

INTEGRITY
INVESTMENT ADVISORS

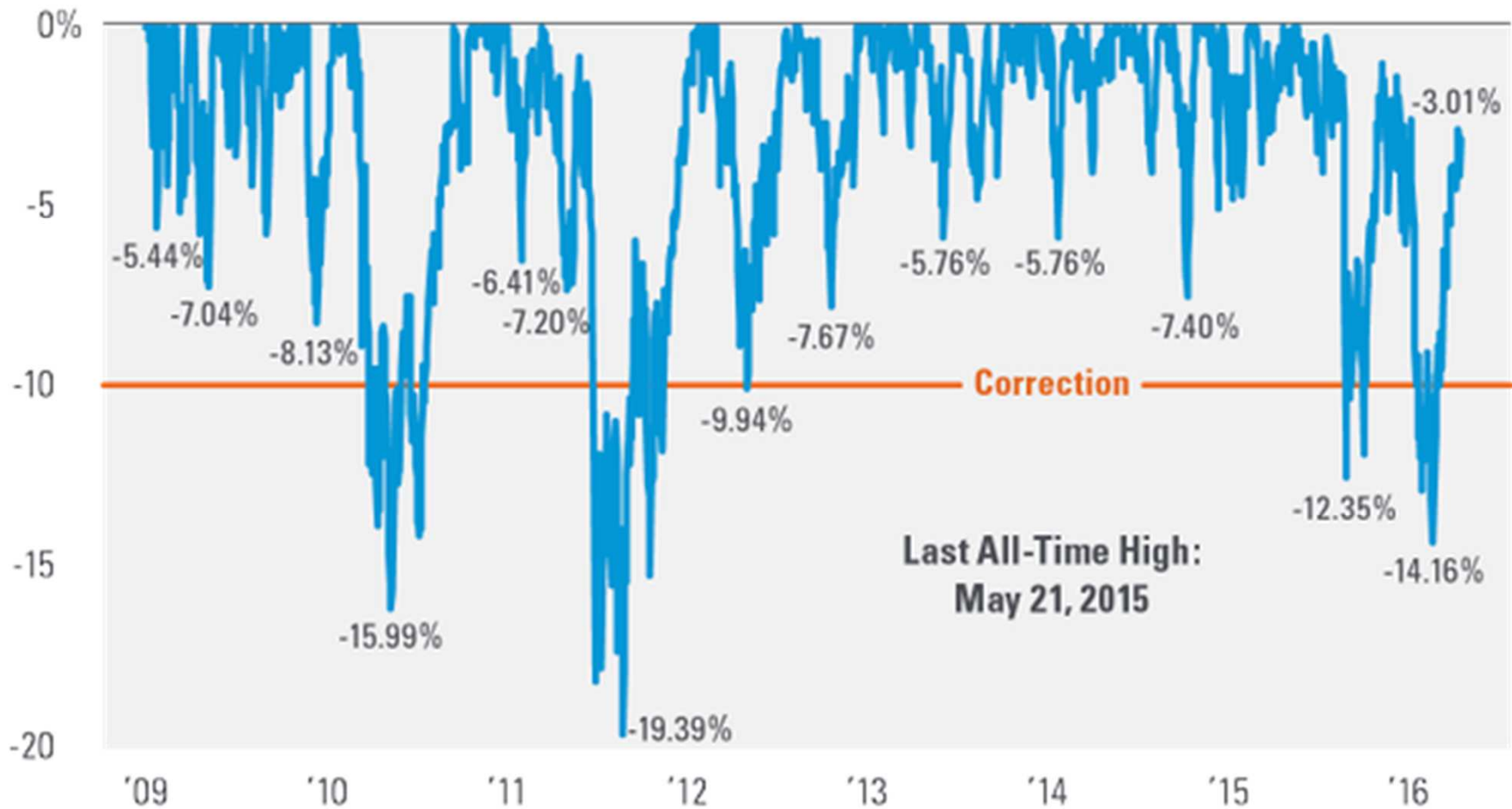
Invest with integrity.

Q1

Quarterly Market Review

First Quarter 2016

● S&P 500 Pullbacks Since the March 2009 Lows



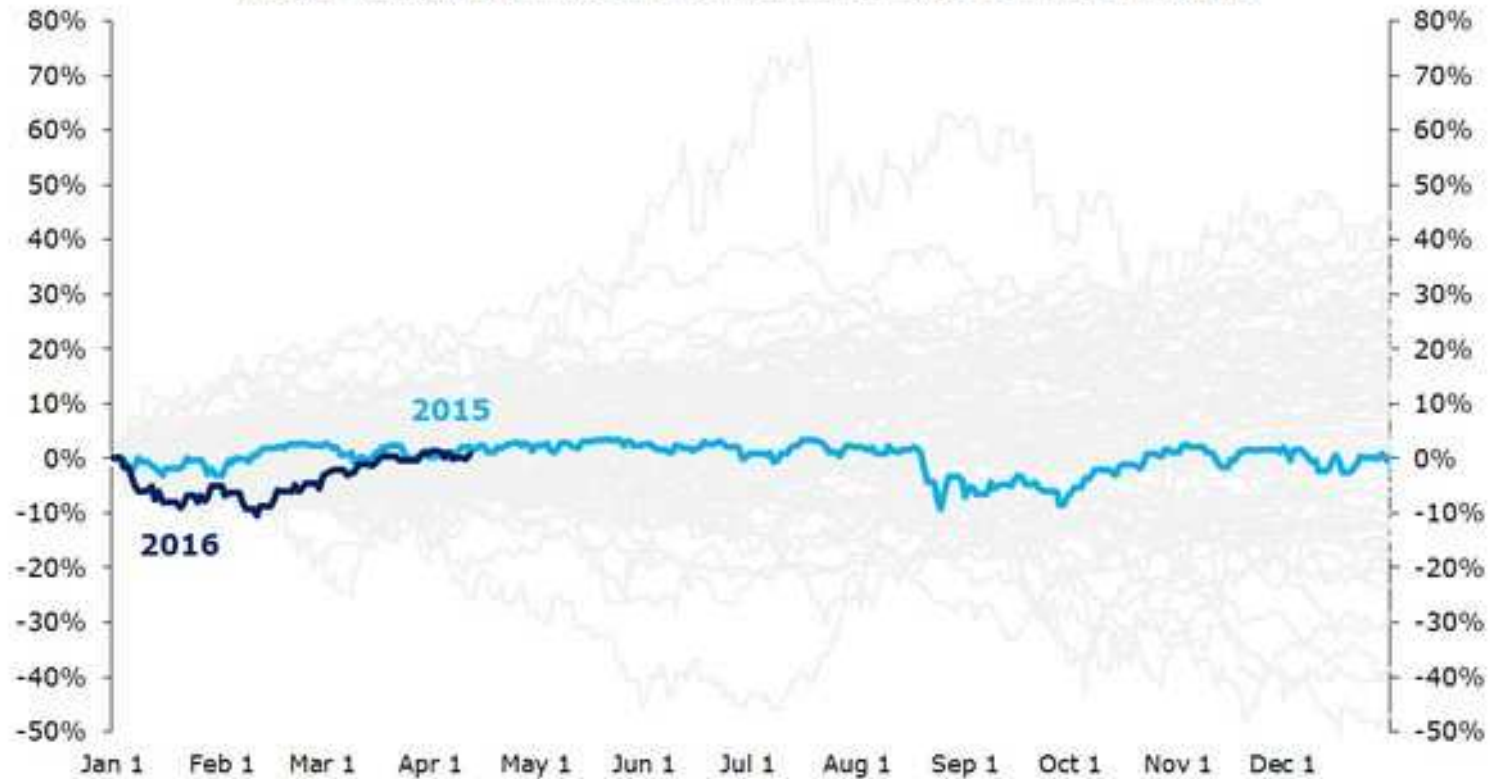
In the 7 year bull market, S&P 500 in correction only 8% of the time.

Source: LPL

US Related		Last			Global		Last		
ETF	Description	Week	March	YTD	ETF	Description	Week	March	YTD
SPY	S&P 500	↑ 1.18	↑ 6.18	↑ 0.81	EWA	Australia	↑ 0.47	↑ 11.81	↑ 1.90
DIA	Dow 30	↑ 0.97	↑ 7.08	↑ 1.96	EWZ	Brazil	↑ 2.41	↑ 28.36	↑ 27.18
QQQ	Nasdaq 100	↑ 1.81	↑ 6.54	↓ -2.38	EWC	Canada	↑ 2.69	↑ 9.62	↑ 10.28
IJH	S&P Midcap 400	↑ 2.33	↑ 8.20	↑ 3.50	FXI	China	↑ 3.13	↑ 11.51	↓ -4.32
IJR	S&P Smallcap 600	↑ 3.11	↑ 7.76	↑ 2.23	EWQ	France	↑ 2.07	↑ 6.52	↓ -0.12
IWB	Russell 1000	↑ 1.29	↑ 6.46	↑ 0.67	EWG	Germany	↑ 2.22	↑ 10.15	↓ -1.76
IWM	Russell 2000	↑ 3.20	↑ 7.69	↓ -1.77	EWH	Hong Kong	↑ 2.97	↑ 9.29	↓ -0.25
IWV	Russell 3000	↑ 1.46	↑ 6.55	↑ 0.46	INP	India	↑ 1.36	↑ 13.56	↓ -1.75
					EWI	Italy	↑ 0.83	↑ 8.16	↓ -11.21
IVW	S&P 500 Growth	↑ 1.45	↑ 6.32	↑ 0.08	EWJ	Japan	↑ 0.53	↑ 4.78	↓ -5.86
IJK	Midcap 400 Growth	↑ 2.53	↑ 6.62	↑ 1.03	EWK	Mexico	↑ 2.60	↑ 10.77	↑ 7.77
IJT	Smallcap 600 Growth	↑ 3.45	↑ 6.74	↓ -0.09	EWP	Spain	↑ 0.22	↑ 8.55	↓ -3.86
IVE	S&P 500 Value	↑ 0.89	↑ 6.24	↑ 1.58	RSX	Russia	↑ 0.55	↑ 12.75	↑ 11.67
IJJ	Midcap 400 Value	↑ 2.06	↑ 9.67	↑ 5.84	EWU	UK	↑ 1.88	↑ 5.38	↓ -2.85
IJS	Smallcap 600 Value	↑ 2.78	↑ 9.01	↑ 4.77					
DVY	DJ Dividend	↑ 1.67	↑ 6.60	↑ 8.68	EFA	EAFE	↑ 1.44	↑ 6.58	↓ -2.66
RSP	S&P 500 Equalweight	↑ 1.47	↑ 7.43	↑ 2.47	EEM	Emerging Mkts	↑ 2.67	↑ 12.96	↑ 6.40
					IOO	Global 100	↑ 1.18	↑ 6.69	↓ -1.25
FXB	British Pound	↑ 1.55	↑ 3.16	↓ -2.61	EEB	BRIC	↑ 2.66	↑ 15.05	↑ 4.89
FXE	Euro	↑ 1.76	↑ 4.52	↑ 4.49					
FXJ	Yen	↑ 0.24	↑ 0.16	↑ 6.68	DBC	Commodities	↓ -0.45	↑ 4.24	↓ -0.52
					USO	Oil	↓ -3.58	↑ 7.78	↓ -11.82
XLY	Cons Disc	↑ 2.00	↑ 6.26	↑ 1.20	UNG	Nat. Gas	↑ 4.06	↑ 10.63	↓ -23.18
XLP	Cons Stap	↑ 1.41	↑ 4.20	↑ 5.09	GLD	Gold	↑ 1.13	↓ -0.84	↑ 15.95
XLE	Energy	↑ 0.08	↑ 9.38	↑ 2.60	SLV	Silver	↑ 1.73	↑ 3.38	↑ 11.30
XLF	Financials	↑ 0.85	↑ 6.69	↓ -5.58					
XLV	Health Care	↑ 0.58	↑ 2.34	↓ -5.90	SHY	1-3 Yr Treasuries	↑ 0.27	↑ 0.14	↑ 0.90
XLI	Industrials	↑ 0.63	↑ 6.43	↑ 4.64	IEF	7-10 Yr Treasuries	↑ 1.05	↓ -0.07	↑ 4.80
XLB	Materials	↑ 0.58	↑ 7.20	↑ 3.20	TLT	20+ Yr Treasuries	↑ 0.83	↓ -0.09	↑ 8.73
XLK	Technology	↑ 1.70	↑ 8.27	↑ 3.57	AGG	Aggregate Bond	↑ 0.65	↑ 0.87	↑ 3.03
IYZ	Telecom	↑ 3.47	↑ 3.85	↑ 6.74	BND	Total Bond Market	↑ 0.61	↑ 0.88	↑ 2.96
XLU	Utilities	↑ 1.45	↑ 7.17	↑ 14.65	TIP	T.I.P.S.	↑ 1.34	↑ 1.67	↑ 4.52

The start of the year was down but March had a huge rally

S&P 500 Annual Performance Since 1928



FLOATINGPATH

April 12, 2016

Investors have been frustrated for the last 1.5 years.

The Matrix: Race to Negative Bond Yields

4/5/16

Country	1-Year	2-Year	3-Year	4-Year	5-Year	6-Year	7-Year	8-Year	9-Year	10-Year	15-Year	20-Year	30-Year
Switzerland	-0.82	-0.85	-0.91	-0.84	-0.78	-0.69	-0.62	-0.52	-0.42	-0.35	-0.10	0.05	0.20
Japan	-0.19	-0.22	-0.23	-0.21	-0.20	-0.20	-0.18	-0.15	-0.11	-0.05	0.11	0.36	0.43
Germany	-0.46	-0.49	-0.50	-0.45	-0.37	-0.34	-0.26	-0.17	-0.03	0.09	0.25	0.47	0.71
Austria	-0.44	-0.44	-0.38	-0.36	-0.32	-0.14	-0.09	0.02	0.15	0.30	0.42	0.92	1.14
Belgium	-0.46	-0.46	-0.43	-0.37	-0.30	-0.21	-0.09	0.17	0.35	0.47	0.90	0.98	1.42
Netherlands		-0.48	-0.45	-0.43	-0.37	-0.19	-0.07	0.04	0.18	0.30			0.84
Finland	-0.45	-0.43	-0.38	-0.27	-0.22	-0.10	0.00	0.11	0.22	0.36	0.70		0.88
France	-0.43	-0.44	-0.40	-0.33	-0.23	-0.12	0.01	0.12	0.28	0.44	0.86	1.00	1.29
Sweden	-0.50	-0.65		-0.47	-0.17		0.11			0.43		1.24	
Denmark		-0.35			-0.09	0.31				0.36			0.83
Ireland	-0.18		-0.28	-0.08	0.00	0.18	0.33	0.52	0.65	0.72	1.10		1.62
Italy	-0.09	0.00	0.04	0.15	0.31	0.53	0.71	0.86	1.16	1.29	1.68	1.99	2.42
Spain	-0.07	0.01	0.12	0.20	0.39	0.64	0.89	1.24	1.35	1.51	1.93		2.62
United States	0.55	0.72	0.84		1.17		1.48			1.72			2.55

Many International bonds have negative yields.

S&P 500 Price Index

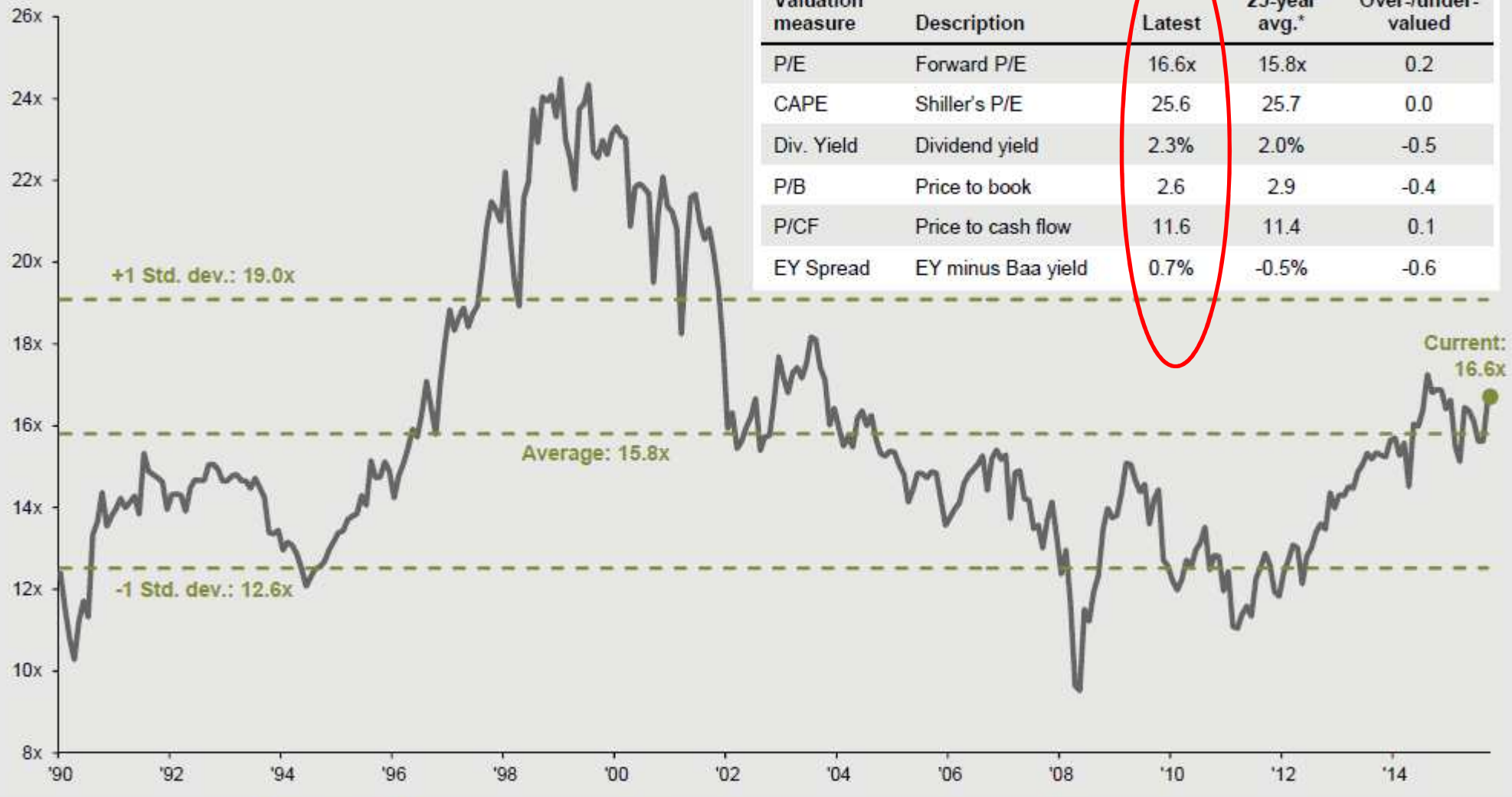


Source: Compustat, FactSet, Standard & Poor's, J.P. Morgan Asset Management.

Dividend yield is calculated as consensus estimates of dividends for the next 12 months, divided by most recent price, as provided by Compustat.

Stocks are up big since 2009.

S&P 500 Index: Forward P/E ratio



Source: FactSet, FRB, Robert Shiller, Standard & Poor's, J.P. Morgan Asset Management.
 Price to earnings is price divided by consensus analyst estimates of earnings per share for the next 12 months. Shiller's P/E uses trailing 10-years of

Stocks are not that expensive but not cheap

1Q 2016

	Value	Blend	Growth
Large	1.6%	1.3%	0.7%
Mid	3.9%	2.2%	0.6%
Small	1.7%	-1.5%	-4.7%

2015

	Value	Blend	Growth
Large	-3.8%	1.4%	5.7%
Mid	-4.8%	-2.4%	-0.2%
Small	-7.5%	-4.4%	-1.4%

Since market peak (October 2007)

	Value	Blend	Growth
Large	38.9%	58.3%	81.0%
Mid	66.7%	69.6%	70.2%
Small	39.4%	48.3%	56.7%

Since market low (March 2009)

	Value	Blend	Growth
Large	246.4%	253.7%	269.3%
Mid	325.6%	309.3%	293.5%
Small	244.6%	257.7%	269.7%

Current P/E vs. 20-year avg. P/E

	Value	Blend	Growth
Large	16.3 / 14.3	16.6 / 17.2	19.5 / 21.1
Mid	17.7 / 14.5	19.1 / 16.8	20.6 / 22.1
Small	17.3 / 14.7	18.8 / 17.5	20.5 / 21.6

Current P/E as % of 20-year avg. P/E

	Value	Blend	Growth
Large	113.9%	96.7%	92.1%
Mid	121.8%	113.6%	93.3%
Small	117.5%	107.3%	94.9%

Source: FactSet, Russell Investment Group, Standard & Poor's, J.P. Morgan Asset Management.

All calculations are cumulative total return, including dividends reinvested for the stated period. Since Market Peak represents period 10/9/07 – 3/31/16, illustrating market returns since the S&P 500 Index high on 10/9/07. Since Market Low represents period 3/9/09 – 3/31/16, illustrating market returns

Value has done better in 2016

Historical impact of Fed tightening

Federal funds rate

Target rate*, highlighted areas denote periods of rate hikes



Market reaction during previous rate hiking cycles

	May 1983 – July 1984	March 1988 – February 1989	February 1994 – February 1995	June 1999 – May 2000	June 2004 – June 2006	Average
Change in interest rates						
Federal funds rate	3.13%	3.25%	3.00%	1.75%	4.25%	3.08%
2-year Treasury	3.11%	2.27%	3.05%	1.21%	2.38%	2.40%
10-year Treasury	2.74%	0.85%	1.89%	0.49%	0.51%	1.30%
S&P 500 return	-9.6%	6.8%	-2.1%	8.5%	12.0%	3.1%
U.S. dollar	10.4%	1.7%	-4.8%	3.4%	-5.8%	1.0%

Source: FactSet, Federal Reserve, Standard & Poor's, J.P. Morgan Asset Management.

The Fed may be lower for longer

																	2000 - 2015	
2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	YTD	Ann.	Vol.
Comdty. 31.8%	REITs 13.9%	Comdty. 25.9%	EM Equity 56.3%	REITs 31.6%	EM Equity 34.5%	REITs 35.1%	EM Equity 39.8%	Fixed Income 5.2%	EM Equity 79.0%	REITs 27.9%	REITs 8.3%	REITs 19.7%	Small Cap 38.8%	REITs 28.0%	REITs 2.8%	REITs 5.8%	REITs 12.0%	EM Equity 25.4%
REITs 26.4%	Fixed Income 8.4%	Fixed Income 10.3%	Small Cap 47.3%	EM Equity 26.0%	Comdty. 21.4%	EM Equity 32.6%	Comdty. 16.2%	Cash 1.8%	High Yield 59.4%	Small Cap 26.9%	Fixed Income 7.8%	High Yield 19.6%	Large Cap 32.4%	Large Cap 13.7%	Large Cap 1.4%	EM Equity 5.0%	High Yield 7.9%	REITs 22.0%
Fixed Income 11.6%	Cash 4.1%	High Yield 4.1%	DM Equity 39.2%	DM Equity 20.7%	DM Equity 14.0%	DM Equity 26.9%	DM Equity 11.6%	Asset Alloc. -25.4%	DM Equity 32.5%	EM Equity 19.2%	High Yield 3.1%	EM Equity 18.6%	DM Equity 23.3%	Fixed Income 6.0%	Fixed Income 0.5%	High Yield 4.1%	Small Cap 6.6%	Small Cap 21.2%
Cash 6.1%	Small Cap 2.5%	REITs 3.8%	REITs 37.1%	Small Cap 18.3%	REITs 12.2%	Small Cap 18.4%	Asset Alloc. 7.1%	High Yield -26.9%	REITs 28.0%	Comdty. 16.8%	Large Cap 2.1%	DM Equity 17.9%	Asset Alloc. 14.9%	Asset Alloc. 5.2%	Cash 0.0%	Fixed Income 3.0%	EM Equity 5.9%	DM Equity 19.6%
High Yield 1.0%	High Yield 2.3%	Cash 1.7%	High Yield 32.4%	High Yield 13.2%	Asset Alloc. 8.1%	Large Cap 15.8%	Fixed Income 7.0%	Small Cap -33.8%	Small Cap 27.2%	Large Cap 15.1%	Cash 0.1%	Small Cap 16.3%	High Yield 7.3%	Small Cap 4.9%	DM Equity -0.4%	Large Cap 1.3%	Asset Alloc. 5.7%	Comdty. 18.7%
Asset Alloc. 0.0%	EM Equity -2.4%	Asset Alloc. -5.9%	Large Cap 28.7%	Asset Alloc. 12.8%	Large Cap 4.9%	Asset Alloc. 15.3%	Large Cap 5.5%	Comdty. -35.6%	Large Cap 16.5%	High Yield 14.8%	Asset Alloc. -0.7%	Large Cap 16.0%	REITs 2.9%	Cash 0.0%	Asset Alloc. -2.0%	Asset Alloc. 1.3%	Fixed Income 5.4%	Large Cap 16.7%
Small Cap -3.0%	Asset Alloc. -3.9%	EM Equity -6.0%	Asset Alloc. 26.3%	Large Cap 10.9%	Small Cap 4.6%	High Yield 13.7%	Cash 4.8%	Large Cap -37.0%	Asset Alloc. 25.0%	Asset Alloc. 13.3%	Small Cap -4.2%	Asset Alloc. 12.2%	Cash 0.0%	High Yield 0.0%	High Yield -2.7%	Comdty. 0.4%	Large Cap 4.1%	High Yield 11.5%
Large Cap -9.1%	Large Cap -11.9%	DM Equity -15.7%	Comdty. 23.9%	Comdty. 9.1%	High Yield 3.6%	Cash 4.8%	High Yield 3.2%	REITs -37.7%	Comdty. 18.9%	DM Equity 8.2%	DM Equity -11.7%	Fixed Income 4.2%	Fixed Income -2.0%	EM Equity -1.8%	Small Cap -4.4%	Cash 0.1%	DM Equity 2.8%	Asset Alloc. 11.2%
DM Equity -14.0%	Comdty. -19.5%	Small Cap -20.5%	Fixed Income 4.1%	Fixed Income 4.3%	Cash 3.0%	Fixed Income 4.3%	Small Cap -1.6%	DM Equity -43.1%	Fixed Income 5.9%	Fixed Income 6.5%	Comdty. -13.3%	Cash 0.1%	EM Equity -2.3%	DM Equity -4.5%	EM Equity -14.6%	Small Cap -1.5%	Cash 1.8%	Fixed Income 3.4%
EM Equity -30.6%	DM Equity -21.2%	Large Cap -22.1%	Cash 1.0%	Cash 1.2%	Fixed Income 2.4%	Comdty. 2.1%	REITs -15.7%	EM Equity -53.2%	Cash 0.1%	Cash 0.1%	EM Equity -18.2%	Comdty. -1.1%	Comdty. -9.5%	Comdty. -17.0%	Comdty. -24.7%	DM Equity -2.9%	Comdty. 0.8%	Cash 1.0%

Source: Barclays, Bloomberg, FactSet, MSCI, NAREIT, Russell, Standard & Poor's, J.P. Morgan Asset Management.

Large cap: S&P 500, Small cap: Russell 2000, EM Equity: MSCI EME, DM Equity: MSCI EAFE, Comdty: Bloomberg Commodity Index, High Yield: Barclays Global HY Index, Fixed Income: Barclays Aggregate, REITs: NAREIT Equity REIT Index. The "Asset Allocation" portfolio assumes the following weights: 25% in the S&P 500, 10% in the Russell 2000, 15% in the MSCI EAFE, 5% in the MSCI EME, 25% in the Barclays Aggregate, 5% in the Barclays 1-3m Treasury, 5% in the Barclays Global High Yield Index, 5% in the Bloomberg Commodity Index and 5% in the NAREIT Equity REIT Index. Balanced portfolio assumes annual rebalancing. Annualized (Ann.) return and volatility (Vol.) represents period of 12/31/99 - 12/31/15. Please see disclosure page at end for index definitions. All data represents total return for stated period. Past performance is not indicative of future returns.

Guide to the Markets - U.S. Data are as of March 31, 2016.

Quarterly Market Review

First Quarter 2016

This report features world capital market performance and a timeline of events for the past quarter. It begins with a global overview, then features the returns of stock and bond asset classes in the US and international markets.

The report also illustrates the performance of globally diversified portfolios and features a quarterly topic.

Overview:

Market Summary

World Stock Market Performance

World Asset Classes

US Stocks

International Developed Stocks

Emerging Markets Stocks

Select Country Performance

Real Estate Investment Trusts (REITs)

Commodities







Fixed Income

Global Diversification

Quarterly Topic: Free Throws

Market Summary

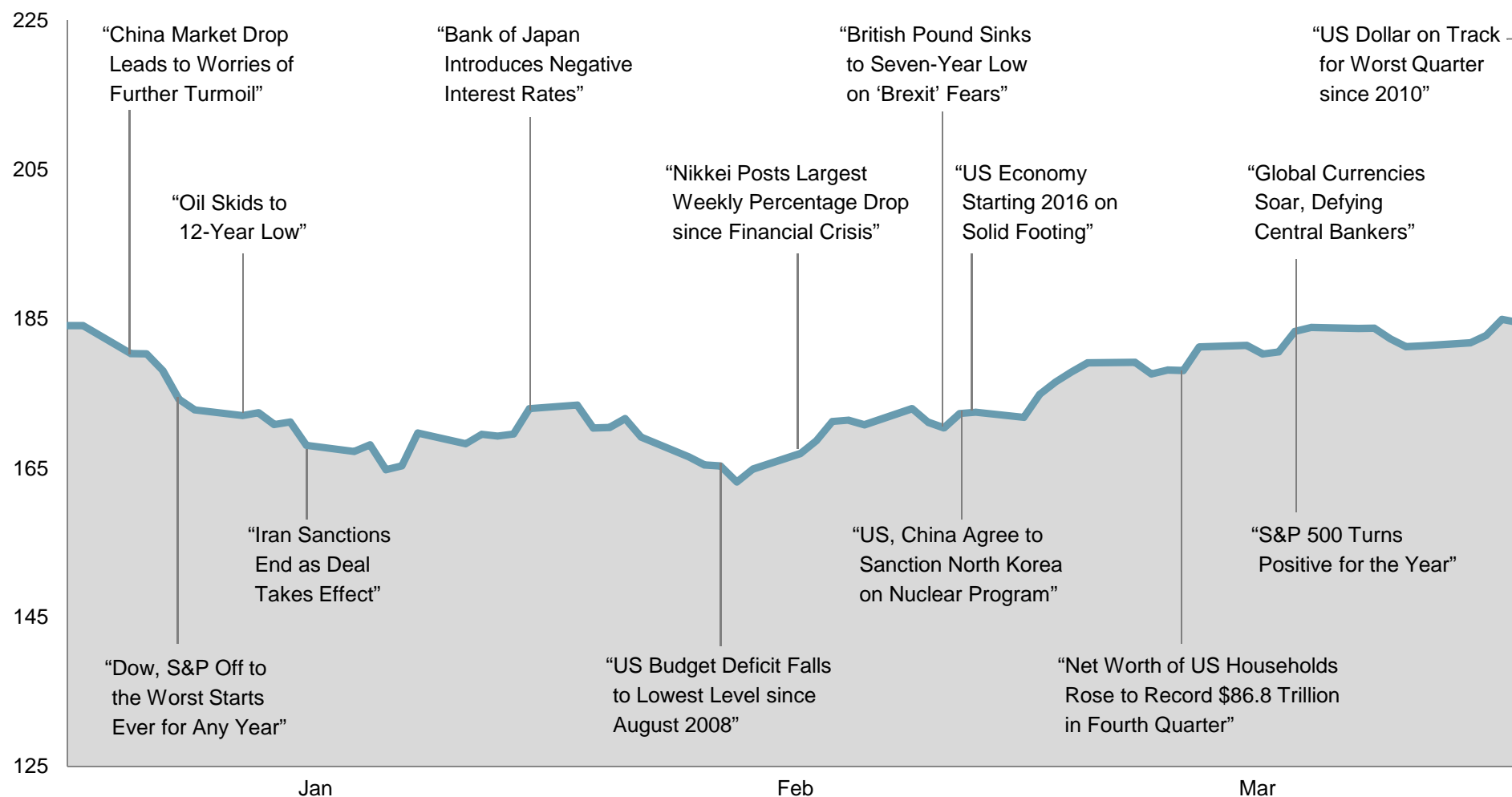
Index Returns

	US Stock Market	International Developed Stocks	Emerging Markets Stocks	Global Real Estate	US Bond Market	Global Bond Market ex US
1Q 2016	STOCKS				BONDS	
	0.97% 	-1.95% 	5.71% 	6.94% 	3.03% 	4.16% 
Since Jan. 2001						
Avg. Quarterly Return	1.7%	1.3%	2.9%	2.9%	1.3%	1.2%
Best Quarter	16.8% Q2 2009	25.9% Q2 2009	34.7% Q2 2009	32.3% Q3 2009	4.6% Q3 2001	5.5% Q4 2008
Worst Quarter	-22.8% Q4 2008	-21.2% Q4 2008	-27.6% Q4 2008	-36.1% Q4 2008	-2.4% Q2 2004	-3.2% Q2 2015

Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Market segment (index representation) as follows: US Stock Market (Russell 3000 Index), International Developed Stocks (MSCI World ex USA Index [net div.]), Emerging Markets (MSCI Emerging Markets Index [net div.]), Global Real Estate (S&P Global REIT Index), US Bond Market (Barclays US Aggregate Bond Index), and Global Bond ex US Market (Citigroup WGBI ex USA 1–30 Years [Hedged to USD]). The S&P data are provided by Standard & Poor's Index Services Group. Russell data © Russell Investment Group 1995–2016, all rights reserved. MSCI data © MSCI 2016, all rights reserved. Barclays data provided by Barclays Bank PLC. Citigroup bond indices © 2016 by Citigroup.

World Stock Market Performance

MSCI All Country World Index with selected headlines from Q1 2016



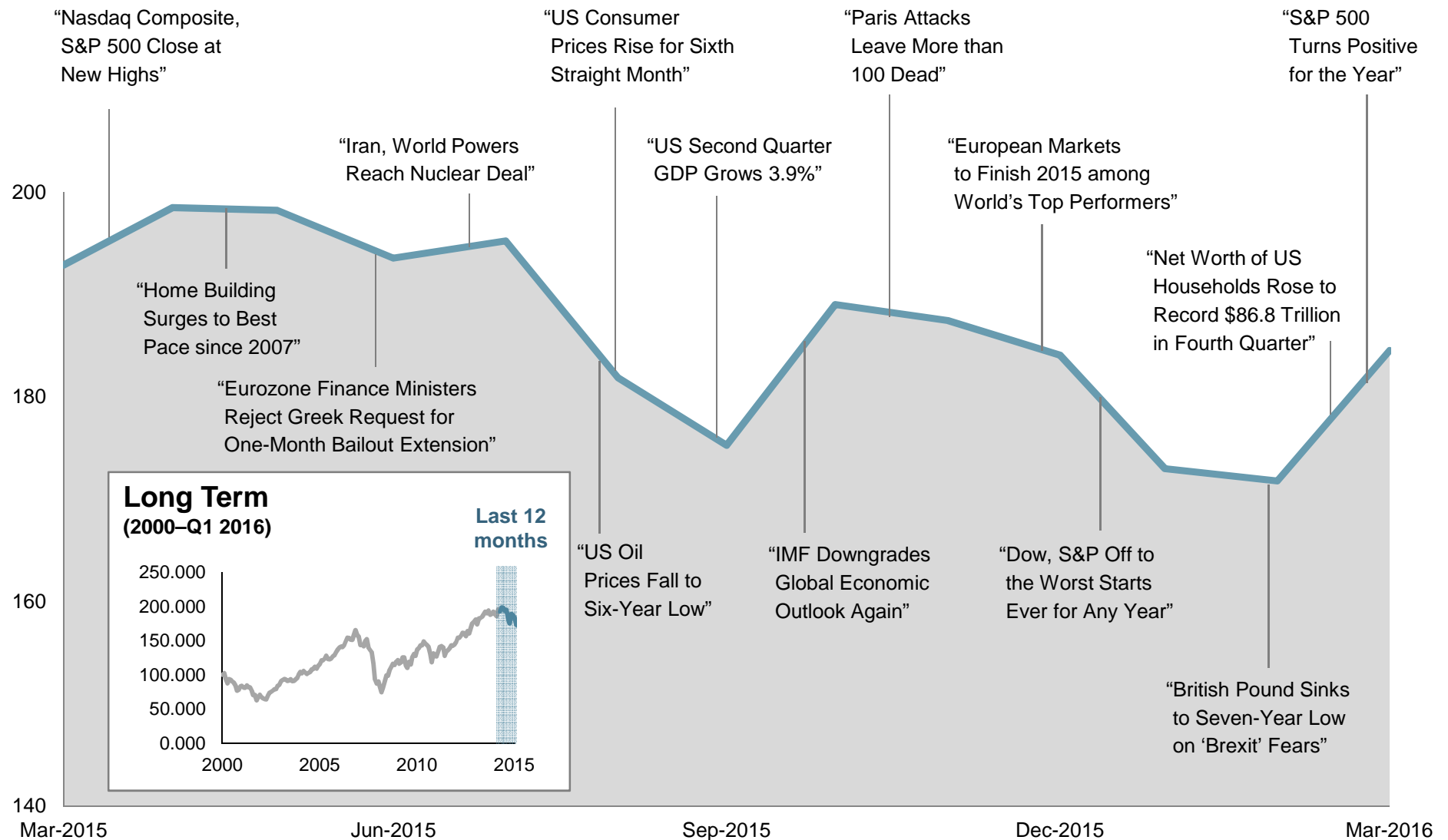
These headlines are not offered to explain market returns. Instead, they serve as a reminder that investors should view daily events from a long-term perspective and avoid making investment decisions based solely on the news.

Graph Source: MSCI ACWI Index. MSCI data © MSCI 2016, all rights reserved.

It is not possible to invest directly in an index. Performance does not reflect the expenses associated with management of an actual portfolio. **Past performance is not a guarantee of future results.**

World Stock Market Performance

MSCI All Country World Index with selected headlines from past 12 months



These headlines are not offered to explain market returns. Instead, they serve as a reminder that investors should view daily events from a long-term perspective and avoid making investment decisions based solely on the news.
Graph Source: MSCI ACWI Index. MSCI data © MSCI 2016, all rights reserved.

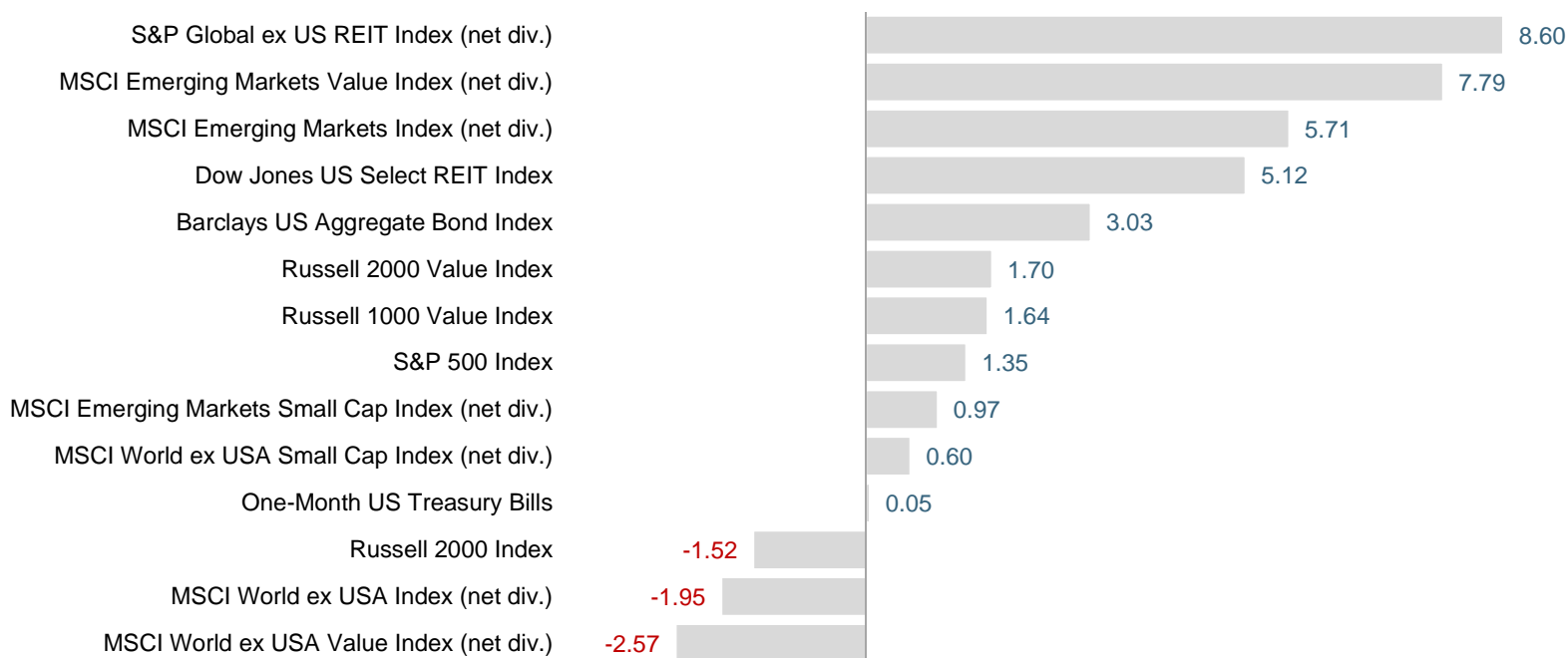
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World Asset Classes

First Quarter 2016 Index Returns (%)

Looking at broad market indices, emerging markets outperformed developed markets, including the US. Developed markets REITs recorded the highest returns.

The value effect was positive in the US and emerging markets but negative in developed markets outside the US. Small caps outperformed large caps in the non-US markets but underperformed in the US and emerging markets.



US Stocks

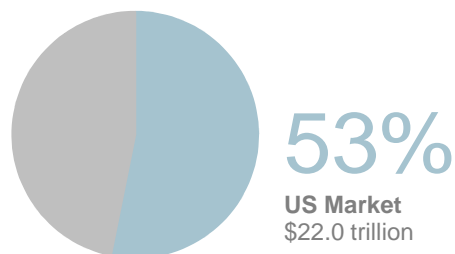
First Quarter 2016 Index Returns

The broad US equity market recorded slightly positive performance for the quarter.

Value indices outperformed growth indices across all size ranges.

Small caps underperformed large caps.

World Market Capitalization—US



Ranked Returns for the Quarter (%)



Period Returns (%)

* Annualized

Asset Class	YTD	1 Year	3 Years*	5 Years*	10 Years*
Marketwide	0.97	-0.34	11.15	11.01	6.90
Large Cap	1.35	1.78	11.82	11.58	7.01
Large Cap Value	1.64	-1.54	9.38	10.25	5.72
Large Cap Growth	0.74	2.52	13.61	12.38	8.28
Small Cap	-1.52	-9.76	6.84	7.20	5.26
Small Cap Value	1.70	-7.72	5.73	6.67	4.42
Small Cap Growth	-4.68	-11.84	7.91	7.70	6.00

Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Market segment (index representation) as follows: Marketwide (Russell 3000 Index), Large Cap (S&P 500 Index), Large Cap Value (Russell 1000 Value Index), Large Cap Growth (Russell 1000 Growth Index), Small Cap (Russell 2000 Index), Small Cap Value (Russell 2000 Value Index), and Small Cap Growth (Russell 2000 Growth Index). World Market Cap represented by Russell 3000 Index, MSCI World ex USA IMI Index, and MSCI Emerging Markets IMI Index. Russell 3000 Index is used as the proxy for the US market. Russell data © Russell Investment Group 1995–2016, all rights reserved. The S&P data are provided by Standard & Poor's Index Services Group.

International Developed Stocks

First Quarter 2016 Index Returns

In US dollar terms, developed markets outside the US lagged both the US equity market and emerging markets indices during the quarter.

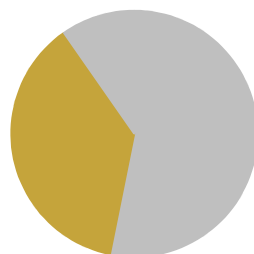
Small caps outperformed large caps in non-US developed markets.

The value effect was negative in non-US developed markets using broad market indices. Large cap value indices underperformed large cap growth indices. The opposite was true in small caps; small cap value indices outperformed small cap growth indices.

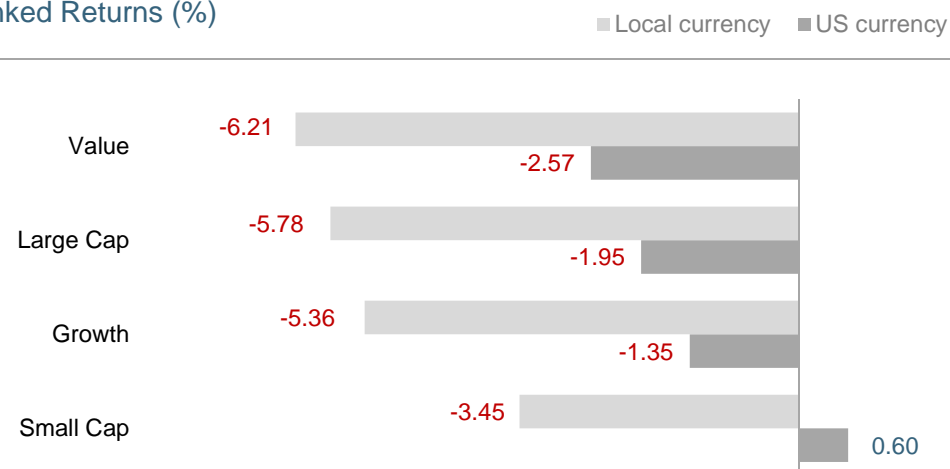
World Market Capitalization—International Developed

37%

International
Developed
Market
\$15.1 trillion



Ranked Returns (%)



Period Returns (%)

Asset Class	YTD	1 Year	3 Years*	5 Years*	10 Years*
Large Cap	-1.95	-8.44	1.69	1.62	1.80
Small Cap	0.60	1.99	5.54	3.84	3.09
Value	-2.57	-12.34	0.07	0.37	0.76
Growth	-1.35	-4.52	3.24	2.81	2.77

* Annualized

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Emerging Markets Stocks

First Quarter 2016 Index Returns

In US dollar terms, emerging markets indices outperformed developed markets, including the US.

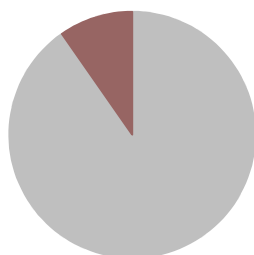
Value outperformed growth across all size ranges.

Small cap indices underperformed large cap indices.

World Market Capitalization—Emerging Markets

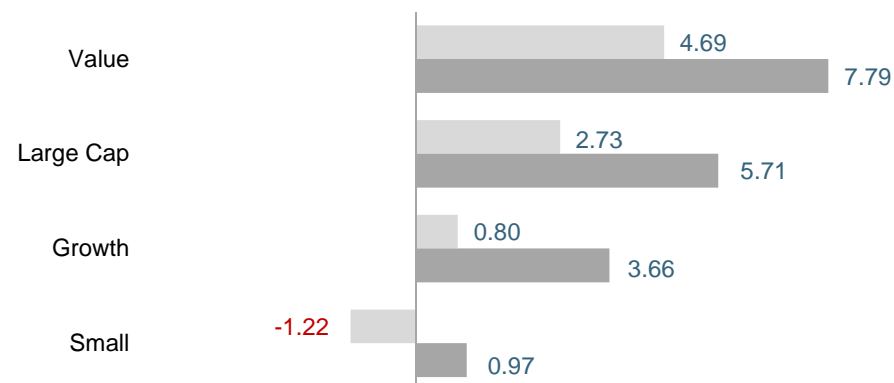
10%

Emerging Markets
\$4.2 trillion



Ranked Returns (%)

■ Local currency ■ US currency



Period Returns (%)

* Annualized

Asset Class	YTD	1 Year	3 Years*	5 Years*	10 Years*
Large Cap	5.71	-12.03	-4.50	-4.13	3.02
Small Cap	0.97	-9.20	-2.69	-2.56	5.08
Value	7.79	-12.56	-6.46	-5.86	2.96
Growth	3.66	-11.60	-2.66	-2.48	2.99

Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio.

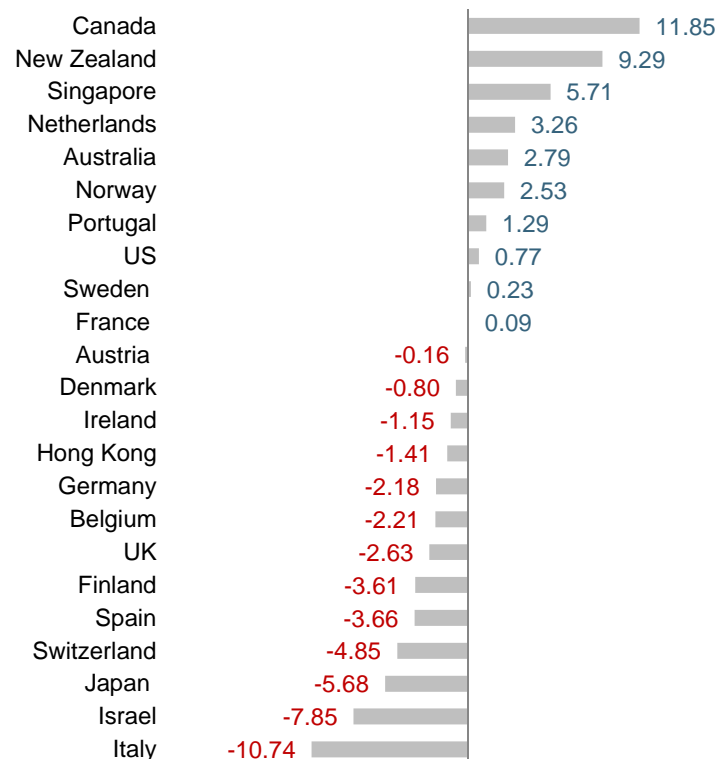
Market segment (index representation) as follows: Large Cap (MSCI Emerging Markets Index), Small Cap (MSCI Emerging Markets Small Cap Index), Value (MSCI Emerging Markets Value Index), and Growth (MSCI Emerging Markets Growth Index). All index returns are net of withholding tax on dividends. World Market Cap represented by Russell 3000 Index, MSCI World ex USA IMI Index, and MSCI Emerging Markets IMI Index. MSCI Emerging Markets IMI Index used as the proxy for the emerging market portion of the market. MSCI data © MSCI 2016, all rights reserved.

Select Country Performance

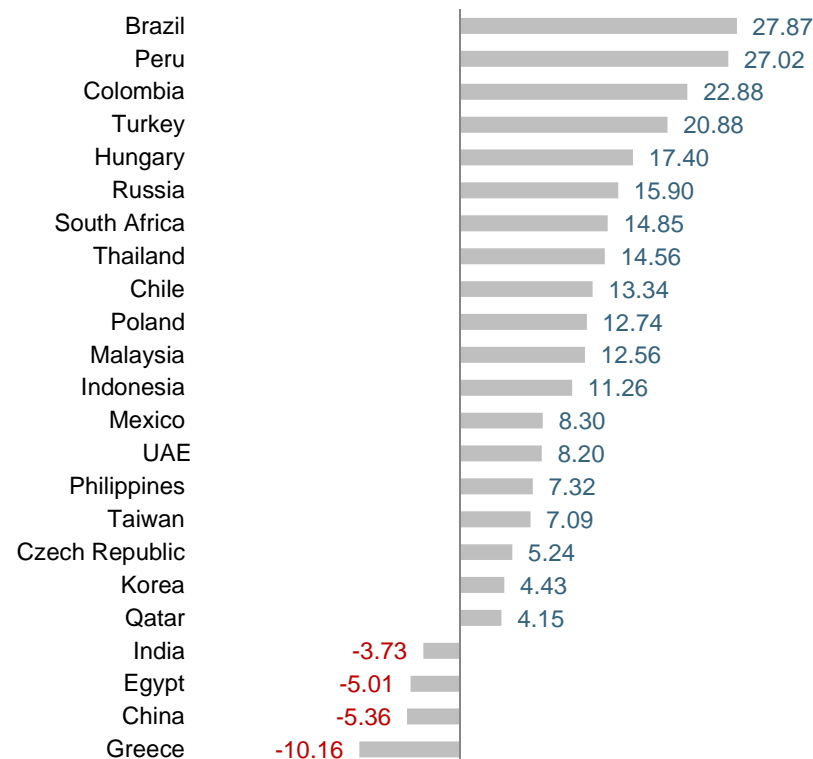
First Quarter 2016 Index Returns

Canada recorded the highest country performance in developed markets, while Israel and Italy posted the lowest returns for the quarter. In emerging markets, Brazil and Peru recorded the highest country returns, while China and Greece recording the lowest.

Ranked Developed Markets Returns (%)



Ranked Emerging Markets Returns (%)



Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Country performance based on respective indices in the MSCI World ex US IMI Index (for developed markets), Russell 3000 Index (for US), and MSCI Emerging Markets IMI Index. All returns in USD and net of withholding tax on dividends. MSCI data © MSCI 2016, all rights reserved. Russell data © Russell Investment Group 1995–2016, all rights reserved. UAE and Qatar have been reclassified as emerging markets by MSCI, effective May 2014.

Real Estate Investment Trusts (REITs)

First Quarter 2016 Index Returns

REITs in developed markets posted very strong performance for the quarter. US REITs outperformed broad market US equity indices.

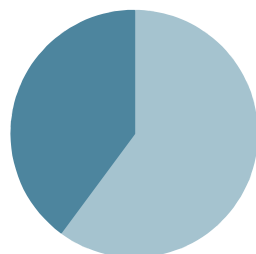
Ranked Returns (%)



Total Value of REIT Stocks

41%

World ex US
 \$432 billion
 243 REITs
 (22 other countries)



59%

US
 \$625 billion
 96 REITs

Period Returns (%)

** Annualized*

Asset Class	YTD	1 Year	3 Years*	5 Years*	10 Years*
US REITs	5.12	4.88	11.09	11.99	6.17
Global REITs (ex US)	8.60	2.53	3.46	6.58	3.49

Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio.
 Number of REIT stocks and total value based on the two indices. All index returns are net of withholding tax on dividends. Total value of REIT stocks represented by Dow Jones US Select REIT Index and the S&P Global ex US REIT Index. Dow Jones US Select REIT Index used as proxy for the US market, and S&P Global ex US REIT Index used as proxy for the World ex US market. Dow Jones US Select REIT Index data provided by Dow Jones ©. S&P Global ex US REIT Index data provided by Standard and Poor's Index Services Group © 2016.

Commodities

First Quarter 2016 Index Returns

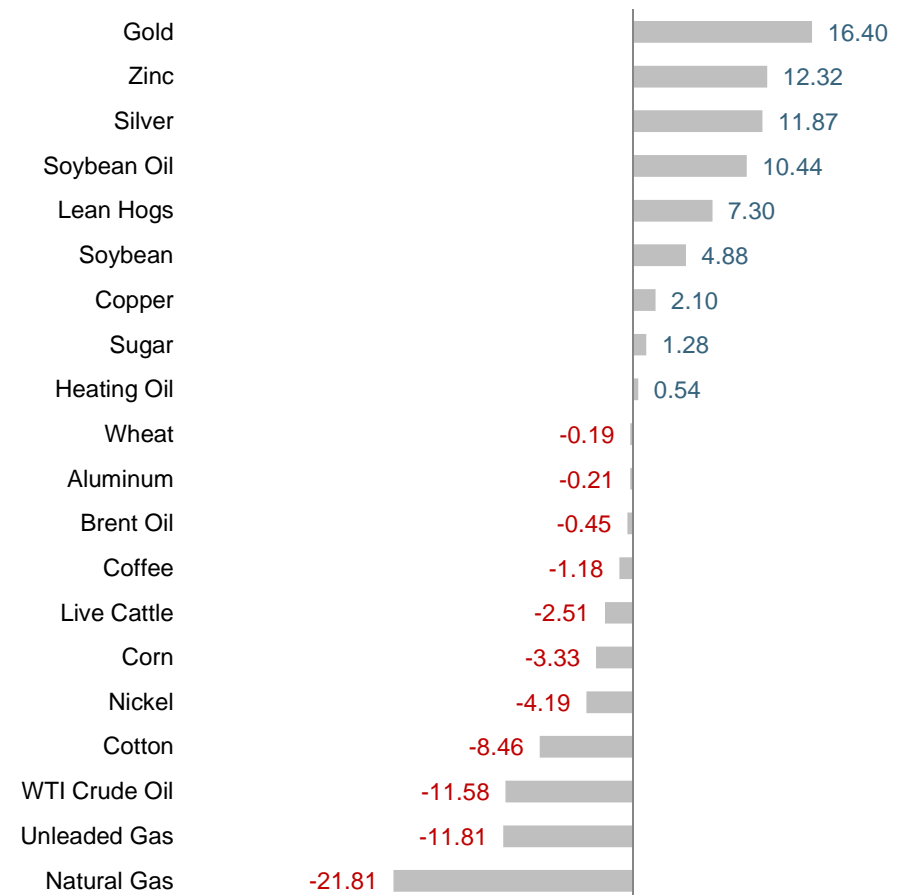
Commodities were mixed during the first quarter. The Bloomberg Commodity Index Total Return gained 0.42%. Precious metals led the index with gold returning 16.40% and silver returning 11.87%.

Energy was the worst-performing complex. Natural gas fell 21.81%, while unleaded gas declined 11.81%. WTI crude oil was down 11.58%.

Grains were slightly positive. Soybean oil gained 10.44%, but corn fell 3.33%. Livestock was mixed. Lean hogs gained 7.30%, while live cattle fell 2.51%.

Period Returns (%)		* Annualized			
Asset Class	YTD	1 Year	3 Years*	5 Years*	10 Years*
Commodities	0.42	-19.56	-16.87	-14.15	-6.16

Ranked Returns for Individual Commodities (%)



Fixed Income

First Quarter 2016 Index Returns

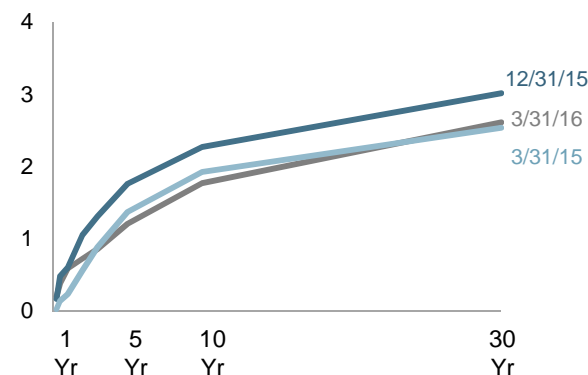
Interest rates across the US fixed income markets generally decreased during the quarter. The yield on the 5-year Treasury note fell 55 basis points (bps) to 1.21%. The yield on the 10-year Treasury note declined 49 bps to 1.78%. The 30-year Treasury bond declined 40 bps to finish at 2.61%.

The yield on the 1-year Treasury bill dipped 6 bps to 0.59%, and the 2-year Treasury note declined 33 bps to 0.73%. The 3-month T-bill increased 5 bps to yield 0.21%, while the 6-month T-bill decreased 10 bps to 0.39%.

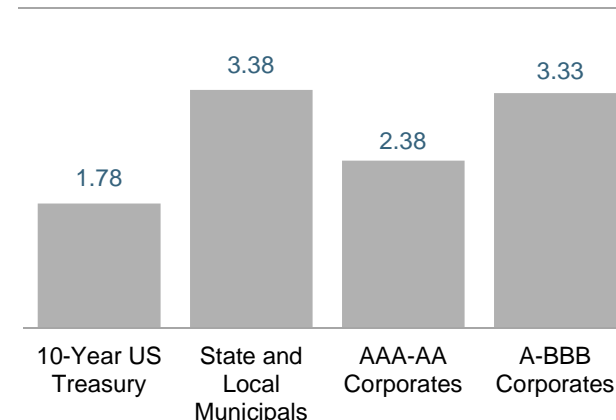
Short-term corporate bonds gained 1.16%, intermediate-term corporate bonds returned 2.76%, and long-term corporate bonds returned 6.83%.¹

Short-term municipal bonds returned 0.71% while intermediate-term munis gained 1.55%. Revenue bonds slightly outperformed general obligation bonds for the quarter.²

US Treasury Yield Curve (%)



Bond Yields across Issuers (%)



Period Returns (%)

Asset Class	YTD	1 Year	3 Years*	5 Years*	10 Years*
BofA Merrill Lynch Three-Month US Treasury Bill Index	0.07	0.12	0.07	0.08	1.15
BofA Merrill Lynch 1-Year US Treasury Note Index	0.36	0.40	0.29	0.32	1.74
Citigroup WGBI 1-5 Years (hedged to USD)	1.14	1.52	1.47	1.86	3.00
Barclays Long US Government Bond Index	8.06	2.80	6.04	9.52	7.88
Barclays US Aggregate Bond Index	3.03	1.96	2.50	3.78	4.90
Barclays US Corporate High Yield Index	3.35	-3.69	1.84	4.93	7.01
Barclays Municipal Bond Index	1.67	3.98	3.63	5.59	4.86
Barclays US TIPS Index	4.46	1.51	-0.71	3.02	4.63

* Annualized

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1. Barclays US Corporate Bond Index. 2. Barclays Municipal Bond Index. Yield curve data from Federal Reserve. State and local bonds are from the Bond Buyer Index, general obligation, 20 years to maturity, mixed quality. AAA-AA Corporates represent the Bank of America Merrill Lynch US Corporates, AA-AAA rated. A-BBB Corporates represent the Bank of America Merrill Lynch US Corporates, BBB-A rated. Barclays data provided by Barclays Bank PLC. US long-term bonds, bills, inflation, and fixed income factor data © Stocks, Bonds, Bills, and Inflation (SBBi) Yearbook™, Ibbotson Associates, Chicago (annually updated work by Roger G. Ibbotson and Rex A. Sinquefeld). Citigroup bond indices © 2016 by Citigroup. The BofA Merrill Lynch Indices are used with permission; © 2016 Merrill Lynch, Pierce, Fenner & Smith Incorporated; all rights reserved. Merrill Lynch, Pierce, Fenner & Smith Incorporated is a wholly owned subsidiary of Bank of America Corporation.

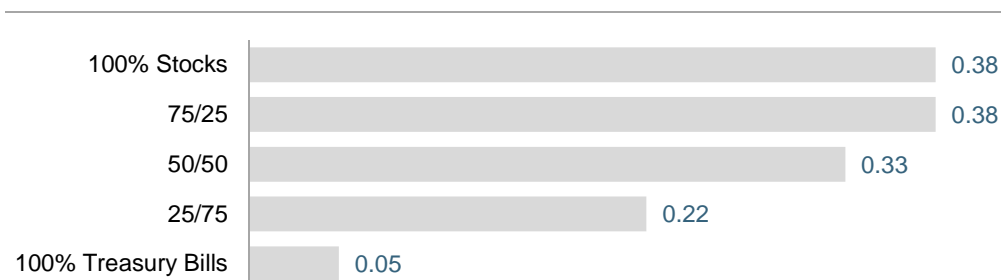
Global Diversification

First Quarter 2016 Index Returns

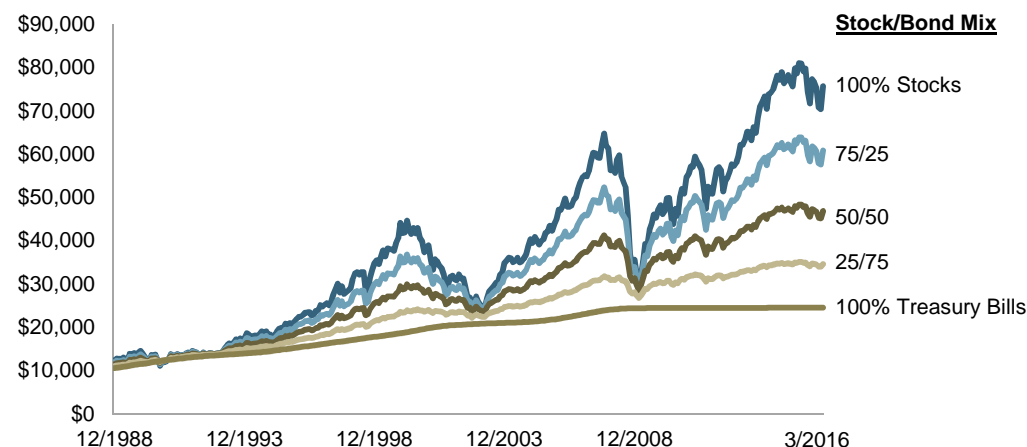
These portfolios illustrate the performance of different global stock/bond mixes and highlight the benefits of diversification. Mixes with larger allocations to stocks are considered riskier but have higher expected returns over time.

Period Returns (%)		* Annualized			
Asset Class	YTD	1 Year	3 Years*	5 Years*	10 Years*
100% Stocks	0.38	-3.81	6.10	5.80	4.63
75/25	0.38	-2.64	4.69	4.51	4.01
50/50	0.33	-1.61	3.20	3.12	3.20
25/75	0.22	-0.71	1.65	1.62	2.20
100% Treasury Bills	0.05	0.06	0.03	0.04	1.03

Ranked Returns (%)



Growth of Wealth: The Relationship between Risk and Return



Diversification does not eliminate the risk of market loss. **Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect expenses associated with the management of an actual portfolio.** Asset allocations and the hypothetical index portfolio returns are for illustrative purposes only and do not represent actual performance. Global Stocks represented by MSCI All Country World Index (gross div.) and Treasury Bills represented by US One-Month Treasury Bills. Globally diversified allocations rebalanced monthly, no withdrawals. Data © MSCI 2016, all rights reserved. Treasury bills © Stocks, Bonds, Bills, and Inflation Yearbook™, Ibbotson Associates, Chicago (annually updated work by Roger G. Ibbotson and Rex A. Sinquefeld).

Free Throws

Dave Butler offers a sports example to help investors apply discipline in a stressful market

“What do you regard as the most difficult period in the financial markets during your 25 years in the investment business?”

I am often asked this question, usually by people who already have a framework and opinion as a result of living through one or several market downturns. For example, many older advisors and their clients regard the 1973–1974 bear market as the toughest period in their investment lifetime. Middle-aged investors may consider the tech boom and bust of the late 1990s and early 2000s to be the bellwether event for a generation of investors who assumed they could get rich on one great stock pick. Today, just about everyone remembers the 2008–2009 global financial crisis, having experienced the anxiety of declining investment accounts themselves or knowing someone who did.

The market decline in early 2016 has much of the same feel as past events. Times like these are never easy for clients or advisors, who must confront their concern that “things just might be different this time.” When in the midst of a market decline, it is natural to sense that the

volatility is lasting longer and is worse than anything before. As a result, advisors spend a lot of time talking to their clients in an effort to alleviate elevated concerns and fears.

How do we find the words that might help minimize the fear and anxiety advisors’ clients feel about their investment portfolios and retirement security? As you know, no single word or story can ease their concerns—and certainly not overnight. The more effective course may be for advisors to steadily lead clients down a path from worry to calm through a conversational approach that emphasizes the importance of sticking with their plan.

LINKING PROCESS TO DISCIPLINE

I had the opportunity a few weeks ago to speak at an advisor’s client event in California. As I was driving to the event, I thought about how to make the presentation conversational and ensure the concepts of process and discipline resonate with the audience.

The audience was a sports-oriented crowd, and I had about 15 minutes to get across one important concept that might help them navigate

the choppy markets. Then I remembered an article I read about world-class athletes and their approach to success. The author described how the greatest athletes, from Olympians to all-star professionals, focus on process rather than outcome when competing at the highest level. I thought about this in context of my own college athletic experience, which, although not at the Olympic level, involved the same need for calm and focus during high-pressure moments in a basketball game.

Imagine yourself playing in a championship basketball game. Your team is trailing by one point. You are fouled just as the game clock goes to zero. You have two free throws. Make both and you win. Miss them and you lose.

What do you do to contain the pressure and focus on the task? The great athletes look to process. While each process may be different, each one reflects a personal routine a player has performed thousands of times in practice. For instance, you start your routine as you approach the free throw line; you take a deep
(CONTINUED ON PAGE 16)

Free Throws (continued from page 15)

Dave Butler offers a sports example to help investors apply discipline in a stressful market

breath and imagine the ball going through the hoop; you step to the line and find the exact spot (usually a nail right behind the painted line) where your right foot will anchor; you look at the back (or front) of the rim and notice the paint peeling or the net missing a connecting loop—or anything else to help you concentrate and calm your mind; and you take the ball from the referee and continue your routine. You dribble twice and flip the ball in the air, take a couple of knee bends, find the grooves on the ball, and spread your fingers across it. You feel the texture of the ball, the rough orange leather and the smooth black rubber on the grooves, and finally time the motion so that your body, the release of the ball, and the follow-through of your hand are all in perfect synch as the ball elevates and descends to the basket.

The effective athlete does not hope for an outcome or get nervous or scared as the moment approaches. He or she immediately falls back on the tried and tested routine performed countless times in a more serene environment (practice). Following the routine dulls the noise of the crowd and brings clarity of mind.

The same lessons apply to the seasoned investor. A chaotic market is akin to what the visiting team experiences in a gym, where opposing fans and players are doing everything possible to distract you. You stay focused on a routine burned into your nature through coaching and repetitive practice.

The components of the seasoned investor's routine are similar: the investment policy statement, the regular review of family goals and liquidity needs, and the regular calls an advisor makes during good and bad markets. These and other actions are all part of the process developed to summon that muscle memory needed in stressful times. Just as the great athlete navigates through the moments of pressure in any athletic event, the actions are part of the routine that allows the individual to navigate through a chaotic market like we have today.

I believe there are many stories and anecdotes that parallel the basic needs of an investor, but it is up to the advisor to find one that resonates with a particular client or audience. The example could involve a great violinist, a world-

class chef, or even a gardener. In each case, there is a story of discipline behind the person who continually works to perfect the craft and a reminder of how a successful investor can do the same.

Statistics and data are the bedrock for the insights we gain about the capital markets, but it is often the conversational story that can help clients of advisors focus on the simplest and most important tenets of investment success. Regardless of the market or time period, advisors can encourage their clients to maintain the discipline needed to follow a process, which can lead to a great investment experience.

For more information or to discuss your portfolio needs, please contact Todd Moerman @ 303-549-4720 or 970-818-5266 or toll free 855-863-3332.

Thank you for your business.

If you have any friends or family who need a 2nd opinion, please contact us.

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