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## Town of Palm Beach Health Insurance Trust

Investment Performance Analysis  
Period Ended September 30, 2013

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Tab I

# Global Economic Highlights

Third Quarter 2013

Data released in September showed an acceleration in the rate of real U.S. GDP growth in the second quarter to 2.5%, relative to the 1.1% growth experienced in the first quarter of 2013. Following a decline in the first quarter, the euro area experienced growth of 1.2% (annualized) in the second quarter. Growth continued to be driven by Europe's largest economies—France (+2.1%) and Germany (+2.9%)—while Italy (−1.2%) and Spain (−0.4%) were among the countries that saw declines in economic activity. The U.K. (+2.7%) and China (+7.0%) experienced re-accelerations in their economic growth rates during the second quarter, while Japan's growth rate moderated at +3.8%.

During the third quarter, the Bureau of Economic Analysis (BEA) changed its methodology for calculating GDP, which it believes reflects updated international guidelines for national economic accounting. Specifically, expenditures for research and development and intellectual property will be treated as fixed investment and included in the calculation of economic growth, while accounting for pension plans will shift from a cash accounting method to an accrual accounting method. It is expected that these changes will bring U.S. economic accounting in line with the guidelines proposed in the United Nations' System of National Accounts in 2008.

The Federal Reserve Bank, European Central Bank (ECB), Bank of England (BOE), and Bank of Japan (BOJ) telegraphed their intentions to continue to maintain historically low policy rates during the third quarter. Further, the Fed surprised the capital markets and did not announce a tapering of its \$85 million-per-month bond purchase program following its September meeting. While the major central banks signaled that policies would remain accommodative, select central banks across the emerging markets, including India, Indonesia and Brazil, announced tightening measures intended to temper inflation and bolster their currencies.

Headline CPI was 1.5% higher in the U.S. over the trailing 12-month period ended August 31st. U.S. Core CPI, which excludes food and energy, was up 1.8% over that period. Energy prices declined 10 bps while food prices advanced just 1.4%. Inflation across the Organisation for Economic Co-operation and Development (OECD) countries was similarly muted, with headline CPI advancing 1.7% year over year. Outliers for the region included Greece, where prices declined 1.3%, and Turkey, where prices were 8.2% higher over the trailing 12 months ended August 31st. Inflation slowed in non-OECD countries India (+10.7%), Brazil (+6.1%) and China (+2.6%), but accelerated in Indonesia (+8.8%) through August.

Unemployment across OECD countries declined to 7.9% and remained stubbornly high within the euro area, at 12.1%. While Germany's 5.3% unemployment has improved beyond pre-crisis levels, more than one quarter of the working populations in Greece and Spain were underemployed. Japan's rate continued to decline, reaching 3.8% in July. Unemployment within the U.S. declined modestly to 7.3% in August. The long-term unemployment rate remained unchanged at 4.3 million Americans who were jobless in excess of 27 weeks, the number of underemployed workers (involuntary part-time workers) decreased to 7.9 million.

U.S. housing prices climbed for an eighth consecutive quarter, with the Federal Housing Finance Agency's seasonally adjusted Purchase-Only House Price Index rising 2.1% in the second quarter. Housing prices were 7.2% higher over the trailing year, according to the Index.

The price per barrel of West Texas Intermediate (WTI) crude increased 6.0% in the third quarter, closing at \$102.33. The spread between WTI and Brent crude prices expanded slightly as concerns that the conflict in Syria could disrupt global crude supply routes pushed Brent crude prices 7.5% higher. Nevertheless, the spread between WTI and Brent has closed dramatically year-to-date as international shipping of WTI has increased. Year-to-date through September, the price per barrel of WTI was 11.5% higher versus an advance of 3.0% for Brent crude.

# Government Shutdown and Debt Ceiling

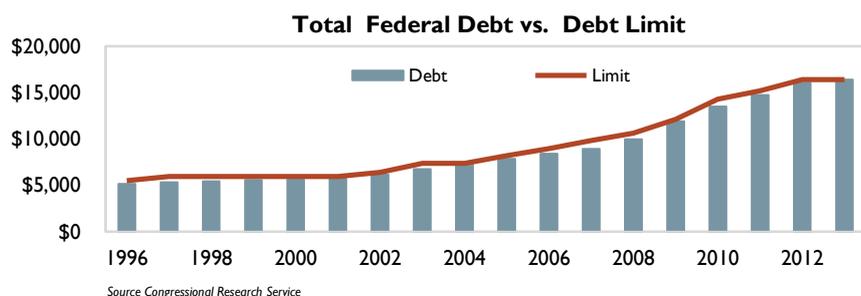
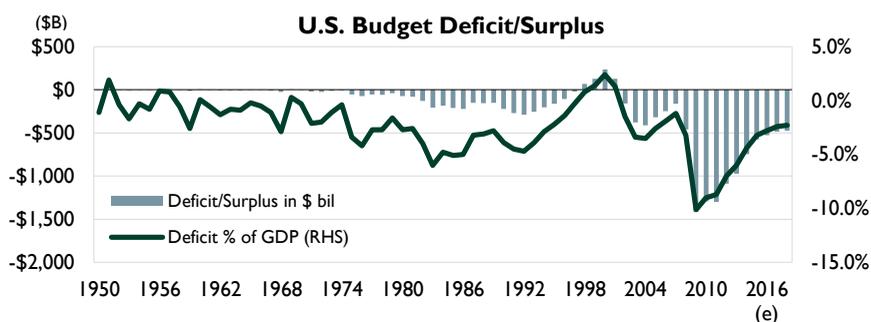
Third Quarter 2013

As September ended, Congress was not able to reach a compromise on a routine continuing resolution bill and failed to avoid a government shutdown. While deficits have fallen, the GOP-led House focused on reducing spending, primarily seeking to defund The Patient Protection and Affordable Care Act (“Obamacare”). However, the Democrat-led Senate remained firm in its commitment to pass a clean funding bill with no attachments.

An eleventh hour deal was reached on October 17th, when House Speaker John Boehner agreed to put to vote a bipartisan, Senate-crafted deal, which ended the 16-day government shutdown and raised the debt ceiling.

A similar shutdown occurred on two occasions in 1995 as a result of political disagreements between President Bill Clinton and Republicans over funding in the 1996 federal budget. Detailed market performance from this period, from September 1995 to January 1996, is shown in the table below. A portfolio representing a diversified asset mix<sup>1</sup> would have returned 7.2% during this period due to gains across public and private equity markets, strong hedge fund performance, and positive returns in real assets and bond market. Over the six months that followed the shutdown, a diversified portfolio would have gained 4.6% as solid performance across hedge funds, private equity, and real assets offset tepid public equity market and negative U.S. bond market returns. It is noteworthy that performance during these discreet periods would have been significantly impacted by implementation choices. For example, private equity outperformed public equity while, within the natural resource equity category, private implementation also outperformed public market returns.

While the performance following the previous shutdown was largely positive and many believe the economic impact of the recent shutdown in the fourth quarter will be recaptured in future quarters, the Senate deal only delays another showdown for approximately three months. Due to the uncertainty on how the next round of debate will transpire, we continue to advocate maintaining a diversified portfolio and recommend clients do not alter their portfolios based on these events.



Although markets initially reacted positively, the deal will only fund the government until January 15, 2014 and suspends the debt ceiling until February 7, 2014. However, it does allow the Treasury to use extraordinary measures to circumvent the debt ceiling for a short time. Estimates on the impact on the U.S. economy varied, but a consensus view was that the shutdown shaved 0.6% from U.S. growth during the fourth quarter.

	12 mos ended 9/95	9/95 - 1/96	Subsequent 6 months
Russell 3000	29.3%	8.3%	1.2%
MSCI EAFE	5.8%	4.5%	1.0%
MSCI EME	-19.2%	5.2%	-5.0%
Private Equity	27.6%	15.5%	18.8%
HFRI Equity L/S	24.9%	5.7%	10.4%
HFRI Event-Driven	14.5%	11.6%	9.7%
Dow Jones UBS Comm.	10.5%	8.6%	10.0%
Real Estate-Lev. NCREIF	7.6%	0.4%	4.8%
Nat. Res. Equities	15.0%	10.4%	4.8%
US TIPS (A)	2.5%	1.0%	1.5%
Barc. UST 5-10yr	15.4%	5.8%	-3.4%
Barc. UST Long	23.0%	8.2%	-6.8%
Barc. Gbl xUS Treasury	18.4%	1.4%	4.5%
<b>Diversified Mix<sup>1</sup></b>	<b>14.9%</b>	<b>7.2%</b>	<b>4.6%</b>

<sup>1</sup> Please see disclosures on the last page of this report for description.

# Historical Returns

Third Quarter 2013

Equity Index Returns	Qtr	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr
S&P 500	5.2	19.3	24.7	16.3	10.0	7.6
Russell 3000 (Broad Market)	6.3	21.6	25.8	16.8	10.6	8.1
Russell 1000 (Large Cap)	6.0	20.9	25.4	16.6	10.5	8.0
Russell Midcap	7.7	27.9	28.0	17.5	13.0	10.8
Russell 2000 (Small Cap)	10.2	30.1	31.0	18.3	11.2	9.6
MSCI ACWI (USD)	7.9	17.7	19.3	10.2	7.7	7.9
MSCI ACWI (Local)	6.3	20.2	20.3	10.8	7.4	7.0
MSCI ACWI ex-U.S. (USD)	10.1	16.5	15.5	5.9	6.3	8.8
MSCI ACWI ex-U.S. (Local)	7.0	21.0	17.3	7.1	5.8	7.2
MSCI EAFE (USD)	11.6	23.8	18.7	8.5	6.4	8.0
MSCI EAFE (Local)	7.5	28.3	20.7	9.1	5.5	6.3
MSCI EM (USD)	5.8	1.0	8.7	-0.3	7.2	12.8
MSCI EM (Local)	5.6	5.8	11.0	2.7	8.2	12.5
S&P Developed ex-U.S. (Small Cap)	14.6	25.4	19.6	10.4	10.2	10.9
London - FTSE 100*	5.0	17.3	17.2	9.7	10.3	9.0
Japan - Nikkei 225*	6.3	65.6	31.3	17.8	7.1	5.1
Hong Kong - Hang Seng*	10.7	13.6	18.2	4.3	8.5	11.0
China - Shanghai Composite*	11.1	7.5	-1.2	-4.1	1.1	6.8
40% R 3000/40% EAFE/20% EM	8.3	18.2	19.6	10.0	8.4	9.2

Fixed Income Index Returns	Qtr	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr
LIBOR US 3m	0.1	0.3	0.4	0.3	0.5	2.1
Citigroup 3m T-Bill	0.0	0.1	0.1	0.1	0.1	1.6
BOA ML 1-3 Yr Treasury	0.3	0.4	0.5	0.7	1.6	2.6
Barclays 3-10 Yr Treasury	0.5	-1.9	1.0	2.6	4.8	4.6
Barclays 5-10 Yr Treasury	0.3	-3.3	0.8	3.0	5.4	5.1
Barclays Long-Term Treasury	-2.2	-10.6	-2.5	3.6	6.5	6.1
Barclays Credit	0.7	-1.9	3.9	4.1	8.5	5.2
Barclays Gov't/Credit	0.4	-2.0	1.8	2.9	5.7	4.5
Barclays Aggregate	0.6	-1.7	1.7	2.9	5.4	4.6
Barclays Municipal	-0.2	-2.2	2.9	3.2	6.0	4.4
Barclays High Yield	2.3	7.1	13.1	9.2	13.5	8.9
JPM Global Bond	2.7	-5.0	-0.9	1.1	4.6	4.9
JPM Non-U.S. Bond	4.2	-6.3	-1.5	0.5	4.7	5.1
JPM Global Bond-Hedged	0.7	0.4	2.4	2.5	4.3	4.3
JPM Non-U.S. Bond-Hedged	1.1	2.1	3.5	2.8	4.4	4.3
JPM EMBI+	0.5	-5.9	6.4	4.7	9.5	8.7
JPM GBI-EM Global Div Bond	-0.4	-3.7	4.1	1.8	7.3	10.1
JPM GBI-EM Global Div Bond-Hedged	-0.4	-1.0	3.0	2.8	5.9	5.6

Illiquid Partnerships	Qtr	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr
<b>Private Real Assets (as of 6/30/2013)</b>						
NCREIF Property Index	2.9	10.7	11.4	13.1	2.8	8.6
Apartment	2.5	10.7	12.0	15.0	3.7	8.3
Industrial	3.2	10.8	11.5	12.6	2.1	8.0
Office	2.8	9.6	10.1	11.8	1.3	8.0
Retail	3.2	12.8	13.1	13.8	5.1	10.5
NCREIF Timber Index	0.9	9.4	5.2	3.6	2.1	8.2
<b>Private Equity (as of 06/30/2013)</b>						
<b>U.S. Private Equity</b>						
Venture Capital	3.4	15.7	11.3	11.0	4.3	9.5
Early/Seed Stage	2.7	5.0	11.9	5.7	0.8	4.6
Later Stage	2.1	6.1	11.5	4.3	-0.9	1.7
Buyouts	5.4	9.7	12.2	9.7	4.7	8.1
Small	4.0	18.8	11.5	12.4	4.7	10.9
Medium	2.6	16.7	15.0	6.6	0.6	10.5
Large	4.0	13.7	14.2	9.2	2.4	10.2
	5.2	15.6	15.6	10.3	4.6	10.8

MSCI ACWI Sector	Qtr	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr
Consumer Discretionary	10.3	34.7	29.5	18.3	16.0	9.8
Consumer Staples	3.3	14.9	18.8	14.4	12.2	11.9
Energy	8.0	6.4	13.3	8.0	4.5	12.0
Financials	7.7	25.0	24.6	8.4	3.6	4.4
Health Care	6.7	26.6	26.4	19.1	12.6	9.2
Industrials	11.1	26.7	23.7	11.8	9.7	9.7
Information Technology	8.7	11.7	18.8	12.1	11.2	6.7
Materials	11.9	0.9	5.8	-0.6	4.8	10.6
Telecom	7.7	11.4	14.5	9.6	9.5	10.0
Utilities	4.2	8.7	7.5	3.7	2.0	9.3

Hedge Fund Index Returns	Qtr	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr
<b>HFRI Fund Weighted Composite</b>						
<b>Absolute Return</b>						
HFRI Event Driven (Total)	3.2	12.8	9.8	6.4	6.9	7.3
HFRI Relative Value (Total)	2.0	7.6	8.3	6.3	7.8	6.5
HFRI RV: FI-Convertible Arbitrage	2.1	8.4	8.3	4.5	10.5	4.8
HFRI EH: Equity Market Neutral	0.9	4.6	4.4	2.2	1.1	2.6
<b>Directional Hedge</b>						
HFRI Equity Hedge (Total)	4.1	11.2	8.9	4.4	5.1	5.3
HFRI Macro (Total)	-1.1	-3.0	-2.0	-0.6	1.8	4.6
HFRI Emerging Markets (Total)	2.9	7.1	5.3	0.4	4.4	8.8
HFRI EH: Short Bias	-3.8	-17.3	-17.0	-13.1	-12.9	-5.8
<b>Fund of Funds</b>						
HFRI FOF Strategic	3.5	9.0	6.4	3.1	2.5	4.2
HFRI FOF Diversified	1.1	6.1	4.4	2.6	2.0	3.4

Real Assets and Inflation	Qtr	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr
<b>REITs</b>						
FTSE EPRA/NAREIT GL	2.4	11.0	20.3	10.5	7.4	10.1
<b>Commodities</b>						
DJ-UBS Commodity	2.1	-14.3	-4.7	-3.2	-5.3	2.1
Goldman Sachs Commodity	5.9	-3.2	4.5	3.9	-8.3	1.9
<b>Natural Resources</b>						
SP GSSI Natural Resources	8.6	7.2	13.7	8.3	4.8	12.5
<b>Inflation-Protected Bonds</b>						
Barclays U.S. TIPS	0.7	-6.1	1.2	4.0	5.3	5.2
<b>Inflation</b>						
U.S. CPI	0.2	1.1	1.6	2.3	1.4	2.4
U.S. CPI Plus 5%	1.5	6.2	6.6	7.4	6.4	7.5

# Key Metrics

Third Quarter 2013

Option-Adjusted Spreads		
	Current QTR	1 Year Ago
U.S. High Yield	461	551
U.S. Corporate	141	156
U.S. IG Financials	139	179
CDX IG 5-Yr	82	99
CDX HY 5-Yr	399	504
Agency MBS	43	24
CMBS	141	155
ABS - Fixed Rate	64	44
ABS - Floating Rate	98	115
TED <sup>1</sup>	24	27
Emerging Markets (External)	330	332

<sup>1</sup>3 month US LIBOR minus 3 Month US T Bills

U.S. Economy	Current QTR	1 Year Ago
Unemployment Rate	7.30%	7.80%
Quarterly GDP <sup>2</sup>	2.50%	1.30%
Current Account Deficit <sup>2</sup>	\$98.89	\$117.40
Annualized Current Account Deficit/GDP <sup>2</sup>	2.37%	3.01%

<sup>2</sup>Statistics as of one quarter prior

Central Bank Activity	Current QTR	1 Year Ago
Fed Funds Rate	0-0.25%	0-0.25%
Bank of Japan Target Rate	0.10%	0.10%
European Central Bank Rate	0.50%	0.75%
Bank of England Official Bank Rate	0.50%	0.50%

Inflation Forecast	Current QTR	1 Year Ago
10-Year Treasury Yield	2.61%	1.63%
10-Year Breakeven <sup>4</sup>	2.19%	2.42%
5-Year Treasury Yield	1.38%	0.62%
5-Year Breakeven <sup>4</sup>	1.80%	2.08%

<sup>4</sup> Breakeven rates calculated by Bloomberg

Equity Market Valuations	Current QTR			1-Year Ago		
	Trailing P/E	Forward P/E	Div. Yield	Trailing P/E	Forward P/E	Div. Yield
S&P 500 Index	15.9x	15.3x	2.1%	14.5x	13.9x	2.1%
Russell 1000 Index	16.1x	15.4x	2.1%	14.7x	14.1x	2.0%
Russell Midcap Index	19.x	17.7x	1.8%	16.1x	15.4x	1.8%
Russell 2000 Index	19.9x	19.5x	1.6%	16.4x	15.8x	1.6%
Russell 3000 Index	16.4x	15.7x	2.0%	14.8x	14.2x	2.0%
Russell 3000 Growth Index	19.6x	18.1x	1.6%	17.5x	16.5x	1.6%
Russell 3000 Value Index	14.x	13.8x	2.4%	12.9x	12.5x	2.4%
MSCI ACWI Index	15.x	14.2x	2.6%	13.5x	12.7x	2.7%
MSCI ACWI ex-U.S. Index	14.1x	13.3x	3.1%	12.7x	11.8x	3.4%
MSCI EAFE Index	15.3x	14.x	3.2%	13.x	11.9x	3.6%
MSCI EM Index	11.x	11.x	2.7%	11.6x	10.9x	2.9%
London - FTSE 100 <sup>3</sup>	15.1x	12.9x	3.8%	12.4x	11.3x	4.1%
Japan - Nikkei 225 <sup>3</sup>	20.5x	18.1x	1.4%	15.1x	14.1x	2.2%
Hong Kong - Hang Seng <sup>3</sup>	10.6x	11.x	3.4%	10.4x	10.9x	3.4%
China - Shanghai Composite <sup>3</sup>	10.3x	9.4x	2.9%	10.6x	9.5x	2.8%

<sup>3</sup>Returns in local currency

P/E excludes companies with negative earnings

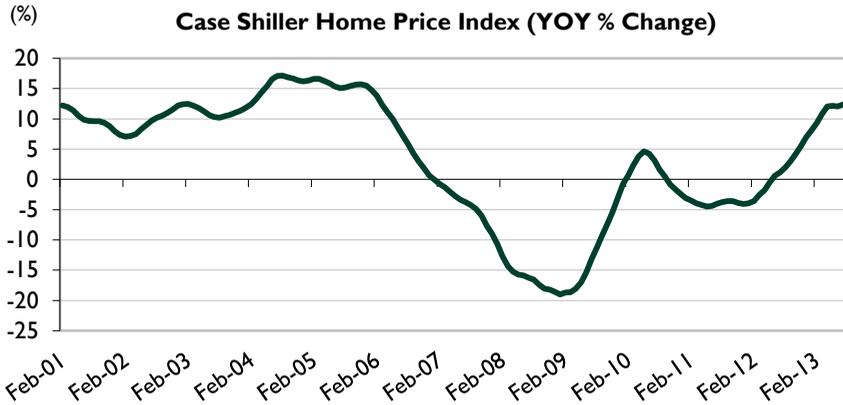
U.S. Treasury Yields	Curve Steepness						
Date	3-Mo T-Bill	6-Mo T-Bill	2-Year Note	5-Year Note	10-Year Note	30-Year Note	10-Year - 2-Year
1 Year Ago	0.08%	0.13%	0.24%	0.62%	1.63%	2.82%	1.39%
Current Quarter	0.01%	0.03%	0.32%	1.38%	2.61%	3.69%	2.29%

Currency Rates (per U.S. Dollar) (%)								Current
	MTD	QTD	YTD	1 Year	2 Year*	3 Year*	5 Year*	Spot Rate
U.S. Dollar Spot (DXY)**	-2.3%	-3.5%	0.6%	0.4%	1.1%	0.6%	0.2%	80.221
Canadian Dollar	2.2%	2.0%	-3.8%	-4.6%	0.9%	-0.1%	0.6%	1.031
Japanese Yen	-0.1%	0.9%	-11.7%	-20.7%	-11.5%	-5.3%	1.5%	98.270
British Pound	4.4%	6.4%	-0.4%	0.1%	1.9%	1.0%	-1.9%	0.618
Euro	2.3%	4.0%	2.5%	5.2%	0.5%	-0.3%	-0.8%	0.739
Swiss Franc	2.8%	4.4%	1.2%	3.9%	0.2%	2.8%	4.4%	0.905
Australian Dollar	4.7%	2.0%	-10.4%	-10.2%	-1.8%	-1.2%	3.3%	1.073
Brazil	7.5%	0.6%	-7.5%	-8.5%	-7.9%	-8.7%	-3.0%	2.217
China	0.0%	0.3%	1.8%	2.7%	2.1%	3.0%	2.3%	6.121
GBP/Euro	2.1%	2.3%	-2.8%	-4.8%	1.4%	1.3%	-1.1%	0.836
Yen/Euro	-2.4%	-3.0%	-13.9%	-24.6%	-11.9%	-5.0%	2.4%	132.930

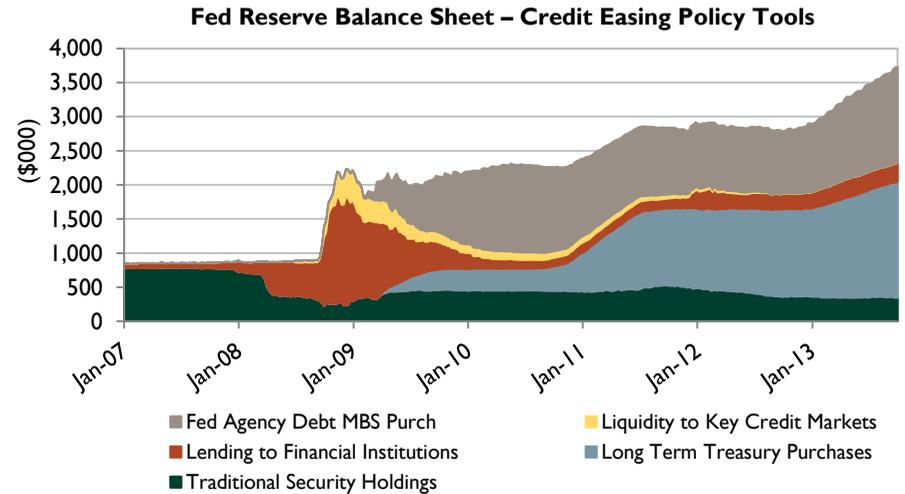
\*Annualized Price Change

# Macroeconomic Trends

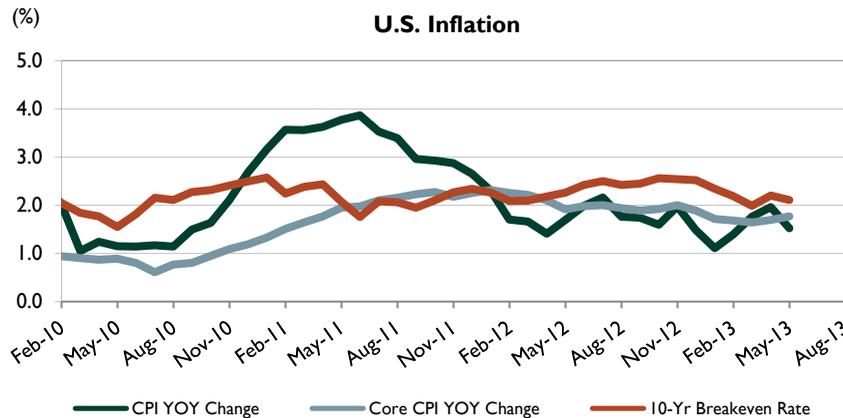
Third Quarter 2013



Home prices have continued to rise, with the year-over-year (YOY) Case Shiller Index gaining 12.4% through July, which represented the measure's highest levels since February 2006. However, in its decision not to taper the bond-buying program, the Fed said tightening financial conditions over the past several months could hinder the recovery in residential housing markets.



Entering September, investors largely believed the Fed would announce a reduction in its \$85 billion-per-month bond-buying program of \$10–15 billion. However, at the September meeting, the Fed announced it would continue the program at its current pace until there is additional evidence of a sustainable economic recovery.



YOY Core CPI rose modestly to 1.8%, up from 1.6% at the start of the quarter, while the broader measure of CPI fell from 1.8% to 1.5% as of August. Despite the rise in Core CPI, both Inflation measures remain contained. Also inflation expectations rose moderately as economic growth appeared to improve and the FOMC decided to continue the pace of its bond purchase program.



U.S. GDP expanded to 2.5% in the second quarter, outpacing the 1.1% growth in the previous quarter. GDP growth was driven by positive contributions from several categories, including personal consumption, exports, and private inventory investment with negative contributions from imports and federal government spending.

# U.S. Equity

Third Quarter 2013

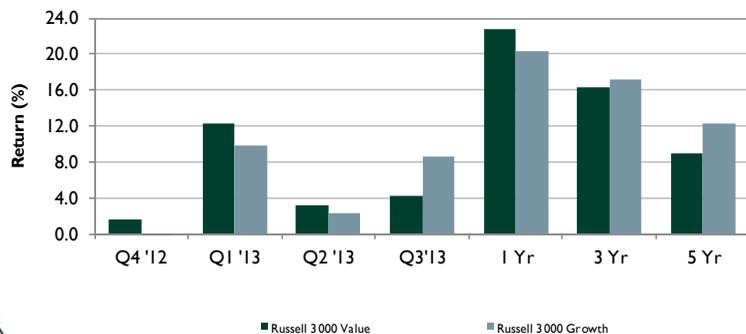
Though domestic equities gained 6.3% during the third quarter, as measured by the Russell 3000 Index, the trajectory of the equity market was far from smooth. Following a strong advance in July, investors paused in August to consider geopolitical concerns, as well as the potential impact of a reduction in the Fed's asset purchase program. As these concerns abated and the Fed ultimately indicated it would pursue accommodative policies until the economic recovery proved sustainable, risk assets rallied and the domestic equity market closed the quarter with a sizeable gain. Year to date through September, the Russell 3000 Index advanced 21.3%.

From a sector perspective, materials (+9.9%), industrials (+9.6%), and IT (+9.0%) experienced the largest rise, while traditional safe havens such as telecom services (-2.9%), utilities (+0.4%), and consumer staples (+1.5%) lagged the broad market.

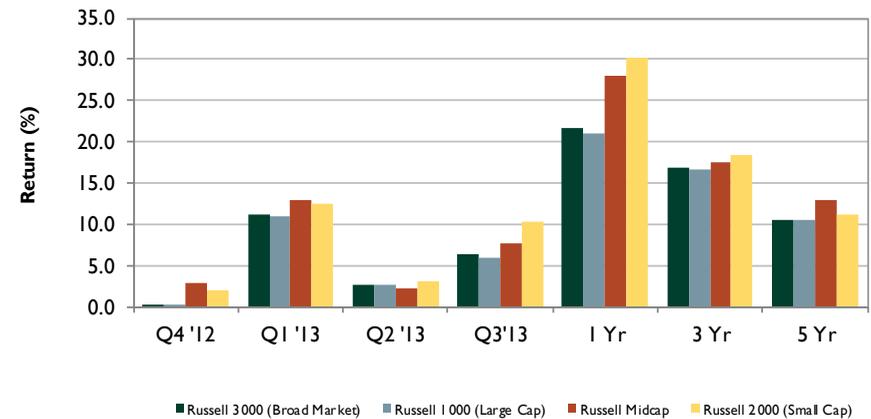
The increased willingness of investors to assume risk also manifested in strong outperformance at the lower end of the capitalization spectrum, with the Russell 2000 Index finishing the quarter 10.2% higher. By comparison, large cap equities, as measured by the Russell 1000 Index, improved 6.0% and the Russell Midcap Index gained 7.7%. The distribution of returns is similar over the year-to-date period, with small caps outpacing their large cap counterparts by over 690 bps.

Growth stocks assumed leadership in the quarter, with the Russell 3000 Growth Index effectively doubling the return of the Russell 3000 Value Index, 8.5% to 4.2%, respectively. As a result, growth stocks edged out their value counterparts year to date.

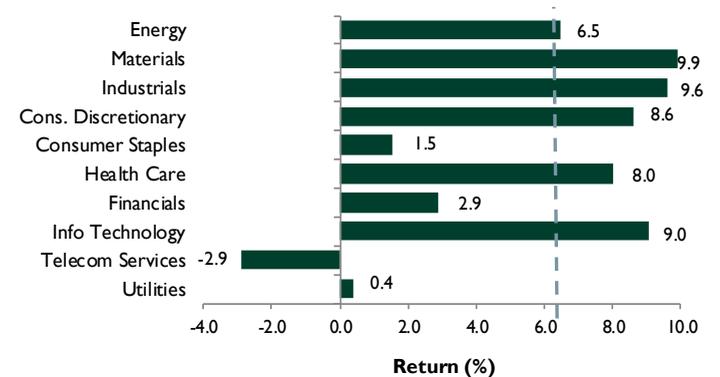
U.S. Growth vs. Value Comparison



U.S. Market Cap Comparison



Q3 '13 U.S. Sector Returns\*



\*Dotted line indicates total Russell 3000 Index return

Sources: InvestmentMetrics, Bloomberg

# International Equity

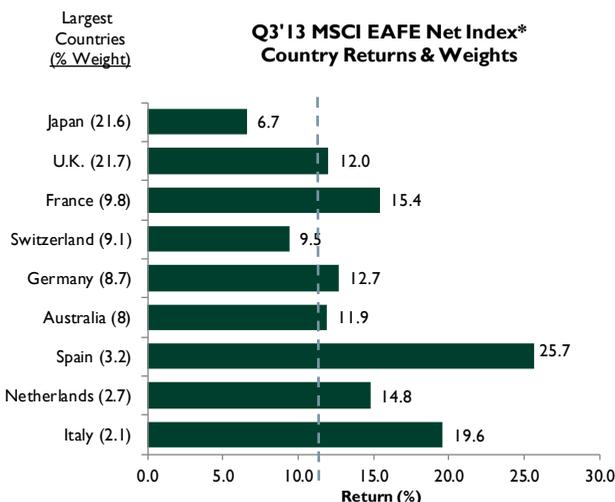
Third Quarter 2013

Foreign developed equity markets advanced sharply, with the MSCI EAFE Index returning 11.6% in U.S. dollar (USD) terms. Every developed market country as defined by MSCI, generated a positive return for the quarter. Equity returns, both developed and emerging, were bolstered in part by the Fed's decision to delay tapering of quantitative easing. Additionally, developed international equity returns were helped further by the broad decline of the USD. The MSCI EAFE Index gained only 7.5% in local terms.

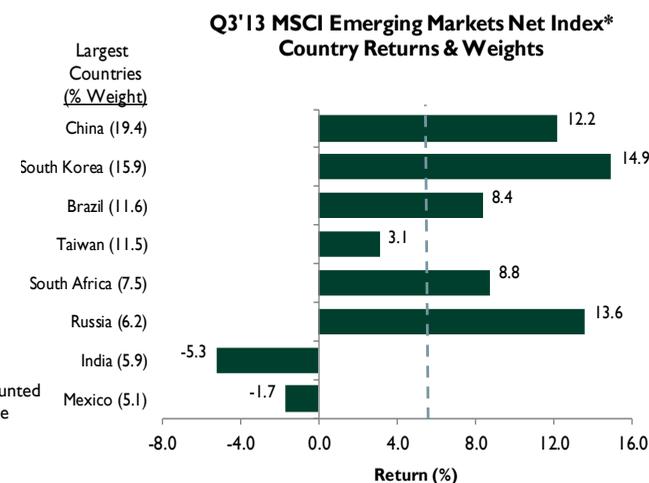
- In Japan (+6.7% USD, +5.4% local), Prime Minister Shinzo Abe achieved an important victory in his quest to carry out his economic revival plan when his coalition won a majority in the Japanese Parliament's upper house election in July.
- The euro area was broadly positive as more troubled nations such as Spain (+25.7% USD, +20.7% local), Italy (+19.6% USD, +14.9% local) and Portugal (+10.7% USD, +6.3% local) showed signs of improvement and stability. Greece (+33.6% USD, +28.3% local), which will be reclassified by MSCI as an EM country in November, also performed well.
- While all major economic sectors within the Index generated gains, the more economically sensitive sectors generally outperformed their traditionally more defensive counterparts.

Driven by a strong rebound in September, emerging markets equities jumped 5.8% in USD terms according to the MSCI EM Index. The quarter was marked by notable dispersion across developing countries. Many of the larger, commodity-producing emerging nations posted gains with the help of rising oil and precious metal prices. Conversely, a number of countries running current account deficits, such as Turkey and Indonesia, continued to falter. Currency movements had only a modest impact in aggregate for the third quarter, as the Index gained 5.6% in local terms.

- Within Asia, China (+12.2% USD, +12.2% local) advanced on the strength of improving macroeconomic data, while South Korea (+14.9% USD, +8.1% local) benefited from the appreciation of the Korean won.
- Though concerns over inflation and currency depreciation persisted, investors responded favorably to strong GDP data in Brazil (+8.4% USD, +9.2% local).
- In the EMEA region, returns within Russia (+13.6% USD, +12.4% local) and South Africa (+8.8% USD, +10.3% local) were aided by strength in commodity sectors. Egypt (+12.6% USD, +10.5% local) performed well despite civil unrest, while Turkey (-6.7% USD, -2.2% local) struggled due to its own political unrest as well as tensions in neighboring Syria.



\* Note: Other countries accounted for 13.1% of the Index weight



\* Note: Other countries accounted for 16.9% of the Index weight

# U.S. Fixed Income

Third Quarter 2013

U.S. Treasuries gained 0.1% as yields at the short- and intermediate-term portions of the curve fell slightly. Longer-term yields experienced modest increases, and as a result, longer-dated Treasuries underperformed their shorter-dated counterparts. The curve steepened as the difference between the two- and ten-year yields widened by 16 bps. During the first two months of the quarter, intermediate and long-term rates moved sharply higher, continuing a trend that began in the second half of the second quarter. However, during the last two weeks of the quarter, rates reversed direction and ended only modestly higher.

Rates initially began to reverse direction when Larry Summers withdrew his name from consideration for the Fed chair, and the more dovish Janet Yellen emerged as the front-runner to succeed Chairman Ben Bernanke in January 2014. The rally in rates was extended when the FOMC surprised market participants and announced its decision to continue with the existing pace of its bond-buying program. Immediately following the September 18th announcement, U.S. Treasury yields began to decline and the ten-year yield fell 22 bps over the last two weeks of September, ultimately ending the quarter just 12 bps higher.

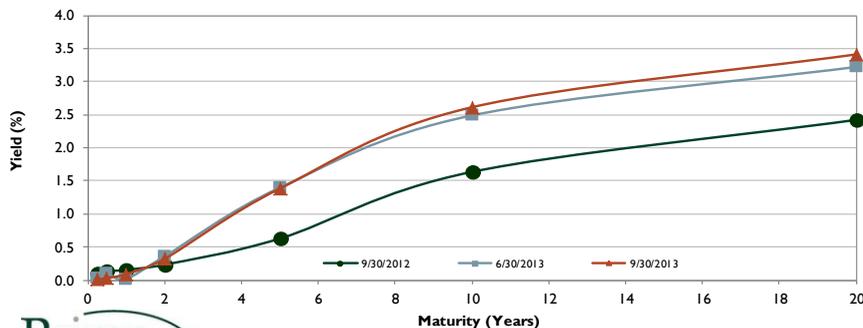
The Barclays Aggregate Index gained 0.6% in the quarter and, in a reversal from the previous quarter, all major sectors reported positive results. Performance was largely driven by credit sectors as gains for U.S. Treasury and government-related sectors were more muted. As longer-term rates rose, short- and intermediate-term securities outperformed and returns were generally negative beyond ten years.

Corporate securities returned 0.8% during the quarter, driven primarily by returns on financial issues (+1.5%), as the industry's option-adjusted spreads tightened by 19 bps. Lower-rated securities generally outperformed higher quality with AAA-rated securities reporting a slight loss compared to the 0.8% gain of BBB-rated securities. Corporate issuance spiked as Verizon came to market with a record-breaking \$49 billion deal in September.

The securitized sector gained 1.0%, making it one of the top-performing sectors. U.S. mortgage-backed securities (MBS) pass-throughs rallied following the Fed's September decision not to taper and the sector ended the quarter with a 1.0% gain. Advances were strongest between the 3.5–4.5% portion of the coupon stack, where the Fed has focused its purchases. Commercial MBS also posted positive performance (+1.0%) as spreads tightened. Despite widening spreads in some sub-sectors and robust supply during the quarter, the asset-backed securities sector gained 0.2%. As home prices continued to show improvement and housing fundamentals remained strong, the non-agency mortgage securities also experienced positive performance during the quarter.

High yield bonds gained 2.3% and floating rate loans rose 1.2%. Coupon income along with price gains drove returns higher. Among bond sectors, technology (+3.2%), energy (+2.9%), and financials (+2.7%) were key drivers of positive returns. Within loans, lodging (+2.2%), brokerage (+1.9%), technology (+1.5%), and communications offset weakness in utilities (-0.6%) and more modest gains in consumer noncyclical (+1.1%). Lower quality outperformed with CCC-rated bonds (+3.7%) and D-rated loans (+3.9%) besting their higher quality counterparts.

U.S. Treasury Yield Curve



OAS Comparison – Corporate vs. High Yield



# Currencies & Global Bonds

Third Quarter 2013

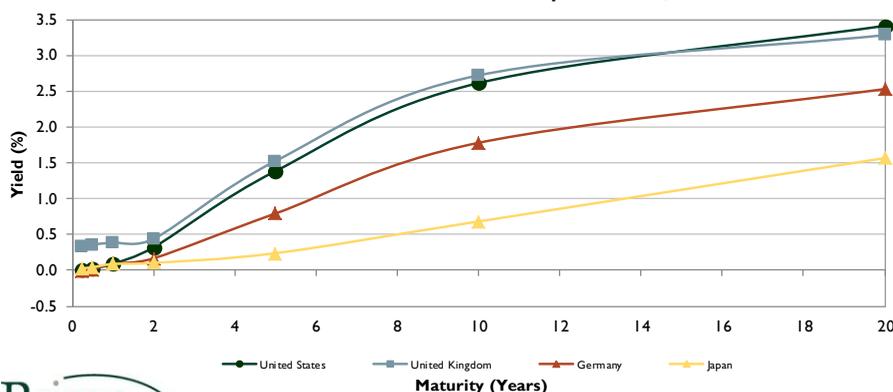
Similar to the Fed, the ECB, BOE, and BOJ did not adjust monetary policy. Around the globe, other central banks were active but pursued diverging policies. Brazil and Indonesia actively raised rates, as did India in an effort to stem rising inflationary pressure and falling currencies. Meanwhile, Eastern European central banks such as Hungary, Romania, and Poland loosened policy with rate cuts. Australia and Mexico also lowered policy rates. Although the ECB held policy steady, President Mario Draghi reaffirmed that the central bank stands ready to act if conditions warrant it. He alluded to the possibility of another round of the Long-Term Refinancing Operation liquidity injection implemented in December 2011 and February 2012.

The Dollar Spot Index declined 3.5% as a result of strong gains in the British pound (+6.4%), ongoing strength in the euro (+4.0%), and a reversal of the Japanese yen (+0.9%), which had been weak for the past year. European currencies rallied against the USD with notable gains in the Polish zloty (+6.5%), Czech koruna (+5.3%), and Swedish krona (+4.2%). Results were mixed in the Americas, with gains in the Canadian dollar (+2.0%) and Brazilian real (+0.7%) but losses in the Mexican peso (-1.2%). The Asia-Pacific region was mixed as well, with significant weakness in currencies such as the Indonesian rupiah (-12.3%) and Indian rupee (-5.2%), both of which have relatively wide current account deficits. However, the New Zealand dollar (+7.3%), Korean won (+6.3%), and Australian dollar (+2.0%) exhibited strength.

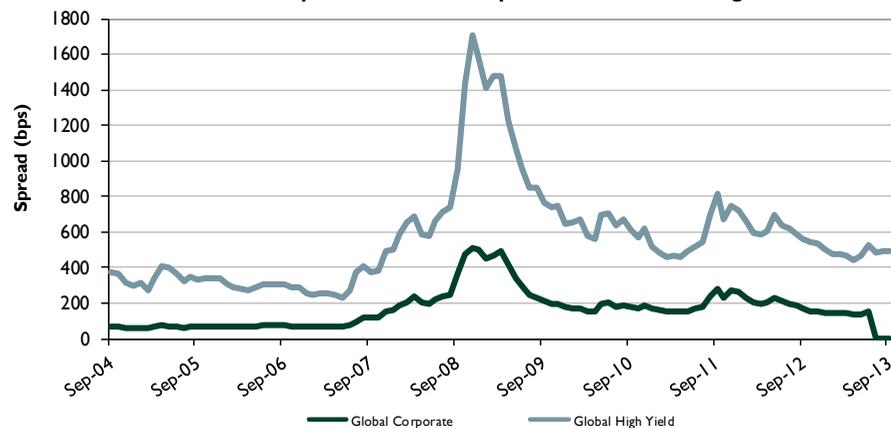
A weak USD relative to several non-U.S. currencies was a tailwind and, as was the case in the second quarter, fostered a wide divergence between unhedged (+4.1%) and hedged (+1.0%) returns for the Barclays Global Treasury ex-U.S. Index. Japan rose 1.3% in local terms but gained 2.5% when accounting for strength in the yen. A stronger euro led to positive contributions across all euro area markets, but several peripheral countries, including Italy (+1.4% local, +5.6% unhedged), Spain (+3.6% local, +7.8% unhedged), and Ireland (+1.9% local, +6.0% unhedged) were standout performers. In addition, a sharp rally in the U.K. pound led to a strong contribution from U.K. gilts (+7.3% unhedged). Weakness in local market returns in Canada (-0.2%), Malaysia (-0.7%), New Zealand (-1.8%), Norway (-1.1%), and Sweden (-0.8%) were detractors. However, gains in the currencies of all except Malaysia (-3.2% unhedged) led to positive contributions to unhedged returns.

The Barclays EM Local Currency GBI (0.0%) was flat on a hedged basis and +2.3% in unhedged terms. In unhedged terms, EM EMEA (+4.0%) was the largest contributor due to gains in Poland (+7.1%), the Czech Republic (+6.9%), Russia (+4.1%), and several smaller markets, including Romania (+8.1%) and Egypt (+11.0%). However, there was notable weakness in Turkey (-4.4%). EM Asia (+1.8%) rose as a result of gains in South Korea (+7.2%) but returns were held in check as a result of weakness in Indonesia (-19.2%) and Malaysia (-3.2%). EM Americas (+0.8%) were laggards due to positive absolute but weak relative returns in Brazil (+0.7%) and Mexico (+0.0%).

Global Yield Curves as of September 30, 2013



OAS Comparison - Global Corporate versus Global High Yield



# Private Equity (as of June 30, 2013)

Third Quarter 2013

North American private equity raised \$76 billion from 101 funds during the second quarter, a nearly two-fold increase from the first quarter. Moreover, these new offerings accounted for 62% of total private capital secured worldwide. The value of dry powder held and available by private equity funds increased to \$991 billion in the second quarter after decreasing in 2012. An aggregate \$62 billion in private equity-backed buyout deals were announced globally, representing 622 transactions. North American deals accounted for 46% of aggregate deal value, while European deals accounted for 47%.

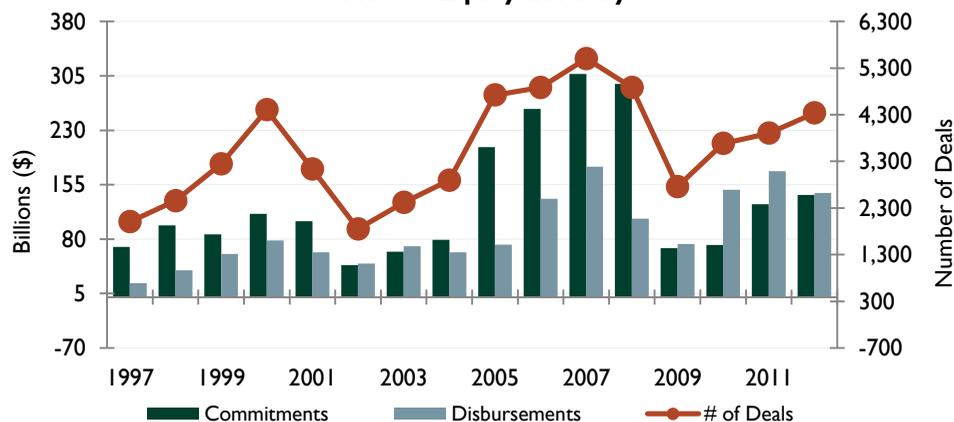
Average debt/EBITDA levels for all leveraged buyout (LBO) issuance was 5.3x in the quarter, up from first quarter levels of 4.9x. LBO purchase price multiples were down a half a turn to 7.5x from 8.1x. Loose credit conditions and strong market appetite have allowed many corporates to extend or re-price debt, reducing near-term leverage burdens and keeping defaults low for the time being. There was \$4.6 billion of leveraged loans (at face value) in default or bankruptcy at the end of the quarter, down from \$8.1 billion at the close of the first quarter and \$16.2 billion a year ago.

A total of €19.9 billion was raised by 19 European private equity funds during the quarter. Private equity-backed IPOs represented 28% of all transacted European IPOs in the first half. The private equity-backed IPOs represented €8 billion in exits and exceed the aggregate value of private equity IPOs in 2012 (€3.7 billion) and 2011 (€1.1 billion) combined.

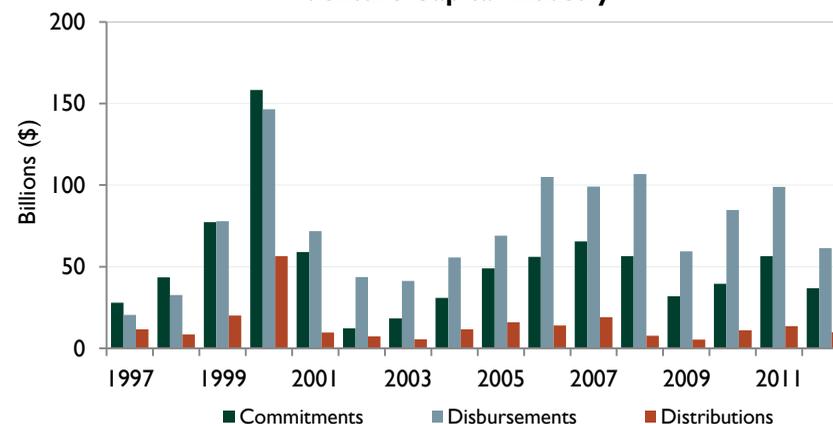
Forty-four U.S. venture capital funds raised \$2.9 billion during the second quarter, a 33% decrease in dollar commitments from the same number of funds in the previous quarter. The top five venture capital funds accounted for 55% of total fundraising, which is in line with the previous two quarters. There were 1,315 venture capital financings announced globally, valued at a total of \$10.4 billion. North America continues to represent a disproportionate amount of global venture capital deal flow as the region accounted for 61% of the deal flow and 74% of the aggregate value of deals in the second quarter, with 806 financings valued at a total of \$7.7 billion.

Mergers and acquisitions (M&A) metrics for private equity sponsors during the first half of the year mirrored the trends of the overall M&A market. Globally, the number of announced deals with private equity buyers declined 23.6% from the first half of 2012. In contrast, the dollar volume for private equity purchases jumped 74.8% as several very large deals pushed total volume to the highest first-half figure since 2007. For middle-market private equity transactions, the number of deals through the first two quarters was down 24.4% from the end of the second quarter of 2012, as many private equity firms sold in 2012 before changes in U.S. tax rates.

**Private Equity Industry**



**Venture Capital Industry**



Sources: Dow Jones Private Equity Analyst, National Venture Capital Association, Thomson Financial, S&P LCD, Emerging Markets Private Equity Association, Dealogic, Preqin, Pitchbook

# Flexible Capital

Third Quarter 2013

The HFRI Fund Weighted Composite Index advanced 2.3% in the third quarter with most sub-strategies positive save for macro (-1.1%) and short biased (-3.8%). The HFRI Equity Hedge Index (+4.1%) was a top performer, followed by event-driven and EM strategy indices. The equity hedge and event-driven strategies have been strong performers for the year-to-date period, returning 9.2%. While performance still trails that of the broad equity market, flexible capital funds are showing renewed momentum compared to the prior year. Fund of funds index performance ranged from 1.1% for the HFRI FOF Diversified Index to 3.5% for the HFRI FOF Strategic Index, which tends to have more directional exposure.

The majority of long/short equity managers continued their ascendance as fears over the end of quantitative easing abated, and the S&P 500 and the Dow reached all-time highs. Positive performance was driven by the long side of the portfolio across a broad base of industries. The current environment has proven difficult for short selling as government intervention has continued to artificially inflate the market, causing some shorts to be a meaningful detractor for both the quarter and the year. Nokia is one widely held short that hurt many funds after a portion of the company was unexpectedly acquired and the stock rose over 70%. Despite the short-side pain, in general long/short equity managers remain optimistic that this portion of the portfolio will help to mitigate the downside when the Fed begins to taper its bond-purchasing program, allowing for more dispersion among stocks. Managers continue to be constructive on company fundamentals and have robust pipelines of new ideas.

Over the past year, market exposures have stayed relatively stable, particularly within the U.S. Morgan Stanley Prime Brokerage data shows a 3% increase in gross exposure to the U.S. over the past nine months, while net has increased 4%. Gross exposure to Europe decreased by 12% over the same period.

Driven by gains from event-driven equities and distressed credit, absolute return managers performed well. Among credit managers, the greatest area of strength came from higher-yielding or non-performing credit that has little duration or interest rate sensitivity, and was therefore insulated from the rise in interest rates during August and early September. Large distressed situations such as Lehman Brothers and Icelandic banks were positive, with domestic Lehman claims moving up ahead of the next distribution in early October. Creditors of Iceland's defunct Glitnir and Kaupthing banks continue to work toward a potential resolution with the Icelandic government, which could lead to the return of cash that has built up in the estates of the liquidating banks. Securitized credit was also profitable, with many managers acquiring collateralized loan obligation equity and moving to a more hedged, alpha-centric approach to residential and commercial mortgage-backed securities.

On the event-driven side, the buyout of Vodafone's stake in Verizon Wireless raised hopes that corporate activity would pick up. Many managers believe the temporary rate spike in August may spur activity as companies will finally look to take advantage of the low rate environment to acquire businesses or improve their capital structure. Share buybacks and sales of non-core business units continue to be key themes for event-driven managers, driving returns for companies such as Vivendi, Tribune, and Hess. On the negative side, the American/U.S. Airways merger was blocked by regulators, which hurt both distressed and merger-arbitrage investors as American is currently in bankruptcy. TXU debt also traded down as the company is nearing a restructuring, but the path through bankruptcy appears less clear.

Credit managers continue to look to Europe as a source of new investment ideas, including loan portfolios from distressed bank sellers and opportunities in the corporate sector for companies struggling to secure financing.

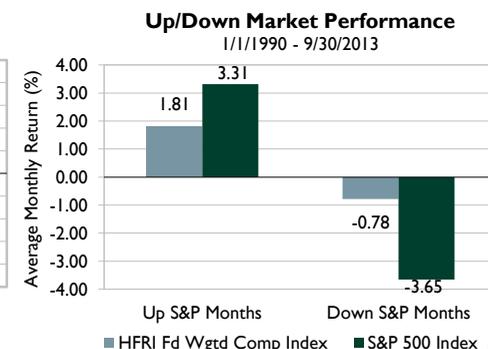
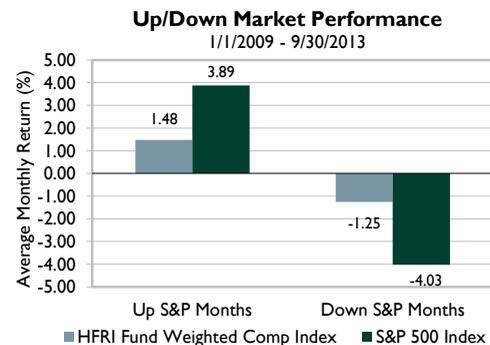
## Goldman Sachs Hedge Fund VIP Basket\*

### Top 5 Q3 2013 Performers

Company	Q2
Yahoo! Inc	32.1%
Delta Air Lines Inc	26.4%
Cheniere Energy Inc	23.0%
Vodafone Group PLC	22.4%
priceline.com Inc	22.2%
S&P 500 Index	5.2%

### Bottom 5 Q3 2013 Performers

Company	Q2
MBIA Inc	-23.1%
Assured Guaranty Ltd	-14.6%
Hertz Global Holdings Inc	-10.7%
Realogy Holdings Corp	-10.5%
Cisco Systems Inc	-3.0%
S&P 500 Index	5.2%



\* 50 companies that "matter most" to hedge funds; positions that appear most frequently as top ten holdings of hedge funds with 10-200 total holdings. Performance based on price change.

Sources: Bloomberg, Hedge Fund Research, Goldman Sachs, Morgan Stanley

# Inflation Hedging

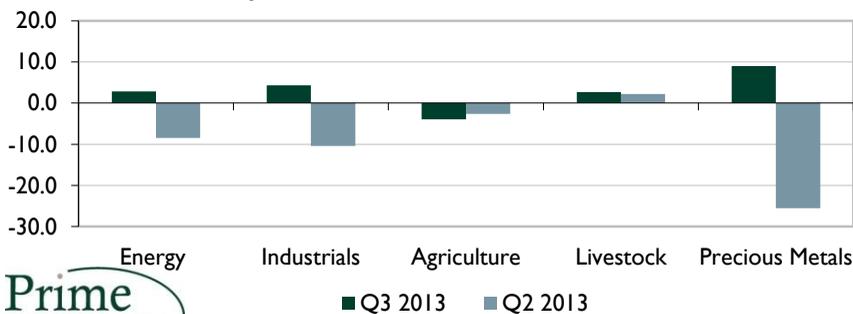
Global real estate securities finished up 2.4% after a turbulent quarter, driven by macroeconomic data, events, and market sentiment. Europe (+10.1% per FTSE EPRA NAREIT Global Index) buoyed global returns, as regional economic data indicated the continent's economy was recovering from its recent and prolonged recession. Asia (+7.9%) also pushed global returns higher, with Japanese real estate operating companies (+13.0%) leading the way on continued enthusiasm for Abenomics and its potential to boost exports and demand within Japanese commercial real estate markets. The U.S. region recovered from steep valuation declines in June and July to end down 3.0% following a strong September rally. The declines were prompted by Fed Chairman Ben Bernanke's speech in May, when he indicated the Fed might begin to taper its bond-buying program, putting upward pressure on interest rates.

Commodities advanced 2.3% as measured by the DJ-UBS Commodities Index, aided by favorable global economic data, including GDP growth in Europe and strength in Chinese and U.S. manufacturing. Precious metals (+8.9%) led the sector's gains after posting a double-digit decline in the second quarter. The Fed's September decision to delay the tapering of its bond-buying program spurred gold and silver prices as the quarter came to a close. Industrial metals also moved higher as demand from China increased at a time when the country's economy grew at a better-than-expected 7.8% pace. Energy prices (+2.8%) were buoyed by a strong advance in oil and oil-related products following concern that the conflict in Syria would escalate and impact supply and transportation routes. Agricultural commodities retreated 4.0%, led by a steep decline in corn prices (-35.1%) due to favorable weather conditions and positive yields, which led to concerns regarding potential supply increases.

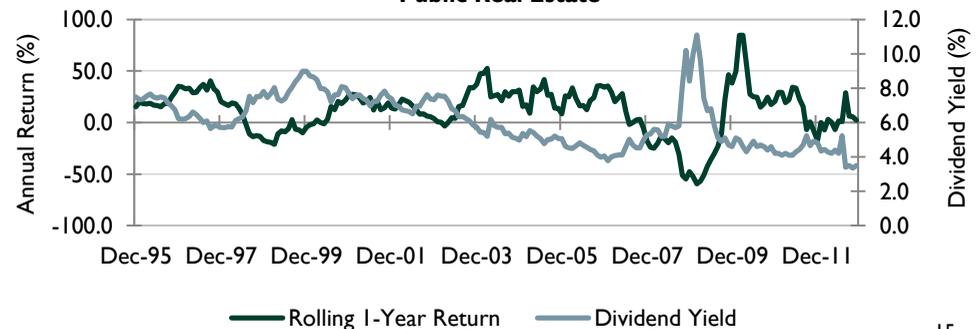
The NCREIF Property Index returned 2.6% in the third quarter, aided by both income (+1.4%) and appreciations (+1.2%). The market has now posted gains in 15 consecutive quarters. Since the financial crisis, domestic commercial real estate valuations and cash flows have benefited from a combination of low and declining interest rates, investor appetite for yield and real assets, limited new supply, and an uneven recovery in space demand and lease rates across sectors, markets and asset quality. Growing development pipelines and a rising interest rate environment are potential headwinds for asset returns and valuations. Second and third quarter increases in Treasury yields of 12 bps and 65 bps, respectively, have yet to have a measurable negative impact on transaction capitalization rates (initial required investor yields), and therefore valuations. Additional growth in asset cash flows may serve as a mitigant to the negative impacts of rising interest rates and capitalization rates.

U.S. TIPS returned 0.7% in the quarter. Real yields declined across the curve, but TIPS in the short to intermediate maturity range experienced the sharpest declines. The overall shape of the real yield curve flattened somewhat based on the 2–10 year spread, which moderated from 1.35% at the end of the second quarter to 1.33% at the end of the third quarter. In this environment, U.S. TIPS in the 5–7 year maturity range realized a gain of 1.3%, outperforming the 3–5 year maturity range (+1.0%) and the 7–10 year maturity range (+1.1%). Inflation expectations rose, particularly in the latter half of September after the Fed's inaction surprised markets. The five-year breakeven inflation rate rose 13 bps to 1.9%, while expectations for the next 10 years rose 16 bps to 2.2%. The combination of falling real yields and rising inflation expectations led to U.S. TIPS outperforming their nominal U.S. Treasury counterparts across the entire maturity spectrum.

DJ UBS Commodities Sector Performance



Public Real Estate



**Tab II**

# Total Fund Highlights

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- During the third quarter of 2013, the Town of Palm Beach Health Insurance Trust rallied 5.3%, outperforming both the Target Index (+4.9%) and the Actual Index (+5.1%). Calendar year to date, the Total Fund (+10.7%) is still meaningfully ahead of both benchmarks (+9.2% for the Target Index and +10.1% for the Actual Index). The third quarter marked another period of strong public equity gains with the domestic equity segment (+6.5%) and the international equity segment (+10.6%) both outperforming their major benchmarks. Flexible capital managers each contributed positively to the fund's absolute performance, as the segment gained 2.1% over the quarter which matched the 2.1% gain for the HFRI Fund of Funds Composite Index. Year to date, the flexible capital segment has experienced great relative strength versus its benchmark. As of September 30th, the segment is outperforming by 320 bps for the year. Like the equity markets, all major fixed income sectors posted positive quarterly results. The portfolio's fixed income segment gained 0.8% over the quarter, which bested its Fixed Income Composite Index (+0.5%) by 30 bps. Lastly, the inflation hedging segment performed quite well on both an absolute and relative basis as of the end of the third quarter, increasing 6.6%, which outperformed its Inflation Hedging Composite Index (+4.5%) by 210 bps. The Van Eck Global Hard Assets Fund (+12.5%) was the segment's, and portfolio's, strongest third quarter performer.
- At quarter-end, total fund assets are valued at approximately \$22.8 million. Nearly all asset class segments are within their designated target ranges. However, the domestic equity segment and inflation hedging segment are both outside of their respective ranges.

UPCOMING AGENDA ITEMS:
<ul style="list-style-type: none"><li>• Discussion of total portfolio international exposure (Tab V).</li><li>• Review current asset allocation. The current policy target and proposed models have been included (Tab VI).</li><li>• Discussion of potential emerging market manager candidates (Tab VII).</li><li>• Discussion of potential REIT manager candidates (Tab VIII).</li></ul>

# Segment Performance

## Segment Level Performance (% Rate of Return)

Benchmark Dependent Metrics vs. S&P 500 Index

As of September 30, 2013

	1 Quarter Return	1 Year Return	2 Years Return	3 Years Return	5 Years Return	Since Inception Return	Since Inception Standard Deviation	Since Inception Beta	Since Inception Actual Correlation	Inception Date
<b>Total Fund</b>	<b>5.3</b>	<b>12.8</b>	<b>14.3</b>	<b>8.7</b>	<b>6.1</b>	<b>2.5</b>	<b>10.8</b>	<b>0.6</b>	<b>0.9</b>	<b>Jul-07</b>
Target Index	4.9	10.4	12.0	7.8	6.0	2.8	10.2	0.6	1.0	Jul-07
Actual Index	5.1	11.4	12.3	8.0	6.1	2.9	9.5	0.5	0.9	Jul-07
Consumer Price Index	0.3	1.2	1.6	2.3	1.4	1.9	1.6	0.0	0.2	Jul-07
<b>Domestic Equity</b>	<b>6.5</b>	<b>21.8</b>	<b>25.3</b>	<b>15.5</b>	<b>8.3</b>	<b>2.3</b>	<b>18.7</b>	<b>1.1</b>	<b>1.0</b>	<b>Jul-07</b>
Russell 3000 Index	6.3	21.6	25.8	16.8	10.6	4.5	18.2	1.0	1.0	Jul-07
<b>International Equity</b>	<b>10.6</b>	<b>25.5</b>	<b>24.3</b>	<b>10.3</b>	<b>8.1</b>	<b>1.2</b>	<b>22.5</b>	<b>1.2</b>	<b>0.9</b>	<b>Jul-07</b>
MSCI AC World ex USA (Net)	10.1	16.5	15.5	5.9	6.3	-0.2	22.3	1.2	0.9	Jul-07
MSCI EAFE (Net)	11.6	23.8	18.7	8.5	6.4	-0.5	21.7	1.1	0.9	Jul-07
<b>Total Flexible Capital</b>	<b>2.1</b>	<b>11.2</b>	<b>9.9</b>	<b>6.3</b>	<b>5.9</b>	<b>3.6</b>	<b>5.8</b>	<b>0.2</b>	<b>0.7</b>	<b>Jul-07</b>
HFRI Fund of Funds Composite Index	2.1	6.9	4.9	2.6	2.0	-0.2	6.2	0.3	0.7	Jul-07
<b>Total Fixed Income</b>	<b>0.8</b>	<b>-0.7</b>	<b>3.0</b>	<b>2.5</b>	<b>5.8</b>	<b>3.5</b>	<b>6.2</b>	<b>0.3</b>	<b>0.7</b>	<b>Jul-07</b>
Fixed Income Composite Index	0.5	-0.8	1.8	1.9	5.2	4.1	5.1	0.2	0.7	Jul-07
<b>Total Inflation Hedging</b>	<b>6.6</b>	<b>-4.6</b>	<b>3.3</b>	<b>3.4</b>	<b>-5.5</b>	<b>-4.8</b>	<b>15.8</b>	<b>0.2</b>	<b>0.2</b>	<b>Jul-07</b>
Inflation Hedging Composite Index	4.5	-3.4	4.1	4.1	0.1	1.2	12.1	0.1	0.2	Jul-07

# Executive Summary

## Town of Palm Beach

### Health Insurance Trust

#### Preliminary Executive Summary as of September 30, 2013

Market Value	% of Portfolio		QTR Ended Dec-12	QTR Ended Mar-13	QTR Ended Jun-13	QTR Ended Sep-13	Calendar YTD	1 YR	2 YRS	3 YRS	5 YRS	Return Since	Inception Date
\$22,838,194	100.0	<b>Total Fund</b>	1.9	5.2	-0.1	5.3	10.7	12.8	14.3	8.7	6.1	2.5	Jul-07
		Target Index	1.0	4.9	-0.8	4.9	9.2	10.4	12.0	7.8	6.0	2.8	Jul-07
		Actual Index	1.2	5.2	-0.5	5.1	10.1	11.4	12.3	8.0	6.1	2.9	Jul-07
		Consumer Price Index	-0.8	1.4	0.3	0.3	2.0	1.2	1.6	2.3	1.4	1.9	Jul-07
\$12,195,860	53.4	<b>Global Equity</b>	3.3	8.4	1.8	8.0	19.3	23.2	24.9	13.5	8.3	1.9	Jul-07
\$7,531,740	33.0	<b>Domestic Equity</b>	0.9	10.7	2.5	6.5	20.7	21.8	25.3	15.5	8.3	2.3	Jul-07
		<b>Russell 3000 Index</b>	0.2	11.1	2.7	6.3	21.3	21.6	25.8	16.8	10.6	4.5	
\$5,916,995	25.9	Fidelity Spartan Total Market Index Advisor Fund	0.2	11.1	2.8	6.2	21.2	21.4	25.7	16.7	10.6	4.6	Jul-07
		<b>Wilshire 5000 Index</b>	0.3	11.2	2.9	6.3	21.7	22.0	25.8	16.7	10.9	4.8	
\$522,700	2.3	FPA Crescent Fund	1.9	7.2	2.9	3.8	14.6	16.7	NA	NA	NA	12.0	Apr-12
		<b>S&amp;P 500 Index</b>	-0.4	10.6	2.9	5.2	19.8	19.3	24.7	16.3	10.0	15.1	
		<b>60% Russell 2500 / 40% BC Global Credit</b>	2.8	7.3	0.4	6.6	14.8	18.0	20.4	13.0	11.3	13.7	
		<b>HFRI Equity Hedge (Total) Index</b>	1.8	4.9	-0.1	4.1	9.2	11.2	9.3	4.6	5.2	6.4	
\$1,092,044	4.8	FMI Common Stock Fund	4.3	10.2	0.4	9.7	21.4	26.6	NA	NA	NA	13.9	Apr-12
		<b>Russell 2500 Index</b>	3.1	12.8	2.3	9.1	25.9	29.8	30.4	18.4	12.7	19.9	
\$4,664,120	20.4	<b>International Equity</b>	7.3	4.9	0.8	10.6	16.9	25.5	24.3	10.3	8.1	1.2	Jul-07
		<b>MSCI AC World ex USA (Net)</b>	5.8	3.2	-3.1	10.1	10.0	16.5	15.5	5.9	6.3	-0.2	
		<b>MSCI EAFE (Net)</b>	6.6	5.1	-1.0	11.6	16.1	23.8	18.7	8.5	6.4	-0.5	
\$2,293,400	10.0	Dodge & Cox International Stock Fund	9.1	3.6	1.7	11.1	17.1	27.8	21.6	8.8	8.1	1.0	Jul-07
		<b>MSCI AC World ex USA (Net)</b>	5.8	3.2	-3.1	10.1	10.0	16.5	15.5	5.9	6.3	-0.2	
\$2,370,720	10.4	Artisan International Institutional Fund	5.7	6.1	0.0	10.0	16.7	23.3	26.8	NA	NA	11.6	Jul-11
		<b>MSCI EAFE (Net)</b>	6.6	5.1	-1.0	11.6	16.1	23.8	18.7	8.5	6.4	6.0	

# Executive Summary

## Town of Palm Beach

### Health Insurance Trust

#### Preliminary Executive Summary as of September 30, 2013

Market Value	% of Portfolio		QTR Ended Dec-12	QTR Ended Mar-13	QTR Ended Jun-13	QTR Ended Sep-13	Calendar YTD	1 YR	2 YRS	3 YRS	5 YRS	Return Since	Inception Date
\$4,235,555	18.5	<b>Total Flexible Capital</b>	<b>2.1</b>	<b>4.7</b>	<b>1.8</b>	<b>2.1</b>	<b>8.8</b>	<b>11.2</b>	<b>9.9</b>	<b>6.3</b>	<b>5.9</b>	<b>3.6</b>	<b>Jul-07</b>
		<b>HFRI Fund of Funds Composite Index</b>	<b>1.3</b>	<b>3.3</b>	<b>0.0</b>	<b>2.1</b>	<b>5.6</b>	<b>6.9</b>	<b>4.9</b>	<b>2.6</b>	<b>2.0</b>	<b>-0.2</b>	
\$1,908,498	8.4	Forester Offshore A2, Ltd.	2.0	5.2	1.7	2.5	9.6	11.7	11.5	6.8	5.9	4.6	Jul-07
		<b>HFRI FOF: Strategic Index</b>	<b>1.5</b>	<b>3.9</b>	<b>-0.2</b>	<b>3.5</b>	<b>7.3</b>	<b>9.0</b>	<b>6.4</b>	<b>3.1</b>	<b>2.5</b>	<b>-0.3</b>	
\$2,327,057	10.2	Archstone Absolute Return Strategies Fund, Ltd. Class A	2.3	4.4	1.9	1.7	8.3	10.7	8.8	5.9	6.1	2.6	Jul-07
		<b>HFRI FOF: Conservative Index</b>	<b>1.6</b>	<b>2.8</b>	<b>0.8</b>	<b>1.5</b>	<b>5.2</b>	<b>6.9</b>	<b>4.7</b>	<b>2.7</b>	<b>1.5</b>	<b>-0.2</b>	
\$4,040,403	17.7	<b>Total Fixed Income</b>	<b>0.4</b>	<b>0.2</b>	<b>-2.1</b>	<b>0.8</b>	<b>-1.1</b>	<b>-0.7</b>	<b>3.0</b>	<b>2.5</b>	<b>5.8</b>	<b>3.5</b>	<b>Jul-07</b>
		<b>Fixed Income Composite Index</b>	<b>0.1</b>	<b>0.0</b>	<b>-1.5</b>	<b>0.5</b>	<b>-1.0</b>	<b>-0.8</b>	<b>1.8</b>	<b>1.9</b>	<b>5.2</b>	<b>4.1</b>	
\$2,251,002	9.9	PIMCO Total Return II Institutional Fund	0.6	0.3	-3.3	1.1	-2.0	-1.4	3.7	3.1	NA	6.9	Feb-09
		<b>Barclays U.S. Aggregate</b>	<b>0.2</b>	<b>-0.1</b>	<b>-2.3</b>	<b>0.6</b>	<b>-1.9</b>	<b>-1.7</b>	<b>1.7</b>	<b>2.9</b>	<b>5.4</b>	<b>5.0</b>	
\$1,789,401	7.8	Vanguard Short Term US Treasury Admiral Fund	0.1	0.1	-0.5	0.4	0.1	0.1	NA	NA	NA	0.6	Dec-11
		<b>Barclays U.S. Treasury: 1-5 Year</b>	<b>0.0</b>	<b>0.2</b>	<b>-0.6</b>	<b>0.4</b>	<b>-0.1</b>	<b>0.0</b>	<b>0.6</b>	<b>1.2</b>	<b>2.5</b>	<b>0.6</b>	
\$2,201,770	9.6	<b>Total Inflation Hedging</b>	<b>-1.8</b>	<b>0.8</b>	<b>-9.6</b>	<b>6.6</b>	<b>-2.9</b>	<b>-4.6</b>	<b>3.3</b>	<b>3.4</b>	<b>-5.5</b>	<b>-4.8</b>	<b>Jul-07</b>
		<b>Inflation Hedging Composite Index</b>	<b>-3.1</b>	<b>2.5</b>	<b>-6.9</b>	<b>4.5</b>	<b>-0.3</b>	<b>-3.4</b>	<b>4.1</b>	<b>4.1</b>	<b>0.1</b>	<b>1.2</b>	
\$603,446	2.6	Vanguard Inflation-Protected Securities Admiral Fund	0.6	-0.3	-7.4	0.9	-6.8	-6.2	1.1	3.9	NA	6.2	Jan-09
		<b>Barclays U.S. Treasury: U.S. TIPS</b>	<b>0.7</b>	<b>-0.4</b>	<b>-7.1</b>	<b>0.7</b>	<b>-6.7</b>	<b>-6.1</b>	<b>1.2</b>	<b>4.0</b>	<b>5.3</b>	<b>6.4</b>	
\$604,679	2.6	PIMCO Commodity Real Return Strategy Institutional Fund	-5.8	-0.6	-15.2	3.5	-12.8	-17.9	-3.1	-0.7	NA	3.6	Jul-10
		<b>Dow Jones-UBS Commodity Index</b>	<b>-6.3</b>	<b>-1.1</b>	<b>-9.5</b>	<b>2.1</b>	<b>-8.6</b>	<b>-14.3</b>	<b>-4.7</b>	<b>-3.2</b>	<b>-5.3</b>	<b>0.4</b>	
\$993,645	4.4	Van Eck Global Hard Assets I Fund	-0.3	2.7	-7.1	12.5	7.4	7.0	NA	NA	NA	2.4	Apr-12
		<b>S&amp;P North American Natural Resources Sector</b>	<b>-3.1</b>	<b>7.2</b>	<b>-4.9</b>	<b>8.6</b>	<b>10.7</b>	<b>7.2</b>	<b>13.7</b>	<b>8.3</b>	<b>4.8</b>	<b>5.6</b>	

# Executive Summary

## Town of Palm Beach

### Health Insurance Trust

#### Preliminary Executive Summary as of September 30, 2013

Market Value	% of Portfolio		QTR Ended Dec-12	QTR Ended Mar-13	QTR Ended Jun-13	QTR Ended Sep-13	Calendar YTD	1 YR	2 YRS	3 YRS	5 YRS	Return Since	Inception Date
\$164,607	0.7	<b>Total Liquid Capital</b>	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.7	Jul-07
\$164,607	0.7	Government Stif 15	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.7	Jul-07
		<b>Citigroup 3 Month T-Bill</b>	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.7	

**Please Note:**

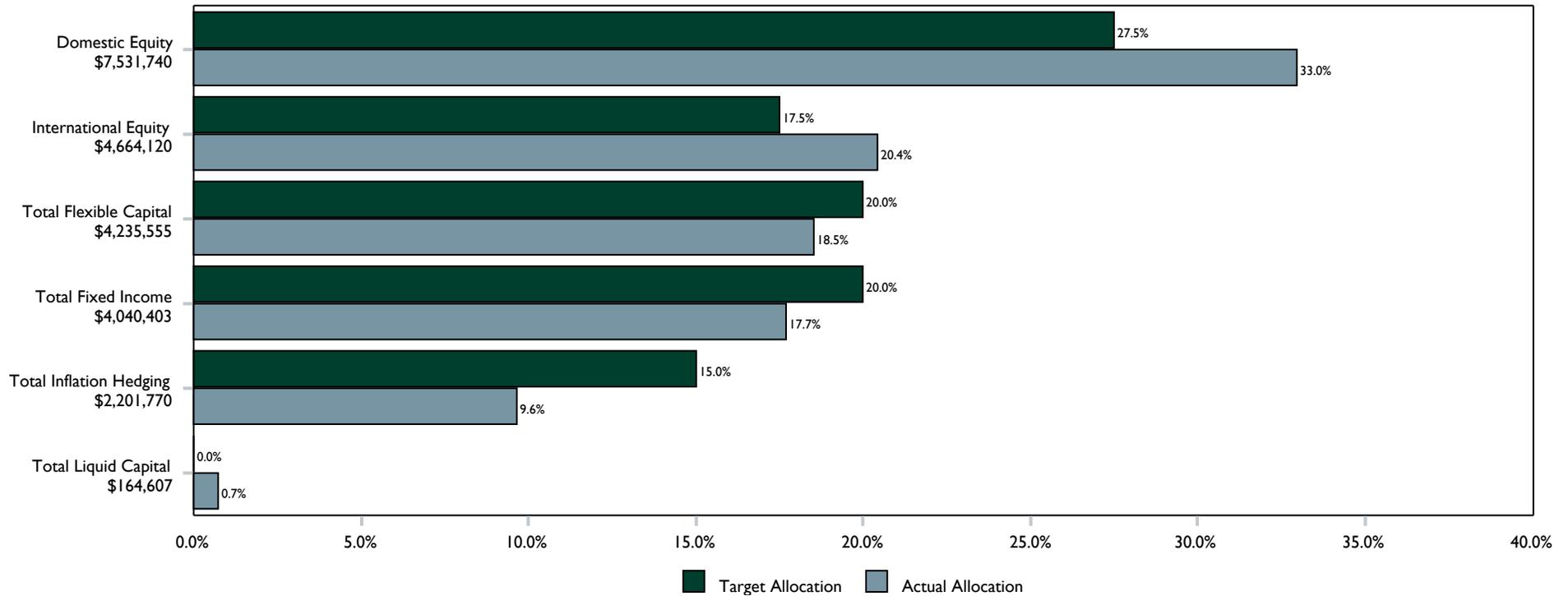
- Periods greater than one year are annualized
- Since inception returns are calculated from the first full month
- Actual Index calculated using manager allocations and index returns
- Performance and market values are subject to change based on statement availability from the investment manager/custodian
- Target Index (as of 9/01/2013): 27.5% Russell 3000 Index/ 17.5% MSCI ACWI ex USA/ 20% HFRI FOF Index/ 20% Fixed Income Composite Index/ 15% Inflation Hedging Composite Index
- Target Index (as of 12/01/2011): 27.5% Russell 3000 Index/ 17.5% MSCI EAFE Net Index/ 20% HFRI FOF Index/ 20% Fixed Income Composite Index/ 15% Inflation Hedging Composite Index
- Target Index reflects the policy limitations regarding international constraints
- Inflation Hedging Composite Index reflects manager allocations and index returns. Components have changed over time.
- Fixed Income Composite Index effective 12/01/2011: 50% Barclays U.S. Aggregate Index / 50% Barclays US Treasury: 1-5 Year Index
- Fixed Income Composite Index (prior to 11/30/2011): 50% Barclays Aggregate Index / 50% BOA Conv. Bond US Inv. Gr. Index
- Domestic Equity, Fixed Income, Inflation Hedging: Performance includes terminated managers
- Government Stif 15: Client specific cash performance not available. Citigroup Treasury Bill 3 Month Index is being reported.

# Asset Allocation - Current

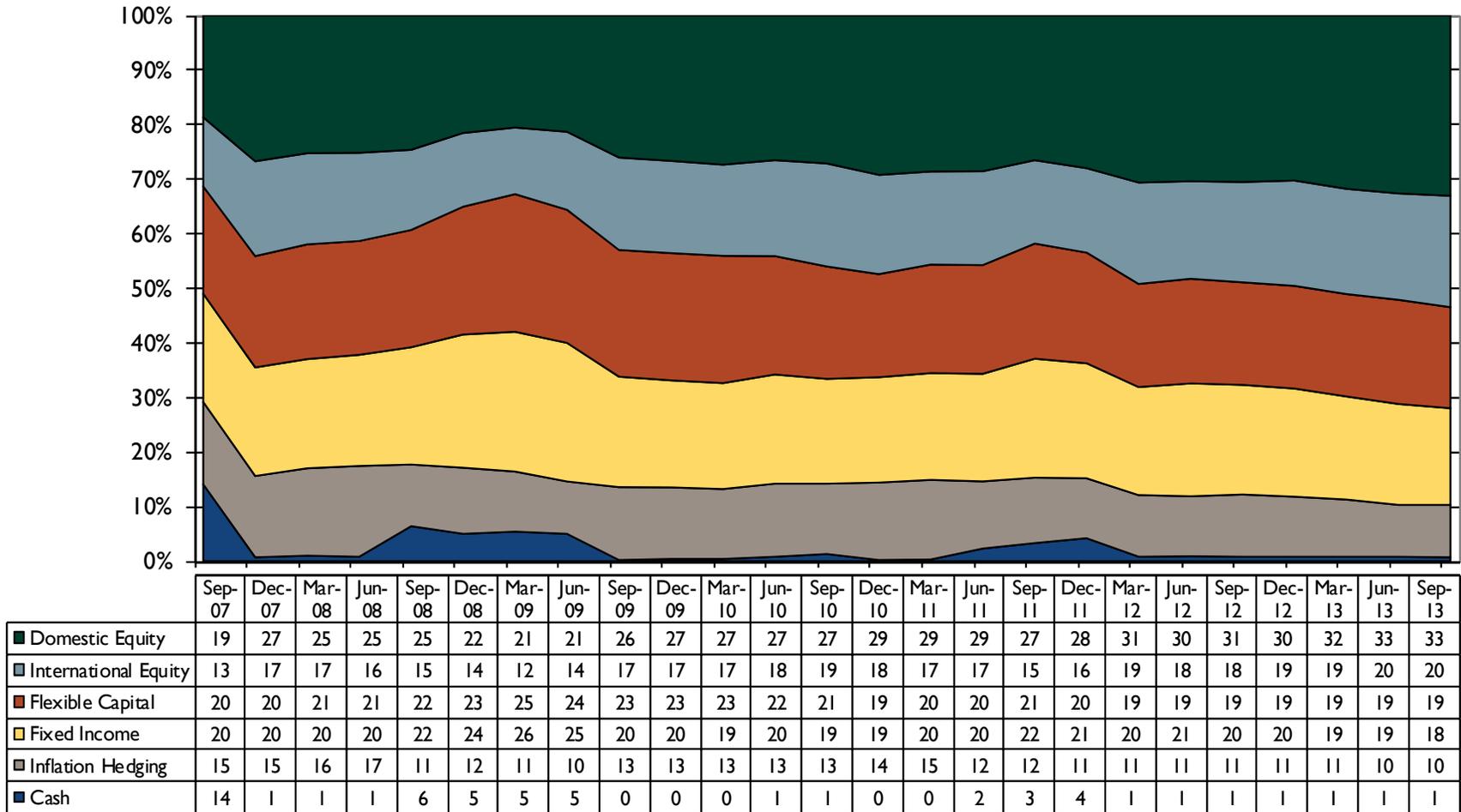
## Asset Allocation Policy Ranges

As of September 30, 2013

	Asset Allocation (%)	Lower (%)	Target (%)	Upper (%)	Difference (%)
Total Fund	100.0	-	100.0	-	0.0
Domestic Equity	33.0	22.5	27.5	32.5	5.5
International Equity	20.4	15.0	17.5	20.0	2.9
Total Flexible Capital	18.5	15.0	20.0	25.0	-1.5
Total Fixed Income	17.7	15.0	20.0	25.0	-2.3
Total Inflation Hedging	9.6	10.0	15.0	20.0	-5.4
Total Liquid Capital	0.7	0.0	0.0	1.0	0.7



# Asset Allocation – Historical



# Asset Allocation - Performance Comparison

As of September 30, 2013

## Total Fund Performance

	1 Quarter Return	1 Year Return	2 Years Return	3 Years Return	5 Years Return	Since Inception Return	1 Year Standard Deviation	2 Years Standard Deviation	3 Years Standard Deviation	5 Years Standard Deviation	Since Inception Standard Deviation	Inception Date
Total Fund	5.3	12.8	14.3	8.7	6.1	2.5	5.9	7.9	9.1	10.9	10.8	Jul-07
Target Index	4.9	10.4	12.0	7.8	6.0	2.8	5.6	7.7	8.4	10.5	10.2	
Actual Index	5.1	11.4	12.3	8.0	6.1	2.9	5.9	7.5	8.3	9.7	9.5	
Domestic Index	4.6	14.2	18.3	12.6	9.4	5.2	6.5	8.2	8.8	13.2	12.8	
Global Index	6.4	11.3	13.7	7.9	7.3	3.0	7.1	10.0	11.0	15.2	14.9	
Consumer Price Index	0.3	1.2	1.6	2.3	1.4	1.9	1.1	1.1	1.1	1.6	1.6	

## Inflation Adjusted Nominal Portfolio Statistics

Statistical Output (%)	Target Index	Actual Index	Domestic Index	Global Index
Expected Return (Arithmetic)	7.3	7.4	7.2	7.4
Expected Standard Deviation	11.9	12.6	14.0	13.8
Expected Return (Geometric)	6.6	6.6	6.2	6.5
Sharpe Ratio	0.4	0.4	0.3	0.4
Historical Return (Arithmetic)	10.1	10.2	10.2	9.3
Historical Standard Deviation	10.9	11.5	12.4	13.2
Historical Return (Geometric)	9.5	9.6	9.5	8.5
Beta ( to S&P 500 Index)	0.6	0.6	0.7	0.7
Correlation ( to S&P 500 Index)	0.9	0.9	1.0	0.9
<b>Probability of Returns Exceeding 5%</b>				
10 Years	66.6	66.2	61.3	63.6

## Historical Stress Test

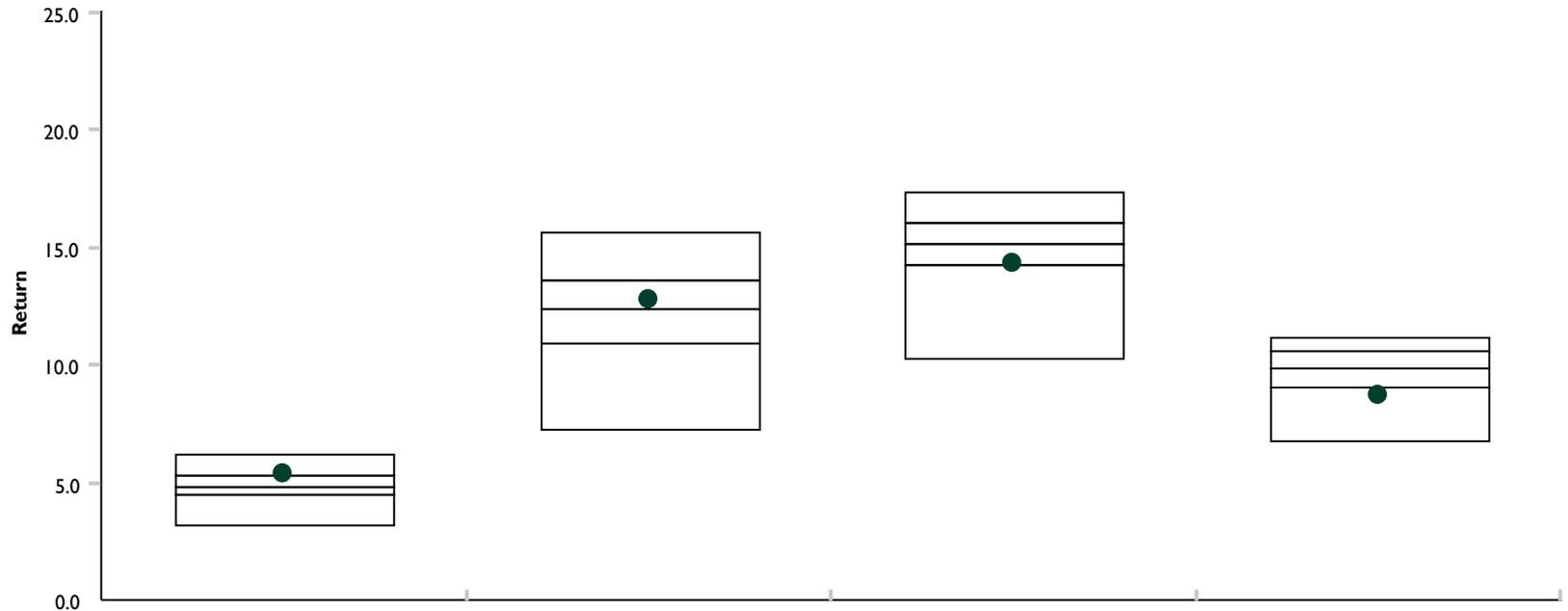
	Deflation: Fall '08 to S&P Trough Sep-08 to Mar-09	Corporate Scandals May-02 to Jul-02	Tech Bubble Collapse Mar-00 to Mar-01	Russian Debt/LTCM Collapse Jul-98 to Oct-98	Rising Rates Jan-94 to Dec-94	Shock Inflation Jan-73 to Dec-73	High Inflation Jan-73 to Dec-81
Target Index	-28.8%	-12.0%	-7.0%	-9.4%	+1.8%	-1.6%	+5.9%
Actual Index	-29.6%	-13.5%	-10.4%	-10.2%	+1.5%	-2.8%	+5.5%
Domestic Index	-32.5%	-16.9%	-11.9%	-11.3%	-0.8%	-9.6%	+5.5%
Global Index	-34.1%	-13.0%	-17.3%	-10.1%	+2.2%	-8.2%	+5.7%

**Notes:** - Domestic Index: 70% Russell 3000 Index/30% Barclays Aggregate Index  
 - Global Index: 70% MSCI AC World Index/30% Barclays Global Aggregate Index  
 - Expected return/risk using 10-15 year Prime Buchholz capital market assumptions  
 - Historical data based on index returns from 1/1/1988 through 3/31/2013  
 - Index components utilized: Russell 3000/MSCI World ex U.S./MSCI Emerging Mkts./Venture Economics/Barclays Aggregate/Barclays Long G/C/Barclays U.S. Corp. HY/Barclays Muni/HFRI Fund Weighted/Barclays U.S. TIPS/Private Equity-All Buyouts/S&P Natural Resources/S&P GSCI-DJ UBS/NCREIF Leverage & Fee Adj./Barclays Long Treasury/30-Day T-Bill/JPM Non-U.S. Global Govt.

# Plan Sponsor Peer Group Analysis

## All Public Plans < \$100mm

As of September 30, 2013



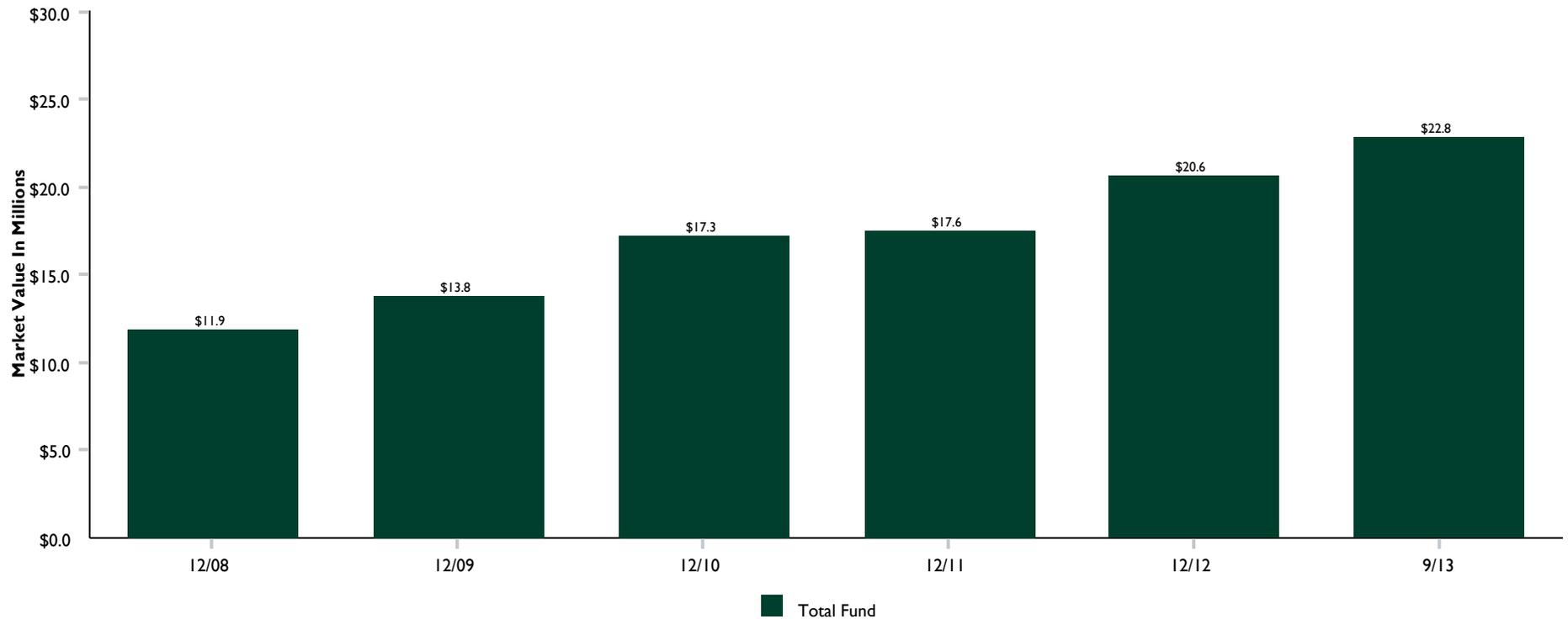
	<b>QTR Ended Sep-13</b>	<b>1 Year</b>	<b>2 Years</b>	<b>3 Years</b>
● Total Fund	5.3 (24)	12.8 (44)	14.3 (75)	8.7 (84)
5th Percentile	6.2	15.6	17.3	11.1
1st Quartile	5.3	13.6	16.0	10.5
Median	4.8	12.3	15.2	9.8
3rd Quartile	4.4	10.9	14.2	9.1
95th Percentile	3.1	7.3	10.3	6.8
Population	104	102	101	99

# Schedule of Investable Assets

## Total Fund

January 1, 2008 To September 30, 2013

Periods Ending	Beginning Market Value	Net Cash Flow	Investment Performance	Ending Market Value
2008	\$16,305,625	\$8,989	-\$4,447,739	\$11,866,875
2009	\$11,866,875	0	\$1,976,750	\$13,843,625
2010	\$13,843,625	\$1,506,198	\$1,904,937	\$17,254,761
2011	\$17,254,761	\$792,031	-\$489,399	\$17,557,392
2012	\$17,557,392	\$999,098	\$2,078,366	\$20,634,856
To 09/2013	\$20,634,856	0	\$2,203,338	\$22,838,194
	<b>\$16,305,625</b>	<b>\$3,306,315</b>	<b>\$3,226,254</b>	<b>\$22,838,194</b>



# Liquidity Schedule

As of September 30, 2013

Investments	Inception	Subscriptions	Market Value	Daily	Semi-Annually	Annually	Notes
<b>Global Equity</b>							
Fidelity Spartan Total Market Index Advisor Fund	Jun-07	Daily	\$5,916,995	\$5,916,995			
FPA Crescent Fund	Mar-12	Daily	\$522,700	\$522,700			
FMI Common Stock Fund	Mar-12	Daily	\$1,092,044	\$1,092,044			
Dodge & Cox International Stock Fund	Jun-07	Daily	\$2,293,400	\$2,293,400			
Artisan International Institutional Fund	Jun-11	Daily	\$2,370,720	\$2,370,720			
<b>Flexible Capital</b>							
Forester Offshore A2, Ltd.	Jun-07	Quarterly	\$1,908,498			\$1,908,498	Reds: 60 days notice required.
Archstone Absolute Return Strategies Fund, Ltd. Class A	Jun-07	Monthly	\$2,327,057		\$2,327,057		Reds: On 12/31 and 6/30 with 90 days notice.
<b>Fixed Income</b>							
PIMCO Total Return II Institutional Fund	Jan-09	Daily	\$2,251,002	\$2,251,002			
Vanguard Short Term US Treasury Admiral Fund	Nov-11	Daily	\$1,789,401	\$1,789,401			
<b>Inflation Hedging</b>							
Vanguard Inflation-Protected Securities Admiral Fund	Dec-08	Daily	\$603,446	\$603,446			
PIMCO Commodity Real Return Strategy Institutional Fund	Jun-10	Daily	\$604,679	\$604,679			
Van Eck Global Hard Assets I Fund	Mar-12	Daily	\$993,645	\$993,645			
<b>Liquid Capital</b>							
Government Stif 15	Jun-07	Daily	\$164,607	\$164,607			
<b>Total (\$)</b>			<b>\$22,838,194</b>	<b>\$18,602,639</b>	<b>\$2,327,057</b>	<b>\$1,908,498</b>	
<b>Total (%)</b>			<b>100.0</b>	<b>81.5</b>	<b>10.2</b>	<b>8.4</b>	

Redemption Terms		
Daily	\$18,602,639	81.5
Semi-Annually	\$2,327,057	10.2
Annually	\$1,908,498	8.4
<b>Total</b>	<b>\$22,838,194</b>	<b>100.0</b>

**Footnotes:**

Liquidity schedule based on managers' general redemption terms. Please contact your client service team for specific redemption information.

# Operational Detail

Manager	Vehicle Type	Latest Audited Financials	Auditor/Accountant	Legal Counsel	Custodian	Administrator	Holdings Transparency
Fidelity Spartan Total Market Index Advisor Fund	Pooled	Feb-13	PricewaterhouseCoopers	Fidelity Legal Department	The Bank of New York Mellon	Fidelity Management & Research Co.	High
FPA Crescent Fund	Pooled	Dec-12	Deloitte & Touche LLP	K&L Gates LLP	State Street Bank & Trust	First Pacific Advisors, LLP	High
FMI Common Stock Fund	Pooled	Sep-12	PricewaterhouseCoopers	Foley & Lardner LLP	U.S. Bank, N.A.	U.S. Bancorp Fund Services, LLC	High
Dodge & Cox International Stock Fund	Pooled	Dec-12	PricewaterhouseCoopers	Dechert LLP	State Street Bank & Trust	Dodge & Cox	High
Artisan International Institutional Fund	Pooled	Sep-12	Ernst & Young LLP	Ropes & Gray LLP	State Street Bank and Trust Company	Artisan Partners Limited Partnership	High
Forester Offshore A2, Ltd.	Pooled	Jun-12	Ernst & Young LLP	Ogier (Cayman)	BNY Mellon, Citco Bank and Trust Company Limited, JPMorgan Asset Management	Citco Fund Services	High
Archstone Absolute Return Strategies Fund, Ltd.	Pooled	Dec-11	Ernst & Young LLP	Willkie Farr & Gallagher LLP (US), Walkers (Cayman)	The Bank of New York Mellon.	SS&C Technologies, Inc.	High
PIMCO Total Return II Institutional Fund	Pooled	Mar-12	PricewaterhouseCoopers	Dechert LLP	State Street Bank and Trust Company	Pacific Investment Management Co. LLC	High
Vanguard Short Term U.S. Treasury Admiral Fund	Pooled	Jan-13	PricewaterhouseCoopers	Vanguard Legal Department	Bank of New York Mellon	Vanguard Group	High
Vanguard Inflation-Protected Securities Admiral Fund	Pooled	Dec-12	PricewaterhouseCoopers	Vanguard Legal Department	JPMorgan Chase & Co.	Vanguard Group	High
PIMCO Commodity Real Return Strategy Instl. Fund	Pooled	Mar-13	PricewaterhouseCoopers	Dechert LLP	State Street Bank and Trust Company	Pacific Investment Management Co. LLC	High
Van Eck Global Hard Assets I Fund	Pooled	Dec-12	Ernst & Young LLP	Goodwin Procter LLP	State Street Bank & Trust	Van Eck Securities Corp.	High

N/A: information not applicable. N/P: information not provided at the time of report creation.

Low Transparency: limited disclosure of underlying portfolio holdings/components.

Medium Transparency: partial disclosure of underlying holdings/components.

High Transparency: access to underlying portfolio holdings/components.

Transparency assessments may not be comparable across asset classes or vehicles, given the existence of differing industry practices and implementation methods.

Auditor, latest audited financials, and legal counsel data provided for separate accounts is that of the management firm and provided for informational purposes only. Separate accounts typically are not audited.

Information obtained from third party sources is believed to be reliable, however, the accuracy of the information is not guaranteed and is not subject to independent verification.

Data is as of the most recent calendar year end and updated annually.

# Fee Schedule

## Fee Schedule as of September 30, 2013

### Health Insurance Trust

	<u>Fee Schedule</u>	<u>Assets Market Value</u>	<u>Projected Annual Fee (\$)</u>	<u>Projected Annual Fee (%)</u>
Fidelity Spartan Total Market Index Advisor Fund	0.06% of NAV	\$5,916,995	\$3,550	0.06%
FPA Crescent Fund	1.26% of NAV	\$522,700	\$6,586	1.26%
FMI Common Stock Fund	1.20% of NAV	\$1,092,044	\$13,105	1.20%
Dodge & Cox International Stock Fund	0.64% of NAV	\$2,293,400	\$14,678	0.64%
Artisan International Institutional Fund	0.98% of NAV	\$2,370,720	\$23,233	0.98%
Forester Offshore A2, Ltd.	1.00% on assets managed	\$1,908,498	\$19,085	1.00% *
Archstone Absolute Return Strategies Fund, Ltd. Class A	1.50% on assets managed	\$2,327,057	\$34,906	1.50% *
PIMCO Total Return II Institutional Fund	0.50% of NAV	\$2,251,002	\$11,255	0.50%
Vanguard Short Term US Treasury Admiral Fund	0.10% of NAV	\$1,789,401	\$1,789	0.10%
Vanguard Inflation-Protected Securities Admiral Fund	0.10% of NAV	\$603,446	\$603	0.10%
PIMCO Commodity Real Return Strategy Institutional Fund	0.74% of NAV	\$604,679	\$4,475	0.74%
Van Eck Global Hard Assets I Fund	1.00% of NAV	\$993,645	\$9,936	1.00%
Total Liquid Capital	--	\$164,607	--	--
<b>Total Investment Management Fees</b>		<b>\$22,838,194</b>	<b>\$143,201</b>	<b>0.63%</b>

# Fee Schedule

## Fee Schedule as of September 30, 2013

### Health Insurance Trust

	<u>Fee Schedule</u>	<u>Assets Market Value</u>	<u>Projected Annual Fee (\$)</u>	<u>Projected Annual Fee (%)</u>
State Street Bank & Trust Co.				
-Custody Fees	0.015% on assets custodied	\$22,838,194	\$3,426	0.015%
-Accounting Fees				
Separate Domestic Equity Accounts	\$4,000 each (0)		--	
Separate Fixed Income Accounts	\$2,500 each (1)		\$2,500	
Multiple Line Item Portfolios	\$1,500 each (1)		\$1,500	
Commingled/Mutual Funds	\$500 each (10)		\$5,000	
<b>Estimated Total SSB&amp;T Fee:</b>		<b>\$22,838,194</b>	<b>\$12,426</b>	<b>0.05%</b>
PBA Fees	0.25% on first \$20 million 0.10% on next \$50 million 0.05% over \$70 million \$60,000 minimum	\$22,838,194	\$60,000	0.26%
<b>Total Fees</b>		<b>\$22,838,194</b>	<b>\$215,627</b>	<b>0.94%</b>

Please Note:

- \* Base fee only; underlying manager fees, incentive fees, and operating expenses not included
- Estimated State Street Bank & Trust Co. custody fee does not include trading/transaction fees

# Peer Performance Comparison

As of September 30, 2013

	1 Year Return	3 Years Return	5 Years Return	5 Years Standard Deviation	5 Years Beta	5 Years Actual Correlation	Year To Date Return	2012 Return	2011 Return	2010 Return	2009 Return
Fidelity Spartan Total Market Index Advisor Fund	21.4 (63)	16.7 (25)	10.6 (33)	21.2	1.0	1.0	21.2 (58)	16.4 (33)	1.0 (20)	17.4 (30)	28.4 (64)
<b>Wilshire 5000 Total Market Index</b>	<b>22.0 (56)</b>	<b>16.7 (25)</b>	<b>10.9 (28)</b>	<b>21.2</b>	<b>1.0</b>	<b>1.0</b>	<b>21.7 (50)</b>	<b>16.1 (37)</b>	<b>0.6 (24)</b>	<b>18.1 (27)</b>	<b>29.4 (58)</b>
<i>IM U.S. Multi-Cap Core Equity (MF) Median</i>	<i>22.8</i>	<i>14.9</i>	<i>9.8</i>	<i>21.5</i>	<i>1.0</i>	<i>1.0</i>	<i>21.7</i>	<i>14.9</i>	<i>-2.3</i>	<i>15.0</i>	<i>30.5</i>
FPA Crescent Fund	16.7 (10)	11.5 (9)	9.5 (31)	13.8	0.7	1.0	14.6 (11)	10.3 (52)	3.0 (19)	12.0 (66)	28.4 (49)
<b>S&amp;P 500 Index</b>	<b>19.3 (8)</b>	<b>16.3 (4)</b>	<b>10.0 (26)</b>	<b>20.4</b>	<b>1.0</b>	<b>1.0</b>	<b>19.8 (6)</b>	<b>16.0 (16)</b>	<b>2.1 (28)</b>	<b>15.1 (29)</b>	<b>26.5 (53)</b>
<b>60% Russell 2500 / 40% BC Global Credit</b>	<b>18.0 (9)</b>	<b>13.0 (5)</b>	<b>11.3 (21)</b>	<b>17.4</b>	<b>0.8</b>	<b>1.0</b>	<b>14.8 (11)</b>	<b>15.6 (18)</b>	<b>0.5 (42)</b>	<b>18.9 (6)</b>	<b>29.6 (43)</b>
<b>HFRI Equity Hedge (Total) Index</b>	<b>11.2 (26)</b>	<b>4.6 (69)</b>	<b>5.2 (84)</b>	<b>11.9</b>	<b>0.5</b>	<b>0.9</b>	<b>9.2 (30)</b>	<b>7.4 (73)</b>	<b>-8.4 (95)</b>	<b>10.5 (75)</b>	<b>24.6 (59)</b>
<i>IM Flexible Portfolio (MF) Median</i>	<i>3.3</i>	<i>6.5</i>	<i>8.1</i>	<i>15.3</i>	<i>0.6</i>	<i>0.9</i>	<i>2.9</i>	<i>10.5</i>	<i>-0.3</i>	<i>13.0</i>	<i>27.6</i>
FMI Common Stock Fund	26.6 (68)	16.5 (43)	12.9 (21)	21.8	0.9	1.0	21.4 (85)	10.2 (88)	4.5 (4)	22.2 (59)	33.9 (50)
<b>Russell 2500 Index</b>	<b>29.8 (30)</b>	<b>18.4 (14)</b>	<b>12.7 (24)</b>	<b>25.0</b>	<b>1.0</b>	<b>1.0</b>	<b>25.9 (30)</b>	<b>17.9 (28)</b>	<b>-2.5 (41)</b>	<b>26.7 (11)</b>	<b>34.4 (47)</b>
<i>IM U.S. Mid Cap Core Equity (MF) Median</i>	<i>27.9</i>	<i>16.0</i>	<i>11.3</i>	<i>23.3</i>	<i>0.9</i>	<i>1.0</i>	<i>24.3</i>	<i>16.0</i>	<i>-3.8</i>	<i>23.0</i>	<i>33.8</i>
Dodge & Cox International Stock Fund	27.8 (1)	8.8 (19)	8.1 (7)	28.3	1.2	1.0	17.1 (5)	21.0 (12)	-16.0 (89)	13.7 (2)	47.5 (1)
<b>MSCI AC World ex USA (Net)</b>	<b>16.5 (93)</b>	<b>5.9 (89)</b>	<b>6.3 (31)</b>	<b>24.4</b>	<b>1.0</b>	<b>1.0</b>	<b>10.0 (94)</b>	<b>16.8 (75)</b>	<b>-13.7 (71)</b>	<b>11.2 (10)</b>	<b>41.4 (9)</b>
<i>IM International Large Cap Core Equity (MF) Median</i>	<i>22.3</i>	<i>8.0</i>	<i>5.7</i>	<i>24.3</i>	<i>1.0</i>	<i>1.0</i>	<i>14.2</i>	<i>18.1</i>	<i>-12.7</i>	<i>7.6</i>	<i>29.4</i>
Artisan International Institutional Fund	23.3 (21)	14.4 (1)	10.3 (1)	24.1	1.0	1.0	16.7 (7)	25.6 (1)	-4.1 (2)	6.2 (75)	40.0 (13)
<b>MSCI EAFE (Net)</b>	<b>23.8 (16)</b>	<b>8.5 (27)</b>	<b>6.4 (36)</b>	<b>23.8</b>	<b>1.0</b>	<b>1.0</b>	<b>16.1 (10)</b>	<b>17.3 (62)</b>	<b>-12.1 (36)</b>	<b>7.8 (56)</b>	<b>31.8 (42)</b>
<i>IM International Large Cap Equity (MF) Median</i>	<i>20.9</i>	<i>7.5</i>	<i>5.9</i>	<i>24.1</i>	<i>1.0</i>	<i>1.0</i>	<i>13.5</i>	<i>18.0</i>	<i>-13.1</i>	<i>8.5</i>	<i>30.4</i>
PIMCO Total Return II Institutional Fund	-1.4 (43)	3.1 (51)	7.2 (16)	4.2	0.9	0.8	-2.0 (44)	8.2 (13)	4.5 (92)	7.7 (36)	13.7 (43)
<b>Barclays U.S. Aggregate</b>	<b>-1.7 (55)</b>	<b>2.9 (61)</b>	<b>5.4 (70)</b>	<b>3.4</b>	<b>1.0</b>	<b>1.0</b>	<b>-1.9 (36)</b>	<b>4.2 (81)</b>	<b>7.8 (12)</b>	<b>6.5 (70)</b>	<b>5.9 (90)</b>
<i>IM U.S. Broad Market Core Fixed Income (MF) Median</i>	<i>-1.6</i>	<i>3.1</i>	<i>6.1</i>	<i>4.1</i>	<i>0.7</i>	<i>0.7</i>	<i>-2.1</i>	<i>6.2</i>	<i>6.6</i>	<i>7.3</i>	<i>12.4</i>

# Peer Performance Comparison

As of September 30, 2013

	1 Year Return	3 Years Return	5 Years Return	5 Years Standard Deviation	5 Years Beta	5 Years Actual Correlation	Year To Date Return	2012 Return	2011 Return	2010 Return	2009 Return
PIMCO Commodity Real Return Strategy Institutional Fund	-17.9 (86)	-0.7 (37)	-1.1 (3)	23.9	1.2	1.0	-12.8 (87)	5.3 (1)	-7.6 (43)	24.1 (2)	39.9 (3)
<b>Dow Jones-UBS Commodity Index</b>	<b>-14.3 (59)</b>	<b>-3.2 (65)</b>	<b>-5.3 (51)</b>	<b>20.2</b>	<b>1.0</b>	<b>1.0</b>	<b>-8.6 (55)</b>	<b>-1.1 (44)</b>	<b>-13.3 (85)</b>	<b>16.8 (32)</b>	<b>18.9 (49)</b>
<i>IM Commodities General (MF) Median</i>	<i>-12.7</i>	<i>-1.3</i>	<i>-5.2</i>	<i>23.9</i>	<i>1.2</i>	<i>1.0</i>	<i>-8.2</i>	<i>-1.6</i>	<i>-7.9</i>	<i>15.5</i>	<i>18.6</i>
Van Eck Global Hard Assets I Fund	7.0 (39)	4.5 (42)	5.1 (18)	28.3	1.0	1.0	7.4 (49)	2.9 (41)	-16.3 (50)	28.9 (8)	53.2 (37)
<b>S&amp;P North American Natural Resources Sector</b>	<b>7.2 (38)</b>	<b>8.3 (13)</b>	<b>4.8 (22)</b>	<b>26.6</b>	<b>1.0</b>	<b>1.0</b>	<b>10.7 (32)</b>	<b>2.2 (46)</b>	<b>-7.4 (10)</b>	<b>23.9 (22)</b>	<b>37.5 (67)</b>
<i>IM Global Natural Resources (MF) Median</i>	<i>5.7</i>	<i>3.4</i>	<i>2.9</i>	<i>29.1</i>	<i>1.1</i>	<i>1.0</i>	<i>7.2</i>	<i>1.4</i>	<i>-16.3</i>	<i>16.6</i>	<i>46.0</i>

**Please Note:**

- Standard Deviation, Beta and Correlation are relative to the primary benchmark for the strategy
- Manager and benchmark universe rankings are listed in parenthesis next to manager and benchmark returns
- Peer Universe rankings range from 1 to 100. The highest (or most favorable) percentile rank is 1 and the lowest (or least favorable) percentile rank is 100.
- IM Median returns for mutual fund (MF) universes reported net of fees.
- IM Median returns for separate account (SA) and commingled fund (CF) universes reported gross of fees.

**Tab III**

# Portfolio Comparison

As of September 30, 2013

	Fidelity Spartan Total Market Index	FPA Crescent Fund	FMI Common Stock	Domestic Equity	Russell 3000
<b>Composition</b>					
# of Holdings	3,324	40	34	3,336	2,965
% Top 15 Holdings	19.0	64.2	67.7	18.8	19.0
% Top 25 Holdings	26.0	84.9	89.5	25.5	26.0
<b>Characteristics</b>					
Wtd Avg Mkt Cap (\$B)	84.4	71.6	3.3	72.5	86.2
Forecast P/E	15.6	13.9	15.4	15.4	15.6
Price/Book ratio	2.7	2.2	2.3	2.6	2.7
Historical EPS Growth - 5 Year	6.6	4.7	1.3	5.7	6.7
Forecast EPS Growth - Long-Term	12.2	11.4	11.2	11.9	12.2
Current Yield	2.0	1.9	1.4	1.9	2.0
<b>GICS Sectors (%)</b>					
Energy	9.5	7.0	6.1	8.9	9.5
Materials	3.8	2.3	12.4	4.9	3.8
Industrials	11.3	0.5	20.0	11.8	11.4
Consumer Discretionary	13.2	8.6	3.0	11.3	13.4
Consumer Staples	8.6	17.6	0.0	8.0	8.7
Health Care	12.4	14.7	7.9	11.9	12.6
Financials	17.1	17.7	13.9	16.6	17.4
Information Technology	17.7	21.8	15.7	17.5	17.9
Telecommunication Services	2.1	0.0	0.0	1.7	2.2
Utilities	3.1	0.0	0.0	2.4	3.2
Cash	1.1	0.0	20.9	4.2	0.0
Other	0.0	9.8	0.0	0.7	0.0
<b>Market Capitalization (%)</b>					
Large (\$15.0B-Above)	69.0	70.2	0.0	59.1	70.2
Mid/Large (\$7.0-15.0B)	12.2	13.4	9.7	11.9	11.9
Mid (\$1.0-7.0B)	15.3	6.7	64.6	21.8	15.4
Small/Mid (\$0.5-1.0B)	1.5	0.0	4.8	1.8	1.5
Small (\$0.0-0.5B)	0.9	0.0	0.0	0.7	1.0
Cash	1.1	0.0	20.9	3.9	0.0
Other	0.0	9.8	0.0	0.7	0.0

# Portfolio Comparison

As of September 30, 2013

	Dodge & Cox International Stock	Artisan International	International Equity	MSCI AC World ex USA	MSCI EAFE	Global Equity	MSCI AC World
<b>Composition</b>							
# of Holdings	88	75	146	1,822	909	3,469	2,424
% Top 15 Holdings	40.3	43.7	31.1	12.7	17.4	16.0	11.0
% Top 25 Holdings	56.7	62.2	43.9	17.9	24.2	22.1	15.8
<b>Characteristics</b>							
Wtd Avg Mkt Cap (\$B)	68.2	63.5	64.9	55.7	62.5	69.9	77.1
Forecast P/E	14.2	15.8	15.2	13.4	13.8	15.2	14.2
Price/Book ratio	2.1	2.5	2.2	2.0	2.1	2.5	2.4
Historical EPS Growth - 5 Year	-3.7	9.4	2.9	0.1	-2.0	4.8	3.5
Forecast EPS Growth - Long-Term	15.1	14.2	14.6	11.6	11.4	13.0	11.6
Current Yield	2.5	2.5	2.5	3.0	3.1	2.1	2.6
<b>GICS Sectors (%)</b>							
Energy	6.7	2.2	4.7	9.3	6.9	7.2	9.9
Materials	5.2	7.6	7.1	8.8	8.2	5.5	6.3
Industrials	11.1	16.0	13.0	11.1	12.9	12.5	10.7
Consumer Discretionary	12.9	11.8	12.7	10.7	11.8	11.7	11.9
Consumer Staples	1.5	22.3	11.5	10.2	11.2	9.6	10.0
Health Care	15.9	11.8	12.9	7.7	10.0	12.6	10.1
Financials	24.9	18.8	22.9	26.6	25.4	18.6	21.6
Information Technology	14.3	5.9	10.3	6.4	4.3	14.6	12.1
Telecommunication Services	7.4	0.9	3.9	5.7	5.5	2.6	4.2
Utilities	0.0	0.0	0.0	3.4	3.7	1.5	3.3
Cash	0.1	2.7	0.9	0.0	0.0	3.1	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.4	0.0
<b>Market Capitalization (%)</b>							
Large (\$15.0B-Above)	80.9	78.9	79.8	70.2	75.3	67.0	76.2
Mid/Large (\$7.0-15.0B)	12.7	13.9	13.3	16.7	15.0	12.4	15.4
Mid (\$1.0-7.0B)	6.4	4.6	5.5	13.0	9.7	15.6	8.4
Small/Mid (\$0.5-1.0B)	0.0	0.0	0.0	0.0	0.0	1.1	0.0
Small (\$0.0-0.5B)	0.0	0.0	0.0	0.0	0.0	0.5	0.0
Cash	0.1	2.7	1.4	0.0	0.0	3.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.4	0.0

# Regional Exposure

As of September 30, 2013

## Regional Allocation (%)

	Global Equity	MSCI AC World	Dodge & Cox International Stock	Artisan International	International Equity	MSCI AC World ex USA	MSCI EAFE
Canada	0.3	3.8	0.0	1.2	0.9	7.2	0.0
United States	58.5	46.7	5.7	3.3	4.4	0.0	0.0
Pacific ex Japan	1.6	5.6	1.1	7.0	3.7	10.4	12.6
Japan	4.5	8.1	12.2	11.5	12.3	15.5	21.6
Europe ex UK	20.3	17.0	48.9	50.0	50.4	31.2	43.5
United Kingdom	6.1	8.3	13.6	16.7	14.3	15.6	21.8
Middle East	0.0	0.2	0.0	0.0	0.0	0.3	0.4
<b>Developed Markets</b>	<b>91.3</b>	<b>89.7</b>	<b>81.5</b>	<b>89.6</b>	<b>86.1</b>	<b>80.3</b>	<b>100.0</b>
EM Asia	2.2	6.1	4.2	6.9	5.7	11.7	0.0
EM Europe	0.4	1.1	2.1	0.0	1.0	2.1	0.0
EM Latin America	1.1	2.2	4.8	0.3	2.5	4.2	0.0
EM Mid East+Africa	1.3	0.9	6.9	0.0	3.4	1.6	0.0
<b>Emerging Markets</b>	<b>5.0</b>	<b>10.3</b>	<b>18.1</b>	<b>7.2</b>	<b>12.7</b>	<b>19.7</b>	<b>0.0</b>
<b>Frontier Markets</b>	<b>0.1</b>	<b>0.0</b>	<b>0.3</b>	<b>0.5</b>	<b>0.4</b>	<b>0.0</b>	<b>0.0</b>
Cash	3.1	0.0	0.1	2.7	0.9	0.0	0.0
Other	0.4	0.0	0.0	0.0	0.0	0.0	0.0

## Regional Allocation (%)

	Global Equity	MSCI AC World
United States	58.5	46.7
<b>Non-US Developed</b>	<b>32.9</b>	<b>42.9</b>
<b>Emerging Markets</b>	<b>5.0</b>	<b>10.3</b>
<b>Frontier Markets</b>	<b>0.1</b>	<b>0.0</b>
Cash	3.1	0.0
Other	0.4	0.0

# Flexible Capital

As of September 30, 2013

	Forester Offshore Fund, Ltd.	Archstone Absolute Return Strategies Fund, Ltd. Class A	Total Flexible Capital	FPA Crescent Fund	Total Leveraged Portfolio
Market Value	\$1,908	\$2,327	\$4,236	\$523	\$4,758
% of Total Managed Portfolio (\$22,838)	8.4	10.2	18.5	2.3	20.8
<b>Market Exposure (%)</b>					
Gross Long %	105.0	109.0	107.2	93.6	105.7
Gross Short %	59.0	55.0	56.8	3.3	50.9
Net %	46.0	54.0	50.4	90.3	54.8
Total Gross	164.0	164.0	164.0	96.9	156.6
<b>Strategy Weights (%)</b>					
L/S Equity	100.0	17.8	54.8	35.8	52.8
L/S Credit	0.0	28.7	15.8	23.8	16.6
Event-Driven	0.0	3.8	2.1	0.0	1.9
Distressed	0.0	20.3	11.2	0.0	9.9
Special Situations	0.0	6.7	3.7	0.0	3.3
Relative Value	0.0	6.6	3.6	0.0	3.2
Macro	0.0	0.0	0.0	0.0	0.0
Other/Cash	0.0	16.1	8.8	40.4	12.3
<b>Geography (%)</b>					
U.S. & Canada	66.5	60.8	63.4	73.9	64.5
Dev Europe	19.5	26.2	23.2	22.4	23.1
Asia	11.6	8.8	10.1	0.0	9.0
Emerging Mkts	2.4	0.0	1.1	0.0	1.0
Other	0.0	4.1	2.3	3.7	2.4

## Top 10 Long Holdings/Managers

Forester Offshore Fund, Ltd.		Archstone Absolute Return Strategies Fund, Ltd. Class A		FPA Crescent Fund	
Company	%	Company	%	Company	%
VIKING GLOBAL	9.0	FIR TREE	10.9	MICROSOFT	3.5
KENSICO CAPITAL	7.0	SILVER POINT	10.3	AON	3.3
JOHO CAPITAL	5.0	YORK CREDIT	10.1	CVS CAREMARK	2.7
PENNANT CAPITAL	5.0	ELLIOTT INTERNATIONAL	10.1	ORACLE	2.5
SAMLYN CAPITAL LLC	5.0	KING STREET	9.8	THERMO FISHER	2.4
LANSDOWNE	4.0	OZ OVERSEAS	9.6	OCCIDENTAL	2.4
WELLINGTON MGMT	4.0	DAVIDSON KEMPNER INT'L	9.5	COVIDIEN	2.1
CASTINE CAPITAL	3.0	FARALLON	9.4	AMERICAN INT'L GRP	1.8
COATUE MANAGEMENT	3.0	MASON CAPITL	9.0	CISCO	1.7
TIGER GLOBAL	3.0	BREVA HOWARD	5.6	GOOGLE	1.6

- Archstone Absolute Return statistics as of June 30, 2013.

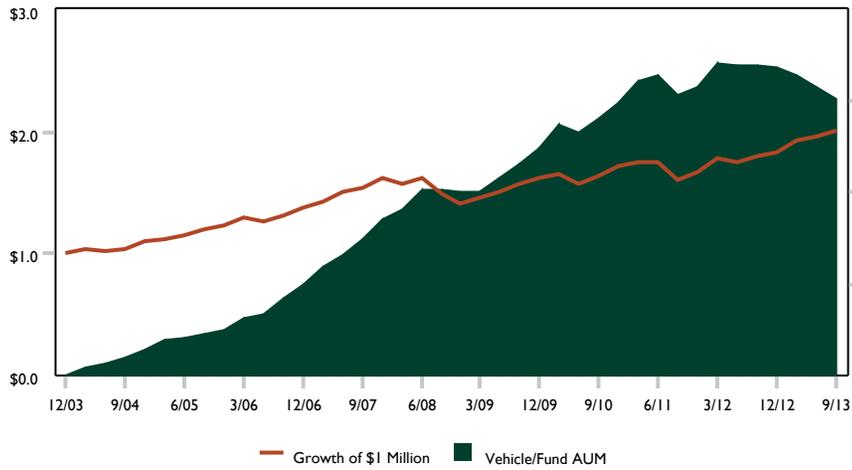
- FPA Crescent Fund market and geographic exposure exclude cash.

# Flexible Capital Strategies

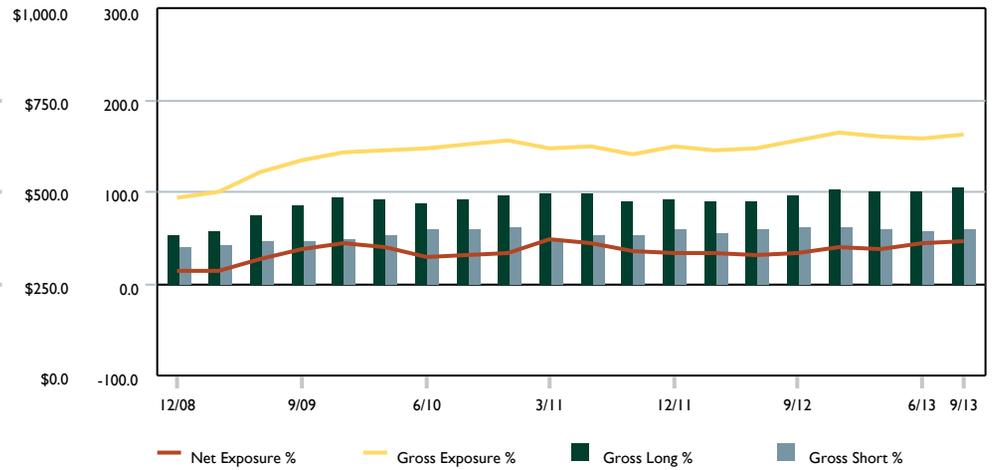
## Forester Offshore, Ltd.

As of September 30, 2013

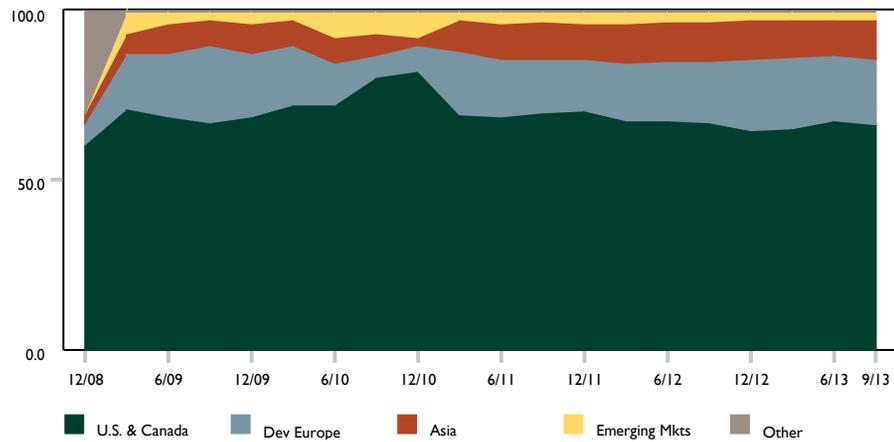
Asset Growth



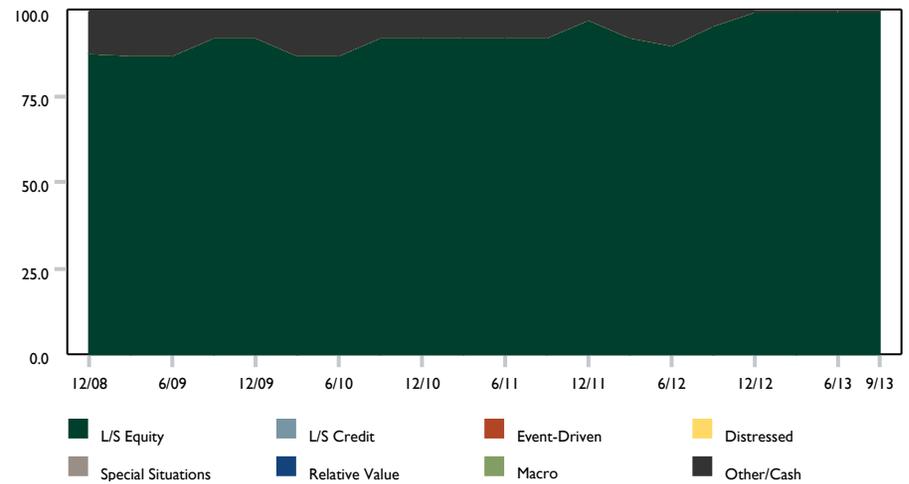
Market Exposure



Geographic Exposure



Strategy Weights

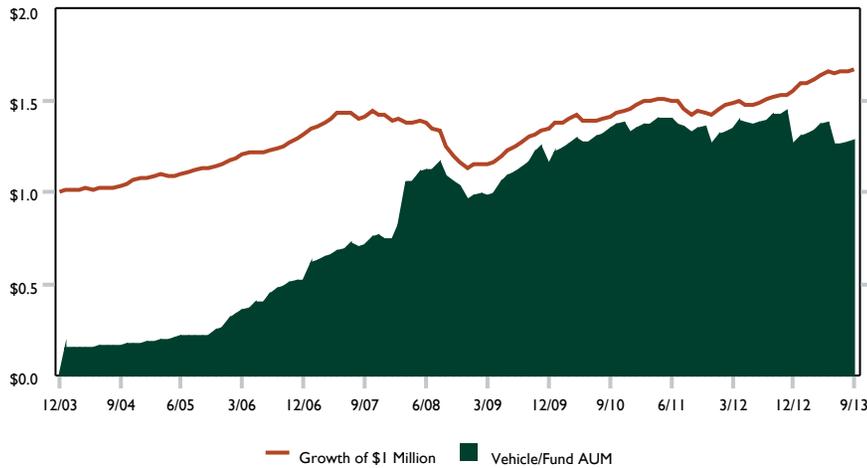


# Flexible Capital Strategies

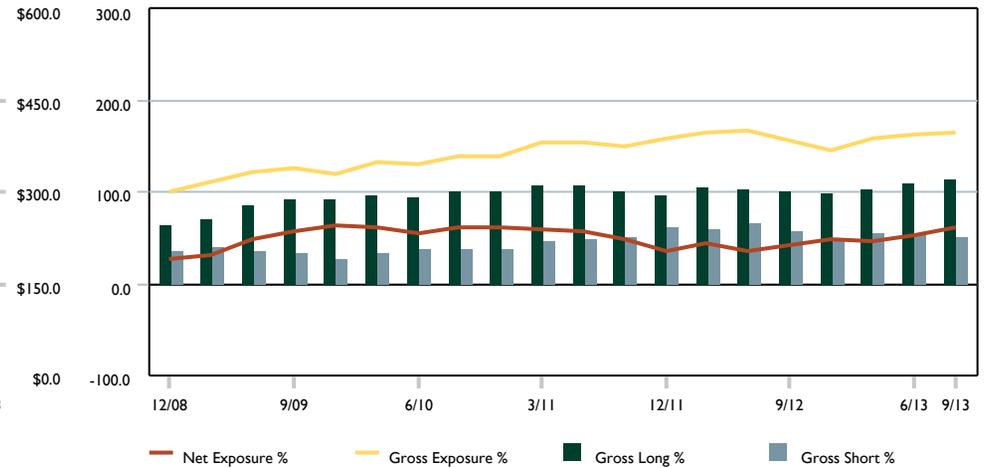
## Archstone Absolute Return Strategies Fund, Ltd.

As of September 30, 2013

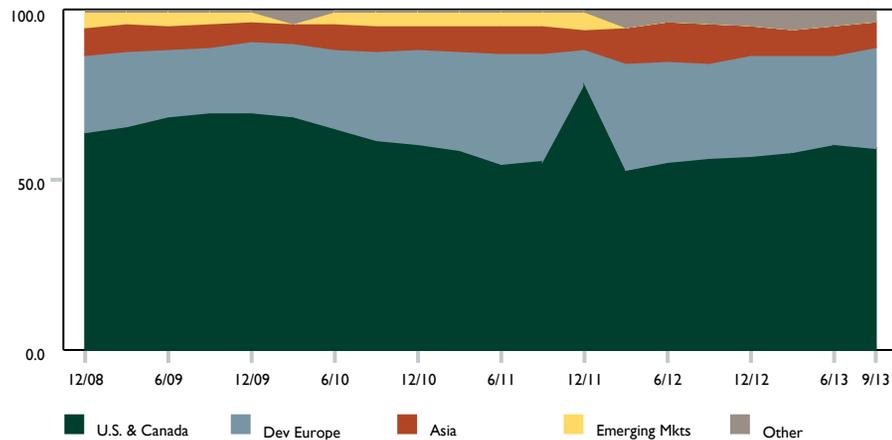
Asset Growth



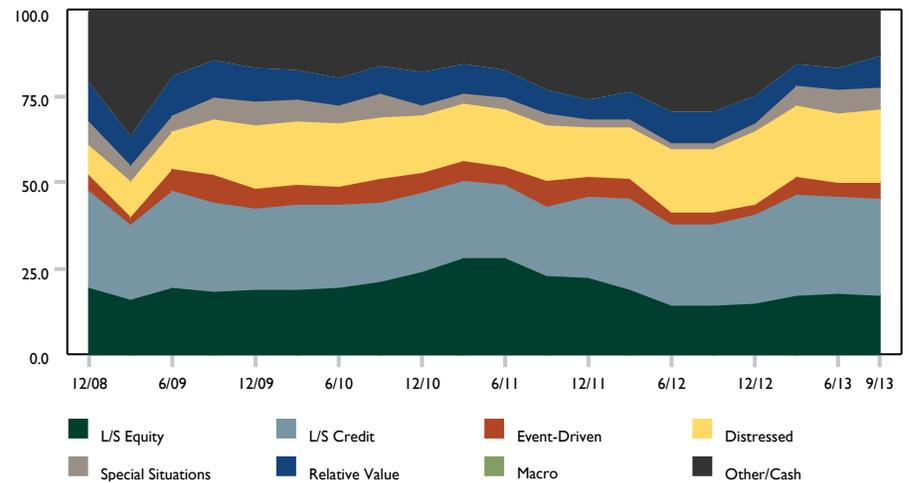
Market Exposure



Geographic Exposure



Strategy Weights

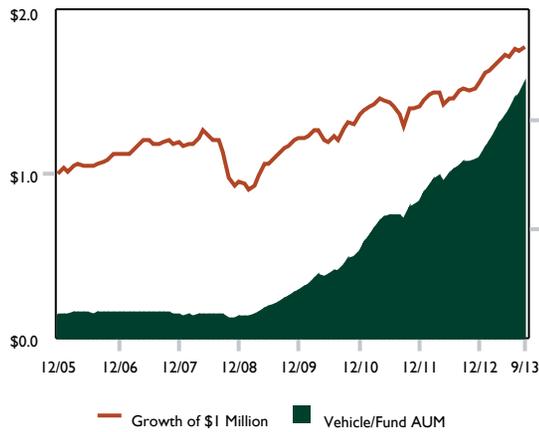


# Flexible Capital Strategies

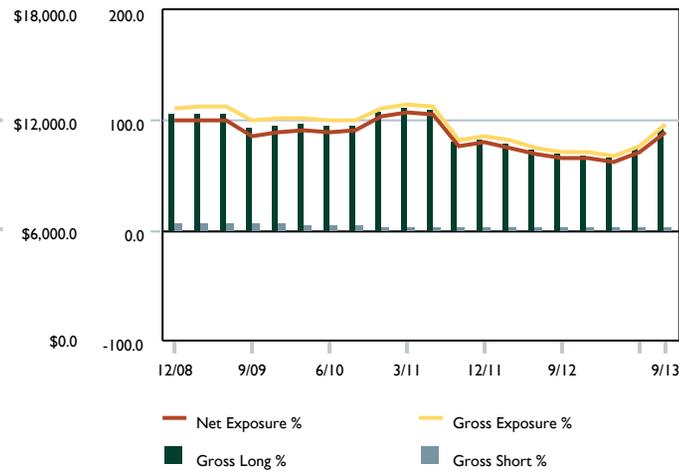
## FPA Crescent Fund

As of September 30, 2013

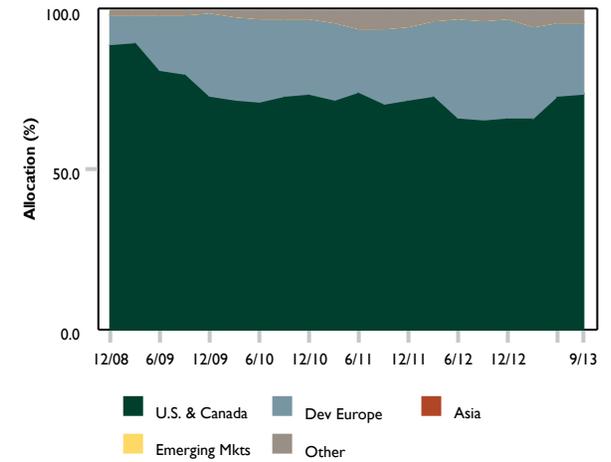
Asset Growth



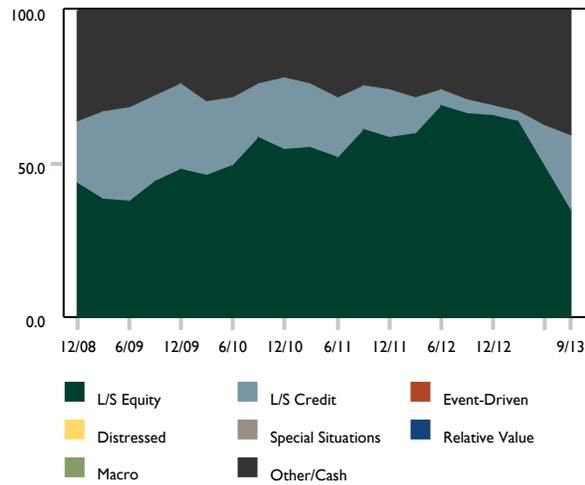
Market Exposure



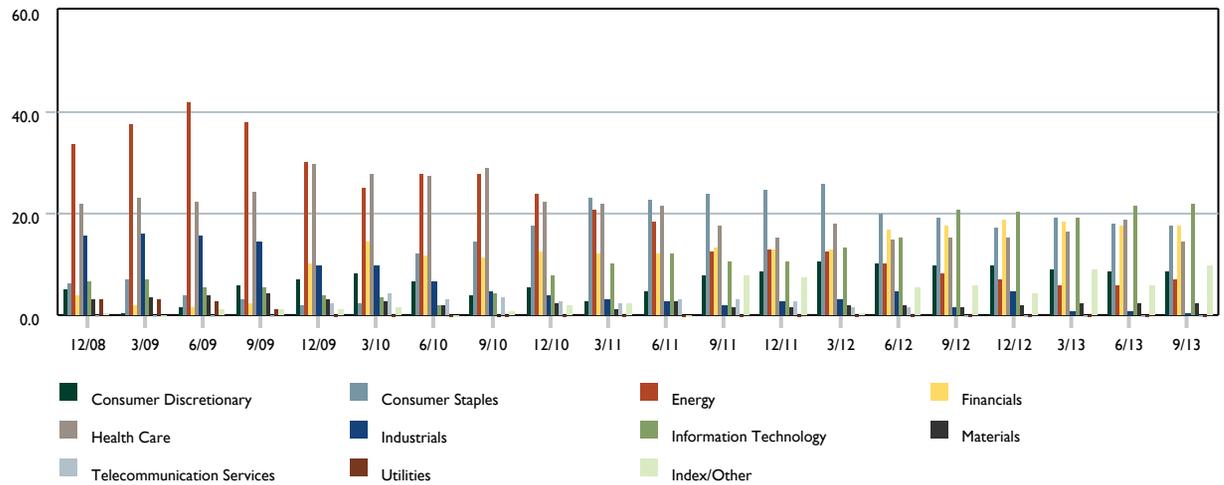
Geographic Exposure



Strategy Weights



Sector Breakdown



Market and geographic exposure exclude cash.

# Fixed Income

As of September 30, 2013

	PIMCO Total Return II Institutional Fund	Barclays U.S. Aggregate	Vanguard Short Term US Treasury Admiral Fund	Barclays U.S. Treasury: 1-5 Year	Total Fixed Income
<b>Portfolio Characteristics</b>					
Yield	1.8	2.3	0.5	0.6	1.2
Average Maturity	4.9	7.5	2.3	2.7	3.7
Duration	4.3	5.5	2.2	2.6	3.4
<b>Quality Breakdown</b>					
U.S. Treasury	34.0	36.1	99.7	100.0	63.1
U.S. Govt/Agency	-1.0	4.4	0.0	0.0	-0.6
Agency MBS	0.0	29.5	0.0	0.0	0.0
Non-U.S. Sov/Agency	0.0	4.5	0.0	0.0	0.0
AAA	42.0	3.0	0.0	0.0	23.4
AA	6.0	2.5	0.0	0.0	3.3
A	8.0	10.3	0.0	0.0	4.5
BBB	8.0	9.7	0.0	0.0	4.5
BB and Below	3.0	0.0	0.0	0.0	1.7
NR/Other	0.0	0.0	0.3	0.0	0.1
<b>Sector Breakdown</b>					
U.S. Treasury	34.0	36.1	99.7	100.0	63.1
U.S. Government Related	-1.0	4.4	0.0	0.0	-0.6
Non-U.S. Sovereign/Agency	0.0	4.5	0.0	0.0	0.0
Investment Grade Corporate	8.0	21.9	0.0	0.0	4.5
Industrials	1.0	12.4	0.0	0.0	0.6
Utility	0.0	2.4	0.0	0.0	0.0
Financials	7.0	7.1	0.0	0.0	3.9
High Yield	0.0	0.0	0.0	0.0	0.0
Non-U.S. Dollar	0.0	0.0	0.0	0.0	0.0
Emerging Market Debt	0.0	0.0	0.0	0.0	0.0
MBS	42.0	29.5	0.0	0.0	23.4
MBS-Agency	39.0	29.5	0.0	0.0	21.7
MBS-NonAgency	3.0	0.0	0.0	0.0	1.7
CMBS	7.0	1.7	0.0	0.0	3.9
ABS	2.0	0.4	0.0	0.0	1.1
Municipals	8.0	0.0	0.0	0.0	4.5
Cash	-2.0	0.0	0.3	0.0	-1.0
Other	2.0	1.5	0.0	0.0	1.1

- PIMCO Total Return II Yield is 30-day SEC yield and Maturity is Effective Maturity. U.S Treasury includes 7% TIPS. U.S. Government/Agency is 7% U.S. Agency and -8% Swaps and Liquid Rates. Sector Breakdown Other includes 1% Other Investment Grade Credit and 1% Preferred Stock. Cash includes: 15% Govt Related, 3% Mortgage, 5% Credit, 57% US MM Futures/Options, 17% Other, and -100% Liabilities. The Agency/non-Agency breakout pertains only to the mortgages held in the MBS sector allocation and does not account for any non-Agency MBS held within the ST Mortgage allocation within the Cash Equivalents sector. PIMCO defines cash equivalents as any security with a duration under 1 year. Sector and Sub-Sector Breakdown based on net asset value.

- Barclays U.S. Aggregate Duration represents Modified Adjusted Duration. Sector Breakdown Other is Supranationals and Other Mtgs.

-Vanguard Short Term Treasury Duration represents Average Duration.

-Barclays U.S. Treasury 1-5 Year Index Duration represents Modified Adjusted Duration.

# Inflation Hedging

As of September 30, 2013

## Vanguard Inflation-Protected Securities Admiral Fund

## Barclays U.S. Treasury: U.S. TIPS

Portfolio Characteristics	Vanguard Inflation-Protected Securities Admiral Fund	Barclays U.S. Treasury: U.S. TIPS
Yield	2.3	2.2
Average Maturity	8.5	8.5
Duration	8.0	7.4
<b>Quality Breakdown</b>		
U.S. Treasury	99.8	100.0
U.S. Govt/Agency	0.0	0.0
Agency MBS	0.0	0.0
Non-U.S. Sov/Agency	0.0	0.0
AAA	0.2	0.0
AA	0.0	0.0
A	0.0	0.0
BBB	0.0	0.0
BB and Below	0.0	0.0
NR/Other	0.0	0.0
<b>Sector Breakdown</b>		
U.S. Treasury	99.8	100.0
U.S. Government Related	0.0	0.0
Non-U.S. Sovereign/Agency	0.0	0.0
Investment Grade Corporate	0.0	0.0
Industrials	0.0	0.0
Utility	0.0	0.0
Financials	0.0	0.0
High Yield	0.0	0.0
Non-U.S. Dollar	0.0	0.0
Emerging Market Debt	0.0	0.0
MBS	0.0	0.0
MBS-Agency	0.0	0.0
MBS-NonAgency	0.0	0.0
CMBS	0.0	0.0
ABS	0.0	0.0
Municipals	0.0	0.0
Cash	0.0	0.0
Other	0.2	0.0

- Vanguard TIPS Yield To Maturity is calculated by Vanguard by adding the trailing 12-month inflation adjustment to the real YTM of the fund. Duration represents Average Duration.

- Barclays U.S. TIPS Duration represents Modified Adjusted Duration.

# Inflation Hedging

As of September 30, 2013

	<b>PIMCO Commodity Real Return Strategy Institutional Fund</b>	<b>Dow Jones-UBS Commodity Index</b>
<b>Sector Breakdown</b>		
Energy	37.0	37.0
Industrial Metals	16.0	16.0
Precious Metals	13.0	13.0
Agriculture/Livestock	34.0	34.0
Other	0.0	0.0

- PIMCO Commodity Sector Agriculture/Livestock includes Grains, Softs (sugar & flour) and Vegetable Oil. The collateral portfolio will be mainly invested in inflation-linked bonds (ILBs). Per the prospectus, the Fund will seek to gain exposure to the commodity markets primarily through investments in leveraged or unleveraged commodity index-linked notes, which are derivative debt instruments with principal and/or coupon payments linked to the performance of commodity indices and through investments in the PIMCO Cayman Commodity Fund I Ltd.

# Portfolio Comparison

As of September 30, 2013

## Van Eck Global Hard Assets I

## S&P North American Natural Resources Sector

### Composition

# of Holdings	53	141
% Top 15 Holdings	62.7	57.1
% Top 25 Holdings	79.6	67.6

### Characteristics

Wtd Avg Mkt Cap (\$B)	22.3	112.8
Forecast P/E	17.4	13.9
Price/Book ratio	1.9	1.9
Historical EPS Growth - 5 Year	0.4	-1.2
Forecast EPS Growth - Long-Term	15.3	10.0
Current Yield	1.2	2.2

# Portfolio Comparison

As of September 30, 2013

## Van Eck Global Hard Assets I

## S&P North American Natural Resources Sector

### GICS Industries (%)

Oil & Gas Drilling	7.5	3.3
Oil & Gas Equipment & Services	19.6	13.7
Integrated Oil & Gas	3.2	35.1
Oil & Gas Exploration & Production	35.5	25.9
Oil & Gas Refining & Marketing	2.8	4.3
Oil & Gas Storage & Transportation	0.0	4.3
Coal & Consumable Fuels	2.4	0.9
Fertilizers & Agricultural Chemicals	0.8	0.0
Construction Materials	0.0	0.7
Metal & Glass Containers	0.0	1.2
Paper Packaging	0.0	1.6
Aluminum	0.0	0.4
Diversified Metals & Mining	4.3	2.6
Gold	6.3	4.1
Precious Metals & Minerals	0.0	0.8
Steel	1.7	0.0
Forest Products	1.6	0.1
Paper Products	0.0	1.1
Construction & Engineering	0.7	0.0
Construction & Farm Machinery & Heavy Trucks	1.5	0.0
Automotive Retail	0.0	0.1
Agricultural Products	1.3	0.0
Cash	9.8	0.0
Other	0.9	0.0

### Market Capitalization (%)

Large (\$15.0B-Above)	39.3	74.8
Mid/Large (\$7.0-15.0B)	29.3	12.6
Mid (\$1.0-7.0B)	20.9	12.6
Small/Mid (\$0.5-1.0B)	0.4	0.0
Small (\$0.0-0.5B)	0.2	0.0
Cash	9.8	0.0

# Country/Region Allocation

As of September 30, 2013

Country/Region Allocation (%)	Van Eck Global Hard Assets I	S&P North American Natural Resources Sector
Canada	7.0	12.1
United States	72.4	85.4
Europe ex UK	4.8	2.0
United Kingdom	6.0	0.6
<b>Developed Markets</b>	<b>90.2</b>	<b>100.0</b>
Cash	9.8	0.0

Tab IV

# Performance Highlights

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## Equity

- FPA Crescent gained 3.8% in the quarter, bringing year-to-date returns to 14.6%. On the year, FPA has captured just shy of 75% of the S&P 500 Index's gain, which is notable given the Fund's 51% net equity position. FPA's activist stance on Occidental Petroleum continued to bear fruit in the quarter as the company gained an additional 5%. Energy was overall positive for the Fund, with Canadian Natural Resources up more than 11%. AIG was once again a top contributor, gaining more than 8% for the period. AIG has performed well following the divestment of the government's stake in the company, and the insurer continues to explore options to divest its Asian unit, including a potential IPO. Anheuser-Busch InBev gained nearly 10% after reporting strong results, and European conglomerate GBL gained nearly 9%. Stabilization in Europe was a prominent theme in FPA's results during the quarter, with car maker Renault advancing more than 12%, while FPA's offsetting hedge against Nissan declined 3.5%. The technology sector produced mixed results during the quarter—Google was flat, Microsoft and Cisco were both down roughly 3%, and Oracle was up 8%. FPA continues to underweight corporate credit at just over 1% of assets, and mortgages remain a small allocation at 0.6%.

# Performance Highlights

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## Equity (cont'd)

- FMI's Small/Mid Cap Equity strategy advanced 9.7% in the quarter, outperforming the Russell 2500 Index (+9.1%). FMI's portfolio benefited from merger and acquisition activity, with Molex and Kaydon acquired at premiums by Koch Industries and SKF Group, respectively. These acquisitions, however, augmented FMI's cash balance intra-quarter. FMI also saw cash increase with the sales of McDermott International, Jos. A. Bank Clothiers, Gentex, and Jack Henry. Where the sales of Gentex and Jack Henry were largely valuation-based, ongoing operational issues, and disappointing corporate results prompted FMI to exit McDermott International. FMI sold Jos. A. Bank Clothiers following the company's bid for clothing brand Lucky Brand Jeans. FMI closed the quarter with just under 20% cash following additions to select existing positions and the establishment of five new positions, including patent aggregator RPX, potash producer Sociedad Quimica y Minera de Chile, and medical device maker Varian Medical Systems. FMI continues to be challenged by absolute valuations across the market and has seen its cash balance rise as a result. Year to date through September, the strategy has returned 21.4%, lagging the Russell 2500 Index by approximately 460 bps, with stock selection partially offsetting the impact of a substantial cash drag. The investment team continues to believe that the current portfolio trades at a significant discount to the market, but acknowledges that underperformance is likely to continue should equities continue to climb. FMI's Small/Mid Cap Equity strategy remains effectively closed to new investors.

# Performance Highlights

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## Equity (cont'd)

- The Dodge & Cox International Stock Fund advanced 11.1% during the quarter, outpacing the MSCI ACWI ex U.S. Index (+10.1%). Selection was particularly weak within consumer staples as the portfolio's only two holdings in the sector, Unilever and Anadolu Efes Biracilik Ve Malt Sanayi (Turkish brewery), both posted losses. Financials and telecom services were also areas of weakness for the investment team, though this was offset by relative gains within the consumer discretionary and industrials sectors. Sector allocation proved to be a modest tailwind, helped by a meaningful underweight to consumer staples. Regionally, the portfolio continued to hold exposure to globally diversified names domiciled in the United States. The portfolio's U.S. allocation stood at approximately 5% at quarter-end, with exposure to names such as Hewlett-Packard, Schlumberger, Amdocs, and ADT. The portfolio also held meaningful direct exposure to emerging markets—just over 18% at quarter-end—the bulk of which was focused in South Africa and Latin America.
- During the second quarter, Dodge & Cox completed its long-term succession planning. Dana M. Emery assumed the position of CEO and President. Emery, who had been co-President, continues in her role as Director of Fixed Income as well. Charles F. Pohl assumed the position of Chairman. Pohl also continues to serve as CIO and a member of various committees. Kenneth E. Olivier stepped down as Chairman and CEO and has taken on the role of Chairman Emeritus, while continuing as Chairman and Trustee of the Dodge & Cox Funds and as a member of the Dodge & Cox Board of Directors. Olivier has also relinquished his membership on the Investment Policy Committee, replaced by Philippe Barret, Jr., who joined the Committee effective February 1, 2013. We remain comfortable with the Firm and believe it has appropriately planned for these events. We will be monitoring the transition of responsibilities across the Firm closely.

# Performance Highlights

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## Equity (cont'd)

- The Artisan International Fund gained 10.0% for the quarter. While strong from an absolute perspective, Artisan failed to keep pace with the MSCI EAFE Index, which advanced 11.6%. Despite trailing in the third quarter, the strategy remains ahead of the benchmark over the year-to-date period (+16.7 vs. +16.1% for the Index). While stock selection was strong, the portfolio's significant overweight to the more defensive consumer staples sector weighed on relative returns during the strong market environment. The allocation to consumer staples names has come down during the year as the investment team trimmed from select positions into strength, but the portfolio continues to hold meaningful exposure to what the team views as high quality, branded names that are often found within the sector. In regard to stock selection, the team added value within the technology sector, in which Chinese internet service names such as Baidu and Tencent performed well. Portfolio activity was limited, though Artisan did increase its industrials allocation with adds to Rolls Royce Holdings (U.K. aerospace), Meggit (U.K. aerospace), and IHI (Japanese heavy equipment). A new position in MTU Aero Engines (German aerospace) was also added. Purchases were funded in part by trims in the consumer chemical space, which were driven by valuation. Regionally, the portfolio remained overweight continental Europe at the expense of the U.K. and Japan. In 2013, the members of the investment team—which comprises Lead Portfolio Manager Mark Yockey and Associate Portfolio Managers Andrew Euretig and Charles-Henri Hamker—have taken on additional responsibilities within the Firm. Euretig and Hamker will join Yockey as Portfolio Managers of Artisan's Global Equity strategy, replacing Portfolio Manager Barry Dargan, who has left the Firm. Yockey and Hamker will also be responsible for the management of Artisan's new Global Small Cap strategy, which was launched in 2013.
- Artisan has indicated that a follow-on offering coinciding with the retirement of Artisan Founder Andrew Ziegler will likely take place in the first half of 2014. At that time, existing shareholders will be eligible to sell an additional 39% of the Firm's equity. Employee owners will be restricted to selling the greater of 15% of units held (vested or unvested), or vested shares of Class A common stock, having a market value as of the time of sale of up to \$250,000, in each one-year period following the first anniversary of the IPO. Post IPO, employees own approximately 38% of the economic interest in the Firm, but retain 75% of the voting rights. Artisan employees will maintain super-majority voting rights as long as they own 20% of the Firm. Our primary concerns surrounding the IPO pertain to Artisan's ongoing ability to attract and retain talent, the potential for a shift in focus from long-term asset management to short-term profit management, and reduced transparency for shareholders and investors. We continue to actively monitor these risks.

# Performance Highlights

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## Alternative Strategies

- Forester Offshore returned 2.5% in the quarter, bringing year-to-date returns to 9.6%. Forester had a reasonably strong third quarter, capturing roughly 50% of the upside in the equity market while maintaining net exposure closer to 40%. The top performer during the quarter was TCI, which gained more than 12%. TCI was positioned more than 100% net long and also benefited from strong stock selection in European industrials. Asian specialist Joho gained 8% as the ever-changing macro environment in Japan and emerging markets has been beneficial to its strategy, which emphasizes fundamental stock selection. Growth-oriented manager HHR had a very strong quarter, gaining more than 9%, and Merchants' Gate, which has struggled over recent periods, was up nearly 5% on the strength of its energy holdings. Other notable performers that added a high degree of alpha through security selection included Steadfast, Viking, and 12 West, all of which gained more than 5%. On the negative side, short-biased manager Axial lagged during a rising market, and Lakewood and Kensico both had problems on the short side, posting losses of 1% and 3.5%, respectively.
- Archstone Absolute Return Strategies advanced 1.7% in the quarter, resulting in a year-to-date gain of 8.3%. All but one of Archstone's managers reported positive returns during the quarter, with larger multi-strategy managers the top performers. Gains from distressed credit and event-driven equity positions propelled Farallon and Elliott to returns of roughly 3.5%, while Och-Ziff reported a gain just under 3%, due largely to the Fund's increased allocation to structured credit, which lagged distressed corporate credit. Dedicated distressed managers also performed well, with Silver Point and York both up 2.7%, largely attributed to gains from Lehman Brothers, which made another sizable cash distribution in early October, and post-reorg equities such as Delphi and AIG. Event-driven managers Fir Tree and Mason were both up roughly 1.5%, lagging their peers with larger credit allocations. Hedged credit managers reported mixed results: Brevan Howard was up 2.3%, while Saba was down roughly 3%. Saba trades more sovereign debt and CDX index tranches, which has been a difficult space this year. Brevan Howard is more broad-based and has generated a high degree of alpha by maintaining a hedged position and focusing on security selection.

# Performance Highlights

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## Fixed Income

- The PIMCO Total Return II fund finished the quarter with a return of 1.1% relative to the Barclays Aggregate gain of 0.6%. PIMCO reports that many of the strategies that detracted from performance in the second quarter reversed course and helped Index-relative returns in the third quarter. The Fund's overweight to U.S. TIPS helped as demand for TIPS improved and inflation expectations rose after the FOMC decided not to taper its bond-buying program. Also, the Fund benefited from yield curve positioning, including its overweight to the five-to-ten year part of the curve and the underweight to the long end. The Fund's allocation to non-agency MBS and emphasis on financials within its corporate exposure also helped. An underweight to investment grade corporate securities detracted from performance as the sector outperformed similar duration Treasuries. In terms of current positioning, PIMCO noted that it has a high conviction that the market has mispriced the potential for the FOMC to raise rates. The team believes it is unlikely to happen until 2016 as opposed to what is currently priced into the market (2014). They have increased exposure to Eurodollar futures in an effort to potentially benefit from this view. During the quarter they repositioned the portfolio with a total duration less than that of the Index as they see increased uncertainty surrounding the Fed's monetary policy stance and the timing/sizing of the tapering decision, which should continue to drive volatility, according to the Firm. As part of this adjustment, they lowered exposure to the five-to-ten year segment of the yield curve and increased three-to-five year exposure as they believe the longer maturities are more exposed to domestic growth as opposed to Fed policy.

# Performance Highlights

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## Fixed Income (cont'd)

- During the quarter, Vanguard Short-Term Treasury returned 0.4% and matched the Barclays 1–5 Year Treasury Index . An overweight in the one-to-three year maturity segment and a corresponding underweight in the three-to-five year part of the curve detracted from performance; Treasuries in the one-to-three year part of the curve rose 0.3% while those in the three-to-five year part of the curve gained 0.7%. U.S. Treasuries gained 0.1% as yields at the short- and intermediate-term portions of the curve fell slightly. Longer-term yields experienced modest increases, and as a result, longer-dated Treasuries underperformed their shorter-dated counterparts. The curve steepened as the difference between the two- and ten-year yields widened by 16 bps. During the first two months of the quarter, intermediate- and long-term rates moved sharply higher, continuing a trend that began in the second half of the second quarter. However, during the last two weeks of the quarter, rates reversed direction and ended only modestly higher. Rates initially began to reverse direction when Larry Summers withdrew his name from consideration for the Fed chair, and the more dovish Janet Yellen emerged as the front-runner to succeed Chairman Ben Bernanke in January 2014. The rally in rates was extended when the FOMC surprised market participants and announced its decision to continue with the existing pace of its bond-buying program. Entering the third quarter, duration, at 2.3 years, was shorter than the 2.7 year Index duration. As a result of being defensively positioned against interest rates, the Fund's 0.5% yield trailed the yield of the benchmark by 13 bps.

## Inflation Hedging

- Vanguard Inflation-Protected Securities returned 0.9% compared to a 0.7% return in the Barclays U.S. Treasury Inflation Protected Securities Index. From a maturity perspective, modest tilts to the three-to-five year and five-to-ten year maturity ranges contributed positively to performance as these parts of the TIPS market returned 1.0% and 1.2%, respectively. Real yields declined across the curve, but TIPS in the short-to-intermediate maturity range experienced the sharpest declines. The overall shape of the real yield curve flattened somewhat based on the two-to-ten year spread, which moderated from 1.35% at the end of the second quarter to 1.33% at the end of the third quarter. In this environment, U.S. TIPS in the five-to-seven year maturity range realized a gain of 1.3%, outperforming the three-to-five year maturity range (+1.0%) and the seven-to-ten year maturity range (+1.1%). Inflation expectations rose during the quarter, particularly in the latter half of September after the Fed surprised markets by not initiating a more modest bond-buying program. The five-year breakeven inflation rate rose 13 bps to 1.9%, while expectations for the next ten years rose 16 bps to 2.2%. The combination of falling real yields and rising inflation expectations led to U.S. TIPS underperforming their nominal U.S. Treasury counterparts across the entire maturity spectrum. Entering the fourth quarter, the Fund's 8.0-year duration matched the Index duration. The Fund had a modest 2.0% weight in nominal Treasury bonds and a 0.2% short-term reserves position, with the remaining allocation dedicated to U.S. TIPS.

# Performance Highlights

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## Inflation Hedging (cont'd)

- The PIMCO Commodity Real Return Fund returned 3.5% during the quarter, outperforming the benchmark return of 2.1% by 140bps. The use of TIPS collateral contributed as breakevens widened and TIPS recovered from the second quarter sell-off that was prompted by Chairman Bernanke's late May speech indicating the Federal Reserve may begin to taper its bond-buying program. This collateral strategy contributed between 90–100 bps in the third quarter. Tactical sector strategies contributed 20–25 bps. The Fund's modest exposure to Brazilian rates benefited over the quarter, as did securitized positioning in non-agency RMBS. Commodity alpha strategies contributed between 15–20 bps during the period including: (i) an overweight to WTI vs. Brent crude, as WTI outperformed Brent; and (ii) selling gold volatility, as realized volatility normalized after the second quarter sell-off. Interest rate strategies contributed approximately 15–20 bps, with tactical exposure to Australian inflation-linked bonds as real yields fell and nominal Treasury exposure focused on the intermediate portion of curve, benefiting performance.

# Performance Highlights

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## Inflation Hedging (cont'd)

- The Van Eck Global Hard Assets Fund returned 12.5% for the quarter, besting the S&P North American Natural Resources Index, which returned 8.6%. This was a strong reversal of year-to-date performance for the strategy, which still trails the Index for the year, up 7.4% versus the Index's 10.7% gain. During the first and second quarter, the strategy reduced its exposure to gold miners and diversified miners, re-allocating to energy companies, in particular exploration and production (E&P) companies focused on unconventional, oil-concentrated production. This rebalancing of the portfolio paid off in the third quarter as mining stocks continued to sell off, but E&P companies generated strong returns. This was also a contributor to relative performance as E&P companies such as Pioneer Resources generally outperformed the larger integrated energy companies. Those larger companies have income-producing, defensive qualities that were not favored by investors during tapering discussions in the quarter. Due to portfolio shifts throughout the year, the strategy now has its largest concentration in energy in some time, 73% at quarter-end. Most of the exposure—at 40% of the overall strategy—is to E&P, with a second largest concentration of 11% to services. Diversified miners dropped as low as 6% in the portfolio, but as the quarter ended, Van Eck added back to some positions, moving to 10%, seeing opportunities in First Quantum and GlenCorp. The portfolio continues to maintain a small exposure of 2% to agriculture stocks, focused on processors such as Agrium, and benefited in the period from this low exposure, in particular an underweight to potash producers. The strategy maintains a 1% position in GLD for gold exposure. Cash was a drag on performance in the period, ending at 4.5%.

# Manager Profiles

FPA Crescent Fd

September 30, 2013

## Firm Details: First Pacific Advisors

Total Assets (\$ mil.):	\$26,200
Style:	Long/Short Equity
Assets in Style (\$ mil.):	\$16,000
Year Founded:	1953
Location:	Los Angeles, CA
Ownership:	- Founded in 1953 - 100% Employee Owned
Registration:	SEC (2006)
GP Capital:	N/A

## Key Investment Professionals:

Steve Romick, CFA joined FPA in 1993 and currently serves as portfolio manager of the FPA Crescent fund and separate accounts in the Contrarian Value style, as well as the FPA Hawkeye Fund and FPA Multi-Advisor Fund. Romick was previously Chairman of Crescent Management and a consulting security analyst for Kaplan, Nathan, and Company. He earned a BS in education from Northwestern University.

Brian Selmo, CFA joined FPA in 2008 and currently serves as co-portfolio manager of FPA Crescent and Dir. of Research for the FPA Contrarian Value Strategy. He was previously a founder and managing member of Eagle Lake Capital, LLC, and Portfolio Manager of its predecessor - the Coast Special Situations Fund, from 2003 to 2008. Previously, he was Analyst at Third Avenue Management and Rothschild, Inc. Brian earned a Bachelor's degree in Economics from The John Hopkins University.

Mark Landecker, CFA joined FPA in 2009 and currently serves as co-portfolio manager of FPA Crescent and as portfolio manager for the FPA Global Opportunity Fund. Prior to joining FPA, Mark served as Portfolio Manager at both Kinney Asset Management and Arrow Investments, Inc. Mark earned a BBA from the Schulich School of Business, York University, Toronto, Canada.

## Investment Objective and Philosophy/Process

Portfolio manager Steve Romick seeks to take an opportunistic approach to investing, looking for value in all parts of a company's capital structure, including common and preferred stocks as well as corporate, mortgage-backed and convertible bonds. The focus is on value, emphasizing low price-to-earnings ratios as well as discounts to private market value. The contrarian style may lead to a focus on absolute rather than relative return. As such, Romick has the flexibility to hold meaningful levels of cash during periods when he is not identifying compelling opportunities. The portfolios is constructed without regard to asset class as each investment must pass the same return/risk hurdle. The most commonly held equity positions are intended to be what Romick classifies as 3:1s. Expected return is targeted to be at least the rate of return they expect from the equity market over the long term, and, the 12-month downside potential cannot be greater than one-third of the upside potential over the next 24 months. Romick directs his attention to companies that he believes offer the best combination of quality criteria including, but not limited to, strong market share, good management, and high normalized return on capital. Sales will generally occur when a company reaches its price target. For stocks that meaningfully decline in value, the thesis for ownership is revisited such that the position may be increased if the case for investment still holds, or sold if there is substantive negative change. Short equity investments, which are limited to 10% of assets by the Fund's Board of Directors, are often initiated in deteriorating businesses or companies with balance sheet issues. Romick will allocate to high yield debt when he believes yields are attractive and will also look for distressed debt situations in both the corporate and structured asset classes.

## Assessment

FPA has historically generated attractive risk-adjusted returns following a contrarian value strategy in a mutual fund format. Portfolio manager Steve Romick is more than content owning high levels of cash or fixed income if he does not see what he describes as 'fat pitches' in the equity market and cash has reached as high as 55%. Romick's fixed income holdings are typically high yield offerings while his stock investments are value-oriented names, more recently emphasizing large caps but historically tilted to small and midcap stocks. This contrarian approach has done very well in down markets such as 2001, 2002, and 2008. Given the potential heavy allocation to cash, the strategy is likely to underperform in rising markets even during periods when stock selection is strong. Assets for this strategy have increased considerably over the last several years and this may limit FPA's ability to meaningfully invest in smaller companies going forward. However, we believe the highly flexible mandate employed by FPA and the contrarian nature of the strategy make this an attractive option for clients seeking a more liquid absolute return oriented strategy. FPA added Selmo and Landecker as co-PMs in 2013, with Dennis Bryan stepping down as PM to focus on his duties as PM of the Firm's SMAV strategy. We still consider Romick to be the key decision maker for FPA Crescent and do not believe that this transition will have a meaningful impact on the management of the Fund.

## Vehicle Information:

Inception:	1993	3c1/3c7:	N/A
Assets (\$ mil.):	\$14,100	Subscriptions:	Daily
Minimum Account Size:	\$1,500	Redemptions (notice):	Daily (2% redemption fee < 90 days)
Management Fee:	1.26%, 2.0% redemption < 90 days	Lock-up:	None
Profit Allocation:	None	ERISA Capacity:	N/A
Highwater Mark:	None	Prime Broker:	N/A
Hurdle Rate:	None	Administrator:	First Pacific Advisors, LLC
UBTI:	N/A	Auditor:	Deloitte & Touche LLP
Additional Expenses:	Short sale dividend expense, other (0.19% at March 31, 2011)	Legal Counsel:	K&L Gates LLP
Additional Vehicles:			

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# Manager Profiles

**Forester Offshore, Ltd.**

**September 30, 2013**

**Firm Details: Forester Capital**

<b>Total Assets (\$ mil.):</b>	\$3,830	<b>Key Investment Professionals:</b>	Trent Carmichael - Prior to founding Forester Capital, Mr. Carmichael was with Tiger Management from 1996 to 1999, Nelson Capital Management from 1991-1994 and Donaldson, Lufkin and Jenrette from 1988-1990. Mr. Carmichael has a Master's degree in Management from the Kellogg School and a BA in Economics from Duke University. He has obtained the Chartered Financial Analyst designation.
<b>Style:</b>	Directional Hedge FOF		
<b>Assets in Style (\$ mil.):</b>	\$1,670		
<b>Year Founded:</b>	1999		
<b>Location:</b>	Greenwich, CT		
<b>Ownership:</b>	100% Trent Carmichael and family.		
<b>Registration:</b>	SEC		
<b>GP Capital:</b>	\$28.5 million across funds (as of 9/30/2010)		Fritz Fortmiller - Mr. Fortmiller joined Forester in 2006. Prior to Forester, he worked at Cambridge Associates from 1999-2005 as a Specialist Consultant, Research Consultant and Associate. Prior to that, he founded Turnbuckle Records and worked as a Paralegal Specialist in the U.S. Attorney's Office. BA in Philosophy from Yale University. He has obtained the Chartered Financial Analyst designation.

**Investment Objective, Philosophy/Process, and Assessment**

The fund seeks to achieve medium to long-term returns that are superior to the broad market averages while assuming less risk. Diversification will be achieved through investment in managers that have different expertise in industry sectors, cap sizes, or geographical areas. Forester looks for managers who have a demonstrated track record, and a past ability to generate both long and short ideas, as well as have a significant amount of their own net worth in their fund. Individual managers are limited to 25% of overall portfolio. Forester may invest up to 10% in an affiliated fund. The fund does not invest in managers who specialize in currencies, bonds or commodities.

Based on our research of hedge funds, we believe the Fund consists of high quality underlying hedge funds and is offered at a reasonable fee. This Fund may be more diversified than some other fund-of-funds as Forester tends to weight highest conviction ideas in the range of 4.5%-6.5%. Forester has been able to leverage long-standing relationships in the hedge fund industry that can often lead to early access to new managers. Forester provides a high degree of transparency, including manager names and allocation ranges, market and regional exposures, and quarterly letters.

The offshore fund was rolled out in January of 2004. The fund is identical in strategy and process to the Forester Partners, LP. Forester Partners II, LP was created to accommodate 3c1 investors when Forester Partners LP converted to a 3c7 vehicle in January 2008. There is substantial overlap between managers in Forester Partners, LP, Forester Partners II, LP and Forester Offshore, Ltd.

\*A partial list of the Fund's largest manager allocations appears to the right. Prime, Buchholz receives full transparency from Forester and clients may receive a full manager list by signing a separate non-disclosure agreement with Forester.

\*Forester prefers offshore investors under the \$2 million minimum to choose the 3yr liquidity, B share class.

\*Allocations to 3c-1 products are subject to slot availability.

**Sample Portfolio Characteristics**

Underlying Funds	Alloc %	Strategy
Viking Global Investors LP		Global Long/Short
Kensico Capital Management Corp.		U.S. Long/Short
Pennant Capital Management, L.L.C.		U.S. Long/Short
Samlyn Capital, LLC		Global Long/Short
Joho Capital, L.L.C.		Asia Long/Short
Lansdowne Partners Limited Partnership		Global Long/Short
Wellington Management Company, LLC		Global Long/Short Sector
Abrams Bison Investments, L.L.C.		U.S. Long Biased
Castine Capital Management, LLC		U.S. Low Net Sector
Coatue Management, L.L.C.		Global TMT
Steadfast Capital Management LP		U.S. Long/Short
The Children's Investment Fund Mgmt LLP		Global Long Biased
Tiger Global Management, L.L.C.		Global Long/Short
Hengistbury Investment Partners LLP		Europe Long/Short
Polar Capital LLP		Europe Long/Short

**Vehicle Information:**

<b>Inception:</b>	January 2004	<b>3c1/3c7:</b>	3c7
<b>Assets (\$ mil.):</b>	\$755	<b>Subscriptions:</b>	Quarterly
<b>Minimum Account Size:</b>	\$2,000,000	<b>Redemptions (notice):</b>	A: Annual (anniversary) B: Three-year liquidity (95 days)
<b>Management Fee:</b>	1.0%, underlying manager fees	<b>Lock-up:</b>	A: Two years B: Three years
<b>Profit Allocation:</b>	A: 3%, B: None	<b>ERISA Capacity:</b>	None as of 4/11/2011
<b>Highwater Mark:</b>	Yes	<b>Prime Broker:</b>	N/A
<b>Hurdle Rate:</b>	NA	<b>Administrator:</b>	International Fund Services LLC
<b>UBTI:</b>	No	<b>Auditor:</b>	Ernst & Young LLP
<b>Additional Expenses:</b>	Accounting, legal, filing (approx. 18 bps)(0.07% in 2012)	<b>Legal Counsel:</b>	Ogier
<b>Additional Vehicles:</b>	Onshore 3c1 and 3c7		

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# Manager Profiles

Archstone Absolute Return Strategies Fund, Ltd.

September 30, 2013

## Firm Details: Archstone Partners

<b>Total Assets (\$ mil.):</b>	\$3,684	<b>Key Investment Professionals:</b>	
<b>Style:</b>	Absolute Return - Market Neutral	- Alfred Shuman - Founder. BA from Harvard ('61) and MBA from Harvard Business School ('63). Serves as Trustee of various non-profit and educational organizations.	
<b>Assets in Style (\$ mil.):</b>	\$386		
<b>Year Founded:</b>	1991		
<b>Location:</b>	New York, NY	- Joe Pignatelli - President of Archstone Funds. Over 15 years experience in investment management. Oversees all manager analysis, asset allocation, and coordination of legal/financial issues. Bachelors from Pace University and Masters from Baruch College.	
<b>Ownership:</b>	Alfred Shuman 80%; Balance in declining order: Stanley Shuman; Richard Nye; Steven Kotler; Stephanie Shuman; Joseph Pignatelli; David Parker; John Marshall	-David Parker - COO and Chief Compliance Officer. BS from University of Texas and MBA from Harvard Business School. Duties include all management-related issues, strategy, planning, and governance.	
<b>Registration:</b>	SEC		
<b>GP Capital:</b>	\$6.8 Million	Other investment professionals include Mark Smith, Barbara Barlick, Kevin Jornlin & Edgar Smith.	

## Investment Objective, Philosophy/Process, and Assessment

The Fund's primary objective is to consistently earn positive returns regardless of the direction of the market.

The Fund seeks to achieve its objective by employing a diversified group of managers and strategies that have a low correlation to traditional broad markets. The Fund's volatility seeks to approximate that of the U.S. fixed income markets. Hedge funds that have relatively conservative investment strategies are generally preferred. Relative value and non-directional strategies are emphasized, along with event driven and distressed investing. Specific strategies employed by the underlying managers (ten to twenty) include convertible arbitrage, merger arbitrage, statistical arbitrage, event driven, and fixed income arbitrage (allocations are listed to the right). Archstone requires that its underlying managers have at least \$5 million invested in the Fund and that the invested amount represents at least 50% of the managers' net worth. Leverage may be employed by the underlying managers, but has, for the most part, used rarely and for operational purposes at the fund level.

We believe Archstone has a strong and experienced team. Based on our research of hedge funds, we believe the Fund consists of high quality underlying hedge funds. This Fund may be more concentrated than some other fund-of-funds and Archstone is willing to size up their high conviction managers. The firm has been able to leverage long-standing relationships in the hedge fund industry that can often lead to early access to new managers. Archstone provides full transparency, including manager names and allocations, exposures, and detailed quarterly letters. Archstone passes through a greater percentage of operating expenses to fund investors than many of their peers and these increased fees should be taken into consideration when investing with Archstone.

## Sample Portfolio Characteristics

Underlying Funds	Alloc %	Strategy
Fir Tree Capital Opportunity Fund II, Ltd.	11	Absolute Return
Elliott International, Ltd	10	Absolute Return
York Credit Opportunities Unit Trust	10	Absolute Return
Silver Point Capital Offshore Fund, Ltd.	10	Absolute Return
King Street Capital Ltd.	10	Absolute Return
Och Ziff Overseas Fund, Ltd.	10	Absolute Return
Davidson Kempner International, Ltd.	10	Absolute Return
Farallon Capital Offshore Investors, Inc.	9	Absolute Return
Mason Capital, Ltd.	9	Absolute Return
Brevan Howard Credit Catalyt	6	Absolute Return
Saba Capital	5	Absolute return

## Vehicle Information:

<b>Inception:</b>	January 2002	<b>3c1/3c7:</b>	3c7
<b>Assets (\$ mil.):</b>	\$386	<b>Subscriptions:</b>	Monthly (1mm min for PBA)
<b>Minimum Account Size:</b>	\$2,500,000	<b>Redemptions (notice):</b>	Semiannual (6/30, 12/31) with 90 days notice
<b>Management Fee:</b>	1.5% flat/1% + incentive; Underlying Manager Fees	<b>Lock-up:</b>	One year
<b>Profit Allocation:</b>	0% for flat fee/5% for incentive fee structure	<b>ERISA Capacity:</b>	Yes
<b>Highwater Mark:</b>	Yes, for incentive fee structure	<b>Prime Broker:</b>	N/A
<b>Hurdle Rate:</b>	NA	<b>Administrator:</b>	SS&C Technologies, Inc.
<b>UBTI:</b>	No	<b>Auditor:</b>	Ernst & Young LLP
<b>Additional Expenses:</b>	Payroll and all operating expenses (0.49% in 2012, capped at 0.60% excl. interest expense)	<b>Legal Counsel:</b>	Walkers SPV Limited (Cayman); Willkie Farr & Gallagher LLP (US)
<b>Additional Vehicles:</b>	NA		

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# Manager Profiles

## Vanguard Inflation Protected Securities

September 30, 2013

### Firm Details: The Vanguard Group

Total Assets (\$ mil.):	\$2,275,997
Style:	Infl Protected Securities
Assets in Style (\$mil.):	\$29,300
Year Founded:	1975
Product Inception:	2000
Location:	Valley Forge, PA
Ownership:	-The firm is owned by fund shareholders.

### Key Investment Professionals:

- Robert Auwaerter - Auwaerter is Head of Fixed Income Portfolio Management and has been with Vanguard since 1981. He earned a B.S. from the University of Pennsylvania and an M.B.A. from Northwestern University.
- Kenneth Volpert - Volpert is the Head of Vanguard's Taxable Bond Group. He began his career in 1981 and joined Vanguard in 1992. He earned a B.S. from University of Illinois and an M.B.A. from University of Chicago.
- Gemma Wright-Casparius. Wright-Casparius joined Vanguard in 2011 from GIC, Singapore's SWF. She has more than 30 years of experience and obtained a B.B.A. degree in Economics and Finance and an M.B.A. degree from Bernard M. Baruch College of The City University of New York.
- John Hollyer, CFA - Hollyer joined Vanguard in 1989 as a Fixed Income Portfolio Manager. B.S. University of Pennsylvania. He has co-managed the Fund since its inception.

### Investment Objective and Philosophy/Process

**Investment Objective:** The Fund seeks to provide inflation protection and income consistent with investment in inflation-indexed securities.

**Philosophy/Process:** Vanguard Inflation-Protected Securities Fund offers investors exposure to a wide range of inflation-adjusted bonds and other securities. At least 80% of the Fund will be comprised of inflation indexed bonds issued by the U.S. government or its agencies, but the remaining assets can be invested in other Treasuries, corporates, or agency bonds that may or may not be adjusted for inflation. The Fund managers actively manage exposure along the yield curve and will adjust duration based on interest rate expectations. The Fixed Income Group uses a hub and satellite decision-making framework. The hub consists of senior investment professionals that are tasked with developing a macroeconomic outlook, making strategic duration and yield curve positioning decisions, and making broad sector and quality allocation decisions. The satellites implement the macro decisions from the hub level. Specifically, they are responsible for issuer selection, subsector allocations, tactical duration/yield curve positioning, etc. Research responsibilities are assigned by sector and industries. The analysts are tasked with performing deep fundamental research on their respective sectors and, after forming an independent opinion, outlining the investment rationale and assigning the issue a rating (outperform, market-perform, or underperform.) The satellite teams meet regularly and discuss new ideas. Traders participate in these meetings in order to offer a view on liquidity. If an idea is accepted, the PM directs the trading desk to implement the idea.

\*Firm assets as of June 30, 2013

### Assessment

Vanguard has a deep and well-regarded team of investment professionals. One of the key strengths of the Fixed Income Group is the hub and satellite structure which leverages key abilities across all strategies and results in more consistent positioning and views across strategies. The Vanguard Inflation-Protected Securities Fund will typically invest only in U.S. TIPS resulting in benchmark-like performance. However, it is important to note that the Fund is actively managed and Vanguard can purchase a constrained amount of non-inflation linked, non-government related bonds. Like many Vanguard products, fees are extremely competitive. Some considerations include Vanguard's preference for longer-term commitments and securities lending. While the Fund offers daily liquidity, Vanguard prefers longer-term commitments and requests advance notice for redemptions of a large dollar amount.

In August 2011, Vanguard announced that the Firm will no longer engage in securities lending in fixed income funds. Please note that TIPS pay semi-annual interest based on the inflation-adjusted principal amount of the bond. Inflation adjustments are determined by the index ratio of the bond, which measures the change in CPI since the bond's issuance. At maturity, investors receive either the adjusted principal or original principal amount (par value), whichever is greater. However, during periods of deflation, the adjusted principal may decrease, leading to lower coupon payments. While investors are guaranteed the par value of the bond at maturity, bonds purchased at inflation adjusted levels, those with higher index ratios, may suffer a loss if a bond matures following a prolonged period of deflation.

### Vehicle Information:

Vehicle Name	Minimum	Assets (\$ mil.)	Fee	Sample Operational Detail	Quality/Avg. Quality:	AAA-AA/AAA
Vanguard Infl Prot Sec Adm Fd	\$0	\$12,100.0	0.10%	Vanguard Inflation-Prot I Fd		3-9 Years
Vanguard Inflation-Prot I Fd	\$5,000,000	\$9,900.0	0.07%	Last Audited Financial	12/31/2012	% Non-Investment Grade: 0%
Vanguard Infl Prot Sec Fd	\$3,000	\$7,400.0	0.20%	Accountant/Auditor	PricewaterhouseCoopers	% Foreign: Typically 0%
				Custodian	JPMorgan Chase & Co.	Security Constraints: N/A
				Administrator	Vanguard	Sector Constraints: N/A
				Securities Lending	Yes	Avg # of Securities: ~30
						Turnover: 29%
						Assets in Composite: NA
						GIPS Compliant: No

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# Manager Profiles

## PIMCO Commodity Real Return Strategy

September 30, 2013

### Firm Details: Pacific Investment Management Co.

Total Assets (\$ mil.):	\$1,975.951
Style:	Natural Resources
Assets in Style (\$mil.):	\$16,369
Year Founded:	1971
Product Inception:	June 2002
Location:	Newport Beach, CA
Ownership:	PIMCO LLC is a majority-owned subsidiary of Allianz. Employees own an undisclosed percentage.

### Key Investment Professionals:

- Mihir Worah, Portfolio Manager - He joined PIMCO in 2001 and has over 5 years of investment experience. He is Managing Director, a portfolio manager, and head of the Real Return portfolio management team. He has earned a Ph.D. in theoretical physics from the University of Chicago.
- Rahul Seksaria, SVP, TIPS Portfolio Manager - He joined PIMCO in 2002 and has over 5 years of investment experience. Prior to PIMCO, he was employed by Enron and traded energy and other commodities. He earned an undergraduate degree from University of Texas at Austin.
- Nicholas Johnson, SVP, Commodities Portfolio Manager - He joined PIMCO in 2004 and has over 5 years of investment experience. He is an SVP and portfolio manager at PIMCO. He holds a financial mathematics degree from the University of Chicago and a undergraduate degree from California Polytech.

### Investment Objective and Philosophy/Process

PIMCO Commodity Real Return seeks to provide exposure to commodities through three alpha strategies; active collateral pool management, active commodity management, and active TIPS management. The Fund invests in commodity-linked derivatives such as swap agreements, commodity options, futures, options on futures, and commodity-linked notes to gain exposure to the commodities market. The strategy also purchases units of a special purpose vehicle whose assets are commodity swap contracts. A majority of exposure is gained through swap agreements, which allows the Fund to receive price appreciation (or depreciation) of a commodity index, partial index, or single commodity in exchange for paying the counterparty an agreed-upon fee. Investments in common or preferred stock and convertible securities of issuers in commodity-related industries are also permitted and are capped at 10% of assets. Derivative investments are backed by the assets of the Fund. PIMCO invests collateral pool assets in TIPS, Treasuries and other fixed income securities, including Agency and non-Agency MBS, ABS, corporates, foreign, emerging markets, CMBS, municipal, high yield, derivatives (including interest rate, total return and CDS contracts) and other fixed income instruments. The collateral pool is actively managed using a combination of top-down and bottom-up strategies. The top-down strategy starts with an annual secular forum at which three- to five-year outlooks are developed for the global economy and interest rates. This long-term outlook determines the basic portfolio parameters. Bottom-up strategies are in place for security selection and the identification of undervalued securities. From a risk control perspective, there are no formal restrictions put in place on sector exposures or securities. The Fund may invest up to 10% in high yield securities and up to 30% of assets in securities denominated in foreign currencies. The Fund may also invest up to 10% in emerging markets. Historically, PIMCO has hedged a significant portion of currency risk.

\*Firm assets as of June 30, 2013

### Assessment

Assessment: The strategy provides long exposure to the Dow Jones UBS Commodity Index with three active alpha strategies that have performed well over the long term. For investors looking for beta exposure to commodities, there are additional risks to be aware of. Unlike pure index products, the vehicle utilizes TIPS collateral rather than Treasury collateral, employs a wide range of commodity structural alpha strategies (ie underweight gold and overweight platinum relative to the Index), and utilizes active TIPS management consistent with PIMCO's full authority TIPS style. In this strategy, the cash component of the portfolio represents a significant level of portfolio assets and contains a variety of investment grade credit, high yield, international, emerging market, rate, and currency investments; these cash investments are actively managed in an effort to generate returns as well as collateralize derivative positions in the portfolio. Given the strategy's past successful value add through the alpha strategies and the inflationary hedging benefits of TIPS, we feel it is an appropriate vehicle for investors seeking commodities exposure, who are comfortable with the additional risks embedded in the alpha strategies. PIMCO has a deep team of portfolio managers and specialists in the short term/cash sector. It is worth noting that in recent years PIMCO has taken steps to expand their product offerings within the alternatives and equity space.

### Vehicle Information:

Vehicle Name	Minimum	Assets (\$ mil.)	Fee	Sample Operational Detail	Security Constraints:	Collateral portfolio will mainly invest in inflation-linked bonds
PIMCO CommRealRetStrA	\$1,000	\$1,360.9	1.19% / 5.50% Front Load	PIMCO Commodity Real Return Strategy Fund Instl	Sector Constraints:	Collateral portfolio will mainly invest in inflation-linked bonds
PIMCO Commodity Real Return Strategy Fund Instl	\$1,000,000	\$11,635.9	0.74%	Last Audited Financial	Avg # of Securities:	~1,000
				Accountant/Auditor	Turnover:	177%
				Custodian	Assets in Composite:	100%
				Administrator	GIPS Compliant:	Yes (since 1987)
				Securities Lending		

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# Manager Profiles

Van Eck Global Hard Assets

September 30, 2013

## Firm Details: Van Eck

Total Assets (\$ mil.):	\$31,759
Style:	Natural Resources
Assets in Style (\$mil.):	\$6,294
Year Founded:	1955
Product Inception:	11/02/1994
Location:	New York
Ownership:	Private

## Key Investment Professionals:

Charles Cameron - He has over 20 years of experience in international and financial markets. He joined Van Eck in 1995 as Director of Trading and oversees all trade execution and specializes in constructing commodity spread and directional trades. He has earned a B.A. from Boston University and an M.B.A. from NYU.

Shawn Reynolds - He has over 15 years of experience and was previously employed by Goldman Sachs, Lehman Brothers, and C.S. First Boston prior to joining Van Eck in 2005. He has earned an engineering degree from Cornell, a masters from University of Texas, and an M.B.A. from Columbia Business School.

## Investment Objective and Philosophy/Process

Van Eck Global Hard Assets seeks long term capital appreciation through investment across various hard asset sector equities and commodities. The Fund uses a flexible approach to investing in commodity related equities, but also has the ability to invest in commodities by using derivatives. The investment process begins with a universe of 500 companies. Van Eck uses a combination of internal and external research to refine the universe and develop the portfolio. The initial universe of 500 stocks is screened for value and potential growth catalysts. The team creates a focused list and then refines the focus list through fundamental company research and by creating a view of the supply and demand dynamics of the commodity markets. Internal research is conducted through proprietary models by checking valuations and conducting technical analysis. In addition, the team visits companies and conducts on-site meetings with management teams. Van Eck then complements their internal research with external research by using sell side reports, attending conferences, reading trade publications, and speaking with industry consultants. Supply and demand views are developed by analyzing macroeconomic factors, geopolitical risks, and contacting competitors. The final step of the process includes portfolio construction and implementing risk controls. The portfolio is created by diversification across sectors and utilizing position limits for each holding. Van Eck seeks to own about 60 -100 positions at all times. The top ten holdings of the fund usually make up about 30-35% of total assets. Typical sector exposure is as follows; 30% - 65% energy, 0% - 25% precious metals, 0% - 25% base metals, and 0% - 25% agriculture/timber. These ranges are guidelines for the portfolio and management can deviate from these ranges depending on their view of the current market. Individual positions are capped at 5% of the portfolio and typical exposure is about 2.5%. Commodity positions generally fall within a range of 0% - 5% of the portfolio. Van Eck implements their commodity trades through primarily ETFs, but does have the flexibility to use derivatives to gain market exposure.

## Assessment

Van Eck is an investment manager with a long term track record of successful investing. The firm has an evolved research process that provides insights into the relative value of resource assets, as well as thoughtful stock analysis, portfolio construction, and diversification. Global Hard Assets maintains diversified natural resource sector exposures and is actively managed in a risk controlled manner relative to its benchmark. Given these characteristics, we recommend Global Hard Assets for appropriate client investment.

## Vehicle Information:

Vehicle Name	Minimum	Assets (\$ mil.)	Fee	Sample Operational Detail	Security Constraints:	5% cap
Van Eck Global Hard Assets A	\$1,000	\$1,049.0	1.39%	Van Eck Global Hard Assets I	Sector Constraints:	Energy between 30% - 65%, the remaining between 0% - 25%
Van Eck Global Hard Assets I	\$1,000,000	\$2,254.0	1.01%	Last Audited Financial	Avg # of Securities:	~70
				Accountant/Auditor	Turnover:	40%
				Custodian	Assets in Composite:	N/A
				Administrator	GIPS Compliant:	No
				Securities Lending		

This report is not an offer, nor does it invite anyone to make an offer, to buy or sell securities. Information obtained from third parties is believed to be reliable, however, accuracy of the data is not guaranteed. Information provided by investment managers may be confidential and should be treated as such. Content is current as of the date indicated and subject to change without notice. The assessment within is the opinion of Prime Buchholz and intended solely for our clients. Clients may, at times, invest in managers or products that are not recommended by us. Due diligence and monitoring of managers that are not Prime Buchholz recommended is less rigorous than the level applied to recommended managers. Reports provided to clients regarding managers that have not been recommended by us are for informational purposes only and do not necessarily constitute our endorsement of the manager. Returns are provided by third party sources and are net of fees unless otherwise stated. Performance may or may not reflect reinvestment of dividends and other earnings. Past performance is not an indication of future results and there is no guarantee the manager will achieve cited future investment results.



Van Eck Global Hard Assets

# Historical Performance

## Return and Risk Summary

As of September 30, 2013

	I Quarter Return	Previous Quarter Return	1 Year Return	1 Year Standard Deviation	3 Years Return	3 Years Standard Deviation	5 Years Return	5 Years Standard Deviation	7 Years Return	7 Years Standard Deviation	10 Years Return	10 Years Standard Deviation
Fidelity Spartan Total Market Index Advisor Fund	6.2	2.8	21.4	8.1	16.7	15.5	10.6	21.2	6.2	19.3	NA	NA
<b>Wilshire 5000 Total Market Index</b>	<b>6.3</b>	<b>2.9</b>	<b>22.0</b>	<b>8.2</b>	<b>16.7</b>	<b>15.5</b>	<b>10.9</b>	<b>21.2</b>	<b>6.4</b>	<b>19.3</b>	<b>8.4</b>	<b>16.9</b>
FPA Crescent Fund	3.8	2.9	16.7	4.0	11.5	9.7	9.5	13.8	7.6	12.6	8.9	10.8
<b>S&amp;P 500 Index</b>	<b>5.2</b>	<b>2.9</b>	<b>19.3</b>	<b>8.0</b>	<b>16.3</b>	<b>14.6</b>	<b>10.0</b>	<b>20.4</b>	<b>5.6</b>	<b>18.7</b>	<b>7.6</b>	<b>16.3</b>
<b>60% Russell 2500 / 40% BC Global Credit</b>	<b>6.6</b>	<b>0.4</b>	<b>18.0</b>	<b>5.6</b>	<b>13.0</b>	<b>12.6</b>	<b>11.3</b>	<b>17.4</b>	<b>7.6</b>	<b>15.7</b>	<b>8.9</b>	<b>13.9</b>
<b>HFRI Equity Hedge (Total) Index</b>	<b>4.1</b>	<b>-0.1</b>	<b>11.2</b>	<b>3.9</b>	<b>4.6</b>	<b>9.7</b>	<b>5.2</b>	<b>11.9</b>	<b>3.4</b>	<b>11.9</b>	<b>5.4</b>	<b>10.5</b>
FMI Common Stock Fund	9.7	0.4	26.6	8.1	16.5	17.0	12.9	21.8	9.8	19.5	11.7	17.0
<b>Russell 2500 Index</b>	<b>9.1</b>	<b>2.3</b>	<b>29.8</b>	<b>8.7</b>	<b>18.4</b>	<b>19.6</b>	<b>12.7</b>	<b>25.0</b>	<b>8.0</b>	<b>22.4</b>	<b>10.4</b>	<b>20.0</b>
Dodge & Cox International Stock Fund	11.1	1.7	27.8	7.7	8.8	18.2	8.1	28.3	4.1	26.0	10.6	22.9
<b>MSCI AC World ex USA (Net)</b>	<b>10.1</b>	<b>-3.1</b>	<b>16.5</b>	<b>9.6</b>	<b>5.9</b>	<b>16.6</b>	<b>6.3</b>	<b>24.4</b>	<b>3.0</b>	<b>23.3</b>	<b>8.8</b>	<b>21.0</b>
Artisan International Institutional Fund	10.0	0.0	23.3	7.2	14.4	17.4	10.3	24.1	5.7	23.3	10.3	21.0
<b>MSCI EAFE (Net)</b>	<b>11.6</b>	<b>-1.0</b>	<b>23.8</b>	<b>8.9</b>	<b>8.5</b>	<b>16.1</b>	<b>6.4</b>	<b>23.8</b>	<b>2.4</b>	<b>22.6</b>	<b>8.0</b>	<b>20.4</b>
Forester Offshore A2, Ltd.	2.5	1.7	11.7	2.8	6.8	7.1	5.9	7.3	6.2	7.9	7.5	7.0
<b>HFRI FOF: Strategic Index</b>	<b>3.5</b>	<b>-0.2</b>	<b>9.0</b>	<b>3.2</b>	<b>3.1</b>	<b>6.4</b>	<b>2.5</b>	<b>8.2</b>	<b>1.9</b>	<b>9.4</b>	<b>4.2</b>	<b>8.6</b>
Archstone Absolute Return Strategies Fund, Ltd. Class A	1.7	1.9	10.7	2.1	5.9	4.9	6.1	7.3	4.3	7.9	5.7	6.9
<b>HFRI FOF: Conservative Index</b>	<b>1.5</b>	<b>0.8</b>	<b>6.9</b>	<b>1.4</b>	<b>2.7</b>	<b>3.8</b>	<b>1.5</b>	<b>6.6</b>	<b>1.3</b>	<b>6.9</b>	<b>2.7</b>	<b>6.1</b>
PIMCO Total Return II Institutional Fund	1.1	-3.3	-1.4	3.5	3.1	3.2	7.2	4.2	6.5	4.5	5.6	4.3
<b>Barclays U.S. Aggregate</b>	<b>0.6</b>	<b>-2.3</b>	<b>-1.7</b>	<b>2.3</b>	<b>2.9</b>	<b>3.1</b>	<b>5.4</b>	<b>3.4</b>	<b>5.1</b>	<b>3.3</b>	<b>4.6</b>	<b>3.5</b>
Vanguard Short Term US Treasury Admiral Fund	0.4	-0.5	0.1	0.6	0.9	0.9	2.0	1.5	3.3	2.2	2.9	2.1
<b>Barclays U.S. Treasury: 1-5 Year</b>	<b>0.4</b>	<b>-0.6</b>	<b>0.0</b>	<b>0.8</b>	<b>1.2</b>	<b>1.3</b>	<b>2.5</b>	<b>2.3</b>	<b>3.7</b>	<b>2.8</b>	<b>3.1</b>	<b>2.7</b>
Vanguard Inflation-Protected Securities Admiral Fund	0.9	-7.4	-6.2	6.8	3.9	5.9	5.1	5.7	5.2	5.9	NA	NA
<b>Barclays U.S. Treasury: U.S. TIPS</b>	<b>0.7</b>	<b>-7.1</b>	<b>-6.1</b>	<b>6.5</b>	<b>4.0</b>	<b>5.7</b>	<b>5.3</b>	<b>5.5</b>	<b>5.4</b>	<b>5.7</b>	<b>5.2</b>	<b>5.5</b>

# Historical Performance

## Return and Risk Summary

As of September 30, 2013

	I Quarter Return	Previous Quarter Return	I Year Return	I Year Standard Deviation	3 Years Return	3 Years Standard Deviation	5 Years Return	5 Years Standard Deviation	7 Years Return	7 Years Standard Deviation	10 Years Return	10 Years Standard Deviation
PIMCO Commodity Real Return Strategy Institutional Fund	3.5	-15.2	-17.9	14.0	-0.7	17.2	-1.1	23.9	0.8	25.4	4.7	23.5
<b>Dow Jones-UBS Commodity Index</b>	<b>2.1</b>	<b>-9.5</b>	<b>-14.3</b>	<b>9.0</b>	<b>-3.2</b>	<b>15.2</b>	<b>-5.3</b>	<b>20.2</b>	<b>-2.2</b>	<b>21.7</b>	<b>2.1</b>	<b>20.4</b>
Van Eck Global Hard Assets I Fund	12.5	-7.1	7.0	14.1	4.5	25.0	5.1	28.3	7.1	29.7	NA	NA
<b>S&amp;P North American Natural Resources Sector</b>	<b>8.6</b>	<b>-4.9</b>	<b>7.2</b>	<b>12.0</b>	<b>8.3</b>	<b>24.0</b>	<b>4.8</b>	<b>26.6</b>	<b>6.1</b>	<b>27.2</b>	<b>12.6</b>	<b>24.6</b>

# Historical Performance

## Return Summary

As of September 30, 2013

	Year To Date Return	2012 Return	2011 Return	2010 Return	2009 Return	2008 Return	2007 Return	2006 Return	2005 Return	2004 Return	2003 Return
Fidelity Spartan Total Market Index Advisor Fund	21.2	16.4	1.0	17.4	28.4	-37.2	5.6	15.8	NA	NA	NA
<b>Wilshire 5000 Total Market Index</b>	<b>21.7</b>	<b>16.1</b>	<b>0.6</b>	<b>18.1</b>	<b>29.4</b>	<b>-37.3</b>	<b>5.7</b>	<b>15.9</b>	<b>6.3</b>	<b>12.6</b>	<b>31.6</b>
FPA Crescent Fund	14.6	10.3	3.0	12.0	28.4	-20.6	6.8	12.4	10.8	10.2	26.1
<b>S&amp;P 500 Index</b>	<b>19.8</b>	<b>16.0</b>	<b>2.1</b>	<b>15.1</b>	<b>26.5</b>	<b>-37.0</b>	<b>5.5</b>	<b>15.8</b>	<b>4.9</b>	<b>10.9</b>	<b>28.7</b>
<b>60% Russell 2500 / 40% BC Global Credit</b>	<b>14.8</b>	<b>15.6</b>	<b>0.5</b>	<b>18.9</b>	<b>29.6</b>	<b>-26.5</b>	<b>3.6</b>	<b>13.1</b>	<b>4.2</b>	<b>15.0</b>	<b>33.6</b>
<b>HFRI Equity Hedge (Total) Index</b>	<b>9.2</b>	<b>7.4</b>	<b>-8.4</b>	<b>10.5</b>	<b>24.6</b>	<b>-26.7</b>	<b>10.5</b>	<b>11.7</b>	<b>10.6</b>	<b>7.7</b>	<b>20.5</b>
FMI Common Stock Fund	21.4	10.2	4.5	22.2	33.9	-20.4	-2.0	17.1	9.5	18.8	24.1
<b>Russell 2500 Index</b>	<b>25.9</b>	<b>17.9</b>	<b>-2.5</b>	<b>26.7</b>	<b>34.4</b>	<b>-36.8</b>	<b>1.4</b>	<b>16.2</b>	<b>8.1</b>	<b>18.3</b>	<b>45.5</b>
Dodge & Cox International Stock Fund	17.1	21.0	-16.0	13.7	47.5	-46.7	11.7	28.0	16.7	32.5	49.4
<b>MSCI AC World ex USA (Net)</b>	<b>10.0</b>	<b>16.8</b>	<b>-13.7</b>	<b>11.2</b>	<b>41.4</b>	<b>-45.5</b>	<b>16.7</b>	<b>26.7</b>	<b>16.6</b>	<b>20.9</b>	<b>40.8</b>
Artisan International Institutional Fund	16.7	25.6	-4.1	6.2	40.0	-46.8	20.0	25.9	16.5	18.0	29.4
<b>MSCI EAFE (Net)</b>	<b>16.1</b>	<b>17.3</b>	<b>-12.1</b>	<b>7.8</b>	<b>31.8</b>	<b>-43.4</b>	<b>11.2</b>	<b>26.3</b>	<b>13.5</b>	<b>20.2</b>	<b>38.6</b>
Forester Offshore A2, Ltd.	9.6	9.3	-2.5	5.2	14.6	-13.0	18.5	11.5	12.0	10.0	9.0
<b>HFRI FOF: Strategic Index</b>	<b>7.3</b>	<b>5.8</b>	<b>-7.3</b>	<b>6.3</b>	<b>13.2</b>	<b>-25.2</b>	<b>12.8</b>	<b>11.8</b>	<b>10.3</b>	<b>8.3</b>	<b>15.8</b>
Archstone Absolute Return Strategies Fund, Ltd. Class A	8.3	9.0	-2.3	8.1	19.4	-20.5	8.3	13.8	6.2	8.5	14.3
<b>HFRI FOF: Conservative Index</b>	<b>5.2</b>	<b>4.2</b>	<b>-3.6</b>	<b>5.1</b>	<b>9.6</b>	<b>-19.9</b>	<b>7.7</b>	<b>9.2</b>	<b>5.1</b>	<b>5.8</b>	<b>9.0</b>
PIMCO Total Return II Institutional Fund	-2.0	8.2	4.5	7.7	13.7	5.2	8.4	3.8	2.1	4.2	4.9
<b>Barclays U.S. Aggregate</b>	<b>-1.9</b>	<b>4.2</b>	<b>7.8</b>	<b>6.5</b>	<b>5.9</b>	<b>5.2</b>	<b>7.0</b>	<b>4.3</b>	<b>2.4</b>	<b>4.3</b>	<b>4.1</b>
Vanguard Short Term US Treasury Admiral Fund	0.1	0.8	2.4	2.8	1.5	6.8	8.0	3.9	1.9	1.2	2.5
<b>Barclays U.S. Treasury: 1-5 Year</b>	<b>-0.1</b>	<b>0.9</b>	<b>3.4</b>	<b>3.7</b>	<b>0.2</b>	<b>8.8</b>	<b>8.2</b>	<b>3.8</b>	<b>1.3</b>	<b>1.3</b>	<b>2.1</b>
Vanguard Inflation-Protected Securities Admiral Fund	-6.8	6.9	13.3	6.3	11.0	-2.8	11.7	0.5	NA	NA	NA
<b>Barclays U.S. Treasury: U.S. TIPS</b>	<b>-6.7</b>	<b>7.0</b>	<b>13.6</b>	<b>6.3</b>	<b>11.4</b>	<b>-2.4</b>	<b>11.6</b>	<b>0.5</b>	<b>2.8</b>	<b>8.5</b>	<b>8.4</b>

# Historical Performance

## Return Summary

As of September 30, 2013

	Year To Date Return	2012 Return	2011 Return	2010 Return	2009 Return	2008 Return	2007 Return	2006 Return	2005 Return	2004 Return	2003 Return
PIMCO Commodity Real Return Strategy Institutional Fund	-12.8	5.3	-7.6	24.1	39.9	-43.3	23.8	-3.0	20.5	16.4	29.8
<b>Dow Jones-UBS Commodity Index</b>	<b>-8.6</b>	<b>-1.1</b>	<b>-13.3</b>	<b>16.8</b>	<b>18.9</b>	<b>-35.6</b>	<b>16.2</b>	<b>2.1</b>	<b>21.4</b>	<b>9.1</b>	<b>23.9</b>
Van Eck Global Hard Assets I Fund	7.4	2.9	-16.3	28.9	53.2	-44.5	43.2	NA	NA	NA	NA
<b>S&amp;P North American Natural Resources Sector</b>	<b>10.7</b>	<b>2.2</b>	<b>-7.4</b>	<b>23.9</b>	<b>37.5</b>	<b>-42.6</b>	<b>34.4</b>	<b>16.8</b>	<b>36.7</b>	<b>24.6</b>	<b>34.3</b>

# Index Descriptions

Third Quarter 2013

**The Alerian MLP Index** is a composite of the 50 most prominent energy Master Limited Partnerships (MLPs). It is calculated using a float-adjusted, capitalization-weighted methodology and is disseminated on a price-return basis and on a total-return basis.

*Alerian MLP Index, Alerian MLP Total Return Index, AMZ, and AMZX are trademarks of Alerian and their use is granted under a license from Alerian.*

**Barclays Aggregate Index** comprises government securities, mortgage-backed securities, asset-backed securities and corporate securities to simulate the universe of bonds in the market. The maturities of the bonds in the index are over one year.

**Barclays Aggregate Float Adjusted Index** is a benchmark of the dollar-denominated investment grade bond market that excludes Treasuries, agencies, and mortgage-backed securities held in Federal Reserve accounts.

**Barclays Corporate Bond Index** includes investment-grade, SEC-registered publicly issued U.S. corporate debentures and secured notes. The corporate sectors are industrial, utility, and finance. All securities must have at least one year to final maturity and at least \$250 million of par outstanding.

**Barclays High Yield Index** covers the universe of fixed rate, non-investment grade debt. Pay-in-kind (PIK) bonds, Eurobonds, and debt issues from countries designated as emerging markets (e.g., Argentina, Brazil, Venezuela, etc.) are excluded, but Canadian and global bonds (SEC-registered) of issuers in non-EMG countries are included. Original issue zeroes, step-up coupon structures, and 144-As are also included.

**Barclays Global Aggregate Index** measures a wide spectrum of global government, government-related agencies, corporate, and securitized fixed-income investments, all with maturities greater than one year.

**Barclays Global Emerging Markets Index** represents the union of the USD-denominated U.S. Emerging Markets Index and the predominately EUR-denominated Pan Euro Emerging Markets Index, covering emerging markets in the following regions: Americas, Europe, Middle East, Africa, and Asia. Countries must have a maximum sovereign rating of Baa1/BBB+/BBB+.

**Barclays Global Treasury Ex-US Capped Index** includes government bonds issued by investment-grade countries outside the United States, in local currencies, that have a remaining maturity of one year or more and are rated investment grade.

**Barclays Global Treasury Index** tracks fixed-rate local currency sovereign debt of investment-grade countries. The Index represents the Treasury sector of the Global Aggregate Index and currently contains issues from more than 30 countries denominated in over 20 currencies. The three major components are the U.S. Treasury Index, the Pan-European Treasury Index, and the Asian-Pacific Treasury Index, in addition to Canadian, Chilean, Mexican, and South-African government bonds.

**Barclays GNMA Index** is comprised of 30-year GNMA pass-throughs, 15-year GNMA pass-throughs, and GNMA Graduated Payment Mortgages.

**Barclays Intermediate U.S. Treasury Index** includes all publicly issued U.S. Treasury securities that have a remaining maturity of greater than or equal to 1 year and less than 10 years, are rated investment grade, and have \$250 million or more of outstanding face value.

**Barclays Long U.S. Treasury Index** includes all publicly issued, U.S. Treasury securities that have a remaining maturity of 10 or more years, are rated investment grade, and have \$250 million or more of outstanding face value.

**Barclays U.S. Credit Index** includes publicly issued U.S. corporates, specified foreign debentures, and secured notes denominated in U.S. dollars. The Index is a subset of the U.S. Government/Credit Index and the U.S. Aggregate Index.

**Barclays U.S. Mortgage Backed Securities (MBS) Index** covers agency mortgage-backed pass-through securities (both fixed-rate and hybrid adjustable rate mortgages) issued by Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC).

**Barclays U.S. Treasury Index** is comprised of public obligations of the U.S. Treasury. Treasury bills are excluded by the maturity constraint but are part of a separate Short Treasury Index.

**Barclays U.S. TIPS Index** is a rules-based, market value-weighted index that tracks inflation protected securities issued by the U.S. Treasury.

**Barclays Mortgage Index** contains 15- and 30-year fixed-rate securities. These securities are pools of mortgage loans issued by Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC). The Index holds approximately 600 securities.

# Index Descriptions

Third Quarter 2013

**Citigroup 3-Month T-Bill Index** consists of equal dollar amounts of three-month Treasury bills that are purchased at the beginning of each of three consecutive months. As each bill matures, all proceeds are rolled over or reinvested in a new three-month bill.

**Citigroup World Government Bond Index** is a market capitalization weighted index consisting of the government bond markets of the following countries: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Italy, Japan, Netherlands, Spain, Sweden, Switzerland, United Kingdom, and United States. It includes all fixed-rate bonds with a remaining maturity of one year or longer and with amounts outstanding of at least the equivalent of U.S. \$25 million.

**Consumer Price Index (CPI)** is an inflationary indicator that measures the change in the cost of a fixed basket of products and services, including housing, electricity, food, and transportation.

**CRSP US Total Stock Market Index** includes around 4,000 U.S. companies that pass a set of investability screens and is represented by all securities that are members of an index in the CRSP Market Capitalization index family. The Index includes securities traded on NYSE, AMEX, NASDAQ, and ARCA exchanges and is reconstituted quarterly on the third Friday of March, June, September, and December.

**CRSP US Large Cap Index** includes the U.S. companies that make up the Mega and Mid Cap Indexes, or roughly 85% of investable market capitalization. The Index includes securities traded on NYSE, AMEX, NASDAQ, and ARCA exchanges and is reconstituted quarterly on the third Friday of March, June, September, and December.

**CRSP US Large Cap Growth Index** includes the U.S. companies that make up the Mega and Mid Cap Indexes, or roughly 85% of investable market capitalization, which are then made eligible for assignment to a growth index using CRSP's multifactor model. CRSP classifies growth securities using the following factors: future long-term growth in earnings per share (EPS), future short-term growth in EPS, three-year historical growth in EPS, three-year historical growth in sales per share, current investment-to-assets ratio, and return on assets.

**CRSP US Large Cap Value Index** includes the U.S. companies that make up the Mega and Mid Cap Indexes, or roughly 85% of investable market capitalization, which are then made eligible for assignment to a value index using CRSP's multifactor model. CRSP classifies value securities using the following factors: book to price, forward earnings to price, historical earnings to price, dividend-to-price ratio, and sales-to-price ratio.

**CRSP US Mid Cap Index** includes U.S. companies that make up nearly 15% of investable market capitalization. The Index includes securities traded on NYSE, AMEX, NASDAQ, and ARCA exchanges and is reconstituted quarterly on the third Friday of March, June, September, and December.

**CRSP US Mid Cap Growth Index** includes U.S. companies that make up nearly 15% of investable market capitalization, which are then made eligible for assignment to a growth index using CRSP's multifactor model. CRSP classifies growth securities using the following factors: future long-term growth in earnings per share (EPS), future short-term growth in EPS, three-year historical growth in EPS, three-year historical growth in sales per share, current investment-to-assets ratio, and return on assets.

**CRSP US Mid Cap Value Index** includes U.S. companies that make up nearly 15% of investable market capitalization, which are then made eligible for assignment to a value index using CRSP's multifactor model. CRSP classifies value securities using the following factors: book to price, forward earnings to price, historical earnings to price, dividend-to-price ratio, and sales-to-price ratio.

*Benchmark analytics and performance are based upon data from Center for Research in Security Prices (CRSP®), The University of Chicago Booth School of Business.*

**DJ-AIG Commodity Index** is composed of futures contracts on physical commodities. It is composed of commodities traded on U.S. exchanges, with the exception of aluminum, nickel, and zinc, which trade on the London Metal Exchange (LME).

**FTSE EPRA/NAREIT Global Index** is a free-float, market capitalization weighted real estate index representing 38 countries in both developed and emerging markets. It is designed to represent publicly traded equity REITs and listed property companies.

**FTSE EPRA/NAREIT Global Real Estate Index Series** is designed to represent general trends in eligible real estate equities worldwide. Relevant real estate activities are defined as the ownership, disposal and development of income-producing real estate. The Index series includes a range of regional and country indices.

**The FTSE NAREIT All Equity REITs Index** is a free-float adjusted, market capitalization-weighted index of U.S. Equity REITs. The Index includes REITs with more than 50 percent of total assets in qualifying real estate assets, except mortgages secured by real property.

# Index Descriptions

Third Quarter 2013

**FTSE Emerging Index** is a market-capitalization weighted index representing the performance of over 790 large and mid cap companies in 22 emerging markets. The index is part of the FTSE Global Equity Index Series.

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**HFRI Distressed Securities Index** is an equally weighted index that represents strategies that invest in, and may sell short the securities of companies where the security's price has been, or is expected to be, affected by a distressed situation as reported by the hedge fund managers listed within the Hedge Fund Research (HFR) database.

**HFRI Equity Hedge Index** is designed to represent the overall composition of the equity hedge (also known as long/short equity) universe. The Index is constructed with equally weighted composites of constituents as reported by the hedge fund managers listed within the Hedge Fund Research (HFR) database.

**HFRI ED: Distressed Restructuring Index** is designed to represent strategies which employ an investment process focused on corporate fixed income instruments, primarily on corporate credit instruments of companies trading at significant discounts to their value at issuance or obliged (par value) at maturity as a result of either formal bankruptcy proceeding or financial market perception of near term proceedings.

**HFRI Event Driven Index** is an equally weighted index that represents constituents investing in opportunities created by significant transactional events as reported by the hedge fund managers listed within the Hedge Fund Research (HFR) database.

**HFRI FOF Composite Index** includes over 800 constituent fund of funds, both domestic and offshore. Fund of Funds invest with multiple managers through funds or managed accounts. The strategy designs a diversified portfolio of managers with the objective of significantly lowering the risk (volatility) of investing with an individual manager. The Fund of Funds manager has discretion in choosing which strategies to invest in for the portfolio. A manager may allocate funds to numerous managers within a single strategy, or with numerous managers in multiple strategies.

**HFRI FOF Conservative Index** includes constituents that exhibit one or more of the following characteristics: seeks consistent returns by primarily investing in funds that generally engage in more "conservative" strategies such as Equity Market Neutral, Fixed Income Arbitrage, and Convertible Arbitrage; exhibits a lower historical annual standard deviation than the HFRI Fund of Funds Composite Index. A fund in the Index shows generally consistent performance regardless of market conditions.

**HFRI FOF Diversified Index** includes constituents that exhibit one or more of the following characteristics: invests in a variety of strategies among multiple managers; historical annual return and/or a standard deviation generally similar to the HFRI Fund of Fund Composite index; demonstrates generally close performance and returns distribution correlation to the HFRI Fund of Fund Composite Index. A fund in the Diversified Index tends to show minimal loss in down markets while achieving superior returns in up markets.

**HFRI FOF Strategic Index** includes FoFs that exhibit one or more of the following characteristics: seeks superior returns by primarily investing in funds that generally engage in more opportunistic strategies such as Emerging Markets, Sector specific, and Equity Hedge; exhibits a greater dispersion of returns and higher volatility compared to the HFRI Fund of Funds Composite Index.

**HFRI Fund Weighted Composite Index** is designed to represent the performance of domestic and offshore hedge funds across all strategies with the exception of fund of funds. Comprised of over 2000 hedge funds, it is a fund weighted index in that all funds, regardless of assets under management or other factors, are given an equal weighting.

**HFRI Merger Arbitrage Index** is designed to represent managers who utilize a merger or risk arbitrage investment strategy by investing in securities of companies that are the subject of some form of extraordinary corporate transaction, including acquisition or merger proposals, exchange offers, cash tender offers and leveraged buy-outs.

**HFRI Convertible Arbitrage Index** is designed to represent managers who utilize convertible arbitrage strategies where, in an effort to capitalize on relative pricing inefficiencies, managers will purchase long positions in convertible securities, generally convertible bonds, convertible preferred stock or warrants, and hedge a portion of the equity risk by selling short the underlying common stock.

**HFRI Distressed Securities Index** is designed to represent the overall composition of the distressed strategy hedge fund universe. The Index is asset weighted based on the distribution of assets in the hedge fund industry.

**HFRI Equity Hedge Index** is designed to represent managers who utilize a long/short equity approach to investing with portfolio exposures anywhere from net long to net short depending on market conditions. Equity hedge managers' source of return is similar to that of traditional stock pickers on the upside, but they use short selling and hedging to attempt to outperform the market on the downside. Stock index put options are also often used as a hedge against market risk.

# Index Descriptions

Third Quarter 2013

**HFRI Equity Market Neutral Index** is designed to reflect the performance of Equity Market Neutral strategies which employ sophisticated quantitative techniques of analyzing price data to ascertain information about future price movement and relationships between securities and select securities for purchase and sale. These can include both Factor-based and Statistical Arbitrage/Trading strategies. Equity Market Neutral Strategies typically maintain net equity market exposure no greater than 10% long or short.

**HFRI Event Driven Index** is designed to represent hedge fund managers who seek investment opportunities created by significant transactional events, such as spin-offs, mergers and acquisitions, industry consolidations, liquidations, reorganizations, bankruptcies, recapitalizations and share buybacks and other extraordinary corporate transactions.

**HFRI Global Hedge Index** is designed to be representative of the overall composition of the hedge fund universe. It is comprised of eight strategies: convertible arbitrage, distressed securities, equity hedge, equity market neutral, event driven, macro, merger arbitrage, and relative value arbitrage. The Index is asset weighted based on the distribution of assets in the hedge fund industry.

**HFRI Macro Index** is designed to represent hedge investment strategies that generally employ a top-down global approach that concentrates on forecasting how global macroeconomic and political events affect the valuations of financial instruments. Macro strategies attempt to identify extreme price valuations in stock markets, interest rates, foreign exchange rates and physical commodities, and make leveraged bets on the anticipated price movements in these markets.

**HFRI Merger Arbitrage Index** is designed to reflect the performance of Merger Arbitrage strategies which employ an investment process primarily focused on opportunities in equity and equity related instruments of companies which are currently engaged in a corporate transaction.

**HFRI Relative Value Arbitrage Index** is designed to represent investment managers who maintain positions in which the investment thesis is predicated on realization of a valuation discrepancy in the relationship between multiple securities. Managers employ a variety of fundamental and quantitative techniques to establish investment theses, and security types range broadly across equity, fixed income, derivative or other security types.

**JPMorgan EMBI+ Index** is a market capitalization-weighted index that tracks returns for actively traded external debt instruments in emerging markets.

**JPMorgan Global Government Bond Index** is a total return, market capitalization-weighted index that is rebalanced monthly. The Index currently comprises the local currency, fixed rate coupon issues of 13 markets greater than 1-year in maturity.

**Merrill Lynch 1-3 Year Treasury Index** is an unmanaged index consisting of all public U.S. Treasury obligations having maturities from 1 to 2.99 years and reflects total return.

**Merrill Lynch High-Yield Bond Master II Index** tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market.

**MSCI ACWI (All Country World Index) Index (net)** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. The Index consists of 48 country indices comprising 23 developed and 25 emerging market country indices.

**MSCI ACWI ex-U.S. Index (net)** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets, excluding the U.S.

**MSCI EAFE Index (net)** is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the U.S. & Canada.

**MSCI EAFE Small Cap Index (net)** is a free float-adjusted market capitalization index that is designed to measure the equity market performance of small companies within developed markets, excluding the U.S. & Canada, and includes companies that are in the Investable Market Index with a market capitalization below that of the companies in the Standard Index in a particular market.

**MSCI EM (Emerging Markets) Index (net)** is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets

**MSCI U.S. Investable Market Energy Index** represents the investable universe of energy companies in the U.S. equity market.

**MSCI U.S. Investable Market Energy 25/50 Index** consists of stocks of energy companies in the U.S. energy sector whose businesses are dominated by either the construction or provision of oil rigs, drilling equipment, and other energy-related service and equipment, or companies engaged in the exploration, production, marketing, refining, and/or transportation of oil and gas products.

# Index Descriptions

Third Quarter 2013

**MSCI U.S. REIT Index** is a free-float, capitalization-weighted index representing about 85% of the U.S. REIT universe. The Index is comprised of equity REITs that are included in the MSCI US Investable Market 2500 Index, except specialty equity REITs that do not generate a majority of revenue from real estate rental and leasing operations.

**MSCI World Index (net)** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets. The Index consists of 23 developed market country indices.

**MSCI World Energy Index** is an unmanaged index of more than 1,400 stocks listed on exchanges in the U.S., Europe, Canada, Australia, New Zealand, and the Far East.

**MSCI Indexes** are calculated on a net basis reinvest dividends after the deduction of withholding taxes, using (for international indices) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.

**NAREIT Equity Index** is an unmanaged index of all tax-qualified REITs listed on the NYSE, AMEX, and NASDAQ which have 75% or more of their gross invested book assets invested directly or indirectly in the equity ownership of real estate. Total return calculation for the NAREIT Equity Index include reinvestment of distributions.

**NCREIF Property Index** provides returns for institutional grade real estate held in a fiduciary environment in the United States. Client performance is generally reported one quarter in arrears unless otherwise noted.

**NCREIF Timberland Index** is a property-based index reporting returns for three regions of the U.S.: the South, Northeast and Pacific Northwest. In addition to total returns, the Index reports income and appreciation returns. Client performance is generally reported one quarter in arrears unless otherwise noted.

**Russell 1000 Growth Index** measures the performance of the large cap growth segment of the U.S. equity universe. The Index includes those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.

**Russell 1000 Index** measures the performance of the large-cap segment of the U.S. equity universe. It is a subset of the Russell 3000 Index and includes approximately 1,000 of the largest securities based on a combination of their market cap and current index membership. The Russell 1000 represents approximately 92% of the U.S. market.

**Russell 1000 Value Index** measures the performance of the large cap value segment of the U.S. equity universe. The Index includes those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.

**Russell 2000 Growth Index** measures the performance of the small cap growth segment of the U.S. equity universe. The Index includes those Russell 2000 companies with higher price-to-value ratios and higher forecasted growth values.

**Russell 2000 Index** measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000 Index is a subset of the Russell 3000 Index, representing approximately 10% of the total market capitalization of that Index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

**Russell 2000 Value Index** measures the performance of small cap value segment of the U.S. equity universe. It includes those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values.

**Russell 2500 Index** measures the performance of the small to mid-cap segment of the U.S. equity universe, commonly referred to as "smid" cap. The Russell 2500 Index is a subset of the Russell 3000® Index. It includes approximately 2500 of the smallest securities based on a combination of their market cap and current index membership.

**Russell 2500 Value Index** measures the performance of the small to mid cap value segment of the U.S. equity universe. It includes those Russell 2500 companies with lower price-to-book ratios and lower forecasted growth values.

**Russell 3000 Growth Index** measures the performance of the broad growth segment of the U.S. equity universe. It includes those Russell 3000 companies with higher price-to-book ratios and higher forecasted growth values.

**Russell 3000 Index** measures the performance of the largest 3000 U.S. companies representing approximately 98% of the investable U.S. equity market.

**Russell 3000 Value Index** measures the performance of the broad value segment of U.S. equity value universe. It includes those Russell 3000 companies with lower price-to-book ratios and lower forecasted growth values.

**Russell Microcap® Index** measures the performance of the micro cap segment of the U.S. equity market. It includes 1,000 of the smallest securities in the small cap Russell 2000® Index based on a combination of their market cap and current index membership, and includes the next 1,000 smallest stocks.

**Russell Midcap® Growth Index** measures the performance of the mid-cap growth segment of the U.S. equity universe. It includes those Russell Midcap Index companies with higher price-to-book ratios and higher forecasted growth values.

# Index Descriptions

Third Quarter 2013

**Russell Midcap® Value Index** measures the performance of the mid-cap value segment of the U.S. equity universe. The Index includes those Russell Midcap Index companies with lower price-to-book ratios and lower forecasted growth values.

**S&P 500 Index** is a gauge of the U.S. equities market and includes 500 leading companies in leading industries of the U.S. economy.

**S&P 500 Energy Index** comprises those companies included in the S&P 500 Index that are classified as members of the GICS energy sector.

**The S&P Developed Property Index** measures the investable universe of publicly traded property companies in developed markets. The companies in the Index are involved in real estate-related activities, such as property ownership, management, development, rental, and investment.

**S&P/Dow Jones U.S. Select REIT Index** is comprised of companies with charters that have equity ownership and operation of commercial real estate and operate under the REIT Act of 1960.

**S&P/Dow Jones U.S. Select Real Estate Securities Index** represents REITs and real estate operating companies traded in the United States.

**S&P GSCI** is a world-production weighted index composed of 24 commodity futures contracts. It is a composite index of commodity sector returns and represents an unleveraged investment through broadly diversified long positions in commodity futures.

**S&P Midcap 400 Index** tracks a diverse basket of medium-sized U.S. firms whose market capitalization usually range from approximately \$2 billion to \$10 billion.

**S&P MLP Index** is designed to provide exposure to partnerships that trade on major U.S. exchanges. It includes both MLPs and publicly traded LLCs.

**S&P North American Natural Resources Sector Index** measures the performance of natural resource-related stocks traded in the United States.

**Spliced Emerging Markets Index** reflects performance of the Select Emerging Markets Index through August 23, 2006; the MSCI Emerging Markets Index through January 9, 2013; and the FTSE Emerging Transition Index thereafter.

**Spliced Mid Cap Index** reflects the performance of the S&P MidCap 400 Index through May 16, 2003; the MSCI US Mid Cap 450 Index through January 30, 2013; and the CRSP US Mid Cap Index thereafter.

**Spliced Small Cap Index** reflects the performance of the Russell 2000 Index through May 16, 2003; the MSCI US Small Cap 1750 Index through January 30, 2013; and the CRSP US Small Cap Index thereafter.

**ThomsonOne Analytics Cumulative Vintage Year Performance** is an index comprised of pooled cash flows of private capital partnerships (Buyout, Venture and Mezzanine). Client performance is generally reported one quarter in arrears unless otherwise noted.

**The UBS Global Real Estate Investors Index** tracks real estate securities within the S&P/Citigroup World Property Index that derive 70% or more of income from rent.

**Vanguard Balanced Composite Index** is made up of two unmanaged benchmarks, weighted 60% Dow Jones U.S. Total Stock Market Index (formerly known as the Dow Jones Wilshire 5000 Index) and 40% Lehman Brothers U.S. Aggregate Bond Index through May 31, 2005; 60% MSCI US Broad Market Index and 40% Barclays U.S. Aggregate Bond Index through December 31, 2009; 60% MSCI US Broad Market Index and 40% Barclays U.S. Aggregate Float Adjusted Index through January 14, 2013; and 60% CRSP US Total Market Index and 40% Barclays U.S. Aggregate Float Adjusted Index thereafter.

**Wilshire 5000 Index** represents the broadest index for the U.S. equity market, measuring the performance of all U.S. equity securities with readily available price data.

**Policy Index** – A custom benchmark consisting of a number of indices which are weighted based on the asset allocation targets within a client investment policy. The index measures the return of the asset allocation strategy if it were implemented using passive (index) portfolios.

**Actual Index** – A custom benchmark consisting of a number of indices which are weighted based on the allocation of each asset class within a client's overall structure at the beginning of each quarter. The index measures the return of the current asset allocation if it were implemented using passive (index) portfolios.

The difference between the Actual Index and the Policy Index measures the impact of the decision to allocate assets differently than the client's policy mandates (allocation effect). The difference between the Total Fund Return and the Actual Index measures how the management team performed versus a passive strategy (manager selection effect). The difference between Total Fund Return and the Policy Index measures both the allocation effect and the manager selection effect.

## INDEX COMPOSITE COMPONENTS

**Spliced Total Stock Market Composite Index:** Dow Jones U.S. Total Stock Market Index (formerly Dow Jones Wilshire 5000 Index) through April 22, 2005; MSCI U.S. Broad Market Index through June 2, 2013; and CRSP US Total Market Index thereafter. **Spliced Total International Stock Market Composite Index:** Total International Composite Index through August 31, 2006; MSCI EAFE + Emerging Markets Index through December 15, 2010; MSCI ACWI ex-U.S. IMI Index through June 2, 2013; and FTSE Global All Cap ex-U.S. Index thereafter. **Spliced Energy Index:** S&P 500 Index through November 30, 2000; S&P Energy Sector Index through May 31, 2010; MSCI All Country World Energy Index thereafter. **Spliced Emerging Markets Index** reflects performance of the Select Emerging Markets Index through August 23, 2006; MSCI Emerging Markets Index through January 9, 2013; FTSE Emerging Transition Index through June 27, 2013; and FTSE Emerging Index thereafter. **Barclays Aggregate Flt Adjusted Composite Index:** Barclays Aggregate Index through 12/31/2009; Barclays Aggregate Flt Adjusted Index thereafter. **Barclays Govt 1-3 Year Flt Adjusted Composite Index:** Prior to 1/1/2010, this index is Barclays Govt 1-3 Year Index. **Barclays 1-5 Year G/C Flt Adjusted Composite Index:** Prior to 1/1/2010, this index is Barclays 1-5 Year G/C Index. **Barclays LT G/C Flt Adjusted Composite Index:** Prior to 1/1/2010, this index is Barclays LT G/C Index. **Barclays LT Govt Flt Adjusted Composite Index:** Prior to 1/1/2010, this index is Barclays Long term Government Index. **Barclays LT Govt Flt Adjusted Composite Index:** Prior to 1/1/2010, this index is Barclays Long term Government Index. **Global Sustainability Spliced Index:** FTSE KLD Global Sustainability Index prior to 9/1/2010; MSCI World ESG Index thereafter. **SSGA Real Asset Composite Index:** 30% Dow Jones US Select REIT Index, 25% Goldman Sachs Commodities Index, 25% MSCI World Natural Resources Index, and 20% Barclays US TIPS Index. **Wellington DIH Composite:** 25% MSCI World Energy >\$3 Bil/ 10% MSCI World Metals & Mining >\$3 Bil/ 10% Agriculture, Forest Products & Livestock/3% HSB Barclays Global Climate Change/ 3.5% MSCI IMI Gold & Precious Metal/ 1.5% S&P GSCI Precious Metals Total Return / 25% equal sector-weighted S&P Goldman Sachs Commodity/ 20% Barclays US TIPS 1-10 Year / 2% Barclays Emerging Markets Tradable Government Inflation-Linked Bond. **Wellington SRA Composite:** 40% MSCI Energy \$3 B and above/15% MSCI Metals and Mining \$3 B and above/25% Equal Sector Weighted S&P GSCI Commodities Index/ and 20% Barclays TIPS. **S&P Completion Index:** Prior to 6/30/2005 this index is DJ Wilshire 4500 Index. **MSCI U.S. Mid Cap 450 Index:** History prior to May 16, 2003, reflects the S&P Midcap 400 Index.

## EXPOSURES AND CHARACTERISTICS

*Flexible Capital* – Portfolios with incomplete data are excluded from the total leveraged portfolio calculations. Top holdings are reflected as of current quarter-end when provided by the manager. Otherwise, holdings are based on 13Fs with a quarter lag, when applicable. The 13F reflects top equity holdings as a percentage of total equity holdings at the Firm level. Market values are in '000s.

*Fixed Income* –Yield represents yield to maturity and duration represents effective duration unless otherwise noted.

*Information provided by investment managers may be confidential and should be treated as such.*

*Periods greater than one year are annualized.*

*Peer groups, performance, risk and equity analytics are provided by InvestmentMetrics, 2013. All rights reserved. Calculations are based on quarterly periods unless noted otherwise.*

*MPT (Modern Portfolio Theory) statistics are based on monthly data. Quarterly observations are utilized only when monthly data points are not available. Examples include: beta/correlation/standard deviation calculations.*

*Indices referenced in this report are unmanaged and cannot be invested in directly. Index returns do not reflect any investment management fees or transaction expenses. Index descriptions listed are representative and not all inclusive.*

*This report is not an offer, nor does it invite anyone to make an offer, to buy or sell securities. Information obtained from third parties is believed to be reliable; however, accuracy of the data is not guaranteed and may not have been independently verified. Unless otherwise noted, content is current as of the date indicated and subject to change without notice.*

*Commentary within includes the opinion of Prime Buchholz, is intended solely for our clients, and is not meant to provide tax or legal advice. Clients should consult a tax or legal professional for advice regarding their particular situation.*

*For modeling output: Prime Buchholz proprietary reporting is compiled utilizing analytics provided by InvestmentMetrics.*

*Clients may, at times, invest in or request information regarding managers or products that are not Prime Buchholz-recommended. Due diligence and monitoring of managers or products that are not Prime Buchholz-recommended is less rigorous than the level of due diligence applied to recommended managers and products. Also, because these managers and products were not recommended by Prime Buchholz, they are not actively assessed relative to changes in Firm recommendations (i.e., watch list and/or sell recommendations). Reports provided to clients regarding managers or products that have not been recommended by Prime Buchholz are for informational purposes only and do not constitute our endorsement of the manager.*

*Returns are provided by third-party sources and are net of investment management fees and gross of consulting fees unless otherwise stated. Performance may or may not reflect reinvestment of dividends and other earnings. Performance and market values are subject to change based on statement availability from the investment manager/custodian.*

*The Prime Buchholz asset allocation model is a tool provided to clients to assist in the evaluation and development of long-term investment and spending policies for their investment programs. No asset allocation model can replicate the same experience for any given investor and clients' results may differ materially from the results portrayed. Therefore, the Prime Buchholz asset allocation model results should be only used as a guide—rather than a specific investment program simulation—as a part of a broader discussion to establish the client's policies. Prime Buchholz relies on the client to provide complete and accurate information regarding the client's specific risk/return/spending profile for the model. The model's factors are derived from historical asset class returns and data in combination with forward-looking estimates. These estimates cannot predict the impact of future market conditions that could have a significant negative impact on the reliability of the hypothetical performance presented. Prime Buchholz does not guarantee the accuracy of the data used. Model performance is based on assumptions about asset class investment returns and risk characteristics. It does not represent actual performance, nor does it reflect actual trading in a client portfolio or the management of a model portfolio on a current basis. Model results are based upon total return and reflect the reinvestment of dividends and distributions. They are also gross of management and consulting fees and other expenses an investor would pay, which would lower results.*

*Hypothetical performance, as well as past performance, is not an indication of future results.*

Tab V

# Town of Palm Beach Health: Regional Exposure

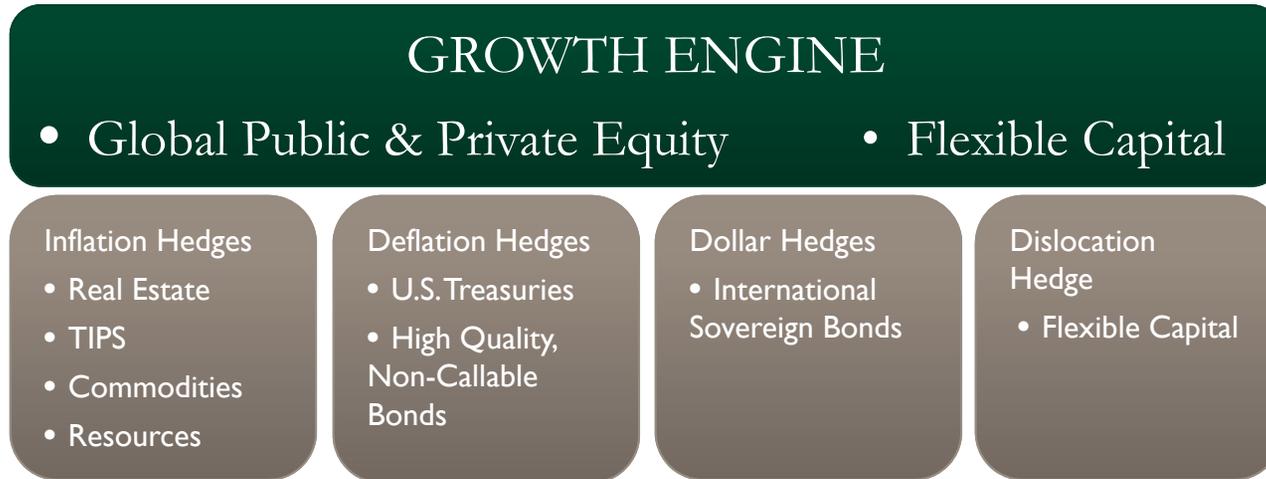
September 30, 2013

			Total Fund Regional Exposure		
			Domestic	Non-US Developed Public Equity	Emerging Markets Public Equity
		% of Portfolio			
<b>Domestic Equity</b>	Fidelity Spartan Total Market Index Fund	25.9%	100.0%	-	-
	FPA Crescent Fund	2.3%	73.9%	26.1%	-
	FMI Common Stock Fund	4.8%	100.0%	-	-
<b>International Equity</b>	Dodge & Cox International Stock Fund	10.0%	5.8%	75.8%	18.4%
	Artisan International Institutional Fund	10.4%	6.0%	86.3%	7.7%
<b>Flexible Capital *</b>	Forester Offshore A2, Ltd.	8.4%	66.5%	31.1%	2.4%
	Archstone Absolute Return Strategies	10.2%	60.8%	39.2%	0.0%
<b>Fixed Income</b>	PIMCO Total Return II Institutional Fund	9.9%	100.0%	-	-
	Vanguard Short Term US Treasury Fund	7.8%	100.0%	-	-
<b>Inflation Hedging</b>	Vanguard Inflation-Protected Securities	2.6%	100.0%	-	-
	PIMCO Commodity Real Return Strategy	2.6%	100.0%	-	-
	Van Eck Global Hard Assets I Fund	4.4%	82.2%	17.8%	-
<b>Cash</b>	Government Stif 15	0.7%	100.0%	-	-
<b>Total Fund</b>		<b>100.0%</b>	<b>72.6%</b>	<b>24.6%</b>	<b>2.7%</b>

\* Flexible Capital manager regional exposure is shown as net exposure.

Tab VI

Build the growth engine, but seek to protect it with hedges.



*Importantly, hedges are not a predictor of events...but may serve as a protector against extreme negative events.*

## MODELING FOR TOWN OF PALM BEACH HEALTH INSURANCE TRUST

		Target	Actual	Model 1	Model 2	PBA Model	
Equity-Like	<b>Equity</b>	<i>Domestic Public Equity</i>	27.5	33.0	27.5	25.5	14.0
		<i>Non-U.S. Developed Equity</i>	14.0	17.8	9.8	11.3	14.0
		<i>Emerging Markets Equity</i>	3.5	2.6	2.8	3.2	7.0
		<i>Global Private Equity</i>	0.0	0.0	0.0	0.0	10.0
<b>Flexible Capital</b>	<i>Long/Short and Absolute Return</i>	20.0	18.5	20.0	25.0	20.0	
<b>Inflation Hedging</b>	<i>Natural Resources (Public and Private)</i>	3.8	4.4	3.8	3.8	5.0	
	<i>Commodities</i>	3.8	2.6	3.8	3.8	5.0	
	<i>Real Estate (Public and Private)</i>	3.8	0.0	3.8	3.8	5.0	
	<i>U.S TIPS</i>	3.8	2.6	3.8	3.8	5.0	
Bond-Like	<b>Credit</b>	<i>Core Bond</i>	20.0	6.5	20.0	20.0	0.0
		<i>Long Gov/Corp</i>	0.0	0.0	0.0	0.0	0.0
		<i>High Yield</i>	0.0	0.0	0.0	0.0	0.0
		<i>Municipal Bonds</i>	0.0	0.0	0.0	0.0	0.0
<b>Deflation Hedge</b>	<i>U.S. Treasuries</i>	0.0	11.2	0.0	0.0	10.0	
<b>Dollar Hedge</b>	<i>Non-U.S. Government Bonds</i>	0.0	0.0	5.0	0.0	5.0	
<b>Liquidity</b>	<i>Cash (T-bills)</i>	0.0	0.7	0.0	0.0	0.0	
<b>Total:</b>		100.0	100.0	100.0	100.0	100.0	

Statistical Output (%)	Target	Actual	Model 1	Model 2	PBA Model
<b>Expected Nominal Return (Arithmetic)</b>	7.3	7.4	7.0	7.2	7.8
<b>Expected Standard Deviation</b>	12.0	12.6	11.1	11.6	12.7
<b>Expected Nominal Return (Geometric)</b>	6.6	6.6	6.5	6.6	7.1
<b>Sharpe Ratio</b>	0.40	0.39	0.41	0.41	0.42
<b>Historical Nominal Return (Arithmetic)</b>	10.3	10.4	10.2	10.4	11.1
<b>Historical Standard Deviation</b>	10.9	11.4	9.9	10.4	10.6
<b>Historical Nominal Return (Geometric)</b>	9.8	9.8	9.7	9.9	10.6
<b>Total Non-U.S. Exposure (%)</b>	26.4	27.3	21.8	25.3	36.9

Notes: - Expected return/risk using 10-15 year Prime Buchholz asset class assumptions. Historical data based on index returns from January 1, 1988 through March 31, 2013.

- Total Non-US Exposure model based off of current managers within Town of Palm Beach Health portfolio, with global real estate and private equity exposures estimated.

## RISK/RETURN DECOMPOSITION

Risk/Return Decomposition: The risk/return decomposition table provides a breakdown of each asset classes' contribution to the total portfolio's expected standard deviation and return.

Risk/Return Decomposition			Target			Actual			Model 1			Model 2			PBA Model		
			% Allocation	% STD	% Return	% Allocation	% STD	% Return	% Allocation	% STD	% Return	% Allocation	% STD	% Return	% Allocation	% STD	% Return
Equity-Like	Equity	Domestic Public Equity	27.5	43.7	32.2	33.0	50.4	38.1	27.5	47.3	33.3	25.5	41.8	30.1	14.0	20.1	15.2
		Non-U.S. Developed Equity	14.0	20.4	16.0	17.8	25.7	20.6	9.8	15.7	11.8	11.3	17.3	13.3	14.0	19.5	15.2
		Emerging Markets Equity	3.5	7.2	5.6	2.6	4.6	3.7	2.8	5.5	4.1	3.2	6.2	4.7	7.0	12.5	9.4
		Global Private Equity	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	10.0	18.7	15.7
	Flexible Capital	Long/Short and Absolute Return	20.0	17.8	21.3	18.5	15.5	19.5	20.0	19.1	22.1	25.0	23.4	26.9	20.0	17.2	19.8
	Inflation Hedging	Natural Resources (Public and Private)	3.8	5.5	4.3	4.4	6.0	4.9	3.8	5.9	4.4	3.8	5.7	4.3	5.0	7.1	5.3
		Commodities	3.8	1.4	3.9	2.6	0.7	2.7	3.8	1.5	4.0	3.8	1.4	3.9	5.0	2.2	4.8
		Real Estate (Public and Private)	3.8	4.5	4.3	0.0	0.0	0.0	3.8	4.9	4.4	3.8	4.6	4.3	5.0	5.4	5.3
		U.S. TIPS	3.8	-0.2	1.6	2.6	-0.2	1.1	3.8	-0.2	1.6	3.8	-0.2	1.6	5.0	-0.3	1.9
	Bond-Like	Credit	Core Bond	20.0	-0.3	11.0	6.5	-0.1	3.5	20.0	0.1	11.4	20.0	-0.3	11.1	0.0	0.0
Long Gov/Corp			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
High Yield			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Municipal Bonds			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deflation Hedge		U.S. Treasuries	0.0	0.0	0.0	11.2	-2.5	5.7	0.0	0.0	0.0	0.0	0.0	0.0	10.0	-2.5	4.8
Dollar Hedge		Non-U.S. Government Bonds	0.0	0.0	0.0	0.0	0.0	0.0	5.0	0.3	3.0	0.0	0.0	0.0	5.0	0.1	2.7
Liquidity		Cash (T-bills)	0.0	0.0	0.0	0.7	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total:			100.0	100.0	100.0	99.9	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Expected Standard Deviation			12.0			12.6			11.1			11.6			12.7		
Expected Nominal Return (Arithmetic)			7.3			7.4			7.0			7.2			7.8		

ASSUMPTIONS\*

Risk Factor/Purpose	Asset Class	Long-Term			Liquidity		
		Expected Nominal Return (Arithmetic)	Expected SD	Expected Nominal Return (Geometric)	Full (daily, mo.)	Semi (qtrly, annual)	Illiquid (>1 Yr)
Equity	Domestic Public Equity	8.5%	20.0%	6.7%	x		
	Non-U.S. Developed Equity	8.5%	20.0%	6.7%	x		
	Emerging Markets Equity	10.5%	28.0%	7.1%	x		
	Global Private Equity	12.3%	30.0%	8.4%			x
Flexible Capital	Long/Short and Absolute Return	7.8%	12.0%	7.1%		x	x
Inflation Hedging	Natural Resources (Public and Private)	8.3%	22.0%	6.1%	x		x
	Commodities	7.5%	20.0%	5.7%	x		
	Real Estate (Public and Private)	8.3%	22.0%	6.1%	x		x
	U.S. TIPS	3.0%	5.0%	2.9%	x		
Credit	Core Bond	4.0%	6.5%	3.8%	x	x	
	Long Gov/Corp	4.3%	11.0%	3.7%	x		
	High Yield	6.8%	11.0%	6.2%	x		
	Municipal Bonds	3.5%	7.5%	3.2%	x		
Deflation Hedge	U.S. Treasuries (long-term) - 5+ years	3.8%	10.0%	3.3%	x		
Dollar Hedge	Non-US Government Bonds	4.3%	10.5%	3.7%	x		
Liquidity	Cash (T-bills)	2.5%	2.0%	2.5%	x		

Inflation Indicators			
Implied Inflation (10-Year Treasury/TIPS Spread)	2.5%	as of 12/31/12	(Bloomberg)
Long-Term U.S. Inflation Average	3.0%	1926 – 2012	

\* Assumptions are designed to be appropriate over a 10-15 year period, reviewed annually in the context of interest rates, inflation, and premiums.

# HISTORICAL STRESS TEST

Historical Stress Test: The historical stress test provides a comparison of how each portfolio has performed during various periods of market stress.

Historical Stress Test			Deflation: Fall '08 to S&P Trough	Corporate Scandals	Tech Bubble Collapse	Russian Debt/LTCM Collapse	Rising Rates	Shock Inflation	High Inflation
			Sep-08 Mar-09	May-02 Jul-02	Mar-00 Mar-01	Jul-98 Oct-98	Jan-94 Dec-94	Jan-73 Dec-73	Jan-73 Dec-81
Equity-Like	Equity	Domestic	-47.3%	-25.4%	-22.3%	-17.6%	0.2%	-14.7%	5.8%
		Non-U.S. Developed	-49.2%	-17.5%	-25.9%	-17.7%	7.4%	-11.4%	7.4%
		Emerging Markets	-48.1%	-12.6%	-36.0%	-28.8%	-7.3%	-14.9%	-2.3%
		Global Private Equity	-18.5%	-7.8%	-12.3%	-6.7%	15.7%	-14.7%	5.8%
	Flexible Capital	Flexible Capital	-17.3%	-12.1%	-3.1%	-7.4%	4.1%	-7.3%	2.9%
	Inflation Hedging	Natural Resources (Public and Private)	-15.9%	-9.9%	3.6%	-4.1%	9.5%	75.0%	12.8%
Commodities		-44.6%	1.3%	19.3%	-2.0%	5.3%	75.0%	12.8%	
Real Estate (Public and Private)		-41.9%	-3.6%	19.2%	-3.5%	3.1%	-9.1%	12.4%	
Bond-Like	U.S. TIPS	U.S. TIPS	-7.6%	3.8%	13.7%	1.6%	2.7%	8.8%	9.2%
		Core Bond	1.9%	2.9%	12.5%	3.5%	-2.9%	2.3%	5.0%
	Credit	High Yield	-26.2%	-10.1%	2.5%	-7.5%	-1.0%	6.8%	5.0%
		Municipal Bonds	-1.4%	3.2%	12.8%	3.9%	-5.2%	2.3%	5.0%
	Deflation Hedge	U.S. Long Treasuries	9.8%	5.9%	10.9%	7.3%	-7.6%	1.1%	2.8%
	Dollar Hedge	Non U.S. Government Bonds	-1.8%	8.4%	-6.0%	15.4%	4.9%	5.0%	6.4%
	Liquidity	Cash	0.6%	0.4%	5.9%	1.3%	3.9%	6.9%	8.2%

CPI	-3.1%	0.2%	2.9%	0.4%	2.7%	8.8%	9.2%
70/30	-32.5%	-16.9%	-11.9%	-11.3%	-0.8%	-9.6%	5.5%
Target	-28.8%	-12.0%	-7.0%	-9.4%	1.8%	-1.6%	5.9%
Actual	-29.6%	-13.5%	-10.4%	-10.2%	1.5%	-2.8%	5.5%
Model 1	-26.4%	-10.8%	-6.0%	-7.7%	1.8%	-0.7%	5.9%
Model 2	-27.2%	-11.6%	-5.9%	-8.8%	1.9%	-1.3%	5.7%
PBA Model	-26.8%	-9.5%	-7.5%	-8.0%	3.4%	0.2%	5.8%

Please note:

- <sup>1</sup> Periods greater than one year are annualized. Results presented in nominal terms.
- <sup>2</sup> U.S. TIPS proxy for periods prior to March 1997: CPI
- <sup>3</sup> Flexible capital proxy for periods prior to January 1990: 0.50 x Russell 3000 (0.50 Beta)
- <sup>4</sup> Emerging markets proxy for periods prior to January 1988: MSCI EAFE (MSCI World ex US proxy for non U.S. developed)
- <sup>5</sup> Private equity proxy for periods prior to 1981: Russell 3000 Index

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*Information obtained from third party sources are believed to be reliable; however, the accuracy of the data is not guaranteed and may not have been independently verified.*

*The content is current as of the date indicated and is subject to change without notice. It does not take into account the specific investment objectives, financial situations, or needs of individual or institutional investors.*

*Indices referenced are unmanaged and cannot be invested in directly. Index returns do not reflect any investment management fees or transaction expenses. Clients may, at times, invest in managers or products that are not recommended by Prime Buchholz. Due diligence and monitoring of managers that are not Prime Buchholz recommended is less rigorous than the level applied to recommended managers. Reports provided to clients regarding managers that have not been recommended by us are for informational purposes only and do not necessarily constitute our endorsement of the manager.*

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*Hypothetical performance, as well as past performance, is not an indication of future results.*

*For modeling output : Prime Buchholz proprietary reporting is compiled utilizing analytics provided by Investment Metrics.*

Tab VII

**Firm Details: Parametric Portfolio Associates**

<b>Total Assets (\$ mil.):</b>	\$107,957
<b>Style:</b>	Core
<b>Assets in Style (\$mil.):</b>	\$14,156
<b>Year Founded:</b>	1987
<b>Product Inception:</b>	1994
<b>Location:</b>	Seattle, WA
<b>Ownership:</b>	-In September 2003, Eaton Vance acquired 80% of the firm (now owns 97%). -Parametric continues to operate as a distinct and autonomous business unit.

**Key Investment Professionals:**

-Thomas Seto is Director of Portfolio Management. He and his group are responsible for the day-to-day management of Parametric's products and EM portfolio strategy. Seto joined the Firm in 1998.  
 -David Stein, PhD is CIO, Managing Director. He is responsible for investment research and technology at Parametric. As CIO, David has ultimate responsibility for all strategy decisions for the product.  
 -Jodi Wong is Director of Emerging Markets Portfolio Management and is responsible for rebalancing decisions, trade allocation, country implementation, and investing cash. She joined Parametric in 2004.  
 -The team also includes Rainer Germann (Senior PM), Thomas Hardy (PM,) 3 Associate PMs, and 1 Portfolio Analyst.

**Investment Objective and Philosophy/Process**

**Objective:** The Parametric Emerging Markets strategy seeks to capture the long-term returns provided by the equity markets of developing countries.

**Philosophy/Process:** Parametric employs a systematic investment approach emphasizing diversification. Based on Parametric's research on cross-correlations of developing countries and the drivers of return in the emerging markets asset class, Parametric has developed a quantitative equally-weighted, tiered approach to country allocation. The portfolio invests in over 40 countries, which are divided into four tiers based on level of country development. Countries in the first tier (7% weighting) consist of the more developed countries (China, Brazil, etc.). The second tier (3.5% weighting) represents the next layer of development (Turkey, Chile, etc.). Frontier and less liquid emerging markets countries comprise the rest of the portfolio, with the third tier weighted at 1.75% and the fourth tier at 0.875%. Within each country, the model provides relatively equal exposure to six broad economic sectors, with Parametric purchasing baskets of securities to adequately capture this exposure. As a result, the portfolio typically is underweight the dominant sectors in a country, with higher exposure to more domestic industries. A disciplined rebalancing policy is enforced when countries stray from their target range. In 2010, Parametric added a new provision to the process, allowing the team to incrementally increase target weights by 50% in the event a country is responsible for over 30% of tracking error in a six month period.

**Assessment**

Parametric's tiered country approach leads to some important benchmark relative bets. The strategy will perpetually have overweights to the smaller emerging and frontier countries, while having underweights to the large benchmark countries. Additionally, Parametric's sector exposure favors consumer oriented sectors (i.e., staples, discretionary, financials) at the expense of commodity sectors (i.e., materials, energy). The low turnover, buy-and-hold approach leads to Parametric being a provider of liquidity in many of the smaller markets and rebalancing is often done through managing cash flows, keeping turnover and expenses low. Parametric's research team is focused on identifying new ways to add alpha, reviewing the eligibility on new markets, and monitoring cross country correlations and the impact of trading. While the strategy has been successful over time, investors should note that the portfolio may trail the benchmark when larger countries within the benchmark outperform. Late in 2010, a model change was implemented to mitigate the impact one country can have on portfolio tracking error. The only impact to date has been an increased weighting to China. The product can serve as a good complement to many developed and emerging market managers, given its underweights to larger companies and countries, stronger exposure to domestic industries, and higher than benchmark exposure to smaller emerging countries and frontier markets.

We continue to have ongoing discussions with Parametric on capacity. The team reviews capacity twice per year, with capacity estimates growing substantially in recent years. In August 2011, Parametric launched a new but related strategy that utilizes the same investment process to Parametric's flagship Structured Emerging Markets strategy. Parametric estimates capacity to be apx. \$37B for the combined emerging markets strategies as of June 2013. The new strategy, Structured Emerging Markets Core, excludes Tier 4 countries (which represent most of the frontier markets). Past discussions have focused on the liquidity and capacity of the flagship strategy, with the liquidity constraints coming primarily from frontier countries. We continue to have discussions with Parametric regarding their methodology for capacity calculation given their low turnover approach.

**Vehicle Information:**

<b>Vehicle Name</b>	<b>Minimum</b>	<b>Assets (\$ mil.)</b>	<b>Fee</b>	<b>Sample Operational Detail</b>	<b>Security Constraints:</b>
Parametric EM Inv Fd	\$1,000	\$931.3	1.42% Incl 0.25% 12b-1	Parametric EM Inst Fd	Cap Wtd w/in Industry (< 2%)
Parametric EM Inst Fd	\$250,000	\$3,358.8	1.16%		<b>Sector Constraints:</b> Eq Wtd w/in Country (Min. 75% Cap Wt Cntry Idx)
Parametric Tax-Mgd EM Inst Fd	\$50,000	\$3,263.1	0.96%, 2% Rdpt Fee	<b>Last Audited Financial</b> 01/31/2013	<b>Country Constraints:</b> Eq Wtd w/in Four Tiers
Parametric EM CTF	\$5,000,000	\$1,875.8	1.05%, 0.2% entry/exit	<b>Accountant/Auditor</b> Deloitte & Touche LLP	<b>Currency Hedging:</b> Not Utilized
				<b>Custodian</b> State Street Bank and Trust Company	<b>Avg # of Holdings:</b> 1,000+
				<b>Administrator</b> Eaton Vance Management	<b>Market Capitalization:</b> Diversified
				<b>Securities Lending?</b> Yes	<b>Cash Allocation:</b> No Explicit Policy
					<b>Turnover:</b> Low
					<b>GIPS Compliant:</b> No

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**Firm Details: The Vanguard Group**

<b>Total Assets (\$ mil.):</b>	\$2,412,812
<b>Style:</b>	Index
<b>Assets in Style (\$mil.):</b>	\$65,700
<b>Year Founded:</b>	1975
<b>Product Inception:</b>	1994
<b>Location:</b>	Valley Forge, PA
<b>Ownership:</b>	-The firm is owned by fund shareholders.

**Key Investment Professionals:**

-The Vanguard Group's Quantitative Equity Group passively manages this strategy.  
 -Michael Perre has overall responsibility for the Emerging Markets Index Fund and has been on the Emerging Markets strategy since 2008. Mr. Perre joined Vanguard in 1990. Mr. Perre assumed control of the portfolio from Duane Kelly at the end of 2010. Vanguard will often rotate long-term PMs across strategies to allow up and coming managers the opportunity to manage additional assets. This was the case with Mr. Kelly.

**Investment Objective and Philosophy/Process**

Philosophy/Process: The Vanguard Emerging Markets Index Fund invests substantially all of its assets (95+%) in stocks in the Emerging Markets Index. Vanguard utilizes a passive investment strategy and employs a sampling approach, whereby the fund invests in a "sample" of stocks in the Index that represent similar characteristics (i.e., sector, country, capitalization exposure) to the Index and reduce the impact of trading costs. In addition, Vanguard takes into account various other risk factors when determining whether to invest in a security in the Emerging Markets Index Fund. These include liquidity, repatriation of capital, and entry barriers to particular markets. As a result, some tracking error can occur. Vanguard does engage in securities lending in this Fund, however, the Firm's lending practices and standards are more conservative than other firms.

Vanguard recently changed its target benchmark from the MSCI Emerging Market (EM) Index to the FTSE Emerging Index. The transition began in early 2013 and was completed in June after a gradual 25 week transition. While Vanguard's passive investment approach has not changed, the composition of the FTSE Emerging Index varies from that of the MSCI EM Index due to differences in methodology. The most significant difference stems from FTSE's classification of Korea, an apx. 15% weight within the MSCI EM Index, as a developed market. As a result, the FTSE Emerging Index excludes Korea and holds a greater weight to other large developing market countries such as Brazil, Taiwan, South Africa, India, and Russia. From a sector perspective, at the time of the transition the FTSE benchmark was underweight technology (Korea is home to a number of large tech companies), while holding a higher allocation to the financials, telecom, and commodities relative to MSCI. Given the broad acceptance of MSCI by both developed foreign and emerging markets equity managers, clients must be aware of the recent benchmark transition and strongly consider these differences when reviewing their overall equity allocation to ensure comprehensive coverage.

**Assessment**

Assessment: The Emerging Markets Index strategy continues to serve as a relatively inexpensive option for clients seeking passive emerging markets equity exposure. The strategy has tracked its respective benchmark relatively closely, however given the use of sampling, there may be some tracking error associated with the Fund. Also, due to Vanguard's use of Fair Value Pricing, there are frequently large dispersions among daily returns between the Fund and the Index during periods of substantial volatility, particularly among Asian securities. Over the long term, this dispersion has historically not impacted returns and performance has closely tracked the benchmark. However, intra- and inter-month returns may vary depending on the timing of market volatility.

George U. "Gus" Sauter, managing director and CIO of Vanguard, retired from the Firm effective December 31, 2012. Mr. Sauter joined Vanguard in 1987 and prior to his retirement directed Vanguard's global investment management groups. Mortimer J. "Tim" Buckley, managing director of Vanguard's Retail Investor Group since 2006, has since assumed the role of CIO.

On January 3, 2013 Vanguard announced that Sandip Bhagat, head of Vanguard's global equity group, had resigned. According to Vanguard, Bhagat, who oversaw all passive, exchange-traded funds and active stock portfolios, left the company to pursue other opportunities. Vanguard has yet to announce a replacement.

Vanguard recently eliminated the redemption fee on purchases held for less than two months. However, in order to discourage frequent trading, Vanguard does maintain the ability to prevent investors from re-entering the fund within sixty days of both full and partial redemptions. Vanguard also recently eliminated the minimum on the Signal share class - which is designed for institutional investors unable to meet the \$5,000,000 minimum.

**Vehicle Information:**

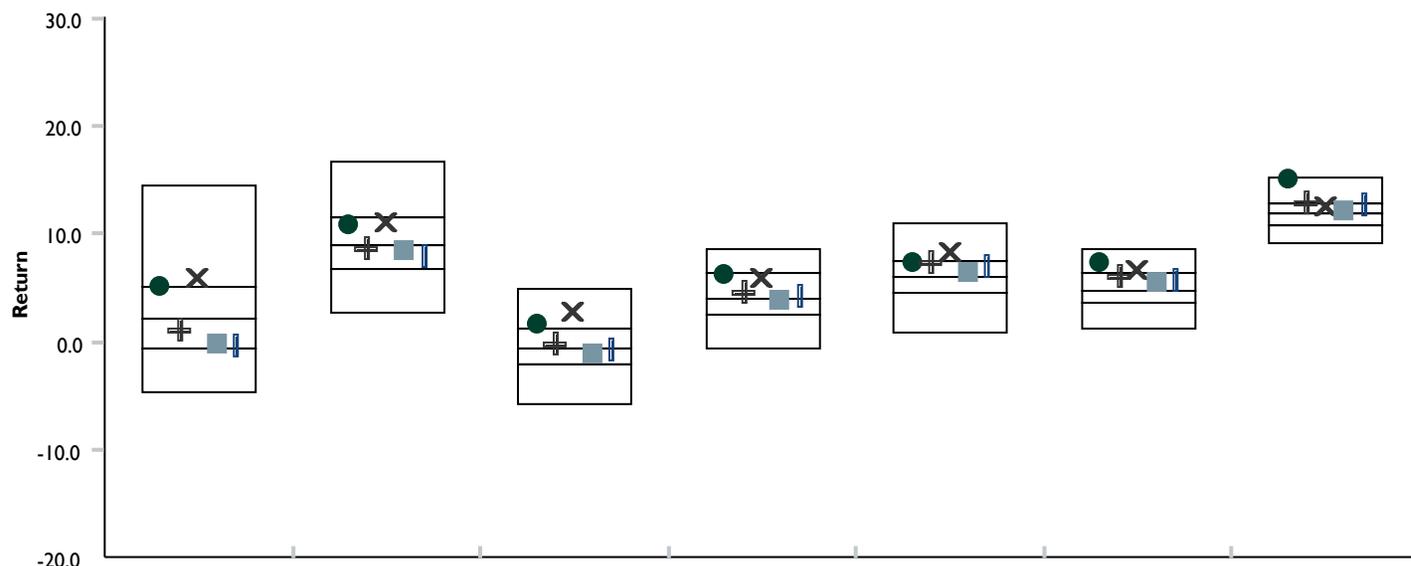
Vehicle Name	Minimum	Assets (\$ mil.)	Fee	Sample Operational Detail	Security Constraints:	Similar To Benchmark
Vanguard Emg Mkts Idx Fd	\$3,000	\$2,098.6	0.33%	Vanguard Emg Mkts Idx Fd Inst	<b>Sector Constraints:</b>	Similar To Benchmark
Vanguard Emg Mkts Idx Fd Inst	\$5,000,000	\$3,307.0	0.12%	<b>Last Audited Financial</b>	<b>Country Constraints:</b>	Similar To Benchmark
Vanguard Emg Mkts Idx Signal	\$0	\$1,311.6	0.18%	<b>Accountant/Auditor</b>	<b>Currency Hedging:</b>	Not Utilized
Vanguard FTSE Emg Mkts ETF	\$0	\$50,136.1	0.18%	<b>Custodian</b>	<b>Avg # of Holdings:</b>	700+
				<b>Administrator</b>	<b>Market Capitalization:</b>	Similar To Benchmark
				<b>Securities Lending?</b>	<b>Cash Allocation:</b>	Minimal
					<b>Turnover:</b>	Low
					<b>GIPS Compliant:</b>	No

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# Peer Group Analysis

## IM Emerging Markets Equity (MF)

As of September 30, 2013

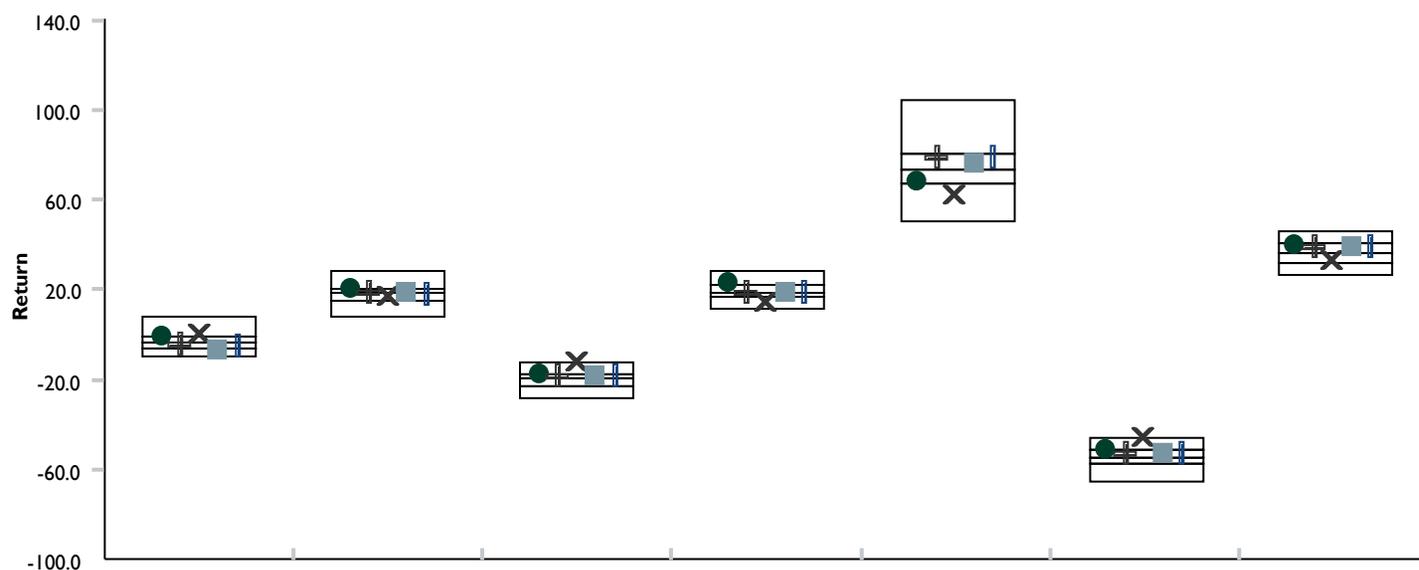


	1 Year	2 Years	3 Years	4 Years	5 Years	7 Years	10 Years
● Parametric Tax-Mgd EM (EITEX)	5.1 (26)	10.7 (31)	1.6 (24)	6.2 (28)	7.3 (31)	7.2 (14)	15.1 (6)
+ MSCI EM (Net)	1.0 (63)	8.7 (55)	-0.3 (43)	4.5 (45)	7.2 (33)	5.9 (29)	12.8 (26)
× MSCI EM Local Currencies (Net)	5.8 (23)	11.0 (30)	2.7 (18)	5.8 (30)	8.2 (17)	6.6 (23)	12.5 (33)
■ Vanguard EM St Idx (VEIEX)	-0.3 (73)	8.4 (59)	-1.1 (63)	3.7 (60)	6.3 (47)	5.4 (38)	12.2 (39)
Vanguard Spliced Emerging Markets Index	-0.4 (74)	7.9 (66)	-0.8 (53)	4.1 (50)	6.9 (38)	5.7 (34)	12.6 (30)
5th Percentile	14.6	16.7	4.8	8.5	11.1	8.5	15.2
1st Quartile	5.1	11.5	1.2	6.3	7.6	6.4	12.9
Median	2.2	9.0	-0.7	4.1	6.1	4.7	11.9
3rd Quartile	-0.6	6.8	-2.1	2.6	4.6	3.7	10.8
95th Percentile	-4.6	2.7	-5.8	-0.5	0.8	1.3	9.1
Population	572	476	373	320	276	186	135

# Peer Group Analysis

## IM Emerging Markets Equity (MF)

As of September 30, 2013

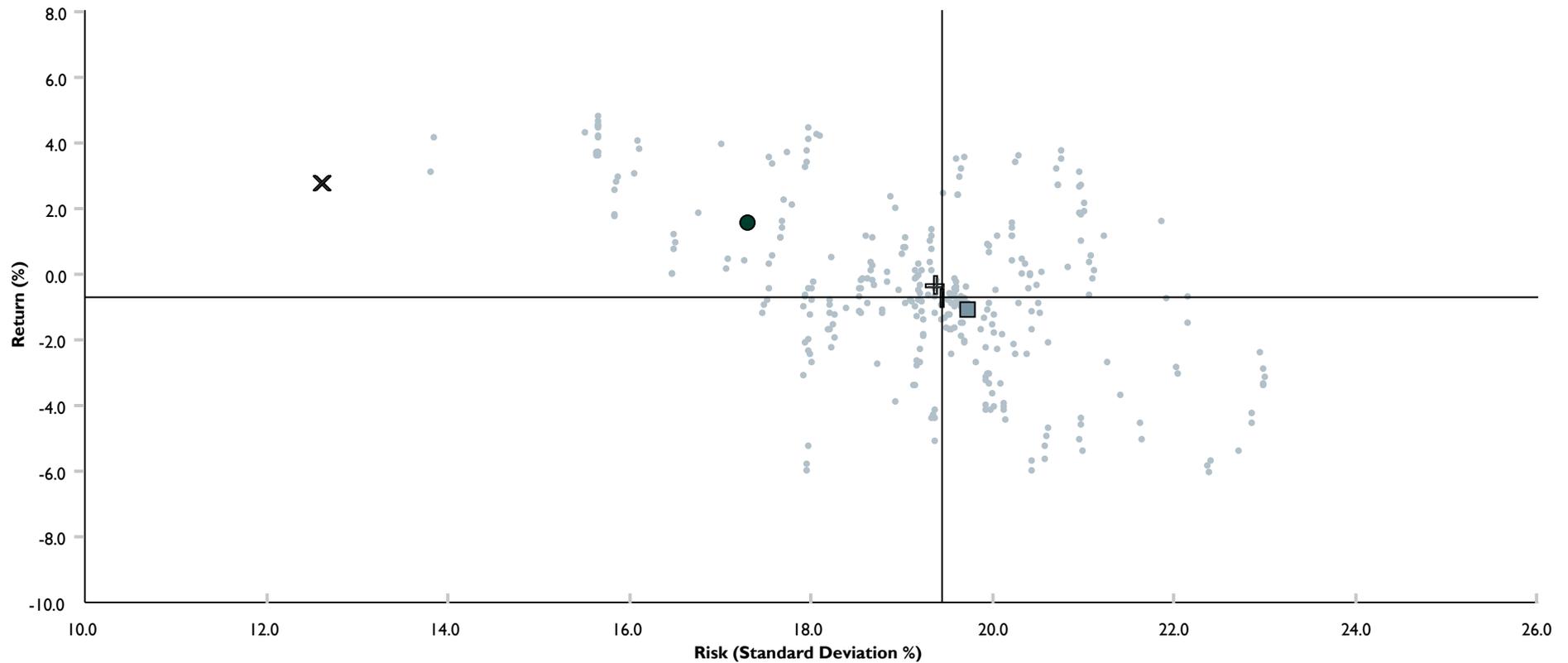


	Year To Date	2012	2011	2010	2009	2008	2007
● Parametric Tax-Mgd EM (EITEX)	-0.5 (24)	20.0 (34)	-18.0 (31)	23.3 (21)	68.2 (68)	-51.0 (25)	40.2 (32)
+ MSCI EM (Net)	-4.4 (55)	18.2 (56)	-18.4 (35)	18.9 (43)	78.5 (28)	-53.3 (39)	39.4 (36)
× MSCI EM Local Currencies (Net)	0.5 (19)	17.0 (65)	-12.7 (8)	14.1 (89)	62.3 (85)	-45.9 (5)	33.2 (69)
■ Vanguard EM St Idx (VEIEX)	-6.6 (80)	18.6 (52)	-18.8 (40)	18.9 (43)	76.0 (40)	-52.8 (38)	38.9 (38)
Vanguard Spliced Emerging Markets Index	-5.6 (68)	18.2 (56)	-18.4 (35)	18.9 (43)	78.5 (28)	-53.3 (39)	39.4 (36)
5th Percentile	7.9	28.3	-11.9	28.4	104.5	-46.1	46.0
1st Quartile	-0.8	20.7	-17.7	22.1	80.4	-51.1	41.0
Median	-3.8	18.7	-19.5	18.3	73.5	-54.7	36.6
3rd Quartile	-6.3	15.3	-23.3	16.6	67.1	-57.4	32.4
95th Percentile	-9.7	8.4	-28.4	11.6	50.9	-65.6	26.2
Population	604	526	431	370	361	294	249

# Peer Group Scattergram

## IM Emerging Markets Equity (MF)

3 Years Ended September 30, 2013

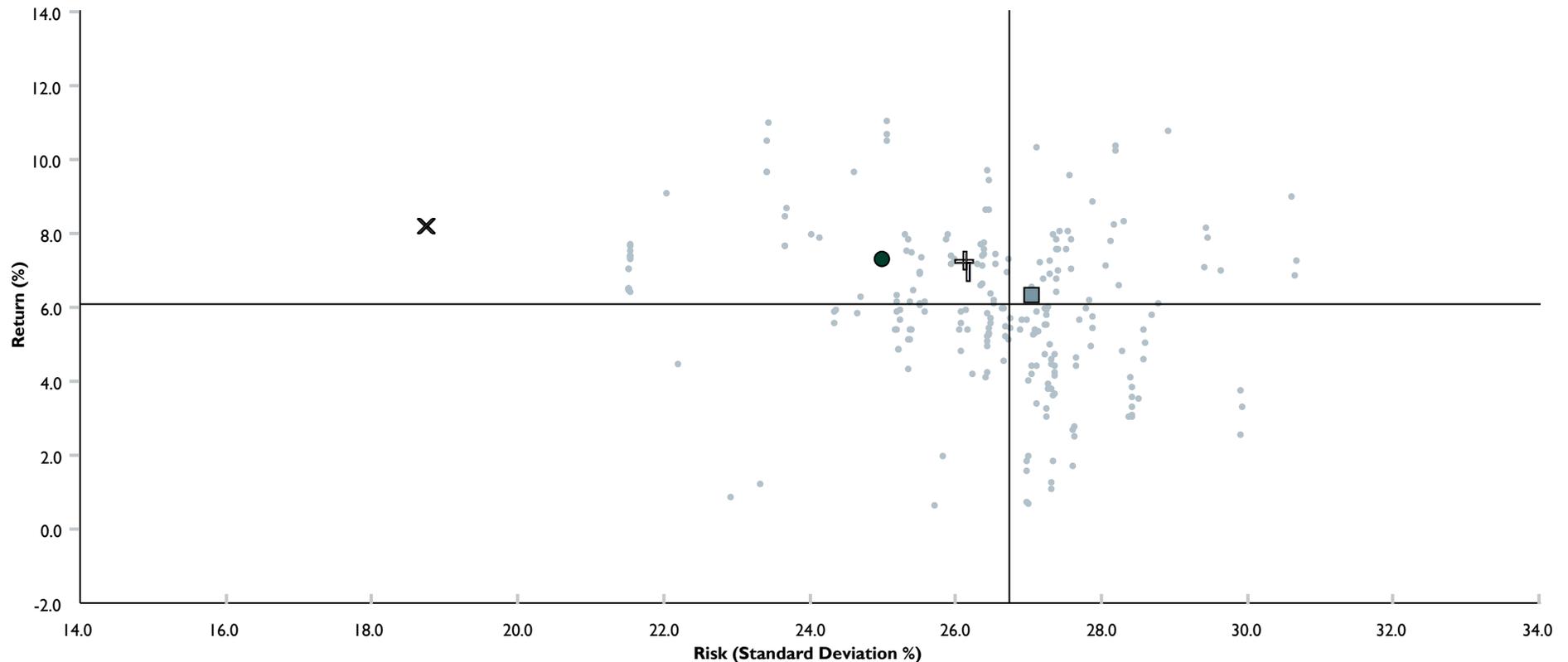


	Return	Standard Deviation
● Parametric Tax-Mgd EM (EITEX)	1.6	17.3
+ MSCI EM (Net)	-0.3	19.4
× MSCI EM Local Currencies (Net)	2.7	12.6
■ Vanguard EM St Idx (VEIEX)	-1.1	19.7
Vanguard Spliced Emerging Markets Index	-0.8	19.4
— Median	-0.7	19.5

# Peer Group Scattergram

## IM Emerging Markets Equity (MF)

5 Years Ended September 30, 2013

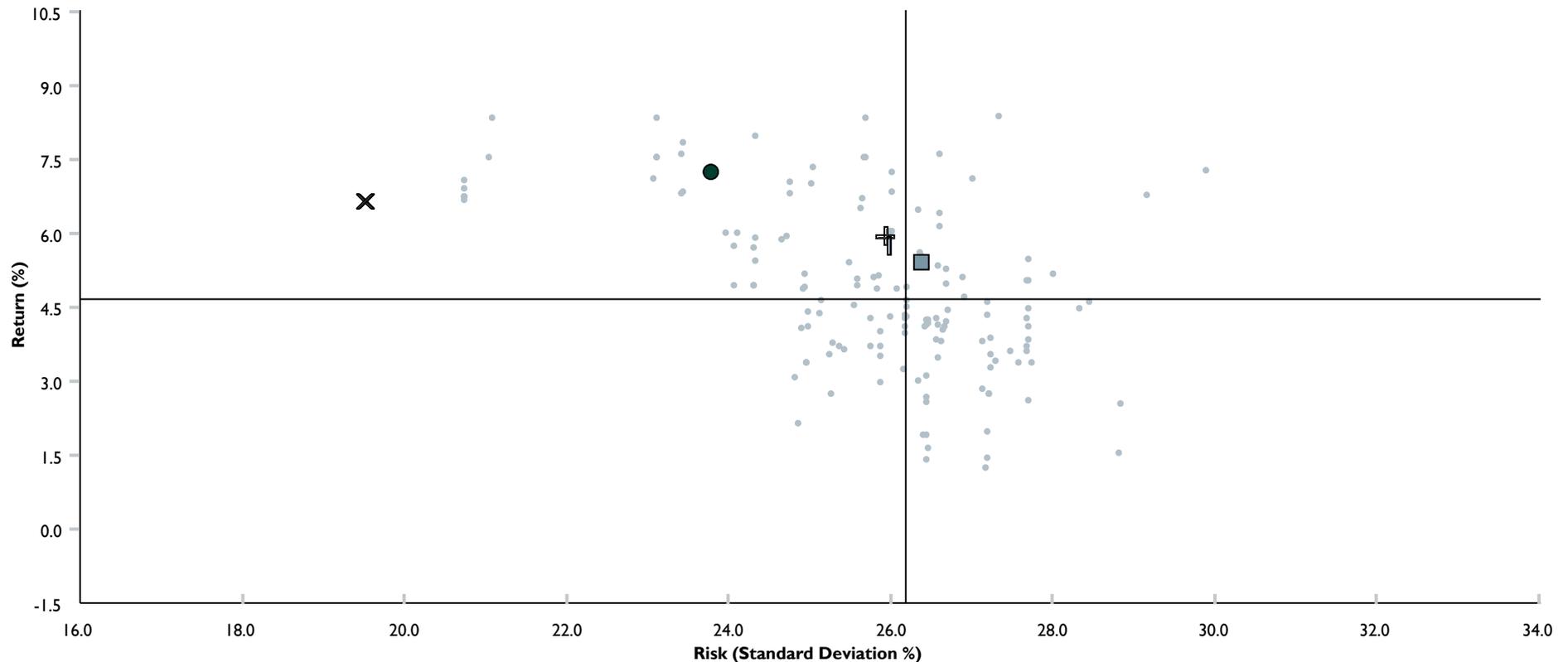


	Return	Standard Deviation
● Parametric Tax-Mgd EM (EITEX)	7.3	25.0
+ MSCI EM (Net)	7.2	26.1
× MSCI EM Local Currencies (Net)	8.2	18.8
■ Vanguard EM St Idx (VEIEX)	6.3	27.1
Vanguard Spliced Emerging Markets Index	6.9	26.2
— Median	6.1	26.7

# Peer Group Scattergram

## IM Emerging Markets Equity (MF)

7 Years Ended September 30, 2013

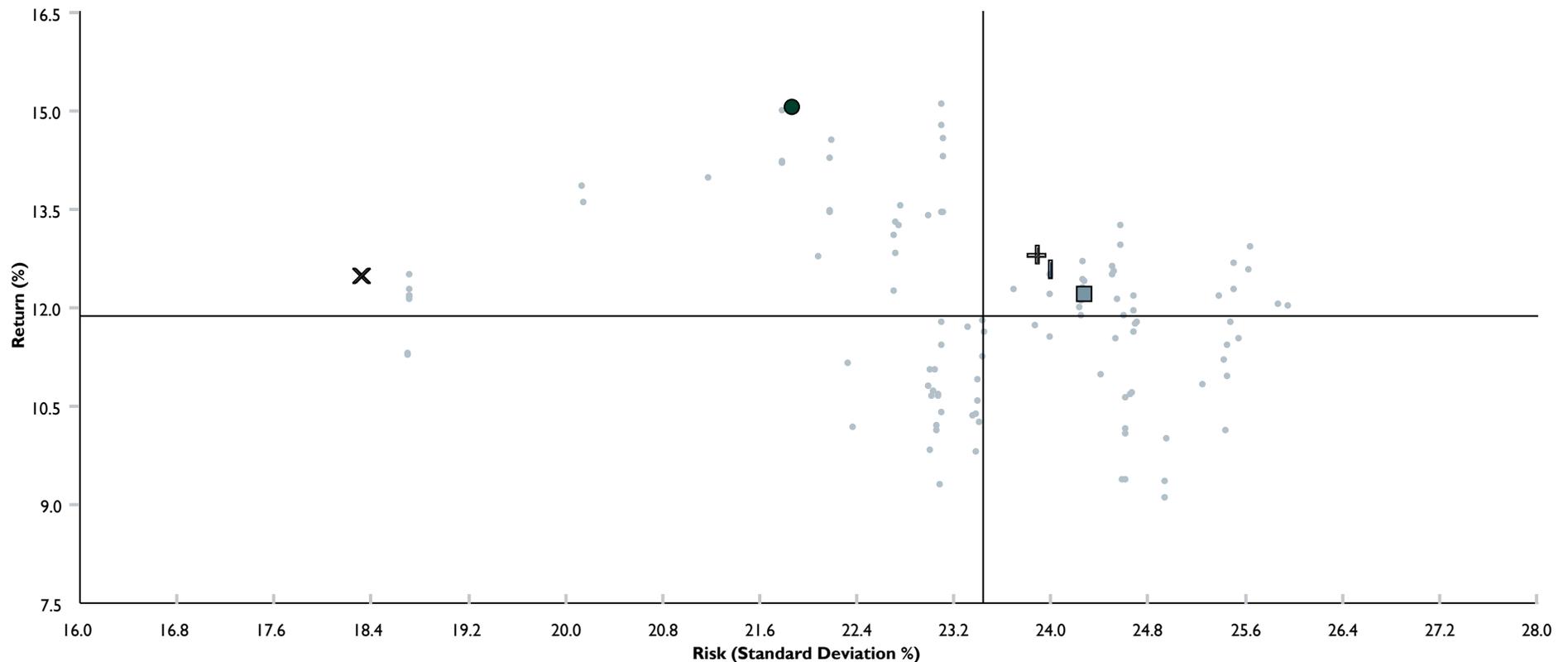


	Return	Standard Deviation
● Parametric Tax-Mgd EM (EITEX)	7.2	23.8
+ MSCI EM (Net)	5.9	25.9
× MSCI EM Local Currencies (Net)	6.6	19.5
■ Vanguard EM St Idx (VEIEX)	5.4	26.4
Vanguard Spliced Emerging Markets Index	5.7	26.0
— Median	4.7	26.2

# Peer Group Scattergram

## IM Emerging Markets Equity (MF)

10 Years Ended September 30, 2013

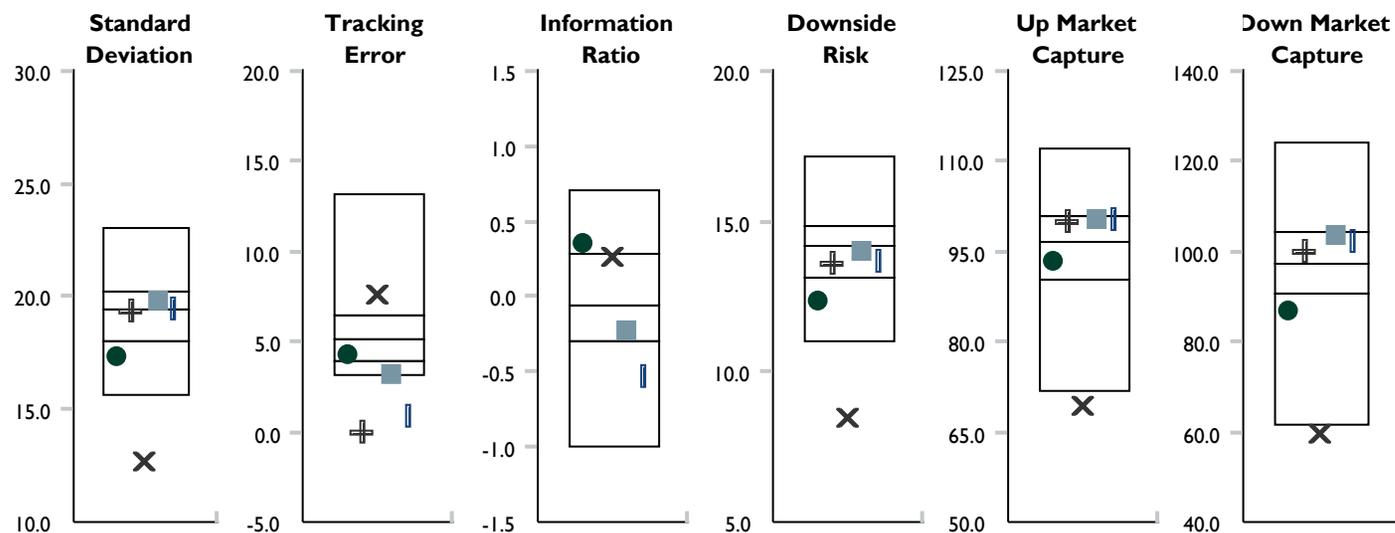


	Return	Standard Deviation
● Parametric Tax-Mgd EM (EITEX)	15.1	21.9
+ MSCI EM (Net)	12.8	23.9
× MSCI EM Local Currencies (Net)	12.5	18.3
■ Vanguard EM St Idx (VEIEX)	12.2	24.3
Vanguard Spliced Emerging Markets Index	12.6	24.0
— Median	11.9	23.4

# Peer Group Analysis - Multi Statistics

## IM Emerging Markets Equity (MF) vs. MSCI EM (Net)

As of September 30, 2013

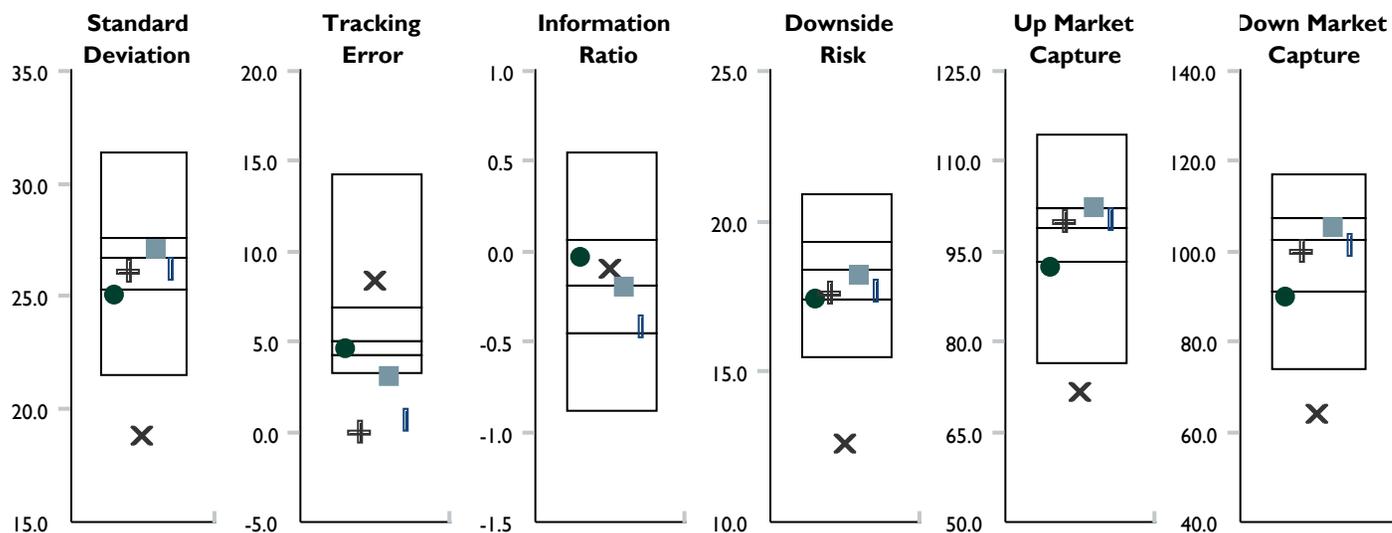


	3 Years	3 Years	3 Years	3 Years	3 Years	3 Years
● Parametric Tax-Mgd EM (EITEX)	17.31 (87)	4.29 (71)	0.35 (23)	12.30 (84)	93.26 (62)	86.61 (80)
+ MSCI EM (Net)	19.37 (52)	0.00 (100)	NA	13.62 (65)	100.00 (31)	100.00 (40)
× MSCI EM Local Currencies (Net)	12.63 (100)	7.55 (18)	0.26 (28)	8.43 (99)	69.30 (97)	59.30 (96)
■ Vanguard EM St Idx (VEIEX)	19.75 (37)	3.10 (95)	-0.23 (69)	13.97 (54)	100.29 (29)	103.23 (28)
Vanguard Spliced Emerging Markets Index	19.45 (51)	0.81 (100)	-0.53 (84)	13.69 (64)	100.28 (29)	102.09 (33)
5th Percentile	23.03	13.19	0.71	17.16	111.99	124.02
1st Quartile	20.26	6.42	0.29	14.86	100.94	104.23
Median	19.45	5.17	-0.06	14.18	96.69	97.22
3rd Quartile	18.01	3.97	-0.30	13.10	90.41	90.73
95th Percentile	15.65	3.10	-1.00	11.01	71.69	61.73
Population	373	373	373	373	373	373

# Peer Group Analysis - Multi Statistics

## IM Emerging Markets Equity (MF) vs. MSCI EM (Net)

As of September 30, 2013



	5 Years	5 Years				
● Parametric Tax-Mgd EM (EITEX)	25.01 (82)	4.59 (66)	-0.04 (38)	17.40 (76)	92.26 (80)	89.98 (78)
+ MSCI EM (Net)	26.13 (65)	0.00 (100)	NA	17.61 (73)	100.00 (40)	100.00 (56)
× MSCI EM Local Currencies (Net)	18.76 (99)	8.29 (18)	-0.10 (42)	12.61 (99)	71.51 (98)	63.62 (99)
■ Vanguard EM St Idx (VEIEX)	27.06 (45)	3.05 (97)	-0.20 (51)	18.19 (58)	102.13 (27)	105.14 (34)
Vanguard Spliced Emerging Markets Index	26.17 (64)	0.63 (100)	-0.42 (72)	17.64 (71)	100.11 (38)	101.10 (55)
5th Percentile	31.41	14.23	0.55	20.88	114.50	117.19
1st Quartile	27.58	6.87	0.07	19.34	102.24	107.26
Median	26.74	5.04	-0.19	18.38	98.81	102.36
3rd Quartile	25.34	4.24	-0.45	17.43	93.27	91.09
95th Percentile	21.54	3.28	-0.88	15.51	76.38	74.00
Population	276	276	276	276	276	276

# MPT Stats

## Parametric Tax-Mgd EM (EITEX)

As of September 30, 2013

	3 Years	5 Years	7 Years	10 Years
Return	1.56	7.30	7.24	15.06
Standard Deviation	17.31	25.01	23.79	21.86
Downside Risk	12.30	17.40	16.73	14.66
<b>vs. MSCI EAFE (Net)</b>				
Beta	0.89	1.05	1.07	1.10
Up Market Capture	72.62	98.92	112.06	122.80
Down Market Capture	92.48	92.05	93.04	97.52
Tracking Error	8.36	9.46	9.12	8.92
Information Ratio	-0.79	0.18	0.59	0.80
R-Squared	0.78	0.86	0.86	0.84
Actual Correlation	0.88	0.93	0.93	0.92
Alpha	-5.39	1.22	5.21	6.42
<b>vs. MSCI EM (Net)</b>				
Beta	0.87	0.94	0.90	0.90
Up Market Capture	93.26	92.26	90.08	93.43
Down Market Capture	86.61	89.98	84.59	83.07
Tracking Error	4.29	4.59	5.28	4.92
Information Ratio	0.35	-0.04	0.13	0.31
R-Squared	0.96	0.97	0.96	0.96
Actual Correlation	0.98	0.98	0.98	0.98
Alpha	1.71	0.42	1.64	3.13
<b>vs. Citigroup 3 Month T-Bill</b>				
Sharpe Ratio	0.17	0.41	0.37	0.69
Excess Return	2.99	10.20	8.80	14.99
Excess Risk	17.30	25.03	23.76	21.83

# MPT Stats

## Vanguard Emg Mkt Idx (VEIEX)

As of September 30, 2013

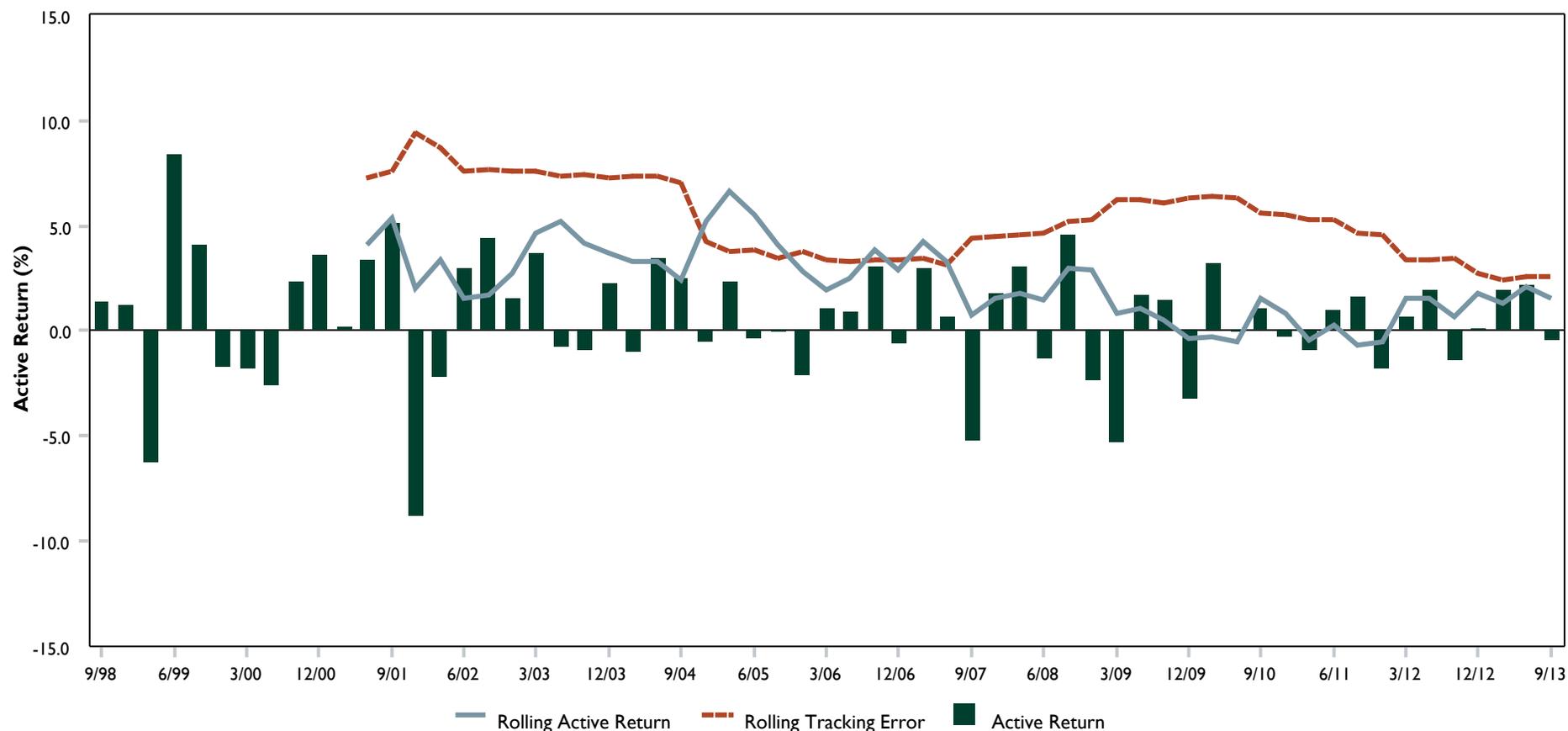
	3 Years	5 Years	7 Years	10 Years
Return	-1.11	6.32	5.41	12.19
Standard Deviation	19.75	27.06	26.38	24.28
Downside Risk	13.97	18.19	18.16	16.09
<b>vs. MSCI EAFE (Net)</b>				
Beta	0.99	1.12	1.16	1.20
Up Market Capture	75.67	106.43	121.20	129.14
Down Market Capture	108.21	103.71	108.14	117.06
Tracking Error	10.05	11.60	11.59	11.16
Information Ratio	-0.87	0.11	0.37	0.46
R-Squared	0.74	0.83	0.82	0.81
Actual Correlation	0.86	0.91	0.91	0.90
Alpha	-8.38	0.23	3.63	3.34
<b>vs. Vanguard Spliced Emerging Markets Index</b>				
Beta	1.00	1.03	1.01	1.01
Up Market Capture	100.01	102.02	100.17	99.85
Down Market Capture	101.12	103.99	100.93	100.90
Tracking Error	2.91	2.93	3.02	2.58
Information Ratio	-0.09	-0.12	-0.07	-0.11
R-Squared	0.98	0.99	0.99	0.99
Actual Correlation	0.99	0.99	0.99	0.99
Alpha	-0.28	-0.63	-0.29	-0.37
<b>vs. Citigroup 3 Month T-Bill</b>				
Sharpe Ratio	0.04	0.36	0.29	0.54
Excess Return	0.78	9.77	7.70	12.98
Excess Risk	19.74	27.08	26.35	24.25

# Comparative Performance & Rolling Return

## Parametric Tax-Mgd EM (EITEX) vs. MSCI EM (Net)

Rolling 12 Quarters as of September 30, 2013

	QTR Ended Sep-13	1 Year	3 Years	5 Years	7 Years	10 Years	Year To Date	2012	2011	2010	2009	2008
Parametric Tax-Mgd EM (EITEX)	5.4	5.1	1.6	7.3	7.2	15.1	-0.5	20.0	-18.0	23.3	68.2	-51.0
MSCI EM (Net)	5.8	1.0	-0.3	7.2	5.9	12.8	-4.4	18.2	-18.4	18.9	78.5	-53.3
<b>Difference</b>	<b>-0.4</b>	<b>4.1</b>	<b>1.9</b>	<b>0.1</b>	<b>1.3</b>	<b>2.3</b>	<b>3.9</b>	<b>1.8</b>	<b>0.4</b>	<b>4.4</b>	<b>-10.3</b>	<b>2.3</b>

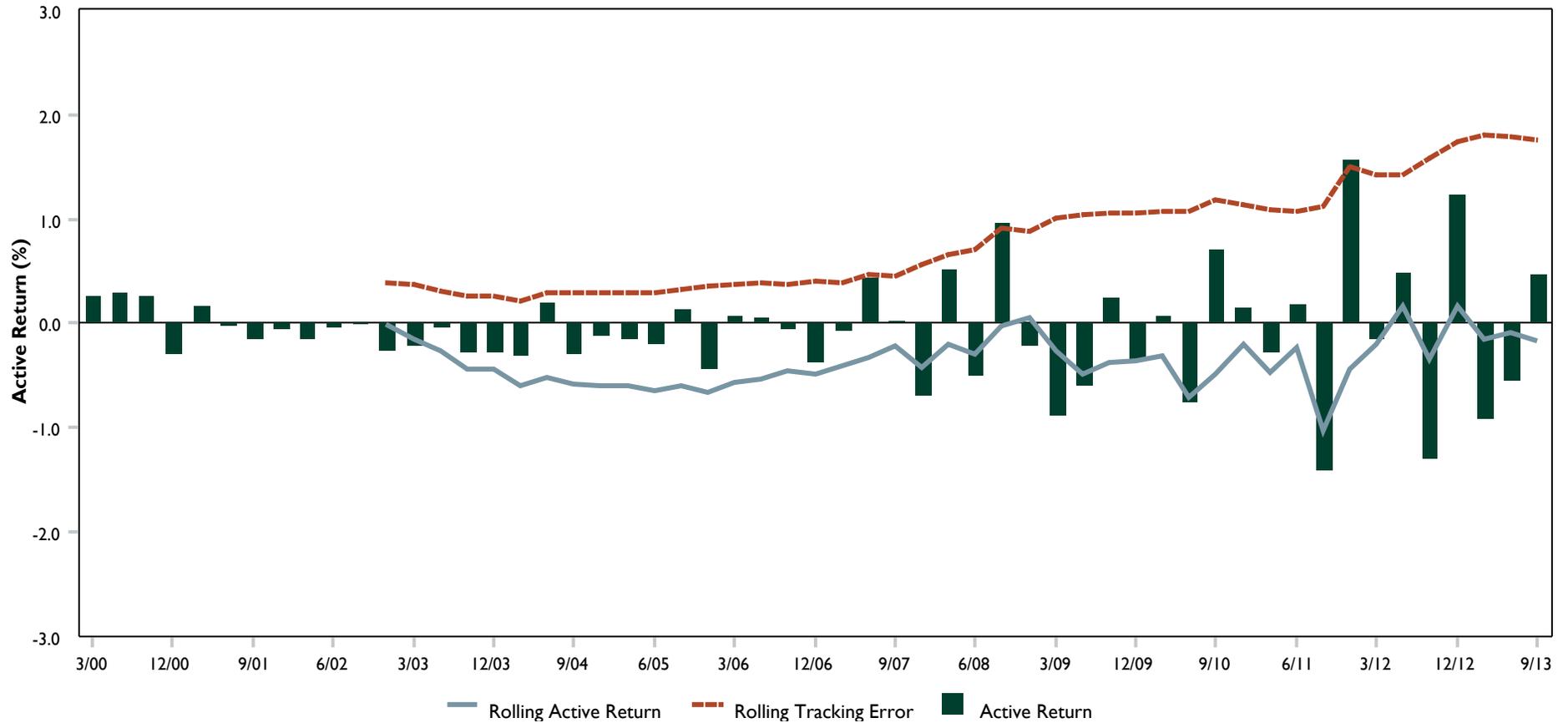


# Comparative Performance & Rolling Return

## Vanguard Emg Mkt Idx (VEIEX) vs. Vanguard Spliced Emerging Markets Index

Rolling 12 Quarters as of September 30, 2013

	QTR Ended Sep-13	1 Year	3 Years	5 Years	7 Years	10 Years	Year To Date	2012	2011	2010	2009	2008
Vanguard Emg Mkt Idx (VEIEX)	4.8	-0.3	-1.1	6.3	5.4	12.2	-6.6	18.6	-18.8	18.9	76.0	-52.8
Vanguard Spliced Emerging Markets Index	4.3	-0.4	-0.8	6.9	5.7	12.6	-5.6	18.2	-18.4	18.9	78.5	-53.3
<b>Difference</b>	<b>0.5</b>	<b>0.1</b>	<b>-0.3</b>	<b>-0.6</b>	<b>-0.3</b>	<b>-0.4</b>	<b>-1.0</b>	<b>0.4</b>	<b>-0.4</b>	<b>0.0</b>	<b>-2.5</b>	<b>0.5</b>



# Portfolio Comparison

As of September 30, 2013

	Parametric	MSCI EM	Vanguard	FTSE EM
<b>Composition</b>				
# of Holdings	1,552	818	925	850
% Top 15 Holdings	11.5	21.3	18.3	20.4
% Top 25 Holdings	16.3	28.7	24.9	28.6
<b>Characteristics</b>				
Wtd Avg Mkt Cap (\$B)	21.8	39.7	34.2	34.1
Forecast P/E	12.6	11.8	12.0	12.3
Price/Book ratio	2.1	2.0	2.2	2.2
Historical EPS Growth - 5 Year	7.7	9.5	8.4	9.1
Forecast EPS Growth - Long-Term	13.0	13.2	13.1	12.9
Current Yield	3.0	2.8	3.1	3.1
<b>GICS Sectors (%)</b>				
Energy	10.2	11.9	13.6	13.6
Materials	10.3	9.8	10.1	10.2
Industrials	9.9	6.2	5.6	5.6
Consumer Discretionary	8.4	8.8	6.7	6.7
Consumer Staples	9.3	8.8	9.4	9.3
Health Care	1.9	1.5	1.7	1.7
Financials	26.5	27.0	29.4	29.5
Information Technology	8.1	15.1	10.7	10.8
Telecommunication Services	10.4	7.6	9.0	9.0
Utilities	4.6	3.2	3.8	3.7
Cash	0.3	0.0	0.0	0.0
<b>Market Capitalization (%)</b>				
Large (\$15.0B-Above)	34.2	53.7	52.2	51.8
Mid/Large (\$7.0-15.0B)	21.8	21.0	20.7	21.3
Mid (\$1.0-7.0B)	34.8	25.1	25.7	25.6
Small/Mid (\$0.5-1.0B)	5.0	0.2	1.0	1.1
Small (\$0.0-0.5B)	3.8	0.0	0.3	0.3
Cash	0.3	0.0	0.0	0.0

Parametric based on repriced June 30, 2013 holdings.

# Country/Region Allocation

As of September 30, 2013

Country/Region Allocation (%)	Parametric	MSCI EM	Vanguard	FTSE EM
United States	0.4	0.1	0.0	0.0
Pacific ex Japan	2.8	6.6	6.9	6.9
Europe ex UK	0.6	0.0	0.0	0.0
United Kingdom	0.4	0.0	0.0	0.0
<b>Developed Markets</b>	<b>4.2</b>	<b>6.7</b>	<b>6.9</b>	<b>6.9</b>
EM Asia	36.6	55.5	47.9	47.9
EM Europe	15.2	10.1	11.5	11.4
EM Latin America	17.9	20.0	23.6	23.5
EM Mid East+Africa	10.0	7.7	9.5	9.7
<b>Emerging Markets</b>	<b>79.7</b>	<b>93.3</b>	<b>92.6</b>	<b>92.4</b>
<b>Frontier Markets</b>	<b>15.3</b>	<b>0.0</b>	<b>0.6</b>	<b>0.7</b>
Cash	0.3	0.0	0.0	0.0
Other	0.4	0.0	0.0	0.0

Parametric based on repriced June 30, 2013 holdings.

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Indices referenced are unmanaged and cannot be invested in directly. Index returns do not reflect any investment management fees or transaction expenses.

Performance returns are provided by investment manager or third party data sources and are net of fees unless otherwise stated. Performance data may or may not reflect the reinvestment of dividends and other earnings. For gross of fee performance, returns will be lower after management fees and other expenses are deducted. Investment management fees are described in this report or the manager's Form ADV Part 2A. **Past performance is not an indication of future results.**

Peer group performance comparisons for funds or products will vary by third-party ranking entity based upon each entity's definitions of its category classifications and the sample size and/or composition of the data included by each ranking entity in its peer group comparisons. Therefore, a fund's past performance, which may be deemed strong relative to its peers by one ranking entity, may be considered weak relative to its peers by a different ranking entity. Also, since terminated poor performing funds or accounts are excluded from current peer groups, the peer group comparison results of surviving funds or products may be overstated. In addition, recent over- or underperformance of a fund may have a significant impact on a fund's long-term ranking versus its peer group.

In addition to the examination of raw data such as returns, portfolio characteristics, and other fund attributes, clients should consider other important criteria in the manager selection process. These may include, but not necessarily be limited to, stability and consistency of investment process, appropriateness of manager's investment philosophy, portfolio investment guidelines, risk management policies and procedures, depth and breadth of investment team, client references, personnel turnover, history, growth of business, and firm ownership and structure.

Peer groups, performance, and risk analytics are provided by InvestmentMetrics, 2013. All rights reserved. Calculations are based on quarterly periods unless noted otherwise.

\*Indicates performance is gross of fees.

Universe descriptions: SA=Separate Account; CF=Commingled Fund; MF=Mutual Fund

Clients may, at times, request the inclusion of specific managers or products in their search that are not Prime Buchholz-recommended. Due diligence and monitoring of managers and products that are not Prime Buchholz-recommended is less rigorous than the level applied to recommended managers and products. Also, because these managers and products were not recommended by Prime Buchholz, they are not actively assessed relative to changes in Firm recommendations (i.e., watch list and/or sell recommendations). Reports provided to clients regarding managers or products that have not been recommended by Prime Buchholz are for informational purposes only and do not constitute our endorsement of the manager.

Prime Buchholz employees may have relatives that are employed by investment managers that are recommended by the firm.

For use in one-on-one presentations only.

**Tab VIII**

**Firm Details: ING Clarion Partners**

**Total Assets (\$ mil.):** \$24,861  
**Style:** REIT-Long  
**Assets in Style (\$mil.):** \$4,991  
**Year Founded:** 1982  
**Product Inception:** May 2001  
**Location:** New York, NY  
**Ownership:** CB Richard Ellis

**Key Investment Professionals:**

T. Ritson Ferguson, CFA, MD - He oversees the day to day management of the Clarion Real Estate Securities portfolios. He joined Clarion Real Estate Securities in 1991 and has over 20 years of real estate experience.  
 Steven Burton, CFA, MD - He is the lead manager responsible for global and international real estate strategies. He joined Clarion Real Estate Securities in 1995 and has over 20 years of real estate experience.  
 Joseph Smith, CFA, MD - He is the lead manager responsible for the Americas and U.S. real estate strategies. He joined Clarion Real Estate Securities in 1997 and has over 15 years of real estate experience.

**Investment Objective and Philosophy/Process**

Clarion Real Estate Securities regional teams utilize the resources of public real estate market research in an effort to capture performance. Clarion's universe contains both REITs and Real Estate Operating Companies (REOCs). This universe combines all the companies within the S&P Citigroup World Property Index and EPRA NAREIT Indexes, with the addition of any companies identified as having a majority of their income or business in real estate. Companies must have at least a \$100 million market cap. The Clarion Real Estate Securities team is enhanced by direct real estate research professionals that coordinate local analysis for a comprehensive world view. They also leverage the C.B. Richard Ellis (CBRE) organization for assistance with vetting issues related to regions and property types. Sector level and country/region allocation decisions are made with reference to macroeconomic and capital market analysis, as well as appraisal of listed, direct and unlisted real estate markets.

In 2011, CB Richard Ellis (CBRE) completed the purchase of Clarion Real Estate Securities. As part of the transaction, Clarion Real Estate Securities took a 25% equity stake in ownership of the firm. Previously, ING owned 100% of the firm. Clarion Real Estate Securities has maintained stability in its senior management over the years, and equity ownership should strengthen this stability. CB Richard Ellis has a global real estate focused direct investment, services, and research platform that is likely an improvement to the ING resources. It is also important to note that the ING Clarion Global Real Estate Mutual Funds will continue to be sub-advised by Clarion and administered by ING. CB Richard Ellis does have an existing global public securities group which manages approximately \$2 billion in assets. As part of the transaction, some senior members of that group joined the Clarion group, including an office in Sydney, Australia. Going forward, Clarion will manage CBRE's real estate securities portfolios.

\*Firm assets as of June 30, 2013

**Assessment**

Assessment: There are several real estate securities investment firms with strong track records of investment in the U.S. and stable senior management teams. There are fewer of these desirable firms investing in global real estate securities, and fewer still with lengthy track records and true international presence. Clarion Real Estate Securities has all of these attributes, offering a global real estate securities vehicle since 2001, utilizing offices around the world and maintaining its entire senior management group over that period. Since inception, the strategy has supported the thesis that experienced, stable management and international presence are keys to a successful platform and has outperformed most global benchmarks and peers. For these reasons we recommend the ING Clarion Global Real Estate Securities vehicle for investment in global real estate securities.

**Vehicle Information:**

Vehicle Name	Minimum	Assets (\$ mil.)	Fee	Sample Operational Detail	Security Constraints:	+/- 5% from benchmark weight
ING Global Real Estate A Fd	\$1,000	\$1,555.8	1.30%	ING Global Real Estate I Fd	<b>Sector Constraints:</b>	+/- 10% from benchmark weight for Non U.S. and +/-20% from U.S.
ING Global Real Estate I Fd	\$250,000	\$2,806.2	1.00%		<b>Avg # of Securities:</b>	+/- 100
				<b>Last Audited Financial</b>		
				<b>Accountant/Auditor</b>	10/31/2012	
				<b>Custodian</b>	KPMG LLP	<b>Turnover:</b>
					BNY Mellon	37%
				<b>Administrator</b>		<b>Assets in Composite:</b>
				<b>Securities Lending</b>	N/A	N/A
						<b>GIPS Compliant:</b>
						NA

*This report is not an offer, nor does it invite anyone to make an offer, to buy or sell securities. Information obtained from third parties is believed to be reliable, however, accuracy of the data is not guaranteed. Information provided by investment managers may be confidential and should be treated as such. Content is current as of the date indicated and subject to change without notice. The assessment within is the opinion of Prime Buchholz and intended solely for our clients. Clients may, at times, invest in managers or products that are not recommended by us. Due diligence and monitoring of managers that are not Prime Buchholz recommended is less rigorous than the level applied to recommended managers. Reports provided to clients regarding managers that have not been recommended by us are for informational purposes only and do not necessarily constitute our endorsement of the manager. Returns are provided by third party sources and are net of fees unless otherwise stated. Performance may or may not reflect reinvestment of dividends and other earnings. Past performance is not an indication of future results and there is no guarantee the manager will achieve cited future investment results.*

**Firm Details: Morgan Stanley Investment Management**

**Total Assets (\$ mil.):** \$301,397  
**Style:** REIT-Long  
**Assets in Style (\$mil.):** \$7,165  
**Year Founded:** 1975  
**Product Inception:** April 8, 2003  
**Location:** New York, NY  
**Ownership:** -The firm which is an asset management division of Morgan Stanley is 15% Employee Owned.

**Key Investment Professionals:**

Theodore Bigman - Managing Director. Head of Global Real Estate. Joined Morgan Stanley in 1995, and has over 20 years of investment experience.  
 Michiel te Paske - Managing Director. Portfolio Manager for European real estate securities.  
 Sven Van Kemenade - Managing Director. Portfolio Manager for European real estate securities.  
 Angeline Ho - Executive Director. Portfolio Manager for Asian real estate securities.

**Investment Objective and Philosophy/Process**

The Morgan Stanley Global Real Estate Portfolio seeks to provide both current income and capital appreciation by investing primarily in equity securities of companies in the real estate industry. The Fund will invest in companies throughout the world including REITs, real estate operating companies (REOCs) and similar entities outside the U.S. The Fund will focus primarily on companies located in developed countries throughout North America, Europe and Asia but may also invest in emerging markets. Allocations will be made across three regional portfolios with most of the outperformance expected to be driven primarily by security selection within each portfolio rather than large regional bets.

The Global Real Estate Portfolio is actively managed and the portfolio is constructed utilizing a combination of both top-down and bottom-up analysis. The top-down analysis determines the regional asset allocation based on such factors as relative valuation, underlying real estate fundamentals, and macroeconomic indicators such as employment and job growth. Bottom-up security selection is value driven as management emphasizes underlying asset value, value per square foot, and property yields. Seeking the optimal regional and property type balance, Morgan Stanley also focuses on broad real estate drivers such as space demand, new supply and rental patterns. Holdings are evaluated for sale when it is determined the position is less attractive based on factors that include share price, earnings projections, and relative valuation. Typically at least 80% of the portfolio will be invested in equity securities of companies in the real estate industry. Foreign investments will generally be held in the local currency although management does have the right to hedge currency exposure if deemed appropriate.

**Assessment**

Assessment: Morgan Stanley has a successful track record of investing in global real estate securities. Their experienced portfolio management team has produced consistently positive absolute and relative performance since the inception of the strategy in 2003 through regional allocation and fundamental security selection. The Fund offers investors the diversification benefits of a global portfolio and the potential for strong returns.

**Vehicle Information:**

Vehicle Name	Minimum	Assets (\$ mil.)	Fee	Sample Operational Detail	Security Constraints:
MS Global Real Estate Instl	\$5,000,000	\$2,017.0	1.02%	MS Global Real Estate Instl	limit our position in any company to 10% of the total portfolio
MS Global Real Estate P	\$1,000	\$97.0	1.27%		<b>Sector Constraints:</b> Our allocation to any sector is limited to 50% of the portfolio
				<b>Last Audited Financial</b>	<b>Avg # of Securities:</b> ~150
				<b>Accountant/Auditor</b>	<b>Turnover:</b> 18%
				<b>Custodian</b>	<b>Assets in Composite:</b> N/A
				<b>Administrator</b>	<b>GIPS Compliant:</b> Yes
				<b>Securities Lending?</b>	

*This report is not an offer, nor does it invite anyone to make an offer, to buy or sell securities. Information obtained from third parties is believed to be reliable, however, accuracy of the data is not guaranteed. Information provided by investment managers may be confidential and should be treated as such. Content is current as of the date indicated and subject to change without notice. The assessment within is the opinion of Prime Buchholz and intended solely for our clients. Clients may, at times, invest in managers or products that are not recommended by us. Due diligence and monitoring of managers that are not Prime Buchholz recommended is less rigorous than the level applied to recommended managers. Reports provided to clients regarding managers that have not been recommended by us are for informational purposes only and do not necessarily constitute our endorsement of the manager. Returns are provided by third party sources and are net of fees unless otherwise stated. Performance may or may not reflect reinvestment of dividends and other earnings. Past performance is not an indication of future results and there is no guarantee the manager will achieve cited future investment results.*

# Portfolio Comparison

As of September 30, 2013

	ING Global Real Estate	S&P Developed Properties Index	MS Global Real Estate	FTSE EPRA/NAREIT Global Index
<b>Composition</b>				
# of Holdings	111	470	166	446
% Top 15 Holdings	37.8	26.8	47.4	25.0
% Top 25 Holdings	52.8	36.9	60.1	35.1
<b>Characteristics</b>				
Wtd Avg Mkt Cap (\$B)	15.3	12.2	17.0	11.9
Forecast P/E	26.3	21.0	22.9	18.3
Price/Book ratio	2.0	1.8	2.0	1.8
Historical EPS Growth - 5 Year	-0.9	1.0	-0.1	3.4
Forecast EPS Growth - Long-Term	7.3	6.4	7.5	8.8
Current Yield	3.2	3.6	3.1	3.4
<b>GICS Industries (%)</b>				
Construction Materials	0.0	0.3	0.0	0.3
Construction & Engineering	0.0	0.0	0.0	0.0
Homebuilding	0.0	0.0	0.0	1.0
Hotels, Resorts & Cruise Lines	0.5	0.0	1.4	0.0
Publishing	0.0	0.0	0.0	0.0
Health Care Facilities	0.0	0.0	0.1	0.0
Diversified REITs	10.0	11.4	10.4	11.4
Industrial REITs	3.5	4.4	3.5	3.8
Mortgage REITs	0.0	0.0	0.1	0.0
Office REITs	12.9	8.9	7.2	7.7
Residential REITs	7.5	7.0	8.8	6.3
Retail REITs	24.1	19.6	22.9	18.0
Specialized REITs	11.0	11.5	9.8	9.5
Diversified Real Estate Activities	18.2	19.4	22.1	17.9
Real Estate Operating Companies	6.0	11.9	10.5	12.0
Real Estate Development	3.8	5.6	3.1	11.9
Cash	2.5	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.1
<b>Market Capitalization (%)</b>				
Large (\$15.0B-Above)	43.7	34.4	52.1	34.3
Mid/Large (\$7.0-15.0B)	21.5	16.0	17.9	16.1
Mid (\$1.0-7.0B)	31.9	43.2	27.9	45.3
Small/Mid (\$0.5-1.0B)	0.2	4.7	1.1	3.3
Small (\$0.0-0.5B)	0.2	1.8	1.0	1.1
Cash	2.5	0.0	0.0	0.0

# Country/Region Allocation

As of September 30, 2013

Country/Region Allocation (%)				
	ING Global Real Estate	S&P Developed Properties Index	MS Global Real Estate	FTSE EPRA/NAREIT Global Index
Canada	1.1	4.3	2.1	3.5
United States	42.6	37.4	42.3	33.1
Pacific ex Japan	23.8	28.3	24.9	26.8
Japan	17.9	15.7	16.0	11.8
Europe ex UK	7.5	9.1	7.5	8.4
United Kingdom	4.6	4.3	6.3	4.0
Middle East	0.0	0.9	0.0	0.2
<b>Developed Markets</b>	<b>97.5</b>	<b>100.0</b>	<b>99.1</b>	<b>87.9</b>
EM Asia	0.0	0.0	0.4	7.6
EM Europe	0.0	0.0	0.0	0.4
EM Latin America	0.1	0.0	0.6	2.1
EM Mid East+Africa	0.0	0.0	0.0	1.1
<b>Emerging Markets</b>	<b>0.1</b>	<b>0.0</b>	<b>0.9</b>	<b>11.1</b>
<b>Frontier Markets</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>1.0</b>
Cash	2.5	0.0	0.0	0.0

# Historical Performance

## Return and Risk Summary

As of September 30, 2013

	<b>1 Quarter Return</b>	<b>Previous Quarter Return</b>	<b>1 Year Return</b>	<b>2 Years Return</b>	<b>3 Years Return</b>	<b>3 Years Standard Deviation</b>	<b>5 Years Return</b>	<b>5 Years Standard Deviation</b>	<b>7 Years Return</b>	<b>7 Years Standard Deviation</b>	<b>10 Years Return</b>	<b>10 Years Standard Deviation</b>
ING Global Real Estate Fd	2.2	-3.7	9.6	17.6	8.8	16.5	5.8	25.2	2.1	23.3	9.6	20.8
<b>S&amp;P Developed Property</b>	<b>2.8</b>	<b>-3.6</b>	<b>12.4</b>	<b>20.7</b>	<b>11.4</b>	<b>16.5</b>	<b>8.2</b>	<b>26.3</b>	<b>2.6</b>	<b>24.1</b>	<b>9.9</b>	<b>21.4</b>
MS Global Real Estate Fd	2.6	-2.8	11.2	20.8	8.8	17.7	7.7	27.2	2.6	25.1	NA	NA
<b>FTSE EPRA NAREIT GI Index</b>	<b>2.1</b>	<b>-4.3</b>	<b>9.9</b>	<b>19.7</b>	<b>10.1</b>	<b>17.0</b>	<b>7.2</b>	<b>26.7</b>	<b>2.2</b>	<b>24.5</b>	<b>9.9</b>	<b>21.7</b>

# Historical Performance

## Return Summary

As of September 30, 2013

	Year To Date Return	2012 Return	2011 Return	2010 Return	2009 Return	2008 Return	2007 Return	2006 Return	2005 Return	2004 Return	2003 Return
ING Global Real Estate A Fd	3.0	25.3	-5.6	14.8	33.4	-41.5	-6.9	40.4	14.1	36.2	41.3
<b>S&amp;P Developed Property</b>	<b>6.0</b>	<b>28.9</b>	<b>-5.6</b>	<b>21.5</b>	<b>37.7</b>	<b>-47.6</b>	<b>-7.3</b>	<b>40.3</b>	<b>14.8</b>	<b>36.6</b>	<b>41.1</b>
MS Global Real Estate Instl	4.0	30.2	-9.7	20.2	41.0	-45.0	-7.9	NA	NA	NA	NA
<b>FTSE EPRA NAREIT GI Index</b>	<b>3.4</b>	<b>29.8</b>	<b>-6.3</b>	<b>20.4</b>	<b>38.3</b>	<b>-47.7</b>	<b>-7.0</b>	<b>42.4</b>	<b>15.4</b>	<b>38.0</b>	<b>40.7</b>

# MPT Stats

## ING Global Real Estate

As of September 30, 2013

	3 Years	5 Years	7 Years	10 Years
Return	8.81	5.76	2.07	9.55
Standard Deviation	16.46	25.25	23.26	20.84
Downside Risk	11.04	18.59	17.32	15.04
<b>vs. S&amp;P Developed Property</b>				
Beta	0.99	0.96	0.96	0.96
Up Market Capture	91.71	93.50	96.88	98.14
Down Market Capture	99.39	100.26	98.87	99.43
Alpha	-2.20	-2.12	-0.49	-0.07
Tracking Error	1.93	2.78	3.22	3.02
Information Ratio	-1.21	-0.95	-0.23	-0.17
R-Squared	0.99	0.99	0.98	0.98
Actual Correlation	0.99	0.99	0.99	0.99
<b>vs. FTSE EPRA NAREIT GI Index</b>				
Beta	0.96	0.94	0.94	0.95
Up Market Capture	92.81	94.00	96.43	97.05
Down Market Capture	95.43	97.92	97.16	98.02
Alpha	-0.77	-1.13	-0.10	0.03
Tracking Error	2.81	3.25	3.39	3.12
Information Ratio	-0.45	-0.54	-0.12	-0.18
R-Squared	0.97	0.99	0.98	0.98
Actual Correlation	0.99	0.99	0.99	0.99
<b>vs. Citigroup 3 Month T-Bill</b>				
Sharpe Ratio	0.59	0.35	0.16	0.47
Excess Return	9.76	8.80	3.70	9.82
Excess Risk	16.46	25.27	23.29	20.85

# MPT Stats

## MS Global Real Estate

As of September 30, 2013

	3 Years	5 Years	7 Years	10 Years
Return	8.84	7.70	2.63	NA
Standard Deviation	17.71	27.20	25.09	NA
Downside Risk	11.85	19.27	18.20	NA
<b>vs. FTSE EPRA/NAREIT Global Index</b>				
Beta	1.03	1.01	1.02	NA
Up Market Capture	96.27	101.30	103.09	NA
Down Market Capture	99.68	99.82	101.62	NA
Alpha	-1.38	0.43	0.49	NA
Tracking Error	2.42	3.31	3.39	NA
Information Ratio	-0.43	0.17	0.17	NA
R-Squared	0.98	0.99	0.98	NA
Actual Correlation	0.99	0.99	0.99	NA
<b>vs. Citigroup 3 Month T-Bill</b>				
Sharpe Ratio	0.57	0.41	0.19	NA
Excess Return	10.01	11.14	4.68	NA
Excess Risk	17.71	27.22	25.13	NA

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Peer group performance comparisons for funds or products will vary by third-party ranking entity based upon each entity's definitions of its category classifications and the sample size and/or composition of the data included by each ranking entity in its peer group comparisons. Therefore, a fund's past performance, which may be deemed strong relative to its peers by one ranking entity, may be considered weak relative to its peers by a different ranking entity. Also, since terminated poor performing funds or accounts are excluded from current peer groups, the peer group comparison results of surviving funds or products may be overstated. In addition, recent over- or underperformance of a fund may have a significant impact on a fund's long-term ranking versus its peer group.

In addition to the examination of raw data such as returns, portfolio characteristics, and other fund attributes, clients should consider other important criteria in the manager selection process. These may include, but not necessarily be limited to, stability and consistency of investment process, appropriateness of manager's investment philosophy, portfolio investment guidelines, risk management policies and procedures, depth and breadth of investment team, client references, personnel turnover, history, growth of business, and firm ownership and structure.

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\*Indicates performance is gross of fees.

Universe descriptions: SA=Separate Account; CF=Commingled Fund; MF=Mutual Fund

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