Premise Capital
1st Quarter 2015 Summary

Premise Investors,

	Q1 2015 Return	Q1 2015 Std Dev	YTD 2015 Return	YTD 2015 Std Dev
Barclays US Agg Bond TR USD	1.61	4.60	1.61	4.60
Barclays US Treasury US TIPS TR USD	1.42	7.57	1.42	7.57
Barclays US Treasury 20+ Yr TR USD	4.19	18.92	4.19	18.92
Barclays US Corporate High Yield TR USD	2.52	3.13	2.52	3.13
S&P 500 TR USD	0.95	17.04	0.95	17.04
S&P MidCap 400 TR	5.31	16.73	5.31	16.73
MSCI EAFE NR USD	4.88	15.27	4.88	15.27
MSCI EM NR USD	2.24	2.24	2.24	2.24
FTSE NAREIT All Equity REITs TR	3.98	21.10	3.98	21.10

The 1st quarter of 2015 saw a continuation of the bull trend in most markets. Through this period, Premise models have been able to continue the 2014 success and outperform their respective diversified benchmarks across all risk tolerances. The recent strength in the international markets is a reversal from 4th quarter 2014 weakness and led to an increase in International exposure during the quarter. As the table shows, the 4.88% return for the MSCI EAFE index was second only to the strong showing in Domestic Midcap equities. Our underweight to International was a big reason for the outperformance last year, and our trend reversal trade was one of the determinants of our strong quarter this year.

High Yield fixed income also began to show strength, and we returned to our normal weight in the diversified models. As this left Emerging Markets as the only class showing weakness going into the second quarter, we saw the equity to fixed income ratio increasing back to target for each risk tolerance based model.

During the 1st quarter of each year, we also run our long term assumptions to create the strategic diversified portfolios that act as a baseline for the ongoing tactical shifts. Due to these strategic adjustments, some portfolios saw an increase in Real Estate and Inflation Protected Securities. Both classes were tactically at full weight before the adjustments, so these trades are Viewed at as strategic in nature.

One interesting observation I would like to discuss is the return to a more 'normal' period where taking risk is being compensated in each asset class. For the last few years, some investors have been frustrated with the perceived 'underperformance' of diversified models in general. This occurred because we had seen the S&P 500 continue to win the horse race among all asset classes. Investors looked at the return of Domestic Large Cap and wondered why their portfolios didn't keep up. In general, this quarter's index returns reflect a longer term 'normal' period where the riskier classes outperform less risky ones and the benefits of a diversified portfolio are realized.

We will closely monitor to see if the overall market strength continues, as well as the strength of each individual class. As always, thank you for your ongoing confidence in Premise.

Senior Portfolio Manager
Jason Rolence CFA

Time Period: 1/1/2015-3/31/2015 Source: Morningstar