Morningstar Indexes Market Commentary

Q2 2017

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Equities Rise as Interest Rates Stay at Relatively Low Levels

Q2 2017 Morningstar Market Barometer

	Value	Core	Growth
Large	0.46	3.84	6.07
Mid	0.19	1.63	5.23
Small	–1.95	1.42	5.55

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Q2 2017 Morningstar Index Returns

Stocks	
US Market Index	3.07
Global Ex-US Index	5.92
Developed Ex-US Index	6.17
Emerging Markets Index	5.09
Bonds	
Core Bond Index	1.53
Commodities	
Long-Only Commodity Index	–5.01

Source: Morningstar Inc. Data as of 6-30-2017.

Another quarter of low volatility and gradual gains in the equity markets have created plenty of viewpoints on Wall Street. Discussions pertaining to market valuation tend to focus on interest rates and actions taken by the U.S. Federal Reserve. Bulls point to the pockets of potential growth and fail to see any specific areas where a bubble is forming or gaining momentum. Sectors such as financial services could benefit if interest rates continue to rise, and rates remaining at current levels could increase equities as discounting at a relatively low rate for an extended period may spark investor enthusiasm. However, bears believe the market is due for a correction with U.S. stocks at record highs and GDP growing at low-single-digit rates. The cyclical nature of markets continues to be a topic of discussion, and a rise in interest rates has the potential to increase attraction to other investments outside of equities and raise volatility to levels that market participants have not experienced in years.

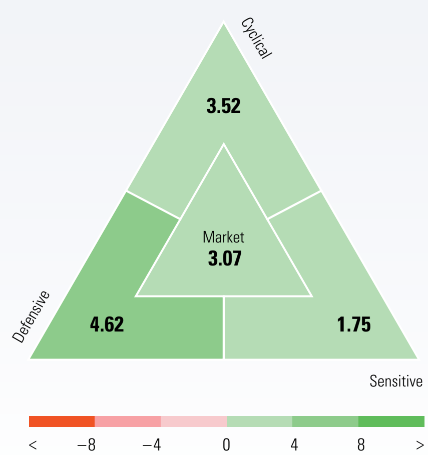
The U.S. equity market increased 3% for the quarter, and the year-to-date return sits at 9%. Favorable results from some of the largest companies in the market, and potential tax cuts on the horizon led to increased buying and positive sentiment to start the year. Growth plays thrived in the current environment as innovative technologies and processes helped management teams exceed lofty goals and discover new catalysts to increase investor expectations. Business leaders like Bezos, Zuckerberg, Gates, and Cook are working to expand into new areas and increase returns for their shareholders. This has pleased many and led to competitors attempting to differentiate or find solutions to better products and service offerings.

The Morningstar Global Markets ex-US index increased 6% and its returns for the year are up 21% as world markets start to move past some of the shocks that occurred in 2016. Up to this point, there has not been any substantial change of trade relations between countries, and news headlines highlighting conflicts between countries have not reached a point where fear and pessimism hurt market returns. The Morningstar Emerging Markets Index increased 5% during the quarter and 22% over the past year. U.S. stocks reporting at record levels and hints toward increased rates may lead investors to continue searching for opportunities in different regions.

Sector Indexes

The Morningstar US Defensive Super Sector was the top performer in the second quarter, and has outpaced the market by more than 300 basis points through the first six months of the year. This outperformance represents a sharp contrast from how the super sector closed the second half of 2016. The US Sensitive Super Sector lagged the market this past quarter, but has increased 8% in 2017 and investors continue to be pleased with results from the Technology sector. The US Cyclical Super Sector posted another solid quarter, and has outperformed the other super sectors by a wide margin over the trailing twelve months.

Q2 2017 Morningstar Sector Delta and Return %



Sector	Quarter	1-Year	3-Year
Cyclical	**3.52**	**24.11**	**10.44**
Basic Materials	2.13	20.34	5.08
Consumer Cyclical	3.44	19.03	10.81
Financial Services	4.17	36.60	12.08
Real Estate	2.21	0.29	7.76
Sensitive	**1.75**	**20.68**	**7.47**
Communication Svs	-1.35	8.09	9.05
Energy	-7.66	-4.12	-12.05
Industrials	4.27	22.05	9.68
Technology	3.96	33.92	14.53
Defensive	**4.62**	**8.34**	**10.50**
Consumer Defensive	1.23	2.86	10.17
Health Care	7.34	13.37	11.09
Utilities	2.27	2.92	9.23

Morningstar Super Sectors

	P/E	P/B	Yield %	Earnings Growth	Sales Growth
Cyclical Super Sector	19.36	2.20	1.95	5.81	3.49
Sensitive Super Sector	23.11	3.52	1.94	-0.66	–5.41
Defensive Super Sector	22.49	3.56	2.16	8.88	5.13

Source: Morningstar Inc. Data as of 6-30-2017.

Cyclical Super Sector 3.52%

All four sectors within this super sector had positive returns for the quarter, and have investors encouraged with potential catalysts on the horizon. Financial services continue to lead the charge, and expected rate hikes in the future have many bullish on banks. The sector increased 4% in the second quarter and 37% over the trailing twelve months. Recently, the 2017 Comprehensive Capital Analysis and Review was held, and all 34 banks received a nonobjection to their capital plan. This stress test given by the Fed provides another positive indicator to the health of the banks and ability to handle an economic downturn.

Another solid performer was the consumer cyclical sector thanks to positive contributions from retail chains, food and beverage companies, and others. One contentious company in the sector is Tesla, which returned 30% over the past three months. Currently, the bulls are winning the tussle as potential growth rates are outweighing concerns surrounding negative cash flows and capital spending required to implement management's strategy.

Defensive Super Sector 4.62%

The Defensive Super Sector was the top performer in the quarter and returned 5%. The stock market has yet to be derailed by the Fed's rate hikes, and high-dividend-paying companies in this super sector look attractive to investors. Market participants forecasting lower rates to persist will be happy to find defensive names that offer attractive yields and the capability to outlast volatile economic conditions.

Healthcare was the leading sector and increased 7% in the quarter. It's been an interesting year for healthcare with the 2016 U.S. presidential election and speculation surrounding the future of the industry. The Senate's healthcare bill was revealed, and investors are finding attractive areas that may be aided if the bill becomes law.

Sensitive Super Sector 1.75%

The Sensitive Super Sector was the only super sector to lag the market in the second quarter. It was hurt by the energy and communication services sectors returning negative 8% and negative 1%, respectively. It was a rough start to the year for energy plays as many of the largest firms reported material losses. OPEC and other countries agreed to extend their oil production cuts an additional nine months from the original date in June. The continuing cuts should help reduce inventories, but the potential for U.S. shale producers to increase volumes remains a threat.

Communication services has not been able to sustain any momentum in 2017 as notable names, including AT&T Inc. and Verizon, struggle. The two dominate the U.S. wireless industry, but increasing competition in a maturing market leaves little room for error.

Style & Cap Indexes

Large-cap growth companies won the quarter as investors grew fond of the asset-light business models with impressive growth rates and inspiring guidance. Management teams are generating innovative ideas to grow with relatively few hard assets, and investors have taken notice as large piles of cash continue to grow and be utilized in a share-holder-friendly manner. Small-cap and value companies lagged the market as many struggled to find discounts or catalysts to stimulate a movement in prices. The tough environment for value investors has put patience at a premium, and led to some calls for higher interest rates.

Trailing Returns

1-Year

	Value	Core	Growth
Large	13.43	21.92	20.18
Mid	19.52	15.27	17.68
Small	18.74	20.59	21.28

3-Year

	Value	Core	Growth
Large	7.32	11.29	10.60
Mid	8.58	8.13	7.53
Small	6.02	7.04	7.15

5-Year

	Value	Core	Growth
Large	12.50	16.12	14.96
Mid	17.20	14.90	13.30
Small	13.56	14.15	13.30

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Morningstar Style & Cap Indexes

	P/E	P/B	Yield %	Earnings Growth	Sales Growth
Morningstar Value	17.02	1.90	2.94	–3.32	–4.20
Morningstar Core	20.44	3.12	2.15	8.69	3.38
Morningstar Growth	30.21	5.01	1.01	14.80	8.69
Morningstar Large Cap	21.32	3.09	2.11	4.77	0.58
Morningstar Mid Cap	22.16	2.68	1.76	2.17	0.44
Morningstar Small Cap	20.91	2.22	1.57	2.85	–0.21

Source: Morningstar Inc. Data as of 6-30-2017.

Morningstar US Growth 5.86%

The US Growth Index was the top-performing style index and continues its torrid pace in 2017. It has been a great year for backers of growth plays as the bull market marches on. While some are skeptical and believe the market is due for a correction, others are encouraged with possible deregulation, tax cuts, and technology enhancements leading to a growing economy.

Some very familiar names were the top contributors to the growth index. Amazon increased 9% and shook up grocery chains with its acquisition of Whole Foods. Investors of the online retail giant were pleased with acquisition, and believe CEO Jeff Bezos will continue to find ways to disrupt industries with innovation and execution. Many large grocery chains stock prices decreased on the announcement, and it was not the only news coming from Amazon in the second quarter. Amazon Prime Wardrobe is being tested, and Nike Inc. will begin to sell apparel and footwear online through Amazon.com.

Morningstar US Value 0.24%

A difficult environment for value investors has many struggling to find discounts and companies with fundamentals strong enough to warrant an investment. The US Value index increased less than 1% this quarter, and is up 3% in 2017 (compared with the market rising 9%). A key driver for the uninspiring results was International Business Machines Corp., or IBM, dropping 11% this past quarter. Headwinds in legacy areas and the attractive Watson division still representing a small percentage of revenue has many questioning what the future will look like for the well-known technology company.

However, it was not all negative results in the value realm as wide-moat Caterpillar Inc. increased 17%. It has been a tough few years for the industrial giant, but management noted improving conditions in its latest earnings call. Its customers reduced spending as commodity prices slumped, but the environment stabilizing and possible infrastructure and tax reform plans have investors buying shares in a company closely aligned with machinery, energy, and mining.

Morningstar US Core 3.17%

The US Core index had another strong quarter and was the top performing style index for the trailing twelve months. Wide-moat Microsoft Corp. was the top contributor for the past quarter. The technology firm has made great strides with its public cloud offering, Azure, which could provide substantial growth for Microsoft in the upcoming years.

Another top performer was wide-moat Yum China Holdings Inc. as it increased 45%. The company was spun off into an independent publicly traded company at the close of 2016, but Morningstar still believes the company possesses a wide-moat. Yum China offers investors access to Chinese consumers' increased spending power, and many believe there is ample room for growth in the highly fragmented Chinese restaurant market.

Morningstar Large Cap 3.42%

The large-cap index outperformed both small- and mid-cap indexes through the first half of the year, and has been buoyed by many popular companies. Recent headlines have pointed out the results of "FAANG" (Facebook, Apple, Amazon, Netflix, and Alphabet's Google), and many believe the five are building momentum that will be tough to disrupt. Alphabet Inc A increased 10% in the second quarter, and was a primary contributor. It continues to be a leader in the search and digital advertising market, and should benefit as the number of online users and usage increases. The company sits in a strong financial position and continues to generate cash while becoming a key player in the cloud market. In addition, investors point toward the "Other Bets," or long shots, as potential catalysts for remarkable growth if they hit.

Another "FAANG" constituent with solid results in the quarter was Facebook. The wide-moat company returned 6% as it passed 2 billion monthly active users. The largest social network has received criticism related to the distribution of news articles and sensitive information, but the growth in user engagement, data generation, and advertising revenue per user has backers excited for the future. Competition with the industry remains high, but Facebook's ascension in a relatively short time has raised the eyebrows of many and left some searching for the next "FAANG" stock.

Morningstar Mid Cap 2.32%

The mid-cap index slightly underperformed the market over the last three months, but still increased a respectable 2%. Announced acquisitions led to positive performance from two popular mid-cap companies. The previously mentioned deal between Amazon and Whole Foods led to a 43% gain for Whole Foods, and Becton, Dickinson and Co.'s agreement to purchase C.R. Bard led to a 27% gain for C.R. Bard. Narrow-moat Becton, Dickinson and Co. intends to gain approximately $300 million in cost synergies, and the deal should enhance the company's portfolio of medical surgical products.

One company in the mid-cap realm not faring so well is Foot Locker. Nike's decision to sell products on Amazon.com may signal trouble for Foot Locker, and the stock dipped 34%. The athletic shoe and apparel retailer depends on traffic to stores and consumers willing to travel to locations to try on products, and more shopping done online could lead management to reassess at current strategy.

Morningstar Small Cap 1.68%

The small-cap index was the worst-performing cap index for the quarter, and has underperformed the market in 2017 by more than 400 basis points. A 34% drop in price by U.S. Steel Corp. did not help as the no-moat steel company reported weak first-quarter earnings. Idle time across various production facilities led to decreasing margins due to fixed costs inherent in the business. Management lowered its 2017 guidance, and worsening conditions occurring over the second half of the year may signal more problems for U.S. Steel.

However, one positive contributor to the small-cap index was XPO Logistics Inc., gaining an impressive 35%. The company has a diverse portfolio of transportation and logistics operations, and management's ability to drive down costs has many bullish on future endeavors. A few large acquisitions over the last couple years has provided opportunities for cost synergies and cross-selling, and favorable earnings in the first quarter created positive momentum.

Fund Categories and Benchmarks

The Active vs. Passive chart shows the percentage of actively managed open-end US equity mutual funds that outperformed their corresponding Morningstar Index benchmark. Active managers on the red-hot growth side of the Style Box struggled to keep up during the second quarter. Most challenging was Large-Core, where value stocks and smaller caps undermined many active portfolios. By contrast, value managers outperformed their bogeys by holding growth stocks. This was especially true in Small Value, the weakest performing category of the quarter.

Active vs. Passive

	Value	Core	Growth
Large	87.88 / 69.03	14.25 / 59.02	27.14 / 32.80
Mid	0.46 / 0.19	3.84 / 1.63	6.07 / 5.23
Small	92.98 / -1.95	55.07 / 1.42	27.83 / 5.55

Actively managed mutual funds outperforming their respective benchmark (%)[1]

Index Returns (%), Q2 2017

[1] Includes the oldest share class for all U.S. diversified mutual funds with at least a one-year history. As of June 30, 2017 there were 2,122 eligible funds. Morningstar classifies funds into style categories based on the average style score (using the same 10-factor methodology as underlying benchmarks) of all available portfolio holdings over a three-year period.

Source: Morningstar Inc. Data as of 6-30-2017

Fixed-Income Indexes

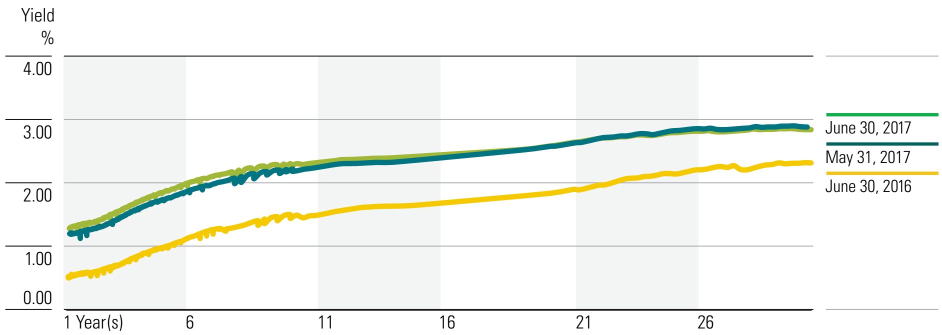
Fixed-income indexes performed well during the second quarter of 2017. Long-term fixed income indexes outperformed short-term indexes as long-term yields have declined whereas short-term rates have risen, resulting in a flattening yield curve. Corporate bond indexes also performed well, as credit spreads have continued to tighten as asset volatility has declined to near-historic lows. Improving credit metrics, fewer debt funded M&A or shareholder enhancement programs, and expectations that possible revisions to tax and regulatory policies will reinvigorate economic growth and earnings have supported corporate credit markets.

Impact From Declining Long-Term Interest Rates Overcomes Rising Short-Term Rates

Although short-term interest rates continued to rise in the second quarter as the Federal Reserve increased the federal-funds rate, fixed-income indexes generally posted solid returns as long-term interest rates declined. Morningstar's Core Bond Index, our broadest measure of the fixed-income universe, rose 1.53% in the second quarter of 2017. A combination of the yield carry on the underlying securities and the positive impact that lower long-term interest rates and tighter credit spreads have on bond prices generated the return. The Short-Term Core Index only rose 0.46% as rising short-term interest rates pressured returns whereas the Intermediate Core Index and the Long-Term Core Index rose 1.10% and 3.55%, respectively, benefiting from declining long-term interest rates. Representative of the Treasury market, the Morningstar U.S. Government Bond index rose by 1.23%. The laggard this quarter was the Morningstar TIPS Index that declined (0.43)% as inflation expectations have sunk along with the price of oil.

In the corporate bond market, the Morningstar Corporate Bond Index rose by 2.49%, bolstered by a decrease in long-term interest rates and tightening credit spreads. Over the course of the second quarter, the average corporate credit spread of the Morningstar Corporate Bond Index tightened 11 basis points to +112. At its current level, the average credit spread of our Corporate Bond Index is trading much tighter than its long-term historical average of +167. As an indication of how tight corporate credit spreads have become compared with their historical averages, since the beginning of 2000, the average spread of the Morningstar Corporate Bond Index has registered below the current level only 23% of the time. In addition, not only are credit spreads tighter now than in much of the recent past, the average credit quality of the Morningstar Corporate Bond Index is lower than it has been much of the time. Currently, the

Treasury Yield Curve



Source: Morningstar Inc. Data as of 6-30-2017

Morningstar Bond Indexes

		Returns		Statistics			
		QTR	YTD	Market Value ($Mil)	Credit Quality	Yield to Maturity	Average Duration
Broad Market	Core Bond	1.53	2.39	17,640,488	AA	2.55	5.84
Sector	US Government	0.46	0.96	4,802,295	AA	1.70	2.31
	Corporate	1.10	1.78	8,383,273	AA+	2.64	4.58
	Mortgage	3.55	5.14	4,454,920	AA–	3.31	12.04
Maturity	Short–Term Core	1.23	1.97	7,319,032	AAA	1.90	6.07
	Intermediate Core	2.49	3.91	5,218,959	A–	3.16	6.91
	Long–Term Core	1.00	1.47	5,102,497	AAA	2.87	4.43
Inflation Prot. Secs.	TIPS	–0.43	0.94	1,078,921	AAA	0.36	7.74
Global Sovereign	Global Govt USD	2.66	4.39	22,623	AA–	1.00	7.84
	Global Govt ex–US USD	3.29	5.51	15,272	A+	0.59	8.67
	Eurozone EUR	0.69	–0.75	6,816	A+	0.68	7.25
	Swiss CHF	–1.36	0.24	1,753	AA	1.20	11.39
	UK GBP	–0.68	–0.84	86	AAA	–0.11	11.53
	Australasian USD	0.30	0.91	341	AAA	1.44	6.41
	Canadian CAD	2.23	8.44	397	AAA	2.30	5.91
	Japanese JPY	0.07	–0.35	5,878	A	0.15	9.80
Europe	Eurobond Corp EUR	1.90	5.42	137,115	BBB–	4.76	5.99
	European Bank Capital EUR	2.29	6.37	55,940	BB+	5.25	7.33
	European Covered EUR	1.69	4.96	80,528	BBB	4.64	5.02
	UK Bank Capital GBP	0.77	1.41	512	A–	0.95	4.12
	UK Eurobond Corp GBP	–0.14	–0.06	796	AA+	0.24	4.77
Emerging Market	Composite USD	2.13	4.33	60	BBB+	2.39	6.71
	Sovereign USD	0.48	2.11	312	A–	2.35	8.81
	Corporate USD	0.16	0.25	1,635	A–	0.81	5.33

Source: Morningstar Inc. Data as of 6-30-2017.

average credit quality of the Morningstar Corporate Bond Index is A- whereas since 2000 the average credit quality has been either closer to, or a single A for much of the time.

While corporate bonds performed well in the U.S., the Morningstar Euro Corporate Bond Index only rose 0.16%. The average corporate credit spread in our Euro Corporate Bond Index tightened 14 basis points this past quarter to an average spread of +94 basis points, yet the increase in the yield of underlying sovereign bonds offset the benefit of tighter corporate credit spreads. Interest rates rose as the European Central Bank began to hint that it is nearing the time it will begin to wind down its easy monetary policy.

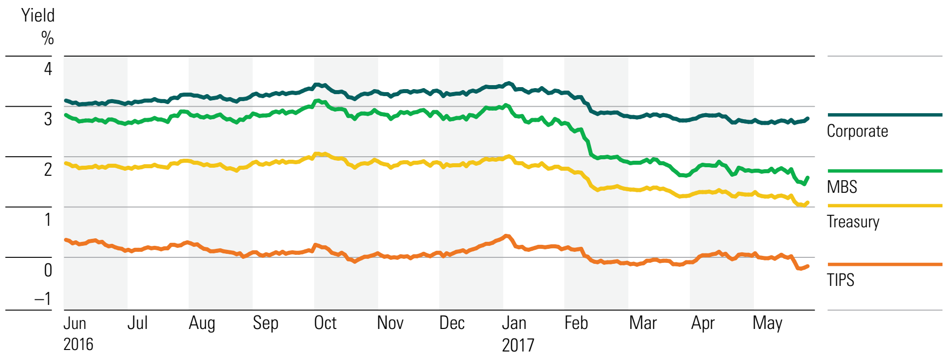
The emerging-markets fixed-income indexes posted solid returns in the second quarter, benefiting from the low-volatility environment. The Morningstar Emerging Market Composite Index rose 1.90%, as the underlying Morningstar Emerging Market Sovereign Index rose 2.29% and the Morningstar Emerging Market Corporate Index rose 1.69%.

Asset Volatility Remains Near Historical Lows

Volatility in the asset markets has declined and is bouncing around near historic lows. Some of the factors that have helped suppress volatility range from the lack of surprises in the first-quarter earnings season, weak economic growth, a decline in debt-funded M&A, and diminishing geopolitical risk. In the equity market, the CBOE Volatility Index, or VIX, declined to as low as 9.8 on May 8. Since 1990, there have been only three instances in which the index has registered lower. Market volatility and corporate credit spreads are highly correlated as the spread of the Morningstar Corporate Bond Index and the VIX have an r-square of approximately 85%.

While growth is expected to accelerate in the second quarter, that acceleration may be short-lived. Morningstar Research Service LLC's Director of Economic Research Robert Johnson, CFA, recently provided a midyear update to his economic forecasts. Johnson reiterated most of the projections he made at the beginning

US Bond Indexes: Average Yields



Source: Morningstar Inc. Data as of 6-30-2017.

of the year and continues to expect real GDP growth for 2017 to range between 1.75% and 2%. In addition, he established a new forecast for economic growth in 2018 to also range between 1.75% and 2%. Johnson has stated that he thinks that the Fed will not hike the federal-funds rate any further this year and is more likely to begin its program to begin reducing the size of the Fed's balance sheet as early as the September FOMC meeting.

Commodities Indexes

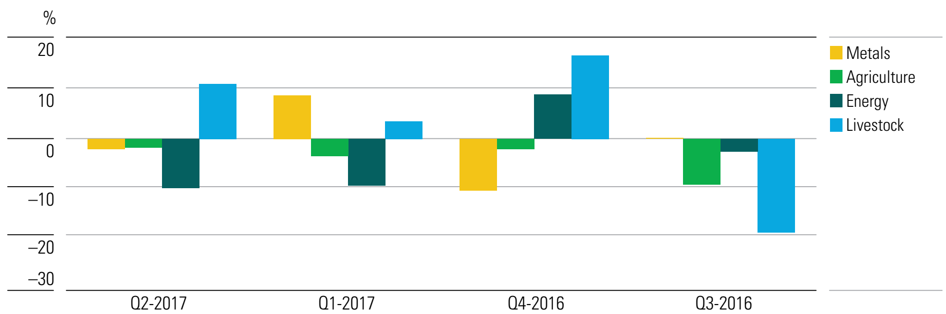
Low volatility and higher prices in the U.S. stock market was not replicated in the fragile commodity markets. The Metals, Energy, and Agriculture indexes all reported negative returns for the quarter and trailing twelve months. The bears are currently winning the tussle in most commodity markets, and while bulls hope for a turnaround, some believe the near future will be like the past. The positive momentum following the brief uptick in oil prices to close 2016 was not sustained as cheaper alternative energy sources become more intertwined with production and strategic planning.

The Morningstar Long/Short Index returns were flat in the second quarter, and the Morningstar Long-Only Index lost more than 5%. Not surprisingly, the Morningstar Short-Only Index attracted investors and increased another 6% during the quarter. Its three-year annual return is greater than 17%, and investors correctly predicting the tough commodities environment and imbalance between supply and demand realized notable gains.

The Livestock Index was the clear winner in the quarter and jumped more than 11%. This marks the third consecutive quarter the index generated positive returns and rewarded those willing to invest in the non-traditional asset class. High temperatures leading to underweight hogs did not stymie demand or returns for investors. The Agriculture Index did not fare as well and decreased 2%. Over the past twelve months the index dropped 16% as falling yields per acre and stagnant corn and soy prices hindered returns, but some investors remain bullish as farmers hold healthy balance sheets per the USDA's report released earlier this year. Increased consumption and a growing economy may provide an opportunity for a long-term play.

The Energy and Metals indexes decreased 10% and 2%, respectively. Recently, potential

Quarterly Commodity Sector Returns



Source: Morningstar Inc. Data as of 6-30-2017

Morningstar Commodity Index Returns %

	Quarter	1–Year	3–Year	5–Year	10–Year	YTD
Long-Only	–5.01	–10.96	–18.90	–10.29	–4.06	–9.23
Long/Flat	–0.37	–12.05	–6.39	–4.86	1.27	–7.05
Long/Short	0.21	–11.16	–5.54	–4.65	1.13	–7.51
Short/Flat	4.94	3.89	1.96	0.68	0.60	2.45
Short–Only	5.65	8.84	17.71	7.01	0.98	10.37
Agriculture	–1.80	–15.71	–9.94	–6.04	0.86	–5.19
Energy	–9.89	–13.35	–31.99	–16.79	–13.17	–18.37
Livestock	11.10	9.07	–6.79	0.04	–3.34	15.09
Metals	–2.10	–4.35	–4.75	–6.61	4.22	6.50

Source: Morningstar Inc. Data as of 6-30-2017

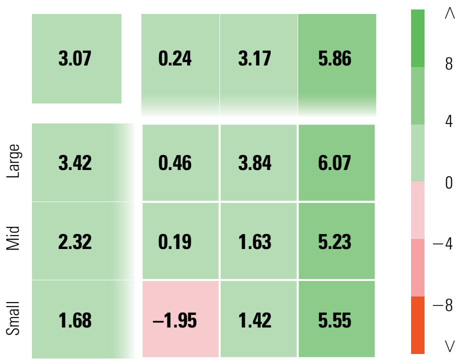
infrastructure and a new U.S. administration were reasons for some excitement amongst investors in both areas, but this quarter was not marked with the same enthusiasm, and most are left waiting for a turnaround to not fizzle out as quickly as past occurrences.

Conclusion

Another quarter of low volatility and higher prices pleased investors as the U.S. equity market increased 3%, and year-to-date returns are at 9%. Stocks at record highs increased speculation and criticism surrounding the Fed's actions, and many ponder whether another rate hike will occur before the end of the year. So far, incremental rate hikes have not derailed the U.S. stock market, and relatively low inflation mixed with a growing, albeit slowly, U.S. economy places the Fed in a unique situation.

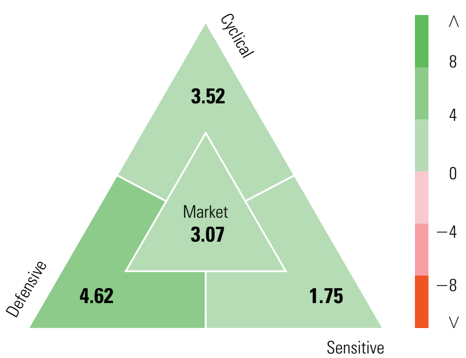
Large-cap and growth stocks outpaced the market over the past few quarters and understandably grabbed a lot of headlines. The increasingly popular "FAANG" stocks gained momentum and intensified talks on whether they are indestructible or overvalued at current prices. Although the competitive advantages these stocks and other companies hold are apparent, we note the long history cycles have played in our economy. Risks and opportunities exist in the current environment, and patience, discipline, and independent analysis will serve an investor well during these tricky times. Much of the focus has gravitated toward the Fed's latest movements and macroeconomic predictions from experts in various fields, but a long-term view and strategic plan still brings advantages to market participants.

Q2 2017 Style Indexes



	Total Returns %								
	3–Month	1–Year	3–Year	5–Year	10–Year	Price/ Earnings	Price/ Book	Yield %	5–Yr Earn Growth
Morningstar US Market	**3.07**	**18.35**	**9.20**	**14.57**	**7.38**	**21.45**	**2.92**	**2.00**	**9.70**
Large Cap	3.42	18.42	9.73	14.49	14.49	21.32	3.09	2.11	9.57
Mid Cap	2.32	17.43	8.10	15.16	7.80	22.16	2.68	1.76	10.14
Small Cap	1.68	20.34	6.77	13.70	7.67	20.91	2.22	1.57	10.10
US Value	0.24	15.04	7.50	13.53	5.14	17.02	1.90	2.94	7.65
US Core	3.17	20.32	10.30	15.69	8.61	20.44	3.12	2.15	9.10
US Growth	5.86	19.76	9.77	14.55	8.28	30.21	5.01	1.01	13.92
Large Value	0.46	13.43	7.32	12.50	4.14	17.14	1.97	3.03	7.57
Large Core	3.84	21.92	11.29	16.12	8.79	19.97	3.32	2.29	8.77
Large Growth	6.07	20.18	10.60	14.96	8.54	29.93	5.43	1.11	13.94
Mid Value	0.19	19.52	8.58	17.20	7.71	16.70	1.85	2.75	8.04
Mid Core	1.63	15.27	8.13	14.90	8.18	22.45	2.86	1.82	10.14
Mid Growth	5.23	17.68	7.53	13.44	7.35	31.05	4.15	0.80	13.47
Small Value	-1.95	18.74	6.02	13.56	7.97	16.58	1.46	2.47	7.62
Small Core	1.42	20.59	7.04	14.15	7.06	19.96	2.32	1.68	10.04
Small Growth	5.55	21.28	7.15	13.30	7.78	31.51	3.89	0.60	15.36

Q2 2017 Sector Indexes



	Total Returns %								
Index	3–Month	1–Year	3–Year	5–Year	10–Year	Price/ Earnings	Price/ Book	Yield %	5–Yr Earn Growth
Cyclical	**3.52**	**24.11**	**10.44**	**16.06**	**3.96**	**19.36**	**2.20**	**1.95**	**9.82**
Basic Materials	2.13	20.34	5.08	10.72	4.89	23.17	3.37	1.98	9.59
Consumer Cyclical	3.44	19.03	10.81	16.81	9.85	20.83	4.56	1.52	11.38
Financial Services	4.17	36.60	12.08	18.48	1.30	17.18	1.55	1.71	9.47
Real Estate	2.21	0.29	7.76	9.08	5.05	24.37	2.26	4.39	6.70
Sensitive	**1.75**	**20.68**	**7.47**	**13.21**	**6.89**	**23.11**	**3.52**	**1.94**	**10.46**
Communication Svs	-1.35	8.09	9.05	14.13	7.64	21.10	2.26	3.20	8.65
Energy	-7.66	-4.12	-12.05	1.32	2.10	32.91	1.73	2.84	17.11
Industrials	4.27	22.05	9.68	16.08	7.58	22.73	4.30	1.94	9.91
Technology	3.96	33.92	14.53	16.54	10.42	22.79	4.59	1.39	10.72
Defensive	**4.62**	**8.34**	**10.50**	**15.15**	**9.26**	**22.49**	**3.56**	**2.16**	**8.44**
Consumer Defensive	1.23	2.86	10.17	12.84	10.21	21.61	4.23	2.64	8.41
Health Care	7.34	13.37	11.09	18.13	11.12	23.62	3.91	1.58	9.22
Utilities	2.27	2.92	9.23	11.53	7.08	20.55	2.03	3.46	5.51

Bond Indexes

	3–Month	1–Year	3–Year	5–Year
Core	1.53	–0.23	2.70	2.38
US Government	1.23	–2.27	2.04	1.31
Corporate	2.49	2.34	3.55	4.01
Mortgage	1.00	0.15	2.64	2.53
Short–Term	0.46	0.32	1.15	1.14
Intermediate Term	1.10	–0.07	2.58	2.41
Long–Term	3.55	–1.10	4.69	3.82
Global Government ex. US	3.29	–5.65	–2.15	–0.36
Emerging Markets Composite	1.90	5.50	4.36	4.97

Commodity Indexes

	3–Month	1–Year	3–Year	5–Year	10–Year	15–Year
Long–Only	–5.01	–10.96	–18.90	–10.29	–4.06	2.75
Long/Flat	–0.37	–12.05	–6.39	–4.86	1.27	4.86
Long/Short	0.21	–11.16	–5.54	–4.65	1.13	3.59
Short/Flat	4.94	3.89	1.96	0.68	0.60	–0.01
Short–Only	5.65	8.84	17.71	7.01	0.98	–3.90
Agriculture	–1.80	–15.71	–9.94	–6.04	0.86	3.03
Energy	–9.89	–13.35	–31.99	–16.79	–13.17	–3.65
Livestock	11.10	9.07	–6.79	0.04	–3.34	2.32
Metals	–2.10	–4.35	–4.75	–6.61	4.22	10.55

All data in this issue as of June 30, 2017.

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Many thanks for the helpful comments and feedback we have received from you over the years.

Yours sincerely,

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