

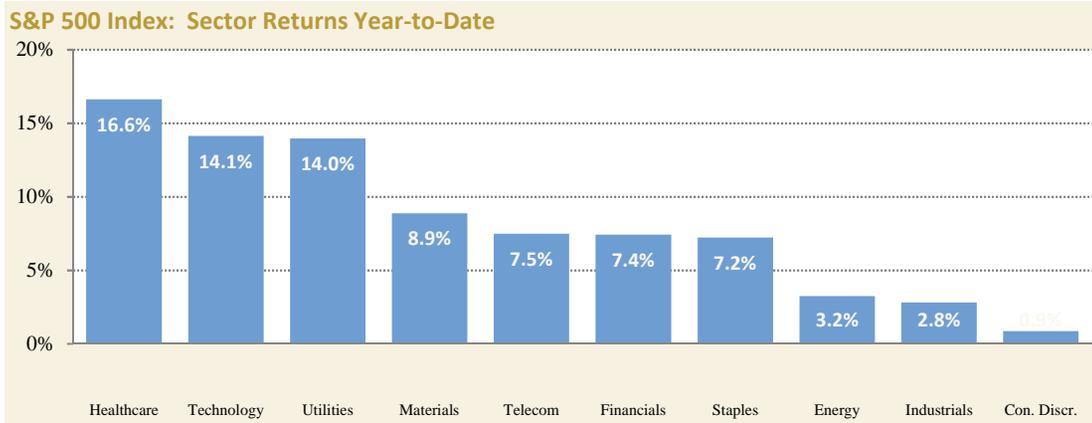
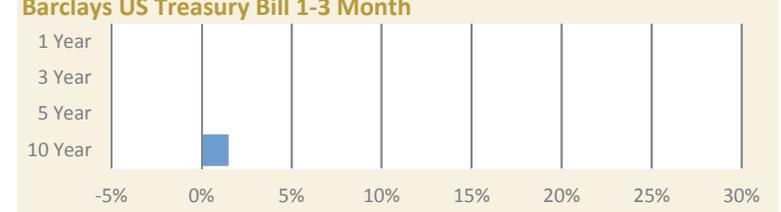
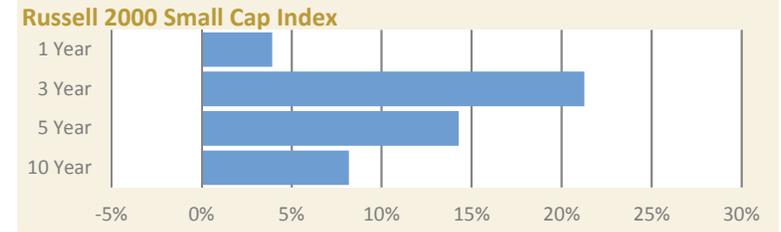
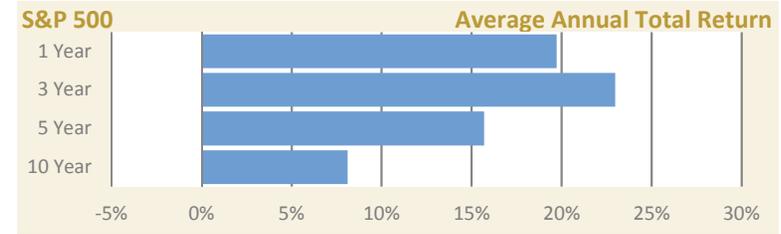
Capital Markets Commentary: September 2014

Large Cap U.S. stocks saw increased volatility, but still posted gains in the 3rd quarter. The S&P 500 returned 1.1% for the quarter, reaching the 2,000 level for the first time ever and recording its 7th consecutive quarterly advance. The Dow also reached an all-time high in September. Small cap and international stocks didn't fare as well though, on concerns about future Fed actions here at home and slowing international economies. The Russell 2000 Small Cap Stock Index lost 7.4% in the quarter, while the MSCI EAFE International Stock Index lost 5.8%.

Interest rates moved lower early in the 3rd quarter, with the 10 year treasury note yield moving down to its lowest level of the year at 2.3%. Rates moved back higher in September and the 10 year treasury yield ended the quarter about unchanged at 2.5%. The Barclays Aggregate Bond Index returned 0.2% for the quarter.

Healthcare and Technology were the two best performing sectors in the market in the 3rd quarter. Energy and Utilities were the worst performing sectors. Energy stocks were hurt by a significant move lower in oil prices throughout the quarter.

Corporate earnings growth continues to be a bright spot for the market, as 2nd quarter earnings showed continued growth. Full year 2014 S&P 500 earnings per share are likely to end the year about double from where they were in 2009. With equity valuations at historic averages, corporate earnings growth will likely be the driver of future market performance.



Source: Morningstar