

Town of Palm Beach Health Insurance Trust

Investment Performance Analysis

Period Ended June 30, 2014

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Tab I

June data showed economic activity in the U.S. declined by the largest percentage in five years in the first quarter of 2014. GDP contracted 2.9% (annualized) in the first three months as winter weather weighed on domestic consumer spending and diminished export activity reflected tepid growth outside the United States. Results in the euro area were mixed; Germany's economy expanded (+3.3%) and France's economy stagnated (+0.2%). Unlike the U.S., private consumption was a positive factor in the growth of Germany's economy, as well as the large economies of Japan (+6.7%) and the U.K. (+3.3%). China posted positive growth of 5.7% for the first quarter, though there was a marked decline from the previous quarter.

Central banks across developed markets maintained expansionary policies of low interest rates and asset purchases through the second quarter. However, the Federal Reserve reduced its monthly asset purchases to \$35 billion, citing an uptick in economic activity during the first quarter. The Fed maintained its historically low policy rate (0–0.25%) and indicated the target federal funds rate will remain accommodative for an extended period. As it recommitted to historically low rates and asset purchase programs, the Bank of England (BoE) also moved to restrict mortgage lending in an effort to curtail the rapid rise in housing prices. The Bank of Japan (BoJ) maintained its supportive stance using easing programs intended to bring inflation to the target level.

Consumer prices were 2.1% higher over the trailing period ended May 31, 2014, according to U.S. Bureau of Labor Statistics data. As price increases were broad in nature, U.S. Core CPI (excludes food and energy) rose 2.0% over the same period. Results were very similar across the Organisation for Economic Co-operation and Development (OECD) and the G7 countries. However, dispersion was high as prices in Japan expanded more rapidly (+3.7% for all items) and inflation slowed in France and Germany for the trailing year.

Unemployment declined modestly across OECD countries to 7.4% at the end of May. The U.S. labor market continued to improve during the quarter. The unemployment rate ended June at 6.1%, while the labor participation rate changed little over the trailing year at 62.8%. The number of long-term unemployed (27 weeks or more) declined 1.2 million since June 2013 and represented 32.8% of unemployed Americans at the end of the quarter. In the euro area, unemployment remained elevated at 11.6%. Several countries have double-digit rates, including France, Italy, Ireland, and Portugal. Greece and Spain continued to be outliers with over a quarter of their citizens unemployed. Japan and South Korea maintained the lowest rates of unemployment at 3.5 and 3.7%, respectively, at the end of May.

Despite weaker overall activity, U.S. housing prices increased for the 11th straight quarter in the first quarter, according to the Federal Housing Finance Agency's seasonally adjusted Purchase-Only House Price Index. Housing prices advanced 1.3% in the quarter and 6.6% higher for the trailing year ended March 31, 2014. In both periods, the Pacific and Mountain regions exhibited continued strength, while housing prices in the Middle Atlantic increased at a slower pace. After reaching a trough in 2011, prices have rebounded to June 2005 levels.

Equities, bonds, and commodities advanced in unison during the first six months of 2014—a phenomenon not seen since 1993.

The price of West Texas Intermediate (WTI) crude increased 3.4% to \$105.37/bbl in the second quarter. The spread between WTI and Brent crude prices—which illustrates the difference between oil levered to domestic and global supply and demand conditions—widened in the quarter. Brent crude prices closed 5.0% higher at \$112.36/bbl.

Gold prices advanced an additional 3.4% in the quarter and were 10.1% higher over the first six months of the year, closing at \$1,327.32 per ounce.

Historical Returns

Second Quarter 2014

Equity Index Returns	Qtr	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr
S&P 500	5.2	24.6	22.5	16.6	18.8	7.8
CRSP US Total Market	4.9	25.2	23.3	16.4	19.4	8.5
Russell 3000 (Broad Market)	4.9	25.2	23.3	16.4	19.3	8.2
Russell 1000 (Large Cap)	5.1	25.4	23.2	16.6	19.2	8.2
Russell Midcap	5.0	26.9	26.1	16.1	22.1	10.4
Russell 2000 (Small Cap)	2.0	23.6	23.9	14.6	20.2	8.7
MSCI ACWI (USD)	5.0	23.0	19.7	10.2	14.3	7.5
MSCI ACWI (Local)	4.5	20.8	20.1	11.9	13.8	6.8
MSCI ACWI ex-U.S. (USD)	5.0	21.8	17.6	5.7	11.1	7.7
MSCI ACWI ex-U.S. (Local)	4.0	17.7	18.2	8.6	10.4	6.6
MSCI EAFE (USD)	4.1	23.6	21.0	8.1	11.8	6.9
MSCI EAFE (Local)	3.4	17.9	21.3	10.4	10.9	5.6
MSCI EM (USD)	6.6	14.3	8.4	-0.4	9.2	11.9
MSCI EM (Local)	5.1	13.7	9.8	4.1	9.5	11.6
S&P Developed ex-U.S. (Small Cap)	3.4	30.0	24.2	9.2	15.6	4.4
London - FTSE 100*	3.3	12.7	14.4	8.6	14.0	8.5
Japan - Nikkei 225*	2.3	12.7	32.1	17.8	10.8	4.1
Hong Kong - Hang Seng*	6.8	15.4	13.1	4.9	8.3	10.2
China - Shanghai Composite*	2.5	6.4	-1.3	-7.1	-5.0	6.0
40% R 3000/40% EAFE/20% EM	4.3	23.1	22.0	11.9	14.6	7.2

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	0.3	0.8	0.5	0.6	1.2	2.6
Barclays 3-10 Yr Treasury	1.5	2.2	0.3	3.1	4.2	4.9
Barclays 5-10 Yr Treasury	2.0	2.6	-0.0	3.9	4.9	5.4
Barclays Long-Term Treasury	4.7	6.3	-1.3	8.8	7.4	7.2
Barclays Credit	2.7	7.4	4.1	5.9	7.6	5.8
Barclays Gov't/Credit	1.9	4.3	1.8	4.1	5.1	4.9
Barclays Aggregate	2.0	4.4	1.8	3.7	4.9	4.9
Barclays Municipal	2.6	6.1	3.1	5.4	5.8	5.0
Barclays High Yield	2.4	11.7	10.6	9.5	14.0	9.1
JPM Global Bond	2.3	6.5	0.6	1.6	3.8	5.0
JPM Non-U.S. Bond	2.7	8.9	0.9	0.9	3.8	5.1
JPM Global Bond-Hedged	1.8	4.6	2.8	4.2	4.0	4.7
JPM Non-U.S. Bond-Hedged	1.9	5.9	4.4	5.0	4.2	4.7
JPM EMBI+	5.8	10.7	5.3	7.2	10.1	9.6
JPM GBI-EM Global Div Bond	4.0	3.9	2.6	1.2	7.4	10.0
JPM GBI-EM Global Div Bond-Hedged	2.2	1.8	1.5	3.4	4.9	5.7

Illiquid Partnerships	Qtr	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr
Private Real Assets (as of 3/31/2014)						
NCREIF Property Index	2.7	11.2	10.8	11.7	7.9	8.7
Apartment	2.2	10.0	10.5	11.9	9.1	8.3
Industrial	2.7	12.6	11.5	12.3	7.3	8.2
Office	2.2	10.2	9.6	10.7	6.6	8.2
Retail	4.3	13.5	13.0	13.0	9.4	10.2
NCREIF Timber Index	1.6	9.8	9.4	6.6	2.9	8.3
Private Equity (as of 12/31/2013)						
U.S. Private Equity						
Venture Capital	6.0	15.6	12.3	4.6	4.5	5.1
Early/Seed Stage	6.7	15.3	12.5	4.1	2.5	2.6
Later Stage	8.1	22.4	12.4	6.5	9.1	8.1
Buyouts	7.5	22.4	11.8	11.1	11.9	10.4
Small	2.5	16.3	14.8	4.7	4.4	9.5
Medium	3.4	9.0	13.9	5.7	6.0	9.6
Large	9.2	21.4	15.6	9.1	8.9	9.3

MSCI ACWI Sector	Qtr	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr
Consumer Discretionary	3.6	21.3	25.4	15.3	21.1	9.0
Consumer Staples	5.4	15.3	16.3	13.8	17.5	11.3
Energy	11.9	29.2	18.0	6.5	11.9	11.2
Financials	3.4	20.0	23.1	9.8	12.2	3.8
Health Care	5.0	29.2	28.3	20.4	19.9	9.9
Industrials	3.5	25.2	22.3	10.2	17.0	8.7
Information Technology	6.3	31.6	20.2	15.2	17.0	7.5
Materials	4.6	22.9	9.1	-2.9	9.0	9.5
Telecom	4.1	18.9	14.6	9.2	13.1	9.4
Utilities	7.8	24.1	14.2	7.7	8.5	9.2

Hedge Fund Index Returns	Qtr	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr
HFRI Fund Weighted Composite						
Absolute Return						
HFRI Event Driven (Total)	2.3	11.1	11.8	6.2	9.5	6.9
HFRI Relative Value (Total)	2.4	9.0	9.1	6.5	9.1	6.8
HFRI RV: FI-Convertible Arbitrage	1.2	7.1	8.1	4.7	9.5	5.0
HFRI EH: Equity Market Neutral	0.5	5.5	5.2	2.5	2.6	2.8
Directional Hedge						
HFRI Equity Hedge (Total)	2.2	12.6	11.5	4.8	7.4	5.4
HFRI Macro (Total)	1.5	1.6	0.7	-0.5	1.4	4.3
HFRI Emerging Markets (Total)	3.7	9.4	9.0	1.1	6.0	8.0
HFRI EH: Short Bias	-2.2	-13.2	-16.7	-11.6	-14.9	-5.8
Fund of Funds						
HFRI FOF Strategic	1.7	9.1	8.8	3.7	4.8	4.0
HFRI FOF Diversified	1.4	7.4	7.3	3.4	4.3	3.5
HFRI FOF Conservative	1.0	6.3	6.8	3.3	4.0	2.8

Real Assets and Inflation	Qtr	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr
REITs						
FTSE EPRA/NAREIT GL	7.2	12.5	13.3	9.1	16.3	-
Commodities						
DJ-UBS Commodity	0.1	8.2	-0.2	-5.2	2.0	0.9
S&P GSCI	2.7	10.4	6.1	0.2	3.7	0.1
Natural Resources						
S&P NA Natural Resources	13.7	33.1	21.4	6.7	14.8	12.0
Inflation-Protected Bonds						
Barclays U.S. TIPS	3.8	4.4	-0.3	3.6	5.6	5.2
Inflation						
U.S. CPI	1.0	2.2	2.0	1.9	2.0	2.3
U.S. CPI Plus 5%	2.3	7.2	7.0	6.9	7.0	7.3

*Returns in local currency.



Note: All returns as of 6/30/2014, unless otherwise noted.

Key Metrics

Second Quarter 2014

Option-Adjusted Spreads		
	Current QTR	1 Year Ago
U.S. High Yield	337	492
U.S. Corporate	99	152
U.S. IG Financials	96	158
CDX IG 5-Yr	59	87
CDX HY 5-Yr	303	435
Agency MBS	24	60
CMBS	86	150
ABS - Fixed Rate	48	58
ABS - Floating Rate	79	102
TED ¹	20	24
Emerging Markets (External)	260	345

¹ 3 month US LIBOR minus 3 Month US T Bills

U.S. Economy		
	Current QTR	1 Year Ago
Unemployment Rate	6.10%	7.60%
Quarterly GDP2	-2.90%	1.80%
Current Account Deficit ²	\$111.20	\$106.10
Annualized Current Account Deficit/GDP ²	2.39%	3.09%

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 Rate	-0.10%	0.50%
Bank of England Official Bank Rate	0.50%	0.50%

Inflation Forecast		
	Current QTR	1 Year Ago
10-Year Treasury Yield	2.53%	2.49%
10-Year Breakeven ⁴	2.28%	1.99%
5-Year Treasury Yield	1.63%	1.40%
5-Year Breakeven ⁴	2.12%	1.77%

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	17.8x	16.6x	1.9%	15.3x	14.6x	2.1%
Russell 1000 Index	18.2x	17.x	1.8%	14.8x	14.x	1.8%
Russell Midcap Index	20.5x	19.1x	1.5%	18.x	16.2x	1.9%
Russell 2000 Index	21.7x	19.9x	1.3%	17.9x	17.5x	1.8%
Russell 3000 Index	18.4x	17.2x	1.8%	15.8x	15.x	2.1%
Russell 3000 Growth Index	22.x	19.4x	1.4%	18.3x	16.9x	1.8%
Russell 3000 Value Index	15.9x	15.6x	2.2%	14.2x	13.5x	2.4%
MSCI ACWI Index	16.5x	15.2x	2.5%	14.1x	13.2x	2.7%
MSCI ACWI ex-U.S. Index	15.2x	14.x	3.2%	13.1x	12.1x	3.3%
MSCI EAFE Index	16.4x	14.9x	3.4%	14.1x	12.8x	3.4%
MSCI EM Index	11.96x	11.4x	2.7%	10.5x	10.1x	2.9%
MSCI Frontier Markets Index	11.7x	10.8x	3.8%	11.6x	10.1x	4.3%
London - FTSE 100*	16.3x	14.3x	4.6%	14.x	11.7x	3.9%
Japan - Nikkei 225*	18.7x	17.2x	1.6%	20.5x	16.5x	1.6%
Hong Kong - Hang Seng*	10.8x	10.8x	3.8%	9.2x	9.8x	3.7%
China - Shanghai Composite*	9.4x	8.x	3.1%	9.3x	8.3x	3.1%

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	0.03%	0.09%	0.36%	1.40%	2.49%	3.50%	2.13%
Current Quarter	0.02%	0.06%	0.46%	1.63%	2.53%	3.36%	2.07%

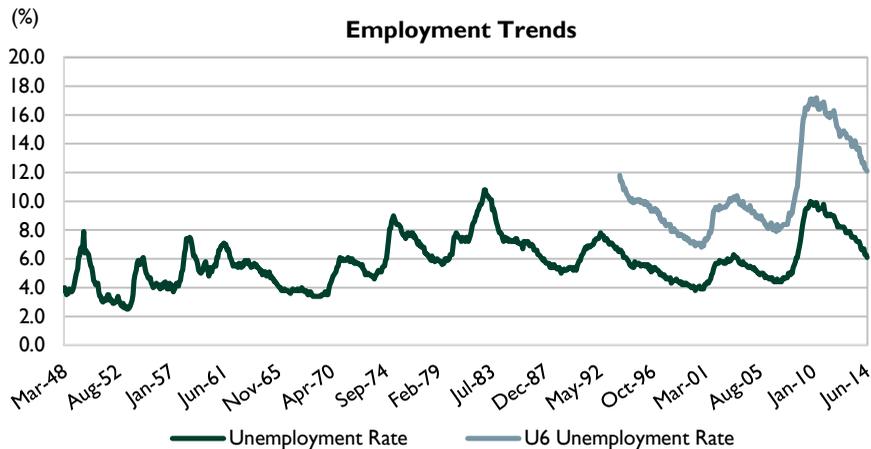
Currency Rates (per U.S. Dollar) (%)								
	MTD	QTD	YTD	1 Year	2 Year*	3 Year*	5 Year*	Current Spot Rate
U.S. Dollar Spot (DXY)**	-0.7%	-0.4%	-0.3%	-4.0%	-1.1%	2.4%	-0.1%	79.775
Canadian Dollar	1.6%	3.6%	-0.5%	-1.4%	-2.4%	-3.3%	1.7%	1.067
Japanese Yen	0.4%	1.9%	3.9%	-2.2%	-11.3%	-7.4%	-1.0%	101.327
British Pound	2.1%	2.7%	3.3%	12.4%	4.4%	2.1%	0.8%	0.585
Euro	0.4%	-0.6%	-0.4%	5.2%	4.0%	-1.9%	-0.5%	0.731
Swiss Franc	1.0%	-0.3%	0.7%	6.6%	3.4%	-1.8%	4.1%	0.887
Australian Dollar	1.3%	1.8%	5.8%	3.2%	-4.0%	-4.2%	3.2%	1.060
Brazil	1.2%	2.6%	6.7%	0.8%	-4.7%	-11.0%	-2.5%	2.214
China	0.7%	0.2%	-2.4%	-1.1%	1.2%	1.4%	1.9%	6.203
GBP/Euro	1.7%	3.3%	3.8%	6.8%	0.4%	4.1%	1.3%	0.800
Yen/Euro	0.0%	2.5%	4.3%	-7.0%	-14.7%	-5.6%	-0.5%	138.742

*Annualized Price Change

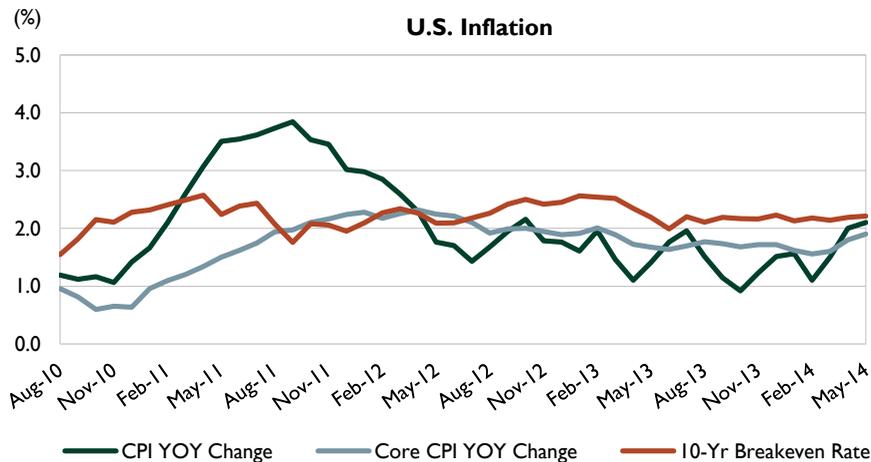
**Index measures value of USD relative to basket of foreign currencies.

Macroeconomic Trends

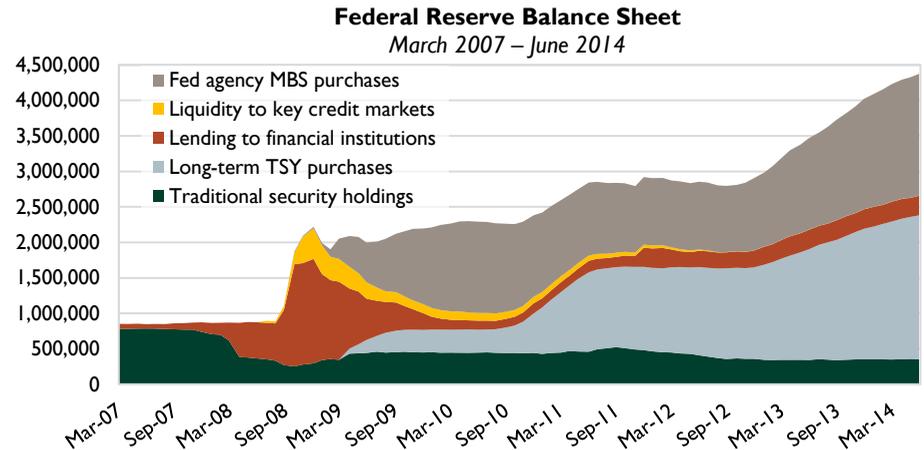
Second Quarter 2014



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



Inflation continues to trend below the Fed's 2% target rate with period spikes in headline inflation attributable to volatile energy and food prices. CPI rose 2.1% in May. Core CPI, which excludes food and energy, advanced 1.9% for the 12-month period ended May 31, 2014.



Despite the reduction in monthly bond purchases from a run rate of \$85 billion per month to \$35 billion at the end of June, the Fed's balance sheet continued to expand. However, it is expanding at a slower rate than in the past. This shows that tapering is not equivalent to tightening and that the Fed's monetary policy stance continues to be accommodative.



U.S. GDP declined 2.9% in the first quarter, a sharp and unexpected deceleration from the 2.6% growth in the previous quarter. Initial reports pointed to weakness in gross private domestic investment, but revisions to personal consumption and net exports were much weaker than previously reported.

U.S. Equity

Second Quarter 2014

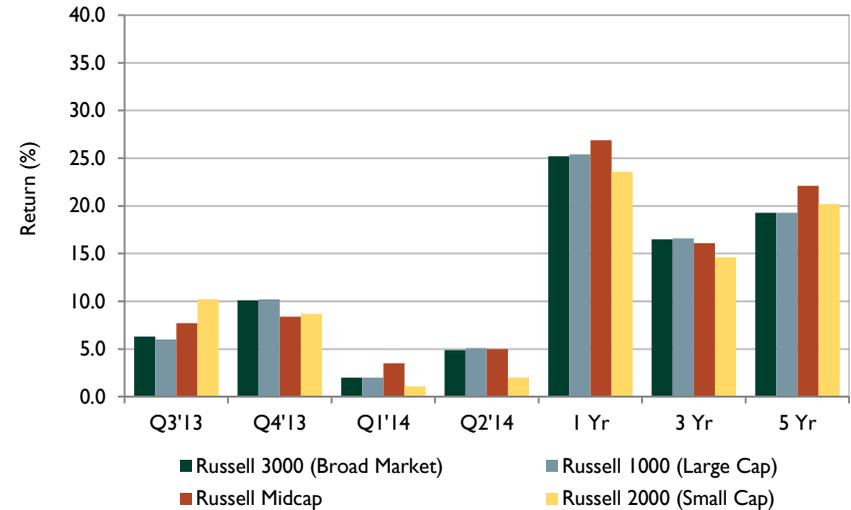
All major domestic equity indices were up during the quarter, with the Russell 3000 Index gaining 4.9%. Returns were positive despite: (1) ongoing geopolitical turmoil in places such as Ukraine and Iraq, and (2) first quarter GDP results that were well below expectations.

Energy (+12.2%) and utilities(+7.8%) were the top performing sectors, driven by strong returns in both April and June. While all 10 sectors posted gains during the period, more economically sensitive sectors lagged. These included financials (+2.4%), consumer discretionary (+3.2%), and industrials (+3.4%).

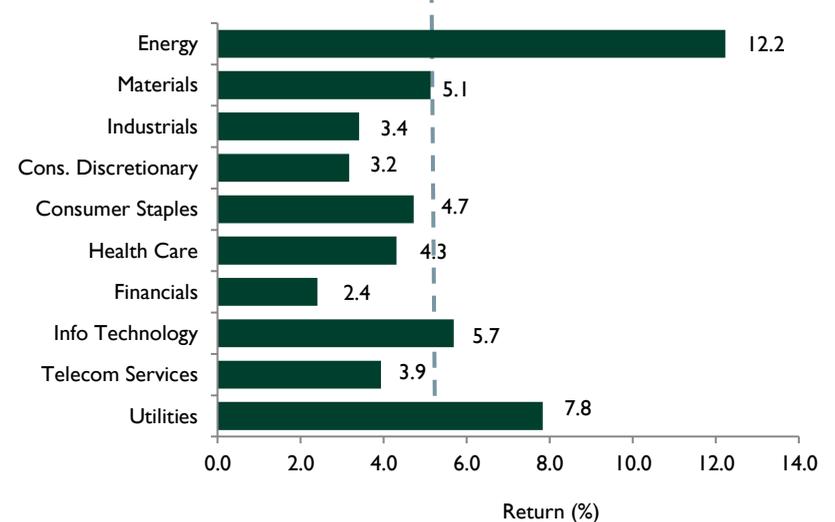
Large and mid cap stocks meaningfully outperformed small cap stocks. The Russell 1000 Index (+5.1%) and Russell Midcap Index (+5.0%) were both well ahead of the Russell 2000 Index (+2.0%). The approximately 300 bps gap in performance was narrowed as the small cap index rallied to return over 5% in June after being down for most of the quarter. The mid cap index remained ahead of its large and small cap counterparts year-to-date and has outperformed both indices over the most recent one-, three-, and five-year timeframes.

After a challenging end to the first quarter, growth stocks continued to slide in April as investors penalized the most richly valued areas of the market. In May, however, strong performance for growth stocks relative to value stocks produced similar results for both the Russell 3000 Growth Index and Russell 3000 Value Index, which were both up 4.9% for the quarter.

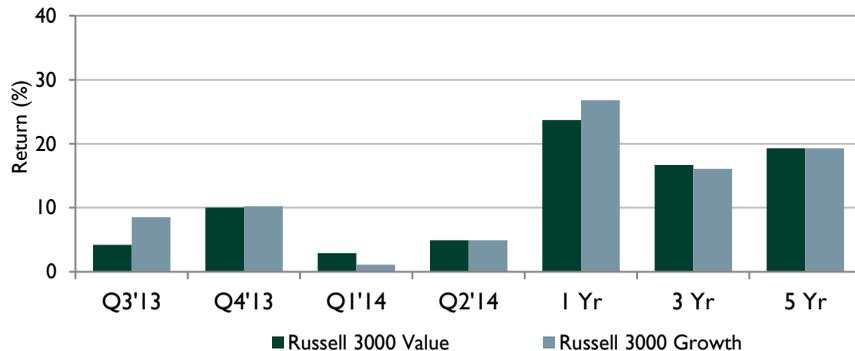
U.S. Market Cap Comparison



Q2 '14 U.S. Sector Returns*



U.S. Growth vs. Value Comparison



*Dotted line indicates total Russell 3000 Index return

International Equity

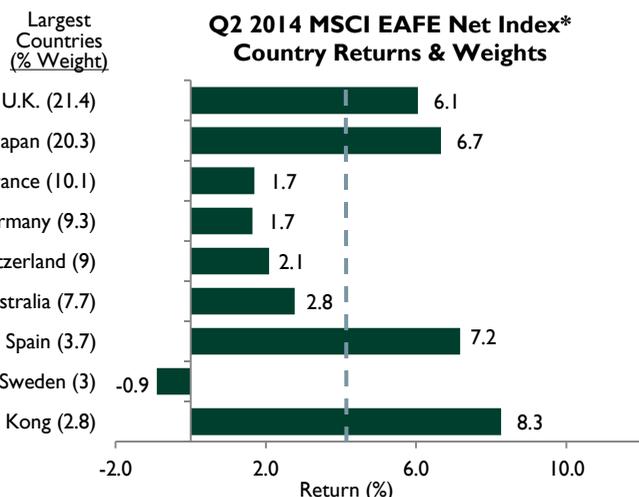
Second Quarter 2014

Foreign developed equities, as proxied by the MSCI EAFE Index, advanced 4.1%. Despite ongoing geopolitical turmoil, volatility across global markets was near historic lows. Easing measures announced by the European Central Bank (ECB) helped in part to quell market concerns over low inflation in the euro area. U.S. investors also benefited from currency as the Index gained only 3.4% locally.

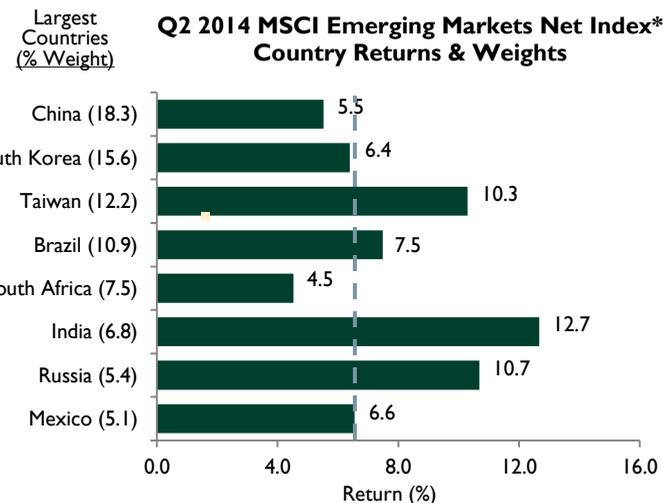
- Japan (+6.7% USD, +4.9% local) managed to rebound in spite of an increased consumption tax. During the quarter, the BoJ expressed confidence that Japan's economy is on course to hit its 2% inflation target next year without additional stimulus. Investors also appeared encouraged by Prime Minister Shinzo Abe's announced plan to reduce the corporate tax rate.
- Performance across Europe varied. Portugal (-2.6% USD, -1.9% local) and Ireland (-8.9% USD, -8.4% local) pulled back after a strong start to the year, while Spain (+7.2% USD, +7.9% local) saw strong economic growth in spite of persistently high unemployment.
- Australia (+2.8% USD, +0.9% local) managed a gain despite stagnant economic growth and the announced tax increases and budget cuts by the Australian government in an effort to control its sizable deficit.

After a difficult start to the year, emerging markets (EM) equities showed signs of recovery. Through June, the MSCI EM Index (+6.6% USD, +5.1% local) has posted five consecutive months of positive performance. Rising commodity prices also served as a tailwind for many of the larger nations in the developing world. The MSCI Frontier Markets Index (+11.9% USD) saw continued strength throughout the second quarter.

- An improving economic backdrop in China (+5.5% USD, +5.4% local) also served as a welcome boost to broad EM returns. Elsewhere in Asia, India (+12.7% USD, +13.5% local) was one of the best performing emerging market countries, helped in part by favorable investor sentiment following the recent elections.
- Although tensions with Ukraine persisted and additional sanctions were levied, Russia (+10.7% USD, +7.9% local) managed a meaningful gain. The Russian ruble also recovered during the quarter, gaining over 3% on the USD.
- Qatar (-5.4% USD) and the United Arab Emirates (-5.5% USD), which joined the MSCI EM Index in May, both struggled during the quarter after a strong start to 2014.



* Note: Other countries accounted for 12.6% of the Index weight



*Note: Other countries accounted for 18.2% of the Index weight

U.S. Fixed Income

Second Quarter 2014

The U.S. Treasury yield curve continued to flatten as intermediate and long-term yields declined. The market's focus on weak first quarter GDP data, which was revised lower throughout the quarter, drove results. Yields at the front end of the curve remained relatively stable given market expectations of a rate hike in 2015. The 10-year yield declined 19 bps during the period to 2.53%, while the yield on the 2-year note increased 4 bps. The spread between the 2- and 10-year yield stood at 2.07% as of quarter-end, down from 2.66% at year-end. Year-to-date, the 10-year yield has declined nearly 50 bps and the Treasury market has returned 2.7%.

Despite the weak GDP release, the Federal Open Market Committee continued its current pace of tapering. The Committee announced two additional \$10 million reductions to its bond-buying program. Beginning in July, the FOMC is scheduled to purchase \$15 billion in agency MBS securities and \$20 billion in long-term U.S. Treasury securities. If the current pace of tapering continues, the Fed's bond purchase program is scheduled to be completely wound down in October 2014.

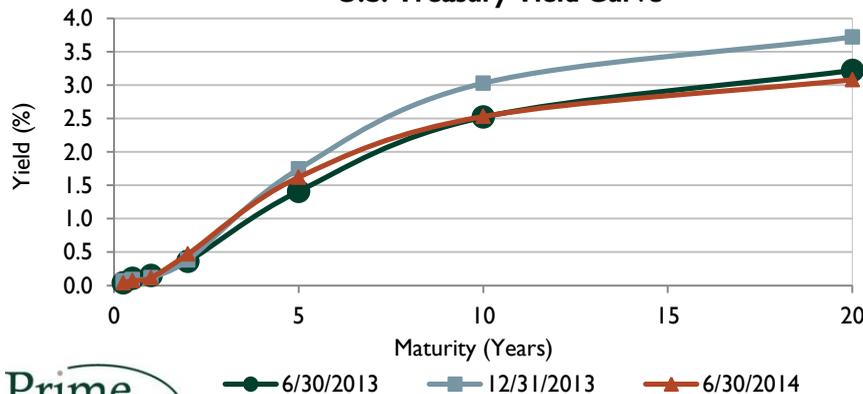
The Barclays Aggregate Index returned 2.0%, with all underlying sectors ending in positive territory. Corporate spreads continued to grind tighter. The corporate segment was the strongest performing sector for the third consecutive quarter. From a maturity perspective, longer-term securities generally outperformed as the curve flattened. Lower quality securities outperformed as BBB-rated securities produced a return of 3.4%, compared to the 1.8% of AAA-rated securities.

The U.S. Corporate sector (+2.7%) had another strong quarter as yields declined and spreads continued to tighten. Investment-grade corporate option-adjusted spreads (OAS) tightened 7 bps to end at 99 bps. Lower-rated securities generally outperformed higher quality, with BBB-rated securities returning 3.2% compared to the 2.4% return of AAA-rated securities. Investment-grade corporate bond issuance remained robust in the second quarter (\$299.5 billion according to SIFMA) and is on pace to surpass the \$1.0 trillion record high set in 2013.

The securitized sector returned 2.3%, benefiting from strong performance of agency MBS (+2.4%). U.S. MBS pass-throughs benefited from lower-than-expected net supply as new originations and prepayments were both down. ABS returned 0.8% as consumer credit fundamentals remained strong and the credit card and auto ABS sub-sectors reported positive results. MBS generated a 1.3% gain as spreads tightened amid improving commercial real estate valuations.

High yield bonds increased 2.4% and floating rate loans rose 1.4%. Among bond sectors, utilities (+4.1%) and financials (+2.8%) outperformed industrials (+2.2%). Within industrials, standouts were technology (+3.0%), energy (+2.6%), and communications (+2.6%). Among loans, utilities (+6.2%) and communications (+1.6%) offset modest returns of other loan sectors. Higher quality BB-rated bonds (+2.7%) outperformed both B-rated (+2.2%) and CCC-rated (+2.4%) debt. Lower quality CCC-rated loans (+4.1%) and distressed (+10.1%) outperformed higher quality loans.

U.S. Treasury Yield Curve



OAS Comparison – Corporate vs. High Yield



Currencies & Global Bonds

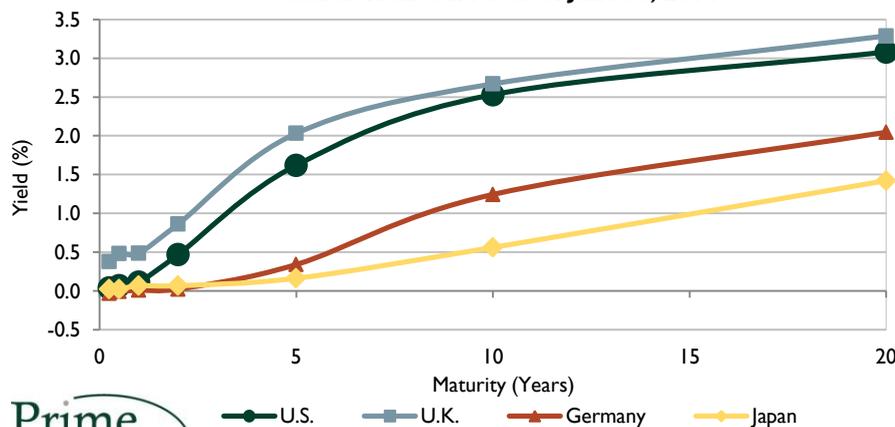
The ECB cut its key interest rate to 0.15% and reduced the deposit rate to -0.10%, effectively charging a fee on excess reserves. It also announced new rounds of long-term refinancing operations, the extension of an unlimited short-term funding program, and a policy of no longer sterilizing bond purchases made through another program. Lastly, it is considering a quantitative easing program. The Fed continued to reduce its bond-buying, but like the BoE and BoJ, it made no other monetary policy adjustments. Other activity included policy rate cuts in Hungary, Turkey, and Mexico, as well as rate hikes in Brazil, New Zealand, and Colombia. Most significant were sharp increases to rates in Ukraine and Russia as a means of protecting their currencies in light of the ongoing conflict between the two countries.

The Dollar Spot Index fell 0.4% during the quarter. Of the six currencies that comprise the Index, only the euro (-0.6%), Swedish krona (-3.2%), and Swiss franc (-0.3%) depreciated against the dollar. Collectively, they did not weaken enough to offset strength in the Canadian dollar (+3.6%), British pound (+2.6%), and Japanese yen (+1.8%). Outside of gains against a select group of EM currencies such as the Ukrainian hryvnia, Argentine peso, and Indonesian rupiah, EM currencies largely rallied against the dollar. The Russian ruble (+3.5%), Brazilian real (+2.6%), Colombian peso (+5.0%), South Korean won (+5.2%), and the Philippine peso (+2.7%) generated notable gains. Signs of economic stabilization and a firmer grip on the money supply allowed the China renminbi to modestly rise 0.2% against the greenback.

A generally weak USD relative to developed market currencies served as a tailwind that fostered a 100 bps divergence between unhedged (+2.8%) and hedged (+1.9%) returns for the Barclays Global Treasury ex-U.S. Index. The U.K. (+3.7%), Canada (+5.2%), Australia (+5.5%), and Ireland (+3.6%) produced strong results. Despite underperforming the benchmark on a relative basis, gains in Japan (+2.4%), Italy (+2.8%), Spain (+2.7%), and France (+2.4%) provided a solid foundation given they are larger benchmark countries. In addition, crossover markets such as Mexico (+5.0%), South Korea (+7.8%), Malaysia (+3.2%), and Israel (+5.0%) were also key contributors in spite of having smaller index weights. Germany (+1.5%) underperformed other developed markets and the only detractor in absolute terms was Sweden, which declined 0.3%.

The Barclays EM Local Currency Global Bond Index returned 5.4% in unhedged terms and 2.2% in hedged terms. While all regions delivered strong results, EM Americas (+6.2%) posted the strongest gains as a result of Brazil (+7.3%) and Peru (+7.5%), which offset benchmark-relative weakness in Mexico (+5.0%) and Chile (+2.1%). EM Asia (+5.2%) was bolstered by South Korea (+7.8%), which offset weakness in Indonesia (-3.3%) and modest gains in Thailand (+1.2%). EM EMEA (+4.8%) was the weakest region. Gains in Turkey (+9.3%), Russia (+6.7%), and Nigeria (+12.6%) were not large enough to offset muted returns in South Africa (+1.3%) and benchmark-relative underperformance in Poland (+3.1%).

Global Yield Curves as of June 30, 2014



OAS Comparison - Global Corporate vs. Global High Yield



Flexible Capital

Hedge funds appreciated 2.1%, as represented by the HFRI Fund-Weighted Composite Index. With the exception of the Short Bias Index, the primary sub-strategy indexes were positive, with relative value (+2.4%), event-driven (+2.3%), and equity hedge (+2.2%) leading the way. Hedge funds continue to trail the broad equity market, as measured by the S&P 500 Index, which rose 5.2%. According to Morgan Stanley Prime Brokerage, U.S. funds have average net exposure of approximately 55% and gross exposure of 156%. This is only a minor change from year-end 2013. On a net-adjusted basis, hedge funds could be expected to earn roughly half the return of the broad market without accounting for alpha. However, the market's strong upward momentum combined with low levels of volatility have led to lackluster results. Despite overall muted performance, dispersion among hedge funds remained wide. This indicates there are managers finding pockets of value in the current environment.

Within equity hedge, long positions generally resulted in positive attribution. Many popular energy and health care positions turned in admirable results. Examples include Pioneer Natural Resources, Chesapeake Energy, Humana, Tenet, and WellPoint. Funds focused on strong-performing sectors such as energy and IT tended to perform well. Those tilted more toward consumer discretionary, financials, and telecom faced a headwind.

While merger and acquisition (M&A) activity has benefited event-driven oriented funds, shorting continued to be problematic for many managers—due in part to the pick-up in M&A activity. Some have responded by increasing use of ETFs on the short side while reducing the number of single-name shorts. This was particularly the case with those considered potential takeover targets.

Goldman Sachs Hedge Fund VIP Basket*

Top 5 Q2 Performers

Company	Q2	YTD
Pioneer Natural Resources	22.8%	24.9%
Chesapeake Energy	21.7%	15.3%
Reynolds American	14.3%	23.6%
Kroger	13.6%	26.1%
Humana	13.6%	24.3%
S&P 500 Index	5.2%	7.1%

Bottom 5 Q2 Performers

Company	Q2	YTD
Marathon Petroleum	-9.9%	-14.1%
Express Scripts	-7.7%	-1.3%
Ross Stores	-7.3%	-11.2%
Vulcan Materials	-4.0%	7.5%
Cognizant Tech. Solutions	-3.4%	-3.1%
S&P 500 Index	5.2%	7.1%

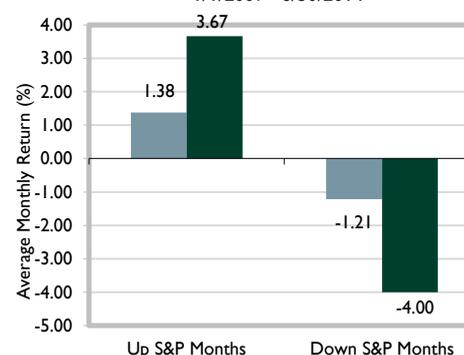
* 50 companies that "matter most" to hedge funds; positions that appear most frequently as top holdings of hedge funds with 10–200 total holdings. Performance based on price change.

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

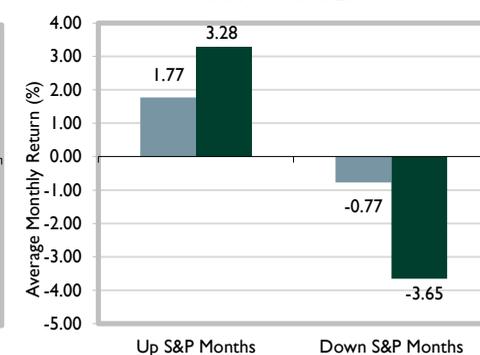
Credit and event-driven managers had a strong quarter. Leading the way were distressed strategies that continued to generate competitive returns despite a lack of new opportunities. The next scheduled Lehman Brothers distribution is in October. Yet, related claims appreciated roughly 6% without any notable news or new developments. Similarly, claims against the Icelandic banks increased, but no timetable for distributions has been determined. TXU was a standout for many managers as the company filed for bankruptcy and reorganization plans emerged. TXU is a large company and some business units are in better shape than others. This creates potential opportunities for managers to find value amidst the complexity of the business. Post-reorganization equities remain a key component of many distressed portfolios. This is because easy financing has allowed formerly troubled companies to improve their balance sheets and participate in the rising equity markets, often with higher beta.

Outside of distressed, merger-arbitrage strategies have regained prominence in portfolios as deal volume has picked up. Many recent deals have been global in nature as companies—several in the health care industry—pursued transactions referred to as tax inversions. With these deals, companies in a higher tax market (typically the U.S.) acquire or merge with a company in a lower tax market such as Ireland. This allows the combined company to take on the lower tax rate. Domestically, the Tyson Foods' takeover of Hillshire Brands was a popular and profitable trade for many multi-strategy and event-driven managers.

Up/Down Market Performance
1/1/2009 - 6/30/2014



Up/Down Market Performance
1/1/1990 - 6/30/2014



■ HFRI Fund-Weighted Composite Index ■ S&P 500 Index

■ HFRI Fund-Weighted Composite Index ■ S&P 500 Index

Private Equity (as of March 31, 2014)

Second Quarter 2014

North American private equity raised \$54 billion from 104 funds during the first quarter of 2014, representing 59% of funds closed and 57% of total capital raised globally. This was an 18% increase in the number of funds from the previous quarter, but a 17% decrease in capital. Globally, of the 185 funds that closed during the fourth quarter, 50% closed above target, 15% met their target, and 35% fell short of their fundraising goal. In the first quarter of 2014, aggregate private equity-backed buyout deal volume in North America totaled \$47.5 billion. This accounted for 60% of the aggregate private equity buyout deal volume globally and represented a nearly 50% increase from the fourth quarter of 2013.

Within the U.S., middle market acquisition multiples, as measured by enterprise value (EV) to EBITDA ratios, were stagnant, ending the first quarter at 9.9x. 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 produce a median multiple under the overall market.

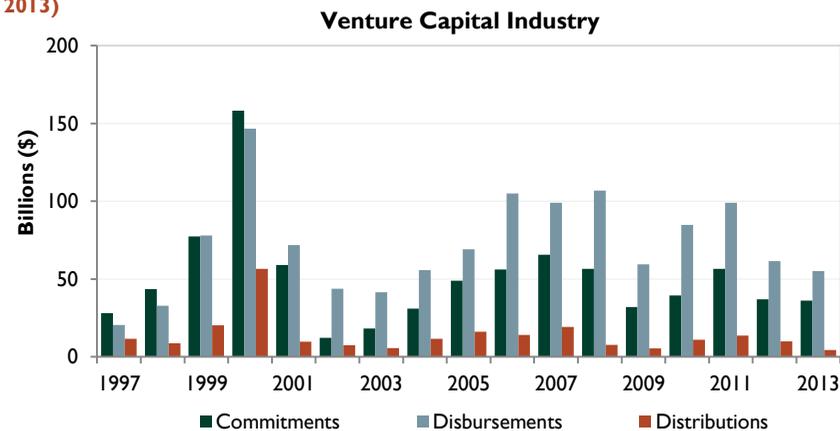
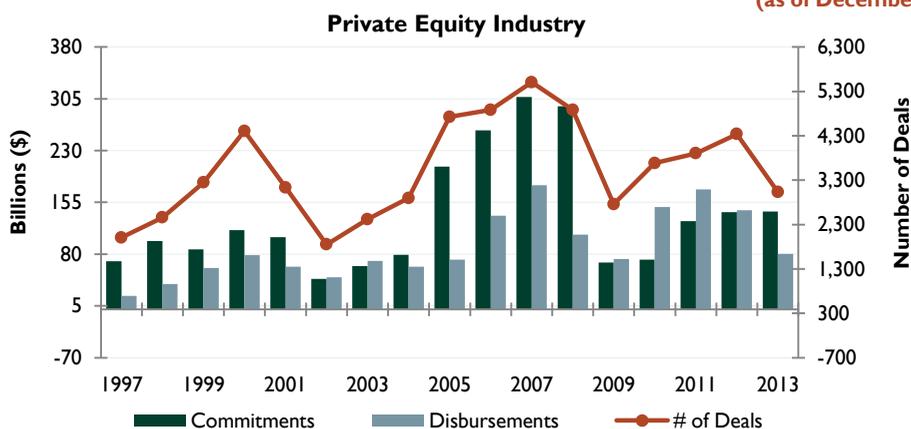
Private equity funds continued to target high-growth sectors. Computers and electronics represented 22% of acquisitions during the first quarter, while professional services represented 16% and health care represented 11%.

During the first quarter, 58 U.S. venture capital funds raised \$8.9 billion, an 81% increase in dollar commitments from the previous quarter. Meanwhile, 33 follow-on funds and 25 new funds received commitments, with 92% of new capital committed going to follow-on funds. The level of dollar commitments was the most robust quarter for venture capital fundraising since the fourth quarter of 2007, when \$10.4 billion was raised.

There were 36 venture-backed initial public offerings during the first quarter, valued at \$3.3 billion. This represented a 50% increase in the number of deals from the fourth quarter of 2013, but only a 38% increase in the dollar amount.

In the first quarter, 22 European-centric funds held a final close, raising a total of €7.6 billion in capital commitments. After flourishing in the fourth quarter of 2013 with 366 private equity-backed deals that totaled €23.9 billion at close, activity in the first quarter fell 31% in deal value, with 308 deals totaling €16.6 billion.

(as of December 31, 2013)



Inflation Hedging

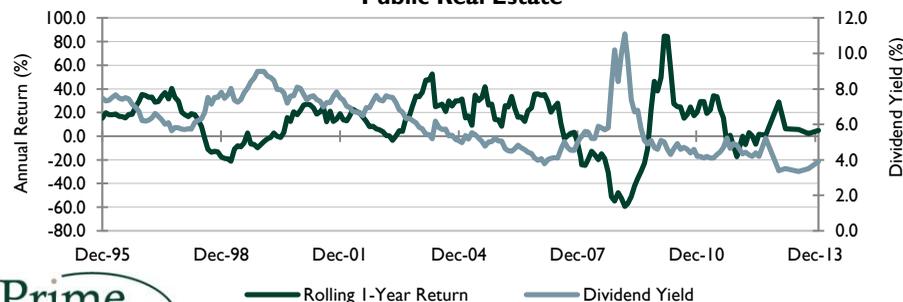
Marketable global real estate securities advanced 7.2% during the second quarter as measured by the FTSE EPRA/NAREIT Developed Index. Year to date, the Index has gained 11.4%. U.S. securities advanced 7.0% due to private market valuations, demand for core assets, and the continued recovery of market fundamentals resulting from subdued physical supply growth. European securities advanced 8.1% on improving economic stability and lending conditions. The ECB announced monetary easing measures in an effort to help boost the fragile recovery. Meanwhile, the possibility of early BoE tightening measures put downward pressure on investor sentiment in the U.K. Asian REITs rebounded from prior quarter losses to return 9.1%. Macro issues continued to drive results. Improved sentiment toward significant capital raising and the efficacy of “Abenomics” helped Japan. Concerns over a weakening housing market hurt China.

After a strong start to 2014, the Bloomberg Commodity Index pulled back a bit, advancing 0.1% as three of the four sub-sectors posted gains. Industrial metals (+8.5%) led the way for several reasons. This included the continuation of the Indonesia export ban, improved Chinese demand for zinc and copper, and the end of the five-month South African mine wage strike. Energy (+4.4%) continued to rally as oil and gas prices (WTI +4.1%/ Brent +5.9%) benefited from improvements to U.S. takeaway infrastructure, increased refining activity, and tension in Libya and Iraq. Natural gas was also positive as cold weather in the U.S. continued into the second quarter. Precious metals (+3.8%) thrived amid elevated geopolitical concerns and the Fed’s less-hawkish views on interest rates. In a significant reversal from the prior quarter, agriculture (-10.0%) retreated. Improved weather conditions and crop forecasts weighed on wheat (-19.7%), corn (-16.9%), and soy (-5.3%). Weather was also a headwind for coffee (-4.2%) and sugar (-6.6%) as the drought in Brazil did not impact the crops as expected.

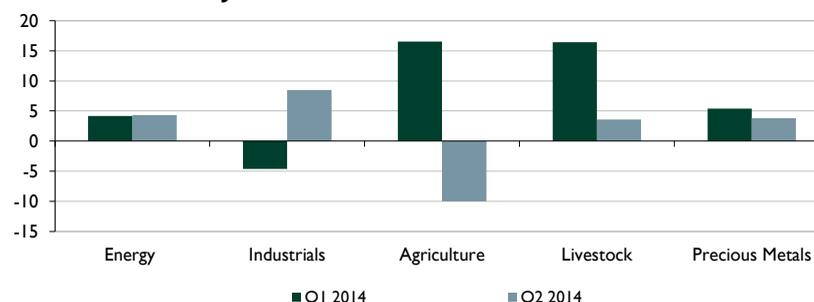
The NCREIF Property Index returned 2.7% in the first quarter, with all four major property types increasing by greater than 2%. Despite continued compressed capitalization rates across real estate sectors, the spread between cap rates and U.S. Treasury yields remains wide, and investors appear willing to continue to accept lower than historic absolute yields. Coming off a robust transaction market in the fourth quarter of 2013, overall transactions in the first quarter were down, but were up 63% relative to the first quarter of 2013. At this stage, valuations for core assets have fully recovered to above 2007 peak levels. Overall real estate market fundamentals continue to improve and are supported by GDP growth forecasts and continued limited new supply in the United States. In particular, the retail sector, which has been a laggard during the recovery, showed signs of improvement in the first quarter as a decline in occupancy and slow supply growth led to solid cash flow growth.

U.S. TIPS rose 3.8% during the second quarter. Real yields in the 1–2 year tenor rose, but fell for tenors 3 years and longer. In addition, the curve experienced a sharp flattening, with larger drops in the long-end of the curve versus the front and intermediate portions. As a result, TIPS maturing in 10 years and beyond gained 6.4% compared to 4.0% for 5–10 year TIPS and 1.8% for 1–5 years. Changes in anticipated inflation were mixed. Expectations fell 7 bps to 2.1% over the next 5 years, compared to the 14 bps increase to 2.3% over the next 10 years. Despite these mixed expectations, the drop in real yields was sharper than changes in the nominal Treasury yield curve. As a result, TIPS outperformed their nominal Treasury counterparts across the entire maturity spectrum.

Public Real Estate



DJ UBS Commodities Sector Performance



Tab II

Total Fund Highlights

- The Town of Palm Beach Health Insurance Trust portfolio began 2014 in positive territory, and this trend continued during the second quarter. The total fund gained 3.8%, which on a relative basis, was in line with both its Target Index (+3.9%) and its Actual Index (+3.8%). Over the trailing one year period, the Fund (+17.0%) is well ahead of both benchmarks (+15.6% and +16.3% respectively). The second quarter continues what is characterized as a phenomenon not seen since 1993 – equities, fixed income, and real assets advancing in unison. The portfolio's domestic equity segment posted strong quarterly results, but lagged the broader Russell 3000 Index slightly by 20 bps. International equities also appreciated, rising 5.2%. The international equity segment benefited from its 15.9% allocation to emerging markets, as this asset class recovered during the second quarter of 2014. The Artisan International Fund in particular surged past the MSCI EAFE Index, besting the benchmark by 130 bps. Flexible capital posted strong relative results (+2.0% vs. +1.5% for the benchmark). Both Forester Offshore and Archstone Absolute Return beat their benchmarks for the quarter. Similar to the global equity and flexible capital space, the Fund's 20% allocation to fixed income increased during the quarter. Both the PIMCO Total Return Fund and Vanguard Short-Term Treasury Fund matched their respective benchmarks. Lastly, the inflation hedging segment was the portfolio's greatest absolute performer, but this segment (+6.9%) failed to match the even greater return of its benchmark Composite Index (+7.8%). Van Eck Global Hard Assets was the segment's best investment manager on an absolute basis, rising 11.5% during the quarter.
- At quarter end, total fund assets are valued at approximately \$26.4 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 March 2014.

Segment Performance

Segment Level Performance (% Rate of Return)

Benchmark Dependent Metrics vs. S&P 500 Index

As of June 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	3.8	17.0	14.6	8.7	11.1	3.7	10.4	0.6	0.9	Jul-07
Target Index	3.9	15.6	12.9	7.8	10.4	3.9	9.8	0.6	1.0	Jul-07
Actual Index	3.8	16.3	13.7	8.2	10.4	4.1	9.2	0.5	0.9	Jul-07
Consumer Price Index	0.9	2.1	1.9	1.8	2.0	1.9	1.5	0.0	0.1	Jul-07
Domestic Equity	4.7	24.7	22.5	14.6	17.6	4.4	17.9	1.1	1.0	Jul-07
Russell 3000 Index	4.9	25.2	23.3	16.5	19.3	6.5	17.4	1.0	1.0	Jul-07
International Equity	5.2	25.9	23.9	11.5	14.5	2.9	21.6	1.2	0.9	Jul-07
MSCI AC World ex USA (Net)	5.0	21.8	17.6	5.7	11.1	1.3	21.3	1.1	0.9	Jul-07
MSCI EAFE (Net)	4.1	23.6	21.1	8.1	11.8	1.0	20.7	1.1	0.9	Jul-07
Total Flexible Capital	2.0	9.2	10.4	6.6	7.5	4.2	5.6	0.2	0.7	Jul-07
HFRI Fund of Funds Composite Index	1.5	7.6	7.4	3.3	4.2	0.6	5.9	0.3	0.7	Jul-07
Total Fixed Income	1.3	2.8	1.5	2.0	5.3	3.4	5.9	0.3	0.7	Jul-07
Fixed Income Composite Index	1.3	2.7	1.2	1.2	4.5	4.0	4.9	0.2	0.7	Jul-07
Total Inflation Hedging	6.9	18.8	7.7	2.3	6.9	-2.8	15.3	0.2	0.2	Jul-07
Inflation Hedging Composite Index	7.8	18.7	9.1	3.9	8.2	2.9	11.7	0.2	0.2	Jul-07

Executive Summary

Town of Palm Beach

Health Insurance Trust

Preliminary Executive Summary as of June 30, 2014

Market Value	% of Portfolio		QTR Ended Sep-13	QTR Ended Dec-13	QTR Ended Mar-14	QTR Ended Jun-14	Calendar YTD	1 YR	2 YRS	3 YRS	5 YRS	Return Since	Inception Date
\$26,410,228	100.0	Total Fund	5.4	5.4	1.4	3.8	5.3	17.0	14.6	8.7	11.1	3.7	Jul-07
		Target Index	4.8	4.5	1.6	3.9	5.5	15.6	12.9	7.8	10.4	3.9	Jul-07
		Actual Index	5.0	5.1	1.4	3.8	5.3	16.3	13.7	8.2	10.4	4.1	Jul-07
		Consumer Price Index	0.3	-0.5	1.4	0.9	2.3	2.1	1.9	1.8	2.0	1.9	Jul-07
\$12,815,611	48.5	Global Equity	8.0	8.9	1.4	4.9	6.4	25.1	23.1	13.4	16.5	3.9	Jul-07
\$7,822,594	29.6	Domestic Equity	6.5	9.6	2.0	4.7	6.8	24.7	22.5	14.6	17.6	4.4	Jul-07
		Russell 3000 Index	6.3	10.1	2.0	4.9	6.9	25.2	23.3	16.5	19.3	6.5	
\$5,405,196	20.5	Fidelity Spartan Total Market Index Advisor Fund	6.2	10.1	2.0	4.8	6.9	25.0	23.2	16.4	19.4	6.6	Jul-07
		Wilshire 5000 Index	6.3	10.1	2.0	4.8	6.9	25.1	23.4	16.5	19.5	6.7	
\$1,149,212	4.4	FPA Crescent Fund	3.8	6.5	2.0	2.9	5.0	16.0	16.8	NA	NA	13.3	Apr-12
		S&P 500 Index	5.2	10.5	1.8	5.2	7.1	24.6	22.6	16.6	18.8	18.4	
		60% Russell 2500 / 40% BC Global Credit	6.6	5.8	2.5	3.3	5.8	19.3	17.9	11.8	16.3	14.6	
		HFRI Equity Hedge (Total) Index	4.1	4.7	1.1	2.0	3.2	12.4	11.4	4.7	7.3	7.8	
\$1,268,186	4.8	FMI Common Stock Fund	9.7	8.7	1.8	4.9	6.8	27.4	22.0	NA	NA	16.6	Apr-12
		Russell 2500 Index	9.1	8.7	2.3	3.6	5.9	25.6	25.6	15.5	21.6	20.2	
\$4,993,017	18.9	International Equity	10.6	7.6	0.5	5.2	5.7	25.9	23.9	11.5	14.5	2.9	Jul-07
		MSCI AC World ex USA (Net)	10.1	4.8	0.5	5.0	5.6	21.8	17.6	5.7	11.1	1.3	
		MSCI EAFE (Net)	11.6	5.7	0.7	4.1	4.8	23.6	21.1	8.1	11.8	1.0	
\$2,511,859	9.5	Dodge & Cox International Stock Fund	11.1	7.8	2.8	5.0	7.9	29.3	26.4	10.4	14.9	3.1	Jul-07
		MSCI AC World ex USA (Net)	10.1	4.8	0.5	5.0	5.6	21.8	17.6	5.7	11.1	1.3	
\$2,481,158	9.4	Artisan International Institutional Fund	10.0	7.5	-1.8	5.4	3.6	22.5	21.5	12.5	NA	12.5	Jul-11
		MSCI EAFE (Net)	11.6	5.7	0.7	4.1	4.8	23.6	21.1	8.1	11.8	8.1	

Executive Summary

Town of Palm Beach

Health Insurance Trust

Preliminary Executive Summary as of June 30, 2014

Market Value	% of Portfolio		QTR Ended Sep-13	QTR Ended Dec-13	QTR Ended Mar-14	QTR Ended Jun-14	Calendar YTD	1 YR	2 YRS	3 YRS	5 YRS	Return Since	Inception Date
\$5,039,948	19.1	Total Flexible Capital	2.1	3.8	1.0	2.0	3.0	9.2	10.4	6.6	7.5	4.2	Jul-07
		HFRI Fund of Funds Composite Index	1.7	3.7	0.6	1.5	2.0	7.6	7.4	3.3	4.2	0.6	
\$2,053,224	7.8	Forester Offshore A2, Ltd.	2.5	5.2	0.2	2.1	2.3	10.2	10.8	7.1	7.2	5.2	Jul-07
		HFRI FOF: Strategic Index	2.5	3.9	0.6	1.7	2.3	9.0	8.8	3.6	4.7	0.5	
\$2,986,724	11.3	Archstone Absolute Return Strategies Fund, Ltd. Class A	1.8	2.6	1.8	1.8	3.7	8.3	10.1	6.2	7.9	3.2	Jul-07
		HFRI FOF: Conservative Index	1.2	2.7	1.3	1.3	2.6	6.7	6.9	3.5	4.1	0.5	
\$5,136,162	19.4	Total Fixed Income	0.8	-0.1	0.9	1.3	2.2	2.8	1.5	2.0	5.3	3.4	Jul-07
		Fixed Income Composite Index	0.5	-0.1	1.0	1.3	2.3	2.7	1.2	1.2	4.5	4.0	
\$2,834,567	10.7	PIMCO Total Return II Institutional Fund	1.1	-0.2	1.4	2.0	3.4	4.3	2.3	3.7	5.5	6.5	Feb-09
		Barclays U.S. Aggregate	0.6	-0.1	1.8	2.0	3.9	4.4	1.8	3.7	4.9	5.0	
\$2,301,594	8.7	Vanguard Short Term US Treasury Admiral Fund	0.4	-0.1	0.2	0.4	0.6	0.9	0.6	NA	NA	0.6	Dec-11
		Barclays U.S. Treasury: 1-5 Year	0.4	-0.1	0.2	0.5	0.8	1.1	0.6	1.1	1.9	0.7	
\$3,253,901	12.3	Total Inflation Hedging	6.6	0.4	3.9	6.9	11.1	18.8	7.7	2.3	6.9	-2.8	Jul-07
		Inflation Hedging Composite Index	4.5	1.5	3.8	7.8	11.9	18.7	9.1	3.9	8.2	2.9	
\$789,694	3.0	Vanguard Short-Term Inflation Protected Securities Adm. Fund	NA	NA	NA	1.5	NA	NA	NA	NA	NA	1.1	Mar-14
		Barclays U.S. Treasury: 0-5 Year TIPS Index	0.6	-0.2	0.2	1.6	1.8	2.2	0.8	1.1	2.9	1.2	
\$855,204	3.2	PIMCO CommoditiesPLUS Strategy Institutional Fund	NA	NA	NA	4.4	NA	NA	NA	NA	NA	5.5	Mar-14
		Credit Suisse Commodity Benchmark Index	4.9	0.1	4.6	3.9	8.7	14.2	7.5	0.0	6.1	4.7	
\$1,609,003	6.1	Van Eck Global Hard Assets I Fund	12.5	3.5	1.8	11.5	13.5	32.3	18.6	NA	NA	9.1	Apr-12
		S&P North American Natural Resources Sector	8.6	5.3	2.7	13.4	16.4	33.1	21.4	6.7	14.8	13.5	

Executive Summary

Town of Palm Beach

Health Insurance Trust

Preliminary Executive Summary as of June 30, 2014

Market Value	% of Portfolio		QTR Ended Sep-13	QTR Ended Dec-13	QTR Ended Mar-14	QTR Ended Jun-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	0.1	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	0.1	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:

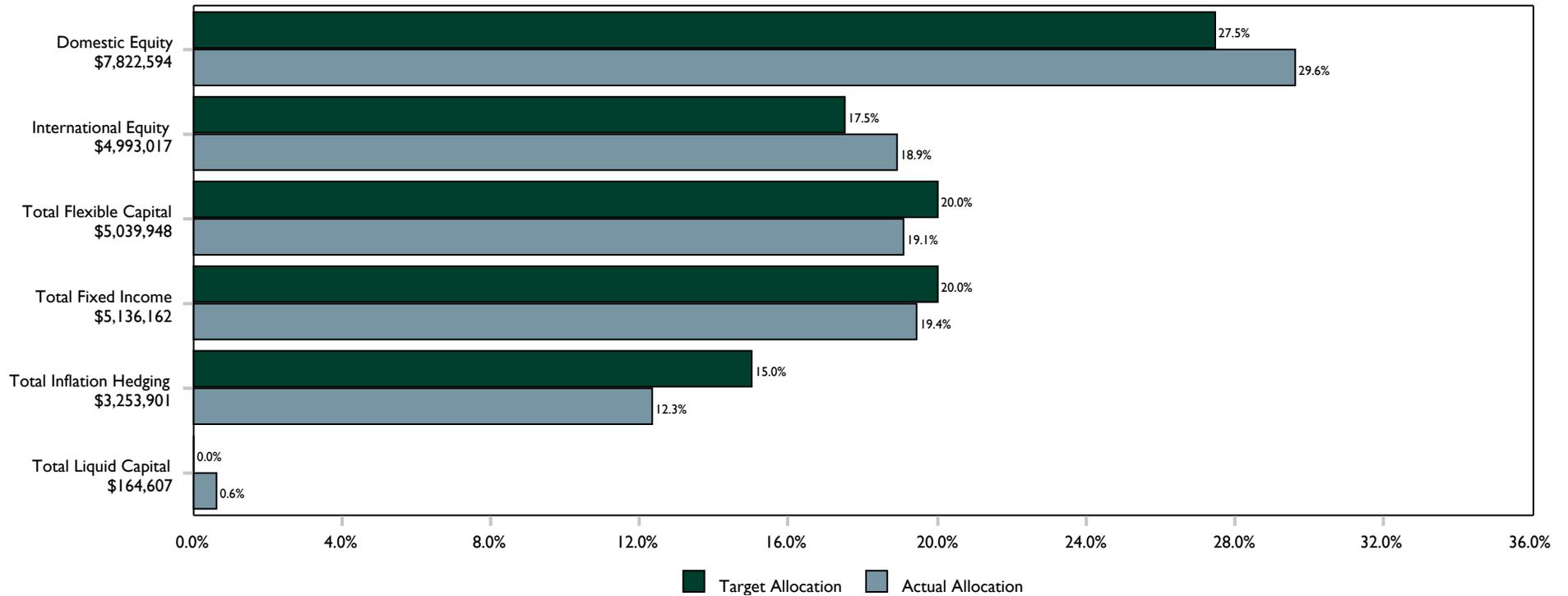
- Periods greater than one year are annualized
- Returns are net of investment management fees and gross of consulting fees unless otherwise stated
- Since inception returns are calculated from the first full month
- Actual Index calculated using manager allocations and index returns
- Performance and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

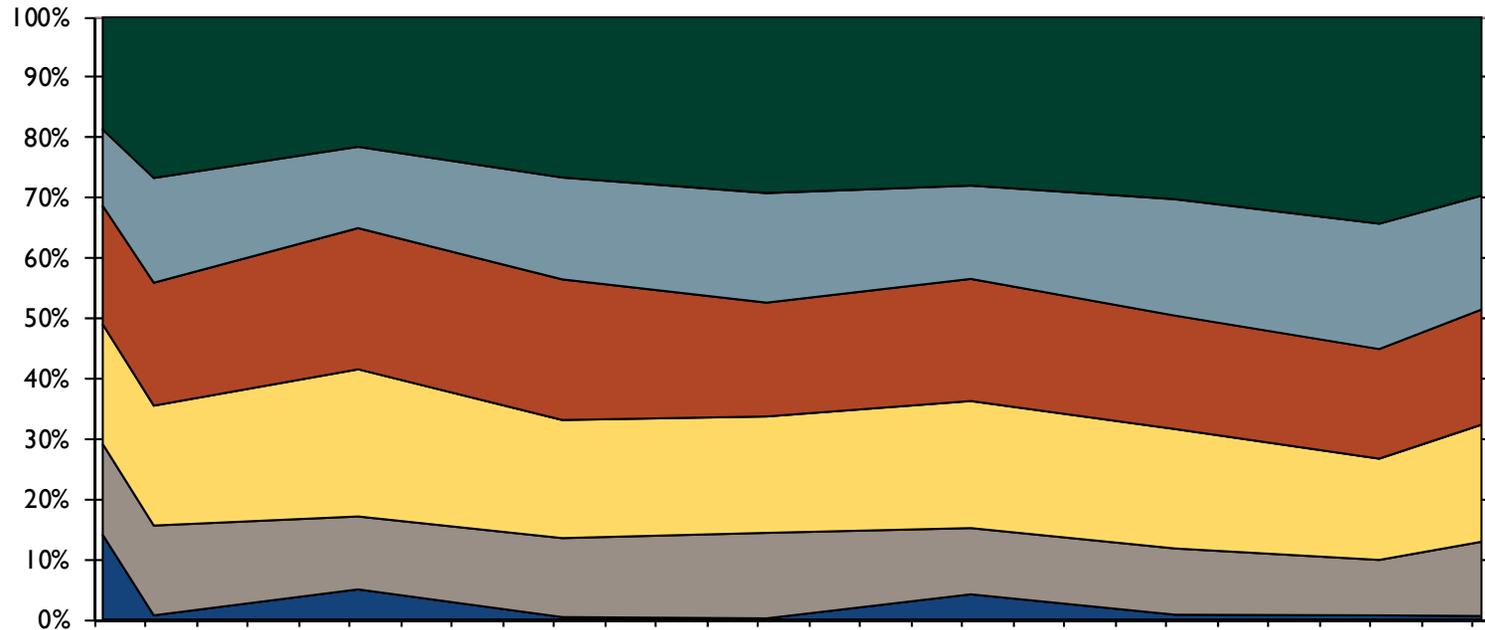
Asset Allocation Policy Ranges

As of June 30, 2014

	Asset Allocation (%)	Lower (%)	Target (%)	Upper (%)	Difference (%)
Total Fund	100.0	-	100.0	-	0.0
Domestic Equity	29.6	22.5	27.5	32.5	2.1
International Equity	18.9	15.0	17.5	20.0	1.4
Total Flexible Capital	19.1	15.0	20.0	25.0	-0.9
Total Fixed Income	19.4	15.0	20.0	25.0	-0.6
Total Inflation Hedging	12.3	10.0	15.0	20.0	-2.7
Total Liquid Capital	0.6	0.0	0.0	1.0	0.6



Asset Allocation – Historical



	Sep-07	Dec-07	Dec-08	Dec-09	Dec-10	Dec-11	Dec-12	Dec-13	Jun-14
■ Domestic Equity	19	27	22	27	29	28	30	34	30
■ International Equity	13	17	14	17	18	16	19	21	19
■ Flexible Capital	20	20	23	23	19	20	19	18	19
■ Fixed Income	20	20	24	20	19	21	20	17	19
■ Inflation Hedging	15	15	12	13	14	11	11	9	12
■ Cash	14	1	5	0	0	4	1	1	1

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

Asset Allocation - Performance Comparison

As of June 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	3.8	17.0	14.6	8.7	11.1	3.7	6.2	5.4	8.9	9.0	10.4	Jul-07
Target Index	3.9	15.6	12.9	7.8	10.4	3.9	5.3	5.0	8.1	8.3	9.8	
Actual Index	3.8	16.3	13.7	8.2	10.4	4.1	5.8	5.3	8.0	8.1	9.2	
Domestic Index	4.0	18.7	16.6	12.7	15.1	6.5	6.4	5.6	8.7	9.5	12.3	
Global Index	4.3	18.2	14.4	8.1	11.5	4.2	7.0	6.3	10.5	11.2	14.2	
Consumer Price Index	0.9	2.1	1.9	1.8	2.0	1.9	0.9	1.1	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	7.4	7.2	7.4
Expected Standard Deviation	12.2	12.3	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)	10.0	9.7	10.1	9.2
Historical Standard Deviation	11.2	11.3	12.4	13.2
Historical Return (Geometric)	9.4	9.1	9.3	8.4
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	66.9	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	-28.9%	-12.8%	-8.7%	-9.9%	+2.1%	-0.3%	+5.8%
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

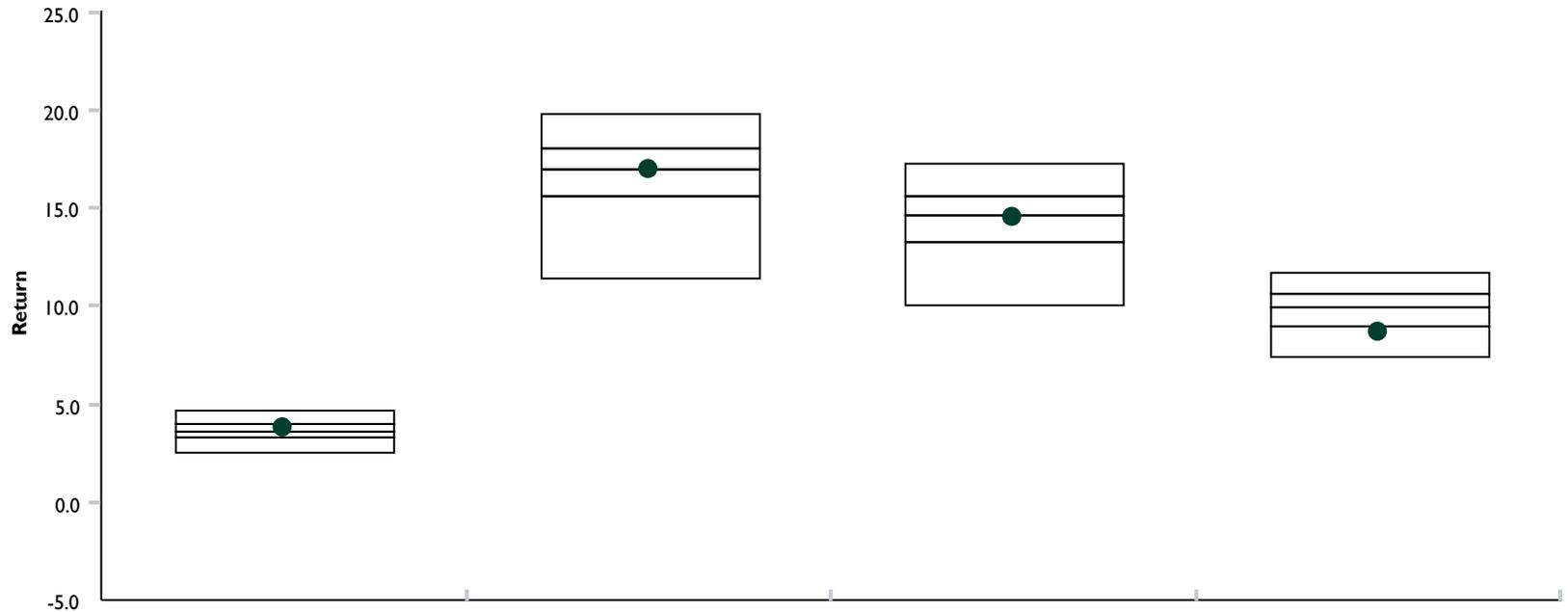
- Historical data based on index returns from 1/1/1988 through 6/30/2014

- Index components utilized: Russell 3000/MSCI World ex U.S./MSCI Emerging Mkts./Venture Economics/Barclays Aggregate/Barclays Long G/C/Barclays U.S. Corp. HY/Barclays Muni/HFRI Fund Weighted/Barclays U.S. TIPS/Private Equity-All Buyouts/S&P Natural Resources/S&P GSCI-DJ UBS/NCREIF Leverage & Fee Adj./Barclays Long Treasury/30-Day T-Bill/JPM Non-U.S. Global Govt.

Plan Sponsor Peer Group Analysis

All Public Plans < \$100mm

As of June 30, 2014



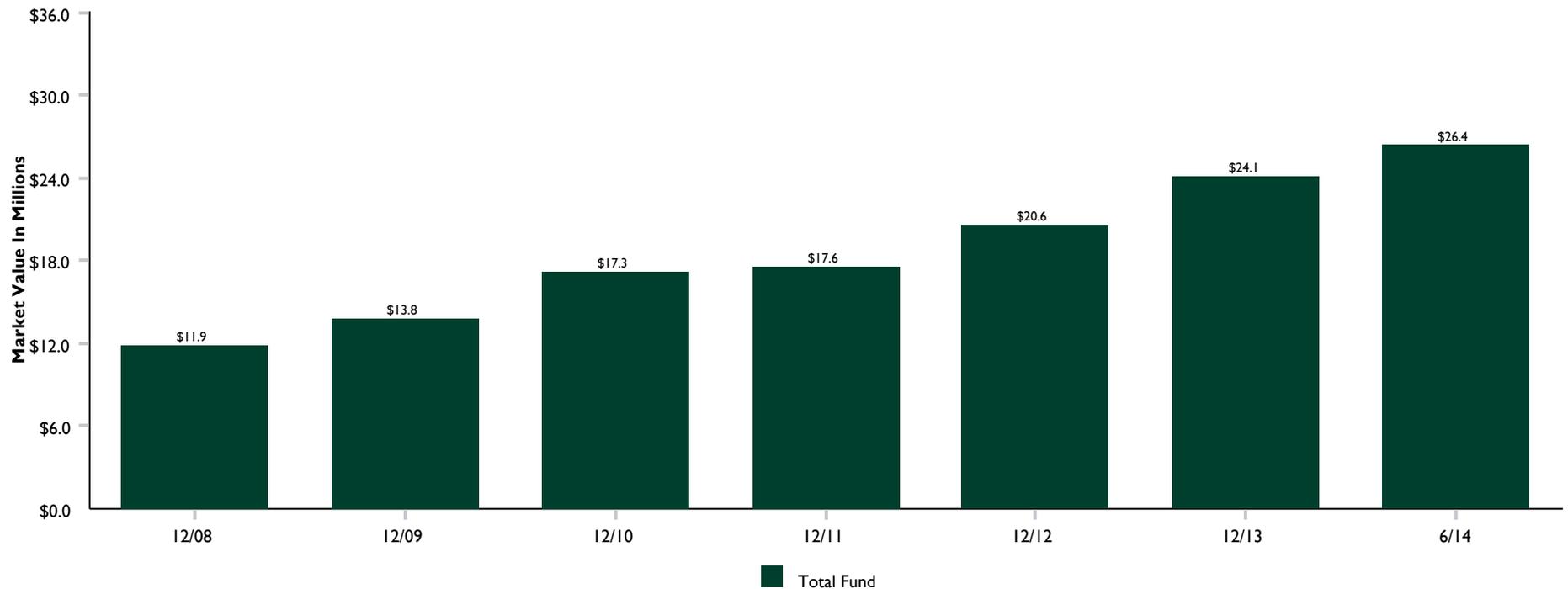
	QTR Ended Jun-14	1 Year	2 Years	3 Years
● Total Fund	3.8 (37)	17.0 (50)	14.6 (53)	8.7 (83)
5th Percentile	4.6	19.8	17.3	11.7
1st Quartile	4.0	18.0	15.6	10.7
Median	3.6	17.0	14.6	10.0
3rd Quartile	3.3	15.6	13.2	9.0
95th Percentile	2.6	11.4	10.1	7.4
Population	307	304	296	287

Schedule of Investable Assets

Total Fund

January 1, 2008 To June 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 06/2014	\$24,084,884	\$1,000,000	\$1,325,344	\$26,410,228
	\$16,305,625	\$4,306,315	\$5,798,288	\$26,410,228



Liquidity Schedule

As of June 30, 2014

Redemption Terms						
Daily			\$21,370,280			80.9
Semi Liquid			\$5,039,948			19.1
Total			\$26,410,228			100.0
Investments	Inception	Subscriptions	Market Value	Daily	Semi Liquid	Notes
Global Equity						
Fidelity Spartan Total Market Index Advisor Fund	Jun-07	Daily	\$5,405,196	\$5,405,196		
FPA Crescent Fund	Mar-12	Daily	\$1,149,212	\$1,149,212		
FMI Common Stock Fund	Mar-12	Daily	\$1,268,186	\$1,268,186		
Dodge & Cox International Stock Fund	Jun-07	Daily	\$2,511,859	\$2,511,859		
Artisan International Institutional Fund	Jun-11	Daily	\$2,481,158	\$2,481,158		
Flexible Capital						
Total Flexible Capital	Jul-07	Various	\$5,039,948		\$5,039,948	See additional report
Fixed Income						
PIMCO Total Return II Institutional Fund	Jan-09	Daily	\$2,834,567	\$2,834,567		
Vanguard Short Term US Treasury Admiral Fund	Nov-11	Daily	\$2,301,594	\$2,301,594		
Inflation Hedging						
Vanguard Short-Term Inflation Protected Securities Adm. Fund	Feb-14	Daily	\$789,694	\$789,694		
PIMCO CommoditiesPLUS Strategy Institutional Fund	Feb-14	Daily	\$855,204	\$855,204		
Van Eck Global Hard Assets I Fund	Mar-12	Daily	\$1,609,003	\$1,609,003		
Liquid Capital						
Government Stif 15	Jun-07	Daily	\$164,607	\$164,607		
Total (\$)			\$26,410,228	\$21,370,280	\$5,039,948	
Total (%)			100.0	80.9	19.1	

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	\$2,053,224	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	\$2,986,724	Semi-annual	90 days	10/01/14	12/31/14	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 June 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	\$5,405,196	\$3,243	0.06%
FPA Crescent Fund	1.23% of NAV	\$1,149,212	\$14,135	1.23%
FMI Common Stock Fund	1.18% of NAV	\$1,268,186	\$14,965	1.18%
Dodge & Cox International Stock Fund	0.64% of NAV	\$2,511,859	\$16,076	0.64%
Artisan International Institutional Fund	0.97% of NAV	\$2,481,158	\$24,067	0.97%
Forester Offshore A2, Ltd.	1.00% on assets managed	\$2,053,224	\$20,532	1.00% *
Archstone Absolute Return Strategies Fund, Ltd. Class A	1.14% on assets managed **	\$2,986,724	\$34,049	1.14% *
PIMCO Total Return II Institutional Fund	0.50% of NAV	\$2,834,567	\$14,173	0.50%
Vanguard Short Term US Treasury Admiral Fund	0.10% of NAV	\$2,301,594	\$2,302	0.10%
Vanguard Short-Term Inflation Protected Securities Adm Fund	0.10% of NAV	\$789,694	\$790	0.10%
PIMCO CommoditiesPLUS Strategy Institutional Fund	0.74% of NAV	\$855,204	\$6,329	0.74%
Van Eck Global Hard Assets I Fund	1.00% of NAV	\$1,609,003	\$16,090	1.00%
Total Liquid Capital	--	\$164,607	--	--
Total Investment Management Fees		\$26,410,228	\$166,750	0.63%

Fee Schedule

Fee Schedule as of June 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	\$26,410,228	\$3,962	0.015%
-Accounting Fees				
Separate Domestic Equity Accounts	\$4,000 each (0)		--	
Separate Fixed Income Accounts	\$2,500 each (1)		\$2,500	
Multiple Line Item Portfolios	\$1,500 each (1)		\$1,500	
Commingled/Mutual Funds	\$500 each (10)		\$5,000	
Estimated Total SSB&T Fee:		\$26,410,228	\$12,962	0.05%
PBA Fees				
	0.25% on first \$20 million	\$26,410,228	\$60,000	0.23%
	0.10% on next \$50 million			
	0.05% over \$70 million			
	\$60,000 minimum			
Total Fees		\$26,410,228	\$239,711	0.91%

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 June 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	25.0 (44)	16.4 (28)	19.4 (25)	15.5	1.0	1.0	6.9 (39)	33.4 (48)	16.4 (35)	1.0 (18)	17.4 (30)
Wilshire 5000 Total Market Index	25.1 (42)	16.5 (26)	19.5 (24)	15.4	1.0	1.0	6.9 (40)	34.0 (43)	16.1 (39)	0.6 (22)	18.1 (27)
<i>IM U.S. Multi-Cap Core Equity (MF) Median</i>	<i>24.5</i>	<i>14.8</i>	<i>17.8</i>	<i>15.9</i>	<i>1.0</i>	<i>1.0</i>	<i>6.4</i>	<i>33.2</i>	<i>15.2</i>	<i>-2.1</i>	<i>15.0</i>
FPA Crescent Fund	16.0 (27)	11.5 (9)	13.3 (36)	9.3	0.6	1.0	5.0 (62)	21.9 (11)	10.3 (54)	3.0 (20)	12.0 (68)
S&P 500 Index	24.6 (4)	16.6 (4)	18.8 (5)	14.9	1.0	1.0	7.1 (27)	32.4 (4)	16.0 (15)	2.1 (30)	15.1 (28)
60% Russell 2500 / 40% BC Global Credit	19.3 (15)	11.8 (8)	16.3 (6)	12.5	0.8	1.0	5.8 (52)	21.4 (12)	15.6 (17)	0.5 (45)	18.9 (6)
HFRI Equity Hedge (Total) Index	12.4 (40)	4.7 (71)	7.3 (86)	8.8	0.6	0.9	3.2 (85)	14.3 (30)	7.4 (74)	-8.4 (95)	10.5 (76)
<i>IM Flexible Portfolio (MF) Median</i>	<i>9.8</i>	<i>6.7</i>	<i>12.0</i>	<i>10.2</i>	<i>0.6</i>	<i>0.9</i>	<i>6.0</i>	<i>5.1</i>	<i>11.0</i>	<i>0.0</i>	<i>13.0</i>
FMI Common Stock Fund	27.4 (24)	14.6 (45)	19.2 (56)	16.3	0.9	1.0	6.8 (48)	32.0 (76)	10.2 (86)	4.5 (3)	22.2 (62)
Russell 2500 Index	25.6 (37)	15.5 (28)	21.6 (10)	18.4	1.0	1.0	5.9 (56)	36.8 (29)	17.9 (24)	-2.5 (39)	26.7 (12)
<i>IM U.S. Mid Cap Core Equity (MF) Median</i>	<i>24.5</i>	<i>14.3</i>	<i>19.5</i>	<i>17.9</i>	<i>1.0</i>	<i>1.0</i>	<i>6.5</i>	<i>34.8</i>	<i>15.8</i>	<i>-3.8</i>	<i>23.1</i>
Dodge & Cox International Stock Fund	29.3 (1)	10.4 (1)	14.9 (1)	19.9	1.1	1.0	7.9 (4)	26.3 (1)	21.0 (9)	-16.0 (90)	13.7 (2)
MSCI AC World ex USA (Net)	21.8 (54)	5.7 (84)	11.1 (47)	17.7	1.0	1.0	5.6 (21)	15.3 (85)	16.8 (74)	-13.7 (71)	11.2 (10)
<i>IM International Large Cap Core Equity (MF) Median</i>	<i>21.9</i>	<i>7.1</i>	<i>11.0</i>	<i>18.1</i>	<i>1.0</i>	<i>1.0</i>	<i>4.5</i>	<i>20.4</i>	<i>18.0</i>	<i>-12.8</i>	<i>7.5</i>
Artisan International Institutional Fund	22.5 (33)	12.5 (1)	16.0 (1)	18.6	1.0	1.0	3.6 (57)	25.5 (2)	25.6 (2)	-4.1 (3)	6.2 (73)
MSCI EAFE (Net)	23.6 (19)	8.1 (19)	11.8 (30)	17.6	1.0	1.0	4.8 (35)	22.8 (9)	17.3 (62)	-12.1 (36)	7.8 (54)
<i>IM International Large Cap Equity (MF) Median</i>	<i>20.8</i>	<i>6.8</i>	<i>11.1</i>	<i>18.0</i>	<i>1.0</i>	<i>1.0</i>	<i>4.0</i>	<i>19.9</i>	<i>18.0</i>	<i>-13.2</i>	<i>8.1</i>
PIMCO Total Return II Institutional Fund	4.3 (65)	3.7 (62)	5.5 (62)	3.5	0.9	0.8	3.4 (85)	-2.2 (62)	8.2 (13)	4.5 (92)	7.7 (36)
Barclays U.S. Aggregate	4.4 (64)	3.7 (63)	4.9 (78)	3.2	1.0	1.0	3.9 (64)	-2.0 (56)	4.2 (81)	7.8 (11)	6.5 (70)
<i>IM U.S. Broad Market Core Fixed Income (MF) Median</i>	<i>4.9</i>	<i>3.9</i>	<i>5.8</i>	<i>3.5</i>	<i>1.0</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 June 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	15.0 (10)	0.8 (14)	NA	NA	NA	NA	9.0 (25)	-1.4 (24)	5.2 (20)	-2.3 (26)	NA
Credit Suisse Commodity Benchmark Index	14.2 (14)	0.0 (16)	6.1 (19)	15.2	1.0	1.0	8.7 (29)	-1.8 (25)	2.1 (36)	-3.5 (33)	15.2 (52)
<i>IM All Commodities (MF) Median</i>	<i>7.8</i>	<i>-4.8</i>	<i>2.9</i>	<i>18.8</i>	<i>0.9</i>	<i>0.8</i>	<i>6.2</i>	<i>-9.7</i>	<i>-1.1</i>	<i>-8.3</i>	<i>15.5</i>
Van Eck Global Hard Assets I Fund	32.3 (31)	2.2 (44)	11.7 (45)	23.3	1.0	1.0	13.5 (43)	11.2 (46)	2.9 (42)	-16.3 (50)	28.9 (8)
S&P North American Natural Resources Sector	33.1 (24)	6.7 (18)	14.8 (4)	21.4	1.0	1.0	16.4 (21)	16.5 (26)	2.2 (46)	-7.4 (10)	23.9 (23)
<i>IM Global Natural Resources (MF) Median</i>	<i>30.2</i>	<i>1.5</i>	<i>11.3</i>	<i>23.0</i>	<i>1.0</i>	<i>1.0</i>	<i>12.8</i>	<i>10.2</i>	<i>1.5</i>	<i>-16.3</i>	<i>16.6</i>

Please Note:

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

Tab III

Portfolio Comparison

As of June 30, 2014

	Fidelity Spartan Total Market Index	FPA Crescent Fund	FMI Common Stock	Domestic Equity	Russell 3000
Composition					
# of Holdings	3,357	49	39	3,377	3,000
% Top 15 Holdings	18.1	55.5	58.8	18.3	18.2
% Top 25 Holdings	25.1	75.1	80.2	25.4	25.1
Characteristics					
Wtd Avg Mkt Cap (\$B)	99.5	91.0	3.9	82.8	100.9
Forecast P/E	17.6	15.8	17.3	17.2	17.6
Price/Book ratio	2.9	2.5	2.6	2.8	2.9
Historical EPS Growth - 5 Year	12.5	10.2	12.0	12.1	12.5
Forecast EPS Growth - Long-Term	11.8	11.1	11.2	11.6	12.0
Current Yield	1.8	2.0	1.1	1.8	1.8
GICS Sectors (%)					
Energy	9.9	7.9	3.2	8.5	9.8
Materials	3.9	6.3	12.3	5.6	3.9
Industrials	11.4	4.5	26.5	12.9	11.6
Consumer Discretionary	12.4	4.9	4.9	10.1	12.5
Consumer Staples	8.2	14.1	0.0	7.7	8.2
Health Care	12.9	13.7	6.6	12.0	13.0
Financials	17.1	17.9	8.9	15.9	17.3
Information Technology	18.0	27.7	21.3	20.0	18.3
Telecommunication Services	2.2	0.9	0.0	1.6	2.2
Utilities	3.2	0.0	0.0	2.2	3.2
Cash	0.9	0.0	16.3	3.3	0.0
Other	0.0	1.9	0.0	0.3	0.0
Market Capitalization (%)					
Mega (Above \$50B)	48.2	48.7	0.0	40.4	48.9
Large (\$12B - \$50B)	27.1	31.6	2.1	23.7	27.0
Mid (\$4B - \$12B)	14.0	17.8	49.5	20.3	14.0
Small/Mid (\$2B - \$4B)	5.2	0.0	16.8	6.3	5.2
Small (\$0 - \$2B)	4.6	0.1	15.3	5.7	4.9
Cash	0.9	0.0	16.3	3.3	0.0
Other	0.0	1.9	0.0	0.3	0.0

Portfolio Comparison

As of June 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	87	71	145	1,810	899	3,509	2,427
% Top 15 Holdings	36.1	44.5	28.9	12.4	17.1	15.6	10.9
% Top 25 Holdings	51.8	64.0	41.5	17.6	24.1	21.5	15.3
Characteristics							
Wtd Avg Mkt Cap (\$B)	73.7	63.1	68.4	60.2	68.2	77.2	88.7
Forecast P/E	14.5	16.3	15.3	14.1	14.6	16.4	15.5
Price/Book ratio	2.2	2.9	2.5	2.1	2.1	2.7	2.5
Historical EPS Growth - 5 Year	10.1	22.1	16.3	10.6	9.7	13.6	11.7
Forecast EPS Growth - Long-Term	16.8	13.8	15.3	11.4	10.6	13.1	11.5
Current Yield	2.5	1.7	2.1	3.1	3.3	1.9	2.5
GICS Sectors (%)							
Energy	7.6	1.3	4.5	9.6	7.3	7.0	10.2
Materials	4.6	7.3	5.9	8.5	8.0	5.7	6.1
Industrials	7.9	20.6	14.2	11.0	12.7	13.4	10.6
Consumer Discretionary	12.4	17.7	15.0	10.8	11.9	12.0	11.6
Consumer Staples	3.3	17.0	10.1	9.9	11.1	8.6	9.6
Health Care	14.6	15.6	15.1	8.2	10.5	13.2	10.6
Financials	25.4	6.7	16.1	26.4	25.3	16.0	21.3
Information Technology	16.0	9.4	12.7	6.9	4.4	17.1	12.8
Telecommunication Services	6.8	2.9	4.8	5.2	4.9	2.9	3.8
Utilities	0.0	0.0	0.0	3.6	3.9	1.3	3.4
Cash	1.4	1.5	1.5	0.0	0.0	2.6	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.2	0.0
Market Capitalization (%)							
Mega (Above \$50B)	43.1	41.5	42.3	39.6	45.3	41.2	48.5
Large (\$12B - \$50B)	46.9	37.5	42.2	37.8	37.2	30.9	35.0
Mid (\$4B - \$12B)	7.3	19.2	13.2	19.0	15.8	17.5	14.7
Small/Mid (\$2B - \$4B)	1.2	0.3	0.7	3.2	1.7	4.2	1.7
Small (\$0 - \$2B)	0.1	0.0	0.1	0.4	0.0	3.5	0.2
Cash	1.4	1.5	1.5	0.0	0.0	2.6	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.2	0.0

Regional Exposure

As of June 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	3.9	0.0	0.0	0.0	7.6	0.0
United States	57.2	48.0	6.3	3.9	5.1	0.0	0.0
Pacific ex Japan	2.1	5.2	2.5	7.5	5.0	9.9	12.1
Japan	5.2	7.4	11.9	14.7	13.3	14.4	20.2
Europe ex UK	20.0	17.3	44.9	47.1	46.0	32.5	45.6
United Kingdom	5.6	7.9	11.7	14.8	13.2	15.3	21.5
Middle East	0.2	0.2	0.0	0.0	0.0	0.4	0.5
Developed Markets	90.5	89.9	77.3	88.0	82.6	80.2	100.0
EM Asia	3.1	6.2	7.6	8.1	7.8	12.0	0.0
EM Europe	0.5	1.1	1.9	0.0	1.0	2.1	0.0
EM Latin America	1.9	2.1	5.7	2.4	4.1	4.0	0.0
EM Mid East+Africa	1.2	0.8	6.1	0.0	3.1	1.6	0.0
Emerging Markets	6.7	10.1	21.2	10.5	15.9	19.8	0.0
Cash	2.6	0.0	1.4	1.5	1.5	0.0	0.0
Other	0.2	0.0	0.0	0.0	0.0	0.0	0.0

Regional Allocation (%)

	Global Equity	MSCI AC World
United States	57.2	48.0
Non-US Developed	33.4	41.9
Emerging Markets	6.7	10.1
Cash	2.6	0.0
Other	0.2	0.0

Flexible Capital

As of June 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	\$2,053	\$2,987	\$5,040	\$1,149	\$6,189
% of Total Managed Portfolio (\$26,410)	7.8	11.3	19.1	4.4	23.4
Market Exposure (%)					
Gross Long %	100.0	115.6	109.2	55.7	99.3
Gross Short %	56.0	56.4	56.2	2.3	46.2
Net %	44.0	59.2	53.0	53.4	53.1
Total Gross	156.0	171.9	165.4	58.1	145.5
Strategy Weights (%)					
L/S Equity	100.0	20.9	53.1	51.7	52.9
L/S Credit	0.0	23.8	14.1	1.0	11.7
Event-Driven	0.0	5.8	3.4	0.0	2.8
Distressed	0.0	19.1	11.3	0.0	9.2
Special Situations	0.0	5.7	3.4	0.0	2.8
Relative Value	0.0	8.1	4.8	0.0	3.9
Macro	0.0	0.0	0.0	0.0	0.0
Other/Cash	0.0	16.6	9.8	47.3	16.8
Geography (%)					
U.S. & Canada	71.2	57.2	62.9	65.0	63.3
Dev Europe	19.2	26.0	23.2	27.8	24.1
Asia	5.8	8.2	7.2	0.0	5.9
Emerging Mkts	3.8	8.6	6.6	0.0	5.4
Other	0.0	3.2	1.9	7.5	2.9

Top 10 Long Holdings/Managers

Forester Offshore Fund, Ltd.		Archstone Absolute Return Strategies Fund, Ltd. Class A		FPA Crescent Fund	
Company	%	Company	%	Company	%
VIKING GLOBAL	9.0	YORK CREDIT	10.5	MICROSOFT	3.4
KENSICO CAPITAL	8.0	FIR TREE	10.0	ORACLE	3.1
SAMLYN CAPITAL	6.0	KING STREET	9.7	AON	2.9
PENNANT CAPITAL	5.0	ELLIOTT INT'L	9.5	CVS CAREMARK	2.8
FALCON EDGE	4.0	DAVIDSON KEMPNER	9.4	COVIDIEN	2.2
LANSDOWN PARTNERS	4.0	SILVER POINT	9.4	THERMO FISHER	2.1
TIGER GLOBAL	4.0	MASON	9.3	OCCIDENTAL	2.0
ABRAMS BISON	3.0	FARALLON	9.2	AIG	1.7
CASTINE CAPITAL	3.0	OZ OVERSEAS	7.5	ALCOA	1.5
COATUE MANAGEMENT	3.0	BREVAN HOWARD	6.2	CITIGROUP	1.5

- FPA Crescent Fund market and geographic exposure exclude cash.

Flexible Capital Underlying Manager Exposure

Data as of 3/31/2014	2,932,537	2,010,623	1,117,763	6,060,923	25,434,903	
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%	18.4%	4.4%	1,117,763
Elliott Associates	10.0%			4.8%	1.2%	293,254
Fir Tree Capital Opportunity Fund	10.0%			4.8%	1.2%	293,254
King Street Capital	10.0%			4.8%	1.2%	293,254
York Credit Opportunities	10.0%			4.8%	1.2%	293,254
Davidson Kempner	9.0%			4.4%	1.0%	263,928
Farallon Capital	9.0%			4.4%	1.0%	263,928
Mason Capital	9.0%			4.4%	1.0%	263,928
Silver Point Capital	9.0%			4.4%	1.0%	263,928
Och-Ziff	8.0%			3.9%	0.9%	234,603
Brevan Howard Credit Catalysts	6.0%			2.9%	0.7%	175,952
Kensico Partners		8.0%		2.7%	0.6%	160,850
Viking Global Investors Ltd.		8.0%		2.7%	0.6%	160,850
Saba Capital Offshore Fund, Ltd.	5.0%			2.4%	0.6%	146,627
Serengeti Opportunities Fund	5.0%			2.4%	0.6%	146,627
Samlyn Capital, LLC		6.0%		2.0%	0.5%	120,637
Wellington Management Company		6.0%		2.0%	0.5%	120,637
Pennant Capital Management, L.L.C.		5.0%		1.7%	0.4%	100,531
Falcon Edge Capital		4.0%		1.3%	0.3%	80,425
Lansdowne Partners Limited Partnership		4.0%		1.3%	0.3%	80,425
Abrams Bison		3.0%		1.0%	0.2%	60,319
Castine Capital		3.0%		1.0%	0.2%	60,319
Coatue Qualified Partners		3.0%		1.0%	0.2%	60,319
Hengistbury Investment Partners LLP		3.0%		1.0%	0.2%	60,319
Steadfast Capital, L.L.C.		3.0%		1.0%	0.2%	60,319
The Children's Investment Fund Mgmt UK LLP		3.0%		1.0%	0.2%	60,319

- Content is current as of the date indicated.

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

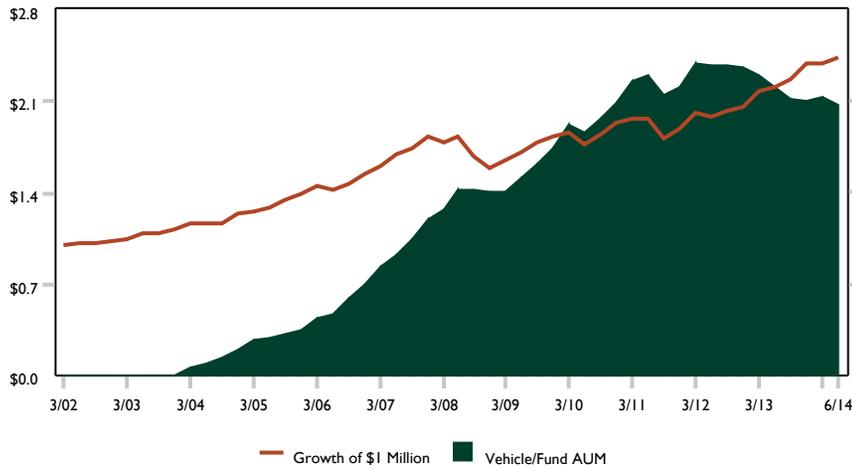
- 7 top 20 underlying funds have exposures of less than 1% of the total Flexible Capital composite and have been excluded from the above table.

Flexible Capital Strategies

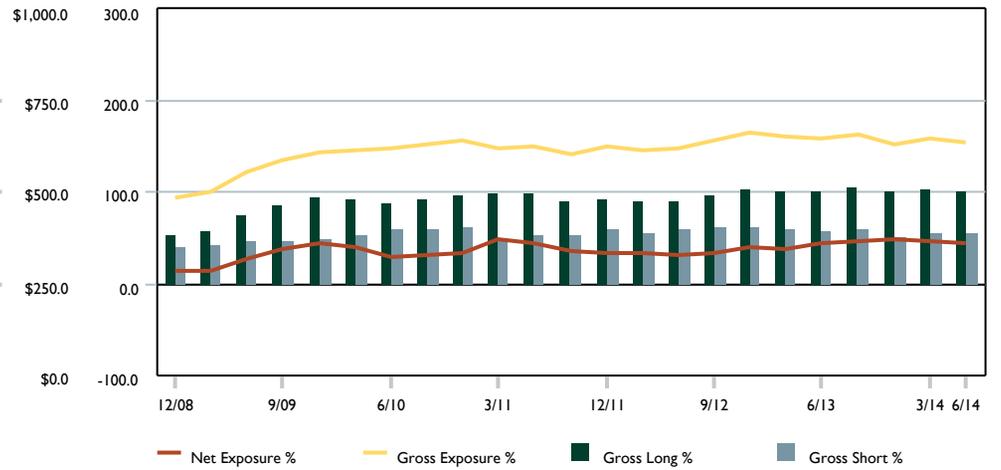
Forester Offshore, Ltd.

As of June 30, 2014

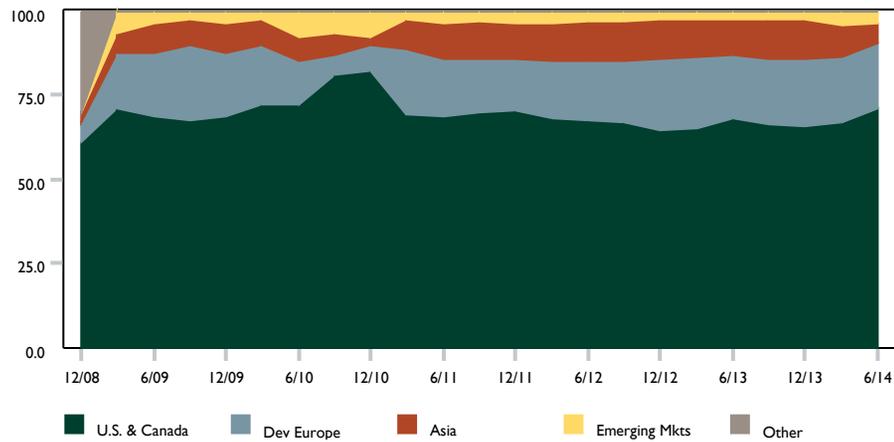
Asset Growth



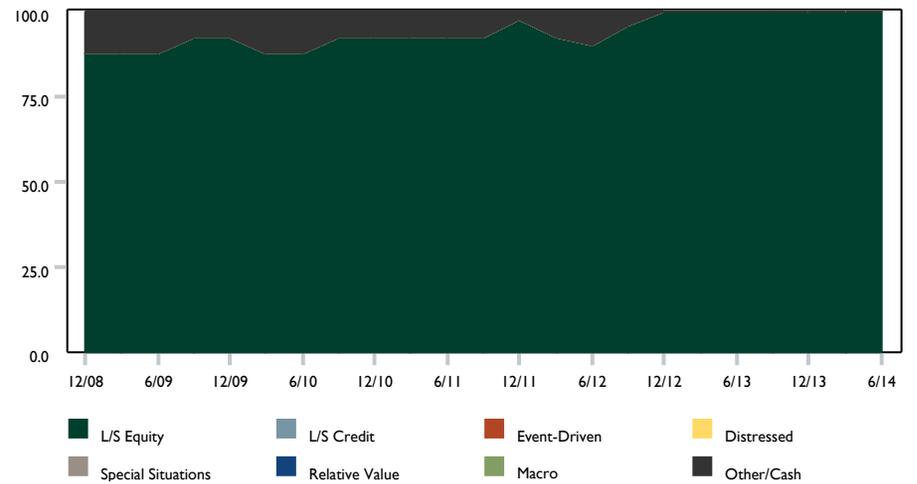
Market Exposure



Geographic Exposure



Strategy Weights

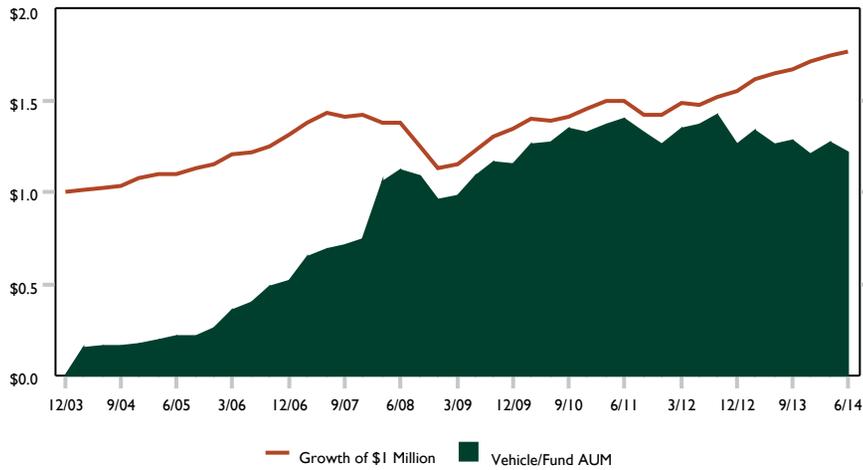


Flexible Capital Strategies

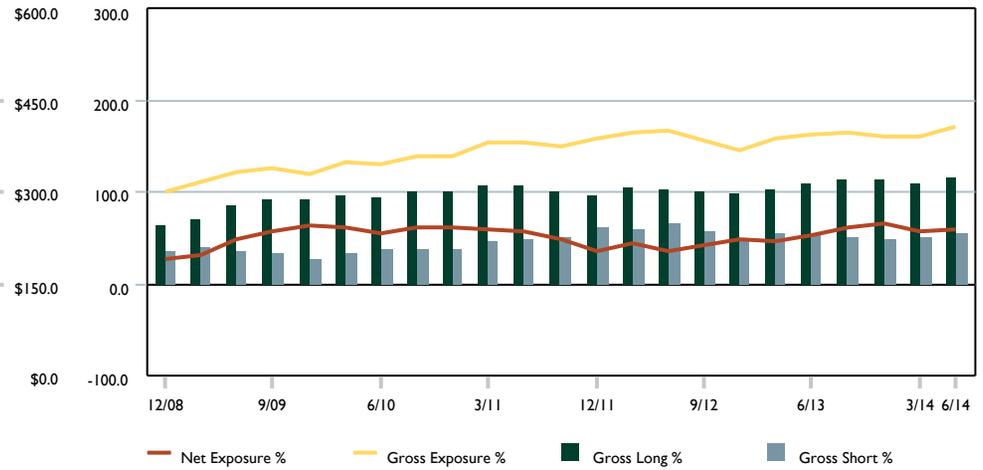
Archstone Absolute Return Strategies Fund, Ltd.

As of June 30, 2014

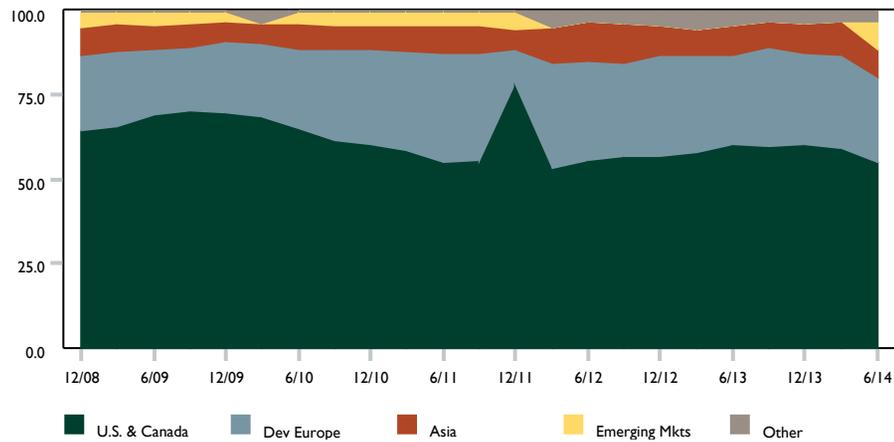
Asset Growth



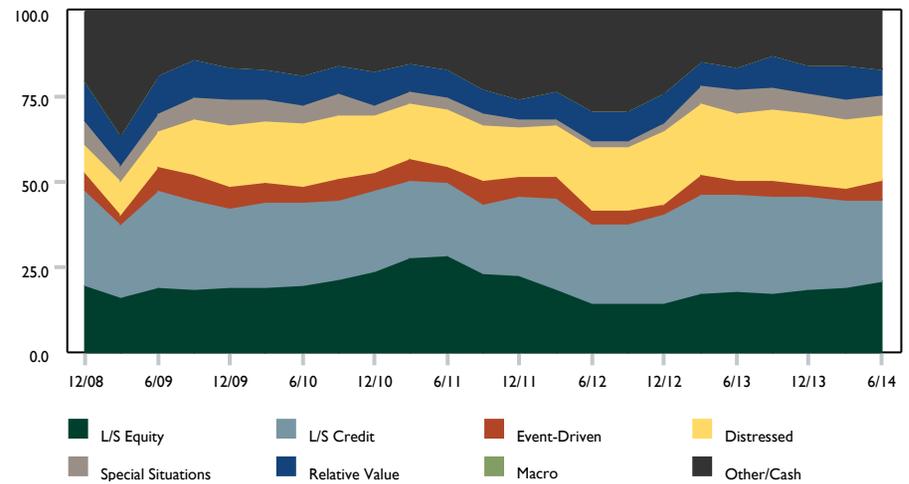
Market Exposure



Geographic Exposure



Strategy Weights

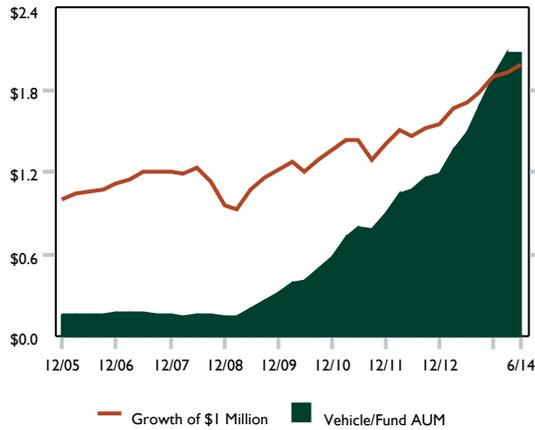


Flexible Capital Strategies

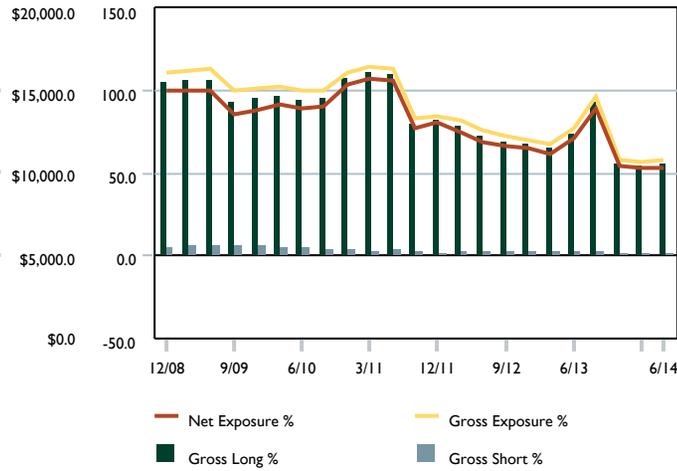
FPA Crescent Fund

As of June 30, 2014

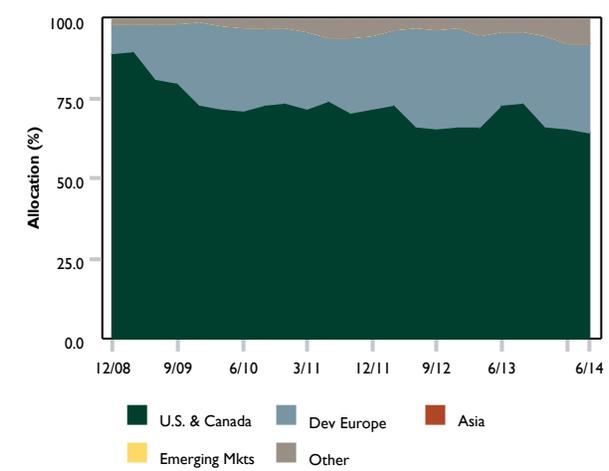
Asset Growth



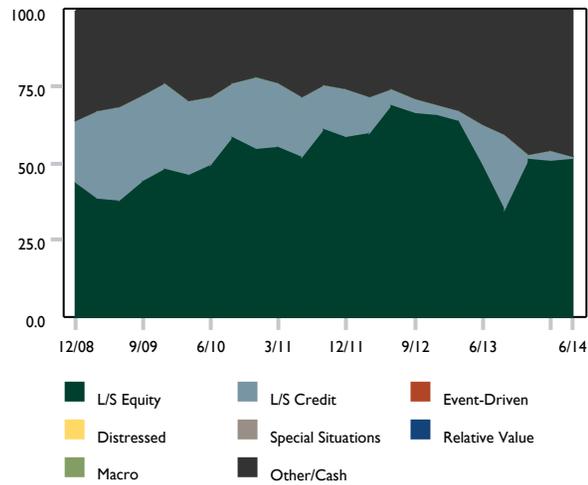
Market Exposure



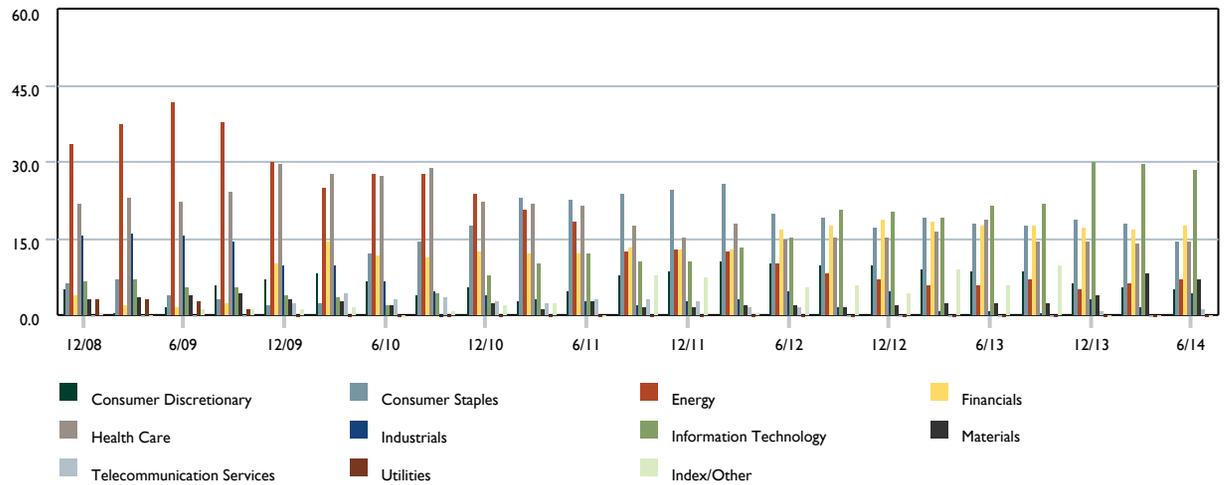
Geographic Exposure



Strategy Weights



Sector Breakdown



Market and geographic exposure exclude cash.

Fixed Income

As of June 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	1.7	2.2	0.6	0.8	1.2
Average Maturity	8.4	7.7	2.3	2.7	5.7
Duration	6.2	5.6	2.2	2.6	4.4
Quality Breakdown					
U.S. Treasury	56.0	35.3	99.5	100.0	75.5
U.S. Govt/Agency	5.0	3.6	0.0	0.0	2.8
Agency MBS	0.0	28.9	0.0	0.0	0.0
Non-U.S. Sov/Agency	0.0	4.6	0.0	0.0	0.0
AAA	-12.0	3.8	0.0	0.0	-6.6
AA	31.0	2.6	0.0	0.0	17.1
A	9.0	10.9	0.0	0.0	5.0
BBB	7.0	10.3	0.0	0.0	3.9
BB and Below	4.0	0.0	0.0	0.0	2.2
NR/Other	0.0	0.0	0.5	0.0	0.2
Sector Breakdown					
U.S. Treasury	56.0	35.3	99.5	100.0	75.5
U.S. Government Related	5.0	3.6	0.0	0.0	2.8
Non-U.S. Sovereign/Agency	0.0	4.6	0.0	0.0	0.0
Investment Grade Corporate	9.0	23.3	0.0	0.0	5.0
Industrials	1.0	13.9	0.0	0.0	0.6
Utility	0.0	1.8	0.0	0.0	0.0
Financials	8.0	7.6	0.0	0.0	4.4
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	29.0	28.9	0.0	0.0	16.0
MBS-Agency	26.0	28.9	0.0	0.0	14.3
MBS-NonAgency	3.0	0.0	0.0	0.0	1.7
CMBS	6.0	2.1	0.0	0.0	3.3
ABS	2.0	0.5	0.0	0.0	1.1
Municipals	6.0	0.0	0.0	0.0	3.3
Cash	-16.0	0.0	0.5	0.0	-8.6
Other	2.0	1.7	0.0	0.0	1.1

- PIMCO Total Return II Yield is 30-day SEC yield and Maturity is Effective Maturity. Cash includes: 26% ST Gov't Related, 2% ST Mortgage, 3% ST Credit, 89% US MM Futures/Options, 32% Other, and -168% Liabilities. The Agency/non-Agency breakout pertains only to the mortgages held in the MBS sector allocation and does not account for any non-Agency MBS held within the ST Mortgage allocation within the Cash Equivalents sector. PIMCO defines cash equivalents as any security with a duration under 1 year. Sector and Sub-Sector Breakdown based on net asset value.

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

- Vanguard Short Term Treasury Duration represents Average Duration. Quality breakout NR/Other reflects cash.

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

Inflation Hedging

As of June 30, 2014

	Vanguard Short-Term Inflation Protected Securities Adm. Fund	Barclays U.S. Treasury: 0-5 Year TIPS Index
Portfolio Characteristics		
Yield	0.8	0.9
Average Maturity	2.4	2.4
Duration	2.4	1.7
Quality Breakdown		
U.S. Treasury	99.8	100.0
U.S. Govt/Agency	0.0	0.0
Agency MBS	0.0	0.0
Non-U.S. Sov/Agency	0.0	0.0
AAA	0.2	0.0
AA	0.0	0.0
A	0.0	0.0
BBB	0.0	0.0
BB and Below	0.0	0.0
NR/Other	0.0	0.0
Sector Breakdown		
U.S. Treasury	99.8	100.0
U.S. Government Related	0.0	0.0
Non-U.S. Sovereign/Agency	0.0	0.0
Investment Grade Corporate	0.0	0.0
Industrials	0.0	0.0
Utility	0.0	0.0
Financials	0.0	0.0
High Yield	0.0	0.0
Non-U.S. Dollar	0.0	0.0
Emerging Market Debt	0.0	0.0
MBS	0.0	0.0
MBS-Agency	0.0	0.0
MBS-NonAgency	0.0	0.0
CMBS	0.0	0.0
ABS	0.0	0.0
Municipals	0.0	0.0
Cash	0.0	0.0
Other	0.2	0.0

- Vanguard 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 June 30, 2014

	PIMCO CommoditiesPLUS Strategy Institutional Fund	Credit Suisse Commodity Benchmark Index
Sector Breakdown		
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 June 30, 2014

Van Eck Global Hard Assets

S&P North American Natural Resources Sector

Composition

# of Holdings	61	147
% Top 15 Holdings	54.4	51.1
% Top 25 Holdings	73.5	63.4

Characteristics

Wtd Avg Mkt Cap (\$B)	27.4	86.4
Forecast P/E	18.8	16.6
Price/Book ratio	2.0	2.2
Historical EPS Growth - 5 Year	0.2	2.6
Forecast EPS Growth - Long-Term	15.3	12.3
Current Yield	1.2	1.9

Portfolio Comparison

As of June 30, 2014

	Van Eck Global Hard Assets	S&P North American Natural Resources Sector
GICS Industries (%)		
Oil & Gas Drilling	6.4	3.5
Oil & Gas Equipment & Services	17.6	16.8
Integrated Oil & Gas	0.0	23.1
Oil & Gas Exploration & Production	31.4	30.7
Oil & Gas Refining & Marketing	8.0	5.2
Oil & Gas Storage & Transportation	0.7	5.8
Coal & Consumable Fuels	5.3	1.0
Fertilizers & Agricultural Chemicals	1.2	0.0
Construction Materials	0.0	0.8
Metal & Glass Containers	0.0	1.4
Paper Packaging	0.0	2.0
Aluminum	0.0	0.8
Diversified Metals & Mining	10.1	2.5
Gold	8.8	4.3
Precious Metals & Minerals	0.0	0.1
Silver	0.0	0.5
Steel	1.6	0.0
Forest Products	1.2	0.1
Paper Products	0.0	1.3
Construction & Engineering	0.2	0.0
Construction & Farm Machinery & Heavy Trucks	1.5	0.0
Trading Companies & Distributors	0.3	0.0
Agricultural Products	0.6	0.0
Cash	5.0	0.0
Market Capitalization (%)		
Mega (Above \$50B)	20.2	42.3
Large (\$12B - \$50B)	34.5	37.6
Mid (\$4B - \$12B)	30.5	15.6
Small/Mid (\$2B - \$4B)	8.1	4.2
Small (\$0 - \$2B)	1.6	0.2
Cash	5.0	0.0

Country/Region Allocation

As of June 30, 2014

Country/Region Allocation (%)	Van Eck Global Hard Assets	S&P North American Natural Resources Sector
Canada	11.7	13.5
United States	73.1	83.7
Europe ex UK	0.8	2.2
United Kingdom	9.0	0.6
Developed Markets	94.7	100.0
Cash	5.0	0.0
Other	0.3	0.0

Tab IV

Performance Highlights

Equity

- FPA Crescent gained 2.9% in the quarter and the Fund is now up 5.0% year-to-date. This a strong result for FPA, which was positioned 52% net long at quarter-end yet captured 70% of the market's gain year-to-date. The top contributor to results in the quarter was health care holding Covidien. Covidien finished the quarter with a gain of 22% after rival Medtronic's bid to take over the company in mid-June. Covidien is domiciled in Ireland, so the offer from Medtronic was largely driven by taxes as Ireland offers a lower corporate tax rate. Several other positions in FPA's portfolio generated gains as a result of recent corporate actions. AB InBev was up more than 9%, benefiting from the synergies of a deal with Modelo last year and rumored to be in discussions with SAB Miller. Occidental Petroleum (+8%) spun-off its California assets during the quarter and continues to consider other asset monetization strategies. FPA actively pushed for these decisions in an effort to unlock shareholder value. Canadian Natural Resources was also contributive, gaining 11% as the company continues to profit from its high quality oil sands assets. FPA's mega-cap technology holdings produced mixed results. Oracle was down 1%, Qualcomm was flat, Microsoft and Google produced modest gains, and Cisco was up nearly 11%. On the negative side, Vodafone fell more than 9% as market sentiment shifted negative following the close of its deal with Verizon Wireless in the first quarter. Retail-oriented names were also a drag, including a 2% loss for Wal-Mart. FPA's cash balance was roughly 45% at quarter-end.
- The FMI Common Stock strategy advanced 4.9% for the quarter, outperforming the 3.6% return for the Russell 2500 Index. Year-to-date, the strategy is up 6.8% compared to the Index's 5.9% return. Outperformance for the period was mostly achieved in April due to the strategy's lack of ownership in biotechnology stocks. The strategy participated as markets increased in May and June, but did not keep up with the benchmark for the two months. Financial, commercial services, and technology services contributed to performance. Meanwhile, distribution services, electronic technology, health services, and a cash position averaging around 12% detracted from results. Protective Life was a top contributor after the announcement of its acquisition by Dia-ichi Life. Patterson Companies was among the negative contributors. While the company missed Wall St. analyst expectations, FMI does not view the company as impaired, noting improved cost controls. FLIR Systems was another detractor. The company produces infrared cameras for government and commercial use. The weakness was seen on the government side, but the team maintains conviction in the name, noting new iPhone imaging technology the company is in the process of rolling out. In addition to Protective Life, FMI sold its positions in long-time holdings Arthur J. Gallagher and Family Dollar as both approached valuation targets. World Fuel Services was also sold during the quarter due to a growing lack of confidence in management. During the quarter, FMI initiated small positions in Progress Software, Hanger, Interpublic Group, UniFirst, and Dresser-Rand.

Performance Highlights

Equity (cont'd)

- The Dodge & Cox International Stock Fund rose 5.0%, performing in line with the MSCI ACWI ex-U.S. Index and outpacing the MSCI EAFE Index, which gained 4.1%. Stock selection was strong during the quarter, while portfolio allocation served as a modest headwind. The investment team added value within the consumer and energy sectors. Key contributors included Schlumberger (oilfield services & equipment), Petrobras (Brazilian oil & gas), NGK Spark Plug (Japanese automotive parts), and Imperial Tobacco Group (U.K.). Health care and financials were the only notable areas of weakness, as the portfolio's European holdings within both sectors disappointed. Regarding allocation, the investment team's long-standing overweight to technology weighed on relative returns, as did a meaningful underweight to consumer staples. Regionally, Dodge & Cox continued to hold a bias to continental Europe at the expense of Japan. The team has maintained its longtime underweight to Japan despite the recent strength of the Japanese markets, citing poor demographic trends on the country. The portfolio continued to hold a healthy allocation to emerging markets, approximately 20% at quarter-end.
- The Artisan International Fund enjoyed a strong quarter. The Fund gained 5.4% during the period, outpacing the 4.1% gain of the MSCI EAFE Index. Much of the outperformance came in April and May when the portfolio's European health care and consumer names performed particularly well. Key contributors included InterContinental Hotels Group (UK), Covidien (Ireland-based medical equipment), and Actelion (Swiss pharma). Conversely, financials was one of the few areas of weakness for the team, due in large part to the poor performance of UBS (Swiss global financial services). At quarter-end, the portfolio continued to have a strong bias to the consumer, holding meaningful overweights to the consumer discretionary and staples sectors. These overweights came at the expense of energy and utilities names, as well as financials, which was significantly underweight relative to the benchmark. Regionally, Artisan remained underweight Japan and the U.K., while exposure to continental Europe was roughly in line with the index. The portfolio's emerging markets allocation was 12.7% at quarter-end, with exposure focused primarily in China and to a lesser extent, Mexico.
- As anticipated, Artisan completed a follow on equity offering in March, coinciding with the one-year anniversary of the Firm's initial public offering and the retirement of Artisan founder Andy Ziegler. The offering represented the first opportunity for employees to seek liquidity and employee ownership of the Firm declined 6% to 32%. Nevertheless, employees (who are restricted to selling the greater of 15% of units held (vested or unvested), or vested shares of Class A common stock having a market value as of the time of sale of up to \$250,000, in each one-year period following the first anniversary of the IPO), maintain super-majority voting rights (69%). Artisan employees will maintain super-majority voting rights as long as they own 20% of the Firm. Following the offering, 38% of the firm's equity is traded publicly with the remaining equity held by employees, the Ziegler family, Hellman & Friedman, and initial outside investors in the Firm. Our ongoing considerations surrounding the floating of equity pertain to Artisan's ongoing ability to attract and retain talent, the potential for a shift in focus from long-term asset management to short-term profit management, and reduced transparency for shareholders and investors. We continue to actively monitor these risks.

Performance Highlights

Alternative Strategies

- Forester Offshore rose 2.1% in the quarter, bringing year-to-date gains to 2.3%. Forester's largest managers, Viking and Kensico, were also some of its best performing managers in the quarter, each gaining more than 5.5%. There was some overlap in top performers during the quarter as both managers owned event-driven names such as Walgreen's and 21st Century Fox. Kensico also benefited from positions in Cheniere Energy and SanDisk, both of which gained nearly 30% on company-specific announcements. Longer-biased equity managers were also strong, with TCI and HHR both capturing the strong returns in the equity market with gains in excess of 5% in the quarter. Other outperforming managers included Lakewood (+4%), Steadfast (+6%), and Merchants' Gate (+6%). Merchants' Gate made several changes to its research process after a period of underperformance and recent results have improved. Laggards included North Run (+2%), Coatue (+2%), and Hoplite (flat). Both Coatue and Hoplite were impacted by the sell-off in growth-oriented technology and media stocks in March and April, which has weighed on year-to-date results. Hoplite is modestly positive on the year, but Coatue is down 5%. There were only a handful of negative managers in the quarter, with Freshford's 4% loss among the largest. Freshford was hurt by a sharp decline in Acxiom, one of the Fund's top holdings. Acxiom announced poor results and lowered guidance during the quarter.
- Archstone Absolute Return appreciated 1.8% in the quarter and has advanced 3.7% year-to-date. Archstone experienced little dispersion in manager returns during the quarter. Performance drivers were similar across the portfolio. Distressed credit remains an area of focus, with large situations such as Lehman Brothers and TXU driving returns. TXU filed for bankruptcy and reorganization plans started to emerge late in the quarter. This has pushed up pricing for bonds related to specific TXU entities. There were no noteworthy developments in the Lehman Brothers liquidation, but claims traded up during the quarter. Managers such as York (+5%), King Street (+3.5%), Silver Point (+2%), and Davidson Kempner (+3%) were the primary beneficiaries of the strong gains in distressed. More diversified multi-strategy managers such as Och Ziff (OZ), Farallon, and Elliott posted more modest returns of 1.5–2%. OZ has less credit exposure than others, which weighed on returns during the quarter. While distressed credit was profitable, Archstone's less directional credit managers produced mixed results. Saba was negative in the quarter and is now down 3% year-to-date. Saba has experienced significant redemptions and Archstone noted it is planning to redeem. However, Brevan Howard Credit was up 3% in the quarter and 6% for the first half of the year. The manager generated gains through relative value trading of mortgages and performing corporate credit. Event-driven manager Mason was a laggard, reporting a flat quarter.

Performance Highlights

Fixed Income

- The PIMCO Total Return Fund II returned 2.0% and finished in line with the Barclays U.S. Aggregate Index. Year-to-date, the Fund has generated a 3.4% return, modestly behind the 3.9% return of the Index. PIMCO's underweight to the long-end of the U.S. yield curve also detracted from performance as the curve flattened during the quarter. Underweight exposure to investment-grade corporates was a drag on performance. This was because the sector outperformed similar duration Treasuries. These losses were offset by the Fund's exposure to U.S. Treasury inflation-protected securities. Inflation expectations increased during the quarter and these securities outperformed. Also, out-of-benchmark positions in non-agency mortgage backed securities (MBS) continued to be additive. This was the result of limited supply and the ongoing housing recovery. Going in to the third quarter, PIMCO continues to emphasize the short and intermediate portions of the curve with a corresponding underweight to the long-end. PIMCO believes that rates will remain relatively stable in the near term and Fund duration was benchmark-like entering the third quarter. The team continues to maintain an allocation to non-agency MBS as it believes valuations remain attractive relative to other spread sectors. During the third quarter, PIMCO looks to increase exposure to short-dated credit securities, with an emphasis on the housing, finance, and energy sectors. The team believes these securities are poised to potentially benefit from higher growth rates.
- There are several factors we continue to monitor closely at PIMCO. These include senior-level turnover, outflows, and performance. As previously communicated, given the uncertainty surrounding succession planning as it relates to the Investment Committee and the new Deputy CIOs, additional turnover would be particularly concerning. While senior-level turnover appears to have stabilized, we note that PIMCO's outflows have continued throughout the second quarter.

Performance Highlights

Fixed Income

- Vanguard Short-Term Treasury gained 0.4% and modestly underperformed the return of the Barclays 1–5 Year Treasury Index by 10 bps. Most of the underperformance related to management fees. However, in order to keep duration in the 2.2-year range, the Fund had an overweight to Treasuries maturing over the next 1–3 years. These Treasuries underperformed those maturing in the next 3–5 years and served as a headwind. During the quarter, the U.S. Treasury yield curve continued to flatten as intermediate and long-term yields declined. The market's focus on weak first quarter GDP data, which was revised lower throughout the quarter, drove results. Yields at the front-end of the curve remained relatively stable given market expectations of a rate hike in 2015. The 10-year yield declined 19 bps during the period to 2.53%, while the yield on the 2-year note increased 4 bps. The spread between the 2- and 10-year yields was 2.07% as of quarter-end, down from 2.66% at year-end. Year-to-date, the 10-year yield has declined nearly 50 bps and the Treasury market has returned 2.7%. Despite the weak GDP release, the Federal Open Market Committee continued its current pace of tapering. The Committee announced two additional \$10 million reductions to its bond-buying program. Beginning in July, the FOMC is scheduled to purchase \$15 billion in agency MBS securities and \$20 billion in long-term U.S. Treasury securities. If the current pace of tapering continues, the Fed's bond purchase program is scheduled to be completely wound down in October 2014. Entering the third quarter, the Fund was invested exclusively in U.S. Treasuries. Overall, the Fund's 2.1-year duration trailed the Index duration of 2.7 years. As a result of having a defensive interest rate posture, the Fund's 0.5% yield was lower than the Index yield of 0.7%.

Performance Highlights

Inflation Hedging

- The Commodity PLUS Strategy Fund returned 4.4%, outperforming its Credit Suisse Commodity benchmark, which returned 3.9% during the quarter. The Fund's alpha commodity strategies accounted for the largest share of outperformance, 112 bps, with its WTI vs Brent trade contributing the most. The team's ethanol versus corn traded contributed to performance. Also additive were the portfolio's underweights to soybeans and wheat, which experienced price declines on favorable growing weather and bullish crop forecasts. The Fund's collateral alpha strategy (+61 bps) also added meaningfully to relative out-performance. Overweights to U.S. TIPS duration added 5–10 bps as longer-dated TIPS rallied on Federal Reserve guidance and investor demand. Within diversified commodities, industrial metals (+8.5%) led the way based on several factors. These included the zinc export ban in Indonesia and the improved demand for zinc and copper in China. Energy (+4.4%) rallied as oil prices benefited from increased demand, constrained global supply, and geopolitical risk. Meanwhile, natural gas advanced on cold U.S. weather. Precious metals advanced 3.8% as a result of heightened geopolitical concerns and the Fed's eased views on interest rates. Agriculture declined 10.0% as improved weather conditions and crop forecasts caused wheat, corn, and soy prices to fall.
- The Global Hard Assets Fund advanced 11.5% on strong absolute performance from all three of its sub-portfolios. These include exploration and production and energy service equities, gold mining equities, and industrial mining equities. Although strong on an absolute basis, the Fund trailed the S&P North American Natural Resources Index, which delivered a 13.4% return. Relative to the Index—which is more than 85% allocated to energy-related equities—the Fund is underweight the sector at 70%. Profits and valuations in the energy industry have also climbed due to booming domestic hydrocarbon production. Recent shift by oil and gas producers away from acquiring non-cash-flowing assets in favor of increasing production at current assets has increased productivity and profits. As producers have benefited from efficiency-improving drilling and production technology, companies throughout the value chain have reaped profits from the increased activity. The gold mining sector has moved to control previously soaring costs, and as a result, gold stocks have posted healthy gains during first half of year. The industry has been focused on increasing operating margins through capital discipline, maintaining healthy balance sheets, and cost cutting. Most companies in the space met or exceeded expectations during the second quarter. 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.):	\$32,552
Style:	Long/Short Equity
Assets in Style (\$mil.):	\$19,668
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.):	\$18,589
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.):	\$4,050	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.):	\$1,665		
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 (3/31/2014)</i>	<i>Alloc %</i>	<i>Strategy</i>
Kensico Partners, LP	8	Long/Short Equity
Viking Global Investors Ltd.	8	Long/Short Equity
Pennant Capital Management, L.L.C.	5	Long/Short Equity
Samlyn Capital, LLC	6	Long/Short Equity
Wellington Management Company	6	Long/Short Equity
Falcon Edge Capital, LP	4	Long/Short Equity
Lansdowne Partners Limited Partnership	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
Hengistbury Investment Partners LLP	3	Europe Long/Short
Steadfast Capital, L.L.C.	3	Long/Short Equity
The Children's Investment Fund Mgmt UK LLP	3	Long/Short Equity
Tiger Global, Ltd.	2	Long/Short Equity
Cyrus Capital Partners, LP	2	Absolute Return
Freshford Capital Management, LLC	2	Long/Short Equity
Glenhill Capital, LP	2	Long/Short Equity
HHR Atlas Ltd.	2	Long/Short Equity
Hoplite Capital, L.P.	2	Long/Short Equity
Impala Asset Management, LLC	2	Long/Short Equity

Vehicle Information:

Inception:	January 2004	3c1/3c7:	3c7
Assets (\$ mil.):	\$740	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		

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. Information provided by investment managers may be confidential and should be treated as such. Content is current as of the date indicated and subject to change without notice. The assessment within is the opinion of Prime Buchholz and intended solely for our clients. Clients may, at times, invest in managers or products that are not recommended by us. Due diligence and monitoring of managers or products that are not Prime Buchholz recommended is less rigorous than the level applied to recommended managers or products. Reports provided to clients regarding managers or products that have not been recommended by us are for informational purposes only and do not necessarily constitute our endorsement of the manager or product. Also, because these managers and products were not recommended by us, they are not actively assessed relative to changes in Firm recommendations (e.g., watch list and/or sell recommendations). Returns are provided by third-party sources and are net of fees unless otherwise stated. Performance may or may not reflect reinvestment of dividends and other earnings. Past performance is not an indication of future results and there is no guarantee the manager will achieve its goals or objectives.

Firm details: Archstone Partners

Total Assets (\$ mil.):	\$3,620	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.):	\$366	- 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 (3/31/2014)</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.	5	Absolute Return

Vehicle Information:

Inception:	January 2002	3c1/3c7:	3c7
Assets (\$ mil.):	\$366	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.): \$2,692,147
Style: Domestic Fixed Sector Index
Assets in Style (\$mil.): \$9,500
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	\$1,400.0	0.10%	MF	Vanguard ST TIPS Fd Instl	Duration:	Index-like
Vanguard ST TIPS Fd ETF	\$0	\$1,200.0	0.10%	MF	Last Audited Financial	% Non-Investment	0
					9/30/2013	Grade:	
Vanguard ST TIPS Fd Instl	\$5,000,000	\$2,500.0	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.):	\$1,970,000
Style:	Public Real Direct Natural Resources
Assets in Style (\$mil.):	\$7,339
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, Mihir 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. On a year to date basis, the combination of these additional responsibilities has clearly reduced Worah's ability to devote time/focus to the PIMCO Commodity strategies. In a recent on-site by PBA, Worah pointed out that his senior commodity team consists of three PM level experts--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 Gillian and Greg'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. Prime Buchholz has a long standing familiarity and comfort with the Firm as well as the PIMCO commodity team. Overall, we feel it is an appropriate vehicle for investors seeking commodities exposure, who are comfortable with the additional risks embedded in the alpha strategies. This is a Prime Buchholz recommended strategy.

Vehicle Information:

Vehicle Name	Minimum	Assets (\$ mil.)	Fee	Type	Sample Operational Detail	Security Constraints:	
PIMCO CommoditiesPLUS Strategy Instl Fund	\$1,000,000	\$4,400.0	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.):	\$32,602
Style:	Public Real Direct Natural Resources
Assets in Style (\$mil.):	\$6,744
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 focus list through fundamental company research and by creating a view of the supply and demand dynamics of the commodity markets. Internal research is conducted through proprietary models by checking valuations and conducting technical analysis. In addition, the team visits companies and conducts on-site meetings with management teams. Van Eck then complements their internal research with external research by using sell side reports, attending conferences, reading trade publications, and speaking with industry consultants. Supply and demand views are developed by analyzing macroeconomic factors, geopolitical risks, and contacting competitors. The final step of the process includes portfolio construction and implementing risk controls. The portfolio is created by diversification across sectors and utilizing position limits for each holding. Van Eck seeks to own about 60 -100 positions at all times. The top ten holdings of the fund usually make up about 30-35% of total assets. Typical sector exposure is as follows; 30% - 65% energy, 0% - 25% precious metals, 0% - 25% base metals, and 0% - 25% agriculture/timber. These ranges are guidelines for the portfolio and management can deviate from these ranges depending on their view of the current market. Individual positions are capped at 5% of the portfolio and typical exposure is about 2.5%. Commodity positions generally fall within a range of 0% - 5% of the portfolio. Van Eck implements their commodity trades through primarily ETFs, but does have the flexibility to use derivatives to gain market exposure.

Assessment

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

Vehicle Information:

Vehicle Name	Minimum	Assets (\$ mil.)	Fee	Type	Sample Operational Detail	Security Constraints:	5% cap
Van Eck Global Hard Assets A	\$1,000	\$1,100.0	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	\$2,900.0	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 June 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
Fidelity Spartan Total Market Index Advisor Fund	4.8	2.0	25.0	5.8	16.4	15.1	19.4	15.5	6.6	19.4	NA	NA
Wilshire 5000 Total Market Index	4.8	2.0	25.1	5.9	16.5	15.0	19.5	15.4	6.7	19.4	8.5	16.8
FPA Crescent Fund	2.9	2.0	16.0	3.3	11.5	9.6	13.3	9.3	7.4	12.6	8.7	10.8
S&P 500 Index	5.2	1.8	24.6	6.2	16.6	14.4	18.8	14.9	6.2	18.8	7.8	16.2
60% Russell 2500 / 40% BC Global Credit	3.3	2.5	19.3	3.4	11.8	12.2	16.3	12.5	7.5	15.6	8.7	13.7
HFRI Equity Hedge (Total) Index	2.0	1.1	12.4	2.9	4.7	9.2	7.3	8.8	2.6	11.7	5.3	10.4
FMI Common Stock Fund	4.9	1.8	27.4	6.3	14.6	16.2	19.2	16.3	9.2	19.5	11.1	16.9
Russell 2500 Index	3.6	2.3	25.6	6.0	15.5	18.5	21.6	18.4	7.6	22.4	9.8	19.7
Dodge & Cox International Stock Fund	5.0	2.8	29.3	6.3	10.4	18.1	14.9	19.9	3.1	25.8	9.5	22.5
MSCI AC World ex USA (Net)	5.0	0.5	21.8	6.8	5.7	16.5	11.1	17.7	1.3	22.9	7.7	20.5
Artisan International Institutional Fund	5.4	-1.8	22.5	8.8	12.5	17.7	16.0	18.6	4.3	23.2	9.4	20.6
MSCI EAFE (Net)	4.1	0.7	23.6	7.9	8.1	16.1	11.8	17.6	1.0	22.3	6.9	19.9
Forester Offshore A2, Ltd.	2.1	0.2	10.2	3.6	7.1	7.2	7.2	6.7	5.2	7.7	7.6	7.0
HFRI FOF: Strategic Index	1.7	0.6	9.0	2.4	3.6	6.2	4.7	5.9	0.5	8.9	4.0	8.4
Archstone Absolute Return Strategies Fund, Ltd. Class A	1.8	1.8	8.3	0.7	6.2	4.8	7.9	4.8	3.2	7.6	5.8	6.8
HFRI FOF: Conservative Index	1.3	1.3	6.7	1.2	3.5	3.7	4.1	3.6	0.5	6.7	2.8	6.1
PIMCO Total Return II Institutional Fund	2.0	1.4	4.3	1.6	3.7	3.1	5.5	3.5	6.9	4.3	5.8	4.2
Barclays U.S. Aggregate	2.0	1.8	4.4	1.8	3.7	2.9	4.9	3.2	5.3	3.3	4.9	3.3
Vanguard Short Term US Treasury Admiral Fund	0.4	0.2	0.9	0.4	0.9	0.6	1.5	1.0	3.0	2.2	3.0	2.0
Barclays U.S. Treasury: 1-5 Year	0.5	0.2	1.1	0.5	1.1	1.0	1.9	1.4	3.4	2.8	3.2	2.5
Vanguard Short-Term Inflation Protected Securities Adm. Fund	1.5	0.2	2.1	1.3	NA	NA	NA	NA	NA	NA	NA	NA
Barclays U.S. Treasury: 0-5 Year TIPS Index	1.6	0.2	2.2	1.3	1.1	1.9	2.9	2.0	3.6	3.8	3.5	3.4

Historical Performance

Return and Risk Summary

As of June 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	4.4	4.4	15.0	4.1	0.8	14.9	NA	NA	NA	NA	NA	NA
Credit Suisse Commodity Benchmark Index	3.9	4.6	14.2	3.9	0.0	13.8	6.1	15.2	1.8	25.4	6.8	23.2
Van Eck Global Hard Assets I Fund	11.5	1.8	32.3	9.5	2.2	21.5	11.7	23.3	4.9	29.3	NA	NA
S&P North American Natural Resources Sector	13.4	2.7	33.1	8.0	6.7	20.9	14.8	21.4	5.1	27.0	12.0	24.3

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
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	5.0	21.9	10.3	3.0	12.0	28.4	-20.6	6.8	12.4	10.8	10.2
S&P 500 Index	7.1	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	5.8	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	3.2	14.3	7.4	-8.4	10.5	24.6	-26.7	10.5	11.7	10.6	7.7
FMI Common Stock Fund	6.8	32.0	10.2	4.5	22.2	33.9	-20.4	-2.0	17.1	9.5	18.8
Russell 2500 Index	5.9	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	7.9	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)	5.6	15.3	16.8	-13.7	11.2	41.4	-45.5	16.7	26.7	16.6	20.9
Artisan International Institutional Fund	3.6	25.5	25.6	-4.1	6.2	40.0	-46.8	20.0	25.9	16.5	18.0
MSCI EAFE (Net)	4.8	22.8	17.3	-12.1	7.8	31.8	-43.4	11.2	26.3	13.5	20.2
Forester Offshore A2, Ltd.	2.3	15.2	9.3	-2.5	5.2	14.6	-13.0	18.5	11.5	12.0	10.0
HFRI FOF: Strategic Index	2.3	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	3.7	11.2	9.0	-2.3	8.1	19.4	-20.5	8.3	13.8	6.2	8.5
HFRI FOF: Conservative Index	2.6	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	3.4	-2.2	8.2	4.5	7.7	13.7	5.2	8.4	3.8	2.1	4.2
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
Vanguard Short Term US Treasury Admiral Fund	0.6	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	0.8	-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	1.7	-1.5	NA								
Barclays U.S. Treasury: 0-5 Year TIPS Index	1.8	-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 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
PIMCO CommoditiesPLUS Strategy Institutional Fund	9.0	-1.4	5.2	-2.3	NA						
Credit Suisse Commodity Benchmark Index	8.7	-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	13.5	11.2	2.9	-16.3	28.9	53.2	-44.5	43.2	NA	NA	NA
S&P North American Natural Resources Sector	16.4	16.5	2.2	-7.4	23.9	37.5	-42.6	34.4	16.8	36.6	24.6

Index Descriptions

Second 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 I-5 Year G/C Flt Adjusted Composite Index: Prior to 1/1/2010, this index is Barclays I-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 I-3 Year Flt Adjusted Composite Index: Prior to 1/1/2010, this index is Barclays Govt I-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.

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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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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.

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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.

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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.

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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% HSB Barclays Global Climate Change/ 3.5% MSCI IMI Gold & Precious Metal/ 1.5% S&P GSCI Precious Metals Total Return / 25% equal sector-weighted S&P Goldman Sachs Commodity/ 20% Barclays US TIPS 1-10 Year / 2% Barclays Emerging Markets Tradable Government Inflation-Linked Bond.

Wellington SRA Composite: 40% MSCI Energy \$3 B and above/15% MSCI Metals and Mining \$3 B and above/25% Equal Sector Weighted S&P GSCI Commodities Index/ and 20% Barclays TIPS.

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.