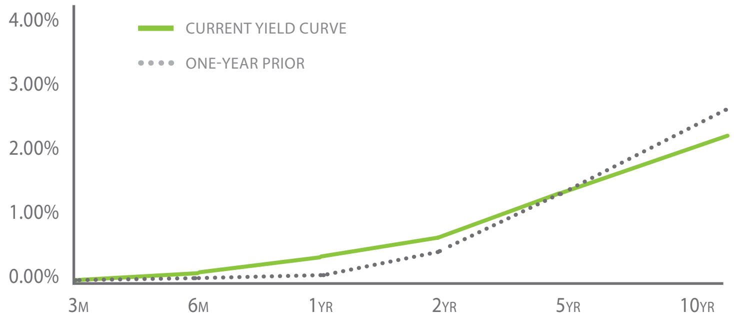
PRUDENT MAN ADVISORS MARKET UPDATE

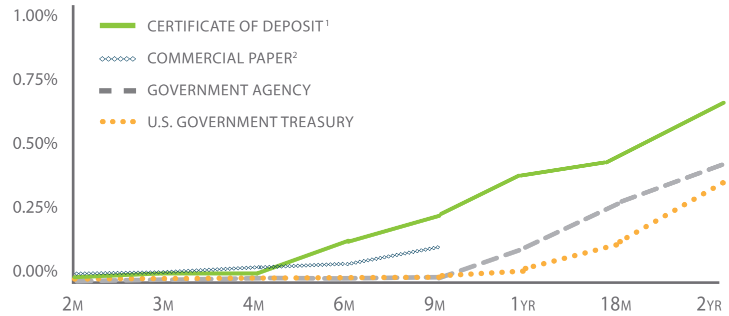
AUGUST 2015

Historical Yield Curve



Source: Bloomberg Finance L.P., 8/3/15

Indicative Rates



[1] Average of top ten banks; [2] General Electric Capital Corp.

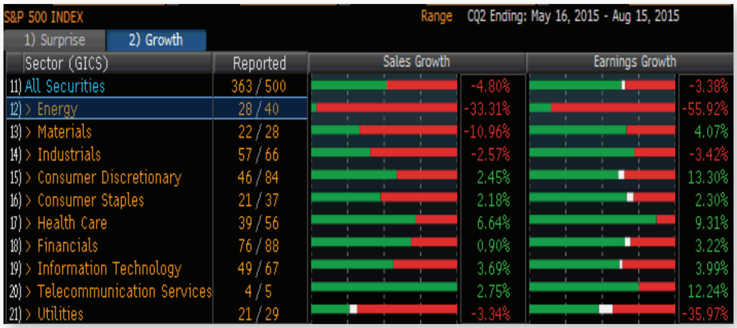
Source: PMA Financial Network, Inc., Bloomberg Finance L.P., 8/3/15

FEATURED ECONOMIC INDICATOR

Corporate Profits Struggle

Of the 363 companies in the S&P 500 Index to report 2nd quarter earnings, quarterly growth in aggregate sales and earnings have declined. This follows a downward trend for both metrics over the past year and the second consecutive quarter of negative sales growth. Declines are partly related to a stronger dollar and slower growth abroad. China, in particular, has caused some of the world's largest companies to warn that weaker growth in that country would affect profits in the second half of the year. Lower oil prices, also partly related to slower growth in emerging markets, has negatively affected profits at energy companies in the U.S.

Source: Bloomberg, Financial Times



S&P 500 INDEX — Range CQ2 Ending: May 16, 2015 - Aug 15, 2015

1) Surprise | 2) Growth

Sector (GICS)	Reported	Sales Growth	Earnings Growth
11) All Securities	363 / 500	-4.80%	-3.38%
12) > Energy	28 / 40	-33.31%	-55.92%
13) > Materials	22 / 28	-10.96%	4.07%
14) > Industrials	57 / 66	-2.57%	-3.42%
15) > Consumer Discretionary	46 / 84	2.45%	13.30%
16) > Consumer Staples	21 / 37	2.18%	2.30%
17) > Health Care	39 / 56	6.64%	9.31%
18) > Financials	76 / 88	0.90%	3.22%
19) > Information Technology	49 / 67	3.69%	3.99%
20) > Telecommunication Services	4 / 5	2.75%	12.24%
21) > Utilities	21 / 29	-3.34%	-35.97%

Source: Bloomberg

RECENT NEWS

Fed Nearing First Rate Hike

The Federal Reserve cut the Federal Funds rate to near zero in December 2008 with a goal of encouraging households and business to borrow, spend and invest. Nearly seven years later, the Fed used its July policy statement to strengthen its position that the economy is approaching the point where it can ease off the accelerator by increasing the rate at which banks borrow. The Fed has signaled it plans to increase rates at one of its remaining policy meetings this year--in September, October or December. Fed officials cited "solid job gains" and said underutilization of labor market resources had diminished. However, inflation continues to be held down by factors such as weakness in foreign economies that is putting downward pressure on commodities prices. The Fed continues to state that future monetary policy is data dependent and has further indicated that it is inclined to raise rates very gradually after the first increase.

Source: Wall Street Journal, Financial Times

U.S. Economic Indicators

Event	Event Date	Period	Survey	Actual	Prior / Revised (R)
Core PPI (YoY)	07/15/15	JUN	0.6%	0.7%	0.6%
Core CPI (YoY)	07/17/15	JUN	1.8%	1.8%	1.7%
Chicago Fed National Activity Index	07/23/15	JUN	-0.05	0.08	-0.08 (R)
Durable Goods Orders Ex. Transportation (MoM)	07/27/15	JUN	0.5%	0.8%	-0.1% (R)
Consumer Confidence	07/28/15	JUL	100.0	90.9	99.8 (R)
ISM Manufacturing	08/03/15	JUL	53.5	52.7	53.5
Initial Jobless Claims	08/06/15	AUG 1	272K	--	267K
Change in Nonfarm Payrolls	08/07/15	JUL	214K	--	223K
Unemployment Rate	08/07/15	JUL	5.3%	--	5.3%

Source: Bloomberg Finance L.P., 8/3/15

Contact Information

JOHN H. HUBER, CFA

Senior Vice President, Chief Investment Officer

Prudent Man Advisors, Inc.
2135 CityGate Lane, 7th Floor
Naperville, IL 60563

Tel: 630.657.6510
Fax: 630.718.8701
Email: jhuber@pmanetwork.com