

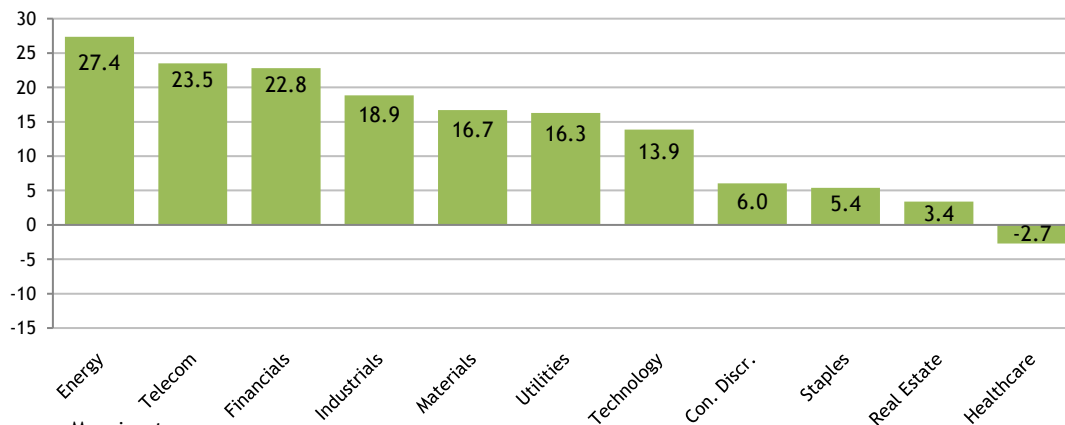
U.S. stock indexes posted gains in the 4th quarter, rallying sharply following the presidential election. Helping fuel the advance were expectations that corporate earnings growth would reaccelerate in 2017 and beyond. The president-elect's stance on lowering the corporate tax rate and boosting domestic infrastructure spending were also well received by investors. Both the Dow Jones Industrial Average and S&P 500 hit record highs, with the Dow closing in on the 20,000 level. The S&P 500 gained 3.8% for the 4th quarter, returning 12.0% for 2016.

Returns from small cap and international stocks were mixed in the 4th quarter. Small caps outperformed the overall market, pushing the Russell 2000 Index to a 21.3% return for the year. International indices continued to underperform, with the MSCI EAFE index up just 1% for the year.

The bond market sold off sharply following the election. Fears of deflation earlier in 2016 turned to fears of inflation after the election, sparking a move higher in interest rates. The U.S. 10-year Treasury note yield rose to 2.48%, up 88 basis points in the quarter. The Barclays Aggregate Bond Index lost 3.0% for the quarter.

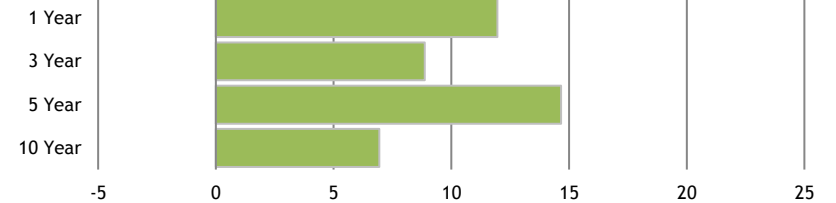
Financials were by far the best performing sector in the stock market during the 4th quarter. Higher interest rates and hopes of less regulation in the sector from the Trump administration fueled the rally. Real Estate, Healthcare, and Consumer Staples were the only sectors with negative returns in the 4th quarter.

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

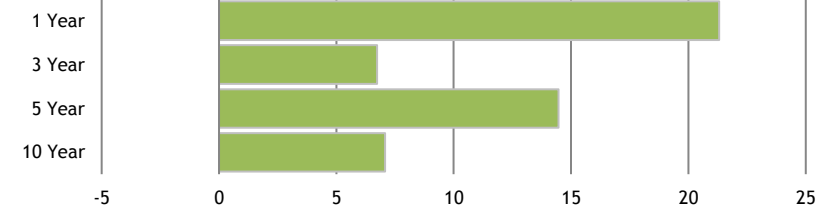


Source: Morningstar

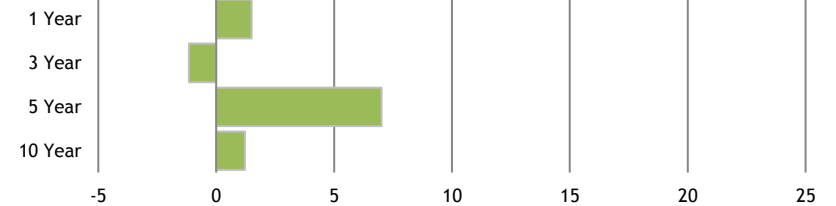
S&P 500 Average Annual Percent Total Return



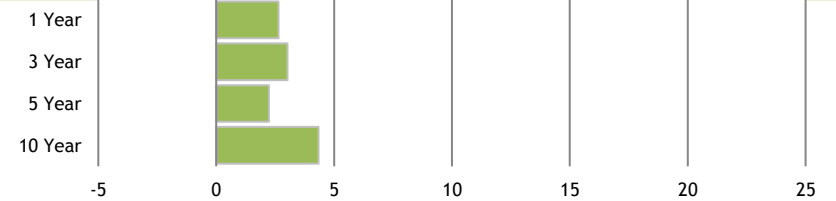
Russell 2000 Small Cap Index



MSCI EAFE International Index



Barclays Capital US Aggregate Bond Index



Barclays US Treasury Bill 1-3 Month

