
2nd Quarter 2016

Capital Markets Exhibits

First Half 2016 Market Overview

January	February	March	April	May	June
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Worst start of the year in history of S&P 500

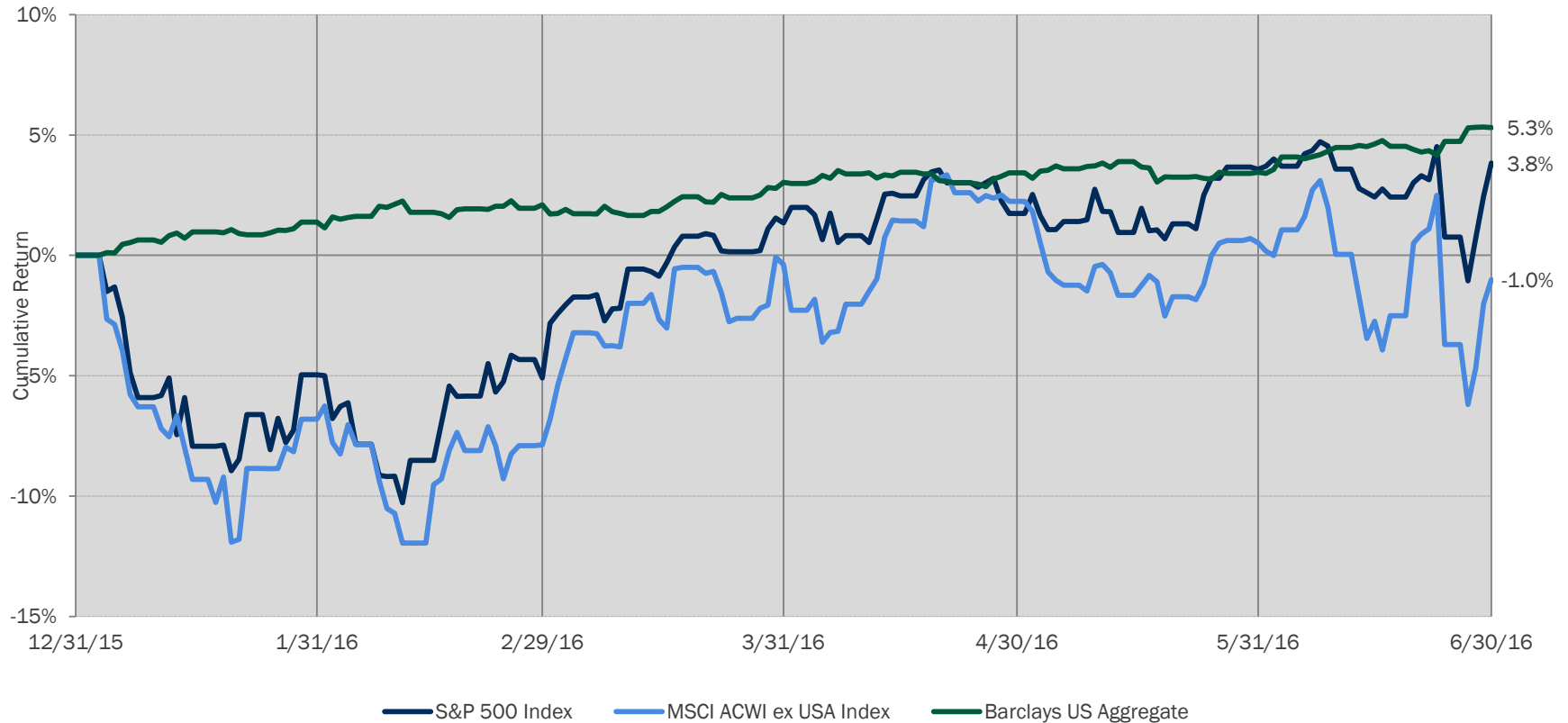
U.S. 10-year yield hits low of 1.6%

Fed becomes less aggressive on rising rates

Dollar weakens and oil strengthens

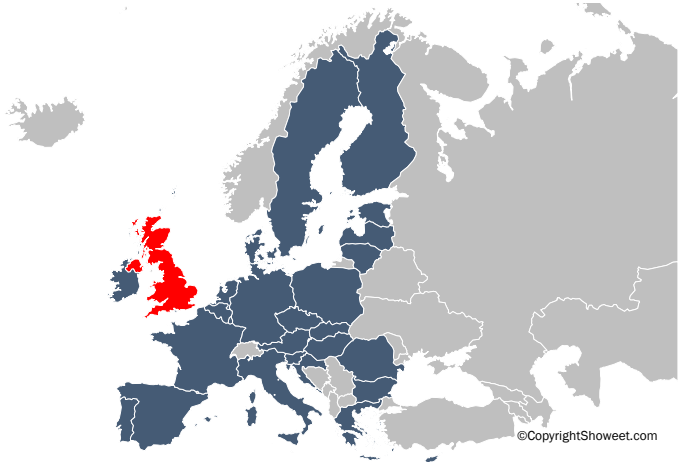
Global economic data shows improvement

Fed keeps rates unchanged and the UK 'Brexit's'



Source: Morningstar Direct, MSCI, S&P, Barclays

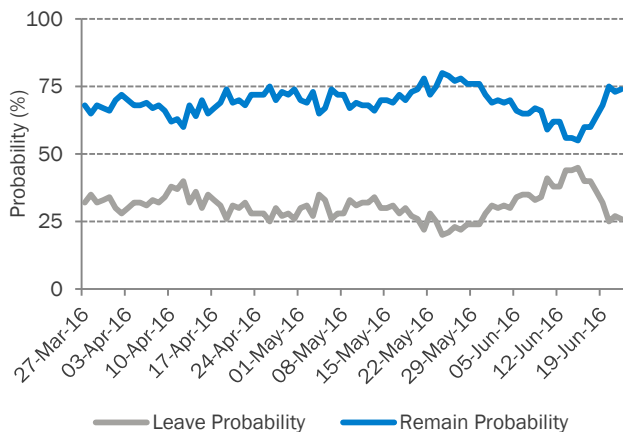
What is Brexit?



Brexit Explained

- The European Union (EU) is a political and economic union among 28 European countries allowing for a single market and the free movement of people, labor, goods, services, and capital.
- On June 23, 2016, the United Kingdom (UK) held a referendum on continued membership in the EU.
- Unexpectedly, the UK electorate voted 52% to 48% to leave the EU.
- Those voting to leave the EU largely did so to allow the UK to assert more control over its regulatory and immigration policies.
- Once the UK officially notifies the EU of its intention to exit, there will be a two year negotiation process between the EU and UK.
- During this two year period, the EU and the UK will need to establish new trade and immigration agreements. Additionally, the UK will need to negotiate separate trade agreements with the EU's trading partners.

Brexit Prediction Markets Prior to Vote



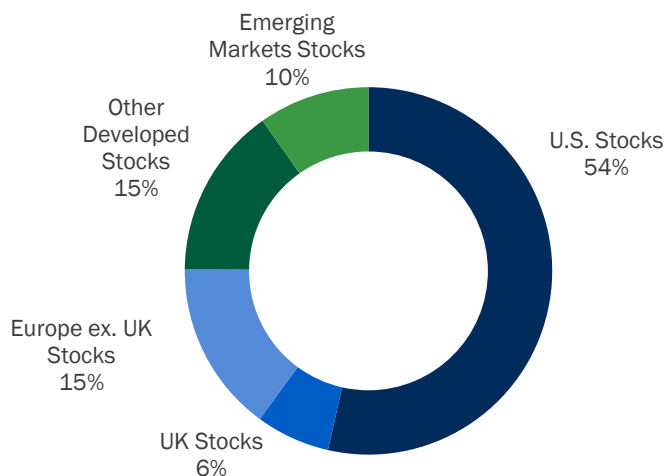
Source: PredictIt

Market Reaction

- Capital markets reacted sharply to the vote with a flight to safety that benefitted U.S. Treasuries, gold, the U.S. dollar, and the Japanese Yen.
- Risky assets sold off globally with the biggest declines occurring in European equities, the Pound Sterling, and the Euro.
- Markets reacted negatively because the result was so unexpected; prediction markets showed the probability of the UK leaving the EU to be less than 30% in the days leading up to the vote.
- The impact of the vote will be felt globally, but it is most acute in the UK and Europe where the consensus outlook for growth has been lowered over the next several years.
- Implied volatility jumped sharply after the vote suggesting larger than usual market swings in the months to come as the decision to exit created more uncertainty than it solved.

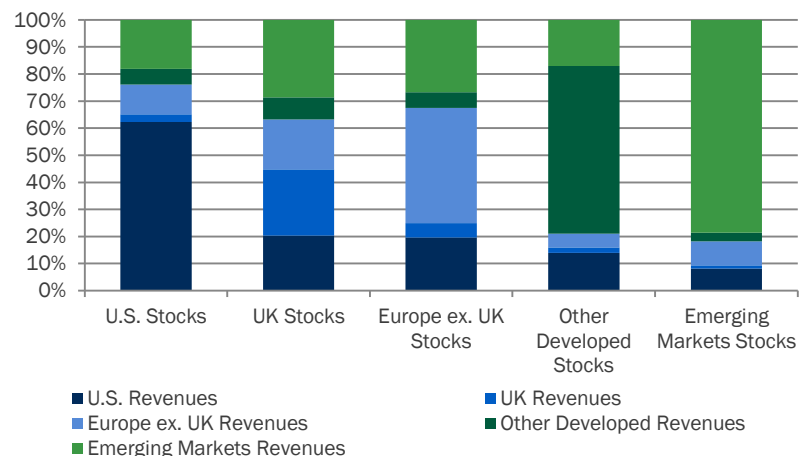
Geographic Footprint: Revenues vs. Domicile

Global Stock Market Regional Domicile Exposure



Source: MSCI

Global Stock Market Regional Revenue Exposure



Source: MSCI; FactSet Economics

Stock Market Fundamentals

Stock Market	YTD Return (Local)	Trailing P/E	Avg. P/E since 1998	Dividend Yield	Forward EPS 1-Yr Growth Rate
U.S. Stocks	+3.2%	18.2x	17.9x	2.1%	8.5%
Developed Non-U.S. Stocks	-7.2%	14.8x	16.0x	3.5%	8.0%
UK Stocks	+6.9%	18.3x	14.4x	4.1%	5.7%
Europe ex. UK Stocks	-8.1%	14.9x	16.0x	3.5%	7.2%
Emerging Markets Stocks	+3.5%	11.4x	11.8x	2.8%	11.2%

Source: MSCI; FactSet Economics

Note: U.S. Stocks represented by MSCI USA Index; UK Stocks represented by MSCI UK Index; Europe ex. UK Stocks represented by MSCI Europe ex. UK Index; Other Developed Stocks represented by the MSCI Australia, MSCI Hong Kong, MSCI Japan, MSCI New Zealand, MSCI Singapore, MSCI Canada, and MSCI Israel Indices; Emerging Markets Stocks represented by MSCI Emerging Markets Index; Developed Non-U.S. Stocks represented by MSCI EAFE Index.

Observations

- Brexit is expected to depress GDP growth in the UK and Europe and could place downward pressure on earnings growth.
- However, revenue exposure in UK and Eurozone stocks is diversified across the globe, softening the potential impact to company earnings.
- Stock fundamentals provide a mixed picture, with lower expected EPS growth rates outside the U.S., offset by more attractive valuations outside the U.S.

Government Bond Yields and Central Bank Policy

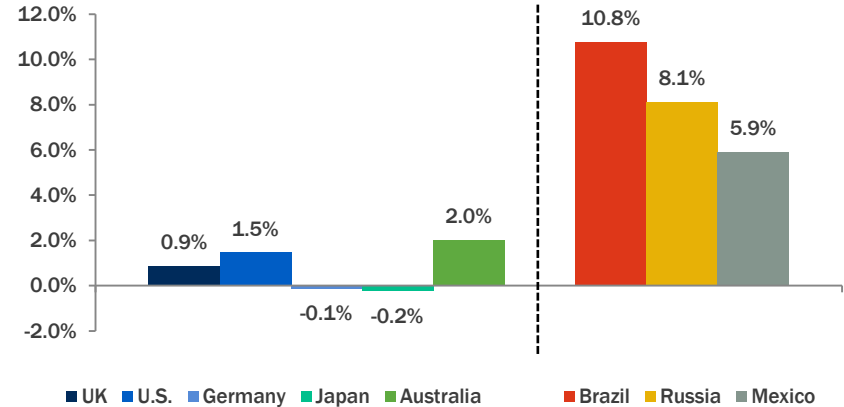
As of June 30, 2016

U.S. 10-Year Treasury Yield



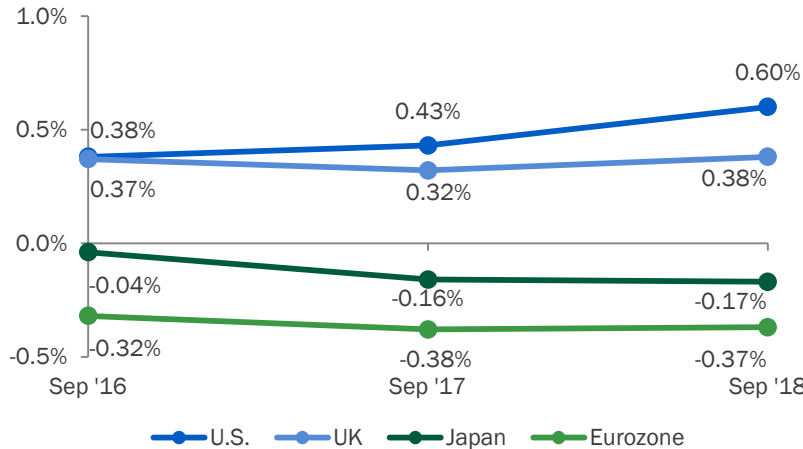
Source: Barclays

10-Year Treasury Yields (%)



Source: FactSet Economics

Market Expectations of Target Policy Rate



Source: FactSet Economics; Rates represent the Fed Funds, Short Sterling, 3M Euro Yen, and 3M Euribor future rates.

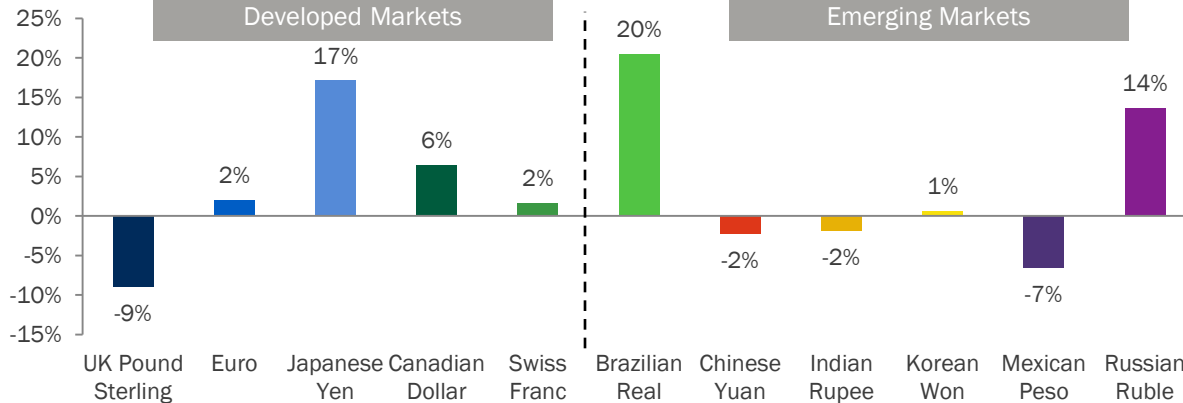
Observations

- Bond yields across the globe fell sharply during the end of the second quarter due to assumptions about what global central banks would do in reaction to Brexit, with the expectation that Japan, Europe and the UK will all adopt negative interest rate policies.
- As of the end of the second quarter, 74% of all developed market government bonds were yielding less than 1%, while 36% were yielding less than 0%. Two years ago, 47% of these bonds were yielding less than 1% and none were yielding less than 0%.

Source: FactSet Economics

Currency Performance and Relative Valuations

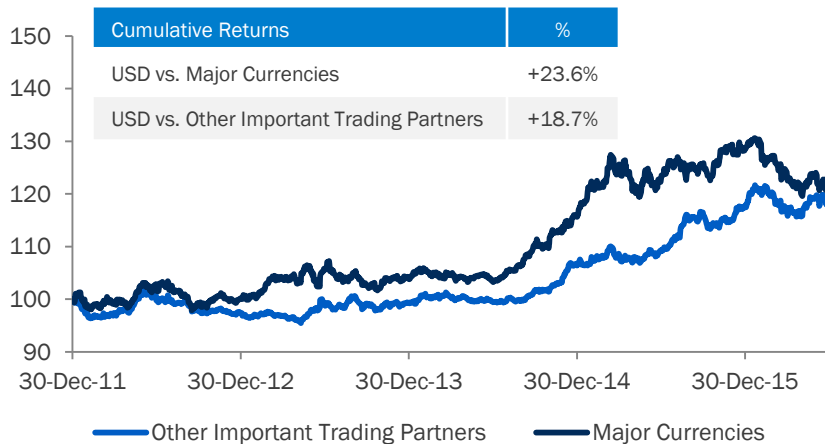
YTD Currency Performance vs. the U.S. Dollar as of June 30, 2016



Source: International Monetary Fund (IMF)

- Since the end of 2011, the U.S. Dollar appreciated approximately 20% relative to other currencies.
- This trend abated somewhat in the first half of 2016, particularly among the Yen and Brazilian Real.
- The UK Pound Sterling depreciated 9% in the days following the Brexit vote.
- On a purchasing power parity basis, the Euro, Yen, and most emerging market currencies look cheap while the Yuan, Pound Sterling, and U.S. dollar appear expensive.

Trade Weighted U.S. Dollar Indices – December 2011 – June 2016

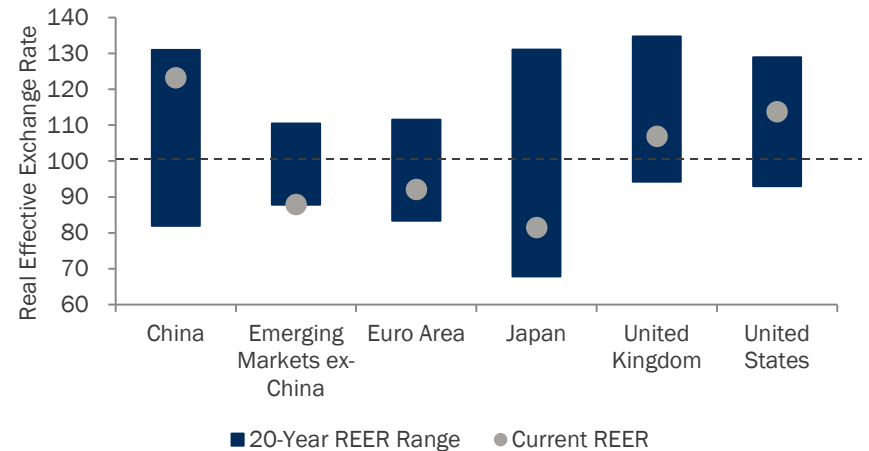


Source: U.S. Federal Reserve

Note: Major currencies include Euro, Canada, Japan, U.K., Switzerland

Other Important Trading Partners include Mexico, China, Taiwan, South Korea, Singapore, Hong Kong, Malaysia, Brazil, Thailand, Philippines

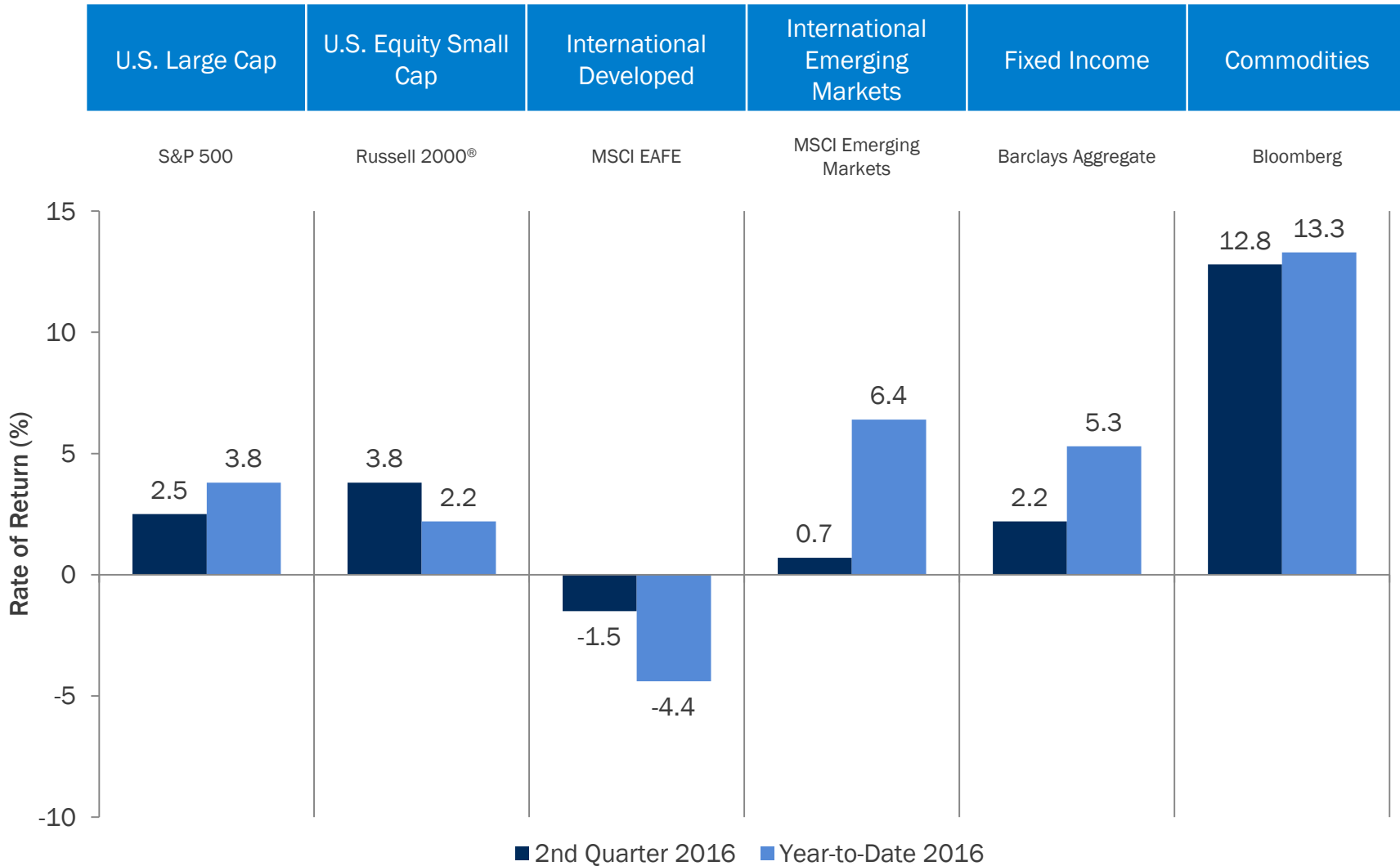
Real Effective Exchange Rates as of June 30, 2016



Source: Bank for International Settlements (BIS)

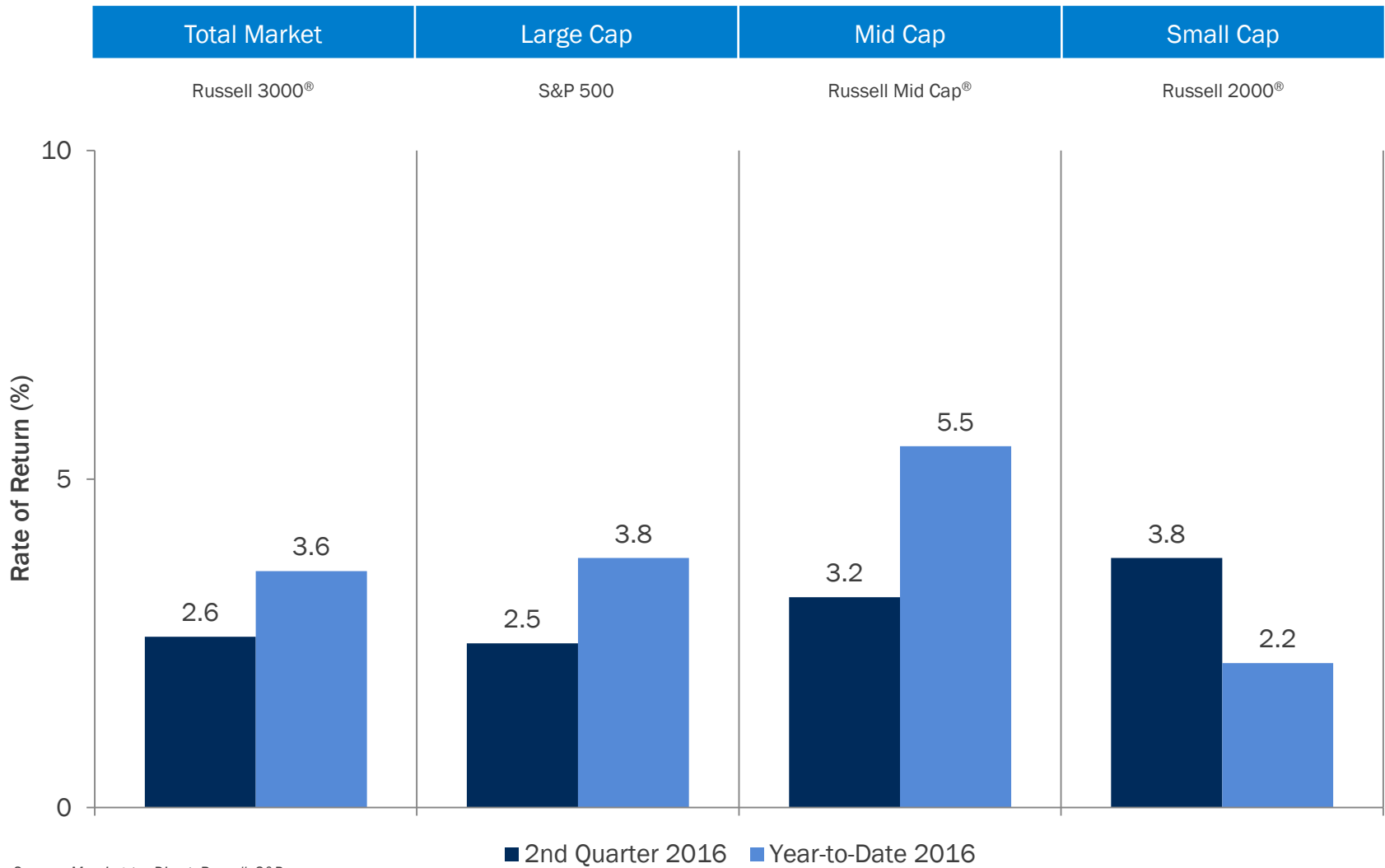
Note: Real Effective Exchange Rate (REER) measures the value of a currency against a weighted average of several foreign currencies divided by each country's consumer price index. It is a measure of exchange rates on a Purchasing Power Parity (PPP) basis. The Emerging Markets ex-China average was calculated using U.S. trade weights supplied by the BIS.

Second Quarter Market Overview



Source: Morningstar Direct, S&P, Russell, MSCI, Barclays, HFRI, Bloomberg

U.S. Equity Market Performance



Source: Morningstar Direct, Russell, S&P

Note: Russell Style Indices shown; Russell 3000®, Russell Mid Cap®, Russell 2000®.

S&P 500 Scorecard

Sector Returns

	P/E Ratio ⁽¹⁾	15-Yr Avg. ⁽²⁾	2 nd Quarter 2016	Year-To-Date 2016
Telecom	14.5x	20.4x	7.1%	24.8%
Utilities	22.3x	15.6x	6.8%	23.4%
Energy	31.2x	14.1x	11.6%	16.1%
Consumer Staples	24.5x	19.2x	4.6%	10.5%
Materials	19.9x	18.6x	3.7%	7.5%
Industrials	19.0x	18.3x	1.4%	6.5%
S&P 500	19.6x	17.5x	2.5%	3.8%
Consumer Discretionary	20.7x	19.6x	-0.9%	0.7%
Health Care	22.9x	21.3x	6.3%	0.4%
Technology	19.7x	22.6x	-2.8%	-0.3%
Financials	14.1x	14.8x	-3.0%	2.1%

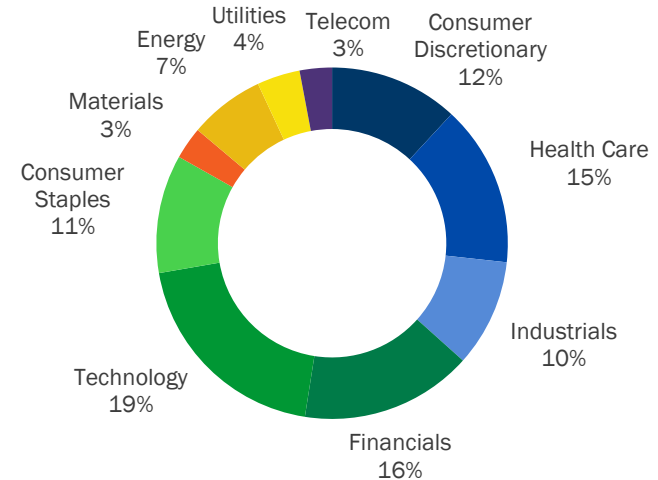
■ 2nd Quarter 2016 ■ Year-To-Date 2016

Source: Morningstar, S&P

⁽¹⁾Trailing 12 month P/E as of 6/30/2016.

⁽²⁾15-year average trailing 12 month P/E as of 6/30/2016.

Sector Weights



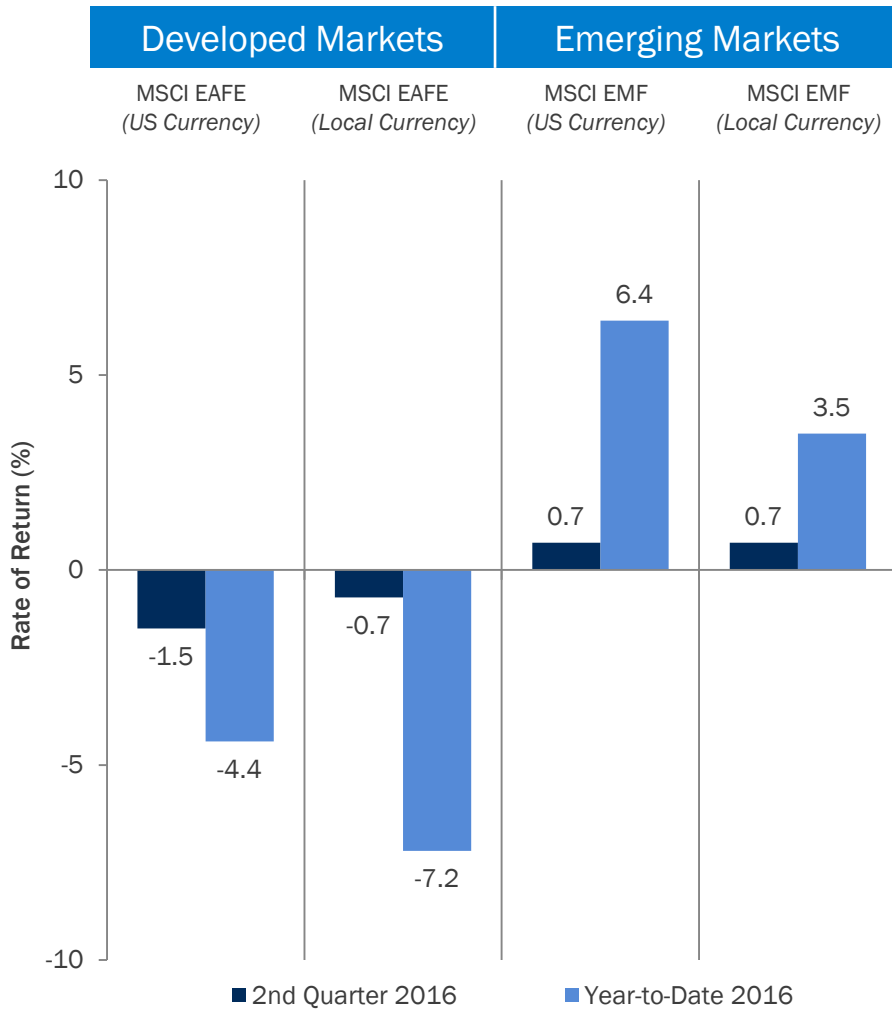
Source: Morningstar Direct, S&P

Top Five S&P 500 Index Holdings

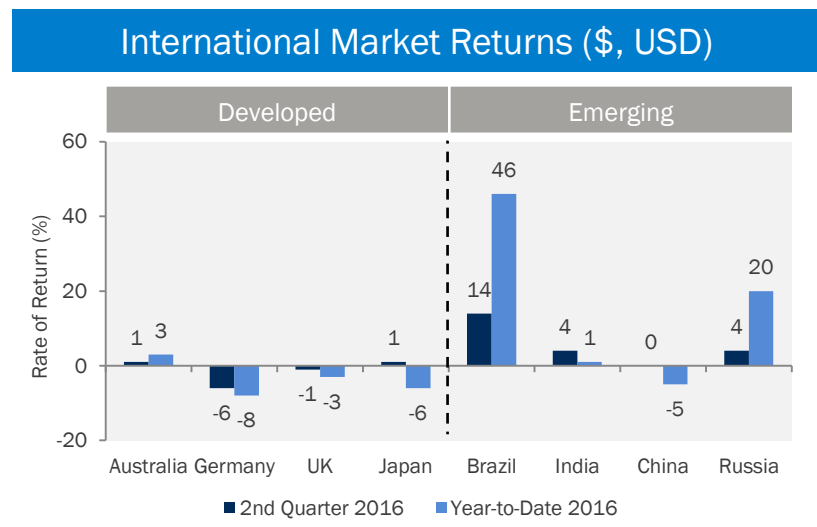
Name	Sector	% of S&P	YTD 2016 Return	YTD 2016 Contribution to Return
1. Apple, Inc.	Technology	2.9%	-8.1%	-0.27%
2. Microsoft Corp.	Technology	2.2%	-6.5%	-0.16%
3. Exxon Mobil Corp.	Energy	2.1%	22.2%	+0.41%
4. Johnson & Johnson	Health Care	1.8%	19.6%	+0.31%
5. General Electric Co.	Industrials	1.6%	2.5%	+0.04%

Source: Morningstar Direct, S&P

Non-U.S. Equity Market Performance

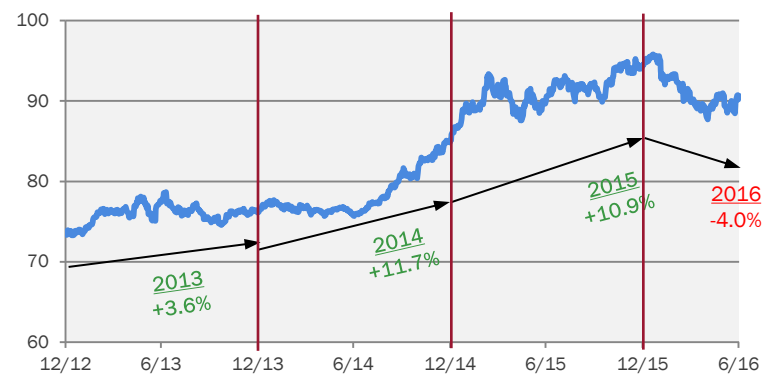


Source: Morningstar Direct, MSCI



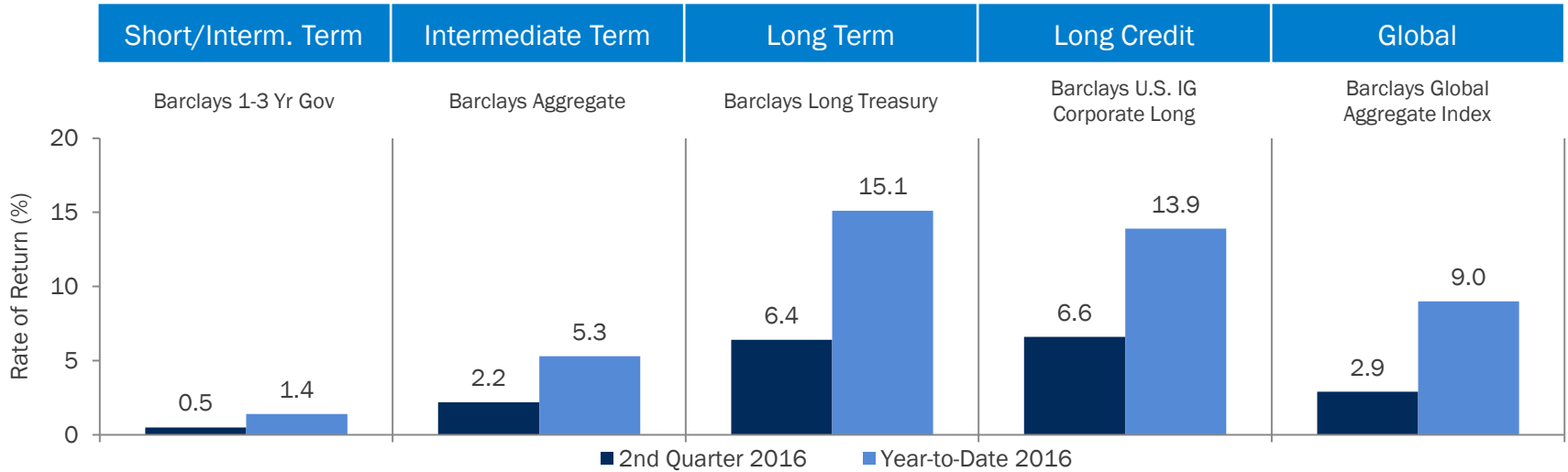
Source: Morningstar Direct, MSCI

U.S. Dollar vs. Major Currencies



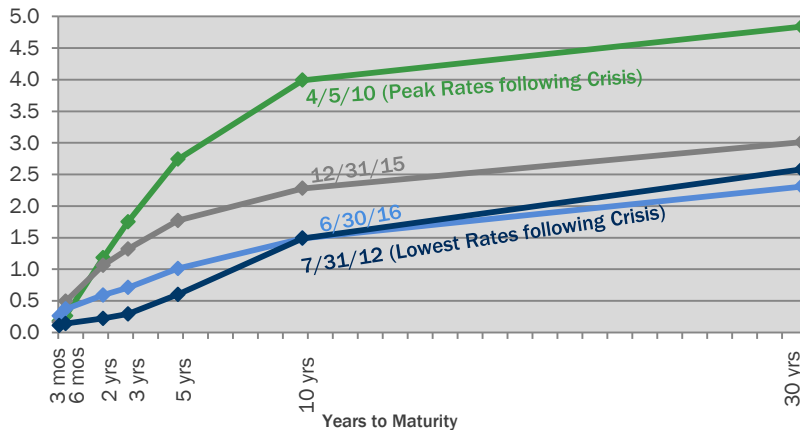
Source: Federal Reserve Board; US trade-weighted index.

Fixed Income Markets



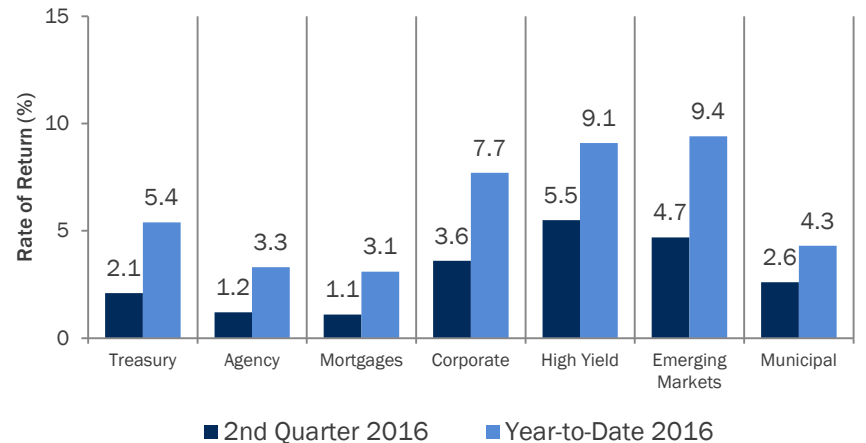
Source: Barclays

U.S. Treasury Yield Curve



Source: Barclays

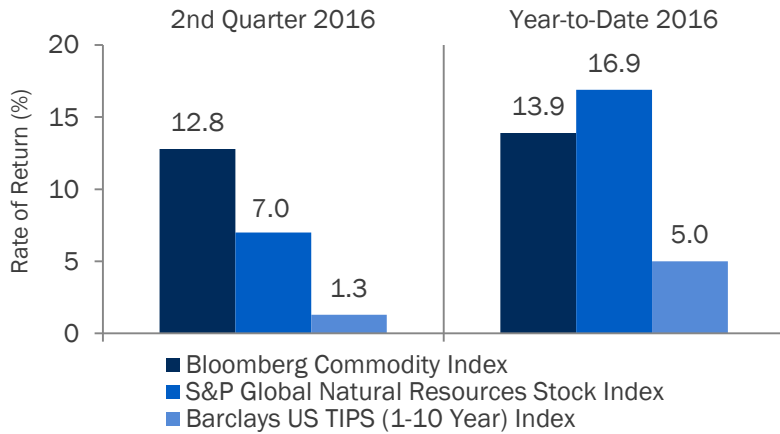
Sector Returns



Source: Barclays

Real Assets Performance

Asset Class Performance



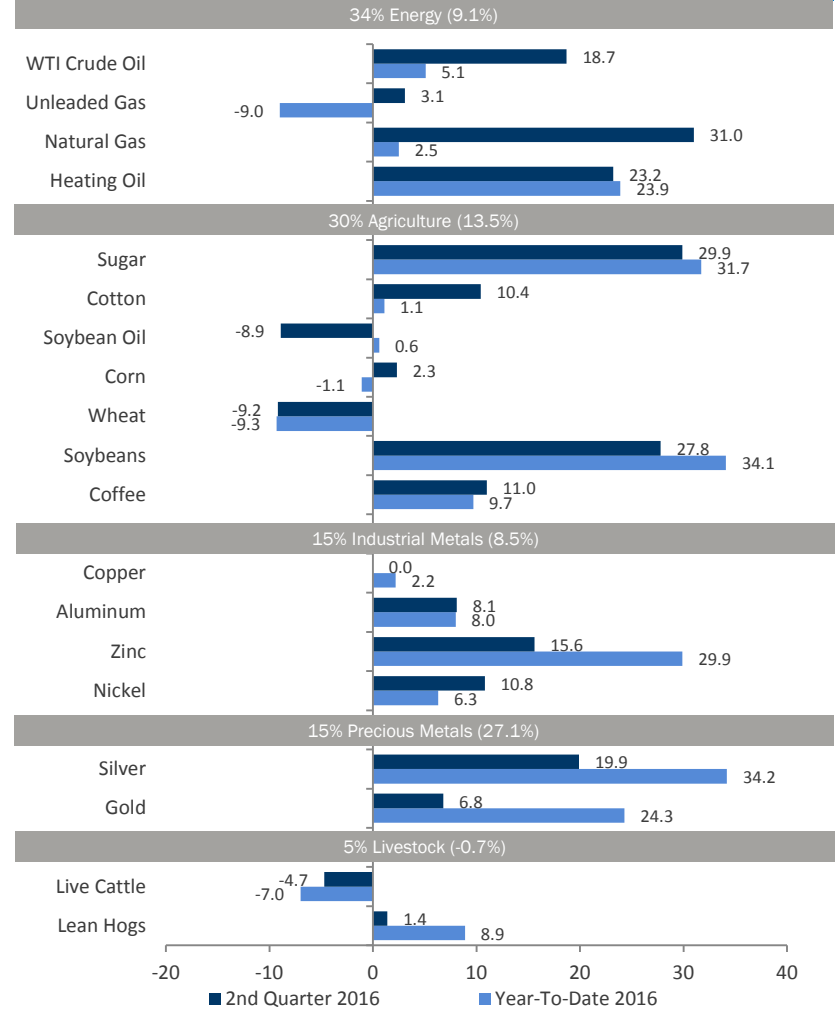
Source: Morningstar Direct, Bloomberg, S&P, Barclays

Historical WTI Crude Oil Prices



Source: St. Louis Federal Reserve

Commodity Sector Performance



Source: Morningstar Direct, Bloomberg

Endnotes

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- Investments in emerging markets may be less liquid and more volatile. Additional risks include currency fluctuations, and political instability.
- Equity investments are more volatile than bonds and subject to greater risks. Small- and mid-cap stocks involve greater risk than large-cap stocks.
- High-yield fixed income securities are subject to liquidity and credit risk, and tend to be more volatile than investment grade fixed income.