GLOBAL FAMILY OFFICES BEGIN 2015 WITH SOLID RETURNS

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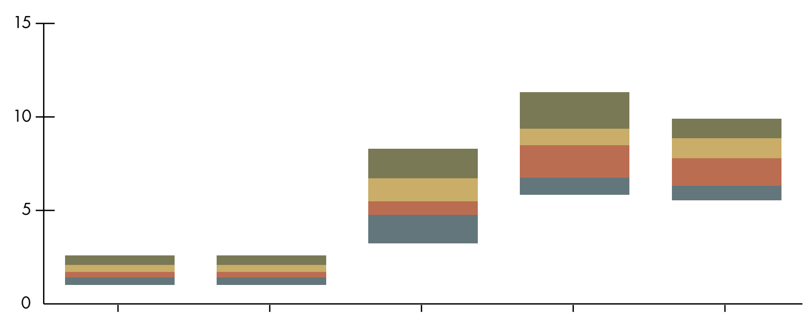
The median Global Family Office (GFO) plan was up 1.7% for the first quarter of 2015, an increase from the 0.8% posted in the fourth quarter. The 60% equity (S&P 500)/40% bond (B.C. U.S. Agg.) benchmark returned 1.3% during the first quarter, underperforming the GFO plan median by approximately 40 basis points. This represents a change from the past three quarters during which the GFO median return lagged the 60/40 benchmark; the GFO median still trails the 60/40 benchmark by 4.2% for the one-year period (5.5% vs. 9.7%). The GFO benchmark has historically lagged the 60/40 benchmark – underperforming during the two-, three- and five-year periods.

During the first quarter, a return of 2.1% was the breakpoint for the top quartile of GFO portfolios, which topped the benchmark return of 1.3%. To break into the top decile, GFO plans needed a return of 2.6%, which also outperformed the benchmark. In the bottom half of GFO plans, returns under 1.4% represented the bottom third quartile and returns below 1.0% fell into the bottom decile. Comparing the one-year standard deviation of the GFO median plan (4.8) to the 60/40 benchmark (5.1) revealss that the benchmark took a slightly higher amount of risk this quarter. But this still translates into higher one-year risk-adjusted returns for the benchmark, with a Sharpe ratio of 2.0% vs. the GFO median of 1.3%.

Domestic equity comprised 26% of the GFO composite in the first quarter and posted lower relative returns compared to other asset classes, with the S&P 500 and Russell 3000 posting 1.0% and 1.8% returns respectively. Within domestic equity, small

GLOBAL FAMILY OFFICE PLANS – TOTAL RETURNS MARCH 31, 2015



	CURRENT QUARTER	YTD	1 YEAR	3 YEARS	5 YEARS
10th Percentile	2.6%	2.6%	8.3%	11.3%	9.9%
1st Quartile	2.1%	2.1%	6.7%	9.4%	8.9%
Median	1.7%	1.7%	5.5%	8.5%	7.8%
3rd Quartile	1.4%	1.4%	4.8%	6.7%	6.3%
90th Percentile	1.0%	1.0%	3.2%	5.8%	5.5%

caps posted a 4.3% return and outperformed both the mid-cap (4.0%) and large-cap (1.6%) segments. The first quarter was strong for growth stocks, as large-cap growth (3.8%) outperformed large-cap value (–0.7%) by more than 450 basis points, and small-cap growth (6.6%) outperformed small-cap value (2.0%) by a similar margin.

International equity accounted for 15.6% of the GFO composite this quarter, and outperformed the S&P 500 and Russell 3000 indices after lagging for two straight quarters. Aggressive new stimulus measures taken by the European Central Bank, strong Japanese corporate earnings and improving economic data, and a boost in emerging market countries caused by expectations for looser global monetary policies all contributed to the boost in global equities during the first quarter. The MSCI ACWI ex USA GD started 2015 off strongly, posting a return of –3.6%.

Domestic fixed income comprised 12.0% of the GFO composite in the first quarter, and the B.C. U.S. Aggregate Index posted a return of 1.6%, which closely compares to the 1.8% return posted in the fourth quarter of 2014. The yield curve continued to flatten during the quarter as speculation continues on when the Federal Reserve will raise interest rates, and the difference between the 10-year and two-year spread contracted to 1.4% from 1.5% at the end of the fourth quarter.

International fixed income made up 2.8% of the GFO composite this quarter. The BC Global Aggregate ex US declined for its third consecutive quarter with a return of –4.63%, and the NT Intl Fixed Income Universe posted a median return of –0.5%. The strong performance of the U.S. dollar continued to weigh against returns in this segment.

COMPOSITE ASSET ALLOCATION – GLOBAL FAMILY OFFICE

	Current	1 Year Ago	3 Years Ago	5 Years Ago
U.S. Equity	26%	24%	–	–
Global/Non-U.S. Equity	16%	15%	–	–
U.S. Fixed Income	12%	19%	–	–
Global/Non-U.S. Bonds	3%	3%	–	–
Private Equity/Hedge Funds	33%	28%	–	–
Cash & Other	9%	11%	–	–

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