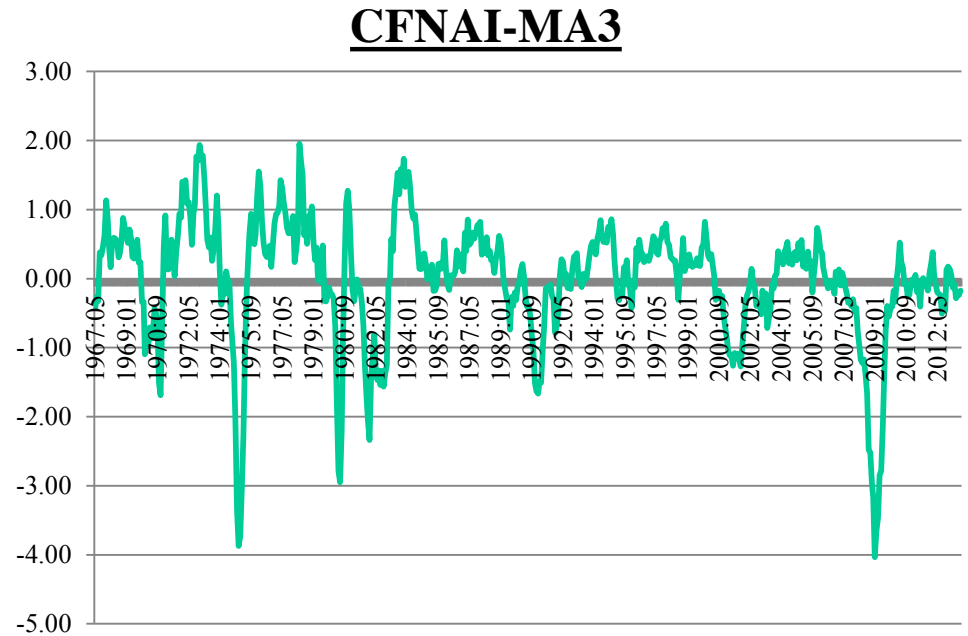
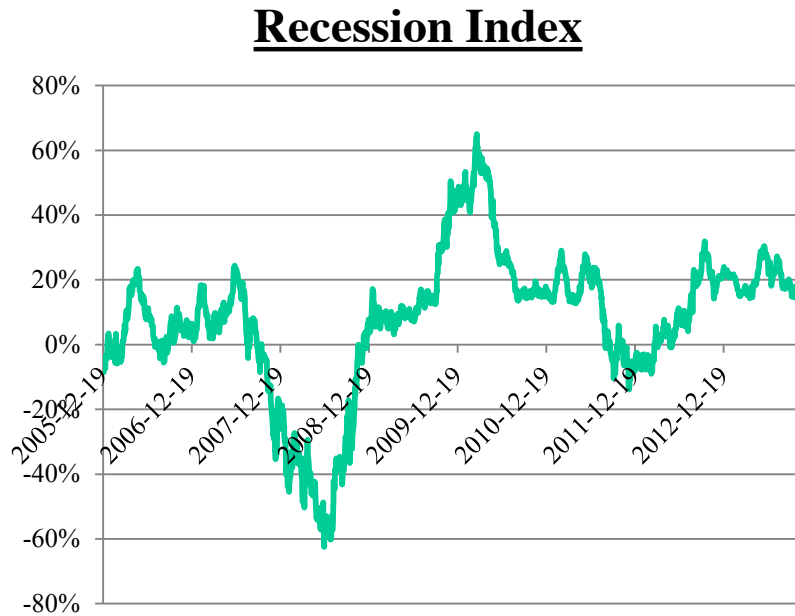


Recession Index

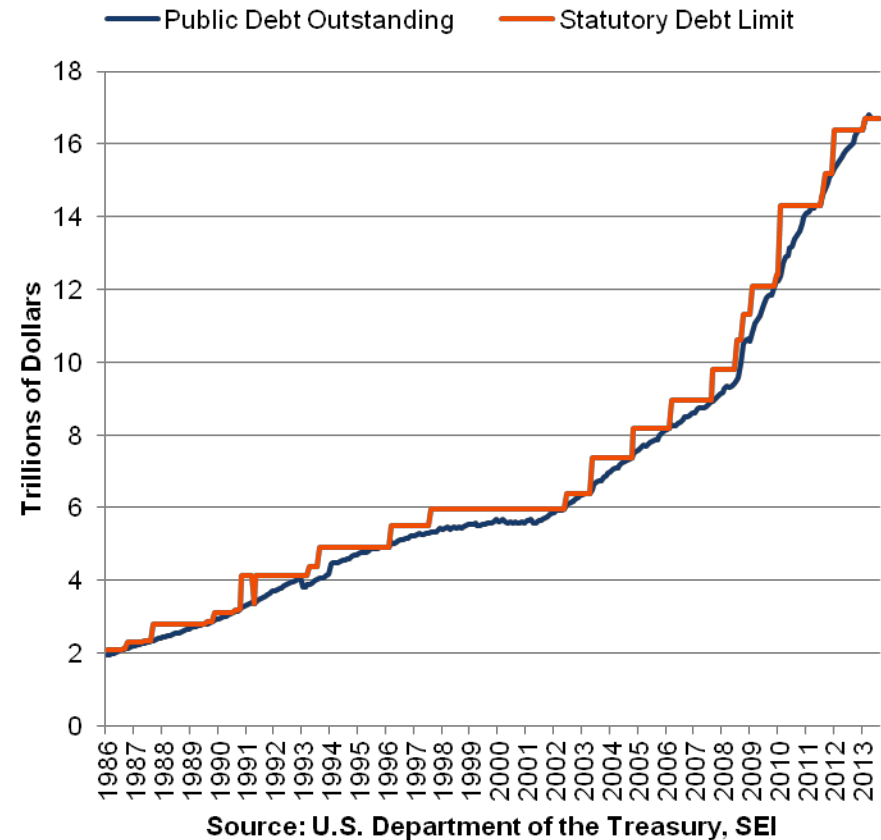


History has shown that when the Recession Index is less than zero, the CFNAI-MA3 measurement is less than -0.70 and both are trending more negatively, that the economy is relatively sensitive to macro economic shocks. However, this does NOT guarantee that a recession is at hand. As the graphs above exhibit, however, the values of these metrics were significantly negative during the last several recessions. Based on our calculations the current Recession Index value as of 11/05/2013 is +20% and the CFNAI-MA3 is -0.18. Please note, however, that past economic performance is no guarantee of future performance and diversification does not ensure a profit or guarantee against loss: it is a method used to help manage risk.

Source: St. Louis Federal Reserve Data Site (<http://research.stlouisfed.org/fred2>)

Market Summary

- The strong performance of developed equities pushed stock price multiples to elevated levels.
- Current valuations are not at extremes, but are vulnerable to a correction in the face of bad news.
- We anticipate further market volatility with the political games of Washington, D.C., leading headlines—the debt ceiling, fiscal-year budget and sequester.
- The resilience of the stock market suggests investors are assuming things get worked out; but as uncertainty lingers, increased volatility would not be surprising.
- The odds of a mild-to-moderate price correction in equities have increased.



Diversification | Asset Class Returns

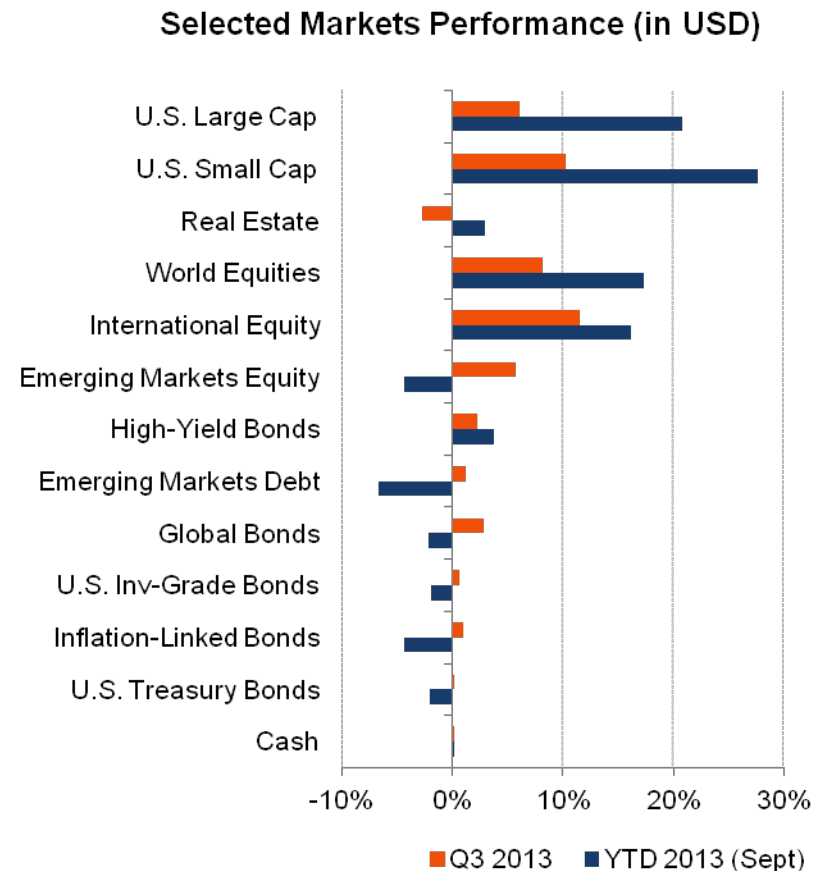
- Individual asset classes go in and out of favor over time. Harnessing proper diversification can enhance returns and help to cushion against volatility.
- This graphic illustrates why investors diversify and the potential damages of market timing.
- As you can see, no single asset class remained at the top for two consecutive years, and in fact often trailed the market in succeeding years.

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	BEST
Emerging Markets Equity	56.28%	REIT Index 33.16%	Emerging Markets Equity 34.54%	REIT Index 35.97%	Emerging Markets Equity 39.78%	International Fixed Income 8.01%	Emerging Markets Equity 79.02%	Small Cap Growth 29.09%	REIT Index 9.37%	Emerging Markets Equity 18.63%	
Small Cap Growth	48.54%	Emerging Markets Equity 25.95%	International 14.02%	Emerging Markets Equity 32.59%	Large Cap Growth 11.81%	Core Fixed Income 5.24%	High Yield Bond 58.90%	REIT Index 28.07%	Emerging Market Debt 8.46%	Emerging Market Debt 18.54%	
Small Cap Value	46.03%	Small Cap Value 22.25%	REIT Index 13.82%	International Equity 26.86%	International Equity 11.63%	Emerging Market Debt -10.91%	Large Cap Growth 37.21%	Small Cap Value 24.50%	Core Fixed Income 7.84%	Small Cap Value 18.05%	
International Equity	39.17%	International Equity 20.70%	Emerging Market Debt 10.73%	Small Cap Value 23.48%	GO/40 Diversified Portfolio 7.98%	GO/40 Diversified Portfolio -24.55%	Small Cap Growth 34.47%	Emerging Markets Equity 19.20%	High Yield Bond 4.37%	International Equity 17.96%	
REIT Index	36.18%	Large Cap Value 16.49%	GO/40 Diversified Portfolio 7.98%	Large Cap Value 22.25%	Small Cap Growth 7.05%	High Yield Bond -26.11%	International Equity 32.46%	Large Cap Growth 16.71%	International Fixed Income 4.06%	Large Cap Value 17.51%	
Large Cap Value	30.03%	Small Cap Growth 14.31%	Large Cap Value 7.05%	Large Cap Core 15.46%	Core Fixed Income 6.96%	Small Cap Value -28.92%	REIT Index 28.46%	Large Cap Value 15.51%	Large Cap Growth 2.64%	REIT Index 17.12%	
Large Cap Core	29.89%	GO/40 Diversified Portfolio 12.00%	Large Cap Core 6.27%	GO/40 Diversified Portfolio 14.55%	Emerging Market Debt 6.28%	Large Cap Value -36.85%	Large Cap Core 28.43%	High Yield Bond 15.07%	Large Cap Core 1.50%	Large Cap Core 16.42%	
Large Cap Growth	29.75%	Emerging Market Debt 11.73%	International Fixed Income 5.69%	Small Cap Growth 13.35%	Large Cap Core 5.77%	Large Cap Core -37.60%	Emerging Market Debt 28.18%	Large Cap Core 15.06%	GO/40 Diversified Portfolio 0.70%	High Yield Bond 15.55%	
High Yield Bond	27.97%	Large Cap Core 11.40%	Large Cap Growth 5.26%	High Yield Bond 10.76%	International Fixed Income 4.88%	Large Cap Growth -38.44%	GO/40 Diversified Portfolio 26.28%	GO/40 Diversified Portfolio 12.83%	Large Cap Value 0.39%	Large Cap Growth 15.26%	
Emerging Market Debt	25.66%	High Yield Bond 10.87%	Small Cap Value 4.71%	Emerging Market Debt 9.88%	High Yield Bond 2.53%	Small Cap Growth -38.54%	Small Cap Value 20.58%	Emerging Market Debt 12.04%	Small Cap Growth -2.91%	Small Cap Growth 14.59%	
GO/40 Diversified Portfolio	25.48%	Large Cap Growth 6.30%	Small Cap Growth 4.15%	Large Cap Growth 9.07%	Large Cap Value -0.17%	REIT Index -39.20%	Large Cap Value 19.69%	International Equity 8.21%	Small Cap Value -5.50%	GO/40 Diversified Portfolio 13.41%	
Core Fixed Income	4.11%	International Fixed Income 5.17%	High Yield Bond 2.78%	Core Fixed Income 4.33%	Small Cap Value -9.78%	International Equity -43.06%	Core Fixed Income 5.93%	Core Fixed Income 6.54%	International Equity -11.73%	International Fixed Income 5.51%	
International Fixed Income	1.88%	Core Fixed Income 4.34%	Core Fixed Income 2.43%	International Fixed Income 3.10%	REIT Index -17.55%	Emerging Markets Equity -53.18%	International Fixed Income 2.38%	International Fixed Income 2.48%	Emerging Markets Equity -18.17%	Core Fixed Income 4.21%	

Source: Ibbotson Associates. This material has been obtained from sources generally considered reliable. No guarantee can be made as to its accuracy. Not intended to represent the performance of any particular investment. Indices are unmanaged and one cannot invest directly in an index.

Global market review

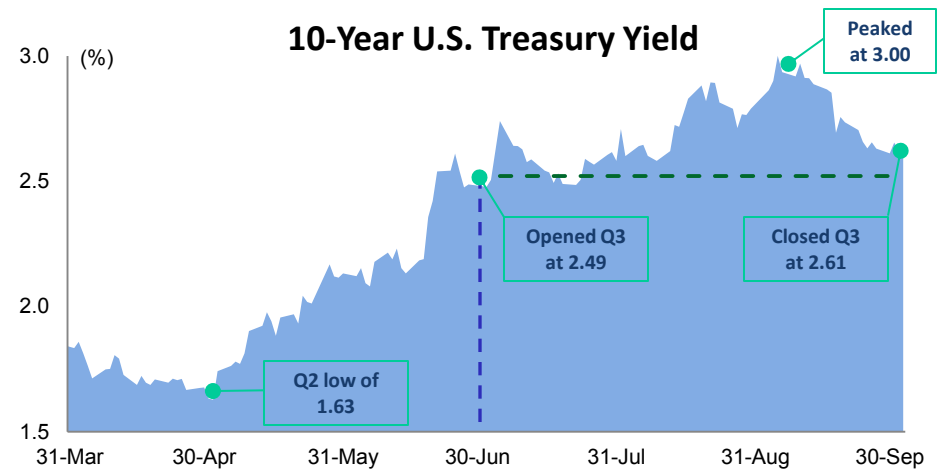
- Economic data around the world continued to show improvement.
- Equities continued to rally, outpacing modest fixed-income returns.
- Non-US equities led the rally on better economic news.
- Domestic markets encountered increased volatility as investors reacted to policy confusion in Washington.
- Inflation remained benign, but commodities rebounded.



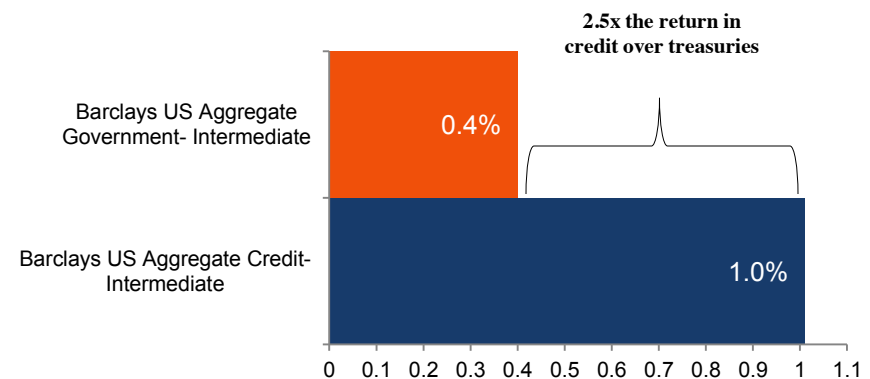
Source: SEI. Returns in US dollars. Large Cap = Russell 1000, Small Cap = Russell 2000, Real Estate = Wilshire RESI (Float Adjusted) Index, Developed International Equity Markets = MSCI EAFE, Emerging Markets Equity = MSCI EME, World Equities = MSCI World Index, Global Bonds = Barclay's Capital Aggregate Global Bond Index, US Investment Grade Bonds = Barclay's Capital US Aggregate, High Yield = Merrill Lynch US HY Constrained, Emerging Markets Debt = JP Morgan EMBIGD, Treasury = Barclay's Capital US Treasury Bond Index, Inflation Linked = Barclays Capital 1-10 Yrs TIPS Index, Cash = BoA ML USD LIBOR 3M. Index returns are for illustrative purposes only and do not represent actual fund performance. Index performance returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged and one cannot invest directly in an index. Past performance is no guarantee of future results.

Bonds market review: Roundtrip

- Interest rates rose early in the quarter, as economic data fed speculation of a potential Fed taper.
- Rates retreated when the Fed surprised investors by taking no action at the September meeting.
 - The 10-year U.S. Treasury yield rose from 2.49% to 3.00%, closing the quarter at 2.61%.
- After rising early on technical pressure, non-government spreads declined on firm economic fundamentals.
 - U.S. credit outperformed government bonds.
- The near-term selloff in spread sectors was overdone due to technical, not fundamental, factors, creating opportunity in non-Treasury's.
 - Credit fundamentals continue to remain strong.
- We expect interest rates to rise over time, but we anticipate rates to remain range bound near term.



Credit outperformed duration – returns (%)



Stock market review: September rally caps volatile market

- Equity markets rallied despite a pause in August over possible U.S. military intervention in Syria and speculation of Fed tapering.
- Defensives underperformed cyclicals, with utilities and telecom lagging the most.
 - Bond proxies (megacaps with high dividend yields) performed poorly; valuations were lowered, but still above historical norm.
- Developed non-U.S. equities outperformed the U.S. on signs of economic improvement.
 - Emerging-market equities rebounded in September.
 - Valuations and long-term growth prospects are looking more attractive, but cyclical slowing creates near-term challenges.
- We believe U.S. equities are fairly valued, but remain attractive as slow earnings growth can continue to support price appreciation.

