➢ *Weaker U.S. Economic Indicators Raise Uncertainty About Fed Tightening*

- U.S. economic data trended lower during the first quarter, suggesting that once again severe winter weather had an impact on economic growth at the start of the year. Most notable, March non-farm payrolls broke trend with the smallest gain (+126,000) in over a year and downward revisions to previously reported data. Housing starts declined dramatically in February, and weaker manufacturing and consumer spending numbers also raised concerns.
- Weather wasn't the only factor affecting the U.S. economy; the strong dollar and weaker oil prices adversely impacted several non-service market sectors including equipment, construction, and manufacturing. Industrial production fell steadily through the quarter, as did the Institute for Supply Management (ISM) new export orders. On the positive side, service activity and the overall trend in employment and wages continues to improve.
- The initial estimate for first quarter GDP was 0.2% (first estimate, annualized). Severe weather, weakness in petroleum exploration, and the strong dollar translated into declines in consumer spending, exports, machinery orders, and corporate fixed investment (-2.5%, annualized), which had the largest decline since 2009. Government spending was also weaker. As some of the slow growth was related to specific events, a rebound is expected in the second quarter. It should also be noted that while economists had originally predicted a consumer windfall from lower energy prices, the decline in U.S. oil production and exploration appears to be having a larger impact on business investment and economic growth.

➢ *International: Have We Seen a Turning Point?*

- Conversely, global economic indicators showed signs of strength in the first quarter. European manufacturing data, employment, and retail sales numbers improved. Fourth quarter 2014 European Union GDP, reported in February, rose at an annual rate of 1.3%. Continued ECB monetary easing has weakened the Euro and allowed exports to increase, most recently a 2.0% growth in the last reported month.
- A weaker Yen has helped Japan's exports and corporate profits. Lower oil-related input prices reduced inflation expectations and kept liquidity flowing from the BOJ.
- The largest shadow on international economics is being cast by China. While lower imported oil prices helped manufacturers and stabilized inflation, industrial output declined at the beginning of the quarter by 7.0% from a year ago. First quarter GDP grew 1.3%, which is the lowest level of quarterly growth since 1999.

➢ *Financial Markets React to the Fed's Cautious Stance*

- International markets benefited from improving economic data, while U.S. markets experienced increased volatility as financial markets adjusted to the more cautious tone from the March FOMC meeting. During the quarter, domestic small-cap and mid-cap equity indices, considered more immune to the rising dollar, outperformed broader market indices. Bond markets held on to marginal gains as the Treasury yield curve continued to flatten. REITs were the best performing asset class for the first quarter.

➢ *Looking Forward*

- Analysts are expecting first quarter S&P 500 corporate profits to be off by 2.5-3.0% due to the impact of the strong dollar on sales revenue. Earnings reports, in combination with Fed watching and oil price movements, will contribute to sustained financial market volatility.
- On the back of a strong dollar, low oil prices, and their impact on corporate earnings, analysts have reduced the outlook for first quarter U.S. GDP and have pushed back their best estimate for the timing of the Federal Reserve Bank's first interest rate hike from June to September, 2015. A combination of weaker economic numbers, a lower prospect for economic growth, and lower trending inflation could put additional pressure on the Fed to further delay increasing interest rates and slow the pace of increases.
- Many question marks still surround long-term global growth. Central banks continue to provide liquidity to prevent systemic deflation while keeping asset prices supported. This comes at a price. For example, China's debt level has risen over 80.0% since 2007 to 280.0% of GDP at the end of 2014. Although structural reforms appear to be taking hold in countries such as India and Japan, austerity policies have caused political strain. Following the election of an anti-austerity government in January, Greece's ability to make debt payments and maintain membership in the ECB is again being examined.
- The IMF has maintained their expectations for global economic growth to average about 3.5% for 2015, but growth is projected to be more unevenly distributed and will stagnate for longer (for example, much of the EU growth is still coming from Germany). As stated in their most recent report, global business investment is below par and not conducive to accelerated economic growth. While lower oil prices have been a plus to growth expectations, emerging economies that are sensitive to oil exports will continue to be negatively impacted.
- In the end, financial market participants look to the Federal Reserve to lend some clarity to the economic outlook.

Forecast for U.S. Economic Outlook

	First Quarter, 2015	Second Quarter, 2015	End of 2015
U.S. GDP	1.4%	3.1%	2.8%
Unemployment	-	5.4%	5.1%
CPI	-	0.2%	1.3%
Fed Funds	Unchanged	0-0.25%	0.50-0.75%

Source: The Wall Street Journal, April 1, 2015; survey average of 72 economists

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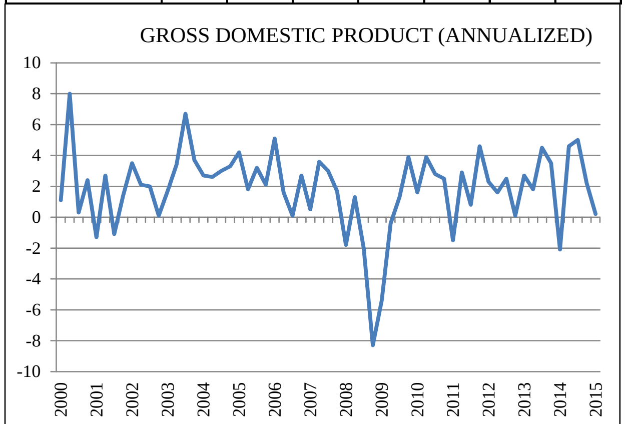
1Q2015

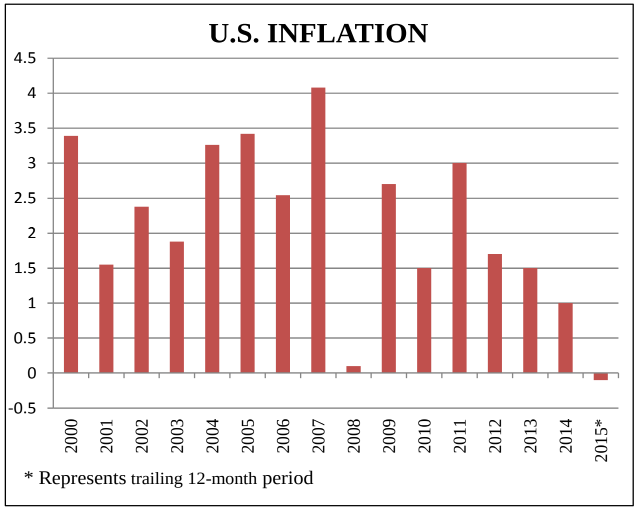
ECONOMIC REVIEW

ECONOMIC REVIEW AND MARKET COMMENTARY

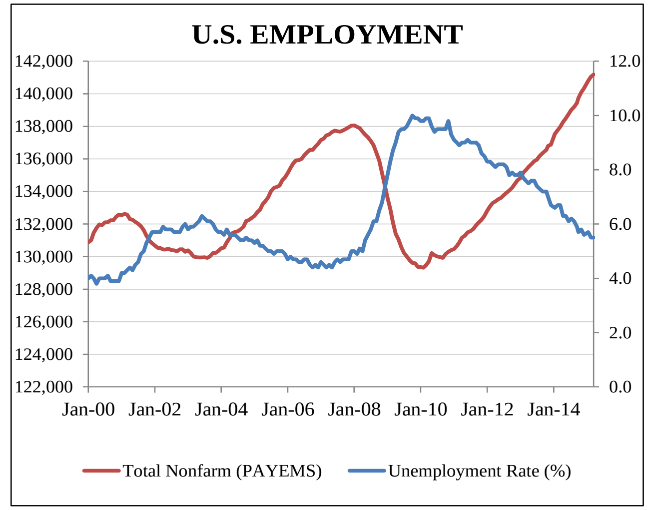
Seasonally Adjusted Rates	Annual			Trailing Four Quarters			
	2012	2013	2014	2Q14	3Q14	4Q14	1Q15
GDP	2.3	2.2	2.4	4.6	5.0	2.2	0.2



Source: Bureau of Economic Affairs



Source: United States Department of Labor



Source: United States Department of Labor

Economic Growth

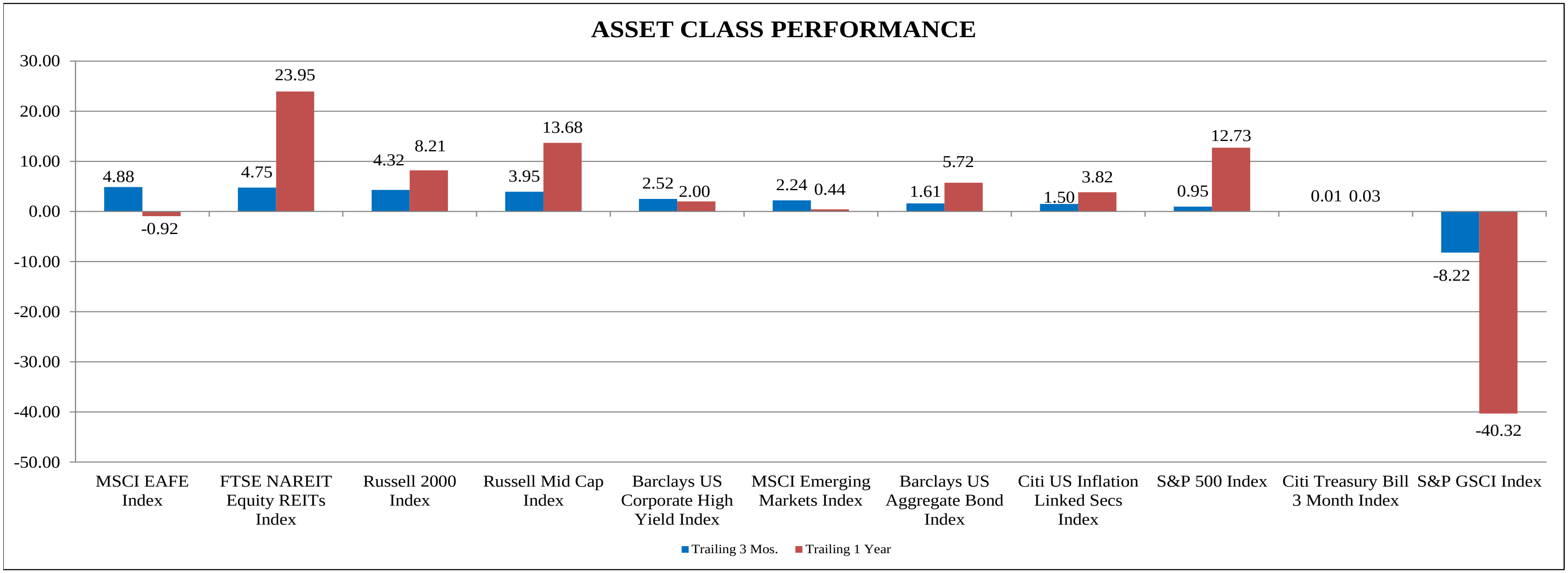
Economic data released during the first quarter indicated the U.S. economy was slowing, in part due to the winter weather and the prolonged west coast port strike. Most notably affected was non-farm payrolls and first quarter GDP. Non-farm payrolls in March weakly increased by 126,000 and were revised down for the previous two months, falling below the 200,000 level for the first time in a year. First quarter GDP (first estimate, annualized) rose only 0.2%. A harsh winter, the strong dollar, and lower oil prices were to blame for lower business investment and consumer spending. Unemployment ended the quarter at 5.5%. The March ISM Manufacturing Index fell 1.4% to 51.5%, which was the lowest reading in almost two years, following a three month contraction of exports on the back of a stronger dollar. Although new home sales picked up sharply at the beginning of the quarter, construction spending and housing starts were disappointing. Analysts are focusing on the strength in the service sector as a way out of weak first quarter growth. Inflation was contained by low oil prices, rising 0.2% in both February and March. Consumer sentiment remained strong throughout the quarter, as inflation expectations remained low. However, consumer spending declined in January and rose only 0.1% in February. This suggests that consumers are not spending the oil dividend from lower gas prices.

Policy

The March FOMC meeting minutes and comments by Fed officials reminded financial markets that the Fed will remain cautious in the timing and the magnitude of interest rate increases. The Fed lowered their projections for economic growth, which was likely based on below target inflation and weak first quarter data. Most analysts have moved their expectations of the rate increase to September 2015, yet those who are concerned about the strong dollar's impact on GDP believe rates might not increase until 2016.

Markets

Domestic data, early quarter oil price strength, signs of an improving European economy, and sporadic geopolitical events created volatility across all market sectors. Global liquidity supported non-dollar equity markets and drove Treasury buying to push the 10-year yield below 2.0%. High valuations and a lowering of expectations for corporate earnings kept domestic markets contained.



Source: Morningstar

Continued easy monetary policy and some improvement in international economic indicators, such as the Eurozone Composite PMI, boosted developed non-U.S. market equity returns over the quarter. However, the appreciating dollar offset some of the gains on non-currency hedged portfolios. Large cap, growth stocks, healthcare, and technology led the appreciation within the MSCI EAFE Index.

REITs benefited from lower Treasury yields over the course of the quarter as well as improving fundamentals in the hotel, apartment, and office sectors.

Small-cap and various mid-cap stocks continued to benefit from less exposure to exports and the strength of the U.S. dollar. U.S. equity markets were supported by renewed expectations that the Fed would keep interest rates low for a longer than anticipated time period. Nevertheless, weaker economic data in March, in part due to severe weather, and concerns about the dollar's impact to first quarter corporate profits erased most of the gains for the S&P 500.

A more dovish stance from the Fed, lower imported oil prices, and easy monetary policy in China also lifted emerging market performance during the first quarter. Unfortunately, a significant decline in Brazil's equity market, on issues related to lower oil prices and weaker growth, offset much of the advances.

Each Fed pronouncement increased bond market volatility. Overall, markets were slightly positive following weaker economic data at the end of the quarter and the Fed lowering their 2015 economic projections.

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TOTAL RETURN OF ASSET CLASSES
ECONOMIC REVIEW AND MARKET COMMENTARY

2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
S&P GSCI Commodity 49.74%	NAREIT - Equity REIT 13.93%	S&P GSCI Commodity 32.07%	MSCI Emerging Markets 55.82%	NAREIT - Equity REIT 31.58%	MSCI Emerging Markets 34.0%	NAREIT - Equity REIT 35.06%	MSCI Emerging Markets 39.42%	BarCap Aggregate 5.24%	MSCI Emerging Markets 78.51%	NAREIT - Equity REIT 27.96%	Citi US Inflation-Linked 14.01%	MSCI Emerging Markets 18.22%	Russell 2000 38.82%	NAREIT - Equity REIT 30.14%
NAREIT - Equity REIT 26.37%	BarCap Aggregate 8.44%	Citi US Inflation-Linked 16.71%	Russell 2000 47.25%	MSCI Emerging Markets 25.55%	S&P GSCI Commodity 25.55%	MSCI Emerging Markets 32.14%	S&P GSCI Commodity 32.67%	Citi 3 Month T-Bill 1.8%	BarCap US High Yield 58.21%	Russell 2000 26.85%	NAREIT - Equity REIT 8.29%	NAREIT - Equity REIT 18.06%	Russell Mid Cap 34.76%	S&P 500 13.69%
Citi US Inflation-Linked 13.1%	Citi US Inflation-Linked 7.92%	BarCap Aggregate 10.26%	Russell Mid Cap 40.06%	MSCI EAFE 20.25%	MSCI EAFE 13.54%	MSCI EAFE 26.34%	Citi US Inflation-Linked 11.6%	Citi US Inflation-Linked -1.17%	Russell Mid Cap 40.48%	Russell Mid Cap 25.48%	BarCap Aggregate 7.84%	MSCI EAFE 17.32%	S&P 500 32.39%	Russell Mid Cap 13.22%
BarCap Aggregate 11.63%	BarCap US High Yield 5.28%	NAREIT - Equity REIT 3.82%	MSCI EAFE 38.59%	Russell Mid Cap 20.22%	Russell Mid Cap 12.65%	Russell 2000 18.37%	MSCI EAFE 11.17%	BarCap US High Yield -26.16%	MSCI EAFE 31.78%	MSCI Emerging Markets 18.88%	BarCap US High Yield 4.98%	Russell Mid Cap 17.28%	MSCI EAFE 22.78%	BarCap Aggregate 5.97%
Russell Mid Cap 8.25%	Citi 3 Month T-Bill 4.09%	Citi 3 Month T-Bill 1.70%	NAREIT - Equity REIT 37.13%	Russell 2000 18.33%	NAREIT - Equity REIT 12.16%	S&P 500 15.79%	BarCap Aggregate 6.97%	Russell 2000 -33.79%	NAREIT - Equity REIT 27.99%	BarCap US High Yield 15.12%	S&P 500 2.11%	Russell 2000 16.35%	BarCap US High Yield 7.44%	Russell 2000 4.89%
Citi 3 Month T-Bill 5.96%	Russell 2000 2.49%	BarCap US High Yield -1.41%	BarCap US High Yield 28.97%	S&P GSCI Commodity 17.28%	S&P 500 4.91%	Russell Mid Cap 15.26%	Russell Mid Cap 5.6%	S&P 500 -37.0%	Russell 2000 27.17%	S&P 500 15.06%	Citi 3 Month T-Bill 0.08%	S&P 500 16.00%	NAREIT - Equity REIT 2.47%	Citi US Inflation-Linked 4.55%
Russell 2000 -3.02%	MSCI Emerging Markets -2.62%	MSCI Emerging Markets -6.17%	S&P 500 28.68%	BarCap US High Yield 11.13%	Russell 2000 4.55%	BarCap US High Yield 11.85%	S&P 500 5.49%	NAREIT - Equity REIT -37.73%	S&P 500 26.46%	S&P GSCI Commodity 9.03%	S&P GSCI Commodity -1.18%	BarCap US High Yield 15.81%	Citi 3 Month T-Bill 0.05%	BarCap US High Yield 2.45%
BarCap US High Yield -5.86%	Russell Mid Cap -5.62%	MSCI EAFE -15.94%	S&P GSCI Commodity 20.72%	S&P 500 10.88%	Citi 3 Month T-Bill 3.0%	Citi 3 Month T-Bill 4.76%	Citi 3 Month T-Bill 4.74%	Russell Mid Cap -41.46%	S&P GSCI Commodity 13.48%	MSCI EAFE 7.75%	Russell Mid Cap -1.55%	Citi US Inflation-Linked 7.18%	S&P GSCI Commodity -1.22%	Citi 3 Month T-Bill 0.03%
S&P 500 -9.1%	S&P 500 -11.89%	Russell Mid Cap -16.19%	Citi US Inflation-Linked 8.26%	Citi US Inflation-Linked 8.4%	Citi US Inflation-Linked 2.86%	BarCap Aggregate 4.33%	BarCap US High Yield 1.87%	MSCI EAFE -43.38%	Citi US Inflation-Linked 10.12%	BarCap Aggregate 6.54%	Russell 2000 -4.18%	BarCap Aggregate 4.21%	BarCap Aggregate -2.02%	MSCI Emerging Markets -2.19%
MSCI EAFE -14.17%	MSCI EAFE -21.44%	Russell 2000 -20.48%	BarCap Aggregate 4.1%	BarCap Aggregate 4.34%	BarCap US High Yield 2.74%	Citi US Inflation-Linked 0.4%	Russell 2000 -1.57%	S&P GSCI Commodity -46.49%	BarCap Aggregate 5.93%	Citi US Inflation-Linked 6.46%	MSCI EAFE -12.14%	S&P GSCI Commodity 0.08%	MSCI Emerging Markets -2.60%	MSCI EAFE -4.90%
MSCI Emerging Markets -30.83%	S&P GSCI Commodity -31.93%	S&P 500 -22.1%	Citi 3 Month T-Bill 1.07%	Citi 3 Month T-Bill 1.24%	BarCap Aggregate 2.43%	S&P GSCI Commodity -15.09%	NAREIT - Equity REIT -15.69%	MSCI Emerging Markets -53.33%	Citi 3 Month T-Bill 0.16%	Citi 3 Month T-Bill 0.13%	MSCI Emerging Markets -18.42%	Citi 3 Month T-Bill 0.07%	Citi US Inflation-Linked -9.37%	S&P GSCI Commodity -33.06%

As of March 31, 2015

Trailing 3-Year	Trailing 5-Year	Trailing 10-Year
Russell Mid Cap 18.10%	Russell Mid Cap 16.16%	Russell Mid Cap 10.02%
Russell 2000 16.27%	NAREIT - Equity REIT 15.74%	NAREIT - Equity REIT 9.61%
S&P 500 16.11%	Russell 2000 14.57%	Russell 2000 8.82%
NAREIT - Equity REIT 14.18%	S&P 500 14.47%	MSCI Emerging Markets 8.48%
MSCI EAFE 9.02%	BarCap US High Yield 8.59%	BarCap US High Yield 8.18%
BarCap US High Yield 7.46%	MSCI EAFE 6.16%	S&P 500 8.01%
BarCap Aggregate 3.10%	Citi US Inflation-Linked 4.51%	MSCI EAFE 4.95%
Citi US Inflation-Linked 0.77%	BarCap Aggregate 4.41%	BarCap Aggregate 4.93%
MSCI Emerging Markets 0.31%	MSCI Emerging Markets 1.75%	Citi US Inflation-Linked 4.64%
Citi 3 Month T-Bill 0.05%	Citi 3 Month T-Bill 0.07%	Citi 3 Month T-Bill 1.41%
S&P GSCI Commodity -16.91%	S&P GSCI Commodity -7.97%	S&P GSCI Commodity -7.46%

Small Cap - Russell 2000 Index; REIT - NAREIT Equity REITs Index; Mid Cap - Russell Mid Cap Index; Large Cap - S&P 500 Index; Commodities - S&P GSCI Commodity Index; High Yield Bonds - BarCap US Corporate High Yield Index; Emerging Markets - MSCI Emerging Markets Index; International Equity - MSCI EAFE (net) Index; Inflation-Linked Securities - Citi US Inflation-Linked Securities; Bonds - Barclays US Aggregate Index; Money Market - Citigroup Treasury 3 Month T-Bill

Source: Morningstar

DOMESTIC EQUITY

	Index	3 Mos.	YTD	1 Year	3 Years	5 Years	10 Years
Broad Market	DJ Industrial Average	0.33	0.33	10.57	13.18	13.23	8.17
	S&P 500	0.95	0.95	12.73	16.11	14.47	8.01
	NASDAQ Composite	3.79	3.79	18.12	18.11	16.72	10.46
	Wilshire 5000 Total Market	1.61	1.61	12.24	16.19	14.56	8.41
Large Cap	Russell 1000	1.59	1.59	12.73	16.45	14.73	8.34
	Russell 1000 Growth	3.84	3.84	16.09	16.34	15.63	9.36
	Russell 1000 Value	-0.72	-0.72	9.33	16.44	13.75	7.21
Mid Cap	Russell Mid Cap	3.95	3.95	13.68	18.10	16.16	10.02
	Russell Mid Cap Growth	5.38	5.38	15.56	17.41	16.43	10.19
	Russell Mid Cap Value	2.42	2.42	11.70	18.60	15.84	9.61
Small Cap	Russell 2000	4.32	4.32	8.21	16.27	14.57	8.82
	Russell 2000 Growth	6.63	6.63	12.06	17.74	16.58	10.02
	Russell 2000 Value	1.98	1.98	4.43	14.79	12.54	7.53

Source: Morningstar

INTERNATIONAL EQUITY

	Index	3 Mos.	YTD	1 Year	3 Years	5 Years	10 Years
Developed	MSCI AC World	2.31	2.31	5.42	10.75	8.99	6.44
	MSCI AC World Ex US	3.49	3.49	-1.01	6.40	4.82	5.46
	MSCI EAFE	4.88	4.88	-0.92	9.02	6.16	4.95
	MSCI EAFE Growth	5.85	5.85	1.05	8.96	6.99	5.60
	MSCI EAFE Value	3.89	3.89	-2.90	9.03	5.27	4.23
	MSCI EAFE Small Cap	5.56	5.56	-2.92	10.67	8.80	6.17
	MSCI Europe	3.45	3.45	-4.94	9.37	6.38	4.91
	MSCI Europe Ex UK	5.50	5.50	-4.73	10.75	6.12	5.18
	MSCI Pacific Free	7.61	7.61	7.40	8.39	5.92	5.12
	MSCI Pacific Free Ex Japan	3.13	3.13	-0.30	6.63	5.94	8.70
	MSCI Japan	10.21	10.21	12.06	9.36	5.87	3.54
Emerging	MSCI Emerging Markets	2.24	2.24	0.44	0.31	1.75	8.48
	MSCI BRIC	3.55	3.55	3.61	-0.77	-1.43	9.99
	MSCI EM Latin America	-9.55	-9.55	-20.94	-13.30	-7.44	8.00
	MSCI EM Europe	1.89	1.89	-23.69	-10.81	-6.59	1.27
	MSCI EM Asia	5.23	5.23	10.72	6.28	5.69	9.69

Source: Morningstar

FIXED INCOME

Index	3 Mos.	YTD	1 Year	3 Years	5 Years	10 Years
BarCap Aggregate	1.61	1.61	5.72	3.10	4.41	4.93
BarCap US Government	1.60	1.60	5.22	2.32	3.80	4.50
BarCap US Credit	2.16	2.16	6.74	4.88	6.23	5.80
BarCap Intermediate Govt/Credit	1.45	1.45	3.58	2.31	3.52	4.34
BarCap Long Govt/Credit	3.36	3.36	15.73	7.71	10.20	7.72
Citi US Inflation-Linked	1.50	1.50	3.82	0.77	4.51	4.64
BarCap Emerging Markets Bond	2.30	2.30	4.23	4.73	6.93	8.15
BarCap ABS	0.90	0.90	2.24	1.76	2.96	3.50
BarCap MBS	1.06	1.06	5.53	2.54	3.63	4.87
Citigroup US 3-Month T-Bill	0.01	0.01	0.03	0.05	0.07	1.41
BofA ML 1-3 Year Treasury	0.52	0.52	1.00	0.67	1.02	2.62
BarCap US Corp Aaa	2.18	2.18	8.46	3.86	5.83	4.79
BarCap US Corp A	2.21	2.21	6.89	4.92	6.25	5.36
BarCap US Corp Baa	2.49	2.49	6.82	5.91	7.25	6.65
BarCap US High Yield	2.52	2.52	2.00	7.46	8.59	8.18
BarCap US High Yield Caa	2.01	2.01	-2.36	7.90	8.74	7.41

Source: Morningstar

STABLE VALUE & MONEY MARKET

Index	3 Mos.	YTD	1 Year	3 Years	5 Years	10 Years
Median Taxable Money Market Fund	0.03	0.03	0.13	0.16	0.22	1.75
Median Stable Value Fund	0.43	0.43	1.71	1.87	2.25	3.27
Consumer Price Index	-0.24	-0.24	-0.87	0.70	1.48	1.94

Source: PEI

REAL ASSETS

Index	3 Mos.	YTD	1 Year	3 Years	5 Years	10 Years
NAREIT - Equity REIT	4.75	4.75	23.95	14.18	15.74	9.61
Bloomberg Commodity	-5.94	-5.94	-27.04	-11.52	-5.71	-3.56
S&P GSCI Commodity	-8.22	-8.22	-40.32	-16.91	-7.97	-7.46

Source: Morningstar

Trailing performance as of: March 31, 2015
(As exhibited by the Russell 1000, MidCap, and 2000 stylized indices)

3 Month

	Value	Blend	Growth
Large	**-0.72**	**1.59**	3.84
Mid	2.42	3.95	**5.38**
Small	**1.98**	**4.32**	**6.63**

1 Year

	Value	Blend	Growth
Large	**9.33**	12.73	**16.09**
Mid	11.70	**13.68**	**15.56**
Small	**4.43**	**8.21**	12.06

3 Year

	Value	Blend	Growth
Large	16.44	16.45	**16.34**
Mid	**18.60**	**18.10**	17.41
Small	**14.79**	**16.27**	**17.74**

5 Year

	Value	Blend	Growth
Large	**13.75**	14.73	15.63
Mid	15.84	**16.16**	**16.43**
Small	**12.54**	**14.57**	**16.58**

10 Year

	Value	Blend	Growth
Large	**7.21**	**8.34**	9.36
Mid	9.61	**10.02**	**10.19**
Small	**7.53**	8.82	**10.02**

15 Year

	Value	Blend	Growth
Large	6.53	4.43	**1.99**
Mid	**10.87**	8.49	**4.02**
Small	**10.10**	7.19	**4.17**

Top 3 Performers | **Bottom 3 Performers**

Calendar Year Performance By Style Within Capitalization Category
(As exhibited by the Russell 1000, MidCap, and 2000 stylized indices)

	LARGE CAP	
	Russell 1000 V	Russell 1000 G
2000	**7.01**	-22.42
2001	**-5.59**	-20.42
2002	**-15.52**	-27.88
2003	**30.03**	29.75
2004	**16.49**	6.30
2005	**7.05**	5.26
2006	**22.25**	9.07
2007	-0.17	**11.81**
2008	**-36.85**	-38.44
2009	19.69	**37.21**
2010	15.51	**16.71**
2011	0.39	**2.64**
2012	**17.51**	15.26
2013	32.53	**33.48**
2014	**13.45**	13.05

	MID CAP	
	Russell MCV	Russell MCG
2000	**19.18**	-11.75
2001	**2.33**	-20.15
2002	**-9.64**	-27.41
2003	38.07	**42.71**
2004	**23.71**	15.48
2005	**12.65**	12.10
2006	**20.22**	10.66
2007	-1.42	**11.43**
2008	**-38.44**	-44.32
2009	34.21	**46.29**
2010	24.75	**26.38**
2011	**-1.38**	-1.65
2012	**18.51**	15.81
2013	33.46	**35.74**
2014	**14.75**	11.90

	SMALL CAP	
	Russell 2000 V	Russell 2000 G
2000	**22.83**	-22.43
2001	**14.02**	-9.23
2002	**-11.43**	-30.26
2003	46.03	**48.54**
2004	**22.25**	14.31
2005	**4.71**	4.15
2006	**23.48**	13.35
2007	-9.78	**7.05**
2008	**-28.92**	-38.54
2009	20.58	**34.47**
2010	24.50	**29.09**
2011	-5.50	**-2.91**
2012	**18.05**	14.59
2013	34.52	**43.40**
2014	4.22	**5.60**

	LARGE	MID	SMALL
	Russell 1000	Russell MC	Russell 2000
2000	-7.79	**8.25**	-3.02
2001	-12.45	-5.62	**2.49**
2002	-21.65	**-16.19**	-20.48
2003	29.89	40.06	**47.25**
2004	11.40	**20.22**	18.33
2005	6.27	**12.65**	4.55
2006	15.46	15.26	**18.37**
2007	**5.77**	5.60	-1.57
2008	-37.60	-41.46	**-33.79**
2009	28.43	**40.48**	27.17
2010	16.10	25.48	**26.85**
2011	**1.50**	-1.55	-4.18
2012	16.42	**17.28**	16.35
2013	33.11	34.76	**38.82**
2014	**13.24**	13.22	4.89

Source: Morningstar

DOMESTIC EQUITY
(As exhibited by the Russell 1000, MidCap, and 2000 stylized indices)
Trailing performance as of March 31, 2015

	3 Month				1 Year		
Large	**-0.72**	**1.59**	3.84	Large	**9.33**	12.73	**16.09**
Mid	2.42	3.95	**5.38**	Mid	11.70	**13.68**	**15.56**
Small	**1.98**	**4.32**	**6.63**	Small	**4.43**	**8.21**	12.06
	Value	Blend	Growth		Value	Blend	Growth

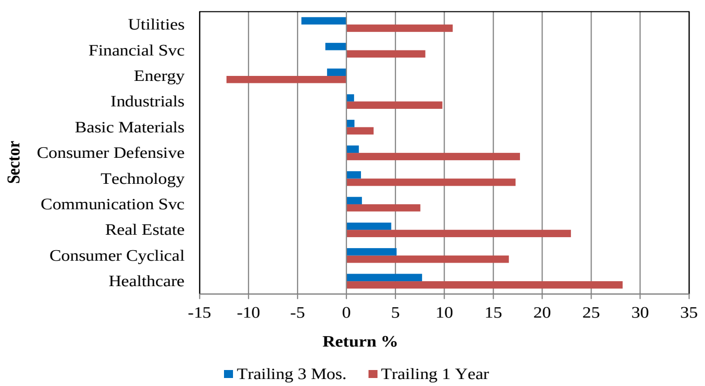
Top 3 Performers | **Bottom 3 Performers**

INTERNATIONAL EQUITY
(As exhibited by the MSCI EAFE, EAFE Small, and Emerging Market stylized indices)
Trailing performance as of March 31, 2015

	3 Month				1 Year		
EAFE	**3.89**	4.88	**5.85**	EAFE	-2.90	-0.92	**1.05**
EAFE Small	5.31	**5.56**	**5.82**	EAFE Small	**-4.21**	**-2.92**	-1.63
EM	**0.38**	**2.24**	3.96	EM	**-2.91**	**0.44**	**3.65**
	Value	Blend	Growth		Value	Blend	Growth

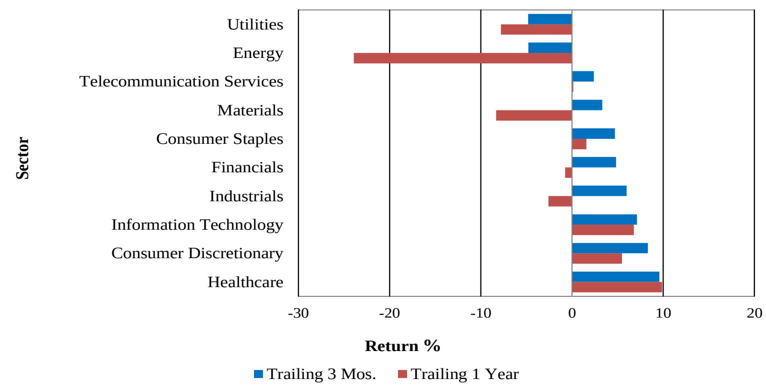
Top 3 Performers | **Bottom 3 Performers**

S&P 500 INDEX SECTOR PERFORMANCE



Source: Morningstar

MSCI EAFE SECTOR PERFORMANCE



Source: Morningstar

Domestic Equity

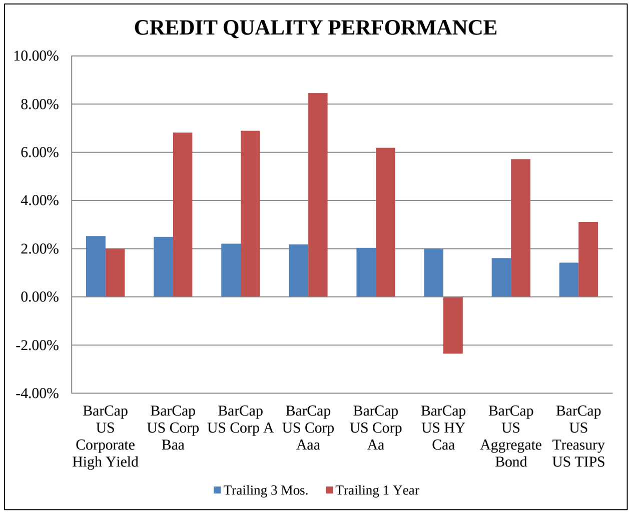
Solid gains were observed for key indices during the first quarter of 2015 with the Russell 2000 Index posting a 4.0% gain, Russell 1000 Index advancing 1.6%, and the S&P 500 Index up 1.0%. Small-cap stocks reversed course during the quarter and outperformed large-cap stocks due to limited foreign exposure, which protected this group from currency swings that weighed on the earnings of more multi-national companies. Growth stocks solidly outpaced value stocks as concerns surrounding a global slowdown increased and the search for companies that might outperform against this backdrop continued. Investors favored more traditional growth sectors such as consumer discretionary and healthcare. However, value leaning sectors such as utilities, energy, and financials came under pressure. The consumer discretionary sector was buoyed by improving consumer sentiment readings. Healthcare stocks were positively impacted by M & A activity. Assessing valuations, the S&P 500 Index stands at 16.9x on a forward P/E basis above the Index's 25-year average P/E ratio of 15.7x.

International Equity

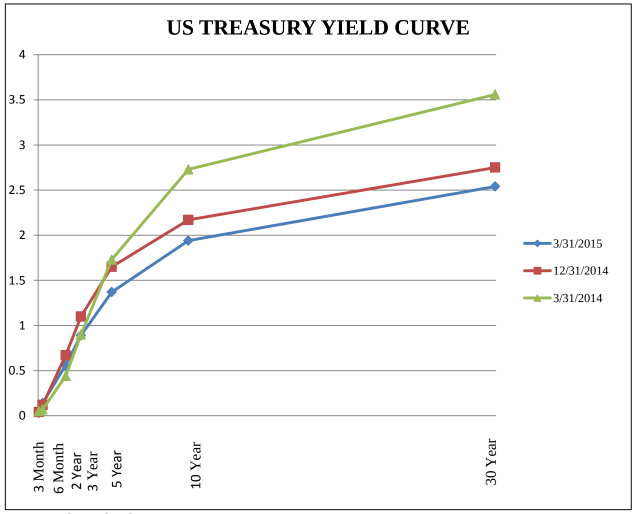
International markets advanced during the first quarter of 2015. An uptick in central bank stimulus initiatives along with signs of life in Europe, Japan, and China combined to push stocks higher. Emerging markets lagged developed markets with the MSCI Emerging Markets Investable Index returning 2.0% and the MSCI EAFE Index returning 5.0% for the period. While relaxed monetary policies provided a tailwind for emerging market regions, much of this was offset by stagnant economies and weak currencies. The European Central Bank's announcement of a quantitative easing program buoyed European equities, while accommodative policy stances in China and Japan supported these equity markets. Depressed oil prices continued to impact economies worldwide, weighing on countries that are commodity exporters while benefiting importers.

Portfolio Evaluations, Inc.
THE BENCHMARK IN INVESTMENT CONSULTING

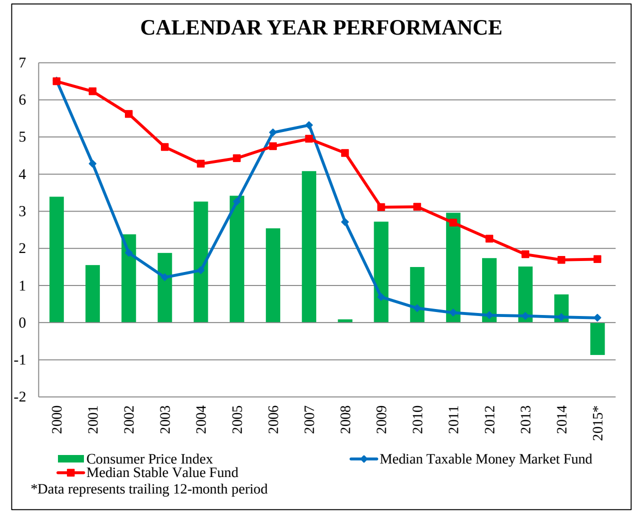
1Q2015
FIXED INCOME, MONEY MARKET, AND STABLE VALUE
ECONOMIC REVIEW AND MARKET COMMENTARY



Source: Morningstar



Source: The Federal Reserve



Source: Morningstar

<u>Fixed Income</u>

Bonds rallied in the first quarter of 2015, with investors favoring U.S. issues for their relative value as yields in Europe and Japan hit record lows. Despite the volatility across broad U.S. fixed income indices of U.S. Treasuries, the Barclays U.S. Aggregate Bond Index posted a 1.6% return during the quarter. The trend toward a flatter yield curve continued in the first quarter of 2015, as longer term yields declined more than shorter term yields. The decline in long term interest rates was due in part to softening economic conditions in the U.S. as well as heightened demand from global investors. While Treasury Inflation Protected Securities notched a 1.4% gain as real rates moved lower, the sector lagged other fixed income classes given continued low inflation expectations. The highest U.S. securitized asset returns were earned by securities with the longest duration. MBS underperformed Treasuries for the period, while CMBS and ABS earned positive excess returns. U.S. investment grade credit returned 2.2% during the quarter, and spreads held up relatively well despite some episodes of volatility in the commodity sectors. Longer maturing bonds were the best performers. High yield bonds, including many energy related issues, were volatile, but still gained a solid 2.5% return. Yield performance was positive across all credit qualities and sectors. Emerging market debt returned 2.1% for the quarter. USD denominated EM debt advanced as investors searched for yield, but currency losses held back local bond returns for U.S. dollar based investors.

<u>Money Market and Stable Value</u>

Money market funds continue to wait for Fed tightening while working on their strategy under the new SEC money market reforms that are effective in 2016. One to three-month yields ended the quarter between 1 and 2 basis points, while 6 month Treasury rates moved up 7 basis points to yield 13 basis points. Most managers continue to focus on maintaining short-term liquidity. While managers are selectively extending some duration at this time, they are cautious to not overextend so they can take advantage of rising rates later in the year. Stable value crediting rates continue to decline, but will occur at a slower rate as the Fed Funds target rate is increased.