

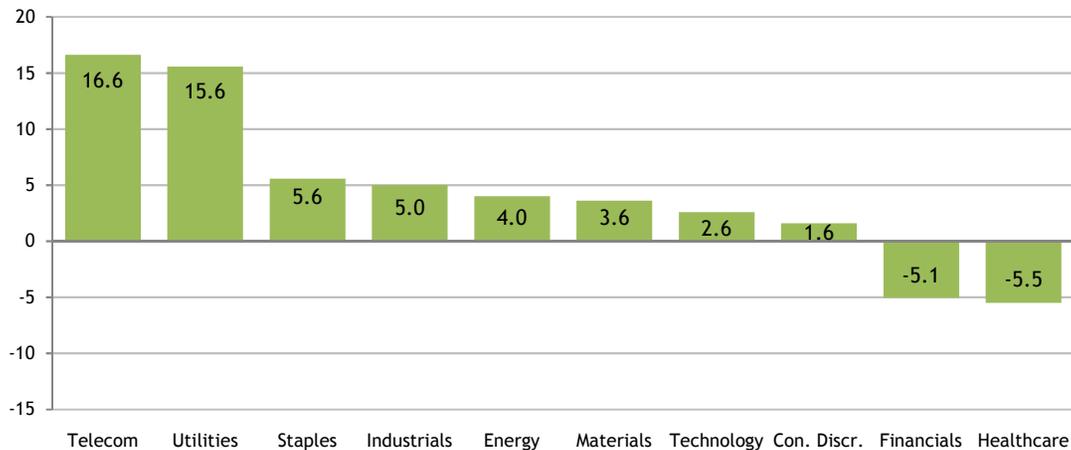
U.S. stocks endured an up and down start to the year, but ended the 1st quarter slightly higher than where they began. At its mid-February low, the S&P 500 had lost 10% from year end on fears of a slowing global economy and energy company bankruptcies due to plunging oil prices. Stocks reversed course later in the quarter, helped by a rebound in oil prices and speculation the Federal Reserve would slow the expected pace of interest rate hikes. The S&P 500 Index returned 1.3% for the quarter.

Value indices performed slightly better than growth indices during the quarter. The growth oriented NASDAQ Composite Index dropped 15% from year end to its low point, then rebounded to end the quarter down 2.4%. The Russell 2000 Small Cap Index and MSCI EAFE International Index also posted losses for the quarter.

Interest rates moved sharply lower during the quarter, as the Fed pushed off further rate hikes. The U.S. 10 year Treasury note yield fell to 1.77%, down 53 basis points in the quarter. The Barclays Aggregate Bond Index gained 3.0%.

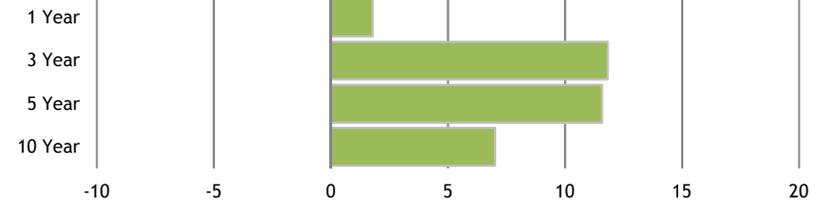
Telecommunications and Utilities were the best performing sectors in the stock market, as lower bond yields made their dividend yields more attractive. Healthcare and Financials were the only two sectors to post losses during the quarter.

S&P 500 Index: Sector Returns Percent Year-to-Date

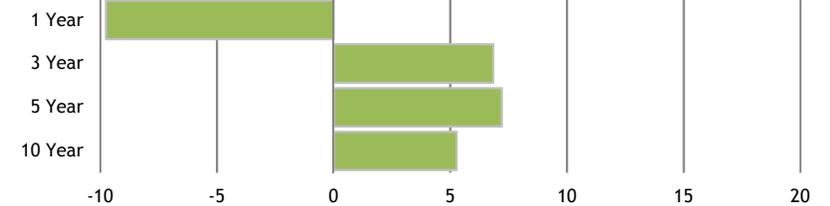


Source: Morningstar

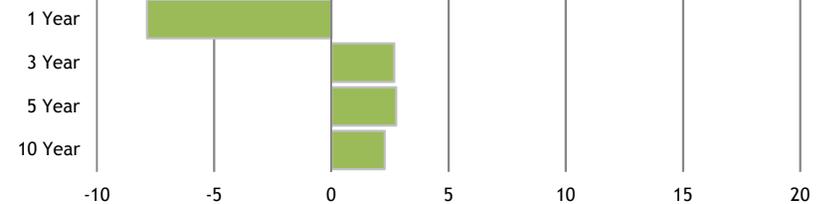
S&P 500 Average Annual Percent Total Return



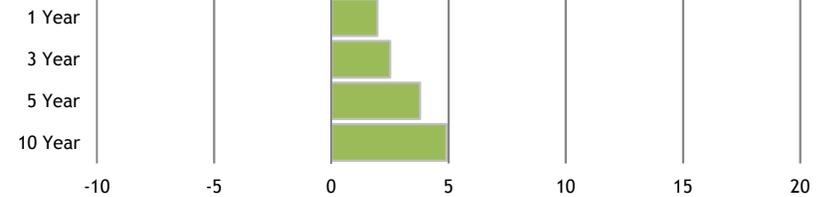
Russell 2000 Small Cap Index



MSCI EAFE International Index



Barclays Capital US Aggregate Bond Index



Barclays US Treasury Bill 1-3 Month

