



Weekly Manager's Pulse - April 3, 2015

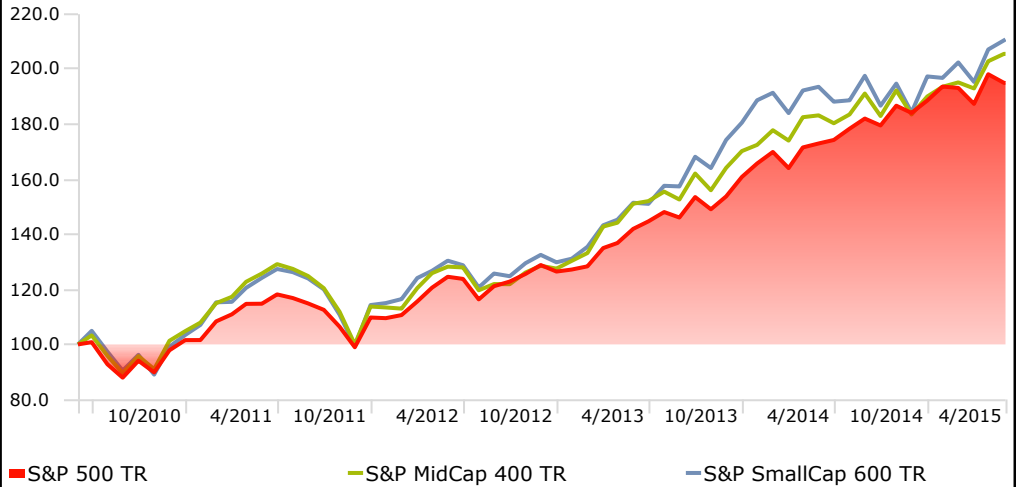
Commentary

The S&P 500 Index had modest return of +0.32%, as the first quarter drew to a close. Mid cap equities, as measured by the S&P MidCap 400, outperformed gaining 1.05% and remain well ahead of large caps thus far in 2015. Seven of the ten sectors produced positive returns last week, with Telecom and Utilities both leading the way at +1.6%. Healthcare was the worst performer, losing -1.5%, although it remains the best returning sector year-to-date.

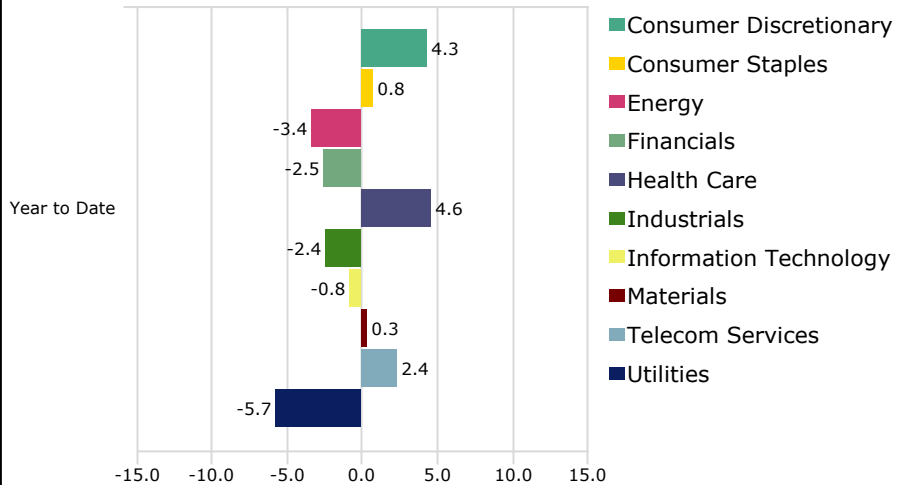
Data released last week indicate the U.S. first-quarter rate of economic growth could be slower than anticipated. US businesses hired fewer workers than predicted in March, according to payroll processor Automatic Data Processing. The addition of 189,000 monthly jobs fell short of the forecast 225,000 new jobs. February's private payroll report was revised upward slightly to 214,000 jobs. The good news in the March jobs report was an increase in worker pay. Average hourly wages rose a solid +0.30% in March. The increase in wages over the past 12 months was +2.10%. Wage gains have averaged about +2.00% since 2010, just two-thirds as fast as they normally grow. We continue to believe that the underlying fundamentals of the labor market remain strong.

We expect volatility to remain elevated in the coming months as the Fed debates when to start lifting rates and until the earnings outlook improves. The Fed's rate hike cycle should be gradual, and we do not expect this will create a roadblock to growth for the foreseeable future.

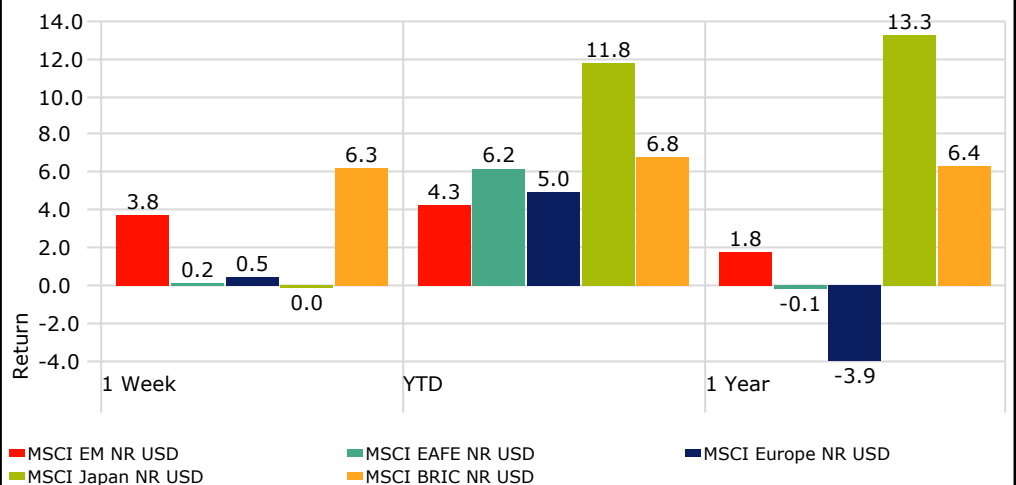
U.S. Indexes Investment Growth - 5 Years



Sector Returns Relative to the S&P 500



International Returns



Economic Data

- Personal income 0.3% m/m
- Consumer spending -0.2% m/m
- ADP employment 189K
- Manufacturing PMI 55.7
- Vehicle sales 17.2 M
- International Trade -\$35.4 B
- Unemployment 5.5%



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Portfolio Commentary

Fixed Income

Investment-grade corporate bonds generated gains last week. The week was the slowest of 2015 in terms of issuance of investment-grade corporate debt, which helped move that market towards a healthier balance of supply and demand.

Income Cash Yield

Treasuries pushed indexes higher with yields retreating from 2015 highs. Most other sectors finished the week higher, but were outpaced by the Treasury rally.

Absolute Return

Equity and Managed Futures exposure led the strategy higher for the week, although all positions had positive returns.

Balanced

Equities finished higher for the week, pulling returns up. The fixed income side of the allocation helped smooth out some of the volatility.

Equity

The S&P 500 was up 0.32% last week with the more defensive sectors leading the way. Utilities and Telecom both ended the week up 1.6%. Healthcare stocks were down sharply for the week (-1.5%) resulting in our Equity Strategy not performing as well as the broader market due to our overweighting in that sector.

Global

MSCI EAFE NR ended the week up 0.19%, with European equities leading the way as manufacturing data came in slightly stronger than expected. Conversely, Japan's industrial production shrank for the first time in three months. All of our global active managers outperformed, helping the portfolio surpass the index last week.

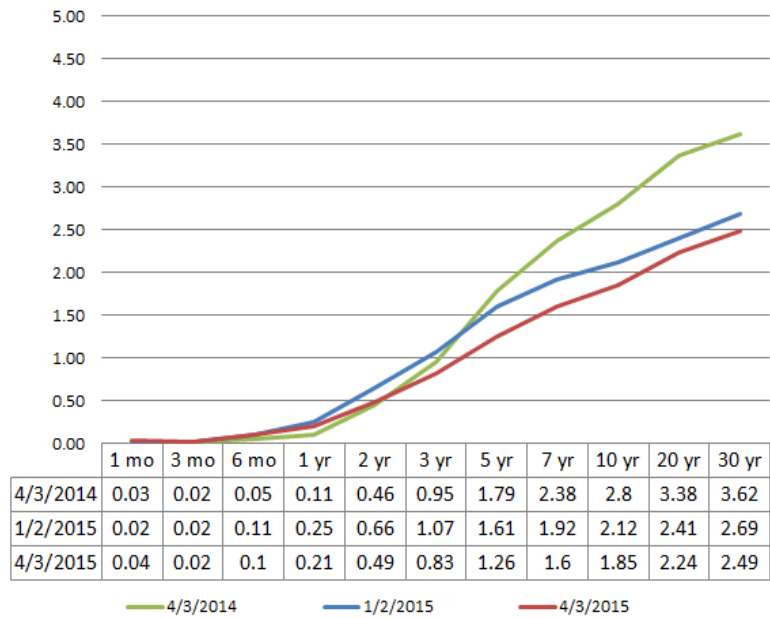
Annuities

Adjusting trades were placed in Hartford and TIAA CREF annuity accounts last week.

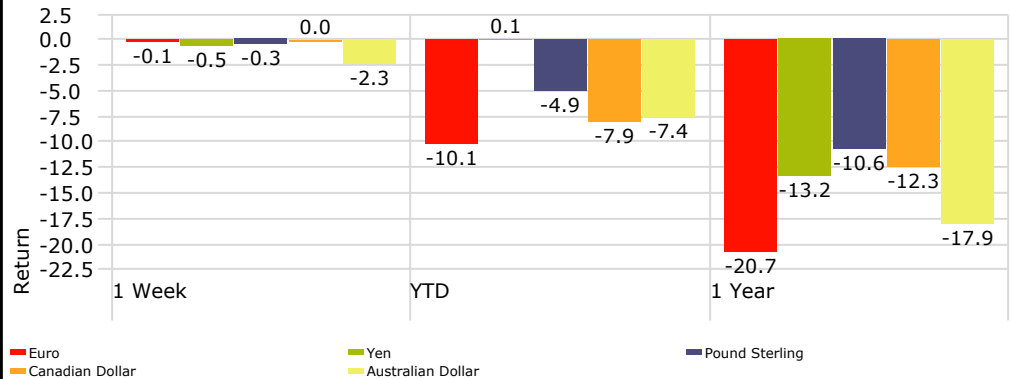
Quote of the Week:

"There's so much oil, all over the world, they don't know where to dump it." - Donald Trump, April 18, 2011

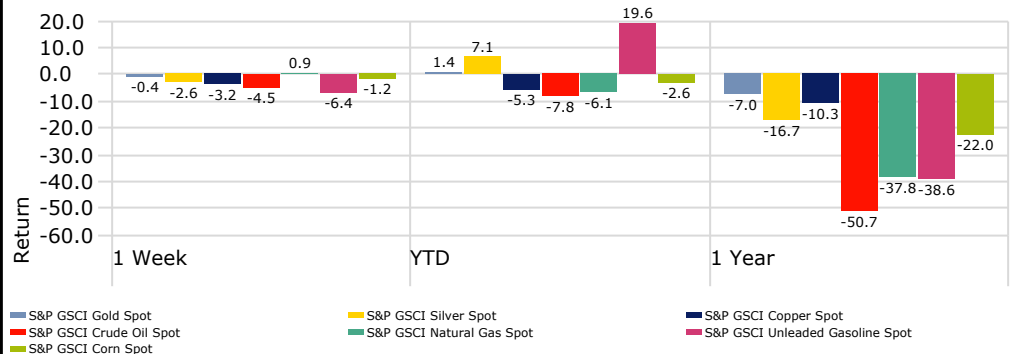
U.S. Govt Bond Yield Curve



Select Currency Returns



Select Commodity Returns



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