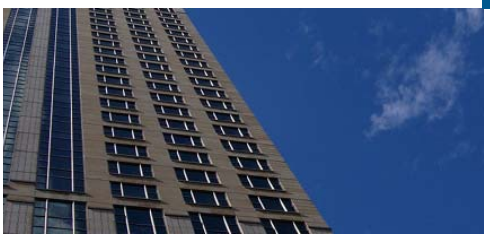
GENEVA PERSPECTIVES



First Quarter 2015

Overview

- *The relative strength of the U.S. dollar has been an important force for the market in recent periods.*
- *Stock prices are near record highs and valuations of many companies are extended. A disciplined investment process, an active investment approach and a long-term focus will continue to be critical to achieving investment objectives.*

Market Overview

Despite intense volatility, the S&P 500 Index managed to produce a modest gain during the first quarter of 2015.

The relative strength of the U.S. dollar has been a significant force for the market in recent periods. Many economic and market forecasts had to be altered as the dollar strengthened throughout the quarter. The inherent strength of our currency was amplified by weakness in the Japanese and European currencies as they responded to easing monetary policies. In addition, more than 20 central banks across the globe undertook similar easing policies which also contributed to the dollar's relative strengthening.

Many multi-national American companies, in which non-U.S. revenue is a sizable part of their business, have had to lower their earnings expectations because of the negative effect of currency translation. Additionally, increased price competition from countries with devalued currencies, which makes their products more attractive in the global marketplace, negatively affects earnings expectations for many domestic and international companies. In this environment, many U.S. small- and mid-cap equities outperformed large-cap equities.

Companies with strong earnings growth had positive returns in the first quarter, including those within the healthcare, technology and consumer discretionary sectors. By contrast, companies with value characteristics, most notably those within the Utilities sector, had negative returns.

These conditions created a favorable environment for active managers including Geneva.

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Growth Strategies

As mentioned in previous letters, growth stocks have been trading at low valuations compared to historic norms. During the first quarter, the market began to reward these companies with strong performance, which benefited the Geneva growth strategies.

Our growth strategies have large allocations to companies within the health care sector, the best performing sector in the first quarter. Demand for health care products and services appears to be on the rise as new regulations promote cost saving health solutions and the aging population continues to boost demand. Our stock selection process within the sector proved effective and we expect continued growth.

Quality growth companies, those with dominant positions, strong earnings growth and innovative management teams, offer the opportunity for superior returns. In our opinion, high quality growth companies remain attractive relative to their own past valuations and to the broader equity market.

"Companies with strong earnings growth had positive returns in the first quarter, including those within the healthcare, technology and consumer discretionary sectors."

Equity Income Strategies

Our equity income strategies invest in dividend yielding securities that often have attractive growth characteristics. In the current environment, we believe we are well positioned relative to benchmarks and other income-oriented investment strategies.

Our equity income strategies have large allocations to the consumer discretionary sector, which contributed to recent performance. Declining oil prices provide consumers with additional discretionary income and job market improvements should support improving consumer confidence.

We continue to invest in high quality businesses that maintain

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Equity Income Strategies (cont.)

attractive income streams. In a potential rising interest rate environment, the market has historically rewarded high quality businesses with attractive earnings and cash flow characteristics. We have limited our exposure to REITs and MLPs relative to our historical averages.

Fixed Income Commentary

Global deflationary concerns and the announcement of quantitative easing by the European Central Bank helped drive positive returns in the first quarter of 2015 for the Barclays Aggregate Bond Index. During the quarter, interest rates declined across the entire U.S. fixed income yield curve.

Compared to the yield for sovereign debt from other developed countries, such as Japan, Switzerland and Germany, the yield on U.S. treasuries remains generous. We believe this has created a cap on the yield of U.S. treasuries as global demand remains high for the U.S. government bonds. As long as inflation remains benign, we are comfortable investing in longer duration investments .

The ongoing low interest rate environment continues to cause investors to invest in high yielding corporate bonds. However, credit fundamentals must be considered. A rising interest rate environment will likely be difficult for many high yield bonds. We will continue to conduct a thorough credit analysis for the bonds we purchase.

"Regardless of when the Federal Reserve increases the overnight lending rate, it is important for clients to remember that a rising interest rate environment typically occurs in conjunction with a growing economy."

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Looking Ahead

Speculation on when the U.S. Central Bank will increase the Federal Funds target rate will be a focus for the market in the months ahead. In March, the Federal Reserve removed the word "patient" from its statement, opening the possibility for a rate hike in June. However, mixed economic data and the failure of wages to trend higher have shifted current market expectations for an initial rate hike to September.

Regardless of when the Federal Reserve increases the overnight lending rate, it is important for clients to remember that a rising interest rate environment typically occurs in conjunction with a growing economy. In fact, the S&P 500 produced positive returns in each of the last five rising interest rate periods. Furthermore, the U.S. Central Bank continues to indicate it will be patient and watchful as to how the market and economic indicators react to rate hikes and remain accommodative.

Stock prices are near record highs and valuations of many companies are extended. A disciplined investment process, an active investment approach and a long-term focus will continue to be critical to achieving investment objectives.

Thank you for the continued trust you have placed in Geneva. The Principals and employees of Geneva and our families continue to be your partners, investing in the same strategies as our clients.

Past Performance is not indicative of future results.

Geneva Advisors, LLC
181 W. Madison, 35th Floor
Chicago, IL 60602
www.genevaadvisors.com
800.505.1720