3Q2015

SUMMARY OF ECONOMIC REVIEW AND MARKET COMMENTARY

Global Concerns and Economic Indicators Suppress Financial Markets

- Weaker than expected economic data, coupled with a currency devaluation in August, suggested China's economic outlook was worse than previously indicated by the government. A currency devaluation is generally considered to be a dramatic stimulus measure to improve exports, global competitiveness, and economic growth. While financial analysts always question the validity of that government's releases, the devaluation was a strong signal that the outlook was significantly lower than the government's 7.0% target; some analysts have suggested that growth could actually be closer to 5.5-6.0%.
- The impact on commodity prices and equity markets was severe, and it raised questions about the Federal Reserve's timing of the first interest rate increase. Earlier in the quarter, continued improvement in labor and housing indicators, as well as consumer confidence, suggested a rate hike was imminent. However, financial markets aligned to a new narrative by mid-quarter; weaker global growth and a continuation of low interest rates both here and abroad.
- By the end of the quarter, U.S economic indicators for manufacturing and the widening of the trade deficit implied that the U.S. economy was not on solid enough footing to withstand weaker growth out of China. The Federal Reserve alluded to this point following their September meeting, which was cited as a rational for not increasing interest rates at that time. Additionally, a second concern was also cited. Although unemployment improved over the course of the year, any additional slowdown in global growth and commodity prices could jeopardize the Fed's 2.0% inflation goal. However, comments following the meeting from both Chairperson Janet Yellen and New York Fed President William Dudley left the door open for a rate hike before the end of 2015.
- The first estimate for third quarter GDP was 1.5% due primarily to a cutback in inventory building which contributed positively to previous quarters. Some underlying contributors that bode well for future growth were consumer spending that rose at an annualized rate of 3.2% and personal disposable income which increased 3.5%.
- Given this backdrop, energy and industrial/manufacturing based sectors were the worst performing sectors during the third quarter. Broader indices tied to commodity prices and China's economic prosperity experienced poor performance. The MSCI Emerging Markets Index and the S&P/Goldman Sachs Commodity Index were the worst performing indices during the quarter. All domestic market cap sectors were down. Small cap stocks, which ran up in the previous two quarters and benefitted from being less tied to the value of the dollar, suffered the largest correction.
- Interest rate sensitive sectors such as utilities and real estate performed better as they benefited from the prospect of a "lower for longer" interest rate policy. In the market readjustment around Fed policy, longer dated bonds, especially Treasuries, found favor as a safe haven and for yield protection. The Barclays Aggregate was marginally positive for the third quarter. However, widening credit spreads, especially in the energy sector, weakened high yield bond returns.

International Markets Shift Focus to China

- As previously discussed, economic news from China dominated the movement in global financial markets. Industrial Production, Manufacturing PMI and GDP all came in lower on the quarter. Weakness in manufacturing, housing, and global demand resulted in a third quarter GDP growth rate of 6.9%, its lowest level since 2009.
- The economic growth outlook for Europe was cut with concerns raised again about deflation. Analysts began to speculate about a new round of quantitative easing from the ECB, which gave support to equity markets.
- Greece, which dominated headlines in the second quarter, faded into the background as the Parliament agreed to strict austerity measures required by the IMF and the ECB in order to begin negotiations for economic support. Capital controls were relaxed, as the stock market reopened down 21.0% in early August. The about-face backing of the austerity measures by Prime Minister Alex Tsipras led to a general election in September. Although he maintained control over a coalition government, ongoing negotiations continue to be challenging given the extent of proposed pension, banking, and taxation reforms.

➢ *Looking Forward*

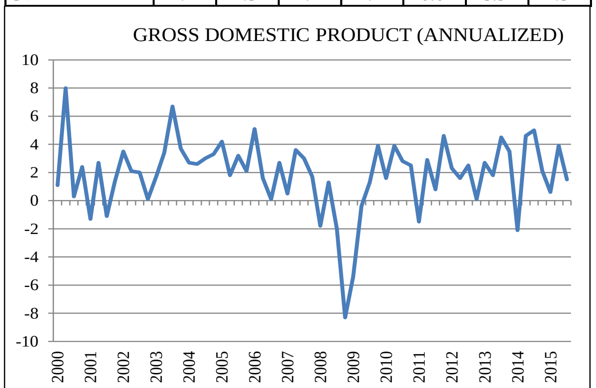
- Once analysts could see past the events of the third quarter and look to the longer-term trends of U.S. economic activity, financial markets found a bottom. Employment indicators such as non-farm payroll and jobless claims continue to improve, and housing indicators continued to trend upwards.
- Given the outlook for weaker global growth, analysts have revised down their U.S. growth estimates for the remainder of the year. The consensus suggests a first rate hike (of most likely 25 basis points) will come in December 2015, and the second rate hike (an additional 25 or 50 basis points) occurring in either March or June, 2016.
- Expectations were also lowered given the impact lower oil prices have on U.S. energy producers and ongoing concerns that corporate earnings will be weaker in both the third and fourth quarters of 2015.

Forecast for U.S. Economic Outlook

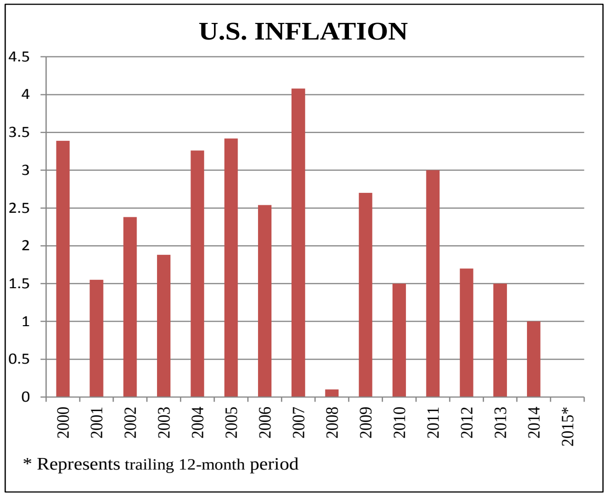
	Third Quarter, 2015	Fourth Quarter, 2015	2015
U.S. GDP	2.0%	2.7%	-
Unemployment	-	5.0%	-
CPI	-	0.8%	1.2%
Fed Funds	Unchanged	0.0-0.50%	0.0-0.50%

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

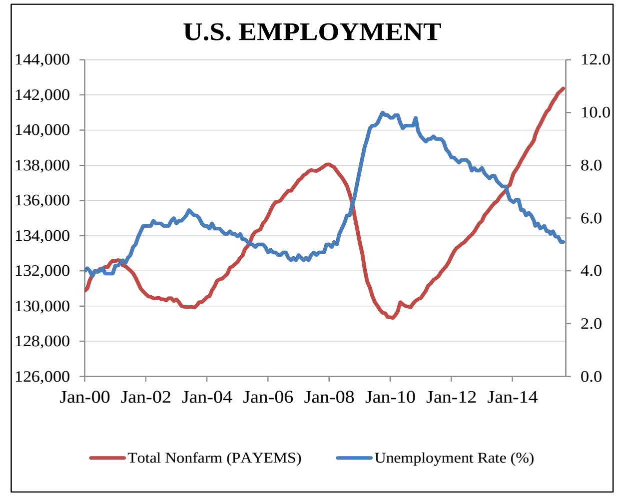
Seasonally Adjusted Rate: Percent Changed from Preceding Period	Annual			Trailing Four Quarters			
	2012	2013	2014	4Q14	1Q15	2Q15	3Q15
GDP	2.2	1.5	2.4	2.1	0.6	3.9	1.5



Source: Bureau of Economic Affairs



Source: United States Department of Labor



Source: United States Department of Labor

Economic Growth

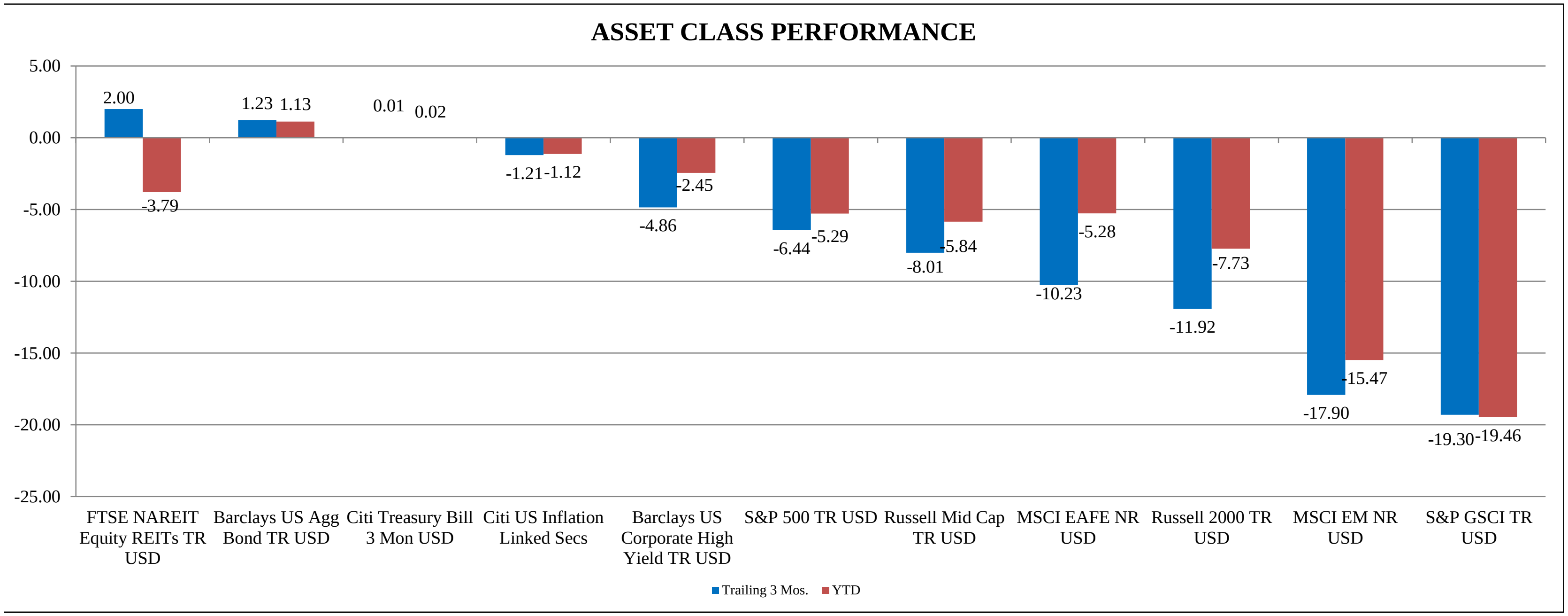
Second quarter GDP growth rebounded after the end of another severe winter and the West Coast port strike. Going into the third quarter, early economic data continued to look optimistic; unemployment improved, jobless claims were down, and non-farm payroll numbers continued their steady improvement. Housing data and consumer confidence also edged higher as did core inflation, suggesting the Fed would be comfortable raising interest rates. By August, weaker than expected growth and export activity in China and another down-draft in oil prices (and the negative implications for emerging economies and U.S. energy companies) upset investor confidence and analyst's outlook for global economic growth. For the third quarter, the real GDP was 1.5% (first estimate), in part due to manufacturers making an adjustment in inventory building. The increase in real GDP in the quarter primarily reflected positive contributions from personal consumption expenditures, state and local government spending, nonresidential fixed investment, exports, and residential fixed investment. Negative contributions from private inventory investment offset these numbers. Imports, which in terms of GDP is considered a subtraction, increased.

Policy

The much-anticipated FOMC meeting in September resulted in an unchanged interest rate policy due to expressed concerns about global growth and its potential impact to drive U.S. economic activity and inflation lower. Information released following the meeting suggested interest rates would be slow to rise, and future rate increases would most likely be drawn out over a longer period of time than previously expected. Contributing to the market-moving news, China's central bank devalued their currency by about 2.0% against the U.S. dollar, suggesting there was additional economic weakness in the country that the government did not wanted to publicly acknowledge.

Markets

Prospects for weaker global economic growth did not sit well with equity markets, which almost unanimously finished the quarter in the red. Interest rate-sensitive markets, such as core bonds, REITs, and utilities, experienced small increases. The 10-year Treasury yield moved lower to 2.06% from 2.35% at the end of the previous quarter. The quarter ended with the S&P 500 Index down 6.4%. The Russell 2000 Index was down 11.9%. WTI crude oil prices were down 23.0% to around $46 per barrel, contributing to the MSCI Emerging Market Index being down 17.9% for the quarter. The Shanghai Composite was down about 35.0% from its peak in mid-June, which is an improvement from its low in August when the index was off about 44%.



Source: Morningstar

REITs and other interest rate sensitive asset classes benefited from the recalibration of the timing of the Fed's first interest rate increase. Concerns about weaker global growth and its impact on U.S. growth and inflation kept the Fed from making a policy change at their September meeting, which in turn weakened the U.S. dollar. Steadily improving housing indicators also supported REITs.

Financial market volatility contributed to safe-haven Treasury buying and some rotation away from high yield and emerging market debt to asset-backed bonds, causing the Barclay's Aggregate to be the second-best performing index for the quarter. As economic uncertainty and lower energy prices caused credit spreads to widen, high yield corporate bond indices declined.

Equities across all market caps suffered large declines as weak economic data from China cast a large shadow over the future of the global economy. More doubt was raised regarding the prospects for U.S. exports, industrial production, and manufacturing. These were already weakened in the first half of 2015 due to the strength of the U.S. dollar and its negative impact on exports. Having been the beneficiary of the strong dollar during the first half of 2015, small-cap stocks were hit especially hard.

Commodity prices and emerging market equity, with a strong link to China's growth outlook, experienced substantial declines over the quarter. Oil prices also declined due to increasing production from Saudi Arabia and the prospect of new supply coming from Iran. The S&P GSCI Index was the worst performing index for the quarter and year-to-date.

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3Q2015

TOTAL RETURN OF ASSET CLASSES
ECONOMIC REVIEW AND MARKET COMMENTARY

As of September 30, 2015

2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Trailing 3-Year	Trailing 5-Year	Trailing 10-Year
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 34.00%	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%	Russell Mid Cap 13.91%	Russell Mid Cap 13.40%	Russell Mid Cap 7.87%
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 1.80%	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%	S&P 500 12.40%	S&P 500 13.34%	BarCap US High Yield 7.25%
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 11.60%	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%	Russell 2000 11.02%	NAREIT - Equity REIT 12.00%	NAREIT - Equity REIT 6.82%
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%	NAREIT - Equity REIT 9.59%	Russell 2000 11.73%	S&P 500 6.80%
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%	MSCI EAFE 5.63%	BarCap US High Yield 6.15%	Russell 2000 6.55%
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 5.60%	S&P 500 -37.00%	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%	BarCap US High Yield 3.51%	MSCI EAFE 3.98%	BarCap Aggregate 4.64%
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 Aggregate 1.71%	BarCap Aggregate 3.10%	MSCI Emerging Markets 4.27%
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 3.00%	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%	Citi 3 Month T-Bill 0.04%	Citi US Inflation-Linked 2.59%	Citi US Inflation-Linked 4.06%
S&P 500 -9.10%	S&P 500 -11.89%	Russell Mid Cap -16.19%	Citi US Inflation-Linked 8.26%	Citi US Inflation-Linked 8.40%	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%	Citi US Inflation-Linked -1.94%	Citi 3 Month T-Bill 0.06%	MSCI EAFE 2.97%
MSCI EAFE -14.17%	MSCI EAFE -21.44%	Russell 2000 -20.48%	BarCap Aggregate 4.10%	BarCap Aggregate 4.34%	BarCap US High Yield 2.74%	Citi US Inflation-Linked 0.40%	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 -5.27%	MSCI Emerging Markets -3.58%	Citi 3 Month T-Bill 1.26%
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%	S&P GSCI Commodity -19.84%	S&P GSCI Commodity -9.79%	S&P GSCI Commodity -10.01%

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

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3Q2015

MARKET DATA

ECONOMIC REVIEW AND MARKET COMMENTARY

DOMESTIC EQUITY

	Index	3 Mos.	YTD	1 Year	3 Year	5 Year	10 Year
Broad Market	DJ Industrial Average	-6.98	-6.95	-2.11	9.26	11.38	7.17
	S&P 500	-6.44	-5.29	-0.61	12.40	13.34	6.80
	NASDAQ Composite	-7.09	-1.61	4.00	15.48	15.66	9.02
	Wilshire 5000 Total Market	-6.91	-5.36	-0.38	12.42	13.17	6.97
Large Cap	Russell 1000	-6.83	-5.24	-0.61	12.66	13.42	6.95
	Russell 1000 Growth	-5.29	-1.54	3.17	13.61	14.47	8.09
	Russell 1000 Value	-8.39	-8.96	-4.42	11.59	12.29	5.71
Mid Cap	Russell Mid Cap	-8.01	-5.84	-0.25	13.91	13.40	7.87
	Russell Mid Cap Growth	-7.99	-4.15	1.45	13.98	13.58	8.09
	Russell Mid Cap Value	-8.04	-7.66	-2.07	13.69	13.15	7.42
Small Cap	Russell 2000	-11.92	-7.73	1.25	11.02	11.73	6.55
	Russell 2000 Growth	-13.06	-5.47	4.04	12.85	13.26	7.67
	Russell 2000 Value	-10.73	-10.06	-1.60	9.18	10.17	5.35

Source: Morningstar

INTERNATIONAL EQUITY

	Index	3 Mos.	YTD	1 Year	3 Year	5 Year	10 Year
Developed	MSCI AC World	-9.45	-7.04	-6.66	6.95	6.82	4.58
	MSCI AC World Ex US	-12.17	-8.63	-12.16	2.34	1.82	3.03
	MSCI EAFE	-10.23	-5.28	-8.66	5.63	3.98	2.97
	MSCI EAFE Growth	-8.73	-2.41	-4.65	6.53	4.83	3.80
	MSCI EAFE Value	-11.77	-8.15	-12.60	4.69	3.06	2.07
	MSCI EAFE Small Cap	-6.83	2.62	0.29	10.17	7.30	4.65
	MSCI Europe	-8.69	-5.20	-9.33	6.03	4.28	3.31
	MSCI Europe Ex UK	-8.08	-3.79	-8.03	7.61	4.12	3.47
	MSCI Pacific Free	-13.21	-5.54	-7.51	4.80	3.49	2.34
	MSCI Pacific Free Ex Japan	-15.97	-15.48	-16.77	-2.00	0.87	5.15
	MSCI Japan	-11.80	0.21	-2.22	8.96	4.91	1.14
Emerging	MSCI Emerging Markets	-17.90	-15.47	-19.28	-5.27	-3.58	4.27
	MSCI BRIC	-21.11	-14.57	-18.06	-5.12	-5.99	4.50
	MSCI EM Latin America	-24.29	-29.13	-38.65	-17.49	-12.94	1.78
	MSCI EM Europe	-15.36	-10.06	-28.34	-13.83	-9.14	-3.25
	MSCI EM Asia	-17.01	-12.81	-13.05	-0.40	-0.09	6.29

Source: Morningstar

FIXED INCOME

Index	3 Mos.	YTD	1 Year	3 Year	5 Year	10 Year
BarCap Aggregate	1.23	1.13	2.94	1.71	3.10	4.64
BarCap US Government	1.71	1.79	3.68	1.30	2.47	4.27
BarCap US Credit	0.53	-0.26	1.50	2.02	4.09	5.28
BarCap Intermediate Govt/Credit	0.95	1.77	2.68	1.45	2.42	4.17
BarCap Long Govt/Credit	2.18	-2.39	3.09	2.17	5.96	6.65
Citi US Inflation-Linked	-1.21	-1.12	-0.86	-1.94	2.59	4.06
BarCap Emerging Markets Bond	-2.39	0.30	-1.43	1.34	4.66	6.88
BarCap ABS	0.74	1.83	2.38	1.21	2.12	3.41
BarCap MBS	1.30	1.61	3.43	1.98	3.03	4.71
Citigroup US 3-Month T-Bill	0.01	0.02	0.02	0.04	0.06	1.26
BofA ML 1-3 Year Treasury	0.31	0.98	1.16	0.68	0.76	2.54
BarCap US Corp Aaa	2.39	-0.08	3.11	1.26	3.44	4.27
BarCap US Corp A	1.54	0.71	2.92	2.21	4.18	4.93
BarCap US Corp Baa	-0.02	-1.08	0.13	2.44	4.80	6.04
BarCap US High Yield	-4.86	-2.45	-3.43	3.51	6.15	7.25
BarCap US High Yield Caa	-7.29	-4.97	-8.68	3.38	6.28	6.36

Source: Morningstar

STABLE VALUE & MONEY MARKET

Index	3 Mos.	YTD	1 Year	3 Year	5 Year	10 Year
Median Taxable Money Market Fund	0.03	0.09	0.12	0.15	0.19	1.59
Median Stable Value Fund	0.44	1.31	1.76	1.79	2.12	3.14
Consumer Price Index	-0.06	1.56	0.19	1.01	1.77	1.84

Source: PEI

REAL ASSETS

Index	3 Mos.	YTD	1 Year	3 Year	5 Year	10 Year
NAREIT - Equity REIT	2.00	-3.79	9.88	9.59	12.00	6.82
Bloomberg Commodity	-14.47	-15.80	-25.99	-16.02	-8.89	-5.67
S&P GSCI Commodity	-19.30	-19.46	-41.74	-19.84	-9.79	-10.01

Source: Morningstar

3Q2015

DOMESTIC EQUITY MARKET PERFORMANCE
ECONOMIC REVIEW AND MARKET COMMENTARY

Trailing performance as of: Septmeber 30, 2015
(As exhibited by the Russell 1000, MidCap, and 2000 stylized indices)

3 Month

	Value	Blend	Growth
Large	-8.39	**-6.83**	**-5.29**
Mid	-8.04	-8.01	**-7.99**
Small	**-10.73**	**-11.92**	**-13.06**

1 Year

	Value	Blend	Growth
Large	**-4.42**	-0.61	**3.17**
Mid	**-2.07**	-0.25	**1.45**
Small	**-1.60**	1.25	**4.04**

3 Year

	Value	Blend	Growth
Large	**11.59**	12.66	13.61
Mid	**13.69**	**13.91**	**13.98**
Small	**9.18**	**11.02**	12.85

5 Year

	Value	Blend	Growth
Large	**12.29**	**13.42**	**14.47**
Mid	13.15	13.40	**13.58**
Small	**10.17**	**11.73**	13.26

10 Year

	Value	Blend	Growth
Large	**5.71**	6.95	**8.09**
Mid	7.42	**7.87**	**8.09**
Small	**5.35**	**6.55**	7.67

15 Year

	Value	Blend	Growth
Large	5.73	**4.14**	**2.20**
Mid	**9.55**	**7.63**	**3.72**
Small	**8.53**	6.51	4.15

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

3Q2015

DOMESTIC AND INTERNATIONAL EQUITY
ECONOMIC REVIEW AND MARKET COMMENTARY

DOMESTIC EQUITY
(As exhibited by the Russell 1000, MidCap, and 2000 stylized indices)
Trailing performance as of September 30, 2015

3 Month	Value	Blend	Growth
Large	-8.39	**-6.83**	**-5.29**
Mid	-8.04	-8.01	**-7.99**
Small	**-10.73**	**-11.92**	**-13.06**

YTD	Value	Blend	Growth
Large	**-4.42**	-0.61	**3.17**
Mid	**-2.07**	-0.25	**1.45**
Small	**-1.60**	1.25	**4.04**

Top 3 Performers **Bottom 3 Performers**

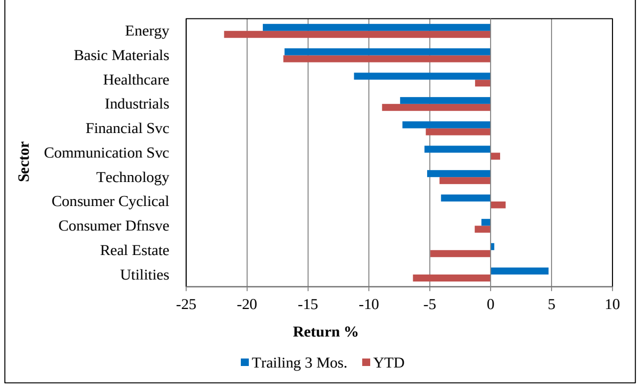
INTERNATIONAL EQUITY
(As exhibited by the MSCI EAFE, EAFE Small, and Emerging Market stylized indices)
Trailing performance as of September 30, 2015

3 Month	Value	Blend	Growth
EAFE	-11.77	-10.23	-8.73
EAFE Small	**-7.65**	**-6.83**	**-6.03**
EM	**-19.15**	**-17.90**	**-16.69**

YTD	Value	Blend	Growth
EAFE	-8.15	-5.28	-2.41
EAFE Small	**0.37**	**2.62**	**4.87**
EM	**-17.38**	**-15.47**	**-13.63**

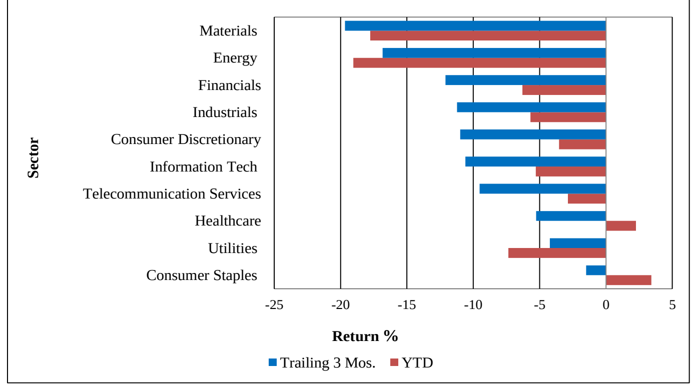
Top 3 Performers **Bottom 3 Performers**

S&P 500 INDEX SECTOR PERFORMANCE



Source: Morningstar

MSCI EAFE SECTOR PERFORMANCE



Source: Morningstar

Domestic Equity

Concerns regarding a slowdown in China and emerging markets triggered volatility across global markets, including within U.S. capital markets. The S&P 500 Index dropped 6.4% during the quarter, pushing year-to-date returns into negative territory. Lower capitalization stocks posted even steeper losses during the quarter, with the Russell Mid Cap Index and Russell 2000 Index losing 8.0% and 11.9%, respectively. Growth stocks once again outperformed value stocks, continuing their year-to-date trend. More defensive sectors, such as utilities and consumer defensive, did relatively well as investors sought safe-haven assets. The resource-oriented sectors such as energy and basic materials lagged far behind as falling commodity prices and weak global demand weighed on results. On a valuation basis, the 15.1 forward price-to-earnings ratio of the S&P 500 Index is below the index's long-term average price-to-earnings ratio of 15.8, which indicates the market is now slightly undervalued.

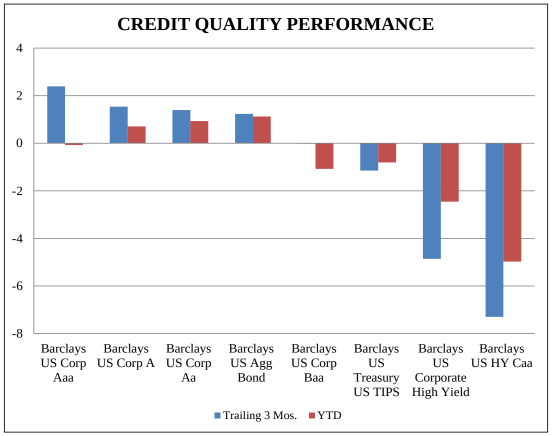
International Equity

International markets remained volatile throughout the quarter. A slowing Chinese economy and its impact on global growth and commodity markets prompted a strong sell-off among international equities. The MSCI EAFE Index fell 10.2% and the MSCI Emerging Markets Index fell 17.8% for the quarter as developed markets outperformed emerging markets. No region was immune to the quarter's volatility. Positive economic data emerged from the Eurozone as revised GDP figures were promising and consumer sentiment among European countries rose. However, global volatility overshadowed the promising data with many Eurozone equities posting negative returns. Emerging markets came under significant pressure as mediocre fundamentals and slowing growth combined to offset the impact of aggressive monetary policies. Weak commodity prices also wreaked havoc on commodity-exporting emerging-market countries, most notably Brazil. Concerns about the slowing Chinese economy were exacerbated by a devaluation of the Renminbi, leading investors to fear a potentially sharper slowdown in China. In spite of stimulus measures, Japanese equities struggled against a backdrop of weak economic data. The consumer staples and healthcare sectors fared the best despite posting negative returns for the quarter, while growth stocks fared slightly better than value stocks.

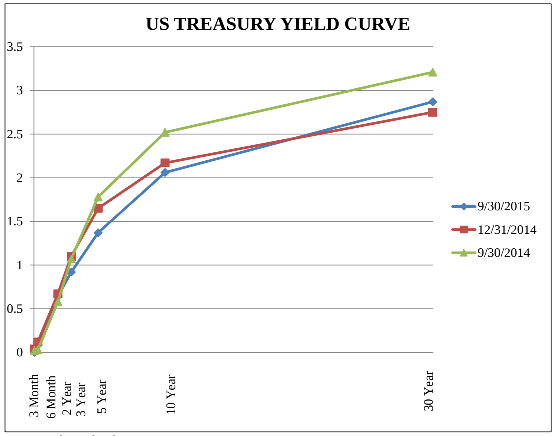
Portfolio Evaluations, Inc.
THE BENCHMARK IN INVESTMENT CONSULTING

3Q2015

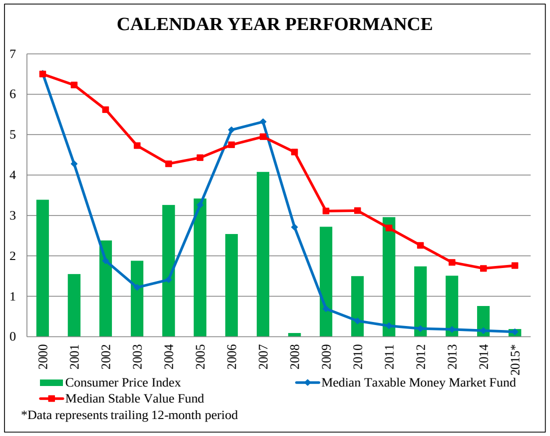
FIXED INCOME, MONEY MARKET, AND STABLE VALUE ECONOMIC REVIEW AND MARKET COMMENTARY



Source: Morningstar



Source: The Federal Reserve



Source: PEI

Fixed Income

Despite considerable volatility in US Treasuries driven by slowing growth in China and the ongoing uncertainty surrounding the timing of the Federal Reserve's first interest rate hike, US fixed income securities generally posted positive, yet modest total returns in the third quarter. The Barclays US Aggregate Bond Index rose 1.2% for the quarter. On the whole, longer duration indices outperformed shorter duration indices, and higher quality fixed income securities bettered lower quality. The yield curve flattened in the quarter, as yields on intermediate to long term maturities declined more than those on the short end of the curve. Bond yields trended lower during the quarter, driven by concerns over economic strength and the Fed's decision to postpone any increase in interest rates. Inflation expectations, as measured by break-even rates on Treasury Inflation Protected Securities (TIPS), declined during the quarter driven by lower energy prices and worries about cheaper imports. As a result, the US TIPS Index posted a negative total return for the period. The Barclays Municipal Bond Index (+1.7%) was one of the best performing fixed income classes in the quarter, as municipal bonds generally offer high grade investors better yields than those earned on US Treasuries. US securitized assets were positively impacted by the FOMC announcement. Spreads tightened after the decision to maintain rates and rallied to generate positive total returns. Returns were broadly positive across sectors in investment grade US corporates (with the exception of energy, which came under significant selling pressure as oil prices failed to recover). Growing concerns about global weakness put downward pressure on spreads, and the Barclays Corporate Index (+0.8%) trailed the broader market for the quarter. High yield corporates struggled during the quarter. The Barclays High Yield Corporate Bond Index returned roughly -5.0%. Much of the widening was attributable to the energy, metals, and mining sectors, including highly levered oil companies amid plunging oil prices. Emerging market debt also suffered from the drop in commodity prices and overall market volatility. Debt denominated in USD held up better than locally denominated bonds, which lost more than 10.0% given the knock on effect of the devaluation of the Chinese yuan on other emerging market currencies.

Money Market and Stable Value

Money market managers continue to position their funds in anticipation of an interest rate hike in December. Typical Weight Average Maturity (WAM) continues to hover around forty days, as funds look forward to increasing yields. Other considerations impacting fund management include global events and the SEC money market reforms. With the implementation date for the reform requirements coming in October 2016, more money market providers have been announcing plans for their money market fund lineups. Provider plans for consolidation and mergers into government funds have led to many questions regarding supply issues for short term government paper in the future. Prime fund managers continue to build liquidity in anticipation of some outflows due to the reforms, especially to Government/Treasury funds that will not be required to float the NAV or put redemption gates and liquidity fees in place. Stable value funds have experienced inflows during the third quarter. Their cash positions are also slightly elevated to provide flexibility as interest rates rise. Wrap capacity continues to improve since 2008, with wrap providers slowly giving more investment flexibility to managers. On average, wrap fees have been ranging between twenty and twenty-five basis points.