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Town of Palm Beach Health Insurance Trust

Investment Performance Analysis
Period Ended June 30, 2013

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Tab I

Global Economic Highlights

Second Quarter 2013

Data released in June showed U.S. GDP expanded in the first quarter of 2013 at an annualized rate of 1.8%, significantly higher than the 0.4% rate of the previous quarter. Personal consumption expenditures (PCE) and exports were revised down from prior estimates, which had shown annualized growth in excess of 2%. Contributing to the re-acceleration in economic growth were increases in PCE and private inventory investment, as well as lesser declines in federal government spending and exports. GDP declined across the euro area (-0.8%), particularly in Italy (-2.6%) and Spain (-2.1%). Germany's economy expanded—albeit modestly—at an annualized rate of 30 bps in the first quarter. The U.K (+1.1%) also returned to growth in the first quarter. Economic growth in Japan accelerated at a rate of 4.1%, while China's growth slowed to 6.6%.

Central bank activity continued to be mixed, with some countries, namely Brazil, tightening monetary conditions in an attempt to mitigate inflationary pressures. However, the trend of rate cuts and/or other measures such as quantitative easing remained in place. Many central banks made successive rate cuts, while others, such as the Bank of England and the Federal Reserve, maintained the pace of bond purchases. Markets were surprised by the Bank of Japan's quantitative easing announcement and punished the yen as a result. In addition, Federal Reserve Chairman Ben Bernanke alluded to a possible tapering of the Fed's bond purchases, which put upward pressure on interest rates globally.

Headline CPI was 1.4% higher in the U.S. over the trailing 12-month period ended May 31st. U.S. Core CPI, which excludes food and energy, was up 1.7% over that period. Energy prices declined 1.0% while food prices advanced just 1.4%.

Inflation was similarly muted across the Organisation for Economic Co-operation and Development (OECD) countries. Both core and headline CPI advanced 1.5% during the trailing 12-month period ended May 31st as greater inflation of food prices (+1.9%) was offset by a more tepid rise in energy prices (+0.5%). While inflation picked up in the U.K., Germany, and across select emerging markets countries, price deflation continued in Japan.

Unemployment across OECD countries was largely unchanged over the year-to-date period, closing April at 8.0%. Unemployment remained elevated across the euro area at 11.0% as several countries reached new peaks, including France (11.0%), Italy (12.0%), Portugal (17.8%), Greece (27.0%) and Spain (26.8%). In contrast, unemployment in Germany was stable at 5.4%. Japan's rate declined modestly from 4.4% at year-end to 4.1% in April. At 7.6%, unemployment in the U.S. has been largely consistent year to date, with 11.8 million unemployed as of June. Of those unemployed, 4.3 million have been jobless in excess of 27 weeks, a 300,000 decrease from the previous quarter. However, the number of underemployed workers (involuntary part-time workers) increased to 8.2 million.

U.S. housing prices continued to climb in the first quarter of 2013. The Federal Housing Finance Agency's (FHFA) seasonally adjusted Purchase-Only House Price Index increased 1.9%—the seventh consecutive quarter in which housing prices have trended higher. As measured by the index, housing prices were 6.7% higher over the trailing year. Globally, results have been mixed. According to a May 2013 OECD report, Germany and Switzerland have seen increases in housing prices, while other euro area countries, including Italy, Greece, Spain, and the Netherlands, continued to experience declines. The report also cited select countries, including Canada and New Zealand, where rapid increases in housing prices may have reached levels that are unsustainable given a change in economic conditions.

The price per barrel of West Texas Intermediate (WTI) crude ended the quarter at \$96.56, a \$0.70 decline from the previous quarter. Brent crude prices corrected 6.2% to finish the quarter at \$102.16 per barrel. Though WTI continues to trade at a discount relative to Brent crude—reflecting the differential between oil levered to supply and demand conditions domestically and abroad—WTI has been closing the gap, with prices increasing 13.7% in the trailing 12-month period versus 4.7% for Brent.

Historical Returns

Second Quarter 2013

Equity Index Returns	Qtr	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr
S&P 500	2.9	20.7	12.8	18.5	7.0	7.4
Russell 3000 (Broad Market)	2.7	21.5	12.3	18.6	7.3	7.8
Russell 1000 (Large Cap)	2.7	21.2	12.5	18.7	7.1	7.7
Russell Midcap	2.2	25.4	11.1	19.5	8.3	10.6
Russell 2000 (Small Cap)	3.1	24.2	10.3	18.7	8.8	9.5
MSCI ACWI (USD)	-0.4	16.6	4.4	12.4	2.3	7.6
MSCI ACWI (Local)	1.0	19.4	7.8	12.0	3.3	6.8
MSCI ACWI ex-U.S. (USD)	-3.1	13.6	-1.5	8.0	-0.8	8.6
MSCI ACWI ex-U.S. (Local)	-0.5	18.9	4.4	8.1	1.5	7.6
MSCI EAFE (USD)	-1.0	18.6	1.1	10.0	-0.6	7.7
MSCI EAFE (Local)	1.2	24.9	6.9	9.0	1.2	6.1
MSCI EM (USD)	-8.1	2.9	-7.0	3.4	-0.4	13.7
MSCI EM (Local)	-4.4	6.1	-0.4	5.0	2.1	13.2
S&P Developed ex-U.S. (Small Cap)	-2.6	18.5	-0.1	11.3	1.6	10.8
London - FTSE 100*	-1.9	16.4	6.8	12.7	6.5	8.9
Japan - Nikkei 225*	10.4	54.9	20.5	15.7	2.2	5.7
Hong Kong - Hang Seng*	-4.6	10.9	0.0	4.7	2.3	11.8
China - Shanghai Composite*	-9.8	-8.6	-13.3	-4.0	-4.4	4.8
40% R 3000/40% EAFE/20% EM	-0.9	16.5	3.9	12.2	2.7	9.1

Fixed Income Index Returns	Qtr	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr
LIBOR US 3m	0.1	0.3	0.4	0.4	0.7	2.1
Citigroup 3m T-Bill	0.0	0.1	0.1	0.1	0.2	1.6
BOA ML 1-3 Yr Treasury	-0.1	0.3	0.6	0.8	1.9	2.6
Barclays 3-10 Yr Treasury	-2.5	-1.5	3.5	3.6	5.2	4.5
Barclays 5-10 Yr Treasury	-3.6	-2.6	4.6	4.3	5.9	4.9
Barclays Long-Term Treasury	-5.6	-8.4	10.1	6.2	7.6	6.1
Barclays Credit	-3.4	0.8	5.1	5.5	7.0	5.1
Barclays Gov't/Credit	-2.5	-0.6	4.0	3.9	5.3	4.4
Barclays Aggregate	-2.3	-0.7	3.3	3.5	5.2	4.5
Barclays Municipal	-3.0	0.2	5.0	4.5	5.3	4.4
Barclays High Yield	-1.4	9.5	8.2	10.8	10.9	8.9
JPM Global Bond	-3.1	-4.9	-0.8	2.8	3.5	4.9
JPM Non-U.S. Bond	-3.5	-6.5	-2.9	2.4	3.0	4.9
JPM Global Bond-Hedged	-1.7	1.1	4.1	3.1	4.6	4.1
JPM Non-U.S. Bond-Hedged	-1.3	2.8	4.5	3.2	4.7	4.1
JPM EMBI+	-6.3	0.1	5.5	7.5	8.4	9.0
JPM GBI-EM Global Div Bond	-7.0	1.3	-0.2	6.0	6.7	10.3
JPM GBI-EM Global Div Bond-Hedged	-3.5	1.3	4.2	4.4	6.7	5.5

Illiquid Partnerships	Qtr	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr
Private Real Assets (as of 3/31/2013)						
NCREIF Property Index	2.6	10.5	12.0	13.3	2.3	8.5
Apartment	2.6	11.0	12.9	15.7	3.3	8.3
Industrial	2.5	10.5	12.2	12.2	1.7	7.8
Office	1.9	9.0	10.9	12.0	0.9	7.9
Retail	3.7	12.6	12.7	13.6	4.5	10.6
NCREIF Timber Index	1.5	9.0	5.0	3.6	2.1	8.3
Private Equity (as of 09/30/2012)						
U.S. Private Equity						
Venture Capital	1.4	8.6	3.5	4.3	0.6	4.4
Early/Seed Stage	-0.8	9.5	3.6	2.6	-0.5	1.7
Later Stage	4.8	10.0	4.9	9.0	4.0	7.8
Buyouts	3.6	15.7	8.8	10.8	3.7	11.0
Small	5.9	16.9	4.9	4.4	1.1	9.6
Medium	3.2	14.4	6.0	6.9	2.1	10.2
Large	6.1	21.6	8.9	9.7	4.4	11.3

MSCI ACWI Sector	Qtr	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr
Consumer Discretionary	5.7	29.9	13.1	21.1	11.4	9.5
Consumer Staples	-1.5	17.4	13.7	18.0	10.9	11.8
Energy	-3.2	7.9	-2.3	10.6	-3.9	11.2
Financials	1.0	26.5	4.5	9.6	-1.0	3.7
Health Care	3.0	27.5	16.2	20.2	10.6	8.2
Industrials	0.0	19.6	3.4	13.4	3.1	9.5
Information Technology	0.6	10.0	7.8	13.0	5.5	7.3
Materials	-9.1	-2.0	-12.7	2.3	-6.3	10.5
Telecom	2.5	10.3	4.3	13.0	3.9	8.7
Utilities	-0.8	5.3	0.3	6.0	-2.9	9.1

Hedge Fund Index Returns	Qtr	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr
HFRI Fund Weighted Composite						
Absolute Return						
HFRI Event Driven (Total)	1.6	12.3	3.8	6.6	4.5	7.5
HFRI Relative Value (Total)	0.2	9.6	5.4	7.1	5.9	6.5
HFRI RV: FI-Convertible Arbitrage	2.0	9.7	3.8	6.2	6.8	4.6
HFRI EH: Equity Market Neutral	1.3	5.5	1.3	2.5	-0.1	2.6
Directional Hedge						
HFRI Equity Hedge (Total)	0.4	11.0	1.3	5.4	1.7	5.6
HFRI Macro (Total)	-1.6	0.5	-1.2	1.4	1.2	5.3
HFRI Emerging Markets (Total)	-2.7	9.2	-2.6	2.3	-0.1	9.6
HFRI EH: Short Bias	-4.5	-20.4	-10.9	-14.4	-11.5	-5.9
Fund of Funds						
HFRI FOF Strategic	-0.2	8.4	1.0	3.3	-0.9	4.2
HFRI FOF Diversified	0.3	7.3	1.6	3.1	-0.4	3.5

Real Assets and Inflation	Qtr	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr
REITs						
FTSE EPRA/NAREIT GL	-3.6	14.3	8.2	16.0	4.6	11.0
Commodities						
DJ-UBS Commodity	-9.5	-8.0	-11.2	-0.3	-11.6	2.4
Goldman Sachs Commodity	-5.9	2.0	-4.6	4.7	-15.2	1.4
Natural Resources						
SP GSSI Natural Resources	-4.9	10.7	-4.4	9.6	-3.8	11.9
Inflation-Protected Bonds						
Barclays U.S. TIPS	-7.1	-4.8	3.1	4.6	4.4	5.2
Inflation						
U.S. CPI	0.1	1.5	1.6	2.3	1.3	2.4
U.S. CPI Plus 5%	1.3	6.6	6.7	7.4	6.3	7.5

Key Metrics

Second Quarter 2013

Option-Adjusted Spreads		
	Current QTR	1 Year Ago
U.S. High Yield	492	615
U.S. Corporate	152	199
U.S. IG Financials	158	253
CDX IG 5-Yr	87	112
CDX HY 5-Yr	435	587
Agency MBS	60	76
CMBS	150	235
ABS - Fixed Rate	58	59
ABS - Floating Rate	102	122
TED ¹	24	38
Emerging Markets (External)	345	408

¹3 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	1.80%	1.90%
Current Account Deficit ²	\$106.10	\$137.30
Annualized Current Account Deficit/GDP ²	3.09%	3.55%

²Statistics as of one quarter prior

Central Bank Activity		
	Current QTR	1 Year Ago
Fed Funds Rate	0-0.25%	0-0.25%
Bank of Japan Target Rate	0.10%	0.10%
European Central Bank Rate	0.50%	1.00%
Bank of England Official Bank Rate	0.50%	0.50%

Inflation Forecast		
	Current QTR	1 Year Ago
10-Year Treasury Yield	2.49%	1.65%
10-Year Breakeven ⁴	1.99%	2.10%
5-Year Treasury Yield	1.40%	0.72%
5-Year Breakeven ⁴	1.77%	1.73%

⁴Breakeven 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	15.3x	14.5x	2.1%	13.5x	13.0x	2.1%
Russell 1000 Index	15.6x	14.7x	2.1%	13.8x	13.2x	2.0%
Russell Midcap Index	17.5x	16.1x	1.9%	15.3x	14.5x	1.7%
Russell 2000 Index	18.4x	17.4x	1.8%	15.3x	14.7x	1.5%
Russell 3000 Index	15.8x	14.9x	2.1%	13.8x	13.2x	2.0%
Russell 3000 Growth Index	18.2x	16.9x	1.8%	16.8x	15.4x	1.5%
Russell 3000 Value Index	14.1x	13.4x	2.4%	11.8x	11.6x	2.5%
MSCI ACWI Index	14.3x	13.3x	2.7%	12.4x	11.7x	2.8%
MSCI ACWI ex-U.S. Index	13.3x	12.2x	3.2%	11.5x	10.8x	3.5%
MSCI EAFE Index	14.4x	12.9x	3.4%	11.7x	10.9x	3.7%
MSCI EM Index	10.8x	10.3x	2.9%	10.4x	9.9x	3.1%
London - FTSE 100 ³	14.7x	11.7x	3.9%	10.8x	10.2x	4.1%
Japan - Nikkei 225 ³	21.6x	17.4x	1.5%	15.4x	13.5x	2.2%
Hong Kong - Hang Seng ³	9.6x	9.9x	3.6%	9.4x	10.1x	3.7%
China - Shanghai Composite ³	9.8x	8.6x	3.1%	11.3x	9.7x	2.3%

³Returns in local currency

P/E excludes companies with negative earnings

U.S. Treasury Yields							Curve Steepness
Date	3-Mo T-Bill	6-Mo T-Bill	2-Year Note	5-Year Note	10-Year Note	30-Year Note	10-Year - 2-Year
1 Year Ago	0.08%	0.15%	0.30%	0.72%	1.65%	2.75%	1.34%
Current Quarter	0.03%	0.09%	0.36%	1.40%	2.49%	3.50%	2.13%

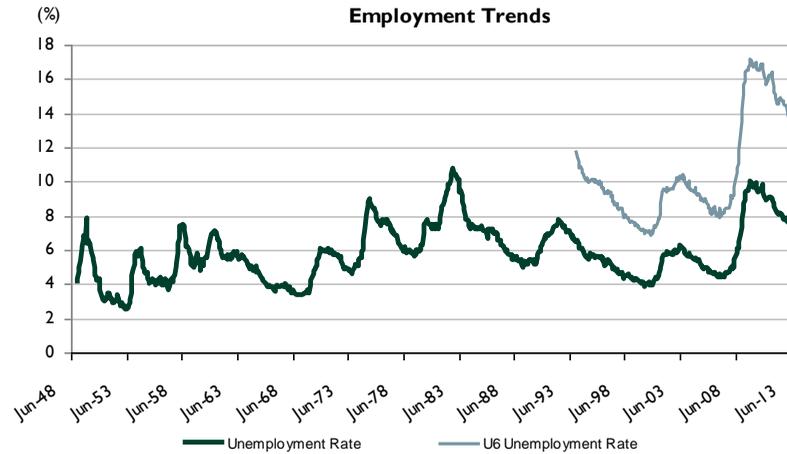
Currency Rates (per U.S. Dollar) (%)								Current
	MTD	QTD	YTD	1 Year	2 Year*	3 Year*	5 Year*	Spot Rate
U.S. Dollar Spot (DXY)**	-0.3%	0.2%	4.2%	1.8%	5.8%	-1.1%	2.8%	83.136
Canadian Dollar	-1.4%	-3.3%	-5.7%	-3.4%	-4.3%	0.4%	-0.6%	1.052
Japanese Yen	1.4%	-5.0%	-12.5%	-19.5%	-9.9%	-3.7%	1.4%	99.140
British Pound	0.1%	0.1%	-6.4%	-3.2%	-2.7%	0.6%	-5.3%	0.657
Euro	0.1%	1.5%	-1.4%	2.7%	-5.3%	2.1%	-3.8%	0.769
Australian Dollar	-4.5%	-12.2%	-12.3%	-10.7%	-7.7%	2.8%	-1.0%	1.094
Brazil	-4.1%	-9.4%	-8.1%	-10.0%	-16.3%	-6.8%	-6.4%	2.232
China	0.0%	1.2%	1.5%	3.5%	2.6%	3.4%	2.2%	6.138
GBP/Euro	0.0%	-1.4%	-5.1%	-5.7%	2.8%	-1.4%	-1.6%	0.855
Yen/Euro	1.2%	-6.4%	-11.3%	-21.6%	-4.8%	-5.7%	5.3%	128.970

*Annualized Price Change

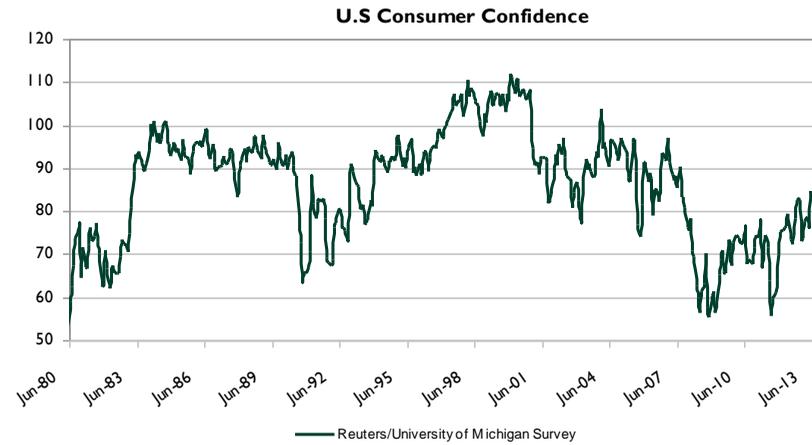
**Index measures value of USD relative to basket of foreign currencies.

Macroeconomic Trends

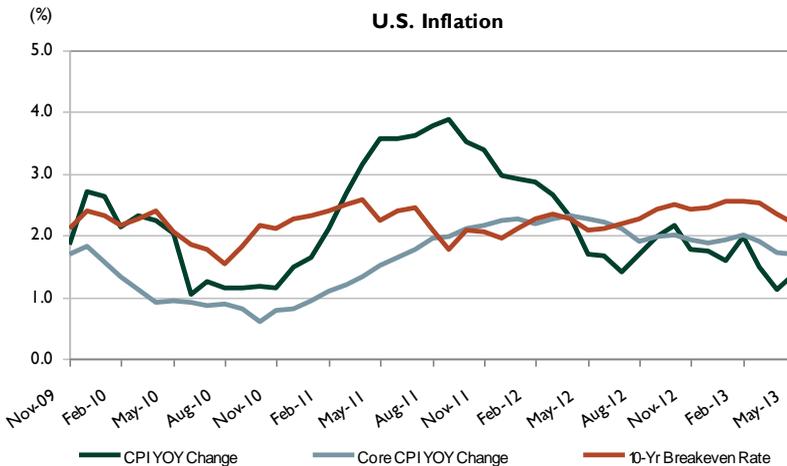
Second Quarter 2013



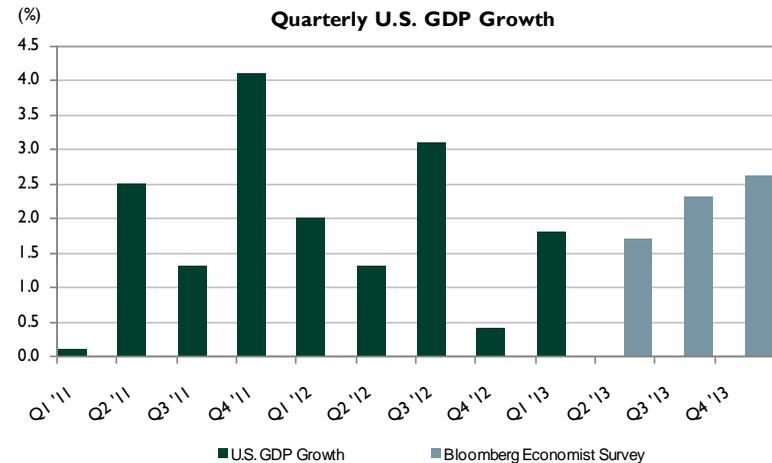
The unemployment rate has moderately improved in 2013, but remains well above the FOMC's stated target of 6.5%, indicating the potential for monetary policy to remain accommodative.



Consumer confidence improved in the second quarter. In May, the University of Michigan Consumer Sentiment Index reached its highest level since July 2007, driven by rising home prices and equity markets.



YOY Core CPI fell to 1.7% in May, down from 2.0% to start the quarter, while the decline of the broader CPI measure was more moderate. Inflation expectations declined, however, as the possibility of the Fed tapering its bond-buying program lessened concerns regarding the potential inflationary impact of monetary policy.



U.S. GDP expanded 1.8% in the first quarter of 2013, outpacing the modest growth experienced in the previous quarter. Increases in PCE and private inventory investment, and less drastic declines in federal government spending and exports drove improved economic growth.

U.S. Equity

Second Quarter 2013

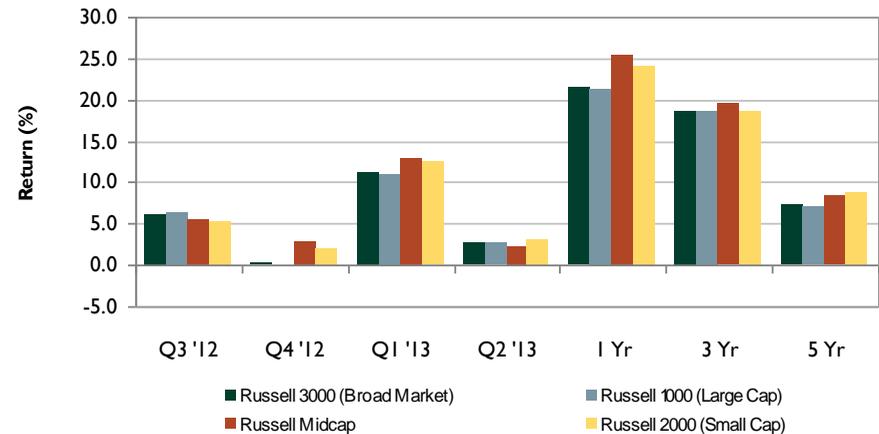
Despite markets beginning to price in the eventual winding down of Fed programs during June, domestic equities finished the second quarter in positive territory. The Russell 3000 Index improved 2.7% and was up 14.1% for the year-to-date period. Economic data was mixed, while corporate earnings results were largely in line with recent quarters. However, fewer companies met expectations for revenues, and the number of companies issuing negative earnings per share guidance for the third quarter increased.

From a sector perspective, financials (+5.2%) and consumer discretionary (+7.3%) were standouts, while utilities (-2.1%), materials, (-2.7%), and energy (-0.8%) posted losses. Materials and energy stocks reflected concerns over slowing global growth, while utilities, which had been a beneficiary of investor demand for higher yields, declined along with other interest rate-sensitive securities.

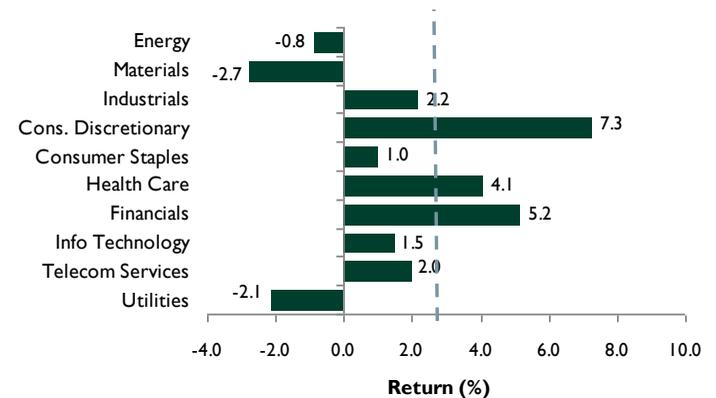
Small cap equities led the pack with a 3.1% return after declining less than their large and mid cap counterparts in June. Year to date, mid cap equities (+14.4%) have outpaced both large (+12.7%) and small (+12.0%) cap equities.

The performance differential between growth and value stocks was modest in the quarter, as the Russell 3000 Value Index (+3.1%) bested the Russell 3000 Growth Index (+2.2%) for the fifth consecutive quarter. While value stocks outperformed growth stocks in large caps, small and mid cap growth stocks outperformed their value counterparts.

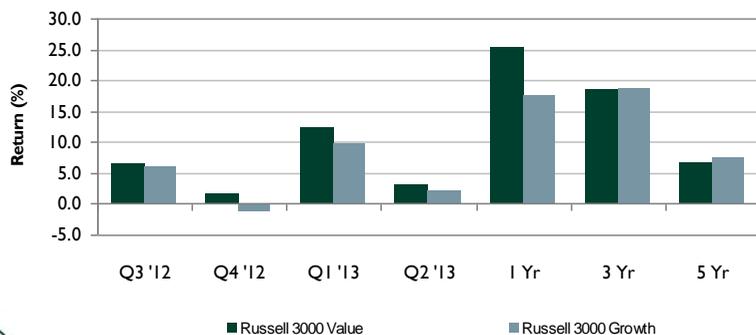
U.S. Market Cap Comparison



Q2 '13 U.S. Sector Returns*



U.S. Growth vs. Value Comparison



Sources: InvestMetrics, Bloomberg

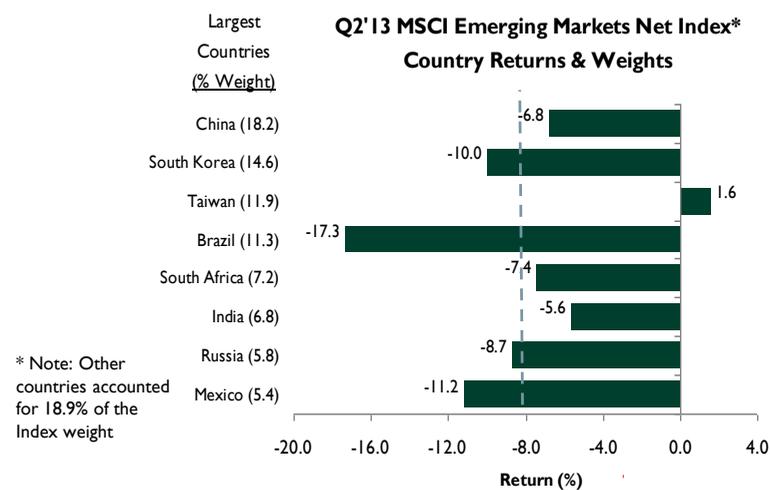
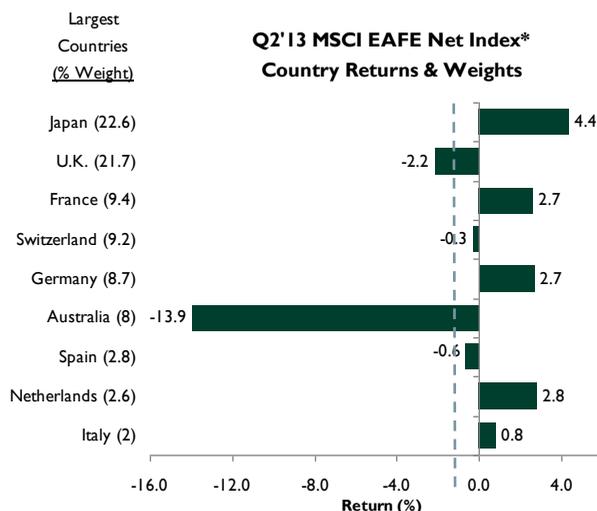
International Equity

Foreign developed equity markets, as measured by the MSCI EAFE Index, fell 1.0% in U.S. dollar (USD) terms. There was a notable dispersion across foreign developed countries. Japanese equities remained relatively strong, while returns within Europe varied as the recession continued in the euro area. Currency movements again weighed on returns for U.S.-based investors. Though the euro appreciated modestly relative to the USD, the Australian dollar and Japanese yen dropped sharply. The MSCI EAFE Index advanced 1.0% in local terms.

- Japanese equities (+4.4% USD, +10.3% local) continued to rally heading into the second quarter before reversing in May, triggered in part by skepticism regarding the Bank of Japan's ability to effectively spur economic growth.
- Core euro area nations such as France (+2.7% USD, +1.4% local) and Germany (+2.7% USD, +1.5% local) managed gains, while Spain (-0.6% USD, -1.8% local), Portugal (-0.7% USD, -1.9% local) and Greece (-10.0% USD, -11.1% local) faltered amidst rising unemployment and inflation. Specific to Greece, the country also faced political uncertainty and renewed concerns over the financing of its bailout program.
- Australia (-13.9% USD, -2.0% local) posted a significant loss. In addition to headwinds of slowing growth in China, a large importer of Australian natural resources, the Aussie dollar hit a 34-month low relative to the USD in June.

Emerging markets (EM) equities continued to disappoint, as the MSCI EM Index returned -8.1% in USD terms and -4.4% locally. EM equities were hampered by a number of factors during the quarter and year-to-date period, including concerns over slowing growth, instances of civil unrest, and a pull back in commodity prices. More recently, indications that the Fed may taper its bond-buying led investors to seek shelter from perceived higher risk asset classes such as EM equities.

- Slowing growth and disappointing economic data continued to weigh on China (-6.8% USD, -6.8% local), as concerns over lower liquidity within the financial markets escalated in June and further hurt equity markets.
- Latin America also experienced meaningful losses across its more commodity-dependent countries. Countries such as Brazil (-17.3% USD, -9.4% local) faltered as commodity prices dropped. Brazil was hurt further by currency movements as the real fell sharply.
- In the EMEA region, South Africa (-7.4% USD, +0.2% local) continued to lag due in large part to a drop in commodities prices and weakness in the rand, while Turkey (-15.5% USD, -9.9% local) experienced a sharp decline as anti-government protests in the country grew violent.



Sources: MSCI/Barras, 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

Second Quarter 2013

U.S. Treasury bond yields along the intermediate and long portions of the curve rose sharply, while short-term rates remained relatively stable. As the curve steepened, the difference between the two- and ten-year yields widened by 52 bps, ending the quarter at 213 bps. Following modest declines in the first half of the quarter, rates began drifting higher in late May amid fears that the Fed may slow its bond-buying program more quickly than initially thought. The uptick in rates began in May and extended through June, and the ten-year U.S. nominal yield ended the quarter at 2.5%, the highest level since August 2011.

Concern regarding the Fed's intentions heightened after Bernanke indicated in his May 22nd testimony that the Fed may begin pulling back on its bond purchases at one of its next few meetings. However, the exact timing is unclear as it is data-dependent and Bernanke cautioned that the Federal Open Market Committee should not take this step prematurely. Concerns regarding a policy shift were heightened in late June, when Bernanke outlined a potential scenario whereby bond purchases could end by mid-2014.

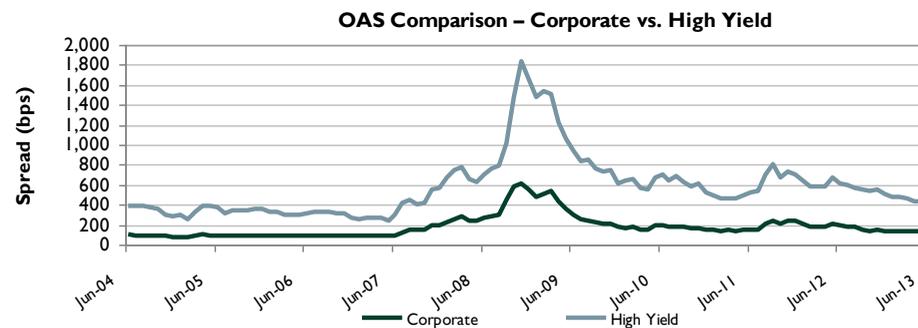
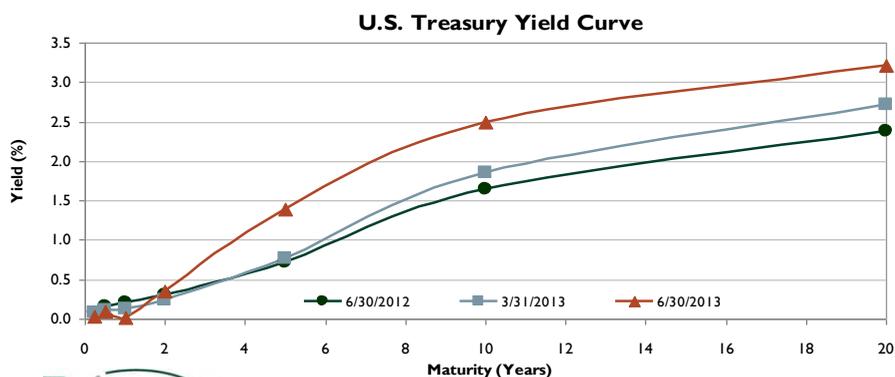
The Barclays Aggregate Index posted its second consecutive quarterly loss, declining 2.3%. All major sectors of the benchmark ended the quarter down, with corporate securities posting the largest decline (-3.3%). Higher-rated securities generally outperformed their lower-rated counterparts, with AAA-rated securities producing the best relative return in the Barclays Aggregate Index's credit quality segments. As rates rose along much of the curve, longer maturity issues underperformed their shorter-term counterparts.

Corporate securities declined 3.3% as the sector was negatively impacted from widening credit spreads and rising yields. Overall, spreads grew by 13 bps to end the quarter at 152 bps. The most severe widening occurring in lower-rated issues. Accordingly, higher-rated securities generally outperformed lower quality. On a total return basis, financial-related issues (-2.8%) fared better than both industrials (-3.5%) and utilities (-4.0%).

The securitized sector lost 1.9%, outpacing most major fixed income sectors. U.S. MBS pass-throughs lost 2.0%, with the most severe losses occurring at the lower end of the coupon stack. As MBS yields increased, the duration of the sector extended 1.2 years to end the quarter at 5.2 years, which is the longest duration on record since Barclays began reporting in 1989. Commercial MBS securities declined 1.4% as spreads widened 17 bps to end the quarter at 150 bps. Non-agency residential MBS continued to benefit from rising home values and the sector rallied during the first half of the quarter before reversing course and giving up the bulk of year-to-date gains.

High yield bonds fell 1.4% and floating rate loans rose 0.2%. Price declines were offset by coupon income. Among bond sectors, transportation (-2.4%), utilities (-2.3%), energy (-2.1%), and basic industry (-2.1%) were key drivers of weakness. Within loans, communications (+0.7%) was a source of strength, but declines in basic industry (-0.5%), financials (-0.3%), and utilities (-0.2%) offset the positive returns. Lower quality outperformed, with CC- to D-rated bonds (-0.5%) and D-rated loans (+13.0%) outperforming their higher quality counterparts.

Some of the sell-off in corporate and high yield was attributable to heavy outflows from pooled bond vehicles, which negatively impacted liquidity. A record \$80 billion was pulled from fixed income mutual funds and ETFs in June.



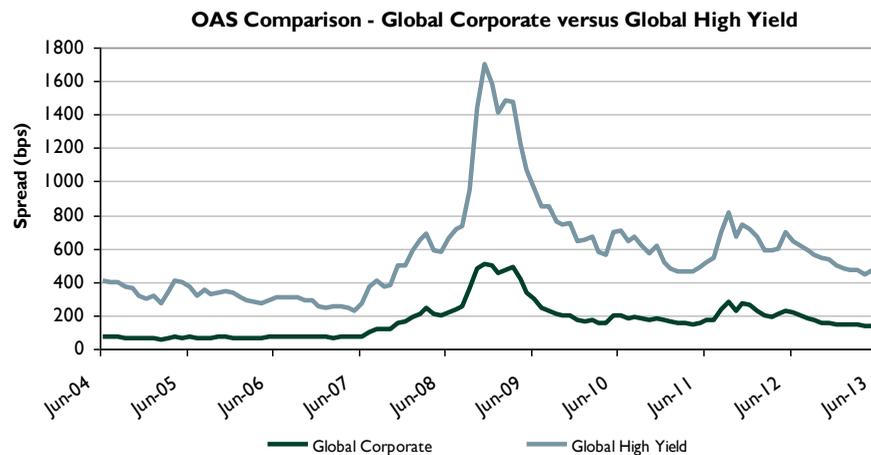
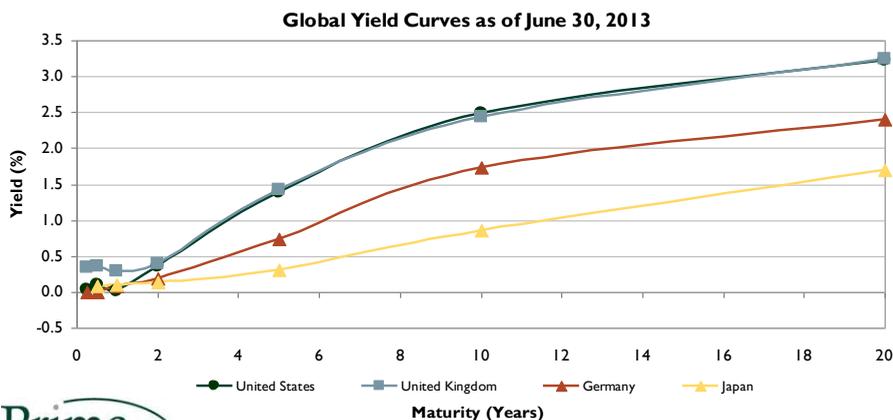
Currencies & Global Bonds

In an effort to stem inflation, Brazil surprised the markets with two rate hikes that elevated the Selic rate to 8.0%. Aside from Brazil, the trend of easier monetary policy remained in place. Poland and Hungary remained active with consecutive rate cuts during the quarter. Declining inflationary pressure allowed the European Central Bank to cut rates by 25 bps and maintain its accommodative stance. In April, the Bank of Japan's announcement of a significant quantitative easing program (¥50–60 trillion in annual bond purchases) had a profound impact on markets. Conversely, as the quarter came to a close, indications that the Fed may taper its bond-buying program caused a spike in market volatility and a significant increase in ten-year Treasury yields.

The Dollar Spot Index (DXY), a weighted-average of six currencies (euro, Japanese yen, British pound, Canadian dollar, Swedish krona, and Swiss franc) rose 0.2%. The yen fell 5.0% following the Bank of Japan's quantitative easing announcement, while the Canadian dollar (-3.3%) declined due to falling oil prices and better relative economic data in the United States. The euro, however, gained 1.5%, reversing losses from the previous quarter stemming from the Cyprus bailout. Of the 47 developed and EM currencies tracked, only the Hungarian forint (+4.6%) meaningfully appreciated against the USD, while key currencies such as the Australian dollar (-12.3%), Brazil real (-9.4%), and South African rand (-6.5%) depreciated significantly.

The strength of the USD relative to developed market currencies served as a headwind and caused a wide divergence between unhedged (-3.6%) and hedged (-1.4%) returns for the Barclays Global Treasury ex-U.S. Index. Using hedged returns as a proxy for local market returns, the largest absolute contributors to performance included Spain (+2.6%), Italy (+2.1%), and to a lesser extent, Ireland (+1.1%). However, these gains were not large enough to overcome weakness in Japan (-1.6%), the U.K. (-3.9%), Germany (-1.8%), and France (-1.1%). When considering the impact of currency, declines in the Japanese yen, the Aussie dollar, and the Canadian dollar caused Japan (-7.0%), Australia (-12.3%), Canada (-5.9%), along with the U.K. (-4.0%), to be the largest drivers of weak returns.

The prospect of higher rates with muted inflation expectations in the U.S., which caused the USD to strengthen, had a more significant impact on local market EM debt returns. The Barclays EM Local Currency GBI returned -6.4% in unhedged terms compared to a -3.1% return on a hedged basis. In unhedged terms, EM Americas (-10.1%) was the largest detractor due to declines in Brazil (-10.3%), Mexico (-8.9%), and Colombia (-11.4%). EM Asia (-5.7%) was another area of weakness due to Indonesia (-10.2%) and the Philippines (-13.3%). On a relative basis, EM EMEA (-4.3%) held up better than other markets as a result of gains in Hungary (+6.8%), Croatia (+2.3%), and Israel (+1.7%). Advances in those countries were offset by weakness in South Africa (-9.6%) and Turkey (-9.0%).



Private Equity (As of March 31, 2013)

Second Quarter 2013

U.S. private equity raised \$36.6 billion from 63 funds during the first quarter, a 17% decline from the \$44.3 billion raised in the previous quarter. First-time funds that closed in the quarter secured just \$4 billion aggregate capital, compared to \$32 billion in the same period in 2008, a dichotomy of two very divergent fundraising periods. The new fund formation market remains robust though, with 1,914 private equity funds currently on the road, seeking nearly \$800 billion in aggregate subscriptions.

Average debt/EBITDA levels for middle-market leveraged buyout (LBO) issuance was 5.5x, up from 4.5x. LBO purchase price multiples in the middle market were down more than a turn in the first quarter to 7.3x from 8.6x. Looser credit conditions and strong market appetite has allowed many corporates to extend or reprice their debt, reducing their near-term leverage burden. This has kept defaults low for the time being.

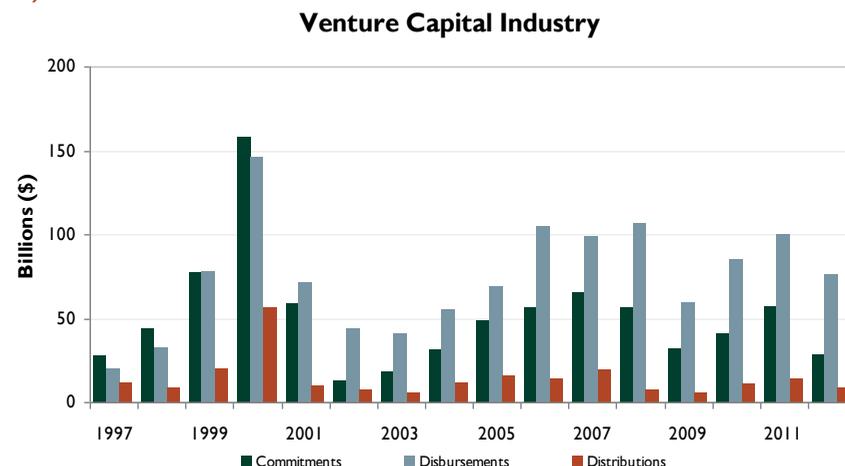
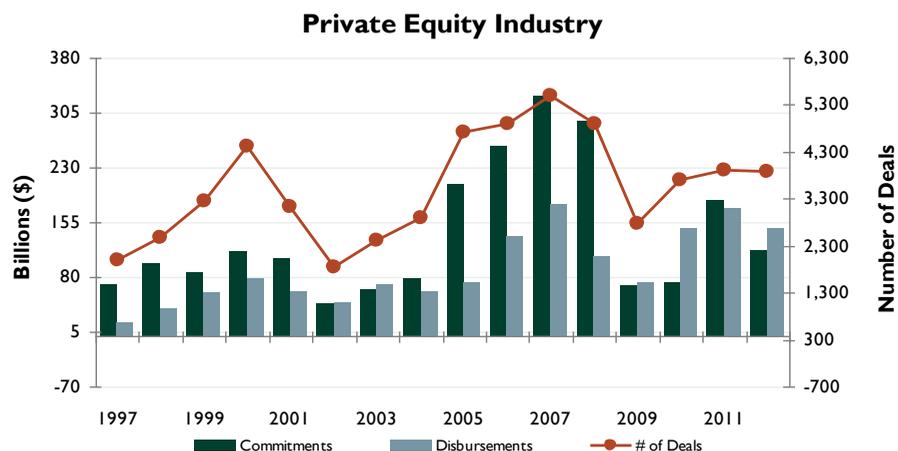
Aggregate U.S. merger and acquisitions deal value fell 11.9% from \$323.6 billion in the fourth quarter of 2012 to \$285.0 billion in the first quarter. Quarter-over-quarter comparisons were impacted by a very strong December, when sellers sought to close transactions prior to expected tax changes taking effect in 2013. The total number of reported deals, which also includes deals of undisclosed value, fell 11.0% from 2,957 to 2,632, hitting the lowest level since the fourth quarter of 2010.

Thirty-five U.S. venture capital funds raised \$4.1 billion during the first quarter, a 22% increase in dollar commitments and a 14% decrease in the number of funds. The first quarter represented the lowest number of venture capital funds raised since the third quarter of 2003. The top five venture capital funds accounted for 57% of total fundraising, which is the same level as the previous quarter.

There was a meaningful decline in venture capital investments during the first quarter, both in terms of the number of deals financed as well as the total dollars deployed to investments within the asset class. Venture capital firms invested a total of \$5.9 billion in 863 deals in the first quarter, a 12% decline in dollar value and a 15% decline in the number of deals completed from the fourth quarter of 2012, when \$6.7 billion financed 1,013 venture-backed companies.

Twenty-six European private equity funds raised a total of €13.6 billion during the quarter. The European IPO market for private equity-backed IPOs showed some signs of recovery as three buyout-related private equity IPOs were listed on the London Stock Exchange in the quarter. Conversely, there was only one private-equity backed IPO executed in Europe in 2012.

(As of December 31, 2012)



Flexible Capital

The HFRI Fund Weighted Composite Index was flat and trailed the broad market indices globally, as market rallies continued through most of the quarter before giving some back in June. Distressed was the top performer in the hedge fund space with a 2.4% rise in the HFRI ED: Distressed Index, followed by event-driven (+1.6%), and market-neutral strategies (+1.3%). Market-neutral strategies helped protect gains achieved earlier in the quarter and minimize losses when markets declined in June. This was also evident in the 1.4% jump in the HFRI FOF: Conservative Index compared to the 0.2% decline in the directional long/short FOF index. Results were mixed among long/short equity managers, with the HFRI Equity Hedge Index up 0.4%.

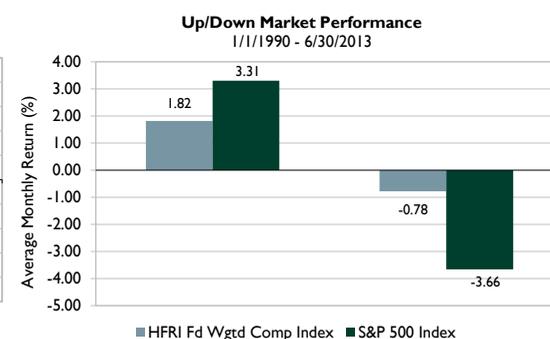
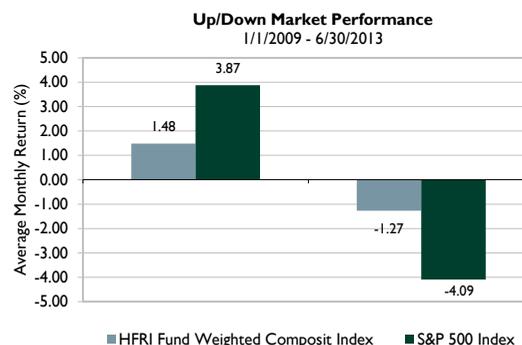
Longer-biased equity funds performed more in line with the broader market, given their increased exposure. In general, funds with exposure to the consumer, financials, health care, and media sectors outperformed. Names such as Carter's (+29%), Health Management Assoc. (+22%), AIG (+15%), and Liberty Media Corporation (+14%) were among the top contributors. Managers with positions in News Corp benefited from the company's spin-off of its publishing business. Long/short equity funds with exposure to natural resources and commodities struggled as these sectors remained out of favor. Managers continue to be constructive on modest corporate earnings going forward, believing that companies are trading at reasonable valuations and creating bottom-up opportunities for stock pickers. However, they continue to be cautious as it relates to the timing and degree of the Fed's tapering monetary easing. Gross exposure among long/short equity managers has remained relatively unchanged, with net exposures increasing slightly at the end of June.

Distressed credit outperformed many asset classes, with many managers reporting gains in excess of 3%—some more than 5%—due to their ability to distinguish themselves from the performing high yield market. This performance was driven largely by exposure to Lehman Brothers and post-reorganization equities. There were a number of positive developments across various Lehman claims, including additional asset sales and inter-company settlements that led to sizable cash distributions. Post-reorganization equities also stood out, most notably Delphi Automotive, GM, and CIT, all of which outperformed the broader market. Similarly, preferred shares in government-sponsored entities Fannie Mae and Freddie Mac gained roughly 40%. Preferred shares were up nearly 100% entering June, but fell sharply after a plan to wind down GSEs emerged from the U.S. Senate, bringing into question the value of the preferred shares.

The run of mortgage managers came to a halt in the quarter, with most posting flat to negative returns following a sell-off over the last six weeks. The rise in rates and expectation that the Fed would end or slow MBS purchasing led to losses for agency securities, particularly the more rate-sensitive, interest-only securities. Macro managers also disappointed, with most reporting negative and systematic/trend-following managers posting meaningful losses in May and June. The reversal in global equity and fixed income markets, accompanied by spikes in volatility, caught many trading models off-guard, resulting in losses. Sharp movements in the energy complex and precious metals, also led to divergent returns.

Goldman Sachs Hedge Fund VIP Basket*

Top 5 Q2 2013 Performers		Bottom 5 Q2 2013 Performers	
Company	Q2	Company	Q2
Microsoft Corp	21.5%	ADT Corp/The	-18.3%
priceline.com Inc	20.2%	Equinix Inc	-14.6%
General Motors Co	19.7%	Freeport-McMoRan Copper & Gold	-12.9%
Charter Communications Inc	18.9%	Williams Cos Inc/The	-12.4%
American International Group Inc	15.1%	HCA Holdings Inc	-11.2%
S&P 500 Index	2.9%	S&P 500 Index	2.9%



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

Inflation Hedging

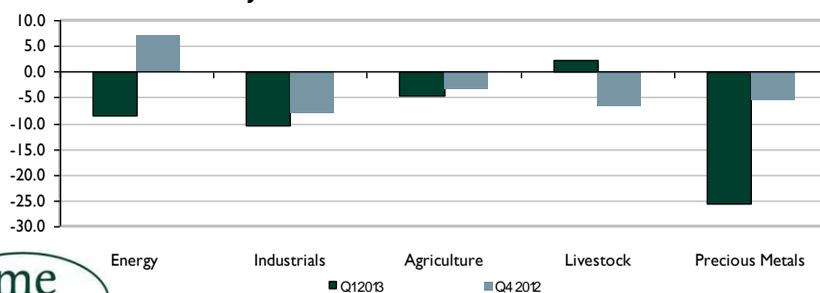
Global real estate securities declined 3.6% due to a sharp sell-off in dividend stocks in late May, which was prompted by a sustained rise in Treasury yields and concern about the tapering of the Fed's bond-buying program. Regionally, Asian securities led the retreat, declining 7.7% due primarily to a combination of concerns regarding the Fed's action and continued disappointing Chinese economic data. North American securities declined 2.2% as rising Treasury yields and interest rate expectations more than offset generally stronger underlying real estate fundamentals across sectors and markets. In Europe, a stronger euro and easing of concerns over potential contagion from the crisis in Cyprus lifted European real estate securities, ending the quarter up 1.5%.

Commodities retreated by 9.5% as measured by the DJ UBS Commodities Index. Indications of economic strength in the U.S.—specifically, housing and employment—were offset by a stronger dollar and economic data suggesting a slowdown in the Chinese economy. All commodity sub-indices delivered negative returns, led by precious metals, which declined 25.5%. Gold experienced a sharp sell-off, fueled by growing fear that the possibility that Cyprus might monetize its gold reserves would cause other sovereigns to follow suit, disappointing Chinese GDP and industrial output, and concern the Federal Reserve may taper its bond-buying program. Within energy, falling natural gas prices (-13.9%) and Brent crude oil (-6.6%) dragged the sub-index lower, ending the quarter down 8.5%. The spread between Brent and WTI crude oil, which fell 1.7%, continues to narrow as infrastructure limitations in Cushing, OK, which had depressed demand of WTI, are now being remedied. Industrial metals fell 10.4% due to weaker demand from China and emerging markets, while agriculture retreated 4.5% due to expectations of a record-breaking corn crop and a larger than expected soybean crop.

The NCREIF Property Index returned 2.9% in the second quarter, aided equally by income (+1.4%) and appreciations (+1.5%). The market has made steady gains for several quarters as real estate fundamentals overall have improved. The overall Index increases mask continued variability amongst sectors, markets and asset types. Apartments have led the markets in cash flow generation, although new development has outpaced other sectors recently. Hotel and retail assets have also experienced positive cash flow growth with the stabilization of the economy, while industrial and office assets have lagged. Office space, in particular, appears to be in transition. New supply continues to be at historic lows, but corporate demand for space has also been limited. Space efficiency per employee has been a focus for many companies seeking new leases, and this efficiency is a potential constraint on future demand.

The Barclays U.S. TIPS Index dropped 7.1% in the second quarter. Real yields were higher across the curve, and for the first time since the middle of 2011, real yields for maturities seven years or longer moved from negative to positive. There was a significant downward revision in inflation expectations with the five-year breakeven inflation rate falling 72 bps to 1.8%, while the 10-year breakeven inflation declined 49 bps to 2.0%. Despite a moderate flattening of the real yield curve, longer-dated TIPS underperformed those at the front end of the curve. TIPS in the 1–3 year and 3–5 year maturity segments fell 1.7% and 4.0%, respectively, while TIPS in the greater than 20 years and 10–20 years fell 13.6% and 10.2%, respectively. The combination of rising real yields and declining inflation expectations led to U.S. TIPS underperforming their nominal U.S. Treasury counterparts across the entire maturity spectrum.

DJ UBS Commodities Sector Performance



Public Real Estate



Tab II

Total Fund Highlights

- During the second quarter of 2013, the Town of Palm Beach Health Insurance Trust lost 0.1%, still meaningfully outperforming the Target Index (-0.7%) and the Actual Index (-0.5%). Also, over the one-year period, the Total Fund (+12.2%) has outperformed its Target Return (+10.3%) and Actual Index (+11.1%) by 190 bps and 110 bps respectively. During the quarter, the global equity segment (+1.8%) continued to contribute positively towards absolute performance. The domestic equity segment gained 2.5%, slightly underperforming the return of its benchmark Russell 3000 Index (+2.7%). The international equity segment (+0.8%) outperformed its benchmark MSCI EAFE Index (-1.0%) by 180 bps, largely driven by the strong relative performance of the Dodge & Cox International Stock Fund (+1.7%). The total flexible capital segment (+1.9%) also contributed positively towards relative performance, outpacing its benchmark HFRI FOF Composite (+0.1%) by 190 bps. The total fixed income segment (-2.1%) underperformed its benchmark Fixed Income Composite (-1.5%) by 60 bps. During the quarter, the total inflation hedging segment performed poorly from a relative standpoint, decreasing 9.6% versus its benchmark Inflation Hedging Composite (-6.9%). At year-end, Total Fund assets were valued at approximately \$21.7 million.
- At quarter-end, nearly all asset class segments are within their designated target ranges. However, the domestic equity segment and inflation hedging segment are both outside of their respective ranges.

Segment Performance

Segment Level Performance (% Rate of Return)

Benchmark Dependent Metrics vs. S&P 500 Index

As of June 30, 2013

	1 Quarter Return	1 Year Return	2 Years Return	3 Years Return	5 Years Return	Since Inception Return	Since Inception Standard Deviation	Since Inception Beta	Since Inception Actual Correlation	Inception Date
Total Fund	-0.1	12.2	4.7	9.8	2.5	1.7	10.9	0.6	0.9	Jul-07
Target Index	-0.7	10.3	4.1	9.1	3.0	2.1	10.3	0.6	1.0	Jul-07
Actual Index	-0.5	11.1	4.4	9.1	3.2	2.2	9.6	0.5	0.9	Jul-07
Consumer Price Index	0.3	1.8	1.7	2.3	1.3	1.9	1.6	0.0	0.2	Jul-07
Domestic Equity	2.5	20.5	9.9	17.1	4.0	1.4	18.9	1.1	1.0	Jul-07
Russell 3000 Index	2.7	21.5	12.3	18.6	7.2	3.6	18.4	1.0	1.0	Jul-07
International Equity	0.8	22.0	5.0	12.3	1.5	-0.4	22.7	1.2	0.9	Jul-07
MSCI EAFE (Net)	-1.0	18.6	1.1	10.0	-0.6	-2.4	21.8	1.1	0.9	Jul-07
Total Flexible Capital	1.9	11.7	5.4	6.7	3.7	3.4	5.9	0.2	0.7	Jul-07
HFRI Fund of Funds Composite Index	0.1	7.4	1.3	3.0	-0.6	-0.5	6.2	0.3	0.7	Jul-07
Total Fixed Income	-2.1	0.2	1.6	3.7	4.3	3.5	6.4	0.3	0.7	Jul-07
Fixed Income Composite Index	-1.5	-0.3	0.4	3.1	4.0	4.2	5.2	0.2	0.7	Jul-07
Total Inflation Hedging	-9.6	-2.4	-5.1	4.1	-8.6	-6.1	16.1	0.2	0.2	Jul-07
Inflation Hedging Composite Index	-6.9	0.2	-2.8	5.4	-1.8	0.5	12.3	0.1	0.2	Jul-07

Executive Summary

Town of Palm Beach

Health Insurance Trust

Preliminary Executive Summary as of June 30, 2013

Market Value	% of Portfolio		QTR Ended Sep-12	QTR Ended Dec-12	QTR Ended Mar-13	QTR Ended Jun-13	Calendar YTD	1 YR	2 YRS	3 YRS	5 YRS	Return Since	Inception Date
\$21,682,918	100.0	Total Fund	4.8	1.9	5.2	-0.1	5.1	12.2	4.7	9.8	2.5	1.7	Jul-07
		Target Index	4.8	1.0	4.9	-0.7	4.2	10.3	4.1	9.1	3.0	2.1	Jul-07
		Actual Index	4.8	1.2	5.2	-0.5	4.7	11.1	4.4	9.1	3.2	2.2	Jul-07
		Consumer Price Index	0.8	-0.8	1.4	0.3	1.7	1.8	1.7	2.3	1.3	1.9	Jul-07
\$11,290,538	52.1	Global Equity	6.1	3.3	8.4	1.8	10.4	21.0	8.0	15.3	3.1	0.7	Jul-07
\$7,072,479	32.6	Domestic Equity	5.3	0.9	10.7	2.5	13.4	20.5	9.9	17.1	4.0	1.4	Jul-07
		Russell 3000 Index	6.2	0.2	11.1	2.7	14.1	21.5	12.3	18.6	7.2	3.6	
\$5,573,757	25.7	Fidelity Spartan Total Market Index Advisor Fund	6.2	0.2	11.1	2.8	14.1	21.4	12.3	18.7	7.4	3.8	Jul-07
		Wilshire 5000 Index	6.1	0.3	11.2	2.9	14.5	21.7	12.4	18.6	7.5	3.9	
\$503,664	2.3	FPA Crescent Fund	4.5	1.9	7.2	2.9	10.4	17.6	NA	NA	NA	11.2	Apr-12
		S&P 500 Index	6.4	-0.4	10.6	2.9	13.8	20.6	12.8	18.5	7.0	13.6	
		60% Russell 2500 / 40% BC Global Credit	5.3	2.8	7.3	0.4	7.7	16.5	8.2	14.5	8.2	10.9	
		HFRI Equity Hedge (Total) Index	3.5	1.8	4.9	0.2	5.1	10.7	1.2	5.3	1.6	4.5	
\$995,057	4.6	FMI Common Stock Fund	1.2	4.3	10.2	0.4	10.7	16.7	NA	NA	NA	8.5	Apr-12
		Russell 2500 Index	5.6	3.1	12.8	2.3	15.4	25.6	10.8	19.6	9.2	16.0	
\$4,218,059	19.5	International Equity	7.5	7.3	4.9	0.8	5.8	22.0	5.0	12.3	1.5	-0.4	Jul-07
		MSCI EAFE (Net)	6.9	6.6	5.1	-1.0	4.1	18.6	1.1	10.0	-0.6	-2.4	
\$2,063,381	9.5	Dodge & Cox International Stock Fund	7.4	9.1	3.6	1.7	5.4	23.5	2.0	11.0	1.6	-0.7	Jul-07
		MSCI EAFE (Net)	6.9	6.6	5.1	-1.0	4.1	18.6	1.1	10.0	-0.6	-2.4	
\$2,154,678	9.9	Artisan International Institutional Fund	7.6	5.7	6.1	0.0	6.1	20.6	7.9	NA	NA	7.9	Jul-11
		MSCI EAFE (Net)	6.9	6.6	5.1	-1.0	4.1	18.6	1.1	10.0	-0.6	1.1	

Executive Summary

Town of Palm Beach

Health Insurance Trust

Preliminary Executive Summary as of June 30, 2013

Market Value	% of Portfolio		QTR Ended Sep-12	QTR Ended Dec-12	QTR Ended Mar-13	QTR Ended Jun-13	Calendar YTD	1 YR	2 YRS	3 YRS	5 YRS	Return Since	Inception Date
\$4,152,850	19.2	Total Flexible Capital	2.5	2.1	4.7	1.9	6.7	11.7	5.4	6.7	3.7	3.4	Jul-07
		HFRI Fund of Funds Composite Index	2.4	1.3	3.3	0.1	3.5	7.4	1.3	3.0	-0.6	-0.5	
\$1,862,612	8.6	Forester Offshore A2, Ltd.	2.1	2.0	5.2	1.7	6.9	11.3	5.6	7.4	3.6	4.4	Jul-07
		HFRI FOF: Strategic Index	3.0	1.5	3.9	0.0	3.9	8.6	1.1	3.4	-0.8	-0.9	
\$2,290,238	10.6	Archstone Absolute Return Strategies Fund, Ltd. Class A	2.8	2.3	4.4	2.1	6.5	12.1	5.3	6.1	3.8	2.4	Jul-07
		HFRI FOF: Conservative Index	1.8	1.6	2.8	0.7	3.5	7.1	1.8	2.9	-0.6	-0.5	
\$4,009,556	18.5	Total Fixed Income	1.7	0.4	0.2	-2.1	-1.9	0.2	1.6	3.7	4.3	3.5	Jul-07
		Fixed Income Composite Index	1.0	0.1	0.0	-1.5	-1.5	-0.3	0.4	3.1	4.0	4.2	
\$2,227,251	10.3	PIMCO Total Return II Institutional Fund	2.7	0.6	0.3	-3.3	-3.0	0.2	3.4	3.8	NA	7.0	Feb-09
		Barclays U.S. Aggregate	1.6	0.2	-0.1	-2.3	-2.4	-0.7	3.3	3.5	5.2	5.2	
\$1,782,305	8.2	Vanguard Short Term US Treasury Admiral Fund	0.5	0.1	0.1	-0.5	-0.3	0.2	NA	NA	NA	0.4	Dec-11
		Barclays U.S. Treasury: 1-5 Year	0.4	0.0	0.2	-0.6	-0.5	0.0	1.1	1.5	2.8	0.4	
\$2,065,367	9.5	Total Inflation Hedging	9.1	-1.8	0.8	-9.6	-8.9	-2.4	-5.1	4.1	-8.6	-6.1	Jul-07
		Inflation Hedging Composite Index	8.4	-3.1	2.5	-6.9	-4.6	0.2	-2.8	5.4	-1.8	0.5	
\$598,012	2.8	Vanguard Inflation-Protected Securities Admiral Fund	2.1	0.6	-0.3	-7.4	-7.6	-5.1	3.1	4.4	NA	6.4	Jan-09
		Barclays U.S. Treasury: U.S. TIPS	2.1	0.7	-0.4	-7.1	-7.4	-4.8	3.1	4.6	4.4	6.6	
\$584,413	2.7	PIMCO Commodity Real Return Strategy Institutional Fund	12.1	-5.8	-0.6	-15.2	-15.7	-11.0	-10.2	2.8	NA	2.8	Jul-10
		Dow Jones-UBS Commodity Index	9.7	-6.3	-1.1	-9.5	-10.5	-8.0	-11.2	-0.3	-11.6	-0.3	
\$882,942	4.1	Van Eck Global Hard Assets I Fund	11.9	-0.3	2.7	-7.1	-4.6	6.4	NA	NA	NA	-6.4	Apr-12
		S&P North American Natural Resources Sector	12.1	-3.1	7.2	-4.9	1.9	10.6	-4.4	9.6	-3.8	-0.1	

Executive Summary

Town of Palm Beach

Health Insurance Trust

Preliminary Executive Summary as of June 30, 2013

Market Value	% of Portfolio		QTR Ended Sep-12	QTR Ended Dec-12	QTR Ended Mar-13	QTR Ended Jun-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	0.1	0.1	0.1	0.1	0.2	0.8	Jul-07
\$164,607	0.8	Government Stif 15	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.2	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	0.2	0.7	

Please Note:

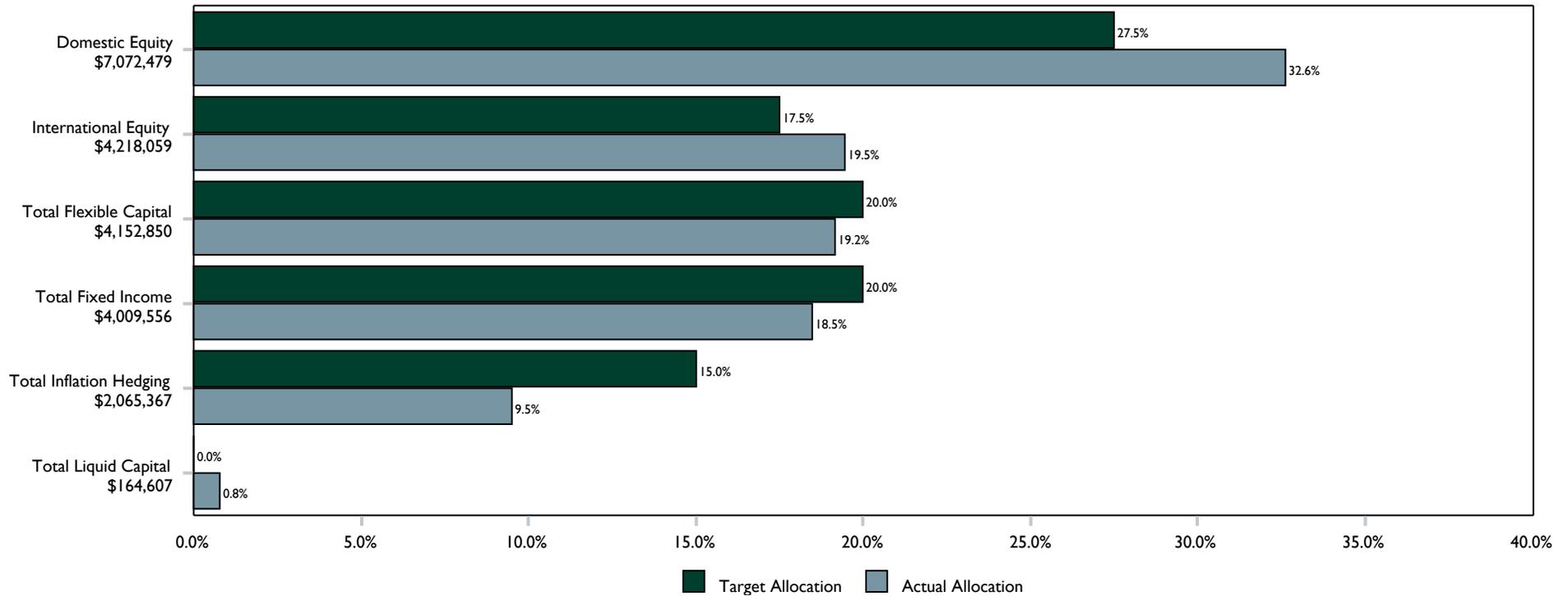
- Periods greater than one year are annualized
- Since inception returns are calculated from the first full month
- Actual Index calculated using manager allocations and index returns
- Performance and market values are subject to change based on statement availability from the investment manager/custodian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

Asset Allocation - Current

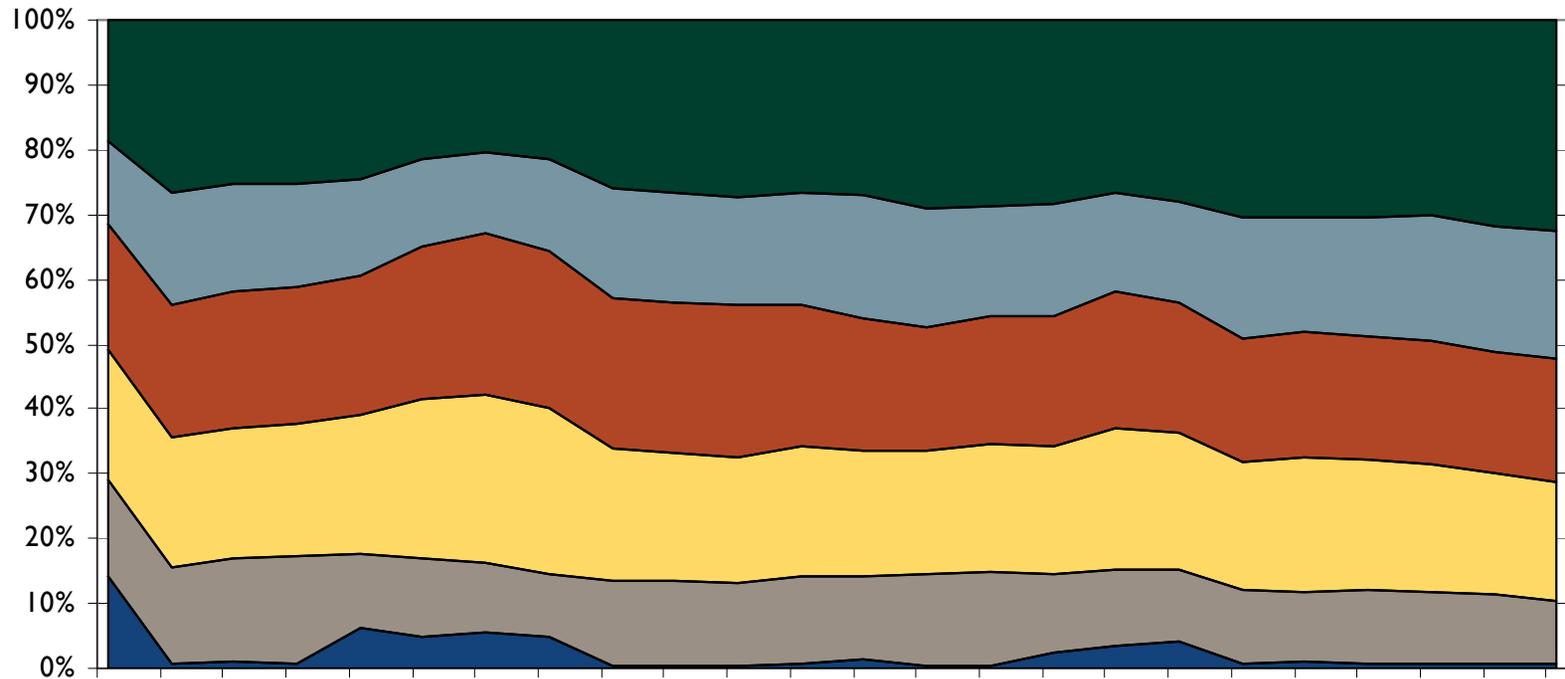
Asset Allocation Policy Ranges

As of June 30, 2013

	Asset Allocation (%)	Lower (%)	Target (%)	Upper (%)	Difference (%)
Total Fund	100.0	-	100.0	-	0.0
Domestic Equity	32.6	22.5	27.5	32.5	5.1
International Equity	19.5	15.0	17.5	20.0	2.0
Total Flexible Capital	19.2	15.0	20.0	25.0	-0.8
Total Fixed Income	18.5	15.0	20.0	25.0	-1.5
Total Inflation Hedging	9.5	10.0	15.0	20.0	-5.5
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	Jun-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	33
International Equity	13	17	17	16	15	14	12	14	17	17	17	18	19	18	17	17	15	16	19	18	18	19	19	20
Flexible Capital	20	20	21	21	22	23	25	24	23	23	23	22	21	19	20	20	21	20	19	19	19	19	19	19
Fixed Income	20	20	20	20	22	24	26	25	20	20	19	20	19	19	20	20	22	21	20	21	20	20	19	19
Inflation Hedging	15	15	16	17	11	12	11	10	13	13	13	13	13	14	15	12	12	11	11	11	11	11	11	10
Cash	14	1	1	1	6	5	5	5	0	0	0	1	1	0	0	2	3	4	1	1	1	1	1	1

Asset Allocation - Performance Comparison

As of June 30, 2013

Total Fund Performance

	1 Quarter Return	1 Year Return	2 Years Return	3 Years Return	5 Years Return	Since Inception Return	1 Year Standard Deviation	2 Years Standard Deviation	3 Years Standard Deviation	5 Years Standard Deviation	Since Inception Standard Deviation	Inception Date
Total Fund	-0.1	12.2	4.7	9.8	2.5	1.7	4.3	9.9	9.7	11.4	10.9	Jul-07
Target Index	-0.7	10.3	4.1	9.1	3.0	2.1	4.5	9.0	9.0	10.8	10.3	
Actual Index	-0.5	11.1	4.4	9.1	3.2	2.2	4.6	8.7	8.7	10.0	9.6	
Naive Index	1.2	14.4	9.8	14.2	7.0	4.6	4.7	9.5	9.6	13.5	13.0	
Consumer Price Index	0.3	1.8	1.7	2.3	1.3	1.9	1.2	1.1	1.1	1.6	1.6	

Inflation Adjusted Nominal Portfolio Statistics

Statistical Output (%)	Target Index	Actual Index	NAIVE Index
Expected Return (Arithmetic)	7.2	7.3	7.2
Expected Standard Deviation	11.8	12.6	14.0
Expected Return (Geometric)	6.5	6.6	6.2
Sharpe Ratio	0.4	0.4	0.3
Historical Return (Arithmetic)	9.6	9.6	10.0
Historical Standard Deviation	10.7	11.4	12.4
Historical Return (Geometric)	9.1	9.0	9.3
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	65.5	61.3

Historical Stress Test

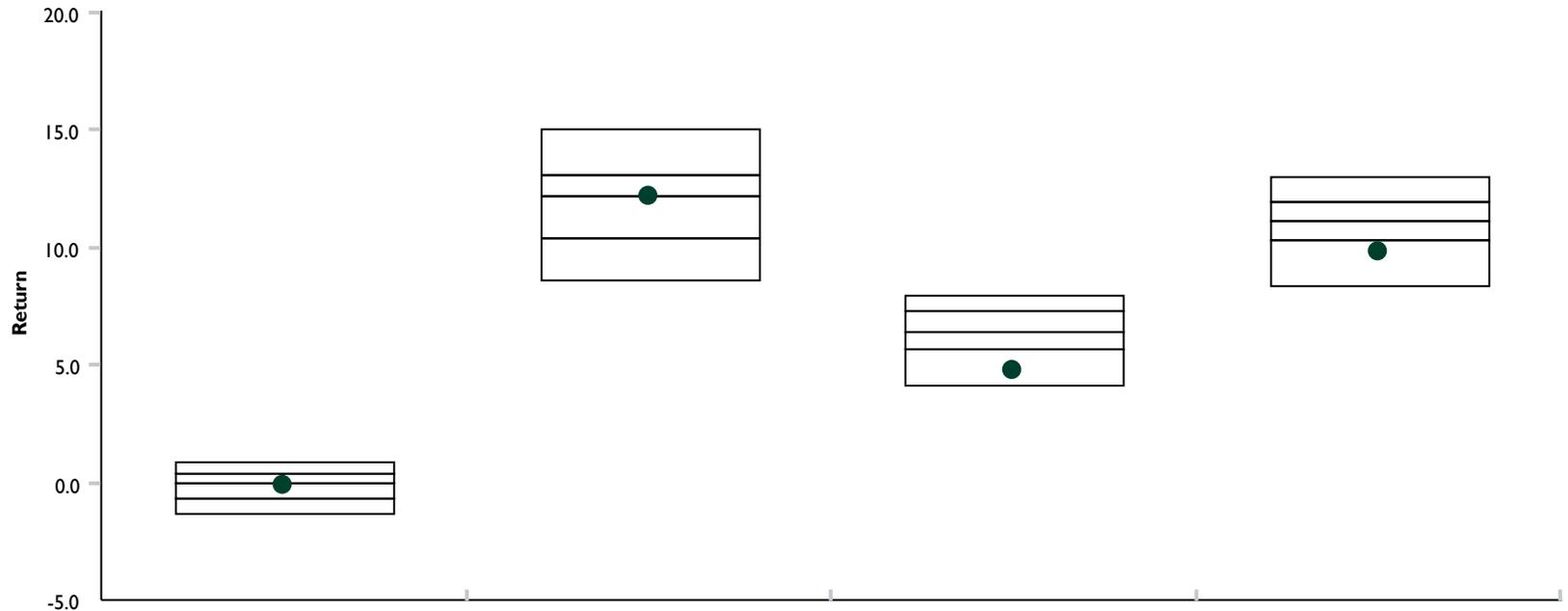
	Deflation: Fall '08 to S&P Trough Sep-08 to Mar-09	Corporate Scandals May-02 to Jul-02	Tech Bubble Collapse Mar-00 to Mar-01	Russian Debt/LTCM Collapse Jul-98 to Oct-98	Rising Rates Jan-94 to Dec-94	Shock Inflation Jan-73 to Dec-73	High Inflation Jan-73 to Dec-81
Target Index	-28.8%	-12.2%	-6.7%	-9.0%	+2.3%	-1.4%	+6.2%
Actual Index	-30.0%	-13.7%	-9.5%	-10.1%	+2.4%	-2.6%	+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 3/31/2013
 - Index components utilized: Russell 3000/MSCI World ex U.S./MSCI Emerging Mkts./Venture Economics/Barclays Aggregate/Barclays Long G/C/Barclays U.S. Corp. HY/Barclays Muni/HFRI Fund Weighted/Barclays U.S. TIPS/Private Equity-All Buyouts/S&P Natural Resources/S&P GSCI-DJ UBS/NCREIF Leverage & Fee Adj./Barclays Long Treasury/30-Day T-Bill/JPM Non-U.S. Global Govt.

Plan Sponsor Peer Group Analysis

All Public Plans < \$100mm

As of June 30, 2013



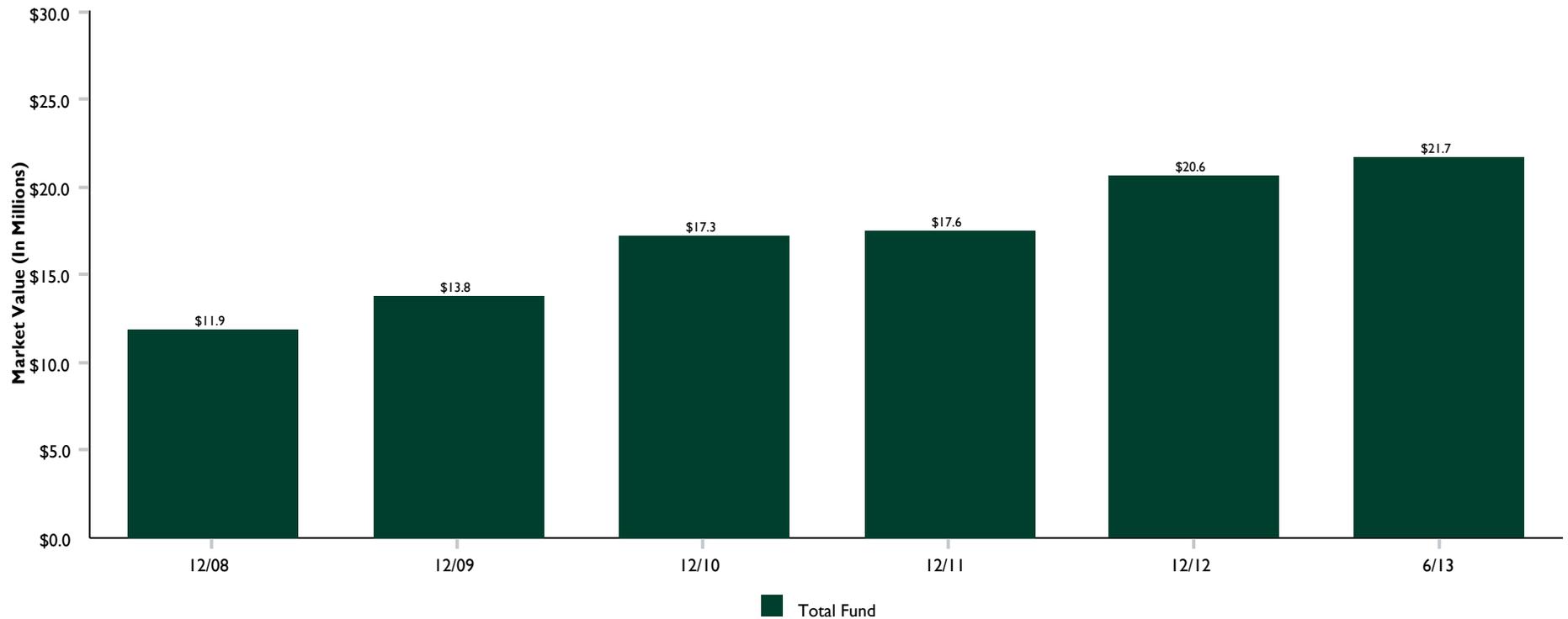
	QTR Ended Jun-13	1 Year	2 Years	3 Years
● Total Fund	-0.1 (53)	12.2 (50)	4.7 (87)	9.8 (86)
5th Percentile	0.9	15.1	7.9	13.0
1st Quartile	0.3	13.1	7.3	12.0
Median	-0.1	12.2	6.4	11.1
3rd Quartile	-0.6	10.4	5.6	10.3
95th Percentile	-1.4	8.6	4.1	8.4
Population	122	121	118	115

Schedule of Investable Assets

Total Fund

January 1, 2008 To June 30, 2013

Periods Ending	Beginning Market Value	Net Cash Flow	Investment Performance	Ending Market Value
2008	\$16,305,625	\$8,989	-\$4,447,739	\$11,866,875
2009	\$11,866,875	0	\$1,976,750	\$13,843,625
2010	\$13,843,625	\$1,506,198	\$1,904,937	\$17,254,761
2011	\$17,254,761	\$792,031	-\$489,399	\$17,557,392
2012	\$17,557,392	\$999,098	\$2,078,366	\$20,634,856
To 06/2013	\$20,634,856	0	\$1,048,062	\$21,682,918
	\$16,305,625	\$3,306,315	\$2,070,978	\$21,682,918



Liquidity Schedule

As of June 30, 2013

Investments	Inception	Subscriptions	Market Value	Daily	Semi-Annually	Annually	Notes
Global Equity							
Fidelity Spartan Total Market Index Advisor Fund	Jun-07	Daily	\$5,573,757	\$5,573,757			
FPA Crescent Fund	Mar-12	Daily	\$503,664	\$503,664			
FMI Common Stock Fund	Mar-12	Daily	\$995,057	\$995,057			
Dodge & Cox International Stock Fund	Jun-07	Daily	\$2,063,381	\$2,063,381			
Artisan International Institutional Fund	Jun-11	Daily	\$2,154,678	\$2,154,678			
Flexible Capital							
Forester Offshore A2, Ltd.	Jun-07	Quarterly	\$1,862,612			\$1,862,612	Reds: 60 days notice required.
Archstone Absolute Return Strategies Fund, Ltd. Class A	Jun-07	Monthly	\$2,290,238		\$2,290,238		Reds: On 12/31 and 6/30 with 90 days notice.
Fixed Income							
PIMCO Total Return II Institutional Fund	Jan-09	Daily	\$2,227,251	\$2,227,251			
Vanguard Short Term US Treasury Admiral Fund	Nov-11	Daily	\$1,782,305	\$1,782,305			
Inflation Hedging							
Vanguard Inflation-Protected Securities Admiral Fund	Dec-08	Daily	\$598,012	\$598,012			
PIMCO Commodity Real Return Strategy Institutional Fund	Jun-10	Daily	\$584,413	\$584,413			
Van Eck Global Hard Assets I Fund	Mar-12	Daily	\$882,942	\$882,942			
Liquid Capital							
Government Stif 15	Jun-07	Daily	\$164,607	\$164,607			
Total (\$)			\$21,682,918	\$17,530,068	\$2,290,238	\$1,862,612	
Total (%)			100.0	80.9	10.6	8.6	

Redemption Terms		
Daily	\$17,530,068	80.9
Semi-Annually	\$2,290,238	10.6
Annually	\$1,862,612	8.6
Total	\$21,682,918	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-13	PricewaterhouseCoopers	Fidelity Legal Department	The Bank of New York Mellon	Fidelity Management & Research Co.	High
FPA Crescent Fund	Pooled	Dec-12	Deloitte & Touche LLP	K&L Gates LLP	State Street Bank & Trust	First Pacific Advisors, LLP	High
FMI Common Stock Fund	Pooled	Sep-12	PricewaterhouseCoopers	Foley & Lardner LLP	U.S. Bank, N.A.	U.S. Bancorp Fund Services, LLC	High
Dodge & Cox International Stock Fund	Pooled	Dec-12	PricewaterhouseCoopers	Dechert LLP	State Street Bank & Trust	Dodge & Cox	High
Artisan International Institutional Fund	Pooled	Sep-12	Ernst & Young LLP	Ropes & Gray LLP	State Street Bank and Trust Company	Artisan Partners Limited Partnership	High
Forester Offshore A2, Ltd.	Pooled	Jun-12	Ernst & Young LLP	Ogier (Cayman)	BNY Mellon, Citco Bank and Trust Company Limited, JPMorgan Asset Management	Citco Fund Services	High
Archstone Absolute Return Strategies Fund, Ltd.	Pooled	Dec-11	Ernst & Young LLP	Willkie Farr & Gallagher LLP (US), Walkers (Cayman)	The Bank of New York Mellon.	SS&C Technologies, Inc.	High
PIMCO Total Return II Institutional Fund	Pooled	Mar-12	PricewaterhouseCoopers	Dechert LLP	State Street Bank and Trust Company	Pacific Investment Management Co. LLC	High
Vanguard Short Term U.S. Treasury Admiral Fund	Pooled	Jan-13	PricewaterhouseCoopers	Vanguard Legal Department	Bank of New York Mellon	Vanguard Group	High
Vanguard Inflation-Protected Securities Admiral Fund	Pooled	Dec-12	PricewaterhouseCoopers	Vanguard Legal Department	JPMorgan Chase & Co.	Vanguard Group	High
PIMCO Commodity Real Return Strategy Instl. Fund	Pooled	Mar-13	PricewaterhouseCoopers	Dechert LLP	State Street Bank and Trust Company	Pacific Investment Management Co. LLC	High
Van Eck Global Hard Assets I Fund	Pooled	Dec-12	Ernst & Young LLP	Goodwin Procter LLP	State Street Bank & Trust	Van Eck Securities Corp.	High

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

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

Medium Transparency: partial disclosure of underlying holdings/components.

High Transparency: access to underlying portfolio holdings/components.

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

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

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

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

Fee Schedule

Fee Schedule as of June 30, 2013

Health Insurance Trust

	<u>Fee Schedule</u>	<u>Assets Market Value</u>	<u>Projected Annual Fee (\$)</u>	<u>Projected Annual Fee (%)</u>
Fidelity Spartan Total Market Index Advisor Fund	0.06% of NAV	\$5,573,757	\$3,344	0.06%
FPA Crescent Fund	1.25% of NAV	\$503,664	\$6,296	1.25%
FMI Common Stock Fund	1.20% of NAV	\$995,057	\$11,941	1.20%
Dodge & Cox International Stock Fund	0.64% of NAV	\$2,063,381	\$13,206	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	\$1,862,612	\$18,626	1.00% *
Archstone Absolute Return Strategies Fund, Ltd. Class A	1.50% on assets managed	\$2,290,238	\$34,354	1.50% *
PIMCO Total Return II Institutional Fund	0.50% of NAV	\$2,227,251	\$11,136	0.50%
Vanguard Short Term US Treasury Admiral Fund	0.10% of NAV	\$1,782,305	\$1,782	0.10%
Vanguard Inflation-Protected Securities Admiral Fund	0.10% of NAV	\$598,012	\$598	0.10%
PIMCO Commodity Real Return Strategy Institutional Fund	0.74% of NAV	\$584,413	\$4,325	0.74%
Van Eck Global Hard Assets I Fund	1.00% of NAV	\$882,942	\$8,829	1.00%
Total Liquid Capital		\$164,607		
Total Investment Management Fees		\$21,682,918	\$135,553	0.63%

Fee Schedule

Fee Schedule as of June 30, 2013

Health Insurance Trust

	<u>Fee Schedule</u>	<u>Assets Market Value</u>	<u>Projected Annual Fee (\$)</u>	<u>Projected Annual Fee (%)</u>
State Street Bank & Trust Co.				
-Custody Fees	0.015% on assets custodied	\$21,682,918	\$3,252	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:		\$21,682,918	\$12,252	0.06%
PBA Fees				
	0.25% on first \$20 million	\$21,682,918	\$60,000	0.28%
	0.10% on next \$50 million			
	0.05% over \$70 million			
	\$60,000 minimum			
Total Fees		\$21,682,918	\$207,805	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 June 30, 2013

	1 Year Return	3 Years Return	5 Years Return	5 Years Standard Deviation	5 Years Beta	5 Years Actual Correlation	Year To Date Return	2012 Return	2011 Return	2010 Return	2009 Return
Fidelity Spartan Total Market Index Advisor Fund	21.4 (54)	18.7 (24)	7.4 (26)	21.8	1.0	1.0	14.1 (43)	16.4 (34)	1.0 (21)	17.4 (30)	28.4 (64)
Wilshire 5000 Total Market Index	21.7 (49)	18.6 (24)	7.5 (23)	21.7	1.0	1.0	14.5 (39)	16.1 (38)	0.6 (25)	18.1 (27)	29.4 (59)
<i>IM U.S. Multi-Cap Core Equity (MF) Median</i>	<i>21.6</i>	<i>16.4</i>	<i>6.0</i>	<i>22.1</i>	<i>1.0</i>	<i>1.0</i>	<i>13.7</i>	<i>15.2</i>	<i>-2.1</i>	<i>15.2</i>	<i>30.7</i>
FPA Crescent Fund	17.6 (7)	12.7 (14)	6.8 (26)	14.6	0.7	1.0	10.4 (9)	10.3 (49)	3.0 (19)	12.0 (65)	28.4 (48)
S&P 500 Index	20.6 (3)	18.5 (4)	7.0 (25)	21.0	1.0	1.0	13.8 (4)	16.0 (15)	2.1 (28)	15.1 (29)	26.5 (53)
60% Russell 2500 / 40% BC Global Credit	16.5 (8)	14.5 (5)	8.2 (16)	17.9	0.8	1.0	7.7 (17)	15.6 (17)	0.5 (42)	18.9 (6)	29.6 (42)
HFRI Equity Hedge (Total) Index	10.7 (28)	5.3 (80)	1.6 (84)	13.3	0.6	0.9	5.1 (28)	7.4 (70)	-8.4 (95)	10.5 (75)	24.6 (58)
<i>IM Flexible Portfolio (MF) Median</i>	<i>5.9</i>	<i>8.7</i>	<i>5.3</i>	<i>16.3</i>	<i>0.7</i>	<i>0.9</i>	<i>1.2</i>	<i>10.0</i>	<i>-0.4</i>	<i>12.9</i>	<i>27.5</i>
FMI Common Stock Fund	16.7 (96)	16.0 (69)	11.8 (1)	21.6	0.8	1.0	10.7 (97)	10.2 (88)	4.5 (4)	22.2 (61)	33.9 (46)
Russell 2500 Index	25.6 (35)	19.6 (16)	9.2 (10)	25.3	1.0	1.0	15.4 (39)	17.9 (29)	-2.5 (38)	26.7 (13)	34.4 (43)
<i>IM U.S. Mid Cap Core Equity (MF) Median</i>	<i>25.0</i>	<i>17.2</i>	<i>6.3</i>	<i>24.1</i>	<i>0.9</i>	<i>1.0</i>	<i>15.1</i>	<i>15.3</i>	<i>-4.2</i>	<i>23.1</i>	<i>33.0</i>
Dodge & Cox International Stock Fund	23.5 (2)	11.0 (15)	1.6 (6)	29.5	1.1	1.0	5.4 (3)	21.0 (14)	-16.0 (92)	13.7 (2)	47.5 (1)
MSCI EAFE (Net)	18.6 (16)	10.0 (49)	-0.6 (41)	25.4	1.0	1.0	4.1 (15)	17.3 (60)	-12.1 (42)	7.8 (41)	31.8 (30)
<i>IM International Large Cap Core Equity (MF) Median</i>	<i>17.3</i>	<i>10.0</i>	<i>-0.8</i>	<i>25.6</i>	<i>1.0</i>	<i>1.0</i>	<i>3.2</i>	<i>18.3</i>	<i>-12.4</i>	<i>7.5</i>	<i>29.8</i>
Artisan International Institutional Fund	20.6 (5)	16.6 (1)	2.9 (4)	26.3	1.0	1.0	6.1 (2)	25.6 (1)	-4.1 (2)	6.2 (75)	40.0 (11)
MSCI EAFE (Net)	18.6 (14)	10.0 (41)	-0.6 (46)	25.4	1.0	1.0	4.1 (16)	17.3 (63)	-12.1 (37)	7.8 (56)	31.8 (44)
<i>IM International Large Cap Equity (MF) Median</i>	<i>16.2</i>	<i>9.6</i>	<i>-0.8</i>	<i>25.6</i>	<i>1.0</i>	<i>1.0</i>	<i>2.8</i>	<i>18.1</i>	<i>-13.0</i>	<i>8.4</i>	<i>30.6</i>
PIMCO Total Return II Institutional Fund	0.2 (53)	3.8 (61)	6.6 (19)	4.5	1.0	0.8	-3.0 (81)	8.2 (22)	4.5 (89)	7.7 (42)	13.7 (46)
Barclays U.S. Aggregate	-0.7 (79)	3.5 (70)	5.2 (62)	3.5	1.0	1.0	-2.4 (35)	4.2 (85)	7.8 (11)	6.5 (73)	5.9 (92)
<i>IM U.S. Broad Market Core Fixed Income (MF) Median</i>	<i>0.3</i>	<i>4.1</i>	<i>5.5</i>	<i>4.7</i>	<i>0.8</i>	<i>0.7</i>	<i>-2.6</i>	<i>6.6</i>	<i>6.6</i>	<i>7.4</i>	<i>13.0</i>

Peer Performance Comparison

As of June 30, 2013

	1 Year Return	3 Years Return	5 Years Return	5 Years Standard Deviation	5 Years Beta	5 Years Actual Correlation	Year To Date Return	2012 Return	2011 Return	2010 Return	2009 Return
PIMCO Commodity Real Return Strategy Institutional Fund	-11.0 (75)	2.8 (29)	-9.2 (9)	27.9	1.2	1.0	-15.7 (86)	5.3 (1)	-7.6 (43)	24.1 (2)	39.9 (3)
Dow Jones-UBS Commodity Index	-8.0 (51)	-0.3 (69)	-11.6 (46)	23.3	1.0	1.0	-10.5 (47)	-1.1 (44)	-13.3 (85)	16.8 (32)	18.9 (49)
<i>IM Commodities General (MF) Median</i>	<i>-8.0</i>	<i>1.6</i>	<i>-12.1</i>	<i>27.9</i>	<i>1.2</i>	<i>1.0</i>	<i>-10.6</i>	<i>-1.6</i>	<i>-7.9</i>	<i>15.5</i>	<i>18.6</i>
Van Eck Global Hard Assets I Fund	6.4 (48)	6.3 (37)	-6.1 (24)	32.4	1.1	1.0	-4.6 (66)	2.9 (41)	-16.3 (50)	28.9 (8)	53.2 (37)
S&P North American Natural Resources Sector	10.6 (28)	9.6 (17)	-3.8 (11)	29.8	1.0	1.0	1.9 (29)	2.2 (45)	-7.4 (10)	23.9 (22)	37.5 (67)
<i>IM Global Natural Resources (MF) Median</i>	<i>6.1</i>	<i>5.1</i>	<i>-8.2</i>	<i>33.2</i>	<i>1.1</i>	<i>1.0</i>	<i>-2.3</i>	<i>1.4</i>	<i>-16.3</i>	<i>16.6</i>	<i>46.0</i>

Please Note:

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

Tab III

Portfolio Comparison

As of June 30, 2013

	Fidelity Spartan Total Market Index	FPA Crescent Fund	FMI Common Stock	Domestic Equity	Russell 3000
Composition					
# of Holdings	3,229	43	37	3,242	2,923
% Top 15 Holdings	20.5	58.5	55.5	16.9	20.1
% Top 25 Holdings	28.2	79.8	82.3	24.0	27.7
Characteristics					
Wtd Avg Mkt Cap (\$B)	85.8	68.8	3.6	73.1	87.1
Forecast P/E	14.8	13.2	14.5	14.6	14.8
Price/Book ratio	2.6	2.1	2.0	2.4	2.6
Historical EPS Growth - 5 Year	6.0	2.9	2.0	5.1	6.1
Forecast EPS Growth - Long-Term	11.7	11.5	9.3	11.4	11.7
Current Yield	2.0	1.8	1.6	2.0	2.1
GICS Sectors (%)					
Energy	9.5	6.0	8.4	9.1	9.6
Materials	3.6	2.2	11.0	4.6	3.7
Industrials	10.9	0.7	26.8	12.4	11.3
Consumer Discretionary	12.9	8.8	7.7	11.9	13.1
Consumer Staples	8.9	17.9	0.0	8.3	9.3
Health Care	12.2	19.0	6.4	11.9	12.4
Financials	17.6	17.7	17.2	17.6	17.7
Information Technology	17.0	21.6	22.4	18.1	17.1
Telecommunication Services	2.5	0.0	0.0	2.0	2.5
Utilities	3.3	0.0	0.0	2.6	3.3
Cash	1.4	0.0	0.0	1.1	0.0
Other	0.0	6.0	0.0	0.4	0.0
Market Capitalization (%)					
Large (\$15.0B-Above)	69.1	68.9	0.0	59.4	70.3
Mid/Large (\$7.0-15.0B)	11.7	12.5	3.2	10.6	11.7
Mid (\$1.0-7.0B)	15.1	12.5	90.8	25.6	15.4
Small/Mid (\$0.5-1.0B)	1.6	0.0	5.9	2.1	1.6
Small (\$0.0-0.5B)	1.1	0.0	0.0	0.8	1.0
Cash	1.4	0.0	0.0	1.1	0.0
Other	0.0	6.0	0.0	0.4	0.0

Portfolio Comparison

As of June 30, 2013

	Dodge & Cox International Stock	Artisan International	International Equity	MSCI EAFE	Global Equity	MSCI AC World
Composition						
# of Holdings	87	77	149	908	3,380	2,424
% Top 15 Holdings	41.9	43.0	30.4	18.0	13.6	11.6
% Top 25 Holdings	57.9	61.1	43.7	24.7	20.1	16.5
Characteristics						
Wtd Avg Mkt Cap (\$B)	64.9	56.7	45.5	57.4	62.7	74.8
Forecast P/E	12.7	15.1	13.0	12.7	14.0	13.4
Price/Book ratio	2.0	2.3	2.1	2.0	2.3	2.3
Historical EPS Growth - 5 Year	-6.3	6.7	-2.4	-2.0	2.7	3.4
Forecast EPS Growth - Long-Term	14.2	14.5	12.7	11.0	11.8	11.3
Current Yield	2.7	2.6	2.6	3.2	2.2	2.7
GICS Sectors (%)						
Energy	6.0	2.0	4.6	7.0	7.4	9.9
Materials	5.5	9.0	3.8	8.0	4.3	6.0
Industrials	10.9	15.0	10.5	12.7	11.7	10.5
Consumer Discretionary	12.2	12.6	15.1	11.7	13.1	11.5
Consumer Staples	1.8	22.2	8.3	11.8	8.3	10.5
Health Care	17.2	10.4	12.4	10.5	12.1	10.2
Financials	24.6	21.5	22.4	25.0	19.4	21.6
Information Technology	13.9	4.8	11.5	4.4	15.6	12.0
Telecommunication Services	7.7	0.6	4.8	5.2	3.0	4.3
Utilities	0.0	0.0	0.0	3.8	1.7	3.4
Cash	0.1	1.8	6.6	0.0	3.2	0.0
Other	0.0	0.0	0.0	0.0	0.3	0.0
Market Capitalization (%)						
Large (\$15.0B-Above)	77.0	77.6	77.3	72.6	66.1	74.3
Mid/Large (\$7.0-15.0B)	16.9	16.4	16.7	16.0	12.8	15.9
Mid (\$1.0-7.0B)	5.9	4.2	5.0	11.4	17.9	9.7
Small/Mid (\$0.5-1.0B)	0.0	0.0	0.0	0.0	1.3	0.0
Small (\$0.0-0.5B)	0.0	0.0	0.0	0.0	0.5	0.0
Cash	0.1	1.8	1.0	0.0	1.1	0.0
Other	0.0	0.0	0.0	0.0	0.3	0.0

Regional Exposure

As of June 30, 2013

Regional Allocation (%)

	Global Equity	MSCI AC World	Dodge & Cox International Stock	Artisan International	International Equity	MSCI EAFE
Canada	0.5	3.7	0.0	2.0	1.0	0.0
United States	62.8	47.8	6.1	3.0	7.7	0.0
Pacific ex Japan	0.4	5.4	1.4	6.4	1.1	12.8
Japan	3.9	8.2	12.9	13.0	10.5	22.6
Europe ex UK	16.5	16.1	47.3	52.1	40.5	42.4
United Kingdom	8.6	8.0	15.0	15.2	22.3	21.7
Middle East	0.0	0.2	0.0	0.0	0.0	0.5
Developed Markets	92.7	89.4	82.7	91.6	83.2	100.0
EM Asia	1.3	6.4	3.1	5.8	3.3	0.0
EM Europe	0.4	1.1	2.3	0.0	1.1	0.0
EM Latin America	0.9	2.3	4.8	0.3	2.4	0.0
EM Mid East+Africa	1.2	0.8	6.7	0.0	3.3	0.0
Emerging Markets	3.8	10.6	16.9	6.1	10.1	0.0
Frontier Markets	0.1	0.0	0.3	0.5	0.1	0.0
Cash	3.2	0.0	0.1	1.8	6.6	0.0
Other	0.3	0.0	0.0	0.0	0.0	0.0

Regional Allocation (%)

	Global Equity	MSCI AC World
United States	62.8	47.8
Non-US Developed	29.9	41.6
Emerging Markets	3.8	10.6
Frontier Markets	0.1	0.0
Cash	3.2	0.0
Other	0.3	0.0

Flexible Capital

As of June 30, 2013

	Forester Offshore Fund, Ltd.	Archstone Absolute Return Strategies Fund, Ltd. Class A	Total Flexible Capital	FPA Crescent Fund	Total Leveraged Portfolio
Market Value	\$1,863	\$2,290	\$4,153	\$504	\$4,657
% of Total Managed Portfolio (\$21,683)	8.6	10.6	19.2	2.3	21.5
Market Exposure (%)					
Gross Long %	102.0	103.0	102.6	74.6	99.5
Gross Short %	58.0	56.0	56.9	3.0	51.1
Net %	44.0	47.0	45.7	71.6	48.5
Total Gross	160.0	160.0	160.0	77.6	151.1
Strategy Weights (%)					
L/S Equity	100.0	17.3	54.4	50.0	53.9
L/S Credit	0.0	29.5	16.3	12.9	15.9
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	8.2	37.1	11.3
Geography (%)					
U.S. & Canada	68.1	58.4	62.8	73.5	63.9
Dev Europe	18.8	28.5	24.1	22.5	24.0
Asia	10.6	7.6	8.9	0.0	8.0
Emerging Mkts	2.5	0.0	1.1	0.0	1.0
Other	0.0	5.5	3.0	4.0	3.1

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	MICROSOFT	3.2
VIKING GLOBAL	8.0	ELLIOT INT'L	10.2	AON	3.2
JOHO CAPITAL	5.0	FIR TREE	10.0	CVS CAREMARK	3.1
PENNANT CAPITAL	5.0	KING STREET	9.9	THERMO FISHER	2.5
LANSDOWNE PARTNERS	4.0	OZ OVERSEAS	9.7	COVIDIEN	2.4
WELLINGTON MANAGEMENT	4.0	SILVER POINT	9.3	ORACLE	2.2
ABRAMS BISON	3.0	DAVIDSON KEMPNER	9.3	CISCO	2.1
CASTINE CAPITAL	3.0	FARALLON CAPITAL	8.7	OCCIDENTAL	1.9
COATUE MANAGEMENT	3.0	MASON CAPITAL	8.2	AMERICAN INT'L GRP	1.9
TIGER GLOBAL	3.0	BREVAN HOWARD	5.2	GOOGLE	1.8

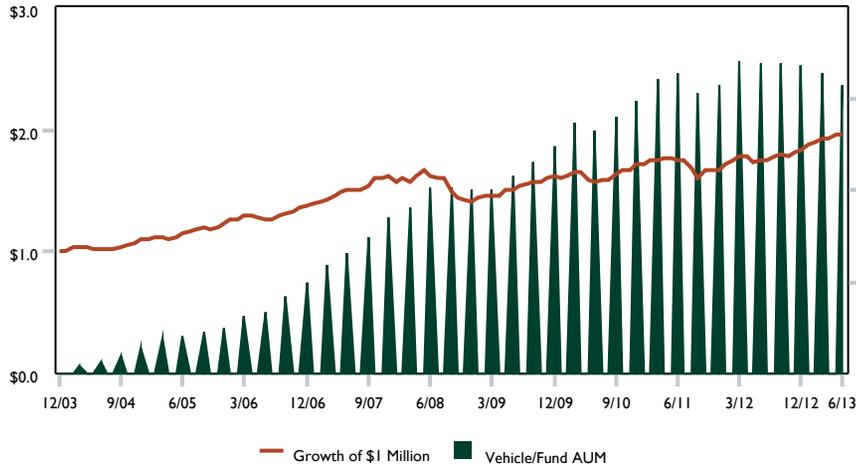
- FPA Crescent Fund market and geographic exposure exclude cash.

Flexible Capital Strategies

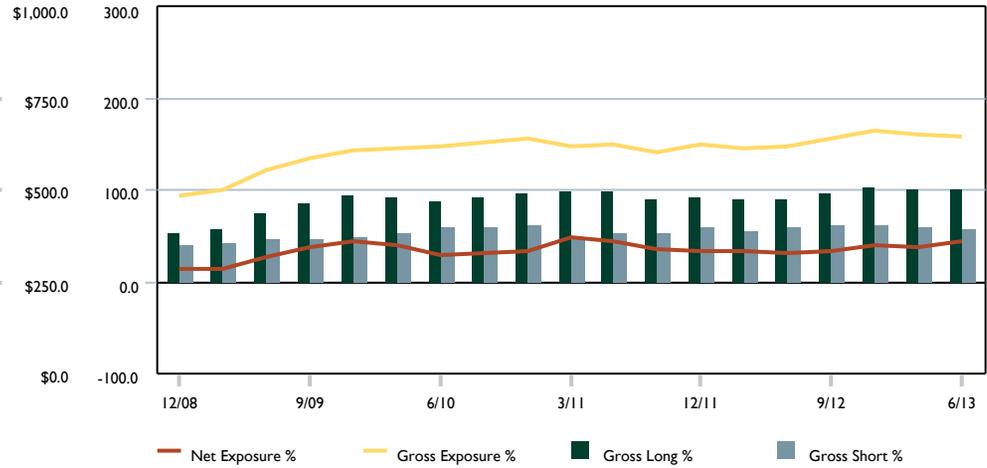
Forester Offshore, Ltd.

As of June 30, 2013

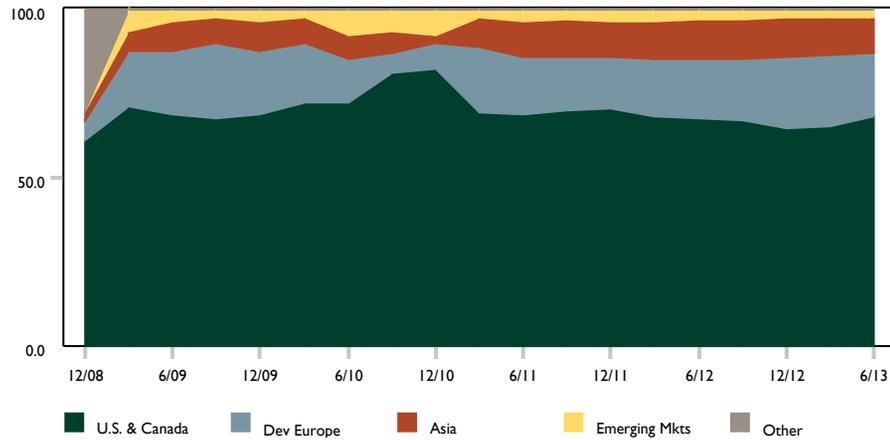
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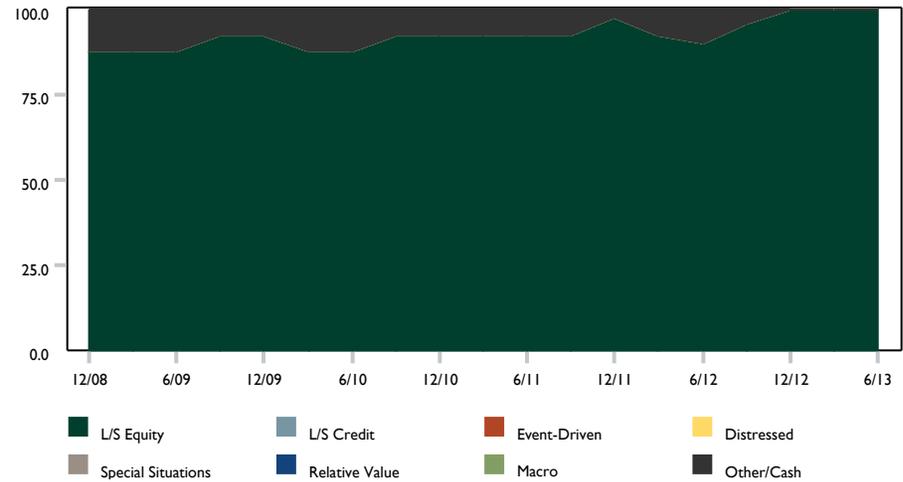
Market Exposure



Geographic Exposure



Strategy Weights

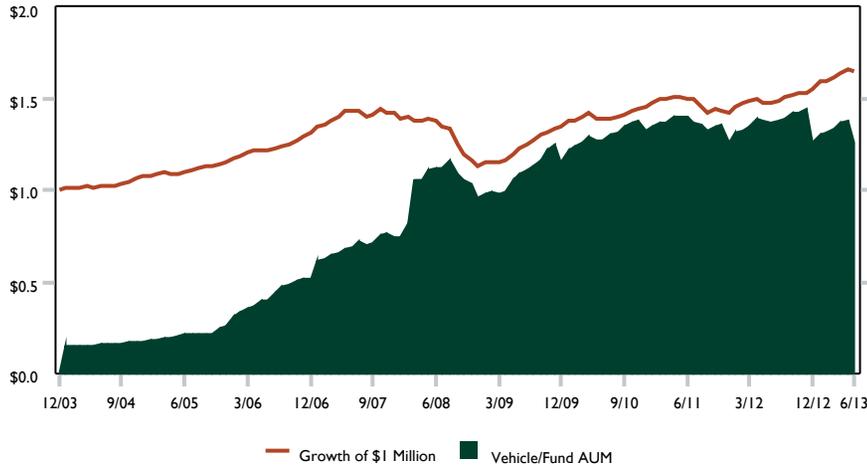


Flexible Capital Strategies

Archstone Absolute Return Strategies Fund, Ltd.

As of June 30, 2013

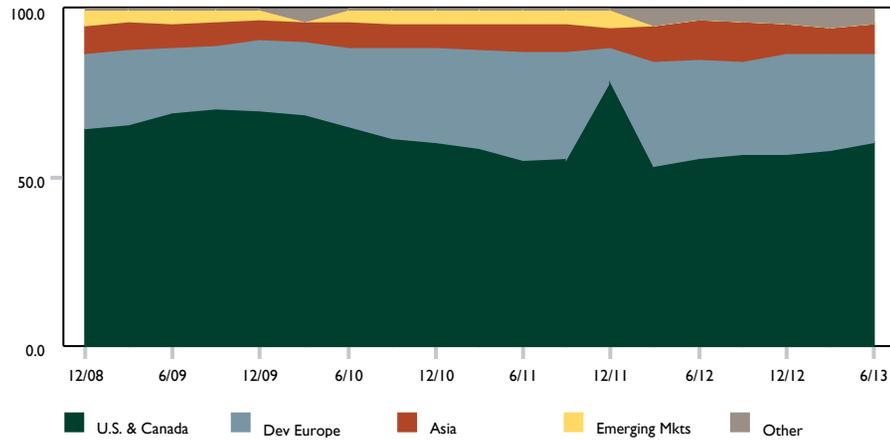
Asset Growth



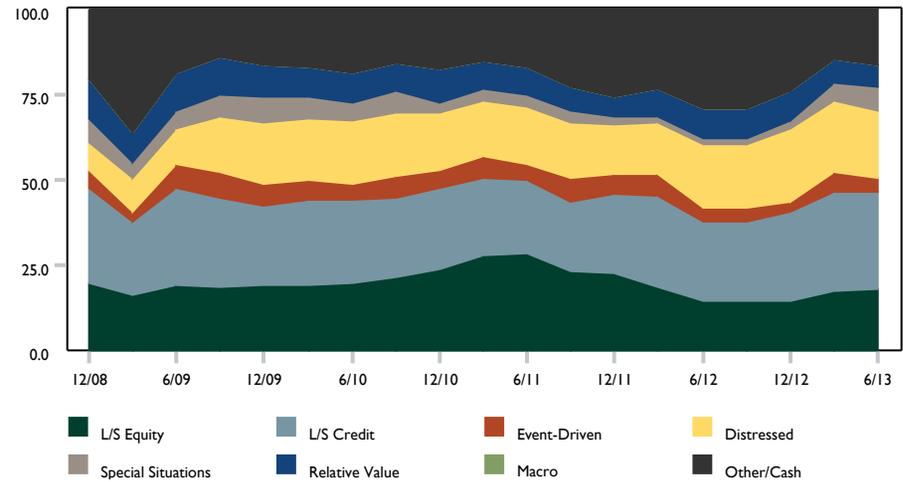
Market Exposure



Geographic Exposure



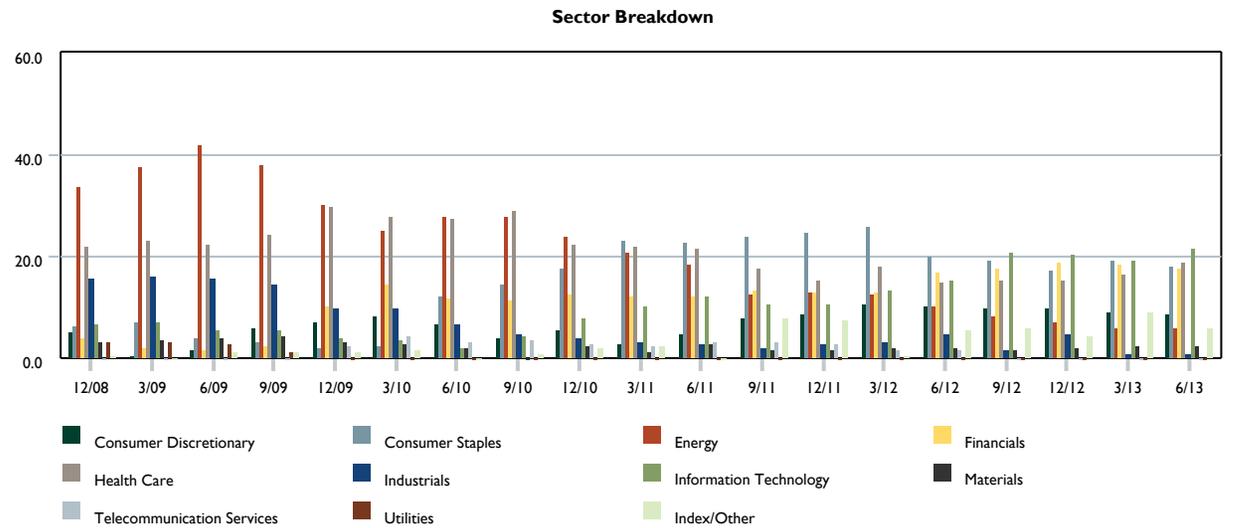
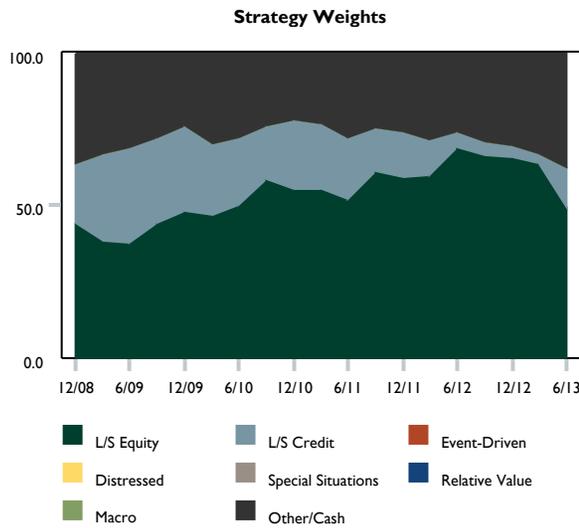
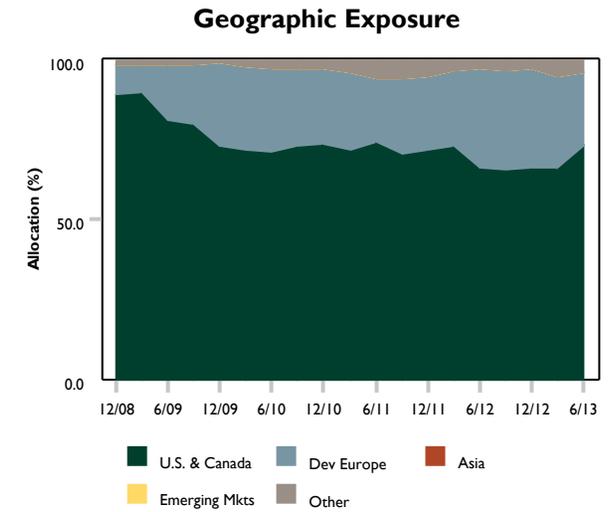
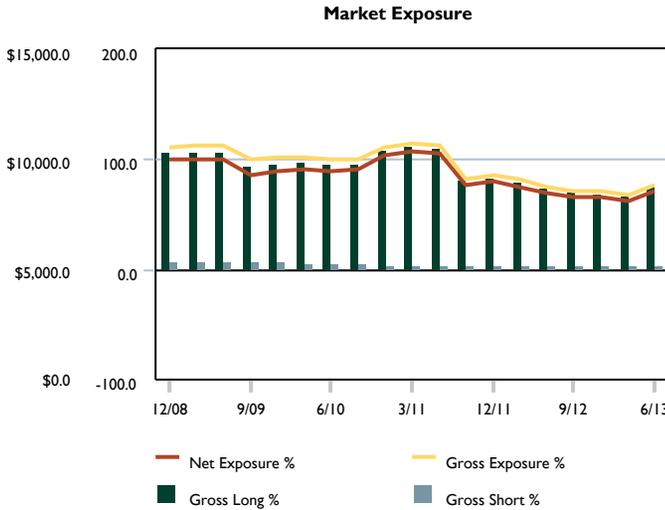
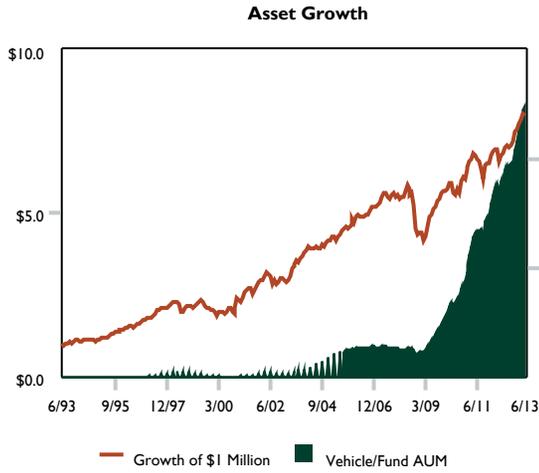
Strategy Weights



Flexible Capital Strategies

FPA Crescent Fund

As of June 30, 2013



Market and geographic exposure exclude cash.

Fixed Income

As of June 30, 2013

	PIMCO Total Return II Institutional Fund	Barclays U.S. Aggregate
Portfolio Characteristics		
Yield	1.5	2.4
Average Maturity	6.4	7.5
Duration	5.9	5.5
Quality Breakdown		
U.S. Treasury	30.0	36.5
U.S. Govt/Agency	1.0	4.7
Agency MBS	0.0	29.3
Non-U.S. Sov/Agency	0.0	4.4
AAA	41.0	3.0
AA	8.0	2.4
A	10.0	10.5
BBB	8.0	9.2
BB and Below	2.0	0.0
NR/Other	0.0	0.0
Sector Breakdown		
U.S. Treasury	30.0	36.5
U.S. Government Related	1.0	4.7
Non-U.S. Sovereign/Agency	0.0	4.4
Investment Grade Corporate	9.0	21.5
Industrials	0.0	12.1
Utility	0.0	2.4
Financials	9.0	7.0
High Yield	0.0	0.0
Non-U.S. Dollar	0.0	0.0
Emerging Market Debt	0.0	0.0
MBS	43.0	29.3
MBS-Agency	41.0	29.3
MBS-NonAgency	2.0	0.0
CMBS	3.0	1.7
ABS	2.0	0.4
Municipals	10.0	0.0
Cash	-2.0	0.0
Other	4.0	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 1% Other Investment Grade Credit, 2% Convertibles and 1% Preferred Stock. Cash includes: 17% Govt Related, 4% Mortgage, 3% Credit, 44% US MM Futures/Options, 4% Other, and -74% Liabilities. The Agency/non-Agency breakout pertains only to the mortgages held in the MBS sector allocation and does not account for any non-Agency MBS held within the ST Mortgage allocation within the Cash Equivalents sector. PIMCO defines cash equivalents as any security with a duration under 1 year. Sector and Sub-Sector Breakdown based on net asset value.

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

Fixed Income

As of June 30, 2013

Vanguard Short Term US Treasury Admiral Fund

Barclays U.S. Treasury: 1-5 Year

Portfolio Characteristics		
Yield	0.5	0.6
Average Maturity	2.3	2.7
Duration	2.3	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	0.3	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	0.3	0.0
Other	0.0	0.0

-Vanguard Short Term Treasury Duration represents Average Duration.

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

Inflation Hedging

As of June 30, 2013

Vanguard Inflation-Protected Securities Admiral Fund

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

Portfolio Characteristics	Vanguard Inflation-Protected Securities Admiral Fund	Barclays U.S. Treasury: U.S. TIPS
Yield	2.2	0.0
Average Maturity	8.8	8.7
Duration	8.1	7.2
Quality Breakdown		
U.S. Treasury	99.6	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	0.4	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	99.6	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	0.4	0.0

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

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

Inflation Hedging

As of June 30, 2013

	PIMCO Commodity Real Return Strategy Institutional Fund	Dow Jones-UBS Commodity Index
Sector Breakdown		
Energy	37.0	37.0
Industrial Metals	16.0	16.0
Precious Metals	12.0	12.0
Agriculture/Livestock	35.0	35.0
Other	0.0	0.0

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

Portfolio Comparison

As of June 30, 2013

Van Eck Global Hard Assets I

S&P North American Natural Resources Sector

Composition	Van Eck Global Hard Assets I	S&P North American Natural Resources Sector
# of Holdings	53	141
% Top 15 Holdings	61.0	57.7
% Top 25 Holdings	78.8	68.0
Characteristics	Van Eck Global Hard Assets I	S&P North American Natural Resources Sector
Wtd Avg Mkt Cap (\$B)	19.5	120.9
Forecast P/E	14.3	12.5
Price/Book ratio	1.8	1.9
Historical EPS Growth - 5 Year	-2.4	-0.2
Forecast EPS Growth - Long-Term	15.7	12.0
Current Yield	1.3	2.3
GICS Industries (%)	Van Eck Global Hard Assets I	S&P North American Natural Resources Sector
Oil & Gas Drilling	8.5	3.6
Oil & Gas Equipment & Services	19.2	12.9
Integrated Oil & Gas	3.4	37.6
Oil & Gas Exploration & Production	32.9	23.6
Oil & Gas Refining & Marketing	3.4	4.9
Oil & Gas Storage & Transportation	0.0	4.4
Coal & Consumable Fuels	2.3	0.9
Fertilizers & Agricultural Chemicals	1.1	0.0
Construction Materials	0.0	0.7
Metal & Glass Containers	0.0	1.2
Paper Packaging	0.0	1.5
Aluminum	0.0	0.4
Diversified Metals & Mining	3.9	2.4
Gold	6.7	4.1
Precious Metals & Minerals	0.0	0.7
Steel	1.6	0.0
Forest Products	1.5	0.1
Paper Products	0.0	1.1
Construction & Engineering	0.8	0.0
Construction & Farm Machinery & Heavy Trucks	1.4	0.0
Agricultural Products	1.3	0.0
Cash	11.0	0.0
Other	1.0	0.0
Market Capitalization (%)	Van Eck Global Hard Assets I	S&P North American Natural Resources Sector
Large (\$15.0B-Above)	43.2	73.7
Mid/Large (\$7.0-15.0B)	18.8	12.1
Mid (\$1.0-7.0B)	26.3	14.2
Small/Mid (\$0.5-1.0B)	0.5	0.0
Small (\$0.0-0.5B)	0.2	0.0
Cash	11.0	0.0

Country/Region Allocation

As of June 30, 2013

Country/Region Allocation (%)	Van Eck Global Hard Assets I	S&P North American Natural Resources Sector
Canada	6.8	11.6
United States	70.8	85.7
Europe ex UK	5.0	2.1
United Kingdom	6.4	0.6
Developed Markets	89.0	100.0
Cash	11.0	0.0

Tab IV

Performance Highlights

Equity

- FPA Crescent gained 2.9% in the quarter, outperforming both the HFRI Equity Hedge Index (+0.4%) and the S&P 500 Index (+2.9%). Year-to-date, FPA has returned 10.4%, capturing roughly 75% of the market's return. Among the largest contributors to Fund results during the quarter was Occidental Petroleum ("Oxy"), which gained roughly 14%. A portion of the gain in Oxy can be attributed to FPA as the Firm took an activist stance regarding the actions of the Board of Directors. FPA felt that the Board was trying to push out current CEO, whom FPA held in a high regard. FPA wrote a letter to the Board and engaged other investors to successfully remove a Board member, and the share price rallied significantly as a result. FPA's large cap technology holdings were also positive during the quarter, with Microsoft, Google, and Cisco producing double-digit gains, more than offsetting the 5% decline of Oracle. Positions in AIG and CIT were also top contributors as both companies benefited from less government ownership and regulation of their businesses. On the negative side, Canadian Natural Resources fell more than 11% on the quarter due to weakness in emerging markets and the commodity space. European conglomerate GBL was also a drag on returns, declining 5%, and Covidien was down more than 15%. FPA entered the second quarter with cash at roughly 32% and maintained that level for much of the quarter. FPA continues to have little to no exposure to corporate credit beyond a small number of distressed positions.

Performance Highlights

Equity (cont'd)

- FMI's Small/Mid Cap Equity strategy was essentially flat (+40 bps) in the quarter, failing to match the 2.3% gain posted by the Russell 2500 Index. Year to date through June, FMI's conservative approach has returned 10.7% compared to the benchmark's 15.4% gain. While FMI continues to aggressively trim portfolio positions into strength, it has been slow to redeploy capital given a lack of quality companies trading at compelling valuations. As a result, FMI's cash balance has been increasing (approximately 17% at quarter-end) and creating a substantial drag on relative performance. FMI's sector positioning, which is the outcome of its fundamental company-level analysis, was also a material detractor with overweights to energy, materials, and industrials and underweights to the consumer sectors overwhelming the impact of stock selection in the quarter. McDermott International and Cimarex Energy declined by double-digits, weighing on FMI's relative performance within the energy sector. Though both companies reported disappointing corporate results in the quarter, FMI notes that there has been no change in their long-term fundamentals and both positions were maintained. While challenged by absolute valuations, FMI asserts that the current portfolio trades at or near the greatest relative discount to the market in the strategy's history. FMI's Small/Mid Cap Equity strategy remains effectively closed to new investors.

Performance Highlights

Equity (cont'd)

- The Dodge & Cox International Stock Fund advanced 1.7% during the quarter, outpacing the MSCI EAFE Index which fell 1.0%. Stock selection during the quarter added value, particularly in the health care and industrials sectors. Notable contributors included pharmaceutical names such as GlaxoSmithKline, Roche, and Bayer, as well as Mitsubishi Electric (Japanese electronic equipment), Nidek Corp. (Japanese producer of motors) and DP World (Middle Eastern port operator). Dodge & Cox saw a turnaround in Hewlett Packard (HP) as well, a name that had underperformed in recent quarters. Some of these gains were offset by weak performance across consumer staples, where the portfolio's beverage names lagged. At quarter-end the portfolio held an overweight to Europe, with exposure focused on consumer and pharmaceutical names. Dodge & Cox's Japanese allocation as noted above remains underweight. The exposure that the portfolio does hold is biased toward multinational companies. The investment team also maintains the ability to invest in globally-oriented names domiciled in the United States. Current examples in the portfolio include HP, ADT Corp. and Amdocs. From a sector perspective health care and technology remain the most significant overweights.
- During the second quarter of 2013 Dodge & Cox completed its long-term succession planning. Dana M. Emery assumed the position of CEO and President. Emery, who had been co-President, continues in her role as Director of Fixed Income as well. Charles F. Pohl assumed the position of Chairman. Pohl also continues to serve as CIO and a member of various committees. Kenneth E. Olivier stepped down as Chairman and CEO and has taken on the role of Chairman Emeritus, while continuing as Chairman and Trustee of the Dodge & Cox Funds and as a member of the Dodge & Cox Board of Directors. Olivier has also relinquished his membership on the Investment Policy Committee, replaced by Philippe Barret, Jr., who joined the Committee effective February 1, 2013. We remain comfortable with the Firm and believe it has appropriately planned for these events. We will be monitoring the transition of responsibilities across the Firm closely.

Performance Highlights

Equity (cont'd)

- The Artisan International Fund generated a flat return, outpacing the 1.0% decline of the MSCI EAFE Index. Relative outperformance was entirely driven by stock selection. The investment team managed to add value across most major economic sectors, with energy and health care as the only notable exceptions. Two contributors came out of Artisan's exposure to European cable and media providers, which the team believes could benefit from industry consolidation and increasing consumer demand. Outperformers included Germany cable provider Kabel Deutschland and Dutch cable operator Ziggo. Though selection was strong, allocation effects offset some of these gains. A significant overweight to consumer staples weighed on returns, as did an underweight to the telecom sector. A meaningful underweight to Japan also continued to serve as a headwind. Portfolio positioning went largely unchanged, as there was little transaction activity during the quarter. Volatility, such as that seen over the past three months, often potentially presents trading opportunities. The investment team's decision to take little action could possibly be a reflection of its confidence in the portfolio's current holdings.
- 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.
- We are continuing to monitor Artisan closely following its March 2013 limited initial public offering, which represented approximately 18% of the Firm's equity at that time. There is also an anticipated follow-on offering in 2014, at which time existing shareholders—primarily the founding Ziegler family and outside investors—will be eligible to sell an additional 39% of the Firm's equity. Our primary concerns are regarding 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, we are also considering the effects of the planned retirement of Firm Founder Andy Ziegler in 12–15 months and the potential for accelerated liquidity for the Zieglers and Hellman & Friedman. We remain in active dialogue both with Artisan regarding the change in ownership and the resulting concerns.

Performance Highlights

Alternative Strategies

- Forester Offshore gained 1.7% for the quarter, bringing year-to-date returns to 6.9%. Forester had a strong quarter, with the majority of its managers posting modest gains. Among the top contributors during the quarter was Kensico, which is the Fund's largest position at 8% of capital. Kensico gained approximately 7%, propelled by gains in the equity of AIG, which has performed well since the government divested from the company. Kensico also had large positions in event-driven names such as Constellation Brands and Liberty Media, which were also highly contributive. Similarly, Freshford gained more than 5% and had a sizable position in Constellation Brands. Other notable performers on the equity side included Asia-focused Joho (+6%), concentrated value manager North Run (+5.6%), small/mid cap manager 12 West (+3.3%), and financials specialist Wellington Bay Pond (+3.0%). Forester's mortgage manager was able to generate a modest gain of 0.7% in the quarter, but did experience a loss in excess of 3.0% in June as the mortgage market sold-off considerably. Conversely, large global manager Viking was essentially flat for the period, as was Eminence Capital. Technology manager Cadian was down nearly 10%, and concentrated equity manager Merchants' Gate declined more than 5%, driven by weakness in the energy sector and poor security selection.
- Archstone Absolute Return Strategies gained 2.1% in the quarter, bringing year-to-date gains to 6.5%. Archstone benefited from strong returns across distressed credit managers during the quarters as there was a significant decoupling of returns from the performing high yield credit markets. Lehman Brothers positions were the largest contributors to returns as the domestic LBHI claims and foreign LBIE claims both appreciated significantly during the quarter. Both entities made sizable distributions and have been successful in monetizing intercompany claims and remaining assets from the Lehman estate. The appreciation in Lehman Brothers was a meaningful driver of returns for managers such as York (2.3%), King Street (2.8%), Davidson Kempner (2.3%), and Silver Point (3.8%). Silver Point also profited from strong returns amongst post-reorg equities during the quarter, most notably Delphi and AIG, which meaningfully outperformed the market. Event-driven manager Mason was also a top contributor, gaining more than 4%. Mason's idiosyncratic portfolio had less exposure to Lehman Brothers than others, but outperformed due to an equity position in Japan Tobacco and positions in the preferred shares of Fannie Mae and Freddie Mac, which were up roughly 40% on the quarter. Eton Park and Saba were roughly flat on the quarter, and Brevan Howard Credit Catalysts gained more than 2% despite a sell-off in the mortgage market in June.

Performance Highlights

Fixed Income

- The PIMCO Total Return II strategy fell 3.3% during the quarter, underperforming the Barclays Aggregate Index, which was down 2.3%. The Index-relative underperformance was attributable to PIMCO's emphasis on the five- to seven-year portion of the Treasury curve. This part of the curve exhibited significant yield increases relative to the short and long ends. The emphasis on U.S. TIPS detracted, with the sector selling off as inflation expectations fell when the market began to expect the Fed to taper its bond purchase program. An underweight to corporate bonds was additive to relative performance as spreads widened and the sector underperformed U.S. Treasuries for the quarter. Strong security selection within the Fund's municipal bond allocation also helped relative performance, however, was not enough to offset losses suffered elsewhere in the portfolio. PIMCO concluded its most recent secular outlook in May and modified its "New Normal" economic view to "Stable Disequilibrium" whereby they feel the U.S. continues to heal but growth will remain subpar. As a result, certain themes are being implemented and include maintaining a quality bias and a focus on liquidity. PIMCO believes Treasury yields overreacted to the recent FOMC announcements and that tapering will occur later than the market expects and the effect will not be as dramatic. The strategy had been slightly underweight duration at the end of May, but the team has now added to duration and noted that portfolio duration is now above that of the Index. The team has been adding to agency MBS as spreads widened, improving valuations and creating a buying opportunity.

Performance Highlights

Fixed Income (cont'd)

- During the quarter, Vanguard Short-Term Treasury returned -0.5% compared to a -0.6% return in the Barclays 1–5 Year Treasury Index. An overweight in the 1–3 year maturity segment and a corresponding underweight in the 3–5 year part of the curve was the primary driver of outperformance. Treasury yields rose sharply as a result of investor fears of a Fed tapering following Bernanke's comments in late May. As a result, yields rose and the curve steepened, which resulted in longer-term maturities significantly underperforming their shorter-dated counterparts. Entering the third quarter, duration, at 2.3 years, was shorter than the 2.7 year Index duration. Despite being defensively positioning against interest rates, the Fund's 0.5% yield matched the yield of the benchmark.

Inflation Hedging

- During the quarter, Vanguard Inflation-Protected Securities returned -7.4% compared to a -7.1% return in the Barclays Capital U.S. Treasury Inflation Protected Securities. A modest tilt to the 3-5 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. Real yields were higher across the curve and for the first time since the middle of 2011, real yields for maturities in seven years or longer moved from negative to positive. There was a significant downward revision in inflation expectations with the five-year breakeven inflation rate falling 72 bps to 1.8% while the 10-year breakeven inflation declined 49 bps to 2.0%. Despite the real yield curve experiencing a moderate flattening, longer-dated TIPS underperformed those at the front end of the real yield curve. TIPS in the 3-5 year maturity segments fell 4.0% while TIPS in the 10-20 years fell 10.2%. Entering the third quarter, the Fund's 8.5 year duration was longer than the Index duration of 8.2 years. The Fund had a modest 2.0% weight in nominal Treasury bonds and a 0.2% short-term reserves position with the remaining allocation dedicated to U.S. TIPS. The out-of-benchmark nominal Treasury exposure helped the portfolio generate a 7 bps yield advantage to the benchmark.

Performance Highlights

Inflation Hedging (cont'd)

- The PIMCO Commodity Real Return Strategy Fund declined 15.2%, significantly underperforming the DJ UBS Commodity Index Total Return benchmark, which fell 9.5%. The strategy utilizes TIPS and other inflation-linked bonds as collateral for its futures positions. In recent periods, this collateral selection has benefited the strategy; however, during the second quarter, these securities sold-off sharply, producing the double-digit decline. With respect to the commodity markets, indications of economic strength in the U.S.—specifically housing and employment—were offset by a stronger dollar and continued economic data suggesting a slowdown in the Chinese economy. All commodity sub-indices delivered negative returns, led by precious metals, which declined 25.5% during the quarter. A sharp sell-off in gold appeared may have been triggered by a confluence of data and events, including investor fear that a potential Cyprus central bank monetization of gold would prompt other sovereigns to follow suit, disappointing Chinese GDP and industrial output, and concern the Federal Reserve would begin tapering its bond-buying program. These factors have fueled sustained outflows of funds from gold ETFs. Within energy, falling natural gas prices (-13.9%) and Brent crude oil (-6.6%) dragged the sub index lower, to end the quarter down 8.5%. The spread between Brent and WTI crude oil (-1.7%) continues to narrow as infrastructure limitations in Cushing, OK, which had depressed demand of WTI, are now being remedied. Industrial metals fell 10.4% due to weaker demand from China and emerging markets, while agriculture retreated (-4.5%), owing to anticipation for a potential record-breaking corn crop and a larger-than-normal soybean crop.

Performance Highlights

Inflation Hedging (cont'd)

- The Van Eck Global Hard Assets Fund returned -7.1% for the quarter, underperforming the S&P North American Natural Resources Index, which returned -4.9%. Sector attribution and stock selection were the main drivers of underperformance. The Fund had a 4.0% overweight to metals and mining and a 20% underweight to energy relative to the index during the period. The metals and mining sector continues to sell off, as both precious and industrial metals commodity prices have declined amidst the sell-off in gold and slowdown in China's forecast growth. Individual detractors within this sector for the quarter included copper and gold mining company First Quantum Minerals. Within energy, the Fund maintains a significant underweight to integrated energy companies—the strategy is greater than 30% underweight large cap companies relative to the Index—in favor of exploration and production companies. Integrations outperformed during the period, and as a result, the strategy's bias away from these names contributed to underperformance. Despite the negative environment, the Fund's top five contributors were energy-related companies as a result of positive company-level news. Top contributors included Pioneer Natural Resources, Occidental Petroleum, Marathon Petroleum, and EOG Resources. Oil Services company Seadrill also contributed. The portfolio's cash position was in excess of 10% throughout the quarter, increasing to 11% at quarter-end. During the period, the Fund's elevated cash position was a contributor to performance as natural resource stocks sold off. The team made several adjustments to sub-sector allocations during the quarter. Exposure to industrial and precious metals, specifically gold and miners, was meaningfully decreased due to recent commodity weakness. As a result, Van Eck increased exposure to energy, maintained an emphasis on exploration and production and oil services. Within exploration and production, the Global Hard Assets team has been focused on acreage plays that it believes have attractive economics. Within oil services, the team has said it believes shale oil activity will expand. Exposure to integrated oil companies was also moderately increased. The Fund's cash position subsequently was reduced to offset these changes.

Manager Profiles

FPA Crescent Fd

June 30, 2013

Firm Details: First Pacific Advisors

Total Assets (\$ mil.):	\$24,100
Style:	Long/Short Equity
Assets in Style (\$ mil.):	\$13,100
Year Founded:	1953
Location:	Los Angeles, CA
Ownership:	- Founded in 1953 - 100% Employee Owned
Registration:	SEC (2006)
GP Capital:	N/A

Key Investment Professionals:

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

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

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

Investment Objective and Philosophy/Process

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

Assessment

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

Vehicle Information:

Inception:	1993
Assets (\$ mil.):	\$12,500
Minimum Account Size:	\$1,500
Management Fee:	1.25%, 2.0% redemption < 90 days
Profit Allocation:	None
Highwater Mark:	None
Hurdle Rate:	None
UBTI:	N/A
Additional Expenses:	Short sale dividend expense, other (0.19% at March 31, 2011)
Additional Vehicles:	

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

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. June 30, 2013

Firm Details: Forester Capital		Key Investment Professionals:
Total Assets (\$ mil.):	\$3,740	Trent Carmichael - Prior to founding Forester Capital, Mr. Carmichael was with Tiger Management from 1996 to 1999, Nelson Capital Management from 1991-1994 and Donaldson, Lufkin and Jenrette from 1988-1990. Mr. Carmichael has a Master's degree in Management from the Kellogg School and a BA in Economics from Duke University. He has obtained the Chartered Financial Analyst designation.
Style:	Directional Hedge FOF	
Assets in Style (\$ mil.):	\$1,685	
Year Founded:	1999	
Location:	Greenwich, CT	
Ownership:	100% Trent Carmichael and family.	Fritz Fortmiller - Mr. Fortmiller joined Forester in 2006. Prior to Forester, he worked at Cambridge Associates from 1999-2005 as a Specialist Consultant, Research Consultant and Associate. Prior to that, he founded 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.
Registration:	SEC	
GP Capital:	\$28.5 million across funds (as of 9/30/2010)	

Investment Objective, Philosophy/Process, and Assessment	Sample Portfolio Characteristics																																																
<p>The fund seeks to achieve medium to long-term returns that are superior to the broad market averages while assuming less risk.</p> <p>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.</p> <p>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.</p> <p>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.</p>	<table border="0"> <thead> <tr> <th>Underlying Funds</th> <th>Alloc %</th> <th>Strategy</th> </tr> </thead> <tbody> <tr> <td>Kensico Capital Management Corp.</td> <td></td> <td>U.S. Long/Short</td> </tr> <tr> <td>Viking Global Investors LP</td> <td></td> <td>Global Long/Short</td> </tr> <tr> <td>Joho Capital, L.L.C.</td> <td></td> <td>Asia Long/Short</td> </tr> <tr> <td>Pennant Capital Management, L.L.C.</td> <td></td> <td>U.S. Long/Short</td> </tr> <tr> <td>Samlyn Capital, LLC</td> <td></td> <td>Global Long/Short</td> </tr> <tr> <td>Lansdowne Partners Limited Partnership</td> <td></td> <td>Global Long/Short</td> </tr> <tr> <td>Wellington Management Company, LLC</td> <td></td> <td>Global Long/Short Sector</td> </tr> <tr> <td>Abrams Bison Investments, L.L.C.</td> <td></td> <td>U.S. Long Biased</td> </tr> <tr> <td>Castine Capital Management, LLC</td> <td></td> <td>U.S. Low Net Sector</td> </tr> <tr> <td>Coatue Management, L.L.C.</td> <td></td> <td>Global TMT</td> </tr> <tr> <td>Steadfast Capital Management LP</td> <td></td> <td>U.S. Long/Short</td> </tr> <tr> <td>Tiger Global Management, L.L.C.</td> <td></td> <td>Global Long/Short</td> </tr> <tr> <td>Hengistbury Investment Partners LLP</td> <td></td> <td>Europe Long/Short</td> </tr> <tr> <td>Polar Capital LLP</td> <td></td> <td>Europe Long/Short</td> </tr> <tr> <td>The Children's Investment Fund Mgmt LLP</td> <td></td> <td>Global Long Biased</td> </tr> </tbody> </table>	Underlying Funds	Alloc %	Strategy	Kensico Capital Management Corp.		U.S. Long/Short	Viking Global Investors LP		Global Long/Short	Joho Capital, L.L.C.		Asia Long/Short	Pennant Capital Management, L.L.C.		U.S. Long/Short	Samlyn Capital, LLC		Global Long/Short	Lansdowne Partners Limited Partnership		Global Long/Short	Wellington Management Company, LLC		Global Long/Short Sector	Abrams Bison Investments, L.L.C.		U.S. Long Biased	Castine Capital Management, LLC		U.S. Low Net Sector	Coatue Management, L.L.C.		Global TMT	Steadfast Capital Management LP		U.S. Long/Short	Tiger Global Management, L.L.C.		Global Long/Short	Hengistbury Investment Partners LLP		Europe Long/Short	Polar Capital LLP		Europe Long/Short	The Children's Investment Fund Mgmt LLP		Global Long Biased
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*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.

Vehicle Information:

Inception:	January 2004	3c1/3c7:	3c7
Assets (\$ mil.):	\$790	Subscriptions:	Quarterly
Minimum Account Size:	\$2,000,000	Redemptions (notice):	A: Annual (anniversary) B: Three-year liquidity (95 days)
Management Fee:	1.0%, underlying manager fees	Lock-up:	A: Two years B: Three years
Profit Allocation:	A: 3%, B: None	ERISA Capacity:	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.

Manager Profiles

Archstone Absolute Return Strategies Fund, Ltd.

June 30, 2013

Firm Details: Archstone Partners

Total Assets (\$ mil.):	\$3,768	Key Investment Professionals:	
Style:	Absolute Return - Market Neutral	- Alfred Shuman - Founder. BA from Harvard ('61) and MBA from Harvard Business School ('63). Serves as Trustee of various non-profit and educational organizations.	
Assets in Style (\$ mil.):	\$380		
Year Founded:	1991		
Location:	New York, NY	- Joe Pignatelli - President of Archstone Funds. Over 15 years experience in investment management. Oversees all manager analysis, asset allocation, and coordination of legal/financial issues. Bachelors from Pace University and Masters from Baruch College.	
Ownership:	Alfred Shuman 80%; Balance in declining order: Stanley Shuman; Richard Nye; Steven Kotler; Stephanie Shuman; Joseph Pignatelli; David Parker; John Marshall	-David Parker - COO and Chief Compliance Officer. BS from University of Texas and MBA from Harvard Business School. Duties include all management-related issues, strategy, planning, and governance.	
Registration:	SEC		
GP Capital:	\$6.7 Million	Other investment professionals include Mark Smith, Barbara Barlick, Kevin Jorlin & 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.

Vehicle Information:

Inception:	January 2002	3c1/3c7:	3c7
Assets (\$ mil.):	\$380	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		

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Manager Profiles

Vanguard Inflation Protected Securities

June 30, 2013

Firm Details: The Vanguard Group

Total Assets (\$ mil.):	\$2,275,997
Style:	Infl Protected Securities
Assets in Style (\$mil.):	\$32,106
Year Founded:	1975
Product Inception:	2000
Location:	Valley Forge, PA
Ownership:	-The firm is owned by fund shareholders.

Key Investment Professionals:

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

Investment Objective and Philosophy/Process

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

Philosophy/Process: Vanguard Inflation-Protected Securities Fund offers investors exposure to a wide range of inflation-adjusted bonds and other securities. At least 80% of the Fund will be comprised of inflation indexed bonds 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.

Assessment

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

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

Vehicle Information:

Vehicle Name	Minimum	Assets (\$ mil.)	Fee	Sample Operational Detail	Quality/Avg. Quality:	AAA-AA/AAA
Vanguard Infl Prot Sec Adm Fd	\$0	\$13,196.0	0.10%	Vanguard Inflation-Prot I Fd	Duration:	3-9 Years
Vanguard Inflation-Prot I Fd	\$5,000,000	\$10,180.0	0.07%	Last Audited Financial	% Non-Investment Grade:	0%
Vanguard Infl Prot Sec Fd	\$3,000	\$15,200.0	0.20%	Accountant/Auditor	% Foreign:	Typically 0%
				Custodian	Security Constraints:	N/A
				Administrator	Sector Constraints:	N/A
				Securities Lending	Avg # of Securities:	~30
					Turnover:	29%
					Assets in Composite:	NA
					GIPS Compliant:	No

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Manager Profiles

PIMCO Commodity Real Return Strategy

June 30, 2013

Firm Details: Pacific Investment Management Co.

Total Assets (\$ mil.):	\$2,044,345
Style:	Natural Resources
Assets in Style (\$mil.):	\$20,363
Year Founded:	1971
Product Inception:	June 2002
Location:	Newport Beach, CA
Ownership:	PIMCO LLC is a majority-owned subsidiary of Allianz. Employees own an undisclosed percentage.

Key Investment Professionals:

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

Investment Objective and Philosophy/Process

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

*Assets as of March 31, 2013

Assessment

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

Vehicle Information:

Vehicle Name	Minimum	Assets (\$ mil.)	Fee	Sample Operational Detail	Security Constraints:	Collateral portfolio will mainly invest in inflation-linked bonds
PIMCO CommRealRetStrA	\$1,000	\$1,867.0	1.19% / 5.50% Front Load	PIMCO Commodity Real Return Strategy Fund Instl	Sector Constraints:	Collateral portfolio will mainly invest in inflation-linked bonds
PIMCO Commodity Real Return Strategy Fund Instl	\$1,000,000	\$13,570.2	0.74%	Last Audited Financial	Avg # of Securities:	~1,000
				Accountant/Auditor	Turnover:	177%
				Custodian	Assets in Composite:	100%
				Administrator	GIPS Compliant:	Yes (since 1987)
				Securities Lending		

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Manager Profiles

Van Eck Global Hard Assets

June 30, 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.

*Assets as of March 31, 2013

Assessment

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

Vehicle Information:

Vehicle Name	Minimum	Assets (\$ mil.)	Fee	Sample Operational Detail	Security	5% cap
Van Eck Global Hard Assets A	\$1,222	\$1,191.0	1.39%	Van Eck Global Hard Assets I	Constraints:	
Van Eck Global Hard Assets I	\$1,000,000	\$2,152.0	1.01%		Sector Constraints:	Energy between 30% - 65%, the remaining between 0% - 25%
				Last Audited Financial	12/31/2012	Avg # of Securities: ~70
				Accountant/Auditor	Ernst & Young LLP	Turnover: 40%
				Custodian	State Street Bank & Trust	Assets in Composite: N/A
				Administrator	N/A	GIPS Compliant: No
				Securities Lending	N/A	

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Historical Performance

Return and Risk Summary

As of June 30, 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	2.8	11.1	21.4	8.1	18.7	16.0	7.4	21.8	6.0	19.3	NA	NA
Wilshire 5000 Total Market Index	2.9	11.2	21.7	8.2	18.6	16.0	7.5	21.7	6.1	19.2	8.2	16.8
FPA Crescent Fund	2.9	7.2	17.6	4.0	12.7	10.0	6.8	14.6	7.2	12.6	9.0	10.9
S&P 500 Index	2.9	10.6	20.6	8.2	18.5	15.1	7.0	21.0	5.7	18.7	7.3	16.3
60% Russell 2500 / 40% BC Global Credit	0.4	7.3	16.5	5.2	14.5	13.2	8.2	17.9	6.8	15.6	8.8	13.9
HFRI Equity Hedge (Total) Index	0.2	4.9	10.7	3.6	5.3	9.8	1.6	13.3	2.9	11.8	5.6	10.6
FMI Common Stock Fund	0.4	10.2	16.7	7.7	16.0	16.8	11.8	21.6	9.0	19.3	10.9	16.9
Russell 2500 Index	2.3	12.8	25.6	8.3	19.6	19.9	9.2	25.3	6.8	22.3	10.3	20.0
Dodge & Cox International Stock Fund	1.7	3.6	23.5	5.9	11.0	19.6	1.6	29.5	3.0	25.8	11.3	23.3
MSCI EAFE (Net)	-1.0	5.1	18.6	6.4	10.0	17.3	-0.6	25.4	1.4	22.3	7.7	20.2
Artisan International Institutional Fund	0.0	6.1	20.6	5.8	16.6	18.6	2.9	26.3	4.8	23.1	9.9	20.9
MSCI EAFE (Net)	-1.0	5.1	18.6	6.4	10.0	17.3	-0.6	25.4	1.4	22.3	7.7	20.2
Forester Offshore A2, Ltd.	1.7	5.2	11.3	2.8	7.4	7.2	3.6	8.4	6.3	7.9	7.3	7.0
HFRI FOF: Strategic Index	0.0	3.9	8.6	2.9	3.4	6.5	-0.8	9.8	1.5	9.3	4.2	8.6
Archstone Absolute Return Strategies Fund, Ltd. Class A	2.1	4.4	12.1	1.8	6.1	4.9	3.8	8.6	4.4	7.9	5.8	6.9
HFRI FOF: Conservative Index	0.7	2.8	7.1	1.5	2.9	3.9	-0.6	7.6	1.1	6.9	2.7	6.1
PIMCO Total Return II Institutional Fund	-3.3	0.3	0.2	4.3	3.8	3.5	6.6	4.5	7.0	4.5	5.4	4.3
Barclays U.S. Aggregate	-2.3	-0.1	-0.7	2.8	3.5	3.3	5.2	3.5	5.6	3.4	4.5	3.5
Vanguard Short Term US Treasury Admiral Fund	-0.5	0.1	0.2	0.6	1.1	1.0	2.3	1.6	3.5	2.2	2.9	2.1
Barclays U.S. Treasury: 1-5 Year	-0.6	0.2	0.0	0.8	1.5	1.4	2.8	2.4	3.9	2.8	3.1	2.7
Vanguard Inflation-Protected Securities Admiral Fund	-7.4	-0.3	-5.1	7.3	4.4	6.0	4.1	6.1	5.6	6.0	NA	NA
Barclays U.S. Treasury: U.S. TIPS	-7.1	-0.4	-4.8	7.0	4.6	5.8	4.4	5.9	5.8	5.8	5.2	5.5
PIMCO Commodity Real Return Strategy Institutional Fund	-15.2	-0.6	-11.0	19.8	2.8	19.0	-9.2	27.9	-0.4	25.5	4.8	23.5
Dow Jones-UBS Commodity Index	-9.5	-1.1	-8.0	14.5	-0.3	16.6	-11.6	23.3	-3.4	21.8	2.4	20.5
Van Eck Global Hard Assets I Fund	-7.1	2.7	6.4	13.7	6.3	26.0	-6.1	32.4	4.7	29.6	NA	NA
S&P North American Natural Resources Sector	-4.9	7.2	10.6	14.1	9.6	24.4	-3.8	29.8	3.8	27.3	11.9	24.5

Historical Performance

Return Summary

As of June 30, 2013

	Year To Date Return	2012 Return	2011 Return	2010 Return	2009 Return	2008 Return	2007 Return	2006 Return	2005 Return	2004 Return	2003 Return
Fidelity Spartan Total Market Index Advisor Fund	14.1	16.4	1.0	17.4	28.4	-37.2	5.6	15.8	NA	NA	NA
Wilshire 5000 Total Market Index	14.5	16.1	0.6	18.1	29.4	-37.3	5.7	15.9	6.3	12.6	31.6
FPA Crescent Fund	10.4	10.3	3.0	12.0	28.4	-20.6	6.8	12.4	10.8	10.2	26.1
S&P 500 Index	13.8	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	7.7	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	5.1	7.4	-8.4	10.5	24.6	-26.7	10.5	11.7	10.6	7.7	20.5
FMI Common Stock Fund	10.7	10.2	4.5	22.2	33.9	-20.4	-2.0	17.1	9.5	18.8	24.1
Russell 2500 Index	15.4	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	5.4	21.0	-16.0	13.7	47.5	-46.7	11.7	28.0	16.7	32.5	49.4
MSCI EAFE (Net)	4.1	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)	4.1	17.3	-12.1	7.8	31.8	-43.4	11.2	26.3	13.5	20.2	38.6
Forester Offshore A2, Ltd.	6.9	9.3	-2.5	5.2	14.6	-13.0	18.5	11.5	12.0	10.0	9.0
HFRI FOF: Strategic Index	3.9	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	6.5	9.0	-2.3	8.1	19.4	-20.5	8.3	13.8	6.2	8.5	14.3
HFRI FOF: Conservative Index	3.5	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	-3.0	8.2	4.5	7.7	13.7	5.2	8.4	3.8	2.1	4.2	4.9
Barclays U.S. Aggregate	-2.4	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	-0.3	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	-0.5	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	-7.6	6.9	13.3	6.3	11.0	-2.8	11.7	0.5	NA	NA	NA
Barclays U.S. Treasury: U.S. TIPS	-7.4	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	-15.7	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	-10.5	-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	-4.6	2.9	-16.3	28.9	53.2	-44.5	43.2	NA	NA	NA	NA
S&P North American Natural Resources Sector	1.9	2.2	-7.4	23.9	37.5	-42.6	34.4	16.8	36.7	24.6	34.3

Index Descriptions

Second Quarter 2013

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

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

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

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

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

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

Barclays Global 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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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Index Descriptions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Index Descriptions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

INDEX COMPOSITE COMPONENTS

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

EXPOSURES AND CHARACTERISTICS

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

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

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

Periods greater than one year are annualized.

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

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

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

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

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

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

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

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

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

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

Tab V

Town of Palm Beach Health: Regional Exposure

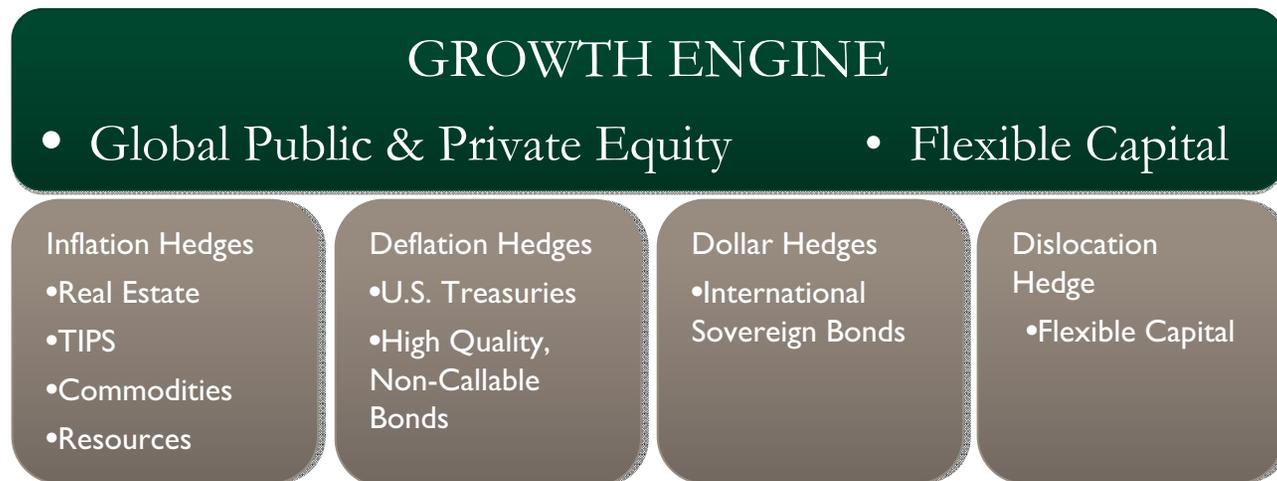
June 30, 2013

			Total Fund Regional Exposure		
			Domestic	Non-US Developed Public Equity	Emerging Markets Public Equity
		% of Portfolio			
Domestic Equity	Fidelity Spartan Total Market Index Fund	25.7%	100.0%	-	-
	FPA Crescent Fund	2.3%	83.0%	17.0%	-
	FMI Common Stock Fund	4.6%	100.0%	-	-
International Equity	Dodge & Cox International Stock Fund	9.5%	6.2%	76.5%	17.2%
	Artisan International Institutional Fund	9.9%	5.0%	87.1%	6.8%
Flexible Capital *	Forester Offshore A2, Ltd.	8.6%	68.1%	29.4%	2.5%
	Archstone Absolute Return Strategies	10.6%	63.3%	36.7%	0.0%
Fixed Income	PIMCO Total Return II Institutional Fund	10.3%	100.0%	-	-
	Vanguard Short Term US Treasury Fund	8.2%	100.0%	-	-
Inflation Hedging	Vanguard Inflation-Protected Securities	2.8%	100.0%	-	-
	PIMCO Commodity Real Return Strategy	2.7%	100.0%	-	-
	Van Eck Global Hard Assets I Fund	4.1%	81.8%	18.2%	-
Cash	Government Stif 15	0.8%	100.0%	-	-
Total Fund		100.0%	74.0%	23.5%	2.5%

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

Tab VI

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



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

MODELING FOR TOWN OF PALM BEACH HEALTH INSURANCE TRUST

		Policy	Current	Model 1	Model 2	PBA Model	
Equity-Like	Equity	<i>Domestic Public Equity</i>	27.5	32.6	27.5	25.5	14.0
		<i>Non-U.S. Developed Equity</i>	13.7	17.5	9.8	11.3	14.0
		<i>Emerging Markets Equity</i>	3.9	2.0	2.8	3.2	7.0
		<i>Global Private Equity</i>	0.0	0.0	0.0	0.0	10.0
Flexible Capital	<i>Long/Short and Absolute Return</i>	20.0	19.2	20.0	25.0	20.0	
Inflation Hedging	<i>Natural Resources (Public and Private)</i>	3.8	4.1	3.8	3.8	5.0	
	<i>Commodities</i>	3.8	2.7	3.8	3.8	5.0	
	<i>Real Estate (Public and Private)</i>	3.8	0.0	3.8	3.8	5.0	
	<i>U.S TIPS</i>	3.8	2.8	3.8	3.8	5.0	
Bond-Like	Credit	<i>Core Bond</i>	20.0	10.3	20.0	20.0	0.0
		<i>Long Gov/Corp</i>	0.0	0.0	0.0	0.0	0.0
		<i>High Yield</i>	0.0	0.0	0.0	0.0	0.0
		<i>Municipal Bonds</i>	0.0	0.0	0.0	0.0	0.0
	Deflation Hedge	<i>U.S. Treasuries</i>	0.0	8.2	0.0	0.0	10.0
	Dollar Hedge	<i>Non-U.S. Government Bonds</i>	0.0	0.0	5.0	0.0	5.0
	Liquidity	<i>Cash (T-bills)</i>	0.0	0.6	0.0	0.0	0.0
	Total:		100.0	100.0	100.0	100.0	100.0

Statistical Output (%)	Policy	Current	Model 1	Model 2	PBA Model
Expected Nominal Return (Arithmetic)	7.3	7.3	7.0	7.2	7.8
Expected Standard Deviation	12.0	12.4	11.1	11.6	12.7
Expected Nominal Return (Geometric)	6.6	6.6	6.5	6.6	7.1
Sharpe Ratio	0.40	0.39	0.41	0.41	0.42
Historical Nominal Return (Arithmetic)	10.3	10.2	10.1	10.4	11.0
Historical Standard Deviation	10.9	11.3	10.0	10.4	10.7
Historical Nominal Return (Geometric)	9.7	9.6	9.6	9.9	10.5
Total Non-U.S. Exposure (%)	26.4	26.0	21.8	25.3	36.9

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

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

RISK/RETURN DECOMPOSITION

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

Risk/Return Decomposition			Policy			Current			Model 1			Model 2			PBA Model		
			% Allocation	% STD	% Return	% Allocation	% STD	% Return	% Allocation	% STD	% Return	% Allocation	% STD	% Return	% Allocation	% STD	% Return
Equity-Like	Equity	Domestic Public Equity	27.5	43.7	32.2	32.6	50.4	37.9	27.5	47.3	33.3	25.5	41.8	30.1	14.0	20.1	15.2
		Non-U.S. Developed Equity	13.7	20.4	16.0	17.5	25.6	20.3	9.8	15.7	11.8	11.3	17.3	13.3	14.0	19.5	15.2
		Emerging Markets Equity	3.9	7.2	5.6	2.0	3.5	2.9	2.8	5.5	4.1	3.2	6.2	4.7	7.0	12.5	9.4
		Global Private Equity	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	10.0	18.7	15.7
	Flexible Capital	Long/Short and Absolute Return	20.0	17.8	21.3	19.2	16.3	20.3	20.0	19.1	22.1	25.0	23.4	26.9	20.0	17.2	19.8
	Inflation Hedging	Natural Resources (Public and Private)	3.8	5.5	4.3	4.1	5.6	4.6	3.8	5.9	4.4	3.8	5.7	4.3	5.0	7.1	5.3
		Commodities	3.8	1.4	3.9	2.7	0.8	2.8	3.8	1.5	4.0	3.8	1.4	3.9	5.0	2.2	4.8
		Real Estate (Public and Private)	3.8	4.5	4.3	0.0	0.0	0.0	3.8	4.9	4.4	3.8	4.6	4.3	5.0	5.4	5.3
		U.S. TIPS	3.8	-0.2	1.6	2.8	-0.2	1.2	3.8	-0.2	1.6	3.8	-0.2	1.6	5.0	-0.3	1.9
	Bond-Like	Credit	Core Bond	20.0	-0.3	11.0	10.3	-0.2	5.6	20.0	0.1	11.4	20.0	-0.3	11.1	0.0	0.0
Long Gov/Corp			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
High Yield			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Municipal Bonds			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deflation Hedge		U.S. Treasuries	0.0	0.0	0.0	8.2	-1.9	4.2	0.0	0.0	0.0	0.0	0.0	0.0	10.0	-2.5	4.8
Dollar Hedge		Non-U.S. Government Bonds	0.0	0.0	0.0	0.0	0.0	0.0	5.0	0.3	3.0	0.0	0.0	0.0	5.0	0.1	2.7
Liquidity		Cash (T-bills)	0.0	0.0	0.0	0.6	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total:			100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Expected Standard Deviation			12.0			12.4			11.1			11.6			12.7		
Expected Nominal Return (Arithmetic)			7.3			7.3			7.0			7.2			7.8		

ASSUMPTIONS*

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

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

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

HISTORICAL STRESS TEST

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

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

CPI	-3.1%	0.2%	2.9%	0.4%	2.7%	8.8%	9.2%
70/30	-32.5%	-16.9%	-11.9%	-11.3%	-0.8%	-9.6%	5.5%
Policy	-28.8%	-12.0%	-7.1%	-9.4%	1.8%	-1.6%	5.9%
Current	-29.4%	-13.4%	-9.8%	-10.0%	1.7%	-2.8%	5.6%
Model 1	-26.4%	-10.8%	-6.0%	-7.7%	1.8%	-0.7%	5.9%
Model 2	-27.2%	-11.6%	-5.9%	-8.8%	1.9%	-1.3%	5.7%
PBA Model	-26.8%	-9.5%	-7.5%	-8.0%	3.4%	0.2%	5.8%

Please note:

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

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

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

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

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.

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

Tab VII

Firm Details: Parametric Portfolio Associates

Total Assets (\$ mil.): \$94,434
Style: Core
Assets in Style (\$mil.): \$13,109
Year Founded: 1987
Product Inception: 1994
Location: Seattle, WA
Ownership: -In September 2003, Eaton Vance acquired 80% of the firm (now owns 92%).
 -Parametric continues to operate as a distinct and autonomous business unit with current and former employees owning 8% of the firm.

Key Investment Professionals:

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

Investment Objective and Philosophy/Process

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

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

CTF Vehicle Assets as of 3/31/13, Mutual Fund assets as of 5/31/13

Assessment

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

We continue to have ongoing discussions with Parametric on capacity. The team reviews capacity twice per year, with capacity estimates growing substantially in recent years. In August 2011, Parametric launched a new but related strategy that utilizes the same investment process to Parametric's flagship Structured Emerging Markets strategy, Parametric estimates capacity to be apx. \$35B for the combined emerging markets strategies. The new strategy, Structured Emerging Markets Core, excludes Tier 4 countries (which represent most of the frontier markets). Past discussions have focused on the liquidity and capacity of the flagship strategy, with the liquidity constraints coming primarily from frontier countries. We continue to have discussions with Parametric regarding their methodology for capacity calculation given their low turnover approach.

Vehicle Information:

Vehicle Name	Minimum	Assets (\$ mil.)	Fee	Sample Operational Detail	Security Constraints:
Parametric EM Inv Fd	\$1,000	\$906.0	1.42% Incl 0.25% 12b-1	Parametric EM Inst Fd	Cap Wtd w/in Industry (< 2%)
Parametric EM Inst Fd	\$250,000	\$3,041.0	1.16%		Sector Constraints: Eq Wtd w/in Country (Min. 75% Cap Wt Cntry Idx)
Parametric Tax-Mgd EM Inst Fd	\$50,000	\$3,213.0	0.96%, 2% Rdpt Fee	Last Audited Financial 01/31/2013	Country Constraints: Eq Wtd w/in Four Tiers
Parametric EM CTF	\$5,000,000	\$1,637.8	1.05%, 0.2% entry/exit	Accountant/Auditor Deloitte & Touche LLP	Currency Hedging: Not Utilized
				Custodian State Street Bank and Trust Company	Avg # of Holdings: 1,000+
				Administrator Eaton Vance Management	Market Capitalization: Diversified
				Securities Lending? Yes	Cash Allocation: No Explicit Policy
					Turnover: Low
					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.

Firm Details: The Vanguard Group

Total Assets (\$ mil.):	\$2,275,997
Style:	Index
Assets in Style (\$mil.):	\$64,600
Year Founded:	1975
Product Inception:	1994
Location:	Valley Forge, PA
Ownership:	-The firm is owned by fund shareholders.

Key Investment Professionals:

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

Investment Objective and Philosophy/Process

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

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

Assessment

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

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

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

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

Vehicle Information:

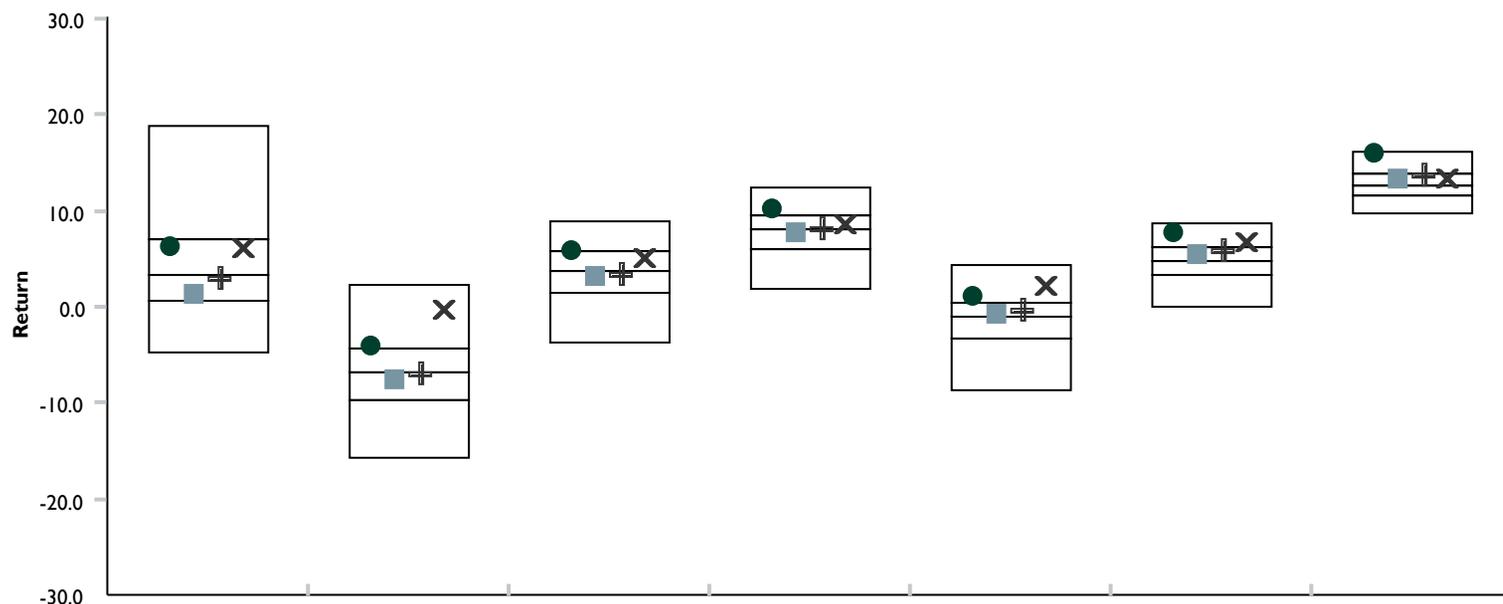
Vehicle Name	Minimum	Assets (\$ mil.)	Fee	Sample Operational Detail	Security Constraints:	Similar To Benchmark
Vanguard Emg Mkts Idx Fd	\$3,000	\$2,091.0	0.33%	Vanguard Emg Mkts Idx Fd Inst	Sector Constraints:	Similar To Benchmark
Vanguard Emg Mkts Idx Fd Inst	\$5,000,000	\$3,135.0	0.12%	Last Audited Financial	Country Constraints:	Similar To Benchmark
Vanguard Emg Mkts Idx Signal	\$0	\$1,184.0	0.18%	Accountant/Auditor	Currency Hedging:	Not Utilized
Vanguard FTSE Emg Mkts ETF	\$0	\$49,355.0	0.18%	Custodian	Avg # of Holdings:	700+
				Administrator	Market Capitalization:	Similar To Benchmark
				Securities Lending?	Cash Allocation:	Minimal
					Turnover:	Low
					GIPS Compliant:	No

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Peer Group Analysis

IM Emerging Markets Equity (MF)

As of June 30, 2013

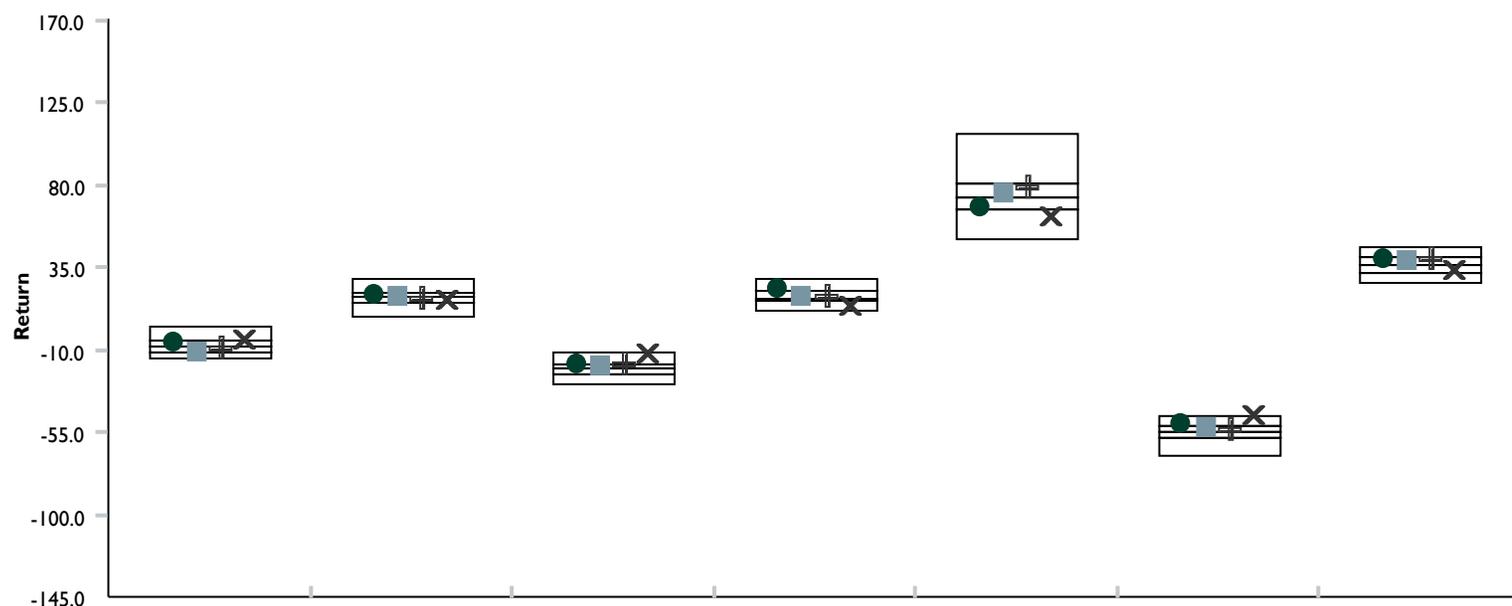


	1 Year	2 Years	3 Years	4 Years	5 Years	7 Years	10 Years
● Parametric Tax-Mgd EM (EITEX)	6.1 (32)	-4.1 (24)	5.8 (25)	10.2 (15)	0.9 (18)	7.6 (11)	15.9 (7)
■ Vanguard EM St Idx (VEIEX)	1.3 (69)	-7.7 (60)	3.1 (59)	7.6 (60)	-0.8 (48)	5.3 (40)	13.2 (39)
+ MSCI EM (Net)	2.9 (54)	-7.0 (54)	3.4 (56)	8.0 (50)	-0.4 (40)	5.8 (33)	13.7 (29)
× MSCI EM Local Currencies (Net)	6.1 (32)	-0.4 (12)	5.0 (32)	8.5 (41)	2.1 (12)	6.6 (20)	13.2 (40)
5th Percentile	18.9	2.3	8.9	12.4	4.4	8.7	16.0
1st Quartile	7.1	-4.4	5.7	9.5	0.5	6.2	13.9
Median	3.2	-6.8	3.8	8.0	-1.0	4.7	12.5
3rd Quartile	0.6	-9.8	1.5	6.0	-3.3	3.3	11.5
95th Percentile	-4.8	-15.7	-3.7	1.8	-8.7	0.1	9.8
Population	559	461	355	320	259	187	137

Peer Group Analysis

IM Emerging Markets Equity (MF)

As of June 30, 2013

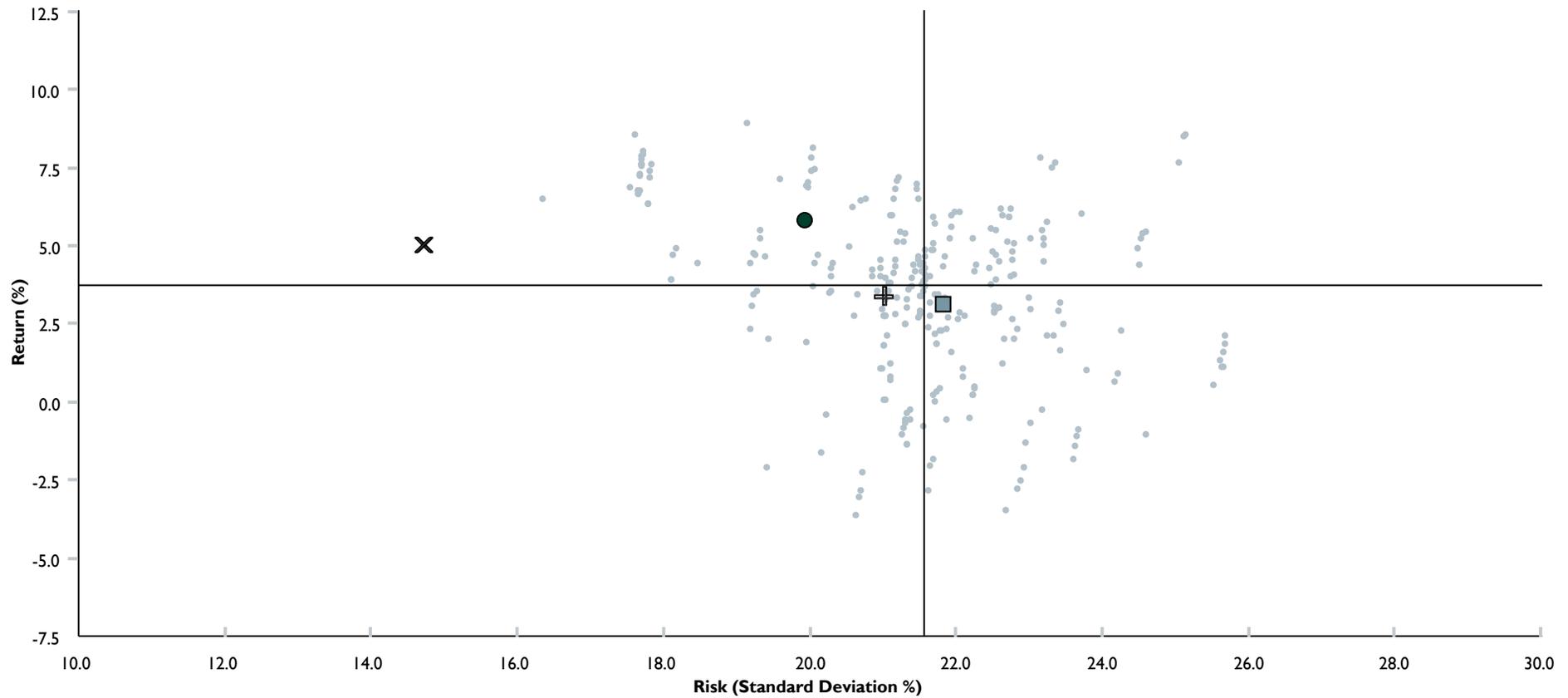


	Year To Date	2012	2011	2010	2009	2008	2007
● Parametric Tax-Mgd EM (EITEX)	-5.6 (28)	20.0 (33)	-18.0 (31)	23.3 (21)	68.2 (68)	-51.0 (25)	40.2 (31)
■ Vanguard EM St Idx (VEIEX)	-10.9 (74)	18.6 (52)	-18.8 (40)	18.9 (44)	76.0 (40)	-52.8 (38)	38.9 (38)
+ MSCI EM (Net)	-9.6 (65)	18.2 (55)	-18.4 (34)	18.9 (44)	78.5 (28)	-53.3 (39)	39.4 (36)
× MSCI EM Local Currencies (Net)	-4.9 (26)	17.0 (65)	-12.7 (8)	14.1 (89)	62.3 (85)	-45.9 (5)	33.2 (68)
5th Percentile	3.2	28.3	-11.9	28.3	107.8	-46.1	46.0
1st Quartile	-4.7	20.7	-17.7	22.1	81.3	-51.1	41.0
Median	-8.3	18.7	-19.6	18.3	73.6	-54.8	36.6
3rd Quartile	-11.1	15.2	-23.4	16.6	67.1	-57.7	31.9
95th Percentile	-14.9	8.1	-28.6	11.6	50.9	-68.0	26.2
Population	615	529	434	373	364	297	252

Peer Group Scattergram

IM Emerging Markets Equity (MF)

3 Years Ended June 30, 2013

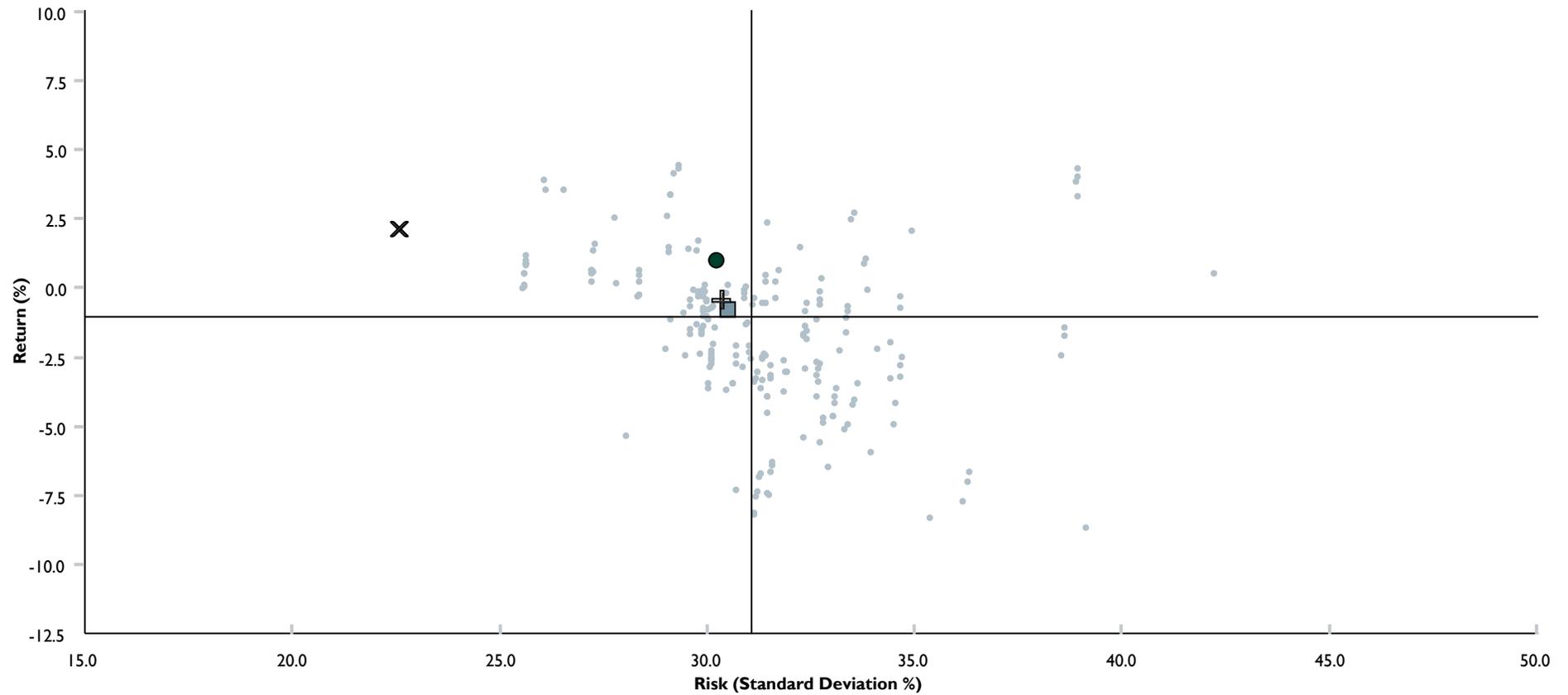


	Return	Standard Deviation
● Parametric Tax-Mgd EM (EITEX)	5.8	19.9
■ Vanguard EM St Idx (VEIEX)	3.1	21.8
+ MSCI EM (Net)	3.4	21.0
× MSCI EM Local Currencies (Net)	5.0	14.7
— Median	3.8	21.6

Peer Group Scattergram

IM Emerging Markets Equity (MF)

5 Years Ended June 30, 2013

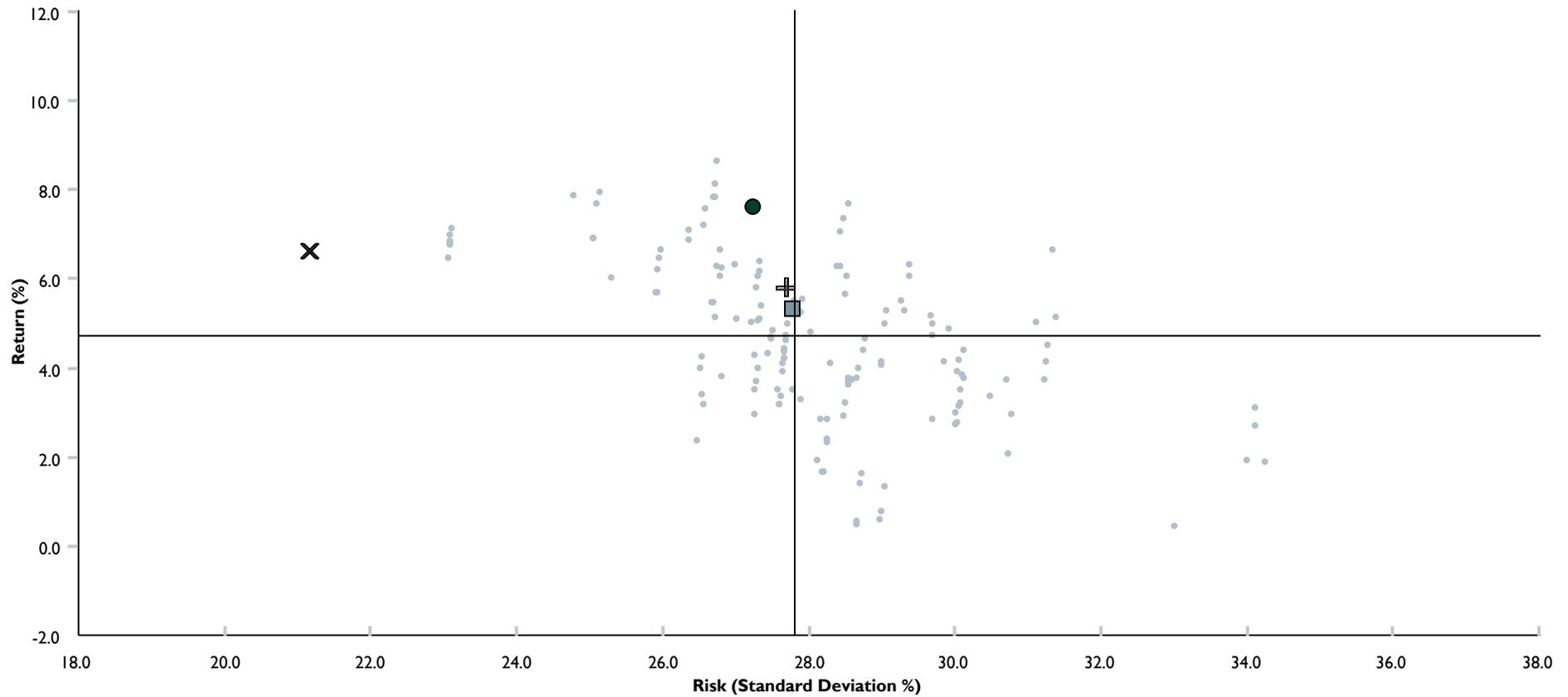


	Return	Standard Deviation
● Parametric Tax-Mgd EM (EITEX)	0.9	30.2
■ Vanguard EM St Idx (VEIEX)	-0.8	30.5
+ MSCI EM (Net)	-0.4	30.4
× MSCI EM Local Currencies (Net)	2.1	22.6
— Median	-1.0	31.1

Peer Group Scattergram

IM Emerging Markets Equity (MF)

7 Years Ended June 30, 2013

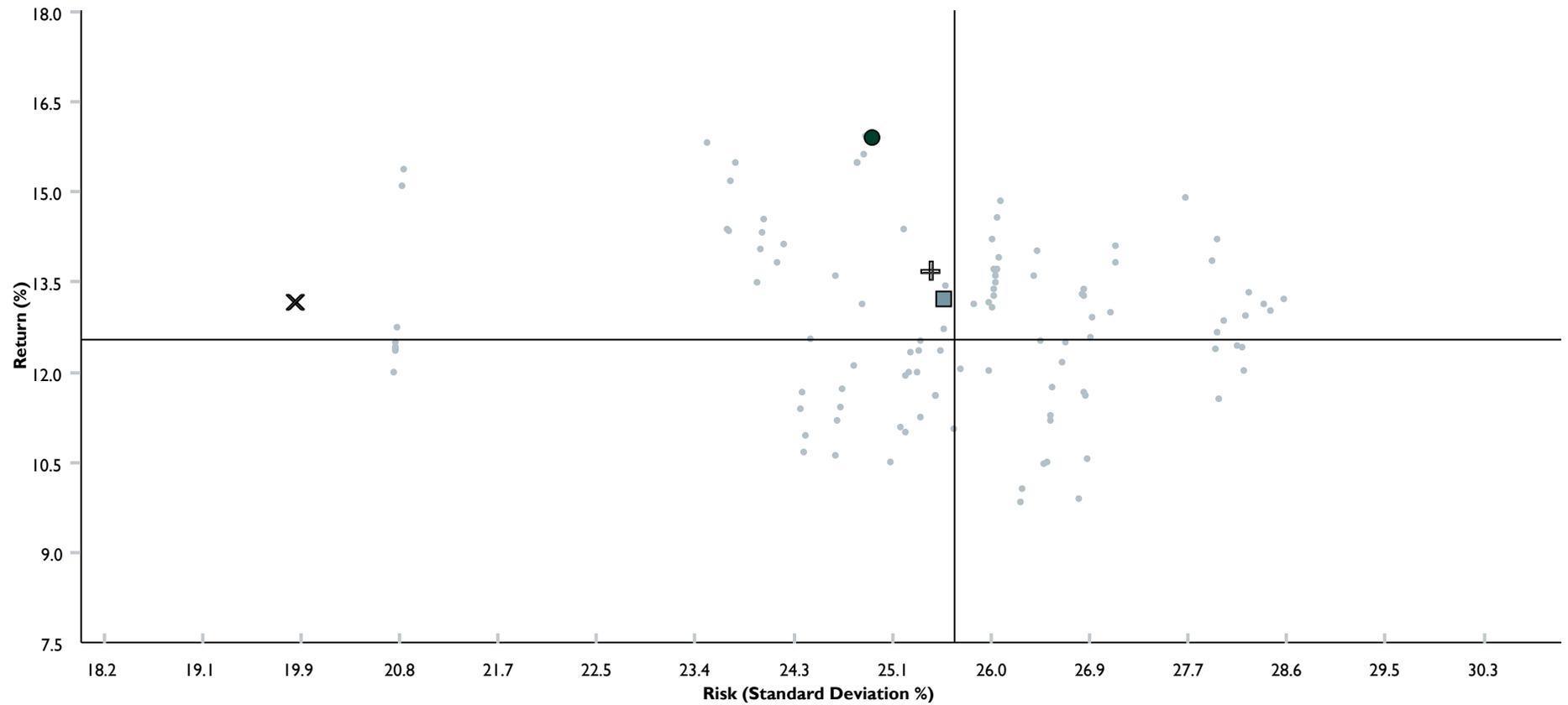


	Return	Standard Deviation
● Parametric Tax-Mgd EM (EITEX)	7.6	27.3
■ Vanguard EM St Idx (VEIEX)	5.3	27.8
+ MSCI EM (Net)	5.8	27.7
× MSCI EM Local Currencies (Net)	6.6	21.2
— Median	4.7	27.8

Peer Group Scattergram

IM Emerging Markets Equity (MF)

10 Years Ended June 30, 2013



	Return	Standard Deviation
● Parametric Tax-Mgd EM (EITEX)	15.9	25.0
■ Vanguard EM St Idx (VEIEX)	13.2	25.6
+ MSCI EM (Net)	13.7	25.5
× MSCI EM Local Currencies (Net)	13.2	19.9
— Median	12.5	25.7

MPT Stats

Parametric Tax-Mgd EM (EITEX)

As of June 30, 2013

	3 Years	5 Years	7 Years	10 Years
Return	5.81	0.95	7.62	15.89
Standard Deviation	19.93	30.24	27.25	24.97
Downside Risk	13.18	20.04	17.22	14.58
vs. MSCI EAFE (Net)				
Beta	1.13	1.14	1.16	1.15
Up Market Capture	93.62	116.49	133.99	129.99
Down Market Capture	124.60	103.48	95.49	77.42
Tracking Error	4.96	9.60	9.47	9.37
Information Ratio	-0.71	0.30	0.77	0.92
R-Squared	0.95	0.91	0.90	0.87
Actual Correlation	0.97	0.96	0.95	0.94
Alpha	-4.84	2.58	6.84	7.37
vs. MSCI EM (Net)				
Beta	0.94	0.99	0.97	0.97
Up Market Capture	95.88	96.40	99.04	100.48
Down Market Capture	79.51	89.69	89.24	87.05
Tracking Error	2.60	4.52	4.79	4.40
Information Ratio	0.80	0.28	0.32	0.42
R-Squared	0.99	0.98	0.97	0.97
Actual Correlation	0.99	0.99	0.98	0.98
Alpha	2.42	1.33	1.86	2.43
vs. Citigroup 3 Month T-Bill				
Sharpe Ratio	0.38	0.18	0.36	0.67
Excess Return	7.64	5.35	9.84	16.56
Excess Risk	19.93	30.34	27.13	24.86

MPT Stats

Vanguard Emg Mkt Idx (VEIEX)

As of June 30, 2013

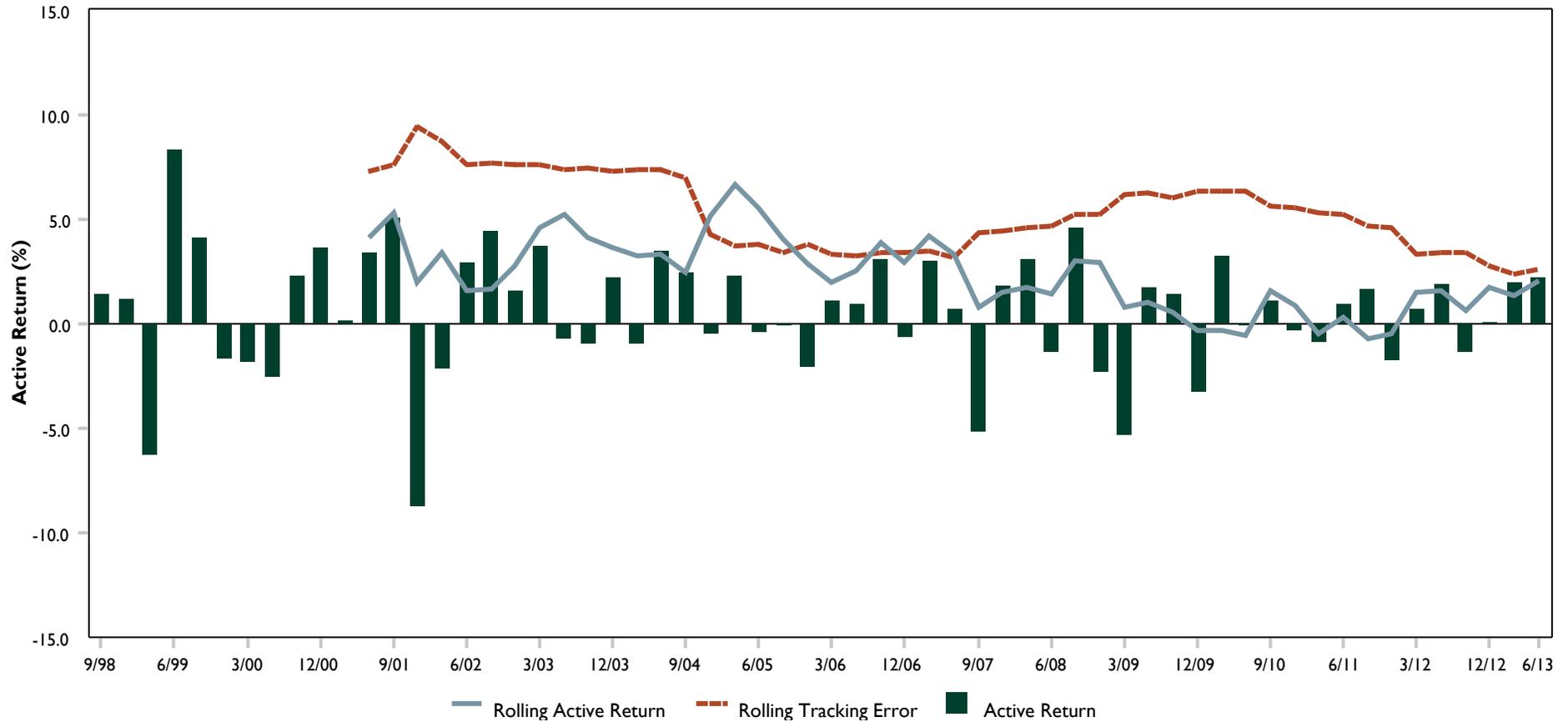
	3 Years	5 Years	7 Years	10 Years
Return	3.10	-0.82	5.30	13.22
Standard Deviation	21.83	30.50	27.79	25.60
Downside Risk	15.54	21.24	18.39	15.70
vs. MSCI EAFE (Net)				
Beta	1.22	1.13	1.15	1.16
Up Market Capture	94.61	113.56	130.25	126.19
Down Market Capture	150.58	108.52	103.80	90.51
Tracking Error	7.08	10.96	11.09	10.67
Information Ratio	-0.80	0.12	0.48	0.60
R-Squared	0.92	0.88	0.86	0.84
Actual Correlation	0.96	0.94	0.93	0.92
Alpha	-7.85	0.99	4.76	4.98
vs. MSCI EM (Net)				
Beta	1.04	1.00	1.00	1.00
Up Market Capture	103.29	100.35	99.39	99.22
Down Market Capture	105.12	102.06	101.82	101.14
Tracking Error	1.80	1.58	1.43	1.53
Information Ratio	-0.04	-0.22	-0.33	-0.25
R-Squared	0.99	1.00	1.00	1.00
Actual Correlation	1.00	1.00	1.00	1.00
Alpha	-0.27	-0.36	-0.48	-0.43
vs. Citigroup 3 Month T-Bill				
Sharpe Ratio	0.25	0.12	0.28	0.56
Excess Return	5.49	3.74	7.83	14.34
Excess Risk	21.82	30.61	27.69	25.50

Comparative Performance & Rolling Return

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

Rolling 12 Quarters as of June 30, 2013

	QTR Ended Jun-13	1 Year	3 Years	5 Years	7 Years	10 Years	Year To Date	2012	2011	2010	2009	2008
Parametric Tax-Mgd EM (EITEX)	-5.9	6.1	5.8	0.9	7.6	15.9	-5.6	20.0	-18.0	23.3	68.2	-51.0
MSCI EM (Net)	-8.1	2.9	3.4	-0.4	5.8	13.7	-9.6	18.2	-18.4	18.9	78.5	-53.3
Difference	2.2	3.2	2.4	1.3	1.8	2.2	4.0	1.8	0.4	4.4	-10.3	2.3

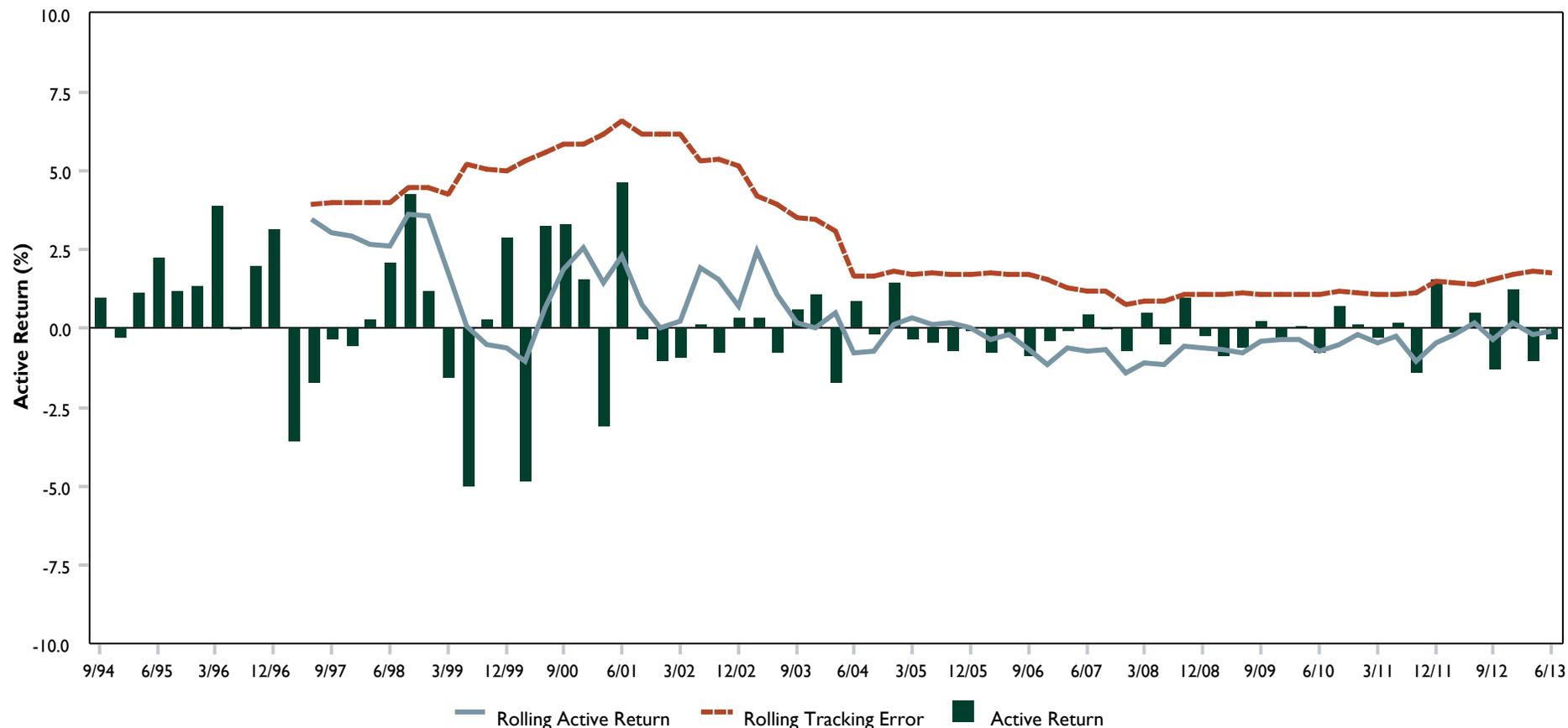


Comparative Performance & Rolling Return

Vanguard Emg Mkt Idx (VEIEX) vs. MSCI EM (Net)

Rolling 12 Quarters as of June 30, 2013

	QTR Ended Jun-13	1 Year	3 Years	5 Years	7 Years	10 Years	Year To Date	2012	2011	2010	2009	2008
Vanguard Emg Mkt Idx (VEIEX)	-8.4	1.3	3.1	-0.8	5.3	13.2	-10.9	18.6	-18.8	18.9	76.0	-52.8
MSCI EM (Net)	-8.1	2.9	3.4	-0.4	5.8	13.7	-9.6	18.2	-18.4	18.9	78.5	-53.3
Difference	-0.3	-1.6	-0.3	-0.4	-0.5	-0.5	-1.3	0.4	-0.4	0.0	-2.5	0.5



Portfolio Comparison

As of June 30, 2013

	Parametric	Vanguard	MSCI EM
Composition			
# of Holdings	1,552	956	820
% Top 15 Holdings	11.1	17.4	20.5
% Top 25 Holdings	15.7	23.9	27.5
Characteristics			
Wtd Avg Mkt Cap (\$B)	20.6	30.9	36.0
Forecast P/E	11.7	11.5	11.1
Price/Book ratio	2.2	2.3	2.1
Historical EPS Growth - 5 Year	7.8	9.1	10.6
Forecast EPS Growth - Long-Term	12.9	12.8	12.9
Current Yield	3.2	3.2	2.9
GICS Sectors (%)			
Energy	9.9	13.2	11.4
Materials	10.3	9.9	9.5
Industrials	10.1	5.9	6.3
Consumer Discretionary	8.0	6.5	8.3
Consumer Staples	9.8	9.8	9.4
Health Care	2.3	1.7	1.5
Financials	26.7	29.5	27.5
Information Technology	7.4	10.4	14.7
Telecommunication Services	10.6	9.2	7.9
Utilities	4.7	3.9	3.4
Cash	0.3	0.0	0.0
Market Capitalization (%)			
Large (\$15.0B-Above)	32.0	49.6	50.5
Mid/Large (\$7.0-15.0B)	23.3	22.6	23.3
Mid (\$1.0-7.0B)	35.0	26.4	26.0
Small/Mid (\$0.5-1.0B)	5.4	0.9	0.2
Small (\$0.0-0.5B)	4.0	0.3	0.0
Cash	0.3	0.0	0.0
Other	0.0	0.1	0.0

Country/Region Allocation

As of June 30, 2013

Country/Region Allocation (%)	Parametric	Vanguard	MSCI EM
United States	0.4	0.0	0.1
Pacific ex Japan	2.6	6.5	6.3
Europe ex UK	0.6	0.1	0.0
United Kingdom	0.3	0.0	0.0
Developed Markets	3.9	6.5	6.4
EM Asia	37.6	49.3	56.2
EM Europe	15.0	11.3	9.7
EM Latin America	18.2	23.3	20.1
EM Mid East+Africa	9.5	9.1	7.5
Emerging Markets	80.4	93.0	93.6
Frontier Markets	14.9	0.5	0.0
Cash	0.3	0.0	0.0
Other	0.4	0.0	0.0

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

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

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

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

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

*Indicates performance is gross of fees.

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

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

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

For use in one-on-one presentations only.

Tab VIII

Firm Details: ING Clarion Partners

Total Assets (\$ mil.): \$24,861
Style: REIT-Long
Assets in Style (\$mil.): \$4,937
Year Founded: 1982
Product Inception: May 2001
Location: New York, NY
Ownership: CB Richard Ellis

Key Investment Professionals:

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

Investment Objective and Philosophy/Process

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

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

Assessment

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

Vehicle Information:

Vehicle Name	Minimum	Assets (\$ mil.)	Fee	Sample Operational Detail	Security Constraints:	+/- 5% from benchmark weight
ING Global Real Estate A Fd	\$1,000	\$1,570.8	1.30%	ING Global Real Estate I Fd	Sector Constraints:	+/- 10% from benchmark weight for Non U.S. and +/-20% from U.S.
ING Global Real Estate I Fd	\$250,000	\$2,694.0	1.00%		Avg # of Securities:	+/- 100
				Last Audited Financial		
				Accountant/Auditor		
				Custodian		
				Administrator		
				Securities Lending?		
					Turnover:	37%
					Assets in Composite:	N/A
					GIPS Compliant:	N/A

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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 Fund will focus primarily on companies located in developed countries throughout North America, Europe and Asia but may also invest in emerging markets. Allocations will be made across three regional portfolios with most of the outperformance expected to be driven primarily by security selection within each portfolio rather than large regional bets.

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

Assessment

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

Vehicle Information:

Vehicle Name	Minimum	Assets (\$ mil.)	Fee	Sample Operational Detail	Security Constraints:
MS Global Real Estate Instl	\$5,000,000	\$2,032.0	1.02%	Morgan Stanley Global Real Estate Instl	limit our position in any company to 10% of the total portfolio
MS Global Real Estate H	\$25,000	\$13.1	1.27%, incl 0.25% 12b-1, 5.25% Ld		Sector Constraints: Our allocation to any sector is limited to 50% of the portfolio
				Last Audited Financial	Avg # of Securities: ~150
				Accountant/Auditor	Turnover: 18%
				Custodian	Assets in Composite: N/A
				Administrator	GIPS Compliant: Yes
				Securities Lending?	

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Portfolio Comparison

As of June 30, 2013

	ING Global Real Estate	MS Global Real Estate	FTSE EPRA/NAREIT Global Index
Composition			
# of Holdings	111	33	444
% Top 15 Holdings	37.0	80.8	25.3
% Top 25 Holdings	52.6	97.5	35.9
Characteristics			
Wtd Avg Mkt Cap (\$B)	14.8	17.9	11.8
Forecast P/E	25.4	42.9	18.1
Price/Book ratio	2.0	2.5	1.9
Historical EPS Growth - 5 Year	-2.9	0.1	2.5
Forecast EPS Growth - Long-Term	6.9	6.8	8.8
Current Yield	3.2	3.2	3.3
GICS Industries (%)			
Construction Materials	0.0	0.0	0.2
Construction & Engineering	0.0	0.0	0.0
Homebuilding	0.0	0.0	1.0
Hotels, Resorts & Cruise Lines	0.5	0.0	0.0
Publishing	0.0	0.0	0.0
Health Care Facilities	0.0	0.0	0.0
Diversified REITs	9.8	7.1	10.0
Industrial REITs	3.5	5.5	3.7
Office REITs	12.9	13.7	8.1
Residential REITs	8.0	16.5	6.8
Retail REITs	24.9	23.7	18.3
Specialized REITs	11.4	25.7	10.1
Diversified Real Estate Activities	16.9	0.0	17.8
Real Estate Operating Companies	5.9	1.8	12.2
Real Estate Development	3.5	0.0	11.8
Cash	2.5	6.1	0.0
Other	0.0	0.0	0.0
Market Capitalization (%)			
Large (\$15.0B-Above)	43.5	61.2	35.1
Mid/Large (\$7.0-15.0B)	21.4	6.1	14.5
Mid (\$1.0-7.0B)	32.2	25.6	45.1
Small/Mid (\$0.5-1.0B)	0.2	1.0	4.2
Small (\$0.0-0.5B)	0.2	0.0	1.1
Cash	2.5	6.1	0.0

Historical Performance

Return and Risk Summary

As of June 30, 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	-3.7	4.7	11.9	12.7	14.4	17.1	4.1	25.3	3.4	23.2	NA	NA
MS Global Real Estate Fd	-2.8	4.2	14.1	12.3	14.4	18.7	5.0	27.4	NA	NA	NA	NA
FTSE EPRA NAREIT GI Index	-4.3	5.9	14.2	12.1	15.7	17.8	4.4	26.9	3.2	24.4	10.9	21.7

Historical Performance

Return and Risk Summary

As of June 30, 2013

	Year To Date Return	2012 Return	2011 Return	2010 Return	2009 Return	2008 Return	2007 Return	2006 Return	2005 Return	2004 Return	2003 Return
ING Global Real Estate Fd	0.8	25.6	-5.3	15.2	33.9	-41.3	-6.5	40.8	NA	NA	NA
MS Global Real Estate Fd	1.3	30.2	-9.7	20.2	41.0	-45.0	-7.9	NA	NA	NA	NA
FTSE EPRA NAREIT GI Index	1.3	29.8	-6.3	20.4	38.3	-47.7	-7.0	42.4	15.4	38.0	40.7

MPT Stats

ING GIBI RE (IGLIX)

As of June 30, 2013

	3 Years	5 Years	7 Years	10 Years
Return	14.43	4.12	3.37	NA
Standard Deviation	17.14	25.30	23.20	NA
Downside Risk	10.71	18.69	17.21	NA
vs. FTSE EPRA NAREIT GI Index				
Beta	0.95	0.93	0.94	NA
Up Market Capture	93.20	94.61	96.84	NA
Down Market Capture	93.86	95.67	96.80	NA
Alpha	-0.44	-0.22	0.17	NA
Tracking Error	2.82	3.57	3.38	NA
Information Ratio	-0.43	-0.21	-0.06	NA
R-Squared	0.98	0.99	0.98	NA
Actual Correlation	0.99	0.99	0.99	NA
vs. Citigroup 3 Month T-Bill				
Sharpe Ratio	0.87	0.28	0.21	NA
Excess Return	14.95	7.16	4.78	NA
Excess Risk	17.14	25.33	23.22	NA

MPT Stats

MS Global Real Estate

As of June 30, 2013

	3 Years	5 Years	7 Years	10 Years
Return	14.39	5.01	NA	NA
Standard Deviation	18.65	27.41	NA	NA
Downside Risk	11.64	19.60	NA	NA
vs. FTSE EPRA/NAREIT Global Index				
Beta	1.04	1.01	NA	NA
Up Market Capture	97.39	101.56	NA	NA
Down Market Capture	100.69	99.86	NA	NA
Alpha	-1.64	0.54	NA	NA
Tracking Error	2.42	3.31	NA	NA
Information Ratio	-0.40	0.19	NA	NA
R-Squared	0.98	0.99	NA	NA
Actual Correlation	0.99	0.99	NA	NA
vs. Citigroup 3 Month T-Bill				
Sharpe Ratio	0.81	0.31	NA	NA
Excess Return	15.18	8.56	NA	NA
Excess Risk	18.65	27.44	NA	NA

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

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*Indicates performance is gross of fees.

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