

US Equity	Jun-14	YTD
Large Stocks:		
S&P 500	2.1%	7.1%
Russell 3000	2.5%	6.9%
Russell 1000	2.3%	7.3%
Russell 1000 Growth	1.9%	6.3%
Russell 1000 Value	2.6%	8.3%
Small Stocks:		
Russell 2000	5.3%	3.2%
Russell 2000 Growth	6.2%	2.2%
Russell 2000 Value	4.4%	4.2%
International Equity**		
MSCI All-Country World ex-US	1.7%	5.9%
MSCI EAFE	1.0%	5.1%
MSCI EAFE Growth	0.8%	3.9%
MSCI EAFE Value	1.2%	6.4%
MSCI Europe	-0.1%	5.9%
MSCI Japan	5.2%	0.9%
MSCI Emerging Markets	2.7%	6.3%
Hedge Funds***		
HFRX Indexes:		
Convertible Arbitrage	-0.8%	-0.3%
Distressed	2.0%	6.4%
Equity Hedge	1.3%	1.0%
Equity Market Neutral	0.3%	1.1%
Event Driven	1.4%	4.2%
Macro	0.2%	-0.7%
Relative Value Arbitrage	0.2%	1.5%
Fixed Income		
U.S. Intermediate Treasuries ⁽¹⁾	-0.1%	1.6%
U.S. Long Treasuries ⁽²⁾	-0.2%	12.1%
U.S. TIPS ⁽³⁾	0.3%	5.8%
Tax-Exempt Bonds ⁽⁴⁾	0.1%	6.0%
Corporate Bonds ⁽⁵⁾	0.1%	5.5%
High-Yield Bonds ⁽⁶⁾	0.8%	5.5%
Real Assets		
Commodities ⁽⁷⁾	0.6%	7.1%
Real Estate Investment Trusts ⁽⁸⁾	1.1%	16.2%

Overview

First quarter GDP was revised down to -2.9% in June in the largest negative revision to a second GDP estimate since records began in 1976. Contrary to expectations, healthcare outlays slowed in 1Q after new provisions in the Affordable Care Act failed to boost GDP as previously estimated. Slowdowns in consumer spending, inventories, and net exports also resulted in a bigger drag on GDP than expected. One week before the GDP release, the FOMC trimmed its monthly bond purchases for the fifth consecutive time. Monthly purchases now stand at \$35 billion with the Fed on pace to conclude QE in late 2014.

US Equity

The S&P 500 gained 2.1% in June, rebounding 8% since a selloff in small-cap and technology shares spread to the broader market in April and dragged the index to a two-month low. The S&P 500 climbed to an all time high bolstered by Fed Chair Janet Yellen's comments on positive economic growth and an assurance of low rates for a "considerable time." Interestingly, the best performing US stocks for the month had the biggest losses earlier in the year: Tesla, Netflix, and TripAdvisor rallied in June, recouping most of their substantial losses during March and April. The Russell 2000 returned 5.3% in June reaching positive territory for the year.

International Equity

Developed international equities grew by 1.0% in June bringing year-to-date performance to 5.1%. European Central Bank President Mario Draghi introduced an aggressive package of stimulus measures to combat the threat of deflation, ignite prices, and jolt the tepid European economy. Japanese equities rallied for the month (up 5.2%), as the country's jobs availability improved to the best level in 22 years and corporate tax reductions and deregulation are expected to support economic expansion. Emerging market equities gained 2.7% in June, outpacing their developed market counterparts for the quarter (first time this has happened in nearly two years). EM equities have rallied recently on improving economic prospects in China and accommodative global central bank policies.

Hedge Funds

Returns on hedge fund strategies were mostly positive this month led by distressed and event driven strategies returning 2% and 1.4%, respectively. European merger activity from May carried over into June supplementing gains for event driven strategies with exposure to European markets. Equity hedge and long/short equity managers benefitted from a rally of technology stocks in June, offsetting previous losses felt in April. Global macro strategies continue to face headwinds as equity and interest rate volatilities remain subdued.

Fixed Income

Intermediate and long-term Treasury returns were muted for the month amid mixed US economic data and speculation regarding the timing of interest rate increases. The 10-year Treasury yield ended the month at 2.53% up slightly from 2.48% in May. High yield bonds rallied once again in June (up 0.8%) as yields on "junk bonds" reached an all-time 4.83% low while the average spread to Treasuries is near 2007 levels.

Real Assets

Commodities rose 0.6% in June led by strong gains in oil and precious metals. This month, gold was up 6.2% and silver gained 12.5%. Prices for these precious metals have risen for two consecutive quarters (the first time since 2011.) Brent crude oil gained 3.4% as escalating sectarian conflict in Iraq threatened oil exports from OPEC's second largest oil producing country. REITs, which were bolstered by rising home prices and easy Fed policy, gained 1.1% in June. The year-to-date gain in REITs is now 16.2% and is 910 basis points ahead of the S&P 500.

*Data Source: Bloomberg ** The MSCI returns are gross returns calculated in US Dollars. *** Hedge Fund Index returns are reported using Simple Price Appreciation and are only available on a one day lag. For complete Index Descriptions, please go to <http://www.greycourt.com/indices.html>

(1) Barclays US Total Treasury Intermediate Total Return (2) Barclays US Total Treasury Long Total Return (3) Barclays US Treasury Inflation-Protected Securities Total Return (4) Barclays Municipal Bond Total Return (5) Barclays US Corporate Investment-Grade Total Return (6) Barclays High-Yield US Corporate Total Return (7) Dow Jones UBS Commodity Total Return (8) FTSE NAREIT Equity REIT Index Total Return