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Town of Palm Beach Health Insurance Trust

Investment Performance Analysis

Period Ended December 31, 2014

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Tab I

Data released in the fourth quarter showed global economic conditions on the upside diverged further in the third quarter of 2014. The U.S. economy surprised as the Bureau of Economic Analysis reported 5.0% real GDP growth (annualized) in the third quarter—an increase from the 4.6% annualized growth rate reported for the second quarter. Across the euro area, real GDP advanced at an annual rate of 60 bps for the third quarter. Gains in France, Belgium, and Spain helped offset reversals in Italy and Austria, while Germany's economy plateaued (+30 bps). Japan's recession deepened with the economy contracting 1.9% in the quarter. China's growth rate slowed to 7.8%.

Central bank policies remained largely accommodative through the fourth quarter. Though the Fed ended its asset purchase program in October, the Federal Open Market Committee (FOMC) reiterated in December that, barring a substantial change in economic conditions, the federal funds rate target would remain at 0–0.25% for “a considerable time.” The Bank of Japan (BoJ), European Central Bank (ECB), and Bank of England (BoE) also maintained abnormally low policy rates through year-end. At the same time, the BoJ announced plans to expand the size and scope of its asset purchase program in an effort to reverse deflationary pressures. The ECB also stepped up its purchased assets during the quarter, but has yet to commit to a quantitative easing program.

Inflation across the Organisation for Economic Co-operation and Development (OECD) countries was stable, advancing 1.5% over the 12-month period ended November 2014. Energy prices declined 2.1% over the same period, while food prices advanced 2.5%. U.S. Bureau of Labor Statistics data for this time period reflected the dramatic decline in energy prices, with headline CPI rising 1.3%—a considerable change from the 1.7% increase for the 12-month period through October. Advances in food prices (+3.2%) were more than offset by declines in energy prices (–4.8%). Excluding food and energy, U.S. prices were 1.7% higher in the trailing year through November.

Unemployment across OECD countries was 7.2% at the end of November. The jobless rate remained elevated across the euro area (11.5%), where Italy, Portugal, and Spain reported the highest rates of unemployment. In contrast, the U.S. (5.8%), Canada (6.6%), and Japan (3.5%) remained below OECD levels for November. The U.S. rate dropped further in December to 5.6%, while Canada remained stable. Both countries experienced the lowest rates since 2008. The number of long-term unemployed (jobless for 27 weeks or more) in the U.S. has declined, comprising 30.7% of the unemployed in November, while labor force participation was at 62.8%.

U.S. housing prices increased for the 13th consecutive quarter. Per the Federal Housing Finance Agency's (FHFA) seasonally adjusted Purchase-Only House Price Index, housing prices advanced 0.9% in the third quarter and were 4.5% higher for the trailing year ended September 30, 2014. FHFA credited low interest rates and improving labor conditions as factors in the continued strength in home prices.

Oil prices plummeted in the fourth quarter after the Organization of the Petroleum Exporting Countries (OPEC) decided not to cut its official production target despite oversupply and declining global demand. Geopolitical risk and a stronger U.S. dollar (USD) also contributed to the decline. West Texas Intermediate (WTI) and Brent crude ended the quarter at \$53.27 and \$57.33 per barrel, each representing declines of more than 40% from the previous quarter.

Gold prices fell 1.9% to close the year at \$1,184.86 per ounce, or 1.7% lower on the year.

The USD appreciated relative to most major currencies during the calendar year. The Dollar Index Spot (DXY), which measures the performance of the USD against a basket of currencies, gained 12.8% for the year. Oil price declines contributed to a massive drop in the Russian ruble, which closed the quarter more than 34% lower in USD terms.

Historical Returns

Fourth Quarter 2014

Equity Index Returns	Qtr	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr
S&P 500	4.9	13.7	22.7	20.3	15.4	7.7
CRSP US Total Market	5.2	12.6	22.7	20.5	15.7	8.2
Russell 3000 (Broad Market)	5.2	12.6	22.6	20.5	15.6	7.9
Russell 1000 (Large Cap)	4.9	13.2	22.8	20.6	15.6	8.0
Russell Midcap	5.9	13.2	23.5	21.4	17.2	9.6
Russell 2000 (Small Cap)	9.7	4.9	20.7	19.2	15.5	7.8
MSCI ACWI (USD)	0.4	4.2	13.1	14.1	9.2	6.1
MSCI ACWI (Local)	2.9	9.3	17.1	16.7	10.4	6.5
MSCI ACWI ex-U.S. (USD)	-3.9	-3.9	5.3	9.0	4.4	5.1
MSCI ACWI ex-U.S. (Local)	1.1	6.0	12.8	14.0	7.0	6.1
MSCI EAFE (USD)	-3.6	-4.9	8.1	11.1	5.3	4.4
MSCI EAFE (Local)	1.8	5.9	16.0	16.4	7.7	5.3
MSCI EM (USD)	-4.5	-2.2	-2.4	4.0	1.8	8.4
MSCI EM (Local)	0.0	5.2	4.3	8.4	4.8	9.9
S&P Developed ex-U.S. (Small Cap)	-2.6	-3.4	10.3	13.0	8.5	6.8
London - FTSE 100*	-0.2	1.0	9.7	9.9	8.1	7.4
Japan - Nikkei 225*	8.0	8.9	31.8	29.6	12.7	6.0
Hong Kong - Hang Seng*	3.2	5.3	5.9	12.6	5.1	8.8
China - Shanghai Composite*	36.9	57.8	23.2	17.1	2.2	12.1
40% R 3000/40% EAFE/20% EM	-0.3	2.4	11.5	13.4	8.8	6.8

Fixed Income Index Returns	Qtr	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr
LIBOR US 3m	0.1	0.2	0.3	0.3	0.3	1.9
Citigroup 3m T-Bill	0.0	0.0	0.0	0.1	0.1	1.5
BOA ML 1-3 Yr Treasury	0.2	0.6	0.5	0.5	1.1	2.5
Barclays 3-10 Yr Treasury	1.7	4.3	0.7	1.4	4.3	4.7
Barclays 5-10 Yr Treasury	2.3	6.4	0.7	1.7	5.3	5.2
Barclays Long-Term Treasury	8.6	25.1	4.5	4.2	10.0	7.5
Barclays Credit	1.8	7.5	2.6	4.8	6.3	5.5
Barclays Gov't/Credit	1.8	6.0	1.7	2.8	4.7	4.7
Barclays Aggregate	1.8	6.0	1.9	2.7	4.4	4.7
Barclays Municipal	1.4	9.1	3.1	4.3	5.2	4.7
Barclays High Yield	-1.0	2.5	4.9	8.4	9.0	7.7
JPM Global Bond	-0.9	0.7	-1.9	-0.9	2.1	3.4
JPM Non-U.S. Bond	-2.9	-2.5	-3.8	-2.3	1.1	2.8
JPM Global Bond-Hedged	2.8	8.5	4.0	4.1	4.5	4.7
JPM Non-U.S. Bond-Hedged	3.1	9.9	5.6	5.5	4.9	4.8
JPM EMBI+	-0.9	6.2	-1.3	4.7	7.0	7.7
JPM GBI-EM Global Div Bond	-5.7	-5.7	-7.4	0.1	2.6	6.7
JPM GBI-EM Global Div Bond-Hedged	1.0	3.2	-0.6	2.5	4.1	5.1

Illiquid Partnerships	Qtr	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr
Private Real Assets (as of 9/30/2014)						
NCREIF Property Index	2.6	11.3	11.1	11.1	11.0	8.6
Apartment	2.5	10.0	10.4	10.9	12.1	8.3
Industrial	2.9	12.4	12.0	11.7	10.6	8.3
Office	2.8	10.7	10.2	10.1	10.0	8.2
Retail	2.3	13.1	13.2	12.8	12.0	9.7
NCREIF Timber Index	1.5	10.4	10.0	7.4	3.6	8.3
Private Equity (as of 6/30/2014)						
VC: Early Stage	3.3	31.6	18.9	14.3	15.4	9.5
VC: Late/Expansion Stage	-1.3	24.7	16.7	12.0	17.7	12.1
VC: Multi - Stage	4.2	28.0	18.0	13.0	13.2	10.5
Growth Equity	4.6	25.2	17.5	12.0	16.1	13.5
Buyout: Small Cap	3.2	17.5	13.1	10.6	16.5	19.8
Buyout: Mid Cap	3.8	16.6	14.0	10.1	13.9	17.2
Buyout: Large Cap	5.1	22.5	17.4	11.8	16.9	15.4
Buyout: Mega Cap	5.4	24.8	21.8	13.8	18.5	12.7

MSCI ACWI Sector	Qtr	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr
Consumer Discretionary	5.8	3.9	19.2	20.8	16.2	8.1
Consumer Staples	3.5	7.3	13.3	14.0	13.2	10.7
Energy	-15.2	-12.8	-0.0	1.0	2.5	6.5
Financials	1.6	4.1	13.4	18.4	7.2	1.7
Health Care	3.0	18.8	27.5	24.3	16.9	10.2
Industrials	1.1	0.7	14.5	15.2	11.5	7.2
Information Technology	4.1	15.7	21.2	19.4	12.8	8.0
Materials	-5.1	-6.1	-2.7	2.0	0.5	6.1
Telecom	-2.9	-1.3	11.0	10.2	8.7	6.8
Utilities	3.7	15.2	13.6	10.0	5.4	7.1

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)	-1.4	1.1	6.7	7.4	6.0	5.6
HFRI Relative Value (Total)	-0.5	4.5	5.8	7.4	6.7	6.3
HFRI RV: FI-Convertible Arbitrage	0.3	2.4	5.2	6.3	5.3	4.8
HFRI EH: Equity Market Neutral	2.0	3.9	5.2	4.4	2.8	2.8
Directional Hedge						
HFRI Equity Hedge (Total)	0.4	2.3	8.1	7.9	4.9	4.7
HFRI Macro (Total)	3.1	6.4	2.9	1.9	1.9	4.4
HFRI Emerging Markets (Total)	-3.9	-2.3	1.5	4.4	1.7	6.1
HFRI EH: Short Bias	-1.7	-3.4	-11.4	-13.4	-11.8	-5.5
Fund of Funds						
HFRI FOF Strategic	0.7	2.8	6.6	6.3	3.4	3.4
HFRI FOF Diversified	0.9	3.2	6.1	5.7	3.4	3.1
HFRI FOF Conservative	0.0	2.8	5.2	4.9	3.2	2.4

Real Assets and Inflation	Qtr	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr
REITs						
FTSE EPRA/NAREIT Dev'd	8.1	15.9	10.0	15.9	12.0	-
Commodities						
Bloomberg Commodity	-12.1	-17.0	-13.3	-9.4	-5.5	-1.9
S&P GSCI	-27.7	-33.1	-18.7	-12.9	-6.5	-4.8
Natural Resources						
S&P NA Natural Resources	-13.9	-9.8	2.5	2.4	4.3	7.7
Inflation-Protected Bonds						
Barclays U.S. TIPS	0.0	3.6	-2.7	0.4	4.1	4.4
Inflation						
U.S. CPI	-1.2	0.9	1.2	1.4	1.7	2.1
U.S. CPI Plus 5%	0.0	6.0	6.3	6.5	6.8	7.2

*Returns in local currency.

Note: All returns as of 12/31/2014, unless otherwise noted.

Option-Adjusted Spreads		
	Current QTR	1 Year Ago
U.S. High Yield	483	382
U.S. Corporate	131	114
U.S. IG Financials	117	109
CDX IG 5-Yr	66	62
CDX HY 5-Yr	356	307
Agency MBS	27	34
CMBS	98	126
ABS - Fixed Rate	58	55
ABS - Floating Rate	82	90
TED ¹	22	18
Emerging Markets (External)	365	298

¹ 3 month US LIBOR minus 3 Month US T Bills

U.S. Economy		
	Current QTR	1 Year Ago
Unemployment Rate	5.60%	6.70%
Quarterly GDP ²	5.00%	4.10%
Current Account Deficit ²	\$100.30	\$94.84
Annualized Current Account Deficit/GDP ²	2.30%	2.24%

² Statistics as of one quarter prior

Central Bank Activity		
	Current QTR	1 Year Ago
Fed Funds Rate	0-0.25%	0-0.25%
Bank of Japan Target Rate	0.10%	0.10%
European Central Bank Policy Rate	0.05%	0.25%
European Central Bank Deposit Facility Rate	-0.20%	0.00%
Bank of England Official Bank Rate	0.50%	0.50%

Inflation Forecast		
	Current QTR	1 Year Ago
10-Year Treasury Yield	2.17%	3.03%
10-Year Breakeven ⁴	1.68%	2.23%
5-Year Treasury Yield	1.65%	1.74%
5-Year Breakeven ⁴	1.21%	1.83%

⁴ Breakeven rates calculated by Bloomberg

Equity Market Valuations	Current QTR			1-Year Ago		
	Trailing P/E	Forward P/E	Div. Yield	Trailing P/E	Forward P/E	Div. Yield
S&P 500 Index	17.9x	17.2x	2.0%	17.1x	16.7x	1.9%
Russell 1000 Index	18.2x	17.5x	1.9%	16.9x	14.x	1.8%
Russell Midcap Index	20.9x	19.8x	1.6%	19.5x	18.7x	1.6%
Russell 2000 Index	20.5x	19.9x	1.3%	20.8x	20.5x	1.3%
Russell 3000 Index	18.3x	17.6x	1.8%	17.6x	17.2x	1.8%
Russell 3000 Growth Index	21.4x	19.7x	1.4%	20.9x	20.x	1.4%
Russell 3000 Value Index	16.1x	15.9x	2.2%	15.x	15.x	2.2%
MSCI ACWI Index	15.7x	15.7x	2.5%	15.7x	15.3x	2.4%
MSCI ACWI ex-U.S. Index	13.7x	14.2x	3.2%	14.5x	14.1x	3.0%
MSCI EAFE Index	14.6x	15.x	3.4%	15.7x	15.1x	3.1%
MSCI EM Index	11.2x	12.x	2.8%	11.4x	11.4x	2.6%
MSCI Frontier Markets Index	10.x	9.8x	4.2%	12.3x	12.2x	3.6%
London - FTSE 100*	17.4x	13.9x	4.7%	14.4x	14.x	3.6%
Japan - Nikkei 225*	19.8x	18.5x	1.5%	21.2x	20.4x	1.3%
Hong Kong - Hang Seng*	10.x	11.1x	3.8%	10.9x	11.1x	3.3%
China - Shanghai Composite*	14.4x	13.5x	2.0%	9.7x	9.x	3.0%

³ Returns in local currency

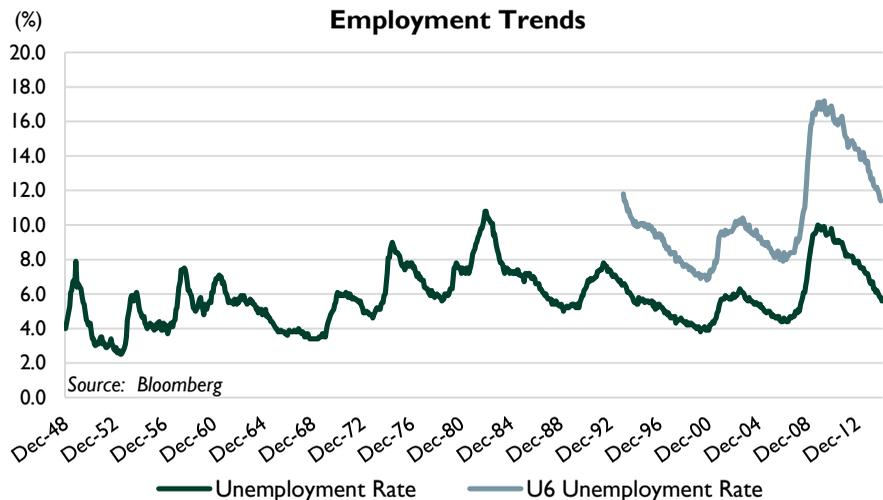
P/E excludes companies with negative earnings

U.S. Treasury Yields								Curve Steepness
Date	3-Mo T-Bill	6-Mo T-Bill	2-Yr Note	5-Yr Note	10-Yr Note	30-Yr Note	10-Yr - 2-Yr	
1 Year Ago	0.07%	0.09%	0.38%	1.74%	3.03%	3.97%	2.65%	
Current Quarter	0.04%	0.12%	0.67%	1.65%	2.17%	2.75%	1.50%	

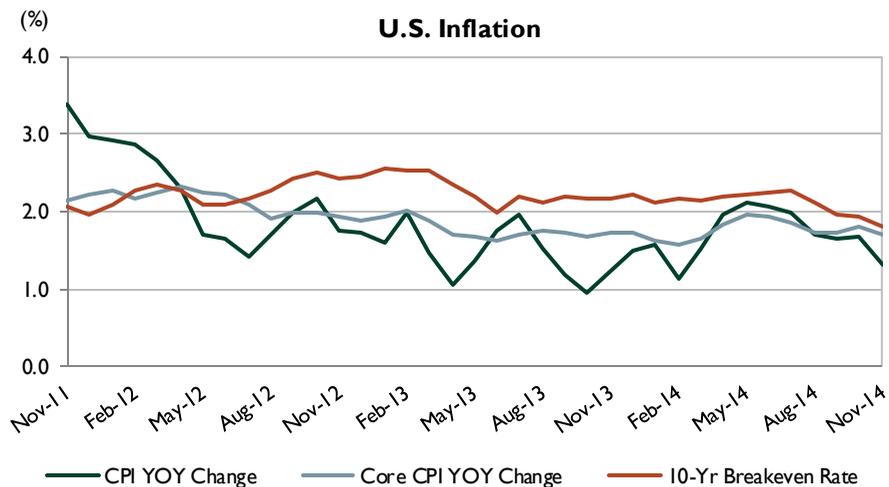
Currency Rates (per U.S. Dollar) (%)								
	MTD	QTD	YTD	1 Year	2 Year*	3 Year*	5 Year*	Current Spot Rate
U.S. Dollar Spot (DXY)**	2.2%	5.0%	12.8%	12.8%	6.4%	4.0%	3.0%	90.27
Canadian Dollar	-1.8%	-3.7%	-8.6%	-8.6%	-7.6%	-4.2%	-2.0%	1.16
Japanese Yen	-1.0%	-8.5%	-12.1%	-12.1%	-14.9%	-13.7%	-4.9%	119.78
British Pound	-0.4%	-3.9%	-5.9%	-5.9%	-2.1%	0.1%	-0.7%	0.64
Euro	-2.8%	-4.2%	-12.0%	-12.0%	-4.2%	-2.3%	-3.3%	0.83
Swiss Franc	-2.9%	-4.0%	-10.2%	-10.2%	-4.0%	-1.9%	0.8%	0.99
Australian Dollar	-3.9%	-6.6%	-8.4%	-8.4%	-11.3%	-7.2%	-1.9%	1.22
Brazilian Real	-3.5%	-8.0%	-11.1%	-11.1%	-12.2%	-11.1%	-8.1%	2.66
China Yuan/Renminbi	-1.0%	-1.1%	-2.4%	-2.4%	0.2%	0.5%	1.9%	6.21
GBP/Euro	2.5%	0.3%	7.0%	7.0%	2.3%	2.4%	2.7%	0.78
Yen/Euro	2.0%	-4.4%	-0.1%	-0.1%	-11.1%	-11.7%	-1.7%	144.85

*Annualized Price Change

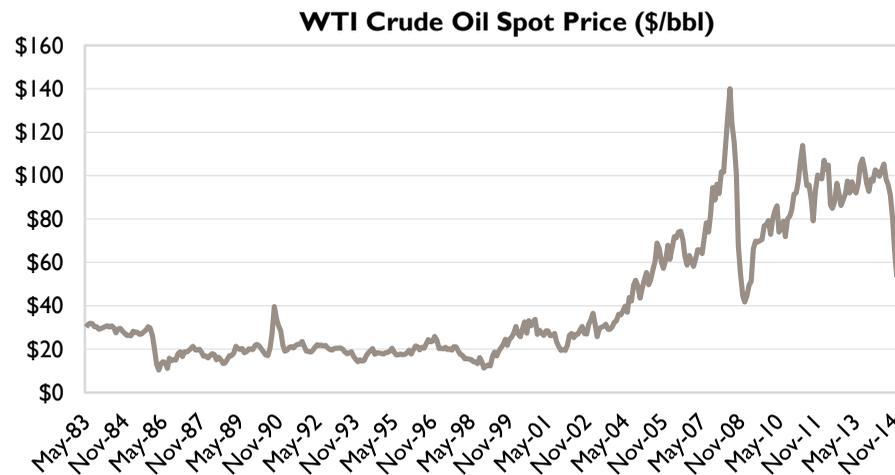
**Index measures value of USD relative to basket of foreign currencies.



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



The CPI climbed 1.3% year-over-year in November, while the Core CPI (excluding food and energy) rose by only 1.7%. Both measures continue to be well below historical averages, contained by excess capacity and resource slack in the economy. Ten-year breakeven rates continued to trend lower as falling oil prices and a lack of wage growth fostered less concern about future inflation.



The price of oil was stable throughout much of 2014 until September, when it started to decline sharply—driven by increased supply, the rising USD, and softer Chinese demand. By the end of December, WTI oil prices had fallen 46% to end the year just north of \$53.



U.S. real GDP increased at an annual rate of 5.0% in the third quarter, accelerating from the sharp reversal experienced during the second quarter. Estimates for the final quarter are approaching 3.0%, a trend that the Bloomberg survey expects to persist into the first several quarters of 2015.

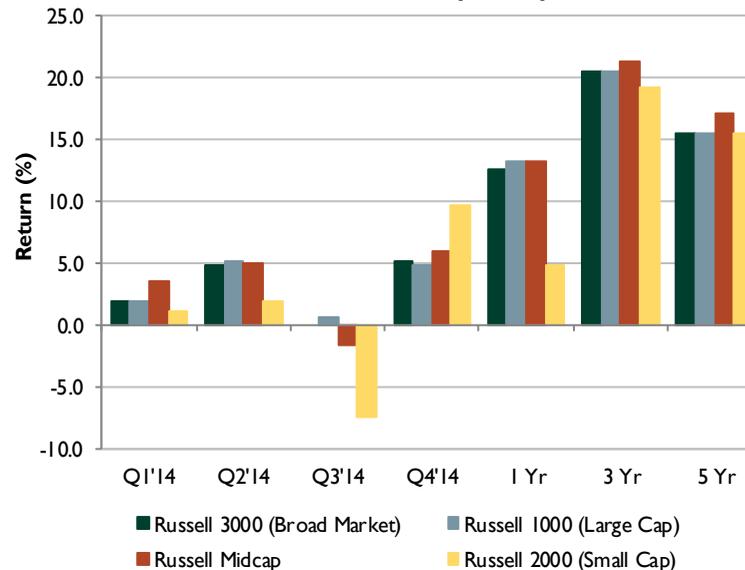
The Russell 3000 Index, a broad proxy for domestic equities, gained 5.2% during the final quarter of 2014 and rose 12.6% for the year. Volatility increased through the quarter, with the VIX Index, a measure of implied volatility, increasing 20% to 19.2%.

Energy stocks continued to fall, contracting an additional 13.1% from the previous quarter. Ending the year with a weight of 7.5% in the Russell 3000 Index, energy was the only segment to decline in 2014, down more than 10% for the year. The utilities sector reversed course and was the top performing sector in the quarter, improving 9%. For the year, health care and utilities were the top performing sectors. Consumer discretionary, IT, and financials also outperformed the broader Index for the year.

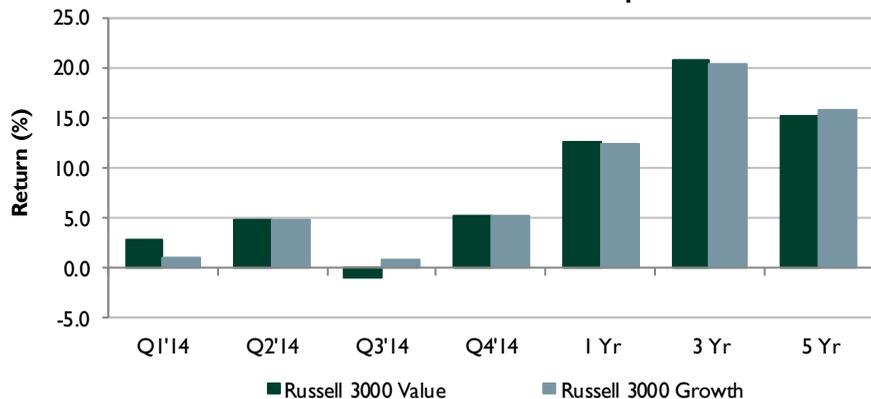
Large and mid cap stocks trailed small cap stocks during the quarter. The Russell 2000 Index was up 9.7% while the Russell Midcap and Russell 1000 gained 5.9% and 4.9%, respectively. For the year, large cap stocks were in line with mid caps at 13.2%. Despite strong performance in the final quarter (+4.9%), small cap stocks lagged for the year. Mid caps continued to be the best performing segment for the most recent three- and five-year periods, providing a challenging bogey for active managers. Less than 10% of active mid cap managers outperformed their respective benchmarks in 2014, with the average manager finishing roughly 500 bps behind their respective style benchmarks.

The Russell 3000 Value Index finished the quarter slightly ahead of the Russell 3000 Growth Index, contributing to value's outperformance over growth in 2014.

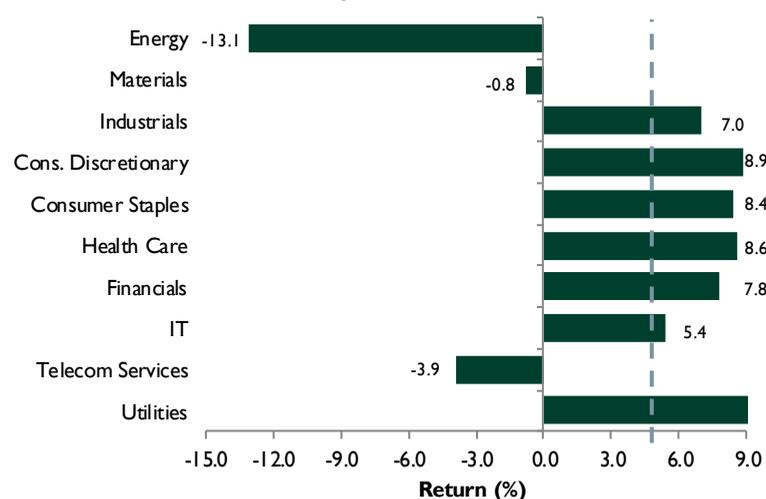
U.S. Market Cap Comparison



U.S. Growth vs. Value Comparison



Q4'14 U.S. Sector Returns*



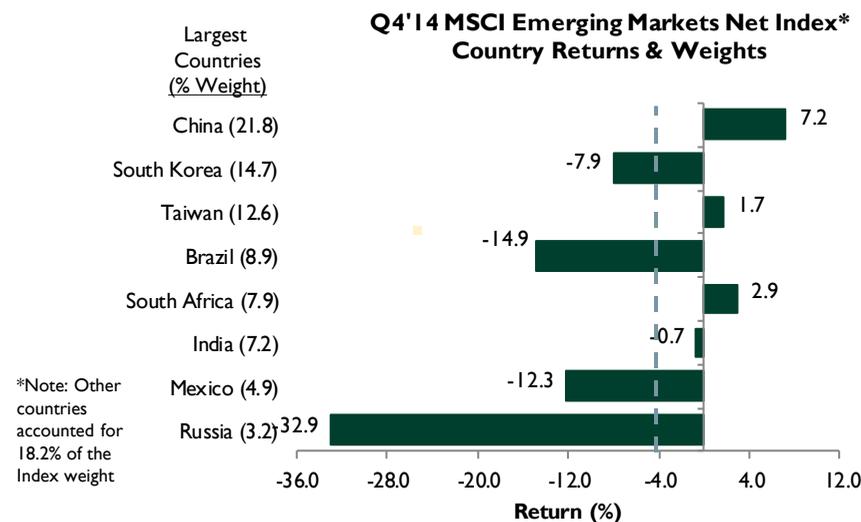
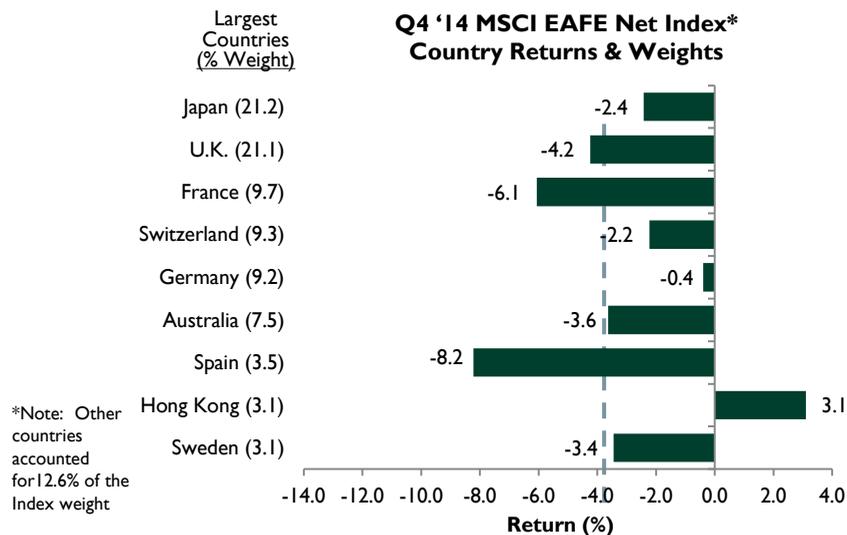
*Dotted line indicates total Russell 3000 Index return

Developed non-U.S. equities, as measured by the MSCI EAFE Index, fell 3.6% in the fourth quarter. The USD continued to surge as U.S. economic data remained positive and the Fed's monetary policy diverged further from other major developed markets. This weighed heavily on returns for U.S. investors; the benchmark posted a gain of 1.8% in local currency.

- The euro area continued to struggle, hampered by a number of factors such as stagnant inflation concerns and the impact political uncertainty in Greece could have on its future in the European Union. During the quarter, the region declined 5.1% in USD and 0.9% in local terms. Notable detractors included Portugal (-23.4% USD, -19.6% local), Italy (-13.4% USD, -9.6% local), and Spain (-8.2% USD, -4.1% local).
- Japan (-2.4% USD, +6.7% local) declined as the yen continued to fall relative to the USD. The local market proved resilient as investors responded positively to further monetary easing and the decision to delay an increase in consumption tax scheduled to take effect in November.
- Energy and materials again posted the most significant losses from a sector perspective as commodity prices continued to fall, while consumer discretionary was the only sector to post a gain within the broad Index.

Emerging markets equities faltered to close the year as the MSCI Emerging Markets Index declined 4.5% in the quarter and fell by 2.2% for the year. While returns across emerging nations differed widely due to a variety of country- and region-specific factors, declining commodity prices and currency movements had a pronounced impact on the developing world. Nearly all emerging currencies fell relative to the USD, erasing the modest gain of the Index in local terms.

- Russia (-32.9% USD, -6.1% local) experienced the most significant loss as geopolitical tensions persisted. Russia was hurt further by weak commodity prices and the decline of the ruble. Elsewhere in emerging Europe, Greece (-28.8% USD, -25.7% local) fell sharply amidst growing political uncertainty ahead of January's snap election.
- In Latin America, heavy oil exporters Brazil (-14.9% USD, -7.6% local) and Colombia (-22.9% USD, -9.2% local) were hurt by lower oil prices, which also led to significant currency declines.
- Within Asia, India (-0.7% USD, +1.5% local) and Indonesia (+0.6% USD, +2.3% local) continued to outpace the broad Index. China (+7.2% USD, +7.0% local) generated gains, particularly within financials, helped by speculation that the government would take further steps to boost the economy.



The U.S. Treasury yield curve continued to flatten, with the spread between the 2- and 10-year yield declining 44 bps to 1.50%. The 10-year yield dropped 35 bps to end the year at 2.17%, while the yield on the 2-year note increased 9 bps. In this environment, longer-term Treasuries (+8.6%) strongly outperformed. Counter to market expectations heading into the year, the 10-year yield declined 87 bps in 2014. The Treasury market returned 5.1%, while long-term U.S. Treasury securities gained 25.1%.

As anticipated, the FOMC announced the end of its asset purchase program, making its final securities purchased in October. The Committee maintains that the current environment allows it to be patient in terms of further normalization of monetary policy. Despite the end of the program, the FOMC stated it will continue to reinvest proceeds of maturing securities at least until the first increase of the federal funds rate, which is expected by many to occur at some point in 2015.

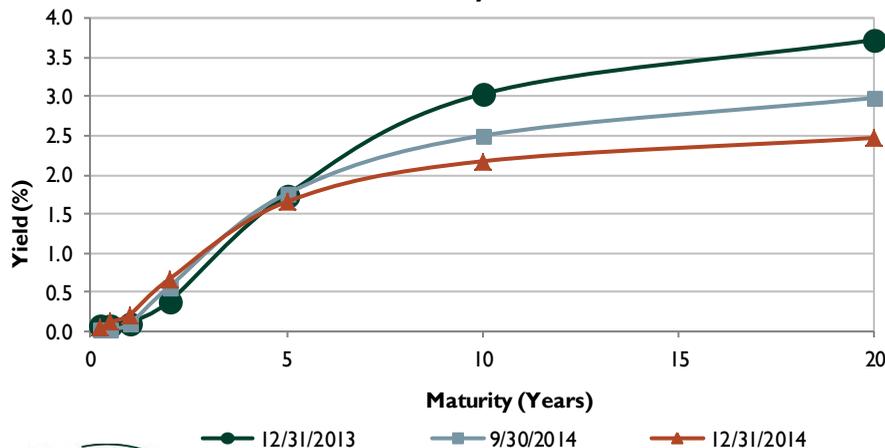
The Barclays Aggregate Index returned 1.8% in the quarter, as all major sectors generated modest gains. Returns were strongest within the U.S. Treasury sector (+1.9%); however, the corporate and securitized sectors both produced solid performance. From a maturity perspective, longer-term securities generally outperformed as the curve flattened. Higher quality securities also largely outperformed, while BBB-rated securities (+1.3%) trailed the broad market.

Despite modest spread widening, the U.S. corporate sector returned 1.8% as interest rates dropped. Investment-grade corporate option-adjusted spreads (OAS) widened 22 bps to end at 134 bps. Higher quality corporates continued to outperform, with AAA-rated securities returning 3.2% vs. 1.2% for BBB-rated bonds. Investment-grade bond issuance remained strong during the quarter, ending the year at \$1.1 trillion—a new single-year record, according to SIFMA.

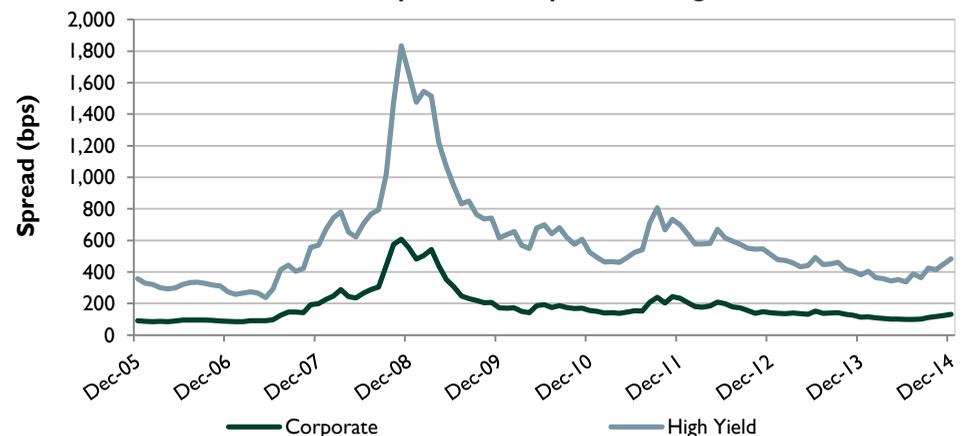
Securitized securities (+1.7%) generated positive performance as agency mortgage-backed securities (MBS), asset-backed securities (ABS), and commercial MBS (CMBS) all posted gains. The Fed's continued reinvestment of mortgage paydowns provided ongoing support for the MBS market (+1.7%). CMBS (+1.5%) benefited from an improving economic outlook and limited supply.

High yield bonds (-1.0%) declined in the quarter. A broad sell-off in energy (-10.6%) caused a sentiment shift in the asset class and spreads widened accordingly. This sentiment shift also caused investors to pull money from high yield mutual funds, which experienced outflows of 1.7% for the quarter and 6.2% for the year, according to data available in the Morningstar database. Outside of energy, most high yield sectors delivered positive performance in the quarter. From a quality perspective, BB-rated bonds (+0.9%) outperformed B-rated (-1.5%) and CCC-rated (-3.9%) debt. A similar dynamic occurred in the loan space.

U.S. Treasury Yield Curve



OAS Comparison – Corporate vs. High Yield



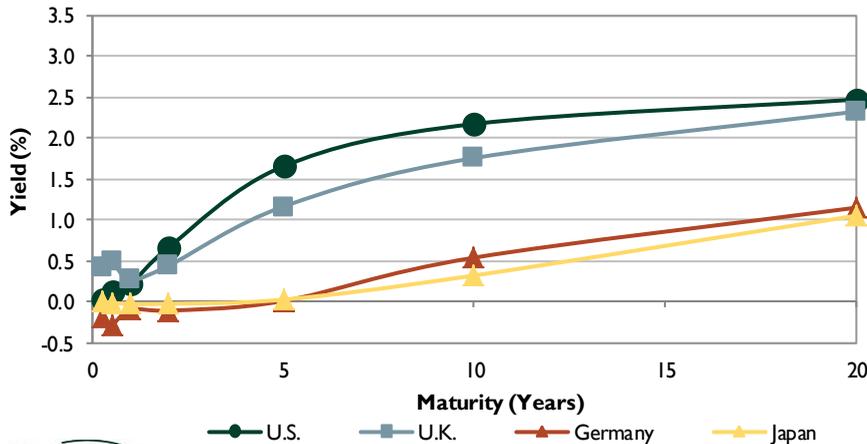
Russia raised policy rates three times during the quarter, including 150 bps in October, 100 bps on December 11th, and—in an effort to support the ruble—another 650 bps five days later. The Swiss National Bank also made a significant move, reducing its deposit rate to -0.25% to defend the Swiss franc/euro peg. Facing disinflationary pressures, Sweden and Norway each reduced rates. Meanwhile, Eastern European nations such as Poland, Romania, and Serbia eased policy as concerns regarding tepid euro area growth and the threat of deflationary pressures intensified. The Fed completed its quantitative easing program early in the quarter, while dovish rhetoric from the ECB and BoJ pointed to additional policy accommodation.

The Dollar Spot Index gained 5.0% with all of the underlying currencies falling. The worst performers were the Japanese yen (-8.5%) followed by the Swedish krona (-7.6%). There was also weakness in the euro (-4.2%) and British pound (-3.9%). Other developed markets also fell, including Norway (-13.8%), Australia (-6.5%), and Denmark (-4.3%). EM currencies fared worse, particularly within the Americas as Colombia (-14.8%), Mexico (-9.0%), and Brazil (-8.9%) weakened. Asia-Pacific experienced declines in Malaysia (-6.2%), Singapore (-3.8%), and South Korea (-3.3%). The most striking declines occurred in Russia (-34.8%), Ukraine (-18.1%), and Nigeria (-10.7%). Other noteworthy weakness was experienced in Poland (-6.6%), Hungary (-6.0%), and Singapore (-3.8%). The only currencies that strengthened were Uruguay (+1.7%), the Philippines (+0.6%), and Hong Kong (+0.1%).

Persistent USD strength continued to foster divergence between unhedged and hedged global bond returns. The Barclays Global Treasury ex-U.S. Index fell 3.1% in unhedged USD terms and underperformed the 2.9% return of the Index when strength of the dollar is eliminated. Local market returns were fairly strong across the board with the exception of declines in Russia (-15.0%) and Malaysia (-0.7%). Notable gainers included the U.K. (+6.5%), Australia (+4.1%), Norway (+3.7%), and Denmark (+3.4%). Japan, the largest market, gained 2.3% in local terms, but yen weakness caused it to fall 6.4% in USD terms. Similarly, the low single-digit gains that were broadly achieved in local terms were wiped out by weakness in the euro, Nordic currencies, and Central/Eastern European currencies.

The Barclays EM Local Currency Government Bond Index dipped 4.2% in unhedged terms and gained 1.2% in hedged terms. Oil price declines hurt local returns of Russia (-15.0%), Nigeria (-9.6%), Brazil (-0.5%), and Mexico (-0.3%). USD strength hurt unhedged returns with significant weakness in EM EMEA (-6.5%), which was negatively impacted by Russia (-43.8%), Nigeria (-17.1%), and Poland (-6.5%). EM Americas (-7.0%) was the worst region as currency declines lead weakness in Colombia (-14.6%), Mexico (-6.1%), and Brazil (-5.9%). EM Asia (-1.0%) was the strongest region due to gains in Indonesia (+4.0%), Philippines (+3.9%), and Thailand (+2.6%), which offset Malaysia (-6.3%) and South Korea (-2.2%).

Global Yield Curves as of December 31, 2014



Sources: Bloomberg, Barclays

OAS Comparison - Global Corporate vs. Global High Yield



North American private equity raised \$38 billion from 101 funds during the third quarter of 2014. It was the lowest level of capital raised for North America-focused funds since the third quarter of 2011, when 85 vehicles raised \$33 billion. The lack of mega-buyout funds that closed was a significant factor in the low fundraising figure for the third quarter. Globally, 51 Europe-focused funds closed, raising \$28 billion, while 29 Asia-focused funds collected \$11 billion in total.

North America private equity-backed buyout activity increased to an aggregate deal volume of \$51.1 billion, the highest level in the past six quarters. The level represented a nearly 32% increase from the second quarter volume. Buyouts in North America also accounted for a larger portion of the overall global private equity volume, which was 61% during the quarter.

In the U.S. the median valuation-to-EBITDA multiple came in at 9.7x for third quarter. The median debt-to-EBITDA multiple remains elevated at 6.9x, but the median equity-to-EBITDA multiple came down to 2.7x from 3.5x in the third quarter of 2013. Private equity investors have spent more capital in the U.S. middle market so far this year. Just under half of the amount invested through the third quarter of 2014 has been in the deal size range of \$100–500 million.

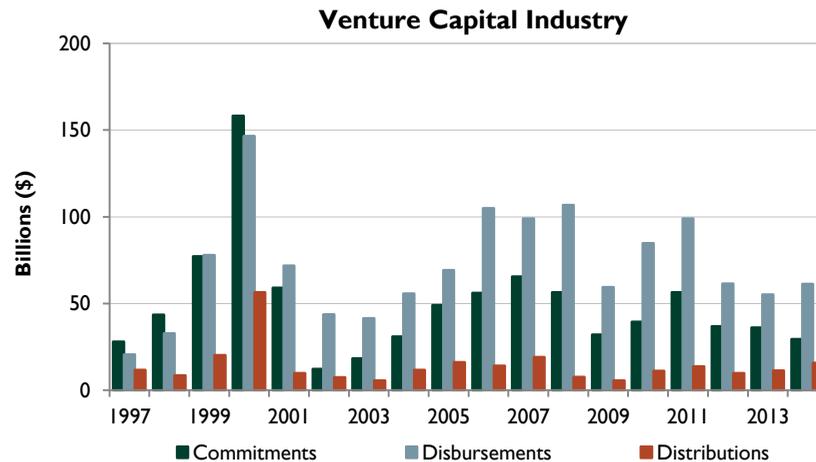
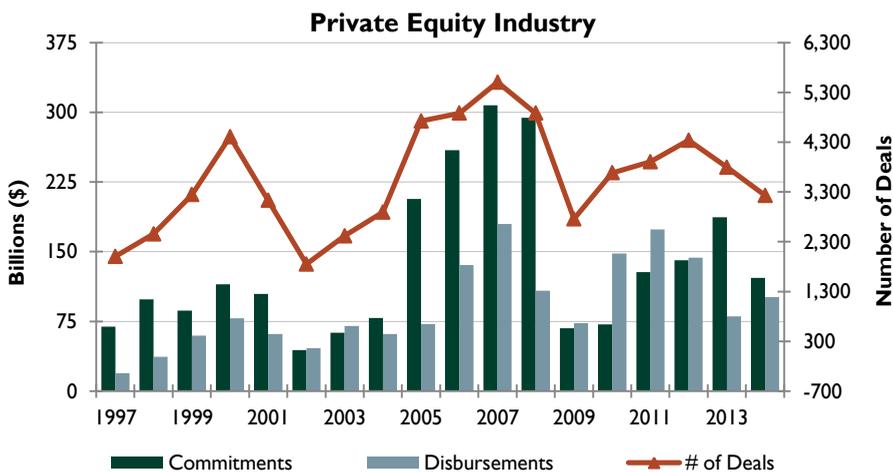
Sixty U.S. venture capital funds raised \$6.1 billion during the quarter—a 26% decrease in dollar commitments from the second quarter.

Commitments were allocated to 36 follow-on funds and 24 new funds, with 88% of new capital committed going to follow-on funds. There were 23 venture-backed initial public offerings during the quarter, valued at \$2.5 billion. This represented an 18% decrease in the number of deals from the second quarter and a 52% decrease in the dollar amount.

The total dollar volume of U.S. mergers and acquisitions declined 10% from the second quarter, while the transaction count increased 2%. This is contrasted to middle market mergers and acquisitions that experienced both transaction counts and dollar volume declines quarter-over-quarter by 1% and 19% respectively.

Market conditions remained issuer-friendly during the third quarter, but began to soften as issuance was up 4% from the prior year levels. Refinancing volume fell to a three-year low of \$28 billion in the third quarter—a 53% decrease from the second quarter and a 30% decline from the prior year. This was expected given how much refinancing has been done recently.

(as of June 30, 2014)



Marketable global real estate securities advanced 8.1% during the fourth quarter, as measured by the FTSE EPRA/NAREIT Developed Index. USD-denominated return dispersion was wide among the U.S. (+14.4%), Europe (+3.8%) and Asia (+0.7%). The strong gains in domestic REITs were posted in an environment of falling interest rates, strong global demand for U.S. real estate exposure, improving property market fundamentals, and a growing U.S. economy. The advance of European REITs occurred despite the euro weakening against USD (-4.2% vs. USD) as demand for exposure to prime property markets in the U.K. and other core European cities continued to be strong. Asian USD-denominated returns for marketable real estate securities were up only marginally as the yen (-8.5% vs. USD) and other Asian currencies declined sharply against the USD, effectively negating stronger overall local currency returns.

The Bloomberg Commodity Index declined 12.1%, bringing the calendar year return slide to 17.0%. Three of the four major sub-sectors produced negative returns—energy (-36.6%), industrial metals (-6.2%), and precious metals (-3.9)—while agriculture advanced 5.6%. The energy sub-sector, which accounts for nearly one-third of the Index weighting, led the overall retreat. The sharp decline in oil prices accelerated, with WTI falling 41.6% and Brent dropping 40.5%. The sell-off began in the summer following steady increases in global supply and declines in demand, and was fueled further by OPEC’s late November decision (led by Saudi Arabia) to maintain the cartel’s production target and not support sliding prices. The decision sparked a price war among member countries, as Saudi Arabia and others cut prices to European and Asian buyers to shore up market share.

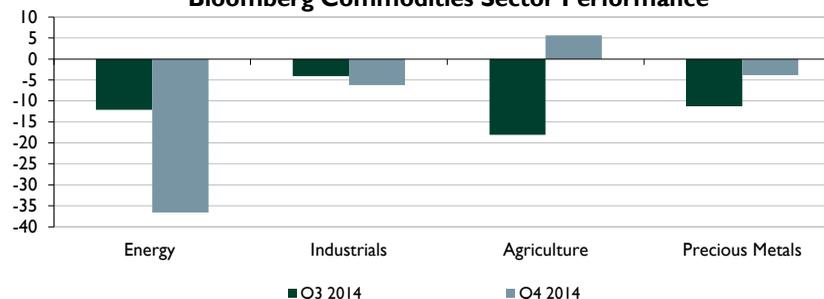
The NCREIF Property Index returned 3.0% during the quarter. The index has now delivered positive returns in every quarter over the past five calendar years. During the quarter, all five property types posted positive returns, led by hotels (+4.3%), industrial (+3.9%), and office (+3.1%). The positive returns continued to be driven by a number of factors, including the sustained investor appetite for core domestic real estate, which has produced attractive relative yields in the current low interest rate environment. Other factors include access to low cost debt financing, an improving economy, and stronger underlying space demand and supply fundamentals. Overall, demand and leasing rates have strengthened but at varying clips depending on sector and market. Supply has remained at historically low levels for most sectors, with the exception of apartments and hotels in certain markets. As investor demand and stronger fundamentals for core assets in primary markets have driven valuations well beyond their pre-crisis highs, both domestic and international capital have increasingly turned to well-located core/stabilized assets in secondary markets. Select secondary markets are attractive due to their lower relative valuations, diverse and growing economies, and skilled labor pools.

U.S. TIPS were flat for the quarter. The real yield curve experienced a bearish flattening as yields increased in maturities of 1–8 years but declined in those 9 years and longer. On average, real yields in the 1–5 and 5–10 year ranges rose 52 bps and 10 bps, respectively, while those 10 years and longer fell 15 bps. As a result, TIPS maturing in the next 5 years fell an average of 1.6% vs. a drop of 0.5% in the 5-10 year range and a 2.9% rise for those 10 years and longer. In addition to rising real yields, inflation expectations moderated with falling commodity prices; 5- and 10-year breakevens fell 39 bps (to 1.3%) and 27 bps (to 1.7%), respectively. Higher real yields and falling inflation expectations caused U.S. TIPS to underperform nominal U.S. Treasury across the maturity spectrum.

Public Real Estate



Bloomberg Commodities Sector Performance



The HFRI Fund Weighted Composite gained 0.7% in the fourth quarter to finish with a 3.6% gain for the calendar year. Major strategy results ranged from 3.1% for the HFRI Macro Index to -3.9% for the HFRI Emerging Markets Index. Short bias, event driven, and relative value strategies also fell during the quarter. While it was a difficult year overall, manager selection within the hedge fund space continued to meaningfully impact results. Morgan Stanley's prime brokerage group estimated the year-to-date performance difference between top- and bottom-quartile long/short managers was more than 800 bps through November.

Many long/short equity hedge funds generated positive results for the quarter thanks to returns in November and December, as the market volatility witnessed in the first half of October was short-lived. This two-week period was among the most difficult periods for long/short equity and event-driven managers since the 2008 market crisis. Managers did not see a change in company fundamentals, but more of a technical sell-off as a result of the break in the AbbVie/Shire merger, which had a ripple effect in the market. Companies such as SunEdison (-23%), Actavis (-21%), and Micron (-13%) fell sharply from the end of September to mid-October, but rallied back to finish the quarter in positive territory. Managers that held on to their positions during this period benefited from the snap-back, while some managers crystalized the losses. The HFRI Equity Hedge Index was up 0.4% in the quarter and finished 2014 at 2.3%. However, performance varied as some managers produced a strong quarter, but ended the year with low double-digit returns.

Event-driven managers had a difficult quarter as a series of unrelated events led to periods of volatility. The quarter began with a sharp sell-off in the price of Fannie Mae and Freddie Mac equity after a group of investors lost a lawsuit related to claims on the profits of the government-sponsored enterprises. This was followed by the aforementioned AbbVie/Shire merger deal break in mid-October after the U.S. government altered the tax code to make such tax inversion deals more difficult. The succession of events in October caused some managers to de-risk their portfolios, exacerbating losses on other popular event-driven trades. However, those that were able to add risk after the AbbVie-Shire deal broke recouped losses over the subsequent weeks.

The other factor dominating performance in the quarter was the decline in oil prices, which weighed heavily on the returns for shipping companies and oil companies. The energy sector issued considerable high-yield debt in the last several years, and the sharp decline in oil prices caused an aggressive sell-off in energy-related credit. Credit managers with exposure to energy-related companies were hit by this sell-off, particularly those that had exposure to performing high-yield credit in the sector. Distressed managers with exposure to TXU were also impacted while Lehman Brothers claims also traded down in sympathy with the broader credit market, despite a lack of negative news.

Goldman Sachs Hedge Fund VIP Basket*

Top 5 Q4 2014 Performers

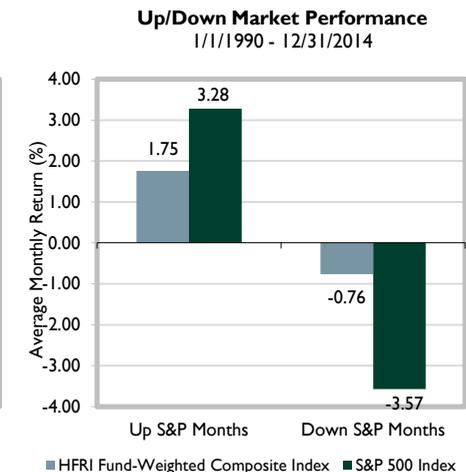
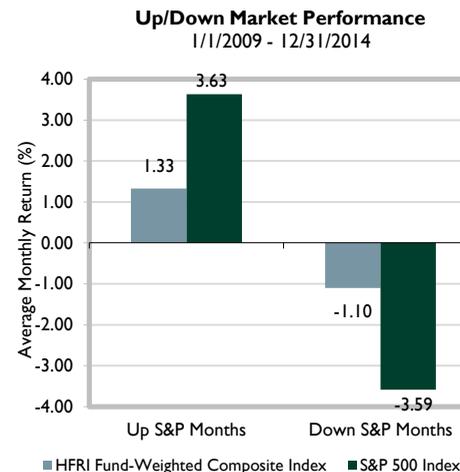
Company	Q4
American Airlines Group Inc	51.5%
United Continental Holdings Inc	43.0%
Delta Air Lines Inc	36.4%
Yahoo! Inc	24.0%
Mylan Inc/PA	23.9%
S&P 500 Index	4.9%

Bottom 5 Q4 2014 Performers

Company	Q4
Anadarko Petroleum Corp	-18.4%
Shire PLC	-18.0%
Williams Cos Inc/The	-17.8%
Cheniere Energy Inc	-12.0%
Google Inc	-9.8%
S&P 500 Index	4.9%

* 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.

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



Tab II

Total Fund Highlights

- The Town of Palm Beach Health Insurance Trust portfolio declined 0.5% during the final quarter of 2014. During calendar year 2014, the Total Fund gained 2.4% and finished in line with its Target Index. Overall the global equity segment (+2.1%) positively contributed to absolute performance, with the domestic equity segment (+4.8%) underperforming its benchmark Russell 3000 Index (+5.2%) by 40 bps. The international equity segment (-2.1%) contributed positively towards relative performance, outpacing its benchmark MSCI AC World ex USA Index (-3.9%) by 180 bps. The total flexible capital segment (-0.1%) contributed negatively towards relative performance, trailing its benchmark HFRI FOF Composite Index (+0.9%). The total fixed income segment (-0.3%) contributed negatively to relative performance, underperforming its benchmark Fixed Income Composite Index (+0.1%). The total inflation hedging segment (-15.0%) negatively contributed to absolute performance and underperformed its inflation hedging composite index (-12.7%).
- At quarter-end, total fund assets are valued at approximately \$25.7 million. Nearly all asset class segments are at their designated target allocations, or well within range, as a result of a portfolio rebalance at the end of September 2014.

Recent Actions Taken	Upcoming Agenda Items
<p>Fourth Quarter</p> <ul style="list-style-type: none"> • Replaced PIMCO CommoditiesPlus with Nuveen Gresham Diversified Commodities. • Replaced PIMCO Total Return II with JP Morgan Core Bond Select Fund. <p>Third Quarter</p> <ul style="list-style-type: none"> • No significant activity occurred. <p>Second Quarter</p> <ul style="list-style-type: none"> • PIMCO Commodity Real Return was liquidated and replaced with PIMCO CommoditiesPlus. • Vanguard Inflation Protected Securities was liquidated and replaced with Vanguard Short Term Inflation Protected Securities. • Completed rebalance towards policy targets which included redeploying \$1.0 million from cash. 	<ul style="list-style-type: none"> • 4Q14 Performance Review

Segment Performance

**Benchmark Dependent Metrics relative to S&P 500 Index
As of December 31, 2014**

	1 Quarter Return	1 Year Return	2 Years Return	3 Years Return	5 Years Return	Since Inception Return	Since Inception Standard Deviation	Since Inception Beta	Since Inception Actual Correlation	Inception Date
Total Fund	-0.5	2.4	9.3	10.1	7.8	3.1	10.2	0.6	0.9	Jul-07
Target Index	-0.8	2.4	8.1	8.5	7.2	3.3	9.6	0.6	1.0	Jul-07
Actual Index	-0.2	3.0	9.1	9.3	7.6	3.5	9.0	0.5	0.9	Jul-07
Consumer Price Index	-1.4	0.8	1.1	1.3	1.7	1.6	1.5	0.0	0.1	Jul-07
Domestic Equity	4.8	10.8	21.1	19.5	14.2	4.6	17.5	1.0	1.0	Jul-07
Russell 3000 Index	5.2	12.6	22.6	20.5	15.6	6.8	17.0	1.0	1.0	Jul-07
International Equity	-2.1	-0.3	12.0	15.7	8.3	1.9	21.0	1.2	0.9	Jul-07
MSCI AC World ex USA (Net)	-3.9	-3.9	5.3	9.0	4.4	-0.1	20.7	1.1	0.9	Jul-07
MSCI EAFE (Net)	-3.6	-4.9	8.1	11.1	5.3	-0.4	20.1	1.1	0.9	Jul-07
Total Flexible Capital	-0.1	1.9	7.3	7.9	5.5	3.8	5.5	0.2	0.7	Jul-07
HFRI Fund of Funds Composite Index	0.9	3.3	6.1	5.7	3.3	0.7	5.8	0.3	0.7	Jul-07
Total Fixed Income	1.1	3.0	0.9	2.2	3.2	3.3	5.7	0.3	0.7	Jul-07
Fixed Income Composite Index	1.1	3.5	1.2	1.6	2.9	3.9	4.7	0.2	0.7	Jul-07
Total Inflation Hedging	-15.0	-13.8	-8.3	-4.7	1.2	-5.9	15.3	0.2	0.2	Jul-07
Inflation Hedging Composite Index	-12.7	-10.6	-4.9	-2.5	2.7	-0.3	12.0	0.2	0.2	Jul-07

Executive Summary

Town of Palm Beach

Health Insurance Trust

Preliminary as of December 31, 2014

Market Value	% of Portfolio		QTR Ended Mar-14	QTR Ended Jun-14	QTR Ended Sep-14	QTR Ended Dec-14	Calendar YTD	1 YR	2 YRS	3 YRS	5 YRS	Return Since	Inception Date
\$25,679,474	100.0	Total Fund	1.4	3.8	-2.3	-0.5	2.4	2.4	9.3	10.1	7.8	3.1	Jul-07
		Target Index	1.6	3.9	-2.1	-0.8	2.4	2.4	8.1	8.5	7.2	3.3	Jul-07
		Actual Index	1.4	3.9	-2.0	-0.2	3.0	3.0	9.1	9.3	7.6	3.5	Jul-07
		Consumer Price Index	1.4	0.9	-0.1	-1.4	0.8	0.8	1.1	1.3	1.7	1.6	Jul-07
\$12,822,583	49.9	Global Equity	1.4	4.9	-2.0	2.1	6.5	6.5	17.6	18.0	11.9	3.6	Jul-07
\$8,114,693	31.6	Domestic Equity	2.0	4.7	-1.0	4.8	10.8	10.8	21.1	19.5	14.2	4.6	Jul-07
		Russell 3000 Index	2.0	4.9	0.0	5.2	12.6	12.6	22.6	20.5	15.6	6.8	
\$5,684,134	22.1	Fidelity Spartan Total Market Index Advisor Fund	2.0	4.8	-0.1	5.2	12.5	12.5	22.5	20.4	15.7	6.8	Jul-07
		Wilshire 5000 Index	2.0	4.8	0.0	4.9	12.1	12.1	22.6	20.4	15.7	6.9	
\$1,166,706	4.5	FPA Crescent Fund	2.0	2.9	-1.0	2.5	6.6	6.6	14.0	NA	NA	11.4	Apr-12
		S&P 500 Index	1.8	5.2	1.1	4.9	13.7	13.7	22.7	20.4	15.5	17.3	
		60% Russell 2500 / 40% BC Global Credit	2.5	3.3	-4.1	3.8	5.3	5.3	13.1	13.9	12.1	11.6	
		HFRI Equity Hedge (Total) Index	1.1	2.1	-1.4	0.0	1.8	1.8	7.9	7.7	4.8	5.8	
\$1,263,853	4.9	FMI Common Stock Fund	1.8	4.9	-4.9	4.8	6.5	6.5	18.6	NA	NA	13.2	Apr-12
		Russell 2500 Index	2.3	3.6	-5.3	6.8	7.1	7.1	21.0	20.0	16.4	16.7	
\$4,707,890	18.3	International Equity	0.5	5.2	-3.7	-2.1	-0.3	-0.3	12.0	15.7	8.3	1.9	Jul-07
		MSCI AC World ex USA (Net)	0.5	5.0	-5.3	-3.9	-3.9	-3.9	5.3	9.0	4.4	-0.1	
		MSCI EAFE (Net)	0.7	4.1	-5.9	-3.6	-4.9	-4.9	8.1	11.1	5.3	-0.4	
\$2,329,751	9.1	Dodge & Cox International Stock Fund	2.8	5.0	-2.7	-4.7	0.1	0.1	12.4	15.2	7.9	1.8	Jul-07
		MSCI AC World ex USA (Net)	0.5	5.0	-5.3	-3.9	-3.9	-3.9	5.3	9.0	4.4	-0.1	
\$2,378,139	9.3	Artisan International Institutional Fund	-1.8	5.4	-4.7	0.5	-0.7	-0.7	11.6	16.1	NA	9.3	Jul-11
		MSCI EAFE (Net)	0.7	4.1	-5.9	-3.6	-4.9	-4.9	8.1	11.1	5.3	4.0	

Executive Summary

Town of Palm Beach

Health Insurance Trust

Preliminary as of December 31, 2014

Market Value	% of Portfolio		QTR Ended Mar-14	QTR Ended Jun-14	QTR Ended Sep-14	QTR Ended Dec-14	Calendar YTD	1 YR	2 YRS	3 YRS	5 YRS	Return Since	Inception Date
\$4,986,976	19.4	Total Flexible Capital	1.0	2.0	-1.0	-0.1	1.9	1.9	7.3	7.9	5.5	3.8	Jul-07
		HFRI Fund of Funds Composite Index	0.6	1.5	0.3	0.9	3.3	3.3	6.1	5.7	3.3	0.7	
\$2,124,152	8.3	Forester Offshore A2, Ltd.	0.2	2.1	-0.3	3.8	5.8	5.8	10.4	10.1	6.5	5.3	Jul-07
		HFRI FOF: Strategic Index	0.6	1.7	-0.2	0.8	3.0	3.0	6.7	6.4	3.5	0.5	
\$2,862,824	11.1	Archstone Absolute Return Strategies Fund, Ltd. Class A	1.8	1.8	-1.5	-2.7	-0.6	-0.6	5.1	6.4	4.9	2.4	Jul-07
		HFRI FOF: Conservative Index	1.3	1.3	0.2	0.3	3.2	3.2	5.4	5.0	3.2	0.6	
\$5,177,561	20.2	Total Fixed Income	0.9	1.3	-0.3	1.1	3.0	3.0	0.9	2.2	3.2	3.3	Jul-07
		Fixed Income Composite Index	1.0	1.3	0.1	1.1	3.5	3.5	1.2	1.6	2.9	3.9	
\$2,870,776	11.2	JP Morgan Core Bond Select Fund	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	Jan-15
		Barclays U.S. Aggregate	1.8	2.0	0.2	1.8	6.0	6.0	1.9	2.7	4.4	NA	
\$2,306,784	9.0	Vanguard Short Term US Treasury Admiral Fund	0.2	0.4	-0.1	0.3	0.8	0.8	0.4	0.5	NA	0.6	Dec-11
		Barclays U.S. Treasury: 1-5 Year	0.2	0.5	0.0	0.4	1.2	1.2	0.5	0.6	1.8	0.7	
\$2,527,749	9.8	Total Inflation Hedging	3.9	6.9	-8.7	-15.0	-13.8	-13.8	-8.3	-4.7	1.2	-5.9	Jul-07
		Inflation Hedging Composite Index	3.8	7.8	-8.4	-12.7	-10.6	-10.6	-4.9	-2.5	2.7	-0.3	
\$767,309	3.0	Vanguard Short-Term Inflation Protected Securities Adm. Fund	NA	1.5	-1.4	-1.5	NA	NA	NA	NA	NA	-1.7	Mar-14
		Barclays U.S. Treasury: 0-5 Year TIPS Index	0.2	1.6	-1.4	-1.5	-1.1	-1.1	-1.4	-0.1	1.5	-1.7	
\$613,945	2.4	Nuveen Gresham Diversified Commodities Fund	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	Jan-15
		Bloomberg Commodity Index	7.0	0.1	-11.8	-12.1	-17.0	-17.0	-13.3	-9.4	-5.5	NA	
\$1,146,495	4.5	Van Eck Global Hard Assets I Fund	1.8	11.5	-10.5	-20.4	-19.1	-19.1	-5.2	NA	NA	-5.0	Apr-12
		S&P North American Natural Resources Sector	2.7	13.4	-10.0	-13.9	-9.8	-9.8	2.5	2.4	4.3	1.1	

Executive Summary

Town of Palm Beach

Health Insurance Trust

Preliminary as of December 31, 2014

Market Value	% of Portfolio		QTR Ended Mar-14	QTR Ended Jun-14	QTR Ended Sep-14	QTR Ended Dec-14	Calendar YTD	1 YR	2 YRS	3 YRS	5 YRS	Return Since	Inception Date
\$164,606	0.6	Total Liquid Capital	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.6	Jul-07
\$164,606	0.6	Government Stif 15	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.6	Jul-07
		Citigroup 3 Month T-Bill	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.6	

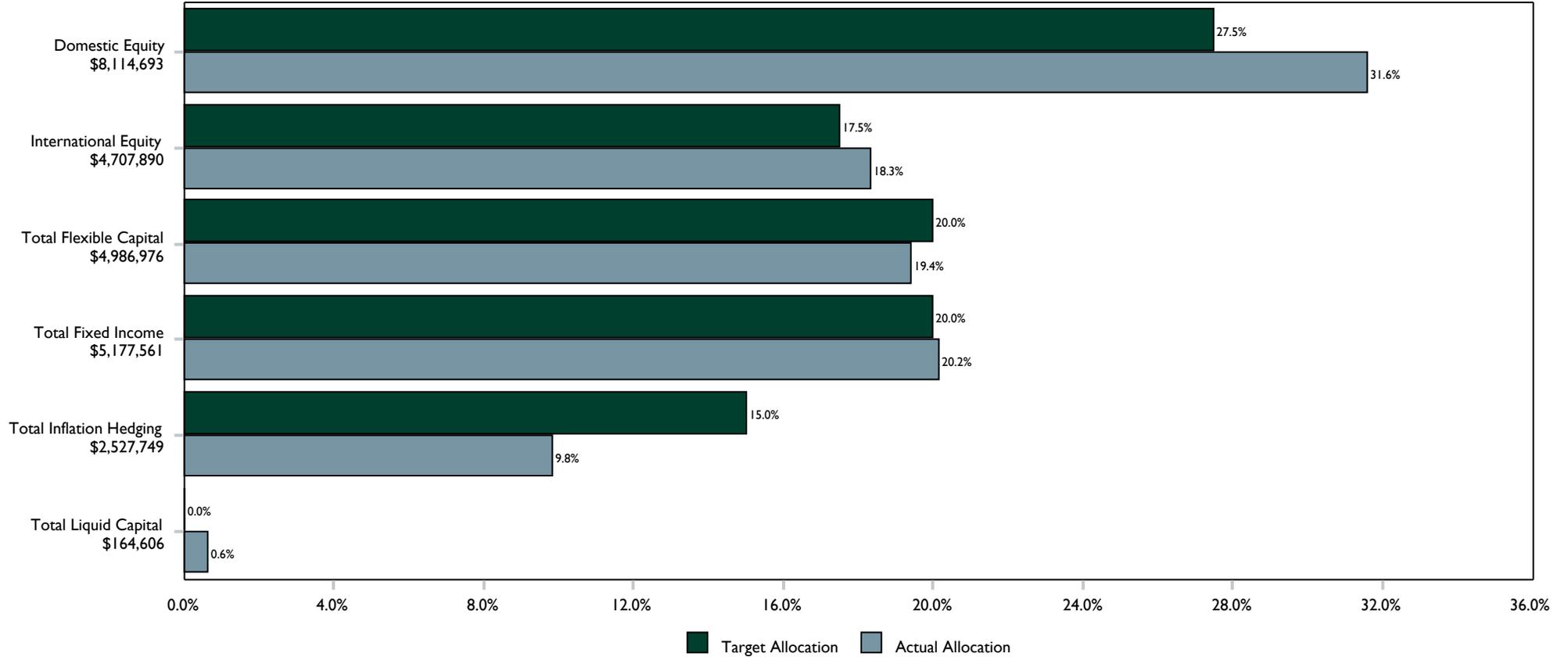
Please Note:

- Periods greater than one year are annualized
- Returns are net of investment management fees and gross of consulting fees unless otherwise stated
- Since inception returns are calculated from the first full month
- Actual Index calculated using manager allocations and index returns
- Performance and market values are subject to change based on statement availability from the investment manager/custodian
- Target Index (as of 9/01/2013): 27.5% Russell 3000 Index/ 17.5% MSCI ACWI ex USA/ 20% HFRI FOF Index/ 20% Fixed Income Composite Index/ 15% Inflation Hedging Composite Index
- Target Index (as of 12/01/2011): 27.5% Russell 3000 Index/ 17.5% MSCI EAFE Net Index/ 20% HFRI FOF Index/ 20% Fixed Income Composite Index/ 15% Inflation Hedging Composite Index
- Target Index reflects the policy limitations regarding international constraints
- Inflation Hedging Composite Index reflects manager allocations and index returns. Components have changed over time.
- Fixed Income Composite Index effective 12/01/2011: 50% Barclays U.S. Aggregate Index / 50% Barclays US Treasury: 1-5 Year Index
- Fixed Income Composite Index (prior to 11/30/2011): 50% Barclays Aggregate Index / 50% BOA Conv. Bond US Inv. Gr. Index
- Domestic Equity, Fixed Income, Inflation Hedging: Performance includes terminated managers
- Government Stif 15: Client specific cash performance not available. Citigroup Treasury Bill 3 Month Index is being reported.

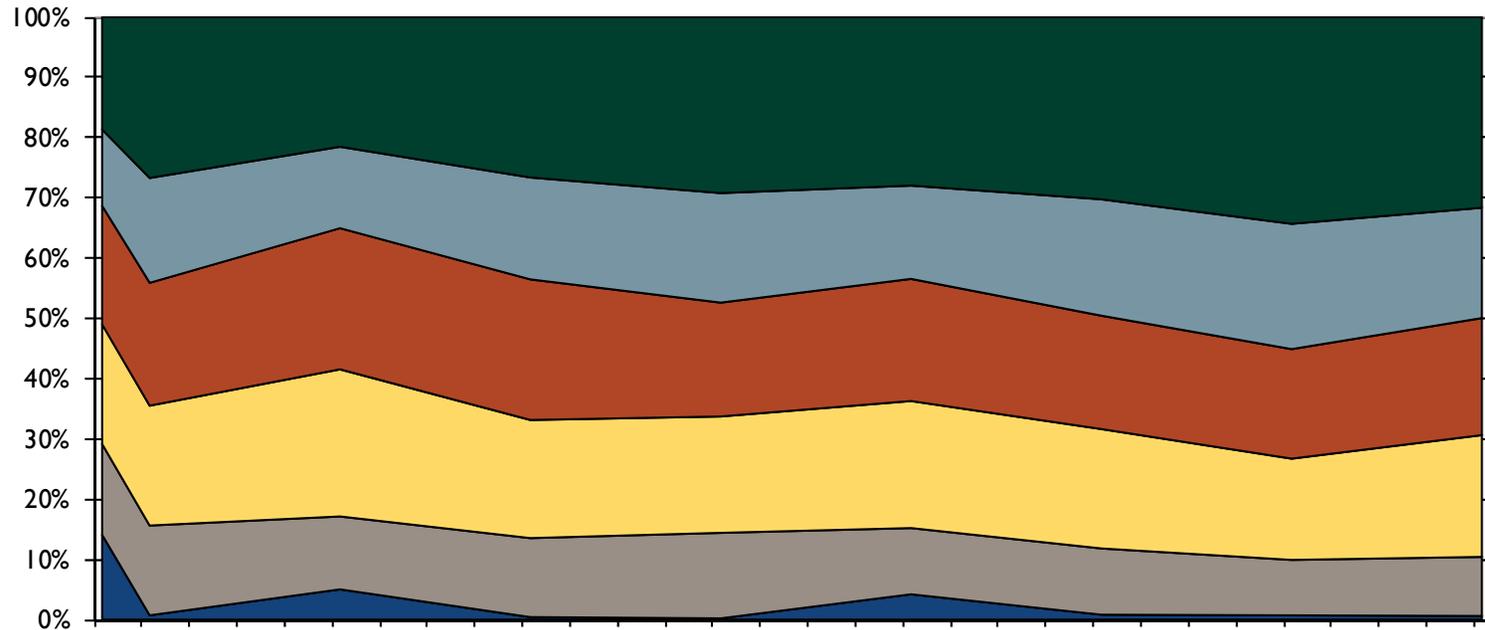
Asset Allocation - Current

As of December 31, 2014

	Asset Allocation (%)	Lower (%)	Target (%)	Upper (%)	Difference (%)
Total Fund	100.0	-	100.0	-	0.0
Domestic Equity	31.6	22.5	27.5	32.5	4.1
International Equity	18.3	15.0	17.5	20.0	0.8
Total Flexible Capital	19.4	15.0	20.0	25.0	-0.6
Total Fixed Income	20.2	15.0	20.0	25.0	0.2
Total Inflation Hedging	9.8	10.0	15.0	20.0	-5.2
Total Liquid Capital	0.6	0.0	0.0	1.0	0.6



Asset Allocation – Historical



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

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

Asset Allocation - Performance Comparison

As of December 31, 2014

Total Fund Performance

	1 Quarter Return	1 Year Return	2 Years Return	3 Years Return	5 Years Return	Since Inception Return	1 Year Standard Deviation	2 Years Standard Deviation	3 Years Standard Deviation	5 Years Standard Deviation	Since Inception Standard Deviation	Inception Date
Total Fund	-0.5	2.4	9.3	10.1	7.8	3.1	6.0	6.2	6.6	8.9	10.2	Jul-07
Target Index	-0.8	2.4	8.1	8.5	7.2	3.3	5.6	5.8	6.3	8.2	9.6	
Actual Index	-0.2	3.0	9.1	9.3	7.6	3.5	5.7	6.0	6.4	8.1	9.0	
Domestic Index	4.2	10.6	16.1	15.0	12.4	6.6	6.1	6.3	6.5	9.2	12.0	
Global Index	0.0	3.1	8.7	10.0	7.4	3.6	6.6	7.1	8.0	10.9	13.8	
Consumer Price Index	-1.4	0.8	1.1	1.3	1.7	1.6	1.3	1.1	1.2	1.1	1.5	

Inflation Adjusted Nominal Portfolio Statistics

Statistical Output (%)	Target Index	Actual Index	Domestic Index	Global Index
Expected Return (Arithmetic)	7.4	7.3	7.2	7.4
Expected Standard Deviation	12.2	12.0	13.9	13.8
Expected Return (Geometric)	6.7	6.7	6.3	6.5
Sharpe Ratio	0.4	0.4	0.3	0.4
Historical Return (Arithmetic)	9.5	9.4	9.8	8.6
Historical Standard Deviation	11.1	10.8	12.3	13.1
Historical Return (Geometric)	8.9	8.9	9.1	7.8
Beta (to S&P 500 Index)	0.6	0.6	0.7	0.7
Correlation (to S&P 500 Index)	0.9	0.9	1.0	0.9
Probability of Returns Exceeding 5%				
10 Years	67.5	67.1	61.4	63.7

Historical Stress Test

	Deflation: Fall '08 to S&P Trough Sep-08 to Mar-09	Corporate Scandals May-02 to Jul-02	Tech Bubble Collapse Mar-00 to Mar-01	Russian Debt/LTCM Collapse Jul-98 to Oct-98	Rising Rates Jan-94 to Dec-94	Shock Inflation Jan-73 to Dec-73	High Inflation Jan-73 to Dec-81
Target Index	-28.9%	-12.3%	-7.2%	-9.5%	+1.9%	-1.8%	+5.9%
Actual Index	-28.1%	-12.7%	-8.9%	-9.6%	+1.5%	-1.1%	+5.6%
Domestic Index	-32.5%	-16.9%	-11.9%	-11.3%	-0.8%	-9.6%	+5.5%
Global Index	-34.1%	-13.0%	-17.3%	-10.1%	+2.2%	-8.2%	+5.7%

Notes: - Domestic Index: 70% Russell 3000 Index/30% Barclays Aggregate Index; Global Index: 70% MSCI AC World Index/30% Barclays Global Aggregate Index
 - Expected return/risk using 10-15 year Prime Buchholz capital market assumptions
 - Historical data based on index returns from 1/1/1988 through 6/30/2014
 - Index components utilized: Russell 3000/MSCI World ex U.S./MSCI Emerging Mkts./All Private Equity Benchmark/Barclays Aggregate/Barclays Long G/C/Barclays U.S. Corp. HY/Barclays Muni/HFRI Fund

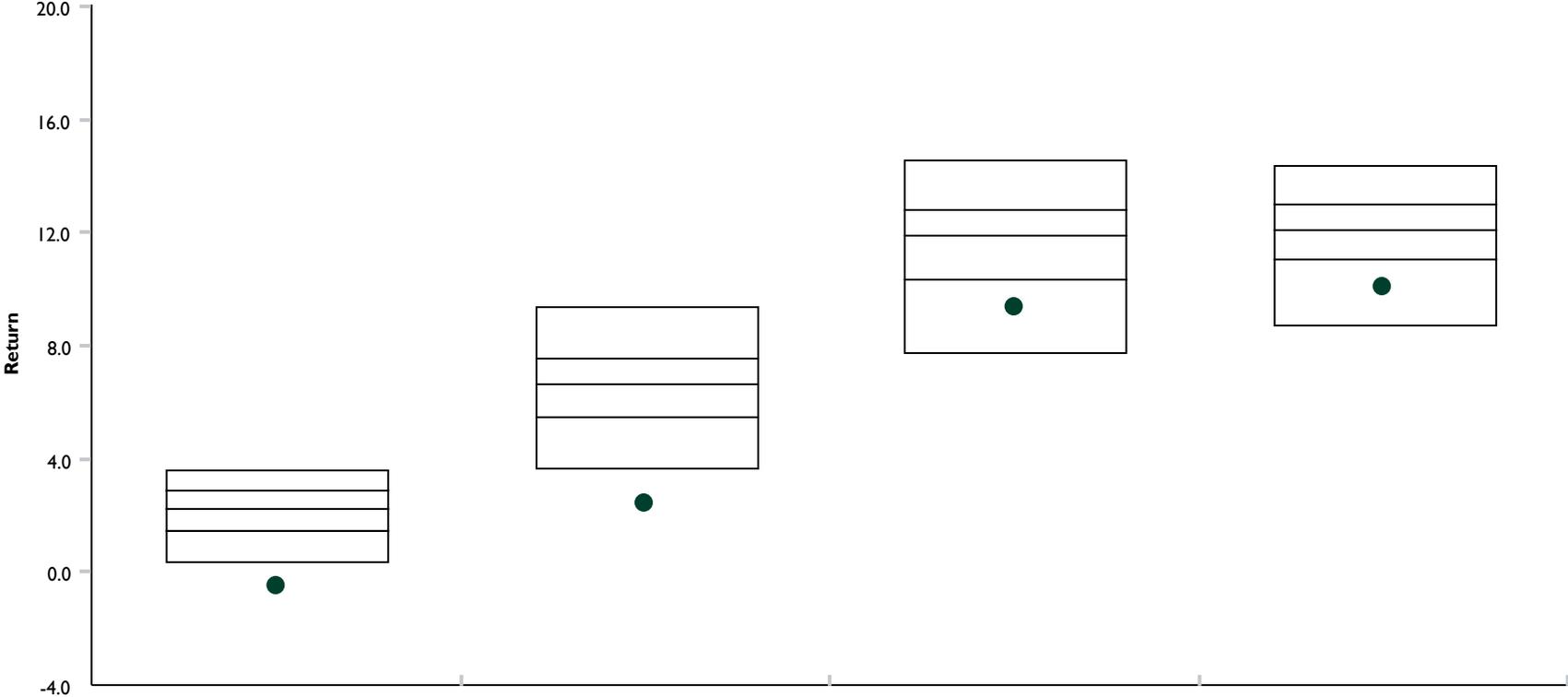
Weighted/

Barclays U.S. TIPS/Private Equity-All Buyouts/S&P Natural Resources/S&P GSCI-DJ UBS/NCREIF Leverage & Fee Adj./Barclays Long Treasury/30-Day T-Bill/JPM Non-U.S. Global Govt.

Plan Sponsor Peer Group Analysis

All Public Plans < \$100mm

As of December 31, 2014



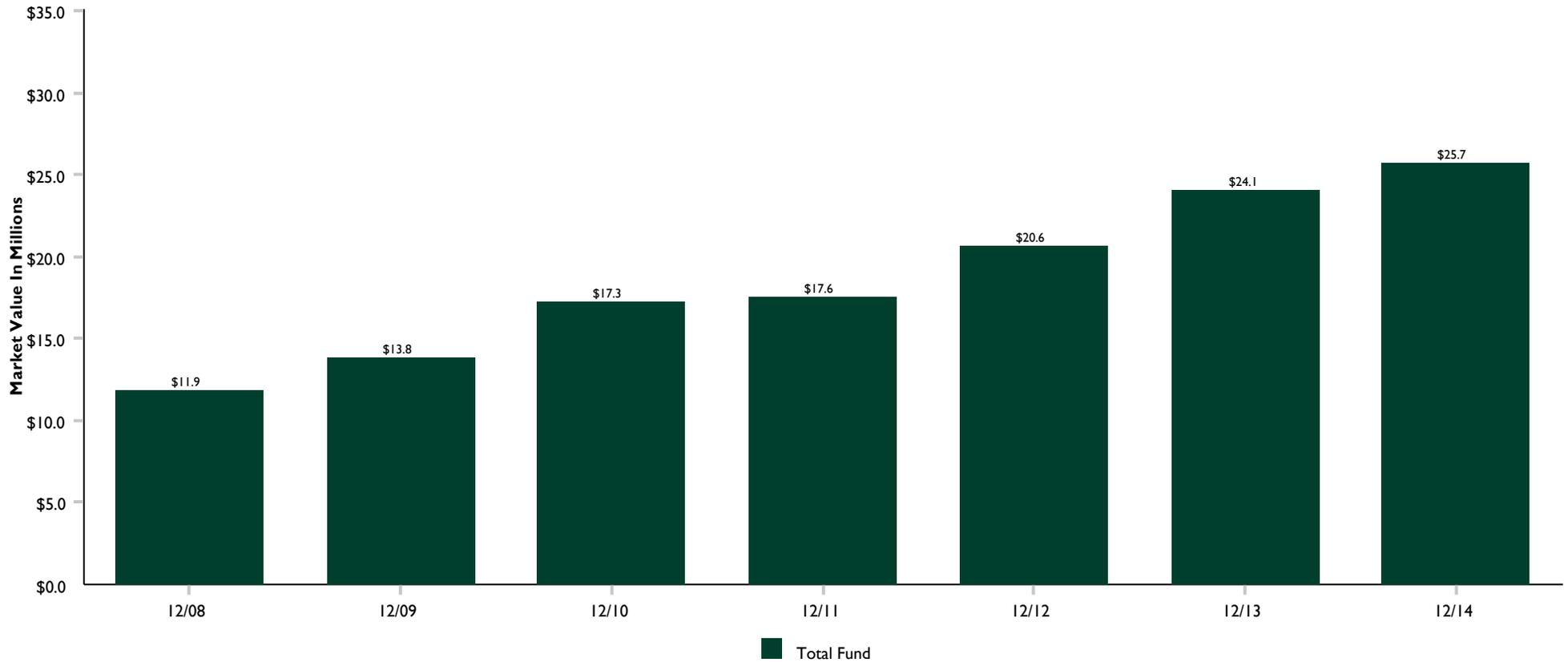
	QTR Ended Dec-14	1 Year	2 Years	3 Years
● Total Fund	-0.5 (100)	2.4 (99)	9.3 (86)	10.1 (88)
5th Percentile	3.6	9.4	14.6	14.4
1st Quartile	2.9	7.5	12.8	13.0
Median	2.3	6.6	11.9	12.1
3rd Quartile	1.5	5.4	10.4	11.0
95th Percentile	0.3	3.6	7.7	8.7
Population	332	325	315	303

Schedule of Investable Assets

Total Fund

January 1, 2008 To December 31, 2014

Periods Ending	Beginning Market Value	Net Cash Flow	Investment Performance	Ending Market Value
2008	\$16,305,625	\$8,989	-\$4,447,739	\$11,866,875
2009	\$11,866,875	0	\$1,976,750	\$13,843,625
2010	\$13,843,625	\$1,506,198	\$1,904,937	\$17,254,761
2011	\$17,254,761	\$792,031	-\$489,399	\$17,557,392
2012	\$17,557,392	\$999,098	\$2,078,366	\$20,634,856
2013	\$20,634,856	0	\$3,450,029	\$24,084,884
2014	\$24,084,884	\$1,000,000	\$594,590	\$25,679,474
	\$16,305,625	\$4,306,315	\$5,067,534	\$25,679,474



Liquidity Schedule

As of December 31, 2014

Redemption Terms						
Daily			\$17,207,777			67.0
Semi Liquid			\$4,986,976			19.4
Total			\$25,679,474			100.0
Investments	Inception	Subscriptions	Market Value	Daily	Semi Liquid	Notes
Global Equity						
Fidelity Spartan Total Market Index Advisor Fund	Jun-07	Daily	\$5,684,134	\$5,684,134		
FPA Crescent Fund	Mar-12	Daily	\$1,166,706	\$1,166,706		
FMI Common Stock Fund	Mar-12	Daily	\$1,263,853	\$1,263,853		
Dodge & Cox International Stock Fund	Jun-07	Daily	\$2,329,751	\$2,329,751		
Artisan International Institutional Fund	Jun-11	Daily	\$2,378,139	\$2,378,139		
Flexible Capital						
Total Flexible Capital	Jul-07	Various	\$4,986,976		\$4,986,976	See additional report
Fixed Income						
JP Morgan Core Bond Select Fund	Dec-14		\$2,870,776			
Vanguard Short Term US Treasury Admiral Fund	Nov-11	Daily	\$2,306,784	\$2,306,784		
Inflation Hedging						
Vanguard Short-Term Inflation Protected Securities Adm. Fund	Feb-14	Daily	\$767,309	\$767,309		
Nuveen Gresham Diversified Commodities Fund	Dec-14		\$613,945			
Van Eck Global Hard Assets I Fund	Mar-12	Daily	\$1,146,495	\$1,146,495		
Liquid Capital						
Government Stif 15	Jun-07	Daily	\$164,606	\$164,606		
Total (\$)			\$25,679,474	\$17,207,777	\$4,986,976	
Total (%)			100.0	67.0	19.4	

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

Flexible Capital Detail

Investment	Tranche	Subscription Frequency	Subscription Date	Market Value	Redemption Frequency	Notice Period	Redemption Notice Deadline	Next Possible Redemption Date	Lock	Notes
Forester Offshore, Ltd.	Series A2 Sub-series 07/10	Quarterly	07/01/07	\$2,119,198	Annual	60 days	05/01/15	06/30/15	Two years - expired	Reds: available annually on anniversary
Archstone Absolute Return Strategies Fund, Ltd.	A-PB	Monthly	07/01/07	\$2,862,958	Semi-annual	90 days	04/01/15	06/30/15	One year - expired	Reds: available on 6/30 and 12/31

Operational Detail

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

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

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

Medium Transparency: partial disclosure of underlying holdings/components.

High Transparency: access to underlying portfolio holdings/components.

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

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

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

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

Fee Schedule

As of December 31, 2014

Health Insurance Trust

	<u>Fee Schedule</u>	<u>Assets Market Value</u>	<u>Projected Annual Fee (\$)</u>	<u>Projected Annual Fee (%)</u>
Fidelity Spartan Total Market Index Advisor Fund	0.05% of NAV	\$5,684,134	\$2,842	0.05%
FPA Crescent Fund	1.23% of NAV	\$1,166,706	\$14,350	1.23%
FMI Common Stock Fund	1.18% of NAV	\$1,263,853	\$14,913	1.18%
Dodge & Cox International Stock Fund	0.64% of NAV	\$2,329,751	\$14,910	0.64%
Artisan International Institutional Fund	0.95% of NAV	\$2,378,139	\$22,592	0.95%
Forester Offshore A2, Ltd.	1.00% on assets managed	\$2,124,152	\$21,242	1.00% *
Archstone Absolute Return Strategies Fund, Ltd. Class A	1.14% on assets managed **	\$2,862,824	\$32,636	1.14% *
JP Morgan Core Bond Select Fund	0.58% of NAV	\$2,870,776	\$16,651	0.58%
Vanguard Short Term US Treasury Admiral Fund	0.10% of NAV	\$2,306,784	\$2,307	0.10%
Vanguard Short-Term Inflation Protected Securities Adm Fund	0.10% of NAV	\$767,309	\$767	0.10%
Nuveen Gresham Diversified Commodities Fund	1.07% of NAV	\$613,945	\$6,569	1.07%
Van Eck Global Hard Assets I Fund	1.00% of NAV	\$1,146,495	\$11,465	1.00%
Total Liquid Capital	--	\$164,606	--	--

Total Investment Management Fees	\$25,679,474	\$161,245	0.63%
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Fee Schedule

As of December 31, 2014

Health Insurance Trust

	<u>Fee Schedule</u>	<u>Assets Market Value</u>	<u>Projected Annual Fee (\$)</u>	<u>Projected Annual Fee (%)</u>
State Street Bank & Trust Co.				
-Custody Fees	0.015% on assets custodied	\$25,679,474	\$3,852	0.015%
-Accounting Fees				
Separate Domestic Equity Accounts	\$4,000 each (0)		--	
Separate Fixed Income Accounts	\$2,500 each (0)		--	
Multiple Line Item Portfolios	\$1,500 each (1)		\$1,500	
Commingled/Mutual Funds	\$500 each (13)		\$6,500	
Estimated Total SSB&T Fee:		\$25,679,474	\$11,852	0.05%
PBA Fees	0.25% on first \$20 million 0.10% on next \$50 million 0.05% over \$70 million \$60,000 minimum	\$25,679,474	\$60,000	0.23%
Total Fees		\$25,679,474	\$233,097	0.91%

Please Note:

* Base fee only; underlying manager fees, incentive fees, and operating expenses not included

** Archstone management fees may range from 1.1% to 1.2%

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

Peer Performance Comparison

As of December 31, 2014

	1 Year Return	3 Years Return	5 Years Return	5 Years Standard Deviation	5 Years Beta	5 Years Actual Correlation	2014 Return	2013 Return	2012 Return	2011 Return	2010 Return
Fidelity Spartan Total Market Index Advisor Fund	12.5 (28)	20.4 (37)	15.7 (21)	14.6	1.0	1.0	12.5 (28)	33.4 (53)	16.4 (36)	1.0 (20)	17.4 (32)
Wilshire 5000 Total Market Index	12.1 (32)	20.4 (37)	15.7 (21)	14.6	1.0	1.0	12.1 (32)	34.0 (47)	16.1 (40)	0.6 (24)	18.1 (29)
<i>IM U.S. Multi-Cap Core Equity (MF) Median</i>	<i>10.6</i>	<i>19.6</i>	<i>14.3</i>	<i>15.3</i>	<i>1.0</i>	<i>1.0</i>	<i>10.6</i>	<i>33.5</i>	<i>15.4</i>	<i>-1.5</i>	<i>15.0</i>
FPA Crescent Fund	6.6 (21)	12.8 (14)	10.6 (15)	9.1	0.6	1.0	6.6 (21)	21.9 (12)	10.3 (60)	3.0 (18)	12.0 (57)
S&P 500 Index	13.7 (4)	20.4 (4)	15.5 (3)	14.0	1.0	1.0	13.7 (4)	32.4 (5)	16.0 (15)	2.1 (22)	15.1 (26)
60% Russell 2500 / 40% BC Global Credit	5.3 (30)	13.9 (10)	12.1 (8)	11.8	0.8	0.9	5.3 (30)	21.4 (12)	15.6 (18)	0.5 (32)	18.9 (5)
HFRI Equity Hedge (Total) Index	1.8 (68)	7.7 (65)	4.8 (95)	8.5	0.6	0.9	1.8 (68)	14.3 (37)	7.4 (83)	-8.4 (92)	10.5 (76)
<i>IM Flexible Portfolio (MF) Median</i>	<i>3.3</i>	<i>9.0</i>	<i>7.7</i>	<i>9.7</i>	<i>0.6</i>	<i>0.9</i>	<i>3.3</i>	<i>10.8</i>	<i>11.6</i>	<i>-1.6</i>	<i>12.5</i>
FMI Common Stock Fund	6.5 (73)	15.7 (89)	14.6 (61)	15.2	0.8	1.0	6.5 (73)	32.0 (71)	10.2 (86)	4.5 (2)	22.2 (61)
Russell 2500 Index	7.1 (68)	20.0 (41)	16.4 (18)	17.7	1.0	1.0	7.1 (68)	36.8 (31)	17.9 (26)	-2.5 (40)	26.7 (16)
<i>IM U.S. Mid Cap Core Equity (MF) Median</i>	<i>9.0</i>	<i>19.5</i>	<i>15.0</i>	<i>17.0</i>	<i>0.9</i>	<i>1.0</i>	<i>9.0</i>	<i>34.5</i>	<i>15.9</i>	<i>-3.6</i>	<i>23.1</i>
Dodge & Cox International Stock Fund	0.1 (15)	15.2 (3)	7.9 (1)	18.0	1.1	1.0	0.1 (15)	26.3 (1)	21.0 (10)	-16.0 (89)	13.7 (3)
MSCI AC World ex USA (Net)	-3.9 (22)	9.0 (83)	4.4 (69)	16.4	1.0	1.0	-3.9 (22)	15.3 (81)	16.8 (74)	-13.7 (67)	11.2 (12)
<i>IM International Large Cap Core Equity (MF) Median</i>	<i>-6.0</i>	<i>10.4</i>	<i>4.8</i>	<i>17.1</i>	<i>1.0</i>	<i>1.0</i>	<i>-6.0</i>	<i>20.2</i>	<i>18.1</i>	<i>-13.0</i>	<i>7.5</i>
Artisan International Institutional Fund	-0.7 (15)	16.1 (1)	9.8 (1)	17.2	1.0	1.0	-0.7 (15)	25.5 (3)	25.6 (2)	-4.1 (4)	6.2 (74)
MSCI EAFE (Net)	-4.9 (36)	11.1 (27)	5.3 (35)	16.5	1.0	1.0	-4.9 (36)	22.8 (9)	17.3 (63)	-12.1 (36)	7.8 (56)
<i>IM International Large Cap Equity (MF) Median</i>	<i>-5.6</i>	<i>10.1</i>	<i>4.7</i>	<i>17.1</i>	<i>1.0</i>	<i>1.0</i>	<i>-5.6</i>	<i>19.9</i>	<i>18.1</i>	<i>-13.2</i>	<i>8.4</i>
JP Morgan Core Bond Select Fund	5.2 (64)	2.8 (63)	4.6 (57)	2.7	0.9	1.0	5.2 (64)	-1.8 (42)	5.1 (71)	7.3 (28)	7.3 (50)
Barclays U.S. Aggregate	6.0 (27)	2.7 (68)	4.4 (60)	3.0	1.0	1.0	6.0 (27)	-2.0 (55)	4.2 (81)	7.8 (11)	6.5 (69)
<i>IM U.S. Broad Market Core Fixed Income (MF) Median</i>	<i>5.5</i>	<i>3.1</i>	<i>4.7</i>	<i>2.9</i>	<i>0.9</i>	<i>0.9</i>	<i>5.5</i>	<i>-1.9</i>	<i>6.0</i>	<i>6.7</i>	<i>7.2</i>

Peer Performance Comparison

As of December 31, 2014

	1 Year Return	3 Years Return	5 Years Return	5 Years Standard Deviation	5 Years Beta	5 Years Actual Correlation	2014 Return	2013 Return	2012 Return	2011 Return	2010 Return
Nuveen Gresham Diversified Commodities Fund	-17.3 (45)	NA	NA	NA	NA	NA	-17.3 (45)	-7.8 (38)	NA	NA	NA
Bloomberg Commodity Index	-17.0 (41)	-9.4 (46)	-5.5 (40)	15.4	1.0	1.0	-17.0 (41)	-9.5 (53)	-1.1 (45)	-13.3 (85)	16.8 (32)
<i>IM Commodities General (MF) Median</i>	<i>-17.7</i>	<i>-9.7</i>	<i>-6.0</i>	<i>17.7</i>	<i>1.1</i>	<i>0.9</i>	<i>-17.7</i>	<i>-9.2</i>	<i>-1.5</i>	<i>-7.9</i>	<i>15.5</i>
Van Eck Global Hard Assets I Fund	-19.1 (70)	-2.6 (67)	0.0 (46)	25.1	1.1	1.0	-19.1 (70)	11.2 (46)	2.9 (42)	-16.3 (50)	28.9 (8)
S&P North American Natural Resources Sector	-9.8 (17)	2.4 (22)	4.3 (9)	22.5	1.0	1.0	-9.8 (17)	16.5 (26)	2.2 (46)	-7.4 (10)	23.9 (23)
<i>IM Global Natural Resources (MF) Median</i>	<i>-13.1</i>	<i>-1.6</i>	<i>-0.5</i>	<i>23.8</i>	<i>1.0</i>	<i>1.0</i>	<i>-13.1</i>	<i>10.2</i>	<i>1.5</i>	<i>-16.3</i>	<i>16.6</i>

Please Note:

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

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

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

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

Tab III

Portfolio Comparison

As of December 31, 2014

	Fidelity Spartan Total Market Index	FPA Crescent Fund	FMI Common Stock	Domestic Equity	Russell 3000
Composition					
# of Holdings	3,358	50	41	3,382	3,054
% Top 15 Holdings	18.4	59.9	57.9	18.7	18.3
% Top 25 Holdings	25.2	77.0	78.5	25.8	25.1
Characteristics					
Wtd Avg Mkt Cap (\$B)	106.3	92.7	3.8	88.4	107.5
Forecast P/E	16.9	16.2	16.2	16.7	16.9
Price/Book ratio	3.0	2.7	2.5	2.9	3.0
Historical EPS Growth - 5 Year	15.5	13.8	15.8	15.3	15.4
Forecast EPS Growth - Long-Term	12.2	11.9	11.5	12.1	12.2
Current Yield	1.9	2.0	1.2	1.8	1.9
GICS Sectors (%)					
Energy	7.4	5.5	1.6	6.2	7.5
Materials	3.6	5.4	11.5	5.1	3.6
Industrials	11.3	4.0	27.4	12.7	11.4
Consumer Discretionary	12.8	8.0	8.1	11.4	12.8
Consumer Staples	8.2	13.5	0.0	7.7	8.5
Health Care	13.8	12.7	7.2	12.6	14.0
Financials	17.9	17.7	8.8	16.5	18.0
Information Technology	18.9	25.8	21.1	20.3	19.0
Telecommunication Services	2.0	0.9	0.0	1.5	2.0
Utilities	3.3	0.0	0.0	2.3	3.2
Cash	1.0	0.0	14.3	2.9	0.0
Other	0.0	6.4	0.0	0.9	0.0
Market Capitalization (%)					
Mega (Above \$50B)	49.0	51.3	0.0	41.8	50.0
Large (\$12B - \$50B)	26.9	29.2	0.0	23.1	27.0
Mid (\$4B - \$12B)	13.4	13.1	51.2	19.2	13.2
Small/Mid (\$2B - \$4B)	5.1	0.0	19.1	6.5	5.1
Small (\$0 - \$2B)	4.6	0.0	15.3	5.6	4.7
Cash	1.0	0.0	14.3	2.9	0.0
Other	0.0	6.4	0.0	0.9	0.0

Portfolio Comparison

As of December 31, 2014

	Dodge & Cox International Stock	Artisan International	International Equity	MSCI AC World ex USA	MSCI EAFE	Global Equity	MSCI AC World
Composition							
# of Holdings	87	75	149	1,839	910	3,518	2,470
% Top 15 Holdings	36.8	46.7	30.6	12.2	16.8	15.8	11.3
% Top 25 Holdings	52.5	63.8	42.7	17.4	23.5	21.7	15.8
Characteristics							
Wtd Avg Mkt Cap (\$B)	67.5	67.8	67.7	54.8	60.8	80.8	90.9
Forecast P/E	12.9	13.9	13.4	13.5	14.0	15.3	15.0
Price/Book ratio	2.1	3.0	2.5	2.1	2.2	2.7	2.6
Historical EPS Growth - 5 Year	5.7	17.5	12.3	12.8	11.7	14.4	14.4
Forecast EPS Growth - Long-Term	12.4	13.3	12.9	11.0	10.0	12.4	11.4
Current Yield	2.5	1.8	2.1	3.1	3.2	1.9	2.5
GICS Sectors (%)							
Energy	5.6	1.0	3.3	7.5	5.7	5.1	8.0
Materials	4.6	7.4	6.0	7.7	7.6	5.4	5.4
Industrials	8.5	14.3	11.4	11.0	12.6	12.2	10.5
Consumer Discretionary	15.0	15.9	15.5	11.2	12.4	12.9	12.1
Consumer Staples	3.2	11.6	7.4	9.9	11.1	7.6	9.7
Health Care	13.3	16.7	15.0	8.6	11.0	13.5	11.6
Financials	27.4	9.5	18.4	27.6	25.9	17.2	21.8
Information Technology	16.5	12.5	14.4	7.5	4.8	18.1	13.9
Telecommunication Services	5.9	8.9	7.4	5.4	5.0	3.7	3.8
Utilities	0.0	0.0	0.0	3.6	3.9	1.4	3.4
Cash	0.1	2.2	1.2	0.0	0.0	2.3	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.6	0.0
Market Capitalization (%)							
Mega (Above \$50B)	42.3	43.0	42.6	35.2	40.4	42.1	47.2
Large (\$12B - \$50B)	48.7	39.6	44.1	40.0	40.0	30.8	35.6
Mid (\$4B - \$12B)	7.7	15.0	11.4	20.2	17.1	16.4	14.9
Small/Mid (\$2B - \$4B)	1.1	0.2	0.6	3.9	2.4	4.4	1.9
Small (\$0 - \$2B)	0.1	0.0	0.0	0.7	0.1	3.5	0.3
Cash	0.1	2.2	1.2	0.0	0.0	2.3	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.6	0.0

Regional Exposure

As of December 31, 2014

Regional Allocation (%)

	Global Equity	MSCI AC World	Dodge & Cox International Stock	Artisan International	International Equity	MSCI AC World ex USA	MSCI EAFE
Canada	0.2	3.6	0.0	0.0	0.0	7.5	0.0
United States	59.8	51.4	7.3	6.8	7.0	0.0	0.0
Pacific ex Japan	2.0	5.0	2.6	7.4	5.0	10.2	12.3
Japan	5.0	7.2	12.6	14.5	13.6	15.0	21.2
Europe ex UK	17.8	15.9	42.7	43.4	43.1	31.7	44.7
United Kingdom	4.9	7.2	13.1	11.2	12.2	15.0	21.1
Middle East	0.1	0.2	0.0	0.0	0.0	0.4	0.6
Developed Markets	89.8	90.4	78.2	83.4	80.9	79.8	100.0
EM Asia	3.4	6.2	9.0	9.3	9.2	12.9	0.0
EM Europe	0.5	0.8	1.7	0.0	0.9	1.6	0.0
EM Latin America	1.6	1.7	4.6	3.0	3.8	3.5	0.0
EM Mid East+Africa	1.9	1.0	6.3	2.0	4.1	2.1	0.0
Emerging Markets	7.4	9.6	21.7	14.3	18.0	20.2	0.0
Cash	2.3	0.0	0.1	2.2	1.2	0.0	0.0
Other	0.6	0.0	0.0	0.0	0.0	0.0	0.0

Regional Allocation (%)

	Global Equity	MSCI AC World
United States	59.8	51.4
Non-US Developed	30.0	39.0
Emerging Markets	7.4	9.6
Cash	2.3	0.0
Other	0.6	0.0

Flexible Capital

As of December 31, 2014

	Forester Offshore Fund, Ltd.	Archstone Absolute Return Strategies Fund, Ltd. Class A	Total Flexible Capital	FPA Crescent Fund	Total Leveraged Portfolio
Market Value	\$2,124	\$2,863	\$4,987	\$1,167	\$6,154
% of Total Managed Portfolio (\$25,679)	8.3	11.1	19.4	4.5	24.0
Market Exposure (%)					
Gross Long %	101.0	114.6	108.8	57.5	99.1
Gross Short %	58.0	57.6	57.8	4.2	47.6
Net %	43.0	57.0	51.0	53.3	51.5
Total Gross	159.0	172.2	166.6	61.7	146.7
Strategy Weights (%)					
L/S Equity	100.0	19.8	54.0	51.3	53.5
L/S Credit	0.0	25.3	14.5	2.8	12.3
Event-Driven	0.0	7.2	4.1	0.0	3.3
Distressed	0.0	18.1	10.4	0.0	8.4
Special Situations	0.0	5.1	2.9	0.0	2.4
Relative Value	0.0	7.7	4.4	0.0	3.6
Macro	0.0	0.0	0.0	0.0	0.0
Other/Cash	0.0	16.8	9.6	45.9	16.5
Geography (%)					
U.S. & Canada	71.1	58.3	63.8	66.1	64.2
Dev Europe	18.2	25.7	22.5	30.2	24.0
Asia	6.3	7.3	6.9	0.0	5.6
Emerging Mkts	4.4	0.0	1.9	2.7	2.0
Other	0.0	8.7	5.0	1.0	4.2

Top 10 Long Holdings/Managers

Forester Offshore Fund, Ltd.		Archstone Absolute Return Strategies Fund, Ltd. Class A		FPA Crescent Fund	
Company	%	Company	%	Company	%
KENSICO	9.0	YORK CREDIT	10.7	ORACLE	3.9
VIKING GLOBAL	9.0	FIR TREE	10.7	AON	3.1
SAMLYN CAPITAL	6.0	ELLIOTT INT'L	10.2	CVS CAREMARK	3.0
PENNANT CAPITAL	5.0	KING STREET	10.2	MICROSOFT	2.9
ABRAMS BISON	4.0	DAVIDSON KEMPNER	9.9	COVIDIEN	2.4
COATUE	4.0	SILVER POINT	9.8	THERMO FISHER	2.1
FALCON EDGE	4.0	FARALLON	9.7	AIG	2.1
LANSDOWNNE	4.0	MASON	9.4	NASPERS	2.0
TIGER GLOBAL	4.0	OZ OVERSEAS	7.9	TE CONNECTIVITY	2.0
CASTINE	3.0	BREVN HOWARD	6.5	CISCO SYSTEMS	1.9

- Archstone Absolute Return Strategies Fund 12/31/2014 statistics as of 9/30/2014.

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

Flexible Capital Underlying Manager Exposure

Data as of 9/30/2014	2,943,310	2,046,538	1,138,085	6,127,933	25,801,271	
Product/Investment	Archstone Absolute Return Strategies Fund, Ltd.	Forester Offshore A2, Ltd.	FPA Crescent Fund	% weighting within FlexCap	% weighting within Total Fund	\$ weighting within Total Fund
FPA Contrarian Value			100.0%	18.6%	4.4%	1,138,085
Davidson Kempner	10.0%			4.8%	1.1%	294,331
Elliott Associates	10.0%			4.8%	1.1%	294,331
Farallon Capital	10.0%			4.8%	1.1%	294,331
Fir Tree Capital Opportunity Fund	10.0%			4.8%	1.1%	294,331
King Street Capital	10.0%			4.8%	1.1%	294,331
Silver Point Capital	10.0%			4.8%	1.1%	294,331
York Credit Opportunities	10.0%			4.8%	1.1%	294,331
Mason Capital	9.0%			4.3%	1.0%	264,898
Och-Ziff	8.0%			3.8%	0.9%	235,465
Brevan Howard Credit Catalysts	7.0%			3.4%	0.8%	206,032
Viking Global Equities		10.0%		3.3%	0.8%	204,654
Kensico Partners		9.0%		3.0%	0.7%	184,188
Serengeti Opportunities Fund	5.0%			2.4%	0.6%	147,166
Samlyn Capital		6.0%		2.0%	0.5%	122,792
Pennant Windward		5.0%		1.7%	0.4%	102,327
Coatue Qualified Partners		4.0%		1.3%	0.3%	81,862
Falcon Edge Capital		4.0%		1.3%	0.3%	81,862
Lansdowne Developed Markets Long Only Fund		4.0%		1.3%	0.3%	81,862
Abrams Capital		3.0%		1.0%	0.2%	61,396
Castine Capital		3.0%		1.0%	0.2%	61,396
Hengistbury Fund, Ltd		3.0%		1.0%	0.2%	61,396
Steadfast		3.0%		1.0%	0.2%	61,396
The Children's Investment Fund		3.0%		1.0%	0.2%	61,396
Tiger Global		3.0%		1.0%	0.2%	61,396

- Content is current as of the date indicated.

- Gray cells represent overlap within the Flexible Capital composite.

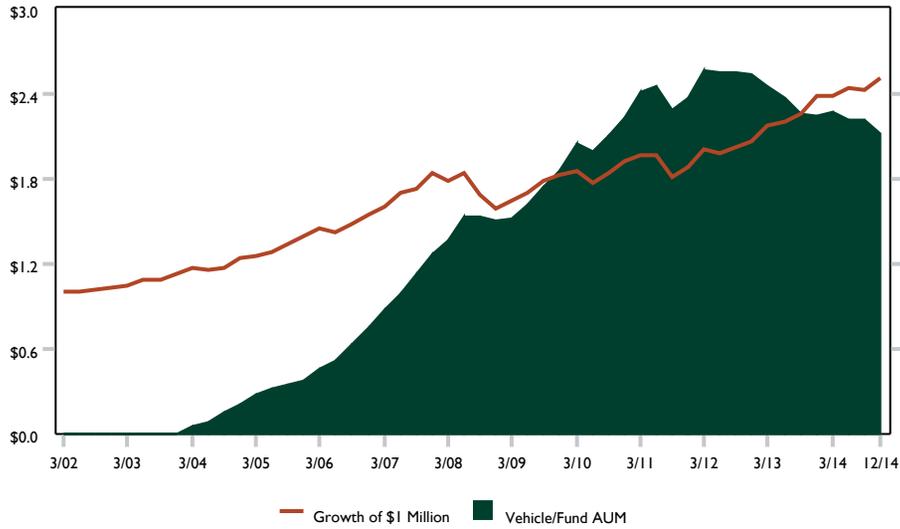
- Analysis includes only the top 20 underlying funds for each fund of funds.

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

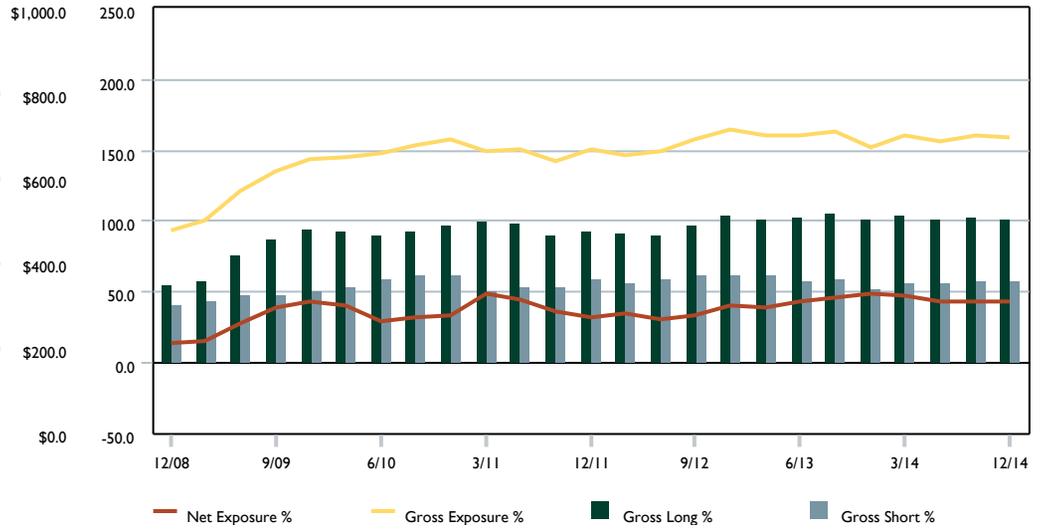
Flexible Capital Strategies

Forester Offshore, Ltd.
As of December 31, 2014

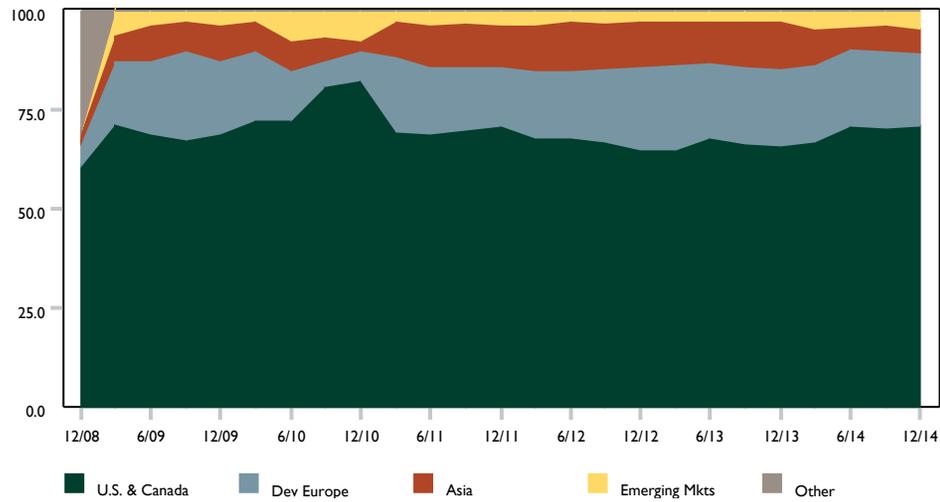
Asset Growth



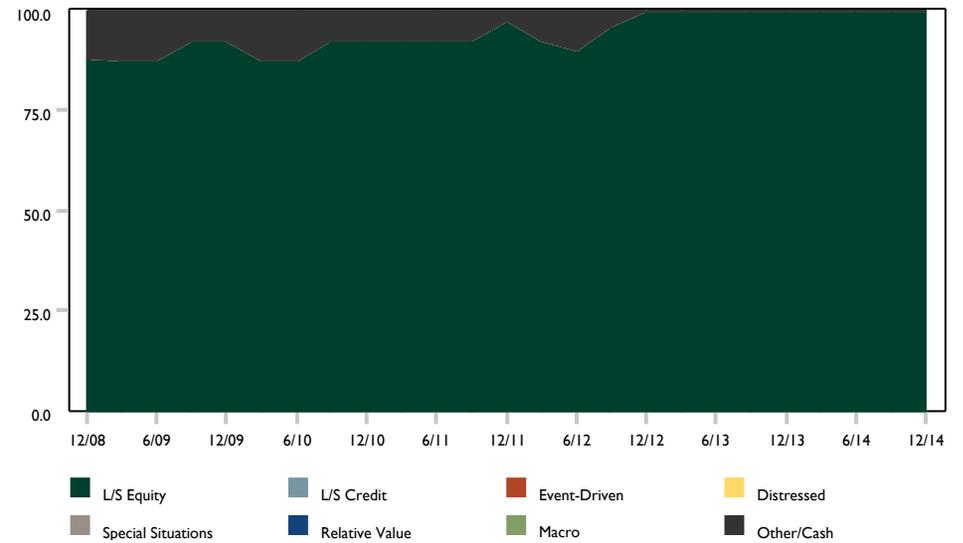
Market Exposure



Geographic Exposure



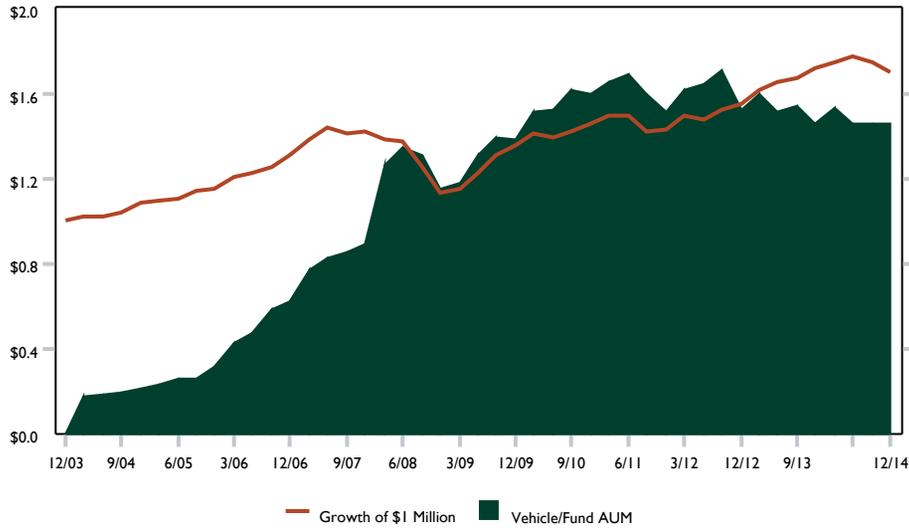
Strategy Weights



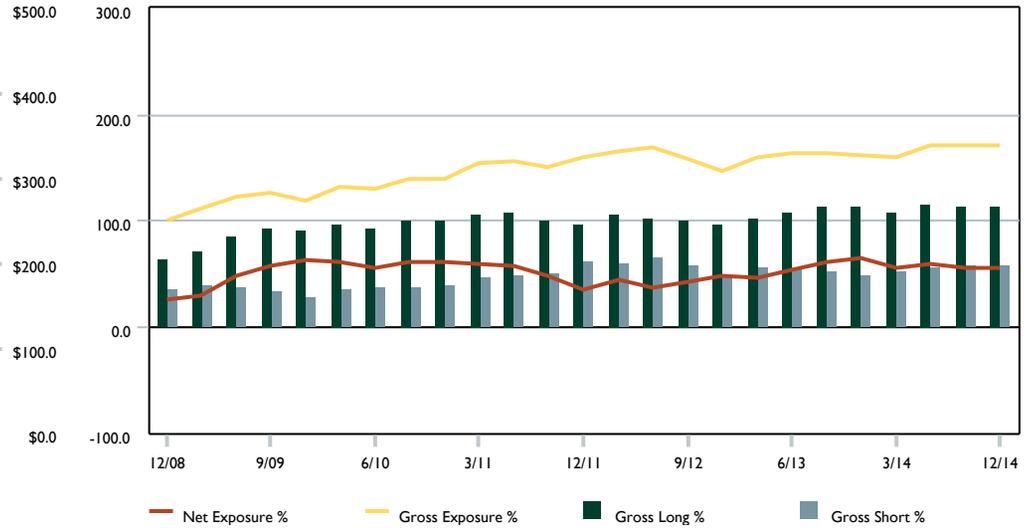
Flexible Capital Strategies

Archstone Absolute Return Strategies Fund, Ltd. As of December 31, 2014

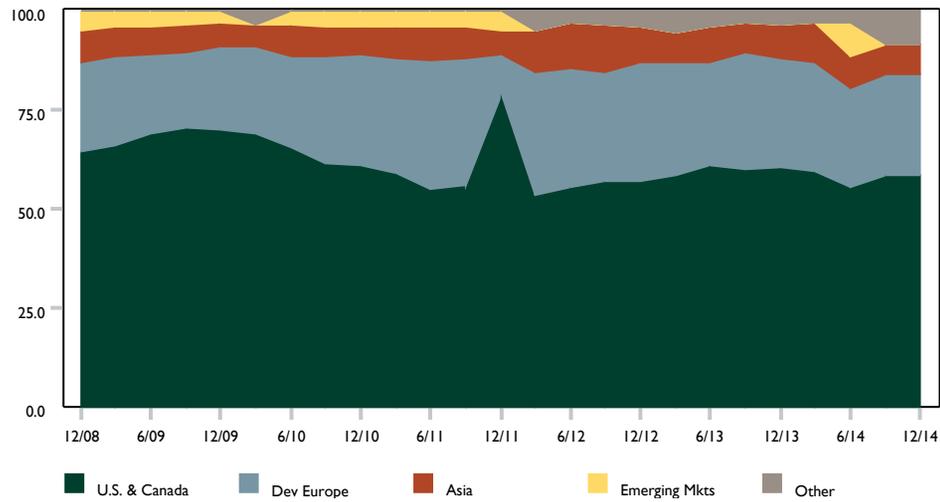
Asset Growth



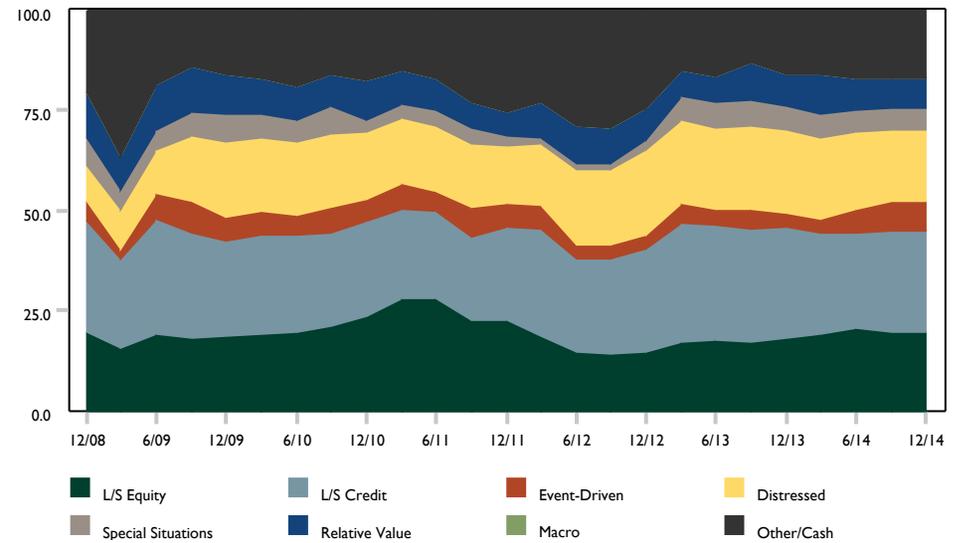
Market Exposure



Geographic Exposure



Strategy Weights



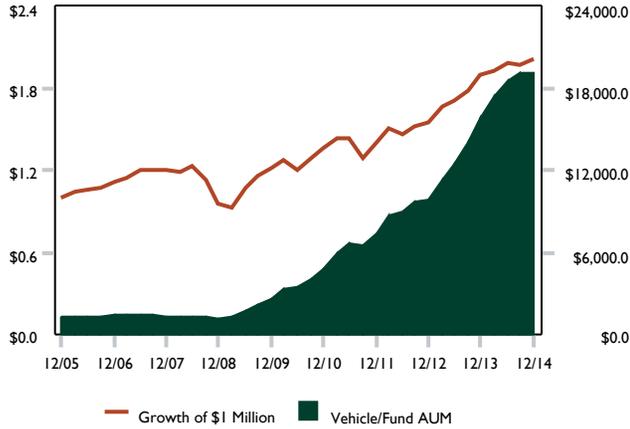
12/31/2014 statistics as of 9/30/2014. Current assets unavailable.

Flexible Capital Strategies

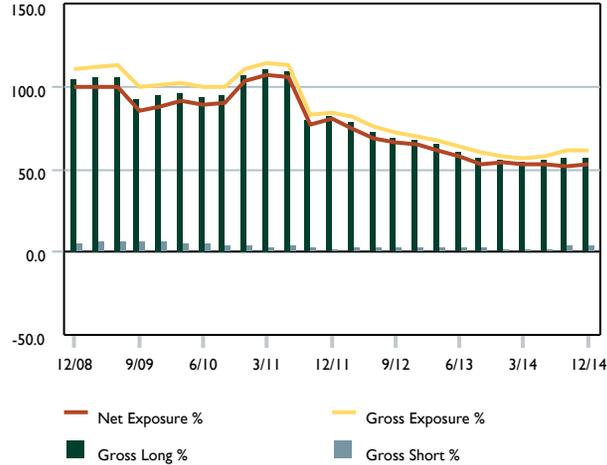
FPA Crescent Fund

As of December 31, 2014

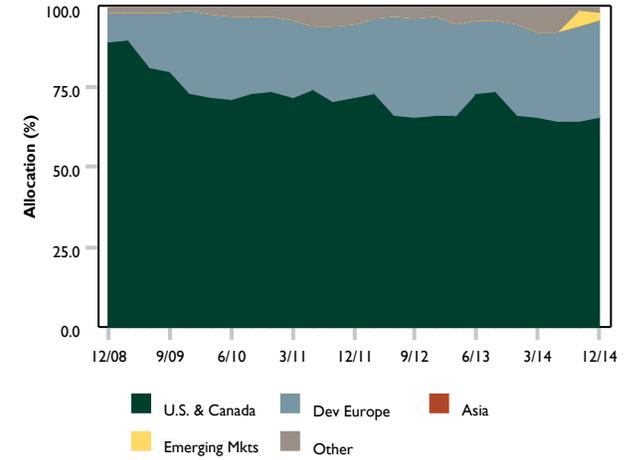
Asset Growth



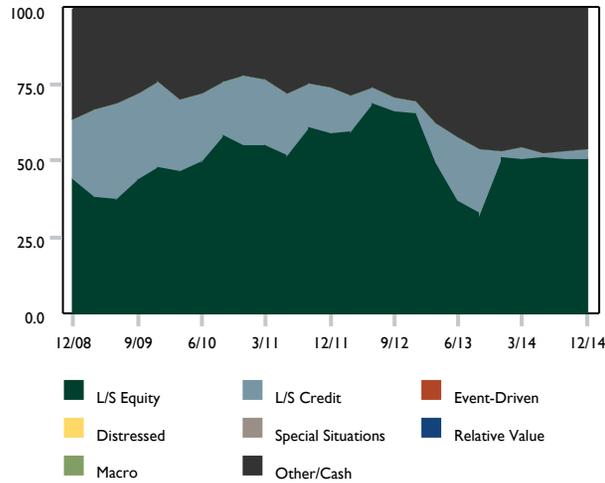
Market Exposure



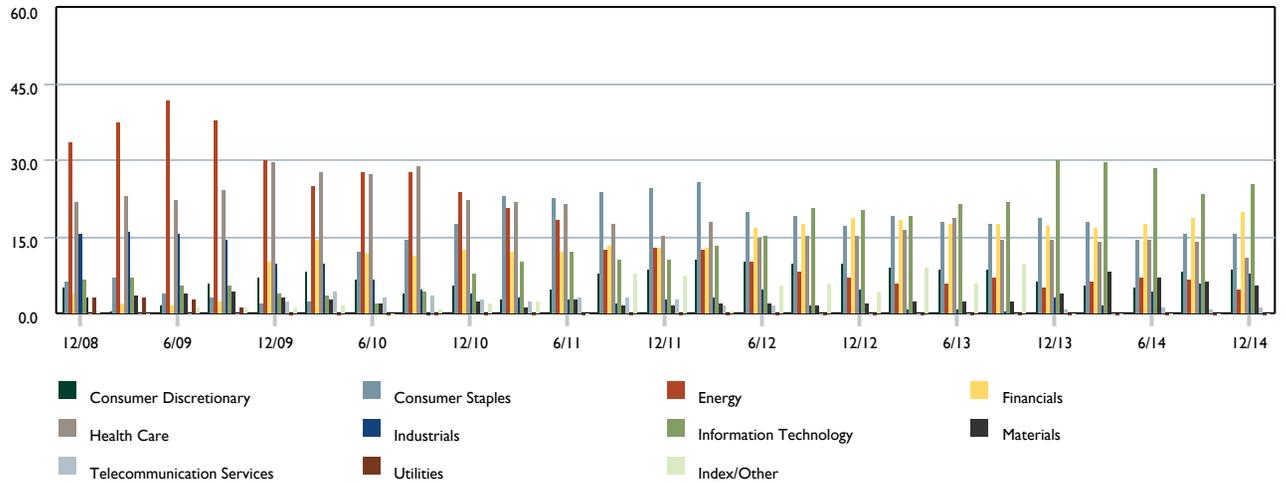
Geographic Exposure



Strategy Weights



Sector Breakdown



Market and geographic exposure exclude cash. 12/31/2014 statistics as of 9/30/2014. Current assets unavailable.

Fixed Income

As of December 31, 2014

	JP Morgan Core Bond Select Fund	Barclays U.S. Aggregate	Vanguard Short Term US Treasury Admiral Fund	Barclays U.S. Treasury: 1-5 Year	Total Fixed Income
Portfolio Characteristics					
Yield	2.3	2.3	0.9	1.0	1.6
Average Maturity	6.3	7.7	2.6	2.7	4.7
Duration	4.8	5.6	2.2	2.6	3.6
Quality Breakdown					
U.S. Treasury	24.3	35.8	99.4	100.0	57.8
U.S. Govt/Agency	3.2	3.3	0.0	0.0	1.8
Agency MBS	29.2	28.8	0.0	0.0	16.2
Non-U.S. Sov/Agency	0.0	4.6	0.0	0.0	0.0
AAA	12.8	3.8	0.0	0.0	7.1
AA	4.8	2.5	0.0	0.0	2.7
A	10.7	11.1	0.0	0.0	5.9
BBB	8.4	10.1	0.0	0.0	4.7
BB and Below	1.8	0.0	0.0	0.0	1.0
NR/Other	4.8	0.0	0.6	0.0	2.9
Sector Breakdown					
U.S. Treasury	24.3	35.8	99.4	100.0	57.8
U.S. Government Related	3.2	3.3	0.0	0.0	1.8
Non-U.S. Sovereign/Agency	0.0	4.6	0.0	0.0	0.0
Investment Grade Corporate	18.1	23.3	0.0	0.0	10.0
Industrials	8.6	13.9	0.0	0.0	4.8
Utility	1.4	1.8	0.0	0.0	0.8
Financials	8.1	7.5	0.0	0.0	4.5
High Yield	0.0	0.0	0.0	0.0	0.0
Non-U.S. Dollar	0.0	0.0	0.0	0.0	0.0
Emerging Market Debt	0.0	0.0	0.0	0.0	0.0
MBS	35.7	28.8	0.0	0.0	19.8
MBS-Agency	29.2	28.8	0.0	0.0	16.2
MBS-NonAgency	6.5	0.0	0.0	0.0	3.6
CMBS	5.1	2.0	0.0	0.0	2.8
ABS	6.9	0.5	0.0	0.0	3.8
Municipals	0.0	0.0	0.0	0.0	0.0
Cash	5.3	0.0	0.0	0.0	3.0
Other	1.4	1.7	0.6	0.0	1.1

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

- Vanguard Short Term Treasury Duration represents Average Duration. Maturity is Average Effective Maturity.

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

Inflation Hedging

As of December 31, 2014

Vanguard Short-Term Inflation Protected Securities Adm. Fund

Barclays U.S. Treasury: 0-5 Year TIPS Index

Portfolio Characteristics

Yield	1.0	1.3
Average Maturity	2.4	2.4
Duration	2.3	1.3

Quality Breakdown

U.S. Treasury	100.0	100.0
U.S. Govt/Agency	0.0	0.0
Agency MBS	0.0	0.0
Non-U.S. Sov/Agency	0.0	0.0
AAA	0.0	0.0
AA	0.0	0.0
A	0.0	0.0
BBB	0.0	0.0
BB and Below	0.0	0.0
NR/Other	0.0	0.0

Sector Breakdown

U.S. Treasury	100.0	100.0
U.S. Government Related	0.0	0.0
Non-U.S. Sovereign/Agency	0.0	0.0
Investment Grade Corporate	0.0	0.0
Industrials	0.0	0.0
Utility	0.0	0.0
Financials	0.0	0.0
High Yield	0.0	0.0
Non-U.S. Dollar	0.0	0.0
Emerging Market Debt	0.0	0.0
MBS	0.0	0.0
MBS-Agency	0.0	0.0
MBS-NonAgency	0.0	0.0
CMBS	0.0	0.0
ABS	0.0	0.0
Municipals	0.0	0.0
Cash	0.0	0.0
Other	0.0	0.0

- Vanguard Short-Term Inflation Protected Securities Duration represents Average Duration. Maturity is Average Effective Maturity.

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

Inflation Hedging

As of December 31, 2014

Nuveen Gresham Diversified Commodities Fund

Bloomberg Commodity Index

Sector Breakdown

Energy	27.4	22.9
Industrial Metals	18.7	19.2
Precious Metals	15.4	17.2
Agriculture/Livestock	38.4	40.8
Other	0.0	0.0

- Nuveen Sector breakout Agriculture/Livestock includes Food & Fibers. Per manager, "Totals may not add up to 100% due to rounding."

Portfolio Comparison

As of December 31, 2014

	Van Eck Global Hard Assets	S&P North American Natural Resources Sector
Composition		
# of Holdings	62	146
% Top 15 Holdings	55.6	52.3
% Top 25 Holdings	73.2	65.4
Characteristics		
Wtd Avg Mkt Cap (\$B)	22.8	75.3
Forecast P/E	16.6	17.1
Price/Book ratio	1.8	1.9
Historical EPS Growth - 5 Year	20.9	15.8
Forecast EPS Growth - Long-Term	14.2	11.4
Current Yield	1.5	2.5
GICS Industries (%)		
Oil & Gas Drilling	1.9	2.3
Oil & Gas Equipment & Services	12.9	14.8
Integrated Oil & Gas	0.0	22.9
Oil & Gas Exploration & Production	31.2	26.7
Oil & Gas Refining & Marketing	4.0	6.5
Oil & Gas Storage & Transportation	4.5	10.8
Coal & Consumable Fuels	5.1	0.9
Fertilizers & Agricultural Chemicals	3.0	0.0
Construction Materials	0.0	1.1
Metal & Glass Containers	0.0	1.8
Paper Packaging	0.0	2.8
Aluminum	0.0	1.1
Diversified Metals & Mining	11.0	2.0
Gold	9.5	3.8
Precious Metals & Minerals	0.0	0.1
Silver	0.0	0.5
Steel	3.4	0.0
Forest Products	1.9	0.1
Paper Products	0.0	1.6
Building Products	0.5	0.0
Construction & Farm Machinery & Heavy Trucks	2.0	0.0
Railroads	1.0	0.0
Semiconductor Equipment	1.0	0.0
Cash	7.1	0.0
Market Capitalization (%)		
Mega (Above \$50B)	16.2	36.2
Large (\$12B - \$50B)	29.4	37.0
Mid (\$4B - \$12B)	24.1	19.4
Small/Mid (\$2B - \$4B)	18.4	5.9
Small (\$0 - \$2B)	4.8	1.5
Cash	7.1	0.0

Inflation Hedging

As of December 31, 2014

Country/Region Allocation (%)

	Van Eck Global Hard Assets	S&P North American Natural Resources Sector
Canada	11.8	13.4
United States	71.9	84.8
Europe ex UK	0.0	1.4
United Kingdom	8.8	0.4
Developed Markets	92.5	100.0
Cash	7.1	0.0
Other	0.4	0.0

Tab IV

Performance Highlights

Equity

- FPA Crescent appreciated 2.5% in the quarter, finishing the year with a gain of 6.6%. FPA roughly tracked its net equity exposure on the year, and this trend held in the fourth quarter, with the Fund capturing 50% of the S&P 500 Index's gain. FPA continues to hold a meaningful cash allocation, despite bargains in the market being difficult to find. FPA recently dedicated resources to analyzing the energy industry, given the sharp sell-off in the market. However, portfolio activity remains modest as the sector continues to be volatile and highly dependent on the direction in oil prices. FPA trimmed its energy exposure several quarters ago, but maintained exposure to companies such as Occidental Petroleum, Canadian Natural Resources, and Gazprom, which were among the worst-performing holdings in the quarter. Norwegian conglomerate Orkla also traded down, as the region is highly sensitive to revenues from oil companies. On the positive side, drugstore operator CVS performed well after announcing strong earnings results. Event-driven trades in health care were also profitable, most notably a long position in Express Scripts and a merger-arbitrage trade involving Covidien and Medtronic. Mega-cap technology company Oracle was also contributive, gaining more than 17% on the quarter following strong results late in the year.
- FMI's Small/Mid Cap Equity strategy rebounded 4.8% in the quarter, but lagged the Russell 2500 Index's 6.8% advance. FMI also underperformed the benchmark in the calendar year, though the deficit was smaller. FMI's portfolio of companies—which the team believes have strong management teams facing near-term headwinds—improved 6.5% over the course of 2014, as compared with the 7.1% gain posted by the Russell 2500 Index. FMI's cash balance remained elevated through year-end (approximately 15%), providing a drag on relative performance in both the quarter and year. A lack of exposure to utilities and REITs, which were beneficiaries of investor appetite for yield, also weighed on relative performance in both periods. In contrast, FMI's underweighting of the energy sector was a positive in the quarter. FMI's sole exposure to the sector, Cimarex Energy, proved more resilient in the quarter than its peers. A handful of names including Cullen/Frost Bankers, Kennametal, and barge operator Kirby contributed to underperformance within industrials and financials. FMI generally lacks enthusiasm about valuations and has concentrated its portfolio around what it views as high-quality companies that trade at less demanding valuations. FMI's Small/Mid Cap Equity strategy remains effectively closed to new investors.

Performance Highlights

Equity (cont'd)

- The Dodge & Cox International Stock Fund declined 4.7% in the quarter, trailing the 3.6% fall of the MSCI EAFE Index. Despite posting a disappointing quarterly return, the strategy was well ahead of the benchmark for the full calendar year, generating a 0.1% gain relative to the 4.9% loss of the Index. During the quarter, the portfolio's energy names faltered as Petrobras (Brazil) and Weatherford International (U.S.-based oil services and equipment) posted losses in excess of 40%. Stock selection within financials was also disappointing. Notable detractors included European banks such as Banco Santander (Spain), BNP Paribas (France), and UniCredit (Italy). Some of these losses were offset by positive sector allocation. A meaningful overweight to information technology provided a tailwind to relative returns. Though a sizable underweight to consumer staples hurt, selection in the sector was modestly beneficial. The team continued to underweight staples due to high valuations and concerns over an increasingly competitive environment. Regional positioning did not change materially during the quarter. Dodge & Cox remained underweight Europe in favor of opportunities in Asia and North America. Dodge & Cox closed the International Stock Fund to new investors effective January 16, 2015. The Fund saw significant inflow activity from new investors prior to the close. By soft-closing the strategy, Dodge & Cox is seeking to preserve capacity for existing clients and manage asset flows going forward. Future capacity of the Firm's Global Stock Fund, which remains open, was also a factor in the decision. The International Stock Fund will remain open to existing investors for the foreseeable future.
- Dodge & Cox recently announced that, effective February 3, 2015, Englebert T. Bangayan joined the International Investment Policy Committee (IIPC), which is responsible for all portfolio decisions. Bangayan is a Vice President and Global Research Analyst at Dodge & Cox. He joined the Firm in 2002 as a Research Associate and later assumed research responsibilities in 2006. Additionally, former Chairman of Dodge & Cox John A. Gunn will step down from the IIPC effective April 30, 2015. Gunn has served on the committee since its inception in 2001. He remains a member of the Firm's Investment Policy Committee. This change is part of his long-planned and well-communicated transition to retirement.

Performance Highlights

Equity (cont'd)

- The Artisan International Fund managed a modest gain of 0.5% during what was a difficult quarter for international equities, as the MSCI EAFE Index declined 3.6%. Artisan finished well ahead of the Index for the full calendar year as well, returning -1.0%, compared to the benchmark's -4.9%. Stock selection was very strong in the quarter, with the investment team adding value across most major economic sectors. Selection within financials was particularly positive, as the portfolio's names with high exposure to Asia, both directly and indirectly, posted gains. Key contributors included Industrial & Commercial Bank of China, AIA Group, and Prudential. The portfolio holds little financials exposure outside of these names, due primarily to concerns over the capitalization of European banks. A large underweight to energy also served as a tailwind to relative returns. The team has long avoided large, integrated oil names. Instead, it prefers to seek out energy service companies that are less susceptible to oil prices and have the potential to offer stronger recurring revenues. Regional positioning also aided performance. Artisan benefited from an underweight to Europe, as well as meaningful direct and indirect exposure to emerging Asia.
- As reported in March 2014, Artisan completed a follow-on equity offering that coincided with the first anniversary of its IPO and Founder Andy Ziegler's retirement. After the subsequent follow-on offering, 38% of Artisan Partners is publicly traded with the remaining equity held by employees (32%), founders (11%), and other initial/external investors (17%). The equity of employees is restricted, and Artisan employees will maintain super-majority voting rights as long as they own 20% of the Firm. Our primary concerns surrounding the IPO continue to center on Artisan's ongoing ability to attract and retain talent, the potential for a shift in focus from long-term asset management to short-term profit management, and reduced transparency for shareholders and investors.

Performance Highlights

Alternative Strategies

- Forester Partners gained 3.6% in the quarter and has appreciated 5.7% for the calendar year. Forester had a strong finish the year, capturing more than 70% of the S&P 500 Index's quarterly gain. Forester had strong returns from a handful of long/short equity managers in the fourth quarter, but performance was mixed overall in both the quarter and the year. Among the top performers in the quarter was Samlyn, which gained 7% and is a larger weight within the Fund at 3% of capital. Samlyn benefited from a sizable long position in drug maker Allergan, which appreciated as a result of a bidding war for the company. Other strong performers included 12 West Capital and Two Creeks, which both returned more than 5%. Larger allocations such as Viking and Kensico also performed well in the quarter and finished the year with double-digit gains. Forester even had strong returns in the quarter from some of the Fund's laggards on the year. Freshford finished 2014 with a loss of more than 1%, but gained more than 5% in the quarter. Brahman also gained 3% in the quarter, but declined more than 4% on the year.
- Archstone Absolute Return declined 2.4% in the quarter, finishing with a calendar-year loss of 0.6%. Archstone had a difficult quarter, driven in large part by a 5.5% loss for York Credit, the Fund's largest allocation. York struggled in October, as a series of unrelated events led to sizable declines on a handful of positions. The most notable losses came from an Italian lender that moved toward bankruptcy and equity positions in Fannie Mae/Freddie Mac that were hurt by an adverse ruling on a federal lawsuit. Mason also had exposure to Fannie and Freddie, but was hurt further by the collapse of the AbbVie/Shire merger deal. Losses in the credit space were relatively widespread during the quarter. King Street and Davidson Kempner had modest losses of 1.5%, as Lehman Brothers claims traded down in sympathy with the broader credit market. More hedged managers, such as Brevan Howard, avoided the worst of the sell-off, finishing with losses of less than 1% and gains on the year in excess of 5%. On the positive side, multi-strategy managers Farallon and Och-Ziff were able to add risk in October, benefiting from a narrowing of merger-arbitrage spreads and a rally in the equity markets over the final 10 weeks of the quarter.

Performance Highlights

Fixed Income

- JPMorgan Core Bond Select rose 1.6% for the quarter, compared to a 1.8% appreciation in the Barclays US Aggregate Index. For the full year, the Fund rose 5.2%, but trailed the 6.0% return of the Index. Key detractors during the quarter were duration and yield curve. The Fund had an overall duration underweight to the Index, but also had an underweight to the 30-year part of the curve that experienced the sharpest degree of flattening during the quarter. In addition, from a sector perspective, the Fund's overweight to MBS—in particular, a preference for collateralized mortgage obligation (CMO) structures rather than agency pass-throughs—as well as an overweight to ABS, were sources of relative weakness. The combination of lower prepay speed and longer duration caused agency pass-throughs to outperform CMOs. Credit selection in ABS was weak, owing to the short duration of the Fund's holdings, compared to those in the Index. An underweight to corporates was beneficial to performance, as credit spreads widened. In addition, credit selection within corporate financials was solid, as the Fund's holdings outperformed those in the benchmark. Entering 2015, the Fund's duration rose modestly from 4.7 years at the end of the previous quarter to 4.8 years. However, it remained below the Index duration of 5.3 years. The weight to Treasuries modestly increased, but the exposure remains below that of the Index. Some additions were made to ABS and CMBS, but the allocation to corporates moderated. Within corporates, the team continues to prefer financials over industrials. The Fund's 2.3% yield to maturity was at a 17 bps premium to the Index yield, with the option-adjusted spread increasing from 78 bps to 84 bps, compared to a 2-bps increase to 42 bps in the Index.

Performance Highlights

Fixed Income

- During the quarter, Vanguard Short-Term Treasury returned 0.4% and underperformed the return of the Barclays 1–5 Year Treasury Index by 10 bps. For the full year, the Fund's 0.8% return was roughly 40 bps below the Index return. The Fund had an overweight to Treasuries maturing in the 1–3 year range and an underweight to those maturing in the 3–5 year range. The yield curve experienced a bearish flattening with higher short-term yields and lower longer-term yields. As a result, the Fund had an overweight to the segment of the curve experiencing upward yield pressure and an underweight to the area that was benefiting from yield declines. Some of this impact was offset by a non-Index weight in Treasuries maturing in the next 5–7 years, but the benefit was a wash, given offsetting exposure in very short-dated Treasuries that returned virtually nil during the quarter. Entering 2015, the Fund had a 5.4% weight in agency MBS and the remainder in U.S. Treasuries. The Fund's duration remains unchanged at 2.2 years, compared to the Index duration of 2.6 years. Lastly, the defensive interest rate posture caused the Fund's 0.9% yield to trail the Index yield by 9 bps.

Performance Highlights

Inflation Hedging

- The Gresham TAP Strategy and the Nuveen Diversified Commodity Fund dropped approximately 13% during the quarter, underperforming the 12.1% decline of the Bloomberg Commodity Index. For the year, the strategy finished roughly 30 bps ahead of the Index. TAP's underperformance during the quarter was largely attributable to its overweight to energy, which was weighed down by the dramatic decline in crude prices in the second half of 2014. The decline was triggered by: (i) continued growth in global crude supply; (ii) weaker demand growth, particularly from China and other emerging markets; (iii) a strengthening U.S. dollar that made USD-denominated trade more expensive; and (iv) a lack of realized materials supply disruptions. In absolute terms, the strategy's WTI and Brent contract selection was positive, but overweight positions mitigated the impact on relative results. Agriculture was also a meaningful detractor, as a result of the strategy's continued underweights to corn and Chicago Wheat. Livestock continues to be a source of strength for the strategy, specifically live cattle and lean hogs, which is due to roll timing and positioning on the curve.
- Van Eck Global Hard Assets declined 20.4% during the quarter and trailed the S&P North American Natural Resources Index, which dropped 13.9%. For the year, the Fund fell 19.4%, versus a 9.8% decline for the Index. The energy sector, which accounted for roughly 60% of the Fund assets at year-end, continues to be the weakest-performing sub-sector following a sharp decline in oil prices during the quarter. Crude oil prices experienced a dramatic decline in the last half of the year, which was triggered by the following: (i) continued growth in global crude supply; (ii) weaker demand growth, particularly from China and other emerging markets; (iii) a strengthening U.S. dollar, which made USD-denominated trade more expensive; and (iv) a lack of realized materials-supply disruptions. The portfolio experienced sharp relative underperformance within energy, as the Fund had a strong overweight to exploration and production (E&P) companies and no exposure to large integrated. During the quarter, E&P companies sharply underperformed large integrated, which have been perceived as safer exposures due to their diversified businesses and current dividends during a risk-off period in the industry. The Fund's strong overweight to exploration and production companies was a primary driver of underperformance. Relative underperformance also stemmed from the portfolio's overweight to production and equipment, as well as services names, which sold off sharply as the market anticipated a significant reduction in new production activity. Within energy, SM Energy and Pioneer Natural Resources were among the worst performers, as a result of the drop in oil prices. Conversely, refiners and marketers Tesoro and Marathon Petroleum benefited from the drop in prices and contributed positively. The strategy also experienced positive attribution from forest products, fertilizers and agriculture chemicals, and construction machinery. The team remains committed to its two major portfolio themes—unconventional resources and mining restructuring. While the energy position was reduced from its high of over 70% at the end of the second quarter to roughly 60% at year-end, the team continues to believe there are compelling investment opportunities in low-cost producers. The mining industry has been focused on attempting to increase operating margins through capital discipline, maintaining healthy balance sheets and cutting costs. Lastly, industrial miners continue to restructure their operations and strategies in an effort to increase profitability and returns, with a focus on enhancing existing assets rather than pursuing acquisitions.

Performance Highlights

Inflation Hedging (cont'd)

- Vanguard Inflation-Protected Securities returned 0.2% and outperformed the return of the Barclays U.S. Treasury Inflation Protected Securities Index by 23 bps. For the full year, the Fund's 4.1% return represented positive alpha of 43 bps over the Index. For the quarter, the Fund had modest exposure to nominal U.S. Treasuries maturing over the next one-to-five years, which returned roughly 0.5%, versus a -1.6% return in comparable maturity TIPS. As inflation expectations fell and yield declines were greater in nominal Treasuries than in inflation-linked markets, TIPS underperformed nominal during the quarter. In addition to the benefit of the nominal exposure, the Fund had an overweight to longer-dated TIPS, compared to the Index and the U.S. real yield curve flattened during the quarter. Entering 2015, the Fund's real yield matched that of the Index and duration, at 7.9 years, and was in line with the benchmark. Roughly 97% of the Fund was invested in U.S. TIPS, with the remainder invested in nominal U.S. Treasuries.

Firm details: First Pacific Advisors

Total Assets (\$ mil.):	\$33,603
Style:	Long/Short Equity
Assets in Style (\$mil.):	\$20,150
Year Founded:	1953
Location:	Los Angeles, CA
Ownership:	- Founded in 1953- 100% Employee Owned
Registration:	SEC (2006)
GP Capital:	N/A

Key Investment Professionals:

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

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

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

Investment Objective and Philosophy/Process

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

Assessment

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

This is a Prime Buchholz recommended strategy.

Vehicle Information:

Inception:	June 1993
Assets (\$ mil.):	\$19,983
Minimum Account Size:	\$1,500
Management Fee:	1.26%, 2.0% redemption < 90 days
Profit Allocation:	None
Highwater Mark:	None
Hurdle Rate:	None
UBTI:	N/A
Additional Expenses:	Short sale dividend expense, other (0.19% at March 31, 2011)
Additional Vehicles:	N/A

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

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Firm details: Forester Capital

Total Assets (\$ mil.):	\$4,000	Key Investment Professionals:	Trent Carmichael - Prior to founding Forester Capital, Mr. Carmichael was with Tiger Management from 1996 to 1999, Nelson Capital Management from 1991-1994 and Donaldson, Lufkin and Jenrette from 1988-1990. Mr. Carmichael has a Master's degree in Management from the Kellogg School and a BA in Economics from Duke University. He has obtained the Chartered Financial Analyst designation.
Style:	Directional Hedge FOF		
Assets in Style (\$mil.):	\$1,640		
Year Founded:	1999		
Location:	Greenwich, CT		
Ownership:	100% Trent Carmichael and family.	Fritz Fortmiller - Mr. Fortmiller joined Forester in 2006. Prior to Forester, he worked at Cambridge Associates from 1999-2005 as a Specialist Consultant, Research Consultant and Associate. Prior to that, he founded Tumbuckle Records and worked as a Paralegal Specialist in the U.S. Attorney's Office. BA in Philosophy from Yale University. He has obtained the Chartered Financial Analyst designation.	
Registration:	SEC		
GP Capital:	\$28.5 million across funds (as of 9/30/2010)		

Investment Objective, Philosophy/Process, and Assessment

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

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

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

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

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

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

Sample Portfolio Characteristics

<i>Underlying Funds (9/30/2014)</i>	<i>Alloc %</i>	<i>Strategy</i>
Viking Global Equities III, Ltd.	10	Long/Short Equity
Kensico Offshore Fund, Ltd.	9	Long/Short Equity
Samlyn Offshore Fund, Ltd.	6	Long/Short Equity
Pennant Windward Fund, Ltd.	5	Long/Short Equity
Coatue Offshore Fund, Ltd.	4	Long/Short Equity
Falcon Edge Global, Ltd	4	Global L/S Equity
Lansdowne Developed Markets Long Only Fund Limited	4	Global L/S Equity
Abrams Bison Offshore Fund, Ltd.	3	Long/Short Equity
Castine Offshore Fund, Ltd	3	US Low Net Sector
Hengistbury Fund, Ltd	3	European Equity
Steadfast International Ltd.	3	Long/Short Equity
The Children's Investment Fund	3	Global Value Activist Equity
Tiger Global, Ltd.	3	Long/Short Equity
Bay Pond Partners, Ltd.	2	Long/Short Equity
Cyrus Capital Partners, L.P.	2	Absolute Return
HHR Atlas Ltd.	2	Long/Short Equity
Impala Fund, Ltd.	2	Long/Short Equity
Lakewood Capital Offshore Fund, Ltd	2	Long/Short Equity
Nokota Capital Offshore Fund, Ltd	2	Global Long/Short
North Run Capital, Ltd.	2	Long/Short Equity

Vehicle Information:

Inception:	January 2004	3c1/3c7:	3c7
Assets (\$ mil.):	\$705	Subscriptions:	Quarterly
Minimum Account Size:	\$2,000,000	Redemptions (notice):	A: Annual (anniversary) B: Three-year liquidity (95 days)
Management Fee:	1.0%, underlying manager fees	Lock-up:	A: Two years B: Three years
Profit Allocation:	A: 3%, B: None	ERISA Capacity:	No
Highwater Mark:	Yes	Prime Broker:	N/A
Hurdle Rate:	NA	Administrator:	International Fund Services LLC
UBTI:	No	Auditor	Ernst & Young LLP
Additional Expenses:	Accounting, legal, filing (approx. 18 bps)(0.07% in 2012)	Legal Counsel:	Ogier
Additional Vehicles:	Onshore 3c1 and 3c7		

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Firm details: Archstone Partners

Total Assets (\$ mil.):	\$3,326	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.):	\$333	- Joe Pignatelli - President of Archstone Funds. Over 15 years experience in investment management. Oversees all manager analysis, asset allocation, and coordination of legal/financial issues. Bachelors from Pace University and Masters from Baruch College.	
Year Founded:	1991	- David Parker - COO and Chief Compliance Officer. BS from University of Texas and MBA from Harvard Business School. Duties include all management-related issues, strategy, planning, and governance.	
Location:	New York, NY		
Ownership:	Alfred Shuman 80%; Balance in declining order: Stanley Shuman; Richard Nye; Steven Kotler; Stephanie Shuman; Joseph Pignatelli; David Parker; John Marshall		
Registration:	SEC		
GP Capital:	\$6.8 Million		
		Other investment professionals include Mark Smith, Barbara Barlick, Kevin Jomlin & Edgar Smith.	

Investment Objective, Philosophy/Process, and Assessment

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

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

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

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

Sample Portfolio Characteristics

<i>Underlying Funds (9/30/2014)</i>	<i>Alloc %</i>	<i>Strategy</i>
Fir Tree Capital Opportunity Fund II, Ltd.	10	Absolute Return
King Street Capital Ltd.	10	Distressed Debt/Credit
York Credit Opportunities Unit Trust	10	Credit and distressed debt
Elliott International, Ltd	10	Multi-strategy Hedge
Davidson Kempner International, Ltd.	10	Absolute Return Multi-Strategy
Silver Point Capital Offshore Fund, Ltd.	10	Absolute Return
Farallon Capital Offshore Investors, Inc.	10	Absolute Return - Event-Driven
Mason Capital, Ltd.	9	Event Driven
Och Ziff Overseas Fund, Ltd.	8	Absolute Return - Event Driven
Brevan Howard Credit Catalysts Ltd	7	Absolute Return
Serengeti Opportunities Fund	5	Event Driven

Vehicle Information:

Inception:	January 2002	3c1/3c7:	3c7
Assets (\$ mil.):	\$333	Subscriptions:	Monthly (1mm min for PBA)
Minimum Account Size:	\$2,500,000	Redemptions (notice):	Semiannual (6/30, 12/31) with 90 days notice
Management Fee:	1.11%- 1.14% flat fee or 1% & 5% incentive; Underlying Manager Fees	Lock-up:	One year
Profit Allocation:	0% for flat fee/5% for incentive fee structure	ERISA Capacity:	Yes
Highwater Mark:	Yes, for incentive fee structure	Prime Broker:	N/A
Hurdle Rate:	NA	Administrator:	SS&C Technologies, Inc.
UBTI:	No	Auditor	Ernst & Young LLP
Additional Expenses:	Payroll and all operating expenses (0.49% in 2012, capped at 0.60% excl. interest expense)	Legal Counsel:	Walkers SPV Limited (Cayman); Willkie Farr & Gallagher LLP (US)
Additional Vehicles:	NA		

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Firm details: Vanguard Group Inc

Total Assets (\$ mil.): \$2,875,425
Style: Domestic Fixed Sector Index
Assets in Style (\$mil.): \$10,700
Year Founded: 1975
Product Inception: December 2012
Location: Valley Forge, PA
Ownership: -The firm is owned by fund shareholders.

Key Investment Professionals:

- Greg Davis - Davis is Head of Fixed Income Portfolio Management and has been with Vanguard since 1999. He earned a B.S. from Pennsylvania State University and an M.B.A. from the University of Pennsylvania.
 - Joshua Barrickman, CFA - Barrickman was promoted to Head of Vanguard's Bond Index Group in 2013 and he joined the firm in 1999. He earned a B.S. from Ohio Northern University and an M.B.A. from Lehigh University.
 - Gemma Wright-Casparius. Wright-Casparius joined Vanguard in 2011 from GIC, Singapore's SWF. She has more than 30 years of experience and obtained a B.B.A. degree in Economics and Finance and an M.B.A. degree from Bernard M. Baruch College of The City University of New York.

Investment Objective and Philosophy/Process

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

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

Assessment

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

Vehicle Information:

Vehicle Name	Minimum	Assets (\$ mil.)	Fee	Type	Sample Operational Detail	Quality/Avg. Quality:	AAA/AAA
Vanguard ST TIPS Fd Adm	\$10,000	\$1,500.0	0.10%	MF	Vanguard ST TIPS Fd Instl	Duration:	Index-like
Vanguard ST TIPS Fd ETF	\$0	\$1,500.0	0.10%	MF	Last Audited Financial	% Non-Investment	0
					9/30/2014	Grade:	
Vanguard ST TIPS Fd Instl	\$5,000,000	\$3,100.0	0.07%	MF	Accountant/Auditor	% Foreign:	0
					PricewaterhouseCoopers LLP	Security Constraints:	80% of its assets in inflation-indexed securities
					Custodian	Sector Constraints:	80% of its assets in inflation-indexed securities
					JPMorgan Chase	Avg # of Securities:	~15
					Administrator	Turnover:	N/A
					Vanguard	Assets in Composite:	N/A
					Securities Lending	GIPS Compliant:	No
					Yes		

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Firm details: Gresham Investment Management, LLC

Total Assets (\$ mil.): \$14,800
Style: Commodities Direct Active
Assets in Style (\$mil.): \$4,300
Year Founded: 1992
Product Inception: December 1987
Location: New York, NY
Ownership: 40% Gresham/ 60% TIAA-CREF

Key Investment Professionals:

Jonathan S. Spencer, President of Gresham Investment Management LLC, is responsible for the day-to-day investment and operational activities of Gresham.
 Robert J. Reeves, CFO. Reeves joined Gresham Investment Management, LLC in July 2009.
 Susan Wager, Managing Director of Gresham LLC-- Senior Trader for Gresham NTA since March 2005. She is responsible for Gresham's Long/Short Strategy as well as all option-related strategies, and she assists with implementation of Gresham's long-only strategies, including TAP®
 Randy Migdal, Managing Director of Gresham LLC and Head Trader for Gresham NTA (since June 2006). He is responsible for Gresham's Near Term Active Implementation strategies, including TAP®, and he assists with the implementation of Gresham's Long/Short Strategy.

Investment Objective and Philosophy/Process

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

Assessment

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

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

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

Nuveen Investments, which has a 60% equity stake in Gresham, was acquired by TIAA-CREF. Nuveen Investments was previously owned by the private equity firm Madison Dearborn. Gresham has been operating under an independent operating agreement under Nuveen and will continue to operate independently under TIAA-CREF.

This is a Prime Buchholz recommended strategy.

Vehicle Information:

Vehicle Name	Minimum	Assets (\$ mil.)	Fee	Type	Sample Operational Detail	Security Constraints:	
Nuveen Gresham Diversified Commodity Strategy I Fund	\$100,000	\$92.2	1.07%	MF	The TAP Fund, LLC	Sector Constraints:	Strategic Portfolios no 2 sectors may total >60%
The TAP Fund LTD	\$250,000	\$1,500.0	< \$5 mil 100 bps; \$5 to \$10 mil 3c7 90bps; >\$10 mil 70 bps		Last Audited Financial	12/31/2013	Avg # of Securities: 25
The TAP Fund, LLC	\$250,000	\$2,998.0	< \$5 mil 100 bps; \$5 to \$10 mil 3c7		Accountant/Auditor	KPMG (formerly Rothstein Kass)	Turnover: Continuous
					Custodian	JPMORGAN CHASE	Assets in Composite: NA
					Administrator	Citco Fund Services (Curacao) N.V.	GIPS Compliant:
					Securities Lending	N/A	

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Firm details: Van Eck

Total Assets (\$ mil.):	\$28,261
Style:	Public Real Direct Natural Resources
Assets in Style (\$mil.):	\$3,500
Year Founded:	1955
Product Inception:	November 1994
Location:	New York
Ownership:	Family Owned - Jan F. Van Eck and Family Trusts (50% - 75%)John C. Van Eck (10% - 25%)Deborah Van Eck and Family Trusts (5% - 10%)

Key Investment Professionals:

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

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

Investment Objective and Philosophy/Process

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

Assessment

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

Vehicle Information:

Vehicle Name	Minimum	Assets (\$ mil.)	Fee	Type	Sample Operational Detail	Security Constraints:	5% cap
Van Eck Global Hard Assets I	\$1,000,000	\$2,100.0	1.00%	MF	Van Eck Global Hard Assets I	Sector Constraints:	Energy between 30% - 65%, the remaining between 0% - 25%
Van Eck Global Hard Assets Y	\$1,000		1.19%	MF	Last Audited Financial 12/31/2013 Accountant/Auditor Ernst & Young LLP Custodian State Street Bank & Trust Company Administrator Van Eck Associates Corporation Securities Lending N/A	Avg # of Securities: ~70 Turnover: 40% Assets in Composite: N/A GIPS Compliant: No	

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Historical Performance

Return and Risk Summary

As of December 31, 2014

	1 Quarter Return	Previous Quarter Return	1 Year Return	1 Year Standard Deviation	3 Years Return	3 Years Standard Deviation	5 Years Return	5 Years Standard Deviation	7 Years Return	7 Years Standard Deviation	10 Years Return	10 Years Standard Deviation
Fidelity Spartan Total Market Index Advisor Fund	5.2	-0.1	12.5	4.3	20.4	9.2	15.7	14.6	7.6	19.3	NA	NA
Wilshire 5000 Total Market Index	4.9	0.0	12.1	4.1	20.4	9.2	15.7	14.6	7.7	19.3	8.1	16.5
FPA Crescent Fund	2.5	-1.0	6.6	3.1	12.8	5.7	10.6	9.1	7.8	12.6	8.4	10.8
S&P 500 Index	4.9	1.1	13.7	3.7	20.4	8.9	15.5	14.0	7.3	18.7	7.7	16.1
60% Russell 2500 / 40% BC Global Credit	3.8	-4.1	5.3	6.4	13.9	7.5	12.1	11.8	7.7	15.7	7.5	13.5
HFRI Equity Hedge (Total) Index	0.0	-1.4	1.8	2.6	7.7	6.1	4.8	8.5	2.1	11.7	4.7	10.3
FMI Common Stock Fund	4.8	-4.9	6.5	8.0	15.7	10.3	14.6	15.2	11.2	19.1	10.2	16.9
Russell 2500 Index	6.8	-5.3	7.1	8.9	20.0	11.1	16.4	17.7	8.9	22.4	8.7	19.5
Dodge & Cox International Stock Fund	-4.7	-2.7	0.1	7.9	15.2	12.4	7.9	18.0	2.0	25.9	6.7	22.3
MSCI AC World ex USA (Net)	-3.9	-5.3	-3.9	8.1	9.0	11.8	4.4	16.4	-0.6	23.1	5.1	20.2
Artisan International Institutional Fund	0.5	-4.7	-0.7	7.4	16.1	11.7	9.8	17.2	2.5	23.3	7.6	20.3
MSCI EAFE (Net)	-3.6	-5.9	-4.9	7.7	11.1	11.9	5.3	16.5	-0.5	22.5	4.4	19.6
Forester Offshore A2, Ltd.	3.8	-0.3	5.8	3.3	10.1	4.5	6.5	6.7	4.5	7.6	7.3	7.0
HFRI FOF: Strategic Index	0.8	-0.2	3.0	1.4	6.4	4.1	3.5	5.6	0.1	8.9	3.4	8.3
Archstone Absolute Return Strategies Fund, Ltd. Class A	-2.7	-1.5	-0.6	4.0	6.4	4.2	4.9	4.8	2.7	7.7	4.7	6.9
HFRI FOF: Conservative Index	0.3	0.2	3.2	1.0	5.0	2.4	3.2	3.4	0.4	6.7	2.5	6.0
JP Morgan Core Bond Select Fund	1.6	0.2	5.2	1.2	2.8	2.2	4.6	2.7	5.2	3.0	4.9	3.1
Barclays U.S. Aggregate	1.8	0.2	6.0	1.5	2.7	2.5	4.4	3.0	4.8	3.2	4.7	3.2
Vanguard Short Term US Treasury Admiral Fund	0.3	-0.1	0.8	0.4	0.5	0.5	1.3	1.0	2.1	1.9	2.9	2.0
Barclays U.S. Treasury: 1-5 Year	0.4	0.0	1.2	0.4	0.6	0.7	1.8	1.4	2.5	2.5	3.1	2.5
Vanguard Short-Term Inflation Protected Securities Adm. Fund	-1.5	-1.4	-1.2	2.5	NA	NA	NA	NA	NA	NA	NA	NA
Barclays U.S. Treasury: 0-5 Year TIPS Index	-1.5	-1.4	-1.1	2.5	-0.1	2.3	1.5	2.2	2.2	3.8	2.9	3.5

Historical Performance

Return and Risk Summary

As of December 31, 2014

	I Quarter Return	Previous Quarter Return	I Year Return	I Year Standard Deviation	3 Years Return	3 Years Standard Deviation	5 Years Return	5 Years Standard Deviation	7 Years Return	7 Years Standard Deviation	10 Years Return	10 Years Standard Deviation
Nuveen Gresham Diversified Commodities Fund	-13.0	-10.9	-17.3	15.4	NA	NA	NA	NA	NA	NA	NA	NA
Bloomberg Commodity Index	-12.1	-11.8	-17.0	16.3	-9.4	13.3	-5.5	15.4	-7.6	22.2	-1.9	20.5
Van Eck Global Hard Assets I Fund	-20.4	-10.5	-19.1	24.2	-2.6	20.5	0.0	25.1	-2.3	30.6	NA	NA
S&P North American Natural Resources Sector	-13.9	-10.0	-9.8	21.5	2.4	17.4	4.3	22.5	-0.4	27.9	7.7	25.2

Historical Performance

Return Summary

As of December 31, 2014

	2014 Return	2013 Return	2012 Return	2011 Return	2010 Return	2009 Return	2008 Return	2007 Return	2006 Return	2005 Return	2004 Return
Fidelity Spartan Total Market Index Advisor Fund	12.5	33.4	16.4	1.0	17.4	28.4	-37.2	5.6	15.8	NA	NA
Wilshire 5000 Total Market Index	12.1	34.0	16.1	0.6	18.1	29.4	-37.3	5.7	15.9	6.3	12.6
FPA Crescent Fund	6.6	21.9	10.3	3.0	12.0	28.4	-20.6	6.8	12.4	10.8	10.2
S&P 500 Index	13.7	32.4	16.0	2.1	15.1	26.5	-37.0	5.5	15.8	4.9	10.9
60% Russell 2500 / 40% BC Global Credit	5.3	21.4	15.6	0.5	18.9	29.6	-26.5	3.6	13.1	4.2	15.0
HFRI Equity Hedge (Total) Index	1.8	14.3	7.4	-8.4	10.5	24.6	-26.7	10.5	11.7	10.6	7.7
FMI Common Stock Fund	6.5	32.0	10.2	4.5	22.2	33.9	-20.4	-2.0	17.1	9.5	18.8
Russell 2500 Index	7.1	36.8	17.9	-2.5	26.7	34.4	-36.8	1.4	16.2	8.1	18.3
Dodge & Cox International Stock Fund	0.1	26.3	21.0	-16.0	13.7	47.5	-46.7	11.7	28.0	16.7	32.5
MSCI AC World ex USA (Net)	-3.9	15.3	16.8	-13.7	11.2	41.4	-45.5	16.7	26.7	16.6	20.9
Artisan International Institutional Fund	-0.7	25.5	25.6	-4.1	6.2	40.0	-46.8	20.0	25.9	16.5	18.0
MSCI EAFE (Net)	-4.9	22.8	17.3	-12.1	7.8	31.8	-43.4	11.2	26.3	13.5	20.2
Forester Offshore A2, Ltd.	5.8	15.2	9.3	-2.5	5.2	14.6	-13.0	18.5	11.5	12.0	10.0
HFRI FOF: Strategic Index	3.0	10.5	5.8	-7.3	6.3	13.2	-25.2	12.8	11.8	10.3	8.3
Archstone Absolute Return Strategies Fund, Ltd. Class A	-0.6	11.2	9.0	-2.3	8.1	19.4	-20.5	8.3	13.8	6.2	8.5
HFRI FOF: Conservative Index	3.2	7.7	4.2	-3.6	5.1	9.6	-19.9	7.7	9.2	5.1	5.8
JP Morgan Core Bond Select Fund	5.2	-1.8	5.1	7.3	7.3	9.7	4.0	7.0	4.0	2.3	4.4
Barclays U.S. Aggregate	6.0	-2.0	4.2	7.8	6.5	5.9	5.2	7.0	4.3	2.4	4.3
Vanguard Short Term US Treasury Admiral Fund	0.8	0.0	0.8	2.4	2.8	1.5	6.8	8.0	3.9	1.9	1.2
Barclays U.S. Treasury: 1-5 Year	1.2	-0.1	0.9	3.4	3.7	0.2	8.8	8.2	3.8	1.3	1.3
Vanguard Short-Term Inflation Protected Securities Adm. Fund	-1.2	-1.5	NA								
Barclays U.S. Treasury: 0-5 Year TIPS Index	-1.1	-1.6	2.4	4.5	3.3	10.7	-2.0	9.8	2.6	1.6	5.0

Historical Performance

Return Summary

As of December 31, 2014

	2014 Return	2013 Return	2012 Return	2011 Return	2010 Return	2009 Return	2008 Return	2007 Return	2006 Return	2005 Return	2004 Return
Nuveen Gresham Diversified Commodities Fund	-17.3	-7.8	NA								
Bloomberg Commodity Index	-17.0	-9.5	-1.1	-13.3	16.8	18.9	-35.6	16.2	2.1	21.4	9.1
Van Eck Global Hard Assets I Fund	-19.1	11.2	2.9	-16.3	28.9	53.2	-44.5	43.2	NA	NA	NA
S&P North American Natural Resources Sector	-9.8	16.5	2.2	-7.4	23.9	37.5	-42.6	34.4	16.8	36.6	24.6

All Private Equity Benchmark: Prior to December 31, 2013, the private equity benchmark consisted of Thomson Venture Economics All Private Equity Index, subsequent to this period, it is comprised of Cambridge Associates LLC Global Private Equity & Venture Capital Index. The index is an end-to-end calculation based on data compiled from U.S. private equity funds (buyout, growth equity, private equity energy and mezzanine funds), including fully liquidated partnerships. Client performance is generally reported one quarter in arrears unless otherwise noted.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Barclays LT G/C Flt Adjusted Composite Index: Prior to 1/1/2010, this index is Barclays LT G/C Index.

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

Barclays 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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Spliced Energy Index: S&P 500 Index through November 30, 2000; S&P Energy Sector Index through May 31, 2010; MSCI All Country World Energy Index thereafter.

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

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

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

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

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

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

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

Spliced Long Term Bond Index is the Barclays U.S. Long Government/Credit Bond Index through December 31, 2009; Barclays U.S. Long Government/Credit Float Adjusted Index thereafter.

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

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

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

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

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

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

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

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

Spliced Total Stock Market Composite Index: Dow Jones U.S. Total Stock Market Index (formerly Dow Jones Wilshire 5000 Index) through April 22, 2005; MSCI U.S. Broad Market Index through June 2, 2013; and CRSP US Total Market Index thereafter.

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

SSgA Real Asset Composite Index: 30% Dow Jones US Select REIT Index, 25% Goldman Sachs Commodities Index, 25% MSCI World Natural Resources Index, and 20% Barclays US TIPS Index.

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

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

Wellington DIH Composite: 25% MSCI World Energy >\$3 Bil/ 10% MSCI World Metals & Mining >\$3 Bil/ 10% Agriculture, Forest Products & Livestock/3% HSBarclays Global Climate Change/ 3.5% MSCI IMI Gold & Precious Metal/ 1.5% S&P GSCI Precious Metals Total Return / 25% equal sector-weighted S&P Goldman Sachs Commodity/ 20% Barclays US TIPS 1-10 Year / 2% Barclays Emerging Markets Tradable Government Inflation-Linked Bond.

Wellington SRA Composite: Beginning July 1, 2014: 40% MSCI ACW Energy Index, 15% MSCI ACW Metals and Mining Index, 25% Equal-Sector Weighted S&P GSCI, and 20% Barclays Capital TIPS 1-10 Year Index. June 30, 2014 and prior: 40% MSCI Energy \$3 B and above/15% MSCI Metals and Mining \$3 B and above/25% Equal Sector Weighted S&P GSCI Commodities Index/ and 20% Barclays TIPS.

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

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

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

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

EXPOSURES AND CHARACTERISTICS

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

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

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

Periods greater than one year are annualized.

Peer groups, performance, risk and equity analytics are provided by InvestmentMetrics, 2015. 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.

