



Quarterly Market Review

Third Quarter 2015

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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)

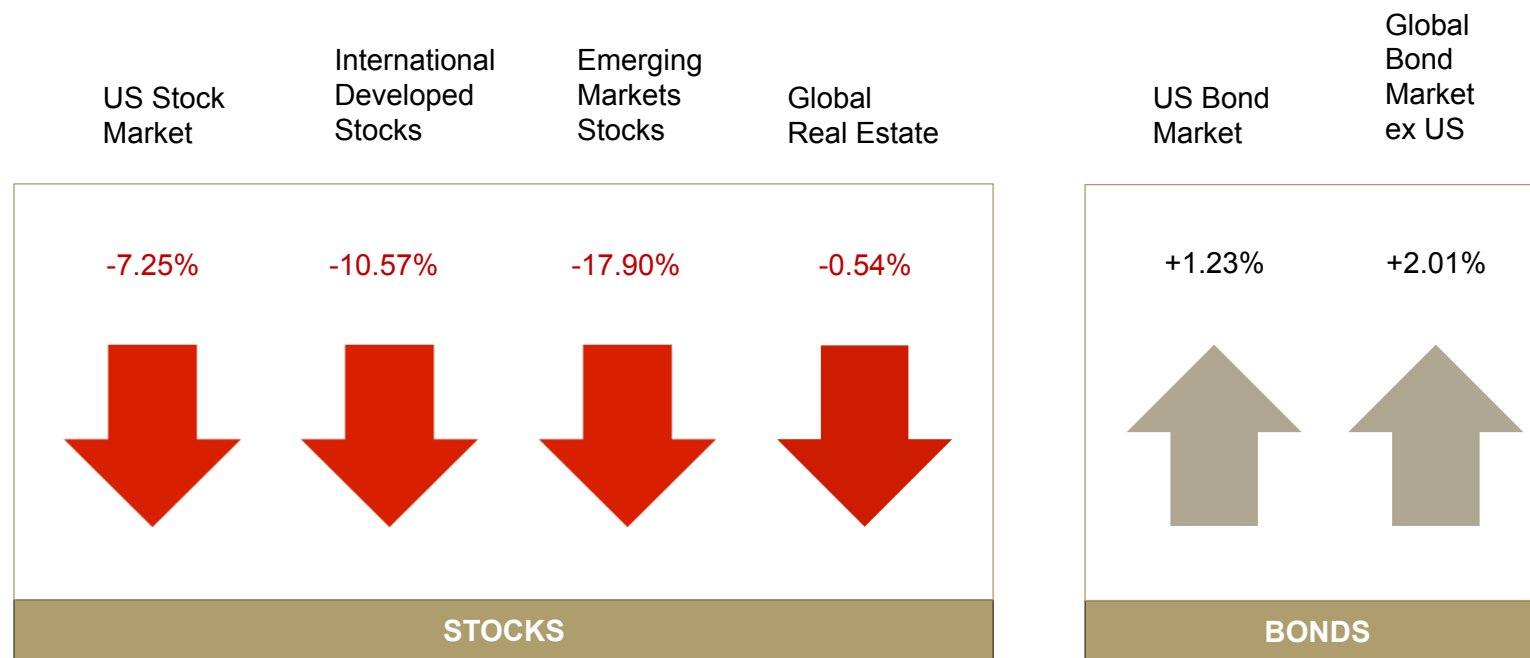
Commodities

Fixed Income

Global Diversification

Market Summary

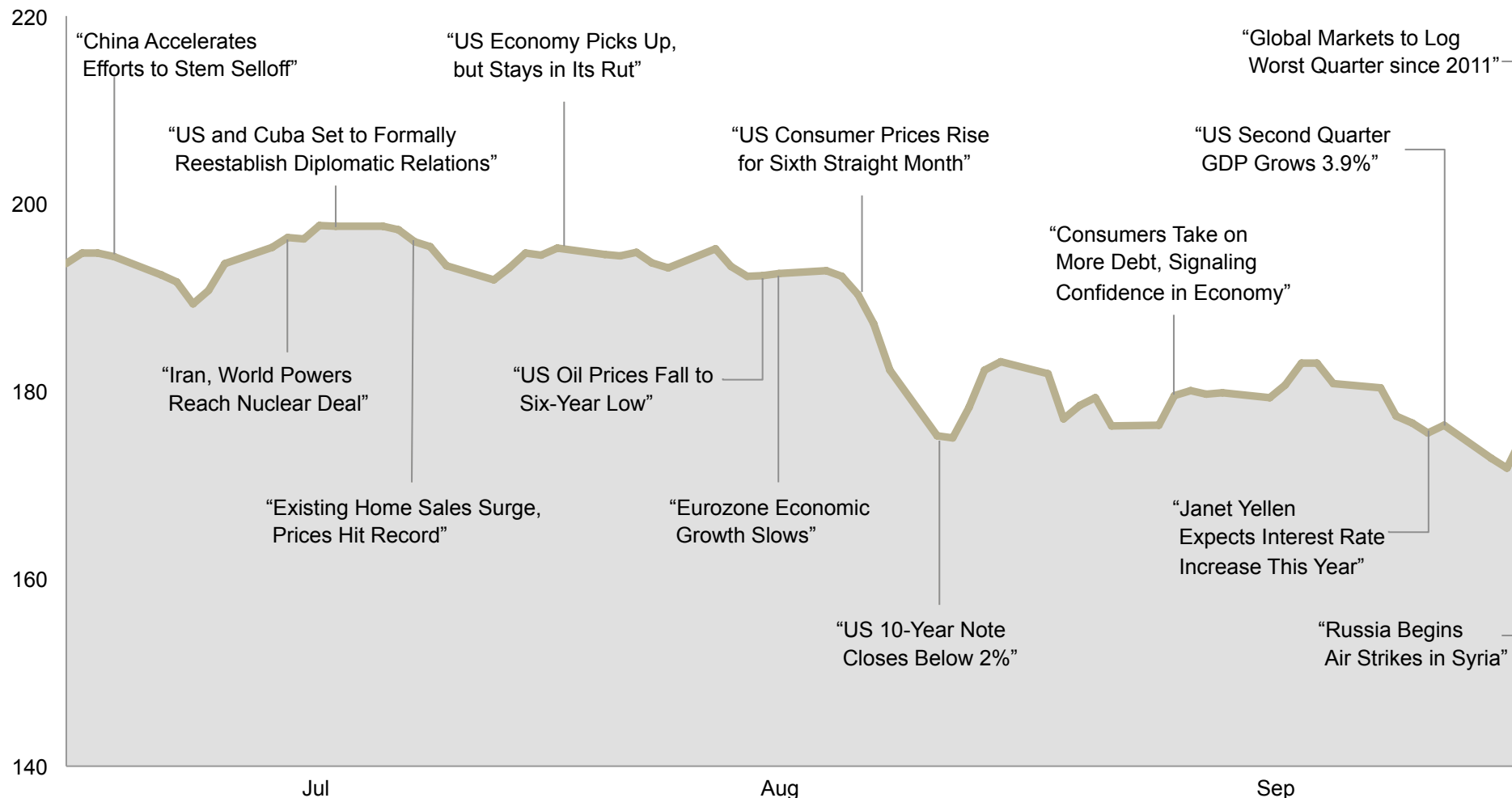
Third Quarter 2015 Index Returns



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. 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 1995-2015, all rights reserved. MSCI data © MSCI 2015, all rights reserved. Barclays data provided by Barclays Bank PLC. Citigroup bond indices © 2014 by Citigroup.

World Stock Market Performance

MSCI All Country World Index with selected headlines from Q3 2015



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 2015, all rights reserved.

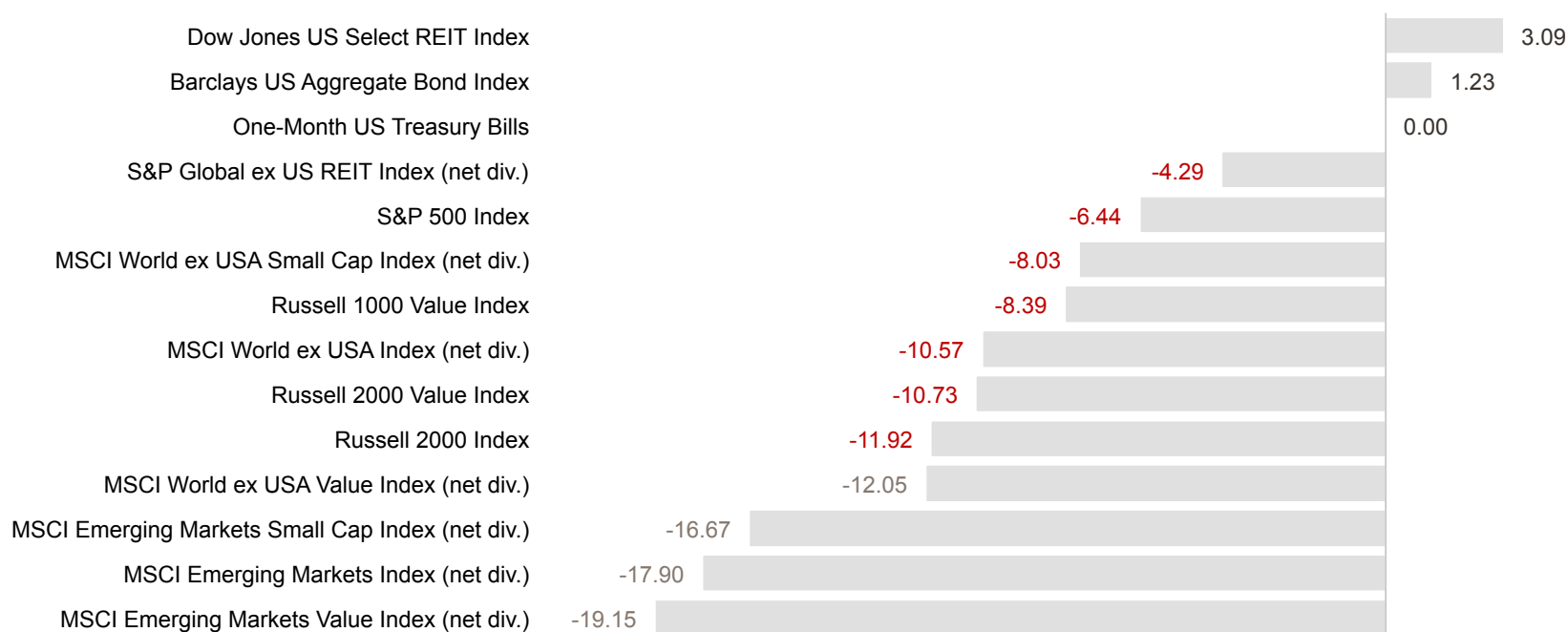
It is not possible to invest directly in an index. Performance does not reflect the expenses associated with management of an actual portfolio. Past performance is not a guarantee of future results.

World Asset Classes

Third Quarter 2015 Index Returns

Looking at broad market indices, the US equity market outperformed both developed ex US and emerging markets during the third quarter. US REITs recorded the highest returns, outperforming equity markets.

The value effect was negative in the US, developed ex US, and emerging markets. Small caps outperformed large caps in the non-US and emerging markets but underperformed in the US. The US dollar appreciated against most currencies.



US Stocks

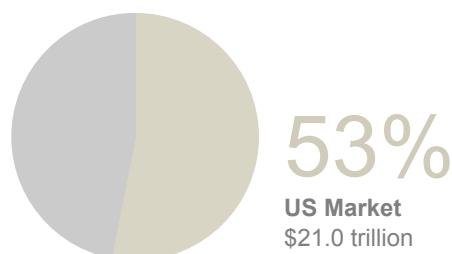
Third Quarter 2015 Index Returns

The US equity market recorded negative performance for the third quarter.

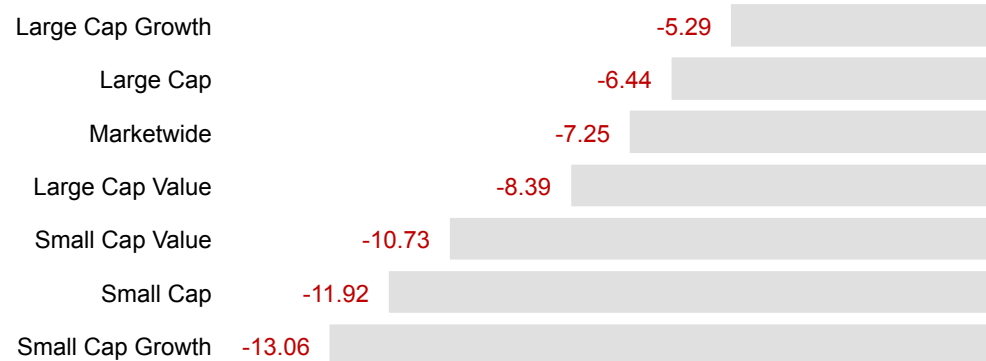
Small caps underperformed large caps.

Value stocks underperformed growth stocks among marketwide indices. However, in small caps, the effect was reversed with small cap value outperforming small cap growth.

World Market Capitalization—US



Ranked Returns for the Quarter (%)



Period Returns (%)

* Annualized

Asset Class	YTD	1 Year	3 Years*	5 Years*	10 Years*
Marketwide	-5.45	-0.05	12.53	13.28	6.92
Large Cap	-5.29	-0.61	12.40	13.34	6.80
Large Cap Value	-8.96	-4.42	11.59	12.29	5.71
Large Cap Growth	-1.54	3.17	13.61	14.47	8.09
Small Cap	-7.73	1.25	11.02	11.73	6.55
Small Cap Value	-10.06	-1.60	9.18	10.17	5.35
Small Cap Growth	-5.47	4.04	12.85	13.26	7.67

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International Developed Stocks

Third Quarter 2015 Index Returns

Developed markets outside the US underperformed the US equity market but outperformed emerging markets indices in US dollar terms.

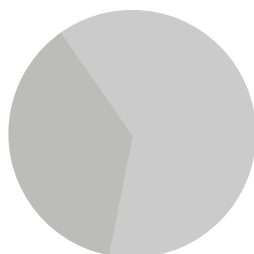
Small caps outperformed large caps.

Value underperformed growth indices across all size ranges.

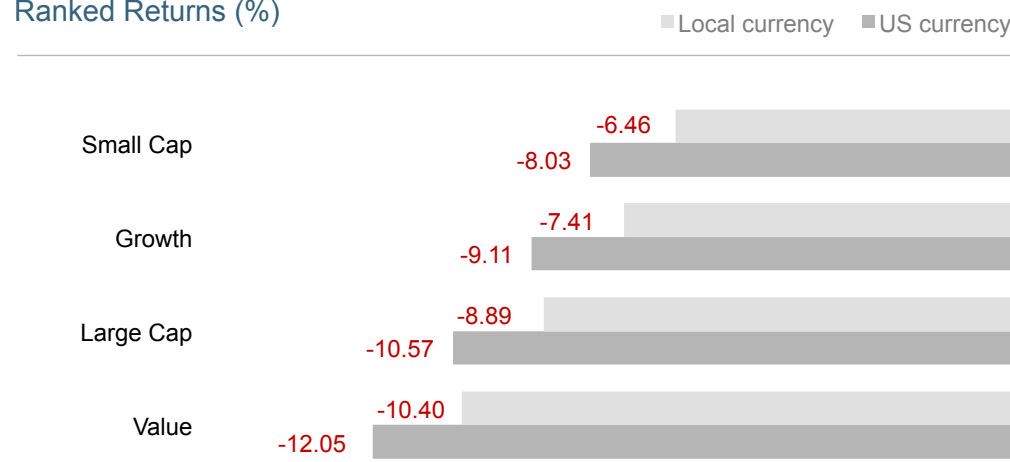
World Market Capitalization—International Developed

37%

International
Developed
Market
\$14.7 trillion



Ranked Returns (%)



Period Returns (%)

Asset Class	* Annualized				
	YTD	1 Year	3 Years*	5 Years*	10 Years*
Large Cap	-6.69	-10.14	4.60	3.42	2.92
Small Cap	-0.34	-3.71	7.48	5.74	4.23
Value	-9.65	-14.32	3.56	2.61	2.12
Growth	-3.75	-5.88	5.59	4.18	3.65

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Emerging Markets Stocks

Third Quarter 2015 Index Returns

Emerging markets indices underperformed developed markets indices (including the US) in US dollar terms during the third quarter.

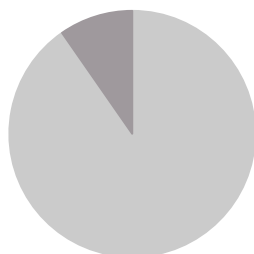
Small cap indices outperformed large cap indices.

Value underperformed growth indices across all size ranges.

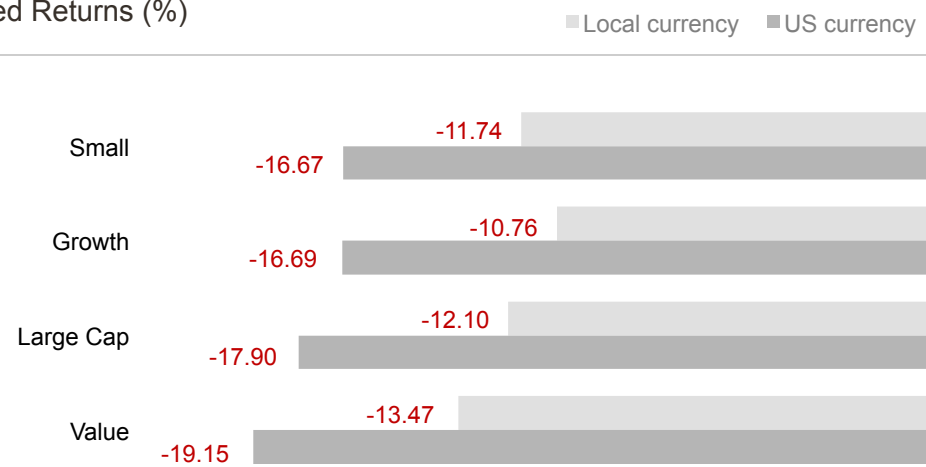
World Market Capitalization—Emerging Markets

10%

Emerging Markets
\$3.8 trillion



Ranked Returns (%)



Period Returns (%)

Asset Class	YTD	1 Year	3 Years*	5 Years*	10 Years*
Large Cap	-15.48	-19.28	-5.27	-3.58	4.27
Small Cap	-9.80	-15.23	-1.09	-2.43	6.72
Value	-17.38	-22.70	-7.66	-5.09	4.12
Growth	-13.63	-15.89	-2.95	-2.12	4.35

* Annualized

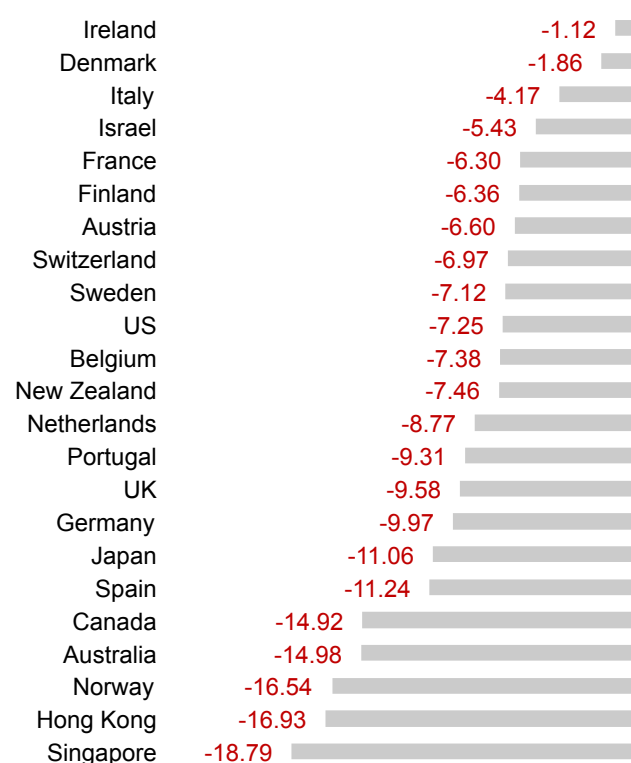
Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Market segment (index representation) as follows: Large Cap (MSCI Emerging Markets Index), Small 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 2015, all rights reserved.

Select Country Performance

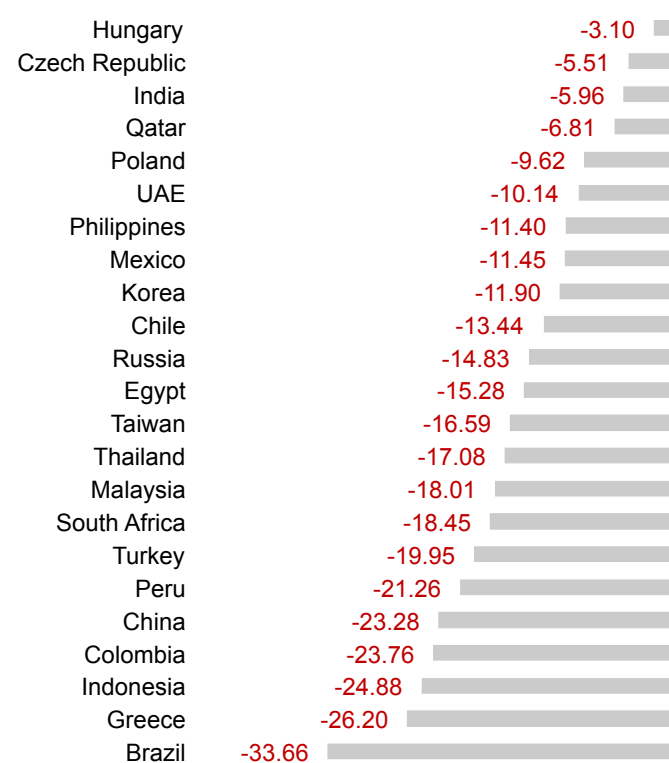
Third Quarter 2015 Index Returns

Ireland again recorded the highest country performance in developed markets and Singapore and Hong Kong the lowest for the third quarter. In emerging markets, Hungary and the Czech Republic posted the highest returns, while China's equity performance dominated news headlines as its market recorded one of the lowest country returns.

Ranked Developed Markets Returns (%)



Ranked Emerging Markets Returns (%)

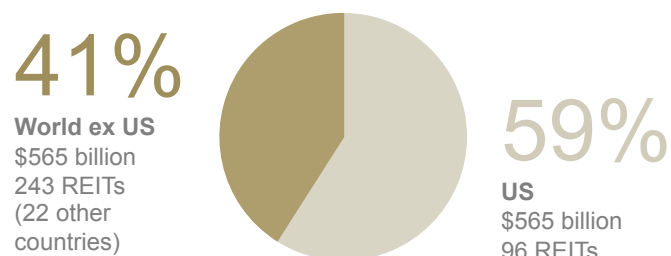


Real Estate Investment Trusts (REITs)

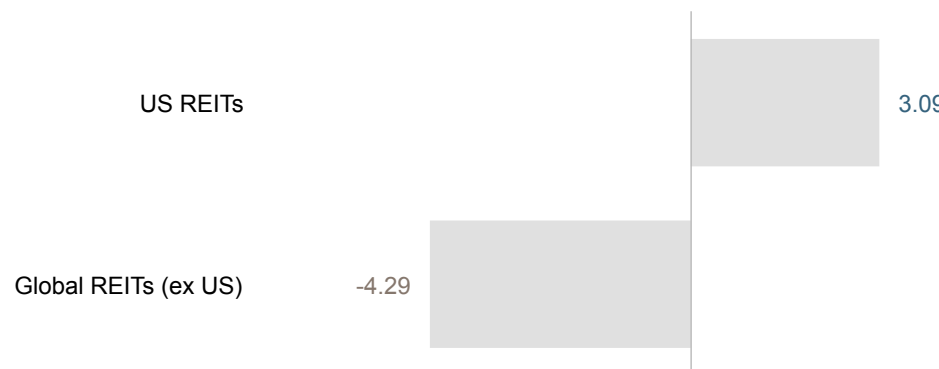
Third Quarter 2015 Index Returns

US REITs were one of the best-performing asset classes during the third quarter, outperforming equities. Although REITs outside the US produced negative absolute returns, global REITs outside the US outperformed broad market equity indices.

Total Value of REIT Stocks



Ranked Returns (%)



Period Returns (%)

Asset Class	* Annualized				
	YTD	1 Year	3 Years*	5 Years*	10 Years*
US REITs	-2.84	11.82	9.92	12.31	6.69
Global REITs (ex US)	-5.30	-2.47	4.53	6.64	3.11

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 © 2014.

Commodities

Third Quarter 2015 Index Returns

Commodities were broadly negative during the third quarter. The Bloomberg Commodity Index Total Return fell 14.47%. The energy complex led the decline with WTI crude oil dropping 27.39% and natural gas shedding 15.03%.

Grains also posted negative returns; Chicago wheat lost 17.54%, while soybeans dropped 14%.

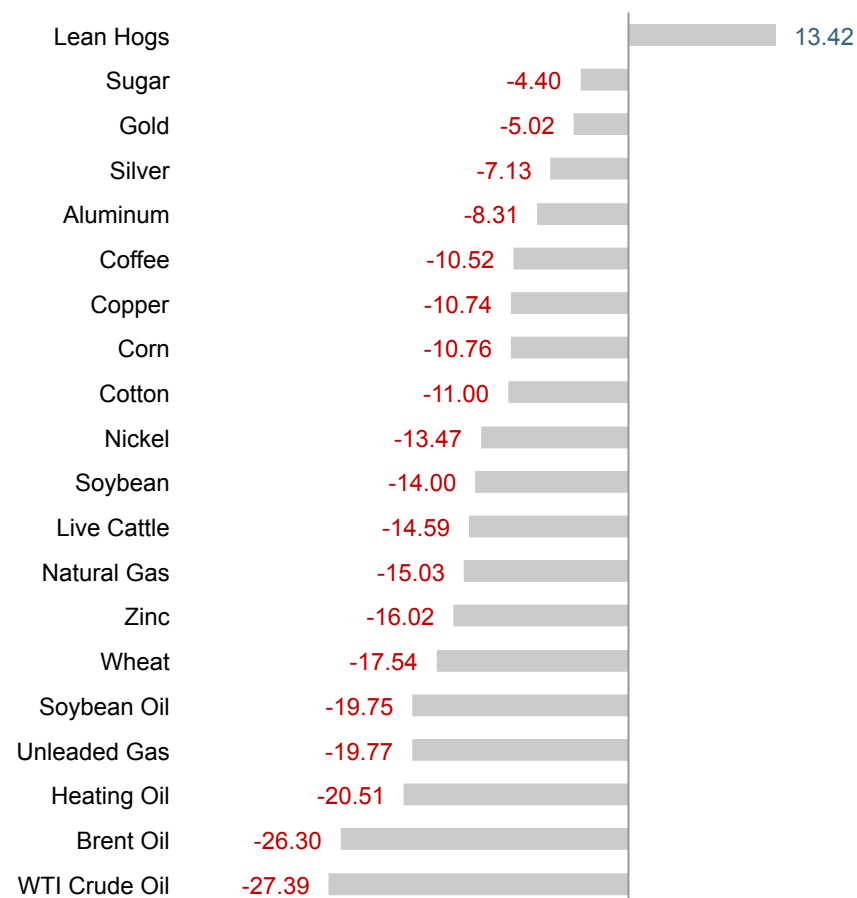
Livestock was mixed with lean hogs up 13.42% and live cattle falling 14.59%.

Period Returns (%)

* Annualized

Asset Class	YTD	Q3	1 Year	3 Years*	5 Years*	10 Years*
Commodities	-15.80	-14.47	-25.99	-16.02	-8.89	-5.67

Ranked Returns for Individual Commodities (%)



Fixed Income

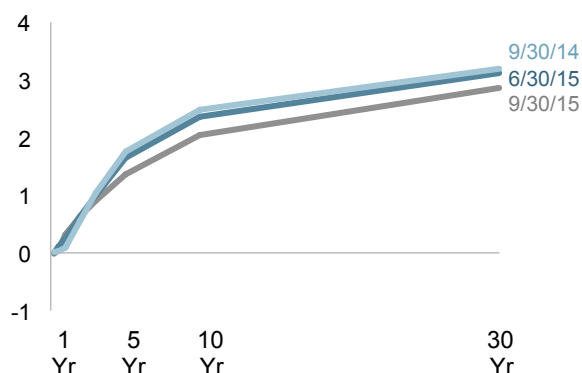
Third Quarter 2015 Index Returns

Interest rates across the US fixed income markets generally decreased during the third quarter. The yield on the 5-year Treasury note dropped 25 basis points to end the period at 1.38%. The yield on the 10-year Treasury note decreased 27 basis points to end the quarter at 2.06%. The 30-year Treasury bond fell 22 basis points to finish with a yield of 2.88%. Yields on the short end of the curve were relatively unchanged.

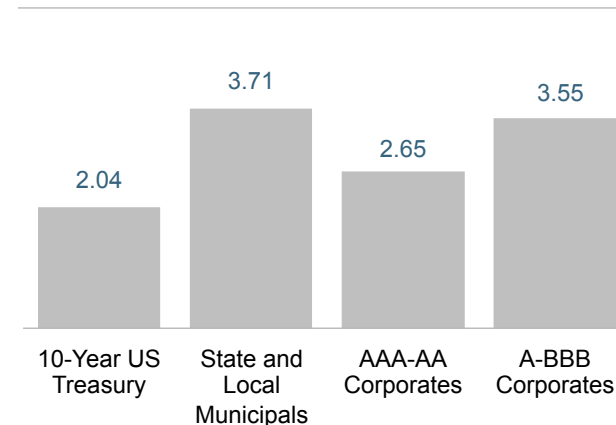
Short-term corporate bonds returned 0.30%, while intermediate-term corporate bonds returned 0.71%.

Short-term municipal bonds returned 0.74%, while intermediate-term municipal bonds returned 1.68%. Municipal general obligation and revenue bonds experienced similar returns.

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	0.02	0.02	0.06	0.08	1.33
BofA Merrill Lynch 1-Year US Treasury Note Index	0.32	0.25	0.27	0.33	1.88
Citigroup WGBI 1-5 Years (hedged to USD)	1.09	1.57	1.34	1.50	2.97
Barclays Long US Government Bond Index	0.22	8.62	2.78	6.18	6.92
Barclays US Aggregate Bond Index	1.13	2.94	1.71	3.10	4.64
Barclays US Corporate High Yield Index	-2.45	-3.43	3.51	6.15	7.25
Barclays Municipal Bond Index	1.77	3.16	2.88	4.14	4.64
Barclays US TIPS Index	-0.80	-0.83	-1.83	2.55	4.02

* Annualized

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Global Diversification

Third Quarter 2015 Index Returns

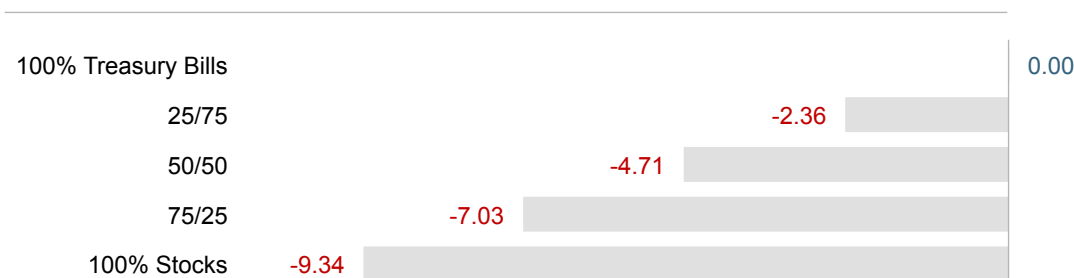
These portfolios illustrate the performance of different global stock/bond mixes and highlight the benefits of diversification. Mixes with larger allocations to stocks are considered riskier but have higher expected returns over time.

Period Returns (%)

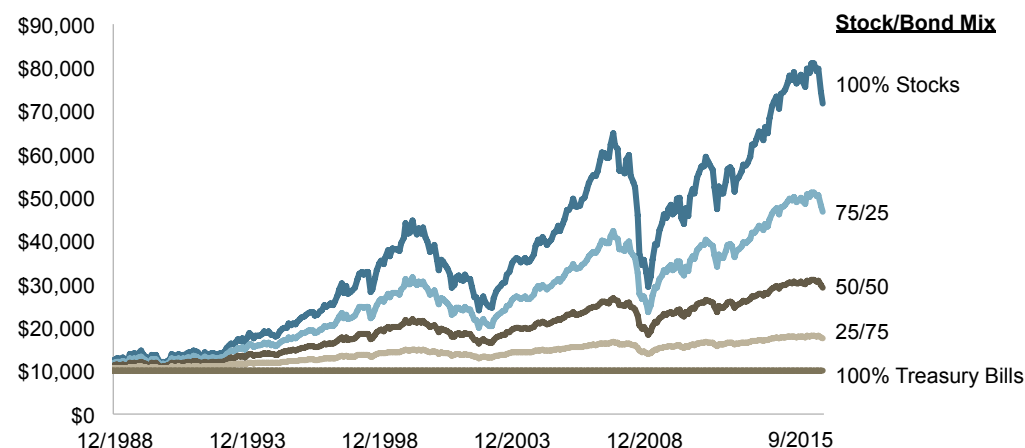
Asset Class	YTD	1 Year	3 Years*	5 Years*	10 Years*
100% Stocks	-6.65	-6.16	7.52	7.39	5.14
75/25	-4.93	-4.55	5.69	5.67	4.12
50/50	-3.24	-2.98	3.82	3.85	2.92
25/75	-1.60	-1.47	1.93	1.96	1.54
100% Treasury Bills	0.00	0.00	0.00	0.00	0.01

* Annualized

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 2015, 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).