

Premise Capital

2nd Quarter 2014 Summary

Premise investors,

The second quarter comes to an end with markets moving in stable and normal market patterns. Both the equity and fixed income market returns are tracking along patterns of giving increased return for taking increased risk. One notable exception is that Domestic Large Cap continues to be stronger than Domestic Mid Cap, as well as Developed International. However, unlike most of last year, the S&P 500 did not win the horse race as both Emerging Markets and Real Estate outperformed the Large Cap index.

These indices traditionally have higher risk and return expectations than Domestic Large Cap and this is why we create diversified tactical portfolios instead of placing "bets" on asset classes. While our portfolios slight-

	Q2 2014		YTD 2014	
	Return	Std Dev	Return	Std Dev
Barclays US Agg Bond TR USD	2.04	2.92	3.93	3.25
Barclays US Treasury US TIPS TR USD	3.81	4.64	5.83	4.91
Barclays US Treasury 20+ Yr TR USD	5.06	11.25	13.19	11.44
Barclays US Corporate High Yield TR USD	2.41	0.93	5.46	1.49
S&P 500 TR USD	5.23	11.29	7.14	12.90
S&P MidCap 400 TR	4.33	13.68	7.50	15.87
MSCI EAFE NR USD	4.09	8.38	4.78	11.83
MSCI EM NR USD	6.60	10.16	6.14	13.10
FTSE NAREIT All Equity REITs TR	7.13	10.18	16.25	11.96

ly underperformed their respective diversified indices when The S&P 500 was the top performing class as it was in 2013, over the long run, the inclusion of all classes in the diversified portfolio should provide the best risk adjusted returns to our investors.

The tactical trade made during the quarter was in Emerging Markets due to the strength of the asset class. All of our models are now fully allocat-

ed to all equity asset classes. Other trades placed in client portfolios were made to rebalance accounts back to the model and were not overt tactical moves.

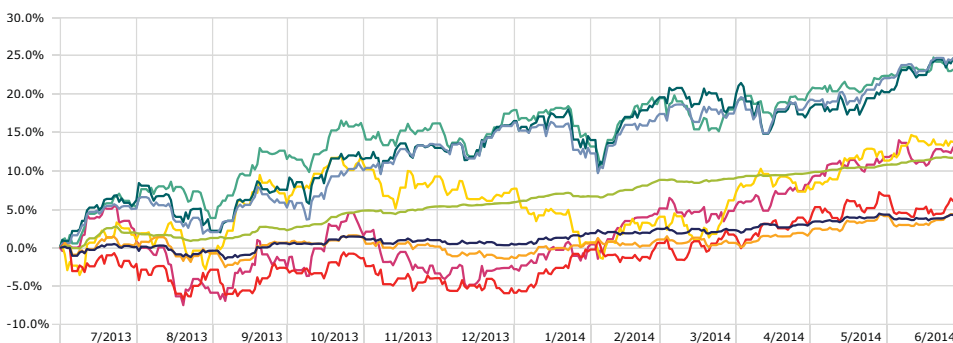
We closed the quarter with all equity classes at full exposure in their diversified allocations. The models remained at maximum equity to fixed income ratio allowed at each portfolio risk level, as they have been since January of 2012. As the markets continue to rise, it has been best to just stay put and ride along with them. As always, we continue to monitor each market, and adjust our portfolios accordingly.

Once again, thank you for investing with Premise Capital.

Jason Rolence CFA
 Senior Portfolio Manager

Investment Growth

Time Period: 7/1/2013 to 6/30/2014



Barclays US Agg Bond TR USD	4.4%	Barclays US Corporate High Yield TR USD	11.7%	Barclays US Treasury US TIPS TR USD	4.4%
Barclays US Treasury 20+ Yr TR USD	6.6%	S&P 500 TR USD	24.6%	S&P MidCap 400 TR	25.2%
MSCI EAFE NR USD	23.6%	MSCI EM NR USD	14.3%	FTSE NAREIT All Equity REITs TR	13.0%

