Prime BUCHHOLZ

PORTSMOUTH
BOSTON
ATLANTA

Sean Higman & Jon Prime • Consultants
Brian Basiliere • Investment Analyst
Colin Kelley • Performance Analyst

pbaTPBH@primebuchholz.com

Town of Palm Beach Health Insurance Trust

Investment Performance Analysis
Period Ended March 31, 2013

PEASE INTERNATIONAL TRADEPORT • 273 CORPORATE DRIVE • PORTSMOUTH, NH 03801 • T: 603.433.1143 • F: 603.433.8661
©Prime, Buchholz & Associates, Inc. www.primebuchholz.com

Index

COMPANY NEWS

NEW CLIENT PORTALS OFFERED

We are pleased to offer clients a new web-based system that provides easy access to monthly and quarterly reports, as well as research publications and educational presentations. The password-protected portal will allow clients to view reports via a handheld or portable device. To access your portal, simply contact your client service team and they will provide you with log in and password information.

Tab I

Global Economic Highlights

Revised data released in March showed U.S. GDP for the fourth quarter of 2012 was 0.4% annualized, which was higher than the two previous estimates but represented a sharp deceleration from 3.1% in the previous quarter. Personal consumption expenditures increased 1.2%, but a sharp deceleration in inventories (−1.5%) and government expenditures (−1.4%) offset the benefit of positive personal consumption expenditures (PCE) and trade data. The euro area's recession deepened, with regional GDP falling 0.6% compared to a 0.1% drop in the previous quarter as austerity accelerated the declines in Italy (−0.9%) and Spain (−0.8%), which impacted core countries like Germany (−0.6%), France (−0.3%), and the Netherlands (−0.2%). Economic activity in the U.K. slowed as well, falling 0.3%. Asia-Pacific was largely positive as Japan surprisingly pulled out of a downturn with growth of 0.2%, while China's 7.9% growth accelerated from the previous quarter.

Easy monetary policy by global central banks remained in place as fiscal policy debates continued. Political acrimony continued to challenge U.S. markets as a partial solution to the fiscal cliff was implemented in early January, but ideological differences were too large to overcome. As a result, the budget sequester was signed into law in early March. A bipartisan agreement that avoided a government shutdown in late March was considered progress in terms of bridging the gap between the two parties, but the true test will come during upcoming negotiations on a full budget and the debt ceiling limit. Europe remained troubled with the pursuit of mandated austerity—despite the indisputable negative impact on GDP growth and employment—rather than a pro-growth agenda. Italy's inconclusive election effectively made the country ungovernable and markets were surprised by the bailout of Cyprus included uninsured deposits as a means of contributing to the cost of the rescue effort.

Inflation continues to be moderate globally with consumer prices across Organisation for Economic Co-operation and Development (OECD) countries up 1.8% over the trailing 12-month period ended February 28th. Excluding food and energy, consumer prices were 1.6% higher over the trailing period.

Headline CPI in the U.S. increased by 2.0% in the one-year period ended February 28th. Softer food price inflation was offset by higher energy prices, and as a result, U.S. Core CPI (excluding energy and food) also registered a 2.0% rise.

Unemployment across OECD countries ticked up to 8.1% in January from 8.0% in December. Unemployment hit a new high within the euro area at 11.9%, driven largely by Spain (26.2%), Portugal (17.6%), Italy (11.7%), and France (10.6%). The unemployment rate in the U.S. fell to 7.6% in March and U-6 moderated to 13.8%. Job gains in January (148,000) and February (268,000) were followed by a disappointing 88,000 added in March. While the U.S. economy added an average of 153,000 jobs per month in 2012, 11.7 million people remained unemployed at quarter-end, with an additional 7.6 million underemployed (involuntary part-time workers). Of those currently unemployed, 39.3% (or 4.6 million Americans) have been jobless for 27 weeks or more.

U.S. housing continued to improve in the fourth quarter of 2012 with the Federal Housing Finance Agency's (FHFA) seasonally adjusted Purchase-Only House Price Index increasing 1.4% during the quarter and 5.5% over the trailing year. According to the FHFA, the fourth quarter represented the third consecutive quarter in which home prices exceeded 1.0%. A distinction in the most current release compared to the previous release was that economic uncertainty was not cited as a factor tempering the housing recovery. While the U.S. continued to recover, Europe remained under pressure outside of select markets such as Germany, Switzerland, and Austria. Among Asia-Pacific markets, Hong Kong remained robust while China recently enacted measures to cool its real estate market.

The price per barrel of West Texas Intermediate (WTI) crude at the end of the first quarter was $97.23, a gain of 5.9% from the previous quarter. The spot price of Brent crude at quarter-end was $110.02/bbl, 1.4% higher than the start of the quarter, further exacerbating the differential between oil levered to supply and demand conditions both domestically and abroad.

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	10.6	14.0	11.2	12.7	5.8	8.5
Russell 3000 (Broad Market)	11.1	14.6	10.8	13.0	6.3	9.2
Russell 1000 (Large Cap)	11.0	14.4	11.1	12.9	6.2	9.0
Russell Midcap	13.0	17.3	10.1	14.6	8.4	12.3
Russell 2000 (Small Cap)	12.4	16.3	7.7	13.5	8.2	11.5
MSCI ACWI (USD)	6.5	10.6	4.8	7.8	2.1	9.4
MSCI ACWI (Local)	8.4	13.1	6.7	7.6	2.8	8.2
MSCI ACWI ex-U.S. (USD)	3.2	8.4	0.3	4.4	-0.4	10.9
MSCI ACWI ex-U.S. (Local)	6.6	12.3	3.7	4.3	1.1	8.7
MSCI EAFE (USD)	5.1	11.3	2.4	5.0	-0.9	9.7
MSCI EAFE (Local)	9.7	16.7	5.8	4.3	0.7	7.5
MSCI EM (USD)	-1.6	2.0	-3.6	3.3	1.1	17.1
MSCI EM (Local)	-0.5	5.2	0.5	4.6	2.7	15.6
S&P Developed ex-U.S. (Small Cap)	6.9	11.4	1.8	8.2	1.5	13.4
London - FTSE 100*	10.0	16.1	8.7	8.4	6.8	10.2
Japan - Nikkei 225*	19.5	25.2	15.0	5.8	1.1	6.0
Hong Kong - Hang Seng*	-1.2	12.5	0.8	5.1	2.8	13.7
China - Shanghai Composite*	-1.4	1.4	-10.7	-8.6	-6.8	5.8
40% R 3000/40% EAFE/20% EM	6.1	10.8	4.6	7.9	2.6	11.1

Fixed Income Index Returns	Qtr	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr
LIBOR US 3m	0.1	0.4	0.4	0.4	0.8	2.1
Citigroup 3m T-Bill	0.0	0.1	0.1	0.1	0.3	1.7
BOA ML 1-3 Yr Treasury	0.1	0.6	1.0	1.2	1.7	2.7
Barclays 3-10 Yr Treasury	0.2	3.7	6.5	6.2	5.1	5.0
Barclays 5-10 Yr Treasury	0.1	5.0	8.4	7.9	6.0	5.6
Barclays Long-Term Treasury	-2.4	7.3	15.2	12.5	8.3	7.2
Barclays Credit	-0.2	7.0	8.3	7.9	7.5	6.0
Barclays Gov't/Credit	-0.2	4.6	6.5	6.1	5.5	5.1
Barclays Aggregate	-0.1	3.8	5.7	5.5	5.5	5.0
Barclays Municipal	0.3	5.2	8.6	6.2	6.1	5.0
Barclays High Yield	2.9	13.1	9.7	11.2	11.6	10.1
JPM Global Bond	-2.8	-0.6	2.5	4.3	3.2	5.6
JPM Non-U.S. Bond	-4.2	-2.7	0.7	3.7	2.7	5.8
JPM Global Bond-Hedged	0.7	4.6	5.9	4.7	4.5	4.5
JPM Non-U.S. Bond-Hedged	1.3	5.4	5.9	4.4	4.5	4.4
JPM EMBI+	-3.3	9.7	11.2	10.4	9.5	10.8
JPM GBI-EM Global Div Bond	-0.1	7.7	5.5	7.9	8.4	11.9
JPM GBI-EM Global Div Bond-Hedged	0.2	7.3	7.1	6.2	6.6	6.3

Illiquid Partnerships	Qtr	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr
Private Real Assets (as of 12/31/2012)						
NCREIF Property Index	2.5	10.5	12.4	12.6	2.1	8.4
Apartment	2.8	11.2	13.3	14.9	3.0	8.3
Industrial	2.4	10.7	12.6	11.5	1.4	7.7
Office	2.2	9.5	11.6	11.6	0.9	7.8
Retail	3.0	11.6	12.7	12.7	4.1	10.5
NCREIF Timber Index	5.9	7.8	4.6	3.0	2.7	8.2
Private Equity (as of 09/30/2012)						
U.S. Private Equity	3.7	14.3	9.0	9.0	2.9	8.8
Venture Capital	0.6	7.1	4.2	4.2	0.8	3.7
Early/Seed Stage	1.8	16.2	2.0	2.0	-0.8	1.0
Later Stage	-2.7	3.0	8.6	8.6	4.4	6.6
Buyouts	4.5	15.1	10.2	10.2	2.8	10.3
Small	0.7	18.7	3.4	3.4	2.7	10.2
Medium	3.9	23.1	6.7	6.7	3.0	10.1
Large	4.5	17.4	9.1	9.1	4.5	10.7

MSCI ACWI Sector	Qtr	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr
Consumer Discretionary	8.6	14.9	12.2	14.8	8.2	10.8
Consumer Staples	11.5	19.9	17.6	15.6	9.7	13.0
Energy	3.6	1.7	-4.1	5.8	0.0	12.8
Financials	5.9	15.5	2.9	4.1	-3.6	5.7
Health Care	14.3	25.2	19.0	14.6	9.9	9.1
Industrials	7.7	11.7	3.2	9.1	1.8	11.3
Information Technology	4.3	0.4	6.6	7.8	5.6	9.0
Materials	-4.4	-3.4	-9.0	0.0	-3.1	12.9
Telecom	4.6	10.7	3.8	9.5	2.6	10.3
Utilities	5.7	5.7	1.6	3.0	-2.2	10.7

Hedge Fund Index Returns	Qtr	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr
HFRI Fund Weighted Composite	3.9	5.5	1.5	4.1	3.0	7.0
Absolute Return						
HFRI Event Driven (Total)	3.8	7.7	2.8	5.3	4.4	8.3
HFRI Relative Value (Total)	3.8	10.2	6.0	7.3	6.4	6.8
HFRI RV: FI-Convertible Arbitrage	2.3	4.6	1.2	5.1	6.2	4.6
HFRI EH: Equity Market Neutral	2.6	3.9	0.9	1.8	0.3	2.7
Directional Hedge						
HFRI Equity Hedge (Total)	5.3	5.0	0.3	3.4	2.0	6.4
HFRI Macro (Total)	1.4	0.7	-1.1	1.7	2.0	6.3
HFRI Emerging Markets (Total)	2.4	5.4	-1.9	1.6	0.5	11.3
HFRI EH: Short Bias	-5.5	-12.5	-8.8	-11.6	-10.4	-6.6
Fund of Funds						
HFRI FOF Strategic	4.1	5.5	0.7	2.3	-0.4	4.9
HFRI FOF Diversified	3.4	5.2	0.9	2.3	0.0	3.9

Real Assets and Inflation	Qtr	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr
REITs						
FTSE EPRA/NAREIT GL	6.4	21.2	11.8	14.3	3.5	13.0
Commodities						
DJ-UBS Commodity	-1.1	-3.0	-9.9	1.4	-7.1	3.7
Goldman Sachs Commodity	0.5	-5.0	-5.6	3.0	-9.7	2.3
Natural Resources						
SP GSSI Natural Resources	7.2	5.1	-5.2	7.8	0.9	13.8
Inflation-Protected Bonds						
Barclays U.S. TIPS	-0.4	5.7	8.9	8.6	5.9	6.3
Inflation						
U.S. CPI	1.7	1.8	2.2	2.4	1.8	2.4
U.S. CPI Plus 5%	2.9	6.9	7.3	7.5	6.9	7.5

Prime BUCHHOLZ

Note: All returns as of 12/31/2012, unless otherwise noted. *Returns in local currency.

Key Metrics

Option-Adjusted Spreads	Current QTR	1 Year Ago
U.S. High Yield	457	576
U.S. Corporate	139	176
U.S. IG Financials	142	227
CDX IG 5-Yr	91	91
CDX HY 5-Yr	430	574
Agency MBS	58	52
CMBS	133	221
ABS - Fixed Rate	49	65
ABS - Floating Rate	100	117
TED[1]	21	40
Emerging Markets (External)	287	359

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

U.S. Economy	Current QTR	1 Year Ago
Unemployment Rate	7.60%	8.20%
Quarterly GDP[2]	0.40%	3.00%
Current Account Deficit[2]	$110.40	$124.10
Annualized Current Account Deficit/GDP[2]	2.78%	3.24%

[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	0.75%	1.00%
Bank of England Official Bank Rate	0.50%	0.50%

Inflation Forecast	Current QTR	1 Year Ago
10-Year Treasury Yield	1.85%	2.21%
10-Year Breakeven[4]	2.52%	2.34%
5-Year Treasury Yield	0.77%	1.04%
5-Year Breakeven[4]	2.33%	2.05%

[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	15.2x	14.1x	2.1%	14.4x	13.3x	2.0%
Russell 1000 Index	15.5x	14.4x	2.1%	13.5x	13.7x	1.8%
Russell Midcap Index	17.8x	16.3x	1.8%	16.9x	15.1x	1.6%
Russell 2000 Index	18.4x	16.7x	1.8%	17.6x	15.8x	1.5%
Russell 3000 Index	15.7x	14.5x	2.1%	14.8x	13.6x	1.9%
Russell 3000 Growth Index	18.x	16.4x	1.7%	17.x	15.3x	1.4%
Russell 3000 Value Index	14.x	13.2x	2.4%	13.1x	12.3x	2.4%
MSCI ACWI Index	14.5x	13.4x	2.6%	13.1x	12.3x	2.7%
MSCI ACWI ex-U.S. Index	13.8x	12.7x	3.1%	12.x	11.4x	3.4%
MSCI EAFE Index	14.8x	13.4x	3.3%	12.3x	11.7x	3.7%
MSCI EM Index	11.3x	10.8x	2.7%	10.9x	10.5x	2.8%
London - FTSE 100[3]	14.3x	11.8x	3.7%	10.7x	10.3x	3.8%
Japan - Nikkei 225[3]	20.x	18.4x	1.6%	18.x	17.7x	2.0%
Hong Kong - Hang Seng[3]	10.6x	10.7x	3.2%	9.7x	10.4x	3.3%
China - Shanghai Composite[3]	11.1x	9.4x	2.6%	11.7x	9.5x	2.1%

[3] Returns in local currency

P/E excludes companies with negative earnings

U.S. Treasury Yields							Curve Steepness
Date	3-Mo T-Bill	6-Mo T-Bill	2-Year Note	5-Year Note	10-Year Note	30-Year Note	10-Year - 2-Year
1 Year Ago	0.07%	0.14%	0.33%	1.04%	2.21%	3.34%	1.88%
Current Quarter	0.07%	0.10%	0.24%	0.77%	1.85%	3.10%	1.61%

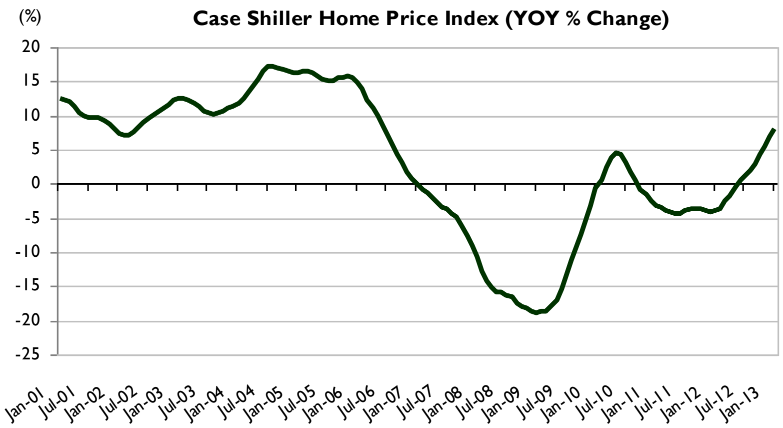
Currency Rates (per U.S. Dollar) (%)	MTD	QTD	YTD	1 Year	2 Year*	3 Year*	5 Year*	Current Spot Rate
U.S. Dollar Spot (DXY)**	1.3%	4.0%	4.0%	5.0%	4.6%	0.8%	2.9%	82.976
Canadian Dollar	1.3%	-2.5%	-2.5%	-1.8%	-2.3%	-0.1%	0.2%	1.017
Japanese Yen	-1.8%	-7.9%	-7.9%	-12.1%	-6.1%	-0.3%	1.1%	94.220
British Pound	0.2%	-6.5%	-6.5%	-5.1%	-2.6%	0.0%	-5.2%	0.658
Euro	-1.8%	-2.8%	-2.8%	-3.9%	-4.8%	-1.7%	-4.1%	0.780
Australian Dollar	2.0%	0.2%	0.2%	0.7%	0.4%	4.3%	2.7%	0.960
Brazil	-2.4%	1.4%	1.4%	-9.6%	-10.1%	-4.2%	-2.7%	2.022
China	0.2%	0.3%	0.3%	1.4%	2.7%	3.2%	2.5%	6.210
GBP/Euro	2.1%	-3.8%	-3.8%	-1.2%	2.3%	1.8%	-1.2%	0.844
Yen/Euro	0.1%	-5.2%	-5.2%	-8.4%	-1.2%	1.5%	5.5%	120.670

*Annualized Price Change

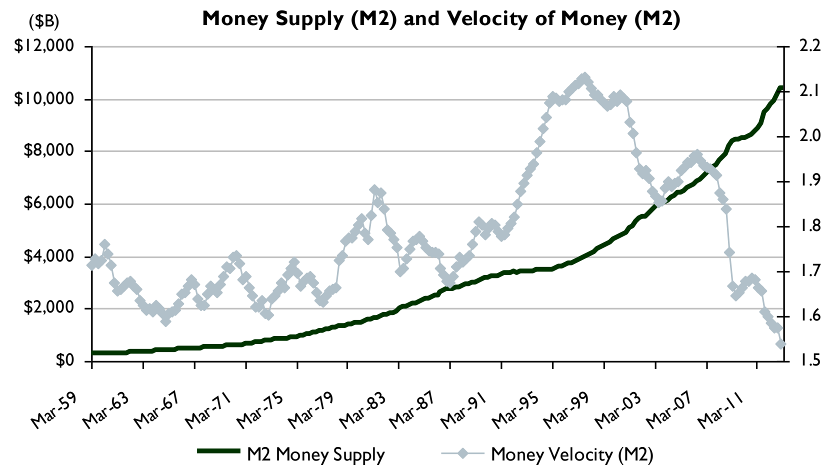
**Index measures value of USD relative to basket of foreign currencies.

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

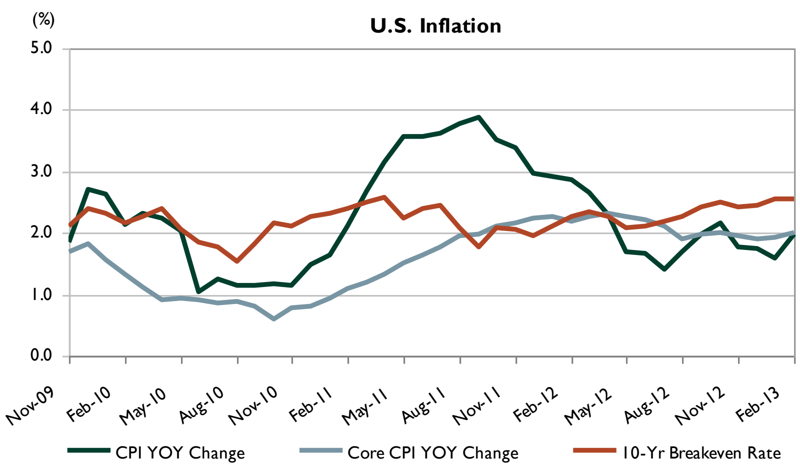
Macroeconomic Trends



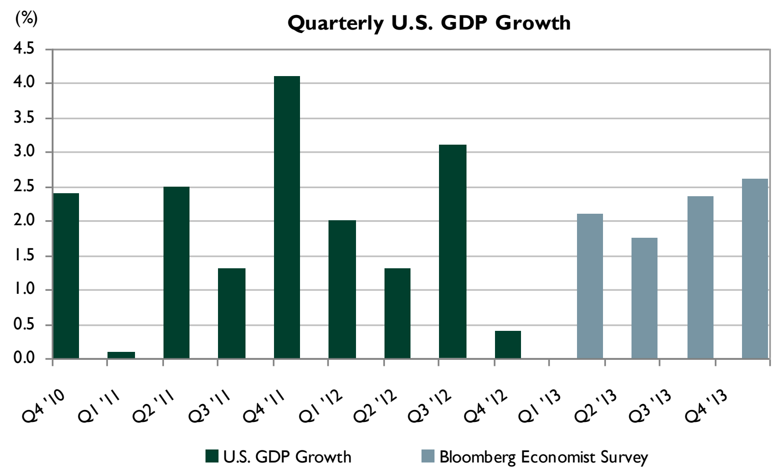
In January, the Case Shiller Index rose by 8.1% on a year-over-year (YOY) basis, the sharpest gain since June 2006. January represented the eighth straight monthly YOY increase. Continued improvements within the housing sector are a positive trend for household balance sheets, as well as the domestic economy.



Despite the FOMC's efforts to provide the system with liquidity and expand the money supply, money velocity continued to decline and is at a historically low level. This trend continues to hinder the effectiveness of the Fed's expansionary policy and has likely helped contain inflation.



Year-over-year Core CPI rose 2.0% in February. Falling food prices were offset by higher energy demand, which caused Core CPI (excluding energy and food) to also rise 2.0% Market concern over unprecedented monetary policy drove inflation expectations higher. The FOMC maintained its low interest rate pledge, as well as its new policy of tying policy to the unemployment rate.



Fourth quarter U.S. GDP gained 0.4%—a sharp decline from 3.1% in the third quarter. Personal consumption expenditures increased 1.2%, but a sharp deceleration in inventories (-1.5%) and government expenditures (-1.4%) offset the benefit of positive PCE and trade data.

Sources: Bloomberg,

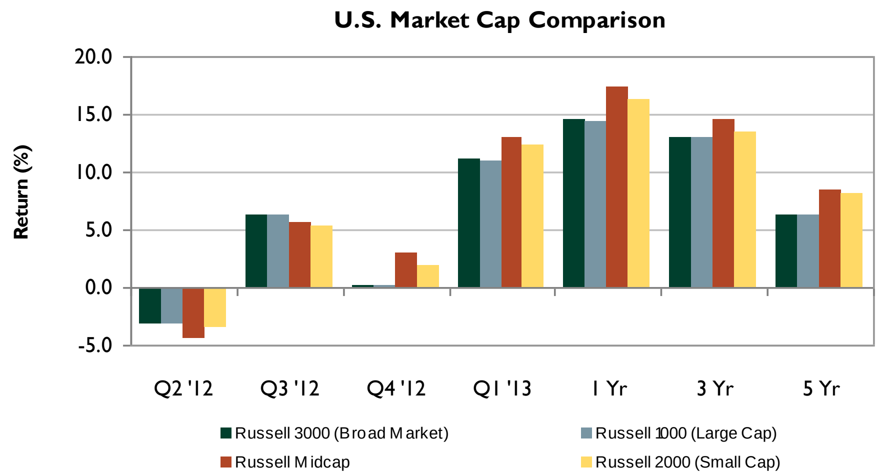
U.S. Equity

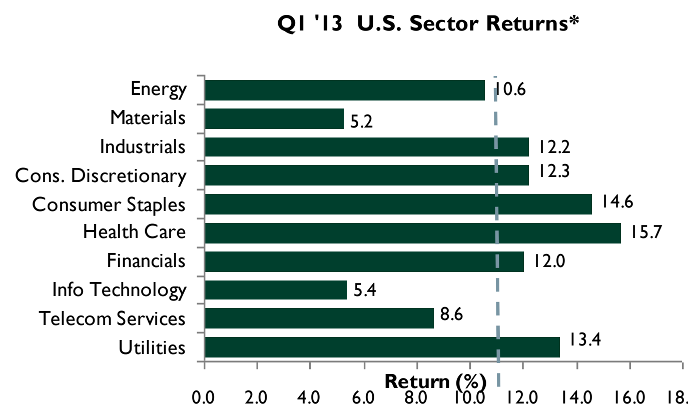
The Russell 3000 Index gained 11.1% during the first quarter, resulting in a 19.2% return for the 12-month period. Performance was driven in part by the agreement to defer the full impact of the fiscal cliff and the temporary suspension of the debt ceiling. The Index also posted a double-digit gain in the first quarter of 2013. It is noteworthy that in the last 15 calendar years there are only two instances in which the markets gained 10% in the first quarter and were negative in the final three quarters.

Traditionally defensive sectors led the market with health care (+15.7%), consumer staples (+14.6%), and utilities (+13.4%) leading the way—in part driven by investors seeking higher yielding equities. While all sectors ended the quarter in positive territory, materials (+5.2%) were impacted by emerging markets exposure while IT (+5.4%) lagged, in large part due to a double-digit loss posted by Apple.

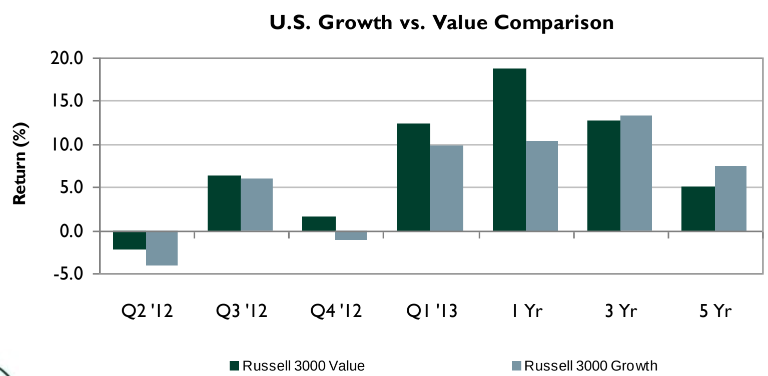
Double-digit gains were generated across the market cap spectrum with the Russell 1000 Index up 11.0%, the Russell Midcap Index up 13.0%, and the Russell 2000 Index adding 12.4%. Smaller cap equities continued to outperform their large cap counterparts, though relative outperformance was slightly lower than the previous quarter.

Value stocks outperformed growth stocks for the fourth consecutive quarter. As a result, the Russell 3000 Value Index (+18.7%) bested the Russell 3000 Growth Index (+10.4%) by more than 800 bps for the 12-month period ended March 31st. However, Value lagged Growth over the trailing three- and five-year timeframes.





*Dotted line indicates total Russell 3000 Index return

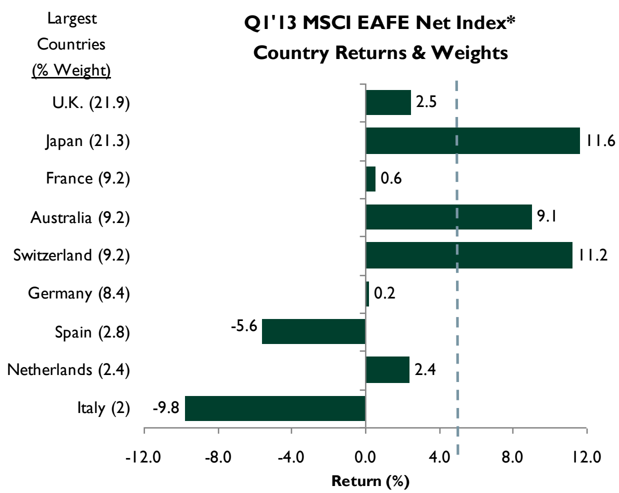


Sources: InvestMetrics, Bloomberg

International Equity

While they trailed domestic markets, foreign developed equity returns were strong with the MSCI EAFE Index advancing 5.1% in U.S. dollar (USD) terms. Continued strength in Japanese equities was offset by mixed returns across Europe, where investor sentiment was challenged by the growing financial crisis in Cyprus, political unrest in Italy, and weak macro data in the euro area. Currency movements served as a meaningful headwind, driven by further depreciation of the Japanese yen. The Index advanced 9.7% in local terms during the quarter.

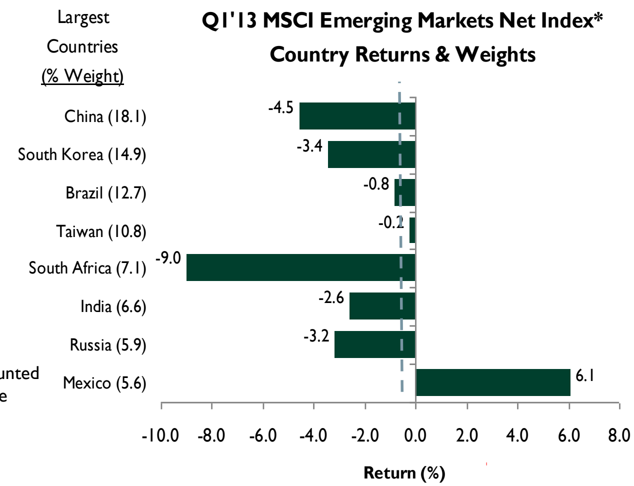
- Within Europe, some the more troubled nations within the euro area—Portugal (−0.3% USD, +2.3% local), Italy (−9.8% USD, −7.4% local), and Spain (−5.6% USD, −3.1% local)—struggled, while returns elsewhere across the continent were generally positive.
- Japan (+11.6% USD, +21.4% local) continued to rally into the new year as investors responded favorably to actions taken by the Bank of Japan (BOJ) to foster growth and inflation. Though the country's exporters benefited from the continued devaluation of the yen, it weighed on USD returns.
- Paced by consumer and health care, sector returns within the Index were generally strong. Mired by weak commodities pricing, energy and materials were the only sectors to generate notable losses.



* Note: Other countries accounted for 13.7% of the Index weight

Emerging markets (EM) disappointed relative to their developed counterparts, with the MSCI EM Index declining 1.6% (USD). Poor returns across the larger BRIC nations—driven in part by weak commodity prices and stagnant growth figures—weighed heavily on performance. The impact of currency varied widely between EM countries, but only had a modest overall effect, falling just 0.5% locally.

- China (−4.5% USD, −4.4% local) faltered as investors reacted to the government's decision to slow rising housing prices through a 20% capital gains tax on property transactions, as well as increased mortgage rates and down payments, midway through the quarter
- Southeast Asia remained a region of strength in the developing world. Indonesia (+13.4% USD, +14.3% local), Thailand (+10.1% USD, +5.4% local), and the Philippines (+18.6% USD, +17.9% local) all posted strong gains and continued to benefit from strong domestic demand, moderate inflation conditions, and foreign investment.
- South Africa (−9.0% USD, −1.6% local) weighed on broad EM returns. In addition to stagnant economic growth, labor tensions, and a growing trade deficit, the country faced meaningful currency headwinds, with the rand hitting its weakest level against the USD since April 2009 during the quarter.



* Note: Other countries accounted for 17.6% of the Index weight

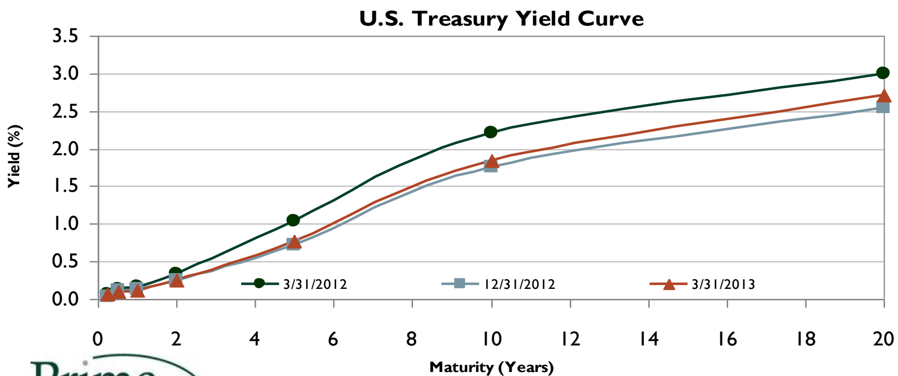
Sources: MSCI/Barra, Wall Street Journal, Financial Times. Note: All returns quoted in USD terms, unless otherwise noted. *Dotted line indicates total index return

U.S. Fixed Income

The U.S. Treasury Yield Curve steepened as yields at the intermediate and long portion of the curve drifted higher and the front end of the curve remained anchored by the Fed. The 10- and 30-year U.S. Treasury yields rose by 9 and 15 bps, respectively, while the 2-year yield was flat. Rates climbed in January following the decrease in risk aversion after the fiscal cliff was avoided. Rates rallied in late March as the Cypriot bank crisis renewed concerns about the debt crisis in Europe as a whole, which led to increased demand for safe haven assets.

The Fed continued its ongoing asset purchase programs, which included $40 billion of additional agency mortgage-backed securities (MBS) and $45 billion of additional long-term Treasury securities per month. Despite the ongoing support, both the Treasury and agency MBS markets posted slight losses. In late February, there was concern the Fed may end its programs sooner than expected after January meeting minutes indicated a number of central banks were becoming increasingly concerned about the risks associated with the programs.

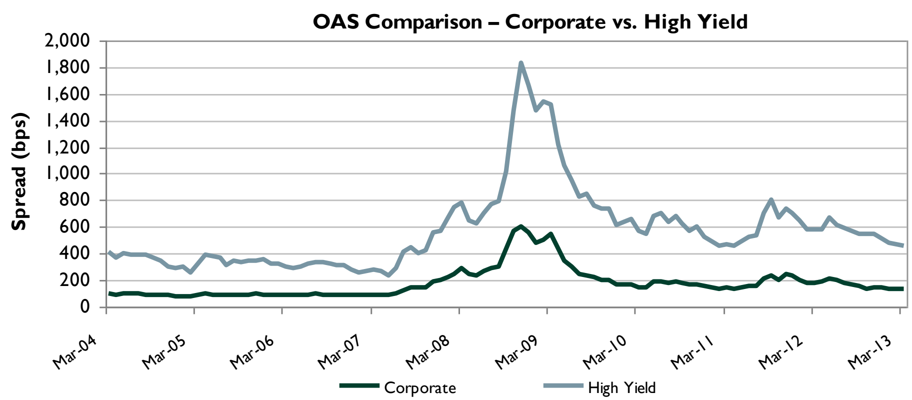
Following 11 consecutive quarters of positive returns, the Barclays Aggregate Index posted a slight loss (−0.1%) during the quarter. All major sectors of the benchmark generated either flat or negative performance, with government-related securities posting the largest decline (−0.2%). In a reversal from the previous three quarters, shorter-maturity issues meaningfully outperformed longer-term issues given the move higher in yields at the long end.



Corporate option-adjusted spreads were essentially flat and the corporate portion of the Index posted a 0.1% loss. In general, lower-rated issues outperformed their higher rated counterparts, with BBB-rated securities posting an aggregate return of 19 bps compared to the 76 bps loss for AAA-rated bonds. Financials (+0.9%) outperformed industrials (−0.7%) as bank balance sheets strengthened and spreads tightened. Financial spreads continued to converge, with industrials moving from a differential of 22 bps at year-end to 5 bps at quarter-end.

Securitized securities finished the quarter flat, outperforming both the government-related and corporate sectors. Despite continued support from the Fed, U.S. mortgage-backed pass-through securities declined 0.1%. Losses were contained to the lower end of the coupon stack as securities within the 5–8% portion all posted positive performance. Commercial MBS posted slight gains and non-agency, residential MBS continued to perform well as attractive spreads, rising home prices, and declining mortgage delinquencies all continued to benefit the asset class.

High yield debt and bank loans rose 2.9% and 2.2%, respectively, as spread declines of 50 bps (high yield) and 7 bps (loans) drove prices higher. Among bonds, gains in basic industry (+3.4%), consumer cyclicals (+3.2%), and financials (+3.5%) offset modest returns in utilities (+1.4%) and communications (+1.9%). Within loans, utility TXU gained 4.1% and was a key contributor, while communications (+2.8%) was also a source of strength. Lower quality outperformed with CC-rated bonds (+5.8%) and CCC-rated loans (+5.1%) outperforming higher rated securities by a factor of 3x.



Sources: Bloomberg, Barclays, Federal Reserve

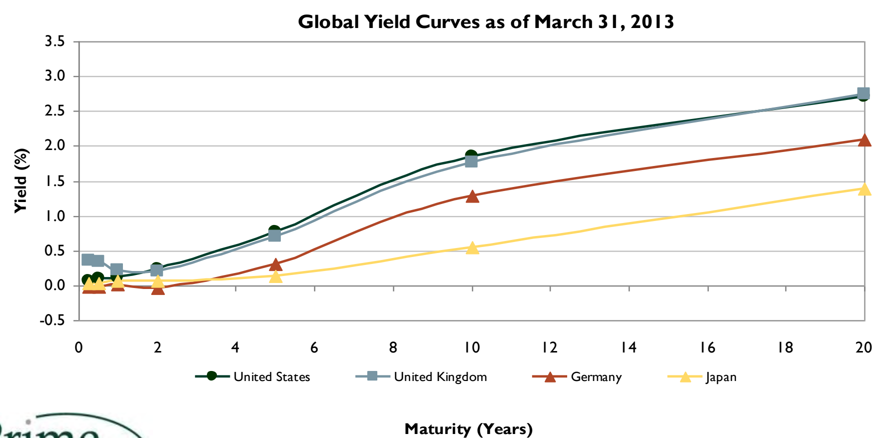
Currencies & Global Bonds

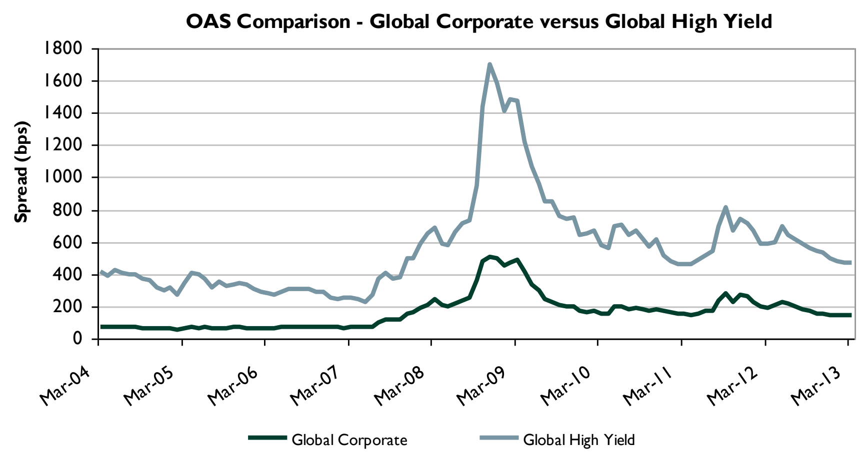
Several countries, including Denmark, Serbia, and Egypt, raised rates, but the majority of central bank meetings resulted in rate cuts. Poland, Hungary, and Colombia cut rates three times during the quarter, while India and Georgia reduced rates twice. Although Europe's recession continued and inflation remained contained, the European Central Bank did not alter monetary policy, but emphasized that policy would remain accommodative. The Fed remained on hold, but also vowed to maintain loose policy. Markets eagerly anticipated news from the BOJ after it adopted Prime Minister Abe's 2% inflation target. The BOJ did not make a significant announcements during the quarter, but incoming leadership of the bank were expected to outline a dramatic shift in policy at the April meeting.

The Dollar Spot Index (DXY), a weighted-average of six currencies (euro, Japanese yen, British pound, Canadian dollar, Swedish krona, Swiss franc), rallied 4.0%. The yen continued its decline, falling 7.9% as markets anticipated BOJ easing. The British pound declined 6.5% as the U.K. economy continued to weaken in the face of rising inflationary pressures. The situation in Cyprus and concerns about contagion pressured the euro, which depreciated 2.8% against the USD. Of the 47 developed and EM currencies tracked, only the Mexican peso (+4.2%) and the Thai baht (+4.6%) meaningfully appreciated against the USD, while others such as the Brazilian real (+1.5%), Chilean peso (+1.5%), and Israeli shekel (+2.4%) strengthened to a lesser degree.

The stronger USD relative to developed market currencies served as a headwind and caused a wide divergence between unhedged (−3.9%) and hedged (+1.2%) returns for the Barclays Global Treasury ex-U.S. Index. Using hedged returns as a proxy for local market returns, Ireland (+4.3%) and Spain (+2.8%) shrugged off the uncertainty from Italy's inconclusive elections, but the unprecedented rescue plan for Cyprus sent yields higher and the euro lower by the end of the quarter. Other European nations displayed mixed results, with modest gains in U.K. (+0.7%), Italy (+0.2%), and Germany (+0.3%) and negative returns in Poland (−0.9%), Sweden (−1.1%), and France (−0.3%). Mexico was an area of strength, rising 3.6% on a hedged basis and 9.9% when factoring in the strength of the peso. Japan gained 2.4% (hedged), but fell 5.8% when weakness in the yen is considered.

Similar to developed markets, the strong USD constrained local market EMD returns. The Barclays EM Local Currency GBI rose 0.3% in unhedged terms compared to a 0.9% gain on a hedged basis. In hedged terms, EM Asia (+2.0%) was a key region of strength, driven by South Korea (+1.6%) and the Philippines (+14.9%). EM Americas rose 0.9% as strength in Colombia (+3.4%) and Mexico (+3.5%) offset declines in Brazil (−1.4%) and Chile (−0.7%). EM EMEA fell 0.6% due to Egypt (−7.4%), Poland (−0.9%), and Turkey (−0.5%). These markets were slightly offset by gains in Hungary (+1.0%) and Croatia (+1.7%).





Sources: Bloomberg, Barclays

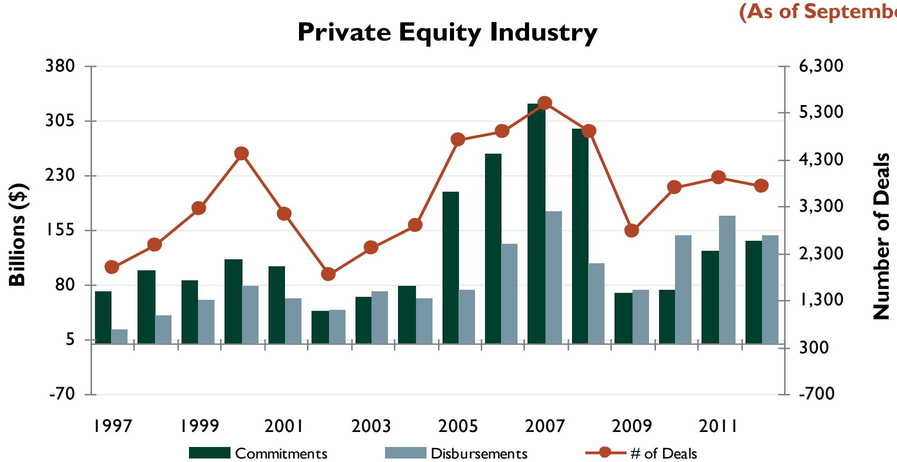
U.S. private equity raised $44.3 billion from 58 funds during the fourth quarter of 2012, a 16% increase from the $38.1 billion raised in the previous quarter. According to Preqin, the average time taken for private equity funds to close has increased slightly, from 16.2 months in 2011 to 17.1 months in 2012. The new fund formation market is very robust, with a record number of funds on the road. Globally, 1,949 private equity funds were fundraising as of year-end 2012, seeking an aggregate $797.1 billion. Private equity funds raised more capital in 2012 than they have since 2008 because of increasing fund sizes and the return of an appetite for funds in excess of $1 billion. U.S. private equity firms raised $160.4 billion across 426 funds in 2012, compared to $133.2 billion raised by 453 funds during 2011.

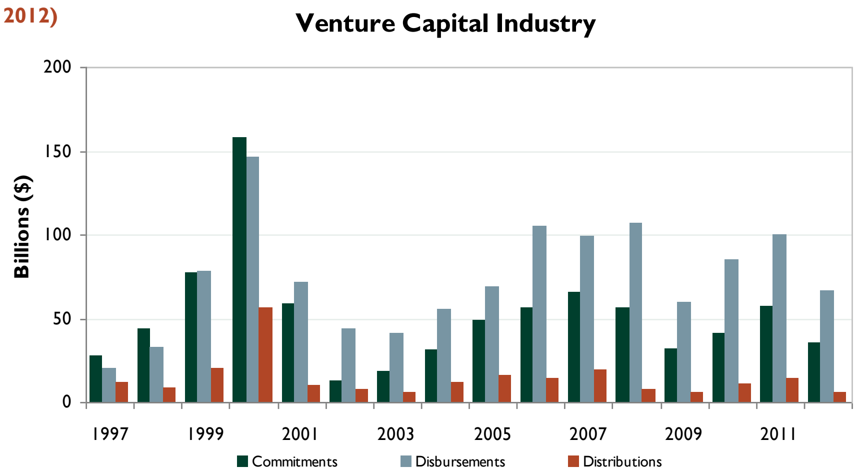
The dollar value of acquisitions made by U.S. private equity firms declined 13.6% compared to 2011, but was the second-highest mark in the past five years. The level of activity, which exceeded the average of 2010–2011, reflected the need to invest capital committed years earlier, as well as an abundance to leverage availability. Technology, professional services, and health care were the leading target sectors for private equity mergers and acquisitions in terms of deal count. The average EBITDA multiple for leveraged buyouts moved down in 2012 declining from 2008 peaks.

Forty-two U.S. venture capital funds raised $3.2 billion during the fourth quarter, a 35% decrease in dollar commitments and a 25% increase by number of funds compared to the previous quarter. The top five venture capital funds accounted for 55% of total fundraising, which is the same level as the previous quarter. Furthermore, a total of $6.4 billion was invested in 968 venture-backed deals, a 3% decrease in dollars invested and a 5% increase in number of deals from the previous quarter, when $6.6 billion was invested in 919 deals. There was $27 billion invested into 3,698 deals in 2012, which was slightly below 2011, when $29 billion financed 3,937 venture-backed companies. Venture-backed initial public offerings (IPOs) raised $1.4 billion from eight offerings, representing a modest decline in volume from the previous quarter, while the total number of deals fell 23%. Of the eight IPOs, five were related to IT, two were life sciences, and one was energy.

Eleven European private equity funds raised $17.1 billion during the quarter, while 277 transactions were completed, an increase of roughly 21% compared to the prior quarter. Additionally, the value of these transactions amounted to €24.6 million, which is an 82% increase from the third quarter's total of €13.5 million.

(As of September 30, 2012)





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

Flexible Capital

The HFRI Fund Weighted Composite Index was up 3.9% during the first quarter, trailing broad market indices globally as markets continued to rally into the new year. Results in the flexible capital space continue to disappoint as the index returned a fraction of the S&P 500 Index's 10.6% gain. The top performing strategy was hedged equity (5.3%), followed by distressed/restructuring (4.4%), and event-driven (3.8%). Directional-biased fund of funds strategies, represented by the HFRI FOF: Strategic Index, were up 4.1%. As expected, short-biased strategies struggled in this environment with that index falling 5.5%.

Credit continues to be highly contributive, with both corporate and securitized credit appreciating during the quarter. Many managers reduced their hedges and increased net long posture as volatility came down considerably, lessening the drag of short portfolios during a positive market. The RMBS market continued to benefit from improvements in the housing market and increased demand from yield-focused pensions and insurance companies. Many legacy distressed positions also performed well, with Lehman Brothers entities reaching an agreement regarding intercompany claims, which will lead to future cash distributions. Europe continues to be an area of emphasis as managers have reported a modest increase in asset disposition activity from the banks. The ability to directly source these deals is paramount, and large hedge funds have stepped up their capital market efforts as a result. In the performing credit market, collateralized loan obligation issuance was robust, which bid-up prices in the leveraged loan market, while flows into the high yield market slowed. Many credit-oriented managers have increased their focus on the new issuance market to better understand the drivers of the issuance and the fundamentals supporting the corporations coming to market.

Though there was much speculation about 2013 being a comeback year for mergers and corporate activity in general, the first quarter disappointed outside of a handful of larger deals. On a global basis, deal volumes reached their lowest level since the first quarter of 2003, while overall deal values were up approximately 11% from a year ago. This was driven by large deals such as Dell's management buyout, Berkshire Hathaway's takeover of Heinz, Comcast's purchase of NBC Universal from GE, and Liberty Global's buyout of Virgin Media.

Although deal values were up considerably in the U.S., the weakness in global volume was driven largely by Europe, where the uncertain fiscal situation has weighed heavily on CEO confidence levels. The low level of deal volume has limited the number of opportunities; however, investors have also had to manage heightened antitrust regulation regarding a number of larger deals in the first quarter, specifically UPS-TNT Express and the complex AB InBev-Grupo Modelo-Constellation Brands transaction. Merger-arbitrage investments continue to be a small allocation for most multi-strategy and event-driven managers. However, managers have indicated a willingness to opportunistically allocate capital to attractive deals as they arise.

Macro managers reported mixed results, with the HFRI Macro Index up 1.4% on the quarter as currency and energy market reversals made trading difficult. Despite this, many macro managers were able to profit from the sharp decline in the Japanese yen. The decline in precious metals and steady rise in equity markets also led to gains for many trend-following strategies.

Goldman Sachs Hedge Fund VIP Basket*

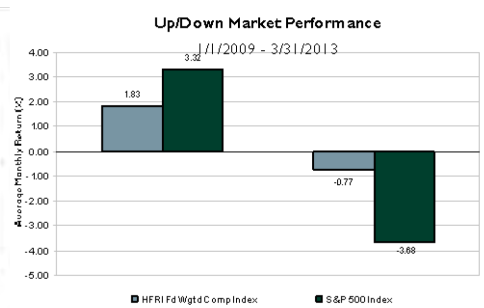
Top 5 Q1 2013 Performers

Company	Q1
Starz - Liberty Capital	66.8%
Delta Air Lines Inc	39.1%
Hertz Global Holdings Inc	36.8%
Six Flags Entertainment Corp	20.0%
News Corp	19.8%
S&P 500 Index	10.6%

Bottom 5 Q1 2013 Performers

Company	Q1
Apple Inc	-16.5%
Facebook Inc	-3.9%
General Motors Co	-3.5%
Oracle Corp	-2.9%
Freeport-McMoRan Copper & Gold	-2.4%
S&P 500 Index	10.6%

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

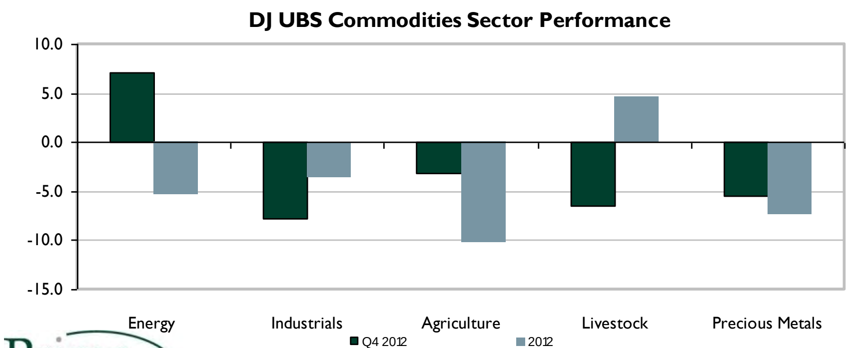


Sources: Bloomberg, Hedge Fund Research, Goldman Sachs, Morgan Stanley

Inflation Hedging

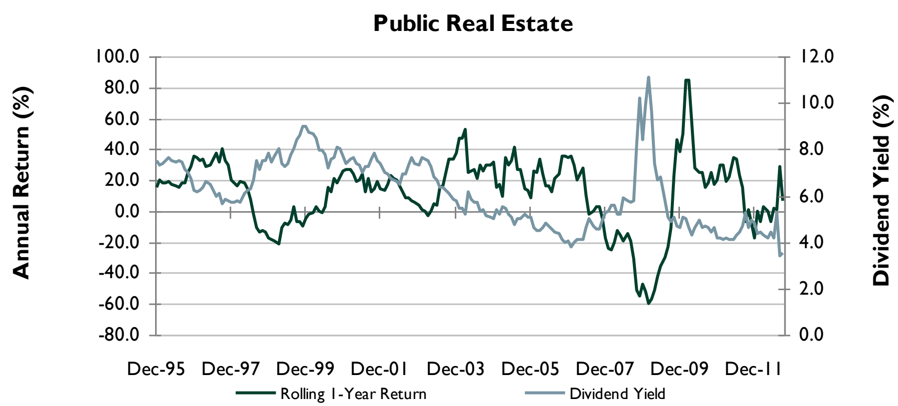
Global real estate securities gained 6.3%, which reflected improving real estate fundamentals, the impact of central bank announcements/actions, and continued investor appetite for yield. Regionally, Asian securities led the quarter's advance, gaining 9.3% due in large part to a massive 36% rally by Japanese securities following the announcement of the BOJ's quantitative easing goals intended to reflate the economy and weaken the yen. North American securities rallied 7.9% on stronger fundamentals and continued desire for yield, which drove the valuations for higher dividend-paying small and mid-cap REITs. In Europe, the depreciation of the euro and concerns over potential contagion from the crisis in Cyprus pushed securities slightly down for the quarter (−2.5%).

Commodities retreated by 1.1% as measured by the DJ UBS Commodities Index. Indications of economic strength in the U.S.—specifically, housing and construction employment—were offset by continued weakness in Europe and signs of a slowdown in the Chinese economy. All commodity sub-sectors, with the exception of energy (+7.1%), delivered negative returns. Energy's strong performance was supported by increases in oil prices due to winter heating demand; WTI rose 5.9% because of increased capacity in Cushing and natural gas prices. Industrial metals fell hardest (−7.8%) due to weaker demand from emerging markets. Agriculture retreated (−3.2%) owing to a soybean crop that is expected to be larger than normal, while livestock pulled back (−6.5%) on weaker demand driven in part by historically high prices. Precious metals fell (−5.5%) for a variety of reasons, including fading sentiment that loose monetary policy by central banks will fuel short -and medium-term inflation.



The NCREIF Property Index returned 2.6% as markets continued to stabilize and demonstrate improving fundamentals in most sectors. Office, industrial, and retail vacancies all declined. Despite continued growth in rental rates, national apartment vacancy remained unchanged at 5.1%—the first time in four years the rate did not decline year over year. Domestic sales volumes totaled $56 billion in the fourth quarter of 2012, representing the highest level of activity since 2007. Quarterly totals were pushed higher due in part to sellers who were motivated by looming year-end increases in capital gains tax rates. Stabilizing and improving fundamentals, as well as investor appetite for yield, increased CMBS issuance ($48 billion for all of 2012) and the availability of debt financing in primary, secondary, and tertiary markets.

Barclays U.S. TIPS Index fell 0.4%. The real yield curve steepened with tenors below 10 years falling and those beyond 10 years rising. The front end of the real yield declined to a greater magnitude than those in the intermediate to longer maturity range. Longer-dated TIPS underperformed their shorter-maturity counterparts in this environment. The belly of the real yield curve, 5–7 years, also benefited from widening 5-year breakeven expectations, which rose 33 bps to 2.5%. As a result, the 5-7 year maturity range delivered the best performance. Falling real yields and widening inflation expectations caused TIPS with maturities of less than 10 years to outperform their nominal U.S. Treasury counterparts. However, with long-term inflation expectations remaining stable, longer-dated nominal U.S. Treasuries outperformed longer-maturity U.S. TIPS.



Tab II

Total Fund Highlights

- During the first quarter of 2013, the Town of Palm Beach Health Insurance Trust gained 5.2%, outperforming the 5.0% return of the Target Index. Over the trailing 1-year period, the Total Fund (+9.2%) has outperformed its Target Return (+7.9%) by 130 bps. During the quarter, the global equity segment (+8.4%) continued to contribute positively towards absolute performance. The domestic equity segment gained 10.7%, underperforming the 11.1% return of its benchmark Russell 3000 Index, while the international equity segment (+4.9%) slightly underperformed its benchmark MSCI EAFE Index (+5.1%) by 20 bps. The total flexible capital segment (+4.7%) contributed positively towards relative performance, outpacing its benchmark HFRI FOF Composite (+3.4%) by 130 bps. The total fixed income segment also posted positive relative returns, outperforming its benchmark Fixed Income Composite (+0.0%) by 20 bps. The total inflation hedging segment performed poorly from a relative standpoint, down 0.8%, versus its benchmark, the Inflation Hedging Composite (+2.5%) by 170 bps. At year-end, Total Fund assets were valued at approximately $21.7 million.
- At year-end, all asset class segments are within their designated target ranges, however, the domestic and international equity segments are approaching their upper range at the expense of the inflation hedging segment. Included in Tab V of the report is a search for a potential real estate manager to include within the inflation hedging segment which is currently 4.5% under target.

Segment Performance

Segment Level Performance (% Rate of Return)

Benchmark Dependent Metrics vs. S&P 500 Index

As of March 31, 2013

	1 Quarter Return	1 Year Return	2 Years Return	3 Years Return	5 Years Return	Since Inception Return	Since Inception Standard Deviation	Since Inception Beta	Since Inception Actual Correlation	Inception Date
Total Fund	**5.2**	**9.2**	**4.7**	**7.5**	**2.8**	**1.8**	**11.1**	**0.6**	**0.9**	**Jul-07**
Target Index	5.0	7.9	4.8	7.3	3.2	2.4	10.5	0.6	1.0	Jul-07
Actual Index	5.2	8.5	4.8	7.4	3.3	2.4	9.7	0.5	0.9	Jul-07
Consumer Price Index	1.4	1.5	2.1	2.3	1.7	1.9	1.6	0.0	0.2	Jul-07
Domestic Equity	**10.7**	**13.6**	**8.3**	**11.5**	**3.8**	**1.0**	**19.3**	**1.1**	**1.0**	**Jul-07**
Russell 3000 Index	11.1	14.6	10.8	13.0	6.3	3.3	18.7	1.0	1.0	Jul-07
International Equity	**4.9**	**13.3**	**4.7**	**6.8**	**1.1**	**-0.6**	**23.1**	**1.2**	**0.9**	**Jul-07**
MSCI EAFE (Net)	5.1	11.3	2.4	5.0	-0.9	-2.3	22.1	1.1	0.9	Jul-07
Total Flexible Capital	**4.7**	**8.4**	**4.4**	**4.9**	**3.6**	**3.2**	**6.0**	**0.2**	**0.7**	**Jul-07**
HFRI Fund of Funds Composite Index	3.4	4.8	0.6	2.1	-0.2	-0.6	6.3	0.2	0.7	Jul-07
Total Fixed Income	**0.2**	**3.8**	**2.9**	**4.3**	**4.7**	**4.1**	**6.4**	**0.3**	**0.7**	**Jul-07**
Fixed Income Composite Index	0.0	2.5	1.6	3.5	4.5	4.7	5.3	0.2	0.7	Jul-07
Total Inflation Hedging	**0.8**	**1.6**	**-1.0**	**7.9**	**-5.8**	**-4.6**	**16.2**	**0.2**	**0.2**	**Jul-07**
Inflation Hedging Composite Index	2.5	2.6	0.6	8.2	0.5	1.8	12.4	0.1	0.2	Jul-07

Executive Summary

Town of Palm Beach

Health Insurance Trust

Preliminary Executive Summary as of March 31, 2013

Market Value	% of Portfolio		QTR Ended Jun-12	QTR Ended Sep-12	QTR Ended Dec-12	QTR Ended Mar-13	Calendar YTD	1 YR	2 YRS	3 YRS	5 YRS	Return Since	Inception Date
$21,703,404	**100.0**	**Total Fund**	**-2.8**	**4.8**	**1.9**	**5.2**	**5.2**	**9.2**	**4.7**	**7.5**	**2.8**	**1.8**	**Jul-07**
		Target Index	-2.9	4.8	1.0	5.0	5.0	7.9	4.8	7.3	3.2	2.4	Jul-07
		Actual Index	-2.8	4.8	1.2	5.2	5.2	8.5	4.8	7.4	3.3	2.4	Jul-07
		Consumer Price Index	0.0	0.8	-0.8	1.4	1.4	1.5	2.1	2.3	1.7	1.9	Jul-07
$11,086,719	**51.1**	**Global Equity**	**-4.5**	**6.1**	**3.3**	**8.4**	**8.4**	**13.5**	**6.9**	**9.7**	**2.8**	**0.4**	**Jul-07**
$6,903,134	**31.8**	**Domestic Equity**	**-3.4**	**5.3**	**0.9**	**10.7**	**10.7**	**13.6**	**8.3**	**11.5**	**3.8**	**1.0**	**Jul-07**
		Russell 3000 Index	**-3.1**	**6.2**	**0.2**	**11.1**	**11.1**	**14.6**	**10.8**	**13.0**	**6.3**	**3.3**	
$5,422,975	25.0	Fidelity Spartan Total Market Index Advisor Fund	-3.1	6.2	0.2	11.1	11.1	14.5	10.8	13.0	6.5	3.4	Jul-07
		Wilshire 5000 Index	**-3.2**	**6.1**	**0.3**	**11.2**	**11.2**	**14.5**	**10.7**	**13.0**	**6.6**	**3.6**	
$489,237	2.3	FPA Crescent Fund	-2.9	4.5	1.9	7.2	7.2	10.9	NA	NA	NA	10.9	Apr-12
		S&P 500 Index	**-2.8**	**6.4**	**-0.4**	**10.6**	**10.6**	**14.0**	**11.2**	**12.7**	**5.8**	**14.0**	
		60% Russell 2500 / 40% BC Global Credit	**-2.3**	**5.3**	**2.8**	**7.3**	**7.3**	**13.4**	**8.4**	**11.9**	**8.2**	**13.4**	
		HFRI Equity Hedge (Total) Index	**-4.6**	**3.5**	**1.9**	**5.2**	**5.2**	**5.7**	**0.6**	**3.6**	**2.1**	**5.7**	
$990,922	4.6	FMI Common Stock Fund	-5.1	1.2	4.3	10.2	10.2	10.3	NA	NA	NA	10.3	Apr-12
		Russell 2500 Index	**-4.1**	**5.6**	**3.1**	**12.8**	**12.8**	**17.7**	**9.2**	**14.6**	**9.0**	**17.7**	
$4,183,585	**19.3**	**International Equity**	**-6.3**	**7.5**	**7.3**	**4.9**	**4.9**	**13.3**	**4.7**	**6.8**	**1.1**	**-0.6**	**Jul-07**
		MSCI EAFE (Net)	**-7.1**	**6.9**	**6.6**	**5.1**	**5.1**	**11.3**	**2.4**	**5.0**	**-0.9**	**-2.3**	
$2,028,907	9.3	Dodge & Cox International Stock Fund	-8.3	7.4	9.1	3.6	3.6	11.3	1.4	4.9	1.1	-1.1	Jul-07
		MSCI EAFE (Net)	**-7.1**	**6.9**	**6.6**	**5.1**	**5.1**	**11.3**	**2.4**	**5.0**	**-0.9**	**-2.3**	
$2,154,678	9.9	Artisan International Institutional Fund	-4.4	7.6	5.7	6.1	6.1	15.4	NA	NA	NA	9.1	Jul-11
		MSCI EAFE (Net)	**-7.1**	**6.9**	**6.6**	**5.1**	**5.1**	**11.3**	**2.4**	**5.0**	**-0.9**	**1.8**	

Executive Summary

Town of Palm Beach

Health Insurance Trust

Preliminary Executive Summary as of March 31, 2013

Market Value	% of Portfolio		QTR Ended Jun-12	QTR Ended Sep-12	QTR Ended Dec-12	QTR Ended Mar-13	Calendar YTD	1 YR	2 YRS	3 YRS	5 YRS	Return Since	Inception Date
$4,073,122	**18.8**	**Total Flexible Capital**	**-1.1**	**2.5**	**2.1**	**4.7**	**4.7**	**8.4**	**4.4**	**4.9**	**3.6**	**3.2**	**Jul-07**
		HFRI Fund of Funds Composite Index	**-2.3**	**2.4**	**1.3**	**3.4**	**3.4**	**4.8**	**0.6**	**2.1**	**-0.2**	**-0.6**	
$1,831,952	8.4	Forester Offshore A2, Ltd.	-1.3	2.1	2.0	5.2	5.2	8.1	4.8	5.1	3.9	4.3	Jul-07
		HFRI FOF: Strategic Index	**-3.1**	**3.0**	**1.5**	**3.8**	**3.8**	**5.2**	**0.6**	**2.2**	**-0.5**	**-0.9**	
$2,241,170	10.3	Archstone Absolute Return Strategies Fund, Ltd. Class A	-0.9	2.8	2.3	4.3	4.3	8.7	4.1	4.8	3.3	2.2	Jul-07
		HFRI FOF: Conservative Index	**-1.7**	**1.8**	**1.6**	**2.7**	**2.7**	**4.4**	**1.0**	**2.2**	**-0.4**	**-0.6**	
$4,093,573	**18.9**	**Total Fixed Income**	**1.5**	**1.7**	**0.4**	**0.2**	**0.2**	**3.8**	**2.9**	**4.3**	**4.7**	**4.1**	**Jul-07**
		Fixed Income Composite Index	**1.3**	**1.0**	**0.1**	**0.0**	**0.0**	**2.5**	**1.6**	**3.5**	**4.5**	**4.7**	
$2,303,140	10.6	PIMCO Total Return II Institutional Fund	2.5	2.7	0.6	0.3	0.3	6.2	6.1	6.2	NA	8.3	Feb-09
		Barclays U.S. Aggregate	**2.1**	**1.6**	**0.2**	**-0.1**	**-0.1**	**3.8**	**5.7**	**5.5**	**5.5**	**6.1**	
$1,790,433	8.2	Vanguard Short Term US Treasury Admiral Fund	0.3	0.5	0.1	0.1	0.1	0.9	NA	NA	NA	0.8	Dec-11
		Barclays U.S. Treasury: 1-5 Year	**0.6**	**0.4**	**0.0**	**0.2**	**0.2**	**1.2**	**2.2**	**2.4**	**2.6**	**0.9**	
$2,285,383	**10.5**	**Total Inflation Hedging**	**-5.9**	**9.1**	**-1.8**	**0.8**	**0.8**	**1.6**	**-1.0**	**7.9**	**-5.8**	**-4.6**	**Jul-07**
		Inflation Hedging Composite Index	**-4.7**	**8.4**	**-3.1**	**2.5**	**2.5**	**2.6**	**0.6**	**8.2**	**0.5**	**1.8**	
$645,256	3.0	Vanguard Inflation-Protected Securities Admiral Fund	3.3	2.1	0.6	-0.3	-0.3	5.8	8.9	8.5	NA	8.7	Jan-09
		Barclays U.S. Treasury: U.S. TIPS	**3.2**	**2.1**	**0.7**	**-0.4**	**-0.4**	**5.7**	**8.9**	**8.6**	**5.9**	**8.8**	
$689,568	3.2	PIMCO Commodity Real Return Strategy Institutional Fund	-3.4	12.1	-5.8	-0.6	-0.6	1.5	-5.0	NA	NA	9.4	Jul-10
		Dow Jones-UBS Commodity Index	**-4.5**	**9.7**	**-6.3**	**-1.1**	**-1.1**	**-3.0**	**-9.9**	**1.4**	**-7.1**	**3.4**	
$950,560	4.4	Van Eck Global Hard Assets I Fund	-13.5	11.9	-0.3	2.7	2.7	-0.9	NA	NA	NA	-0.9	Apr-12
		S&P North American Natural Resources Sector	**-9.7**	**12.1**	**-3.1**	**7.2**	**7.2**	**5.1**	**-5.1**	**7.8**	**0.9**	**5.1**	

Executive Summary

Town of Palm Beach

Health Insurance Trust

Preliminary Executive Summary as of March 31, 2013

Market Value	% of Portfolio		QTR Ended Jun-12	QTR Ended Sep-12	QTR Ended Dec-12	QTR Ended Mar-13	Calendar YTD	1 YR	2 YRS	3 YRS	5 YRS	Return Since	Inception Date
$164,607	**0.8**	**Total Liquid Capital**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.1**	**0.1**	**0.1**	**0.3**	**0.8**	**Jul-07**
$164,607	0.8	Government Stif 15	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.3	0.8	Jul-07
		Citigroup 3 Month T-Bill	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.1**	**0.1**	**0.1**	**0.3**	**0.8**	

Please Note:

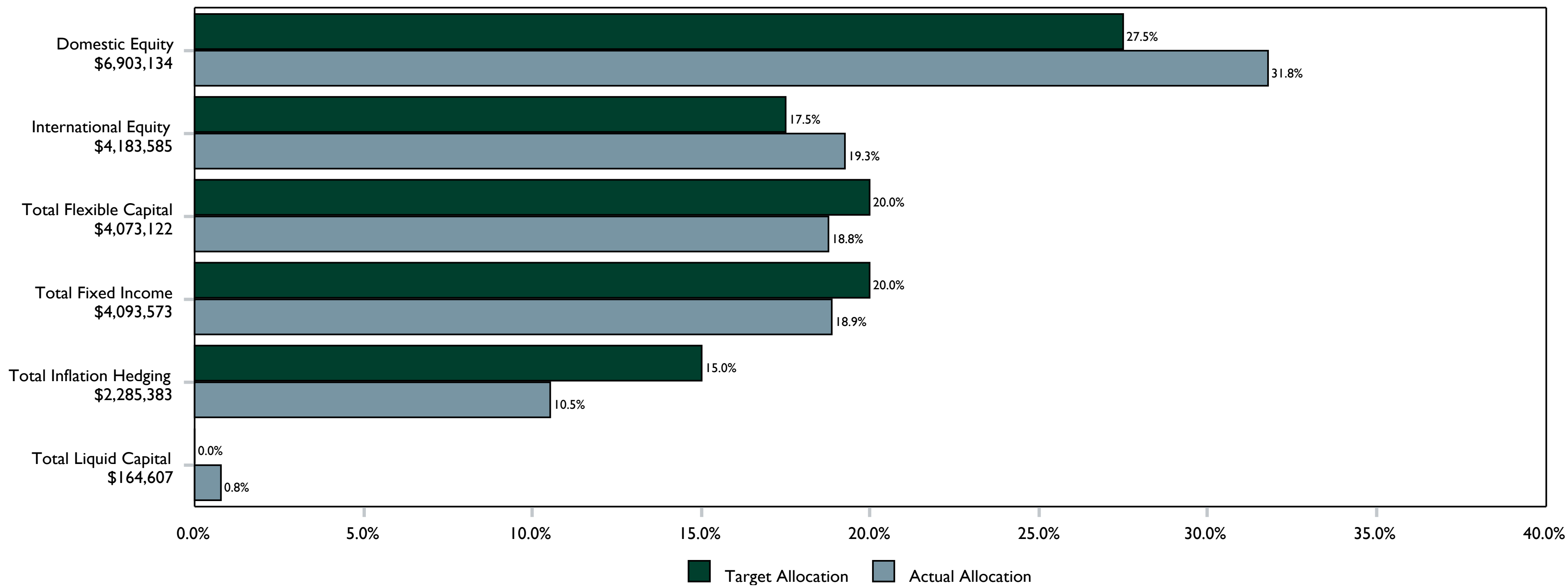
- Periods greater than one year are annualized
- Since inception returns are calculated from the first full month
- Actual Index calculated using manager allocations and index returns
- Performance and market values are subject to change based on statement availability from the investment manager/custodian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

Asset Allocation - Current

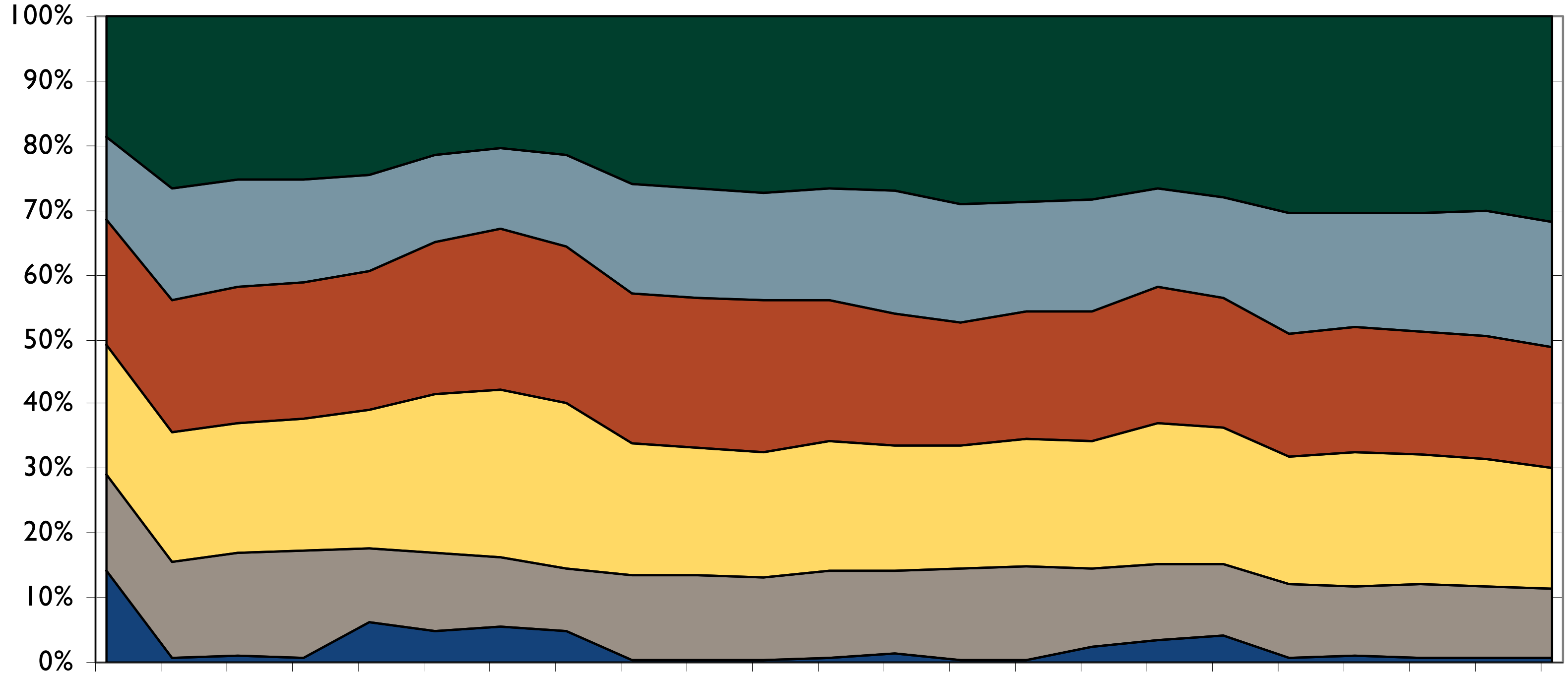
Asset Allocation Policy Ranges

As of March 31, 2013

	Asset Allocation (%)	Lower (%)	Target (%)	Upper (%)	Difference (%)
Total Fund	100.0	-	100.0	-	0.0
Domestic Equity	31.8	22.5	27.5	32.5	4.3
International Equity	19.3	15.0	17.5	20.0	1.8
Total Flexible Capital	18.8	15.0	20.0	25.0	-1.2
Total Fixed Income	18.9	15.0	20.0	25.0	-1.1
Total Inflation Hedging	10.5	10.0	15.0	20.0	-4.5
Total Liquid Capital	0.8	0.0	0.0	1.0	0.8



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
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
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
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
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
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
Cash	14	1	1	1	6	5	5	5	0	0	0	1	1	0	0	2	3	4	1	1	1	1	1

Asset Allocation - Performance Comparison

As of March 31, 2013

Total Fund Performance

	1 Quarter Return	1 Year Return	2 Years Return	3 Years Return	5 Years Return	Since Inception Return	1 Year Standard Deviation	2 Years Standard Deviation	3 Years Standard Deviation	5 Years Standard Deviation	Since Inception Standard Deviation	Inception Date
Total Fund	5.2	9.2	4.7	7.5	2.8	1.8	6.8	10.0	10.2	11.6	11.1	Jul-07
Target Index	5.0	7.9	4.8	7.3	3.2	2.4	7.1	9.1	9.4	11.0	10.5	
Actual Index	5.2	8.5	4.8	7.4	3.3	2.4	7.0	8.8	9.2	10.1	9.7	
Naive Index	7.6	11.4	9.5	11.0	6.5	4.6	6.8	9.6	10.5	13.8	13.2	
Consumer Price Index	1.4	1.5	2.1	2.3	1.7	1.9	1.3	1.2	1.1	1.7	1.6	

Inflation Adjusted Real Portfolio Statistics

Statistical Output (%)	Target Index	Actual Index	NAIVE Index
Expected Return (Arithmetic)	7.2	7.3	7.2
Expected Standard Deviation	11.8	12.4	14.0
Expected Return (Geometric)	6.5	6.6	6.2
Sharpe Ratio	0.4	0.4	0.3
Historical Return (Arithmetic)	9.8	9.7	10.2
Historical Standard Deviation	10.7	11.3	12.4
Historical Return (Geometric)	9.2	9.1	9.5
Beta (to S&P 500 Index)	0.6	0.6	0.7
Correlation (to S&P 500 Index)	0.9	1.0	1.0
Probability of Returns Exceeding 5%			
10 Years	66.3	65.6	61.3

Historical Stress Test

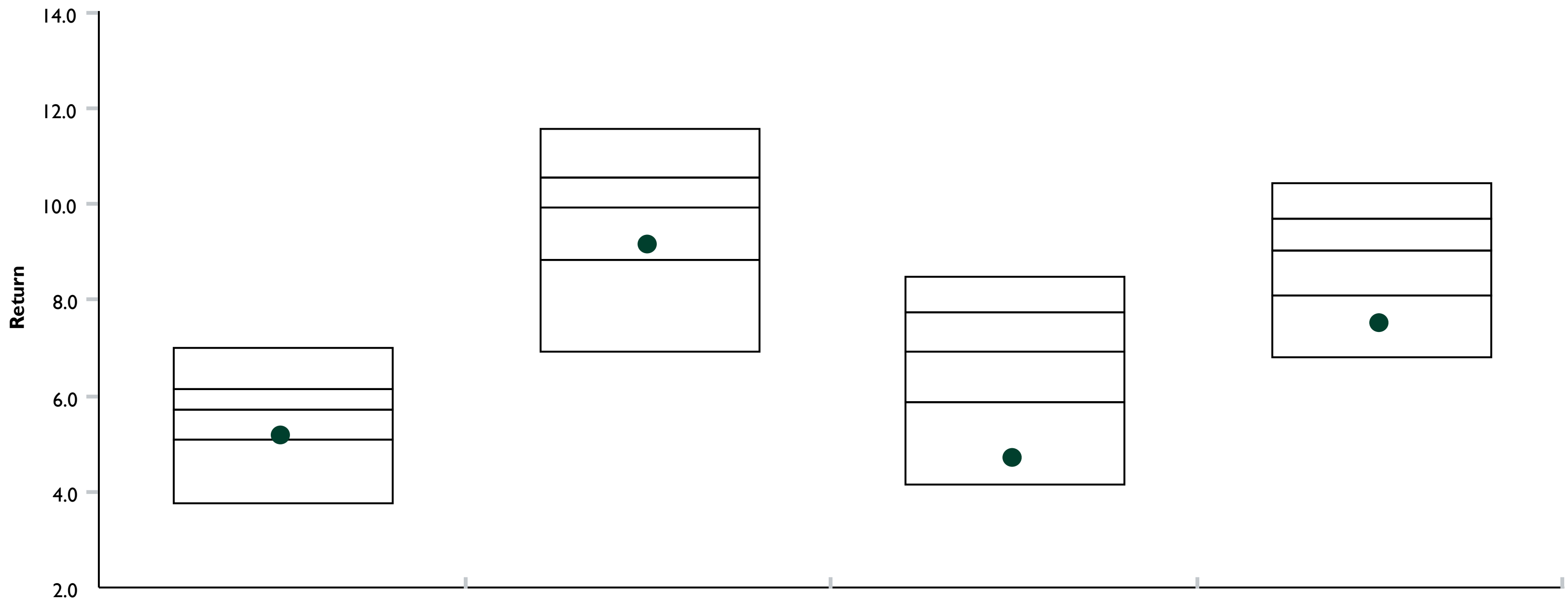
	Deflation: Fall '08 to S&P Trough Sep-08 to Mar-09	Corporate Scandals May-02 to Jul-02	Tech Bubble Collapse Mar-00 to Mar-01	Russian Debt/ LTCM Collapse Jul-98 to Oct-98	Rising Rates Jan-94 to Dec-94	Shock Inflation Jan-73 to Dec-73	High Inflation Jan-73 to Dec-81
Target Index	-28.8%	-12.2%	-6.7%	-9.0%	+2.3%	-1.4%	+6.2%
Actual Index	-29.8%	-13.5%	-9.1%	-9.9%	+2.4%	-1.8%	+6.0%
Naive Index	-32.5%	-16.9%	-11.9%	-11.3%	-0.8%	-9.6%	+5.5%

Notes:
- Naive Index: 70% Domestic Equity/30% Core Bonds
- Expected return/risk using 10-15 year Prime Buchholz capital market assumptions
- Historical data based on index returns from 1/1/1988 through 12/31/2012
- 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, 2013



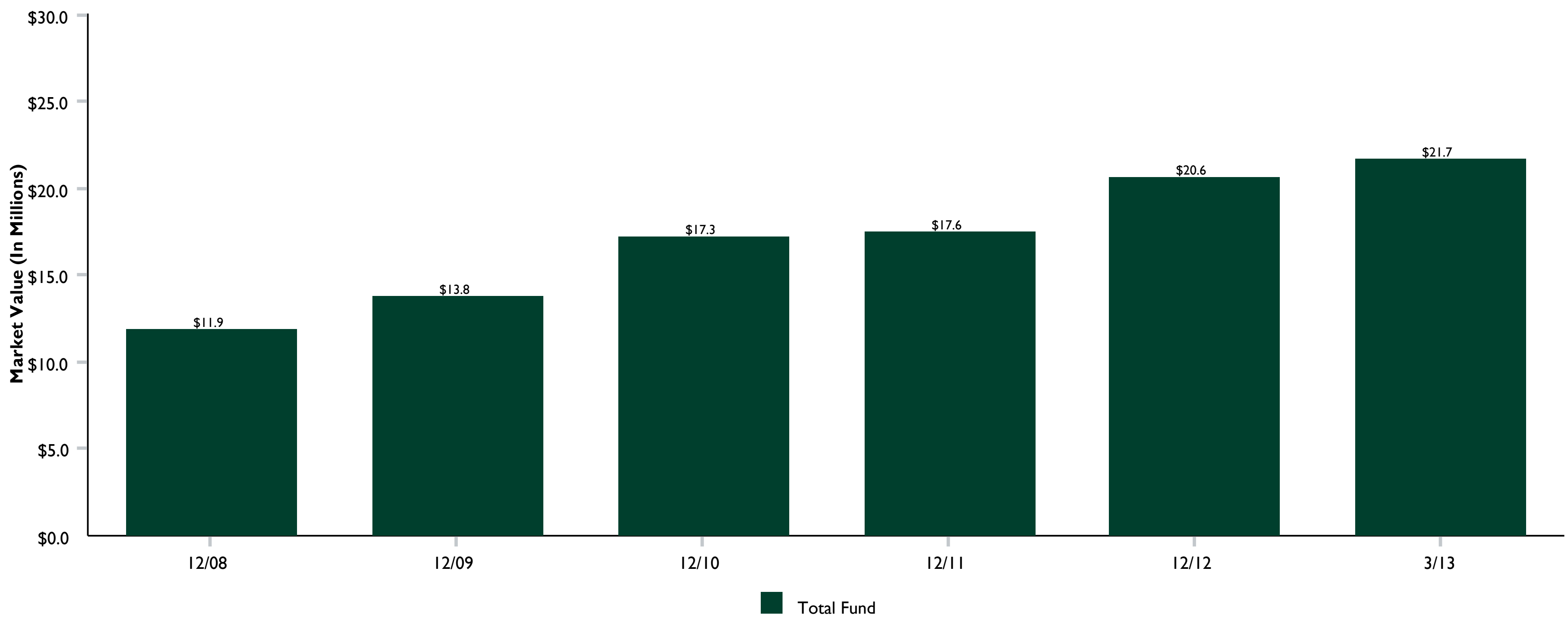
	QTR Ended Mar-13	1 Year	2 Years	3 Years
● Total Fund	5.2 (73)	9.2 (69)	4.7 (92)	7.5 (89)
5th Percentile	7.0	11.6	8.5	10.4
1st Quartile	6.1	10.6	7.8	9.7
Median	5.7	10.0	6.9	9.0
3rd Quartile	5.1	8.8	5.9	8.1
95th Percentile	3.7	6.9	4.1	6.8
Population	176	175	171	162

Schedule of Investable Assets

Total Fund

January 1, 2008 To March 31, 2013

Periods Ending	Beginning Market Value	Net Cash Flow	Investment Performance	Ending Market Value
2008	$16,305,625	$8,989	-$4,447,739	$11,866,875
2009	$11,866,875	0	$1,976,750	$13,843,625
2010	$13,843,625	$1,506,198	$1,904,937	$17,254,761
2011	$17,254,761	$792,031	-$489,399	$17,557,392
2012	$17,557,392	$999,098	$2,078,366	$20,634,856
To 03/2013	$20,634,856	0	$1,068,549	$21,703,404
	$16,305,625	**$3,306,315**	**$2,091,464**	**$21,703,404**



Liquidity Schedule

As of March 31, 2013

Investments	Inception	Subscriptions	Market Value	Daily	Semi-Annually	Annually	Notes
Global Equity							
Fidelity Spartan Total Market Index Advisor Fund	Jun-07	Daily	$5,422,975	$5,422,975			
FPA Crescent Fund	Mar-12	Daily	$489,237	$489,237			
FMI Common Stock Fund	Mar-12	Daily	$990,922	$990,922			
Dodge & Cox International Stock Fund	Jun-07	Daily	$2,028,907	$2,028,907			
Artisan International Institutional Fund	Jun-11	Daily	$2,154,678	$2,154,678			
Flexible Capital							
Forester Offshore A2, Ltd.	Jun-07	Quarterly	$1,831,952			$1,831,952	Reds: 60 days notice required.
Archstone Absolute Return Strategies Fund, Ltd. Class A	Jun-07	Monthly	$2,241,170		$2,241,170		Reds: On 12/31 and 6/30 with 90 days notice.
Fixed Income							
PIMCO Total Return II Institutional Fund	Jan-09	Daily	$2,303,140	$2,303,140			
Vanguard Short Term US Treasury Admiral Fund	Nov-11	Daily	$1,790,433	$1,790,433			
Inflation Hedging							
Vanguard Inflation-Protected Securities Admiral Fund	Dec-08	Daily	$645,256	$645,256			
PIMCO Commodity Real Return Strategy Institutional Fund	Jun-10	Daily	$689,568	$689,568			
Van Eck Global Hard Assets I Fund	Mar-12	Daily	$950,560	$950,560			
Liquid Capital							
Government Stif 15	Jun-07	Daily	$164,607	$164,607			
Total ($)			**$21,703,404**	**$17,630,282**	**$2,241,170**	**$1,831,952**	
Total (%)			**100.0**	**81.2**	**10.3**	**8.4**	

Redemption Terms		
Daily	$17,630,282	81.2
Semi-Annually	$2,241,170	10.3
Annually	$1,831,952	8.4
Total	**$21,703,404**	**100.0**

Footnotes:

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

Operational Detail

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

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

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

Medium Transparency: partial disclosure of underlying holdings/components.

High Transparency: access to underlying portfolio holdings/components.

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

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

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

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

Fee Schedule

Fee Schedule as of March 31, 2013

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	$5,422,975	$3,254	0.06%
FPA Crescent Fund	1.25% of NAV	$489,237	$6,115	1.25%
FMI Common Stock Fund	1.20% of NAV	$990,922	$11,891	1.20%
Dodge & Cox International Stock Fund	0.64% of NAV	$2,028,907	$12,985	0.64%
Artisan International Institutional Fund	0.98% of NAV	$2,154,678	$21,116	0.98%
Forester Offshore A2, Ltd.	1.00% on assets managed	$1,831,952	$18,320	1.00% *
Archstone Absolute Return Strategies Fund, Ltd. Class A	1.50% on assets managed	$2,241,170	$33,618	1.50% *
PIMCO Total Return II Institutional Fund	0.50% of NAV	$2,303,140	$11,516	0.50%
Vanguard Short Term US Treasury Admiral Fund	0.10% of NAV	$1,790,433	$1,790	0.10%
Vanguard Inflation-Protected Securities Admiral Fund	0.11% of NAV	$645,256	$710	0.11%
PIMCO Commodity Real Return Strategy Institutional Fund	0.74% of NAV	$689,568	$5,103	0.74%
Van Eck Global Hard Assets I Fund	1.01% of NAV	$950,560	$9,601	1.01%
Total Liquid Capital		$164,607		
Total Investment Management Fees		**$21,703,404**	**$136,018**	**0.63%**

Fee Schedule

Fee Schedule as of March 31, 2013

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	$21,703,404	$3,256	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:		$21,703,404	$12,256	0.06%
PBA Fees	0.25% on first $20 million	$21,703,404	$60,000	0.28%
	0.10% on next $50 million			
	0.05% over $70 million			
	$60,000 minimum			
Total Fees		**$21,703,404**	**$208,273**	**0.96%**

Please Note:

* Base Fee Only; Underlying Manager Fees not included

- Estimated State Street Bank & Trust Co. custody fee does not include trading/transaction fees

Peer Performance Comparison

As of March 31, 2013

	1 Year Return		3 Years Return		5 Years Return		5 Years Standard Deviation	5 Years Beta	5 Years Actual Correlation	Year To Date Return		2012 Return		2011 Return		2010 Return		2009 Return	
Fidelity Spartan Total Market Index Advisor Fund	14.5	(33)	13.0	(22)	6.5	(29)	21.8	1.0	1.0	11.1	(40)	16.4	(33)	1.0	(21)	17.4	(30)	28.4	(64)
Wilshire 5000 Total Market Index	**14.5**	**(32)**	**13.0**	**(23)**	**6.6**	**(26)**	**21.8**	**1.0**	**1.0**	**11.2**	**(34)**	**16.1**	**(36)**	**0.6**	**(25)**	**18.1**	**(27)**	**29.4**	**(58)**
IM U.S. Multi-Cap Core Equity (MF) Median	***13.0***		***10.8***		***5.5***		***22.0***	***1.0***	***1.0***	***10.7***		***15.0***		***-1.8***		***15.1***		***30.6***	
FPA Crescent Fund	10.9	(21)	9.4	(32)	7.1	(24)	14.6	0.7	1.0	7.2	(14)	10.3	(49)	3.0	(19)	12.0	(65)	28.4	(48)
S&P 500 Index	**14.0**	**(6)**	**12.7**	**(6)**	**5.8**	**(49)**	**21.1**	**1.0**	**1.0**	**10.6**	**(3)**	**16.0**	**(15)**	**2.1**	**(28)**	**15.1**	**(29)**	**26.5**	**(52)**
60% Russell 2500 / 40% BC Global Credit	**13.4**	**(8)**	**11.9**	**(8)**	**8.2**	**(16)**	**17.9**	**0.8**	**1.0**	**7.3**	**(13)**	**15.6**	**(17)**	**0.5**	**(42)**	**18.9**	**(6)**	**29.6**	**(42)**
HFRI Equity Hedge (Total) Index	**5.5**	**(69)**	**3.6**	**(89)**	**2.1**	**(83)**	**13.3**	**0.6**	**0.9**	**5.0**	**(31)**	**7.4**	**(70)**	**-8.4**	**(95)**	**10.5**	**(74)**	**24.6**	**(58)**
IM Flexible Portfolio (MF) Median	***7.7***		***8.2***		***5.7***		***16.3***	***0.7***	***0.9***	***3.0***		***10.0***		***-0.4***		***12.9***		***27.5***	
FMI Common Stock Fund	10.3	(81)	12.5	(48)	11.1	(2)	21.7	0.8	1.0	10.2	(92)	10.2	(90)	4.5	(4)	22.2	(62)	33.9	(47)
Russell 2500 Index	**17.7**	**(19)**	**14.6**	**(17)**	**9.0**	**(8)**	**25.3**	**1.0**	**1.0**	**12.8**	**(36)**	**17.9**	**(29)**	**-2.5**	**(37)**	**26.7**	**(13)**	**34.4**	**(44)**
IM U.S. Mid Cap Core Equity (MF) Median	***14.5***		***12.4***		***6.5***		***24.2***	***0.9***	***1.0***	***12.3***		***15.5***		***-4.3***		***23.1***		***33.2***	
Dodge & Cox International Stock Fund	11.3	(16)	4.9	(40)	1.1	(8)	29.5	1.1	1.0	3.6	(58)	21.0	(14)	-16.0	(92)	13.7	(2)	47.5	(1)
MSCI EAFE (Net)	**11.3**	**(16)**	**5.0**	**(34)**	**-0.9**	**(46)**	**25.4**	**1.0**	**1.0**	**5.1**	**(5)**	**17.3**	**(60)**	**-12.1**	**(42)**	**7.8**	**(41)**	**31.8**	**(30)**
IM International Large Cap Core Equity (MF) Median	***9.9***		***4.6***		***-1.0***		***25.6***	***1.0***	***1.0***	***3.8***		***18.3***		***-12.4***		***7.5***		***29.8***	
Artisan International Institutional Fund	15.4	(2)	11.6	(1)	2.6	(5)	26.3	1.0	1.0	6.1	(3)	25.6	(1)	-4.1	(2)	6.2	(76)	40.0	(11)
MSCI EAFE (Net)	**11.3**	**(17)**	**5.0**	**(39)**	**-0.9**	**(48)**	**25.4**	**1.0**	**1.0**	**5.1**	**(6)**	**17.3**	**(63)**	**-12.1**	**(37)**	**7.8**	**(56)**	**31.8**	**(44)**
IM International Large Cap Equity (MF) Median	***8.8***		***4.6***		***-1.0***		***25.6***	***1.0***	***1.0***	***3.4***		***18.1***		***-13.0***		***8.4***		***30.6***	
PIMCO Total Return II Institutional Fund	6.2	(31)	6.2	(46)	7.0	(17)	4.1	0.9	0.7	0.3	(38)	8.2	(23)	4.5	(89)	7.7	(44)	13.7	(48)
Barclays U.S. Aggregate	**3.8**	**(83)**	**5.5**	**(72)**	**5.5**	**(65)**	**3.3**	**1.0**	**1.0**	**-0.1**	**(81)**	**4.2**	**(86)**	**7.8**	**(11)**	**6.5**	**(76)**	**5.9**	**(92)**
IM U.S. Broad Market Core Fixed Income (MF) Median	***5.4***		***6.1***		***5.9***		***4.5***	***0.8***	***0.6***	***0.2***		***6.8***		***6.6***		***7.5***		***13.3***	

Peer Performance Comparison

As of March 31, 2013

	1 Year Return	3 Years Return	5 Years Return	5 Years Standard Deviation	5 Years Beta	5 Years Actual Correlation	Year To Date Return	2012 Return	2011 Return	2010 Return	2009 Return
PIMCO Commodity Real Return Strategy Institutional Fund	1.5 (1)	7.5 (1)	-3.6 (3)	27.9	1.1	1.0	-0.6 (24)	5.3 (1)	-7.6 (43)	24.1 (2)	39.9 (3)
Dow Jones-UBS Commodity Index	**-3.0 (21)**	**1.4 (47)**	**-7.1 (44)**	**24.4**	**1.0**	**1.0**	**-1.1 (35)**	**-1.1 (44)**	**-13.3 (85)**	**16.8 (32)**	**18.9 (49)**
IM Commodities General (MF) Median	***-5.6***	***1.2***	***-7.6***	***28.9***	***1.2***	***1.0***	***-1.5***	***-1.6***	***-7.9***	***15.5***	***18.6***
Van Eck Global Hard Assets I Fund	-0.9 (46)	3.1 (33)	-0.7 (18)	33.6	1.1	1.0	2.7 (60)	2.9 (44)	-16.3 (50)	28.9 (8)	53.2 (37)
S&P North American Natural Resources Sector	**5.1 (17)**	**7.8 (11)**	**0.9 (8)**	**30.9**	**1.0**	**1.0**	**7.2 (17)**	**2.2 (49)**	**-7.4 (13)**	**23.9 (22)**	**37.5 (64)**
IM Global Natural Resources (MF) Median	***-1.3***	***1.4***	***-3.4***	***33.8***	***1.1***	***1.0***	***3.6***	***1.9***	***-16.4***	***16.6***	***45.7***

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.

Tab III

Portfolio Comparison

As of March 31, 2013

	Fidelity Spartan Total Market Index	FPA Crescent Fund	FMI Common Stock	Domestic Equity	Russell 3000
Composition					
# of Holdings	3,244	44	39	3,257	2,942
% Top 15 Holdings	20.8	59.3	53.7	17.1	20.4
% Top 25 Holdings	28.5	79.9	79.9	24.1	27.8
Characteristics					
Wtd Avg Mkt Cap ($B)	85.8	61.5	3.8	72.3	86.8
Forecast P/E	14.6	12.6	14.9	14.5	14.6
Price/Book ratio	2.6	2.1	2.1	2.5	2.6
Historical EPS Growth - 5 Year	6.0	3.1	2.0	5.1	6.1
Forecast EPS Growth - Long-Term	11.2	11.0	11.3	11.2	11.2
Current Yield	2.0	1.7	1.5	1.9	2.0
GICS Sectors (%)					
Energy	10.1	5.8	11.1	9.9	9.9
Materials	3.8	2.2	13.1	5.0	3.9
Industrials	11.1	0.7	24.8	12.3	11.3
Consumer Discretionary	12.2	8.9	7.0	11.2	12.5
Consumer Staples	9.4	19.4	0.0	8.8	9.5
Health Care	11.6	16.3	9.0	11.5	12.3
Financials	17.1	18.3	14.2	16.8	17.2
Information Technology	17.3	19.4	20.8	17.9	17.3
Telecommunication Services	2.6	0.0	0.0	2.1	2.6
Utilities	3.5	0.0	0.0	2.8	3.5
Cash	1.4	0.0	0.0	1.1	0.0
Other	0.0	8.9	0.0	0.6	0.0
Market Capitalization (%)					
Large ($15.0B-Above)	68.5	68.1	0.0	58.6	69.5
Mid/Large ($7.0-15.0B)	12.2	10.0	2.1	10.6	12.4
Mid ($1.0-7.0B)	15.1	13.1	95.1	26.5	15.4
Small/Mid ($0.5-1.0B)	1.6	0.0	2.7	1.7	1.6
Small ($0.0-0.5B)	1.1	0.0	0.0	0.9	1.1
Cash	1.4	0.0	0.0	1.1	0.0
Other	0.0	8.9	0.0	0.6	0.0

Portfolio Comparison

As of March 31, 2013

	Dodge & Cox International Stock	Artisan International	International Equity	MSCI EAFE	Global Equity	MSCI AC World
Composition						
# of Holdings	89	79	157	909	3,403	2,431
% Top 15 Holdings	43.0	48.8	31.0	18.0	13.6	11.6
% Top 25 Holdings	59.5	66.0	44.8	25.1	20.3	16.3
Characteristics						
Wtd Avg Mkt Cap ($B)	65.2	60.7	62.9	58.4	68.8	74.8
Forecast P/E	12.8	14.4	13.6	13.2	14.1	13.5
Price/Book ratio	2.0	2.5	2.2	2.0	2.4	2.3
Historical EPS Growth - 5 Year	-1.9	6.3	2.4	-1.4	4.2	3.9
Forecast EPS Growth - Long-Term	12.8	20.8	16.9	12.4	13.4	11.8
Current Yield	2.7	2.3	2.5	3.2	2.1	2.6
GICS Sectors (%)						
Energy	5.3	2.3	3.8	7.2	7.6	10.3
Materials	6.2	6.7	6.5	8.9	5.6	6.8
Industrials	10.0	15.5	12.9	12.5	12.5	10.4
Consumer Discretionary	12.7	14.3	13.5	11.0	12.1	10.9
Consumer Staples	2.6	26.3	14.8	12.3	11.1	10.8
Health Care	17.0	6.9	11.8	10.3	11.6	9.9
Financials	25.5	20.8	23.1	24.9	19.2	21.3
Information Technology	12.3	4.3	8.2	4.3	14.3	12.0
Telecommunication Services	8.2	1.8	4.9	4.9	3.1	4.2
Utilities	0.0	0.0	0.0	3.7	1.7	3.5
Cash	0.1	1.0	0.6	0.0	0.9	0.0
Other	0.0	0.0	0.0	0.0	0.4	0.0
Market Capitalization (%)						
Large ($15.0B-Above)	78.7	83.2	81.0	73.5	67.1	74.3
Mid/Large ($7.0-15.0B)	15.4	12.1	13.7	15.2	11.8	16.1
Mid ($1.0-7.0B)	5.7	3.7	4.7	11.3	18.2	9.5
Small/Mid ($0.5-1.0B)	0.0	0.0	0.0	0.0	1.0	0.0
Small ($0.0-0.5B)	0.1	0.0	0.0	0.0	0.6	0.0
Cash	0.1	1.0	0.6	0.0	0.9	0.0
Other	0.0	0.0	0.0	0.0	0.4	0.0

Regional Exposure

As of March 31, 2013

Regional Allocation (%)

	Global Equity	MSCI AC World	Dodge & Cox International Stock	Artisan International	International Equity	MSCI EAFE
Canada	1.2	4.0	0.0	5.4	2.8	0.0
United States	61.1	46.5	6.5	2.8	4.6	0.0
Pacific ex Japan	2.7	6.0	1.5	12.2	7.0	14.3
Japan	4.5	7.8	11.8	12.0	11.9	21.3
Europe ex UK	19.3	16.0	47.6	47.3	47.4	41.9
United Kingdom	5.8	8.1	16.9	12.5	14.6	22.0
Middle East	0.0	0.2	0.0	0.0	0.0	0.5
Developed Markets	**94.5**	**88.5**	**84.3**	**92.1**	**88.3**	**100.0**
EM Asia	1.6	6.7	2.0	6.0	4.1	0.0
EM Europe	0.5	1.2	2.8	0.0	1.4	0.0
EM Latin America	0.8	2.7	4.3	0.0	2.1	0.0
EM Mid East+Africa	1.1	0.9	6.2	0.0	3.0	0.0
Emerging Markets	**4.0**	**11.5**	**15.3**	**6.0**	**10.5**	**0.0**
Frontier Markets	**0.2**	**0.0**	**0.3**	**0.9**	**0.6**	**0.0**
Cash	0.9	0.0	0.1	1.0	0.6	0.0
Other	0.4	0.0	0.0	0.0	0.0	0.0

Regional Allocation (%)

	Global Equity	MSCI AC World
United States	61.1	46.5
Non-US Developed	**33.4**	**42.0**
Emerging Markets	**4.0**	**11.5**
Frontier Markets	**0.2**	**0.0**
Cash	0.9	0.0
Other	0.4	0.0

Flexible Capital

As of March 31, 2013

	Forester Offshore Fund, Ltd.	Archstone Absolute Return Strategies Fund, Ltd. Class A	Total Flexible Capital	FPA Crescent Fund	Total Leveraged Portfolio
Market Value	$1,832	$2,241	$4,073	$489	$4,562
% of Total Managed Portfolio ($21,703)	8.4	10.3	18.8	2.3	21.0
Market Exposure (%)					
Gross Long %	100.0	103.0	101.7	65.5	97.8
Gross Short %	61.0	56.0	58.2	3.1	52.3
Net %	39.0	47.0	43.4	62.4	45.4
Total Gross	161.0	160.0	160.4	68.6	150.6
Strategy Weights (%)					
L/S Equity	100.0	17.3	54.5	64.3	55.5
L/S Credit	0.0	29.5	16.2	3.0	14.8
Event-Driven	0.0	5.3	2.9	0.0	2.6
Distressed	0.0	20.9	11.5	0.0	10.3
Special Situations	0.0	5.6	3.1	0.0	2.8
Relative Value	0.0	6.6	3.6	0.0	3.2
Macro	0.0	0.0	0.0	0.0	0.0
Other/Cash	0.0	14.8	8.1	32.7	10.8
Geography (%)					
U.S. & Canada	65.2	58.4	61.5	66.2	62.0
Dev Europe	21.1	28.5	25.2	28.8	25.6
Asia	11.2	7.6	9.2	0.0	8.2
Emerging Mkts	2.5	0.0	1.1	0.0	1.0
Other	0.0	5.5	3.0	5.1	3.2

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	YORK CREDIT	10.2	AON	3.4
VIKING GLOBAL	8.0	ELLIOT INT'L	10.2	CVS CAREMARK	3.3
PENNANT CAPITAL	5.0	FIR TREE	10.0	MICROSOFT	3.0
SAMLYN CAPITAL	5.0	KING STREET	9.9	COVIDIEN	2.9
WELLINGTON MANAGEMENT	4.0	OZ OVERSEAS	9.7	THERMO FISHER	2.5
JOHO CAPITAL	4.0	SILVER POINT	9.3	OMNICARE	2.1
TIGER GLOBAL	3.0	DAVIDSON KEMPNER	9.3	CISCO	2.0
COATUE MANAGEMENT	3.0	FARALLON CAPITAL	8.7	ANHEUSER-BUSCH	1.9
CASTINE CAPITAL	3.0	MASON CAPITAL	8.2	GOOGLE	1.8
LANSDOWNE PARTNERS	3.0	BREVAN HOWARD	5.2	AMERICAN INT'L GRP	1.8

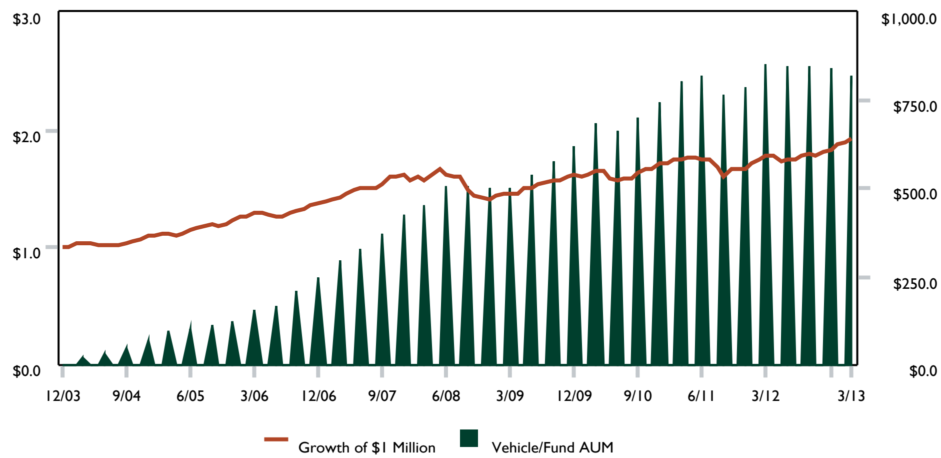
- FPA Crescent Fund market and geographic exposure exclude cash.

Flexible Capital Strategies

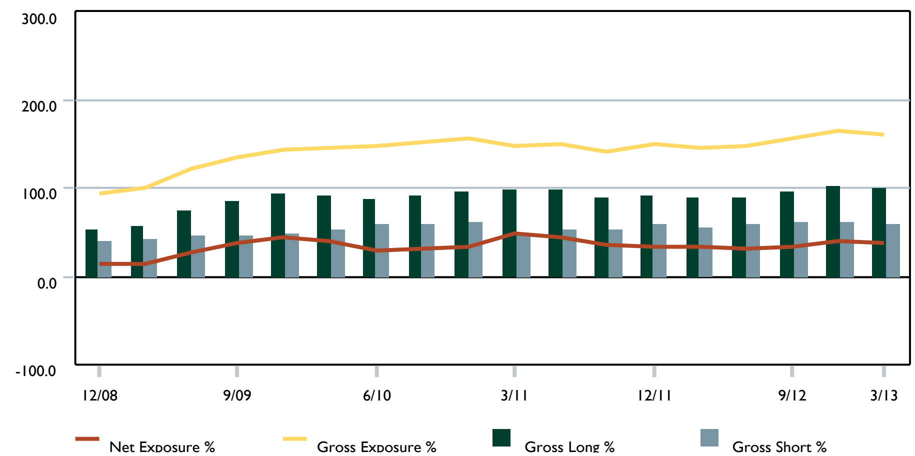
Forester Offshore, Ltd.

As of March 31, 2013

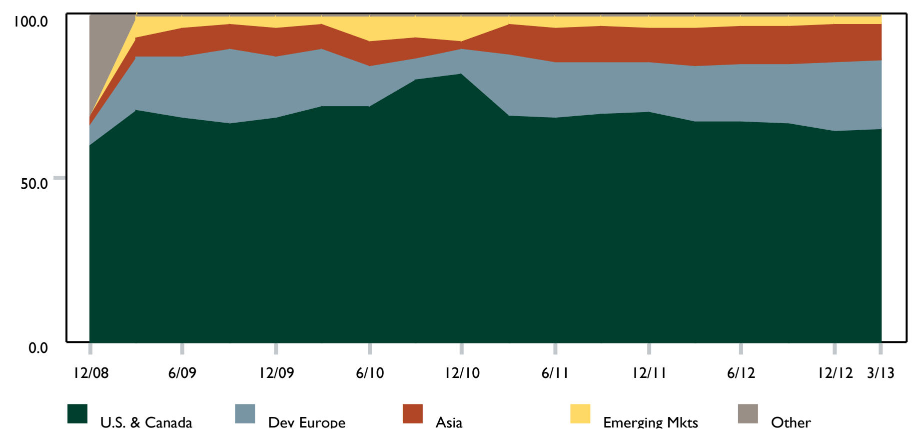
Asset Growth



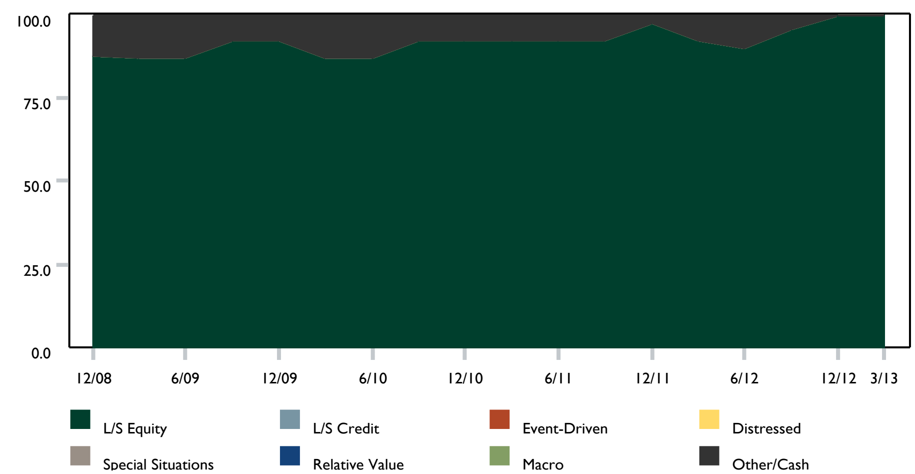
Market Exposure



Geographic Exposure



Strategy Weights

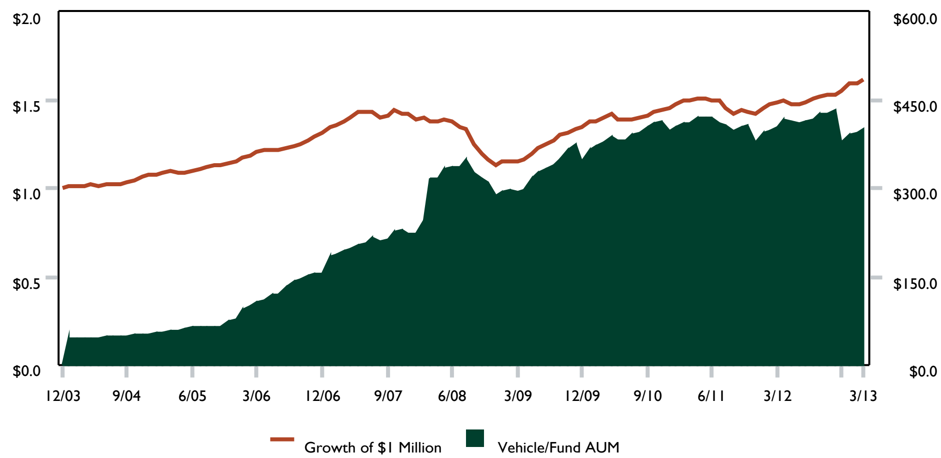


Flexible Capital Strategies

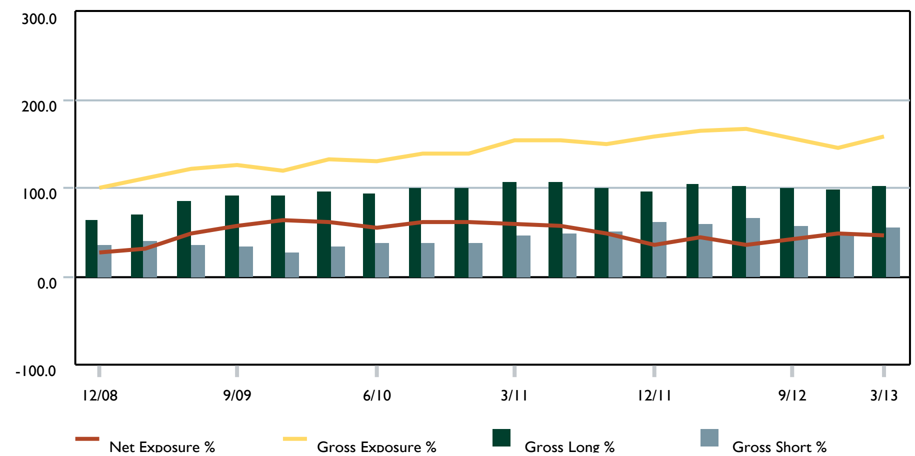
Archstone Absolute Return Strategies Fund, Ltd.

As of March 31, 2013

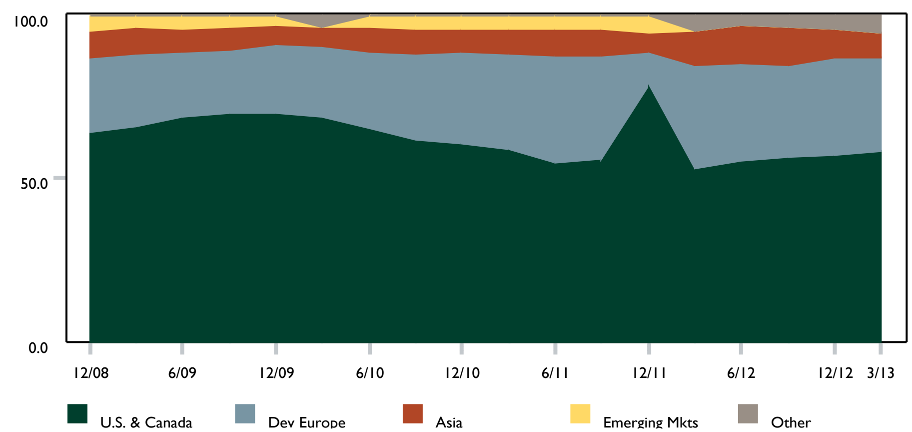
Asset Growth



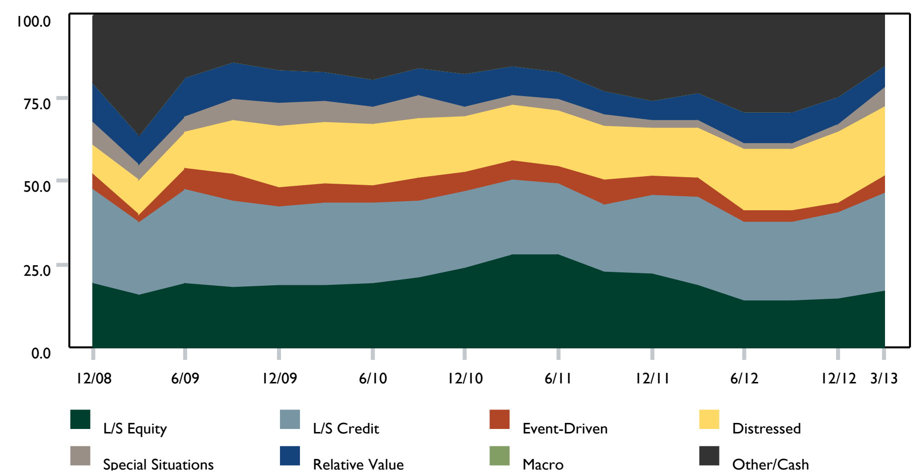
Market Exposure



Geographic Exposure



Strategy Weights



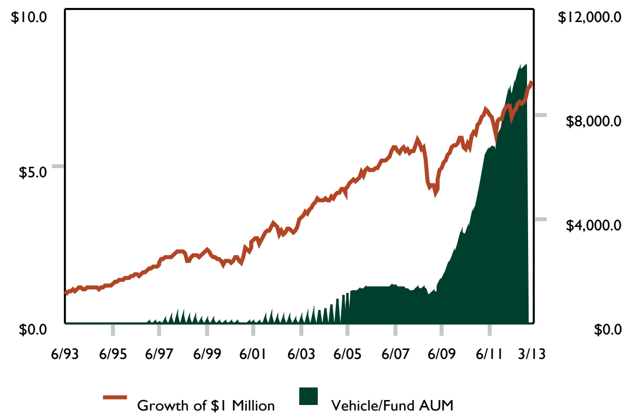
Prime BUCHHOLZ

Flexible Capital Strategies

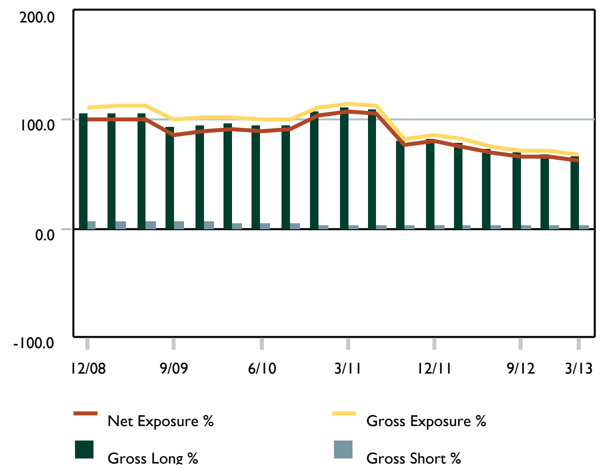
FPA Crescent Fund

As of March 31, 2013

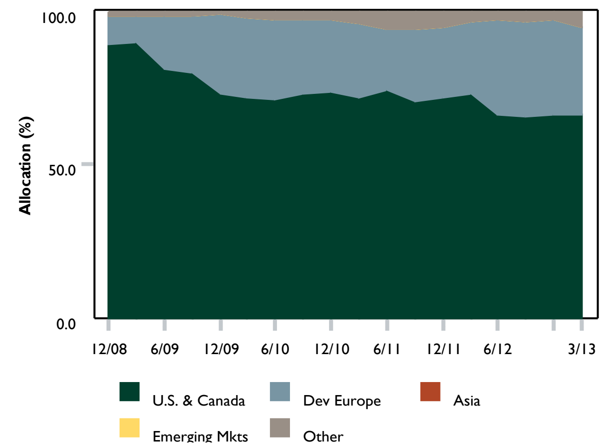
Asset Growth



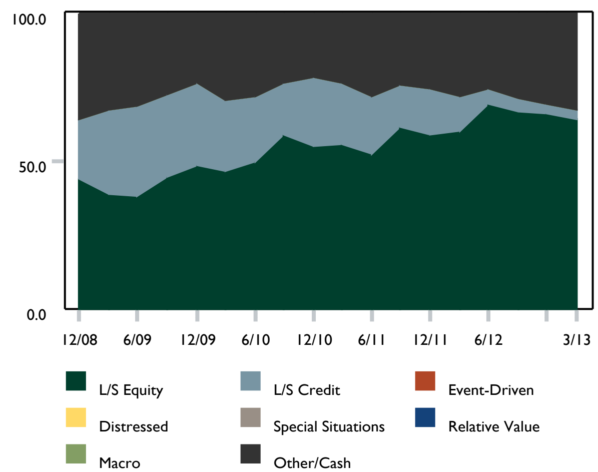
Market Exposure



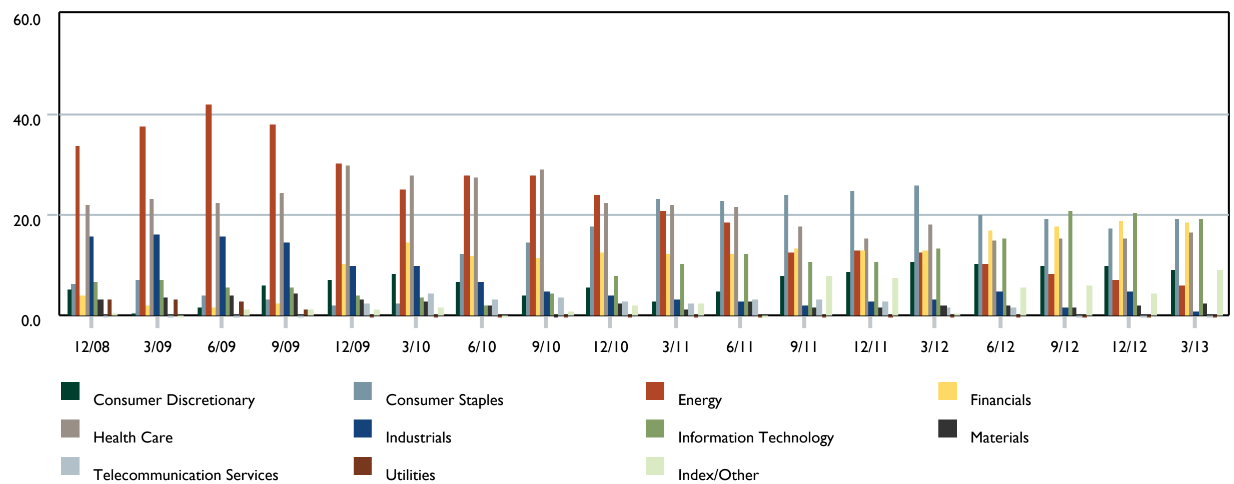
Geographic Exposure



Strategy Weights



Sector Breakdown



Market and geographic exposure exclude cash.

Fixed Income

As of March 31, 2013

	PIMCO Total Return II Institutional Fund	Barclays U.S. Aggregate
Portfolio Characteristics		
Yield	1.6	1.9
Average Maturity	7.3	7.2
Duration	4.5	5.3
Quality Breakdown		
U.S. Treasury	34.0	36.5
U.S. Govt/Agency	1.0	4.8
Agency MBS	0.0	29.3
Non-U.S. Sov/Agency	0.0	4.0
AAA	30.0	3.0
AA	8.0	2.3
A	14.0	10.7
BBB	10.0	9.4
BB and Below	3.0	0.0
NR/Other	0.0	0.0
Sector Breakdown		
U.S. Treasury	34.0	36.5
U.S. Government Related	1.0	4.8
Non-U.S. Sovereign/Agency	0.0	4.0
Investment Grade Corporate	15.0	21.8
Industrials	1.0	12.1
Utility	0.0	2.4
Financials	14.0	7.3
High Yield	0.0	0.0
Non-U.S. Dollar	0.0	0.0
Emerging Market Debt	0.0	0.0
MBS	34.0	29.3
MBS-Agency	31.0	29.3
MBS-NonAgency	3.0	0.0
CMBS	3.0	1.8
ABS	1.0	0.3
Municipals	10.0	0.0
Cash	-3.0	0.0
Other	5.0	1.5

- PIMCO Total Return II Yield is 30-day SEC yield and Maturity is Effective Maturity. U.S Treasury includes 7% TIPS. U.S. Government/Agency is 7% U.S. Agency and -6% Swaps and Liquid Rates. Sector Breakdown Other includes 2% Other Investment Grade Credit, 2% Convertibles, and 1% Preferred Stock. Cash includes: 15% Govt Related, 3% Mortgage, 4% Credit, 39% US MM Futures/Options, -2% Other, and --62% 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. AggregateDuration represents Modified Adjusted Duration. Sector Breakdown Other is Supranationals.

Fixed Income

As of March 31, 2013

	Vanguard Short Term US Treasury Admiral Fund	Barclays U.S. Treasury: 1-5 Year
Portfolio Characteristics		
Yield	0.3	0.4
Average Maturity	2.3	2.8
Duration	2.2	2.7
Quality Breakdown		
U.S. Treasury	99.7	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	0.3	0.0
Sector Breakdown		
U.S. Treasury	99.7	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
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
CMBS	0.0	0.0
ABS	0.0	0.0
Municipals	0.0	0.0
Cash	0.3	0.0
Other	0.0	0.0

- Vanguard Short Term Treasury Duration represents Average Duration.

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

Inflation Hedging

As of March 31, 2013

	Vanguard Inflation-Protected Securities Admiral Fund	Barclays U.S. Treasury: U.S. TIPS
Portfolio Characteristics		
Yield	1.4	1.6
Average Maturity	9.4	9.0
Duration	8.3	5.8
Quality Breakdown		
U.S. Treasury	99.7	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	0.3	0.0
AA	0.0	0.0
A	0.0	0.0
BBB	0.0	0.0
BB and Below	0.0	0.0
NR/Other	0.0	0.0
Sector Breakdown		
U.S. Treasury	99.7	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	0.3	0.0

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

- Barclays U.S. TIPS Duration represents Real Option Adjusted Duration. Yield shown is Real Yield.

Inflation Hedging

As of March 31, 2013

	PIMCO Commodity Real Return Strategy Institutional Fund	Dow Jones-UBS Commodity Index	Van Eck Global Hard Assets I Fund	S&P North American Natural Resources Sector
Sector Breakdown				
Energy	35.0	35.0	63.7	81.9
Industrial Metals	16.0	16.0	10.5	3.7
Precious Metals	14.0	14.0	9.8	8.7
Agriculture/Livestock	35.0	35.0	2.4	0.0
Other	0.0	0.0	13.6	5.7

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

- Van Eck Other includes 9.6% Cash, and 2.0% Forest Products, and 1.99% Other.

- S&P. Other includes 1.6% Forest Products.

Tab IV

Performance Highlights

Equity

- FPA Crescent gained 7.2% in the first quarter, outperforming the HFRI Equity Hedge Index's 5.2% gain. FPA had a solid first quarter, benefiting from net long positioning of approximately 59% and strong security selection during a rising market. Much of the outperformance during the quarter came from the market recognizing the value in many of FPA's top holdings, rather than any specific events. The top contributor was Covidien, which gained more than 17%. Covidien reaffirmed strong earnings guidance for the year and also announced an expansion of its share repurchase program, both of which were received positively by the market. CVS Caremark was also highly contributive, gaining roughly 14%. Similar to Covidien, CVS shares appreciated following increased earnings guidance and the company has benefited from strength in the overall retail/health care market. FPA continues to hedge out a piece of its CVS position with a short in ExpressScripts, which gained less than 7% on the quarter. Thermo Fisher Scientific gained roughly 20% on the quarter as the company increased earnings guidance and emerged as a candidate to purchase Life Technologies late in the quarter, a deal which was ultimately announced in mid-April. The market generally viewed the deal positively, and many investors believed there are synergies between the two companies. FPA's hedged position in Renault was also profitable, with Renault up more than 20% and the short position in Nissan up 9%. On the negative side, Norwegian consumer company Orkla underperformed due to weakness in Europe and concerns regarding the ongoing restructuring of the Firm's business. Oracle also underperformed, ending the quarter with a loss of roughly 3% after a sizable sell off late in the quarter due to negative comments regarding fourth quarter. A position in the distressed debt of ATP Oil & Gas was also a drag on returns.

Performance Highlights

Equity (cont'd)

- FMI's Small/Mid Cap Equity strategy gained 10.2% during the first quarter of 2013, underperforming the 12.8% gain in the Russell 2500 Index. The portfolio's 12% cash balance was a significant drag on performance in light of the impressive equity market rally. Furthermore, the benefit of positive relative returns in financials, health care, and materials were not large enough to overcome weakness in information technology and consumer discretionary. Within IT, ScanSource declined 11% during the quarter while MKS Instruments, Arrow Electronics, and Anixter International delivered positive absolute but weak relative returns. Jos. A Bank (-6.3%) and Family Dollar Stores (-6.5%) were key detractors in consumer discretionary. Entering the second quarter, the portfolio's valuation and yield characteristics were in-line with those of the Russell 2500 Index but the portfolio remained positioned in larger companies. The portfolio had overweights in technology, industrials, materials, and energy and underweights to consumer-related sectors, telecom, utilities, and financials. FMI's small/mid cap equity remains effectively closed to new investors.

Performance Highlights

Equity (cont'd)

- The Dodge & Cox International Stock Fund earned 3.6% during the first quarter of 2013, trailing the MSCI EAFE Index gain of 5.1%. The Fund's underweight position and holdings in Japan, the best performing country within the Index, detracted from results. Dodge & Cox's Japanese exposure was focused largely on multinational companies domiciled in Japan, which were hurt further by the weakening yen. The Fund's overweight position and holdings in the telecommunications sector also hindered results with Telecom Italia (-21%), MTN Group (-14%), America Movil (-8%) and Millicom International Cellular (-7%) all performing poorly. The team maintains conviction in its overweight to telecom, seeing attractive valuations of companies positioned to benefit from increasing spending on communications services and equipment in the emerging markets. Financial sector stock picks hurt as well, primarily due to underweight positions in Japanese financials and developed Asian financials. The Fund picked up some relative performance from its overweight position and holdings in the information technology sector, with Hewlett-Packard (+68%) and Ericson (+25%), performing particularly well. The negative performance of emerging markets hurt the portfolio relative to the EAFE index. Though the investment team continued to modestly decrease its direct allocation to emerging regions, exposure (approximately 15%) remained well above that of the benchmark.

- The changes to Dodge & Cox's senior management team taking effect May 14, 2013 remain in place, all of which are part of the Firm's longer-term succession planning. Dana M. Emery will assume the position of CEO and President. Emery, currently co-President, will continue her role as Director of Fixed Income. Charles F. Pohl will assume the position of Chairman. Pohl will continue to serve as CIO and a member of various committees. Kenneth E. Olivier, who currently serves as Chairman and CEO will assume the role of Chairman Emeritus, while continuing as Chairman and Trustee of the Dodge & Cox Funds and as a member of the Dodge & Cox Board of Directors. Olivier will be relinquishing his membership on the Investment Policy Committee, replaced by Philippe Barret, Jr., who joined the Committee effective February 1, 2013. We remain comfortable with the Firm and believe it has appropriately planned for these events. We will be monitoring the transition of responsibilities across the Firm closely.

Performance Highlights

Equity (cont'd)

- Artisan's International Fund gained 6.1% during the first quarter, outpacing the 5.1% return of the MSCI EAFE Index. Stock selection during the quarter was strong. This was most apparent within the industrials and consumer discretionary sectors, in which the portfolio's road and rail, media, and automotive names all posted meaningful gains. Artisan also benefited from an underweight to the materials sectors, specifically metals and mining companies, which faltered in line with weak commodities pricing. The investment team has long avoided hard commodities, wary of the market's ability to anticipate moves in commodities pricing. Though stock selection was strong within the country, an underweight to Japan served as a headwind to relative returns as Japanese equity markets continued to rally in the first quarter. The team has looked into modestly increasing exposure to Japan, specifically names, such as infrastructure and banking companies, which would stand to benefit form a continued decline in the yen. Portfolio positioning did not change materially during the quarter, as activity was fairly limited and primarily driven by valuation. The team completed sales of two gaming names—Sands China and Wynn Macau—while also trimming a position in Canadian Pacific into strength. Purchase activity was focused in cement names (attractively valued) and European insurers (high quality, high growth exposure). Artisan also announced during the quarter that it would be increasing its emerging markets cap from 20% to 35%. Though emerging markets exposure is currently below 10% and had rarely approached the previous limit historically, the investment team believes it is prudent to loosen the restrictions to allow for the increased flexibility to invest in the developing world if a rich set of opportunities presents itself.

- In February 2012, Andrew Euretig and Charles-Henri Hamker were added as Associate Portfolio Managers on the strategy. Euretig served as an Analyst with Artisan since 2005, while Hamker has been with the Firm since 2000. Mark Yockey, who has managed the International Fund since its inception, remains the lead Portfolio Manager. All three Portfolio Managers will be taking on additional responsibilities within the Firm in 2013. Euretig and Hamker will join Yockey as Portfolio Managers of Artisan's Global Equity strategy, replacing Portfolio Manager Barry Dargan, who has since left the Firm. Yockey and Hamker will also be responsible for the management of Artisan's new Global Small Cap strategy, which will be launched later in 2013.

Performance Highlights

Equity (cont'd)

- Artisan Partners' limited initial public offering (IPO) priced during the first quarter and the Firm's stock began trading at $30/share on March 7, 2013. The limited offering, representing about 18% of the Firm's equity, was well received and Artisan Partners Asset Management (ticker: APAM) closed its first day of trading 29% higher at $38.83. In addition to providing liquidity for some of Artisan's initial outside investors, capital raised from the IPO allowed Artisan to pay down a revolving credit agreement, make a distribution of retained profits to Artisan's pre-offering partners, and increase the cash available for general corporate purposes, including working capital. There will be a follow-on offering between the 12-month and 15-month anniversaries of the IPO at which time existing shareholders—primarily the Ziegler family and outside investors—will be eligible to sell an additional 39% of the Firm's equity. Employee owners will be restricted to selling the greater of 15% of the aggregate number of common units and shares of Class A common stock (vested or unvested) held, or vested shares of Class A common stock that have a market value as of the time of sale of up to $250,000, in each one-year period following the first anniversary of the IPO. Post IPO, employees own approximately 38% of the economic interest in the Firm, but retain 75% of the voting rights. Artisan employees will maintain super-majority voting rights as long as they own 20% of the Firm. Our primary concerns about this development 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 in Artisan's investment strategies. However, the planned retirement of Firm Founder Andy Ziegler in 12–15 months and the potential for accelerated liquidity for the Zieglers and Hellman & Friedman have added additional considerations as it pertains to our assessment of these developments. We have been in active dialogue with Artisan since the initial Form S-1 was filed in November 2012 and continue to monitor the transaction closely.

Performance Highlights

Alternative Strategies

- Forester Offshore gained 5.2% in the quarter, outperforming both the HFRI FOF: Strategic Index and HFRI Equity Hedge Index, which returned 3.8% and 5.0%, respectively. Forester saw broad-based gains across its manager line-up, with the only meaningful detraction coming from short-biased and portfolio hedge related managers. The top contributor to results was the Fund's largest allocation, Kensico, which gained approximately 7%. Kensico benefited from strong returns from a handful of event-driven equity positions, most notably Constellation Brands, which appreciated approximately 35% after reaching a deal with regulators to proceed with a transaction involving AB InBev and Grupo Modelo. News Corp was a top contributor for Kensico and Coatue (+9%) as the company continues to buy back shares and move closer to a split of its publishing and television businesses. Coatue also benefited from a takeover offer for Virgin Media by Liberty Global during the quarter, which helped to offset losses from its position in Apple. Samlyn was similarly strong, gaining 7.5% despite maintaining relatively low net exposure. Samlyn's sizable position in Tenet Healthcare was a top driver of returns as the hospital operator was up nearly 50% on the quarter. While a smaller allocation, 12 West, was one of the top individual performers, gaining nearly 13%, due in large part to strong security selection on the short side of the portfolio. More conservatively positioned equity managers such as Newtyn and Falcon Edge struggled, posting gains of approximately 2%. However, both managers are newer launches and longer-term focused, so Forester is not concerned with a weak quarter. On the negative side, Wellington's hedge portfolio was a drag on returns, as were the short-biased portfolios of Axial and Tortus as positive alpha through security selection was not sufficient to overcome the headwind of positive equity and credit markets.

- Archstone Absolute Return Strategies gained 4.3% in the first quarter, outperforming the 2.7% return of the HFRI FOF: Conservative Index. The credit markets continued to perform well in the first quarter, with both corporate and securitized debt producing positive results amid increased demand for yielding securities. The low levels of realized and implied volatility in the credit markets led many managers to decrease their hedges entering the year as there were very few events that managers believed would lead to a spike in volatility. This increase in long exposure was an obvious benefit during the quarter. However, as volatility levels reached record lows and spreads narrowed, many managers added back hedges to provide cheap insurance heading into the second quarter. From a performance perspective, Mason was the top performing manager, gaining 9%. Mason removed much of its credit protection that weighed on results last year, and its high conviction long portfolio (Energy Transfer Equity and the Tribune Co.) drove returns as a result. Distressed credit manager Silver Point was also a beneficiary of reduced hedges, gaining 6%. Silver Point's top contributors were primarily larger distressed names (Lehman Brothers, Delphi, and MF Global), but the manager has begun to rotate into newer distressed opportunities. Large multi-strategy managers all produced relatively similar results during the quarter, with Elliott and Davidson Kempner gaining 3%, while Och-Ziff and Farallon returned 4%. Gains were driven by a mixture of credit and equity investments, with merger-arbitrage investments producing mixed results given the low volume deals and collapse of the UPS-TNT Express merger. King Street (+4%) and Eton Park (+5%) were also strong during the quarter, with both managers benefiting from improved performance of the assets underlying their complex structured credit investments.

Performance Highlights

Fixed Income

- The PIMCO Total Return Fund II gained 0.3% during the first quarter, outperforming the Barclays Aggregate Index, which fell 0.1%. The non-agency MBS allocation was a significant contributor to performance as the ongoing recovery in the housing sector, demand for yield, and limited supply of issuance continued to provide a strong backdrop for the sector. During the quarter, the team cut its MBS exposure from 44% to 38% of total portfolio market value. It believes agency MBS is now fully priced due to ongoing government intervention in the market and PIMCO has chosen to sell exposure into the Federal Reserve purchase program. The portfolio also benefited from the team's continued emphasis on domestic financials within the investment-grade corporate holdings. During the quarter, the team moderately trimmed financials on strength; however, the Fund remains overweight because PIMCO believes the industry will benefit from continued government support and the steep Treasury curve. The team added to U.S. Treasury exposure to lengthen portfolio duration as it became more bearish on domestic growth for the coming quarter and also concerned about the rally in spread sectors seen in the first quarter. Domestically, PIMCO believes that hiring and consumption patterns will disappoint and profit growth will be flat. The team continues to focus on the 5–7 year portion of the nominal U.S. Treasury curve, which it favors given the relatively steep Treasury curve and potential for the portfolio to benefit from these maturities rolling down the curve. The team intends to continue the reduction of its agency mortgage exposure and emphasizing meaningful allocations to municipals and non-agency mortgages. Long-dated inflation-linked bonds in the U.S. is also a continued theme in the portfolio because the team believes inflation poses a risk over the longer-term time horizon.

Performance Highlights

Fixed Income

- Vanguard Short-Term Treasury gained 0.1%, modestly underperforming the 0.2% gain in the Barclays 1–5 Year Treasury Index. Although management fees were the primary driver of underperformance, the Fund's below-benchmark duration served as a headwind as U.S. Treasuries in the 3–5 year maturity range outperformed those with maturities less than 3 years. The impact of duration was somewhat offset by modest out-of-benchmark allocations to agency MBS—particularly coupon stacks—that outperformed. Entering the second quarter of 2013, the Fund's 2.2-year duration was shorter than the 2.7-year Index duration. As a result of being defensively positioning against interest rates, the Fund's 0.3% yield was approximately 10 bps lower than the yield of the benchmark.

Inflation Hedging

- Vanguard Inflation-Protected Securities Fund fell 0.3% for the quarter, delivering slight outperformance against the 0.4% decline of the Barclays Capital U.S. Treasury Inflation Protected Securities. A modest tilt to the five- to ten-year maturity range contributed positively to performance and helped offset the negative impact of an overweight in the 10–20 year part of the real yield curve. The real yield curve steepened as tenors that were below 10 years fell and those beyond 10 year rose. The front end of the real yield declined to a greater magnitude than those in the intermediate-to-longer maturity range. In this environment, longer-dated TIPS underperformed their shorter-maturity counterparts. The belly of the real yield curve—5 to 7 years—also benefited from widening five-year breakeven expectations, which rose 33 bps to 2.5%. As a result, the five- to seven-year maturity range delivered the best performance during the quarter. The Fund's modest cash balance served as an anchor as returns declined and contributed positively to performance as a result. Entering the second quarter, the Fund was invested solely in TIPS and short-term cash reserves and maintained duration and yield characteristics that matched the benchmark.

Performance Highlights

Inflation Hedging (cont'd)

- The PIMCO Commodity Real Return Strategy Fund declined 0.6% during the first quarter of 2013, outperforming the DJ UBS Commodity Index Total Return benchmark, which declined 1.1%. Contributing to the outperformance was the long platinum exposure versus gold as the precious metal outperformed gold on news of production cuts. The long West Texas Intermediate (WTI) exposure versus Brent Crude also aided performance as market expectations for new pipeline capacity from Oklahoma to the Gulf Coast began to be priced in, benefiting WTI. The portfolio was also helped by a decision to selling gold volatility, as realized volatility came in below market expectations. The portfolio favored the middle of the U.S. TIPS curve and was underweight longer-maturity TIPS, as the real yield curve steepened. An allocation to non-agency mortgages, which benefited from the on-going housing recovery, also served as a tailwind for performance. The Fund also held a modest exposure to the Mexican peso, which appreciated versus the U.S. dollar. The main detractor to performance during the first quarter was a short natural gas spreads bet, as the natural gas forwards curve steepened on colder-than-expected weather. The second largest detractor stemmed from modest duration exposure to higher quality emerging market countries, such as Brazil, as rates rose.

- The Van Eck Global Hard Assets Fund returned 2.7% for the first quarter of 2013, underperforming the S&P North American Natural Resources Index, which returned 7.2%. Sector attribution was a main driver of the underperformance. The Fund had an overweight to metals and mining and an underweight to energy during the period. Within energy, the Fund maintains an underweight to integrated energy companies in favor of exploration and production companies, which also contributed to underperformance. The strategy was greater than 20% underweight mega cap integrated energy companies relative to the Index. The portfolio's cash position was in excess of 7% throughout the quarter, increasing to 9.2% at quarter-end. During the quarter, which was a strongly performing period for the Index, the Fund's cash position was also a detractor. All five of the Fund's biggest single-name detractors during the quarter were industrial or precious metals companies. Gold, silver, and copper prices went in opposite directions from gasoline and natural gas, which gained more than 20%. The Global Hard Assets Fund's biggest detractor was Cliffs Natural Resources, an iron ore and coal producer that had share declines of more than 50%. The strategy sold the position during the first quarter. First Quantum—a 3.3% position in the gold and copper mining company—also detracted from performance as its share price declined 14% amidst declining commodity prices. On the positive side, individual selections within oil and gas exploration and production contributed to performance, including Cimarex Energy—a 3.8% position in the portfolio that increased 31% during the quarter on bullish investor sentiment and reported reserve increases.

FPA Crescent Fd — March 31, 2013

Firm Details: First Pacific Advisors

Total Assets ($ mil.):	$23,100
Style:	Long/Short Equity
Assets in Style ($ mil.):	$11,900
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.

Dennis M. Bryan, CFA joined FPA in 1993 and is a portfolio manager and research analyst for FPA Capital Fund, FPA Crescent Fund, and FPA Hawkeye Fund. Before joining the firm he was with the Kemper Securities Group as an Investment Analyst. Mr. Bryan earned a BS in Finance from California Polytechnic University in Pomona, and an MBA from the University of Southern California.

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.

Vehicle Information:

Inception:	1993	**3c1/3c7:**	N/A
Assets ($ mil.):	$11,300	**Subscriptions:**	Daily
Minimum Account Size:	$1,500	**Redemptions (notice):**	Daily (2% redemption fee < 90 days)
Management Fee:	1.25%, 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:			

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

Manager Profiles

Forester Offshore, Ltd. — March 31, 2013

Firm Details: Forester Capital

Total Assets ($ mil.):	$3,720
Style:	Directional Hedge FOF
Assets in Style ($ mil.):	$1,720
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.

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

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

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

Sample Portfolio Characteristics

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

Vehicle Information:

Inception:	January 2004	**3c1/3c7:**	3c7
Assets ($ mil.):	$820	**Subscriptions:**	Quarterly
Minimum Account Size:	$2,000,000	**Redemptions (notice):**	A: Annual (anniversary) B: Three-year liquidity
Management Fee:	1.0%, underlying manager fees	**Lock-up:**	A: Two years B: Three years
Profit Allocation:	A: 3%, B: None	**ERISA Capacity:**	None as of 4/11/2011
Highwater Mark:	Yes	**Prime Broker:**	N/A
Hurdle Rate:	NA	**Administrator:**	International Fund Services
UBTI:	No	**Auditor:**	Ernst & Young LLP
Additional Expenses:	Accounting, legal, filing (approx. 18 bps)(0.06% in 2011)	**Legal Counsel:**	Ogier (Cayman)
Additional Vehicles:	Onshore 3c1 and 3c7		

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

Archstone Absolute Return Strategies Fund, Ltd. — March 31, 2013

Firm Details: Archstone Partners

Total Assets ($ mil.):	$3,825
Style:	Absolute Return - Market Neutral
Assets in Style ($ mil.):	$400
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:	$6.6 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 Schod. 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.

Sample Portfolio Characteristics

Underlying Funds	Alloc %	Strategy
York Credit Opportunities Unit Trust	10	Absolute Return
Elliott International, Ltd	10	Absolute Return
Fir Tree Capital Opportunity Fund II, Ltd.	10	Absolute Return
King Street Capital Ltd.	10	Absolute Return
Och Ziff Overseas Fund, Ltd.	10	Absolute Return
Silver Point Capital Offshore Fund, Ltd.	9	Absolute Return
Davidson Kempner International, Ltd.	9	Absolute Return
Farallon Capital Offshore Investors, Inc.	9	Absolute Return
Mason Capital, Ltd.	8	Absolute Return
Brevan Howard Credit Catalyst	5	Absolute Return
Saba Capital	5	Absolute return
Eton Park Fund, LP	3.0	Absolute Return

Vehicle Information:

Inception:	January 2002	**3c1/3c7:**	3c7
Assets ($ mil.):	$401	**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:	1.5% flat/1% + 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 (0.54% in 2011, capped at 0.60% excl. interest expense)	**Legal Counsel:**	Willkie Farr & Gallagher LLP (US), Walkers (Cayman)
Additional Vehicles:	NA		

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

Manager Profiles

Vanguard Inflation Protected Securities — March 31, 2013

Firm Details: The Vanguard Group

Total Assets ($ mil.):	$2,079,118
Style:	Infl Protected Securities
Assets in Style ($mil.):	$43,100
Year Founded:	1975
Product Inception:	2000
Location:	Valley Forge, PA
Ownership:	-The firm is owned by fund shareholders.

Key Investment Professionals:

- John Hollyer, CFA - Hollyer joined Vanguard in 1989 as a Fixed Income Portfolio Manager. B.S. University of Pennsylvania. He has co-managed the Fund since its inception.
- Gemma Wright-Casparius. Wright-Casparius joined Vanguard in 2011 from GIC, Singapore's SWF. She has more than 30 years 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 inflation-indexed securities.

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

*Firm assets as of December 31, 2012

Assessment

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

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

Vehicle Information:

Vehicle Name	Minimum	Assets ($ mil.)	Fee
Vanguard Infl Prot Sec A Fd	$0	$15,600.0	0.11%
Vanguard Inflation-Prot I Fd	$5,000,000	$12,400.0	0.07%
Vanguard Infl Prot Sec Fd	$3,000	$15,200.0	0.20%

Sample Operational Detail	
Vanguard Inflation-Prot I Fd	
Last Audited Financial	12/31/2012
Accountant/Auditor	PricewaterhouseCoopers
Custodian	JPMorgan Chase & Co.
Administrator	Vanguard
Securities Lending	Yes

Quality/Avg. Quality:	AAA-AA/AAA
Duration:	3-9 Years
% Non-Investment Grade:	0%
% Foreign:	Typically 0%
Security Constraints:	N/A
Sector Constraints:	N/A
Avg # of Securities:	~30
Turnover:	29%
Assets in Composite:	NA
GIPS Compliant:	No

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

Manager Profiles

PIMCO Commodity Real Return Strategy — March 31, 2013

Firm Details: Pacific Investment Management Co.

Total Assets ($ mil.):	$2,003,818
Style:	Natural Resources
Assets in Style ($mil.):	$19,514
Year Founded:	1971
Product Inception:	June 2002
Location:	Newport Beach, CA
Ownership:	Allianz owns 98% of AGI, formerly known as PIMCO Advisors.

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

Investment Objective and Philosophy/Process

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

*Firm and product assets as of December 31, 2012

Assessment

Assessment: The strategy provides passive exposure to commodities with active collateral management that has performed well over the long term. For investors looking for beta exposure to commodities, there are additional risks to be aware of. Unlike pure index products, the vehicle contains active collateral management risk. Given the strategy's past successful value add through collateral management, and the inflationary hedging benefits of TIPS, we feel it is an appropriate vehicle for investors seeking commodities exposure, who are comfortable with the additional risks embedded in the collateral pool.

In this strategy, the cash component of the portfolio represents a significant level of portfolio assets and contains a variety of investment grade credit, high yield, international, emerging market, rate, and currency investments; these cash investments are actively managed in an effort to generate returns as well as collateralize derivative positions in the portfolio. PIMCO has a deep team of portfolio managers and specialists in the short term/cash sector.

Vehicle Information:

Vehicle Name	Minimum	Assets ($ mil.)	Fee
PIMCO Commodity Real Return Strategy Fund Instl	$1,000,000	$13,570.2	0.74%

Sample Operational Detail	
PIMCO Commodity Real Return Strategy Fund Instl	
Last Audited Financial	3/31/2012
Accountant/Auditor	PricewaterhouseCoopers
Custodian	State Street Bank and Trust Company
Administrator	NA
Securities Lending	N/A

Security Constraints:	Collateral portfolio will mainly invest in inflation-linked bonds
Sector Constraints:	Collateral portfolio will mainly invest in inflation-linked bonds
Avg # of Securities:	~1,000
Turnover:	177%
Assets in Composite:	100%
GIPS Compliant:	Yes (since 1987)

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

Van Eck Global Hard Assets — March 31, 2013

Firm Details: Van Eck

Total Assets ($ mil.):	$34,978
Style:	Natural Resources
Assets in Style ($mil.):	$6,356
Year Founded:	1955
Product Inception:	11/02/1994
Location:	New York
Ownership:	Private

Key Investment Professionals:

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

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

Investment Objective and Philosophy/Process

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

In August 2010, Van Eck announced that Derek Van Eck had a health condition that was neurological in nature. On September 30 2010, we learned that he unfortunately passed away as a result of complications from his health condition. Subsequent to September 30, 2010, Charles Cameron and Shawn Reynolds were named co-portfolio managers on the strategy.

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. Despite the passing of the lead portfolio manager in September 2010, we are comfortable with the remaining team, their experience, and the natural resources investing platform at the firm. Given these characteristics, we recommend Global Hard Assets for appropriate client investment.

Vehicle Information:

Vehicle Name	Minimum	Assets ($ mil.)	Fee
Van Eck Global Hard Assets A	$1,222	$1,191.0	1.39%
Van Eck Global Hard Assets I	$1,000,000	$2,152.0	1.01%

Sample Operational Detail	
Van Eck Global Hard Assets I	
Last Audited Financial	12/31/2012
Accountant/Auditor	Ernst & Young LLP
Custodian	State Street Bank & Trust
Administrator	N/A
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

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

Historical Performance

Return and Risk Summary

As of March 31, 2013

	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	11.1	0.2	14.5	10.9	13.0	18.2	6.5	21.8	5.3	19.3	NA	NA
Wilshire 5000 Total Market Index	**11.2**	**0.3**	**14.5**	**11.0**	**13.0**	**18.2**	**6.6**	**21.8**	**5.4**	**19.3**	**9.5**	**17.4**
FPA Crescent Fund	7.2	1.9	10.9	7.5	9.4	11.2	7.1	14.6	6.9	12.6	10.2	11.5
S&P 500 Index	**10.6**	**-0.4**	**14.0**	**10.6**	**12.7**	**17.5**	**5.8**	**21.1**	**5.0**	**18.7**	**8.5**	**16.8**
60% Russell 2500 / 40% BC Global Credit	**7.3**	**2.8**	**13.4**	**7.2**	**11.9**	**14.2**	**8.2**	**17.9**	**6.5**	**15.6**	**10.4**	**14.5**
HFRI Equity Hedge (Total) Index	**5.2**	**1.9**	**5.7**	**7.4**	**3.6**	**10.4**	**2.1**	**13.3**	**2.8**	**11.8**	**6.4**	**10.8**
FMI Common Stock Fund	10.2	4.3	10.3	11.0	12.5	18.1	11.1	21.7	8.3	19.4	12.5	17.3
Russell 2500 Index	**12.8**	**3.1**	**17.7**	**12.1**	**14.6**	**21.6**	**9.0**	**25.3**	**5.8**	**22.4**	**12.3**	**20.8**
Dodge & Cox International Stock Fund	3.6	9.1	11.3	13.6	4.9	21.8	1.1	29.5	3.0	25.8	13.4	24.0
MSCI EAFE (Net)	**5.1**	**6.6**	**11.3**	**11.6**	**5.0**	**19.6**	**-0.9**	**25.4**	**1.6**	**22.3**	**9.7**	**20.9**
Artisan International Institutional Fund	6.1	5.7	15.4	9.5	11.6	20.6	2.6	26.3	4.7	23.1	12.2	21.8
MSCI EAFE (Net)	**5.1**	**6.6**	**11.3**	**11.6**	**5.0**	**19.6**	**-0.9**	**25.4**	**1.6**	**22.3**	**9.7**	**20.9**
Forester Offshore A2, Ltd.	5.2	2.0	8.1	4.6	5.1	8.2	3.9	8.4	5.8	8.0	7.5	7.1
HFRI FOF: Strategic Index	**3.8**	**1.5**	**5.2**	**5.4**	**2.2**	**6.9**	**-0.5**	**9.9**	**1.2**	**9.4**	**4.8**	**8.7**
Archstone Absolute Return Strategies Fund, Ltd. Class A	4.3	2.3	8.7	3.8	4.8	5.1	3.3	8.6	4.3	7.9	6.0	6.9
HFRI FOF: Conservative Index	**2.7**	**1.6**	**4.4**	**3.4**	**2.2**	**4.1**	**-0.4**	**7.6**	**1.1**	**6.9**	**2.9**	**6.1**
PIMCO Total Return II Institutional Fund	0.3	0.6	6.2	2.2	6.2	2.6	7.0	4.1	7.4	4.2	6.1	4.1
Barclays U.S. Aggregate	**-0.1**	**0.2**	**3.8**	**1.8**	**5.5**	**2.9**	**5.5**	**3.3**	**5.9**	**3.2**	**5.0**	**3.3**
Vanguard Short Term US Treasury Admiral Fund	0.1	0.1	0.9	0.3	1.7	1.1	2.2	1.7	3.7	2.2	3.1	2.1
Barclays U.S. Treasury: 1-5 Year	**0.2**	**0.0**	**1.2**	**0.4**	**2.4**	**1.6**	**2.6**	**2.5**	**4.1**	**2.8**	**3.3**	**2.6**
Vanguard Inflation-Protected Securities Admiral Fund	-0.3	0.6	5.8	2.7	8.5	3.3	5.6	4.8	6.8	4.9	NA	NA
Barclays U.S. Treasury: U.S. TIPS	**-0.4**	**0.7**	**5.7**	**2.7**	**8.6**	**3.2**	**5.9**	**4.6**	**7.0**	**4.8**	**6.3**	**4.8**
PIMCO Commodity Real Return Strategy Institutional Fund	-0.6	-5.8	1.5	13.8	7.5	16.5	-3.6	27.9	2.8	24.8	7.2	22.9
Dow Jones-UBS Commodity Index	**-1.1**	**-6.3**	**-3.0**	**12.4**	**1.4**	**15.8**	**-7.1**	**24.4**	**-1.2**	**21.6**	**3.7**	**20.2**
Van Eck Global Hard Assets I Fund	2.7	-0.3	-0.9	18.2	3.1	27.3	-0.7	33.6	NA	NA	NA	NA
S&P North American Natural Resources Sector	**7.2**	**-3.1**	**5.1**	**17.0**	**7.8**	**25.1**	**0.9**	**30.9**	**5.3**	**27.2**	**13.8**	**24.5**

Historical Performance

Return Summary

As of March 31, 2013

	Year To Date Return	2012 Return	2011 Return	2010 Return	2009 Return	2008 Return	2007 Return	2006 Return	2005 Return	2004 Return	2003 Return
Fidelity Spartan Total Market Index Advisor Fund	11.1	16.4	1.0	17.4	28.4	-37.2	5.6	15.8	NA	NA	NA
Wilshire 5000 Total Market Index	**11.2**	**16.1**	**0.6**	**18.1**	**29.4**	**-37.3**	**5.7**	**15.9**	**6.3**	**12.6**	**31.6**
FPA Crescent Fund	7.2	10.3	3.0	12.0	28.4	-20.6	6.8	12.4	10.8	10.2	26.1
S&P 500 Index	**10.6**	**16.0**	**2.1**	**15.1**	**26.5**	**-37.0**	**5.5**	**15.8**	**4.9**	**10.9**	**28.7**
60% Russell 2500 / 40% BC Global Credit	**7.3**	**15.6**	**0.5**	**18.9**	**29.6**	**-26.5**	**3.6**	**13.1**	**4.2**	**15.0**	**33.6**
HFRI Equity Hedge (Total) Index	**5.2**	**7.4**	**-8.4**	**10.5**	**24.6**	**-26.7**	**10.5**	**11.7**	**10.6**	**7.7**	**20.5**
FMI Common Stock Fund	10.2	10.2	4.5	22.2	33.9	-20.4	-2.0	17.1	9.5	18.8	24.1
Russell 2500 Index	**12.8**	**17.9**	**-2.5**	**26.7**	**34.4**	**-36.8**	**1.4**	**16.2**	**8.1**	**18.3**	**45.5**
Dodge & Cox International Stock Fund	3.6	21.0	-16.0	13.7	47.5	-46.7	11.7	28.0	16.7	32.5	49.4
MSCI EAFE (Net)	**5.1**	**17.3**	**-12.1**	**7.8**	**31.8**	**-43.4**	**11.2**	**26.3**	**13.5**	**20.2**	**38.6**
Artisan International Institutional Fund	6.1	25.6	-4.1	6.2	40.0	-46.8	20.0	25.9	16.5	18.0	29.4
MSCI EAFE (Net)	**5.1**	**17.3**	**-12.1**	**7.8**	**31.8**	**-43.4**	**11.2**	**26.3**	**13.5**	**20.2**	**38.6**
Forester Offshore A2, Ltd.	5.2	9.3	-2.5	5.2	14.6	-13.0	18.5	11.5	12.0	10.0	9.0
HFRI FOF: Strategic Index	**3.8**	**5.8**	**-7.3**	**6.3**	**13.2**	**-25.2**	**12.8**	**11.8**	**10.3**	**8.3**	**15.8**
Archstone Absolute Return Strategies Fund, Ltd. Class A	4.3	9.0	-2.3	8.1	19.4	-20.5	8.3	13.8	6.2	8.5	14.3
HFRI FOF: Conservative Index	**2.7**	**4.2**	**-3.6**	**5.1**	**9.6**	**-19.9**	**7.7**	**9.2**	**5.1**	**5.8**	**9.0**
PIMCO Total Return II Institutional Fund	0.3	8.2	4.5	7.7	13.7	5.2	8.4	3.8	2.1	4.2	4.9
Barclays U.S. Aggregate	**-0.1**	**4.2**	**7.8**	**6.5**	**5.9**	**5.2**	**7.0**	**4.3**	**2.4**	**4.3**	**4.1**
Vanguard Short Term US Treasury Admiral Fund	0.1	0.8	2.4	2.8	1.5	6.8	8.0	3.9	1.9	1.2	2.5
Barclays U.S. Treasury: 1-5 Year	**0.2**	**0.9**	**3.4**	**3.7**	**0.2**	**8.8**	**8.2**	**3.8**	**1.3**	**1.3**	**2.1**
Vanguard Inflation-Protected Securities Admiral Fund	-0.3	6.9	13.3	6.3	11.0	-2.8	11.7	0.5	NA	NA	NA
Barclays U.S. Treasury: U.S. TIPS	**-0.4**	**7.0**	**13.6**	**6.3**	**11.4**	**-2.4**	**11.6**	**0.5**	**2.8**	**8.5**	**8.4**
PIMCO Commodity Real Return Strategy Institutional Fund	-0.6	5.3	-7.6	24.1	39.9	-43.3	23.8	-3.0	20.5	16.4	29.8
Dow Jones-UBS Commodity Index	**-1.1**	**-1.1**	**-13.3**	**16.8**	**18.9**	**-35.6**	**16.2**	**2.1**	**21.4**	**9.1**	**23.9**
Van Eck Global Hard Assets I Fund	2.7	2.9	-16.3	28.9	53.2	-44.5	43.2	NA	NA	NA	NA
S&P North American Natural Resources Sector	**7.2**	**2.2**	**-7.4**	**23.9**	**37.5**	**-42.6**	**34.4**	**16.8**	**36.7**	**24.6**	**34.3**

Index Descriptions

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 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.

Index Descriptions

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 Real Estate Index 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.

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.

FTSE International Limited ("FTSE") © FTSE 2012. FTSE® is a trade mark of the London Stock Exchange Group companies and is used by FTSE under license. All rights in the FTSE indices and/or FTSE ratings vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE indices and/or FTSE ratings or underlying data. No further distribution of FTSE Data is permitted without FTSE's express written consent.

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.

Index Descriptions

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.

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.

Index Descriptions

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 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 Indexes 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.

Index Descriptions

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.

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 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.

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.

Index Descriptions

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.

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 dat

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 Mkt Composite Index: Wilshire 5000 Index from 6/82 through 4/05. MSCI US Broad Market Index thereafter. **Spliced Total International Stock Mkt Composite Index:** Total International Composite Index through August 31, 2006; the MSCI EAFE + Emerging Markets Index through December 15, 2010; and the MSCI ACWI ex USA IMI 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; the MSCI Emerging Markets Index through January 9, 2013; and the FTSE Emerging Transition Index thereafter. **Barclays Aggregate Flt Adjusted Composite Index:** BC Aggregate Index through 12/31/2009; BC Aggregate Flt Adjusted Index thereafter. **Barclays Govt 1-3 Year Flt Adjusted Composite Index:** Prior to 1/1/2010, this index is BC Govt 1-3 Year Index. **Barclays 1-5 Year G/C Flt Adjusted Composite Index:** Prior to 1/1/2010, this index is BC 1-5 Year G/C Index. **Barclays LT G/C Flt Adjusted Composite Index:** Prior to 1/1/2010, this index is BC LT G/C Index. **BC LT Govt Flt Adjusted Composite Index:** Prior to 1/1/2010, this index is BC Long term Government Index. **Barclays LT Govt Flt Adjusted Composite Index:** Prior to 1/1/2010, this index is BC Long term Government Index. **Barclays LT Govt Flt Adjusted Composite Index:** Prior to 1/1/2010, this index is BC 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% HSBC Global Climate Change/ 3.5% MSCI IMI Gold & Precious Metal/ 1.5% S&P GSCI Precious Metals Total Return / 25% equal sector-weighted S&P Goldman Sachs Commodity/ 20% Barclays US TIPS 1-10 Year / 2% Barclays Emerging Markets Tradable Government Inflation-Linked Bond. **Wellington SRA Composite:** 40% MSCI Energy $3 B and above/15% MSCI Metals and Mining $3 B and above/25% Equal Sector Weighted S&P GSCI Commodities Index/ and 20% Barclays TIPS. **S&P Completion Index:** Prior to 6/30/2005 this index is DJ Wilshire 4500 Index. **MSCI U.S. Mid Cap 450 Index:** History prior to May 16, 2003, reflects the S&P Midcap 400 Index.

EXPOSURES AND CHARACTERISTICS

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

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

Periods greater than one year are annualized.

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

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

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

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

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

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

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

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

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

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

© 2013 Prime, Buchholz & Associates, Inc.

Tab V

ING Clarion Global Real Estate Securities — March 31, 2013

Firm Details: *ING Clarion Partners*

Total Assets ($ mil.):	$24,861
Style:	REIT-Long
Assets in Style ($mil.):	$14,062
Year Founded:	1982
Product Inception:	May 2001
Location:	New York, NY
Ownership:	CB Richard Ellis

Key Investment Professionals:

T. Ritson Ferguson, CFA, MD - He oversees the day to day management of the Clarion Real Estate Securities portfolios. He joined Clarion Real Estate Securities in 1991 and has over 20 years of real estate experience.

Steven Burton, CFA, MD - He is the lead manager responsible for global and international real estate strategies. He joined Clarion Real Estate Securities in 1995 and has over 20 years of real estate experience.

Joseph Smith, CFA, MD - He is the lead manager responsible for the Americas and U.S. real estate strategies. He joined Clarion Real Estate Securities in 1997 and has over 15 years of real estate experience.

Investment Objective and Philosophy/Process

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

On July 1, 2011, CB Richard Ellis (CBRE) completed the purchase of Clarion Real Estate Securities. The sale has been expected for some time, as the Dutch bank had been mandated to evaluate the sale of its real estate management unit after receiving a state bailout. Overall, we believe this is a positive event for Clarion Real Estate Securities. As part of the transaction, Clarion Real Estate Securities takes a 25% equity stake in ownership of the firm. Previously, ING owned 100% of the firm. Clarion Real Estate Securities has maintained stability in its senior management over the years, and equity ownership should strengthen this stability. Clarion Real Estate Securities has used ING's Real Estate platform for property and market research resources historically. CB Richard Ellis has a global real estate focused direct investment, services, and research platform that is likely an improvement to the ING resources. It is also important to note that the ING Clarion Global Real Estate Mutual Funds will continue to be sub-advised by Clarion and administered by ING. CB Richard Ellis does have an existing global public securities group which manages approximately $2 billion in assets. As part of the transaction, some senior members of that group will join the Clarion group, including an office in Sydney, Australia. Going forward, Clarion will manage CBRE's real estate securities portfolios.

Assessment

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

Vehicle Information:

Vehicle Name	Minimum	Assets ($ mil.)	Fee
ING Global Real Estate A Fd	$1,000	$1,530.3	1.31%
ING Global Real Estate I Fd	$250,000	$2,578.6	0.99%

Sample Operational Detail	
ING Global Real Estate I Fd	
Last Audited Financial	10/31/2012
Accountant/Auditor	KPMG LLP
Custodian	BNY Mellon
Administrator	N/A
Securities Lending?	N/A

Security Constraints:	+/- 5% from benchmark weight
Sector Constraints:	+/- 10% from benchmark weight for Non U.S. and +/-20% from U.S.
Avg # of Securities:	+/- 100
Turnover:	37%
Assets in Composite:	N/A
GIPS Compliant:	N/A

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

Morgan Stanley Global Real Estate Portfolio — March 31, 2013

Firm Details: *Morgan Stanley Investment Management*

Total Assets ($ mil.):	$283,673
Style:	REIT-Long
Assets in Style ($mil.):	$7,385
Year Founded:	1975
Product Inception:	April 8, 2003
Location:	New York, NY
Ownership:	-The firm which is an asset management division of Morgan Stanley is 15% Employee Owned.

Key Investment Professionals:

Theodore Bigman - Managing Director. Head of Global Real Estate. Joined Morgan Stanley in 1995, and has over 20 years of investment experience.

Michiel te Paske - Managing Director. Portfolio Manager for European real estate securities.

Sven Van Kemenade - Managing Director. Portfolio Manager for European real estate securities.

Angeline Ho - Executive Director. Portfolio Manager for Asian real estate securities.

Investment Objective and Philosophy/Process

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

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

Assessment

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

Vehicle Information:

Vehicle Name	Minimum	Assets ($ mil.)	Fee
MS Global Real Estate Instl	$5,000,000	$2,034.0	1.01%

Sample Operational Detail	
Morgan Stanley Global Real Estate Instl	
Last Audited Financial	12/31/2012
Accountant/Auditor	Ernst & Young LLP
Custodian	JPMorgan Chase & Co.
Administrator	N/A
Securities Lending?	NA

Security Constraints:	limit our position in any company to 10% of the total portfolio
Sector Constraints:	Our allocation to any sector is limited to 50% of the portfolio
Avg # of Securities:	~150
Turnover:	18%
Assets in Composite:	N/A
GIPS Compliant:	Yes

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

Inflation Hedging

As of March 31, 2013

	ING Clarion	Morgan Stanley
Geographic Breakdown		
U.S.	45.3	43.7
Other North America	1.2	2.2
South America	0.1	0.5
United Kingdom	3.9	5.3
Europe	7.1	6.8
Japan	16.9	13.7
Asia (excluding Japan)	25.5	26.2
Emerging Markets	0.0	0.1
Other	0.0	1.6
Sector Breakdown		
Diversified	26.8	36.0
Healthcare	5.7	5.2
Self-Storage	1.8	2.4
Industrial	7.1	4.5
Office	17.3	11.4
Residential	10.2	10.6
Retail	25.0	23.3
Lodging/Resort	3.9	4.4
Specialty	0.0	0.0
Mortgage	0.0	0.0
Other	2.2	2.3

- Morgan Stanley Portfolio Sector Other Allocation includes 1.6% Cash.

Historical Performance

Return and Risk Summary

As of March 31, 2013

	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
ING Global Real Estate Fd	4.6	6.5	17.1	4.0	11.7	17.4	2.8	28.6	3.4	25.6	12.3	23.6
MS Global Real Estate Fd	4.2	6.9	19.0	4.1	12.1	19.3	3.5	31.1	NA	NA	NA	NA
FTSE EPRA NAREIT Gl Index	**5.9**	**6.3**	**21.1**	**4.0**	**14.2**	**17.6**	**3.5**	**30.6**	**3.8**	**27.2**	**13.0**	**24.7**

Historical Performance

Return Summary

As of March 31, 2013

	Year To Date Return	2012 Return	2011 Return	2010 Return	2009 Return	2008 Return	2007 Return	2006 Return	2005 Return	2004 Return	2003 Return
ING Global Real Estate A Fd	4.6	25.3	-5.6	14.8	33.4	-41.5	-6.9	40.4	14.1	36.2	41.3
MS Global Real Estate Instl	4.2	30.2	-9.7	20.2	41.0	-45.0	-7.9	NA	NA	NA	NA
FTSE EPRA NAREIT Gl Index	**5.9**	**29.8**	**-6.3**	**20.4**	**38.3**	**-47.7**	**-7.0**	**42.4**	**15.4**	**38.0**	**40.7**

MPT Stats

ING Global Real Estate

As of March 31, 2013

	3 Years	5 Years	7 Years	10 Years
Return	11.73	2.83	3.37	12.29
Standard Deviation	17.41	28.63	25.59	23.64
Downside Risk	11.33	19.19	16.95	14.37
vs. FTSE EPRA NAREIT Gl Index				
Beta	0.99	0.93	0.94	0.95
Up Market Capture	92.34	91.54	93.31	95.25
Down Market Capture	105.99	94.42	95.61	96.50
Alpha	-2.08	-0.70	-0.42	-0.12
Tracking Error	1.68	3.25	3.03	2.93
Information Ratio	-1.37	-0.39	-0.30	-0.31
R-Squared	0.99	0.99	0.99	0.99
Actual Correlation	1.00	1.00	1.00	0.99
vs. Citigroup 3 Month T-Bill				
Sharpe Ratio	0.73	0.23	0.20	0.55
Excess Return	12.72	6.68	5.16	12.95
Excess Risk	17.40	28.72	25.66	23.67

MPT Stats

MS Global Real Estate

As of March 31, 2013

	3 Years	5 Years	7 Years	10 Years
Return	12.06	3.52	NA	NA
Standard Deviation	19.32	31.07	NA	NA
Downside Risk	12.81	20.02	NA	NA
vs. FTSE EPRA/NAREIT Global Index				
Beta	1.10	1.01	NA	NA
Up Market Capture	98.60	100.30	NA	NA
Down Market Capture	115.29	100.13	NA	NA
Alpha	-3.04	-0.02	NA	NA
Tracking Error	2.24	3.12	NA	NA
Information Ratio	-0.72	0.02	NA	NA
R-Squared	0.99	0.99	NA	NA
Actual Correlation	1.00	0.99	NA	NA
vs. Citigroup 3 Month T-Bill				
Sharpe Ratio	0.69	0.26	NA	NA
Excess Return	13.41	8.00	NA	NA
Excess Risk	19.32	31.17	NA	NA

Prepared by Prime, Buchholz & Associates, Inc. (Prime Buchholz). This report is for informational purposes only, intended solely for our clients. 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 is believed to be reliable, however, the accuracy is not guaranteed and may not be independently verified by Prime Buchholz. Information provided by investment managers may be confidential and should be treated as such. The content of this report is current as of the date indicated and is subject to change without notice.

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

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

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

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

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

**Indicates performance is gross of fees.*

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

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

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

For use in one-on-one presentations only.

© 2013 Prime, Buchholz & Associates, Inc.