INVESTMENT PERFORMANCE REVIEW

Imperial County Employees' Retirement System

2Q 2014

WURTS ASSOCIATES

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QUARTERLY RESEARCH REPORT

JUNE 2014

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Maybe Next Year

I'm not a big fan of soccer (or football as it's called nearly everywhere else in the world). When a game is on, I usually get frustrated by the lack of scoring and the seemingly endless passing. But, considering it's the most popular sport in the world and the current focus on the World Cup, I've been making an effort this year to understand why it's so popular. As I've watched a few matches, I've learned a few things: a jersey is called a kit; a field is called a pitch; and the art of the flop. As a lifelong hockey fan, the idea of flopping just doesn't sit well with me. After seeing a few of these flops, I asked why the opposing team just doesn't send in their "enforcer" to stop the nonsense. To which the general question was posed, so would the circle in the center of the pitch be a fight circle? To soccer fans, the idea sounds crazy I know, but sadly my mind keeps trying to make soccer more like hockey, where flopping would be met with a hard check or an invitation to drop the gloves (fight). But a sport that can unite the world has to be a good thing. I found it interesting that since the first World Cup tournament held in 1930, only 7 nations have won it: Brazil, Italy, Germany, Argentina, Uruguay, France, and England. I was surprised to learn England has only won the Cup once in 1966 (when it was held in England). Given the love of football in the UK, I figured they would have had greater success. Sadly, England's success at the World Cup is not too dissimilar from my beloved Philadelphia Flyers. After winning the Stanley Cup in 1974-1975, the Flyers have not held Lord Stanley's Cup since (a 38-season drought). Ever hopeful, we're told next year is the year. We'll see – but I'm not holding my breath.

Just like England's bid for the World Cup and the Flyer's bid for the Stanley Cup, in each of the past 5 years, economists have told us that despite last year's disappointment, this year will be the year of escape velocity (self-sustaining growth above potential), and each year we're disappointed.

Every January, economists forecast growth of 3+%; then by June/July they acknowledge the weaker than expected growth and revise their forecasts lower. Finally, after drinking too much eggnog over Christmas, they forget the mistakes of the past few years and tell us again in January how we're going to reach escape velocity. Rinse and repeat.

So far, the year 2014 has followed the same pattern. At the beginning of the year, economists expected Q1 GDP to be around 2.5% (no surprise, something near potential). As the quarter wore on, with weather being a factor, economists revised their forecast lower, settling in at 1.5% just prior to the first release of GDP (note: the GDP report has several releases and is not finalized for many months after the end of the quarter). The first GDP report came in at a disappointing 0.1%, which was revised lower to -1% with the second release, and now the third and final release came in at -2.9%; the worst QoQ GDP since March 2009. So let's review, in January economists expected Q1 GDP to come in at 2.5%, and now the final report on Q1 2014 GDP comes in at -2.9% (a miss of only 5.4%). Economists tell us to ignore the Q1 data as Q2 will show an offsetting rebound. Ok, fair enough – but how much of a rebound?

Before the past winter, one of the worst winters on record was in 1977/1978. How did it affect economic growth? In Q4 1977, and Q1 1978, growth slowed from the 7-8% range toward 0%, but then rebounded smartly in Q2 to 16.5% (the single fastest quarterly growth rate in the last 65 years). Given the -2.9% collapse in Q1, if it was just weather, we should be expecting a 6-8% GDP in Q2, but economists are only forecasting 3.5%. So, if GDP growth was -2.9% in Q1, and if we assume (with tongue in cheek) that Q2 will be 3.5%, that results in a 1H 2014 growth rate between

0 and 1%. That's completely unacceptable – that is not escape velocity. Oh well, maybe next year.

Stop Holding Me Back

At some point, the market is going to realize (or admit) that economic growth is constrained relative to the past. The economy has been recovering since 2009, but you don't heal for 5 years. Either potential GDP is structurally lower or there is an impediment to growth.

Has potential GDP growth been impaired? There is an active discussion around Wall Street that the Great Recession was so severe that potential GDP growth has structurally shifted lower from 2.5% to 2%, or even 1.75%. The idea is simple enough, if potential GDP is actually lower than is currently assumed, the current cycle GDP growth does not look as bad. But it's not just an academic exercise, we first need to consider the drivers of growth and what has structurally changed. Since 1980, actual GDP generally tracked potential, but since the Great Recession, actual GDP has never been able to recover back to potential. Actual GDP is now below potential GDP by approximately $850 billion, that's about $7,800 per household. What could be impeding growth?

Consumption growth drives the U.S. economy (accounting for approximately 70% of GDP). So has consumption been impaired? What drives consumption? All sources of consumer cash flows – wages, mortgage refinancing, tax refunds/stimulus, and credit growth. Put $1 in the U.S. consumer's pocket and they'll spend $1.2.

We documented at length the lack of wage growth (see prior Updates and QRRs for more color) so I won't expand on it any further. Rather, I'll focuson credit growth.

Credit, in its simplest form, allows the borrower to consume today based upon the expectations of future earnings growth. Credit (as a % of GDP) grew steadily from 1952 to 1972 and then experienced astounding growth from 1982 to 2007, peaking at 381%. Then with the credit crisis, credit began to contract and resulted in the Great Recession. Since then, credit has been expanding once again, but has not been able to generate the desired economic growth. Why?

In 1951 for every $1 in new credit, the economic impact to GDP was approximately 76₵. As credit has expanded and debt to GDP has climbed, the impact has fallen to 0.27₵s. In other words, the amount of debt required to generate the same amount of GDP has increased. In 1970, GDP was $1 trillion while the credit market was $1.6 trillion: a ratio of 1.6 to 1. By 2000, when GDP reached $10 trillion, the credit market had grown to $28.1 trillion: a ratio of 2.8 to 1. And by mid-2008, when GDP was $14.4 trillion, the credit market was $53.6 trillion. That's a ratio of 3.7 to 1. Thereby, in order to keep up a steady rate of GDP growth, the economy needs to increase debt at a faster rate than GDP. Since the Great Recession, credit has expanded, but it has not outpaced GDP and the result has been positive, but disappointing growth.

Will the U.S. economy return to potential or above potential growth? Yes, I believe it will, but not before credit has been restructured. I do not believe potential GDP has been permanently downshifted, but I do believe the U.S. economy is facing a structural headwind with excess debt. The credit crisis was a result of excess debt relative to income at all levels (consumer, corporate, and governmental). The answer to the crisis – issue more debt?!?

OVERVIEW

The Lady Doth Protest Too Much, Methinks

In September 2012, the Fed believed the economy was so unacceptable, they announced $85 billion/month in QE purchases with no end date (QE Infiniti). Then in December 2013, they started tapering QE purchases. What happened? Had the economy improved so much, the Fed popped the Champagne bottles and declared mission accomplished? Or was it something else? From September 2012 to December 2013, GDP is lower, non-farm payrolls remain in the same range they've been in for over the past 2.5 years, and the unemployment rate is lower by 1.5%, though 0.8% of that decline (more than 50%) is due to the falling participation rates. The Fed did not announce tapering in recognition of meeting their economic targets. Rather, as we suggested in our prior QRR, the Fed has been tapering the QE program due to concerns the Fed was distorting the markets.

Since the tapering announcement, the Fed press releases and minutes have contained an increased discussion on financial stability (Fed speak for market valuations). The Fed has become aware of the fact they are the reason the markets are either currently overvalued or are getting overvalued. While the Fed's long-term objective might still be full employment and price stability, their short-term objective has been to reduce QE to zero and figure it out from there.

The Fed, which is the single largest employer of economic PhDs that is estimated to be near 600, has added a new line to its resume – Wall Street Strategist. While it's not their role, Chairwoman Yellen has recently offered opinions on how low volatilities in the markets might lead to excess speculation, but the Fed currently doesn't see excess speculation. She is completely correct – low volatilities have historically led to excess speculation, but how does the Fed know there is not excess speculation? What metrics are they looking at? The Fed makes it sound like there is a formula of some type to determine excess speculation. Chairwoman Yellen went on to say that stocks are not overvalued. Really? Ok, what metrics are you looking at? Which ones have you rejected and accepted? What are your parameters for overvaluation/undervaluation?

In our multi-factor model (called the Risk Valuation Dashboard or RVD), we evaluate over 1,500 metrics globally across 20 economies and 5 markets. We would be happy to have a meeting with the Fed to share our thoughts on valuation because as we see it, U.S. equities are rich. Consider these metrics:

S&P 500 forward P/E (price to 12-month forward earnings - Wall Street's favorite equity metric): The S&P 500 forward P/E is higher now than in October 2007 when the market peaked and the S&P 500 fell over 57%.

Shiller P/E: Higher now than at any point in history excluding 1929, 2000, and 2007.

Tobin's Q: James Tobin developed the idea that a stock index should be about equal to the replacement cost of all the companies in the index. Tobin's Q is higher now than every other time in history excluding 2000.

There are other metrics, but you get the point. The U.S. equity market valuation is rich. But rich valuation does NOT mean equity prices cannot continue to move higher. In other words, can the rich get richer?

The Rich Get Richer

P/E, Shiller P/E, Tobin's Q, dividend yield...which of these best indicates the richness/cheapness of the equity market? Of course, the answer is some combination of all of the various metrics. The RVD aggregates the various metrics and help us develop an overall valuation for the market.

Since 1950, the S&P has moved from periods of richness to cheapness and back again, with three relatively distinct periods:

1950-1971: The S&P 500 was generally cheap from 1950 to 1955 and then experienced a period of fluctuation between rich/cheap until 1971.

1971-1983: During the prolonged recession of the 1970s, the S&P 500 was generally cheap during the entire period.

1983-2014: Starting in 1982, the stocks began an astounding climb. As equities moved ever higher, valuations became rich and stayed rich for extended periods.

Although most investors tend to think of the markets in rich/cheap terms, it does very little in determining return with the average 1-month return the same in both rich and cheap markets. While fundamentals (valuations) matter over the long-term, how might we as investors think of the markets to increase return?

The Trend is Your Friend

If rich/cheap valuation does little in determining equity market return, does trend analysis improve the results? Since 1950, the trend has seen a much greater degree of fluctuation between bull and bear markets, with the average 1-month return during bull markets being 1.7% and -0.1% in bear markets. Comparing the S&P 500 yearly returns relative to the RVD rich/cheap and trend indicators, trend has historically been a much better predictor of return relative to rich/cheap valuation.

So what is it telling us today? The S&P 500 remains in a slightly bullish trend while remaining historically rich. We have and continue to favor a neutral allocation to equities paired with a tail risk management strategy.

The Lonely Bull

Interest rates have generally confounded economists and investors for years. In the June 2014 Bloomberg survey of economists for 10-year Treasury yield, 99% economists believe rates will be higher by the end of the year (with the 10-year yield at 2.62% at the time of the survey). Same in May, 99% expected higher rates. April was 100% because the lone economist forecasting lower rates was literally on vacation. But it's not just economists, according to the JP Morgan client survey, the percentage of clients underweight Treasuries is at/near the record dating back to 2006.

With such strong bearish sentiment toward rates, it seems unnatural for rates to be moving lower to most economists and investors. After all, why would they move lower? The Fed (one of the single largest buyers of Treasuries) is reducing their demand to zero, and equities are near their all-time highs. We would submit the move to lower rates is not about fundamental factors, but more about positioning. Former Fed Chairman Ben Bernanke first floated the tapering idea back in May 2013. The market reaction was quick and severe; 10-year rates moved sharply higher from 1.6% at the time of the announcement to 3% by September (a 140 bps move higher in just 4 months). The 140 bps move higher in yield was driven by heavy investor selling. What the data is showing us is that investors established the short last year on the fear of tapering – rates sold off 140 bps as a result and since then, rates have generally moved lower (much to the surprise of nearly everyone). Stated differently, the rise in yields that everyone is waiting for already occurred last year – the market is betting on a trade that has already occurred. For rates to move higher from here, we're going to have to find a new seller, or more likely, we'll see a short-covering capitulation (pushing rates lower) to get positions rebalanced before we can see a sustained move higher in yields. Economists and investors may be correct with the viewpoint that rates are going higher, but they are not likely to do so until we see the positions rebalanced.

One interesting aspect of fixed income is the mean reverting tendency. With the 140 bps move to higher yields in 2013, U.S. interest rates experienced one of the worst years for total return ever, losing over 15%. As total return history in fixed income shows, following an outsized positive or negative total return one year, the following year tends to produce the opposite.

The Secret to Staying Rich

It's not hard to understand why economists, strategists and investors have believed in the imminent rise of interest rates since 2000, as rates have been rich. We asked the same question in rates as we did with equities: Does rich/cheap valuation tell us about expected returns?

Utilizing the RVD model to aggregate the various rich/cheap metrics for interest rates, U.S. 10-year rates have experienced 3 regimes since 1964:

1964-1978: Rates were generally cheap from 1964-1970 and then experienced a period of fluctuation between rich/cheap until 1978.

1978-1992: Rates were generally cheap, with only 2 brief periods of richness (1986 and 1989).

1992-014: Rates were generally rich. Despite continued rich valuations, rates continued to move lower.

Across all three regimes, the average 1-month return is nearly the same for markets valued as rich, cheap, and neutral. What does rich/cheap valuation tell us about potential return in interest rates? Not much; however, using trend analysis for rates reveals a much better return profile, with bullish bearish trends might be surprising, however, rates have generally been trending lower for most of the measurement period.

Europe: Slowing or Resting

The economic recovery in Europe continues, but some of the recent indicators are beginning to turn lower (and not just inflation). Both PMI and retail sales have started to show some weakness. The Citigroup Economic Surprise Index for Europe has been trending lower since 2013, and has recently moved negative (meaning the economic reports are generally coming in below expectations).

The market has generally brushed aside any economic concerns, focusing instead on the ECB's recent actions – lowering the deposit rate to -0.1% in a move they hope will stave off deflation (becoming the first major central bank to move to negative rates). While negative deposit rates sound like a big move, it's worth noting the differences in deposit bases between the U.S. and Europe. While banks in the U.S. have trillions in excess reserves parked at the Fed, European banks have only about 16 billion on deposit with the ECB.

EM: Walking Not Running

Emerging markets continue to experience positive, but historically slow growth as the potential driver of stronger growth has yet to emerge. Consumption has been trending lower since 2010, with Brazil turning negative for the first time since 2003. The EM equity market has been performing, with a year-to-date total return of nearly 6%, but has not been able to keep pace with the U.S. and Canadian equities.

Unlike the developed economies, the EM central banks have yet to provide stimulus sufficient to potentially generate growth as inflationary fears continue. Will EM equities continue to underperform the U.S. equity market or will they begin to outperform? Will EM equities outperform during risk-on or risk-off environments?

Japan: Déjà vu All Over Again

The good news is the great QE experiment in Japan has pushed both inflation and GDP higher. The bad news is the Japanese government has instituted a tax hike similar to the one implemented in 1997. In both the 1997 and 2014 tax hikes, consumption in the quarter prior to the hike going into effect, increased significantly. In 1997, following the quarter of high consumption growth, consumption fell significantly. Will 2014 repeat the past?

So far, the equity markets have behaved in strikingly similar form to 1997 – moving higher into the tax hike (as growth and consumption expand) only to later drop off significantly as growth and consumption decline. Inflation has moved above the 2% Bank of Japan target, but it has failed to translate into higher real income or home prices. The net result is the consumer is getting increasingly squeezed.

Conclusion & Outlook:

Another year of disappointment as the economy continues to muddle along and is unlikely to even reach potential GDP of 2.5% in 2014. Economists have been telling us to expect the economy to reach escape velocity each year, and each year the economy comes up short. Wall Street has been actively debating the idea if potential GDP has structurally moved lower from 2.5% to 1.75-2%. While accepting a lower potential GDP makes the current cycle economic growth cycle appear better, we have to ask the broader question of why the economy has continued to disappoint. The U.S. economy continues to carry too much debt relative to income and requires an ever increasing amount of credit growth to reach the same level of GDP growth. The issue is not just accepting a lower potential GDP, but to accept the idea that credit cannot continue to grow and provide the same contribution to GDP as it has in the past. The Fed has continued to taper QE purchases, but it appears to be less focused on economic outcomes and more focused on reducing their market impact by reducing their QE purchases to $0. Fed Chairwoman Yellen has channeled her inner Wall Street Strategist and has been making comments not only on the economy, but on stock market valuation and speculation. Chairwoman Yellen concludes the stock market is not overvalued, but offers no insight into how her conclusion is derived. We evaluate numerous factors and they have been telling us the U.S. stock market is overvalued/rich. But it has been telling us this for the better part of a year. Rather than making investment decisions based solely upon valuation, we include trend analysis into our investment framework and conclude the U.S. equity market might continue to move to higher prices despite the rich valuations as we have not seen the necessary change in trend using our monthly momentum model. The biggest story of the year so far (outside of geopolitical) has been interest rates and why they are moving lower. In most economists, strategists, and investors' minds, there is no good reason for rates to move lower. However, all these folks have already established their short position last year in anticipation of tapering and are waiting for the trade that has already happened. One of the worst total return years on record was 2013 for the U.S. 30-year bond, and 2014 is shaping up to be one of the best. Don't be surprised to see U.S. 10-year rates at or below 2.25% before the year is over.

OVERVIEW

In terms of strategic outlook we continue to maintain long term strategic allocations to equities. US equities may remain richly valued, but are supported by an economy that is stronger than most alternatives. EAFE valuations remain fair, although medium term concerns as to the sustainability of progress continue, and many of the structural problems in these economies remain to be dealt with. On a strategic view emerging markets remain attractive for investors who are prepared to endure the volatility. We believe in these markets that active management will likely be the appropriate tool to use.

Interest rates remain low, and while it is important to recognize that these levels are historically low there are reasons to believe that they may stay at lower levels for longer than some investors may expect. It is noticeable that inflation has not yet picked up in a way that is immediately concerning. Credit remains richly priced, although some of the underlying fragility in the borrower community that might be expected at the end of a credit cycle has not so far materialized.

Inflation remains low, and there are good reasons to suspect this may be the case for some time. The relatively strong performance of commodities continues, and investors who are concerned about the potential for inflation should continue to consider exposure to active commodity portfolios as one of the tools to protect against inflation.

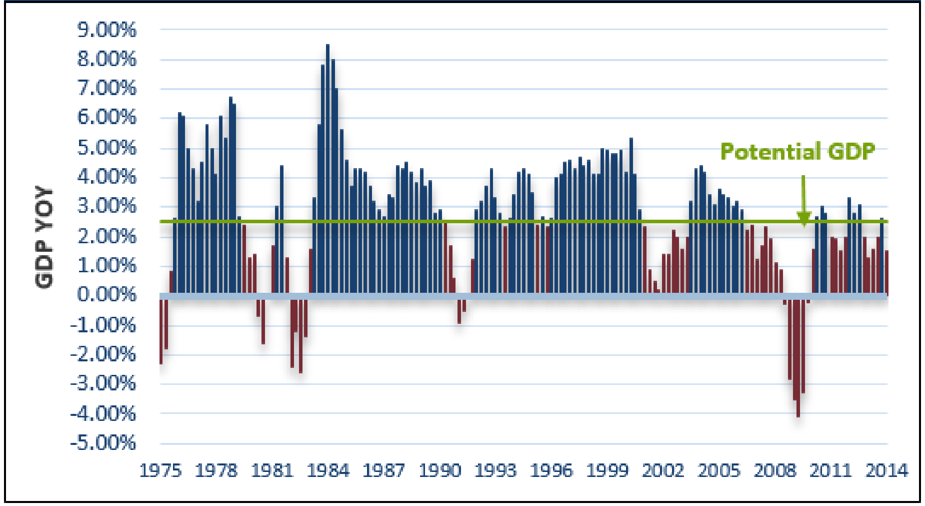
More broadly, while investors should remain aware of the possibility of downturns, a strategic view of markets tells us that over the long term risk premia do tend to be compensated. With low levels of volatility investors concerned about downside may be able to use one of a number of downside protection strategies fairly efficiently while still participating in large parts of any upside should positive news continue. In addition, investors concerned about interest rate changes should ensure they consider that issue carefully, as the reaction in both fixed income and equity markets to rising rate environments is varied and complex, not simple.

GLOBAL ECONOMIC & MARKET OUTLOOKS

MAYBE NEXT YEAR

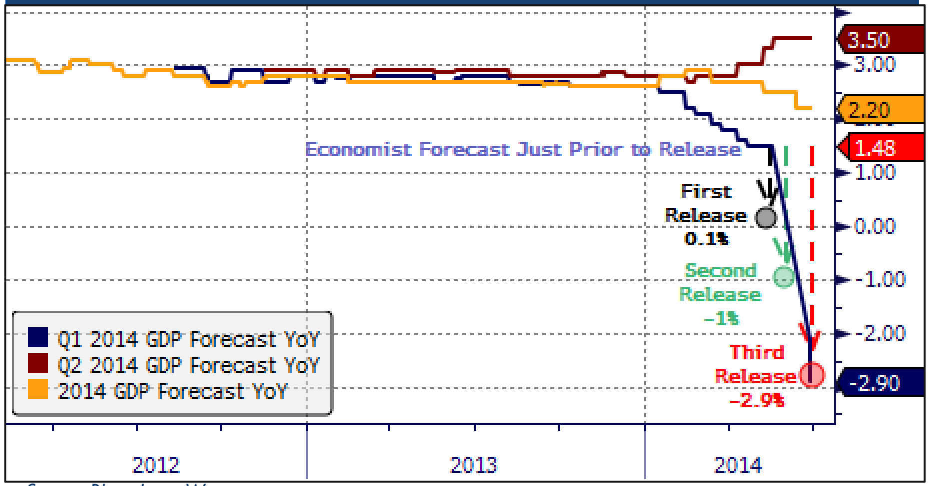
- For each of the past 5 years, economists start the year off by telling us this will be the year the economy finally reaches escape velocity (self-sustaining growth above potential). By June/July, they acknowledge the weaker than expected growth and revise the forecasts lower.
- The year 2014 has been no different. In January, economists forecasted Q1 GDP of 3%. As the quarter progressed (with a historically bad winter) economists' revised their Q1 forecast lower to 1.5%. The final Q1 GDP report came far worse than anyone expected at -2.9%. The market dismissed the report due to weather.
- To be sure, weather was a factor in Q1, but if so, Q2 GDP should rebound sharply as it did in 1977/1978 (the last bad winter). In Q4 1977, and Q1 1978, growth slowed significantly from the 7-8% range towards 0%, but then rebounded smartly in Q2 to 16.5% (the fastest single quarterly growth rate in the last 65 years).
- For 2014, economists are forecasting 3-3.5% growth in Q2 with 1H GDP growth of 0 – 1%.

US Real GDP YoY (1975 – Present)



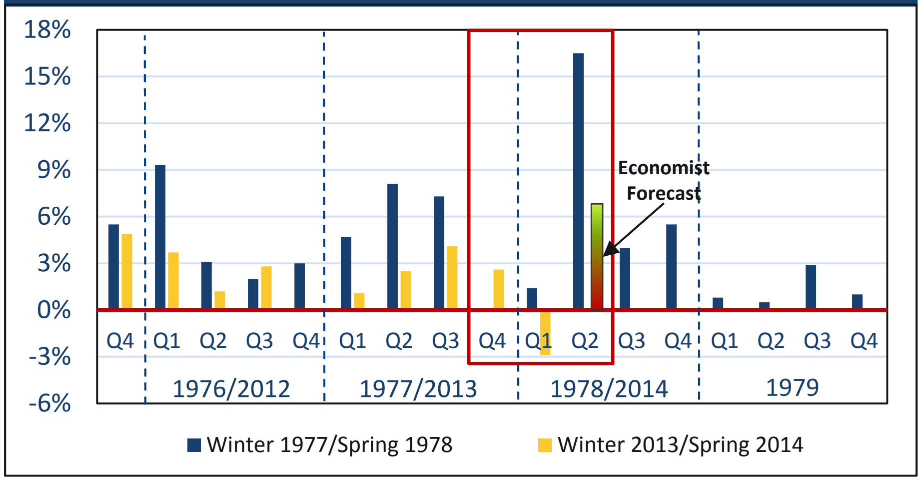
Source: Bloomberg, Wurts

Q1 2014 GDP Forecasts vs. Actual



Source: Bloomberg, Wurts

A Real Winter Rebound (QoQ Real GDP)

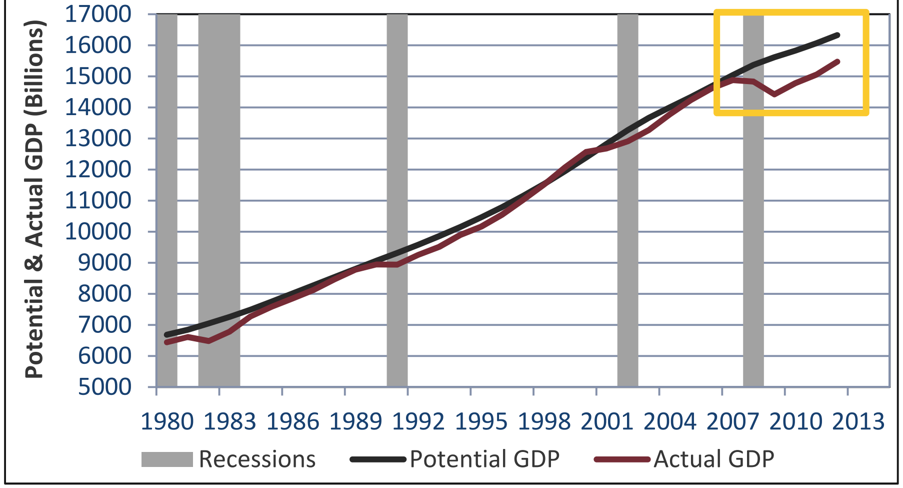


Source: Bloomberg, Wurts

STOP HOLDING ME BACK

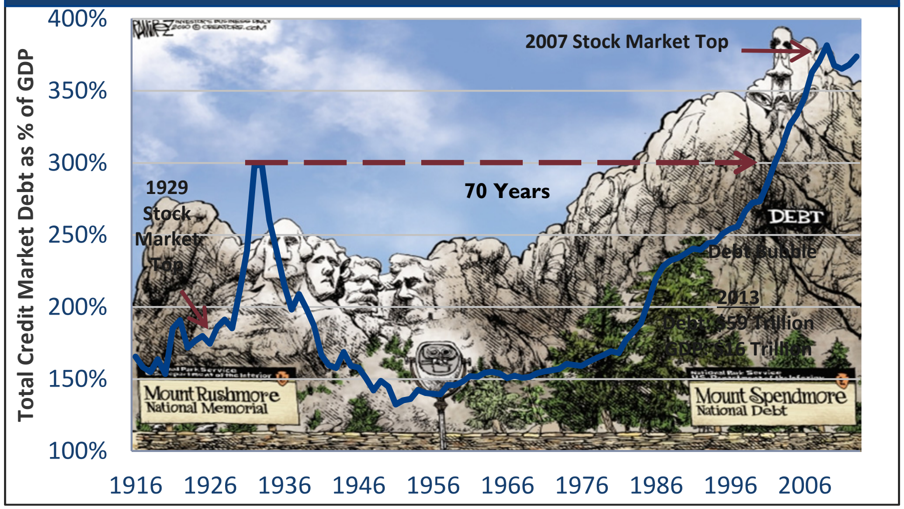
- At some point, the market is going to realize (or admit) that economic growth is constrained relative to the past. The economy has been recovering since 2009, but healing doesn't take 5 years. There is either a structural impediment to growth or potential growth is lower.
- What could be impeding growth? Consumption growth drives the U.S. economy. What drives consumption? Wages and credit growth. Give the U.S. consumer $1 and they'll spend $1.20. As discussed in prior QRRs, wage growth has been slow (see prior QRRs and Market Updates for additional color). What about credit growth?
- Credit (as a % of GDP) grew steadily from 1952 to 1982, and then experienced astounding growth from 1982 to 2007. In 2007, credit began contracting and resulted in the Great Recession. Since then, credit has been expanding, but has not been able to generate the desired economic growth. Why? For every $1 of new debt, the economic impact has fallen from 76₵ to 27₵. So, to get the same economic impact, debt has increased at a greater rate.

Potential vs. Actual GDP



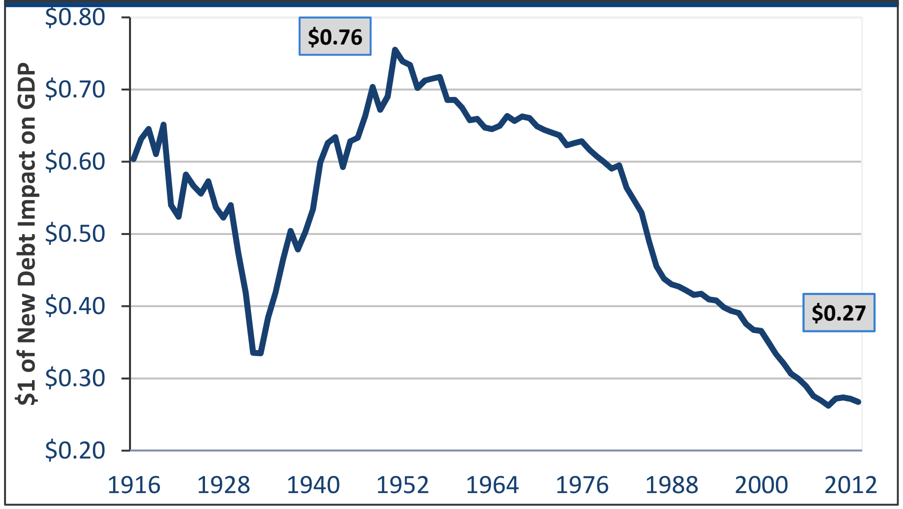
Source: Google, Wurts

Mount Spendmore



Source: Citigroup, Bloomberg, Wurts

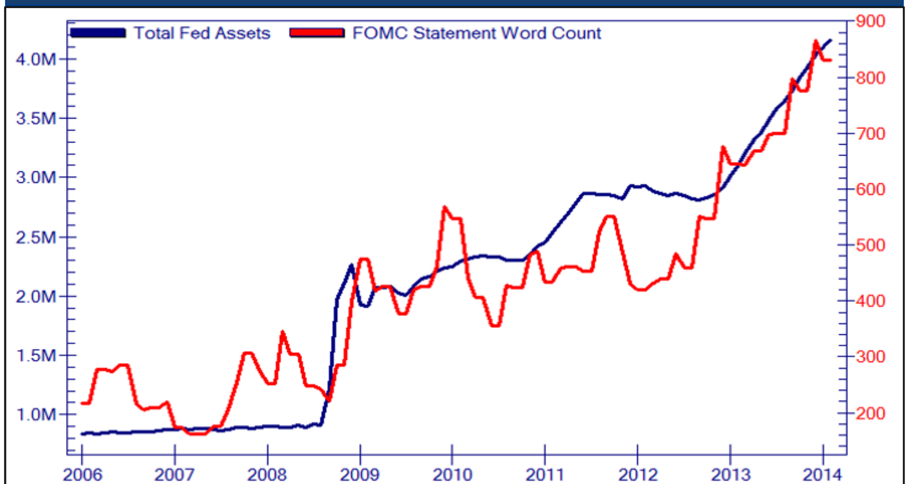
$1 New Debt Impact on GDP



Source: Bloomberg,, Wurts

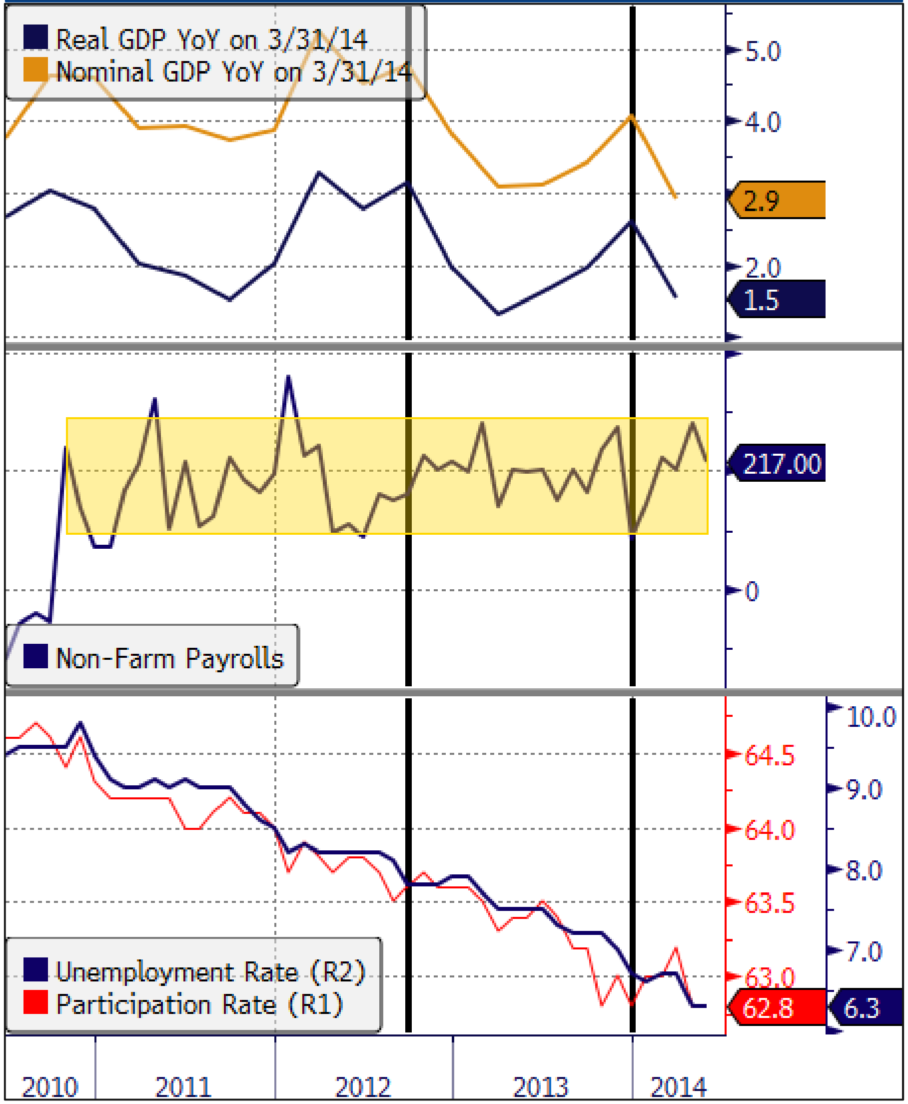
- With Q1 GDP at -2.9% and 1H growth expected to be between 0 and 1%; why is the Fed still tapering?
- In September 2012 (the first vertical line), the Fed believed the economy was so bad they announced $85 billion/month in QE forever (QE Infiniti). Move forward to December 2013 (the second vertical line), the Fed announced they would be tapering the size of QE. What changed? Was the economy so good, the Fed popped the Champagne and declared victory?
- No. GDP is lower, non-farm payrolls remain in the same range they've been in over the past 2.5 years, and the unemployment rate is 1.5% lower – though 0.8% of the decline (more than 50%) is due to falling participation rate.
- The Fed did not announce tapering in recognition of meeting their economic targets, but due to concerns the Fed was distorting the markets.

Federal Reserve Asset vs. FOMC Word Count



Sources: Federal Reserve

QE Quantitative Guidelines



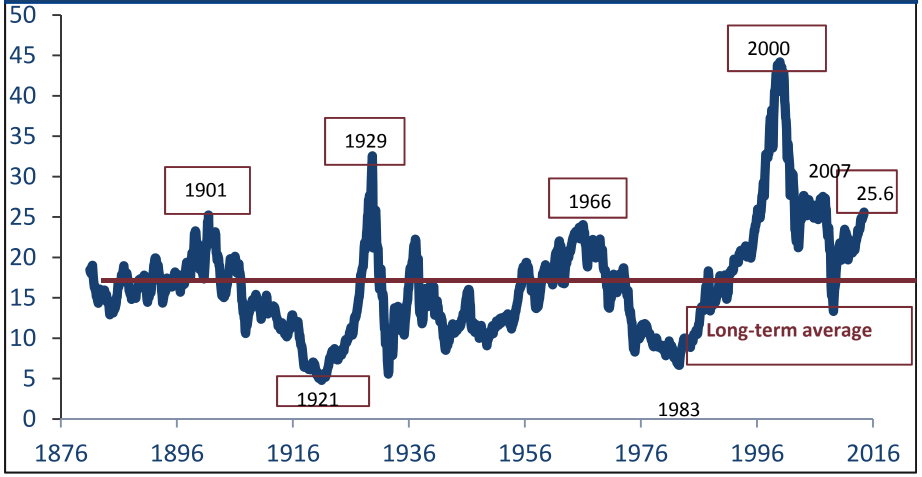
Sources: BLS, Federal Reserve, Bloomberg, Wurts

- Since the tapering announcement, Fed press releases have increasingly focused on financial stability (Fed speak for market valuations). The Fed is more acutely aware of the impact QE has had on the markets. While the Fed's long-term objective remains full employment and price stability, their short-term objective has been to reduce QE to $0 and figure it out from there.
- The Fed is the single largest employer of economic PhDs (estimated to be near 600), but they've recently added a new line to their resume; Wall Street Strategist. While it is not their role, Chairwoman Yellen has recently offered opinions on market valuation stating stocks are not overvalued. Really? Ok, what metrics are the Fed looking at?
- Forward P/E (Wall Street's favorite equity valuation metric) is at the same level as 2007. Shiller P/E is higher now than at any point in history excluding 1929, 2000, and 2007. Tobin's Q is higher now than every other time in history excluding 2000. But, can the rich valuations get richer?

S&P 500 Forward P/E

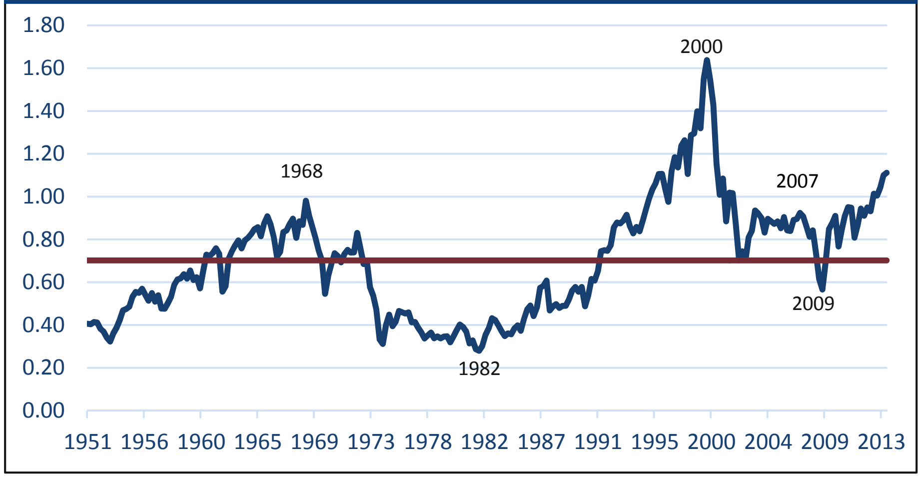
Source: BEA, Bloomberg, Wurts

S&P 500 Shiller P/E



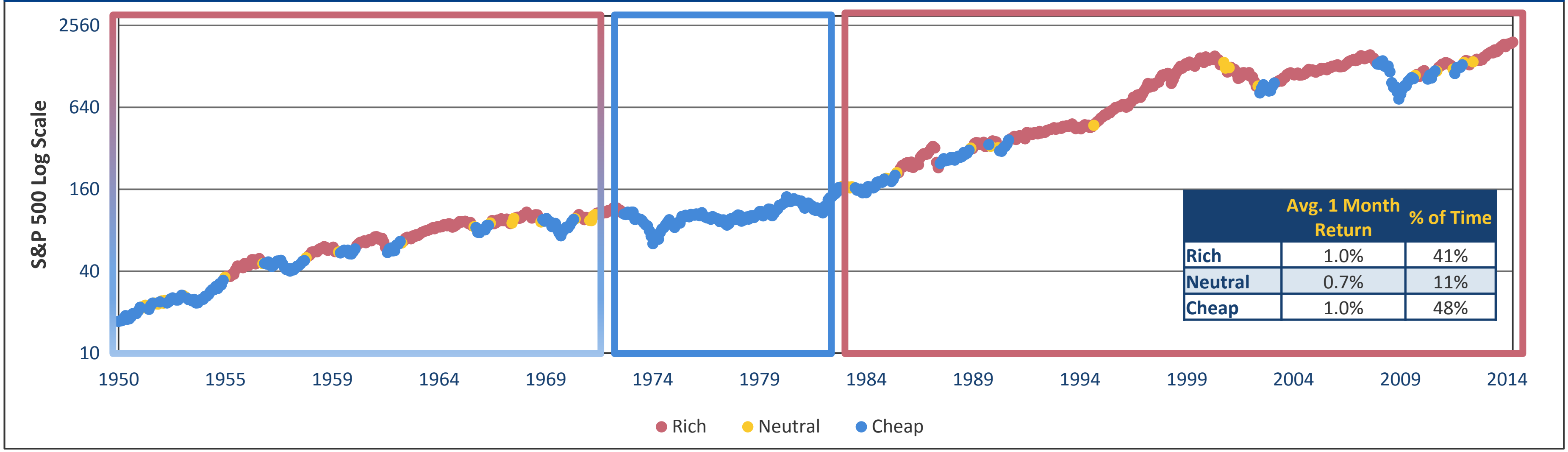
Source: ShopperTrak, Bloomberg, Wurts

S&P 500 Tobin's Q



Source: St. Louis Fed, Wurts

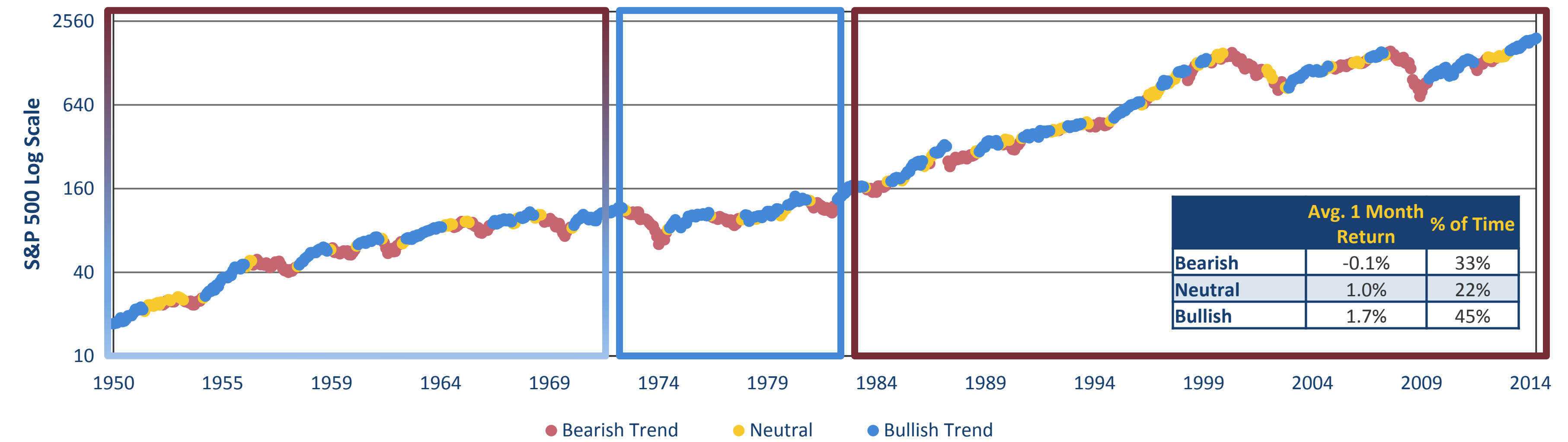
RVD S&P 500 Rich/Cheap Since 1950



- P/E, Shiller P/E, dividend yield…which of these is the best to evaluate the richness or cheapness of the equity market? Of course, the answer is some combination of various metrics. KEI has developed a proprietary tool (called Risk Valuation Dashboard (RVD)) to aggregate these various metrics and develop a valuation for the market.
- Since 1950, the S&P 500 has moved from periods of richness to cheapness and back again, with 3 relatively distinct periods:
  - **1950 – 1971**: The S&P 500 was generally cheap from 1950 to 1955 and then experienced a period of fluctuation between rich/cheap until 1971.
  - **1971 – 1983**: During the prolonged recession of the 1970s, the S&P 500 was generally cheap during the entire period.
  - **1983 – 2014**: Starting in 1982, the stocks began an astounding climb. As equities moved ever higher, valuations became rich and stayed rich for extended periods.
- Although most investors tend to think of the markets in rich/cheap terms, it does very little in determining return with the average 1-month return the same in both rich and cheap markets.
- While fundamentals (valuations) matter over the long-term, how might we as investors think of the markets to increase return?

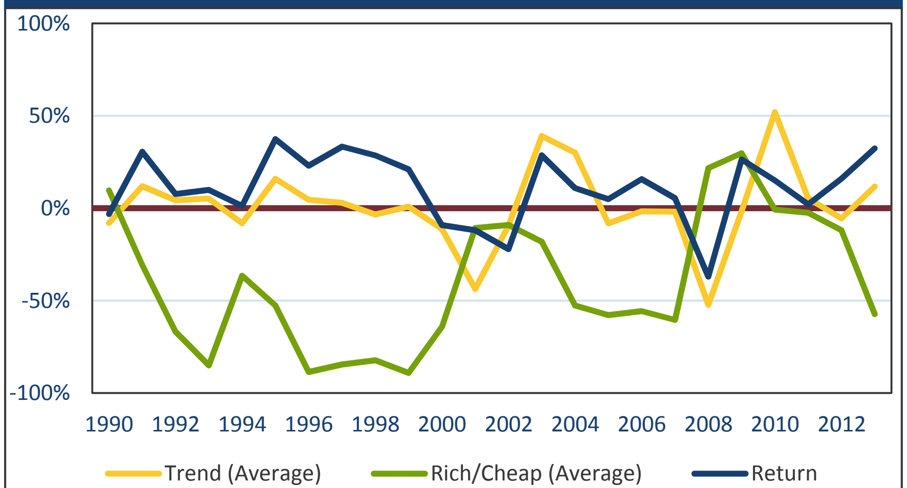
Source: Federal Reserve, BLS, Bloomberg, Wurts

RVD S&P 500 Trend Since 1950



	Avg. 1 Month Return	% of Time
Bearish	-0.1%	33%
Neutral	1.0%	22%
Bullish	1.7%	45%

S&P 500 Rich/Cheap v Trend & Yearly Returns



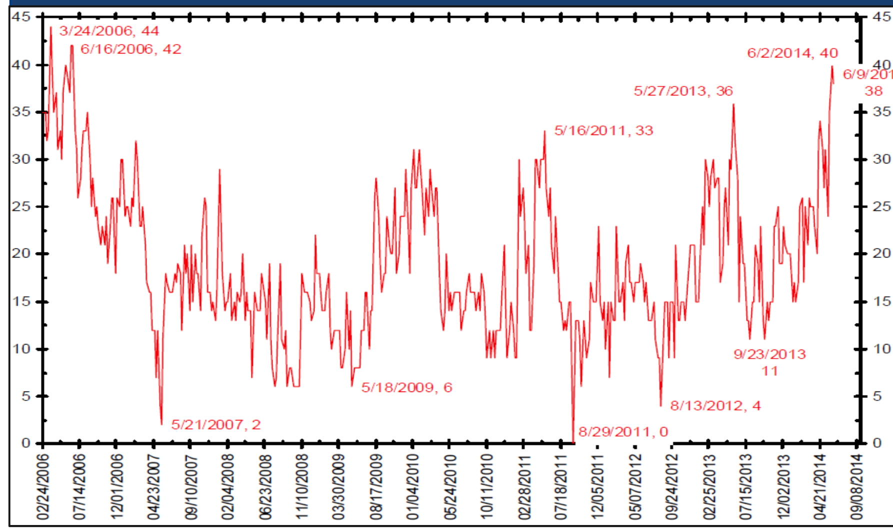
Source: Federal Reserve, BLS, Bloomberg, Wurts

- Rather than looking at equities on a rich/cheap basis, if we instead evaluate the trend, how does the picture change? Since 1950, the trend has seen a much greater degree of fluctuation between bull and bear markets.
- The average 1-month return during bull markets has been 1.7% and -0.1% in bear markets.
- Comparing the S&P 500 yearly returns relative to the RVD rich/cheap and trend indicators, trend has historically been a much better predictor of return relative to rich/cheap.
- So what is it telling us today? The S&P 500 remains in a ***slightly*** bullish trend while remaining historically rich. We continue to favor a neutral allocation to equities paired with a tail risk management strategy.

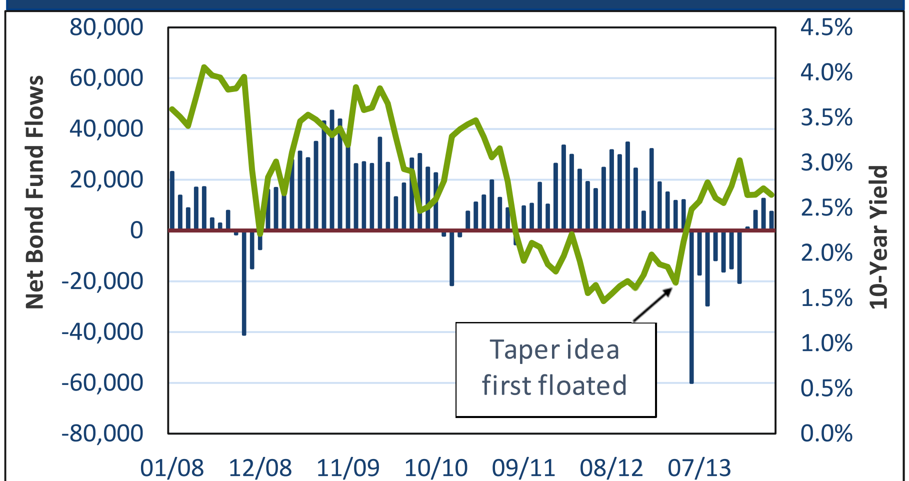
THE LONELY BULL

- Interest rates have confounded economists and investors for years. In both the May and June Bloomberg survey of economists, 99% forecasted higher rates by year end. In April, 100% expected higher rates. Investors have likewise been bearish, with the percentage of clients underweight Treasuries at/near the record since 2006 (according to the JP Morgan client survey).
- With such strong bearish sentiment toward rates, it seems unnatural for rates to move lower. The Fed is reducing their demand to zero and equities are near their all-time highs. However, rates are not lower due to these fundamental factors, but due to positioning.
- In May 2013, the Fed introduced the idea of tapering, and the market reaction was quick and severe as the 10-year rate moved sharply higher from 1.6% to 3%. The push to higher yields was driven by large selling (shown in mutual fund flows) with the result of a total return in 2013 being one of the worst in history. Rates tend to be mean reverting, and 2014 has been one of the best years.

JP Morgan Client Survey (% Underweight Tsy)

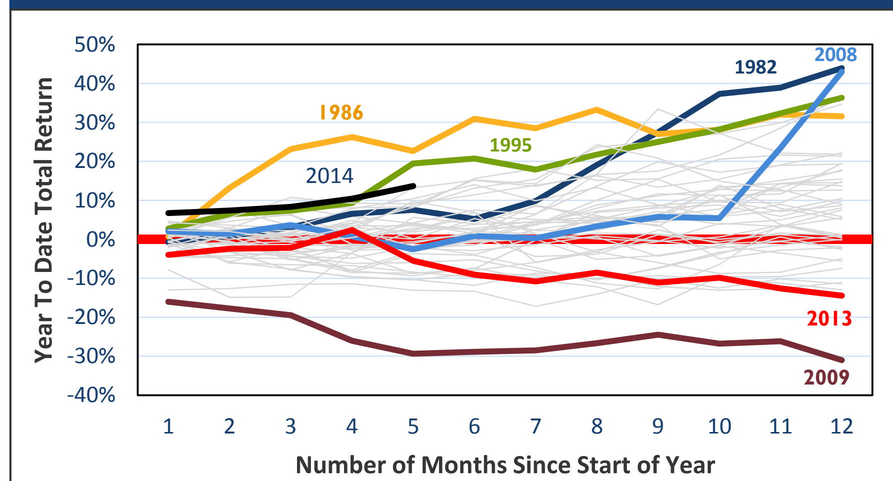


Net Bond Fund Flows (Millions) vs. Yields



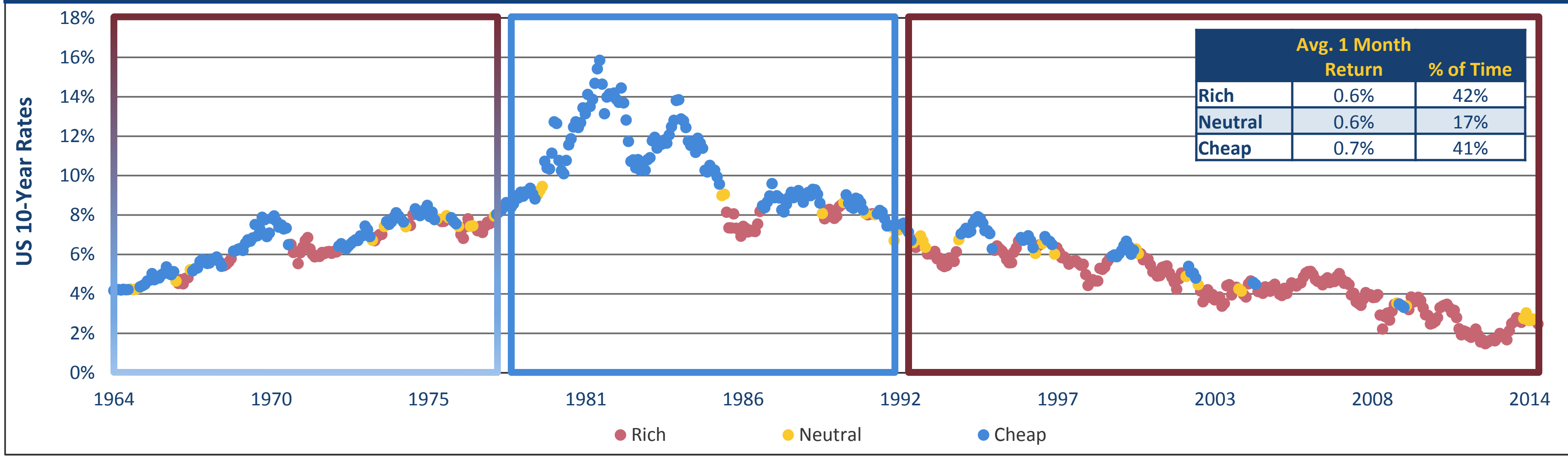
Sources: Federal Reserve

30 Yr. Treasury Total Returns by Year



Sources: BLS, Federal Reserve, Bloomberg, Wurts

RVD U.S. 10-Year Rate Rich/Cheap



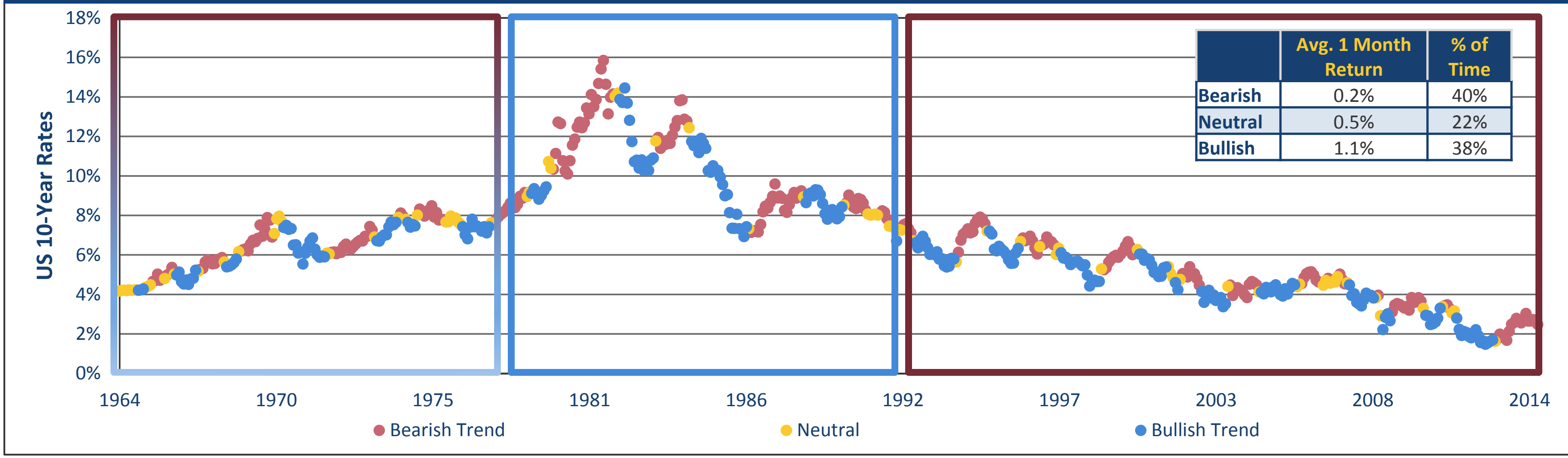
	Avg. 1 Month Return	% of Time
Rich	0.6%	42%
Neutral	0.6%	17%
Cheap	0.7%	41%

- Similar to the S&P 500, U.S. 10-year rates have experienced 3 regimes since the 1964s:
  - **1964–1978**: Rates were generally cheap from 1964–1970 and then experienced a period of fluctuation between rich/cheap until 1978.
  - **1978–1992**: Rates were generally cheap, with only 2 brief period of cheapness (1986 and 1989).
  - **1992–2014**: Rates were generally rich. Despite continued rich valuations, rates continued to move lower.
- The average 1-month return is nearly the same for market valued as rich, cheap, and neutral. What does rich/cheap valuation tell us about potential return in interest rates? Not much.

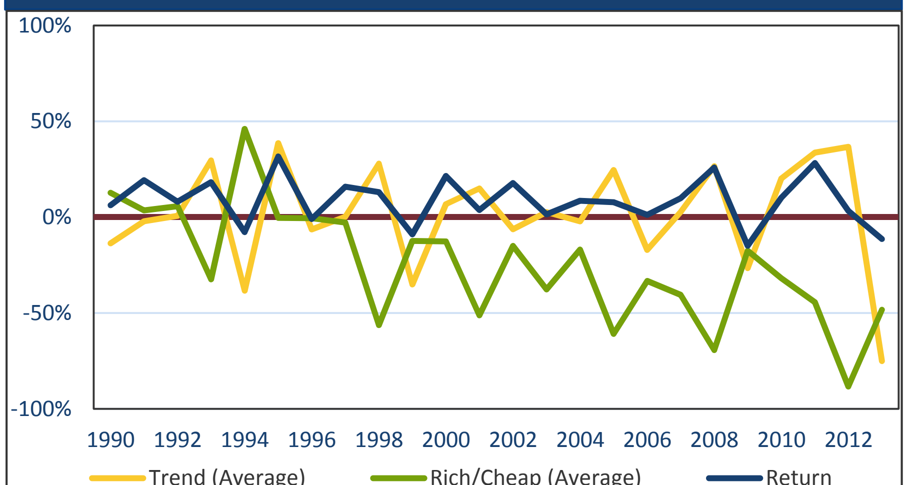
THE ECONOMIC FORECAST IS DIFFICULT FOR AN AMATEUR TO GET RIGH...BUT THE PROFESSIONALS ARE REASONABLY CONFIDENT THAT THE MARKETS WILL GO EITHER UP OR DOWN IN THE LONG OR SHORT TERM

Source: Federal Reserve, BLS, Bloomberg, Wurts

RVD US 10 Year Rate Trend



10 Yr. Rate Rich/Cheap v Trend & Yearly Returns



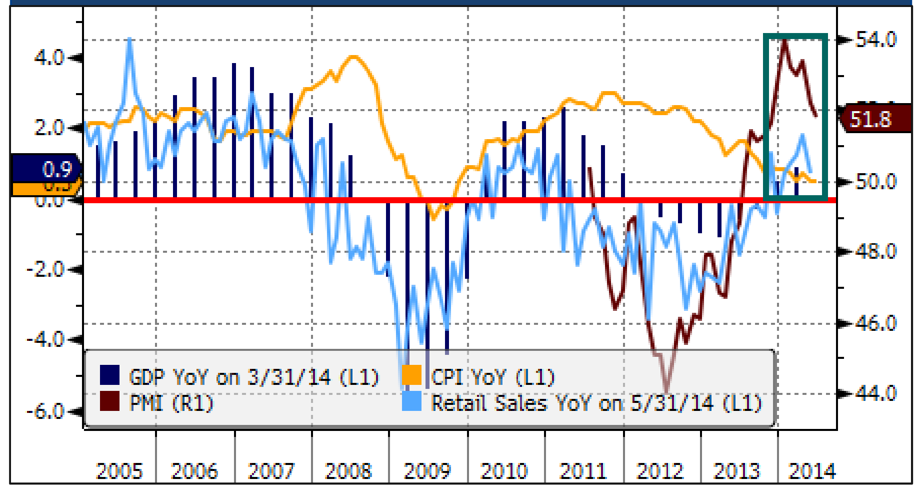
- Though using rich/cheap analysis has provided little value in forecasting returns, trend analysis has shown a much better track record.
- Similar to the S&P 500 trend analysis, rate trend analysis has shown a good degree of variation over time.
- While the rich/cheap analysis provided little value add for returns, the rates trend analysis shows a much better return profile with bullish trends producing 1.1% and bearish trends 0.2%. The positive return during bearish trends might be surprising, however, rates have generally been trending lower for most of the measurement period.

Source: MPI Stylus, KEI

EUROPE: SLOWING OR RESTING

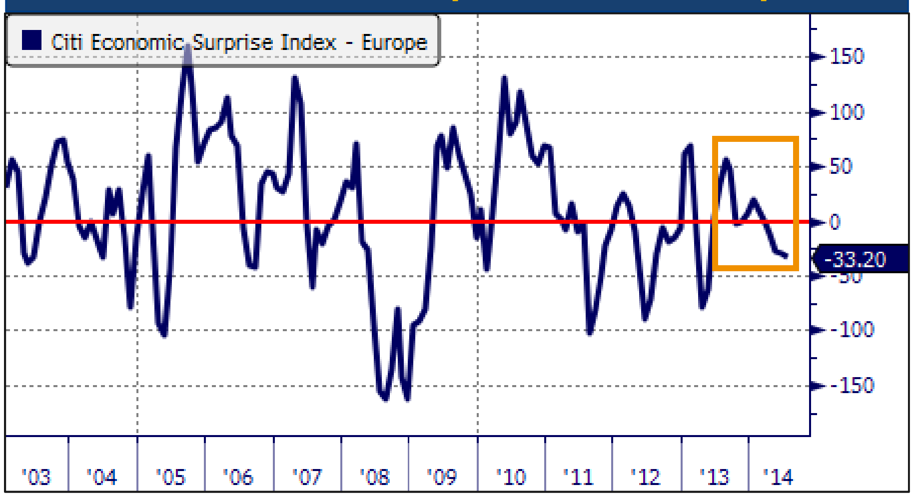
- The economic recovery in Europe continues, but some of the recent indicators are beginning to turn lower (and not just inflation). Both PMI and retail sales have started to show some weakness.
- The Citigroup Economic Surprise Index for Europe has been trending lower since 2013, and has recently moved negative (meaning the economic reportings are generally coming in below expectations).
- The market has generally brushed aside any concerns following the ECB recent actions – lowering the deposit rate to -0.1% in a move they hope will stave off deflation (becoming the first major central bank to move to negative rates). While negative deposit rates sounds like a big move, it's worth noting the difference in deposit bases between the U.S. and Europe. While banks in the U.S. have trillions in excess reserves parked at the Fed, European banks have only about 16 billion on deposit with the ECB.

Slow Growth – With Doubts



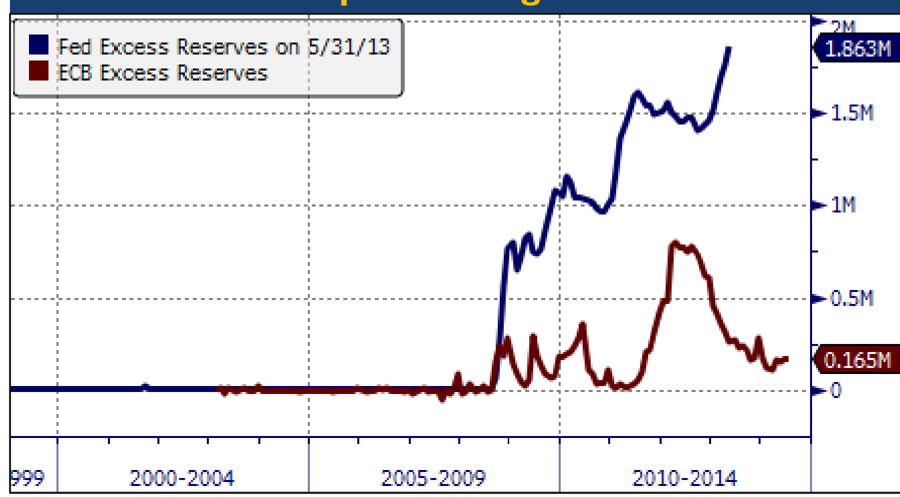
Sources: Eurostat, Bloomberg, Wurts

Citi Economic Surprise Index - Europe



Sources: The Economist

The Impact of Negative Rates

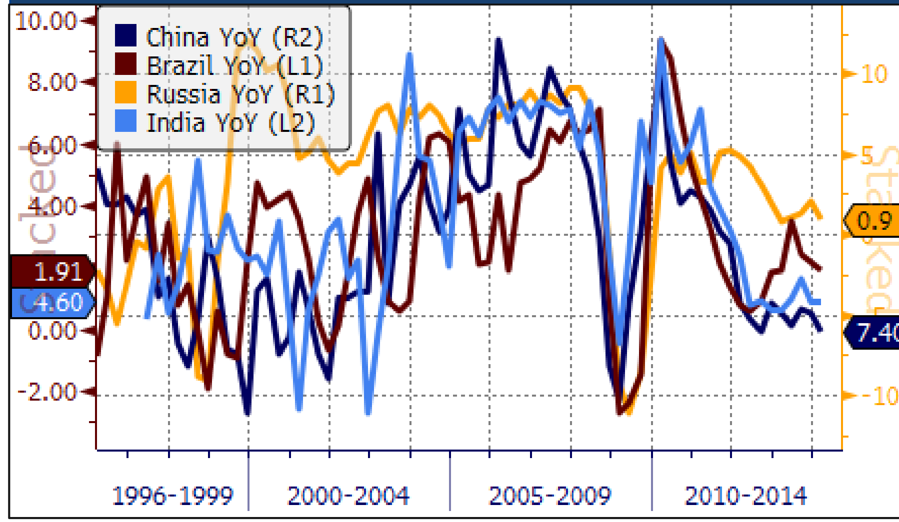


Sources: www.cagle.com

EM: WALKING NOT RUNNING

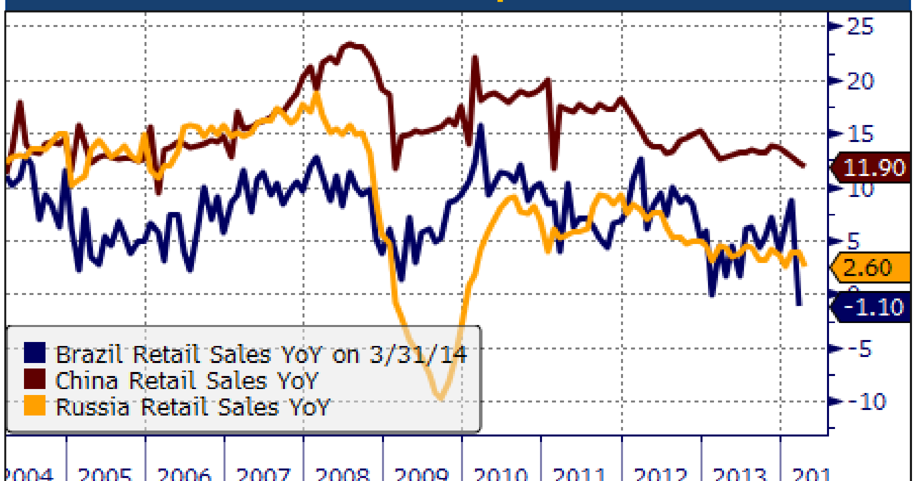
- Emerging markets continue to experience positive, but historically slow growth as the potential driver of stronger growth has yet to emerge.
- Consumption has been trending lower since 2010, with Brazil turning negative for the first time since 2003.
- The EM equity market has been performing, with a year to date total return of nearly 6%, but has not been able to keep pace with the U.S. and Canadian equities.
- Unlike the developed economies, the EM central banks have yet to provide stimulus sufficient to potentially generate growth as inflationary fears continue.
- Will EM equities continue to underperform the U.S. equity market or will they begin to outperform? Will EM equities outperform during risk-on or risk-off environments?

GDP



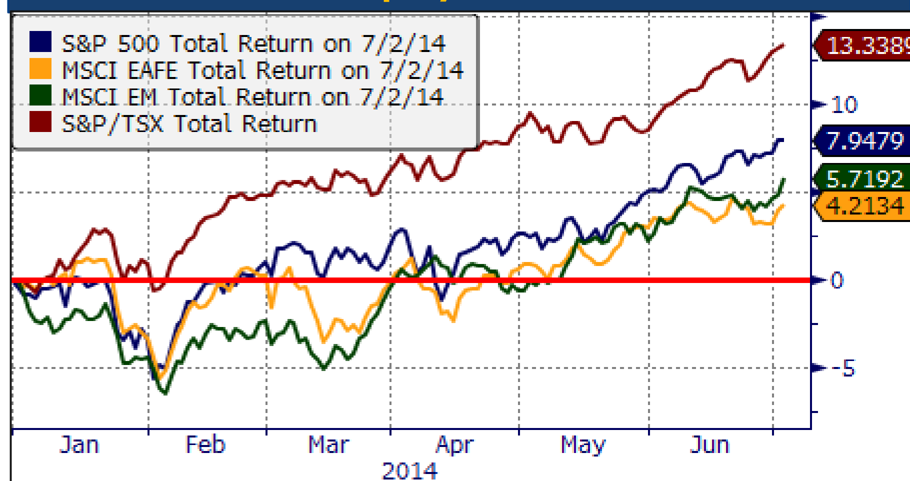
Sources: Bloomberg, Wurts

Consumption



Sources: Citigroup, Bloomberg, Wurts

Equity Market

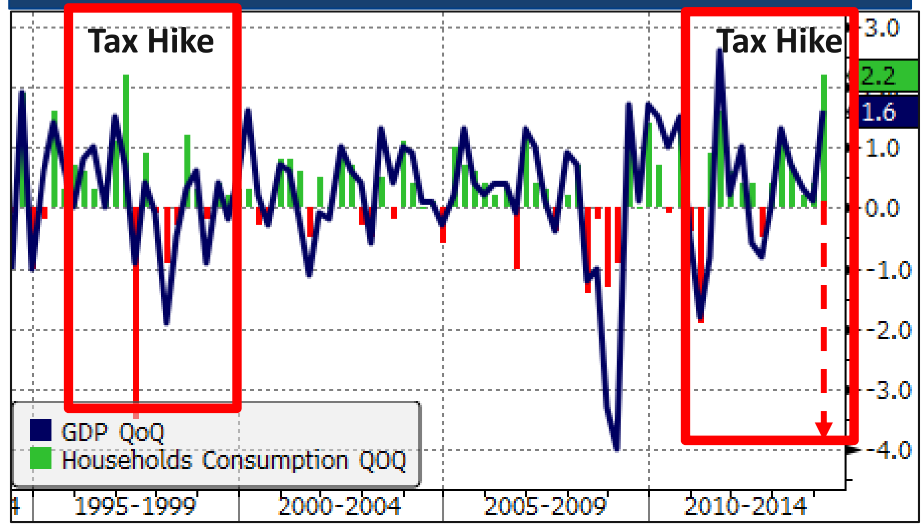


Sources: Shanghai Index, TSE, Bloomberg, Wurts

WURTS & ASSOCIATES

- The good news is the great QE experiment in Japan has pushed both inflation and GDP higher. The bad news is the Japanese government has instituted a tax hike similar to the one implemented in 1997. In both the 1997 and 2014 tax hikes, consumption in the quarter prior to the hike going into effect increased significantly. In 1997, following the quarter of high consumption growth, consumption fell significantly. Will 2014 repeat the past?
- So far, the equity markets have behaved in striking forms – moving higher into the tax hike (as growth and consumption expand) only to later drop off significantly as growth and consumption decline.
- Inflation has moved above the 2% Bank of Japan target, but it has failed to translate into higher real income or home prices. The net result is the consumer is getting increasingly squeezed.

GDP & Consumption

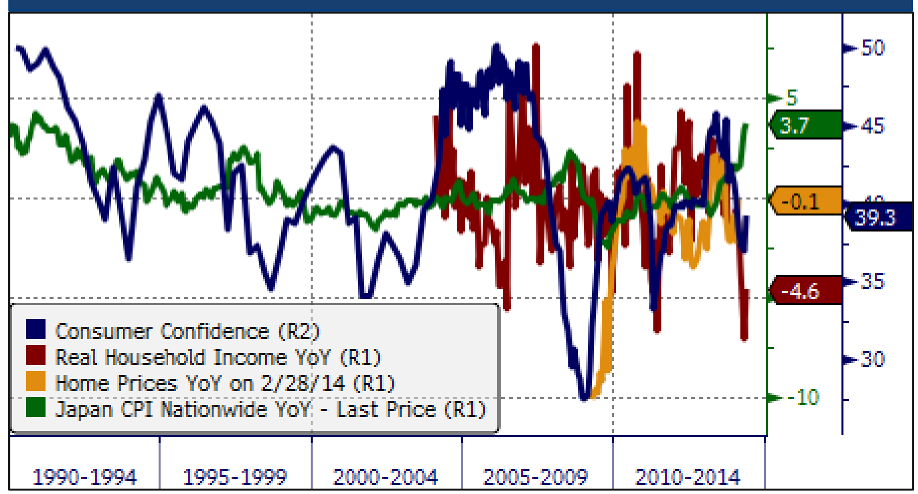


Sources: Ministry of Internal Affairs & Communication, Bloomberg, Wurts

Follow the Yellow Brick Road

Sources: Economic & Social Research Institute of Japan, Bloomberg, Wurts

Inflation – The Good & The Bad



Sources: Bank of Japan, TSE, Bloomberg, Wurts

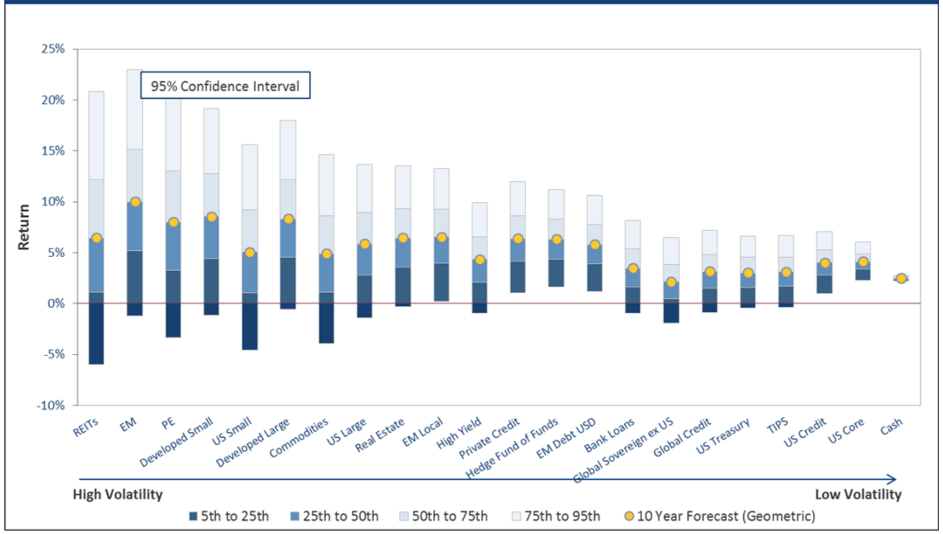
- Another year of missed expectations on economic growth as GDP remains below potential due to the debt burden constraining consumption growth.
- Despite the economic disappointments, the Fed continues to taper QE purchases and will be at $0 in October. The Fed is less focused on economic outcomes and more focused on reducing their market impact.
- Most stock market valuations indicate equities are rich (despite recent Federal Reserve comments), but they have been rich for the better part of 2 years and offer little insight into future return. Trend analysis provides a better insight and equities remain in a slight bullish to neutral trend.
- Rates continue to confound most economists, strategists, and investors – moving lower despite historically rich valuations and the largest buyer (Federal Reserve) is reducing the size of their purchase (QE). The move to lower rates is about positioning and not fundamentals or rich/cheap. So far, 2014 is shaping up to be one of the best total return years for Treasury bonds in history.
- After a brief recovery, Europe looks to be slowing once again as growth moves from 1% back toward 0% (not a recession, but no longer recovering).
- Japanese growth and inflation are responding to QE. However, similar to 1997, the government has instituted a tax hike, pulling forward consumption (improving current GDP) at the likely cost of future consumption and GDP. Will 2014 be a repeat of 1997 in Japan? Stay tuned.

CAPITAL MARKET IMPLICATIONS

S T R A T E G I C O U T C O M E S T H E F O C U S

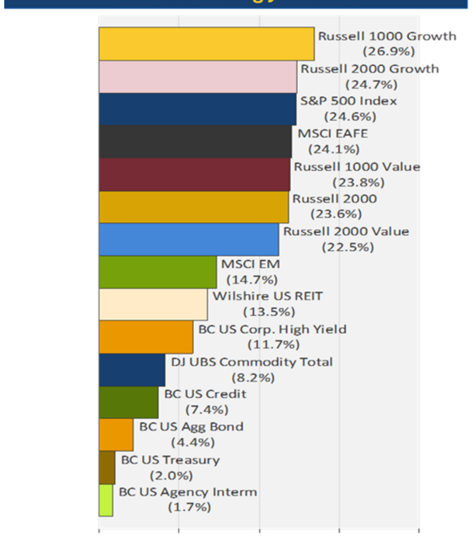
- The focus of long term professional investment is the achievement of long term goals – typically the payment of liabilities that come due in the far future
- 10 year expectations of returns are an appropriate starting point for thinking about the long term. We produce capital market assumptions at the beginning of each year to help in this process
- The most important element of these assumptions for investors to remember is the significant range of possible outcomes for each asset class, even when looking at 10 year assumptions. This represents a vital corrective to making overconfident forecasts
- Looking at the short and long term total return behaviors of markets reminds us of the importance of ongoing exposures to risk assets. Although investors need to construct portfolios in a risk aware fashion, they should be careful not to take a series of tactical decisions that have the effect of strategically underweighting asset classes that over the long term are expected to carry a risk premium
- Despite challenges in emerging markets at points over the last few years we note that over a 10 year period they remain the highest returning of the assets covered
- Looking over the last year provides a useful reminder of the strong domestic and developed risk asset market return.

10-Year Return 95% Confidence Interval

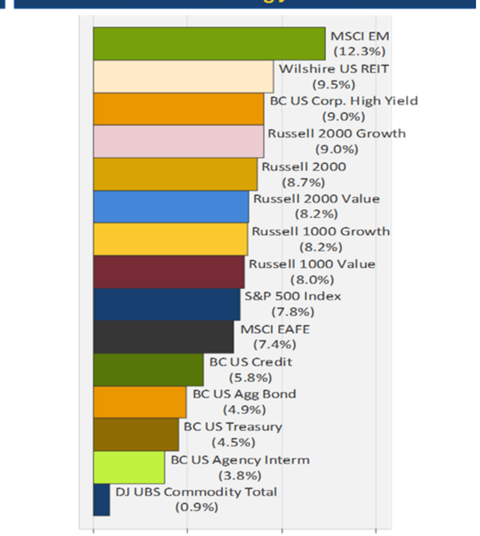


Source: Wurts

One Year ending June 2014



Ten Years ending June 2014



Source: MPI

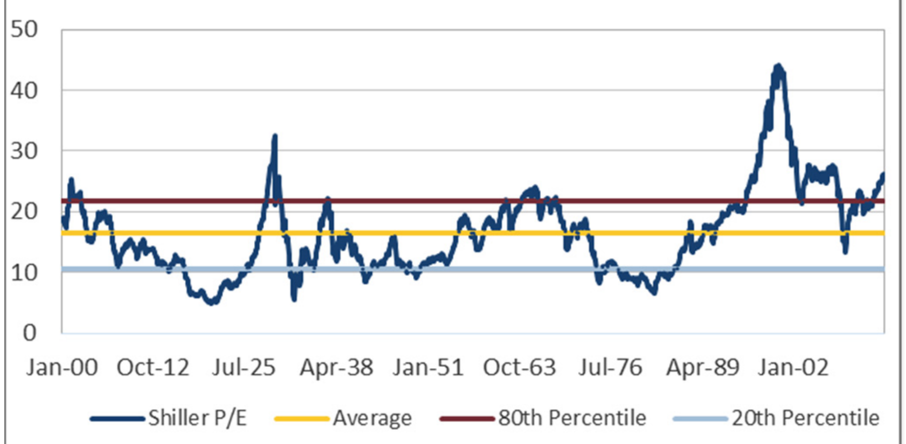
EQUITIES: US LARGE CAP VALUATIONS

- The Shiller P/E ratio, which is based on the average inflation-adjusted earnings from the previous 10 years remains at a level that is historically high. This level is the 88th percentile for this statistic
- Dividend yield remains relatively low, at a level that represents a 27th percentile of the historical range.
- Return on equity and price to book metrics remain around the middle of their ranges, at 60% and 53% respectively. This continues to provide some basis for current levels of valuations
- Profit margins remain exceptionally high, currently sitting at the 94% percentile of historical levels

	S&P 500		
	Current Value	Current Percentile	One Year Ago Percentile
Shiller P/E	25.6	88%	84%
Regular P/E	18.0	67%	46%
Dividend Yield	1.9	27%	31%
Price-to-Book	2.7	53%	35%
Return-on-Equity	15.1	60%	43%
Profit Margin	9.4	96%	87%
Volatility	11.6	4%	20%

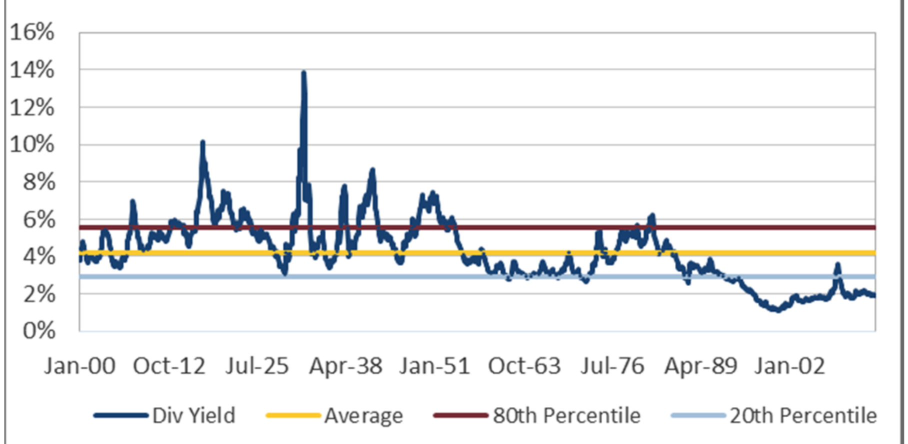
Source: Bloomerg, Wurts

Shiller P/E Ratio



Source: Shiller, Wurts

S&P 500 Dividend Yield

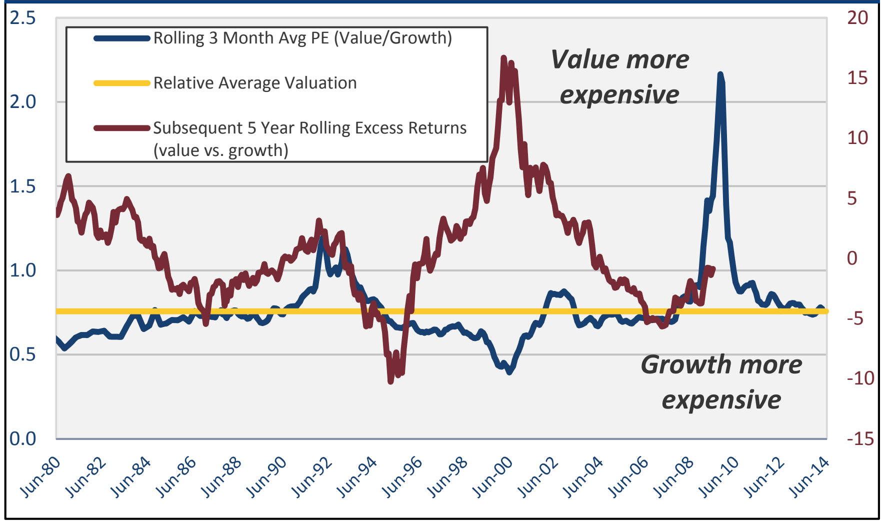


Source: Bloomberg, Wurts

- The differential in terms of value and growth was non-existent during the quarter. On a relative basis style appears to be fairly priced.

- It is instructive to note that the Sharpe Ratio of styles over the three and five year periods are almost identical. It is only when we extend the analysis over the longer term that we get a substantive difference. Even then the difference varies through time and appears to have been relatively unstable. In the very long term value continue to appear slightly dominant.

Relative PE Ratio of US Value vs. Growth



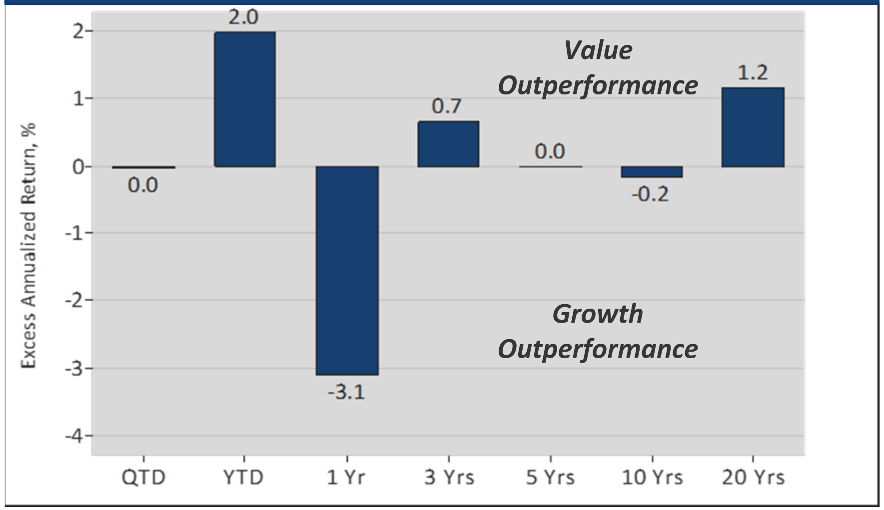
Source: Russell, Wurts & Associates

US Value vs. Growth Absolute Performance

	Russell 1000 Growth Annualized Return to Date %	Russell 1000 Value Annualized Return to Date %
QTD	5.1	5.1
YTD	6.3	8.3
1 Year	26.9	23.8
3 Years	16.3	16.9
5 Years	19.2	19.2
7 Years	8.0	4.8
10 Years	8.2	8.0
20 Years	9.1	10.3
	Sharpe Ratio	Sharpe Ratio
3 Years	1.28	1.29
5 Years	1.39	1.37
7 Years	0.42	0.23
10 Years	0.43	0.41
20 Years	0.35	0.49

Source: MPI

US Value vs. Growth Relative Performance



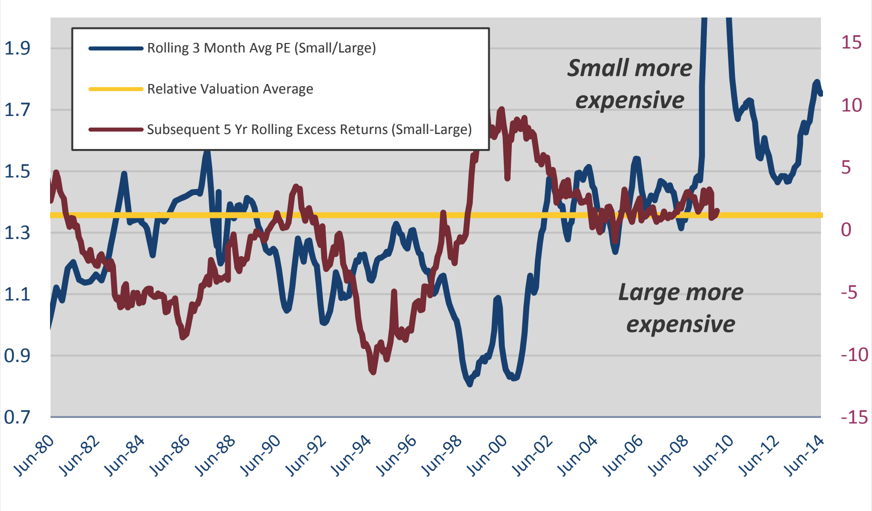
Source: MPI

STYLE TILTS: US LARGE VS. SMALL

- The size differential is continuing to behave in an unusual fashion. For quite some time (at least since the crash, and arguably since before then) small cap stocks have appeared relatively over-valued relative to large cap stocks. Over the last three years small cap stocks have also had noticeable underperformance, with a relative return of -2.1% annualized over the last 3 years.

- This recent underperformance is now weighing on the very long term relationship, with small cap stocks now underperforming over 20 years.

Relative PE Ratio of US Small vs. Large



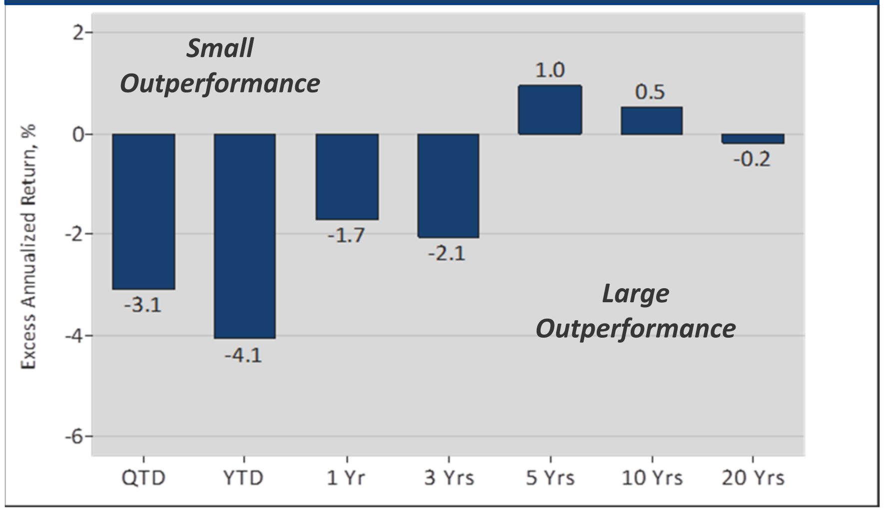
Source: Russell, Wurts & Associates

US Large vs. Small Absolute Performance

	Russell 1000	Russell 2000
	Annualized Return to Date %	Annualized Return to Date %
QTD	5.1	2.0
YTD	7.3	3.2
1 Year	25.4	23.6
3 Years	16.6	14.6
5 Years	19.3	20.2
7 Years	6.5	6.7
10 Years	8.2	8.7
20 Years	10.0	9.8
	Sharpe Ratio	Sharpe Ratio
3 Years	1.32	0.85
5 Years	1.40	1.10
7 Years	0.33	0.27
10 Years	0.44	0.36
20 Years	0.46	0.35

Source: MPI

US Small vs. Large Relative Performance



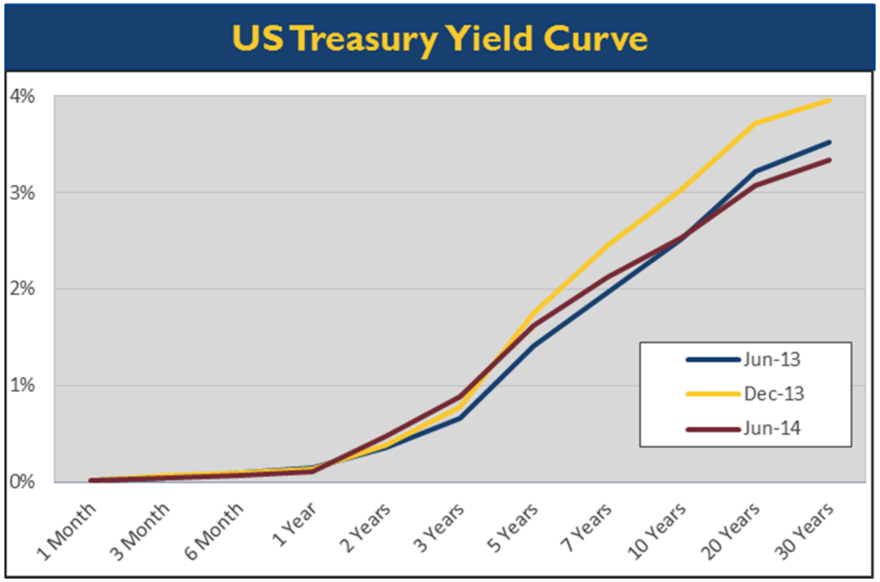
Source: MPI

	S&P 500		MSCI EAFE		MSCI EM	
	Current Value	Current Percentile	Current Value	Current Percentile	Current Value	Current Percentile
Shiller P/E	25.6	88%	16.3	24%	12.2	12%
Regular P/E	18.0	67%	19.0	43%	13.3	52%
Dividend Yield	1.9	27%	3.4	85%	2.7	75%
Price-to-Book	2.7	53%	1.7	32%	1.5	53%
Return-on-Equity	15.1	60%	10.3	66%	12.1	30%
Profit Margin	**9.4**	96%	6.3	73%	8.1	25%
Volatility	**11.6**	4%	**15.3**	9%	**5.9**	0%

Source: Bloomberg, Wurts

- US equity markets remain rich on a valuations basis, at least in P/E terms while EAFE and Emerging Markets appear less so.
- Continuing concerns about Europe and Japan's robustness suggest the ongoing danger that EAFE is cheap for a reason
- Emerging Markets remain attractive for the investor able to bear the risk, on a long term basis. Careful selection of appropriate active management style is likely to be important to ensure appropriate exposures through time as the markets concerned change alongside the underlying changes in the economy

- Global sovereign yields remain at historically low levels
- This continues to concern, if only on a probabilistic basis, especially if inflation were to increase
- Long term investors should remember that rising interest rates would have a complex effect on portfolio values. Although some capital values might fall, reinvestment income would increase. The history of interest rate rises demonstrates a mixed picture of fixed income outcomes
- Low interest rates might possibly be indicative of the possibility of longer, low slow growth becoming embedded in market expectations



Source: Federal Reserve

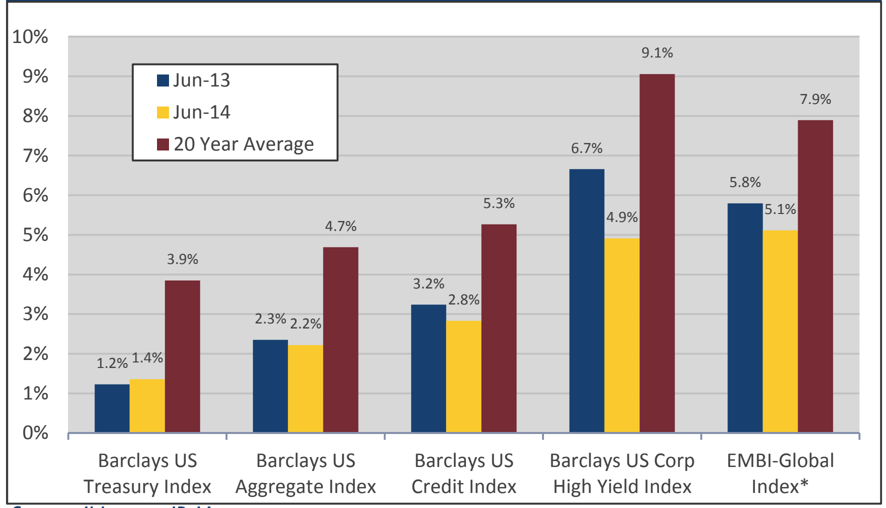
	US Rates		Japan Rates		Germany Rates		Canada Rates		EM Rates	
	Current Value	Current Percentile	Current Value	Current Percentile	Current Value	Current Percentile	Current Value	Current Percentile	Current Value	Current Percentile
Nominal Yield	2.5	4%	0.6	1%	1.2	1%	2.2	7%	5.6	30%
Real Yield	0.4	15%	-2.8	0%	0.2	9%	0.0	3%	1.7	63%
Curve	2.1	84%	0.5	7%	1.2	51%	1.1	54%	0.9	39%

Source: Bloomberg, Wurts

BONDS: CREDIT

- Credit markets remain rich, with investors in higher yield and bank loan marketplaces expressing concern that value is difficult to identify
- At the same time, however, there are fewer concerns being expressed about immediately concerning levels of over-borrowing.
- While valuations remain rich, and there are concerns mounting about whether credit risk will be compensated immediate concern can be attenuated somewhat by maintaining this focus on borrower strength questions as well as pure market pricing questions

Nominal Fixed Income Yields

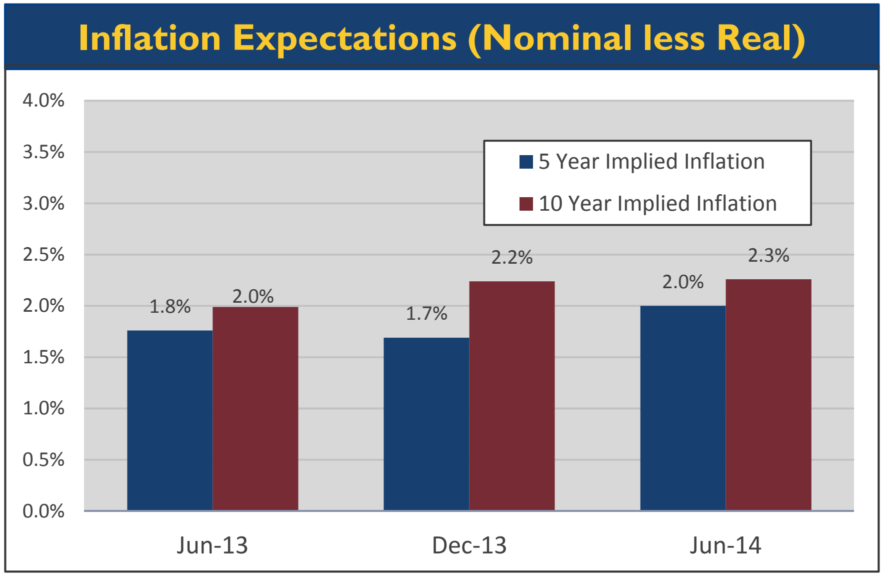


Source: Ibbotson, JP Morgan

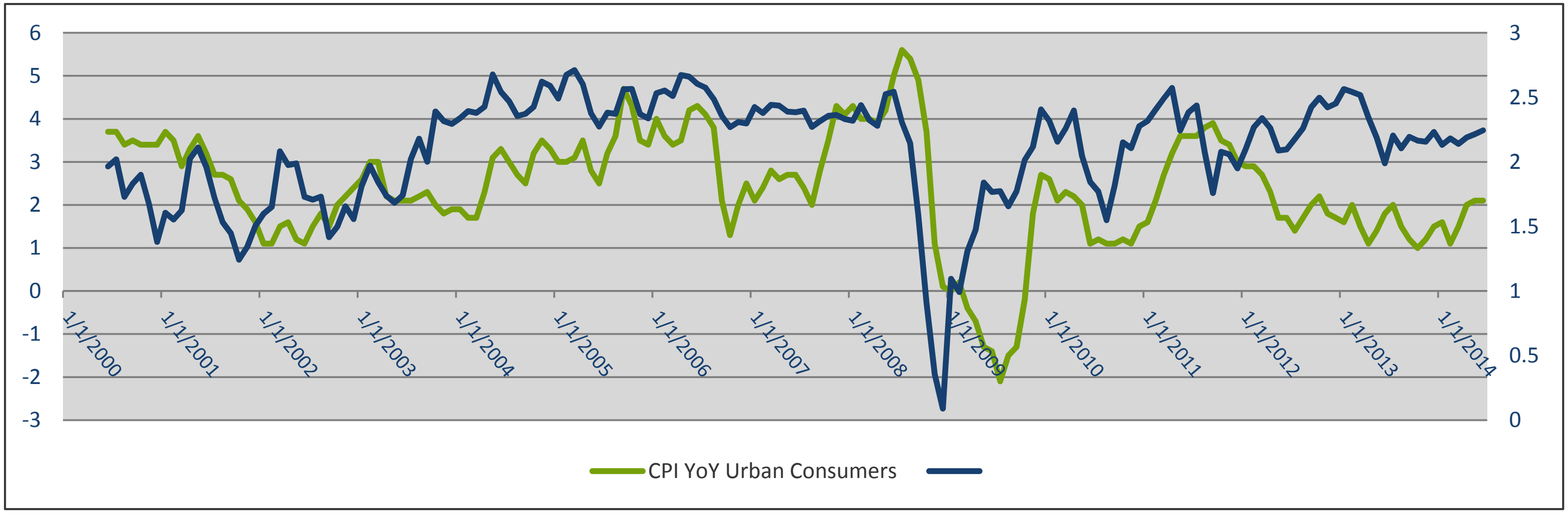
	IG Credit		HY Credit		EM Credit	
	Current Value	Current Percentile	Current Value	Current Percentile	Current Value	Current Percentile
Yield	**2.9**	2%	**4.9**	0%	**4.3**	3%
Spread	1.0	46%	3.4	26%	2.6	18%
Quality Spread (Bps)	70	38%	211	19%		

Source: Bloomberg, Wurts

- While inflation expectations have ticked somewhat higher, the reality is that there remain few indications that a sustained rise in inflation in major economies is under way
- The role that TIPS can play in a portfolio remains important, although investors should remember that the protection they provide against inflation is targeted at long term outcomes
- TIPS remain relatively rich. This may be because of a greater than usual propensity to protect against inflation, as well as parts of the investment community with higher inflation expectations



Source: Federal Reserve



Source: Bloomberg

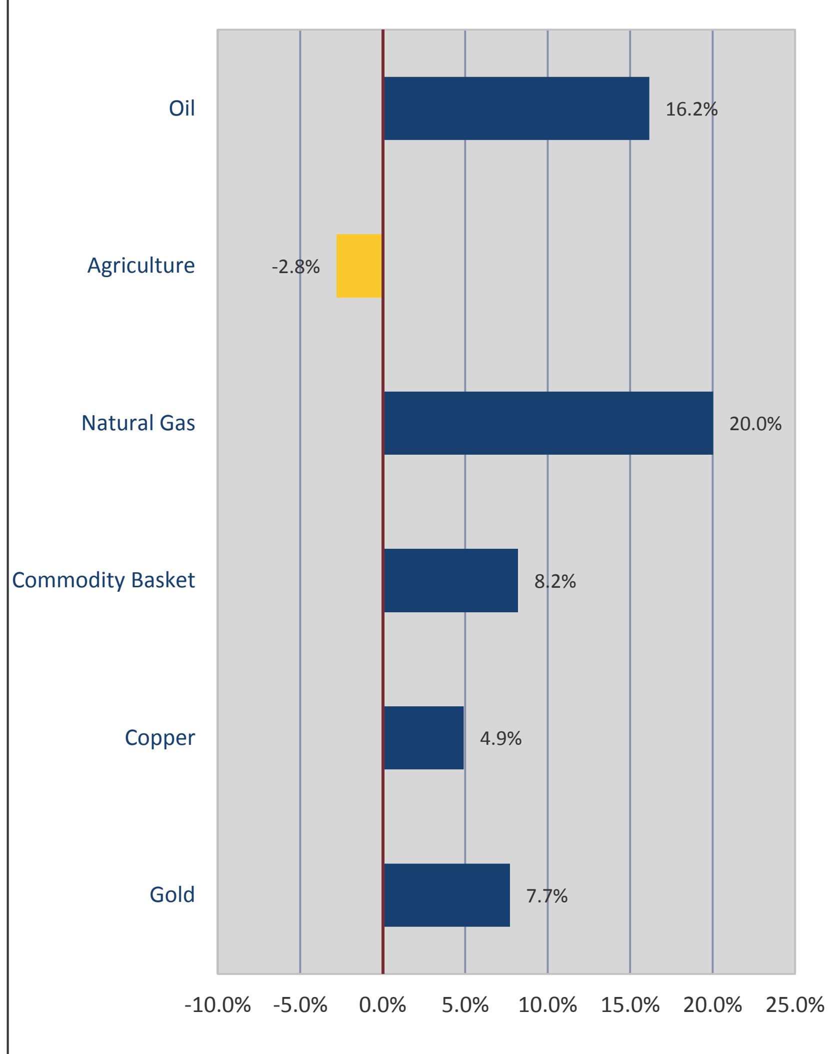
- Commodity returns continue to show strength
- Of particular note is the behavior of the hydrocarbon commodities, with natural gas providing a 20% return over twelve months and oil providing a 16% return. 13% of the 20% natural gas return has happened since the start of the year.
- Although year-to-date agriculture has provided investors with a nearly 5% positive return, those returns remain slightly negative for the trailing 12 month period
- Commodity markets remain likely to be challenging, with active management important as economic drivers change rapidly.

Index vs. Forward Contract Performance

	DJ UBS Commodity Annualized Return to date, %	DJ UBS Commodity Forward 3 Month Annualized Return to date, %
QTD	0.08	0.90
YTD	7.08	6.64
1 Year	8.21	8.87
3 Years	(5.17)	(4.69)
5 Years	1.99	3.52
7 Years	(2.69)	0.35
10 Years	0.87	6.57
20 Years	4.60	8.65

Source: MPI

Trailing One-Year Return



Source: DJ UBS Commodity Indices, MPI

Equities

- US equity markets remain fully valued, although positive price trends remain intact. Economic activity, although mixed at times, continues to provide enough justification to investors for that positive trend to continue, particularly relative to other markets.
- EAFE remains fairly valued but continues to concern, with a range of underlying weaknesses in economies. Both geopolitical risk and economic factors may make valuations seem more attractive than they truly are.
- Emerging markets remain structurally attractive for investors with appropriate risk tolerance. We continue to believe in active management in these markets, and to believe that over the medium to long term a focus on differentials both between and within these markets is appropriate.

Bonds

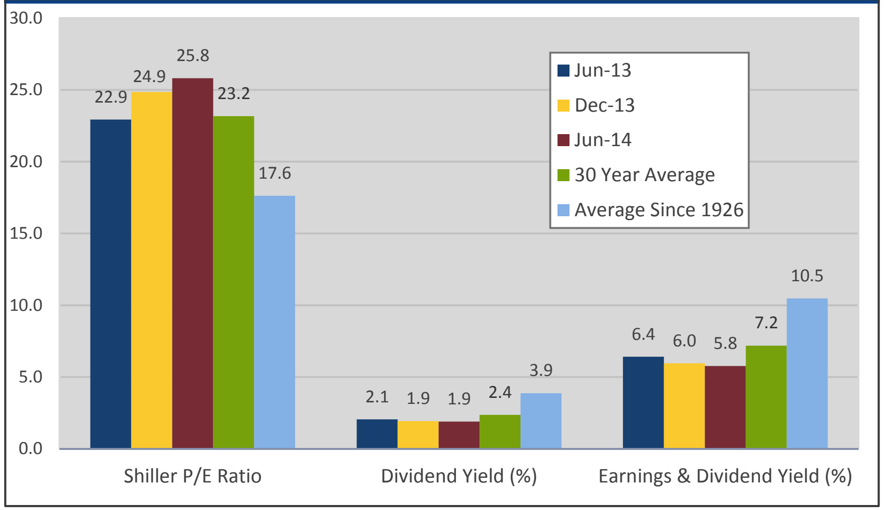
- Interest rates remain rich, and we continue to maintain a view that they are likely to remain at low levels for some time. At the same term there are concerns about overly stretched valuations, in particular where economic issues remain challenging, such as in peripheral European marketplaces.
- Continuing watchfulness over credit appears appropriate. While pricing of credit in the market appears rich, significant balance sheet impairment does not yet seem to be broadly present.

Inflation Strategies

- Inflation continues to remain both low in absolute terms and lower than market estimates.
- TIPS remain richly valued
- Commodities continue to perform well, but differentials in market behavior and complexity continues to mitigate in favor of active management.

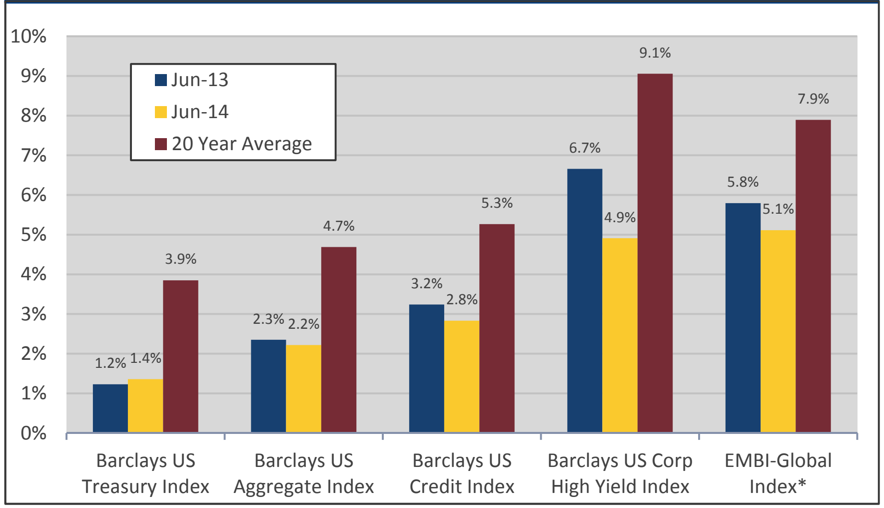
APPENDIX

US Large Cap (S&P 500) Valuation Snapshot



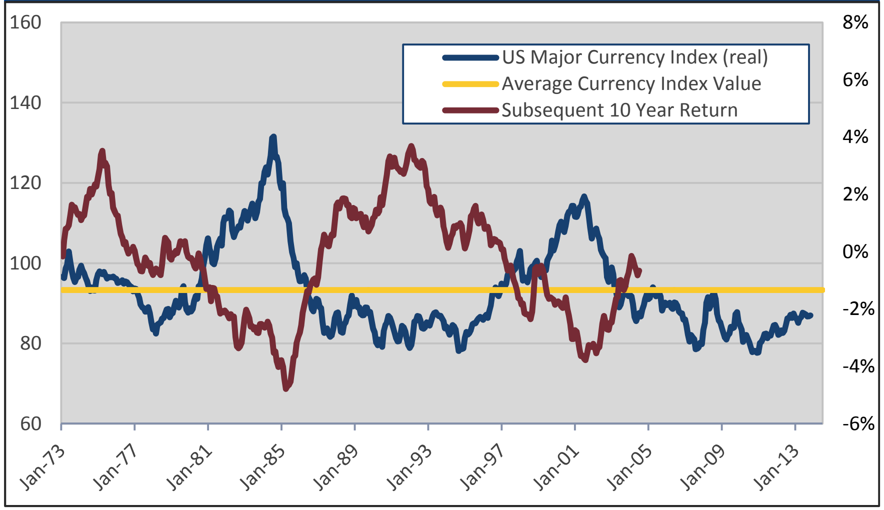
Source: Yale/Shiller, Wurts

Nominal Fixed Income Yields



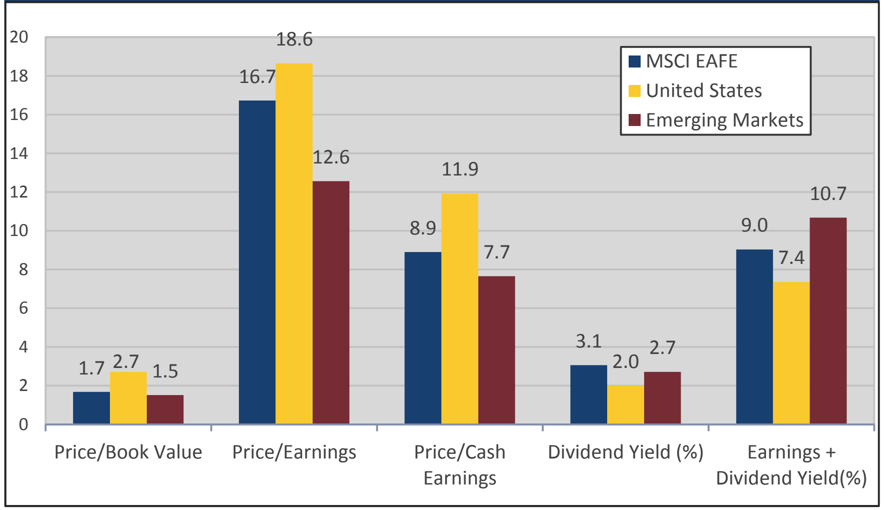
Source: Ibbotson, JP Morgan

US Dollar Major Currency Index (June '14)



Source: Free Lunch, Wurts

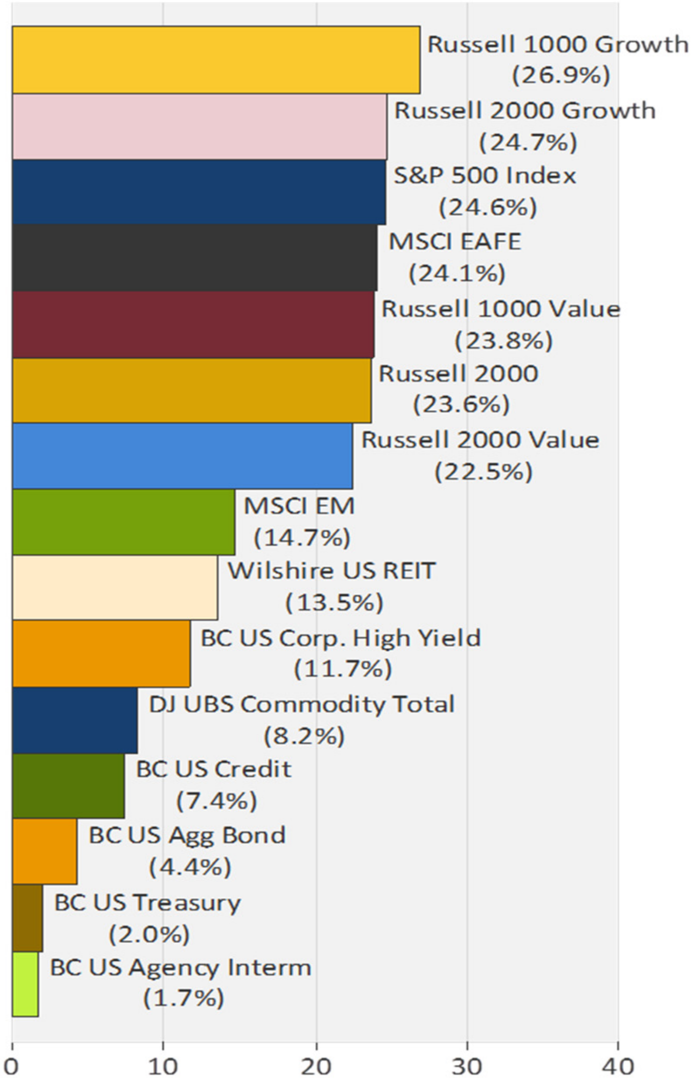
MSCI Valuation Metrics (3 Month Average)



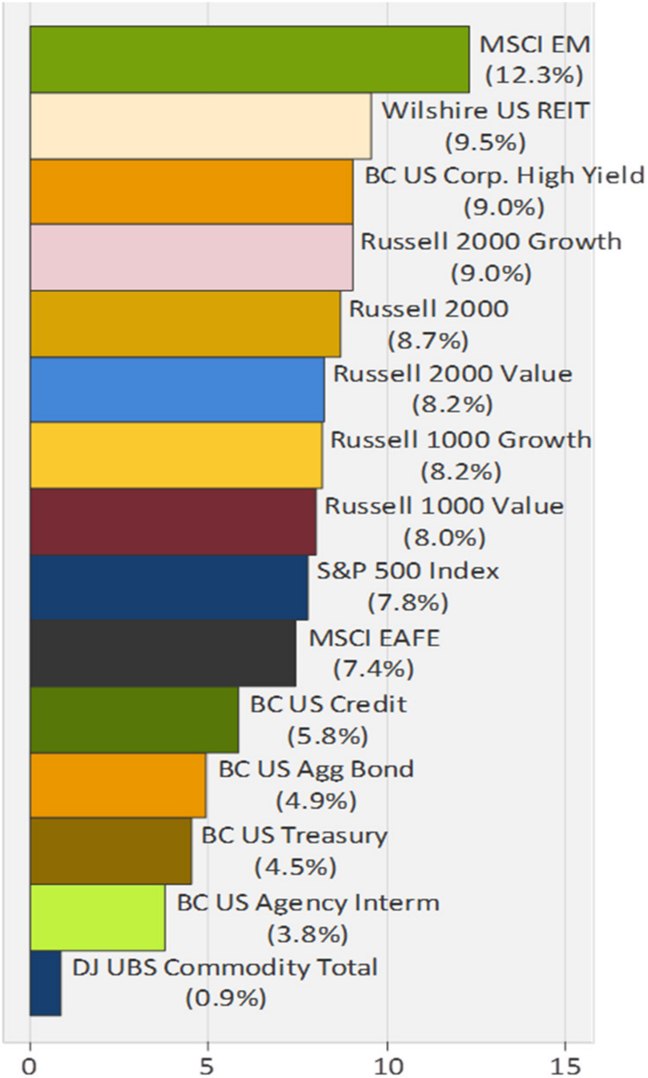
Source: MSCI

MAJOR ASSET CLASS RETURNS

One Year ending June 2014

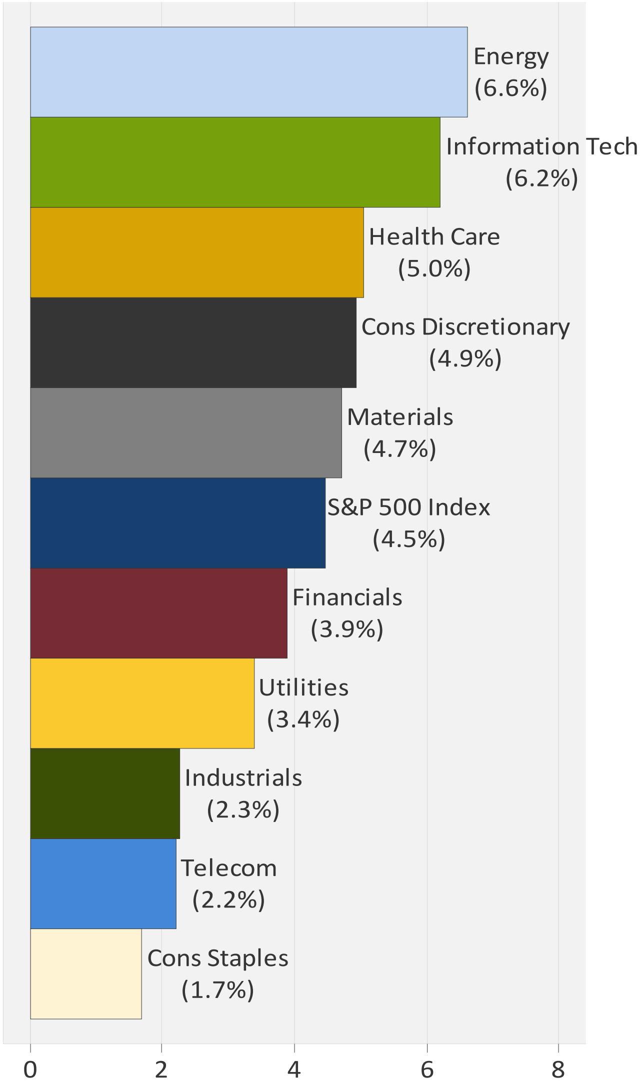


Ten Years ending June 2014

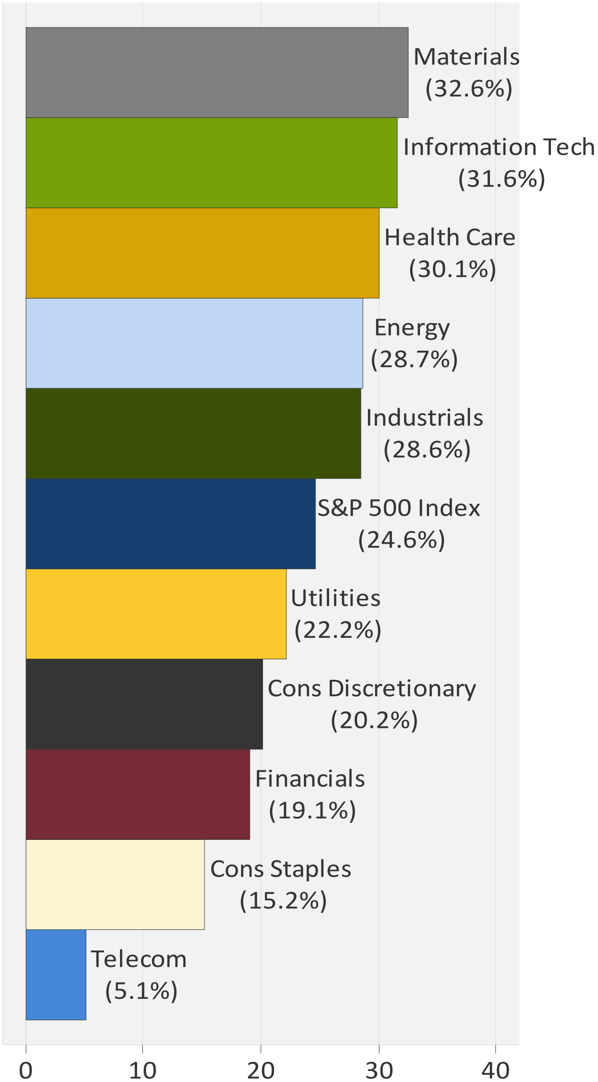


Source: *MPI*

QTD Ending June 2014



One Year Ending June 2014



Source: MPI

DETAILED INDEX RETURNS

Domestic Equity 6/2014	Month	QTD	YTD	1 Year	3 Years	5 Years	10 Years
Core Index							
S&P 500 Index	2.1	5.2	7.1	24.6	16.6	18.8	7.8
S&P 500 Equal Weighted	2.9	5.5	8.7	27.4	17.2	22.4	10.1
DJ Industrial Average	0.7	2.8	2.7	15.6	13.6	17.8	7.6
Russell Top 200	1.8	5.2	6.6	24.7	16.8	18.1	7.3
Russell 1000	2.3	5.1	7.3	25.4	16.6	19.3	8.2
Russell 2000	5.3	2.0	3.2	23.6	14.6	20.2	8.7
Russell 3000	2.5	4.9	6.9	25.2	16.5	19.3	8.2
Russell Mid Cap	3.3	5.0	8.7	26.9	16.1	22.1	10.4
Style Index							
Russell 1000 Growth	1.9	5.1	6.3	26.9	16.3	19.2	8.2
Russell 1000 Value	2.6	5.1	8.3	23.8	16.9	19.2	8.0
Russell 2000 Growth	6.2	1.7	2.2	24.7	14.5	20.5	9.0
Russell 2000 Value	4.4	2.4	4.2	22.5	14.6	19.9	8.2

Fixed Income 6/2014	Month	QTD	YTD	1 Year	3 Years	5 Years	10 Years
Broad Index							
BC US Treasury US TIPS	0.3	3.8	5.8	4.4	3.6	5.6	5.2
BC US Treasury Bills	0.0	0.0	0.0	0.1	0.1	0.2	1.7
BC US Agg Bond	0.1	2.0	3.9	4.4	3.7	4.9	4.9
Duration							
BC US Treasury 1-3 Yr	0.0	0.3	0.4	0.8	0.6	1.2	2.6
BC US Treasury Long	(0.2)	4.7	12.1	6.3	8.8	7.4	7.2
BC US Treasury	(0.1)	1.4	2.7	2.0	3.1	3.6	4.5
Issuer							
BC US MBS	0.3	2.4	4.0	4.7	2.8	3.9	4.9
BC US Corp. High Yield	0.8	2.4	5.5	11.7	9.5	14.0	9.0
BC US Agency Interm	(0.1)	0.8	1.3	1.7	1.5	2.4	3.8
BC US Credit	0.1	2.7	5.7	7.4	5.9	7.6	5.8

International Equity 6/2014	Month	QTD	YTD	1 Year	3 Years	5 Years	10 Years
Broad Index							
MSCI EAFE	1.0	4.3	5.1	24.1	8.6	12.3	7.4
MSCI AC World ex US	1.7	5.3	5.9	22.3	6.2	11.6	8.2
MSCI EM	2.7	6.7	6.3	14.7	(0.1)	9.6	12.3
MSCI EAFE Small Cap	1.5	2.2	5.8	29.5	10.2	15.6	9.1
Style Index							
MSCI EAFE Growth	0.8	3.7	3.9	20.8	8.1	12.6	7.5
MSCI EAFE Value	1.2	5.0	6.4	27.5	9.1	11.9	7.3
Regional Index							
MSCI UK	0.6	6.1	5.2	26.6	10.6	14.5	7.3
MSCI Japan	5.2	6.7	0.9	10.1	7.8	7.4	3.4
MSCI Euro	(0.1)	3.4	5.6	34.7	7.6	11.4	7.5
MSCI EM Asia	2.8	7.3	7.0	17.0	2.7	10.9	12.1
MSCI EM Latin America	4.2	7.0	7.4	9.3	(5.9)	5.8	15.8

Other 6/2014	Month	QTD	YTD	1 Year	3 Years	5 Years	10 Years
Index							
DJ UBS Commodity	0.6	0.1	7.1	8.2	(5.2)	2.0	0.9
Wilshire US REIT	1.0	7.2	18.1	13.5	11.7	24.0	9.5

Source: Morningstar, Inc.

PERIODIC TABLE OF RETURNS – JUNE 2014

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	YTD
Best	74.8	16.6	38.4	23.2	35.2	38.7	66.4	31.8	14.0	25.9	56.3	26.0	34.5	32.6	39.8	5.2	79.0	29.1	14.3	18.6	43.3	8.3
	32.9	8.1	37.8	23.1	32.9	27.0	43.1	22.8	8.4	10.3	48.5	22.2	21.4	26.9	16.2	1.4	37.2	26.9	7.8	18.1	38.8	7.3
	26.3	6.4	37.2	22.4	31.8	20.3	33.2	12.2	7.3	6.7	47.3	20.7	20.1	23.5	15.8	-6.5	34.5	24.5	2.6	17.9	34.5	7.1
	23.8	4.4	31.0	21.6	30.5	16.2	27.3	11.6	3.3	1.6	46.0	18.3	14.0	22.2	11.8	-21.4	32.5	19.2	1.5	17.5	33.5	6.3
	18.9	2.6	28.5	21.4	22.4	15.6	26.5	7.0	2.8	1.0	39.2	16.5	8.0	18.4	11.6	-25.5	28.4	16.8	1.2	16.4	33.1	6.3
	18.1	0.4	25.7	16.5	19.1	13.8	24.3	6.0	2.5	-6.0	30.0	14.5	7.5	16.6	10.3	-28.9	27.2	16.7	0.4	16.3	32.5	5.8
	13.4	-0.2	24.4	15.5	16.2	8.7	21.3	4.1	-2.4	-8.9	29.9	14.3	7.1	15.5	8.7	-33.8	20.6	16.1	0.1	15.3	23.3	5.7
	13.2	-1.5	18.5	14.4	13.9	4.9	20.9	0.4	-4.3	-11.4	29.7	11.9	6.3	14.0	7.0	-35.6	19.7	15.5	-2.9	14.6	14.4	5.1
	10.2	-1.8	15.2	11.3	12.9	1.2	16.8	-3.0	-5.6	-15.5	23.9	11.4	5.3	13.3	7.0	-36.8	18.9	13.1	-4.2	12.6	11.0	4.2
	9.7	-2.0	11.6	10.3	9.7	-2.5	11.4	-7.8	-9.2	-15.7	22.9	9.1	4.7	10.4	5.8	-37.6	18.4	13.0	-5.5	10.5	9.0	3.9
	3.1	-2.4	11.1	6.4	5.2	-5.1	7.3	-14.0	-12.4	-20.5	11.6	6.9	4.6	9.1	4.4	-38.4	11.5	8.2	-5.7	4.8	0.1	3.2
	2.9	-2.9	7.5	6.0	2.1	-6.5	4.8	-22.4	-19.5	-21.7	9.0	6.3	4.2	4.8	-0.2	-38.5	5.9	6.5	-11.7	4.2	-2.0	2.2
	1.4	-3.5	5.7	5.1	-3.4	-25.3	-0.8	-22.4	-20.4	-27.9	4.1	4.3	3.2	4.3	-1.6	-43.1	0.2	5.7	-13.3	0.1	-2.3	2.2
Worst	-1.1	-7.3	-5.2	3.6	-11.6	-27.0	-1.5	-30.6	-21.2	-30.3	1.0	1.4	2.4	2.1	-9.8	-53.2	-16.9	0.1	-18.2	-1.1	-9.5	0.0

- Large Cap Equity
- Large Cap Value
- Large Cap Growth
- Small Cap Equity
- Small Cap Value
- Small Cap Growth
- International Equity
- Emerging Markets Equity
- US Bonds
- Cash
- Commodities
- Real Estate
- Hedge Fund of Funds
- Universe Median Total Funds

Source: Data: Morningstar, Inc., Hedge Fund Research, Inc. (HFR), National Council of Real Estate Investment Fiduciaries (NCREIF) and BNY Mellon

Indices used: Russell 1000, Russell 1000 Value, Russell 1000 Growth, Russell 2000, Russell 2000 Value, Russell 2000 Growth, MSCI EAFE, MSCI EM, BC Agg, T-Bill 90 Day, DJ UBS Comm, NCREIF Property, HFRI FOF, BNY Universe Median Total Funds.

Imperial County Employees' Retirement System

Investment Performance Review

Period Ending: June 30, 2014

WURTS ASSOCIATES

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LOS ANGELES | 310.297.1777
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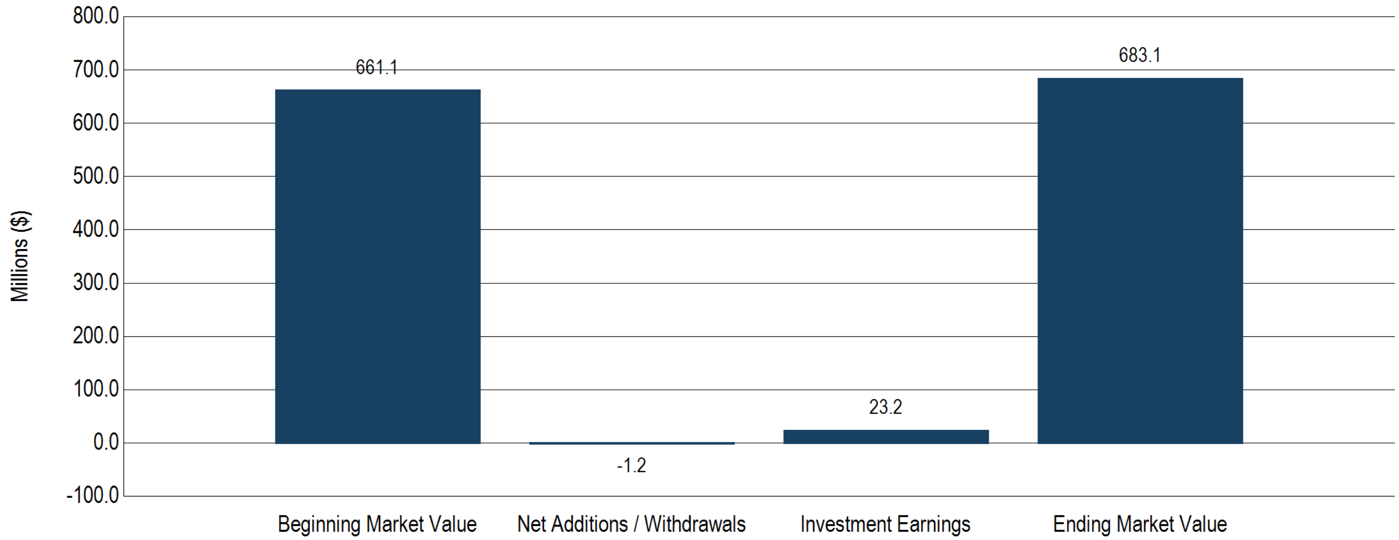
Portfolio Reconciliation

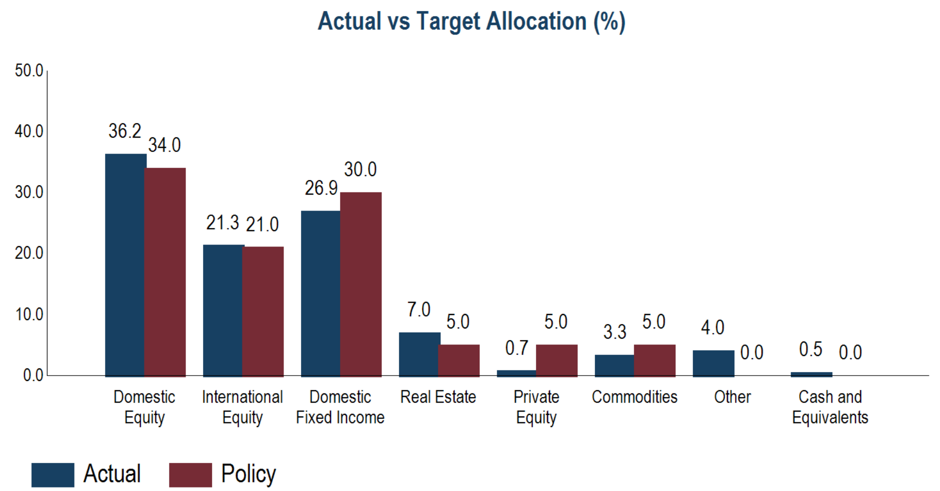
Sources of Portfolio Growth	Last Three Months	Fiscal Year-To-Date	One Year
Beginning Market Value	$661,075,294	$592,933,734	$592,933,734
Net Additions/Withdrawals	-$1,181,089	-$6,695,613	-$6,695,613
Investment Earnings	$23,240,677	$96,896,761	$96,896,761
Ending Market Value	$683,134,883	$683,134,883	$683,134,883

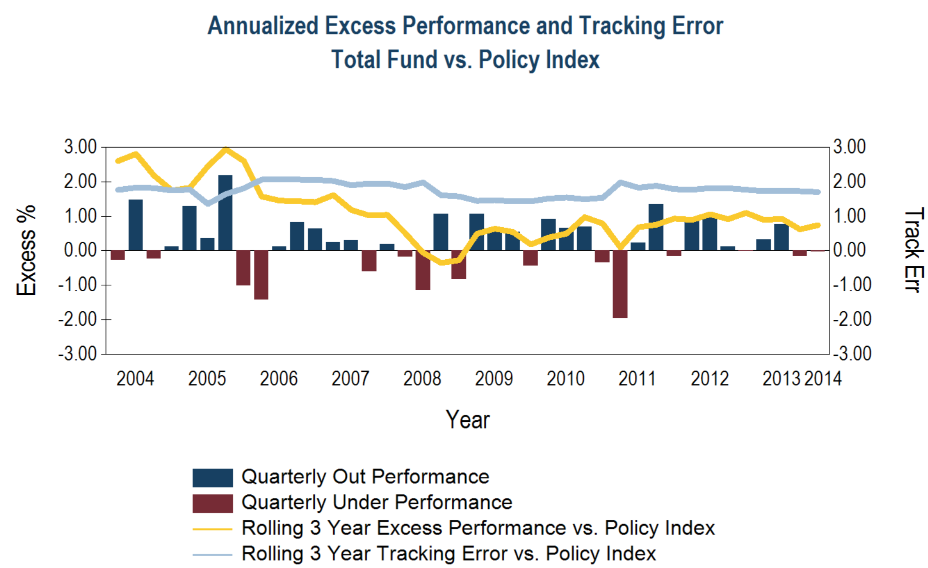
Change in Market Value
Last Three Months



Due to prior performance system methodology, contributions and withdrawals may include intra-account transfers between managers/funds.

	QTD	YTD	Fiscal YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs
Total Fund	**3.6**	**5.5**	**16.7**	**16.7**	**9.4**	**13.2**	**7.6**
Total Fund x Clifton	*3.6*	*5.5*	*16.7*	*16.7*	*9.3*	*13.1*	*7.6*
Policy Index	*3.6*	*5.7*	*15.7*	*15.7*	*8.7*	*12.0*	*6.8*
InvestorForce Public DB Gross Rank	*48*	*35*	*37*	*37*	*55*	*28*	*19*
Total Domestic Equity	**4.2**	**6.1**	**24.9**	**24.9**	**16.5**	**19.8**	**9.0**
Russell 3000	*4.9*	*6.9*	*25.2*	*25.2*	*16.5*	*19.3*	*8.2*
Total International Equity	**4.2**	**5.1**	**21.6**	**21.6**	**5.2**	**11.4**	**8.4**
MSCI ACWI ex USA Gross	*5.2*	*5.9*	*22.3*	*22.3*	*6.2*	*11.6*	*8.2*
Total Fixed Income	**2.8**	**4.7**	**6.2**	**6.2**	**5.0**	**7.3**	**6.5**
Barclays Aggregate	*2.0*	*3.9*	*4.4*	*4.4*	*3.7*	*4.9*	*4.9*
Total Real Estate	**2.6**	**4.9**	**12.1**	**12.1**	**11.1**	**9.7**	**--**
NCREIF Property Index	*2.9*	*5.7*	*11.2*	*11.2*	*11.3*	*9.7*	*--*
NCREIF-ODCE	*2.9*	*5.5*	*12.7*	*12.7*	*12.4*	*10.0*	*--*
Total Private Equity	**3.1**	**12.4**	**21.7**	**21.7**	**12.8**	**--**	**--**
Russell 3000 +3% Lagged	*2.7*	*13.9*	*26.2*	*26.2*	*18.0*	*--*	*--*
Total Commodities	**1.3**	**7.1**	**8.4**	**8.4**	**-5.0**	**--**	**--**
DJ UBS Commodity TR USD	*0.1*	*7.1*	*8.2*	*8.2*	*-5.2*	*--*	*--*
Total Opportunistic	**5.6**	**11.1**	**25.6**	**25.6**	**23.9**	**34.4**	**--**
Assumption Rate + 1%	*2.2*	*4.4*	*9.0*	*9.0*	*9.0*	*9.1*	*--*

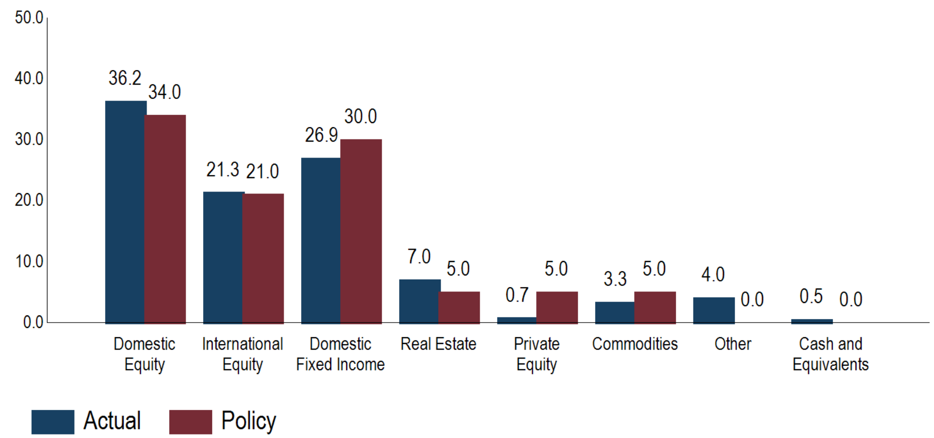




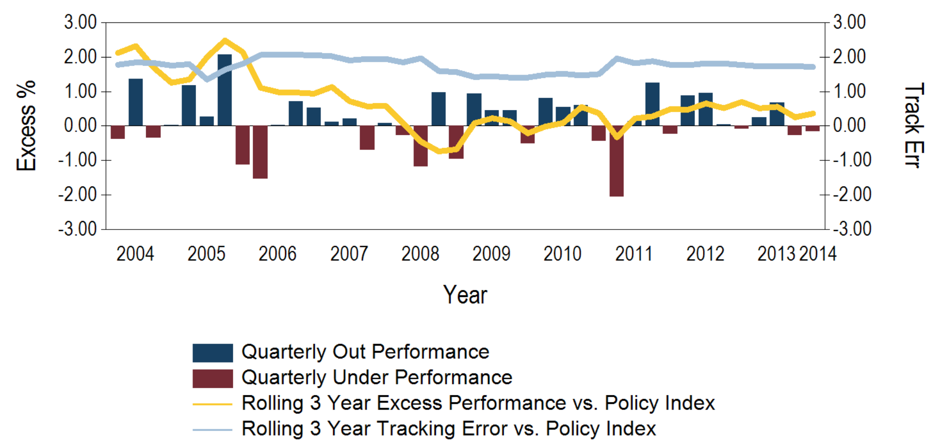
Policy Index (7/1/2010 to Present): 24% S&P 500, 10% R2500, 21% MSCI ACWI Free Ex US, 30% BC AGG, 5% NCREIF Property, 5% DJ UBS Commodity, 5% CPI+ 5%. Prior Policy (1/1/10 to 06/30/2010): 24% S&P 500, 10% R2500, 21% MSCI ACWI Free Ex US, 28% BC AGG, 5% NCREIF Property, 5% DJ UBS Commodity, 7% CPI+ 5%. Prior quarter Private Equity returns and index data are used. All returns are (G) gross of fees.

	QTD	YTD	Fiscal YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs
Total Fund	**3.4**	**5.2**	**16.2**	**16.2**	**9.0**	**12.8**	**7.2**
Total Fund x Clifton	*3.5*	*5.3*	*16.3*	*16.3*	*8.9*	*12.7*	*7.2*
Policy Index	*3.6*	*5.7*	*15.7*	*15.7*	*8.7*	*12.0*	*6.8*
Total Domestic Equity	**4.2**	**6.0**	**24.6**	**24.6**	**16.3**	**19.5**	**8.6**
Russell 3000	*4.9*	*6.9*	*25.2*	*25.2*	*16.5*	*19.3*	*8.2*
Total International Equity	**4.0**	**4.8**	**20.9**	**20.9**	**4.6**	**10.7**	**7.7**
MSCI ACWI ex USA Gross	*5.2*	*5.9*	*22.3*	*22.3*	*6.2*	*11.6*	*8.2*
Total Fixed Income	**2.7**	**4.6**	**5.8**	**5.8**	**4.7**	**6.9**	**6.2**
Barclays Aggregate	*2.0*	*3.9*	*4.4*	*4.4*	*3.7*	*4.9*	*4.9*
Total Real Estate	**2.1**	**4.1**	**11.0**	**11.0**	**10.5**	**8.9**	**--**
NCREIF Property Index	*2.9*	*5.7*	*11.2*	*11.2*	*11.3*	*9.7*	--
NCREIF-ODCE	*2.9*	*5.5*	*12.7*	*12.7*	*12.4*	*10.0*	--
Total Private Equity	**2.5**	**10.6**	**17.3**	**17.3**	**-2.5**	**--**	**--**
Russell 3000 +3% Lagged	*2.7*	*13.9*	*26.2*	*26.2*	*18.0*	--	--
Total Commodities	**1.2**	**6.8**	**8.0**	**8.0**	**-5.4**	**--**	**--**
DJ UBS Commodity TR USD	*0.1*	*7.1*	*8.2*	*8.2*	*-5.2*	--	--
Total Opportunistic	**5.2**	**10.1**	**23.4**	**23.4**	**21.9**	**32.7**	**--**
Assumption Rate + 1%	*2.2*	*4.4*	*9.0*	*9.0*	*9.0*	*9.1*	--

Actual vs Target Allocation (%)

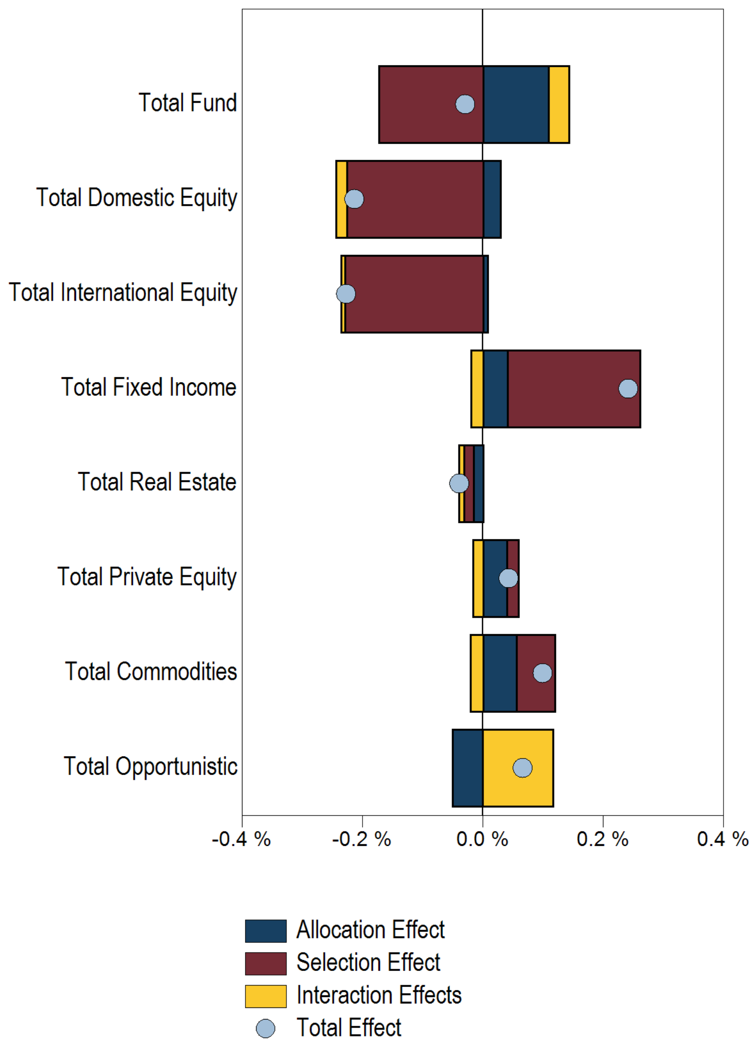


Annualized Excess Performance and Tracking Error
Total Fund vs. Policy Index



Policy Index (7/1/2010 to Present): 24% S&P 500, 10% R2500, 21% MSCI ACWI Free Ex US, 30% BC AGG, 5% NCREIF Property, 5% DJ UBS Commodity, 5% CPI+ 5%. Prior Policy (1/1/10 to 06/30/2010): 24% S&P 500, 10% R2500, 21% MSCI ACWI Free Ex US, 28% BC AGG, 5% NCREIF Property, 5% DJ UBS Commodity, 7% CPI+ 5%. Prior quarter Private Equity returns and index data are used. All returns are (N) net of fees.

Attribution Effects



Performance Attribution

	Quarter	YTD
Wtd. Actual Return	3.63%	5.65%
Wtd. Index Return *	3.66%	6.13%
Excess Return	**-0.03%**	**-0.47%**
Selection Effect	-0.17%	-0.34%
Allocation Effect	0.11%	-0.37%
Interaction Effect	0.03%	0.23%

*Calculated from benchmark returns and weightings of each component.

Attribution Summary
Last Three Months

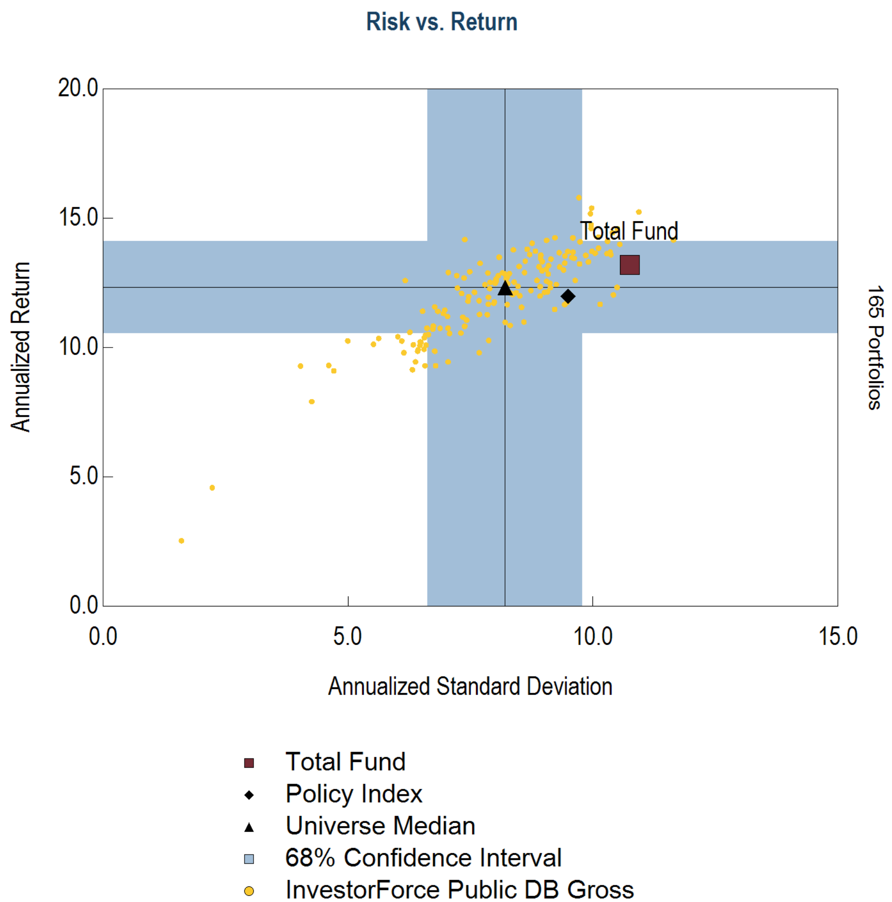
	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
Total Domestic Equity	4.2%	4.9%	-0.7%	-0.2%	0.0%	0.0%	-0.2%
Total International Equity	4.2%	5.2%	-1.1%	-0.2%	0.0%	0.0%	-0.2%
Total Fixed Income	2.8%	2.0%	0.7%	0.2%	0.0%	0.0%	0.2%
Total Real Estate	2.6%	2.9%	-0.3%	0.0%	0.0%	0.0%	0.0%
Total Private Equity	3.1%	2.7%	0.4%	0.0%	0.0%	0.0%	0.0%
Total Commodities	1.3%	0.1%	1.2%	0.1%	0.1%	0.0%	0.1%
Total Opportunistic	5.6%	2.2%	3.4%	0.0%	0.0%	0.1%	0.1%
Total	**3.6%**	**3.7%**	**0.0%**	**-0.2%**	**0.1%**	**0.0%**	**0.0%**

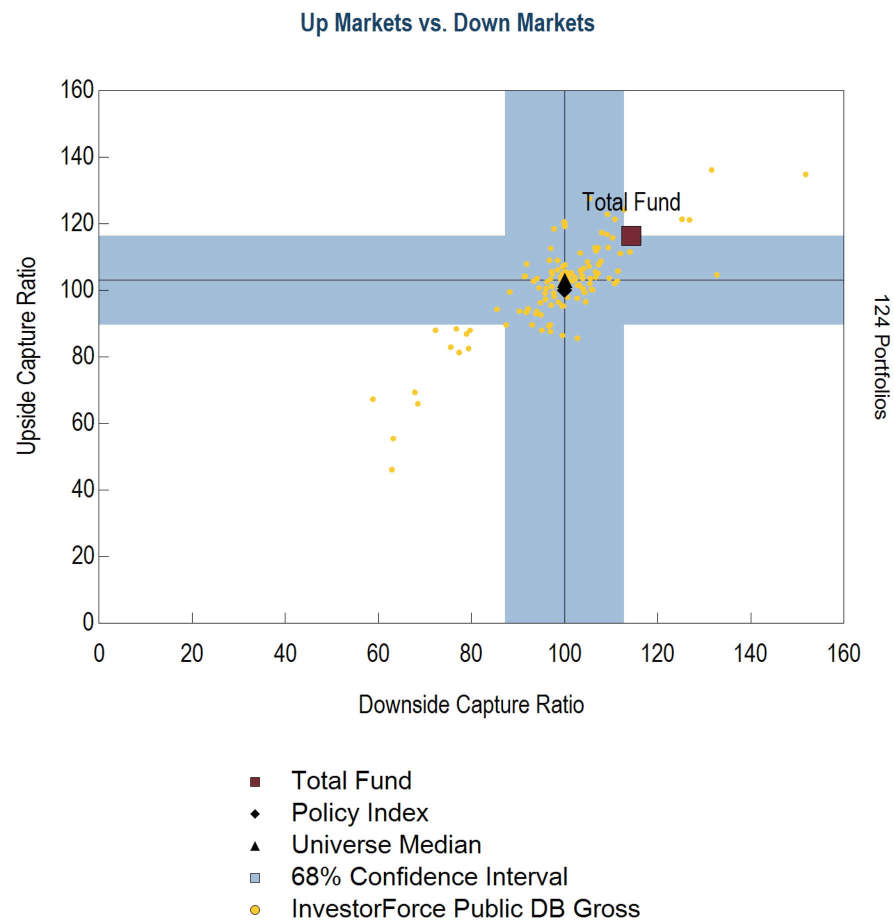
Total Fund

Risk Analysis - 5 Years (Gross of Fees)

Period Ending: June 30, 2014

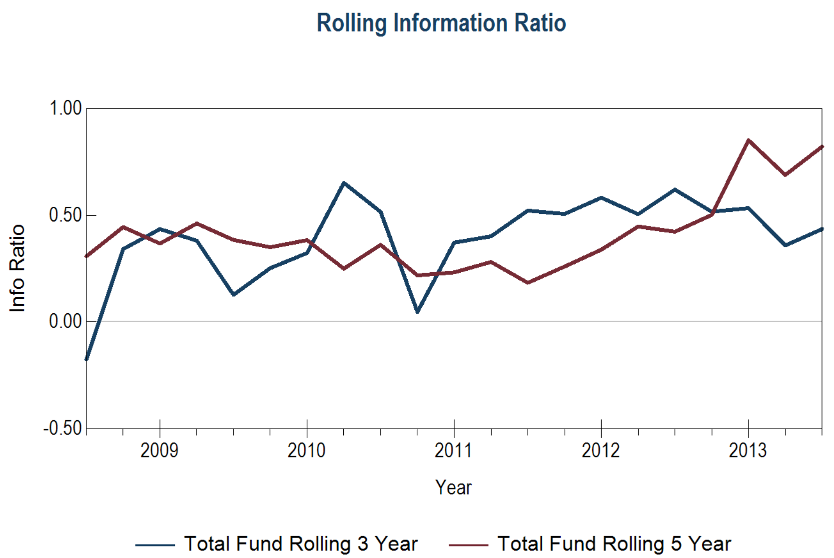
	Anlzd Ret	Ann Excess BM Return	Anlzd Std Dev	Anlzd Alpha	Beta	Tracking Error	R-Squared	Sharpe Ratio	Info Ratio	Up Mkt Cap Ratio	Down Mkt Cap Ratio
Total Fund	13.19%	1.22%	10.75%	-0.32%	1.13	1.48%	0.99	1.22	0.82	116.34%	114.35%

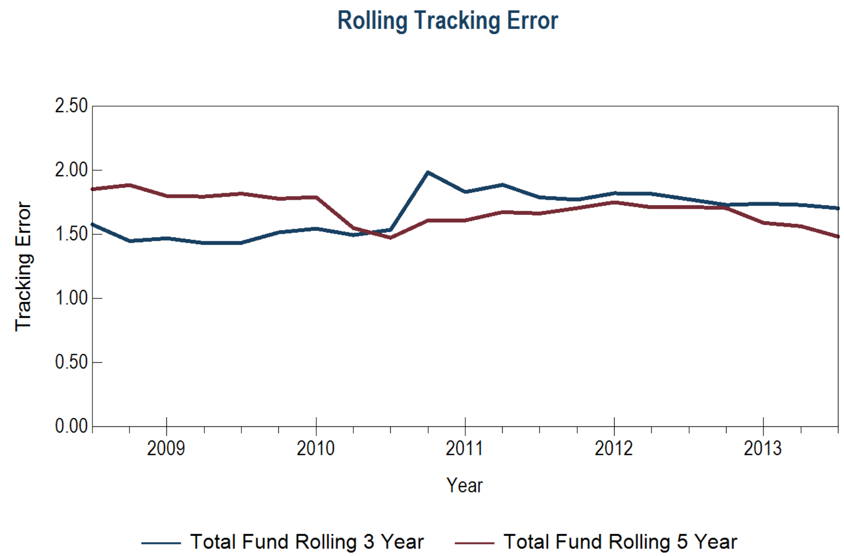


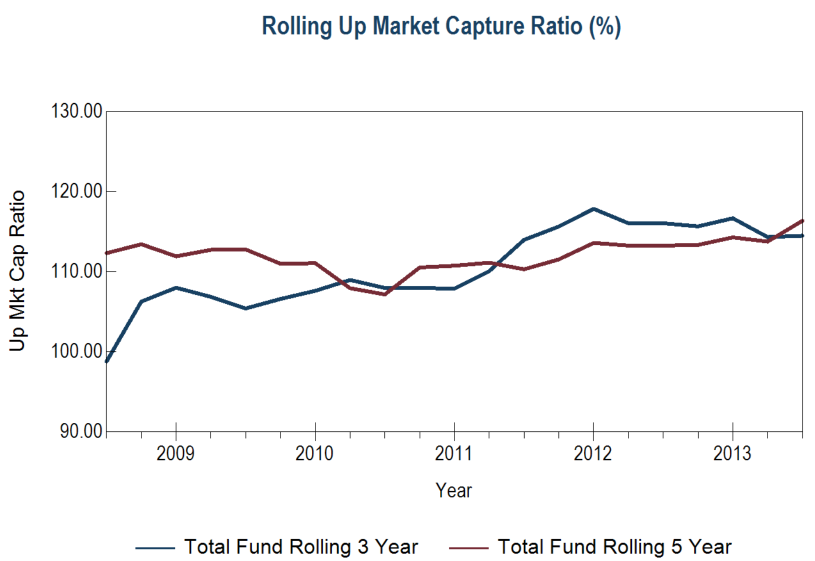


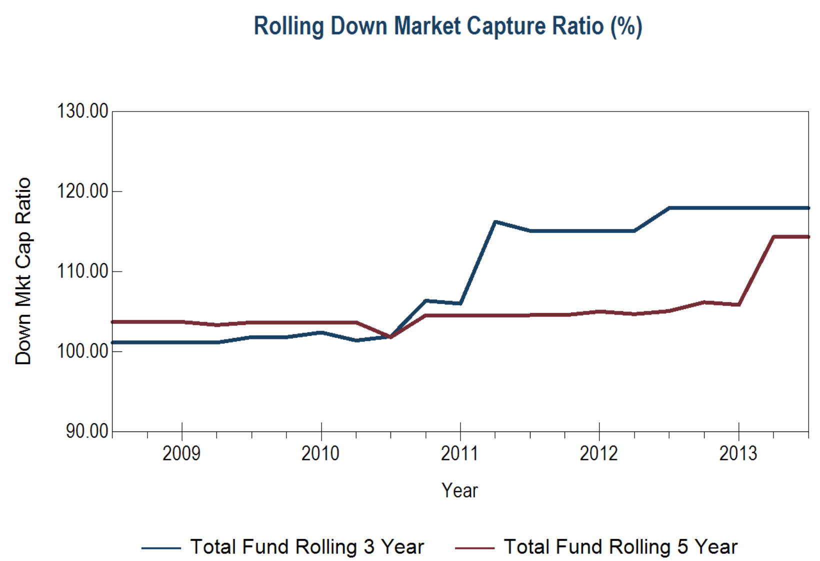
Total Fund
Rolling Risk Statistics

Period Ending: June 30, 2014









	Market Value	% of Portfolio	3 Mo	YTD	Fiscal YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	2013	2012	2011	2010	2009	Return	Since
Total Fund	**683,134,883**	**100.0**	**3.6**	**5.5**	**16.7**	**16.7**	**9.4**	**13.2**	**7.6**	**14.8**	**14.6**	**-1.1**	**14.7**	**25.6**	**9.9**	**Mar-89**
Policy Index			*3.6*	*5.7*	*15.7*	*15.7*	*8.7*	*12.0*	*6.8*	*13.5*	*11.2*	*0.5*	*13.0*	*23.2*	*--*	*Mar-89*
InvestorForce Public DB Gross Rank			*48*	*35*	*37*	*37*	*55*	*28*	*19*	*57*	*3*	*90*	*13*	*13*	*1*	*Mar-89*
Total Fund X Clifton	676,743,126	99.1	3.6	5.5	16.7	16.7	9.3	13.1	7.6	14.7	14.2	-1.0	14.7	25.6	9.9	Mar-89
Policy Index			*3.6*	*5.7*	*15.7*	*15.7*	*8.7*	*12.0*	*6.8*	*13.5*	*11.2*	*0.5*	*13.0*	*23.2*	*--*	*Mar-89*
InvestorForce Public DB Gross Rank			*47*	*32*	*35*	*35*	*57*	*30*	*23*	*58*	*9*	*90*	*14*	*13*	*1*	*Mar-89*
Total Domestic Equity																
Blackrock Russell 1000	176,679,886	25.9	5.1	7.3	25.4	25.4	16.7	19.3	8.2	33.2	16.5	1.6	16.2	28.6	9.8	Oct-02
Russell 1000			*5.1*	*7.3*	*25.4*	*25.4*	*16.6*	*19.3*	*8.2*	*33.1*	*16.4*	*1.5*	*16.1*	*28.4*	*9.7*	*Oct-02*
eA US Large Cap Equity Gross Rank			*37*	*42*	*54*	*54*	*42*	*37*	*68*	*54*	*39*	*39*	*34*	*48*	*68*	*Oct-02*
TimesSquare Capital Mid Cap Growth	37,202,002	5.4	2.7	4.4	24.9	24.9	17.1	20.7	12.3	38.7	20.0	-0.7	19.3	38.5	15.2	Mar-03
Russell MidCap Growth			*4.4*	*6.5*	*26.0*	*26.0*	*14.5*	*21.2*	*9.8*	*35.7*	*15.8*	*-1.7*	*26.4*	*46.3*	*12.8*	*Mar-03*
eA US Mid Cap Growth Equity Gross Rank			*54*	*53*	*52*	*52*	*8*	*52*	*8*	*36*	*11*	*40*	*94*	*60*	*9*	*Mar-03*
T. Rowe Price Small Cap Value	33,732,699	4.9	1.2	2.1	22.3	22.3	15.2	20.6	10.5	34.7	17.1	1.0	25.6	25.9	13.6	Dec-95
Russell 2000 Value			*2.4*	*4.2*	*22.5*	*22.5*	*14.6*	*19.9*	*8.2*	*34.5*	*18.1*	*-5.5*	*24.5*	*20.6*	*10.6*	*Dec-95*
eA US Small Cap Value Equity Gross Rank			*88*	*90*	*82*	*82*	*68*	*71*	*49*	*78*	*49*	*22*	*63*	*72*	*41*	*Dec-95*
Total International Equity																
Blackrock International Equity	44,075,083	6.5	4.3	5.0	23.9	23.9	8.5	12.2	7.3	23.2	17.8	-11.8	8.1	32.3	9.2	Jul-03
MSCI EAFE Gross			*4.3*	*5.1*	*24.1*	*24.1*	*8.6*	*12.3*	*7.4*	*23.3*	*17.9*	*-11.7*	*8.2*	*32.5*	*9.4*	*Jul-03*
eA All EAFE Equity Gross Rank			*38*	*49*	*55*	*55*	*71*	*79*	*82*	*61*	*74*	*48*	*79*	*68*	*80*	*Jul-03*
Templeton Foreign Equity	66,267,918	9.7	2.3	4.1	23.2	23.2	8.1	12.3	9.1	20.4	19.5	-10.2	7.5	34.7	9.3	Dec-94
MSCI ACWI ex USA Gross			*5.2*	*5.9*	*22.3*	*22.3*	*6.2*	*11.6*	*8.2*	*15.8*	*17.4*	*-13.3*	*11.6*	*42.1*	*6.4*	*Dec-94*
eA All ACWI ex-US Equity Gross Rank			*83*	*59*	*46*	*46*	*54*	*75*	*62*	*47*	*50*	*28*	*92*	*74*	*53*	*Dec-94*
DFA Emerging Markets Value	35,317,121	5.2	7.6	7.1	16.2	16.2	-1.9	9.3	--	-3.2	20.1	-25.2	22.8	93.3	5.4	Jan-07
MSCI Emerging Markets Gross			*6.7*	*6.3*	*14.7*	*14.7*	*-0.1*	*9.6*	*--*	*-2.3*	*18.6*	*-18.2*	*19.2*	*79.0*	*4.9*	*Jan-07*
eA Emg Mkts Equity Gross Rank			*41*	*43*	*43*	*43*	*91*	*77*	*--*	*84*	*56*	*92*	*33*	*12*	*60*	*Jan-07*

Since Inception calculation begins from the beginning of the first complete month.

	Market Value	% of Portfolio	3 Mo	YTD	Fiscal YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	2013	2012	2011	2010	2009	Return	Since
Total Fixed Income																
Bradford & Marzec Fixed	85,053,224	12.5	2.8	5.3	7.5	7.5	5.5	7.6	6.7	-0.4	8.8	7.4	9.6	13.5	7.1	Dec-92
Barclays Aggregate			*2.0*	*3.9*	*4.4*	*4.4*	*3.7*	*4.9*	*4.9*	*-2.0*	*4.2*	*7.8*	*6.5*	*5.9*	*6.0*	*Dec-92*
eA US Core Plus Fixed Inc Gross Rank			*17*	*27*	*26*	*26*	*48*	*50*	*28*	*52*	*45*	*51*	*40*	*55*	*37*	*Dec-92*
PIMCO Total Return	83,912,617	12.3	2.5	3.9	5.5	5.5	4.9	6.9	--	-1.3	11.0	4.7	9.3	--	7.8	Feb-09
Barclays Aggregate			*2.0*	*3.9*	*4.4*	*4.4*	*3.7*	*4.9*	--	*-2.0*	*4.2*	*7.8*	*6.5*	--	*5.2*	*Feb-09*
eA US Core Plus Fixed Inc Gross Rank			*42*	*83*	*72*	*72*	*68*	*66*	--	*80*	*18*	*94*	*45*	--	*65*	*Feb-09*
Blackrock US TIPS	14,936,067	2.2	3.9	5.9	4.6	4.6	3.6	5.6	--	-8.5	7.1	13.7	6.4	11.4	5.6	Apr-07
Barclays US TIPS			*3.8*	*5.8*	*4.4*	*4.4*	*3.6*	*5.6*	--	*-8.6*	*7.0*	*13.6*	*6.3*	*11.4*	*5.5*	*Apr-07*
eA TIPS / Infl Indexed Fixed Inc Gross Rank			*28*	*38*	*41*	*41*	*49*	*65*	--	*62*	*59*	*37*	*52*	*36*	*54*	*Apr-07*
Total Real Estate																
ASB Real Estate	23,445,805	3.4	2.7	5.5	14.2	14.2	--	--	--	13.7	--	--	--	--	12.9	Dec-12
NCREIF Property Index			*2.9*	*5.7*	*11.2*	*11.2*	--	--	--	*11.0*	--	--	--	--	*11.3*	*Dec-12*
NCREIF-ODCE			*2.9*	*5.5*	*12.7*	*12.7*	--	--	--	*13.9*	--	--	--	--	*13.1*	*Dec-12*
Clarion Lion	23,018,710	3.4	2.7	4.6	10.9	10.9	11.9	9.3	--	12.8	10.9	18.7	19.4	-38.7	2.0	Dec-06
NCREIF Property Index			*2.9*	*5.7*	*11.2*	*11.2*	*11.3*	*9.7*	--	*11.0*	*10.5*	*14.3*	*13.1*	*-16.9*	*5.7*	*Dec-06*
NCREIF-ODCE			*2.9*	*5.5*	*12.7*	*12.7*	*12.4*	*10.0*	--	*13.9*	*10.9*	*16.0*	*16.4*	*-29.8*	*3.8*	*Dec-06*
1221 State St. Corp	1,349,643	0.2	0.0	0.0	0.0	0.0	-4.1	-1.1	--	0.0	0.1	-9.0	3.7	1.1	-0.7	Sep-08
Total Commodities																
Blackrock Commodities	7,006,105	1.0	0.1	7.1	8.3	8.3	-5.1	--	--	-9.4	-0.9	-13.2	17.0	--	0.6	Oct-09
DJ UBS Commodity TR USD			*0.1*	*7.1*	*8.2*	*8.2*	*-5.2*	--	--	*-9.5*	*-1.1*	*-13.3*	*16.8*	--	*0.5*	*Oct-09*
Gresham MTAP Commodity Builder	15,476,786	2.3	1.9	7.1	--	--	--	--	--	--	--	--	--	--	3.4	Aug-13
DJ UBS Commodity TR USD			*0.1*	*7.1*	--	--	--	--	--	--	--	--	--	--	*3.2*	*Aug-13*
Total Cash																
Cash Account	3,095,580	0.5	0.0	0.0	0.0	0.0	0.2	--	--	0.0	0.4	0.2	--	--	--	

Since Inception calculation begins from the beginning of the first complete month.

	Market Value	% of Portfolio	3 Mo	YTD	Fiscal YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	2013	2012	2011	2010	2009	Return	Since
Total Fund	**683,134,883**	**100.0**	**3.4**	**5.2**	**16.2**	**16.2**	**9.0**	**12.8**	**7.2**	**14.5**	**14.2**	**-1.5**	**14.3**	**25.0**	**9.4**	**Mar-89**
Policy Index			*3.6*	*5.7*	*15.7*	*15.7*	*8.7*	*12.0*	*6.8*	*13.5*	*11.2*	*0.5*	*13.0*	*23.2*	*--*	*Mar-89*
Total Fund X Clifton	676,743,126	99.1	3.5	5.3	16.3	16.3	8.9	12.7	7.2	14.4	13.8	-1.4	14.2	25.0	9.4	Mar-89
Policy Index			*3.6*	*5.7*	*15.7*	*15.7*	*8.7*	*12.0*	*6.8*	*13.5*	*11.2*	*0.5*	*13.0*	*23.2*	*--*	*Mar-89*
Total Domestic Equity																
Blackrock Russell 1000	176,679,886	25.9	5.1	7.3	25.3	25.3	16.6	19.3	8.2	33.1	16.4	1.5	16.1	28.5	9.7	Oct-02
Russell 1000			*5.1*	*7.3*	*25.4*	*25.4*	*16.6*	*19.3*	*8.2*	*33.1*	*16.4*	*1.5*	*16.1*	*28.4*	*9.7*	*Oct-02*
TimesSquare Capital Mid Cap Growth	37,202,002	5.4	2.5	4.1	24.1	24.1	16.3	20.0	11.6	37.8	19.2	-1.3	18.5	37.7	14.5	Mar-03
Russell MidCap Growth			*4.4*	*6.5*	*26.0*	*26.0*	*14.5*	*21.2*	*9.8*	*35.7*	*15.8*	*-1.7*	*26.4*	*46.3*	*12.8*	*Mar-03*
T. Rowe Price Small Cap Value	33,732,699	4.9	1.1	1.8	21.5	21.5	14.4	19.8	9.7	33.8	16.3	0.3	24.8	25.1	12.8	Dec-95
Russell 2000 Value			*2.4*	*4.2*	*22.5*	*22.5*	*14.6*	*19.9*	*8.2*	*34.5*	*18.1*	*-5.5*	*24.5*	*20.6*	*10.6*	*Dec-95*
Total International Equity																
Blackrock International Equity	44,075,083	6.5	4.2	5.0	23.7	23.7	8.3	12.0	7.1	22.9	17.6	-11.9	7.9	32.1	9.1	Jul-03
MSCI EAFE Gross			*4.3*	*5.1*	*24.1*	*24.1*	*8.6*	*12.3*	*7.4*	*23.3*	*17.9*	*-11.7*	*8.2*	*32.5*	*9.4*	*Jul-03*
Templeton Foreign Equity	66,267,918	9.7	2.1	3.7	22.3	22.3	7.3	11.4	8.2	19.5	18.5	-10.9	6.7	33.6	8.5	Dec-94
MSCI ACWI ex USA Gross			*5.2*	*5.9*	*22.3*	*22.3*	*6.2*	*11.6*	*8.2*	*15.8*	*17.4*	*-13.3*	*11.6*	*42.1*	*6.4*	*Dec-94*
DFA Emerging Markets Value	35,317,121	5.2	7.5	6.7	15.5	15.5	-2.5	8.6	--	-3.8	19.4	-25.6	22.1	92.3	4.8	Jan-07
MSCI Emerging Markets Gross			*6.7*	*6.3*	*14.7*	*14.7*	*-0.1*	*9.6*	*--*	*-2.3*	*18.6*	*-18.2*	*19.2*	*79.0*	*4.9*	*Jan-07*
Total Fixed Income																
Bradford & Marzec Fixed	85,053,224	12.5	2.8	5.2	7.2	7.2	5.2	7.3	6.3	-0.8	8.5	7.1	9.3	13.1	6.8	Dec-92
Barclays Aggregate			*2.0*	*3.9*	*4.4*	*4.4*	*3.7*	*4.9*	*4.9*	*-2.0*	*4.2*	*7.8*	*6.5*	*5.9*	*6.0*	*Dec-92*
PIMCO Total Return	83,912,617	12.3	2.4	3.7	4.9	4.9	4.3	6.4	--	-1.9	10.4	4.2	8.8	--	7.2	Feb-09
Barclays Aggregate			*2.0*	*3.9*	*4.4*	*4.4*	*3.7*	*4.9*	*--*	*-2.0*	*4.2*	*7.8*	*6.5*	*--*	*5.2*	*Feb-09*
Blackrock US TIPS	14,936,067	2.2	3.9	5.9	4.5	4.5	3.6	5.6	--	-8.6	7.0	13.6	6.3	11.3	5.6	Apr-07
Barclays US TIPS			*3.8*	*5.8*	*4.4*	*4.4*	*3.6*	*5.6*	*--*	*-8.6*	*7.0*	*13.6*	*6.3*	*11.4*	*5.5*	*Apr-07*
Total Real Estate																
ASB Real Estate	23,445,805	3.4	2.4	5.0	13.1	13.1	--	--	--	12.5	--	--	--	--	11.8	Dec-12
NCREIF Property Index			*2.9*	*5.7*	*11.2*	*11.2*	*--*	*--*	*--*	*11.0*	*--*	*--*	*--*	*--*	*11.3*	*Dec-12*
NCREIF-ODCE			*2.9*	*5.5*	*12.7*	*12.7*	*--*	*--*	*--*	*13.9*	*--*	*--*	*--*	*--*	*13.1*	*Dec-12*
Clarion Lion	23,018,710	3.4	2.5	4.1	9.9	9.9	10.9	8.3	--	11.8	9.9	17.8	18.2	-39.2	1.1	Dec-06
NCREIF Property Index			*2.9*	*5.7*	*11.2*	*11.2*	*11.3*	*9.7*	*--*	*11.0*	*10.5*	*14.3*	*13.1*	*-16.9*	*5.7*	*Dec-06*
NCREIF-ODCE			*2.9*	*5.5*	*12.7*	*12.7*	*12.4*	*10.0*	*--*	*13.9*	*10.9*	*16.0*	*16.4*	*-29.8*	*3.8*	*Dec-06*
1221 State St. Corp	1,349,643	0.2	0.0	0.0	0.0	0.0	-4.1	-1.1	--	0.0	0.1	-9.0	3.7	1.1	-0.7	Sep-08

Since Inception calculation begins from the beginning of the first complete month.

	Market Value	% of Portfolio	3 Mo	YTD	Fiscal YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	2013	2012	2011	2010	2009	Return	Since
Total Commodities																
Blackrock Commodities	7,006,105	1.0	0.0	7.0	7.9	7.9	-5.4	--	--	-9.7	-1.2	-13.5	16.6	--	0.3	Oct-09
DJ UBS Commodity TR USD			*0.1*	*7.1*	*8.2*	*8.2*	*-5.2*	--	--	*-9.5*	*-1.1*	*-13.3*	*16.8*	--	*0.5*	*Oct-09*
Gresham MTAP Commodity Builder	15,476,786	2.3	1.7	6.7	--	--	--	--	--	--	--	--	--	--	3.2	Aug-13
DJ UBS Commodity TR USD			*0.1*	*7.1*	--	--	--	--	--	--	--	--	--	--	*3.2*	*Aug-13*
Total Cash																
Cash Account	3,095,580	0.5	0.0	0.0	0.0	0.0	0.2	--	--	0.0	0.4	0.2	--	--	--	

Since Inception calculation begins from the beginning of the first complete month.

Investment Manager
Performance Analysis - 3 & 5 Years (Net of Fees)

Period Ending: June 30, 2014

3 Years

	Anlzd Ret	Ann Excess BM Return	Anlzd Std Dev	Anlzd Alpha	Beta	Tracking Error	R-Squared	Sharpe Ratio	Info Ratio	Up Mkt Cap Ratio	Down Mkt Cap Ratio
Blackrock Russell 1000	16.63%	0.01%	15.47%	0.01%	1.00	0.03%	1.00	1.07	0.25	99.99%	99.89%
TimesSquare Capital Mid Cap Growth	16.32%	1.78%	18.93%	1.50%	1.02	3.63%	0.96	0.86	0.49	106.54%	95.30%
T. Rowe Price Small Cap Value	14.45%	-0.20%	18.16%	0.74%	0.94	2.98%	0.98	0.79	-0.07	90.01%	85.13%
Blackrock International Equity	8.28%	-0.32%	16.78%	-0.31%	1.00	0.04%	1.00	0.49	-7.36	98.48%	100.72%
Templeton Foreign Equity	7.25%	1.04%	18.02%	0.89%	1.02	3.99%	0.95	0.40	0.26	105.07%	97.58%
DFA Emerging Markets Value	-2.48%	-2.43%	22.55%	-2.42%	1.16	3.48%	0.99	-0.11	-0.70	106.18%	116.15%
Bradford & Marzec Fixed	5.16%	1.49%	3.20%	2.74%	0.66	2.68%	0.40	1.60	0.56	127.59%	66.46%
PIMCO Total Return	4.32%	0.65%	3.88%	2.26%	0.56	3.73%	0.20	1.10	0.18	119.15%	118.39%
Blackrock US TIPS	3.58%	0.02%	6.25%	0.00%	1.01	0.08%	1.00	0.56	0.32	100.65%	100.47%
Clarion Lion	10.91%	-0.42%	1.52%	-8.69%	1.73	1.29%	0.34	7.14	-0.32	95.93%	--
Blackrock Commodities	-5.37%	-0.20%	12.24%	-0.21%	1.00	0.06%	1.00	-0.44	-3.44	97.75%	100.59%

5 Years

	Anlzd Ret	Ann Excess BM Return	Anlzd Std Dev	Anlzd Alpha	Beta	Tracking Error	R-Squared	Sharpe Ratio	Info Ratio	Up Mkt Cap Ratio	Down Mkt Cap Ratio
Blackrock Russell 1000	19.27%	0.02%	15.66%	0.02%	1.00	0.02%	1.00	1.22	0.62	100.02%	99.86%
TimesSquare Capital Mid Cap Growth	19.95%	-1.20%	17.21%	0.11%	0.94	3.97%	0.95	1.15	-0.30	89.47%	93.20%
T. Rowe Price Small Cap Value	19.80%	-0.07%	17.90%	1.86%	0.90	3.87%	0.96	1.10	-0.02	90.37%	85.73%
Blackrock International Equity	11.97%	-0.30%	17.97%	-0.30%	1.00	0.04%	1.00	0.66	-7.28	98.44%	100.62%
Templeton Foreign Equity	11.43%	-0.16%	18.49%	-0.18%	1.00	3.78%	0.96	0.61	-0.04	96.02%	96.82%
DFA Emerging Markets Value	8.64%	-0.95%	23.05%	-2.47%	1.16	3.57%	0.99	0.37	-0.26	112.84%	115.77%
Bradford & Marzec Fixed	7.29%	2.43%	3.39%	3.58%	0.76	2.44%	0.53	2.13	1.00	140.53%	45.87%
PIMCO Total Return	6.38%	1.53%	4.09%	2.33%	0.84	3.12%	0.44	1.54	0.49	131.58%	102.67%
Blackrock US TIPS	5.57%	0.02%	5.24%	-0.02%	1.01	0.06%	1.00	1.05	0.27	100.41%	100.46%
Clarion Lion	8.31%	-1.36%	8.30%	-11.60%	2.06	4.87%	0.89	0.99	-0.28	115.51%	304.81%

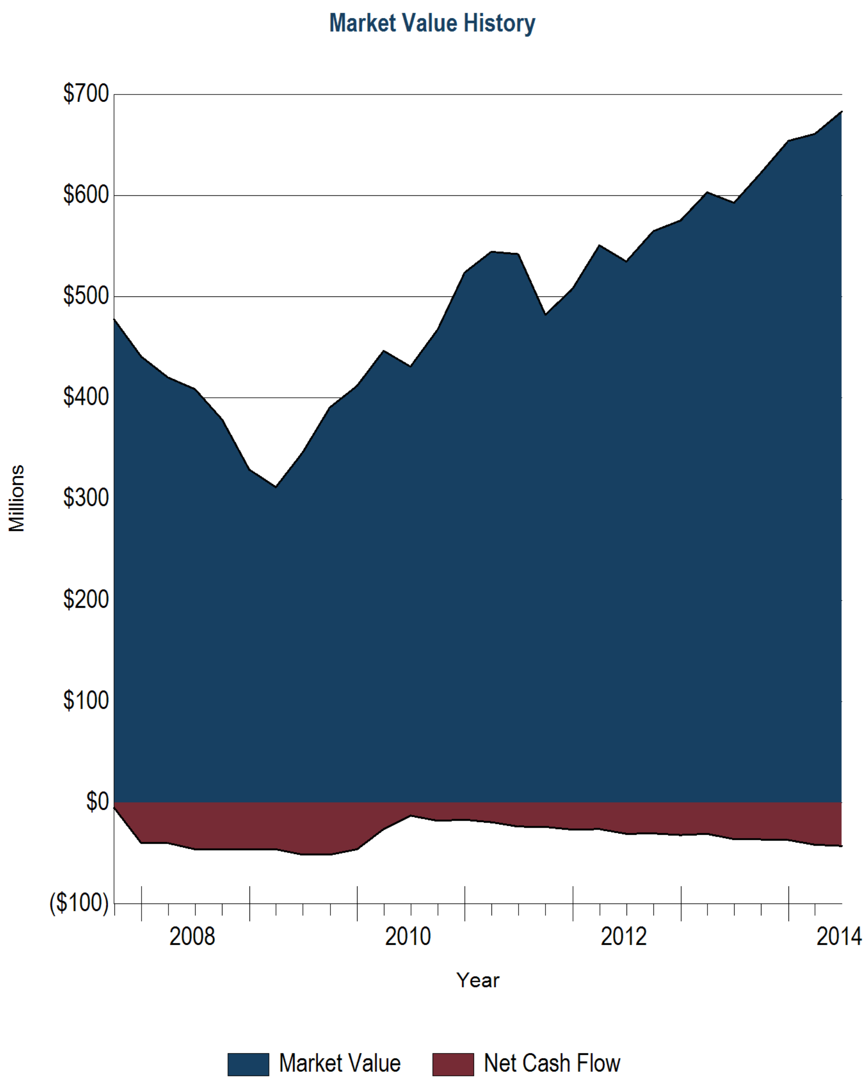
Vintage	Manager & Fund Name	Estimated 6/30 Market Value[3]	Total Commitment	Capital Called	% Called	Remaining Commitment	Capital Returned	Market Value for IRR	Distrib./ Paid-In (DPI)[1]	Tot. Value/ Paid-In (TVPI)[2]	Net IRR Since Inception[5]	IRR Date
2011	HarbourVest IX-Buyout	$2,393,864	$10,000,000	$1,625,000	16%	$8,375,000	$49,907	$1,847,103	*3.1%*	*116.7%*	*10.4%*	*3/31/14*
2011	HarbourVest IX-Credit	$510,724	$2,000,000	$340,000	17%	$1,660,000	$28,459	$420,724	*8.4%*	*132.1%*	*18.8%*	*3/31/14*
2008	HarbourVest Int'l VI[6]	$1,668,630	$3,712,930	$1,525,531	41%	$2,187,399	$69,258	$1,541,800	*4.5%*	*105.6%*	*3.6%*	*3/31/14*
2011	HarbourVest IX-Venture	$1,696,558	$4,000,000	$1,080,000	27%	$2,920,000	$45,249	$1,276,558	*4.2%*	*122.4%*	*16.4%*	*3/31/14*
2010	KKR Mezzanine [7]	$6,968,075	$10,000,000	$9,575,126	96%	$424,874	$4,429,763	$6,968,075	*46.3%*	*119.0%*	*11.3%*	*6/30/14*
2011	PIMCO BRAVO [4]	$14,119,620	$10,000,000	$10,000,000	100%	$0	$3,283,176	$14,119,620	*32.8%*	*174.0%*	*27.2%*	*6/30/14*
	Total Alternative Illiquids	**$27,357,471**	$39,712,930	$24,145,657	61%	$15,567,273	$7,905,812	$26,173,880	*108.4%*	*141.1%*		
	% of Portfolio (Market Value)	***4.0%***										

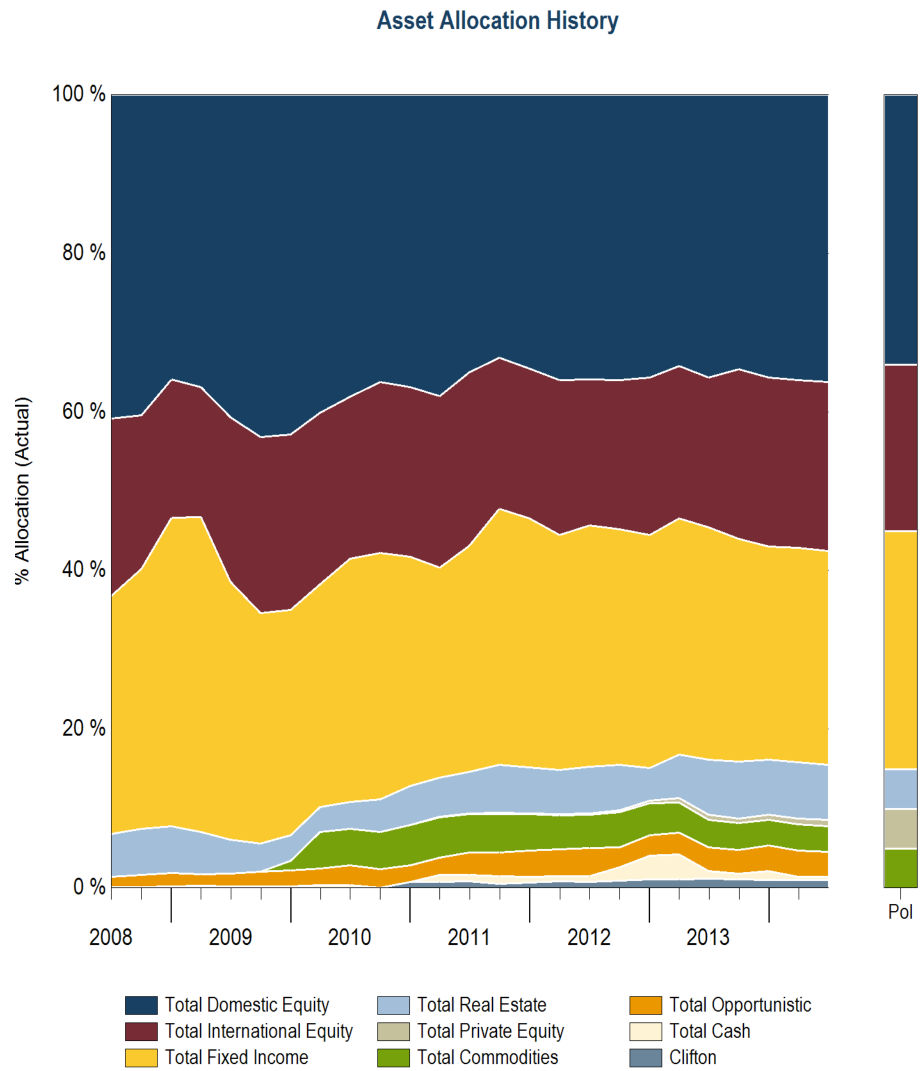
	Management Fee	Admin Fee	Interest Expense	Other Expense	Total Expense[8]
HarbourVest IX-Buyout	$24,850	$0	$0	$2,551	$27,401
HarbourVest IX-Credit	$4,961	$0	$0	$1,868	$6,829
HarbourVest Int'l VI	$9,210	$0	$0	$791	$10,001
HarbourVest IX-Venture	$9,948	$0	$0	$1,443	$11,391
KKR Mezzanine	$37,500	$0	$0	$43,969	$81,469
PIMCO BRAVO	$41,268	$9,103	$5,709	$-18,058	$38,022
	$127,737	$9,103	$5,709	$32,564	**$175,113**

[1](DPI) is equal to (capital returned / capital called)
[2](TVPI) is equal to (market value + capital returned) / capital called
[3]Last known market value + capital calls - distributions (All HarbourVest funds are as of 3/31/2014)
[4]Investment period ended, no further capital to be called.
[5]Gross IRR is calculated on the cash flows of the underlying investments of the fund and is net of the underlying fund fees and carried interest.
[5]Net IRR is calculated on the cash flows of all the limited partners of the fund and is net of all fees. Each IRR figure is provided by its respective manager.
[6]HarbourVest International Private Equity Partners VI-Partnership Fund L.P. values are originally presented in euros and are calculated to dollars using OANDA ™.
[7]Remaining commitment including return of unused capital and distributions available for reinvestment would be $2,909,857
[8]All HarbourVest fees and expenses are for 1Q 2014

Manager	Beginning Market Value	Contributions	Disbursements	Fees [2]	Net Cash Flow	Investment Income	Capital Gain/ Loss	Total Gains/Earnings/ Losses	**Ending Market Value**
Blackrock Russell 1000 Index	$168,072,476	$0	$0	$0	$0	$0	$8,607,410	$8,607,410	$176,679,886
Times Square Capital	$36,229,825	$0	$0	($58,863)	($58,863)	$90,734	$940,305	$1,031,039	$37,202,002
T. Rowe Price Associates	$33,319,092	$0	$0	$0	$0	$84,004	$329,603	$413,608	$33,732,699
DFA Emerging Markets	$32,861,657	$0	$0	$0	$0	$58,593	$2,396,872	$2,455,464	$35,317,121
Blackrock International Equity	$42,269,866	$0	$0	$0	$0	$0	$1,805,217	$1,805,217	$44,075,083
Franklin Templeton International Equity	$64,889,681	$0	$0	$0	$0	$0	$1,378,238	$1,378,238	$66,267,918
Bradford & Marzec, Inc.	$82,676,815	$0	$0	$0	$0	$846,123	$1,530,286	$2,376,409	$85,053,224
PIMCO Total Return	$81,967,397	$0	$0	$0	$0	$498,381	$1,446,840	$1,945,220	$83,912,617
Blackrock US TIPS	$14,379,495	$0	$0	$0	$0	$0	$556,572	$556,572	$14,936,067
Clarion Lion Properties	$22,480,634	$163,902	($230,062)	($60,092)	($126,252)	$281,528	$382,800	$664,328	$23,018,710
ICERS State Street Real Estate	$1,328,940	$25,039	($4,341)	$0	$20,698	$5	$0	$5	$1,349,643
ASB Allegiance Real Estate	$22,841,037	$0	$0	($56,461)	($56,461)	$228,410	$432,819	$661,229	$23,445,805
PIMCO BRAVO	$16,486,248	$0	($3,321,198)	($38,022)	($3,359,220)	$426,661	$565,931	$992,592	$14,119,620
KKR Mezzanine I	$5,551,140	$1,713,931	($475,594)	($81,469)	$1,156,868	$264,763	($4,697)	$260,066	$6,968,075
Blackrock Global Commodity	$6,999,321	$0	$0	$0	$0	$0	$6,784	$6,784	$7,006,105
Gresham TAP Commodity Builder	$15,216,122	$0	$0	($25,064)	($25,064)	$0	$285,728	$285,728	$15,476,786
HarbourVest International VI [1]	$1,367,366	$131,531	$0	($10,001)	$121,530	$0	$52,904	$52,904	$1,541,800
HarbourVest Buyout IX [1]	$1,830,577	$0	$0	($27,401)	($27,401)	$1,925	$42,002	$43,927	$1,847,103
HarbourVest Credit Opportunities IX [1]	$406,915	$0	$0	($6,829)	($6,829)	$2,667	$17,971	$20,638	$420,724
HarbourVest Venture IX [1]	$1,229,105	$0	$0	($11,391)	($11,391)	$0	$58,844	$58,844	$1,276,558
Cash	$2,279,847	$2,865,986	($2,050,282)	$0	$815,703	$29	$0	$29	$3,095,580
The Clifton Group	$6,391,739	$0	$0	$0	$0	$18	$0	$18	$6,391,756
Totals	**$661,075,294**	**$4,900,389**	**($6,081,477)**	**($375,592)**	**($1,556,681)**	**$2,783,841**	**$20,832,429**	**$23,616,269**	**$683,134,883**

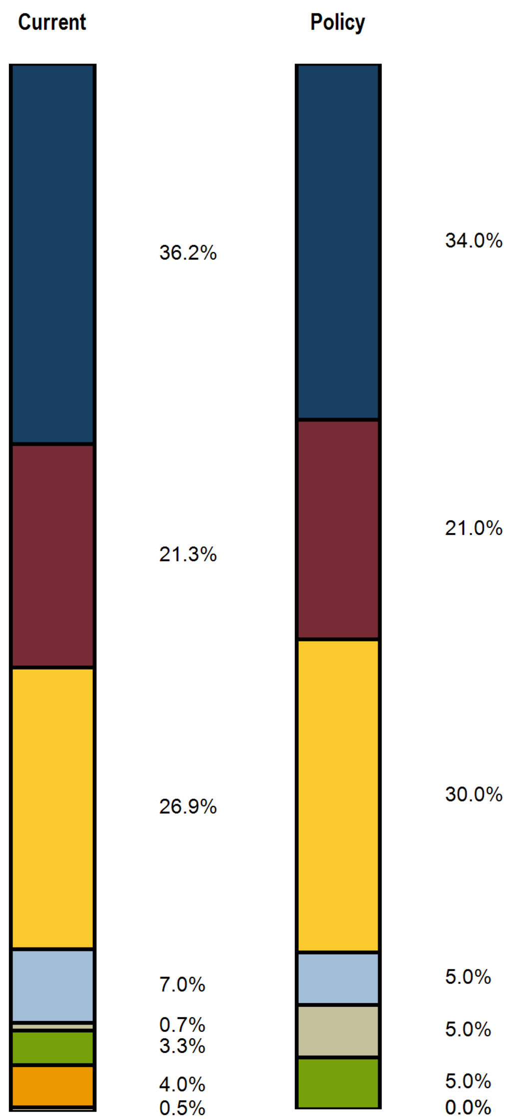
[1] 1Q 2014 data
[2] Fee transactions not included in the Portfolio Reconciliation page at beginning of report


Market Value History
$700
$600
$500
$400
$300
$200
$100
$0
($100)
Millions
2008
2010
2012
2014
Year
Market Value
Net Cash Flow


Asset Allocation History
100 %
80 %
60 %
40 %
20 %
0 %
% Allocation (Actual)
2008
2009
2010
2011
2012
2013
Pol
Total Domestic Equity
Total International Equity
Total Fixed Income
Total Real Estate
Total Private Equity
Total Commodities
Total Opportunistic
Total Cash
Clifton

Total Fund
Asset Allocation vs. Policy

Period Ending: June 30, 2014



	Current Balance	Current Allocation	Policy	Difference	Policy Range	Within IPS Range?
Domestic Equity	$247,614,587	36.2%	34.0%	$15,348,727	20.0% - 50.0%	Yes
International Equity	$145,660,123	21.3%	21.0%	$2,201,797	10.0% - 30.0%	Yes
Domestic Fixed Income	$183,901,908	26.9%	30.0%	-$21,038,556	15.0% - 45.0%	Yes
Real Estate	$47,814,158	7.0%	5.0%	$13,657,414	0.0% - 10.0%	Yes
Private Equity	$5,086,185	0.7%	5.0%	-$29,070,559	0.0% - 10.0%	Yes
Commodities	$22,482,891	3.3%	5.0%	-$11,673,853	0.0% - 10.0%	Yes
Other	$27,479,451	4.0%	0.0%	$27,479,451	0.0% - 10.0%	Yes
Cash and Equivalents	$3,095,580	0.5%	0.0%	$3,095,580	0.0% - 0.0%	No
Total	**$683,134,883**	**100.0%**	**100.0%**			

Objective 1: Exceed passive benchmark on a net-of-fee basis
Obejctive 2: Exceed median manager return in comparable universe on a gross-of-fee basis

Asset Class / Manager	Benchmark	3-Year Manager Return	3-Year Benchmark Return	3-Year Meets Expectations	3-Year Universe Ranking	3-Year Meets Expectations	5-Year Manager Return	5-Year Benchmark Return	5-Year Meets Expectations	5-Year Universe Ranking	5-Year Meets Expectations
Domestic Equity											
BlackRock	Russell 1000	16.6%	16.6%	No			19.3%	19.2%	Yes		
Times Square	Russell Mid-Cap Growth + 100 basis points	16.3%	15.5%	Yes	8	Yes	20.0%	22.2%	No	52	No
T. Rowe Price	Russell 2000 Value + 100 basis points	14.4%	15.6%	No	68	No	19.8%	20.9%	No	71	No
International Equity											
BlackRock	MSCI EAFE	8.3%	8.6%	No			12.0%	12.3%	No		
Franklin Templeton	MSCI All Country World ex U.S. + 100 basis points	7.3%	7.2%	Yes	54	No	11.4%	12.6%	No	75	No
DFA	MSCI Emerging Markets + 150 basis points	-2.5%	1.4%	No	91	No	8.6%	11.1%	No	77	No
Fixed Income											
Bradford & Marzec	Barclays Credit Aggregate Bond + 50 basis points	5.2%	4.2%	Yes	48	Yes	7.3%	5.4%	Yes	50	No
PIMCO	Barclays Credit Aggregate Bond + 50 basis points	4.3%	4.2%	Yes	68	No	6.4%	5.4%	Yes	66	No
BlackRock	Barclays Credit US TIPS	3.6%	3.6%	No			5.6%	5.6%	No		
PIMCO	Barclays Credit Aggregate Bond + 500 basis points										
Alternatives											
Clarion	NCREIF Property	10.9%	11.3%	No			8.3%	9.7%	No		
ASB Allegiance	NFI-ODCE										
BlackRock	DJ UBS Commodity	-5.4%	-5.2%	No							
Gresham TAP	DJ UBS Commodity										
HarbourVest	Russell 3000 + 250 basis points										

Asset Class / Manager	Benchmark	10-Year Manager Return	10-Year Benchmark Return	10-Year Meets Expectations	10-Year Universe Ranking	10-Year Meets Expectations	15-Year Manager Return	15-Year Benchmark Return	15-Year Meets Expectations	15-Year Universe Ranking	15-Year Meets Expectations
Domestic Equity											
BlackRock	Russell 1000	8.2%	8.2%	No							
Times Square	Russell Mid-Cap Growth + 100 basis points	11.6%	10.8%	Yes	8	Yes					
T. Rowe Price	Russell 2000 Value + 100 basis points	9.7%	9.2%	Yes	49	Yes	12.1%	10.7%	Yes		
International Equity											
BlackRock	MSCI EAFE	7.1%	7.4%	No	82	No					
Franklin Templeton	MSCI All Country World ex U.S. + 100 basis points	8.2%	9.2%	No	62	No	6.6%	6.7%	No		
DFA	MSCI Emerging Markets + 150 basis points										
Fixed Income											
Bradford & Marzec	Barclays Credit Aggregate Bond + 50 basis points	6.3%	5.4%	Yes	28	Yes	6.4%	6.1%	Yes		
PIMCO	Barclays Credit Aggregate Bond + 50 basis points										
BlackRock	Barclays Credit US TIPS										
PIMCO	Barclays Credit Aggregate Bond + 500 basis points										
Alternatives											
Clarion	NCREIF Property										
ASB Allegiance	NFI-ODCE										
BlackRock	DJ UBS Commodity										
Gresham TAP	DJ UBS Commodity										
HarbourVest	Russell 3000 + 250 basis points										

Account	Fee Schedule	Market Value As of 6/30/2014	% of Portfolio	Estimated Annual Fee ($)	Estimated Annual Fee (%)
1221 State St. Corp	No Fee	$1,349,643	0.2%	--	--
ASB Real Estate	1.25% of First $5.0 Mil, 1.00% of Next $10.0 Mil, 0.75% Thereafter	$23,445,805	3.4%	$225,844	0.96%
Blackrock Commodities	0.30% of Assets	$7,006,105	1.0%	$252,220	3.60%
Blackrock International Equity	0.15% of First $50.0 Mil, 0.10% of Next $50.0 Mil	$44,075,083	6.5%	$66,113	0.15%
Blackrock Russell 1000	0.03% of Assets	$176,679,886	25.9%	$53,004	0.03%
Blackrock US TIPS	0.07% of Assets	$14,936,067	2.2%	$10,455	0.07%
Bradford & Marzec Fixed	0.29% of First $100.0 Mil, 0.25% of Next $100.0 Mil	$85,053,224	12.5%	$242,402	0.29%
Cash Account	No Fee	$3,095,580	0.5%	--	--
Clarion Lion	1.25% of First $10.0 Mil, 1.00% of Next $15.0 Mil, 0.85% Thereafter	$23,018,710	3.4%	$255,187	1.11%
Clifton	No Fee	$6,391,756	0.9%	--	--
DFA Emerging Markets Value	0.61% of Assets	$35,317,121	5.2%	$215,434	0.61%
Gresham MTAP Commodity Builder	0.75% of Assets	$15,476,786	2.3%	$116,076	0.75%
Harbourvest Buyout IX	$100,000 Annually	$1,847,103	0.3%	$100,000	5.41%
Harbourvest Credit Ops IX	$20,000 Annually	$420,724	0.1%	$20,000	4.75%
Harbourvest International PE VI	$37,000 Annually	$1,541,800	0.2%	$37,000	2.40%
Harbourvest Venture IX	$40,000 Annually	$1,276,558	0.2%	$40,000	3.13%
KKR Mezzanine Partners	$150,000 Annually	$6,968,075	1.0%	$150,000	2.15%
PIMCO BRAVO	1.90% of Assets	$14,119,620	2.1%	$268,273	1.90%
PIMCO Total Return	0.46% of Assets	$83,912,617	12.3%	$385,998	0.46%
T. Rowe Price Small Cap Value	0.75% of First $20.0 Mil, 0.60% Thereafter	$33,732,699	4.9%	$232,396	0.69%
Templeton Foreign Equity	0.78% of Assets	$66,267,918	9.7%	$516,890	0.78%
TimesSquare Capital Mid Cap Growth	0.65% of Assets	$37,202,002	5.4%	$241,813	0.65%
Investment Management Fee		**$683,134,883**	**100.0%**	**$3,429,104**	**0.50%**

*HarbourVest, KKR and PIMCO BRAVO fees are estimated gross management fees only and do not include incentive allocations or offsetting cash flows received by the fund
*HarbourVest International Private Equity VI fees are based on committed Euros, actual US Dollar amount will fluctuate based on exchange rates.

Total Fund (Gross of Fees)
Peer Universe Comparision: Cumulative Performance

Period Ending: June 30, 2014

Total Fund Cumulative Performance vs. InvestorForce Public DB Gross

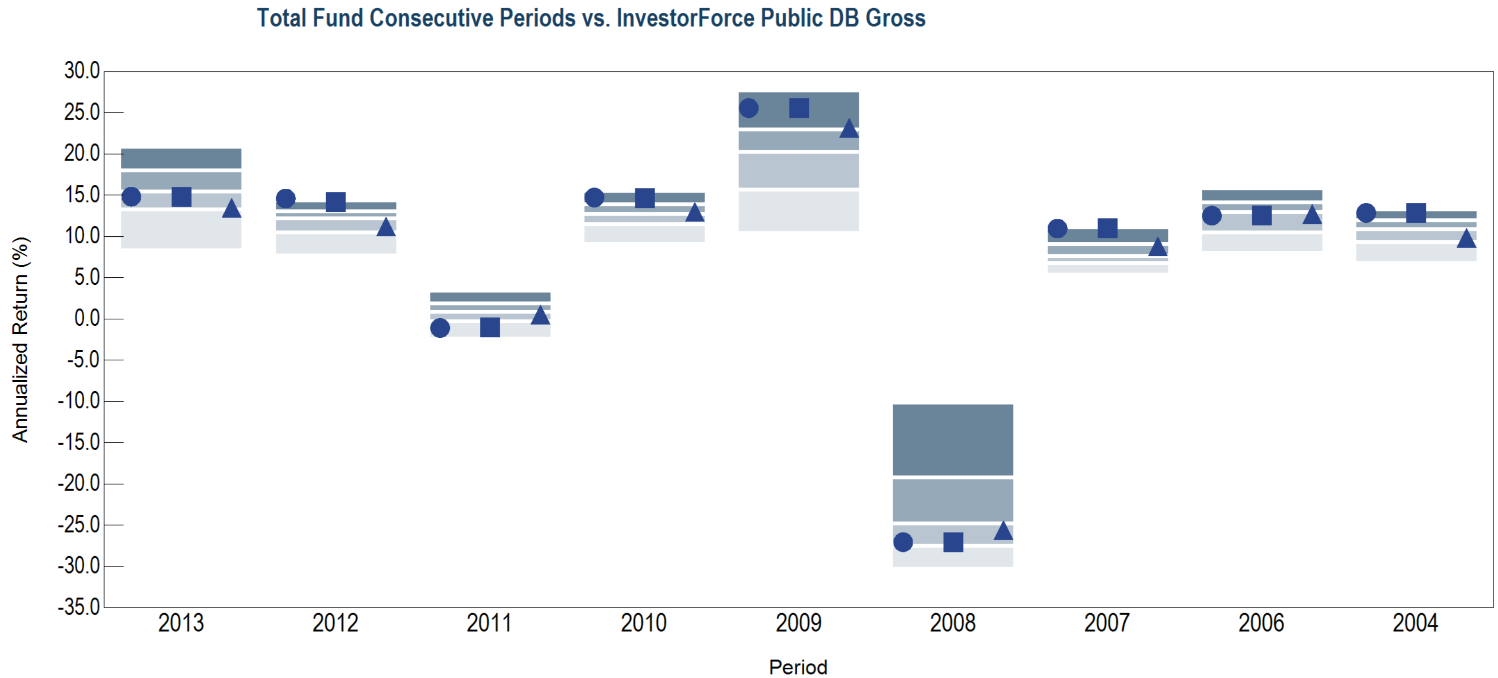
Return (Rank)

	Quarter		YTD		Fiscal YTD		1 Year		3 Years		5 Years		7 Years		10 Years	
5th Percentile	4.3		6.5		19.0		19.0		11.4		14.3		6.7		8.2	
25th Percentile	3.9		5.8		17.3		17.3		10.5		13.3		6.0		7.5	
Median	3.5		5.2		16.0		16.0		9.5		12.3		5.7		7.1	
75th Percentile	3.2		4.6		14.5		14.5		8.6		10.8		5.0		6.7	
95th Percentile	2.5		3.9		12.0		12.0		6.9		9.3		3.6		5.9	
# of Portfolios	207		202		198		198		181		165		157		141	
● Total Fund	3.6	(48)	5.5	(35)	16.7	(37)	16.7	(37)	9.4	(55)	13.2	(28)	5.8	(41)	7.6	(19)
■ Total Fund X Clifton	3.6	(47)	5.5	(32)	16.7	(35)	16.7	(35)	9.3	(57)	13.1	(30)	5.8	(45)	7.6	(23)
▲ Policy Index	3.6	(47)	5.7	(30)	15.7	(56)	15.7	(56)	8.7	(75)	12.0	(59)	5.2	(67)	6.8	(69)

Total Fund (Gross of Fees)

Peer Universe Comparision: Consecutive Periods

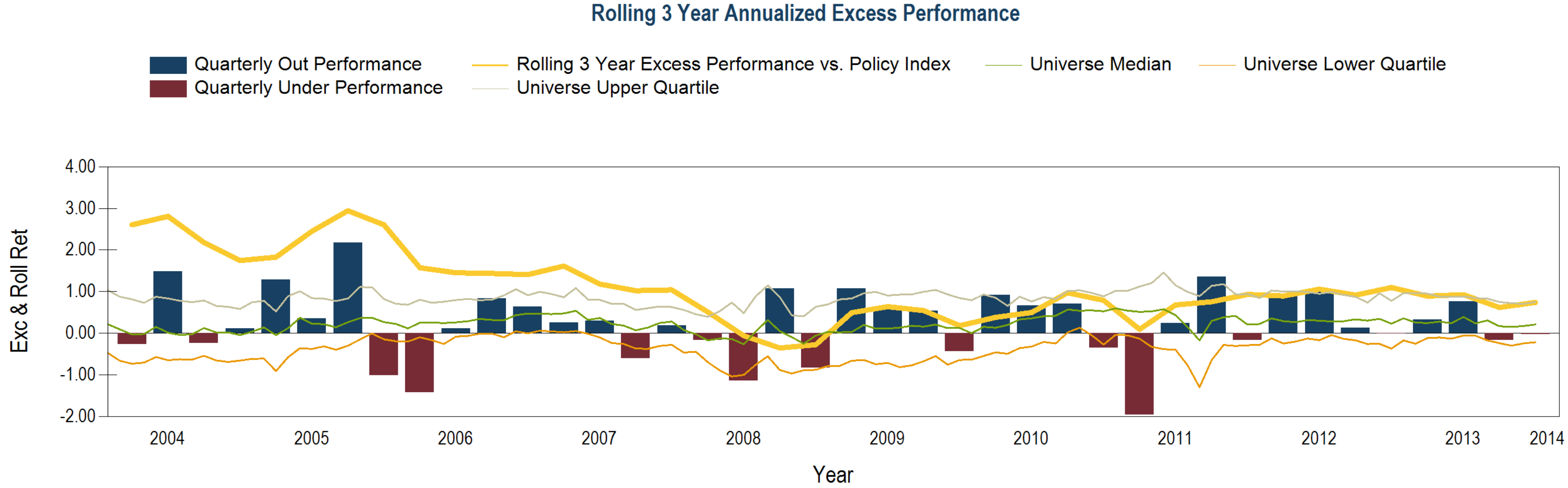
Period Ending: June 30, 2014

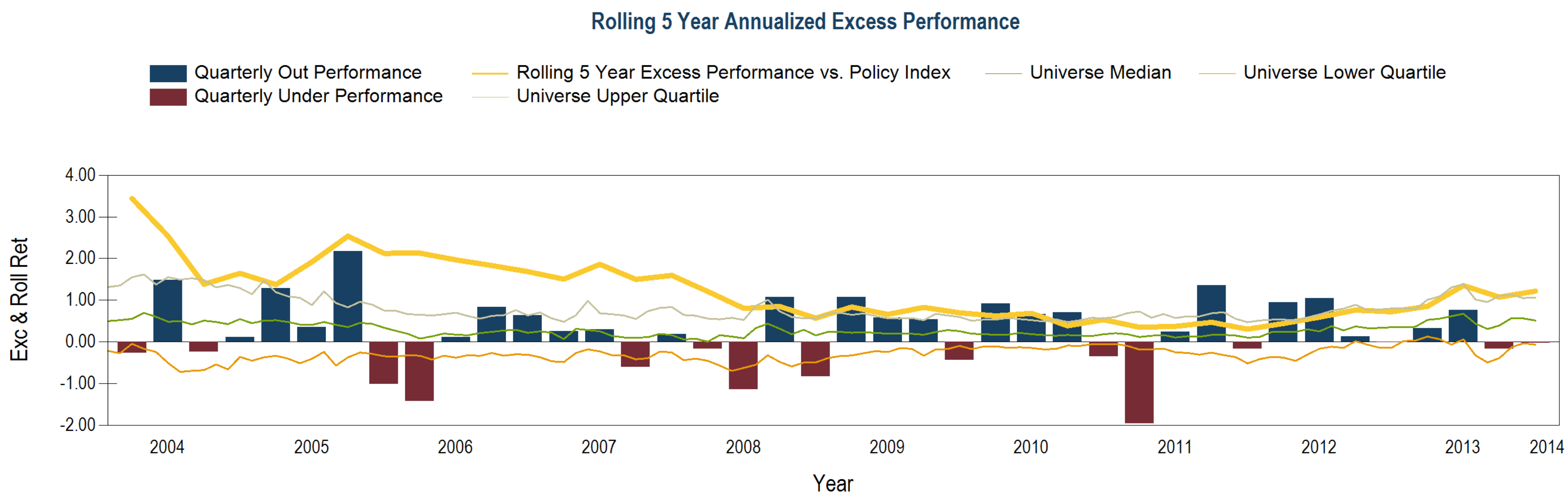


	Return (Rank)																	
5th Percentile	20.8		14.3		3.4		15.5		27.6		-10.2		11.1		15.8		13.2	
25th Percentile	18.0		13.1		1.9		13.9		23.0		-19.2		9.1		14.2		12.0	
Median	15.5		12.2		0.9		12.8		20.3		-24.7		7.7		13.0		10.9	
75th Percentile	13.3		10.5		-0.3		11.5		15.7		-27.4		6.8		10.5		9.4	
95th Percentile	8.4		7.7		-2.4		9.2		10.4		-30.2		5.4		8.0		6.8	
# of Portfolios	212		192		162		154		152		149		146		136		125	
● Total Fund	14.8	(57)	14.6	(3)	-1.1	(90)	14.7	(13)	25.6	(13)	-27.1	(70)	10.9	(6)	12.5	(56)	12.8	(8)
■ Total Fund X Clifton	14.7	(58)	14.2	(9)	-1.0	(90)	14.7	(14)	25.6	(13)	-27.1	(70)	10.9	(6)	12.5	(56)	12.8	(8)
▲ Policy Index	13.5	(74)	11.2	(70)	0.5	(62)	13.0	(47)	23.2	(25)	-25.6	(61)	8.8	(29)	12.7	(53)	9.8	(69)

Total Fund
Rolling Return Analysis

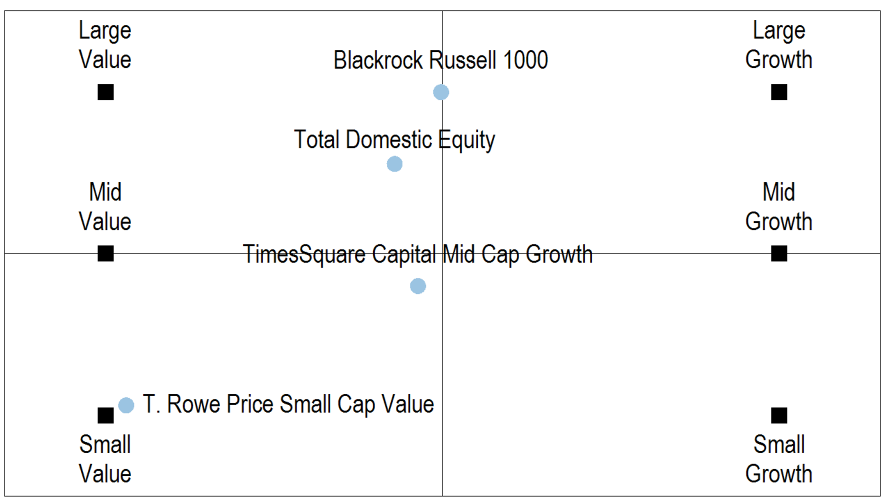
Period Ending: June 30, 2014



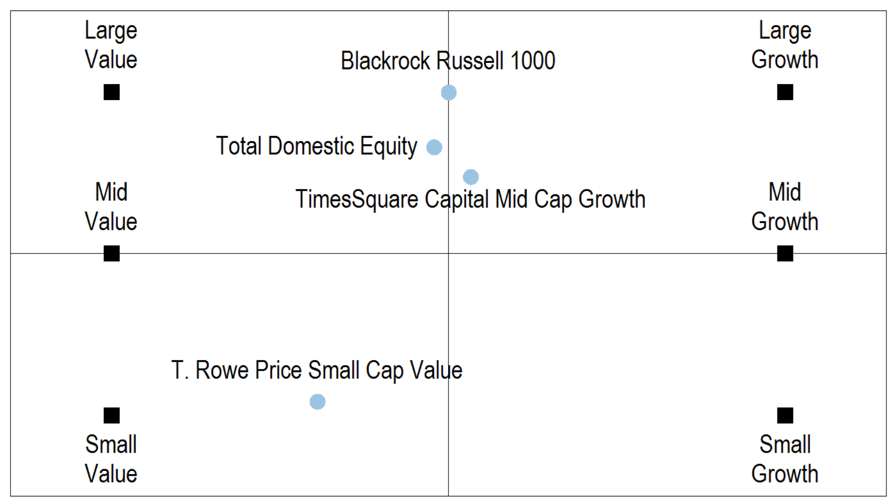


	Market Value	3 Mo	YTD	Fiscal YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	2013	2012	2011	2010	2009
Total Domestic Equity													
Blackrock Russell 1000	176,679,886	5.1	7.3	25.4	25.4	16.7	19.3	8.2	33.2	16.5	1.6	16.2	28.6
Russell 1000		*5.1*	*7.3*	*25.4*	*25.4*	*16.6*	*19.3*	*8.2*	*33.1*	*16.4*	*1.5*	*16.1*	*28.4*
eA US Large Cap Equity Gross Rank		*37*	*42*	*54*	*54*	*42*	*37*	*68*	*54*	*39*	*39*	*34*	*48*
TimesSquare Capital Mid Cap Growth	37,202,002	2.7	4.4	24.9	24.9	17.1	20.7	12.3	38.7	20.0	-0.7	19.3	38.5
Russell MidCap Growth		*4.4*	*6.5*	*26.0*	*26.0*	*14.5*	*21.2*	*9.8*	*35.7*	*15.8*	*-1.7*	*26.4*	*46.3*
eA US Mid Cap Growth Equity Gross Rank		*54*	*53*	*52*	*52*	*8*	*52*	*8*	*36*	*11*	*40*	*94*	*60*
T. Rowe Price Small Cap Value	33,732,699	1.2	2.1	22.3	22.3	15.2	20.6	10.5	34.7	17.1	1.0	25.6	25.9
Russell 2000 Value		*2.4*	*4.2*	*22.5*	*22.5*	*14.6*	*19.9*	*8.2*	*34.5*	*18.1*	*-5.5*	*24.5*	*20.6*
eA US Small Cap Value Equity Gross Rank		*88*	*90*	*82*	*82*	*68*	*71*	*49*	*78*	*49*	*22*	*63*	*72*

U.S. Effective Style Map
3 Years Ending June 30, 2014



U.S. Effective Style Map
5 Years Ending June 30, 2014



	Market Value	3 Mo	YTD	Fiscal YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	2013	2012	2011	2010	2009
Total Domestic Equity													
Blackrock Russell 1000	176,679,886	5.1	7.3	25.3	25.3	16.6	19.3	8.2	33.1	16.4	1.5	16.1	28.5
Russell 1000		*5.1*	*7.3*	*25.4*	*25.4*	*16.6*	*19.3*	*8.2*	*33.1*	*16.4*	*1.5*	*16.1*	*28.4*
TimesSquare Capital Mid Cap Growth	37,202,002	2.5	4.1	24.1	24.1	16.3	20.0	11.6	37.8	19.2	-1.3	18.5	37.7
Russell MidCap Growth		*4.4*	*6.5*	*26.0*	*26.0*	*14.5*	*21.2*	*9.8*	*35.7*	*15.8*	*-1.7*	*26.4*	*46.3*
T. Rowe Price Small Cap Value	33,732,699	1.1	1.8	21.5	21.5	14.4	19.8	9.7	33.8	16.3	0.3	24.8	25.1
Russell 2000 Value		*2.4*	*4.2*	*22.5*	*22.5*	*14.6*	*19.9*	*8.2*	*34.5*	*18.1*	*-5.5*	*24.5*	*20.6*

Common Holdings Matrix
As of June 30, 2014

	Blackrock Russell 1000		TimesSquare Capital Mid Cap Growth		T. Rowe Price Small Cap Value	
	#	%	#	%	#	%
Blackrock Russell 1000	--	--	68	87.25	15	20.04
TimesSquare Capital Mid Cap Growth	68	0.00	--	--	4	4.63
T. Rowe Price Small Cap Value	15	0.00	4	3.51	--	--

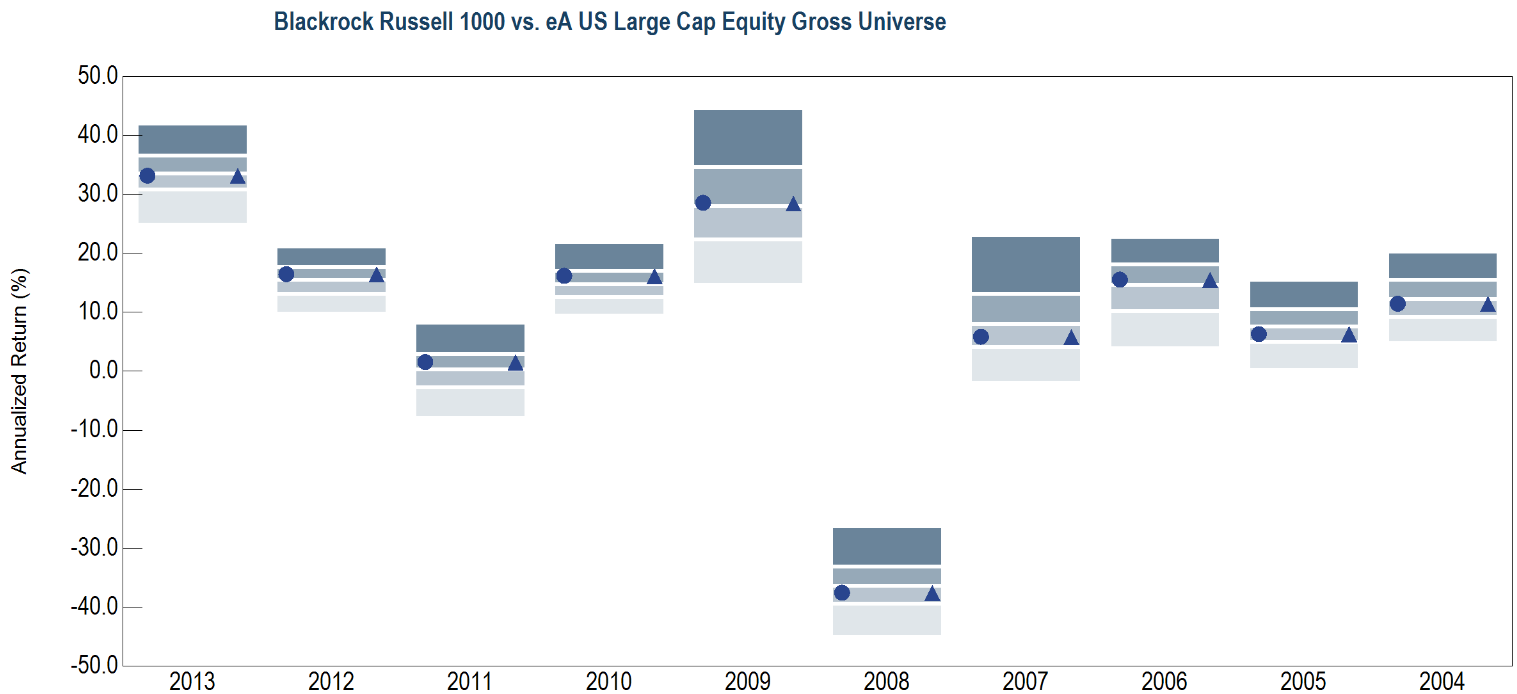
Correlation Matrix
Last 5 Years

	Total Domestic Equity	Blackrock Russell 1000	TimesSquare Capital Mid Cap Growth	T. Rowe Price Small Cap Value
Total Domestic Equity	1.00	--	--	--
Blackrock Russell 1000	1.00	1.00	--	--
TimesSquare Capital Mid Cap Growth	0.99	0.98	1.00	--
T. Rowe Price Small Cap Value	0.96	0.94	0.94	1.00

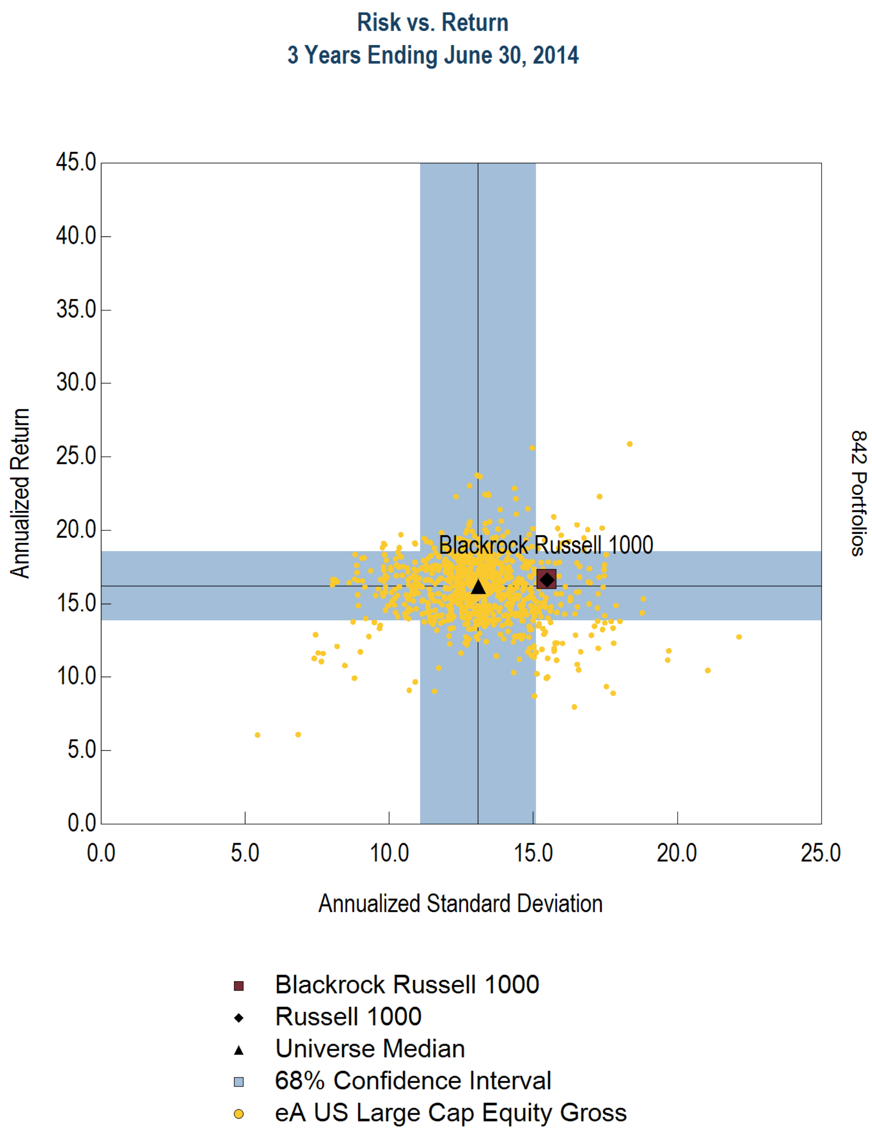
Blackrock Russell 1000
Cumulative Performance Comparison

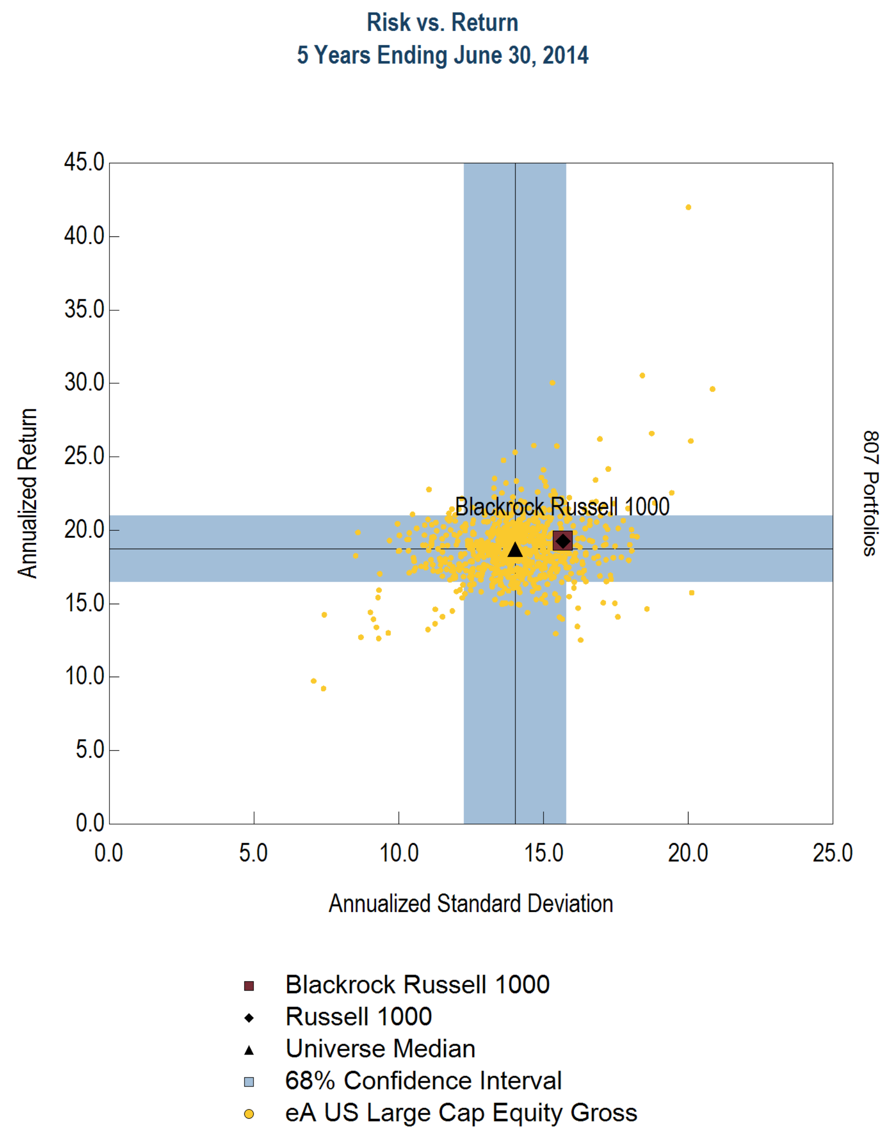
Period Ending: June 30, 2014

Return (Rank)	Quarter		YTD		Fiscal YTD		1 Year		3 Years		5 Years		7 Years		10 Years	
5th Percentile	6.9		10.3		32.7		32.7		19.5		21.9		10.0		11.1	
25th Percentile	5.5		8.1		28.0		28.0		17.5		19.9		8.0		9.6	
Median	4.7		6.8		25.6		25.6		16.2		18.7		7.0		8.8	
75th Percentile	4.0		5.2		22.9		22.9		14.6		17.5		6.0		8.0	
95th Percentile	2.4		2.4		19.1		19.1		12.0		15.6		4.5		6.8	
# of Portfolios	862		862		862		862		842		807		753		634	
● Blackrock Russell 1000	5.1	(37)	7.3	(42)	25.4	(54)	25.4	(54)	16.7	(42)	19.3	(37)	6.5	(63)	8.2	(68)
▲ Russell 1000	5.1	(37)	7.3	(42)	25.4	(54)	25.4	(54)	16.6	(43)	19.3	(39)	6.5	(65)	8.2	(70)



	Return (Rank)																			
5th Percentile	41.9		21.1		8.2		21.9		44.6		-26.3		23.1		22.7		15.5		20.2	
25th Percentile	36.6		17.8		3.0		17.1		34.7		-33.1		13.2		18.2		10.6		15.6	
Median	33.6		15.6		0.4		14.8		28.0		-36.3		8.0		14.8		7.7		12.3	
75th Percentile	30.8		13.2		-2.7		12.6		22.4		-39.4		4.2		10.2		5.0		9.3	
95th Percentile	24.9		9.8		-7.9		9.5		14.7		-45.0		-1.9		4.0		0.3		4.8	
# of Portfolios	851		836		865		883		989		1,068		1,120		1,140		1,138		1,126	
● Blackrock Russell 1000	33.2	(54)	16.5	(39)	1.6	(39)	16.2	(34)	28.6	(48)	-37.5	(61)	5.8	(64)	15.5	(45)	6.3	(64)	11.5	(58)
▲ Russell 1000	33.1	(54)	16.4	(40)	1.5	(40)	16.1	(34)	28.4	(49)	-37.6	(61)	5.8	(65)	15.5	(46)	6.3	(65)	11.4	(59)

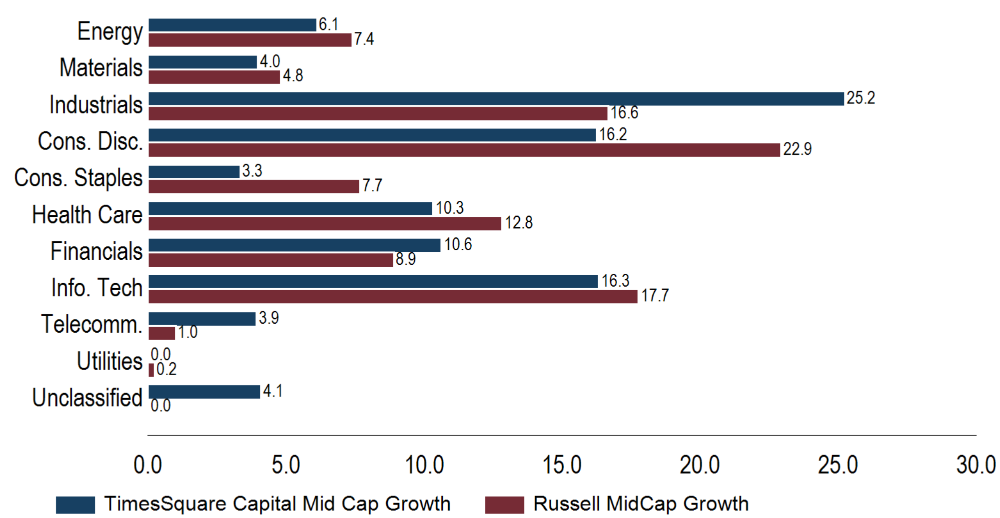

Risk vs. Return
3 Years Ending June 30, 2014
45.0
40.0
35.0
30.0
25.0
20.0
15.0
10.0
5.0
0.0
Annualized Return
0.0
5.0
10.0
15.0
20.0
25.0
Annualized Standard Deviation
Blackrock Russell 1000
842 Portfolios
Blackrock Russell 1000
Russell 1000
Universe Median
68% Confidence Interval
eA US Large Cap Equity Gross


Risk vs. Return
5 Years Ending June 30, 2014
45.0
40.0
35.0
30.0
25.0
20.0
15.0
10.0
5.0
0.0
Annualized Return
0.0
5.0
10.0
15.0
20.0
25.0
Annualized Standard Deviation
Blackrock Russell 1000
807 Portfolios
Blackrock Russell 1000
Russell 1000
Universe Median
68% Confidence Interval
eA US Large Cap Equity Gross

Characteristics

	Portfolio	Russell MidCap Growth
Number of Holdings	79	544
Weighted Avg. Market Cap. ($B)	10.27	12.60
Median Market Cap. ($B)	8.50	6.57
Price To Earnings	27.08	27.25
Price To Book	5.59	5.44
Price To Sales	3.24	3.43
Return on Equity (%)	22.04	20.88
Yield (%)	0.65	0.96
Beta	1.02	1.00

Sector Allocation (%) vs Russell MidCap Growth



*Unclassified includes Cash

Top Holdings

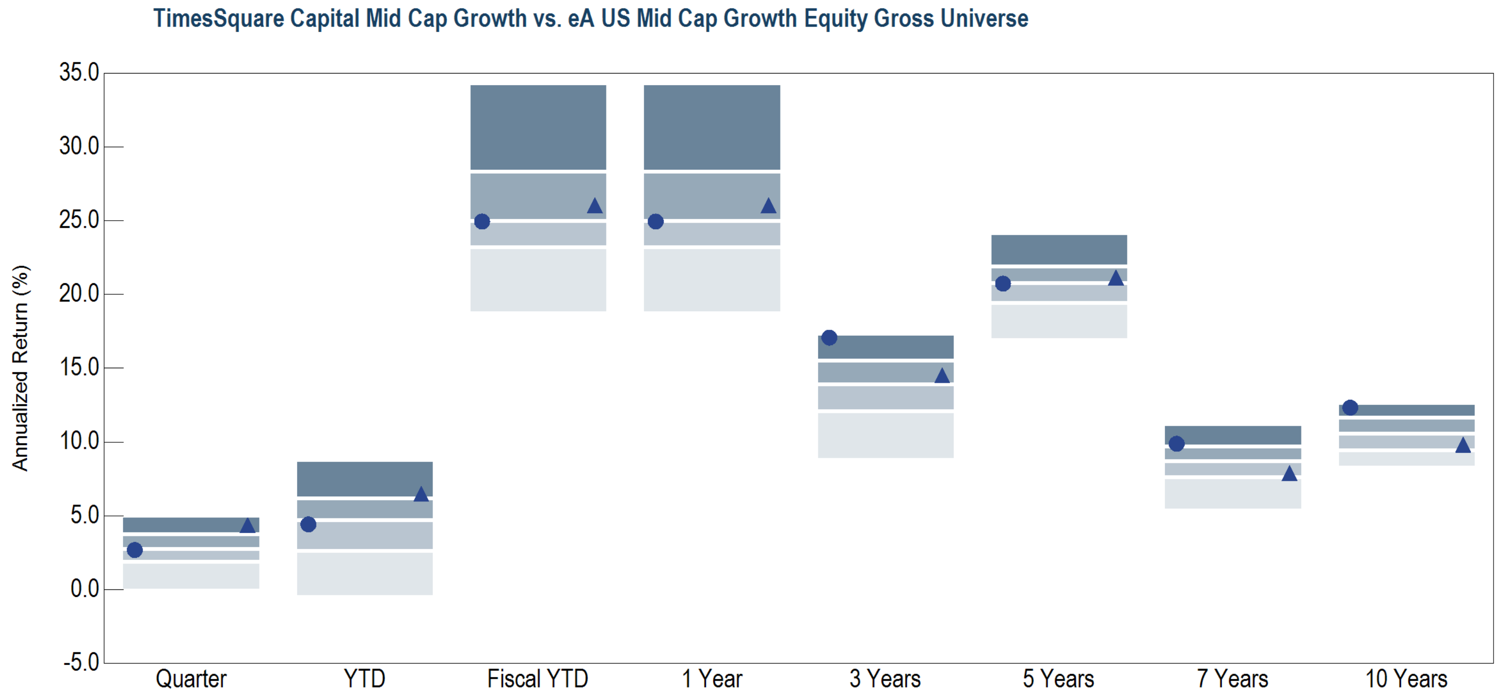
Ending Period Weight	
SBA COMMS.	3.91%
DAVITA HEALTHCARE PTNS.	3.71%
ALLIANCE DATA SYSTEMS	3.55%
CASH - USD	3.51%
NIELSEN	2.26%
GARTNER 'A'	1.97%
RENAISSANCERE HDG.	1.96%
WABCO HOLDINGS	1.90%
AMDOCS	1.67%
BORGWARNER	1.67%
Total	**26.11%**

Top Contributors

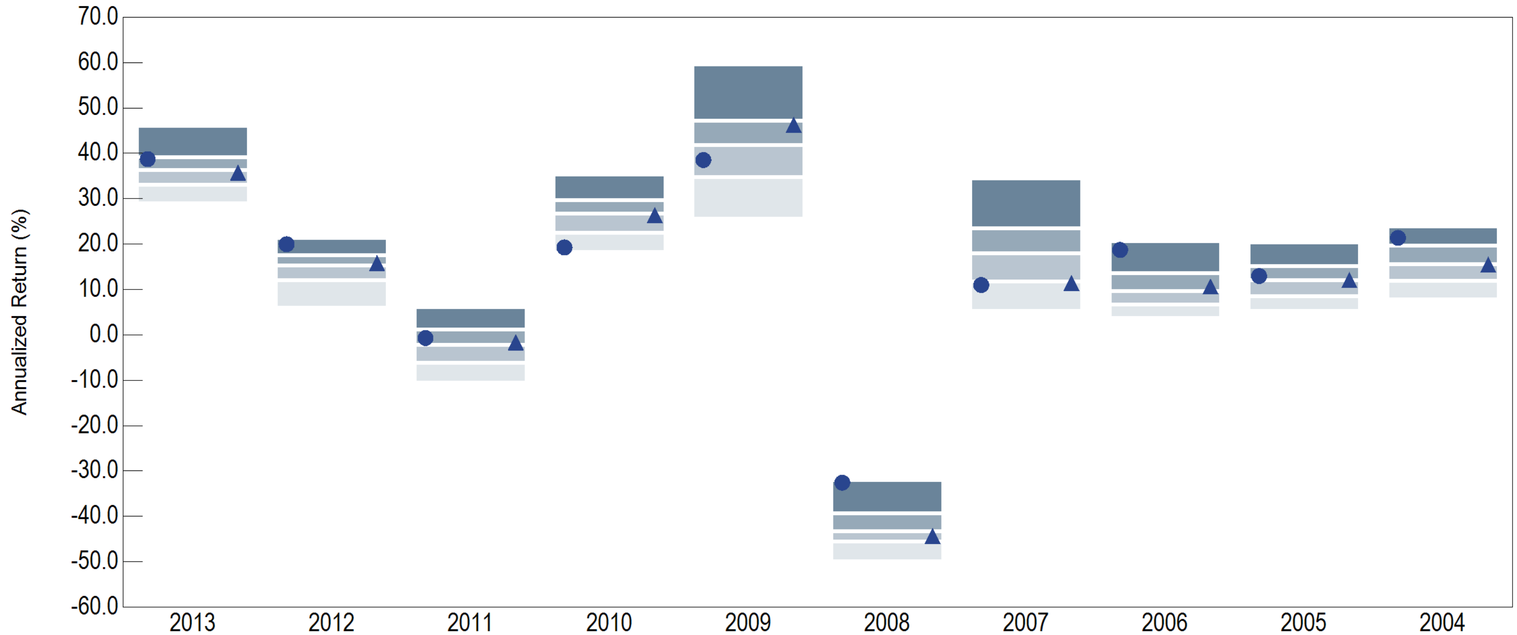
	Avg Wgt	Return	Contribution
SBA COMMS.	3.62	12.47	0.45
HANESBRANDS	1.18	29.18	0.35
SALIX PHARMS.	1.40	19.05	0.27
AVIS BUDGET GROUP	1.17	22.57	0.26
RENAISSANCERE HDG.	2.48	9.93	0.25
WHITING PETROLEUM	1.44	15.65	0.22
NIELSEN	2.17	9.05	0.20
DAVITA HEALTHCARE PTNS.	3.48	5.04	0.18
DENBURY RES.	1.30	12.98	0.17
NXP SEMICONDUCTORS	1.27	12.53	0.16

Bottom Contributors

	Avg Wgt	Return	Contribution
GNC HOLDINGS CL.A	1.79	-22.20	-0.40
NEUSTAR 'A'	1.44	-19.96	-0.29
COMMVAULT SYSTEMS	0.81	-24.30	-0.20
TRACTOR SUPPLY	1.05	-14.27	-0.15
APOLLO GLOBAL MAN.CL.A	1.28	-9.81	-0.13
QLIK TECHNOLOGIES	0.70	-14.93	-0.11
COSTAR GP.	0.67	-15.30	-0.10
ROSS STORES	1.24	-7.33	-0.09
SALLY BEAUTY HOLDINGS	1.07	-8.47	-0.09
INTERCONTINENTAL EX.	1.97	-4.19	-0.08

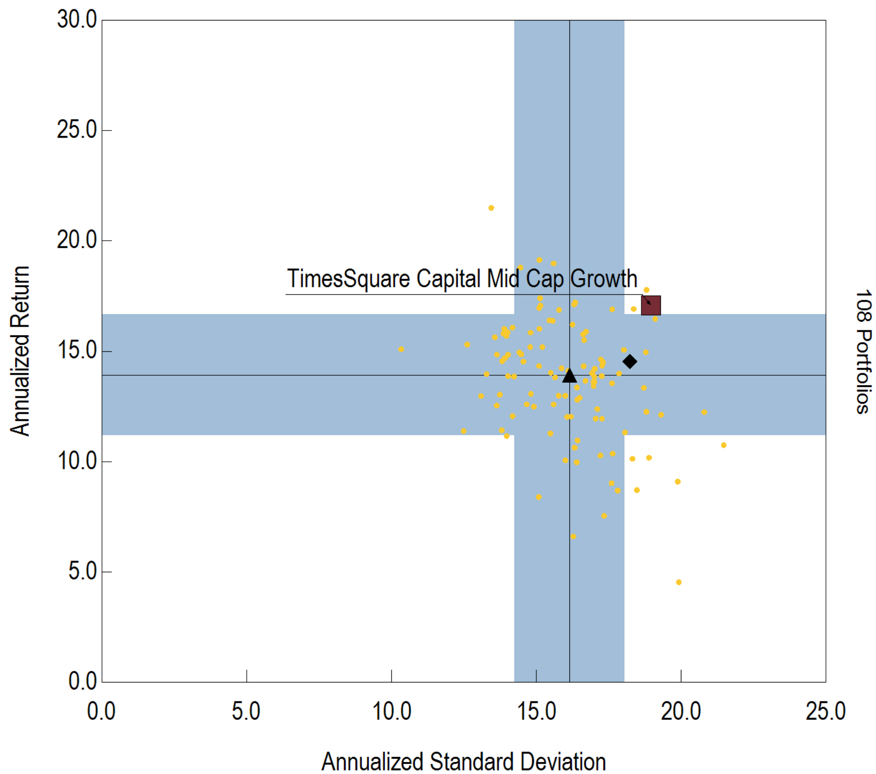


Return (Rank)	Quarter		YTD		Fiscal YTD		1 Year		3 Years		5 Years		7 Years		10 Years	
5th Percentile	5.0		8.8		34.3		34.3		17.3		24.1		11.2		12.6	
25th Percentile	3.8		6.2		28.3		28.3		15.5		21.9		9.7		11.7	
Median	2.8		4.7		25.0		25.0		13.9		20.8		8.7		10.6	
75th Percentile	1.9		2.7		23.2		23.2		12.1		19.4		7.6		9.4	
95th Percentile	0.0		-0.5		18.7		18.7		8.8		16.9		5.4		8.3	
# of Portfolios	111		111		111		111		108		104		99		80	
● **TimesSquare Capital Mid Cap Growth**	2.7	(54)	4.4	(53)	24.9	(52)	24.9	(52)	17.1	(8)	20.7	(52)	9.9	(20)	12.3	(8)
▲ **Russell MidCap Growth**	4.4	(10)	6.5	(23)	26.0	(42)	26.0	(42)	14.5	(39)	21.2	(44)	7.9	(70)	9.8	(71)



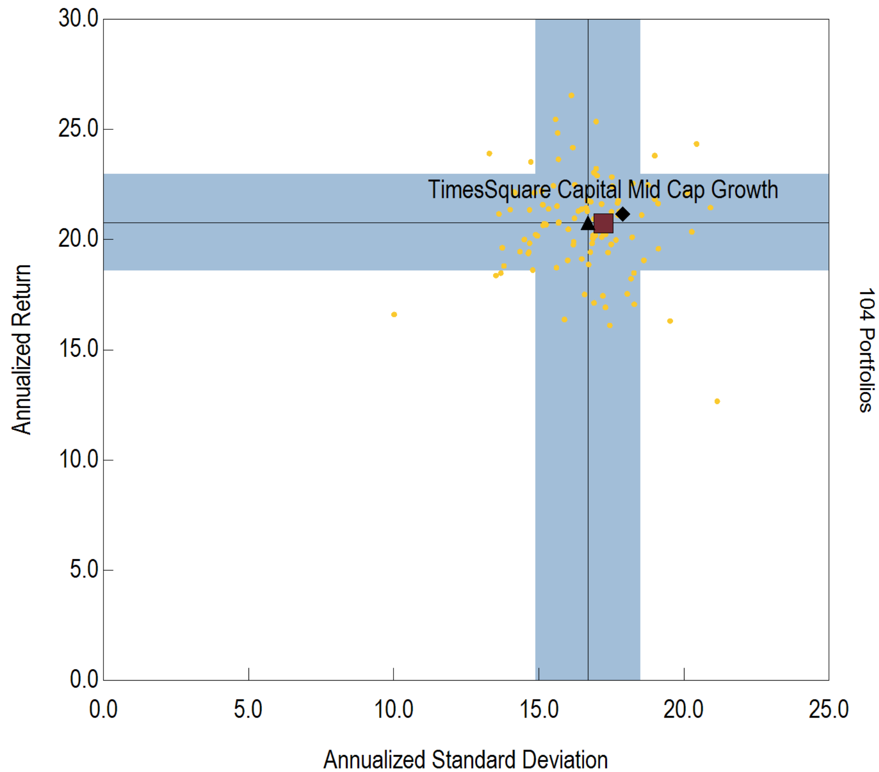
Return (Rank)	2013		2012		2011		2010		2009		2008		2007		2006		2005		2004	
5th Percentile	46.0		21.3		6.1		35.3		59.6		-32.0		34.5		20.6		20.3		23.8	
25th Percentile	39.2		17.6		1.3		29.8		47.2		-39.3		23.5		13.7		15.2		19.7	
Median	36.4		15.4		-2.1		26.7		41.9		-43.2		18.0		9.8		12.1		15.6	
75th Percentile	33.2		12.2		-6.1		22.5		34.9		-45.5		11.8		6.8		8.7		12.0	
95th Percentile	29.0		6.0		-10.4		18.3		25.7		-49.8		5.3		3.8		5.3		7.9	
# of Portfolios	106		111		122		127		142		158		154		155		147		141	
● TimesSquare Capital Mid Cap Growth	38.7	(36)	20.0	(11)	-0.7	(40)	19.3	(94)	38.5	(60)	-32.6	(6)	11.0	(80)	18.7	(9)	13.0	(47)	21.4	(15)
▲ Russell MidCap Growth	35.7	(56)	15.8	(45)	-1.7	(46)	26.4	(52)	46.3	(30)	-44.3	(63)	11.4	(77)	10.6	(44)	12.1	(51)	15.5	(51)

Risk vs. Return
3 Years Ending June 30, 2014



- ■ TimesSquare Capital Mid Cap Growth
- ◆ Russell MidCap Growth
- ▲ Universe Median
- ■ 68% Confidence Interval
- ● eA US Mid Cap Growth Equity Gross

Risk vs. Return
5 Years Ending June 30, 2014

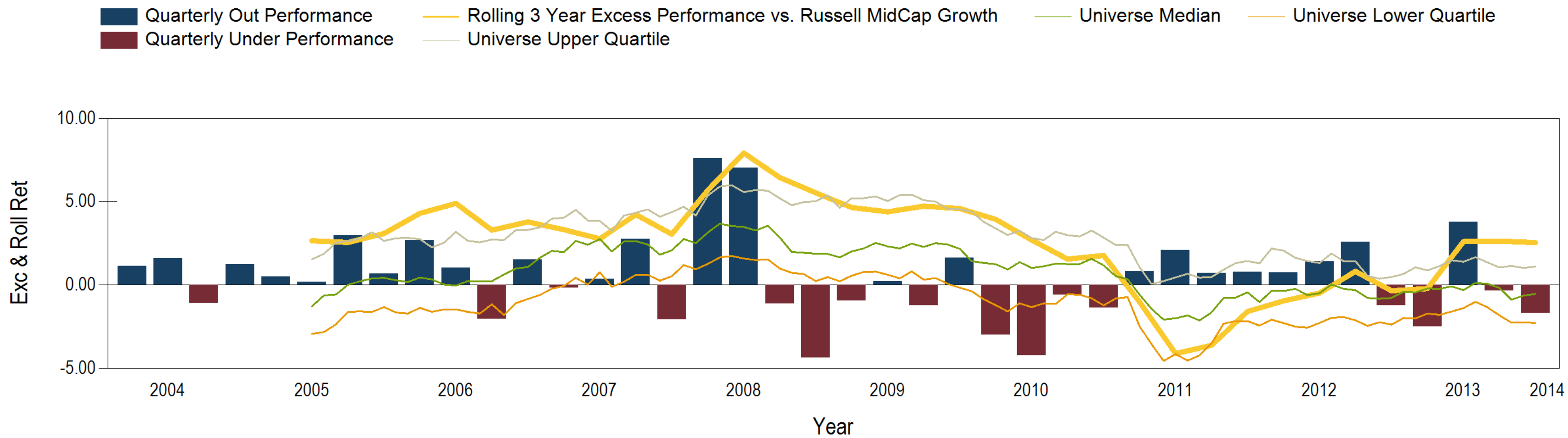


- ■ TimesSquare Capital Mid Cap Growth
- ◆ Russell MidCap Growth
- ▲ Universe Median
- ■ 68% Confidence Interval
- ● eA US Mid Cap Growth Equity Gross

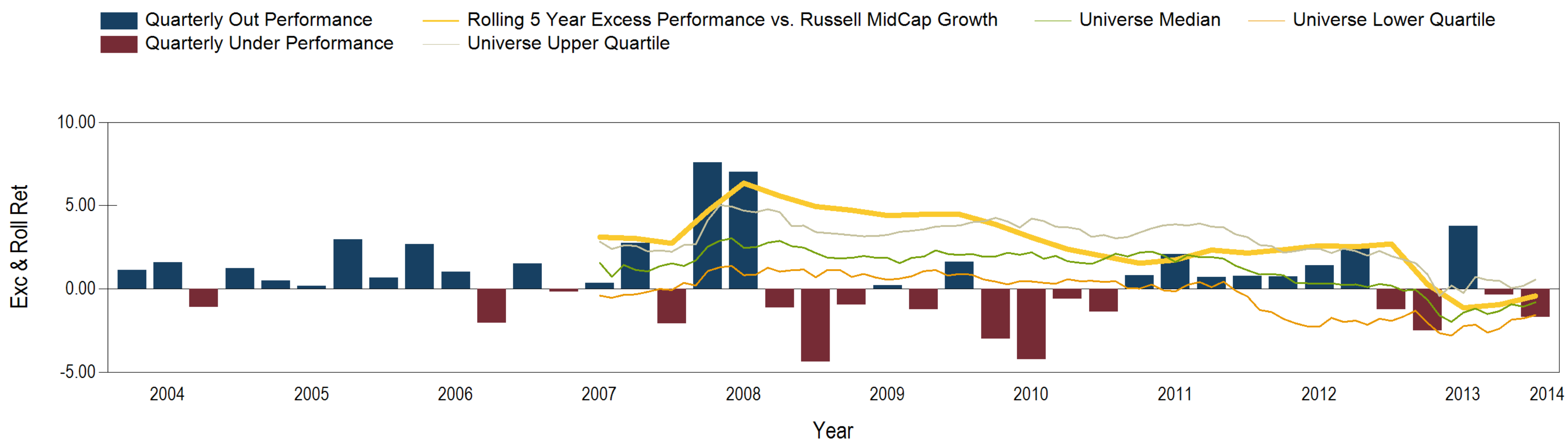
TimesSquare Capital Mid Cap Growth
Rolling Return Analysis

Period Ending: June 30, 2014

Rolling 3 Year Annualized Excess Performance



Rolling 5 Year Annualized Excess Performance



WURTS ASSOCIATES

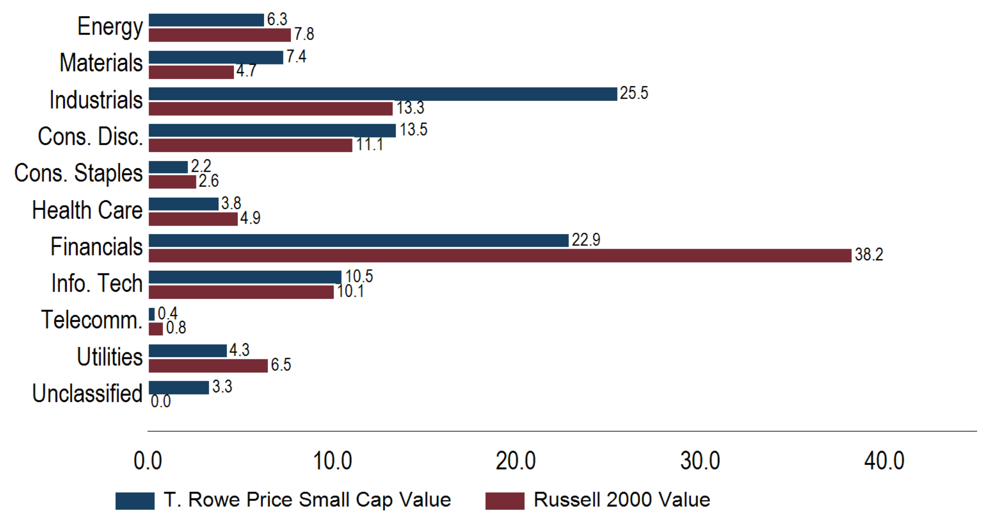
T. Rowe Price Small Cap Value
Manager Portfolio Overview

Period Ending: June 30, 2014

Characteristics

	Portfolio	Russell 2000 Value
Number of Holdings	139	1,321
Weighted Avg. Market Cap. ($B)	2.12	1.65
Median Market Cap. ($B)	1.04	0.65
Price To Earnings	23.67	20.04
Price To Book	2.93	1.75
Price To Sales	2.84	2.40
Return on Equity (%)	13.76	7.52
Yield (%)	1.27	1.63
Beta	0.94	1.00

Sector Allocation (%) vs Russell 2000 Value



*Unclassified includes Cash

Top Holdings
Ending Period Weight

CASH - USD	3.10%
HOME BANCSHARES	2.32%
MIDDLEBY	2.06%
GENESEE & WYOMING 'A'	1.99%
RAVEN INDUSTRIES	1.87%
KIRBY	1.84%
AARON'S	1.84%
HUB GROUP 'A'	1.76%
LANDSTAR SYSTEM	1.73%
SVB FINANCIAL GROUP	1.56%
Total	**20.06%**

Top Contributors

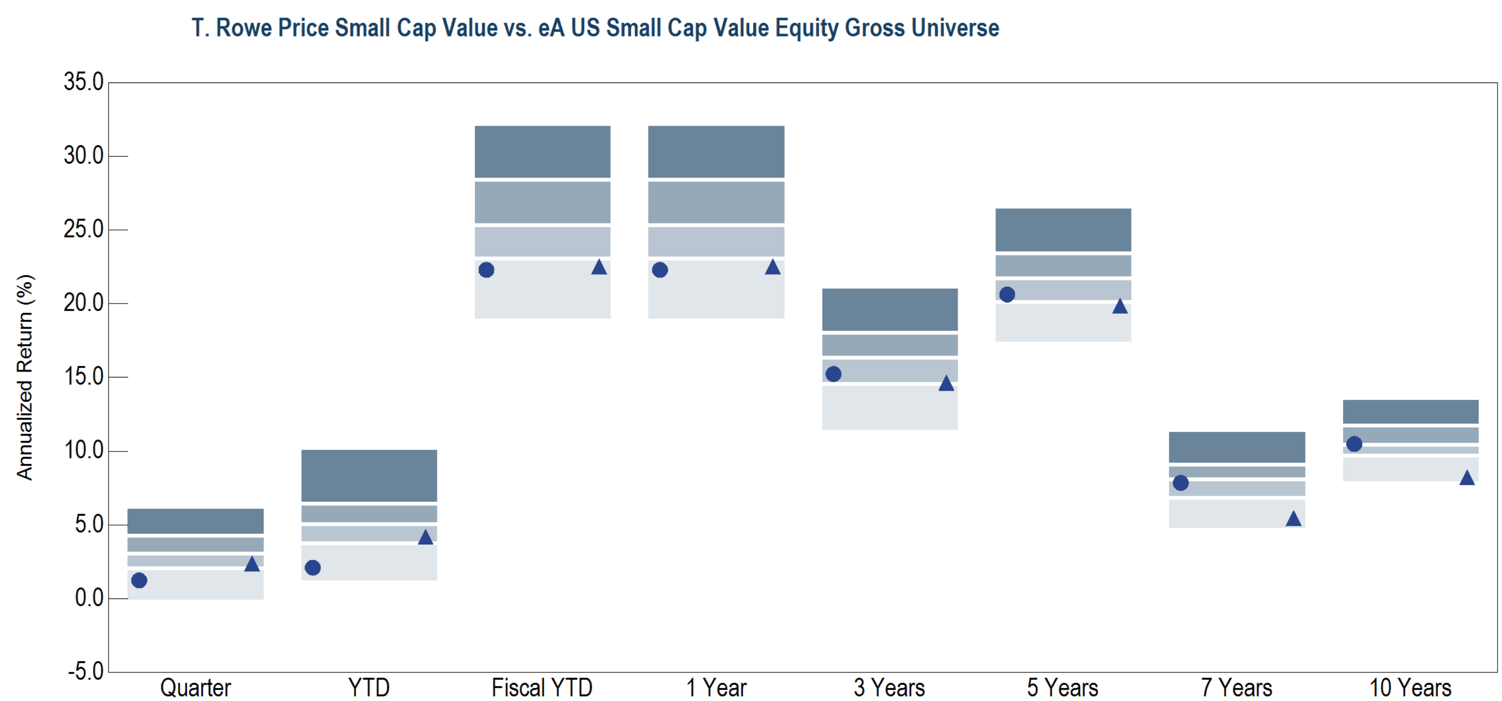
	Avg Wgt	Return	Contribution
HUB GROUP 'A'	1.45	26.03	0.38
AARON'S	1.62	17.93	0.29
KIRBY	1.65	15.69	0.26
MATADOR RESOURCES	1.04	19.56	0.20
US ECOLOGY	0.62	32.41	0.20
METHODE ELTN.	0.79	25.03	0.20
CLECO	1.00	17.46	0.17
ROYAL GOLD	0.74	21.97	0.16
NORDSON	1.09	14.03	0.15
GENESEE & WYOMING 'A'	1.92	7.89	0.15

Bottom Contributors

	Avg Wgt	Return	Contribution
AMER.VANGUARD	0.81	-38.80	-0.32
ADVANCED ENERGY INDS.	1.03	-21.43	-0.22
SVB FINANCIAL GROUP	1.78	-9.44	-0.17
SHORETEL	0.64	-24.19	-0.15
BEACON ROOFING SUPPLY	1.07	-14.33	-0.15
PRICESMART	1.06	-13.76	-0.15
MIDDLEBY	2.28	-6.07	-0.14
UNIVERSAL FOR.PRDS.	1.06	-12.41	-0.13
QUIDEL	0.61	-19.01	-0.12
ON ASSIGNMENT	1.46	-7.83	-0.11

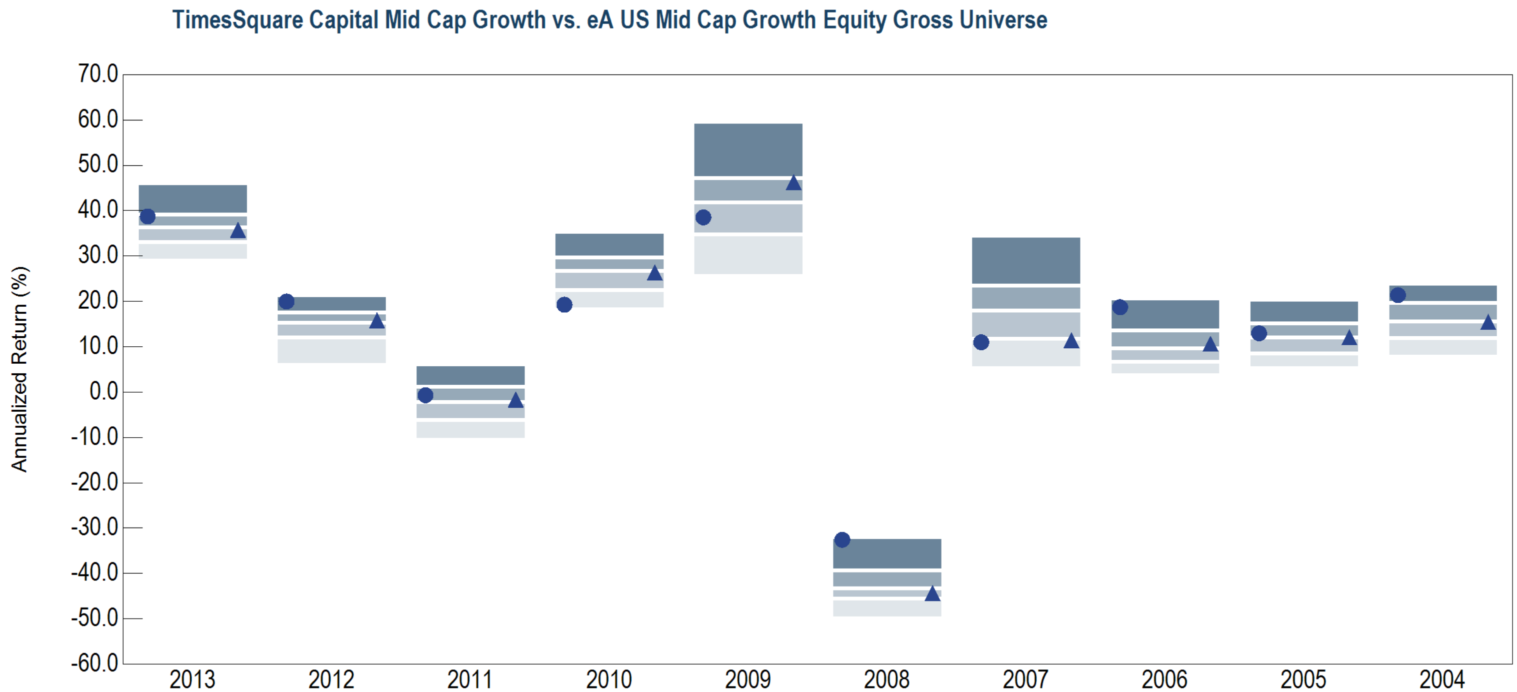
T. Rowe Price Small Cap Value
Cumulative Performance Comparison

Period Ending: June 30, 2014



Return (Rank)	Quarter		YTD		Fiscal YTD		1 Year		3 Years		5 Years		7 Years		10 Years	
5th Percentile	6.2		10.2		32.2		32.2		21.1		26.5		11.4		13.6	
25th Percentile	4.3		6.5		28.4		28.4		18.1		23.5		9.1		11.7	
Median	3.1		5.1		25.4		25.4		16.4		21.7		8.1		10.4	
75th Percentile	2.1		3.8		23.1		23.1		14.6		20.2		6.9		9.7	
95th Percentile	-0.2		1.1		18.9		18.9		11.3		17.3		4.7		7.8	
# of Portfolios	202		202		202		202		199		192		172		149	
● T. Rowe Price Small Cap Value	1.2	(88)	2.1	(90)	22.3	(82)	22.3	(82)	15.2	(68)	20.6	(71)	7.9	(55)	10.5	(49)
▲ Russell 2000 Value	2.4	(68)	4.2	(65)	22.5	(79)	22.5	(79)	14.6	(75)	19.9	(79)	5.5	(91)	8.2	(92)

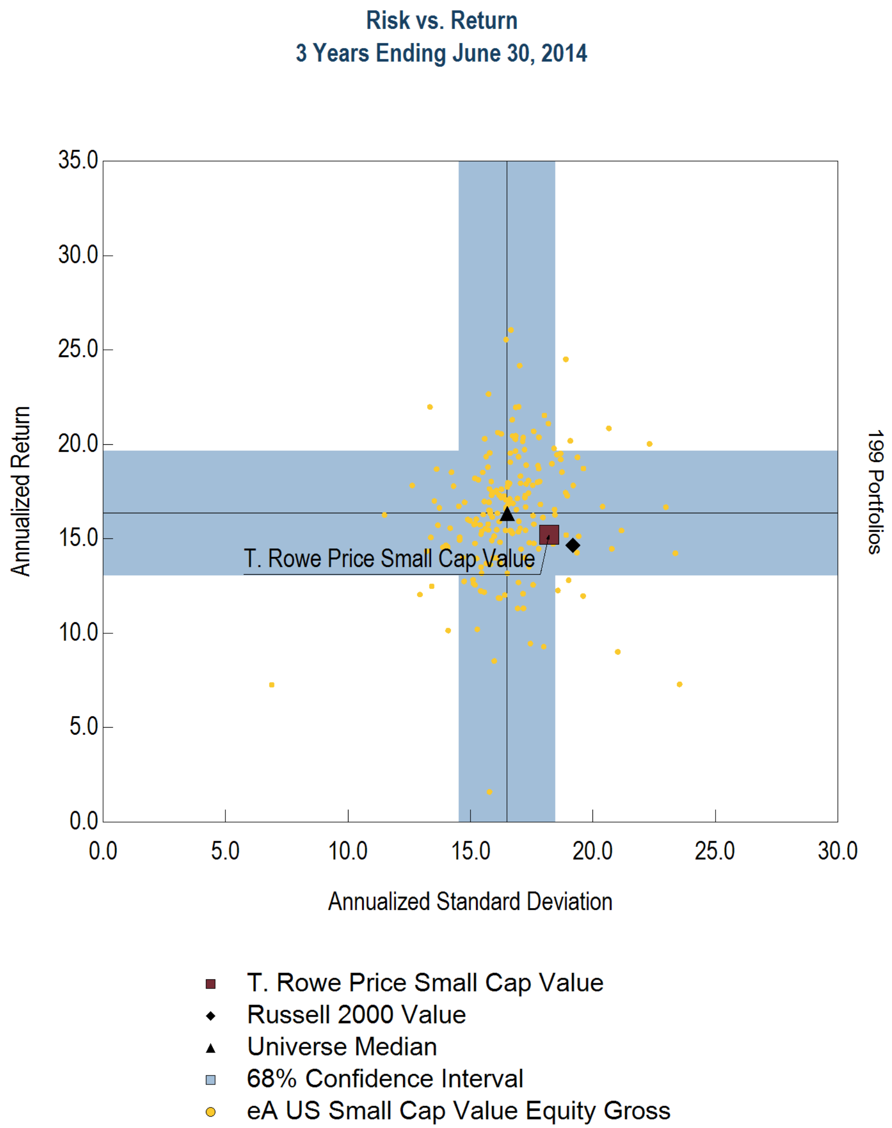
WURTS ASSOCIATES

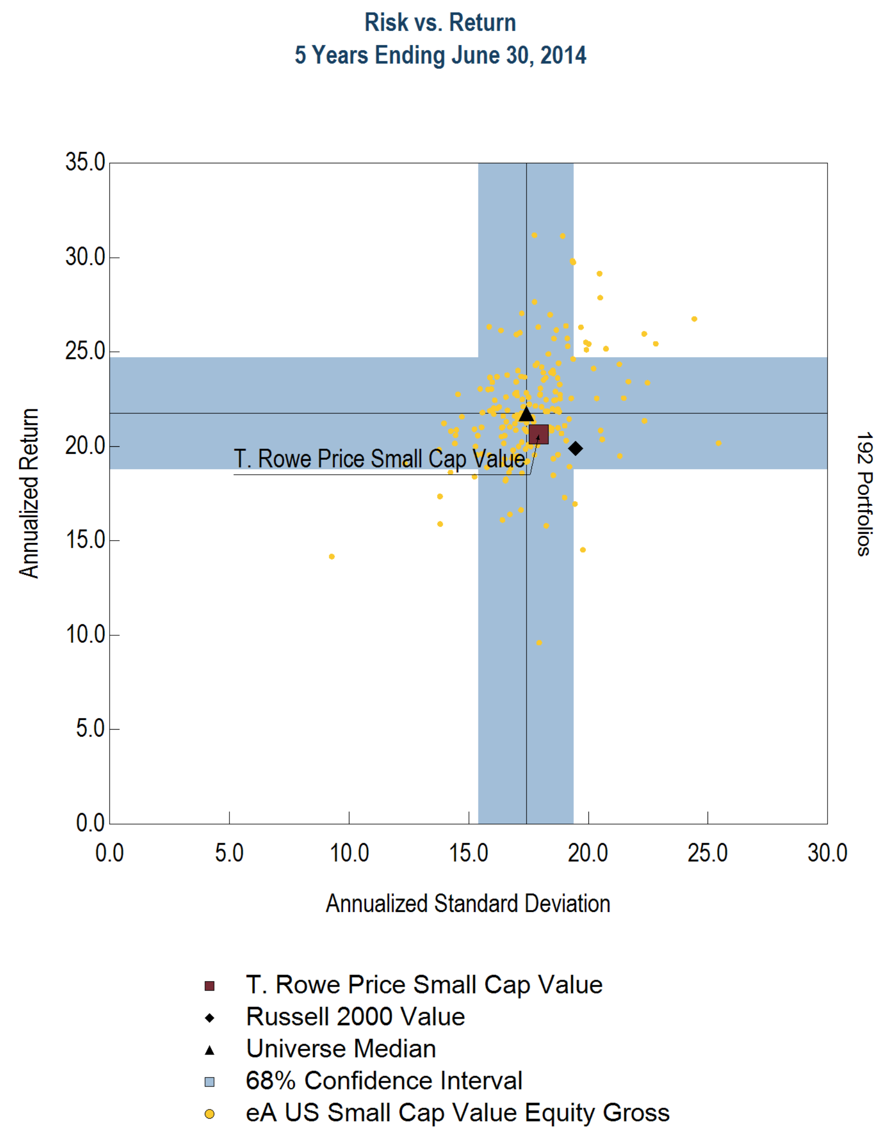


Return (Rank)	2013		2012		2011		2010		2009		2008		2007		2006		2005		2004	
5th Percentile	46.0		21.3		6.1		35.3		59.6		-32.0		34.5		20.6		20.3		23.8	
25th Percentile	39.2		17.6		1.3		29.8		47.2		-39.3		23.5		13.7		15.2		19.7	
Median	36.4		15.4		-2.1		26.7		41.9		-43.2		18.0		9.8		12.1		15.6	
75th Percentile	33.2		12.2		-6.1		22.5		34.9		-45.5		11.8		6.8		8.7		12.0	
95th Percentile	29.0		6.0		-10.4		18.3		25.7		-49.8		5.3		3.8		5.3		7.9	
# of Portfolios	106		111		122		127		142		158		154		155		147		141	
● TimesSquare Capital Mid Cap Growth	38.7	(36)	20.0	(11)	-0.7	(40)	19.3	(94)	38.5	(60)	-32.6	(6)	11.0	(80)	18.7	(9)	13.0	(47)	21.4	(15)
▲ Russell MidCap Growth	35.7	(56)	15.8	(45)	-1.7	(46)	26.4	(52)	46.3	(30)	-44.3	(63)	11.4	(77)	10.6	(44)	12.1	(51)	15.5	(51)

T. Rowe Price Small Cap Value
Risk vs Return Three & Five Year

Period Ending: June 30, 2014

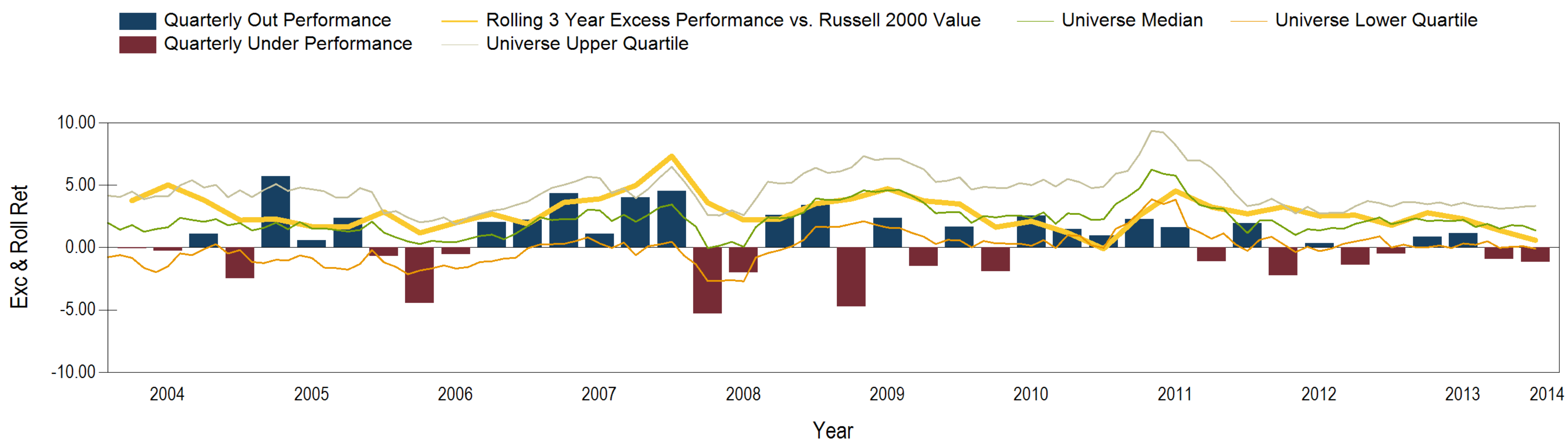




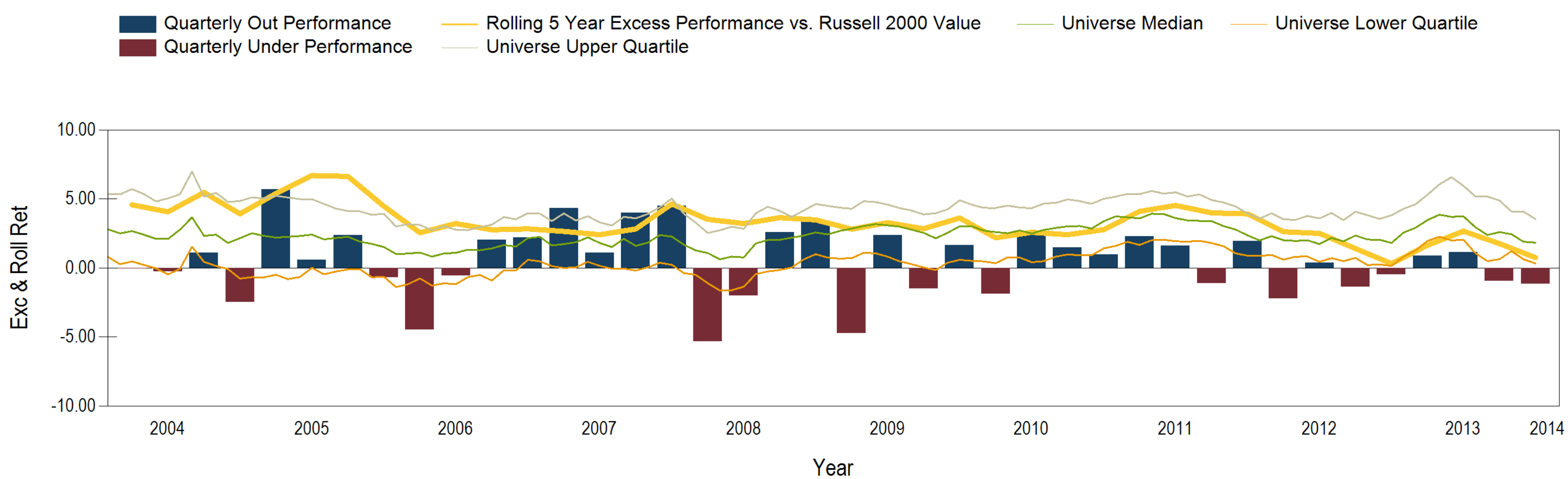
T. Rowe Price Small Cap Value
Rolling Return Analysis

Period Ending: June 30, 2014

Rolling 3 Year Annualized Excess Performance



Rolling 5 Year Annualized Excess Performance

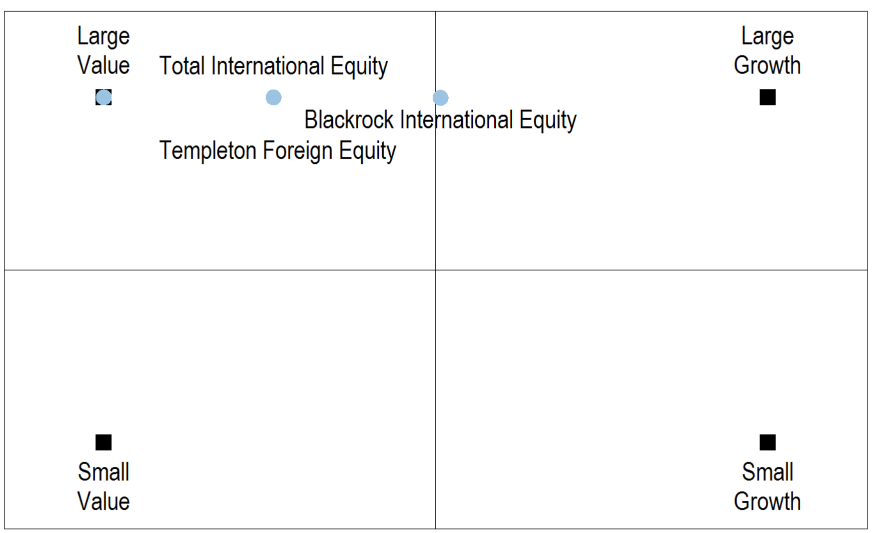


Asset Class Overview (Gross of Fees)

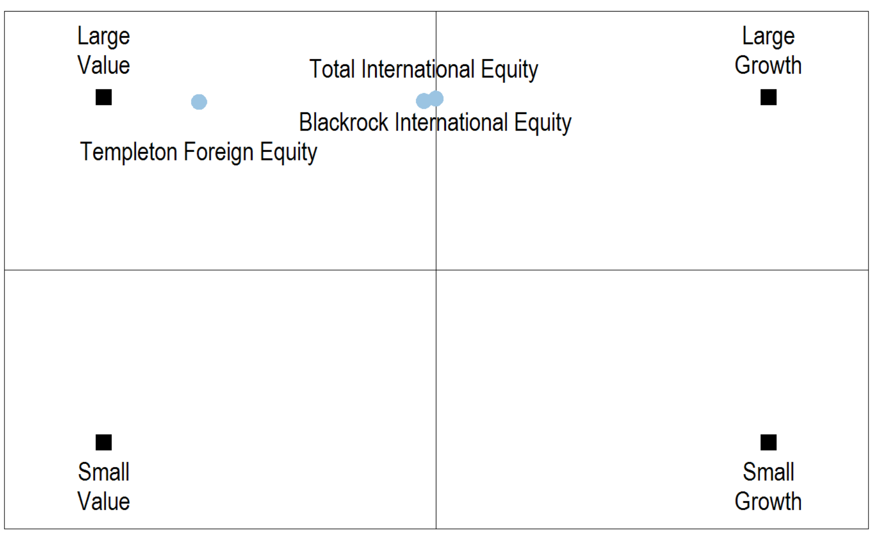
Period Ending: June 30, 2014

	Market Value	3 Mo	YTD	Fiscal YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	2013	2012	2011	2010	2009
Total International Equity													
Blackrock International Equity	44,075,083	4.3	5.0	23.9	23.9	8.5	12.2	7.3	23.2	17.8	-11.8	8.1	32.3
MSCI EAFE Gross		*4.3*	*5.1*	*24.1*	*24.1*	*8.6*	*12.3*	*7.4*	*23.3*	*17.9*	*-11.7*	*8.2*	*32.5*
eA All EAFE Equity Gross Rank		*38*	*49*	*55*	*55*	*71*	*79*	*82*	*61*	*74*	*48*	*79*	*68*
Templeton Foreign Equity	66,267,918	2.3	4.1	23.2	23.2	8.1	12.3	9.1	20.4	19.5	-10.2	7.5	34.7
MSCI ACWI ex USA Gross		*5.2*	*5.9*	*22.3*	*22.3*	*6.2*	*11.6*	*8.2*	*15.8*	*17.4*	*-13.3*	*11.6*	*42.1*
eA All ACWI ex-US Equity Gross Rank		*83*	*59*	*46*	*46*	*54*	*75*	*62*	*47*	*50*	*28*	*92*	*74*
DFA Emerging Markets Value	35,317,121	7.6	7.1	16.2	16.2	-1.9	9.3	--	-3.2	20.1	-25.2	22.8	93.3
MSCI Emerging Markets Gross		*6.7*	*6.3*	*14.7*	*14.7*	*-0.1*	*9.6*	*--*	*-2.3*	*18.6*	*-18.2*	*19.2*	*79.0*
eA Emg Mkts Equity Gross Rank		*41*	*43*	*43*	*43*	*91*	*77*	*--*	*84*	*56*	*92*	*33*	*12*

EAFE Effective Style Map
3 Years Ending June 30, 2014



EAFE Effective Style Map
5 Years Ending June 30, 2014



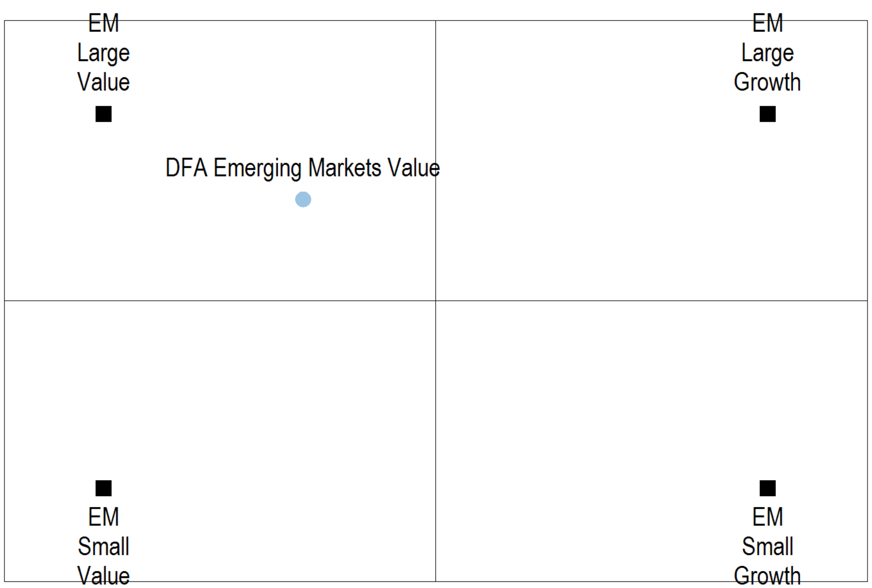
WURTS ASSOCIATES

Asset Class Overview (Net of Fees)

Period Ending: June 30, 2014

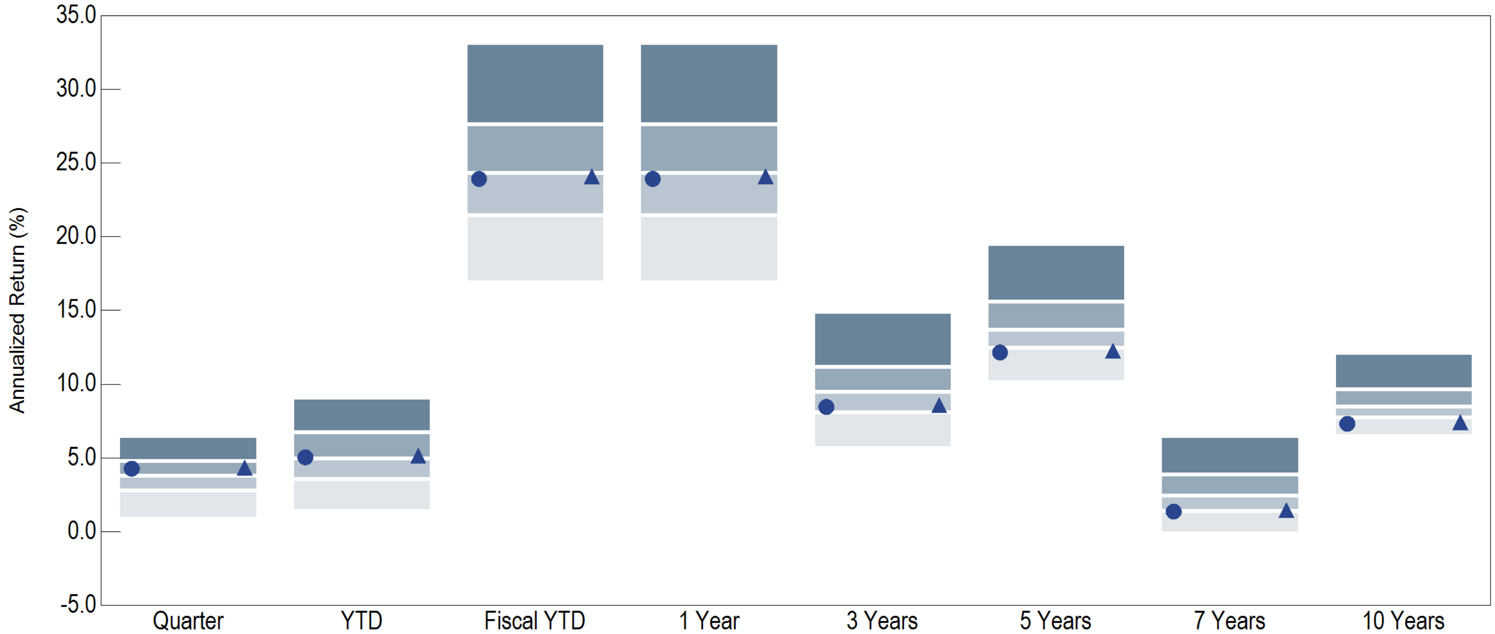
	Market Value	3 Mo	YTD	Fiscal YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	2013	2012	2011	2010	2009
Total International Equity													
Blackrock International Equity	44,075,083	4.2	5.0	23.7	23.7	8.3	12.0	7.1	22.9	17.6	-11.9	7.9	32.1
MSCI EAFE Gross		*4.3*	*5.1*	*24.1*	*24.1*	*8.6*	*12.3*	*7.4*	*23.3*	*17.9*	*-11.7*	*8.2*	*32.5*
Templeton Foreign Equity	66,267,918	2.1	3.7	22.3	22.3	7.3	11.4	8.2	19.5	18.5	-10.9	6.7	33.6
MSCI ACWI ex USA Gross		*5.2*	*5.9*	*22.3*	*22.3*	*6.2*	*11.6*	*8.2*	*15.8*	*17.4*	*-13.3*	*11.6*	*42.1*
DFA Emerging Markets Value	35,317,121	7.5	6.7	15.5	15.5	-2.5	8.6	--	-3.8	19.4	-25.6	22.1	92.3
MSCI Emerging Markets Gross		*6.7*	*6.3*	*14.7*	*14.7*	*-0.1*	*9.6*	--	*-2.3*	*18.6*	*-18.2*	*19.2*	*79.0*

EM Effective Style Map
3 Years Ending June 30, 2014

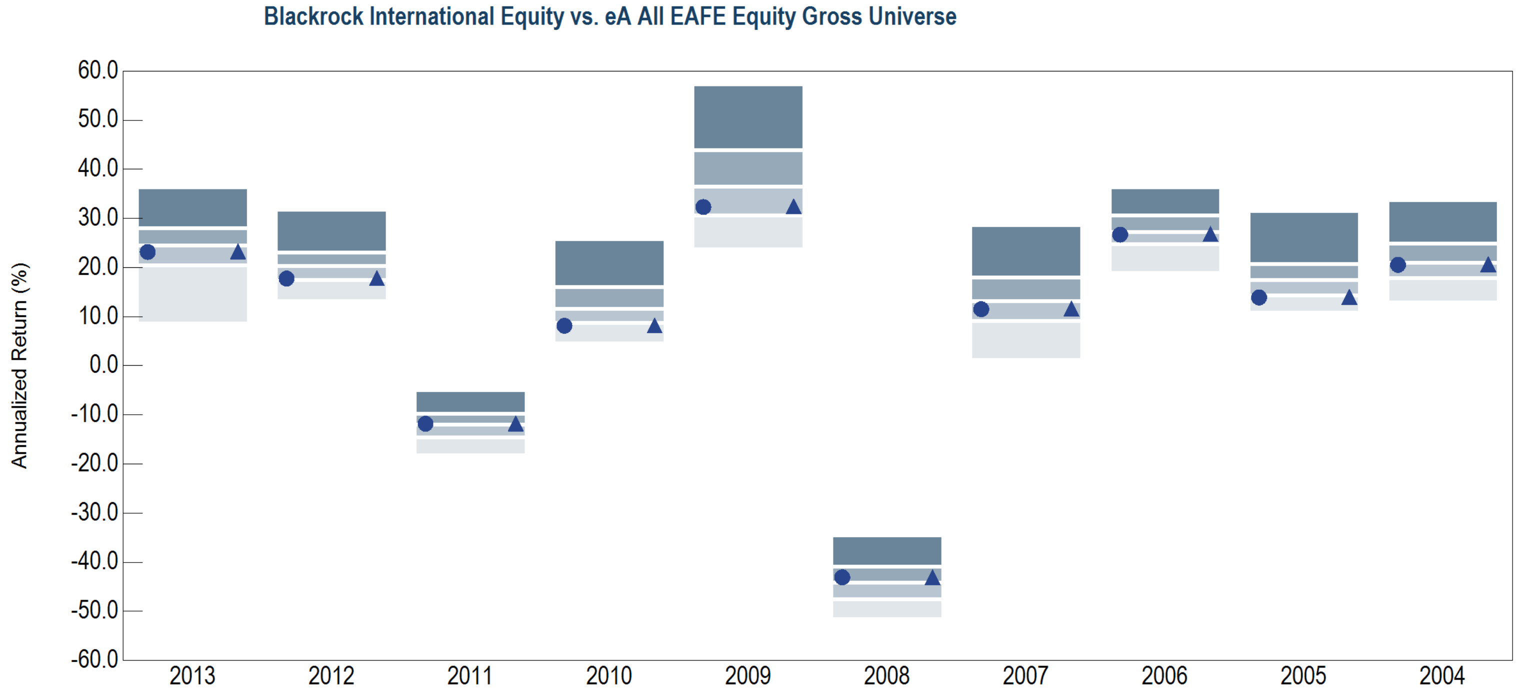


EM Effective Style Map
5 Years Ending June 30, 2014

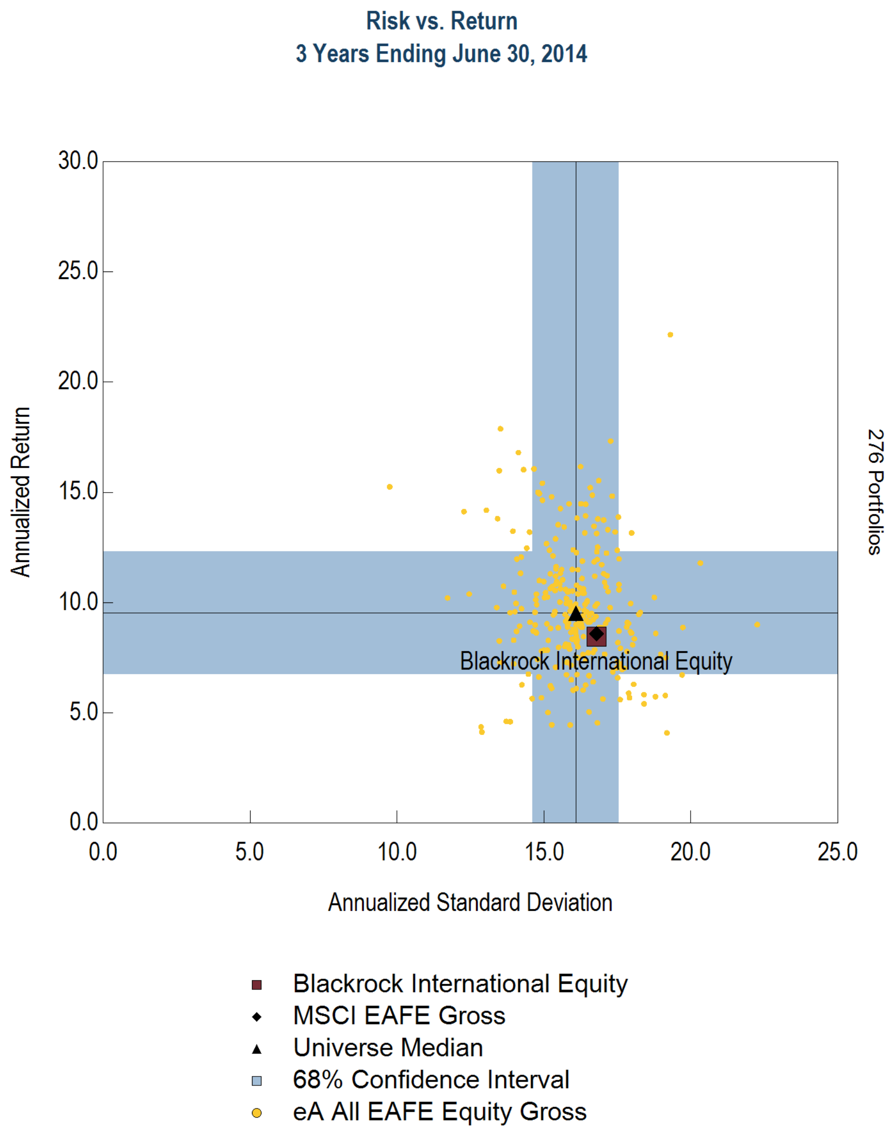
Blackrock International Equity vs. eA All EAFE Equity Gross Universe

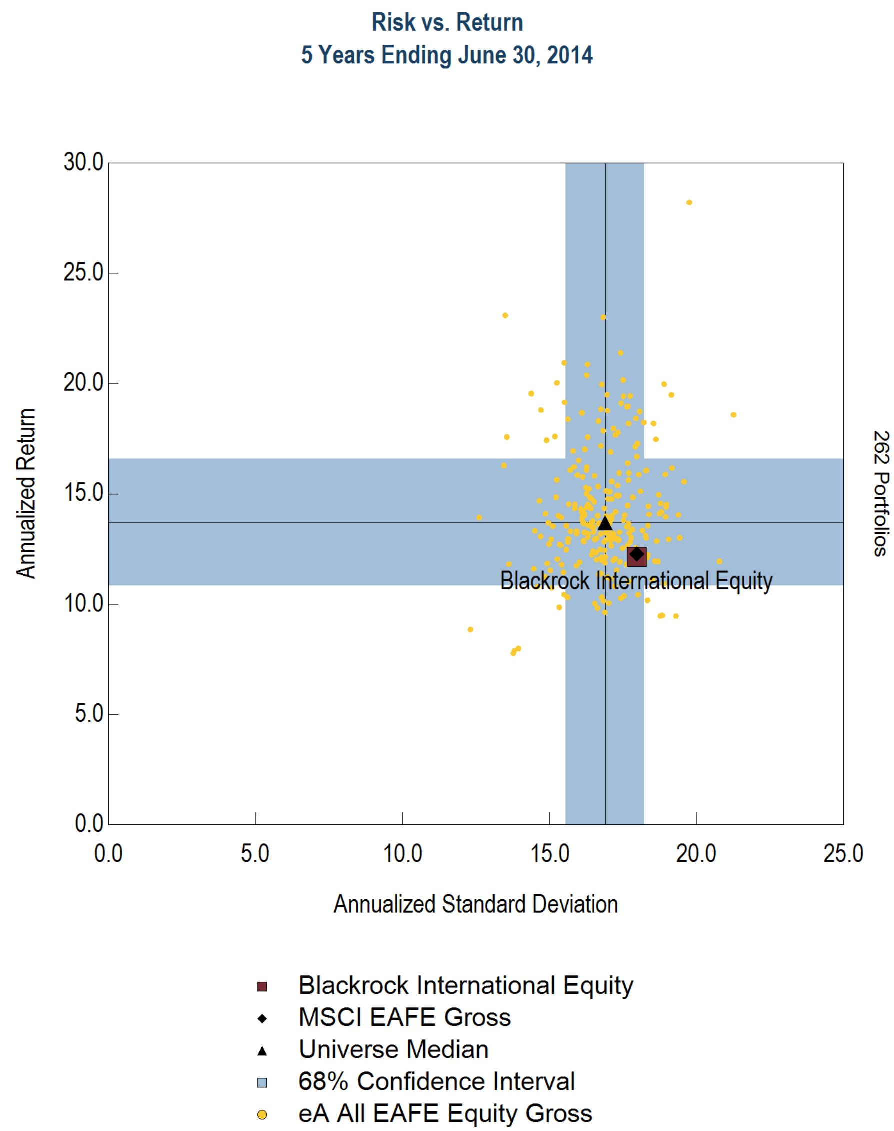


	Quarter		YTD		Fiscal YTD		1 Year		3 Years		5 Years		7 Years		10 Years	
Return (Rank)																
5th Percentile	6.5		9.1		33.1		33.1		14.9		19.5		6.5		12.1	
25th Percentile	4.8		6.8		27.7		27.7		11.2		15.6		3.9		9.7	
Median	3.8		5.0		24.4		24.4		9.5		13.7		2.5		8.5	
75th Percentile	2.8		3.6		21.5		21.5		8.1		12.5		1.4		7.8	
95th Percentile	0.9		1.4		16.9		16.9		5.7		10.2		-0.1		6.5	
# of Portfolios	291		291		291		291		276		262		230		173	
● **Blackrock International Equity**	4.3	(38)	5.0	(49)	23.9	(55)	23.9	(55)	8.5	(71)	12.2	(79)	1.4	(77)	7.3	(82)
▲ **MSCI EAFE Gross**	4.3	(36)	5.1	(47)	24.1	(53)	24.1	(53)	8.6	(70)	12.3	(78)	1.5	(75)	7.4	(80)



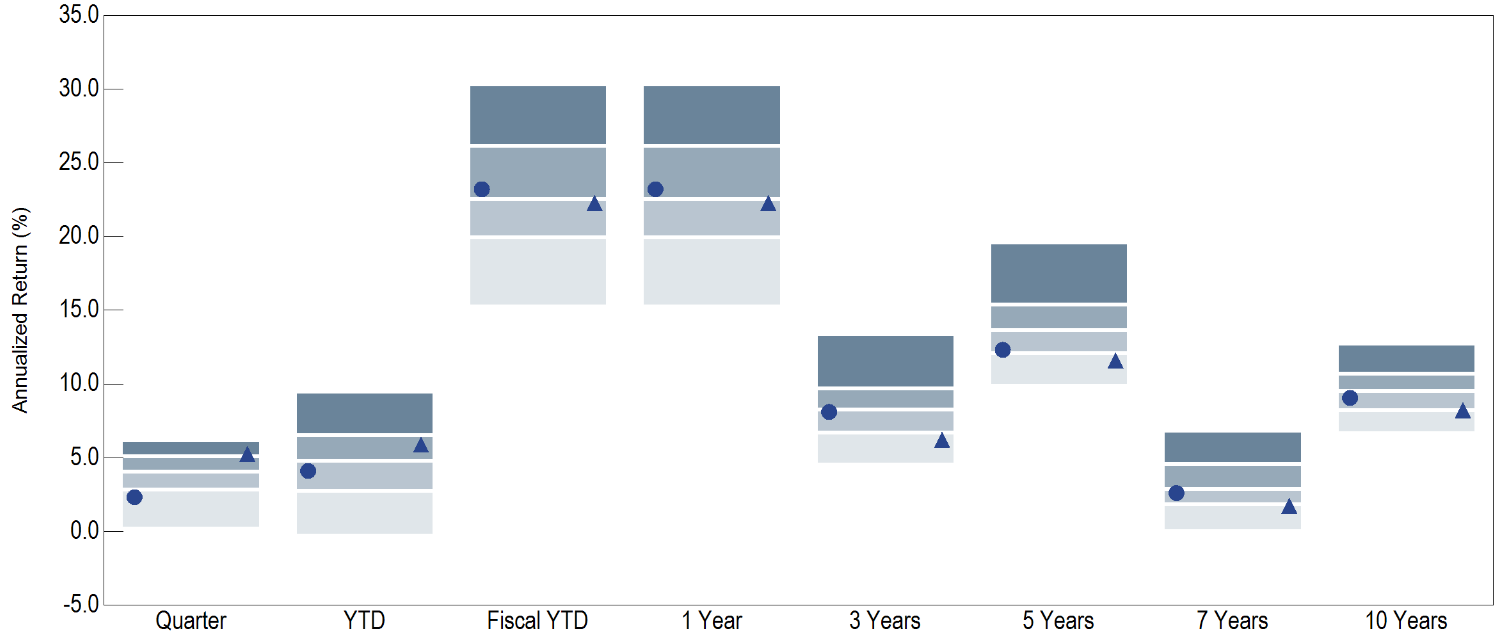
	Return (Rank)																			
5th Percentile	36.3		31.7		-5.1		25.7		57.3		-34.5		28.5		36.2		31.5		33.6	
25th Percentile	28.1		23.1		-9.7		16.1		44.0		-40.8		18.0		30.7		20.8		25.0	
Median	24.6		20.4		-12.0		11.7		36.5		-44.1		13.2		27.3		17.5		21.0	
75th Percentile	20.5		17.5		-14.5		8.7		30.7		-47.5		9.1		24.8		14.4		17.9	
95th Percentile	8.6		13.3		-18.2		4.6		23.7		-51.5		1.2		18.9		10.8		13.0	
# of Portfolios	284		263		278		352		455		477		466		434		409		383	
● Blackrock International Equity	23.2	(61)	17.8	(74)	-11.8	(48)	8.1	(79)	32.3	(68)	-43.1	(41)	11.5	(60)	26.7	(57)	13.9	(80)	20.5	(53)
▲ MSCI EAFE Gross	23.3	(60)	17.9	(72)	-11.7	(47)	8.2	(78)	32.5	(67)	-43.1	(41)	11.6	(59)	26.9	(55)	14.0	(79)	20.7	(52)


Risk vs. Return
3 Years Ending June 30, 2014
30.0
25.0
20.0
15.0
10.0
5.0
0.0
Annualized Return
0.0
5.0
10.0
15.0
20.0
25.0
Annualized Standard Deviation
276 Portfolios
Blackrock International Equity
Blackrock International Equity
MSCI EAFE Gross
Universe Median
68% Confidence Interval
eA All EAFE Equity Gross


Risk vs. Return
5 Years Ending June 30, 2014
30.0
25.0
20.0
15.0
10.0
5.0
0.0
Annualized Return
0.0
5.0
10.0
15.0
20.0
25.0
Annualized Standard Deviation
262 Portfolios
Blackrock International Equity
Blackrock International Equity
MSCI EAFE Gross
Universe Median
68% Confidence Interval
eA All EAFE Equity Gross

Templeton Foreign Equity
Cumulative Performance Comparison

Period Ending: June 30, 2014



	Return (Rank)															
5th Percentile	6.2		9.5		30.3		30.3		13.4		19.6		6.8		12.7	
25th Percentile	5.1		6.6		26.2		26.2		9.7		15.4		4.6		10.7	
Median	4.1		4.8		22.6		22.6		8.3		13.7		2.9		9.5	
75th Percentile	2.9		2.8		20.0		20.0		6.7		12.1		1.9		8.2	
95th Percentile	0.2		-0.3		15.3		15.3		4.5		9.9		0.0		6.7	
# of Portfolios	191		191		191		191		172		159		137		94	
● Templeton Foreign Equity	2.3	(83)	4.1	(59)	23.2	(46)	23.2	(46)	8.1	(54)	12.3	(75)	2.6	(58)	9.1	(62)
▲ MSCI ACWI ex USA Gross	5.2	(23)	5.9	(34)	22.3	(54)	22.3	(54)	6.2	(81)	11.6	(83)	1.7	(79)	8.2	(76)

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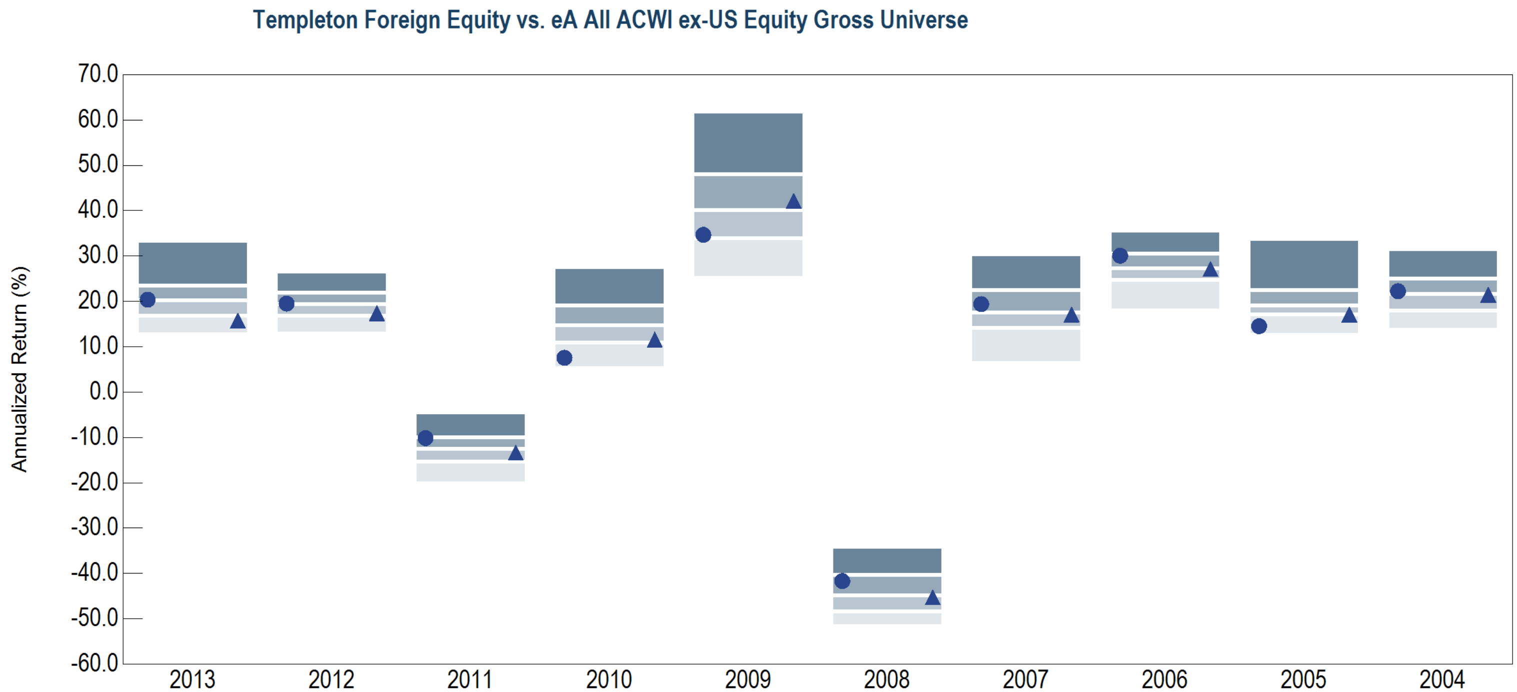
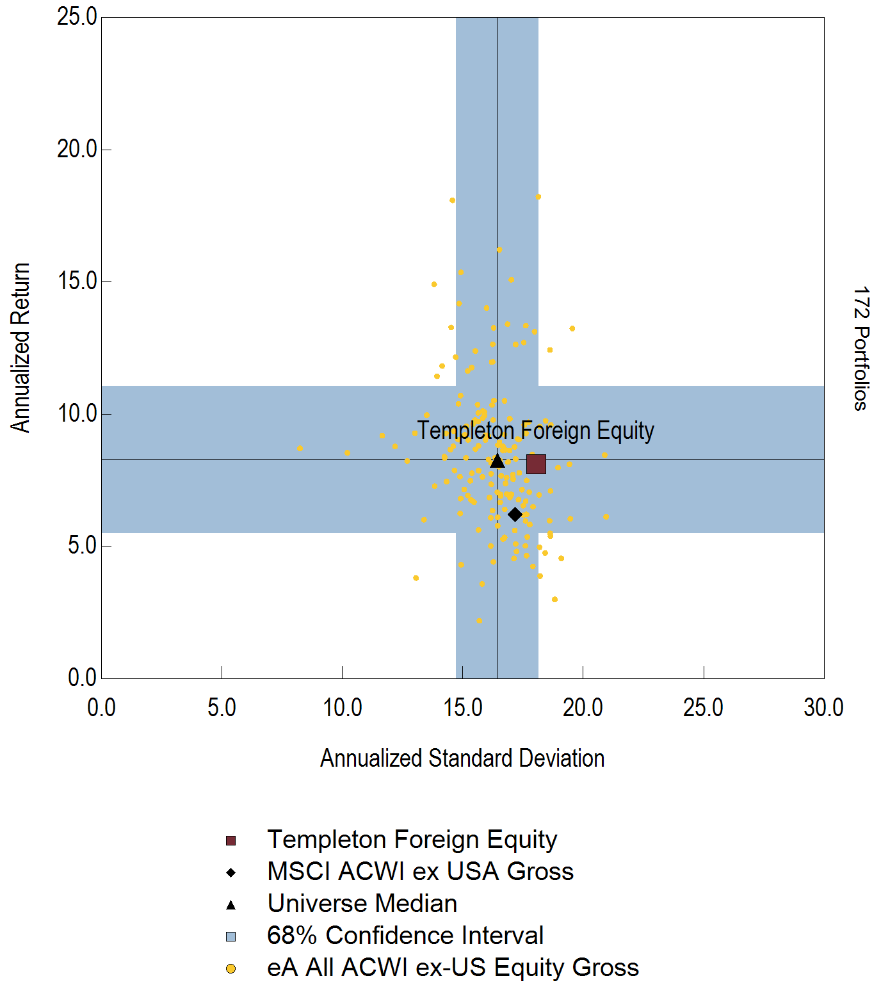
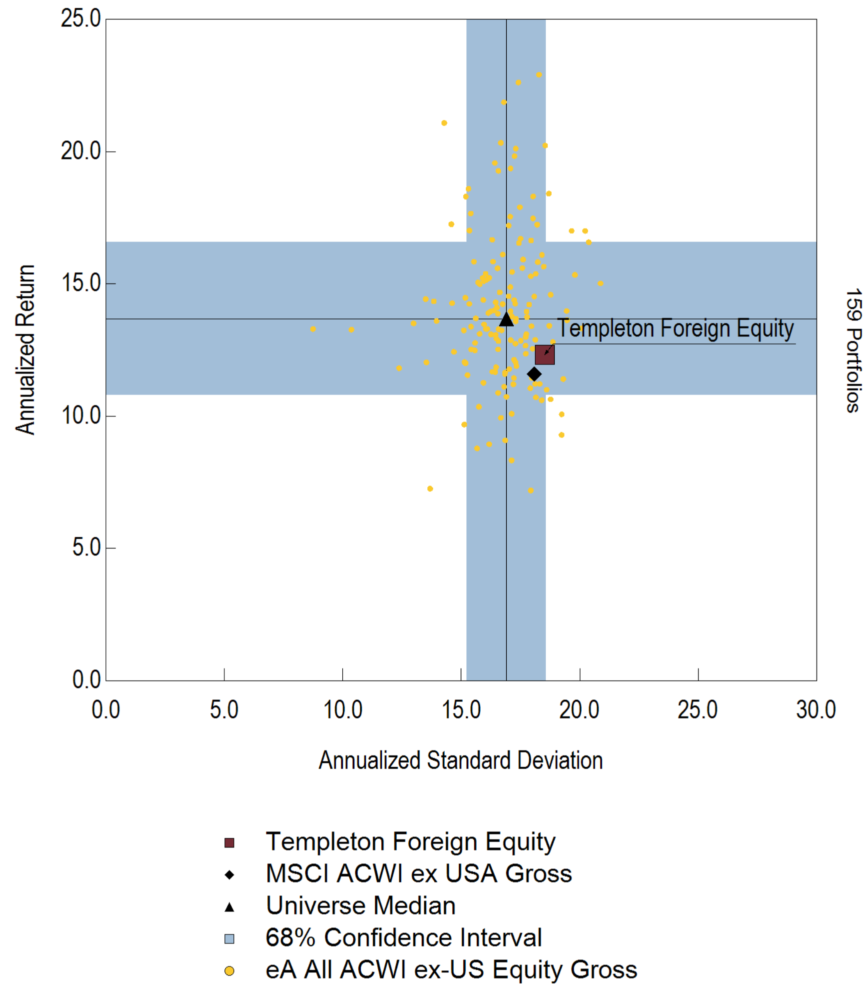


Return (Rank)	2013		2012		2011		2010		2009		2008		2007		2006		2005		2004	
5th Percentile	33.2		26.5		-4.6		27.5		61.9		-34.1		30.4		35.6		33.7		31.5	
25th Percentile	23.5		22.1		-9.8		19.2		48.1		-40.2		22.5		30.6		22.5		25.1	
Median	20.2		19.5		-12.4		14.8		40.2		-44.7		17.6		27.4		19.1		21.7	
75th Percentile	16.9		16.8		-15.2		11.0		34.0		-48.3		14.3		24.8		17.3		18.0	
95th Percentile	12.8		13.0		-20.0		5.4		25.2		-51.5		6.5		18.1		12.7		13.8	
# of Portfolios	181		174		169		153		149		136		130		117		104		91	
● Templeton Foreign Equity	20.4	(47)	19.5	(50)	-10.2	(28)	7.5	(92)	34.7	(74)	-41.7	(34)	19.4	(40)	30.1	(27)	14.5	(90)	22.2	(44)
▲ MSCI ACWI ex USA Gross	15.8	(86)	17.4	(72)	-13.3	(60)	11.6	(73)	42.1	(46)	-45.2	(55)	17.1	(57)	27.1	(53)	17.1	(76)	21.5	(51)

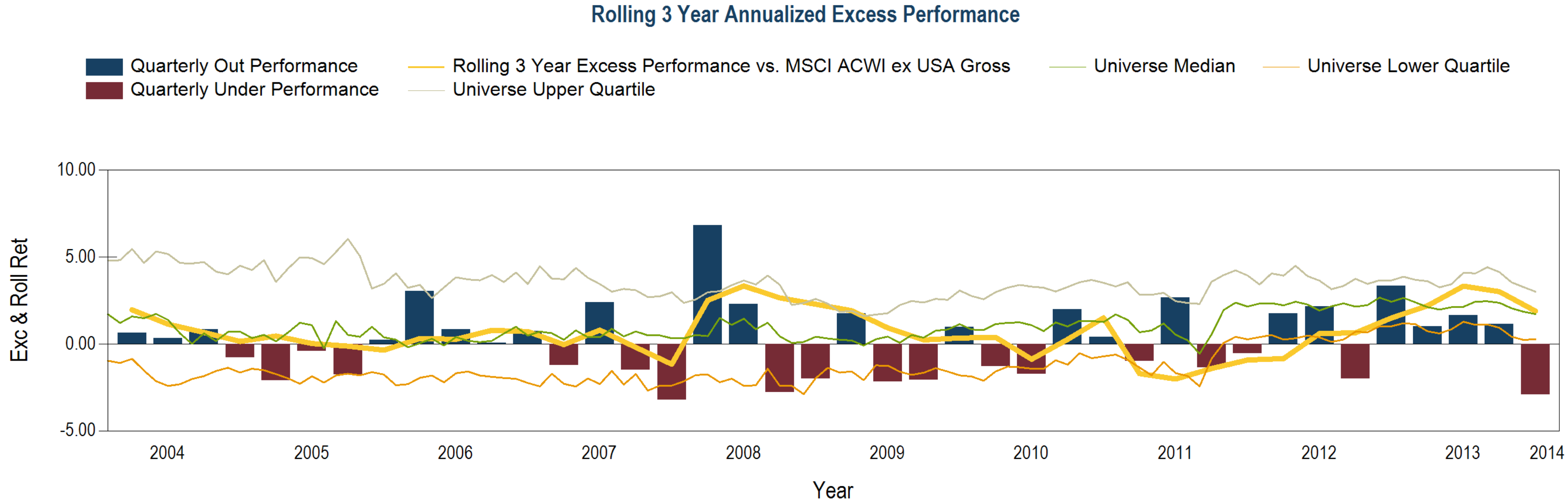
Risk vs. Return
3 Years Ending June 30, 2014

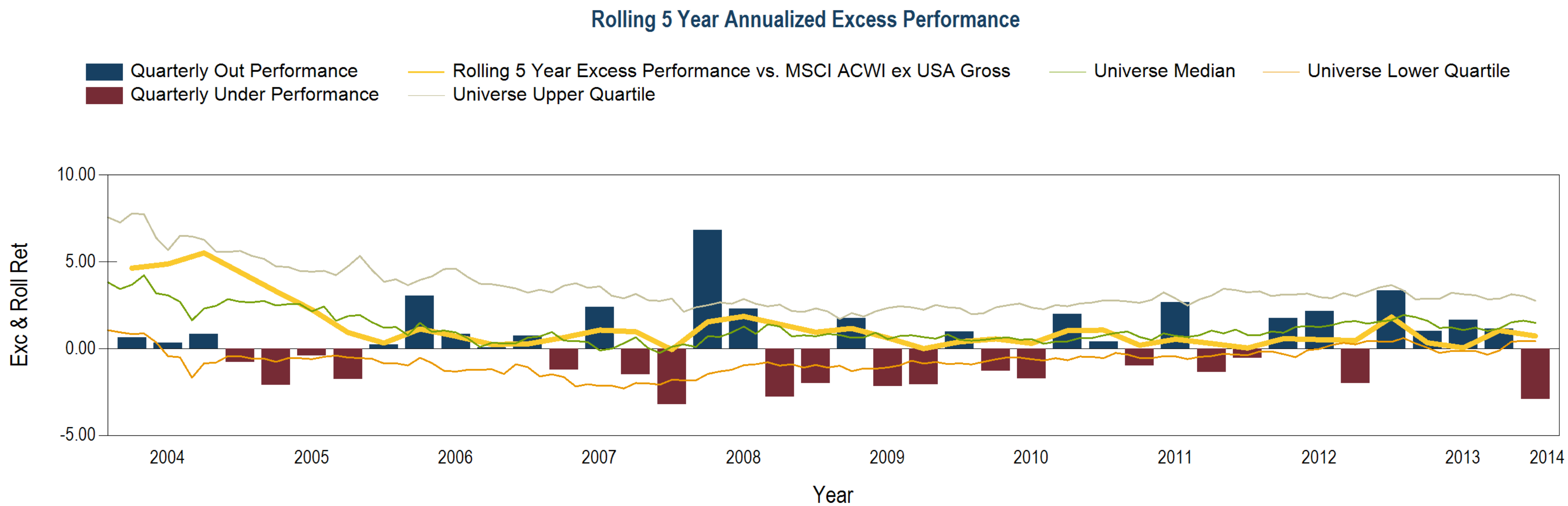


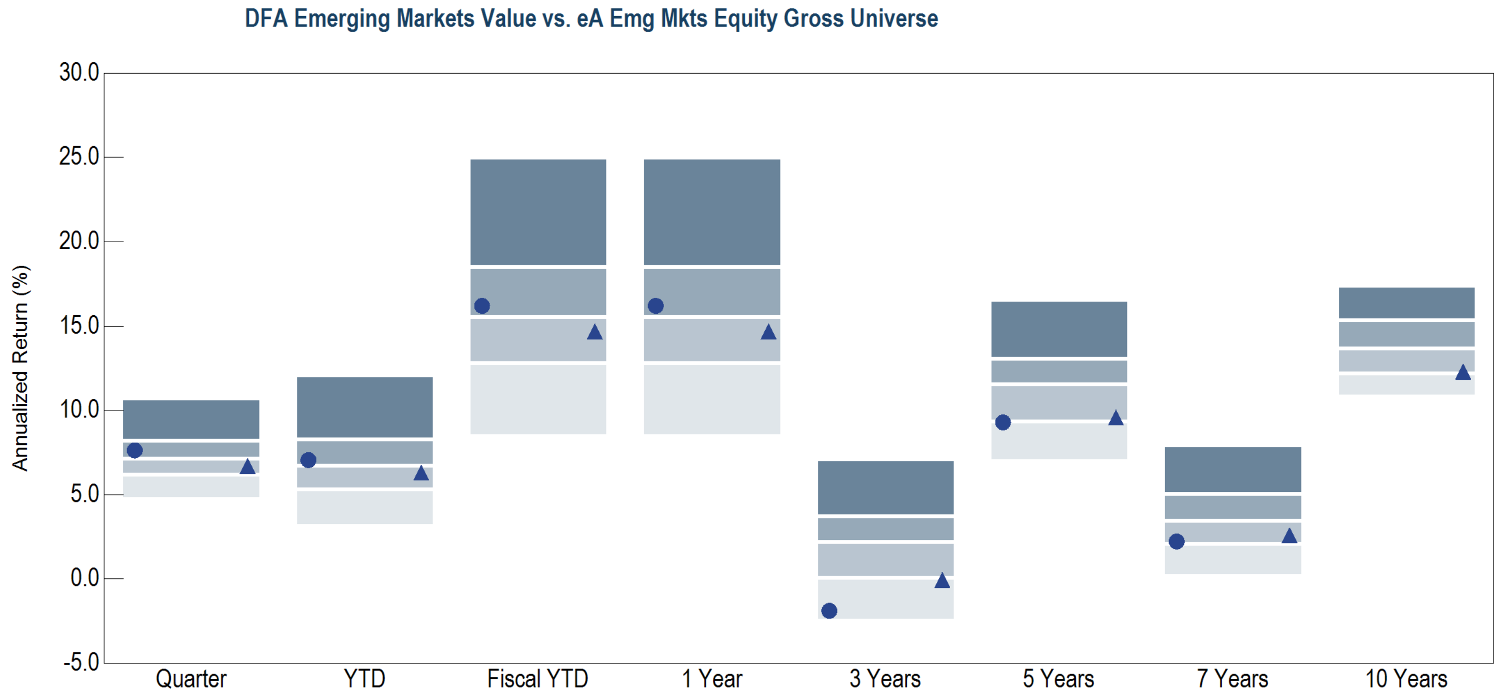
Risk vs. Return
5 Years Ending June 30, 2014



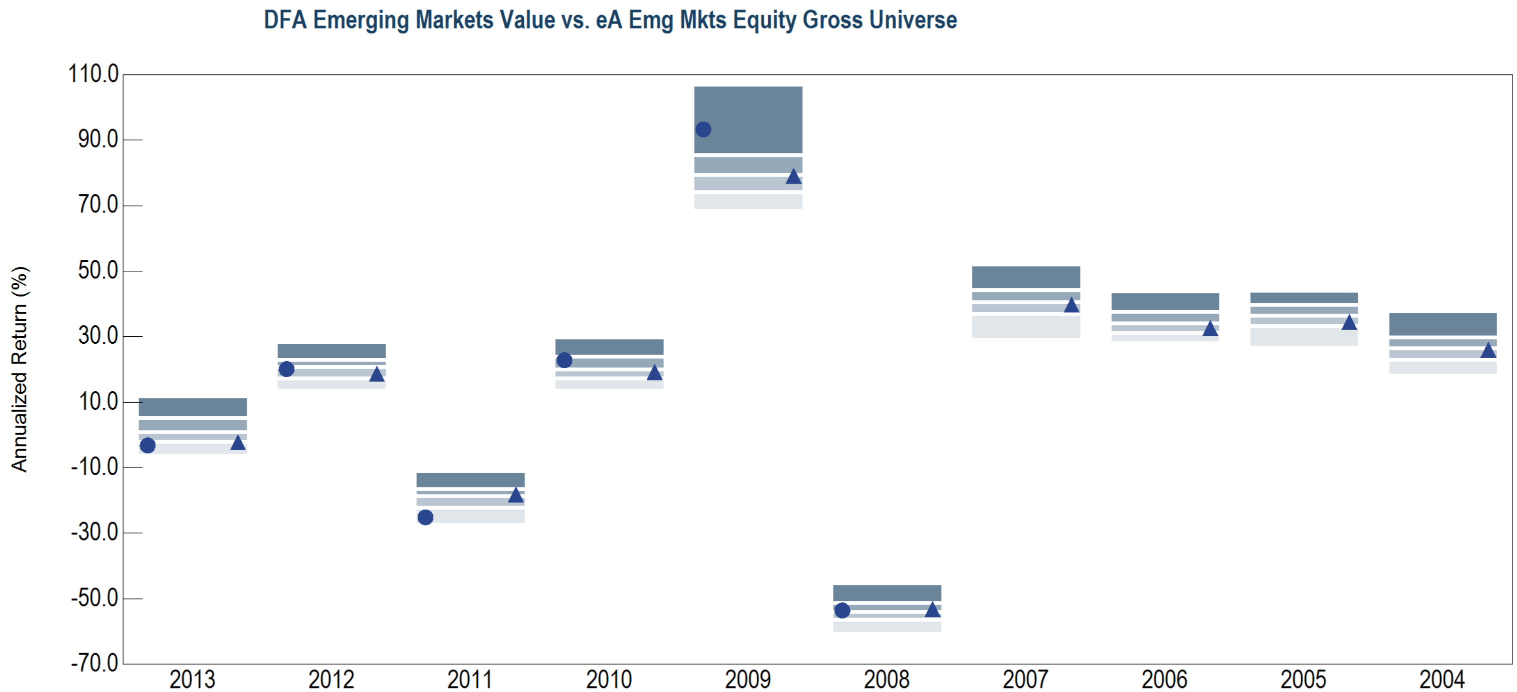
WURTS ASSOCIATES


Rolling 3 Year Annualized Excess Performance
Quarterly Out Performance
Quarterly Under Performance
Rolling 3 Year Excess Performance vs. MSCI ACWI ex USA Gross
Universe Upper Quartile
Universe Median
Universe Lower Quartile
10.00
5.00
0.00
-5.00
Exc & Roll Ret
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
Year


Rolling 5 Year Annualized Excess Performance
Quarterly Out Performance
Quarterly Under Performance
Rolling 5 Year Excess Performance vs. MSCI ACWI ex USA Gross
Universe Upper Quartile
Universe Median
Universe Lower Quartile
10.00
5.00
0.00
-5.00
Exc & Roll Ret
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
Year



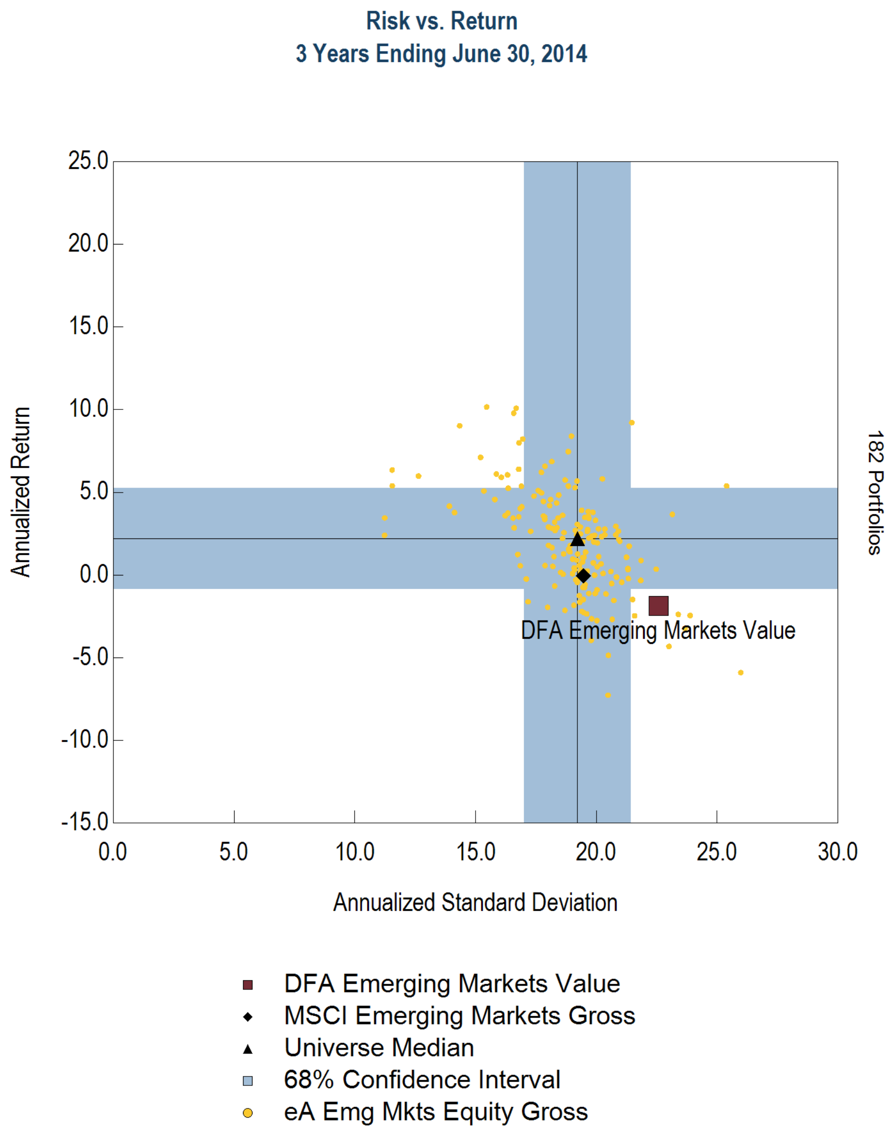
	Return (Rank)															
5th Percentile	10.7		12.1		25.0		25.0		7.1		16.5		7.9		17.4	
25th Percentile	8.2		8.3		18.5		18.5		3.7		13.1		5.1		15.4	
Median	7.2		6.7		15.5		15.5		2.2		11.6		3.5		13.7	
75th Percentile	6.2		5.3		12.8		12.8		0.1		9.4		2.1		12.2	
95th Percentile	4.8		3.2		8.5		8.5		-2.5		7.0		0.2		10.8	
# of Portfolios	221		221		220		220		182		132		105		77	
● DFA Emerging Markets Value	7.6	(41)	7.1	(43)	16.2	(43)	16.2	(43)	-1.9	(91)	9.3	(77)	2.2	(73)	--	(--)
▲ MSCI Emerging Markets Gross	6.7	(65)	6.3	(58)	14.7	(59)	14.7	(59)	-0.1	(77)	9.6	(73)	2.6	(69)	12.3	(73)

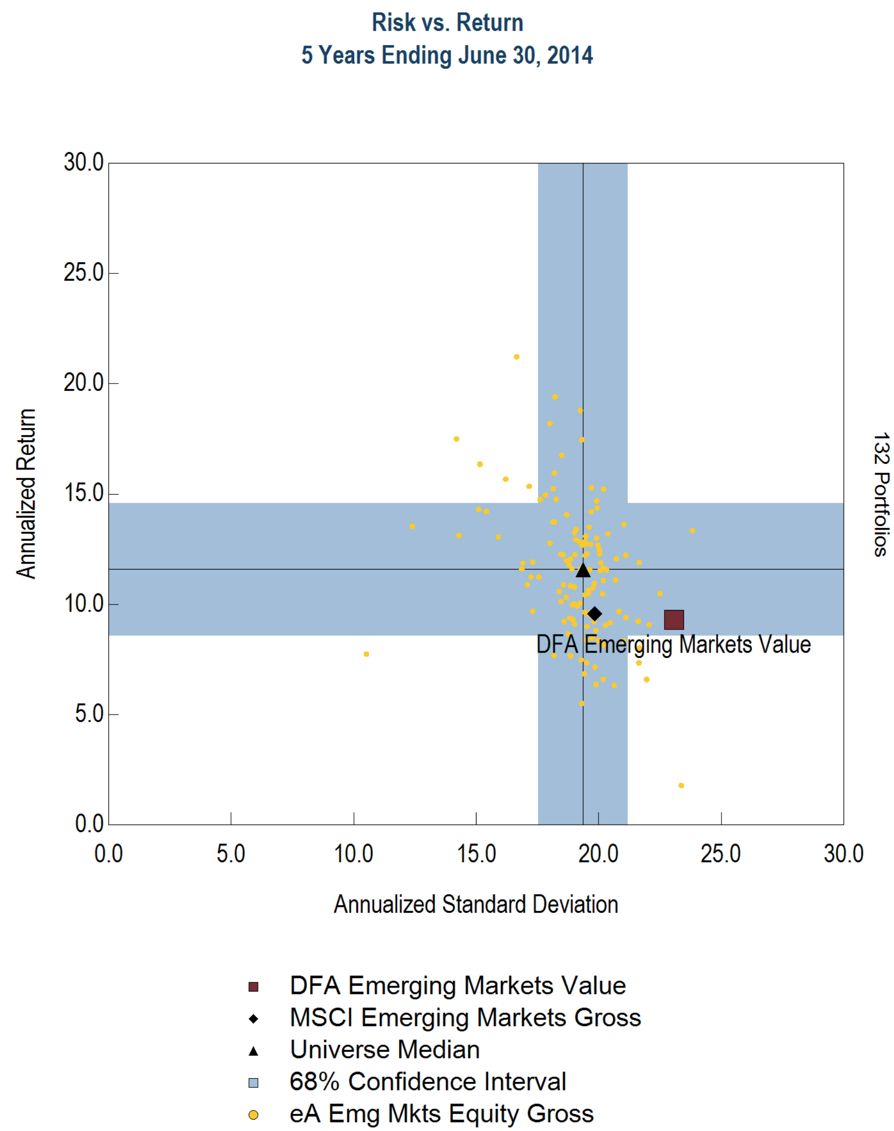


Return (Rank)	2013		2012		2011		2010		2009		2008		2007		2006		2005		2004	
5th Percentile	11.7		28.4		-11.1		29.6		106.8		-45.4		51.9		43.7		43.9		37.7	
25th Percentile	5.2		23.0		-16.4		23.9		85.5		-51.3		44.3		37.7		39.8		29.9	
Median	1.0		20.9		-18.6		20.1		79.5		-54.0		40.5		34.2		36.5		26.5	
75th Percentile	-2.0		17.3		-22.2		17.3		74.3		-56.3		37.1		31.2		33.4		23.0	
95th Percentile	-6.3		13.7		-27.3		13.7		68.5		-60.7		29.1		28.1		26.7		18.1	
# of Portfolios	198		155		139		113		113		118		115		108		101		94	
● DFA Emerging Markets Value	-3.2	(84)	20.1	(56)	-25.2	(92)	22.8	(33)	93.3	(12)	-53.6	(44)	--	(--)	--	(--)	--	(--)	--	(--)
▲ MSCI Emerging Markets Gross	-2.3	(78)	18.6	(68)	-18.2	(45)	19.2	(62)	79.0	(54)	-53.2	(37)	39.8	(58)	32.6	(62)	34.5	(66)	26.0	(56)

DFA Emerging Markets Value
Risk vs Return Three & Five Year

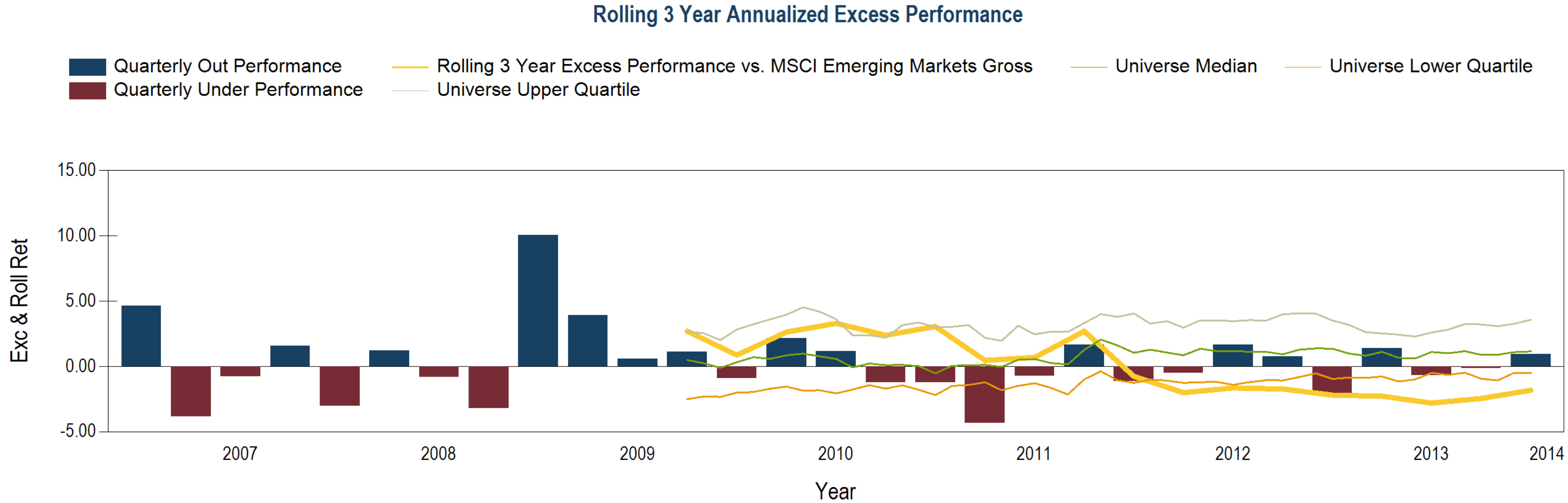
Period Ending: June 30, 2014

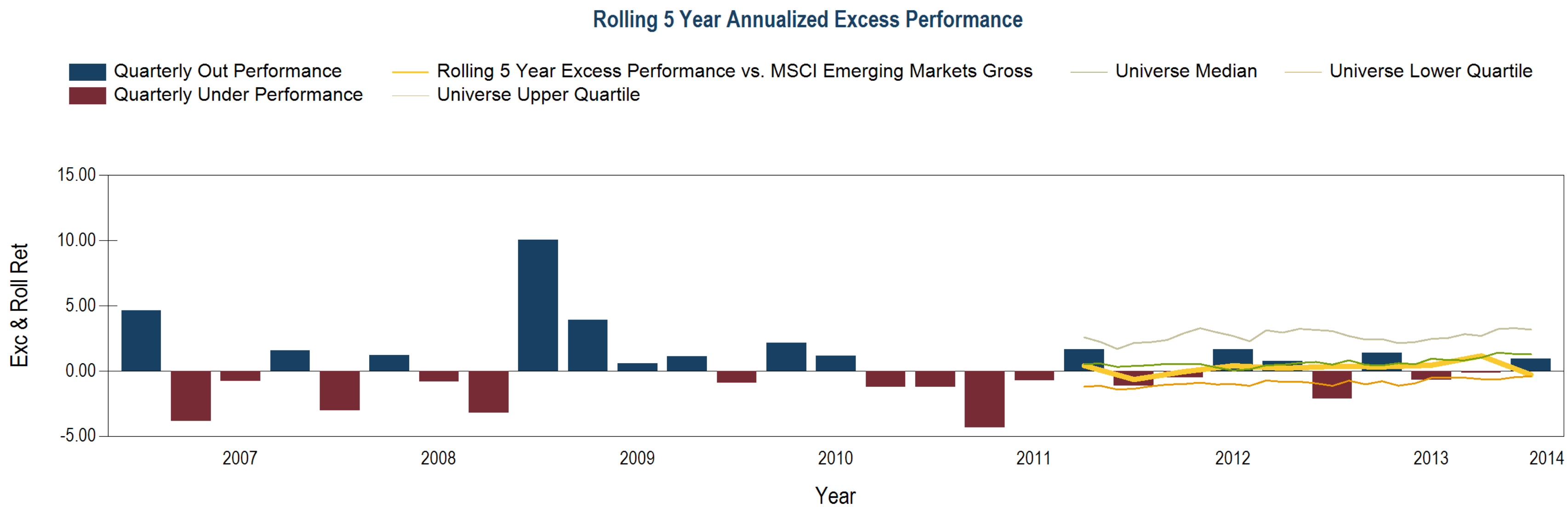




DFA Emerging Markets Value
Rolling Return Analysis

Period Ending: June 30, 2014



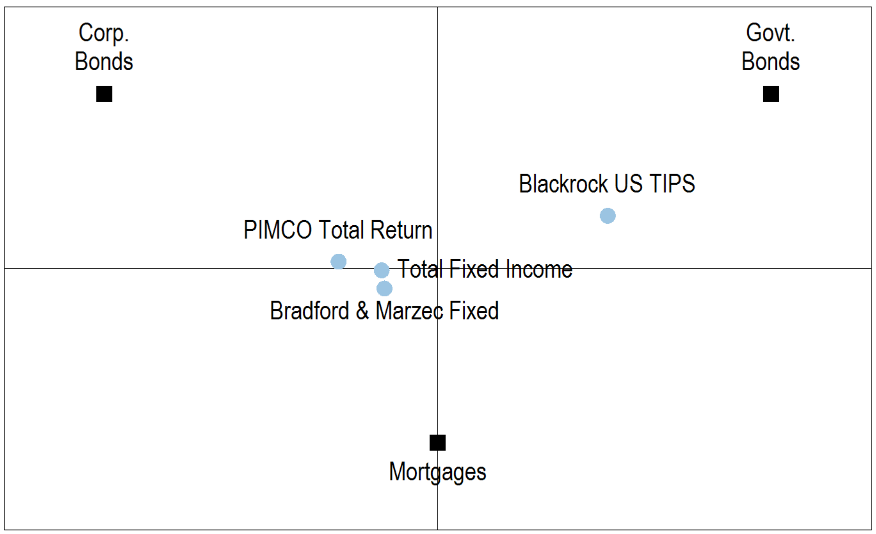


Asset Class Overview (Gross of Fees)

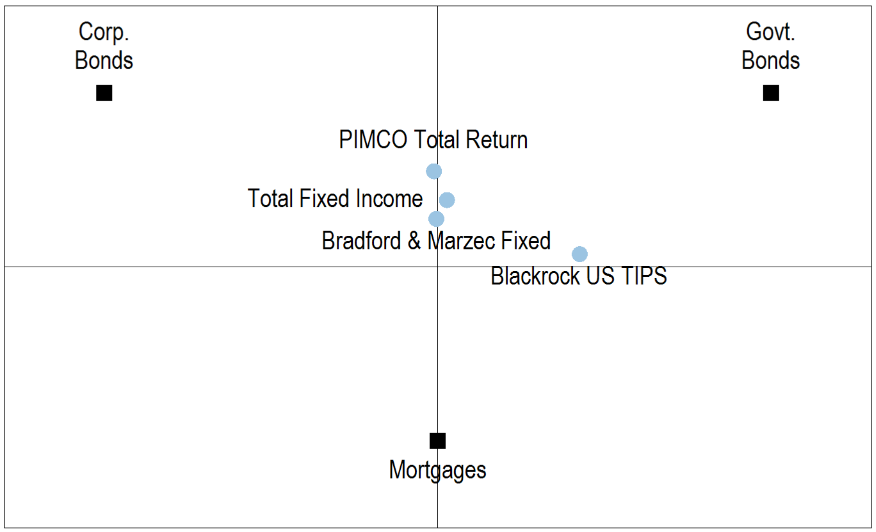
Period Ending: June 30, 2014

	Market Value	3 Mo	YTD	Fiscal YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	2013	2012	2011	2010	2009
Total Fixed Income													
Bradford & Marzec Fixed	85,053,224	2.8	5.3	5.3	7.5	5.5	7.6	6.7	-0.4	8.8	7.4	9.6	13.5
Barclays Aggregate		*2.0*	*3.9*	*3.9*	*4.4*	*3.7*	*4.9*	*4.9*	*-2.0*	*4.2*	*7.8*	*6.5*	*5.9*
eA US Core Plus Fixed Inc Gross Rank		*17*	*27*	*27*	*26*	*48*	*50*	*28*	*52*	*45*	*51*	*40*	*55*
PIMCO Total Return	83,912,617	2.5	3.9	3.9	5.5	4.9	6.9	--	-1.3	11.0	4.7	9.3	--
Barclays Aggregate		*2.0*	*3.9*	*3.9*	*4.4*	*3.7*	*4.9*	--	*-2.0*	*4.2*	*7.8*	*6.5*	--
eA US Core Plus Fixed Inc Gross Rank		*42*	*83*	*83*	*72*	*68*	*66*	--	*80*	*18*	*94*	*45*	--
Blackrock US TIPS	14,936,067	3.9	5.9	5.9	4.6	3.6	5.6	--	-8.5	7.1	13.7	6.4	11.4
Barclays US TIPS		*3.8*	*5.8*	*5.8*	*4.4*	*3.6*	*5.6*	--	*-8.6*	*7.0*	*13.6*	*6.3*	*11.4*
eA TIPS / Infl Indexed Fixed Inc Gross Rank		*28*	*38*	*38*	*41*	*49*	*65*	--	*62*	*59*	*37*	*52*	*36*

Effective Style Map
3 Years Ending June 30, 2014



Effective Style Map
5 Years Ending June 30, 2014



WURTS ASSOCIATES

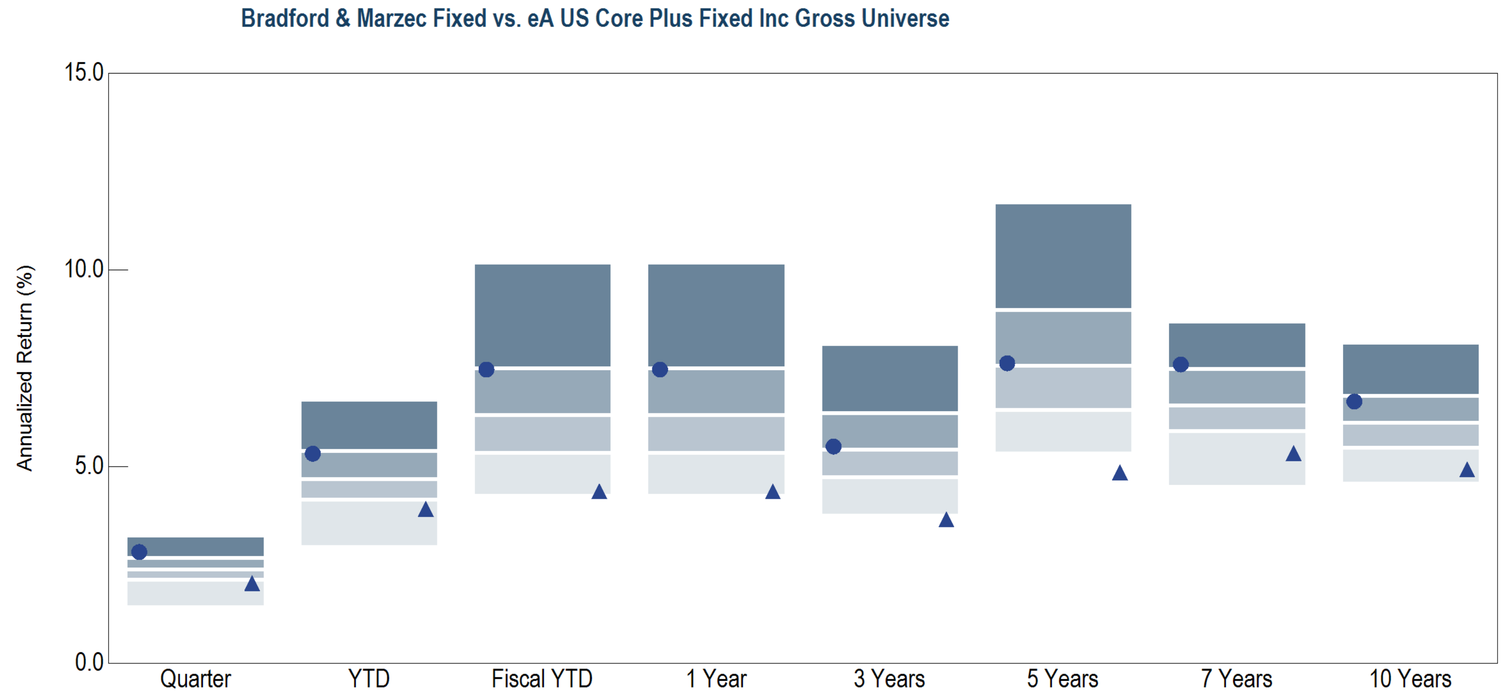
	Market Value	3 Mo	YTD	Fiscal YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	2013	2012	2011	2010	2009
Total Fixed Income													
Bradford & Marzec Fixed	85,053,224	2.8	5.2	5.2	7.2	5.2	7.3	6.3	-0.8	8.5	7.1	9.3	13.1
Barclays Aggregate		*2.0*	*3.9*	*3.9*	*4.4*	*3.7*	*4.9*	*4.9*	*-2.0*	*4.2*	*7.8*	*6.5*	*5.9*
PIMCO Total Return	83,912,617	2.4	3.7	3.7	4.9	4.3	6.4	--	-1.9	10.4	4.2	8.8	--
Barclays Aggregate		*2.0*	*3.9*	*3.9*	*4.4*	*3.7*	*4.9*	--	*-2.0*	*4.2*	*7.8*	*6.5*	--
Blackrock US TIPS	14,936,067	3.9	5.9	5.9	4.5	3.6	5.6	--	-8.6	7.0	13.6	6.3	11.3
Barclays US TIPS		*3.8*	*5.8*	*5.8*	*4.4*	*3.6*	*5.6*	--	*-8.6*	*7.0*	*13.6*	*6.3*	*11.4*

Correlation Matrix
Last 5 Years

	Total Fixed Income	Bradford & Marzec Fixed	PIMCO Total Return	Blackrock US TIPS	Barclays Aggregate
Total Fixed Income	1.00	--	--	--	--
Bradford & Marzec Fixed	0.98	1.00	--	--	--
PIMCO Total Return	0.96	0.96	1.00	--	--
Blackrock US TIPS	0.77	0.72	0.64	1.00	--
Barclays Aggregate	0.77	0.73	0.66	0.85	1.00

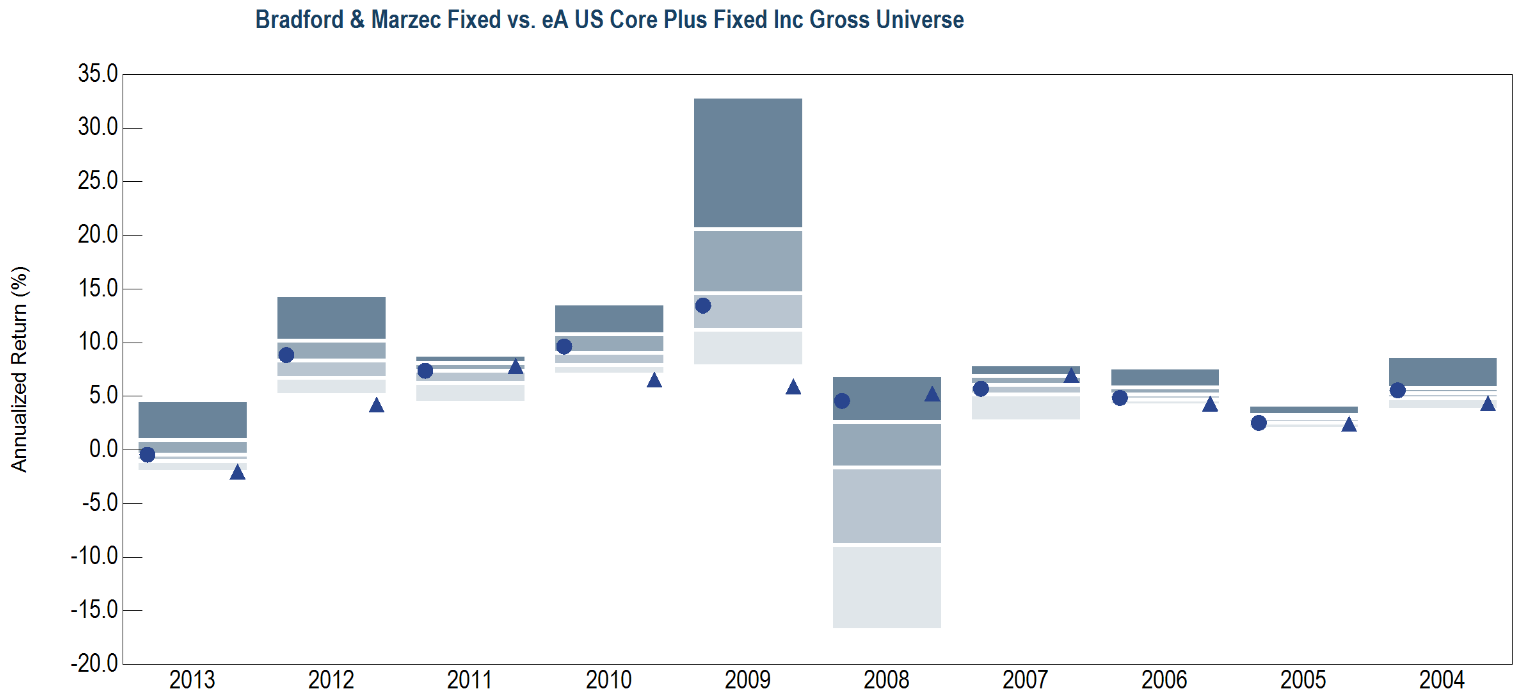
Bradford & Marzec Fixed
Cumulative Performance Comparison

Period Ending: June 30, 2014



Return (Rank)

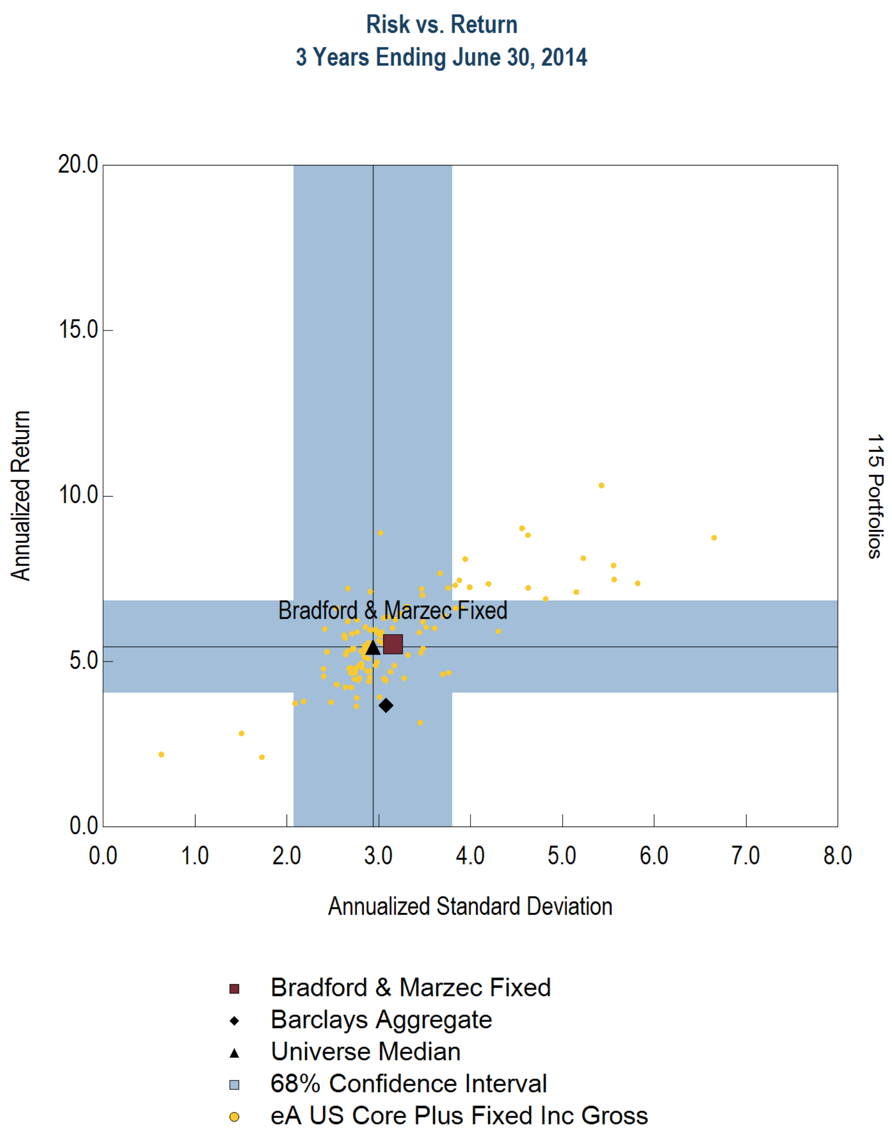
	Quarter		YTD		Fiscal YTD		1 Year		3 Years		5 Years		7 Years		10 Years	
5th Percentile	3.2		6.7		10.2		10.2		8.1		11.7		8.7		8.1	
25th Percentile	2.7		5.4		7.5		7.5		6.4		9.0		7.5		6.8	
Median	2.4		4.7		6.3		6.3		5.4		7.6		6.6		6.1	
75th Percentile	2.1		4.2		5.4		5.4		4.7		6.5		5.9		5.5	
95th Percentile	1.4		3.0		4.3		4.3		3.8		5.3		4.5		4.6	
# of Portfolios	116		116		116		116		115		113		102		87	
● Bradford & Marzec Fixed	2.8	(17)	5.3	(27)	7.5	(26)	7.5	(26)	5.5	(48)	7.6	(50)	7.6	(23)	6.7	(28)
▲ Barclays Aggregate	2.0	(81)	3.9	(83)	4.4	(95)	4.4	(95)	3.7	(97)	4.9	(98)	5.3	(90)	4.9	(93)

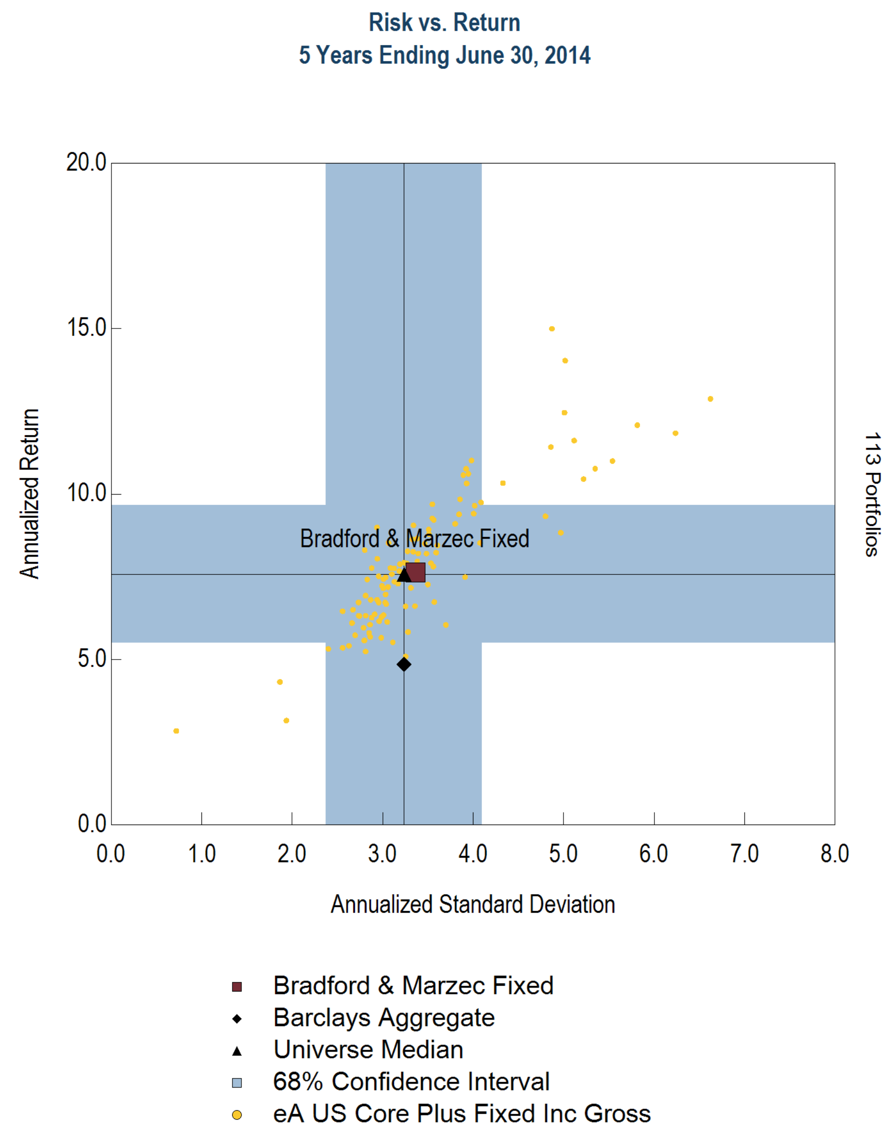


Return (Rank)	2013		2012		2011		2010		2009		2008		2007		2006		2005		2004	
5th Percentile	4.6		14.4		8.8		13.6		32.9		6.9		7.9		7.6		4.2		8.7	
25th Percentile	1.0		10.2		8.1		10.8		20.6		2.7		6.9		5.9		3.3		5.8	
Median	-0.4		8.3		7.4		9.1		14.6		-1.6		6.1		5.2		3.0		5.3	
75th Percentile	-1.0		6.7		6.3		8.0		11.2		-8.9		5.2		4.7		2.6		4.8	
95th Percentile	-2.0		5.1		4.4		7.0		7.8		-16.8		2.7		4.2		2.0		3.7	
# of Portfolios	116		124		118		123		128		136		144		146		141		150	
● Bradford & Marzec Fixed	-0.4	(52)	8.8	(45)	7.4	(51)	9.6	(40)	13.5	(55)	4.6	(17)	5.7	(66)	4.8	(67)	2.5	(77)	5.5	(38)
▲ Barclays Aggregate	-2.0	(96)	4.2	(97)	7.8	(37)	6.5	(97)	5.9	(99)	5.2	(13)	7.0	(25)	4.3	(90)	2.4	(80)	4.3	(89)

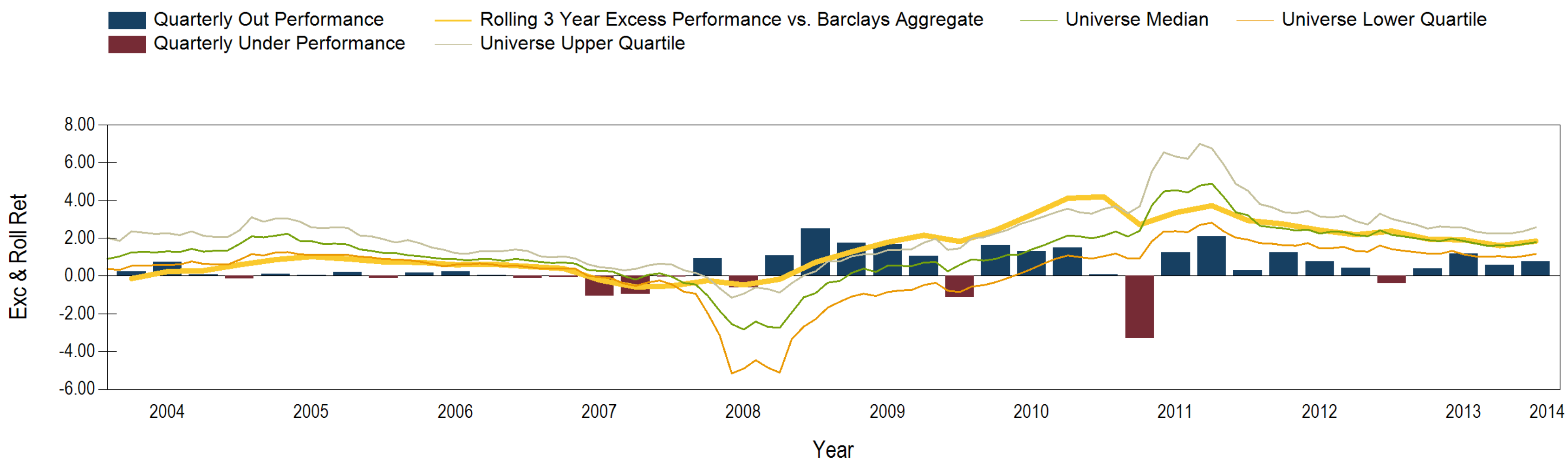
Bradford & Marzec Fixed
Risk vs Return Three & Five Year

Period Ending: June 30, 2014

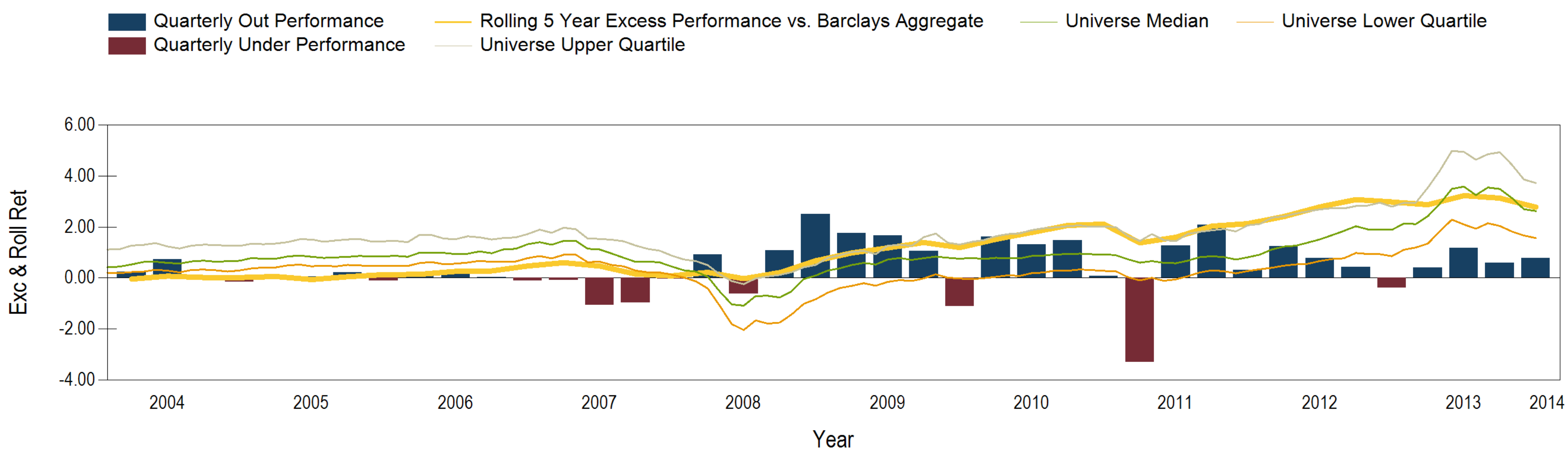




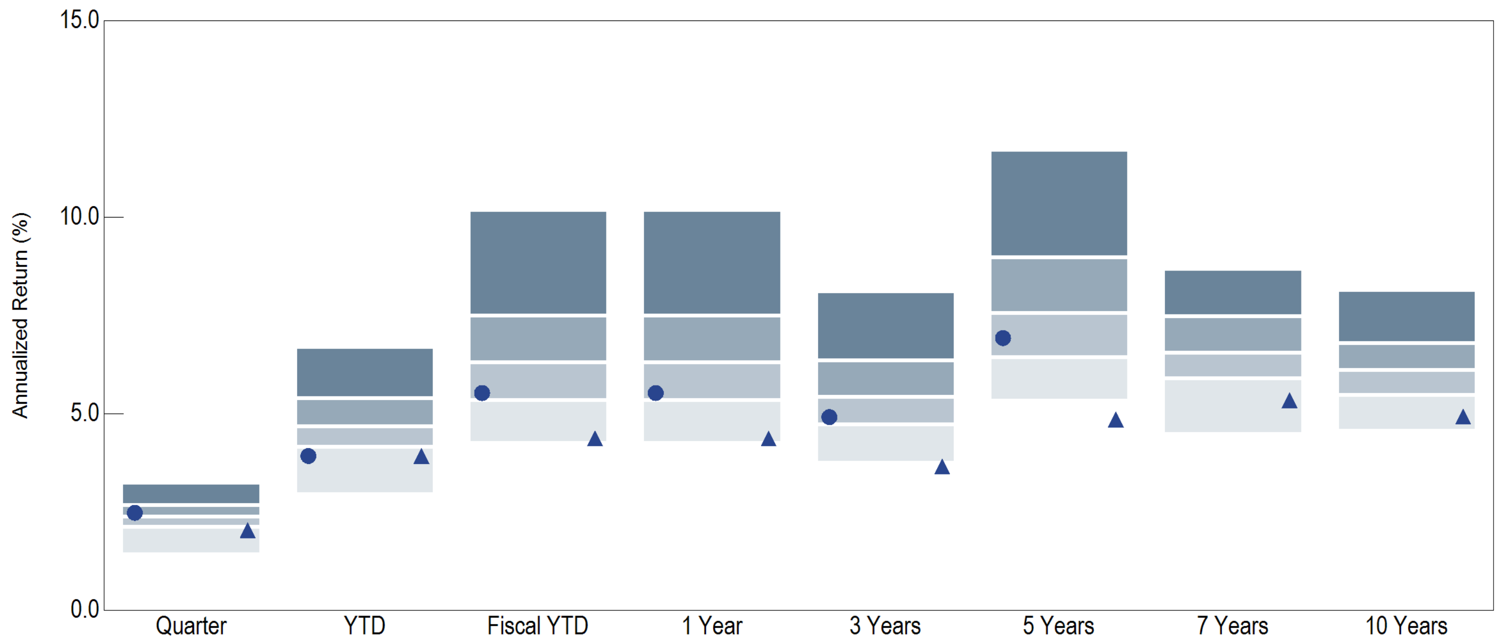
Rolling 3 Year Annualized Excess Performance



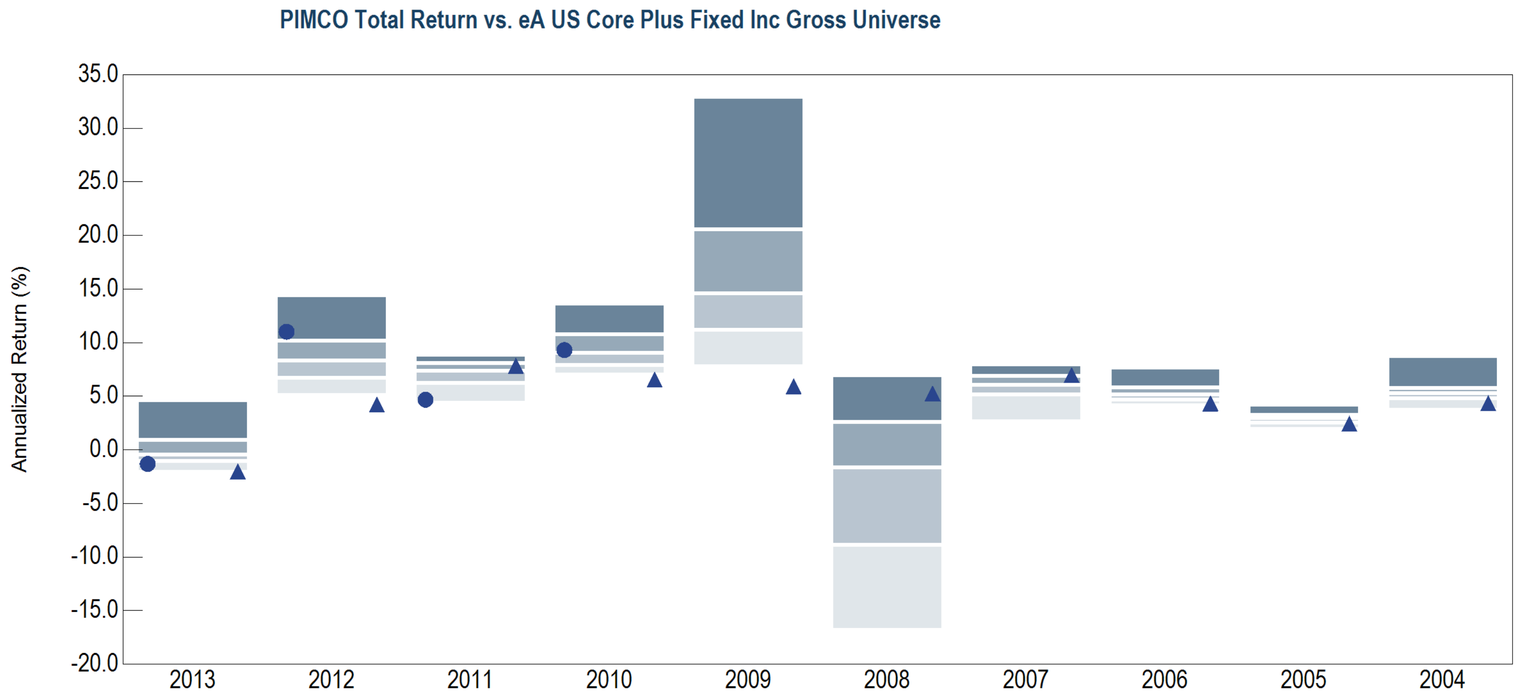
Rolling 5 Year Annualized Excess Performance



PIMCO Total Return vs. eA US Core Plus Fixed Inc Gross Universe



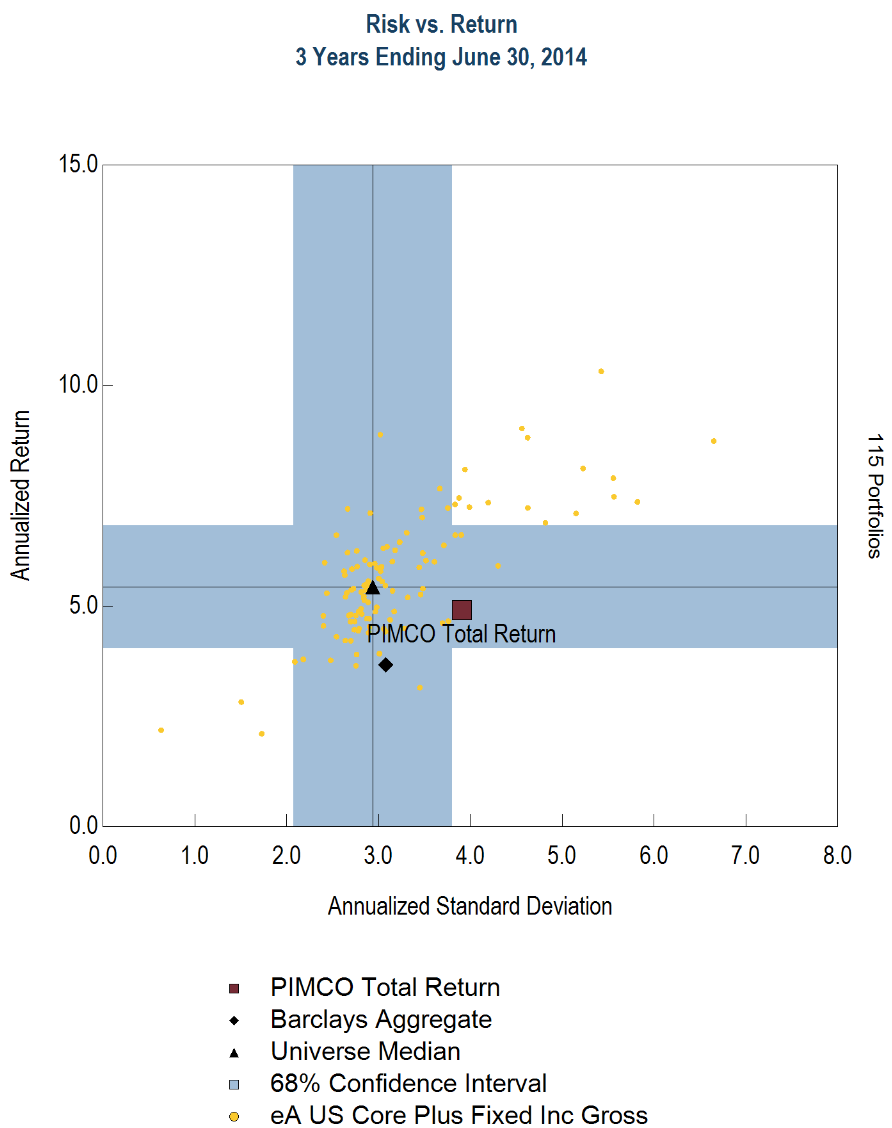
	Return (Rank)															
5th Percentile	3.2		6.7		10.2		10.2		8.1		11.7		8.7		8.1	
25th Percentile	2.7		5.4		7.5		7.5		6.4		9.0		7.5		6.8	
Median	2.4		4.7		6.3		6.3		5.4		7.6		6.6		6.1	
75th Percentile	2.1		4.2		5.4		5.4		4.7		6.5		5.9		5.5	
95th Percentile	1.4		3.0		4.3		4.3		3.8		5.3		4.5		4.6	
# of Portfolios	116		116		116		116		115		113		102		87	
● **PIMCO Total Return**	2.5	(42)	3.9	(83)	5.5	(72)	5.5	(72)	4.9	(68)	6.9	(66)	--	(--)	--	(--)
▲ **Barclays Aggregate**	2.0	(81)	3.9	(83)	4.4	(95)	4.4	(95)	3.7	(97)	4.9	(98)	5.3	(90)	4.9	(93)

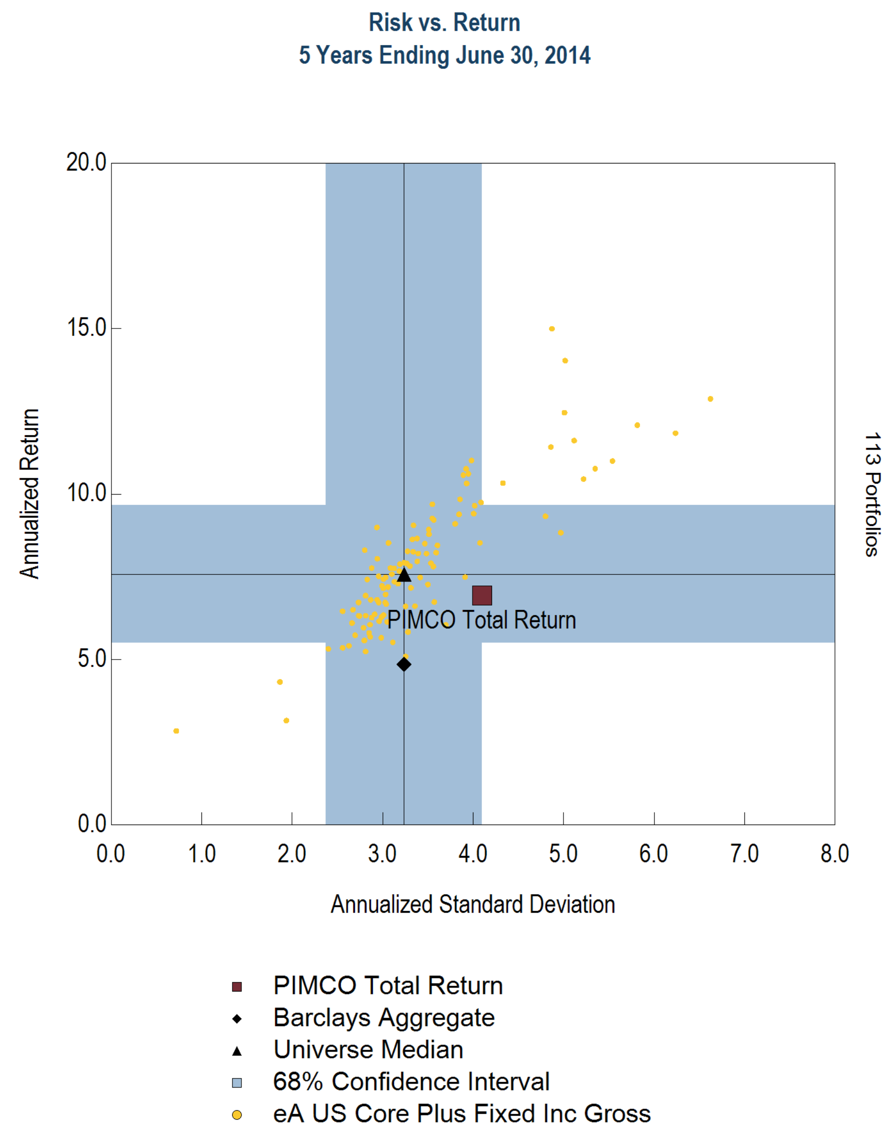


Return (Rank)	2013		2012		2011		2010		2009		2008		2007		2006		2005		2004	
5th Percentile	4.6		14.4		8.8		13.6		32.9		6.9		7.9		7.6		4.2		8.7	
25th Percentile	1.0		10.2		8.1		10.8		20.6		2.7		6.9		5.9		3.3		5.8	
Median	-0.4		8.3		7.4		9.1		14.6		-1.6		6.1		5.2		3.0		5.3	
75th Percentile	-1.0		6.7		6.3		8.0		11.2		-8.9		5.2		4.7		2.6		4.8	
95th Percentile	-2.0		5.1		4.4		7.0		7.8		-16.8		2.7		4.2		2.0		3.7	
# of Portfolios	116		124		118		123		128		136		144		146		141		150	
● PIMCO Total Return	-1.3	(80)	11.0	(18)	4.7	(94)	9.3	(45)	--	(--)	--	(--)	--	(--)	--	(--)	--	(--)	--	(--)
▲ Barclays Aggregate	-2.0	(96)	4.2	(97)	7.8	(37)	6.5	(97)	5.9	(99)	5.2	(13)	7.0	(25)	4.3	(90)	2.4	(80)	4.3	(89)

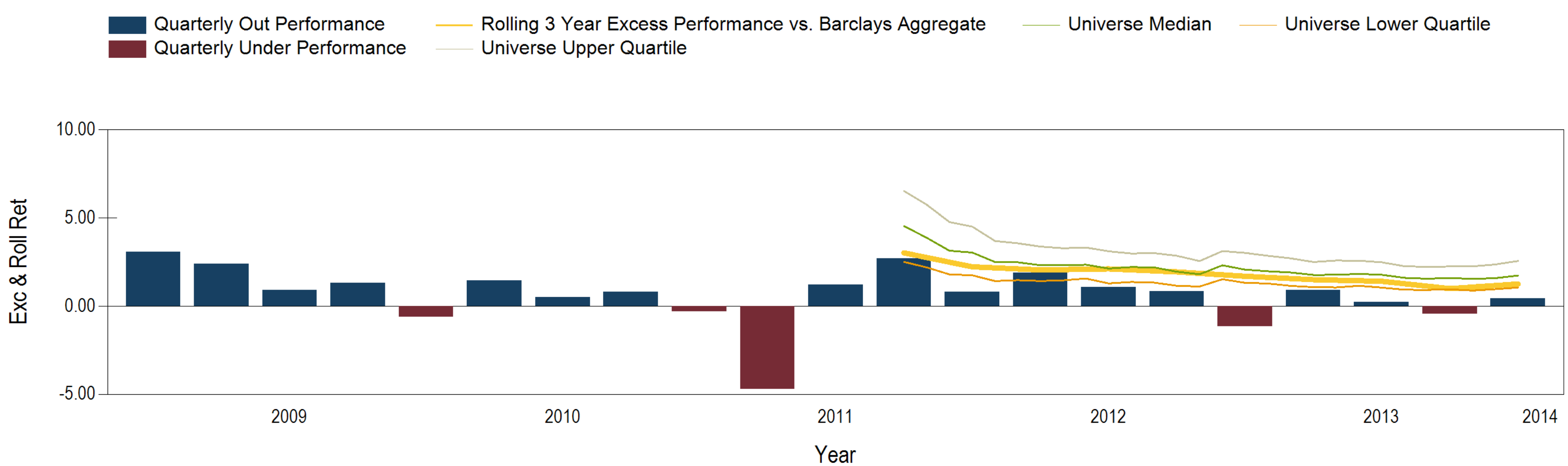
PIMCO Total Return
Risk vs Return Three & Five Year

Period Ending: June 30, 2014

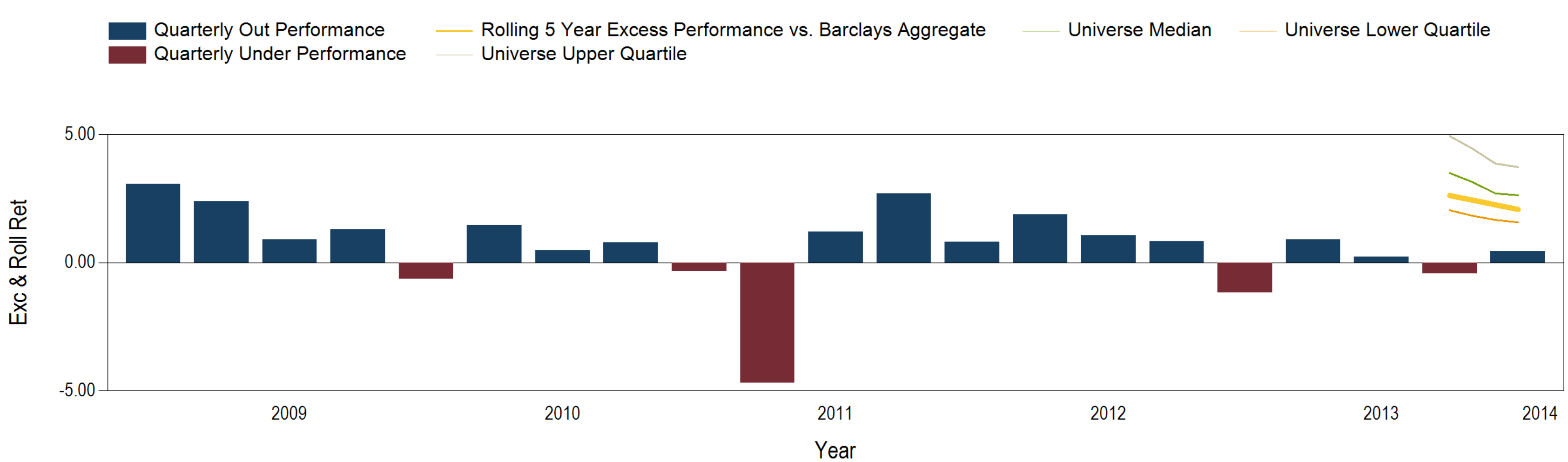




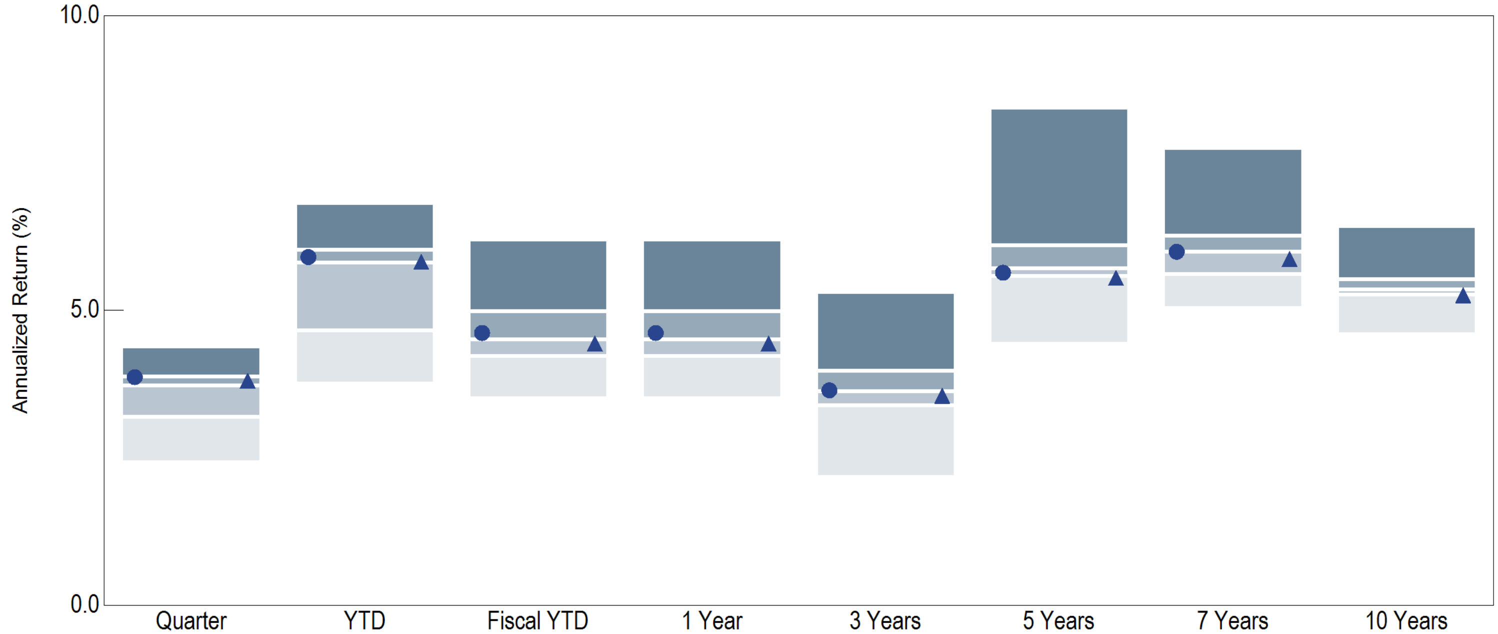
Rolling 3 Year Annualized Excess Performance



Rolling 5 Year Annualized Excess Performance



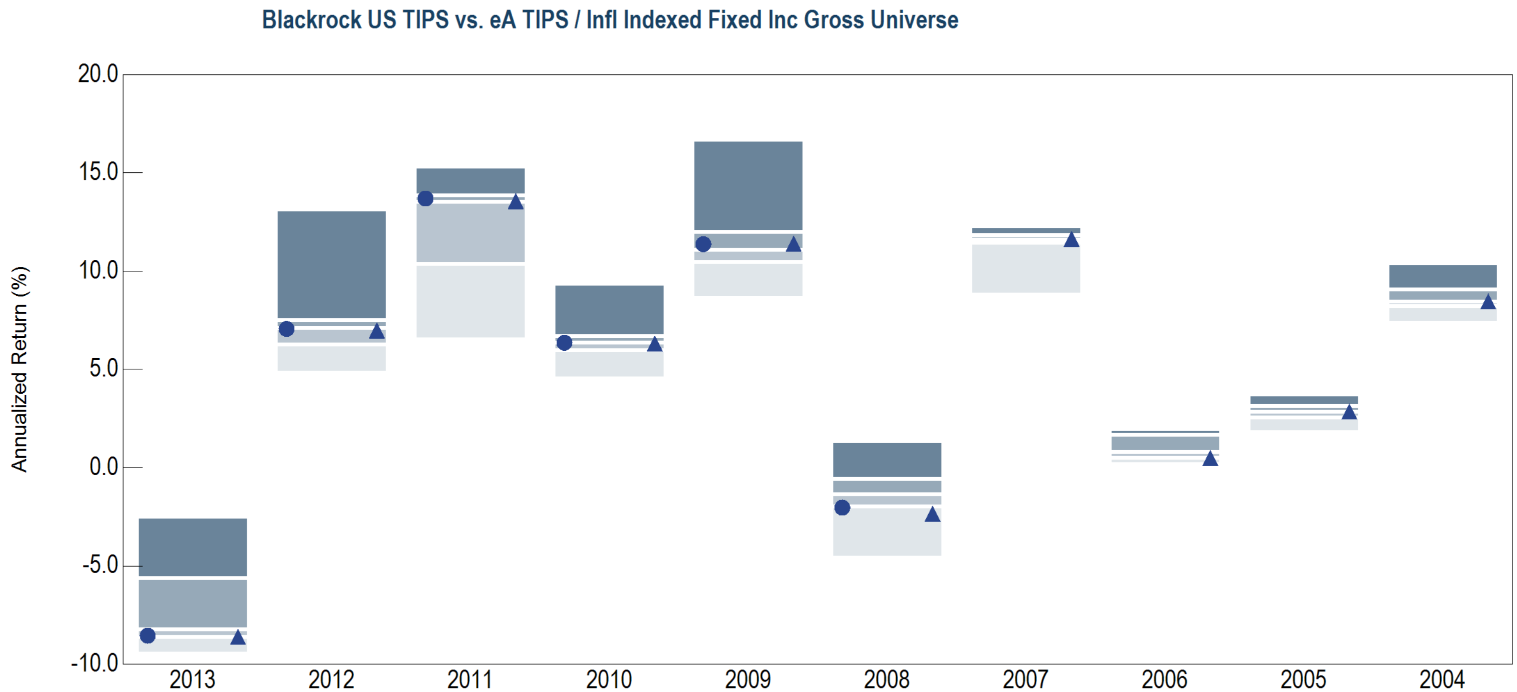
Blackrock US TIPS vs. eA TIPS / Infl Indexed Fixed Inc Gross Universe



Return (Rank)	Quarter		YTD		Fiscal YTD		1 Year		3 Years		5 Years		7 Years		10 Years	
5th Percentile	4.4		6.8		6.2		6.2		5.3		8.4		7.8		6.4	
25th Percentile	3.9		6.0		5.0		5.0		4.0		6.1		6.3		5.5	
Median	3.7		5.8		4.5		4.5		3.6		5.7		6.0		5.4	
75th Percentile	3.2		4.7		4.2		4.2		3.4		5.6		5.6		5.3	
95th Percentile	2.4		3.8		3.5		3.5		2.2		4.4		5.0		4.6	
# of Portfolios	42		42		42		42		41		37		32		24	
● Blackrock US TIPS	3.9	(28)	5.9	(38)	4.6	(41)	4.6	(41)	3.6	(49)	5.6	(65)	6.0	(53)	--	(--)
▲ Barclays US TIPS	3.8	(35)	5.8	(50)	4.4	(60)	4.4	(60)	3.6	(70)	5.6	(77)	5.9	(69)	5.3	(79)

Blackrock US TIPS
Consecutive Performance Comparison

Period Ending: June 30, 2014



Return (Rank)	2013		2012		2011		2010		2009		2008		2007		2006		2005		2004	
5th Percentile	-2.5		13.1		15.3		9.4		16.7		1.3		12.3		2.0		3.7		10.4	
25th Percentile	-5.6		7.5		13.9		6.7		12.0		-0.5		11.8		1.7		3.2		9.1	
Median	-8.2		7.1		13.5		6.4		11.1		-1.4		11.6		0.8		2.9		8.5	
75th Percentile	-8.6		6.3		10.4		6.0		10.5		-1.9		11.5		0.5		2.6		8.2	
95th Percentile	-9.4		4.9		6.6		4.6		8.7		-4.6		8.8		0.2		1.8		7.4	
# of Portfolios	43		43		47		39		37		40		37		35		34		27	
● Blackrock US TIPS	-8.5	(62)	7.1	(59)	13.7	(37)	6.4	(52)	11.4	(36)	-2.0	(78)	--	(--)	--	(--)	--	(--)	--	(--)
▲ Barclays US TIPS	-8.6	(76)	7.0	(66)	13.6	(49)	6.3	(57)	11.4	(35)	-2.4	(85)	11.6	(49)	0.5	(80)	2.9	(54)	8.5	(52)

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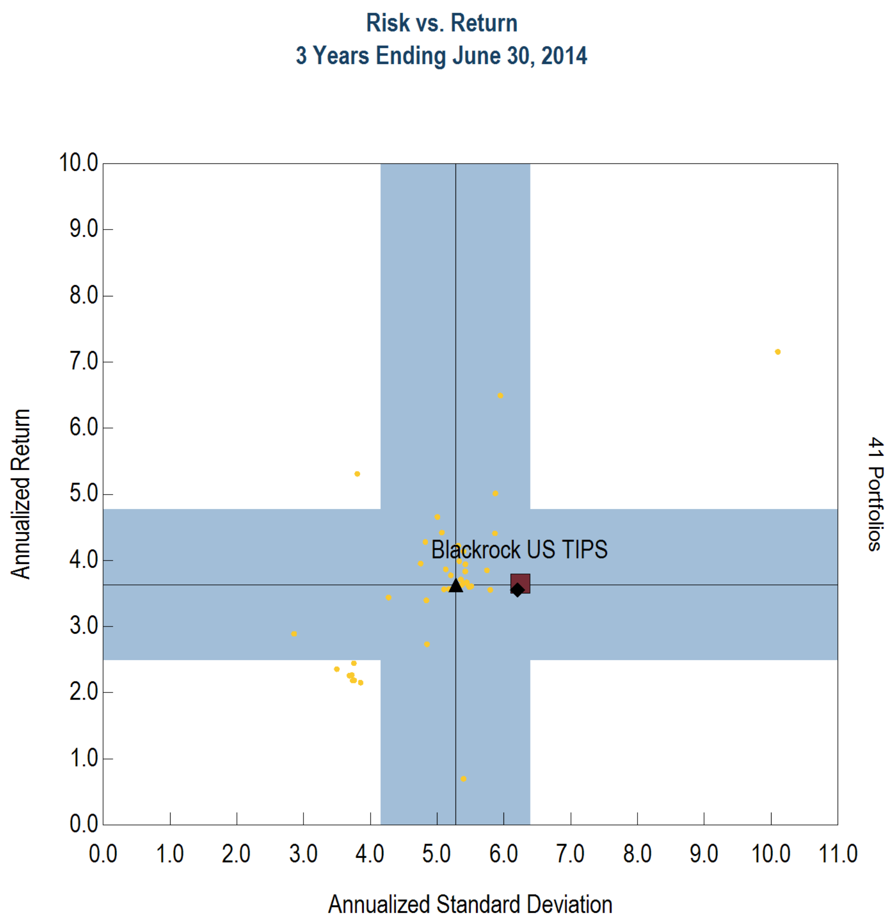
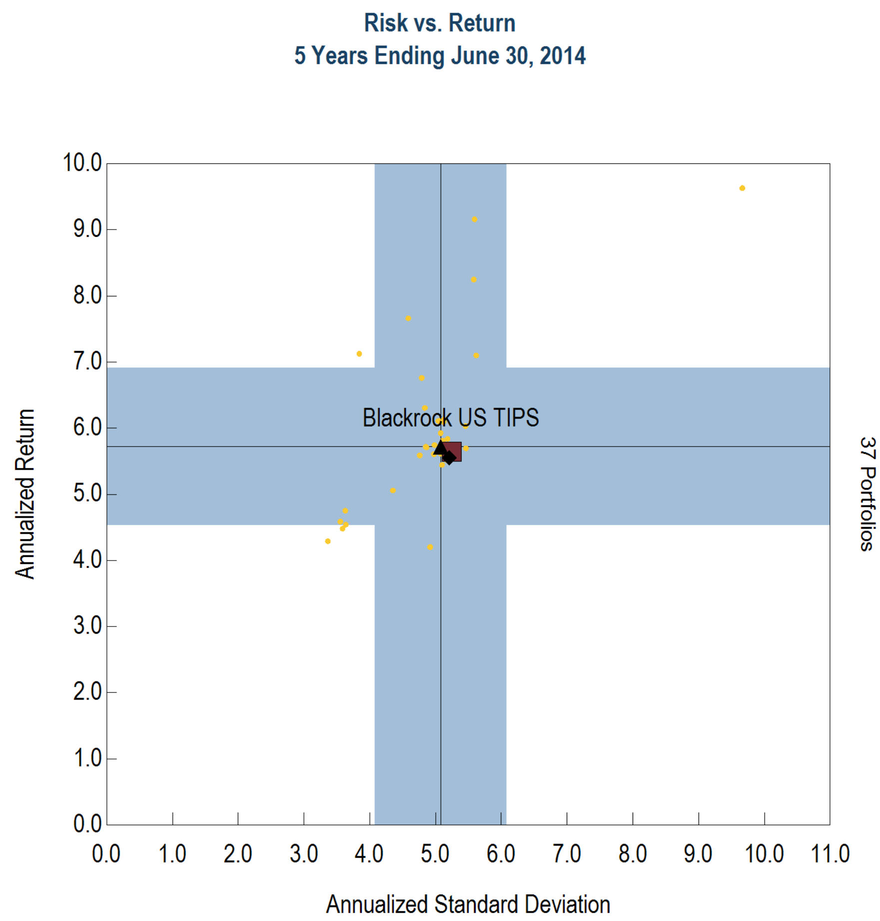
Blackrock US TIPS

Risk vs Return Three & Five Year

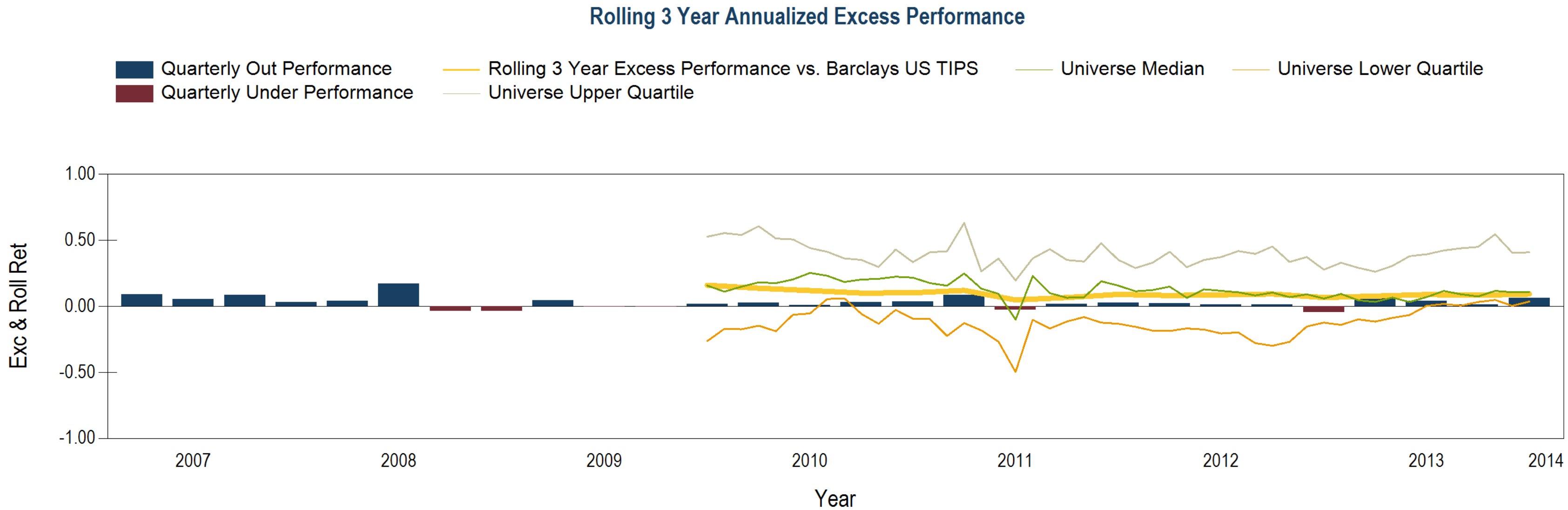
Period Ending: June 30, 2014

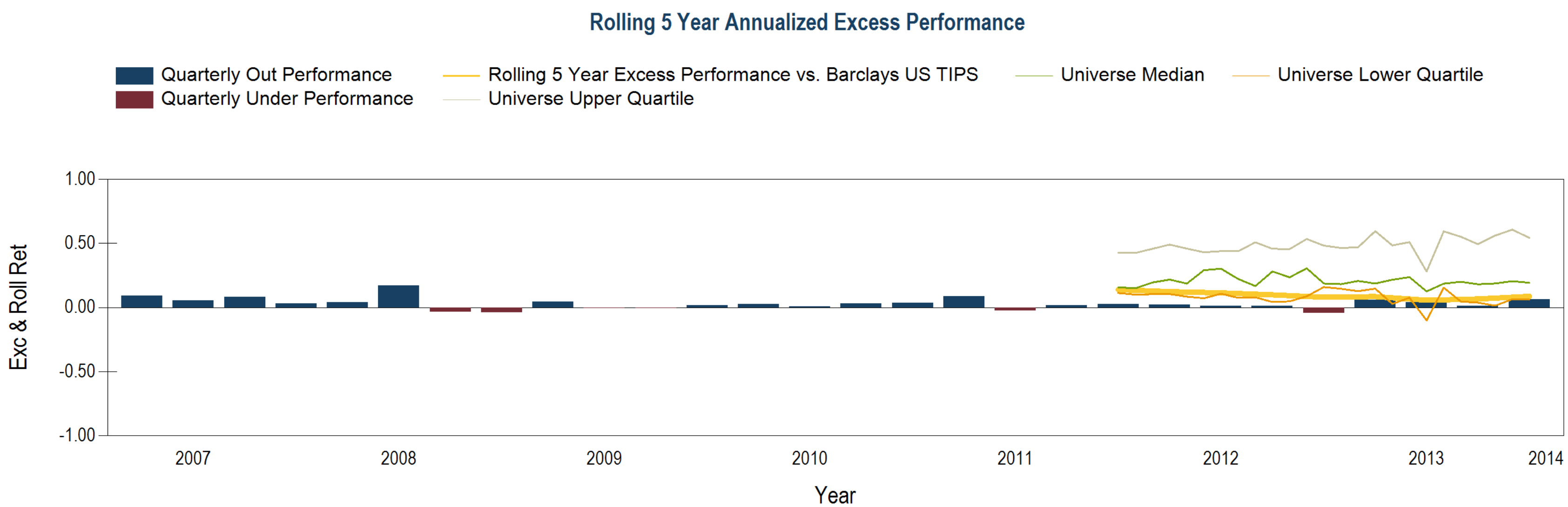


- Blackrock US TIPS
- Barclays US TIPS
- Universe Median
- 68% Confidence Interval
- eA TIPS / Infl Indexed Fixed Inc Gross



- Blackrock US TIPS
- Barclays US TIPS
- Universe Median
- 68% Confidence Interval
- eA TIPS / Infl Indexed Fixed Inc Gross


Rolling 3 Year Annualized Excess Performance
Quarterly Out Performance
Quarterly Under Performance
Rolling 3 Year Excess Performance vs. Barclays US TIPS
Universe Upper Quartile
Universe Median
Universe Lower Quartile
1.00
0.50
0.00
-0.50
-1.00
Exc & Roll Ret
2007
2008
2009
2010
2011
2012
2013
2014
Year

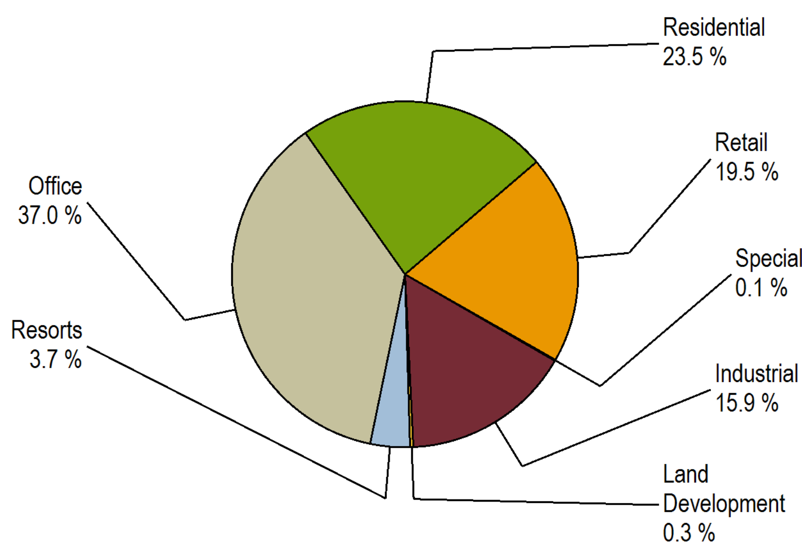

Rolling 5 Year Annualized Excess Performance
Quarterly Out Performance
Quarterly Under Performance
Rolling 5 Year Excess Performance vs. Barclays US TIPS
Universe Upper Quartile
Universe Median
Universe Lower Quartile
1.00
0.50
0.00
-0.50
-1.00
Exc & Roll Ret
2007
2008
2009
2010
2011
2012
2013
2014
Year

Asset Class Overview (Gross of Fees)

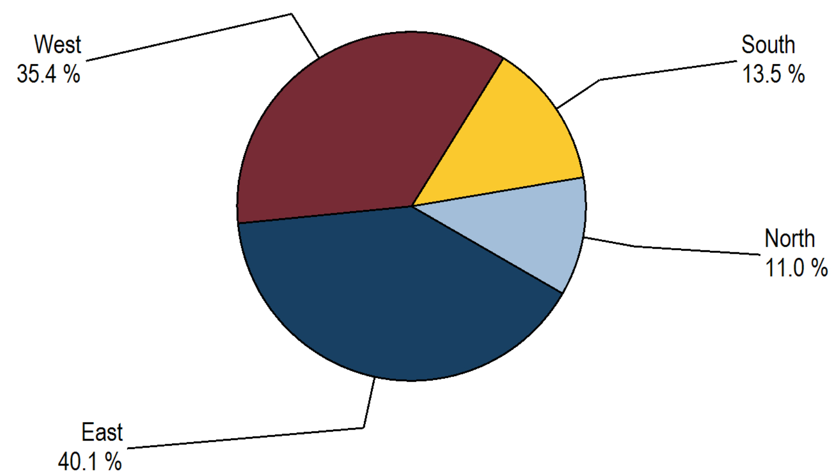
Period Ending: June 30, 2014

	Market Value	3 Mo	YTD	Fiscal YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	2013	2012	2011	2010	2009
Total Real Estate													
ASB Real Estate	23,445,805	2.7	5.5	14.2	14.2	--	--	--	13.7	--	--	--	--
NCREIF Property Index		*2.9*	*5.7*	*11.2*	*11.2*	--	--	--	*11.0*	--	--	--	--
NCREIF-ODCE		*2.9*	*5.5*	*12.7*	*12.7*	--	--	--	*13.9*	--	--	--	--
Clarion Lion	23,018,710	2.7	4.6	10.9	10.9	11.9	9.3	--	12.8	10.9	18.7	19.4	-38.7
NCREIF Property Index		*2.9*	*5.7*	*11.2*	*11.2*	*11.3*	*9.7*	--	*11.0*	*10.5*	*14.3*	*13.1*	*-16.9*
NCREIF-ODCE		*2.9*	*5.5*	*12.7*	*12.7*	*12.4*	*10.0*	--	*13.9*	*10.9*	*16.0*	*16.4*	*-29.8*
1221 State St. Corp	1,349,643	0.0	0.0	0.0	0.0	-4.1	-1.1	--	0.0	0.1	-9.0	3.7	1.1

Property Type Allocation
Allocation as of June 30, 2014



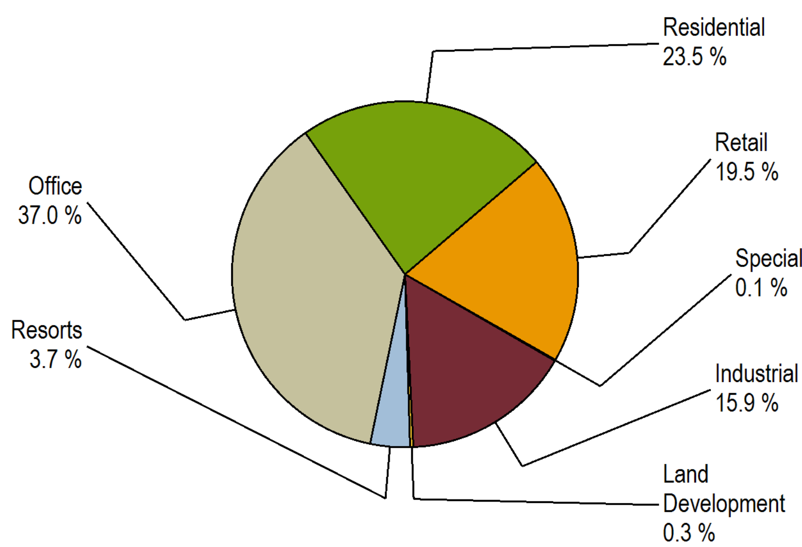
Geographic Diversification
Allocation as of June 30, 2014



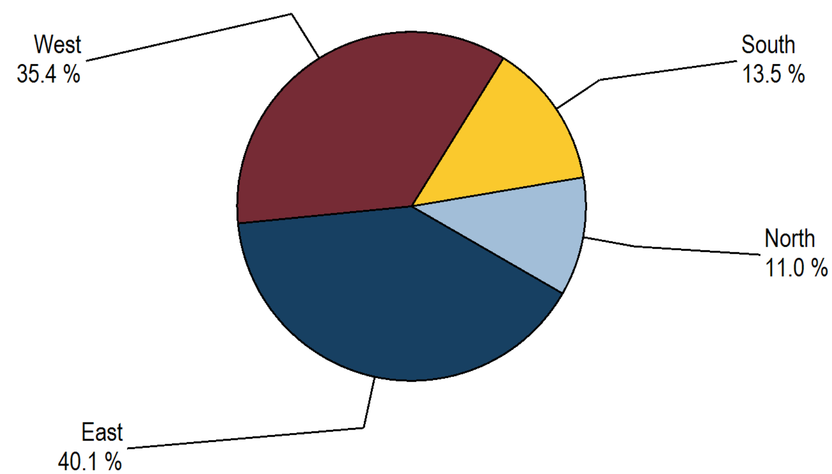
Real Estate
Asset Class Overview (Net of Fees)
Period Ending: June 30, 2014

	Market Value	3 Mo	YTD	Fiscal YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	2013	2012	2011	2010	2009
Total Real Estate													
ASB Real Estate	23,445,805	2.4	5.0	13.1	13.1	--	--	--	12.5	--	--	--	--
NCREIF Property Index		*2.9*	*5.7*	*11.2*	*11.2*	--	--	--	*11.0*	--	--	--	--
NCREIF-ODCE		*2.9*	*5.5*	*12.7*	*12.7*	--	--	--	*13.9*	--	--	--	--
Clarion Lion	23,018,710	2.5	4.1	9.9	9.9	10.9	8.3	--	11.8	9.9	17.8	18.2	-39.2
NCREIF Property Index		*2.9*	*5.7*	*11.2*	*11.2*	*11.3*	*9.7*	--	*11.0*	*10.5*	*14.3*	*13.1*	*-16.9*
NCREIF-ODCE		*2.9*	*5.5*	*12.7*	*12.7*	*12.4*	*10.0*	--	*13.9*	*10.9*	*16.0*	*16.4*	*-29.8*
1221 State St. Corp	1,349,643	0.0	0.0	0.0	0.0	-4.1	-1.1	--	0.0	0.1	-9.0	3.7	1.1

Property Type Allocation
Allocation as of June 30, 2014



Geographic Diversification
Allocation as of June 30, 2014

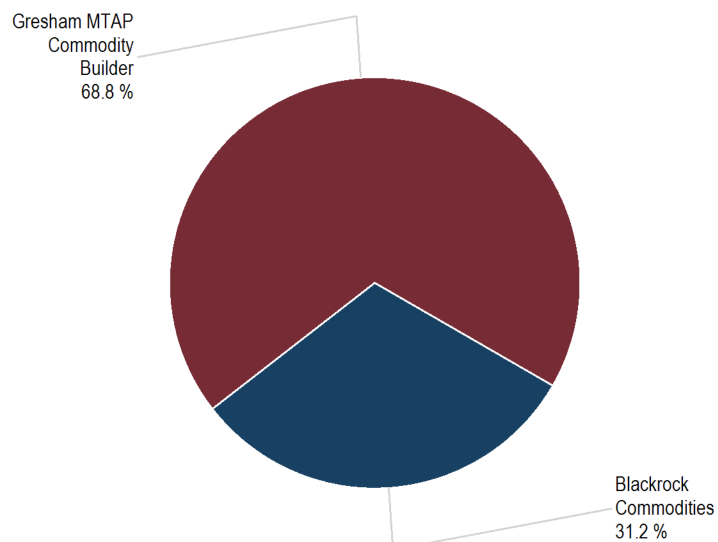


Asset Class Summary (Gross of Fees)

Period Ending: June 30, 2014

	Market Value	3 Mo	YTD	Fiscal YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	2013	2012	2011	2010	2009
Total Commodities													
Blackrock Commodities	7,006,105	0.1	7.1	8.3	8.3	-5.1	--	--	-9.4	-0.9	-13.2	17.0	--
DJ UBS Commodity TR USD		*0.1*	*7.1*	*8.2*	*8.2*	*-5.2*	--	--	*-9.5*	*-1.1*	*-13.3*	*16.8*	--
Gresham MTAP Commodity Builder	15,476,786	1.9	7.1	--	--	--	--	--	--	--	--	--	--
DJ UBS Commodity TR USD		*0.1*	*7.1*	--	--	--	--	--	--	--	--	--	--

Current Allocation



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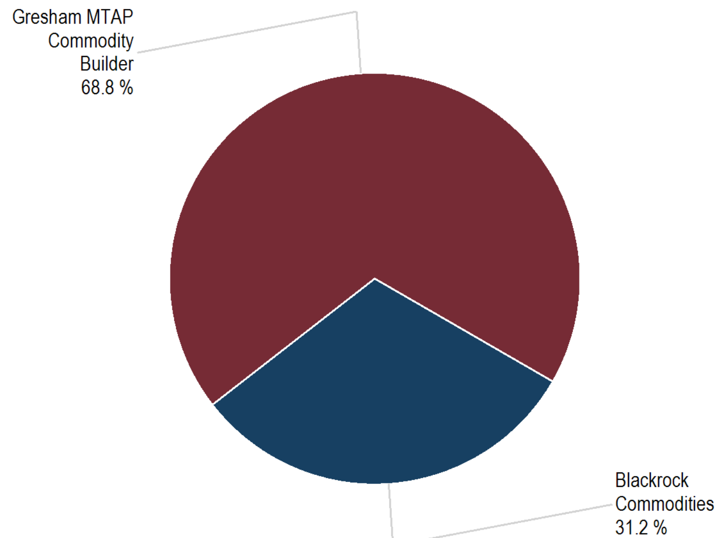
Asset Class Summary (Net of Fees)

Period Ending: June 30, 2014

	Market Value	3 Mo	YTD	Fiscal YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	2013	2012	2011	2010	2009
Total Commodities													
Blackrock Commodities	7,006,105	0.0	7.0	7.9	7.9	-5.4	--	--	-9.7	-1.2	-13.5	16.6	--
DJ UBS Commodity TR USD		*0.1*	*7.1*	*8.2*	*8.2*	*-5.2*	--	--	*-9.5*	*-1.1*	*-13.3*	*16.8*	--
Gresham MTAP Commodity Builder	15,476,786	1.7	6.7	--	--	--	--	--	--	--	--	--	--
DJ UBS Commodity TR USD		*0.1*	*7.1*	--	--	--	--	--	--	--	--	--	--

Current Allocation



Allocation Effect: An attribution effect that describes the amount attributable to the managers' asset allocation decisions, relative to the benchmark.

Alpha (á): The excess return of a portfolio after adjusting for market risk. This excess return is attributable to the selection skill of the portfolio manager. Alpha is calculated as: (Portfolio Return - Risk-free Rate) x Portfolio Beta x (Market Return - Risk-free Rate).

Benchmark R-squared: Measures how well the Benchmark return series fits the manager's return series. The higher the Benchmark R-squared, the more appropriate the benchmark is for the manager.

Beta (â): A measure of systematic, or market risk; the part of risk in a portfolio or security that is attributable to general market movements. Beta is calculated by dividing the covariance of a security by the variance of the market.

Book-to-Market: The ratio of book value per share to market price per share. Growth managers typically have low book-to-market ratios while value managers typically have high book-to-market ratios.

Capture Ratio: A statistical measure of an investment manager's overall performance in up or down markets. The capture ratio is used to evaluate how well an investment manager performed relative to an index during periods when that index has risen (up market) or fallen (down market). The capture ratio is calculated by dividing the manager's returns by the returns of the index during the up/down market, and multiplying that factor by 100.

Correlation: A measure of the relative movement of returns of one security or asset class relative to another over time. A correlation of 1 means the returns of two securities move in lock step, a correlation of -1 means the returns of two securities move in the exact opposite direction over time. Correlation is used as a measure to help maximize the benefits of diversification when constructing an investment portfolio.

Excess Return: A measure of the difference in appreciation or depreciation in the price of an investment compared to its benchmark, over a given time period. This is usually expressed as a percentage and may be annualized over a number of years or represent a single period.

Information Ratio: A measure of a manager's ability to earn excess return without incurring additional risk. Information ratio is calculated as: alpha divided by tracking error.

Interaction Effect: An attribution effect that describes the portion of active management that is contributable to the cross interaction between the allocation and selection effect. This can also be explained as an effect that cannot be easily traced to a source.

Portfolio Turnover: The percentage of a portfolio that is sold and replaced (turned over) during a given time period. Low portfolio turnover is indicative of a buy and hold strategy while high portfolio turnover implies a more active form of management.

Price-to-Earnings Ratio (P/E): Also called the earnings multiplier, it is calculated by dividing the price of a company's stock into earnings per share. Growth managers typically hold stocks with high price-to-earnings ratios whereas value managers hold stocks with low price-to-earnings ratios.

R-Squared: Also called the coefficient of determination, it measures the amount of variation in one variable explained by variations in another, i.e., the goodness of fit to a benchmark. In the case of investments, the term is used to explain the amount of variation in a security or portfolio explained by movements in the market or the portfolio's benchmark.

Selection Effect: An attribution effect that describes the amount attributable to the managers' stock selection decisions, relative to the benchmark.

Sharpe Ratio: A measure of portfolio efficiency. The Sharpe Ratio indicates excess portfolio return for each unit of risk associated with achieving the excess return. The higher the Sharpe Ratio, the more efficient the portfolio. Sharpe ratio is calculated as: Portfolio Excess Return / Portfolio Standard Deviation.

Sortino Ratio: Measures the risk-adjusted return of an investment, portfolio, or strategy. It is a modification of the Sharpe Ratio, but penalizes only those returns falling below a specified benchmark. The Sortino Ratio uses downside deviation in the denominator rather than standard deviation, like the Sharpe Ratio.

Standard Deviation (ó): A measure of volatility, or risk, inherent in a security or portfolio. The standard deviation of a series is a measure of the extent to which observations in the series differ from the arithmetic mean of the series. For example, if a security has an average annual rate of return of 10% and a standard deviation of 5%, then two-thirds of the time, one would expect to receive an annual rate of return between 5% and 15%.

Style Analysis: A return based analysis designed to identify combinations of passive investments to closely replicate the performance of funds

Style Map: A specialized form or scatter plot chart typically used to show where a Manager lies in relation to a set of style indices on a two-dimensional plane. This is simply a way of viewing the asset loadings in a different context. The coordinates are calculated by rescaling the asset loadings to range from -1 to 1 on each axis and are dependent on the Style Indices comprising the Map.

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