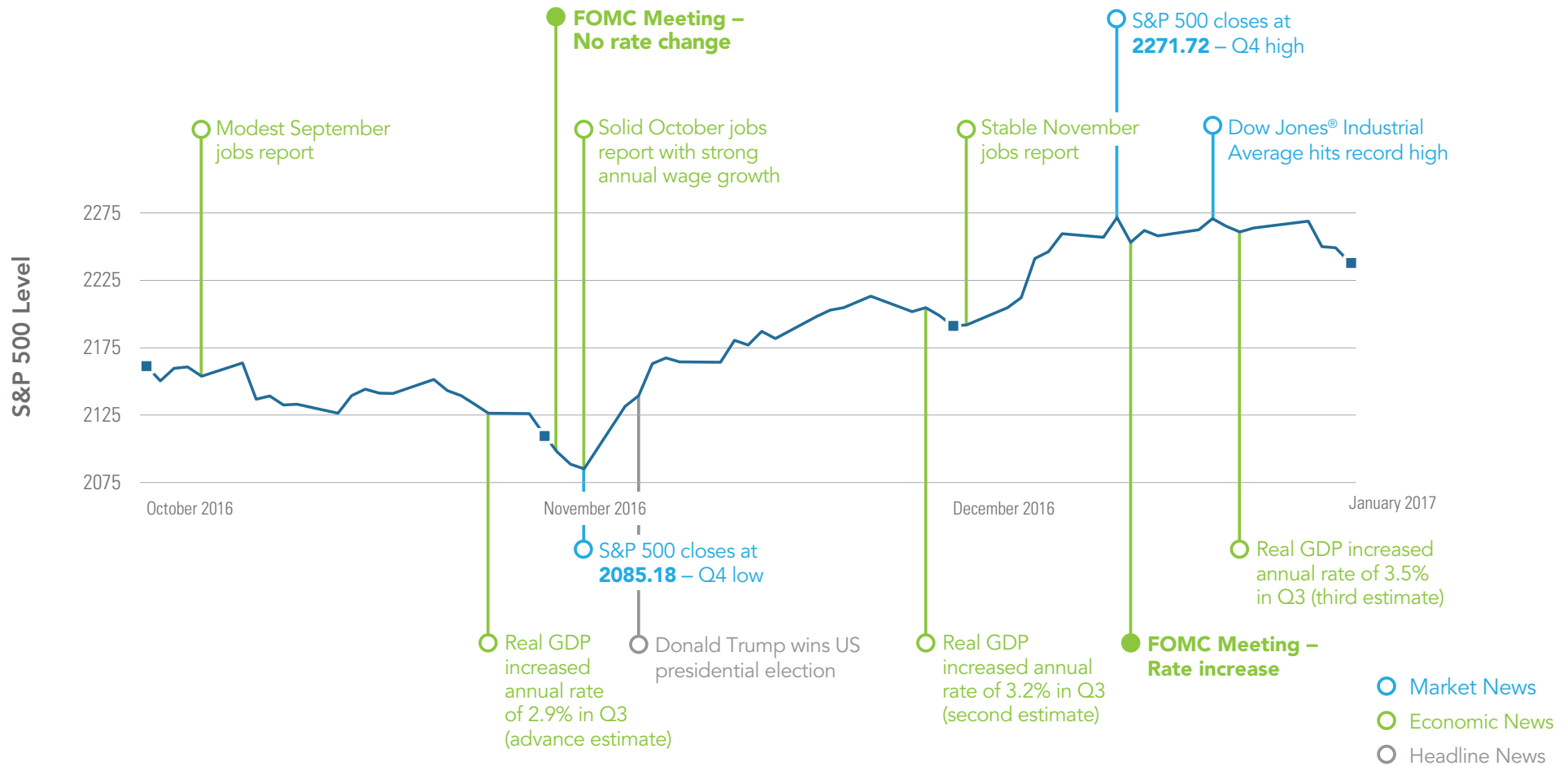


Fourth Quarter 2016 in Review

THE S&P 500® INDEX AND KEY EVENTS



1 During the quarter, strong US equity markets; weaker global markets

- Both S&P 500 and Dow Jones Industrial Average reached all-time highs in Q4.
- US small cap (Russell 2000[®] Index: 8.8%) and US large cap (Dow Jones Industrial Average: 8.7%) both outperformed non-US developed (MSCI EAFE Index: -0.6%). Emerging markets also struggled (MSCI EM Index: -4.3%).

2 US bond markets experienced a difficult quarter

- Both Treasuries (BofA Merrill Lynch 7-10 Year US Treasury Index: -5.5%) and municipal bonds (S&P Municipal Bond Index: -3.3%) disappointed.
- High yield (S&P 500 High Yield Corporate Bond Index: 0.1%) narrowly exhibited positive returns while high yield municipals (S&P Municipal Bond High Yield Index: -4.2%) delivered a particularly dispiriting quarter.

3 Important events

- The victory of President-elect Donald Trump, coupled with positive economic data, drove the US equity market and consumer confidence higher.
- The anticipation of rising interest rates hurt bond returns; the Federal Reserve *did* raise rates at the December meeting, and suggested additional increases in 2017.
- The US economy showed surprising strength in the third quarter, growing at an annual rate of 3.5%.

Data as of 12/30/16, unless noted. Source: Bloomberg.

Important Information

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S&P 500 Index is an unmanaged index that is generally considered representative of the US equity market, consisting of 500 leading companies in leading industries of the US economy (typically large cap companies) representing approximately 75% of the investable US equity market. One cannot invest directly in an index. Dow Jones Industrial Average (a registered trademark of Dow Jones & Co., Inc.) is an unmanaged index composed of 30 common stocks. Russell 2000[®] Index consists of the smallest 2,000 securities in the Russell 3000[®] Index. This is the Frank Russell Company's small capitalization index that is widely regarded in the industry as the premier measure of small capitalization stocks. The Russell 3000 Index is composed of the 3,000 largest U.S. securities, as determined by total market capitalization. MSCI EAFE (Europe, Australasia, Far East) Index measures the equity market performance of countries considered to represent developed markets, excluding the U.S. and Canada. MSCI Emerging Markets (EM) Index measures the equity market performance of countries considered to represent emerging markets. The BofA Merrill Lynch 7-10 Year US Treasury Index is a subset of The BofA Merrill Lynch US Treasury Index including all securities with a remaining term to final maturity greater than or equal to 7 years and less than 10 years. The S&P Municipal Bond Index is a broad, market value-weighted index that seeks to measure the performance of the U.S. municipal bond market. The S&P 500 High Yield Corporate Bond Index, a subindex of the S&P 500 Bond Index, seeks to measure the performance of U.S. corporate debt issued by constituents in the S&P 500 with a high-yield rating. The S&P Municipal Bond High Yield Index consists of bonds in the S&P Municipal Bond Index that are not rated or are rated below investment grade.

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