Investment Overview

Not-for-Profit Summit

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Fredric Walls
Managing Director
Senior Investment Advisor
Fredric.Walls@SunTrust.com

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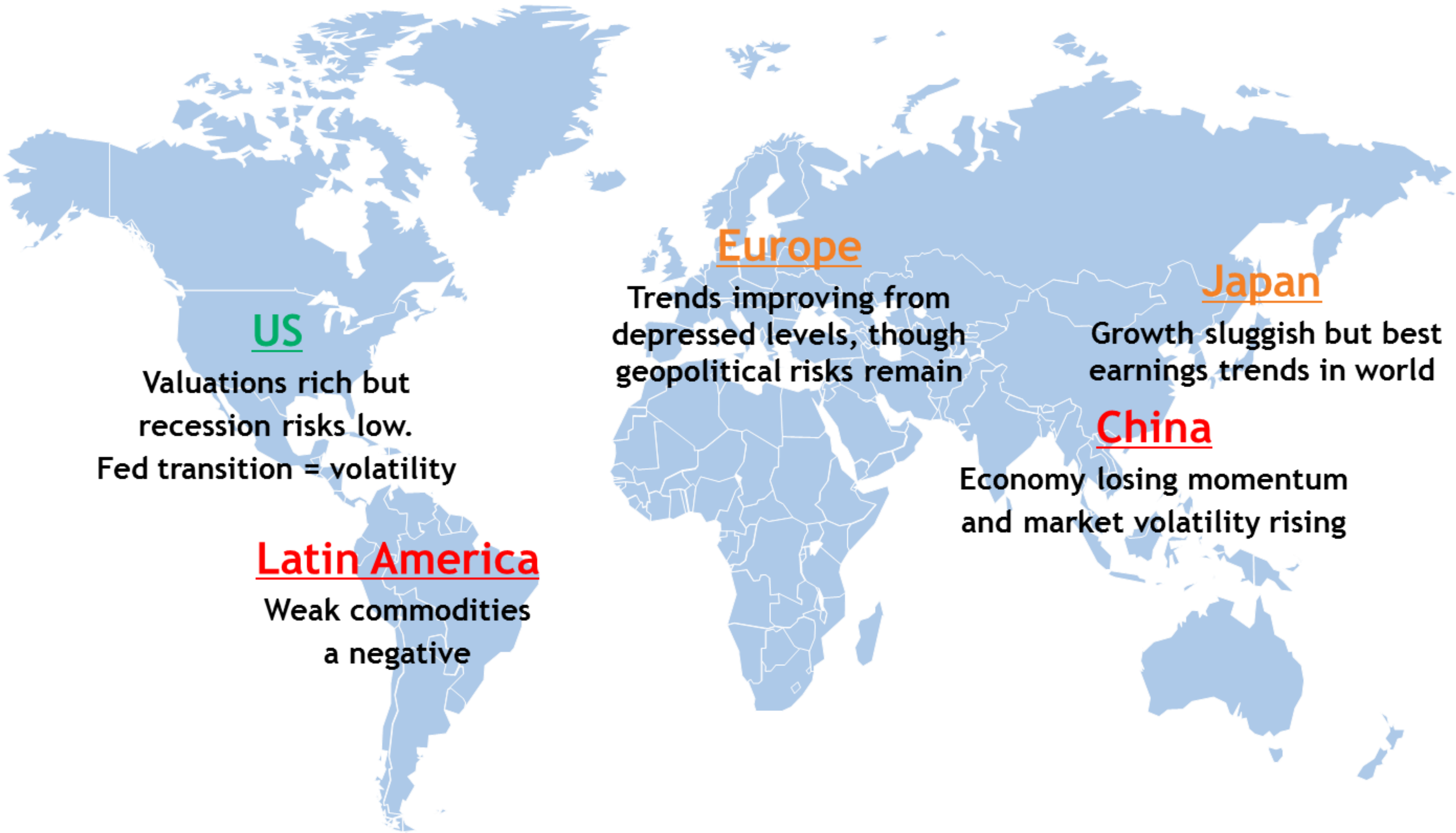
Market Summary

- **Markets show resilience following terrorist attacks in Paris and the prospect that the Fed would raise rates in December**
  - Markets rebounded after the Paris attacks. In the background, markets also digested remarks from the Fed. Consequently, the US Dollar Index climbed 3.3% for the month, near a 12-year high.
  - US stocks outpaced the rest of the world, climbing enough to notch gains in November, while US small-cap stocks soared. Yet, just four of the ten S&P sectors were positive for the month.
  - Developed countries—led by Belgium, Denmark and Ireland—modestly missed scaling back to even for the month. Emerging markets stocks dropped 3.9% as China slumped late in the month and are down about 13% for 2015.
  - Commodities declined for the fifth straight month driven by crude oil and all of the metals. REITs returns were down modestly.
- **Bond returns struggled as interest rates swing**
  - The bond market rollercoaster returned in November as the odds of Federal Reserve rate hike in December increased. The 10-year US Treasury yield rose to 2.34%, its highest level since June, before slipping to 2.21% by the end of the month.
  - The Barclays Aggregate Bond Index was down only a modest 0.3% in November and muni bonds rose 0.2%. US high yield bonds fell 2.2%, giving back most of their October gains, while non-US bond segments were hurt by the strong US dollar.

Global Market Environment



US

Valuations rich but recession risks low.
Fed transition = volatility

Europe

Trends improving from depressed levels, though geopolitical risks remain

Japan

Growth sluggish but best earnings trends in world

China

Economy losing momentum and market volatility rising

Latin America

Weak commodities a negative

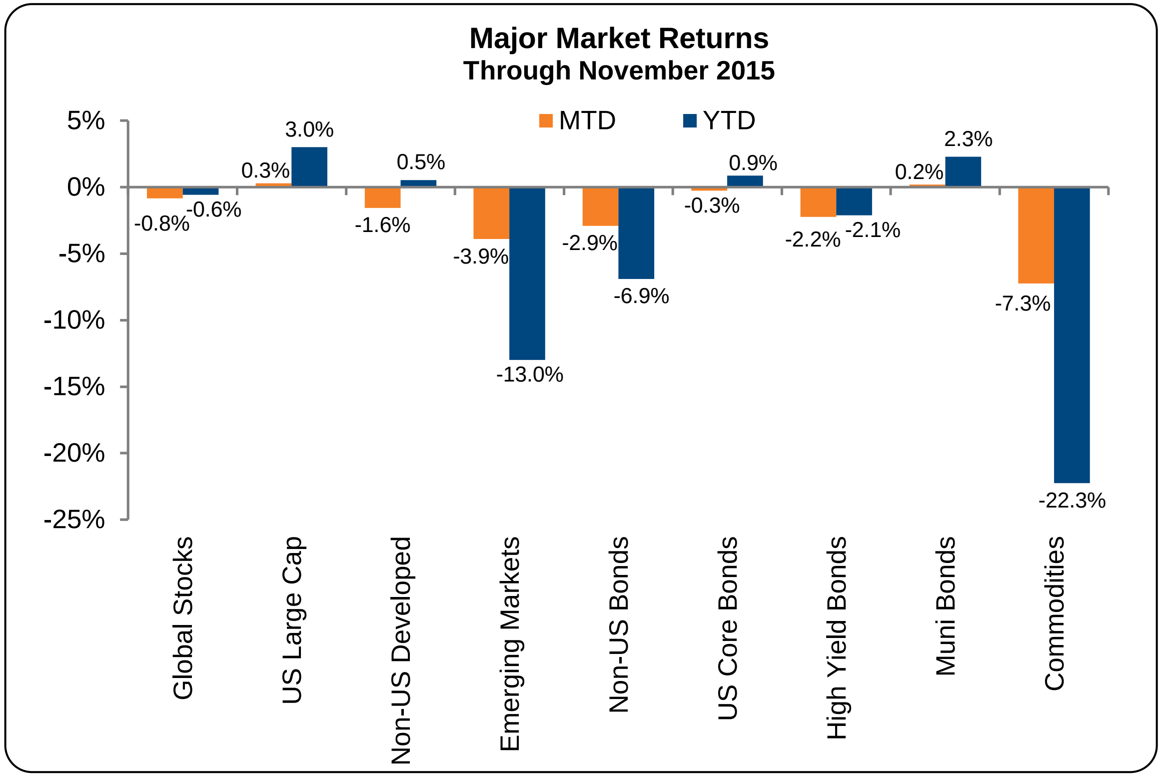
Market Overview

US stocks posted gains, but international stocks and bonds slipped

Markets rebounded after the Paris attacks. Meanwhile, markets also adjusted to the notion that conditions were lining up for the Federal Reserve to begin to normalize rates in December.

Among other reactions, bond returns struggled and the US Dollar Index climbed 3.3% for the month, near a 12-year high.

US stocks outpaced the rest of the world, climbing enough to notch gains in November. Developed countries modestly missed scaling back to even. Emerging markets stocks dropped 3.9% for the month, as China slumped late in the month.



Returns represented by the following indices: MSCI ACWI Index, S&P 500 Index, MSCI EAFE Index, MSCI Emerging Markets Index, Citi WGBI NonUSD USD, Barclays Aggregate Bond Index, BofAML US High Yield Master II Index, Barclays Municipal Bond 1-15 Index, Bloomberg Commodity Index.

Data source: Morningstar

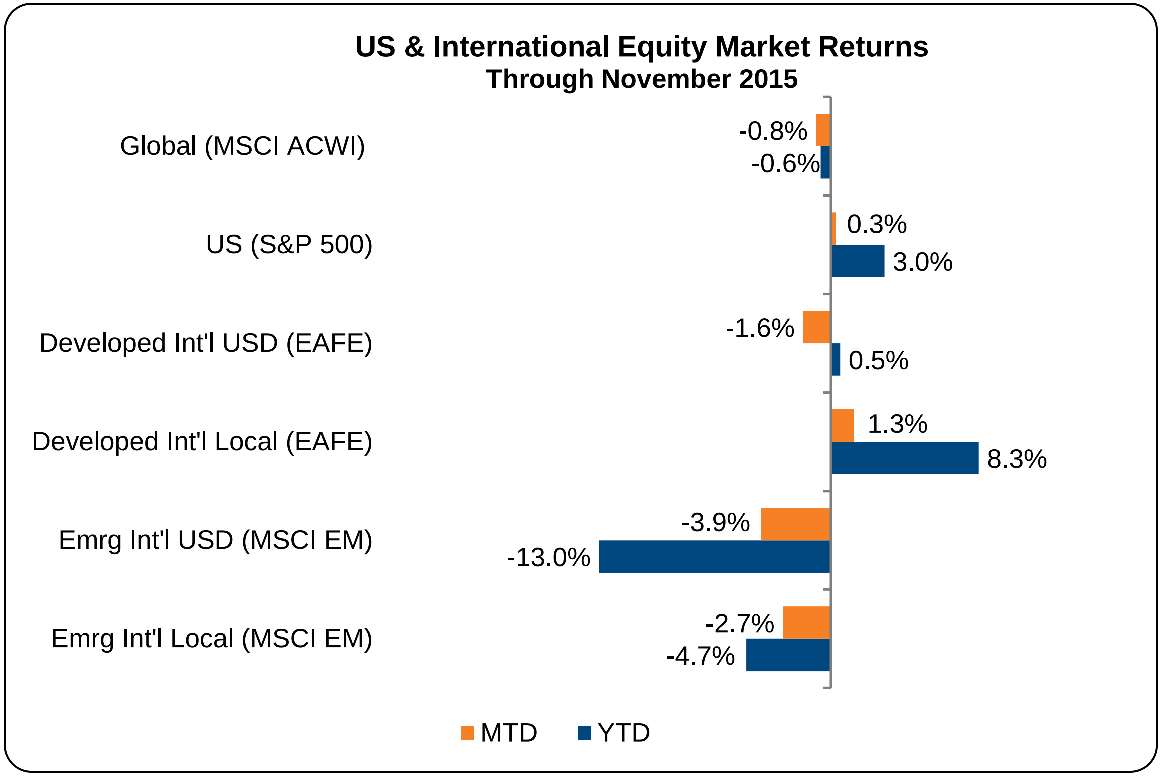
Equity Market Overview

Stocks rebound after mid-month selloff, but stronger dollar pinches foreign stocks

US stocks outpaced the rest of the world, climbing enough to notch gains in November. The stronger US dollar, however, eat into returns for international stocks for US investors.

Nonetheless, developed countries—led by Belgium, Denmark and Ireland—modestly missed scaling back to even for the month. Emerging markets stocks dropped 3.9% as China slumped late in the month and are down about 13% for 2015.

Within the US, just four of the ten S&P sectors were positive for the month. US small-cap stocks soared.



Returns are represented by the following indices: S&P 500 Stock Index, MSCI Emerging Market Index in US dollars and local currencies, MSCI EAFE developed country index in US dollars and local currencies.

Data source: Morningstar

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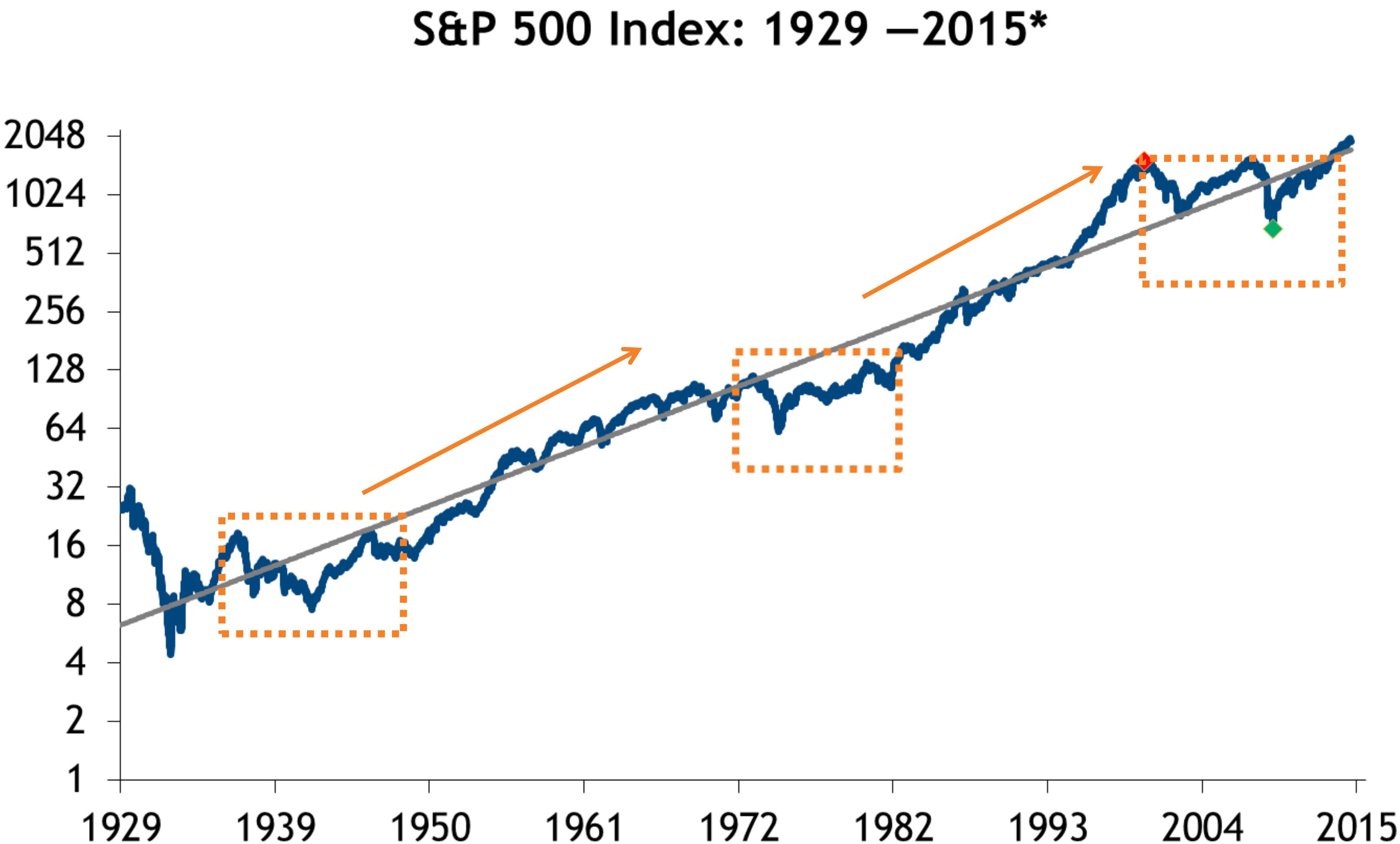
Where Are We in the Stock Market Cycle?



*Data Source: Factset; through August 2015

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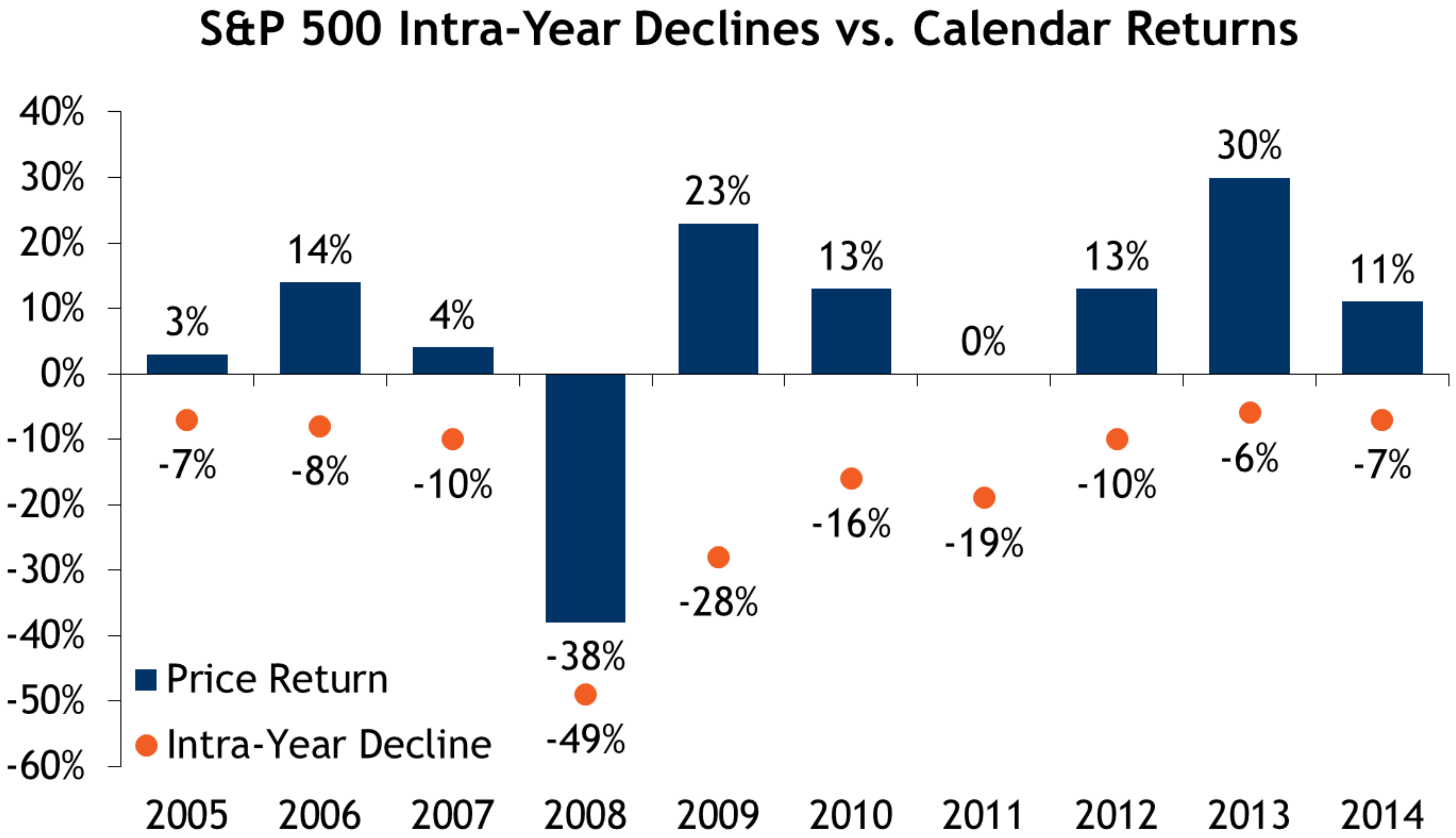
In 34 of Past 35 Years, Equity Markets Saw a >5% Decline



Source: Factset;
Past performance does not guarantee future performance

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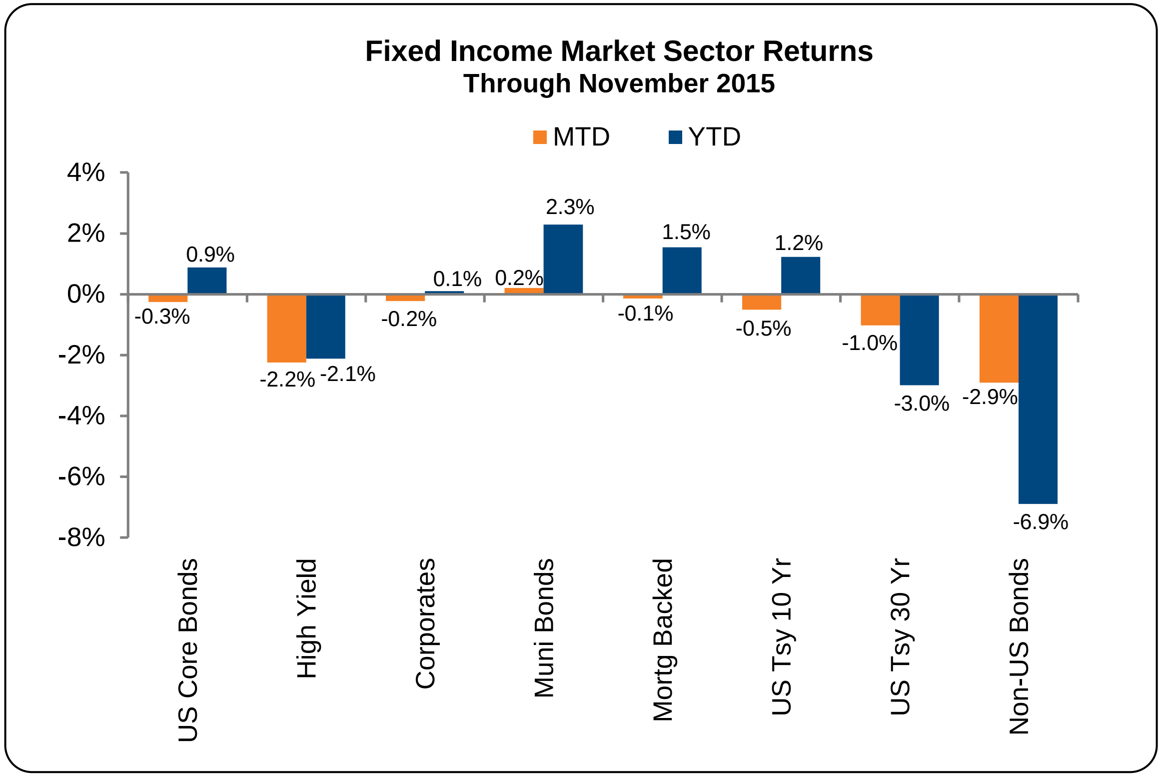
Taxable Bond Market Overview

Short-term rates rose to their highest levels in four years

Bonds sold off early in the month after a strong October jobs report raised the odds that the Federal Reserve would raise rates in December, but subsequent, softer economic data tempered the rate rise. Therefore, the Barclays Aggregate Bond Index was down only a modest 0.3% in November, while non-US bond segments were hurt by the strong US dollar.

Other bond sectors, such as investment grade corporates and mortgage-backed, ended the month on either sides of even with slight gains or losses.

US high yield bonds gave back most of their October gains, down 2.2%, as oil prices declined.



Returns are represented by the following indices: Barclays Aggregate Bond Index, BofA Merrill Lynch US High Yield Master II, Barclays US Investment Grade Corporate Index, Barclays Municipal 1-15 Year Index, Barclays MBS Fixed Rate Bond Index, Barclays Bellwether 10 and 30 year US Treasury Index, and Citi WGBI NonUSD USD.

Data source: Morningstar

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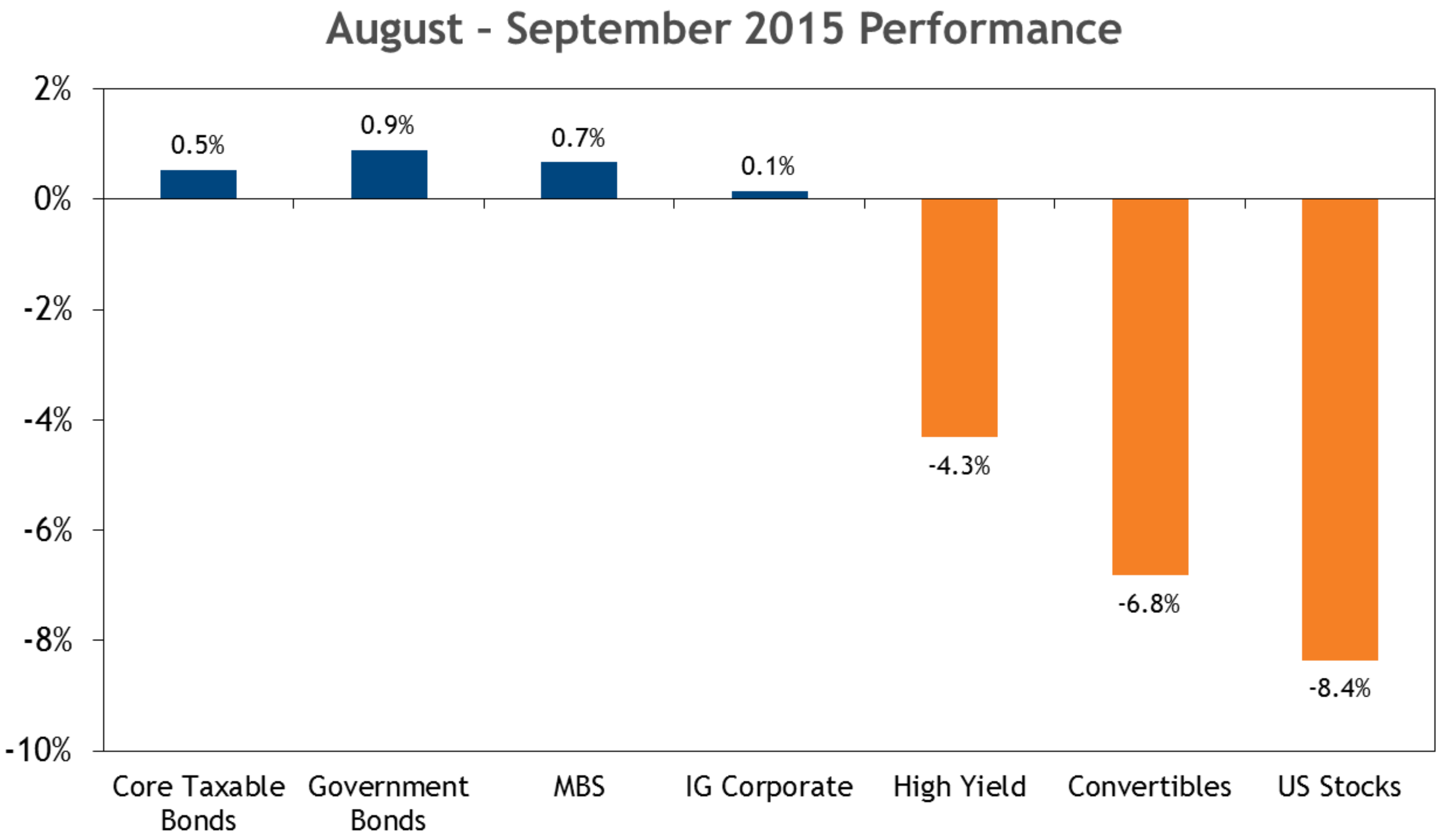
Bonds Have a Role to Play



Core Taxable Bonds = Barclays US Agg Bond; Government Bonds = Barclays US Government; MBS = Barclays US MBS; IG Corporate = Barclays IG Corporate; High Yield = BofAML High Yield Master II; Convertibles = BofAML US Convertible; US Stocks = S&P 500
Source: Morningstar
Past Performance does not guarantee future performance

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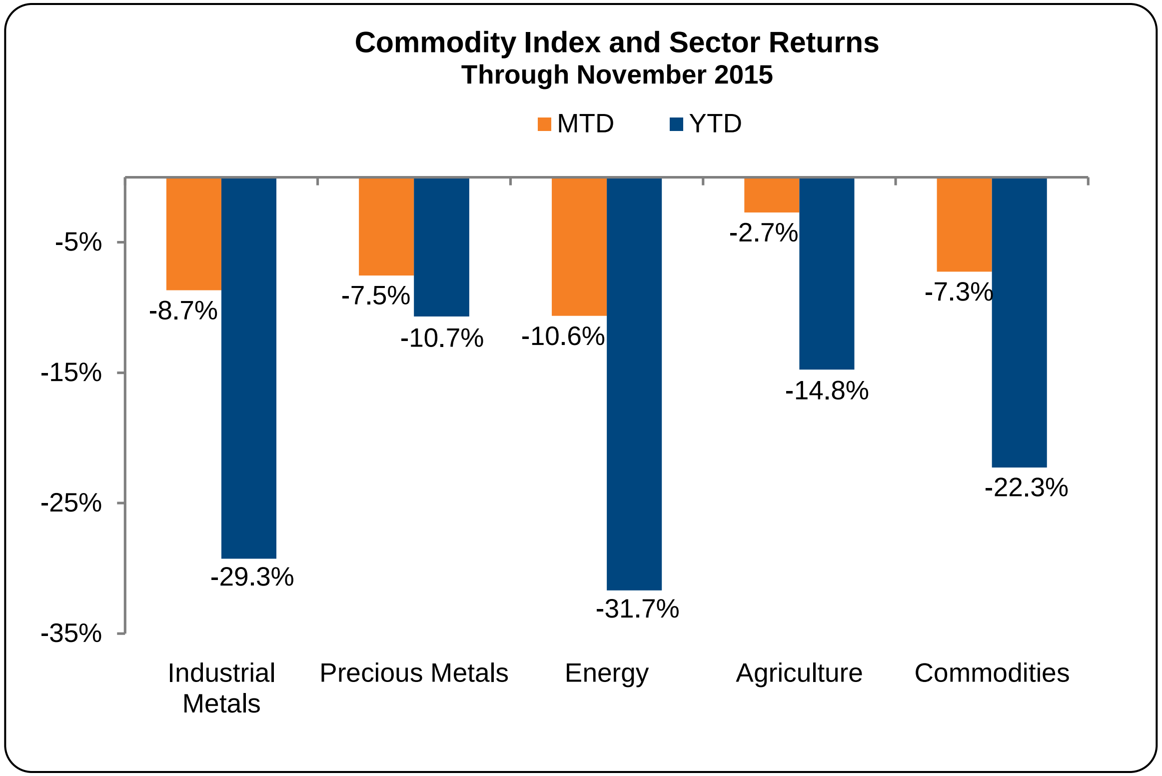
Non-Traditional Investments Overview

Commodities on track for the worst year since the Great Recession

Commodities fell 7.3% in November, posting a fifth month of losses driven by price declines in crude oil, industrial metals and precious metals. For the year, commodities have dropped 22.3%. Barring a big December rally, the stage is set for commodities to post a fifth year in a row with significant losses.

The worst performing commodity was crude oil, down 12.3%, which contributed heavily to the overall decline. Industrial metals also suffered with copper and nickel down 12.0% and 11.7%, respectively. With the US dollar rebounding in the month, precious metals were hammered, down 7.5%. Agriculture fell 2.7% as gains in soybean oil and sugar offset some of the losses in corn and wheat.



Returns are represented by the follow indices: Bloomberg Commodity Index and the following Sector Sub-Indexes of the Bloomberg Commodity Index: Industrial Metals, Precious Metals, Energy, Agriculture and Commodity.

Data source: Morningstar

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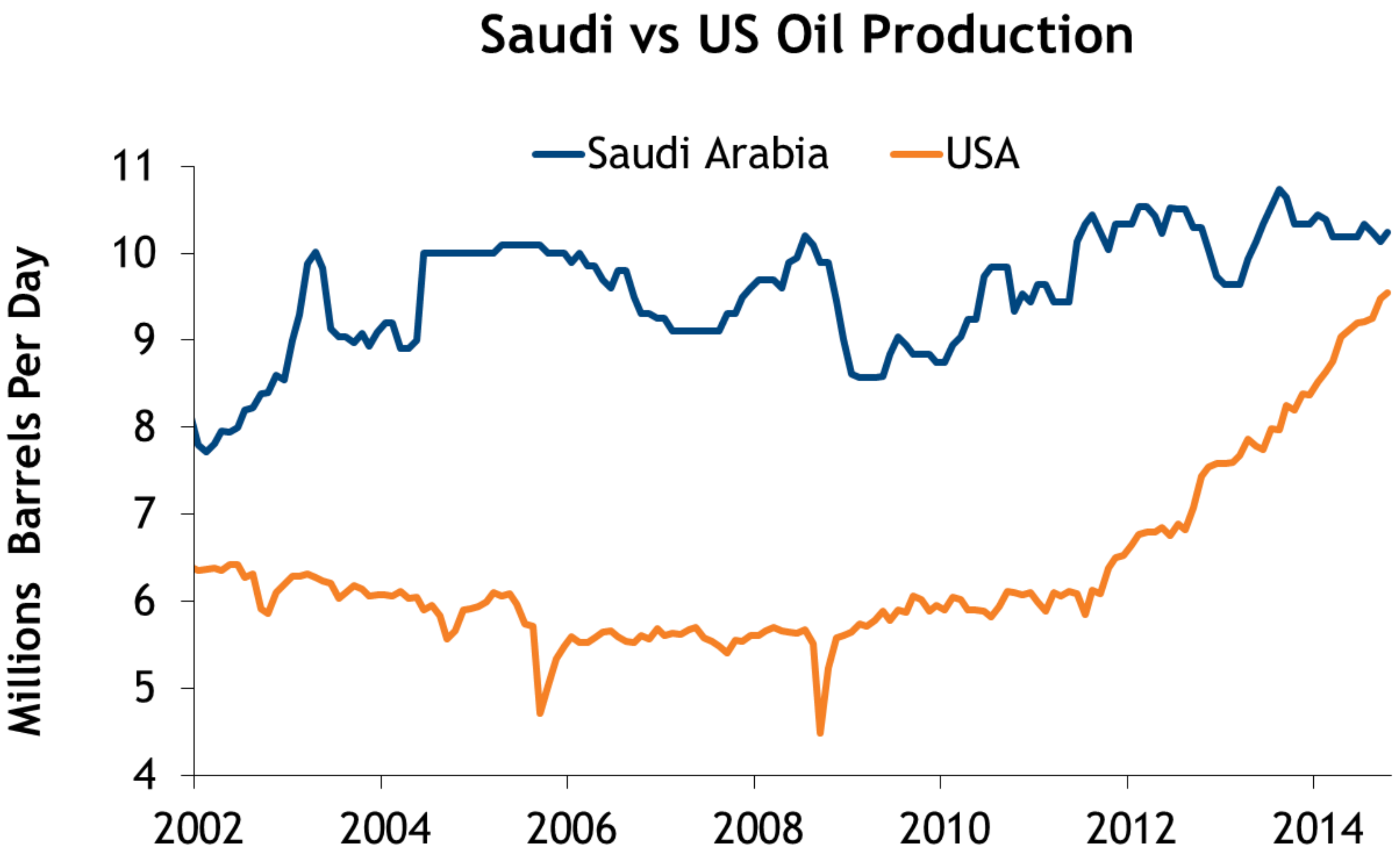
Oil Supply Picture



Data Source: IEA

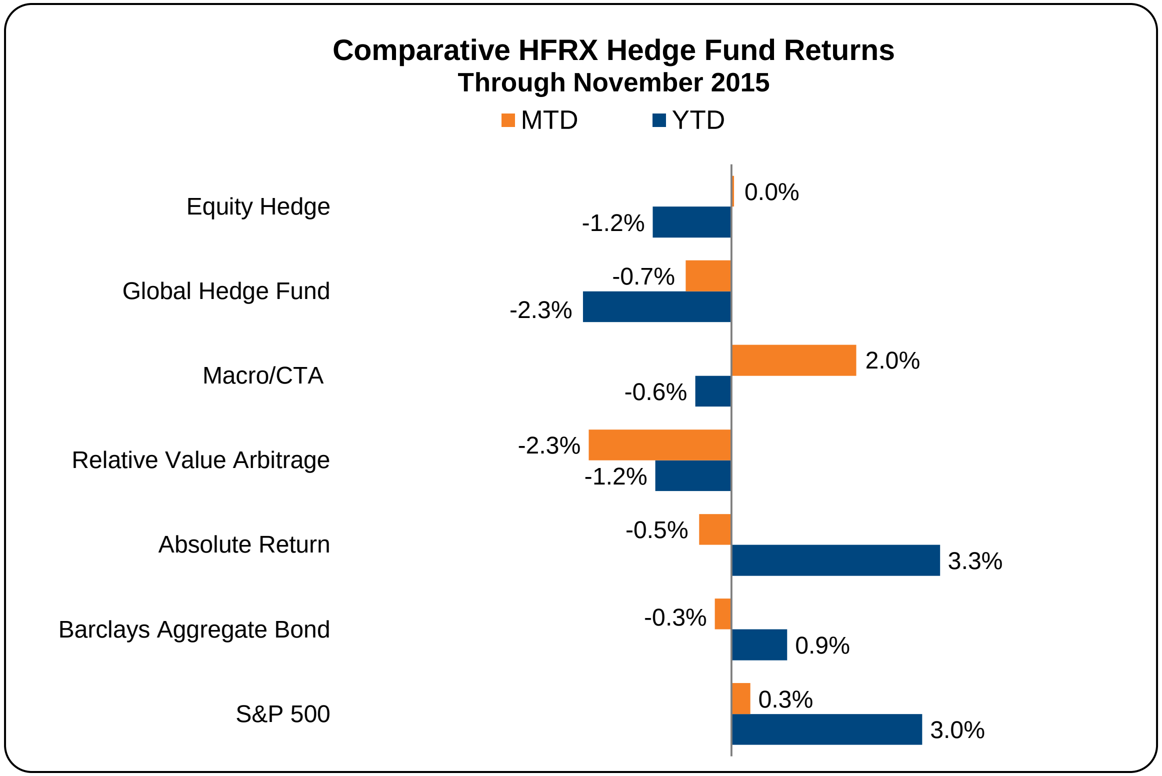
Non-Traditional Investments Overview, continued

Most hedge funds declined, though some strategies posted gains for November

Most hedge funds and other non-traditional investments struggled with the choppiness associated with the market selloff and mid-month rebound. Hedge funds declined for the month and remain in negative territory for the year.

Macro/CTA strategies posted solid gains thanks to currency trades and the continued downtrend in commodities. Equity hedged strategies were able to barely sneak positive by month end.

Relative Value Arbitrage, which is primarily fixed income, declined 2.3% for the month and struggled along with high yield bonds generally.



Data Source: Hedge Fund Research, Factset

Hedge fund investing involves substantial risks and may not be suitable for all clients. Hedge funds are intended for sophisticated investors who can bear the economic risks involved. Hedge funds may engage in leveraging and speculative investment practices that may increase the risk of investment loss, can be illiquid, and are not required to provide periodic pricing or valuation information to investors. Hedge funds may involve complex tax structures, have delays in distributing tax information, are not subject to the same regulatory requirements as mutual funds and often charge higher fees.

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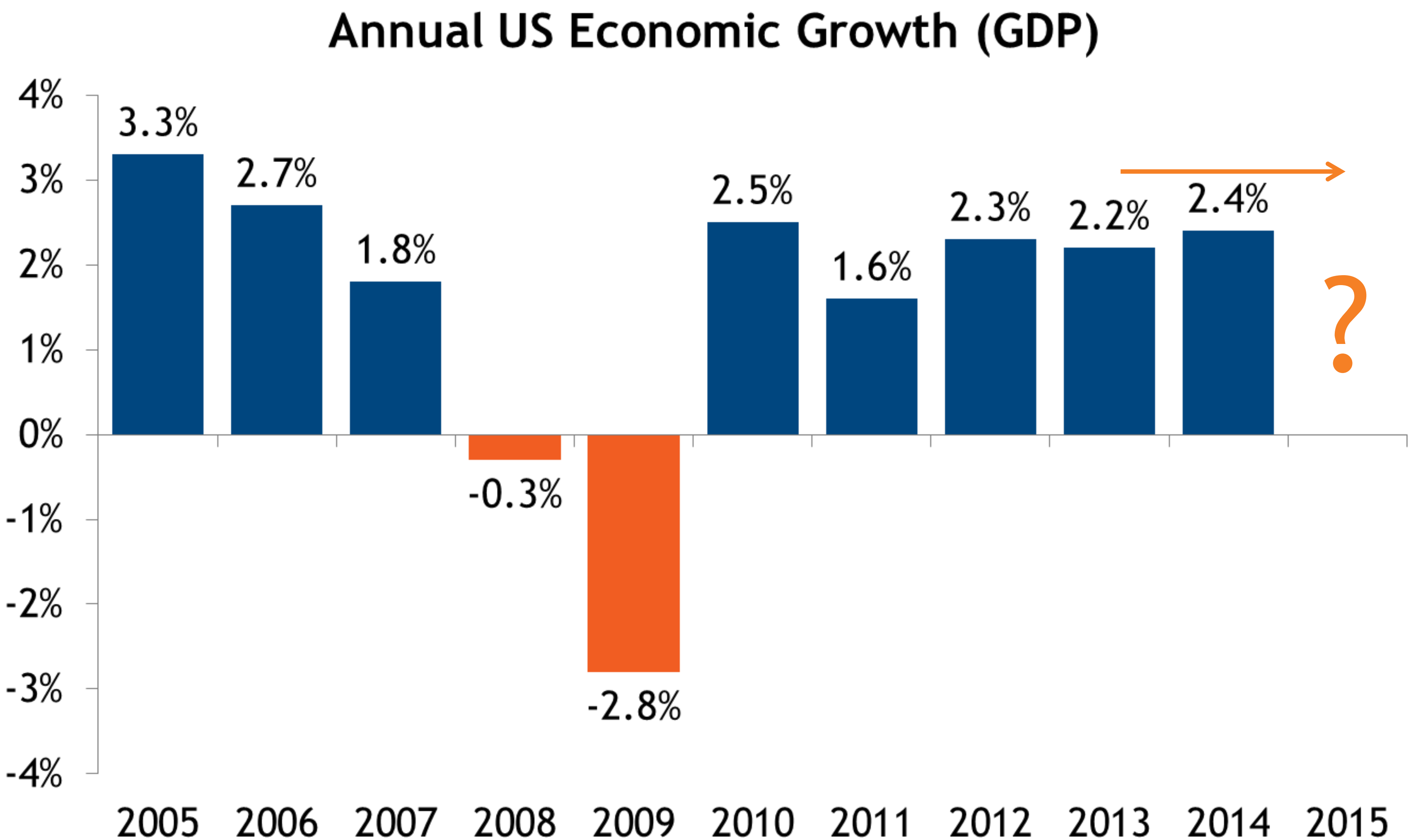
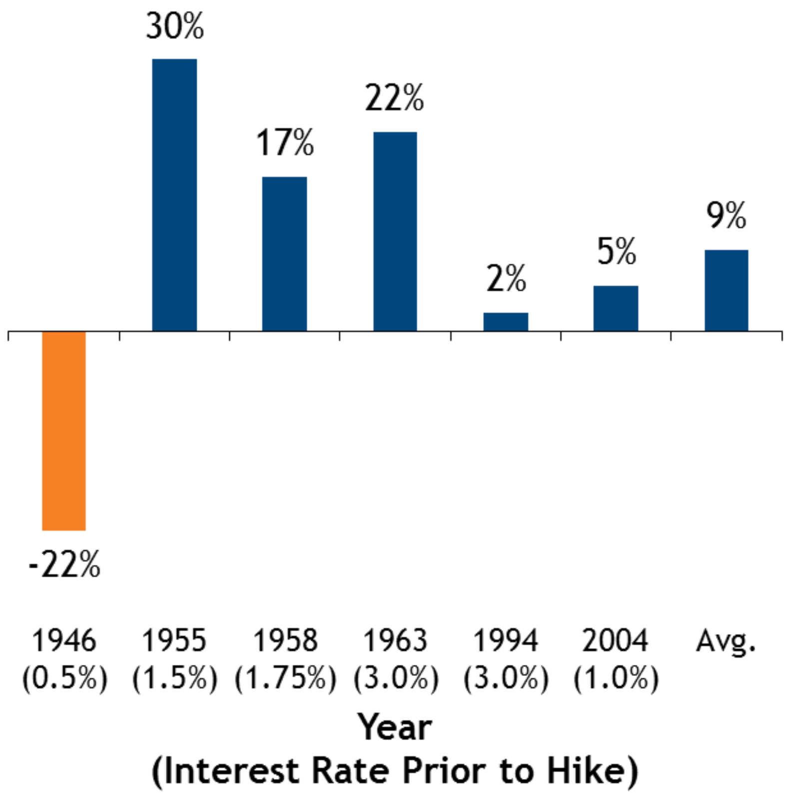
Near Term Recession Risk Appears Low



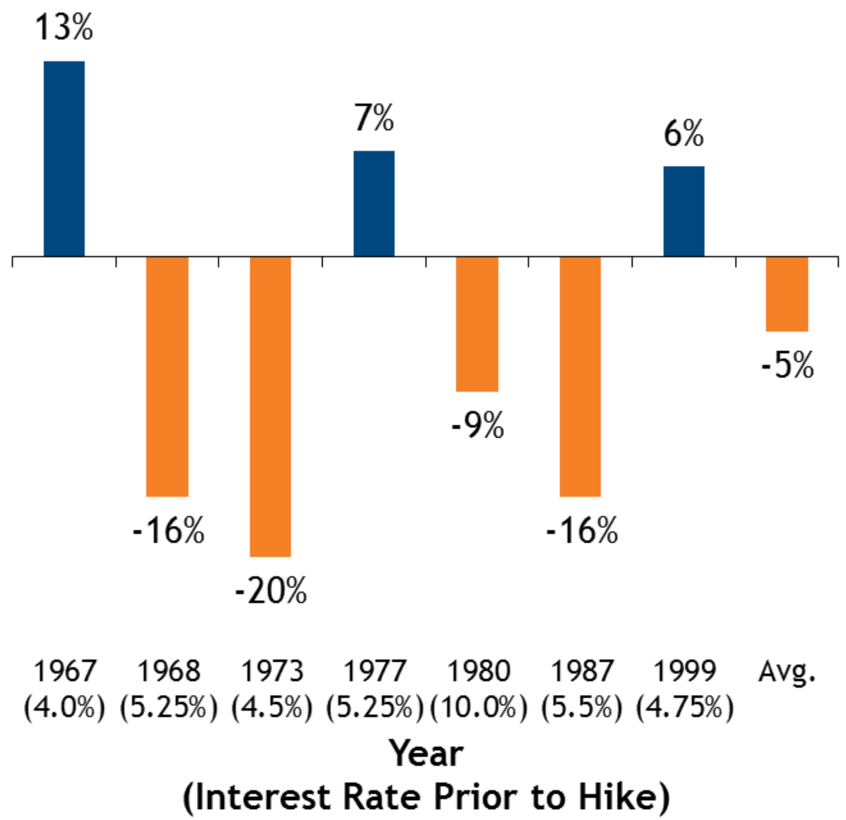
Data Source: Haver

What a Fed Rate Hike Could Mean for Stocks

S&P 500 Returns 12 Mos after Fed Tightening Cycles Starting Below 4%



S&P 500 Returns 12 Mos after Fed Tightening Cycles Starting Above 4%



Data Source: SunTrust IAG, FactSet, Federal Reserve; Short-term interest rate before 1989 represents Federal Discount Rate and the Fed Funds Rate thereafter.

What Next for the US & Global Economy

Reasons for Optimism

- Improving economic backdrop
- Sustained housing market recovery
- Rapid technological innovation
- Lower Inflationary Price Pressures
- Wealth impact from increasing equity prices
- Energy technology & U.S. independence

Reasons for Concern

- Structural employment problems / Lower Participation Rate
- Global monetary policy can distort markets. Large fiscal deficits.
- Impact of slowing China growth
- Various Geopolitical issues
- Aging global demographic trends

Bottom Line

- **Mature stage of economic & market cycle = neutral risk**
- **Post waterfall declines are typically followed by sharp price fluctuations, but market tends to rebound 6-12 months**
- **Tilt toward stocks and US; tilt away from EM & commodities**
- **High quality bonds and alternatives have a role**
- **Risks: China, potential EM dislocations, and credit stress**

Q & A