➢ *What Happened to Economic Growth?*

- Consumers, business managers, and financial markets remained positive about the prospects for economic growth, regulatory changes, and tax reform under the Trump administration, despite the failure to pass their first major legislation for healthcare reform. Survey data about consumer confidence and business outlook (including for small businesses) continued to trend higher over the quarter.
- Actual U.S. economic data during the first quarter was not as optimistic, even when factoring in a major storm in the eastern U.S. Retail sales declined 0.2% in March, after only rising 0.1% in February. First quarter industrial production was only higher by 1% from a year ago, and manufacturing production was down 0.4% in March. Most surprisingly, real consumer spending only increased 0.3% over the quarter, which was the lowest rate of increase since 2009. Housing starts ended the quarter down 6.8%, although existing home sales rose 4.4% in March. CPI dropped 0.3% in March, and core inflation is running about 2.0% year over year. Unemployment ended the quarter at 4.5% although non-farm payroll additions dropped off their pace in March.
- The discrepancy between this “hard” economic data rooted in actual performance and the “soft” survey and confidence data caused a wide spread between projections for first quarter GDP (0.2% - 2.7%). The first estimate for first quarter real GDP increased 0.7%, annualized, compared to +2.1% in the previous quarter. This was the weakest report since 2014, due in part to lower consumer spending, weak auto sales, lower weather-related utility spending, and decelerating inventory growth (that could be reversed in future quarters). Non-residential fixed investment rose at an annualized rate of 9.4%, although not enough to substantially offset this weak report.
- In March the FOMC increased the Federal Funds rate 25 basis points to a range of 0.75-1.00%. Financial markets responded favorably to the Fed’s view that the economy was growing in a controlled fashion. The Committee members held to expectations for moderate economic growth and inflation in the foreseeable future. The Fed began discussions to lighten the balance sheet, a sign that the Fed has growing confidence in their economic outlook. The initial reaction to the weak first quarter GDP report was the Fed would not be deterred from their path for future interest rate increases.
- U.S. equity prices appreciated over the quarter, especially following surveys that pointed to continued improvement in both manufacturing and consumption. Corporate earnings rose at an annual rate of about 2.9% and 4.8% in the 3^{rd} and 4^{th} quarters, respectively, indicating that the earnings recession that started in 2015 was over.
- The S&P 500 was up 6.07% over the first quarter. U.S. large cap stocks outperformed mid- and small-cap stocks due to the weakness in the dollar, and signs of a surge in global manufacturing. For the same reasons, growth stocks appreciated more than value stocks.
- The better performing sectors on the quarter were more economically sensitive; Technology, Healthcare, and Consumer Discretionary.
- While short term interest rates rose over the quarter, leading up to the Fed’s rate hike, longer-term rates decreased, flattening the yield curve. The 10-year Treasury rate ended the quarter at 2.40%, which was 10 basis points lower than the rate at the end of 2016. High yield credit spreads narrowed as riskier assets were favored. The Barclays U.S. Aggregate rose 0.82%, while the U.S. Corporate High Yield index increased 2.7% over the first quarter.

➢ *Global Growth Looks More Robust in 2017*

- Stronger reported economic growth in both developed and emerging markets propelled global equities, as financial flows to foreign markets accelerated over the quarter. Sentiment in EU manufacturing and service sectors showed continued strength, as did retail sales. EU unemployment remains high, however, at 9.5%. China’s first quarter GDP rose 6.9% at an annual rate, and industrial production and consumption data pointed to continued growth. It should also be noted that a lack of direct trade protectionist policies out of the U.S. also improved global investor sentiment.

- The improved political climate also had a positive impact on international financial markets. The election in the Netherlands resulted in a centrist government, while the polls in France indicated that while the anti-EU, anti-immigration candidate, Marine Le Pen would move forward in the early stage, she would not succeed in the run-off presidential election on May 7, 2017.
- The U.K. parliament approved Prime Minister Theresa May's official declaration to begin that country's exit from the European Union in March. The British Pound strengthened even though May continued to push toward a "hard exit" from the EU. First quarter U.K. GDP (+0.30%) was weaker than the previous quarter, as manufacturing and production eased at the end of the quarter.
- The MSCI Emerging Markets index rose 11.45%, while the EAFE index rose 7.25%. The improved economic outlook and the weaker dollar boosted U.S. investor's international returns. Global credit markets outperformed government bonds, and emerging market debt attracted yield seekers.
- Optimistic comments by the European Central Bank suggest their focus is now on maintaining sustainable economic growth and inflation, a possible indication that monetary policy could begin to normalize later in 2017.
- WTI oil prices declined over the first quarter from about $57 to about $51 per barrel. Oil inventories rose, especially in the U.S., with shale being a contributing factor. Agricultural commodities were down due to excess supply, and broader commodity indices were the worst performers for the quarter.

➢ *Global Outlook; Better but Still Some Uncertainty*

- While the prospects are good for future economic growth, many uncertainties remain. First and foremost is the actual implementation of the Trump administration's economic programs. While the proposed tax cuts could substantially drive business growth, the legislation will meet much opposition in the Senate, as Democrats warned that cuts to those in the top brackets and "special interests" will be contested. Trade policies are less certain, with discussions ongoing to either dissolve or revise NAFTA.
- German elections later in 2017 are still a wild card, as that country continues to experience strains due to immigration. Given the two-year process, Brexit negotiations will be complex and will most likely experience periodic set-backs. In addition, Prime Minister May called for elections in June to try to consolidate her party's support in Parliament.
- Analysts surveyed at the end of the first quarter continue to see moderate U.S. economic growth through 2017.

Forecast for U.S. Economic Outlook

	Second Quarter, 2017	Third Quarter, 2017	Year End, 2017
U.S. GDP	2.5%	2.5%	2.3%
Unemployment	4.5%	-	4.4%
CPI	2.4%	-	2.4%
Fed Funds	1.00-1.25%	-	1.25-1.50%

Source: The Wall Street Journal, April 1, 2017; survey average of 76 economists

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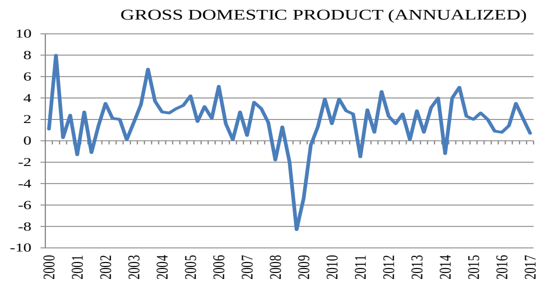
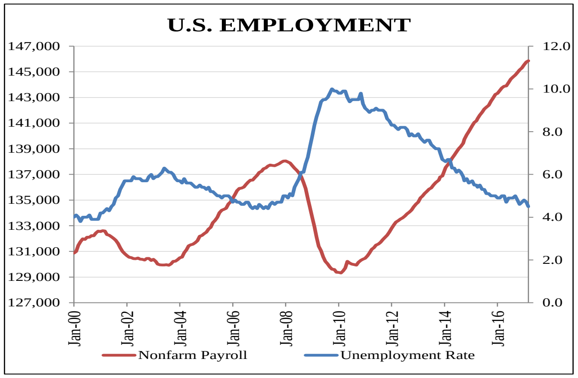
1Q2017
ECONOMIC REVIEW
ECONOMIC REVIEW AND MARKET COMMENTARY

Seasonally Adjusted Rate: Percent Changed from Preceding Period	Annual			Trailing Four Quarters			
	2014	2015	2016	2Q16	3Q16	4Q16	1Q17
GDP	2.4	2.6	1.6	1.4	3.5	1.9	0.7



Source: Bureau of Economic Affairs

Source: United States Department of Labor



Source: United States Department of Labor

Economic Growth

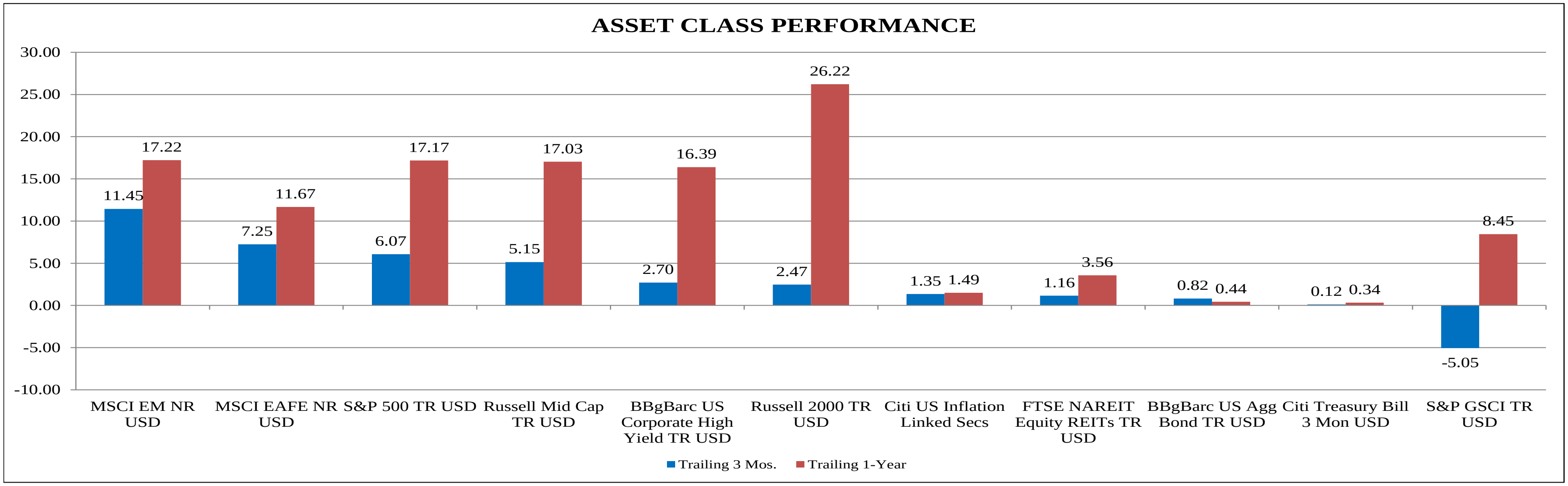
U.S. labor market statistics continued their upward trend, where nonfarm payrolls added over 200,000 workers in January and February. However, the March report of an increase of 98,000 workers significantly missed expectations, and was blamed on delayed hiring due to a winter storm that hit the Mid-Atlantic and Northeast earlier in the month. The unemployment rate ended the quarter at 4.5%, while average hourly earnings rose at a steady 2.7% yearly increase. First quarter “hard” data was generally in line with restrained economic growth. Retail sales was up 0.1% in February, but was down from the previous two months. Capital goods (ex-defense and aircraft) was down 0.1% after being up 0.2% in January, and consumer spending was up 0.1% in February following a 0.2% increase in January. Meanwhile “soft” data reports, such as confidence surveys, have pointed to an accelerating economy since the election. PMI and ISM manufacturing survey data reported an index in the mid-to upper 50’s, although March data showed some softening. The Consumer Sentiment index has been above 95 since the election, and the Consumer Confidence index was 125.6 in March, which was the highest level since December 2000. First quarter real GDP rose 0.7%, annualized. While non-residential, business investment increased 9.4%, weak consumer spending and auto sales, inventory building, and lower utility spending due to unseasonably warm weather were detractors to growth.

Policy

At the March 2017 meeting, the Federal Reserve Bank increased the Federal Funds target interest rate by 25 basis points, to a range of 0.75-1.00%. FOMC members cited continuing strength in the labor market and inflation that was close to their 2.0% target. They also noted that economic data abroad had improved over the first quarter. The Committee reaffirmed their stance for gradual interest rate increases, and their expectations for three rate hikes in 2017. Meeting minutes specifically noted that the Committee did not factor uncertain policy initiatives from Washington into their economic outlook. Finally, the Committee held preliminary discussions about a gradual reduction in the Fed’s balance sheet holdings.

Markets

Global financial markets continued to look at the prospects for U.S. economic growth under the proposed policies of the new administration. Anticipated tax and regulatory reform and infrastructure spending fueled expectations for business growth in 2017 and beyond. Concerns about trade protectionism faded, based on a lack of specific policies from the Trump administration, while its failure to pass new healthcare legislation provided only a temporary set-back to financial markets. The S&P 500 index increased 6.07% during the first quarter. Large cap stocks were beneficiaries, while mid- and small-cap stocks have less of a direct connection to the improved trade outlook. Global stocks were the top performers; the MSCI Emerging Markets index rose 11.45%, in part due to industrial production and manufacturing data from China. The MSCI EAFE developed markets rose 7.25%, supported by an acceleration in EU manufacturing and service sectors and an improvement in employment. Lower oil prices negatively impacted broader commodities indices. The Fed rate hike was anticipated and as a result, fixed income market indices turned in an acceptable performance as credit spreads narrowed.



Source: Morningstar

Factors Impacting Market Performance in the First Quarter, 2017:

- Prospects for long-term increases in infrastructure spending, tax cuts, and regulatory reforms under the Trump administration continued to influence financial market performance in the first quarter. A lack of specific protectionist trade measures also supported financial markets.
- Stock prices pulled back at the end of the quarter, on more cautious optimism for economic growth. This is because the failure to advance healthcare reform temporarily altered the prospects for major policy initiatives in 2017.
- The increase in the Federal Funds rate and expectations for two additional rate increases in 2017 acknowledge economic stability.
- Stronger economic data from China propelled emerging market performance, as did a weaker U.S. Dollar.

International Risk Assets Outperformed:

- *International*; emerging markets benefited from the lack of specific protectionist measures from the administration, a weaker dollar, and more favorable economic data from China. Developed market indices reflected improving economic conditions in the EU. Article 50 was triggered to start the Brexit process, but the election of a centrist government in the Netherlands subdued concerns about an EU populist upheaval.
- *Real Estate*; higher interest rates and the effect of rising mortgage rates restrained performance.
- *Large Cap;* a weaker U.S. dollar and a softening in protectionist rhetoric added to the positive view for the future of global business growth under the Trump administration.
- *Mid/Small Cap*; less direct exposure to the benefits of a weaker U.S. dollar and the reformed trade outlook kept a lid on prices of more domestically-focused companies.
- *Fixed Income*; the highly-anticipated rate hike did not significantly alter the yield curve, while credit spreads narrowed on the view of an improving economy. High yield performance benefited from an overall improvement in the energy sector as oil prices, although lower, held over $50 per barrel for most of the quarter.
- *Commodities*; agriculture prices were lower on oversupply issues. Also, oil prices declined at the end of the quarter as U.S. production and rig counts continued to increase.

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1Q2017

TOTAL RETURN OF ASSET CLASSES
ECONOMIC REVIEW AND MARKET COMMENTARY

2000	2001	2002	2003	2004	2005	2006	2007	2008
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%
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%
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%
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%
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%
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 -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%
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 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%
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%
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%

2009	2010	2011	2012	2013	2014	2015	2016
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 3.20%	Russell 2000 21.31%
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 1.38%	BarCap US High Yield 17.13%
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 0.55%	Russell Mid Cap 13.80%
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%	Citi 3 Month T-Bill 0.03%	S&P 500 11.96%
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 -0.81%	S&P GSCI Commodity 11.37%
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%	Citi US Inflation-Linked -1.73%	MSCI Emerging Markets 11.19%
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%	Russell Mid Cap -2.44%	NAREIT - Equity REIT 8.52%
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%	Russell 2000 -4.41%	Citi US Inflation-Linked 4.82
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%	BarCap US High Yield -4.47%	BarCap Aggregate 2.65%
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 -14.92%	MSCI EAFE 1.00%
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 -32.86%	Citi 3 Month T-Bill 0.27%

As of March 31, 2017

Trailing 3-Year	Trailing 5-Year	Trailing 10-Year
S&P 500 10.37%	S&P 500 13.30%	Russell Mid Cap 7.94%
NAREIT - Equity REIT 10.26%	Russell Mid Cap 13.09%	S&P 500 7.51%
Russell Mid Cap 8.48%	Russell 2000 12.35%	BarCap US High Yield 7.46%
Russell 2000 7.22%	NAREIT - Equity REIT 9.99%	Russell 2000 7.12%
BarCap US High Yield 4.56%	BarCap US High Yield 6.82%	NAREIT - Equity REIT 4.85%
BarCap Aggregate 2.68%	MSCI EAFE 5.83%	Citi US Inflation-Linked 4.31%
Citi US Inflation-Linked 2.21%	BarCap Aggregate 2.34%	BarCap Aggregate 4.27%
MSCI Emerging Markets 1.18%	Citi US Inflation-Linked 1.03%	MSCI Emerging Markets 2.72%
MSCI EAFE 0.50%	MSCI Emerging Markets 0.81%	MSCI EAFE 1.05%
Citi 3 Month T-Bill 0.15%	Citi 3 Month T-Bill 0.11%	Citi 3 Month T-Bill 0.61%
S&P GSCI Commodity -22.71%	S&P GSCI Commodity -15.00%	S&P GSCI Commodity -9.04%

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

Portfolio Evaluations, Inc.
THE BENCHMARK IN INVESTMENT CONSULTING

1Q2017
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	5.19	5.19	19.91	10.61	12.15	8.10
	S&P 500	6.07	6.07	17.17	10.37	13.30	7.51
	NASDAQ Composite	10.13	10.13	22.88	13.43	15.28	10.52
	Wilshire 5000 Total Market	5.61	5.61	18.35	10.01	13.22	7.61
Large Cap	Russell 1000	6.03	6.03	17.43	9.99	13.26	7.58
	Russell 1000 Growth	8.91	8.91	15.76	11.27	13.32	9.13
	Russell 1000 Value	3.27	3.27	19.22	8.67	13.13	5.93
Mid Cap	Russell Mid Cap	5.15	5.15	17.03	8.48	13.09	7.94
	Russell Mid Cap Growth	6.89	6.89	14.07	7.88	11.95	8.13
	Russell Mid Cap Value	3.76	3.76	19.82	8.94	14.07	7.47
Small Cap	Russell 2000	2.47	2.47	26.22	7.22	12.35	7.12
	Russell 2000 Growth	5.35	5.35	23.03	6.72	12.10	8.06
	Russell 2000 Value	-0.13	-0.13	29.37	7.62	12.54	6.09

Source: Morningstar

INTERNATIONAL EQUITY

	Index	3 Mos.	YTD	1 Year	3 Year	5 Year	10 Year
Developed	MSCI AC World	6.91	6.91	15.04	5.08	8.37	4.00
	MSCI AC World Ex US	7.86	7.86	13.13	0.56	4.36	1.35
	MSCI EAFE	7.25	7.25	11.67	0.50	5.83	1.05
	MSCI EAFE Growth	8.52	8.52	7.45	1.50	6.00	1.98
	MSCI EAFE Value	6.05	6.05	15.98	-0.61	5.56	0.05
	MSCI EAFE Small Cap	7.97	7.97	10.99	3.60	9.20	3.03
	MSCI Europe	7.44	7.44	9.76	-1.51	5.63	0.70
	MSCI Europe Ex UK	8.42	8.42	10.68	-1.10	6.64	0.74
	MSCI Pacific Free	6.92	6.92	15.77	4.60	6.30	1.84
	MSCI Pacific Free Ex Japan	11.76	11.76	18.39	2.17	5.34	4.36
	MSCI Japan	4.49	4.49	14.44	6.02	6.82	0.63
Emerging	MSCI Emerging Markets	11.45	11.45	17.22	1.18	0.81	2.72
	MSCI BRIC	11.58	11.58	23.44	2.70	0.42	2.09
	MSCI EM Latin America	12.06	12.06	23.25	-3.98	-6.11	0.83
	MSCI EM Europe	1.38	1.38	11.33	-6.69	-5.45	-4.73
	MSCI EM Asia	13.38	13.38	18.05	4.53	4.37	4.72

Source: Morningstar

FIXED INCOME

Index	3 Mos.	YTD	1 Year	3 Year	5 Year	10 Year
BarCap Aggregate	0.82	0.82	0.44	2.68	2.34	4.27
BarCap US Government	0.68	0.68	-1.34	2.04	1.59	3.78
BarCap US Credit	1.30	1.30	2.96	3.52	3.70	5.29
BarCap Intermediate Govt/Credit	0.78	0.78	0.42	2.01	1.88	3.76
BarCap Long Govt/Credit	1.58	1.58	0.98	5.47	4.84	6.92
Citi US Inflation-Linked	1.35	1.35	1.49	2.21	1.03	4.31
BarCap Emerging Markets Bond	3.28	3.28	8.58	5.41	5.24	6.83
BarCap ABS	0.54	0.54	1.20	1.72	1.64	2.93
BarCap MBS	0.47	0.47	0.17	2.69	2.04	4.16
Citigroup US 3-Month T-Bill	0.12	0.12	0.34	0.15	0.11	0.61
BofA ML 1-3 Year Treasury	0.26	0.26	0.25	0.72	0.64	2.00
BarCap US Corp Aaa	0.84	0.84	-0.39	3.58	2.80	4.11
BarCap US Corp A	1.00	1.00	1.74	3.60	3.74	4.88
BarCap US Corp Baa	1.48	1.48	5.30	3.76	4.44	6.23
BarCap US High Yield	2.70	2.70	16.39	4.56	6.82	7.46
BarCap US High Yield Caa	4.66	4.66	32.60	4.99	8.29	6.79

Source: Morningstar

STABLE VALUE & MONEY MARKET

Index	3 Mos.	YTD	1 Year	3 Year	5 Year	10 Year
Median Taxable Money Market Fund	0.11	0.11	0.29	0.17	0.16	0.82
Median Stable Value Fund	0.44	0.44	1.80	1.76	1.84	2.70
Consumer Price Index	0.74	0.74	2.15	0.97	1.18	1.71

Source: PEI

REAL ASSETS

Index	3 Mos.	YTD	1 Year	3 Year	5 Year	10 Year
NAREIT - Equity REIT	1.16	1.16	3.56	10.26	9.99	4.85
Bloomberg Commodity	-2.33	-2.33	8.71	-13.91	-9.54	-6.22
S&P GSCI Commodity	-5.05	-5.05	8.45	-22.71	-15.00	-9.04

Source: Morningstar

1Q2017

DOMESTIC EQUITY MARKET PERFORMANCE
ECONOMIC REVIEW AND MARKET COMMENTARY

Trailing performance as of: March 31, 2017
(As exhibited by the Russell 1000, MidCap, and 2000 stylized indices)

3 Month

	Value	Blend	Growth
Large	**3.27**	**6.03**	**8.91**
Mid	3.76	5.15	**6.89**
Small	**-0.13**	**2.47**	5.35

1 Year

	Value	Blend	Growth
Large	19.22	17.43	**15.76**
Mid	19.82	**17.03**	**14.07**
Small	**29.37**	**26.22**	**23.03**

3 Year

	Value	Blend	Growth
Large	8.67	**9.99**	**11.27**
Mid	**8.94**	8.48	7.88
Small	**7.62**	**7.22**	**6.72**

5 Year

	Value	Blend	Growth
Large	13.13	**13.26**	**13.32**
Mid	**14.07**	13.09	**11.95**
Small	12.54	**12.35**	**12.10**

10 Year

	Value	Blend	Growth
Large	**5.93**	7.58	**9.13**
Mid	7.47	7.94	**8.13**
Small	**6.09**	**7.12**	**8.06**

15 Year

	Value	Blend	Growth
Large	**7.35**	**7.36**	**7.21**
Mid	**10.00**	**9.57**	**8.57**
Small	8.54	8.38	8.00

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		MID CAP		SMALL CAP		LARGE	MID	SMALL
	Russell 1000 V	Russell 1000 G	Russell MCV	Russell MCG	Russell 2000 V	Russell 2000 G	Russell 1000	Russell MC	Russell 2000
2000	**7.01**	-22.42	**19.18**	-11.75	**22.83**	-22.43	-7.79	**8.25**	-3.02
2001	**-5.59**	-20.42	**2.33**	-20.15	**14.02**	-9.23	-12.45	-5.62	**2.49**
2002	**-15.52**	-27.88	**-9.64**	-27.41	**-11.43**	-30.26	-21.65	**-16.19**	-20.48
2003	**30.03**	29.75	38.07	**42.71**	46.03	**48.54**	29.89	40.06	**47.25**
2004	**16.49**	6.30	**23.71**	15.48	**22.25**	14.31	11.40	**20.22**	18.33
2005	**7.05**	5.26	**12.65**	12.10	**4.71**	4.15	6.27	**12.65**	4.55
2006	**22.25**	9.07	**20.22**	10.66	**23.48**	13.35	15.46	15.26	**18.37**
2007	-0.17	**11.81**	-1.42	**11.43**	-9.78	**7.05**	**5.77**	5.60	-1.57
2008	**-36.85**	-38.44	**-38.44**	-44.32	**-28.92**	-38.54	-37.60	-41.46	**-33.79**
2009	19.69	**37.21**	34.21	**46.29**	20.58	**34.47**	28.43	**40.48**	27.17
2010	15.51	**16.71**	24.75	**26.38**	24.50	**29.09**	16.10	25.48	**26.85**
2011	0.39	**2.64**	**-1.38**	-1.65	-5.50	**-2.91**	**1.50**	-1.55	-4.18
2012	**17.51**	15.26	**18.51**	15.81	**18.05**	14.59	16.42	**17.28**	16.35
2013	32.53	**33.48**	33.46	**35.74**	34.52	**43.40**	33.11	34.76	**38.82**
2014	**13.45**	13.05	**14.75**	11.90	4.22	**5.60**	**13.24**	13.22	4.89
2015	-3.83	**5.67**	-4.78	**-0.20**	-7.47	**-1.38**	**0.92**	-2.44	-4.41
2016	**17.34**	7.08	**20.00**	7.33	**31.74**	11.32	12.05	13.80	**21.31**

Source: Morningstar

1Q2017

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 March 31, 2017

3 Month	Value	Blend	Growth
Large	3.27	6.03	8.91
Mid	3.76	5.15	6.89
Small	-0.13	2.47	5.35

Trailing 1 Yr.	Value	Blend	Growth
Large	19.22	17.43	15.76
Mid	19.82	17.03	14.07
Small	29.37	26.22	23.03

Top 3 Performers | Bottom 3 Performers

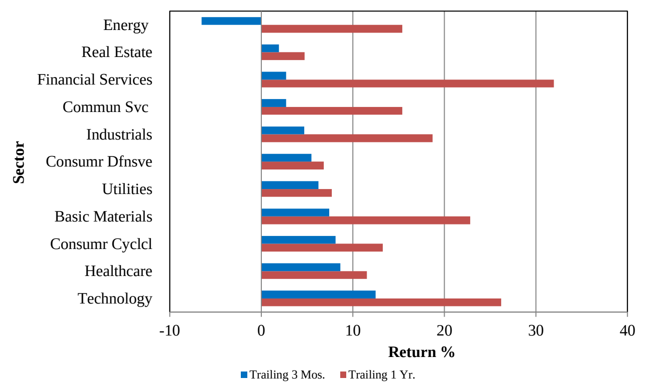
INTERNATIONAL EQUITY
Trailing performance as of March 31, 2017

3 Month	Value	Blend	Growth
EAFE	6.05	7.25	8.52
EAFE Small	7.35	7.97	8.63
EM	10.16	11.45	12.80

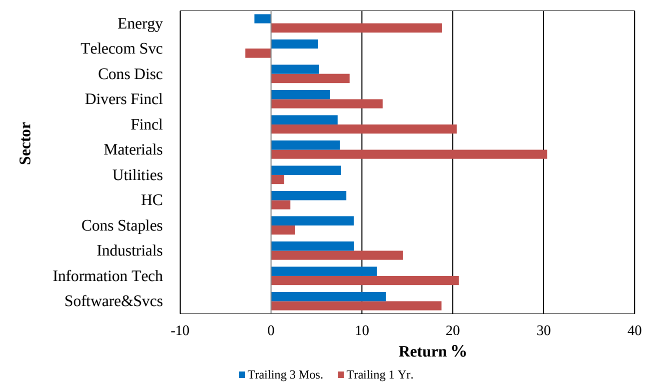
Trailing 1 Yr.	Value	Blend	Growth
EAFE	15.98	11.67	7.45
EAFE Small	13.82	10.99	8.20
EM	17.43	17.22	17.08

Top 3 Performers | Bottom 3 Performers

S&P 500 INDEX SECTOR PERFORMANCE



MSCI EAFE SECTOR PERFORMANCE



Source: Morningstar

Domestic Equity

U.S. stocks continued to rally early in 2017, with many indices reaching new highs during the first quarter and the S&P 500 Index posting a 6.1% return. Solid economic data, along with the prospect of favorable tax and regulation changes, boosted stock prices, although political uncertainty resumed toward the end of the quarter as legislatures failed to reach consensus around health care reform. Large-cap equities outperformed small-cap equities during the first quarter, reflected by the modest 2.5% return of the Russell 2000 Index. In a reversal from the previous year, growth stocks strongly outperformed value stocks (8.9% vs 3.3%), boosted by a 12.5% return from the technology sector. The energy sector suffered a more than 6% loss, driven by concerns over the supply and demand balance of the oil market. From a factor standpoint within the Russell 1000 Index, quality was the only additive factor, while value, followed by size, detracted the most. On a valuation basis, the forward price-to-earnings ratio of the S&P 500 Index continued to rise this quarter to 17.5, which is above the 15.9 of the index's long-term average, indicating the market continues to be slightly overvalued.

International Equity

International equity markets started 2017 on solid ground, with strong gains in the first quarter spurred by improving global economic data, rebounding corporate earnings growth, a declining U.S. dollar, and a calmer attitude surrounding President Trump's trade policy initiatives. Against this backdrop, emerging markets outperformed developed markets with the MSCI Emerging Markets Index gaining 11.5% and the MSCI EAFE Index up 7.3%. Gains within emerging markets were buoyed by improved economic data from China and a weaker U.S. dollar, which proved to be a tailwind for many emerging countries. Indian equities led the way as GDP growth served to ease demonetization worries. Eurozone equities posted strong gains, despite continued political worries as pivotal elections approached and the U.K. officially began the process of leaving the European Union. Optimism for an improved global economy increased, led by generally positive data releases for the period. The domestic U.K. economy appeared buoyant, with strength evidenced in the cyclical sectors and M&A activity driving equities higher. In Japan, returns were positive, but lackluster, as political uncertainty offset solid economic data. On the positive side, Japan's industrial output figures exceeded expectations and the unemployment rate continued to fall, while conversely the strong Yen hurt exporters. Overall, from an international perspective, growth stocks outperformed their value counterparts for the first quarter, with small-cap stocks boasting a slim lead over large- and mid-cap stocks. The top performing sectors across international markets were technology, industrials, and consumer staples, while the energy sector sold off during the quarter.

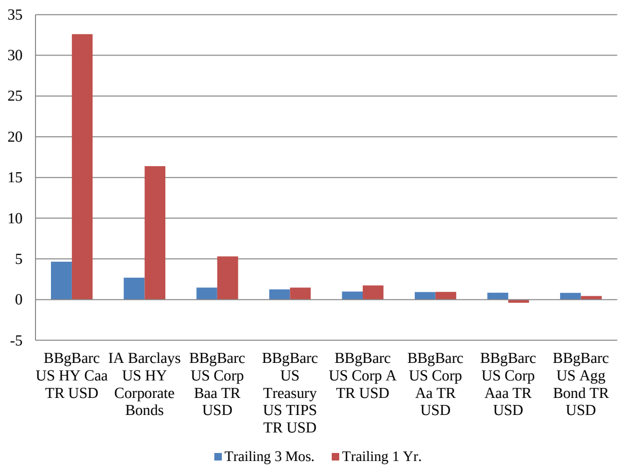
Portfolio Evaluations, Inc.

THE BENCHMARK IN INVESTMENT CONSULTING

1Q2017

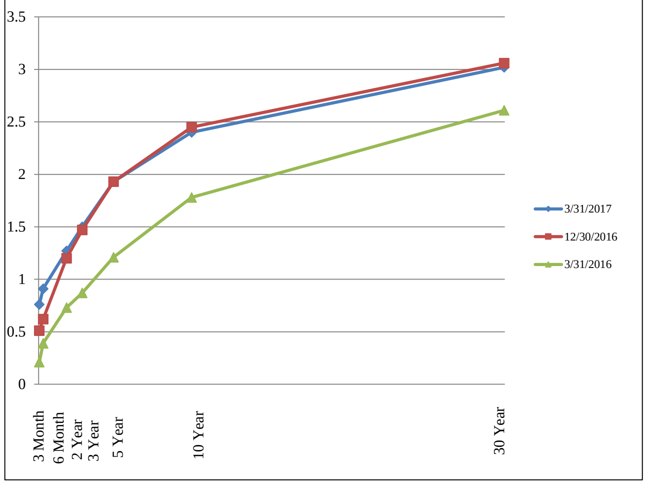
FIXED INCOME, MONEY MARKET, AND STABLE VALUE ECONOMIC REVIEW AND MARKET COMMENTARY

CREDIT QUALITY PERFORMANCE



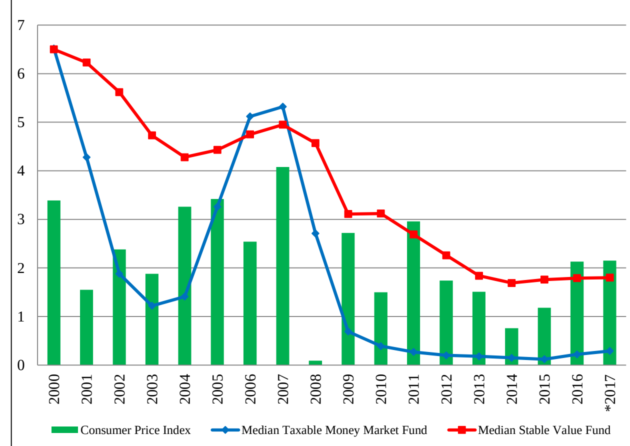
Source: Morningstar

US TREASURY YIELD CURVE



Source: The Federal Reserve

CALENDAR YEAR PERFORMANCE



Source: PEI

<u>Fixed Income</u>

Fixed income markets generally performed well in the first quarter of 2017, with the Bloomberg Barclays Aggregate returning .82%, outperforming Treasuries which returned .7% (Bloomberg Barclays US Treasury Index). The risk on sentiment that marked the post US election period broadly continued for the start of 2017, albeit with some signs of slowing as the quarter came to a close on the back of early challenges with President Trump's policy agenda. Yields were relatively flat and range-bound in the first quarter, following a sharp rise in the last quarter of 2016 on expectations for growth enhancing policies. The FOMC raised the Federal Funds rate in March, citing a strengthening labor market and continued expansion of economic activity. The yield curve flattened in Q1, as front end yields rose following indications of the Federal Reserve's comfort with rising rates. Intermediate and longer term yields fell modestly. The appetite for risk bolstered credit markets, which continued their trend of outperformance in the first quarter, with economically sensitive, lower-credit quality bonds leading the way. Better earnings and solid growth trends both contributed to the strong performance of corporate bonds; led by financial institutions which were helped by rising rates. High yield corporate bonds were a top performer, gaining 2.7% in the quarter and outpacing Treasuries by 214 bps. Investment grade credit also gained, with a return of 1.3%. The securitized sector generally underperformed in the first quarter, led by the weakness in the ABS and MBS sectors. Emerging market debt fared well following a poor fourth quarter as concerns over dramatic trade policy changes ebbed somewhat. The sector returned 3.9% as measured by the JP Morgan Emerging Markets Bond Index.