



Market Analysis

The equity markets recovered from a sharp early-October swoon to close out 2014 on a strong note, as most indices posted mid- to high-single-digit advances in the fourth quarter.

Corporate earnings in the U.S. have surprised to the upside, and this has reassured domestic equity investors amid concerns about global economic softness.

Our Small Cap Equity strategy underperformed both the Russell 2000® and Russell 2000® Value indexes in the fourth quarter, while finishing the year roughly in-line with the Russell 2000® Index and ahead of the Russell 2000® Value Index.

Sector allocation contributed to our underperformance, primarily due to our overweight to the Energy sector proved detrimental in the face of rapidly falling oil prices.

Stock selection also detracted from results, most notably in the Health Care sector, where our underweight to biotechnology issues proved detrimental during the quarter.

While the U.S. economic expansion continues, much uncertainty remains both at home and abroad. We remain committed to our balanced approach towards security selection and portfolio construction, confident that it will be rewarded over time.

Comments above relating to portfolio results are based upon composite performance data, and may not be representative of individual client portfolio performance due to a number of factors, including but not limited to, account specific restrictions and timing of client cash flows.

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Performance (Gross of Fees)

	4Q14	YTD	1 Year	3 Year	5 Year	Since Inception*
Total Portfolio	6.14%	—	—	—	—	0.26%
Russell 2000®	9.73%	4.89%	4.89%	19.19%	15.54%	2.36%
Russell 2000® Value	9.40%	4.22%	4.22%	18.27%	14.25%	1.23%

*Inception date: 3/31/2014

Market Value

	Trade Date Market Value
Total Portfolio	\$5,928,257
Equity	\$5,877,389
Cash	\$50,868

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