

2016

Annual Market Review





US Stocks

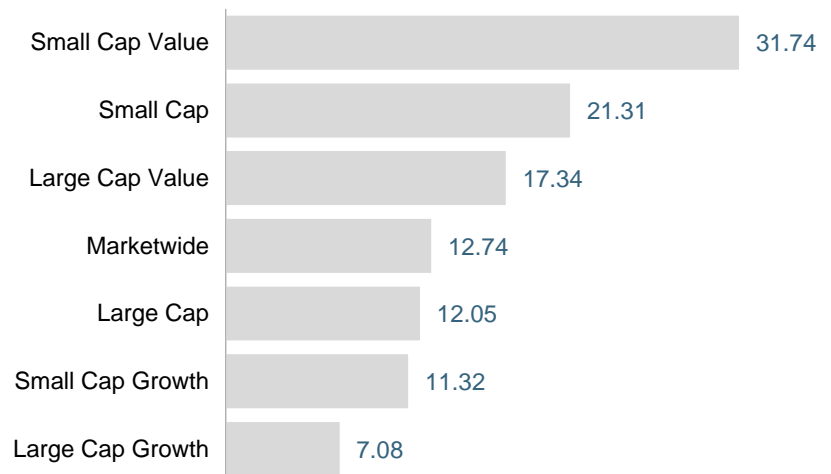
2016 Index Returns

The broad US equity market recorded positive performance for the year.

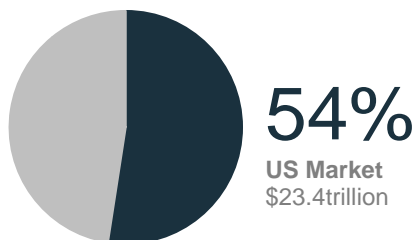
Value indices significantly outperformed growth indices in the US across all size ranges.

Small caps in the US outperformed large caps.

Ranked Returns for 2016 (%)



World Market Capitalization—US



Period Returns (%)

Asset Class	1 Year	3 Years*	5 Years*	10 Years*
Marketwide	12.74	8.43	14.67	7.07
Large Cap	12.05	8.59	14.69	7.08
Large Cap Value	17.34	8.59	14.80	5.72
Large Cap Growth	7.08	8.55	14.50	8.33
Small Cap	21.31	6.74	14.46	7.07
Small Cap Value	31.74	8.31	15.07	6.26
Small Cap Growth	11.32	5.05	13.74	7.76

* Annualized

Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Market segment (index representation) as follows: Marketwide (Russell 3000 Index), Large Cap (Russell 1000 Index), Large Cap Value (Russell 1000 Value Index), Large Cap Growth (Russell 1000 Growth Index), Small Cap (Russell 2000 Index), Small Cap Value (Russell 2000 Value Index), and Small Cap Growth (Russell 2000 Growth Index). World Market Cap represented by Russell 3000 Index, MSCI World ex USA IMI Index, and MSCI Emerging Markets IMI Index. Russell 3000 Index is used as the proxy for the US market. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. MSCI data © MSCI 2017, all rights reserved.



International Developed Stocks

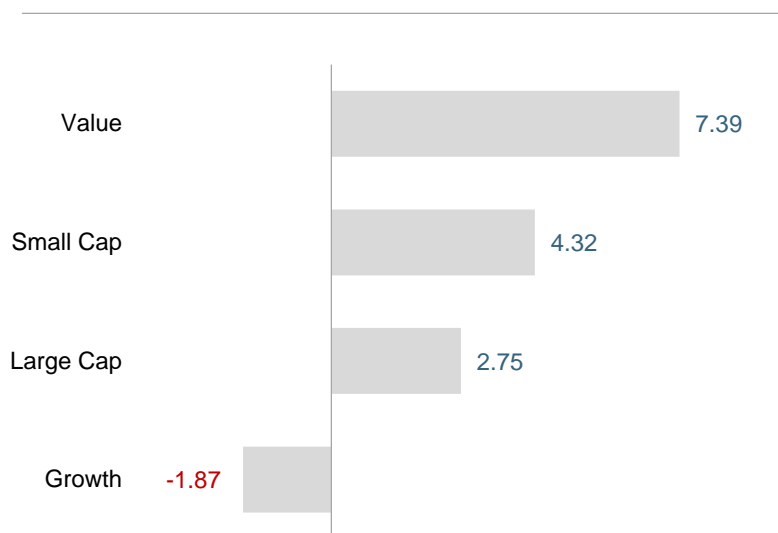
2016 Index Returns

In US dollar terms, developed markets outside the US lagged both the US equity market and emerging markets indices for the year.

Small caps outperformed large caps in non-US developed markets.

Looking at broad market indices, the value effect was positive across all size ranges.

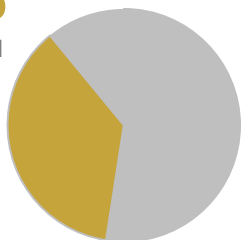
Ranked Returns for 2016 (%)



World Market Capitalization— International Developed

36%

International
Developed
Markets
\$15.6 trillion



Period Returns (%)

Asset Class	1 Year	3 Years*	5 Years*	10 Years*
Large Cap	2.75	-1.59	6.07	0.86
Small Cap	4.32	1.36	8.96	2.69
Value	7.39	-2.12	5.96	0.08
Growth	-1.87	-1.18	6.08	1.56

* Annualized

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Emerging Markets Stocks

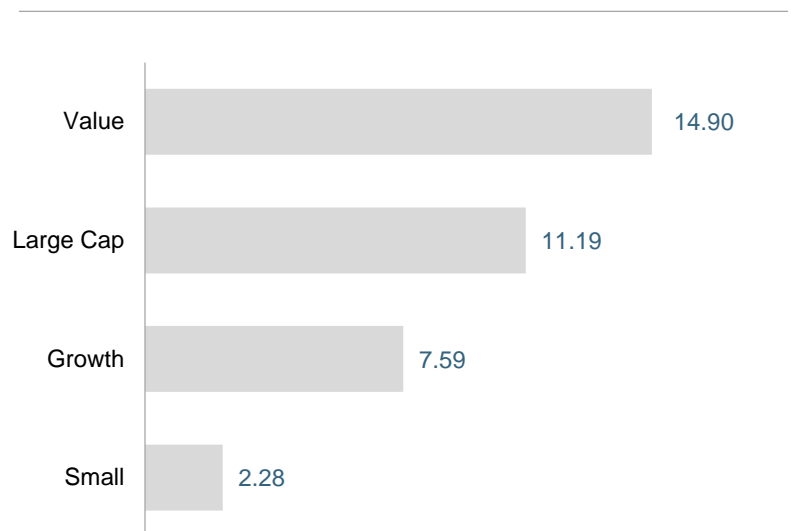
2016 Index Returns

In US dollar terms, emerging markets indices underperformed the US but outperformed developed markets outside the US for the year.

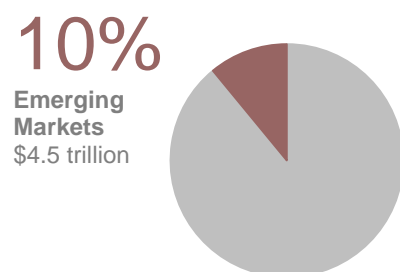
Looking at broad market indices, the value effect was positive across all size ranges.

Small caps underperformed large caps in emerging markets.

Ranked Returns for 2016 (%)



World Market Capitalization— Emerging Markets



Period Returns (%)

Asset Class	1 Year	3 Years*	5 Years*	10 Years*
Large Cap	11.19	-2.55	1.28	1.84
Small Cap	2.28	-1.27	3.51	3.41
Value	14.90	-3.54	-0.27	1.97
Growth	7.59	-1.67	2.73	1.63

* Annualized

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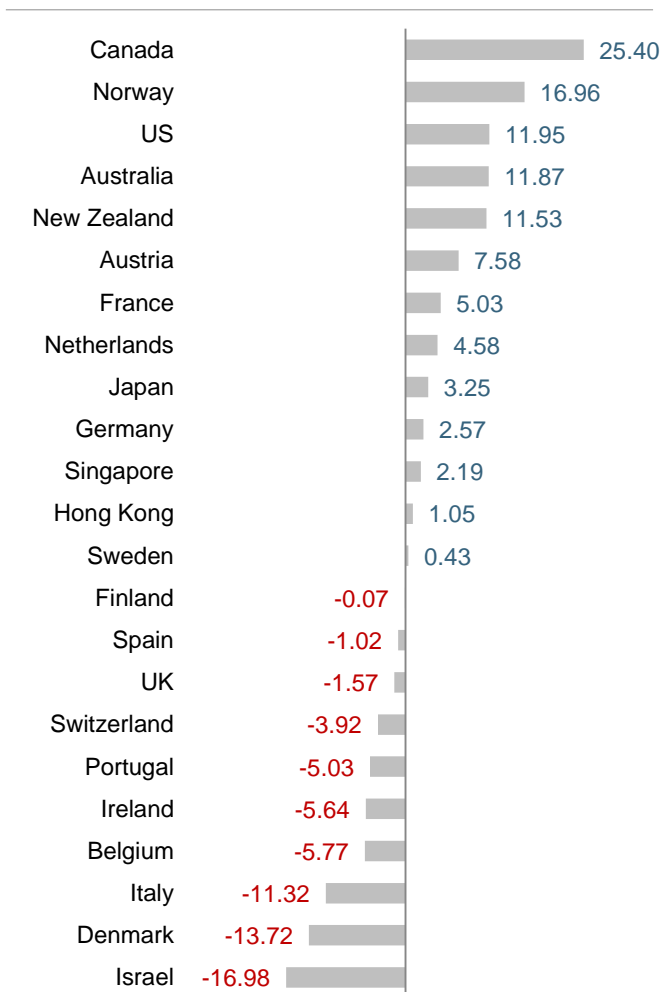


Select Country Performance

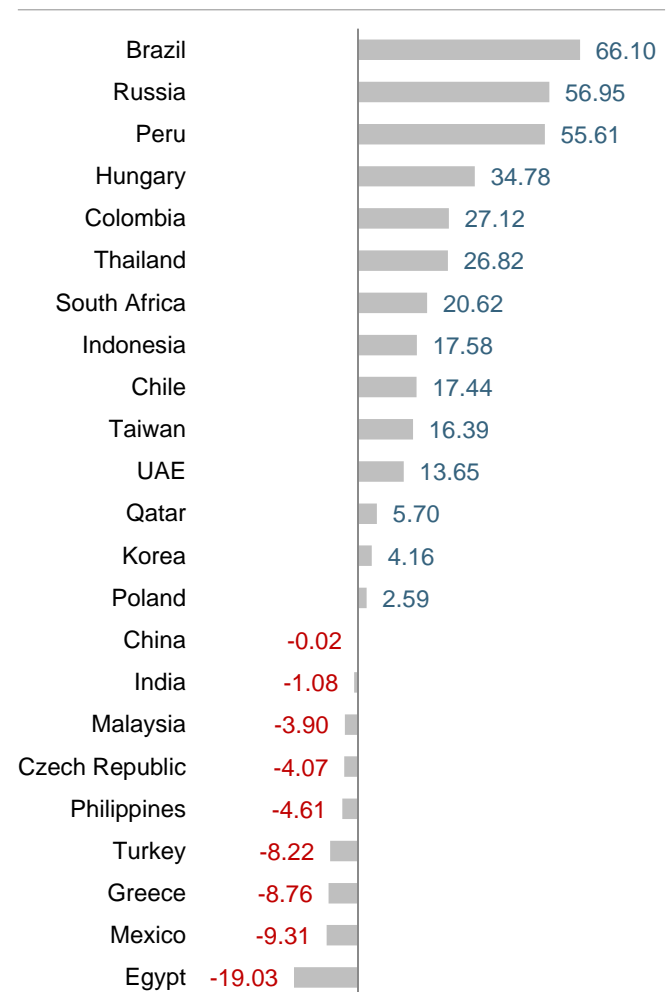
2016 Index Returns

Canada and Norway recorded the highest country performance in developed markets, while Israel and Denmark posted the lowest returns for the year. In emerging markets, Brazil and Russia posted the highest country returns, while Egypt and Mexico recorded the lowest performance.

Ranked Developed Markets Returns (%)



Ranked Emerging Markets Returns (%)



Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Country performance based on respective indices in the MSCI World ex US IMI Index (for developed markets), MSCI USA IMI Index (for US), and MSCI Emerging Markets IMI Index. All returns in USD and net of withholding tax on dividends. MSCI data © MSCI 2017, all rights reserved. UAE and Qatar have been reclassified as emerging markets by MSCI, effective May 2014.

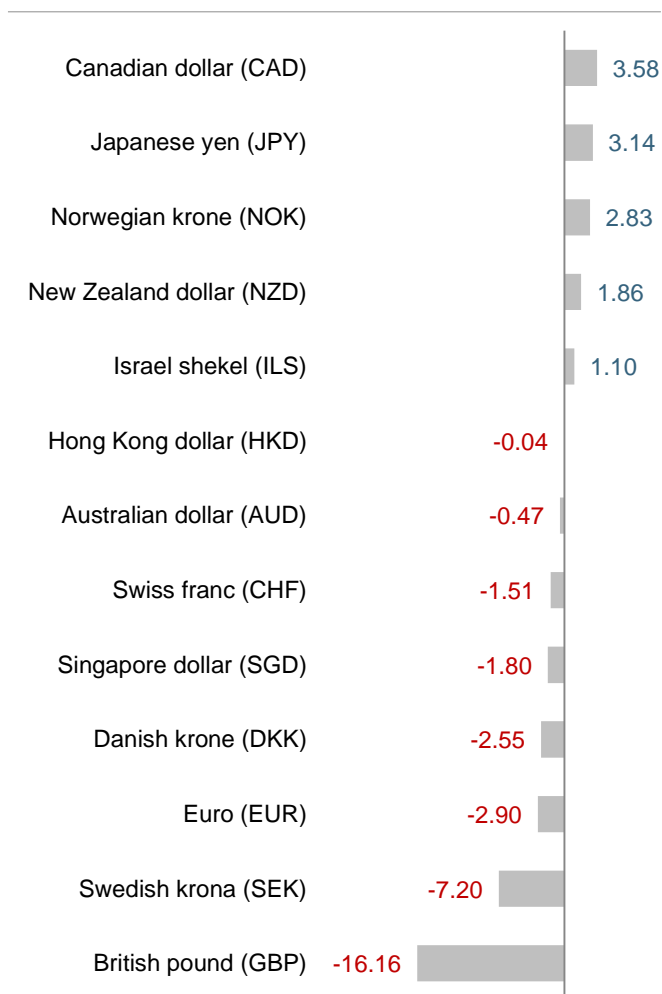


Select Currency Performance vs. US Dollar

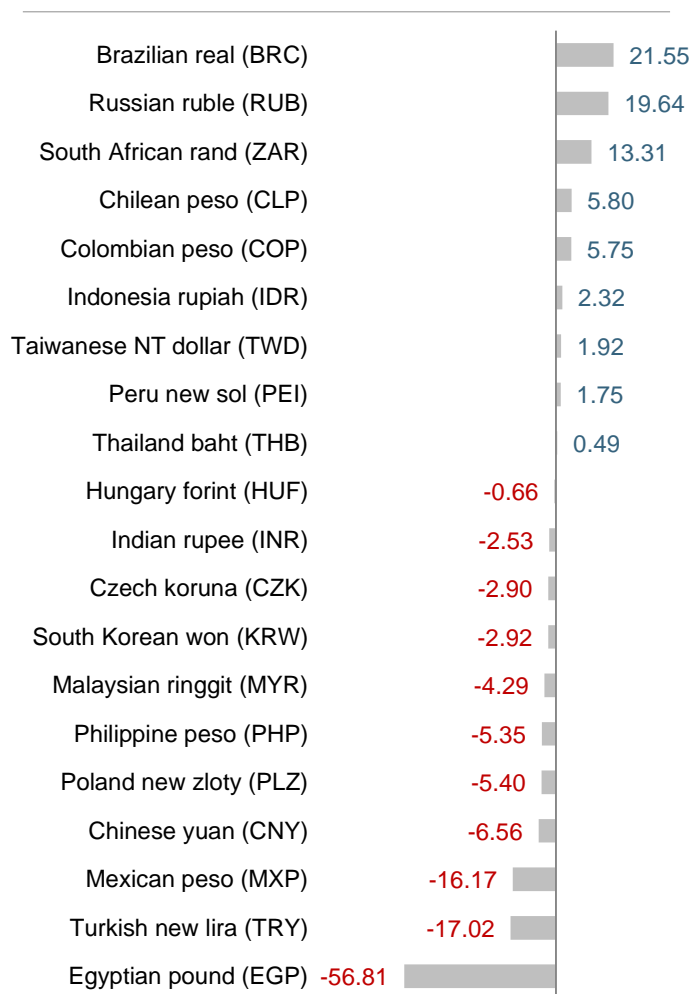
2016

Relative to the US dollar, currency returns were mixed for both the non-US developed and emerging markets. The best-performing currency in non-US developed markets was the Canadian dollar, while the British pound recorded the lowest performance. In emerging markets, the Brazilian real and the Russian ruble appreciated the most vs. the US dollar. The Egyptian pound lost more than half its value vs. the US dollar.

Ranked Developed Markets Returns (%)



Ranked Emerging Markets Returns (%)



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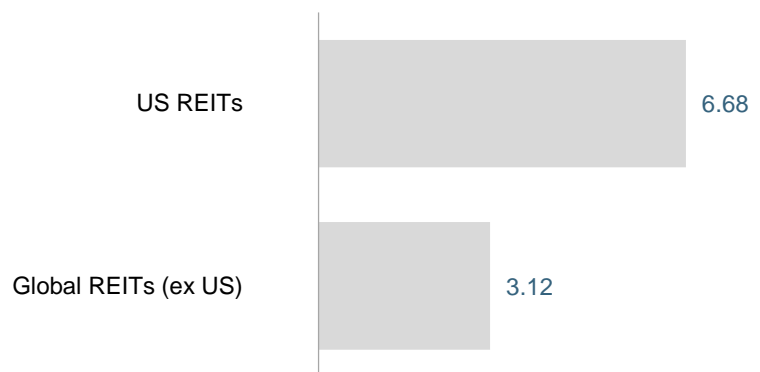


Real Estate Investment Trusts

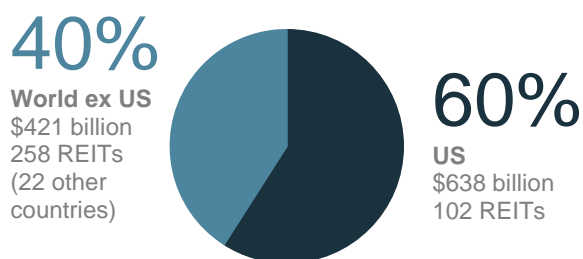
2016 Index Returns

US and non-US REITs had positive performance for the year but lagged the broad equity market in both regions.

Ranked Returns for 2016 (%)



Total Value of REIT Stocks



Period Returns (%)

Asset Class	1 Year	3 Years*	5 Years*	10 Years*
US REITs	6.68	13.73	11.77	4.63
Global REITs (ex US)	3.12	3.34	8.30	0.00

* Annualized

Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Number of REIT stocks and total value based on the two indices. All index returns are net of withholding tax on dividends. Total value of REIT stocks represented by Dow Jones US Select REIT Index and the S&P Global ex US REIT Index. Dow Jones US Select REIT Index used as proxy for the US market, and S&P Global ex US REIT Index used as proxy for the World ex US market. Dow Jones US Select REIT Index data provided by Dow Jones ©. S&P Global ex US REIT Index data provided by Standard and Poor's Index Services Group © 2017.



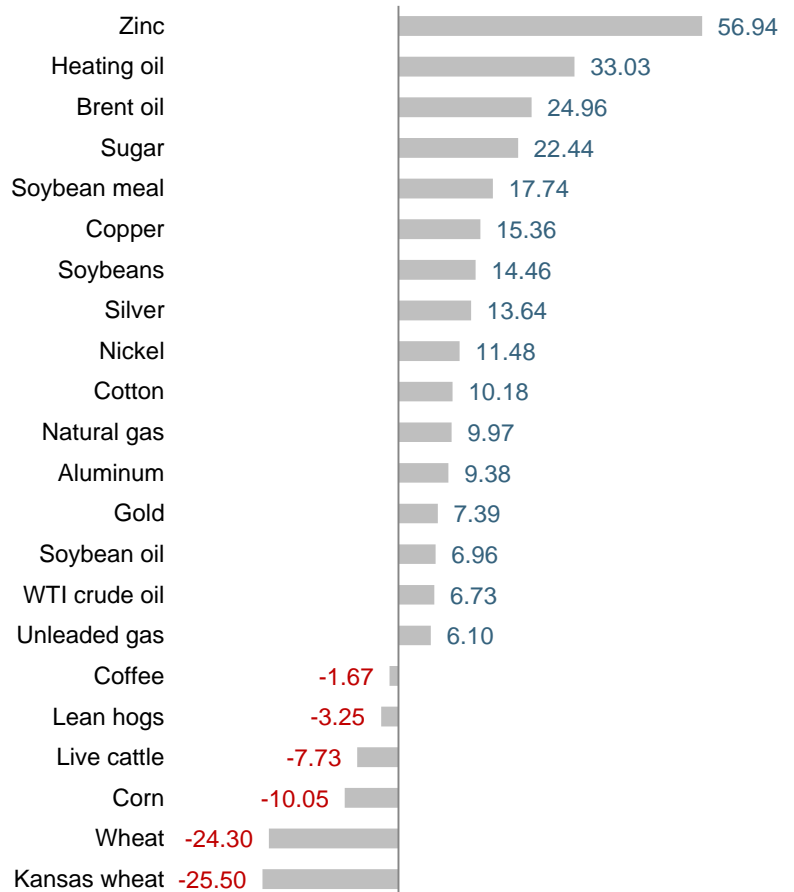
Commodities

2016 Index Returns

The Bloomberg Commodity Index Total Return gained 11.77% in 2016.

Zinc was the strongest performer, posting a return of 56.94%. Heating oil and Brent oil followed with respective returns of 33.03% and 24.96%. Kansas wheat was the weakest performer for the year, falling 25.50%.

Ranked Returns for Individual Commodities (%)



Period Returns (%)

Asset Class	1 Year	3 Years*	5 Years*	10 Years*
Commodities	11.77	-11.26	-8.95	-5.58

* Annualized

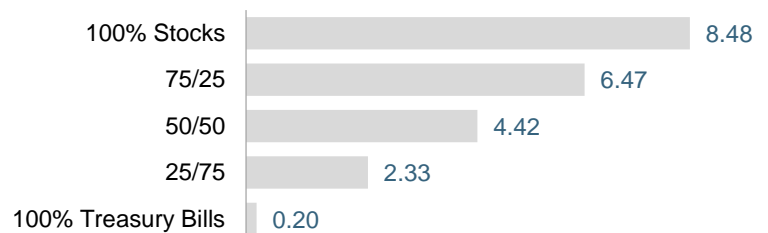


Impact of Diversification

2016 Index Returns

These portfolios illustrate the performance of different global stock/bond mixes and highlight the benefits of diversification. Mixes with larger allocations to stocks are considered riskier but have higher expected returns over time.

Ranked Returns for 2016 (%)

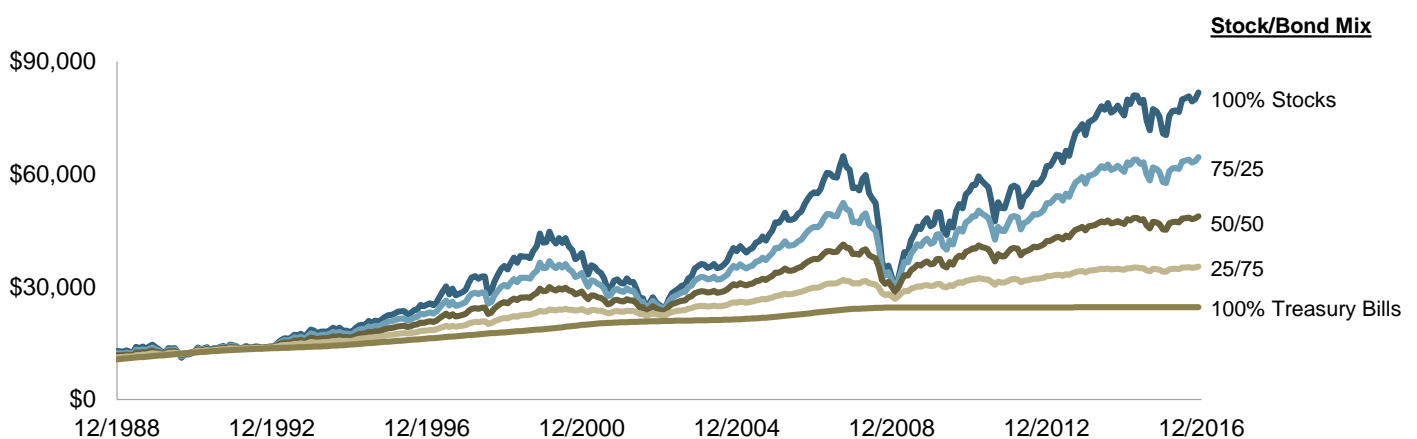


Period Returns (%)

* Annualized

Asset Class	1 Year	3 Years*	5 Years*	10 Years*	10-Year STDEV ¹
100% Stocks	8.48	3.69	9.96	4.12	16.99
75/25	6.47	2.90	7.53	3.54	12.74
50/50	4.42	2.03	5.07	2.77	8.49
25/75	2.33	1.09	2.58	1.81	4.24
100% Treasury Bills	0.20	0.08	0.06	0.67	0.41

Growth of Wealth: The Relationship between Risk and Return



1. STDEV (standard deviation) is a measure of the variation or dispersion of a set of data points. Standard deviations are often used to quantify the historical return volatility of a security or portfolio.

Diversification does not eliminate the risk of market loss. **Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect expenses associated with the management of an actual portfolio.** Asset allocations and the hypothetical index portfolio returns are for illustrative purposes only and do not represent actual performance. Global Stocks represented by MSCI All Country World Index (gross div.) and Treasury Bills represented by US One-Month Treasury Bills. Globally diversified allocations rebalanced monthly, no withdrawals. Data © MSCI 2017, all rights reserved. Treasury bills © Stocks, Bonds, Bills, and Inflation Yearbook™, Ibbotson Associates, Chicago (annually updated work by Roger G. Ibbotson and Rex A. Sinquefeld).