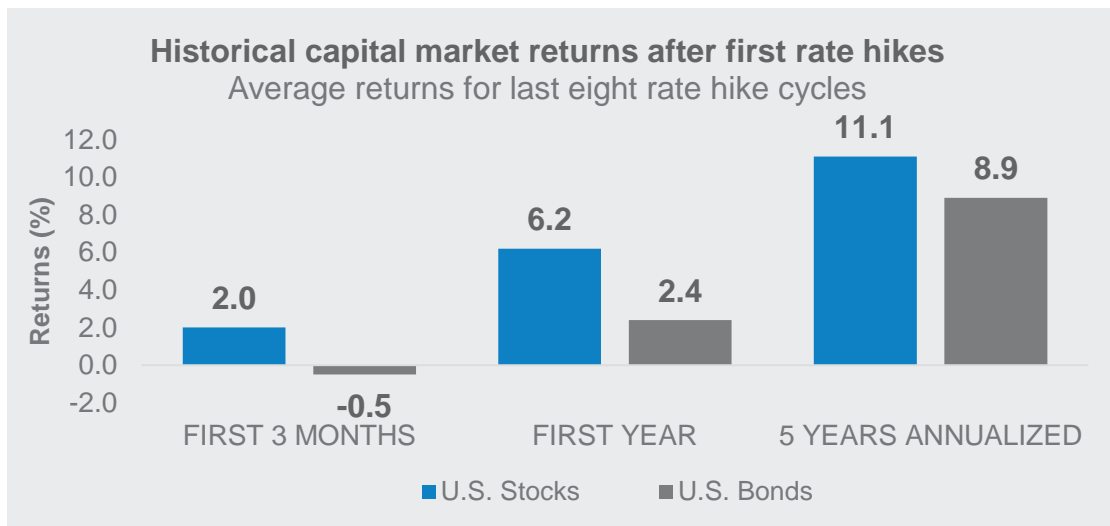


# Market reactions to Federal Funds Rate increases



- › Federal Reserve interest rate hike anticipated for 2015
- › Capital markets history has demonstrated mixed results after prior rate hikes
- › First year returns have been “below average”
- › Five-year returns are within normal historical ranges

Time of initial Fed hike	Rate at 1 <sup>st</sup> hike	FIRST 3 MONTHS		FIRST YEAR		FIVE YEARS ANNUALIZED	
		Stocks	Bonds	Stocks	Bonds	Stocks	Bonds
May-71	4.2%	-7.3	-1.5	13.3	7.8	3.8	6.6
May-77	4.7%	1.6	2.1	6.6	2.4	9.7	4.6
Aug-80	9.0%	7.7	-5.7	6.0	-3.6	14.0	14.7
May-83	8.6%	2.0	-3.5	-7.1	0.4	12.6	12.0
Nov-86	6.0%	11.5	3.2	-7.6	1.8	11.5	9.4
Apr-88	6.6%	6.6	1.2	22.0	7.9	14.6	11.3
Jan-94	3.0%	-3.8	-2.9	-0.7	-2.3	22.3	7.1
Jul-04	1.0%	-1.9	3.2	16.9	4.8	0.4	5.1

Sources: Federal Reserve Bank of New York, Stocks: S&P 500® Index (1970 – 1978) and Russell 3000® Index (1979 – Present), Bonds: Barclays U.S. Aggregate Bond Index. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment. Indexes are unmanaged and cannot be invested in directly.