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Fourth Quarter 2015

INVESTMENT PERFORMANCE ANALYSIS

Town of Palm Beach Health Insurance Trust

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Market Environment

Sequential economic data (annualized) released throughout the fourth quarter showed the U.S. grew 2.1% during the third quarter, a modest increase from the 2.0% previously reported. Compared to the prior period's growth rate, China (+6.9%) decelerated, but Japan's 1.6% gain was an improvement from the 1.0% last reported. Within the euro area, Germany's 1.7% increase anchored the currency union's 1.6% growth rate. Stronger growth in Spain (+3.4%) helped offset tepid growth in Italy (+0.8%) and a decline in Greece (-0.9%). India's 7.4% growth was a bright spot among emerging markets (EM), while Ukraine (-7.2%), Brazil (-4.5%), and Venezuela (-2.3%) were notable laggards.

The long-awaited Federal Reserve policy rate lift-off occurred on December 16, 2015. The Federal Open Market Committee (FOMC) voted unanimously to increase the target fed funds rate from 0–25 bps to 25–50 bps. Despite some concerns related to the use of newer tools (i.e., interest on excess reserves and overnight reverse-repos) to achieve lift-off, the process for moving off of zero appeared to move smoothly. Conversely, the European Central Bank (ECB) announced plans to extend the timeframe for its bond-buying program and the Bank of Japan (BoJ) adjusted its target maturity range and the size and scope of its exchange-traded funds (ETFs) and real estate investment trusts (REITs) purchases.

Inflation across the Organisation for Economic Co-operation and Development (OECD) countries was a modest 0.7% over the 12-month period ended November 2015. The euro area remained particularly low at 0.1%, as Germany (+0.4%), Italy (+0.1%), and France (+0.0%) were offset by Greece (-0.7%), Spain (-0.3%), and Finland (-0.2%). The highest inflationary pressure occurred in Russia (+15.0%), Brazil (+10.5%), and Turkey (+8.1%). U.S. Bureau of Labor Statistics data for this time period reflected the dramatic decline in energy prices, with headline CPI up 0.5% over the 12-month period. Excluding food and energy, U.S. prices were 2.0% higher in the trailing one-year period through November.

Unemployment, in aggregate, for OECD countries was 6.6% at the end of October 2015. The euro area remained elevated at 10.7% with Spain (21.6%), Portugal (12.4%), and Italy (11.4%) showing improvements but continuing to print the highest rates of unemployment. The lowest unemployment rates largely occurred outside the euro area, including Japan (3.1%), Korea (3.4%), Iceland (4.3%), Mexico (4.4%), and the U.S. (5.0%). U.S. job creation continued to trend upward, but monthly data has been mixed. Job growth and a falling labor force participation rate have played roles in reducing the level of unemployment in the United States.

The Federal Housing Finance Agency (FHFA) reported its seasonally-adjusted, Purchase-Only House Price Index rose 1.3% during the third quarter of 2015—the 17th consecutive increase. The FHFA cited low rates, modest inventory levels, and heightened confidence as the drivers of price increases. Over the trailing 12 months ended September 2015, home prices rose 5.7%.

West Texas Intermediate (WTI) crude prices fell 17.9% during the fourth quarter, to end the year at \$37.04 per barrel. Brent crude dropped 22.9% in the quarter to \$37.28 by the end of December. As a result, the spread between WTI and Brent narrowed from \$3.28 at the end of the third quarter to \$0.24 at the end of 2015. Natural gas prices were weak as well, ending the quarter down 6.1%, to \$2.32.

Gold prices fell 5.0% to \$1,060.30 per ounce in the fourth quarter. Inflation expectations were largely held in check as a result of falling commodity prices, in part due to an ongoing rally in the U.S. dollar (USD) and a lack of noticeable wage pressure.

The Dollar Index Spot, which measures the performance of the USD against a basket of currencies, rose 2.5% during the quarter. While all Index constituents declined against the dollar, weakness in the Canadian dollar (-3.5%), British pound (-2.7%), and the euro (-2.7%) were notable outliers compared to the Swedish krona (-0.5%) and the yen (-0.4%).

Historical Returns

Fourth Quarter 2015

Equity Index Returns							Fixed Income Index Returns							Illiquid Partnerships						
	Qtr	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr		Qtr	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr		Qtr	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr
S&P 500	7.0	1.4	7.4	15.1	12.6	7.3	LIBOR US 3m	0.1	0.3	0.3	0.3	0.3	1.6	Private Real Assets (as of 9/30/2015)						
CRSP US Total Market	6.2	0.4	6.3	14.7	12.1	7.6	Citigroup 3m T-Bill	0.0	0.0	0.0	0.0	0.1	1.2	NCREIF Property Index	3.1	13.5	12.4	11.9	12.5	8.0
Russell 3000 (Broad Market)	6.3	0.5	6.3	14.7	12.2	7.4	BOA ML 1-3 Yr Treasury	-0.4	0.5	0.6	0.5	0.7	2.4	Apartment	2.9	12.0	11.0	10.9	12.6	7.6
Russell 1000 (Large Cap)	6.5	0.9	6.9	15.0	12.4	7.4	Barclays 3-10 Yr Treasury	-1.2	1.7	3.0	1.1	3.2	4.7	Industrial	3.7	15.6	14.0	13.2	13.2	7.9
Russell Midcap	3.6	-2.4	5.1	14.2	11.4	8.0	Barclays 5-10 Yr Treasury	-1.3	1.8	4.1	1.1	3.9	5.2	Office	3.0	13.1	11.9	11.1	11.7	7.8
Russell 2000 (Small Cap)	3.6	-4.4	0.1	11.7	9.2	6.8	Barclays Long-Term Treasury	-1.4	-1.2	11.2	2.6	7.7	6.7	Retail	3.1	14.4	13.8	13.6	13.6	9.0
MSCI ACWI (USD)	5.0	-2.4	0.8	7.7	6.1	4.8	Barclays Credit	-0.5	-0.8	3.3	1.5	4.4	5.2	NCREIF Timber Index	0.8	9.3	9.8	9.8	6.3	7.9
MSCI ACWI (Local)	5.9	1.8	5.8	12.2	9.1	5.5	Barclays Gov't/Credit	-0.7	0.1	3.0	1.2	3.4	4.5	Private Equity (as of 06/30/2015)						
MSCI ACWI ex-U.S. (USD)	3.2	-5.7	-4.8	1.5	1.1	2.9	Barclays Aggregate	-0.6	0.5	3.2	1.4	3.2	4.5	VC: Early Stage	8.3	31.2	31.4	22.6	20.3	11.4
MSCI ACWI ex-U.S. (Local)	4.9	2.3	4.4	9.5	6.3	4.1	Barclays Municipal	1.5	3.3	6.1	3.2	5.3	4.7	VC: Late/Expansion Stage	3.5	13.9	20.1	15.9	16.3	13.3
MSCI EAFE (USD)	4.7	-0.8	-2.9	5.0	3.6	3.0	Barclays High Yield	-2.1	-4.5	-1.1	1.7	5.0	7.0	VC: Multi - Stage	5.0	22.2	25.4	19.4	16.7	10.9
MSCI EAFE (Local)	6.3	5.3	5.6	12.3	7.9	3.2	JPM Global Bond	-1.2	-2.6	-1.0	-2.2	0.3	3.8	Growth Equity	5.0	11.0	17.9	15.3	14.6	12.7
MSCI EM (USD)	0.7	-14.9	-8.8	-6.8	-4.8	3.6	JPM Non-U.S. Bond	-1.3	-4.8	-3.7	-4.1	-1.2	3.3	Buyout: Small Cap	3.3	5.0	12.7	11.5	14.9	17.9
MSCI EM (Local)	1.5	-5.8	-0.4	0.8	0.9	6.0	JPM Global Bond-Hedged	-0.0	1.3	4.9	3.1	3.9	4.3	Buyout: Mid Cap	4.6	7.0	11.8	11.7	12.4	14.2
S&P Developed ex-U.S. (Small Cap)	5.2	5.9	1.1	8.8	5.5	5.3	JPM Non-U.S. Bond-Hedged	0.6	1.7	5.7	4.3	4.5	4.4	Buyout: Large Cap	4.8	4.9	13.9	13.7	15.1	13.6
London - FTSE 100*	3.7	-1.3	-0.3	5.6	4.9	4.8	JPM EMBI+	1.8	1.8	4.0	-0.3	5.0	6.7	Buyout: Mega Cap	5.9	9.4	17.3	18.0	16.5	11.1
Japan - Nikkei 225*	9.6	11.0	9.9	24.3	14.9	--	JPM GBI-EM Global Div Bond	-0.0	-14.9	-10.4	-10.0	-3.5	4.3							
Hong Kong - Hang Seng*	5.4	-3.9	0.7	2.6	2.6	7.5	JPM GBI-EM Global Div Bond-Hedged	0.2	-2.2	0.4	-1.1	1.9	4.1							
China - Shanghai Composite*	15.9	9.4	29.2	15.9	4.7	11.7														
40% R 3000/40% EAFE/20% EM	4.5	-3.1	-0.4	6.4	5.3	5.1														

MSCI ACWI Sector							Hedge Fund Index Returns							Real Assets and Inflation						
	Qtr	1 Yr	2 Yr	3 Yr	5 Yr	7 Yr		Qtr	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr		Qtr	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr
Consumer Discretionary	5.2	4.6	4.2	14.0	11.8	17.9	HFRI Fund Weighted Composite	1.0	-0.8	1.0	3.7	2.3	4.1	REITs						
Consumer Staples	5.6	5.7	6.2	10.3	10.9	13.4	Absolute Return							FTSE EPRA/NAREIT Dev'd	4.4	0.1	7.7	6.6	8.0	5.4
Energy	-0.5	-21.5	-17.3	-7.9	-4.7	2.4	HFRI Event Driven (Total)	0.3	-2.9	-0.9	3.4	3.1	4.6	Commodities						
Financials	3.9	-5.1	-0.7	6.5	4.9	9.3	HFRI Relative Value (Total)	-0.2	-0.2	1.9	3.6	4.2	5.6	Bloomberg Commodity	-10.5	-24.7	-20.9	-17.3	-13.5	-6.4
Health Care	7.0	6.8	12.6	20.0	17.6	15.8	HFRI RV: FI-Convertible Arbitrage	0.3	1.9	1.7	3.8	2.9	5.1	S&P GSCI	-16.6	-32.9	-33.0	-23.7	-15.2	-10.6
Industrials	6.2	-2.6	-1.0	8.4	6.1	11.7	HFRI EH: Equity Market Neutral	1.9	5.0	4.0	4.8	3.0	2.6	Natural Resources						
Information Technology	8.7	3.6	9.5	15.0	11.1	16.9	Directional Hedge							S&P NA Natural Resources	-1.8	-24.3	-17.3	-7.3	-5.5	1.5
Materials	3.5	-15.7	-11.5	-7.9	-7.2	5.2	HFRI Equity Hedge (Total)	2.3	-0.4	0.7	5.0	2.7	3.6	Inflation-Protected Bonds						
Telecom	4.1	-1.4	-1.2	6.7	5.9	8.4	HFRI Macro (Total)	-0.2	-1.3	2.1	1.2	-0.1	3.5	Barclays U.S. TIPS	-0.6	-1.4	1.1	-2.3	2.5	3.9
Utilities	1.2	-7.4	3.0	5.8	3.3	4.0	HFRI Emerging Markets (Total)	2.0	-3.3	-2.9	-0.2	-1.2	3.7	Inflation						
							HFRI EH: Short Bias	-1.6	-2.2	-3.1	-8.5	-8.7	-6.4	U.S. CPI	-0.4	0.9	0.9	1.1	1.6	1.9
							Fund of Funds							U.S. CPI Plus 5%	0.8	6.0	5.9	6.1	6.7	7.0
							HFRI FOF Strategic	1.3	-0.8	1.1	4.2	2.1	2.3							
							HFRI FOF Diversified	0.2	-0.4	1.5	4.0	2.3	2.3							
							HFRI FOF Conservative	0.2	0.6	1.8	3.8	2.3	2.0							

*Returns in local currency.



Note: All returns as of 12/31/2015, unless otherwise noted.

Key Metrics

Fourth Quarter 2015

Option-Adjusted Spreads		
	Current QTR	1 Year Ago
U.S. High Yield	660	483
U.S. Corporate	165	131
U.S. IG Financials	134	117
CDX IG 5-Yr	88	67
CDX HY 5-Yr	471	359
Agency MBS	24	28
CMBS	131	97
ABS - Fixed Rate	72	58
ABS - Floating Rate	103	82
TED ¹	44	20
Emerging Markets (External)	389	365

¹ 3 month US LIBOR minus 3 Month US T Bills

U.S. Economy		
	Current QTR	1 Year Ago
Unemployment Rate	5.00%	5.60%
Quarterly GDP ²	2.00%	5.00%
Current Account Deficit ²	\$124.10	\$100.30
Annualized Current Account Deficit/GDP ²	2.70%	2.30%

² Statistics as of one quarter prior

Central Bank Activity		
	Current QTR	1 Year Ago
Fed Funds Rate	0.25-0.5%	0-0.25%
Bank of Japan Target Rate	0.10%	0.10%
European Central Bank Policy Rate	0.05%	0.05%
European Central Bank Deposit Facility Rate	-0.30%	-0.20%
Bank of England Official Bank Rate	0.50%	0.50%

Inflation Forecast		
	Current QTR	1 Year Ago
10-Year Treasury Yield	2.27%	2.17%
10-Year Breakeven ⁴	1.58%	1.68%
5-Year Treasury Yield	1.76%	1.65%
5-Year Breakeven ⁴	1.28%	1.21%

⁴ Breakeven rates calculated by Bloomberg

	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	17.2x	16.1x	2.2%	16.7x	16.3x	1.9%
Russell 1000 Index	17.2x	16.3x	2.1%	17.0x	16.5x	1.8%
Russell Midcap Index	18.0x	17.2x	1.8%	19.5x	17.9x	1.5%
Russell 2000 Index	17.6x	21.4x	1.9%	20.1x	21.9x	1.6%
Russell 3000 Index	17.3x	16.6x	2.1%	17.1x	16.8x	1.8%
Russell 3000 Growth Index	19.8x	18.5x	1.5%	20.2x	18.5x	1.4%
Russell 3000 Value Index	15.2x	15.0x	2.7%	14.9x	15.4x	2.3%
MSCI ACWI Index	15.8x	15.0x	2.6%	15.3x	14.9x	2.5%
MSCI ACWI ex-U.S. Index	14.2x	13.8x	3.2%	13.8x	13.5x	3.1%
MSCI EAFE Index	15.5x	14.7x	3.3%	14.6x	14.2x	3.2%
MSCI EM Index	10.9x	11.0x	2.9%	11.3x	11.0x	2.8%
MSCI Frontier Markets Index	10.9x	9.2x	4.6%	11.4x	9.1x	4.6%
London - FTSE 100*	15.8x	14.1x	3.2%	15.6x	14.1x	3.3%
Japan - Nikkei 225*	18.4x	17.0x	1.7%	20.3x	17.4x	1.5%
Hong Kong - Hang Seng*	10.4x	10.6x	3.6%	10.3x	10.6x	3.6%
China - Shanghai Composite*	12.1x	11.6x	2.4%	14.2x	12.0x	2.1%

³ Returns in local currency

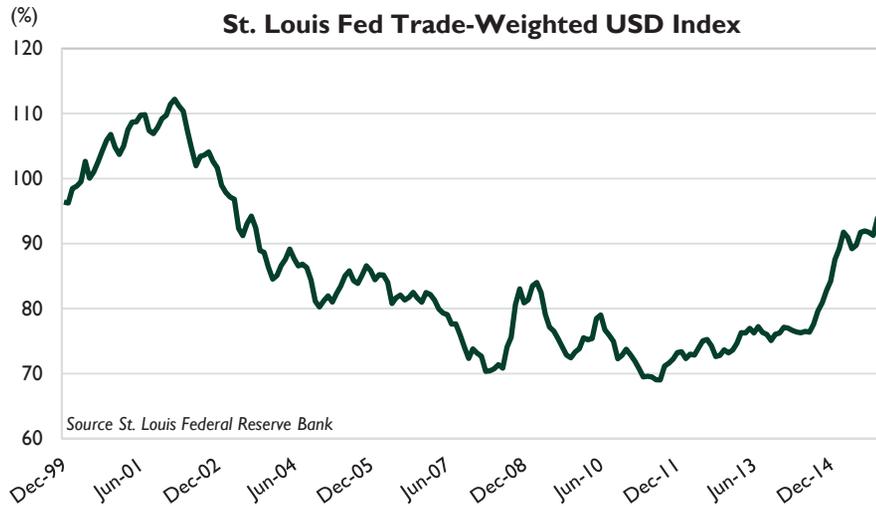
P/E excludes companies with negative earnings

U.S. Treasury Yields							Curve Steepness
Date	3-Mo T-Bill	6-Mo T-Bill	2-Yr Note	5-Yr Note	10-Yr Note	30-Yr Note	10-Yr - 2-Yr
1 Year Ago	0.05%	0.12%	0.67%	1.65%	2.17%	2.75%	1.50%
Current Quarter	0.17%	0.48%	1.06%	1.76%	2.27%	3.02%	1.21%

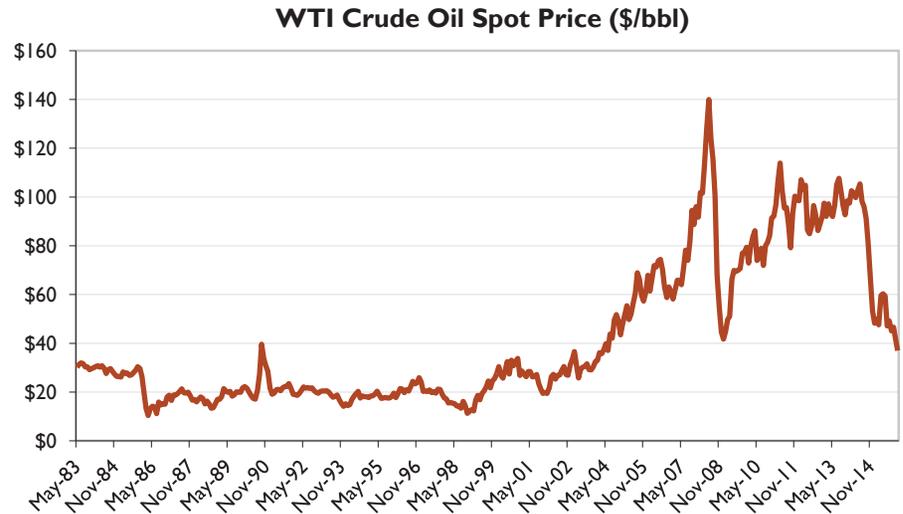
Currency Rates (per U.S. Dollar) (%)								
	MTD	QTD	YTD	1 Year	2 Year*	3 Year*	5 Year*	Current Spot Rate
U.S. Dollar Spot (DXY)**	-1.5	2.5	9.3	9.3	11.0	7.4	4.5	98.693
Canadian Dollar	-4.1	-3.5	-16.6	-16.6	-12.5	-10.5	-6.5	1.389
Japanese Yen	2.5	-0.4	-0.3	-0.3	-6.5	-10.4	-7.6	120.295
British Pound	-2.1	-2.7	-5.5	-5.5	-5.7	-3.2	-1.2	0.678
Euro	2.9	-2.7	-10.2	-10.2	-11.2	-6.3	-4.1	0.921
Swiss Franc	2.7	-2.4	-0.7	-0.7	-5.7	-2.9	-1.4	1.001
Australian Dollar	0.4	3.6	-11.1	-11.1	-9.8	-11.2	-6.6	1.374
Brazilian Real	-0.9	0.6	-32.8	-32.8	-22.8	-19.7	-15.9	3.956
China Yuan/Renminbi	-1.5	-2.1	-4.5	-4.5	-3.4	-1.4	0.3	6.494
GBP/Euro	-4.8	0.0	5.3	5.3	6.2	3.2	3.1	0.737
Yen/Euro	-0.4	2.3	11.0	11.0	5.3	-4.5	-3.6	130.676

*Annualized Price Change

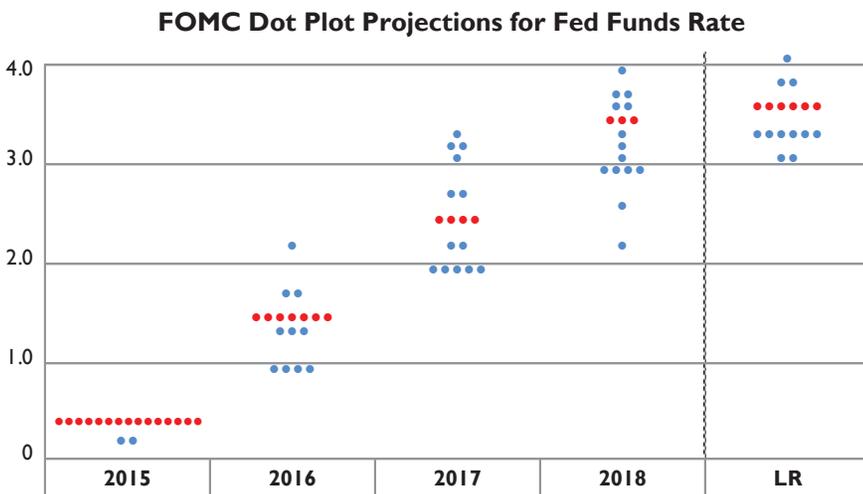
**Index measures value of USD relative to basket of foreign currencies.



The Trade-Weighted USD Index continued its upward move and surpassed the recent peak reached in August 2015. The USD moved higher against a number of developed market currencies, but its move against EM currencies was mixed during the quarter.

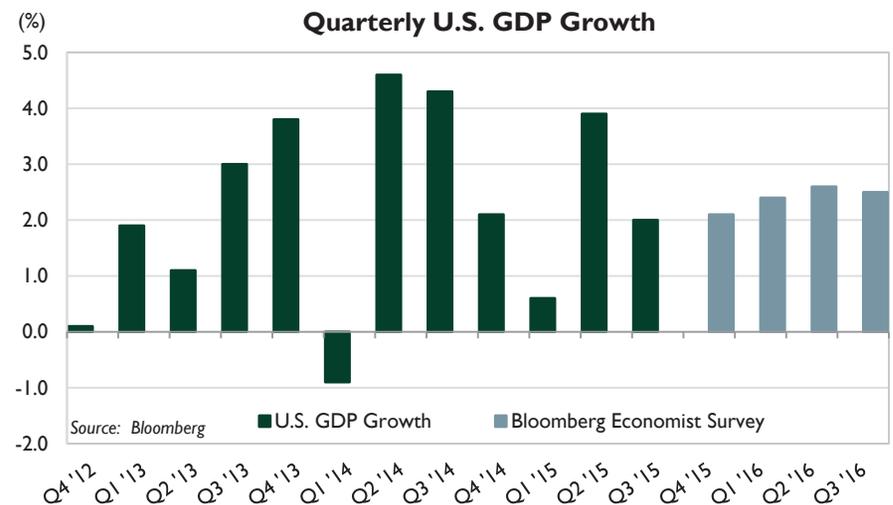


Oil prices continued to trade lower during the quarter. West Texas Intermediate (WTI) fell 17.9% to end the quarter at \$37.04. The spread between WTI and Brent narrowed from \$3.28 at the end of the third quarter to \$0.24 at the end of the fourth quarter of 2015.



Red indicates median estimate

FOMC projections call for a gradual tightening cycle; however, the Fed's projections call for more hikes than what is currently anticipated by the market.



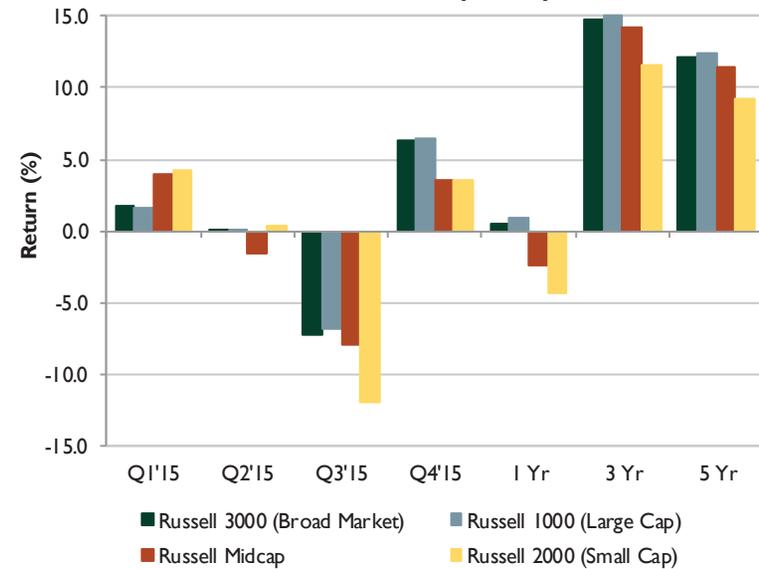
U.S. real GDP increased at an annual rate of 2.1% in the third quarter of 2015, a sequential decline from the 3.9% it gained during the second quarter. Expectations call for a similar level for fourth quarter GDP and ongoing improvement during 2016.

The Russell 3000 Index, a broad proxy for domestic equities, gained 6.3% during the fourth quarter. Coming off a rocky third quarter, fears of a hard landing in China subsided and investor sentiment turned positive on solid U.S. economic news reports. Equity volatility ebbed during the quarter; the VIX Index, a measure of the implied volatility of the S&P 500 Index, declined from 24.5 to 18.2.

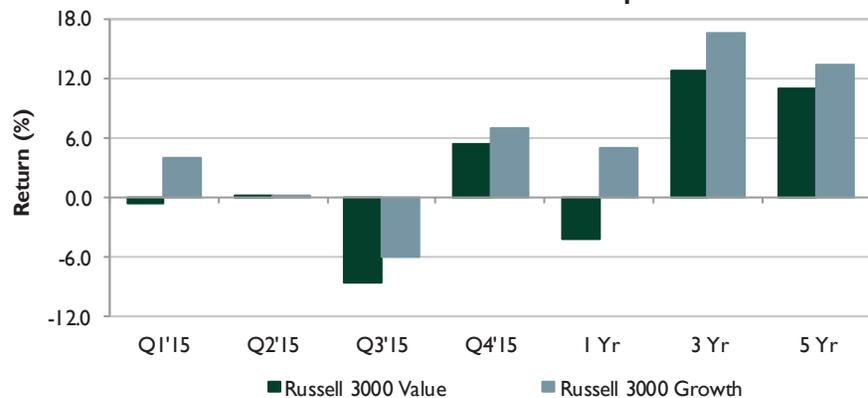
Nine of the 10 economic sectors in the Russell 3000 Index posted gains, with energy being the only market segment to finish in the red, falling 1.0%. Energy prices continued to slide, with the WTI Crude Oil Index falling 17.9% due to concerns about an imbalance in global demand and supply dynamics. By contrast, materials and health care were the best performing sectors, both gaining 8.8% during the quarter. The materials sector was buoyed by the announcement of the merger between Dow Chemical (+22.5%) and DuPont (+39.0%), while the health care sector recovered after an earlier sell-off caused by the media and politicians questioning the high prices of drugs. Information technology (+8.6%) was another strong-performing sector thanks to the contributions of blue chips Microsoft (+26.2%), Amazon (+32.0%), and Alphabet (+24.8%).

Large cap stocks significantly outperformed their small and mid cap counterparts, with the Russell 1000 Index posting a 6.5% gain versus 3.6% advances for both the Russell Mid Cap and the Russell 2000 Indexes. The Russell 3000 Growth Index (+7.1%) finished the quarter ahead of the Russell 3000 Value Index (+5.4%), boosted in part by the lower energy and higher IT weightings. For the calendar year, the Russell 3000 Growth Index pulled ahead of the Value Index by roughly 920 bps. Growth stocks also lead their value counterparts for the trailing three-, five-, and 10-year periods.

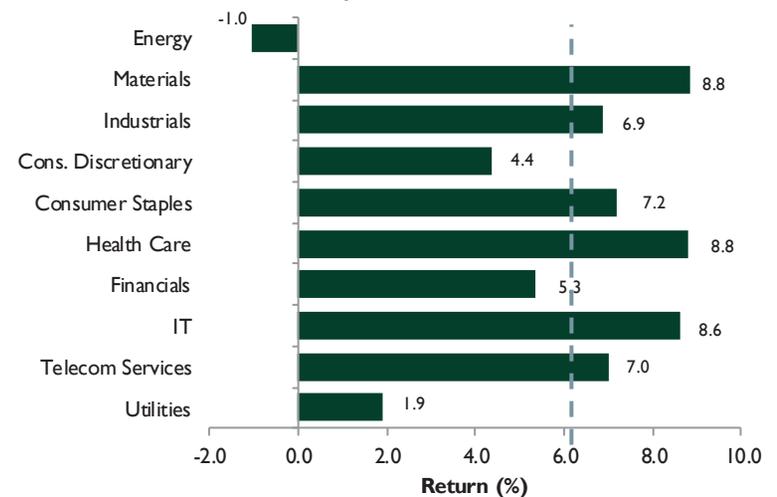
U.S. Market Cap Comparison



U.S. Growth vs. Value Comparison



Q4'15 U.S. Sector Returns*



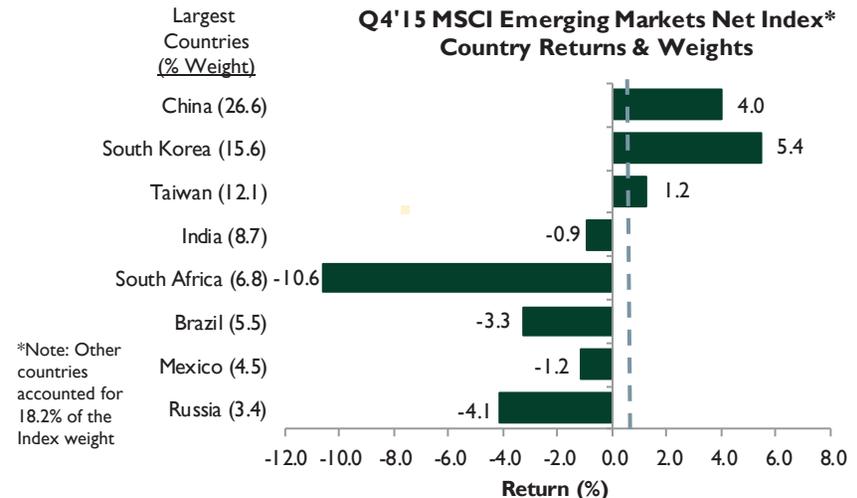
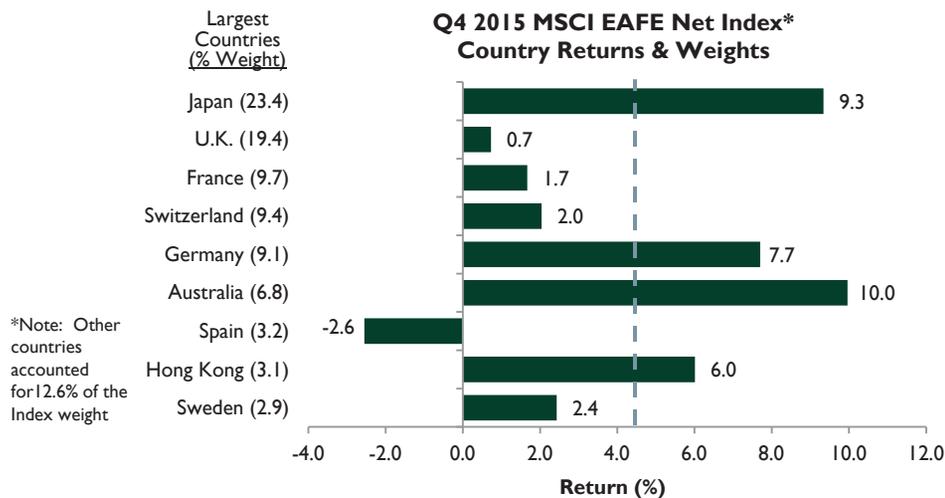
*Dotted line indicates total Russell 3000 Index return

Though lagging their domestic counterparts, foreign equities experienced a positive close to 2015, posting a gain of 4.7% in the fourth quarter as measured by the MSCI EAFE Index. Currency remained a headwind over the period given the continued strength of the USD; developed market equities gained 6.3% in local terms. Returns across the Asia-Pacific region were generally strong, while country performance across Europe varied.

- In the Asia-Pacific region, both Australia (+10.0% USD, +6.1% local) and New Zealand (+18.2% USD, +10.4% local) benefited from currency recoveries. Japan (+9.3% USD, +9.8% local) advanced with the aid of an upward revision in third quarter GDP, avoiding a technical recession as a result.
- Within Europe, Germany (+7.7% USD, +10.7% local) benefited from increased industrial production. Spain (-2.6% USD, +0.1% local) was a notable laggard in the euro area, hurt by political uncertainty as no party was able to gain an outright majority in December's general election.
- All major economic sectors were positive in the fourth quarter; however, energy (+0.7%) and materials (+1.2%) again trailed their counterparts given continued weakness in commodity prices. Information technology was the strongest sector, returning 10.3% over the period.

Emerging markets equities ended a difficult 2015 with a modest gain of 0.7% (in USD terms) in the fourth quarter. Dispersion continues to be significant, with the best performing (Indonesia) and worst performing (Greece) countries separated by nearly 40%. In aggregate, currency movements were muted relative to previous quarters during 2015, but continued to drag on returns. In local terms the MSCI EM Index gained 1.5%.

- China (+4.0% USD, +4.0% local) saw a modest bounce following a sharp correction in the third quarter. Indonesia (+20.8% USD, +13.7% local) was helped by currency movements, as the rupiah advanced 6.3% relative to the USD after declining significantly in the third quarter.
- Greece (-19.0% USD, -16.8% local) continued to struggle amidst another round of bank recapitalization. Poland (-12.9% USD, -9.6% local) also faltered as its newly elected government came under scrutiny for ousting members of the court and media who were deemed to be supportive to opposing political parties.
- Political turmoil also weighed on countries such as Brazil (-3.3% USD, -3.9% local) and South Africa (-10.6% USD, +0.2% local). Brazilian President Dilma Rousseff remained mired in an impeachment proceeding, while in South Africa President Jacob Zuma fired two finance ministers over the span of one week during the quarter.



During the fourth quarter, U.S. Treasury yields rose considerably across the curve. The curve continued to flatten, with yield increases most pronounced at the front end of the curve, which was under pressure due to shifting monetary policy. The 10-year yield rose 21 bps to end the year at 2.27%, 10 bps higher than where it began the year. The yield on the 2-year note increased 42 bps during the quarter and the spread between the 2- and 10-year yield came in 21 bps, to end the quarter at 1.21%. In aggregate, the U.S. Treasury market fell 0.9% and ended the calendar year with a gain of 0.8%.

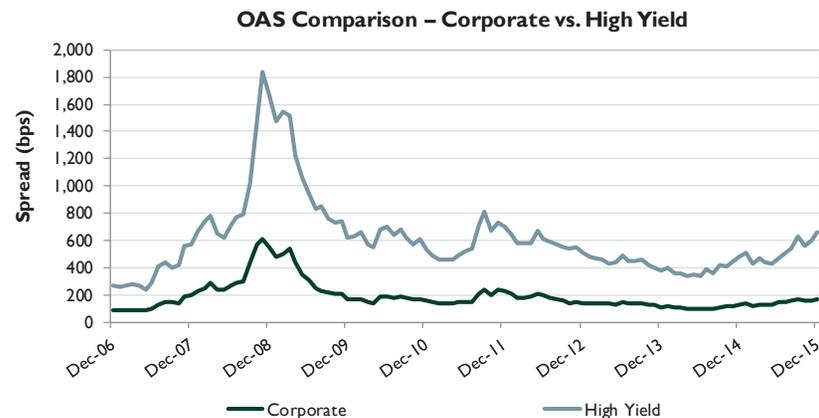
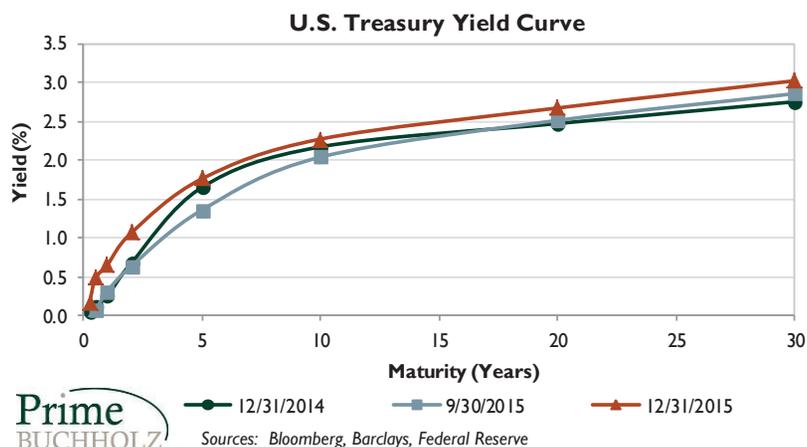
The FOMC increased the federal funds target rate by 25 bps during the quarter, thereby ending its zero interest rate policy. This represents the first increase in the target rate in nearly 10 years. The FOMC's statement following its December meeting noted ongoing improvements in the labor market and modest expansion of economic activity as contributing factors to the rate hike. Fed estimates of future policy rate levels imply four additional rate hikes in 2016. The data also continues to point to a lower terminal federal funds target rate, relative to previous hiking cycles.

The Barclays Aggregate Index lost 0.6% during the quarter, resulting in a calendar year increase of 0.6%. The modest loss for the quarter was driven primarily by rising yields. As the curve flattened with rates increasing more at the front end of the curve, longer-term securities generally outperformed shorter maturities. In terms of quality, higher-rated securities generally fared better, with AAA-rated securities declining just 0.6% compared to BBB-rated securities, which lost 1.0%. For the full year, higher quality bonds posted positive results, while BBB-rated securities fell 2.7%.

The U.S. corporate sector declined 0.6% as positive performance from modest spread tightening was offset by rising yields. Investment-grade corporate option-adjusted spreads (OAS) tightened 4 bps and ended the year at 165 bps. Financials (+0.1%) generally outperformed industrials (-1.0%), which was weighed down by weakness in metals and mining. In terms of quality, higher-rated corporates generally outperformed with AAA-rated bonds, gaining 0.2% compared to BBB-rated securities, which fell 1.3%. Investment-grade corporate issuance was strong in the fourth quarter and 2015 marked a new single year record at \$1.2 trillion.

The securitized sector lost 0.2% making it the top-performing major index sector on a relative basis. Agency mortgage-backed securities (MBS) declined 10 bps. The sector outperformed U.S. Treasuries as spreads tightened during the quarter. Commercial MBS spreads widened as negative technical factors weighed on the sector, resulting in a decline of 1.2%. Asset-backed securities (ABS) fell 0.6%, with auto and credit card ABS falling 0.3% and 0.8%, respectively.

High yield bonds fell 2.1% as spreads widened by 30 bps, to 660 bps. Spreads were materially higher in energy (+277 bps) and metals and mining (+238 bps), driven by concerns regarding potential defaults, poor fundamentals, and diminished market liquidity. Several sectors are trading at credit spreads north of 1,000 bps including metals and mining, environmental, and energy. Some sectors rallied, including banks (+1.3%), finance companies (+1.9%), oil refiners (+0.6%), telecom (+1.8%), and cable (+2.9%). Higher quality outperformed with BB (-0.2%) outpacing B (-2.0%), CCC (-7.5%), and CC-D (-22.1%).

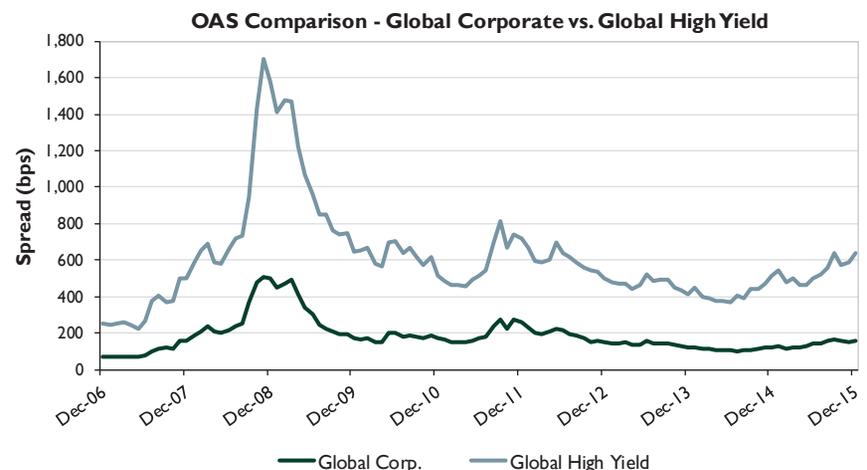
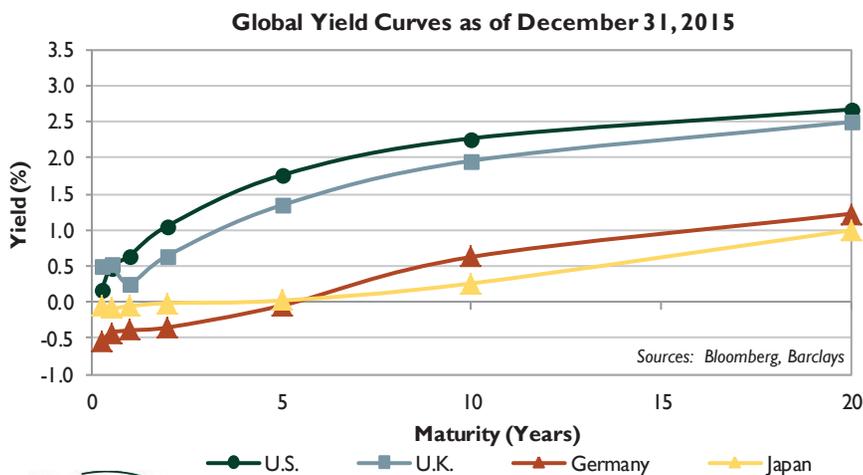


The Fed raised rates and the ECB and BoJ each adjusted their stimulus programs. While China (-25 bps), New Zealand (-25 bps), and Taiwan (-12.5 bps) cut rates, as did several Eastern European (Albania, Armenia, Serbia) and African nations (Nigeria, Mauritius), most central banks hiked rates. Of the 31 central bank meetings where actions were taken, 22 resulted in higher rates and nine cut rates. The most significant tightening occurred in Kazakhstan (+400 bps), Malawi (+200 bps), and Uganda (+100 bps). Nigeria's cut was the largest at 200 bps. Outside of rate actions, China actively supported its currency via a reserve drawdown.

The Dollar Spot Index rose 2.5%, with the Canadian dollar (-3.5%), the euro (-2.7%), British pound (-2.7%), and the Swiss franc (-2.5%) devaluing more sharply than the Swedish krona (-0.5%) and the Japanese yen (-0.4%). Other notable decliners against the dollar included the Argentine peso (-27.2%), Ukraine hryvnia (-11.8%), South African rand (-10.8%), and Russian ruble (-10.2%). However, the USD fell against a number of currencies with large gains registered in the New Zealand dollar (+7.0%), Indonesian rupiah (+6.3%), Turkish lira (+3.7%), and Australian dollar (+3.6%). China's currency weakened relative to the USD with the onshore yuan trading 2.1% down against the dollar and the offshore yuan falling 3.1%. The widening spread between offshore and onshore suggests the possibility of more weakness for the tightly controlled onshore renminbi.

The Barclays Global Treasury ex-U.S. Index fell 1.1% in unhedged USD terms compared to a 0.6% gain on a hedged basis. In local terms, advances in Japan (+1.3%) and the euro area (+0.6%) contributed to benchmark returns, with Italy (+1.8%), Spain (+1.4%), and Ireland (+0.8%) helping drive the euro area higher. Russia (+4.5%), Thailand (+2.3%), and Turkey (+1.2%) contributed to hedged returns while South Africa (-6.8%), Sweden (-1.5%), and the U.K. (-1.4%) were key detractors. On an unhedged basis, rallies in the Turkish lira, Thai baht, Malaysian ringgit, and New Zealand dollar were sources of strength. However, gains in these currencies were not large enough to overcome weakness in the euro, Canadian dollar, British pound, Norwegian krone, South African rand, and Russian ruble, which drove overall unhedged returns negative.

The Barclays EM Local Currency GBI gained 1.0% in unhedged USD terms and 0.5% on a hedged basis. Using hedged returns as a proxy for local market returns, EM Americas (-0.3%) underperformed EM EMEA (+0.5%) and EM Asia (+0.7%). Local market weakness in Brazil (-0.9%), Colombia (-0.9%), and Chile (-0.7%) offset gains in Peru (+2.2%) and Mexico (+0.3%). Within EMEA, losses in South Africa (-6.8%) were offset by gains in Russia (+4.5%), Nigeria (+20.8%), and Turkey (+1.2%). EM Asia returns were driven by Indonesia (+4.9%), Thailand (+2.3%), and Malaysia (+1.1%). On an unhedged basis, EM Asia rose 2.9%, EM EMEA fell 1.9%, and EM Americas increased 0.3%.



North American private equity raised \$62 billion from 85 funds during the third quarter of 2015, representing 50% of funds closed and 53% of total capital raised globally. This was a 32% decrease in the number of funds and a 9% decrease in capital from the prior quarter. The third quarter of 2015 witnessed the first increase in the number of private equity-backed buyout deals since the fourth quarter of 2014, representing a 7% increase from the prior quarter. Despite the increase in deals, the aggregate value of private equity-backed deals dropped 17% to \$85 billion, the lowest aggregate quarterly value since the second quarter of 2014.

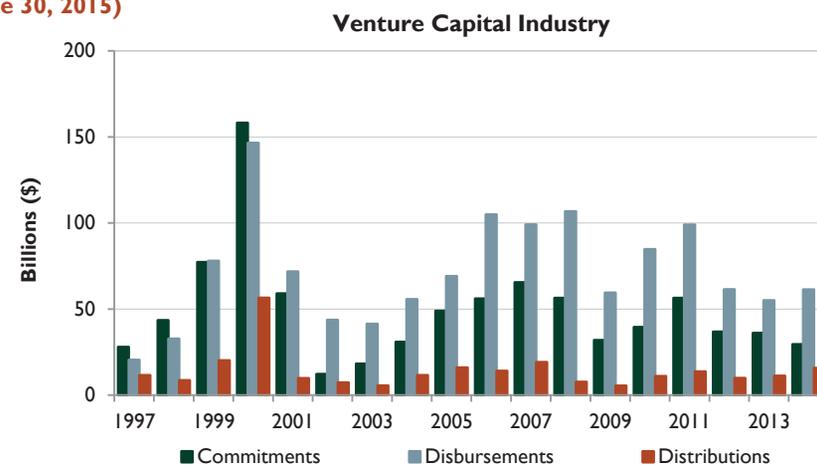
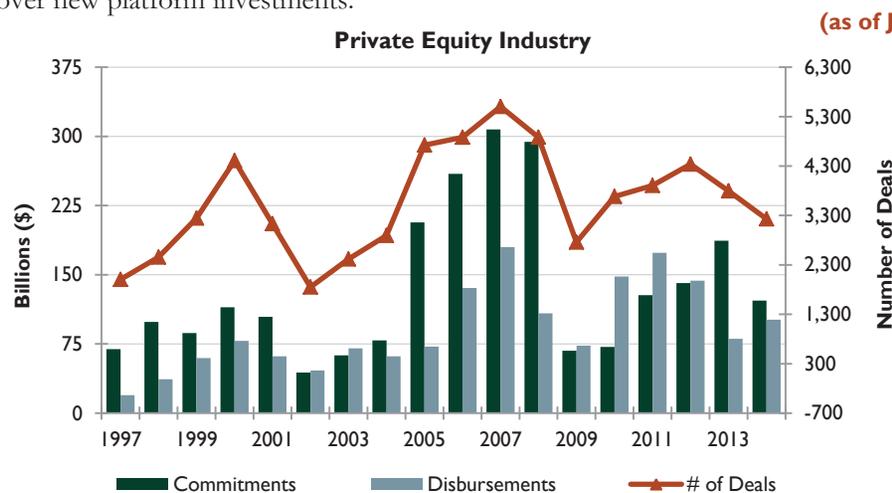
During the third quarter, U.S. buyout merger and acquisition total dollar volume increased 11% year-over-year, while transaction count decreased 2%. The middle market grew in transaction volume, but declined in transaction value year-over-year. The continued increase in mega cap deals, particularly Dell's announced merger with EMC and the Anheuser-Busch InBev/SABMiller merger masked a slight slowdown in middle market deal values.

In the U.S., valuations remain elevated as the median valuation-to-EBITDA multiple came in at 10.8x as of September, remaining at pre-crisis peak levels. Middle-market valuations remained slightly behind the overall market at 10.2x, with the top end of the market producing the highest multiple at 12.7x. At current pricing levels, there is not a lot of room to produce outsized returns and the industry is seeing an increase in add-on acquisitions over new platform investments.

Fifty-three U.S. venture capital funds raised \$4.4 billion during the third quarter, a 59% decrease in dollar commitments from the second quarter. Commitments were allocated to 40 follow-on funds and 13 new funds, with 3.1x new capital committed going to follow-on funds. North America saw 963 venture capital deals take place in the third quarter of 2015, accounting for 44% of global venture capital deals and representing a slight 3% decrease from the last quarter. There were 13 venture-backed initial public offerings (IPOs) during the quarter, which were valued at \$1.7 billion. This represented a 55% decrease in the number of deals from the first quarter and more than a 54% decline in the dollar amount.

U.S. start-ups continued to raise more private capital in growth rounds and delay their exits through the public market or merger and acquisition channels. In the third quarter, \$10.5 billion was invested through later-stage rounds in the U.S. versus \$1.6 billion in IPO financings.

Median valuation of later-stage rounds through September 2015 was \$310 million, which is over three times the median pre-bubble in 2000. The primary drivers were an increase in non-traditional investors entering the private market, including corporate investors, mutual funds, and hedge funds. In some cases, this has led to valuations of marquee pre-IPO businesses that may be ahead of their operating metrics.

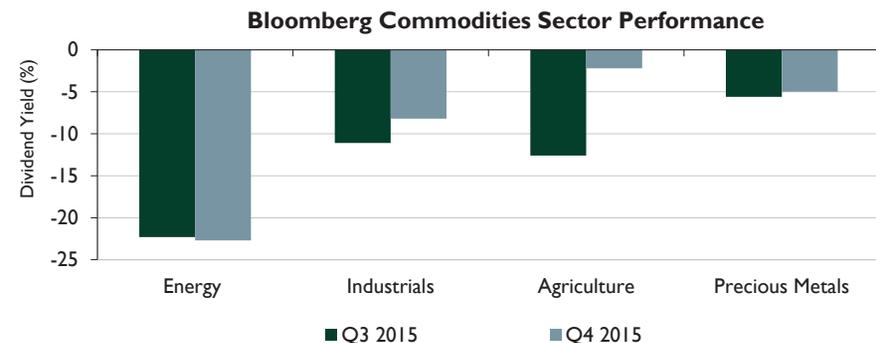
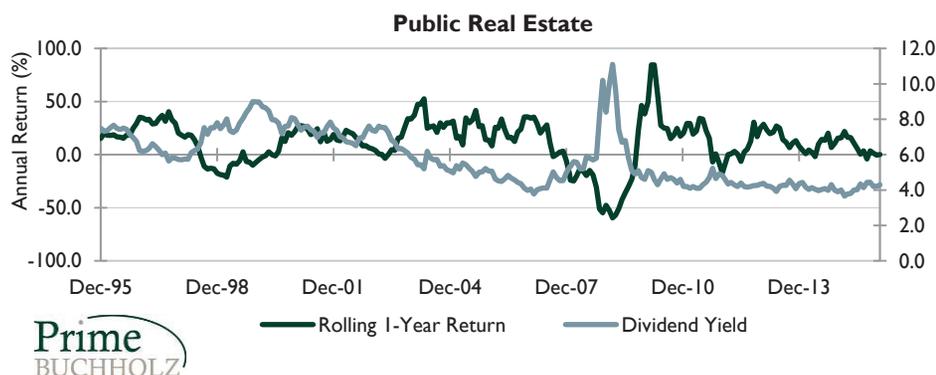


Global developed real estate securities rallied 4.4% during the fourth quarter, lifting annual returns to a 0.1% return for the year, as measured by the FTSE EPRA/NAREIT Developed Index. North American securities led the advance, gaining 7.4% on a combination of factors, including expectations that U.S. policy rate hikes would be gradual, an easing of macroeconomic concerns, and continued strength in fundamentals. European REITs moved 2% higher on improving fundamentals and strong investor demand in Europe, where securities returned 2.8%. In contrast, U.K. securities declined 4.2% as underlying net asset values of properties grew more slowly than in previous periods. The U.K. market has experienced a strong run in space demand as well as global capital flows since the financial crisis. Asian real estate stocks were essentially flat, but this masked significant dispersion within the region's diverse markets. Japan and Hong Kong declined 2.4% and 2.8%, respectively, on macro concerns, while Australia gained 9.6% on expectations of merger and acquisition activity in its residential sector and a recovery in its currency.

The Bloomberg Commodity Index fell 10.5% during the fourth quarter. Similar to the third quarter, the energy sub-sector led the decline (-22.7%), with crude oil (WTI) declining 17.9% and natural gas falling 6.1%. Industrial metals also declined sharply (8.3%) with copper falling 8.3% and nickel declining 15.5%. Broadly, the sell-off in these sectors was driven by continued oversupply, data showing further weakness across commodity-intensive sectors within China, and a stronger dollar (+2.5%). Elsewhere, agricultural commodities (-12.6%) moved slightly lower as corn declined 9.6% and wheat fell 8.9%. Wheat and corn prices fell on continued USD strength, which has negatively impacted U.S. exports. Also, the Agriculture Department raised its forecast for 2016 reserves as recent bumper crops have oversupplied the world market with corn, wheat, and other agricultural commodities.

The NCREIF Property Index returned 3.1% during the third quarter, extending its streak of consecutive positive quarterly returns to 23. The Index is comprised of domestic cash-flowing, core-like assets owned by tax-exempt investors. During the quarter, all five property types posted positive returns, led by industrial (+3.7%), hotel (+3.5%), and retail (3.1%). Valuations—particularly for core assets in primary markets, as well as select secondary markets—continued to increase. Investor demand for yield in the current low interest rate environment, combined with low cost and widely available debt capital, have pushed valuations to record highs in some markets. The perceived safe haven offered by U.S. real estate, along with the country's consistent economic growth, continued to attract significant foreign investment. Values have also been pushed higher as a result of improving real estate fundamentals and the related growth in asset cash flows.

U.S. TIPS fell 0.6% for the fourth quarter. Aside from declines in the 1-2 year maturity range, real yields rose across the term structure and the real yield curve steepened. The largest increases occurred in the 5-7 year part of the curve, and as a result TIPS maturing over the next 5-10 years fell 0.9% in total returns terms and underperformed TIPS maturing in 1-5 years (-0.5%) and TIPS maturing in 10+ years (-0.4%). Inflation expectations modestly increased with 5-year breakevens rising 21 bps to 1.28% and 10-year breakevens rising 15 bps to 1.58%. As a result, TIPS outperformed their nominal U.S. Treasury counterparts across the entire term structure.



Long/short equity managers, as measured by the HFRI Equity Hedge Index, generated 2.3% in fourth quarter gains, bringing calendar year losses to 0.4%. While these numbers appear muted, they mask wide dispersion among underlying long/short managers throughout the quarter and the year. With the S&P 500 Index up 7% during the fourth quarter, some managers capitalized on the headwind-generating positive returns, while others continued to struggle. As has been the case for the majority of 2015, growth-focused names, particularly in the technology and consumer spaces, generated strong results. Amazon rose over 100% for the year, gaining 32% in the fourth quarter alone. Similarly, Google rose 25% during the quarter, bringing year-to-date gains to 44%. During the year, the strong merger environment helped names such as Constellation Brands, which rose 14% in the quarter and 45% in the calendar year. Allergan announced it would be purchased by Pfizer, and this helped boost its stock price by 15% in the quarter.

Health care was a bright spot in the first half of the year but began to struggle in the third quarter. However, it continued to be tested in the fourth quarter as pharmaceutical pricing practices came under scrutiny and managers saw changes in fundamentals among the hospital and facility space. Hospital operator Community Health Systems fell 38% in the fourth quarter and 51% in the calendar year. As volatility in energy and commodities persisted, some managers continued to experience pain in companies such as SunEdison (-29% for the quarter, -74% for the year) and Consol Energy (-19% for the quarter, -77% for the year). Gross exposures were reduced during the quarter, and net exposures remained relatively stable, but ended the year lower than where they began.

The fourth quarter was trying for credit managers, as stress in the energy and commodity sectors broadened to other pockets of the high yield market and led to a significant sell-off. Losses were most acute among lower-rated credits where investors became worried about defaults. The collapse of the Third Avenue Focused Credit Fund, a mutual fund investing in distressed securities and a handful of credit hedge funds, was forced to liquidate amid poor returns and redemptions. This heightened concerns about liquidity, accelerating the decline at the riskiest end of the credit spectrum. Managers with exposure to commodity-related credits and a lower quality bias tended to underperform their peers. Broad selling activity put pressure on widely held positions such as Lehman Brothers, which fell despite a lack of negative news. While it was a difficult period overall, managers with strong hedging programs and idiosyncratic long books mitigated losses by limiting exposure to the high yield market. Among the top-performing credits were the Icelandic banks (Glitnir and Kaupthing), which are preparing to make distributions to creditors in 2016. Argentinean bonds were also a source of profits as the securities traded up following the recent presidential election. Returns for event-driven and multi-strategy managers were mixed, as those with larger equity allocations tended to outperform given the strong rally in the equity markets. Many managers eliminated equity positions in the energy sector, including the solar space, early in the quarter. This boosted returns, as those segments continued to struggle. Merger-arbitrage remained a large and profitable allocation within portfolios. Widely held positions included Precision Castparts, Time Warner Cable, BG/Shell, and Broadcom.

Goldman Sachs Hedge Fund VIP Basket*

Top 5 Q4 2015 Performers

Company	Q4
Baidu Inc	37.6%
Mylan NV	34.3%
Amazon.com Inc	32.0%
Microsoft Corp	26.2%
General Electric Co	24.4%
S&P 500 Index	7.0%

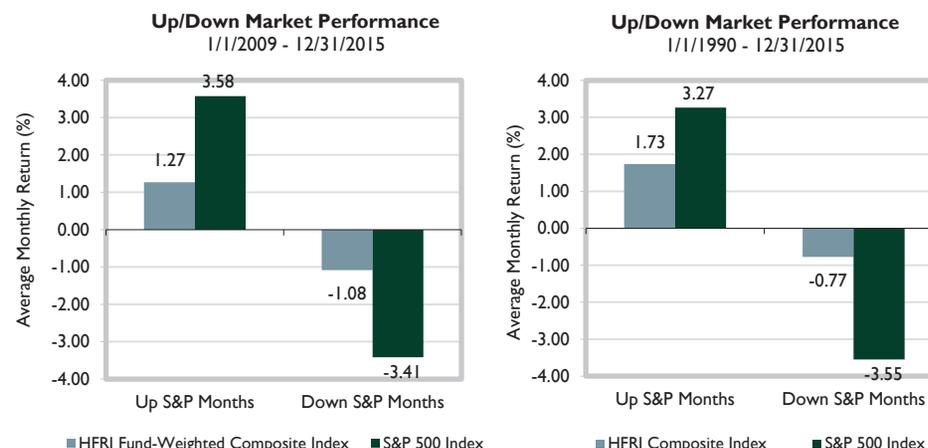
Bottom 5 Q4 2015 Performers

Company	Q4
Cheniere Energy Inc	-22.9%
Perrigo Co PLC	-7.9%
Apple Inc	-4.2%
Macquarie Infrastructure Corp	-1.3%
Liberty Global PLC	-0.6%
S&P 500 Index	7.0%



* 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



Total Fund Review

Total Fund Highlights

- The Town of Palm Beach Health Insurance Trust portfolio gained 1.5% during the fourth quarter of 2015. Over the trailing 1-year, the Total Fund returned -4.5%, trailing its Target Index (-3.3%). At year-end, total fund assets are valued at approximately \$25.3 million.
- Overall the global equity segment gained 4.5%, with the domestic equity segment gaining 5.0%, trailing its benchmark the Russell 3000 Index (+6.3%). The international equity segment (+3.7%) positively impacted relative performance, outpacing its benchmark the MSCI AC World ex USA Index (+3.2%). The total flexible capital segment gained 0.3%, trailing its benchmark the HFRI FOF Composite Index (+0.7%) by 40 bps. The total fixed income declined 0.7% and finished in line with its benchmark the Fixed Income Composite Index (-0.6%). The total real assets segment declined 5.7%, negatively impacting absolute performance and trailing its benchmark the Real Assets Composite Index (-3.1%).

Recent Actions Taken	Upcoming Agenda Items
<p>Fourth Quarter 2015</p> <ul style="list-style-type: none"> • No significant activity occurred. <p>Third Quarter 2015</p> <ul style="list-style-type: none"> • \$750,000 was contributed to the portfolio and redeployed according to policy targets. <p>Second Quarter 2015</p> <ul style="list-style-type: none"> • No significant activity occurred. <p>First Quarter 2015</p> <ul style="list-style-type: none"> • No significant activity occurred. 	<ul style="list-style-type: none"> • 4Q15 Performance Review • Asset Allocation Modeling

Segment Performance

Benchmark Dependent Metrics relative to S&P 500 Index

As of December 31, 2015

	I Quarter Return	I Year Return	2 Years Return	3 Years Return	5 Years Return	Since Inception Return	Since Inception Standard Deviation	Since Inception Beta	Since Inception Actual Correlation	Inception Date
Total Fund	1.5	-4.5	-1.1	4.5	4.4	2.2	9.9	0.6	0.9	Jul-07
Target Index	1.9	-3.3	-0.5	4.1	4.1	2.5	9.4	0.6	0.9	Jul-07
Actual Index	2.2	-2.6	0.2	5.1	4.6	2.8	8.9	0.5	0.9	Jul-07
Consumer Price Index	-0.6	0.7	0.7	1.0	1.5	1.5	1.5	0.0	0.1	Jul-07
Domestic Equity	5.0	-1.0	4.7	13.2	10.4	3.9	16.9	1.0	1.0	Jul-07
Russell 3000 Index	6.3	0.5	6.3	14.7	12.2	6.0	16.6	1.0	1.0	Jul-07
International Equity	3.7	-7.7	-4.1	5.0	4.4	0.8	20.3	1.2	0.9	Jul-07
MSCI AC World ex USA (Net)	3.2	-5.7	-4.8	1.5	1.1	-0.7	20.1	1.1	0.9	Jul-07
MSCI EAFE (Net)	4.7	-0.8	-2.9	5.0	3.6	-0.4	19.5	1.1	0.9	Jul-07
Total Flexible Capital	0.3	-2.9	-0.5	3.8	3.5	2.9	5.4	0.2	0.7	Jul-07
HFRI Fund of Funds Composite Index	0.7	-0.3	1.5	3.9	2.1	0.6	5.6	0.2	0.7	Jul-07
Total Fixed Income	-0.7	0.6	1.8	0.8	2.0	3.0	5.4	0.2	0.7	Jul-07
Fixed Income Composite Index	-0.6	0.7	2.1	1.1	1.7	3.5	4.5	0.2	0.6	Jul-07
Total Real Assets	-5.7	-21.7	-17.8	-13.0	-7.2	-7.9	15.4	0.2	0.2	Jul-07
Real Assets Composite Index	-3.1	-17.4	-14.0	-9.2	-4.8	-2.5	12.3	0.2	0.3	Jul-07

Executive Summary

Town of Palm Beach

Health Insurance Trust

Preliminary as of December 31, 2015

Market Value	% of Portfolio		QTR Ended Mar-15	QTR Ended Jun-15	QTR Ended Sep-15	QTR Ended Dec-15	Calendar YTD	1 YR	2 YRS	3 YRS	5 YRS	Return Since	Inception Date
\$25,264,679	100.0	Total Fund	1.7	-0.3	-7.2	1.5	-4.5	-4.5	-1.1	4.5	4.4	2.2	Jul-07
		Target Index	1.6	0.0	-6.6	1.9	-3.3	-3.3	-0.5	4.1	4.1	2.5	Jul-07
		Actual Index	1.8	0.0	-6.4	2.2	-2.6	-2.6	0.2	5.1	4.6	2.8	Jul-07
		Consumer Price Index	0.6	1.1	-0.3	-0.6	0.7	0.7	0.7	1.0	1.5	1.5	Jul-07
\$12,717,384	50.3	Global Equity	2.6	-0.3	-9.8	4.5	-3.5	-3.5	1.3	10.1	8.1	2.8	Jul-07
\$8,030,216	31.8	Domestic Equity	1.7	-0.2	-7.1	5.0	-1.0	-1.0	4.7	13.2	10.4	3.9	Jul-07
		Russell 3000 Index	1.8	0.1	-7.2	6.3	0.5	0.5	6.3	14.7	12.2	6.0	
\$5,710,100	22.6	Fidelity Spartan Total Market Index Advisor Fund	1.8	0.1	-7.3	6.3	0.5	0.5	6.3	14.6	12.1	6.1	Jul-07
		Wilshire 5000 Index	1.8	0.0	-7.4	5.9	-0.2	-0.2	5.8	14.4	11.8	6.0	
\$1,142,677	4.5	FPA Crescent Fund	0.1	-0.1	-4.7	2.8	-2.1	-2.1	2.2	8.4	NA	7.6	Apr-12
		S&P 500 Index	1.0	0.3	-6.4	7.0	1.4	1.4	7.4	15.1	12.6	12.8	
		60% Russell 2500 / 40% BC Global Credit	2.7	-0.5	-6.6	1.7	-2.9	-2.9	1.1	7.5	7.6	7.5	
		HFRI Equity Hedge (Total) Index	2.0	1.8	-6.3	1.9	-0.9	-0.9	0.5	4.9	2.6	4.0	
\$1,177,439	4.7	FMI Common Stock Fund	2.4	-1.6	-8.4	1.0	-6.8	-6.8	-0.4	9.4	NA	7.5	Apr-12
		Russell 2500 Index	5.2	-0.3	-10.3	3.3	-2.9	-2.9	2.0	12.5	10.3	11.1	
\$4,687,167	18.6	International Equity	4.2	-0.4	-14.3	3.7	-7.7	-7.7	-4.1	5.0	4.4	0.8	Jul-07
		MSCI AC World ex USA (Net)	3.5	0.5	-12.2	3.2	-5.7	-5.7	-4.8	1.5	1.1	-0.7	
		MSCI EAFE (Net)	4.9	0.6	-10.2	4.7	-0.8	-0.8	-2.9	5.0	3.6	-0.4	
\$2,395,325	9.5	Dodge & Cox International Stock Fund	4.2	-0.3	-15.4	0.8	-11.4	-11.4	-5.8	3.9	2.6	0.2	Jul-07
		MSCI AC World ex USA (Net)	3.5	0.5	-12.2	3.2	-5.7	-5.7	-4.8	1.5	1.1	-0.7	
\$2,291,842	9.1	Artisan International Institutional Fund	4.3	-0.4	-13.2	6.9	-3.6	-3.6	-2.2	6.3	NA	6.3	Jul-11
		MSCI EAFE (Net)	4.9	0.6	-10.2	4.7	-0.8	-0.8	-2.9	5.0	3.6	2.9	

Executive Summary

Town of Palm Beach

Health Insurance Trust

Preliminary as of December 31, 2015

Market Value	% of Portfolio		QTR Ended Mar-15	QTR Ended Jun-15	QTR Ended Sep-15	QTR Ended Dec-15	Calendar YTD	1 YR	2 YRS	3 YRS	5 YRS	Return Since	Inception Date
\$4,842,477	19.2	Total Flexible Capital	1.2	-0.1	-4.2	0.3	-2.9	-2.9	-0.5	3.8	3.5	2.9	Jul-07
		HFRI Fund of Funds Composite Index	2.5	0.2	-3.6	0.7	-0.3	-0.3	1.5	3.9	2.1	0.6	
\$2,129,469	8.4	Forester Offshore A2, Ltd.	1.8	0.3	-4.4	2.7	0.3	0.3	3.0	6.9	5.4	4.7	Jul-07
		HFRI FOF: Strategic Index	2.6	1.2	-5.7	1.3	-0.8	-0.8	1.1	4.2	2.1	0.4	
\$2,713,008	10.7	Archstone Absolute Return Strategies Fund, Ltd. Class A	0.7	-0.5	-4.1	-1.5	-5.3	-5.3	-3.0	1.5	2.2	1.5	Jul-07
		HFRI FOF: Conservative Index	1.9	0.3	-1.8	0.1	0.4	0.4	1.8	3.7	2.3	0.5	
\$5,210,332	20.6	Total Fixed Income	1.1	-0.7	1.0	-0.7	0.6	0.6	1.8	0.8	2.0	3.0	Jul-07
		Fixed Income Composite Index	1.2	-0.8	1.0	-0.6	0.7	0.7	2.1	1.1	1.7	3.5	
\$2,890,754	11.4	JP Morgan Core Bond Select Fund	1.5	-1.3	1.4	-0.9	0.7	0.7	NA	NA	NA	0.7	Jan-15
		Barclays U.S. Aggregate	1.6	-1.7	1.2	-0.6	0.5	0.5	3.2	1.4	3.2	0.5	
\$2,319,578	9.2	Vanguard Short Term US Treasury Admiral Fund	0.5	0.1	0.5	-0.6	0.6	0.6	0.7	0.5	NA	0.6	Dec-11
		Barclays U.S. Treasury: 1-5 Year	0.9	0.0	0.7	-0.7	0.9	0.9	1.0	0.6	1.2	0.7	
\$2,329,880	9.2	Total Real Assets	-0.9	0.0	-16.2	-5.7	-21.7	-21.7	-17.8	-13.0	-7.2	-7.9	Jul-07
		Real Assets Composite Index	-2.0	0.0	-12.9	-3.1	-17.4	-17.4	-14.0	-9.2	-4.8	-2.5	
\$766,041	3.0	Vanguard Short-Term Inflation Protected Securities Adm. Fund	0.3	0.5	-0.6	-0.4	-0.2	-0.2	NA	NA	NA	-1.0	Mar-14
		Barclays U.S. Treasury: 0-5 Year TIPS Index	0.4	0.5	-0.7	-0.5	-0.3	-0.3	-0.7	-1.0	0.8	-1.1	
\$456,169	1.8	Nuveen Gresham Diversified Commodities Fund	-5.9	4.1	-14.8	-10.9	-25.7	-25.7	NA	NA	NA	-25.7	Jan-15
		Bloomberg Commodity Index	-5.9	4.7	-14.5	-10.5	-24.7	-24.7	-20.9	-17.3	-13.5	-24.7	
\$1,107,670	4.4	Van Eck Global Hard Assets I Fund	0.9	-2.5	-27.2	-6.8	-33.2	-33.2	-26.5	-15.6	NA	-13.5	Apr-12
		S&P North American Natural Res Sector Index (TR)	-1.5	-2.7	-19.5	-1.8	-24.3	-24.3	-17.3	-7.3	-5.5	-6.4	

Executive Summary

Town of Palm Beach

Health Insurance Trust

Preliminary as of December 31, 2015

Market Value	% of Portfolio		QTR Ended Mar-15	QTR Ended Jun-15	QTR Ended Sep-15	QTR Ended Dec-15	Calendar YTD	1 YR	2 YRS	3 YRS	5 YRS	Return Since	Inception Date
\$164,606	0.7	Total Liquid Capital	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.5	Jul-07
\$164,606	0.7	Government Stif 15	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.5	Jul-07
		Citigroup 3 Month T-Bill	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.5	

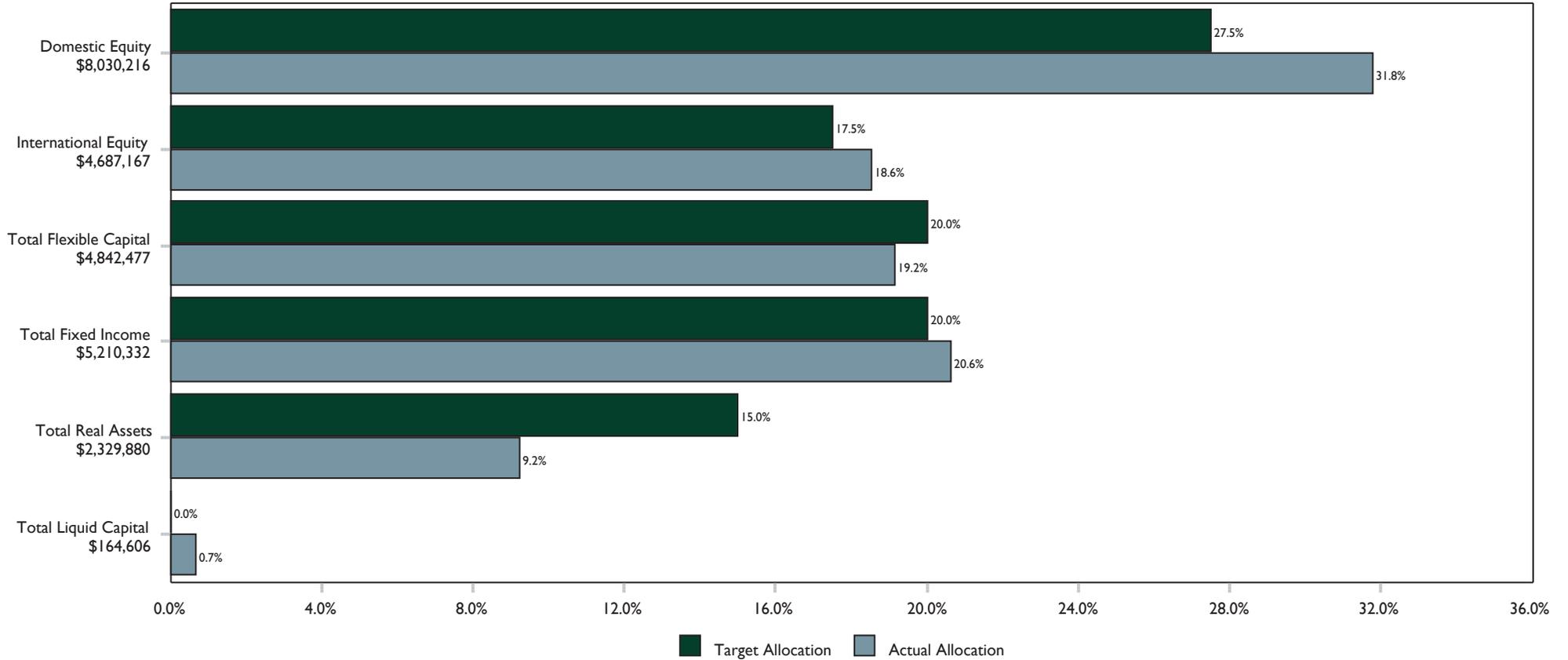
Please Note:

- Periods greater than one year are annualized
- Returns are net of investment management fees and gross of consulting fees unless otherwise stated
- Segment returns include performance of terminated managers 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% Real Assets 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% Real Assets Composite Index
- Target Index reflects the policy limitations regarding international constraints
- Real Assets 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
- Government Stif 15: Client specific cash performance not available. Citigroup Treasury Bill 3 Month Index is being reported

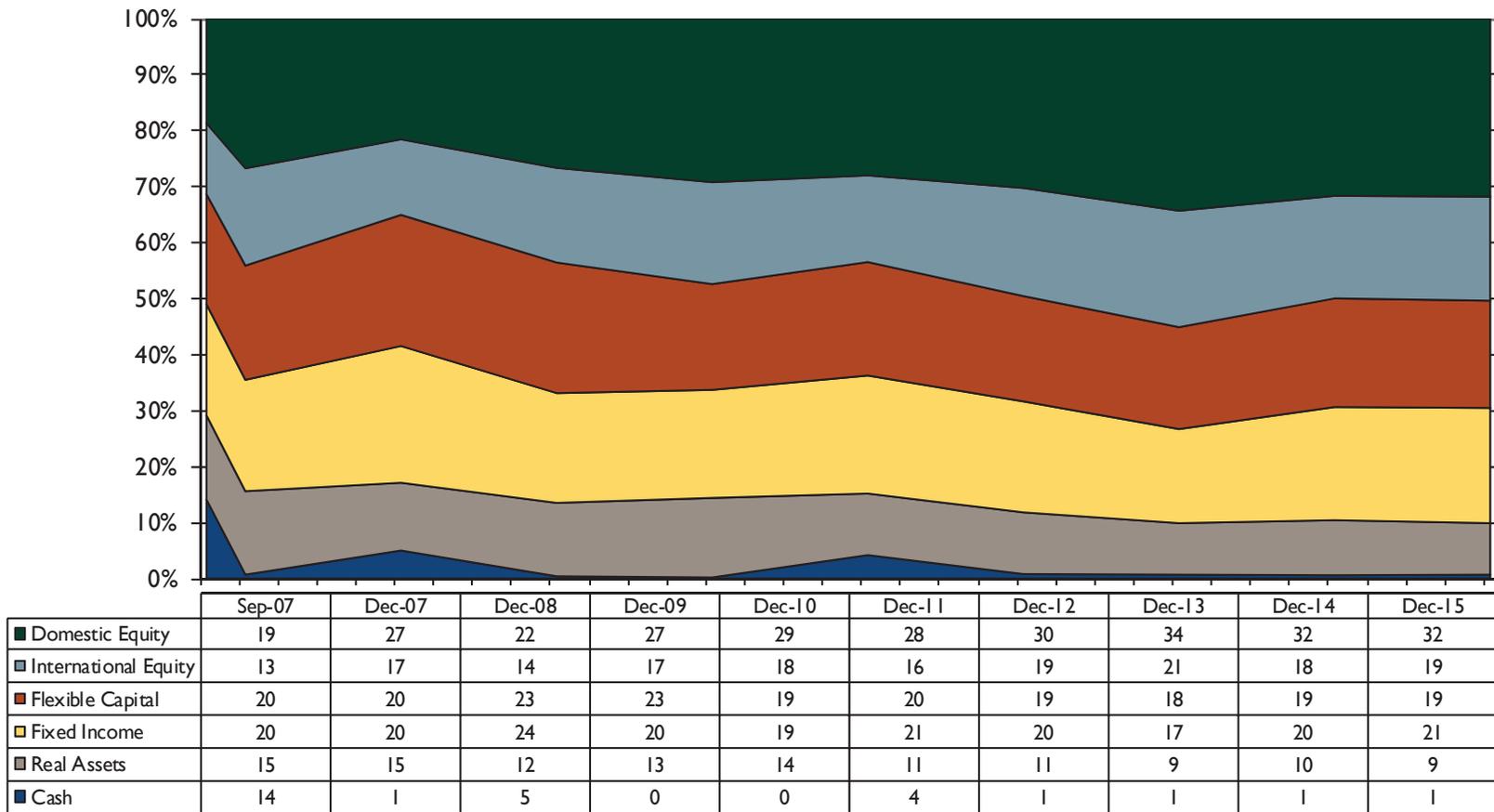
Asset Allocation - Current

As of December 31, 2015

	Asset Allocation (%)	Lower (%)	Target (%)	Upper (%)	Difference (%)
Total Fund	100.0	-	100.0	-	0.0
Domestic Equity	31.8	22.5	27.5	32.5	4.3
International Equity	18.6	15.0	17.5	20.0	1.1
Total Flexible Capital	19.2	15.0	20.0	25.0	-0.8
Total Fixed Income	20.6	15.0	20.0	25.0	0.6
Total Real Assets	9.2	10.0	15.0	20.0	-5.8
Total Liquid Capital	0.7	0.0	0.0	1.0	0.7



Asset Allocation – Historical



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

Asset Allocation - Performance Comparison

As of December 31, 2015

Total Fund Performance

	1 Quarter Return	1 Year Return	2 Years Return	3 Years Return	5 Years Return	Since Inception Return	1 Year Standard Deviation	2 Years Standard Deviation	3 Years Standard Deviation	5 Years Standard Deviation	Since Inception Standard Deviation	Inception Date
Total Fund	1.5	-4.5	-1.1	4.5	4.4	2.2	7.8	7.0	7.0	8.3	9.9	Jul-07
Target Index	1.9	-3.3	-0.5	4.1	4.1	2.5	7.7	6.8	6.7	7.6	9.4	
Actual Index	2.2	-2.6	0.2	5.1	4.6	2.8	7.8	6.9	6.8	7.6	8.9	
Domestic Index	4.2	0.7	5.5	10.7	9.6	5.9	8.7	7.6	7.4	8.3	11.7	
Global Index	3.3	-2.4	0.3	4.9	4.7	2.9	9.3	8.1	8.1	9.6	13.4	
Consumer Price Index	-0.6	0.7	0.7	1.0	1.5	1.5	1.2	1.2	1.1	1.2	1.5	

Inflation Adjusted Nominal Portfolio Statistics

Statistical Output (%)	Target Index	Actual Index	Domestic Index	Global Index
Expected Return (Arithmetic)	7.4	7.4	7.2	7.4
Expected Standard Deviation	12.2	12.4	14.0	13.8
Expected Return (Geometric)	6.7	6.6	6.3	6.5
Sharpe Ratio	0.4	0.4	0.3	0.4
Historical Return (Arithmetic)	9.4	9.2	9.9	8.7
Historical Standard Deviation	11.0	11.0	12.0	12.6
Historical Return (Geometric)	8.9	8.6	9.2	7.9
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	67.6	66.6	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	-28.8%	-12.0%	-7.0%	-9.4%	+1.8%	-1.6%	+5.9%
Actual Index	-29.1%	-13.2%	-9.4%	-10.2%	+1.7%	-2.7%	+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%

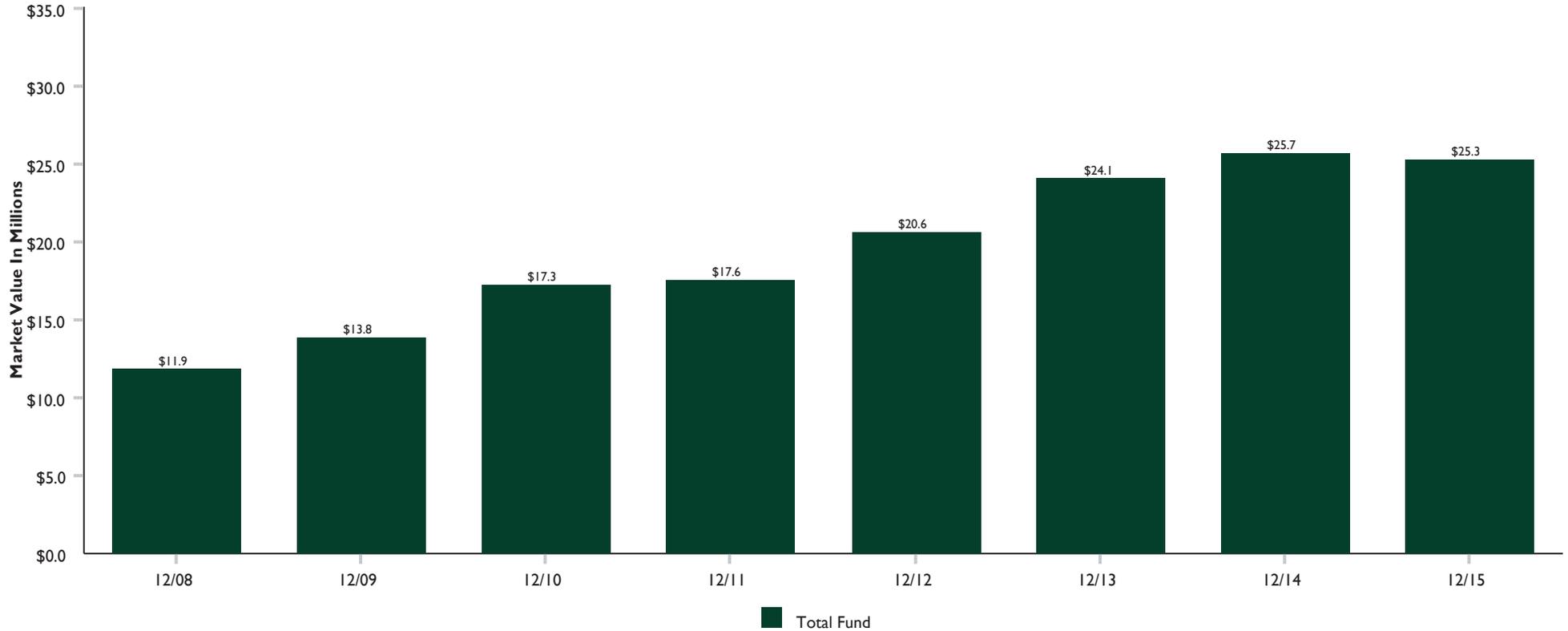
Notes: - Domestic Index: 70% Russell 3000 Index/30% Barclays Aggregate Index; Global Index: 70% MSCI AC World Index/30% Barclays Global Aggregate Index
 - Expected return/risk using 10-15 year Prime Buchholz capital market assumptions
 - Historical data based on index returns from 1/1/1988 through 6/30/2014
 - 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.

Schedule of Investable Assets

Total Fund

January 1, 2008 To December 31, 2015

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	\$595,975	\$25,680,859
2015	\$25,680,859	\$750,000	-\$1,166,180	\$25,264,679
	\$16,305,625	\$5,056,315	\$3,902,739	\$25,264,679



Liquidity Schedule

As of December 31, 2015

Redemption Terms						
Daily			\$20,422,202			80.8
Semi Liquid			\$4,842,477			19.2
Total			\$25,264,679			100.0
Investments	Inception	Subscriptions	Market Value	Daily	Semi Liquid	Notes
Global Equity						
Fidelity Spartan Total Market Index Advisor Fund	Jun-07	Daily	\$5,710,100	\$5,710,100		
FPA Crescent Fund	Mar-12	Daily	\$1,142,677	\$1,142,677		
FMI Common Stock Fund	Mar-12	Daily	\$1,177,439	\$1,177,439		
Dodge & Cox International Stock Fund	Jun-07	Daily	\$2,395,325	\$2,395,325		
Artisan International Institutional Fund	Jun-11	Daily	\$2,291,842	\$2,291,842		
Flexible Capital						
Total Flexible Capital	Jul-07	Various	\$4,842,477		\$4,842,477	See additional report
Fixed Income						
JP Morgan Core Bond Select Fund	Dec-14	Daily	\$2,890,754	\$2,890,754		
Vanguard Short Term US Treasury Admiral Fund	Nov-11	Daily	\$2,319,578	\$2,319,578		
Real Assets						
Vanguard Short-Term Inflation Protected Securities Adm. Fund	Feb-14	Daily	\$766,041	\$766,041		
Nuveen Gresham Diversified Commodities Fund	Dec-14	Daily	\$456,169	\$456,169		
Van Eck Global Hard Assets I Fund	Mar-12	Daily	\$1,107,670	\$1,107,670		
Liquid Capital						
Government Stif I5	Jun-07	Daily	\$164,606	\$164,606		
Total (\$)			\$25,264,679	\$20,422,202	\$4,842,477	
Total (%)			100.0	80.8	19.2	

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	\$2,129,469	Annual	60 days	05/01/16	06/30/16	Two years - expired	Reds: available annually on anniversary
Archstone Absolute Return Strategies Fund, Ltd.	A-PB	Monthly	07/01/07	\$2,713,008	Semi-annual	90 days	04/01/16	06/30/16	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	12/31/2015	Ernst & Young LLP	Walkers SPV Limited (Cayman); Will	BNY Mellon	SS&C Technologies, Inc.	High
Artisan International Instl Fd	Pooled	9/30/2014	Ernst & Young LLP	Ropes & Gray LLP	State Street Bank & Trust Company	Artisan Partners LP	High
Dodge & Cox Intl Stock Fund	Pooled	12/31/2015	PricewaterhouseCoopers LLP	Dechert LLP	State Street Bank & Trust Company	Dodge & Cox	High
Fidelity Spartan Total Market Index Adv Fund	Pooled	2/28/2015	PricewaterhouseCoopers LLP	Fidelity Legal Department	BNY Mellon	Fidelity Management & Research Company	High
FMI Common Stock Fund	Pooled	9/30/2014	PricewaterhouseCoopers LLP	Foley & Lardner LLP	U.S. Bank, N.A.	U.S. Bancorp Fund Services, LLC	High
Forester Offshore A2, Ltd.	Pooled	6/30/2014	Ernst & Young LLP	Ogier	State Street Bank and Trust Company	International Fund Services LLC	High
FPA Crescent Fund	Pooled	12/31/2015	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	2/28/2015	PricewaterhouseCoopers LLP	Dechert LLP	JPMorgan Chase & Co.	JP Morgan Funds Management, Inc.	High
Van Eck Global Hard Assets I Fund	Pooled	12/31/2015	Ernst & Young LLP	Goodwin Procter LLP	State Street Bank & Trust Company	Van Eck Associates Corporation	High
Vanguard Short Term US Treas Adm Fd	Pooled	1/31/2015	PricewaterhouseCoopers LLP	Internal Legal Department	BNY Mellon	The Vanguard Group	High
Vanguard Short-Term Inflation Protected Securities Adm. Fund	Pooled	9/30/2014	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, 2015

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	\$5,710,100	\$2,855	0.05%
FPA Crescent Fund	1.11% of NAV	\$1,142,677	\$12,684	1.11%
FMI Common Stock Fund	1.07% of NAV	\$1,177,439	\$12,599	1.07%
Dodge & Cox International Stock Fund	0.64% of NAV	\$2,395,325	\$15,330	0.64%
Artisan International Institutional Fund	0.95% of NAV	\$2,291,842	\$21,773	0.95%
Forester Offshore A2, Ltd.	1.00% on assets managed	\$2,129,469	\$21,295	1.00% *
Archstone Absolute Return Strategies Fund, Ltd. Class A	1.14% on assets managed **	\$2,713,008	\$30,928	1.14% *
JP Morgan Core Bond Select Fund	0.59% of NAV	\$2,890,754	\$17,055	0.59%
Vanguard Short Term US Treasury Admiral Fund	0.10% of NAV	\$2,319,578	\$2,320	0.10%
Vanguard Short-Term Inflation Protected Securities Adm Fund	0.08% of NAV	\$766,041	\$613	0.08%
Nuveen Gresham Diversified Commodities Fund	1.06% of NAV	\$456,169	\$4,835	1.06%
Van Eck Global Hard Assets I Fund	1.00% of NAV	\$1,107,670	\$11,077	1.00%
Total Liquid Capital	--	\$164,606	--	--
Total Investment Management Fees		\$25,264,679	\$153,363	0.61%

Fee Schedule

As of December 31, 2015

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	\$25,264,679	\$3,790	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:		\$25,264,679	\$11,790	0.05%
PBA Fees	0.25% on first \$20 million 0.10% on next \$50 million 0.05% over \$70 million \$60,000 minimum	\$25,264,679	\$60,000	0.24%
Total Fees		\$25,264,679	\$225,153	0.89%

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, 2015

	1 Year Return	3 Years Return	5 Years Return	5 Years Standard Deviation	5 Years Beta	5 Years Actual Correlation	2015 Return	2014 Return	2013 Return	2012 Return	2011 Return
Fidelity Spartan Total Market Index Advisor Fund	0.5 (25)	14.6 (32)	12.1 (20)	12.0	1.0	1.0	0.5 (25)	12.5 (29)	33.4 (54)	16.4 (35)	1.0 (21)
Wilshire 5000 Total Market Index	-0.2 (36)	14.4 (37)	11.8 (26)	11.9	1.0	1.0	-0.2 (36)	12.1 (34)	34.0 (49)	16.1 (40)	0.6 (25)
<i>IM U.S. Multi-Cap Core Equity (MF) Median</i>	<i>-1.5</i>	<i>13.4</i>	<i>10.4</i>	<i>12.5</i>	<i>1.0</i>	<i>1.0</i>	<i>-1.5</i>	<i>10.9</i>	<i>33.7</i>	<i>15.5</i>	<i>-1.4</i>
FPA Crescent Fund	-2.1 (35)	8.4 (10)	7.7 (13)	7.7	0.6	1.0	-2.1 (35)	6.6 (23)	21.9 (12)	10.3 (60)	3.0 (19)
S&P 500 Index	1.4 (10)	15.1 (1)	12.6 (2)	11.6	1.0	1.0	1.4 (10)	13.7 (4)	32.4 (4)	16.0 (15)	2.1 (23)
60% Russell 2500 / 40% BC Global Credit	-2.9 (42)	7.5 (14)	7.6 (14)	10.0	0.8	0.9	-2.9 (42)	5.3 (31)	21.4 (12)	15.6 (17)	0.5 (33)
HFRI Equity Hedge (Total) Index	-0.9 (23)	4.9 (36)	2.6 (80)	7.0	0.5	0.9	-0.9 (23)	1.8 (68)	14.3 (38)	7.4 (83)	-8.4 (92)
<i>IM Flexible Portfolio (MF) Median</i>	<i>-3.5</i>	<i>3.7</i>	<i>4.2</i>	<i>8.6</i>	<i>0.7</i>	<i>0.9</i>	<i>-3.5</i>	<i>3.4</i>	<i>11.0</i>	<i>11.6</i>	<i>-1.5</i>
FMI Common Stock Fund	-6.8 (76)	9.4 (88)	8.6 (64)	12.2	0.8	1.0	-6.8 (76)	6.5 (71)	32.0 (75)	10.2 (86)	4.5 (4)
Russell 2500 Index	-2.9 (41)	12.5 (41)	10.3 (28)	14.6	1.0	1.0	-2.9 (41)	7.1 (65)	36.8 (24)	17.9 (23)	-2.5 (42)
<i>IM U.S. Mid Cap Core Equity (MF) Median</i>	<i>-3.5</i>	<i>12.0</i>	<i>9.2</i>	<i>13.7</i>	<i>0.9</i>	<i>1.0</i>	<i>-3.5</i>	<i>9.2</i>	<i>34.3</i>	<i>16.0</i>	<i>-3.4</i>
Dodge & Cox International Stock Fund	-11.4 (91)	3.9 (27)	2.6 (42)	15.9	1.0	1.0	-11.4 (91)	0.1 (7)	26.3 (1)	21.0 (12)	-16.0 (89)
MSCI AC World ex USA (Net)	-5.7 (86)	1.5 (83)	1.1 (81)	14.8	1.0	1.0	-5.7 (86)	-3.9 (17)	15.3 (71)	16.8 (50)	-13.7 (68)
<i>IM International Large Cap Core Equity (MF) Median</i>	<i>-2.4</i>	<i>2.8</i>	<i>2.4</i>	<i>14.5</i>	<i>0.9</i>	<i>1.0</i>	<i>-2.4</i>	<i>-6.1</i>	<i>18.9</i>	<i>16.8</i>	<i>-12.5</i>
Artisan International Institutional Fund	-3.6 (83)	6.3 (6)	7.6 (1)	15.5	1.0	0.9	-3.6 (83)	-0.7 (10)	25.5 (2)	25.6 (2)	-4.1 (4)
MSCI EAFE (Net)	-0.8 (35)	5.0 (16)	3.6 (26)	14.9	1.0	1.0	-0.8 (35)	-4.9 (35)	22.8 (12)	17.3 (55)	-12.1 (37)
<i>IM International Large Cap Equity (MF) Median</i>	<i>-1.7</i>	<i>3.4</i>	<i>2.7</i>	<i>14.6</i>	<i>1.0</i>	<i>1.0</i>	<i>-1.7</i>	<i>-5.8</i>	<i>19.4</i>	<i>17.8</i>	<i>-13.2</i>
JP Morgan Core Bond Select Fund	0.7 (15)	1.3 (34)	3.2 (44)	2.4	0.9	1.0	0.7 (15)	5.2 (64)	-1.8 (42)	5.1 (70)	7.3 (28)
Barclays U.S. Aggregate	0.5 (20)	1.4 (26)	3.2 (44)	2.7	1.0	1.0	0.5 (20)	6.0 (27)	-2.0 (54)	4.2 (80)	7.8 (11)
<i>IM U.S. Broad Market Core Fixed Income (MF) Median</i>	<i>0.0</i>	<i>1.1</i>	<i>3.1</i>	<i>2.8</i>	<i>1.0</i>	<i>0.9</i>	<i>0.0</i>	<i>5.5</i>	<i>-2.0</i>	<i>6.0</i>	<i>6.7</i>

Peer Performance Comparison

As of December 31, 2015

	1 Year Return	3 Years Return	5 Years Return	5 Years Standard Deviation	5 Years Beta	5 Years Actual Correlation	2015 Return	2014 Return	2013 Return	2012 Return	2011 Return
Nuveen Gresham Diversified Commodities Fund	-25.7 (64)	-17.3 (43)	NA	NA	NA	NA	-25.7 (64)	-17.3 (47)	-7.8 (40)	NA	NA
Bloomberg Commodity Index	-24.7 (48)	-17.3 (44)	-13.5 (62)	14.5	1.0	1.0	-24.7 (48)	-17.0 (42)	-9.5 (54)	-1.1 (44)	-13.3 (85)
<i>IM Commodities General (MF) Median</i>	<i>-24.8</i>	<i>-17.7</i>	<i>-13.0</i>	<i>15.1</i>	<i>1.0</i>	<i>0.9</i>	<i>-24.8</i>	<i>-17.6</i>	<i>-9.1</i>	<i>-1.6</i>	<i>-7.8</i>
Van Eck Global Hard Assets I Fund	-33.2 (86)	-15.6 (82)	-12.4 (75)	22.8	1.1	1.0	-33.2 (86)	-19.1 (70)	11.2 (46)	2.9 (42)	-16.3 (50)
S&P North American Natural Res Sector Index (TR)	-24.3 (50)	-7.3 (28)	-5.5 (20)	20.5	1.0	1.0	-24.3 (50)	-9.8 (16)	16.5 (26)	2.2 (46)	-7.4 (10)
<i>IM Global Natural Resources (MF) Median</i>	<i>-24.3</i>	<i>-10.4</i>	<i>-9.7</i>	<i>21.2</i>	<i>1.0</i>	<i>1.0</i>	<i>-24.3</i>	<i>-13.1</i>	<i>10.2</i>	<i>1.5</i>	<i>-16.3</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.

Exposures and Characteristics

Portfolio Comparison

As of December 31, 2015

	Fidelity Spartan Total Market Index	FPA Crescent Fund	FMI Common Stock	Domestic Equity	Russell 3000
Composition					
# of Holdings	3,483	47	43	3,504	3,021
% Top 15 Holdings	19.3	64.2	54.9	18.1	19.3
% Top 25 Holdings	26.7	83.3	75.1	25.9	26.8
Characteristics					
Wtd Avg Mkt Cap (\$B)	112.5	104.8	3.8	95.9	113.2
Forecast P/E	17.0	15.2	16.3	16.5	17.0
Price/Book ratio	3.0	2.6	2.2	2.8	3.0
Historical EPS Growth - 5 Year	8.4	4.1	9.8	8.2	8.5
Forecast EPS Growth - Long-Term	11.8	9.1	10.7	11.2	11.7
Current Yield	2.1	2.0	1.2	1.9	2.1
GICS Sectors (%)					
Energy	5.9	4.1	0.0	4.8	5.9
Materials	3.1	5.8	8.2	4.1	3.1
Industrials	10.6	13.4	38.2	14.7	10.7
Consumer Discretionary	13.4	9.2	12.3	12.3	13.5
Consumer Staples	8.8	6.6	0.0	7.0	8.8
Health Care	14.8	2.2	3.9	11.2	14.8
Financials	18.3	25.1	13.5	18.3	18.1
Information Technology	20.0	27.8	23.9	21.1	19.9
Telecommunication Services	2.2	0.0	0.0	1.5	2.2
Utilities	3.1	0.0	0.0	2.2	3.1
Cash	0.0	0.0	0.0	2.0	0.0
Other	0.0	5.8	0.0	0.8	0.0
Market Capitalization (%)					
Mega (Above \$60B)	46.1	45.7	0.0	39.2	46.4
Large (\$15B - \$60B)	27.4	28.7	0.0	23.5	27.3
Mid (\$5B - \$15B)	14.5	13.8	33.2	17.1	14.5
Small/Mid (\$2.5B - \$5B)	5.8	3.7	25.7	8.4	5.7
Small (\$0 - \$2.5B)	6.3	2.4	31.1	9.4	6.2
Cash	0.0	0.0	10.0	1.5	0.0
Other	0.0	5.8	0.0	0.8	0.0

Portfolio Comparison

As of December 31, 2015

	Dodge & Cox International Stock	Artisan International	International Equity	MSCI AC World ex USA	MSCI EAFE	Global Equity	MSCI AC World
Composition							
# of Holdings	81	65	136	1,858	926	3,622	2,491
% Top 15 Holdings	40.4	49.0	33.1	12.0	15.9	15.7	11.9
% Top 25 Holdings	57.4	66.6	45.6	17.1	22.3	22.1	16.9
Characteristics							
Wtd Avg Mkt Cap (\$B)	60.4	64.1	62.2	51.7	56.3	83.5	93.1
Forecast P/E	14.6	17.3	15.7	15.4	15.4	16.2	16.1
Price/Book ratio	2.2	3.0	2.6	2.3	2.3	2.7	2.7
Historical EPS Growth - 5 Year	0.8	9.9	4.9	7.5	6.8	7.0	7.8
Forecast EPS Growth - Long-Term	13.6	18.1	15.8	10.2	9.3	12.9	10.9
Current Yield	2.7	1.7	2.2	3.1	3.2	2.0	2.6
GICS Sectors (%)							
Energy	7.1	0.0	3.6	6.0	4.5	4.4	6.2
Materials	5.2	7.5	6.3	6.4	6.3	4.9	4.5
Industrials	8.6	8.9	8.7	11.2	12.6	12.5	10.3
Consumer Discretionary	18.9	18.3	18.6	12.2	13.2	14.6	13.0
Consumer Staples	0.4	11.4	5.7	10.8	11.9	6.5	10.2
Health Care	12.8	22.8	17.7	9.6	11.9	13.6	12.5
Financials	26.1	10.5	18.5	27.1	25.6	18.4	21.5
Information Technology	16.2	14.2	15.2	8.3	5.4	18.9	14.9
Telecommunication Services	4.0	1.6	2.8	5.2	4.9	2.0	3.7
Utilities	0.0	0.2	0.1	3.5	3.7	1.4	3.2
Cash	0.6	4.7	2.6	0.0	0.0	2.3	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.5	0.0
Market Capitalization (%)							
Mega (Above \$60B)	30.2	34.3	32.2	28.2	31.6	36.9	41.7
Large (\$15B - \$60B)	53.1	40.8	47.1	39.5	42.0	32.1	35.2
Mid (\$5B - \$15B)	11.6	19.1	15.3	23.9	21.2	16.4	18.9
Small/Mid (\$2.5B - \$5B)	2.9	1.1	2.0	6.8	4.9	6.1	3.5
Small (\$0 - \$2.5B)	1.5	0.0	0.8	1.6	0.2	6.2	0.7
Cash	0.6	4.7	2.6	0.0	0.0	1.8	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.5	0.0

Regional Exposure

As of December 31, 2015

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	2.8	0.6	0.4	0.5	5.9	0.0
United States	63.5	52.3	9.1	18.7	13.8	0.0	0.0
Pacific ex Japan	1.3	4.8	2.0	3.9	2.9	9.9	11.4
Japan	4.3	8.1	13.5	9.5	11.6	17.3	23.4
Europe ex UK	16.6	16.2	41.8	39.8	40.8	33.1	45.0
United Kingdom	4.3	6.8	8.9	11.9	10.4	14.3	19.4
Middle East	0.0	0.3	0.0	0.0	0.0	0.6	0.8
Developed Markets	90.2	91.1	75.9	84.2	80.0	81.0	100.0
EM Asia	3.9	6.2	11.2	9.5	10.3	13.3	0.0
EM Europe	0.4	0.7	1.2	0.0	0.6	1.4	0.0
EM Latin America	1.3	1.1	5.5	1.6	3.6	2.4	0.0
EM Mid East+Africa	1.4	0.9	5.6	0.0	2.9	1.8	0.0
Emerging Markets	7.1	8.9	23.5	11.1	17.4	19.0	0.0
Cash	2.3	0.0	0.6	4.7	2.6	0.0	0.0
Other	0.5	0.0	0.0	0.0	0.0	0.0	0.0

Regional Allocation (%)

	Global Equity	MSCI AC World
United States	63.5	52.3
Non-US Developed	26.7	38.8
Emerging Markets	7.1	8.9
Cash	2.3	0.0
Other	0.5	0.0

Flexible Capital

As of December 31, 2015

	Forester Offshore Fund, Ltd.	Archstone Absolute Return Strategies Fund, Ltd. Class A	Total Flexible Capital	FPA Crescent Fund	Total Leveraged Portfolio
Market Value	\$2,129	\$2,713	\$4,842	\$1,143	\$5,985
% of Total Managed Portfolio (\$25,265)	8.4	10.7	19.2	4.5	23.7
Market Exposure (%)					
Gross Long %	96.0	108.1	102.8	63.7	95.3
Gross Short %	59.0	56.3	57.5	3.6	47.2
Net %	37.0	51.8	45.3	60.1	48.1
Total Gross	155.0	164.4	160.3	67.3	142.5
Strategy Weights (%)					
L/S Equity	100.0	24.8	57.9	37.7	54.0
L/S Credit	0.0	27.0	15.1	23.3	16.7
Event-Driven	0.0	6.8	3.8	0.0	3.1
Distressed	0.0	18.5	10.4	0.0	8.4
Special Situations	0.0	2.7	1.5	0.0	1.2
Relative Value	0.0	4.9	2.7	0.0	2.2
Macro	0.0	0.0	0.0	0.0	0.0
Other/Cash	0.0	15.3	8.6	39.0	14.4
Geography (%)					
U.S. & Canada	70.3	60.1	64.6	71.0	65.8
Dev Europe	20.0	20.7	20.4	26.1	21.5
Asia	5.8	8.0	7.0	1.0	5.9
Emerging Mkts	3.9	0.0	1.7	1.9	1.8
Other	0.0	11.2	6.3	0.0	5.1

Top 10 Long Holdings/Managers

Forester Offshore Fund, Ltd.		Archstone Absolute Return Strategies Fund, Ltd. Class A		FPA Crescent Fund	
Company	%	Company	%	Company	%
KENSICO	10.0	FARALLON	12.8	ORACLE	4.1
VIKING GLOBAL	8.0	ELLIOT INTL	11.4	MICROSOFT	3.6
SAMLYN CAPITAL	6.0	FIR TREE	11.0	AON	3.4
LANSDOWNE	5.0	YORK CREDIT	11.0	UNITED TECH	2.8
COATUE	4.0	SILVER POINT	10.6	CITIGROUP	2.8
FALCON EDGE	4.0	DW CATALYST	9.8	AIG	2.7
HENGISTBURY	4.0	OZ OVERSEAS	9.6	NASPERS	2.5
PENNANT CAPITAL	4.0	DAVIDSON KEMPNER	8.7	TE CONNECTIVITY	2.3
TIGER GLOBAL	4.0	KING STREET	7.5	ALCOA	2.3
STEADFAST	3.0	SERENGETI	7.5	CISCO	2.2

- Archstone Absolute Return Strategies Fund, Ltd. 12/31/2015 statistics as of 9/30/2015.

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

Flexible Capital Underlying Manager Exposure

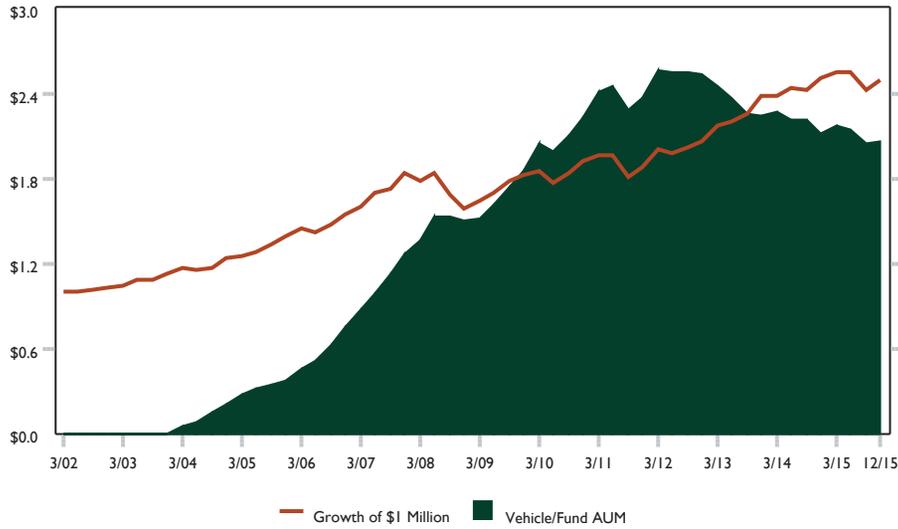
Data as of 9/30/2015						
	1,111,507	2,074,066	2,753,403	5,938,976	24,882,385	
Product/Investment	FPA Crescent Fund	Forester Offshore A2, Ltd.	Archstone Absolute Return Strategies Fund, Ltd.	% weighting within FlexCap	% weighting within Total Fund	\$ weighting within Total Fund
FPA Contrarian Value	100.0%			18.7%	4.5%	1,111,507
Farallon Capital			13.0%	6.0%	1.4%	357,942
Elliott Associates			11.0%	5.1%	1.2%	302,874
Fir Tree Capital Opportunity Fund			11.0%	5.1%	1.2%	302,874
Silver Point Capital			11.0%	5.1%	1.2%	302,874
York Credit Opportunities			11.0%	5.1%	1.2%	302,874
DW Catalyst Fund			10.0%	4.6%	1.1%	275,340
Och-Ziff			10.0%	4.6%	1.1%	275,340
Davidson Kempner			9.0%	4.2%	1.0%	247,806
King Street Capital			8.0%	3.7%	0.9%	220,272
Serengeti Opportunities Fund			8.0%	3.7%	0.9%	220,272
Kensico Partners		9.0%		3.1%	0.8%	186,666
Viking Global Equities		9.0%		3.1%	0.8%	186,666
Samlyn Capital		7.0%		2.4%	0.6%	145,185
Lansdowne Developed Markets Long Only Fund		5.0%		1.7%	0.4%	103,703
Coatue Qualified Partners		4.0%		1.4%	0.3%	82,963
Falcon Edge Capital		4.0%		1.4%	0.3%	82,963
Hengistbury Fund, Ltd		4.0%		1.4%	0.3%	82,963
Pennant Windward		4.0%		1.4%	0.3%	82,963
Steadfast		4.0%		1.4%	0.3%	82,963
Tiger Global		4.0%		1.4%	0.3%	82,963
Abrams Capital		3.0%		1.0%	0.3%	62,222
Castine Capital		3.0%		1.0%	0.3%	62,222
Hirzel Capital		3.0%		1.0%	0.3%	62,222
Wellington Bay Pond		3.0%		1.0%	0.3%	62,222

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

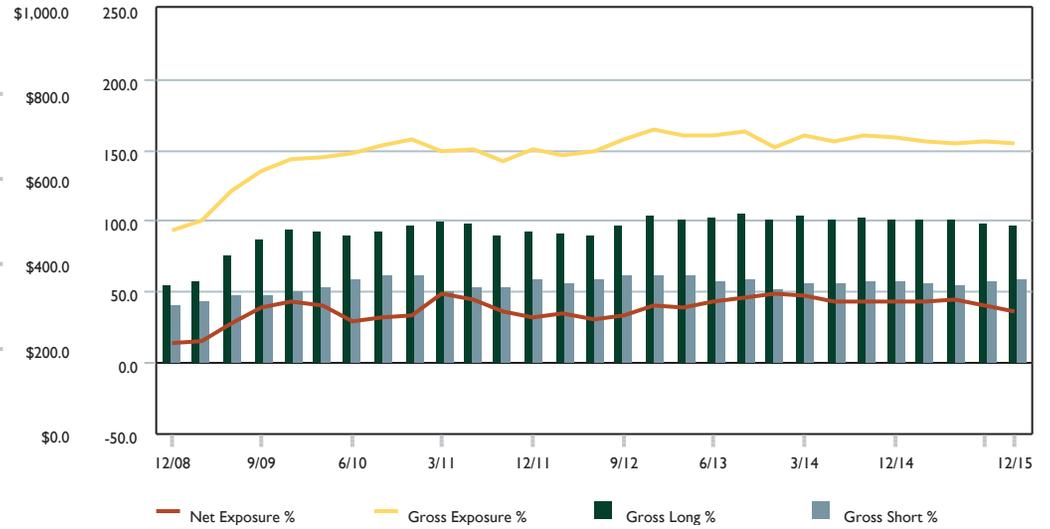
Flexible Capital Strategies

Forester Offshore, Ltd. As of December 31, 2015

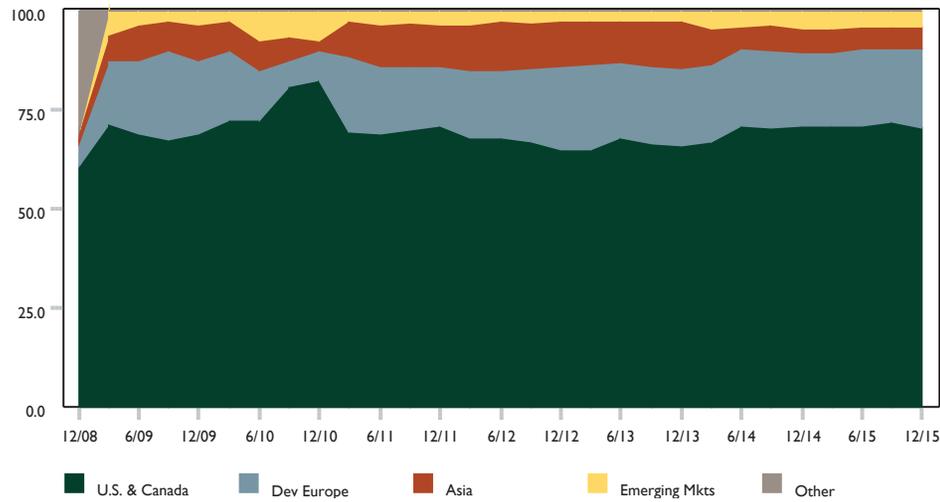
Asset Growth



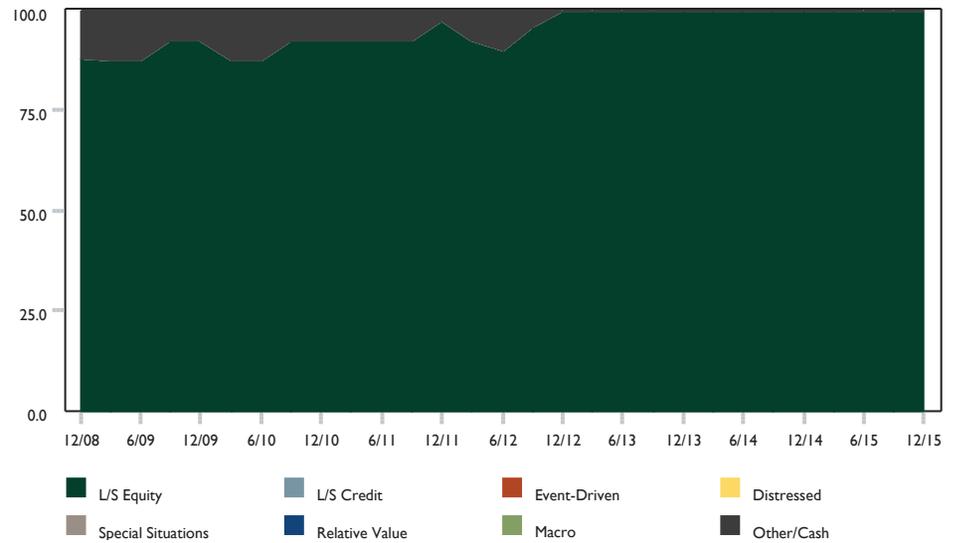
Market Exposure



Geographic Exposure



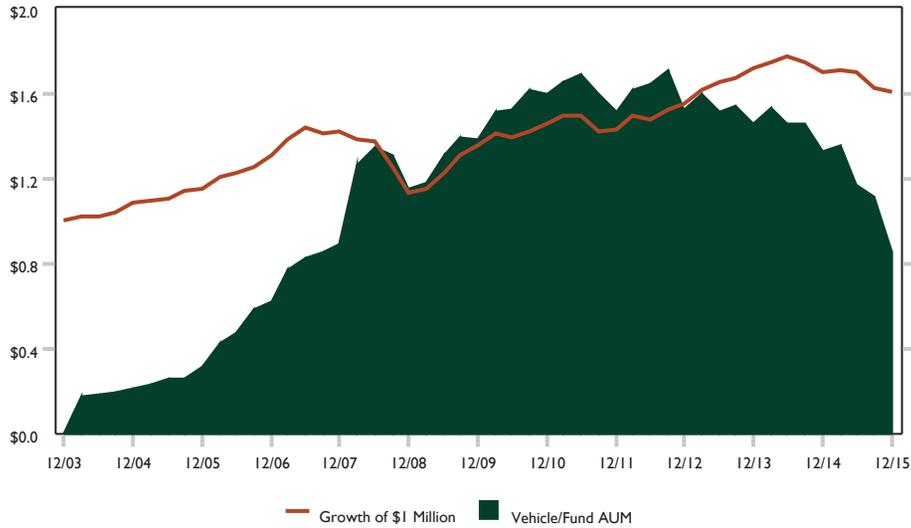
Strategy Weights



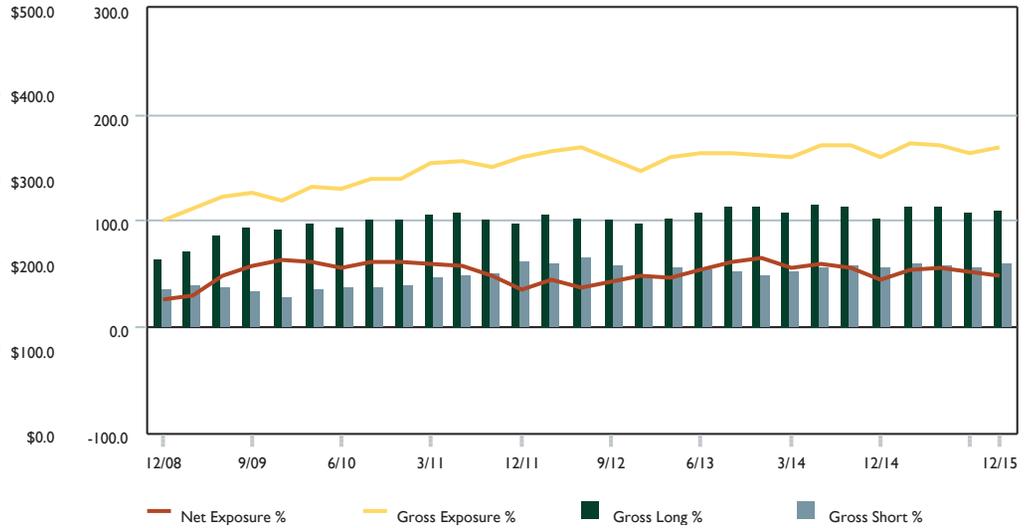
Flexible Capital Strategies

Archstone Absolute Return Strategies Fund, Ltd. As of December 31, 2015

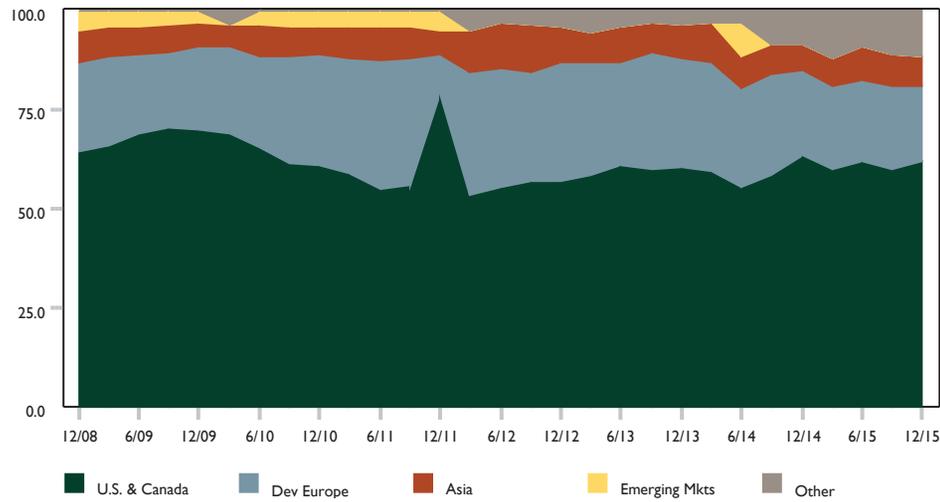
Asset Growth



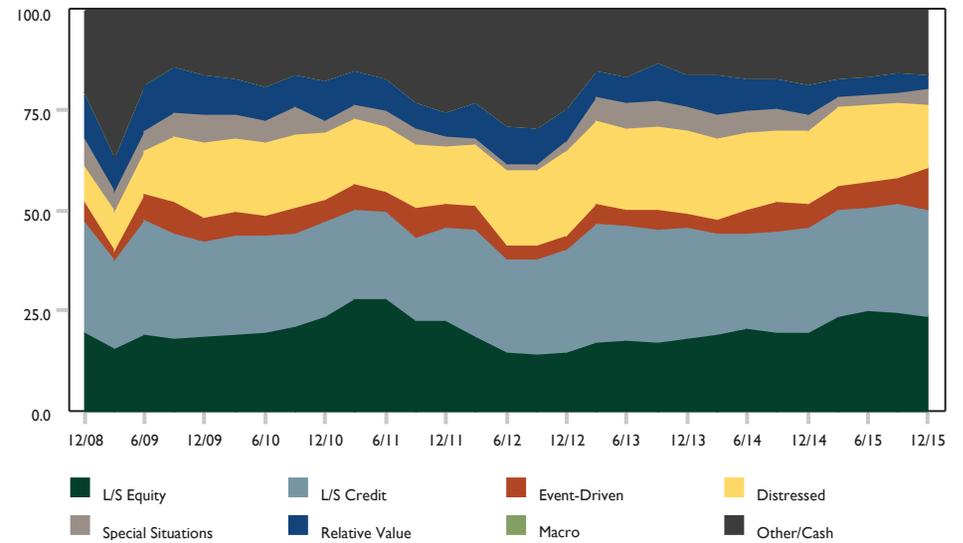
Market Exposure



Geographic Exposure



Strategy Weights

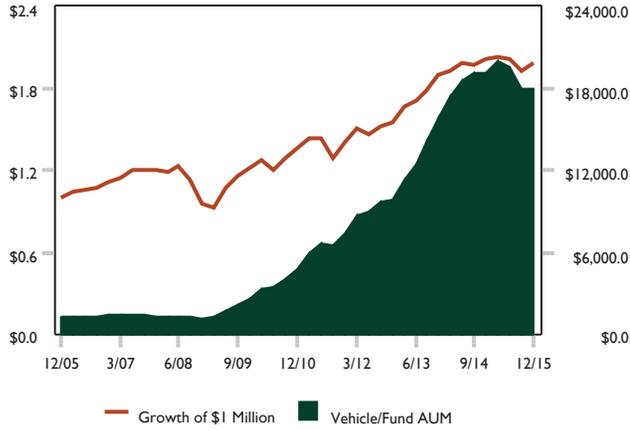


Flexible Capital Strategies

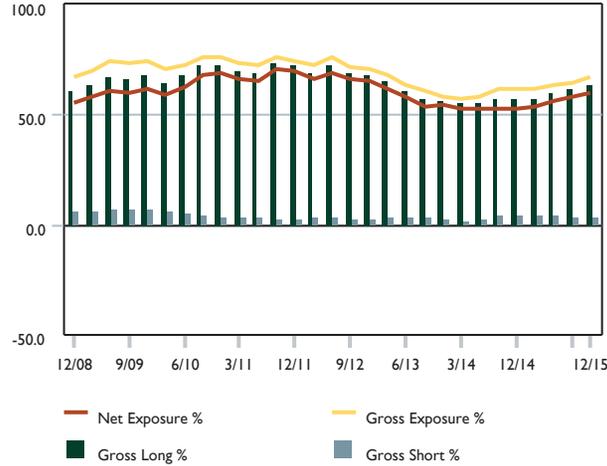
FPA Crescent Fund

As of December 31, 2015

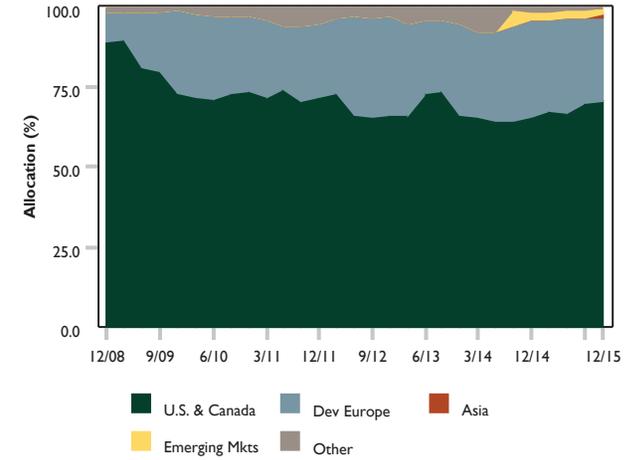
Asset Growth



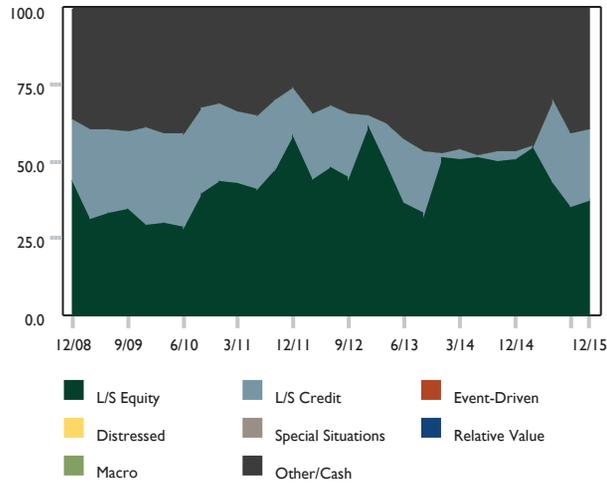
Market Exposure



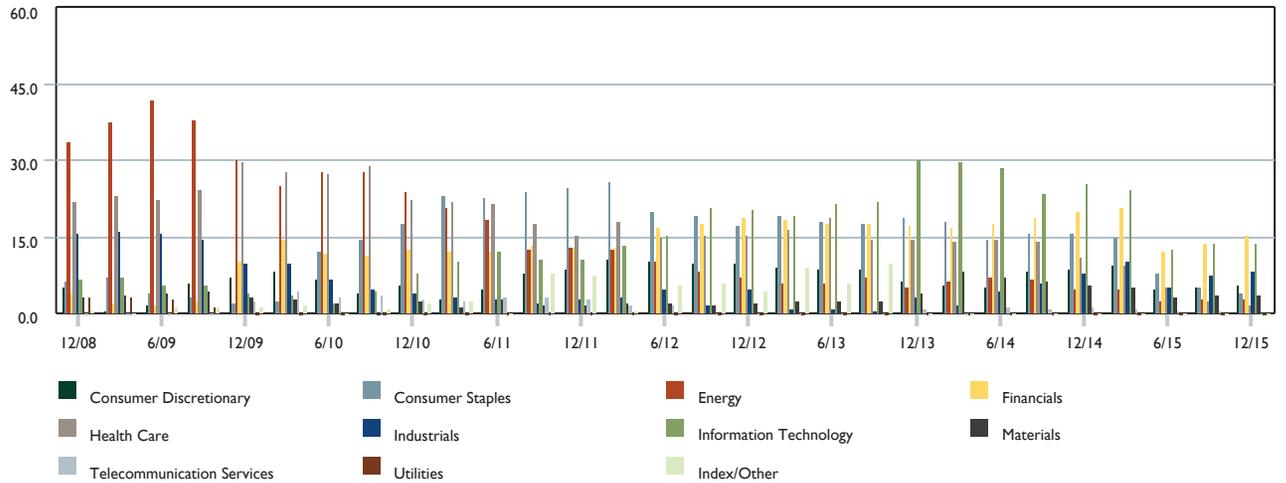
Geographic Exposure



Strategy Weights



Sector Breakdown



Market and geographic exposure exclude cash.

Fixed Income

As of December 31, 2015

	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	2.7	2.6	1.2	1.3	2.0
Average Maturity	6.5	7.9	2.5	2.8	4.7
Duration	5.0	5.7	2.4	2.7	3.8
Quality Breakdown					
U.S. Treasury	25.4	36.4	99.5	100.0	58.4
U.S. Govt/Agency	3.0	2.8	0.0	0.0	1.7
Agency MBS	26.6	28.6	2.1	0.0	15.7
Non-U.S. Sov/Agency	0.0	3.9	0.0	0.0	0.0
AAA	13.6	3.9	0.0	0.0	7.6
AA	4.4	2.4	0.0	0.0	2.5
A	9.9	10.1	0.0	0.0	5.5
BBB	10.6	11.8	0.0	0.0	5.9
BB and Below	1.4	0.0	0.0	0.0	0.8
NR/Other	5.0	0.0	-1.6	0.0	2.1
Sector Breakdown					
U.S. Treasury	25.4	36.4	99.5	100.0	58.4
U.S. Government Related	3.0	2.8	0.0	0.0	1.7
Non-U.S. Sovereign/Agency	0.0	3.9	0.0	0.0	0.0
Investment Grade Corporate	18.7	24.3	0.0	0.0	10.4
Industrials	9.7	14.9	0.0	0.0	5.4
Utility	1.3	1.8	0.0	0.0	0.7
Financials	7.6	7.6	0.0	0.0	4.2
High Yield	0.0	0.0	0.0	0.0	0.0
Non-U.S. Dollar	0.0	0.0	0.0	0.0	0.0
Emerging Market Debt	0.0	0.0	0.0	0.0	0.0
MBS	31.1	28.6	2.1	0.0	18.2
MBS-Agency	26.6	28.6	2.1	0.0	15.7
MBS-NonAgency	4.5	0.0	0.0	0.0	2.5
CMBS	5.6	1.8	0.0	0.0	3.1
ABS	9.4	0.6	0.0	0.0	5.2
Municipals	0.0	0.0	0.0	0.0	0.0
Cash	5.5	0.0	0.0	0.0	3.0
Other	1.4	1.6	-1.6	0.0	0.1

- 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, 2015

Vanguard Short-Term Inflation Protected Securities Adm. Fund

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

Portfolio Characteristics

Yield	1.3	1.2
Average Maturity	2.4	2.4
Duration	1.2	1.2

Quality Breakdown

U.S. Treasury	99.9	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	0.1	0.0
AA	0.0	0.0
A	0.0	0.0
BBB	0.0	0.0
BB and Below	0.0	0.0
NR/Other	0.0	0.0

Sector Breakdown

U.S. Treasury	99.9	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	NA
Utility	0.0	NA
Financials	0.0	NA
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	NA
MBS-NonAgency	0.0	NA
CMBS	0.0	0.0
ABS	0.0	0.0
Municipals	0.0	0.0
Cash	0.0	0.0
Other	0.1	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.

Real Assets

As of December 31, 2015

	Nuveen Gresham Diversified Commodities Fund	Bloomberg Commodity Index
Sector Breakdown		
Energy	34.1	32.6
Industrial Metals	18.6	15.5
Precious Metals	13.1	16.6
Agriculture/Livestock	34.2	35.3
Other	0.0	0.0

- Nuveen Sector breakout Agriculture/Livestock includes Food & Fibers. Statistics are as of September 30, 2015.

Portfolio Comparison

As of December 31, 2015

	Van Eck Global Hard Assets	S&P North American Natural Res Sector Index (TR)
Composition		
# of Holdings	48	130
% Top 15 Holdings	61.8	54.4
% Top 25 Holdings	81.3	66.5
Characteristics		
Wtd Avg Mkt Cap (\$B)	16.1	61.9
Forecast P/E	12.0	15.1
Price/Book ratio	1.9	1.7
Historical EPS Growth - 5 Year	0.0	-3.6
Forecast EPS Growth - Long-Term	14.0	3.0
Current Yield	2.1	3.2
GICS Industries (%)		
Oil & Gas Drilling	2.2	2.0
Oil & Gas Equipment & Services	12.5	14.7
Integrated Oil & Gas	0.0	23.5
Oil & Gas Exploration & Production	36.8	25.0
Oil & Gas Refining & Marketing	4.3	10.0
Oil & Gas Storage & Transportation	4.1	8.3
Coal & Consumable Fuels	1.4	0.5
Fertilizers & Agricultural Chemicals	3.8	0.0
Construction Materials	0.0	1.9
Metal & Glass Containers	0.0	2.4
Paper Packaging	0.0	3.4
Aluminum	0.0	1.0
Diversified Metals & Mining	5.4	1.1
Gold	12.2	3.8
Precious Metals & Minerals	0.4	0.2
Silver	0.0	0.5
Steel	3.4	0.0
Forest Products	3.0	0.2
Paper Products	0.0	1.5
Building Products	0.8	0.0
Electrical Components & Equipment	0.4	0.0
Construction & Farm Machinery & Heavy Trucks	1.8	0.0
Railroads	1.2	0.0
Semiconductor Equipment	1.0	0.0
Cash	5.3	0.0
Market Capitalization (%)		
Mega (Above \$60B)	6.0	22.6
Large (\$15B - \$60B)	29.2	39.8
Mid (\$5B - \$15B)	28.7	25.5
Small/Mid (\$2.5B - \$5B)	14.5	7.7
Small (\$0 - \$2.5B)	16.3	4.3
Cash	5.3	0.0

Real Assets

As of December 31, 2015

Country/Region Allocation (%)	Van Eck Global Hard Assets	S&P North American Natural Res Sector Index (TR)
Canada	14.0	12.5
United States	74.4	85.8
Europe ex UK	0.0	1.4
United Kingdom	5.6	0.3
Middle East	0.2	0.0
Developed Markets	94.2	100.0
Cash	5.3	0.0
Other	0.6	0.0

Investment Details

Performance Highlights

Equity

- FPA Crescent Fund gained 2.8% in the fourth quarter but finished the year down 2.1%. FPA's value bias worked against it, as growth stocks—particularly those within the technology and consumer sectors—led the way. FPA increased exposure to the technology sector in the last few years and benefited from positions in Google/Alphabet and Microsoft. However, the Fund's top holding in the fourth quarter was Oracle, which finished down on the year and was flat in the fourth quarter. Cisco was similarly disappointing, finishing the year with a modest loss and lagging the market in the fourth quarter. FPA's industrials and materials exposure worked against it in the fourth quarter, as positions in Joy Global, Meggitt, and Owens-Illinois were both negative amid slowing growth in emerging markets. FPA's modest energy exposure also dragged on results, with positions in Occidental Petroleum and recently established credit positions declining on falling oil prices. On the positive side, more event-driven names—such as AB InBev, GE, and Yahoo—were strongly positive in the quarter. FPA ended the quarter with cash at roughly 39% of capital.
- The FMI Small/Mid Cap Equity Fund (FMI) gained 1.1% during the quarter versus a 3.3% advance for the Russell 2500 Index. Over the calendar year, FMI declined 6.8% versus a 2.9% drawdown for the Index. With growth stocks continuing to outperform value stocks, valuation-sensitive FMI has faced long-term headwinds. Stock selection was the primary detractor during the quarter. In particular, the team's picks within information technology, financials, and industrials sectors weighed on returns. Specialty technology distributor ScanSource (-9%) and business software developer Progress Software (-7%) were standouts within technology. Among financials, regional banks Zions Corp. (-1%) and Cullen/Frost (-5%) were notable laggards given their exposure to energy loans, while reinsurer Greenlight Capital (-16%) came under pressure due to poorly performing investments. Within industrials, truck rental company Ryder System (-23%) experienced a drawdown due to lower guidance and broader investor concerns about the economy. Partly offsetting these losses was FMI's strong stock selection within consumer discretionary, with ad agency Interpublic Group (+22%) the top contributor for the quarter. Sector positioning did not have a material impact on performance for the quarter. FMI's significant underweight to health care stocks dampened portfolio results, but losses were offset by the zero weighting in the energy sector, the worst performer of the market.

Performance Highlights

Equity (cont'd)

- The Dodge & Cox International Stock Fund added 0.8% during the quarter but trailed the 4.7% return for the MSCI EAFE Index. For the calendar year, the strategy declined 11.4%, finishing significantly behind the 80 bps loss of the benchmark. The portfolio's out-of-benchmark exposure to emerging markets was a meaningful source of underperformance in the quarter and year. With the exception of emerging Asia, exposure in all emerging markets regions detracted from relative results. Stock selection in Europe ex-U.K. also meaningfully weighed on results. From a sector perspective, stock selection in financials, health care, and telecom hurt. South African telecom stock MTM Group (-33%) was the portfolio's worst performer, with Teck Resources (-18%) and Nintendo (-17%) also falling short. On the positive side, New Oriental Education & Technology Group (+55%) had a strong quarter, as did Chinese internet retailer Baidu (+38%). The International Stock Fund remained closed to new investors.
- Artisan's International Fund closed 2015 on a strong note, posting a 6.8% gain in the fourth quarter and outpacing the MSCI EAFE Index (+4.7%). Despite the strong quarter, Artisan trailed the benchmark over the calendar year (-3.9% vs. -0.8%). A combination of strong stock selection and positive portfolio allocation drove fourth quarter outperformance. The financials and health care sectors were both areas where the investment team added value. Within financials, the portfolio's Asian insurance names, such as AIA Group and Ping An Insurance, performed particularly well. Regarding health care, a sizable overweight was additive as investors favored more defensive sectors, notably near year-end as volatility increased. Selection within the sector was also strong. Key contributors included Olympus Corp (Japanese medical electronics), Medtronic (Irish medical devices), and Actelion (Swiss pharma/biotech). Regional positioning had a mixed impact on returns. A meaningful underweight to Japan, as well as exposure to emerging markets, served as headwinds to relative returns. The portfolio held an emerging markets allocation of 11.6% at year-end, which was focused largely on China and, to a lesser extent, India.

Performance Highlights

Alternative Strategies

- Forester Offshore gained 2.7% in the fourth quarter and 0.3% in the calendar year. Forester lagged the broader equity market in the quarter, as October's sharp rally caught many long/short equity managers off guard following a particularly volatile period in August and September. Forester's bias toward value-oriented managers worked against it in the quarter and the year, as growth stocks led the way. Underperformers in the quarter were largely value-oriented, most notably Brahman and Pennant. Brahman runs a concentrated portfolio and had a large position in troubled drug maker Valeant Pharmaceuticals that worked against it in the quarter. Pennant was hurt by exposure to the energy sector, as well as a position in Signet Jewelers, which was a popular holding among value managers. Forester Partners is primarily equity focused but had modest credit exposure through Cyrus Capital, which worked against amid a sharp sell-off in credit. On the positive side, the more growth-oriented Tiger Global was the top performer, as the manager was exposed to large technology companies such as Amazon, JD.com and Netflix. Viking Global and Coatue also benefited from strength in the technology sector and finished the year among top performers in the Fund.
- Archstone Absolute Return declined 1.5% in the quarter and 5.3% in the calendar year. Several of Archstone's event-driven and credit managers underperformed in the quarter and over the course of the year. Fourth-quarter losses were largely related to the energy sector. On the credit side, York's distressed positions in Arch Coal and TXU traded down further as commodity prices weakened and liquidity deteriorated. York maintained a positive outlook on TXU and reported that it expects a favorable outcome later this year. DW Catalyst added energy bonds earlier in the year on the belief that the sell-off was over; however, the bonds continued to trade down in the fourth quarter. DW also was exposed to lower-rated credits through its structured credit books, and the decline in CCC-rated bonds was more pronounced than the rest of the credit market. Event-driven manager Fir Tree experienced losses within the energy sector through equity positions in master limited partnerships Williams Co. and Energy Transfer Equity. On the positive side, multi-strategy managers Farallon and Och-Ziff were modestly positive due to strength from their equity and merger books. Credit manager Silver Point was also positive due to a strong hedging program and positive events among a handful of long positions.

Performance Highlights

Fixed Income

- JPMorgan Core Bond Select slipped 0.9% and underperformed the return of the Barclays U.S. Aggregate Index by 30 bps. Although it held an underweight to U.S. Treasuries, the Fund's Treasury holdings were longer dated than those in the benchmark; this detracted from returns as the yield curve steepened. In addition, the overweight to CMBS was a key detractor, as the sector sold off as new issuance was met by faltering demand. For the calendar year, the Fund added 0.7% and outperformed the Index by 15 bps. The majority of outperformance for the period occurred in the second quarter, when the Fund benefited from a shorter duration profile as the yield curve steepened and from an underweight to corporates as spreads widened. The Fund also delivered excess returns in the third quarter via an underweight to corporates as spreads rose and also from an overweight to areas of securitized that outperformed Treasuries and corporates. Entering 2016, the team continued to emphasize structured products and corporate credit over Treasuries. Mortgage securities, both commercial and residential, continued to play a prime role in the portfolio. Residential MBS included overweights to collateralized mortgage obligations and multi-family, and an underweight to agency MBS. Asset-backed securities played a prominent role, with holdings diversified across non- and reperforming, subprime auto, and consumer loans. Duration remained short the benchmark, and the Fund maintained an allocation to Treasuries and cash as a liquidity buffer.
- Doug Swanson, chief investment officer (CIO) of U.S. Value Driven (the Columbus, OH, fixed income platform) began a leave of absence on September 30, 2015 that will last for an uncertain period of time. Barbara Miller, a 17-year veteran of the team, was named CIO of the group and portfolio manager (PM) of the Core Bond mutual fund. Rich Figuly, a PM on the Short Duration Bond mutual fund, has also been named a PM on the Core Bond fund. If and when Swanson returns, he will do so in a senior investment capacity and will not resume the CIO role. We continue to evaluate this transition and will provide additional information as appropriate.
- Vanguard Short-Term Treasury shed 0.6% in the quarter but outperformed the Barclays 1-5 Year Treasury Index by 10 bps. Treasury yields rose, which caused absolute returns to be negative. On a relative basis, the Fund held an overweight to Treasuries in the one- to three-year maturity range, compared to the Index. Treasuries across this segment of the market declined 0.4% versus a 1.0% loss for those in the three- to five-year segment. In addition, the Fund had a small, non-Index position in agency MBS that on a relative basis outperformed similar-maturity Treasuries. For the calendar year, the Fund's 0.6% return trailed the Index by 37 bps. Term structure exposure had the opposite effect. The underweight in the three- to five-year segment was a headwind, as this part of the Treasury curve gained 1.6% for the year, compared to the more modest 0.6% return in the one- to three-year maturity range. Entering 2016, the Fund held roughly 98% of the portfolio in U.S. Treasury bonds, approximately 1.5% in agency MBS, and the remainder in cash. Duration, at 2.3 years, was below the benchmark's 2.7 years. The Fund's yield to maturity of 1.1% was approximately 10 bps lower than the Index yield.

Performance Highlights

Real Assets

- The Gresham TAP Strategy and the Nuveen Diversified Commodity Fund declined 10.9% during the quarter, modestly trailing the Bloomberg Commodity Index, which fell 10.5%. Similar to the third quarter, the energy sub-sector led the retreat (-22.7%), with crude oil (WTI, -17.9%) and natural gas (-6.1%) both posting losses. Industrial metals shed 8.3%, with copper (-8.3%) and nickel (-15.5%) both detracting. Continued oversupply and heightened concerns regarding the impact of global and Chinese growth on demand for crude and industrial metals continued to drive the sell-off in these sub-sectors. Elsewhere, agricultural commodities (-2.6%) moved slightly lower as corn (-9.6%) and wheat (-8.9%) lagged. Wheat and corn prices fell on continued strength in the dollar (+2.4%, up for the quarter), which hurt U.S. exports. The U.S. Department of Agriculture raised its forecast for reserves, as recent bumper crops oversupplied the world market with corn, wheat, and other agricultural commodities.
- The Van Eck Global Hard Assets Fund fell 6.8% during the quarter, underperforming the S&P North American Natural Resources Index's 1.9% decline. Sub-sector allocations within energy drove underperformance. Relative to the Index, an overweight to exploration and production (E&P) companies of approximately 14% detracted approximately 190 bps, while the substantial 24% underweight to integrated oil and gas companies detracted 130 bps. The strategy maintained a substantial underweight to energy (63% vs. 84% for the Index) with a bias to E&P companies (40% of the portfolio) at the expense of integrations (0%). The team's belief that oil prices should recover as supply and demand balance in 2016 led the portfolio management team to maintain exposure to upstream E&P companies close to the asset. The team also believes the portfolio is biased to E&P companies that are low-cost producers with strong balance sheets. The Fund's underweight (5% vs. 9% for the Index) to the pipeline and storage sector—which sold off nearly 40%—contributed to performance. Outside of energy, the Fund's metals and mining and gold exposures detracted approximately 80 bps. However, security selection within the sub-sector offset the favorable sub-sector positioning. Lastly, the Fund's exposures to the forest products and refining sub-sectors each added approximately 50 bps to relative performance.

Performance Highlights

Real Assets (cont'd)

- During the quarter, Vanguard Inflation-Protected Securities fell 0.4%, compared to a 0.6% loss for the Barclays U.S. Treasury Inflation Protected Securities Index. For the calendar year, the Fund's 1.7% decline trailed the Index return by roughly 30 bps. Relative quarterly performance was hurt by an overweight to TIPS maturing in 5–10 years, which in aggregate underperformed shorter-dated TIPS by 35 bps. In addition, the Fund held non-Index positions in nominal U.S. Treasuries, which trailed their inflation-linked counterparts across the term structure. Entering 2016, the Fund's 8.1-year duration was roughly 0.2 years ahead of that of the Index, while the adjusted yield to maturity of 2.2% was approximately 2 bps ahead of the Index yield.

Firm Information: First Pacific Advisors

Total Assets (\$M):	\$30,200
Style:	Long/Short Equity
Assets in Style (\$M):	\$18,100
Year Founded:	1953
Location:	Los Angeles, CA
Ownership:	100% Employee Owned. Romick is largest owner at ~25%
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 portfolio 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 product.

Vehicle Information

Inception:	June 1993
Assets (\$M):	\$18,100
Minimum Account Size:	\$1,500
Management Fee:	1.11%, 2.0% redemption < 90 days
Profit Allocation:	None
Highwater Mark:	None
Hurdle Rate:	None
UBTI:	N/A
Additional Expenses:	Short sale dividend expense, custody, transfer agent, etc.
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 Information: Forester Capital

Total Assets (\$M): \$3,700
Style: Directional Hedge FOF
Assets in Style (\$M): \$1,575
Year Founded: 1999
Location: Greenwich, CT
Ownership: 100% Trent Carmichael and family.
Registration: SEC
GP Capital: \$28.5 million across funds

Key Investment Professionals:

Trent Carmichael - Prior to founding Forester Capital, Carmichael was with Tiger Management from 1996 to 1999, Nelson Capital Management from 1991-1994 and Donaldson, Lufkin and Jenrette from 1988-1990. Carmichael has a Master's degree in Management from the Kellogg School and a BA in Economics from Duke University. He holds the Chartered Financial Analyst designation.
 - Carmichael is joined by Keith Morris and Tom Cote on the Firm's Investment Committee.

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.

Fritz Fortmiller, who was a partner at Forester and a member of the Investment Committee, left the Firm in Oct. 2015. Fortmiller had been with Forester since 2006 and worked alongside Carmichael in managing the various Forester funds. Carmichael continues to be supported by Keith Morris and Tom Cote on the Investment Committee. We will closely monitor any changes to the portfolio or structure of the investment team that may occur as a result of Fortmiller's departure.

*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. This is a Prime Buchholz recommended product.

Sample Portfolio Characteristics

Underlying Funds (9/30/2015)	Alloc %	Strategy
Kensico Offshore Fund, Ltd.	9	Long/Short Equity
Viking Global Equities III, Ltd.	9	Long/Short Equity
Samlyn Offshore Fund, Ltd.	7	Long/Short Equity
Lansdowne Developed Markets Long Only Fund Limited USD Shares	5	Global Long/Short
Pennant Windward Fund, Ltd.	4	Long/Short Equity
Steadfast International Ltd.	4	Long/Short Equity
Tiger Global, Ltd.	4	Long/Short Equity
Falcon Edge GLOBal, Ltd	4	Global L/S Equity
Coatue Offshore Fund, Ltd.	4	Long/Short Equity
Hengistbury Fund, Ltd	4	European Equity
Castine Offshore Fund, Ltd	3	US Low Net Sector
Abrams Bison Offshore Fund, Ltd.	3	Long/Short Equity
Bay Pond Partners, Ltd.	3	Long/Short Equity
Hirzel Capital	3	Long/Short Equity
Aurelius Capital International, Ltd.	2	Absolute Return
HHR Atlas Ltd.	2	Long/Short Equity
Cyrus Capital Partners, LP	2	Absolute Return
Impala Fund, LP	2	Long/Short Equity
Lakewood Capital Partners, L.P.	2	Long/Short Equity
Newtyn Partners, LP	2	Long/Short Equity

Vehicle Information

Inception: January 2004
Assets (\$M): \$690
Minimum Account Size: \$2,000,000
Management Fee: 1.0%, underlying manager fees
Profit Allocation: A: 3%, B: None
Highwater Mark: Yes
Hurdle Rate: NA
UBTI: No
Additional Expenses: Admin, Legal, and Operating (5-15 bps)
Additional Vehicles: Onshore 3c1 and 3c7

3c1/3c7: 3c7
Subscriptions: Quarterly
Redemptions (notice): A: Annual (anniversary) B: Three-year liquidity (95 days)
Lock-up: A: Two years B: Three years
ERISA Capacity: No
Prime Broker: N/A
Administrator: International Fund Services LLC
Auditor: Ernst & Young LLP
Legal Counsel: Ogier

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Firm Information: Archstone Partners

Total Assets (\$M):	\$2,696	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 (\$M):	\$215	- 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	Other investment professionals include Mark Smith, Barbara Barlick, Kevin Jornlin & Edgar Smith.	
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		

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.

*Management fee reflects discount of 0.36-0.39% for Prime Buchholz clients. This is a Prime Buchholz recommended product.

Sample Portfolio Characteristics

<i>Underlying Funds (9/30/2015)</i>	<i>Alloc %</i>	<i>Strategy</i>
Farallon Capital Offshore Investors, Inc.	13	Absolute Return - Event-Driven
Elliott International, Ltd	11	Multi-strategy Hedge
York Credit Opportunities Unit Trust	11	Credit and distressed debt
Fir Tree Capital Opportunity Fund II, Ltd.	11	Absolute Return
Silver Point Capital Offshore Fund, Ltd.	11	Absolute Return
DW Catalyst Offshore Fund, LTD.	10	Absolute Return - Relative Value
Och Ziff Overseas Fund, Ltd.	10	Absolute Return - Event Driven
Davidson Kempner International, Ltd.	9	Absolute Return Multi-Strategy
King Street Capital Ltd.	8	Distressed Debt/Credit
Serengeti Opportunities Fund	8	Event Driven

Vehicle Information

Inception:	January 2002	3c1/3c7:	3c7
Assets (\$M):	\$215	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 0.61-0.64% & 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 (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 Information: Vanguard Group, Inc.

Total Assets (\$M):	\$3,105,093
Style:	Domestic Fixed Sector Index
Assets in Style (\$M):	\$13,700
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. This is a Prime Buchholz recommended product.

Product Information and Sample Operational Detail (Vanguard Shrt-Term Infl-Prot Sec Idx Ins)

Quality/Avg. Quality:	AAA/AAA
Duration:	Index-like
% Non-Investment Grade:	0%
% Foreign:	0%
Security Constraints:	80% of its assets in inflation-indexed securities
Sector Constraints:	80% of its assets in inflation-indexed securities
Avg # of Securities:	~15
Turnover:	N/A

Securities Lending:	Yes
Assets in Composite:	N/A
GIPS Compliant:	No
Last Audited Financials:	9/30/2015
Accountant/Auditor:	PricewaterhouseCoopers LLP
Custodian:	JPMorgan Chase
Administrator:	Vanguard

Vehicle Information

Vehicle Name (Ticker)	Minimum	Assets (\$M)	Fee	Type
Vanguard Short-Term Infl-Prot Secs ETF (VTIP)	\$0	\$2,000.0	0.08%	MF
Vanguard Shrt-Term Infl-Prot Sec Idx Adm (VTAPX)	\$10,000	\$2,600.0	0.08%	MF
Vanguard Shrt-Term Infl-Prot Sec Idx Ins (VTSPX)	\$5,000,000	\$4,600.0	0.05%	MF

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Firm Information: Gresham Investment Management, LLC

Total Assets (\$M):	\$11,500
Style:	Commodities Direct Active
Assets in Style (\$M):	\$1,500
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. 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 product.

Product Information and Sample Operational Detail (The TAP Fund, LLC)

Security Constraints:	Strategic Portfolios
Sector Constraints:	no 2 sectors may total >60%
Avg # of Securities:	25
Turnover:	Continuous
Assets in Composite:	NA

Securities Lending:	N/A
GIPS Compliant:	
Last Audited Financials:	12/31/2014
Accountant/Auditor:	KPMG LLP
Custodian:	State Street Bank & Trust Company
Administrator:	Citco Fund Services (Curacao) N.V.

Vehicle Information

Vehicle Name (Ticker)	Minimum	Assets (\$M)	Fee	Type
Nuveen Gresham Diversified Commodity Strategy I Fund	\$100,000	\$82.0	1.07%	MF
The TAP Fund LTD	\$250,000	\$740.0	< \$5 mil 100 bps; \$5 to \$10 mil 90bps; >\$10 mil 70 bps	3c7
The TAP Fund, LLC	\$250,000	\$400.0	< \$5 mil 100 bps; \$5 to \$10 mil 90bps; >\$10 mil 70 bps	3c7

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Firm Information: Van Eck

Total Assets (\$M):	\$25,416
Style:	Public Real Direct Natural Resources
Assets in Style (\$M):	\$4,186
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 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 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, and other natural resource sub-sectors. 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

Attributes:

Van Eck is an investment manager with a long term track record of successful investing. The co-portfolio managers overseeing the strategy average over 15 years of experience in the industry. 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 is actively managed but maintains diversified exposures by both natural resource sector and by security (approximately 60 in more recent periods).

Risks: Tracking risk--the strategy's benchmark--the S&P North American Natural Resources Index, is heavily weighted toward the energy sector (approximately 85%) and is dominated by large and mega cap oil and gas companies. Given the strategy's diversified exposure by sector and negative bias towards large integrated oil and gas companies, tracking risk may be significant in certain market environments.

This is a Prime Buchholz recommended product.

Product Information and Sample Operational Detail (Van Eck Global Hard Assets I)

Security Constraints:	5% cap
Sector Constraints:	Energy between 30% - 65%, the remaining between 0% - 25%
Avg # of Securities:	~70
Turnover:	40%
Assets in Composite:	97%

Securities Lending:	N/A
GIPS Compliant:	No
Last Audited Financials:	12/31/2014
Accountant/Auditor:	Ernst & Young LLP
Custodian:	State Street Bank & Trust Company
Administrator:	Van Eck Associates Corporation

Vehicle Information

Vehicle Name (Ticker)	Minimum	Assets (\$M)	Fee	Type
Van Eck Global Hard Assets I (GHAIX)	\$1,000,000	\$1,200.0	1.00%	MF
Van Eck Global Hard Assets Y (GHAYX)	\$1,000	\$213.4	1.13%	MF

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Historical Performance

Return and Risk Summary

As of December 31, 2015

	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	6.3	-7.3	0.5	9.7	14.6	9.4	12.1	13.1	15.1	15.8	7.5	16.8
Wilshire 5000 Total Market Index	5.9	-7.4	-0.2	9.6	14.4	9.5	11.8	13.1	15.1	15.8	7.5	16.8
FPA Crescent Fund	2.8	-4.7	-2.1	5.4	8.4	6.2	7.7	8.5	11.0	10.0	7.1	11.0
S&P 500 Index	7.0	-6.4	1.4	9.5	15.1	9.0	12.6	12.5	14.8	15.3	7.3	16.3
60% Russell 2500 / 40% BC Global Credit	1.7	-6.6	-2.9	7.2	7.5	7.9	7.6	10.9	12.1	13.5	6.7	13.7
HFRI Equity Hedge (Total) Index	1.9	-6.3	-0.9	7.1	4.9	5.8	2.6	8.0	6.6	9.1	3.5	10.5
FMI Common Stock Fund	1.0	-8.4	-6.8	8.3	9.4	10.9	8.6	14.4	13.8	17.3	8.5	17.3
Russell 2500 Index	3.3	-10.3	-2.9	11.9	12.5	12.2	10.3	16.5	15.7	19.1	7.6	19.8
Dodge & Cox International Stock Fund	0.8	-15.4	-11.4	15.1	3.9	12.9	2.6	16.5	9.7	22.7	3.8	22.8
MSCI AC World ex USA (Net)	3.2	-12.2	-5.7	12.8	1.5	11.3	1.1	14.6	7.5	19.6	2.9	20.4
Artisan International Institutional Fund	6.9	-13.2	-3.6	15.4	6.3	12.3	7.6	16.1	11.5	19.6	5.6	20.6
MSCI EAFE (Net)	4.7	-10.2	-0.8	12.3	5.0	11.3	3.6	14.3	7.8	19.4	3.0	19.8
Forester Offshore A2, Ltd.	2.7	-4.4	0.3	5.5	6.9	5.0	5.4	6.4	6.7	6.3	6.1	7.2
HFRI FOF: Strategic Index	1.3	-5.7	-0.8	6.5	4.2	4.8	2.1	5.7	4.2	6.0	2.3	8.4
Archstone Absolute Return Strategies Fund, Ltd. Class A	-1.5	-4.1	-5.3	3.6	1.5	4.7	2.2	5.0	5.3	5.6	3.5	7.1
HFRI FOF: Conservative Index	0.1	-1.8	0.4	2.6	3.7	2.4	2.3	3.3	3.7	3.4	2.0	6.0
JP Morgan Core Bond Select Fund	-0.9	1.4	0.7	2.5	1.3	2.4	3.2	2.5	4.7	2.8	4.8	3.0
Barclays U.S. Aggregate	-0.6	1.2	0.5	2.7	1.4	2.7	3.2	2.8	4.1	3.0	4.5	3.2
Vanguard Short Term US Treasury Admiral Fund	-0.6	0.5	0.6	0.9	0.5	0.7	0.9	0.8	1.3	1.0	2.7	2.0
Barclays U.S. Treasury: 1-5 Year	-0.7	0.7	0.9	1.2	0.6	0.9	1.2	1.1	1.4	1.4	3.0	2.5
Vanguard Short-Term Inflation Protected Securities Adm. Fund	-0.4	-0.6	-0.2	1.0	-1.0	2.1	NA	NA	NA	NA	NA	NA
Barclays U.S. Treasury: 0-5 Year TIPS Index	-0.5	-0.7	-0.3	1.1	-1.0	2.1	0.8	2.2	2.5	2.7	2.7	3.5

Historical Performance

Return and Risk Summary

As of December 31, 2015

	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	-10.9	-14.8	-25.7	14.1	-17.3	13.7	NA	NA	NA	NA	NA	NA
Bloomberg Commodity Index	-10.5	-14.5	-24.7	14.3	-17.3	13.9	-13.5	13.7	-5.5	16.2	-6.4	20.1
Van Eck Global Hard Assets I Fund	-6.8	-27.2	-33.2	21.8	-15.6	22.6	-12.4	23.2	0.3	25.8	NA	NA
S&P North American Natural Res Sector Index (TR)	-1.8	-19.5	-24.3	15.2	-7.3	18.5	-5.5	21.2	3.6	22.8	1.5	25.2

Historical Performance

Return Summary

As of December 31, 2015

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Fidelity Spartan Total Market Index Advisor Fund	0.5	12.5	33.4	16.4	1.0	17.4	28.4	-37.2	5.6	15.8	NA
Wilshire 5000 Total Market Index	-0.2	12.1	34.0	16.1	0.6	18.1	29.4	-37.3	5.7	15.9	6.3
FPA Crescent Fund	-2.1	6.6	21.9	10.3	3.0	12.0	28.4	-20.6	6.8	12.4	10.8
S&P 500 Index	1.4	13.7	32.4	16.0	2.1	15.1	26.5	-37.0	5.5	15.8	4.9
60% Russell 2500 / 40% BC Global Credit	-2.9	5.3	21.4	15.6	0.5	18.9	29.6	-26.5	3.6	13.1	4.2
HFRI Equity Hedge (Total) Index	-0.9	1.8	14.3	7.4	-8.4	10.5	24.6	-26.7	10.5	11.7	10.6
FMI Common Stock Fund	-6.8	6.5	32.0	10.2	4.5	22.2	33.9	-20.4	-2.0	17.1	9.5
Russell 2500 Index	-2.9	7.1	36.8	17.9	-2.5	26.7	34.4	-36.8	1.4	16.2	8.1
Dodge & Cox International Stock Fund	-11.4	0.1	26.3	21.0	-16.0	13.7	47.5	-46.7	11.7	28.0	16.7
MSCI AC World ex USA (Net)	-5.7	-3.9	15.3	16.8	-13.7	11.2	41.4	-45.5	16.7	26.7	16.6
Artisan International Institutional Fund	-3.6	-0.7	25.5	25.6	-4.1	6.2	40.0	-46.8	20.0	25.9	16.5
MSCI EAFE (Net)	-0.8	-4.9	22.8	17.3	-12.1	7.8	31.8	-43.4	11.2	26.3	13.5
Forester Offshore A2, Ltd.	0.3	5.8	15.2	9.3	-2.5	5.2	14.6	-13.0	18.5	11.5	12.0
HFRI FOF: Strategic Index	-0.8	3.1	10.5	5.8	-7.3	6.3	13.2	-25.2	12.8	11.8	10.3
Archstone Absolute Return Strategies Fund, Ltd. Class A	-5.3	-0.6	11.2	9.0	-2.3	8.1	19.4	-20.5	8.3	13.8	6.2
HFRI FOF: Conservative Index	0.4	3.1	7.7	4.2	-3.6	5.1	9.6	-19.9	7.7	9.2	5.1
JP Morgan Core Bond Select Fund	0.7	5.2	-1.8	5.1	7.3	7.3	9.7	4.0	7.0	4.0	2.3
Barclays U.S. Aggregate	0.5	6.0	-2.0	4.2	7.8	6.5	5.9	5.2	7.0	4.3	2.4
Vanguard Short Term US Treasury Admiral Fund	0.6	0.8	0.0	0.8	2.4	2.8	1.5	6.8	8.0	3.9	1.9
Barclays U.S. Treasury: 1-5 Year	0.9	1.2	-0.1	0.9	3.4	3.7	0.2	8.8	8.2	3.8	1.3
Vanguard Short-Term Inflation Protected Securities Adm. Fund	-0.2	-1.2	-1.5	NA	NA	NA	NA	NA	NA	NA	NA
Barclays U.S. Treasury: 0-5 Year TIPS Index	-0.3	-1.1	-1.6	2.4	4.5	3.3	10.7	-2.0	9.8	2.6	1.6

Historical Performance

Return Summary

As of December 31, 2015

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Nuveen Gresham Diversified Commodities Fund	-25.7	-17.3	-7.8	NA	NA	NA	NA	NA	NA	NA	NA
Bloomberg Commodity Index	-24.7	-17.0	-9.5	-1.1	-13.3	16.8	18.9	-35.6	16.2	2.1	21.4
Van Eck Global Hard Assets I Fund	-33.2	-19.1	11.2	2.9	-16.3	28.9	53.2	-44.5	43.2	NA	NA
S&P North American Natural Res Sector Index (TR)	-24.3	-9.8	16.5	2.2	-7.4	23.9	37.5	-42.6	34.4	16.8	36.6

AEW Spliced Real Estate Index: Prior to January 1, 2015, UBS Global Investors Index, FTSE EPRA/NAREIT Developed Index thereafter.

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.

HFRF 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.

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

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

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

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

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

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

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

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

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

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

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

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

Libor 3-Month Index (London Interbank Offered Rate) is the interest rate some of the world's leading banks charge each other for short-term loans.

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 through December 20, 2015; FTSE Developed All Cap ex US Transition Index thereafter.

Spliced Emerging Markets Index reflects performance of the Select Emerging Markets Index through August 23, 2006; MSCI Emerging Markets Index through January 9, 2013; FTSE Emerging Transition Index through June 27, 2013; FTSE Emerging Index through November 1, 2015; and FTSE Emerging Markets All Cap China A 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, 2016. 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.

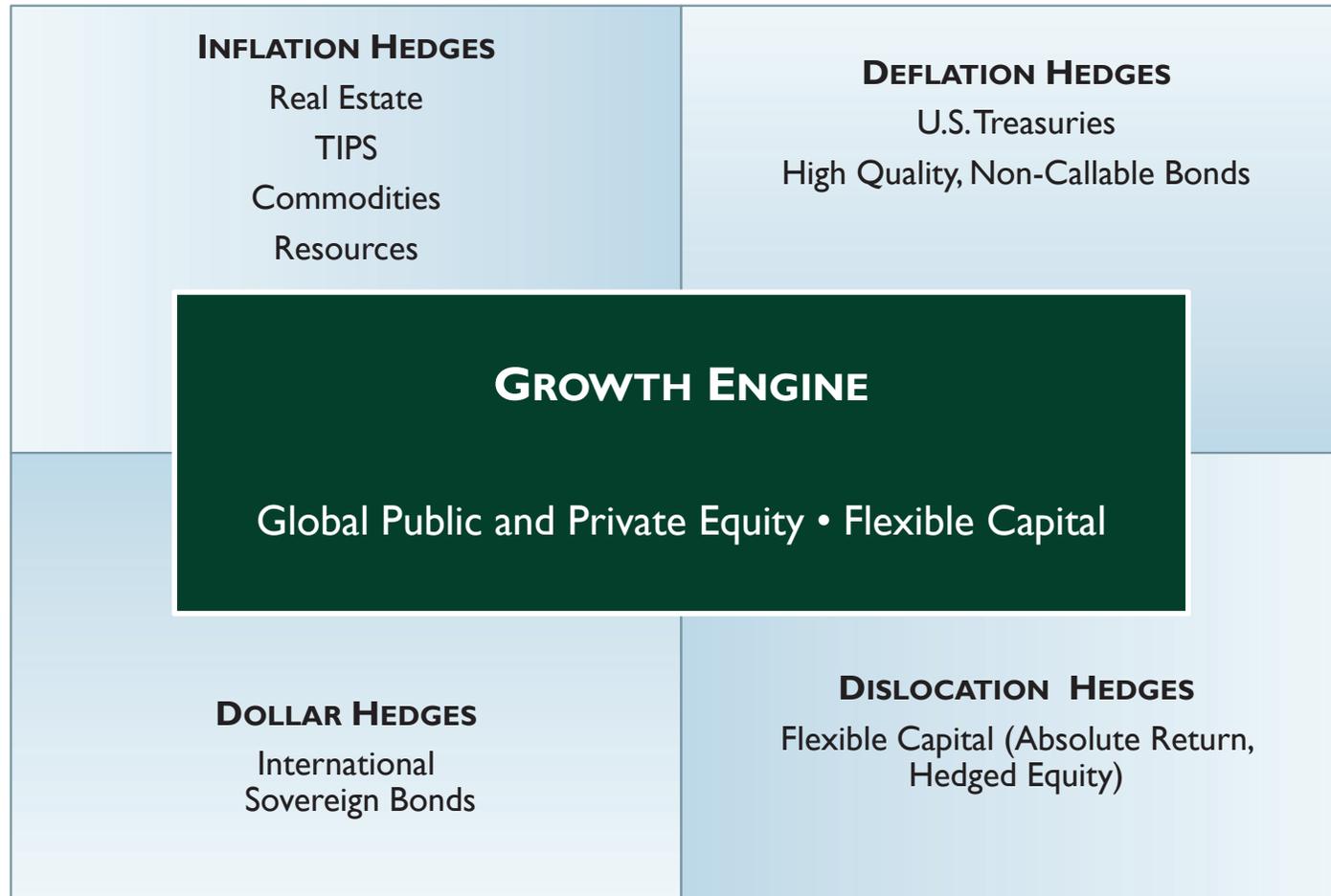
Hypothetical performance, as well as past performance, is not an indication of future results.



Asset Allocation Modeling

Philosophy of an Investment Program

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



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

Modeling

		TPBH	TPB DB	PBA	PBA Liquid	BNY/TUCS Public DB	FLA Muni DB 70/30	FLA Muni DB 50/50	
Equity-Like	Equity	Domestic Public Equity	27.5	15.0	16.0	18.0	24.0	60.0	42.5
		Non-U.S. Developed Equity	14.0	15.0	12.0	14.0	15.2	10.0	7.5
		Emerging Markets Equity	3.5	10.0	7.0	8.0	3.8		
		Global Private Equity		10.0	10.0		13.0		
Flexible Capital	Long/Short and Absolute Return	20.0	15.0	20.0	30.0	9.0			
Real Assets	Natural Resources (Public & Private)	7.5	2.5	12.5	7.5	4.0			
	Real Estate (Public & Private)	5.0	10.0	5.0	5.0	6.0			
	U.S TIPS	2.5	2.5	2.5	2.5				
Bond-Like	Credit	Core Bond	20.0	17.5			23.0	30.0	50.0
		Long Gov/Corp							
		High Yield		2.5					
		Municipal Bonds							
Deflation/Dollar Hedge	Sovereign Debt			15.0	15.0	2.0			
Liquidity	Cash (T-bills)								
Total:		100.0	100.0	100.0	100.0	100.0	100.0	100.0	

Statistical Output (%)	TPBH	TPB DB	PBA	PBA Liquid	BNY/TUCS Public DB	FLA Muni DB 70/30	FLA Muni DB 50/50
Expected Real Return (Arithmetic)	4.8	5.4	5.5	5.0	5.3	4.7	3.8
Expected Standard Deviation	11.3	12.5	12.4	11.3	12.2	12.6	9.4
Expected Real Return (Geometric)	4.2	4.7	4.8	4.4	4.6	3.9	3.3
Sharpe Ratio	0.43	0.43	0.44	0.44	0.43	0.37	0.40
Historical Real Return (Arithmetic)	7.0	7.6	7.8	7.6	7.1	7.0	6.1
Historical Standard Deviation	10.5	10.8	10.5	10.7	10.0	11.7	8.5
Historical Return (Geometric) - Since January 1, 1988	6.5	7.0	7.3	7.0	6.7	6.3	5.8
Historical Return (Geometric) - 5 year	3.4	3.5	2.8	2.5	4.3	7.0	5.6
Historical Return (Geometric) - 10 year	3.3	3.9	3.8	3.3	3.9	4.5	4.1
Historical Return (Geometric) - 20 year	5.0	5.7	5.8	5.2	5.6	5.1	4.7

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

Historical data based on index returns from January 1, 1988 through September 30, 2015.

Modeling

			TEXPERS	Trustee Snyder	Morningstar Moderate	Morningstar Aggressive
Equity-Like	Equity	Domestic Public Equity	27.0	50.0	52.0	68.0
		Non-U.S. Developed Equity	16.5		9.8	12.8
		Emerging Markets Equity	4.0		3.3	4.3
		Global Private Equity	9.3			
	Flexible Capital	Long/Short and Absolute Return	6.3			
	Real Assets	Natural Resources (Public & Private)	4.5			
Real Estate (Public & Private)		6.5				
U.S TIPS						
Bond-Like	Credit	Core Bond	22.0	50.0	24.5	10.5
		Long Gov/Corp				
		High Yield			7.0	3.0
		Municipal Bonds				
	Deflation/Dollar Hedge	Sovereign Debt				
	Liquidity	Cash (T-bills)	4.0		3.5	1.5
Total:			100.0	100.0	100.0	100.0

Statistical Output (%)	TEXPERS	Trustee Snyder	Morningstar Moderate	Morningstar Aggressive
Expected Real Return (Arithmetic)	5.2	3.8	4.7	5.5
Expected Standard Deviation	12.5	9.4	12.2	15.4
Expected Real Return (Geometric)	4.4	3.3	3.9	4.4
Sharpe Ratio	0.41	0.40	0.38	0.36
Historical Real Return (Arithmetic)	6.1	5.3	5.7	6.4
Historical Standard Deviation	11.6	8.7	12.1	15.7
Historical Return (Geometric) - Since January 1, 1988	6.5	6.1	6.2	6.7
Historical Return (Geometric) - 5 year	5.0	6.2	6.1	7.4
Historical Return (Geometric) - 10 year	4.0	4.4	4.3	4.6
Historical Return (Geometric) - 20 year	5.5	5.0	5.0	5.2

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

Historical data based on index returns from January 1, 1988 through September 30, 2015.

Assumptions*

Risk Factor/Purpose	Asset Class	Long-Term			Liquidity		
		Expected Real Return (Arithmetic)	Expected SD	Expected Real Return (Geometric)	Full (daily, mo.)	Semi (qtrly, annual)	Illiquid (>1 Yr)
Equity	Domestic Public Equity	6.0%	18.0%	4.5%	x		
	Non-U.S. Developed Equity	6.0%	20.0%	4.2%	x		
	Emerging Markets Equity	8.0%	26.0%	5.0%	x		
	Global Private Equity	9.8%	28.0%	6.3%			x
Flexible Capital	Long/Short and Absolute Return	4.8%	10.0%	4.3%		x	
Real Assets	Natural Resources (Private)	9.8%	30.0%	5.9%			x
	Natural Resources (Public)	6.8%	22.0%	4.6%	x		
	Commodities	5.0%	20.0%	3.2%	x		
	Real Estate (Private)	7.8%	26.0%	4.7%			x
	Real Estate (Public)	6.3%	22.0%	4.0%	x		
	U.S. TIPS	0.5%	5.0%	0.4%	x		
Credit	Core Bond	1.5%	6.5%	1.3%	x		
	Long Gov/Corp	2.0%	11.0%	1.4%	x		
	High Yield	4.5%	11.0%	3.9%	x		
	Municipal Bonds	1.0%	7.5%	0.7%	x		
Sovereign Debt	U.S. Treasuries (long-term) - 5+ years	1.3%	10.0%	0.8%	x		
	Non-US Government Bonds	1.3%	10.0%	0.8%	x		
	Emerging Markets Debt	2.8%	12.0%	2.1%	x		
Liquidity	Cash (T-bills)	0.0%	2.0%	0.0%	x		

Inflation Indicators			
Implied Inflation (10-Year Treasury/TIPS Spread)	1.6%	as of 11/30/2015	(Bloomberg)
Long-Term U.S. Inflation Average	2.9%	1926 – 2015	

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

Historical Stress Test

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

Historical Stress Test			Deflation: Fall '08 to S&P Trough	Corporate Scandals	Tech Bubble Collapse	Russian Debt/LTCM Collapse	Rising Rates	Shock Inflation	High Inflation
			Sep-08 Mar-09	May-02 Jul-02	Mar-00 Mar-01	Jul-98 Oct-98	Jan-94 Dec-94	Jan-73 Dec-73	Jan-73 Dec-81
Equity-Like	Equity	Domestic	-47.3%	-25.4%	-22.3%	-17.6%	0.2%	-14.7%	5.8%
		Non-U.S. Developed	-49.2%	-17.5%	-25.9%	-17.7%	7.4%	-11.4%	7.4%
		Emerging Markets	-48.1%	-12.6%	-36.0%	-28.8%	-7.3%	-14.9%	-2.3%
		Global Private Equity	-18.5%	-7.8%	-12.3%	-6.7%	15.7%	-14.7%	5.8%
	Flexible Capital	Flexible Capital	-17.3%	-12.1%	-3.1%	-7.4%	4.1%	-7.3%	2.9%
	Real Assets	Natural Resources (Public and Private)	-15.9%	-9.9%	3.6%	-4.1%	9.5%	75.0%	12.8%
Bond-Like	Real Assets	Real Estate (Public and Private)	-41.9%	-3.6%	19.2%	-3.5%	3.1%	-9.1%	12.4%
		U.S. TIPS	-7.6%	3.8%	13.7%	1.6%	2.7%	8.8%	9.2%
	Credit	Core Bond	1.9%	2.9%	12.5%	3.5%	-2.9%	2.3%	5.0%
		High Yield	-26.2%	-10.1%	2.5%	-7.5%	-1.0%	6.8%	5.0%
		Municipal Bonds	-1.4%	3.2%	12.8%	3.9%	-5.2%	2.3%	5.0%
	Deflation/Dollar Hedge	Sovereign Debt	5.9%	6.7%	5.2%	9.9%	-3.4%	2.4%	4.0%
Liquidity	Cash	0.6%	0.4%	5.9%	1.3%	3.9%	6.9%	8.2%	

CPI	-3.1%	0.2%	2.9%	0.4%	2.7%	8.8%	9.2%
70/30	-32.5%	-16.9%	-11.9%	-11.3%	-0.8%	-9.6%	5.5%
TPBH	-28.1%	-12.5%	-7.6%	-9.5%	2.0%	-1.8%	5.9%
TPB DB	-28.8%	-10.5%	-7.9%	-9.9%	2.7%	-6.2%	5.5%
PBA	-25.5%	-10.6%	-8.5%	-8.3%	3.7%	1.8%	5.9%
PBA Liquid	-27.0%	-11.5%	-9.1%	-9.1%	2.1%	-1.9%	5.2%
BNY/TUCSPublic DB	-27.2%	-11.1%	-8.3%	-8.9%	3.1%	-5.4%	5.9%
FLA MuniDB 70/30	-32.7%	-16.1%	-12.2%	-11.3%	0.0%	-9.3%	5.7%
FLA MuniDB 50/50	-22.8%	-10.7%	-5.2%	-7.1%	-0.8%	-6.0%	5.5%

Please note:

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

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

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

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

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

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

⁷ Natural Resources proxy prior to 1987: S&P GSCL

Historical Stress Test

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

Historical Stress Test			Deflation: Fall '08 to S&P Trough	Corporate Scandals	Tech Bubble Collapse	Russian Debt/LTCM Collapse	Rising Rates	Shock Inflation	High Inflation
			Sep-08 Mar-09	May-02 Jul-02	Mar-00 Mar-01	Jul-98 Oct-98	Jan-94 Dec-94	Jan-73 Dec-73	Jan-73 Dec-81
Equity-Like	Equity	Domestic	-47.3%	-25.4%	-22.3%	-17.6%	0.2%	-14.7%	5.8%
		Non-U.S. Developed	-49.2%	-17.5%	-25.9%	-17.7%	7.4%	-11.4%	7.4%
		Emerging Markets	-48.1%	-12.6%	-36.0%	-28.8%	-7.3%	-14.9%	-2.3%
		Global Private Equity	-18.5%	-7.8%	-12.3%	-6.7%	15.7%	-14.7%	5.8%
Equity-Like	Flexible Capital	Flexible Capital	-17.3%	-12.1%	-3.1%	-7.4%	4.1%	-7.3%	2.9%
	Real Assets	Natural Resources (Public and Private)	-15.9%	-9.9%	3.6%	-4.1%	9.5%	75.0%	12.8%
		Real Estate (Public and Private)	-41.9%	-3.6%	19.2%	-3.5%	3.1%	-9.1%	12.4%
Bond-Like	Credit	U.S. TIPS	-7.6%	3.8%	13.7%	1.6%	2.7%	8.8%	9.2%
		Core Bond	1.9%	2.9%	12.5%	3.5%	-2.9%	2.3%	5.0%
		High Yield	-26.2%	-10.1%	2.5%	-7.5%	-1.0%	6.8%	5.0%
	Deflation/Dollar Hedge	Municipal Bonds	-1.4%	3.2%	12.8%	3.9%	-5.2%	2.3%	5.0%
		Sovereign Debt	5.9%	6.7%	5.2%	9.9%	-3.4%	2.4%	4.0%
	Liquidity	Cash	0.6%	0.4%	5.9%	1.3%	3.9%	6.9%	8.2%

CPI	-3.1%	0.2%	2.9%	0.4%	2.7%	8.8%	9.2%
70/30	-32.5%	-16.9%	-11.9%	-11.3%	-0.8%	-9.6%	5.5%
TEXPERS	-28.6%	-11.8%	-8.7%	-9.5%	2.8%	-4.7%	6.2%
TrusteeSnyder	-22.7%	-11.3%	-4.9%	-7.1%	-1.4%	-6.2%	5.4%
MorningstarModerate	-32.3%	-15.3%	-11.8%	-11.4%	-0.1%	-8.0%	5.5%
MorningstarAggressive	-41.1%	-20.0%	-18.5%	-15.3%	0.5%	-11.5%	5.6%

Please note:

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

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Historical Perspective

Historical asset class data for the period January 1, 1988 – December 31, 2014 was used to calculate the pro forma portfolio investment results in real terms. Historical market indices have been used as proxies by asset class. Portfolio results displayed here are based on historical data and are significantly higher than Prime Buchholz’s market expectations.

Table 1: Historical MPT Statistics, including the beta and correlation, quantitatively demonstrate improvement in the pro forma portfolios through diversification.

Table 2: The best and worst 1-, 3-, and 5-year rolling periods visually demonstrate the variability in returns that the pro forma models would have experienced during the historical time period. This measure can provide some sense of the extremes that have occurred in the past. As displayed using the pro forma models, volatility in portfolio results can be reduced and downside protection achieved through diversification.

Table 3: The specific best and worst historical annualized time periods (rolling periods) are displayed.

Table 1	TPBH	TPB DB	PBA	PBA Liquid	BNY/TUCS Public DB	FLA Muni DB 70/30	FLA Muni DB 50/50
Historical Real Return (Arithmetic %)	7.0	7.6	7.8	7.6	7.1	7.0	6.1
Historical Standard Deviation (%)	10.5	10.8	10.5	10.7	10.0	11.7	8.5
Historical Real Return (Geometric %)	6.5	7.0	7.3	7.0	6.7	6.3	5.8
Beta (to S&P 500 Index)	0.61	0.60	0.58	0.59	0.58	0.70	0.49
Correlation (to S&P 500 Index)	0.94	0.90	0.90	0.89	0.93	0.97	0.94

Table 2: Best & Worst Historical Annualized Returns (%)

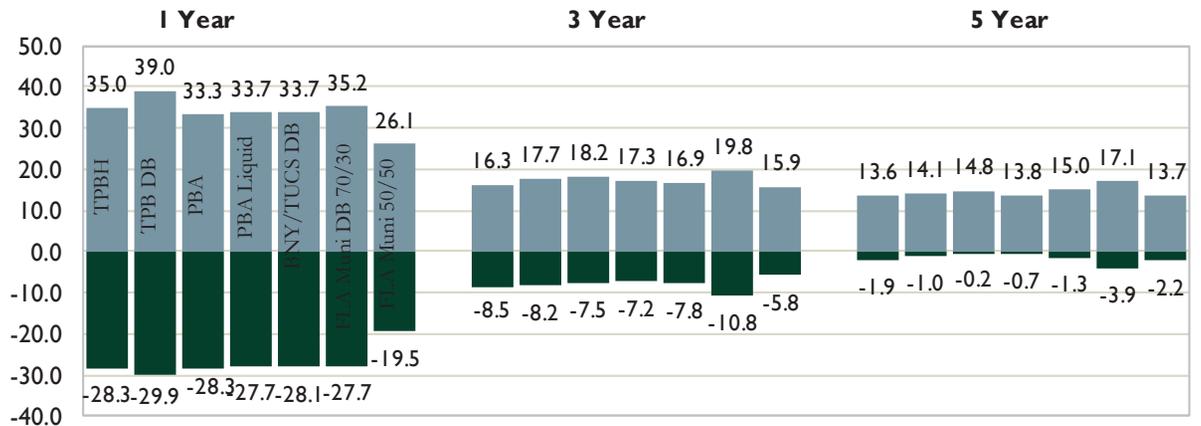


Table 3: Discrete Time Period Ended

	1 Year	3 Year	5 Year
Best Return Period	Mar-10	Mar-06	Sep-07
Worst Return Period	Mar-09	Mar-09	Mar-09

* Discrete time periods may differ between models; data provided for final model

Historical return/risk calculated using index data as market proxies and based on period January 1, 1988 – September 30, 2015 (quarterly observations).

Historical Perspective

Historical asset class data for the period January 1, 1988 – December 31, 2014 was used to calculate the pro forma portfolio investment results in real terms. Historical market indices have been used as proxies by asset class. Portfolio results displayed here are based on historical data and are significantly higher than Prime Buchholz’s market expectations.

Table 1: Historical MPT Statistics, including the beta and correlation, quantitatively demonstrate improvement in the pro forma portfolios through diversification.

Table 1	TEXPERS	Trustee Snyder	Morningstar Moderate	Morningstar Aggressive
Historical Real Return (Arithmetic %)	6.1	5.3	5.7	6.4
Historical Standard Deviation (%)	11.6	8.7	12.1	15.7
Historical Real Return (Geometric %)	5.5	5.0	5.0	5.2
Beta (to S&P 500 Index)	0.63	0.47	0.67	0.87
Correlation (to S&P 500 Index)	0.95	0.95	0.98	0.98

Table 2: The best and worst 1-, 3-, and 5-year rolling periods visually demonstrate the variability in returns that the pro forma models would have experienced during the historical time period. This measure can provide some sense of the extremes that have occurred in the past. As displayed using the pro forma models, volatility in portfolio results can be reduced and downside protection achieved through diversification.

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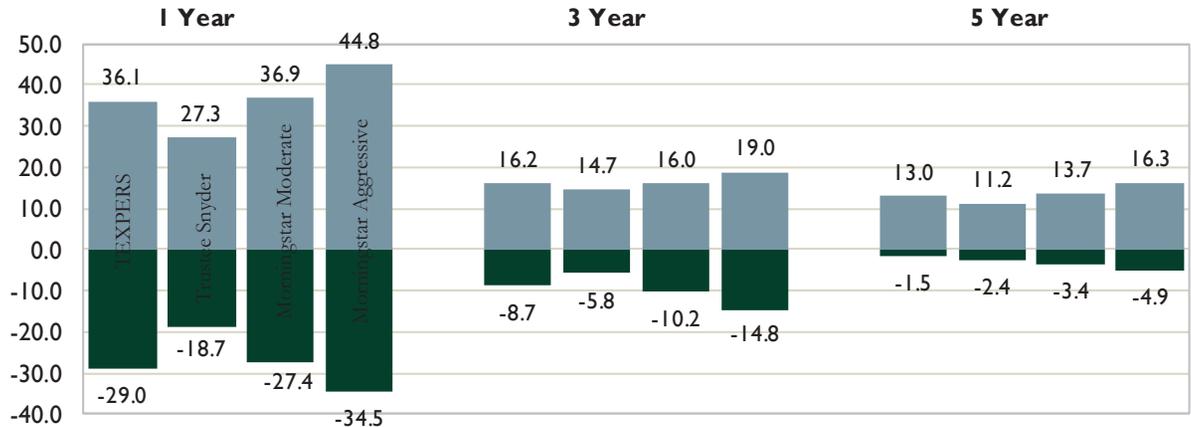


Table 3: The specific best and worst historical annualized time periods (rolling periods) are displayed.

Table 3: Discrete Time Period Ended

	1 Year	3 Year	5 Year
Best Return Period	Mar-10	Mar-98	Dec-99
Worst Return Period	Mar-09	Mar-03	Mar-09

* Discrete time periods may differ between models; data provided for final model

Historical return/risk calculated using index data as market proxies and based on period January 1, 1988 – September 30, 2015 (quarterly observations).

Historical Drawdown Analysis

By viewing the number of drawdowns, an investor can track the number and magnitude of declines in the pro forma portfolios over time. A specific instance of drawdown starts when the index value of a series declines from a newly established peak and ends when the index value comes back up to that peak. Therefore, a drawdown begins when a negative return on the series is realized.

Table 4: Illustrates the number of historical drawdowns over the historical time period, as well as the average decline, recovery, and drawdown duration (in quarters) for a series of model portfolios.

- The *Number of Drawdowns* displays the number of times the index value has been below a peak value.
- The *Average Drawdown Duration* is the average number of quarters it took each model to move from peak to trough (decline) and back to peak (recovery).

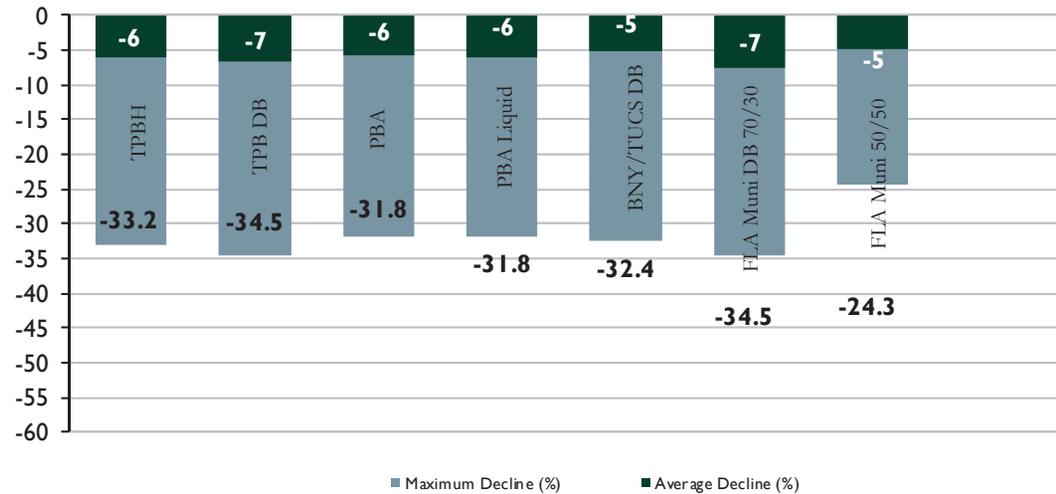
Table 5: The Average Decline is the average of all declines in the index value, reflected as a percentage, measured from peak to trough, over the defined period.

- The *Maximum Decline* is as the largest decline in the index value, reflected as a percentage, over the defined period.

Table 4: Historical Drawdowns

	TPBH	TPB DB	PBA	PBA Liquid	BNY/TUCS Public DB	FLA Muni DB 70/30	FLA Muni DB 50/50
Number of Drawdowns (0% or More)	18	17	18	18	20	15	19
Average Decline Duration (in Quarters)	2	2	2	2	2	2	2
Average Recovery Duration (in Quarters)	2	2	2	2	2	3	2
Average Drawdown Duration (in Quarters)	4	4	4	4	4	5	4

Table 5: Historical Return – Average & Maximum Decline (%)



Historical return/risk calculated using index data as market proxies and based on period January 1, 1988 – September 30, 2015 (quarterly observations).

Historical Drawdown Analysis

By viewing the number of drawdowns, an investor can track the number and magnitude of declines in the pro forma portfolios over time. A specific instance of drawdown starts when the index value of a series declines from a newly established peak and ends when the index value comes back up to that peak. Therefore, a drawdown begins when a negative return on the series is realized.

Table 4: Illustrates the number of historical drawdowns over the historical time period, as well as the average decline, recovery, and drawdown duration (in quarters) for a series of model portfolios.

Table 4: Historical Drawdowns

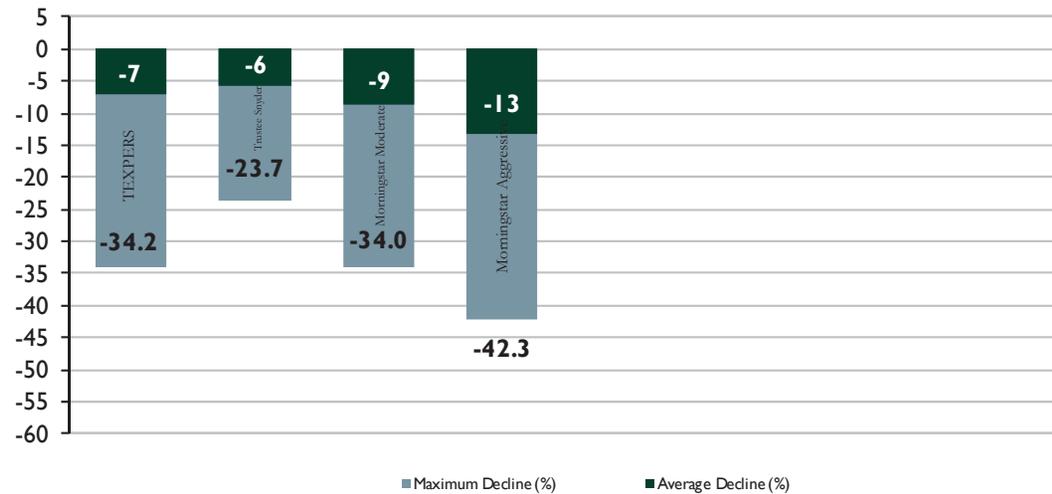
	TEXPERS	Trustee Snyder	Morningstar Moderate	Morningstar Aggressive
Number of Drawdowns (0% or More)	12	12	10	8
Average Decline Duration (in Quarters)	2	2	2	3
Average Recovery Duration (in Quarters)	3	2	4	5
Average Drawdown Duration (in Quarters)	5	4	6	8

- The *Number of Drawdowns* displays the number of times the index value has been below a peak value.
- The *Average Drawdown Duration* is the average number of quarters it took each model to move from peak to trough (decline) and back to peak (recovery).

Table 5: The Average Decline is the average of all declines in the index value, reflected as a percentage, measured from peak to trough, over the defined period.

- The *Maximum Decline* is as the largest decline in the index value, reflected as a percentage, over the defined period.

Table 5: Historical Return – Average & Maximum Decline (%)



Historical return/risk calculated using index data as market proxies and based on period January 1, 1988 – September 30, 2015 (quarterly observations).

Further Detail

Table 6: Max/Min Expected Annualized Return (%) within 1 Standard Deviation

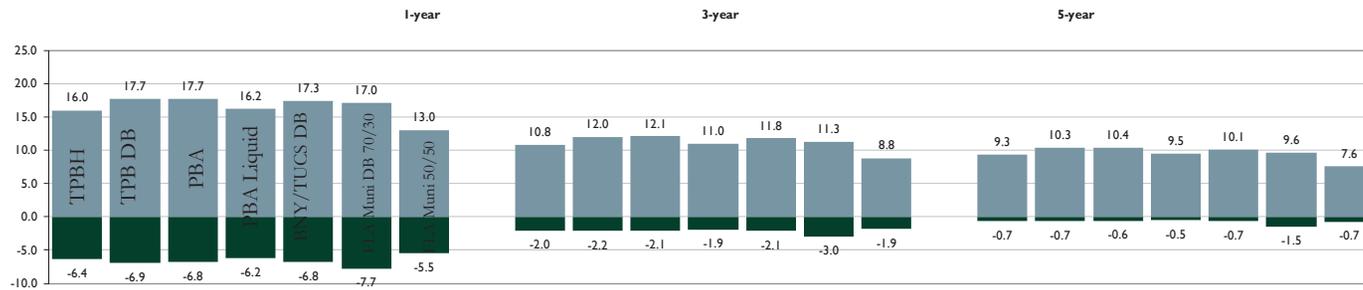
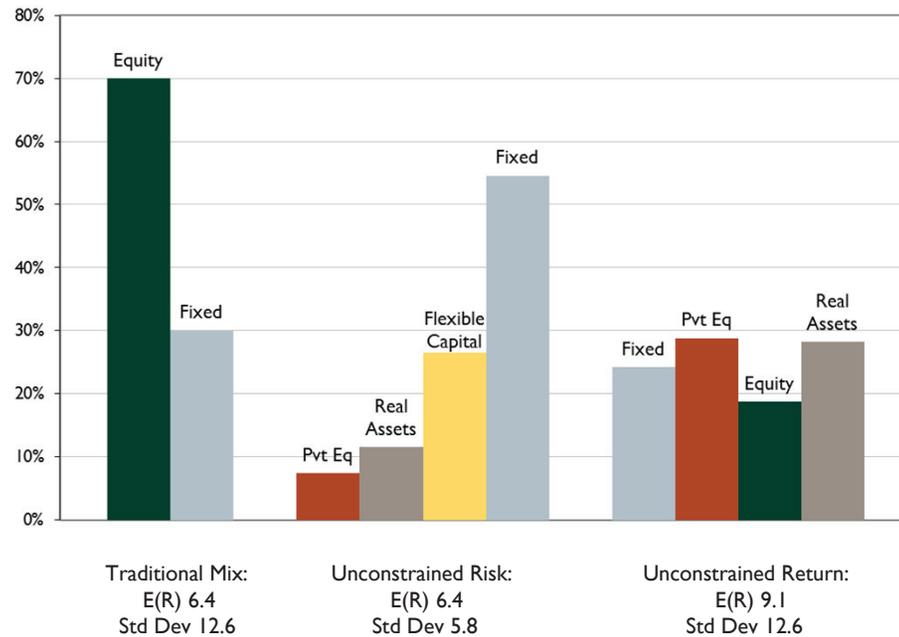


Table 6: The maximum/minimum 1-, 3-, and 5-year annualized returns provide a sense of the anticipated variability in returns over time. As displayed, volatility may be reduced and downside protection achieved through diversification.

Table 7: Based on the Prime Buchholz long-term modeling assumptions, a traditional 70% equity/30% fixed income asset mix has the potential of a long-term real geometric return of 6.4% and a standard deviation of 12.6%. Corresponding points on the efficient frontier create two entirely unique portfolios that would not be appropriate for most long-term investors due to liquidity constraints and the lack of a diversified asset mix. These unconstrained models require a shift in assets to the alternative strategy, real asset, and private equity segments.

Table 7: Asset Allocation (%)



Further Detail

Table 6: Max/Min Expected Annualized Return (%) within 1 Standard Deviation

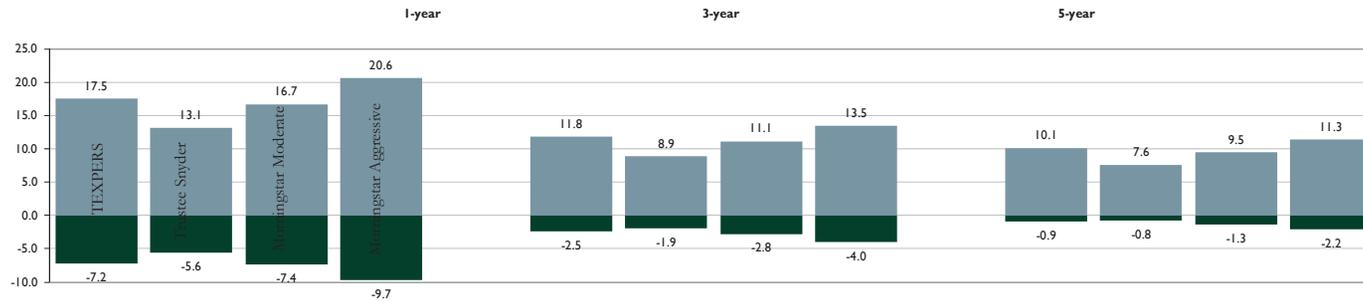
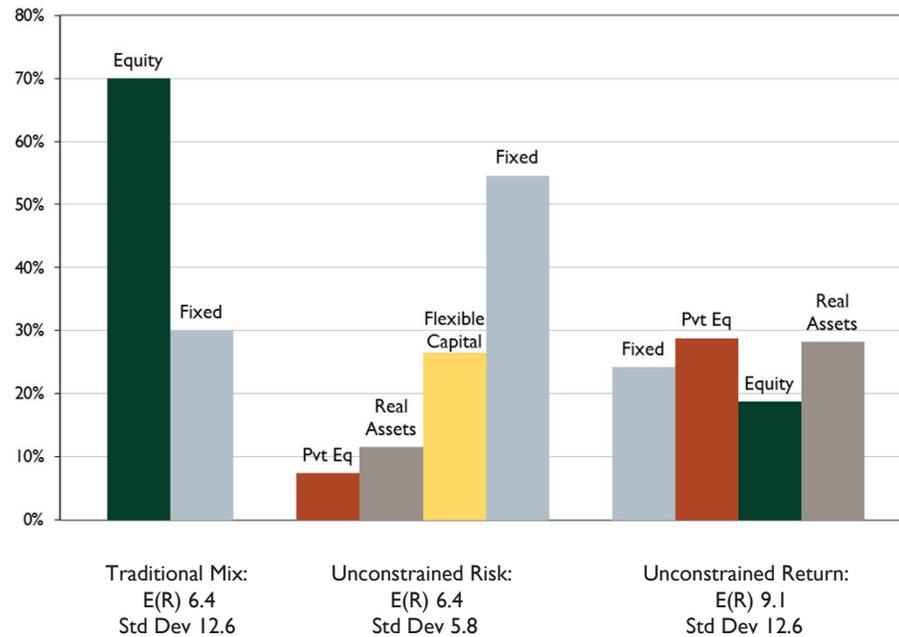


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Table 7: Asset Allocation (%)



Liquidity

Liquidity is another factor that should be considered when building a long-term investment portfolio.

Liquidity refers to an investor’s ability to convert an asset into cash with ease and certainty of value.

Prime Buchholz defines an asset class based on the characteristics of the underlying assets, with liquidity playing a role in distinguishing these segments.

Table 8: The generalized liquidity profile of each asset class is displayed on the spectrum.

When building a diversified investment portfolio, an investor’s liquidity profile should be considered in the context of overall operational cash needs. Generally speaking, investors planning for the long-term can accept a less than liquid portfolio. Investors can benefit from diversification across assets classes with the overall structure’s liquidity profile subsequently shifting to include semi-liquid and illiquid assets.

Note: An investor’s actual liquidity profile may be altered based on portfolio implementation decisions. Ongoing review of the structure’s liquidity profile is appropriate.

Table 8: Generalized Liquidity Profile

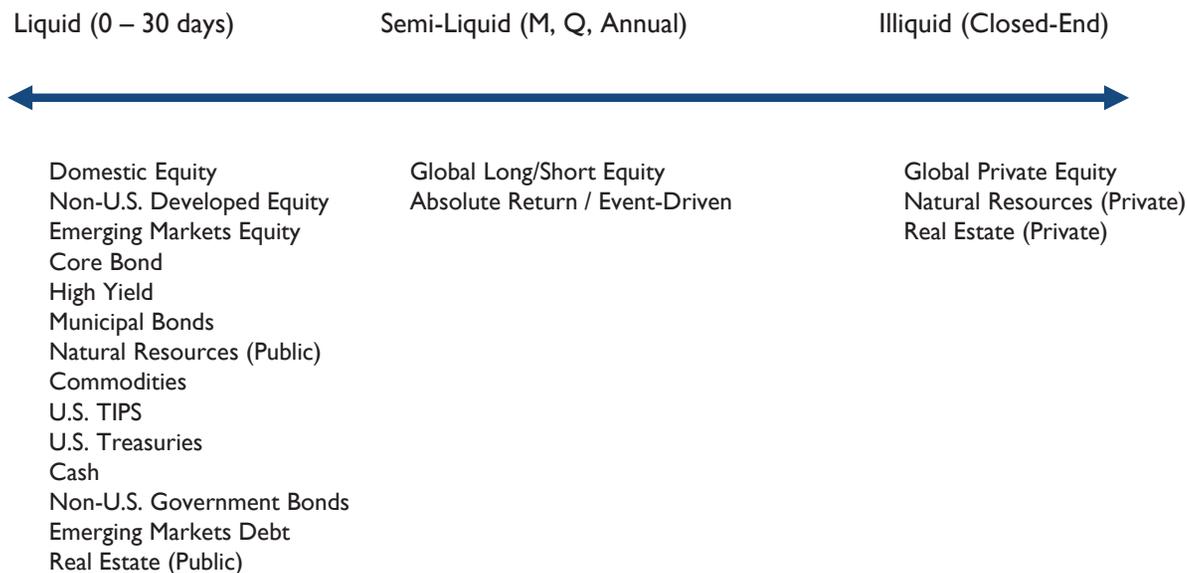


Table 9	TPBH	TPB DB	PBA	PBA Liquid	BNY/TUCS Public DB	FLA Muni DB 70/30	FLA Muni DB 50/50
Liquidity							
Liquid (0-30 Days)	80.0	85.0	80.0	70.0	91.0	100.0	100.0
Semi-liquid (Monthly, Quarterly, or Annually)	20.0	15.0	20.0	30.0	9.0	0.0	0.0
Illiquid (Closed End Partnerships)	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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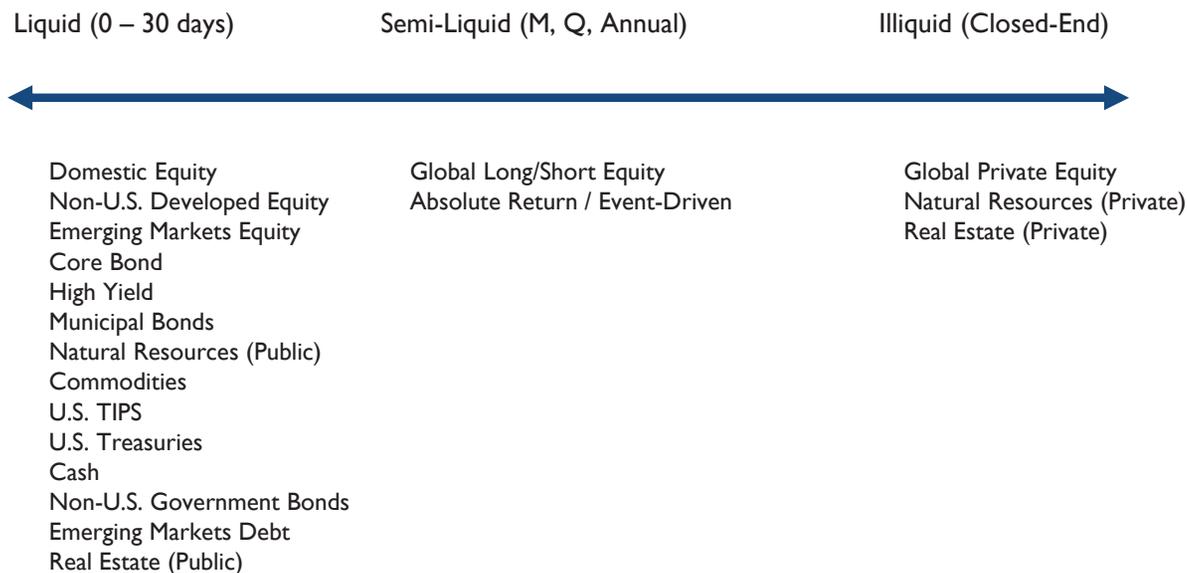


Table 9	TEXPERS	Trustee Snyder	Morningstar Moderate	Morningstar Aggressive
Liquidity				
Liquid (0-30 Days)	93.8	100.0	100.0	100.0
Semi-liquid (Monthly, Quarterly, or Annually)	6.3	0.0	0.0	0.0
Illiquid (Closed End Partnerships)	0.0	0.0	0.0	0.0

Input Assumptions—Correlations Matrix

	Expected Nominal Return	Expected Standard Deviation	Domestic Public Equity	Non-U.S. Developed Equity	Emerging Markets	Global Private Equity	Flexible Capital	Natural Resources (Private)	Natural Resources (Public)	Commodities	Real Estate (Private)	Real Estate (Public)	U.S. TIPS	Core Bonds	Long Gov/Corp	High Yield	Municipal Bonds	U.S. Treasuries (5+ Years)	Non-U.S. Government Bonds	Emerging Markets Debt	Cash	
Domestic Public Equity	8.5	18.0	1.00																			
Non-U.S. Developed Equity	8.5	20.0	0.81	1.00																		
Emerging Markets	10.5	26.0	0.70	0.71	1.00																	
Global Private Equity	12.3	28.0	0.69	0.59	0.51	1.00																
Flexible Capital	7.3	10.0	0.80	0.73	0.82	-0.21	1.00															
Natural Resources (Private)	12.3	30.0	0.28	0.33	0.31	-0.18	0.35	1.00														
Natural Resources (Public)	9.3	22.0	0.61	0.67	0.55	0.39	0.61	0.64	1.00													
Commodities	7.5	20.0	0.05	0.18	0.20	-0.12	0.20	0.43	0.61	1.00												
Real Estate (Private)	10.3	26.0	0.27	0.30	0.14	0.75	0.18	0.46	0.36	0.26	1.00											
Real Estate (Public)	8.8	22.0	0.58	0.50	0.41	-0.14	0.46	0.34	0.47	0.19	0.32	1.00										
U.S. TIPS	3.0	5.0	-0.26	-0.16	-0.03	0.31	-0.08	0.05	-0.01	0.31	0.05	0.08	1.00									
Core Bonds	4.0	6.5	-0.08	-0.09	-0.18	0.47	-0.11	-0.18	-0.12	-0.12	-0.11	0.08	0.65	1.00								
Long Gov/Corp	4.5	11.0	-0.11	-0.10	-0.20	0.15	-0.16	-0.18	-0.19	-0.21	-0.10	0.07	0.51	0.90	1.00							
High Yield	7.0	11.0	0.66	0.58	0.63	0.35	0.67	0.28	0.52	0.12	0.13	0.60	0.13	0.07	0.01	1.00						
Municipal Bonds	3.5	7.5	0.02	0.02	-0.03	0.35	0.04	-0.06	0.02	-0.04	-0.05	0.14	0.67	0.81	0.75	0.24	1.00					
U.S. Treasuries (5+ Years)	3.8	10.0	-0.31	-0.30	-0.38	-0.28	-0.35	-0.26	-0.39	-0.30	-0.14	-0.14	0.44	0.82	0.93	-0.25	0.63	1.00				
Non-U.S. Government Bonds	3.8	10.0	-0.07	0.21	-0.11	0.10	-0.12	-0.12	0.04	0.11	-0.04	0.01	0.34	0.51	0.45	-0.05	0.37	0.40	1.00			
Emerging Markets Debt	5.3	12.0	0.62	0.74	0.79	-0.10	0.69	0.43	0.59	0.49	0.28	0.59	0.31	0.21	0.07	0.66	0.28	-0.22	0.47	1.00		
Cash	2.5	2.0	0.06	-0.02	0.04	0.62	0.21	0.07	0.09	0.22	0.17	-0.06	0.10	0.28	0.08	-0.08	0.17	0.09	0.04	0.22	1.00	

* Expected returns are for the next 10-15 years; correlations are based on nominal returns from January 1, 1988-September 30, 2015

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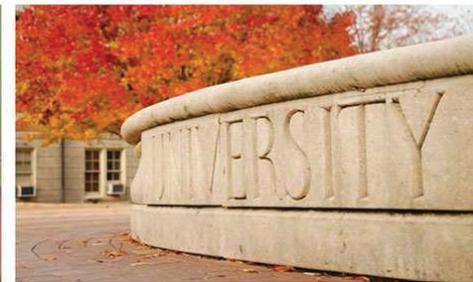
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