Callan

September 30, 2014

# Tucson Supplemental Retirement System

## Investment Measurement Service Quarterly Review

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Market Overview
Capital Markets Review

Callan

# Capital Market Review

Third Quarter 2014

## Divergent

**U.S. ECONOMY**

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GDP grew at a 3.5% rate, building on the strength of a revised 4.6% gain in the second quarter. Domestic demand is fueling the growth, helped along by steady job creation, a healthy increase in disposable income, and an elevated mood among consumers.

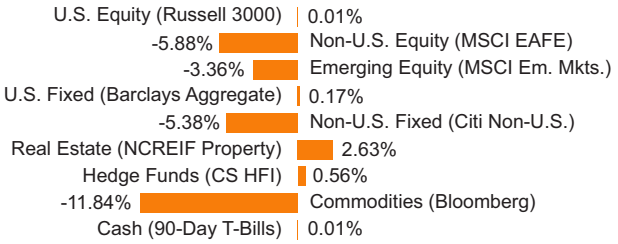
## Home Bias Benefits

**FUND SPONSOR**

4 PAGE

According to the Callan Fund Sponsor database, median quarterly performance dipped into negative territory for all fund types, with a range of -0.54% to -1.18%. Funds with higher allocations to international equity suffered. Corporate funds landed on top YTD (+4.92%).

## Broad Market Quarterly Returns




Sources: Barclays, Citigroup, Credit Suisse Hedge Index LLC, Merrill Lynch, MSCI, NCREIF, Russell Investment Group, S&P Dow Jones

## Bigger is Better

**U.S. EQUITY**

6 PAGE

U.S. equities managed a positive return (**S&P 500 Index:** +1.13%). Large cap stocks led the pack (**Russell 1000 Index**: +0.66%), and large growth companies overtook value (**Russell 1000 Growth Index**: +1.49%, **Russell 1000 Value Index**: -0.19%).

## My Kingdom for Stability

**NON-U.S. EQUITY**

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The **MSCI ACWI ex USA Index** dropped 5.19%. Small cap stocks were hit hard (**MSCI ACWI ex USA Small Cap Index**: -6.72%). The **MSCI Emerging Markets Index** fell 3.36%, while the **MSCI Frontier Markets Index** gained 1.57% for the quarter and 22.44% YTD.

## All Eyes on Fixed Income

**U.S. FIXED INCOME**

12 PAGE

The U.S. bond markets reflected the risk-off environment as Treasuries rallied and spread sectors underperformed. The yield curve continued to flatten. The **Barclays Aggregate Index** eked out a 0.17% gain, while the **Barclays Corporate High Yield Index** dipped 1.87%.

## Negative Territory

**NON-U.S. FIXED INCOME**

15 PAGE

Divergent economic trends throughout the globe, currency weakness, and increased geopolitical risks in emerging markets heavily impacted non-U.S. bond markets. The **Citi Non-U.S. World Government Bond Index** declined 5.38%.

## Mixed Messages

**REAL ESTATE**

17 PAGE

Real estate performance was mixed as private real estate posted gains and property stocks declined. Investors continue to be optimistic about real estate fundamentals. The **NCREIF Property Index** gained 2.63% and global real estate securities declined 4.43%.

## A Level Quarter

**PRIVATE EQUITY**

19 PAGE

Most private equity activity measures were steady in the third quarter. Company investments declined slightly and exit activity remained strong. The one unique event was the record $21.8 billion IPO of Alibaba, which had private equity backing.

## Out of Sync

**HEDGE FUNDS**

20 PAGE

The **Credit Suisse Hedge Fund Index** (CS HFI) ticked up just 0.12%. Within the CS HFI, Managed Futures (+5.73%) was again the leading strategy. The median manager in the **Callan Hedge Fund-of-Funds Database** (-0.04) was virtually flat.

## Strong Market Returns Sustain DC Growth

**DEFINED CONTRIBUTION**

21 PAGE

For the second quarter of 2014, the Callan DC Index™ gained 3.42%. DC plans were bested by the average corporate DB plan and 2035 target date fund, which rose 3.55% and 4.02%, respectively.

# Divergent

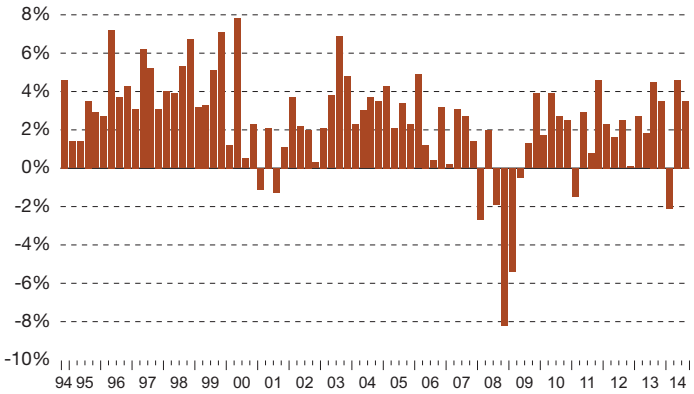
**U.S. ECONOMY** | Jay Kloepfer

Just when the long-awaited recovery in the U.S. economy appeared to have legs, growth in Europe stalled and the outlook for emerging markets remained clouded. After a decade in which emerging markets were the clear engine of global growth, the tide has shifted and the fortunes of the major economic blocs are diverging. The U.S. is once again the global engine of growth, returning to a role last played in the 1990s. The U.S. may be less powerful than it once was, given that growth is modest and the U.S. has a smaller relative size in the global economy. However, the benefits of U.S. growth are more broad-based than the emerging markets commodity-driven boom during China's surge in the last decade. U.S. imports are more diverse and have an impact on a greater range of countries, both developed and emerging.

GDP grew at a 3.5% rate, building on the strength of a revised 4.6% gain in the second quarter. Domestic demand is fueling growth, helped along by steady job creation, a healthy increase in disposable income, and an elevated mood among consumers, leading to a 1.8% rise in real consumer spending. Investment in real capital equipment jumped 11.2% in the second quarter (annual rate) and continued the surge with a 7.2% gain in the third quarter, driven by tech spending that is expected to reach its pre-recession peak by the end of 2014. Strong auto sales (both to consumers and to corporations) have boosted manufacturing and were running well above a 16-million-unit annual rate through the second and third quarters. One note of caution from the GDP data, however, is that inventories were built up substantially in the first three quarters of 2014, which fueled production in manufacturing. Inventory building sets up the economy for a measured slowdown in activity, as these inventories eventually must be worked down. The growth in inventories actually moderated from $84.8 billion to $62.8, which lessens the threat of a large correction.

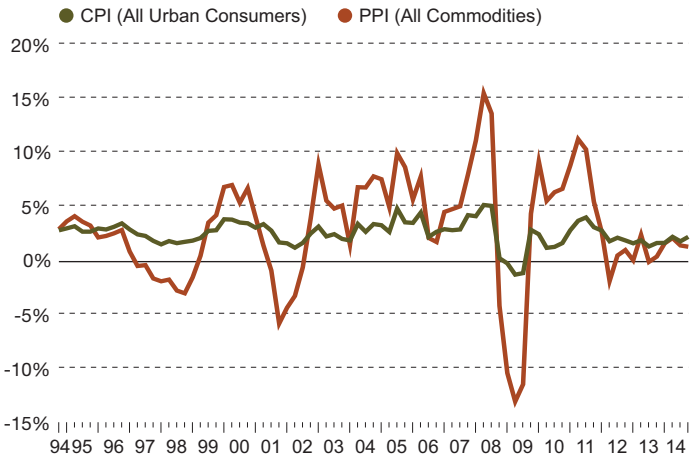
The Institute for Supply Management's Manufacturing Report shows that manufacturing notched its 16th straight month of growth in September, but the measure of activity has begun to fall from heightened levels earlier in the year. One key contributor to consumers' elevated mood has been the reduction in the price of oil. The benchmark Brent Crude price fell from $125 per barrel in early 2012 to $90 by the end of the third quarter, and consensus is growing for the price to fall toward $80 in the fourth quarter. The benefit to oil-consuming countries (including the U.S.) is substantial; if Brent prices were to hold at $90 through the fourth quarter and U.S. consumers were to hold gasoline purchases steady, IHS Economics estimates that consumers would have a windfall $23 billion more to spend on other goods and services.

**Quarterly Real GDP Growth** (20 Years)




Source: Bureau of Economic Analysis

**Inflation Year-Over-Year**




Source: Bureau of Labor Statistics

Growth in Europe faltered, with GDP declining in Germany—its largest economy—by 0.2% in the second quarter (-0.6% annualized). GDP growth for the entire euro zone was barely positive. The ECB stepped in at the end of September and cut interest rates to record lows to spur growth and stave off deflation; inflation in the euro zone dipped to just 0.3% in September, the weakest in five years and well below the ECB's target. Japan's economy is suffering through its worst contraction since 2009, with GDP shrinking by an annualized rate of 7.1% in the second quarter. Bond yields in a number of developed markets hit all-time lows following the ECB's rate cuts, as two-year government bonds traded below 0% in eight countries. The relatively attractive yields offered in the U.S., along with expectations for higher rates, propelled the dollar higher versus most currencies. A richer dollar puts downward pressure on U.S. import prices, and provides an export stimulus to U.S. trading partners.

Demographic trends affecting both the labor force and household formation may create headwinds for the U.S. economy. The labor force participation rate has fallen by 3% since 2009 and is at a generational low. Job growth has averaged a steady rate of more than 200,000 per month all year, but the decline in labor force participation has been a key unexpected force in driving the unemployment rate below 6%. The Fed has targeted 6% as the signal for a potential change in monetary policy, but the rate has fallen in part for the wrong reason: lower labor force participation. As the U.S. population ages, more people move into older age brackets where it is reasonable to expect participation rates to decline, particularly in the 45-and-older group. However, participation rates have been falling for almost all age ranges, with the notable exception of the 55-plus cohort. Faster wage growth and improved job prospects would normally be expected to spur labor force participation.

### The Long-Term View

| Index | 2014 3rd Qtr | Periods ended December 31, 2013 Year | 5 Yrs | 10 Yrs | 25 Yrs |
|---|---|---|---|---|---|
| **U.S. Equity** | | | | | |
| Russell 3000 | 0.01 | 33.55 | 18.71 | 7.88 | 10.39 |
| S&P 500 | 1.13 | 32.39 | 17.94 | 7.41 | 10.27 |
| Russell 2000 | -7.36 | 38.82 | 20.08 | 9.07 | 10.20 |
| **Non-U.S. Equity** | | | | | |
| MSCI EAFE | -5.88 | 22.78 | 12.44 | 6.91 | 4.94 |
| MSCI EM | -3.36 | -2.27 | 15.15 | 11.52 | 11.11 |
| S&P Ex-U.S. Small Cap | -7.55 | 26.06 | 17.72 | 9.96 | - |
| **Fixed Income** | | | | | |
| Barclays Aggregate | 0.17 | -2.02 | 4.44 | 4.55 | 6.82 |
| 3-Month T-Bill | 0.01 | 0.07 | 0.12 | 1.68 | 3.59 |
| Barclays Long G/C | 1.04 | -8.83 | 6.40 | 6.36 | 8.43 |
| Citi Non-U.S. Govt | -5.38 | -4.56 | 2.27 | 4.10 | 6.18 |
| **Real Estate** | | | | | |
| NCREIF Property | 2.63 | 10.98 | 5.68 | 8.64 | 7.45 |
| FTSE NAREIT Equity | -3.14 | 2.47 | 16.50 | 8.42 | 10.45 |
| **Alternatives** | | | | | |
| CS Hedge Fund | 0.56 | 9.73 | 8.66 | 6.37 | - |
| VE Private Equity | - | 20.84 | 15.51 | 13.11 | 14.67 |
| Bloomberg Comm. | -11.83 | -9.52 | 1.51 | 0.87 | - |
| Gold Spot Price | -8.35 | -28.26 | 6.34 | 11.19 | 4.37 |
| **Inflation** – CPI-U | -0.13 | 1.50 | 2.08 | 2.37 | 2.67 |

Sources: Barclays, Bloomberg, Citigroup, Credit Suisse, FTSE, MSCI, NCREIF, Russell Investment Group, Standard & Poor's.

New data released by the Current Population Survey suggests that the rate of new household formation exhibited a sudden, sharp slowdown starting in 2013. The decline was from a run rate of approximately 1.2 million per year to recession-like levels below 500,000. This decline in new households helps explain the persistent weakness in the housing market in the face of the lowest mortgage rates in a generation.

### Recent Quarterly Indicators

| Economic Indicators | 3Q14 | 2Q14 | 1Q14 | 4Q13 | 3Q13 | 2Q13 | 1Q13 | 4Q12 |
|---|---|---|---|---|---|---|---|---|
| Employment Cost–Total Compensation Growth | 2.2% | 2.0% | 1.8% | 2.0% | 1.9% | 1.9% | 1.9% | 1.9% |
| Nonfarm Business–Productivity Growth | 2.2%* | 2.3% | -4.5% | 3.3% | 3.6% | 0.5% | 0.8% | -2.0% |
| GDP Growth | 3.5% | 4.6% | -2.1% | 3.5% | 4.5% | 1.8% | 2.7% | 0.1% |
| Manufacturing Capacity Utilization | 77.3% | 77.1% | 76.2% | 76.4% | 76.0% | 75.9% | 76.0% | 75.5% |
| Consumer Sentiment Index (1966=100) | 83 .0 | 82.8 | 80.9 | 76.9 | 81.6 | 81.7 | 76.7 | 79.4 |

* Estimate

Sources: Bureau of Economic Analysis, Bureau of Labor Statistics, Federal Reserve, Reuters/University of Michigan

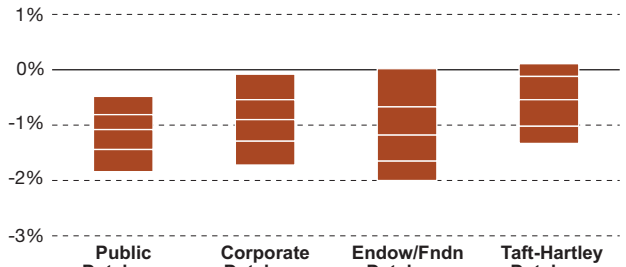
# Home Bias Benefits

**FUND SPONSOR** | Kevin Nagy

The third quarter was characterized by high volatility. U.S. equity managed to stay in the black despite poor small cap performance. International equity was hampered by geopolitical issues in Eastern Europe and the Middle East, suffering the first quarterly loss in over a year (**Russell 3000 Index**: +0.01%, **MSCI ACWI ex USA Index**: -5.19%). The story was similar in the fixed income markets, with domestic bonds yielding small positive gains compared to significant losses overseas, due mainly to a strong dollar and uncertainty abroad (**Barclays Aggregate**: +0.17%, **Citi Non-U.S. World Government Bond Index-Unhedged**: -5.38%).

The Callan Fund Sponsor Quarterly Returns chart illustrates the range of returns for public, corporate, and Taft-Hartley pension plans as well as endowments and foundations. Median performance was negative across all fund types and exhibited moderate dispersion (-0.54% to -1.18%). In the top decile, only Taft-Hartley plans (+0.11%) and endowments and foundations (+0.02%) generated positive returns; public funds came in last (-0.48%). In the bottom decile, Taft-Hartley plans again outperformed their peers (-1.33%); endowments and foundations brought up the rear (-2.00%) and experienced the widest distribution.

**Callan Fund Sponsor Quarterly Returns**




| | Public Database | Corporate Database | Endow/Fndn Database | Taft-Hartley Database |
|---|---|---|---|---|
| 10th Percentile | -0.48 | -0.08 | 0.02 | 0.11 |
| 25th Percentile | -0.81 | -0.54 | -0.67 | -0.12 |
| Median | -1.08 | -0.90 | -1.18 | -0.54 |
| 75th Percentile | -1.44 | -1.29 | -1.65 | -1.02 |
| 90th Percentile | -1.84 | -1.72 | -2.00 | -1.33 |

Source: Callan

Corporate funds were the top performers for the year-to-date (+4.92%) and trailing one-year (+10.42%) time periods. Taft-Hartley funds were up 13.16% and 10.12% for trailing three- and five-year periods, respectively. Corporates retained the top spot in the trailing 10-year period due to high equity exposure, both domestic and international.

**Database Median and Index Returns* for Periods ended September 30, 2014**

| Fund Sponsor | Quarter | YTD | Year | 3 Years | 5 Years | 10 Years |
|---|---|---|---|---|---|---|
| **Public Database** | **-1.08** | **4.30** | **9.75** | **12.64** | **10.00** | **7.15** |
| **Corporate Database** | **-0.90** | **4.92** | **10.42** | **12.45** | **10.11** | **7.26** |
| **Endowments/Foundations Database** | **-1.18** | **3.94** | **9.30** | **12.08** | **9.41** | **6.98** |
| **Taft-Hartley Database** | **-0.54** | **4.60** | **10.39** | **13.16** | **10.12** | **6.65** |
| **Diversified Manager** | **Quarter** | **YTD** | **Year** | **3 Years** | **5 Years** | **10 Years** |
| **Asset Allocator Style** | **0.40** | **5.43** | **11.67** | **13.01** | **9.89** | **7.11** |
| **U.S. Balanced Database** | **-1.34** | **4.43** | **10.76** | **15.04** | **10.70** | **7.37** |
| **Global Balanced Database** | **-2.53** | **2.73** | **6.46** | **8.40** | **8.11** | **7.29** |
| 60% Russell 3000 + 40% Barclays Agg | 0.07 | 5.81 | 12.17 | 14.62 | 11.37 | 7.33 |
| 60% MSCI World + 40% Barclays Glbl Agg | -2.55 | 2.99 | 7.70 | 11.05 | 7.73 | 6.29 |

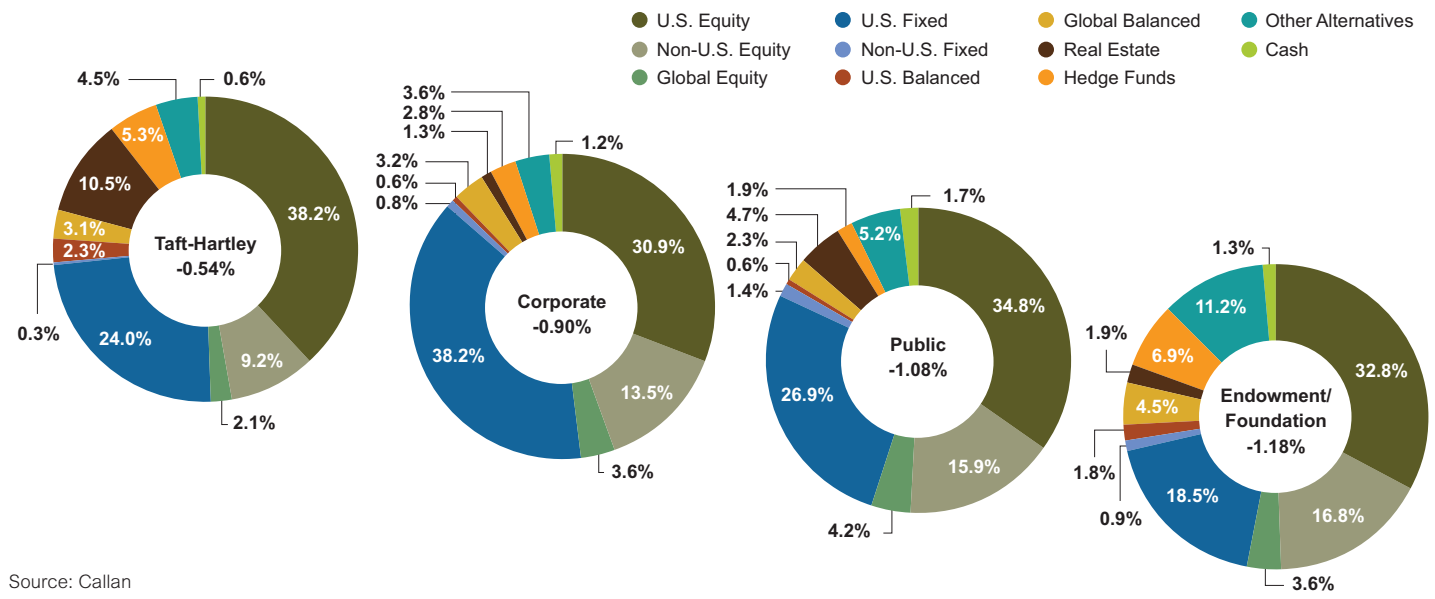
*Returns less than one year are not annualized.

Sources: Callan, Barclays, MSCI Inc., Russell Investment Group

In Callan's balanced manager groups, the 60% Russell 3000 plus 40% Barclays Aggregate (+0.07%) outperformed the 60% MSCI World plus 40% Barclays Global Aggregate (-2.55%); domestic allocations now have a lead over global in every time period.

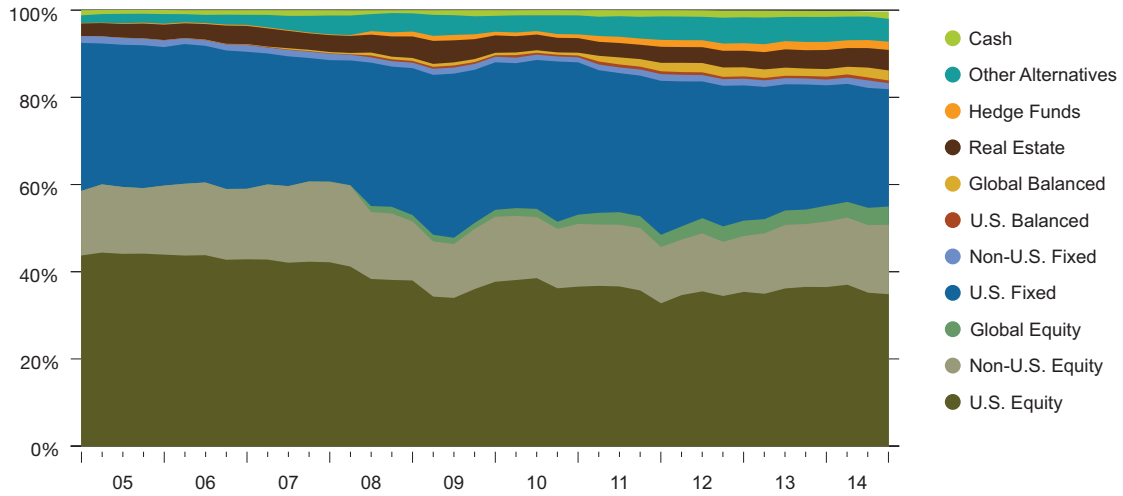
Asset allocation decisions may help explain the difference in performance among the fund types. Taft-Hartley plans benefited from higher exposures to U.S. equity compared to peers. Endowments and foundations had the highest allocations to non-U.S. equity (16.82%), which hurt them this quarter. Public funds continued to transition away from U.S. equity, with average allocations down to 34.84%. The main beneficiary of this shift was global equity allocations, which increased to 4.18% from 3.60% as of year-end 2013.

### Callan Fund Sponsor Average Asset Allocation




Source: Callan

### Callan Public Fund Database Average Asset Allocation (10 Years)




Source: Callan

# Bigger is Better

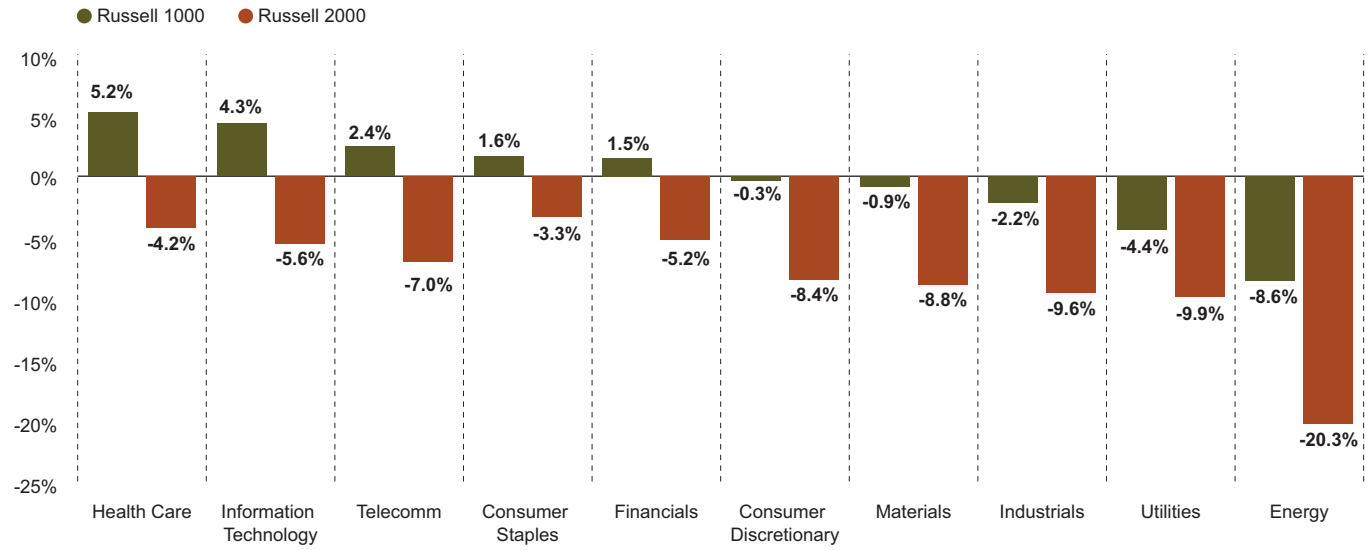
**U.S. EQUITY** | Lauren Mathias, CFA

After a volatile three months, U.S. equities managed a positive return (**S&P 500 Index:** +1.13%). Economic data in the U.S., including housing improvements, declining unemployment, and tempered inflation, have instilled confidence. The U.S. Federal Reserve announced the end of tapering with a final $15 billion bond purchase in October. Though interest rates currently remain low, hikes are on the horizon. In its most recent estimate of U.S. GDP for the second quarter, the Bureau of Economic Analysis reported that the economy expanded to a 4.6% annual rate, up from 4.2% last month and the strongest since late 2011. Geopolitical concerns and conflicts in the Middle East and Ukraine weighed on markets in the quarter, adding to pressure from the vote for Scottish independence and Argentina's selective default. The outcome was a wave of uncertainty and a flight to safety. U.S. capital markets—particularly larger companies—benefitted from this "risk off" trade.

Large cap stocks easily led the pack (**Russell 1000 Index**: +0.66%), and large growth companies overtook value (Russell **1000 Growth Index**: +1.49%, **Russell 1000 Value Index**: -0.19%). Small cap (**Russell 2000 Index**: -7.36%) and mid cap (**Russell Midcap Index**: -1.66%) stocks landed in the red; value lost to growth in both capitalizations. Micro cap lagged behind other capitalizations for the quarter (**Russell Microcap Index**: -8.21%). The most pronounced distinction was between large and small cap: the S&P 500 bested the Russell 2000 by 8%, the widest spread in 15 years.

Large cap sectors posted mixed quarterly results, while small cap sectors were negative. Energy and Utilities were hit the hardest. Oil and commodity prices declined, pushing Energy—last quarter's top performing sector—to the bottom of the heap. Utilities dropped with just the hint of interest rates rising. Large cap Health Care and Technology posted positive results as the market's preference for growth over value provided a tailwind for these sectors. Over the full quarter, investors generally showed a preference for high quality, low beta, and larger size.

**Economic Sector Quarterly Performance**

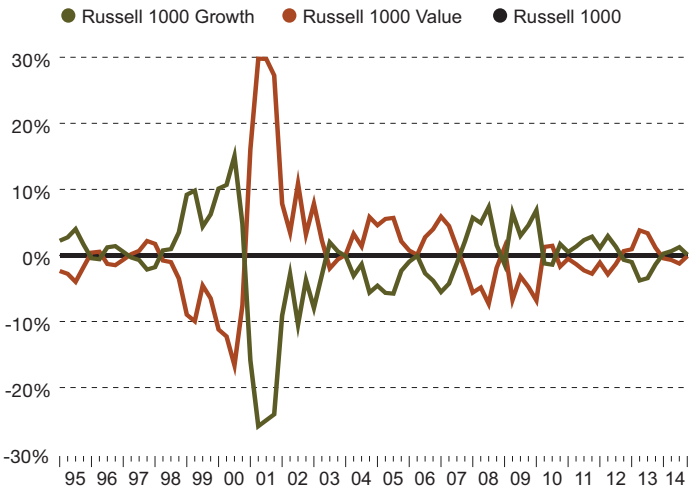



Source: Russell

Active management did well against indices in the third quarter; however, year to date very few active managers have outperformed. Mergers and acquisitions were prevalent along with some high-profile IPOs.

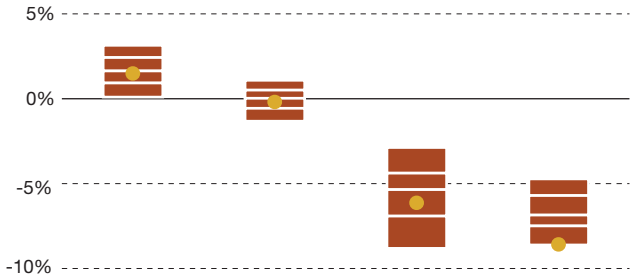
Stock correlations continued to trend downward, and the **CBOE Market Volatility Index** (VIX) increased from previous below-average levels. From a style perspective, growth characteristics such as high ROE were rewarded over the previous three months while low P/E was not.

### Rolling One-Year Relative Returns (vs. Russell 1000)




Source: Russell Investment Group

### Callan Style Group Quarterly Returns




| | Large Cap Growth Style | Large Cap Value Style | Small Cap Growth Style | Small Cap Value Style |
|---|---|---|---|---|
| 10th Percentile | 3.15 | 1.09 | -2.87 | -4.72 |
| 25th Percentile | 2.43 | 0.51 | -4.38 | -5.70 |
| Median | 1.64 | 0.03 | -5.35 | -6.85 |
| 75th Percentile | 0.93 | -0.56 | -6.91 | -7.49 |
| 90th Percentile | 0.10 | -1.32 | -8.81 | -8.61 |
| | **R1000 Growth** | **R1000 Value** | **R2000 Growth** | **R2000 Value** |
| Benchmark | 1.49 | -0.19 | -6.13 | -8.58 |

Sources: Callan, Russell Investment Group

### U.S. Equity Index Characteristics as of September 30, 2014

| | S&P 500 | Rus 3000 | Rus 1000 | Rus Midcap | Rus 2500 | Rus 2000 |
|---|---|---|---|---|---|---|
| Cap Range Min ($mm) | 2,303 | 17 | 206 | 206 | 17 | 17 |
| Cap Range Max ($bn) | 603.28 | 607.49 | 607.49 | 27.05 | 11.21 | 5.54 |
| Number of Issues | 502 | 2,983 | 1,032 | 838 | 2,479 | 1,951 |
| % of Russell 3000 | 80% | 100% | 93% | 28% | 18% | 7% |
| Wtd Avg Mkt Cap ($bn) | 122.92 | 100.84 | 108.67 | 11.87 | 3.79 | 1.69 |
| Price/Book Ratio | 2.6 | 2.6 | 2.6 | 2.5 | 2.1 | 2.0 |
| Forward P/E Ratio | 15.5 | 16.0 | 15.8 | 17.7 | 17.7 | 18.5 |
| Dividend Yield | 2.0% | 1.9% | 1.9% | 1.6% | 1.5% | 1.4% |
| 5-Yr Earnings (forecasted) | 11.2% | 12.1% | 11.9% | 14.0% | 14.8% | 15.8% |

Sources: Russell Investment Group, Standard & Poor's.

## Style Median and Index Returns* for Periods ended September 30, 2014

| Large Cap Equity | Quarter | YTD | Year | 3 Years | 5 Years | 10 Years |
|---|---|---|---|---|---|---|
| **Large Cap Core Style** | **0.93** | **8.43** | **19.70** | **23.75** | **15.85** | **8.76** |
| **Large Cap Growth Style** | **1.64** | **6.48** | **18.30** | **22.67** | **16.00** | **9.23** |
| **Large Cap Value Style** | **0.03** | **8.10** | **18.77** | **24.10** | **15.42** | **8.47** |
| **Aggressive Growth Style** | **-2.60** | **0.12** | **8.16** | **20.38** | **15.44** | **9.79** |
| **Contrarian Style** | **0.15** | **7.94** | **17.80** | **23.96** | **15.66** | **8.74** |
| **Yield-Oriented Style** | **-0.15** | **7.75** | **17.87** | **21.13** | **15.41** | **8.76** |
| Russell 3000 | 0.01 | 6.95 | 17.76 | 23.08 | 15.78 | 8.44 |
| Russell 1000 | 0.65 | 7.97 | 19.01 | 23.23 | 15.90 | 8.46 |
| Russell 1000 Growth | 1.49 | 7.89 | 19.15 | 22.45 | 16.50 | 8.94 |
| Russell 1000 Value | -0.19 | 8.07 | 18.89 | 23.93 | 15.26 | 7.84 |
| S&P Composite 1500 | 0.44 | 7.49 | 18.57 | 22.89 | 15.75 | 8.32 |
| S&P 500 | 1.13 | 8.34 | 19.73 | 22.99 | 15.70 | 8.11 |
| NYSE | -1.96 | 4.81 | 13.92 | 22.62 | 13.76 | 8.57 |
| Dow Jones Industrials | 1.87 | 4.60 | 15.29 | 19.02 | 14.85 | 8.15 |
| **Mid Cap Equity** | **Quarter** | **YTD** | **Year** | **3 Years** | **5 Years** | **10 Years** |
| **Mid Cap Core Style** | **-2.14** | **6.16** | **16.03** | **25.27** | **18.18** | **11.06** |
| **Mid Cap Growth Style** | **-1.51** | **3.69** | **12.19** | **21.85** | **16.36** | **10.74** |
| **Mid Cap Value Style** | **-2.89** | **5.70** | **15.34** | **24.11** | **16.78** | **10.73** |
| Russell Midcap | -1.66 | 6.87 | 15.83 | 23.79 | 17.19 | 10.34 |
| S&P MidCap 400 | -3.98 | 3.22 | 11.82 | 22.43 | 16.37 | 10.29 |
| **Small Cap Equity** | **Quarter** | **YTD** | **Year** | **3 Years** | **5 Years** | **10 Years** |
| **Small Cap Core Style** | **-5.85** | **-1.78** | **7.70** | **23.62** | **16.43** | **9.73** |
| **Small Cap Growth Style** | **-5.35** | **-3.96** | **3.51** | **22.06** | **16.87** | **10.19** |
| **Small Cap Value Style** | **-6.85** | **-2.09** | **7.92** | **23.22** | **15.42** | **9.52** |
| Russell 2000 | -7.36 | -4.41 | 3.93 | 21.26 | 14.29 | 8.19 |
| S&P SmallCap 600 | -6.73 | -3.72 | 5.74 | 22.86 | 16.24 | 9.33 |
| NASDAQ | 2.24 | 8.56 | 20.61 | 24.67 | 17.61 | 10.12 |
| **Smid Cap Equity** | **Quarter** | **YTD** | **Year** | **3 Years** | **5 Years** | **10 Years** |
| **Smid Cap Broad Style** | **-3.62** | **0.08** | **8.80** | **22.30** | **16.51** | **10.21** |
| **Smid Cap Growth Style** | **-3.07** | **-0.72** | **6.32** | **21.83** | **16.63** | **10.19** |
| **Smid Cap Value Style** | **-4.41** | **1.32** | **11.38** | **24.37** | **16.34** | **10.57** |
| Russell 2500 | -5.35 | 0.28 | 8.97 | 22.80 | 15.99 | 9.45 |
| S&P 1000 | -4.80 | 1.08 | 9.97 | 22.58 | 16.34 | 9.97 |
| **Russell 3000 Sectors** | **Quarter** | **YTD** | **Year** | **3 Years** | **5 Years** | **10 Years** |
| Consumer Discretionary | -0.66 | 0.31 | 10.80 | 26.72 | 21.29 | 9.44 |
| Consumer Staples | 1.46 | 6.91 | 16.10 | 18.36 | 15.65 | 11.03 |
| Energy | -9.14 | 3.55 | 11.65 | 17.14 | 12.50 | 10.95 |
| Financials | 0.77 | 6.07 | 16.18 | 25.68 | 11.22 | 1.31 |
| Health Care | 4.53 | 15.24 | 26.51 | 29.22 | 20.03 | 11.06 |
| Industrials | -2.85 | 0.96 | 14.22 | 25.40 | 17.19 | 8.86 |
| Information Technology | 3.55 | 11.80 | 25.46 | 22.02 | 15.84 | 9.88 |
| Materials | -1.57 | 6.56 | 17.63 | 21.80 | 13.82 | 9.67 |
| Telecommunications | 2.18 | 6.65 | 13.86 | 16.15 | 14.07 | 7.90 |
| Utilities | -4.86 | 12.30 | 15.85 | 12.74 | 12.44 | 9.60 |

*Returns less than one year are not annualized.
Sources: Callan, Dow Jones & Company Inc., Russell Investment Group, Standard & Poor's, The NASDAQ Stock Market Inc.

# My Kingdom for Stability

**NON-U.S. EQUITY** | Matt Lai

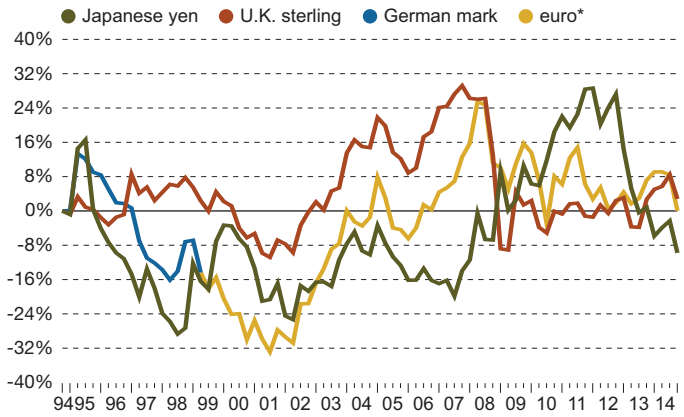
Global volatility pummeled the markets at summer's end. Intensified conflicts in Eastern Europe and the Middle East, the Umbrella Revolution in Hong Kong, and the alarming resurgence of Ebola cast a pall over the markets. The **MSCI ACWI ex USA Index** dropped 5.19% (+0.39% YTD).

Small cap stocks were hit particularly hard (**ACWI ex USA Small Cap Index:** -6.80%). Energy (-10.01%) and Materials (-9.52%) bore the brunt of America's flourishing dollar and flagging commodities. Notably, Brent Crude—a major crude oil benchmark—fell to $90/barrel by the quarter's end from a high of $125 in early 2012, and looked to continue its slide toward $80. Only Health Care stocks (+0.94%) were positive this quarter.

The **MSCI Emerging Markets Index** (-3.36%) bested its developed counterparts in the **MSCI World ex USA Index** (-5.74%). Canada (-4.47%) trumped its colleagues across the pond in the **MSCI EAFE Index** (-5.88%). **ACWI ex USA Growth** (-4.83%) edged **ACWI ex USA Value** (-5.55%) for the quarter, though the latter has an 85 basis point lead YTD. The dollar strengthened across the board, surging 8% against the euro and the yen.

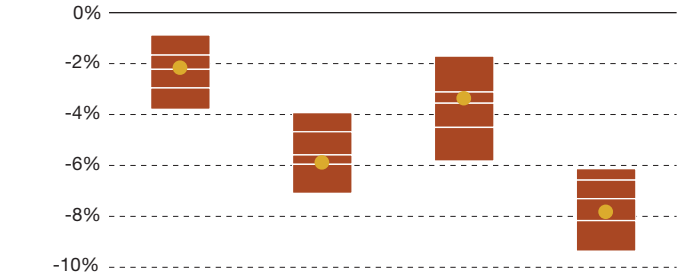
Polarizing statements from Mario Draghi characterized a volatile quarter in Europe (**MSCI Europe Index:** -7.00% and -1.91% YTD). Draghi's optimism in spite of a weak euro spurred an August rally, but an unexpected combination of a rate cut (to a record 0.05%) and an ABS buyback announcement sent stocks plummeting in September. Inflation fell to an estimated 0.3% in September, a decline from August and a troubling downward trend for the region. Health Care (+0.17%) scraped together a win, while Consumer Discretionary (-12.67%) and Energy (-11.69%) businesses suffered. The government of Portugal (-24.95%) had to rescue mammoth lender Banco Espírito Santo, tanking the country's Financials sector (-42.70%). Finland (-2.88% USD, +5.26% local) was the best-performing country in Europe.

**Major Currencies' Cumulative Returns** (vs. U.S. Dollar)




*euro returns from 1Q99
Source: MSCI

**Callan Style Group Quarterly Returns**




| | Global Eq Style | Non-U.S. Eq Style | Emg Mkts Style | Small Cap Style |
|---|---|---|---|---|
| 10th Percentile | -0.91 | -3.96 | -1.74 | -6.16 |
| 25th Percentile | -1.70 | -4.71 | -3.15 | -6.61 |
| Median | -2.26 | -5.62 | -3.59 | -7.34 |
| 75th Percentile | -2.99 | -5.99 | -4.54 | -8.20 |
| 90th Percentile | -3.83 | -7.13 | -5.86 | -9.40 |
| | MSCI World | MSCI EAFE | MSCI Emg Mkts | MSCI EAFE Small Cap |
| Benchmark | -2.16 | -5.88 | -3.36 | -7.82 |

Sources: Callan, MSCI

Japan (-2.30% USD, +5.79% local) boosted the **MSCI Pacific Index**, which fell 3.64% to land at -0.63% YTD. Though the yen continued to fall, exports still declined 1.3% in August. Fears of stagnation plagued the Abe administration when the nation's second-quarter 2014 GDP was revised down 7.1% on an annualized basis, the worst contraction since the first quarter of 2009. The only bright spots were Health Care (+1.03%) and

Information Technology (+0.75%) stocks. Australia (-7.93%) kept its 2.5% key rate, but was hampered by worsening unemployment, which rose to 6.1% in September. New Zealand reelected Prime Minister John Key to a third term, but once again was the region's weakest link (-8.92%). Singapore (-1.19%) landed in the red, but was nonetheless the area's best performer.

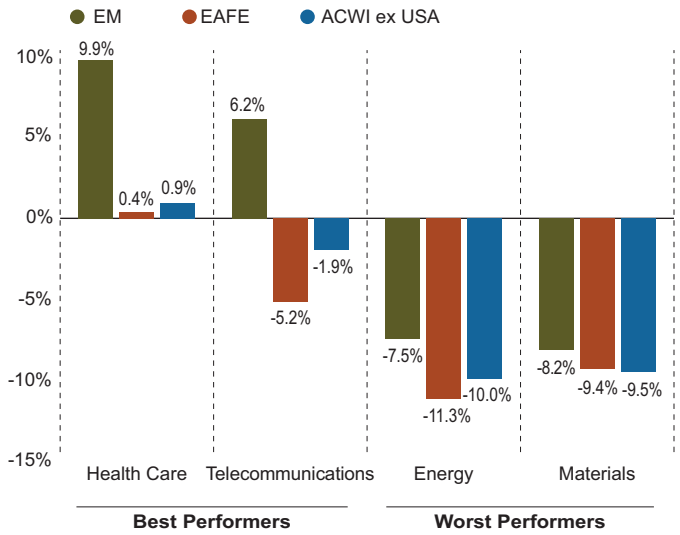
Emerging economies fared well, landing far ahead of regional peers (**MSCI Emerging Markets Index**: -3.36%, +2.75% YTD). Like the broad market, emerging Health Care (+9.85%) counterbalanced Energy (-7.47%) and Materials (-8.16%). China (+1.53%) suffered from a slew of sour data, prompting Prime Minister Li Keqiang to ease property restrictions for the first time since 2009. Russia (-15.07%) suffered from more sanctions, imposed due to the ongoing Ukraine (+2.32%) crisis. Egypt (+28.21%) benefitted from promised tax reform and accelerating business activity. Stable and oil-rich United Arab Emirates (+22.92%) had the region's strongest YTD performance (+45.11%), though the IMF warned that oil price fluctuations could derail further growth. Mexico's (+2.09%) continued success under reformist President Peña Nieto could not save **MSCI EM Latin America Index** (-5.44%), as every other nation saw red. The **MSCI Frontier Markets Index** (+1.53%, +22.05% YTD) outperformed the MSCI EM Index (-3.36%) for the sixth straight quarter.

### Quarterly Return Attribution for EAFE (U.S. Dollar)

| Country | Total | Local | Currency | Wtg |
|---|---|---|---|---|
| Australia | -7.93% | -0.69% | -7.29% | 7.52% |
| Austria | -21.59% | -15.02% | -7.73% | 0.21% |
| Belgium | -3.74% | 4.33% | -7.73% | 1.25% |
| Denmark | -3.83% | 4.08% | -7.59% | 1.57% |
| Finland | -2.88% | 5.26% | -7.73% | 0.88% |
| France | -8.38% | -0.70% | -7.73% | 9.90% |
| Germany | -11.17% | -3.72% | -7.73% | 8.79% |
| Hong Kong | -2.58% | -2.40% | -0.19% | 2.91% |
| Ireland | -3.22% | 4.89% | -7.73% | 0.31% |
| Israel | 0.17% | 7.64% | -6.94% | 0.55% |
| Italy | -8.71% | -1.06% | -7.73% | 2.53% |
| Japan | -2.30% | 5.79% | -7.65% | 20.98% |
| Netherlands | -4.69% | 3.30% | -7.73% | 2.73% |
| New Zealand | -8.92% | 2.31% | -10.98% | 0.13% |
| Norway | -7.42% | -3.10% | -4.46% | 0.85% |
| Portugal | -24.95% | -18.66% | -7.73% | 0.18% |
| Singapore | -1.19% | 1.03% | -2.25% | 1.50% |
| Spain | -7.48% | 0.27% | -7.73% | 3.63% |
| Sweden | -5.80% | 1.57% | -7.26% | 3.06% |
| Switzerland | -4.43% | 2.98% | -7.19% | 9.20% |
| U.K. | -6.06% | -0.92% | -5.19% | 21.31% |

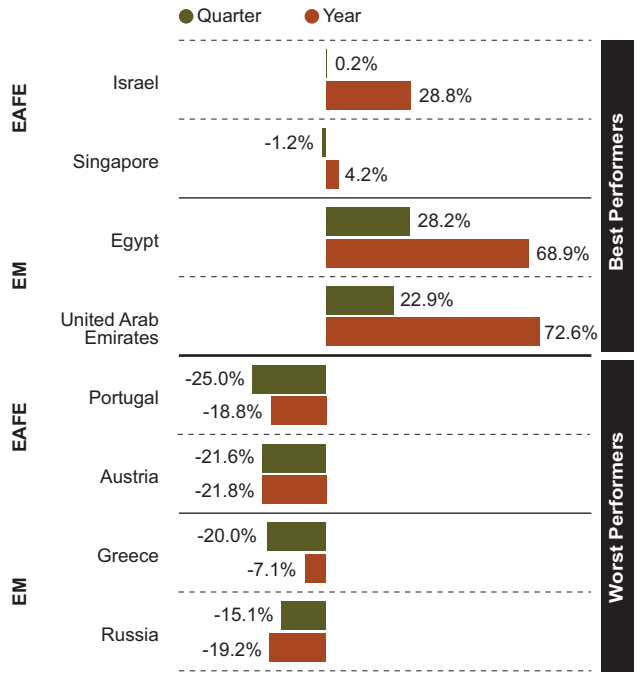
Sources: MSCI, Russell Investment Group, Standard & Poor's.

### Quarterly Returns: Strong and Struggling Sectors



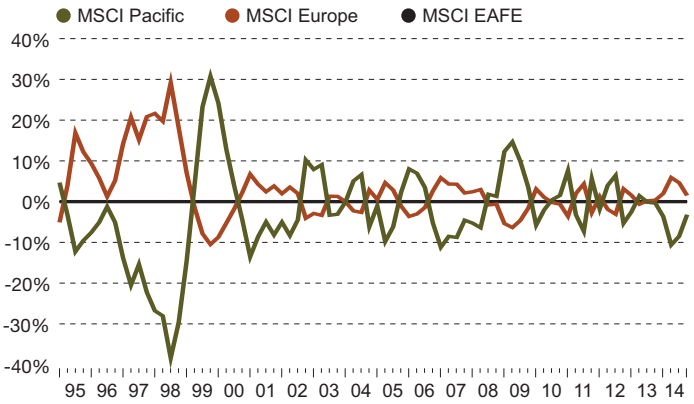

Source: MSCI

### Quarterly and Annual Country Performance Snapshot



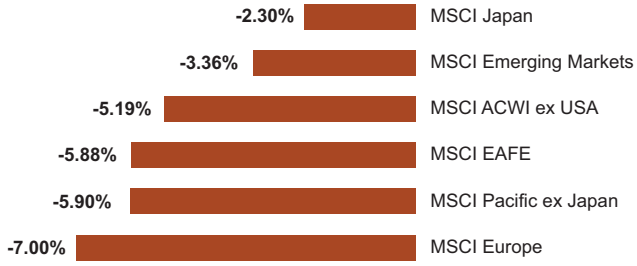

Source: MSCI

## Rolling One-year Relative Returns (vs. MSCI EAFE U.S. Dollar)




Source: MSCI

## Regional Quarterly Performance (U.S. Dollar)




Source: MSCI

## Style Median and Index Returns* for Periods ended September 30, 2014

| Non-U.S. Equity | Quarter | YTD | Year | 3 Years | 5 Years | 10 Years |
|---|---|---|---|---|---|---|
| **Non-U.S. Equity Style** | **-5.62** | **-1.30** | **5.23** | **14.33** | **7.95** | **7.54** |
| MSCI EAFE | -5.88 | -1.38 | 4.25 | 13.65 | 6.56 | 6.32 |
| MSCI EAFE (local) | 0.93 | 4.08 | 10.70 | 17.27 | 8.08 | 5.85 |
| MSCI EAFE Growth | -5.55 | -2.19 | 2.85 | 13.33 | 7.56 | 6.65 |
| MSCI EAFE Value | -6.20 | -0.57 | 5.65 | 13.91 | 5.52 | 5.92 |
| MSCI ACWI ex USA | -5.19 | 0.39 | 5.22 | 12.29 | 6.50 | 7.54 |
| **Global Equity** | **Quarter** | **YTD** | **Year** | **3 Years** | **5 Years** | **10 Years** |
| **Global Equity Style** | **-2.26** | **3.25** | **11.72** | **18.62** | **11.38** | **8.35** |
| MSCI World | -2.16 | 3.89 | 12.20 | 17.93 | 10.86 | 7.12 |
| MSCI World (local) | 0.82 | 6.35 | 15.32 | 19.57 | 11.50 | 6.77 |
| MSCI ACWI | -2.20 | 4.16 | 11.89 | 17.24 | 10.65 | 7.84 |
| **Regional Equity** | **Quarter** | **YTD** | **Year** | **3 Years** | **5 Years** | **10 Years** |
| MSCI Europe | -7.00 | -1.91 | 5.82 | 15.53 | 6.90 | 6.63 |
| MSCI Europe (local) | -0.24 | 4.67 | 10.90 | 16.49 | 8.17 | 6.50 |
| MSCI Japan | -2.30 | -1.64 | 0.62 | 9.16 | 5.41 | 3.81 |
| MSCI Japan (local) | 5.79 | 2.65 | 12.48 | 22.79 | 9.77 | 3.76 |
| MSCI Pacific ex Japan | -5.90 | 1.07 | 1.35 | 12.08 | 7.33 | 10.23 |
| MSCI Pacific ex Japan (local) | -0.88 | 2.61 | 5.90 | 14.34 | 6.98 | 8.41 |
| **Emerging/Frontier Markets** | **Quarter** | **YTD** | **Year** | **3 Years** | **5 Years** | **10 Years** |
| **Emerging Market Style** | **-3.59** | **2.82** | **5.42** | **8.84** | **5.42** | **11.50** |
| MSCI Emerging Markets | -3.36 | 2.75 | 4.66 | 7.56 | 4.76 | 11.03 |
| MSCI Emerging Markets (local) | 0.70 | 5.49 | 8.64 | 10.46 | 6.65 | 11.24 |
| MSCI Frontier Markets | 1.53 | 22.05 | 30.05 | 17.93 | 8.73 | 8.20 |
| **Non-U.S. Small Cap Equity** | **Quarter** | **YTD** | **Year** | **3 Years** | **5 Years** | **10 Years** |
| **Non-U.S. Small Cap Style** | **-7.34** | **-2.09** | **4.82** | **17.24** | **12.19** | **10.22** |
| MSCI EAFE Small Cap | -7.82 | -2.74 | 3.00 | 14.49 | 8.91 | 8.02 |
| MSCI ACWI ex USA Small Cap | -6.80 | -0.06 | 4.56 | 12.50 | 8.33 | 8.99 |

*Returns less than one year are not annualized.
Sources: Callan, MSCI

# All Eyes on Fixed Income

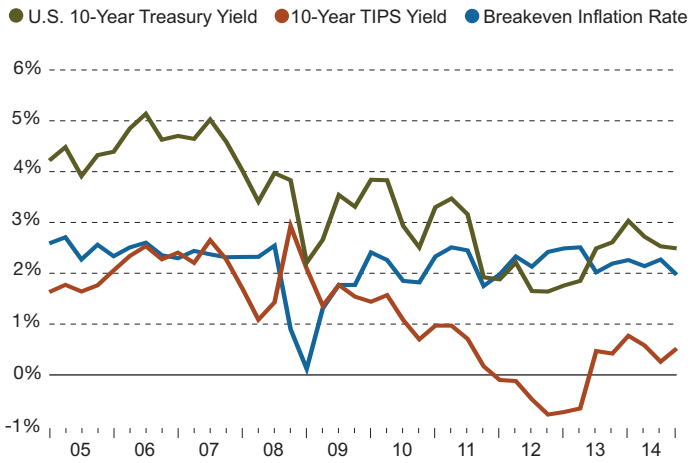
**U.S. FIXED INCOME** | Kevin Machiz

Risk aversion grew during the third quarter as global financial market volatility increased significantly, geopolitical events continued to create headwinds for investors, and the ECB announced further measures to loosen monetary policy. The yield curve flattened for the third consecutive quarter. Yield spreads reversed course and began to widen across most non-Treasury sectors.

The **Barclays Aggregate Index** landed just above zero at 0.17% for the quarter. The markets were abuzz after Janus Capital Group surprised investors with the news that Bill Gross was joining the firm and departing PIMCO.

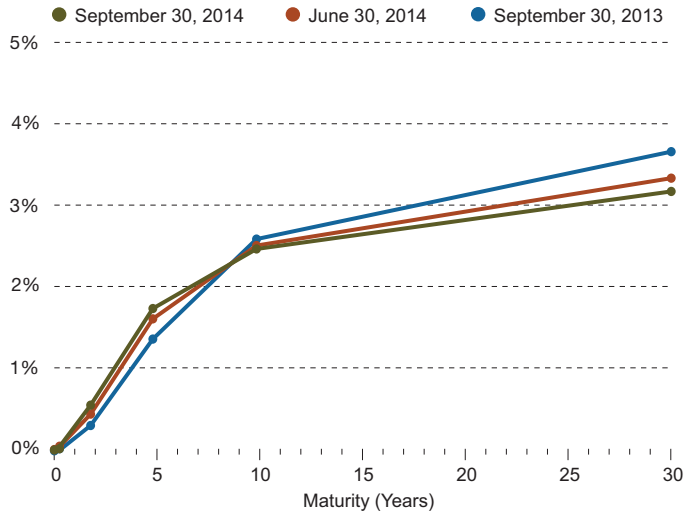
The Fed has continued on the path toward eliminating its quantitative easing (QE) program by year end. October's purchase will total $15 billion, down from $25 billion in September. Global risk aversion caused long-term rates to fall. The 20- and 30-year yields dropped by 16 bps, each. Nevertheless, there were some signs that short-term rates could soon become unanchored. Two-year and five-year U.S. Treasury yields increased substantially, 11 and 13 bps, respectively. The result was a flattening of the yield curve that caught many investors by surprise. Short-term rates remained stable, as the Fed once again pegged the federal funds and discount rates at 0.00%–0.25% and 0.75%, respectively. The breakeven rate (the difference between nominal and real yields) on the 10-year Treasury fell significantly (27 bps) to 1.97% during the quarter, as TIPS underperformed nominal Treasuries.

### Historical 10-Year Yields



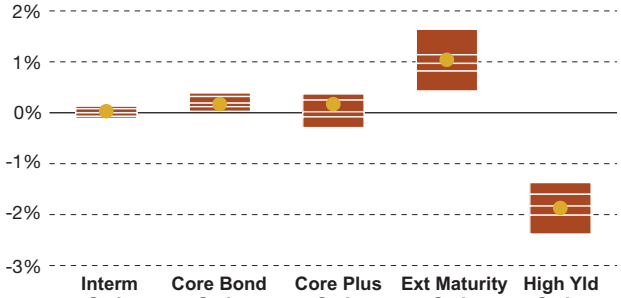

Source: Bloomberg

### U.S. Treasury Yield Curves




Source: Bloomberg

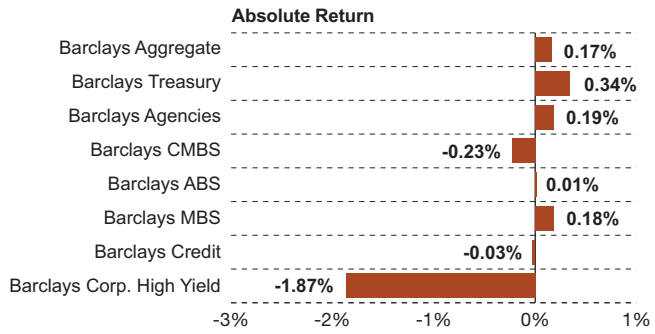
### Callan Style Group Quarterly Returns

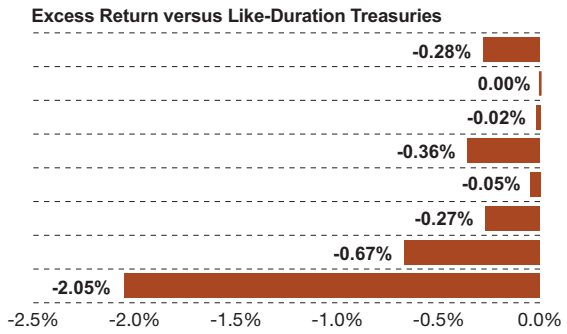



| | Interm Style | Core Bond Style | Core Plus Style | Ext Maturity Style | High Yld Style |
|---|---|---|---|---|---|
| 10th Percentile | 0.13 | 0.39 | 0.37 | 1.64 | -1.37 |
| 25th Percentile | 0.08 | 0.32 | 0.25 | 1.14 | -1.60 |
| Median | 0.00 | 0.19 | 0.02 | 0.97 | -1.83 |
| 75th Percentile | -0.07 | 0.12 | -0.08 | 0.82 | -2.01 |
| 90th Percentile | -0.11 | 0.03 | -0.29 | 0.43 | -2.38 |
| | **Barclays Interm Agg** | **Barclays Agg** | **Barclays Agg** | **Barclays Long G/C** | **Barclays High Yld** |
| Benchmark | 0.03 | 0.17 | 0.17 | 1.04 | -1.87 |

Sources: Barclays, Callan

## Fixed Income Index Quarterly Returns



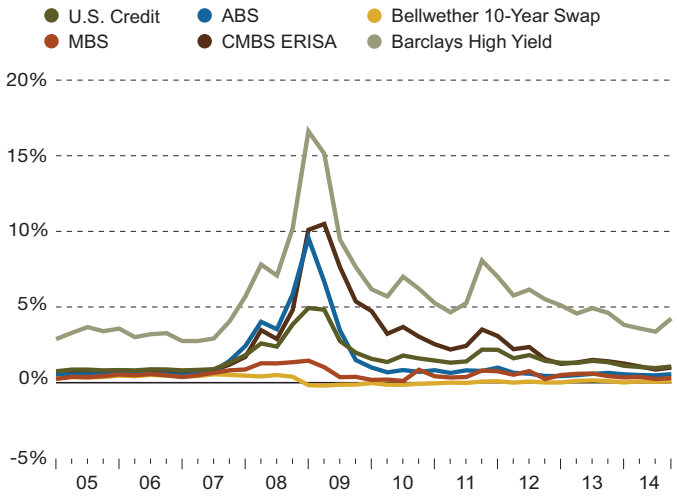




Source: Barclays

Non-Treasury sectors generally underperformed like-duration Treasuries. Agency mortgage-backed securities dropped 0.27% on a relative basis, a reversal after a strong second quarter. Commercial mortgage-backed securities (-0.36%) and asset-backed securities (-0.05%) dipped slightly against like-duration Treasuries. Corporate spreads widened, with a strong selloff in BBB-rated paper. During the quarter, Utilities, Financials, and Industrials underperformed 0.69%, 0.45%, and 0.90%, respectively.

High yield corporate bonds were one of the worst performers in the U.S. fixed income market, reversing a previous trend of strong returns. The **Barclays Corporate High Yield Index** fell 1.87%. New issue activity is on pace with the record issuance of 2013. Year-to-date, 544 high yield bonds totaling approximately $286 billion were issued.

## Effective Yield Over Treasuries




Source: Barclays

## U.S. Fixed Income Index Characteristics as of September 30, 2014

| Barclays Indices | Yield to Worst | Mod Adj Duration | Avg Maturity | % of Barclays G/C | % of Barclays Agg |
|---|---|---|---|---|---|
| Barclays Aggregate | 2.36 | 5.62 | 7.73 | | 100.00% |
| Barclays Govt/Credit | 2.14 | 5.94 | 8.11 | 100.00% | 68.47% |
| Intermediate | 1.68 | 3.88 | 4.20 | 80.45% | 55.09% |
| Long-Term | 4.08 | 14.44 | 24.18 | 19.55% | 13.38% |
| Barclays Govt | 1.49 | 5.19 | 6.37 | 57.11% | 39.10% |
| Barclays Credit | 3.02 | 6.94 | 10.42 | 42.89% | 29.37% |
| Barclays MBS | 2.88 | 5.01 | 7.17 | | 28.92% |
| Barclays ABS | 1.39 | 2.48 | 2.72 | | 0.51% |
| Barclays CMBS | 2.37 | 4.05 | 4.53 | | 2.04% |
| Barclays Corp High Yield | 6.13 | 4.39 | 6.53 | | |

Source: Barclays

## Style Median and Index Returns* for Periods ended September 30, 2014

| Broad Fixed Income | Quarter | YTD | Year | 3 Years | 5 Years | 10 Years |
|---|---|---|---|---|---|---|
| **Core Bond Style** | **0.19** | **4.49** | **4.57** | **3.35** | **4.80** | **5.15** |
| **Core Bond Plus Style** | **0.02** | **4.73** | **5.51** | **4.69** | **6.17** | **5.67** |
| Barclays Aggregate | 0.17 | 4.10 | 3.96 | 2.43 | 4.12 | 4.62 |
| Barclays Govt/Credit | 0.17 | 4.12 | 4.08 | 2.54 | 4.27 | 4.59 |
| Barclays Govt | 0.32 | 3.00 | 2.28 | 1.06 | 3.11 | 4.15 |
| Barclays Credit | -0.03 | 5.67 | 6.64 | 4.82 | 6.10 | 5.41 |
| Citi Broad Investment Grade | 0.16 | 4.06 | 3.91 | 2.41 | 4.03 | 4.73 |
| **Long-Term** | **Quarter** | **YTD** | **Year** | **3 Years** | **5 Years** | **10 Years** |
| **Extended Maturity Style** | **0.97** | **13.02** | **13.36** | **5.71** | **8.83** | **7.35** |
| Barclays Long Govt/Credit | 1.04 | 12.97 | 12.87 | 4.75 | 8.04 | 7.01 |
| Barclays Long Govt | 2.63 | 15.02 | 11.60 | 2.08 | 6.99 | 6.78 |
| Barclays Long Credit | 0.17 | 11.86 | 13.58 | 6.71 | 8.67 | 6.97 |
| Citi Pension Discount Curve | 1.46 | 15.90 | 16.83 | 7.23 | 9.81 | 8.29 |
| **Intermediate-Term** | **Quarter** | **YTD** | **Year** | **3 Years** | **5 Years** | **10 Years** |
| **Intermediate Style** | **0.00** | **2.50** | **2.60** | **2.59** | **3.92** | **4.57** |
| Barclays Intermediate Aggregate | 0.03 | 2.88 | 2.74 | 2.09 | 3.58 | 4.30 |
| Barclays Intermediate Govt/Credit | -0.03 | 2.22 | 2.20 | 2.01 | 3.42 | 4.05 |
| Barclays Intermediate Govt | 0.02 | 1.56 | 1.14 | 0.90 | 2.50 | 3.68 |
| Barclays Intermediate Credit | -0.11 | 3.34 | 4.04 | 4.09 | 5.17 | 4.88 |
| **Short-Term** | **Quarter** | **YTD** | **Year** | **3 Years** | **5 Years** | **10 Years** |
| **Defensive Style** | **0.03** | **0.86** | **1.10** | **1.19** | **1.79** | **3.17** |
| **Active Duration Style** | **0.05** | **3.24** | **3.59** | **2.77** | **4.13** | **4.81** |
| Money Market Funds (net of fees) | 0.00 | 0.01 | 0.01 | 0.01 | 0.01 | 1.46 |
| ML Treasury 1–3-Year | 0.03 | 0.29 | 0.35 | 0.43 | 1.00 | 2.51 |
| 90-Day Treasury Bills | 0.01 | 0.03 | 0.05 | 0.07 | 0.10 | 1.59 |
| **High Yield** | **Quarter** | **YTD** | **Year** | **3 Years** | **5 Years** | **10 Years** |
| **High Yield Style** | **-1.83** | **3.71** | **7.36** | **11.12** | **10.61** | **8.20** |
| Barclays Corporate High Yield | -1.87 | 3.49 | 7.20 | 11.09 | 10.57 | 8.33 |
| ML High Yield Master | -1.91 | 3.53 | 7.14 | 10.86 | 10.34 | 8.12 |
| **Mortgage/Asset-Backed** | **Quarter** | **YTD** | **Year** | **3 Years** | **5 Years** | **10 Years** |
| **Mortgage Style** | **0.34** | **4.61** | **4.23** | **2.79** | **4.33** | **4.95** |
| Barclays MBS | 0.18 | 4.22 | 3.78 | 2.07 | 3.48 | 4.69 |
| Barclays ABS | 0.01 | 1.32 | 1.65 | 1.64 | 3.39 | 3.36 |
| Barclays CMBS | -0.23 | 2.38 | 2.93 | 5.08 | 8.21 | 5.21 |
| **Municipal** | **Quarter** | **YTD** | **Year** | **3 Years** | **5 Years** | **10 Years** |
| Barclays Muni | 1.49 | 7.58 | 7.93 | 4.56 | 4.67 | 4.72 |
| Barclays Muni 1–10-Year | 0.84 | 4.07 | 4.40 | 3.04 | 3.56 | 4.01 |
| Barclays Muni 3-Year | 0.30 | 1.34 | 1.94 | 1.61 | 2.12 | 3.01 |
| **TIPS** | **Quarter** | **YTD** | **Year** | **3 Years** | **5 Years** | **10 Years** |
| Barclays TIPS Full Duration | -2.04 | 3.67 | 1.59 | 1.34 | 4.48 | 4.64 |
| Barclays TIPS 1-10 Year | -1.99 | 1.93 | 0.61 | 0.92 | 3.43 | 4.04 |

*Returns of less than one year are not annualized.

Sources: Barclays, Callan, Citigroup, Merrill Lynch

# Negative Territory

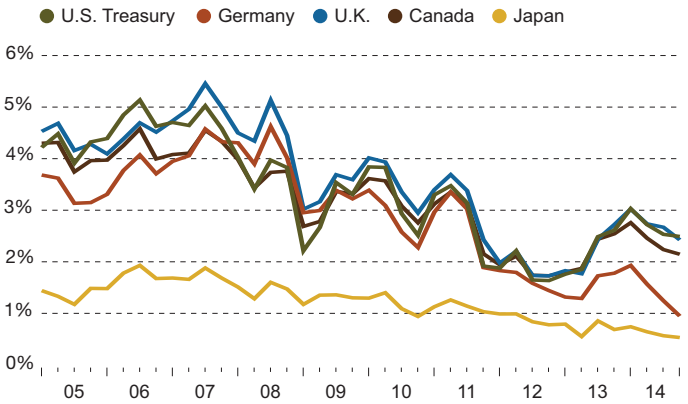
**NON-U.S. FIXED INCOME** | Kyle Fekete

Non-U.S. fixed income saw few positive numbers in the third quarter. Divergent economic trends throughout the globe, currency weakness, and increased geopolitical risks in the emerging markets heavily impacted non-U.S. bond markets. The European and Japanese central banks loosened their monetary policies in an attempt to stimulate their lackluster economies and fight off deflation. At home, the U.S. dollar was pushed upward as global investors were attracted to the higher yields offered by long-term Treasuries. The euro, yen, pound, and dollar bloc (Australia, New Zealand, and Canada) all declined substantially against the U.S. dollar. The **Citi Non-U.S. World Government Bond Index** plunged 5.38% due to its currency exposure. The hedged version of this index, **Citi Non-U.S. WGBI (hedged)** returned 2.01%, as yields dropped across the board.

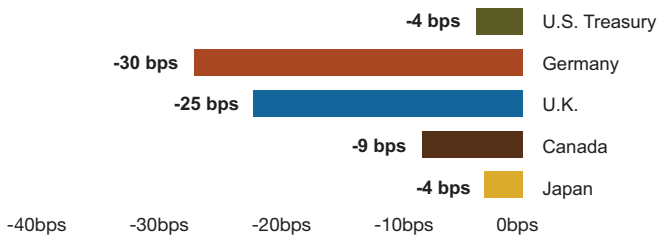
Amid deflation concerns, European Central Bank President Mario Draghi announced a comprehensive stimulus package that included cutting interest rates and purchasing asset-backed securities. The German 10-year bund declined 30 bps to 0.95% in the third quarter, 128 bps below U.S Treasuries. Peripheral government bonds continued to outperform bunds. Spanish and Italian yields both declined half a percentage point to 2.14% and 2.33%, respectively.

The Bank of Japan announced it would sustain its monetary easing policy after the country's GDP revision was lower than expected; the economy sank an annualized 7.1% in the second quarter, bringing on more deflationary concerns. The Japanese 10-year note declined 7.06% in dollar terms for the third quarter, following the yen's 5.1% drop in September, the steepest fall since January 2013.

**10-Year Global Government Bond Yields**




**Change in 10-Year Yields from 2Q14 to 3Q14**




Source: Bloomberg

**Quarterly Return Attribution for Non-U.S. Gov't Indices**
(U.S. Dollar)

| Country | Total | Local | Currency | Wtg |
|---|---|---|---|---|
| Australia | -6.33% | 1.51% | -7.29% | 1.86% |
| Austria | -5.03% | 1.09% | -7.73% | 1.79% |
| Belgium | -4.53% | 1.61% | -7.73% | 2.92% |
| Canada | -3.85% | 1.16% | -4.69% | 2.50% |
| Denmark | -4.89% | 1.17% | -7.59% | 0.92% |
| Finland | -5.44% | 0.65% | -7.73% | 0.72% |
| France | -5.25% | 0.85% | -7.73% | 11.27% |
| Germany | -5.56% | 0.52% | -7.73% | 9.13% |
| Ireland | -4.81% | 1.32% | -7.73% | 0.91% |
| Italy | -4.82% | 1.31% | -7.73% | 11.05% |
| Japan | -7.06% | -0.51% | -7.65% | 34.25% |
| Malaysia | -0.76% | 1.39% | -2.12% | 0.60% |
| Mexico | -4.24% | 0.50% | -3.40% | 1.22% |
| Netherlands | -5.18% | 0.93% | -7.73% | 2.92% |
| Norway | -3.39% | 2.73% | -4.46% | 0.32% |
| Poland | -5.68% | 0.10% | -8.14% | 0.75% |
| Singapore | -2.35% | -0.11% | -2.25% | 0.41% |
| South Africa | -3.53% | 2.45% | -5.84% | 0.55% |
| Spain | -4.38% | 1.78% | -7.73% | 6.11% |
| Sweden | -5.10% | 1.08% | -7.26% | 0.55% |
| Switzerland | -6.53% | -0.24% | -7.19% | 0.38% |
| U.K. | -1.38% | 2.16% | -5.19% | 8.88% |

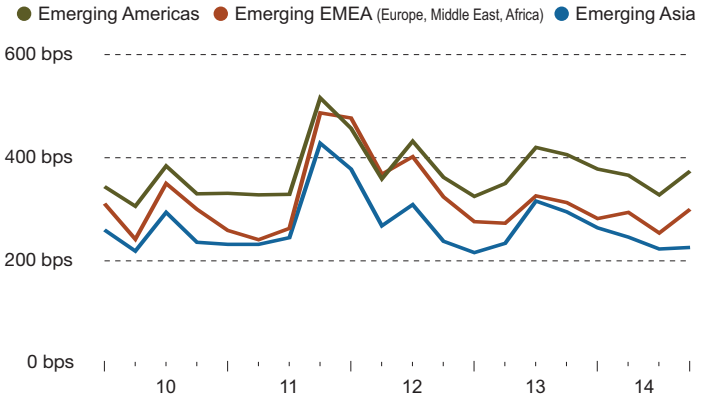
Source: Citigroup

Geopolitical risks continued to plague the emerging markets and further hampered growth. The **JPM GBI-EM Global Diversified Index**, tracking government bonds that are denominated in local currencies, plummeted 5.66% given the broad-based currency weakness versus the U.S. dollar. The U.S. dollar-denominated **JPM EMBI Global Diversified Index** declined 0.59% for the quarter.

The Brazilian 10-year note tumbled 8.62% in U.S. dollar terms. In September, Moody's cut Brazil's credit rating to just above "junk" status after GDP data showed that the country is now in recession. The prospects of Brazilian President Dilma Rousseff being reelected also disheartened investors after the death of reformist candidate Eduardo Campos turned the election race upside down. Venezuela's 10-year yield reached 15.93%, the highest among developing countries, amid the threat of default.

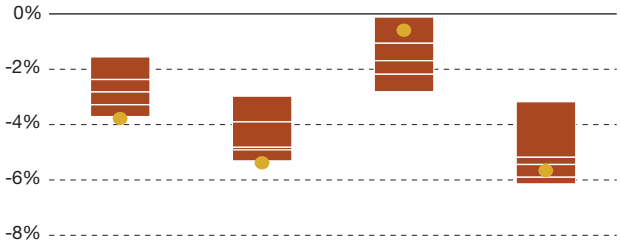
Russia's sanctions pushed the country's dollar-denominated debt down 3.31% while local currency debt fell 15.88% in U.S. dollar terms. The Ukrainian economy also continued to suffer as inflation remained elevated. Ukrainian dollar-denominated debt declined 9.36%.

### Emerging Spreads Over Developed (By Region)




Source: Barclays

### Callan Style Group Quarterly Returns




| | Global Fixed Style | Non-U.S. Fixed Style | Emerging Debt DB | Emerging Debt Local |
|---|---|---|---|---|
| 10th Percentile | -1.55 | -2.97 | -0.11 | -3.17 |
| 25th Percentile | -2.37 | -3.90 | -1.06 | -5.18 |
| Median | -2.82 | -4.82 | -1.69 | -5.44 |
| 75th Percentile | -3.28 | -4.91 | -2.18 | -5.90 |
| 90th Percentile | -3.71 | -5.31 | -2.81 | -6.14 |
| | Citi World Gov | Citi Non-U.S. World Gov | JPM EMBI GI Div | JPM GBI-EM GI Div |
| Benchmark | -3.78 | -5.38 | -0.59 | -5.66 |

Sources: Callan, Citigroup, JPMorgan Chase & Co.

### Style Median and Index Returns* for Periods ended September 30, 2014

| Global Fixed Income | Quarter | YTD | Year | 3 Years | 5 Years | 10 Years |
|---|---|---|---|---|---|---|
| **Global Style** | **-2.82** | **2.26** | **2.10** | **1.58** | **3.25** | **4.99** |
| Citi World Govt | -3.78 | 1.03 | -0.07 | -0.51 | 1.58 | 4.08 |
| Citi World Govt (Local) | 1.56 | 5.61 | 5.73 | 3.62 | 3.80 | 3.88 |
| Barclays Global Aggregate | -3.14 | 1.64 | 1.19 | 1.16 | 2.69 | 4.38 |
| **Non-U.S. Fixed** | **Quarter** | **YTD** | **Year** | **3 Years** | **5 Years** | **10 Years** |
| **Non-U.S. Style** | **-4.82** | **0.80** | **0.84** | **1.69** | **3.05** | **5.13** |
| Citi Non-U.S. World Govt | -5.38 | 0.25 | -0.99 | -1.13 | 1.01 | 3.99 |
| Citi Non-U.S. World Govt (Local) | 2.04 | 6.67 | 7.16 | 4.69 | 4.08 | 3.85 |
| **European Fixed** | **Quarter** | **YTD** | **Year** | **3 Years** | **5 Years** | **10 Years** |
| Citi Euro Govt Bond | -5.03 | 0.96 | 3.95 | 5.30 | 2.38 | 5.19 |
| Citi Euro Govt Bond (Local) | 1.08 | 8.16 | 9.39 | 6.80 | 5.03 | 4.82 |
| **Emerging Markets Fixed** | **Quarter** | **YTD** | **Year** | **3 Years** | **5 Years** | **10 Years** |
| JPM EMBI Global Diversified | -0.59 | 8.02 | 9.68 | 7.95 | 8.04 | 8.33 |
| JPM GBI-EM Global Diversified | -5.66 | -0.01 | -1.54 | 2.21 | 4.43 | 8.80 |

*Returns less than one year are not annualized.
Sources: Callan, Citigroup, JPMorgan Chase & Co.

# Mixed Messages

**REAL ESTATE** | Jay Nayak

Commercial real estate investment activity was robust during the third quarter. The **NCREIF Property Index** (+2.63) tracked 226 transactions representing $8.0 billion, ahead of the $4.9 billion 10-year quarterly transaction average. As a result of greater liquidity driven by continued equity capital flows and greater debt financing availability, the property sector continued to produce positive returns. The Index recorded a 1.31% income return and a 1.32% appreciation return. On a trailing four-quarter basis, NCREIF produced a 5.42% income return, a 5.75% appreciation return, and an 11.40% total return.

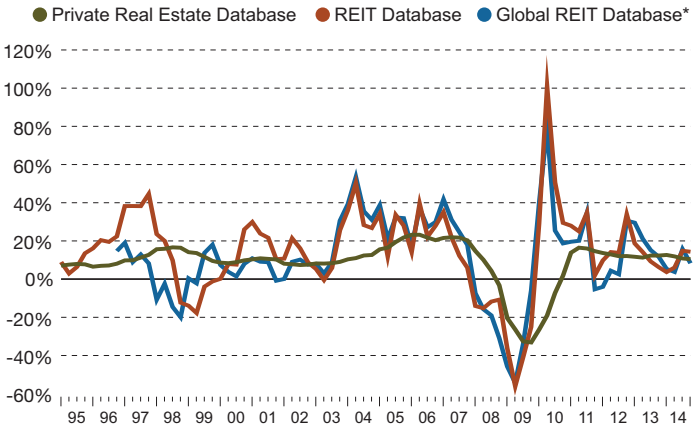
The property markets broadly are expected to see over $275 billion of asset trades for the current calendar year, according to LaSalle Investment Management. Pricing growth continued to characterize asset trades as transactional capitalization rates ticked down to 6.19%. Over the course of the prior cycle, quarterly transactional capitalization rates dipped to a low of 5.43% in the second quarter of 2007 and expanded to 8.46% in the third quarter of 2009. Appraisal capitalization rates, a measure of asset pricing, declined to 5.02%. During the prior market peak, transaction capitalization rates dropped to a low of 5.00% and appraisal capitalization rates fell to 4.89%.

Both global and U.S. property stocks declined in the quarter. The **FTSE EPRA/NAREIT Developed REIT Index** (USD) dropped 4.43% and domestic REITs, tracked by the **FTSE NAREIT Equity REITs Index**, fell 3.14%. Hong Kong led regional performance globally as China developers trading in that market reversed weak performance from earlier in the year. Continental European and Japanese REITs lagged regional performance due to weakening economic sentiment. U.S. investors cite strong fundamentals for property stocks; however, performance turned negative for the quarter. Regional malls (-0.48%) led sector performance, while the Mixed sector lagged after dropping 7.39%. Outside of the FTSE NAREIT Equity REITs Index, Infrastructure increased 6.27% and commercial mortgage REITs fell 2.93%.

According to AEW Capital Management, domestic REIT funds (excluding exchange-traded funds, a $125.1 billion market), have seen inflows of $3.4 billion for 2014 year-to-date after factoring in outflows of $58 million for the third quarter. Global funds have seen $1.1 billion of outflows year-to-date and $47 million of outflows in the third quarter. Domestic REITs raised $16.1 billion during the third quarter, driven by $8.5 billion of unsecured debt offerings and $7.3 billion of secondary equity offerings.

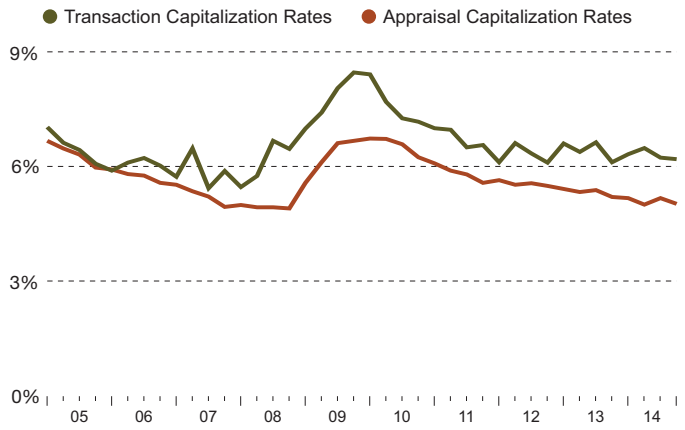
No public offerings were executed during the quarter. Commercial mortgage-backed securities issuance reached $28.1 billion, ahead of the $20.5 billion of issuance volume from the second quarter. Total issuance for the year stands at $68.9 billion, slightly off pace from the $100 billion of issuance volume expected for 2014.

**Rolling One-Year Returns**



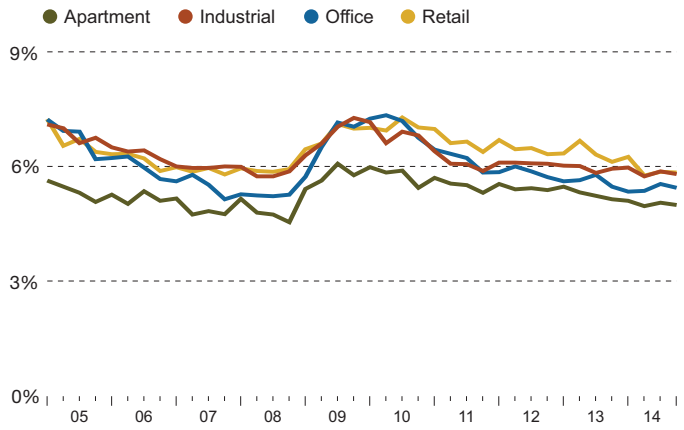

*Global REIT returns from 3Q96
Source: Callan

### NCREIF Transaction and Appraisal Capitalization Rates




Source: NCREIF
Note: Transaction capitalization rate is equal-weighted.

### NCREIF Capitalization Rates by Property Type




Source: NCREIF
Note: Capitalization rates are appraisal-based.

### Callan Database Median and Index Returns* for Periods ended September 30, 2014

| Private Real Estate | Quarter | YTD | Year | 3 Years | 5 Years | 10 Years |
|---|---|---|---|---|---|---|
| **Real Estate Database** (net of fees) | **2.38** | **8.02** | **11.98** | **12.77** | **11.92** | **5.76** |
| NCREIF Property** | 2.63 | 8.51 | 11.26 | 11.08 | 10.99 | 8.55 |
| NFI-ODCE (value wtd. net) | 2.69 | 7.86 | 11.02 | 11.15 | 11.27 | 6.12 |
| **Public Real Estate** | **Quarter** | **YTD** | **Year** | **3 Years** | **5 Years** | **10 Years** |
| **REIT Database** | **-2.58** | **14.79** | **14.26** | **17.16** | **16.70** | **9.40** |
| FTSE NAREIT Equity | -3.14 | 13.96 | 13.14 | 16.68 | 15.88 | 8.40 |
| **Global Real Estate** | **Quarter** | **YTD** | **Year** | **3 Years** | **5 Years** | **10 Years** |
| **Global REIT Database** | **-3.78** | **8.16** | **8.50** | **16.46** | **12.29** | **8.74** |
| FTSE EPRA/NAREIT Developed REIT | -4.43 | 7.23 | 6.75 | 15.65 | 11.27 | 7.84 |

*Returns less than one year are not annualized.
**Represents data available as of publication date.
All REIT returns are reported gross in USD.
Sources: Callan, NAREIT, NCREIF, The FTSE Group

# A Level Quarter

**PRIVATE EQUITY** | Gary Robertson

In fundraising, *Private Equity Analyst* reports that new third-quarter commitments totaled $56.5 billion with 167 new partnerships formed. This represents a decrease from the second quarter's $78.6 billion and 229 new partnerships. Year-to-date fundraising is outpacing 2013's by $17.7 billion (11%); 2014 is on track to turn in a fourth consecutive year-over-year increase and exceed 2013's $217 billion.

According to *Buyouts* newsletter, the investment pace by funds into companies in the third quarter totaled 370 transactions, with a subset of those deals announcing an aggregate dollar volume of $28.6 billion. There were six deals with announced values of $1 billion or more that closed in the third quarter, equaling the prior quarter. According to S&P Capital IQ, the average buyout purchase price for all U.S. deals climbed to 11.2x EBITDA, up from 9.6x in the second quarter and 8.5x a year ago.

According to the National Venture Capital Association, new investments in venture capital companies totaled $9.9 billion in 1,023 rounds of financing. The dollar volume and number of rounds both decreased compared to the second quarter's $13.5 billion and 1,129 rounds.

Regarding exits, *Buyouts* reports that 154 private M&A exits of buyout-backed companies occurred during the third quarter of 2014, with 50 deals disclosing values totaling $22.8 billion.

**Funds Closed January 1 to September 30, 2014**

| Strategy | No. of Funds | Amt ($mm) | Percent |
|---|---|---|---|
| Venture Capital | 233 | 24,258 | 14% |
| Buyouts | 241 | 109,754 | 63% |
| Subordinated Debt | 26 | 7,516 | 4% |
| Distressed Debt | 9 | 15,616 | 9% |
| Secondary and Other | 12 | 11,125 | 6% |
| Fund-of-funds | 48 | 6,790 | 4% |
| **Totals** | **569** | **175,060** | **100%** |

Source: Private Equity Analyst

There were also nine buyout-backed IPOs that floated $23.8 billion, of which $21.8 billion was the Alibaba offering. The count was down from 15 IPOs in the second quarter, but dollar volume increased from $9.8 billion.

Venture-backed M&A exits totaled 119 transactions, with 32 disclosing a total dollar volume of $7.9 billion. Exits increased from the second quarter, which had 110 deals with 37 announcing dollar values totaling $3.5 billion. There were 23 VC-backed IPOs in the third quarter with a combined float of $2.6 billion. For comparison, the second quarter had 28 IPOs and total issuance of $4.9 billion.

Please see our upcoming issue of *Private Markets Trends* for more in-depth coverage.

**Private Equity Performance Database (%)** (Pooled Horizon IRRs through March 31, 2014*)

| Strategy | 3 Months | Year | 3 Years | 5 Years | 10 Years | 20 Years |
|---|---|---|---|---|---|---|
| All Venture | 5.1 | 30.5 | 14.8 | 14.2 | 9.8 | 26.1 |
| Growth Equity | 3.6 | 21.2 | 11.9 | 16.9 | 13.2 | 15.0 |
| All Buyouts | 3.1 | 19.9 | 12.7 | 17.4 | 14.3 | 13.4 |
| Mezzanine | 2.7 | 11.8 | 11.4 | 12.9 | 9.8 | 9.7 |
| Distressed | 2.8 | 16.2 | 10.9 | 20.0 | 11.6 | 11.9 |
| **All Private Equity** | **3.4** | **20.9** | **12.7** | **17.1** | **13.0** | **14.6** |
| S&P 500 | 1.8 | 21.9 | 14.7 | 21.2 | 7.4 | 9.5 |

Private equity returns are net of fees.
Sources: Thomson/Cambridge, Standard & Poor's
* Latest quarterly data available.

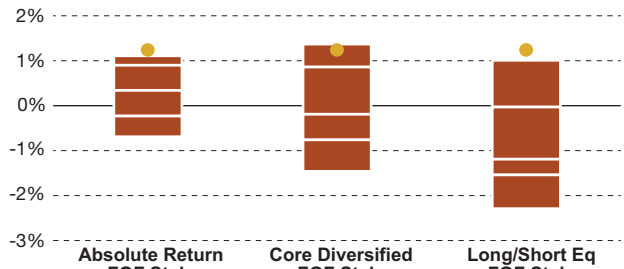
# Out of Sync

**HEDGE FUNDS** | Jim McKee

The world's economies revealed clear signs that they are increasingly out of sync with each other. The U.S. economy enjoyed forward momentum while Japan and Europe fought off deflation. With China's growth slowing, emerging markets dependent on commodity exports faced painful adjustments. These diverging trends blazed a trail for the dollar's strengthening and commodity prices falling. The **S&P 500 Index** rose 1.13% while non-U.S. stocks slumped.

As a proxy of unmanaged hedge fund interests without implementation costs, the **Credit Suisse Hedge Fund Index** (CS HFI) ticked up 0.56%. Representing live hedge fund portfolios, the median manager in the **Callan Hedge Fund-of-Funds Database** (-0.04%) was virtually flat, net of all fees. Aided by notable trends in the dollar, German bunds, gold, and oil, *Managed Futures* (+5.73%) was again the leading strategy within the CS HFI, following its 5.12% advance in the second quarter. *Global Macro*, which is focused on the effects of diverging economies, strengthened by 1.67%. *Long/Short Equity* (+0.13%) edged ahead slightly with the S&P 500, despite other weak equity markets. Within Callan's Hedge Fund-of-Funds Database, market exposures marginally affected performance. Without strong equity market support, the median *Callan Long/Short Equity* FOF (-1.19%) slipped behind the *Callan Absolute Return FOF* (+0.34%). With diversifying exposures to both non-directional and directional styles, the *Core Diversified FOF* lost 0.19%.

**Callan Style Group Quarterly Returns**




| | Absolute Return FOF Style | Core Diversified FOF Style | Long/Short Eq FOF Style |
|---|---|---|---|
| 10th Percentile | 1.11 | 1.37 | 1.01 |
| 25th Percentile | 0.90 | 0.86 | -0.03 |
| Median | 0.34 | -0.19 | -1.19 |
| 75th Percentile | -0.23 | -0.76 | -1.54 |
| 90th Percentile | -0.69 | -1.46 | -2.29 |
| T-Bills + 5% | 1.24 | 1.24 | 1.24 |

Sources: Callan, Merrill Lynch

**Database Median and Index Returns* for Periods ended September 30, 2014**

| Diversified Hedge Fund Strategies | Quarter | YTD | Year | 3 Years | 5 Years | 10 Years |
|---|---|---|---|---|---|---|
| **Hedge Fund-of-Funds Database** | **-0.04** | **2.50** | **6.55** | **7.02** | **5.59** | **5.13** |
| CS Hedge Fund Index | 0.56 | 3.41 | 7.71 | 7.16 | 6.39 | 6.33 |
| CS AllHedge Index | 0.12 | 1.51 | 4.71 | 4.42 | 4.43 | 2.98 |
| **Credit Suisse Subindices** | **Quarter** | **YTD** | **Year** | **3 Years** | **5 Years** | **10 Years** |
| Equity Market Neutral | -1.00 | -1.52 | 3.53 | 3.56 | 2.13 | -0.94 |
| Convertible Arbitrage | -0.91 | 1.38 | 2.66 | 5.46 | 6.48 | 4.54 |
| Fixed Income Arbitrage | 0.90 | 4.33 | 5.67 | 6.70 | 8.15 | 4.14 |
| Multi-Strategy | 1.96 | 4.90 | 9.44 | 9.53 | 8.32 | 6.84 |
| Distressed | -1.37 | 4.98 | 10.33 | 11.08 | 8.65 | 7.50 |
| Risk Arbitrage | -2.66 | 0.40 | 1.46 | 3.12 | 2.73 | 4.40 |
| Event Driven Multi-Strategy | -2.03 | 3.30 | 8.15 | 9.69 | 6.68 | 7.58 |
| Long/Short Equity | 0.13 | 3.22 | 9.74 | 10.28 | 6.40 | 6.94 |
| Dedicated Short Bias | 3.43 | -3.18 | -6.92 | -19.03 | -14.75 | -8.80 |
| Global Macro | 1.67 | 2.63 | 5.48 | 4.04 | 6.70 | 8.14 |
| Managed Futures | 5.73 | 6.37 | 11.93 | -1.20 | 1.08 | 4.34 |

*Returns less than one year are not annualized. Sources: Callan, Credit Suisse Hedge Index LLC

# Strong Market Returns Sustain DC Growth

**DEFINED CONTRIBUTION** | James O'Connor

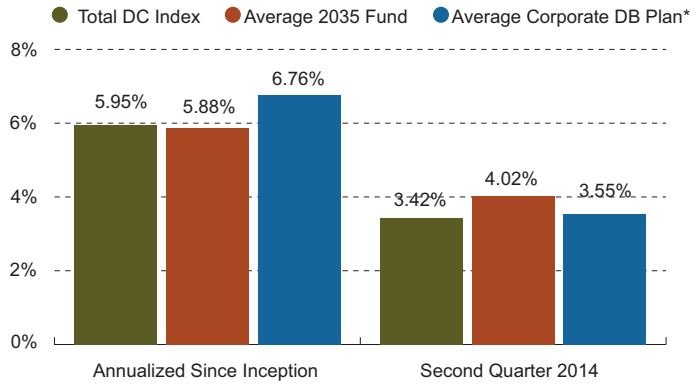
For the second quarter of 2014, the Callan DC Index™ gained 3.42%. U.S. equity, which remains the top holding in the average DC participant's portfolio, notched impressive gains during the period. DC plans were bested by the average corporate DB plan and 2035 target date fund (TDF), which rose 3.55% and 4.02%, respectively. Since the inception of the DC Index in 2006, the average DB plan has maintained a healthy edge over the DC Index's annual return (81 basis points, on average). The long-term performance of TDFs is in line with that of the DC Index.

Bolstered by strong returns, the average DC plan balance expanded 3.47% during the quarter. Market returns accounted for nearly all of the gains (99% of the total). Since inception, the average plan balance has increased by a healthy 8.67%. While two-thirds of this growth (5.95%) is due to market performance, the rest is driven by plan sponsor and participant contributions.

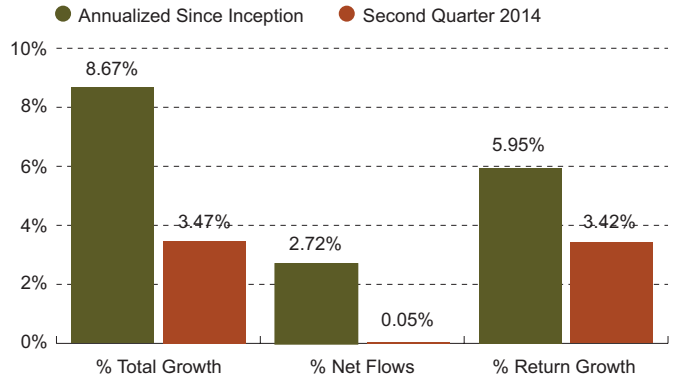
For the second quarter, TDFs attracted 75 cents for every dollar of flows. This is the lowest amount since September 2013—albeit still quite impressive. Money flowed out of a wide variety of asset classes, from the conservative (money market and stable value) to the more aggressive (U.S. small/mid cap and sector funds). Turnover (i.e., net transfer activity levels within DC plans) for the quarter, at 0.70%, fell in line with the since-inception average (0.69%). U.S. large cap equity remains the single largest allocation in the Index. However, money continues to flow out of this asset class and into TDFs, and the gap is narrowing. Within capital preservation vehicles, stable value (10.2%) dwarfs money market (1.6%).

*The Callan DC Index™ is an equally weighted index tracking the cash flows and performance of nearly 90 plans, representing more than one million DC participants and over $140 billion in assets. The Index is updated quarterly and is available to clients at http://www.callan.com/research/dcindex/. Read the quarterly DC Observer newsletter for additional commentary and data.*

### Investment Performance*




### Growth Sources*




### Net Cash Flow Analysis (Second Quarter 2014)*
(Top Two and Bottom Two Asset Gatherers)

| Asset Class | Flows as % of Total Net Flows |
|---|---|
| Target Date Funds | 75.19% |
| U.S. Fixed Income | 11.00% |
| Company Stock | -17.13% |
| U.S. Small/Mid Cap | -40.84% |
| **Total Turnover[1]** | **0.70%** |

1 Total Index "turnover" measures the percentage of total invested assets (transfers only, excluding contributions and withdrawals) that moved between asset classes.

Source: Callan DC Index

*Notes: DC Index inception date is January 2006. DB plan performance is gross of fees. Data provided here is the most recent available at time of publication.

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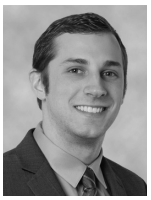

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The *Capital Market Review* is a quarterly macroeconomic indicator newsletter that provides thoughtful insights on the economy and recent performance in the equity, fixed income, alternatives, international, real estate, and other capital markets.

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**About Callan**

Callan was founded as an employee-owned investment consulting firm in 1973. Ever since, we have empowered institutional clients with creative, customized investment solutions that are uniquely backed by proprietary research, exclusive data, ongoing education and decision support. Today, Callan advises on more than $1.8 trillion in total assets, which makes us among the largest independently owned investment consulting firms in the U.S. We use a client-focused consulting model to serve public and private pension plan sponsors, endowments, foundations, operating funds, smaller investment consulting firms, investment managers, and financial intermediaries. For more information, please visit www.callan.com.

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The Callan Investments Institute, established in 1980, is a source of continuing education for those in the institutional investment community. The Institute conducts conferences and workshops and provides published research, surveys, and newsletters. The Institute strives to present the most timely and relevant research and education available so our clients and our associates stay abreast of important trends in the investments industry.

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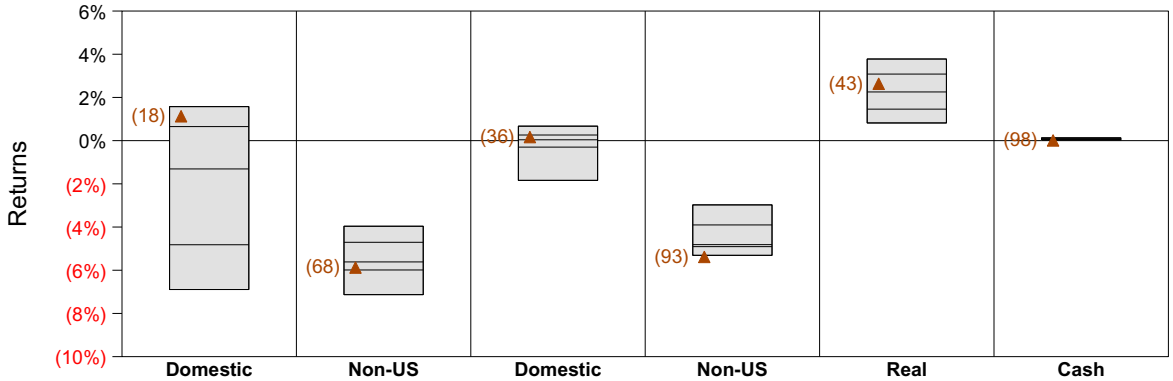
Active Management
Overview

## Market Overview

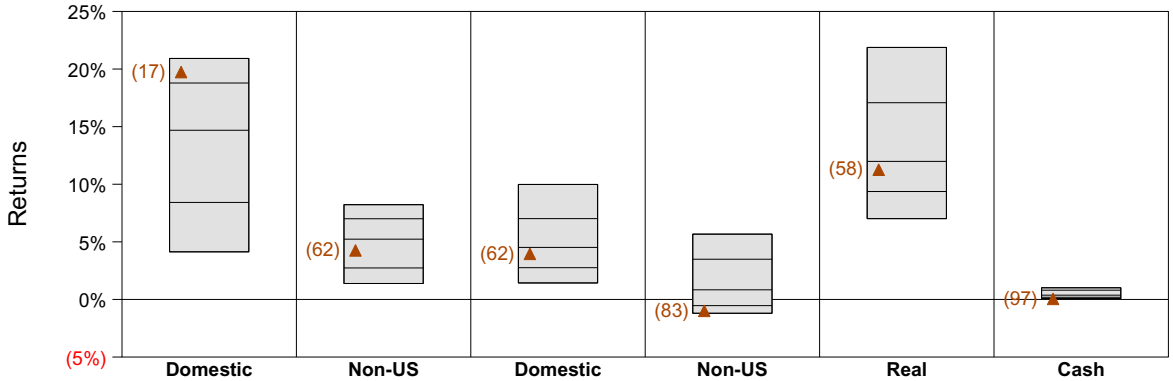
The charts below illustrate the range of returns across managers in Callan's Separate Account database over the most recent one quarter and one year time periods. The database is broken down by asset class to illustrate the difference in returns across those asset classes. An appropriate index is also shown for each asset class for comparison purposes. As an example, the first bar in the upper chart illustrates the range of returns for domestic equity managers over the last quarter. The triangle represents the S&P 500 return. The number next to the triangle represents the ranking of the S&P 500 in the domestic equity manager database.

### Range of Separate Account Manager Returns by Asset Class
### One Quarter Ended September 30, 2014




| | Domestic Equity vs S&P 500 | Non-US Equity vs MSCI EAFE | Domestic Fixed Income vs Barclays Aggr Bd | Non-US Fixed Income vs Citi Non-US Gov | Real Estate vs NCREIF Index | Cash Equivalents vs 3 Mon T-Bills |
|---|---|---|---|---|---|---|
| 10th Percentile | 1.58 | (3.96) | 0.67 | (2.97) | 3.78 | 0.13 |
| 25th Percentile | 0.65 | (4.71) | 0.26 | (3.90) | 3.08 | 0.09 |
| Median | (1.31) | (5.61) | 0.04 | (4.82) | 2.25 | 0.06 |
| 75th Percentile | (4.82) | (5.99) | (0.30) | (4.91) | 1.46 | 0.04 |
| 90th Percentile | (6.89) | (7.13) | (1.84) | (5.31) | 0.82 | 0.02 |
| Index ▲ | 1.13 | (5.88) | 0.17 | (5.38) | 2.63 | 0.01 |

### Range of Separate Account Manager Returns by Asset Class
### One Year Ended September 30, 2014




| | Domestic Equity vs S&P 500 | Non-US Equity vs MSCI EAFE | Domestic Fixed Income vs Barclays Aggr Bd | Non-US Fixed Income vs Citi Non-US Gov | Real Estate vs NCREIF Index | Cash Equivalents vs 3 Mon T-Bills |
|---|---|---|---|---|---|---|
| 10th Percentile | 20.92 | 8.23 | 9.98 | 5.67 | 21.88 | 1.01 |
| 25th Percentile | 18.79 | 7.01 | 7.02 | 3.49 | 17.08 | 0.80 |
| Median | 14.69 | 5.23 | 4.52 | 0.84 | 11.98 | 0.37 |
| 75th Percentile | 8.42 | 2.73 | 2.76 | (0.54) | 9.37 | 0.19 |
| 90th Percentile | 4.13 | 1.38 | 1.43 | (1.20) | 7.01 | 0.08 |
| Index ▲ | 19.73 | 4.25 | 3.96 | (0.99) | 11.26 | 0.05 |

## Domestic Equity
## Active Management Overview

### Active vs. the Index

The S&P 500 Index hit an all-time closing high on September 18th before trailing off through the end of quarter. For the full quarter, however, returns were muted (S&P 500: +1.1%) given declines of 1.4% in both July and September bookending a 4% rally in August. Within the S&P 500, the Energy sector (-8.6%) sank with falling oil and natural gas prices and Utilities was the only other sector to post a negative return (-4.0%). Technology (+4.8%) and Health Care (+5.5%) posted the strongest gains from a sector perspective. Active management trailed the indices within the large cap equity space, but active managers prevailed within mid cap and small cap styles, save small cap value. The largest divergence between active and passive was within small cap growth with the style group median outpacing the S&P 600 Growth Index by 131 basis points.

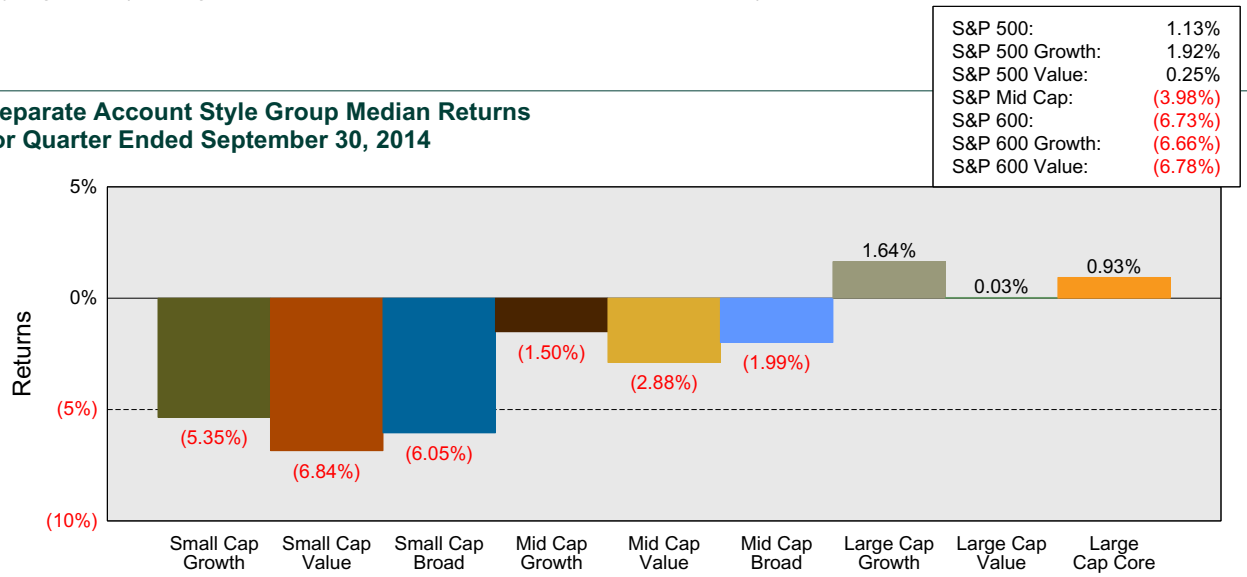
### Large Cap vs. Small Cap

While large cap indices posted positive, albeit modest, returns, small caps stumbled mightily with declines exceeding 6%. Midcap stocks declined more modestly (S&P Mid Cap: -4.0%). Large cap growth came out on top with a 1.9% return for the S&P 500 Growth Index and small value posted the weakest return (S&P 600 Value -6.8%). The trend was similar within active management with the median small cap value manager (-6.8%) posting the lowest return across the market cap spectrum and large cap growth (median +1.6%) posting the highest return among the domestic equity style groups.

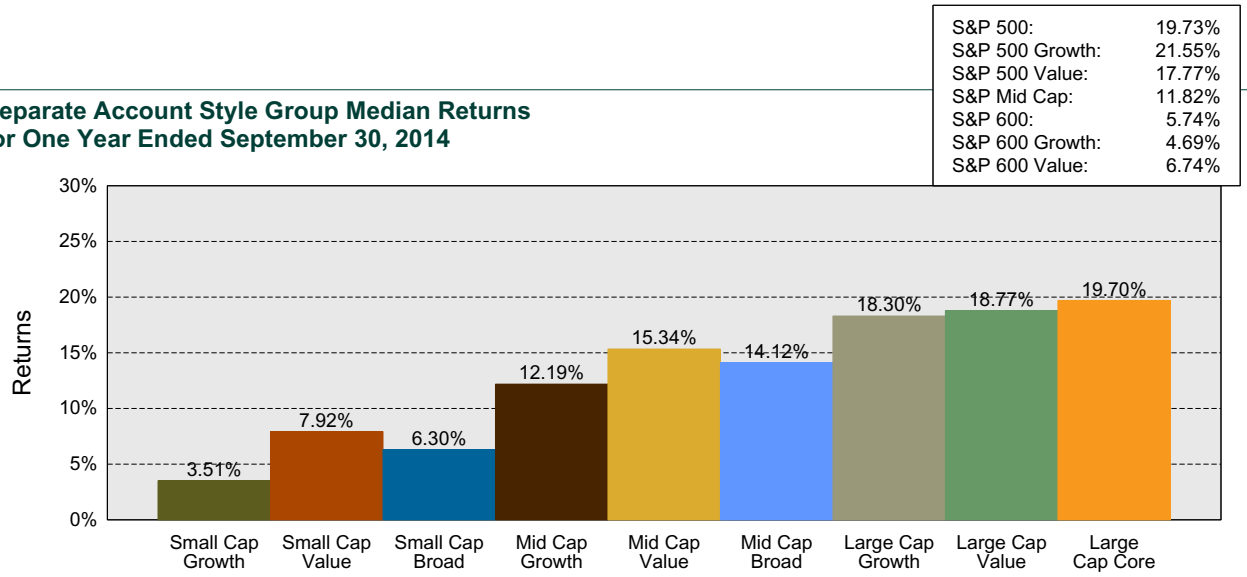
### Growth vs. Value

With respect to style, growth outperformed value across the capitalization spectrum and high quality outperformed low quality (S&P HQ: +1.1%, LQ: -2.0%) for the first time in over two years. Large growth outperformed large value by roughly 60 basis points at both the index and median manager levels. Within the small cap space, the S&P 600 Growth Index (-6.7%) outpaced the S&P 600 Value Index (-6.8%) by a small margin, although the dispersion was much greater between the active style groups (small growth median -5.4% vs. small value median -6.8%).

**Separate Account Style Group Median Returns for Quarter Ended September 30, 2014**




**Separate Account Style Group Median Returns for One Year Ended September 30, 2014**



## International Equity
## Active Management Overview

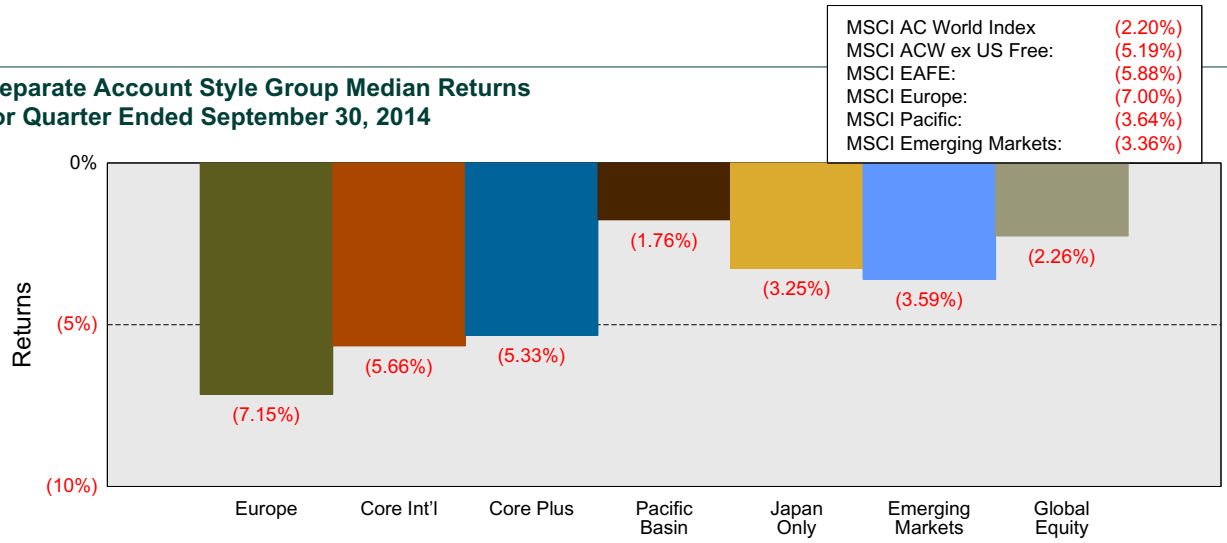
### Active vs. the Index
While local currency returns were largely flat for the quarter, major strength in the U.S. dollar relative to many foreign currencies pushed non-U.S. equity returns well into negative territory (MSCI EAFE Local: +0.9%, EAFE US$: -5.9%). Relatively attractive yields offered in the U.S. and expectations for higher rates propelled the dollar higher versus most currencies. As in the U.S., growth outperformed value in developed markets (EAFE Growth: -5.5%, Value: -6.2%) and small caps trailed larger issues (EAFE SC: -7.8%). There was no clear trend of active management outpacing or trailing the non-US indices. Core International managers outpaced EAFE while the median of the Europe peer group trailed MSCI Europe by 15 basis points.

### Europe
MSCI Europe was the lowest performer among the non-US indices with a decline of 7.0% for the 3rd quarter. The Europe separate account peer group median posted a return of -7.2%.

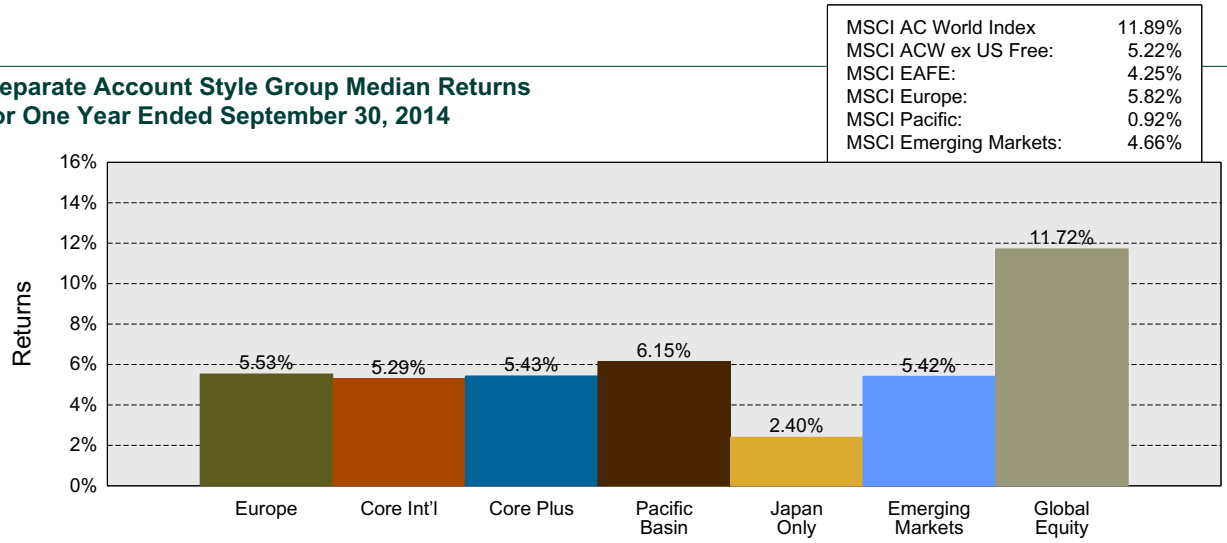
### Pacific
The MSCI Pacific Index returned -3.6% for the 3rd quarter. Japan 's local market did well (+5.9%) but given the weakness in the yen, the number translated to a -2.2% return for U.S. investors. The median manager within the Pacific Basin peer group outpaced the Index with its -1.8% return.

### Emerging Markets
Emerging market equities lagged developed markets stocks in local terms; however, more muted currency effects allowed EM to outperform developed in U.S. dollar terms (MSCI EM Local: +0.7%, EM US$:-3.4%). Of the BRICs, India was the best performer with a 2.3% result and the country is up nearly 25% YTD. China (MSCI China: +1.5%) also posted a positive return while Brazil (MSCI Brazil: -8.6%) and Russia (MSCI Russia: -15.1%) suffered sharp declines. The MSCI EM Index fell 3.4% during the quarter while the median emerging markets manager declined 3.6%.

**Separate Account Style Group Median Returns for Quarter Ended September 30, 2014**




**Separate Account Style Group Median Returns for One Year Ended September 30, 2014**



## Domestic Fixed Income
## Active Management Overview

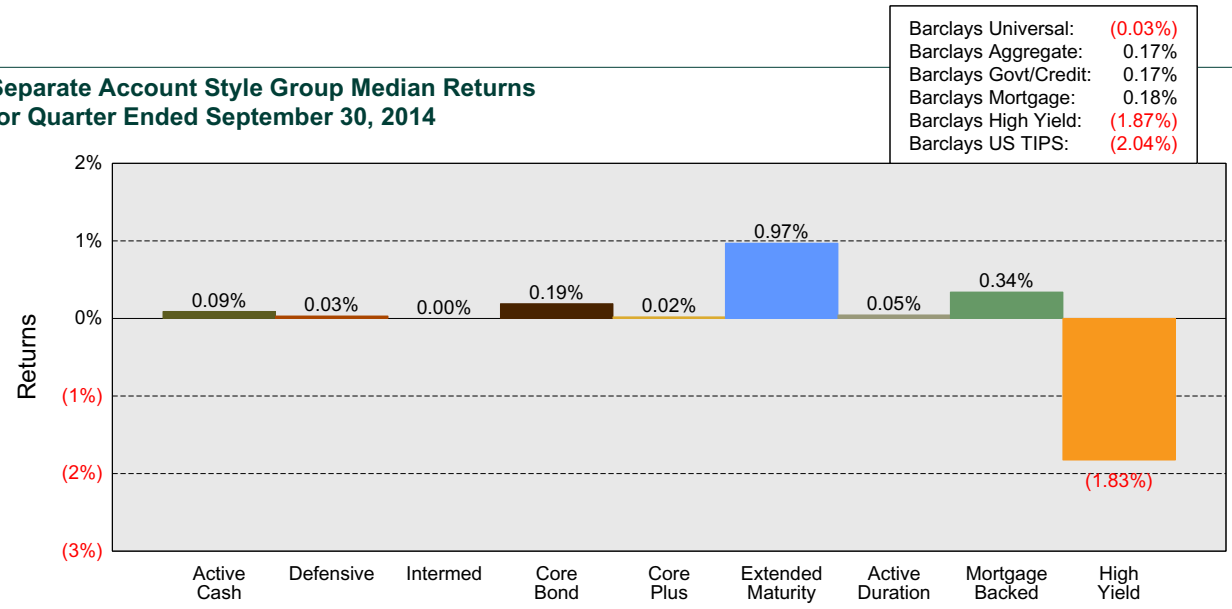
### Active vs. the Index

The 10-year U.S. Treasury traded in a 29 bp range in the 3rd quarter, hitting a low for the year (2.34%) on August 28th and an intra-quarter high of 2.63% on September 18th before closing the quarter at 2.52%. An improving U.S. economy put upward pressure on rates, but a significant yield advantage relative to other developed markets helped to dampen this effect. While the U.S. economy gained traction, news from Europe and Japan was far bleaker with euro zone GDP barely positive in the 2nd quarter versus a +4.6% print in the U.S. Foreign investors were lured to the relatively high yields in the U.S. market, propelling the dollar sharply higher. The Barclays Aggregate Index returned 0.2% in the 3rd quarter with U.S. Treasuries performing the best. Both corporates and mortgages underperformed like-duration Treasuries for the quarter. High yield corporate bonds sank nearly 2% as the sector endured heavy outflows amid concerns over rich valuations. Bank loans, also hit by outflows, returned -0.5% as measured by the S&P/LSTA Index. TIPS underperformed nominal Treasuries by a significant margin as inflation expectations fell. The Barclays U.S. TIPS Index fell 2.0% versus a return of +0.3% for the U.S. Treasury Index. The curve continued to flatten with the 30-year yield dropping 13 bps and the 5-year yield rising 16 bps as investors contemplated the timing of eventual rate hikes. For the 3rd quarter, the median Core Bond manager returned 0.19%, essentially in line with the Barclays Aggregate Index (+0.17%).

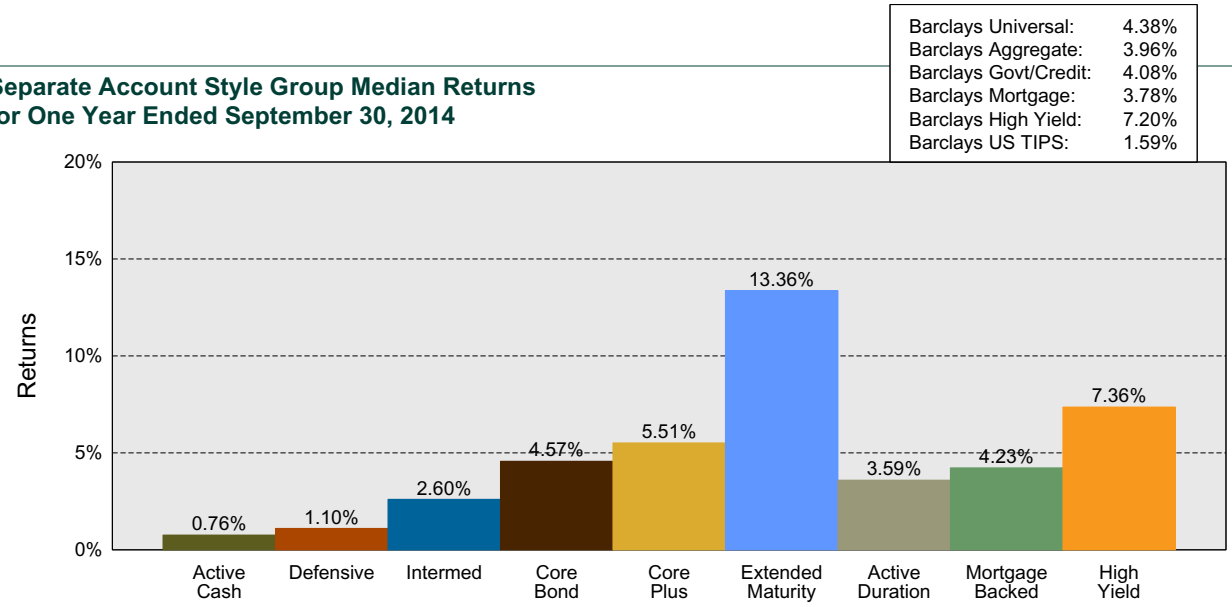
### Intermediate vs. Long Duration

Longer duration managers outperformed intermediate and short duration strategies in the 3nd quarter. The median Extended Maturity manager returned 0.97% while the median Intermediate manager posted a flat return and the median Defensive manager returned 0.03%.

**Separate Account Style Group Median Returns for Quarter Ended September 30, 2014**




**Separate Account Style Group Median Returns for One Year Ended September 30, 2014**



Total Fund

# ASSET ALLOCATION AND PERFORMANCE

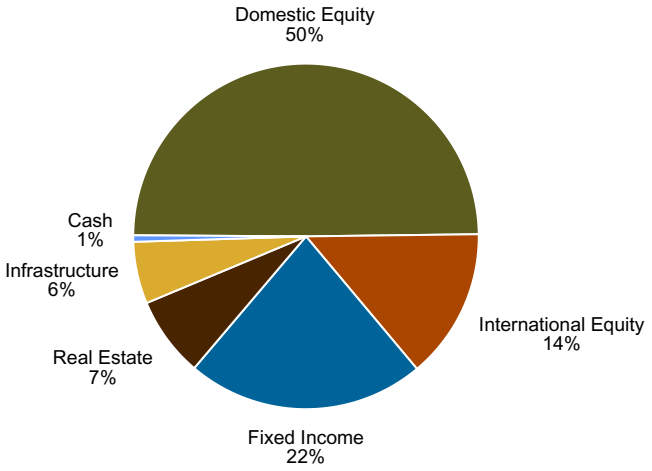
## Asset Allocation and Performance

This section begins with an overview of the fund's asset allocation at the broad asset class level. This is followed by a top down performance attribution analysis which analyzes the fund's performance relative to the performance of the fund's policy target asset allocation. The fund's historical performance is then examined relative to funds with similar objectives. Performance of each asset class is then shown relative to the asset class performance of other funds. Finally, a summary is presented of the holdings of the fund's investment managers, and the returns of those managers over various recent periods.

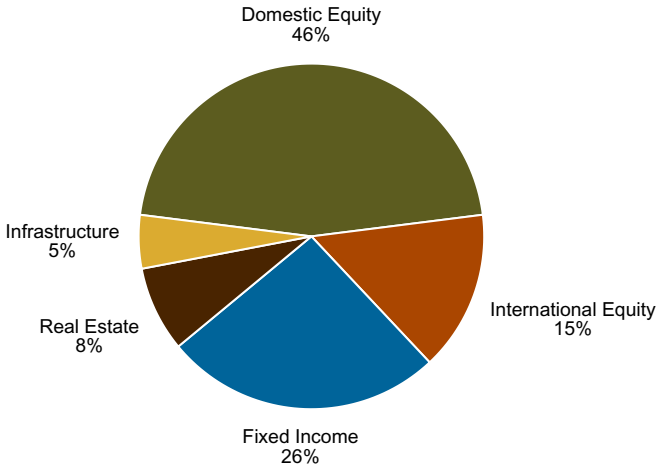
## Actual vs Target Asset Allocation
## As of September 30, 2014

The top left chart shows the Fund's asset allocation as of September 30, 2014. The top right chart shows the Fund's target asset allocation as outlined in the investment policy statement. The bottom chart ranks the fund's asset allocation and the target allocation versus the Public Fund Sponsor Database.

### Actual Asset Allocation

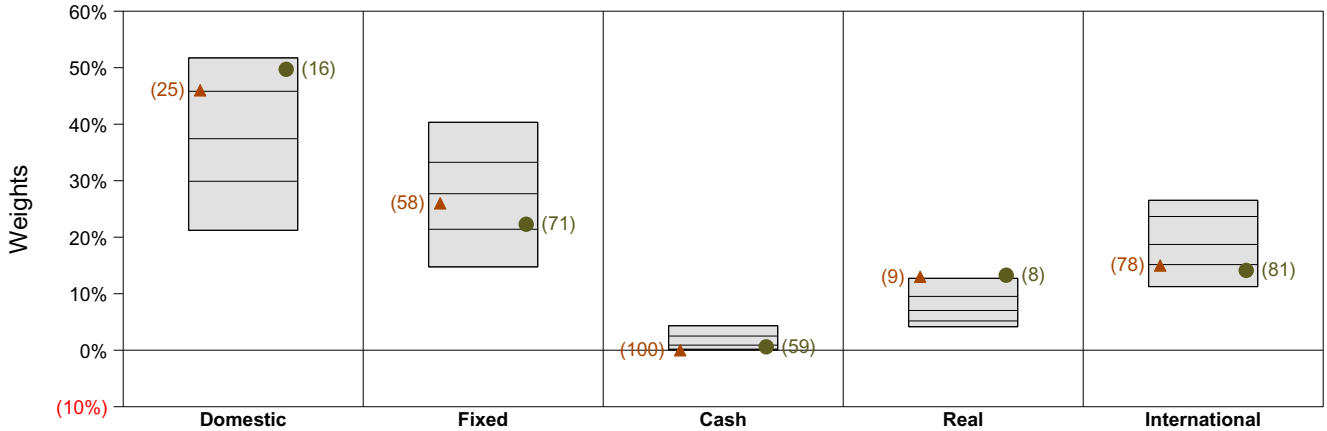



### Target Asset Allocation




| Asset Class | $000s Actual | Weight Actual | Target | Percent Difference | $000s Difference |
|---|---|---|---|---|---|
| Domestic Equity | 358,148 | 49.7% | 46.0% | 3.7% | 26,768 |
| International Equity | 101,732 | 14.1% | 15.0% | (0.9%) | (6,327) |
| Fixed Income | 160,566 | 22.3% | 26.0% | (3.7%) | (26,735) |
| Real Estate | 53,852 | 7.5% | 8.0% | (0.5%) | (3,780) |
| Infrastructure | 41,764 | 5.8% | 5.0% | 0.8% | 5,744 |
| Cash | 4,329 | 0.6% | 0.0% | 0.6% | 4,329 |
| Total | 720,390 | 100.0% | 100.0% | | |

### Asset Class Weights vs Public Fund Sponsor Database




| | Domestic Equity | Fixed Income | Cash | Real Estate | International Equity |
|---|---|---|---|---|---|
| 10th Percentile | 51.74 | 40.34 | 4.33 | 12.72 | 26.53 |
| 25th Percentile | 45.82 | 33.25 | 2.51 | 9.52 | 23.66 |
| Median | 37.44 | 27.70 | 0.90 | 7.03 | 18.72 |
| 75th Percentile | 29.90 | 21.40 | 0.19 | 5.18 | 15.15 |
| 90th Percentile | 21.22 | 14.75 | 0.06 | 4.16 | 11.25 |
| **Fund** ● | 49.72 | 22.29 | 0.60 | 13.27 | 14.12 |
| Target ▲ | 46.00 | 26.00 | 0.00 | 13.00 | 15.00 |
| % Group Invested | 98.19% | 97.59% | 66.27% | 60.84% | 95.18% |

* Current Quarter Target = 36.0% S&P 500 Index, 26.0% Barclays Aggregate Index, 15.0% MSCI ACWI x US (Net), 10.0% Russell 2500 Index, 8.0% NFI-ODCE Value Weight Gr and 5.0% CPI-W+4.0%.

## Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of September 30, 2014, with the distribution as of June 30, 2014. The change in asset distribution is broken down into the dollar change due to Net New Investment and the dollar change due to Investment Return.

### Asset Distribution Across Investment Managers

| | September 30, 2014 | | | | June 30, 2014 | |
|---|---|---|---|---|---|---|
| | Market Value | Weight | Net New Inv. | Inv. Return | Market Value | Weight |
| **Domestic Equity** | **$358,147,978** | **49.72%** | **$(6,787,323)** | **$(595,407)** | **$365,530,709** | **49.53%** |
| **Large Cap Equity** | **$279,740,735** | **38.83%** | **$(6,632,253)** | **$1,918,306** | **$284,454,682** | **38.54%** |
| Alliance S&P Index | 85,088,659 | 11.81% | (1,215,296) | 963,098 | 85,340,856 | 11.56% |
| PIMCO StocksPLUS | 41,818,587 | 5.80% | (2,200,000) | 583,416 | 43,435,171 | 5.89% |
| BlackRock Russell 1000 Value | 76,220,924 | 10.58% | (3,207,780) | (91,433) | 79,520,136 | 10.77% |
| T. Rowe Price Large Cap Growth | 76,612,566 | 10.63% | (9,177) | 463,225 | 76,158,519 | 10.32% |
| **Small/Mid Cap Equity** | **$78,407,243** | **10.88%** | **$(155,071)** | **$(2,513,714)** | **$81,076,028** | **10.99%** |
| Champlain Mid Cap | 40,921,817 | 5.68% | (87,811) | (757,482) | 41,767,110 | 5.66% |
| Pyramis Small Cap | 37,485,426 | 5.20% | (67,260) | (1,756,231) | 39,308,917 | 5.33% |
| **International Equity** | **$101,731,681** | **14.12%** | **$(197,241)** | **$(6,048,258)** | **$107,977,180** | **14.63%** |
| Causeway International Value Equity | 57,398,563 | 7.97% | (105,842) | (1,914,321) | 59,418,726 | 8.05% |
| Aberdeen EAFE Plus | 44,333,118 | 6.15% | (91,399) | (1,885,463) | 46,309,980 | 6.27% |
| **Fixed Income** | **$160,566,055** | **22.29%** | **$(144,525)** | **$(3,610,301)** | **$164,320,881** | **22.26%** |
| BlackRock U.S. Debt Fund | 60,411,076 | 8.39% | (8,251) | 139,100 | 60,280,227 | 8.17% |
| PIMCO Fixed Income | 100,154,980 | 13.90% | (136,274) | (1,277,059) | 101,568,313 | 13.76% |
| **Real Estate** | **$53,851,622** | **7.48%** | **$(2,084,310)** | **$1,293,724** | **$54,642,208** | **7.40%** |
| JP Morgan Strategic Property Fund | 38,444,676 | 5.34% | (91,393) | 885,142 | 37,650,927 | 5.10% |
| LaSalle Income and Growth Fund | 706,669 | 0.10% | (1,946,835) | (22,613) | 2,676,117 | 0.36% |
| JP Morgan Income and Growth Fund | 14,700,277 | 2.04% | (46,082) | 431,195 | 14,315,164 | 1.94% |
| **Infrastructure** | **$41,763,776** | **5.80%** | **$(202,989)** | **$(1,437,315)** | **$43,404,081** | **5.88%** |
| Macquarie European Infrastructure | 22,699,938 | 3.15% | (21,876) | (1,437,315) | 24,159,130 | 3.27% |
| SteelRiver Infrastructure | 19,063,838 | 2.65% | (181,113) | () | 19,244,951 | 2.61% |
| **Cash Composite** | **$4,329,068** | **0.60%** | **$2,144,153** | **$0** | **$2,184,915** | **0.30%** |
| Cash | 4,329,068 | 0.60% | 2,144,153 | 0 | 2,184,915 | 0.30% |
| **Total Plan** | **$720,390,180** | **100.0%** | **$(7,272,235)** | **$(10,397,558)** | **$738,059,974** | **100.0%** |

## Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended September 30, 2014. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

**Returns for Periods Ended September 30, 2014**

| | Last Quarter | Last Year | Last 3 Years | Last 5 Years | Last 10 Years |
|---|---|---|---|---|---|
| **Gross of Fees** | | | | | |
| **Domestic Equity** | **(0.17%)** | **17.20%** | **24.50%** | **16.40%** | **8.19%** |
| Total Domestic Equity Target (1) | (0.30%) | 17.33% | 22.98% | 15.80% | 8.44% |
| **Large Cap Equity** | **0.67%** | **19.31%** | **24.48%** | **16.18%** | **7.52%** |
| S&P 500 Index | 1.13% | 19.73% | 22.99% | 15.70% | 8.11% |
| Alliance S&P Index | 1.14% | 19.66% | 22.92% | 15.70% | 8.16% |
| PIMCO StocksPLUS | 1.29% | 21.87% | 27.08% | 19.09% | - |
| S&P 500 Index | 1.13% | 19.73% | 22.99% | 15.70% | 8.11% |
| BlackRock Russell 1000 Value Index | (0.13%) | 18.99% | 24.00% | 15.38% | 7.98% |
| Russell 1000 Value Index | (0.19%) | 18.89% | 23.93% | 15.26% | 7.84% |
| T. Rowe Price Large Cap Growth | 0.61% | 17.69% | 25.46% | 17.67% | 10.46% |
| Russell 1000 Growth Index | 1.49% | 19.15% | 22.45% | 16.50% | 8.94% |
| **Small/Mid Cap Equity U.S. Equity** | **(3.10%)** | **10.00%** | **24.28%** | **17.08%** | **10.56%** |
| Russell 2500 Index | (5.35%) | 8.97% | 22.80% | 15.99% | 9.45% |
| Champlain Mid Cap | (1.82%) | 14.06% | 22.44% | 16.61% | 11.98% |
| Russell MidCap Index | (1.66%) | 15.83% | 23.79% | 17.19% | 10.34% |
| Pyramis Small Cap | (4.47%) | 5.89% | 26.10% | 17.74% | 11.70% |
| Russell 2000 Index | (7.36%) | 3.93% | 21.26% | 14.29% | 8.19% |
| **International Equity** | **(3.60%)** | **6.15%** | **14.92%** | **7.12%** | **7.32%** |
| MSCI ACWI x US (Net) | (5.27%) | 4.77% | 11.79% | 6.03% | 7.06% |
| Causeway International Value Equity | (3.23%) | 6.30% | 18.38% | 10.48% | - |
| MSCI EAFE Index | (5.88%) | 4.25% | 13.65% | 6.56% | 6.32% |
| Aberdeen EAFE Plus | (4.07%) | 5.97% | 12.38% | 9.14% | 9.96% |
| MSCI ACWI x US (Net) | (5.27%) | 4.77% | 11.79% | 6.03% | 7.06% |
| **Fixed Income** | **(0.70%)** | **5.68%** | **4.96%** | **5.61%** | **5.86%** |
| Barclays Aggregate Index | 0.17% | 3.96% | 2.43% | 4.12% | 4.62% |
| BlackRock U.S. Debt Fund | 0.23% | 4.18% | 2.59% | 4.27% | 4.74% |
| Barclays Aggregate Index | 0.17% | 3.96% | 2.43% | 4.12% | 4.62% |
| PIMCO Fixed Income | (1.26%) | 6.60% | 6.53% | 6.83% | 6.64% |
| Custom Index (2) | (0.81%) | 6.53% | 5.44% | 5.92% | 5.92% |

(1) The Total Domestic Equity target is currently composed of 78% S&P 500 and 22% Russell 2500 Index.
(2) The custom index is currently composed of 25% Barclays Mortgage, 25% Barclays Credit, 25% Barclays High Yield, and 25% JP Morgan EMBI Global. Prior to 2/1/2012, the custom index was composed of 70% Barclays Mortgage, 15% Barclays Credit, and 15% Barclays High Yield.

## Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended September 30, 2014. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

**Returns for Periods Ended September 30, 2014**

| | Last Quarter | Last Year | Last 3 Years | Last 5 Years | Last 10 Years |
|---|---|---|---|---|---|
| **Gross of Fees** | | | | | |
| **Real Estate** | **2.42%** | **11.37%** | **13.38%** | **11.96%** | **6.99%** |
| NFI-ODCE Value Weight Gr | 3.24% | 12.40% | 12.34% | 12.40% | 7.14% |
| JP Morgan Strategic Property Fund | 2.36% | 12.13% | 13.07% | 12.54% | 8.21% |
| NFI-ODCE Value Weight Gr | 3.24% | 12.40% | 12.34% | 12.40% | 7.14% |
| LaSalle Income and Growth Fund | (1.02%) | 4.00% | 5.66% | 1.12% | - |
| NFI-ODCE Value Weight Gr | 3.24% | 12.40% | 12.34% | 12.40% | 7.14% |
| JP Morgan Income and Growth Fund | 3.01% | 10.60% | 16.74% | 16.66% | - |
| NFI-ODCE Value Weight Gr | 3.24% | 12.40% | 12.34% | 12.40% | 7.14% |
| **Infrastructure** | **(3.32%)** | **9.23%** | **7.25%** | **6.94%** | **-** |
| CPI + 4% | 0.77% | 5.58% | 5.54% | 6.08% | 6.37% |
| Macquarie European Infrastructure | (5.95%) | 1.36% | 9.88% | 5.64% | - |
| SteelRiver Infrastructure | 0.00% | 20.24% | 4.36% | 8.91% | - |
| CPI + 4% | 0.77% | 5.58% | 5.54% | 6.08% | 6.37% |
| **Cash Composite** | **0.00%** | **0.00%** | **0.03%** | **0.14%** | **1.75%** |
| **Total Fund** | **(0.78%)** | **11.99%** | **16.03%** | **11.47%** | **7.52%** |
| Total Fund Benchmark* | (0.57%) | 10.96% | 14.25% | 10.84% | 7.24% |

* Current Quarter Target = 36.0% S&P 500 Index, 26.0% Barclays Aggregate Index, 15.0% MSCI ACWI x US (Net), 10.0% Russell 2500 Index, 8.0% NFI-ODCE Value Weight Gr and 5.0% CPI-W+4.0%.

## Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended September 30, 2014. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

| | 6/2014-9/2014 | FY 2014 | FY 2013 | FY 2012 | FY 2011 |
|---|---|---|---|---|---|
| **Gross of Fees** | | | | | |
| **Domestic Equity** | **(0.17%)** | **26.67%** | **23.35%** | **2.92%** | **33.98%** |
| Total Domestic Equity Target (1) | (0.30%) | 24.84% | 21.70% | 3.77% | 32.56% |
| **Large Cap Equity** | **0.67%** | **27.15%** | **22.41%** | **3.48%** | **32.04%** |
| S&P 500 Index | 1.13% | 24.61% | 20.60% | 5.45% | 30.69% |
| Alliance S&P Index | 1.14% | 24.50% | 20.51% | 5.48% | 30.36% |
| PIMCO StocksPLUS | 1.29% | 27.61% | 24.51% | 5.80% | 36.12% |
| S&P 500 Index | 1.13% | 24.61% | 20.60% | 5.45% | 30.69% |
| BlackRock Russell 1000 Value Index | (0.13%) | 23.88% | 25.36% | 3.07% | 29.08% |
| Russell 1000 Value Index | (0.19%) | 23.81% | 25.32% | 3.01% | 28.94% |
| T. Rowe Price Large Cap Growth | 0.61% | 32.80% | 20.37% | 5.19% | 35.07% |
| Russell 1000 Growth Index | 1.49% | 26.92% | 17.07% | 5.76% | 35.01% |
| **Small/Mid Cap Equity U.S. Equity** | **(3.10%)** | **24.97%** | **26.35%** | **0.64%** | **41.67%** |
| Russell 2500 Index | (5.35%) | 25.58% | 25.61% | (2.29%) | 39.28% |
| Champlain Mid Cap | (1.82%) | 26.20% | 22.88% | 0.78% | 36.29% |
| Russell MidCap Index | (1.66%) | 26.85% | 25.41% | (1.65%) | 38.47% |
| Pyramis Small Cap | (4.47%) | 23.59% | 29.74% | 0.44% | 45.35% |
| Russell 2000 Index | (7.36%) | 23.64% | 24.21% | (2.08%) | 37.41% |
| **International Equity** | **(3.60%)** | **21.26%** | **17.18%** | **(14.49%)** | **30.95%** |
| MSCI ACWI x US (Net) | (5.27%) | 21.75% | 13.63% | (14.57%) | 29.73% |
| Causeway International Value Equity | (3.23%) | 23.76% | 22.07% | (10.83%) | 35.68% |
| MSCI EAFE Index | (5.88%) | 23.57% | 18.62% | (13.83%) | 30.36% |
| Aberdeen EAFE Plus | (4.07%) | 18.20% | 11.69% | (4.27%) | 31.73% |
| MSCI ACWI x US (Net) | (5.27%) | 21.75% | 13.63% | (14.57%) | 29.73% |
| **Fixed Income** | **(0.70%)** | **7.64%** | **1.84%** | **8.32%** | **4.66%** |
| Barclays Aggregate Index | 0.17% | 4.37% | (0.69%) | 7.47% | 3.90% |
| BlackRock U.S. Debt Fund | 0.23% | 4.49% | (0.48%) | 7.55% | 4.04% |
| Barclays Aggregate Index | 0.17% | 4.37% | (0.69%) | 7.47% | 3.90% |
| PIMCO Fixed Income | (1.26%) | 9.60% | 3.27% | 9.56% | 5.64% |
| Custom Index (2) | (0.81%) | 8.48% | 2.41% | 7.63% | 5.86% |

(1) The Total Domestic Equity target is currently composed of 78% S&P 500 and 22% Russell 2500 Index.
(2) The custom index is currently composed of 25% Barclays Mortgage, 25% Barclays Credit, 25% Barclays High Yield, and 25% JP Morgan EMBI Global. Prior to 2/1/2012, the custom index was composed of 70% Barclays Mortgage, 15% Barclays Credit, and 15% Barclays High Yield.

## Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended September 30, 2014. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

| | 6/2014-9/2014 | FY 2014 | FY 2013 | FY 2012 | FY 2011 |
|---|---|---|---|---|---|
| **Gross of Fees** | | | | | |
| **Real Estate** | **2.42%** | **13.27%** | **16.00%** | **11.63%** | **18.18%** |
| NFI-ODCE Value Weight Gr | 3.24% | 12.75% | 12.17% | 12.42% | 20.48% |
| JP Morgan Strategic Property Fund | 2.36% | 14.08% | 14.08% | 12.00% | 18.91% |
| NFI-ODCE Value Weight Gr | 3.24% | 12.75% | 12.17% | 12.42% | 20.48% |
| LaSalle Income and Growth Fund | (1.02%) | 10.87% | 5.20% | (3.57%) | 2.44% |
| NFI-ODCE Value Weight Gr | 3.24% | 12.75% | 12.17% | 12.42% | 20.48% |
| JP Morgan Income and Growth Fund | 3.01% | 11.66% | 25.49% | 18.15% | 33.69% |
| NFI-ODCE Value Weight Gr | 3.24% | 12.75% | 12.17% | 12.42% | 20.48% |
| **Infrastructure** | **(3.32%)** | **16.31%** | **3.27%** | **5.68%** | **16.10%** |
| CPI + 4% | 0.77% | 6.05% | 5.76% | 5.58% | 8.06% |
| Macquarie European Infrastructure | (5.95%) | 14.63% | 13.28% | 0.54% | 24.31% |
| SteelRiver Infrastructure | 0.00% | 18.46% | (7.19%) | 13.03% | 6.57% |
| CPI + 4% | 0.77% | 6.05% | 5.76% | 5.58% | 8.06% |
| **Cash Composite** | **0.00%** | **0.00%** | **0.05%** | **0.03%** | **0.25%** |
| **Total Fund** | **(0.78%)** | **19.64%** | **14.84%** | **2.40%** | **23.19%** |
| Total Fund Benchmark* | (0.57%) | 16.97% | 12.87% | 3.04% | 22.53% |

* Current Quarter Target = 36.0% S&P 500 Index, 26.0% Barclays Aggregate Index, 15.0% MSCI ACWI x US (Net), 10.0% Russell 2500 Index, 8.0% NFI-ODCE Value Weight Gr and 5.0% CPI-W+4.0%.

## Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended September 30, 2009. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

| | 6/2009-9/2009 | FY 2009 | FY 2008 | FY 2007 | FY 2006 |
|---|---|---|---|---|---|
| **Gross of Fees** | | | | | |
| **Domestic Equity** | **16.32%** | **(30.63%)** | **(11.60%)** | **18.80%** | **9.89%** |
| Total Domestic Equity Target (1) | 16.59% | (26.30%) | (13.35%) | 20.22% | 9.74% |
| **Large Cap Equity** | **15.16%** | **(31.73%)** | **(11.03%)** | **18.39%** | **8.53%** |
| S&P 500 Index | 15.61% | (26.21%) | (13.12%) | 20.59% | 8.63% |
| Alliance S&P Index | 15.41% | (25.90%) | (13.01%) | 20.62% | 8.69% |
| PIMCO StocksPLUS | 19.95% | (26.15%) | (12.39%) | 20.11% | - |
| S&P 500 Index | 15.61% | (26.21%) | (13.12%) | 20.59% | 8.63% |
| BlackRock Russell 1000 Value Index | 18.29% | (28.75%) | (18.65%) | 22.02% | 12.12% |
| Russell 1000 Value Index | 18.24% | (29.03%) | (18.78%) | 21.86% | 12.10% |
| T. Rowe Price Large Cap Growth | 16.83% | (20.27%) | (7.91%) | 19.38% | 4.89% |
| Russell 1000 Growth Index | 13.97% | (24.50%) | (5.96%) | 19.04% | 6.12% |
| **Small/Mid Cap Equity U.S. Equity** | **20.46%** | **(26.41%)** | **(13.37%)** | **20.20%** | **15.24%** |
| Russell 2500 Index | 20.06% | (26.72%) | (14.28%) | 18.74% | 13.53% |
| Champlain Mid Cap | 14.68% | (17.86%) | (0.01%) | 23.15% | 9.82% |
| Russell MidCap Index | 20.62% | (30.36%) | (11.19%) | 20.83% | 13.66% |
| Pyramis Small Cap | 22.89% | (24.19%) | (15.27%) | 20.59% | 17.56% |
| Russell 2000 Index | 19.28% | (25.01%) | (16.19%) | 16.43% | 14.58% |
| **International Equity** | **21.55%** | **(32.42%)** | **(10.07%)** | **31.83%** | **26.87%** |
| MSCI ACWI x US (Net) | 19.69% | (30.92%) | (6.64%) | 29.62% | 27.90% |
| Causeway International Value Equity | 23.12% | (29.81%) | (12.09%) | 27.23% | 21.69% |
| MSCI EAFE Index | 19.47% | (31.35%) | (10.61%) | 27.00% | 26.56% |
| Aberdeen EAFE Plus | 21.42% | (28.91%) | (0.73%) | 27.93% | 31.48% |
| MSCI ACWI x US (Net) | 19.69% | (30.92%) | (6.64%) | 29.62% | 27.90% |
| **Fixed Income** | **5.58%** | **5.34%** | **6.91%** | **6.72%** | **1.37%** |
| Barclays Aggregate Index | 3.74% | 6.05% | 7.12% | 6.12% | (0.81%) |
| BlackRock U.S. Debt Fund | 3.74% | 6.15% | 7.32% | 6.20% | (0.76%) |
| Barclays Aggregate Index | 3.74% | 6.05% | 7.12% | 6.12% | (0.81%) |
| PIMCO Fixed Income | 6.31% | 4.43% | 7.20% | 7.08% | 1.83% |
| Custom Index (2) | 4.82% | 7.28% | 5.71% | 7.21% | 0.68% |

(1) The Total Domestic Equity target is currently composed of 78% S&P 500 and 22% Russell 2500 Index.
(2) The custom index is currently composed of 25% Barclays Mortgage, 25% Barclays Credit, 25% Barclays High Yield, and 25% JP Morgan EMBI Global. Prior to 2/1/2012, the custom index was composed of 70% Barclays Mortgage, 15% Barclays Credit, and 15% Barclays High Yield.

## Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended September 30, 2009. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

| | 6/2009-9/2009 | FY 2009 | FY 2008 | FY 2007 | FY 2006 |
|---|---|---|---|---|---|
| **Gross of Fees** | | | | | |
| **Real Estate** | **(7.50%)** | **(31.43%)** | **6.92%** | **18.17%** | **19.97%** |
| NFI-ODCE Value Weight Gr | (7.32%) | (30.52%) | 8.00% | 17.69% | 19.16% |
| JP Morgan Strategic Property Fund | (7.29%) | (26.46%) | 9.43% | 17.42% | 19.76% |
| NFI-ODCE Value Weight Gr | (7.32%) | (30.52%) | 8.00% | 17.69% | 19.16% |
| LaSalle Income and Growth Fund | (7.87%) | (31.44%) | 2.02% | 29.79% | - |
| NFI-ODCE Value Weight Gr | (7.32%) | (30.52%) | 8.00% | 17.69% | 19.16% |
| JP Morgan Income and Growth Fund | (8.00%) | (49.84%) | 0.61% | 16.86% | - |
| NFI-ODCE Value Weight Gr | (7.32%) | (30.52%) | 8.00% | 17.69% | 19.16% |
| **Cash Composite** | **0.11%** | **2.10%** | **3.84%** | **4.96%** | **4.07%** |
| **Total Fund** | **11.53%** | **(20.91%)** | **(4.63%)** | **17.19%** | **10.64%** |
| Total Fund Benchmark* | 11.03% | (18.78%) | (5.20%) | 17.37% | 9.82% |

* Current Quarter Target = 36.0% S&P 500 Index, 23.0% Barclays Aggregate Index, 15.0% MSCI ACWI x US (Net), 10.0% Russell 2500 Index, 8.0% NFI-ODCE Value Weight Gr, 5.0% CPI-W+4.0% and 3.0% Barclays HY BB 2% Iss Cap.

## Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended September 30, 2014. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

**Returns for Periods Ended September 30, 2014**

| | Last Quarter | Last Year | Last 3 Years | Last 5 Years | Last 10 Years |
|---|---|---|---|---|---|
| **Net of Fees** | | | | | |
| **Domestic Equity** | **(0.25%)** | **16.85%** | **24.07%** | **15.97%** | **7.78%** |
| Total Domestic Equity Target (1) | (0.30%) | 17.33% | 22.98% | 15.80% | 8.44% |
| **Large Cap Equity** | **0.63%** | **19.12%** | **24.26%** | **15.91%** | **7.25%** |
| S&P 500 Index | 1.13% | 19.73% | 22.99% | 15.70% | 8.11% |
| Alliance S&P Index | 1.13% | 19.61% | 22.87% | 15.65% | 8.11% |
| PIMCO StocksPLUS | 1.29% | 21.87% | 26.75% | 18.88% | - |
| S&P 500 Index | 1.13% | 19.73% | 22.99% | 15.70% | 8.11% |
| BlackRock Russell 1000 Value Index | (0.14%) | 18.94% | 23.98% | 15.36% | 7.97% |
| Russell 1000 Value Index | (0.19%) | 18.89% | 23.93% | 15.26% | 7.84% |
| T. Rowe Price Large Cap Growth | 0.49% | 17.11% | 24.85% | 17.09% | 9.92% |
| Russell 1000 Growth Index | 1.49% | 19.15% | 22.45% | 16.50% | 8.94% |
| **Small/Mid Cap Equity U.S. Equity** | **(3.29%)** | **9.14%** | **23.31%** | **16.17%** | **9.72%** |
| Russell 2500 Index | (5.35%) | 8.97% | 22.80% | 15.99% | 9.45% |
| Champlain Mid Cap | (2.02%) | 13.11% | 21.42% | 15.64% | 11.04% |
| Russell MidCap Index | (1.66%) | 15.83% | 23.79% | 17.19% | 10.34% |
| Pyramis Small Cap | (4.64%) | 5.11% | 25.19% | 16.87% | 10.89% |
| Russell 2000 Index | (7.36%) | 3.93% | 21.26% | 14.29% | 8.19% |
| **International Equity** | **(3.77%)** | **5.40%** | **14.10%** | **6.31%** | **6.48%** |
| MSCI ACWI x US (Net) | (5.27%) | 4.77% | 11.79% | 6.03% | 7.06% |
| Causeway International Value Equity | (3.38%) | 5.62% | 17.61% | 9.75% | - |
| MSCI EAFE Index | (5.88%) | 4.25% | 13.65% | 6.56% | 6.32% |
| Aberdeen EAFE Plus | (4.27%) | 5.12% | 11.50% | 8.28% | 9.09% |
| MSCI ACWI x US (Net) | (5.27%) | 4.77% | 11.79% | 6.03% | 7.06% |
| **Fixed Income** | **(0.78%)** | **5.34%** | **4.64%** | **5.31%** | **5.58%** |
| Barclays Aggregate Index | 0.17% | 3.96% | 2.43% | 4.12% | 4.62% |
| BlackRock U.S. Debt Fund | 0.22% | 4.12% | 2.57% | 4.25% | 4.74% |
| Barclays Aggregate Index | 0.17% | 3.96% | 2.43% | 4.12% | 4.62% |
| PIMCO Fixed Income | (1.38%) | 6.09% | 6.03% | 6.39% | 6.22% |
| Custom Index (2) | (0.81%) | 6.53% | 5.44% | 5.92% | 5.92% |

(1) The Total Domestic Equity target is currently composed of 78% S&P 500 and 22% Russell 2500 Index.
(2) The custom index is currently composed of 25% Barclays Mortgage, 25% Barclays Credit, 25% Barclays High Yield, and 25% JP Morgan EMBI Global. Prior to 2/1/2012, the custom index was composed of 70% Barclays Mortgage, 15% Barclays Credit, and 15% Barclays High Yield.

## Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended September 30, 2014. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

**Returns for Periods Ended September 30, 2014**

| | Last Quarter | Last Year | Last 3 Years | Last 5 Years | Last 10 Years |
|---|---|---|---|---|---|
| **Net of Fees** | | | | | |
| **Real Estate** | **2.17%** | **10.14%** | **12.11%** | **10.66%** | **5.76%** |
| NFI-ODCE Equal Weight Net | 3.24% | 11.44% | 11.20% | 11.11% | 5.84% |
| JP Morgan Strategic Property Fund | 2.11% | 11.05% | 11.96% | 11.44% | 7.15% |
| NFI-ODCE Equal Weight Net | 3.24% | 11.44% | 11.20% | 11.11% | 5.84% |
| LaSalle Income and Growth Fund | (1.02%) | 3.32% | 4.52% | (0.24%) | - |
| NFI-ODCE Equal Weight Net | 3.24% | 11.44% | 11.20% | 11.11% | 5.84% |
| JP Morgan Income and Growth Fund | 2.69% | 8.88% | 15.02% | 14.84% | - |
| NFI-ODCE Equal Weight Net | 3.24% | 11.44% | 11.20% | 11.11% | 5.84% |
| **Infrastructure** | **(3.34%)** | **8.19%** | **5.77%** | **5.22%** | **-** |
| CPI + 4% | 0.77% | 5.58% | 5.54% | 6.08% | 6.37% |
| Macquarie European Infrastructure | (6.00%) | 0.73% | 8.62% | 4.08% | - |
| SteelRiver Infrastructure | 0.00% | 18.56% | 2.58% | 6.95% | - |
| CPI + 4% | 0.77% | 5.58% | 5.54% | 6.08% | 6.37% |
| **Cash Composite** | **0.00%** | **0.00%** | **0.03%** | **0.14%** | **1.75%** |
| **Total Fund** | **(0.88%)** | **11.47%** | **15.45%** | **10.88%** | **6.98%** |
| Total Fund Benchmark* | (0.57%) | 10.96% | 14.25% | 10.84% | 7.24% |

* Current Quarter Target = 36.0% S&P 500 Index, 26.0% Barclays Aggregate Index, 15.0% MSCI ACWI x US (Net), 10.0% Russell 2500 Index, 8.0% NFI-ODCE Value Weight Gr and 5.0% CPI-W+4.0%.

## Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended September 30, 2014. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

| | 6/2014-9/2014 | FY 2014 | FY 2013 | FY 2012 | FY 2011 |
|---|---|---|---|---|---|
| **Net of Fees** | | | | | |
| **Domestic Equity** | **(0.25%)** | **26.30%** | **22.90%** | **2.50%** | **33.44%** |
| Total Domestic Equity Target (1) | (0.30%) | 24.84% | 21.70% | 3.77% | 32.56% |
| **Large Cap Equity** | **0.63%** | **26.95%** | **22.21%** | **3.21%** | **31.66%** |
| S&P 500 Index | 1.13% | 24.61% | 20.60% | 5.45% | 30.69% |
| Alliance S&P Index | 1.13% | 24.45% | 20.46% | 5.43% | 30.30% |
| PIMCO StocksPLUS | 1.29% | 27.61% | 23.83% | 5.56% | 36.04% |
| S&P 500 Index | 1.13% | 24.61% | 20.60% | 5.45% | 30.69% |
| BlackRock Russell 1000 Value Index | (0.14%) | 23.83% | 25.35% | 3.07% | 29.08% |
| Russell 1000 Value Index | (0.19%) | 23.81% | 25.32% | 3.01% | 28.94% |
| T. Rowe Price Large Cap Growth | 0.49% | 32.16% | 19.79% | 4.67% | 34.41% |
| Russell 1000 Growth Index | 1.49% | 26.92% | 17.07% | 5.76% | 35.01% |
| **Small/Mid Cap Equity U.S. Equity** | **(3.29%)** | **24.00%** | **25.36%** | **(0.16%)** | **40.57%** |
| Russell 2500 Index | (5.35%) | 25.58% | 25.61% | (2.29%) | 39.28% |
| Champlain Mid Cap | (2.02%) | 25.16% | 21.86% | (0.08%) | 35.17% |
| Russell MidCap Index | (1.66%) | 26.85% | 25.41% | (1.65%) | 38.47% |
| Pyramis Small Cap | (4.64%) | 22.70% | 28.79% | (0.31%) | 44.30% |
| Russell 2000 Index | (7.36%) | 23.64% | 24.21% | (2.08%) | 37.41% |
| **International Equity** | **(3.77%)** | **20.41%** | **16.34%** | **(15.16%)** | **29.90%** |
| MSCI ACWI x US (Net) | (5.27%) | 21.75% | 13.63% | (14.57%) | 29.73% |
| Causeway International Value Equity | (3.38%) | 22.98% | 21.27% | (11.43%) | 34.80% |
| MSCI EAFE Index | (5.88%) | 23.57% | 18.62% | (13.83%) | 30.36% |
| Aberdeen EAFE Plus | (4.27%) | 17.28% | 10.80% | (5.04%) | 30.75% |
| MSCI ACWI x US (Net) | (5.27%) | 21.75% | 13.63% | (14.57%) | 29.73% |
| **Fixed Income** | **(0.78%)** | **7.30%** | **1.51%** | **8.03%** | **4.42%** |
| Barclays Aggregate Index | 0.17% | 4.37% | (0.69%) | 7.47% | 3.90% |
| BlackRock U.S. Debt Fund | 0.22% | 4.43% | (0.49%) | 7.55% | 4.04% |
| Barclays Aggregate Index | 0.17% | 4.37% | (0.69%) | 7.47% | 3.90% |
| PIMCO Fixed Income | (1.38%) | 9.07% | 2.77% | 9.15% | 5.28% |
| Custom Index (2) | (0.81%) | 8.48% | 2.41% | 7.63% | 5.86% |

(1) The Total Domestic Equity target is currently composed of 78% S&P 500 and 22% Russell 2500 Index.
(2) The custom index is currently composed of 25% Barclays Mortgage, 25% Barclays Credit, 25% Barclays High Yield, and 25% JP Morgan EMBI Global. Prior to 2/1/2012, the custom index was composed of 70% Barclays Mortgage, 15% Barclays Credit, and 15% Barclays High Yield.

## Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended September 30, 2014. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

| | 6/2014-9/2014 | FY 2014 | FY 2013 | FY 2012 | FY 2011 |
|---|---|---|---|---|---|
| **Net of Fees** | | | | | |
| **Real Estate** | **2.17%** | **12.03%** | **14.67%** | **10.34%** | **16.77%** |
| NFI-ODCE Equal Weight Net | 3.24% | 11.37% | 10.80% | 11.46% | 19.33% |
| JP Morgan Strategic Property Fund | 2.11% | 12.98% | 12.95% | 10.90% | 17.75% |
| NFI-ODCE Equal Weight Net | 3.24% | 11.37% | 10.80% | 11.46% | 19.33% |
| LaSalle Income and Growth Fund | (1.02%) | 10.18% | 3.80% | (5.24%) | 0.68% |
| NFI-ODCE Equal Weight Net | 3.24% | 11.37% | 10.80% | 11.46% | 19.33% |
| JP Morgan Income and Growth Fund | 2.69% | 9.93% | 23.54% | 16.49% | 31.44% |
| NFI-ODCE Equal Weight Net | 3.24% | 11.37% | 10.80% | 11.46% | 19.33% |
| **Infrastructure** | **(3.34%)** | **15.32%** | **1.39%** | **3.61%** | **13.84%** |
| CPI + 4% | 0.77% | 6.05% | 5.76% | 5.58% | 8.06% |
| Macquarie European Infrastructure | (6.00%) | 14.11% | 11.61% | (1.44%) | 21.91% |
| SteelRiver Infrastructure | 0.00% | 16.80% | (9.28%) | 10.85% | 4.48% |
| CPI + 4% | 0.77% | 6.05% | 5.76% | 5.58% | 8.06% |
| **Cash Composite** | **0.00%** | **0.00%** | **0.05%** | **0.03%** | **0.25%** |
| **Total Fund** | **(0.88%)** | **19.11%** | **14.21%** | **1.82%** | **22.52%** |
| Total Fund Benchmark* | (0.57%) | 16.97% | 12.87% | 3.04% | 22.53% |

* Current Quarter Target = 36.0% S&P 500 Index, 26.0% Barclays Aggregate Index, 15.0% MSCI ACWI x US (Net), 10.0% Russell 2500 Index, 8.0% NFI-ODCE Value Weight Gr and 5.0% CPI-W+4.0%.

## Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended September 30, 2009. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

| | 6/2009-9/2009 | FY 2009 | FY 2008 | FY 2007 | FY 2006 |
|---|---|---|---|---|---|
| **Net of Fees** | | | | | |
| **Domestic Equity** | **16.20%** | **(30.94%)** | **(11.96%)** | **18.37%** | **9.51%** |
| Total Domestic Equity Target (1) | 16.59% | (26.30%) | (13.35%) | 20.22% | 9.74% |
| **Large Cap Equity** | **15.07%** | **(31.98%)** | **(11.31%)** | **18.09%** | **8.27%** |
| S&P 500 Index | 15.61% | (26.21%) | (13.12%) | 20.59% | 8.63% |
| Alliance S&P Index | 15.39% | (25.94%) | (13.05%) | 20.57% | 8.65% |
| PIMCO StocksPLUS | 19.93% | (26.19%) | (12.45%) | 20.04% | - |
| S&P 500 Index | 15.61% | (26.21%) | (13.12%) | 20.59% | 8.63% |
| BlackRock Russell 1000 Value Index | 18.29% | (28.75%) | (18.65%) | 22.02% | 12.12% |
| Russell 1000 Value Index | 18.24% | (29.03%) | (18.78%) | 21.86% | 12.10% |
| T. Rowe Price Large Cap Growth | 16.69% | (20.68%) | (8.37%) | 18.79% | 4.37% |
| Russell 1000 Growth Index | 13.97% | (24.50%) | (5.96%) | 19.04% | 6.12% |
| **Small/Mid Cap Equity U.S. Equity** | **20.24%** | **(26.99%)** | **(14.03%)** | **19.31%** | **14.37%** |
| Russell 2500 Index | 20.06% | (26.72%) | (14.28%) | 18.74% | 13.53% |
| Champlain Mid Cap | 14.47% | (18.60%) | (0.86%) | 22.16% | 8.91% |
| Russell MidCap Index | 20.62% | (30.36%) | (11.19%) | 20.83% | 13.66% |
| Pyramis Small Cap | 22.68% | (24.77%) | (15.90%) | 19.74% | 16.72% |
| Russell 2000 Index | 19.28% | (25.01%) | (16.19%) | 16.43% | 14.58% |
| **International Equity** | **21.33%** | **(32.97%)** | **(10.80%)** | **30.77%** | **25.81%** |
| MSCI ACWI x US (Net) | 19.69% | (30.92%) | (6.64%) | 29.62% | 27.90% |
| Causeway International Value Equity | 22.92% | (30.30%) | (12.68%) | 26.40% | 20.90% |
| MSCI EAFE Index | 19.47% | (31.35%) | (10.61%) | 27.00% | 26.56% |
| Aberdeen EAFE Plus | 21.22% | (29.53%) | (1.52%) | 26.97% | 30.50% |
| MSCI ACWI x US (Net) | 19.69% | (30.92%) | (6.64%) | 29.62% | 27.90% |
| **Fixed Income** | **5.52%** | **5.10%** | **6.67%** | **6.48%** | **1.13%** |
| Barclays Aggregate Index | 3.74% | 6.05% | 7.12% | 6.12% | (0.81%) |
| BlackRock U.S. Debt Fund | 3.74% | 6.15% | 7.32% | 6.20% | (0.76%) |
| Barclays Aggregate Index | 3.74% | 6.05% | 7.12% | 6.12% | (0.81%) |
| PIMCO Fixed Income | 6.23% | 4.08% | 6.83% | 6.72% | 1.47% |
| Custom Index (2) | 4.82% | 7.28% | 5.71% | 7.21% | 0.68% |

(1) The Total Domestic Equity target is currently composed of 78% S&P 500 and 22% Russell 2500 Index.
(2) The custom index is currently composed of 25% Barclays Mortgage, 25% Barclays Credit, 25% Barclays High Yield, and 25% JP Morgan EMBI Global. Prior to 2/1/2012, the custom index was composed of 70% Barclays Mortgage, 15% Barclays Credit, and 15% Barclays High Yield.

## Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended September 30, 2009. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

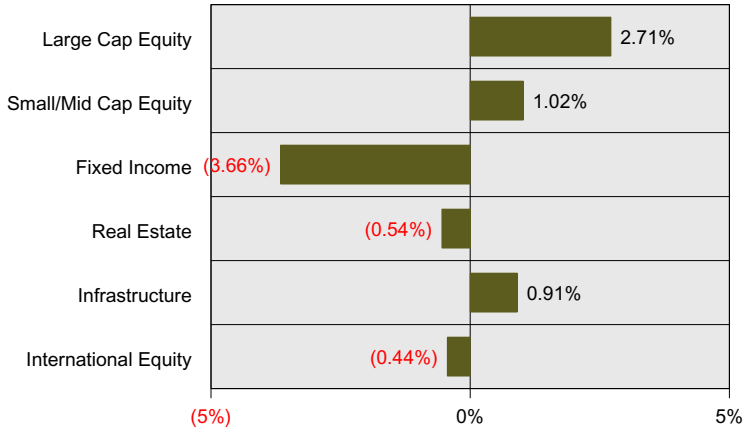
| | 6/2009-9/2009 | FY 2009 | FY 2008 | FY 2007 | FY 2006 |
|---|---|---|---|---|---|
| **Net of Fees** | | | | | |
| **Real Estate** | **(7.79%)** | **(32.31%)** | **5.62%** | **16.80%** | **18.70%** |
| NFI-ODCE Equal Weight Net | (8.41%) | (31.36%) | 7.53% | 15.96% | 18.32% |
| JP Morgan Strategic Property Fund | (7.53%) | (27.20%) | 8.35% | 16.27% | 18.59% |
| NFI-ODCE Equal Weight Net | (8.41%) | (31.36%) | 7.53% | 15.96% | 18.32% |
| LaSalle Income and Growth Fund | (8.28%) | (32.66%) | 0.27% | 27.60% | - |
| NFI-ODCE Equal Weight Net | (8.41%) | (31.36%) | 7.53% | 15.96% | 18.32% |
| JP Morgan Income and Growth Fund | (8.41%) | (50.76%) | (1.12%) | 14.88% | - |
| NFI-ODCE Equal Weight Net | (8.41%) | (31.36%) | 7.53% | 15.96% | 18.32% |
| **Cash Composite** | **0.11%** | **2.10%** | **3.84%** | **4.96%** | **4.07%** |
| **Total Fund** | **11.38%** | **(21.34%)** | **(5.09%)** | **16.66%** | **10.16%** |
| Total Fund Benchmark* | 11.03% | (18.78%) | (5.20%) | 17.37% | 9.82% |

* Current Quarter Target = 36.0% S&P 500 Index, 23.0% Barclays Aggregate Index, 15.0% MSCI ACWI x US (Net), 10.0% Russell 2500 Index, 8.0% NFI-ODCE Value Weight Gr, 5.0% CPI-W+4.0% and 3.0% Barclays HY BB 2% Iss Cap.

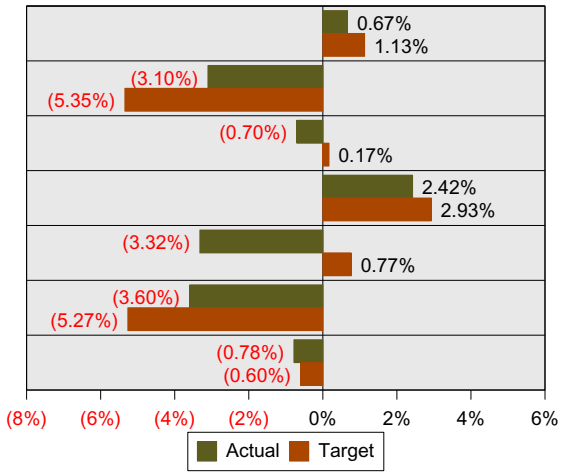
## Quarterly Style Attribution - September 30, 2014

The following analysis approaches Total Fund Attribution from the perspective of relative return. Relative return attribution separates and quantifies the sources of total fund excess return relative to its target. This excess return is separated into two relative attribution effects: Style Allocation Effect and Manager Selection Effect. The Style Allocation Effect represents the excess return due to the actual total fund style allocation differing from the target style allocation. Manager Selection Effect represents the total fund impact of the individual managers excess returns relative to their benchmarks.

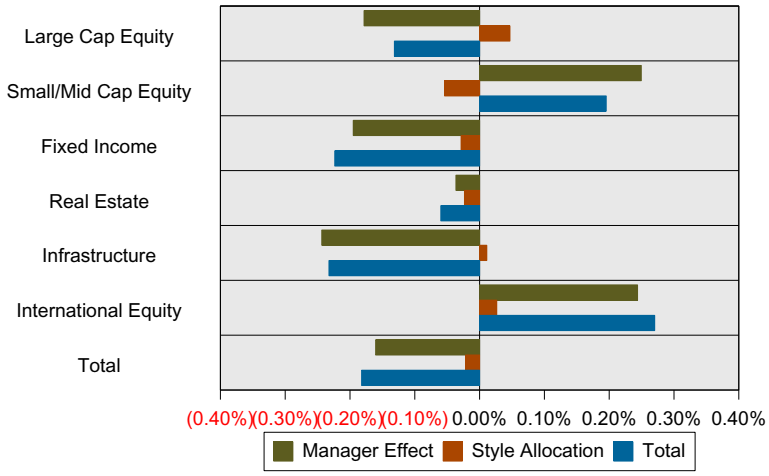
### Style Class Under or Overweighting




### Actual vs Target Returns




### Relative Attribution by Style Class




### Relative Attribution Effects for Quarter ended September 30, 2014

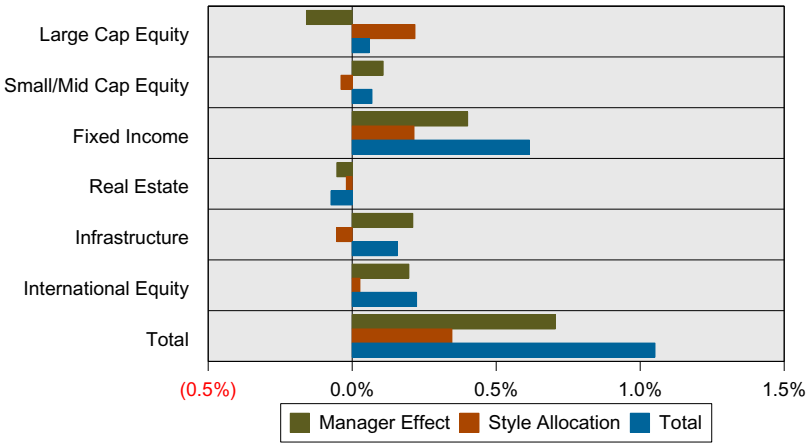
| Style Class | Effective Actual Weight | Effective Target Weight | Actual Return | Target Return | Manager Effect | Style Allocation | Total Relative Return |
|---|---|---|---|---|---|---|---|
| Large Cap Equity | 39% | 36% | 0.67% | 1.13% | (0.18%) | 0.05% | (0.13%) |
| Small/Mid Cap Equity | 11% | 10% | (3.10%) | (5.35%) | 0.25% | (0.05%) | 0.20% |
| Fixed Income | 22% | 26% | (0.70%) | 0.17% | (0.19%) | (0.03%) | (0.22%) |
| Real Estate | 7% | 8% | 2.42% | 2.93% | (0.04%) | (0.02%) | (0.06%) |
| Infrastructure | 6% | 5% | (3.32%) | 0.77% | (0.24%) | 0.01% | (0.23%) |
| International Equity | 15% | 15% | (3.60%) | (5.27%) | 0.24% | 0.03% | 0.27% |
| **Total** | | | **(0.78%) =** | **(0.60%) +** | **(0.16%) +** | **(0.02%)** | **(0.18%)** |

* Current Quarter Target = 36.0% S&P 500 Index, 26.0% Barclays Aggregate Index, 15.0% MSCI ACWI x US (Net), 10.0% Russell 2500 Index, 8.0% NFI-ODCE Value Weight Gr and 5.0% CPI-W+4.0%.

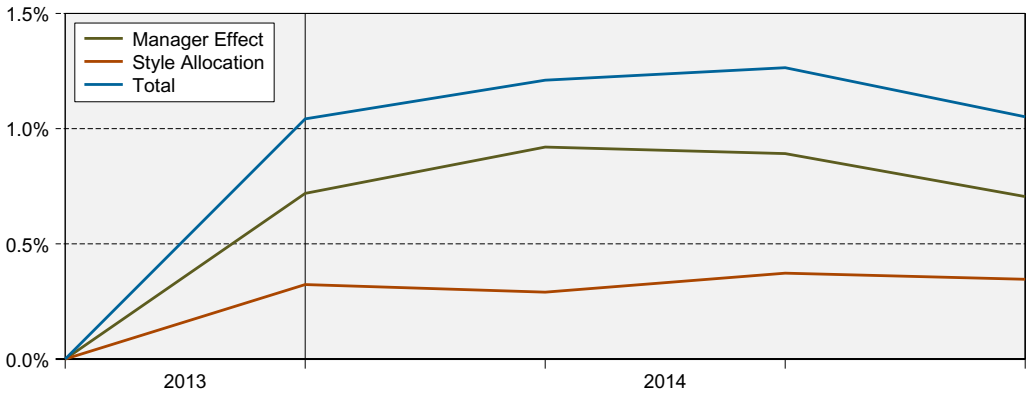
## Cumulative Style Relative Attribution - September 30, 2014

The charts below accumulate the Total Fund Attribution Analysis (shown earlier) over multiple periods to examine the cumulative sources of excess total fund performance relative to target. These cumulative results quantify the longer-term sources of total fund excess return relative to target by style class. These relative attribution effects separate the cumulative sources of total fund excess return into Style Allocation Effect and Manager Selection Effect.

### One Year Relative Attribution Effects




### Cumulative Relative Attribution Effects




### One Year Relative Attribution Effects

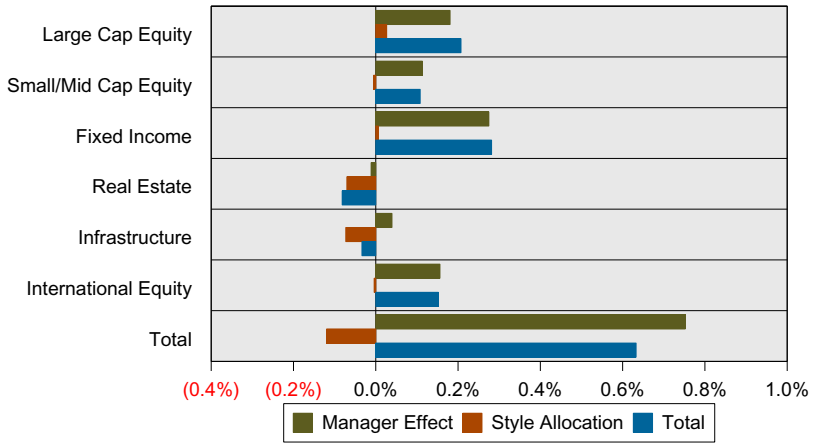
| Style Class | Effective Actual Weight | Effective Target Weight | Actual Return | Target Return | Manager Effect | Style Allocation | Total Relative Return |
|---|---|---|---|---|---|---|---|
| Large Cap Equity | 39% | 36% | 19.31% | 19.73% | (0.16%) | 0.22% | 0.06% |
| Small/Mid Cap Equity | 11% | 10% | 10.00% | 8.97% | 0.11% | (0.04%) | 0.07% |
| Fixed Income | 22% | 26% | 5.68% | 3.96% | 0.40% | 0.21% | 0.62% |
| Real Estate | 7% | 8% | 11.37% | 12.08% | (0.05%) | (0.02%) | (0.07%) |
| Infrastructure | 6% | 5% | 9.23% | 5.58% | 0.21% | (0.05%) | 0.16% |
| International Equity | 14% | 15% | 6.15% | 4.77% | 0.20% | 0.03% | 0.22% |
| **Total** | | | **11.99%** | **= 10.94%** | **+ 0.71%** | **+ 0.35%** | **1.05%** |

* Current Quarter Target = 36.0% S&P 500 Index, 26.0% Barclays Aggregate Index, 15.0% MSCI ACWI x US (Net), 10.0% Russell 2500 Index, 8.0% NFI-ODCE Value Weight Gr and 5.0% CPI-W+4.0%.

## Cumulative Style Relative Attribution - September 30, 2014

The charts below accumulate the Total Fund Attribution Analysis (shown earlier) over multiple periods to examine the cumulative sources of excess total fund performance relative to target. These cumulative results quantify the longer-term sources of total fund excess return relative to target by style class. These relative attribution effects separate the cumulative sources of total fund excess return into Style Allocation Effect and Manager Selection Effect.

### Five Year Annualized Relative Attribution Effects




### Cumulative Relative Attribution Effects

### Five Year Annualized Relative Attribution Effects

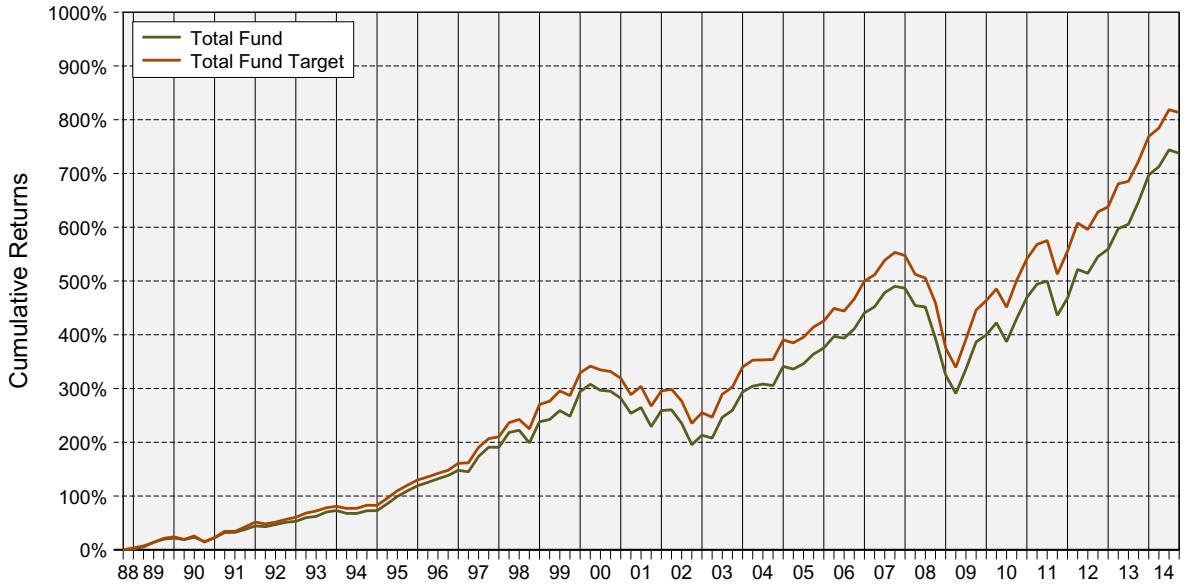
| Style Class | Effective Actual Weight | Effective Target Weight | Actual Return | Target Return | Manager Effect | Style Allocation | Total Relative Return |
|---|---|---|---|---|---|---|---|
| Large Cap Equity | 37% | 36% | 16.18% | 15.70% | 0.18% | 0.03% | 0.21% |
| Small/Mid Cap Equity | 11% | 10% | 17.08% | 15.99% | 0.11% | (0.01%) | 0.11% |
| Fixed Income | 25% | 26% | 5.61% | 4.50% | 0.27% | 0.01% | 0.28% |
| Real Estate | 7% | 8% | 11.96% | 12.34% | (0.01%) | (0.07%) | (0.08%) |
| Infrastructure | 6% | 5% | 6.94% | 6.08% | 0.04% | (0.07%) | (0.03%) |
| International Equity | 14% | 15% | 7.12% | 6.03% | 0.16% | (0.00%) | 0.15% |
| **Total** | | | **11.47%** | **= 10.84%** | **+ 0.75%** | **+ (0.12%)** | **0.63%** |

* Current Quarter Target = 36.0% S&P 500 Index, 26.0% Barclays Aggregate Index, 15.0% MSCI ACWI x US (Net), 10.0% Russell 2500 Index, 8.0% NFI-ODCE Value Weight Gr and 5.0% CPI-W+4.0%.

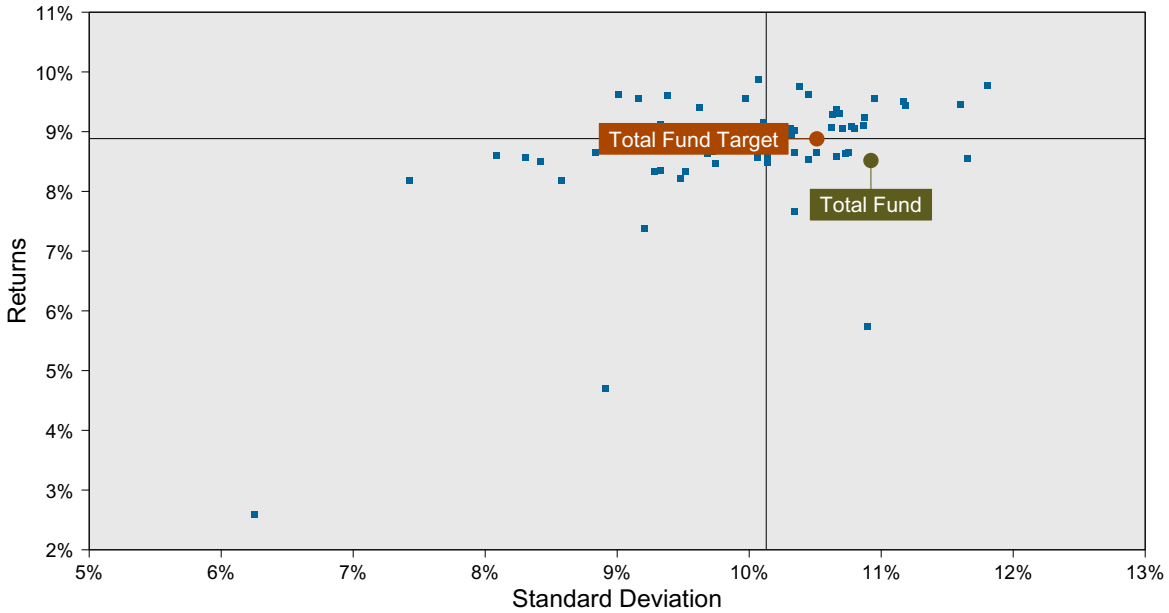
## Cumulative Performance Relative to Target

The first chart below illustrates the cumulative performance of the Total Fund relative to the cumulative performance of the Fund's Target Asset Mix. The Target Mix is assumed to be rebalanced each quarter with no transaction costs. The difference between the Total Fund return and the Target Mix return is explained by the performance attribution on the next page. The second chart below shows the return and the risk of the Total Fund and the Target Mix, contrasted with the returns and risks of the funds in the Public Fund Sponsor Database.

### Cumulative Returns Actual vs Target




### Twenty-Six Year Annualized Risk vs Return



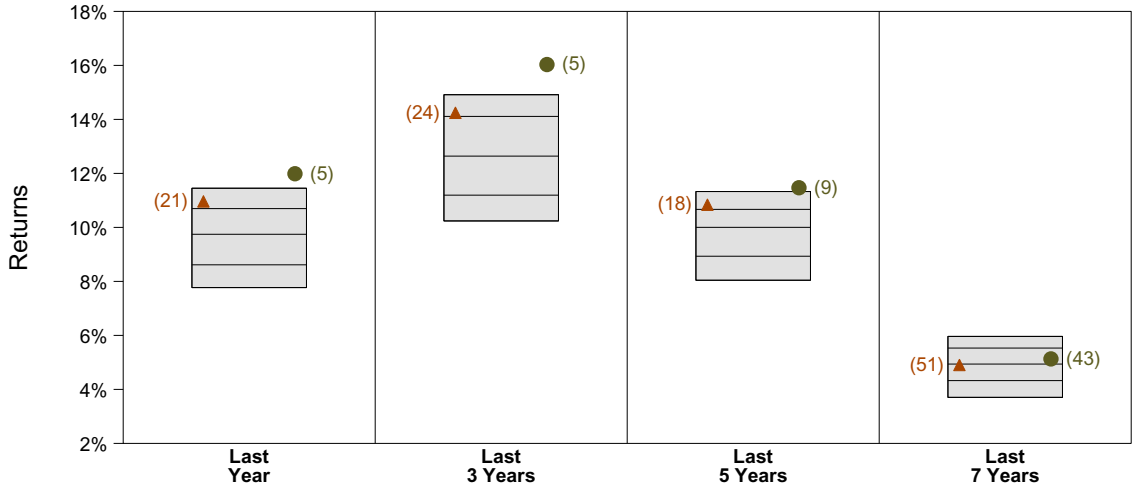

Squares represent membership of the Public Fund Sponsor Database

* Current Quarter Target = 36.0% S&P 500 Index, 26.0% Barclays Aggregate Index, 15.0% MSCI ACWI x US (Net), 10.0% Russell 2500 Index, 8.0% NFI-ODCE Value Weight Gr and 5.0% CPI-W+4.0%.

## Total Fund Ranking

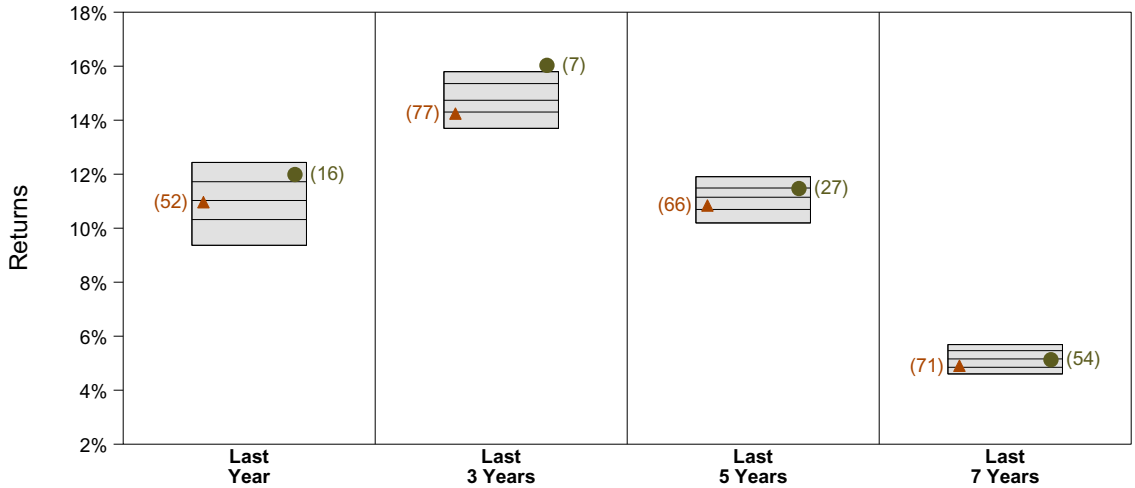
The first two charts show the ranking of the Total Fund's performance relative to that of the Public Fund Sponsor Database for periods ended September 30, 2014. The first chart is a standard unadjusted ranking. In the second chart each fund in the database is adjusted to have the same historical asset allocation as that of the Total Fund.

### Public Fund Sponsor Database




| | Last Year | Last 3 Years | Last 5 Years | Last 7 Years |
|---|---|---|---|---|
| 10th Percentile | 11.45 | 14.91 | 11.33 | 5.96 |
| 25th Percentile | 10.70 | 14.11 | 10.67 | 5.53 |
| Median | 9.75 | 12.64 | 10.00 | 4.94 |
| 75th Percentile | 8.61 | 11.19 | 8.93 | 4.33 |
| 90th Percentile | 7.77 | 10.24 | 8.04 | 3.70 |
| **Total Fund** ● | 11.99 | 16.03 | 11.47 | 5.13 |
| Policy Target ▲ | 10.96 | 14.25 | 10.84 | 4.91 |

### Asset Allocation Adjusted Ranking



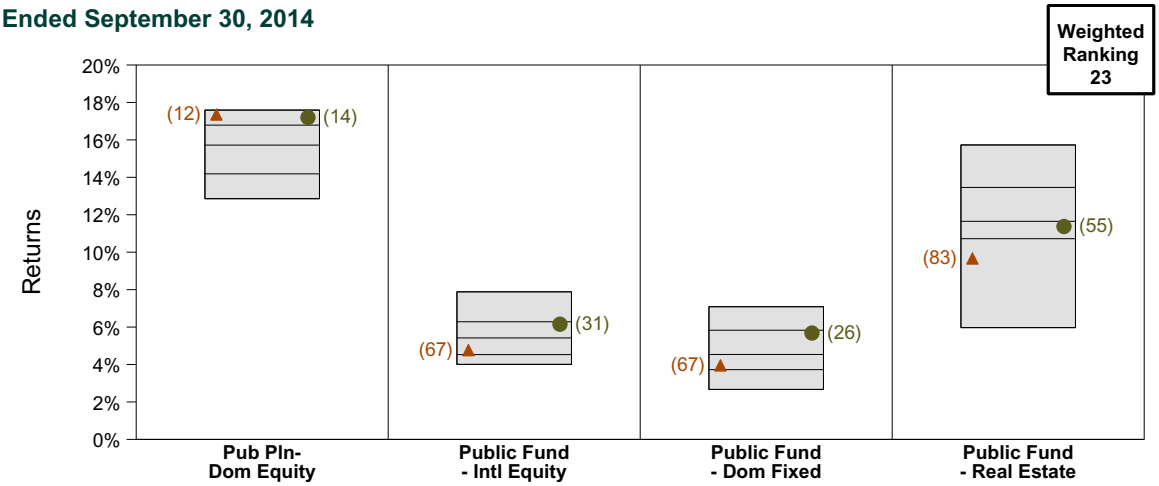

| | Last Year | Last 3 Years | Last 5 Years | Last 7 Years |
|---|---|---|---|---|
| 10th Percentile | 12.44 | 15.80 | 11.91 | 5.69 |
| 25th Percentile | 11.72 | 15.36 | 11.49 | 5.46 |
| Median | 11.03 | 14.74 | 11.15 | 5.16 |
| 75th Percentile | 10.32 | 14.30 | 10.69 | 4.85 |
| 90th Percentile | 9.37 | 13.70 | 10.19 | 4.60 |
| **Total Fund** ● | 11.99 | 16.03 | 11.47 | 5.13 |
| Policy Target ▲ | 10.96 | 14.25 | 10.84 | 4.91 |

* Current Quarter Target = 36.0% S&P 500 Index, 26.0% Barclays Aggregate Index, 15.0% MSCI ACWI x US (Net), 10.0% Russell 2500 Index, 8.0% NFI-ODCE Value Weight Gr and 5.0% CPI-W+4.0%.

## Asset Class Rankings

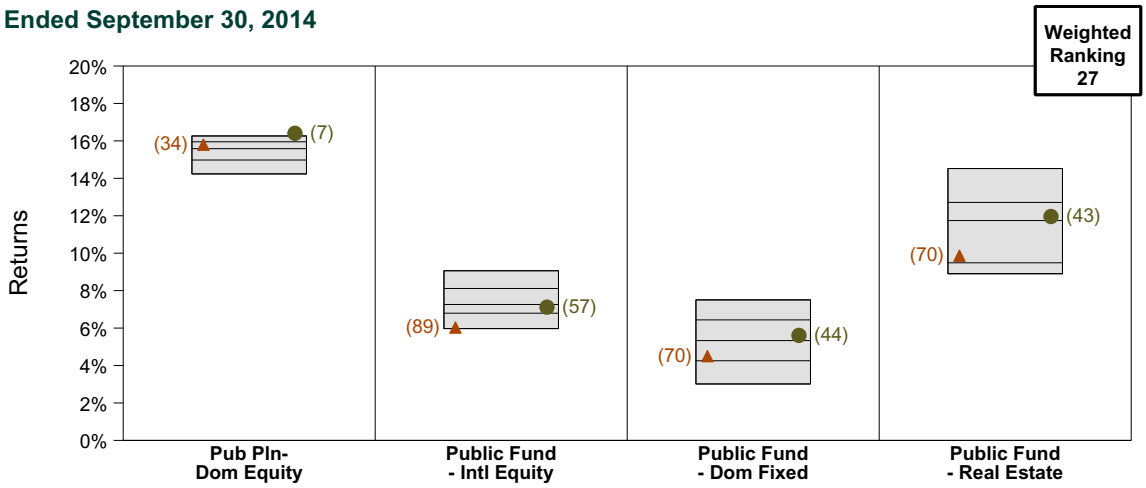
The charts below show the rankings of each asset class component of the Total Fund relative to appropriate comparative databases. In the upper right corner of each graph is the weighted average of the rankings across the different asset classes. The weights of the fund's actual asset allocation are used to make this calculation. The weighted average ranking can be viewed as a measure of the fund's overall success in picking managers and structuring asset classes.

### Total Asset Class Performance
### One Year Ended September 30, 2014




| | Pub Pln-Dom Equity | Public Fund - Intl Equity | Public Fund - Dom Fixed | Public Fund - Real Estate |
|---|---|---|---|---|
| 10th Percentile | 17.59 | 7.88 | 7.09 | 15.73 |
| 25th Percentile | 16.79 | 6.28 | 5.83 | 13.46 |
| Median | 15.72 | 5.42 | 4.54 | 11.65 |
| 75th Percentile | 14.18 | 4.53 | 3.73 | 10.72 |
| 90th Percentile | 12.86 | 4.01 | 2.67 | 5.97 |
| **Asset Class Composite** ● | 17.20 | 6.15 | 5.68 | 11.37 |
| Composite Benchmark ▲ | 17.36 | 4.77 | 3.96 | 9.67 |

### Total Asset Class Performance
### Five Years Ended September 30, 2014




| | Pub Pln-Dom Equity | Public Fund - Intl Equity | Public Fund - Dom Fixed | Public Fund - Real Estate |
|---|---|---|---|---|
| 10th Percentile | 16.26 | 9.06 | 7.51 | 14.52 |
| 25th Percentile | 15.95 | 8.11 | 6.44 | 12.71 |
| Median | 15.58 | 7.26 | 5.33 | 11.74 |
| 75th Percentile | 14.98 | 6.79 | 4.25 | 9.49 |
| 90th Percentile | 14.23 | 5.97 | 3.01 | 8.90 |
| **Asset Class Composite** ● | 16.40 | 7.12 | 5.61 | 11.96 |
| Composite Benchmark ▲ | 15.80 | 6.03 | 4.50 | 9.87 |

* Current Quarter Target = 36.0% S&P 500 Index, 26.0% Barclays Aggregate Index, 15.0% MSCI ACWI x US (Net), 10.0% Russell 2500 Index, 8.0% NFI-ODCE Value Weight Gr and 5.0% CPI-W+4.0%.

# Total Fund
# Period Ended September 30, 2014

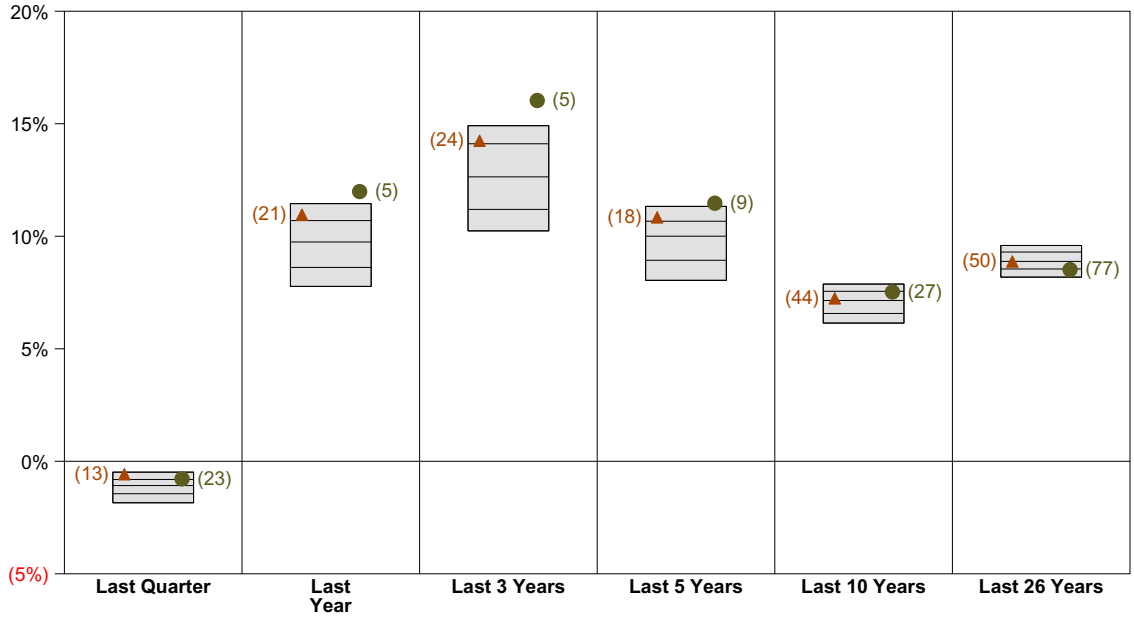
## Investment Philosophy

The total fund return stream starts the third quarter of 1988.

## Quarterly Summary and Highlights

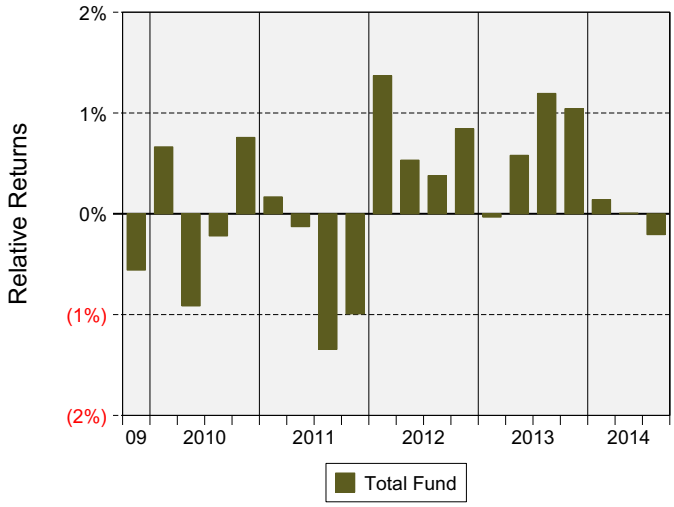
- Total Fund's portfolio posted a (0.78)% return for the quarter placing it in the 23 percentile of the Public Fund Sponsor Database group for the quarter and in the 5 percentile for the last year.
- Total Fund's portfolio underperformed the Total Fund Benchmark by 0.21% for the quarter and outperformed the Total Fund Benchmark for the year by 1.02%.

## Performance vs Public Fund Sponsor Database (Gross)

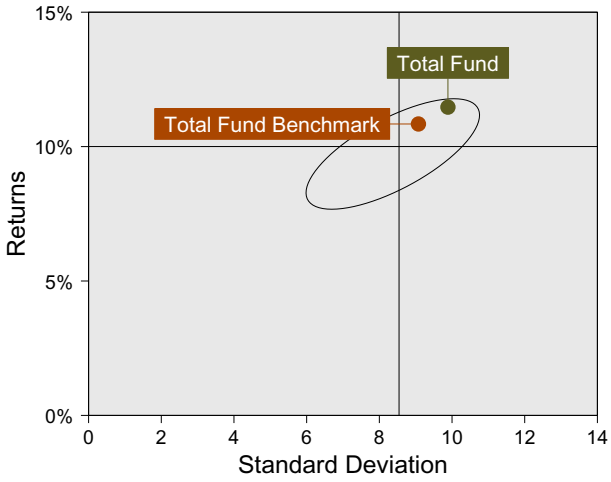



| | Last Quarter | Last Year | Last 3 Years | Last 5 Years | Last 10 Years | Last 26 Years |
|---|---|---|---|---|---|---|
| 10th Percentile | (0.48) | 11.45 | 14.91 | 11.33 | 7.88 | 9.59 |
| 25th Percentile | (0.81) | 10.70 | 14.11 | 10.67 | 7.55 | 9.30 |
| Median | (1.08) | 9.75 | 12.64 | 10.00 | 7.15 | 8.88 |
| 75th Percentile | (1.44) | 8.61 | 11.19 | 8.93 | 6.57 | 8.55 |
| 90th Percentile | (1.84) | 7.77 | 10.24 | 8.04 | 6.14 | 8.18 |
| **Total Fund** ● | (0.78) | 11.99 | 16.03 | 11.47 | 7.52 | 8.52 |
| Total Fund Benchmark ▲ | (0.57) | 10.96 | 14.25 | 10.84 | 7.24 | 8.88 |

## Relative Return vs Total Fund Benchmark




## Public Fund Sponsor Database (Gross) Annualized Five Year Risk vs Return

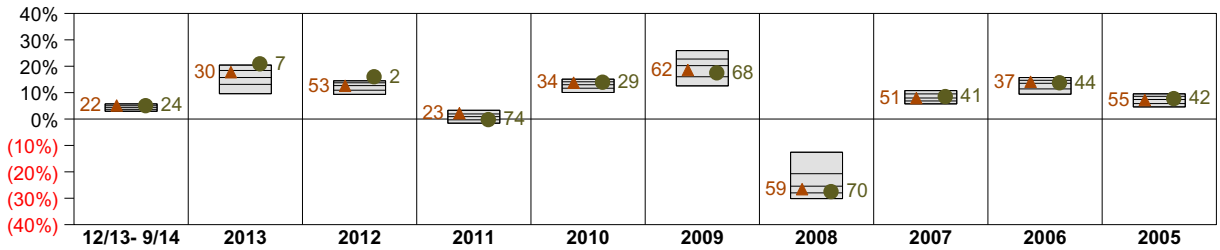


# Total Fund
# Return Analysis Summary

## Return Analysis

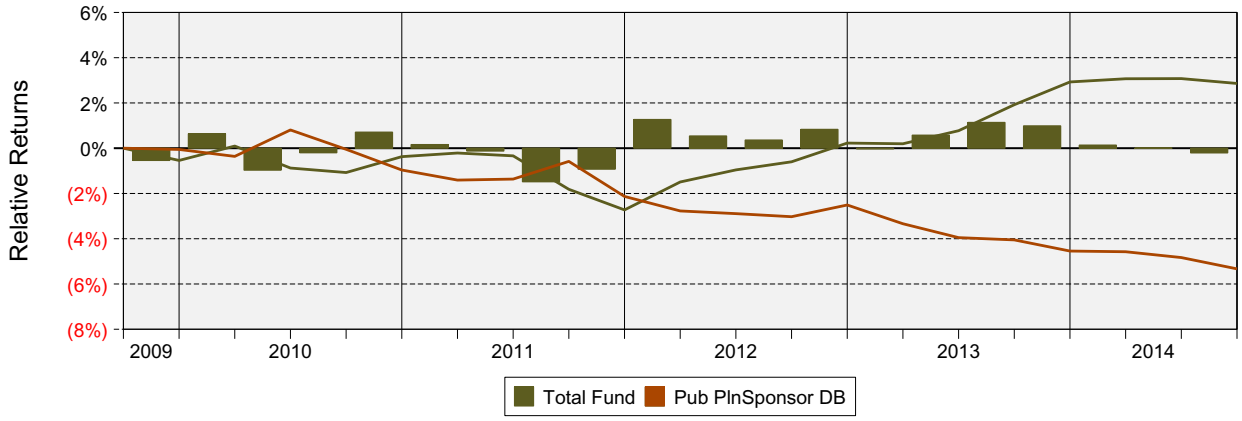
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

## Performance vs Public Fund Sponsor Database (Gross)

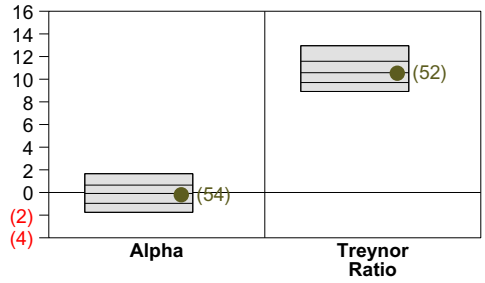


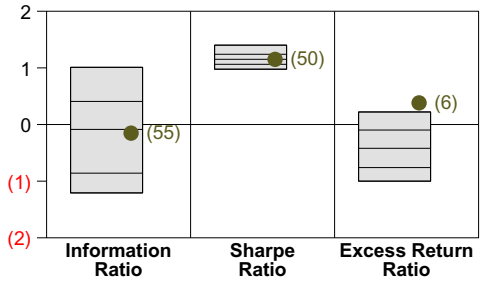

| | 12/13- 9/14 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|---|---|---|---|---|---|
| 10th Percentile | 5.73 | 20.44 | 14.49 | 3.31 | 15.10 | 25.93 | (12.58) | 10.77 | 15.73 | 9.55 |
| 25th Percentile | 5.03 | 18.39 | 13.73 | 1.92 | 14.11 | 22.73 | (20.71) | 9.53 | 14.67 | 8.60 |
| Median | 4.30 | 15.73 | 12.67 | 0.91 | 13.00 | 20.23 | (25.43) | 7.97 | 13.54 | 7.40 |
| 75th Percentile | 3.54 | 13.14 | 10.92 | (0.29) | 11.68 | 16.02 | (27.97) | 6.84 | 11.42 | 5.86 |
| 90th Percentile | 2.93 | 9.59 | 9.34 | (1.58) | 10.06 | 12.57 | (30.14) | 5.75 | 9.41 | 4.59 |
| **Total Fund** ● | 5.07 | 20.92 | 16.02 | (0.21) | 13.95 | 17.50 | (27.50) | 8.50 | 13.74 | 7.74 |
| Total Fund Benchmark ▲ | 5.13 | 17.74 | 12.60 | 2.20 | 13.76 | 18.57 | (26.57) | 7.91 | 14.12 | 7.19 |

## Cumulative and Quarterly Relative Return vs Total Fund Benchmark




## Risk Adjusted Return Measures vs Total Fund Benchmark
## Rankings Against Public Fund Sponsor Database (Gross)
## Five Years Ended September 30, 2014




| | Alpha | Treynor Ratio |
|---|---|---|
| 10th Percentile | 1.66 | 12.96 |
| 25th Percentile | 0.65 | 11.58 |
| Median | (0.08) | 10.57 |
| 75th Percentile | (0.96) | 9.70 |
| 90th Percentile | (1.75) | 8.92 |
| **Total Fund** ● | (0.20) | 10.53 |

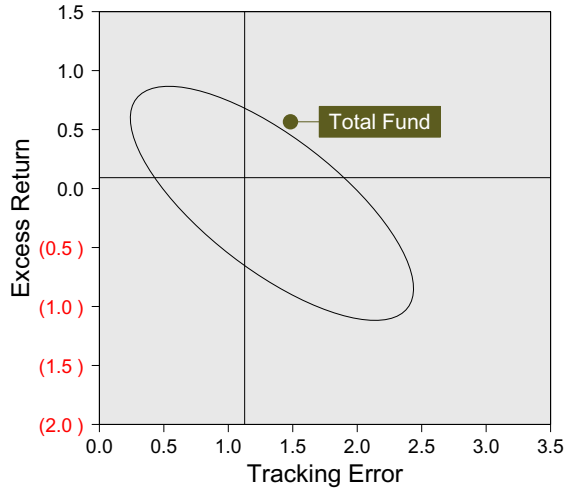
| | Information Ratio | Sharpe Ratio | Excess Return Ratio |
|---|---|---|---|
| 10th Percentile | 1.01 | 1.40 | 0.22 |
| 25th Percentile | 0.41 | 1.24 | (0.10) |
| Median | (0.09) | 1.15 | (0.42) |
| 75th Percentile | (0.86) | 1.06 | (0.76) |
| 90th Percentile | (1.21) | 0.98 | (1.00) |
| **Total Fund** ● | (0.15) | 1.15 | 0.38 |

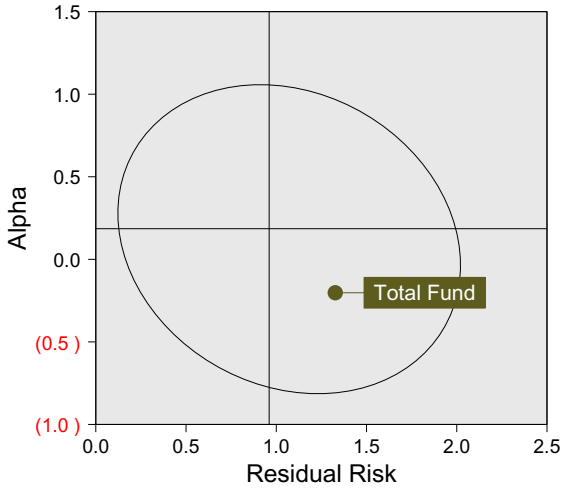
# Total Fund
## Total Fund vs Target Risk Analysis

### Risk Analysis

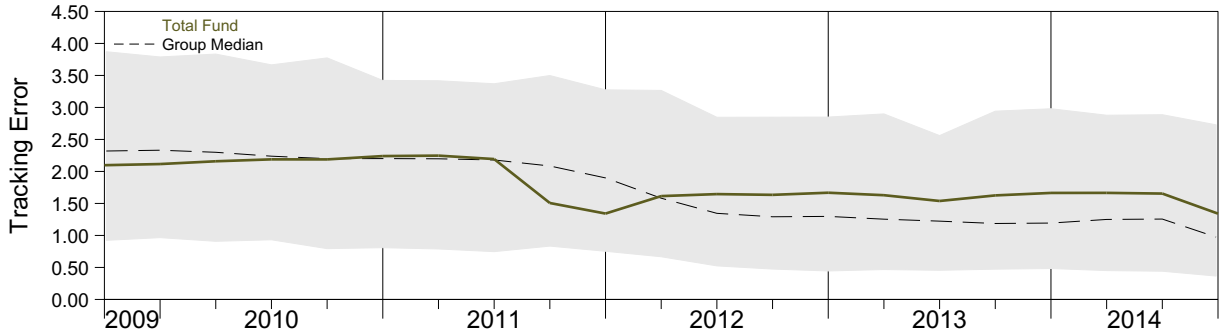
The graphs below analyze the performance and risk of the fund relative to the appropriate target mix. This relative performance is compared to a peer group of funds wherein each member fund is measured against its own target mix. The first scatter chart illustrates the relationship, called Excess Return Ratio, between excess return and tracking error relative to the target. The second scatter chart displays the relationship, sometimes called Information Ratio, between alpha (market-risk or "beta" adjusted return) and residual risk (non-market or "unsystematic" risk). The third chart shows tracking error patterns over time compared to the range of tracking error patterns for the peer group. The last two charts show the ranking of the fund's risk statistics versus the peer group.

### Risk Analysis vs Public Fund Sponsor Database
### Five Years Ended September 30, 2014

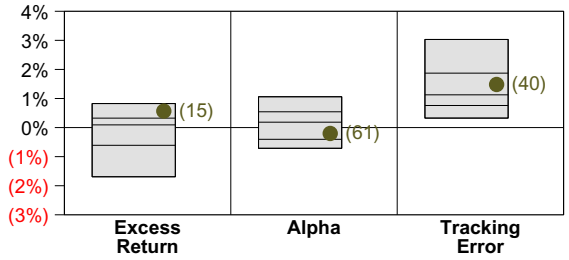


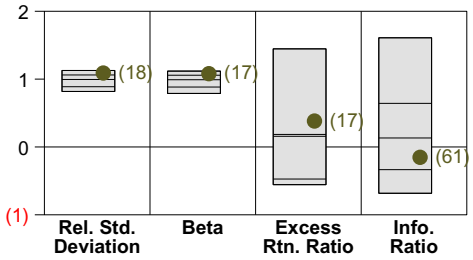

### Rolling 12 Quarter Tracking Error vs Targets Compared to Public Fund Sponsor Database




### Risk Statistics Rankings vs Targets
### Rankings Against Public Fund Sponsor Database
### Five Years Ended September 30, 2014




| | Excess Return | Alpha | Tracking Error |
|---|---|---|---|
| 10th Percentile | 0.83 | 1.06 | 3.03 |
| 25th Percentile | 0.33 | 0.54 | 1.87 |
| Median | 0.09 | 0.19 | 1.13 |
| 75th Percentile | (0.61) | (0.40) | 0.76 |
| 90th Percentile | (1.69) | (0.71) | 0.33 |
| **Total Fund** ● | 0.57 | (0.20) | 1.48 |




| | Rel. Std. Deviation | Beta | Excess Rtn. Ratio | Info. Ratio |
|---|---|---|---|---|
| 10th Percentile | 1.13 | 1.12 | 1.45 | 1.61 |
| 25th Percentile | 1.06 | 1.06 | 0.18 | 0.64 |
| Median | 0.99 | 0.99 | 0.16 | 0.13 |
| 75th Percentile | 0.89 | 0.88 | (0.47) | (0.33) |
| 90th Percentile | 0.82 | 0.79 | (0.56) | (0.68) |
| **Total Fund** ● | 1.09 | 1.08 | 0.38 | (0.15) |

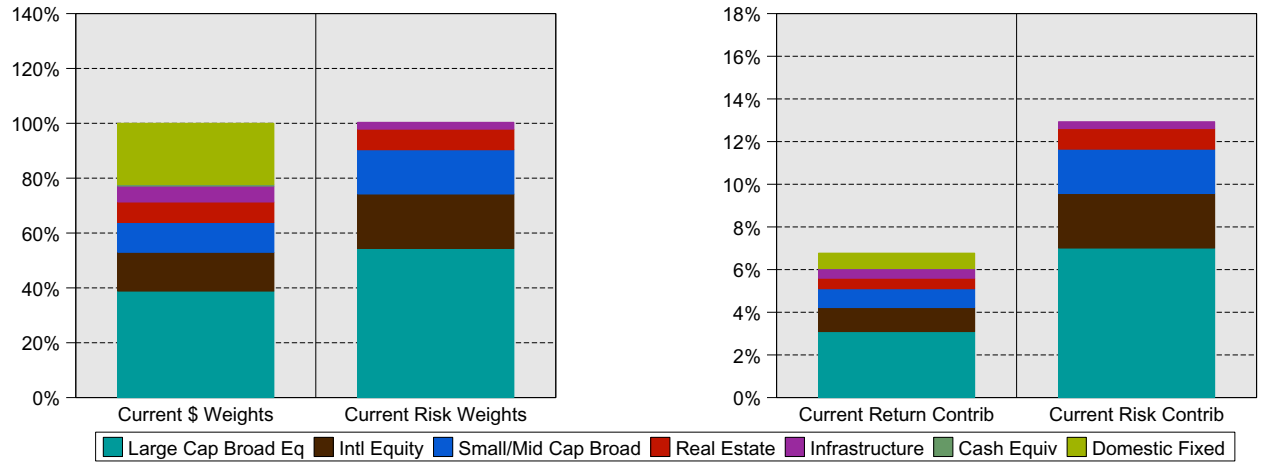
# Tucson Supplemental Retirement System
# Total Fund Projected Risk Analysis
# as of September 30, 2014

The following is forward-looking analysis of the **projected long-term** total fund risk, return, and diversification benefits (improvement in risk and Sharpe ratio) using long-term capital market assumptions. The top table displays the projected results and diversification benefits for the total fund using both the actual and target asset allocations. The middle and bottom exhibits give a detailed attribution by asset class of the sources of projected total fund risk and return. This analysis juxtaposes dollar weights with projected risk weights and examines the projected risk and return contribution by asset class.

## Capital Market Assumptions: Callan 2014
## Total Fund Projected Risk Profile

| | Projected Return | Projected Risk | Projected Sharpe | Risk w/o Diversification | Risk Diversification | Sharpe Diversification |
|---|---|---|---|---|---|---|
| Current Asset Allocation | 6.77% | 12.89% | 0.37 | 15.31% | 2.43% | 0.06% |
| Target Asset Allocation | 6.64% | 12.39% | 0.37 | 14.86% | 2.47% | 0.06% |

## Projected Risk and Return Sources




## Detailed Risk and Return Sources by Asset Class

| | Current Dollar Weight | Target Dollar Weight | Projected Return | Projected Risk | Current Risk Weight | Target Risk Weight | Projected Return Contrib | Projected Risk Contrib | Projected Rtn/Risk Contrib |
|---|---|---|---|---|---|---|---|---|---|
| Large Cap Broad Eq | 38.83% | 36.00% | 7.49% | 18.30% | **54.40%** | 52.38% | 3.10% | 7.01% | 0.44x |
| Intl Equity | 14.12% | 15.00% | 7.48% | 20.20% | **19.83%** | 22.01% | 1.12% | 2.56% | 0.44x |
| Small/Mid Cap Broad | 10.88% | 10.00% | 7.62% | 19.02% | **16.13%** | 15.40% | 0.88% | 2.08% | 0.42x |
| Real Estate | 7.48% | 8.00% | 6.17% | 16.50% | **7.49%** | 8.37% | 0.49% | 0.97% | 0.51x |
| Infrastructure | 5.80% | 5.00% | 7.30% | 20.85% | **2.51%** | 2.23% | 0.45% | 0.32% | 1.39x |
| Cash Equiv | 0.60% | - | 2.01% | 0.90% | **(0.00%)** | - | 0.01% | (0.00%) | (106.76x) |
| Domestic Fixed | 22.29% | 26.00% | 3.02% | 3.75% | **(0.36%)** | (0.39%) | 0.72% | (0.05%) | (15.30x) |

Domestic Equity

# Domestic Equity
# Period Ended September 30, 2014

## Investment Philosophy

The Total Domestic Equity target is currently composed of 78% S&P 500 Index and 22% Russell 2500 Index.

## Quarterly Summary and Highlights

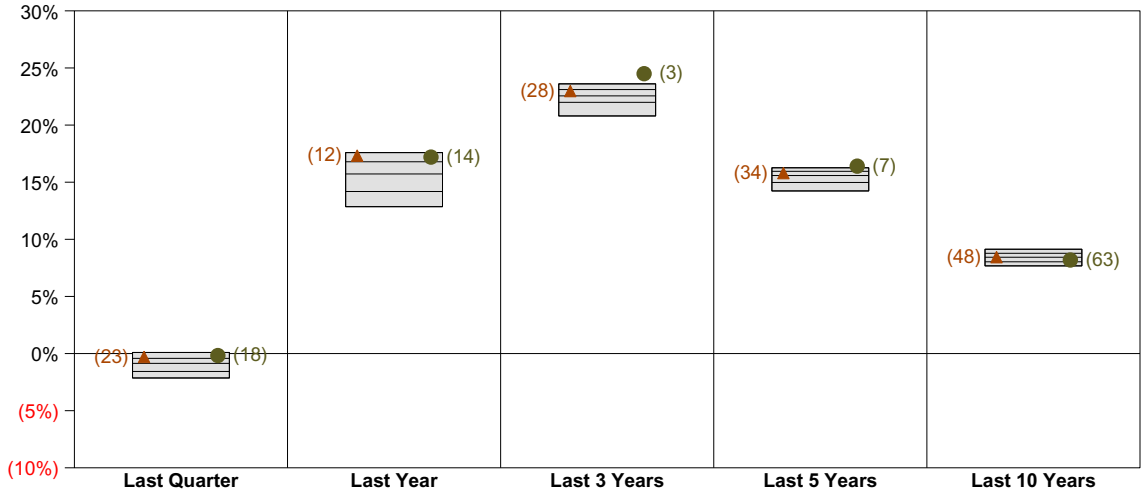
- Domestic Equity's portfolio posted a (0.17)% return for the quarter placing it in the 18 percentile of the Pub Pln-Domestic Equity group for the quarter and in the 14 percentile for the last year.
- Domestic Equity's portfolio outperformed the Total Domestic Equity Target by 0.12% for the quarter and underperformed the Total Domestic Equity Target for the year by 0.13%.

## Quarterly Asset Growth

| | |
|---|---|
| Beginning Market Value | $365,530,709 |
| Net New Investment | $-6,787,323 |
| Investment Gains/(Losses) | $-595,407 |
| Ending Market Value | $358,147,978 |

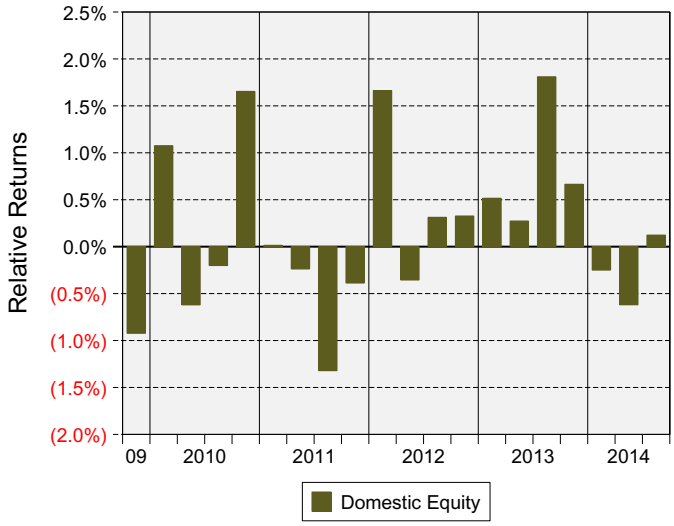
**Percent Cash: 0.8%**

## Performance vs Pub Pln- Domestic Equity (Gross)

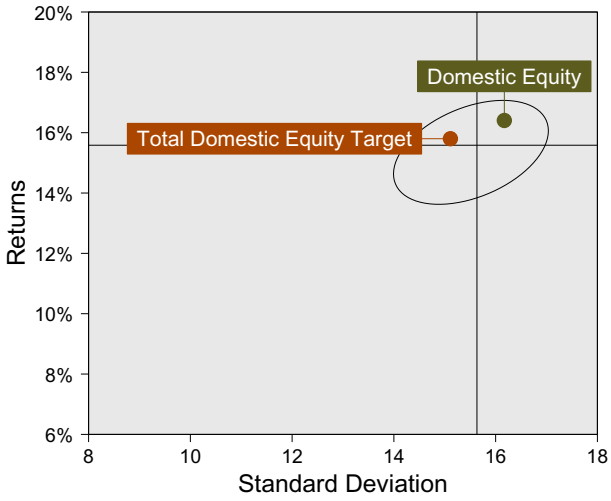



| | Last Quarter | Last Year | Last 3 Years | Last 5 Years | Last 10 Years |
|---|---|---|---|---|---|
| 10th Percentile | 0.10 | 17.59 | 23.61 | 16.26 | 9.13 |
| 25th Percentile | (0.42) | 16.79 | 23.11 | 15.95 | 8.78 |
| Median | (0.86) | 15.72 | 22.56 | 15.58 | 8.43 |
| 75th Percentile | (1.57) | 14.18 | 21.99 | 14.98 | 8.03 |
| 90th Percentile | (2.14) | 12.86 | 20.80 | 14.23 | 7.68 |
| **Domestic Equity** ● | (0.17) | 17.20 | 24.50 | 16.40 | 8.19 |
| Total Domestic Equity Target ▲ | (0.30) | 17.33 | 22.98 | 15.80 | 8.44 |

### Relative Returns vs Total Domestic Equity Target




### Pub Pln- Domestic Equity (Gross) Annualized Five Year Risk vs Return

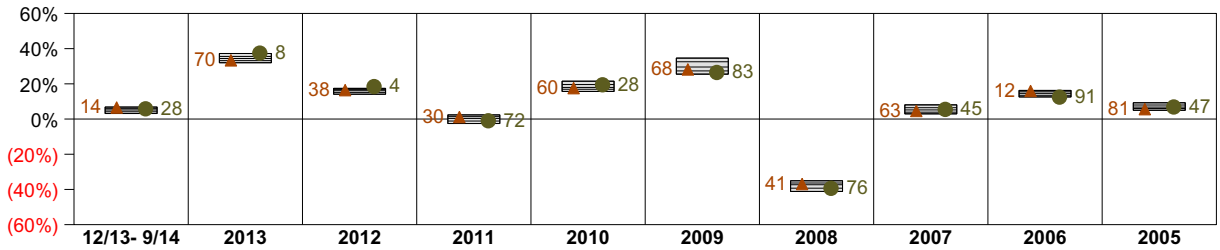


# Domestic Equity
# Return Analysis Summary

## Return Analysis

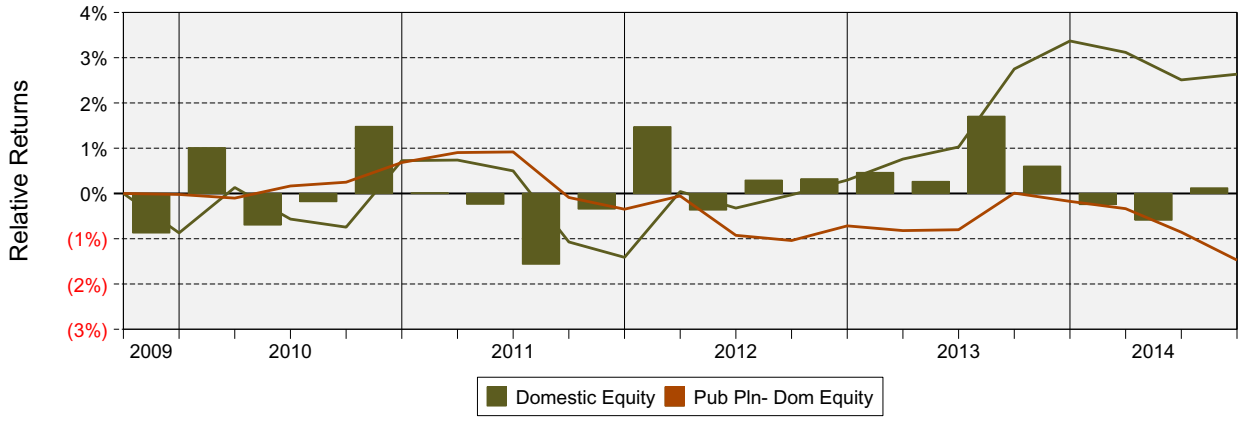
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

## Performance vs Pub Pln- Domestic Equity (Gross)

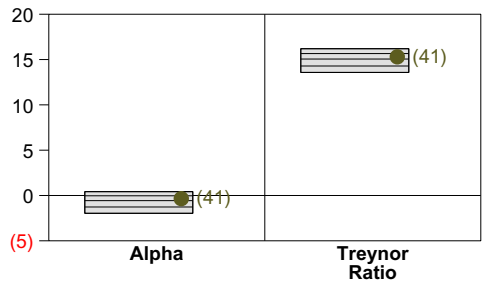


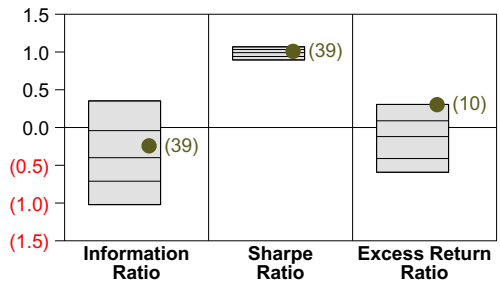

| | 12/13- 9/14 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|---|---|---|---|---|---|
| 10th Percentile | 6.80 | 37.24 | 17.43 | 2.35 | 21.51 | 34.62 | (35.08) | 8.05 | 16.25 | 9.24 |
| 25th Percentile | 5.91 | 35.58 | 16.84 | 1.37 | 19.60 | 32.55 | (36.35) | 6.44 | 15.49 | 7.97 |
| Median | 5.14 | 34.39 | 16.10 | 0.35 | 17.95 | 29.55 | (37.33) | 5.18 | 14.60 | 6.78 |
| 75th Percentile | 4.13 | 33.18 | 15.14 | (1.14) | 16.92 | 27.35 | (39.29) | 3.89 | 13.49 | 5.97 |
| 90th Percentile | 3.14 | 32.00 | 14.11 | (2.55) | 15.69 | 25.51 | (41.14) | 2.96 | 12.56 | 4.98 |
| **Domestic Equity** ● | 5.80 | 37.46 | 18.44 | (0.99) | 19.45 | 26.46 | (39.36) | 5.48 | 12.46 | 6.84 |
| Total Domestic Equity Target ▲ | 6.56 | 33.37 | 16.43 | 1.16 | 17.56 | 28.20 | (36.92) | 4.60 | 15.95 | 5.62 |

## Cumulative and Quarterly Relative Return vs Total Domestic Equity Target




## Risk Adjusted Return Measures vs Total Domestic Equity Target
## Rankings Against Pub Pln- Domestic Equity (Gross)
## Five Years Ended September 30, 2014




| | Alpha | Treynor Ratio |
|---|---|---|
| 10th Percentile | 0.42 | 16.19 |
| 25th Percentile | (0.03) | 15.66 |
| Median | (0.57) | 15.06 |
| 75th Percentile | (1.27) | 14.29 |
| 90th Percentile | (1.97) | 13.58 |
| **Domestic Equity** ● | (0.35) | 15.30 |

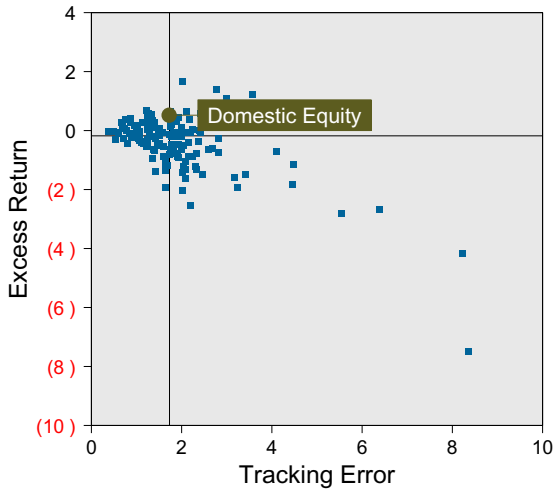
| | Information Ratio | Sharpe Ratio | Excess Return Ratio |
|---|---|---|---|
| 10th Percentile | 0.35 | 1.07 | 0.31 |
| 25th Percentile | (0.04) | 1.03 | 0.09 |
| Median | (0.40) | 0.99 | (0.12) |
| 75th Percentile | (0.71) | 0.94 | (0.41) |
| 90th Percentile | (1.02) | 0.89 | (0.59) |
| **Domestic Equity** ● | (0.24) | 1.01 | 0.30 |

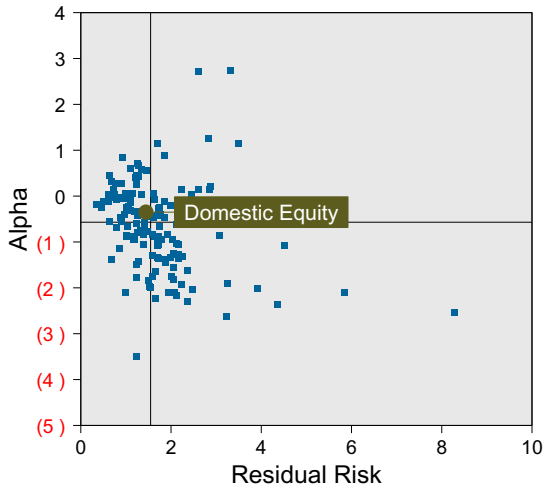
# Domestic Equity
# Risk Analysis Summary

## Risk Analysis

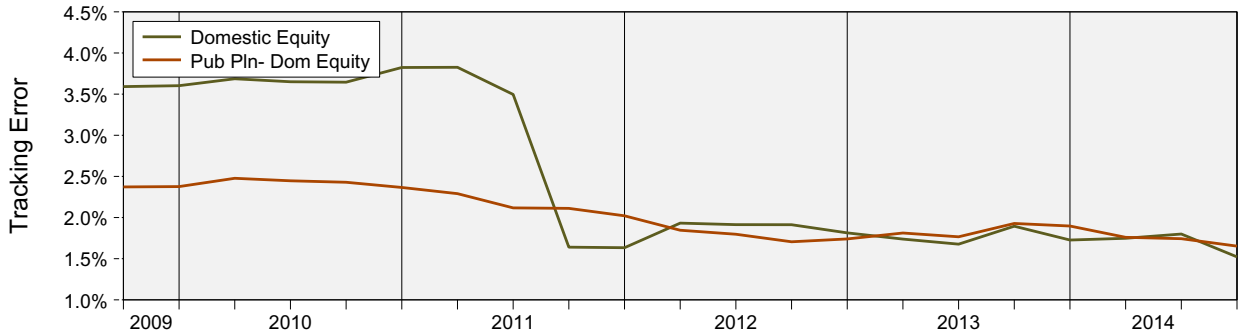
The graphs below analyze the risk or variation of a manager's return pattern. The first scatter chart illustrates the relationship, called Excess Return Ratio, between excess return and tracking error relative to the benchmark. The second scatter chart displays the relationship, sometimes called Information Ratio, between alpha (market-risk or "beta" adjusted return) and residual risk (non-market or "unsystematic" risk). The third chart shows tracking error patterns versus the benchmark over time. The last two charts show the ranking of the manager's risk statistics versus the peer group.

## Risk Analysis vs Pub Pln- Domestic Equity (Gross)
## Five Years Ended September 30, 2014

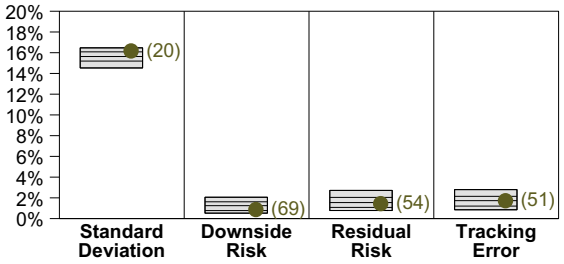


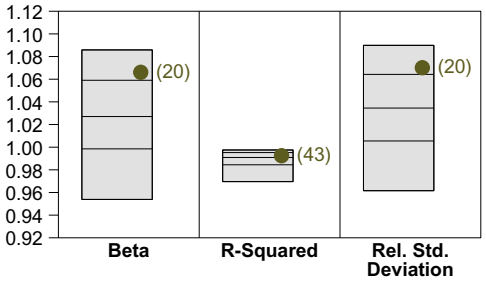

## Rolling 12 Quarter Tracking Error vs Total Domestic Equity Tar




## Risk Statistics Rankings vs Total Domestic Equity Tar
## Rankings Against Pub Pln- Domestic Equity (Gross)
## Five Years Ended September 30, 2014




| | Standard Deviation | Downside Risk | Residual Risk | Tracking Error |
|---|---|---|---|---|
| 10th Percentile | 16.47 | 2.06 | 2.72 | 2.80 |
| 25th Percentile | 16.08 | 1.62 | 2.04 | 2.15 |
| Median | 15.63 | 1.25 | 1.55 | 1.73 |
| 75th Percentile | 15.19 | 0.77 | 1.08 | 1.21 |
| 90th Percentile | 14.53 | 0.52 | 0.78 | 0.85 |
| **Domestic Equity** ● | 16.17 | 0.87 | 1.44 | 1.72 |

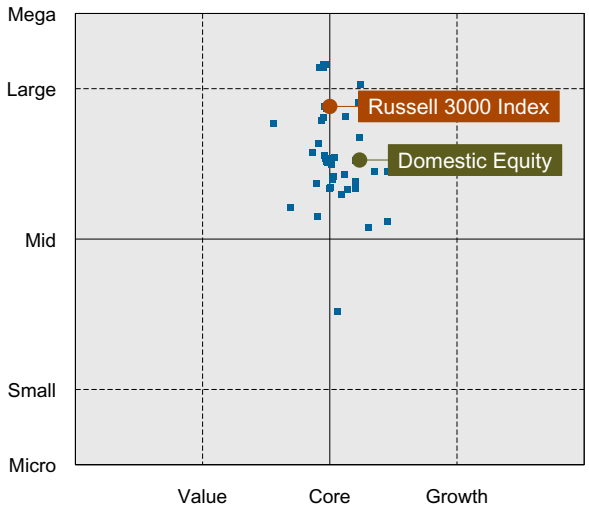



| | Beta | R-Squared | Rel. Std. Deviation |
|---|---|---|---|
| 10th Percentile | 1.09 | 1.00 | 1.09 |
| 25th Percentile | 1.06 | 1.00 | 1.06 |
| Median | 1.03 | 0.99 | 1.03 |
| 75th Percentile | 1.00 | 0.98 | 1.01 |
| 90th Percentile | 0.95 | 0.97 | 0.96 |
| **Domestic Equity** ● | 1.07 | 0.99 | 1.07 |

## Current Holdings Based Style Analysis
## Domestic Equity
## As of September 30, 2014

This page analyzes the current investment style of a portfolio utilizing a detailed holdings-based style analysis to determine actual exposures to various market capitalization and style segments of the domestic equity market. The market is segmented quarterly by capitalization and style. The capitalization segments are dictated by capitalization decile breakpoints. The style segments are determined using the "Combined Z Score", based on the eight fundamental factors used in the MSCI stock style scoring system. The upper-left style map illustrates the current market capitalization and style score of the portfolio relative to indices and/or peers. The upper-right style exposure matrix displays the current portfolio and index weights and stock counts (in parentheses) in each capitalization/style segment of the market. The middle chart illustrates the total exposures and stock counts in the three style segments, with a legend showing the total growth, value, and "combined Z" (growth - value) scores. The bottom chart exhibits the sector weights as well as the style weights within each sector.

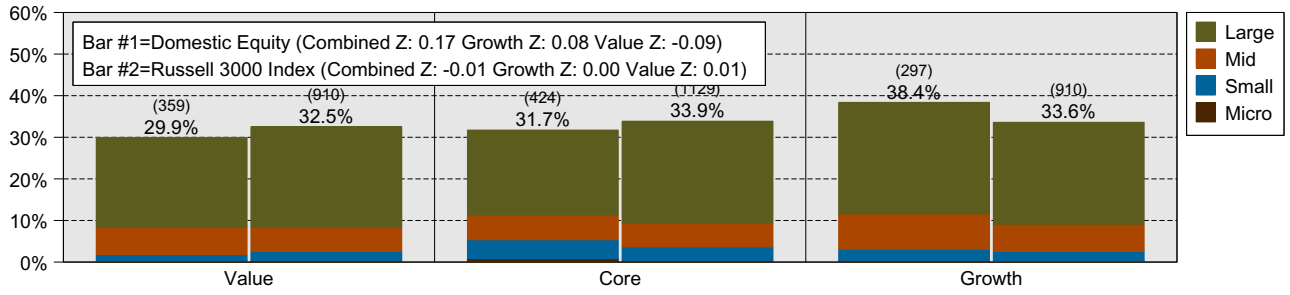
### Style Map vs Pub Pln- Dom Equity
### Holdings as of September 30, 2014



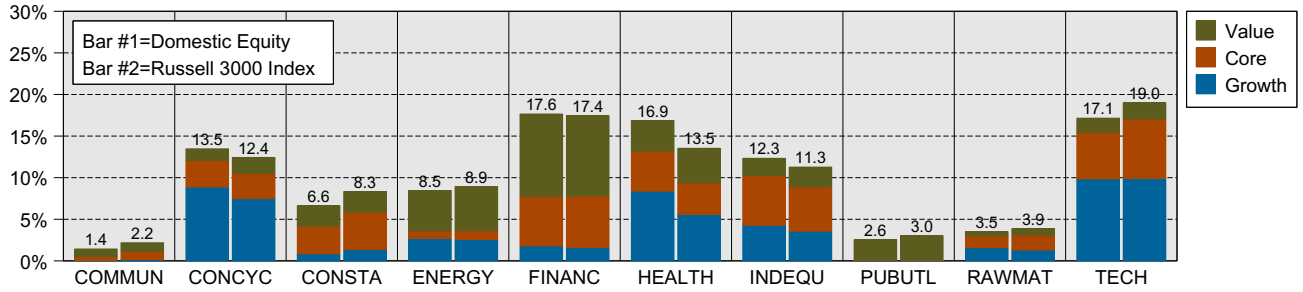

### Style Exposure Matrix
### Holdings as of September 30, 2014

| | Value | Core | Growth | Total |
|---|---|---|---|---|
| Large | 21.5% (86)<br>24.1% (86) | 20.4% (102)<br>24.5% (100) | 26.8% (106)<br>24.5% (108) | **68.6% (294)**<br>**73.0% (294)** |
| Mid | 6.6% (188)<br>5.9% (188) | 6.0% (169)<br>5.7% (197) | 8.5% (120)<br>6.5% (205) | **21.1% (477)**<br>**18.1% (590)** |
| Small | 1.5% (71)<br>2.2% (330) | 4.6% (124)<br>3.3% (484) | 2.7% (57)<br>2.3% (367) | **8.8% (252)**<br>**7.8% (1181)** |
| Micro | 0.3% (14)<br>0.4% (306) | 0.8% (29)<br>0.4% (348) | 0.4% (14)<br>0.3% (230) | **1.5% (57)**<br>**1.1% (884)** |
| **Total** | **29.9% (359)**<br>**32.5% (910)** | **31.7% (424)**<br>**33.9% (1129)** | **38.4% (297)**<br>**33.6% (910)** | **100.0% (1080)**<br>**100.0% (2949)** |

### Combined Z-Score Style Distribution
### Holdings as of September 30, 2014




### Sector Weights Distribution
### Holdings as of September 30, 2014



# Domestic Equity
# Top 10 Portfolio Holdings Characteristics
# as of September 30, 2014

## 10 Largest Holdings

| Stock | Sector | Ending Market Value | Percent of Portfolio | Qtrly Return | Market Capital | Price/ Forecasted Earnings Ratio | Dividend Yield | Forecasted Growth in Earnings |
|---|---|---|---|---|---|---|---|---|
| Exxon Mobil Corp | Energy | $5,945,193 | 1.7% | (5.93)% | 401.09 | 12.18 | 2.93% | 3.85% |
| Apple Inc | Information Technology | $4,363,260 | 1.2% | 8.95% | 603.28 | 14.07 | 1.87% | 11.90% |
| Johnson & Johnson | Health Care | $4,090,215 | 1.1% | 2.57% | 300.61 | 17.07 | 2.63% | 6.78% |
| Amazon.Com | Consumer Discretionary | $4,056,084 | 1.1% | (0.72)% | 148.98 | 227.87 | 0.00% | 30.00% |
| General Electric Co | Industrials | $3,794,906 | 1.1% | (1.69)% | 257.07 | 14.35 | 3.43% | 7.00% |
| Microsoft Corp | Information Technology | $3,781,664 | 1.1% | 11.86% | 381.96 | 16.36 | 2.67% | 7.50% |
| Berkshire Hathaway Inc Del Cl B New | Financials | $3,726,680 | 1.0% | 9.15% | 167.17 | 19.89 | 0.00% | 8.50% |
| Visa Inc Com Cl A | Information Technology | $3,660,374 | 1.0% | 1.45% | 105.57 | 20.58 | 0.75% | 17.25% |
| Wells Fargo & Co New | Financials | $3,648,106 | 1.0% | (0.62)% | 270.78 | 12.23 | 2.70% | 10.00% |
| Gilead Sciences | Health Care | $3,561,635 | 1.0% | 28.39% | 160.92 | 11.80 | 0.00% | 19.00% |

## 10 Best Performers

| Stock | Sector | Ending Market Value | Percent of Portfolio | Qtrly Return | Market Capital | Price/ Forecasted Earnings Ratio | Dividend Yield | Forecasted Growth in Earnings |
|---|---|---|---|---|---|---|---|---|
| Us Steel Corp | Materials | $42,785 | 0.0% | 50.63% | 5.68 | 14.30 | 0.51% | 6.50% |
| Auxilium Pharmaceuticals Inc | Health Care | $137,310 | 0.0% | 48.80% | 1.50 | 26.30 | 0.00% | - |
| Move Inc | Information Technology | $205,198 | 0.1% | 41.72% | 0.84 | 46.37 | 0.00% | 14.00% |
| Ambarella Inc Shs | Information Technology | $213,983 | 0.1% | 40.06% | 1.30 | 26.79 | 0.00% | - |
| Veritiv Corp | Industrials | $2,705 | 0.0% | 35.11% | 0.41 | 15.64 | 0.00% | 26.80% |
| Sigma-Aldrich | Materials | $186,119 | 0.1% | 34.32% | 16.18 | 29.52 | 0.68% | 6.40% |
| Providence Svc Corp | Health Care | $139,818 | 0.0% | 32.22% | 0.72 | 19.79 | 0.00% | 15.00% |
| Monster Beverage Corp | Consumer Staples | $95,628 | 0.0% | 29.06% | 15.37 | 31.18 | 0.00% | 15.75% |
| Gilead Sciences | Health Care | $3,561,635 | 1.0% | 28.39% | 160.92 | 11.80 | 0.00% | 19.00% |
| Medivation Inc | Health Care | $291,667 | 0.1% | 28.27% | 7.59 | 30.99 | 0.00% | 0.00% |

## 10 Worst Performers

| Stock | Sector | Ending Market Value | Percent of Portfolio | Qtrly Return | Market Capital | Price/ Forecasted Earnings Ratio | Dividend Yield | Forecasted Growth in Earnings |
|---|---|---|---|---|---|---|---|---|
| Liberty Media Corp Delaware Cl A | Consumer Discretionary | $33,810 | 0.0% | (65.48)% | 4.93 | 55.64 | 0.00% | - |
| Civeo Corp | Industrials | $40,287 | 0.0% | (53.38)% | 1.24 | 10.25 | 4.48% | - |
| Furmanite Corporation | Industrials | $169,744 | 0.0% | (41.92)% | 0.25 | 11.52 | 0.00% | 15.00% |
| Sandridge Energy Inc | Energy | $16,043 | 0.0% | (40.00)% | 2.12 | 17.51 | 0.00% | 45.60% |
| Commercial Veh Group Inc | Industrials | $73,604 | 0.0% | (38.45)% | 0.18 | 9.55 | 0.00% | (2.22)% |
| Timken Co | Industrials | $24,414 | 0.0% | (37.17)% | 3.85 | 14.19 | 2.36% | 18.90% |
| Sears Hldgs Corp | Consumer Discretionary | $1,209 | 0.0% | (36.86)% | 2.69 | (2.12) | 0.00% | (10.95)% |
| Trimas Corp | Industrials | $112,161 | 0.0% | (36.19)% | 1.10 | 9.91 | 0.00% | 10.00% |
| Bankrate Inc Del | Information Technology | $73,726 | 0.0% | (35.23)% | 1.19 | 14.66 | 0.00% | 18.00% |
| Hanger Inc | Health Care | $248,087 | 0.1% | (34.75)% | 0.72 | 10.83 | 0.00% | 7.77% |

# Large Cap Equity
# Period Ended September 30, 2014

## Investment Philosophy

Large Capitalization managers concentrate their holdings in large market capitalization domestic equity securities regardless of style (growth, value or core) orientation.

## Quarterly Summary and Highlights

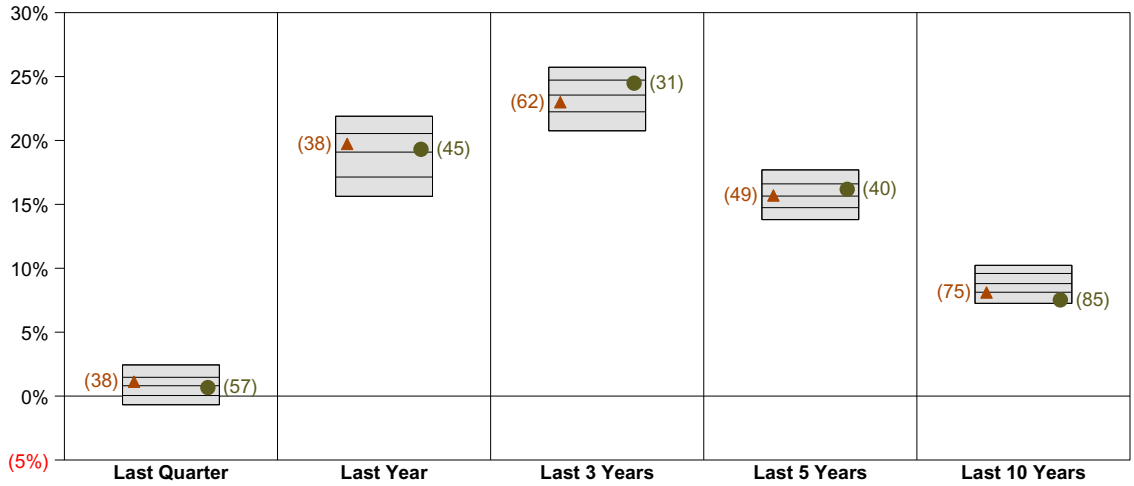
- Large Cap Equity's portfolio posted a 0.67% return for the quarter placing it in the 57 percentile of the CAI Large Capitalization Style group for the quarter and in the 45 percentile for the last year.
- Large Cap Equity's portfolio underperformed the S&P 500 Index by 0.46% for the quarter and underperformed the S&P 500 Index for the year by 0.43%.

## Quarterly Asset Growth

| | |
|---|---|
| Beginning Market Value | $284,454,682 |
| Net New Investment | $-6,632,253 |
| Investment Gains/(Losses) | $1,918,306 |
| Ending Market Value | $279,740,735 |

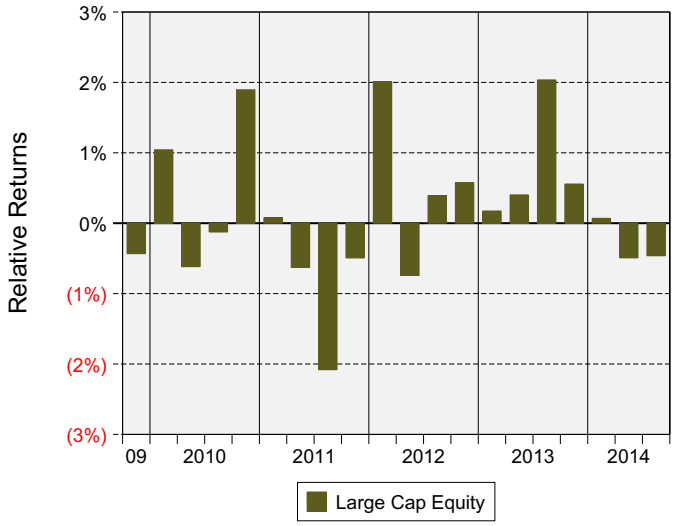
**Percent Cash: 0.2%**

## Performance vs CAI Large Capitalization Style (Gross)

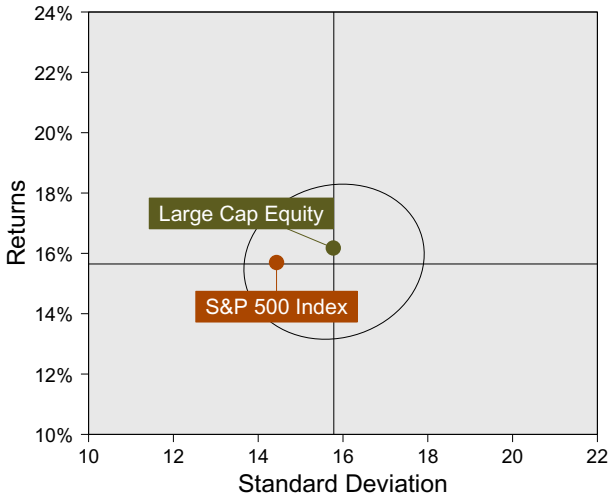



| | Last Quarter | Last Year | Last 3 Years | Last 5 Years | Last 10 Years |
|---|---|---|---|---|---|
| 10th Percentile | 2.44 | 21.89 | 25.73 | 17.70 | 10.23 |
| 25th Percentile | 1.47 | 20.54 | 24.72 | 16.60 | 9.59 |
| Median | 0.81 | 19.09 | 23.55 | 15.65 | 8.80 |
| 75th Percentile | 0.05 | 17.14 | 22.24 | 14.74 | 8.13 |
| 90th Percentile | (0.68) | 15.63 | 20.76 | 13.81 | 7.25 |
| **Large Cap Equity** ● | 0.67 | 19.31 | 24.48 | 16.18 | 7.52 |
| S&P 500 Index ▲ | 1.13 | 19.73 | 22.99 | 15.70 | 8.11 |

## Relative Return vs S&P 500 Index




## CAI Large Capitalization Style (Gross) Annualized Five Year Risk vs Return

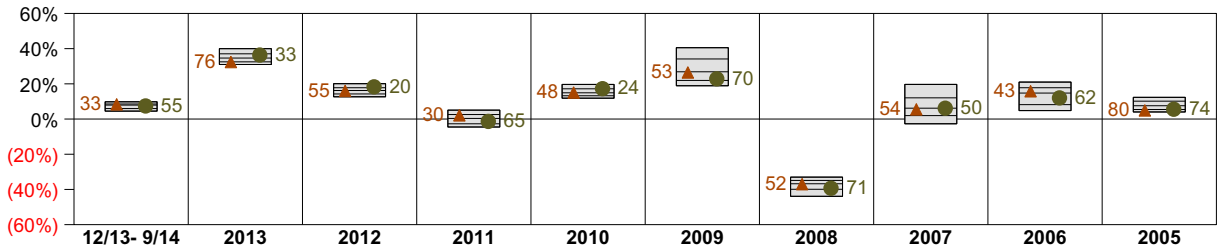


# Large Cap Equity
# Return Analysis Summary

## Return Analysis

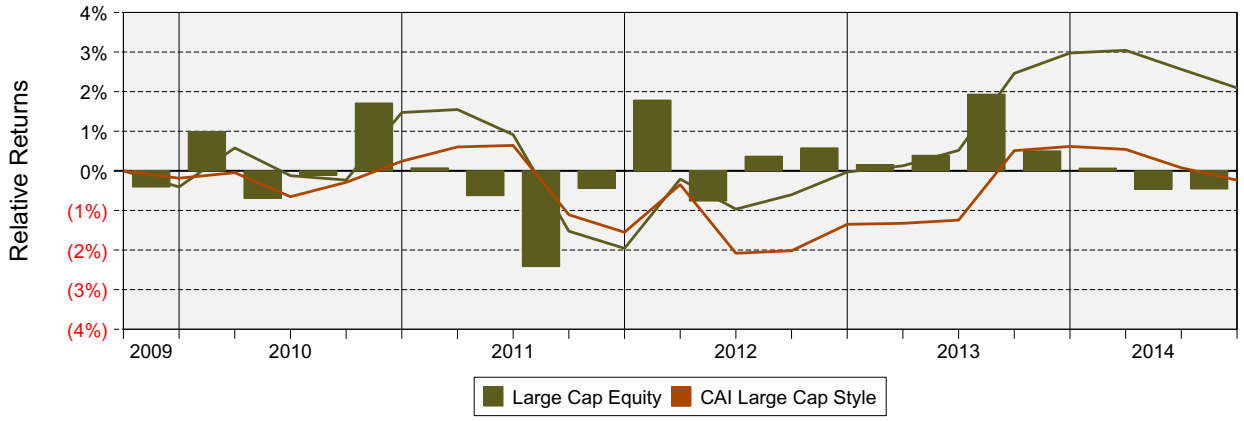
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

## Performance vs CAI Large Capitalization Style (Gross)

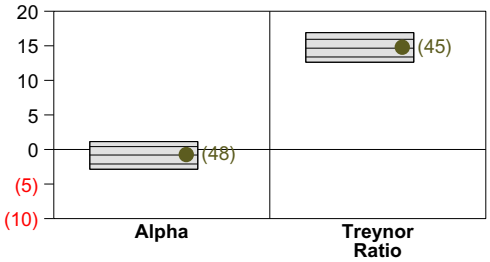



| | 12/13- 9/14 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|---|---|---|---|---|---|
| 10th Percentile | 9.78 | 39.98 | 20.10 | 5.06 | 19.66 | 40.53 | (33.01) | 19.67 | 21.00 | 12.33 |
| 25th Percentile | 8.55 | 37.06 | 17.78 | 2.56 | 17.19 | 34.14 | (34.87) | 12.04 | 17.78 | 10.15 |
| Median | 7.93 | 34.64 | 16.21 | 0.34 | 14.91 | 26.85 | (36.77) | 6.17 | 14.75 | 7.57 |
| 75th Percentile | 5.96 | 32.50 | 14.26 | (2.70) | 13.23 | 21.94 | (39.91) | 1.96 | 8.18 | 5.43 |
| 90th Percentile | 4.50 | 30.98 | 12.64 | (4.54) | 11.84 | 18.92 | (43.92) | (2.70) | 4.80 | 4.01 |
| **Large Cap Equity** ● | 7.42 | 36.37 | 18.29 | (1.34) | 17.24 | 22.85 | (39.32) | 6.16 | 12.01 | 5.58 |
| S&P 500 Index ▲ | 8.34 | 32.39 | 16.00 | 2.11 | 15.06 | 26.47 | (37.00) | 5.49 | 15.79 | 4.91 |

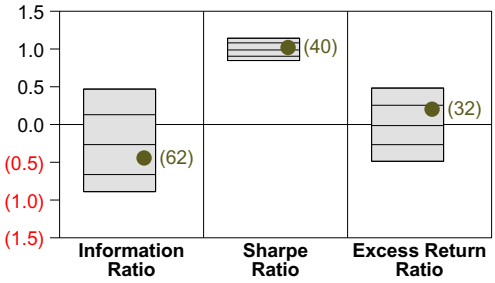
## Cumulative and Quarterly Relative Return vs S&P 500 Index




## Risk Adjusted Return Measures vs S&P 500 Index
## Rankings Against CAI Large Capitalization Style (Gross)
## Five Years Ended September 30, 2014




| | Alpha | Treynor Ratio |
|---|---|---|
| 10th Percentile | 1.14 | 16.90 |
| 25th Percentile | 0.42 | 15.94 |
| Median | (0.80) | 14.66 |
| 75th Percentile | (2.10) | 13.38 |
| 90th Percentile | (2.86) | 12.62 |
| **Large Cap Equity** ● | (0.74) | 14.79 |



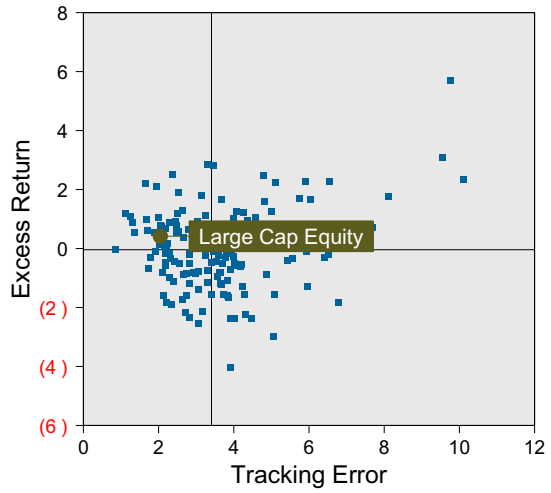

| | Information Ratio | Sharpe Ratio | Excess Return Ratio |
|---|---|---|---|
| 10th Percentile | 0.47 | 1.14 | 0.48 |
| 25th Percentile | 0.13 | 1.08 | 0.25 |
| Median | (0.27) | 0.99 | (0.01) |
| 75th Percentile | (0.66) | 0.90 | (0.27) |
| 90th Percentile | (0.89) | 0.85 | (0.49) |
| **Large Cap Equity** ● | (0.44) | 1.02 | 0.20 |

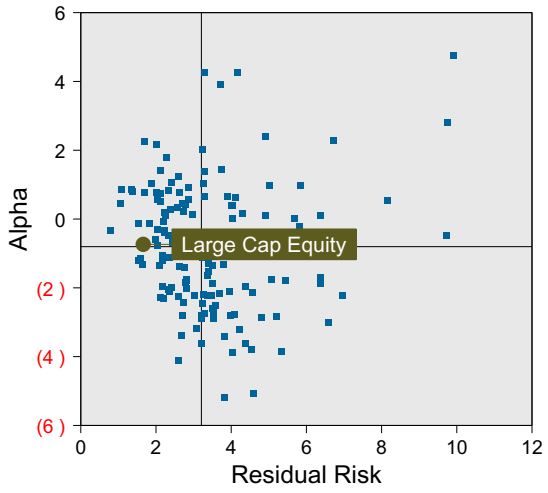
# Large Cap Equity
# Risk Analysis Summary

## Risk Analysis

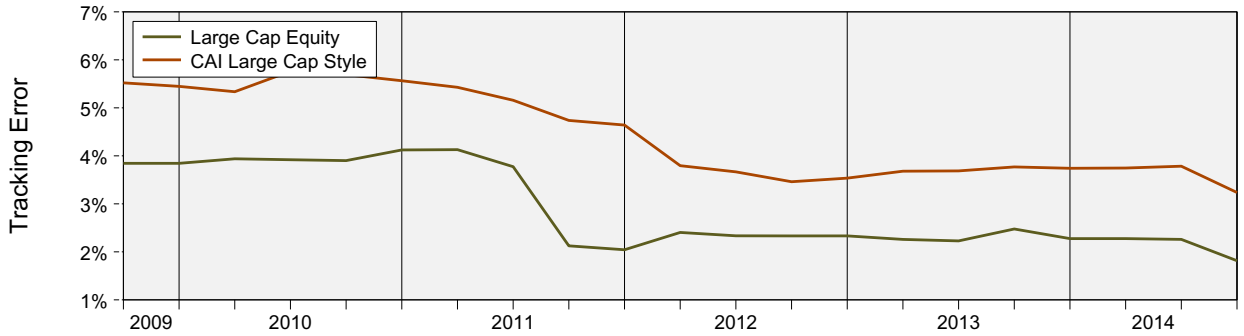
The graphs below analyze the risk or variation of a manager's return pattern. The first scatter chart illustrates the relationship, called Excess Return Ratio, between excess return and tracking error relative to the benchmark. The second scatter chart displays the relationship, sometimes called Information Ratio, between alpha (market-risk or "beta" adjusted return) and residual risk (non-market or "unsystematic" risk). The third chart shows tracking error patterns versus the benchmark over time. The last two charts show the ranking of the manager's risk statistics versus the peer group.

## Risk Analysis vs CAI Large Capitalization Style (Gross)
## Five Years Ended September 30, 2014

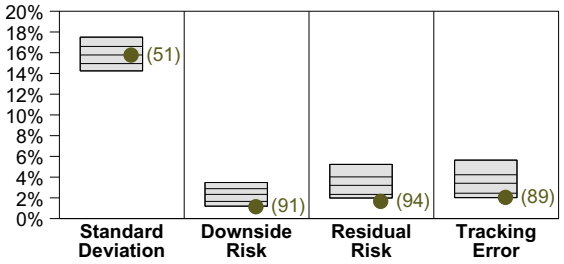


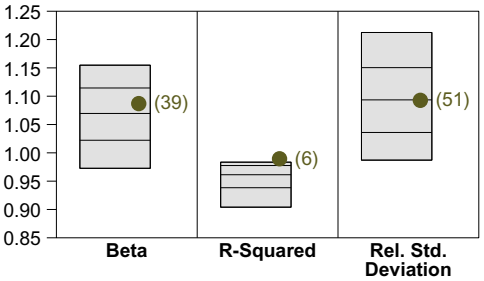

## Rolling 12 Quarter Tracking Error vs S&P 500 Index




## Risk Statistics Rankings vs S&P 500 Index
## Rankings Against CAI Large Capitalization Style (Gross)
## Five Years Ended September 30, 2014




| | Standard Deviation | Downside Risk | Residual Risk | Tracking Error |
|---|---|---|---|---|
| 10th Percentile | 17.50 | 3.48 | 5.23 | 5.64 |
| 25th Percentile | 16.60 | 2.89 | 4.02 | 4.23 |
| Median | 15.78 | 2.33 | 3.21 | 3.41 |
| 75th Percentile | 14.95 | 1.66 | 2.33 | 2.45 |
| 90th Percentile | 14.25 | 1.20 | 1.98 | 2.02 |
| **Large Cap Equity** ● | 15.77 | 1.14 | 1.66 | 2.05 |



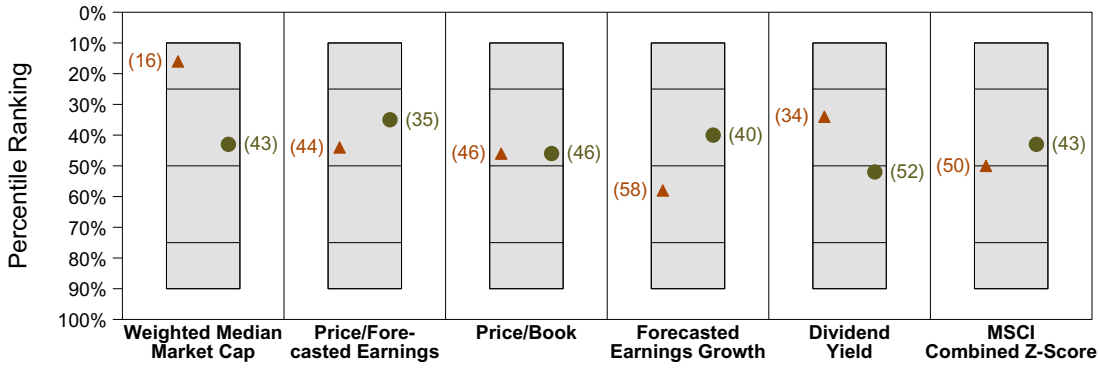

| | Beta | R-Squared | Rel. Std. Deviation |
|---|---|---|---|
| 10th Percentile | 1.15 | 0.98 | 1.21 |
| 25th Percentile | 1.11 | 0.98 | 1.15 |
| Median | 1.07 | 0.96 | 1.09 |
| 75th Percentile | 1.02 | 0.94 | 1.04 |
| 90th Percentile | 0.97 | 0.90 | 0.99 |
| **Large Cap Equity** ● | 1.09 | 0.99 | 1.09 |

# Large Cap Equity
# Equity Characteristics Analysis Summary

## Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

## Portfolio Characteristics Percentile Rankings
## Rankings Against CAI Large Capitalization Style
## as of September 30, 2014

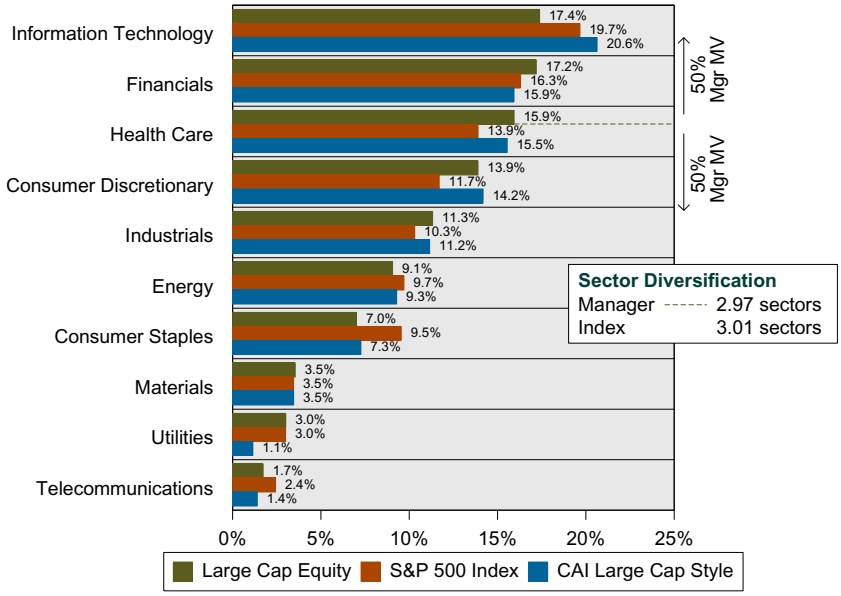



| | Weighted Median Market Cap | Price/Forecasted Earnings | Price/Book | Forecasted Earnings Growth | Dividend Yield | MSCI Combined Z-Score |
|---|---|---|---|---|---|---|
| 10th Percentile | 76.08 | 20.18 | 4.88 | 19.05 | 2.38 | 1.43 |
| 25th Percentile | 64.84 | 17.37 | 4.12 | 15.22 | 2.13 | 0.98 |
| Median | 54.46 | 14.86 | 2.58 | 11.92 | 1.77 | (0.04) |
| 75th Percentile | 43.17 | 13.70 | 1.98 | 9.94 | 1.16 | (0.57) |
| 90th Percentile | 29.07 | 13.04 | 1.76 | 8.91 | 0.77 | (0.77) |
| **Large Cap Equity** ● | 56.69 | 16.26 | 2.61 | 13.13 | 1.74 | 0.19 |
| S&P 500 Index ▲ | 72.10 | 15.45 | 2.63 | 11.19 | 2.04 | (0.05) |

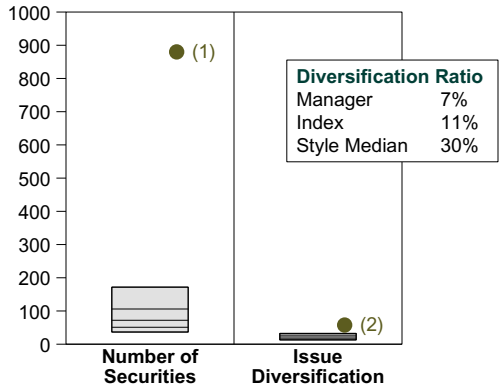
## Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that comprise half of the portfolio's market value.

### Sector Allocation
### September 30, 2014




### Diversification
### September 30, 2014

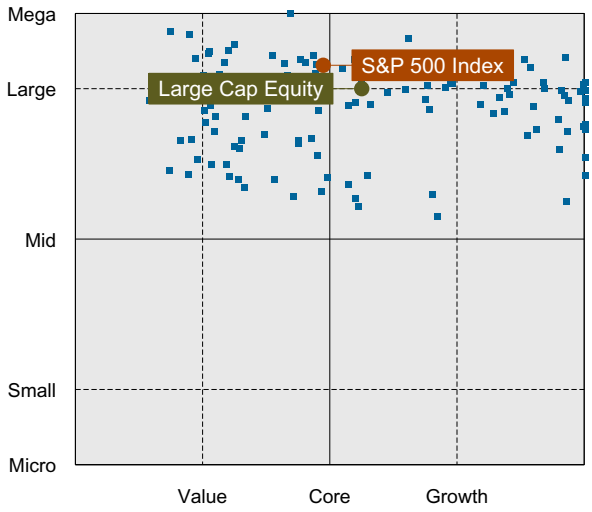



| | Number of Securities | Issue Diversification |
|---|---|---|
| 10th Percentile | 172 | 33 |
| 25th Percentile | 106 | 27 |
| Median | 72 | 22 |
| 75th Percentile | 51 | 16 |
| 90th Percentile | 37 | 13 |
| **Large Cap Equity** ● | 880 | 58 |
| S&P 500 Index ▲ | 502 | 57 |

## Current Holdings Based Style Analysis
## Large Cap Equity
## As of September 30, 2014

This page analyzes the current investment style of a portfolio utilizing a detailed holdings-based style analysis to determine actual exposures to various market capitalization and style segments of the domestic equity market. The market is segmented quarterly by capitalization and style. The capitalization segments are dictated by capitalization decile breakpoints. The style segments are determined using the "Combined Z Score", based on the eight fundamental factors used in the MSCI stock style scoring system. The upper-left style map illustrates the current market capitalization and style score of the portfolio relative to indices and/or peers. The upper-right style exposure matrix displays the current portfolio and index weights and stock counts (in parentheses) in each capitalization/style segment of the market. The middle chart illustrates the total exposures and stock counts in the three style segments, with a legend showing the total growth, value, and "combined Z" (growth - value) scores. The bottom chart exhibits the sector weights as well as the style weights within each sector.

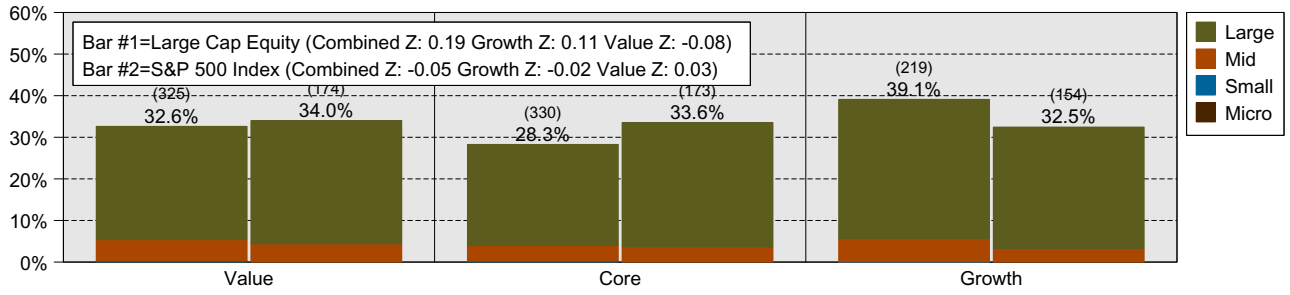
### Style Map vs CAI Large Cap Style
### Holdings as of September 30, 2014



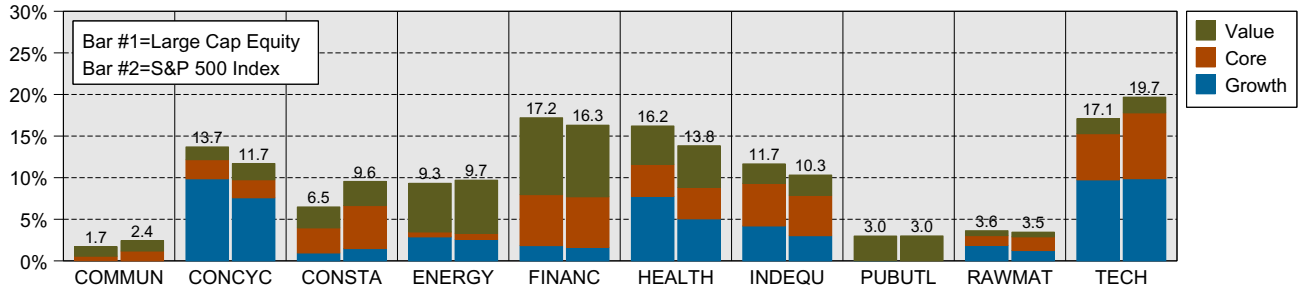

### Style Exposure Matrix
### Holdings as of September 30, 2014

| | Value | Core | Growth | Total |
|---|---|---|---|---|
| Large | 27.2% (86)<br>29.6% (85) | 24.3% (102)<br>29.9% (97) | 33.4% (106)<br>29.1% (98) | **84.9% (294)**<br>**88.6% (280)** |
| Mid | 5.0% (184)<br>4.4% (89) | 3.7% (164)<br>3.7% (76) | 5.6% (100)<br>3.3% (56) | **14.3% (448)**<br>**11.4% (221)** |
| Small | 0.4% (54)<br>0.0% (0) | 0.3% (61)<br>0.0% (0) | 0.1% (13)<br>0.0% (0) | **0.7% (128)**<br>**0.0% (0)** |
| Micro | 0.0% (1)<br>0.0% (0) | 0.0% (3)<br>0.0% (0) | 0.0% (0)<br>0.0% (0) | **0.0% (4)**<br>**0.0% (0)** |
| **Total** | **32.6% (325)**<br>**34.0% (174)** | **28.3% (330)**<br>**33.6% (173)** | **39.1% (219)**<br>**32.5% (154)** | **100.0% (874)**<br>**100.0% (501)** |

### Combined Z-Score Style Distribution
### Holdings as of September 30, 2014




### Sector Weights Distribution
### Holdings as of September 30, 2014



# Large Cap Equity
# Top 10 Portfolio Holdings Characteristics
# as of September 30, 2014

## 10 Largest Holdings

| Stock | Sector | Ending Market Value | Percent of Portfolio | Qtrly Return | Market Capital | Price/ Forecasted Earnings Ratio | Dividend Yield | Forecasted Growth in Earnings |
|---|---|---|---|---|---|---|---|---|
| Exxon Mobil Corp | Energy | $5,945,193 | 2.1% | (5.93)% | 401.09 | 12.18 | 2.93% | 3.85% |
| Apple Inc | Information Technology | $4,363,260 | 1.6% | 8.95% | 603.28 | 14.07 | 1.87% | 11.90% |
| Johnson & Johnson | Health Care | $4,090,215 | 1.5% | 2.57% | 300.61 | 17.07 | 2.63% | 6.78% |
| Amazon.Com | Consumer Discretionary | $4,056,084 | 1.5% | (0.72)% | 148.98 | 227.87 | 0.00% | 30.00% |
| General Electric Co | Industrials | $3,794,906 | 1.4% | (1.69)% | 257.07 | 14.35 | 3.43% | 7.00% |
| Microsoft Corp | Information Technology | $3,781,664 | 1.4% | 11.86% | 381.96 | 16.36 | 2.67% | 7.50% |
| Berkshire Hathaway Inc Del Cl B New | Financials | $3,726,680 | 1.3% | 9.15% | 167.17 | 19.89 | 0.00% | 8.50% |
| Visa Inc Com Cl A | Information Technology | $3,660,374 | 1.3% | 1.45% | 105.57 | 20.58 | 0.75% | 17.25% |
| Wells Fargo & Co New | Financials | $3,648,106 | 1.3% | (0.62)% | 270.78 | 12.23 | 2.70% | 10.00% |
| Gilead Sciences | Health Care | $3,561,635 | 1.3% | 28.39% | 160.92 | 11.80 | 0.00% | 19.00% |

## 10 Best Performers

| Stock | Sector | Ending Market Value | Percent of Portfolio | Qtrly Return | Market Capital | Price/ Forecasted Earnings Ratio | Dividend Yield | Forecasted Growth in Earnings |
|---|---|---|---|---|---|---|---|---|
| Us Steel Corp | Materials | $42,785 | 0.0% | 50.63% | 5.68 | 14.30 | 0.51% | 6.50% |
| Veritiv Corp | Industrials | $2,705 | 0.0% | 35.11% | 0.41 | 15.64 | 0.00% | 26.80% |
| Sigma-Aldrich | Materials | $186,119 | 0.1% | 34.32% | 16.18 | 29.52 | 0.68% | 6.40% |
| Monster Beverage Corp | Consumer Staples | $95,628 | 0.0% | 29.06% | 15.37 | 31.18 | 0.00% | 15.75% |
| Gilead Sciences | Health Care | $3,561,635 | 1.3% | 28.39% | 160.92 | 11.80 | 0.00% | 19.00% |
| Regeneron Pharmaceutical | Health Care | $527,839 | 0.2% | 27.63% | 35.72 | 30.64 | 0.00% | 21.00% |
| Steel Dynamics Inc | Materials | $40,974 | 0.0% | 26.59% | 5.43 | 12.47 | 2.03% | 24.02% |
| Tenet Healthcare Corp | Health Care | $42,804 | 0.0% | 26.52% | 5.82 | 23.98 | 0.00% | 19.90% |
| Urs Corp New | Industrials | $30,013 | 0.0% | 26.11% | 3.98 | 17.36 | 1.53% | 15.00% |
| Southwest Airls Co | Industrials | $185,429 | 0.1% | 25.97% | 23.14 | 16.49 | 0.71% | 35.55% |

## 10 Worst Performers

| Stock | Sector | Ending Market Value | Percent of Portfolio | Qtrly Return | Market Capital | Price/ Forecasted Earnings Ratio | Dividend Yield | Forecasted Growth in Earnings |
|---|---|---|---|---|---|---|---|---|
| Liberty Media Corp Delaware Cl A | Consumer Discretionary | $33,810 | 0.0% | (65.48)% | 4.93 | 55.64 | 0.00% | - |
| Sandridge Energy Inc | Energy | $16,043 | 0.0% | (40.00)% | 2.12 | 17.51 | 0.00% | 45.60% |
| Timken Co | Industrials | $24,414 | 0.0% | (37.17)% | 3.85 | 14.19 | 2.36% | 18.90% |
| Sears Hldgs Corp | Consumer Discretionary | $1,209 | 0.0% | (36.86)% | 2.69 | (2.12) | 0.00% | (10.95)% |
| Rite Aid Corp | Consumer Staples | $11,826 | 0.0% | (32.50)% | 4.74 | 12.35 | 0.00% | 39.71% |
| Aarons Inc Com Par $0.50 | Consumer Discretionary | $9,756 | 0.0% | (31.71)% | 1.76 | 11.63 | 0.35% | 10.25% |
| Cliffs Nat Res Inc | Materials | $12,030 | 0.0% | (30.44)% | 1.59 | (44.17) | 5.78% | 5.00% |
| Seadrill Limited Shs | Energy | $50,150 | 0.0% | (30.43)% | 13.23 | 7.99 | 17.36% | 15.25% |
| Tidewater Inc | Energy | $14,686 | 0.0% | (30.14)% | 1.94 | 8.09 | 2.56% | 5.00% |
| Diamond Offshore Drilling In | Energy | $33,935 | 0.0% | (29.67)% | 4.70 | 9.53 | 1.46% | (6.60)% |

# Alliance S&P Index
## Period Ended September 30, 2014

### Investment Philosophy

Alliance uses a stratified sampling methodology and purchases a majority of the index stocks to replicate the Standard and Poor's 500. The product was funded during the third quarter of 1988.

### Quarterly Summary and Highlights

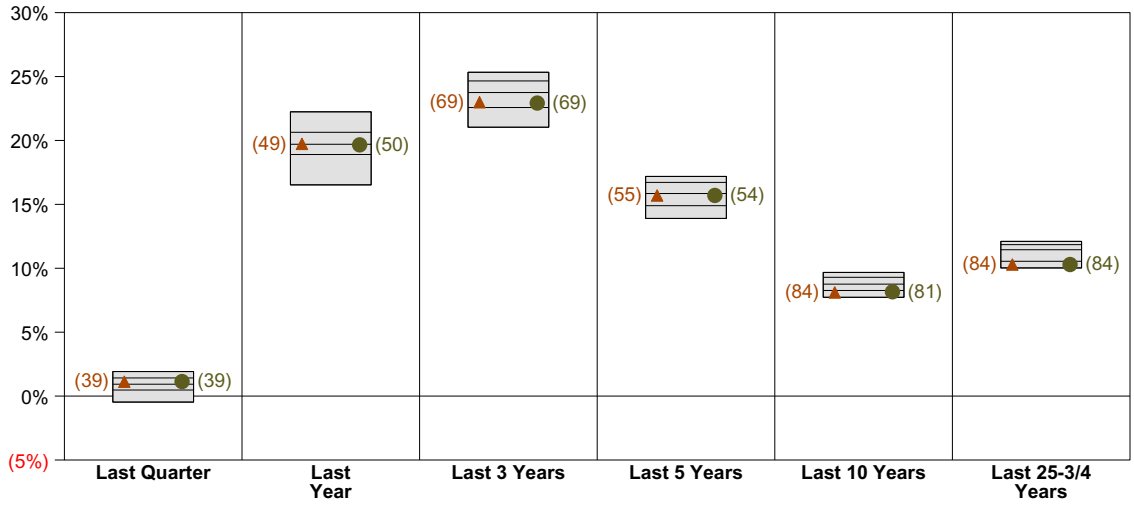
- Alliance S&P Index's portfolio posted a 1.14% return for the quarter placing it in the 39 percentile of the CAI Large Cap Core Style group for the quarter and in the 50 percentile for the last year.
- Alliance S&P Index's portfolio outperformed the S&P 500 Index by 0.01% for the quarter and underperformed the S&P 500 Index for the year by 0.08%.

### Quarterly Asset Growth

| | |
|---|---|
| Beginning Market Value | $85,340,856 |
| Net New Investment | $-1,215,296 |
| Investment Gains/(Losses) | $963,098 |
| Ending Market Value | $85,088,659 |

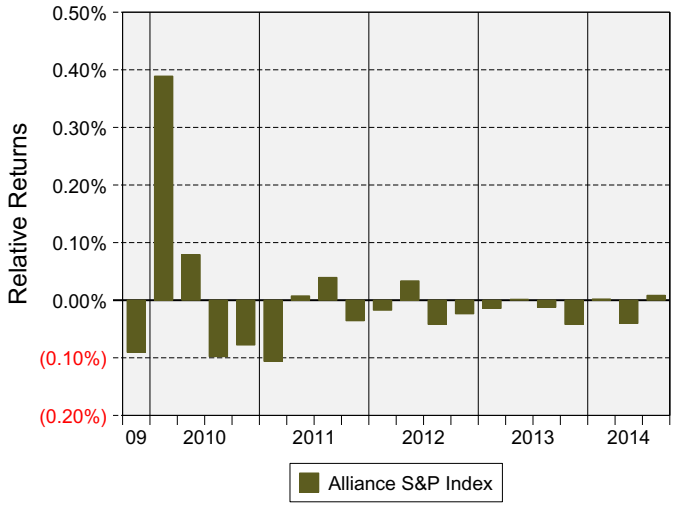
**Percent Cash: 0.3%**

### Performance vs CAI Large Cap Core Style (Gross)

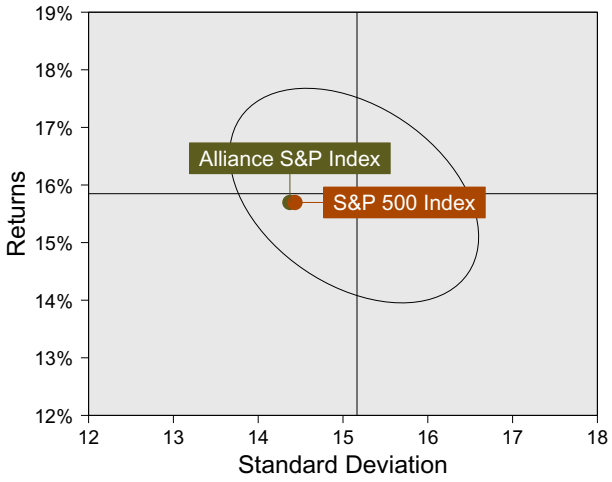



| | Last Quarter | Last Year | Last 3 Years | Last 5 Years | Last 10 Years | Last 25-3/4 Years |
|---|---|---|---|---|---|---|
| 10th Percentile | 1.92 | 22.24 | 25.34 | 17.19 | 9.67 | 12.10 |
| 25th Percentile | 1.42 | 20.64 | 24.66 | 16.72 | 9.29 | 11.85 |
| Median | 0.93 | 19.70 | 23.75 | 15.85 | 8.76 | 11.45 |
| 75th Percentile | 0.48 | 18.90 | 22.58 | 14.90 | 8.26 | 10.55 |
| 90th Percentile | (0.47) | 16.52 | 21.04 | 13.90 | 7.73 | 10.03 |
| **Alliance S&P Index** ● | 1.14 | 19.66 | 22.92 | 15.70 | 8.16 | 10.29 |
| S&P 500 Index ▲ | 1.13 | 19.73 | 22.99 | 15.70 | 8.11 | 10.29 |

### Relative Return vs S&P 500 Index




### CAI Large Cap Core Style (Gross) Annualized Five Year Risk vs Return

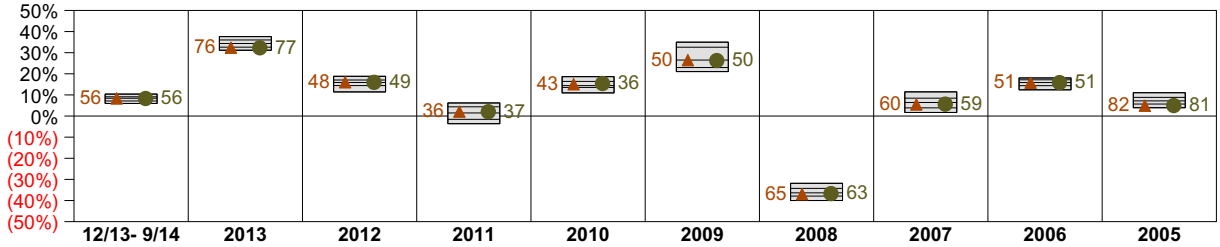


# Alliance S&P Index
# Return Analysis Summary

## Return Analysis

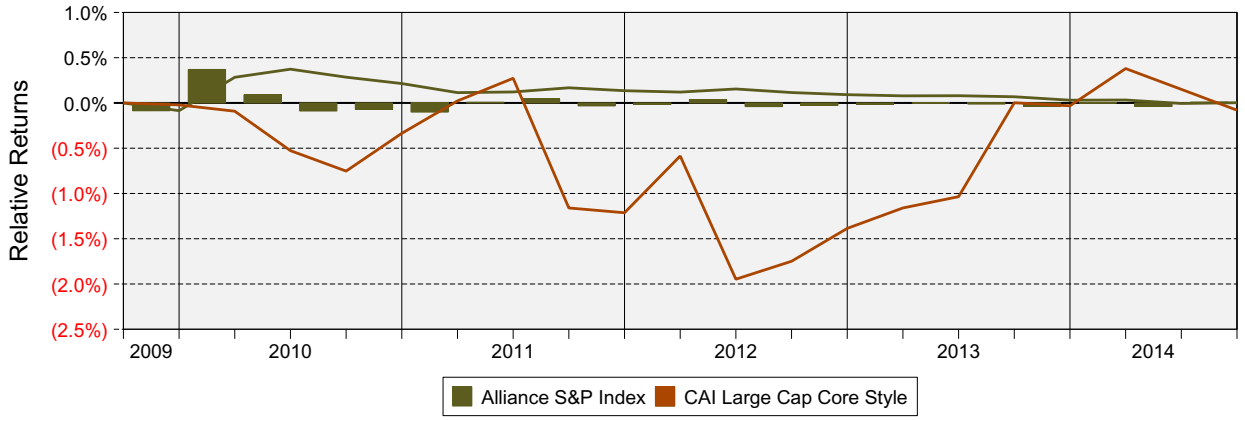
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

## Performance vs CAI Large Cap Core Style (Gross)

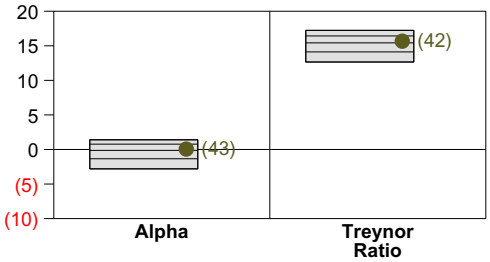


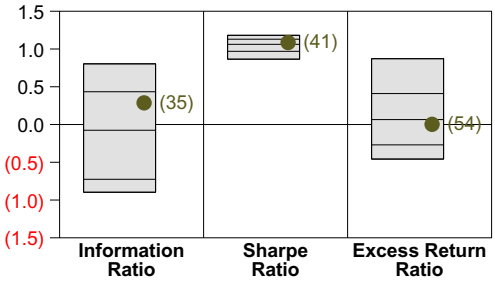

| | 12/13- 9/14 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|---|---|---|---|---|---|
| 10th Percentile | 10.39 | 37.61 | 18.81 | 6.19 | 18.65 | 34.98 | (31.85) | 11.45 | 18.03 | 11.04 |
| 25th Percentile | 9.12 | 36.03 | 17.06 | 4.37 | 16.40 | 32.58 | (34.26) | 8.46 | 17.16 | 8.83 |
| Median | 8.43 | 34.34 | 15.89 | 1.46 | 14.40 | 26.51 | (36.36) | 6.42 | 15.86 | 7.17 |
| 75th Percentile | 7.13 | 32.61 | 14.42 | (1.56) | 13.55 | 22.96 | (37.90) | 3.87 | 14.39 | 5.68 |
| 90th Percentile | 5.94 | 31.15 | 11.41 | (3.63) | 10.96 | 21.05 | (40.00) | 1.70 | 12.41 | 3.94 |
| **Alliance S&P Index** ● | 8.31 | 32.31 | 15.95 | 2.03 | 15.41 | 26.26 | (36.73) | 5.63 | 15.82 | 4.96 |
| S&P 500 Index ▲ | 8.34 | 32.39 | 16.00 | 2.11 | 15.06 | 26.47 | (37.00) | 5.49 | 15.79 | 4.91 |

## Cumulative and Quarterly Relative Return vs S&P 500 Index




## Risk Adjusted Return Measures vs S&P 500 Index
## Rankings Against CAI Large Cap Core Style (Gross)
## Five Years Ended September 30, 2014




| | Alpha | Treynor Ratio |
|---|---|---|
| 10th Percentile | 1.40 | 17.23 |
| 25th Percentile | 0.77 | 16.43 |
| Median | (0.13) | 15.42 |
| 75th Percentile | (1.34) | 14.11 |
| 90th Percentile | (2.81) | 12.65 |
| **Alliance S&P Index** ● | 0.06 | 15.67 |

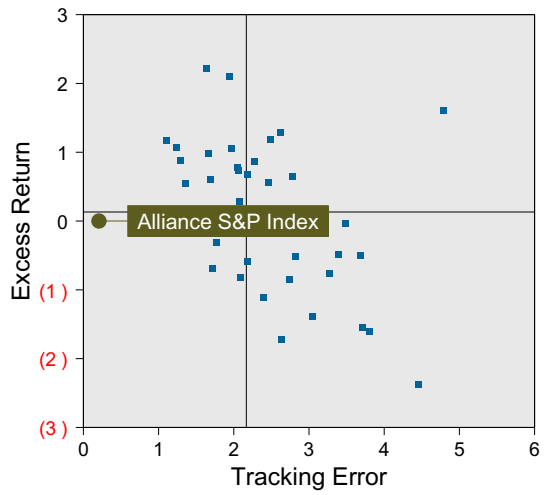
| | Information Ratio | Sharpe Ratio | Excess Return Ratio |
|---|---|---|---|
| 10th Percentile | 0.80 | 1.18 | 0.87 |
| 25th Percentile | 0.43 | 1.13 | 0.41 |
| Median | (0.08) | 1.06 | 0.07 |
| 75th Percentile | (0.73) | 0.97 | (0.27) |
| 90th Percentile | (0.90) | 0.87 | (0.46) |
| **Alliance S&P Index** ● | 0.29 | 1.09 | 0.00 |

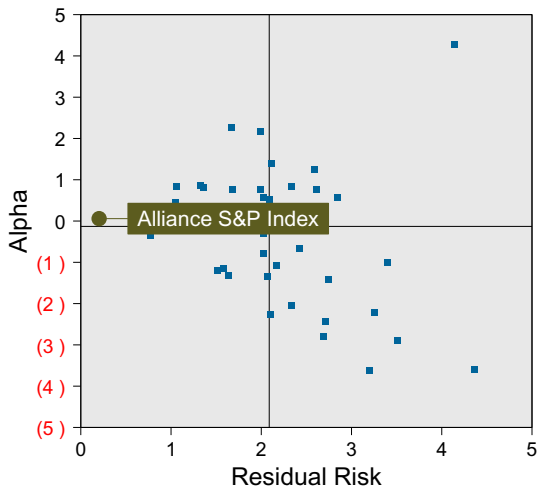
# Alliance S&P Index
# Risk Analysis Summary

## Risk Analysis

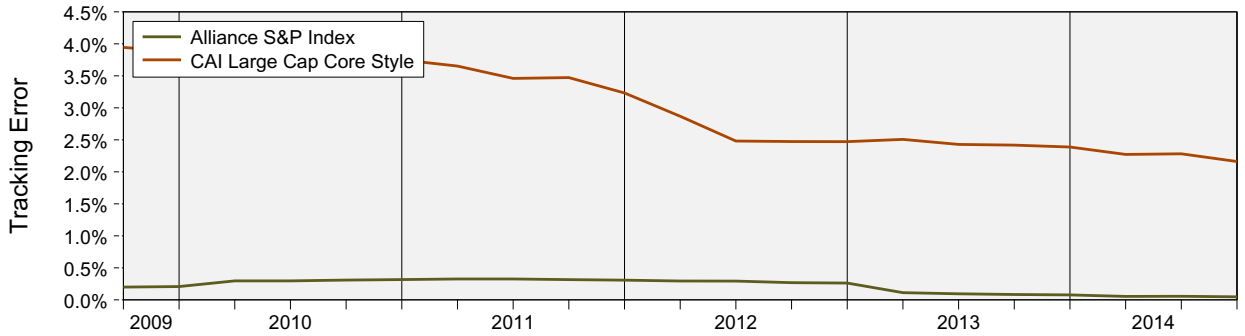
The graphs below analyze the risk or variation of a manager's return pattern. The first scatter chart illustrates the relationship, called Excess Return Ratio, between excess return and tracking error relative to the benchmark. The second scatter chart displays the relationship, sometimes called Information Ratio, between alpha (market-risk or "beta" adjusted return) and residual risk (non-market or "unsystematic" risk). The third chart shows tracking error patterns versus the benchmark over time. The last two charts show the ranking of the manager's risk statistics versus the peer group.

## Risk Analysis vs CAI Large Cap Core Style (Gross)
## Five Years Ended September 30, 2014

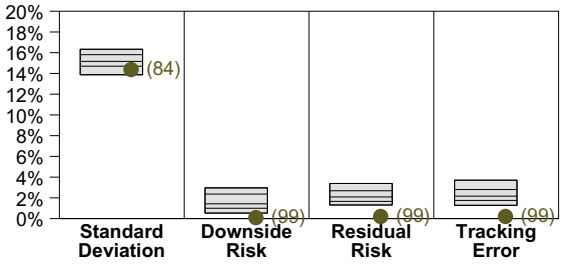


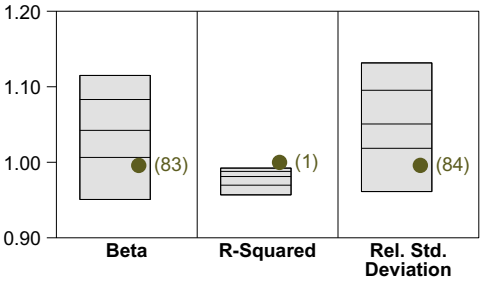

## Rolling 12 Quarter Tracking Error vs S&P 500 Index




## Risk Statistics Rankings vs S&P 500 Index
## Rankings Against CAI Large Cap Core Style (Gross)
## Five Years Ended September 30, 2014




| | Standard Deviation | Downside Risk | Residual Risk | Tracking Error |
|---|---|---|---|---|
| 10th Percentile | 16.33 | 2.96 | 3.39 | 3.70 |
| 25th Percentile | 15.81 | 2.37 | 2.68 | 2.80 |
| Median | 15.16 | 1.42 | 2.09 | 2.17 |
| 75th Percentile | 14.70 | 1.00 | 2.66 | 1.75 |
| 90th Percentile | 13.87 | 0.53 | 1.31 | 1.28 |
| **Alliance S&P Index** ● | 14.37 | 0.09 | 0.20 | 0.21 |



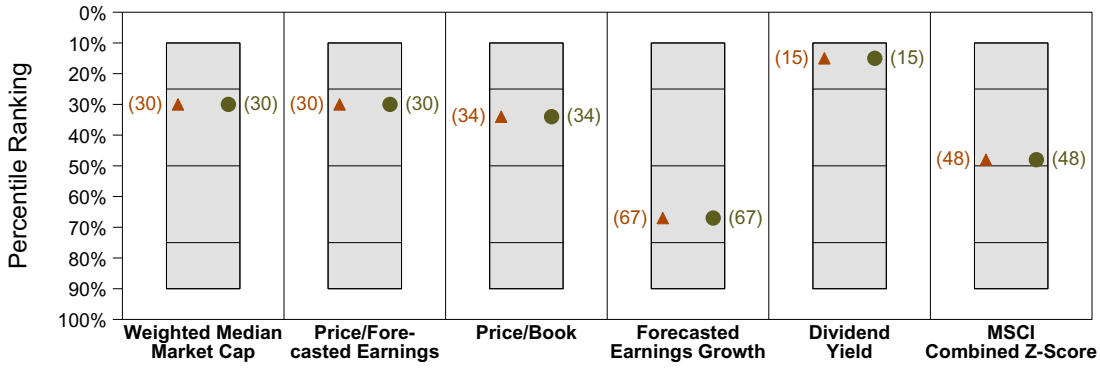

| | Beta | R-Squared | Rel. Std. Deviation |
|---|---|---|---|
| 10th Percentile | 1.11 | 0.99 | 1.13 |
| 25th Percentile | 1.08 | 0.99 | 1.10 |
| Median | 1.04 | 0.98 | 1.05 |
| 75th Percentile | 1.01 | 0.97 | 1.02 |
| 90th Percentile | 0.95 | 0.96 | 0.96 |
| **Alliance S&P Index** ● | 1.00 | 1.00 | 1.00 |

# Alliance S&P Index
# Equity Characteristics Analysis Summary

## Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

## Portfolio Characteristics Percentile Rankings
## Rankings Against CAI Large Cap Core Style
## as of September 30, 2014

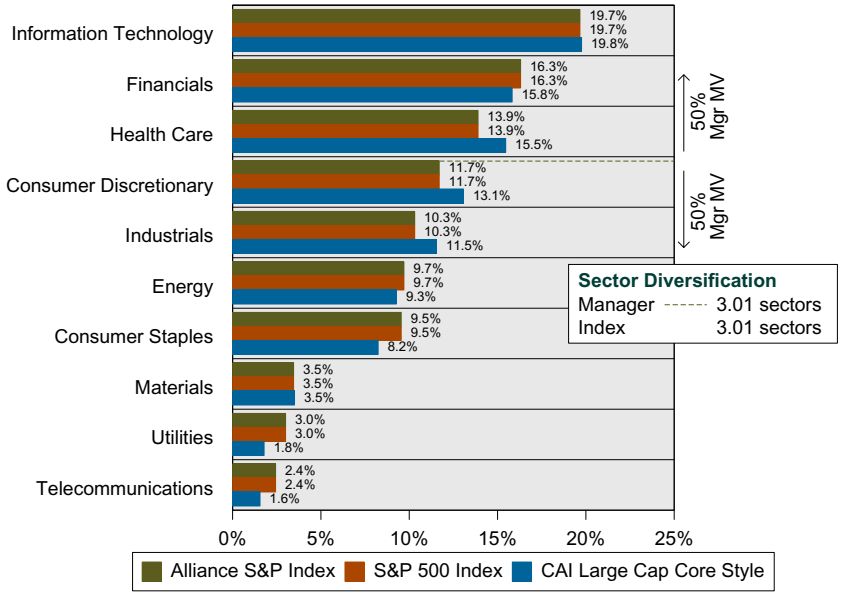



| | Weighted Median Market Cap | Price/Forecasted Earnings | Price/Book | Forecasted Earnings Growth | Dividend Yield | MSCI Combined Z-Score |
|---|---|---|---|---|---|---|
| 10th Percentile | 82.62 | 16.18 | 3.11 | 13.51 | 2.08 | 0.41 |
| 25th Percentile | 73.66 | 15.79 | 2.70 | 12.70 | 1.88 | 0.20 |
| Median | 60.97 | 14.77 | 2.55 | 11.88 | 1.80 | (0.06) |
| 75th Percentile | 39.69 | 14.18 | 2.24 | 10.82 | 1.63 | (0.20) |
| 90th Percentile | 23.13 | 13.81 | 2.14 | 10.06 | 1.43 | (0.27) |
| **Alliance S&P Index** ● | 72.10 | 15.45 | 2.63 | 11.19 | 2.04 | (0.05) |
| S&P 500 Index ▲ | 72.10 | 15.45 | 2.63 | 11.19 | 2.04 | (0.05) |

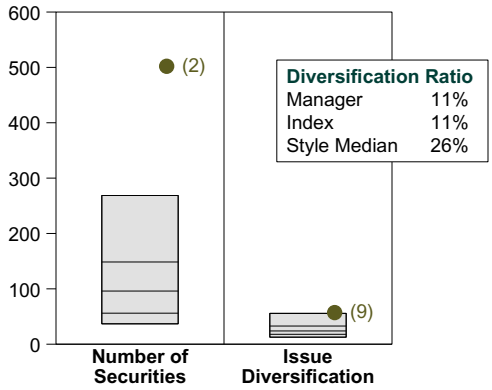
## Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that comprise half of the portfolio's market value.

### Sector Allocation
### September 30, 2014




### Diversification
### September 30, 2014

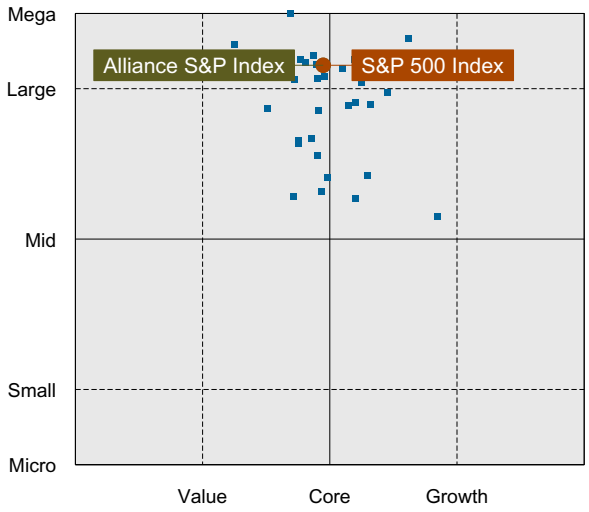



| | Number of Securities | Issue Diversification |
|---|---|---|
| 10th Percentile | 269 | 56 |
| 25th Percentile | 149 | 33 |
| Median | 96 | 24 |
| 75th Percentile | 56 | 18 |
| 90th Percentile | 37 | 13 |
| **Alliance S&P Index** ● | 502 | 57 |
| S&P 500 Index ▲ | 502 | 57 |

## Current Holdings Based Style Analysis
## Alliance S&P Index
## As of September 30, 2014

This page analyzes the current investment style of a portfolio utilizing a detailed holdings-based style analysis to determine actual exposures to various market capitalization and style segments of the domestic equity market. The market is segmented quarterly by capitalization and style. The capitalization segments are dictated by capitalization decile breakpoints. The style segments are determined using the "Combined Z Score", based on the eight fundamental factors used in the MSCI stock style scoring system. The upper-left style map illustrates the current market capitalization and style score of the portfolio relative to indices and/or peers. The upper-right style exposure matrix displays the current portfolio and index weights and stock counts (in parentheses) in each capitalization/style segment of the market. The middle chart illustrates the total exposures and stock counts in the three style segments, with a legend showing the total growth, value, and "combined Z" (growth - value) scores. The bottom chart exhibits the sector weights as well as the style weights within each sector.

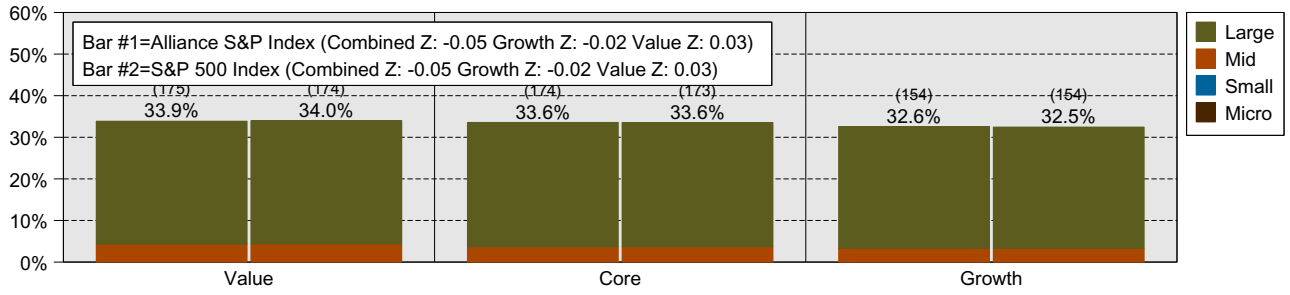
### Style Map vs CAI Large Cap Core Style
### Holdings as of September 30, 2014



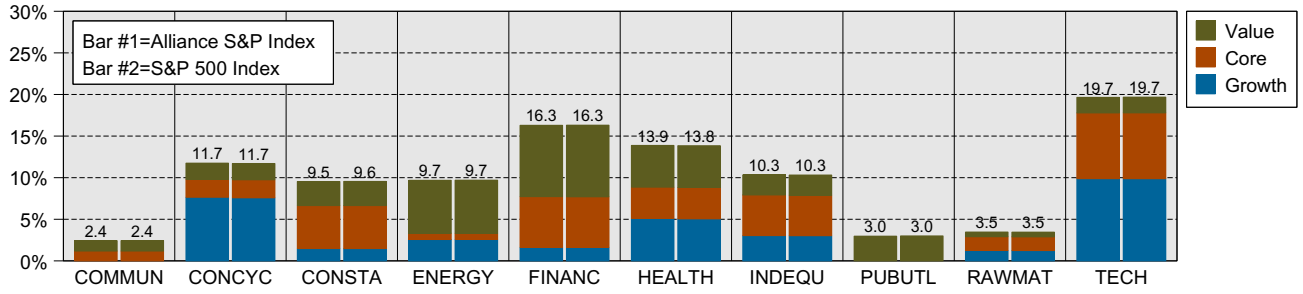

### Style Exposure Matrix
### Holdings as of September 30, 2014

| | Value | Core | Growth | Total |
|---|---|---|---|---|
| Large | 29.6% (85)<br>29.6% (85) | 29.9% (97)<br>29.9% (97) | 29.3% (98)<br>29.1% (98) | 88.7% (280)<br>88.6% (280) |
| Mid | 4.3% (90)<br>4.4% (89) | 3.7% (76)<br>3.7% (76) | 3.3% (56)<br>3.3% (56) | 11.3% (222)<br>11.4% (221) |
| Small | 0.0% (0)<br>0.0% (0) | 0.0% (1)<br>0.0% (0) | 0.0% (0)<br>0.0% (0) | 0.0% (1)<br>0.0% (0) |
| Micro | 0.0% (0)<br>0.0% (0) | 0.0% (0)<br>0.0% (0) | 0.0% (0)<br>0.0% (0) | 0.0% (0)<br>0.0% (0) |
| **Total** | 33.9% (175)<br>34.0% (174) | 33.6% (174)<br>33.6% (173) | 32.6% (154)<br>32.5% (154) | 100.0% (503)<br>100.0% (501) |

### Combined Z-Score Style Distribution
### Holdings as of September 30, 2014




### Sector Weights Distribution
### Holdings as of September 30, 2014



# Alliance S&P Index
# Top 10 Portfolio Holdings Characteristics
# as of September 30, 2014

## 10 Largest Holdings

| Stock | Sector | Ending Market Value | Percent of Portfolio | Qtrly Return | Market Capital | Price/ Forecasted Earnings Ratio | Dividend Yield | Forecasted Growth in Earnings |
|---|---|---|---|---|---|---|---|---|
| Apple Inc | Information Technology | $2,923,261 | 3.4% | 8.95% | 603.28 | 14.07 | 1.87% | 11.90% |
| Exxon Mobil Corp | Energy | $1,942,697 | 2.3% | (5.93)% | 401.09 | 12.18 | 2.93% | 3.85% |
| Microsoft Corp | Information Technology | $1,850,599 | 2.2% | 11.68% | 381.96 | 16.36 | 2.67% | 7.50% |
| Johnson & Johnson | Health Care | $1,456,019 | 1.7% | 2.57% | 300.61 | 17.07 | 2.63% | 6.78% |
| General Electric Co | Industrials | $1,244,287 | 1.5% | (1.69)% | 257.07 | 14.35 | 3.43% | 7.00% |
| Berkshire Hathaway Inc Del Cl B New | Financials | $1,219,362 | 1.4% | 9.16% | 167.17 | 19.89 | 0.00% | 8.50% |
| Wells Fargo & Co New | Financials | $1,192,284 | 1.4% | (0.62)% | 270.78 | 12.23 | 2.70% | 10.00% |
| Procter & Gamble Co | Consumer Staples | $1,099,422 | 1.3% | 7.40% | 226.68 | 18.41 | 3.07% | 10.00% |
| JPMorgan Chase & Co | Financials | $1,097,392 | 1.3% | 5.27% | 226.58 | 10.26 | 2.66% | 4.50% |
| Chevron Corp New | Energy | $1,097,028 | 1.3% | (7.83)% | 226.58 | 10.70 | 3.59% | 6.00% |

## 10 Best Performers

| Stock | Sector | Ending Market Value | Percent of Portfolio | Qtrly Return | Market Capital | Price/ Forecasted Earnings Ratio | Dividend Yield | Forecasted Growth in Earnings |
|---|---|---|---|---|---|---|---|---|
| Sigma-Aldrich | Materials | $81,606 | 0.1% | 34.32% | 16.18 | 29.52 | 0.68% | 6.40% |
| Monster Beverage Corp | Consumer Staples | $64,169 | 0.1% | 29.13% | 15.37 | 31.18 | 0.00% | 15.75% |
| Gilead Sciences | Health Care | $782,407 | 0.9% | 28.39% | 160.92 | 11.80 | 0.00% | 19.00% |
| Regeneron Pharmaceutical | Health Care | $139,882 | 0.2% | 27.63% | 35.72 | 30.64 | 0.00% | 21.00% |
| Tenet Healthcare Corp | Health Care | $28,923 | 0.0% | 26.29% | 5.82 | 23.98 | 0.00% | 19.90% |
| Southwest Airls Co | Industrials | $110,766 | 0.1% | 25.97% | 23.14 | 16.49 | 0.71% | 35.55% |
| Avago Technologies Ltd Shs | Information Technology | $107,793 | 0.1% | 21.18% | 22.00 | 13.93 | 1.47% | 33.75% |
| Amgen | Health Care | $518,859 | 0.6% | 19.23% | 106.69 | 15.89 | 1.74% | 9.00% |
| Edwards Lifesciences Corp | Health Care | $50,871 | 0.1% | 19.00% | 10.83 | 27.81 | 0.00% | 15.00% |
| Vertex Pharmaceuticals | Health Care | $128,932 | 0.2% | 18.28% | 26.74 | (177.42) | 0.00% | - |

## 10 Worst Performers

| Stock | Sector | Ending Market Value | Percent of Portfolio | Qtrly Return | Market Capital | Price/ Forecasted Earnings Ratio | Dividend Yield | Forecasted Growth in Earnings |
|---|---|---|---|---|---|---|---|---|
| Diamond Offshore Drilling In | Energy | $11,069 | 0.0% | (29.67)% | 4.70 | 9.53 | 1.46% | (6.60)% |
| Transocean Ltd Reg Shs | Energy | $52,655 | 0.1% | (27.56)% | 11.58 | 9.09 | 9.95% | (16.75)% |
| Owens-Illinois | Materials | $18,339 | 0.0% | (24.80)% | 4.29 | 8.32 | 0.00% | 6.00% |
| Genworth Financial A | Financials | $31,047 | 0.0% | (24.71)% | 6.51 | 8.82 | 0.00% | 31.02% |
| Ensco Intl Inc | Energy | $45,854 | 0.1% | (24.46)% | 9.68 | 7.28 | 7.26% | 3.00% |
| Southwestern Energy Co | Energy | $58,227 | 0.1% | (23.17)% | 12.34 | 14.15 | 0.00% | 17.10% |
| Noble Corp Plc Shs Usd | Energy | $25,642 | 0.0% | (23.16)% | 5.65 | 8.34 | 6.75% | 9.79% |
| Nabors Industries Ltd Shs | Energy | $31,864 | 0.0% | (22.29)% | 6.82 | 11.81 | 1.05% | 50.55% |
| Range Resources Corp | Energy | $55,536 | 0.1% | (21.97)% | 11.44 | 31.69 | 0.24% | 25.75% |
| Chesapeake Energy Corp | Energy | $57,475 | 0.1% | (21.54)% | 15.31 | 11.35 | 1.52% | 7.45% |

# PIMCO StocksPLUS
# Period Ended September 30, 2014

## Investment Philosophy

PIMCO's StocksPlus product involves the use of S&P futures to maintain 100% equity market exposure to track the underlying index. Futures are backed by actively managed short-term cash equivalent investments. The product was funded during the first quarter of 2006.

## Quarterly Summary and Highlights

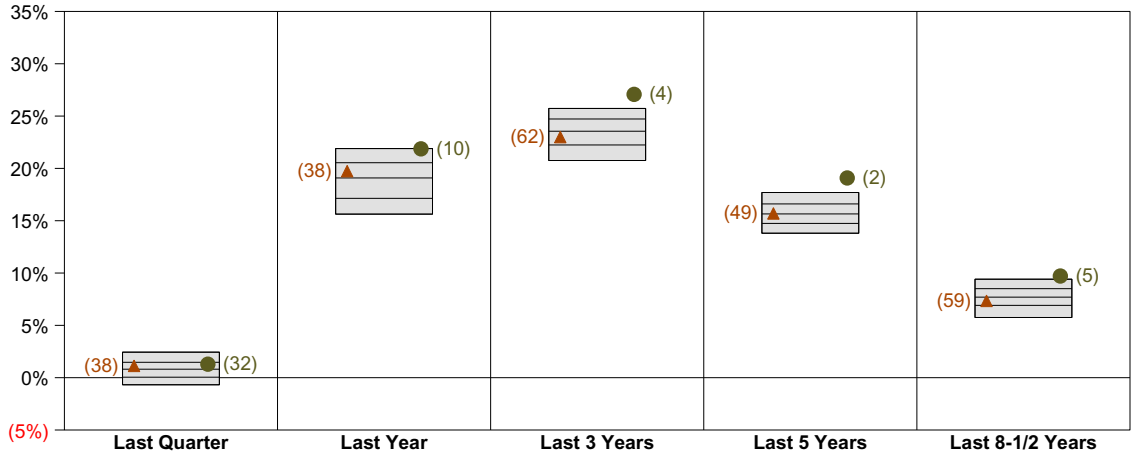
- PIMCO StocksPLUS's portfolio posted a 1.29% return for the quarter placing it in the 32 percentile of the CAI Large Capitalization Style group for the quarter and in the 10 percentile for the last year.
- PIMCO StocksPLUS's portfolio outperformed the S&P 500 Index by 0.16% for the quarter and outperformed the S&P 500 Index for the year by 2.13%.

## Quarterly Asset Growth

| | |
|---|---|
| Beginning Market Value | $43,435,171 |
| Net New Investment | $-2,200,000 |
| Investment Gains/(Losses) | $583,416 |
| Ending Market Value | $41,818,587 |

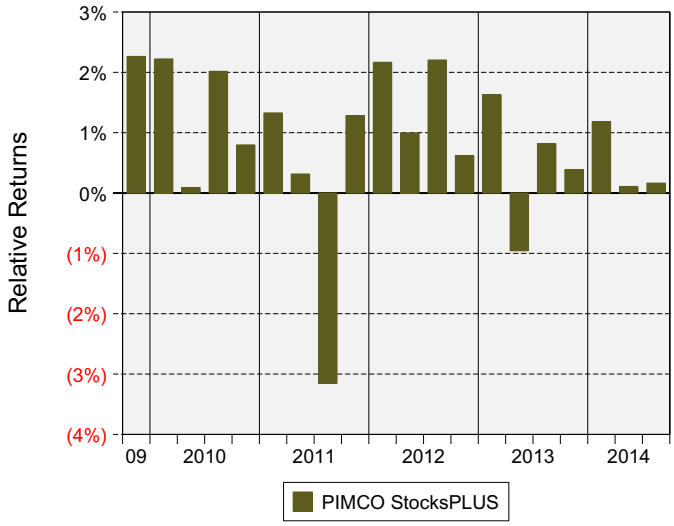
**Percent Cash: 0.0%**

## Performance vs CAI Large Capitalization Style (Gross)

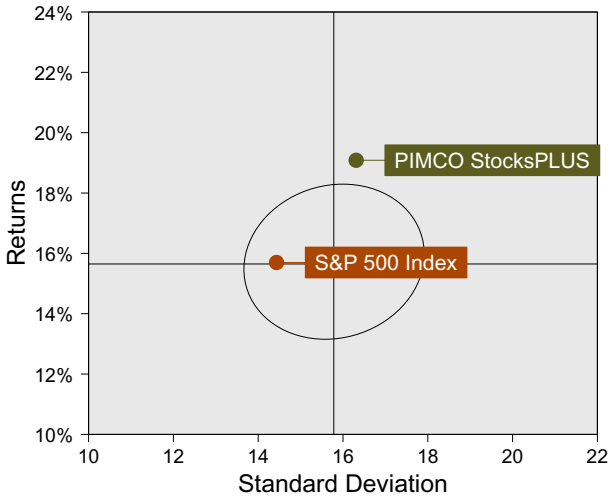



| | Last Quarter | Last Year | Last 3 Years | Last 5 Years | Last 8-1/2 Years |
|---|---|---|---|---|---|
| 10th Percentile | 2.44 | 21.89 | 25.73 | 17.70 | 9.41 |
| 25th Percentile | 1.47 | 20.54 | 24.72 | 16.60 | 8.51 |
| Median | 0.81 | 19.09 | 23.55 | 15.65 | 7.70 |
| 75th Percentile | 0.05 | 17.14 | 22.24 | 14.74 | 6.91 |
| 90th Percentile | (0.68) | 15.63 | 20.76 | 13.81 | 5.75 |
| **PIMCO StocksPLUS** ● | 1.29 | 21.87 | 27.08 | 19.09 | 9.71 |
| S&P 500 Index ▲ | 1.13 | 19.73 | 22.99 | 15.70 | 7.34 |

### Relative Return vs S&P 500 Index




### CAI Large Capitalization Style (Gross) Annualized Five Year Risk vs Return

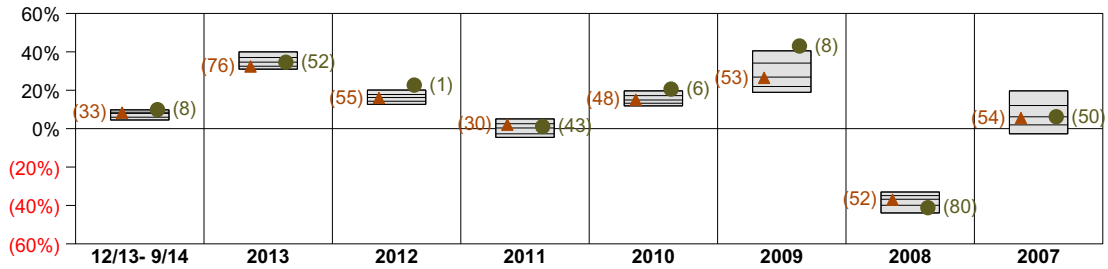


# PIMCO StocksPLUS
# Return Analysis Summary

## Return Analysis

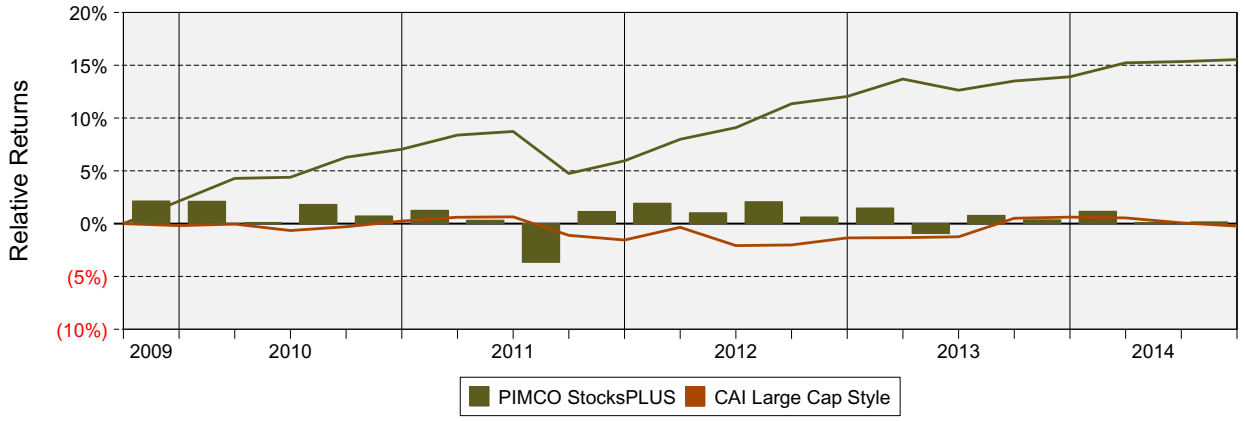
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

## Performance vs CAI Large Capitalization Style (Gross)

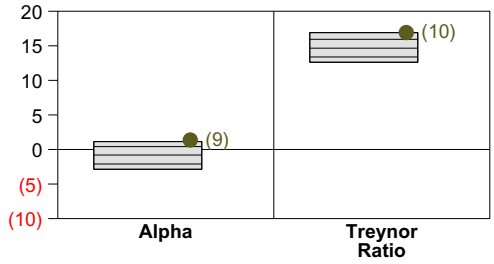



| | 12/13- 9/14 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|---|---|---|---|---|---|---|---|---|
| 10th Percentile | 9.78 | 39.98 | 20.10 | 5.06 | 19.66 | 40.53 | (33.01) | 19.67 |
| 25th Percentile | 8.55 | 37.06 | 17.78 | 2.56 | 17.19 | 34.14 | (34.87) | 12.04 |
| Median | 7.93 | 34.64 | 16.21 | 0.34 | 14.91 | 26.85 | (36.77) | 6.17 |
| 75th Percentile | 5.96 | 32.50 | 14.26 | (2.70) | 13.23 | 21.94 | (39.91) | 1.96 |
| 90th Percentile | 4.50 | 30.98 | 12.64 | (4.54) | 11.84 | 18.92 | (43.92) | (2.70) |
| **PIMCO StocksPLUS** ● | 9.89 | 34.59 | 22.68 | 1.07 | 20.60 | 43.04 | (41.18) | 6.19 |
| S&P 500 Index ▲ | 8.34 | 32.39 | 16.00 | 2.11 | 15.06 | 26.47 | (37.00) | 5.49 |

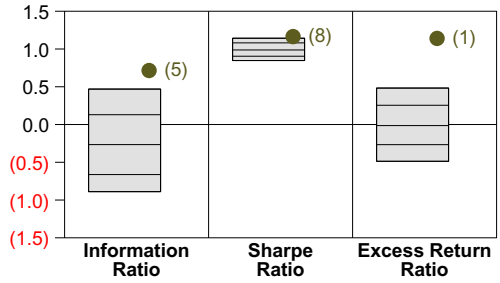
## Cumulative and Quarterly Relative Return vs S&P 500 Index




## Risk Adjusted Return Measures vs S&P 500 Index
## Rankings Against CAI Large Capitalization Style (Gross)
## Five Years Ended September 30, 2014




| | Alpha | Treynor Ratio |
|---|---|---|
| 10th Percentile | 1.14 | 16.90 |
| 25th Percentile | 0.42 | 15.94 |
| Median | (0.80) | 14.66 |
| 75th Percentile | (2.10) | 13.38 |
| 90th Percentile | (2.86) | 12.62 |
| **PIMCO StocksPLUS** ● | 1.37 | 16.92 |



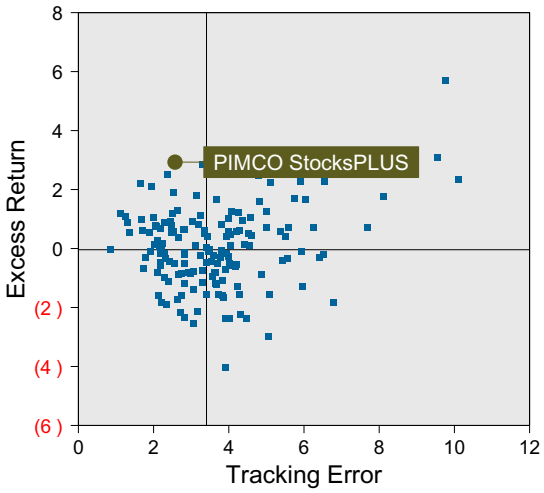

| | Information Ratio | Sharpe Ratio | Excess Return Ratio |
|---|---|---|---|
| 10th Percentile | 0.47 | 1.14 | 0.48 |
| 25th Percentile | 0.13 | 1.08 | 0.25 |
| Median | (0.27) | 0.99 | (0.01) |
| 75th Percentile | (0.66) | 0.90 | (0.27) |
| 90th Percentile | (0.89) | 0.85 | (0.49) |
| **PIMCO StocksPLUS** ● | 0.71 | 1.16 | 1.14 |

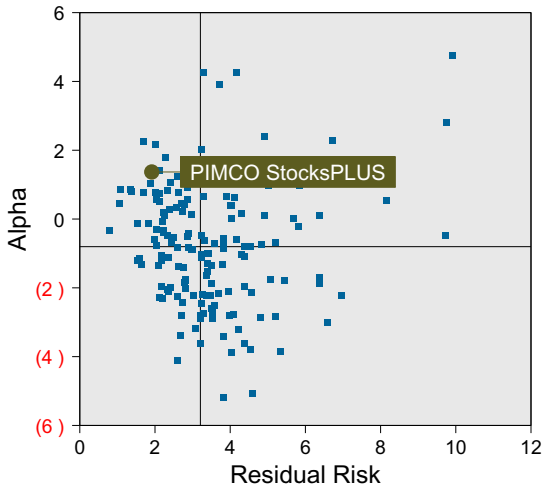
# PIMCO StocksPLUS
# Risk Analysis Summary

## Risk Analysis

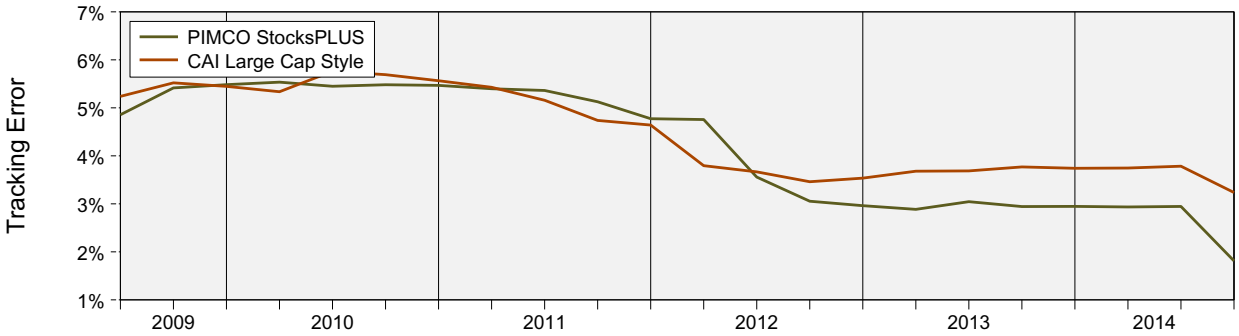
The graphs below analyze the risk or variation of a manager's return pattern. The first scatter chart illustrates the relationship, called Excess Return Ratio, between excess return and tracking error relative to the benchmark. The second scatter chart displays the relationship, sometimes called Information Ratio, between alpha (market-risk or "beta" adjusted return) and residual risk (non-market or "unsystematic" risk). The third chart shows tracking error patterns versus the benchmark over time. The last two charts show the ranking of the manager's risk statistics versus the peer group.

## Risk Analysis vs CAI Large Capitalization Style (Gross)
## Five Years Ended September 30, 2014

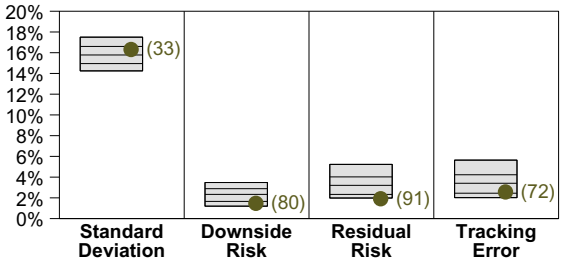


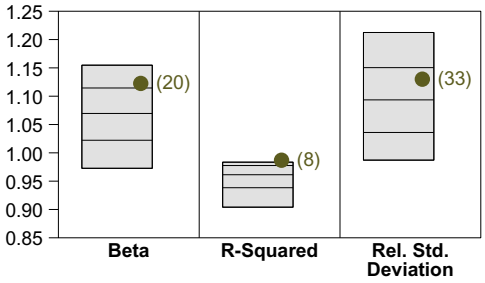

## Rolling 12 Quarter Tracking Error vs S&P 500 Index




## Risk Statistics Rankings vs S&P 500 Index
## Rankings Against CAI Large Capitalization Style (Gross)
## Five Years Ended September 30, 2014




| | Standard Deviation | Downside Risk | Residual Risk | Tracking Error |
|---|---|---|---|---|
| 10th Percentile | 17.50 | 3.48 | 5.23 | 5.64 |
| 25th Percentile | 16.60 | 2.89 | 4.02 | 4.23 |
| Median | 15.78 | 2.33 | 3.21 | 3.41 |
| 75th Percentile | 14.95 | 1.66 | 2.33 | 2.45 |
| 90th Percentile | 14.25 | 1.20 | 1.98 | 2.02 |
| **PIMCO StocksPLUS** ● | 16.31 | 1.47 | 1.91 | 2.57 |




| | Beta | R-Squared | Rel. Std. Deviation |
|---|---|---|---|
| 10th Percentile | 1.15 | 0.98 | 1.21 |
| 25th Percentile | 1.11 | 0.98 | 1.15 |
| Median | 1.07 | 0.96 | 1.09 |
| 75th Percentile | 1.02 | 0.94 | 1.04 |
| 90th Percentile | 0.97 | 0.90 | 0.99 |
| **PIMCO StocksPLUS** ● | 1.12 | 0.99 | 1.13 |

# BlackRock Russell 1000 Value
# Period Ended September 30, 2014

## Investment Philosophy

The objective of the Russell 1000 Value Index Fund is to track the performance of its benchmark, the Russell 1000 Value Index. They seek to deliver a high quality and cost-effective index-based solution to institutional investors. The product was funded during the second quarter of 2001.

## Quarterly Summary and Highlights

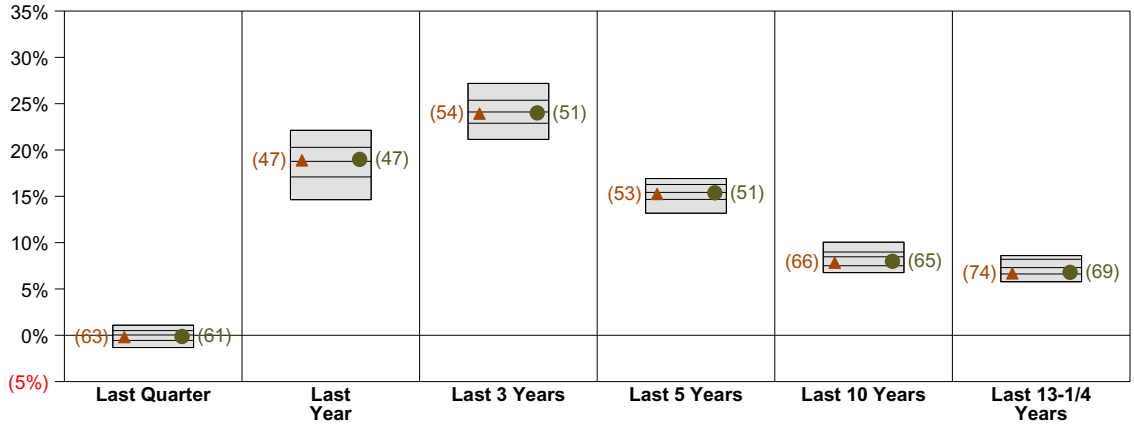
- BlackRock Russell 1000 Value's portfolio posted a (0.13)% return for the quarter placing it in the 61 percentile of the CAI Large Cap Value Style group for the quarter and in the 47 percentile for the last year.
- BlackRock Russell 1000 Value's portfolio outperformed the Russell 1000 Value Index by 0.06% for the quarter and outperformed the Russell 1000 Value Index for the year by 0.10%.

## Quarterly Asset Growth

| | |
|---|---|
| Beginning Market Value | $79,520,136 |
| Net New Investment | $-3,207,780 |
| Investment Gains/(Losses) | $-91,433 |
| Ending Market Value | $76,220,924 |

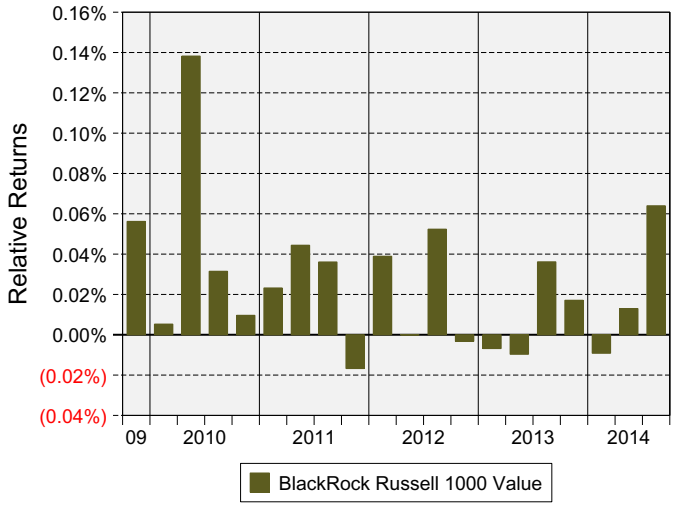
**Percent Cash: 0.0%**

## Performance vs CAI Large Cap Value Style (Gross)

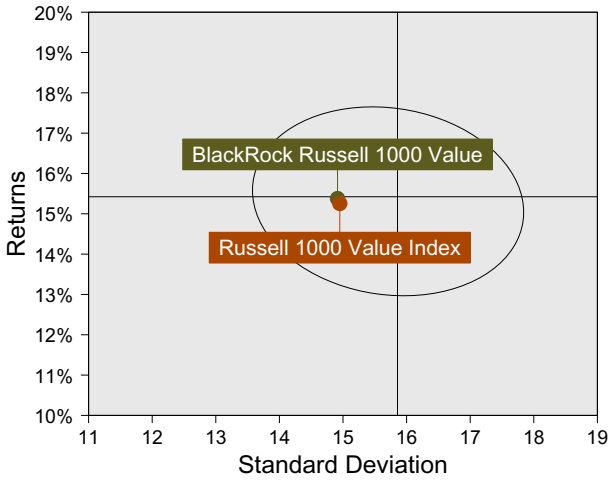



| | Last Quarter | Last Year | Last 3 Years | Last 5 Years | Last 10 Years | Last 13-1/4 Years |
|---|---|---|---|---|---|---|
| 10th Percentile | 1.09 | 22.12 | 27.19 | 16.92 | 10.05 | 8.60 |
| 25th Percentile | 0.50 | 20.29 | 25.37 | 16.28 | 8.99 | 8.20 |
| Median | 0.03 | 18.77 | 24.10 | 15.42 | 8.47 | 7.31 |
| 75th Percentile | (0.56) | 17.09 | 22.89 | 14.67 | 7.51 | 6.62 |
| 90th Percentile | (1.32) | 14.64 | 21.14 | 13.17 | 6.76 | 5.78 |
| **BlackRock Russell 1000 Value** ● | (0.13) | 18.99 | 24.00 | 15.38 | 7.98 | 6.79 |
| Russell 1000 Value Index ▲ | (0.19) | 18.89 | 23.93 | 15.26 | 7.84 | 6.69 |

## Relative Return vs Russell 1000 Value Index




## CAI Large Cap Value Style (Gross) Annualized Five Year Risk vs Return

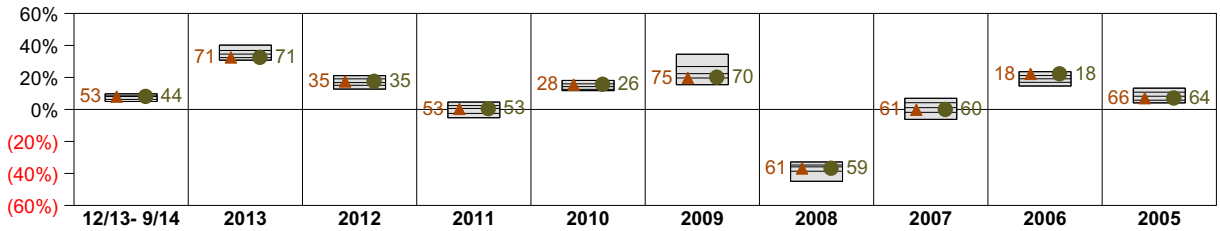


# BlackRock Russell 1000 Value
# Return Analysis Summary

## Return Analysis

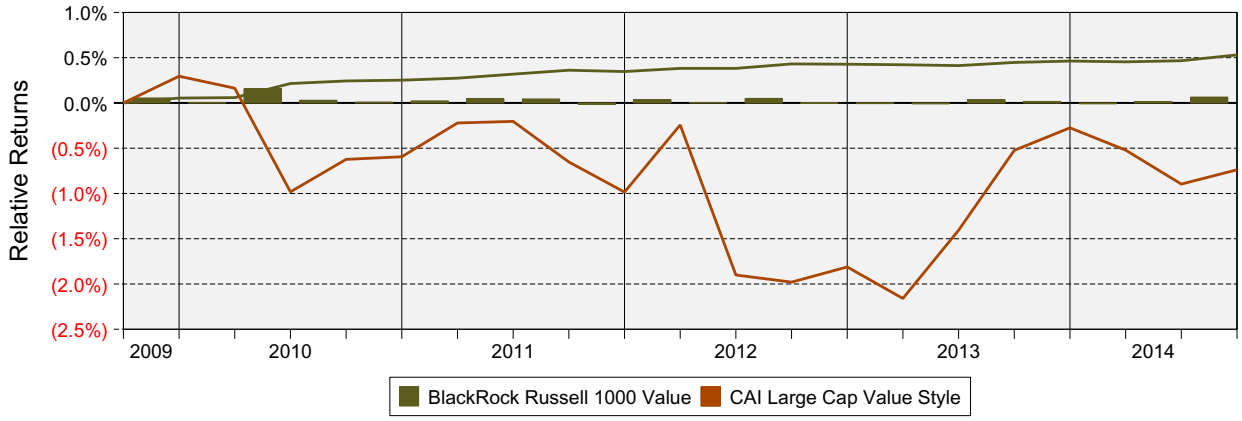
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

## Performance vs CAI Large Cap Value Style (Gross)

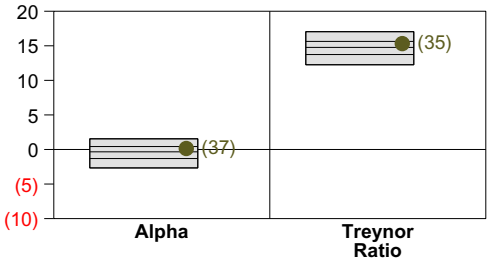



| | 12/13- 9/14 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|---|---|---|---|---|---|
| 10th Percentile | 9.77 | 40.19 | 21.13 | 4.62 | 18.13 | 34.50 | (32.84) | 6.97 | 23.59 | 13.30 |
| 25th Percentile | 8.51 | 36.85 | 19.12 | 2.42 | 16.01 | 26.82 | (34.74) | 4.19 | 21.18 | 10.78 |
| Median | 8.10 | 34.59 | 16.78 | 0.61 | 14.27 | 22.37 | (35.88) | 1.12 | 19.15 | 8.24 |
| 75th Percentile | 6.26 | 32.38 | 15.08 | (2.48) | 12.55 | 19.65 | (38.61) | (1.81) | 16.95 | 5.76 |
| 90th Percentile | 4.96 | 30.80 | 12.71 | (5.19) | 11.75 | 15.46 | (44.92) | (6.22) | 14.63 | 4.10 |
| **BlackRock Russell 1000 Value** ● | 8.14 | 32.57 | 17.60 | 0.49 | 15.73 | 20.15 | (36.74) | (0.00) | 22.28 | 7.15 |
| Russell 1000 Value Index ▲ | 8.07 | 32.53 | 17.51 | 0.39 | 15.51 | 19.69 | (36.85) | (0.17) | 22.25 | 7.05 |

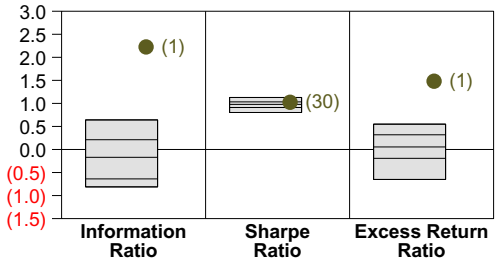
## Cumulative and Quarterly Relative Return vs Russell 1000 Value Index




## Risk Adjusted Return Measures vs Russell 1000 Value Index
## Rankings Against CAI Large Cap Value Style (Gross)
## Five Years Ended September 30, 2014




| | Alpha | Treynor Ratio |
|---|---|---|
| 10th Percentile | 1.54 | 17.04 |
| 25th Percentile | 0.42 | 15.64 |
| Median | (0.34) | 14.77 |
| 75th Percentile | (1.31) | 13.74 |
| 90th Percentile | (2.67) | 12.26 |
| **BlackRock Russell 1000 Value** ● | 0.14 | 15.32 |



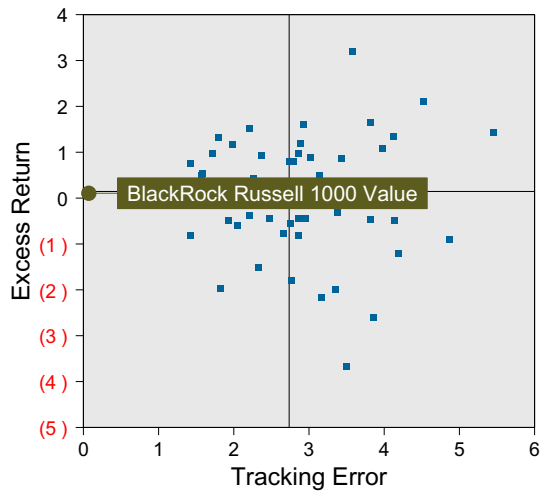

| | Information Ratio | Sharpe Ratio | Excess Return Ratio |
|---|---|---|---|
| 10th Percentile | 0.64 | 1.13 | 0.55 |
| 25th Percentile | 0.21 | 1.03 | 0.32 |
| Median | (0.17) | 0.98 | 0.05 |
| 75th Percentile | (0.64) | 0.91 | (0.19) |
| 90th Percentile | (0.81) | 0.80 | (0.65) |
| **BlackRock Russell 1000 Value** ● | 2.23 | 1.02 | 1.48 |

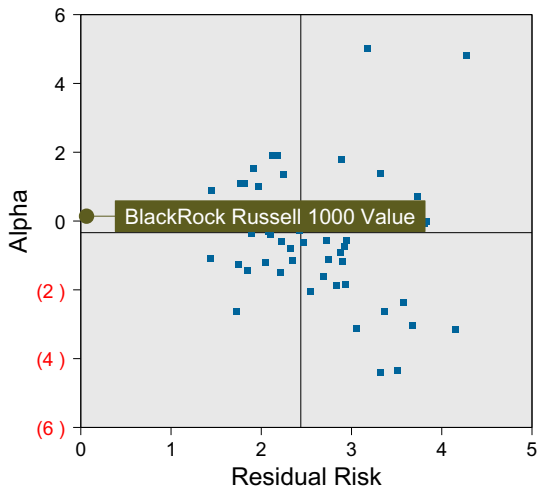
# BlackRock Russell 1000 Value
# Risk Analysis Summary

## Risk Analysis

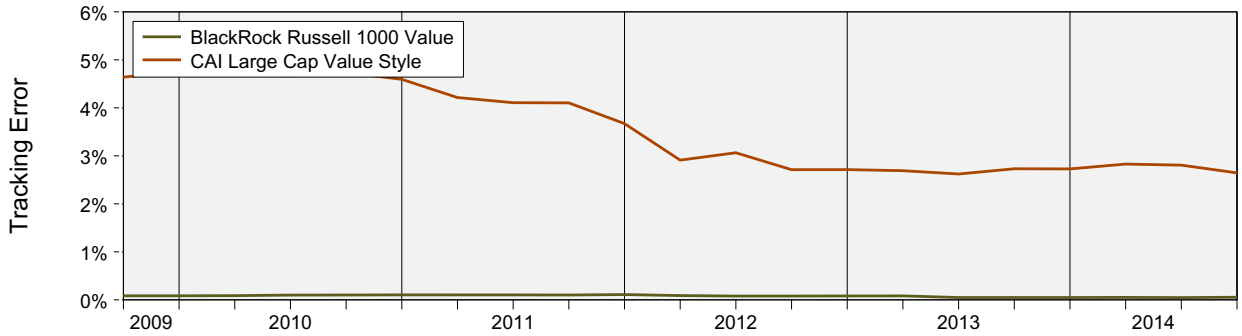
The graphs below analyze the risk or variation of a manager's return pattern. The first scatter chart illustrates the relationship, called Excess Return Ratio, between excess return and tracking error relative to the benchmark. The second scatter chart displays the relationship, sometimes called Information Ratio, between alpha (market-risk or "beta" adjusted return) and residual risk (non-market or "unsystematic" risk). The third chart shows tracking error patterns versus the benchmark over time. The last two charts show the ranking of the manager's risk statistics versus the peer group.

## Risk Analysis vs CAI Large Cap Value Style (Gross)
## Five Years Ended September 30, 2014

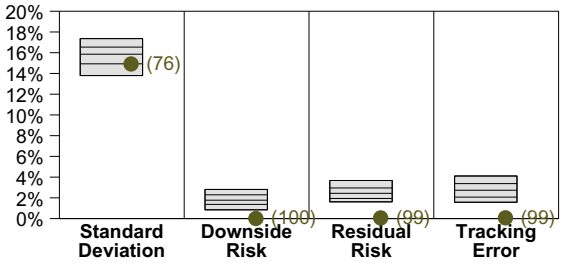


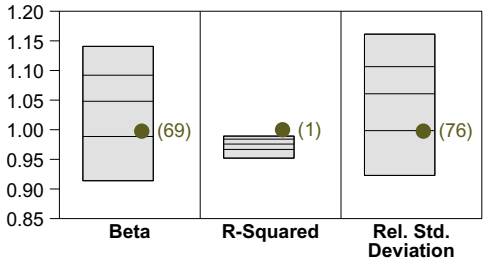




## Rolling 12 Quarter Tracking Error vs Russell 1000 Value Index




## Risk Statistics Rankings vs Russell 1000 Value Index
## Rankings Against CAI Large Cap Value Style (Gross)
## Five Years Ended September 30, 2014




| | Standard Deviation | Downside Risk | Residual Risk | Tracking Error |
|---|---|---|---|---|
| 10th Percentile | 17.36 | 2.81 | 3.68 | 4.11 |
| 25th Percentile | 16.54 | 2.29 | 2.96 | 3.38 |
| Median | 15.86 | 1.77 | 2.44 | 2.74 |
| 75th Percentile | 14.93 | 1.37 | 1.94 | 2.07 |
| 90th Percentile | 13.80 | 0.85 | 1.61 | 1.58 |
| **BlackRock Russell 1000 Value** | 14.91 | 0.01 | 0.06 | 0.07 |

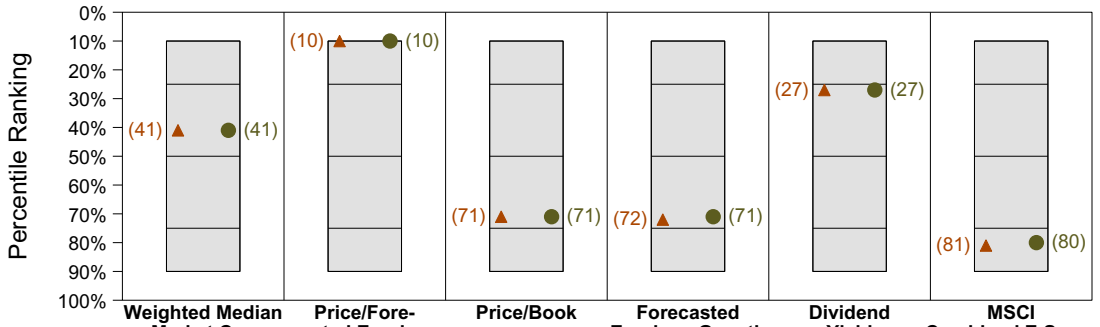
| | Beta | R-Squared | Rel. Std. Deviation |
|---|---|---|---|
| 10th Percentile | 1.14 | 0.99 | 1.16 |
| 25th Percentile | 1.09 | 0.98 | 1.11 |
| Median | 1.05 | 0.98 | 1.06 |
| 75th Percentile | 0.99 | 0.97 | 1.00 |
| 90th Percentile | 0.91 | 0.95 | 0.92 |
| **BlackRock Russell 1000 Value** | 1.00 | 1.00 | 1.00 |

# BlackRock Russell 1000 Value
# Equity Characteristics Analysis Summary

## Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

## Portfolio Characteristics Percentile Rankings
## Rankings Against CAI Large Cap Value Style
## as of September 30, 2014

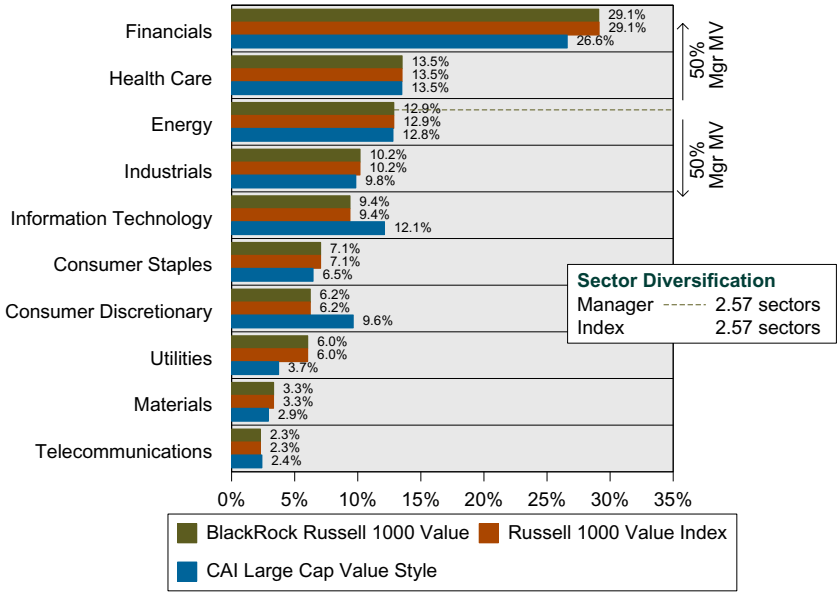



| | Weighted Median Market Cap | Price/Forecasted Earnings | Price/Book | Forecasted Earnings Growth | Dividend Yield | MSCI Combined Z-Score |
|---|---|---|---|---|---|---|
| 10th Percentile | 79.92 | 14.27 | 2.18 | 10.76 | 2.57 | (0.38) |
| 25th Percentile | 62.86 | 13.87 | 2.01 | 10.15 | 2.40 | (0.53) |
| Median | 53.10 | 13.38 | 1.89 | 9.58 | 2.23 | (0.67) |
| 75th Percentile | 40.26 | 13.00 | 1.74 | 8.91 | 2.08 | (0.77) |
| 90th Percentile | 29.42 | 12.42 | 1.60 | 8.38 | 1.92 | (0.92) |
| **BlackRock Russell 1000 Value** ● | 56.57 | 14.28 | 1.78 | 9.07 | 2.38 | (0.82) |
| Russell 1000 Value Index ▲ | 56.56 | 14.28 | 1.78 | 9.06 | 2.38 | (0.82) |

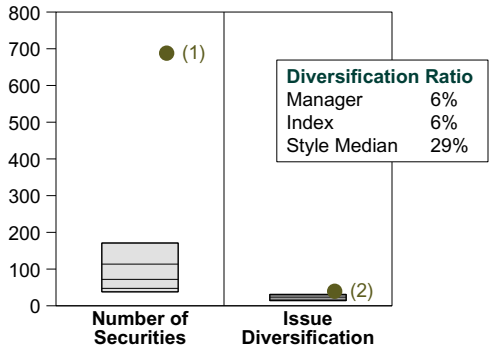
## Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that comprise half of the portfolio's market value.

### Sector Allocation
### September 30, 2014




### Diversification
### September 30, 2014

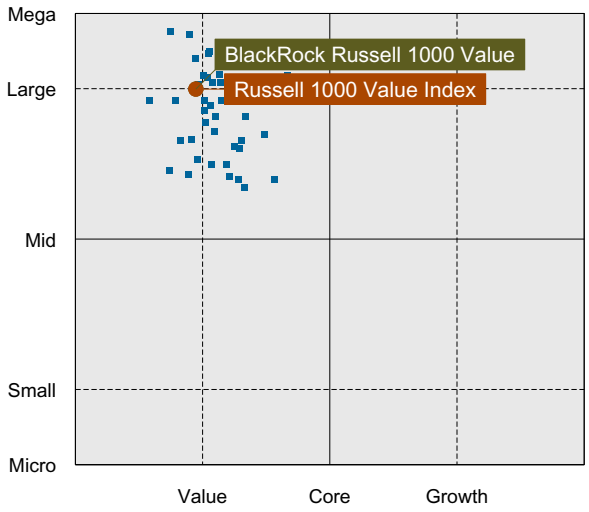



| | Number of Securities | Issue Diversification |
|---|---|---|
| 10th Percentile | 171 | 31 |
| 25th Percentile | 114 | 27 |
| Median | 72 | 22 |
| 75th Percentile | 48 | 16 |
| 90th Percentile | 38 | 14 |
| **BlackRock Russell 1000 Value** ● | 688 | 40 |
| Russell 1000 Value Index ▲ | 690 | 40 |

## Current Holdings Based Style Analysis
## BlackRock Russell 1000 Value
## As of September 30, 2014

This page analyzes the current investment style of a portfolio utilizing a detailed holdings-based style analysis to determine actual exposures to various market capitalization and style segments of the domestic equity market. The market is segmented quarterly by capitalization and style. The capitalization segments are dictated by capitalization decile breakpoints. The style segments are determined using the "Combined Z Score", based on the eight fundamental factors used in the MSCI stock style scoring system. The upper-left style map illustrates the current market capitalization and style score of the portfolio relative to indices and/or peers. The upper-right style exposure matrix displays the current portfolio and index weights and stock counts (in parentheses) in each capitalization/style segment of the market. The middle chart illustrates the total exposures and stock counts in the three style segments, with a legend showing the total growth, value, and "combined Z" (growth - value) scores. The bottom chart exhibits the sector weights as well as the style weights within each sector.

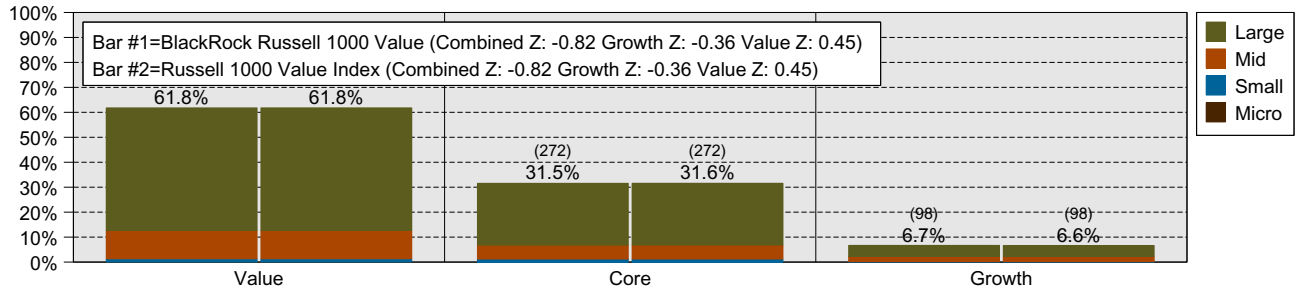
### Style Map vs CAI Large Cap Value Style
### Holdings as of September 30, 2014



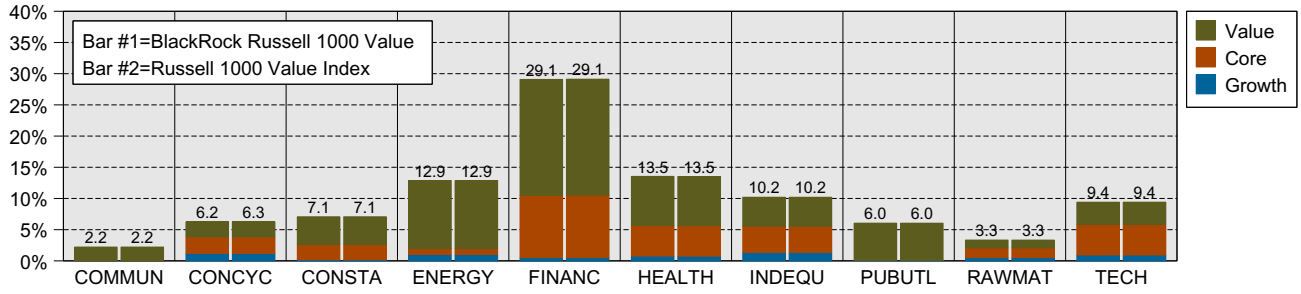

### Style Exposure Matrix
### Holdings as of September 30, 2014

| | Value | Core | Growth | Total |
|---|---|---|---|---|
| Large | 49.1% (83)<br>49.1% (83) | 24.7% (73)<br>24.7% (73) | 4.4% (29)<br>4.4% (29) | **78.3% (185)**<br>**78.3% (185)** |
| Mid | 11.3% (178)<br>11.3% (178) | 5.6% (136)<br>5.6% (137) | 2.1% (56)<br>2.0% (56) | **19.0% (370)**<br>**19.0% (371)** |
| Small | 1.3% (54)<br>1.3% (54) | 1.2% (60)<br>1.2% (59) | 0.2% (13)<br>0.2% (13) | **2.7% (127)**<br>**2.7% (126)** |
| Micro | 0.0% (1)<br>0.0% (1) | 0.0% (3)<br>0.0% (3) | 0.0% (0)<br>0.0% (0) | **0.0% (4)**<br>**0.0% (4)** |
| **Total** | **61.8% (316)**<br>**61.8% (316)** | **31.5% (272)**<br>**31.6% (272)** | **6.7% (98)**<br>**6.6% (98)** | **100.0% (686)**<br>**100.0% (686)** |

### Combined Z-Score Style Distribution
### Holdings as of September 30, 2014




### Sector Weights Distribution
### Holdings as of September 30, 2014



# BlackRock Russell 1000 Value
# Top 10 Portfolio Holdings Characteristics
# as of September 30, 2014

## 10 Largest Holdings

| Stock | Sector | Ending Market Value | Percent of Portfolio | Qtrly Return | Market Capital | Price/ Forecasted Earnings Ratio | Dividend Yield | Forecasted Growth in Earnings |
|---|---|---|---|---|---|---|---|---|
| Exxon Mobil Corp | Energy | $3,045,100 | 4.0% | (5.93)% | 401.09 | 12.18 | 2.93% | 3.85% |
| General Electric Co | Industrials | $1,937,007 | 2.5% | (1.69)% | 257.07 | 14.35 | 3.43% | 7.00% |
| Johnson & Johnson | Health Care | $1,916,641 | 2.5% | 2.57% | 300.61 | 17.07 | 2.63% | 6.78% |
| Berkshire Hathaway Inc Del Cl B New | Financials | $1,906,204 | 2.5% | 9.15% | 167.17 | 19.89 | 0.00% | 8.50% |
| Wells Fargo & Co New | Financials | $1,867,646 | 2.5% | (0.62)% | 270.78 | 12.23 | 2.70% | 10.00% |
| JPMorgan Chase & Co | Financials | $1,718,968 | 2.3% | 5.27% | 226.58 | 10.26 | 2.66% | 4.50% |
| Chevron Corp New | Energy | $1,712,586 | 2.2% | (7.83)% | 226.58 | 10.70 | 3.59% | 6.00% |
| Procter & Gamble Co | Consumer Staples | $1,611,079 | 2.1% | 7.40% | 226.68 | 18.41 | 3.07% | 10.00% |
| Pfizer | Health Care | $1,422,124 | 1.9% | 0.51% | 187.50 | 13.18 | 3.52% | 4.00% |
| At&t Inc | Telecommunications | $1,379,112 | 1.8% | 0.95% | 182.75 | 13.10 | 5.22% | 5.00% |

## 10 Best Performers

| Stock | Sector | Ending Market Value | Percent of Portfolio | Qtrly Return | Market Capital | Price/ Forecasted Earnings Ratio | Dividend Yield | Forecasted Growth in Earnings |
|---|---|---|---|---|---|---|---|---|
| Us Steel Corp | Materials | $42,785 | 0.1% | 50.63% | 5.68 | 14.30 | 0.51% | 6.50% |
| Veritiv Corp | Industrials | $2,705 | 0.0% | 35.11% | 0.41 | 15.64 | 0.00% | 26.80% |
| Sigma-Aldrich | Materials | $65,888 | 0.1% | 34.32% | 16.18 | 29.52 | 0.68% | 6.40% |
| Steel Dynamics Inc | Materials | $40,974 | 0.1% | 26.59% | 5.43 | 12.47 | 2.03% | 24.02% |
| Urs Corp New | Industrials | $30,013 | 0.0% | 26.11% | 3.98 | 17.36 | 1.53% | 15.00% |
| Southwest Airls Co | Industrials | $19,436 | 0.0% | 25.97% | 23.14 | 16.49 | 0.71% | 35.55% |
| Hca Holdings Inc | Health Care | $157,132 | 0.2% | 25.08% | 30.49 | 15.25 | 0.00% | 12.00% |
| Alnylam Pharmaceuticals Inc | Health Care | $6,007 | 0.0% | 23.63% | 5.96 | (24.16) | 0.00% | - |
| Royal Caribbean Cruises Ltd | Consumer Discretionary | $84,312 | 0.1% | 21.56% | 14.96 | 15.73 | 1.78% | 31.73% |
| Timkensteel Corp | Materials | $13,413 | 0.0% | 20.95% | 2.12 | 15.58 | 0.00% | 21.00% |

## 10 Worst Performers

| Stock | Sector | Ending Market Value | Percent of Portfolio | Qtrly Return | Market Capital | Price/ Forecasted Earnings Ratio | Dividend Yield | Forecasted Growth in Earnings |
|---|---|---|---|---|---|---|---|---|
| Liberty Media Corp Delaware Cl A | Consumer Discretionary | $33,810 | 0.0% | (65.48)% | 4.93 | 55.64 | 0.00% | - |
| Sandridge Energy Inc | Energy | $16,043 | 0.0% | (40.00)% | 2.12 | 17.51 | 0.00% | 45.60% |
| Timken Co | Industrials | $24,414 | 0.0% | (37.17)% | 3.85 | 14.19 | 2.36% | 18.90% |
| Sears Hldgs Corp | Consumer Discretionary | $1,209 | 0.0% | (36.86)% | 2.69 | (2.12) | 0.00% | (10.95)% |
| Rite Aid Corp | Consumer Staples | $11,826 | 0.0% | (32.50)% | 4.74 | 12.35 | 0.00% | 39.71% |
| Aarons Inc Com Par $0.50 | Consumer Discretionary | $9,756 | 0.0% | (31.71)% | 1.76 | 11.63 | 0.35% | 10.25% |
| Cliffs Nat Res Inc | Materials | $12,030 | 0.0% | (30.44)% | 1.59 | (44.17) | 5.78% | 5.00% |
| Seadrill Limited Shs | Energy | $50,150 | 0.1% | (30.43)% | 13.23 | 7.99 | 17.36% | 15.25% |
| Tidewater Inc | Energy | $14,686 | 0.0% | (30.14)% | 1.94 | 8.09 | 2.56% | 5.00% |
| Diamond Offshore Drilling In | Energy | $17,369 | 0.0% | (29.67)% | 4.70 | 9.53 | 1.46% | (6.60)% |

# T. Rowe Price Large Cap Growth
# Period Ended September 30, 2014

## Investment Philosophy

The Large-Cap Growth Strategy is a fundamentally driven, active approach to large company growth investing. The investment philosophy is centered around the manager's belief that long-term growth in earnings and cash flow drive stockholder returns. The product was funded during the first quarter of 2012. Performance prior is that of the composite.

## Quarterly Summary and Highlights

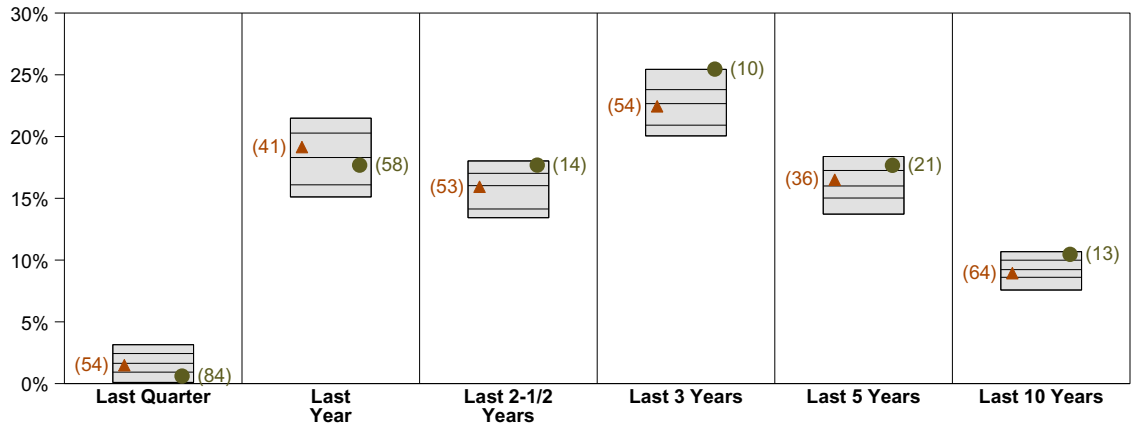
- T. Rowe Price Large Cap Growth's portfolio posted a 0.61% return for the quarter placing it in the 84 percentile of the CAI Large Cap Growth Style group for the quarter and in the 58 percentile for the last year.
- T. Rowe Price Large Cap Growth's portfolio underperformed the Russell 1000 Growth Index by 0.88% for the quarter and underperformed the Russell 1000 Growth Index for the year by 1.46%.

## Quarterly Asset Growth

| | |
|---|---|
| Beginning Market Value | $76,158,519 |
| Net New Investment | $-9,177 |
| Investment Gains/(Losses) | $463,225 |
| Ending Market Value | $76,612,566 |

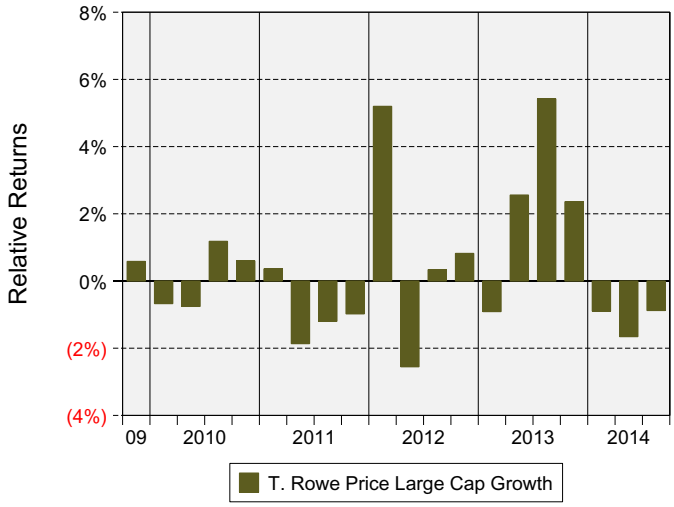
**Percent Cash: 0.4%**

## Performance vs CAI Large Cap Growth Style (Gross)

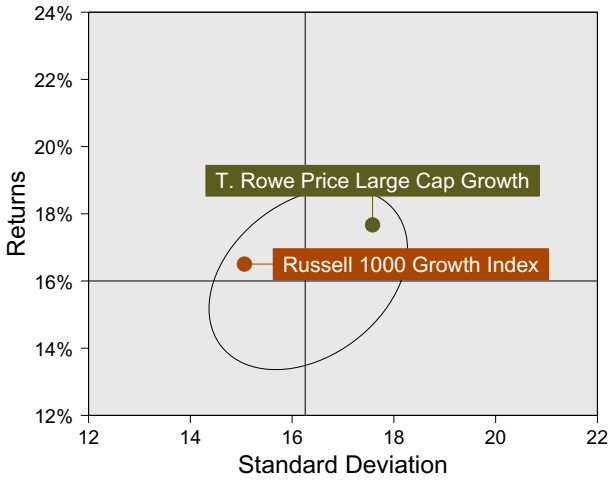



| | Last Quarter | Last Year | Last 2-1/2 Years | Last 3 Years | Last 5 Years | Last 10 Years |
|---|---|---|---|---|---|---|
| 10th Percentile | 3.15 | 21.49 | 18.03 | 25.44 | 18.38 | 10.68 |
| 25th Percentile | 2.43 | 20.28 | 17.02 | 23.80 | 17.25 | 9.99 |
| Median | 1.64 | 18.30 | 16.02 | 22.67 | 16.00 | 9.23 |
| 75th Percentile | 0.93 | 16.09 | 14.14 | 20.92 | 15.02 | 8.61 |
| 90th Percentile | 0.09 | 15.11 | 13.43 | 20.05 | 13.72 | 7.57 |
| **T. Rowe Price Large Cap Growth** ● | 0.61 | 17.69 | 17.69 | 25.46 | 17.67 | 10.46 |
| Russell 1000 Growth Index ▲ | 1.49 | 19.15 | 15.94 | 22.45 | 16.50 | 8.94 |

## Relative Return vs Russell 1000 Growth Index




## CAI Large Cap Growth Style (Gross) Annualized Five Year Risk vs Return

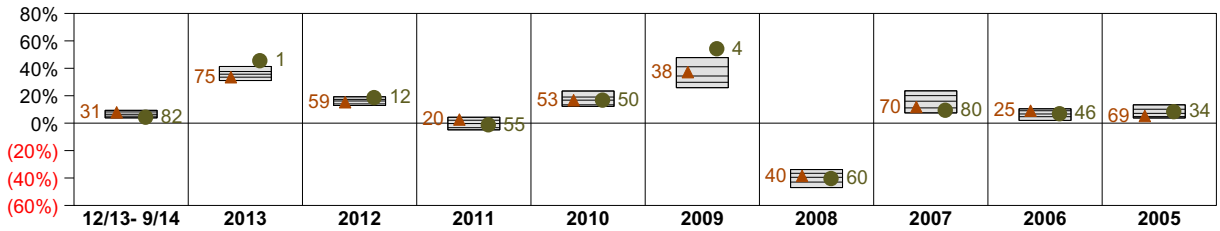


# T. Rowe Price Large Cap Growth
# Return Analysis Summary

## Return Analysis

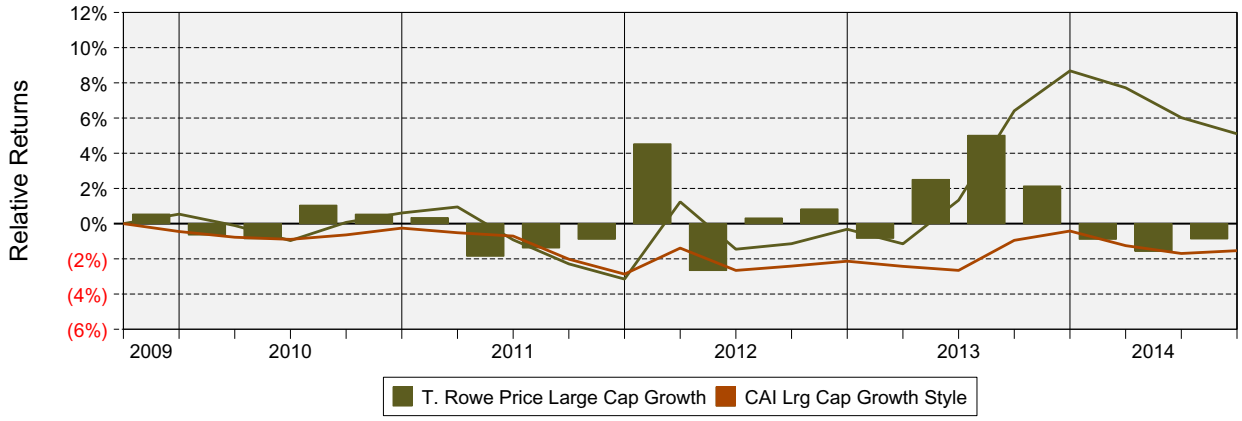
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

## Performance vs CAI Large Cap Growth Style (Gross)

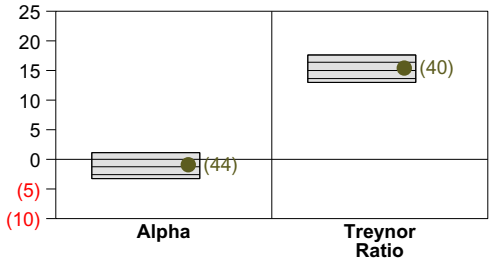


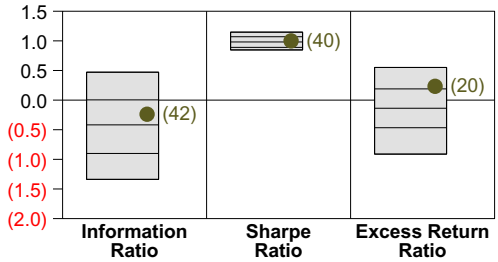

| | 12/13- 9/14 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|---|---|---|---|---|---|
| 10th Percentile | 9.35 | 41.33 | 19.23 | 4.31 | 23.44 | 47.80 | (33.82) | 23.57 | 10.47 | 13.37 |
| 25th Percentile | 8.17 | 37.64 | 17.36 | 2.12 | 19.04 | 41.11 | (36.57) | 20.07 | 9.05 | 10.16 |
| Median | 6.48 | 35.68 | 16.16 | (0.28) | 16.77 | 34.39 | (39.49) | 16.01 | 6.70 | 7.14 |
| 75th Percentile | 5.09 | 33.52 | 14.05 | (3.30) | 13.37 | 29.79 | (42.96) | 11.13 | 4.71 | 4.79 |
| 90th Percentile | 3.86 | 31.08 | 12.87 | (4.87) | 12.24 | 25.86 | (46.98) | 7.46 | 2.00 | 3.77 |
| **T. Rowe Price Large Cap Growth** ● | 4.34 | 45.54 | 18.63 | (1.19) | 16.79 | 54.25 | (40.39) | 9.42 | 6.88 | 8.37 |
| Russell 1000 Growth Index ▲ | 7.89 | 33.48 | 15.26 | 2.64 | 16.71 | 37.21 | (38.44) | 11.81 | 9.07 | 5.26 |

## Cumulative and Quarterly Relative Return vs Russell 1000 Growth Index




## Risk Adjusted Return Measures vs Russell 1000 Growth Index
## Rankings Against CAI Large Cap Growth Style (Gross)
## Five Years Ended September 30, 2014




| | Alpha | Treynor Ratio |
|---|---|---|
| 10th Percentile | 1.13 | 17.62 |
| 25th Percentile | 0.01 | 16.39 |
| Median | (1.25) | 15.00 |
| 75th Percentile | (2.58) | 13.63 |
| 90th Percentile | (3.26) | 12.98 |
| **T. Rowe Price Large Cap Growth** ● | (0.91) | 15.41 |

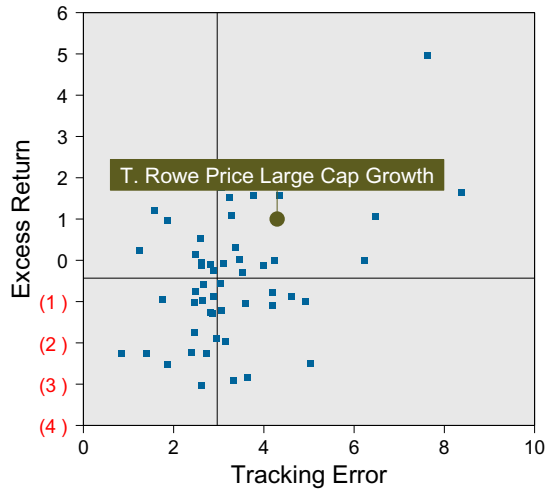
| | Information Ratio | Sharpe Ratio | Excess Return Ratio |
|---|---|---|---|
| 10th Percentile | 0.47 | 1.15 | 0.55 |
| 25th Percentile | 0.00 | 1.07 | 0.19 |
| Median | (0.42) | 0.98 | (0.14) |
| 75th Percentile | (0.90) | 0.89 | (0.47) |
| 90th Percentile | (1.34) | 0.85 | (0.91) |
| **T. Rowe Price Large Cap Growth** ● | (0.24) | 1.00 | 0.23 |

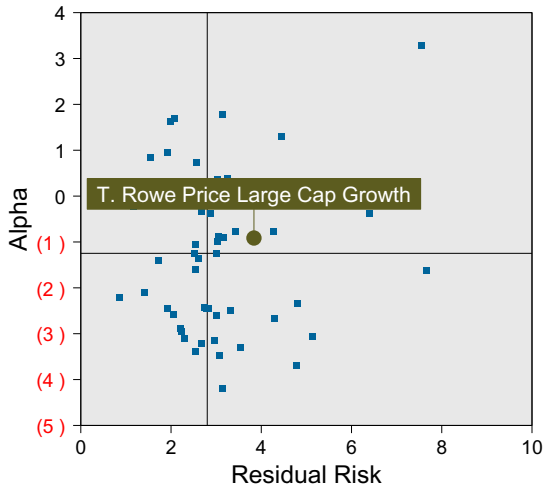
# T. Rowe Price Large Cap Growth
# Risk Analysis Summary

## Risk Analysis

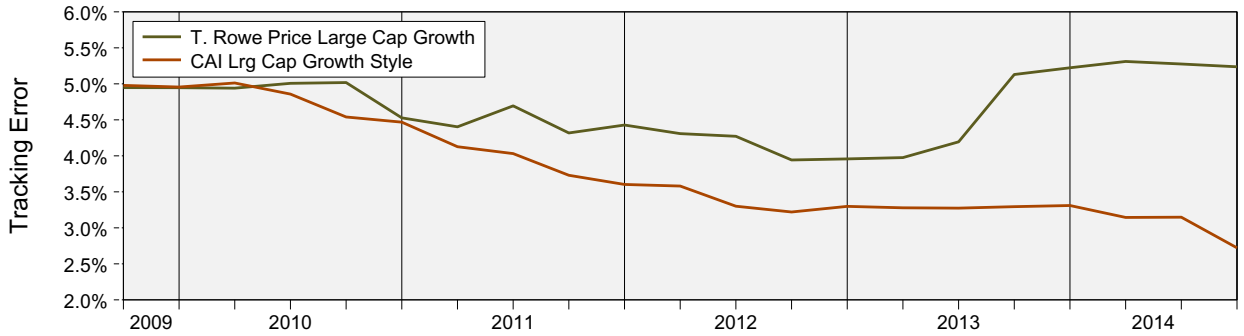
The graphs below analyze the risk or variation of a manager's return pattern. The first scatter chart illustrates the relationship, called Excess Return Ratio, between excess return and tracking error relative to the benchmark. The second scatter chart displays the relationship, sometimes called Information Ratio, between alpha (market-risk or "beta" adjusted return) and residual risk (non-market or "unsystematic" risk). The third chart shows tracking error patterns versus the benchmark over time. The last two charts show the ranking of the manager's risk statistics versus the peer group.

## Risk Analysis vs CAI Large Cap Growth Style (Gross)
## Five Years Ended September 30, 2014

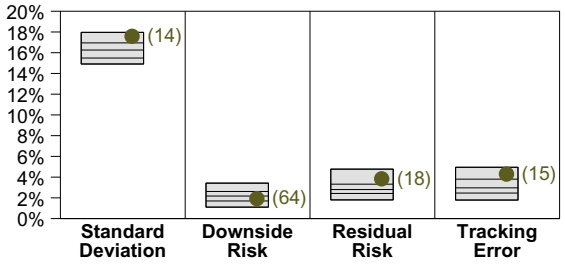


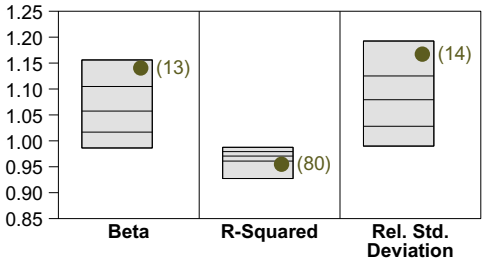

## Rolling 12 Quarter Tracking Error vs Russell 1000 Growth Index




## Risk Statistics Rankings vs Russell 1000 Growth Index
## Rankings Against CAI Large Cap Growth Style (Gross)
## Five Years Ended September 30, 2014




| | Standard Deviation | Downside Risk | Residual Risk | Tracking Error |
|---|---|---|---|---|
| 10th Percentile | 17.96 | 3.42 | 4.77 | 4.95 |
| 25th Percentile | 16.95 | 2.62 | 3.32 | 3.80 |
| Median | 16.26 | 2.18 | 2.80 | 2.97 |
| 75th Percentile | 15.49 | 1.70 | 2.42 | 2.46 |
| 90th Percentile | 14.91 | 1.11 | 1.80 | 1.79 |
| **T. Rowe Price Large Cap Growth** ● | 17.58 | 1.93 | 3.84 | 4.29 |



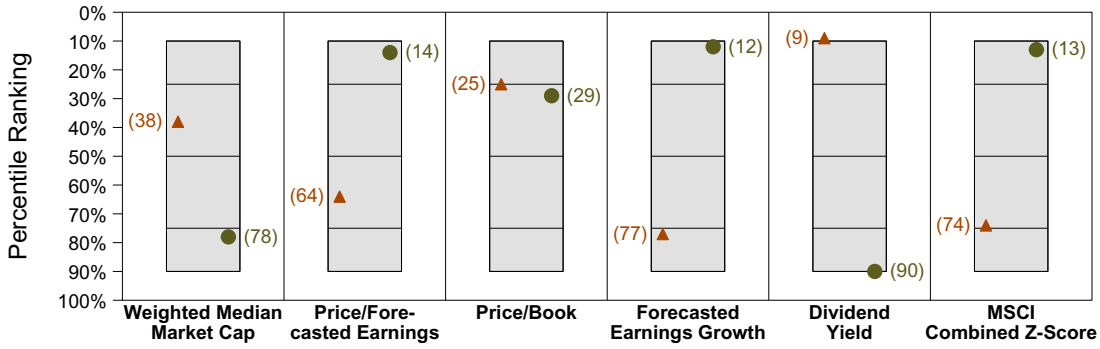

| | Beta | R-Squared | Rel. Std. Deviation |
|---|---|---|---|
| 10th Percentile | 1.16 | 0.99 | 1.19 |
| 25th Percentile | 1.10 | 0.98 | 1.13 |
| Median | 1.06 | 0.97 | 1.08 |
| 75th Percentile | 1.02 | 0.96 | 1.03 |
| 90th Percentile | 0.99 | 0.93 | 0.99 |
| **T. Rowe Price Large Cap Growth** ● | 1.14 | 0.95 | 1.17 |

# T. Rowe Price Large Cap Growth
# Equity Characteristics Analysis Summary

## Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

## Portfolio Characteristics Percentile Rankings
## Rankings Against CAI Large Cap Growth Style
## as of September 30, 2014

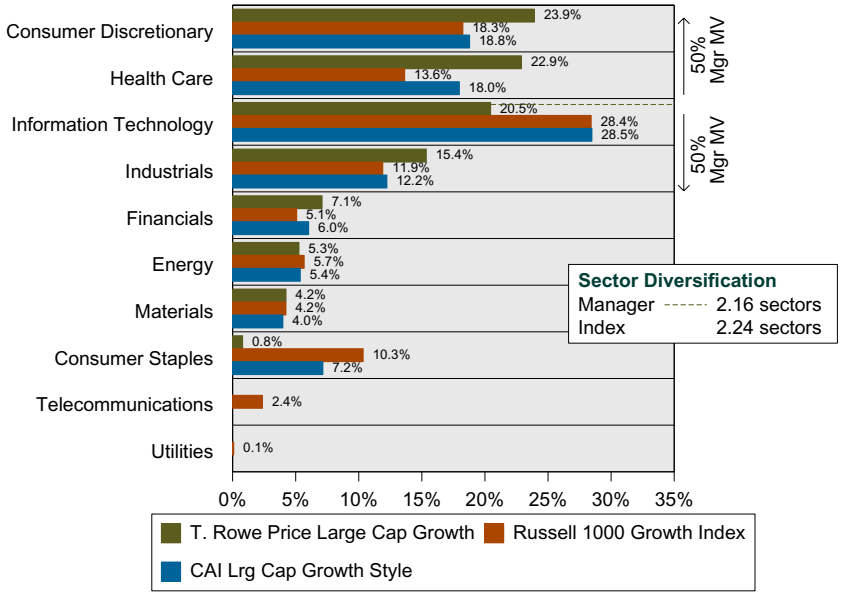



| | Weighted Median Market Cap | Price/Forecasted Earnings | Price/Book | Forecasted Earnings Growth | Dividend Yield | MSCI Combined Z-Score |
|---|---|---|---|---|---|---|
| 10th Percentile | 70.05 | 23.38 | 5.79 | 20.63 | 1.52 | 1.77 |
| 25th Percentile | 60.59 | 20.19 | 4.93 | 19.06 | 1.31 | 1.47 |
| Median | 54.46 | 18.72 | 4.33 | 16.21 | 0.98 | 1.18 |
| 75th Percentile | 46.19 | 17.10 | 3.96 | 14.83 | 0.75 | 0.76 |
| 90th Percentile | 34.82 | 16.08 | 3.73 | 13.37 | 0.62 | 0.57 |
| **T. Rowe Price Large Cap Growth** ● | 44.92 | 20.95 | 4.83 | 20.37 | 0.61 | 1.59 |
| Russell 1000 Growth Index ▲ | 56.69 | 17.68 | 4.92 | 14.58 | 1.53 | 0.79 |

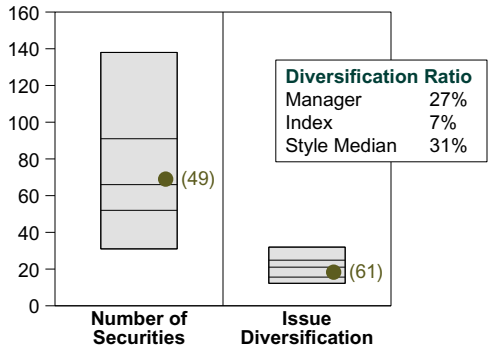
## Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that comprise half of the portfolio's market value.

### Sector Allocation
### September 30, 2014




### Diversification
### September 30, 2014

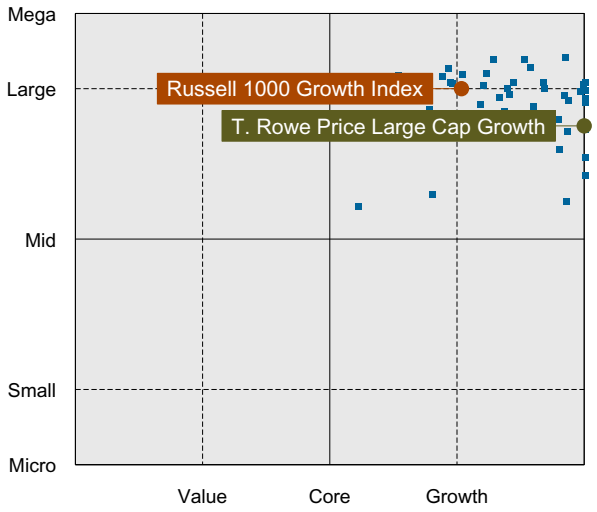



| | Number of Securities | Issue Diversification |
|---|---|---|
| 10th Percentile | 138 | 32 |
| 25th Percentile | 91 | 25 |
| Median | 66 | 21 |
| 75th Percentile | 52 | 16 |
| 90th Percentile | 31 | 12 |
| **T. Rowe Price Large Cap Growth** ● | 69 | 18 |
| Russell 1000 Growth Index ▲ | 674 | 45 |

## Current Holdings Based Style Analysis
## T. Rowe Price Large Cap Growth
## As of September 30, 2014

This page analyzes the current investment style of a portfolio utilizing a detailed holdings-based style analysis to determine actual exposures to various market capitalization and style segments of the domestic equity market. The market is segmented quarterly by capitalization and style. The capitalization segments are dictated by capitalization decile breakpoints. The style segments are determined using the "Combined Z Score", based on the eight fundamental factors used in the MSCI stock style scoring system. The upper-left style map illustrates the current market capitalization and style score of the portfolio relative to indices and/or peers. The upper-right style exposure matrix displays the current portfolio and index weights and stock counts (in parentheses) in each capitalization/style segment of the market. The middle chart illustrates the total exposures and stock counts in the three style segments, with a legend showing the total growth, value, and "combined Z" (growth - value) scores. The bottom chart exhibits the sector weights as well as the style weights within each sector.

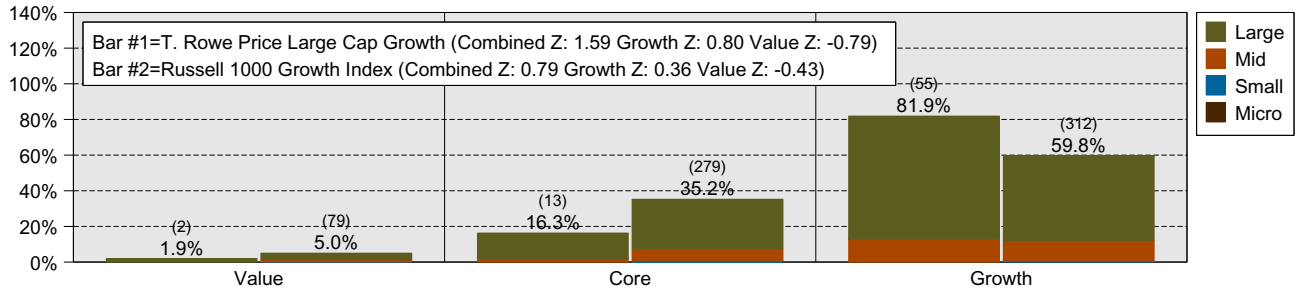
### Style Map vs CAI Lrg Cap Growth Style
### Holdings as of September 30, 2014



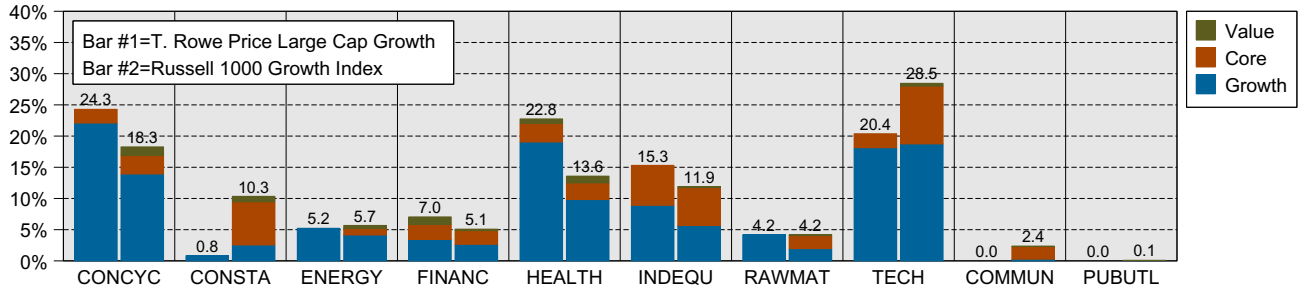

### Style Exposure Matrix
### Holdings as of September 30, 2014

| | Value | Core | Growth | Total |
|---|---|---|---|---|
| Large | 1.9% (2)<br>3.5% (23) | 14.4% (10)<br>28.0% (78) | 68.9% (38)<br>47.8% (105) | **85.1% (50)**<br>**79.3% (206)** |
| Mid | 0.0% (0)<br>1.3% (43) | 1.9% (3)<br>6.6% (154) | 13.0% (17)<br>11.4% (181) | **14.9% (20)**<br>**19.3% (378)** |
| Small | 0.0% (0)<br>0.2% (13) | 0.0% (0)<br>0.6% (45) | 0.0% (0)<br>0.5% (26) | **0.0% (0)**<br>**1.3% (84)** |
| Micro | 0.0% (0)<br>0.0% (0) | 0.0% (0)<br>0.0% (2) | 0.0% (0)<br>0.0% (0) | **0.0% (0)**<br>**0.0% (2)** |
| **Total** | **1.9% (2)**<br>**5.0% (79)** | **16.3% (13)**<br>**35.2% (279)** | **81.9% (55)**<br>**59.8% (312)** | **100.0% (70)**<br>**100.0% (670)** |

### Combined Z-Score Style Distribution
### Holdings as of September 30, 2014




### Sector Weights Distribution
### Holdings as of September 30, 2014



# T. Rowe Price Large Cap Growth
# Top 10 Portfolio Holdings Characteristics
# as of September 30, 2014

## 10 Largest Holdings

| Stock | Sector | Ending Market Value | Percent of Portfolio | Qtrly Return | Market Capital | Price/ Forecasted Earnings Ratio | Dividend Yield | Forecasted Growth in Earnings |
|---|---|---|---|---|---|---|---|---|
| Amazon.Com | Consumer Discretionary | $3,159,912 | 4.1% | (0.49)% | 148.98 | 227.87 | 0.00% | 30.00% |
| Visa Inc Com Cl A | Information Technology | $2,901,832 | 3.8% | 1.55% | 105.57 | 20.58 | 0.75% | 17.25% |
| Priceline Grp Inc | Consumer Discretionary | $2,479,361 | 3.2% | (3.72)% | 60.76 | 18.74 | 0.00% | 20.00% |
| Gilead Sciences | Health Care | $2,395,125 | 3.1% | 28.39% | 160.92 | 11.80 | 0.00% | 19.00% |
| Boeing Co | Industrials | $2,331,054 | 3.0% | 0.72% | 91.79 | 15.07 | 2.29% | 11.60% |
| Google Inc Cl A | Information Technology | $2,294,799 | 3.0% | 0.69% | 166.73 | 19.43 | 0.00% | 16.65% |
| McKesson Corp | Health Care | $2,258,172 | 2.9% | 4.64% | 45.09 | 16.59 | 0.49% | 15.00% |
| Google Inc Cl C | Information Technology | $2,193,968 | 2.9% | 0.36% | 195.27 | 38.56 | 0.00% | 16.30% |
| Pioneer Natural Res. | Energy | $2,107,579 | 2.8% | (13.92)% | 28.19 | 29.58 | 0.04% | 20.00% |
| Wynn Resorts Ltd | Consumer Discretionary | $2,057,880 | 2.7% | (8.99)% | 18.96 | 21.15 | 2.67% | 15.00% |

## 10 Best Performers

| Stock | Sector | Ending Market Value | Percent of Portfolio | Qtrly Return | Market Capital | Price/ Forecasted Earnings Ratio | Dividend Yield | Forecasted Growth in Earnings |
|---|---|---|---|---|---|---|---|---|
| Gilead Sciences | Health Care | $2,395,125 | 3.1% | 28.39% | 160.92 | 11.80 | 0.00% | 19.00% |
| Linkedin Corp Com Cl A | Information Technology | $457,138 | 0.6% | 20.61% | 22.17 | 82.36 | 0.00% | 34.00% |
| Alibaba Group Hldg Ltd Sponsored Ad | Consumer Discretionary | $707,068 | 0.9% | 20.41% | 219.02 | 32.08 | 0.00% | 29.65% |
| Vertex Pharmaceuticals | Health Care | $572,781 | 0.7% | 18.71% | 26.74 | (177.42) | 0.00% | - |
| Facebook Inc Cl A | Information Technology | $1,501,760 | 2.0% | 17.39% | 159.27 | 41.17 | 0.00% | 38.40% |
| Baidu Inc Spon Adr Rep A | Information Technology | $1,243,911 | 1.6% | 16.82% | 60.11 | 28.26 | 0.00% | 32.38% |
| United Contl Hldgs Inc Com | Industrials | $510,011 | 0.7% | 14.32% | 17.48 | 8.37 | 0.00% | 30.85% |
| Kansas City Southern | Industrials | $484,800 | 0.6% | 12.92% | 13.37 | 22.90 | 0.92% | 15.75% |
| Chipotle Mexican Grill Inc | Consumer Discretionary | $799,908 | 1.0% | 11.47% | 20.67 | 40.38 | 0.00% | 23.30% |
| Regeneron Pharmaceutical | Health Care | $324,468 | 0.4% | 11.19% | 35.72 | 30.64 | 0.00% | 21.00% |

## 10 Worst Performers

| Stock | Sector | Ending Market Value | Percent of Portfolio | Qtrly Return | Market Capital | Price/ Forecasted Earnings Ratio | Dividend Yield | Forecasted Growth in Earnings |
|---|---|---|---|---|---|---|---|---|
| Range Resources Corp | Energy | $1,190,608 | 1.6% | (21.94)% | 11.44 | 31.69 | 0.24% | 25.75% |
| Michael Kors Hldgs Ltd Shs | Consumer Discretionary | $613,954 | 0.8% | (19.40)% | 14.67 | 16.15 | 0.00% | 23.90% |
| Las Vegas Sands Corp | Consumer Discretionary | $721,636 | 0.9% | (17.68)% | 50.10 | 15.55 | 3.21% | 16.85% |
| American Airls Group Inc | Industrials | $1,458,228 | 1.9% | (16.91)% | 25.55 | 5.47 | 1.13% | 48.60% |
| Pioneer Natural Res. | Energy | $2,107,579 | 2.8% | (13.92)% | 28.19 | 29.58 | 0.04% | 20.00% |
| Eqt Corp | Energy | $677,396 | 0.9% | (13.85)% | 13.87 | 23.75 | 0.13% | 30.00% |
| Mgm Resorts International | Consumer Discretionary | $874,046 | 1.1% | (13.62)% | 11.18 | 33.11 | 0.00% | 12.50% |
| Ctrip Com Intl Ltd American Dep Shs | Consumer Discretionary | $624,360 | 0.8% | (11.37)% | 7.73 | 51.37 | 0.00% | 22.30% |
| Carmax | Consumer Discretionary | $469,145 | 0.6% | (10.75)% | 10.07 | 17.25 | 0.00% | 14.50% |
| Delphi Automotive Plc Shs | Consumer Discretionary | $637,936 | 0.8% | (10.42)% | 18.38 | 10.83 | 1.63% | 16.02% |

## Small/Mid Cap Equity
## Period Ended September 30, 2014

### Investment Philosophy

SMID Cap Equity Style managers invest in small to medium sized companies.

### Quarterly Summary and Highlights

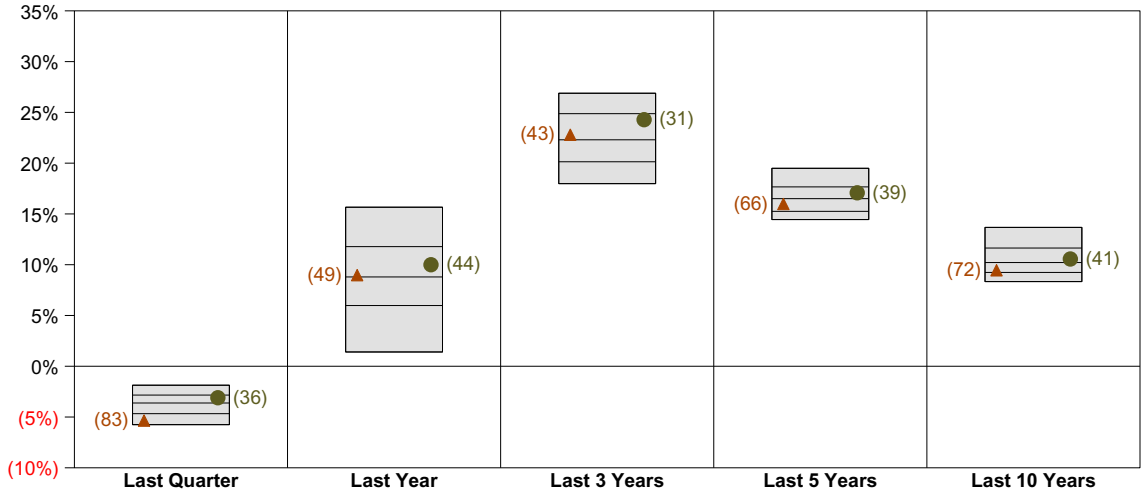
- Small/Mid Cap Equity's portfolio posted a (3.10)% return for the quarter placing it in the 36 percentile of the CAI Small/MidCap Broad Style group for the quarter and in the 44 percentile for the last year.
- Small/Mid Cap Equity's portfolio outperformed the Russell 2500 Index by 2.24% for the quarter and outperformed the Russell 2500 Index for the year by 1.02%.

### Quarterly Asset Growth

| | |
|---|---|
| Beginning Market Value | $81,076,028 |
| Net New Investment | $-155,071 |
| Investment Gains/(Losses) | $-2,513,714 |
| Ending Market Value | $78,407,243 |

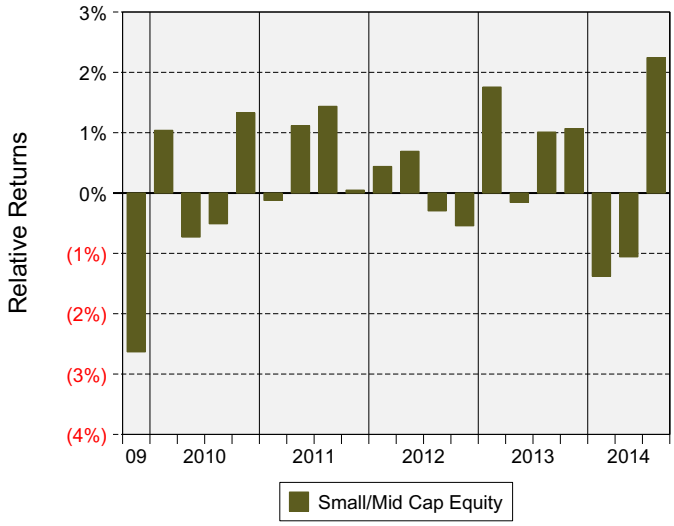
**Percent Cash: 3.2%**

### Performance vs CAI Small/MidCap Broad Style (Gross)

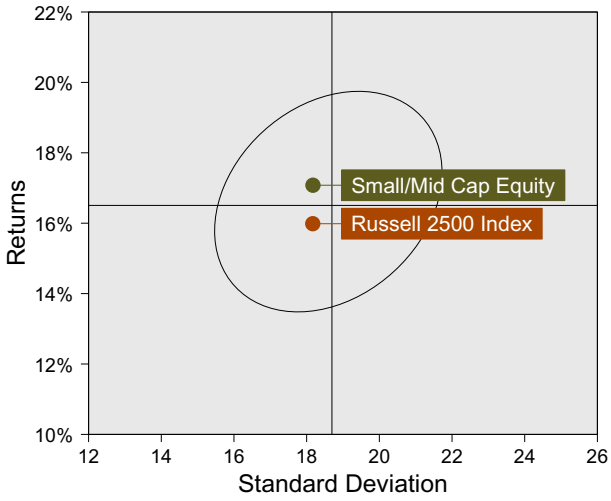



| | Last Quarter | Last Year | Last 3 Years | Last 5 Years | Last 10 Years |
|---|---|---|---|---|---|
| 10th Percentile | (1.87) | 15.66 | 26.88 | 19.49 | 13.67 |
| 25th Percentile | (2.84) | 11.78 | 24.87 | 17.66 | 11.64 |
| Median | (3.62) | 8.80 | 22.30 | 16.51 | 10.21 |
| 75th Percentile | (4.67) | 5.98 | 20.14 | 15.26 | 9.24 |
| 90th Percentile | (5.75) | 1.41 | 17.98 | 14.44 | 8.34 |
| **Small/Mid Cap Equity** ● | (3.10) | 10.00 | 24.28 | 17.08 | 10.56 |
| Russell 2500 Index ▲ | (5.35) | 8.97 | 22.80 | 15.99 | 9.45 |

### Relative Return vs Russell 2500 Index




### CAI Small/MidCap Broad Style (Gross) Annualized Five Year Risk vs Return

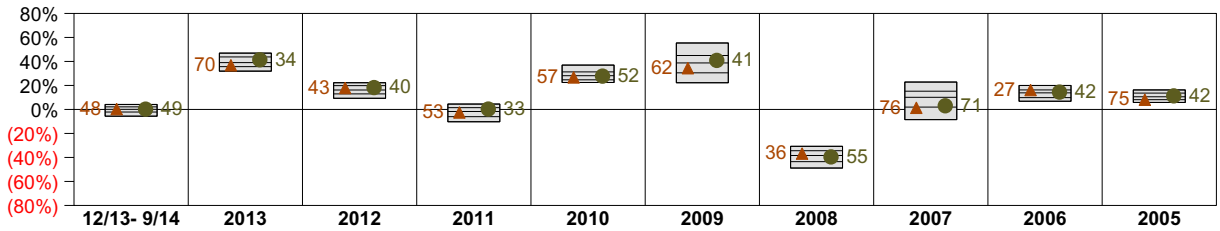


# Small/Mid Cap Equity
# Return Analysis Summary

## Return Analysis

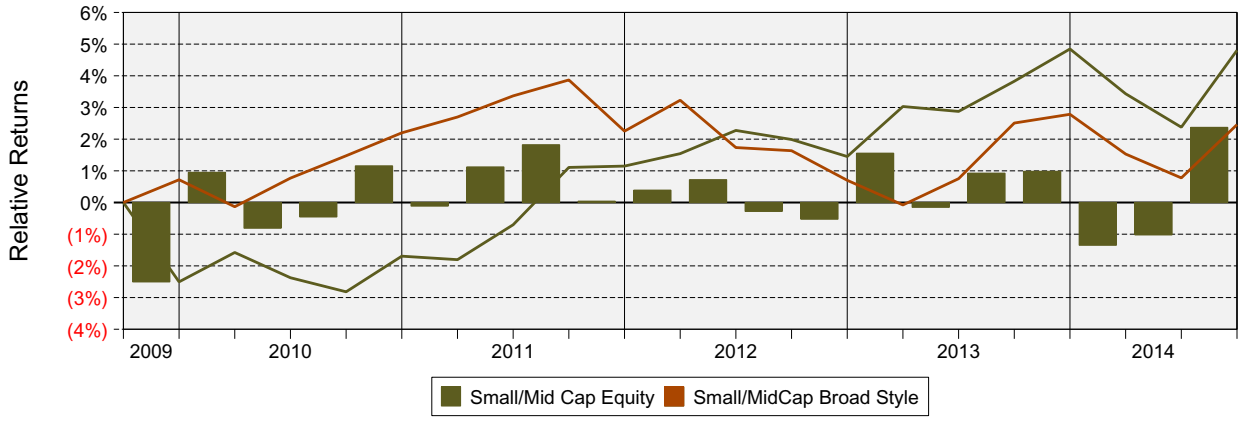
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

## Performance vs CAI Small/MidCap Broad Style (Gross)

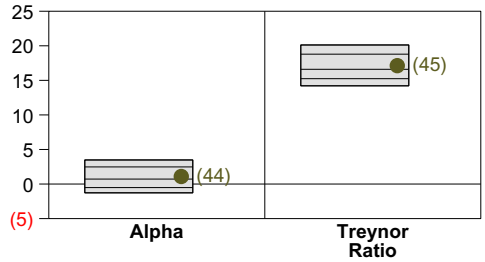



| | 12/13- 9/14 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|---|---|---|---|---|---|
| 10th Percentile | 4.15 | 46.92 | 22.27 | 4.49 | 36.95 | 55.39 | (30.72) | 22.83 | 19.99 | 16.28 |
| 25th Percentile | 2.15 | 43.75 | 19.84 | 1.49 | 31.29 | 44.95 | (34.40) | 15.19 | 16.26 | 13.63 |
| Median | 0.08 | 39.02 | 16.20 | (1.72) | 28.12 | 38.76 | (38.37) | 10.12 | 13.82 | 10.56 |
| 75th Percentile | (2.15) | 35.66 | 12.97 | (6.03) | 24.68 | 30.50 | (43.50) | 1.95 | 9.84 | 8.13 |
| 90th Percentile | (5.62) | 31.91 | 9.29 | (10.27) | 22.45 | 22.24 | (48.85) | (8.50) | 6.83 | 5.83 |
| **Small/Mid Cap Equity** ● | 0.24 | 41.37 | 18.23 | 0.31 | 27.76 | 40.86 | (39.56) | 3.04 | 14.43 | 11.29 |
| Russell 2500 Index ▲ | 0.28 | 36.80 | 17.88 | (2.51) | 26.71 | 34.39 | (36.79) | 1.38 | 16.17 | 8.11 |

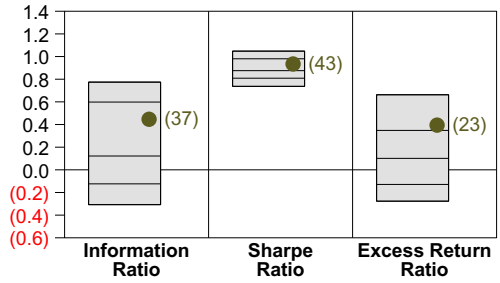
## Cumulative and Quarterly Relative Return vs Russell 2500 Index




## Risk Adjusted Return Measures vs Russell 2500 Index
## Rankings Against CAI Small/MidCap Broad Style (Gross)
## Five Years Ended September 30, 2014




| | Alpha | Treynor Ratio |
|---|---|---|
| 10th Percentile | 3.48 | 20.12 |
| 25th Percentile | 2.48 | 18.79 |
| Median | 0.72 | 16.60 |
| 75th Percentile | (0.51) | 15.24 |
| 90th Percentile | (1.27) | 14.21 |
| **Small/Mid Cap Equity** ● | 1.09 | 17.12 |



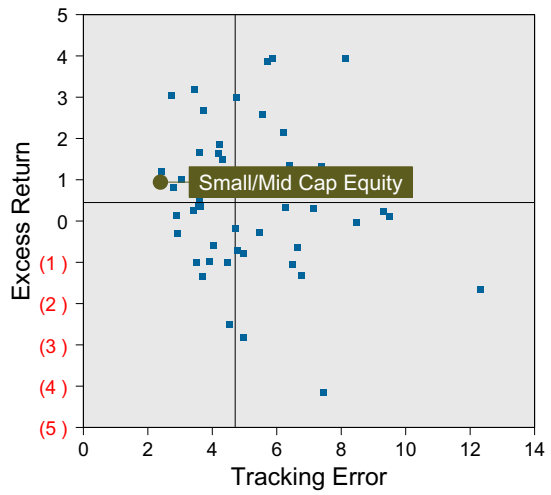

| | Information Ratio | Sharpe Ratio | Excess Return Ratio |
|---|---|---|---|
| 10th Percentile | 0.77 | 1.05 | 0.66 |
| 25th Percentile | 0.60 | 0.98 | 0.35 |
| Median | 0.12 | 0.88 | 0.10 |
| 75th Percentile | (0.12) | 0.81 | (0.13) |
| 90th Percentile | (0.31) | 0.74 | (0.28) |
| **Small/Mid Cap Equity** ● | 0.45 | 0.93 | 0.39 |

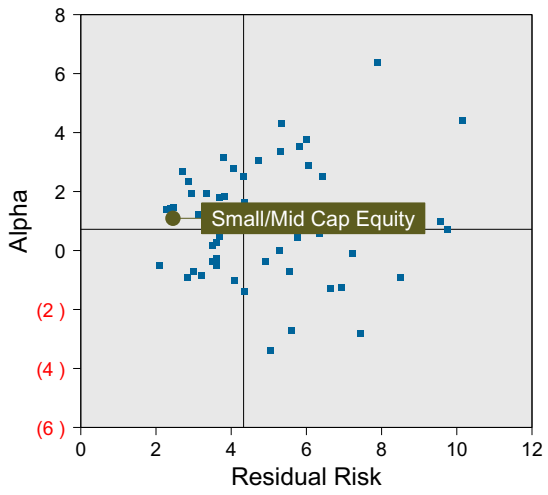
# Small/Mid Cap Equity
# Risk Analysis Summary

## Risk Analysis

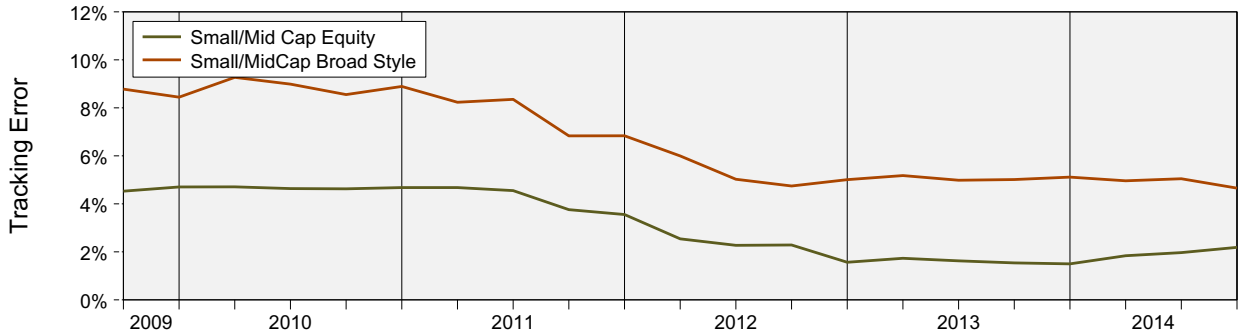
The graphs below analyze the risk or variation of a manager's return pattern. The first scatter chart illustrates the relationship, called Excess Return Ratio, between excess return and tracking error relative to the benchmark. The second scatter chart displays the relationship, sometimes called Information Ratio, between alpha (market-risk or "beta" adjusted return) and residual risk (non-market or "unsystematic" risk). The third chart shows tracking error patterns versus the benchmark over time. The last two charts show the ranking of the manager's risk statistics versus the peer group.

## Risk Analysis vs CAI Small/MidCap Broad Style (Gross)
## Five Years Ended September 30, 2014

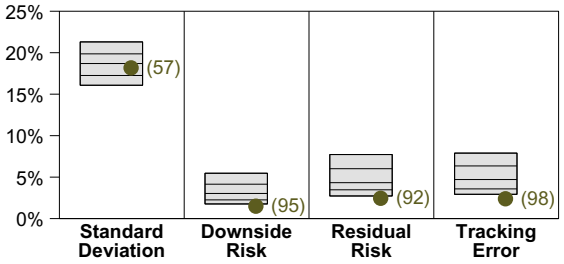


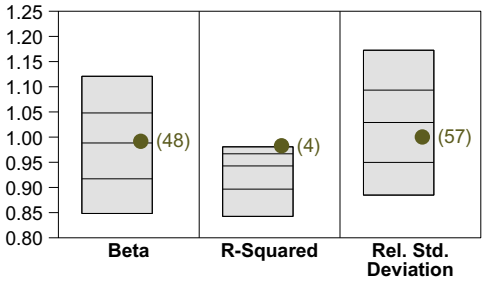




## Rolling 12 Quarter Tracking Error vs Russell 2500 Index




## Risk Statistics Rankings vs Russell 2500 Index
## Rankings Against CAI Small/MidCap Broad Style (Gross)
## Five Years Ended September 30, 2014




| | Standard Deviation | Downside Risk | Residual Risk | Tracking Error |
|---|---|---|---|---|
| 10th Percentile | 21.30 | 5.47 | 7.72 | 7.90 |
| 25th Percentile | 19.86 | 4.15 | 6.02 | 6.35 |
| Median | 18.70 | 3.03 | 4.33 | 4.71 |
| 75th Percentile | 17.26 | 2.26 | 3.47 | 3.58 |
| 90th Percentile | 16.08 | 1.77 | 2.73 | 2.93 |
| **Small/Mid Cap Equity** ● | 18.17 | 1.49 | 2.45 | 2.39 |

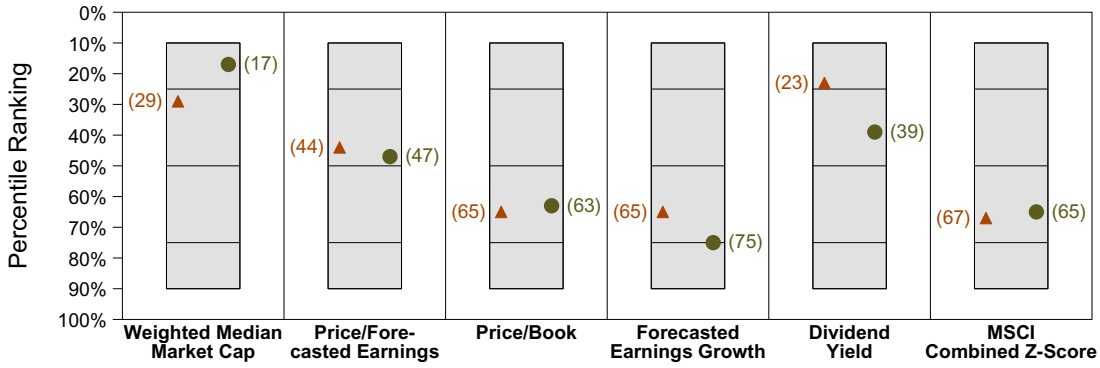
| | Beta | R-Squared | Rel. Std. Deviation |
|---|---|---|---|
| 10th Percentile | 1.12 | 0.98 | 1.17 |
| 25th Percentile | 1.05 | 0.97 | 1.09 |
| Median | 0.99 | 0.94 | 1.03 |
| 75th Percentile | 0.92 | 0.90 | 0.95 |
| 90th Percentile | 0.85 | 0.84 | 0.88 |
| **Small/Mid Cap Equity** ● | 0.99 | 0.98 | 1.00 |

# Small/Mid Cap Equity
# Equity Characteristics Analysis Summary

## Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

## Portfolio Characteristics Percentile Rankings
## Rankings Against CAI Small/MidCap Broad Style
## as of September 30, 2014

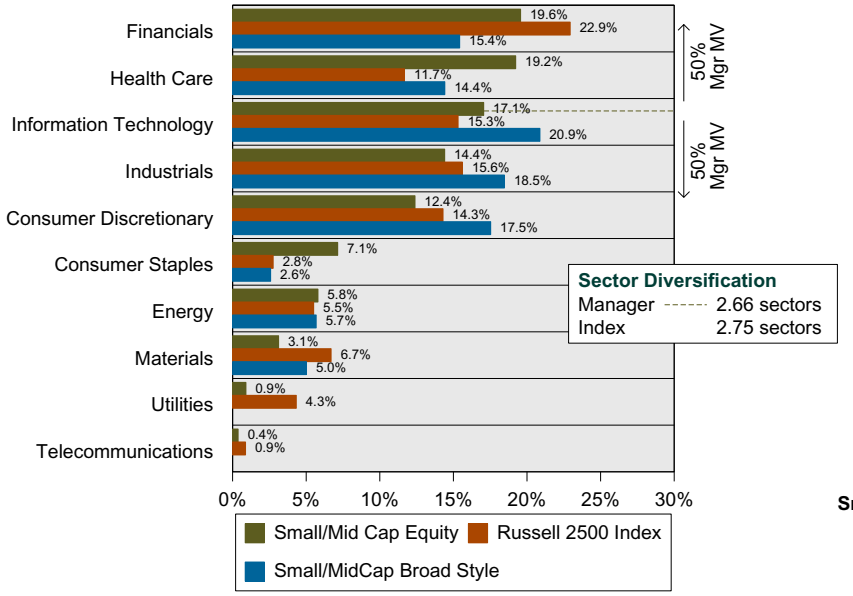



| | Weighted Median Market Cap | Price/Fore-casted Earnings | Price/Book | Forecasted Earnings Growth | Dividend Yield | MSCI Combined Z-Score |
|---|---|---|---|---|---|---|
| 10th Percentile | 3.90 | 24.76 | 4.10 | 22.24 | 2.21 | 0.97 |
| 25th Percentile | 3.54 | 20.83 | 3.30 | 19.85 | 1.41 | 0.76 |
| Median | 2.92 | 17.68 | 2.86 | 16.87 | 0.78 | 0.52 |
| 75th Percentile | 2.24 | 15.14 | 1.63 | 12.80 | 0.42 | (0.46) |
| 90th Percentile | 1.89 | 13.54 | 1.47 | 10.98 | 0.25 | (0.74) |
| **Small/Mid Cap Equity** ● | 3.77 | 17.96 | 2.47 | 12.97 | 1.03 | 0.12 |
| Russell 2500 Index ▲ | 3.47 | 18.75 | 2.14 | 14.79 | 1.45 | (0.03) |

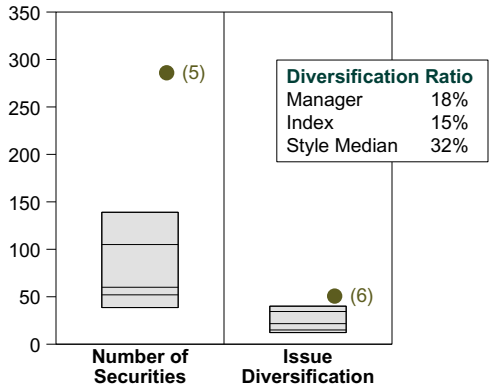
## Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that comprise half of the portfolio's market value.

### Sector Allocation
### September 30, 2014




### Diversification
### September 30, 2014

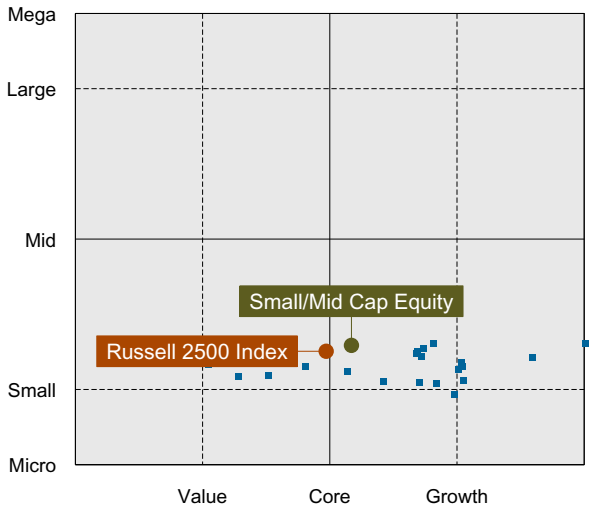



| | Number of Securities | Issue Diversification |
|---|---|---|
| 10th Percentile | 139 | 40 |
| 25th Percentile | 105 | 34 |
| Median | 60 | 22 |
| 75th Percentile | 52 | 15 |
| 90th Percentile | 39 | 12 |
| **Small/Mid Cap Equity** ● | 286 | 51 |
| Russell 2500 Index ▲ | 2479 | 374 |

## Current Holdings Based Style Analysis
## Small/Mid Cap Equity
## As of September 30, 2014

This page analyzes the current investment style of a portfolio utilizing a detailed holdings-based style analysis to determine actual exposures to various market capitalization and style segments of the domestic equity market. The market is segmented quarterly by capitalization and style. The capitalization segments are dictated by capitalization decile breakpoints. The style segments are determined using the "Combined Z Score", based on the eight fundamental factors used in the MSCI stock style scoring system. The upper-left style map illustrates the current market capitalization and style score of the portfolio relative to indices and/or peers. The upper-right style exposure matrix displays the current portfolio and index weights and stock counts (in parentheses) in each capitalization/style segment of the market. The middle chart illustrates the total exposures and stock counts in the three style segments, with a legend showing the total growth, value, and "combined Z" (growth - value) scores. The bottom chart exhibits the sector weights as well as the style weights within each sector.

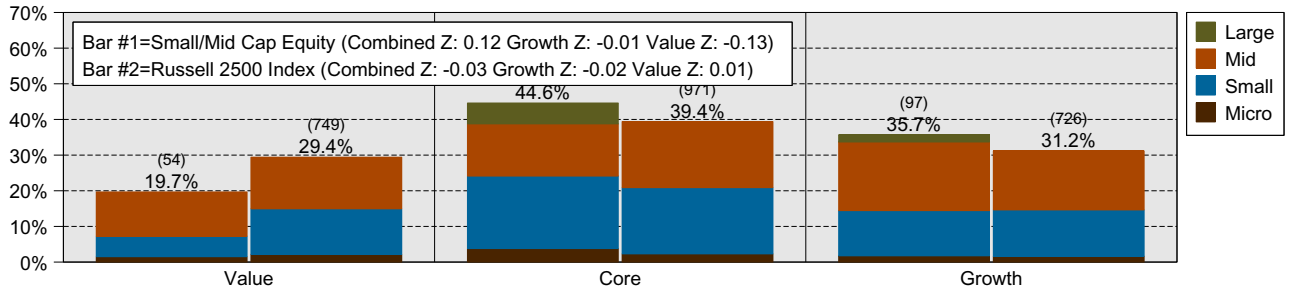
### Style Map vs Small/MidCap Broad Style
### Holdings as of September 30, 2014



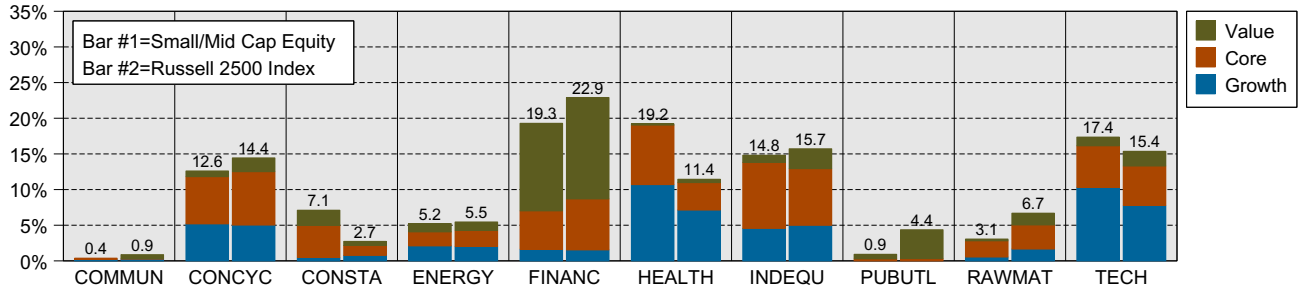

### Style Exposure Matrix
### Holdings as of September 30, 2014

| | Value | Core | Growth | Total |
|---|---|---|---|---|
| Large | 0.0% (0)<br>0.0% (0) | 5.9% (5)<br>0.0% (0) | 2.0% (2)<br>0.0% (0) | **7.9% (7)**<br>**0.0% (0)** |
| Mid | 12.4% (18)<br>14.5% (113) | 14.6% (20)<br>18.5% (142) | 19.3% (35)<br>16.5% (130) | **46.3% (73)**<br>**49.6% (385)** |
| Small | 5.8% (23)<br>12.7% (330) | 20.3% (73)<br>18.6% (482) | 12.7% (46)<br>13.0% (366) | **38.8% (142)**<br>**44.3% (1178)** |
| Micro | 1.5% (13)<br>2.2% (306) | 3.8% (26)<br>2.3% (347) | 1.8% (14)<br>1.6% (230) | **7.1% (53)**<br>**6.1% (883)** |
| **Total** | **19.7% (54)**<br>**29.4% (749)** | **44.6% (124)**<br>**39.4% (971)** | **35.7% (97)**<br>**31.2% (726)** | **100.0% (275)**<br>**100.0% (2446)** |

### Combined Z-Score Style Distribution
### Holdings as of September 30, 2014




### Sector Weights Distribution
### Holdings as of September 30, 2014



# Small/Mid Cap Equity
# Top 10 Portfolio Holdings Characteristics
# as of September 30, 2014

## 10 Largest Holdings

| Stock | Sector | Ending Market Value | Percent of Portfolio | Qtrly Return | Market Capital | Price/ Forecasted Earnings Ratio | Dividend Yield | Forecasted Growth in Earnings |
|---|---|---|---|---|---|---|---|---|
| St Jude Medical | Health Care | $1,202,600 | 1.5% | (12.79)% | 17.12 | 14.18 | 1.80% | 8.84% |
| Bed Bath & Beyond | Consumer Discretionary | $1,092,778 | 1.4% | 14.73% | 13.29 | 12.50 | 0.00% | 9.00% |
| Carefusion Corp | Health Care | $1,067,900 | 1.4% | 2.03% | 9.20 | 16.44 | 0.00% | 11.93% |
| Verisk Analytics Inc Cl A | Industrials | $1,059,486 | 1.4% | 1.45% | 10.14 | 22.89 | 0.00% | 12.86% |
| Zoetis Inc Cl A | Health Care | $1,016,125 | 1.3% | 14.75% | 18.52 | 21.93 | 0.78% | 13.70% |
| Smucker J M Co | Consumer Staples | $989,900 | 1.3% | (6.53)% | 10.08 | 16.00 | 2.59% | 7.80% |
| Northern Tr Corp | Financials | $979,632 | 1.3% | 6.45% | 16.03 | 18.34 | 1.94% | 11.85% |
| Red Hat Inc | Information Technology | $965,780 | 1.2% | 1.59% | 10.55 | 32.93 | 0.00% | 15.00% |
| Gallagher Arthur J & Co | Financials | $938,952 | 1.2% | (1.91)% | 7.21 | 16.06 | 3.17% | 15.39% |
| Sirona Dental Systems Inc | Health Care | $935,496 | 1.2% | (7.01)% | 4.43 | 18.84 | 0.00% | 10.00% |

## 10 Best Performers

| Stock | Sector | Ending Market Value | Percent of Portfolio | Qtrly Return | Market Capital | Price/ Forecasted Earnings Ratio | Dividend Yield | Forecasted Growth in Earnings |
|---|---|---|---|---|---|---|---|---|
| Auxilium Pharmaceuticals Inc | Health Care | $137,310 | 0.2% | 48.80% | 1.50 | 26.30 | 0.00% | - |
| Move Inc | Information Technology | $205,198 | 0.3% | 41.72% | 0.84 | 46.37 | 0.00% | 14.00% |
| Ambarella Inc Shs | Information Technology | $213,983 | 0.3% | 40.06% | 1.30 | 26.79 | 0.00% | - |
| Providence Svc Corp | Health Care | $139,818 | 0.2% | 32.22% | 0.72 | 19.79 | 0.00% | 15.00% |
| Medivation Inc | Health Care | $291,667 | 0.4% | 28.27% | 7.59 | 30.99 | 0.00% | 0.00% |
| Einstein Noah Rest Group Inc | Consumer Discretionary | $142,531 | 0.2% | 26.68% | 0.36 | 20.26 | 2.58% | 6.22% |
| Salix Pharmaceuticals | Health Care | $273,420 | 0.3% | 26.66% | 9.95 | 23.09 | 0.00% | 18.50% |
| Aruba Networks Inc | Information Technology | $248,386 | 0.3% | 23.17% | 2.35 | 19.06 | 0.00% | 20.00% |
| Springleaf Hldgs Inc | Financials | $117,183 | 0.1% | 23.04% | 3.67 | 14.67 | 0.00% | 15.60% |
| Andersons Inc | Consumer Staples | $125,760 | 0.2% | 22.12% | 1.79 | 13.57 | 0.70% | 11.20% |

## 10 Worst Performers

| Stock | Sector | Ending Market Value | Percent of Portfolio | Qtrly Return | Market Capital | Price/ Forecasted Earnings Ratio | Dividend Yield | Forecasted Growth in Earnings |
|---|---|---|---|---|---|---|---|---|
| Civeo Corp | Industrials | $40,287 | 0.1% | (53.38)% | 1.24 | 10.25 | 4.48% | - |
| Furmanite Corporation | Industrials | $169,744 | 0.2% | (41.92)% | 0.25 | 11.52 | 0.00% | 15.00% |
| Commercial Veh Group Inc | Industrials | $73,604 | 0.1% | (38.45)% | 0.18 | 9.55 | 0.00% | (2.22)% |
| Trimas Corp | Industrials | $112,161 | 0.1% | (36.19)% | 1.10 | 9.91 | 0.00% | 10.00% |
| Bankrate Inc Del | Information Technology | $73,726 | 0.1% | (35.23)% | 1.19 | 14.66 | 0.00% | 18.00% |
| Hanger Inc | Health Care | $248,087 | 0.3% | (34.75)% | 0.72 | 10.83 | 0.00% | 7.77% |
| Vantage Drilling Company Ord Shs | Energy | $30,734 | 0.0% | (33.85)% | 0.39 | 5.04 | 0.00% | - |
| Laredo Petroleum Inc | Energy | $172,781 | 0.2% | (27.66)% | 3.22 | 22.57 | 0.00% | 28.75% |
| Builders Firstsource Inc | Industrials | $79,079 | 0.1% | (27.14)% | 0.53 | 10.90 | 0.00% | 0.00% |
| Cytokinetics Inc | Health Care | $67,197 | 0.1% | (26.36)% | 0.13 | (3.70) | 0.00% | - |

## Champlain Mid Cap
## Period Ended September 30, 2014

### Investment Philosophy

Champlain Investment Partners believes buying the shares of superior businesses with credible and sincere managements at a discount to fair or intrinsic value gives investors several potential paths to wealth creation. First, the market may bid the shares to a premium over fair value. Second, management may grow the fair value over time at a faster rate than market appreciation. Third, the company may be bought by a larger company or private market investor. They are willing to sell over-priced stocks and harvest gains, reducing valuation risk. The product was funded during the third quarter of 2010. Performance prior is that of the composite.

### Quarterly Summary and Highlights

- Champlain Mid Cap's portfolio posted a (1.82)% return for the quarter placing it in the 45 percentile of the CAI Mid Capitalization Style group for the quarter and in the 50 percentile for the last year.
- Champlain Mid Cap's portfolio underperformed the Russell MidCap Index by 0.15% for the quarter and underperformed the Russell MidCap Index for the year by 1.77%.

### Quarterly Asset Growth

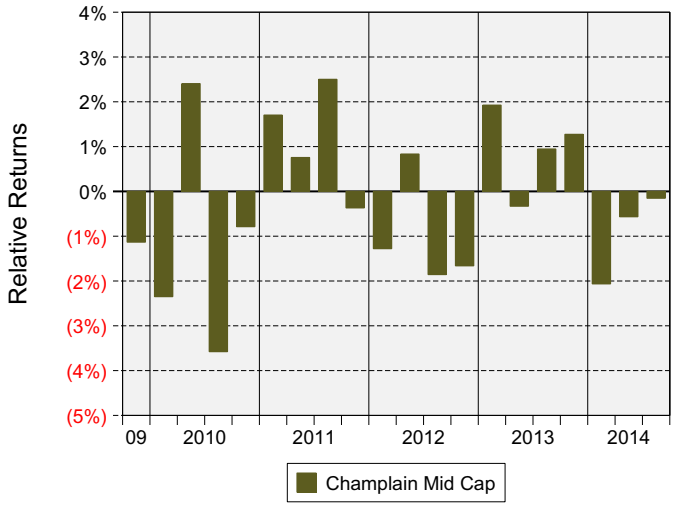
| | |
|---|---|
| Beginning Market Value | $41,767,110 |
| Net New Investment | $-87,811 |
| Investment Gains/(Losses) | $-757,482 |
| Ending Market Value | $40,921,817 |

**Percent Cash: 4.4%**

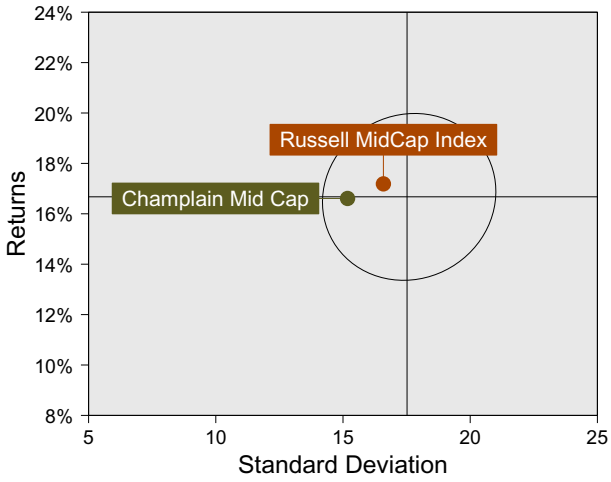
### Performance vs CAI Mid Capitalization Style (Gross)

| | Last Quarter | Last Year | Last 3 Years | Last 4 Years | Last 5 Years | Last 10 Years |
|---|---|---|---|---|---|---|
| 10th Percentile | (0.49) | 17.75 | 27.20 | 19.48 | 18.81 | 12.05 |
| 25th Percentile | (0.99) | 16.22 | 25.16 | 18.21 | 17.98 | 11.25 |
| Median | (1.99) | 14.12 | 22.81 | 16.49 | 16.67 | 10.75 |
| 75th Percentile | (3.24) | 10.75 | 20.66 | 15.32 | 15.83 | 9.94 |
| 90th Percentile | (3.87) | 7.70 | 18.59 | 13.19 | 14.30 | 9.05 |
| **Champlain Mid Cap** ● | (1.82) | 14.06 | 22.44 | 17.50 | 16.61 | 11.98 |
| Russell MidCap Index ▲ | (1.66) | 15.83 | 23.79 | 17.10 | 17.19 | 10.34 |

### Relative Return vs Russell MidCap Index




### CAI Mid Capitalization Style (Gross) Annualized Five Year Risk vs Return

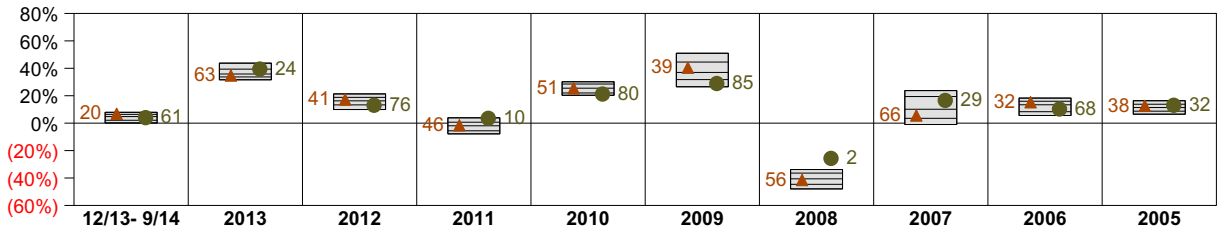


# Champlain Mid Cap
# Return Analysis Summary

## Return Analysis

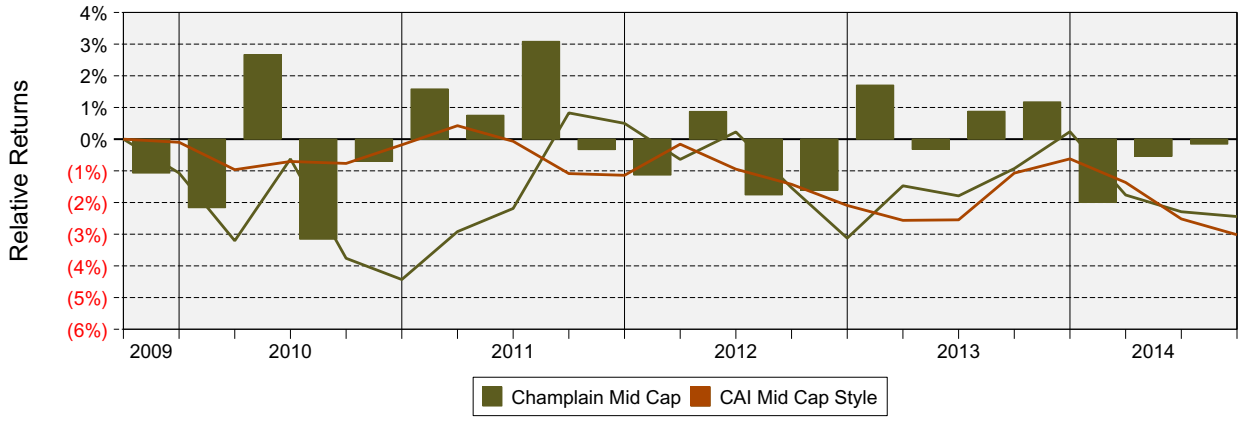
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

## Performance vs CAI Mid Capitalization Style (Gross)

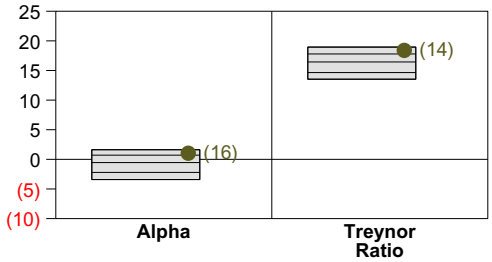


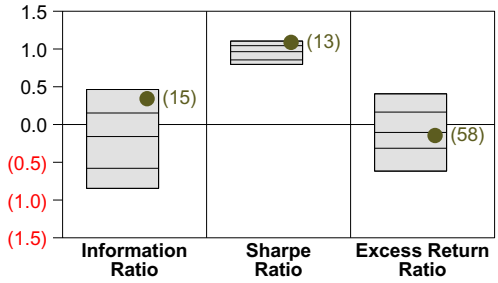

| | 12/13- 9/14 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|---|---|---|---|---|---|
| 10th Percentile | 7.90 | 43.76 | 21.34 | 3.90 | 30.19 | 50.98 | (33.80) | 23.76 | 18.29 | 16.35 |
| 25th Percentile | 6.40 | 39.39 | 18.82 | 0.68 | 28.53 | 44.55 | (36.42) | 19.41 | 15.98 | 13.78 |
| Median | 4.80 | 35.84 | 16.26 | (1.92) | 25.49 | 36.99 | (40.60) | 10.13 | 13.40 | 11.38 |
| 75th Percentile | 2.10 | 33.70 | 13.33 | (5.57) | 22.01 | 31.76 | (44.60) | 3.52 | 8.35 | 8.73 |
| 90th Percentile | 0.18 | 31.61 | 9.94 | (7.82) | 20.32 | 26.52 | (47.94) | (0.99) | 5.59 | 6.54 |
| **Champlain Mid Cap** ● | 4.01 | 39.44 | 13.05 | 3.53 | 21.21 | 28.91 | (25.71) | 16.57 | 10.30 | 13.04 |
| Russell MidCap Index ▲ | 6.87 | 34.76 | 17.28 | (1.55) | 25.48 | 40.48 | (41.46) | 5.60 | 15.26 | 12.65 |

## Cumulative and Quarterly Relative Return vs Russell MidCap Index




## Risk Adjusted Return Measures vs Russell MidCap Index
## Rankings Against CAI Mid Capitalization Style (Gross)
## Five Years Ended September 30, 2014




| | Alpha | Treynor Ratio |
|---|---|---|
| 10th Percentile | 1.62 | 18.95 |
| 25th Percentile | 0.71 | 17.79 |
| Median | (0.54) | 16.44 |
| 75th Percentile | (2.20) | 14.65 |
| 90th Percentile | (3.41) | 13.53 |
| **Champlain Mid Cap** ● | 1.03 | 18.39 |

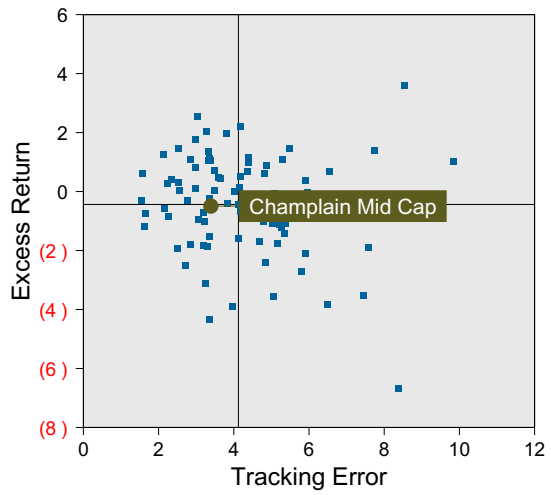
| | Information Ratio | Sharpe Ratio | Excess Return Ratio |
|---|---|---|---|
| 10th Percentile | 0.46 | 1.10 | 0.41 |
| 25th Percentile | 0.15 | 1.04 | 0.16 |
| Median | (0.16) | 0.96 | (0.11) |
| 75th Percentile | (0.58) | 0.86 | (0.31) |
| 90th Percentile | (0.85) | 0.80 | (0.62) |
| **Champlain Mid Cap** ● | 0.34 | 1.09 | (0.15) |

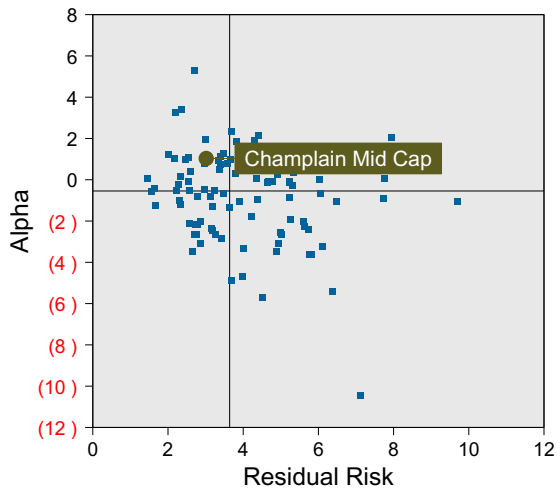
# Champlain Mid Cap
# Risk Analysis Summary

## Risk Analysis

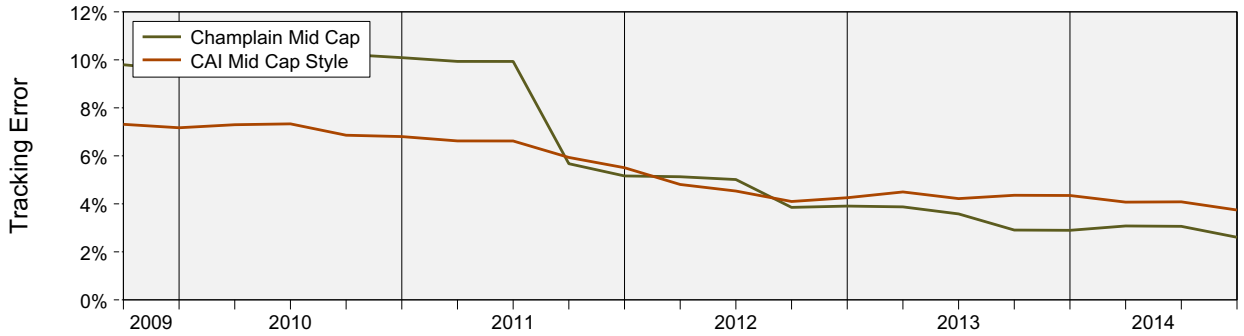
The graphs below analyze the risk or variation of a manager's return pattern. The first scatter chart illustrates the relationship, called Excess Return Ratio, between excess return and tracking error relative to the benchmark. The second scatter chart displays the relationship, sometimes called Information Ratio, between alpha (market-risk or "beta" adjusted return) and residual risk (non-market or "unsystematic" risk). The third chart shows tracking error patterns versus the benchmark over time. The last two charts show the ranking of the manager's risk statistics versus the peer group.

## Risk Analysis vs CAI Mid Capitalization Style (Gross)
## Five Years Ended September 30, 2014

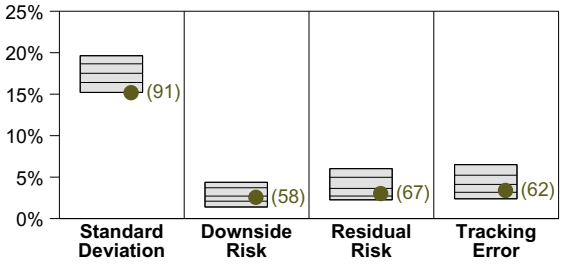


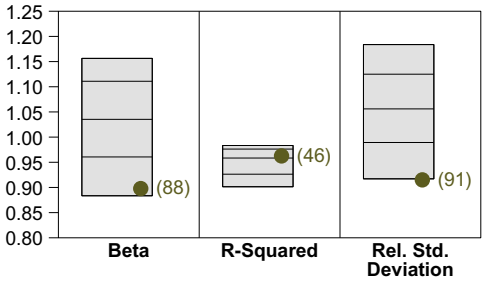




## Rolling 12 Quarter Tracking Error vs Russell MidCap Index




## Risk Statistics Rankings vs Russell MidCap Index
## Rankings Against CAI Mid Capitalization Style (Gross)
## Five Years Ended September 30, 2014




| | Standard Deviation | Downside Risk | Residual Risk | Tracking Error |
|---|---|---|---|---|
| 10th Percentile | 19.64 | 4.37 | 6.02 | 6.50 |
| 25th Percentile | 18.66 | 3.72 | 4.98 | 5.23 |
| Median | 17.52 | 2.71 | 3.64 | 4.12 |
| 75th Percentile | 16.41 | 2.10 | 2.72 | 3.17 |
| 90th Percentile | 15.21 | 1.40 | 2.26 | 2.39 |
| **Champlain Mid Cap** ● | 15.18 | 2.56 | 3.02 | 3.39 |

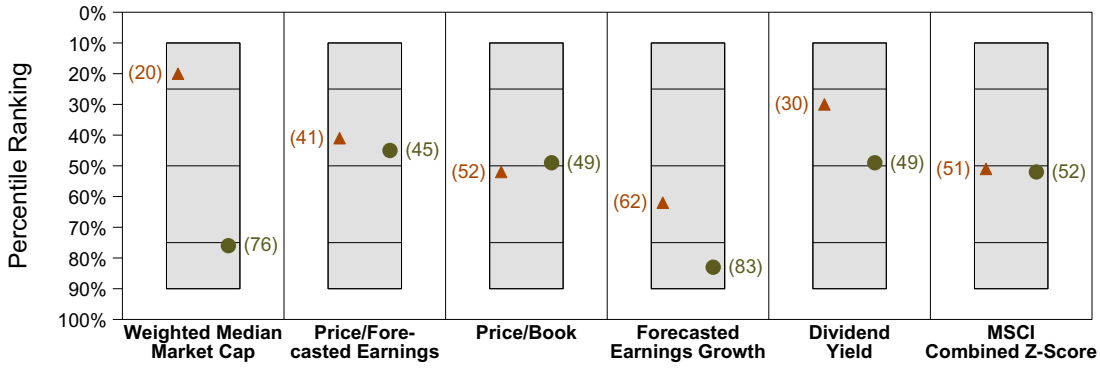
| | Beta | R-Squared | Rel. Std. Deviation |
|---|---|---|---|
| 10th Percentile | 1.16 | 0.98 | 1.18 |
| 25th Percentile | 1.11 | 0.98 | 1.12 |
| Median | 1.04 | 0.96 | 1.06 |
| 75th Percentile | 0.96 | 0.93 | 0.99 |
| 90th Percentile | 0.88 | 0.90 | 0.92 |
| **Champlain Mid Cap** ● | 0.90 | 0.96 | 0.92 |

# Champlain Mid Cap
# Equity Characteristics Analysis Summary

## Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

## Portfolio Characteristics Percentile Rankings
## Rankings Against CAI Mid Capitalization Style
## as of September 30, 2014

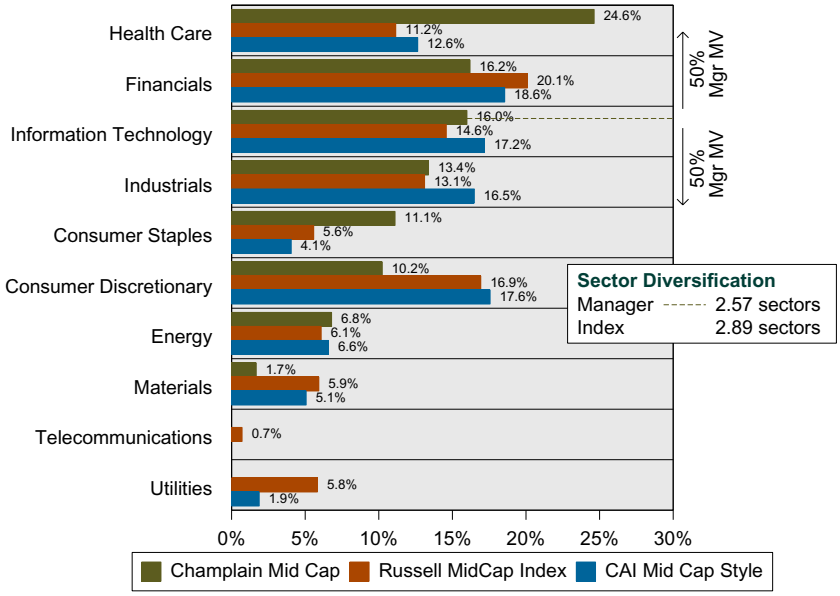



| | Weighted Median Market Cap | Price/Forecasted Earnings | Price/Book | Forecasted Earnings Growth | Dividend Yield | MSCI Combined Z-Score |
|---|---|---|---|---|---|---|
| 10th Percentile | 11.29 | 22.47 | 4.59 | 21.70 | 1.90 | 1.16 |
| 25th Percentile | 10.19 | 20.22 | 4.02 | 18.04 | 1.66 | 0.91 |
| Median | 8.93 | 16.50 | 2.70 | 15.24 | 1.09 | 0.22 |
| 75th Percentile | 7.54 | 14.68 | 1.94 | 12.77 | 0.64 | (0.37) |
| 90th Percentile | 5.63 | 13.37 | 1.73 | 9.96 | 0.51 | (0.59) |
| **Champlain Mid Cap** ● | 7.39 | 17.66 | 2.71 | 10.78 | 1.19 | 0.08 |
| Russell MidCap Index ▲ | 10.55 | 17.85 | 2.51 | 14.00 | 1.59 | 0.10 |

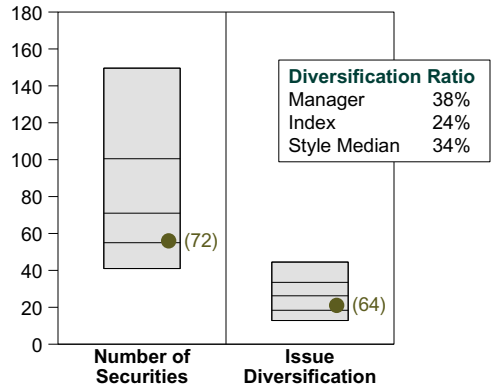
## Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that comprise half of the portfolio's market value.

### Sector Allocation
### September 30, 2014




### Diversification
### September 30, 2014

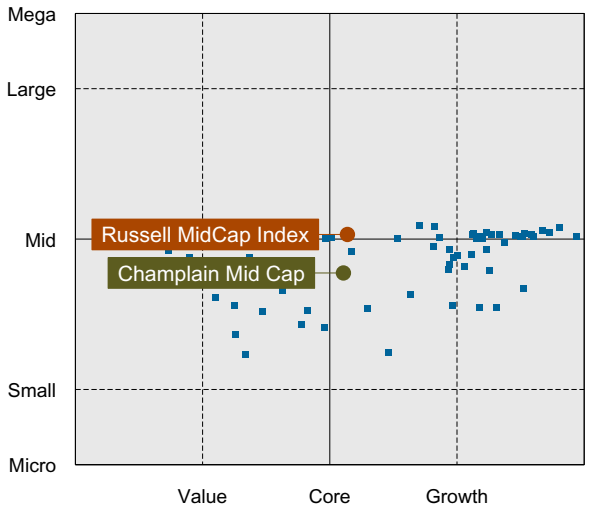



| | Number of Securities | Issue Diversification |
|---|---|---|
| 10th Percentile | 150 | 45 |
| 25th Percentile | 101 | 34 |
| Median | 71 | 26 |
| 75th Percentile | 55 | 18 |
| 90th Percentile | 41 | 13 |
| **Champlain Mid Cap** ● | 56 | 21 |
| Russell MidCap Index ▲ | 838 | 198 |

## Current Holdings Based Style Analysis
## Champlain Mid Cap
## As of September 30, 2014

This page analyzes the current investment style of a portfolio utilizing a detailed holdings-based style analysis to determine actual exposures to various market capitalization and style segments of the domestic equity market. The market is segmented quarterly by capitalization and style. The capitalization segments are dictated by capitalization decile breakpoints. The style segments are determined using the "Combined Z Score", based on the eight fundamental factors used in the MSCI stock style scoring system. The upper-left style map illustrates the current market capitalization and style score of the portfolio relative to indices and/or peers. The upper-right style exposure matrix displays the current portfolio and index weights and stock counts (in parentheses) in each capitalization/style segment of the market. The middle chart illustrates the total exposures and stock counts in the three style segments, with a legend showing the total growth, value, and "combined Z" (growth - value) scores. The bottom chart exhibits the sector weights as well as the style weights within each sector.

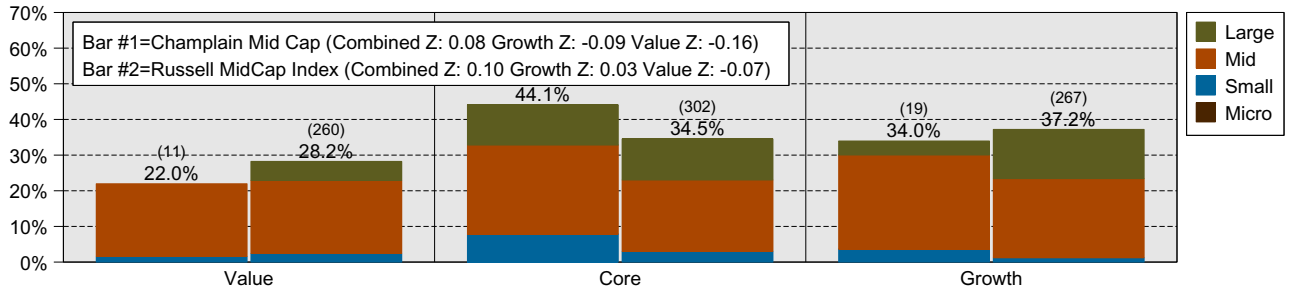
### Style Map vs CAI Mid Cap Style
### Holdings as of September 30, 2014



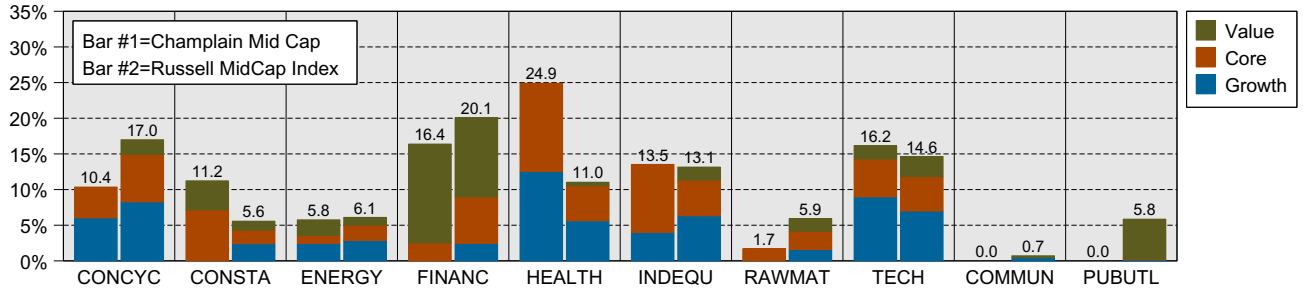

### Style Exposure Matrix
### Holdings as of September 30, 2014

| | Value | Core | Growth | Total |
|---|---|---|---|---|
| Large | 0.0% (0)<br>5.3% (18) | 11.3% (5)<br>11.5% (38) | 3.9% (2)<br>13.8% (46) | **15.2% (7)**<br>**30.6% (102)** |
| Mid | 20.4% (10)<br>20.5% (183) | 25.0% (14)<br>20.0% (192) | 26.4% (15)<br>22.2% (191) | **71.8% (39)**<br>**62.7% (566)** |
| Small | 1.6% (1)<br>2.4% (59) | 7.9% (6)<br>3.0% (72) | 3.6% (2)<br>1.2% (30) | **13.0% (9)**<br>**6.7% (161)** |
| Micro | 0.0% (0)<br>0.0% (0) | 0.0% (0)<br>0.0% (0) | 0.0% (0)<br>0.0% (0) | **0.0% (0)**<br>**0.0% (0)** |
| **Total** | **22.0% (11)**<br>**28.2% (260)** | **44.1% (25)**<br>**34.5% (302)** | **34.0% (19)**<br>**37.2% (267)** | **100.0% (55)**<br>**100.0% (829)** |

### Combined Z-Score Style Distribution
### Holdings as of September 30, 2014




### Sector Weights Distribution
### Holdings as of September 30, 2014



# Champlain Mid Cap
# Top 10 Portfolio Holdings Characteristics
# as of September 30, 2014

## 10 Largest Holdings

| Stock | Sector | Ending Market Value | Percent of Portfolio | Qtrly Return | Market Capital | Price/ Forecasted Earnings Ratio | Dividend Yield | Forecasted Growth in Earnings |
|---|---|---|---|---|---|---|---|---|
| St Jude Medical | Health Care | $1,202,600 | 2.9% | (12.93)% | 17.12 | 14.18 | 1.80% | 8.84% |
| Bed Bath & Beyond | Consumer Discretionary | $1,092,778 | 2.7% | 14.73% | 13.29 | 12.50 | 0.00% | 9.00% |
| Carefusion Corp | Health Care | $1,067,900 | 2.6% | 2.03% | 9.20 | 16.44 | 0.00% | 11.93% |
| Verisk Analytics Inc Cl A | Industrials | $1,059,486 | 2.6% | 1.10% | 10.14 | 22.89 | 0.00% | 12.86% |
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| Red Hat Inc | Information Technology | $965,780 | 2.4% | 1.50% | 10.55 | 32.93 | 0.00% | 15.00% |
| Gallagher Arthur J & Co | Financials | $938,952 | 2.3% | (1.94)% | 7.21 | 16.06 | 3.17% | 15.39% |
| Sirona Dental Systems Inc | Health Care | $935,496 | 2.3% | (7.07)% | 4.43 | 18.84 | 0.00% | 10.00% |

## 10 Best Performers

| Stock | Sector | Ending Market Value | Percent of Portfolio | Qtrly Return | Market Capital | Price/ Forecasted Earnings Ratio | Dividend Yield | Forecasted Growth in Earnings |
|---|---|---|---|---|---|---|---|---|
| Edwards Lifesciences Corp | Health Care | $735,480 | 1.8% | 18.98% | 10.83 | 27.81 | 0.00% | 15.00% |
| Petsmart | Consumer Discretionary | $813,044 | 2.0% | 17.58% | 6.96 | 15.43 | 1.11% | 8.86% |
| Cooper Cos | Health Care | $630,788 | 1.5% | 14.93% | 7.52 | 18.70 | 0.04% | 15.00% |
| Zoetis Inc Cl A | Health Care | $1,016,125 | 2.5% | 14.73% | 18.52 | 21.93 | 0.78% | 13.70% |
| Bed Bath & Beyond | Consumer Discretionary | $1,092,778 | 2.7% | 14.73% | 13.29 | 12.50 | 0.00% | 9.00% |
| Panera Bread Co A | Consumer Discretionary | $715,968 | 1.8% | 9.66% | 4.18 | 22.94 | 0.00% | 17.00% |
| Guidewire Software Inc | Information Technology | $549,816 | 1.3% | 9.12% | 3.06 | 95.97 | 0.00% | 11.03% |
| Intuit | Information Technology | $499,605 | 1.2% | 8.94% | 25.03 | 32.71 | 1.14% | 13.97% |
| Endurance Specialty Hldgs Lt Shs | Financials | $606,980 | 1.5% | 7.58% | 2.47 | 9.20 | 2.46% | 9.00% |
| Northern Tr Corp | Financials | $979,632 | 2.4% | 6.46% | 16.03 | 18.34 | 1.94% | 11.85% |

## 10 Worst Performers

| Stock | Sector | Ending Market Value | Percent of Portfolio | Qtrly Return | Market Capital | Price/ Forecasted Earnings Ratio | Dividend Yield | Forecasted Growth in Earnings |
|---|---|---|---|---|---|---|---|---|
| Oasis Pete Inc New | Energy | $250,860 | 0.6% | (25.37)% | 4.23 | 11.16 | 0.00% | 21.00% |
| Denbury Res Inc | Energy | $841,680 | 2.1% | (18.28)% | 5.29 | 13.16 | 1.66% | (0.20)% |
| Forum Energy Technologies In | Energy | $446,906 | 1.1% | (16.00)% | 2.87 | 13.99 | 0.00% | 20.00% |
| Solera Holdings Inc | Information Technology | $490,332 | 1.2% | (15.80)% | 3.87 | 16.72 | 1.38% | 12.15% |
| St Jude Medical | Health Care | $1,202,600 | 2.9% | (12.93)% | 17.12 | 14.18 | 1.80% | 8.84% |
| Flowers Foods | Consumer Staples | $908,820 | 2.2% | (12.48)% | 3.85 | 17.32 | 2.61% | 12.30% |
| Rockwell Automation | Industrials | $483,472 | 1.2% | (11.75)% | 15.15 | 15.95 | 2.11% | 11.82% |
| Actuant Corp Cl A New | Industrials | $671,440 | 1.6% | (11.63)% | 2.10 | 13.58 | 0.13% | 20.58% |
| Dover Corp | Industrials | $915,762 | 2.2% | (11.28)% | 13.38 | 15.21 | 1.99% | 13.00% |
| Xilinx | Information Technology | $728,420 | 1.8% | (9.85)% | 11.37 | 17.01 | 2.74% | 9.50% |

# Pyramis Small Cap
# Period Ended September 30, 2014

## Investment Philosophy

Pyramis believes that pricing anomalies exist within the marketplace. The firm's objective is to exploit these inefficiencies and add value over the Russell 2000 Index using fundamental research to identify potential investment opportunities. The Pyramis Small Cap Core strategy seeks to build a balanced portfolio where returns will be driven by stock selection and not by systemic biases or exposures to market factors. The product was funded during the third quarter of 1998.

## Quarterly Summary and Highlights

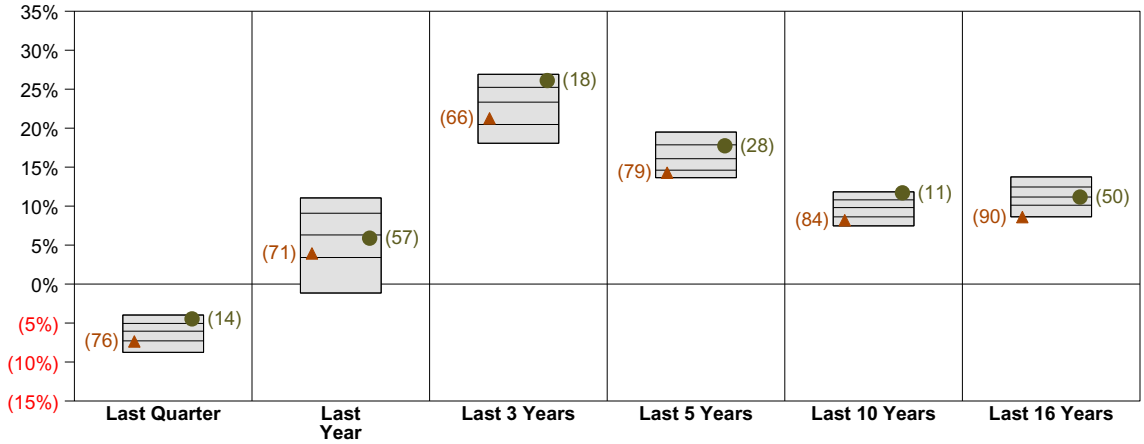
- Pyramis Small Cap's portfolio posted a (4.47)% return for the quarter placing it in the 14 percentile of the CAI Small Capitalization Style group for the quarter and in the 57 percentile for the last year.
- Pyramis Small Cap's portfolio outperformed the Russell 2000 Index by 2.89% for the quarter and outperformed the Russell 2000 Index for the year by 1.96%.

## Quarterly Asset Growth

| | |
|---|---|
| Beginning Market Value | $39,308,917 |
| Net New Investment | $-67,260 |
| Investment Gains/(Losses) | $-1,756,231 |
| Ending Market Value | $37,485,426 |

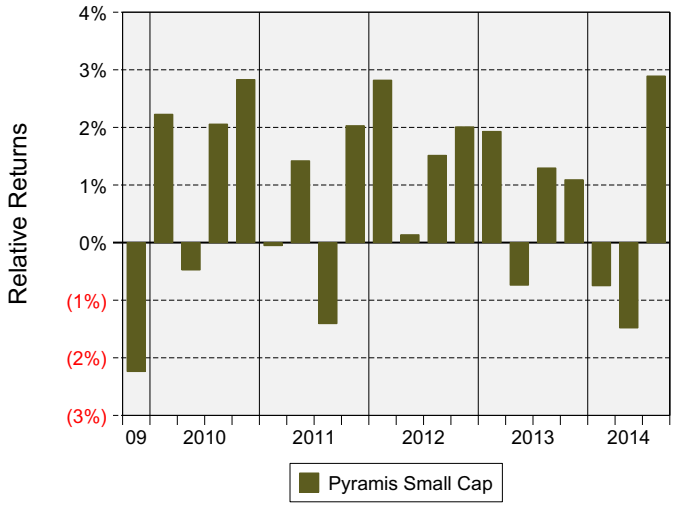
**Percent Cash: 1.9%**

## Performance vs CAI Small Capitalization Style (Gross)

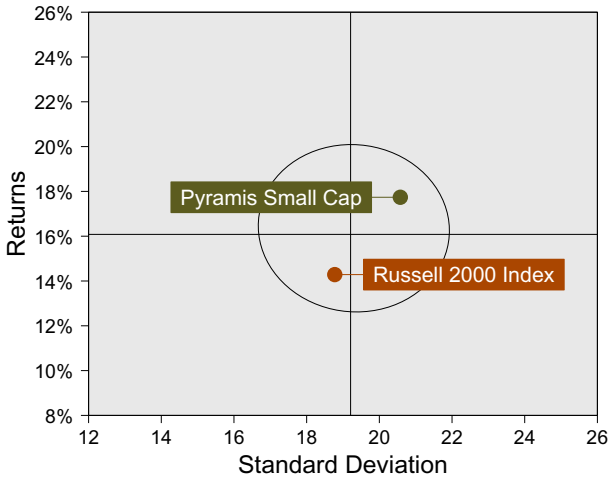



| | Last Quarter | Last Year | Last 3 Years | Last 5 Years | Last 10 Years | Last 16 Years |
|---|---|---|---|---|---|---|
| 10th Percentile | (3.97) | 11.05 | 26.91 | 19.50 | 11.83 | 13.74 |
| 25th Percentile | (5.05) | 9.09 | 25.24 | 17.86 | 10.80 | 12.45 |
| Median | (6.05) | 6.30 | 23.34 | 16.08 | 9.81 | 11.17 |
| 75th Percentile | (7.29) | 3.41 | 20.47 | 14.61 | 8.62 | 10.12 |
| 90th Percentile | (8.76) | (1.15) | 18.06 | 13.65 | 7.46 | 8.63 |
| **Pyramis Small Cap** ● | (4.47) | 5.89 | 26.10 | 17.74 | 11.70 | 11.16 |
| Russell 2000 Index ▲ | (7.36) | 3.93 | 21.26 | 14.29 | 8.19 | 8.59 |

## Relative Return vs Russell 2000 Index




## CAI Small Capitalization Style (Gross) Annualized Five Year Risk vs Return

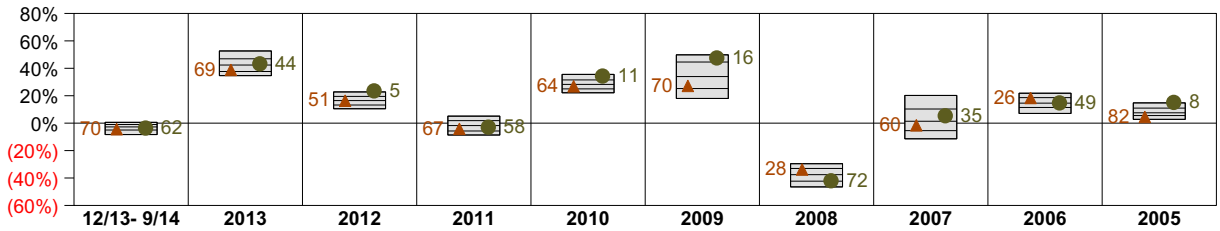


# Pyramis Small Cap
# Return Analysis Summary

## Return Analysis

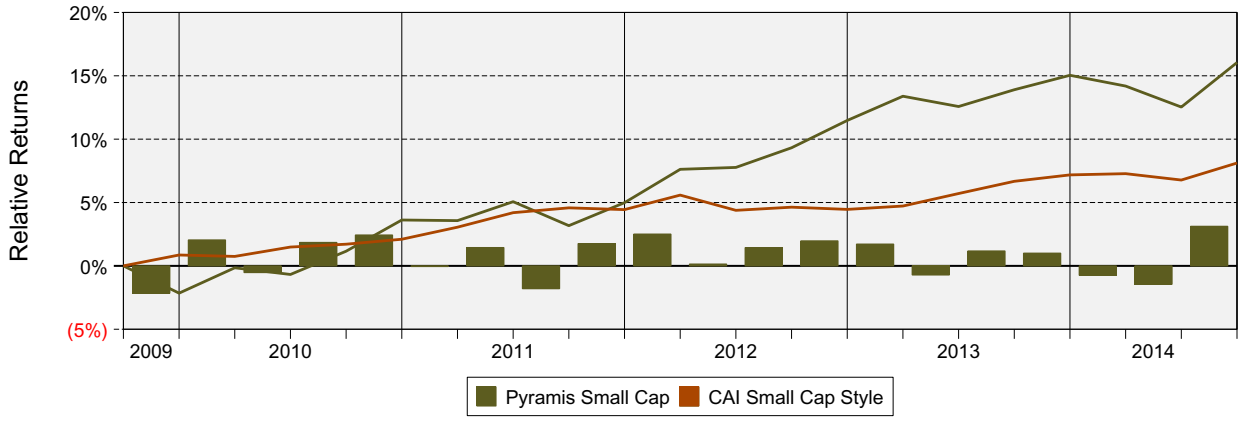
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

## Performance vs CAI Small Capitalization Style (Gross)

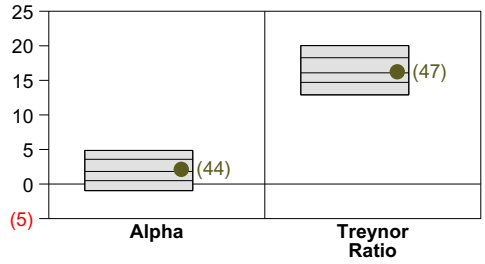



| | 12/13- 9/14 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|---|---|---|---|---|---|
| 10th Percentile | 0.58 | 52.65 | 22.78 | 5.11 | 35.54 | 49.83 | (29.58) | 20.21 | 21.82 | 14.79 |
| 25th Percentile | (0.99) | 46.93 | 19.50 | 1.84 | 31.53 | 44.57 | (33.03) | 10.32 | 18.62 | 10.97 |
| Median | (2.74) | 42.38 | 16.45 | (1.76) | 28.25 | 33.98 | (37.57) | 1.39 | 14.59 | 7.55 |
| 75th Percentile | (5.01) | 37.67 | 13.24 | (5.72) | 24.99 | 25.24 | (42.30) | (5.47) | 11.44 | 5.55 |
| 90th Percentile | (8.32) | 34.66 | 10.51 | (8.64) | 22.16 | 18.02 | (46.48) | (11.41) | 7.07 | 2.77 |
| **Pyramis Small Cap** ● | (3.57) | 43.26 | 23.54 | (2.91) | 34.34 | 47.54 | (42.02) | 5.40 | 14.77 | 15.13 |
| Russell 2000 Index ▲ | (4.41) | 38.82 | 16.35 | (4.18) | 26.85 | 27.17 | (33.79) | (1.57) | 18.37 | 4.55 |

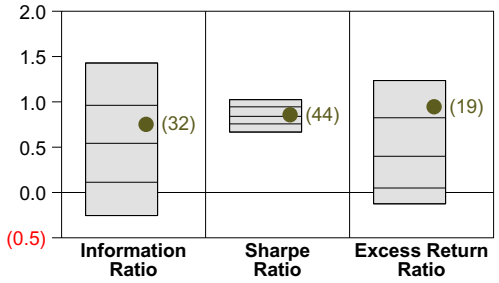
## Cumulative and Quarterly Relative Return vs Russell 2000 Index




## Risk Adjusted Return Measures vs Russell 2000 Index
## Rankings Against CAI Small Capitalization Style (Gross)
## Five Years Ended September 30, 2014




| | Alpha | Treynor Ratio |
|---|---|---|
| 10th Percentile | 4.86 | 20.03 |
| 25th Percentile | 3.58 | 18.28 |
| Median | 1.82 | 16.09 |
| 75th Percentile | 0.49 | 14.71 |
| 90th Percentile | (0.96) | 12.90 |
| **Pyramis Small Cap** ● | 2.13 | 16.24 |



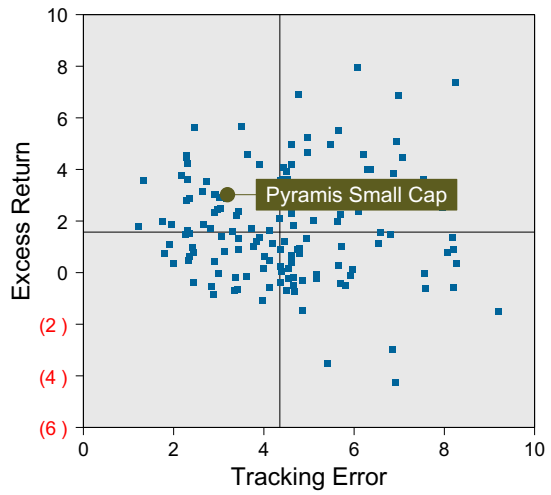

| | Information Ratio | Sharpe Ratio | Excess Return Ratio |
|---|---|---|---|
| 10th Percentile | 1.43 | 1.02 | 1.24 |
| 25th Percentile | 0.96 | 0.95 | 0.82 |
| Median | 0.54 | 0.84 | 0.40 |
| 75th Percentile | 0.11 | 0.76 | 0.05 |
| 90th Percentile | (0.25) | 0.67 | (0.13) |
| **Pyramis Small Cap** ● | 0.75 | 0.86 | 0.95 |

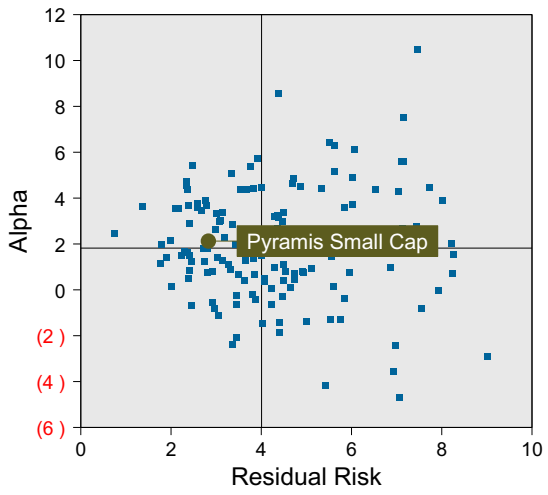
# Pyramis Small Cap
# Risk Analysis Summary

## Risk Analysis

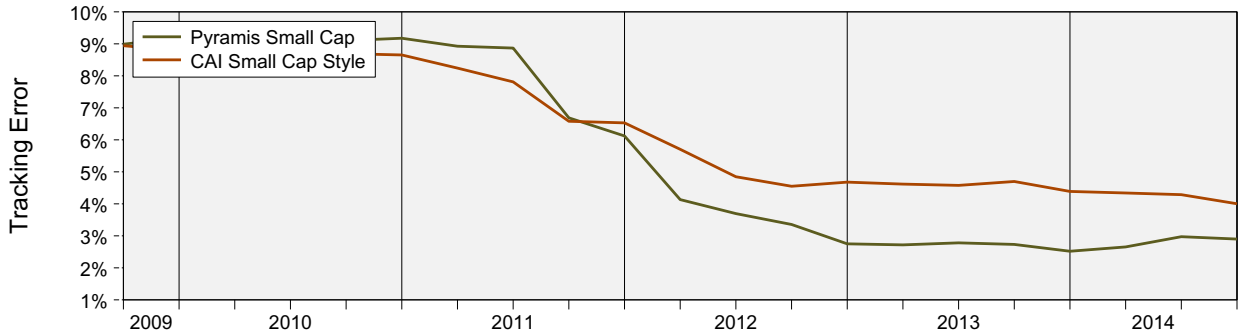
The graphs below analyze the risk or variation of a manager's return pattern. The first scatter chart illustrates the relationship, called Excess Return Ratio, between excess return and tracking error relative to the benchmark. The second scatter chart displays the relationship, sometimes called Information Ratio, between alpha (market-risk or "beta" adjusted return) and residual risk (non-market or "unsystematic" risk). The third chart shows tracking error patterns versus the benchmark over time. The last two charts show the ranking of the manager's risk statistics versus the peer group.

## Risk Analysis vs CAI Small Capitalization Style (Gross)
## Five Years Ended September 30, 2014

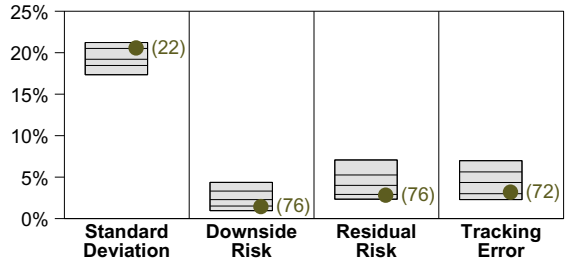


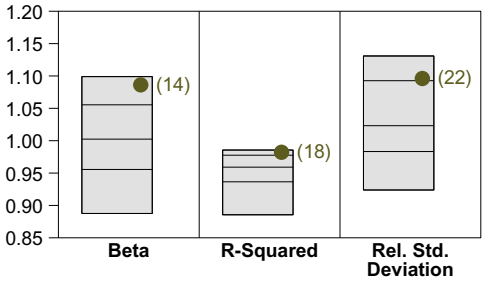

## Rolling 12 Quarter Tracking Error vs Russell 2000 Index




## Risk Statistics Rankings vs Russell 2000 Index
## Rankings Against CAI Small Capitalization Style (Gross)
## Five Years Ended September 30, 2014




| | Standard Deviation | Downside Risk | Residual Risk | Tracking Error |
|---|---|---|---|---|
| 10th Percentile | 21.23 | 4.36 | 7.07 | 6.98 |
| 25th Percentile | 20.51 | 3.32 | 5.26 | 5.63 |
| Median | 19.21 | 2.29 | 4.01 | 4.35 |
| 75th Percentile | 18.46 | 1.51 | 2.91 | 3.00 |
| 90th Percentile | 17.34 | 0.96 | 2.34 | 2.29 |
| **Pyramis Small Cap** ● | 20.58 | 1.45 | 2.83 | 3.19 |



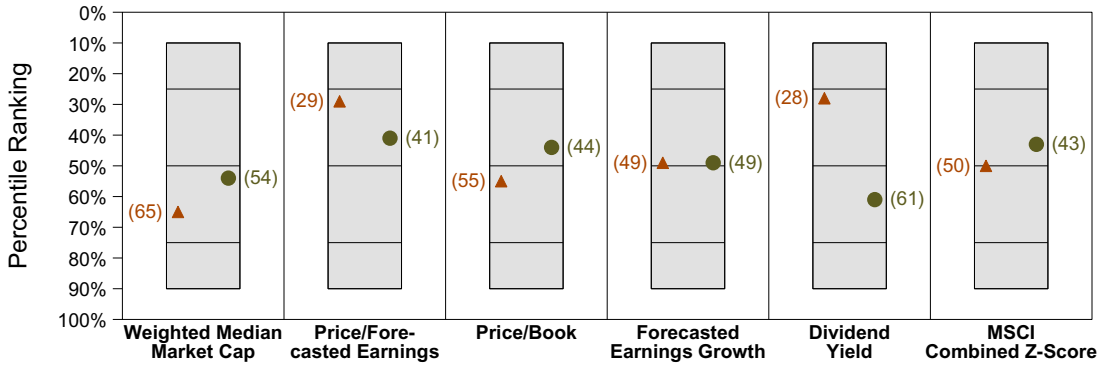

| | Beta | R-Squared | Rel. Std. Deviation |
|---|---|---|---|
| 10th Percentile | 1.10 | 0.99 | 1.13 |
| 25th Percentile | 1.06 | 0.98 | 1.09 |
| Median | 1.00 | 0.96 | 1.02 |
| 75th Percentile | 0.96 | 0.94 | 0.98 |
| 90th Percentile | 0.89 | 0.89 | 0.92 |
| **Pyramis Small Cap** ● | 1.09 | 0.98 | 1.10 |

# Pyramis Small Cap
# Equity Characteristics Analysis Summary

## Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

## Portfolio Characteristics Percentile Rankings
## Rankings Against CAI Small Capitalization Style
## as of September 30, 2014

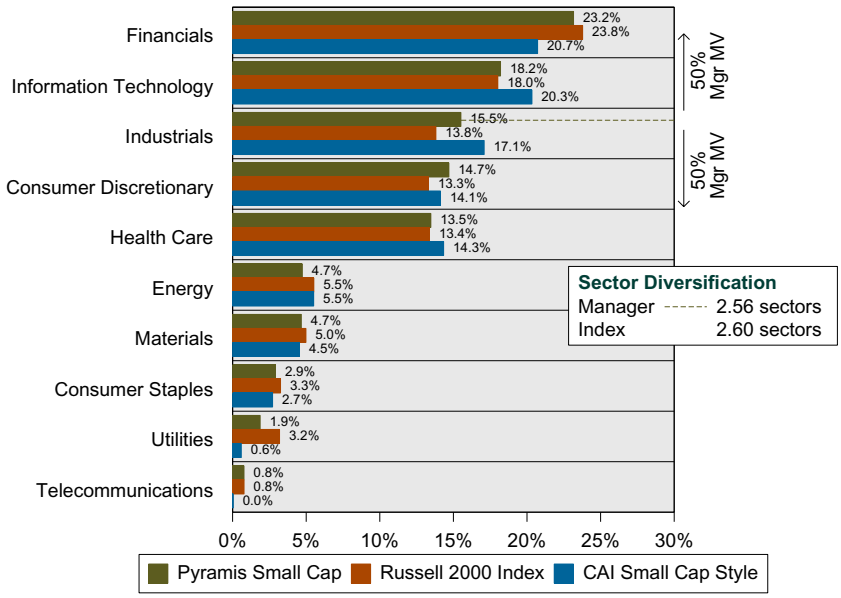



| | Weighted Median Market Cap | Price/Fore-casted Earnings | Price/Book | Forecasted Earnings Growth | Dividend Yield | MSCI Combined Z-Score |
|---|---|---|---|---|---|---|
| 10th Percentile | 2.52 | 27.40 | 3.68 | 23.17 | 1.88 | 0.95 |
| 25th Percentile | 2.13 | 21.91 | 2.95 | 19.74 | 1.42 | 0.61 |
| Median | 1.76 | 16.58 | 2.08 | 15.35 | 1.10 | (0.00) |
| 75th Percentile | 1.41 | 14.88 | 1.67 | 12.93 | 0.52 | (0.43) |
| 90th Percentile | 1.00 | 13.57 | 1.39 | 11.51 | 0.28 | (0.64) |
| **Pyramis Small Cap** ● | 1.72 | 18.30 | 2.25 | 15.56 | 0.86 | 0.18 |
| Russell 2000 Index ▲ | 1.56 | 20.83 | 1.98 | 15.83 | 1.36 | 0.00 |

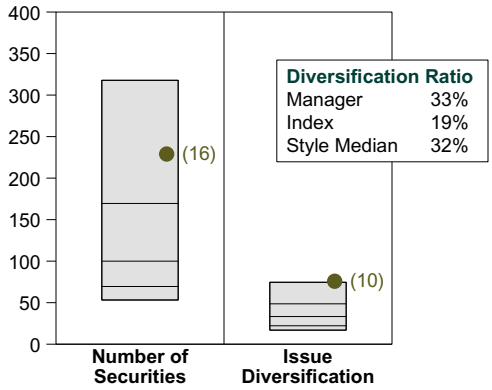
## Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that comprise half of the portfolio's market value.

### Sector Allocation
### September 30, 2014




### Diversification
### September 30, 2014

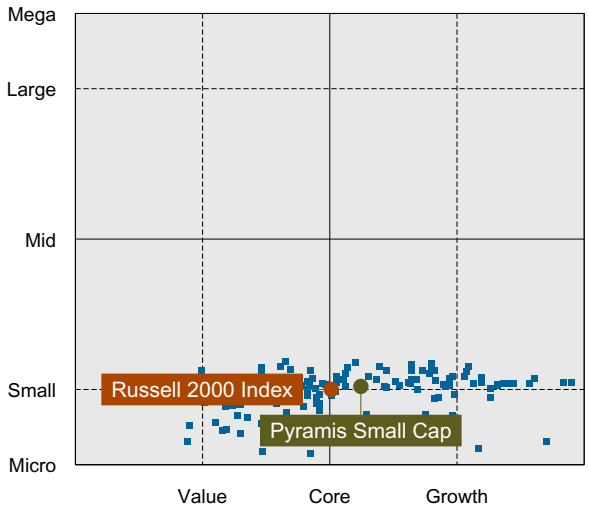



| | Number of Securities | Issue Diversification |
|---|---|---|
| 10th Percentile | 318 | 75 |
| 25th Percentile | 170 | 49 |
| Median | 100 | 33 |
| 75th Percentile | 70 | 22 |
| 90th Percentile | 53 | 17 |
| **Pyramis Small Cap** ● | 229 | 76 |
| Russell 2000 Index ▲ | 1951 | 376 |

## Current Holdings Based Style Analysis
## Pyramis Small Cap
## As of September 30, 2014

This page analyzes the current investment style of a portfolio utilizing a detailed holdings-based style analysis to determine actual exposures to various market capitalization and style segments of the domestic equity market. The market is segmented quarterly by capitalization and style. The capitalization segments are dictated by capitalization decile breakpoints. The style segments are determined using the "Combined Z Score", based on the eight fundamental factors used in the MSCI stock style scoring system. The upper-left style map illustrates the current market capitalization and style score of the portfolio relative to indices and/or peers. The upper-right style exposure matrix displays the current portfolio and index weights and stock counts (in parentheses) in each capitalization/style segment of the market. The middle chart illustrates the total exposures and stock counts in the three style segments, with a legend showing the total growth, value, and "combined Z" (growth - value) scores. The bottom chart exhibits the sector weights as well as the style weights within each sector.

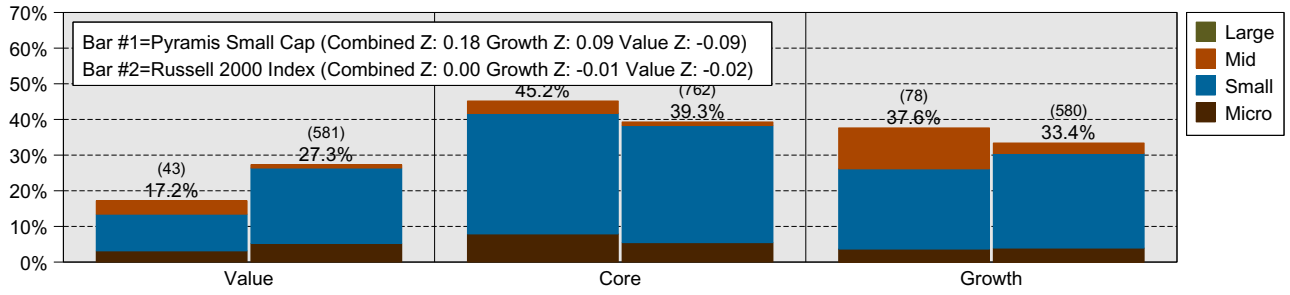
### Style Map vs CAI Small Cap Style
### Holdings as of September 30, 2014



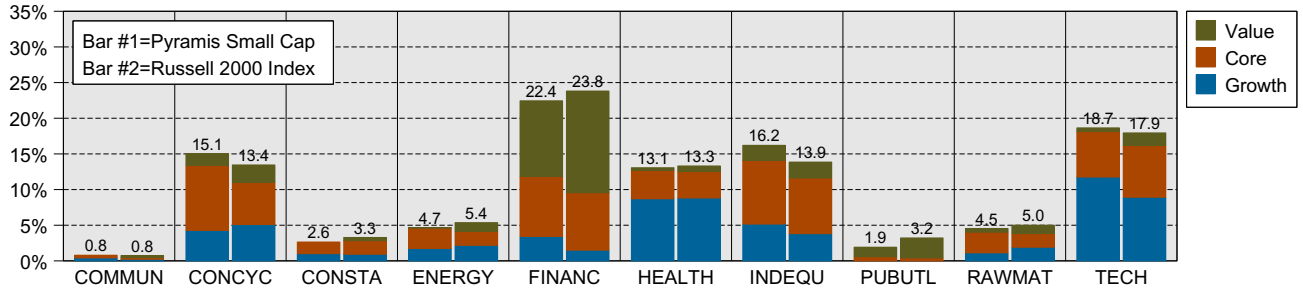

### Style Exposure Matrix
### Holdings as of September 30, 2014

| | Value | Core | Growth | Total |
|---|---|---|---|---|
| Large | 0.0% (0)<br>0.0% (0) | 0.0% (0)<br>0.0% (0) | 0.0% (0)<br>0.0% (0) | **0.0% (0)**<br>**0.0% (0)** |
| Mid | 3.8% (8)<br>0.9% (5) | 3.5% (7)<br>1.0% (5) | 11.5% (20)<br>2.9% (13) | **18.7% (35)**<br>**4.8% (23)** |
| Small | 10.3% (22)<br>21.2% (271) | 33.8% (68)<br>32.8% (412) | 22.5% (44)<br>26.6% (337) | **66.6% (134)**<br>**80.6% (1020)** |
| Micro | 3.1% (13)<br>5.2% (305) | 7.9% (26)<br>5.5% (345) | 3.7% (14)<br>3.9% (230) | **14.7% (53)**<br>**14.6% (880)** |
| **Total** | **17.2% (43)**<br>**27.3% (581)** | **45.2% (101)**<br>**39.3% (762)** | **37.6% (78)**<br>**33.4% (580)** | **100.0% (222)**<br>**100.0% (1923)** |

### Combined Z-Score Style Distribution
### Holdings as of September 30, 2014




### Sector Weights Distribution
### Holdings as of September 30, 2014



# Pyramis Small Cap
# Top 10 Portfolio Holdings Characteristics
# as of September 30, 2014

## 10 Largest Holdings

| Stock | Sector | Ending Market Value | Percent of Portfolio | Qtrly Return | Market Capital | Price/ Forecasted Earnings Ratio | Dividend Yield | Forecasted Growth in Earnings |
|---|---|---|---|---|---|---|---|---|
| Monolithic Pwr Sys Inc | Information Technology | $507,896 | 1.4% | 4.35% | 1.71 | 24.84 | 1.36% | 16.90% |
| Multi Color Corp | Industrials | $432,515 | 1.2% | 13.80% | 0.75 | 15.24 | 0.44% | 15.85% |
| Cavium Inc | Information Technology | $391,872 | 1.0% | 0.12% | 2.67 | 28.18 | 0.00% | 23.20% |
| Brunswick Corp | Consumer Discretionary | $386,424 | 1.0% | 0.31% | 3.91 | 15.45 | 1.19% | 33.46% |
| Electronics For Imaging Inc | Information Technology | $374,120 | 1.0% | (2.28)% | 2.05 | 21.55 | 0.00% | 16.20% |
| Air Methods Corp Com Par $.06 | Health Care | $368,852 | 1.0% | 7.54% | 2.17 | 17.83 | 0.00% | 20.00% |
| Firstmerit Corp | Financials | $328,240 | 0.9% | (10.08)% | 2.91 | 11.92 | 3.64% | 8.00% |
| Ptc Inc | Information Technology | $319,185 | 0.9% | (4.90)% | 4.33 | 15.25 | 0.00% | 13.90% |
| Ashland Inc New | Materials | $317,505 | 0.8% | (3.97)% | 8.13 | 14.03 | 1.31% | 11.18% |
| Tenneco Inc | Consumer Discretionary | $307,583 | 0.8% | (20.37)% | 3.19 | 10.12 | 0.00% | 17.30% |

## 10 Best Performers

| Stock | Sector | Ending Market Value | Percent of Portfolio | Qtrly Return | Market Capital | Price/ Forecasted Earnings Ratio | Dividend Yield | Forecasted Growth in Earnings |
|---|---|---|---|---|---|---|---|---|
| Move Inc | Information Technology | $205,198 | 0.5% | 41.73% | 0.84 | 46.37 | 0.00% | 14.00% |
| Ambarella Inc Shs | Information Technology | $213,983 | 0.6% | 40.27% | 1.30 | 26.79 | 0.00% | - |
| Auxilium Pharmaceuticals Inc | Health Care | $137,310 | 0.4% | 32.29% | 1.50 | 26.30 | 0.00% | - |
| Providence Svc Corp | Health Care | $139,818 | 0.4% | 32.28% | 0.72 | 19.79 | 0.00% | 15.00% |
| Medivation Inc | Health Care | $291,667 | 0.8% | 28.21% | 7.59 | 30.99 | 0.00% | 0.00% |
| Einstein Noah Rest Group Inc | Consumer Discretionary | $142,531 | 0.4% | 26.71% | 0.36 | 20.26 | 2.58% | 6.22% |
| Salix Pharmaceuticals | Health Care | $273,420 | 0.7% | 26.40% | 9.95 | 23.09 | 0.00% | 18.50% |
| Springleaf Hldgs Inc | Financials | $117,183 | 0.3% | 23.17% | 3.67 | 14.67 | 0.00% | 15.60% |
| Aruba Networks Inc | Information Technology | $248,386 | 0.7% | 23.14% | 2.35 | 19.06 | 0.00% | 20.00% |
| Tessera Technologies Inc | Information Technology | $163,467 | 0.4% | 20.75% | 1.40 | 18.88 | 1.50% | 20.00% |

## 10 Worst Performers

| Stock | Sector | Ending Market Value | Percent of Portfolio | Qtrly Return | Market Capital | Price/ Forecasted Earnings Ratio | Dividend Yield | Forecasted Growth in Earnings |
|---|---|---|---|---|---|---|---|---|
| Civeo Corp | Industrials | $40,287 | 0.1% | (53.38)% | 1.24 | 10.25 | 4.48% | - |
| Furmanite Corporation | Industrials | $169,744 | 0.5% | (41.92)% | 0.25 | 11.52 | 0.00% | 15.00% |
| Commercial Veh Group Inc | Industrials | $73,604 | 0.2% | (38.46)% | 0.18 | 9.55 | 0.00% | (2.22)% |
| Trimas Corp | Industrials | $112,161 | 0.3% | (36.19)% | 1.10 | 9.91 | 0.00% | 10.00% |
| Bankrate Inc Del | Information Technology | $73,726 | 0.2% | (35.24)% | 1.19 | 14.66 | 0.00% | 18.00% |
| Hanger Inc | Health Care | $248,087 | 0.7% | (34.78)% | 0.72 | 10.83 | 0.00% | 7.77% |
| Vantage Drilling Company Ord Shs | Energy | $30,734 | 0.1% | (33.85)% | 0.39 | 5.04 | 0.00% | - |
| Laredo Petroleum Inc | Energy | $172,781 | 0.5% | (27.64)% | 3.22 | 22.57 | 0.00% | 28.75% |
| Builders Firstsource Inc | Industrials | $79,079 | 0.2% | (27.17)% | 0.53 | 10.90 | 0.00% | 0.00% |
| Cytokinetics Inc | Health Care | $67,197 | 0.2% | (26.24)% | 0.13 | (3.70) | 0.00% | - |

# International Equity
# Period Ended September 30, 2014

## Quarterly Summary and Highlights

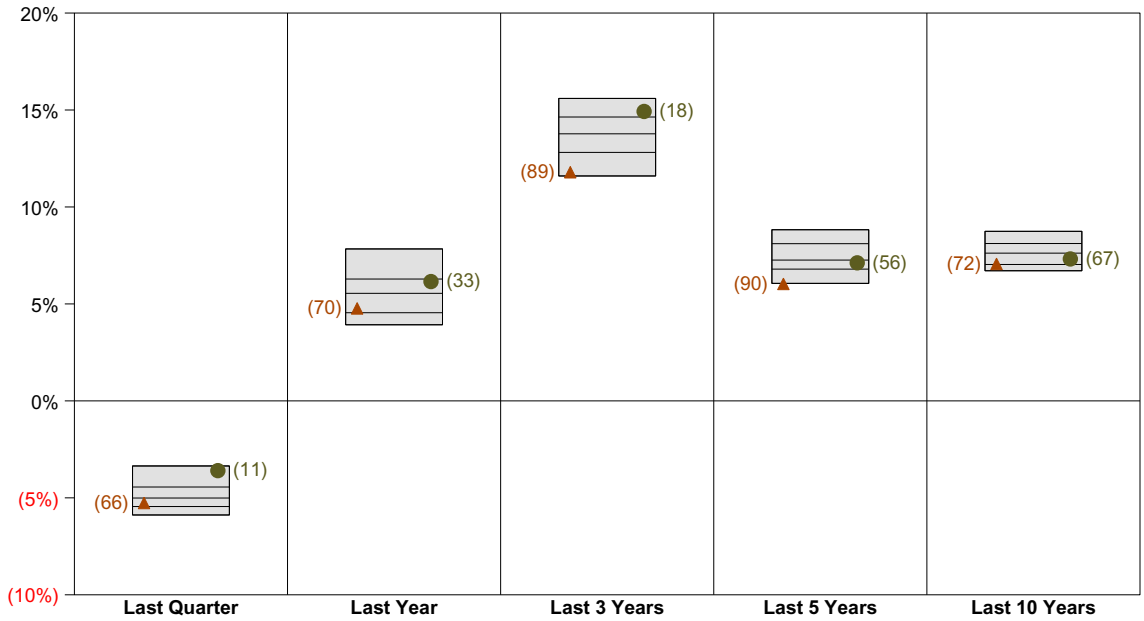
- International Equity's portfolio posted a (3.60)% return for the quarter placing it in the 11 percentile of the Pub Pln- International Equity group for the quarter and in the 33 percentile for the last year.
- International Equity's portfolio outperformed the MSCI ACWI x US (Net) by 1.67% for the quarter and outperformed the MSCI ACWI x US (Net) for the year by 1.38%.

## Quarterly Asset Growth

| | |
|---|---|
| Beginning Market Value | $107,977,180 |
| Net New Investment | $-197,241 |
| Investment Gains/(Losses) | $-6,048,258 |
| Ending Market Value | $101,731,681 |

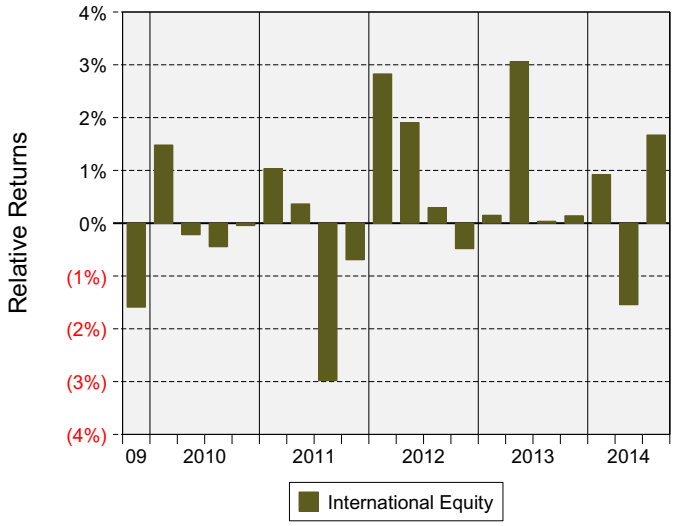
**Percent Cash: 0.0%**

## Performance vs Pub Pln- International Equity (Gross)

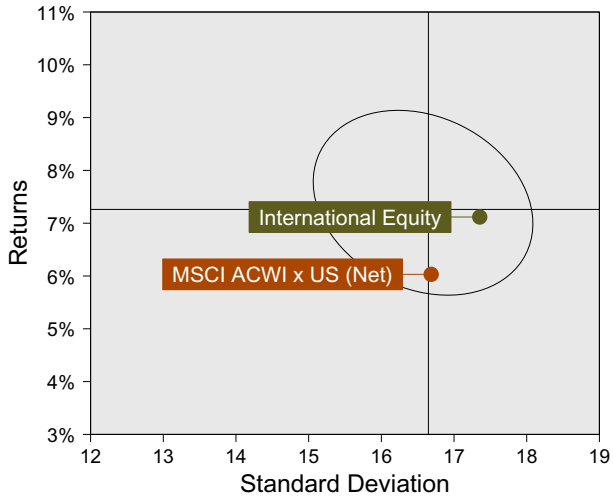



| | Last Quarter | Last Year | Last 3 Years | Last 5 Years | Last 10 Years |
|---|---|---|---|---|---|
| 10th Percentile | (3.36) | 7.84 | 15.60 | 8.83 | 8.74 |
| 25th Percentile | (4.44) | 6.28 | 14.64 | 8.11 | 8.11 |
| Median | (5.01) | 5.55 | 13.77 | 7.26 | 7.62 |
| 75th Percentile | (5.45) | 4.55 | 12.81 | 6.79 | 7.03 |
| 90th Percentile | (5.88) | 3.92 | 11.60 | 6.06 | 6.71 |
| **International Equity** ● | (3.60) | 6.15 | 14.92 | 7.12 | 7.32 |
| MSCI ACWI x US (Net) ▲ | (5.27) | 4.77 | 11.79 | 6.03 | 7.06 |

## Relative Return vs MSCI ACWI x US (Net)




## Pub Pln- International Equity (Gross) Annualized Five Year Risk vs Return

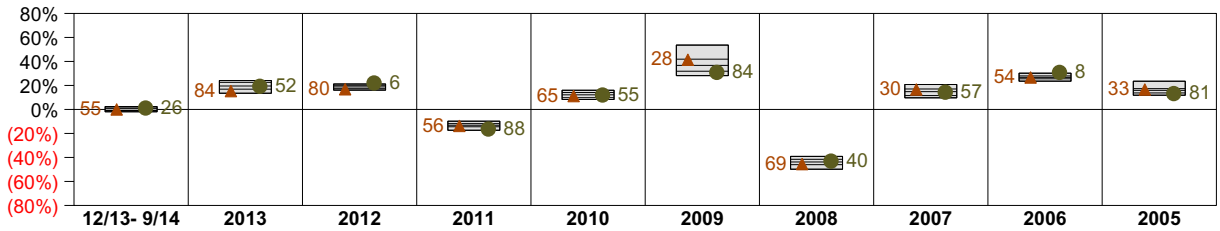


# International Equity
# Return Analysis Summary

## Return Analysis

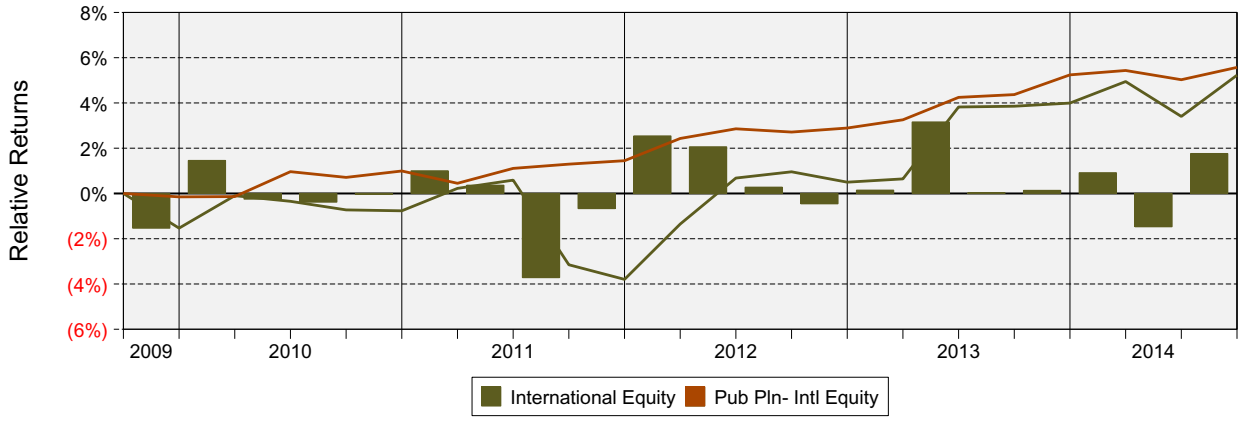
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

## Performance vs Pub Pln- International Equity (Gross)

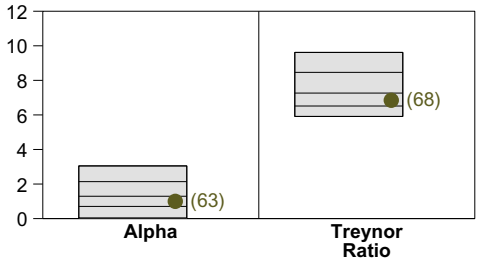



| | 12/13- 9/14 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|---|---|---|---|---|---|
| 10th Percentile | 2.38 | 24.09 | 21.19 | (9.81) | 15.97 | 53.61 | (39.13) | 20.77 | 30.20 | 23.52 |
| 25th Percentile | 1.25 | 22.59 | 20.11 | (11.81) | 14.09 | 41.89 | (41.56) | 17.05 | 27.93 | 17.32 |
| Median | 0.58 | 19.53 | 18.78 | (13.18) | 12.18 | 36.72 | (43.77) | 14.82 | 26.74 | 15.91 |
| 75th Percentile | (0.88) | 16.89 | 17.29 | (14.44) | 9.79 | 31.84 | (46.03) | 11.57 | 25.54 | 13.76 |
| 90th Percentile | (1.93) | 13.49 | 16.10 | (17.35) | 8.28 | 28.17 | (49.82) | 9.68 | 23.55 | 11.85 |
| **International Equity** ● | 1.19 | 19.30 | 22.05 | (16.34) | 12.02 | 30.89 | (43.07) | 14.37 | 30.86 | 13.22 |
| MSCI ACWI x US (Net) ▲ | 0.00 | 15.29 | 16.83 | (13.71) | 11.15 | 41.45 | (45.53) | 16.65 | 26.65 | 16.62 |

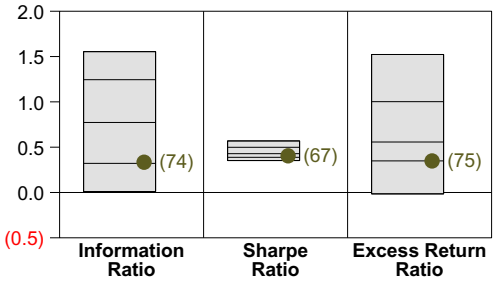
## Cumulative and Quarterly Relative Return vs MSCI ACWI x US (Net)




## Risk Adjusted Return Measures vs MSCI ACWI x US (Net)
## Rankings Against Pub Pln- International Equity (Gross)
## Five Years Ended September 30, 2014




| | Alpha | Treynor Ratio |
|---|---|---|
| 10th Percentile | 3.05 | 9.62 |
| 25th Percentile | 2.14 | 8.46 |
| Median | 1.29 | 7.26 |
| 75th Percentile | 0.71 | 6.52 |
| 90th Percentile | 0.03 | 5.91 |
| **International Equity** ● | 1.00 | 6.85 |



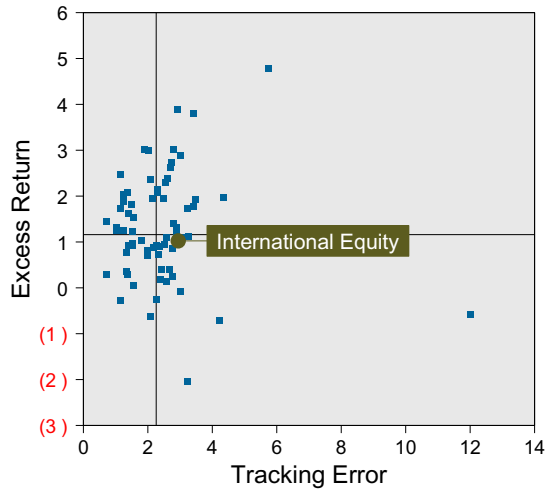

| | Information Ratio | Sharpe Ratio | Excess Return Ratio |
|---|---|---|---|
| 10th Percentile | 1.55 | 0.57 | 1.52 |
| 25th Percentile | 1.24 | 0.50 | 1.00 |
| Median | 0.77 | 0.43 | 0.56 |
| 75th Percentile | 0.32 | 0.39 | 0.35 |
| 90th Percentile | 0.01 | 0.35 | (0.02) |
| **International Equity** ● | 0.33 | 0.40 | 0.35 |

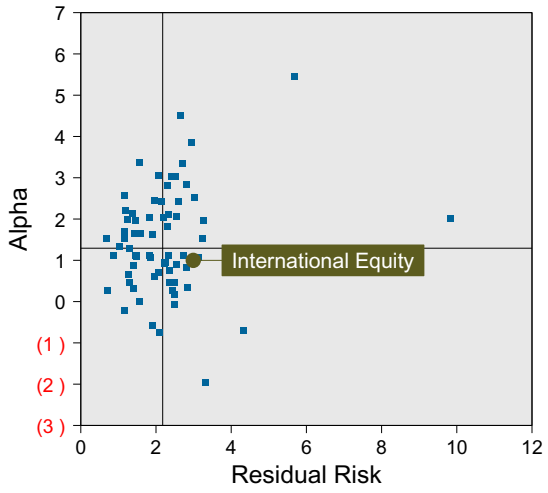
# International Equity
# Risk Analysis Summary

## Risk Analysis

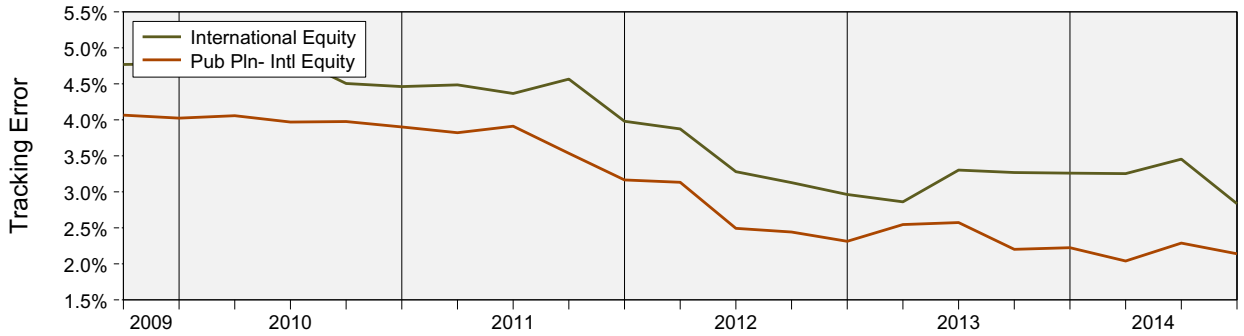
The graphs below analyze the risk or variation of a manager's return pattern. The first scatter chart illustrates the relationship, called Excess Return Ratio, between excess return and tracking error relative to the benchmark. The second scatter chart displays the relationship, sometimes called Information Ratio, between alpha (market-risk or "beta" adjusted return) and residual risk (non-market or "unsystematic" risk). The third chart shows tracking error patterns versus the benchmark over time. The last two charts show the ranking of the manager's risk statistics versus the peer group.

## Risk Analysis vs Pub Pln- International Equity (Gross)
## Five Years Ended September 30, 2014

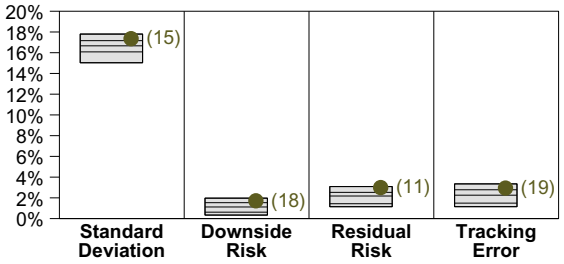


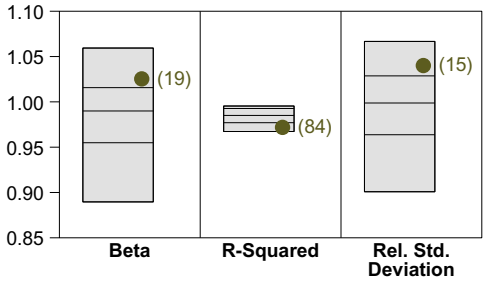

## Rolling 12 Quarter Tracking Error vs MSCI ACWI x US (Net)




## Risk Statistics Rankings vs MSCI ACWI x US (Net)
## Rankings Against Pub Pln- International Equity (Gross)
## Five Years Ended September 30, 2014




| | Standard Deviation | Downside Risk | Residual Risk | Tracking Error |
|---|---|---|---|---|
| 10th Percentile | 17.80 | 1.97 | 3.09 | 3.35 |
| 25th Percentile | 17.16 | 1.54 | 2.53 | 2.78 |
| Median | 16.66 | 1.12 | 2.18 | 2.26 |
| 75th Percentile | 16.08 | 0.62 | 1.43 | 1.49 |
| 90th Percentile | 15.03 | 0.34 | 1.15 | 1.15 |
| **International Equity** ● | 17.35 | 1.72 | 2.99 | 2.94 |



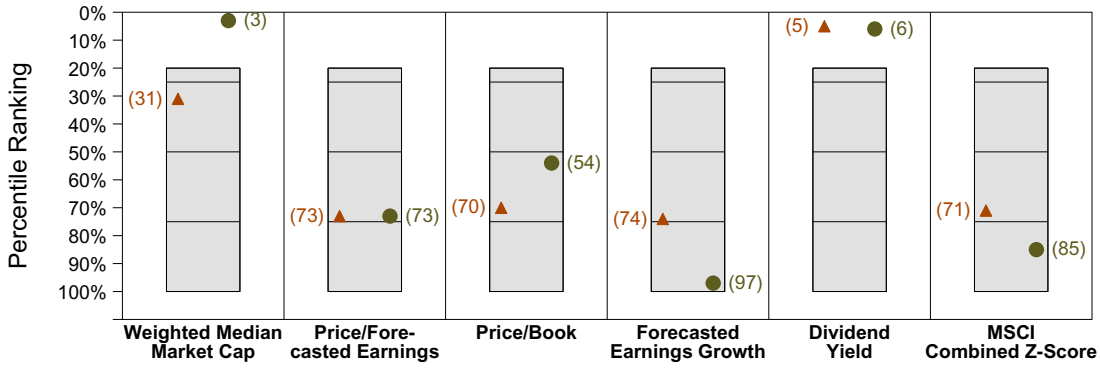

| | Beta | R-Squared | Rel. Std. Deviation |
|---|---|---|---|
| 10th Percentile | 1.06 | 1.00 | 1.07 |
| 25th Percentile | 1.02 | 0.99 | 1.03 |
| Median | 0.99 | 0.99 | 1.00 |
| 75th Percentile | 0.95 | 0.98 | 0.96 |
| 90th Percentile | 0.89 | 0.97 | 0.90 |
| **International Equity** ● | 1.03 | 0.97 | 1.04 |

# International Equity
# Equity Characteristics Analysis Summary

## Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

## Portfolio Characteristics Percentile Rankings
## Rankings Against Pub Pln- International Equity
## as of September 30, 2014

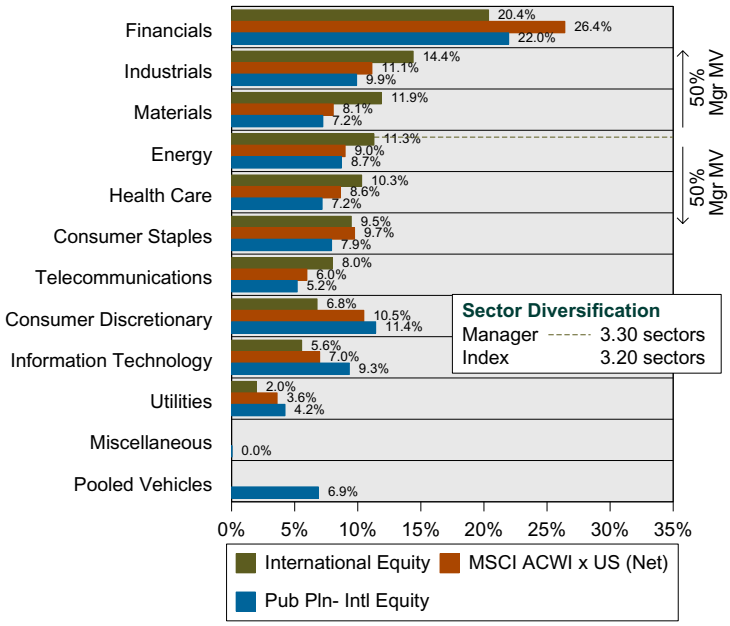



| | Weighted Median Market Cap | Price/Forecasted Earnings | Price/Book | Forecasted Earnings Growth | Dividend Yield | MSCI Combined Z-Score |
|---|---|---|---|---|---|---|
| 10th Percentile | 36.80 | 14.82 | 2.11 | 13.09 | 2.86 | 0.50 |
| 25th Percentile | 33.26 | 14.47 | 1.96 | 12.51 | 2.72 | 0.36 |
| Median | 27.76 | 13.60 | 1.81 | 11.57 | 2.47 | 0.19 |
| 75th Percentile | 20.89 | 13.02 | 1.61 | 10.81 | 2.22 | (0.02) |
| 90th Percentile | 15.63 | 12.68 | 1.50 | 10.05 | 2.07 | (0.14) |
| **International Equity** ● | 44.53 | 13.09 | 1.78 | 9.50 | 2.87 | (0.09) |
| MSCI ACWI x US (Net) ▲ | 30.36 | 13.09 | 1.66 | 10.84 | 2.89 | 0.00 |

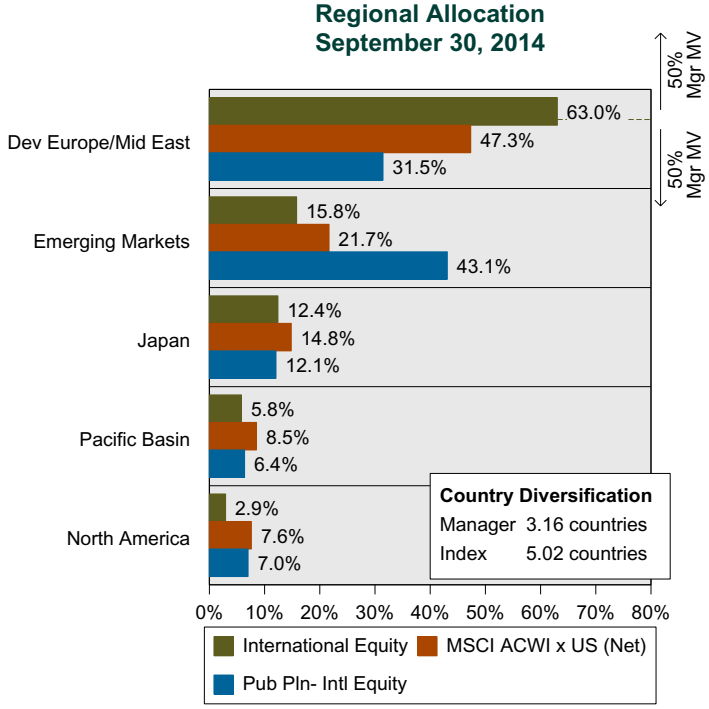
## Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. The regional allocation chart compares the manager's geographical region weights with those of the benchmark as well as the median region weights of the peer group.

### Sector Allocation
### September 30, 2014



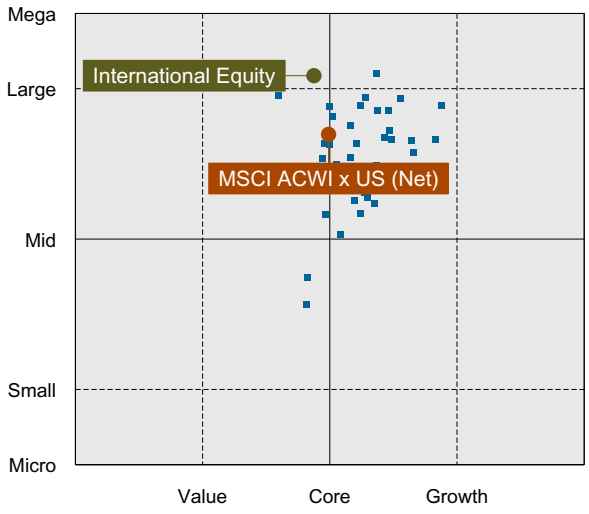

### Regional Allocation
### September 30, 2014



## Current Holdings Based Style Analysis
## International Equity
## As of September 30, 2014

This page analyzes the current investment style of a portfolio utilizing a detailed holdings-based style analysis to determine actual exposures to various regional and style segments of the international/global equity market. The market is segmented quarterly by region and style. The style segments are determined using the "Combined Z Score", based on the eight fundamental factors used in the MSCI stock style scoring system. The upper-left style map illustrates the current market capitalization and style score of the portfolio relative to indices and/or peers. The upper-right style exposure matrix displays the current portfolio and index weights and stock counts (in parentheses) in each region/style segment of the market. The middle chart illustrates the total exposures and stock counts in the three style segments, with a legend showing the total growth, value, and "combined Z" (growth - value) scores. The bottom chart exhibits the sector weights as well as the style weights within each sector.

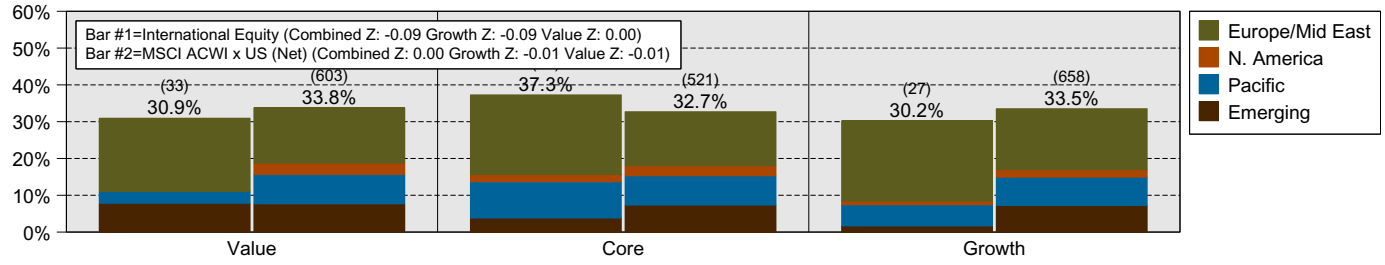
### Style Map vs Pub Pln- Intl Equity
### Holdings as of September 30, 2014



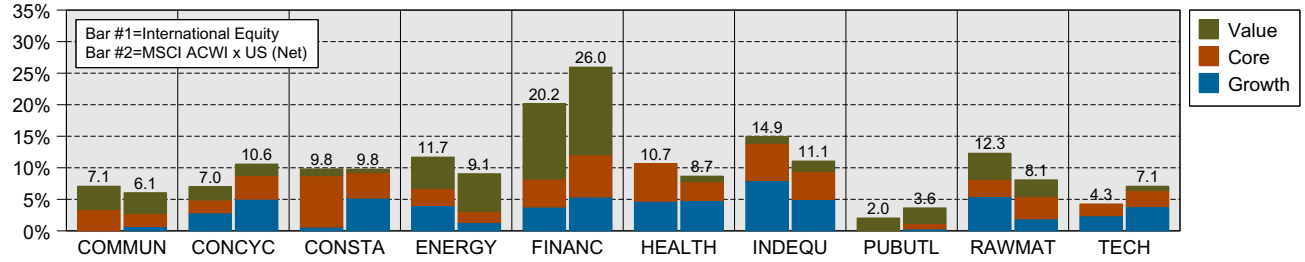

### Style Exposure Matrix
### Holdings as of September 30, 2014

| | Value | Core | Growth | Total |
|---|---|---|---|---|
| Europe/ Mid East | 19.9% (21)<br>15.0% (122) | 21.6% (15)<br>14.7% (135) | 21.8% (20)<br>16.5% (182) | 63.2% (56)<br>46.2% (439) |
| N. America | 0.0% (0)<br>3.0% (36) | 2.0% (3)<br>2.7% (29) | 1.0% (1)<br>2.1% (28) | 3.0% (4)<br>7.8% (93) |
| Pacific | 3.2% (4)<br>8.1% (155) | 9.9% (12)<br>8.0% (126) | 5.8% (5)<br>7.7% (169) | 18.9% (21)<br>23.7% (450) |
| Emerging | 7.8% (8)<br>7.7% (290) | 3.8% (4)<br>7.3% (231) | 1.7% (1)<br>7.2% (279) | 13.3% (13)<br>22.2% (800) |
| **Total** | 30.9% (33)<br>33.8% (603) | 37.3% (34)<br>32.7% (521) | 30.2% (27)<br>33.5% (658) | 98.4% (94)<br>100.0% (1782) |

### Combined Z-Score Style Distribution
### Holdings as of September 30, 2014




### Sector Weights Distribution
### Holdings as of September 30, 2014



# International Equity
# Top 10 Portfolio Holdings Characteristics
# as of September 30, 2014

## 10 Largest Holdings

| Stock | Sector | Ending Market Value | Percent of Portfolio | Qtrly Return | Market Capital | Price/ Forecasted Earnings Ratio | Dividend Yield | Forecasted Growth in Earnings |
|---|---|---|---|---|---|---|---|---|
| Novartis | Health Care | $3,661,176 | 3.6% | 4.20% | 255.33 | 16.64 | 2.72% | 8.30% |
| Roche Hldgs Ag Basel Div Rts Ctf | Health Care | $3,308,998 | 3.3% | (0.66)% | 208.16 | 18.19 | 2.76% | 7.00% |
| British American Tobacco | Consumer Staples | $3,013,590 | 3.0% | (3.80)% | 105.22 | 15.41 | 4.16% | 5.70% |
| Shin Etsu Chemical Co Ltd Shs | Materials | $2,381,845 | 2.3% | 8.27% | 28.24 | 22.76 | 1.40% | 17.00% |
| Zurich Financial Svc Ord | Financials | $2,338,373 | 2.3% | (1.11)% | 44.55 | 10.07 | 5.97% | 5.65% |
| Sanofi Shs | Health Care | $1,933,619 | 1.9% | 6.51% | 149.72 | 15.99 | 3.13% | 8.10% |
| Reed Elsevier (Nl) | Consumer Discretionary | $1,914,977 | 1.9% | (0.11)% | 16.71 | 16.04 | 2.92% | 6.70% |
| Akzo Nobel | Materials | $1,886,804 | 1.9% | (8.58)% | 16.63 | 15.11 | 2.67% | 13.25% |
| Kddi | Telecommunications | $1,815,111 | 1.8% | (0.32)% | 53.91 | 12.20 | 1.97% | 12.40% |
| Linde Ag Akt | Materials | $1,648,261 | 1.6% | (9.84)% | 35.57 | 17.82 | 1.98% | 10.00% |

## 10 Best Performers

| Stock | Sector | Ending Market Value | Percent of Portfolio | Qtrly Return | Market Capital | Price/ Forecasted Earnings Ratio | Dividend Yield | Forecasted Growth in Earnings |
|---|---|---|---|---|---|---|---|---|
| China Mobile Hong Kong Limit Ord | Telecommunications | $1,289,933 | 1.3% | 20.95% | 235.44 | 13.06 | 4.43% | (2.70)% |
| Sk Telecom Co | Telecommunications | $1,413,106 | 1.4% | 18.06% | 22.19 | 11.34 | 3.24% | 8.70% |
| Canadian Nat'l Railway | Industrials | $949,451 | 0.9% | 9.54% | 58.08 | 19.68 | 1.26% | 13.30% |
| Shin Etsu Chemical Co Ltd Shs | Materials | $2,381,845 | 2.3% | 8.27% | 28.24 | 22.76 | 1.40% | 17.00% |
| The Link Real Estate Invt | Financials | $299,213 | 0.3% | 7.12% | 13.22 | 23.72 | 3.71% | 7.10% |
| Sanofi Shs | Health Care | $1,933,619 | 1.9% | 6.51% | 149.72 | 15.99 | 3.13% | 8.10% |
| Carnival Plc Shs | Consumer Discretionary | $750,689 | 0.7% | 6.50% | 7.35 | 18.00 | 2.34% | 24.10% |
| Swire Pacific A | Financials | $472,298 | 0.5% | 5.73% | 11.66 | 13.58 | 3.60% | 11.40% |
| Ericsson (Lm) B | Information Technology | $686,494 | 0.7% | 5.20% | 38.67 | 16.55 | 3.28% | 12.10% |
| Fanuc Ltd Shs | Industrials | $950,429 | 0.9% | 4.73% | 43.25 | 24.33 | 0.86% | 13.30% |

## 10 Worst Performers

| Stock | Sector | Ending Market Value | Percent of Portfolio | Qtrly Return | Market Capital | Price/ Forecasted Earnings Ratio | Dividend Yield | Forecasted Growth in Earnings |
|---|---|---|---|---|---|---|---|---|
| Balfour Beatty Plc Ord | Industrials | $257,991 | 0.3% | (23.42)% | 2.11 | 10.27 | 7.48% | 9.90% |
| Technip | Energy | $1,441,069 | 1.4% | (23.07)% | 9.57 | 11.47 | 2.78% | 14.10% |
| Hyundai Motor Co | Consumer Discretionary | $826,629 | 0.8% | (20.42)% | 39.77 | 5.41 | 1.02% | 4.91% |
| Casino Guichard Perrach Et C Act | Consumer Staples | $825,355 | 0.8% | (18.75)% | 12.18 | 14.32 | 3.66% | 7.35% |
| Schneider Electric S A Act | Industrials | $1,325,986 | 1.3% | (18.40)% | 44.82 | 14.26 | 3.08% | 9.20% |
| Daimler Ag Reg Shs | Consumer Discretionary | $874,269 | 0.9% | (18.26)% | 81.78 | 9.06 | 3.72% | 12.45% |
| Vale S A Adr Repstg Pfd | Materials | $1,099,916 | 1.1% | (16.96)% | 20.47 | 5.65 | 8.39% | 0.01% |
| Legrand Sa Shs Prov Opo | Industrials | $1,108,027 | 1.1% | (14.94)% | 13.78 | 18.01 | 2.55% | 4.50% |
| Kingfisher Plc Shs | Consumer Discretionary | $202,239 | 0.2% | (14.46)% | 12.39 | 13.12 | 2.72% | 7.50% |
| Rolls Royce Holdings Plc Lon Shs | Industrials | $405,638 | 0.4% | (14.46)% | 29.50 | 14.03 | 0.00% | 4.15% |

# Causeway International Value Equity
# Period Ended September 30, 2014

## Investment Philosophy

Causeway Capital Management's International Value Equity team focuses on active investment management with a value-driven, bottom-up approach to stock selection. The team believes in managing equity portfolios using a disciplined approach with the goal of producing favorable long-term returns coupled with reduced downside volatility. Although the firm possesses dedicated emerging market capabilities which are quantitative in nature, research for this strategy is fundamentally focused. The product was funded during the first quarter of 2005.

## Quarterly Summary and Highlights

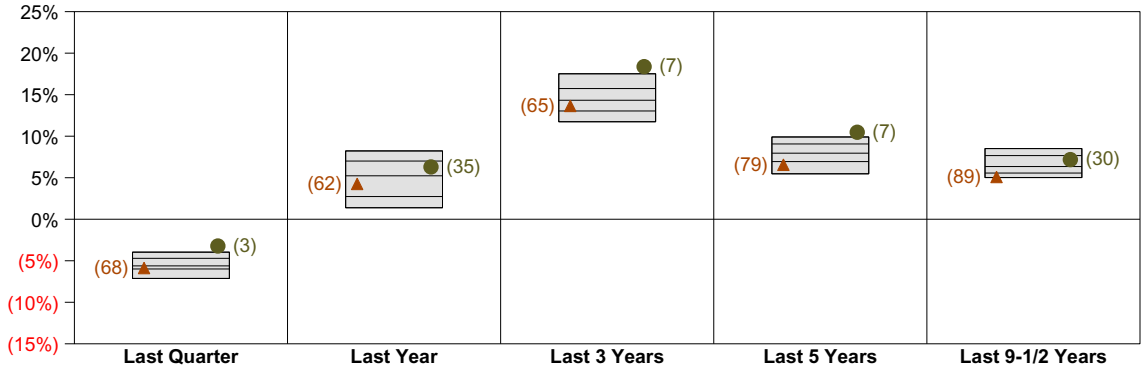
- Causeway International Value Equity's portfolio posted a (3.23)% return for the quarter placing it in the 3 percentile of the CAI Non-U.S. Equity Style group for the quarter and in the 35 percentile for the last year.
- Causeway International Value Equity's portfolio outperformed the MSCI EAFE Index by 2.65% for the quarter and outperformed the MSCI EAFE Index for the year by 2.04%.

## Quarterly Asset Growth

| | |
|---|---|
| Beginning Market Value | $59,418,726 |
| Net New Investment | $-105,842 |
| Investment Gains/(Losses) | $-1,914,321 |
| Ending Market Value | $57,398,563 |

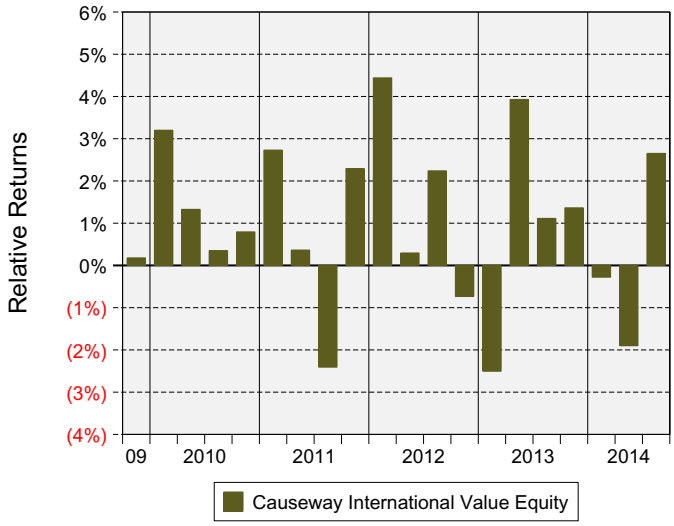
**Percent Cash: 0.0%**

## Performance vs CAI Non-U.S. Equity Style (Gross)

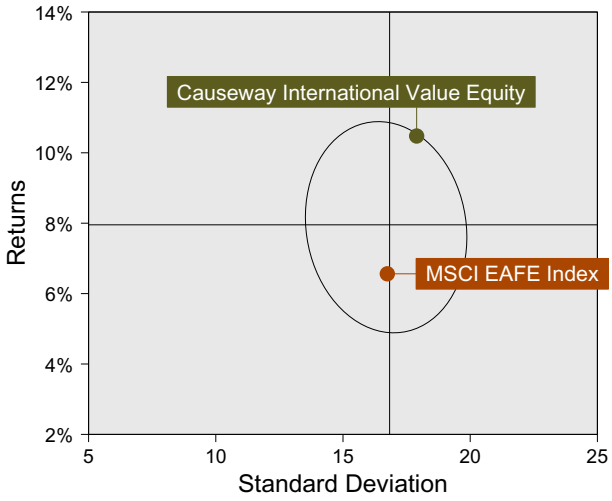



| | Last Quarter | Last Year | Last 3 Years | Last 5 Years | Last 9-1/2 Years |
|---|---|---|---|---|---|
| 10th Percentile | (3.96) | 8.23 | 17.52 | 9.91 | 8.51 |
| 25th Percentile | (4.71) | 7.01 | 15.74 | 9.06 | 7.66 |
| Median | (5.61) | 5.23 | 14.33 | 7.95 | 6.35 |
| 75th Percentile | (5.99) | 2.73 | 13.04 | 6.94 | 5.56 |
| 90th Percentile | (7.13) | 1.38 | 11.74 | 5.47 | 5.02 |
| **Causeway International Value Equity** ● | (3.23) | 6.30 | 18.38 | 10.48 | 7.18 |
| MSCI EAFE Index ▲ | (5.88) | 4.25 | 13.65 | 6.56 | 5.09 |

## Relative Return vs MSCI EAFE Index




## CAI Non-U.S. Equity Style (Gross) Annualized Five Year Risk vs Return

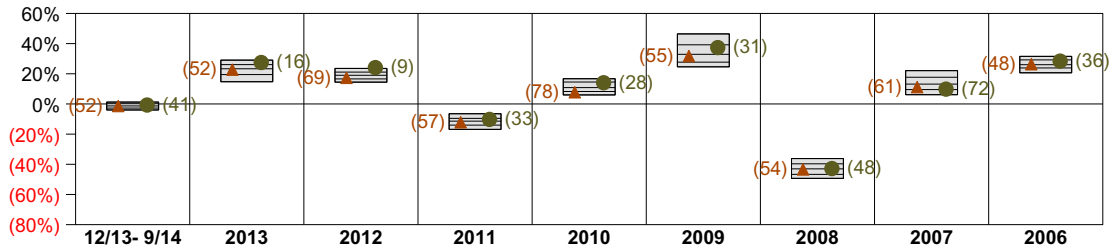


# Causeway International Value Equity
# Return Analysis Summary

## Return Analysis

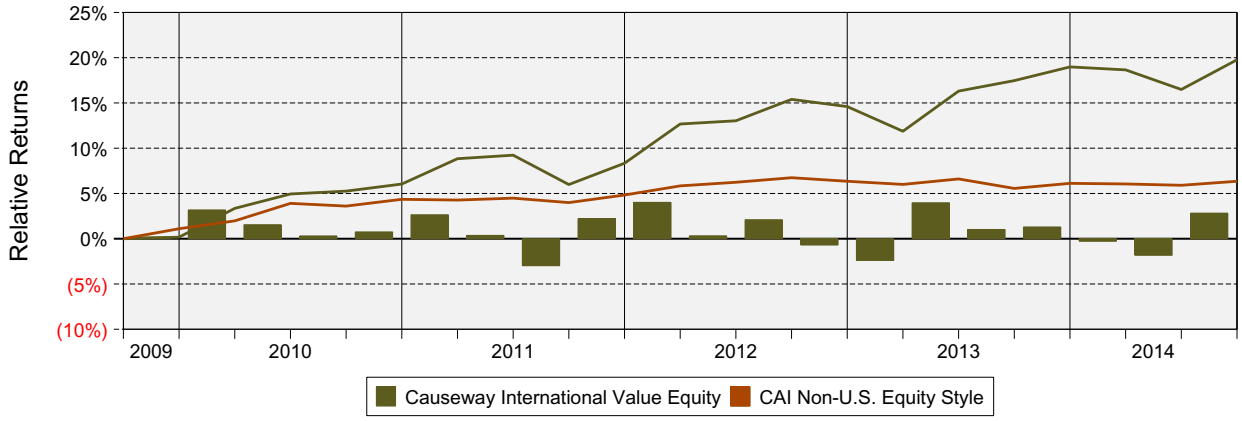
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

## Performance vs CAI Non-U.S. Equity Style (Gross)

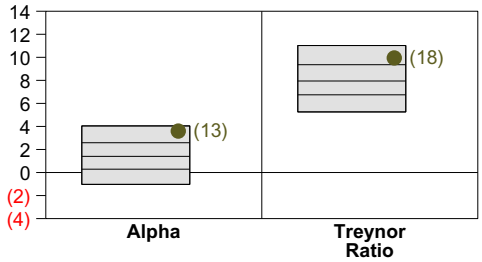


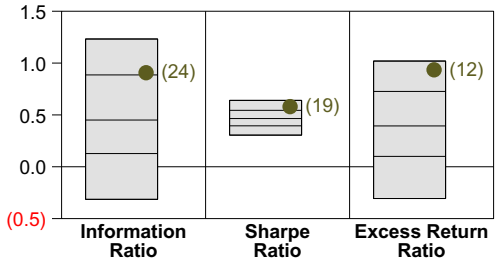

| | 12/13- 9/14 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|---|---|---|---|---|---|---|---|---|---|
| 10th Percentile | 1.24 | 29.05 | 23.54 | (6.48) | 16.72 | 46.43 | (36.19) | 22.09 | 31.54 |
| 25th Percentile | 0.18 | 26.08 | 21.12 | (9.56) | 14.53 | 39.21 | (39.68) | 17.70 | 29.21 |
| Median | (1.30) | 23.32 | 19.02 | (11.40) | 10.84 | 32.89 | (43.02) | 13.15 | 26.02 |
| 75th Percentile | (2.74) | 19.49 | 16.61 | (14.02) | 8.27 | 27.71 | (46.67) | 9.54 | 23.87 |
| 90th Percentile | (3.98) | 14.73 | 14.45 | (16.87) | 5.97 | 24.60 | (49.33) | 6.13 | 20.66 |
| **Causeway International Value Equity** ● | (0.73) | 27.47 | 24.10 | (10.24) | 14.06 | 37.35 | (42.83) | 9.82 | 28.40 |
| MSCI EAFE Index ▲ | (1.38) | 22.78 | 17.32 | (12.14) | 7.75 | 31.78 | (43.38) | 11.17 | 26.34 |

## Cumulative and Quarterly Relative Return vs MSCI EAFE Index




## Risk Adjusted Return Measures vs MSCI EAFE Index
## Rankings Against CAI Non-U.S. Equity Style (Gross)
## Five Years Ended September 30, 2014




| | Alpha | Treynor Ratio |
|---|---|---|
| 10th Percentile | 4.05 | 11.02 |
| 25th Percentile | 2.59 | 9.36 |
| Median | 1.40 | 7.94 |
| 75th Percentile | 0.29 | 6.74 |
| 90th Percentile | (1.03) | 5.26 |
| **Causeway International Value Equity** ● | 3.60 | 9.94 |

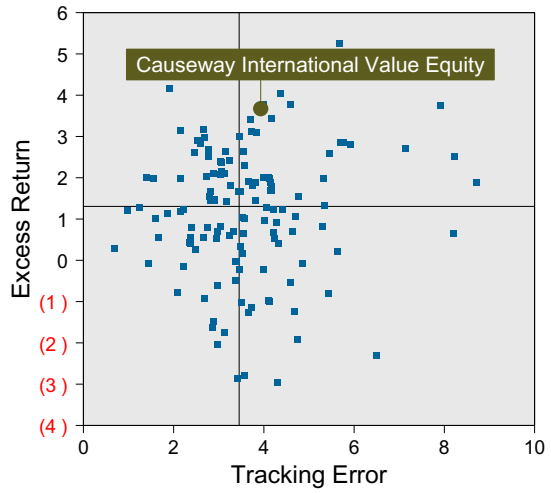
| | Information Ratio | Sharpe Ratio | Excess Return Ratio |
|---|---|---|---|
| 10th Percentile | 1.23 | 0.64 | 1.02 |
| 25th Percentile | 0.89 | 0.54 | 0.73 |
| Median | 0.45 | 0.47 | 0.39 |
| 75th Percentile | 0.13 | 0.39 | 0.10 |
| 90th Percentile | (0.31) | 0.31 | (0.31) |
| **Causeway International Value Equity** ● | 0.91 | 0.58 | 0.93 |

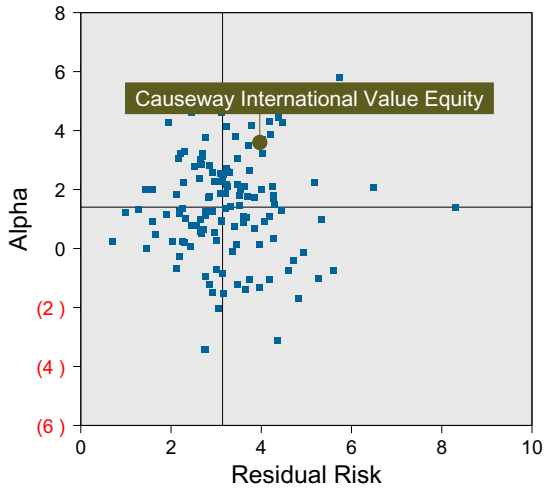
# Causeway International Value Equity
# Risk Analysis Summary

## Risk Analysis

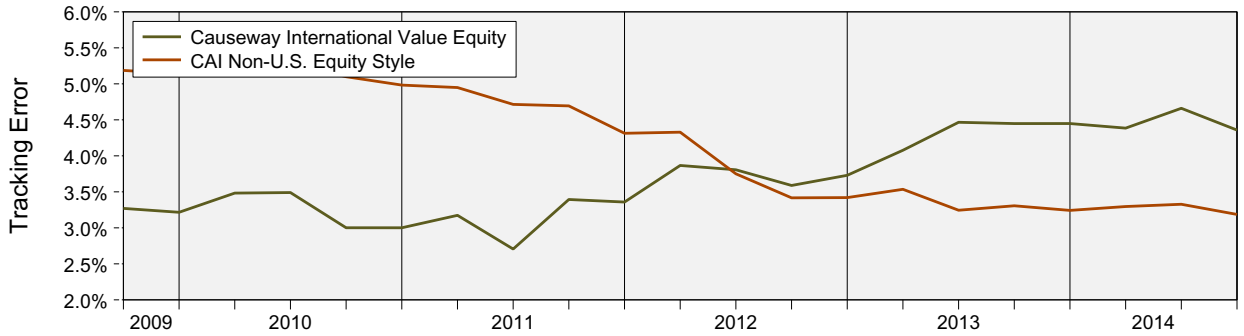
The graphs below analyze the risk or variation of a manager's return pattern. The first scatter chart illustrates the relationship, called Excess Return Ratio, between excess return and tracking error relative to the benchmark. The second scatter chart displays the relationship, sometimes called Information Ratio, between alpha (market-risk or "beta" adjusted return) and residual risk (non-market or "unsystematic" risk). The third chart shows tracking error patterns versus the benchmark over time. The last two charts show the ranking of the manager's risk statistics versus the peer group.

## Risk Analysis vs CAI Non-U.S. Equity Style (Gross)
## Five Years Ended September 30, 2014

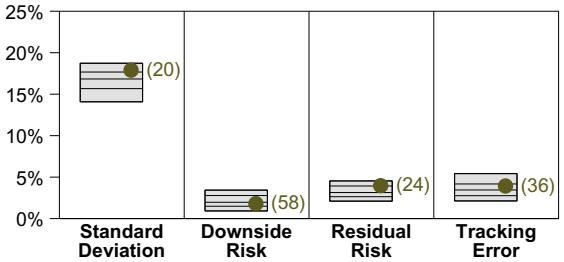


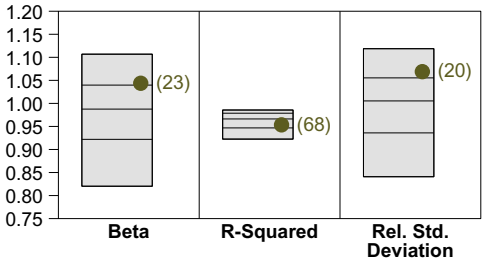




## Rolling 12 Quarter Tracking Error vs MSCI EAFE Index




## Risk Statistics Rankings vs MSCI EAFE Index
## Rankings Against CAI Non-U.S. Equity Style (Gross)
## Five Years Ended September 30, 2014




| | Standard Deviation | Downside Risk | Residual Risk | Tracking Error |
|---|---|---|---|---|
| 10th Percentile | 18.73 | 3.44 | 4.54 | 5.42 |
| 25th Percentile | 17.67 | 2.78 | 3.93 | 4.18 |
| Median | 16.83 | 1.97 | 3.14 | 3.45 |
| 75th Percentile | 15.67 | 1.49 | 2.64 | 2.76 |
| 90th Percentile | 14.08 | 0.92 | 2.11 | 2.13 |
| **Causeway International Value Equity** ● | 17.90 | 1.80 | 3.97 | 3.93 |

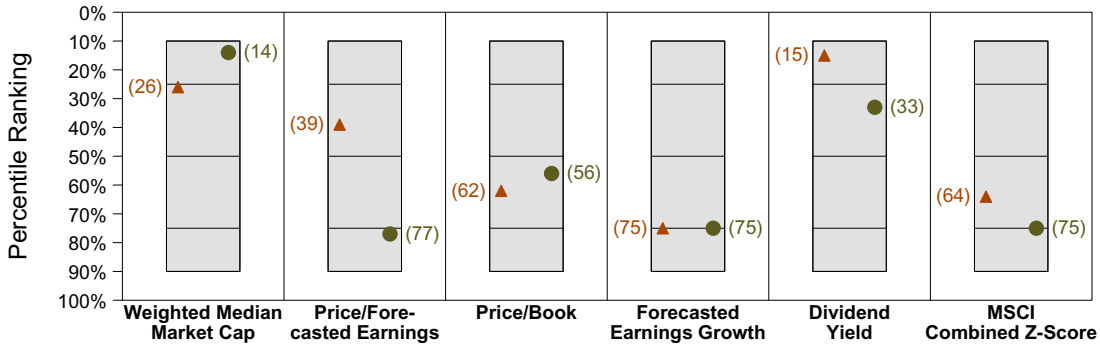
| | Beta | R-Squared | Rel. Std. Deviation |
|---|---|---|---|
| 10th Percentile | 1.11 | 0.99 | 1.12 |
| 25th Percentile | 1.04 | 0.98 | 1.06 |
| Median | 0.99 | 0.97 | 1.01 |
| 75th Percentile | 0.92 | 0.95 | 0.94 |
| 90th Percentile | 0.82 | 0.92 | 0.84 |
| **Causeway International Value Equity** ● | 1.04 | 0.95 | 1.07 |

# Causeway International Value Equity
# Equity Characteristics Analysis Summary

## Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

## Portfolio Characteristics Percentile Rankings
## Rankings Against CAI Non-U.S. Equity Style
## as of September 30, 2014

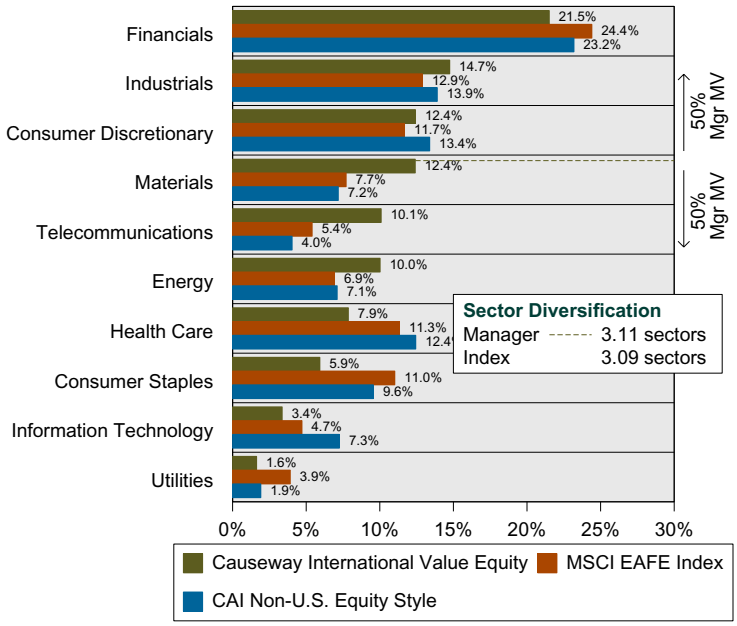



| | Weighted Median Market Cap | Price/Forecasted Earnings | Price/Book | Forecasted Earnings Growth | Dividend Yield | MSCI Combined Z-Score |
|---|---|---|---|---|---|---|
| 10th Percentile | 47.35 | 15.81 | 2.40 | 14.21 | 3.03 | 0.67 |
| 25th Percentile | 39.18 | 14.37 | 2.05 | 12.77 | 2.81 | 0.43 |
| Median | 29.80 | 13.56 | 1.77 | 11.36 | 2.54 | 0.12 |
| 75th Percentile | 22.01 | 12.39 | 1.49 | 9.83 | 2.22 | (0.16) |
| 90th Percentile | 12.23 | 11.79 | 1.26 | 8.61 | 1.90 | (0.35) |
| **Causeway International Value Equity** ● | 44.62 | 12.30 | 1.70 | 9.85 | 2.70 | (0.17) |
| MSCI EAFE Index ▲ | 38.77 | 13.84 | 1.68 | 9.82 | 2.99 | 0.01 |

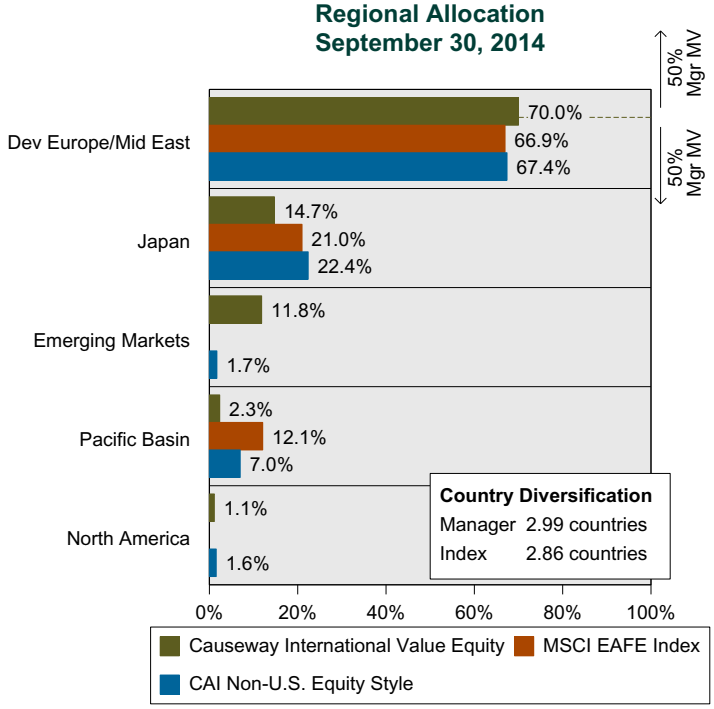
## Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. The regional allocation chart compares the manager's geographical region weights with those of the benchmark as well as the median region weights of the peer group.

### Sector Allocation
### September 30, 2014



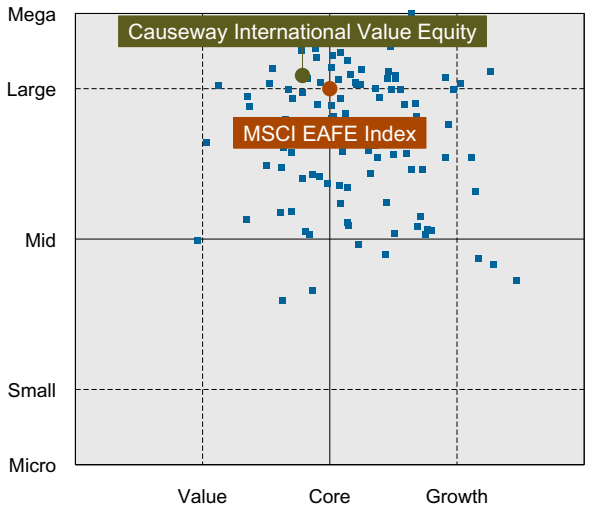

### Regional Allocation
### September 30, 2014



## Current Holdings Based Style Analysis
## Causeway International Value Equity
## As of September 30, 2014

This page analyzes the current investment style of a portfolio utilizing a detailed holdings-based style analysis to determine actual exposures to various regional and style segments of the international/global equity market. The market is segmented quarterly by region and style. The style segments are determined using the "Combined Z Score", based on the eight fundamental factors used in the MSCI stock style scoring system. The upper-left style map illustrates the current market capitalization and style score of the portfolio relative to indices and/or peers. The upper-right style exposure matrix displays the current portfolio and index weights and stock counts (in parentheses) in each region/style segment of the market. The middle chart illustrates the total exposures and stock counts in the three style segments, with a legend showing the total growth, value, and "combined Z" (growth - value) scores. The bottom chart exhibits the sector weights as well as the style weights within each sector.

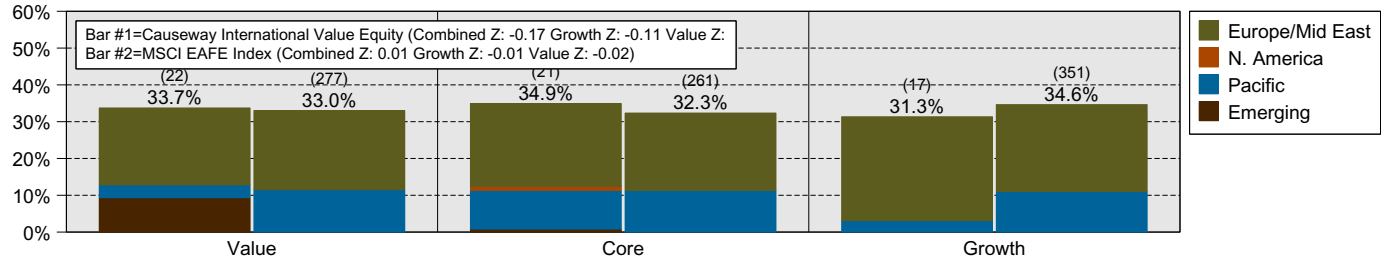
### Style Map vs CAI Non-U.S. Equity Style
### Holdings as of September 30, 2014



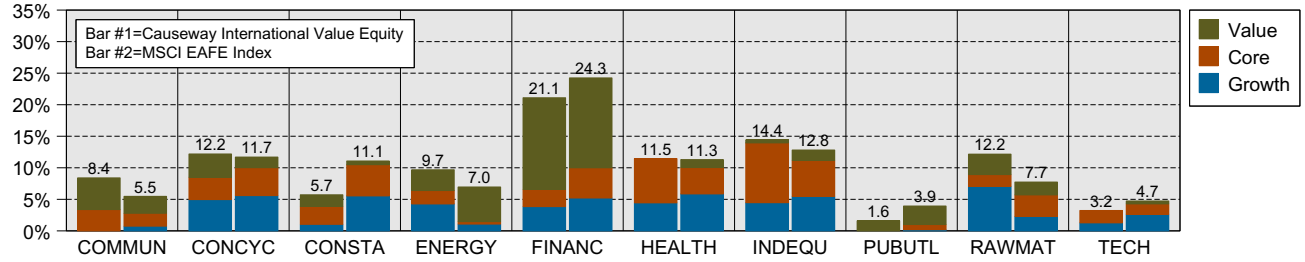

### Style Exposure Matrix
### Holdings as of September 30, 2014

| | Value | Core | Growth | Total |
|---|---|---|---|---|
| Europe/ Mid East | 20.9% (15)<br>21.5% (122) | 22.5% (11)<br>21.0% (135) | 28.2% (15)<br>23.6% (182) | 71.7% (41)<br>66.1% (439) |
| N. America | 0.0% (0)<br>0.0% (0) | 1.1% (1)<br>0.0% (0) | 0.0% (0)<br>0.0% (0) | 1.1% (1)<br>0.0% (0) |
| Pacific | 3.5% (2)<br>11.5% (155) | 10.5% (8)<br>11.4% (126) | 3.1% (2)<br>11.0% (169) | 17.1% (12)<br>33.9% (450) |
| Emerging | 9.3% (5)<br>0.0% (0) | 0.8% (1)<br>0.0% (0) | 0.0% (0)<br>0.0% (0) | 10.1% (6)<br>0.0% (0) |
| **Total** | 33.7% (22)<br>33.0% (277) | 34.9% (21)<br>32.3% (261) | 31.3% (17)<br>34.6% (351) | 100.0% (60)<br>100.0% (889) |

### Combined Z-Score Style Distribution
### Holdings as of September 30, 2014




### Sector Weights Distribution
### Holdings as of September 30, 2014



# Causeway International Value Equity
# Top 10 Portfolio Holdings Characteristics
# as of September 30, 2014

## 10 Largest Holdings

| Stock | Sector | Ending Market Value | Percent of Portfolio | Qtrly Return | Market Capital | Price/ Forecasted Earnings Ratio | Dividend Yield | Forecasted Growth in Earnings |
|---|---|---|---|---|---|---|---|---|
| Sanofi Shs | Health Care | $1,933,619 | 3.4% | 6.51% | 149.72 | 15.99 | 3.13% | 8.10% |
| Reed Elsevier (Nl) | Consumer Discretionary | $1,914,977 | 3.3% | (0.11)% | 16.71 | 16.04 | 2.92% | 6.70% |
| Akzo Nobel | Materials | $1,886,804 | 3.3% | (8.58)% | 16.63 | 15.11 | 2.67% | 13.25% |
| Novartis | Health Care | $1,838,192 | 3.2% | 4.20% | 255.33 | 16.64 | 2.72% | 8.30% |
| Kddi | Telecommunications | $1,815,111 | 3.2% | (0.32)% | 53.91 | 12.20 | 1.97% | 12.40% |
| British American Tobacco | Consumer Staples | $1,529,019 | 2.7% | (3.80)% | 105.22 | 15.41 | 4.16% | 5.70% |
| Ubs Ag Shs New | Financials | $1,485,922 | 2.6% | (4.96)% | 67.03 | 12.30 | 1.50% | 18.70% |
| Technip | Energy | $1,441,069 | 2.5% | (23.07)% | 9.57 | 11.47 | 2.78% | 14.10% |
| Sk Telecom Co | Telecommunications | $1,413,106 | 2.5% | 18.06% | 22.19 | 11.34 | 3.24% | 8.70% |
| Roche Hldgs Ag Basel Div Rts Ctf | Health Care | $1,317,874 | 2.3% | (0.66)% | 208.16 | 18.19 | 2.76% | 7.00% |

## 10 Best Performers

| Stock | Sector | Ending Market Value | Percent of Portfolio | Qtrly Return | Market Capital | Price/ Forecasted Earnings Ratio | Dividend Yield | Forecasted Growth in Earnings |
|---|---|---|---|---|---|---|---|---|
| China Mobile Hong Kong Limit Ord | Telecommunications | $1,289,933 | 2.3% | 20.95% | 235.44 | 13.06 | 4.43% | (2.70)% |
| Sk Telecom Co | Telecommunications | $1,413,106 | 2.5% | 18.06% | 22.19 | 11.34 | 3.24% | 8.70% |
| Shin Etsu Chemical Co Ltd Shs | Materials | $1,071,655 | 1.9% | 8.27% | 28.24 | 22.76 | 1.40% | 17.00% |
| The Link Real Estate Invt | Financials | $299,213 | 0.5% | 7.12% | 13.22 | 23.72 | 3.71% | 7.10% |
| Sanofi Shs | Health Care | $1,933,619 | 3.4% | 6.51% | 149.72 | 15.99 | 3.13% | 8.10% |
| Carnival Plc Shs | Consumer Discretionary | $750,689 | 1.3% | 6.50% | 7.35 | 18.00 | 2.34% | 24.10% |
| Novartis | Health Care | $1,838,192 | 3.2% | 4.20% | 255.33 | 16.64 | 2.72% | 8.30% |
| Axa Paris Act Ord | Financials | $691,542 | 1.2% | 3.13% | 59.69 | 8.82 | 4.15% | 8.00% |
| Kt&g Corporation Krw Shs | Consumer Staples | $992,956 | 1.7% | 1.96% | 12.29 | 15.16 | 3.39% | 5.26% |
| Barclays Plc Shs | Financials | $1,142,954 | 2.0% | 1.81% | 60.67 | 8.81 | 2.86% | (0.70)% |

## 10 Worst Performers

| Stock | Sector | Ending Market Value | Percent of Portfolio | Qtrly Return | Market Capital | Price/ Forecasted Earnings Ratio | Dividend Yield | Forecasted Growth in Earnings |
|---|---|---|---|---|---|---|---|---|
| Balfour Beatty Plc Ord | Industrials | $257,991 | 0.5% | (23.42)% | 2.11 | 10.27 | 7.48% | 9.90% |
| Technip | Energy | $1,441,069 | 2.5% | (23.07)% | 9.57 | 11.47 | 2.78% | 14.10% |
| Hyundai Motor Co | Consumer Discretionary | $826,629 | 1.4% | (20.42)% | 39.77 | 5.41 | 1.02% | 4.91% |
| Schneider Electric S A Act | Industrials | $905,384 | 1.6% | (18.40)% | 44.82 | 14.26 | 3.08% | 9.20% |
| Daimler Ag Reg Shs | Consumer Discretionary | $874,269 | 1.5% | (18.26)% | 81.78 | 9.06 | 3.72% | 12.45% |
| Legrand Sa Shs Prov Opo | Industrials | $1,108,027 | 1.9% | (14.94)% | 13.78 | 18.01 | 2.55% | 4.50% |
| Kingfisher Plc Shs | Consumer Discretionary | $202,239 | 0.4% | (14.46)% | 12.39 | 13.12 | 2.72% | 7.50% |
| Tecnicas Reunidas Sa Madrid Shs | Energy | $560,621 | 1.0% | (13.11)% | 2.96 | 14.94 | 3.32% | 10.00% |
| Clariant Ag Muttenz Namen Ak Namen A | Materials | $548,963 | 1.0% | (12.54)% | 5.68 | 12.27 | 2.20% | 13.85% |
| Bg Group | Energy | $854,936 | 1.5% | (11.83)% | 63.08 | 14.73 | 1.58% | 11.00% |

# Aberdeen EAFE Plus
# Period Ended September 30, 2014

## Investment Philosophy

Aberdeen believes that given the inefficiency of markets, superior long-term returns are achieved by identifying high quality stocks, buying them at reasonable/cheap prices, and ultimately investing in those securities for the long term. Absolute return is held to be of the utmost importance. The strategy is benchmark aware, but not benchmark driven. This benchmark stance is born from their belief that indices do not provide meaningful guidance to the prospects of a company or its inherent worth. The product was funded during the second quarter of 2012. Performance prior is that of the composite.

## Quarterly Summary and Highlights

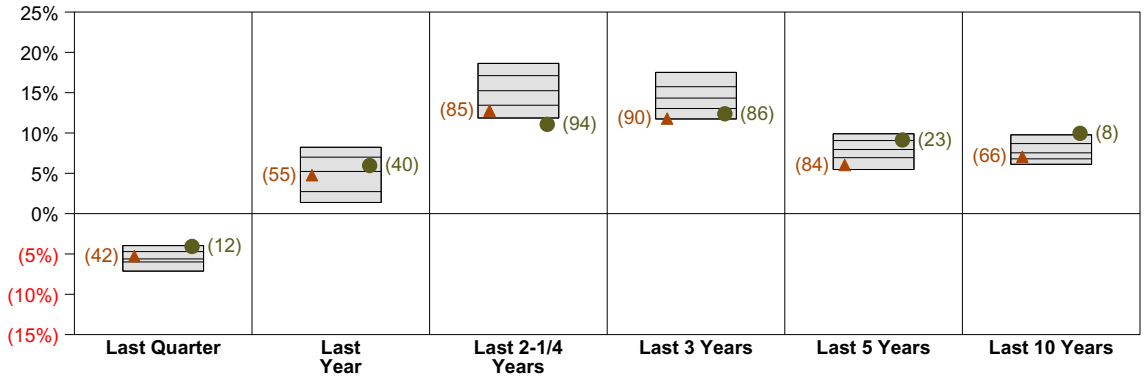
- Aberdeen EAFE Plus's portfolio posted a (4.07)% return for the quarter placing it in the 12 percentile of the CAI Non-U.S. Equity Style group for the quarter and in the 40 percentile for the last year.
- Aberdeen EAFE Plus's portfolio outperformed the MSCI ACWI x US (Net) by 1.19% for the quarter and outperformed the MSCI ACWI x US (Net) for the year by 1.20%.

## Quarterly Asset Growth

| | |
|---|---|
| Beginning Market Value | $46,309,980 |
| Net New Investment | $-91,399 |
| Investment Gains/(Losses) | $-1,885,463 |
| Ending Market Value | $44,333,118 |

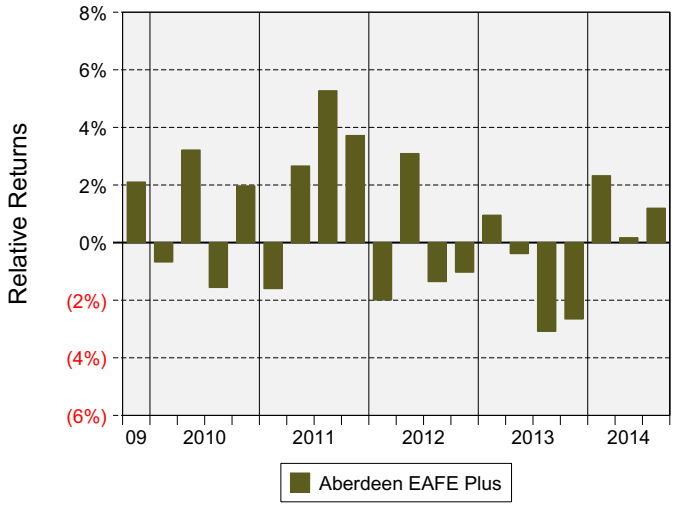
**Percent Cash: 0.0%**

## Performance vs CAI Non-U.S. Equity Style (Gross)

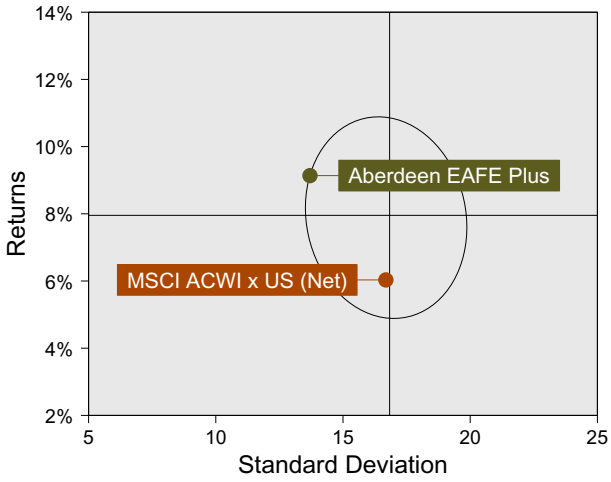



| | Last Quarter | Last Year | Last 2-1/4 Years | Last 3 Years | Last 5 Years | Last 10 Years |
|---|---|---|---|---|---|---|
| 10th Percentile | (3.96) | 8.23 | 18.63 | 17.52 | 9.91 | 9.78 |
| 25th Percentile | (4.71) | 7.01 | 17.11 | 15.74 | 9.06 | 8.69 |
| Median | (5.61) | 5.23 | 15.25 | 14.33 | 7.95 | 7.54 |
| 75th Percentile | (5.99) | 2.73 | 13.44 | 13.04 | 6.94 | 6.80 |
| 90th Percentile | (7.13) | 1.38 | 11.86 | 11.74 | 5.47 | 6.12 |
| **Aberdeen EAFE Plus** ● | (4.07) | 5.97 | 11.07 | 12.38 | 9.14 | 9.96 |
| MSCI ACWI x US (Net) ▲ | (5.27) | 4.77 | 12.78 | 11.79 | 6.03 | 7.06 |

## Relative Return vs MSCI ACWI x US (Net)




## CAI Non-U.S. Equity Style (Gross) Annualized Five Year Risk vs Return

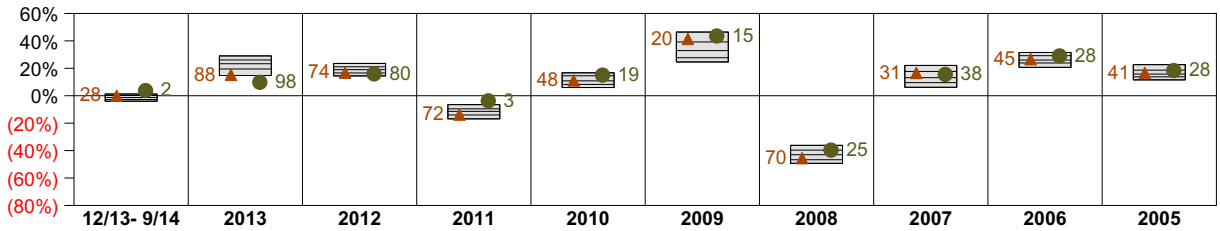


# Aberdeen EAFE Plus
# Return Analysis Summary

## Return Analysis

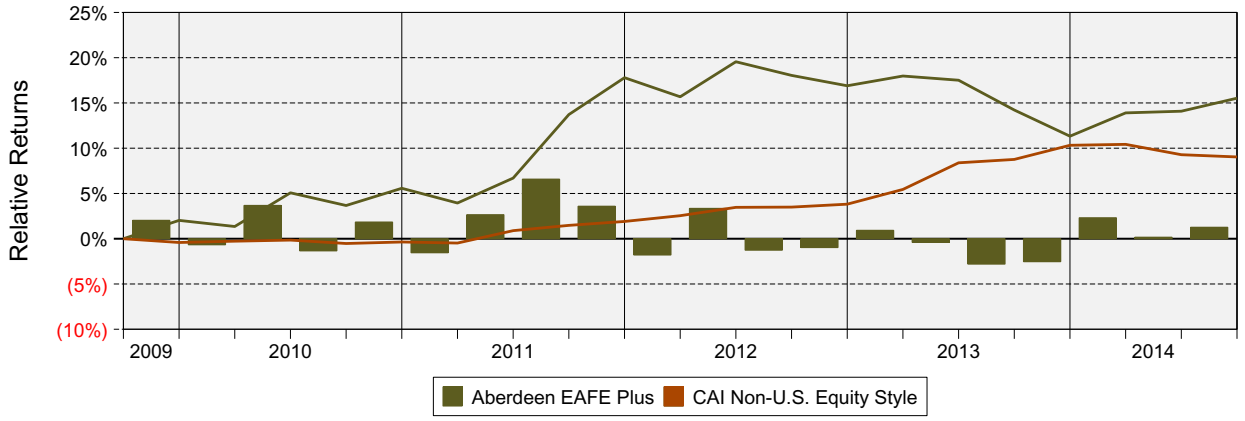
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

## Performance vs CAI Non-U.S. Equity Style (Gross)

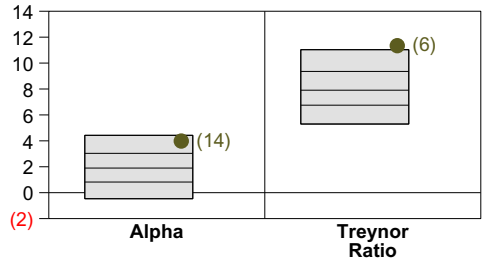



| | 12/13- 9/14 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|---|---|---|---|---|---|
| 10th Percentile | 1.24 | 29.05 | 23.54 | (6.48) | 16.72 | 46.43 | (36.19) | 22.09 | 31.54 | 22.67 |
| 25th Percentile | 0.18 | 26.08 | 21.12 | (9.56) | 14.53 | 39.21 | (39.68) | 17.70 | 29.21 | 18.64 |
| Median | (1.30) | 23.32 | 19.02 | (11.40) | 10.84 | 32.89 | (43.02) | 13.15 | 26.02 | 15.78 |
| 75th Percentile | (2.74) | 19.49 | 16.61 | (14.02) | 8.27 | 27.71 | (46.67) | 9.54 | 23.87 | 13.78 |
| 90th Percentile | (3.98) | 14.73 | 14.45 | (16.87) | 5.97 | 24.60 | (49.33) | 6.13 | 20.66 | 11.55 |
| **Aberdeen EAFE Plus** ● | 3.77 | 9.79 | 15.94 | (3.72) | 15.02 | 43.55 | (39.68) | 15.54 | 29.00 | 18.36 |
| MSCI ACWI x US (Net) ▲ | 0.00 | 15.29 | 16.83 | (13.71) | 11.15 | 41.45 | (45.53) | 16.65 | 26.65 | 16.62 |

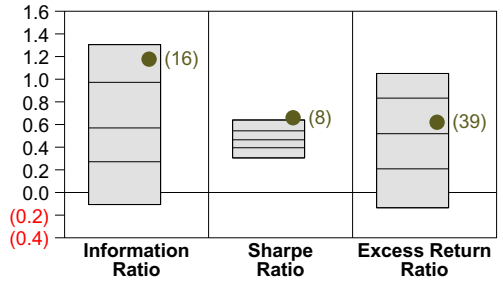
## Cumulative and Quarterly Relative Return vs MSCI ACWI x US (Net)




## Risk Adjusted Return Measures vs MSCI ACWI x US (Net)
## Rankings Against CAI Non-U.S. Equity Style (Gross)
## Five Years Ended September 30, 2014




| | Alpha | Treynor Ratio |
|---|---|---|
| 10th Percentile | 4.43 | 11.03 |
| 25th Percentile | 3.04 | 9.36 |
| Median | 1.90 | 7.91 |
| 75th Percentile | 0.82 | 6.75 |
| 90th Percentile | (0.47) | 5.30 |
| **Aberdeen EAFE Plus** ● | 3.98 | 11.34 |



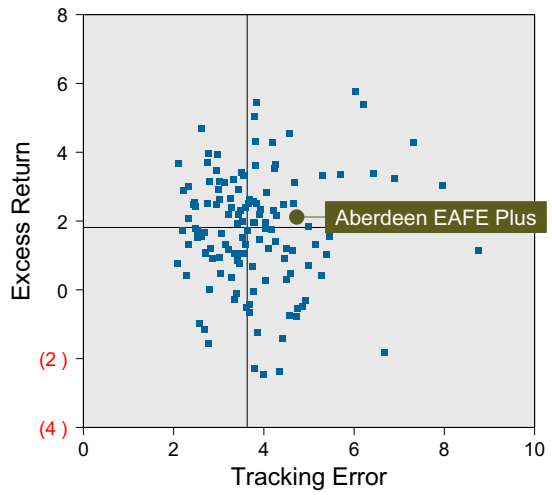

| | Information Ratio | Sharpe Ratio | Excess Return Ratio |
|---|---|---|---|
| 10th Percentile | 1.31 | 0.64 | 1.05 |
| 25th Percentile | 0.97 | 0.54 | 0.83 |
| Median | 0.57 | 0.47 | 0.52 |
| 75th Percentile | 0.27 | 0.39 | 0.21 |
| 90th Percentile | (0.11) | 0.31 | (0.13) |
| **Aberdeen EAFE Plus** ● | 1.18 | 0.66 | 0.62 |

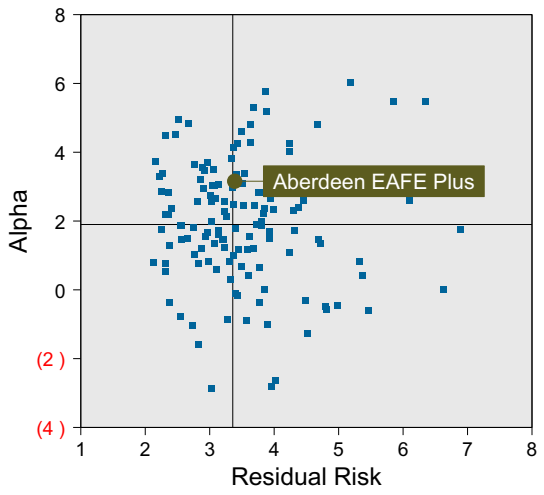
# Aberdeen EAFE Plus
# Risk Analysis Summary

## Risk Analysis

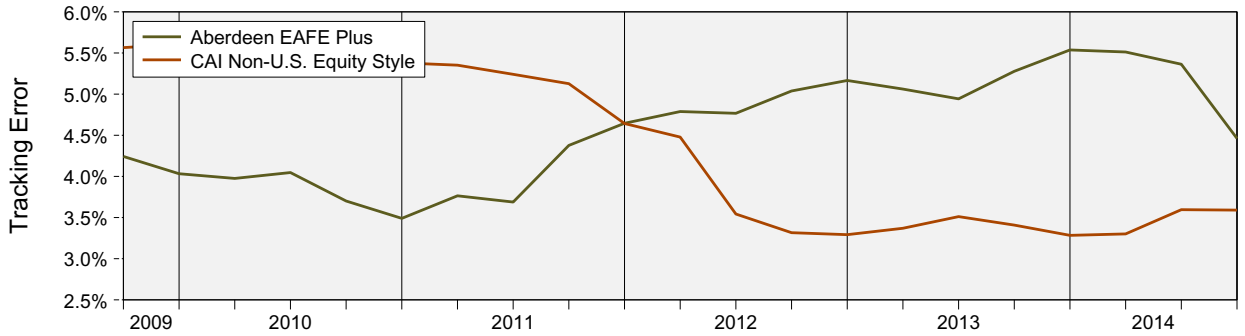
The graphs below analyze the risk or variation of a manager's return pattern. The first scatter chart illustrates the relationship, called Excess Return Ratio, between excess return and tracking error relative to the benchmark. The second scatter chart displays the relationship, sometimes called Information Ratio, between alpha (market-risk or "beta" adjusted return) and residual risk (non-market or "unsystematic" risk). The third chart shows tracking error patterns versus the benchmark over time. The last two charts show the ranking of the manager's risk statistics versus the peer group.

## Risk Analysis vs CAI Non-U.S. Equity Style (Gross)
## Five Years Ended September 30, 2014

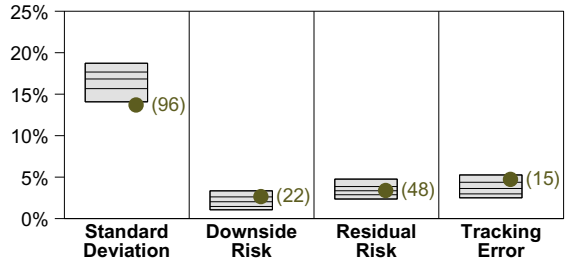


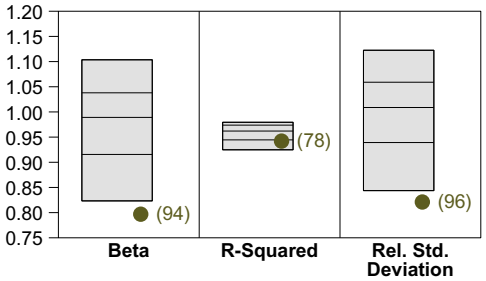

## Rolling 12 Quarter Tracking Error vs MSCI ACWI x US (Net)




## Risk Statistics Rankings vs MSCI ACWI x US (Net)
## Rankings Against CAI Non-U.S. Equity Style (Gross)
## Five Years Ended September 30, 2014




| | Standard Deviation | Downside Risk | Residual Risk | Tracking Error |
|---|---|---|---|---|
| 10th Percentile | 18.73 | 3.35 | 4.76 | 5.26 |
| 25th Percentile | 17.67 | 2.62 | 3.86 | 4.38 |
| Median | 16.83 | 2.03 | 3.36 | 3.63 |
| 75th Percentile | 15.67 | 1.46 | 2.88 | 2.98 |
| 90th Percentile | 14.08 | 1.06 | 2.36 | 2.50 |
| **Aberdeen EAFE Plus** ● | 13.70 | 2.65 | 3.39 | 4.73 |



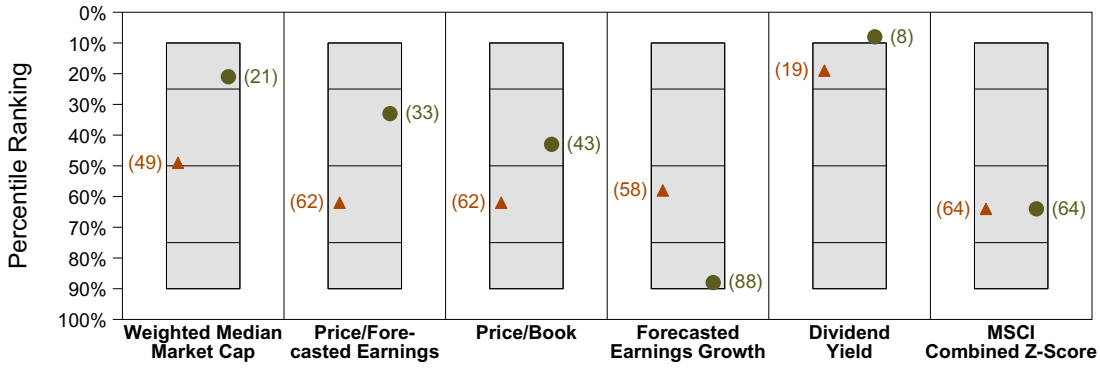

| | Beta | R-Squared | Rel. Std. Deviation |
|---|---|---|---|
| 10th Percentile | 1.10 | 0.98 | 1.12 |
| 25th Percentile | 1.04 | 0.97 | 1.06 |
| Median | 0.99 | 0.96 | 1.01 |
| 75th Percentile | 0.92 | 0.94 | 0.94 |
| 90th Percentile | 0.82 | 0.92 | 0.84 |
| **Aberdeen EAFE Plus** ● | 0.80 | 0.94 | 0.82 |

# Aberdeen EAFE Plus
# Equity Characteristics Analysis Summary

## Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

## Portfolio Characteristics Percentile Rankings
## Rankings Against CAI Non-U.S. Equity Style
## as of September 30, 2014

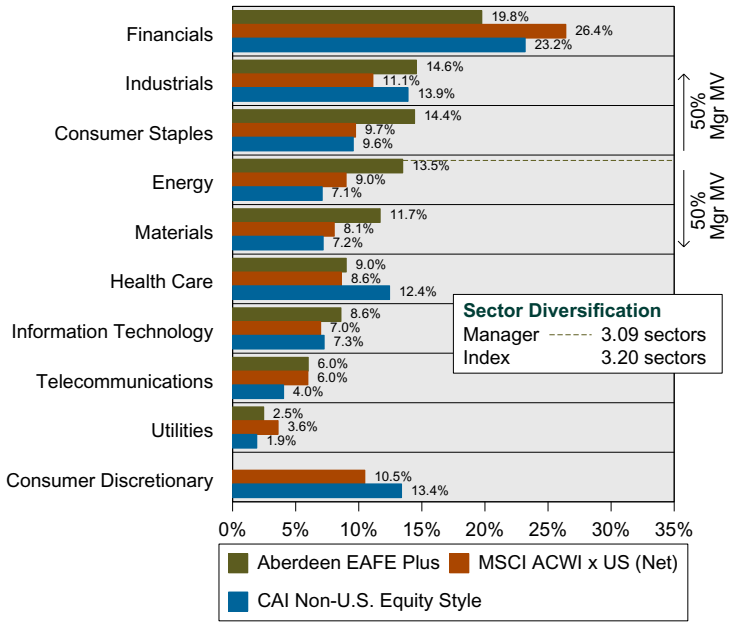



| | Weighted Median Market Cap | Price/Forecasted Earnings | Price/Book | Forecasted Earnings Growth | Dividend Yield | MSCI Combined Z-Score |
|---|---|---|---|---|---|---|
| 10th Percentile | 47.35 | 15.81 | 2.40 | 14.21 | 3.03 | 0.67 |
| 25th Percentile | 39.18 | 14.37 | 2.05 | 12.77 | 2.81 | 0.43 |
| Median | 29.80 | 13.56 | 1.77 | 11.36 | 2.54 | 0.12 |
| 75th Percentile | 22.01 | 12.39 | 1.49 | 9.83 | 2.22 | (0.16) |
| 90th Percentile | 12.23 | 11.79 | 1.26 | 8.61 | 1.90 | (0.35) |
| **Aberdeen EAFE Plus** ● | 41.19 | 14.15 | 1.88 | 9.11 | 3.08 | 0.00 |
| MSCI ACWI x US (Net) ▲ | 30.36 | 13.09 | 1.66 | 10.84 | 2.89 | 0.00 |

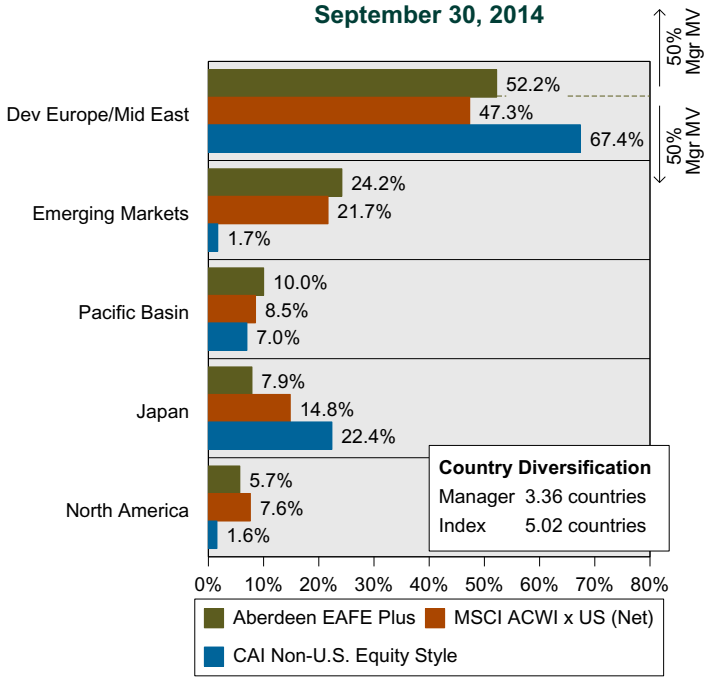
## Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. The regional allocation chart compares the manager's geographical region weights with those of the benchmark as well as the median region weights of the peer group.

### Sector Allocation
### September 30, 2014



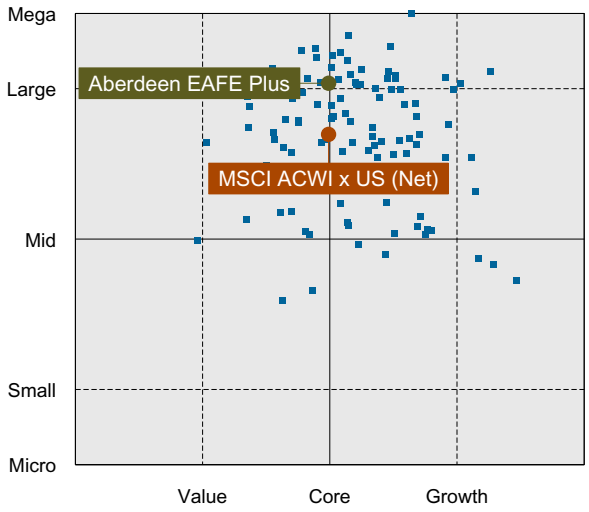

### Regional Allocation
### September 30, 2014



## Current Holdings Based Style Analysis
## Aberdeen EAFE Plus
## As of September 30, 2014

This page analyzes the current investment style of a portfolio utilizing a detailed holdings-based style analysis to determine actual exposures to various regional and style segments of the international/global equity market. The market is segmented quarterly by region and style. The style segments are determined using the "Combined Z Score", based on the eight fundamental factors used in the MSCI stock style scoring system. The upper-left style map illustrates the current market capitalization and style score of the portfolio relative to indices and/or peers. The upper-right style exposure matrix displays the current portfolio and index weights and stock counts (in parentheses) in each region/style segment of the market. The middle chart illustrates the total exposures and stock counts in the three style segments, with a legend showing the total growth, value, and "combined Z" (growth - value) scores. The bottom chart exhibits the sector weights as well as the style weights within each sector.

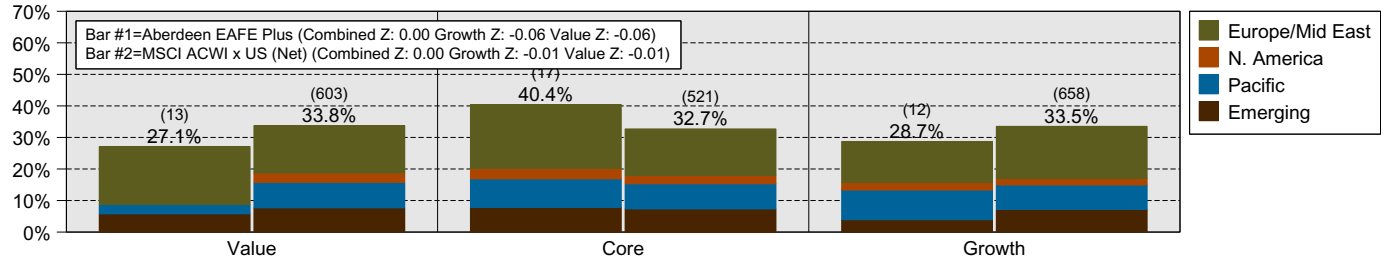
### Style Map vs CAI Non-U.S. Equity Style
### Holdings as of September 30, 2014



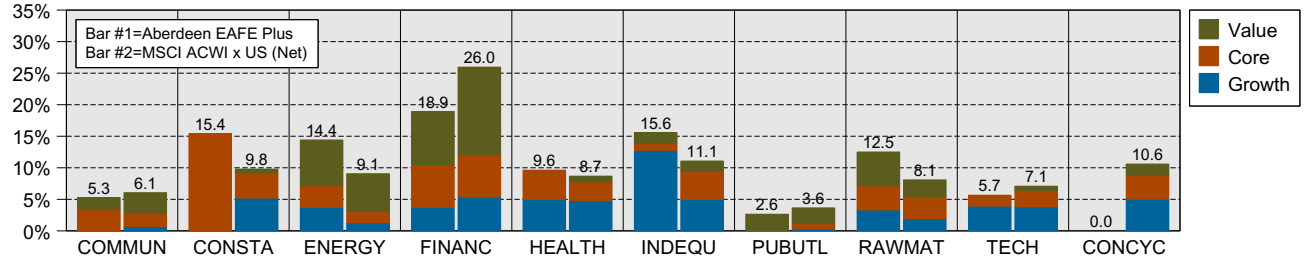

### Style Exposure Matrix
### Holdings as of September 30, 2014

| | Value | Core | Growth | Total |
|---|---|---|---|---|
| Europe/ Mid East | 18.4% (8)<br>15.0% (122) | 20.3% (8)<br>14.7% (135) | 13.0% (6)<br>16.5% (182) | **51.7% (22)**<br>**46.2% (439)** |
| N. America | 0.0% (0)<br>3.0% (36) | 3.3% (2)<br>2.7% (29) | 2.4% (1)<br>2.1% (28) | **5.7% (3)**<br>**7.8% (93)** |
| Pacific | 2.9% (2)<br>8.1% (155) | 9.0% (4)<br>8.0% (126) | 9.4% (4)<br>7.7% (169) | **21.3% (10)**<br>**23.7% (450)** |
| Emerging | 5.8% (3)<br>7.7% (290) | 7.9% (3)<br>7.3% (231) | 3.9% (1)<br>7.2% (279) | **17.6% (7)**<br>**22.2% (800)** |
| **Total** | **27.1% (13)**<br>**33.8% (603)** | **40.4% (17)**<br>**32.7% (521)** | **28.7% (12)**<br>**33.5% (658)** | **96.3% (42)**<br>**100.0% (1782)** |

### Combined Z-Score Style Distribution
### Holdings as of September 30, 2014




### Sector Weights Distribution
### Holdings as of September 30, 2014



# Aberdeen EAFE Plus
# Top 10 Portfolio Holdings Characteristics
# as of September 30, 2014

## 10 Largest Holdings

| Stock | Sector | Ending Market Value | Percent of Portfolio | Qtrly Return | Market Capital | Price/ Forecasted Earnings Ratio | Dividend Yield | Forecasted Growth in Earnings |
|---|---|---|---|---|---|---|---|---|
| Roche Hldgs Ag Basel Div Rts Ctf | Health Care | $1,991,124 | 4.5% | (0.66)% | 208.16 | 18.19 | 2.76% | 7.00% |
| Novartis | Health Care | $1,822,984 | 4.1% | 4.20% | 255.33 | 16.64 | 2.72% | 8.30% |
| Taiwan Semicond Manufac Co L Shs | Information Technology | $1,554,057 | 3.5% | (4.78)% | 102.29 | 11.80 | 2.50% | 16.80% |
| Nestle S A Shs Nom New | Consumer Staples | $1,512,030 | 3.4% | (5.10)% | 237.09 | 19.40 | 3.06% | 4.50% |
| British American Tobacco | Consumer Staples | $1,484,571 | 3.3% | (3.80)% | 105.22 | 15.41 | 4.16% | 5.70% |
| Tenaris Adr | Energy | $1,464,659 | 3.3% | (3.39)% | 27.07 | 15.54 | 1.72% | 8.00% |
| Royal Dutch Shell 'b' Shs | Energy | $1,356,001 | 3.1% | (8.05)% | 96.41 | 10.19 | 4.57% | 8.00% |
| Shin Etsu Chemical Co Ltd Shs | Materials | $1,310,190 | 3.0% | 8.27% | 28.24 | 22.76 | 1.40% | 17.00% |
| Zurich Financial Svc Ord | Financials | $1,299,918 | 2.9% | (1.11)% | 44.55 | 10.07 | 5.97% | 5.65% |
| Fomento Economico Mexicano S Spon AD | Consumer Staples | $1,186,047 | 2.7% | (1.71)% | 19.89 | 22.46 | 3.10% | 14.80% |

## 10 Best Performers

| Stock | Sector | Ending Market Value | Percent of Portfolio | Qtrly Return | Market Capital | Price/ Forecasted Earnings Ratio | Dividend Yield | Forecasted Growth in Earnings |
|---|---|---|---|---|---|---|---|---|
| Canadian Nat'l Railway | Industrials | $949,451 | 2.1% | 9.54% | 58.08 | 19.68 | 1.26% | 13.30% |
| Shin Etsu Chemical Co Ltd Shs | Materials | $1,310,190 | 3.0% | 8.27% | 28.24 | 22.76 | 1.40% | 17.00% |
| Swire Pacific A | Financials | $472,298 | 1.1% | 5.73% | 11.66 | 13.58 | 3.60% | 11.40% |
| Ericsson (Lm) B | Information Technology | $686,494 | 1.5% | 5.20% | 38.67 | 16.55 | 3.28% | 12.10% |
| Fanuc Ltd Shs | Industrials | $950,429 | 2.1% | 4.73% | 43.25 | 24.33 | 0.86% | 13.30% |
| Oversea Chinese Bnkg Corp Lt Shs New | Financials | $894,735 | 2.0% | 4.52% | 30.07 | 10.71 | 3.59% | 10.06% |
| Novartis | Health Care | $1,822,984 | 4.1% | 4.20% | 255.33 | 16.64 | 2.72% | 8.30% |
| Petrochina Company Limited Shs H | Energy | $769,724 | 1.7% | 3.45% | 27.04 | 9.78 | 4.12% | 10.80% |
| Aia Group Ltd Com Par Usd 1 | Financials | $951,506 | 2.1% | 3.28% | 62.28 | 17.65 | 1.11% | 13.00% |
| Mtn Group Ltd Shs | Telecommunications | $720,261 | 1.6% | 2.02% | 38.99 | 14.47 | 4.66% | 11.00% |

## 10 Worst Performers

| Stock | Sector | Ending Market Value | Percent of Portfolio | Qtrly Return | Market Capital | Price/ Forecasted Earnings Ratio | Dividend Yield | Forecasted Growth in Earnings |
|---|---|---|---|---|---|---|---|---|
| Casino Guichard Perrach Et C Act | Consumer Staples | $825,355 | 1.9% | (18.75)% | 12.18 | 14.32 | 3.66% | 7.35% |
| Schneider Electric S A Act | Industrials | $420,601 | 0.9% | (18.40)% | 44.82 | 14.26 | 3.08% | 9.20% |
| Vale S A Adr Repstg Pfd | Materials | $1,099,916 | 2.5% | (16.96)% | 20.47 | 5.65 | 8.39% | 0.01% |
| Rolls Royce Holdings Plc Lon Shs | Industrials | $405,638 | 0.9% | (14.46)% | 29.50 | 14.03 | 0.00% | 4.15% |
| Bhp Billiton Plc Shs | Materials | $1,024,969 | 2.3% | (12.23)% | 58.72 | 10.80 | 4.07% | 7.25% |
| Schindler Part | Industrials | $400,847 | 0.9% | (10.77)% | 6.05 | 19.78 | 1.70% | (0.33)% |
| Eni Spa Roma Az | Energy | $1,001,142 | 2.3% | (10.20)% | 86.63 | 12.99 | 5.88% | 12.40% |
| Wood Group John Plc Shs | Energy | $646,320 | 1.5% | (10.11)% | 4.62 | 11.58 | 1.89% | 8.05% |
| Linde Ag Akt | Materials | $640,154 | 1.4% | (9.84)% | 35.57 | 17.82 | 1.98% | 10.00% |
| Japan Tobacco Inc Ord | Consumer Staples | $1,097,536 | 2.5% | (9.49)% | 65.03 | 14.40 | 2.69% | 6.90% |

Fixed Income

# Fixed Income
# Period Ended September 30, 2014

## Quarterly Summary and Highlights

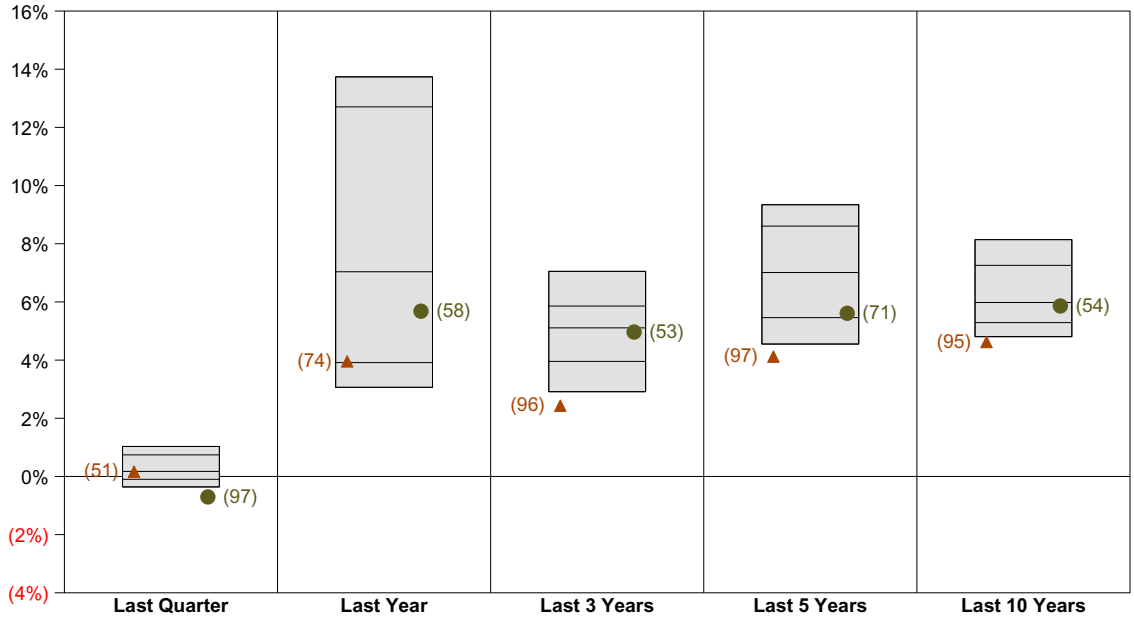
- Fixed Income's portfolio posted a (0.70)% return for the quarter placing it in the 97 percentile of the Corp Pln- Domestic Fixed group for the quarter and in the 58 percentile for the last year.
- Fixed Income's portfolio underperformed the Barclays Aggregate Index by 0.87% for the quarter and outperformed the Barclays Aggregate Index for the year by 1.72%.

## Quarterly Asset Growth

| | |
|---|---|
| Beginning Market Value | $164,320,881 |
| Net New Investment | $-144,525 |
| Investment Gains/(Losses) | $-3,610,301 |
| Ending Market Value | $160,566,055 |

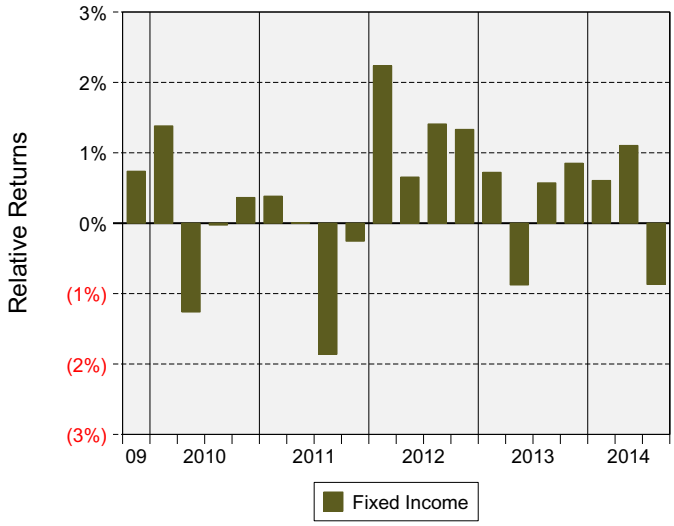
**Percent Cash: 0.0%**

## Performance vs Corp Pln- Domestic Fixed (Gross)

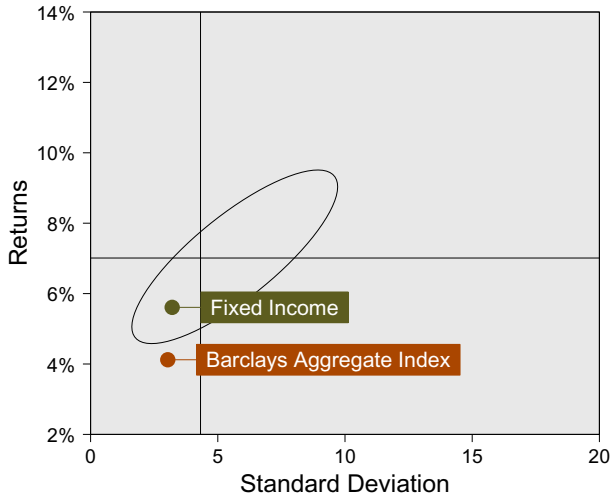



| | Last Quarter | Last Year | Last 3 Years | Last 5 Years | Last 10 Years |
|---|---|---|---|---|---|
| 10th Percentile | 1.03 | 13.74 | 7.05 | 9.34 | 8.14 |
| 25th Percentile | 0.74 | 12.70 | 5.86 | 8.61 | 7.26 |
| Median | 0.17 | 7.04 | 5.11 | 7.01 | 5.98 |
| 75th Percentile | (0.10) | 3.91 | 3.96 | 5.46 | 5.29 |
| 90th Percentile | (0.36) | 3.06 | 2.91 | 4.55 | 4.81 |
| **Fixed Income** ● | (0.70) | 5.68 | 4.96 | 5.61 | 5.86 |
| Barclays Aggregate Index ▲ | 0.17 | 3.96 | 2.43 | 4.12 | 4.62 |

## Relative Return vs Barclays Aggregate Index




## Corp Pln- Domestic Fixed (Gross) Annualized Five Year Risk vs Return

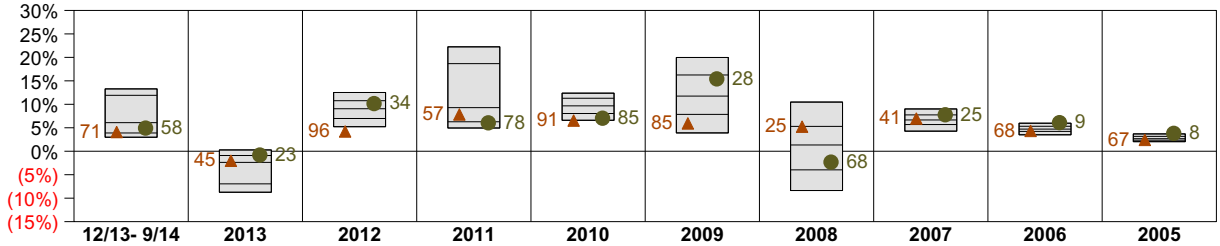


# Fixed Income
# Return Analysis Summary

## Return Analysis

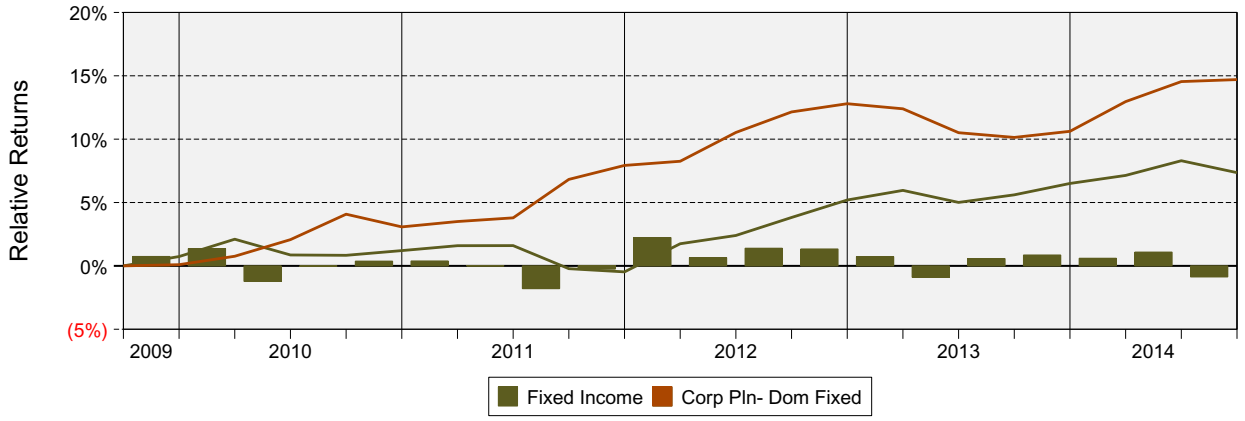
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

## Performance vs Corp Pln- Domestic Fixed (Gross)

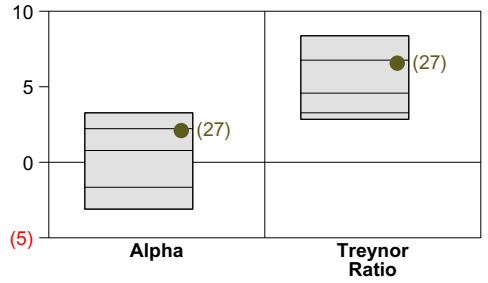


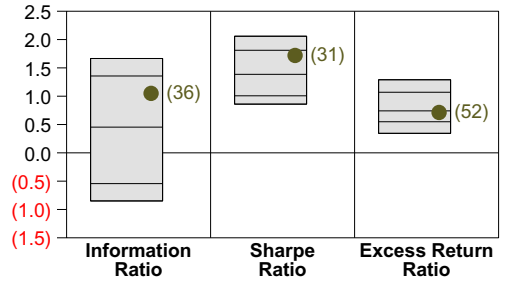

| | 12/13- 9/14 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|---|---|---|---|---|---|
| 10th Percentile | 13.29 | 0.28 | 12.52 | 22.24 | 12.37 | 19.98 | 10.48 | 9.01 | 5.97 | 3.69 |
| 25th Percentile | 11.91 | (0.91) | 10.77 | 18.67 | 11.29 | 16.25 | 5.29 | 7.75 | 5.32 | 3.17 |
| Median | 6.09 | (2.38) | 9.06 | 9.29 | 9.67 | 11.75 | 1.34 | 6.67 | 4.72 | 2.67 |
| 75th Percentile | 3.89 | (6.95) | 6.98 | 6.28 | 8.04 | 7.85 | (3.96) | 5.69 | 4.23 | 2.35 |
| 90th Percentile | 2.98 | (8.74) | 5.22 | 4.95 | 6.60 | 3.90 | (8.37) | 4.28 | 3.51 | 2.04 |
| **Fixed Income** ● | 4.93 | (0.81) | 10.15 | 6.05 | 7.04 | 15.41 | (2.32) | 7.77 | 6.09 | 3.81 |
| Barclays Aggregate Index ▲ | 4.10 | (2.02) | 4.21 | 7.84 | 6.54 | 5.93 | 5.24 | 6.97 | 4.33 | 2.43 |

## Cumulative and Quarterly Relative Return vs Barclays Aggregate Index




## Risk Adjusted Return Measures vs Barclays Aggregate Index
## Rankings Against Corp Pln- Domestic Fixed (Gross)
## Five Years Ended September 30, 2014




| | Alpha | Treynor Ratio |
|---|---|---|
| 10th Percentile | 3.28 | 8.38 |
| 25th Percentile | 2.22 | 6.76 |
| Median | 0.78 | 4.58 |
| 75th Percentile | (1.66) | 3.28 |
| 90th Percentile | (3.10) | 2.85 |
| **Fixed Income** ● | 2.10 | 6.56 |

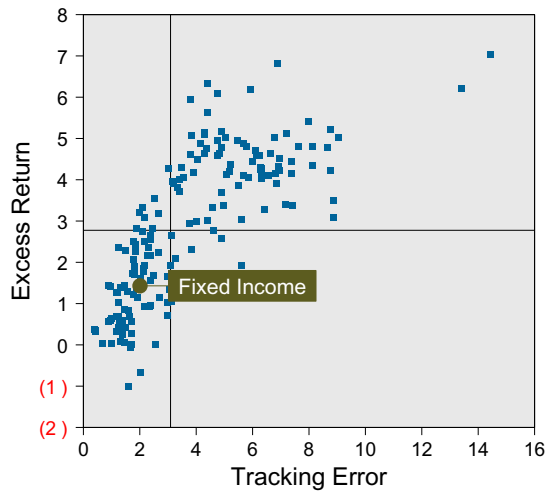
| | Information Ratio | Sharpe Ratio | Excess Return Ratio |
|---|---|---|---|
| 10th Percentile | 1.67 | 2.06 | 1.29 |
| 25th Percentile | 1.36 | 1.81 | 1.07 |
| Median | 0.45 | 1.39 | 0.74 |
| 75th Percentile | (0.54) | 1.01 | 0.55 |
| 90th Percentile | (0.85) | 0.86 | 0.34 |
| **Fixed Income** ● | 1.05 | 1.72 | 0.71 |

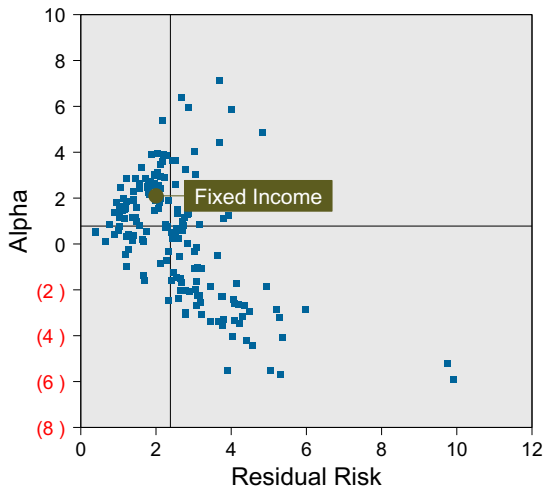
# Fixed Income
# Risk Analysis Summary

## Risk Analysis

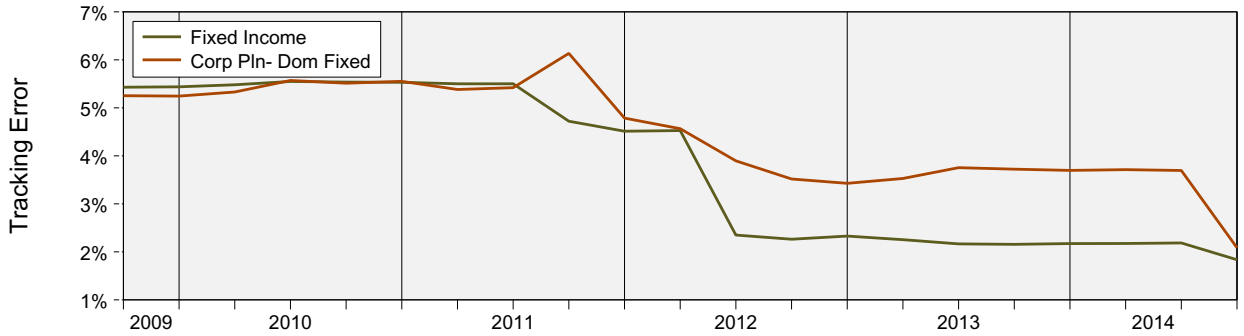
The graphs below analyze the risk or variation of a manager's return pattern. The first scatter chart illustrates the relationship, called Excess Return Ratio, between excess return and tracking error relative to the benchmark. The second scatter chart displays the relationship, sometimes called Information Ratio, between alpha (market-risk or "beta" adjusted return) and residual risk (non-market or "unsystematic" risk). The third chart shows tracking error patterns versus the benchmark over time. The last two charts show the ranking of the manager's risk statistics versus the peer group.

## Risk Analysis vs Corp Pln- Domestic Fixed (Gross)
## Five Years Ended September 30, 2014

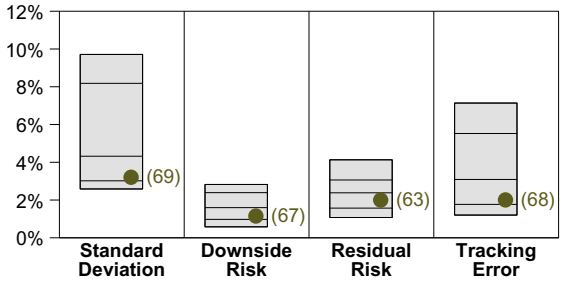


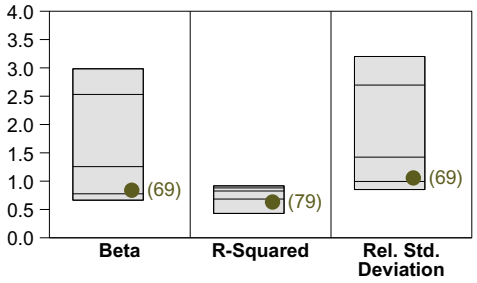




## Rolling 12 Quarter Tracking Error vs Barclays Aggregate Index




## Risk Statistics Rankings vs Barclays Aggregate Index
## Rankings Against Corp Pln- Domestic Fixed (Gross)
## Five Years Ended September 30, 2014




| | Standard Deviation | Downside Risk | Residual Risk | Tracking Error |
|---|---|---|---|---|
| 10th Percentile | 9.71 | 2.83 | 4.13 | 7.14 |
| 25th Percentile | 8.18 | 2.39 | 3.06 | 5.52 |
| Median | 4.32 | 1.60 | 2.38 | 3.09 |
| 75th Percentile | 3.02 | 0.98 | 1.57 | 1.77 |
| 90th Percentile | 2.59 | 0.58 | 1.07 | 1.20 |
| **Fixed Income** ● | 3.21 | 1.15 | 2.00 | 2.01 |

| | Beta | R-Squared | Rel. Std. Deviation |
|---|---|---|---|
| 10th Percentile | 2.98 | 0.92 | 3.20 |
| 25th Percentile | 2.53 | 0.88 | 2.70 |
| Median | 1.26 | 0.83 | 1.42 |
| 75th Percentile | 0.78 | 0.68 | 0.99 |
| 90th Percentile | 0.66 | 0.43 | 0.85 |
| **Fixed Income** ● | 0.84 | 0.63 | 1.06 |

## BlackRock U.S. Debt Fund
## Period Ended September 30, 2014

### Investment Philosophy

Core Bond Style managers aim to achieve value added from sector and/or issue selection. Portfolios are constructed to approximate the investment results of the Barclays Gov/Cred Index or the Barclays Aggregate Index with little duration variability around the index. The product was funded during the fourth quarter of 2011. Performance prior is that of the composite.

### Quarterly Summary and Highlights

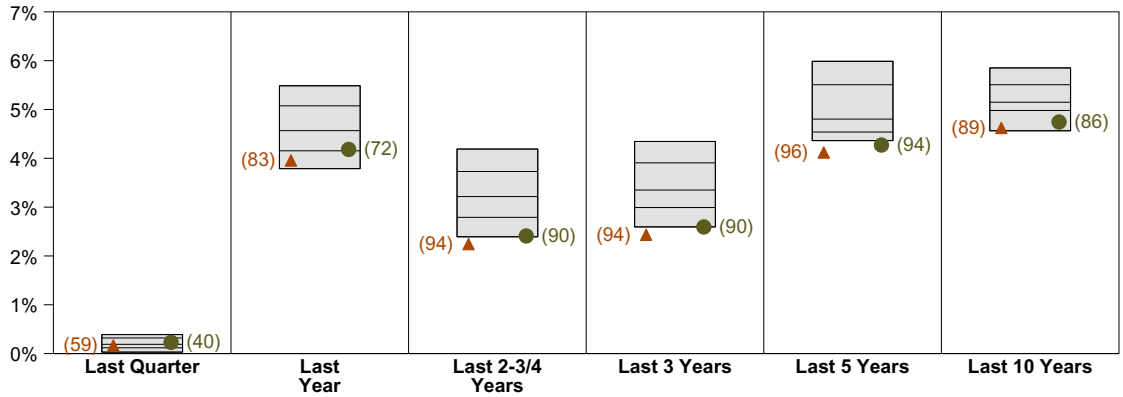
- BlackRock U.S. Debt Fund's portfolio posted a 0.23% return for the quarter placing it in the 40 percentile of the CAI Core Bond Fixed-Inc Style group for the quarter and in the 72 percentile for the last year.
- BlackRock U.S. Debt Fund's portfolio outperformed the Barclays Aggregate Index by 0.06% for the quarter and outperformed the Barclays Aggregate Index for the year by 0.23%.

### Quarterly Asset Growth

| | |
|---|---|
| Beginning Market Value | $60,280,227 |
| Net New Investment | $-8,251 |
| Investment Gains/(Losses) | $139,100 |
| Ending Market Value | $60,411,076 |

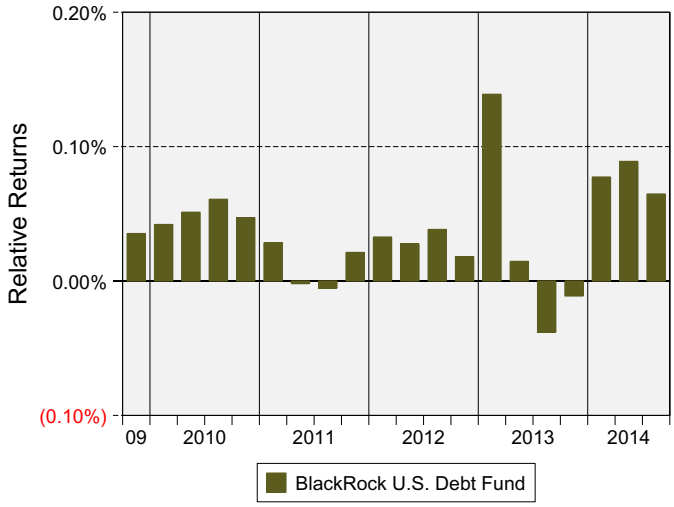
**Percent Cash: 0.0%**

### Performance vs CAI Core Bond Fixed-Inc Style (Gross)

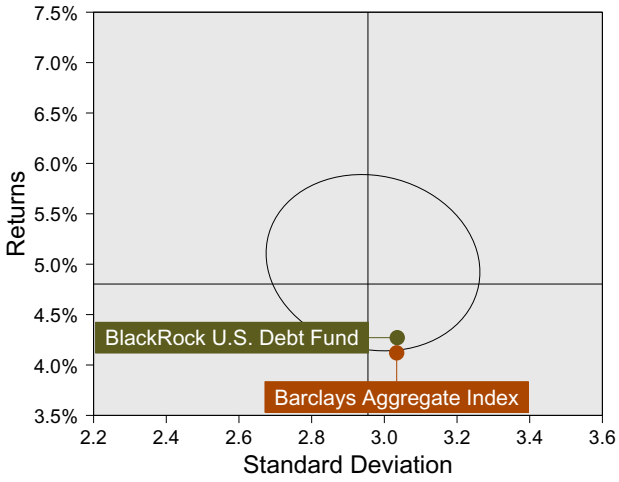



| | Last Quarter | Last Year | Last 2-3/4 Years | Last 3 Years | Last 5 Years | Last 10 Years |
|---|---|---|---|---|---|---|
| 10th Percentile | 0.39 | 5.49 | 4.19 | 4.35 | 5.99 | 5.85 |
| 25th Percentile | 0.32 | 5.07 | 3.73 | 3.91 | 5.51 | 5.51 |
| Median | 0.19 | 4.57 | 3.22 | 3.35 | 4.80 | 5.15 |
| 75th Percentile | 0.12 | 4.15 | 2.79 | 2.99 | 4.54 | 4.98 |
| 90th Percentile | 0.03 | 3.79 | 2.39 | 2.59 | 4.36 | 4.56 |
| **BlackRock U.S. Debt Fund** ● | 0.23 | 4.18 | 2.41 | 2.59 | 4.27 | 4.74 |
| Barclays Aggregate Index ▲ | 0.17 | 3.96 | 2.24 | 2.43 | 4.12 | 4.62 |

### Relative Return vs Barclays Aggregate Index




### CAI Core Bond Fixed-Inc Style (Gross) Annualized Five Year Risk vs Return

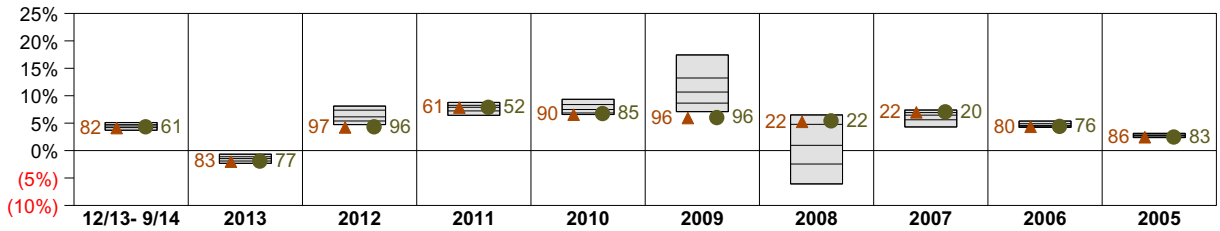


# BlackRock U.S. Debt Fund
# Return Analysis Summary

## Return Analysis

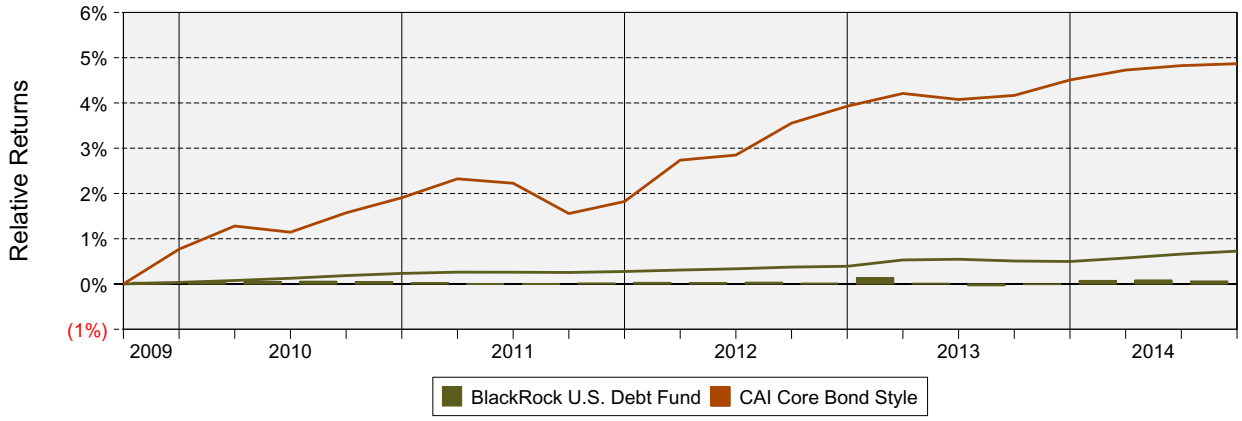
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

## Performance vs CAI Core Bond Fixed-Inc Style (Gross)

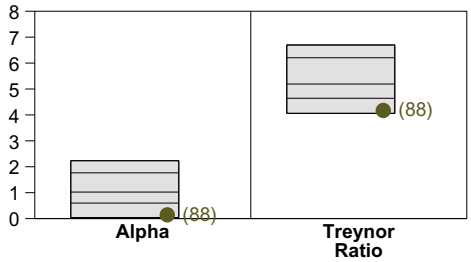


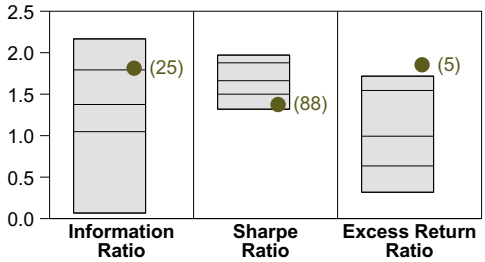

| | 12/13- 9/14 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|---|---|---|---|---|---|
| 10th Percentile | 5.12 | (0.66) | 8.11 | 8.78 | 9.35 | 17.43 | 6.50 | 7.39 | 5.38 | 3.14 |
| 25th Percentile | 4.78 | (1.12) | 7.37 | 8.25 | 8.39 | 13.23 | 4.78 | 6.93 | 4.90 | 3.02 |
| Median | 4.49 | (1.46) | 6.15 | 7.89 | 7.49 | 10.67 | 0.96 | 6.46 | 4.58 | 2.77 |
| 75th Percentile | 4.19 | (1.90) | 5.40 | 7.24 | 6.86 | 8.65 | (2.45) | 5.61 | 4.42 | 2.64 |
| 90th Percentile | 3.71 | (2.33) | 4.74 | 6.43 | 6.57 | 7.10 | (6.08) | 4.30 | 4.22 | 2.37 |
| **BlackRock U.S. Debt Fund** ● | 4.34 | (1.92) | 4.34 | 7.89 | 6.75 | 6.02 | 5.42 | 7.07 | 4.41 | 2.47 |
| Barclays Aggregate Index ▲ | 4.10 | (2.02) | 4.21 | 7.84 | 6.54 | 5.93 | 5.24 | 6.97 | 4.33 | 2.43 |

## Cumulative and Quarterly Relative Return vs Barclays Aggregate Index




## Risk Adjusted Return Measures vs Barclays Aggregate Index
## Rankings Against CAI Core Bond Fixed-Inc Style (Gross)
## Five Years Ended September 30, 2014




| | Alpha | Treynor Ratio |
|---|---|---|
| 10th Percentile | 2.23 | 6.70 |
| 25th Percentile | 1.77 | 6.21 |
| Median | 1.02 | 5.19 |
| 75th Percentile | 0.60 | 4.64 |
| 90th Percentile | 0.04 | 4.06 |
| **BlackRock U.S. Debt Fund** ● | 0.15 | 4.17 |

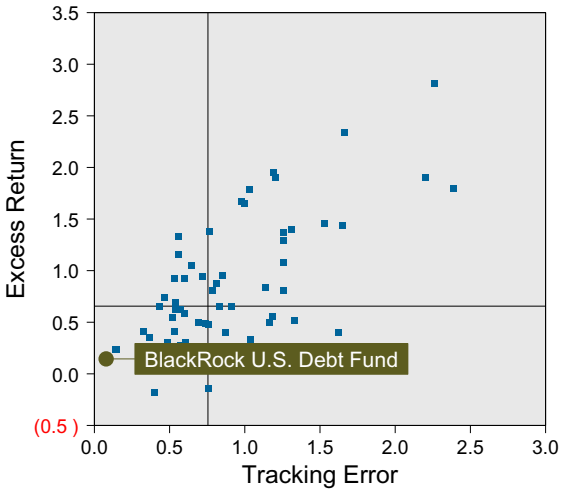
| | Information Ratio | Sharpe Ratio | Excess Return Ratio |
|---|---|---|---|
| 10th Percentile | 2.17 | 1.97 | 1.72 |
| 25th Percentile | 1.79 | 1.88 | 1.54 |
| Median | 1.38 | 1.66 | 0.99 |
| 75th Percentile | 1.05 | 1.50 | 0.64 |
| 90th Percentile | 0.07 | 1.32 | 0.32 |
| **BlackRock U.S. Debt Fund** ● | 1.81 | 1.38 | 1.85 |

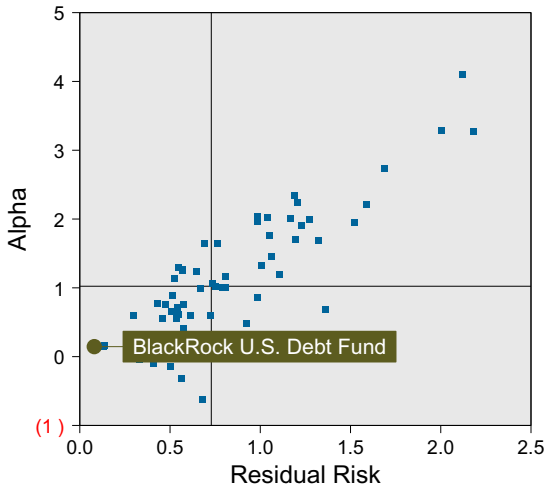
# BlackRock U.S. Debt Fund
# Risk Analysis Summary

## Risk Analysis

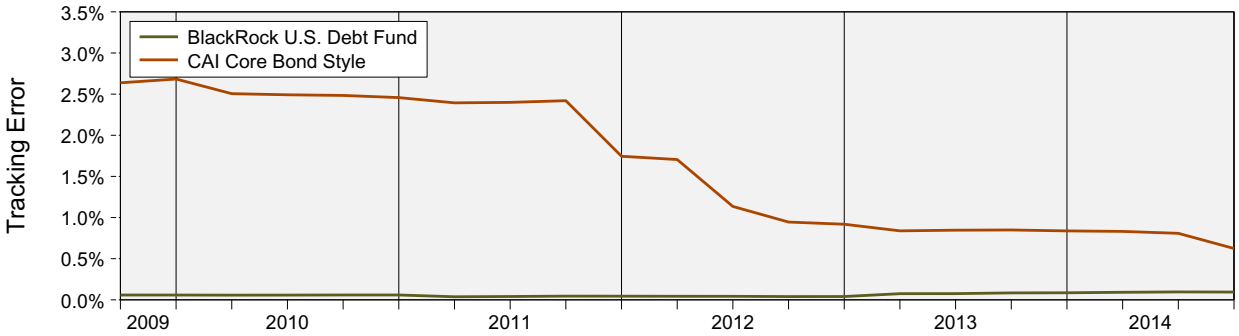
The graphs below analyze the risk or variation of a manager's return pattern. The first scatter chart illustrates the relationship, called Excess Return Ratio, between excess return and tracking error relative to the benchmark. The second scatter chart displays the relationship, sometimes called Information Ratio, between alpha (market-risk or "beta" adjusted return) and residual risk (non-market or "unsystematic" risk). The third chart shows tracking error patterns versus the benchmark over time. The last two charts show the ranking of the manager's risk statistics versus the peer group.

## Risk Analysis vs CAI Core Bond Fixed-Inc Style (Gross)
## Five Years Ended September 30, 2014

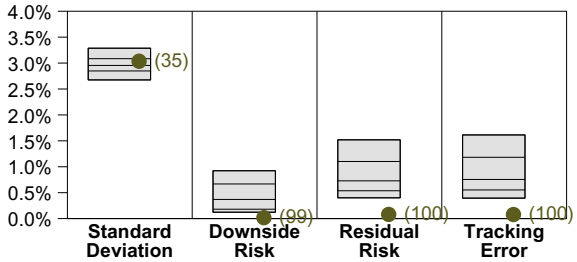


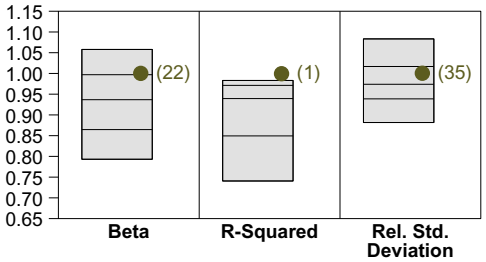




## Rolling 12 Quarter Tracking Error vs Barclays Aggregate Index




## Risk Statistics Rankings vs Barclays Aggregate Index
## Rankings Against CAI Core Bond Fixed-Inc Style (Gross)
## Five Years Ended September 30, 2014




| | Standard Deviation | Downside Risk | Residual Risk | Tracking Error |
|---|---|---|---|---|
| 10th Percentile | 3.29 | 0.92 | 1.52 | 1.61 |
| 25th Percentile | 3.08 | 0.67 | 1.10 | 1.18 |
| Median | 2.95 | 0.37 | 0.73 | 0.75 |
| 75th Percentile | 2.85 | 0.18 | 0.54 | 0.55 |
| 90th Percentile | 2.68 | 0.12 | 0.40 | 0.39 |
| **BlackRock U.S. Debt Fund** | 3.04 | 0.02 | 0.08 | 0.08 |

| | Beta | R-Squared | Rel. Std. Deviation |
|---|---|---|---|
| 10th Percentile | 1.06 | 0.98 | 1.08 |
| 25th Percentile | 1.00 | 0.97 | 1.02 |
| Median | 0.94 | 0.94 | 0.97 |
| 75th Percentile | 0.86 | 0.85 | 0.94 |
| 90th Percentile | 0.79 | 0.74 | 0.88 |
| **BlackRock U.S. Debt Fund** | 1.00 | 1.00 | 1.00 |

# PIMCO Fixed Income
# Period Ended September 30, 2014

## Investment Philosophy

PIMCO emphasizes adding value by rotating through the major sectors of the domestic and international bond markets. They also seek to enhance returns through duration management. The product was funded during the third quarter of 2002. The custom index is currently composed of 25% Barclays Mortgage, 25% Barclays Credit, 25% Barclays High Yield, and 25% JP Morgan EMBI Global. Prior to 2/1/2012, the custom index was composed of 70% Barclays Mortgage, 15% Barclays Credit, and 15% Barclays High Yield.

## Quarterly Summary and Highlights

- PIMCO Fixed Income's portfolio posted a (1.26)% return for the quarter placing it in the 100 percentile of the CAI Core Bond Plus Style group for the quarter and in the 16 percentile for the last year.
- PIMCO Fixed Income's portfolio underperformed the Custom Index by 0.44% for the quarter and outperformed the Custom Index for the year by 0.07%.

## Quarterly Asset Growth

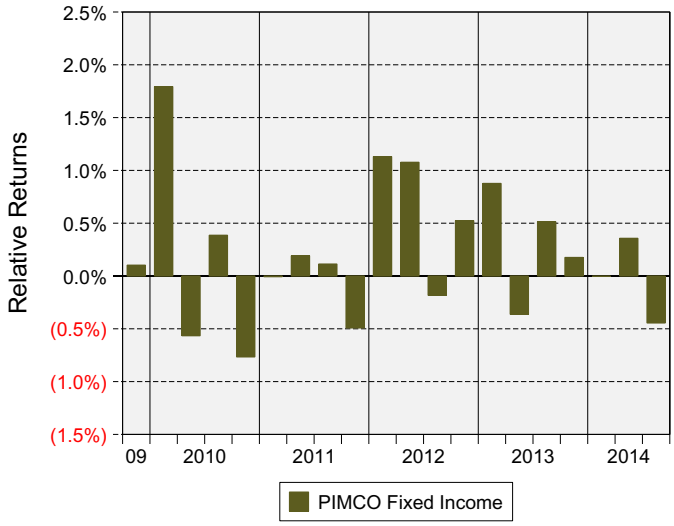
| | |
|---|---|
| Beginning Market Value | $101,568,313 |
| Net New Investment | $-136,274 |
| Investment Gains/(Losses) | $-1,277,059 |
| Ending Market Value | $100,154,980 |

**Percent Cash: 0.0%**

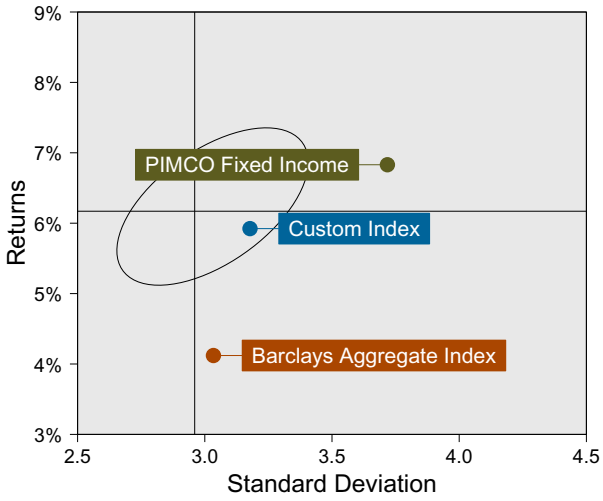
## Performance vs CAI Core Bond Plus Style (Gross)

| | | Last Quarter | Last Year | Last 3 Years | Last 5 Years | Last 10 Years | Last 12 Years |
|---|---|---|---|---|---|---|---|
| 10th Percentile | | 0.37 | 7.06 | 6.49 | 7.44 | 7.31 | 7.46 |
| 25th Percentile | | 0.25 | 6.07 | 5.43 | 6.67 | 6.41 | 6.50 |
| Median | | 0.02 | 5.51 | 4.69 | 6.17 | 5.67 | 6.12 |
| 75th Percentile | | (0.08) | 4.94 | 4.05 | 5.54 | 5.25 | 5.60 |
| 90th Percentile | | (0.29) | 4.21 | 3.64 | 5.10 | 4.88 | 5.10 |
| PIMCO Fixed Income | ● A | (1.26) | 6.60 | 6.53 | 6.83 | 6.64 | 6.97 |
| Barclays Aggregate Index | ■ B | 0.17 | 3.96 | 2.43 | 4.12 | 4.62 | 4.61 |
| Custom Index | ▲ | (0.81) | 6.53 | 5.44 | 5.92 | 5.92 | 6.08 |

## Relative Return vs Custom Index




## CAI Core Bond Plus Style (Gross) Annualized Five Year Risk vs Return

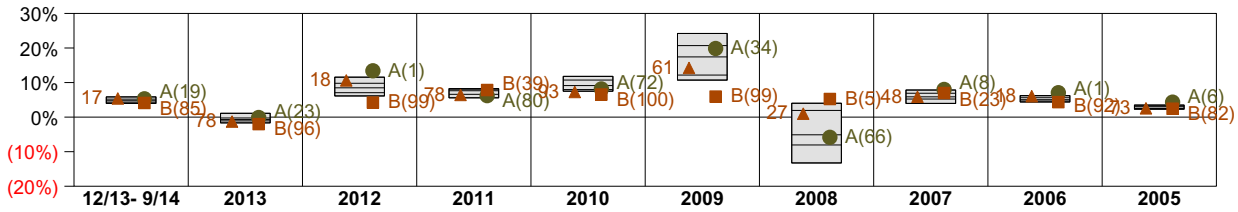


# PIMCO Fixed Income
# Return Analysis Summary

## Return Analysis

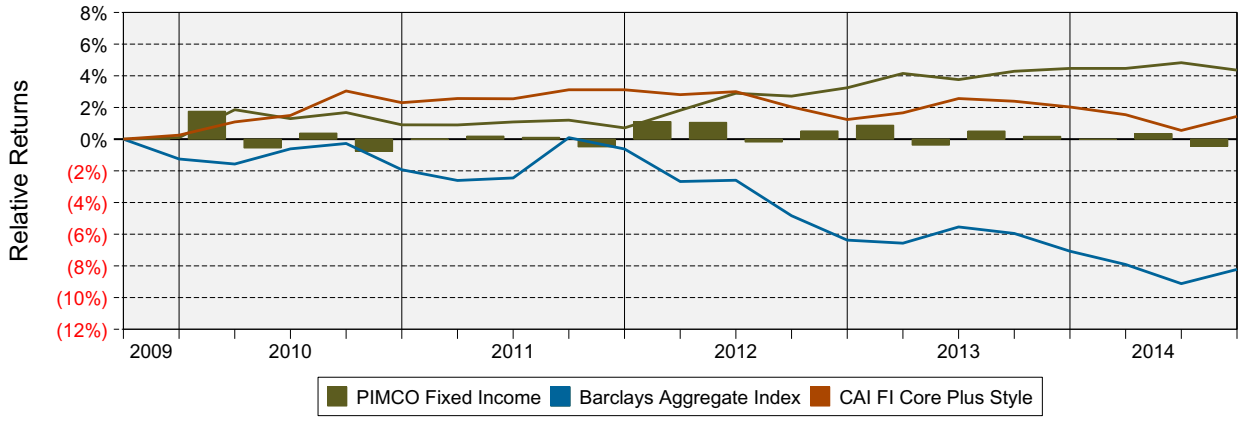
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

## Performance vs CAI Core Bond Plus Style (Gross)

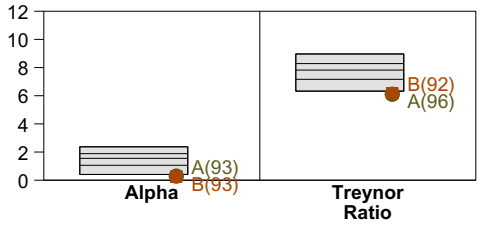



| | | 12/13- 9/14 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 10th Percentile | | 5.85 | 1.11 | 11.56 | 8.23 | 11.79 | 24.21 | 4.01 | 7.84 | 6.23 | 3.48 |
| 25th Percentile | | 5.20 | (0.25) | 9.79 | 8.08 | 10.72 | 20.69 | 1.94 | 6.91 | 5.75 | 3.22 |
| Median | | 4.73 | (0.71) | 8.48 | 7.63 | 9.13 | 17.42 | (5.12) | 5.87 | 5.15 | 2.98 |
| 75th Percentile | | 4.31 | (1.10) | 7.06 | 6.60 | 7.97 | 12.17 | (8.06) | 5.23 | 4.69 | 2.50 |
| 90th Percentile | | 3.96 | (1.67) | 6.13 | 5.59 | 7.50 | 10.71 | (13.26) | 3.97 | 4.39 | 2.30 |
| PIMCO Fixed Income | ● A | 5.29 | (0.12) | 13.40 | 6.22 | 8.14 | 19.85 | (5.85) | 8.00 | 7.06 | 4.33 |
| Barclays Aggregate Index | ■ B | 4.10 | (2.02) | 4.21 | 7.84 | 6.54 | 5.93 | 5.24 | 6.97 | 4.33 | 2.43 |
| Custom Index | ▲ | 5.40 | (1.28) | 10.62 | 6.42 | 7.28 | 14.24 | 1.00 | 5.89 | 6.06 | 2.55 |

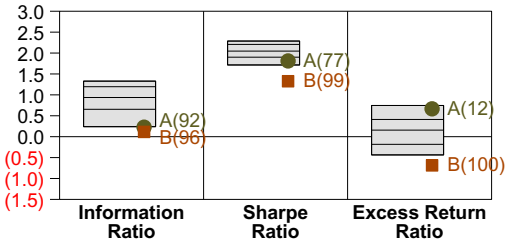
## Cumulative and Quarterly Relative Return vs Custom Index




## Risk Adjusted Return Measures vs Custom Index
## Rankings Against CAI Core Bond Plus Style (Gross)
## Five Years Ended September 30, 2014




| | | Alpha | Treynor Ratio |
|---|---|---|---|
| 10th Percentile | | 2.37 | 8.97 |
| 25th Percentile | | 1.89 | 8.28 |
| Median | | 1.55 | 7.82 |
| 75th Percentile | | 1.06 | 7.17 |
| 90th Percentile | | 0.41 | 6.33 |
| PIMCO Fixed Income | ● A | 0.29 | 6.10 |
| Barclays Aggregate Index | ■ B | 0.26 | 6.17 |



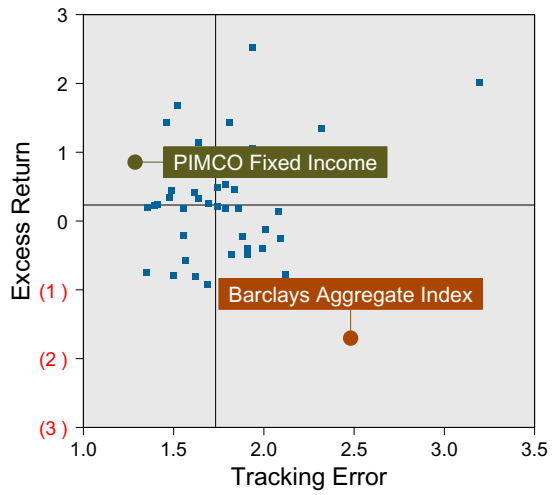

| | | Information Ratio | Sharpe Ratio | Excess Return Ratio |
|---|---|---|---|---|
| 10th Percentile | | 1.33 | 2.29 | 0.75 |
| 25th Percentile | | 1.20 | 2.21 | 0.41 |
| Median | | 0.94 | 2.05 | 0.16 |
| 75th Percentile | | 0.66 | 1.90 | (0.18) |
| 90th Percentile | | 0.24 | 1.72 | (0.44) |
| PIMCO Fixed Income | ● A | 0.23 | 1.81 | 0.67 |
| Barclays Aggregate Index | ■ B | 0.11 | 1.33 | (0.69) |

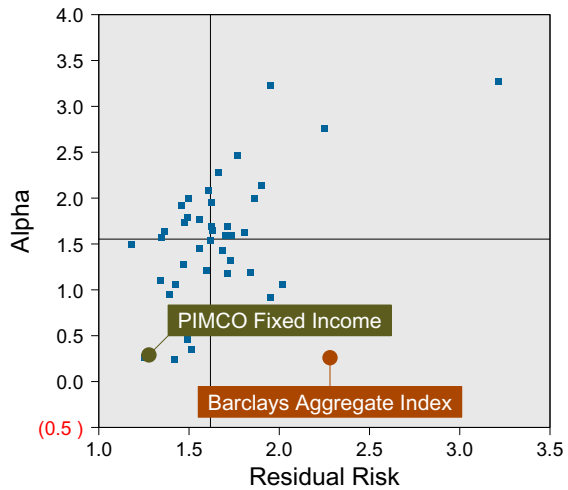
# PIMCO Fixed Income
# Risk Analysis Summary

## Risk Analysis

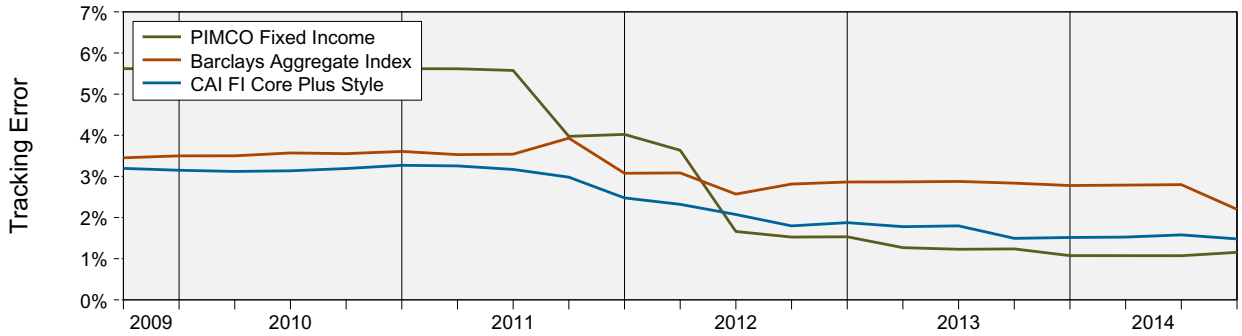
The graphs below analyze the risk or variation of a manager's return pattern. The first scatter chart illustrates the relationship, called Excess Return Ratio, between excess return and tracking error relative to the benchmark. The second scatter chart displays the relationship, sometimes called Information Ratio, between alpha (market-risk or "beta" adjusted return) and residual risk (non-market or "unsystematic" risk). The third chart shows tracking error patterns versus the benchmark over time. The last two charts show the ranking of the manager's risk statistics versus the peer group.

## Risk Analysis vs CAI Core Bond Plus Style (Gross)
## Five Years Ended September 30, 2014

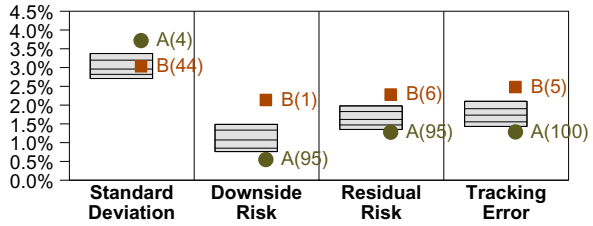


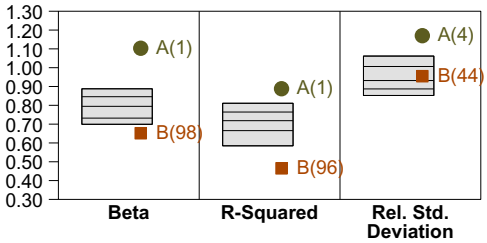

## Rolling 12 Quarter Tracking Error vs Custom Index




## Risk Statistics Rankings vs Custom Index
## Rankings Against CAI Core Bond Plus Style (Gross)
## Five Years Ended September 30, 2014




| | | Standard Deviation | Downside Risk | Residual Risk | Tracking Error |
|---|---|---|---|---|---|
| 10th Percentile | | 3.37 | 1.49 | 1.98 | 2.10 |
| 25th Percentile | | 3.20 | 1.33 | 1.83 | 1.90 |
| Median | | 2.96 | 1.07 | 1.62 | 1.73 |
| 75th Percentile | | 2.82 | 0.85 | 1.47 | 1.55 |
| 90th Percentile | | 2.71 | 0.76 | 1.35 | 1.43 |
| PIMCO Fixed Income | ● A | 3.72 | 0.55 | 1.28 | 1.29 |
| Barclays Aggregate Index | ■ B | 3.03 | 2.14 | 2.28 | 2.48 |



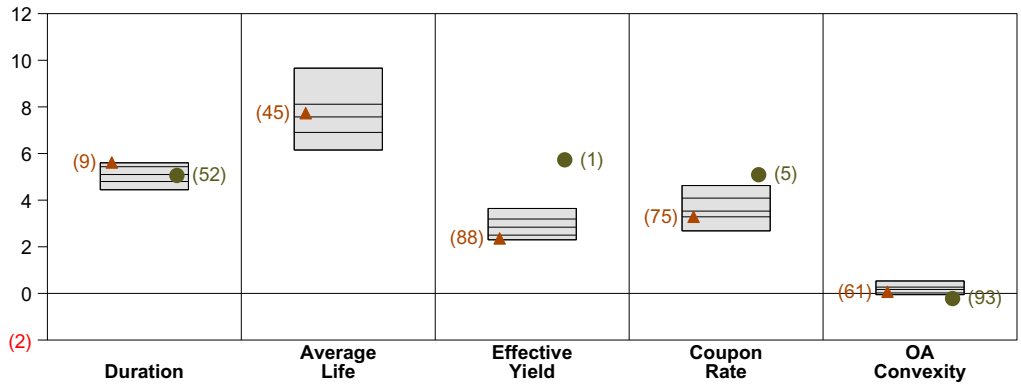

| | | Beta | R-Squared | Rel. Std. Deviation |
|---|---|---|---|---|
| 10th Percentile | | 0.89 | 0.81 | 1.06 |
| 25th Percentile | | 0.85 | 0.76 | 1.01 |
| Median | | 0.79 | 0.72 | 0.93 |
| 75th Percentile | | 0.73 | 0.67 | 0.89 |
| 90th Percentile | | 0.70 | 0.58 | 0.85 |
| PIMCO Fixed Income | ● A | 1.10 | 0.89 | 1.17 |
| Barclays Aggregate Index | ■ B | 0.65 | 0.47 | 0.95 |

# PIMCO Fixed Income
# Bond Characteristics Analysis Summary

## Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

## Fixed Income Portfolio Characteristics
## Rankings Against CAI Core Bond Plus Style
## as of September 30, 2014

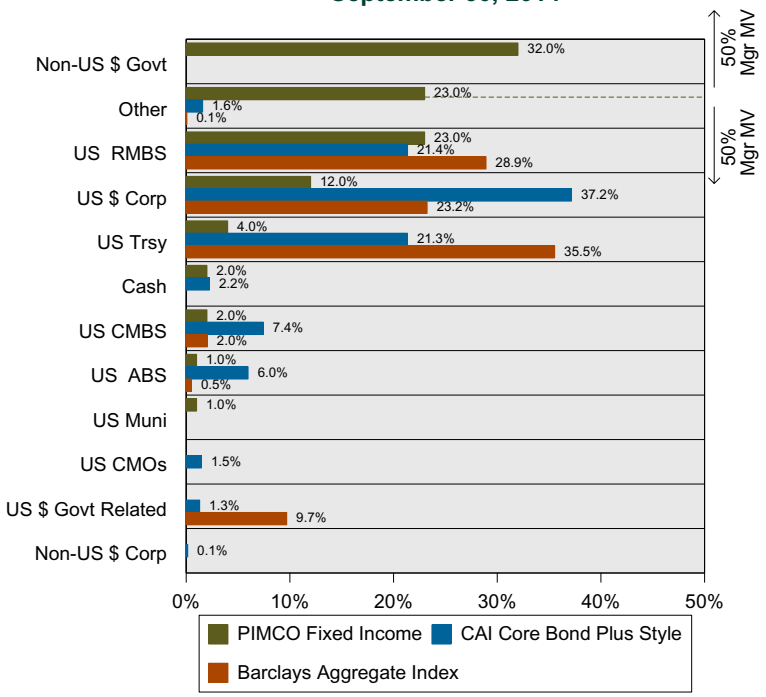



| | Duration | Average Life | Effective Yield | Coupon Rate | OA Convexity |
|---|---|---|---|---|---|
| 10th Percentile | 5.60 | 9.66 | 3.64 | 4.63 | 0.53 |
| 25th Percentile | 5.43 | 8.11 | 3.19 | 4.09 | 0.27 |
| Median | 5.10 | 7.57 | 2.84 | 3.53 | 0.17 |
| 75th Percentile | 4.80 | 6.90 | 2.50 | 3.28 | 0.02 |
| 90th Percentile | 4.45 | 6.15 | 2.30 | 2.68 | (0.05) |
| **PIMCO Fixed Income** ● | 5.06 | - | 5.73 | 5.09 | (0.22) |
| Barclays Aggregate Index ▲ | 5.62 | 7.73 | 2.36 | 3.29 | 0.07 |

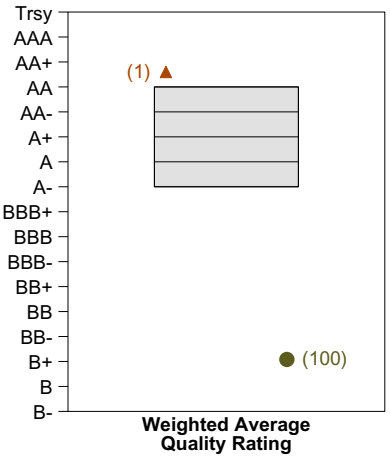
## Sector Allocation and Quality Ratings

The first graph compares the manager's sector allocation with the average allocation across all the members of the manager's style. The second graph compares the manager's weighted average quality rating with the range of quality ratings for the style.

### Sector Allocation
### September 30, 2014




### Quality Ratings
### vs CAI Core Bond Plus Style



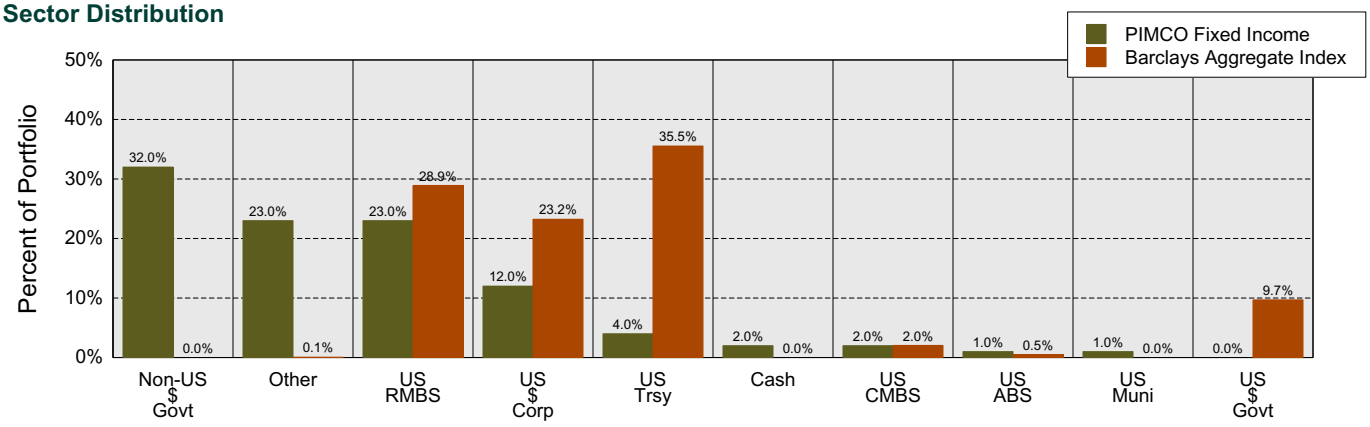

| | |
|---|---|
| 10th Percentile | AA |
| 25th Percentile | AA- |
| Median | A+ |
| 75th Percentile | A |
| 90th Percentile | A- |
| **PIMCO Fixed Income** ● | B+ |
| Barclays Aggregate Index ▲ | AA+ |

# PIMCO Fixed Income
# Portfolio Characteristics Summary
# As of September 30, 2014

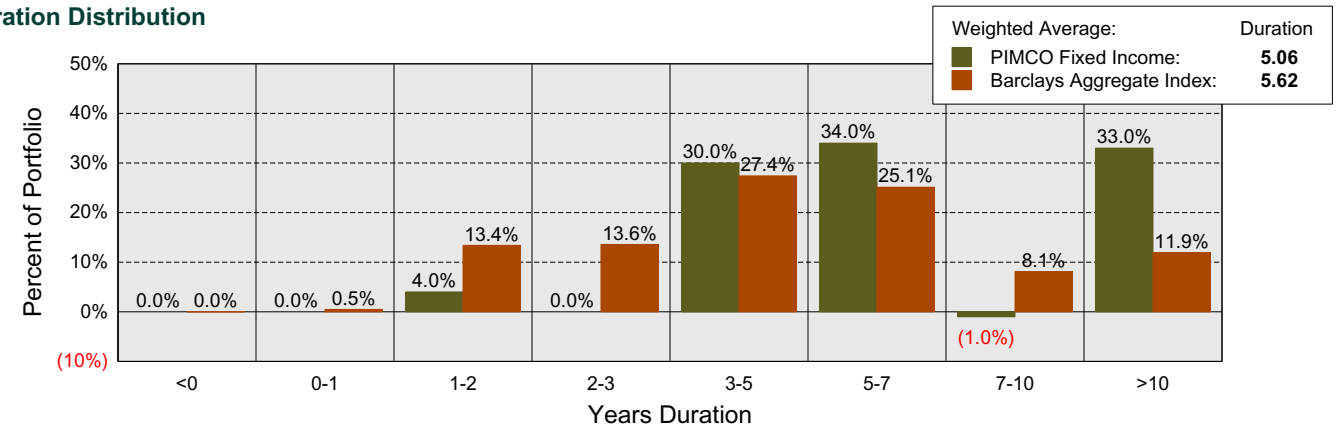
## Portfolio Structure Comparison

The charts below compare the structure of the portfolio to that of the index from the three perspectives that have the greatest influence on return. The first chart compares the two portfolios across sectors. The second chart compares the duration distribution. The last chart compares the distribution across quality ratings.

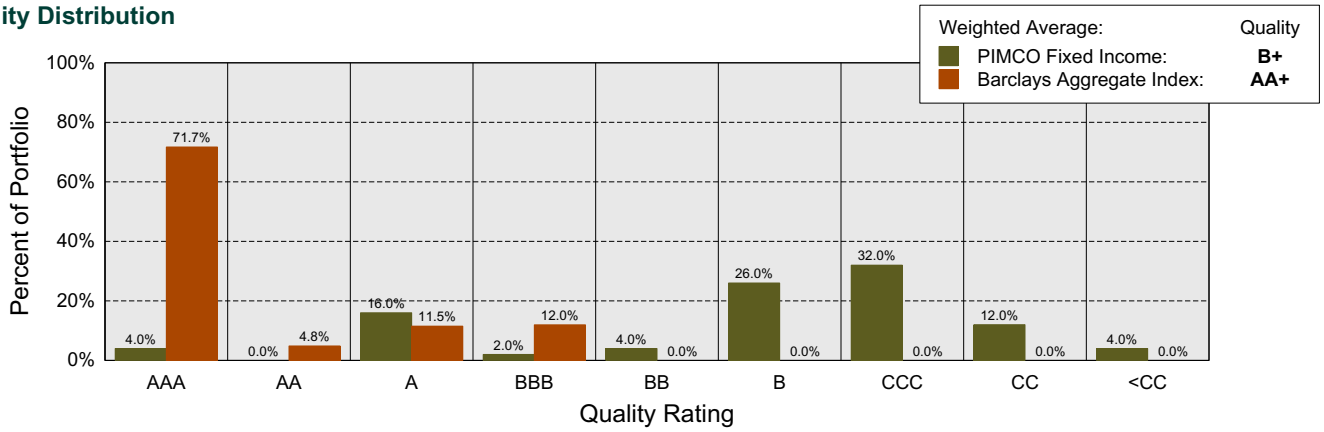
## Sector Distribution




## Duration Distribution




## Quality Distribution



Real Estate

# Real Estate
## Period Ended September 30, 2014

### Investment Philosophy

The Total Real Estate Funds Database consists of both open and closed-end commingled funds as well as separate accounts managed by real estate firms. The returns represent the overall performance of institutional capital invested in real estate properties.

### Quarterly Summary and Highlights

- Real Estate's portfolio posted a 2.42% return for the quarter placing it in the 47 percentile of the Total Real Estate DB group for the quarter and in the 57 percentile for the last year.
- Real Estate's portfolio underperformed the NFI-ODCE Value Weight Gr by 0.81% for the quarter and underperformed the NFI-ODCE Value Weight Gr for the year by 1.02%.

### Quarterly Asset Growth

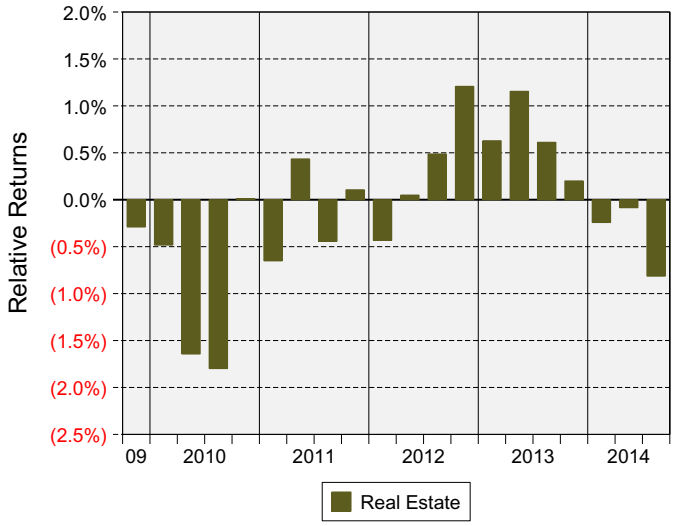
| | |
|---|---|
| Beginning Market Value | $54,642,208 |
| Net New Investment | $-2,084,310 |
| Investment Gains/(Losses) | $1,293,724 |
| Ending Market Value | $53,851,622 |

**Percent Cash: 0.0%**

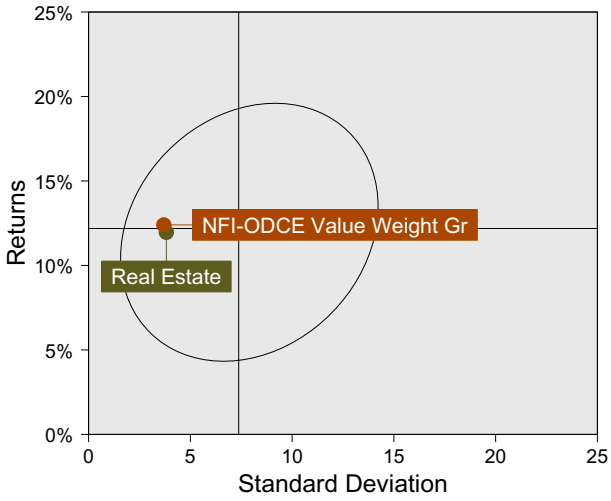
### Performance vs Total Real Estate DB (Net)

| | Last Quarter | Last Year | Last 3 Years | Last 5 Years | Last 10 Years |
|---|---|---|---|---|---|
| 10th Percentile | 3.78 | 21.88 | 20.47 | 18.56 | 12.65 |
| 25th Percentile | 3.08 | 17.08 | 16.22 | 14.98 | 9.16 |
| Median | 2.25 | 11.98 | 12.89 | 12.19 | 6.61 |
| 75th Percentile | 1.46 | 9.37 | 9.88 | 8.61 | 4.64 |
| 90th Percentile | 0.82 | 7.01 | 5.43 | 4.56 | 1.46 |
| **Real Estate** ● | 2.42 | 11.37 | 13.38 | 11.96 | 6.99 |
| NFI-ODCE Value Weight Gr ▲ | 3.24 | 12.40 | 12.34 | 12.40 | 7.14 |

### Relative Return vs NFI-ODCE Value Weight Gr




### Total Real Estate DB (Net) Annualized Five Year Risk vs Return

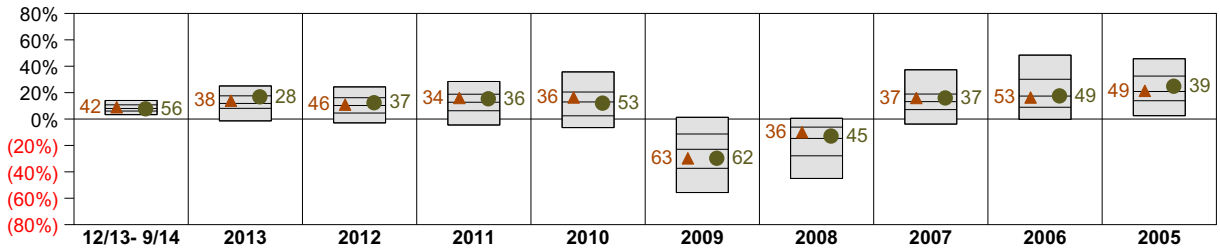


# Real Estate
# Return Analysis Summary

## Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

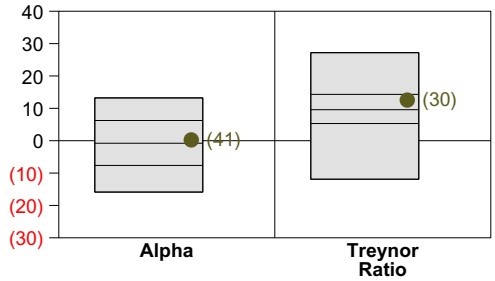
## Performance vs Total Real Estate DB (Net)

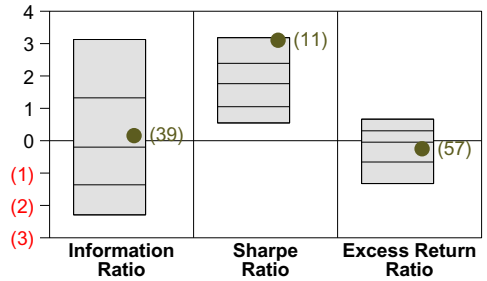



| | 12/13- 9/14 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|---|---|---|---|---|---|
| 10th Percentile | 14.07 | 25.07 | 24.36 | 28.44 | 35.72 | 1.32 | 0.57 | 37.31 | 48.42 | 45.67 |
| 25th Percentile | 10.76 | 17.57 | 16.16 | 18.81 | 20.46 | (11.33) | (6.12) | 18.93 | 30.12 | 32.55 |
| Median | 8.00 | 11.81 | 10.27 | 12.72 | 12.95 | (22.94) | (14.69) | 13.19 | 17.39 | 20.86 |
| 75th Percentile | 6.05 | 8.10 | 4.55 | 6.28 | 2.45 | (37.34) | (27.85) | 7.15 | 8.92 | 13.87 |
| 90th Percentile | 3.33 | (1.40) | (2.91) | (4.52) | (6.49) | (55.68) | (45.01) | (3.83) | (0.24) | 2.53 |
| **Real Estate** ● | 7.74 | 16.82 | 12.36 | 15.36 | 12.05 | (29.69) | (12.89) | 15.97 | 17.53 | 24.85 |
| NFI-ODCE Value Weight Gross ▲ | 8.94 | 13.94 | 10.94 | 15.99 | 16.36 | (29.76) | (10.01) | 15.97 | 16.32 | 21.39 |

## Cumulative and Quarterly Relative Return vs NFI-ODCE Value Weight Gross

## Risk Adjusted Return Measures vs NFI-ODCE Value Weight Gross
## Rankings Against Total Real Estate DB (Net)
## Five Years Ended September 30, 2014




| | Alpha | Treynor Ratio |
|---|---|---|
| 10th Percentile | 13.22 | 27.20 |
| 25th Percentile | 6.24 | 14.32 |
| Median | (0.78) | 9.58 |
| 75th Percentile | (7.64) | 5.31 |
| 90th Percentile | (15.88) | (11.91) |
| **Real Estate** ● | 0.25 | 12.55 |

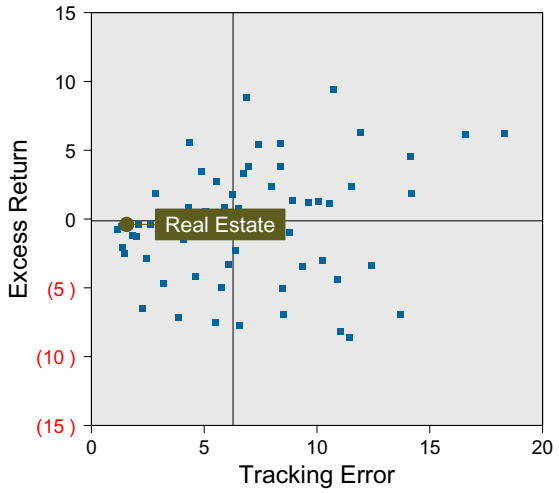
| | Information Ratio | Sharpe Ratio | Excess Return Ratio |
|---|---|---|---|
| 10th Percentile | 3.13 | 3.18 | 0.67 |
| 25th Percentile | 1.32 | 2.39 | 0.31 |
| Median | (0.20) | 1.76 | (0.05) |
| 75th Percentile | (1.36) | 1.05 | (0.66) |
| 90th Percentile | (2.29) | 0.55 | (1.32) |
| **Real Estate** ● | 0.16 | 3.10 | (0.25) |

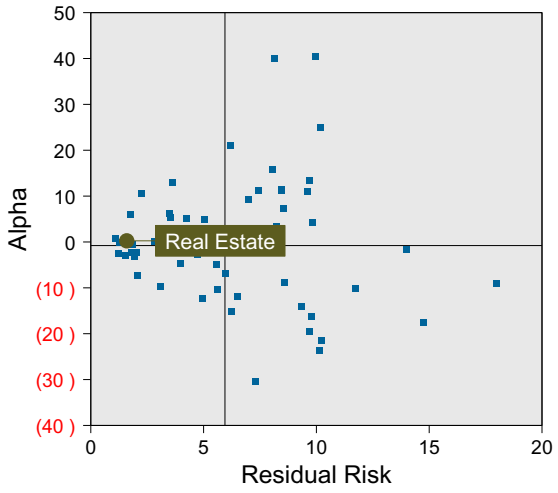
# Real Estate
# Risk Analysis Summary

## Risk Analysis

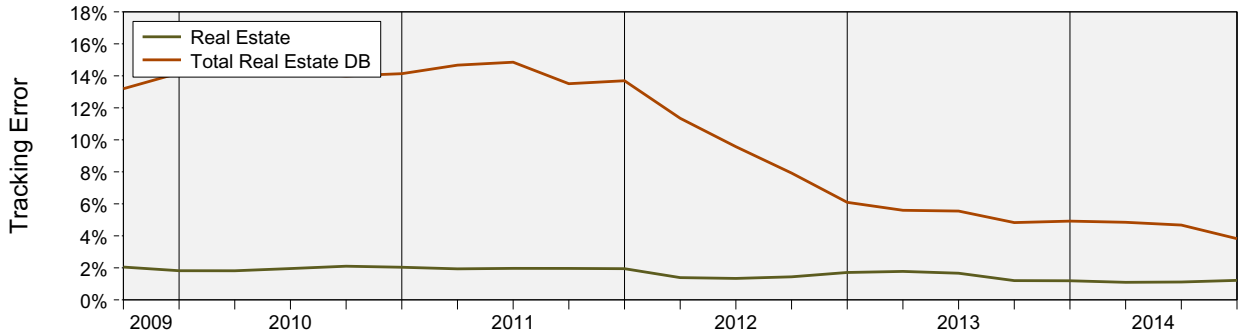
The graphs below analyze the risk or variation of a manager's return pattern. The first scatter chart illustrates the relationship, called Excess Return Ratio, between excess return and tracking error relative to the benchmark. The second scatter chart displays the relationship, sometimes called Information Ratio, between alpha (market-risk or "beta" adjusted return) and residual risk (non-market or "unsystematic" risk). The third chart shows tracking error patterns versus the benchmark over time. The last two charts show the ranking of the manager's risk statistics versus the peer group.

## Risk Analysis vs Total Real Estate DB (Net)
## Five Years Ended September 30, 2014

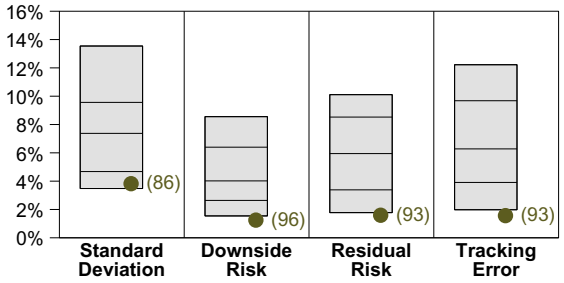


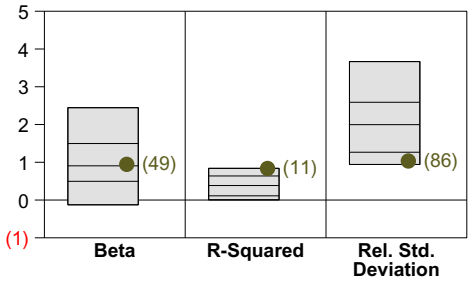




## Rolling 12 Quarter Tracking Error vs NFI-ODCE Value Weight Gr




## Risk Statistics Rankings vs NFI-ODCE Value Weight Gr
## Rankings Against Total Real Estate DB (Net)
## Five Years Ended September 30, 2014




| | Standard Deviation | Downside Risk | Residual Risk | Tracking Error |
|---|---|---|---|---|
| 10th Percentile | 13.54 | 8.56 | 10.11 | 12.22 |
| 25th Percentile | 9.56 | 6.40 | 8.53 | 9.68 |
| Median | 7.37 | 4.02 | 5.95 | 6.28 |
| 75th Percentile | 4.68 | 2.64 | 3.39 | 3.91 |
| 90th Percentile | 3.48 | 1.54 | 1.78 | 1.98 |
| **Real Estate** ● | 3.82 | 1.25 | 1.59 | 1.56 |

| | Beta | R-Squared | Rel. Std. Deviation |
|---|---|---|---|
| 10th Percentile | 2.45 | 0.84 | 3.67 |
| 25th Percentile | 1.50 | 0.64 | 2.59 |
| Median | 0.91 | 0.38 | 2.00 |
| 75th Percentile | 0.50 | 0.11 | 1.27 |
| 90th Percentile | (0.13) | 0.01 | 0.94 |
| **Real Estate** ● | 0.95 | 0.84 | 1.03 |

# JP Morgan Strategic Property Fund
# Period Ended September 30, 2014

## Investment Philosophy

Strategic Property Fund is an actively managed diversified, core, open-end commingled pension trust fund. It seeks an income-driven rate of return of 100 basis points over the NFI-ODCE Equal Weight Net Index over a full market cycle (three to five year horizon) through asset, geographic and sector selection and active asset management. The Fund invests in high quality stabilized assets with dominant competitive characteristics in markets with attractive demographics throughout the United States. The product was funded in the fourth quarter of 2000.

## Quarterly Summary and Highlights

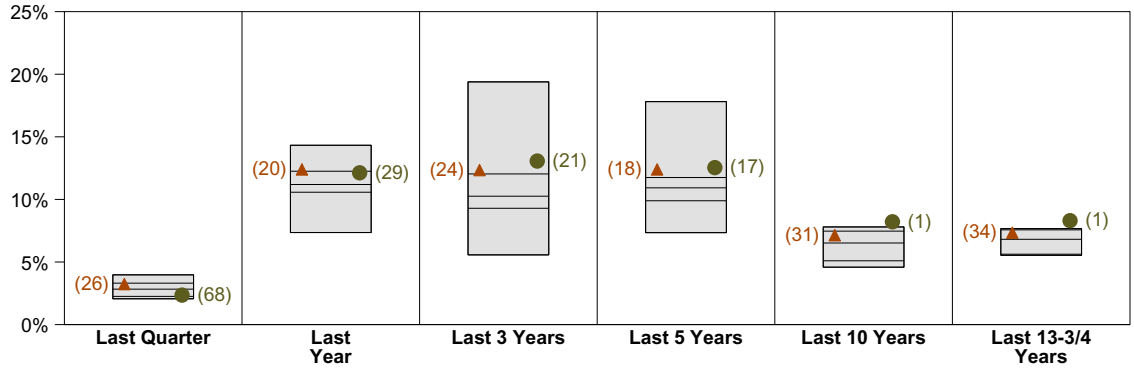
- JP Morgan Strategic Property Fund's portfolio posted a 2.36% return for the quarter placing it in the 68 percentile of the CAI Open-End Real Estate Funds group for the quarter and in the 29 percentile for the last year.
- JP Morgan Strategic Property Fund's portfolio underperformed the NFI-ODCE Value Weight Gross by 0.88% for the quarter and underperformed the NFI-ODCE Value Weight Gross for the year by 0.27%.

## Quarterly Asset Growth

| | |
|---|---|
| Beginning Market Value | $37,650,927 |
| Net New Investment | $-91,393 |
| Investment Gains/(Losses) | $885,142 |
| Ending Market Value | $38,444,676 |

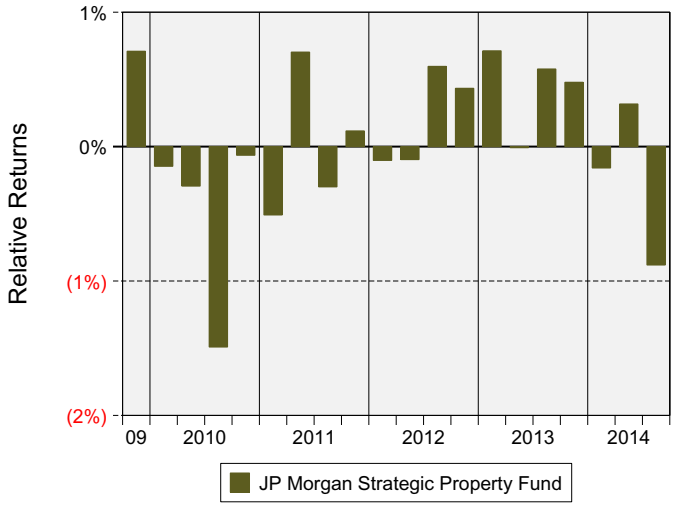
**Percent Cash: 0.0%**

## Performance vs CAI Open-End Real Estate Funds (Net)

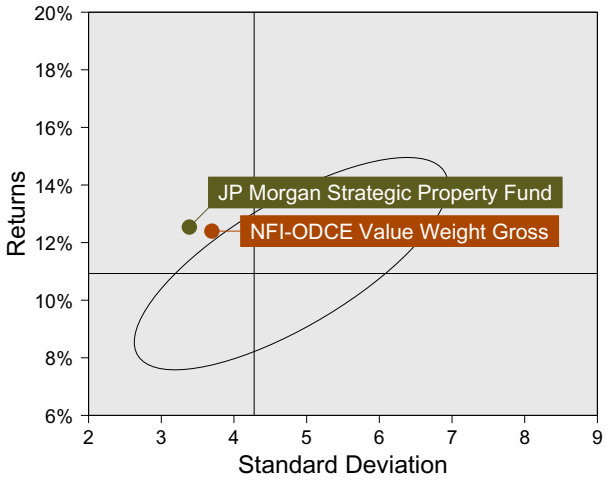



| | Last Quarter | Last Year | Last 3 Years | Last 5 Years | Last 10 Years | Last 13-3/4 Years |
|---|---|---|---|---|---|---|
| 10th Percentile | 3.97 | 14.33 | 19.39 | 17.81 | 7.80 | 7.67 |
| 25th Percentile | 3.31 | 12.25 | 12.03 | 11.75 | 7.47 | 7.57 |
| Median | 2.83 | 11.19 | 10.26 | 10.93 | 6.52 | 6.82 |
| 75th Percentile | 2.25 | 10.57 | 9.29 | 9.89 | 5.10 | 5.62 |
| 90th Percentile | 2.06 | 7.35 | 5.57 | 7.35 | 4.59 | 5.54 |
| **JP Morgan Strategic Property Fund** ● | 2.36 | 12.13 | 13.07 | 12.54 | 8.21 | 8.30 |
| NFI-ODCE Value Weight Gross ▲ | 3.24 | 12.40 | 12.34 | 12.40 | 7.14 | 7.34 |

### Relative Returns vs NFI-ODCE Value Weight Gross




### CAI Open-End Real Estate Funds (Net) Annualized Five Year Risk vs Return

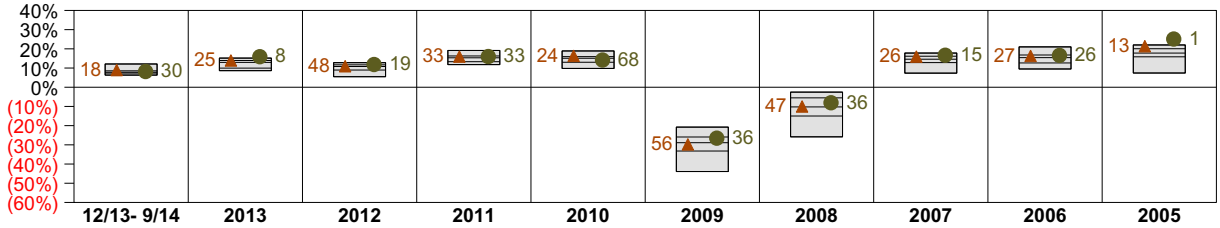


# JP Morgan Strategic Property Fund
# Return Analysis Summary

## Return Analysis

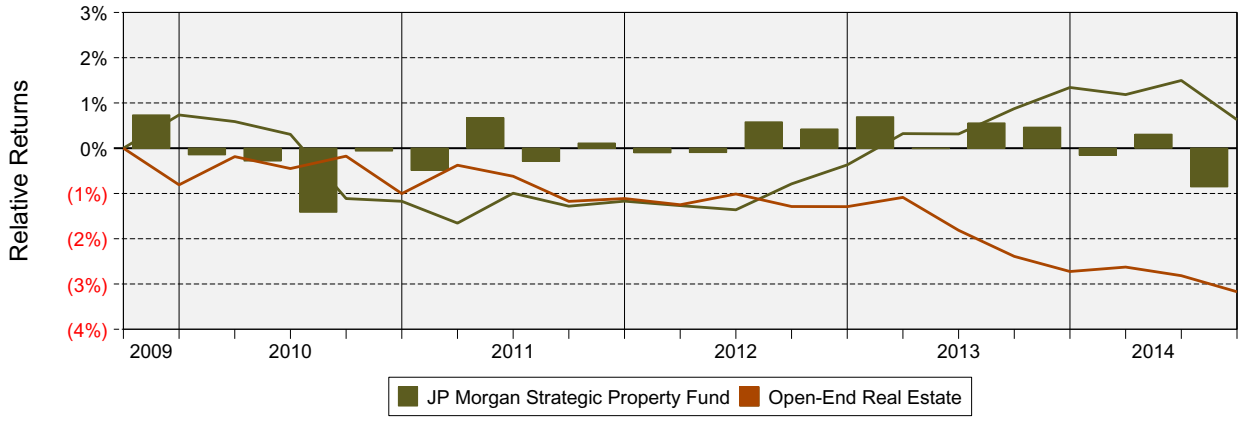
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

## Performance vs CAI Open-End Real Estate Funds (Net)

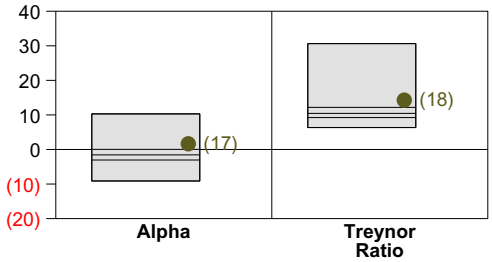



| | 12/13- 9/14 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|---|---|---|---|---|---|
| 10th Percentile | 12.11 | 15.18 | 12.79 | 19.15 | 18.90 | (20.77) | (2.54) | 17.80 | 21.01 | 22.02 |
| 25th Percentile | 8.55 | 13.94 | 11.67 | 16.29 | 15.94 | (25.92) | (5.53) | 16.15 | 16.80 | 20.05 |
| Median | 7.82 | 12.94 | 10.80 | 15.33 | 15.09 | (28.89) | (10.25) | 14.59 | 15.41 | 17.79 |
| 75th Percentile | 7.37 | 9.95 | 8.95 | 13.30 | 13.02 | (33.22) | (14.99) | 12.84 | 12.65 | 15.85 |
| 90th Percentile | 6.33 | 8.64 | 5.49 | 11.79 | 9.80 | (43.90) | (25.83) | 7.34 | 9.50 | 7.40 |
| **JP Morgan Strategic Property Fund** ● | 8.18 | 15.90 | 11.84 | 15.99 | 14.16 | (26.53) | (8.09) | 16.67 | 16.59 | 25.11 |
| NFI-ODCE Value Weight Gross ▲ | 8.94 | 13.94 | 10.94 | 15.99 | 16.36 | (29.76) | (10.01) | 15.97 | 16.32 | 21.39 |

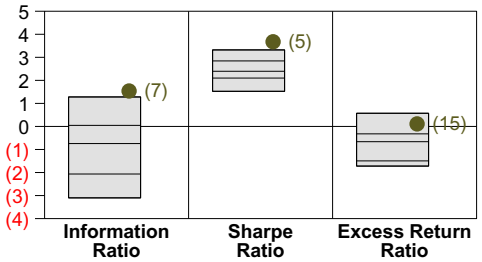
## Cumulative and Quarterly Relative Return vs NFI-ODCE Value Weight Gross




## Risk Adjusted Return Measures vs NFI-ODCE Value Weight Gross
## Rankings Against CAI Open-End Real Estate Funds (Net)
## Five Years Ended September 30, 2014




| | Alpha | Treynor Ratio |
|---|---|---|
| 10th Percentile | 10.30 | 30.63 |
| 25th Percentile | 0.03 | 12.19 |
| Median | (1.56) | 10.44 |
| 75th Percentile | (3.05) | 9.24 |
| 90th Percentile | (9.12) | 6.34 |
| **JP Morgan Strategic Property Fund** ● | 1.64 | 14.27 |



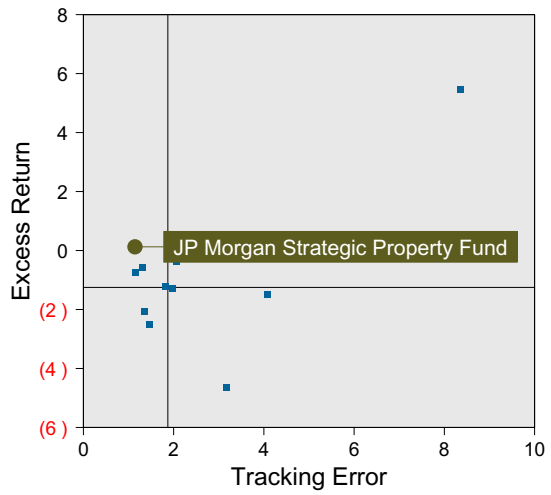

| | Information Ratio | Sharpe Ratio | Excess Return Ratio |
|---|---|---|---|
| 10th Percentile | 1.28 | 3.32 | 0.57 |
| 25th Percentile | 0.05 | 2.84 | (0.32) |
| Median | (0.74) | 2.39 | (0.66) |
| 75th Percentile | (2.06) | 2.10 | (1.50) |
| 90th Percentile | (3.10) | 1.52 | (1.72) |
| **JP Morgan Strategic Property Fund** ● | 1.54 | 3.67 | 0.11 |

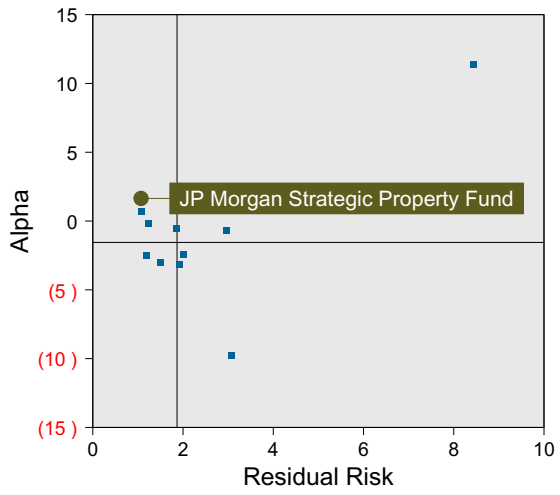
# JP Morgan Strategic Property Fund
# Risk Analysis Summary

## Risk Analysis

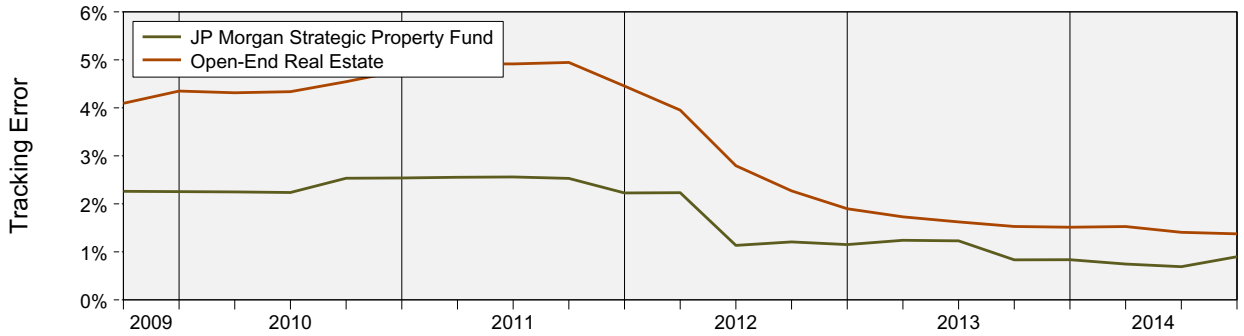
The graphs below analyze the risk or variation of a manager's return pattern. The first scatter chart illustrates the relationship, called Excess Return Ratio, between excess return and tracking error relative to the benchmark. The second scatter chart displays the relationship, sometimes called Information Ratio, between alpha (market-risk or "beta" adjusted return) and residual risk (non-market or "unsystematic" risk). The third chart shows tracking error patterns versus the benchmark over time. The last two charts show the ranking of the manager's risk statistics versus the peer group.

## Risk Analysis vs CAI Open-End Real Estate Funds (Net)
## Five Years Ended September 30, 2014

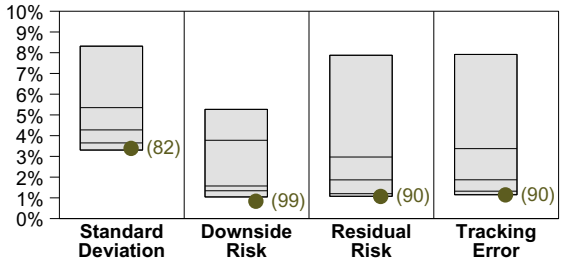


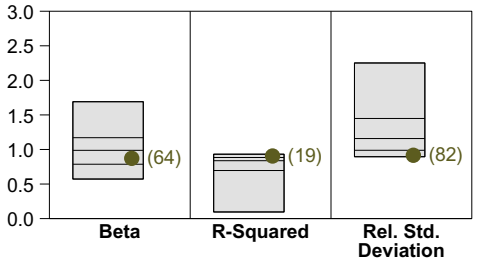




## Rolling 12 Quarter Tracking Error vs NFI-ODCE Value Weight Gr




## Risk Statistics Rankings vs NFI-ODCE Value Weight Gr
## Rankings Against CAI Open-End Real Estate Funds (Net)
## Five Years Ended September 30, 2014




| | Standard Deviation | Downside Risk | Residual Risk | Tracking Error |
|---|---|---|---|---|
| 10th Percentile | 8.32 | 5.27 | 7.88 | 7.92 |
| 25th Percentile | 5.35 | 3.78 | 2.97 | 3.37 |
| Median | 4.28 | 1.57 | 1.87 | 1.87 |
| 75th Percentile | 3.65 | 1.34 | 1.20 | 1.32 |
| 90th Percentile | 3.31 | 1.04 | 1.07 | 1.15 |
| **JP Morgan Strategic Property Fund** ● | 3.39 | 0.84 | 1.07 | 1.14 |

| | Beta | R-Squared | Rel. Std. Deviation |
|---|---|---|---|
| 10th Percentile | 1.69 | 0.93 | 2.25 |
| 25th Percentile | 1.17 | 0.88 | 1.45 |
| Median | 0.99 | 0.84 | 1.16 |
| 75th Percentile | 0.79 | 0.70 | 0.99 |
| 90th Percentile | 0.57 | 0.10 | 0.89 |
| **JP Morgan Strategic Property Fund** ● | 0.87 | 0.91 | 0.92 |

# LaSalle Income and Growth Fund
# Period Ended September 30, 2014

## Investment Philosophy

LaSalle Income & Growth Fund IV is a closed-end, value-added commingled fund investing in the four major property types in the U.S. The Fund seeks to add value through renovation, redevelopment and repositioning of assets to core buyers. The product was funded in the third quarter of 2005.

## Quarterly Summary and Highlights

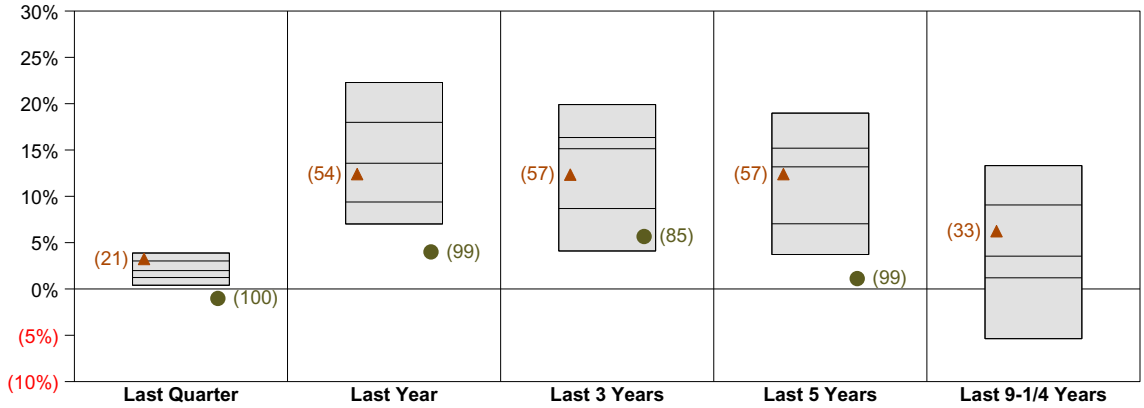
- LaSalle Income and Growth Fund's portfolio posted a (1.02)% return for the quarter placing it in the 100 percentile of the Real Estate Value Added group for the quarter and in the 99 percentile for the last year.
- LaSalle Income and Growth Fund's portfolio underperformed the NFI-ODCE Value Weight Gross by 4.26% for the quarter and underperformed the NFI-ODCE Value Weight Gross for the year by 8.40%.

## Quarterly Asset Growth

| | |
|---|---|
| Beginning Market Value | $2,676,117 |
| Net New Investment | $-1,946,835 |
| Investment Gains/(Losses) | $-22,613 |
| Ending Market Value | $706,669 |

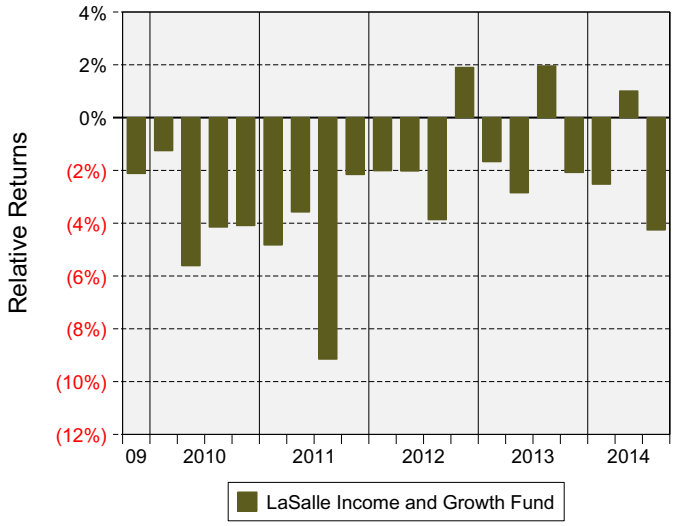
**Percent Cash: 0.0%**

## Performance vs Real Estate Value Added (Net)

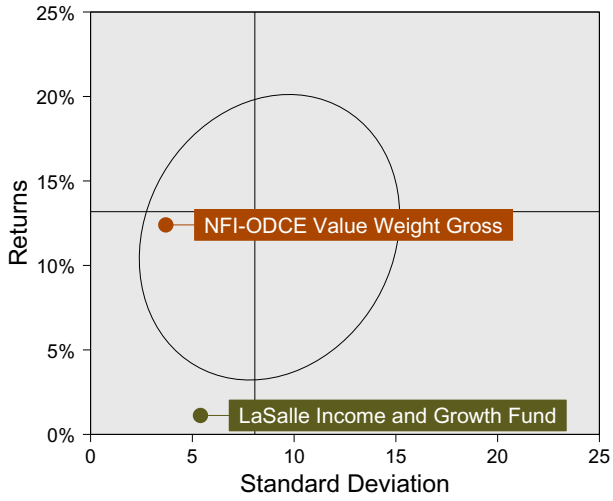



| | Last Quarter | Last Year | Last 3 Years | Last 5 Years | Last 9-1/4 Years |
|---|---|---|---|---|---|
| 10th Percentile | 3.88 | 22.29 | 19.90 | 18.98 | 13.32 |
| 25th Percentile | 3.02 | 17.99 | 16.35 | 15.19 | 9.07 |
| Median | 1.98 | 13.57 | 15.14 | 13.18 | 3.54 |
| 75th Percentile | 1.24 | 9.39 | 8.68 | 7.04 | 1.20 |
| 90th Percentile | 0.40 | 7.01 | 4.10 | 3.72 | (5.37) |
| **LaSalle Income and Growth Fund** ● | (1.02) | 4.00 | 5.66 | 1.12 | - |
| NFI-ODCE Value Weight Gross ▲ | 3.24 | 12.40 | 12.34 | 12.40 | 6.24 |

## Relative Returns vs NFI-ODCE Value Weight Gross




## Real Estate Value Added (Net) Annualized Five Year Risk vs Return

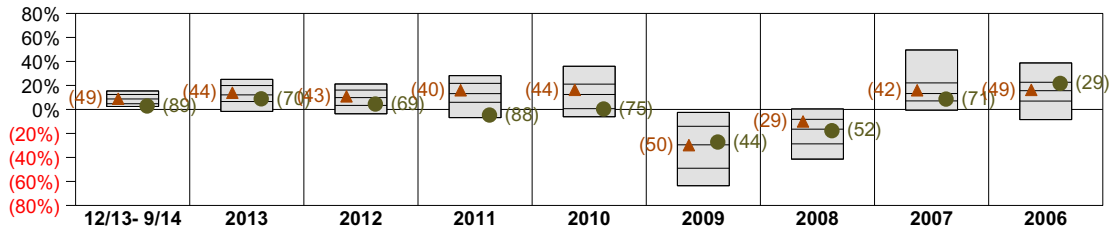


# LaSalle Income and Growth Fund
# Return Analysis Summary

## Return Analysis

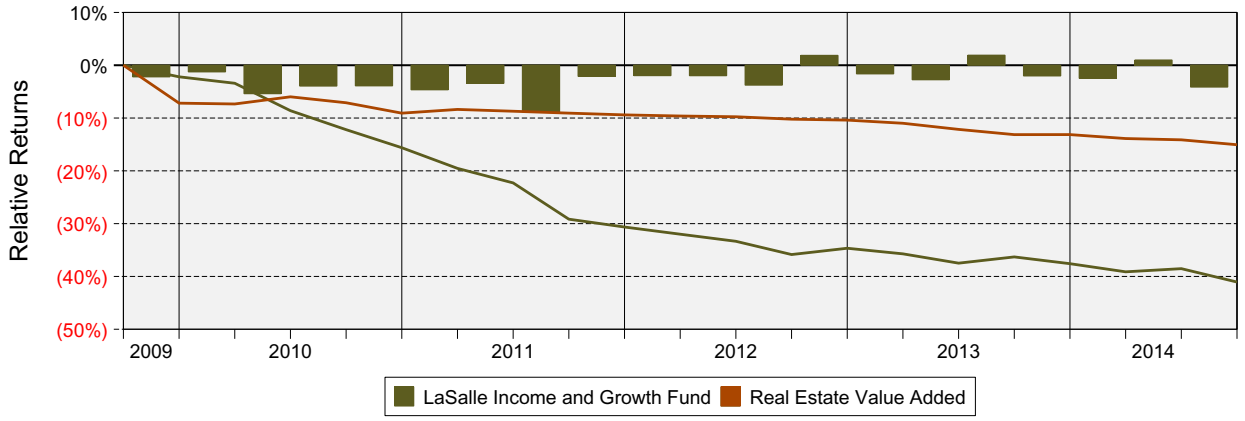
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

## Performance vs Real Estate Value Added (Net)

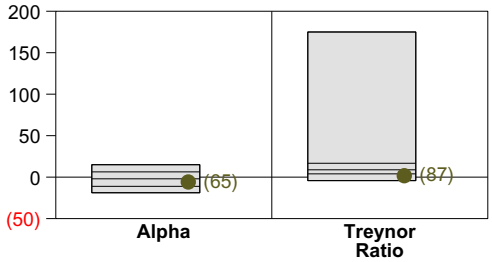



| | 12/13- 9/14 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|---|---|---|---|---|---|---|---|---|---|
| 10th Percentile | 15.40 | 25.07 | 21.21 | 28.18 | 35.97 | (2.46) | 0.39 | 49.55 | 38.76 |
| 25th Percentile | 12.46 | 19.91 | 16.13 | 21.74 | 21.08 | (14.05) | (8.25) | 22.12 | 22.64 |
| Median | 8.73 | 12.14 | 9.86 | 13.17 | 12.46 | (29.48) | (16.45) | 13.24 | 15.62 |
| 75th Percentile | 4.76 | 6.60 | 3.37 | 5.96 | 0.63 | (49.00) | (28.69) | 7.11 | 6.98 |
| 90th Percentile | 2.47 | (1.63) | (3.62) | (6.82) | (6.08) | (63.57) | (41.40) | (0.58) | (8.46) |
| **LaSalle Income and Growth Fund** ● | 2.88 | 8.84 | 4.51 | (4.66) | 0.39 | (27.16) | (17.72) | 8.62 | 21.69 |
| NFI-ODCE Value Weight Gross ▲ | 8.94 | 13.94 | 10.94 | 15.99 | 16.36 | (29.76) | (10.01) | 15.97 | 16.32 |

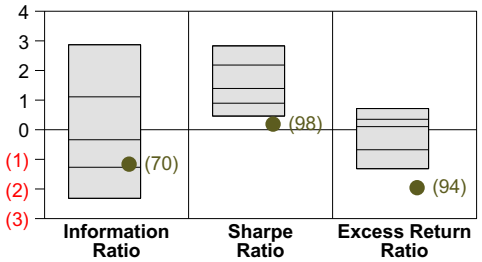
## Cumulative and Quarterly Relative Return vs NFI-ODCE Value Weight Gross




## Risk Adjusted Return Measures vs NFI-ODCE Value Weight Gross
## Rankings Against Real Estate Value Added (Net)
## Five Years Ended September 30, 2014




| | Alpha | Treynor Ratio |
|---|---|---|
| 10th Percentile | 14.98 | 174.99 |
| 25th Percentile | 6.32 | 16.71 |
| Median | (2.02) | 8.83 |
| 75th Percentile | (11.10) | 3.95 |
| 90th Percentile | (18.86) | (4.23) |
| **LaSalle Income and Growth Fund** ● | (5.87) | 1.69 |



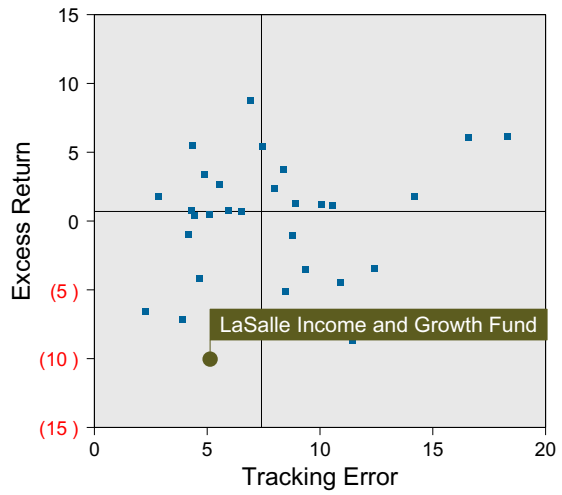

| | Information Ratio | Sharpe Ratio | Excess Return Ratio |
|---|---|---|---|
| 10th Percentile | 2.87 | 2.83 | 0.72 |
| 25th Percentile | 1.11 | 2.18 | 0.35 |
| Median | (0.34) | 1.39 | 0.10 |
| 75th Percentile | (1.27) | 0.90 | (0.68) |
| 90th Percentile | (2.32) | 0.46 | (1.32) |
| **LaSalle Income and Growth Fund** ● | (1.16) | 0.19 | (1.96) |

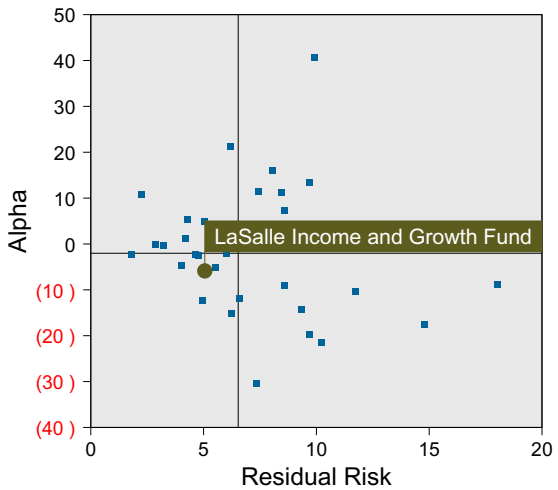
# LaSalle Income and Growth Fund
# Risk Analysis Summary

## Risk Analysis

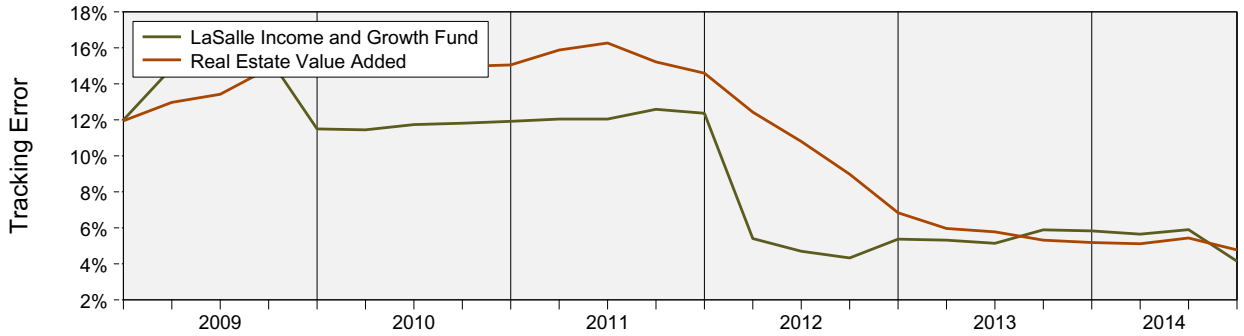
The graphs below analyze the risk or variation of a manager's return pattern. The first scatter chart illustrates the relationship, called Excess Return Ratio, between excess return and tracking error relative to the benchmark. The second scatter chart displays the relationship, sometimes called Information Ratio, between alpha (market-risk or "beta" adjusted return) and residual risk (non-market or "unsystematic" risk). The third chart shows tracking error patterns versus the benchmark over time. The last two charts show the ranking of the manager's risk statistics versus the peer group.

## Risk Analysis vs Real Estate Value Added (Net)
## Five Years Ended September 30, 2014

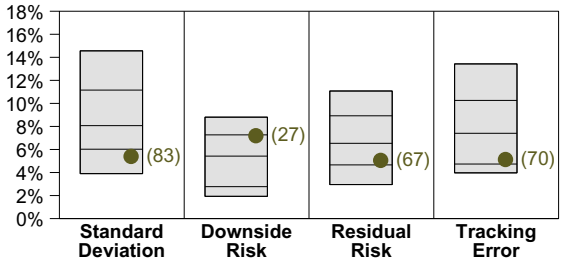


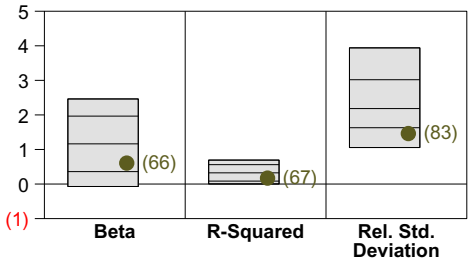




## Rolling 12 Quarter Tracking Error vs NFI-ODCE Value Weight Gr




## Risk Statistics Rankings vs NFI-ODCE Value Weight Gr
## Rankings Against Real Estate Value Added (Net)
## Five Years Ended September 30, 2014




| | Standard Deviation | Downside Risk | Residual Risk | Tracking Error |
|---|---|---|---|---|
| 10th Percentile | 14.56 | 8.81 | 11.08 | 13.43 |
| 25th Percentile | 11.15 | 7.27 | 8.92 | 10.26 |
| Median | 8.07 | 5.42 | 6.53 | 7.41 |
| 75th Percentile | 6.02 | 2.77 | 4.66 | 4.74 |
| 90th Percentile | 3.90 | 1.93 | 2.95 | 3.97 |
| **LaSalle Income and Growth Fund** | 5.40 | 7.19 | 5.05 | 5.13 |

| | Beta | R-Squared | Rel. Std. Deviation |
|---|---|---|---|
| 10th Percentile | 2.46 | 0.69 | 3.94 |
| 25th Percentile | 1.97 | 0.56 | 3.02 |
| Median | 1.16 | 0.32 | 2.18 |
| 75th Percentile | 0.36 | 0.09 | 1.63 |
| 90th Percentile | (0.07) | 0.00 | 1.06 |
| **LaSalle Income and Growth Fund** | 0.61 | 0.17 | 1.46 |

# JP Morgan Income and Growth Fund
# Period Ended September 30, 2014

## Investment Philosophy

The product was funded in the fourth quarter of 2005.

## Quarterly Summary and Highlights

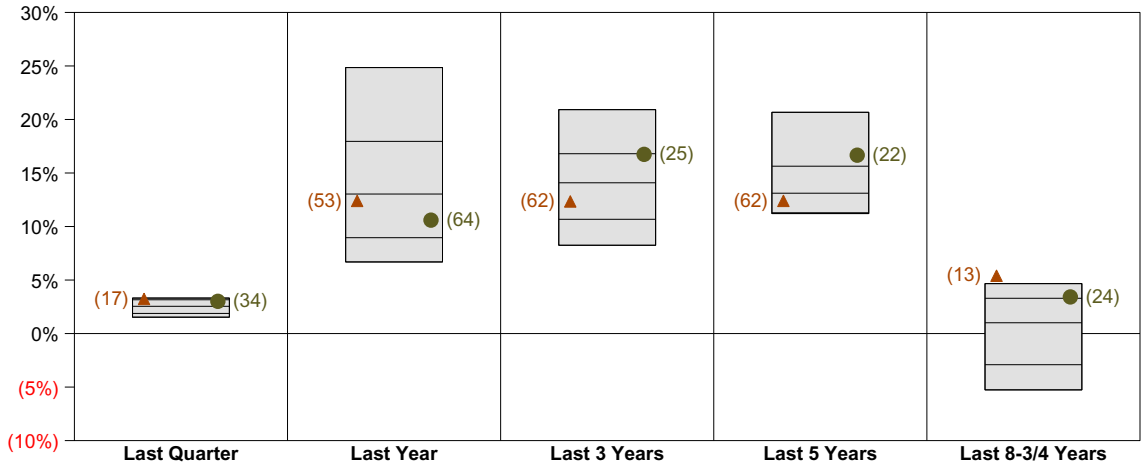
- JP Morgan Income and Growth Fund's portfolio posted a 3.01% return for the quarter placing it in the 34 percentile of the Real Estate Value Added Open End Funds group for the quarter and in the 64 percentile for the last year.
- JP Morgan Income and Growth Fund's portfolio underperformed the NFI-ODCE Value Weight Gross by 0.22% for the quarter and underperformed the NFI-ODCE Value Weight Gross for the year by 1.80%.

## Quarterly Asset Growth

| | |
|---|---|
| Beginning Market Value | $14,315,164 |
| Net New Investment | $-46,082 |
| Investment Gains/(Losses) | $431,195 |
| Ending Market Value | $14,700,277 |

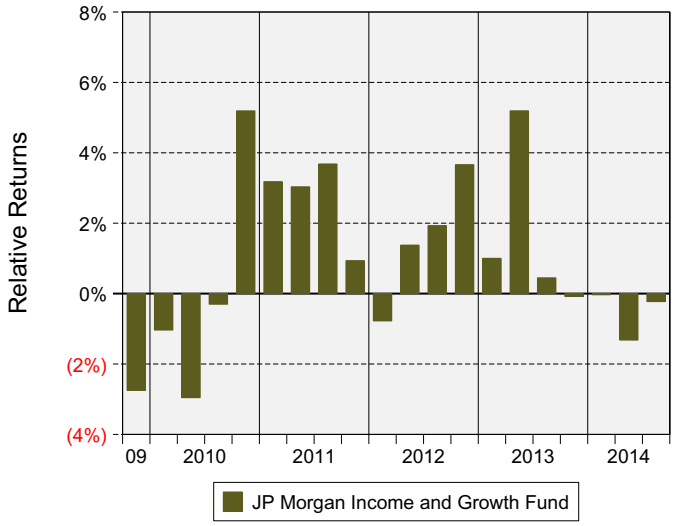
**Percent Cash: 0.0%**

## Performance vs Real Estate Value Added Open End Funds (Net)

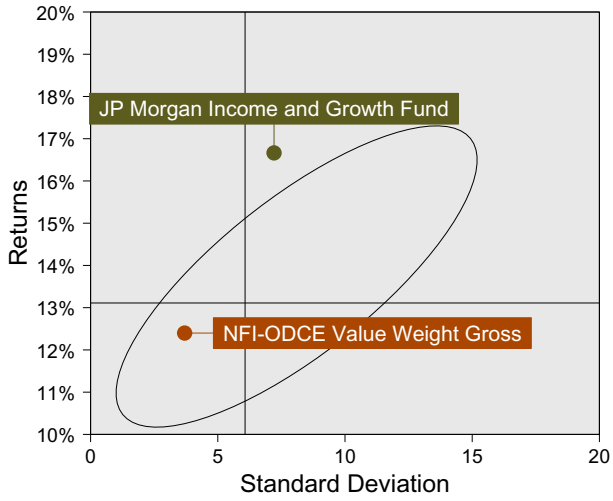



| | Last Quarter | Last Year | Last 3 Years | Last 5 Years | Last 8-3/4 Years |
|---|---|---|---|---|---|
| 10th Percentile | 3.32 | 24.85 | 20.92 | 20.67 | 4.67 |
| 25th Percentile | 3.16 | 17.95 | 16.80 | 15.63 | 3.30 |
| Median | 2.54 | 13.04 | 14.09 | 13.11 | 1.01 |
| 75th Percentile | 1.88 | 8.96 | 10.68 | 11.29 | (2.91) |
| 90th Percentile | 1.53 | 6.69 | 8.25 | 11.21 | (5.26) |
| **JP Morgan Income and Growth Fund** ● | 3.01 | 10.60 | 16.74 | 16.66 | 3.42 |
| NFI-ODCE Value Weight Gross ▲ | 3.24 | 12.40 | 12.34 | 12.40 | 5.40 |

### Relative Returns vs NFI-ODCE Value Weight Gross




### Real Estate Value Added Open End Funds (Net) Annualized Five Year Risk vs Return

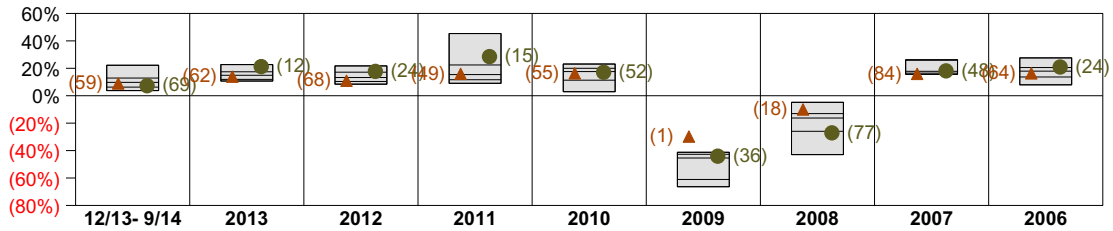


# JPM Income and Growth Fund
# Return Analysis Summary

## Return Analysis

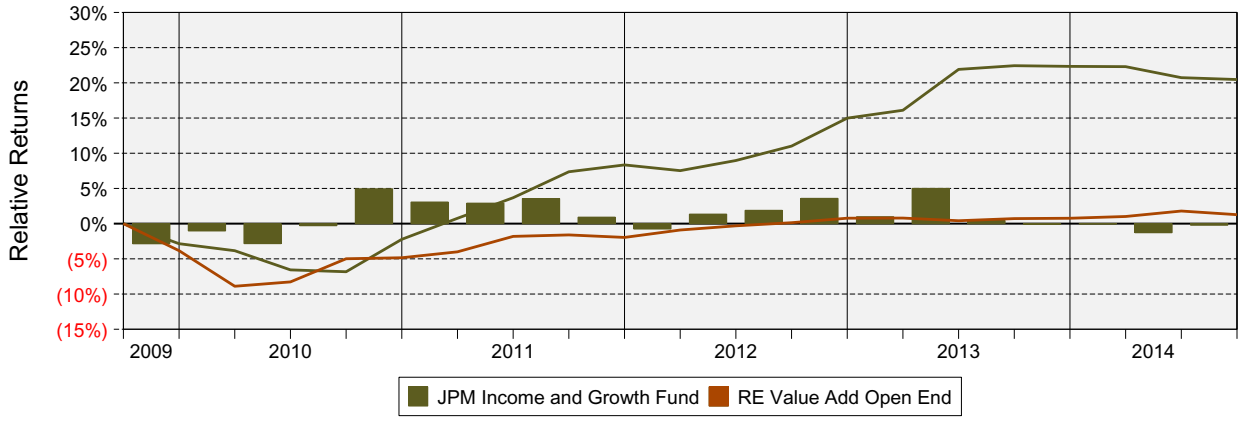
The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

## Performance vs Real Estate Value Added Open End Funds (Net)

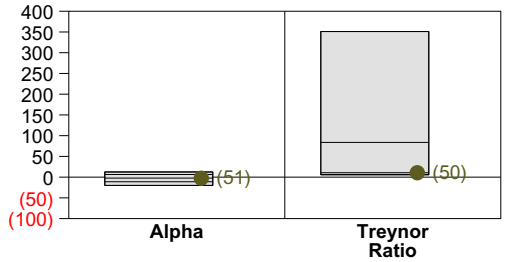



| | 12/13- 9/14 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|---|---|---|---|---|---|---|---|---|---|
| 10th Percentile | 22.21 | 22.71 | 21.75 | 45.34 | 23.11 | (41.24) | (4.81) | 26.17 | 27.58 |
| 25th Percentile | 12.88 | 17.45 | 17.17 | 22.42 | 20.00 | (42.72) | (13.03) | 25.97 | 20.55 |
| Median | 9.74 | 14.92 | 13.28 | 15.42 | 17.62 | (45.40) | (16.25) | 17.80 | 17.92 |
| 75th Percentile | 6.27 | 11.90 | 10.39 | 11.66 | 11.32 | (61.06) | (25.95) | 16.47 | 13.67 |
| 90th Percentile | 3.74 | 10.70 | 8.43 | 9.06 | 2.94 | (66.35) | (42.95) | 15.61 | 7.95 |
| **JPM Income and Growth Fund** ● | 7.28 | 21.23 | 17.74 | 28.52 | 17.11 | (44.09) | (27.07) | 18.11 | 20.93 |
| NFI-ODCE Value Weight Gross ▲ | 8.94 | 13.94 | 10.94 | 15.99 | 16.36 | (29.76) | (10.01) | 15.97 | 16.32 |

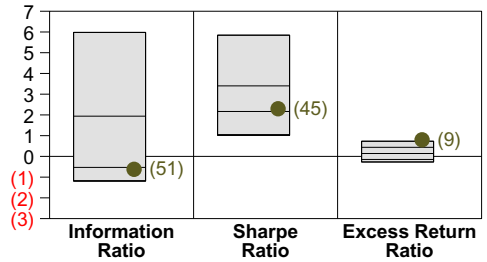
## Cumulative and Quarterly Relative Return vs NFI-ODCE Value Weight Gross




## Risk Adjusted Return Measures vs NFI-ODCE Value Weight Gross
## Rankings Against Real Estate Value Added Open End Funds (Net)
## Five Years Ended September 30, 2014




| | Alpha | Treynor Ratio |
|---|---|---|
| 10th Percentile | 12.45 | 351.05 |
| 25th Percentile | 6.34 | 83.68 |
| Median | (2.34) | 10.61 |
| 75th Percentile | (11.15) | 6.28 |
| 90th Percentile | (20.04) | 5.79 |
| **JPM Income and Growth Fund** ● | (2.73) | 10.53 |



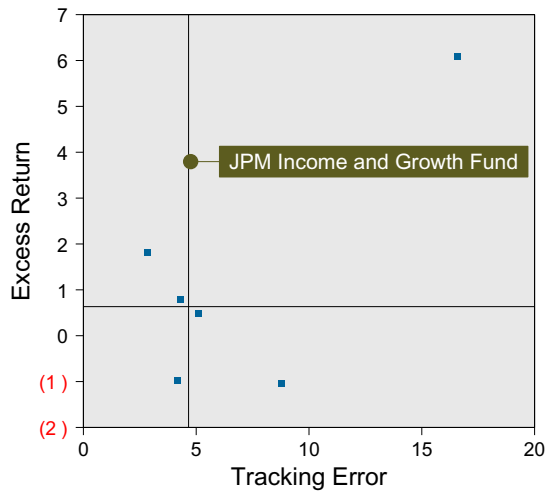

| | Information Ratio | Sharpe Ratio | Excess Return Ratio |
|---|---|---|---|
| 10th Percentile | 5.98 | 5.85 | 0.73 |
| 25th Percentile | 1.94 | 3.40 | 0.44 |
| Median | (0.53) | 2.17 | 0.14 |
| 75th Percentile | (1.17) | 1.05 | (0.15) |
| 90th Percentile | (1.19) | 1.02 | (0.27) |
| **JPM Income and Growth Fund** ● | (0.62) | 2.30 | 0.80 |

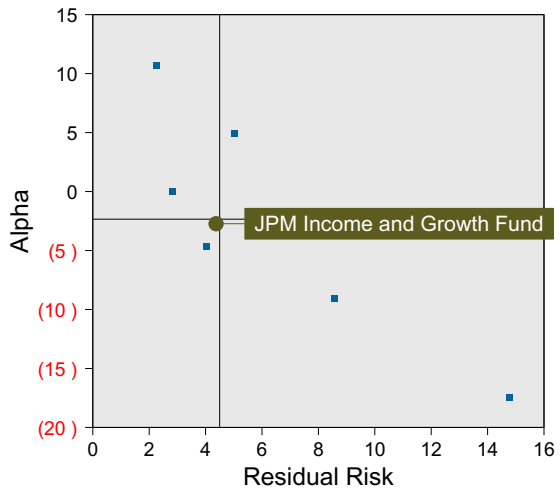
# JPM Income and Growth Fund
# Risk Analysis Summary

## Risk Analysis

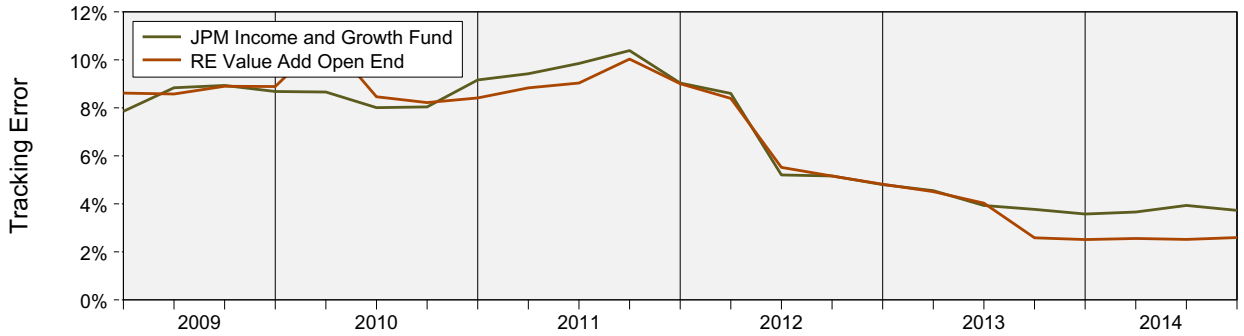
The graphs below analyze the risk or variation of a manager's return pattern. The first scatter chart illustrates the relationship, called Excess Return Ratio, between excess return and tracking error relative to the benchmark. The second scatter chart displays the relationship, sometimes called Information Ratio, between alpha (market-risk or "beta" adjusted return) and residual risk (non-market or "unsystematic" risk). The third chart shows tracking error patterns versus the benchmark over time. The last two charts show the ranking of the manager's risk statistics versus the peer group.

## Risk Analysis vs Real Estate Value Added Open End Funds (Net)
## Five Years Ended September 30, 2014

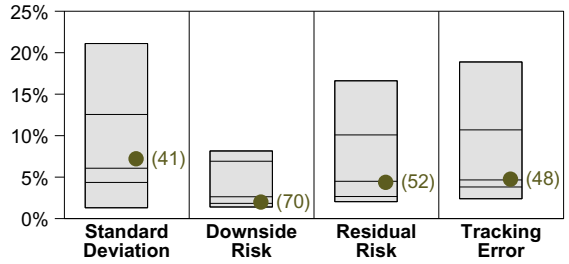


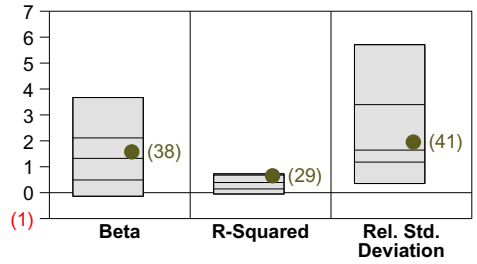




## Rolling 12 Quarter Tracking Error vs NFI-ODCE Value Weight Gr




## Risk Statistics Rankings vs NFI-ODCE Value Weight Gr
## Rankings Against Real Estate Value Added Open End Funds (Net)
## Five Years Ended September 30, 2014




| | Standard Deviation | Downside Risk | Residual Risk | Tracking Error |
|---|---|---|---|---|
| 10th Percentile | 21.11 | 8.15 | 16.61 | 18.88 |
| 25th Percentile | 12.55 | 6.92 | 10.09 | 10.70 |
| Median | 6.07 | 2.63 | 4.50 | 4.66 |
| 75th Percentile | 4.36 | 1.84 | 2.66 | 3.81 |
| 90th Percentile | 1.30 | 1.40 | 2.04 | 2.39 |
| **JPM Income and Growth Fund** ● | 7.21 | 1.99 | 4.37 | 4.75 |

| | Beta | R-Squared | Rel. Std. Deviation |
|---|---|---|---|
| 10th Percentile | 3.67 | 0.73 | 5.71 |
| 25th Percentile | 2.11 | 0.68 | 3.40 |
| Median | 1.32 | 0.39 | 1.64 |
| 75th Percentile | 0.49 | 0.15 | 1.18 |
| 90th Percentile | (0.14) | (0.05) | 0.35 |
| **JPM Income and Growth Fund** ● | 1.57 | 0.65 | 1.95 |

Infrastructure

## Infrastructure
## Period Ended September 30, 2014

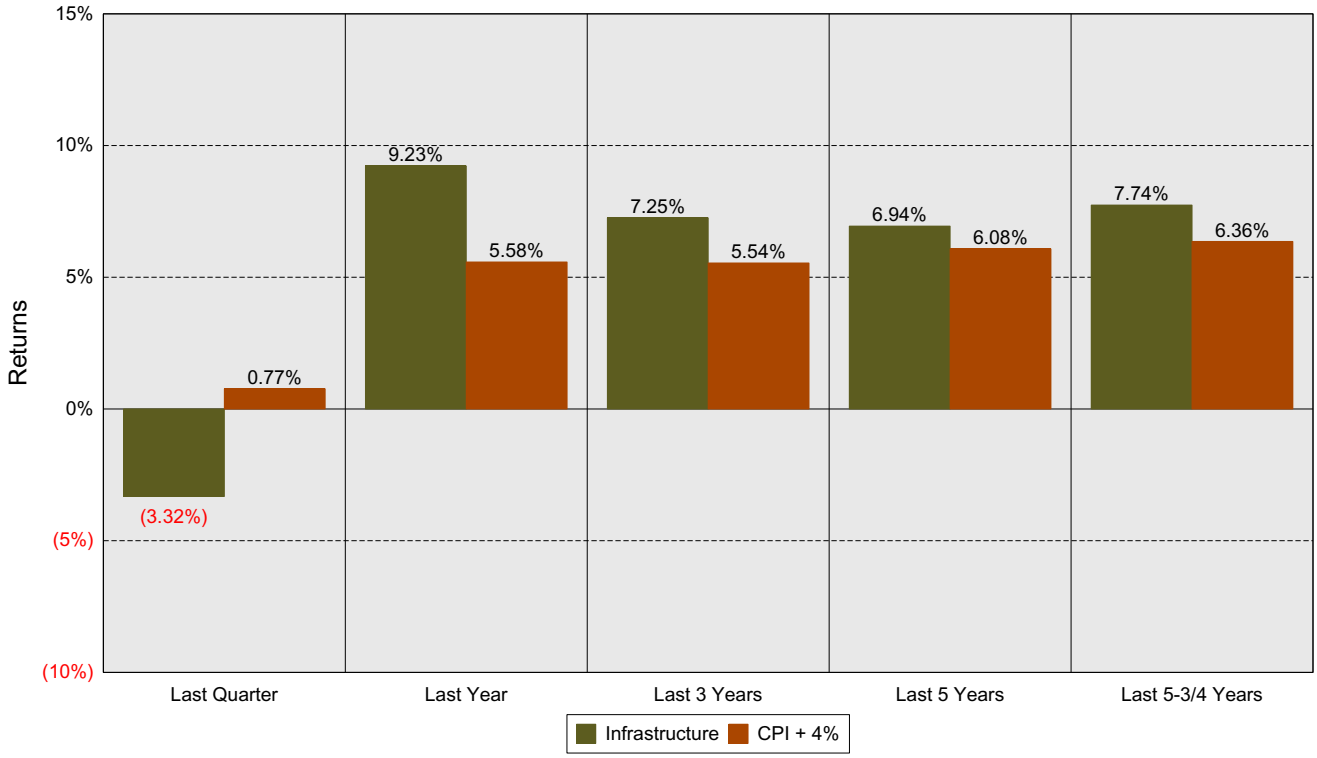
### Quarterly Summary and Highlights

- Infrastructure's portfolio underperformed the CPI + 4% by 4.09% for the quarter and outperformed the CPI + 4% for the year by 3.65%.

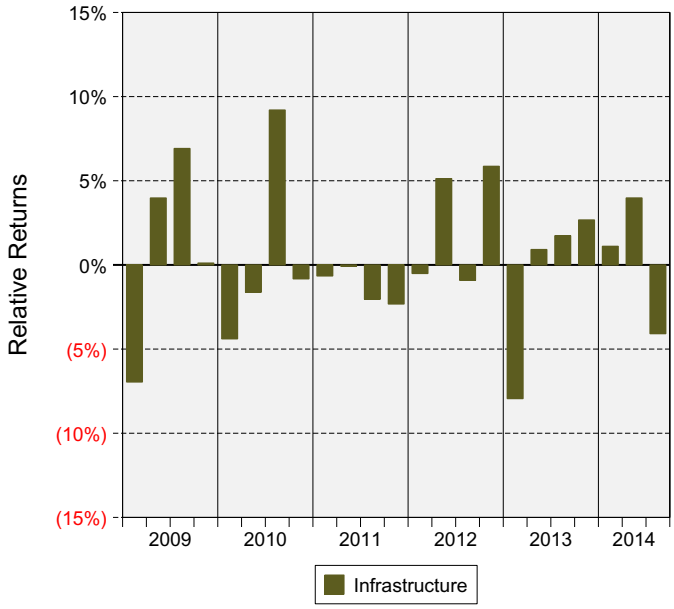
### Quarterly Asset Growth

| | |
|---|---|
| Beginning Market Value | $43,404,081 |
| Net New Investment | $-202,989 |
| Investment Gains/(Losses) | $-1,437,315 |
| Ending Market Value | $41,763,776 |

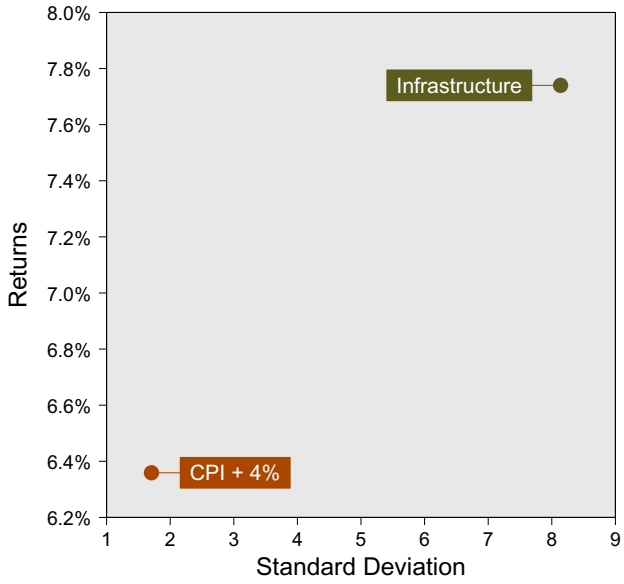
**Percent Cash: 0.0%**




### Relative Return vs CPI + 4%




### Annualized Five and Three-Quarter Year Risk vs Return



## Macquarie European Infrastructure
## Period Ended September 30, 2014

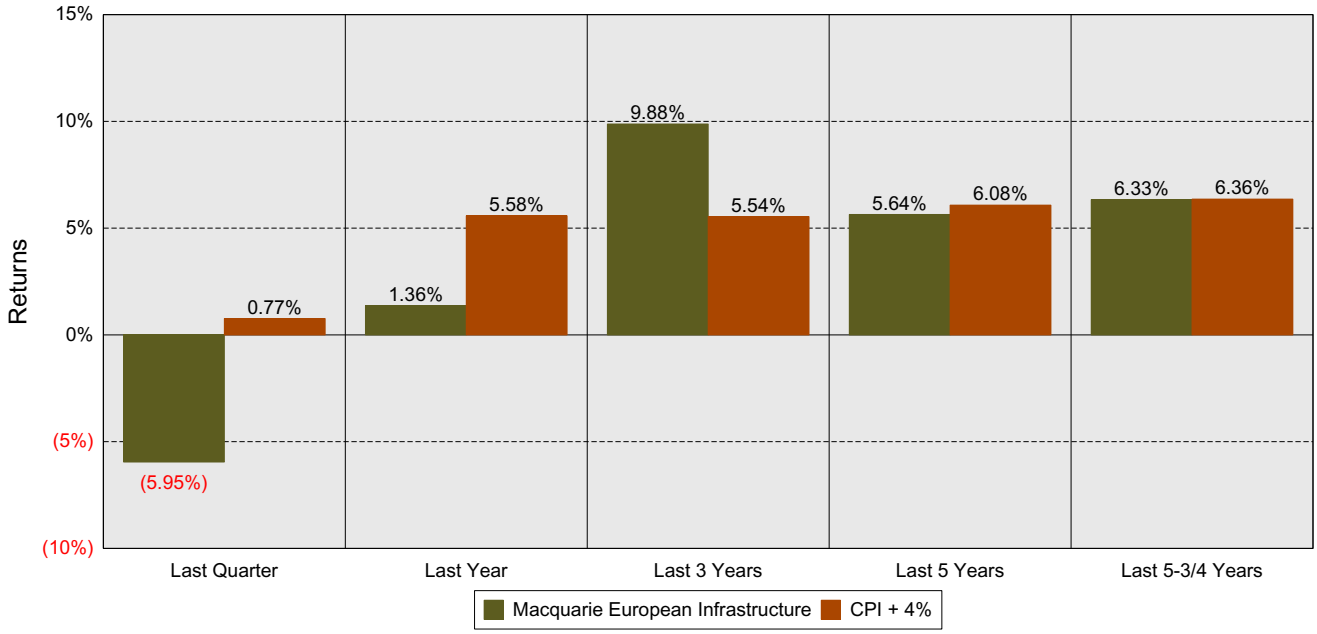
### Investment Philosophy
The product was funded in the fourth quarter of 2008.

### Quarterly Summary and Highlights
- Macquarie European Infrastructure's portfolio underperformed the CPI + 4% by 6.72% for the quarter and underperformed the CPI + 4% for the year by 4.21%.

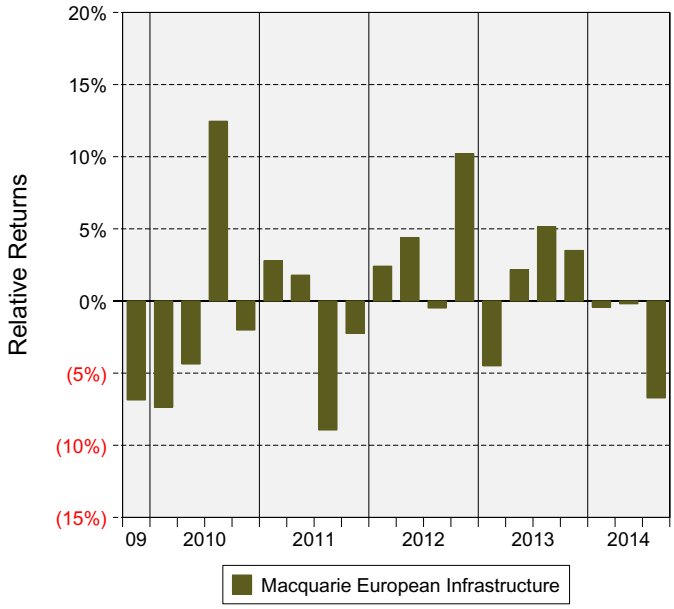
### Quarterly Asset Growth

| | |
|---|---|
| Beginning Market Value | $24,159,130 |
| Net New Investment | $-21,876 |
| Investment Gains/(Losses) | $-1,437,315 |
| Ending Market Value | $22,699,938 |

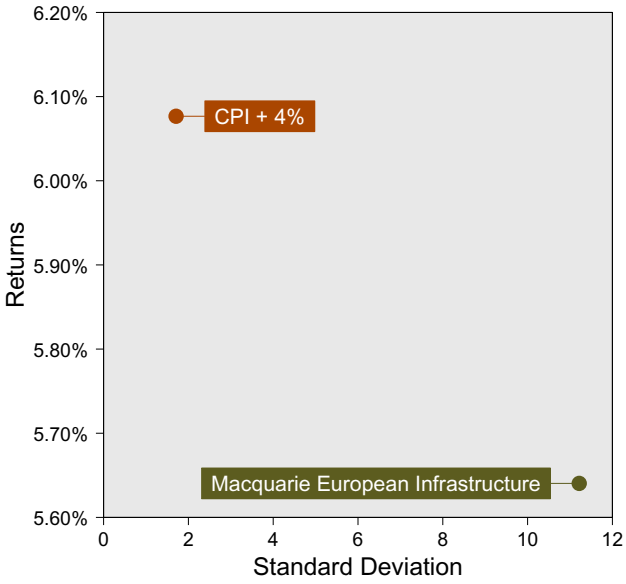
**Percent Cash: 0.0%**




### Relative Return vs CPI + 4%




### Annualized Five Year Risk vs Return



## SteelRiver Infrastructure North America
## Period Ended September 30, 2014

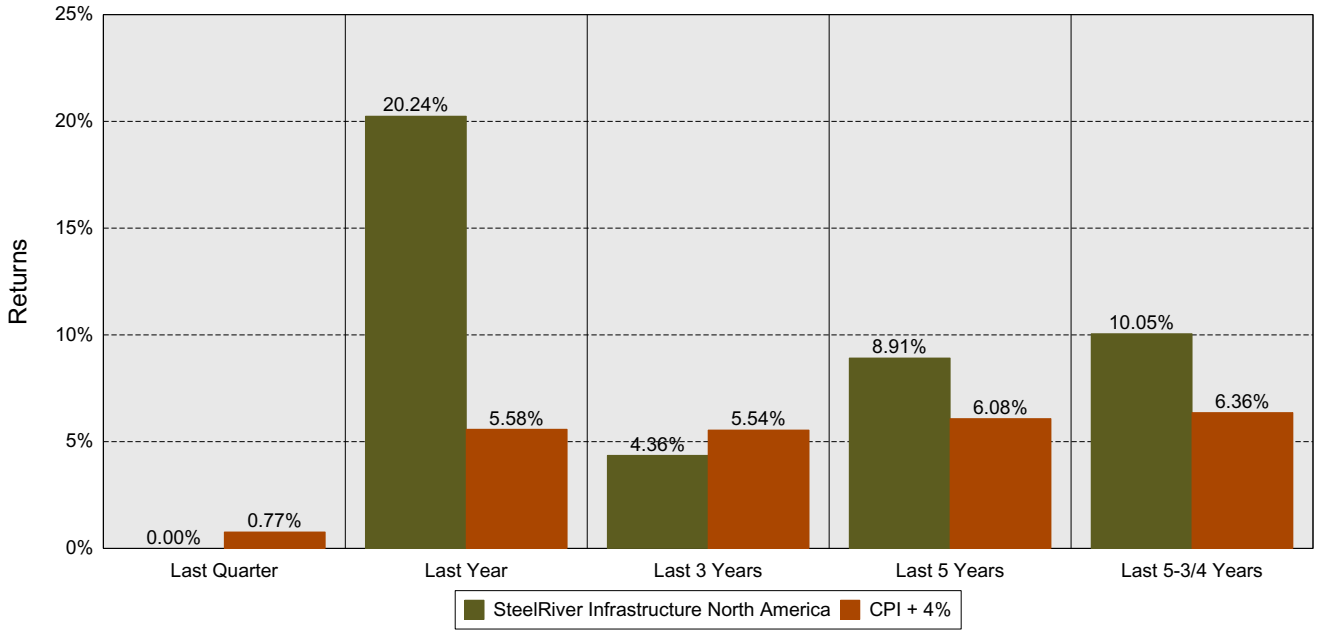
### Investment Philosophy
The product was funded in the fourth quarter of 2008.

### Quarterly Summary and Highlights
- SteelRiver Infrastructure North America's portfolio underperformed the CPI + 4% by 0.77% for the quarter and outperformed the CPI + 4% for the year by 14.66%.

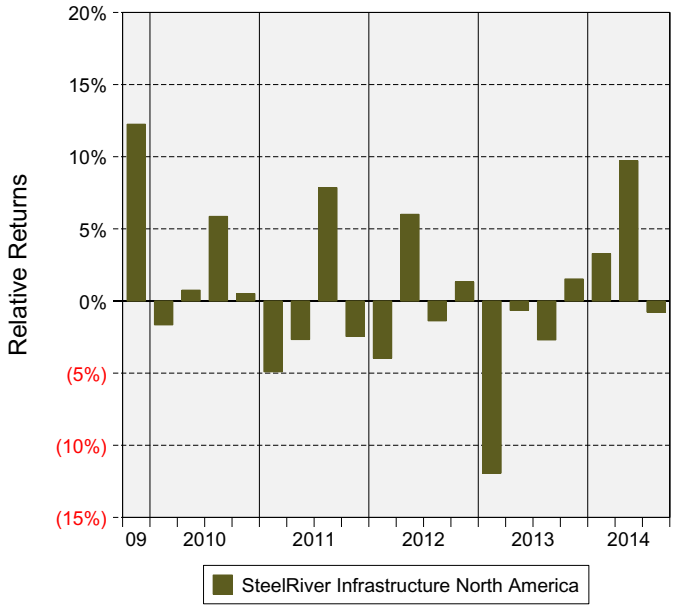
### Quarterly Asset Growth

| | |
|---|---|
| Beginning Market Value | $19,244,951 |
| Net New Investment | $-181,113 |
| Investment Gains/(Losses) | $0 |
| Ending Market Value | $19,063,838 |

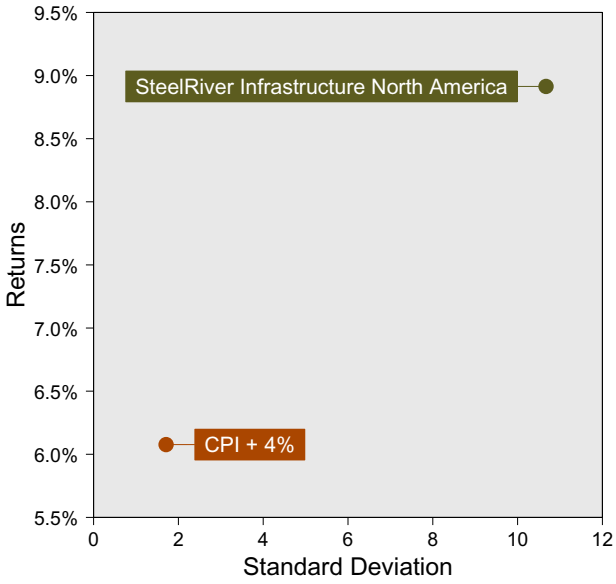
**Percent Cash: 0.0%**




### Relative Return vs CPI + 4%




### Annualized Five Year Risk vs Return



## Common Stock Portfolio Characteristics

All Portfolio Characteristics are derived by first calculating the characteristics for each security, and then calculating the weighted average of these values for the portfolio.

**Cash Flow/Sales** - Cash flow divided by sales. Cash flow is the cash generated by a company after all cash expenses, including income taxes and minority interest, but before provision for dividends. Expenses do not include non-cash expenses such as depreciation. Sales represent gross sales reduced by cash discounts, returned sales, etc.

**Debt to Capital Ratio** - The Debt to Capital ratio is a measure of the level of total debt of a company as a portion of the total capital. The Debt to Capital Ratio is equal to Total Debt divided by Total Capital. Total Debt includes both current and long term debt. Total Capital is equal to all invested capital. The invested capital includes: 1)Total Debt; 2) the carrying value (par or stated value per share) or preferred stock; 3) the par or stated value of preferred or common stocks not owned by the parent company; and 4) common equity, which includes common stock, capital surplus, and retained earnings.

**Diversification Ratio** - The ratio of the number of securities comprising the most concentrated half of the portfolio market value (see Issue Concentration) divided by the total number of portfolio securities (see Number of Securities). This value expresses to what extent a portfolio is equally weighted versus concentrated, given the number of names in the portfolio. This value can range from a high of 50% (equal weighted) to a low of 1% (half of the portfolio in 1% of the names).

**Dividends/Cash Flow** - The Dividend/Cash Flow ratio is a measure of the sustainability or safety of a given dividend payment amount. Common stock dividends divided by cash flow. The common stock dividends are the total dollar amount of dividends for a stock over the preceding twelve months. Cash flow is the cash generated by a company after all cash expenses, including income taxes and minority interest, but before the provision for dividends.

**Earnings/Sales** - Earnings/Sales is a measure of a company's profitability, specifically measuring the relationship between the firm's costs and its sales. The value is equal to the earnings of a company divided by net sales. Earnings represent the income of a company after all expenses, income taxes, and minority interest, but before provisions for common and/or preferred stock dividends. Sales represent gross sales reduced by cash discounts, returned sales, etc.

**Forecasted Earnings Yield** - This "yield" is a forward-looking valuation measure of a company's common stock. It expresses the amount of earnings estimated for next year per dollar of current share price as a percentage yield. This value is calculated by dividing, for each stock, the consensus (mean) analysts' earnings forecasts for the next year by the current share price. These earnings estimates are for recurring, non-extraordinary earnings per primary common share. The individual earnings yields (E/P) are then weighted by their respective portfolio market values in order to calculate a weighted average representative of the portfolio as a whole.

**Forecasted Long-Term Earnings Growth** - This growth rate is a measure of a company's expected long-term success in generating future year-over-year earnings growth. This growth rate is a market value weighted average of the consensus (mean) analysts' long-term earnings growth rate forecast for each company in the portfolio. The definition of long-term varies by analyst but is limited to a 3-8 year range. This value is expressed as the expected average annual growth of earnings in percent.

**Forecasted Price/Earnings Ratio** - This ratio is a forward-looking valuation measure of a company's common stock. It encapsulates the amount of earnings estimated for next year per dollar of current share price. This value is calculated by dividing the present stock price of each company in the portfolio by the consensus (mean) analysts' earnings forecasts for the next year. These earnings estimates are for recurring, non-extraordinary earnings per primary common share.

## Common Stock Portfolio Characteristics

**Growth in Assets** - This value represents a weighted average five year annual growth rate of assets per common stock share. The rates of growth in assets for trailing twelve month periods are calculated using the assets-per-share values for each time period. The five-year growth in assets figure is calculated for each security in a portfolio. From these individual values, a weighted average value is calculated for the portfolio. The number of shares in each time period is adjusted to reflect any splits, mergers, or other capital changes. Total Assets includes the sum of current, non-current, and intangible assets.

**Growth in Book Value** - This value represents a weighted average five year annual growth rate of book value per common stock share. The rates of growth in book value for trailing twelve month periods are calculated using the book value-per-share values for each time period. The five-year growth in book value figure is calculated for each security in a portfolio. From these individual values, a weighted average value is calculated for the portfolio. The number of shares in each time period is adjusted to reflect any splits, mergers, or other capital changes. Total Book Value is the sum of the common stock outstanding, capital surplus, and retained earnings.

**Growth in Cash Flows** - This value represents a weighted average five year annual growth rate of cash flow per common stock share. The rates of growth in cash flow for trailing twelve month periods are calculated using the cash flow-per-share values for each time period. The five-year growth in cash flow figure is calculated for each security in a portfolio. From these individual values, a weighted average value is calculated for the portfolio. The number of shares in each time period is adjusted to reflect any splits, mergers, or other capital changes. Cash flow is the cash generated by a company after all cash expenses, including income taxes and minority interest, but before provision for dividends. In this case, common shares are the shares used to calculate primary earnings per share. Primary earnings per share are earnings per share that are not diluted, because it is assumed that securities that are convertible into equities are not converted.

**Growth in Sales** - This value represents a weighted average five year annual growth rate of sales per common stock share. The rates of growth in sales for trailing twelve month periods are calculated using the sales-per-share values for each time period. The five-year growth in sales figure is calculated for each security in a portfolio. From these individual values, a weighted average value is calculated for the portfolio. The number of shares in each time period is adjusted to reflect any splits, mergers, or other capital changes. Sales represent gross sales reduced by cash discounts, return sales, etc. In this case, common shares are the shares used to calculate primary earnings per share. Primary earnings per share are earnings per share that are not diluted, because it is assumed that securities that are convertible into equities are not converted.

**Interest/Pretax Earnings** - This value is used as a measure of the ability of a company to meet interest payments out of earnings. The ratio is equal to the interest expense divided by earnings. Earnings are the value before: 1) interest expense, the expense of securing both short and long-term debt; 2) state, federal, and foreign taxes; 3) extraordinary items and discontinued operation; 4) provision for common and preferred dividends; and 5) minority interests, which is that portion of the consolidated subsidiary income applicable to common stock not owned by the parent company.

**MSCI Combined Z-Score** is a holdings-based measure of the "growthyness" or "valueyness" of an individual stock or portfolio of stocks based on fundamental financial ratio analysis. The Combined Z-Score is the difference between the MSCI Growth Z-Score and the MSCI Value Z-Score (Growth-Value). The underlying Growth Z-Score is an aggregate score based on 5 financial fundamentals: Long Term Forward Earnings Growth, Short Term Forward Earnings Growth, Current Internal Growth Rate, Long Term Historical Earnings Growth and Long Term Historical Sales Growth. The underlying Value Z-Score is an aggregate score based on 3 financial fundamentals: Price/Book, Price/Forward Earnings, and Dividend Yield. The MSCI Combined Z-Score usually ranges between +2 and -2. A significantly positive Combined Z-Score implies significant portfolio "growthyness". A Combined Z-Score close to 0.0 (positive or negative) implies "core-like" characteristics, and a significantly negative Combined Z-Score implies portfolio "valueyness".

## Common Stock Portfolio Characteristics

**MSCI Growth Z-Score** is a holdings-based measure of the "growthyness" of an individual stock or portfolio of stocks based on fundamental financial ratio analysis. The Growth Z-Score is an aggregate score based on the growth scores of 5 separate financial fundamentals: Long Term Forward Earnings Growth, Short Term Forward Earnings Growth, Current Internal Growth (ROE * (1-payout ratio)), Long Term Historical Earnings Growth and Long Term Historical Sales Growth. The MSCI Growth Z-Score usually ranges between +3 and -3. A significantly positive Growth Z-Score implies significant "growthyness" in the stock or portfolio. A Growth Z-Score close to 0.0 (positive or negative) implies "core-like" style characteristics, and a significantly negative Growth Z-Score implies more "valueyness" in the stock or portfolio (although the MSCI Value Z-Score should be used to confirm this).

**MSCI Value Z-Score** is a holdings-based measure of the "valueyness" of an individual stock or portfolio of stocks based on fundamental financial ratio analysis. The Value Z-Score is an aggregate score based on the value scores of 3 separate financial fundamentals: Price/Book, Price/Forward Earnings, and Dividend Yield. The MSCI Value Z-Score usually ranges between +3 and -3. A significantly positive Value Z-Score implies significant "valueyness" in the stock or portfolio. A Value Z-Score close to 0.0 (positive or negative) implies "core-like" style characteristics, and a significantly negative Value Z-Score implies more "growthyness" in the stock or portfolio (although the MSCI Growth Z-Score should be used to confirm this).

**Market Capitalization (weighted median)** - The weighted median market cap is the point at which half of the market value of the portfolio is invested in stocks with a greater market cap, and consequently the other half is invested in stocks with a lower market cap.

**Payout Ratio** - The Payout Ratio describes the portion of earnings over a twelve month period that is paid out as dividends and addresses the sustainability of a given dividend level. The ratio is equal to ex-dividends per share divided by fully diluted earnings per share, excluding extraordinary items and discontinued operations. Ex-dividend implies that the dividend is declared but not paid and that a buyer of a stock after an ex-dividend does not receive the dividend. Fully diluted earnings per share are earnings that are reduced or diluted, by assuming the conversion of all securities that are convertible into equities.

**Plant and Equipment/Assets** - This ratio shows the portion of Total Assets that consists of capital goods permanently employed in the business of a company. The ratio is equal to the book value of gross plant and equipment assets divided by the total assets. Plant and equipment includes land, buildings, machinery, and any other equipment permanently employed in the business of a company. Total assets includes the sum of all current, non-current, and intangible assets.

**R & D/Sales** - Research and development expenditures divided by sales. Research and development expenses are costs that relate to the development of new products or services. Sales represent gross sales reduced by cash discounts, returned sales, etc.

**Relative Sector Variance** - A measure illustrating how significantly a portfolio currently differs from the sector weights of the index. This measure is the sum of the differences (absolute value) between the portfolio and index sector weights across all sectors. The higher the number the more aggressive the deviation from the index sector weights, and vice versa. This relative risk measure can help explain the magnitude of past tracking error and potential future tracking error versus the index.

**S & P Rating** - This is the Standard and Poor's market weighted average rating of all of the rated securities in the portfolio. Stock ratings are intended to provide an objective measure of the risk of a company in terms of the perceived level of stability in earnings and dividends. Securities which are not rated by Standard and Poor's are excluded from the weighted average rating.

## Common Stock Portfolio Characteristics

**Sales** - Equal to gross sales and earnings from interest, dividends, and rents. Gross sales is the amount of actual billings to customers for delivery of products and services in exchange for cash, a promise to pay, or a money equivalent, reduced by returns, allowances, and discounts. Earnings from interest, dividends, and rents is net of transaction costs.

**Sector Concentration** - A measure of current portfolio diversification by economic sector (equity) or market sector (fixed income) to illustrate potential risk from concentrated sector exposures. The measure itself represents how few sectors contain half of the portfolio market value. A low number means the assets are concentrated in a few sectors and potentially highly exposed to the risks of those sectors.

**Total Assets** - Everything a company owns or is due. Includes all current, non-current, and intangible assets. Current assets include cash, temporary investments, receivables, inventories, and prepaid expenses. Non-current assets include fixed assets such as buildings and machinery. Intangible assets include such items as patents and goodwill.

**Value of Holdings** - This represents the total market value of all the securities in the portfolio, computed as the sum of the products of the closing value per share and the number of shares of each security held in the portfolio.

## Fixed Income Portfolio Characteristics

All Portfolio Characteristics are derived by first calculating the characteristics for each security, and then calculating the market value weighted average of these values for the portfolio.

**Allocation by Sector** - Sector allocation is one of the tools which managers often use to add value without impacting the duration of the portfolio. The sector weights exhibit can be used to contrast a portfolio's weights with those of the index to identify any significant sector bets.

**Average Coupon** - The average coupon is the market value weighted average coupon of all securities in the portfolio. The total portfolio coupon payments per year are divided by the total portfolio par value.

**Average Moody's Rating for Total Portfolio** - A measure of the credit quality as determined by the individual security ratings. The ratings for each security, from Moody's Investor Service, are compiled into a composite rating for the whole portfolio. Quality symbols range from Aaa+ (highest investment quality - lowest credit risk) to C (lowest investment quality - highest credit risk).

**Average Option Adjusted (Effective) Convexity** - Convexity is a measure of the portfolio's exposure to interest rate risk. It is a measure of how much the duration of the portfolio will change given a change in interest rates. Generally, securities with negative convexities are considered to be risky in that changes in interest rates will result in disadvantageous changes in duration. When a security's duration changes it indicates that the stream of expected future cash-flows has changed, generally having a significant impact on the value of the security. The option adjusted convexity for each security in the portfolio is calculated using models developed by Lehman Brothers and Salomon Brothers which determine the expected stream of cash-flows for the security based on various interest rate scenarios. Expected cash-flows take into account any put or call options embedded in the security, any expected sinking-fund paydowns or any expected mortgage principal prepayments.

**Average Option Adjusted (Effective) Duration** - Duration is one measure of the portfolio's exposure to interest rate risk. Generally, the higher a portfolio's duration, the more that its value will change in response to interest rate changes. The option adjusted duration for each security in the portfolio is calculated using models developed by Lehman Brothers and Salomon Brothers which determine the expected stream of cash-flows for the security based on various interest rate scenarios. Expected cash-flows take into account any put or call options embedded in the security, any expected sinking-fund paydowns or any expected mortgage principal prepayments.

**Average Price** - The average price is equal to the portfolio market value divided by the number of securities in the portfolio. Portfolios with an average price above par will tend to generate more current income than those with an average price below par.

**Average Years to Expected Maturity** - This is a measure of the market-value-weighted average of the years to expected maturity across all of the securities in the portfolio. Expected years to maturity takes into account any put or call options embedded in the security, any expected sinking-fund paydowns or any expected mortgage principal prepayments.

**Average Years to Stated Maturity** - The average years to stated maturity is the market value weighted average time to stated maturity for all securities in the portfolio. This measure does not take into account imbedded options, sinking fund paydowns, or prepayments.

**Current Yield** - The current yield is the current annual income generated by the total portfolio market value. It is equal to the total portfolio coupon payments per year divided by the current total portfolio market value.

## Fixed Income Portfolio Characteristics

**Duration Dispersion** - Duration dispersion is the market-value weighted standard deviation of the portfolio's individual security durations around the total portfolio duration. The higher the dispersion, the more variable the security durations relative to the total portfolio duration ("barbellness"), and the smaller the dispersion, the more concentrated the holdings' durations around the overall portfolio's ("bulletness"). The purpose of this statistic is to gauge the "bulletness" or "barbellness" of a portfolio relative to its total duration and to that of its benchmark index.

**Effective Yield** - The effective yield is the actual total annualized return that would be realized if all securities in the portfolio were held to their expected maturities. Effective yield is calculated as the internal rate of return, using the current market value and all expected future interest and principal cash flows. This measure incorporates sinking fund paydowns, expected mortgage principal prepayments, and the exercise of any "in-the-money" imbedded put or call options.

**Weighted Average Life** - The weighted average life of a security is the weighted average time to payment of all remaining principal. It is calculated by multiplying each expected future principal payment amount by the time left to the payment. This amount is then divided by the total amount of principal remaining. Weighted average life is commonly used as a measure of the investment life for pass-through security types for comparison to non-pass-through securities.

## Risk/Reward Statistics

The risk statistics used in this report examine performance characteristics of a manager or a portfolio relative to a benchmark (market indicator) which assumes to represent overall movements in the asset class being considered. The main unit of analysis is the excess return, which is the portfolio return minus the return on a risk free asset (3 month T-Bill).

**Alpha** measures a portfolio's return in excess of the market return adjusted for risk. It is a measure of the manager's contribution to performance with reference to security selection. A positive alpha indicates that a portfolio was positively rewarded for the residual risk which was taken for that level of market exposure.

**Beta** measures the sensitivity of rates of portfolio returns to movements in the market index. A portfolio's beta measures the expected change in return per 1% change in the return on the market. If a beta of a portfolio is 1.5, a 1 percent increase in the return on the market will result, on average, in a 1.5 percent increase in the return on the portfolio. The converse would also be true.

**Downside Risk** stems from the desire to differentiate between "good risk" (upside volatility) and "bad risk" (downside volatility). Whereas standard deviation punishes both upside and downside volatility, downside risk measures only the standard deviation of returns below the target. Returns above the target are assigned a deviation of zero. Both the frequency and magnitude of underperformance affect the amount of downside risk.

**Excess Return Ratio** is a measure of risk adjusted relative return. This ratio captures the amount of active management performance (value added relative to an index) per unit of active management risk (tracking error against the index.) It is calculated by dividing the manager's annualized cumulative excess return relative to the index by the standard deviation of the individual quarterly excess returns. The Excess Return Ratio can be interpreted as the manager's active risk/reward tradeoff for diverging from the index when the index is mandated to be the "riskless" market position.

**Information Ratio** measures the manager's market risk-adjusted excess return per unit of residual risk relative to a benchmark. It is computed by dividing alpha by the residual risk over a given time period. Assuming all other factors being equal, managers with lower residual risk achieve higher values in the information ratio. Managers with higher information ratios will add value relative to the benchmark more reliably and consistently.

**R-Squared** indicates the extent to which the variability of the portfolio returns are explained by market action. It can also be thought of as measuring the diversification relative to the appropriate benchmark. An r-squared value of .75 indicates that 75% of the fluctuation in a portfolio return is explained by market action. An r-squared of 1.0 indicates that a portfolio's returns are entirely related to the market and it is not influenced by other factors. An r-squared of zero indicates that no relationship exists between the portfolio's return and the market.

**Relative Standard Deviation** is a simple measure of a manager's risk (volatility) relative to a benchmark. It is calculated by dividing the manager's standard deviation of returns by the benchmark's standard deviation of returns. A relative standard deviation of 1.20, for example, means the manager has exhibited 20% more risk than the benchmark over that time period. A ratio of .80 would imply 20% less risk. This ratio is especially useful when analyzing the risk of investment grade fixed-income products where actual historical durations are not available. By using this relative risk measure over rolling time periods one can illustrate the "implied" historical duration patterns of the portfolio versus the benchmark.

**Residual Portfolio Risk** is the unsystematic risk of a fund, the portion of the total risk unique to the fund (manager) itself and not related to the overall market. This reflects the "bets" which the manager places in that particular asset market. These bets may reflect emphasis in particular sectors, maturities (for bonds), or other issue specific factors which the manager considers a good investment opportunity. Diversification of the portfolio will reduce or eliminate the residual risk of that portfolio.

## Risk/Reward Statistics

**Sharpe Ratio** is a commonly used measure of risk-adjusted return. It is calculated by subtracting the "risk-free" return (usually 3 Month Treasury Bill) from the portfolio return and dividing the resulting "excess return" by the portfolio's risk level (standard deviation). The result is a measure of return gained per unit of risk taken.

**Sortino Ratio** is a downside risk-adjusted measure of value-added. It measures excess return over a benchmark divided by downside risk. The natural appeal is that it identifies value-added per unit of truly bad risk. The danger of interpretation, however, lies in these two areas: (1) the statistical significance of the denominator, and (2) its reliance on the persistence of skewness in return distributions.

**Standard Deviation** is a statistical measure of portfolio risk. It reflects the average deviation of the observations from their sample mean. Standard deviation is used as an estimate of risk since it measures how wide the range of returns typically is. The wider the typical range of returns, the higher the standard deviation of returns, and the higher the portfolio risk. If returns are normally distributed (ie. has a bell shaped curve distribution) then approximately 2/3 of the returns would occur within plus or minus one standard deviation from the sample mean.

**Total Portfolio Risk** is a measure of the volatility of the quarterly excess returns of an asset. Total risk is composed of two measures of risk: market (non-diversifiable or systematic) risk and residual (diversifiable or unsystematic) risk. The purpose of portfolio diversification is to reduce the residual risk of the portfolio.

**Tracking Error** is a statistical measure of a portfolio's risk relative to an index. It reflects the standard deviation of a portfolio's individual quarterly or monthly returns from the index's returns. Typically, the lower the Tracking Error, the more "index-like" the portfolio.

**Treynor Ratio** represents the portfolio's average excess return over a specified period divided by the beta relative to its benchmark over that same period. This measure reflects the reward over the risk-free rate relative to the systematic risk assumed.

Note: Alpha, Total Risk, and Residual Risk are annualized.

Callan Research/Education

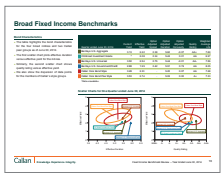
## Research and Educational Programs

The Callan Investments Institute provides research that keeps clients updated on the latest industry trends while helping them learn through carefully structured educational programs. Below are the Institute's recent publications—all of which can be found at www.callan.com/research.

### White Papers

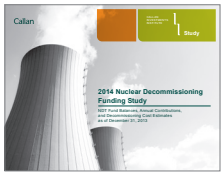
**Saving Public Defined Benefit Plans: Talking Points**

The funded status of public employee defined benefit (DB) retirement plans continues to garner great debate in the industry and press. DB plans are the primary vehicle for ensuring retirement income security for public workers, and Callan believes these plans are viable and necessary in this sector. This paper provides talking points to help to move the discussion forward around the importance of DB plans.




**Fixed Income Benchmark Review**

This data-driven report is designed to aid in portfolio monitoring and evaluation by helping readers assess the similarities and differences in coverage, performance, and characteristics of popular fixed income indices alongside comparable Callan manager style and database groups. The indices cover most of the global bond markets.




**2014 Nuclear Decommissioning Funding Study**

Nuclear decommissioning trusts have faced pressure in recent years in multiple areas, including challenging capital markets and unresolved waste burial issues. Despite rising costs and declining contributions, funding levels have improved over the past six years and currently stand at 73%. This study covers 27 investor-owned and 28 public power utilities with an ownership interest in the 100 operating nuclear reactors and nine of the non-operating reactors in the U.S.

**Private Equity Policy Benchmarking and Performance Attribution**

This paper focuses on the conundrum that private equity introduces to total plan policy benchmarking and performance attribution. There are fundamental private/public comparison mismatches and a range of options available, which makes the choice of a private equity policy benchmark and attribution approach an inherently political decision that requires consensus and ongoing education. In this analysis, we explore the causes and review the available options that investors can consider.

## Quarterly Publications

***DC Observer* & Callan DC Index™:** A quarterly newsletter that offers Callan's observations on a variety of topics pertaining to the defined contribution industry. Each issue is updated with the latest Callan DC Index™ returns.

***Capital Market Review*:** A quarterly macroeconomic indicator newsletter that provides thoughtful insights on the economy as well as recent performance in the equity, fixed income, alternatives, international, real estate, and other capital markets.

***Hedge Fund Monitor*:** A quarterly newsletter that provides a current view of hedge fund industry trends and detailed quarterly performance commentary.

***Private Markets Trends*:** A seasonal newsletter that discusses the market environment, recent events, performance, and other issues involving private equity.

**Quarterly Data:** The *Market Pulse* reference guide covers the U.S. economy and investment trends in domestic and international equities and fixed income, and alternatives. Our *Inside Callan's Database* report provides performance information gathered from Callan's proprietary database, allowing you to compare your funds with your peers.

***Real Assets Reporter:*** A recurring newsletter that offers Callan's data and insights on real estate and other real asset investment topics.

## Surveys

**2014 Investment Management Fee Survey**
This survey captures institutional investment management fee payment practices and trends. We supplemented survey data (from 72 fund sponsors, $859 billion in assets and 211 investment managers, $15 trillion in AUM) with information from Callan's proprietary databases to establish the trends observed in this report. Callan conducted similar surveys in 2004, 2006, 2009, and 2011.

**2014 DC Trends Survey**
This annual survey presents findings such as: Plan sponsors made changes to target date funds in 2013 and will continue to do so in 2014; Passive investment offerings are increasingly common in the core investment lineup; Plan fees continue to be subject to considerable downward pressure; Retirement income solutions made little headway in 2013; and much more.

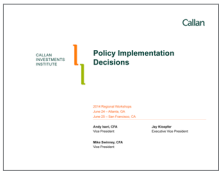
**2013 Cost of Doing Business Survey**
Callan compares the costs of administering funds and trusts across all types of tax-exempt and tax-qualified organizations in the U.S., and we identify ways to help institutional investors manage expenses. We fielded this survey in April and May of 2013. The results incorporate responses from 49 fund sponsors representing $219 billion in assets.

**2013 Risk Management Survey**
The 2008 market crisis put risk in the spotlight and prompted fund fiduciaries to look at risk management in a new light. Callan fielded this survey in November 2012. Responses came from 53 fund sponsors representing $576 billion in assets. The vast majority of this group has taken concrete steps in the past five years to address investment risks.

## Events

Did you miss out on a Callan conference or workshop? If so, you can catch up on what you missed by reading our "Event Summaries" and downloading the actual presentation slides from our website. Our most recent programs:

The **2014 National Conference Summary** features a synopsis of our speakers: David Gergen, Janet Hill, Laura Carstensen, and the 2014 Capital Markets Panel. The Summary also reviews our three workshops: managing corporate pension risk, peripheral real asset strategies, and target date fund analysis. Slide-decks of the conference presentations are also available on our website.




Our June 2014 Regional Workshop, **Policy Implementation Decisions**, discussed portfolio biases and the challenges therein. We looked at the common biases, how they've worked (or not) for the portfolio, and evaluating time horizons. Our speakers were Callan's Jay Kloepfer, Andy Iseri, and Mike Swinney. Check out the summary write-up of this workshop to get a good overview of the session.

## Upcoming Educational Programs

**The 35th National Conference**
January 26-28, 2015 in San Francisco

Speakers include: Alan Simpson, Erskine Bowles, Olivia Mitchell, Gary Locke, Daniel Pink and the 2015 Capital Markets Panel. More speakers, as well as workshop topics, to be announced.
Details will be sent to you via email and U.S. Mail in late October.

**Our research can be found at www.callan.com/research or feel free to contact us for hard copies.**

**For more information about research or educational events, please contact Ray Combs or Gina Falsetto at institute@callan.com or 415-974-5060.**

## The Center for Investment Training Educational Sessions

This educational forum offers basic-to-intermediate level instruction on all components of the investment management process. The "Callan College" courses cover topics that are key to understanding your responsibilities, the roles of everyone involved in this process, how the process works, and how to incorporate these strategies and concepts into an investment program. Listed below are the 2015 dates.

### An Introduction to Investments

**April 14-15, 2015 in Atlanta**
**July 21-22, 2015 in San Francisco**
**October 27-28, 2015 in Chicago**

This one-and-one-half-day session is designed for individuals who have less than two years' experience with institutional asset management oversight and/or support responsibilities. The session will familiarize fund sponsor trustees, staff, and asset management advisors with basic investment theory, terminology, and practices.

Participants in the introductory session will gain a basic understanding of the different types of institutional funds, including a description of their objectives and investment session structures. The session includes:

- A description of the different parties involved in the investment management process, including their roles and responsibilities
- A brief outline of the types and characteristics of different plans (e.g.,defined benefit, defined contribution, endowments, foundations, operating funds)
- An introduction to fiduciary issues as they pertain to fund management and oversight
- An overview of capital market theory, characteristics of various asset classes, and the processes by which fiduciaries implement their investment sessions

Tuition for the Introductory "Callan College" session is $2,350 per person. Tuition includes instruction, all materials, breakfast and lunch on each day, and dinner on the first evening with the instructors.

### Customized Sessions

A unique feature of the "Callan College" is its ability to educate on a specialized level through its customized sessions. These sessions are tailored to meet the training and educational needs of the participants, whether you are a plan sponsor or you provide services to institutional tax-exempt plans. Past customized "Callan College" sessions have covered topics such as: custody, industry trends, sales and marketing, client service, international, fixed income, and managing the RFP process. Instruction can be tailored to be basic or advanced.

**For more information please contact Kathleen Cunnie, at 415.274.3029 or cunnie@callan.com.**

Disclosures

Callan

Quarterly List as of
September 30, 2014

## List of Managers That Do Business with Callan Associates Inc.

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Callan Associates takes its fiduciary and disclosure responsibilities to clients very seriously. The list below is compiled and updated quarterly because we believe our fund sponsor clients should have a clear understanding of the investment management organizations that do business with our firm. As of 09/30/14, Callan provided educational, consulting, software, database, or reporting services to this list of managers through one or more of the following business units: Institutional Consulting Group, Independent Adviser Group, Fund Sponsor Consulting, the Callan Investments Institute and the "Callan College." Per strict policy these manager relationships do not affect the outcome or process by which any of Callan's services are conducted.

Fund sponsor clients may request a copy of this list at any time. Fund sponsor clients may also request specific information regarding the fees paid to Callan by the managers employed by their fund. Per company policy, information requests regarding fees are handled exclusively by Callan's Compliance Department.

Clients should also be aware that Callan maintains an asset management division, the Trust Advisory Group (TAG). TAG specializes in the design, implementation and on-going management of multi-manager portfolios for institutional investors. Currently TAG serves as the sponsor and advisor to a multi-manager small cap equity fund and as the non-discretionary adviser to a series of Target Maturity Funds known as the Callan GlidePath® Funds. We are happy to provide clients with more specific information regarding TAG, including detail on the portfolios that it oversees. Per company policy these requests are handled by TAG's Chief Investment Officer.

| Manager Name | Educational Services | Consulting Services |
|---|---|---|
| 1607 Capital Partners, LLC | | Y |
| Aberdeen Asset Management | Y | Y |
| Acadian Asset Management, Inc. | Y | |
| Advisory Research | Y | |
| Affiliated Managers Group | | Y |
| AllianceBernstein | Y | |
| Allianz Global Investors U.S. LLC | Y | Y |
| Allianz Life Insurance Company of North America | | Y |
| Altrinsic Global Advisors, LLC | | Y |
| American Century Investment Management | Y | |
| Apollo Global Management | Y | |
| AQR Capital Management | Y | |
| Ares Management | Y | |
| Ariel Investments | Y | |
| Aristotle Capital Management | Y | |
| Aronson + Johnson + Ortiz | Y | |
| Artisan Holdings | | Y |
| Atlanta Capital Management Co., L.L.C. | Y | Y |
| AXA Rosenberg Investment Management | Y | |
| Babson Capital Management LLC | Y | |
| Baillie Gifford International LLC | Y | Y |
| Baird Advisors | Y | Y |
| Bank of America | | Y |
| Baring Asset Management | Y | |
| Barrow, Hanley, Mewhinney & Strauss, Inc. | Y | Y |
| BlackRock | Y | |
| BMO Asset Management | Y | |
| BNP Paribas Investment Partners | Y | |
| BNY Mellon Asset Management | Y | Y |
| Boston Company Asset Management, LLC (The) | Y | Y |
| Boston Partners ( aka Robeco Investment Management) | Y | Y |
| Brandes Investment Partners, L.P. | Y | Y |
| Brandywine Global Investment Management, LLC | Y | |
| Brown Brothers Harriman & Company | Y | |
| Cadence Capital Management | Y | |

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| | | |
|---|---|---|
| Capital Group | Y | |
| CastleArk Management, LLC | | Y |
| Causeway Capital Management | Y | |
| Central Plains Advisors, Inc. | | Y |
| Chartwell Investment Partners | Y | |
| ClearBridge Investments, LLC (fka ClearBridge Advisors) | Y | |
| Cohen & Steers | Y | Y |
| Columbia Management Investment Advisors, LLC | Y | Y |
| Columbus Circle Investors | Y | Y |
| Corbin Capital Partners | Y | |
| Cornerstone Capital Management Holdings (fka Madison Square) | Y | |
| Cornerstone Investment Partners, LLC | Y | |
| Cramer Rosenthal McGlynn, LLC | Y | |
| Crawford Investment Council | | Y |
| Credit Suisse Asset Management | Y | |
| Crestline Investors | Y | Y |
| Cutwater Asset Management | Y | |
| DB Advisors | Y | Y |
| Delaware Investments | Y | Y |
| DePrince, Race & Zollo, Inc. | Y | Y |
| Deutsche Asset & Wealth Management | Y | Y |
| Diamond Hill Investments | Y | |
| DSM Capital Partners | | Y |
| Duff & Phelps Investment Mgmt. | Y | Y |
| Eagle Asset Management, Inc. | | Y |
| EARNEST Partners, LLC | Y | |
| Eaton Vance Management | Y | Y |
| Epoch Investment Partners | Y | |
| Fayez Sarofim & Company | | Y |
| Federated Investors | | Y |
| First Eagle Investment Management | Y | |
| First State Investments | Y | |
| Fisher Investments | Y | |
| Franklin Templeton | Y | Y |
| Fred Alger Management Co., Inc. | Y | |
| Fuller & Thaler Asset Management | Y | |
| GAM (USA) Inc. | Y | |
| GE Asset Management | Y | Y |
| Geneva Capital Management | Y | |
| Goldman Sachs Asset Management | Y | Y |
| Grand-Jean Capital Management | Y | Y |
| GMO (fka Grantham, Mayo, Van Otterloo & Co., LLC) | Y | |
| Great Lakes Advisors, Inc. | | Y |
| The Guardian Life Insurance Company of America | | Y |
| Guggenheim Investments Asset Management (fka Security Global) | Y | |
| GW&K Investment Management | Y | |

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| | | |
|---|---|---|
| Harbor Capital | | Y |
| Hartford Investment Management Co. | Y | Y |
| Heightman Capital Management Corporation | | Y |
| Henderson Global Investors | Y | Y |
| Hotchkis & Wiley | Y | |
| Impax Asset Management Limited | Y | |
| Income Research & Management | Y | |
| Industry Funds Management | Y | |
| Insight Investment Management | | Y |
| Institutional Capital LLC | Y | |
| INTECH Investment Management | Y | |
| Invesco | Y | Y |
| Investment Management of Virginia | Y | |
| Investec Asset Management | Y | |
| Jacobs Levy Equity Management | | Y |
| Janus Capital Group (fka Janus Capital Management, LLC) | Y | Y |
| Jensen Investment Management | | Y |
| J.M. Hartwell | Y | |
| J.P. Morgan Asset Management | Y | Y |
| KeyCorp | | Y |
| Lazard Asset Management | Y | Y |
| Lee Munder Capital Group | Y | |
| Lincoln National Corporation | | Y |
| Logan Circle Partners, L.P. | Y | |
| Longview Partners | Y | |
| Loomis, Sayles & Company, L.P. | Y | Y |
| Lord Abbett & Company | Y | Y |
| Los Angeles Capital Management | Y | |
| LSV Asset Management | Y | |
| Lyrical Partners | Y | |
| MacKay Shields LLC | Y | Y |
| Man Investments | Y | |
| Manulife Asset Management | Y | |
| Martin Currie | Y | |
| Marvin & Palmer Associates, Inc. | Y | |
| Mellon Capital Management | Y | |
| Metropolitan West Capital Management, LLC | Y | |
| MFS Investment Management | Y | Y |
| Mondrian Investment Partners Limited | Y | Y |
| Montag & Caldwell, Inc. | Y | Y |
| Morgan Stanley Alternative Investment Partners | Y | |
| Morgan Stanley Investment Management | Y | Y |
| Mountain Lake Investment Management LLC | | Y |
| National Investment Services, Inc. | Y | |
| Neuberger Berman, LLC (fka, Lehman Brothers) | Y | Y |
| Newton Capital Management | Y | |

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| | | |
|---|---|---|
| Northern Lights Capital Group | | Y |
| Northern Trust Global Investment Services | Y | Y |
| Nuveen Investments Institutional Services Group LLC | Y | |
| Old Mutual Asset Management | Y | Y |
| OppenheimerFunds, Inc. | Y | |
| O'Shaughnessy Asset Management, LLC | Y | |
| Pacific Investment Management Company | Y | |
| Palisade Capital Management LLC | Y | |
| Parametric Portfolio Associates | Y | |
| Peregrine Capital Management, Inc. | Y | Y |
| Philadelphia International Advisors, LP | Y | |
| PineBridge Investments (formerly AIG) | Y | |
| Pinnacle Asset Management | Y | |
| Pioneer Investment Management, Inc. | Y | |
| PNC Capital Advisors (fka Allegiant Asset Mgmt) | Y | Y |
| Polen Capital Management | Y | |
| Post Advisory | Y | |
| Principal Financial Group | | Y |
| Principal Global Investors | Y | Y |
| Private Advisors | Y | |
| Prudential Fixed Income Management | Y | |
| Prudential Investment Management, Inc. | Y | Y |
| Putnam Investments, LLC | Y | Y |
| Pyramis Global Advisors | Y | |
| Rainier Investment Management | Y | |
| RBC Global Asset Management (U.S.) Inc. | Y | Y |
| Research Affiliates | | Y |
| Regions Financial Corporation | | Y |
| RCM | | Y |
| Robeco Investment Management (aka Boston Partners) | Y | Y |
| Rothschild Asset Management, Inc. | Y | Y |
| RS Investments | Y | |
| Russell Investment Management | Y | |
| Santander Global Facilities | | Y |
| Schroder Investment Management North America Inc. | Y | Y |
| Scout Investments | Y | |
| SEI Investments | | Y |
| SEIX Investment Advisors, Inc. | Y | |
| Select Equity Group | Y | |
| Silvercrest Asset Management Company | Y | |
| Smith Graham and Company | | Y |
| Smith Group Asset Management | | Y |
| Standard Life Investments | Y | |
| Standish (fka, Standish Mellon Asset Management) | Y | |
| State Street Global Advisors | Y | |

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| | | |
|---|---|---|
| Stone Harbor Investment Partners, L.P. | Y | Y |
| Systematic Financial Management | Y | |
| T. Rowe Price Associates, Inc. | Y | Y |
| Taplin, Canida & Habacht | Y | |
| TCW Asset Management Company | Y | |
| Thompson, Siegel & Walmsley LLC | Y | |
| UBS | Y | Y |
| Union Bank of California | | Y |
| Van Eck | Y | |
| Victory Capital Management Inc. | Y | |
| Voya Investment Management (fka ING Investment Management) | Y | Y |
| Vulcan Value Partners, LLC | | Y |
| Waddell & Reed Asset Management Group | Y | Y |
| Wall Street Associates | Y | |
| WCM Investment Management | Y | |
| WEDGE Capital Management | | Y |
| Wellington Management Company, LLP | Y | |
| Wells Capital Management | Y | |
| Western Asset Management Company | Y | |
| William Blair & Co., Inc. | Y | Y |