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Town of Palm Beach
Health Insurance Trust

Investment Performance Analysis
Period Ended March 31, 2014

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Tab I

Global Economic Highlights

GDP data released by the Bureau of Economic Analysis (BEA) in March showed the U.S. economy expanded at an annualized rate of 2.6% in the fourth quarter of 2013. This was modestly higher than the second estimate of 2.4%, but 60 bps less than the advance estimate. In the euro area, economic growth slowed to an annualized rate of 0.5% during the fourth quarter. Germany posted GDP growth of 1.4% and France gained 0.8%. Portugal emerged from a recession while Italy and Spain remained in a downturn. GDP growth ended the quarter at an annualized rate of 2.7% in the U.K., 2.6% in Japan, and 7.7% in China. Select emerging markets also expanded, including India, South Korea, Thailand, Chile, and Mexico.

Consumer prices in the U.S. remained largely stable through February, with headline CPI 1.1% higher over the trailing 12-month period. U.S. Core CPI, which excludes food and energy, was up 1.6% over the same period, while energy prices declined 2.5% and food prices rose 1.4%. Consumer prices across the Organisation for Economic Co-operation and Development (OECD) countries grew 1.4% during this period. Japan, Canada, France, U.K., and Germany were among the larger economies experiencing moderate price increases, ranging from 0.9–1.7%. Rates of inflation were much higher across the emerging markets, with Turkey (+7.9%), Indonesia (+7.2%), India (+6.7%), and Russia (+6.2%) among those experiencing elevated pricing pressures. Year-over-year, consumer prices were 2.0% higher in China and 5.7% higher in Brazil.

At both its January and March meetings, the Federal Reserve announced plans to further curtail its monthly security purchases and reduced its total purchases by $10 billion at each meeting. Since December, monthly purchases have dropped from $85 billion to $55 billion per month. The Fed also maintained its historically low policy rate (0–0.25%), but Chairperson Janet Yellen confused markets by indicating the first rate hike could occur six months after the Fed completes the tapering. Although the European Central Bank (ECB), Bank of England, (BoE), and Bank of Japan (BoJ) maintained policy, there was a notable change in the behavior of central banks in emerging markets, with a preponderance of rate hikes throughout the first quarter.

Unemployment across OECD countries remained unchanged at 7.6% at the end of February. Within the euro area, unemployment rates remained elevated at 11.9% as Italy increased to 13.0% and Greece and Spain each maintained very higher unemployment levels in excess of 25%, which weighed on the rate of employment across the region. The unemployment rate in Japan ended February at 3.6%, which is in line with a tight range around the 4.0% rate experienced over the course of 2013. The Bureau of Labor released data showing that March payroll employment rose by 192,000 with positive revisions in January and February. The unemployment rate was unchanged at 6.7% despite a 0.2%—from 63.0% to 63.2%—increase in the labor participation rate.

U.S. housing prices as measured by the Federal Housing Finance Agency's (FHFA) seasonally adjusted Purchase-Only House Price Index posted its tenth consecutive quarterly increase in the fourth quarter of 2013, rising 1.2% from the third quarter and 7.7% over the course of the year. During the fourth quarter, the strongest appreciation occurred in the Mountain region and New England had the smallest price increases. After reaching a trough in 2011, data from the FHFA showed prices have rebounded to May 2005 levels.

The price of West Texas Intermediate (WTI) crude increased 3.2% to $101.58 during the first quarter, reversing the 3.0% loss in the fourth quarter of 2013. The spread between WTI and Brent crude prices, which illustrates the difference between oil levered to domestic and global supply and demand conditions, narrowed during the first quarter with Brent crude prices failing to match the increase in WTI prices. Brent crude fell 2.0% to end the quarter at $107.76.

Gold prices rallied 6.5% to $1,284.01 per ounce, reversing the sell-off that occurred during the previous quarter as global tensions escalated.

Sources: Bureau of Economic Analysis, Bloomberg, Board of Governors of the Federal Reserve System, Bureau of Labor Statistics, OECD, Federal Housing Finance Agency

Historical Returns

Equity Index Returns	Qtr	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr
S&P 500	1.8	21.9	17.8	14.7	21.2	7.4
Russell 3000 (Broad Market)	2.0	22.6	18.5	14.6	21.9	7.9
Russell 1000 (Large Cap)	2.0	22.4	18.4	14.7	21.7	7.8
Russell Midcap	3.5	23.5	20.4	14.4	25.6	10.1
Russell 2000 (Small Cap)	1.1	24.9	20.5	13.2	24.3	8.5
MSCI ACWI (USD)	1.1	16.6	13.5	8.6	17.8	7.0
MSCI ACWI (Local)	1.0	17.4	15.5	10.6	17.1	7.1
MSCI ACWI ex-U.S. (USD)	0.5	12.3	10.3	4.1	15.5	7.1
MSCI ACWI ex-U.S. (Local)	0.2	13.1	13.3	7.1	13.9	6.8
MSCI EAFE (USD)	0.7	17.6	14.4	7.2	16.0	6.5
MSCI EAFE (Local)	-0.3	15.4	16.1	8.9	13.7	5.5
MSCI EM (USD)	-0.4	-1.4	0.3	-2.9	14.5	10.1
MSCI EM (Local)	-0.5	3.4	4.3	1.4	13.3	10.2
S&P Developed ex-U.S. (Small Cap)	3.7	22.4	16.8	8.2	21.3	9.4
London - FTSE 100*	-1.2	7.0	11.4	8.0	15.5	8.4
Japan - Nikkei 225*	-8.3	21.5	23.4	17.2	14.9	3.9
Hong Kong - Hang Seng*	-4.5	3.0	7.6	1.5	13.9	9.3
China - Shanghai Composite*	-3.9	-6.3	-2.5	-9.2	-1.0	3.5
40% R 3000/40% EAFE/20% EM	1.0	15.6	13.1	8.1	18.2	8.0

Fixed Income Index Returns	Qtr	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr
LIBOR US 3m	0.1	0.3	0.3	0.3	0.4	2.0
Citigroup 3m T-Bill	0.0	0.0	0.1	0.1	0.1	1.6
BOA ML 1-3 Yr Treasury	0.1	0.4	0.5	0.8	1.1	2.5
Barclays 3-10 Yr Treasury	1.1	-1.8	0.9	3.6	3.1	4.3
Barclays 5-10 Yr Treasury	1.8	-3.1	0.9	4.5	3.5	4.8
Barclays Long-Term Treasury	7.1	-4.2	1.4	8.3	4.8	6.1
Barclays Credit	2.9	1.0	4.0	5.8	8.9	5.2
Barclays Gov't/Credit	2.0	-0.3	2.1	4.2	5.1	4.4
Barclays Aggregate	1.8	-0.1	1.8	3.7	4.8	4.5
Barclays Municipal	3.3	0.4	2.8	5.8	5.7	4.5
Barclays High Yield	3.0	7.5	10.3	9.0	18.2	8.7
JPM Global Bond	2.7	0.9	0.1	1.9	3.9	4.4
JPM Non-U.S. Bond	3.3	2.3	-0.2	1.3	4.3	4.4
JPM Global Bond-Hedged	2.1	1.0	2.8	4.2	3.5	4.3
JPM Non-U.S. Bond-Hedged	2.4	2.5	3.9	4.8	3.8	4.4
JPM EMBI+	3.5	-1.9	3.7	6.7	10.9	8.3
JPM GBI-EM Global Div Bond	1.9	-7.1	0.0	1.1	9.8	9.3
JPM GBI-EM Global Div Bond-Hedged	0.6	-3.8	1.6	3.3	5.0	5.3

Illiquid Partnerships	Qtr	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr
Private Real Assets (as of 12/31/2013)						
NCREIF Property Index	2.5	11.0	10.8	11.9	5.7	8.6
Apartment	2.5	10.4	10.8	12.3	6.7	8.4
Industrial	2.9	12.3	11.5	12.5	5.1	8.1
Office	2.3	9.9	9.7	11.0	4.3	8.2
Retail	2.7	12.9	12.2	12.7	7.5	10.1
NCREIF Timber Index	5.9	9.7	8.7	6.3	2.7	8.4
Private Equity (as of 09/30/2013)						
U.S. Private Equity	4.9	17.4	11.5	10.2	6.6	9.6
Venture Capital	4.1	8.2	12.2	5.2	2.3	5.0
Early/Seed Stage	3.5	7.1	12.4	3.7	0.7	2.2
Later Stage	6.0	18.5	12.3	9.2	6.4	8.3
Buyouts	5.4	20.4	11.7	11.4	7.3	10.9
Small	0.2	16.1	14.5	5.9	3.0	11.2
Medium	2.0	13.5	15.1	9.6	5.4	9.9
Large	4.8	17.1	10.6	10.2	6.3	12.6

MSCI ACWI Sector	Qtr	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr
Consumer Discretionary	-1.7	23.5	19.3	16.0	25.4	8.7
Consumer Staples	0.4	7.8	13.7	14.2	19.4	10.8
Energy	1.1	11.7	6.6	0.9	13.3	10.5
Financials	0.2	16.9	16.3	7.2	18.5	2.6
Health Care	5.9	26.9	26.0	21.6	21.0	9.6
Industrials	-0.2	20.9	16.2	8.8	21.5	8.8
Information Technology	2.1	24.5	11.8	12.3	20.1	6.9
Materials	0.7	6.2	1.3	-4.1	13.6	8.6
Telecom	-1.9	17.1	13.9	8.1	14.9	8.4
Utilities	8.0	14.4	10.1	5.9	10.1	8.5

Hedge Fund Index Returns	Qtr	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr
HFRI Fund Weighted Composite	1.1	6.5	5.9	3.0	8.0	5.4
Absolute Return						
HFRI Event Driven (Total)	1.8	10.4	9.1	5.2	11.0	6.8
HFRI Relative Value (Total)	2.4	6.4	7.9	5.9	10.4	6.5
HFRI RV: FI-Convertible Arbitrage	2.1	7.2	6.2	3.4	13.2	4.6
HFRI EH: Equity Market Neutral	0.9	5.3	4.3	2.1	2.6	2.7
Directional Hedge						
HFRI Equity Hedge (Total)	1.4	10.4	7.9	3.7	9.5	5.0
HFRI Macro (Total)	-0.5	-2.2	-0.9	-1.6	1.5	3.8
HFRI Emerging Markets (Total)	-0.6	2.3	3.8	-0.5	9.0	7.1
HFRI EH: Short Bias	-2.2	-15.6	-14.2	-11.2	-16.6	-5.5
Fund of Funds						
HFRI FOF Strategic	0.5	6.9	6.1	2.7	5.6	3.6
HFRI FOF Diversified	0.1	5.7	5.4	2.5	4.8	3.2

Real Assets and Inflation	Qtr	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr
REITs						
FTSE EPRA/NAREIT GL	4.0	0.4	10.3	7.5	22.2	-
Commodities						
DJ-UBS Commodity	7.0	-2.1	-2.6	-7.4	4.2	0.4
S&P GSCI	2.9	1.1	-2.0	-3.4	6.8	0.0
Natural Resources						
S&P NA Natural Resources	2.7	11.6	8.3	0.2	15.7	11.1
Inflation-Protected Bonds						
Barclays U.S. TIPS	1.9	-6.5	-0.6	3.5	4.9	4.5
Inflation						
U.S. CPI	1.1	1.2	1.4	1.8	2.1	2.3
U.S. CPI Plus 5%	2.4	6.3	6.4	6.9	7.2	7.4

*Note: All returns as of 3/31/2014, unless otherwise noted. *Returns in local currency.*

Key Metrics

Option-Adjusted Spreads	Current QTR	1 Year Ago
U.S. High Yield	356	457
U.S. Corporate	106	139
U.S. IG Financials	102	142
CDX IG 5-Yr	68	91
CDX HY 5-Yr	330	430
Agency MBS	37	58
CMBS	107	133
ABS - Fixed Rate	50	49
ABS - Floating Rate	90	100
TED[1]	19	21
Emerging Markets (External)	289	287

[1] *3 month US LIBOR minus 3 Month US T Bills*

U.S. Economy	Current QTR	1 Year Ago
Unemployment Rate	6.70%	7.60%
Quarterly GDP[2]	2.60%	0.40%
Current Account Deficit[2]	$81.10	$110.40
Annualized Current Account Deficit/GDP[2]	1.90%	2.78%

[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	0.25%	0.75%
Bank of England Official Bank Rate	0.50%	0.50%

Inflation Forecast	Current QTR	1 Year Ago
10-Year Treasury Yield	2.72%	1.85%
10-Year Breakeven[4]	2.14%	2.52%
5-Year Treasury Yield	1.72%	0.77%
5-Year Breakeven[4]	1.87%	2.33%

[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	17.1x	15.8x	2.0%	15.1x	14.1x	2.1%
Russell 1000 Index	17.2x	16.x	1.9%	14.4x	14.x	1.8%
Russell Midcap Index	19.9x	18.2x	1.6%	18.x	16.3x	1.8%
Russell 2000 Index	20.8x	19.1x	1.4%	17.1x	16.6x	1.8%
Russell 3000 Index	17.6x	16.4x	1.9%	15.6x	14.5x	2.1%
Russell 3000 Growth Index	20.4x	18.x	1.5%	18.1x	16.4x	1.7%
Russell 3000 Value Index	15.2x	14.8x	2.2%	13.8x	13.1x	2.4%
MSCI ACWI Index	15.6x	14.4x	2.5%	14.4x	13.3x	2.6%
MSCI ACWI ex-U.S. Index	14.3x	13.2x	3.1%	13.7x	12.5x	3.1%
MSCI EAFE Index	15.5x	14.2x	3.2%	14.4x	13.3x	3.3%
MSCI EM Index	11.x	10.1x	2.7%	11.9x	10.2x	2.7%
MSCI Frontier Markets Index	12.9x	11.8x	3.6%	11.2x	10.3x	3.7%
London - FTSE 100*	14.6x	13.4x	4.2%	14.8x	11.9x	3.7%
Japan - Nikkei 225*	18.3x	17.9x	1.5%	20.2x	19.4x	1.7%
Hong Kong - Hang Seng*	10.4x	10.1x	3.5%	10.7x	10.7x	3.2%
China - Shanghai Composite*	9.1x	7.8x	3.0%	11.2x	9.3x	2.5%

[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	0.07%	0.10%	0.24%	0.77%	1.85%	3.10%	1.61%
Current Quarter	0.03%	0.06%	0.42%	1.72%	2.72%	3.56%	2.30%

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)**	0.51%	0.08%	0.08%	-3.47%	0.74%	1.83%	-1.28%	80.100
Canadian Dollar	0.12%	-3.87%	-3.87%	-7.93%	-4.98%	-4.23%	2.66%	1.105
Japanese Yen	-1.40%	2.00%	2.00%	-8.73%	-10.23%	-6.96%	-0.84%	103.230
British Pound	-0.48%	0.65%	0.65%	9.65%	1.95%	1.31%	3.07%	0.600
Euro	-0.24%	0.18%	0.18%	7.41%	1.52%	-0.93%	0.77%	0.726
Swiss Franc	-0.50%	0.94%	0.94%	7.34%	0.88%	1.28%	5.19%	0.885
Australian Dollar	3.81%	3.90%	3.90%	-11.08%	-5.46%	-3.56%	6.03%	1.079
Brazil	3.08%	4.03%	4.03%	-10.99%	-10.12%	-10.43%	0.45%	2.272
China	-1.16%	-2.62%	-2.62%	-0.11%	0.62%	1.79%	1.91%	6.217
GBP/Euro	-0.25%	0.50%	0.50%	2.07%	0.42%	2.25%	2.28%	0.826
Yen/Euro	-1.17%	1.83%	1.83%	-15.03%	-11.58%	-6.10%	-1.60%	142.130

*Annualized Price Change

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

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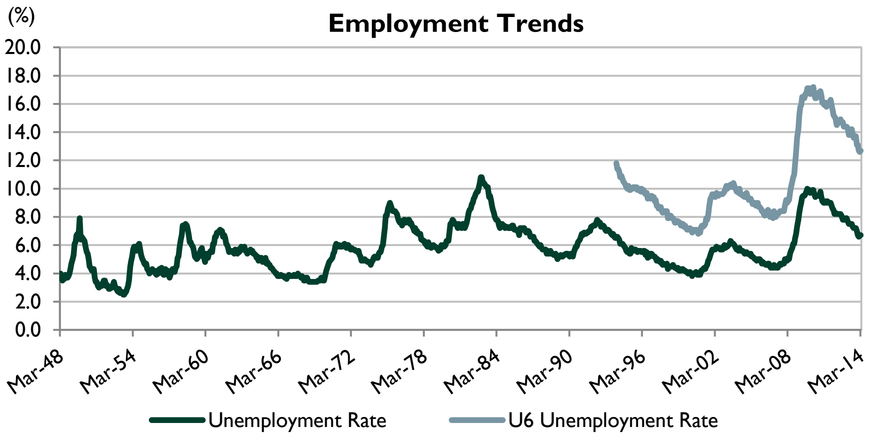
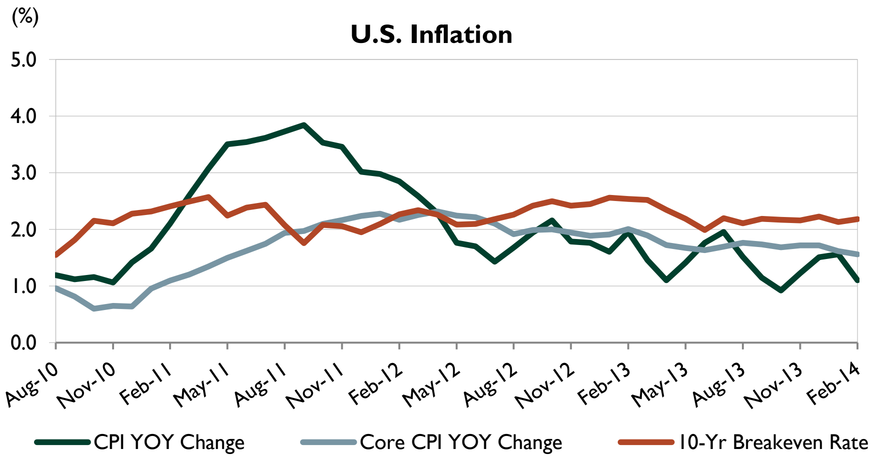
Sources: U.S. Bureau of Labor Statistics, Bureau of Economic Analysis, Bloomberg

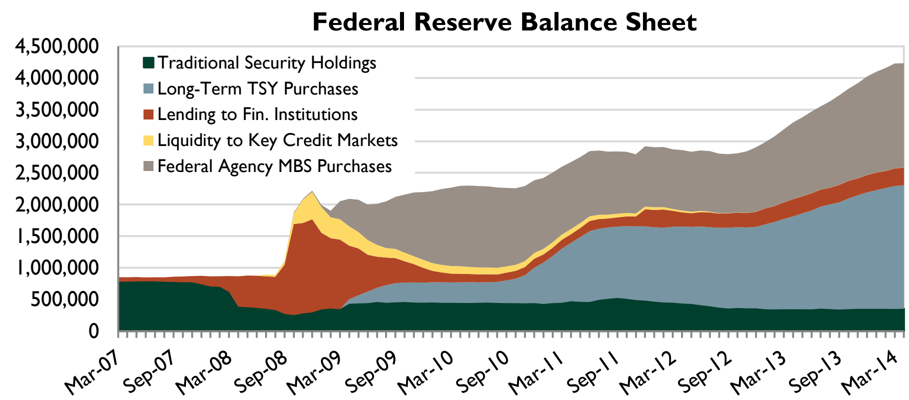
Macroeconomic Trends



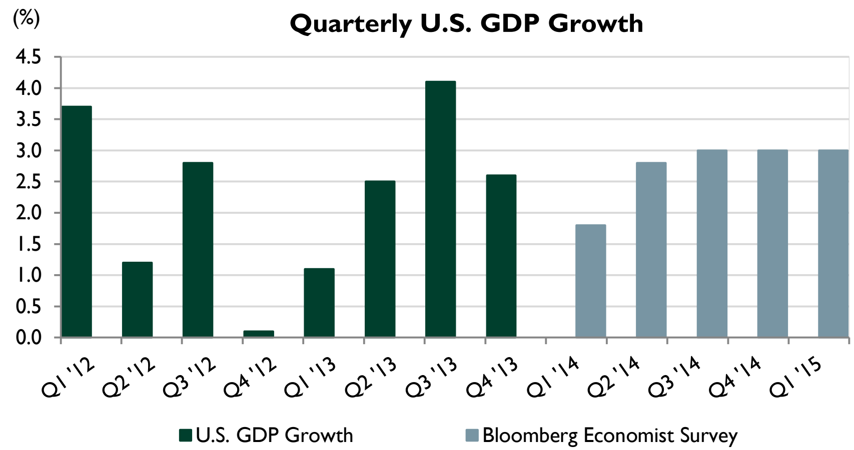
Both the headline unemployment rate and the U-6 unemployment rate—the broadest measure of labor underutilization—have moderated from the sharp spikes that occurred during the financial crisis. Declines can be attributed to both job creation, albeit lower quality job creation, as well as a falling labor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



Inflation continued to trend below the Fed's 2% target rate with period spikes in headline inflation attributable to volatile energy and food prices. CPI rose 1.1% in February and was held in check by falling energy prices. Excluding food and energy, Core CPI for the 12-month period ended February at 1.6%.



Despite the reduction in monthly bond purchases from a run rate of $85 billion per month to $55 billion at the end of March, the Fed's balance sheet continued to expand. However, it is expanding at a slower rate than in the past, illustrating that tapering is not equivalent to tightening and that the Fed's monetary policy stance continues to be accommodative.



U.S. GDP expanded to 2.6% in the fourth quarter of 2013, a deceleration from the 4.1% growth in the previous quarter. GDP growth was driven by positive contributions from several categories, including personal consumption and net exports, but growth was mitigated by falling private inventory and fixed investment. Government spending was less of a drag as in previous quarters but was not a meaningful contributor.

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Sources: Bloomberg

Five-Year Retrospective

March 2014 marked the five-year anniversary of the U.S. stock market hitting a multi-year low, declining nearly 60% off peak 2007 levels. This retrospective shows risk/return characteristics for various asset classes over the past five years and highlights the unintended shifts that may have occurred in client portfolios due to market activity over this time.

Our review of historical returns off of bear market troughs since the inception of the S&P 500 Index in 1927 shows that performance off 2009 market lows represents one of the longest and most successful bull markets in recent history. Over the five-year annualized period since March 2008, the 21% gain of the S&P 500 Index trails only the five-year periods that followed market troughs in August 1982 and June 1932. By comparison, in the 17 bear markets since 1929, the average performance of the five-year periods following these troughs was approximately 15% or just over 100% on a cumulative basis. Since the most recent market low on March 9, 2009, the S&P 500 gained nearly 200% through the end of March 2014.

While U.S. equities exhibited strong gains over the last five years, non-U.S. equities, global REITs, and high yield also showed strength. Hedge funds failed to keep pace with their long-only counterparts, but generated competitive risk-adjusted returns. Despite broad success across all asset classes since the 2009 lows, most areas within the fixed income space lagged on an absolute basis as the Barclays Capital U.S. Corporate Index generated an annualized return of 9.7% while the Barclays Long Treasury, U.S. TIPS, and Aggregate Indexes were each just below 5.0%. However, on a risk-adjusted basis, as measured by Sharpe ratio, fixed income returns compared favorably to equities in most cases.

Within the equity space, emerging markets materially lagged developed markets in the recovery, with much of the underperformance attributable to performance in 2013. Though the 3,600 bps of outperformance for the Russell 3000 Index relative to the MSCI Emerging Markets Index for 2013 was extreme, it is not a historical outlier. The average absolute difference in calendar year performance over the past 26 years is 2,500 bps. The difference between the indices exceeded 2,000 bps in 14 of those calendar years and was above 1,000 bps in 20 of the calendar years. While a number of variables will impact the extent to which U.S. equity outperformance will persist on a relative basis, historical data suggests that a reversal is inevitable.

Five Year Performance as of March 31, 2014

	5-Year Cumulative	Annual Return (%)	Standard Deviation (%)	Sharpe Ratio
Russell 3000	169.5	21.9	14.5	1.4
S&P 500	161.1	21.2	14.0	1.5
MSCI EAFE	110.2	16.0	18.3	0.9
MSCI Emerging Markets	96.6	14.5	21.4	0.7
HFRI Fund Weighted	46.6	8.0	5.9	1.3
S&P North America Nat. Resources	107.6	15.7	21.6	0.8
Dow Jones-UBS Commodity	23.1	4.2	15.9	0.3
FTSE EPRA NAREIT Global	176.3	22.5	19.3	1.2
Barclays U.S. Corp: High Yield	131.2	18.2	8.7	2.0
Barclays U.S. Aggregate	26.4	4.8	2.8	1.7
Barclays U.S. Treasury: Long	26.5	4.8	11.8	0.5
Barclays U.S. Corp: Investment Grade	58.8	9.7	4.8	1.9
Barclays U.S. Treasury: U.S. TIPS	27.1	4.9	5.3	0.9

Annualized Performance

Period	Russell 3000 Index	MSCI EM Index	Difference
1988–1993	15.3%	36.5%	-21.2%
1994–1998	22.3%	-9.3%	31.6%
1999–2007	4.4%	15.3%	-10.9%
2008–2013	6.7%	-0.9%	7.6%

Five-Year Retrospective

From a valuation perspective, traditional metrics suggest the U.S. is at or slightly above historical levels. At the end of March 2014, the trailing price-to equity (P/E) ratio for the S&P 500 Index was 17.1x compared to 15.1x one year prior in the wake of strong market performance. Based on the nearly 60 years of valuation data that is available for the S&P 500 Index, the benchmark is currently trading at a slight premium to its historical average at just over 16x. Conversely, the Shiller P/E for the S&P 500 Index was greater than 25x at the end of the quarter; this metric derives a cyclically adjusted P/E ratio based on a 10-year average of inflation-adjusted earnings and has become more broadly used in recent years. The current valuation, while below levels seen at the peak of the tech bubble and prior to the recent financial crisis, is currently in the top decile relative to historical returns, suggesting that U.S. equities are currently richly valued.

Developed non-U.S. and emerging markets valuation data indicates these asset classes are more attractively priced than they have been in recent history. At the end of March, the MSCI EAFE Index was trading at 15.5x while the MSCI Emerging Markets Index was at 11.0x. Both of those readings are below historical averages based on index inception dates of 1970 and 1988, respectively.

While valuation is a significant factor to consider when examining portfolio exposures, the impact that market action can have on shifting portfolio weights away from policy benchmarks is of great consequence, particularly when no changes have been made to those targets. With strong domestic equity gains in recent years, it is feasible that many portfolios are above the targets set by the policy portfolio.

The performance of global equities since the end of 2010 is further evidence of the potential for meaningful shifts in portfolio weights. Assuming a starting point of 40% U.S. equities, 40% developed non-U.S. equities, and 20% emerging markets equities with no rebalancing, we examined how weights would have changed over the past three calendar years. Returns for the Russell 3000, MSCI EAFE and MSCI Emerging Markets Indexes were used to calculate performance and the corresponding geographic exposure at each year-end period. The table below shows: emerging markets exposure would have sharply dropped, developed non-U.S. would have modestly declined, and U.S. equity would have increased considerably.

Geographic Exposure as of Year-End 2013

	U.S.	Developed Non-U.S.	Emerging Markets
	Russell 3000 Index	*MSCI EAFE Index*	*MSCI EM Index*
2010	40.0%	40.0%	20.0%
2011	44.3%	38.1%	17.7%
2012	43.9%	38.2%	17.9%
2013	47.5%	38.3%	14.2%

Other asset classes were not immune to the shifts in exposures exhibited within global equities. Given the meaningful changes in the market environment since March 2009 and the corresponding changes addressed in reviewing risk/return characteristics and valuations across asset classes, we believe this is an opportune time for clients to revisit portfolio exposures relative to their target policy weights and to rebalance as appropriate.

U.S. Equity

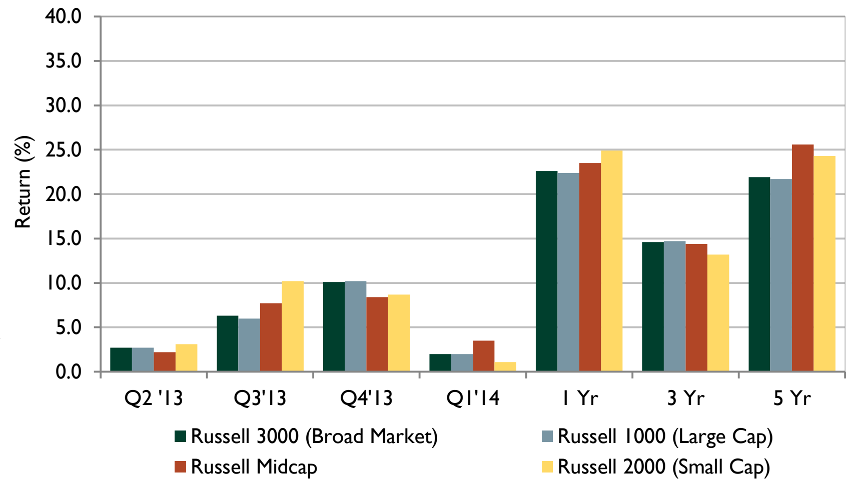
Domestic equities, as represented by the Russell 3000 Index, posted their seventh consecutive quarterly gain in the first quarter, although these advances were modest relative to market strength during the second half of 2013. The 2.0% gain for the Russell 3000 Index was generated during a period of unfavorable economic data early in the quarter, in part due to harsh winter weather. Concerns specific to emerging economies also weighed on the stock market.

Utilities (+9.5%) and health care (+5.7%) were the top performing sectors. The outperformance of the health care sector versus the broader market was largely attributable to strong performance from biotechnology stocks during the first two months of the year, though many retreated in March. Consumer discretionary (−2.1%) was the only sector to post negative returns for the quarter. In the wake of a weak holiday shopping season and the aforementioned weather trends, subsectors lagged, including media, online retail, and traditional retail.

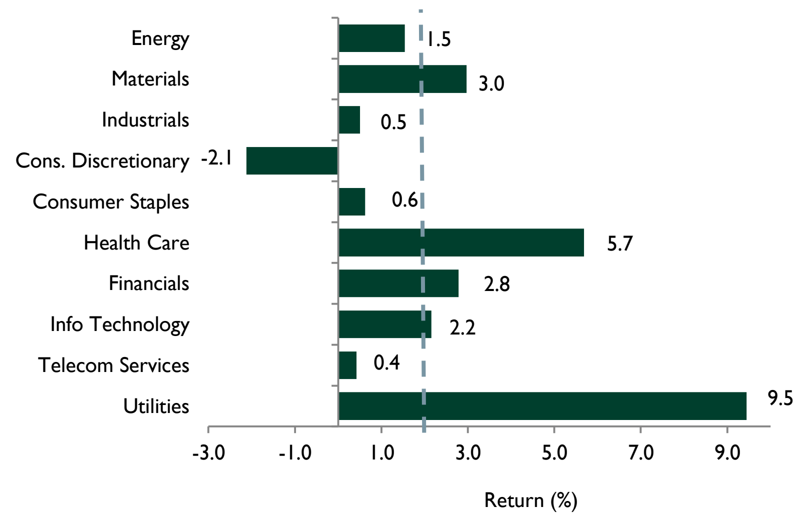
Mid cap stocks outpaced both larger and smaller cap counterparts, with the Russell Midcap Index (+3.5%) outperforming the Russell 1000 Index (+2.1%) and Russell 2000 Index (+1.1%). It was the first instance that mid cap equities outperformed small cap equities since the first quarter of 2013.

Value beat out growth stocks, as represented by the Russell 3000 Value (+2.9%) and the Russell 3000 Growth (+1.1%) Indexes. Through February, growth was ahead of value on the year; however, March represented the best month of relative performance for value relative to growth in more than five years as a number of the mostly richly valued growth stocks posted meaningful losses to close the quarter.

U.S. Market Cap Comparison

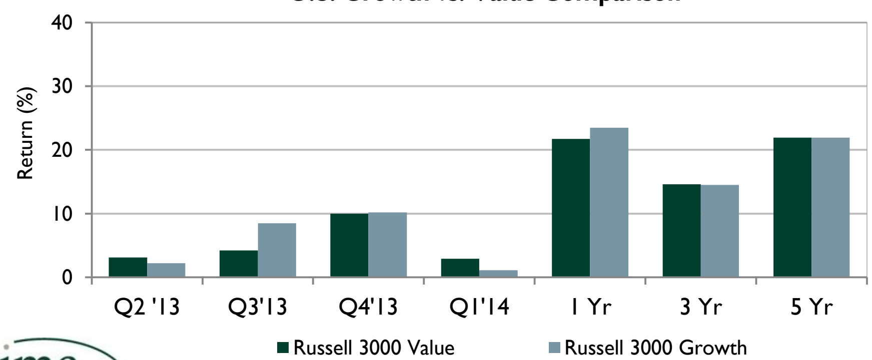


Q1 '14 U.S. Sector Returns*



*Dotted line indicates total Russell 3000 Index return

U.S. Growth vs. Value Comparison



Sources: InvestmentMetrics, Bloomberg

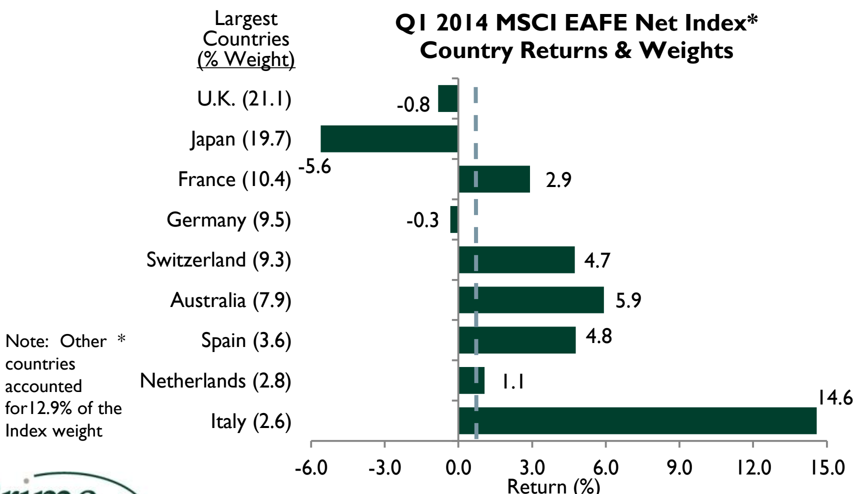
International Equity

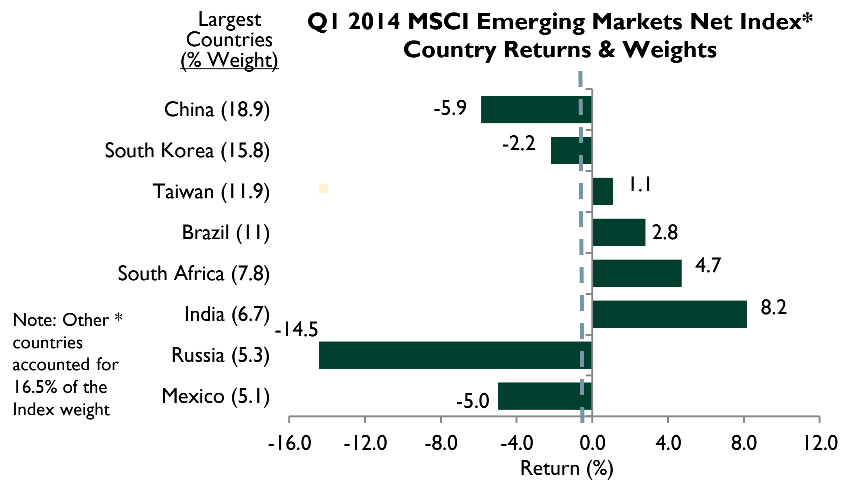
Though they trailed domestic markets, foreign developed equity markets grew as the MSCI EAFE Index posted a 0.7% gain in U.S. dollar (USD) terms for the quarter, continuing to benefit from improving investor sentiment in the euro area. Currency movements were also a tailwind to U.S. investors as the Index decreased 0.3% locally.

- Within the euro area, Italy (+14.6% USD and local), Ireland (+14.0% USD, +13.9% local), and Portugal (+9.7% USD and local) continued to show signs of recovery, while Germany (−0.3% USD, −0.4% local) experienced a modest pause. Outside of the euro area, the U.K. (−0.8% USD, −1.5% local) also felt a slight pullback. The British pound appreciated slightly relative to the USD and the euro was essentially flat.
- Japanese equities (−5.6% USD, −7.5% local) suffered the largest loss in developed markets as disappointing macroeconomic data weighed on returns. The Bank of Japan's quarterly survey also highlighted industry caution over the impact of the 3% consumption tax hike that took effect on April 1st.
- Australia (+5.9% USD, +2.4% local) and New Zealand (+16.4% USD, +10.4% local) both experienced strong quarters. On the back of a weak 2013, the Australian dollar bounced back relative to the USD.

It was a volatile quarter for emerging markets as the MSCI Emerging Markets Index recovered in March to finish slightly down (−0.4%) after a difficult start to the year. Emerging markets were hindered by increased geopolitical risk following Russia's effective annexation of Crimea and fears of the potential impact that the resulting sanctions could have on Russia and its surrounding economies. Currencies in emerging markets rallied against the USD at the end of the quarter following significant volatility earlier in the year. Frontier markets posted strong gains (MSCI Frontier Markets +7.4% USD, +7.5% local).

- Russia declined (−14.5% USD, −9.7% local) as a result of political tensions. Though the Russian ruble fell 7% year-to-date versus the USD, the currency increased roughly 2% in March due to the Bank of Russia's 1.5% hike in the key rate to 7.0%.
- While some of the recent enthusiasm for emerging markets was linked to the prospect of economic reform and possible stimulus in China, the country experienced a 5.9% USD loss and was down 5.8% in local terms.
- Greece (+18.1% USD and local) continued its run as a top performing country within the benchmark after its November 2013 reclassification as a developing market. Both consumer confidence and economic outlook in the country continued to improve.





Sources: MSCI/Barra, Wall Street Journal, Financial Times. *Note: All returns quoted in USD terms, unless otherwise noted.* **Dotted line indicates total index return.*

U.S. Fixed Income

The U.S. Treasury yield curve flattened as yields declined at the intermediate and long end of the curve and remained relatively stable at the front end. The 10-year yield, which began the quarter at 3.0%, declined 31 bps to 2.7%, while the yield on the 2-year note ended the quarter 6 bps higher. Intermediate and long-term yields initially declined in January amid heightened risk aversion—largely due to signs of slowing growth in China. Yields remained below their early January highs during the final two months of the quarter as increasing tensions with Russia and the West over Ukraine kept market volatility elevated.

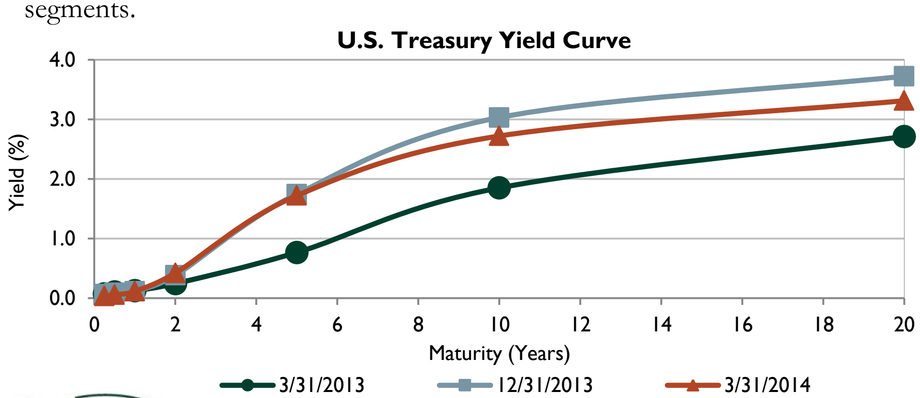
As planned, the FOMC started reducing its bond purchases in January. During the quarter, the Committee announced two additional $10 million reductions to its bond-buying program and announced that it will begin purchasing $55 billion per month in April, which is down from $85 billion at the end of 2013. In March, Yellen surprised markets when she indicated the Fed could raise the federal funds rate sooner than expected. However, she eased the market later in the month when she reaffirmed the Fed's commitment to easy monetary policy.

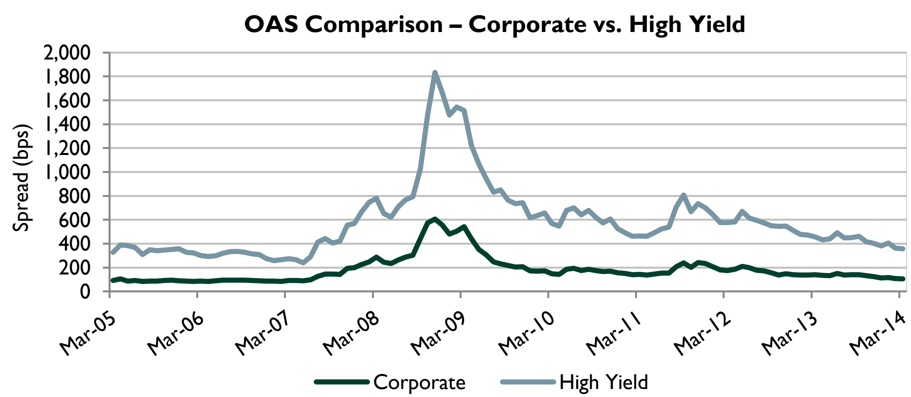
The Barclays Aggregate Index returned 1.8% as each underlying sector generated positive performance. Returns were strongest within the corporate sector as spreads tightened during the quarter. From a maturity perspective, longer-term securities generally outperformed as the curve flattened. Lower quality securities mostly outperformed, with BBB-rated securities producing the best relative return in the Barclays Aggregate Index's credit quality segments.

Corporate (+2.9%) was the top performing sector of the Barclays Aggregate Index. Investment grade corporate option-adjusted spreads (OAS) tightened 8 bps to end the quarter at 106 bps. Spreads across industrials, utilities, and financials have converged in recent years and financials reported the narrowest spread of the three sectors at 103 bps. Lower-rated securities generally outperformed higher quality, with BBB-rated securities reporting the largest quarterly gain (+3.5%). Investment grade corporate bond issuance ended the quarter at just over $300 billion, making it the second highest quarter in terms of issuance in history, according to SIFMA data.

The securitized sector returned 1.6%, as the MBS, CMBS, and ABS all finished the quarter in positive territory. U.S. MBS pass-throughs performed well and the sector gained 1.6%. ABS returned 0.5% with both credit card and auto ABS reporting modest gains. CMBS spreads tightened and the sector returned 1.2% as mortgage fundamentals continued to improve.

High yield bonds jumped 3.0% while below investment grade floating rate loans rose 1.1%. Among bonds, industrial sectors such as natural gas utilities (+3.9%), communications (+3.8%), technology (+3.4%), and consumer non-cyclical (+3.2%) were areas of strength. Within loans, utilities (+2.9%), energy (+1.8%), and communications (+1.5%) offset modest returns in consumer sectors. Within bonds, quality was mixed as CCC-rated (+3.3%) and BB-rated (+3.1%) outperformed. Meanwhile, within loans, the CCC-rated (+3.9%) and distressed (+22.5%) did better than their higher quality counterparts.





Sources: Bloomberg, Barclays, Federal Reserve

Currencies & Global Bonds

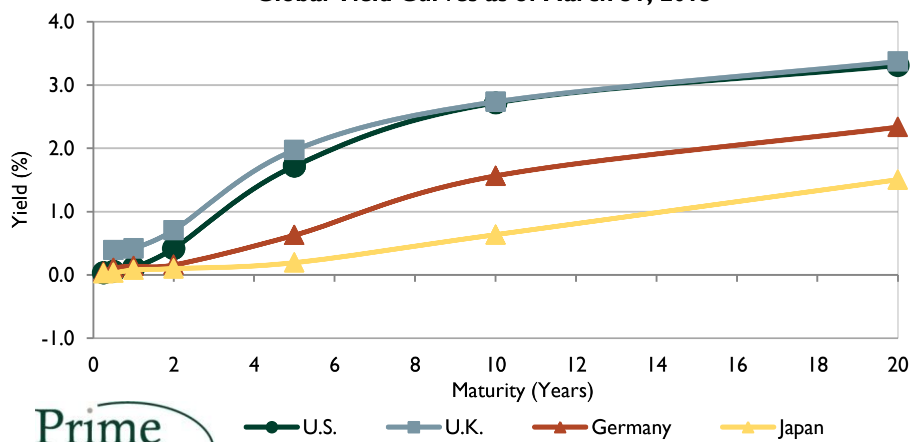
The easing cycle seemed to shift as New Zealand became the first developed market country to raise rates. Brazil continued its hiking cycle and higher policy rates were instituted by India, South Africa, Turkey, and Russia. Both Turkey and Russia surprised markets with sharp increases, as Turkey sought to halt ongoing weakness in the lira and the Russian ruble felt pressure from the escalation of the Ukraine crisis. Hungary and Romania continued to ease, although Hungary signaled that the easing cycle may be coming to an end. The Fed held rates steady and continued to taper its bond purchases while the ECB, BoE, and BoJ held rates steady as well. Both the Fed and BoE dropped unemployment targets from their guidance, while deflation concerns pressured the ECB and BoJ to potentially ramp up stimulus.

The Dollar Spot Index rose 0.1% as a result of the 4.0% decline in the Canadian dollar, but the Index masked a weak USD compared to the Japanese yen (+2.0%), British pound (+0.6%), and euro (+0.2%). Pockets of USD strength occurred against several emerging markets currencies such as the Ukraine hryvnia (−25.9%), Argentine peso (−18.5%), and Russian ruble (−6.6%). However, this strength was related to geopolitical tensions between Russia and Ukraine, as well as the negative impact of Argentina's devaluation on Uruguay (−4.9%) and Chile (−4.4%), despite the gains in the Brazilian real (+4.0%). China allowed the trading band of the renminbi to widen, leading to a 2.6% decline against the USD but other Asia-Pacific countries—Australia (+3.9%), New Zealand (+5.5%), and Indonesia (+7.1%)—strengthened.

A generally weak USD relative to developed market currencies such as the euro, Japanese yen, and British pound served as a tailwind that fostered a wide divergence between unhedged (+3.1%) and hedged (+2.2%) returns for the Barclays Global Treasury ex-U.S. Index. Core markets such as the U.K. (+3.0%), Japan (+2.9%), France (+2.9%), and Germany (+2.6%) provided a solid foundation to returns. Peripheral European markets such as Spain (+6.0%), Italy (+5.2%), and Ireland (+4.2%) also contributed positively to performance. Lastly, gains in New Zealand (+6.7%), Australia (+4.9%), and Mexico (+3.6%) were additive to performance despite their small weights in the Index. The only significant developed market detractor was Canada, which fell 1.5% in unhedged terms due to weakness in the Canadian dollar.

The Barclays Emerging Markets Local Currency Government Bond Index returned 1.6% in unhedged terms and 0.7% in hedged terms. A key headwind occurred in EM EMEA (−0.5%), which was the result of a 9.8% decline in Russia and a 1.7% fall in Hungary, which offset positive contributions from Egypt (+3.4%) and Turkey (+2.6%). EM Asia (+1.6%) performed in line with the overall index, but strong returns in Indonesia (+12.7%) and Thailand (+3.6%) were masked by modest returns in Korea (+0.3%). EM Americas (+4.8%) was a standout region due to gains in Brazil (+7.7%) and Mexico (+3.6%), which offset more modest returns in Colombia (+1.1%) and negative returns in Chile (−3.0%) and Peru (−0.7%).

Global Yield Curves as of March 31, 2013



Sources: *Bloomberg, Barclays*

OAS Comparison – Global Corporate vs. Global High Yield

Flexible Capital

Hedge Funds advanced 1.1% during the first quarter, as represented by the HFRI Fund-Weighted Composite Index, with the bulk of the gains coming in February. In general, hedge funds did not experience the large declines that were seen in broad equity indices at the start of the year, and posted positive numbers in February. Event-driven and relative value strategies performed the strongest, with the HFRI Event-Driven and HFRI Relative Value Indexes gaining a 1.8% and 2.4%, respectively, for the quarter.

While hedge fund results compared favorably to the 1.8% return of the S&P 500 Index for the quarter, the real story was poor relative performance and the dispersion of results in March. Midway through the month, many funds experienced losses that were more in line with the broad equity market for March. However, by the end of the month—following the sharp sell-off—the performance spread between hedge funds and the broad market had considerably widened in many cases. The majority of losses were generated on long positions, yet short positions did not appear to be able to mute losses in many cases.

With double-digit losses by many equity managers in March, hedge fund managers experienced elevated levels of return dispersion. This underperformance was largely the result of widely owned consumer technology & media and health care names, such as Amazon, Baidu, eBay, Netflix, Pandora, Priceline, Valeant, and Zynga.

The month proved difficult for some popular companies that were coming off a strong 2013, including CBS, Hertz, and GM, suggesting there was some profit taking. For some managers, these losses on the long side were exacerbated by short-side exposure to emerging markets, resulting in meaningful losses for a number of hedge funds during the quarter.

Some hedge fund managers were able to avoid significant losses in March, even posting gains in a few instances, due to largely positive security selection. Aiming to take advantage of price weakness in top holdings, some managers added to high confidence names with strong fundamentals. Momentum stocks such as SolarCity and Tesla Motors were additive for patient managers that maintained their short positions. In general, credit managers emerged from the month with moderate advances due to exposure to Lehman Brothers claims, which traded up on the announcement that the distribution in April would be larger than expected. The Lehman estate continues to distribute cash semi-annually, therefore, managers are comfortable holding the claims as the downside is viewed as minimal.

In Goldman Sachs' quarterly hedge fund "VIP list," which is a list of the top 50 stocks that are most widely held by fundamental hedge fund managers, 64% of the companies posted negative performance during March with an average loss of 5.7%. Meanwhile, the remaining 36% of the names that posted positive results had an average increase of 4.8%.

Goldman Sachs Hedge Fund VIP Basket*

Top 5 Q1 2014 Performers

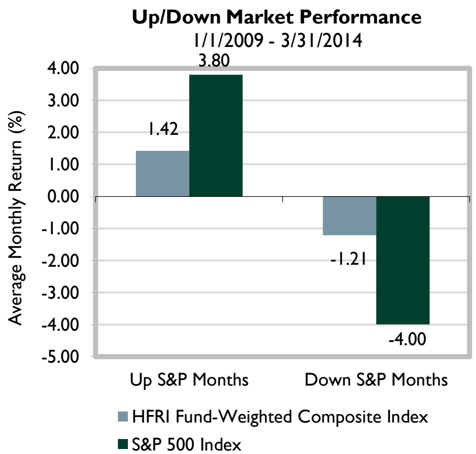
Company	Q1
American Airlines Group Inc	45.0%
Delta Air Lines Inc	26.4%
Actavis plc	22.5%
NorthStar Realty Finance Corp	21.9%
United Rentals Inc	21.8%
S&P 500 Index	1.8%

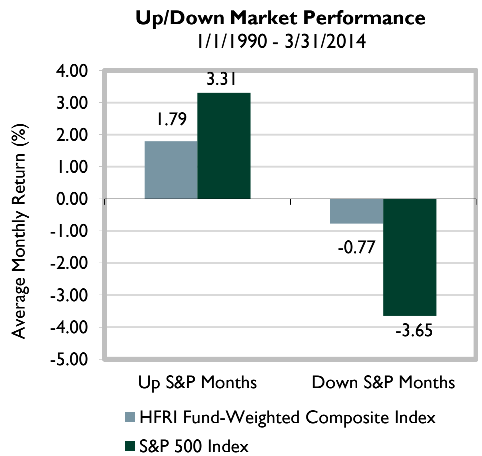
Bottom 5 Q1 2014 Performers

Company	Q1
Ocwen Financial Corp	-29.3%
Amazon.com Inc	-15.6%
General Motors Co	-15.0%
Baidu Inc	-14.3%
Vodafone Group PLC	-13.8%
S&P 500 Index	1.8%

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

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





Private Equity (as of December 31, 2013)

North American private equity raised $65.0 billion from 85 funds during the fourth quarter, representing 45% of funds closed and 62% of total capital raised globally. Of the 185 funds raised globally that closed during the fourth quarter, 50% closed above target, 15% met their target, and 35% fell short of their fundraising goal. For the year, North America-focused private equity funds raised roughly $226 billion of capital subscriptions, compared to nearly $200 billion in 2012. Globally, a total of 769 private equity-backed buyout deals were announced, with an aggregate value of $61 billion. At year-end, buyout funds held $399 billion in dry powder, an increase from $353 billion at the start of the year.

Within the U.S., middle market acquisition multiples, as measured by enterprise value (EV) to EBITDA, spiked through 2013 to nearly match the overall market at 10.0 times. Historically, middle market EV to EBITDA trailed that of the overall market over the past decade. In the last 12 months, multiples in the middle market were on par with the broader market, returning to levels reminiscent of pre-2008.

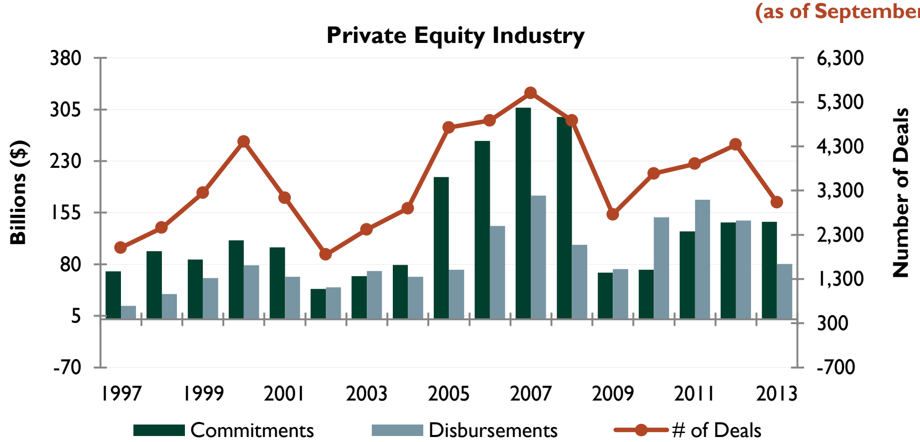
The top end of the middle market has produced especially high multiples historically, and has recently hosted a median multiple above the overall market. Meanwhile, smaller deals have produced a median multiple under the overall market.

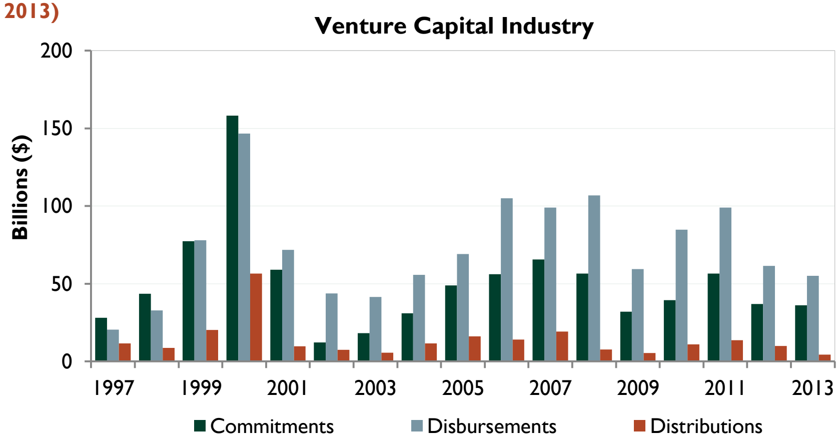
While 2013 was a record year for leveraged loan markets due to very strong collateralized loan obligation issuance and institutional demand, fourth quarter issuance was on par with the prior quarter. Similar to the third quarter, when large leveraged buyout (LBO) volume crowded out opportunistic refinancing volumes, large non-LBO merger and acquisition issuance in the fourth quarter took a larger share (37%) of new issuance.

Leveraged loans in default or bankruptcy at the end of the year fell to $8.3 billion in face value, down from $12.3 billion a year ago. The percentage of outstanding defaulted/bankrupt issues remained constant at 1% over the same period, which is in line with historical averages.

Forty-eight U.S. venture capital funds raised $4.8 billion in 2013, a 53% increase in dollar commitments from the previous year. U.S. venture capital firms raised $16.7 billion from 204 funds, representing the slowest annual period for fundraising since 2010. During 2013, North America comprised 62% of venture capital deals closed globally, representing 3,686 deals. Eighty-four U.S. venture capital-backed companies went public in 2013.

(as of September 30, 2013)





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

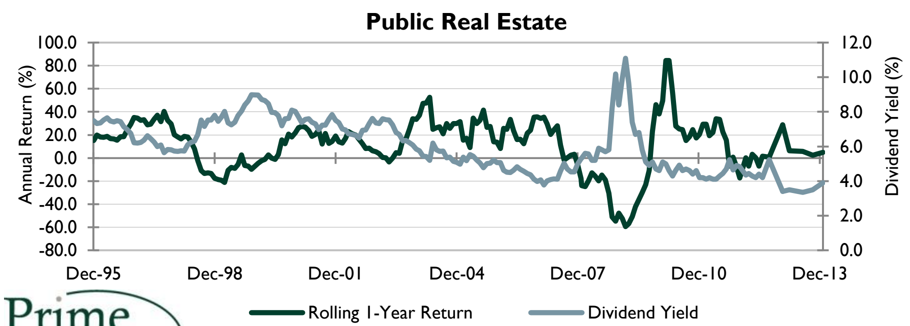
Inflation Hedging

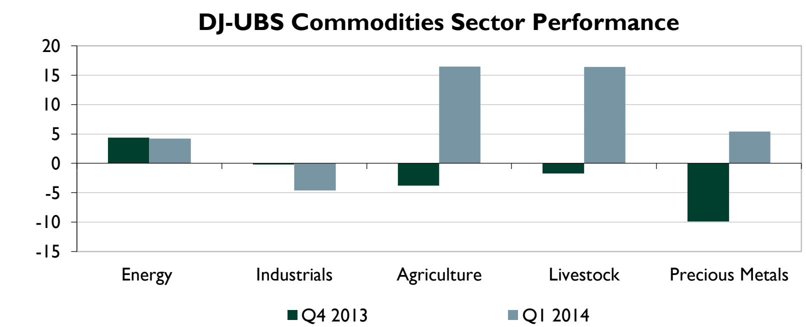
Marketable global real estate securities posted a 4.0% gain according to the FTSE EPRA/NAREIT Global Index. U.S. securities buoyed global returns, advancing 10.2% on continued strong foreign and domestic demand for high quality U.S. assets and strengthening real estate market fundamentals—driven in part by a lack of significant new physical product supply in many sectors. European securities also advanced 5.2% on improved economic stability and optimism. Risk appetite increased as significant capital flowed into Spain and Ireland, which garnered little to no interest a year ago. The large and diverse Asian REIT market anchored global returns, finishing down 5.4%. Macro issues drove performance as investors remained concerned about the efficacy of “Abenomics” in spurring a sustained resurgence in the Japanese economy, the health of the Chinese banking/credit sectors, and central bank policies designed to cool overheated residential markets.

The DJ-UBS Commodity Index advanced 7.0% as all commodity sub-sectors with the exception of industrial metals (−4.6) were positive. Agriculture (+16.5%) led the way, advancing on the ongoing severe drought in Brazil, which caused the prices of soy products to climb more than 10%, sugar prices to rise 6.2%, and coffee prices to soar 58.2%. The corn (+17.4%) and wheat (+15.3%) sub-sectors advanced sharply on lower U.S. stockpiles and stronger export prospects. Livestock also rose 16.4%, led by cattle, which increased 7.2% on smaller herds from a multi-year domestic Southwest drought, and lean hogs (+31.2%) due to a spreading deadly virus. Energy advanced 4.2%, led by domestic natural gas (+12.0%) as cold weather drove home heating demand and drastically drew down inventories. The frigid temperatures, tensions surrounding Russia and Crimea, and domestic takeaway infrastructure improvements combined to push WTI up 4.0%. Precious metals rallied, with gold advancing 6.7% on renewed investor interest in the perceived safe haven following Russian/Ukrainian tensions and disappointing U.S. economic data.

The NCREIF Property Index returned 2.5% in the fourth quarter, with all four major property types increasing by more than 2.2%. A third straight quarterly increase in U.S. Treasury yields, which rose 40 bps to finish above 3.0% for the first time since July 2011, has yet to have a measurable negative impact on transaction capitalization rates. Direct domestic real estate transaction volume and valuations continued their year-over-year advance. The combination of unusually wide spreads between direct cap rates and U.S. Treasury yields at the beginning of 2013 and robust international demand for high quality U.S. assets appeared to continue to support the trend. Additional support for valuations may stem from the greater availability of debt financing in secondary markets, particularly for well located and stabilized assets. CMBS issuance increased by more than $40 billion in 2013 from 2012 levels and portfolio lenders looked to put more capital to work in secondary markets. Potential headwinds for valuations and cash flow include further advances in interest rates and growing supply pipelines in certain sectors such as apartments.

U.S. TIPS rose 1.9% during the first quarter. Real yields declined at both the front-end and the long-end of the curve, but rose in the six- to seven-year tenor. Declines at the long end of the curve were sharper than those at the front end, which caused the overall shape of the real yield curve to flatten and longer-dated TIPS to outperform their short-dated counterparts. Changes in anticipated inflation were mixed, with expectations over the next five years increasing 9 bps to 2.2%, while those over the next ten years declined 12 bps to 2.1%. Mixed inflation expectations, along with the aforementioned change in the shape of the real yield curve, caused some divergence between TIPS and nominal Treasuries, with the long-end of the TIPS curve outperforming long Treasuries. However, TIPS with short to intermediate maturities underperformed comparable maturity Treasuries.





Tab II

Total Fund Highlights

- The Town of Palm Beach Health Insurance Trust portfolio began 2014 in positive territory, gaining 1.4%. On a relative basis, the portfolio performed roughly in line with both its Target Index (+1.5%) and its Actual Index (+1.4%) during the first quarter of the year. Looking deeper into the portfolio, global equities again gained during the quarter, with both domestic equities, and to a lesser extent, international equities, performing well during a quarter of unfavorable economic data and continued worries over emerging market economies. The domestic equity segment (+2.0%) matched the return of the Russell 3000 Index (+2.0%) during the quarter. Although the overall midcap manager universe performed better than large cap peers, the portfolio's midcap manager, FMI Common Stock Fund (+1.8%), lagged the Ruseell 2500 Index (+2.3%). For the quarter, the portfolio's international equity segment (+0.5%) matched the gain of the MSCI AC World ex USA Index (+0.5%) slightly hindered by the return of the Artisan International Fund (-1.8%) which underperformed the 0.7% gain of the MSCI EAFE Index. The portfolio's flexible capital managers performed quite well over the quarter, returning 1.0% which surpassed their benchmark (+0.4%) by 60bps. Since inception of the flexible capital segment back in 2007, the managers have outperformed their benchmark by 370bps annualized. While the fixed income segment's performance was inline with its Fixed Income Composite Index (+0.9% vs. +1.0%), the inflation hedging segment (+3.9%) was the portfolio's best performing segment on an absolute basis as inflation sensitive assets recovered during the first quarter of 2014. Two new managers were added to this segment during the quarter: Vanguard Short Term Inflation Prot. Securities Adm. Fund and the PIMCO CommoditiesPLUS Strategy Instl. Fund.
- At quarter end, total fund assets are valued at approximately $25.4 million. Nearly all asset class segments are at their designated target allocations as a result of a portfolio rebalance at the end of March 2014. The following page outlines the completed portfolio rebalance.

Review of Recent Portfolio Rebalance

- Completed rebalance schedule:

	Target % of Total	Completed Activity	Post Rebalance % of Total
Domestic Equity	**27.5%**	**$ (950,000)**	**29.4%**
Fidelity Spartan Total Market Index Adv Fund		$ (1,500,000)	20.2%
FPA Crescent Fund		$ 550,000	4.4%
FMI Common Stock Fund			4.8%
International Equity	**17.5%**	**$ (300,000)**	**18.7%**
Dodge & Cox Intl Stock Fund		$ (150,000)	9.4%
Artisan International Instl Fund		$ (150,000)	9.3%
Flexible Capital	**20.0%**	**$ 500,000**	**19.4%**
Forester Offshore A2, Ltd.			7.9%
Archstone Absolute Return Strategies Fund, Ltd.		$ 500,000	11.5%
Fixed Income	**20.0%**	**$ 1,000,000**	**19.9%**
PIMCO Total Ret II Instl. Fund		$ 500,000	10.9%
Vanguard Short Term US Treas Fund		$ 500,000	9.0%
Inflation Hedging	**15.0%**	**$ 750,000**	**12.0%**
Vanguard Short-Term Inflation Protected Securities Fund		$ 175,000	3.1%
PIMCO CommoditiesPLUS Strategy Institutional Fund		$ 175,000	3.2%
Van Eck Global Hard Assets		$ 400,000	5.7%
Liquid Capital	**0.0%**	**$ (1,000,000)**	**0.6%**
Government Stif 15		$ (1,000,000)	0.6%
Total Fund	**100.0%**		**100.0%**

Segment Performance

Segment Level Performance (% Rate of Return)

Benchmark Dependent Metrics vs. S&P 500 Index

As of March 31, 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	**1.4**	**12.6**	**10.9**	**7.2**	**12.3**	**3.3**	**10.6**	**0.6**	**0.9**	**Jul-07**
Target Index	1.5	10.3	9.1	6.6	11.9	3.5	10.0	0.6	1.0	Jul-07
Actual Index	1.4	11.4	9.9	6.9	11.4	3.7	9.3	0.5	0.9	Jul-07
Consumer Price Index	1.4	1.5	1.5	1.9	2.1	1.9	1.5	0.0	0.1	Jul-07
Domestic Equity	**2.0**	**22.0**	**17.7**	**12.6**	**19.6**	**3.9**	**18.3**	**1.1**	**1.0**	**Jul-07**
Russell 3000 Index	2.0	22.6	18.5	14.6	21.9	6.0	17.7	1.0	1.0	Jul-07
International Equity	**0.5**	**20.6**	**16.9**	**9.7**	**18.9**	**2.3**	**21.9**	**1.2**	**0.9**	**Jul-07**
MSCI AC World ex USA (Net)	0.5	12.3	10.3	4.1	15.5	0.6	21.7	1.1	0.9	Jul-07
MSCI EAFE (Net)	0.7	17.6	14.4	7.2	16.0	0.4	21.0	1.1	0.9	Jul-07
Total Flexible Capital	**1.0**	**9.0**	**8.7**	**5.9**	**8.1**	**4.0**	**5.7**	**0.2**	**0.7**	**Jul-07**
HFRI Fund of Funds Composite Index	0.4	5.8	5.3	2.3	4.9	0.3	6.0	0.3	0.7	Jul-07
Total Fixed Income	**0.9**	**-0.6**	**1.6**	**1.7**	**6.8**	**3.4**	**6.0**	**0.3**	**0.7**	**Jul-07**
Fixed Income Composite Index	1.0	-0.1	1.2	1.0	5.3	4.0	5.0	0.2	0.7	Jul-07
Total Inflation Hedging	**3.9**	**0.4**	**1.0**	**-0.6**	**4.7**	**-3.9**	**15.4**	**0.2**	**0.2**	**Jul-07**
Inflation Hedging Composite Index	3.8	2.5	2.6	1.3	7.5	1.9	11.8	0.2	0.2	Jul-07

Executive Summary

Town of Palm Beach

Health Insurance Trust

Preliminary Executive Summary as of March 31, 2014

Market Value	% of Portfolio		QTR Ended Jun-13	QTR Ended Sep-13	QTR Ended Dec-13	QTR Ended Mar-14	Calendar YTD	1 YR	2 YRS	3 YRS	5 YRS	Return Since	Inception Date
$25,434,903	**100.0**	**Total Fund**	**-0.1**	**5.4**	**5.4**	**1.4**	**1.4**	**12.6**	**10.9**	**7.2**	**12.3**	**3.3**	**Jul-07**
		Target Index	-0.8	4.8	4.5	1.5	1.5	10.3	9.1	6.6	11.9	3.5	Jul-07
		Actual Index	-0.5	5.0	5.1	1.4	1.4	11.4	9.9	6.9	11.4	3.7	Jul-07
		Consumer Price Index	0.3	0.3	-0.5	1.4	1.4	1.5	1.5	1.9	2.1	1.9	Jul-07
$12,214,001	**48.0**	**Global Equity**	**1.8**	**8.0**	**8.9**	**1.4**	**1.4**	**21.4**	**17.4**	**11.5**	**19.4**	**3.3**	**Jul-07**
$7,469,851	**29.4**	**Domestic Equity**	**2.5**	**6.5**	**9.6**	**2.0**	**2.0**	**22.0**	**17.7**	**12.6**	**19.6**	**3.9**	**Jul-07**
		Russell 3000 Index	**2.7**	**6.3**	**10.1**	**2.0**	**2.0**	**22.6**	**18.5**	**14.6**	**21.9**	**6.0**	
$5,143,543	20.2	Fidelity Spartan Total Market Index Advisor Fund	2.8	6.2	10.1	2.0	2.0	22.5	18.4	14.6	22.0	6.1	Jul-07
		Wilshire 5000 Index	**2.9**	**6.3**	**10.1**	**2.0**	**2.0**	**22.8**	**18.6**	**14.6**	**22.1**	**6.2**	
$1,117,763	4.4	FPA Crescent Fund	2.9	3.8	6.5	2.0	2.0	16.1	13.5	NA	NA	13.5	Apr-12
		S&P 500 Index	**2.9**	**5.2**	**10.5**	**1.8**	**1.8**	**21.9**	**17.8**	**14.7**	**21.2**	**17.8**	
		60% Russell 2500 / 40% BC Global Credit	**0.4**	**6.6**	**5.8**	**2.5**	**2.5**	**16.0**	**14.7**	**10.8**	**19.3**	**14.7**	
		HFRI Equity Hedge (Total) Index	**-0.1**	**4.1**	**4.7**	**1.3**	**1.3**	**10.3**	**7.9**	**3.7**	**9.5**	**7.9**	
$1,208,546	4.8	FMI Common Stock Fund	0.4	9.7	8.7	1.8	1.8	22.0	16.0	NA	NA	16.0	Apr-12
		Russell 2500 Index	**2.3**	**9.1**	**8.7**	**2.3**	**2.3**	**24.0**	**20.8**	**13.9**	**25.3**	**20.8**	
$4,744,150	**18.7**	**International Equity**	**0.8**	**10.6**	**7.6**	**0.5**	**0.5**	**20.6**	**16.9**	**9.7**	**18.9**	**2.3**	**Jul-07**
		MSCI AC World ex USA (Net)	**-3.1**	**10.1**	**4.8**	**0.5**	**0.5**	**12.3**	**10.3**	**4.1**	**15.5**	**0.6**	
		MSCI EAFE (Net)	**-1.0**	**11.6**	**5.7**	**0.7**	**0.7**	**17.6**	**14.4**	**7.2**	**16.0**	**0.4**	
$2,391,213	9.4	Dodge & Cox International Stock Fund	1.7	11.1	7.8	2.8	2.8	25.3	18.1	8.8	20.5	2.4	Jul-07
		MSCI AC World ex USA (Net)	**-3.1**	**10.1**	**4.8**	**0.5**	**0.5**	**12.3**	**10.3**	**4.1**	**15.5**	**0.6**	
$2,352,937	9.3	Artisan International Institutional Fund	0.0	10.0	7.5	-1.8	-1.8	16.2	15.8	NA	NA	11.6	Jul-11
		MSCI EAFE (Net)	**-1.0**	**11.6**	**5.7**	**0.7**	**0.7**	**17.6**	**14.4**	**7.2**	**16.0**	**7.3**	

Executive Summary

Town of Palm Beach

Health Insurance Trust

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Market Value	% of Portfolio		QTR Ended Jun-13	QTR Ended Sep-13	QTR Ended Dec-13	QTR Ended Mar-14	Calendar YTD	1 YR	2 YRS	3 YRS	5 YRS	Return Since	Inception Date
$4,943,160	**19.4**	**Total Flexible Capital**	**1.8**	**2.1**	**3.8**	**1.0**	**1.0**	**9.0**	**8.7**	**5.9**	**8.1**	**4.0**	**Jul-07**
		HFRI Fund of Funds Composite Index	**0.0**	**1.7**	**3.7**	**0.4**	**0.4**	**5.8**	**5.3**	**2.3**	**4.9**	**0.3**	
$2,010,623	7.9	Forester Offshore A2, Ltd.	1.7	2.5	5.2	0.2	0.2	9.8	8.9	6.4	7.5	5.1	Jul-07
		HFRI FOF: Strategic Index	**-0.1**	**2.5**	**3.9**	**0.4**	**0.4**	**6.9**	**6.0**	**2.6**	**5.6**	**0.2**	
$2,932,537	11.5	Archstone Absolute Return Strategies Fund, Ltd. Class A	1.9	1.8	2.6	1.8	1.8	8.4	8.6	5.6	8.9	3.1	Jul-07
		HFRI FOF: Conservative Index	**0.8**	**1.2**	**2.7**	**1.1**	**1.1**	**5.9**	**5.2**	**2.7**	**4.6**	**0.3**	
$5,070,393	**19.9**	**Total Fixed Income**	**-2.1**	**0.8**	**-0.1**	**0.9**	**0.9**	**-0.6**	**1.6**	**1.7**	**6.8**	**3.4**	**Jul-07**
		Fixed Income Composite Index	**-1.5**	**0.5**	**-0.1**	**1.0**	**1.0**	**-0.1**	**1.2**	**1.0**	**5.3**	**4.0**	
$2,778,966	10.9	PIMCO Total Return II Institutional Fund	-3.3	1.1	-0.2	1.4	1.4	-1.0	2.5	3.7	6.4	6.5	Feb-09
		Barclays U.S. Aggregate	**-2.3**	**0.6**	**-0.1**	**1.8**	**1.8**	**-0.1**	**1.8**	**3.7**	**4.8**	**4.8**	
$2,291,427	9.0	Vanguard Short Term US Treasury Admiral Fund	-0.5	0.4	-0.1	0.2	0.2	0.1	0.5	NA	NA	0.5	Dec-11
		Barclays U.S. Treasury: 1-5 Year	**-0.6**	**0.4**	**-0.1**	**0.2**	**0.2**	**-0.1**	**0.6**	**1.4**	**1.6**	**0.5**	
$3,042,741	**12.0**	**Total Inflation Hedging**	**-9.6**	**6.6**	**0.4**	**3.9**	**3.9**	**0.4**	**1.0**	**-0.6**	**4.7**	**-3.9**	**Jul-07**
		Inflation Hedging Composite Index	**-6.9**	**4.5**	**1.5**	**3.8**	**3.8**	**2.5**	**2.6**	**1.3**	**7.5**	**1.9**	
$777,465	3.1	Vanguard Short-Term Inflation Protected Securities Adm. Fund	NA	NA	NA	NA	NA	NA	NA	NA	NA	-0.4	Mar-14
		Barclays U.S. Treasury: 0-5 Year TIPS Index	**-2.3**	**0.6**	**-0.2**	**0.2**	**0.2**	**-1.8**	**-0.2**	**1.0**	**2.8**	**-0.4**	
$818,124	3.2	PIMCO CommoditiesPLUS Strategy Institutional Fund	NA	NA	NA	NA	NA	NA	NA	NA	NA	1.1	Mar-14
		Credit Suisse Commodity Benchmark Index	**-7.1**	**4.9**	**0.1**	**5.4**	**5.4**	**2.8**	**0.2**	**-3.1**	**9.1**	**0.8**	
$1,447,152	5.7	Van Eck Global Hard Assets I Fund	-7.1	12.5	3.5	1.8	1.8	10.2	4.5	NA	NA	4.5	Apr-12
		S&P North American Natural Resources Sector	**-4.9**	**8.6**	**5.3**	**2.7**	**2.7**	**11.6**	**8.3**	**0.2**	**15.7**	**8.3**	

Executive Summary

Town of Palm Beach

Health Insurance Trust

Preliminary Executive Summary as of March 31, 2014

Market Value	% of Portfolio		QTR Ended Jun-13	QTR Ended Sep-13	QTR Ended Dec-13	QTR Ended Mar-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**	**0.7**	**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	0.7	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**	**0.7**	

Please Note:

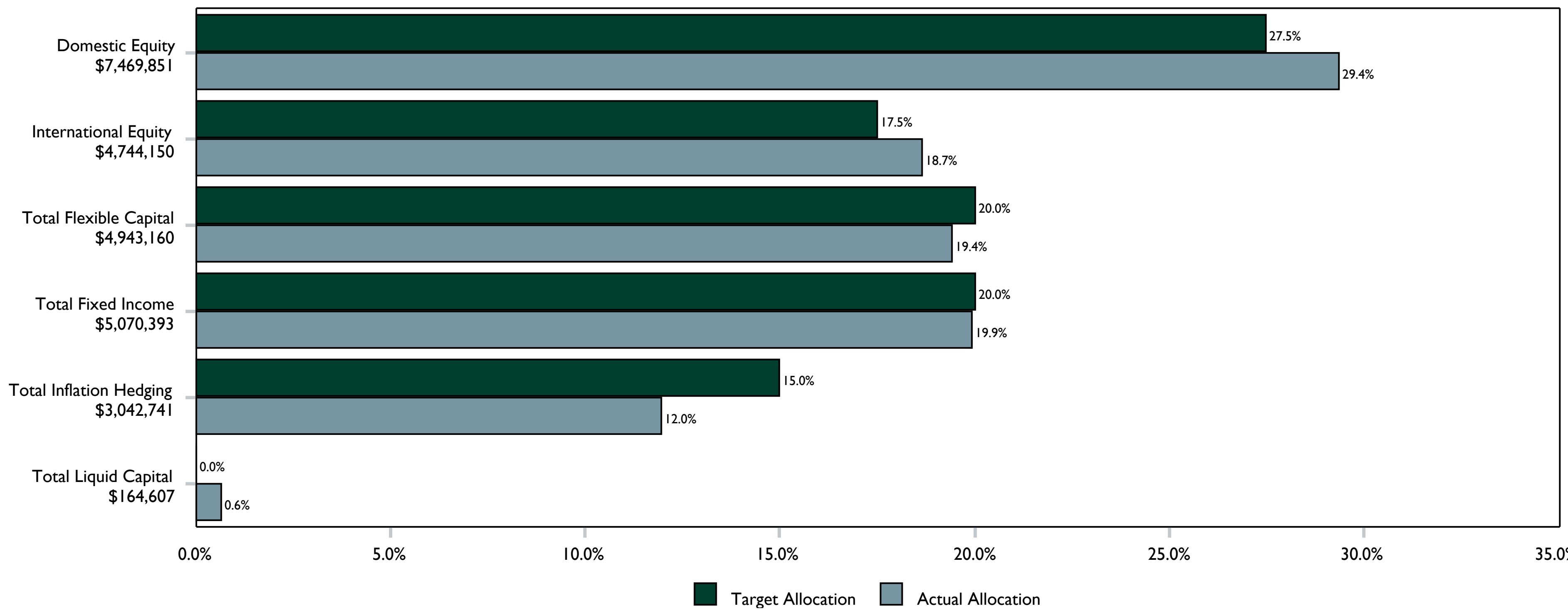
- Periods greater than one year are annualized
- Returns are net of investment management fees and gross of consulting fees unless otherwise stated
- Since inception returns are calculated from the first full month
- Actual Index calculated using manager allocations and index returns
- Performance and 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
- Fidelity Spartan, FPA, Dodge & Cox, Artisan, Archstone, PIMCO Total Return, Vanguard Short Term, PIMCO Commodity, Van Eck: Market values adjusted to reflect late March and early April 2014 activity.
- Government Stif 15: Client specific cash performance not available. Citigroup Treasury Bill 3 Month Index is being reported. Market value adjusted to reflect late March and early April 2014 activity.

Asset Allocation - Current

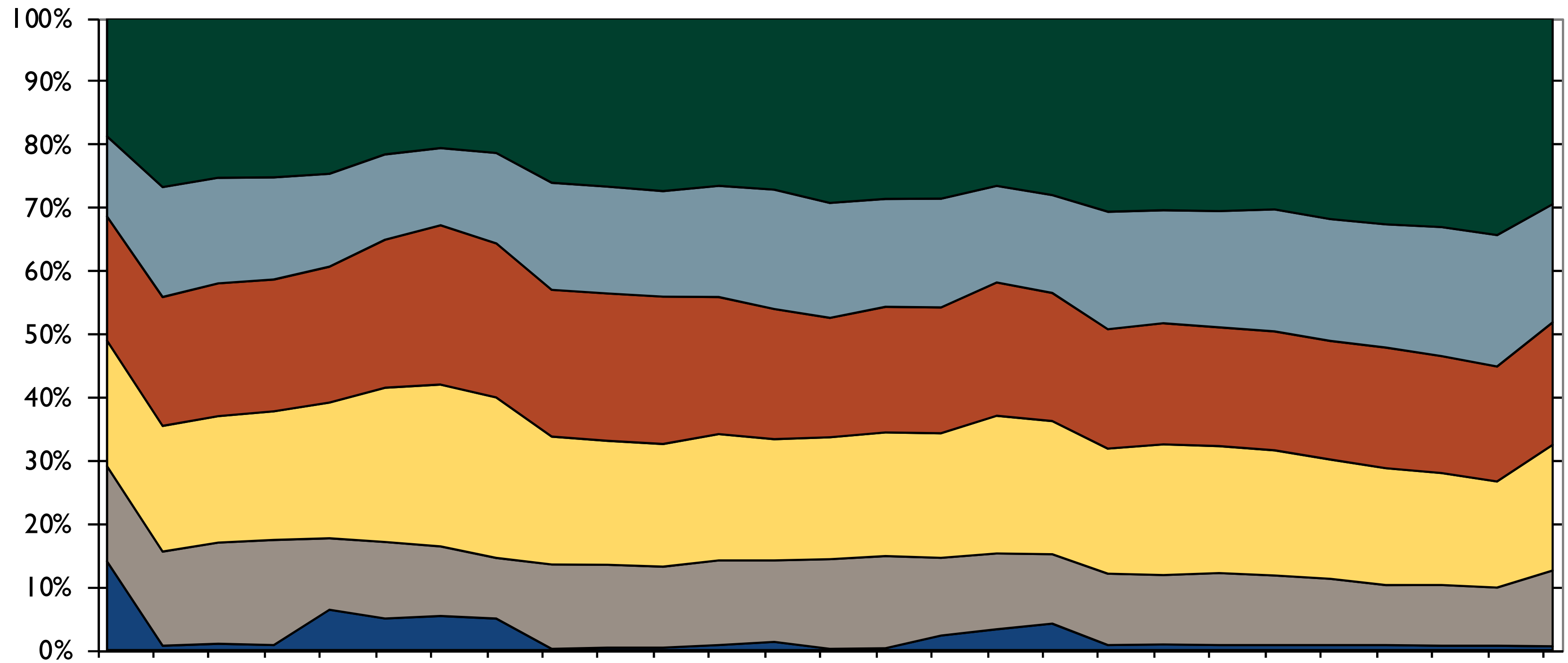
Asset Allocation Policy Ranges

As of March 31, 2014

	Asset Allocation (%)	Lower (%)	Target (%)	Upper (%)	Difference (%)
Total Fund	100.0	-	100.0	-	0.0
Domestic Equity	29.4	22.5	27.5	32.5	1.9
International Equity	18.7	15.0	17.5	20.0	1.2
Total Flexible Capital	19.4	15.0	20.0	25.0	-0.6
Total Fixed Income	19.9	15.0	20.0	25.0	-0.1
Total Inflation Hedging	12.0	10.0	15.0	20.0	-3.0
Total Liquid Capital	0.6	0.0	0.0	1.0	0.6



Asset Allocation – Historical



	Sep-07	Dec-07	Mar-08	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	Sep-09	Dec-09	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14
Domestic Equity	19	27	25	25	25	22	21	21	26	27	27	27	27	29	29	29	27	28	31	30	31	30	32	33	33	34	29
International Equity	13	17	17	16	15	14	12	14	17	17	17	18	19	18	17	17	15	16	19	18	18	19	19	20	20	21	19
Flexible Capital	20	20	21	21	22	23	25	24	23	23	23	22	21	19	20	20	21	20	19	19	19	19	19	19	19	18	19
Fixed Income	20	20	20	20	22	24	26	25	20	20	19	20	19	19	20	20	22	21	20	21	20	20	19	19	18	17	20
Inflation Hedging	15	15	16	17	11	12	11	10	13	13	13	13	13	14	15	12	12	11	11	11	11	11	11	10	10	9	12
Cash	14	1	1	1	6	5	5	5	0	0	0	1	1	0	0	2	3	4	1	1	1	1	1	1	1	1	1

Asset Allocation - Performance Comparison

As of March 31, 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	1.4	12.6	10.9	7.2	12.3	3.3	6.8	6.9	9.1	9.3	10.6	Jul-07
Target Index	1.5	10.3	9.1	6.6	11.9	3.5	6.2	6.6	8.2	8.6	10.0	
Actual Index	1.4	11.4	9.9	6.9	11.4	3.7	6.7	6.9	8.2	8.3	9.3	
Domestic Index	2.0	15.5	13.4	11.5	16.8	6.1	6.9	6.9	8.8	10.0	12.5	
Global Index	1.5	12.1	9.9	7.0	14.1	3.8	8.2	8.5	10.7	12.1	14.5	
Consumer Price Index	1.4	1.5	1.5	1.9	2.1	1.9	0.9	1.1	1.1	1.1	1.5	

Inflation Adjusted Nominal Portfolio Statistics

Statistical Output (%)	Target Index	Actual Index	Domestic Index	Global Index
Expected Return (Arithmetic)	7.4	7.3	7.2	7.4
Expected Standard Deviation	12.2	12.1	13.9	13.8
Expected Return (Geometric)	6.7	6.6	6.3	6.5
Sharpe Ratio	0.4	0.4	0.3	0.4
Historical Return (Arithmetic)	10.1	9.7	10.2	9.2
Historical Standard Deviation	11.2	11.1	12.5	13.2
Historical Return (Geometric)	9.5	9.2	9.5	8.3
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	66.8	61.4	63.7

Historical Stress Test

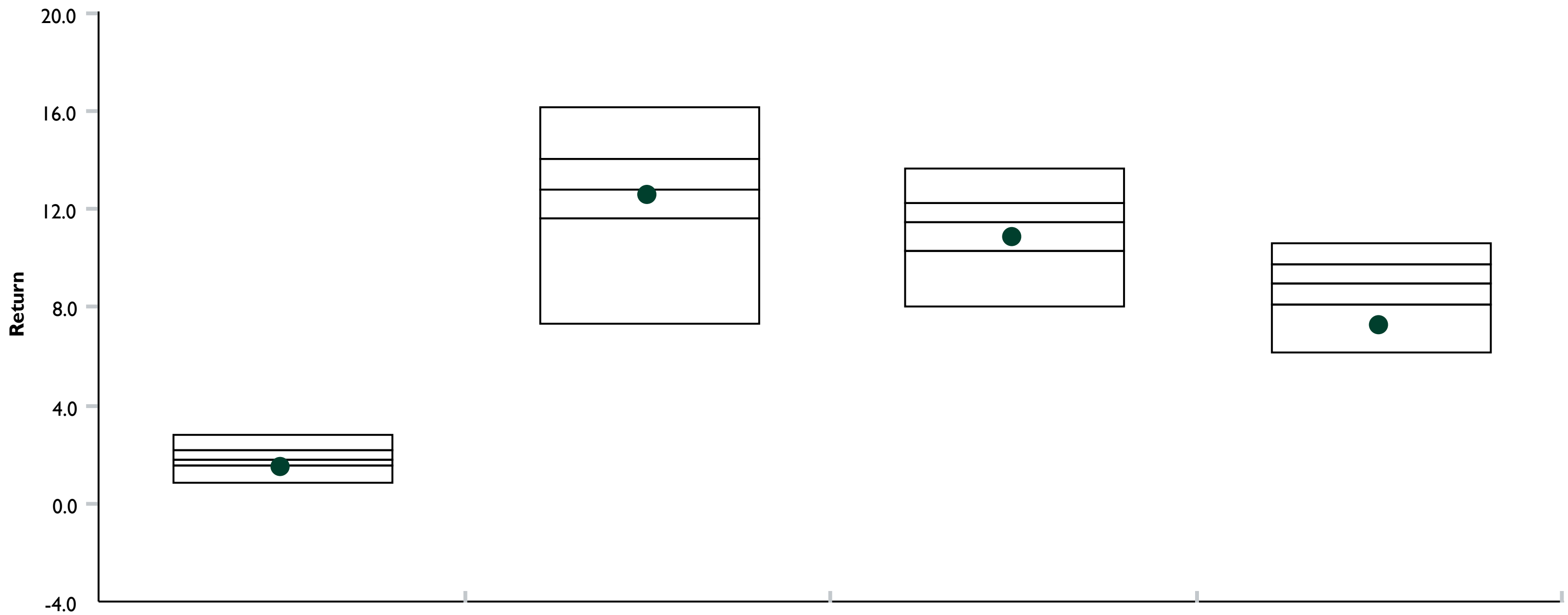
	Deflation: Fall '08 to S&P Trough Sep-08 to Mar-09	Corporate Scandals May-02 to Jul-02	Tech Bubble Collapse Mar-00 to Mar-01	Russian Debt/ LTCM Collapse Jul-98 to Oct-98	Rising Rates Jan-94 to Dec-94	Shock Inflation Jan-73 to Dec-73	High Inflation Jan-73 to Dec-81
Target Index	-28.9%	-12.3%	-7.2%	-9.5%	+1.9%	-1.8%	+5.9%
Actual Index	-28.6%	-12.7%	-8.6%	-9.8%	+2.2%	-0.5%	+5.9%
Domestic Index	-32.5%	-16.9%	-11.9%	-11.3%	-0.8%	-9.6%	+5.5%
Global Index	-34.1%	-13.0%	-17.3%	-10.1%	+2.2%	-8.2%	+5.7%

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

Plan Sponsor Peer Group Analysis

All Public Plans < $100mm

As of March 31, 2014



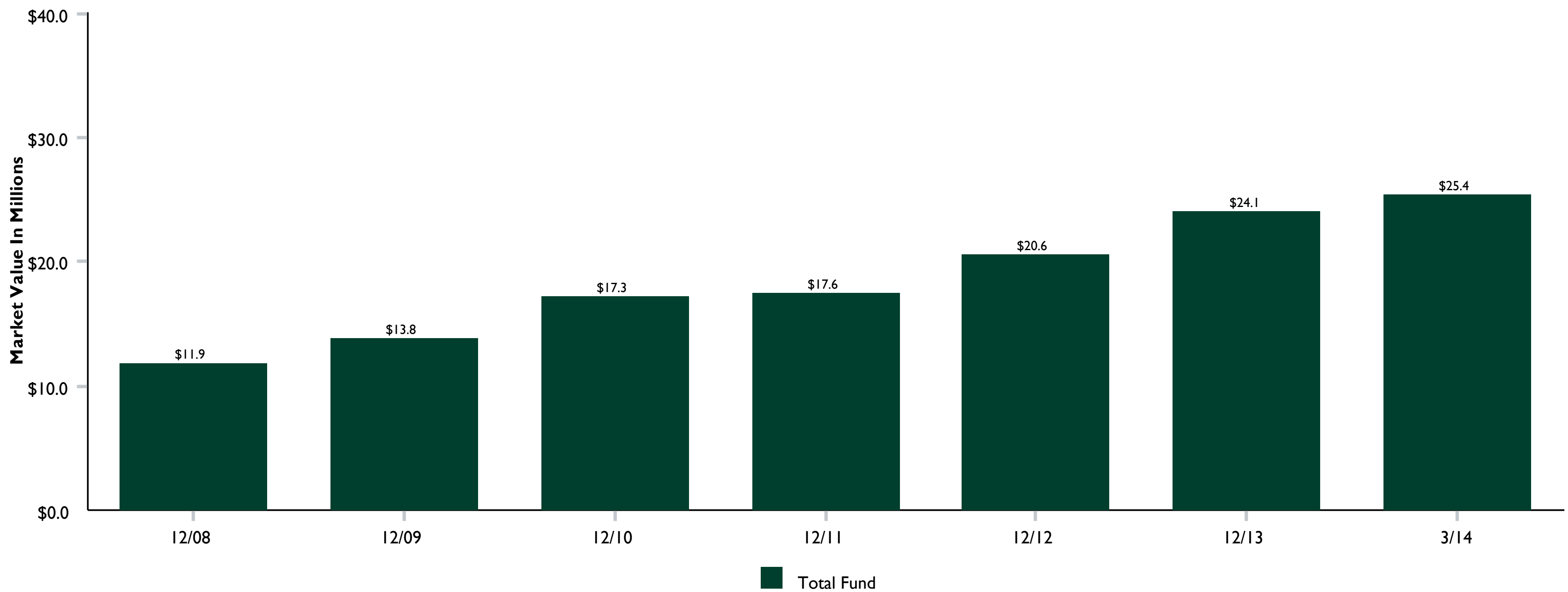
	QTR Ended Mar-14	1 Year	2 Years	3 Years
● Total Fund	1.4 (81)	12.6 (57)	10.9 (67)	7.2 (89)
5th Percentile	2.8	16.2	13.7	10.6
1st Quartile	2.1	14.1	12.2	9.8
Median	1.8	12.8	11.5	9.0
3rd Quartile	1.5	11.6	10.3	8.1
95th Percentile	0.8	7.3	8.0	6.2
Population	291	284	274	263

Schedule of Investable Assets

Total Fund

January 1, 2008 To March 31, 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 03/2014	$24,084,884	$1,000,000	$350,018	$25,434,903
	$16,305,625	**$4,306,315**	**$4,822,962**	**$25,434,903**



Liquidity Schedule

As of March 31, 2014

Redemption Terms		
Daily	$20,491,743	80.6
Semi Liquid	$4,943,160	19.4
Total	**$25,434,903**	**100.0**

Investments	Inception	Subscriptions	Market Value	Daily	Semi Liquid	Notes
Global Equity						
Fidelity Spartan Total Market Index Advisor Fund	Jun-07	Daily	$5,143,543	$5,143,543		
FPA Crescent Fund	Mar-12	Daily	$1,117,763	$1,117,763		
FMI Common Stock Fund	Mar-12	Daily	$1,208,546	$1,208,546		
Dodge & Cox International Stock Fund	Jun-07	Daily	$2,391,213	$2,391,213		
Artisan International Institutional Fund	Jun-11	Daily	$2,352,937	$2,352,937		
Flexible Capital						
Total Flexible Capital	Jul-07	Various	$4,943,160		$4,943,160	See additional report
Fixed Income						
PIMCO Total Return II Institutional Fund	Jan-09	Daily	$2,778,966	$2,778,966		
Vanguard Short Term US Treasury Admiral Fund	Nov-11	Daily	$2,291,427	$2,291,427		
Inflation Hedging						
Vanguard Short-Term Inflation Protected Securities Adm. Fund	Feb-14	Daily	$777,465	$777,465		
PIMCO CommoditiesPLUS Strategy Institutional Fund	Feb-14	Daily	$818,124	$818,124		
Van Eck Global Hard Assets I Fund	Mar-12	Daily	$1,447,152	$1,447,152		
Liquid Capital						
Government Stif 15	Jun-07	Daily	$164,607	$164,607		
Total ($)			**$25,434,903**	**$20,491,743**	**$4,943,160**	
Total (%)			**100.0**	**80.6**	**19.4**	

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	$2,010,623	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	$2,932,537	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	12/31/2012	Ernst & Young LLP	Walkers SPV Limited (Cayman); Willkie Farr & Gallagher LLP (US)	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	2/28/2013	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	3/31/2013	PricewaterhouseCoopers, LLP	Dechert, LLP	State Street Bank and Trust Company	Pacific Investment Management Company LLC	High
PIMCO Total Ret II Instl Fund	Pooled	3/31/2013	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	1/31/2013	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 March 31, 2014

Health Insurance Trust

	Fee Schedule	Assets Market Value	Projected Annual Fee ($)	Projected Annual Fee (%)
Fidelity Spartan Total Market Index Advisor Fund	0.06% of NAV	$5,143,543	$3,086	0.06%
FPA Crescent Fund	1.26% of NAV	$1,117,763	$14,084	1.26%
FMI Common Stock Fund	1.19% of NAV	$1,208,546	$14,382	1.19%
Dodge & Cox International Stock Fund	0.64% of NAV	$2,391,213	$15,304	0.64%
Artisan International Institutional Fund	0.97% of NAV	$2,352,937	$22,823	0.97%
Forester Offshore A2, Ltd.	1.00% on assets managed	$2,010,623	$20,106	1.00% *
Archstone Absolute Return Strategies Fund, Ltd. Class A	1.14% on assets managed **	$2,932,537	$33,431	1.14% *
PIMCO Total Return II Institutional Fund	0.50% of NAV	$2,778,966	$13,895	0.50%
Vanguard Short Term US Treasury Admiral Fund	0.10% of NAV	$2,291,427	$2,291	0.10%
Vanguard Short-Term Inflation Protected Securities Adm Fund	0.10% of NAV	$777,465	$777	0.10%
PIMCO CommoditiesPLUS Strategy Institutional Fund	0.74% of NAV	$818,124	$6,054	0.74%
Van Eck Global Hard Assets I Fund	1.00% of NAV	$1,447,152	$14,472	1.00%
Total Liquid Capital	--	$164,607	--	--
Total Investment Management Fees		**$25,434,903**	**$160,705**	**0.63%**

Fee Schedule

Fee Schedule as of March 31, 2014

Health Insurance Trust

	Fee Schedule	Assets Market Value	Projected Annual Fee ($)	Projected Annual Fee (%)
State Street Bank & Trust Co.				
-Custody Fees	0.015% on assets custodied	$25,434,903	$3,815	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:		**$25,434,903**	**$12,815**	**0.05%**
PBA Fees	0.25% on first $20 million	$25,434,903	$60,000	0.24%
	0.10% on next $50 million			
	0.05% over $70 million			
	$60,000 minimum			
Total Fees		**$25,434,903**	**$233,521**	**0.92%**

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 March 31, 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	22.5 (48)	14.6 (28)	22.0 (28)	16.3	1.0	1.0	2.0 (44)	33.4 (50)	16.4 (34)	1.0 (18)	17.4 (30)
Wilshire 5000 Total Market Index	**22.8 (43)**	**14.6 (27)**	**22.1 (25)**	**16.3**	**1.0**	**1.0**	**2.0 (45)**	**34.0 (45)**	**16.1 (38)**	**0.6 (22)**	**18.1 (27)**
IM U.S. Multi-Cap Core Equity (MF) Median	***22.3***	***12.9***	***20.4***	***17.0***	***1.0***	***1.0***	***1.8***	***33.4***	***15.0***	***-2.3***	***15.0***
FPA Crescent Fund	16.1 (11)	10.6 (7)	15.8 (40)	10.6	0.7	1.0	2.0 (55)	21.9 (11)	10.3 (54)	3.0 (20)	12.0 (68)
S&P 500 Index	**21.9 (4)**	**14.7 (4)**	**21.2 (3)**	**15.7**	**1.0**	**1.0**	**1.8 (61)**	**32.4 (4)**	**16.0 (15)**	**2.1 (30)**	**15.1 (28)**
60% Russell 2500 / 40% BC Global Credit	**16.0 (12)**	**10.8 (5)**	**19.3 (13)**	**13.8**	**0.8**	**1.0**	**2.5 (42)**	**21.4 (12)**	**15.6 (17)**	**0.5 (45)**	**18.9 (6)**
HFRI Equity Hedge (Total) Index	**10.3 (30)**	**3.7 (71)**	**9.5 (84)**	**9.9**	**0.6**	**0.9**	**1.3 (71)**	**14.3 (30)**	**7.4 (74)**	**-8.4 (95)**	**10.5 (76)**
IM Flexible Portfolio (MF) Median	***4.2***	***5.9***	***14.2***	***12.0***	***0.7***	***0.9***	***2.2***	***5.1***	***11.0***	***0.0***	***13.0***
FMI Common Stock Fund	22.0 (53)	13.2 (42)	22.8 (39)	17.9	0.9	1.0	1.8 (70)	32.0 (75)	10.2 (85)	4.5 (3)	22.2 (63)
Russell 2500 Index	**24.0 (33)**	**13.9 (24)**	**25.3 (9)**	**19.5**	**1.0**	**1.0**	**2.3 (62)**	**36.8 (32)**	**17.9 (22)**	**-2.5 (40)**	**26.7 (13)**
IM U.S. Mid Cap Core Equity (MF) Median	***22.1***	***12.7***	***22.2***	***18.7***	***1.0***	***1.0***	***2.6***	***34.8***	***15.4***	***-3.8***	***23.2***
Dodge & Cox International Stock Fund	25.3 (1)	8.8 (2)	20.5 (1)	23.6	1.1	1.0	2.8 (2)	26.3 (1)	21.0 (9)	-16.0 (91)	13.7 (2)
MSCI AC World ex USA (Net)	**12.3 (86)**	**4.1 (95)**	**15.5 (40)**	**20.7**	**1.0**	**1.0**	**0.5 (37)**	**15.3 (90)**	**16.8 (74)**	**-13.7 (72)**	**11.2 (11)**
IM International Large Cap Core Equity (MF) Median	***16.1***	***6.1***	***15.2***	***20.5***	***1.0***	***1.0***	***0.3***	***20.4***	***18.0***	***-12.8***	***7.5***
Artisan International Institutional Fund	16.2 (40)	12.8 (1)	19.6 (1)	20.4	1.0	1.0	-1.8 (84)	25.5 (2)	25.6 (2)	-4.1 (2)	6.2 (74)
MSCI EAFE (Net)	**17.6 (19)**	**7.2 (22)**	**16.0 (23)**	**20.1**	**1.0**	**1.0**	**0.7 (27)**	**22.8 (8)**	**17.3 (61)**	**-12.1 (36)**	**7.8 (56)**
IM International Large Cap Equity (MF) Median	***15.5***	***5.8***	***15.1***	***20.2***	***1.0***	***1.0***	***0.1***	***19.8***	***17.9***	***-13.2***	***8.5***
PIMCO Total Return II Institutional Fund	-1.0 (87)	3.7 (63)	6.4 (49)	4.2	1.0	0.7	1.4 (89)	-2.2 (61)	8.2 (11)	4.5 (92)	7.7 (35)
Barclays U.S. Aggregate	**-0.1 (51)**	**3.7 (57)**	**4.8 (81)**	**3.1**	**1.0**	**1.0**	**1.8 (68)**	**-2.0 (55)**	**4.2 (81)**	**7.8 (11)**	**6.5 (69)**
IM U.S. Broad Market Core Fixed Income (MF) Median	***-0.1***	***3.9***	***6.3***	***3.8***	***1.0***	***0.9***	***2.0***	***-1.9***	***6.0***	***6.6***	***7.2***

Peer Performance Comparison

As of March 31, 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	1.6	(24)	-2.3	(12)	NA		NA	NA	NA	4.4	(52)	-1.4	(24)	5.2	(20)	-2.3	(26)	NA	
Credit Suisse Commodity Benchmark Index	**2.8**	**(19)**	**-3.1**	**(18)**	**9.1**	**(7)**	**16.9**	**1.0**	**1.0**	**5.4**	**(40)**	**-1.8**	**(25)**	**2.1**	**(36)**	**-3.5**	**(33)**	**15.2**	**(52)**
IM All Commodities (MF) Median	***-2.5***		***-6.8***		***5.6***		***19.0***	***0.9***	***0.8***	***4.4***		***-9.7***		***-1.2***		***-8.3***		***15.5***	
Van Eck Global Hard Assets I Fund	10.2	(58)	-3.5	(51)	13.3	(45)	24.2	1.1	1.0	1.8	(68)	11.2	(46)	2.9	(42)	-16.3	(50)	28.9	(8)
S&P North American Natural Resources Sector	**11.6**	**(49)**	**0.2**	**(17)**	**15.7**	**(13)**	**21.9**	**1.0**	**1.0**	**2.7**	**(48)**	**16.5**	**(26)**	**2.2**	**(46)**	**-7.4**	**(10)**	**23.9**	**(23)**
IM Global Natural Resources (MF) Median	***11.3***		***-3.5***		***13.1***		***24.4***	***1.0***	***1.0***	***2.6***		***10.2***		***1.4***		***-16.3***		***16.6***	

Please Note:

-Standard Deviation, Beta and Correlation are relative to the primary benchmark for the strategy

-Manager and benchmark universe rankings are listed in parenthesis next to manager and benchmark returns

-Peer Universe rankings range from 1 to 100. The highest (or most favorable) percentile rank is 1 and the lowest (or least favorable) percentile rank is 100.

-IM Median returns for mutual fund (MF) universes reported net of fees.

Tab III

Portfolio Comparison

As of March 31, 2014

	Fidelity Spartan Total Market Index	FPA Crescent Fund	FMI Common Stock	Domestic Equity	Russell 3000
Composition					
# of Holdings	3,348	42	39	3,362	2,992
% Top 15 Holdings	19.1	58.6	61.0	19.2	19.4
% Top 25 Holdings	26.2	79.2	81.3	26.2	26.4
Characteristics					
Wtd Avg Mkt Cap ($B)	94.3	89.6	3.9	78.9	97.1
Forecast P/E	16.5	15.5	16.1	16.3	16.5
Price/Book ratio	2.8	2.4	2.3	2.6	2.7
Historical EPS Growth - 5 Year	10.3	10.1	6.6	9.7	10.4
Forecast EPS Growth - Long-Term	12.2	12.3	10.5	12.0	12.1
Current Yield	1.9	2.1	1.3	1.8	1.9
GICS Sectors (%)					
Energy	9.3	6.0	4.3	8.0	9.3
Materials	3.8	6.3	11.6	5.4	3.8
Industrials	11.4	0.0	25.6	12.0	11.5
Consumer Discretionary	12.6	5.2	2.9	10.0	12.9
Consumer Staples	8.2	17.3	0.5	8.4	8.4
Health Care	12.8	14.3	6.2	12.0	13.0
Financials	17.4	17.0	13.8	16.8	17.6
Information Technology	17.9	28.9	18.9	19.7	18.2
Telecommunication Services	2.2	0.9	0.0	1.7	2.2
Utilities	3.1	0.0	0.0	2.1	3.1
Cash	1.2	0.0	16.3	3.5	0.0
Other	0.0	4.2	0.0	0.6	0.0
Market Capitalization (%)					
Mega (Above $50B)	47.6	45.7	0.0	39.6	49.1
Large ($12B - $50B)	26.7	34.8	0.0	23.6	27.0
Mid ($4B - $12B)	14.2	15.2	54.6	20.9	14.0
Small/Mid ($2B - $4B)	5.2	0.0	16.1	6.2	5.0
Small ($0 - $2B)	5.0	0.1	13.0	5.5	5.0
Cash	1.2	0.0	16.3	3.5	0.0
Other	0.0	4.2	0.0	0.6	0.0

Portfolio Comparison

As of March 31, 2014

	Dodge & Cox International Stock	Artisan International	International Equity	MSCI AC World ex USA	MSCI EAFE	Global Equity	MSCI AC World
Composition							
# of Holdings	92	76	153	1,824	916	3,501	2,433
% Top 15 Holdings	37.0	44.0	28.7	12.4	16.9	15.6	11.3
% Top 25 Holdings	53.6	62.0	41.3	17.7	23.9	21.9	16.0
Characteristics							
Wtd Avg Mkt Cap ($B)	68.1	62.3	65.2	57.9	65.6	73.6	84.5
Forecast P/E	14.1	15.6	14.8	13.5	14.0	15.7	14.7
Price/Book ratio	2.0	2.6	2.3	2.0	2.0	2.5	2.4
Historical EPS Growth - 5 Year	3.0	11.1	6.9	6.5	5.0	8.7	8.6
Forecast EPS Growth - Long-Term	16.5	15.1	15.8	12.2	11.5	13.5	12.0
Current Yield	2.7	2.1	2.4	3.1	3.2	2.0	2.6
GICS Sectors (%)							
Energy	7.1	1.1	4.1	9.1	6.9	6.5	9.7
Materials	4.3	6.6	5.4	8.7	8.1	5.4	6.1
Industrials	9.5	21.0	15.2	11.2	12.9	13.2	10.8
Consumer Discretionary	11.7	17.3	14.5	10.8	11.8	11.7	11.7
Consumer Staples	2.8	17.1	9.9	9.9	11.0	8.9	9.7
Health Care	15.0	14.8	14.9	8.2	10.4	13.1	10.6
Financials	25.5	10.9	18.3	26.6	25.6	17.3	21.5
Information Technology	15.0	8.0	11.5	6.8	4.5	16.5	12.7
Telecommunication Services	6.8	2.0	4.4	5.2	5.0	2.7	3.9
Utilities	0.0	0.0	0.0	3.5	3.8	1.3	3.3
Cash	2.3	1.2	1.7	0.0	0.0	2.8	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.4	0.0
Market Capitalization (%)							
Mega (Above $50B)	44.9	37.4	41.2	39.2	45.1	40.2	48.1
Large ($12B - $50B)	42.3	39.9	41.1	37.0	36.3	30.4	34.5
Mid ($4B - $12B)	8.6	21.5	15.0	19.4	16.1	18.6	15.1
Small/Mid ($2B - $4B)	2.0	0.0	1.0	3.8	2.4	4.2	2.0
Small ($0 - $2B)	0.0	0.0	0.0	0.6	0.1	3.4	0.3
Cash	2.3	1.2	1.7	0.0	0.0	2.8	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.4	0.0

Regional Exposure

As of March 31, 2014

Regional Allocation (%)

	Global Equity	MSCI AC World	Dodge & Cox International Stock	Artisan International	International Equity	MSCI AC World ex USA	MSCI EAFE
Canada	0.4	3.7	0.0	0.8	0.4	7.3	0.0
United States	57.0	48.1	6.1	3.2	4.6	0.0	0.0
Pacific ex Japan	1.8	5.3	1.3	7.8	4.5	10.1	12.2
Japan	5.0	7.3	11.2	14.7	13.0	14.2	19.7
Europe ex UK	20.7	17.8	47.5	48.2	47.8	33.6	46.5
United Kingdom	5.7	7.8	12.0	14.8	13.4	15.2	21.1
Middle East	0.2	0.2	0.0	0.0	0.0	0.4	0.5
Developed Markets	**90.8**	**90.2**	**78.1**	**89.4**	**83.7**	**80.8**	**100.0**
EM Asia	2.6	6.0	6.1	7.0	6.6	11.7	0.0
EM Europe	0.4	1.0	1.9	0.0	1.0	1.9	0.0
EM Latin America	1.8	2.0	5.5	2.2	3.9	4.0	0.0
EM Mid East+Africa	1.1	0.8	5.8	0.0	2.9	1.6	0.0
Emerging Markets	**6.0**	**9.8**	**19.4**	**9.2**	**14.3**	**19.2**	**0.0**
Frontier Markets	**0.1**	**0.0**	**0.3**	**0.2**	**0.2**	**0.0**	**0.0**
Cash	2.8	0.0	2.3	1.2	1.7	0.0	0.0
Other	0.4	0.0	0.0	0.0	0.0	0.0	0.0

Regional Allocation (%)

	Global Equity	MSCI AC World
United States	57.0	48.1
Non-US Developed	**33.8**	**42.1**
Emerging Markets	**6.0**	**9.8**
Frontier Markets	**0.1**	**0.0**
Cash	2.8	0.0
Other	0.4	0.0

Flexible Capital

As of March 31, 2014

	Forester Offshore Fund, Ltd.	Archstone Absolute Return Strategies Fund, Ltd. Class A	Total Flexible Capital	FPA Crescent Fund	Total Leveraged Portfolio
Market Value	$2,011	$2,933	$4,943	$1,118	$6,061
% of Total Managed Portfolio ($25,435)	7.9	11.5	19.4	4.4	23.8
Market Exposure (%)					
Gross Long %	104.0	114.0	109.9	56.4	100.1
Gross Short %	56.0	48.2	51.4	2.1	42.3
Net %	48.0	65.8	58.6	54.4	57.8
Total Gross	160.0	162.2	161.3	58.5	142.3
Strategy Weights (%)					
L/S Equity	100.0	18.5	51.7	51.9	51.7
L/S Credit	0.0	27.6	16.4	1.4	13.6
Event-Driven	0.0	3.6	2.1	0.0	1.7
Distressed	0.0	20.5	12.2	0.0	9.9
Special Situations	0.0	5.9	3.5	0.0	2.9
Relative Value	0.0	8.3	4.9	0.0	4.0
Macro	0.0	0.0	0.0	0.0	0.0
Other/Cash	0.0	15.6	9.3	46.7	16.2
Geography (%)					
U.S. & Canada	66.9	60.7	63.2	66.5	63.8
Dev Europe	19.4	27.4	24.1	28.3	24.9
Asia	9.4	8.7	9.0	0.0	7.3
Emerging Mkts	4.3	0.0	1.7	0.0	1.4
Other	0.0	3.4	2.0	5.2	2.6

Top 10 Long Holdings/Managers

Forester Offshore Fund, Ltd.		Archstone Absolute Return Strategies Fund, Ltd. Class A		FPA Crescent Fund	
Company	**%**	**Company**	**%**	**Company**	**%**
KENSICO CAPITAL	8.0	FIR TREE	10.3	MICROSOFT	3.5
VIKING GLOBAL	8.0	MASON	10.1	ORACLE	3.2
PENNANT CAPITAL	6.0	YORK CREDIT	10.0	CVS CAREMARK	3.1
SAMLYN CAPITAL	6.0	OZ OVERSEAS	9.9	AON	3.0
WELLINGTON MGMT	4.0	ELLIOTT INT'L	9.9	THERMO FISHER	2.6
FALCON EDGE	4.0	KING STREET	9.8	OCCIDENTAL	2.2
LANSDOWNE	4.0	FARALLON	9.7	COVIDIEN	2.1
ABRAMS BISON	3.0	SILVER POINT	9.6	GOOGLE	1.8
CASTINE CAPITAL	3.0	DK INT'L	9.5	AMERICAN INT'L	1.8
COATUE MGMT	3.0	BREVAN HOWARD	6.2	CISCO	1.5

- Archstone Absolute Return Strategies Fund, Ltd 3/31/2014 statistics as of 12/31/2013.
- FPA Crescent Fund market and geographic exposure exclude cash. 3/31/2014 statistics as of 12/31/2013.

Flexible Capital Underlying Manager Exposure

Data as of 12/31/2013	2,389,749	2,007,346	556,451	4,953,546	24,084,884	
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%	11.2%	2.3%	556,451
Fir Tree Capital Opportunity Fund	10.0%			4.8%	1.0%	238,975
Mason Capital	10.0%			4.8%	1.0%	238,975
York Credit Opportunities	10.0%			4.8%	1.0%	238,975
Davidson Kempner	9.0%			4.3%	0.9%	215,077
Elliot Associates	9.0%			4.3%	0.9%	215,077
Farallon Capital	9.0%			4.3%	0.9%	215,077
King Street Capital	9.0%			4.3%	0.9%	215,077
Och-Ziff	9.0%			4.3%	0.9%	215,077
Silver Point Capital	9.0%			4.3%	0.9%	215,077
Viking Global Equities		8.0%		3.2%	0.7%	160,588
Brevan Howard Credit Catalysts	6.0%			2.9%	0.6%	143,385
Kensico Partners		7.0%		2.8%	0.6%	140,514
Saba Capital Offshore Fund, Ltd.	5.0%			2.4%	0.5%	119,487
Joho Capital, L.L.C.		5.0%		2.0%	0.4%	100,367
Pennant Capital Management, L.L.C.		5.0%		2.0%	0.4%	100,367
Samlyn Capital, LLC		5.0%		2.0%	0.4%	100,367
Lansdowne Partners Limited Partnership		4.0%		1.6%	0.3%	80,294
Wellington Management Company		4.0%		1.6%	0.3%	80,294
Abrams Bison		3.0%		1.2%	0.3%	60,220
Castine Capital		3.0%		1.2%	0.3%	60,220
Coatue Qualified Partners		3.0%		1.2%	0.3%	60,220
Steadfast Capital, L.L.C.		3.0%		1.2%	0.3%	60,220
The Children's Investment Fund Mgmt UK LLP		3.0%		1.2%	0.3%	60,220
Tiger Global		3.0%		1.2%	0.3%	60,220

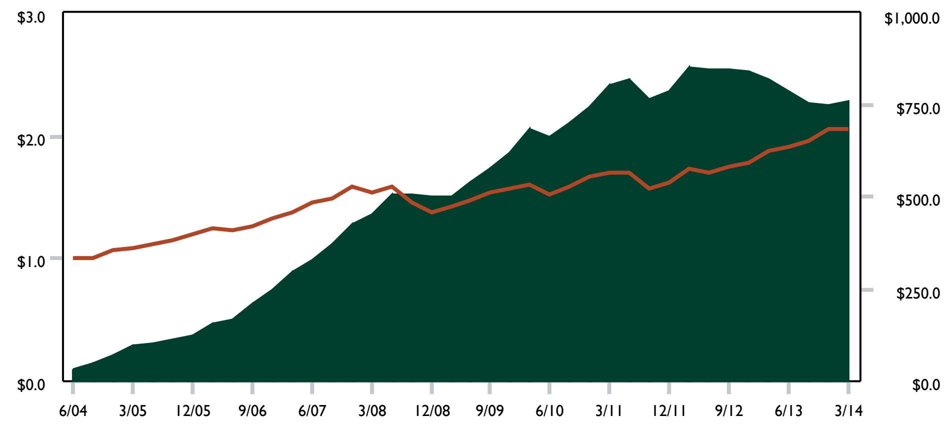
- Content is current as of the date indicated.
- Gray cells represent overlap within the Flexible Capital composite.
- Analysis includes only the top 20 underlying funds for each fund of funds.
- 2 top 20 underlying funds have exposures of less than 1% of the total Flexible Capital composite and have been excluded from the above table.

Flexible Capital Strategies

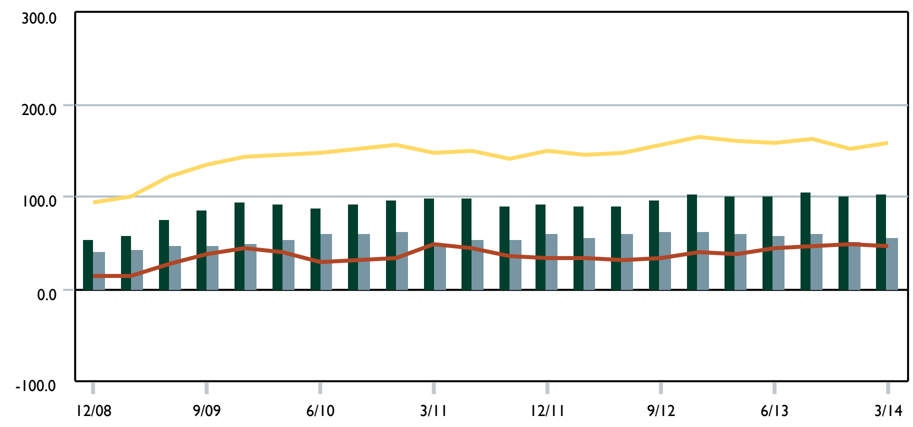
Forester Offshore, Ltd.

As of March 31, 2014

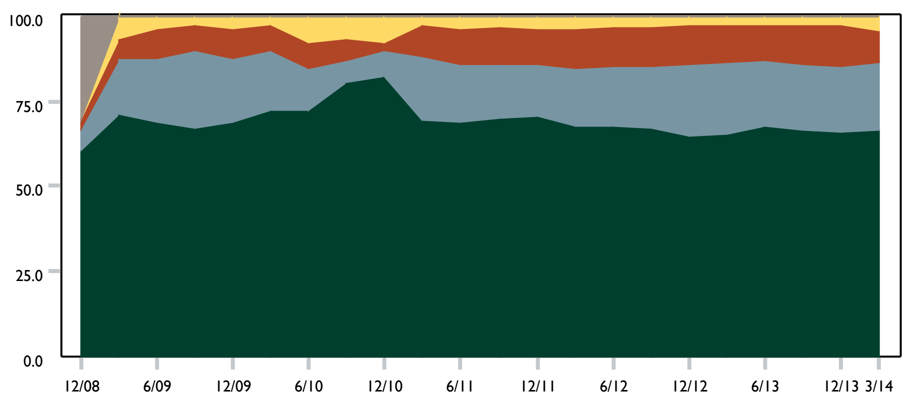
Asset Growth



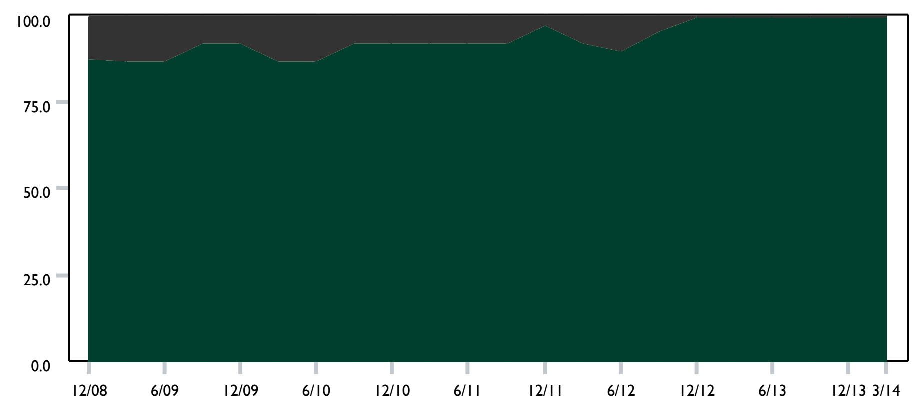
Market Exposure



Geographic Exposure



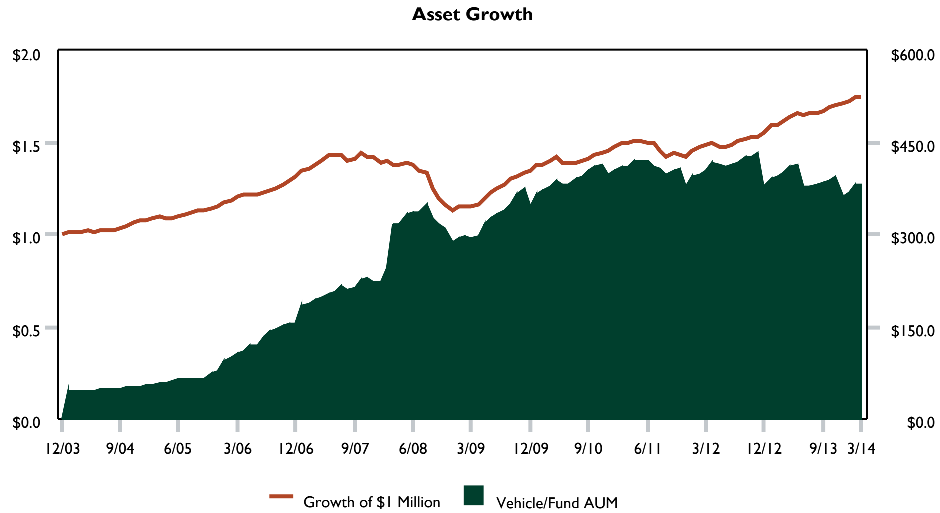
Strategy Weights

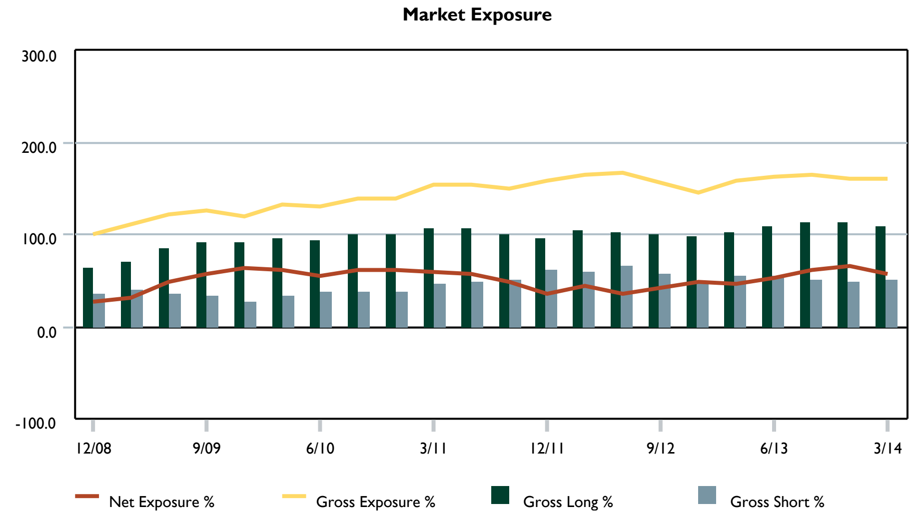


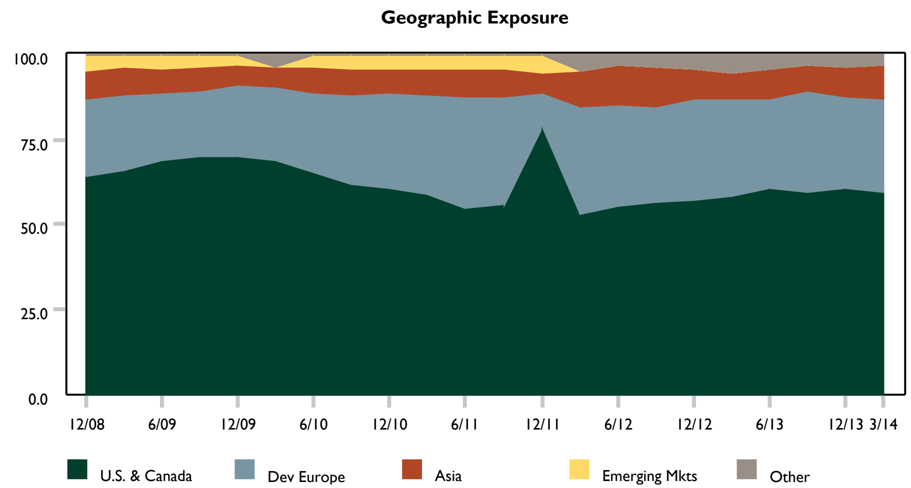
Flexible Capital Strategies

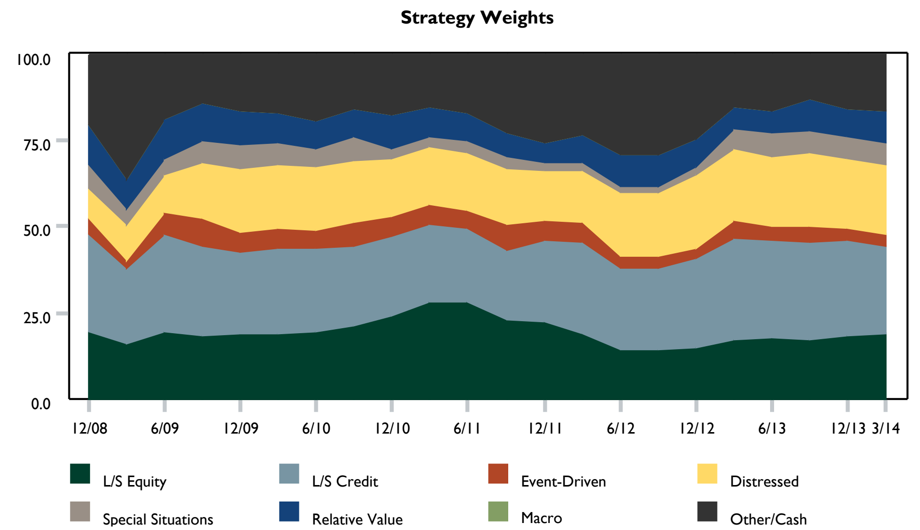
Archstone Absolute Return Strategies Fund, Ltd.

As of March 31, 2014







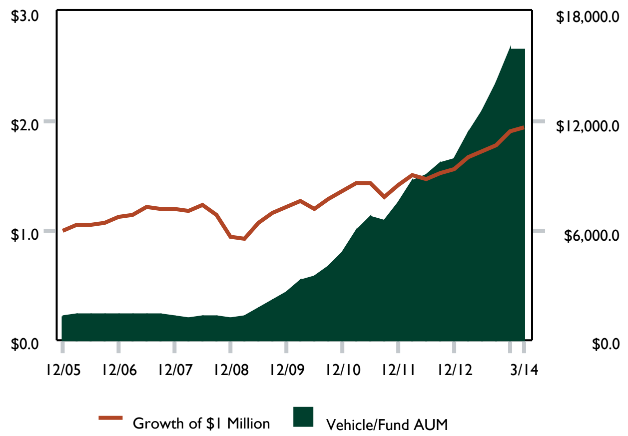


Flexible Capital Strategies

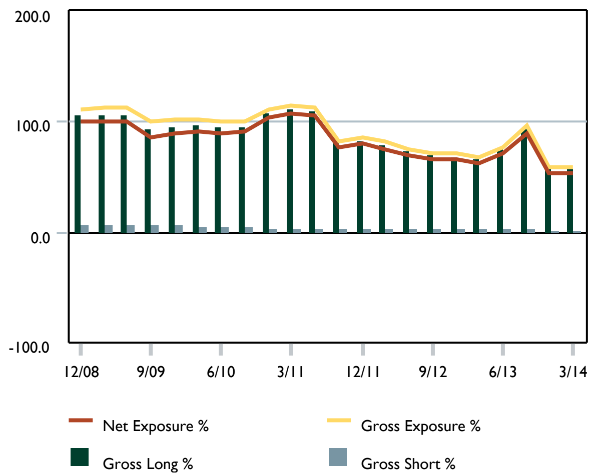
FPA Crescent Fund

As of March 31, 2014

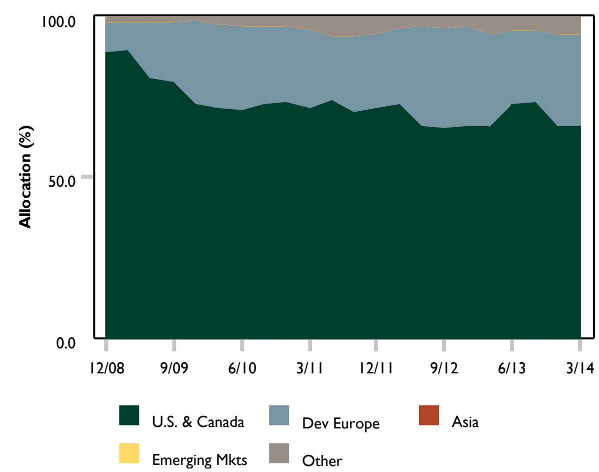
Asset Growth



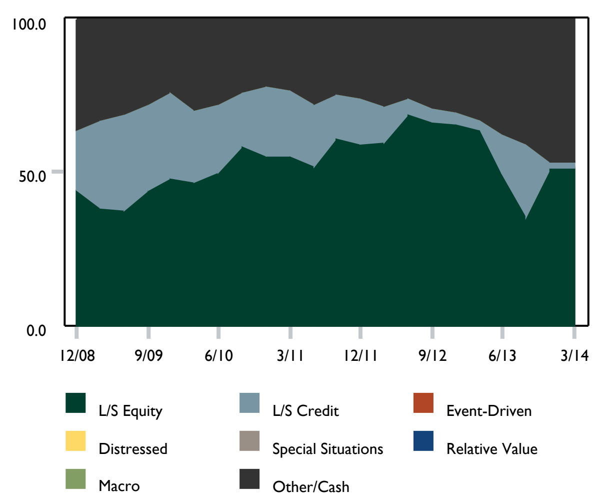
Market Exposure



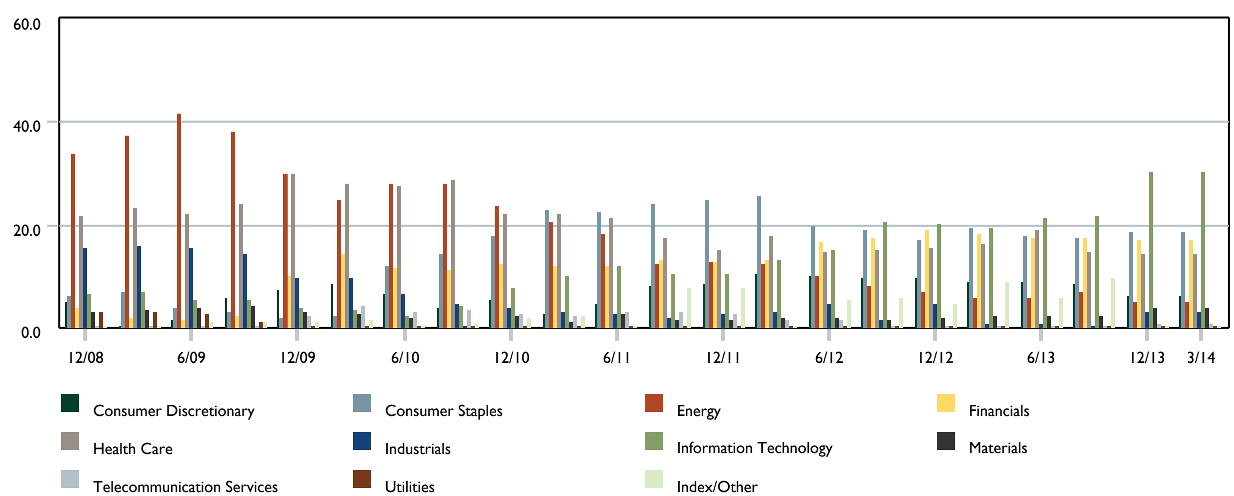
Geographic Exposure



Strategy Weights



Sector Breakdown



Market and geographic exposure exclude cash. 3/31/2014 statistics as of 12/31/2013. Current assets unavailable at time of reporting.

Fixed Income

As of March 31, 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	1.9	2.4	0.6	0.8	1.3
Average Maturity	4.9	7.7	2.3	2.7	3.7
Duration	4.5	5.7	2.2	2.6	3.5
Quality Breakdown					
U.S. Treasury	47.0	35.7	97.9	100.0	70.0
U.S. Govt/Agency	-1.0	3.8	0.0	0.0	-0.5
Agency MBS	0.0	29.2	0.0	0.0	0.0
Non-U.S. Sov/Agency	0.0	4.6	0.0	0.0	0.0
AAA	31.0	3.3	0.0	0.0	17.0
AA	6.0	2.5	0.0	0.0	3.3
A	8.0	10.7	0.0	0.0	4.4
BBB	6.0	10.2	0.0	0.0	3.3
BB and Below	3.0	0.0	0.0	0.0	1.6
NR/Other	0.0	0.0	2.1	0.0	0.9
Sector Breakdown					
U.S. Treasury	47.0	35.7	97.9	100.0	70.0
U.S. Government Related	-1.0	3.8	0.0	0.0	-0.5
Non-U.S. Sovereign/Agency	0.0	4.6	0.0	0.0	0.0
Investment Grade Corporate	8.0	23.0	0.0	0.0	4.4
Industrials	1.0	12.9	0.0	0.0	0.5
Utility	0.0	2.6	0.0	0.0	0.0
Financials	7.0	7.5	0.0	0.0	3.8
High Yield	0.0	0.0	0.0	0.0	0.0
Non-U.S. Dollar	0.0	0.0	0.0	0.0	0.0
Emerging Market Debt	0.0	0.0	0.0	0.0	0.0
MBS	31.0	29.2	0.0	0.0	17.0
MBS-Agency	28.0	29.2	0.0	0.0	15.3
MBS-NonAgency	3.0	0.0	0.0	0.0	1.6
CMBS	6.0	1.7	0.0	0.0	3.3
ABS	2.0	0.5	0.0	0.0	1.1
Municipals	8.0	0.0	0.0	0.0	4.4
Cash	-3.0	0.0	2.1	0.0	-0.7
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: 24% ST Gov't Related, 2% Mortgage, 4% Credit, 124% US MM Futures/Options, 1% Other, and -158% 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 March 31, 2014

	Vanguard Short-Term Inflation Protected Securities Adm. Fund	Barclays U.S. Treasury: 0-5 Year TIPS Index
Portfolio Characteristics		
Yield	0.8	0.7
Average Maturity	2.4	2.4
Duration	2.4	1.8
Quality Breakdown		
U.S. Treasury	100.0	100.0
U.S. Govt/Agency	0.0	0.0
Agency MBS	0.0	0.0
Non-U.S. Sov/Agency	0.0	0.0
AAA	0.0	0.0
AA	0.0	0.0
A	0.0	0.0
BBB	0.0	0.0
BB and Below	0.0	0.0
NR/Other	0.0	0.0
Sector Breakdown		
U.S. Treasury	100.0	100.0
U.S. Government Related	0.0	0.0
Non-U.S. Sovereign/Agency	0.0	0.0
Investment Grade Corporate	0.0	0.0
Industrials	0.0	0.0
Utility	0.0	0.0
Financials	0.0	0.0
High Yield	0.0	0.0
Non-U.S. Dollar	0.0	0.0
Emerging Market Debt	0.0	0.0
MBS	0.0	0.0
MBS-Agency	0.0	0.0
MBS-NonAgency	0.0	0.0
CMBS	0.0	0.0
ABS	0.0	0.0
Municipals	0.0	0.0
Cash	0.0	0.0
Other	0.0	0.0

- Vanguard Short-Term Inflation Protected Securities Duration represents Average Duration.
- Barclays U.S. Treasury TIPS 0-5 Years Duration represents Modified Adjusted Duration.

Inflation Hedging

As of March 31, 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

Portfolio Comparison

As of March 31, 2014

	Van Eck Global Hard Assets	S&P North American Natural Resources Sector
Composition		
# of Holdings	53	139
% Top 15 Holdings	63.2	50.6
% Top 25 Holdings	79.7	63.4
Characteristics		
Wtd Avg Mkt Cap ($B)	23.5	80.3
Forecast P/E	16.9	15.2
Price/Book ratio	2.1	2.1
Historical EPS Growth - 5 Year	-0.3	-2.7
Forecast EPS Growth - Long-Term	14.6	12.6
Current Yield	1.2	2.0

Portfolio Comparison

As of March 31, 2014

	Van Eck Global Hard Assets	S&P North American Natural Resources Sector
GICS Industries (%)		
Oil & Gas Drilling	6.1	3.7
Oil & Gas Equipment & Services	20.8	16.7
Integrated Oil & Gas	3.1	23.8
Oil & Gas Exploration & Production	35.8	29.4
Oil & Gas Refining & Marketing	3.2	6.1
Oil & Gas Storage & Transportation	0.0	4.6
Coal & Consumable Fuels	2.8	1.2
Fertilizers & Agricultural Chemicals	0.9	0.0
Construction Materials	0.0	1.0
Metal & Glass Containers	0.0	1.5
Paper Packaging	0.0	2.2
Aluminum	0.0	0.7
Diversified Metals & Mining	4.1	2.5
Gold	5.7	4.4
Precious Metals & Minerals	0.0	0.1
Silver	0.0	0.5
Steel	1.9	0.0
Forest Products	1.5	0.1
Paper Products	0.0	1.4
Construction & Engineering	0.7	0.0
Construction & Farm Machinery & Heavy Trucks	1.6	0.0
Agricultural Products	1.4	0.0
Cash	9.5	0.0
Other	0.9	0.0
Market Capitalization (%)		
Mega (Above $50B)	14.5	37.6
Large ($12B - $50B)	34.9	40.5
Mid ($4B - $12B)	30.7	17.4
Small/Mid ($2B - $4B)	8.6	3.8
Small ($0 - $2B)	1.8	0.7
Cash	9.5	0.0

Country/Region Allocation

As of March 31, 2014

Country/Region Allocation (%)	Van Eck Global Hard Assets	S&P North American Natural Resources Sector
Canada	6.5	13.6
United States	74.4	83.5
Europe ex UK	4.1	2.3
United Kingdom	5.5	0.6
Developed Markets	**90.5**	**100.0**
Cash	9.5	0.0

Tab IV

Performance Highlights

Equity

- FPA Crescent gained 2.0%, outperforming the S&P 500 and the HFRI Equity Hedge Index. FPA's outperformance in the quarter was largely a result of strong security selection as net equity exposure was just 52% and more than 40% of the portfolio was held in cash or short-term Treasury securities. FPA avoided many of the trendy, growth-oriented technology and consumer names that struggled late in the quarter, focusing on large, higher quality companies that generally outperformed the market. Among the top contributors to results were older technology companies Oracle and Microsoft, which gained 7% and 10%, respectively, and are among the Fund's largest holdings. Health care-oriented names also performed well during the quarter, led by 8% gains for Covidien and Wellpoint and a nearly 5% gain for CVS. FPA continues to like the opportunity set in health care as the industry evolves as a result of regulation and changing demographics. On the negative side, AIG and Google were modestly negative in the quarter and both companies were affected by technical selling by the hedge fund community during the quarter. FPA's modest short positions in the REIT sector were also negative, but the positions are small and the impact on performance was minimal. FPA continues to be underweight corporate credit and is seeking other avenues to add yield and return without market sensitivity, including private real estate loans.

- FMI's Small/Mid Cap Equity strategy appreciated 1.8% in the quarter, but trailed the Russell 2500 Index (+2.3%). FMI was encouraged by the portfolio's performance in the latter half of the period as the markets corrected led by expensive segments such as biotechnology and software as a service (SaaS) that do not fit FMI's investment criteria. While FMI's cash balance remains elevated (16.0% at quarter-end), the recent sell-off provided opportunities for FMI to establish a couple of new positions while increasing the size of a few existing holdings. FMI's stock selection was strongest within the information technology sector, where FLIR Systems and Anixter International advanced by double-digits and contributed to FMI's relative results. FMI also experienced strength within materials, where potash producer Sociedad Quimica y Minera de Chile (SQM) benefited from the tensions in Russia and Ukraine and figured among the contributors. FMI also benefited from the timing of its purchase of Cal-Maine Foods, which became a full position in the quarter. Additionally, FMI was also able to finish positions in industrials Lindsay Corp. and Woodward in the quarter. FMI continued to find more opportunities to trim and exit positions—largely on valuation—than to build new positions. While unenthusiastic about the absolute valuations of small and mid cap equities, the relative value of FMI's portfolio expanded in the quarter. FMI's Small/Mid Cap Equity strategy remains effectively closed to new investors.

Performance Highlights

Equity (cont'd)

- The Dodge & Cox International Stock Fund outpaced both the MSCI EAFE Index and the MSCI ACWI ex U.S. Index for the quarter. The Fund rose 2.8%, while the benchmarks climbed only 0.7% and 0.5%, respectively. During the period, the investment team generated strong stock selection across most major economic sectors. Financials was an area of particular strength, as positions in emerging markets banks such as ICICI Bank (India) and Kasikornbank (Thailand) rebounded sharply, posting double digit gains. Dodge & Cox also saw strong relative returns within the consumer sectors. Health care was the only sector where the team failed to add value. Sanofi and Bayer both suffered modest losses, with the latter failing to meet earnings expectations during the quarter. There have been few changes to the portfolio as of late. The team modestly increased its financials exposure, most notably to select emerging markets banks. Emerging markets on the whole have experienced increased purchase activity as valuations have grown more compelling. Japan remains an underweight within the portfolio. While the Japanese market has had a strong run, though it has recently faltered, Dodge & Cox has remained wary of poor demographics. Japanese exposure has remained focused on exporters.

- Dodge & Cox shareholders will be voting on six proposals at a special shareholders meeting scheduled for April 23, 2014. These proposals relate to the election of two new Trustees to the Board of Trustees and the removal of various investment restrictions. Dodge & Cox has stated that the removal of these restrictions will not change the way it invests. Instead, it is seeking to broaden the language in order to remove any potential for violations as Dodge & Cox considers the restrictions to be outdated and unnecessary. They have also stated that even if the changes are approved they would actively communicate to investors any plans to take advantage of the increased flexibility allowed by the looser restrictions. Overall, we are comfortable with the proposals as they appear consistent with industry standards and have recommended that clients approve the proposals. We will continue to closely monitor the strategies to ensure Dodge & Cox is not investing differently and/or utilizing non-traditional investments.

Performance Highlights

Equity (cont'd)

- The Artisan International Fund faltered in the quarter with a decline of 1.8%, while the MSCI EAFE Index managed a gain of 0.7%. Some of the strongest performers within the portfolio in 2013 saw a reversal to start the year with names such as Tencent and Baidu, both Chinese internet companies, posting losses. The investment team also had difficulty adding value within the consumer discretionary sector, as large position Japanese automotive companies Toyota and Honda also struggled during the quarter. Though a meaningful underweight in the portfolio, the team did see positive performance from its energy positions. At quarter-end, Artisan remained meaningfully overweight both the consumer staples and consumer discretionary sectors. In addition to the energy sector, the team was also underweight materials and continued to hold no exposure to utilities. Regionally, Artisan was underweight Europe and the Pacific Basin, the latter of which stemmed from holding no exposure to Australia and an underweight to Japan. The portfolio's direct emerging markets allocation stood 12% and was focused 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 Partners gained 0.2%, trailing the 0.4% gain for the HFRI FOF: Strategic Index. Forester had mixed results during the quarter, with the Fund struggling in the month of March following a reversal in market leadership and as many hedge funds underperformed as crowded trades experienced a technicals-driven decline. Technology manager Coatue was among the most impacted by this market reversal, declining 8.5% in March and finishing the quarter with a loss of more than 7%. Asian specialist Joho was also down more than 4% as the Japanese market corrected after strong gains in 2013. Joho returned capital to investors at quarter-end as the firm's portfolio manager is retiring. The Fund's largest manager allocations—Kensico, Samlyn, and Viking—were all up 1% or less on the quarter, limiting overall gains. Among the better performing equity managers was TCI, which gained more than 3% largely due to infrastructure plays in Europe. Wellington's financials fund Bay Pond was up roughly 1%, and North Run, which is a smaller allocation for Forester, was up more than 4%. North Run has a large position in Teva Pharmaceuticals, which was up more than 30% in the first quarter.

- Archstone Absolute Return Strategies gained 1.8%, benefiting from strong returns in the credit market. The top individual contributor to results during the quarter was Lehman Brothers, which is a top holding for several managers within Arcshtone's portfolio. The Lehman estate announced a larger-than-expected distribution and claims in the holding company appreciated roughly 10% in the quarter. The impact of Lehman Brothers was most notable in returns of Davidson Kempner, Elliott, King Street, and Silver Point, which were all up more than 2% on the quarter. Davidson Kempner (DK) and Elliott are both multi-strategy managers, with Elliott also benefiting from activist equity positions; whereas, DK had little in the way of contribution from merger arbitrage or equity strategies during the quarter. York Credit was the top contributor, gaining more than 7%. York also benefited from Lehman Brothers, but the outperformance was driven more by a position in Edison Mission, which reached a deal with its parent company to exit bankruptcy during the quarter. While distressed credit was positive, credit trading was also profitable as Brevan Howard was up more than 3% due to solid credit selection and gains in relative value structured credit trades. Multi-strategy manager performance was mixed overall, with Fir Tree up 2%, Farallon up 1%, and Och-Ziff up just 20 bps as the manager has more equity exposure than others, which was a difficult area in the quarter. Event-driven manager Mason was the only meaningful laggard, declining more than 1.5%.

Performance Highlights

Fixed Income

- The PIMCO Total Return II Fund rose 1.4% during the quarter, underperforming the Barclays Aggregate Index, which returned 1.8%. An underweight to the long end of the U.S. yield curve and overall duration underweight detracted from performance as the curve flattened and yields at the long and intermediate portions of the curve declined. PIMCO's overweight exposure to the front end of the U.S. yield curve, implemented through eurodollar futures, also detracted from performance as the front end sold-off following comments from Federal Reserve Chair Janet Yellen that indicated the Fed may begin raising rates sooner than anticipated. PIMCO's exposure to U.S. TIPS also hurt performance as breakeven inflation rates fell. These losses were partially offset by the team's exposure to non-agency mortgages, which continued to perform well amid the ongoing housing market recovery and limited supply. The team's positioning within agency mortgage-backed securities also helped performance. PIMCO has become more optimistic on global growth and upgraded its expected growth rate. It increased exposure to corporate credit, with an emphasis on the front end of the curve. The team continues to target a neutral-to-slight underweight duration posture with an emphasis on short and intermediate maturities and underweight to longer maturities.

- In recent months, PIMCO experienced several senior level departures and multiple investment leadership changes. Most notably, on January 21, 2014, Allianz SE announced that Mohamed El-Erian, PIMCO CEO, co-CIO, and Investment Committee co-Chair, has resigned from his role at PIMCO. El-Erian remained with the Firm (a subsidiary of Allianz SE) through mid-March, at which point he was scheduled to transition to a new role on the Allianz SE International Executive Committee. In the wake of these changes, PIMCO Co-CIO Bill Gross has retained the CIO title and the Firm initially appointed two senior investment professionals (Andrew Balls and Daniel Invascyn) to a newly created Deputy CIO position. Doug Hodge has taken on the CEO title, having previously served as the Firm's COO. Jay Jacobs was promoted to President, a new position designed to take on some of the previous COO responsibilities. Shortly thereafter, four additional team members were promoted to this position (Mark Kiesel, Virginie Maisonneuve, Scott Mather, and Mihir Worah). All of these Deputy CIOs will now be permanent members of the Investment Committee, if they were not on the decision-making body prior to El-Erian's decision. The Firm also announced that Marc Seidner, an Investment Committee Member, and Chuck Lahr, an Equities Portfolio Manager, also decided to leave to pursue other interests. Given the previously announced leave of absence for Chris Dialynas, this means that three of eight of its previous members will no longer be on PIMCO's Investment Committee. This is a significant amount of personnel turnover among the Investment Committee and it is unclear how the infusion of new leadership will impact the Committee's ability to make decisions. This is particularly concerning given the complexity of PIMCO's portfolios and the redemption activity experienced in 2013 and into January 2014.

Performance Highlights

Fixed Income

- While these changes are concerning and raise uncertainty around PIMCO's succession planning, at this time we continue to support investment in PIMCO recommended strategies. This is based on several factors, including the continued leadership of Bill Gross and that he has publicly committed to staying on for at least five more years, which should give him time to continue to groom the Deputy CIOs. The Deputy CIOs have experience managing large asset bases and have developed strong track records in the flagship funds they oversee. PIMCO also has a deep investment team of more than 200 portfolio managers and 50 credit analysts located across the globe, which is larger and more locally focused than most active broad market managers. Under Gross' leadership and with the help of this broader team, PIMCO has developed a strong and compelling track record in the broad market fixed income space.

- As part of our ongoing monitoring and assessment of the situation, we will continue to monitor personnel turnover at the Firm. Given the uncertainty surrounding succession planning as it relates to the Investment Committee and the new Deputy CIOs, additional turnover would be particularly concerning. We will continue to monitor mutual fund net flows for notable trends on a monthly basis. We will also track PIMCO’s active bond ETFs, including the Total Return version. For these vehicles, flows, trade volume, and discount/premium data are available and while not a perfect indicator, this information is available more frequently than traditional mutual fund data and could serve as an indication of investor sentiment regarding PIMCO’s strategies. We plan to closely monitor performance and positioning of the recommended funds and have continued discussions with PIMCO.

- Vanguard Short-Term Treasury gained 0.2%, matching the return of the Barclays 1–5 Year Treasury Index. Treasuries maturing over the next 1–3 years gained 0.1% compared to a 0.4% return for those maturing over the next 3–5 years. In order to keep duration in line with a 2.25 year target, the Fund held an overweight to Treasuries maturing in the 1–3 year range, 82.5% compared to a 64.8% weight in the Index, and a corresponding underweight to those maturing in the 3–5 year range, which served as the most significant headwind in the quarter. As planned, the FOMC started reducing its bond purchases in January. During the quarter, the Committee announced two additional $10 million reductions to its bond-buying program and announced that, beginning in April, it will purchase $55 billion per month, down from $85 billion at the end of 2013. In March 2014, Yellen surprised markets when she indicated that the Fed could raise the federal funds rate sooner than expected. However, she eased the market later in the month when she reaffirmed the Fed’s commitment to easy monetary policy. Entering the second quarter, the Fund was invested exclusively in U.S. Treasuries. Overall, the Fund’s 2.2 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 0.6%.

Performance Highlights

Inflation Hedging

- The Commodity PLUS Strategy Fund returned 4.4%, under performing its Credit Suisse Commodity benchmark, which returned 4.6% during the quarter. Actively managed commodity alpha strategies detracted 25–30 bps from overall performance—specifically natural gas calendar strategies during the first two months of the quarter. Short exposure to nominal interest rates in Japan detracted from performance as short maturity yields fell. Non-U.S. developed and emerging markets interest rate strategies contributed to performance—particularly holdings of Australian inflation-linked bonds as real yields in Australia fell. Also contributing to performance were select holdings of non-agency RMBS and corporate bonds, which carry a higher coupon than the T-bill rate assumed in the Index. Across sectors, agriculture (+16.5%) led the advance—moving higher on the ongoing severe drought in Brazil, causing soy products to climb more than 10%, sugar prices to jump by 6.2%, and coffee prices to soar a stunning 58.2%. The corn (+17.4%) and wheat (+15.3%) sub-sectors also advanced sharply on lower U.S. stockpiles and stronger export prospects of both grains. Livestock rose sharply (+16.4%), led by cattle—which increased 7.2% on smaller herds from a multi-year domestic south west drought—and lean hogs (+31.2%), which increased due to a spreading deadly virus. Energy (+4.2%) moved modestly higher, led by domestic natural gas, which returned 12.0% as the coldest U.S. winter in a decade drove home heating demand and drastically drew down inventories.

- The Global Hard Assets Fund returned 1.8%, underperforming the S&P North American Natural Resources Index, which appreciated 2.7%. During 2013, the strategy reduced its exposure to gold miners and diversified miners and reallocated to energy companies, in particular exploration and production (E&P) companies focused on unconventional, oil-concentrated production. As a result of portfolio shifts during the prior year, the strategy continues to have the largest concentration in energy it has in quite some time—just under 70%. Most of the energy exposure—at 32% of the overall strategy— is to E&P, with the second largest concentration of 17% in services. During the quarter, energy was the largest contributor to results, specifically Halliburton, Nabors Industries, Cimarex Energy, Concho Resources, and EOG Resources. Precious metals—primarily gold companies—were positive contributors in the quarter. While the market reported some write-downs during the period, there was an overall shift toward more positive market sentiment on gold as these write-downs were largely anticipated by the markets given gold's prior year losses. Within this sub-sector, Randgold Resources and Goldcorp Inc. were positive contributors. Base metals, steel, and forest products were a drag on results.

Manager Profile: FPA Crescent Fd — March 31, 2014

Firm details: First Pacific Advisors

Total Assets ($ mil.):	$30,413
Style:	Long/Short Equity
Assets in Style ($mil.):	$19,620
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 fundand 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 joinedFPA 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	**3c1/3c7:**	None
Assets ($ mil.):	$17,400	**Subscriptions:**	Daily
Minimum Account Size:	$1,500	**Redemptions (notice):**	Daily (2% redemption fee < 90 days)
Management Fee:	1.26%, 2.0% redemption < 90 days	**Lock-up:**	None
Profit Allocation:	None	**ERISA Capacity:**	N/A
Highwater Mark:	None	**Prime Broker:**	N/A
Hurdle Rate:	None	**Administrator:**	First Pacific Advisors, LLC
UBTI:	N/A	**Auditor**	Deloitte & Touche LLP
Additional Expenses:	Short sale dividend expense, other (0.19% at March 31, 2011)	**Legal Counsel:**	K&L Gates LLP
Additional Vehicles:	N/A		

Manager Profile: Forester Offshore, Ltd. — March 31, 2014

Firm details: Forester Capital

Total Assets ($ mil.):	$4,035
Style:	Directional Hedge FOF
Assets in Style ($mil.):	$1,680
Year Founded:	1999
Location:	Greenwich, CT
Ownership:	100% Trent Carmichael and family.
Registration:	SEC
GP Capital:	$28.5 million across funds (as of 9/30/2010)

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.

Fritz Fortmiller - Mr. Fortmiller joined Forester in 2006. Prior to Forester, he worked at Cambridge Associates from 1999-2005 as a Specialist Consultant, Research Consultant and Associate. Prior to that, he founded Turnbuckle Records and worked as a Paralegal Specialist in the U.S. Attorney's Office. BA in Philosophy from Yale University. He has obtained the Chartered Financial Analyst designation.

Investment Objective, Philosophy/Process, and Assessment

The fund seeks to achieve medium to long-term returns that are superior to the broad market averages while assuming less risk.

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

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

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

Underlying Funds (12/31/2013)	*Alloc %*	*Strategy*
Viking Global Equities, LP	8	Long/Short Equity
Kensico Offshore Fund, Ltd.	7	Long/Short Equity
Joho Capital, L.L.C.	5	Long/Short Equity
Pennant Capital Management, L.L.C.	5	Long/Short Equity
Samlyn Capital, LLC	5	Long/Short Equity
Lansdowne Partners Limited Partnership	4	Absolute Return
Wellington Management Company	4	Global Long/ Short
Abrams Bison Investments, L.L.C.	3	Long/Short Equity
Castine Capital Management, LLC	3	US Low Net
Coatue Offshore Fund, Ltd.	3	Long/Short Equity
Steadfast Capital, L.L.C.	3	Long/Short Equity
Tiger Global, Ltd.	3	Long/Short Equity
The Children's Investment Fund Mgmt UK LLP	3	Long/Short Equity
Hengistbury Investment Partners LLP	2	Europe Long/Short
Falcon Edge Capital, LP	2	Long/Short Equity

Vehicle Information:

Inception:	January 2004	**3c1/3c7:**	3c7
Assets ($ mil.):	$760	**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		

Firm details: Archstone Partners

Total Assets ($ mil.):	$3,519
Style:	Absolute Return - Market Neutral
Assets in Style ($mil.):	$383
Year Founded:	1991
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

Key Investment Professionals:

- Alfred Shuman - Founder. BA from Harvard ('61) and MBA from Harvard Business School ('63). Serves as Trustee of various non-profit and educational organizations.

- 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.

- 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.

Other investment professionals include Mark Smith, Barbara Barlick, Kevin Jornlin & Edgar Smith.

Investment Objective, Philosophy/Process, and Assessment

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

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

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

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

Sample Portfolio Characteristics

Underlying Funds (12/31/2013)	*Alloc %*	*Strategy*
Fir Tree Capital Opportunity Fund II, Ltd.	10	Absolute Return
Mason Capital, Ltd.	10	Event Driven
York Credit Opportunities Unit Trust	10	Credit and distressed debt
Och Ziff Overseas Fund Ltd.	9	Multi/Credit
Elliott International, Ltd	9	Multi-Strategy Hedge
King Street Capital Ltd.	9	Distressed Debt/Credit
Farallon Capital Offshore Investors, Inc.	9	Absolute Return - Event-Driven
Silver Point Capital Offshore Fund, Ltd.	9	Absolute Return
Davidson Kempner International, Ltd.	9	Absolute Return Multi-Strategy
Brevan Howard Credit Catalysts Ltd	6	Absolute Return
Saba Capital Offshore Fund, Ltd.	5	Absolute Return

Vehicle Information:

Inception:	January 2002	**3c1/3c7:**	3c7
Assets ($ mil.):	$383	**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		

Firm details: The Vanguard Group

Total Assets ($ mil.):	$2,692,147
Style:	Domestic Fixed Sector Index
Assets in Style ($mil.):	$8,700
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.

*Firm assets as of June 30, 2013

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 signficant 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 announced he is retiring in March 2014. He will be replaced by Greg Davis who was formerly Head of Bond Indexing. This is a Prime Buchholz recommended strategy.

Vehicle Information:

Vehicle Name	Minimum	Assets ($ mil.)	Fee	Type
Vanguard ST TIPS Fd Adm	$10,000	$1,200.0	0.10%	MF
Vanguard ST TIPS Fd ETF	$0	$1,100.0	0.10%	MF
Vanguard ST TIPS Fd Instl	$5,000,000	$2,200.0	0.07%	MF

Sample Operational Detail	
Vanguard ST TIPS Fd Instl	
Last Audited Financial	9/30/2013
Accountant/Auditor	PricewaterhouseCoopers LLP
Custodian	JPMorgan Chase
Administrator	Vanguard
Securities Lending	Yes

Quality/Avg. Quality:	AAA/AAA
Duration:	Index-like
% Non-Investment Grade:	0
% Foreign:	0
Security Constraints:	80% of its assets in inflation-indexed securities
Sector Constraints:	80% of its assets in inflation-indexed securities
Avg # of Securities:	~15
Turnover:	N/A
Assets in Composite:	N/A
GIPS Compliant:	No

Firm details: Pacific Investment Management Co.

Total Assets ($ mil.):	$1,940,000
Style:	Public Real Direct Natural Resources
Assets in Style ($mil.):	$6,638
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 - He joined PIMCO in 2001. He is Managing Director, a portfolio manager, and head of the Real Return portfolio management team. He has earned a Ph.D. in theoretical physics from the University of Chicago.
- Rahul Seksaria, SVP, TIPS Portfolio Manager - He joined PIMCO in 2002. Prior to PIMCO, he was employed by Enron and traded energy and other commodities. He earned an undergraduate degree from University of Texas at Austin.
- Nicholas Johnson, SVP, Commodities Portfolio Manager - He joined PIMCO in 2004. He is an SVP and portfolio manager at PIMCO. He holds a financial mathematics degree from the University of Chicago and a undergraduate degree from California Polytech.

Investment Objective and Philosophy/Process

PIMCO Commodity 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 - similiar 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.

On January 21, 2014, Allianz SE announced that Mohamed El-Erian, PIMCO CEO, co-CIO, and Investment Committee co-Chair, has resigned from his role at PIMCO. He will stay on with the Firm (a subsidiary of Allianz SE) through mid-March, at which point he will move to a new role on the Allianz SE International Executive Committee. PIMCO Co-CIO Bill Gross will retain the CIO title and Managing Directors Andrew Balls and Daniel Invascyn have been appointed Deputy CIOs. We are in the process of assessing the impact of this transition.

Vehicle Information:

Vehicle Name	Minimum	Assets ($ mil.)	Fee	Type	Sample Operational Detail
PIMCO CommoditiesPLUS Strategy Instl Fund	$1,000,000	$6,637.5	0.74%	MF	PIMCO CommoditiesPLUS Strategy Instl Fund

Last Audited Financial	3/31/2013
Accountant/Auditor	PricewaterhouseCoopers, LLP
Custodian	State Street Bank and Trust Company
Administrator	Pacific Investment Management Company LLC
Securities Lending	

Security Constraints:	Collateral portfolio will invest in treasuries and other fixed income securities
Sector Constraints:	Collateral portfolio will invest in treasuries and other fixed income securities
Avg # of Securities:	~600
Turnover:	107%
Assets in Composite:	100%
GIPS Compliant:	Yes (Since 1987)

Firm details: Van Eck

Total Assets ($ mil.):	$32,602
Style:	Public Real Direct Natural Resources
Assets in Style ($mil.):	$6,823
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
Van Eck Global Hard Assets I	$1,000,000	$2,626.4	1.00%	MF

Sample Operational Detail

Van Eck Global Hard Assets I

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

Security Constraints:	5% cap
Sector Constraints:	Energy between 30% - 65%, the remaining between 0% - 25%
Avg # of Securities:	~70
Turnover:	40%
Assets in Composite:	N/A
GIPS Compliant:	No

Historical Performance

Return and Risk Summary

As of March 31, 2014

	1 Quarter Return	Previous Quarter Return	1 Year Return	1 Year Standard Deviation	3 Years Return	3 Years Standard Deviation	5 Years Return	5 Years Standard Deviation	7 Years Return	7 Years Standard Deviation	10 Years Return	10 Years Standard Deviation
Fidelity Spartan Total Market Index Advisor Fund	2.0	10.1	22.5	6.4	14.6	15.2	22.0	16.3	6.7	19.4	NA	NA
Wilshire 5000 Total Market Index	**2.0**	**10.1**	**22.8**	**6.4**	**14.6**	**15.2**	**22.1**	**16.3**	**6.9**	**19.4**	**8.1**	**16.7**
FPA Crescent Fund	2.0	6.5	16.1	3.3	10.6	9.7	15.8	10.6	7.8	12.7	8.6	10.8
S&P 500 Index	**1.8**	**10.5**	**21.9**	**6.7**	**14.7**	**14.5**	**21.2**	**15.7**	**6.3**	**18.8**	**7.4**	**16.2**
60% Russell 2500 / 40% BC Global Credit	**2.5**	**5.8**	**16.0**	**5.0**	**10.8**	**12.2**	**19.3**	**13.8**	**7.4**	**15.6**	**8.2**	**13.7**
HFRI Equity Hedge (Total) Index	**1.3**	**4.7**	**10.3**	**3.9**	**3.7**	**9.3**	**9.5**	**9.9**	**3.1**	**11.8**	**5.0**	**10.4**
FMI Common Stock Fund	1.8	8.7	22.0	8.2	13.2	16.3	22.8	17.9	9.4	19.5	11.2	16.9
Russell 2500 Index	**2.3**	**8.7**	**24.0**	**6.6**	**13.9**	**18.7**	**25.3**	**19.5**	**7.8**	**22.4**	**9.4**	**19.7**
Dodge & Cox International Stock Fund	2.8	7.8	25.3	7.7	8.8	18.1	20.5	23.6	3.3	25.8	9.3	22.5
MSCI AC World ex USA (Net)	**0.5**	**4.8**	**12.3**	**9.8**	**4.1**	**16.4**	**15.5**	**20.7**	**1.7**	**23.0**	**7.1**	**20.5**
Artisan International Institutional Fund	-1.8	7.5	16.2	9.9	12.8	17.8	19.6	20.4	4.3	23.2	8.7	20.7
MSCI EAFE (Net)	**0.7**	**5.7**	**17.6**	**9.8**	**7.2**	**16.1**	**16.0**	**20.1**	**1.3**	**22.4**	**6.5**	**19.9**
Forester Offshore A2, Ltd.	0.2	5.2	9.8	3.6	6.4	7.3	7.5	6.7	5.7	7.8	7.3	7.1
HFRI FOF: Strategic Index	**0.4**	**3.9**	**6.9**	**3.3**	**2.6**	**6.2**	**5.6**	**6.3**	**1.0**	**9.1**	**3.6**	**8.5**
Archstone Absolute Return Strategies Fund, Ltd. Class A	1.8	2.6	8.4	0.7	5.6	4.9	8.9	5.2	3.5	7.6	5.6	6.8
HFRI FOF: Conservative Index	**1.1**	**2.7**	**5.9**	**1.5**	**2.7**	**3.8**	**4.6**	**3.8**	**0.8**	**6.8**	**2.6**	**6.1**
PIMCO Total Return II Institutional Fund	1.4	-0.2	-1.0	3.7	3.7	3.1	6.4	4.2	6.4	4.5	5.4	4.3
Barclays U.S. Aggregate	**1.8**	**-0.1**	**-0.1**	**3.0**	**3.7**	**3.0**	**4.8**	**3.1**	**5.0**	**3.4**	**4.5**	**3.4**
Vanguard Short Term US Treasury Admiral Fund	0.2	-0.1	0.1	0.6	1.1	0.8	1.4	1.1	3.0	2.2	2.8	2.1
Barclays U.S. Treasury: 1-5 Year	**0.2**	**-0.1**	**-0.1**	**0.8**	**1.4**	**1.2**	**1.6**	**1.6**	**3.3**	**2.8**	**3.0**	**2.6**
Vanguard Short-Term Inflation Protected Securities Adm. Fund	0.2	-0.2	-1.9	2.3	NA	NA	NA	NA	NA	NA	NA	NA
Barclays U.S. Treasury: 0-5 Year TIPS Index	**0.2**	**-0.2**	**-1.8**	**2.2**	**1.0**	**1.9**	**2.8**	**2.0**	**3.4**	**3.8**	**3.3**	**3.4**

Historical Performance

Return and Risk Summary

As of March 31, 2014

	1 Quarter Return	Previous Quarter Return	1 Year Return	1 Year Standard Deviation	3 Years Return	3 Years Standard Deviation	5 Years Return	5 Years Standard Deviation	7 Years Return	7 Years Standard Deviation	10 Years Return	10 Years Standard Deviation
PIMCO CommoditiesPLUS Strategy Institutional Fund	4.4	0.1	1.6	10.3	-2.3	15.0	NA	NA	NA	NA	NA	NA
Credit Suisse Commodity Benchmark Index	**5.4**	**0.1**	**2.8**	**10.1**	**-3.1**	**14.2**	**9.1**	**16.9**	**1.9**	**25.4**	**6.7**	**23.2**
Van Eck Global Hard Assets I Fund	1.8	3.5	10.2	14.0	-3.5	20.9	13.3	24.2	5.2	29.5	NA	NA
S&P North American Natural Resources Sector	**2.7**	**5.3**	**11.6**	**10.0**	**0.2**	**20.3**	**15.7**	**21.9**	**5.3**	**27.1**	**11.1**	**24.1**

Historical Performance

Return Summary

As of March 31, 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	2.0	33.4	16.4	1.0	17.4	28.4	-37.2	5.6	15.8	NA	NA
Wilshire 5000 Total Market Index	**2.0**	**34.0**	**16.1**	**0.6**	**18.1**	**29.4**	**-37.3**	**5.7**	**15.9**	**6.3**	**12.6**
FPA Crescent Fund	2.0	21.9	10.3	3.0	12.0	28.4	-20.6	6.8	12.4	10.8	10.2
S&P 500 Index	**1.8**	**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	**2.5**	**21.4**	**15.6**	**0.5**	**18.9**	**29.6**	**-26.5**	**3.6**	**13.1**	**4.2**	**15.0**
HFRI Equity Hedge (Total) Index	**1.3**	**14.3**	**7.4**	**-8.4**	**10.5**	**24.6**	**-26.7**	**10.5**	**11.7**	**10.6**	**7.7**
FMI Common Stock Fund	1.8	32.0	10.2	4.5	22.2	33.9	-20.4	-2.0	17.1	9.5	18.8
Russell 2500 Index	**2.3**	**36.8**	**17.9**	**-2.5**	**26.7**	**34.4**	**-36.8**	**1.4**	**16.2**	**8.1**	**18.3**
Dodge & Cox International Stock Fund	2.8	26.3	21.0	-16.0	13.7	47.5	-46.7	11.7	28.0	16.7	32.5
MSCI AC World ex USA (Net)	**0.5**	**15.3**	**16.8**	**-13.7**	**11.2**	**41.4**	**-45.5**	**16.7**	**26.7**	**16.6**	**20.9**
Artisan International Institutional Fund	-1.8	25.5	25.6	-4.1	6.2	40.0	-46.8	20.0	25.9	16.5	18.0
MSCI EAFE (Net)	**0.7**	**22.8**	**17.3**	**-12.1**	**7.8**	**31.8**	**-43.4**	**11.2**	**26.3**	**13.5**	**20.2**
Forester Offshore A2, Ltd.	0.2	15.2	9.3	-2.5	5.2	14.6	-13.0	18.5	11.5	12.0	10.0
HFRI FOF: Strategic Index	**0.4**	**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	1.8	11.2	9.0	-2.3	8.1	19.4	-20.5	8.3	13.8	6.2	8.5
HFRI FOF: Conservative Index	**1.1**	**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	1.4	-2.2	8.2	4.5	7.7	13.7	5.2	8.4	3.8	2.1	4.2
Barclays U.S. Aggregate	**1.8**	**-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	0.2	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	**0.2**	**-0.1**	**0.9**	**3.4**	**3.7**	**0.2**	**8.8**	**8.2**	**3.8**	**1.3**	**1.3**
Vanguard Short-Term Inflation Protected Securities Adm. Fund	0.2	-1.5	NA	NA	NA	NA	NA	NA	NA	NA	NA
Barclays U.S. Treasury: 0-5 Year TIPS Index	**0.2**	**-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 March 31, 2014

	Year To Date Return	2013 Return	2012 Return	2011 Return	2010 Return	2009 Return	2008 Return	2007 Return	2006 Return	2005 Return	2004 Return
PIMCO CommoditiesPLUS Strategy Institutional Fund	4.4	-1.4	5.2	-2.3	NA	NA	NA	NA	NA	NA	NA
Credit Suisse Commodity Benchmark Index	**5.4**	**-1.8**	**2.1**	**-3.5**	**15.2**	**26.1**	**-38.4**	**32.3**	**6.1**	**31.9**	**27.4**
Van Eck Global Hard Assets I Fund	1.8	11.2	2.9	-16.3	28.9	53.2	-44.5	43.2	NA	NA	NA
S&P North American Natural Resources Sector	**2.7**	**16.5**	**2.2**	**-7.4**	**23.9**	**37.5**	**-42.6**	**34.4**	**16.8**	**36.6**	**24.6**

Index Descriptions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

FTSE EPRA/NAREIT Global Real Estate Index Series is designed to represent general trends in eligible real estate *equities* worldwide. Relevant real estate activities are defined as the ownership, disposure 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.

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

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

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

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

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

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

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

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

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

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

HFRX 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.

HFRX 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.

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

Index Descriptions

HFRX 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.

HFRX Event Driven Index is designed to represent hedge fun 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.

HFRX 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.

HFRX 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.

HFRX 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.

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

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

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

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

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

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

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

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

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

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

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

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

Index Descriptions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Index Descriptions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Index Descriptions

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

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

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

INDEX COMPOSITE COMPONENTS

Spliced Total Stock Market Composite Index: Dow Jones U.S. Total Stock Market Index (formerly Dow Jones Wilshire 5000 Index) through April 22, 2005; MSCI U.S. Broad Market Index through June 2, 2013; and CRSP US Total Market Index thereafter. **Spliced Total International Stock Market Composite Index:** Total International Composite Index through August 31, 2006; MSCI EAFE + Emerging Markets Index through December 15, 2010; MSCI ACWI ex-U.S. IMI Index through June 2, 2013; and FTSE Global All Cap ex-U.S. Index thereafter. **Spliced Energy Index:** S&P 500 Index through November 30, 2000; S&P Energy Sector Index through May 31, 2010; MSCI All Country World Energy Index thereafter. **Spliced Emerging Markets Index** reflects performance of the Select Emerging Markets Index through August 23, 2006; MSCI Emerging Markets Index through January 9, 2013; FTSE Emerging Transition Index through June 27, 2013; and FTSE Emerging Index thereafter. **Barclays Aggregate Flt Adjusted Composite Index:** Barclays Aggregate Index through 12/31/2009; Barclays Aggregate Flt Adjusted Index thereafter. **Barclays Govt 1-3 Year Flt Adjusted Composite Index:** Prior to 1/1/2010, this index is Barclays Govt 1-3 Year Index. **Barclays 1-5 Year G/C Flt Adjusted Composite Index:** Prior to 1/1/2010, this index is Barclays 1-5 Year G/C Index. **Barclays LT G/C Flt Adjusted Composite Index:** Prior to 1/1/2010, this index is Barclays LT G/C Index. **Barclays LT Govt Flt Adjusted Composite Index:** Prior to 1/1/2010, this index is Barclays Long term Government Index. **Barclays LT Govt Flt Adjusted Composite Index:** Prior to 1/1/2010, this index is Barclays Long term Government Index. **Barclays LT Govt Flt Adjusted Composite Index:** Prior to 1/1/2010, this index is Barclays Long term Government Index. **Global Sustainability Spliced Index:** FTSE KLD Global Sustainability Index prior to 9/1/2010; MSCI World ESG Index thereafter. **SSgA Real Asset Composite Index:** 30% Dow Jones US Select REIT Index, 25% Goldman Sachs Commodities Index, 25% MSCI World Natural Resources Index, and 20% Barclays US TIPS Index. **Wellington DIH Composite:** 25% MSCI World Energy >$3 Bil/ 10% MSCI World Metals & Mining >$3 Bil/ 10% Agriculture, Forest Products & Livestock/3% HSBarclays Global Climate Change/ 3.5% MSCI IMI Gold & Precious Metal/ 1.5% S&P GSCI Precious Metals Total Return / 25% equal sector-weighted S&P Goldman Sachs Commodity/ 20% Barclays US TIPS 1-10 Year / 2% Barclays Emerging Markets Tradable Government Inflation-Linked Bond. **Wellington SRA Composite:** 40% MSCI Energy $3 B and above/15% MSCI Metals and Mining $3 B and above/25% Equal Sector Weighted S&P GSCI Commodities Index/ and 20% Barclays TIPS. **S&P Completion Index:** Prior to 6/30/2005 this index is DJ Wilshire 4500 Index. **MSCI U.S. Mid Cap 450 Index:** History prior to May 16, 2003, reflects the S&P Midcap 400 Index. **CRR Composite Index:** Dow Jones UBS Commodity Total Return Index + Barclays 1–10 Year TIPS Index − Citigroup 0–3 Months T-Bills Index.

EXPOSURES AND CHARACTERISTICS

Flexible Capital – Portfolios with incomplete data are excluded from the total leveraged portfolio calculations. Top holdings are reflected as of current quarter-end when provided by the manager. Otherwise, holdings are based on 13Fs with a quarter lag, when applicable. The 13F reflects top equity holdings as a percentage of total equity holdings at the Firm level. Market values are in '000s.
Fixed Income –Yield represents yield to maturity and duration represents effective duration unless otherwise noted.

Disclosures

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

Periods greater than one year are annualized.

Peer groups, performance, risk and equity analytics are provided by InvestmentMetrics, 2014. All rights reserved. Calculations are based on quarterly periods unless noted otherwise.

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

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

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

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

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

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

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

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

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

Tab V

Philosophy of an Investment Program

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

Inflation Hedges
Real Estate
TIPS
Commodities
Resources

Deflation Hedges
U.S. Treasuries
High Quality, Non-Callable Bonds

Growth Engine
Global Public and Private Equity • Flexible Capital

Dollar Hedges
International Sovereign Bonds

Dislocation Hedges
Flexible Capital (Absolute Return, Hedged Equity)

Important: Hedges are not a predictor of events…but may serve as a protector against extreme negative events

Modeling

			Target Index	3/31/2014 Allocations	Model 1	Model 2	Model 3	PBA Liquid Model	PBA Model
Equity-Like	**Equity**	*Domestic Public Equity*	27.5	27.9	28.5	21.0	23.0	16.0	14.0
		Non-U.S. Developed Equity	14.0	17.4	11.9	9.5	7.9	16.0	14.0
		Emerging Markets Equity	3.5	2.8	4.6	4.5	4.1	8.0	7.0
		Global Private Equity	0.0	0.0	0.0	0.0	5.0	0.0	10.0
	Flexible Capital	*Long/Short and Absolute Return*	20.0	19.4	20.0	30.0	20.0	30.0	20.0
	Inflation Hedging	*Natural Resources (Public and Private)*	5.0	5.7	5.0	5.0	5.0	5.0	10.0
		Commodities	2.5	3.2	2.5	2.5	2.5	2.5	2.5
		Real Estate (Public and Private)	5.0	0.0	5.0	5.0	5.0	5.0	5.0
Bond-Like		*U.S TIPS*	2.5	3.1	2.5	2.5	2.5	2.5	2.5
	Credit	*Core Bond*	20.0	19.9	20.0	20.0	20.0	0.0	0.0
		Long Gov/Corp	0.0	0.0	0.0	0.0	0.0	0.0	0.0
		High Yield	0.0	0.0	0.0	0.0	0.0	0.0	0.0
		Municipal Bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Deflation Hedge	*U.S. Treasuries*	0.0	0.0	0.0	0.0	0.0	10.0	10.0
	Dollar Hedge	*Non-U.S. Government Bonds*	0.0	0.0	0.0	0.0	5.0	5.0	5.0
	Liquidity	*Cash (T-bills)*	0.0	0.6	0.0	0.0	0.0	0.0	0.0
Total:			100.0	100.0	100.0	100.0	100.0	100.0	100.0

Statistical Output (%)	Target Index	3/31/2014 Allocations	Model 1	Model 2	Model 3	PBA Liquid Model	PBA Model
Expected Nominal Return (Arithmetic)	7.4	7.3	7.4	7.4	7.4	7.6	8.2
Expected Standard Deviation	12.2	12.1	12.3	11.5	11.5	12.3	13.1
Expected Nominal Return (Geometric)	6.7	6.6	6.7	6.7	6.8	6.9	7.5
Sharpe Ratio	0.40	0.40	0.40	0.42	0.43	0.42	0.44
Historical Nominal Return (Arithmetic)	10.1	9.7	10.6	10.7	10.5	11.0	11.1
Historical Standard Deviation	11.2	11.1	11.1	10.2	9.8	11.2	10.4
Historical Nominal Return (Geometric)	9.5	9.2	10.0	10.2	10.1	10.5	10.6
Total Non-U.S. Exposure (%)	25.5	28.3	24.7	25.9	25.2	40.9	35.0

Notes: Expected return/risk using 10-15 year Prime Buchholz asset class assumptions.

Historical data based on index returns from January 1, 1988 through March 31, 2014.

Assumptions*

Risk Factor/Purpose	Asset Class	Long-Term Expected Nominal Return (Arithmetic)	Expected SD	Expected Nominal Return (Geometric)	Liquidity Full (daily, mo.)	Semi (qtrly, annual)	Illiquid (>1 Yr)
Equity	Domestic Public Equity	8.5%	20.0%	6.7%	x		
	Non-U.S. Developed Equity	8.5%	20.0%	6.7%	x		
	Emerging Markets Equity	10.5%	28.0%	7.1%	x		
	Global Private Equity	12.3%	30.0%	8.4%			x
Flexible Capital	Long/Short and Absolute Return	7.8%	12.0%	7.1%		x	
Inflation Hedging	Natural Resources (Private)	11.3%	26.0%	8.3%			x
	Natural Resources (Public)	9.3%	22.0%	7.1%	x		
	Commodities	7.5%	20.0%	5.7%	x		
	Real Estate (Private)	10.3%	26.0%	7.3%			x
	Real Estate (Public)	8.8%	22.0%	6.6%	x		
	U.S. TIPS	3.0%	5.0%	2.9%	x		
Credit	Core Bond	4.0%	6.5%	3.8%	x		
	Long Gov/Corp	4.3%	11.0%	3.7%	x		
	High Yield	6.8%	11.0%	6.2%	x		
	Municipal Bonds	3.5%	7.5%	3.2%	x		
Deflation Hedge	U.S. Treasuries (long-term) - 5+ years	3.8%	10.0%	3.3%	x		
Dollar Hedge	Non-US Government Bonds	4.3%	10.5%	3.7%	x		
Liquidity	Cash (T-bills)	2.5%	2.0%	2.5%	x		

Inflation Indicators			
Implied Inflation (10-Year Treasury/TIPS Spread)	2.3%	as of 12/31/2013	(Bloomberg)
Long-Term U.S. Inflation Average	3.0%	1926 – 2013	

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

Historical Stress Test

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

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

CPI	-3.1%	0.2%	2.9%	0.4%	2.7%	8.8%	9.2%
Target Index	-28.9%	-12.3%	-7.2%	-9.5%	1.9%	-1.8%	5.9%
3/31/2014 Allocations	-28.6%	-12.7%	-8.6%	-9.8%	2.2%	-0.5%	5.9%
Model 1	-28.8%	-12.3%	-7.2%	-9.6%	1.7%	-1.9%	5.8%
Model 2	-25.8%	-11.2%	-5.2%	-8.6%	1.9%	-1.2%	5.5%
Model 3	-25.0%	-10.1%	-5.7%	-7.4%	2.4%	-1.0%	5.8%
PBA Liquid Model	-27.8%	-11.0%	-8.8%	-9.0%	2.2%	-1.8%	5.2%
PBA Model	-26.3%	-10.1%	-8.2%	-8.2%	3.7%	1.9%	5.9%

Disclosures

Historical Stress Test: Footnotes

Please note:

[1] Periods greater than one year are annualized. Results presented in nominal terms.

[2] U.S. TIPS proxy for periods prior to March 1997: CPI

[3] Flexible capital proxy for periods prior to January 1990: 0.50 x Russell 3000 (0.50 Beta)

[4] Emerging markets proxy for periods prior to Janaury 1988: MSCI EAFE (MSCI World ex US proxy for non U.S. developed)

[5] Private equity proxy for periods prior to 1981: Russell 3000 Index

[6] Core bond & municipal proxy for periods prior to 1976: BC U.S. Gov/Credit Index. Municipal proxy between 1976 & 1980: BC Aggregate Index; BC Municipal Index thereafter.

[7] Natural Resources proxy prior to 1987: S&P GSCI

This presentation contains the opinion of Prime Buchholz and is intended for informational purposes only; it does not constitute an offer, nor does it invite anyone to make an offer, to buy or sell securities.

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

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

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

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.

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

Hypothetical performance and past performance are not an indication of future results.

Tab VI

Firm: Pacific Investment Management Company, LLC ("PIMCO" or the "Firm")

Firm AUM: $1.53 trillion (third-party AUM)

OVERVIEW

On January 21, 2014, Allianz SE announced that Co-CIO/CEO Mohamed El-Erian, who is also Co-Chair of the Investment Committee, resigned from his role at PIMCO. He will stay on with the Firm (which is a subsidiary of Allianz SE) through mid-March, at which point he will move to a new role on the International Executive Committee of Allianz SE. Co-CIO Bill Gross will retain the CIO title, with Andrew Balls and Daniel Ivascyn appointed as Deputy CIOs (a new position for the firm). Doug Hodge will take on the CEO title, having previously served as the Firm's COO. Jay Jacobs was promoted to President, a new position designed to take on some of the previous COO responsibilities.

On January 22nd, we had an initial call with PIMCO to discuss El-Erian's departure. The Firm stated it was El-Erian's decision to leave; however, it failed to provide strong rationale for the reason that he would choose to move into a senior committee-level/consultative position, which does not appear to carry more responsibility than his current role. PIMCO indicated it is likely he has longer-term career aspirations beyond this position with Allianz, but could not provide detail on his intentions.

On January 29th, the Firm announced Marc Seidner, an Investment Committee Member and Portfolio Manager (PM), who has responsibilities on the Unconstrained Bond team, and Chuck Lahr, an Equities PM, also decided to leave to pursue other interests. In concert with those changes, the Firm also announced Mark Kiesel (Head of Corporate Bond Portfolio Management), Virginie Maisonneuve (newly hired Global Head of Equities), Scott Mather (Investment Committee Member and Head of Global Portfolio Management), and Mihir Worah (Head of Real Return Portfolio Management) would join Balls and Ivascyn, as Deputy CIOs. Also included in the letter from Gross, PIMCO stated Kiesel, Maisonneuve, Worah, and Tony Crescenzi (Market Strategist and PM) would be added to the Investment Committee, and that Rich Clarida will take on leadership of the Secular Forum from El-Erian. Unlike El-Erian, Clarida is not a full-time member of the Investment Committee. However, the Firm noted that he participates in the Committee meetings frequently (typically once per week), which it believes will help ensure a continued feedback loop from the forum process to the Committee and portfolio construction process.

In our discussion with Mather on February 11th, he said the Firm believes the new Committee structure will allow it to more efficiently manage portfolios and increase responsiveness to Investment Committee directives. Each Deputy has a significant pool of analysts and PMs who report to them, and they will be held accountable for timely and efficient portfolio adjustments within their areas of expertise in portfolios across the Firm. For example, Worah will be responsible for providing guidance on implementing TIPS allocations in all portfolios and monitoring adherence to the Investment Committee directives related to TIPS allocations across the PIMCO platform. Mather noted that decisions are made by the Investment Committee via consensus, and on the rare occasions when it cannot be reached, Gross has served as the tie-breaking vote. He noted that this was also the case when El-Erian was Co-CIO as Gross was closer to the portfolios and El-Erian's broader management role limited time he could devote to the Investment Committee.

RECOMMENDATION

While there are clearly concerns to monitor going forward, at this time, we recommend clients do not take any action as a result of these changes. This is based on the following mitigating factors:

- Gross has always been the key member of the Investment Committee and has publicly stated he has no intention of retiring any time soon. He said he is likely to stay on for at least five years, which, despite this recent issue, provides time for this leadership transition to occur.
- We view the broadening of the Investment Committee's permanent membership to include specialists on corporates, global bonds, and TIPS as a positive change, as the Committee has historically included more generalist PMs. One minor longer-term concern is the potential for the group to take on additional oversight of equity portfolio parameters. However, PIMCO indicated there are no imminent changes or plans for the Committee to make sector and industry decisions on equity portfolios. Mather noted that having an equity presence on the Committee will help improve dialogue between equity and fixed income within the Firm.
- Appointing experienced PMs to the Deputy CIO role seems like a logical way to continue to foster their development and potentially improve the portfolio management process. As part of our ongoing assessment, we have evaluated the track records of the fixed income managers named to the Deputy CIO position, gathering performance for the flagship funds managed by Ivascyn, Kiesel, Worah, Balls, and Mather. Each appears to have developed compelling long-term track records in the key fund strategies they manage. It is noteworthy that all of the fixed income-focused Deputy CIOs manage significant asset bases, ranging from $22–120 billon.
- While difficult to quantify, it is our belief that El-Erian did not have a significant impact on the day-to-day management of the Total Return Fund or any other fixed income funds we currently recommend to clients. His focus was more on long-term macroeconomic themes and he had significant Firm-level management responsibilities.
- PIMCO has a deep bench of 206 PMs and 52 credit analysts covering the fixed income markets across the globe. This is larger than the vast majority of active broad market managers and the Firm's global footprint is a competitive advantage in the space. PIMCO has indicated it is willing to add to the team resources if necessary.
- Under Gross' leadership, PIMCO has built a strong track record in active broad market fixed income, with relatively muted correlation to equity markets and strong relative performance in most historical stress periods. This return pattern is attractive relative to other active managers, but this is not guaranteed to continue, especially given the personnel changes. However, the investment process, philosophy, and key person remain in place.

As part of our ongoing monitoring and assessment of the situation, we will continue to monitor the factors listed below:

- Personnel turnover, particularly among the Investment Committee and the new deputy CIOs.
- Mutual fund and active bond ETF net flow activity for notable trends to assess investor sentiment regarding PIMCO's strategies.

Performance and positioning with a particular focus on continuing to discuss portfolio liquidity with PIMCO. We will continue to monitor this situation and provide any additional material information as it becomes available.

CONCERNS

At this stage, our concerns include the following:

- In the wake of El-Erian's departure, Gross' marketing responsibilities—television and speaking engagements—could increase as the new Deputy CIOs become more accustomed to this role. Also, in early December 2013, the Firm announced that Lead PM for the Unconstrained Bond Fund Chris Dialynas will take a 12-month sabbatical starting in the second quarter to write and spend time with family. Gross took over as Lead PM in December 2013. Gross has always been on the decision-making group for the Unconstrained Bond Fund, but this role will require additional responsibilities. This additional workload could stretch Gross thin given that he already has significant responsibilities.
- In aggregate, three of the eight Investment Committee members from 2013 are no longer on the Committee, which followed three retirements from the Committee from 2009 to 2010 (see time series table in the Appendix). While Gross continues to lead the Investment Committee, these departures and the infusion of the new members could alter the effectiveness of the decision-making process.
- In addition to El-Erian's Co-CIO responsibilities, which included helping Gross run the Investment Committee meetings, he also led the process of planning for the Secular Forum—the venue where PIMCO states its investment views for the three- to five-year time horizon.
- El-Erian also likely served a role in balancing Gross' influence over the decision-making process and it is unclear if the Deputy CIOs will be able to effectively serve this role or whether the sheer number of people in this role will be detrimental compared to having one strong co-leader. While the Investment Committee makes decisions on a consensus basis, this is still a risk given Gross' influence.
- Given that Worah, Ivascyn, Kiesel, and Maisonneuve were not previously permanent members of the Investment Committee prior to being named Deputy CIO, there is a risk that other people could feel stepped over for these positions. In addition, the promotions were announced in two stages, which calls into question the long-term succession planning process of Gross and the Firm.
- Gross has said publicly that the new Deputy CIOs will be given more autonomy to make decisions in their areas of focus without needing to get Investment Committee approval. In discussing the topic with Mather, he said this will help them optimize their products to align with the Firm outlook and will make them accountable for the results. Over time, the Committee may also allow the Deputy CIOs greater latitude and wider bands to invest within the parameters set by the Committee during environments when it may be prudent to allow the specialists to have additional latitude. This does not appear to be a significant change from past practices and the impact would likely be greater for the sector-specific portfolios rather than the Total Return Fund, for which Gross will continue to be the final decision maker.
- While it is not a new risk, it is worth reiterating that the PIMCO strategies are highly complex with use of multiple derivative instruments and counterparty risk. This may exacerbate the impact of the personnel changes and the new Investment Committee structure.

In addition to our concerns listed above, another key risk is that net outflows, which were notable in 2013, could continue or pick up speed. This could not only impact performance, but, in a more severe situation, it could lead to head count/resource reduction and/or impair client access to capital. Regarding this risk, we note the following:

- PIMCO stated on our call that it believes the Total Return Fund is well positioned to meet additional outflows after the announcement of El-Erian's departure if they were to occur. Mather also stated that the Firm's ability to construct portfolios via a combination derivatives and cash bonds helps because it believes the former are often more liquid. Also, liquidity is monitored through PIMCO's risk management systems, which take into account projected flows to ensure ample liquidity. Additionally, the increased use of exchange-traded derivatives should help with the execution of trades given the limited counterparty exposure relative to over-the-counter derivatives.
- As of September 30, 2013, the Total Return Fund holdings report showed significant levels of cash bonds on hand, including 28% in U.S. TIPS and nominal Treasuries, 33% in agencies, 4% in municipals, and 15% in short-term instruments. These segments typically offer liquidity, and while it would not be ideal, they could be converted to cash to meet heightened redemptions. The portfolio could then be readjusted using cash bonds and derivatives to return the portfolio to model targets.
- While flows in 2013 were significant, they were not out of range of other managers in the fixed income space in percentage terms. Many other funds experienced outflows amid the concerns regarding rising rates and that PIMCO was not an outlier. The PIMCO Total Return Fund's net flows of -14.2% ranked as the 100th largest in the Morningstar Intermediate Term Bond Funds universe of 259 funds. Other well-known funds that exhibited larger outflows include BlackRock Core, Loomis Investment Grade Fixed Income and Bond Funds, JPM Core, Doubeline Core, TCW Total Return, Goldman Sachs Core Plus, and Western Core Bond. However, the PIMCO flows are still concerning and it is noteworthy that other funds experienced inflows or more moderate net outflows.
- According to fund flows from the Morningstar database for January and February 2014, the PIMCO Total Return Fund continued to experience net outflows, but did not spike even with the El-Erian announcement. While it is still early, on a percentage basis, this level was generally consistent with levels we saw in November and December, but below June through October 2013 levels.
- Regarding the potential for outflows to impact resources, Mather stated that outflows would need to be "multiples larger than 5%" before it would lead to head count reductions. He said the Firm would first look at the non-investment segments of the business if it had to rationalize its business model. The outflows did lead to some compensation fluctuation in 2013 for investment professionals, but Mather said it was well understood that this could occur during such a year and that the compensation for PIMCO investment professionals is at the high end of the industry. PIMCO does not disclose Firm-level net flows; however, that third party assets managed by PIMCO went from $1.62 trillion as of year-end 2012 to $1.53 trillion at year-end 2013.

APPENDIX

January 2014	2013	2012	2011	2010	2009
Investment Committee Members	**Investment Committee Members**	**Investment Committee Members**	**Investment Committee Members**	**Investment Committee Members**	**Investment Committee Members**
Balls, Andrew[1]	Balls, Andrew	Balls, Andrew	Balls, Andrew	Balls, Andrew	Balls, Andrew
Kiesel, Mark[1]	Dialynas, Chris[3]	Dialynas, Chris	Dialynas, Chris	Dialynas, Chris	Dialynas, Chris
Ivascyn, Dan[1]	El-Erian, Mohamed[2]	El-Erian, Mohamed	El-Erian, Mohamed	El-Erian, Mohamed	El-Erian, Mohamed
Gross, Bill	Gross, Bill	Gross, Bill	Gross, Bill	Gross, Bill	Gross, Bill
Mather, Scott[1]	Mather, Scott	Mather, Scott	Mather, Scott	McCulley, Paul (ret. 12/28)	McCulley, Paul
Parikh, Saumil	Parikh, Saumil	Parikh, Saumil	Parikh, Saumil	Stracke, Christian	Powers, Bill (ret. 1/2010)
Worah, Mihir[1]	Seidner, Marc[2]	Seidner, Marc	Seidner, Marc		Stracke, Christian
Stracke, Christian	Stracke, Christian	Stracke, Christian	Stracke, Christian		Changhong, Zhu (ret. 2/2010)
Crescenzi, Tony					
Maisonnuve, Virginie[1]					

[1] Named Deputy CIO in 2014
[2] Resigned in January 2014
[3] Once year sabbatical start in Q2 2014

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

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