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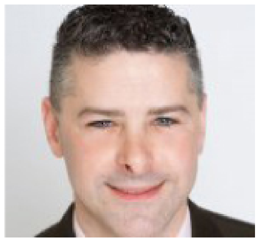


April 2017

Market Update
(all values as of 03.31.2017)

Stock Indices:

Dow Jones	20,663
S&P 500	2,362
Nasdaq	5,911

Bond Sector Yields:

2 Yr Treasury	1.27%
10 Yr Treasury	2.40%
10 Yr Municipal	2.26%
High Yield	5.82%

YTD Market Returns:

Dow Jones	4.56%
S&P 500	5.53%
Nasdaq	9.82%
MSCI-EAFE	6.47%
MSCI-Europe	6.73%
MSCI-Pacific	6.03%
MSCI-Emg Mkt	11.14%
US Agg Bond	0.81%
US Corp Bond	1.22%
US Gov't Bond	0.96%

Commodity Prices:

Gold	1,251
Silver	18.28
Oil (WTI)	50.85

Currencies:

Dollar / Euro	1.07
Dollar / Pound	1.24
Yen / Dollar	111.26
Dollar / Canadian	0.75

Macro Overview

Equity markets advanced during the first quarter as improving economic data supported gradually rising earnings. A steady and predictable path of anticipated rate increases this year by the Federal Reserve was well received by financial markets.

Domestic equity indices ended positive for the first quarter of 2017. The Dow Jones Industrial Index was up 4.6%, the S&P 500 Index returned 5.5%, and the technology heavy Nasdaq ended the quarter with a 9.8% gain. Many believe that an underlying global recovery may be underway, leading to domestic equity demand here in the U.S.

The Fed hiked short-term rates as expected in March, on track with two additional hikes in 2017 with improving economic data validating the Fed's continuance of rate increases. The Fed has so far increased rates only three times in the past 16 months, one of its slowest paces ever. Fixed income analysts view the Fed's decision to set two additional rate hikes in 2017 as a normalization of the interest rate environment, away from further accommodative policy producing low rates.

President Trump's political capabilities are being tested as he needs to substantiate that he can formalize legislative arrangements rather than business transactions. The inability to initiate a bill to repeal the Affordable Care Act (ACA) created uncertainty as to whether or not future legislative ambitions would prove more challenging. In addition to resuscitating a health care bill, tax reform is expected to be President Trump's next objective, which many expect easier to tackle since lower taxes are a common theme among the divided Republican party.

Two well respected measures of how consumers feel and how they perceive the economic environment showed dramatic increases in their most recent data.

The Consumer Confidence Index, compiled by the Conference Board, and the Consumer Sentiment Index, prepared by the University of Michigan, both elevated to record levels. Since consumer expenditures make up nearly 70% of Gross Domestic Production (GDP), growing confidence among consumers is deemed optimistic by economists.

With tax season underway, estimates from the IRS show that over 140 million tax returns will be filed for the 2016 tax year with over $3.3 trillion in federal tax revenue. (Sources: Federal Reserve, Dept. of Commerce, Dow Jones, S&P)

140 Million — Estimated number of tax returns to be filed for tax year 2016

Estimated total federal tax revenue for tax year 2016 — $3.3 Trillion

122,310,753 — Total number of federal tax refunds issued for fiscal year 2016

ALL THREE MAJOR EQUITY INDICES WERE POSITIVE FOR THE 1ST QTR

Generous First Quarter – Domestic Equity Update

The first quarter saw all of the major equity indices end positive, with the Dow Jones Industrial Index ending up 4.6%, the S&P 500 Index returned 5.5%, and the Nasdaq ended the quarter with a 9.8% gain. The S&P 500 index peaked on March 1st, ending lower at quarter end yet still up for the quarter as its sixth straight positive quarter.

What was of interest regarding the positive outcome in the first quarter was that the market's performance was not due to the Trump sector stocks that excelled following the election, which were actually lack luster during the 1st quarter. Technology underperformed after the election but had the single largest return of any of the sectors. The technology sector led the 1st quarter rally, producing the largest gain of any of the industry sectors.

On March 22nd, the Securities & Exchange Commission (SEC) adopted a rule to shorten the settlement period for securities from 3 business days to 2 business days. The SEC believes that a shorter settlement period will reduce certain credit, market, and liquidity risks. The new rule will take affect September 5, 2017. (Sources: SEC, Dow Jones, S&P)

Rates On Track To Rise Slowly – Fixed Income Overview

Rates retreated downward during the first quarter as growth prospects were alleviated even though the Federal Reserve raised rates in March. Treasury bond yields rose in early March in anticipation of accelerated Federal Reserve tightening and then fell following a sense that the Fed may proceed with cautioned rate hikes due to possible lackluster economic data. The Fed increased its target on short-term rates (Federal Funds Rate) to 0.75-1.0% and signaled two more anticipated hikes in 2017.

A jump in the Personal Consumption Expenditure (PCE) index to 2.1% has validated the Fed's stance of continued rate hikes and an eventual winding down of its government and mortgage bond holdings on its $4.5 trillion balance sheet. (Sources: Federal Reserve, Reuters, Bloomberg)

Brexit Is Finally Underway – Euro Region Update

Ever since British voters decided to have Britain exit the European Union (EU) in June 2016, the process and timeline of the exit have been in question. This past month, British Prime Minister Theresa May triggered Article 50 which begins a two-year period of negotiations with the EU on exiting the union and establishing remediary trade arrangements with applicable countries. Should negotiations not be completed within the two-year period, then Britain would be required to follow World Trade Organization (WTO) rules on tariffs.

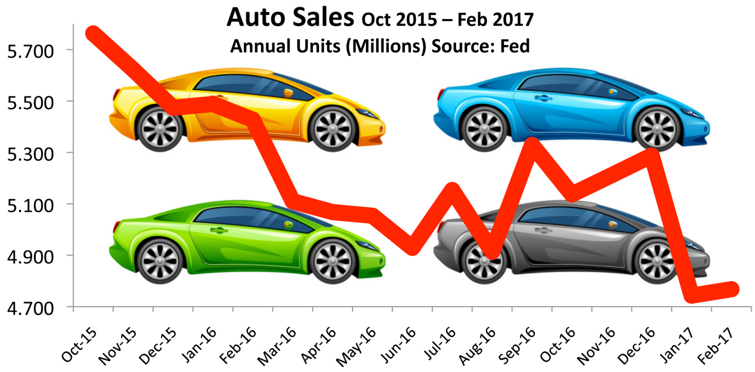
What has kept Britain from formally moving forward with its decision to exit the EU has been the delay in executing Article 50, which was never signed by the prior prime minister, David Cameron, and delayed by British courts on its applicability.

The execution of Article 50 comes at a time when other EU member countries are having elections with EU membership as a notable topic.

Here in the United States, triggering Article 50 is akin to having a U.S. state secede from the nation. (Sources: EuroStat, Europa.eu)

Auto Sales May Have Peaked – Industry Overview

Low interest rates and aggressive leasing programs have made some fairly expensive cars affordable. Rather than struggling to get approved for a new home loan or refinance, Americans have instead financed cars, where getting a loan approval has been easier. The abundance of attractive loans has helped elevate auto sales throughout the country over the past few years. Recent auto sales have been slowing across the country as dealer incentives have become less effective.



The end of 2016 saw auto loans outstanding reach $1.1 trillion, propelled by continued low interest rates. Federal Reserve data revealed that the average rate on a typical 4 year auto loan was 4.45% in the 4th quarter of 2016. The same auto loan in February 1982 was 17.05%.

As expensive as some automobiles have become for consumers, an auto loan is the only method of actually affording the pricey cars of today. Over the years, several automobile companies have established their own financing thus allowing buyers to buy and borrow directly from them.

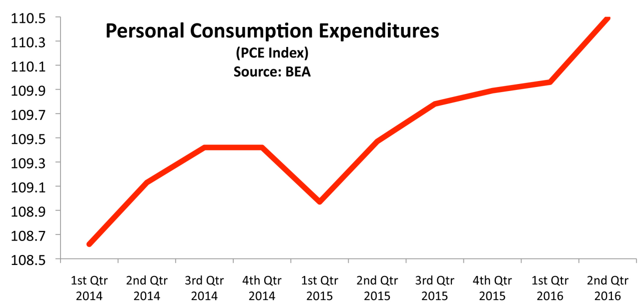
A growing concern among analysts are the number of auto loans that have been securitized over the past few years. The ultra low rate environment has created incredible affordability for consumers as well as attractive high yielding securities for risk seeking investors. An increase in rates may lead to an increase in auto loan defaults as payments become less affordable. (Source: Federal Reserve)

Inflation On Track For Fed Rate Hikes – Monetary Policy

A primary determinant for the Fed's decision to raise rates is inflation. As part of its monetary policy objectives, the Fed had set a 2% target for consumer inflation as a trigger for sustained rate increases.

A closely followed indicator of inflation and what consumers pay for goods and services is the Personal Consumption Expenditures Index (PCE), which is compiled and released by the Commerce Department each month. The most recent data released shows that consumer inflation edged up 2.1% over the past year, marking its largest annual gain since March 2012.

A rising PCE is indicative of rising prices for consumers throughout the economy, in other words inflation. One of the Fed's mandates is to thwart inflationary pressures with gradual increases in short-term rates. This monetary policy tool has been used for decades as it stems inflation and slows consumers down from spending too much before it evolves into inflation. (Sources: Commerce Dept., Fed.)



THE U.S. GOVERNMENT WILL COLLECT AN ESTIMATED $3.3 TRILLION FOR TAX YEAR 2016

Tax Freedom Day – Market Fact

Every year, the nation celebrates Tax Freedom Day, the day that the nation as a whole has earned enough to pay for all taxes due throughout the year. This year, Tax Freedom Day is April 24th.

The Tax Foundation calculates Tax Freedom Day by using the total amount of taxes paid the previous year then considers historical trends and recent economic data.

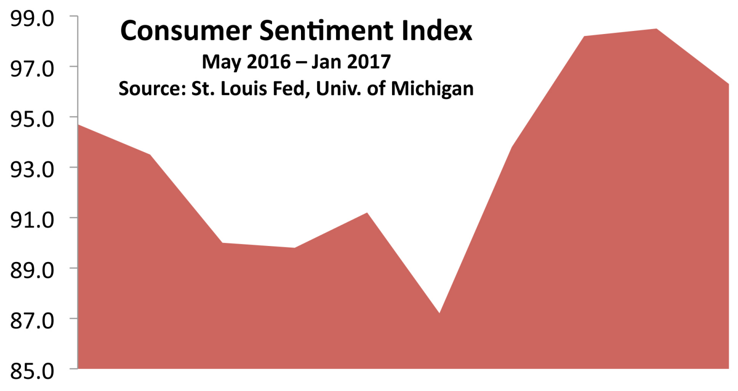
For 2016, the Foundation projected $3.3 trillion in federal taxes and $1.6 trillion in state and local taxes. The total of $5 trillion is then divided by the total personal income earned by Americans each year, deriving a ratio of 31. This number means that Americans work a third of their lives just to pay taxes. Once the ratio of 31 is multiplied by 365 days, then that's how we arrive at April 24th.

From a calendar perspective, January income is for federal income taxes, February is for Social Security, Medicare, and payroll taxes. March income is for state, excise and property taxes, while April is for the incidental corporate, estate tax and motor vehicle fees.

Taxes due from state to state vary considerably, since some states carry higher taxes than others. Residents from certain states such as Connecticut, New York, and New New Jersey may not celebrate Tax Freedom Day until May, while Louisiana celebrates it in late March. (Sources: IRS, The Tax Foundation)

Consumer Confidence On The Rise – Consumer Behavior

Two key measures of consumer confidence soared to levels not seen since 2000, helping to propel equities higher towards the end of the first quarter. Since consumer expenditures make up nearly 70% of Gross Domestic Production (GDP),growing confidence among consumers is viewed optimistically by economists.



A non-profit research group, The Conference Board, compiles and releases its Consumer Confidence Index each month, an indicator of consumer sentiment. In its most recent release, the Conference Board saw the largest increase in its index since December 2000. Another highly regarded index on consumer confidence is the Consumer Sentiment Index from the University of Michigan, which saw its largest increase in 17 years. (Sources: Commerce Department, Univ. of Michigan, Conference Board)