

Town of Palm Beach Health Insurance Trust

Investment Performance Analysis

Period Ended September 30, 2014

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Tab I

The International Monetary Fund (IMF) downgraded its outlook for global growth from 3.7% to 3.3% in October, citing increased geopolitical tensions, market volatility, and reduced growth potential in advanced and emerging economies. Data released in the third quarter indicated there was a divergence in global economic conditions in the second quarter. After weather was blamed for a 2.1% contraction in real GDP in the first quarter, the U.S. economy expanded at an annualized rate of 4.6% in the second quarter. Real GDP was flat across the euro area, where Germany, France, and Italy experienced modest declines in economic activity. While China and India grew rapidly—advancing 8.2% and 3.1% on an annualized basis, respectively—Brazil's economy contracted by 2.4%. Japan contracted 7.1% following an increase in the country's sales tax in April.

Central bank policies in large developed countries remained largely accommodative through the third quarter. The Fed continued to taper its purchases but has yet to provide precise guidance on the timing of a rate hike. Despite mixed economic data, the Bank of Japan (BoJ) has not become more accommodative as markets have hoped. However, the BoJ was an active purchaser of a variety of financial instruments during the quarter. The European Central Bank (ECB) continued its unconventional policy by lowering the main refinancing and deposit facility rates by 10 bps each, to 0.05% and -0.20%, respectively. Though two new bond-buying programs were announced by the ECB, its efforts continue to be targeted and fall short of a full quantitative easing program.

Consumer prices across the Organisation for Economic Co-operation and Development (OECD) countries were 1.8% higher over the trailing 12-month period ended August 31st, building support for additional economic growth measures. Data compiled by the U.S. Bureau of Labor Statistics showed that despite a 0.2% decline in August, prices rose 1.7% over the trailing 12-month period, with food and energy prices increasing 2.7% and 0.4% over the past year. Prices excluding food and energy were also up 1.7% over the past year with no change in August.

Unemployment stood at 7.3% across OECD countries at the end of August. In the U.S., the unemployment rate was 5.9% in September, a drop of 1.3% year-over-year. Long-term unemployment continues to drop, with 31.9% of the 9.3 million unemployed Americans out of work for 27 weeks or more. August unemployment trends were generally stable to positive with Italy (12.3%), Australia (6.1%), Mexico (4.9%), and Japan (3.5%) posting the largest improvements. The euro area was stable at 11.5%, with youth (ages 15–24) experiencing the highest jobless rate at 23%. By comparison, youth unemployment in the U.S. was 13% at the end of August.

U.S. housing prices increased for the 12th consecutive quarter. According to the Federal Housing Finance Agency's seasonally adjusted Purchase-Only House Price Index, housing prices advanced 0.8% in the second quarter and were 5.3% higher for the trailing year ended June 30, 2014. Based on price-to-income and price-to-rent measures, the OECD stated housing prices in the U.S. and select European countries appear to be correctly valued despite aggregate prices in the first quarter being in line with the long-term average. Housing prices appear undervalued in Germany, Portugal, Greece, Japan, and Korea and overvalued in the Netherlands, Belgium, the U.K., Canada, Australia, and New Zealand.

Concerns over economic growth were reflected in lower commodity prices in the third quarter. The price of West Texas Intermediate (WTI) crude closed September at \$91.16/bbl, a 13.5% fall that reversed the modest price appreciation of the first half of the year. The price of Brent crude declined 14.9% to \$94.67 but maintained its premium over WTI crude, which is more levered to domestic supply and demand conditions.

Gold nearly reversed its 10.1% gain in the first six months of the year, contracting 9.0% to \$1,208.16 per ounce during the third quarter. Year-to-date, the price of gold is just 20 bps higher than year-end.

Historical Returns

Third Quarter 2014

Equity Index Returns	Qtr	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr
S&P 500	1.1	19.7	19.5	23.0	15.7	8.1
CRSP US Total Market	0.0	17.8	19.7	23.0	15.9	8.7
Russell 3000 (Broad Market)	0.0	17.8	19.6	23.1	15.8	8.4
Russell 1000 (Large Cap)	0.7	19.0	19.9	23.2	15.9	8.5
Russell Midcap	-1.7	15.8	21.7	23.8	17.2	10.3
Russell 2000 (Small Cap)	-7.4	3.9	16.3	21.3	14.3	8.2
MSCI ACWI (USD)	-2.3	11.3	14.4	16.6	10.1	7.3
MSCI ACWI (Local)	0.8	14.5	17.3	18.4	10.9	7.0
MSCI ACWI ex-U.S. (USD)	-5.3	4.8	10.4	11.8	6.0	7.1
MSCI ACWI ex-U.S. (Local)	0.8	10.8	15.8	15.1	7.6	6.7
MSCI EAFE (USD)	-5.9	4.3	13.6	13.6	6.6	6.3
MSCI EAFE (Local)	0.9	10.7	19.1	17.3	8.1	5.9
MSCI EM (USD)	-3.5	4.3	2.6	7.2	4.4	10.7
MSCI EM (Local)	0.6	8.3	2.6	10.1	6.3	10.9
S&P Developed ex-U.S. (Small Cap)	-7.5	4.9	14.7	14.5	9.2	8.8
London - FTSE 100*	-0.8	6.4	11.6	13.3	9.4	8.0
Japan - Nikkei 225*	7.3	13.6	37.2	25.2	11.8	5.8
Hong Kong - Hang Seng*	0.1	4.3	8.8	13.3	5.4	9.4
China - Shanghai Composite*	17.2	12.3	9.8	3.1	-0.8	7.6
40% R 3000/40% EAFE/20% EM	-3.0	9.6	13.8	16.1	9.9	8.2

MSCI ACWI Sector	Qtr	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr
Consumer Discretionary	-3.6	6.0	19.5	21.2	16.3	8.8
Consumer Staples	-2.1	9.2	12.0	15.7	13.9	11.7
Energy	-9.1	8.8	7.6	11.7	7.1	9.0
Financials	-1.5	9.7	17.0	19.4	6.8	3.5
Health Care	3.7	25.6	26.0	26.3	18.0	10.6
Industrials	-3.7	8.6	17.2	18.5	12.0	8.3
Information Technology	2.3	23.9	17.6	20.5	13.7	8.9
Materials	-6.8	2.5	1.7	4.8	3.4	7.9
Telecom	-0.5	9.8	10.6	12.9	10.2	9.0
Utilities	-4.6	13.8	11.2	9.5	5.3	8.2

Fixed Income Index Returns	Qtr	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr
LIBOR US 3m	0.1	0.2	0.3	0.3	0.3	2.0
Citigroup 3m T-Bill	0.0	0.0	0.1	0.1	0.1	1.5
BOA ML 1-3 Yr Treasury	0.0	0.5	0.4	0.5	1.0	2.5
Barclays 3-10 Yr Treasury	0.0	1.7	-0.1	1.2	3.7	4.5
Barclays 5-10 Yr Treasury	0.2	2.4	-0.5	1.4	4.4	5.0
Barclays Long-Term Treasury	2.7	11.6	-0.1	2.0	7.0	6.8
Barclays Credit	0.0	6.6	2.3	4.8	6.1	5.4
Barclays Gov't/Credit	0.2	4.1	1.0	2.5	4.3	4.6
Barclays Aggregate	0.2	4.0	1.1	2.4	4.1	4.6
Barclays Municipal	1.5	7.9	2.7	4.6	4.7	4.7
Barclays High Yield	-1.9	7.2	7.2	11.1	10.6	8.3
JPM Global Bond	-3.3	0.3	-2.4	-0.5	1.9	4.3
JPM Non-U.S. Bond	-5.4	-1.1	-3.7	-1.4	1.2	4.1
JPM Global Bond-Hedged	1.5	5.5	2.9	3.4	3.9	4.5
JPM Non-U.S. Bond-Hedged	2.1	7.0	4.5	4.7	4.3	4.7
JPM EMBI+	-2.1	7.8	0.7	6.9	7.5	8.3
JPM GBI-EM Global Div Bond	-5.7	-1.5	-2.6	2.2	4.4	8.8
JPM GBI-EM Global Div Bond-Hedged	-0.7	1.5	0.3	2.5	4.1	5.4

Hedge Fund Index Returns	Qtr	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr
HFRI Fund Weighted Composite	0.3	7.0	7.0	6.6	5.2	5.7
Absolute Return						
HFRI Event Driven (Total)	-1.2	7.1	9.6	8.7	7.3	6.7
HFRI Relative Value (Total)	0.3	7.6	7.4	7.9	7.6	6.6
HFRI RV: FI-Convertible Arbitrage	0.8	4.1	6.2	6.9	6.2	4.9
HFRI EH: Equity Market Neutral	0.5	4.7	4.7	4.5	2.4	2.8
Directional Hedge						
HFRI Equity Hedge (Total)	-1.2	6.8	9.0	8.4	5.5	5.3
HFRI Macro (Total)	3.0	6.0	1.3	0.6	1.5	4.6
HFRI Emerging Markets (Total)	-1.7	4.4	5.7	5.0	3.3	7.3
HFRI EH: Short Bias	0.4	-7.0	-12.9	-14.2	-12.2	-6.0
Fund of Funds						
HFRI FOF Strategic	0.1	6.5	7.2	6.1	3.7	3.9
HFRI FOF Diversified	0.5	6.6	6.5	5.2	3.6	0.8
HFRI FOF Conservative	0.6	6.0	6.3	5.0	3.5	2.8

Illiquid Partnerships	Qtr	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr
Private Real Assets (as of 6/30/2014)						
NCREIF Property Index	2.9	11.2	11.0	11.3	9.7	8.6
Apartment	2.4	9.9	10.3	11.3	10.8	8.3
Industrial	3.3	12.6	11.7	11.9	9.1	8.2
Office	2.9	10.3	9.9	10.1	8.6	8.3
Retail	3.2	13.5	13.1	13.2	10.8	10.0
NCREIF Timber Index	1.1	9.9	9.6	6.7	3.3	8.4

Private Equity (as of 3/31/2014)	Qtr	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr
VC: Early Stage	5.3	31.5	17.6	15.7	14.6	9.2
VC: Late/Expansion Stage	3.5	32.6	16.1	14.4	18.6	12.3
VC: Multi - Stage	5.3	28.3	15.5	13.4	12.2	10.2
Growth Equity	3.6	21.2	13.9	11.9	16.8	13.2
Buyout: Small Cap	1.8	12.3	10.5	11.6	16.8	19.6
Buyout: Mid Cap	1.9	15.3	11.9	10.2	14.3	17.1
Buyout: Large Cap	3.2	18.8	14.0	11.9	16.7	15.5
Buyout: Mega Cap	3.4	22.2	17.8	13.9	18.8	12.3

Real Assets and Inflation	Qtr	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr
REITs						
FTSE EPRA/NAREIT Dev'd	-3.8	6.0	7.9	14.9	10.3	-
Commodities						
Bloomberg Commodity	-11.8	-6.6	-18.6	-5.3	-1.4	-1.0
S&P GSCI	-12.5	-7.8	-6.0	-0.1	1.3	-2.8
Natural Resources						
S&P NA Natural Resources	-10.0	10.3	8.7	12.5	8.8	9.8
Inflation-Protected Bonds						
Barclays U.S. TIPS	-2.0	1.6	-2.3	1.3	4.5	4.6
Inflation						
U.S. CPI	-0.3	1.5	1.3	1.6	1.9	2.3
U.S. CPI Plus 5%	0.9	6.6	6.4	6.6	7.0	7.4

*Returns in local currency.

Key Metrics

Third Quarter 2014

Option-Adjusted Spreads		
	Current QTR	1 Year Ago
U.S. High Yield	424	461
U.S. Corporate	112	141
U.S. IG Financials	107	139
CDX IG 5-Yr	64	82
CDX HY 5-Yr	356	399
Agency MBS	30	43
CMBS	99	141
ABS - Fixed Rate	56	64
ABS - Floating Rate	85	98
TED ¹	22	24
Emerging Markets (External)	288	330

¹ 3 month US LIBOR minus 3 Month US T Bills

U.S. Economy		
	Current QTR	1 Year Ago
Unemployment Rate	5.90%	7.30%
Quarterly GDP ²	4.60%	2.50%
Current Account Deficit ²	\$98.50	\$98.89
Annualized Current Account Deficit/GDP ²	2.30%	2.37%

² 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 Policy Rate	0.05%	0.50%
European Central Bank Deposit Facility Rate	-0.20%	N/A
Bank of England Official Bank Rate	0.50%	0.50%

Inflation Forecast		
	Current QTR	1 Year Ago
10-Year Treasury Yield	2.50%	2.61%
10-Year Breakeven ⁴	1.97%	2.19%
5-Year Treasury Yield	1.76%	1.38%
5-Year Breakeven ⁴	1.64%	1.80%

⁴ 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	17.7x	16.5x	2.0%	15.8x	15.2x	2.1%
Russell 1000 Index	18.x	16.8x	1.9%	15.5x	14.x	1.8%
Russell Midcap Index	20.4x	18.9x	1.6%	18.7x	17.6x	1.8%
Russell 2000 Index	19.1x	18.2x	1.4%	18.9x	19.1x	1.6%
Russell 3000 Index	18.1x	16.9x	1.8%	16.4x	15.8x	2.0%
Russell 3000 Growth Index	21.6x	19.1x	1.4%	19.5x	18.4x	1.6%
Russell 3000 Value Index	15.6x	15.1x	2.3%	14.x	13.7x	2.4%
MSCI ACWI Index	15.8x	15.2x	2.6%	14.8x	14.2x	2.6%
MSCI ACWI ex-U.S. Index	14.2x	14.x	3.2%	13.7x	13.3x	3.1%
MSCI EAFE Index	15.x	14.8x	3.4%	14.8x	14.1x	3.2%
MSCI EM Index	11.64x	11.5x	2.8%	10.9x	11.x	2.7%
MSCI Frontier Markets Index	11.7x	11.2x	3.7%	12.x	11.5x	4.0%
London - FTSE 100*	15.1x	13.7x	4.8%	12.9x	12.9x	3.8%
Japan - Nikkei 225*	19.6x	17.7x	1.5%	18.9x	18.1x	1.5%
Hong Kong - Hang Seng*	10.x	10.5x	3.9%	10.3x	11.x	3.4%
China - Shanghai Composite*	10.5x	9.3x	2.9%	9.9x	9.2x	2.9%

³ 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-Yr Note	5-Yr Note	10-Yr Note	30-Yr Note	10-Yr - 2-Yr
1 Year Ago	0.01%	0.03%	0.32%	1.38%	2.61%	3.69%	2.29%
Current Quarter	0.02%	0.03%	0.57%	1.76%	2.50%	3.30%	1.93%

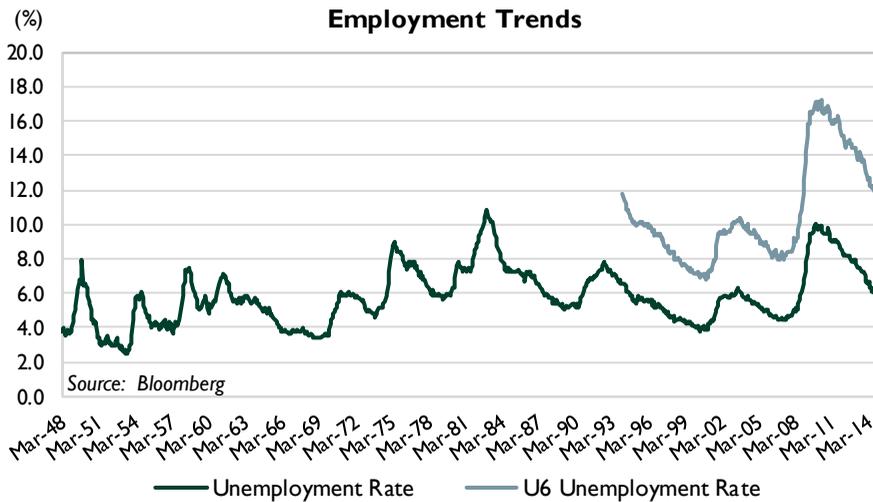
Currency Rates (per U.S. Dollar) (%)								
	MTD	QTD	YTD	1 Year	2 Year*	3 Year*	5 Year*	Current Spot Rate
U.S. Dollar Spot (DXY)**	3.9%	7.7%	7.4%	7.1%	3.7%	9.4%	12.1%	85.936
Canadian Dollar	-2.8%	-4.7%	-5.1%	-7.9%	-6.3%	-6.2%	-4.5%	1.120
Japanese Yen	-5.1%	-7.6%	-4.0%	-10.4%	-15.7%	-29.8%	-18.2%	109.647
British Pound	-2.3%	-5.2%	-2.1%	0.2%	0.1%	4.0%	1.4%	0.617
Euro	-3.8%	-7.8%	-8.1%	-6.6%	-0.9%	-5.6%	-13.7%	0.792
Swiss Franc	-3.9%	-7.1%	-6.5%	-5.3%	-0.8%	-4.9%	8.5%	0.955
Australian Dollar	-6.3%	-7.3%	-1.9%	-6.1%	-8.2%	-9.5%	-0.9%	1.143
Brazilian Real	-8.5%	-9.5%	-3.4%	-9.3%	-9.0%	-8.4%	-6.3%	2.447
China Yuan/Renminbi	0.1%	1.1%	-1.4%	-0.3%	1.2%	1.3%	2.1%	6.139
GBP/Euro	1.6%	2.7%	6.6%	7.3%	1.0%	10.3%	17.6%	0.779
Yen/Euro	-1.3%	0.2%	4.5%	-4.1%	-14.9%	-25.5%	-5.2%	138.492

*Annualized Price Change

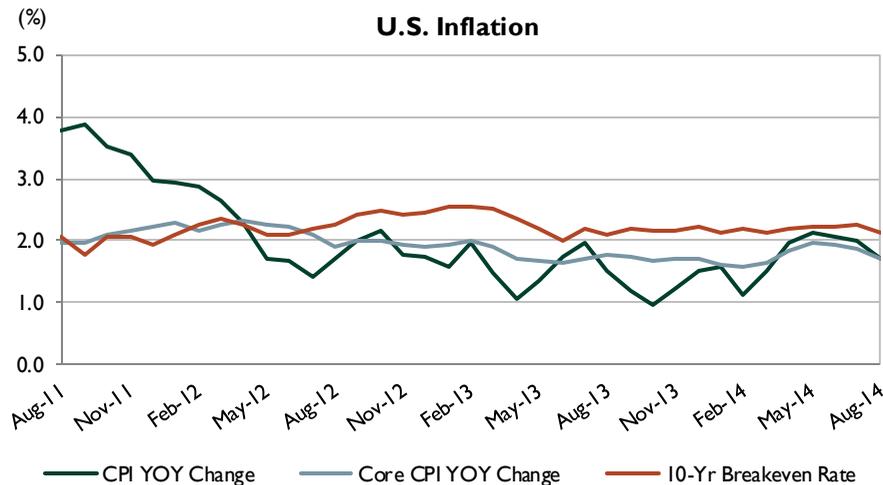
**Index measures value of USD relative to basket of foreign currencies.

Macroeconomic Trends

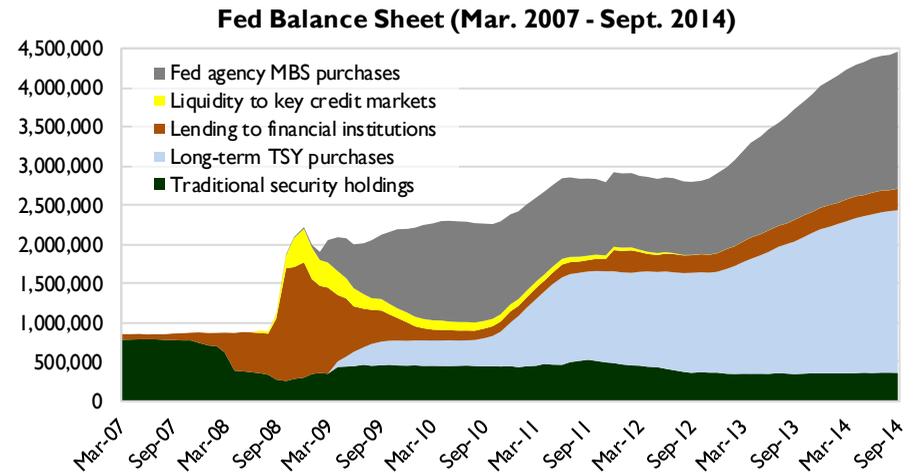
Third Quarter 2014



Both the headline unemployment and the U-6 (the broadest measure of labor underutilization) have moderated from the sharp spikes during the financial crisis. Declines are attributable to both job creation, albeit lower quality jobs, and falling labor participation rate, as some workers have given up on finding high-paying jobs.



The CPI climbed 1.7% year-over-year in August and Core CPI (excluding food and energy) rose by only 1.7%. Both measures continue to be well below historical averages, contained by excess capacity and resource slack in the economy. Ten-year breakeven rates fell toward the end of the quarter due to concern about the potential expansion of the Fed balance sheet.



Despite the reduction in monthly bond purchases from a run-rate of \$85 billion per month to \$15 billion at quarter-end, the Fed's balance sheet continues to expand. However, the rate of expansion has been slower than in the past, showing that tapering is not equivalent to tightening and that the Fed's monetary policy stance continues to be accommodative.



U.S. real GDP increased at an annual rate of 4.6% in the second quarter, reversing the sharp decline during the first quarter. Despite the strong growth, which was accompanied by two positive revisions from the advance estimate, the Bloomberg survey indicated no changes for the remainder of the year as economists believe domestic economic growth will remain modest.

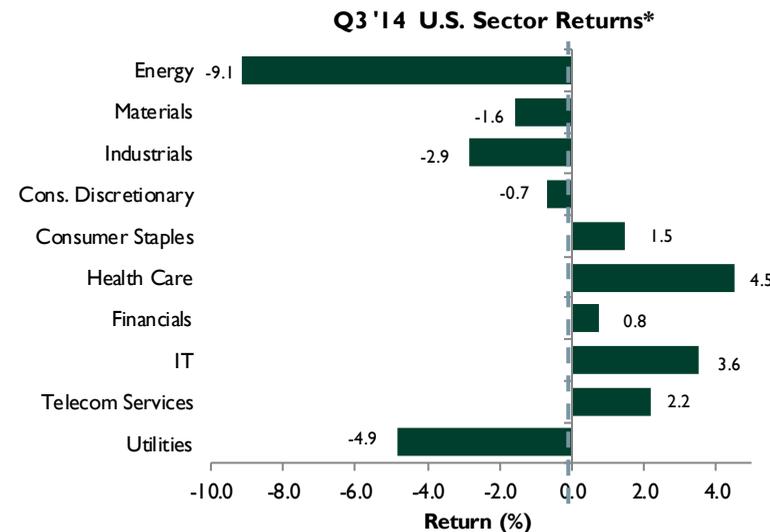
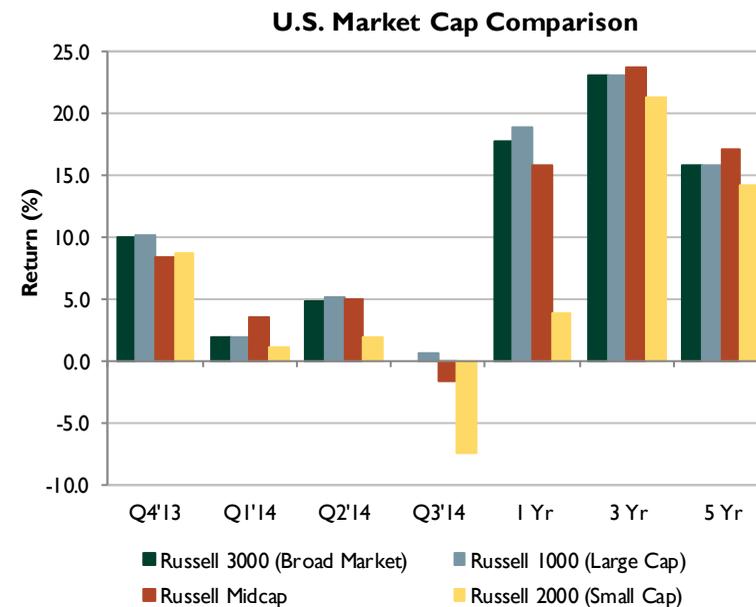
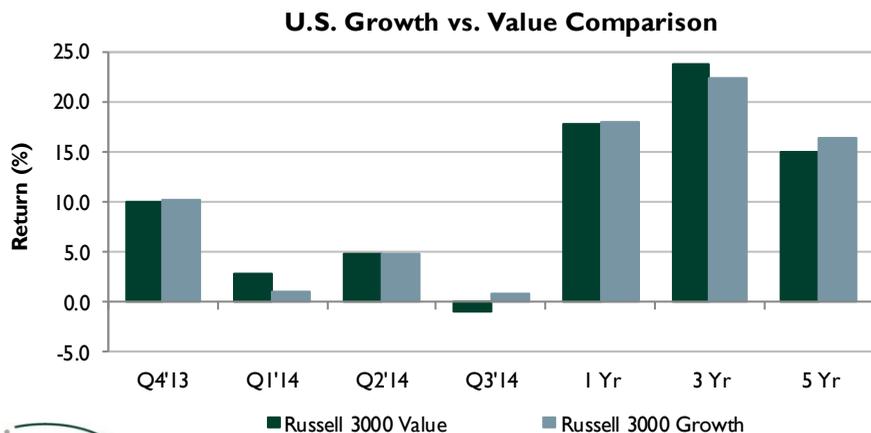
U.S. Equity

The Russell 3000 Index, a broad proxy for domestic equities, was flat in the third quarter as return spreads across the small and large cap segments of the market widened. Volatility returned in the quarter, with the VIX Index—a measure of implied volatility—increasing 40% to 16.3.

In a reversal from the previous quarter, energy (-9.1%) and utilities (-4.9%) were the weakest sectors while the health care (+4.5%) and IT (+3.6%) sectors outperformed. Energy stocks, which traded down in sympathy with oil prices, have underperformed year-to-date. Despite the sell-off during the quarter, utilities remained one of the top-performing sectors year-to-date as it benefited from the low interest rate environment. Health care and technology also figured among the sectors outperforming the broad index year-to-date.

Large and mid cap stocks meaningfully outperformed small cap stocks. The Russell 1000 Index was up 0.7% while the Russell 2000 Index slid 7.4%. Year-to-date through September, large cap equities outperformed small cap equities by more than 1,200 bps. Following a 1.7% decline for the quarter, the Russell Midcap Index's 6.9% year-to-date return trailed the 8.0% gain of the Russell 1000 Index and was well ahead of the 4.4% loss for the Russell 2000 Index. Mid caps were the best performing size segment for the most recent three- and five-year periods.

Growth outperformed value during the quarter closing the gap between the investment styles year-to-date.



*Dotted line indicates total Russell 3000 Index return

International Equity

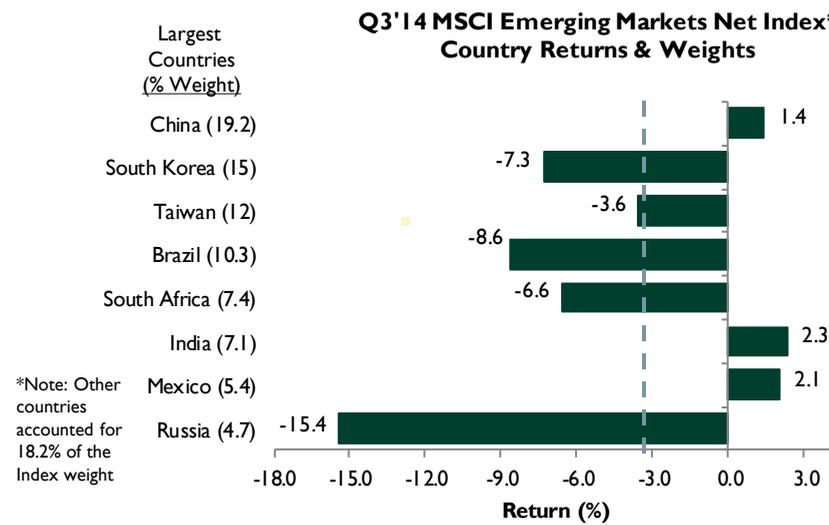
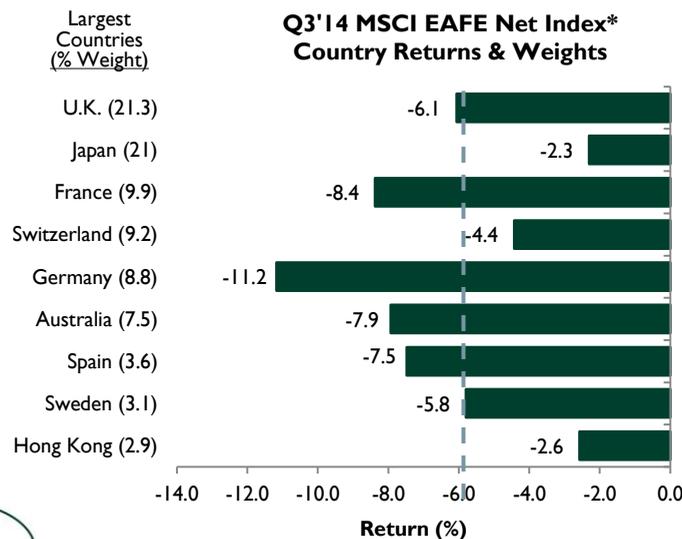
Third Quarter 2014

The MSCI EAFE Index posted a modest gain of 0.9% in local terms; however, currency movements significantly impacted U.S. investors and the Index declined 5.9% in USD terms. The USD rallied against other major developed markets currencies due primarily to strong economic data in the U.S. and varying monetary policy across foreign markets.

- Core euro area countries such as Germany (-11.2% USD, -3.7% local) and France (-8.4% USD, -0.7% local) faced concerns over slowing economic growth. In response to weak growth and low inflation, the ECB reduced interest rates and announced fresh stimulus. Easing measures provided initial relief to European markets, but also weighed on the strength of the euro.
- Japan's (-2.3% USD, +5.8% local) local markets were helped by the BoJ's commitment to monetary easing and strong earnings from many of its large export-oriented companies. While the falling yen has hindered U.S.-based investors, it has proved to be a competitive advantage for many of these global companies.
- From a sector perspective, health care was the only area to post a gain within the broad benchmark. Energy and materials saw the most significant declines, driven by falling commodity prices.

Emerging markets cooled at the end of the quarter after a strong start to the year, as the MSCI Emerging Markets Index fell 3.5% in USD. Like their developed counterparts, currency movements served as a notable headwind as the Index rose 0.6% in local terms. A sharp drop in oil prices weighed on the large commodity exporters, but also provided relief for countries that are net importers of oil, particularly those in Asia.

- Within Asia, India (+2.3% USD, +5.1% local) and Indonesia (+3.4% USD, +6.3% local) continued to perform well on momentum from recent elections. China (+1.4% USD, +1.6% local) also gained. Although economic data was mixed, markets responded favorably to stimulus measures taken by China's central bank.
- Geopolitical tensions continued to hinder returns in emerging Europe. Russia (-15.4% USD, -4.7% local) faltered as the ruble fell to an all-time low relative to the USD and additional sanctions targeted at Russia's energy and financials sectors were announced by the U.S. and Europe.
- Brazil (-8.6% USD, +1.6% local) rose in local currency as investors embraced the possibility of a change in leadership after October's presidential election. The depreciation of the real, which dropped to its lowest level relative to the USD in almost six years, erased these gains for U.S. investors.



U.S. Fixed Income

Third Quarter 2014

The very front-end of the U.S. Treasury yield curve remained relatively stable due to Fed policy, while intermediate-term yields drifted higher and long-term yields declined further. The 10-year yield declined 1 bps to 2.52%, while the yield on the 2-year note increased 11 bps. The curve continued to flatten as the spread between the 2- and 10-year yield moved from 2.07% at the end of the second quarter to 1.94%. Year-to-date, the 10-year yield has declined nearly 50 bps and the Treasury market has returned 2.7%.

The Federal Open Market Committee (FOMC) continued its current pace of tapering. The FOMC announced two additional \$10 billion reductions to its bond-buying program. The Fed is scheduled to purchase an additional \$15 billion of securities in October. In recent meetings, the Fed has indicated that quantitative easing will end in October. The FOMC has stated that the current target range for the federal funds rate will remain in place for a considerable time after the end of its bond-buying program.

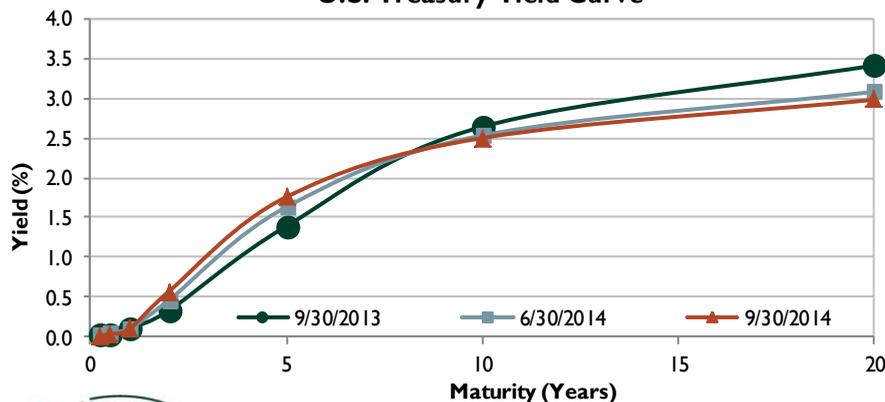
The Barclays Aggregate Index returned 0.2%, as modest gains within Treasury (+0.3%), government-related (+0.2%), and securitized (+0.2%) sectors offset a slight decline in the corporate sector (-0.1%). From a maturity perspective, longer-term securities generally outperformed as the curve flattened. In a reversal from the most recent quarter, lower quality securities underperformed as BBB-rated securities posted a 0.2% loss while AAA-rated securities reported a 0.3% gain.

The U.S. corporate sector (-0.1%) posted a slight loss as spreads widened. Investment-grade corporate option-adjusted spreads (OAS) widened 13 bps to end at 112 bps. Higher quality bonds fared better than lower quality, with securities A-rated and below reporting negative returns while those rated AA and above were positive. Issuance remained strong during the quarter, bringing year-to-date investment-grade issuance totals to \$851.2 billion.

Securitized securities (+0.2%) generated positive performance driven primarily by gains from agency mortgage-backed securities (MBS). Despite ongoing Fed tapering, U.S. MBS pass-throughs returned 0.2%. Asset-backed securities (ABS) were flat as gains from auto ABS offset slight losses from credit card ABS. Commercial MBS declined 0.2% as an uptick in new-issue supply weighed on performance.

High yield bonds (-1.9%) and floating rate loans (-0.5%) declined. Among bond sectors, utilities (-1.0%) and financials (-1.4%) outperformed industrials (-2.0%). Within industrials, key detractors were basic industry (-2.8%), energy (-2.5%), and consumer cyclicals (-2.2%). Among loans, utilities (-2.9%) underperformed industrials (-0.4%) and financials (-0.3%). Higher quality BB-rated bonds (-1.3%) outperformed both B-rated (-1.9%) and CCC-rated (-2.7%) debt while B-rated loans (-0.3%) and BB-rated loans (-0.4%) outperformed lower quality CCC-rated loans (-0.9%) and distressed (-7.8%).

U.S. Treasury Yield Curve



OAS Comparison – Corporate vs. High Yield



Currencies & Global Bonds

Third Quarter 2014

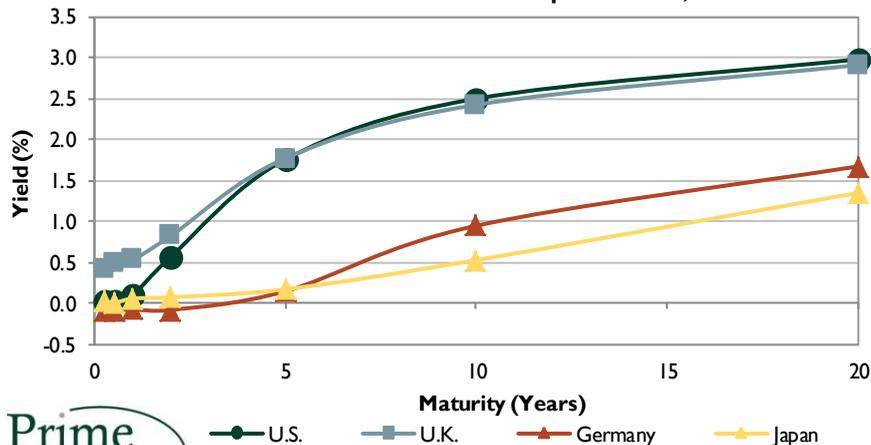
The ECB lowered its key rate and deposit facility to rate by 10 bps each, to 0.05% and -0.2%, respectively. Also, two new targeted bond purchase programs were announced, but fell short of full quantitative easing. The Fed continued to reduce its monthly bond purchases and is expected to finish its buying in October. The timing of rate hikes is uncertain and remains dependent on incoming data. The Bank of England (BoE) and BoJ held policy steady, but markets project that the BoE could be the first of the big three banks to raise rates. Elsewhere, policy divergence continues as countries such as South Africa, Russia, the Philippines, and Columbia are tightening policy while Chile, Peru, Turkey, South Korea, and Sweden reduced rates further.

The Dollar Spot Index rallied 3.9% during the quarter. All six currencies that comprise the Index declined relative to the USD, but there were notable weaknesses in the euro (-3.8%) and Japanese yen (-5.1%). The British pound (-2.3%) and Canadian dollar (-2.9%) were weak as well, but were the best performers relative to other Index constituents. Other notable developed market currency declines occurred in New Zealand (-6.6%), Australia (-6.3%), and Norway (-3.6%). EM currencies weakened against the greenback with significant declines in the Brazilian real (-8.6%), Russian ruble (-6.3%), the South African rand (-5.5%), and the Turkish lira (-5.1%). The only EM currencies to gain against the USD were the Chinese renminbi (+0.1%) and the Ukraine hryvnia (+1.9%).

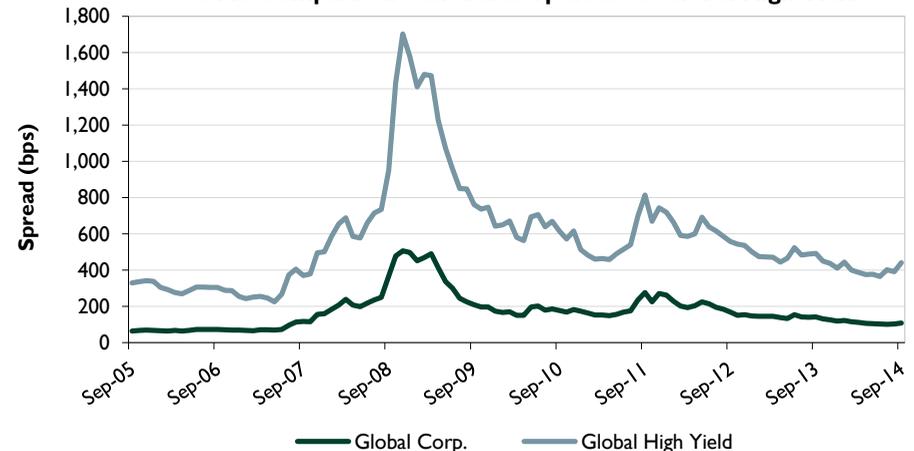
Currency significantly impacted global bond returns for U.S. investors, with the Barclays Global Treasury ex-U.S. Index declining 5.3% in unhedged USD terms but rising 1.9% when the strength of the USD is removed. Of the 36 countries in the Index, only Russia (-3.9%), Turkey (-3.9%), and Mexico (-1.4%) declined in local currency terms. However, when weakness in their currencies were considered, these markets fell 4.2%, 15.5%, and 9.0%, respectively. Japan, the largest single country in the Index, fell 7.1% in unhedged terms as a result of a sharp devaluation in the yen. Similarly, large European markets such as Germany (-5.6%), France (-5.2%), Italy (-4.9%), and Spain (-4.4%) all negatively impacted performance more so due to a weak euro than weak local market returns. Lastly, the U.K. fell 1.5% in unhedged terms but gained 3.8% in British sterling terms.

The Barclays EM Local Currency GBI returned -4.4% unhedged and 0.4% hedged. Of the 22 countries in the Index, seven declined in local terms while in unhedged terms there were only two positive contributors, Nigeria and Thailand. While all regions declined in unhedged terms, on a relative basis EM Asia (-1.2%) was an outperformer due to gains in Thailand (+2.4%) and relative outperformance in South Korea (-1.8%). EM EMEA (-7.0%) was a key detractor as a result of weakness in Russia (-15.5%), Poland (-5.6%), Turkey (-9.0%), and Romania (-7.6%). EM Americas (-6.7%) declined due to weakness in Brazil (-8.7%), Mexico (-4.2%), and Colombia (-6.0%).

Global Yield Curves as of September 30, 2014



OAS Comparison – Global Corporate vs. Global High Yield



Flexible Capital

Performance for many long/short equity hedge funds seesawed during the third quarter, struggling in July then gaining in August and falling again in September. Many funds have suffered from underperformance on the long side while experiencing losses on the short side. Although they were positive for the quarter, long holdings in names such as eBay, Baidu, and Amgen did not make enough of an impact on portfolios. Some managers with exposure to the energy and materials sectors were hurt by a sell-off while others experienced catalyst-driven losses caused by company-specific events. Solar energy and semiconductor company Sun Edison is one example as it ended the third quarter down 16.5%. The company was plagued by intra-quarter swings as the stock fell 19.7% from its mid-July peak to a new low at the beginning of August. It then rose 17.0% through August, only to have those gains erased and fall further in September. For long/short managers that take a fundamental view on the company and have long-term time horizons, these sharp swings in the market are particularly challenging when the long-term thesis and company fundamentals remain intact.

Merger-related investments have garnered increased attention from both long/short and event-driven managers. However, performance was mixed during the quarter. Tax inversion deals such as AbbVie-Shire and Medtronic-Covidien faced headwinds as the U.S. government has attempted to prevent combined companies from redomiciling outside of the country. Many managers still view the deals as likely to occur, causing many to add to their positions as spreads widened. However, AbbVie announced in mid-October that it was reconsidering the Shire purchase, leading to a sharp sell-off in Shire.

Goldman Sachs Hedge Fund VIP Basket*

Top 5 Q3 2014 Performers		Bottom 5 Q3 2014 Performers	
Company	Q3	Company	Q3
Gilead Sciences Inc	28.4%	Walgreen Co	-19.6%
HCA Holdings Inc	25.1%	American Airlines Group Inc	-17.2%
Facebook Inc	17.5%	SunEdison Inc	-16.5%
Baidu Inc	16.8%	CBS Corp	-13.7%
eBay Inc	13.1%	General Motors Co	-11.2%
S&P 500 Index	1.1%	S&P 500 Index	1.1%

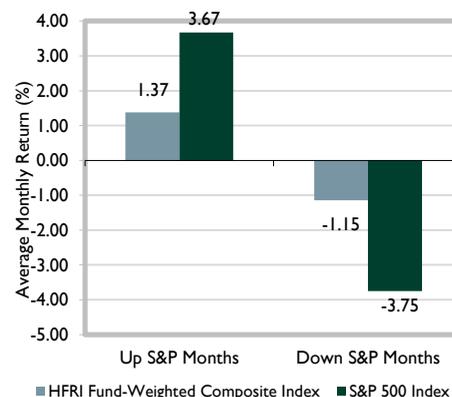
* 50 companies that "matter most" to hedge funds; positions that appear most frequently as top ten holdings of hedge funds with 10–200 total holdings. Performance based on price change.

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

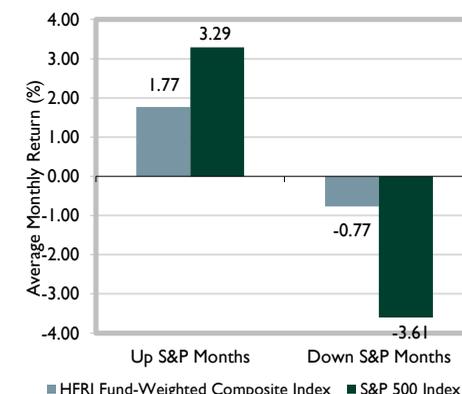
Credit and event-driven managers were generally flat to negative on the quarter. More conservative and diversified multi-strategy managers tended to outperform as large distressed positions held up and merger-arbitrage investments were flat. However, managers with more equity and risky asset exposure largely struggled as market volatility picked up late in the quarter. On the positive side, structured credit was an area of strength due to improvement in collateral and ongoing demand for higher yielding securities. Distressed credit was more mixed as Lehman Brothers-related claims had both positive and negative events. Argentina and Puerto Rico debt traded up as both nations appeared close to resolutions with creditors. However, this was weighed against losses in TXU, where the hope for a quick re-emergence from bankruptcy were dashed, leading to a retrenchment from the gains achieved in the second quarter.

Also of note was a September 30th court ruling that caused a significant sell-off in preferred and common equity of Fannie Mae and Freddie Mac. The decision has been appealed, but many managers have cut exposure to this popular trade, which led to a broader de-risking of credit and event portfolios in early October. Event-driven equities with less defined catalysts were hit the hardest during the sell-off in the first two weeks of the fourth quarter, with many managers selling winners such as Cheniere Energy, Micron Technology, and Williams Companies in order to preserve gains on the year.

Up/Down Market Performance
1/1/2009 - 9/30/2014



Up/Down Market Performance
1/1/1990 - 9/30/2014



Private Equity (as of June 30, 2014)

Second Quarter 2014

North American private equity raised \$69 billion from 107 funds during the second quarter of 2014, representing 57% of funds closed and 54% of total capital raised globally. While the number of funds closed was relatively unchanged from the previous quarter, the amount of capital increased. Globally, 53% of the 197 funds that closed during the second quarter finished above target, 24% met target, and 23% did not meet the target. Aggregate private equity-backed buyout deal volume in North America totaled \$40 billion. This accounted for 50% of the aggregate private equity buyout deal volume globally and represented a nearly 19% decrease from the first quarter.

Within the U.S., middle market acquisition multiples, as measured by enterprise value to EBITDA ratios, were stagnant and ended the quarter at 9.7x. Historically, the top end of the middle market has produced especially high multiples and recently comprised a median multiple above the overall market. Meanwhile, smaller deals generally produced a median multiple under the overall market.

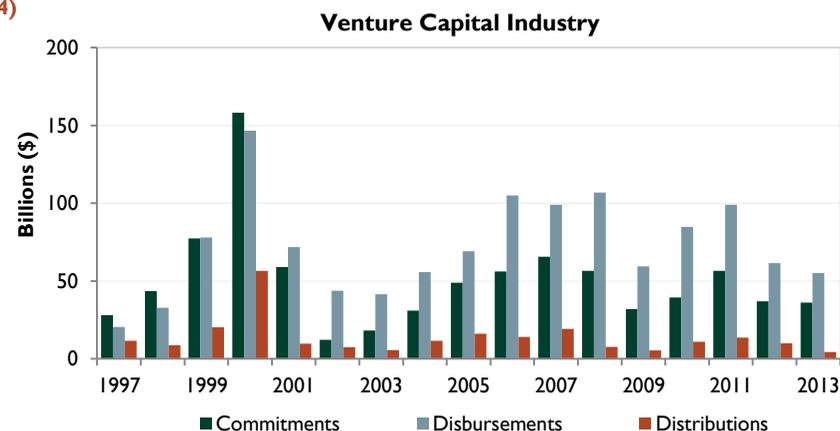
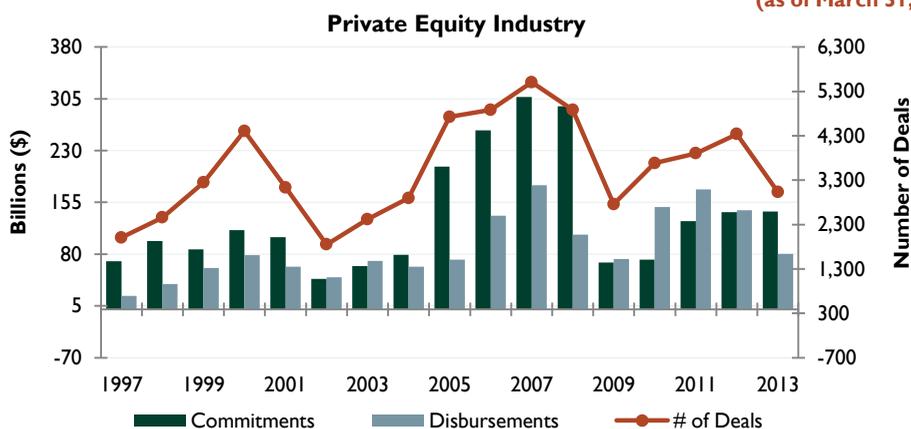
Private equity funds continued to target high-growth sectors. Computers and electronics represented 23% of acquisitions during the first half, while professional services represented 17% and health care represented 8%.

During the second quarter, 81 U.S. venture capital funds raised \$7.7 billion—a 24% decrease in dollar commitments from the previous quarter. Meanwhile, 59 follow-on funds and 22 new funds received commitments, with 92% of new capital committed going to follow-on funds. The level of fund commitments was the most robust quarter for venture capital fundraising since the fourth quarter of 2007, when 83 funds were raised.

There were 28 venture-backed initial public offerings during the quarter, valued at \$4.9 billion. This represented a 24% increase in the number of deals from the first quarter and a 45% increase in the dollar amount.

Capital raised in Europe's private equity industry bounced back compared to the first quarter, an encouraging sign of investor sentiment toward the European region. European private equity funds raised a total amount of \$39 billion, a nearly 34% increase compared to the \$29 billion raised in the previous quarter. A total of 126 buyout transactions were completed during the quarter. Fundraising in Asia totaled \$17 billion, with approximately \$3.7 billion raised by Chinese venture capital funds. This was more than double the prior quarter.

(as of March 31, 2014)



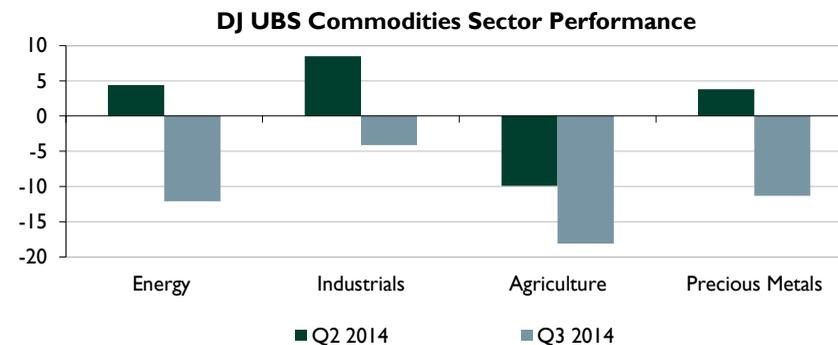
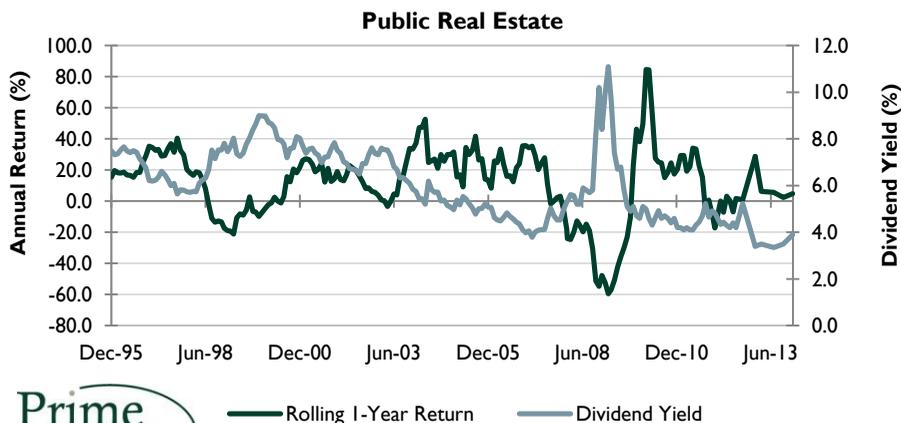
Inflation Hedging

Marketable global real estate securities declined -4.4% during the third quarter as measured by the FTSE EPRA/NAREIT Developed Index. Securities in all three geographic regions declined, with Europe, Asia, and the U.S. falling 7.2%, 4.9%, and 3.2%, respectively. Japan (-8.8%) led Asia lower as the yen declined sharply against the dollar and investors awaited further progress on Prime Minister Abe's "third arrow" of structural reform. Meanwhile, Continental Europe (-9.5%) led the European Index lower as the euro declined against the dollar and economic data painted a mixed recovery story for the region. REITs declined 6.0% to 6.5% across regions in September. The sell-off came as the market expected shorter- and longer-term interest rates to rise due to the Fed's reduction in bond purchases and the potential for the Fed to hike policy rates sooner than expected.

The Bloomberg Commodity Index declined sharply (-11.8%), erasing its 7.1% return through the first half of the year. The four largest commodity sub-sectors (energy, agriculture, industrial metals, and precious metals) declined during the period. The agriculture sub-sector (-18.5%) led the drop-off as expectations for bumper wheat, corn, and soybean crops—both domestically and globally—pushed prices lower. The energy sub-sector, which accounts for the largest weighting in the Index, fell as crude oil prices declined sharply (WTI -13.5%, Brent -14.9%). After reaching their highs for the year on July 23rd, WTI and Brent were subsequently down 23.9% and 21.5%, respectively, due to acute geopolitical risks, lower supply expectations, and a better demand outlook. Precious metals (-11.3%) declined primarily on the stronger dollar (up 7.7% through September 30th) and an improving domestic economy.

The NCREIF Property Index returned 2.6%—the 19th consecutive quarter of positive returns dating back to the first quarter of 2010. All five property types posted positive returns, led by hotels (+2.9%), industrial (+2.9%), and office (+2.8%). The consistent positive returns continue to be driven by sustained investor appetite for core domestic real estate, low cost debt financing, an improving economy, and stronger underlying fundamentals. Overall, demand and leasing rates are strengthening but at varying clips depending on sector and market. Supply has remained at historically low levels for most sectors, with the exception of multi-family and hotels in certain markets. As investor demand and stronger fundamentals for core assets in primary markets have driven values well beyond their pre-crisis peak, domestic and international capital has increasingly turned to well-located core/stabilized assets in attractive secondary markets. In addition to their lower valuations, some secondary markets are attractive due to their diverse demand drivers and appeal to millennials, baby boomers, and other cohorts seeking livability, walkability, and proximity to amenities.

U.S. TIPS fell 2.0% and all maturity tenors delivered negative returns. The real yield curve experienced a bearish flattening whereby short-term real yields rose by a greater amount than those farther out of the curve. In addition, inflation expectations for the next 5 years fell by more than the 10-year number. As a result, TIPS in the 5–10 year part of the curve declined 2.4% and were the worst performing segment of the TIPS market. TIPS maturing over the next 1-5 years declined 1.5% while those maturing 10 years or later dropped 2.3%. Inflation expectations fell below 2.00% with the 5-year breakeven inflation rate moderating 41 bps to 1.71% and the 10-year number declined 31 bps to 1.97%. As a result of higher real yields and falling breakeven inflation levels, U.S. TIPS underperformed nominal Treasuries across the entire maturity spectrum.



Tab II

Total Fund Highlights

- The Town of Palm Beach Health Insurance Trust portfolio declined 2.3% during the third quarter. Overall the global equity segment (-2.0%) positively contributed to absolute performance, with the domestic equity segment (-1.0%) underperforming its benchmark Russell 3000 Index (0.0%) by 100 bps. The international equity segment (-3.7%) contributed positively towards relative performance, outpacing its benchmark MSCI AC World ex USA Index (-5.3%) by 160 bps. The total flexible capital segment (-1.0%) contributed positively towards absolute performance, but trailed its benchmark HFRI FOF Composite Index (+0.3%). The total fixed income segment (-0.3%) contributed positively to absolute performance but trailed its benchmark Fixed Income Composite Index (+0.1%). The total inflation hedging segment (-8.7%) negatively contributed to absolute performance and modestly underperformed its inflation hedging composite index (-8.4%).
- At quarter-end, total fund assets are valued at approximately \$25.8 million. Nearly all asset class segments are at their designated target allocations, or well within range, as a result of a portfolio rebalance at the end of September 2014.

Recent Actions Taken	Upcoming Agenda Items
<p>Third Quarter</p> <ul style="list-style-type: none"> • No significant activity occurred. <p>Second Quarter</p> <ul style="list-style-type: none"> • PIMCO Commodity Real Return was liquidated and replaced with PIMCO CommoditiesPlus. • Vanguard Inflation Protected Securities was liquidated and replaced with Vanguard Short Term Inflation Protected Securities. • Completed rebalance towards policy targets which included redeploying \$1.0 million from cash. 	<ul style="list-style-type: none"> • 3Q14 Performance Review • Manager Replacement Search – PIMCO Total Return II (Tab V) • Manager Replacement Search – PIMCO CommoditiesPLUS (Tab VI)

Segment Performance

Segment Level Performance (% Rate of Return)

Benchmark Dependent Metrics vs. S&P 500 Index

As of September 30, 2014

	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
Total Fund	-2.3	8.5	10.6	12.3	8.5	3.3	10.3	0.6	0.9	Jul-07
Target Index	-2.1	8.0	9.1	10.6	7.9	3.5	9.7	0.6	1.0	Jul-07
Actual Index	-2.0	8.5	9.9	11.0	8.2	3.7	9.1	0.5	0.9	Jul-07
Consumer Price Index	-0.1	1.7	1.4	1.6	2.0	1.9	1.5	0.0	0.1	Jul-07
Domestic Equity	-1.0	15.9	18.8	22.1	14.3	4.1	17.7	1.1	1.0	Jul-07
Russell 3000 Index	0.0	17.8	19.7	23.1	15.8	6.2	17.2	1.0	1.0	Jul-07
International Equity	-3.7	9.6	17.3	19.2	9.2	2.3	21.3	1.2	0.9	Jul-07
MSCI AC World ex USA (Net)	-5.3	4.8	10.5	11.8	6.0	0.5	21.0	1.1	0.9	Jul-07
MSCI EAFE (Net)	-5.9	4.3	13.6	13.6	6.6	0.1	20.4	1.1	0.9	Jul-07
Total Flexible Capital	-1.0	5.8	8.5	8.6	6.1	3.9	5.6	0.2	0.7	Jul-07
HFRI Fund of Funds Composite Index	0.3	6.1	6.3	5.2	3.4	0.6	5.8	0.3	0.7	Jul-07
Total Fixed Income	-0.3	1.7	0.5	2.6	3.5	3.3	5.8	0.3	0.7	Jul-07
Fixed Income Composite Index	0.1	2.3	0.7	2.0	3.1	3.9	4.8	0.2	0.7	Jul-07
Total Inflation Hedging	-8.7	1.8	-1.5	2.8	4.6	-4.0	15.3	0.2	0.2	Jul-07
Inflation Hedging Composite Index	-8.4	4.0	0.3	4.1	5.8	1.6	11.8	0.2	0.2	Jul-07

Executive Summary

Town of Palm Beach

Health Insurance Trust

Preliminary Executive Summary as of September 30, 2014

Market Value	% of Portfolio		QTR Ended Dec-13	QTR Ended Mar-14	QTR Ended Jun-14	QTR Ended Sep-14	Calendar YTD	1 YR	2 YRS	3 YRS	5 YRS	Return Since	Inception Date
\$25,801,271	100.0	Total Fund	5.4	1.4	3.8	-2.3	2.9	8.5	10.6	12.3	8.5	3.3	Jul-07
		Target Index	4.5	1.6	3.9	-2.1	3.3	8.0	9.1	10.6	7.9	3.5	Jul-07
		Actual Index	5.1	1.4	3.9	-2.0	3.2	8.5	9.9	11.0	8.2	3.7	Jul-07
		Consumer Price Index	-0.5	1.4	0.9	-0.1	2.1	1.7	1.4	1.6	2.0	1.9	Jul-07
\$12,554,803	48.7	Global Equity	8.9	1.4	4.9	-2.0	4.2	13.5	18.2	21.0	12.3	3.4	Jul-07
\$7,745,595	30.0	Domestic Equity	9.6	2.0	4.7	-1.0	5.7	15.9	18.8	22.1	14.3	4.1	Jul-07
		Russell 3000 Index	10.1	2.0	4.9	0.0	7.0	17.8	19.7	23.1	15.8	6.2	
\$5,401,449	20.9	Fidelity Spartan Total Market Index Advisor Fund	10.1	2.0	4.8	-0.1	6.9	17.6	19.5	23.0	15.8	6.3	Jul-07
		Wilshire 5000 Index	10.1	2.0	4.8	0.0	6.9	17.7	19.8	23.0	15.9	6.5	
\$1,138,085	4.4	FPA Crescent Fund	6.5	2.0	2.9	-1.0	4.0	10.7	13.7	NA	NA	11.5	Apr-12
		S&P 500 Index	10.5	1.8	5.2	1.1	8.3	19.7	19.5	23.0	15.7	16.9	
		60% Russell 2500 / 40% BC Global Credit	5.8	2.5	3.3	-4.1	1.5	7.3	12.5	15.9	12.0	11.1	
		HFRI Equity Hedge (Total) Index	4.7	1.1	2.1	-1.3	1.9	6.7	8.9	8.4	5.4	6.5	
\$1,206,061	4.7	FMI Common Stock Fund	8.7	1.8	4.9	-4.9	1.6	10.4	18.3	NA	NA	12.5	Apr-12
		Russell 2500 Index	8.7	2.3	3.6	-5.3	0.3	9.0	18.9	22.8	16.0	15.4	
\$4,809,208	18.6	International Equity	7.6	0.5	5.2	-3.7	1.8	9.6	17.3	19.2	9.2	2.3	Jul-07
		MSCI AC World ex USA (Net)	4.8	0.5	5.0	-5.3	0.0	4.8	10.5	11.8	6.0	0.5	
		MSCI EAFE (Net)	5.7	0.7	4.1	-5.9	-1.4	4.3	13.6	13.6	6.6	0.1	
\$2,443,708	9.5	Dodge & Cox International Stock Fund	7.8	2.8	5.0	-2.7	5.0	13.2	20.3	18.7	9.4	2.6	Jul-07
		MSCI AC World ex USA (Net)	4.8	0.5	5.0	-5.3	0.0	4.8	10.5	11.8	6.0	0.5	
\$2,365,501	9.2	Artisan International Institutional Fund	7.5	-1.8	5.4	-4.7	-1.3	6.1	14.4	19.5	NA	9.9	Jul-11
		MSCI EAFE (Net)	5.7	0.7	4.1	-5.9	-1.4	4.3	13.6	13.6	6.6	5.5	

Executive Summary

Town of Palm Beach

Health Insurance Trust

Preliminary Executive Summary as of September 30, 2014

Market Value	% of Portfolio		QTR Ended Dec-13	QTR Ended Mar-14	QTR Ended Jun-14	QTR Ended Sep-14	Calendar YTD	1 YR	2 YRS	3 YRS	5 YRS	Return Since	Inception Date
\$4,989,848	19.3	Total Flexible Capital	3.8	1.0	2.0	-1.0	2.0	5.8	8.5	8.6	6.1	3.9	Jul-07
		HFRI Fund of Funds Composite Index	3.7	0.6	1.5	0.3	2.4	6.1	6.3	5.2	3.4	0.6	
\$2,046,538	7.9	Forester Offshore A2, Ltd.	5.2	0.2	2.1	-0.3	2.0	7.2	9.5	10.0	6.2	5.0	Jul-07
		HFRI FOF: Strategic Index	3.9	0.6	1.7	-0.3	2.0	6.1	7.0	5.9	3.6	0.4	
\$2,943,310	11.4	Archstone Absolute Return Strategies Fund, Ltd. Class A	2.6	1.8	1.8	-1.5	2.2	4.8	7.8	7.5	6.2	2.9	Jul-07
		HFRI FOF: Conservative Index	2.7	1.3	1.3	0.1	2.7	5.4	6.0	4.9	3.4	0.5	
\$5,120,921	19.8	Total Fixed Income	-0.1	0.9	1.3	-0.3	1.9	1.7	0.5	2.6	3.5	3.3	Jul-07
		Fixed Income Composite Index	-0.1	1.0	1.3	0.1	2.4	2.3	0.7	2.0	3.1	3.9	
\$2,822,152	10.9	PIMCO Total Return II Institutional Fund	-0.2	1.4	2.0	-0.4	3.0	2.8	0.7	3.4	4.3	6.2	Feb-09
		Barclays U.S. Aggregate	-0.1	1.8	2.0	0.2	4.1	4.0	1.1	2.4	4.1	4.8	
\$2,298,769	8.9	Vanguard Short Term US Treasury Admiral Fund	-0.1	0.2	0.4	-0.1	0.5	0.4	0.3	NA	NA	0.5	Dec-11
		Barclays U.S. Treasury: 1-5 Year	-0.1	0.2	0.5	0.0	0.7	0.6	0.3	0.6	1.7	0.6	
\$2,971,091	11.5	Total Inflation Hedging	0.4	3.9	6.9	-8.7	1.4	1.8	-1.5	2.8	4.6	-4.0	Jul-07
		Inflation Hedging Composite Index	1.5	3.8	7.8	-8.4	2.5	4.0	0.3	4.1	5.8	1.6	
\$778,691	3.0	Vanguard Short-Term Inflation Protected Securities Adm. Fund	NA	NA	1.5	-1.4	NA	NA	NA	NA	NA	-0.3	Mar-14
		Barclays U.S. Treasury: 0-5 Year TIPS Index	-0.2	0.2	1.6	-1.4	0.4	0.2	-0.4	0.6	2.2	-0.2	
\$752,452	2.9	PIMCO CommoditiesPLUS Strategy Institutional Fund	NA	NA	4.4	-12.0	NA	NA	NA	NA	NA	-7.1	Mar-14
		Credit Suisse Commodity Benchmark Index	0.1	4.6	3.9	-11.8	-4.2	-4.1	-4.6	0.2	3.2	-7.7	
\$1,439,948	5.6	Van Eck Global Hard Assets I Fund	3.5	1.8	11.5	-10.5	1.6	5.2	6.1	NA	NA	3.5	Apr-12
		S&P North American Natural Resources Sector	5.3	2.7	13.4	-10.0	4.8	10.3	8.7	12.5	8.8	7.4	

Executive Summary

Town of Palm Beach

Health Insurance Trust

Preliminary Executive Summary as of September 30, 2014

Market Value	% of Portfolio		QTR Ended Dec-13	QTR Ended Mar-14	QTR Ended Jun-14	QTR Ended Sep-14	Calendar YTD	1 YR	2 YRS	3 YRS	5 YRS	Return Since	Inception Date
\$164,607	0.6	Total Liquid Capital	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.6	Jul-07
\$164,607	0.6	Government Stif 15	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.6	Jul-07
		Citigroup 3 Month T-Bill	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.6	

Please note:

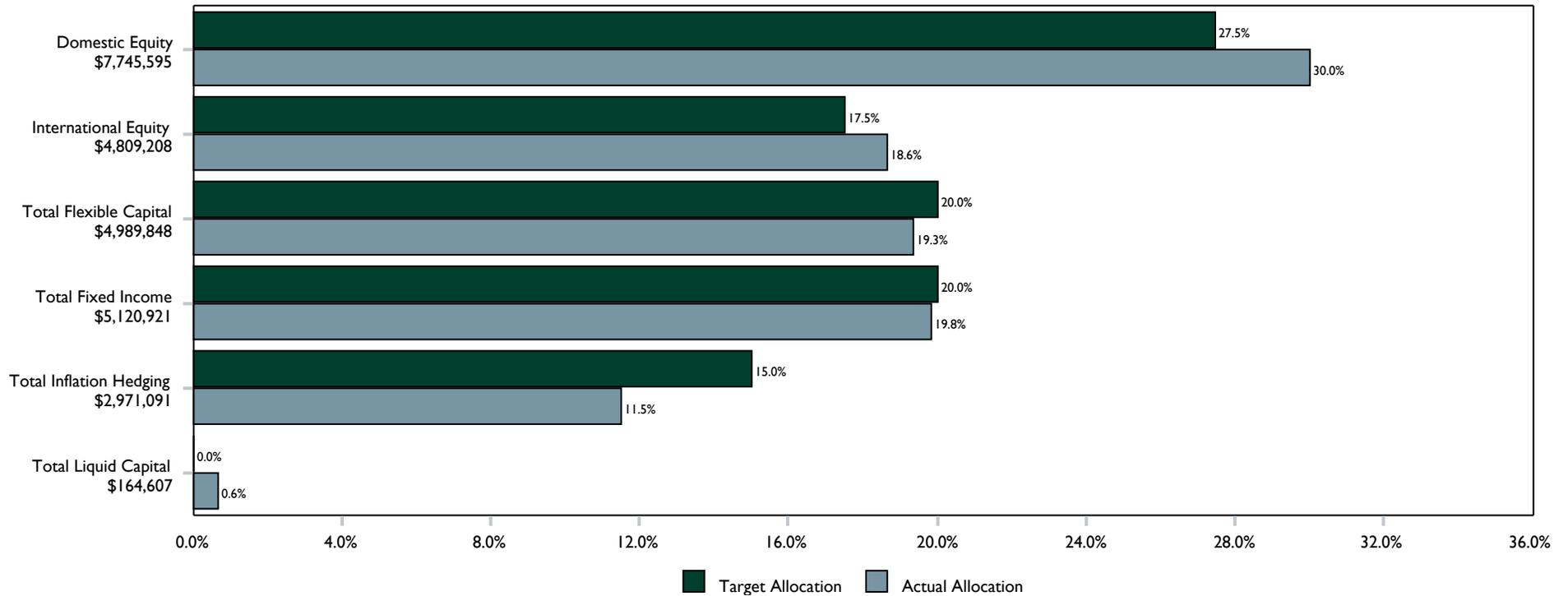
- Periods greater than one year are annualized
- Returns are net of investment management fees and gross of consulting fees unless otherwise stated
- Since inception returns are calculated from the first full month
- Actual Index calculated using manager allocations and index returns
- Performance and 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

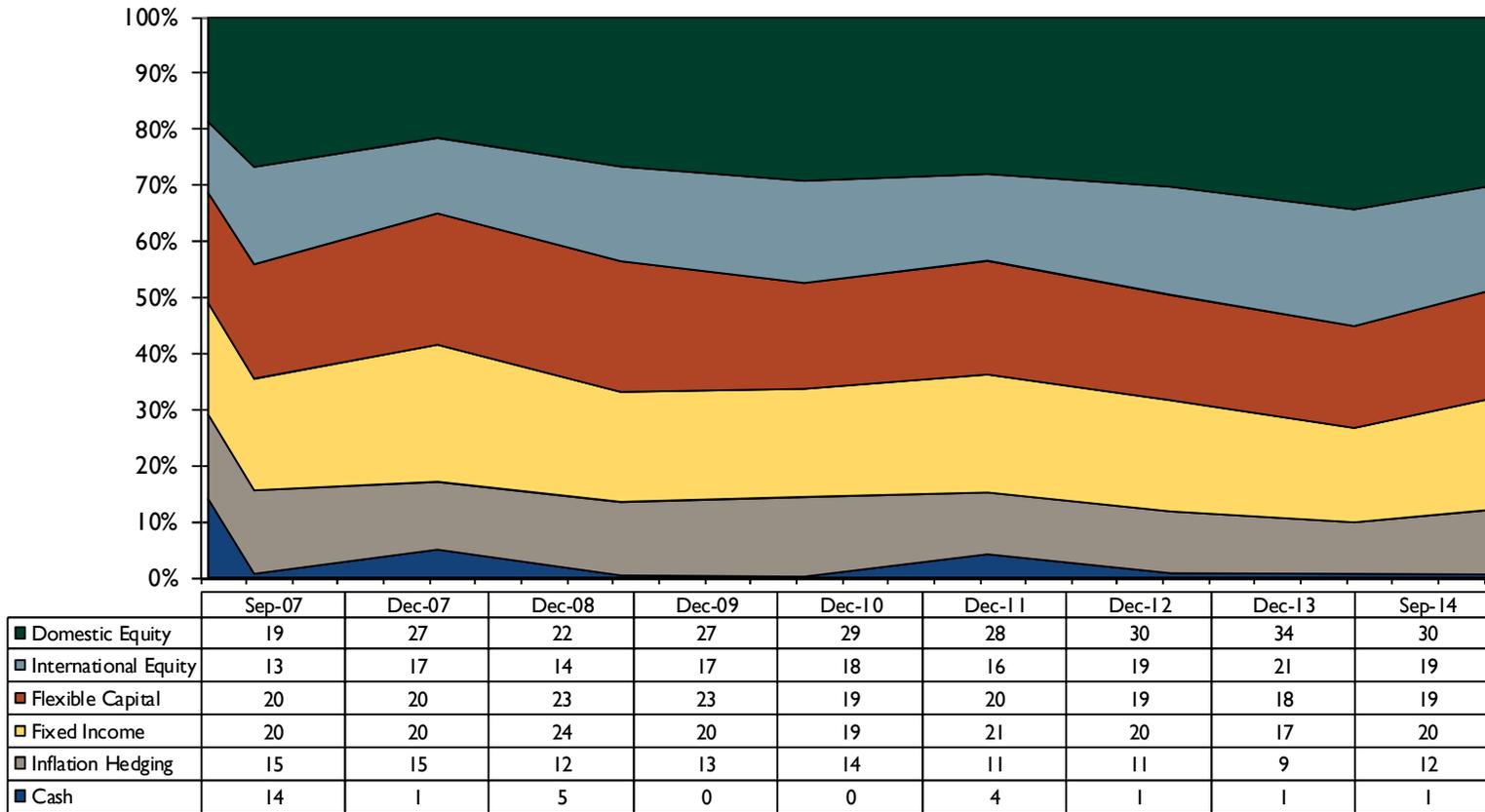
Asset Allocation Policy Ranges

As of September 30, 2014

	Asset Allocation (%)	Lower (%)	Target (%)	Upper (%)	Difference (%)
Total Fund	100.0	-	100.0	-	0.0
Domestic Equity	30.0	22.5	27.5	32.5	2.5
International Equity	18.6	15.0	17.5	20.0	1.1
Total Flexible Capital	19.3	15.0	20.0	25.0	-0.7
Total Fixed Income	19.8	15.0	20.0	25.0	-0.2
Total Inflation Hedging	11.5	10.0	15.0	20.0	-3.5
Total Liquid Capital	0.6	0.0	0.0	1.0	0.6



Asset Allocation – Historical



- Sep-07 reflects earliest period for which asset allocation is available

Asset Allocation - Performance Comparison

As of September 30, 2014

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	-2.3	8.5	10.6	12.3	8.5	3.3	6.2	6.1	7.4	9.0	10.3	Jul-07
Target Index	-2.1	8.0	9.1	10.6	7.9	3.5	5.8	5.7	7.1	8.2	9.7	
Actual Index	-2.0	8.5	9.9	11.0	8.2	3.7	6.0	6.0	7.0	8.1	9.1	
Domestic Index	0.1	13.5	13.9	16.7	12.4	6.3	6.4	6.4	7.6	9.4	12.2	
Global Index	-2.6	8.2	9.8	11.9	8.0	3.7	6.8	7.0	9.1	11.0	14.0	
Consumer Price Index	-0.1	1.7	1.4	1.6	2.0	1.9	0.9	1.0	1.1	1.0	1.5	

Inflation Adjusted Nominal Portfolio Statistics

Statistical Output (%)	Target Index	Actual Index	Domestic Index	Global Index
Expected Return (Arithmetic)	7.4	7.3	7.2	7.4
Expected Standard Deviation	12.2	12.0	13.9	13.8
Expected Return (Geometric)	6.7	6.7	6.3	6.5
Sharpe Ratio	0.4	0.4	0.3	0.4
Historical Return (Arithmetic)	9.5	9.5	9.7	8.7
Historical Standard Deviation	11.2	10.9	12.3	13.1
Historical Return (Geometric)	8.9	8.9	9.0	7.9
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
Probability of Returns Exceeding 5%				
10 Years	67.5	67.1	61.4	63.7

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	-28.9%	-12.3%	-7.2%	-9.5%	+1.9%	-1.8%	+5.9%
Actual Index	-28.1%	-12.7%	-8.9%	-9.6%	+1.5%	-1.1%	+5.6%
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 6/30/2014

- Index components utilized: Russell 3000/MSCI World ex U.S./MSCI Emerging Mkts./All Private Equity Benchmark/Barclays Aggregate/Barclays Long G/C/Barclays U.S. Corp. HY/Barclays Muni/HFRI Fund

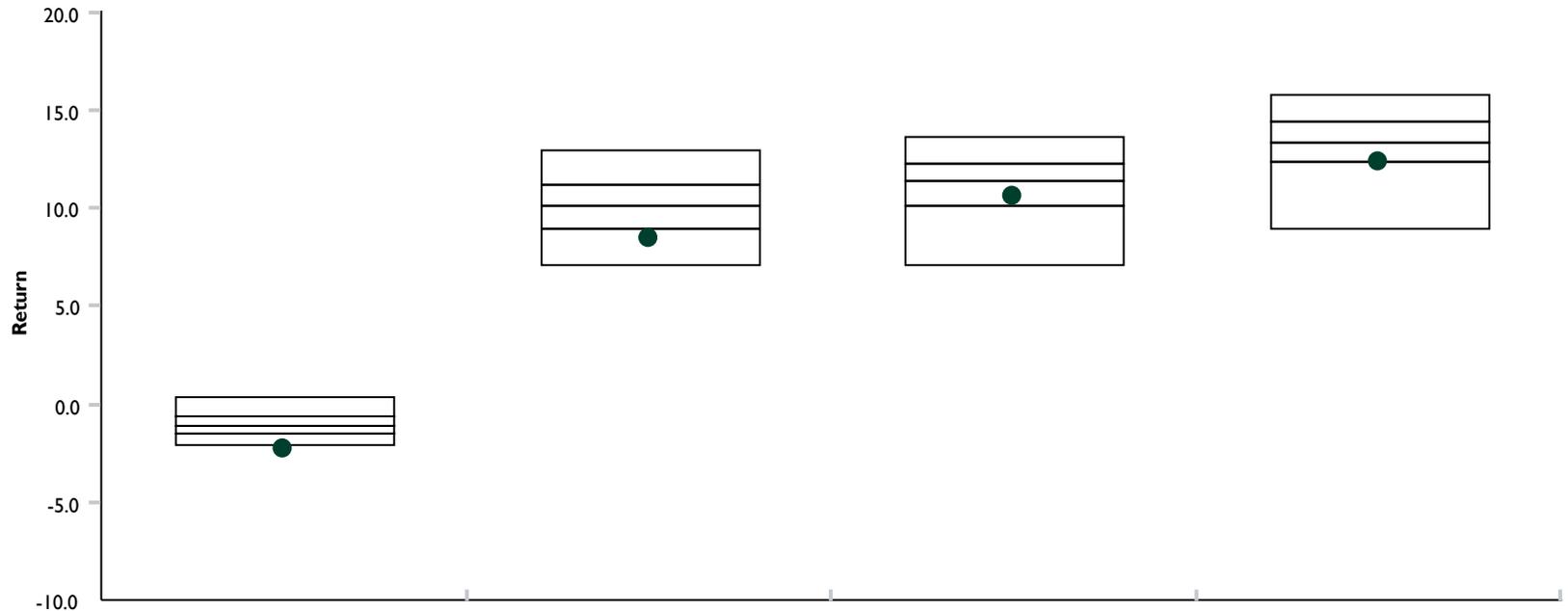
Weighted/

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, 2014



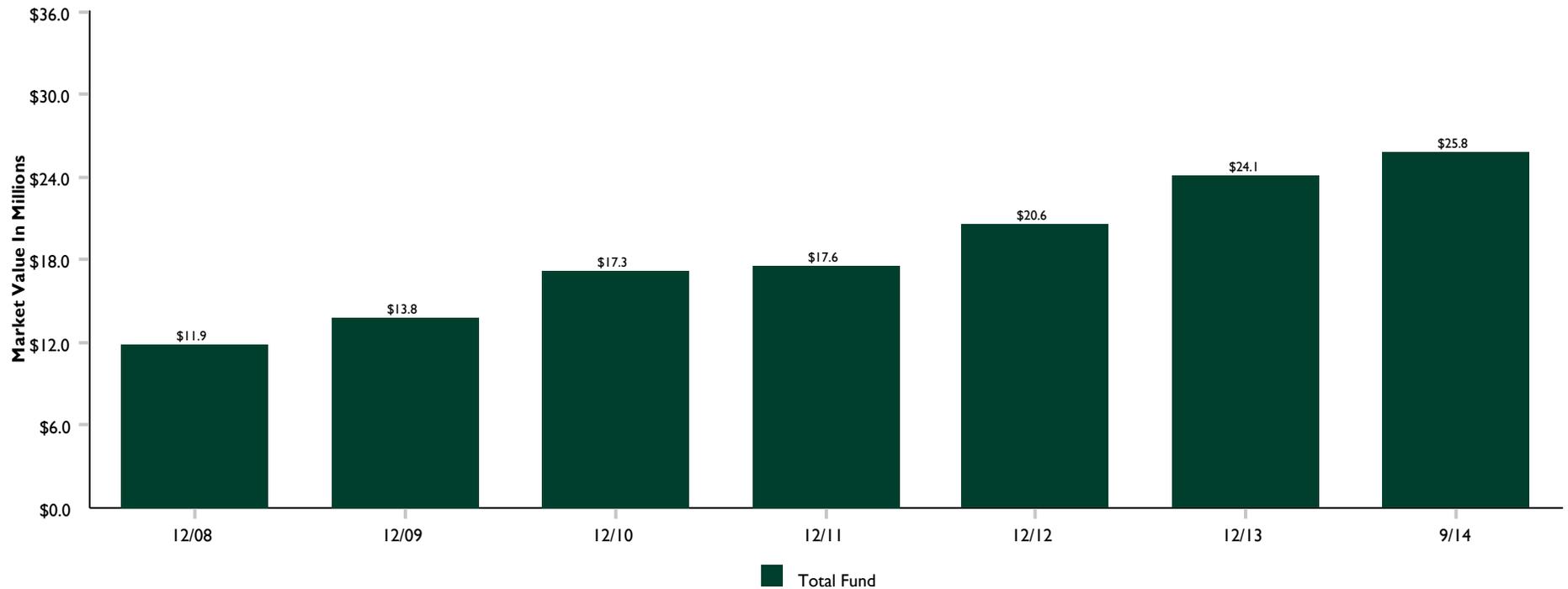
	QTR Ended Sep-14	1 Year	2 Years	3 Years
● Total Fund	-2.3 (97)	8.5 (83)	10.6 (67)	12.3 (76)
5th Percentile	0.4	13.0	13.7	15.8
1st Quartile	-0.7	11.2	12.3	14.4
Median	-1.1	10.2	11.4	13.4
3rd Quartile	-1.5	9.0	10.1	12.4
95th Percentile	-2.1	7.1	7.1	9.0
Population	294	286	283	273

Schedule of Investable Assets

Total Fund

January 1, 2008 To September 30, 2014

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
2013	\$20,634,856	0	\$3,450,029	\$24,084,884
To 09/2014	\$24,084,884	\$1,000,000	\$716,386	\$25,801,271
	\$16,305,625	\$4,306,315	\$5,189,330	\$25,801,271



Liquidity Schedule

As of September 30, 2014

Redemption Terms		
Daily	\$20,811,423	80.7
Semi Liquid	\$4,989,848	19.3
Total	\$25,801,271	100.0

Investments	Inception	Subscriptions	Market Value	Daily	Semi Liquid	Notes
Global Equity						
Fidelity Spartan Total Market Index Advisor Fund	Jun-07	Daily	\$5,401,449	\$5,401,449		
FPA Crescent Fund	Mar-12	Daily	\$1,138,085	\$1,138,085		
FMI Common Stock Fund	Mar-12	Daily	\$1,206,061	\$1,206,061		
Dodge & Cox International Stock Fund	Jun-07	Daily	\$2,443,708	\$2,443,708		
Artisan International Institutional Fund	Jun-11	Daily	\$2,365,501	\$2,365,501		
Flexible Capital						
Total Flexible Capital	Jul-07	Various	\$4,989,848		\$4,989,848	See additional report
Fixed Income						
PIMCO Total Return II Institutional Fund	Jan-09	Daily	\$2,822,152	\$2,822,152		
Vanguard Short Term US Treasury Admiral Fund	Nov-11	Daily	\$2,298,769	\$2,298,769		
Inflation Hedging						
Vanguard Short-Term Inflation Protected Securities Adm. Fund	Feb-14	Daily	\$778,691	\$778,691		
PIMCO CommoditiesPLUS Strategy Institutional Fund	Feb-14	Daily	\$752,452	\$752,452		
Van Eck Global Hard Assets I Fund	Mar-12	Daily	\$1,439,948	\$1,439,948		
Liquid Capital						
Government Stif 15	Jun-07	Daily	\$164,607	\$164,607		
Total (\$)			\$25,801,271	\$20,811,423	\$4,989,848	
Total (%)			100.0	80.7	19.3	

Definitions:

- Semi-liquid: Redemption can be processed within a period greater than 30 days; liquidity details for semi-liquid investments can be found on the following Flexible Capital Detail Report.
- Illiquid: Redemption cannot be processed (closed end partnerships).

Flexible Capital Detail

Investment	Tranche	Subscription Frequency	Subscription Date	Market Value	Redemption Frequency	Notice Period	Redemption Notice Deadline	Next Possible Redemption Date	Lock	Notes
Forester Offshore, Ltd.	Series A2 Sub-series 07/10	Quarterly	07/01/07	\$2,046,538	Annual	60 days	05/01/15	06/30/15	Two years - expired	Reds: available annually on anniversary
Archstone Absolute Return Strategies Fund, Ltd.	A-PB	Monthly	07/01/07	\$2,943,310	Semi-annual	90 days	04/01/15	06/30/15	One year - expired	Reds: available on 6/30 and 12/31

Operational Detail

Town of Palm Beach Health Insurance Trust							
Manager	Vehicle Type	Latest Audited Financials	Auditor/Accountant	Legal Counsel	Custodian	Administrator	Holdings Transparency
Archstone Absolute Return Strategies Fund, Ltd.	Pooled	12/31/2013	Ernst & Young LLP	Walkers SPV Limited (Cayman); Will	BNY Mellon	SS&C Technologies, Inc.	High
Artisan International Instl Fd	Pooled	9/30/2013	Ernst & Young LLP	Ropes & Gray LLP	State Street Bank & Trust Company	Artisan Partners LP	High
Dodge & Cox Intl Stock Fund	Pooled	12/31/2013	PricewaterhouseCoopers LLP	Dechert LLP	State Street Bank & Trust Company	Dodge & Cox	High
Fidelity Spartan Total Market Index Adv Fund	Pooled	2/28/2014	PricewaterhouseCoopers LLP	Fidelity Legal Department	BNY Mellon	Fidelity Management & Research Company	High
FMI Common Stock Fund	Pooled	9/30/2013	PricewaterhouseCoopers LLP	Foley & Lardner LLP	U.S. Bank, N.A.	U.S. Bancorp Fund Services, LLC	High
Forester Offshore A2, Ltd.	Pooled	6/30/2013	Ernst & Young LLP	Ogier	State Street Bank and Trust Company	International Fund Services LLC	High
FPA Crescent Fund	Pooled	12/31/2013	Deloitte & Touche LLP	K&L Gates LLP	State Street Bank & Trust Company	First Pacific Advisors, LLC	High
PIMCO CommoditiesPLUS Strategy Institutional Fund	Pooled	3/31/2014	PricewaterhouseCoopers, LLP	Dechert, LLP	State Street Bank and Trust Company	Pacific Investment Management Company LLC	High
PIMCO Total Ret II Instl Fund	Pooled	3/31/2014	PricewaterhouseCoopers LLP	Dechert LLP	State Street Bank & Trust Company	Pacific Investment Management Company, LLC	High
Van Eck Global Hard Assets I Fund	Pooled	12/31/2013	Ernst & Young LLP	Goodwin Procter LLP	State Street Bank & Trust Company	Van Eck Associates Corporation	High
Vanguard Short Term US Treas Adm Fd	Pooled	1/31/2014	PricewaterhouseCoopers LLP	Internal Legal Department	BNY Mellon	The Vanguard Group	High
Vanguard Short-Term Inflation Protected Securities Adm. Fund	Pooled	9/30/2013	PriceWaterhouseCoopers LLP	Internal Legal Department	JPMorgan Chase & Co.	The Vanguard Group	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, 2014

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	\$5,401,449	\$3,241	0.06%
FPA Crescent Fund	1.23% of NAV	\$1,138,085	\$13,998	1.23%
FMI Common Stock Fund	1.18% of NAV	\$1,206,061	\$14,232	1.18%
Dodge & Cox International Stock Fund	0.64% of NAV	\$2,443,708	\$15,640	0.64%
Artisan International Institutional Fund	0.97% of NAV	\$2,365,501	\$22,945	0.97%
Forester Offshore A2, Ltd.	1.00% on assets managed	\$2,046,538	\$20,465	1.00% *
Archstone Absolute Return Strategies Fund, Ltd. Class A	1.14% on assets managed **	\$2,943,310	\$33,554	1.14% *
PIMCO Total Return II Institutional Fund	0.50% of NAV	\$2,822,152	\$14,111	0.50%
Vanguard Short Term US Treasury Admiral Fund	0.10% of NAV	\$2,298,769	\$2,299	0.10%
Vanguard Short-Term Inflation Protected Securities Adm Fund	0.10% of NAV	\$778,691	\$779	0.10%
PIMCO CommoditiesPLUS Strategy Institutional Fund	0.74% of NAV	\$752,452	\$5,568	0.74%
Van Eck Global Hard Assets I Fund	1.00% of NAV	\$1,439,948	\$14,399	1.00%
Total Liquid Capital	--	\$164,607	--	--
Total Investment Management Fees		\$25,801,271	\$161,231	0.62%

Fee Schedule

Fee Schedule as of September 30, 2014

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	\$25,801,271	\$3,870	0.015%
-Accounting Fees				
Separate Domestic Equity Accounts	\$4,000 each (0)		--	
Separate Fixed Income Accounts	\$2,500 each (0)		--	
Multiple Line Item Portfolios	\$1,500 each (1)		\$1,500	
Commingled/Mutual Funds	\$500 each (13)		\$6,500	
Estimated Total SSB&T Fee:		\$25,801,271	\$11,870	0.05%
PBA Fees				
	0.25% on first \$20 million	\$25,801,271	\$60,000	0.23%
	0.10% on next \$50 million			
	0.05% over \$70 million			
	\$60,000 minimum			
Total Fees		\$25,801,271	\$233,101	0.90%

Please Note:

- * Base fee only; underlying manager fees, incentive fees, and operating expenses not included
- ** Archstone management fees may range from 1.1% to 1.2%
- Estimated State Street Bank & Trust Co. custody fee does not include trading/transaction fees

Peer Performance Comparison

As of September 30, 2014

	1 Year Return	3 Years Return	5 Years Return	5 Years Standard Deviation	5 Years Beta	5 Years Actual Correlation	Year To Date Return	2013 Return	2012 Return	2011 Return	2010 Return
Fidelity Spartan Total Market Index Advisor Fund	17.6 (26)	23.0 (34)	15.8 (20)	14.6	1.0	1.0	6.9 (27)	33.4 (49)	16.4 (34)	1.0 (18)	17.4 (29)
Wilshire 5000 Total Market Index	17.7 (25)	23.0 (33)	15.9 (17)	14.6	1.0	1.0	6.9 (26)	34.0 (44)	16.1 (38)	0.6 (22)	18.1 (26)
<i>IM U.S. Multi-Cap Core Equity (MF) Median</i>	<i>15.3</i>	<i>21.7</i>	<i>14.2</i>	<i>15.2</i>	<i>1.0</i>	<i>1.0</i>	<i>5.2</i>	<i>33.3</i>	<i>15.2</i>	<i>-2.1</i>	<i>14.8</i>
FPA Crescent Fund	10.7 (21)	15.0 (14)	11.2 (17)	9.1	0.6	1.0	4.0 (37)	21.9 (12)	10.3 (60)	3.0 (18)	12.0 (57)
S&P 500 Index	19.7 (3)	23.0 (3)	15.7 (3)	14.1	1.0	1.0	8.3 (10)	32.4 (5)	16.0 (15)	2.1 (22)	15.1 (26)
60% Russell 2500 / 40% BC Global Credit	7.3 (56)	15.9 (11)	12.0 (11)	11.8	0.8	0.9	1.5 (76)	21.4 (13)	15.6 (18)	0.5 (32)	18.9 (5)
HFRI Equity Hedge (Total) Index	6.7 (64)	8.4 (74)	5.4 (96)	8.5	0.6	0.9	1.9 (69)	14.3 (37)	7.4 (83)	-8.4 (92)	10.5 (76)
<i>IM Flexible Portfolio (MF) Median</i>	<i>7.8</i>	<i>10.7</i>	<i>8.6</i>	<i>9.8</i>	<i>0.6</i>	<i>0.9</i>	<i>3.2</i>	<i>10.7</i>	<i>11.5</i>	<i>-1.6</i>	<i>12.5</i>
FMI Common Stock Fund	10.4 (68)	19.6 (77)	13.8 (72)	15.3	0.8	1.0	1.6 (65)	32.0 (72)	10.2 (86)	4.5 (3)	22.2 (61)
Russell 2500 Index	9.0 (86)	22.8 (42)	16.0 (24)	17.7	1.0	1.0	0.3 (85)	36.8 (30)	17.9 (24)	-2.5 (39)	26.7 (15)
<i>IM U.S. Mid Cap Core Equity (MF) Median</i>	<i>12.1</i>	<i>21.8</i>	<i>14.9</i>	<i>17.0</i>	<i>0.9</i>	<i>1.0</i>	<i>3.5</i>	<i>34.6</i>	<i>15.8</i>	<i>-3.6</i>	<i>23.2</i>
Dodge & Cox International Stock Fund	13.2 (1)	18.7 (1)	9.4 (1)	17.7	1.1	1.0	5.0 (1)	26.3 (1)	21.0 (9)	-16.0 (90)	13.7 (3)
MSCI AC World ex USA (Net)	4.8 (30)	11.8 (87)	6.0 (49)	16.3	1.0	1.0	0.0 (28)	15.3 (84)	16.8 (77)	-13.7 (69)	11.2 (12)
<i>IM International Large Cap Core Equity (MF) Median</i>	<i>3.8</i>	<i>13.5</i>	<i>6.0</i>	<i>17.0</i>	<i>1.0</i>	<i>1.0</i>	<i>-1.7</i>	<i>20.4</i>	<i>18.0</i>	<i>-12.9</i>	<i>7.5</i>
Artisan International Institutional Fund	6.1 (24)	19.5 (1)	10.5 (1)	17.2	1.0	1.0	-1.3 (42)	25.5 (3)	25.6 (2)	-4.1 (3)	6.2 (74)
MSCI EAFE (Net)	4.3 (47)	13.6 (40)	6.6 (39)	16.3	1.0	1.0	-1.4 (43)	22.8 (9)	17.3 (63)	-12.1 (35)	7.8 (55)
<i>IM International Large Cap Equity (MF) Median</i>	<i>4.0</i>	<i>13.2</i>	<i>6.1</i>	<i>16.9</i>	<i>1.0</i>	<i>1.0</i>	<i>-1.6</i>	<i>19.9</i>	<i>18.1</i>	<i>-13.2</i>	<i>8.3</i>
PIMCO Total Return II Institutional Fund	2.8 (92)	3.4 (39)	4.3 (63)	3.1	0.8	0.8	3.0 (91)	-2.2 (62)	8.2 (13)	4.5 (92)	7.7 (36)
Barclays U.S. Aggregate	4.0 (61)	2.4 (73)	4.1 (71)	3.0	1.0	1.0	4.1 (50)	-2.0 (55)	4.2 (81)	7.8 (11)	6.5 (70)
<i>IM U.S. Broad Market Core Fixed Income (MF) Median</i>	<i>4.2</i>	<i>3.1</i>	<i>4.6</i>	<i>2.9</i>	<i>0.9</i>	<i>0.9</i>	<i>4.1</i>	<i>-1.9</i>	<i>6.1</i>	<i>6.6</i>	<i>7.3</i>

Peer Performance Comparison

As of September 30, 2014

	1 Year Return	3 Years Return	5 Years Return	5 Years Standard Deviation	5 Years Beta	5 Years Actual Correlation	Year To Date Return	2013 Return	2012 Return	2011 Return	2010 Return
PIMCO CommoditiesPLUS Strategy Institutional Fund	-4.1 (32)	1.4 (16)	NA	NA	NA	NA	-4.1 (40)	-1.4 (24)	5.2 (20)	-2.3 (26)	NA
Credit Suisse Commodity Benchmark Index	-4.1 (33)	0.2 (19)	3.2 (9)	16.4	1.0	1.0	-4.2 (40)	-1.8 (25)	2.1 (36)	-3.5 (33)	15.2 (52)
<i>IM All Commodities (MF) Median</i>	-6.8	-4.8	-0.4	19.1	1.0	0.8	-5.3	-9.7	-1.1	-8.3	15.5
Van Eck Global Hard Assets I Fund	5.2 (51)	8.1 (60)	5.9 (34)	23.2	1.0	1.0	1.6 (42)	11.2 (46)	2.9 (42)	-16.3 (50)	28.9 (8)
S&P North American Natural Resources Sector	10.3 (8)	12.5 (20)	8.8 (8)	21.4	1.0	1.0	4.8 (14)	16.5 (26)	2.2 (46)	-7.4 (10)	23.9 (23)
<i>IM Global Natural Resources (MF) Median</i>	5.2	9.2	4.7	22.6	1.0	1.0	1.0	10.2	1.5	-16.3	16.6

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.

Tab III

Portfolio Comparison

As of September 30, 2014

	Fidelity Spartan Total Market Index	FPA Crescent Fund	FMI Common Stock	Domestic Equity	Russell 3000
Composition					
# of Holdings	3,358	50	40	3,380	2,983
% Top 15 Holdings	18.6	58.5	57.3	18.3	18.7
% Top 25 Holdings	26.0	75.8	78.4	25.5	26.1
Characteristics					
Wtd Avg Mkt Cap (\$B)	104.3	90.1	3.7	86.5	106.0
Forecast P/E	16.8	16.0	16.0	16.6	16.8
Price/Book ratio	2.8	2.6	2.3	2.7	2.8
Historical EPS Growth - 5 Year	14.7	14.0	13.7	14.4	14.6
Forecast EPS Growth - Long-Term	12.5	11.9	11.5	12.3	12.5
Current Yield	1.9	2.1	1.4	1.8	1.9
GICS Sectors (%)					
Energy	9.0	7.3	2.0	7.6	8.9
Materials	3.8	5.7	12.3	5.4	3.9
Industrials	11.1	4.2	25.9	12.4	11.2
Consumer Discretionary	12.4	7.5	7.5	10.9	12.4
Consumer Staples	8.2	13.1	0.0	7.6	8.3
Health Care	13.4	12.0	6.8	12.1	13.6
Financials	17.3	17.6	9.3	16.1	17.5
Information Technology	18.8	25.1	22.3	20.3	19.0
Telecommunication Services	2.2	0.9	0.0	1.7	2.2
Utilities	3.0	0.0	0.0	2.1	3.0
Cash	1.0	0.0	13.9	2.9	0.0
Other	0.0	6.6	0.0	1.0	0.0
Market Capitalization (%)					
Mega (Above \$50B)	49.6	44.0	0.0	41.0	50.6
Large (\$12B - \$50B)	26.2	34.4	0.0	23.4	26.3
Mid (\$4B - \$12B)	13.3	15.0	49.8	19.2	13.1
Small/Mid (\$2B - \$4B)	5.1	0.0	16.7	6.2	5.0
Small (\$0 - \$2B)	4.8	0.0	19.6	6.4	5.0
Cash	1.0	0.0	13.9	2.9	0.0
Other	0.0	6.6	0.0	1.0	0.0

Portfolio Comparison

As of September 30, 2014

	Dodge & Cox International Stock	Artisan International	International Equity	MSCI AC World ex USA	MSCI EAFE	Global Equity	MSCI AC World
Composition							
# of Holdings	88	68	144	1,829	901	3,509	2,449
% Top 15 Holdings	35.4	47.4	30.8	12.4	17.3	16.2	11.3
% Top 25 Holdings	51.0	66.3	42.6	17.6	24.1	22.1	15.9
Characteristics							
Wtd Avg Mkt Cap (\$B)	72.0	64.7	68.4	57.1	64.8	79.6	90.0
Forecast P/E	14.8	16.4	15.5	14.1	14.6	16.1	15.2
Price/Book ratio	2.2	3.1	2.6	2.1	2.1	2.7	2.5
Historical EPS Growth - 5 Year	9.8	19.6	14.7	13.8	13.5	14.5	14.5
Forecast EPS Growth - Long-Term	15.0	13.3	14.2	11.6	10.6	13.0	11.8
Current Yield	2.5	1.8	2.2	3.1	3.3	2.0	2.6
GICS Sectors (%)							
Energy	6.8	1.9	4.4	9.0	6.9	6.4	9.4
Materials	4.1	7.9	6.0	8.0	7.7	5.6	5.8
Industrials	8.4	16.9	12.6	10.9	12.5	12.4	10.4
Consumer Discretionary	13.3	15.7	14.5	10.6	11.6	12.3	11.4
Consumer Staples	3.2	12.1	7.6	9.8	10.9	7.6	9.5
Health Care	14.4	16.7	15.5	8.7	11.2	13.4	11.3
Financials	25.5	5.7	15.7	27.0	25.7	16.0	21.5
Information Technology	15.8	11.9	13.9	7.0	4.7	17.8	13.4
Telecommunication Services	6.8	7.2	7.0	5.3	4.9	3.7	3.9
Utilities	0.0	0.0	0.0	3.6	3.9	1.3	3.3
Cash	1.7	4.1	2.9	0.0	0.0	2.9	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.6	0.0
Market Capitalization (%)							
Mega (Above \$50B)	40.4	40.2	40.3	37.8	43.6	40.8	48.5
Large (\$12B - \$50B)	49.2	36.3	42.8	37.8	36.9	30.8	34.4
Mid (\$4B - \$12B)	7.5	18.7	13.0	20.2	17.1	16.8	15.0
Small/Mid (\$2B - \$4B)	1.2	0.7	0.9	3.7	2.3	4.2	1.9
Small (\$0 - \$2B)	0.1	0.0	0.0	0.5	0.1	4.0	0.3
Cash	1.7	4.1	2.9	0.0	0.0	2.9	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.6	0.0

Regional Exposure

As of September 30, 2014

Regional Allocation (%)

	Global Equity	MSCI AC World	Dodge & Cox International Stock	Artisan International	International Equity	MSCI AC World ex USA	MSCI EAFE
Canada	0.2	3.8	0.0	0.0	0.0	7.6	0.0
United States	57.8	49.4	6.3	5.7	6.0	0.0	0.0
Pacific ex Japan	2.2	5.1	2.5	8.4	5.4	9.9	12.1
Japan	5.4	7.4	12.9	15.5	14.1	14.8	21.0
Europe ex UK	18.1	16.6	44.1	39.9	42.0	31.9	45.0
United Kingdom	5.3	7.5	11.6	13.7	12.6	15.1	21.4
Middle East	0.1	0.2	0.0	0.0	0.0	0.4	0.6
Developed Markets	89.2	90.0	77.4	83.2	80.2	79.8	100.0
EM Asia	3.4	6.1	8.1	9.6	8.8	12.3	0.0
EM Europe	0.5	1.0	1.7	0.0	0.9	2.0	0.0
EM Latin America	1.9	2.0	5.5	3.1	4.3	4.0	0.0
EM Mid East+Africa	1.4	1.0	5.7	0.0	2.9	1.9	0.0
Emerging Markets	7.3	10.0	21.0	12.7	16.9	20.2	0.0
Cash	2.9	0.0	1.7	4.1	2.9	0.0	0.0
Other	0.6	0.0	0.0	0.0	0.0	0.0	0.0

Regional Allocation (%)

	Global Equity	MSCI AC World
United States	57.8	49.4
Non-US Developed	31.4	40.6
Emerging Markets	7.3	10.0
Cash	2.9	0.0
Other	0.6	0.0

Flexible Capital

As of September 30, 2014

	Forester Offshore Fund, Ltd.	Archstone Absolute Return Strategies Fund, Ltd. Class A	Total Flexible Capital	FPA Crescent Fund	Total Leveraged Portfolio
Market Value	\$2,047	\$2,943	\$4,990	\$1,138	\$6,128
% of Total Managed Portfolio (\$25,801)	7.9	11.4	19.3	4.4	23.8
Market Exposure (%)					
Gross Long %	102.0	114.6	109.4	57.3	99.8
Gross Short %	58.0	57.6	57.8	4.6	47.9
Net %	44.0	57.0	51.7	52.7	51.9
Total Gross	160.0	172.2	167.2	61.9	147.6
Strategy Weights (%)					
L/S Equity	100.0	19.8	52.7	50.7	52.3
L/S Credit	0.0	25.3	14.9	2.9	12.7
Event-Driven	0.0	7.2	4.2	0.0	3.5
Distressed	0.0	18.1	10.7	0.0	8.7
Special Situations	0.0	5.1	3.0	0.0	2.4
Relative Value	0.0	7.7	4.5	0.0	3.7
Macro	0.0	0.0	0.0	0.0	0.0
Other/Cash	0.0	16.8	9.9	46.4	16.7
Geography (%)					
U.S. & Canada	70.6	58.3	63.3	64.9	63.6
Dev Europe	19.4	25.7	23.1	29.7	24.3
Asia	6.3	7.3	6.9	0.0	5.6
Emerging Mkts	3.7	0.0	1.5	4.5	2.1
Other	0.0	8.7	5.1	0.9	4.3

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	10.0	YORK CREDIT	10.7	MICROSOFT	3.4
KENSICO CAPITAL	9.0	FIR TREE	10.7	ORACLE	2.9
SAMLYN CAPITAL	6.0	ELLIOTT INT'L	10.2	CVS CAREMARK	2.8
PENNANT CAPITAL	5.0	KING STREET	10.2	AON	2.8
COATUE	4.0	DAVIDSON KEMPNER	9.9	THERMO FISHER	2.1
FALCON EDGE	4.0	SILVER POINT	9.8	COVIDIAN	2.1
LANSDOWNE	4.0	FARALLON	9.7	OCCIDENTAL	1.9
ABRAMS BISON	3.0	MASON	9.4	AIG	1.8
CASTINE CAPITAL	3.0	OZ OVERSEAS	7.9	NASPERS	1.7
HENGISTBURY	3.0	BREVAN HOWARD	6.5	CITIGROUP	1.7

- FPA Crescent Fund market and geographic exposure exclude cash. Region classification "Other" includes Pacific Basin.

Flexible Capital Underlying Manager Exposure

Data as of 6/30/2014	2,986,724	2,053,224	1,149,212	6,189,160	26,410,228	
Product/Investment	Archstone Absolute Return Strategies Fund, Ltd.	Forester Offshore A2, Ltd.	FPA Crescent Fund	% weighting within FlexCap	% weighting within Total Fund	\$ weighting within Total Fund
FPA Contrarian Value			100.0%	18.6%	4.4%	1,149,212
Elliott Associates	10.0%			4.8%	1.1%	298,672
Fir Tree Capital Opportunity Fund	10.0%			4.8%	1.1%	298,672
King Street Capital	10.0%			4.8%	1.1%	298,672
York Credit Opportunities	10.0%			4.8%	1.1%	298,672
Davidson Kempner	9.0%			4.3%	1.0%	268,805
Farallon Capital	9.0%			4.3%	1.0%	268,805
Mason Capital	9.0%			4.3%	1.0%	268,805
Silver Point Capital	9.0%			4.3%	1.0%	268,805
Och-Ziff	8.0%			3.9%	0.9%	238,938
Viking Global Equities		9.0%		3.0%	0.7%	184,790
Brevan Howard Credit Catalysts	6.0%			2.9%	0.7%	179,203
Kensico Capital, L.L.C.		8.0%		2.7%	0.6%	164,258
Serengeti Opportunities Fund	5.0%			2.4%	0.6%	149,336
Samlyn Capital, LLC		6.0%		2.0%	0.5%	123,193
Saba Capital Offshore Fund, Ltd.	4.0%			1.9%	0.5%	119,469
Pennant Capital Management, L.L.C.		5.0%		1.7%	0.4%	102,661
Falcon Edge Capital		4.0%		1.3%	0.3%	82,129
Freshford Capital Management, LLC		4.0%		1.3%	0.3%	82,129
Lansdowne Partners Limited Partnership		4.0%		1.3%	0.3%	82,129
Tiger Global Performance, L.L.C.		4.0%		1.3%	0.3%	82,129
Abrams Bison		3.0%		1.0%	0.2%	61,597
Castine Capital		3.0%		1.0%	0.2%	61,597
Coatue Qualified Partners		3.0%		1.0%	0.2%	61,597
Steadfast Capital, L.L.C.		3.0%		1.0%	0.2%	61,597
The Children's Investment Fund Mgmt UK LLP		3.0%		1.0%	0.2%	61,597
Wellington Management Company		3.0%		1.0%	0.2%	61,597

- Content is current as of the date indicated.

- Gray cells represent overlap within the Flexible Capital composite.

- Analysis includes only the top 20 underlying funds for each fund of funds.

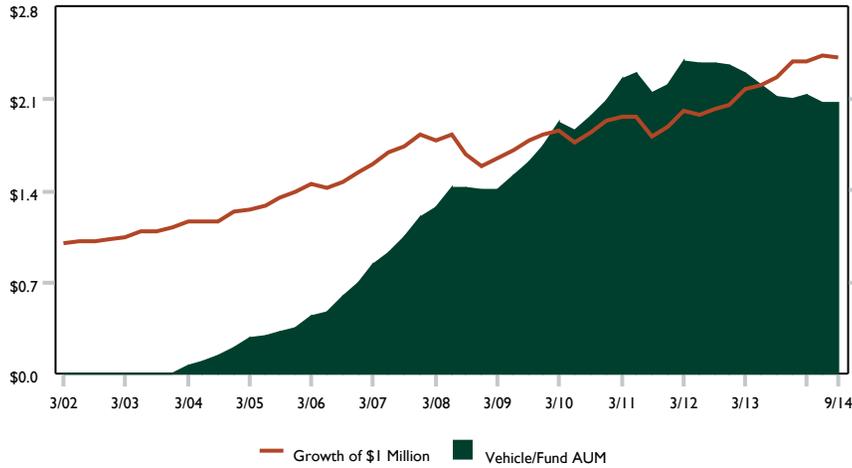
- 5 top 20 underlying funds have exposures of less than 1% of the total Flexible Capital composite and have been excluded from the above table.

Flexible Capital Strategies

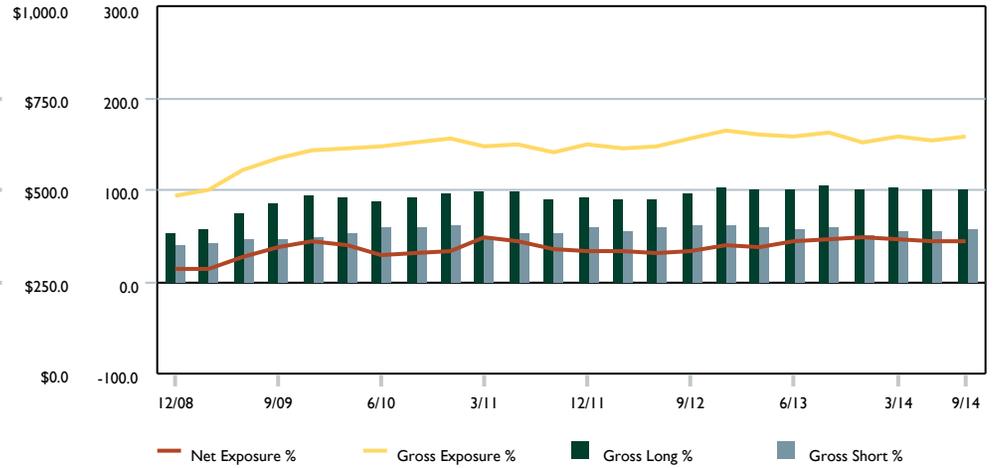
Forester Offshore, Ltd.

As of September 30, 2014

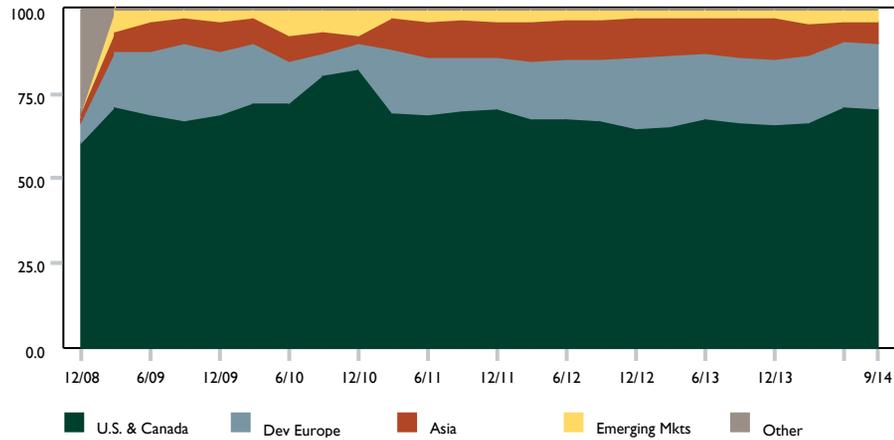
Asset Growth



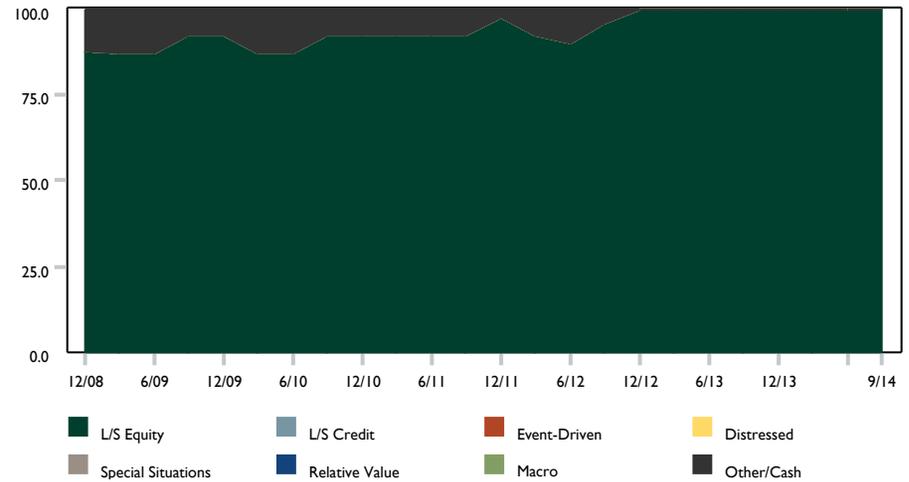
Market Exposure



Geographic Exposure



Strategy Weights

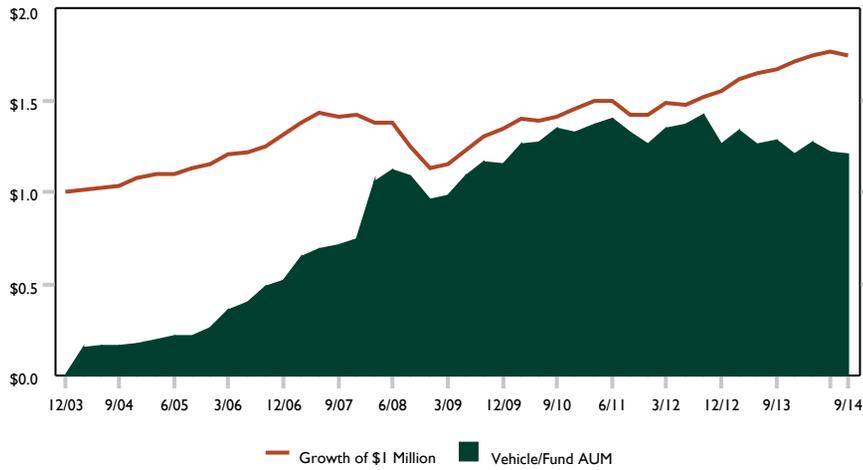


Flexible Capital Strategies

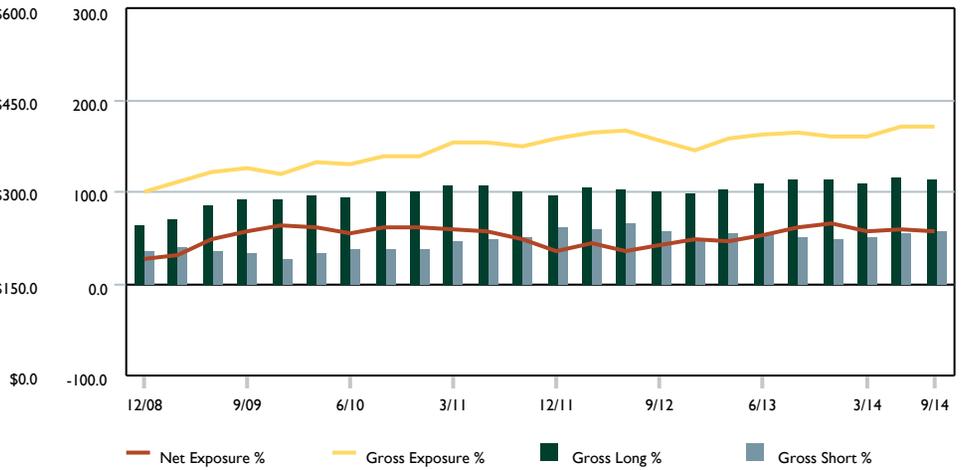
Archstone Absolute Return Strategies Fund, Ltd.

As of September 30, 2014

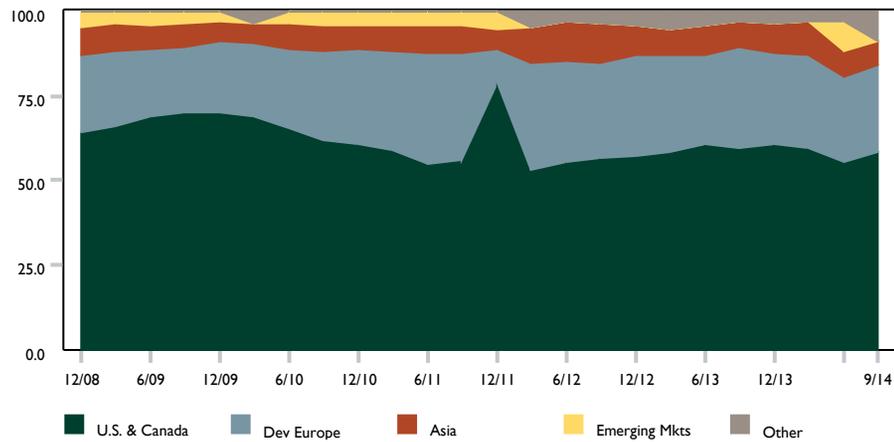
Asset Growth



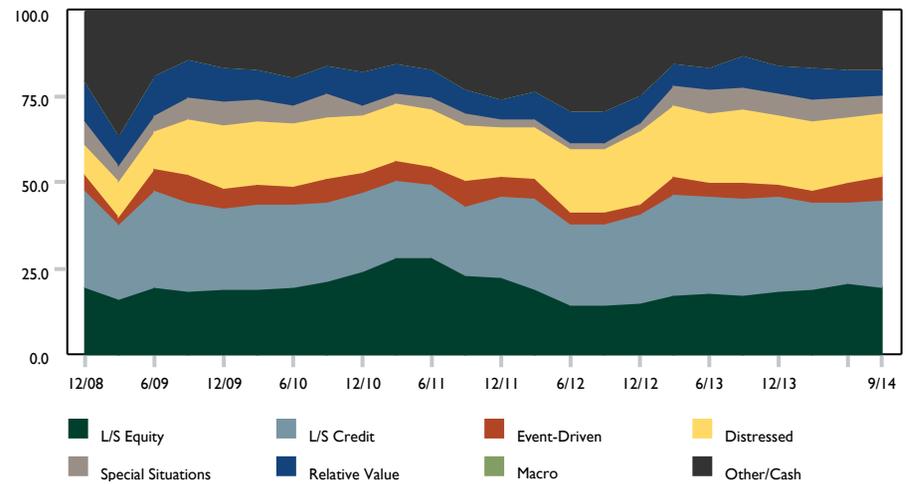
Market Exposure



Geographic Exposure



Strategy Weights

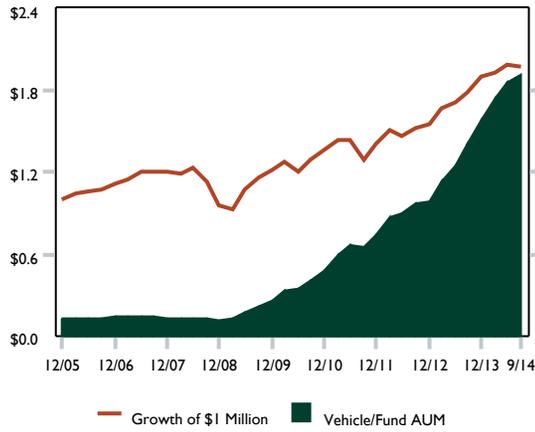


Flexible Capital Strategies

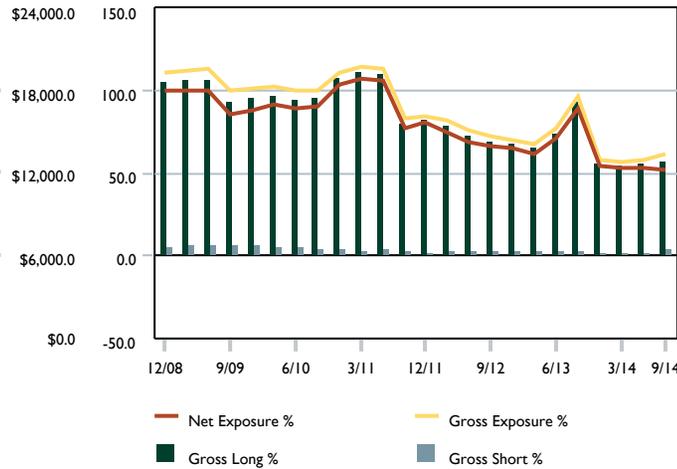
FPA Crescent Fund

As of September 30, 2014

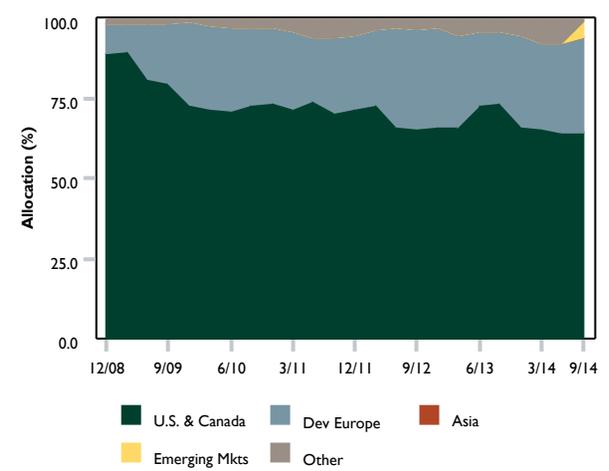
Asset Growth



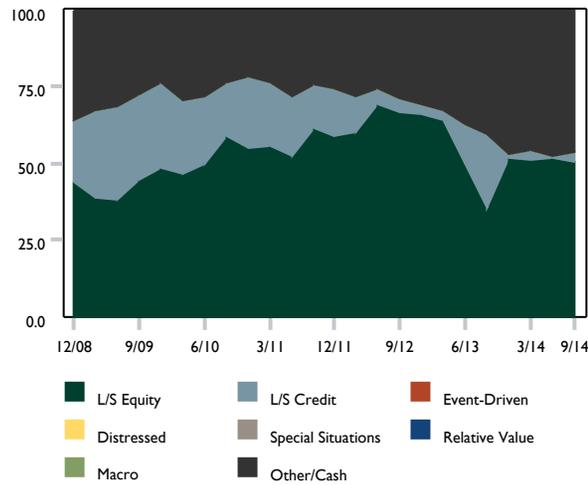
Market Exposure



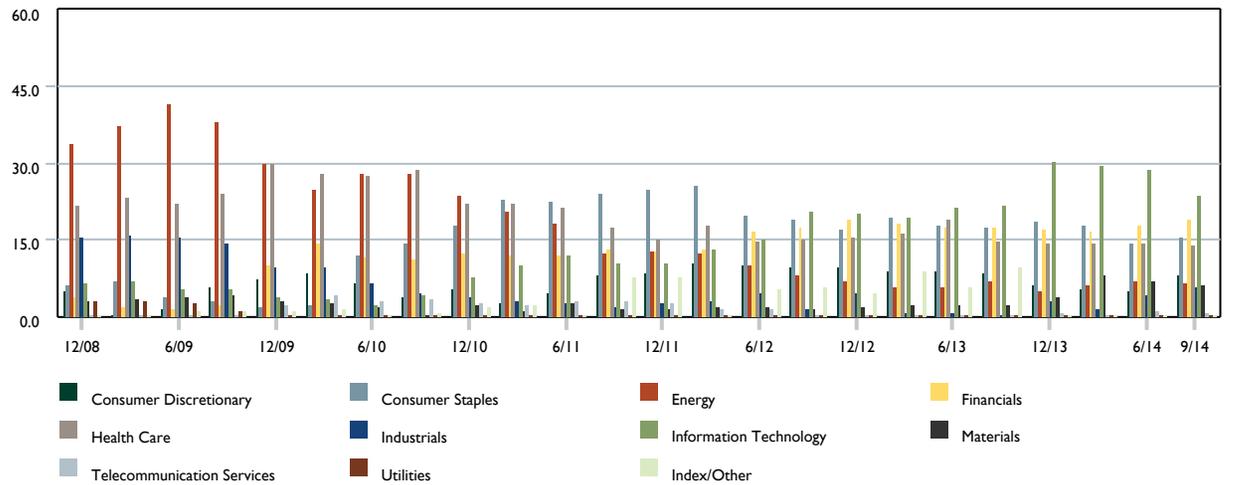
Geographic Exposure



Strategy Weights



Sector Breakdown



Market and geographic exposure exclude cash.

Fixed Income

As of September 30, 2014

	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
Portfolio Characteristics					
Yield	1.1	2.4	0.7	0.9	0.9
Average Maturity	6.7	7.7	2.3	2.7	4.7
Duration	5.4	5.6	2.2	2.6	4.0
Quality Breakdown					
U.S. Treasury	35.0	35.5	99.1	100.0	63.8
U.S. Govt/Agency	4.0	3.6	0.0	0.0	2.2
Agency MBS	0.0	28.9	0.0	0.0	0.0
Non-U.S. Sov/Agency	0.0	4.5	0.0	0.0	0.0
AAA	7.0	3.8	0.0	0.0	3.9
AA	27.0	2.6	0.0	0.0	14.9
A	12.0	10.9	0.0	0.0	6.6
BBB	11.0	10.2	0.0	0.0	6.1
BB and Below	4.0	0.0	0.0	0.0	2.2
NR/Other	0.0	0.0	0.9	0.0	0.4
Sector Breakdown					
U.S. Treasury	35.0	35.5	99.1	100.0	63.8
U.S. Government Related	4.0	3.6	0.0	0.0	2.2
Non-U.S. Sovereign/Agency	0.0	4.5	0.0	0.0	0.0
Investment Grade Corporate	10.0	23.3	0.0	0.0	5.5
Industrials	0.0	13.8	0.0	0.0	0.0
Utility	0.0	1.8	0.0	0.0	0.0
Financials	10.0	7.7	0.0	0.0	5.5
High Yield	1.0	0.0	0.0	0.0	0.6
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	26.0	28.9	0.0	0.0	14.3
MBS-Agency	23.0	28.9	0.0	0.0	12.7
MBS-NonAgency	3.0	0.0	0.0	0.0	1.7
CMBS	6.0	2.0	0.0	0.0	3.3
ABS	2.0	0.5	0.0	0.0	1.1
Municipals	7.0	0.0	0.0	0.0	3.9
Cash	6.0	0.0	0.0	0.0	3.3
Other	3.0	1.7	0.9	0.0	2.1

- PIMCO Total Return II Yield is 30-day SEC yield and Maturity is Effective Maturity. Cash includes: 10% Gov't Related, 3% Mortgage, 8% Credit, 73% US MM Futures/Options, 21% Other, and -109% offsets related to derivatives. 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, 2014

	Vanguard Short-Term Inflation Protected Securities Adm. Fund	Barclays U.S. Treasury: 0-5 Year TIPS Index
Portfolio Characteristics		
Yield	1.1	1.3
Average Maturity	2.5	2.5
Duration	2.5	2.1
Quality Breakdown		
U.S. Treasury	100.0	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	0.0	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
Sector Breakdown		
U.S. Treasury	100.0	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	0.0	0.0

- Vanguard Short-Term Inflation Protected Securities Duration represents Average Duration.

- Barclays U.S. Treasury TIPS 0-5 Years Duration represents Modified Adjusted Duration.

Inflation Hedging

As of September 30, 2014

Sector Breakdown	PIMCO CommoditiesPLUS Strategy Institutional Fund	Credit Suisse Commodity Benchmark Index
Energy	55.0	55.0
Industrial Metals	13.0	13.0
Precious Metals	7.6	7.6
Agriculture/Livestock	24.4	24.4
Other	0.0	0.0

Portfolio Comparison

As of September 30, 2014

Van Eck Global Hard Assets

S&P North American Natural Resources Sector

Composition	Van Eck Global Hard Assets	S&P North American Natural Resources Sector
# of Holdings	61	150
% Top 15 Holdings	55.0	51.5
% Top 25 Holdings	73.3	64.1
Characteristics	Van Eck Global Hard Assets	S&P North American Natural Resources Sector
Wtd Avg Mkt Cap (\$B)	25.1	80.6
Forecast P/E	16.9	15.3
Price/Book ratio	2.0	2.0
Historical EPS Growth - 5 Year	5.4	6.4
Forecast EPS Growth - Long-Term	16.2	13.7
Current Yield	1.4	2.1
GICS Industries (%)	Van Eck Global Hard Assets	S&P North American Natural Resources Sector
Oil & Gas Drilling	4.9	3.1
Oil & Gas Equipment & Services	16.2	16.6
Integrated Oil & Gas	0.0	23.7
Oil & Gas Exploration & Production	32.2	29.7
Oil & Gas Refining & Marketing	6.8	5.7
Oil & Gas Storage & Transportation	1.5	6.2
Coal & Consumable Fuels	4.9	0.9
Fertilizers & Agricultural Chemicals	1.3	0.0
Construction Materials	0.0	1.0
Metal & Glass Containers	0.0	1.4
Paper Packaging	0.0	2.1
Aluminum	0.0	0.9
Diversified Metals & Mining	10.6	2.6
Gold	8.9	4.0
Precious Metals & Minerals	0.0	0.1
Silver	0.0	0.4
Steel	2.9	0.0
Forest Products	1.2	0.1
Paper Products	0.0	1.3
Construction & Farm Machinery & Heavy Trucks	1.5	0.0
Trading Companies & Distributors	0.2	0.0
Agricultural Products	0.8	0.0
Cash	6.1	0.0
Market Capitalization (%)	Van Eck Global Hard Assets	S&P North American Natural Resources Sector
Mega (Above \$50B)	20.0	40.4
Large (\$12B - \$50B)	29.4	36.2
Mid (\$4B - \$12B)	33.1	17.5
Small/Mid (\$2B - \$4B)	7.8	5.0
Small (\$0 - \$2B)	3.6	0.9
Cash	6.1	0.0

Country/Region Allocation

As of September 30, 2014

Country/Region Allocation (%)	Van Eck Global Hard Assets	S&P North American Natural Resources Sector
Canada	11.0	12.5
United States	73.0	85.0
Europe ex UK	0.6	1.9
United Kingdom	9.0	0.5
Developed Markets	93.6	100.0
Cash	6.1	0.0
Other	0.3	0.0

Tab IV

Performance Highlights

Equity

- FPA Crescent declined 1.0% in the quarter, bringing year-to-date returns to 4.0%. The Fund continues to be defensively positioned, with cash at 45% and gross equity exposure at 55%. Fixed income exposure remains low at 1%, while FPA has been adding incremental exposure to private real estate investments. Exposure to private and illiquid assets remains well below the 5% limit, but FPA feels the positions offer greater returns than the public markets. FPA experienced moderate dispersion during the quarter as company-specific events led to sizable gains and losses for a number of core positions. On the positive side, positive earnings reports pushed up prices for Microsoft and Alcoa. Both companies fit with FPA's emphasis on inexpensive companies improving capital allocation, which has led to improved margins and earnings growth. Global bank Citigroup has also benefited from stronger-than-expected earnings, while shedding non-core business units. On the negative side, Walgreens fell more than 17% on the quarter after the company announced it was no longer pursuing a tax inversion as part of its acquisition of Alliance Boots. Owens-Illinois was also a drag on results. The glass maker fell more than 20% after announcing its earnings would be lower than previously forecast. Canadian Natural Resources also fell on weakness in the commodity space late in the quarter.
- FMI's Small/Mid Cap Equity strategy contracted 4.9% in the quarter but held up better than the Russell 2500 Index (-5.3%). While encouraged by the recent decline in small cap equity prices, FMI continues to find valuations as expensive relative to their history and maintained an elevated cash balance of 14% through the quarter. In addition to the cash balance, FMI benefited from positive stock selection within the energy, financials, and industrials sectors. During the period, Dresser-Rand Group was acquired by Siemens, benefiting performance within the energy sector, where exploration & production concern Cimarex Energy declined but outperformed the broader sector. FMI remained underweight financials. Positioning in the sector was more conservative, with a handful of holdings within insurance and regional banking. FMI reduced exposure to energy and industrials in light of relative performance but continues to look actively across both sectors for additional opportunities. Underperformance within the health care sector was almost wholly attributable to Hanger, a newer position. Hanger, a provider of orthopedic solutions, had a disappointing quarter after making little progress on systems issues that had weighed on the stock price and provided FMI with an entry point. FMI maintained the position but decided not to increase exposure on weakness in light of the disappointment. While still unenthusiastic about the absolute valuations of small and mid cap equities, the relative value of FMI's portfolio remained compelling through quarter-end. The investment team was refreshing analysis of stocks on its wish and monitor lists in anticipation of additional price declines. FMI's Small/Mid Cap Equity strategy remains effectively closed to new investors.

Performance Highlights

Equity (cont'd)

- The Dodge & Cox International Stock Fund fell 2.7% in the quarter, performing well ahead of the MSCI ACWI ex-U.S. Index (-5.3%) and outpacing the MSCI EAFE Index (-5.9%). The strategy has also outperformed both benchmarks over the year-to-date period ended September, returning 5.0% vs. 0.0% for the MSCI ACWI ex-U.S. Index and -1.4% for the MSCI EAFE Index. Specific to the third quarter, stock selection was broadly positive. Materials was the only sector where the team failed to add value as the portfolio's specialty chemicals and industrial gas names posted disappointing returns. The consumer discretionary and industrials sectors were both areas of notable strength for the investment team. Key contributors included Mahindra & Mahindra (Indian automobile manufacturer), Yamaha Motor Co. (Japanese motorcycle manufacturer), and Mitsubishi Electric (Japanese electrical equipment). Portfolio positioning also served as a tailwind to relative results as Dodge & Cox benefited from overweights to health care and information technology names. From a regional perspective, an overweight to Japan served as a modest headwind to relative returns.
- The Artisan International Fund declined 4.7%. Though disappointing from an absolute perspective, the strategy was ahead of the MSCI EAFE Index, which fell 5.9% for the same period. Financials, a significant underweight in the portfolio, was an area of strong stock selection. The team also added value within IT as positions in emerging markets internet names, such as Baidu and Tencent, outperformed the broad benchmark. Regional positioning also served as a tailwind to relative returns. Though an underweight to Japan hurt results, exposure to emerging Asia more than offset it. The team increased the portfolio's direct emerging markets allocation to 15.9%, with a continued focus on China. Artisan also increased its exposure to telecom by establishing new positions in China Mobile and BT Group. The team anticipates that China Mobile may capitalize on the roll out of an improved 4G network in China. BT Group—a U.K. broadband provider—appears poised to benefit from industry consolidation. The team believes both names also offer strong earnings growth. These additions were funded in part by the sale of Honda Motor, which the team exited due to deteriorating fundamentals.
- As previously reported, Artisan completed a follow-on equity offering in March that coincided with the one-year anniversary of the Firm's initial public offering and the retirement of Artisan founder Andy Ziegler. After the subsequent follow-on offering, 38% of Artisan Partners is publicly traded. The remaining equity is held as follows: 32% employees, 11% founders, and 17% other initial/external investors. The equity of employees is restricted and 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.

Performance Highlights

Alternative Strategies

- Forester Partners declined 0.3% in the quarter, resulting in a year-to-date return of 2.0%. Long/short equity managers generally struggled during the quarter as market volatility picked up in August and September, causing many funds to take profits. As a result, many popular event-driven holdings sold-off, particularly those where an event had already occurred or the timeline to a future catalyst was less defined. Forester's portfolio of managers generally fared better than most, aided by a 4% gain from the Fund's top allocation, Viking Global. Viking, which is an 8% allocation, had positive contribution from longs and shorts, with particular outperformance from Regeneron Pharmaceuticals, Lowe's, and LyondellBasell. Kensico, which is also an 8% allocation, gained roughly 3% on the quarter. Kensico had a large position in Cheniere Energy, which appreciated as the company is nearing the completion of a large liquefied natural gas (LNG) facility. Outside of these top positions, managers such as 12 West, Coatue, Lakewood, and Samlyn all fell within a range of +/- 1%. On the negative side, the most notable laggard during the quarter was Wellington's financials fund Bay Pond, which fell 5% on the quarter. Hoplite, which was among the most exposed to the sell-off in event-driven names, retreated more than 4%.
- Archstone Absolute Return declined 1.5% in the quarter and generated a year-to-date gain of 1.8%. Archstone's credit and multi-strategy managers generally fared well as they were able to avoid the increase in volatility in the performing credit markets late in the quarter. Distressed credit managers such as King Street and Silver Point were flat to modestly negative. Lehman-related claims were mixed on the quarter, but the overall impact on performance was minimal. The top performing manager was Elliott, which gained 2.5% on the strength of its positions in Argentina. Fir Tree was up nearly 2%, with Argentina contributing to returns there as well. The Argentine government continues to fight with creditors. However, the market is optimistic that a deal will be struck in the coming months. Other multi-strategy managers such as Davidson Kempner and Och-Ziff were flat. On the negative side, York Credit fell 3% in the quarter. York is less hedged than others and had a sizable position in TXU, which traded down during the period. TXU was hurt by delays in its restructuring process, as well as lower natural gas prices. Event-driven manager Mason was also hurt by weakness in the energy sector, contributing to a 4% loss on the quarter.

Performance Highlights

Fixed Income

- PIMCO Total Return Fund II fell 0.4% for the quarter, underperforming the 0.2% gain of the Barclays U.S. Aggregate Index. Year-to-date, the Fund is up 3.3% behind the Index's 4.1% return. During the quarter, the Fund was hurt by an underweight to the long-end of the U.S. yield curve. The team's long standing Index-relative underweight to investment-grade credit also likely benefited the portfolio as this segment of the market underperformed the Aggregate Index. Finally, out-of-benchmark positions in non-agency mortgage-backed securities continued to be additive. This was due to limited supply and the ongoing housing recovery. PIMCO reported that it raised cash levels in the portfolio in late September in anticipation of Bill Gross' departure and the likely client withdrawals that would follow. PIMCO reported that the Fund experienced \$360 million in net out flows during the month of September.
- On September 26, 2014, CIO and co-founder Bill Gross resigned from PIMCO. As a result of his departure, the resignation of CEO and Co-CIO Mohamed El-Erian at the beginning of the year, and heavy outflows, we downgraded our assessment of all PIMCO strategies. We acknowledge that PIMCO has a deep bench of investment professionals, but we have concerns about the changes in membership and leadership over the past several years in the Investment Committee that drives the top-down view and develops investment guidelines that impact all PIMCO strategies. Furthermore, several Deputy CIOs shifted their management duties to areas that have been historically outside their area of focus. In the case of the Total Return Fund, three new portfolio managers were named that were not previously directly managing the Fund and it is unclear how effective the group will be in leading the portfolio management decisions in tandem. Lastly, we are concerned that the loss of Gross and significant shifts in leadership could accelerate the pace of outflows at a time when market volatility has increased. This in turn could potentially impact portfolio positioning, performance, and in a drastic scenario restrict investor access to capital. We no longer recommend PIMCO Total Return Fund II and believe clients should exit the strategy as soon as practical.

Performance Highlights

Fixed Income

- Vanguard Short-Term Treasury declined 0.1% and underperformed the Barclays 1–5 Year Treasury Index by 8 bps. A majority of the underperformance related to management fees. However, in order to keep duration in the 2.2 year range, the Fund had to extend out to invest a small percentage in Treasuries maturing in the next 5–7 years to complement an overweight to Treasuries maturing over the next 1–3 years. During the quarter, Treasuries maturing within the next three years delivered a flat return. Those maturing in 5–7 years declined 6 bps and thus were a large source of underperformance during the period. The very front-end of the U.S. Treasury yield curve remained relatively stable due to Fed policy, while intermediate-term yields drifted higher, and long-term yields declined further. The 10-year yield declined 1 bps to 2.52%, while the yield on the 2-year note increased 11 bps. The curve continued to flatten as the spread between the 2- and 10-year yields moved from 2.07% at the end of the second quarter to 1.94%. Year-to-date, the 10-year yield has declined nearly 50 bps and the Treasury market has returned 2.7%. The Federal Open Market Committee (FOMC) continued its current pace of tapering. It announced two additional \$10 million reductions to its bond-buying program. The Fed is scheduled to purchase an additional \$15 billion of securities in October. In recent meetings, the Fed has indicated that quantitative easing will end in October. The FOMC has stated that the current target range for the federal funds rate will remain in place for a considerable time after the end of its bond-buying program. Entering the fourth quarter, the Fund was invested exclusively in U.S. Treasuries. Overall, the Fund's 2.2-year duration trailed the Index duration of 2.6 years. As a result of having a defensive interest rate posture, the Fund's 0.7% yield was lower than the Index yield of 0.9%.

Performance Highlights

Inflation Hedging

- The PIMCO CommoditiesPLUS Strategy Fund returned -12%, underperforming its Credit Suisse Commodity benchmark, which returned -11.8% during the quarter. The Fund's overweight to gold detracted from performance as prices declined on higher yields. Long calendar spread trades in sugar also hurt relative performance as the market absorbed excess supply from Thailand. Within the collateral pool, tactical holdings of TIPS hurt given that real yields sold-off and exposures to local rates in Brazil detracted as rates rose in that country. Several trades and positions contributed to relative performance within the commodity portfolio. These include: (1) a long position in WTI versus Brent crude, as domestic crude outperformed international oil; (2) a long ethanol versus corn trade as production margins improved amid a sell-off in corn prices due to expectations for a bumper crop; and (3) an underweight to wheat versus corn, as wheat sold-off more sharply than corn. Within the collateral portfolio, contributors include an allocation to non-agency mortgages and tactical exposures to Italian and Spanish debt.
- On September 26, 2014, PIMCO CIO and Co-Founder Bill Gross resigned from the Firm. As a result of his departure, in conjunction with the resignation of CEO and Co-CIO Mohamed El-Erian at the beginning of the year and heavy outflows, we no longer recommend PIMCO CommoditiesPLUS and believe clients should exit as soon as practical.
- The Global Hard Assets Fund declined 10.5% during the quarter, trailing the S&P North American Natural Resources Index by 48 bps. Sector allocation was overall negative, while stock selection was positive. In a strong reversal from the first half of 2014, energy was the weakest performing sub-sector for the strategy following a correction in oil prices. The correction resulted from continued supply growth, lower demand growth forecasts, and continued geopolitical risks. Within the portfolio, oil and gas exploration and production names detracted 400 bps and oil and gas drilling detracted 200 bps. The strategy did experience positive attribution from steel, refiners, and diversified metals and mining during the quarter. The team remains committed to its two major portfolio themes—unconventional resources and mining restructuring. The mining industry has been focused on increasing operating margins through capital discipline, maintaining healthy balance sheets, and cutting costs. Lastly, industrial miners continue to restructure their operations and strategies in an effort to increase profitability and returns, with a focus on enhancing existing assets rather than pursuing acquisitions.

Firm details: First Pacific Advisors

Total Assets (\$ mil.):	\$33,078
Style:	Long/Short Equity
Assets in Style (\$mil.):	\$20,330
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.

This is a Prime Buchholz recommended strategy.

Vehicle Information:

Inception:	June 1993
Assets (\$ mil.):	\$19,128
Minimum Account Size:	\$1,500
Management Fee:	1.23%, 2.0% redemption < 90 days
Profit Allocation:	None
Highwater Mark:	None
Hurdle Rate:	None
UBTI:	N/A
Additional Expenses:	Short sale dividend expense, other (0.19% at March 31, 2011)
Additional Vehicles:	N/A

3c1/3c7:	None
Subscriptions:	Daily
Redemptions (notice):	Daily (2% redemption fee < 90 days)
Lock-up:	None
ERISA Capacity:	N/A
Prime Broker:	N/A
Administrator:	First Pacific Advisors, LLC
Auditor:	Deloitte & Touche LLP
Legal Counsel:	K&L Gates LLP

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Firm details: Forester Capital

Total Assets (\$ mil.):	\$4,000	Key Investment Professionals:	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.
Style:	Directional Hedge FOF		
Assets in Style (\$mil.):	\$1,600		
Year Founded:	1999		
Location:	Greenwich, CT		
Ownership:	100% Trent Carmichael and family.	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 Tumbuckle 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.
Registration:	SEC		
GP Capital:	\$28.5 million across funds (as of 9/30/2010)		

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. This is a Prime Buchholz recommended strategy.

*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

<i>Underlying Funds (6/30/2014)</i>	<i>Alloc %</i>	<i>Strategy</i>
Viking Global Equities, LP	9	Long/Short Equity
Kensico Capital, L.L.C.	8	Long/Short Equity
Samlyn Capital, LLC	6	Long/Short Equity
Pennant Capital Management, L.L.C.	5	Long/Short Equity
Falcon Edge Capital, LP	4	Long/Short Equity
Lansdowne Partners Limited Partnership	4	Absolute Return
Tiger Global Performance, L.L.C.	4	Absolute Return
Abrams Bison Investments, L.L.C.	3	Long/Short Equity
Castine Capital Management, LLC	3	Long/Short Equity
Coatue Offshore Fund, Ltd.	3	Long/Short Equity
Steadfast Capital, L.L.C.	3	Long/Short Equity
The Children's Investment Fund Mgmt UK LLP	3	Long/Short Equity
Wellington Management Company	3	Long/Short Equity
Cyrus Capital Partners, LP	2	Absolute Return
Freshford Capital Management, LLC	2	Long/Short Equity
Freshford Capital Management, LLC	2	Long/Short Equity
Glenhill Capital, LP	2	Long/Short Equity
Hengistbury Investment Partners LLP	2	Europe Long/Short
HHR Atlas Ltd.	2	Long/Short Equity
Impala Asset Management, LLC	2	Long/Short Equity

Vehicle Information:

Inception:	January 2004	3c1/3c7:	3c7
Assets (\$ mil.):	\$700	Subscriptions:	Quarterly
Minimum Account Size:	\$2,000,000	Redemptions (notice):	A: Annual (anniversary) B: Three-year liquidity (95 days)
Management Fee:	1.0%, underlying manager fees	Lock-up:	A: Two years B: Three years
Profit Allocation:	A: 3%, B: None	ERISA Capacity:	No
Highwater Mark:	Yes	Prime Broker:	N/A
Hurdle Rate:	NA	Administrator:	International Fund Services LLC
UBTI:	No	Auditor	Ernst & Young LLP
Additional Expenses:	Accounting, legal, filing (approx. 18 bps)(0.07% in 2012)	Legal Counsel:	Ogier
Additional Vehicles:	Onshore 3c1 and 3c7		

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Firm details: Archstone Partners

Total Assets (\$ mil.):	\$3,608	Key Investment Professionals:	
Style:	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.	
Assets in Style (\$mil.):	\$364	- 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.	
Year Founded:	1991	- 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.	
Location:	New York, NY		
Ownership:	Alfred Shuman 80%; Balance in declining order: Stanley Shuman; Richard Nye; Steven Kotler; Stephanie Shuman; Joseph Pignatelli; David Parker; John Marshall		
Registration:	SEC		
GP Capital:	\$6.8 Million		
		Other investment professionals include Mark Smith, Barbara Barlick, Kevin Jomlin & 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. This is a Prime Buchholz recommended strategy.

*Management fee reflects discount of 0.36-0.39% for Prime Buchholz clients.

Sample Portfolio Characteristics

<i>Underlying Funds (6/30/2014)</i>	<i>Alloc %</i>	<i>Strategy</i>
Fir Tree Capital Opportunity Fund II, Ltd.	10	Absolute Return
King Street Capital Ltd.	10	Distressed Debt/Credit
York Credit Opportunities Unit Trust	10	Credit and distressed debt
Elliott International, Ltd	10	Multi-strategy Hedge
Mason Capital, Ltd.	9	Event Driven
Silver Point Capital Offshore Fund, Ltd.	9	Absolute Return
Farallon Capital Offshore Investors, Inc.	9	Absolute Return - Event-Driven
Davidson Kempner International, Ltd.	9	Absolute Return Multi-Strategy
Och Ziff Overseas Fund, Ltd.	8	Absolute Return - Event Driven
Brevan Howard Credit Catalysts Ltd	6	Absolute Return
Serengeti Opportunities Fund	5	Event Driven
Saba Capital Offshore Fund, Ltd.	4	Absolute Return

Vehicle Information:

Inception:	January 2002	3c1/3c7:	3c7
Assets (\$ mil.):	\$364	Subscriptions:	Monthly (1mm min for PBA)
Minimum Account Size:	\$2,500,000	Redemptions (notice):	Semiannual (6/30, 12/31) with 90 days notice
Management Fee:	1.11%- 1.14% flat fee or 1% & 5% incentive; Underlying Manager Fees	Lock-up:	One year
Profit Allocation:	0% for flat fee/5% for incentive fee structure	ERISA Capacity:	Yes
Highwater Mark:	Yes, for incentive fee structure	Prime Broker:	N/A
Hurdle Rate:	NA	Administrator:	SS&C Technologies, Inc.
UBTI:	No	Auditor	Ernst & Young LLP
Additional Expenses:	Payroll and all operating expenses (0.49% in 2012, capped at 0.60% excl. interest expense)	Legal Counsel:	Walkers SPV Limited (Cayman); Willkie Farr & Gallagher LLP (US)
Additional Vehicles:	NA		

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Firm details: The Vanguard Group

Total Assets (\$ mil.): \$2,875,425
Style: Domestic Fixed Sector Index
Assets in Style (\$mil.): \$10,100
Year Founded: 1975
Product Inception: December 2012
Location: Valley Forge, PA
Ownership: -The firm is owned by fund shareholders.

Key Investment Professionals:

- Greg Davis - Davis is Head of Fixed Income Portfolio Management and has been with Vanguard since 1999. He earned a B.S. from Pennsylvania State University and an M.B.A. from the University of Pennsylvania.
 - Joshua Barrickman, CFA - Barrickman was promoted to Head of Vanguard's Bond Index Group in 2013 and he joined the firm in 1999. He earned a B.S. from Ohio Northern University and an M.B.A. from Lehigh University.
 - 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.

Investment Objective and Philosophy/Process

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

Philosophy/Process: Unlike the existing Vanguard Inflation-Protected Securities Fund, which is actively managed, Vanguard Short-Term Inflation-Protected utilizes a more passive approach to build the portfolio; however modest benchmark relative deviations may be implemented from time to time. PM Gemma Write-Casparius works closely with the Bond Index Group that is led by Joshua Barrickman. Securities are selected that will keep the fund's characteristics in line with those of the index. Risk control is a priority of Vanguard. The group created a desktop dashboard report to monitor various risks across the products such as yield curve mismatches, broad sector allocation differences, quality exposure, and issuer-level violations. In addition, the risk management team produces, on a monthly basis, tracking error reports that show total tracking error and the various contributions to tracking error. The dashboard is used on a daily basis to manage tracking error that results from the various risk factors whereas the risk management report quantifies sources of tracking error each month. Given the liquidity of the U.S. TIPS market, virtually all Index securities will be held in the portfolio.

Assessment

Vanguard is one of the largest asset managers in the world, focusing mainly on low cost, passively managed funds. Similar to many Vanguard index options, the Fund carries a low management fee. One of the benefits highlighted by Vanguard is that short-term TIPS offer a better hedge to inflation, particularly to energy-related inflation. 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. Securities lending is allowed per the prospectus. Near the end of Q3 2011, Vanguard announced that it was discontinuing securities lending in its fixed income strategies. As a reminder, Vanguard only lends special securities with a high scarcity premium rather than a liquid security with a low scarcity premium because they can earn a larger spread from the reinvestment for securities with high scarcity premiums and they see few fixed income opportunities at this time. However, if Vanguard were to re-engage in securities lending, we feel that the firm implements a conservative policy as it pertains to the practice. Furthermore, 100% of the net lending proceeds are credited to the Fund. We remain comfortable with Vanguard's practices and believe that the firm would not want to break the implicit trust of shareholders by taking on more risk to pursue these additional revenue sources. Some market-related considerations include the significant yield disadvantage of short-term TIPS vs. full-market TIPS. Also, investors should consider an investment in this strategy vis a vis the client's real asset portfolio to assess whether the incremental inflation protection to energy is warranted. Please note that Robert Auwaerter retired at the end of March 2014 and was replaced by Greg Davis who previously served as Head of Bond Indexing. This is a Prime Buchholz recommended strategy.

Vehicle Information:

Vehicle Name	Minimum	Assets (\$ mil.)	Fee	Type	Sample Operational Detail	Quality/Avg. Quality:	AAA/AAA
Vanguard ST TIPS Fd Adm	\$10,000	\$1,500.0	0.10%	MF	Vanguard ST TIPS Fd Instl	Duration:	Index-like
Vanguard ST TIPS Fd ETF	\$0	\$1,300.0	0.10%	MF	Last Audited Financial	% Non-Investment	0
					9/30/2013	Grade:	
Vanguard ST TIPS Fd Instl	\$5,000,000	\$2,700.0	0.07%	MF	Accountant/Auditor	% Foreign:	0
					PricewaterhouseCoopers LLP	Security Constraints:	80% of its assets in inflation-indexed securities
					Custodian	Sector Constraints:	80% of its assets in inflation-indexed securities
					JPMorgan Chase	Avg # of Securities:	~15
					Administrator	Turnover:	N/A
					Vanguard	Assets in Composite:	N/A
					Securities Lending	GIPS Compliant:	No
					Yes		

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Firm details: Pacific Investment Management Co.

Total Assets (\$ mil.):	\$1,876,395
Style:	Public Real Direct Natural Resources
Assets in Style (\$mil.):	\$7,000
Year Founded:	1971
Product Inception:	December 2010
Location:	Newport Beach, CA
Ownership:	PIMCO LLC is a majority-owned subsidiary of Allianz.

Key Investment Professionals:

Mihir Worah, Portfolio Manager - Beginning in Q1 2014, Worah has taken on multiple new responsibilities at PIMCO---all outside of the commodity platform. Worah is now the lead PM for PIMCO's Global Multi Asset Fund (in the wake of Mohammed El Erian's departure) in addition to his new role as Deputy Chief Investment Officer ("DCIO"). In addition, as a DCIO, he now has quantitative and treasury teams under his purview. With Bill Gross's sudden departure in Q3, Worah was also named as a PM on the Total Return Fund (bond fund), which is PIMCO's largest product by AUM. The commodity team consists of three investors---in addition to himself, including Nick Johnson (PIMCO Plus PM), Gillian Rutherford, SVP, and Greg Sharenow, EVP. Worah notes that all four are key / senior contributors in the management of the strategy with Rutherford's and Sharenow's roles increasing over time.

Investment Objective and Philosophy/Process

PIMCO Commodity Plus Strategy seeks to provide core index exposure to the Credit Suisse Commodity Benchmark Index ("CSCB") while adding alpha over the index through commodity alpha strategies including: (i) modified roll strategies, (ii) substitution strategies, (iii) actively managing calendar/seasonal exposures, and (iv) volatility strategies. The Fund invests in commodities through derivatives to obtain long exposure similar to CSCB. The strategy also seeks to add alpha through active collateral management by taking on credit risk and by investing in a longer duration portfolio relative to the standard 1-3 month T-bills employed by the index. In the commodity pool, positive alpha of 200-250 bps is the target and in the collateral pool 50 to 75 bps is sought. 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. Management invests collateral pool assets in treasuries and other fixed income securities, including agency and non-agency MBS, ABS, corporates, foreign, CMBS, municipal, derivatives and currencies. 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. The team estimates that about 25% of the Fund's active risk budget is allocated to top down driven trades while the remaining 75% of active bets are driven by bottom-up analysis. 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 non-U.S. securities and up to 5% of assets in securities denominated in foreign currencies.

Assessment

The Strategy provides long exposure to a diversified set of commodities futures - similar to the CSCB. Current weights within the CSCB are as follows: energy 56%, base metals 13%, agriculture 20%, precious metals 7%, and livestock 4%. The strategy has multiple tools for potentially adding value in excess of its passive exposure. In addition, active management of the collateral pool has historically added value in excess of the index's t-bill collateral pool. The product provides access to the commodities team as well as PIMCO's process and macro-overlay, without exposure to the TIPs collateral found in the Commodity Real Return product. PIMCO has invested resources in building out its alternatives platforms and gearing the Firm to support these strategies. At \$24 billion in commodity AUM, PIMCO is now a significant player in the commodity space. PIMCO has experienced several senior level departures and multiple investment leadership changes thus far in 2014. On January 21, 2014, Allianz SE announced that Mohamed El-Erian, PIMCO CEO, co-CIO, and Investment Committee co-Chair, resigned from his role at PIMCO. He left the Firm (a subsidiary of Allianz SE) at the end of March, at which point he moved to a new role on the Allianz SE International Executive Committee. PIMCO Co-CIO Bill Gross also announced his resignation from the Firm on September 26th, 2014. For these reasons, as well as the potential for additional turmoil and turnover at the Firm, and significant outflows of investor capital, this is no longer a Prime Buchholz recommended strategy and we believe clients should exit.

Vehicle Information:

Vehicle Name	Minimum	Assets (\$ mil.)	Fee	Type	Sample Operational Detail	Security Constraints:	
PIMCO CommoditiesPLUS Strategy Instl Fund	\$1,000,000	\$4,300.0	0.74%	MF	PIMCO CommoditiesPLUS Strategy Instl Fund	Sector Constraints:	Collateral portfolio will invest in treasuries and other fixed income securities
					Last Audited Financial		Collateral portfolio will invest in treasuries and other fixed income securities
					3/31/2014	Avg # of Securities:	~600
					Accountant/Auditor	Turnover:	107%
					PricewaterhouseCoopers, LLP	Assets in Composite:	100%
					Custodian		
					State Street Bank and Trust Company	GIPS Compliant:	Yes (Since 1987)
					Administrator		
					Pacific Investment Management Company LLC		
					Securities Lending		

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Firm details: Van Eck

Total Assets (\$ mil.):	\$35,182
Style:	Public Real Direct Natural Resources
Assets in Style (\$mil.):	\$7,700
Year Founded:	1955
Product Inception:	November 1994
Location:	New York
Ownership:	Family Owned - Jan F. Van Eck and Family Trusts (50% - 75%)John C. Van Eck (10% - 25%)Deborah Van Eck and Family Trusts (5% - 10%)

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 list through fundamental company research and 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 and 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	Type	Sample Operational Detail	Security Constraints:	5% cap
Van Eck Global Hard Assets A	\$1,000	\$738.1	1.39%	MF	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	\$2,866.6	1.00%	MF	Last Audited Financial 12/31/2013 Accountant/Auditor Ernst & Young LLP Custodian State Street Bank & Trust Company Administrator Van Eck Associates Corporation Securities Lending N/A	Avg # of Securities: ~70 Turnover: 40% Assets in Composite: N/A GIPS Compliant: No	

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Historical Performance

Return and Risk Summary

As of September 30, 2014

	1 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	-0.1	4.8	17.6	7.6	23.0	10.1	15.8	14.6	6.3	19.4	NA	NA
Wilshire 5000 Total Market Index	0.0	4.8	17.7	7.6	23.0	10.0	15.9	14.6	6.5	19.4	8.7	16.7
FPA Crescent Fund	-1.0	2.9	10.7	5.3	15.0	6.5	11.2	9.1	7.3	12.6	8.6	10.8
S&P 500 Index	1.1	5.2	19.7	7.4	23.0	9.7	15.7	14.1	6.0	18.8	8.1	16.2
60% Russell 2500 / 40% BC Global Credit	-4.1	3.3	7.3	7.3	15.9	8.2	12.0	11.8	6.9	15.8	8.2	13.8
HFRI Equity Hedge (Total) Index	-1.3	2.1	6.7	4.3	8.4	5.9	5.4	8.5	2.2	11.7	5.3	10.4
FMI Common Stock Fund	-4.9	4.9	10.4	10.0	19.6	12.3	13.8	15.3	9.5	19.4	10.8	17.0
Russell 2500 Index	-5.3	3.6	9.0	10.0	22.8	12.3	16.0	17.7	7.2	22.5	9.5	19.8
Dodge & Cox International Stock Fund	-2.7	5.0	13.2	7.7	18.7	11.3	9.4	17.7	2.6	25.8	8.9	22.6
MSCI AC World ex USA (Net)	-5.3	5.0	4.8	8.3	11.8	11.2	6.0	16.3	-0.2	23.0	7.1	20.6
Artisan International Institutional Fund	-4.7	5.4	6.1	10.0	19.5	11.9	10.5	17.2	2.8	23.3	9.1	20.7
MSCI EAFE (Net)	-5.9	4.1	4.3	8.9	13.6	11.2	6.6	16.3	-0.2	22.4	6.3	20.0
Forester Offshore A2, Ltd.	-0.3	2.1	7.2	4.3	10.0	4.5	6.2	6.7	4.8	7.7	7.5	7.1
HFRI FOF: Strategic Index	-0.3	1.7	6.1	3.2	5.9	4.3	3.6	5.7	0.2	8.9	3.9	8.4
Archstone Absolute Return Strategies Fund, Ltd. Class A	-1.5	1.8	4.8	3.1	7.5	3.5	6.2	4.5	3.2	7.6	5.4	6.9
HFRI FOF: Conservative Index	0.1	1.3	5.4	1.9	4.9	2.5	3.4	3.4	0.6	6.7	2.8	6.1
PIMCO Total Return II Institutional Fund	-0.4	2.0	2.8	2.0	3.4	3.2	4.3	3.1	6.2	4.3	5.4	4.2
Barclays U.S. Aggregate	0.2	2.0	4.0	1.9	2.4	2.4	4.1	3.0	4.9	3.3	4.6	3.2
Vanguard Short Term US Treasury Admiral Fund	-0.1	0.4	0.4	0.4	0.5	0.5	1.3	1.0	2.5	2.0	2.8	2.0
Barclays U.S. Treasury: 1-5 Year	0.0	0.5	0.6	0.5	0.6	0.7	1.7	1.4	2.9	2.7	3.0	2.5
Vanguard Short-Term Inflation Protected Securities Adm. Fund	-1.4	1.5	0.1	2.1	NA	NA	NA	NA	NA	NA	NA	NA
Barclays U.S. Treasury: 0-5 Year TIPS Index	-1.4	1.6	0.2	2.1	0.6	2.1	2.2	2.1	3.0	3.9	3.2	3.4

Historical Performance

Return and Risk Summary

As of September 30, 2014

	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 CommoditiesPLUS Strategy Institutional Fund	-12.0	4.4	-4.1	13.4	1.4	14.4	NA	NA	NA	NA	NA	NA
Credit Suisse Commodity Benchmark Index	-11.8	3.9	-4.1	13.2	0.2	13.7	3.2	16.4	-1.3	25.6	4.0	23.3
Van Eck Global Hard Assets I Fund	-10.5	11.5	5.2	15.8	8.1	16.9	5.9	23.2	1.9	29.6	NA	NA
S&P North American Natural Resources Sector	-10.0	13.4	10.3	16.8	12.5	16.4	8.8	21.4	2.4	27.3	9.8	24.6

Historical Performance

Return Summary

As of September 30, 2014

	Year To Date Return	2013 Return	2012 Return	2011 Return	2010 Return	2009 Return	2008 Return	2007 Return	2006 Return	2005 Return	2004 Return
Fidelity Spartan Total Market Index Advisor Fund	6.9	33.4	16.4	1.0	17.4	28.4	-37.2	5.6	15.8	NA	NA
Wilshire 5000 Total Market Index	6.9	34.0	16.1	0.6	18.1	29.4	-37.3	5.7	15.9	6.3	12.6
FPA Crescent Fund	4.0	21.9	10.3	3.0	12.0	28.4	-20.6	6.8	12.4	10.8	10.2
S&P 500 Index	8.3	32.4	16.0	2.1	15.1	26.5	-37.0	5.5	15.8	4.9	10.9
60% Russell 2500 / 40% BC Global Credit	1.5	21.4	15.6	0.5	18.9	29.6	-26.5	3.6	13.1	4.2	15.0
HFRI Equity Hedge (Total) Index	1.9	14.3	7.4	-8.4	10.5	24.6	-26.7	10.5	11.7	10.6	7.7
FMI Common Stock Fund	1.6	32.0	10.2	4.5	22.2	33.9	-20.4	-2.0	17.1	9.5	18.8
Russell 2500 Index	0.3	36.8	17.9	-2.5	26.7	34.4	-36.8	1.4	16.2	8.1	18.3
Dodge & Cox International Stock Fund	5.0	26.3	21.0	-16.0	13.7	47.5	-46.7	11.7	28.0	16.7	32.5
MSCI AC World ex USA (Net)	0.0	15.3	16.8	-13.7	11.2	41.4	-45.5	16.7	26.7	16.6	20.9
Artisan International Institutional Fund	-1.3	25.5	25.6	-4.1	6.2	40.0	-46.8	20.0	25.9	16.5	18.0
MSCI EAFE (Net)	-1.4	22.8	17.3	-12.1	7.8	31.8	-43.4	11.2	26.3	13.5	20.2
Forester Offshore A2, Ltd.	2.0	15.2	9.3	-2.5	5.2	14.6	-13.0	18.5	11.5	12.0	10.0
HFRI FOF: Strategic Index	2.0	10.5	5.8	-7.3	6.3	13.2	-25.2	12.8	11.8	10.3	8.3
Archstone Absolute Return Strategies Fund, Ltd. Class A	2.2	11.2	9.0	-2.3	8.1	19.4	-20.5	8.3	13.8	6.2	8.5
HFRI FOF: Conservative Index	2.7	7.7	4.2	-3.6	5.1	9.6	-19.9	7.7	9.2	5.1	5.8
PIMCO Total Return II Institutional Fund	3.0	-2.2	8.2	4.5	7.7	13.7	5.2	8.4	3.8	2.1	4.2
Barclays U.S. Aggregate	4.1	-2.0	4.2	7.8	6.5	5.9	5.2	7.0	4.3	2.4	4.3
Vanguard Short Term US Treasury Admiral Fund	0.5	0.0	0.8	2.4	2.8	1.5	6.8	8.0	3.9	1.9	1.2
Barclays U.S. Treasury: 1-5 Year	0.7	-0.1	0.9	3.4	3.7	0.2	8.8	8.2	3.8	1.3	1.3
Vanguard Short-Term Inflation Protected Securities Adm. Fund	0.3	-1.5	NA								
Barclays U.S. Treasury: 0-5 Year TIPS Index	0.4	-1.6	2.4	4.5	3.3	10.7	-2.0	9.8	2.6	1.6	5.0

Historical Performance

Return Summary

As of September 30, 2014

	Year To Date Return	2013 Return	2012 Return	2011 Return	2010 Return	2009 Return	2008 Return	2007 Return	2006 Return	2005 Return	2004 Return
PIMCO CommoditiesPLUS Strategy Institutional Fund	-4.1	-1.4	5.2	-2.3	NA						
Credit Suisse Commodity Benchmark Index	-4.2	-1.8	2.1	-3.5	15.2	26.1	-38.4	32.3	6.1	31.9	27.4
Van Eck Global Hard Assets I Fund	1.6	11.2	2.9	-16.3	28.9	53.2	-44.5	43.2	NA	NA	NA
S&P North American Natural Resources Sector	4.8	16.5	2.2	-7.4	23.9	37.5	-42.6	34.4	16.8	36.6	24.6

Index Descriptions

Third Quarter 2014

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.

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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 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 Flt Adjusted Composite Index: Barclays Aggregate Index through 12/31/2009; Barclays Aggregate Flt Adjusted Index thereafter. \

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 Govt 1-3 Year Flt Adjusted Composite Index: Prior to 1/1/2010, this index is Barclays Govt 1-3 Year Index.

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 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.

Barclays LT Govt Flt Adjusted Composite Index: Prior to 1/1/2010, this index is Barclays Long term Government Index.

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.

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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.

Bloomberg Commodity Index (formerly 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).

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.

CRR Composite Index reflects DJ-UBS TR Index + Barclays 1-5 TIPS Index - Citigroup 0-3 month T-Bills Index. The TIPS component of the Index has changed over time reflecting the Barclays 1-10 year from 6/08 to 12/13 and the Barclays US TIPS from 2/97 to 5/08.

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.

Index Descriptions

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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.

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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Global Sustainability Spliced Index: FTSE KLD Global Sustainability Index prior to 9/1/2010; MSCI World ESG Index thereafter.

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.

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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.

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.

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Third Quarter 2014

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.

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 U.S. Mid Cap 450 Index: History prior to May 16, 2003, reflects the S&P Midcap 400 Index.

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.

Index Descriptions

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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.

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 Completion Index: Prior to 6/30/2005 this index is DJ Wilshire 4500 Index.

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 Convertibles Composite Index is the CS First Boston Convertible Securities Index through November 30, 2004; Bank of America Merrill Lynch All US Convertibles Index (formerly Bank of America Merrill Lynch All Convertibles-All Qualities Index) through December 31, 2010; and 70% Bank of America Merrill Lynch All US Convertibles Index and 30% Bank of America Merrill Lynch Global 300 Convertibles ex-US Index (hedged) thereafter.

Spliced Developed Ex-North America Index is the MSCI EAFE Index through May 28, 2013; FTSE Developed ex North America Index thereafter.

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.

Index Descriptions

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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 European Stock Index is the MSCI Europe Index through March 26, 2013; FTSE Developed Europe Index thereafter.

Spliced Extended Market Index is the Dow Jones Wilshire 4500 Index through June 17, 2005; S&P Transitional Completion Index through September 16, 2005; S&P Completion Index thereafter.

Spliced Institutional Total Stock Market Index is the Dow Jones U.S. Total Stock Market Index (formerly known as the Dow Jones Wilshire 5000 Index) through April 8, 2005; the MSCI US Broad Market Index through January 14, 2013; CRSP US Total Market Index thereafter.

Spliced Intermediate Term Bond Index is the Barclays U.S. 5–10 Year Government/Credit Bond Index through December 31, 2009; Barclays U.S. 5–10 Year Government/Credit Float Adjusted Index thereafter.

Spliced Intermediate-Term Tax-Exempt Index includes investment-grade (rated Baa or above by Moody's) tax-exempt bonds that are issued by state and local governments and have maturities of 1 to 15 years.

Spliced International Index is the MSCI EAFE Index through May 31, 2010; MSCI All Country World Index ex-U.S. thereafter.

Spliced Large Cap Index is the MSCI US Prime Market 750 Index through January 30, 2013; CRSP US Large Cap Index thereafter.

Spliced Long Term Bond Index is the Barclays U.S. Long Government/Credit Bond Index through December 31, 2009; Barclays U.S. Long Government/Credit Float Adjusted 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 Midcap Growth Index is the MSCI US Mid Cap Growth Index through April 16, 2013; CRSP US Mid Cap Growth Index thereafter.

Spliced Midcap Value Index is the MSCI US Mid Cap Value Index through April 16, 2013; CRSP US Mid Cap Value Index thereafter.

Spliced REIT Index is the MSCI US REIT Index adjusted to include a 2% cash position (Lipper Money Market Average) through April 30, 2009; MSCI US REIT Index thereafter.

Spliced Short Term Bond Index is the Barclays U.S. 1–5 Year Government/Credit Bond Index through December 31, 2009; Barclays U.S. 1–5 Year Government/Credit Float Adjusted 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.

Spliced Total Bond Market Index is the Barclays U.S. Aggregate Bond Index through December 31, 2009; Barclays U.S. Aggregate Float Adjusted Index thereafter.

Spliced Total International Stock Index is the Total International Composite Index through August 31, 2006; MSCI EAFE + Emerging Markets Index through December 15, 2010; MSCI ACWI ex USA IMI Index through June 2, 2013; and FTSE Global All Cap ex US Index thereafter.

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 World Stock Index consists of the FTSE All-World Index through December 18, 2011, and the FTSE Global All Cap 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.

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.

Index Descriptions

Third Quarter 2014

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.

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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.

Wellington DIH Composite: 25% MSCI World Energy >\$3 Bil/ 10% MSCI World Metals & Mining >\$3 Bil/ 10% Agriculture, Forest Products & Livestock/3% HSBarclays 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.

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.

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, 2014. 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

Actual Correlation Matrix

10 Years Ended June 30, 2014

	Baird Agg	Dodge & Cox FI	JPM Core	Russell 3000	EAFE	ACWI x US	Barclays Agg	Barclays Gov/Cr	HFRI Eq Hedge
Baird Agg	1.00								
Dodge & Cox FI	0.83	1.00							
JPM Core	0.83	0.69	1.00						
Russell 3000	0.22	0.35	-0.23	1.00					
EAFE	0.29	0.47	-0.13	0.90	1.00				
ACWI x US	0.31	0.49	-0.11	0.90	0.99	1.00			
Barclays Agg	0.80	0.63	0.96	-0.29	-0.18	-0.17	1.00		
Barclays Gov/Cr	0.77	0.62	0.92	-0.30	-0.17	-0.17	0.98	1.00	
HFRI Eq Hedge	0.18	0.39	-0.21	0.89	0.93	0.95	-0.32	-0.33	1.00

Firm details: Baird Advisors

Total Assets (\$ mil.):	\$21,182
Style:	Domestic Fixed Broad Market Core
Assets in Style (\$mil.):	\$7,971
Year Founded:	1971
Product Inception:	December 1999
Location:	Milwaukee, WI
Ownership:	100% Employee-owned.

Key Investment Professionals:

- Mary Ellen Stanek, CFA - Chief Investment Officer. Stanek joined Baird in 2000. She began her career at Firststar in 1979, rising to CIO. She earned a B.S. from Marquette University and an M.B.A. from the University of Wisconsin.
- Charles Groeschell - Senior Portfolio Manager. Groeschell joined Baird in 2000. He began his career in 1980 at Firststar, rising to Senior PM. He earned a B.S. from Texas Christian University and an M.B.A. from University of Wisconsin.
- Warren Pierson, CFA - Senior Portfolio Manager. Pierson joined Baird in 2000. He began his career in 1987 and earned a B.S. from Lawrence University.
- Gary Effe, CFA - Portfolio Manager and Director of Research. Effe joined Baird in 2000. He began his career in 1978 at Firststar, rising to Senior PM and DOR. He earned a B.S. and an M.B.A. from the University of Wisconsin.
- Other team members include Daniel Tranchita, CFA, M. Sharon deGuzman, and a team of 10 research professionals.

Investment Objective and Philosophy/Process

Objective: Baird Core Bond strategy seeks to add an incremental return of 15-50 bps over the Barclays Agg Index on a gross basis.

Philosophy/Process: Baird Advisors believes that over time bond markets are adept in discounting risk and return and that predicting interest rates is difficult. As a result, portfolios are structured to be duration-neutral and the team seeks to deliver excess returns through yield curve positioning, sector allocation, and security selection. The team begins with an indepth benchmark analysis to understand duration, sector, and subsector weightings. The portfolio construction process is top-down beginning with extensive benchmark analysis. As the goal is to be duration neutral at all times, the next step is to search for opportunities by analyzing economic trends, interest rate scenarios, sector risk/return, and historical and projected spread relationships to determine yield curve position and sector weighting. The goal in this step is to maximize yield and rolldown opportunities and identify sectors that appear to be valued attractively. Once the top-down positioning is established, individual security selection follows. Relative value and risk/return profiles are important in determining sector and subsector overweights/underweights. Security selection tends to start with benchmark securities that carry an investment grade rating at the time of purchase. Non-benchmark issues, if highly correlated and/or reasonably replicate a benchmark security, are considered part of the investable universe. Security level credit research includes the contribution to duration, an assessment of security structure, impact of call provisions, cash flow features, liquidity, and spread analysis. Portfolios are well diversified and the team usually limits industry exposure to 20% and often has an overweight bias to financials and securitized assets. At the security level, policy limits include a 5% max in any non-Government issuer; a 1% limit on subsidiary debt not explicitly guaranteed by the parent, and a 0.50% weight to BBB-rated issues. The team only invests in USD-denominated securities and transacts in cash bond markets.

Assessment

Baird Advisors, the fixed income arm of Baird Investment Management, was formed in 2000 after the entire fixed income team was hired from Firststar Investment Research & Management; key members of the team have worked together for over two decades and the group has largely remained intact since 2000 which is a key positive attribute of the strategy. In addition, Baird does an outstanding job of allowing access to key members of the team which further enhances the high transparency of the process and the resulting portfolio. The team is conservative by nature and although sector biases do exist (financials and securitized tend to be emphasized), the top down process has historically resulted in positive affirmation of these biases over market cycles. Each sector has a role to play in the portfolio with Treasuries/Agencies serving as core holdings to mitigate credit risk and serve as a liquidity tool. ABS is often used as a lower-risk substitute of corporate debt with the team typically focusing on first-lien HELOC with better prepayment profiles than other traditional MBS products. Auto loans and credit card receivables also have attractive attributes and may play a role in the portfolio if relative value is believed to exist. MBS investments tend to focus on seasoned mortgages with stable cash flow characteristics and CMOs tend to be well structured in terms of seasoned collateral, low loan balances, etc. Corporates also play a role in the portfolio with Baird relying on its ability to conduct fundamental credit research to review management, financial data, competitive advantages, etc. Overall, the strong emphasis on bottom-up research has over time led to high consistency in the contribution of security selection on performance. We note there are some issues to be considered. 2008 performance was challenged due to security selection, particularly in the bank, brokerage and insurance sectors. Given a preference to underweight Treasury and Agency sectors, the strategy may underperform during periods of market stress. In addition, the mutual fund does engage in securities lending. While these risks should be considered, we feel that the stability of the team, their conservative nature, low mutual fund fees, and the competitive long-term track record make the Fund an attractive option in the core bond universe. This is a Prime Buchholz recommended strategy

Vehicle Information:

Vehicle Name	Minimum	Assets (\$ mil.)	Fee	Type	Sample Operational Detail	Quality/Avg. Quality:	AAA-BBB-/AA
Baird Aggregate BD Instl	\$25,000	\$2,100.0	0.30%	MF	Baird Aggregate BD Instl	Duration:	Target benchmark duraton
Baird Aggregate BD Inv	\$2,500	\$193.5	0.55% (plus 0.25% 12b-1 fee)	MF	Last Audited Financial 1/2/31/2013	% Non-Investment	0% at time of purchase
Baird Core Fixed Income Separate Account	\$25,000,000	\$5,677.5	0.30% on first \$25 mil.	SA	Accountant/Auditor Grant Thornton LLP	Grade:	
					Custodian U.S. Bank, N.A.	% Foreign:	Yes, but USD denominated
					Administrator U.S. Bancorp Fund Services, LLC	Security Constraints:	None
					Securities Lending Yes	Sector Constraints:	None
						Avg # of Securities:	~450
						Turnover:	31%
						Assets in Composite:	26%
						GIPS Compliant:	Yes (Since 1999)

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Firm details: Dodge & Cox

Total Assets (\$ mil.):	\$248,519
Style:	Domestic Fixed Broad Market Core
Assets in Style (\$mil.):	\$56,954
Year Founded:	1930
Product Inception:	December 1989
Location:	San Francisco, CA
Ownership:	100% employee owned.

Key Investment Professionals:

The Income Fund is managed by the firm's 10 member Fixed Income Policy Committee. The group averages 17 years with Dodge & Cox. Members are: Dana Emery (Co-President & Director of FI), Charles Pohl (CIO), Anthony Brekke, James Dignan, Thomas Dugan, Lucinda Johns, Kenneth Radspinner, Larissa Roesch, and Adam Rubinson. The firm announced that Robert Thompson stepped down from the IC in May 2014 and will retire in 2015

Investment Objective and Philosophy/Process

The investment objective of the fund is to seek a high and consistent level of current income for investors, as well as preserve capital over the long-term. Through fundamental credit analysis and a three to five-year investment horizon, Dodge & Cox seeks to construct a diversified portfolio of investments that will outperform the Barclays Aggregate Index. Dodge & Cox focuses on sector and security selection and has a bias toward higher-yielding securities than the benchmark, which they think will lead to excess returns over the long-term. The team strives to find securities they believe will provide reliable cash flows that they can forecast, while exhibiting the potential for price appreciation. This leads them to prefer non-callable and call protected corporate bonds, as well as seasoned Agency pass-through MBS. Typically the team will be underweight Treasuries and CMBS, with overweights to corporates, high yield, and agency MBS. The portfolio construction process is bottom-up, focused on fundamental analysis of individual securities. All security purchase and sale recommendations are brought in front of the internal Credit and Structured bond committees for potential approval. The Fixed Income Policy Committee (FIPC) is responsible for final approval and ultimately portfolio implementation if the FIPC agrees with the committee's recommendation. The FIPC manages the portfolios as a team, with all members listed as Portfolio Managers for the Income Fund. The group is responsible for position sizing, final buy/sell decisions, sizing sectors, and duration positioning. The FIPC is also responsible for oversight of the research process and reviewing all aspects of the fixed income investment strategies. The group is comprised of senior members of the fixed income team and the broader firm. Sector weights are largely driven by bottom up security selection. The FIPC might make adjustments if they believe portfolio risk exposures are out of line.

Assessment

Dodge and Cox is a highly regarded privately owned investment organization focusing solely on the management of a relatively limited suite of products. The firm has exhibited very low personnel turnover fostering continuity within its Fixed Income Policy Committee, as well as its central research team. Dodge and Cox has constructed fixed income portfolios in a similar fashion since the inception of the strategy. Holdings turnover is low and cash bonds are predominantly utilized to implement investment strategies. Treasury futures were introduced in 2010 to manage portfolio duration. However, other derivatives such as Credit Default and Interest Rate swaps are not utilized and the team has no plans to broaden out their use in the near future. This limits the complexity of the approach and increases strategy transparency. The fund's minimum investment amount is \$2,500 and the fund's fee of 43 basis points is attractive relative to other active broad market strategies. The team strategically invests in high yield bonds and does not often move out of the asset class in an attempt to avoid significant spread widening. The allocation is capped at 20% and the total fund is required by its prospectus to invest at least 65% of its assets in A or better bonds. However, the strategic reliance on high yield has led to a relatively high correlation to equity markets and may serve as a headwind during market stress periods. The team's active management style, long-term investment horizon, value orientation, and emphasis on lower quality securities could lead to prolonged periods of underperformance, however the team has developed a strong long term record. The Dodge and Cox strategy is most appropriate for clients seeking broadly diversified bond market exposure with an emphasis on the credit sector and have an investment horizon similar to that of the Dodge and Cox team. This strategy does not utilize non-dollar denominated positions, narrowing the investable universe relative to some competitors. This is a Prime Buchholz recommended strategy.

Vehicle Information:

Vehicle Name	Minimum	Assets (\$ mil.)	Fee	Type	Sample Operational Detail	Quality/Avg. Quality:	Aa3
Dodge Cox Fixed Income SA	\$100,000,000	\$29,119.3	0.34%	SA	Dodge Cox Income Fund	Duration:	Index +/- 25%
Dodge Cox Income Fund	\$2,500	\$27,835.1	0.43%	MF	Last Audited Financial 12/31/2013	% Non-Investment	Typically < 20%
					Accountant/Auditor PricewaterhouseCoopers LLP	Grade:	
					Custodian State Street Bank & Trust Company	% Foreign:	Yes, but USD only
					Administrator Dodge & Cox	Security Constraints:	5% issuer limit
					Securities Lending Yes	Sector Constraints:	None,
						Avg # of Securities:	~700
						Turnover:	12%
						Assets in Composite:	46%
						GIPS Compliant:	Yes (Since 1983)



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Firm details: JPMorgan Asset Management

Total Assets (\$ mil.): \$1,706,584
Style: Domestic Fixed Broad Market Core
Assets in Style (\$mil.): \$61,133
Year Founded: 1984
Product Inception: December 2000
Location: New York, NY
Ownership: Subsidiary of JP Morgan Chase & Co.

Key Investment Professionals:

- Douglas S. Swanson - Swanson has been with JP Morgan since 1983, and works out of the firm's Columbus, Ohio office. Swanson holds a B.S. in chemistry from the Massachusetts Institute of Technology and an M.S. in management from the Sloan School at the Massachusetts Institute of Technology.
 - Christopher Nauseda - Vice President. Nauseda has been with the firm since 1982, joining the management team of the Core Bond Fund in May 2006. Nauseda holds a B.S. finance and an MBA from Wayne State University.

Investment Objective and Philosophy/Process

Objective: JPMorgan Core Bond strategy seeks to maximize total return by investing in primarily investment grade bonds of both foreign and domestic issuers.
Philosophy/Process: JPMorgan Core Bond, managed by the Columbus-based fixed income team, adheres to a value-based philosophy and seeks to identify mispriced securities using bottom-up credit research. Sector allocation decisions stem from the bottom-up assessment of individual security expected return and valuation analysis. Broadly, sector allocations included 15-35% for Treasuries, 15-35% for corporates and ABS, and 40-60% for MBS. Yield curve analysis seeks to determine the potential shape of the yield curve in an effort to find relative value while duration is used as a risk management tool with portfolio duration being +/-10% the duration of the Barclays Aggregate Bond Index. Security selection relies upon a variety of quantitative methods used ultimately to estimate expected total return over different interest rate scenarios, reinvestment rates, hypothetical yields, etc. Debt issues with optionality, including callable corporates and MBS, incorporates option-adjusted spread analysis into the expected total return analysis. The valuation methodologies are used continuously, not just at the purchase decision, and influence portfolio turnover as it provides a direct assessment of whether a bond is fairly valued to overvalued against a substitute security. Portfolios tend to be well-diversified across 325-375 individual securities within the previously mentioned sector ranges. Derivatives may be utilized; however the team does not currently use futures, swaps or option contracts in their core portfolios. Derivative instruments primarily include interest-only and principal-only MBS, variable rate securities and inverse floaters. Derivatives are limited to 15% of the portfolio, with use typically in the 5% to 10% range. The Core Bond strategy is benchmarked against the Barclays Capital U.S. Aggregate Index. In addition to traditional fixed income investments, mutual fund guidelines permit investments in, amongst other instruments; subordinated corporate bonds, credit default swaps and other derivatives, emerging market securities, foreign investments, forward transactions, municipal bonds, convertible bonds, preferred stock, reverse repurchase agreements, and structured investments.

Assessment

The JPMorgan Core Bond strategy is a relatively conservatively managed, risk controlled multi-sector strategy. The team seeks to minimize downside risk while constructing a diversified, high quality, fixed income portfolio. Security selection is typically the driver of excess returns; accordingly, the strategy's focus is conducting fundamental analysis primarily on mortgage and asset-backed securities and corporate bonds. The strategy has a strong track record, relative to its peers, of providing consistent returns with a history of limiting downside risk. We note that there are issues that investors should be aware of. While the Core Bond strategy is team managed, Swanson has provided leadership for the strategy for the last 15 years and there is a degree of key man risk. Although in an effort to retain the Columbus team the portfolio managers are compensated in New York or Chicago salaries and bonuses while working in Columbus, Ohio. In addition to key man risk, the strategy has a significant concentration in mortgage-backed securities. However, this risk is partially mitigated by the substantial experience the portfolio managers possess in the mortgage-backed sector and strong risk management practices. The strategy is authorized to use derivatives. The primary derivatives used are interest-only, principal-only, variable rate notes and inverse floaters. At this time the strategy does not utilize swaps, futures or options. We also note that there are potential risks associated with the complexity of the firm. Despite these risks, we feel that the JPMorgan Core Bond (Columbus) strategy offers investors access to a high-quality core bond strategy managed by a seasoned team with a long tenure of working together. Clients are required to sign an IMA with JPM if they invest less than \$15 million in the Ultra Share class. Under this arrangement, the funds would be wired to JPM and JPM would purchase the shares. The IMA authorizes JPM full discretion over the investment of the proceeds. This agreement appears unusual for a 40 Act mutual fund, but JPM has been unwilling to make changes to the IMA. The JPM Select Shares are available and remain an option for clients, as the minimum is \$1 million and a similar IMA is not required. However, the fees for this share class are higher than other active broad market options. JPM also offers the R6 share class which has a \$15 million minimum for non retirement plan assets; there is no minimum for retirement plan assets. In 2013, JPMorgan paid approximately \$20 billion in fines and penalties. The number of violations and level of fines raises red flags about JPMorgan's controls and procedures. However, it is important to note that these fines occurred in divisions that are outside of JPMorgan Asset Management, which has separate and distinct compliance procedures and policies. We will continue to discuss these issues with JPMorgan and will communicate any developments as appropriate. This is a Prime Buchholz recommended strategy.

Vehicle Information:

Vehicle Name	Minimum	Assets (\$ mil.)	Fee	Type	Sample Operational Detail	Quality/Avg. Quality:	AAA to BBB-/AAA
JP Morgan Core Bond R6	\$0	\$6,219.0	0.41%	MF	JP Morgan Core Bond Select	Duration:	Typically Index +/-10%
JP Morgan Core Bond SA	\$100,000,000	\$25,961.0	0.30%. min \$287,500	SA	Last Audited Financial 2/28/2014	% Non-Investment	0% (offshore fund may hold below IG securities)
JP Morgan Core Bond Select	\$1,000,000	\$10,600.0	0.57%	MF	Accountant/Auditor PricewaterhouseCoopers LLP	% Foreign:	10% Yankees
					Custodian JPMorgan Chase & Co.	Security Constraints:	USD (offshore fund may take on currency risk)
					Administrator JPMorgan Funds Management, Inc.	Sector Constraints:	No High Yield
					Securities Lending Yes	Avg # of Securities:	~4,500
						Turnover:	22%
						Assets in Composite:	100%
						GIPS Compliant:	Yes (Since 1993)

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Portfolio Comparison

As of June 30, 2014

	Baird Aggregate BD Instl	Dodge Cox Income Fund	JP Morgan Core Bond Select	Barclays U.S. Aggregate
Portfolio Characteristics				
Yield	2.7	2.5	2.2	2.2
Average Maturity	7.3	7.3	6.2	7.7
Duration	5.6	4.2	4.7	5.6
Quality Breakdown				
U.S. Treasury	17.4	11.3	22.2	35.3
U.S. Govt/Agency	0.7	0.6	2.9	3.6
Agency MBS	21.7	34.2	31.2	28.9
Non-U.S. Sov/Agency	0.0	0.0	0.0	4.6
AAA	11.1	1.7	12.9	3.8
AA	7.6	1.7	5.0	2.6
A	17.9	10.8	11.2	10.9
BBB	20.5	26.2	8.1	10.3
BB and Below	3.1	10.3	2.1	0.0
NR/Other	0.0	3.2	4.5	0.0
Sector Breakdown				
U.S. Treasury	17.4	11.3	22.2	35.3
U.S. Government Related	0.0	0.6	2.9	3.6
Non-U.S. Sovereign/Agency	0.0	0.0	0.0	4.6
Investment Grade Corporate	38.0	29.6	18.4	23.3
Industrials	14.5	NA	8.3	13.9
Utility	3.8	NA	1.4	1.8
Financials	19.7	NA	8.7	7.6
High Yield	0.0	10.3	0.0	0.0
Non-U.S. Dollar	0.0	0.0	0.0	0.0
Emerging Market Debt	0.0	0.0	0.0	0.0
MBS	24.8	34.2	39.1	28.9
MBS-Agency	21.7	NA	31.2	28.9
MBS-NonAgency	3.1	NA	7.8	0.0
CMBS	7.8	0.0	5.0	2.1
ABS	3.4	2.7	5.7	0.5
Municipals	0.0	8.1	0.0	0.0
Cash	3.2	3.2	5.4	0.0
Other	5.4	0.0	1.3	1.7

- Baird Aggregate Duration is Modified Adjusted Duration. Sector breakout Other is Other Government Related.

- Dodge & Cox Income Fund Yield represents 30-Day SEC Yield. Maturity represents Average Effective Maturity.

- JP Morgan Core Bond Select Sector Breakdown "Other" includes foreign governments, supranationals, municipals and loans. Quality Breakdown "Other" includes non-rated issues, foreign governments, supranationals, municipals and loans.

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

Historical Performance

Return and Risk Summary

As of June 30, 2014

	1 Quarter Return	Year To Date Return	1 Year Return	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
Baird Agg	2.4	4.8	5.7	5.2	2.9	6.9	3.5	5.7	3.7	5.4	3.5
Dodge & Cox FI	2.2	4.6	6.6	4.9	2.4	6.6	2.9	6.2	4.0	5.6	3.7
JPM Core	1.7	3.4	3.6	3.7	2.6	5.1	2.9	5.8	3.0	5.2	3.1
Barclays U.S. Aggregate	2.0	3.9	4.4	3.7	2.9	4.9	3.2	5.3	3.3	4.9	3.3

Historical Performance

Return Summary

As of June 30, 2014

	Year To Date Return	2013 Return	2012 Return	2011 Return	2010 Return	2009 Return	2008 Return	2007 Return	2006 Return	2005 Return	2004 Return
Baird Agg	4.8	-1.3	7.9	7.9	8.3	10.9	-2.4	5.6	4.9	2.8	5.3
Dodge & Cox FI	4.6	0.6	7.9	4.8	7.2	16.1	-0.3	4.7	5.3	2.0	3.6
JPM Core	3.4	-1.8	5.1	7.3	7.3	9.7	4.0	7.0	4.0	2.3	4.4
Barclays U.S. Aggregate	3.9	-2.0	4.2	7.8	6.5	5.9	5.2	7.0	4.3	2.4	4.3

MPT Stats

Baird Aggregate Bond

As of June 30, 2014

	3 Years	5 Years	7 Years	10 Years
Return	5.24	6.85	5.69	5.37
Standard Deviation	2.80	3.03	3.68	3.45
Downside Risk	1.57	1.45	2.22	1.98
vs. Barclays U.S. Aggregate				
Beta	0.99	1.03	0.97	0.97
Up Market Capture	119.44	123.05	106.69	106.02
Down Market Capture	82.05	83.48	107.10	100.54
Alpha	1.58	1.79	0.53	0.58
Tracking Error	0.77	0.87	1.70	1.43
Information Ratio	1.96	2.18	0.20	0.30
R-Squared	0.92	0.92	0.79	0.83
Actual Correlation	0.96	0.96	0.89	0.91
vs. Citigroup 3 Month T-Bill				
Sharpe Ratio	1.82	2.19	1.34	1.07
Excess Return	5.10	6.62	4.98	3.77
Excess Risk	2.80	3.03	3.73	3.53

MPT Stats

Dodge & Cox Income Fund

As of June 30, 2014

	3 Years	5 Years	7 Years	10 Years
Return	4.88	6.55	6.23	5.59
Standard Deviation	2.73	2.70	4.21	3.71
Downside Risk	1.43	1.14	2.21	1.90
vs. Barclays U.S. Aggregate				
Beta	0.67	0.67	0.85	0.82
Up Market Capture	102.20	103.83	103.03	97.29
Down Market Capture	51.69	33.05	72.27	64.51
Alpha	2.40	3.25	1.65	1.55
Tracking Error	2.22	2.14	3.10	2.67
Information Ratio	0.52	0.75	0.28	0.24
R-Squared	0.45	0.49	0.47	0.51
Actual Correlation	0.67	0.70	0.69	0.71
vs. Citigroup 3 Month T-Bill				
Sharpe Ratio	1.74	2.35	1.29	1.05
Excess Return	4.76	6.32	5.51	3.99
Excess Risk	2.73	2.70	4.26	3.81

MPT Stats

JPMorgan Core Bond (Columbus)

As of June 30, 2014

	3 Years	5 Years	7 Years	10 Years
Return	3.68	5.14	5.77	5.17
Standard Deviation	2.40	2.47	2.96	2.98
Downside Risk	1.33	1.22	1.35	1.39
vs. Barclays U.S. Aggregate				
Beta	0.87	0.85	0.81	0.87
Up Market Capture	92.03	96.31	95.92	96.64
Down Market Capture	78.05	74.46	69.78	80.71
Alpha	0.50	0.97	1.39	0.87
Tracking Error	0.55	0.67	1.26	1.10
Information Ratio	0.02	0.39	0.31	0.20
R-Squared	0.97	0.95	0.86	0.89
Actual Correlation	0.99	0.98	0.93	0.94
vs. Citigroup 3 Month T-Bill				
Sharpe Ratio	1.50	2.01	1.71	1.17
Excess Return	3.60	4.98	5.03	3.56
Excess Risk	2.40	2.47	2.95	3.05

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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, 2014. 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

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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 VI

Firm details: Gresham Investment Management, LLC

Total Assets (\$ mil.):	\$14,800
Style:	Commodities Direct Active
Assets in Style (\$mil.):	\$5,669
Year Founded:	1992
Product Inception:	December 1987
Location:	New York, NY
Ownership:	Gresham Investment Company

Key Investment Professionals:

Jonathan S. Spencer, President of Gresham Investment Management LLC, is responsible for the day-to-day investment and operational activities of Gresham.

Robert J. Reeves, CFO. Reeves joined Gresham Investment Management, LLC in July 2009.

Susan Wager, Managing Director of Gresham LLC-- Senior Trader for Gresham NTA since March 2005. She is responsible for Gresham's Long/Short Strategy as well as all option-related strategies, and she assists with implementation of Gresham's long-only strategies, including TAP®

Randy Migdal, Managing Director of Gresham LLC and Head Trader for Gresham NTA (since June 2006). He is responsible for Gresham's Near Term Active Implementation strategies, including TAP®, and he assists with the implementation of Gresham's Long/Short Strategy.

Investment Objective and Philosophy/Process

Investment Philosophy & Process: The investment objective of the Fund is to provide value enhancement to an investor's portfolio as well as a partial inflation hedge, with an attractive risk/return profile as compared to other products using a commodity index or pool of commodities. The TAP strategy utilizes a passive buy-and-hold investment strategy that seeks to benefit from price movements, combined with premium conditions that may exist from time to time. Weightings of each tangible commodity are reset at the beginning of each year and are determined by Gresham's research and development staff based upon such factors as the dollar value of commodities with the highest production values and greatest dollar volumes of trading from each of the following six exchange traded groups: agricultural, livestock, foods and fibers, energy, precious metals and industrial metals. The commodity groups, selections within the groups, and weightings of commodities have changed during TAP trading history. For example, TAP has exposure to Brent Crude Oil despite it not being included in the Bloomberg Commodities Index. The portfolio seeks to take advantage of both mean reverting and trending characteristics of commodities. Commodities in the portfolio are rebalanced periodically to their target weights when the price changes cause their actual allocations to deviate substantially from those weightings. TAP generally trades the near month futures, but other months might be used for liquidity or other reasons. As a futures nears its last trading date or first delivery date, positions in the contract month are closed out and rolled into later contract months. The timing of this process is market driven.

Assessment

Assessment: Commodities futures investment has historically provided a diversified portfolio with inflation protection and diversification over the long term. Gresham Investment Management has established an over 20 year successful track record of investing in commodities through its Tangible Asset Program® (TAP) investment strategy which combines a strict rules based methodology with market driven active management oversight. Prime Buchholz recommends the TAP Fund as an appropriate vehicle to access the attributes of investment in a diversified commodities portfolio.

The collateral portfolio for the TAP vehicle is managed by Gresham Investment Management while the collateral portfolio for the Nuveen mutual fund vehicle is managed by Nuveen Investment Management's fixed income team. Both teams manage to the same conservative guidelines of investing in cash equivalents or short term debt with terms of less than one year and primarily direct and guaranteed obligations of U.S. Government and senior obligations of U.S. Government agencies.

Tracking Error For Mutual Fund: Gresham attempts to manage the mutual fund in an identical manner as the TAP commingled Fund. However, at lower AUM levels for the mutual fund, futures contract sizes may be too large for the mutual fund's allocation to an individual commodity, resulting in overweights or under-weights to certain commodities and therefore variations in performance relative to the TAP product. Current mutual Fund AUM is approximately \$42 mln, growing from \$7.2 at its Q3 2012 inception. The mutual fund's average quarterly tracking error has been less than 10 bps from Q3 2012 to Q2 2014.

Nuveen Investments, which has a 60% equity stake in Gresham, recently announced that it will be acquired by TIAA-CREF. Nuveen Investments is currently owned by the private equity firm Madison Dearborn. Gresham has been operating under an independent operating agreement under Nuveen and will continue to operate independently under TIAA-CREF. The transaction is expected to be complete by year-end.

This is a Prime Buchholz recommended strategy.

Vehicle Information:

Vehicle Name	Minimum	Assets (\$ mil.)	Fee	Type	Sample Operational Detail	Security Constraints:	Strategic Portfolios
Nuveen Gresham Diversified Commodity Strategy Fund	\$0	\$42.2	1.07%	MF	The TAP Fund, LLC	Sector Constraints:	no 2 sectors may total >60%
The TAP Fund LTD	\$250,000	\$2,998.0	< \$5 mil 100 bps; \$5 to \$10 mil 3c7 90bps; >\$10 mil 70 bps		Last Audited Financial	12/31/2013	Avg # of Securities: 25
The TAP Fund, LLC	\$250,000	\$2,998.0	<\$1 mil 1.25%; Declining thereafter 3c7		Accountant/Auditor	Rothstein, Kass & Company, P.C.	Turnover: Continuous
					Custodian	JPMORGAN CHASE	Assets in Composite: NA
					Administrator	Citco Fund Services (Curacao) N.V.	GIPS Compliant:
					Securities Lending	N/A	

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Portfolio Comparison

As of June 30, 2014

	TAP	Nuveen Diversified Commodities Fund	Bloomberg Commodity Index
Sector Breakdown			
Energy	35.4	36.0	32.0
Industrial Metals	17.7	17.1	16.6
Precious Metals	14.3	14.5	15.8
Agriculture/Livestock	32.6	32.4	35.6
Other	0.0	0.0	0.0

- Nuveen Diversified Commodities "Other" includes Softs (cotton, sugar, coffee, cocoa).

Historical Performance

Return and Risk Summary

As of June 30, 2014

	1 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
The TAP Fund, LLC	1.7	4.9	9.3	7.8	-3.7	13.8	4.0	14.4	-1.4	19.3	2.7	17.7
Nuveen Diversified Commodities Fund	1.8	4.7	9.4	7.6	NA	NA	NA	NA	NA	NA	NA	NA
Bloomberg Commodity Index	0.1	7.0	8.2	8.5	-5.2	14.5	2.0	14.9	-2.7	19.4	0.9	17.9

Historical Performance

Return Summary

As of June 30, 2014

	Year To Date Return	2013 Return	2012 Return	2011 Return	2010 Return	2009 Return	2008 Return	2007 Return	2006 Return	2005 Return	2004 Return
The TAP Fund, LLC	6.7	-7.8	-0.6	-8.1	18.9	23.1	-38.8	22.6	-0.1	26.4	17.2
Nuveen Diversified Commodities Fund	6.7	-7.8	NA								
Bloomberg Commodity Index	7.1	-9.5	-1.1	-13.3	16.8	18.9	-35.6	16.2	2.1	21.4	9.1

MPT Stats

The TAP Fund

As of June 30, 2014

	3 Years	5 Years	7 Years	10 Years
Return	-3.67	3.98	-1.35	2.71
Standard Deviation	13.83	14.45	19.35	17.67
Downside Risk	11.29	10.43	15.10	13.34
vs. Bloomberg Commodity Index				
Beta	0.93	0.95	0.98	0.96
Up Market Capture	97.56	99.01	99.70	99.62
Down Market Capture	91.05	88.60	94.33	91.60
Alpha	1.19	2.05	1.37	1.89
Tracking Error	2.82	3.04	3.61	3.82
Information Ratio	0.52	0.62	0.38	0.47
R-Squared	0.96	0.96	0.97	0.95
Actual Correlation	0.98	0.98	0.98	0.98
vs. Citigroup 3 Month T-Bill				
Sharpe Ratio	-0.20	0.34	0.00	0.16
Excess Return	-2.79	4.89	-0.03	2.77
Excess Risk	13.83	14.45	19.34	17.65

MPT Stats

Nuveen Diversified Commodities Fund

As of June 30, 2014

	1 Year	Return Since	Inception Date
Return	9.36	-1.54	08/01/2012
Standard Deviation	7.63	9.05	
Downside Risk	3.21	6.52	
vs. Bloomberg Commodity Index			
Beta	0.86	0.95	
Up Market Capture	94.59	104.62	
Down Market Capture	75.77	90.32	
Alpha	2.21	1.79	
Tracking Error	2.59	2.66	
Information Ratio	0.39	0.73	
R-Squared	0.91	0.92	
Actual Correlation	0.95	0.96	
vs. Citigroup 3 Month T-Bill			
Sharpe Ratio	1.21	-0.13	
Excess Return	9.25	-1.20	
Excess Risk	7.63	9.05	

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