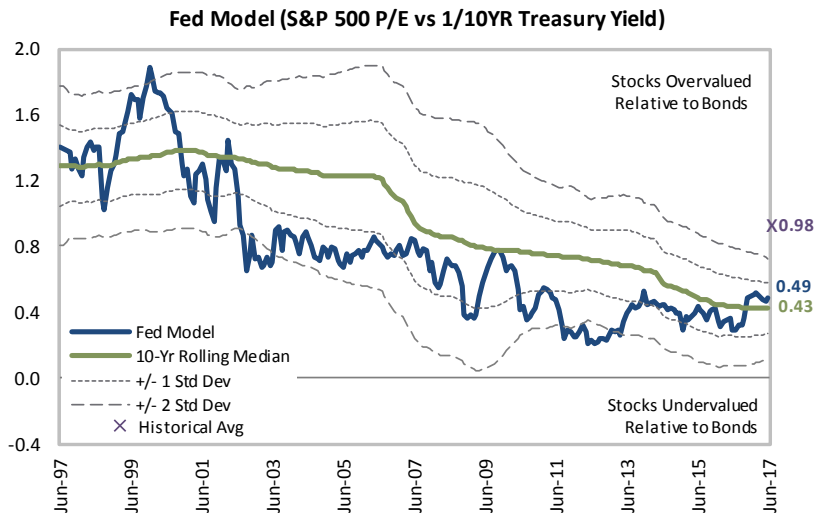
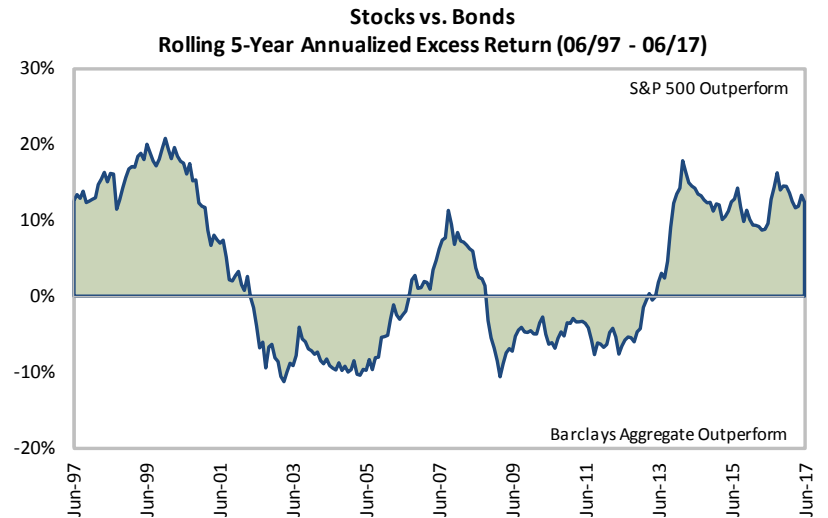
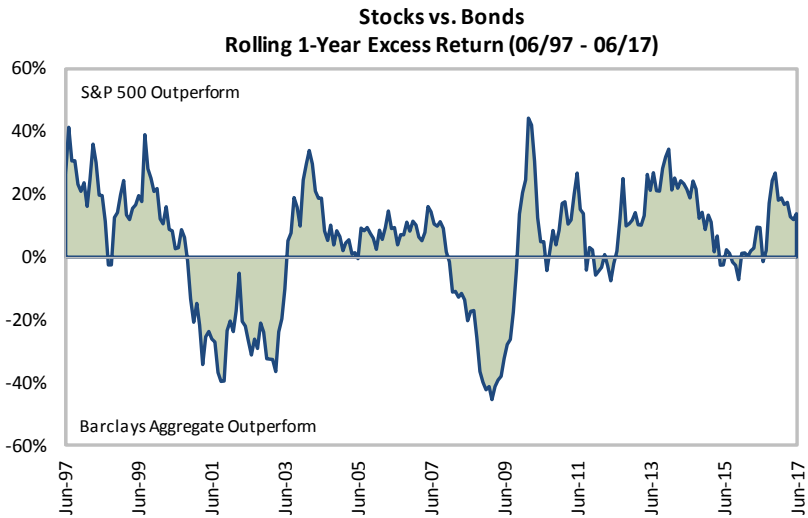
Euro/US Dollar



YIELD CURVE AND SPREAD ANALYSIS

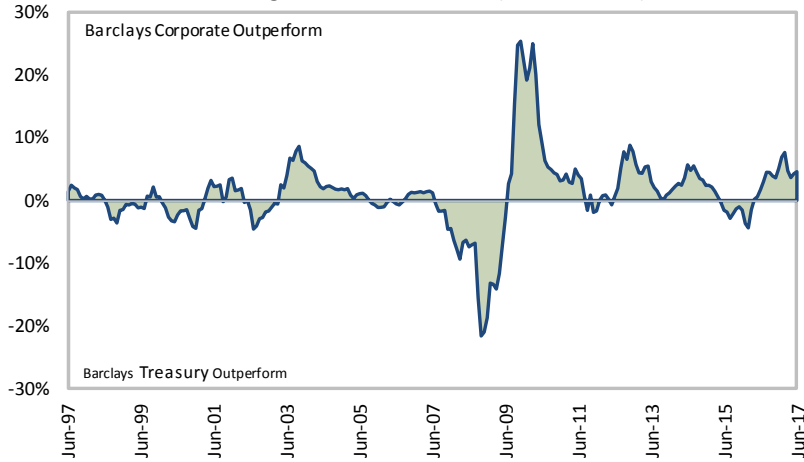


HISTORICAL RELATIVE PERFORMANCE: STOCKS VS. BONDS

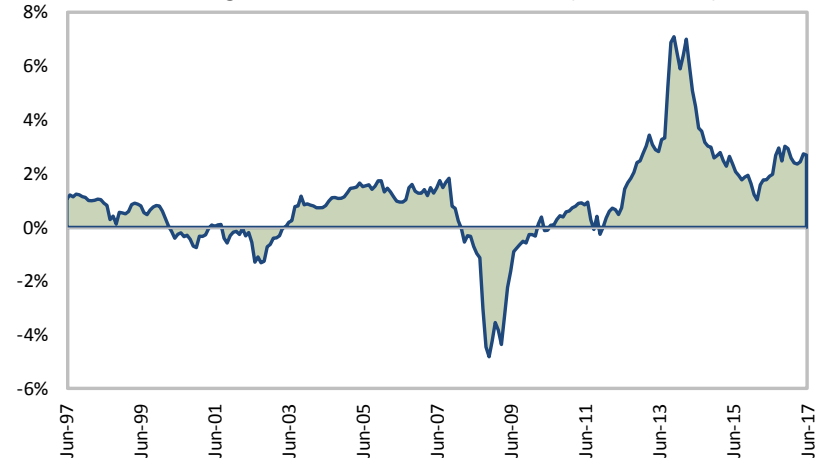


HISTORICAL RELATIVE PERFORMANCE: CORPORATE BONDS VS. TREASURIES

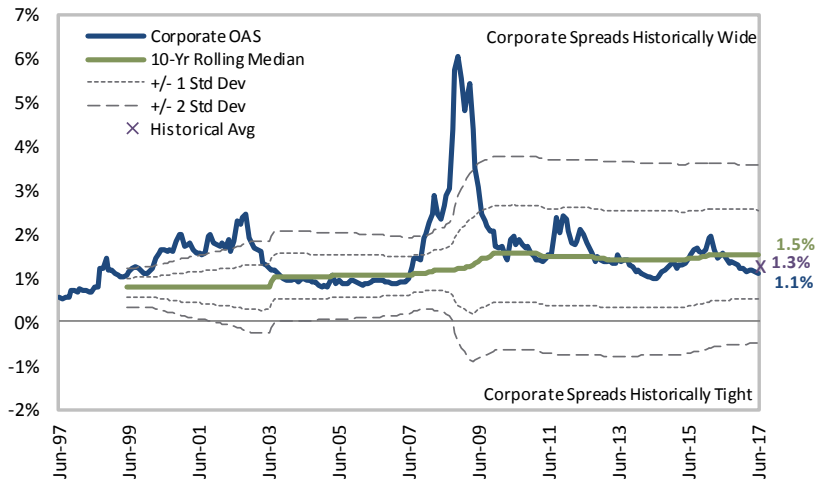
Corporates vs. Treasuries
Rolling 1-Year Excess Return (06/97 - 06/17)



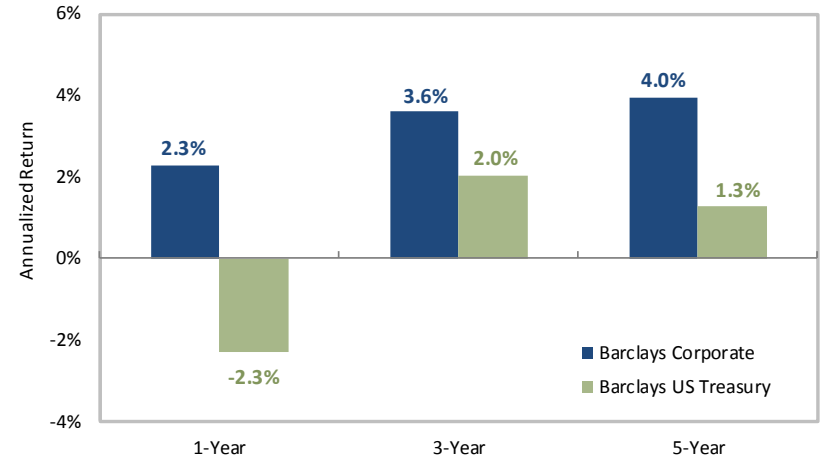
Corporates vs. Treasuries
Rolling 5-Year Annualized Excess Return (06/97 - 06/17)



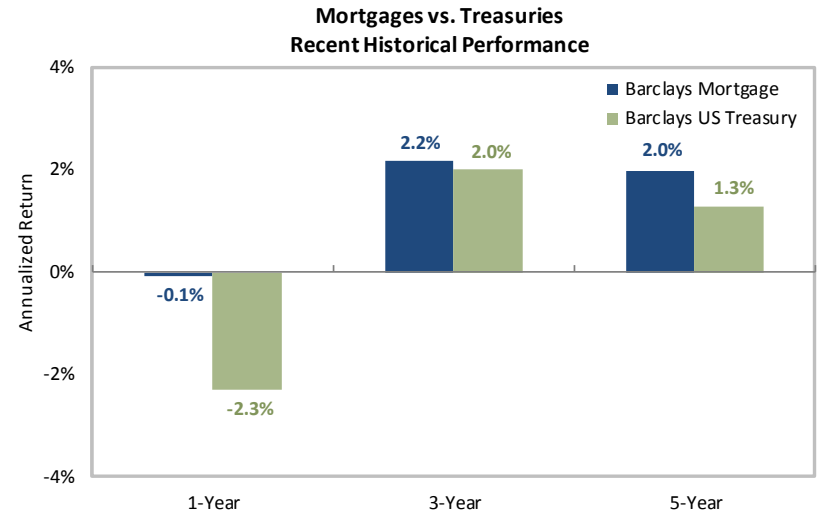
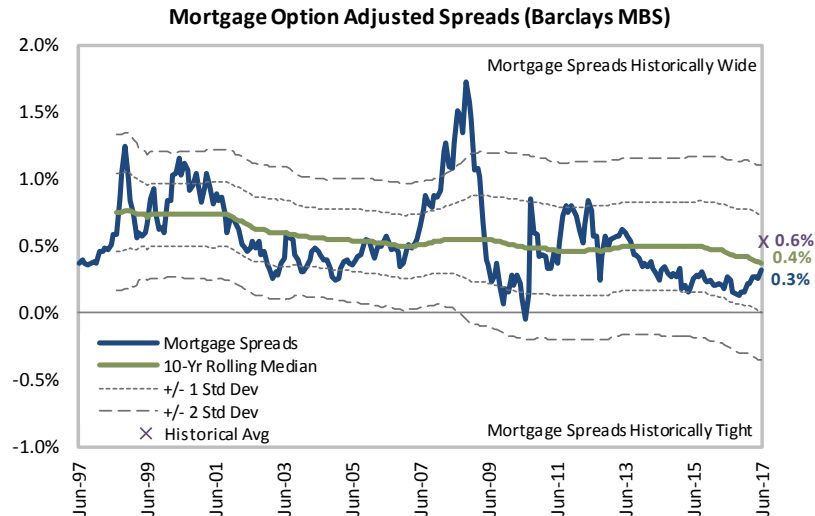
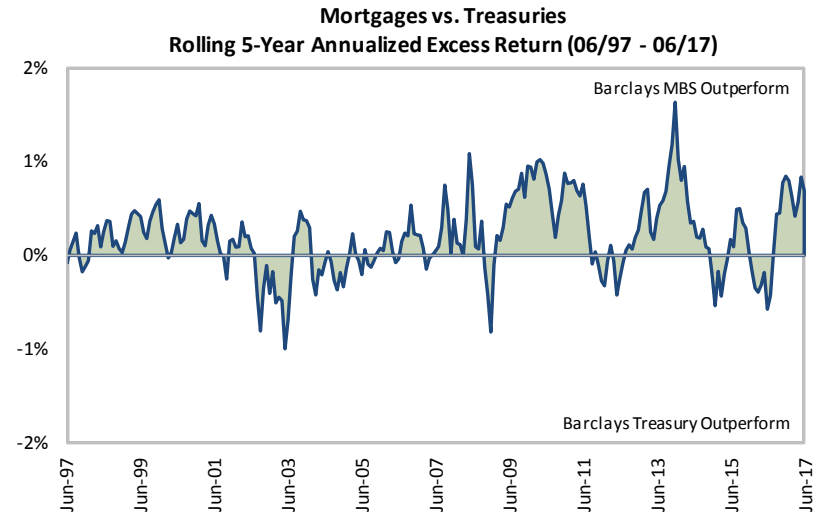
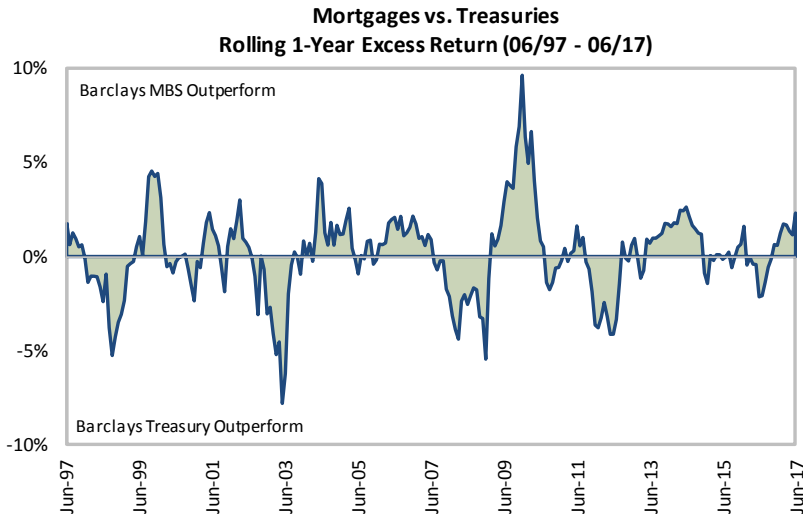
Corporate Option Adjusted Spreads (Barclays Corp)



Corporates vs. Treasuries
Recent Historical Performance

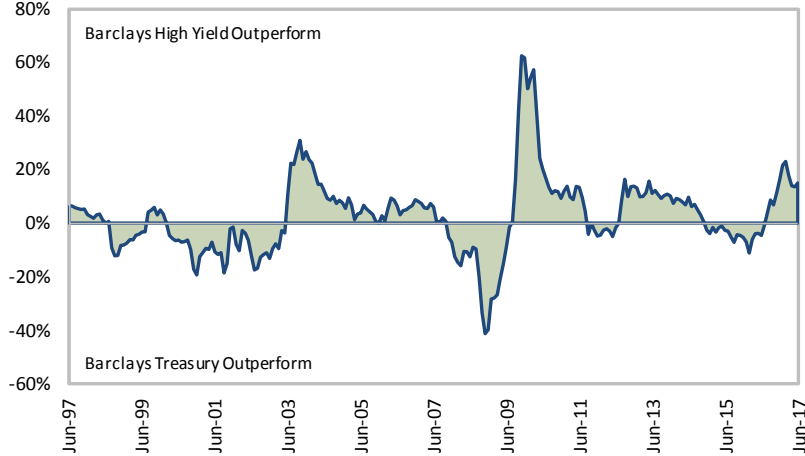


HISTORICAL RELATIVE PERFORMANCE: MORTGAGES VS. TREASURIES

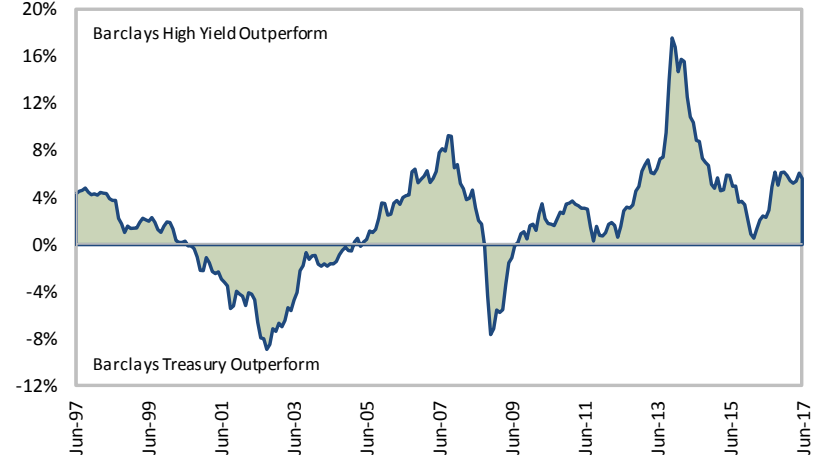


HISTORICAL RELATIVE PERFORMANCE: HIGH YIELD BONDS VS. TREASURIES

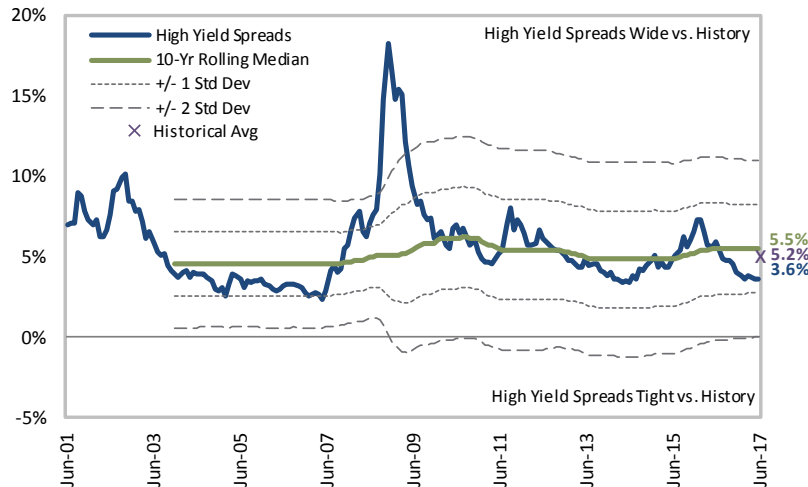
High Yield vs. Treasuries
Rolling 1-Year Excess Return (06/97 - 06/17)



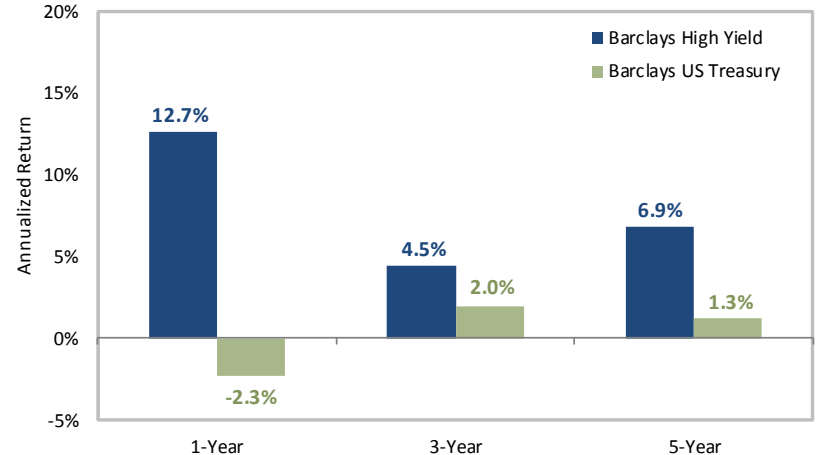
High Yield vs. Treasuries
Rolling 5-Year Annualized Excess Return (06/97 - 06/17)



High Yield Option Adjusted Spreads (Barclays HY)

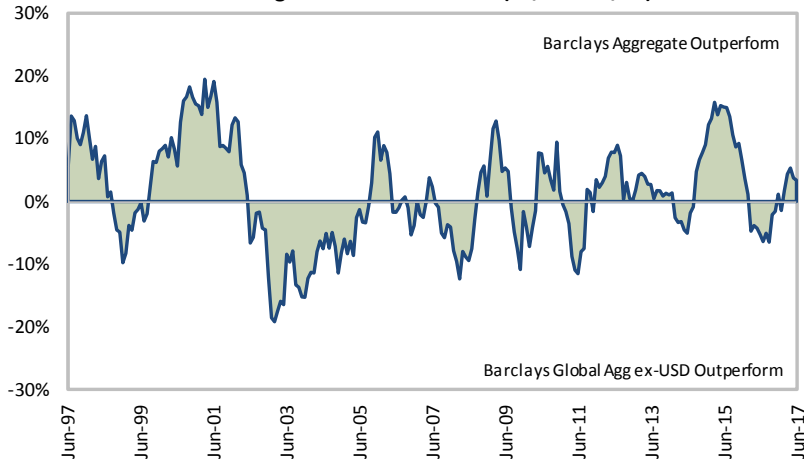


High Yield vs. Treasuries
Recent Historical Performance

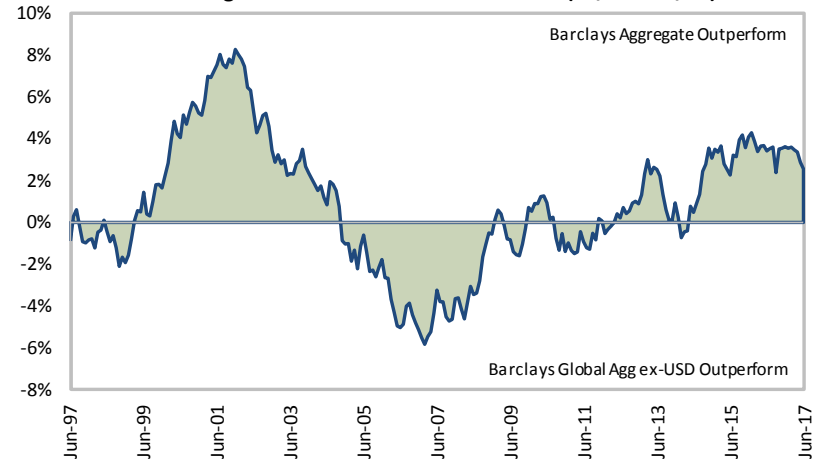


HISTORICAL RELATIVE PERFORMANCE: DOMESTIC VS. INTERNATIONAL FIXED INCOME

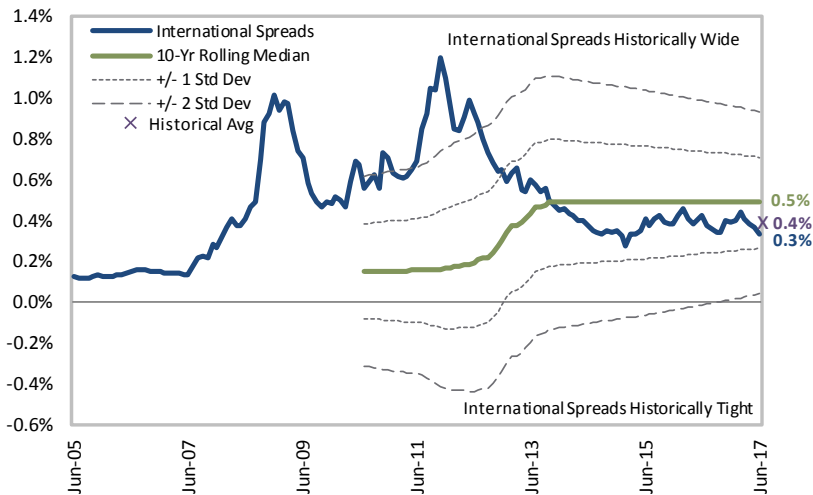
Domestic Fixed Income vs. International Fixed Income
Rolling 1-Year Excess Return (06/97 - 06/17)



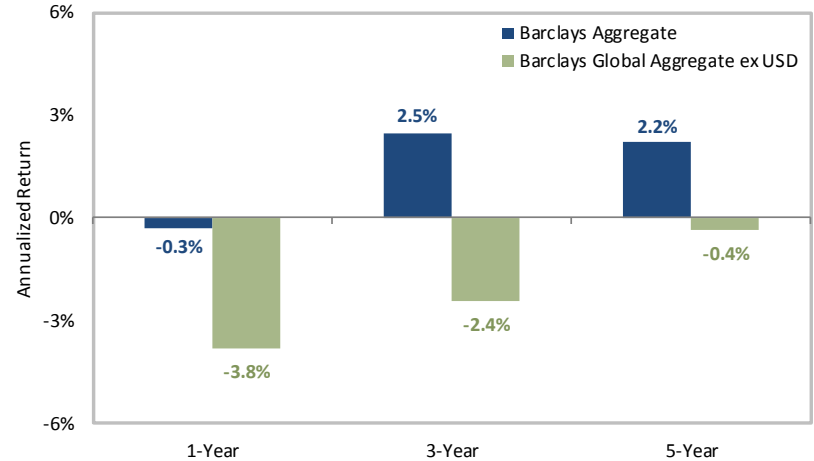
Domestic Fixed Income vs. International Fixed Income
Rolling 5-Year Annualized Excess Return (06/97 - 06/17)



Intl Option Adjusted Spreads (Barclays Global Aggregate ex USD)

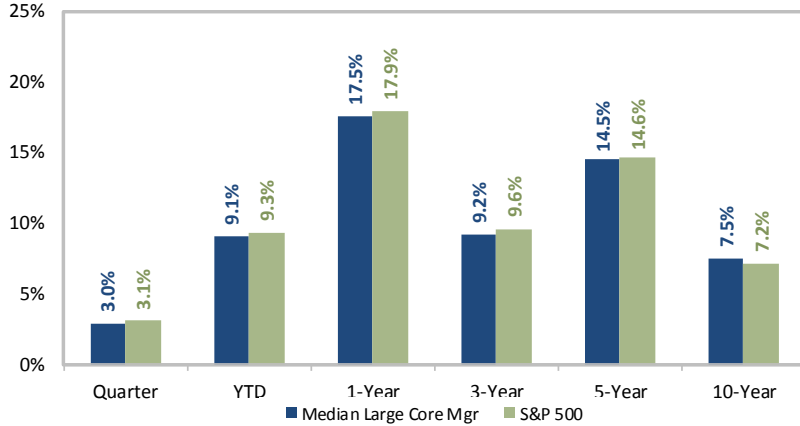


Domestic Bonds vs. International Bonds
Recent Historical Performance

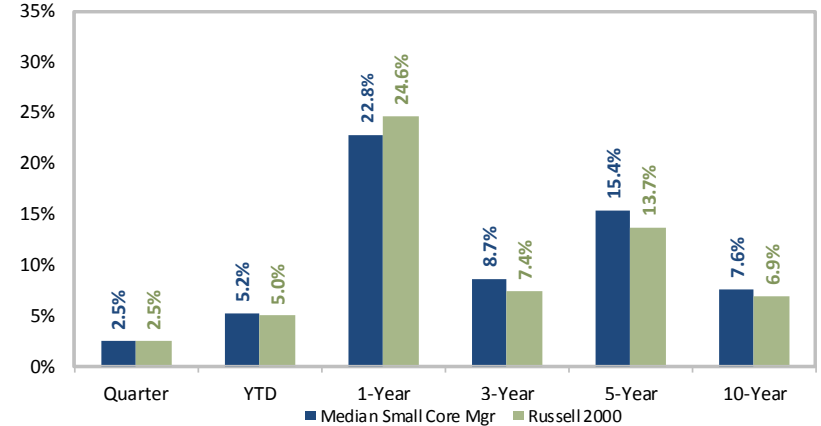


MEDIAN UNIVERSE CORE MANAGER RETURNS VS. INDEX RETURNS

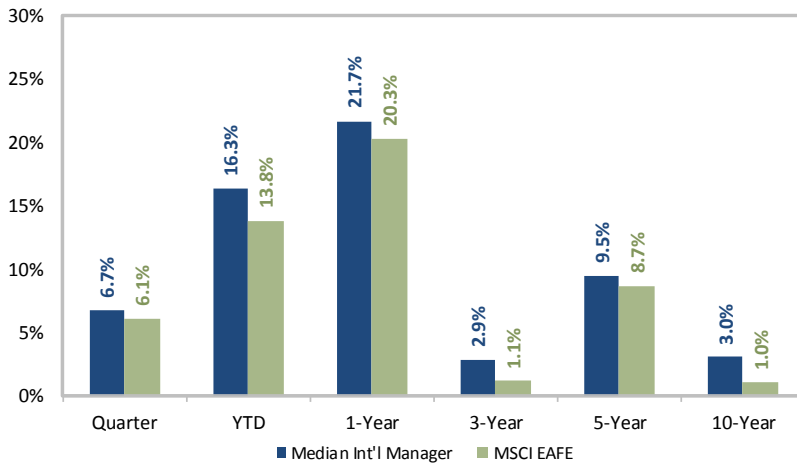
Median Large Capitalization Core Equity Manager vs. S&P 500



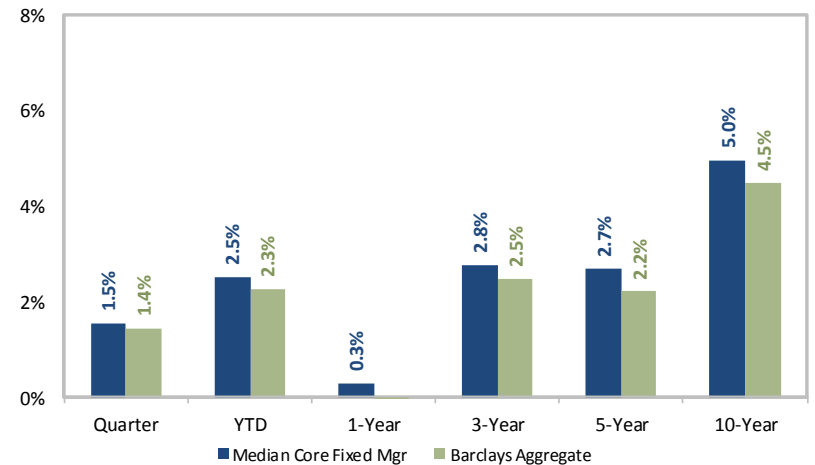
Median Small Capitalization Core Equity Manager vs. Russell 2000



Median International Core Equity Manager vs. MSCI EAFE (net)

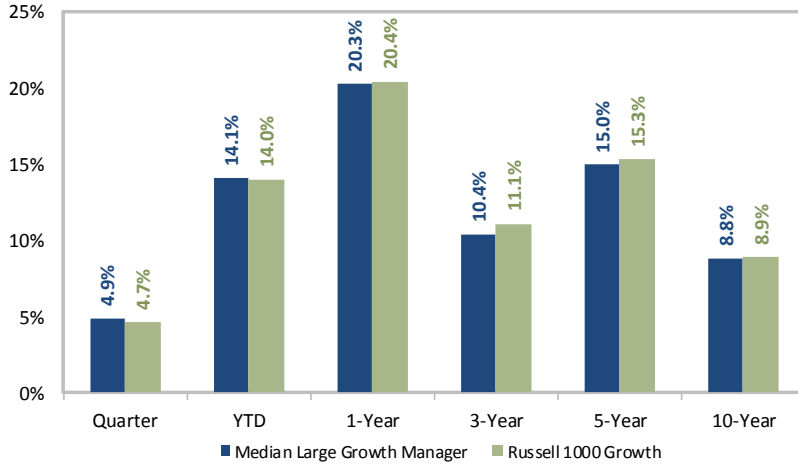


Median Core Fixed Income Manager vs. Barclays Aggregate

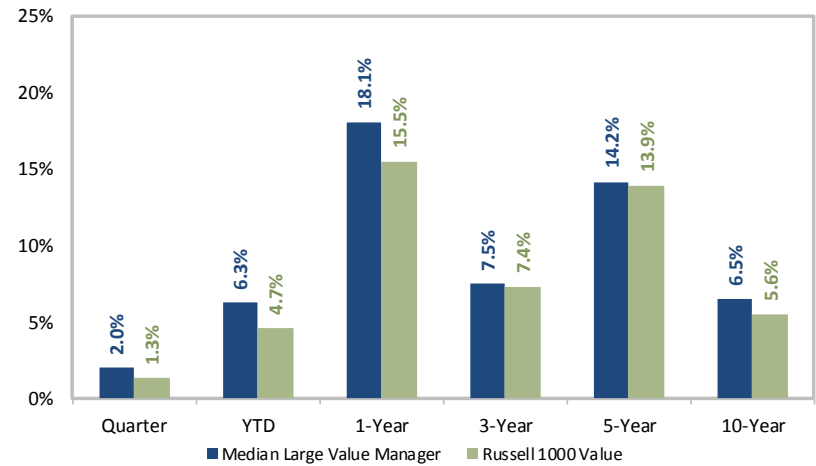


MEDIAN UNIVERSE EQUITY STYLE MANAGER RETURNS VS. INDEX STYLE RETURNS

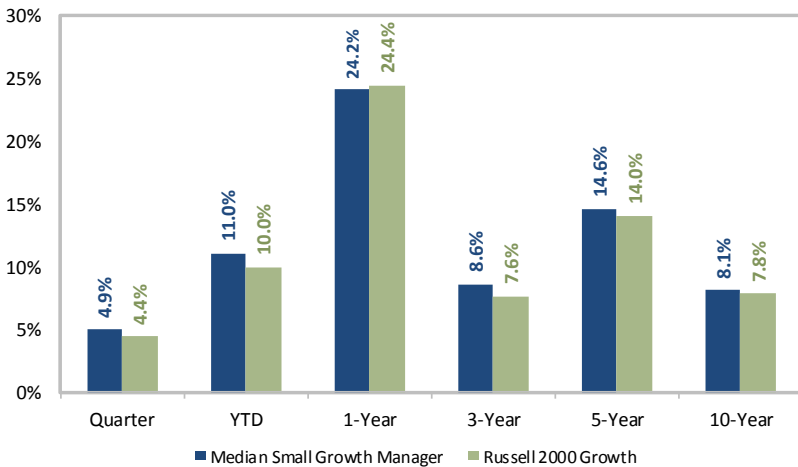
Median Large Capitalization Growth Equity Manager vs. Russell 1000 Growth



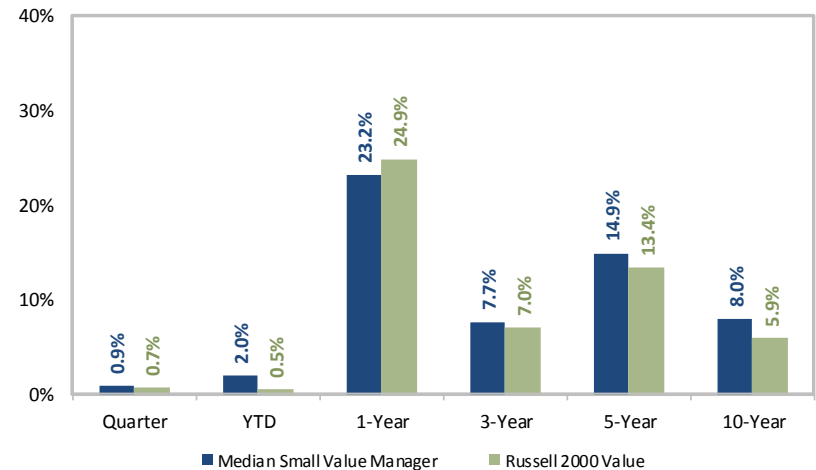
Median Large Capitalization Value Equity Manager vs. Russell 1000 Value



Median Small Capitalization Growth Equity Manager vs. Russell 2000 Growth

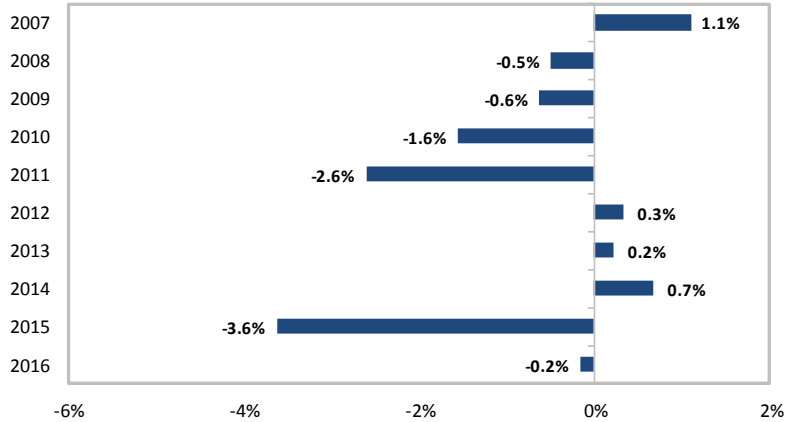


Median Small Capitalization Value Equity Manager vs. Russell 2000 Value

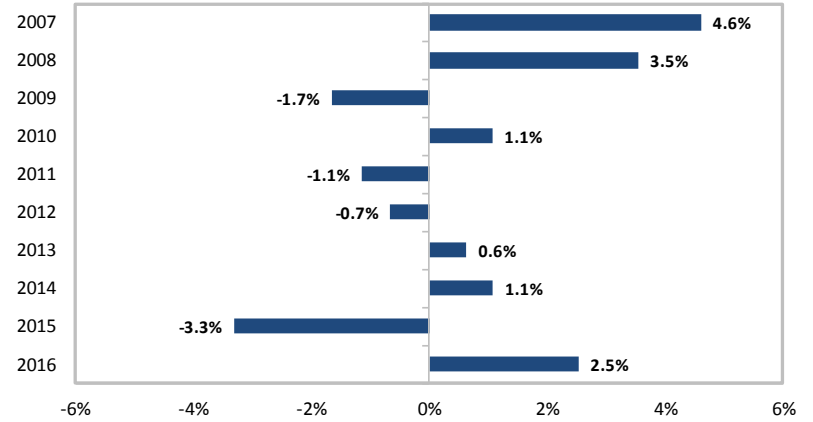


MEDIAN UNIVERSE EQUITY STYLE MANAGER ONE-YEAR RETURN DIFFERENTIAL: 10 YEARS

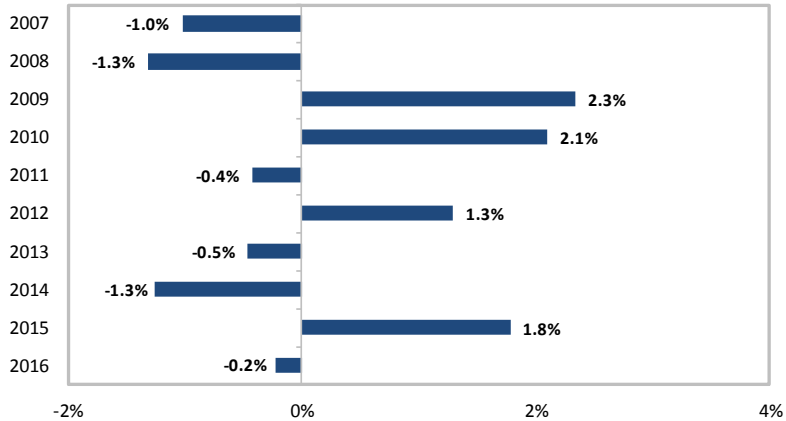
Median Large Capitalization Growth Equity Manager vs. Russell 1000 Growth



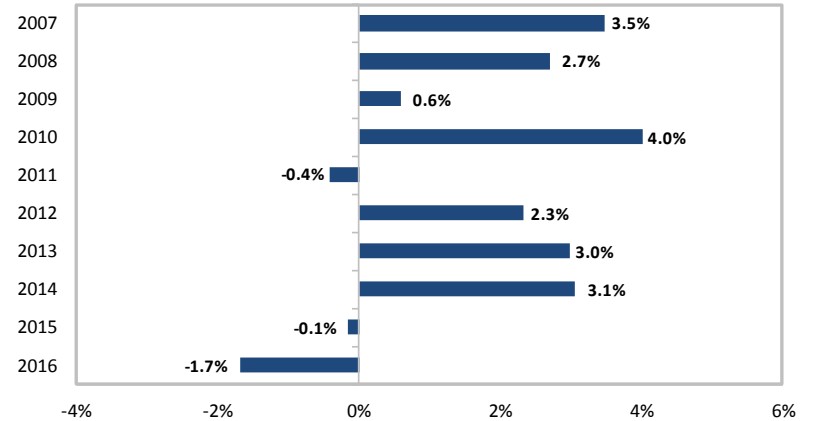
Median Large Capitalization Value Equity Manager vs. Russell 1000 Value



Median Small Capitalization Growth Equity Manager vs. Russell 2000 Growth

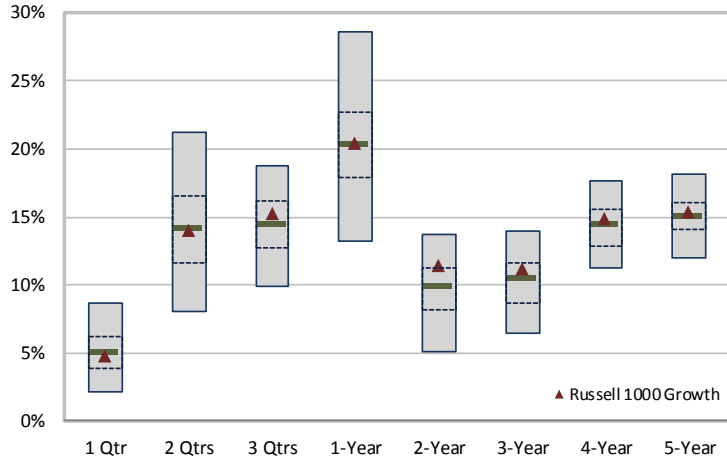


Median Small Capitalization Value Equity Manager vs. Russell 2000 Value

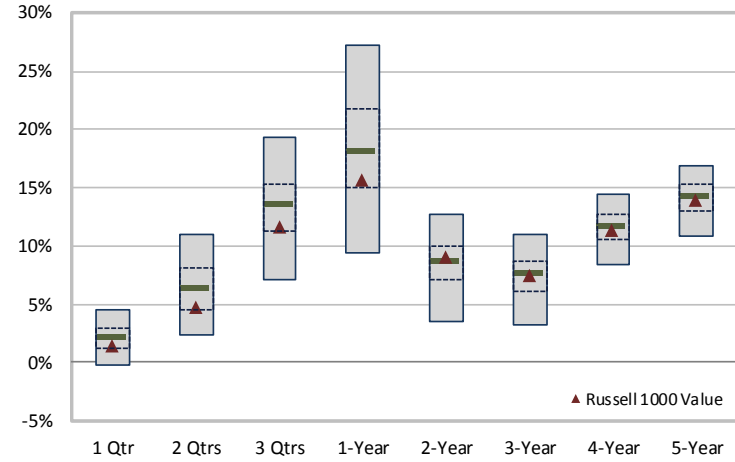


UNIVERSE EQUITY STYLE MANAGERS

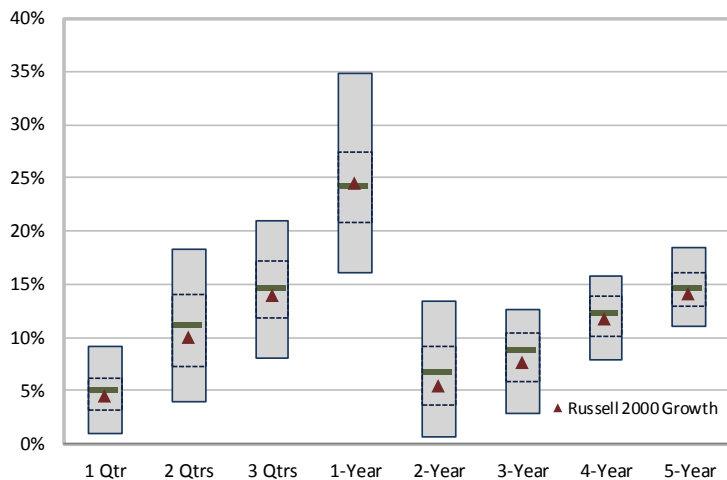
Large Cap Growth Equity Universe



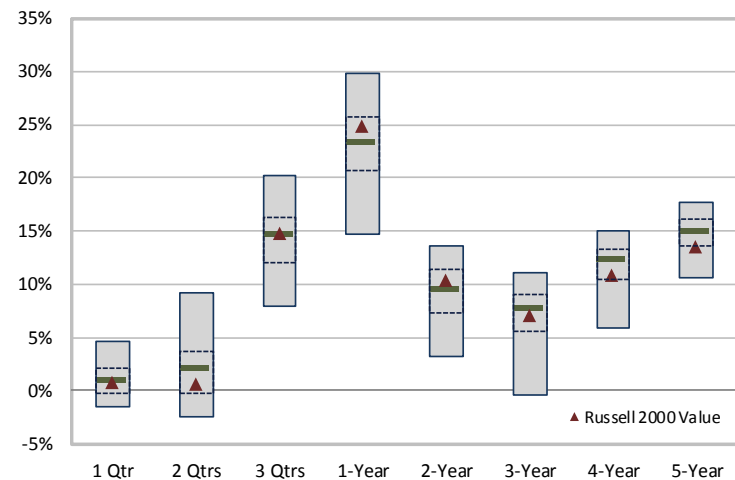
Large Cap Value Equity Universe



Small Cap Growth Equity Universe



Small Cap Value Equity Universe



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