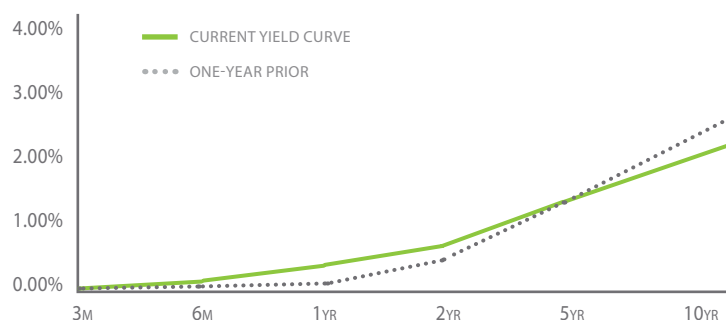


PRUDENT MAN ADVISORS MARKET UPDATE

OCTOBER 2015

Historical Yield Curve



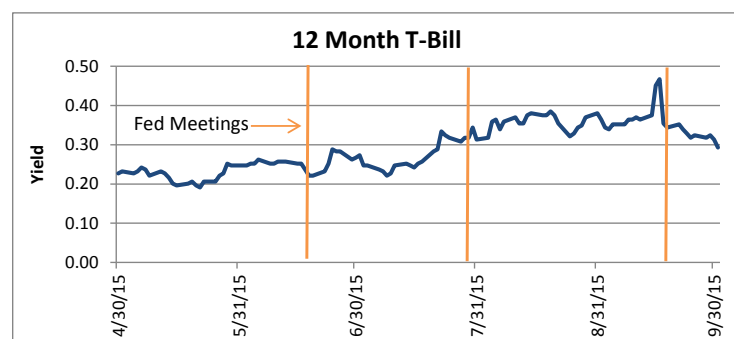
Source: Bloomberg Finance L.P., 10/1/15

FEATURED ECONOMIC INDICATOR

Market Uncertainty

The Federal Open Market Committee (FOMC) meets eight times per year, approximately every six weeks, to set monetary policy. The FOMC releases a statement at the conclusion of each meeting providing an assessment of the risks to its long-run goals of price stability and sustainable economic growth. Four times per year, the FOMC additionally releases its economic projections and FOMC participants' target level for the federal funds rate. In addition to this formal communication, members frequently speak at various events on topics related to the economy and monetary policy. Recently, conflicting information has increased market uncertainty as highlighted by the sharp fall in the 12-month Treasury Bill yield at the conclusion of September's meeting. Yields continued to fall even after Federal Reserve Chair Janet Yellen said in a speech on September 25 that an interest-rate hike would likely be appropriate "sometime later this year," although the decision hinges on the strength of economic data.

Source: Bloomberg, Wall Street Journal, www.federalreserve.gov



Source: Bloomberg

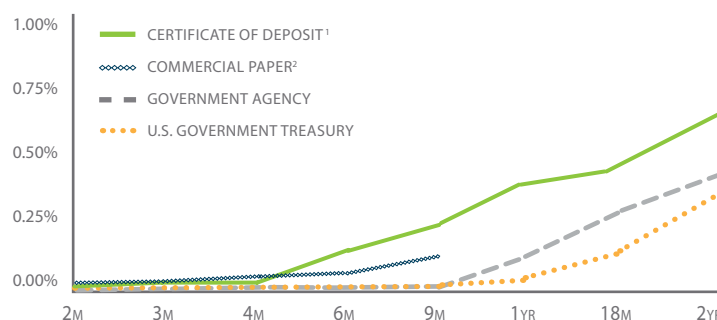
RECENT NEWS

Relative Value in the Treasury Curve

Total return equals the change in price of a security plus income earned over a period of time. When thinking about relative value for various points on the yield curve, it is important to consider market expectations. If we have a one year time horizon and believe that the market is efficient with respect to 1 year forward Treasury rates, we can calculate expected total returns on Treasury bonds and notes. Based on current market information, the market is telling us that bonds in the 5-10 year range have greater relative value than those with shorter maturities.

Source: Bloomberg, Prudent Man Advisors

Indicative Rates



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

Source: PMA Financial Network, Inc., Bloomberg Finance L.P., 10/1/15

U.S. Economic Indicators

Event	Event Date	Period	Survey	Actual	Prior / Revised (R)
Retail Sales Ex. Auto and Gas (MoM)	09/15/15	AUG	0.4%	0.3%	0.7% (R)
Consumer Price Index (YoY)	09/16/15	AUG	0.2%	0.2%	0.2%
Core CPI (YoY)	09/16/15	AUG	1.9%	1.8%	1.8%
Chicago Fed National Activity Index	09/24/15	AUG	0.24	-0.41	0.51 (R)
GDP Annualized (QoQ)	09/25/15	2Q T	3.7%	3.9%	3.7%
Consumer Confidence	09/29/15	SEP	96.8	103.0	101.3 (R)
ISM Manufacturing	10/01/15	SEP	50.6	50.2	51.1
Change in Nonfarm Payrolls	10/02/15	SEP	201K	142K	173K
Unemployment Rate	10/02/15	SEP	5.1%	5.1%	5.1%

Source: Bloomberg Finance L.P., 10/2/15

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