Investment Performance Review

Capital Markets Review

As of 6/30/2016

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Continued Sluggish Growth

- U.S. economic growth slowed during Q1 to 1.1%, characterizing the current economic expansion as sluggish
- 287,000 jobs were created in June, more than 100,000 above forecast; this helped to offset a very weak May report
- U.S. consumer spending rose 0.2% in May, increasing for the second straight month on increased demand for automobiles and other goods
- The trade deficit widened in May as rising oil prices helped to raise the import bill; exports remained constrained by a strong dollar
- New orders for factory goods fell in May on weak demand for transportation and defense capital goods; new orders for May declined 1.0%
- Inflation remains low but is creeping up; Core CPI (which strips out food and energy prices) is running at 2.2% versus its 50-yr average of 4.1%

U.S. Treasury Bond Yields Fell to Record Levels

- Federal Reserve action remains at the forefront of investors' minds; uncertainty continues with regards to the timing of the Fed's next move
- Yields on 10- and 30-year U.S. Treasury Bonds declined during the quarter to 1.49% and 2.30%, respectively
- The 10- and 30-year Treasury yields recently hit unprecedented lows of 1.38% and 2.19%, mainly due to extremely low global yields, with over 30% of global government debt having negative interest rates
- Investment grade spreads are at 1.8%, matching its 15-year average; the spread peaked during the 2008 financial crisis at over 5.5%
- High yield bonds rebounded during the first half of 2016, reporting a 9.1% return for the period. Yields ended the quarter at 7.27%

Brexit Decision Rocks the S&P 500 - Initially Dropping 3.6% on the News

- The S&P closed up 2.46% for Q2, recovering from its sharp decline late in the quarter in response to the UK voting to leave the European Union
- Fears of a global & domestic recession quieted down in Q2, but U.S. markets were still worried about global growth & the presidential election
- Energy and telecom services sectors reported the strongest returns in Q2 with 11.6% and 7.1% respective gains
- Info tech and consumer discretionary sectors had the weakest returns for the quarter, declining 2.8% and 0.9%, respectively
- The forward P/E for the S&P 500 Index remained unchanged for Q2 at 16.6x, versus a 25-year average of 15.9x

International Equities Performed Worse than Domestic Equities for Q2

- The Emerging Markets sector eked out a small gain for Q2 of 0.8%, after a strong Q1
- Latin America continued its rebound in Q2, up 5.4% for the quarter; Brazil jumped 13.9% for the quarter
- Developed and Emerging Markets in Europe dropped 3.0% and 3.9%, respectively in Q2
- The UK declined 0.7% in U.S. dollars during Q2 while many European countries including Germany, Italy, Spain & France reported larger losses

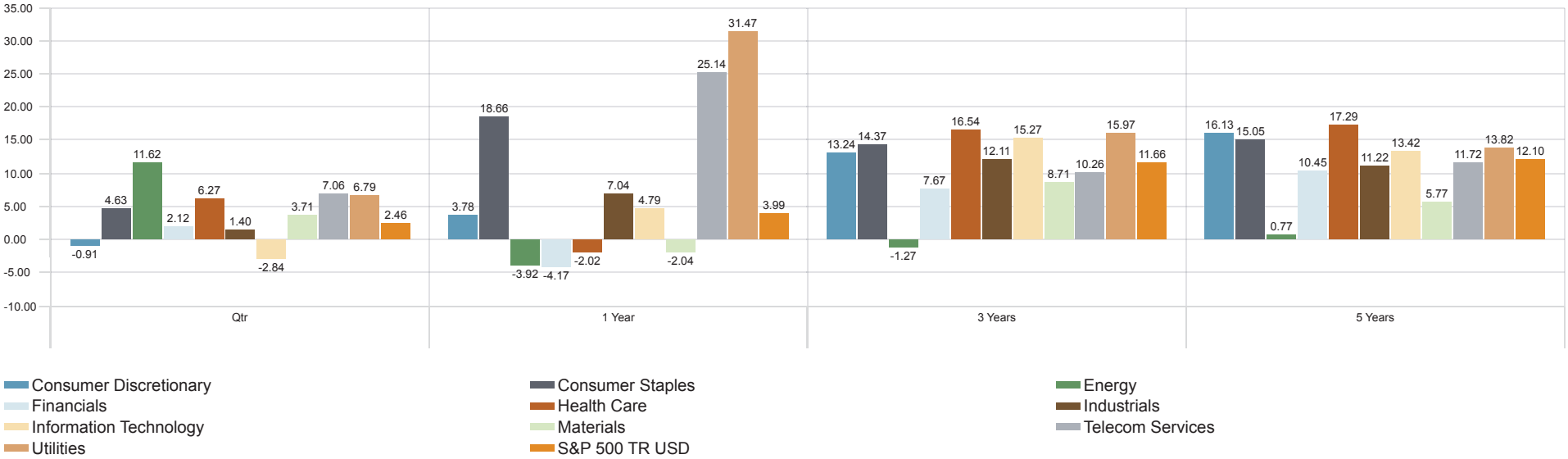
Commodities Are Having a Banner Year

- After dropping nearly 25% in 2015, the Bloomberg Commodity Index rebounded by 13.3% for the first half of 2016, jumping 12.9% in Q2
- REITs continued to outperform, jumping 7.9% during Q2; REITs remain as the top asset class with a year-to-date return of 13.7%
- Gold prices continued to rise during Q2, increasing nearly 7% for the quarter; gold prices are up 24% year-to-date

As of 6/30/2016

U.S. Equity Markets

Returns by Sector (S&P 500)



Returns by Style (Russell Indices)

Last Quarter

	Value	Blend	Growth
Large	4.51	2.26	0.24
Mid	4.77	3.18	1.56
Small	4.31	3.79	3.24

Last 1 Year

	Value	Blend	Growth
Large	2.69	3.97	5.24
Mid	3.25	0.56	-2.14
Small	-2.58	-6.73	-10.75

Last 3 Years

	Value	Blend	Growth
Large	9.39	11.77	14.17
Mid	11.00	10.80	10.52
Small	6.36	7.09	7.74

Last 5 Years

	Value	Blend	Growth
Large	11.19	12.30	13.40
Mid	11.70	10.90	9.98
Small	8.15	8.35	8.51

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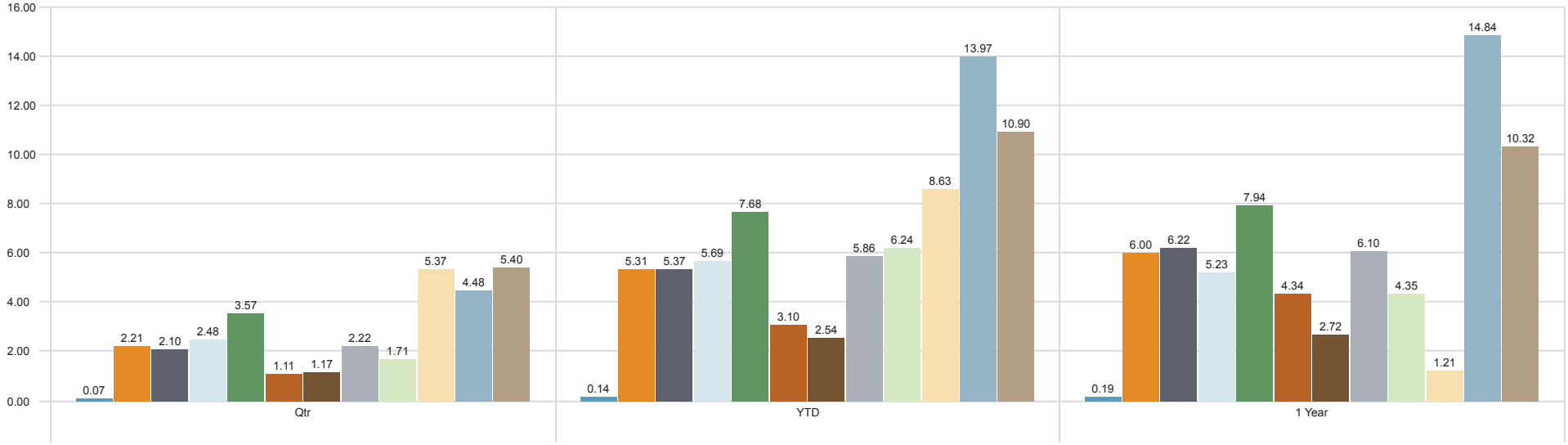
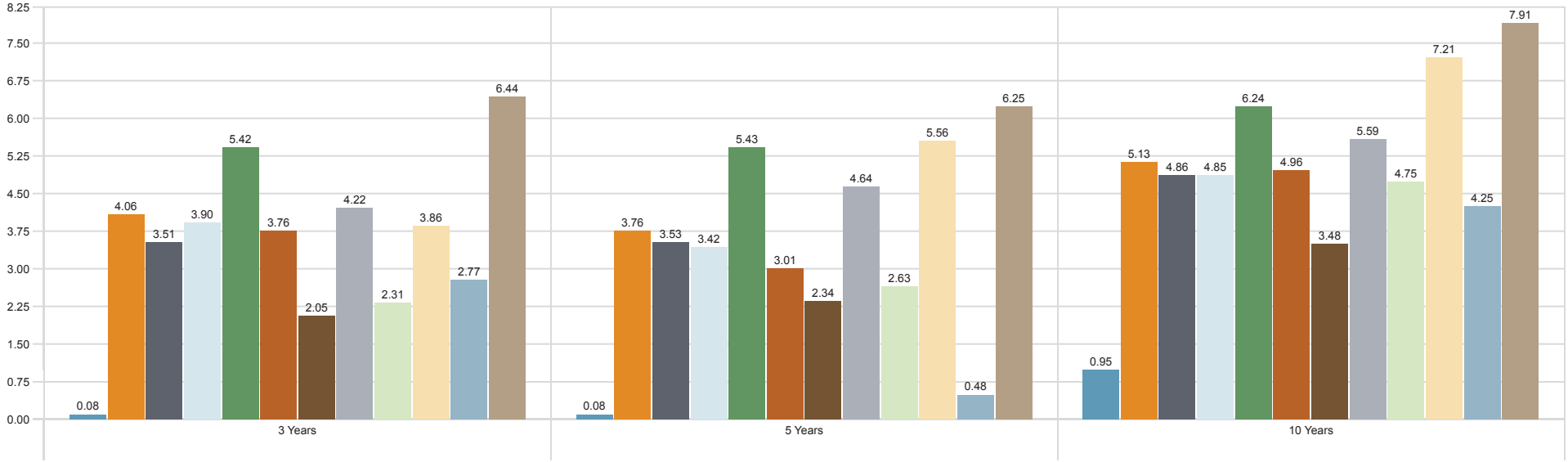
Fixed Income



3-Month T-Bills
Aggregate Bonds
Treasuries
Government-Related
Investment-Grade Corporate
Mortgage-Backed Securities
Asset-Backed Securities
Commercial MBS
TIPS
High Yield
Developed International
Emerging Markets



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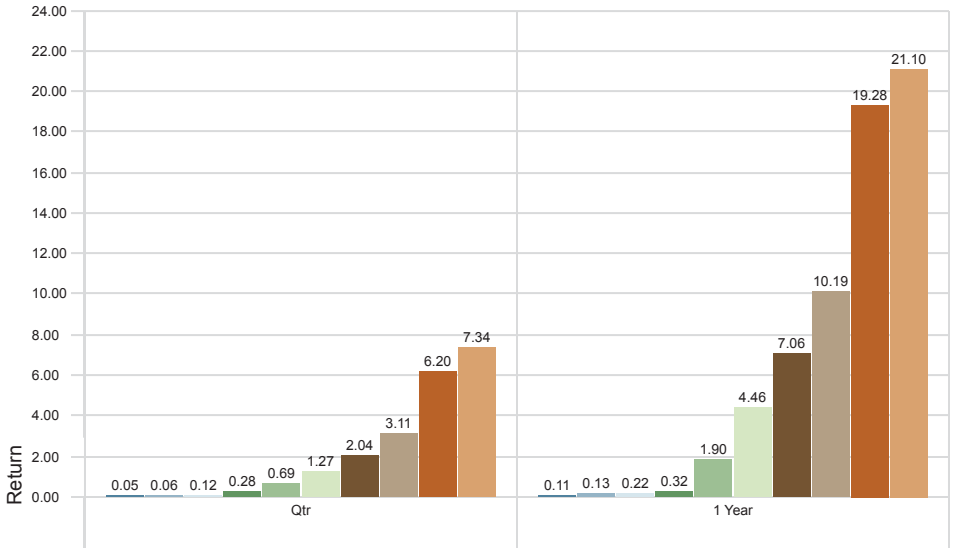
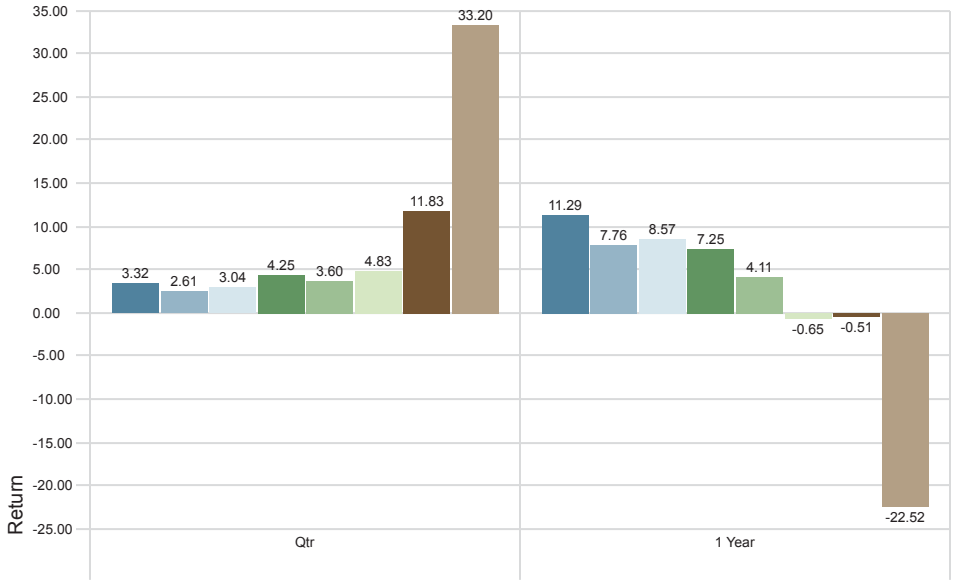
Fixed Income

Performance by Maturity



Performance by Credit Quality



USTREAS T-Bill Cnst Mat Rate 1 Mon
USTREAS T-Bill Cnst Mat Rate 3 Mon
USTREAS T-Bill Cnst Mat Rate 6 Mon
USTREAS T-Bill Cnst Mat Rate 1 Yr
USTREAS T-Bill Cnst Mat Rate 3 Yr
USTREAS T-Bill Cnst Mat Rate 5 Yr
USTREAS T-Bill Cnst Mat Rate 7 Yr
USTREAS T-Bill Cnst Mat Rate 10 Yr
USTREAS T-Bill Cnst Mat Rate 20 Yr
USTREAS T-Bill Cnst Mat Rate 30 Yr

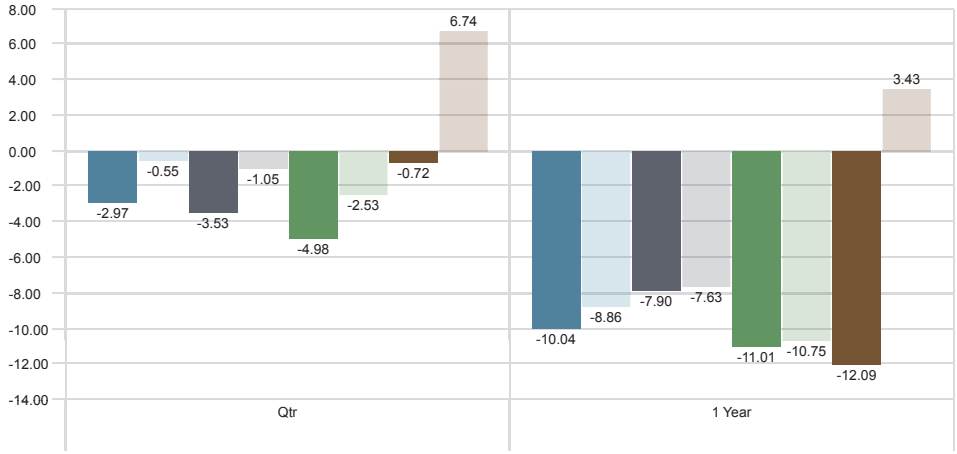
Barclays US Corp Aaa TR USD
Barclays US Corp Aa TR USD
Barclays US Corp A TR USD
Barclays US Corp Baa TR USD
Barclays US HY Ba TR USD
Barclays US HY B TR USD
Barclays US HY Caa TR USD
Barclays US HY Ca To D TR USD

Estimated Cost of $1 of Lifetime Retirement Income at Age 65 (Adjusted for Cost of Living)

	BlackRock CoRI Retirement 2006	BlackRock CoRI Retirement 2008	BlackRock CoRI Retirement 2010	BlackRock CoRI Retirement 2012	BlackRock CoRI Retirement 2014	BlackRock CoRI Retirement 2016	BlackRock CoRI Retirement 2018	BlackRock CoRI Retirement 2020	BlackRock CoRI Retirement 2022	BlackRock CoRI Retirement 2024
6/30/2016	$ 15.50	$ 16.88	$ 18.25	$ 19.62	$ 20.99	$ 23.21	$ 22.07	$ 20.75	$ 19.43	$ 18.21
3/31/2016	$ 15.27	$ 16.59	$ 17.90	$ 19.21	$ 20.50	$ 22.06	$ 20.84	$ 19.42	$ 18.04	$ 16.80
12/31/2015	$ 14.68	$ 15.88	$ 17.07	$ 18.23	$ 19.37	$ 20.71	$ 19.41	$ 18.01	$ 16.66	$ 15.40
9/30/2015	$ 15.20	$ 16.45	$ 17.69	$ 18.93	$ 20.14	$ 20.91	$ 19.62	$ 18.17	$ 16.78	$ 15.56
12/31/2014	$ 15.82	$ 17.12	$ 18.42	$ 19.71	$ 21.01	$ 20.91	$ 19.78	$ 18.44	$ 17.24	$ 16.05
9/30/2014					$ 20.31	$ 19.55	$ 18.25	$ 16.92	$ 15.77	$ 14.54
6/30/2014					$ 20.63	$ 19.21	$ 17.85	$ 16.49	$ 15.29	$ 14.09

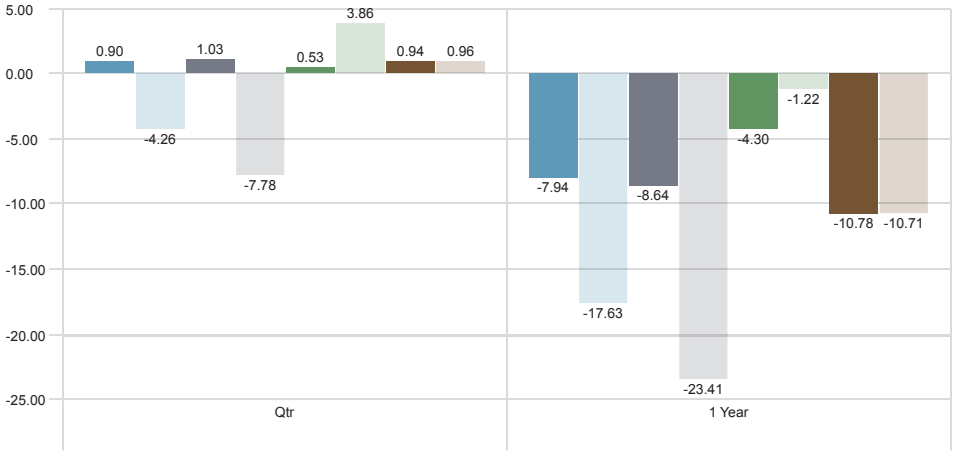
International Equity Markets

Developed Europe



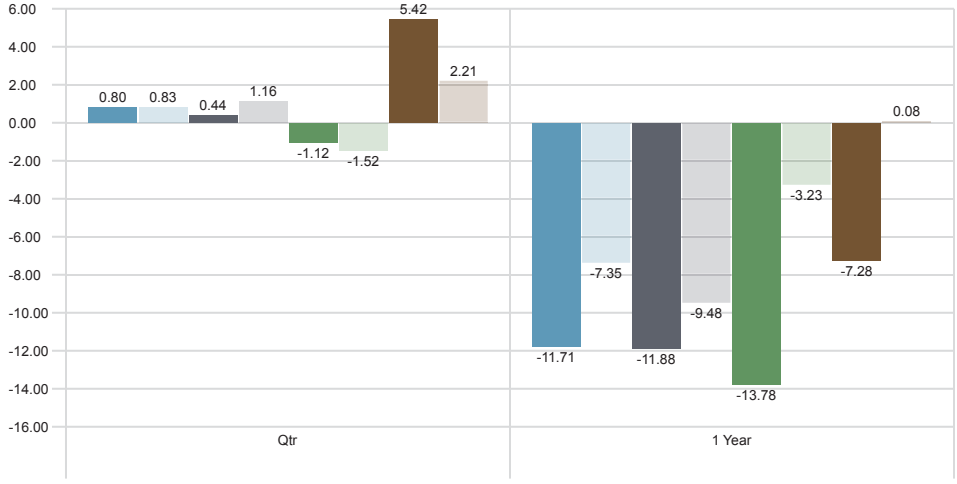
Europe ex UK (USD) | Europe ex UK (Local) | France (USD) | France (Local) | Germany (USD) | Germany (Local) | United Kingdom (USD) | United Kingdom (Local)

Developed Asia



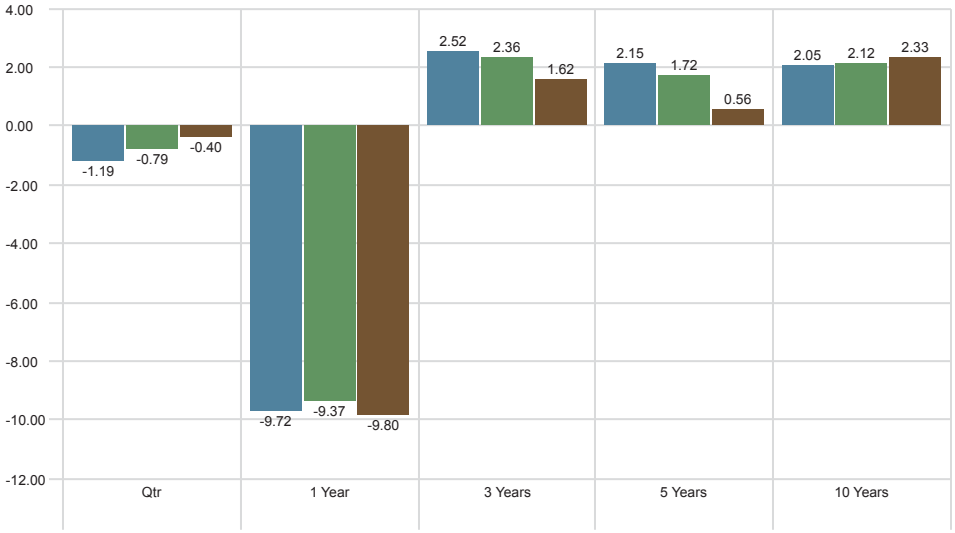
Pacific (USD) | Pacific (Local) | Japan (USD) | Japan (Local) | Australia (USD) | Australia (Local) | Hong Kong (USD) | Hong Kong (Local)

Emerging Markets



Emerging Markets (USD) | Emerging Markets (Local) | Asia (USD) | Asia (Local) | Europe, Middle East & Africa (USD) | Europe, Middle East & Africa (Local) | Latin America (USD) | Latin America (Local)

International Benchmarks



EAFE | World ex USA (Developed) | ACWI ex USA (Developed & Emerging)

As of 6/30/2016

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Unpredictability of Asset Class Returns

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	YTD
Best	REITs 34.35	Emerging Market Stocks 39.42	Intermediate Bonds 5.24	Emerging Market Stocks 78.51	REITs 27.58	Intermediate Bonds 7.84	REITs 20.14	U.S. Small Cap Stocks 38.82	REITs 27.15	REITs 2.29	REITs 13.65
	Emerging Market Stocks 32.14	Commodities 16.23	Cash 1.51	Developed Intl Stocks 33.67	U.S. Small Cap Stocks 26.85	REITs 7.28	Emerging Market Stocks 18.22	U.S. Large Cap Stocks 32.39	U.S. Large Cap Stocks 13.69	U.S. Large Cap Stocks 1.38	Commodities 13.25
	Developed Intl Stocks 25.71	Developed Intl Stocks 12.44	U.S. Small Cap Stocks -33.79	REITs 27.45	Emerging Market Stocks 18.88	U.S. Large Cap Stocks 2.11	Developed Intl Stocks 16.41	Developed Intl Stocks 21.02	Intermediate Bonds 5.97	Intermediate Bonds 0.55	Emerging Market Stocks 6.41
	U.S. Small Cap Stocks 18.37	Intermediate Bonds 6.97	Commodities -35.65	U.S. Small Cap Stocks 27.17	Commodities 16.83	Cash 0.06	U.S. Small Cap Stocks 16.35	REITs 3.21	U.S. Small Cap Stocks 4.89	Cash 0.05	Intermediate Bonds 5.31
	U.S. Large Cap Stocks 15.79	U.S. Large Cap Stocks 5.49	U.S. Large Cap Stocks -37.00	U.S. Large Cap Stocks 26.46	U.S. Large Cap Stocks 15.06	U.S. Small Cap Stocks -4.18	U.S. Large Cap Stocks 16.00	Cash 0.06	Cash 0.03	Developed Intl Stocks -3.04	U.S. Large Cap Stocks 3.84
	Cash 5.06	Cash 4.77	REITs -37.34	Commodities 18.91	Developed Intl Stocks 8.95	Developed Intl Stocks -12.21	Intermediate Bonds 4.21	Intermediate Bonds -2.02	Emerging Market Stocks -2.19	U.S. Small Cap Stocks -4.41	U.S. Small Cap Stocks 2.22
	Intermediate Bonds 4.33	U.S. Small Cap Stocks -1.57	Developed Intl Stocks -43.56	Intermediate Bonds 5.93	Intermediate Bonds 6.54	Commodities -13.32	Cash 0.09	Emerging Market Stocks -2.60	Developed Intl Stocks -4.32	Emerging Market Stocks -14.92	Cash 0.14
Worst	Commodities 2.07	REITs -17.83	Emerging Market Stocks -53.33	Cash 0.16	Cash 0.14	Emerging Market Stocks -18.42	Commodities -1.06	Commodities -9.52	Commodities -17.01	Commodities -24.66	Developed Intl Stocks -2.98

Cash
U.S. Small Cap Stocks
Emerging Market Stocks
Intermediate Bonds
REITs
Commodities
U.S. Large Cap Stocks
Developed Intl Stocks

As of 6/30/2016

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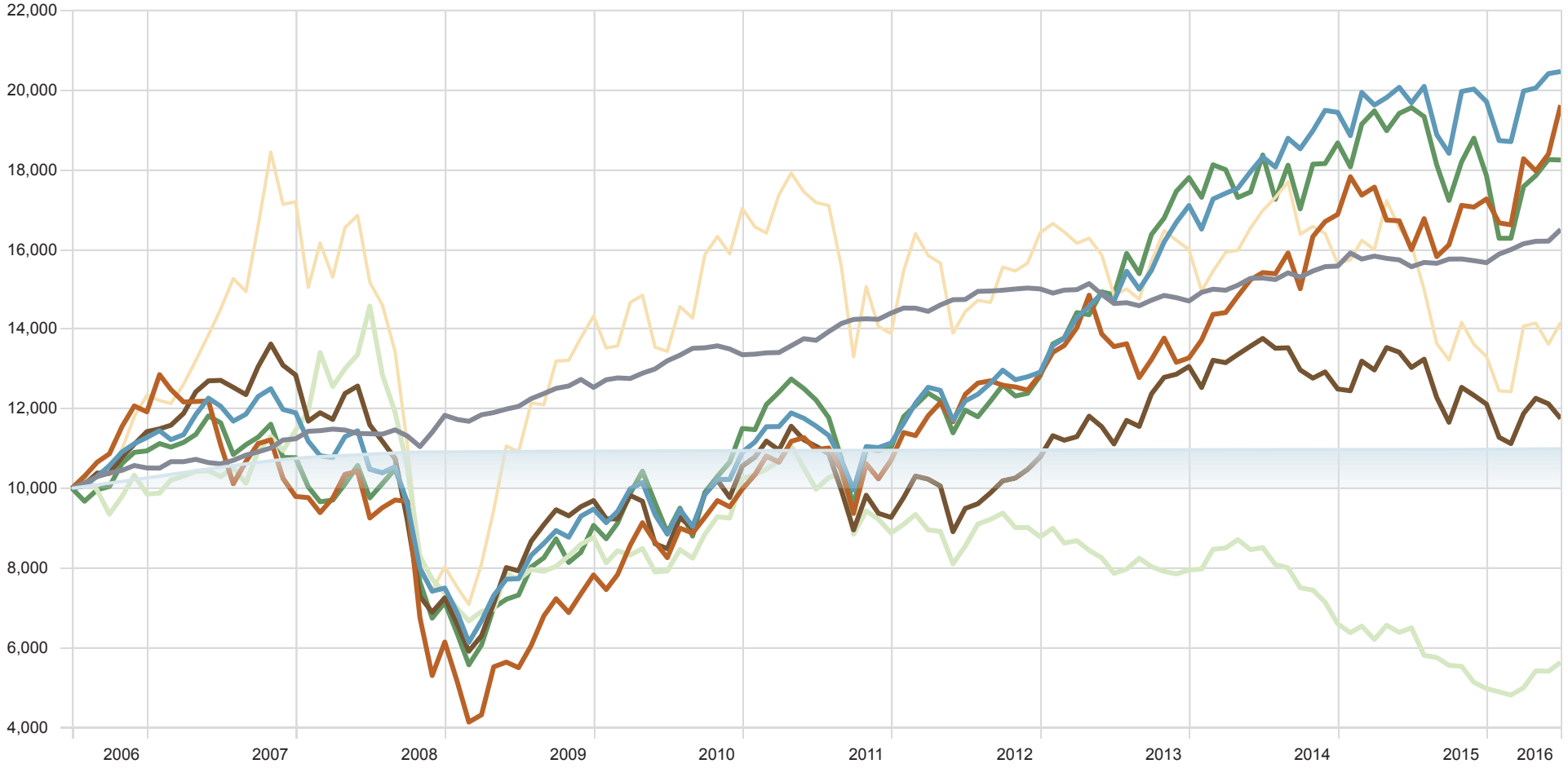
Growth of $10,000

Time Period: 7/1/2006 to 6/30/2016



Cash	10,992.30	Intermediate Bonds	16,497.23	U.S. Large Cap Stocks	20,464.86
U.S. Small Cap Stocks	18,243.04	REITs	19,620.37	Developed Intl Stocks	11,751.41
Emerging Market Stocks	14,162.99	Commodities	5,626.56		

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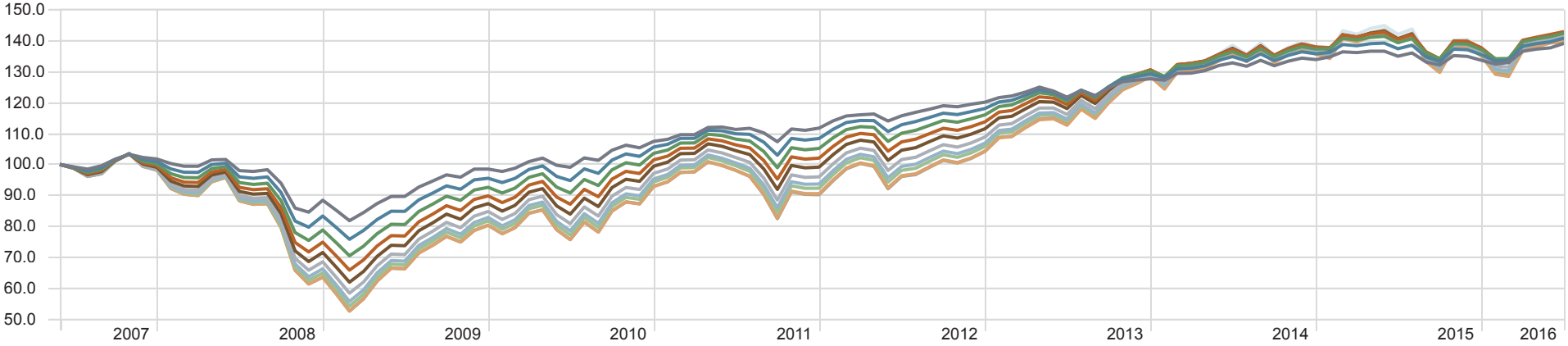
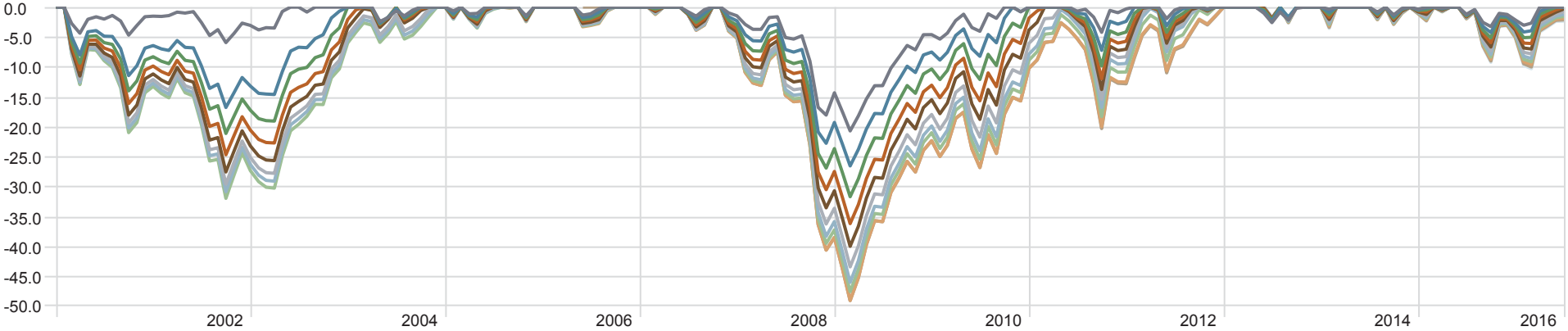
Target Date Investments

Growth of $100



S&P Target Date Retirement Income TR USD	139.1	S&P Target Date 2010 TR USD	140.8	S&P Target Date 2015 TR USD	142.4
S&P Target Date 2020 TR USD	142.9	S&P Target Date 2025 TR USD	142.5	S&P Target Date 2030 TR USD	141.5
S&P Target Date 2035 TR USD	140.7	S&P Target Date 2040 TR USD	140.6	S&P Target Date 2045 TR USD	139.5
S&P Target Date 2050 TR USD	140.4	S&P Target Date 2055+ TR USD	141.4		

Maximum Drawdown



S&P Target Date Retirement Income TR USD
S&P Target Date 2010 TR USD
S&P Target Date 2015 TR USD
S&P Target Date 2020 TR USD
S&P Target Date 2025 TR USD
S&P Target Date 2030 TR USD
S&P Target Date 2035 TR USD
S&P Target Date 2040 TR USD
S&P Target Date 2045 TR USD
S&P Target Date 2050 TR USD
S&P Target Date 2055+ TR USD

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