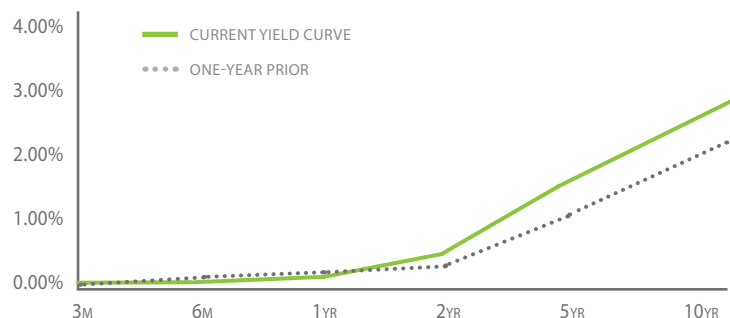


PRUDENT MAN ADVISORS MARKET UPDATE

JULY 2014

Historical Yield Curve



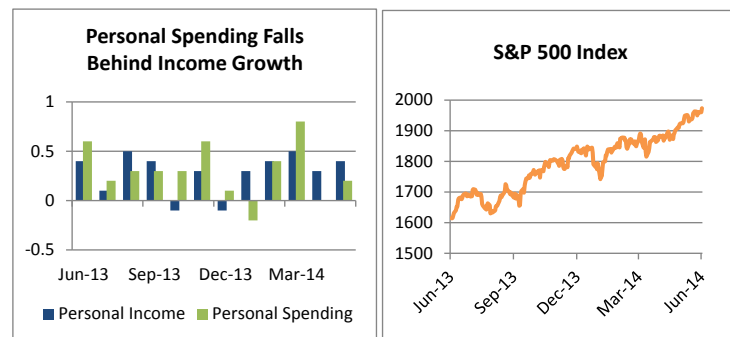
Source: Bloomberg Finance L.P., 7/1/14

FEATURED ECONOMIC INDICATOR

The New Normal Feels Weak

Growth in Personal Spending has lagged Personal Income growth in recent months. During this time, U.S. equity prices, home prices, and consumer confidence have all risen rather steadily. The wealth effect created by such things as higher equity and home prices typically leads to higher consumer spending. Consumers, who represent about a third of the economy, have often helped pull the U.S. out of recession and expand growth. The economy drives markets; the markets drive the economy, while equity values, personal income and housing drive wealth. This circular relationship should help expand growth when the economy is healthy. During the current recovery, the relationship has not been as beneficial in part because business investment and wage growth have been subpar.

Source: The Conference Board, Bloomberg



Source: Bloomberg

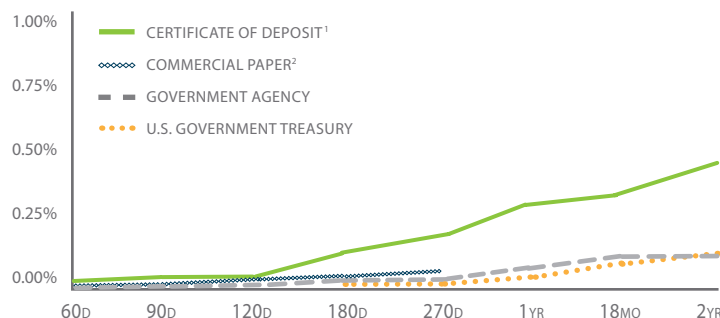
RECENT NEWS

Labor Market Shows Strength

New jobless claims in June remained near their lowest level since before the recession. This follows an increase of 217,000 jobs in May. The jobs numbers in May marked the first four-month stretch of job creation above 200,000 since the late 1990s. Jobs growth in February and March occurred despite an unexpectedly large decline in first quarter GDP. The weak start to the year caused Federal Reserve officials in June to decrease their "central tendency" forecast for 2014 economic growth to just 2.1%-2.3% from 2.8%-3.0% in March. Despite the weaker forecast for 2014, Fed Chairman Janet Yellen said there are "many good reasons" to expect faster growth in 2015 and 2016. The improving trend in the labor market is a good sign for the economy, but rosy forecasts from the Fed have been met with weaker actual results in recent years.

Source: Wall Street Journal

Indicative Rates



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

Source: PMA Financial Network, Inc., Bloomberg Finance L.P., 7/1/14

U.S. Economic Indicators

Event	Event Date	Period	Survey	Actual	Prior / Revised (R)
Core CPI (MoM)	06/17/14	MAY	0.2%	0.4%	0.3%
Core CPI (YoY)	06/17/14	MAY	2.0%	2.1%	2.0%
Housing Starts	06/17/14	MAY	1030K	1001K	1071K (R)
Building Permits	06/17/14	MAY	1050K	991K	1059K (R)
S&P Case-Shiller Composite-20 (MoM) Seasonally Adj.	06/24/14	APR	0.80%	0.19%	1.25% (R)
ISM Manufacturing	07/01/14	JUN	55.9	55.3	55.4
Initial Jobless Claims	07/03/14	JUN 28	313K	-	312K
Change in Nonfarm Payrolls	07/03/14	JUN	215K	-	217K
Unemployment Rate	07/03/14	JUN	6.3%	-	6.3%

Source: Bloomberg Finance L.P., 7/1/14

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

This document was prepared by Prudent Man Advisors, Inc. It is being provided for informational and/or educational purposes only without regard to any particular user's investment objectives, financial situation or means. The content of this document is not to be construed as a recommendation, solicitation or offer to buy or sell any security, financial product or instrument, or to participate in any particular trading strategy in any jurisdiction in which such an offer or solicitation, or trading strategy would be illegal. Nor does it constitute any legal, tax, accounting or investment advice of services regarding the suitability or profitability of any security or investment. Although the information contained in this Investment Advisory Report has been obtained from third-party sources believed to be reliable, PMA cannot guarantee the accuracy or completeness of such information. It is understood that PMA is not responsible for any errors or omissions in the content in this document and the information is being provided to you on an "as is" basis without warranties or representations of any kind.

Securities, public finance services and institutional brokerage services are offered through PMA Securities, Inc. PMA Securities, Inc. is a broker-dealer and municipal advisor registered with the SEC and MSRB, and is a member of FINRA and SIPC. Prudent Man Advisors, Inc., an SEC registered investment adviser, provides investment advisory services to local government investment pools. All other products and services are provided by PMA Financial Network, Inc. PMA Financial Network, Inc., PMA Securities, Inc. and Prudent Man Advisors (collectively "PMA") are under common ownership.

Securities and public finance services offered through PMA Securities, Inc. are available in CA, CO, FL, GA, IL, IN, IA, KS, MI, MN, MO, NE, OH, OK, PA, SD, TX and WI. This document is not an offer of services available in any state other than those listed above, has been prepared for informational and educational purposes and does not constitute a solicitation to purchase or sell securities, which may be done only after client suitability is reviewed and determined. All investments mentioned herein may have varying levels of risk, and may not be suitable for every investor. PMA and its employees do not offer tax or legal advice. Individuals and organizations should consult with their own tax and/or legal advisors before making any tax or legal related investment decisions. Additional information is available upon request.