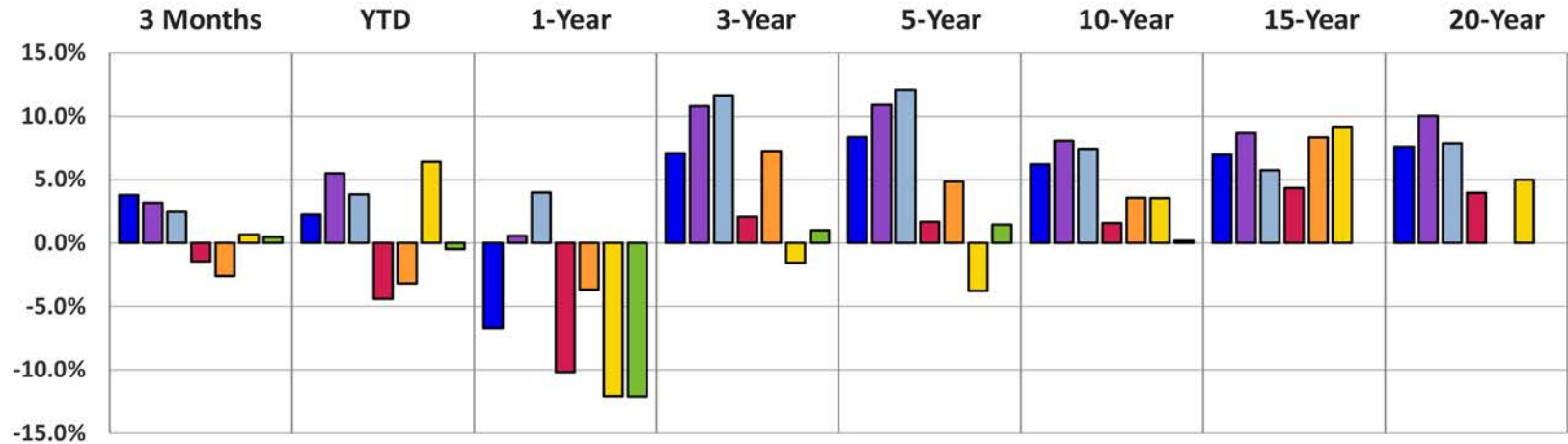


# World Equity Performance

Quarter Ending June 30, 2016

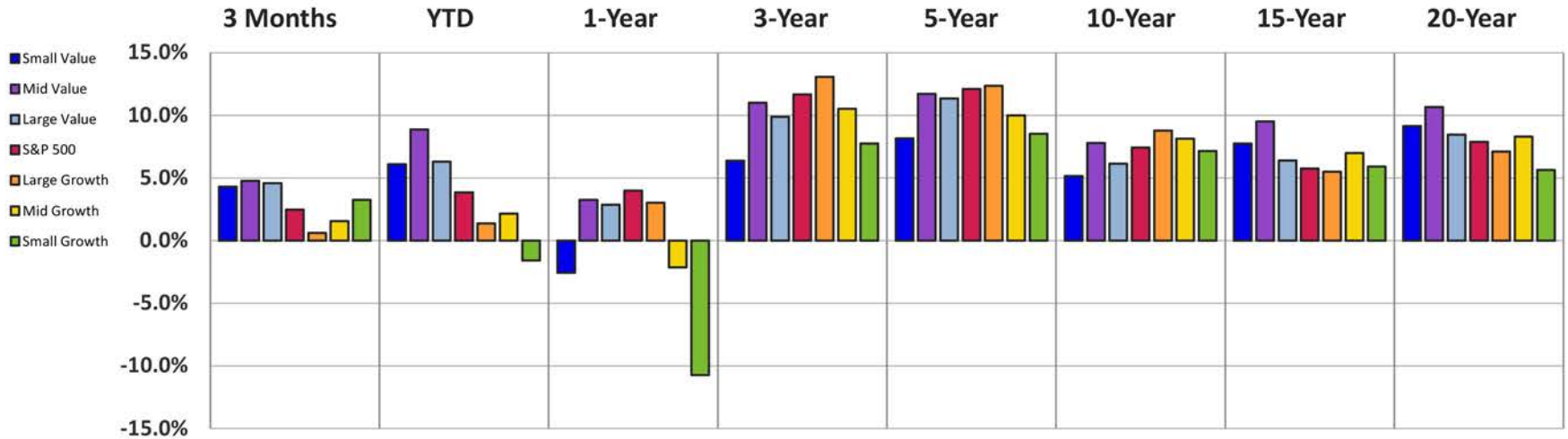


	3 Months	YTD	1-Year	3-Year	5-Year	10-Year	15-Year	20-Year
<b>US Small Cap</b>	3.8%	2.2%	-6.7%	7.1%	8.4%	6.2%	7.0%	7.6%
<b>US Mid Cap</b>	3.2%	5.5%	0.6%	10.8%	10.9%	8.1%	8.7%	10.0%
<b>US Large Cap</b>	2.5%	3.8%	4.0%	11.7%	12.1%	7.4%	5.8%	7.9%
<b>Non-US Large</b>	-1.5%	-4.4%	-10.2%	2.1%	1.7%	1.6%	4.3%	4.0%
<b>Non-US Small</b>	-2.6%	-3.2%	-3.7%	7.3%	4.8%	3.6%	8.3%	
<b>Emerging Mkts</b>	0.7%	6.4%	-12.1%	-1.6%	-3.8%	3.5%	9.1%	5.0%
<b>Frontier Mkts</b>	0.5%	-0.5%	-12.1%	1.0%	1.5%	0.2%		

The 2nd quarter of 2016 (and more specifically June 2016) will go down as one of the more eventful periods in financial markets history. In the much anticipated "Brexit" referendum, UK citizens voted to exit the European Union by a 52% to 48% margin. As a result, Developed Non-US markets stood out as negative outliers during the quarter. Here at home, the US markets completed another volatile quarter with modestly positive returns. On a year-to-date basis, Emerging Markets have performed well, returning 6.4% on the heels of largely poor performance over the past three years.

# U.S. Equity Style Performance

Quarter Ending June 30, 2016



Style	3 Months	YTD	1-Year	3-Year	5-Year	10-Year	15-Year	20-Year
Small Value	4.3%	6.1%	-2.6%	6.4%	8.2%	5.2%	7.7%	9.1%
Mid Value	4.8%	8.9%	3.3%	11.0%	11.7%	7.8%	9.5%	10.7%
Large Value	4.6%	6.3%	2.9%	9.9%	11.4%	6.1%	6.4%	8.5%
S&P 500	2.5%	3.8%	4.0%	11.7%	12.1%	7.4%	5.8%	7.9%
Large Growth	0.6%	1.4%	3.0%	13.1%	12.4%	8.8%	5.5%	7.1%
Mid Growth	1.6%	2.2%	-2.1%	10.5%	10.0%	8.1%	7.0%	8.3%
Small Growth	3.2%	-1.6%	-10.8%	7.7%	8.5%	7.1%	5.9%	5.6%

Value stocks outperformed across the cap spectrum in Q2, building on the positive momentum that began in Q1. US markets in general edged higher during the quarter despite extreme volatility surrounding global political events in June. In fact, in May, positive US economic data had investors preparing for a Fed rate hike that now looks to be on hold until "Brexit" fears clear.

## Fixed Income Performance

Fixed Income Rates of Return		2016 2Q	YTD	1 Year	3 Year	5 Year	10 Year
<b>Broad Market Indices</b>	Barclays Aggregate Bond	2.21%	5.31%	6.00%	4.06%	3.76%	5.13%
	Barclays Government/Credit	2.67%	6.23%	6.70%	4.20%	4.11%	5.23%
<b>Intermediate Indices</b>	Barclays Intermediate Aggregate	1.44%	3.78%	4.36%	3.24%	2.96%	4.66%
	Barclays Intermediate Govt/Credit	1.59%	4.07%	4.33%	2.95%	2.90%	4.48%
<b>Government Only Indices</b>	Citi 3 Month Treasury	0.07%	0.12%	0.14%	0.07%	0.06%	0.96%
	Barclays 1-3 Year Government	0.52%	1.42%	1.31%	1.00%	0.84%	2.54%
	Barclays Intermediate Government	1.24%	3.55%	3.93%	2.41%	2.31%	4.06%
	Barclays US TIPS	1.71%	6.24%	4.35%	2.31%	2.63%	4.75%
	Barclays Long Term Government	6.37%	14.94%	18.98%	10.38%	10.17%	8.69%
<b>Municipal Indices</b>	Barclays Municipal	2.61%	4.33%	7.65%	5.58%	5.33%	5.13%
	Barclays 1 Year Municipal	0.34%	0.66%	1.05%	0.78%	0.81%	2.07%
	Barclays 10 Year Municipal	2.53%	4.47%	8.29%	5.84%	5.53%	5.67%
	Barclays 20 Year Municipal	3.59%	5.61%	9.73%	7.33%	7.00%	5.93%
<b>Mortgage Backed Indices</b>	Barclays Mortgage Backed Securities	1.11%	3.10%	4.34%	3.76%	3.01%	4.96%
<b>Corporate Bond Indices</b>	Barclays Credit	3.48%	7.54%	7.55%	5.26%	5.20%	6.11%
	Barclays High Yield US Corporate	5.52%	9.06%	1.62%	4.18%	5.84%	7.56%
<b>World Bond Indices</b>	Citi World Government Bond	3.41%	10.75%	11.26%	2.65%	1.18%	4.22%
	Citi Global Emerging Market Sovereign	5.31%	10.85%	10.29%	6.71%	6.42%	8.15%

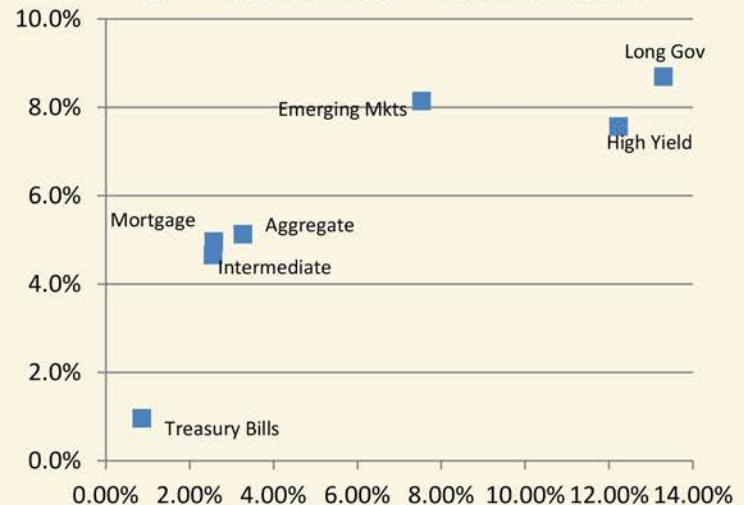
Source: PSN Enterprise

### United States Yield Curve



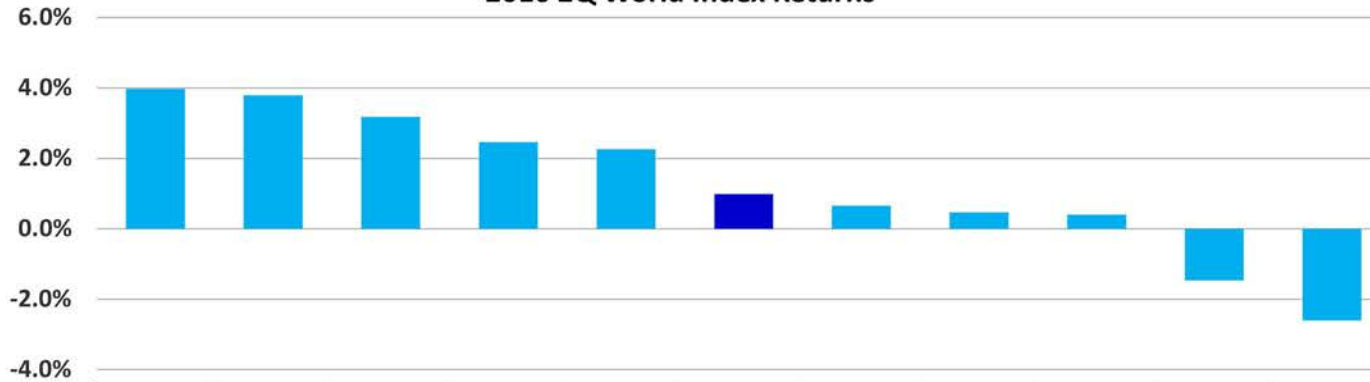
Source: United States Federal

### 10 Yr Risk vs Return - Selected Indices



## Equity Performance Breakdown

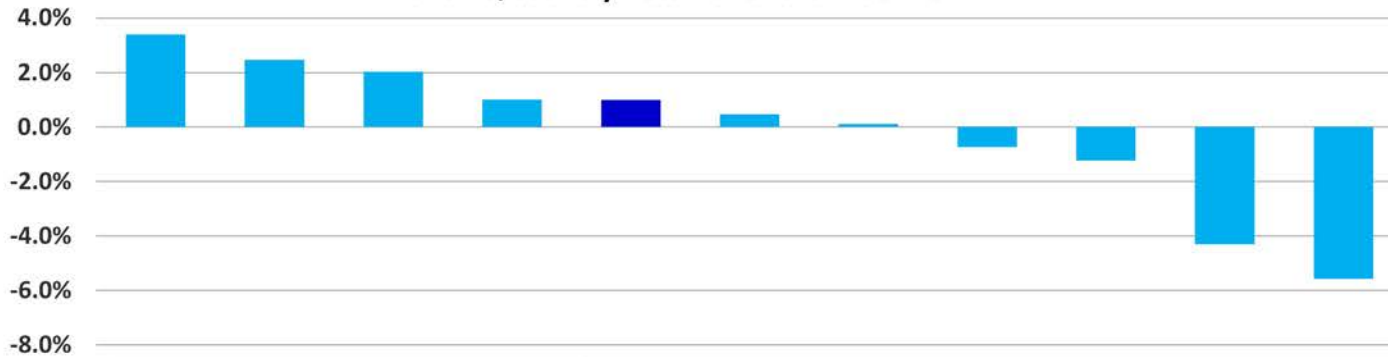
### 2016 2Q World Index Returns



Positive US economic data and relative political stability drove domestic markets higher during the quarter as all major US indexes ended in positive territory. Micro and Small Caps led the way, returning 4.0% and 3.8% respectively. The MSCI ACWI as a whole, however, returned just 1.0% as performance was pulled down by European and other international markets.

	Russell Micro Cap	Russell 2000	Russell Mid Cap	S&P 500	S&P 100	MSCI ACWI	MSCI Emerging Markets	MSCI Frontier Markets	MSCI Emrg Small Cap	MSCI EAFE	MSCI EAFE Small Cap
<b>2016 2Q Return</b>	4.0%	3.8%	3.2%	2.5%	2.3%	1.0%	0.7%	0.5%	0.4%	-1.5%	-2.6%

### 2016 2Q Country Returns for the MSCI ACWI

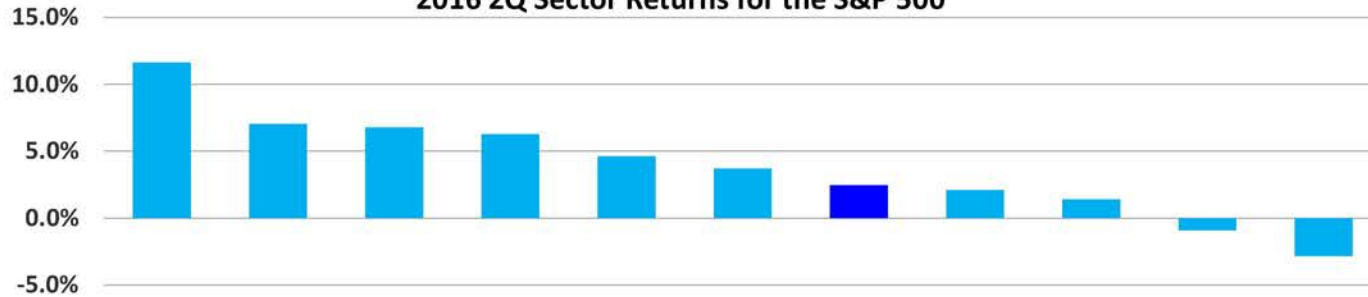


Most European nations finished in negative territory for the quarter, hurt by political instability in the Eurozone. Further hurting performance for US Investors, the Pound and the Euro fell versus the Dollar during the quarter. The Pound fell to historic lows during the quarter, ending at a 31-year low of just \$1.29/Pound. As the aftermath of the "Brexit" continues to play out, six UK Property funds with over £15B have now halted redemptions from investors.

	Canada	U.S.	Switzerland	Japan	MSCI ACWI Index	Australia	China	United Kingdom	South Korea	France	Germany
<b>2016 2Q Return</b>	3.4%	2.5%	2.0%	1.0%	1.0%	0.5%	0.1%	-0.7%	-1.2%	-4.3%	-5.6%
<b>Weight in ACWI</b>	3.2%	53.6%	3.0%	7.6%	-	2.4%	2.7%	6.4%	1.5%	3.2%	2.8%

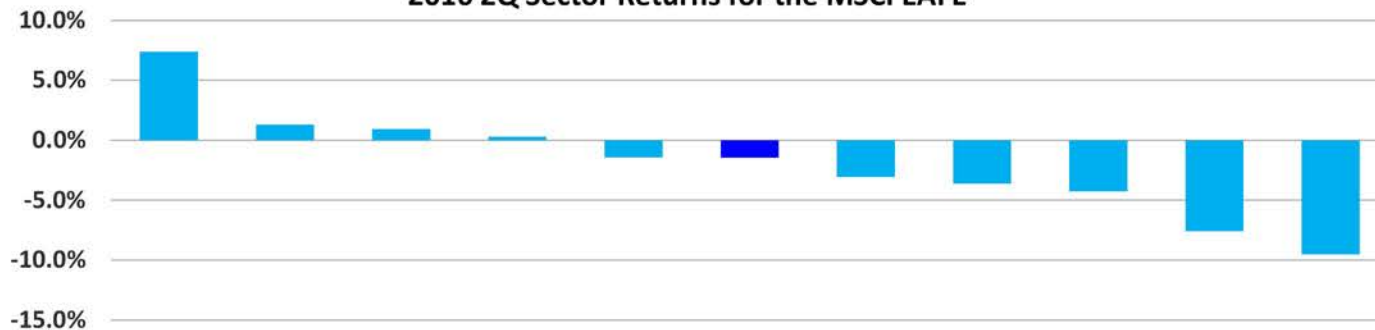
## Equity Performance Breakdown

### 2016 2Q Sector Returns for the S&P 500



	Energy	Telecomm	Utilities	Health Care	Consumer Staples	Materials	S&P 500 Index	Financials	Industrials	Consumer Discretionary	Technology
<b>2016 2Q Return</b>	11.6%	7.1%	6.8%	6.3%	4.6%	3.7%	2.5%	2.1%	1.4%	-0.9%	-2.8%
<b>Weight in S&amp;P</b>	7.4%	2.9%	3.6%	14.7%	10.6%	2.8%	-	15.7%	10.2%	12.3%	19.8%

### 2016 2Q Sector Returns for the MSCI EAFE



	Energy	Consumer Staples	Health Care	Utilities	Materials	MSCI EAFE Index	Telecomm	Industrials	Technology	Consumer Discretionary	Financials
<b>2016 2Q Return</b>	7.4%	1.3%	0.9%	0.3%	-1.4%	-1.5%	-3.1%	-3.6%	-4.3%	-7.6%	-9.5%
<b>Weight in EAFE</b>	5.2%	13.3%	12.4%	3.9%	6.9%	-	5.2%	13.3%	5.4%	12.1%	22.3%

Global energy markets continued their rebound during the 2<sup>nd</sup> quarter. Crude oil ended the quarter near \$50/barrel, up from January lows of \$33. Similarly, gold continued its march higher during the quarter, ending at just over \$1,320/ounce from \$1,080 in January. In a boon for defensive sectors such as Telecomm and Utilities, the US 10-year treasury rate has fallen steadily during the first half of 2016 (ending the quarter south of 1.5%).

Performance across sectors was much more mixed in international markets during the quarter. Energy, staples, and utilities performed well, as they did in the US. The largest detractor during the quarter was financials. Fears over the Italian banking system potentially needing a massive bailout, negative interest rates, and the "Brexit" sent European bank stocks tumbling. The STOXX Europe 600 Banks Index fell nearly 17% in the week following the "Brexit" alone.