

**City of Hollywood**

**ANALYSIS OF INVESTMENT PERFORMANCE**

**Employees' Retirement Fund**

December 2013

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## ANALYSIS OF INVESTMENT PERFORMANCE

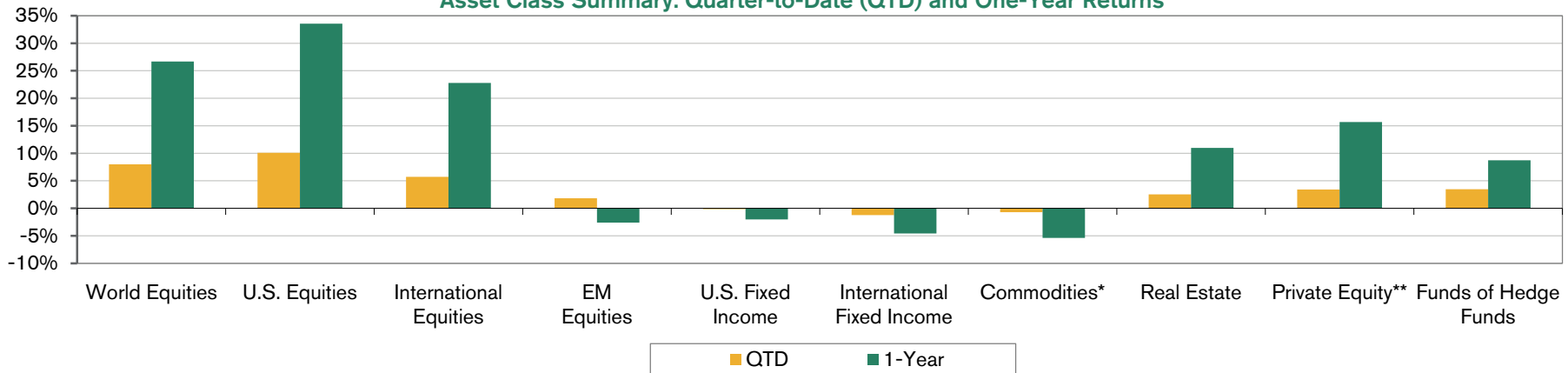
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## Fourth Quarter 2013 Investment Performance: Summary by Asset Class

This section provides data on investment performance for select market indices mostly for the fourth quarter (Q4) 2013, as well as Segal Rogercasey's commentary.

Asset Class Summary: Quarter-to-Date (QTD) and One-Year Returns



Asset Class	Indices	QTD	YTD	1-Year	3-Year	5-Year	10-Year
<b>Equities</b>	MSCI World (Net of dividends)	8.00	26.68	26.68	11.49	15.02	6.98
	Russell 3000	10.10	33.55	33.55	16.24	18.71	7.88
	MSCI EAFE (Net of dividends)	5.71	22.78	22.78	8.17	12.44	6.91
	MSCI EM (Net of dividends)	1.83	-2.60	-2.60	-2.06	14.79	11.17
<b>Fixed Income</b>	Barclays Capital Aggregate	-0.14	-2.02	-2.02	3.26	4.44	4.55
	Citigroup Non-U.S. WGBI (Unhedged)	-1.24	-4.56	-4.56	0.62	2.27	4.10
<b>Other</b>	Commodity Splice*	-0.69	-5.37	-5.37	-4.44	2.69	0.79
	NCREIF NPI	2.53	10.98	10.98	11.92	5.69	8.64
	Thomson Reuters Private Equity**	3.43	7.52	15.67	10.99	4.34	9.48
	HFRI Fund of Funds Composite	3.48	8.73	8.73	2.41	4.82	3.36

\*Commodity Splice, a Segal Rogercasey index, blends the DJ UBS Commodity Index (50%) and the S&P GSCI Index (50%), rebalanced monthly.

\*\*Performance reported as of Q2 2013 because Q3 2013 and Q4 2013 performance data is not yet available.

Sources: eVestment Alliance, Hueler Analytics, Thomson One and Hedge Fund Research, Inc.

World equity markets were positive in Q4. On a global factor\* basis for Q4, price momentum, high Beta and large stocks had strong performance, while high volatility, high historical sales growth, and low P/B performed poorly.

Global fixed income was negative during Q4. US Treasury Yields rose from last quarter across the curve (except for the 1 mo.) The Federal Reserve announced a \$10 billion reduction to its bond-buying program.

Commodities had negative performance in Q4. Notable outperformance was in natural gas, soybean meal, zinc, and unleaded gas. Significant underperformers were wheat, silver, sugar and gold.

Hedge Fund of Funds were positive overall for 2013, with the strategic and diversified performing the best. On a year-to-date basis for Direct Hedge Funds, Equity Hedge, Event-Driven and Relative Value strategies performed well while Macro performed poorly.

\*Factors are attributes that explain differences in equity performance. Stocks are sorted based on their exposure to a particular factor, with the factor return being the difference in returns between stocks with high exposure and low exposure to a particular attribute.

## World Economy: Key Indicators

This section provides data on select U.S. and global economic indicators for Q4 2013 along with Segal Rogerscasey's commentary.

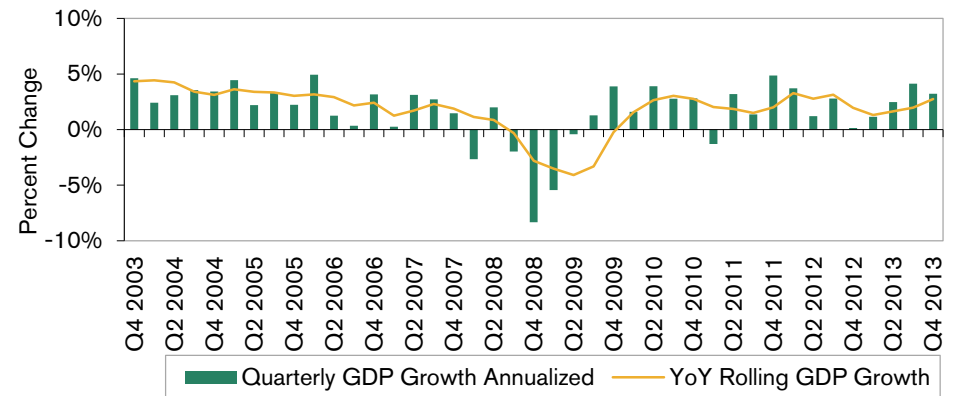
### GDP Growth

Real GDP grew at an annualized rate of 3.2 percent in Q4, which was less than the 4.1 percent growth in Q3. In 2013, real GDP rose 1.9 percent versus 2.8 percent in 2012. The adjacent graph shows annualized GDP growth, along with the year-over-year (YoY) rolling percentage change in GDP.

Positives to Q4 GDP growth included consumption, nonresidential fixed investment, inventories and net exports. Decreased government spending was a detractor.

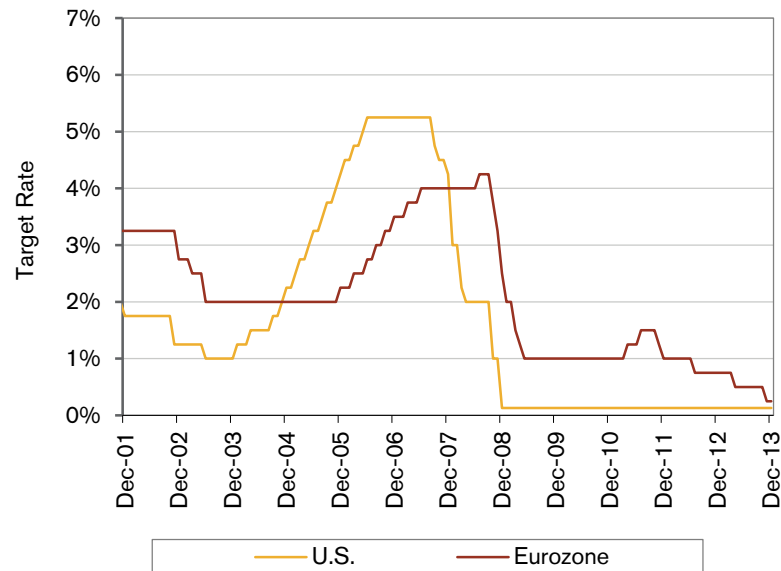
Reduced growth in inventories was a large cause of slower real GDP growth in Q4. Inventory growth was a significant contributor to real GDP in Q3. Consumer spending and net exports both increased substantially over Q3 growth.

### U.S. GDP Growth: Annualized Quarterly and Year-over-Year (YoY) Rolling (%)



Source: Bureau of Economic Analysis

### Target Rates: U.S. and Eurozone



Sources: Segal Rogerscasey using data from the Federal Reserve Board, the European Central Bank and the Bank of Japan

### Monetary Policy

As its December meeting, the Federal Open Market Committee (FOMC) announced it would modestly taper its quantitative easing program starting in January 2014. The FOMC stated it would continue purchasing agency mortgage-backed securities in the amount of \$35 billion each month (down from \$40 billion) and long-term Treasuries in the amount of \$40 billion per month (down from \$45 billion). The FOMC maintained its exceptionally low target range for the Federal Funds Rate between 0.0 and 0.25 percent, and intends to do so as long as unemployment is above 6.5 percent. Over the next one or two years, inflation is projected to be no more than 0.5 percent above the FOMC's 2 percent target.

The European Central Bank (ECB) lowered its target rate to 0.25 percent because the euro appreciated and there was an elevated risk of deflation. The ECB will not deploy another long-term refinancing operation unless it is more confident it would stimulate the economy. Unemployment remained high and private sector lending was still contracting.

The Bank of Japan (BoJ) continued its quantitative and qualitative easing policy with the goal of increasing the monetary base at an annual amount of approximately 60-70 trillion yen. Asset purchases will continue in the following guideline amounts: Japanese Government bonds (JGB) 50 trillion yen annually with average remaining maturity of JGB's of approximately 7 years, exchange-traded funds and Japanese real estate investment trusts annually in the amounts of 1 trillion yen and 30 billion yen, respectively, commercial paper and corporate bonds until they reach 2.2 trillion yen and 3.2 trillion yen, respectively, after which they will maintain those amounts outstanding.

## World Economy: Key Indicators

This section provides data on select U.S. and global economic indicators for Q4 2013 along with Segal Rogerscasey's commentary.

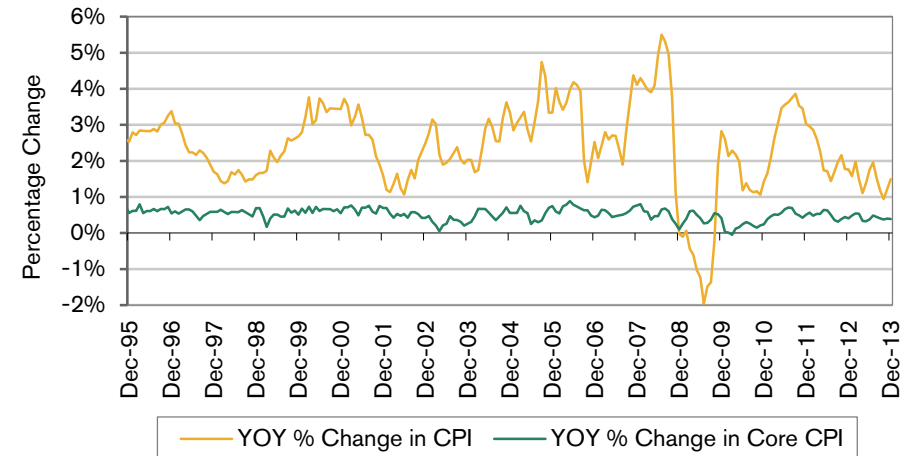
### Inflation

The headline Consumer Price Index (CPI)\* was up 0.3 percent in Q4 (rising each month), and advanced 1.5 percent on a YoY basis. Major contributors to December's gains included the energy and shelter indices, and minor contributors were apparel, tobacco, and personal care. Detractors were airline fares, recreation, household furnishing and operations, and used cars and trucks.

The food index has experienced very small increases and has not had a monthly gain greater than 0.1 percent since June.

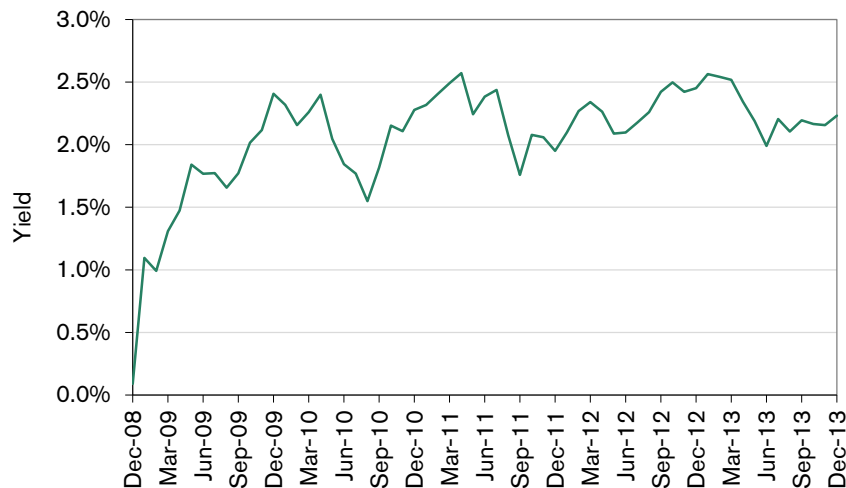
Core CPI, which excludes both food and energy prices, rose 0.4 percent in Q4, bringing the YoY core CPI to 1.7 percent.

### Headline CPI and Core CPI: Percentage Change YoY



Source: Bureau of Labor Statistics

### 10-Year Break-Even Inflation Rate



Source: Bloomberg

### Break-Even Inflation

The adjacent graph shows the 10-year break-even inflation rate, which measures the difference in yield between a nominal 10-year Treasury bond and a comparable 10-year Treasury inflation-protected security bond (TIPS). The break-even inflation rate is an indicator of the market's inflation expectations over the horizon of the bond.

The 10-year break-even rate increased from 2.19 percent in Q3 to 2.23 percent in Q4. As noted on page 2 (see "Monetary Policy"), the FOMC announced a modest reduction in its quantitative easing program due to progress in employment and expanded economic activity. The FOMC also noted that longer-term inflation is not projected to be more than 0.5 percent above its target of 2 percent.

## World Economy: Key Indicators

This section provides data on select U.S. and global economic indicators for Q4 2013 along with Segal Rogerscasey's commentary.

### Labor Market and the Unemployment Rate

Unemployment declined throughout Q4, ending the quarter at 6.7 percent. Nonfarm payroll employment increased by 74,000 jobs in December, which was well below consensus expectations. November payrolls were revised upward by 38,000 to 241,000. October was unchanged at 200,000 jobs.

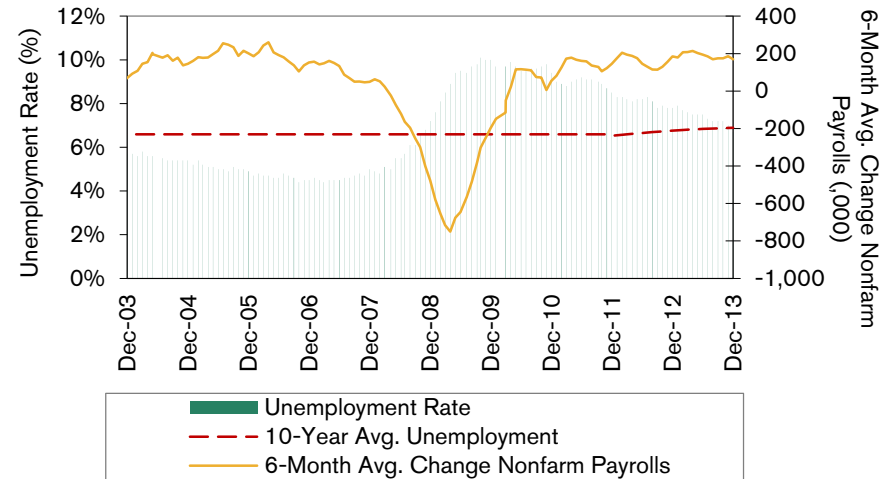
Employment decreases occurred in construction and information technology. Education and healthcare were neutral. Manufacturing and leisure/hospitality minimally increased.

The one-month diffusion index\* fell from 61.3 in September to 58.8 in December.

The labor force participation rate declined from 63.2 percent in September to 62.8 percent in December.

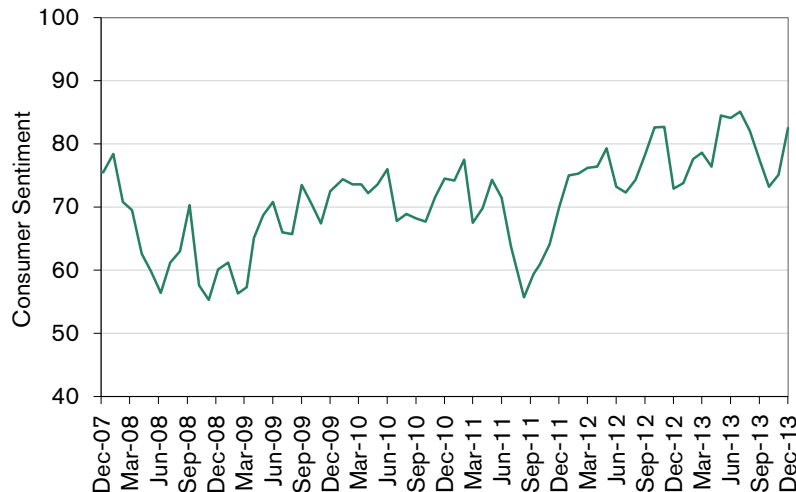
\*Per the Bureau of Labor Statistics, figures represent the percent of industries with employment increasing plus one-half of the industries with unchanged employment, where 50 percent indicates an equal balance between industries with increasing and decreasing employment.

### Unemployment and Nonfarm Payrolls



Source: Bureau of Labor Statistics

### U.S. Consumer Sentiment (December 2007 – December 2013)



Source: Moody's Economy.com using data from the Thomson Reuters/University of Michigan Consumer Sentiment Index

### Consumer Sentiment

The University of Michigan Index of U.S. Consumer Sentiment is an economic indicator that measures individuals' confidence in the stability of their incomes as well as the state of the economy. The Consumer Sentiment Index stood at 82.5 for December, up from September's 77.5. Views on both present conditions and expectations increased.

Increased consumer confidence was driven by job growth, the relatively benign effects of the government shutdown, and the continued economic recovery.

Wages and personal income grew slightly.

Inflation expectations on both a 1 and 5 year basis decreased from September to December.

# Investor Sentiment: Mutual Fund Flows

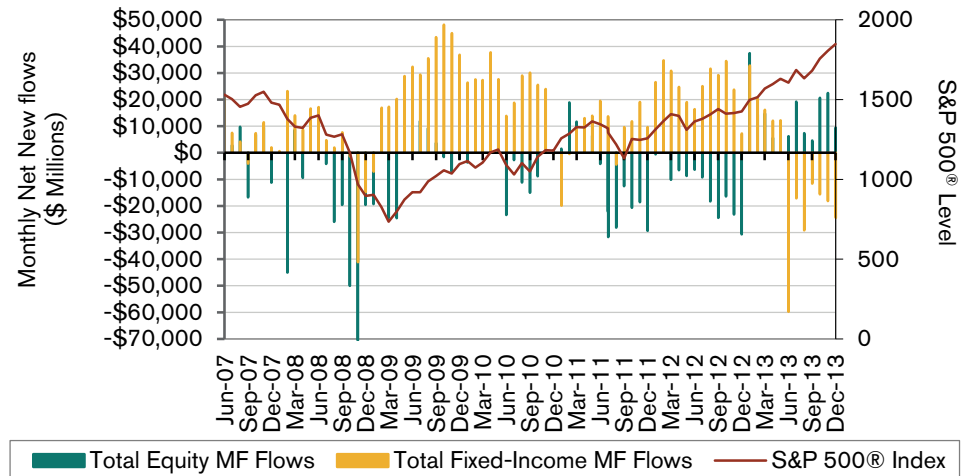
This page presents mutual fund flows across equity and fixed-income funds. Flow estimates are derived from data collected covering more than 95 percent of industry assets and are adjusted to represent industry totals.

## Net Mutual Fund Flows

The adjacent graph shows net flows into equity and fixed-income mutual funds. In Q4, mutual funds experienced net outflows of approximately \$5.5 billion. Outflows were once again driven by fixed-income mutual funds, which experienced negative flows in each of the three months through December. Positive economic data and the Federal Reserve (Fed)'s surprise announcement that it would reduce quantitative easing caused rates to rise through year-end. Rates on the short end stayed anchored after the Fed renewed its commitment to keep the interest rate target near zero for the foreseeable future.

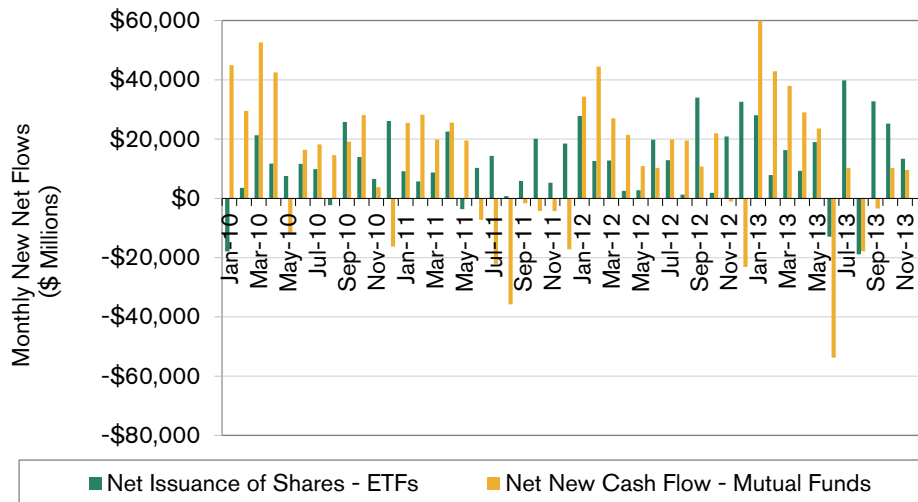
Equity mutual funds experienced \$52.7 billion in inflows during Q4, driven by international mutual fund inflows of \$42.2 billion. Hybrid mutual funds also experienced positive inflows of \$14.6 billion. Domestic equity mutual funds had strong inflows in October and November following an agreement at the beginning of October to end the government shutdown.

Monthly Mutual Fund Net Flows (\$ Millions) Q4 2013



Source: Investment Company Institute <http://www.ici.org>

Mutual Fund Flows vs. ETFs (\$ Millions): New Net Cash Flows



Source: Investment Company Institute <http://www.ici.org>

Mutual Fund Flows vs. Exchange-Traded Funds

Mutual funds had over \$9.0 billion in net inflows during Q4. ETFs experienced net inflows totaling \$38.6 billion during October and November 2013. (December numbers have not yet been reported.) This brings total ETF issuance for 2013 to \$159.9 billion, surpassing the \$58.4 billion in net issuance that ETFs experienced in all of 2012.

Total assets are now \$1.64 trillion, up from \$1.3 trillion in November 2012. All types of ETFs except fixed-income ETFs experienced inflows from September to November.

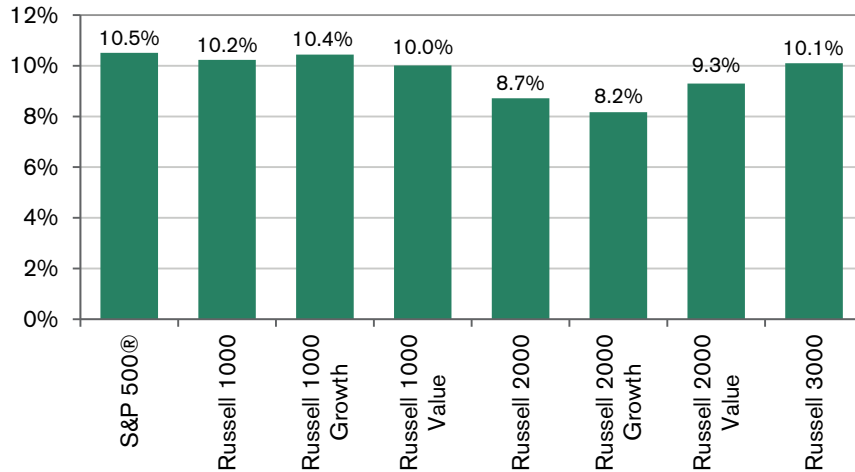
\*Includes domestic equity, foreign equity, taxable bond, municipal bond and hybrid mutual funds.

## Investment Performance: U.S. Equities

This section presents data and Segal Rogerscasey's commentary on U.S. equity index returns and sector performance for Q4 2013.

### U.S. Equity Index Returns

The graph below illustrates Q4 2013 rates of return for selected U.S. equity indices. The table shows returns for the latest quarter, year-to-date, one-year, three-year, five-year and 10-year annualized timeframes. All data in the table are percentages.



Equity Indices	QTD	YTD	1 Year	3 Year	5 Year	10 Year
S&P 500® Index	10.51	32.39	32.39	16.18	17.94	7.41
Russell 1000	10.23	33.11	33.11	16.30	18.59	7.78
Russell 1000 Growth	10.44	33.48	33.48	16.45	20.39	7.83
Russell 1000 Value	10.01	32.53	32.53	16.06	16.67	7.58
Russell 2000	8.72	38.82	38.82	15.67	20.08	9.07
Russell 2000 Growth	8.17	43.30	43.30	16.82	22.58	9.41
Russell 2000 Value	9.30	34.52	34.52	14.49	17.64	8.61
Russell 3000	10.10	33.55	33.55	16.24	18.71	7.88

Sources: Standard & Poor's and Russell Investments

### S&P 500 Index® Sector Performance – Q4 2013

Sector	QTD (%)	YTD (%)
Consumer Discretionary	10.8	43.1
Consumer Staples	8.7	26.1
Energy	8.4	25.1
Financials	10.3	35.6
Healthcare	10.1	41.5
Industrials	13.5	40.7
Information Technology	13.3	28.4
Materials	10.7	25.6
Telecommunications Services	5.5	11.5
Utilities	2.8	13.2

This table shows quarter-to-date and year-to-date price changes for each sector.

Source: Standard & Poor's

### Index and Sector Performance

Q4 was another strong quarter for U.S. stocks, contributing to a momentous year-end return. The Russell 3000 Index posted a 10.1 percent return in Q4 and ended 2013 up 33.6 percent, which is its highest annual return of this century and since 1995 (36.8 percent). Performance continued to be driven by risk-seeking investors, as high beta and high volatility stocks did well. The long-awaited taper of the Fed's bond purchasing program along with Congressional compromise on the recent budget sustained the U.S. equity rally through the end of the year.

For 2013, small-cap stocks trumped large caps across styles, and growth stocks outperformed value and core in both small and large caps. All sectors within the S&P 500® Index posted positive results during Q4 and for the year. Industrials (13.5 percent), Information Technology (13.3 percent), and Consumer Discretionary (10.8 percent) were the top performers of Q4. Consumer Discretionary (43.1 percent), Healthcare (41.5 percent) and Industrials (40.7 percent) fared the best this year. Defensive sectors such as Utilities and Telecommunications Services, although positive, lagged the other sectors substantially in both QTD and YTD measures.



## Investment Performance: U.S. Equities

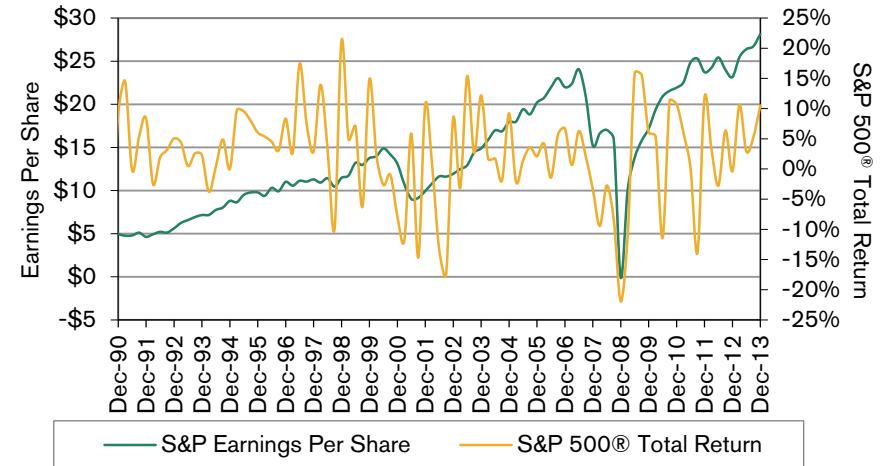
This section presents Segal Rogerscasey's commentary on U.S. equity earnings and growth- vs. value-stock performance for Q4 2013.

### U.S. Equity Market Earnings and Volatility

The adjacent graph compares the total return and the earnings per share of companies in the S&P 500 Index<sup>®</sup> since September 1990. With the exception of the slight drops during Q4 2011 and the second half of 2012, earnings per share of companies in the S&P 500 Index<sup>®</sup> have been trending upward since 2008, ending Q4 2013 at \$28.14, a 10-year high. Q3 2013 earnings were revised upward to \$26.92. Current earnings remain well above those of Q4 2008, which bottomed at \$-0.09.

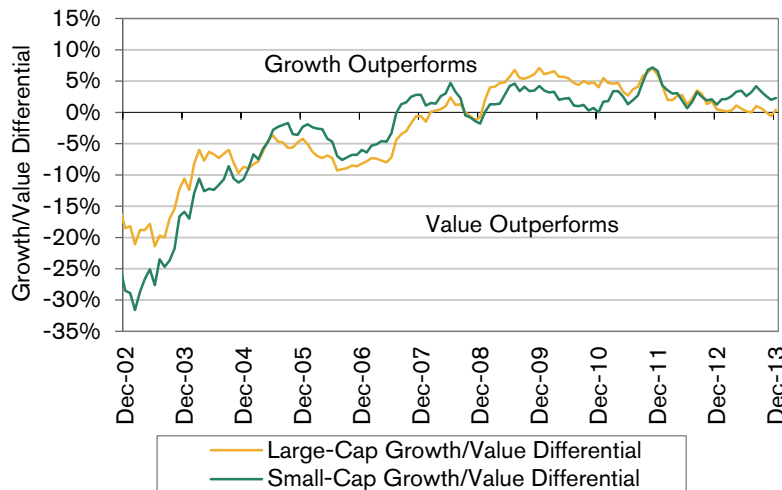
Earnings are perhaps the single most studied metric in a company's financial statements because they show a company's profitability. A company's quarterly and annual earnings are typically compared to analysts' estimates and guidance provided by the company itself. In most situations, when earnings do not meet either of those estimates, a company's stock price will tend to drop. On the other hand, when actual earnings beat estimates by a significant amount, the share price will likely surge.

### S&P 500<sup>®</sup> Index: Total Return and Earnings Per Share (Quarterly)



Source: Standard & Poor's

### Growth Stocks vs. Value Stocks (Rolling 3-Year)



Source: Russell Investments

### Growth vs. Value

The adjacent graph depicts the growth versus value differential for both large- and small-cap stocks. The large-cap differential is composed of the Russell 1000 Growth (R1000G) versus the Russell 1000 Value (R1000V) and the small-cap differential is composed of the Russell 2000 Growth (R2000G) versus the Russell 2000 Value (R2000V).

The R1000G outpaced the R1000V for each rolling three-year period since January 2009 with the exception of the period ending July 2013, when the large-cap growth/value differential was flat, and in the period ending November 2013 (-61 bps). As of December 31, 2013, the R1000G has outperformed the R1000V on a trailing three-year (39 bps), five-year (372 bps), and 10-year (25 bps) basis.

Similar to large-cap stocks, the R2000G outpaced the R2000V for each rolling three-year period since January 2009, with the exception of the period ending December 2010, when the small-cap growth/value differential was flat. In addition, the R2000G has outpaced the R2000V on a trailing three-year (233 bps), five-year (494 bps) and 10-year (80 bps) basis.

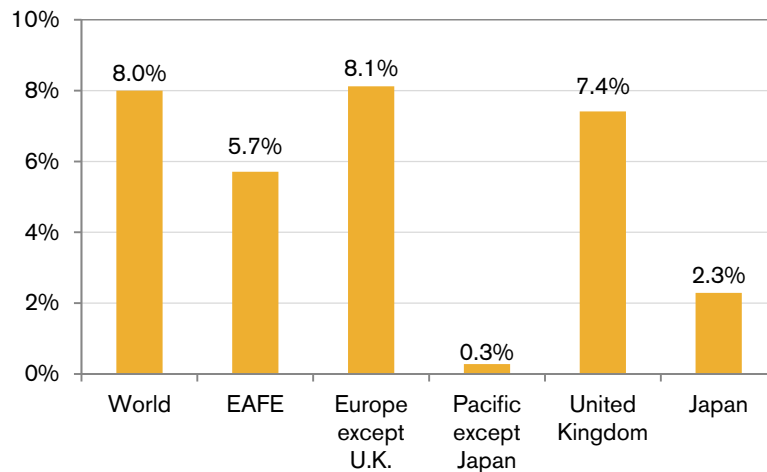
\*As a reminder, 10 basis points (bps) equals 0.1 percent.

## Investment Performance: Non-U.S. Equities

This section presents data and Segal Rogerscasey's commentary on international equity returns and sector performance for Q4 2013.

### MSCI Non-U.S. Equity Index Returns

The graph below illustrates Q4 2013 rates of return for selected non-U.S. equity indices. The table shows returns for the latest quarter, year-to-date, one-year, three-year, five-year and 10-year annualized timeframes. All data in the table are percentages.



MSCI Indices	QTD	YTD	1 Year	3 Year	5 Year	10 Year
World	8.00	26.68	26.68	11.49	15.02	6.98
Europe, Australasia and Far East (EAFE)	5.71	22.78	22.78	8.17	12.44	6.91
Europe except U.K.	8.12	27.65	27.65	9.47	12.05	7.40
Pacific except Japan	0.28	5.49	5.49	4.65	18.29	11.20
United Kingdom	7.41	20.67	20.67	10.66	16.13	7.08
Japan	2.29	27.16	27.16	5.63	7.65	4.24

Source: Morgan Stanley Capital International

### MSCI EAFE Sector Performance – Q4 2013

	QTD (%)	YTD (%)
Consumer Discretionary	5.1	32.3
Consumer Staples	3.2	14.0
Energy	5.7	7.6
Financials	5.7	20.7
Healthcare	7.2	25.0
Industrials	4.8	21.8
Information Technology	8.0	24.8
Materials	2.9	0.2
Telecommunications Services	10.7	40.6
Utilities	0.9	9.2

This table shows quarter-to-date and year-to-date price changes for each sector.  
Source: Morgan Stanley Capital International

### Index and Sector Performance

Q4 was another positive quarter for international equity, as measured by the MSCI EAFE Index (5.7 percent). Improving investor sentiment and reduced austerity measures helped boost European markets, but weak numbers from Australasia were a drag on the overall return. The MSCI EAFE, World and Europe ex U.K. indices gained on a monthly basis since September and ended 2013 at 22.78 percent, 26.68 percent, and 27.65 percent, respectively.

All of the major non-U.S. regions posted positive returns in Q4. Europe ex U.K. (8.1 percent) performed the best due to the ECB's decision to cut the lending rate, which signaled a desire for growth. With the exception of New Zealand (-4.1 percent) and Australia (-0.9 percent), all developed non-U.S. nations posted Q4 gains. Not surprisingly, the highest returns were generated by European countries, notably Germany (13.3 percent), Finland (11.8 percent) and Spain (11.4 percent).

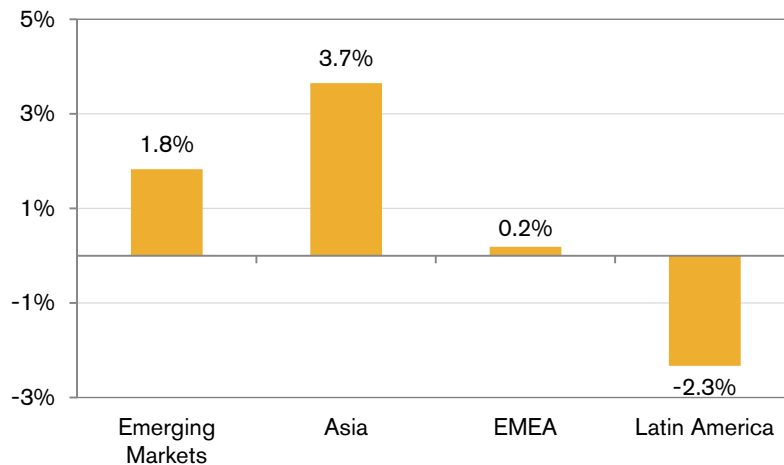
All sectors within the MSCI EAFE Index were positive in Q4. Generally, the more cyclical sectors, such as Technology (8.0 percent), Financials (5.7 percent) and Energy (5.7 percent), fared better; however, the historically defensive Telecommunication Services (10.7 percent) sector significantly outperformed the group in Q4 and for the year (40.6 percent).

## Investment Performance: Emerging Market Equities

This section presents data and commentary on emerging market (EM) equity returns and sector performance for Q4 2013.

### MSCI Emerging Market Equity Index Returns

The graph below illustrates Q4 2013 rates of return for selected emerging market equity indices. The table shows returns for the latest quarter, year-to-date, one-year, three-year, five-year and 10-year annualized timeframes. All data in the table are percentages.



MSCI EM Indices	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Emerging Markets (All)	1.83	-2.60	-2.60	-2.06	14.79	11.17
Asia	3.65	1.98	1.98	0.57	16.01	10.42
Europe, Middle East and Africa (EMEA)	0.19	-5.16	-5.16	-2.73	13.77	9.98
Latin America	-2.33	-13.36	-13.36	-8.77	12.15	14.52

Source: Morgan Stanley Capital International

### MSCI EM Sector Performance – Q4 2013

	QTD (%)	YTD (%)
Consumer Discretionary	2.5	5.8
Consumer Staples	-1.6	-3.8
Energy	-2.6	-10.7
Financials	1.0	-4.2
Healthcare	4.6	9.1
Industrials	2.8	-1.0
Information Technology	7.9	14.0
Materials	2.1	-17.0
Telecommunications Services	0.0	-1.7
Utilities	4.7	-3.1

This table shows quarter-to-date and year-to-date price changes for each sector.  
Source: Morgan Stanley Capital International

### Index and Sector Performance

The MSCI Emerging Markets (EM) Index rose 1.8 percent in Q4, marking its second straight quarterly increase, but ended 2013 with a -2.6 percent return. Currency had a negative contribution to Q4's performance, as the MSCI EM Index increased 3.0 percent in local currency terms. Emerging markets continued to lag developed markets.

All regions within EM except for Latin America (-2.3 percent) posted gains during Q4. Asia (3.7 percent) was the only region to materially increase, as EMEA (0.2 percent) was relatively unchanged. Egypt (19.4 percent) and India (10.3 percent) were the top performing EM countries in Q4. Egypt's strong performance was due to monetary and fiscal policy actions taken to spur economic growth despite double-digit inflation. Colombia (-11.1 percent) was the worst performer in Latin America and of the broader index. Despite strong Q3 GDP growth, Colombia experienced numerous Marxist rebel attacks on the country's energy infrastructure during peace negotiations, which worried many investors.

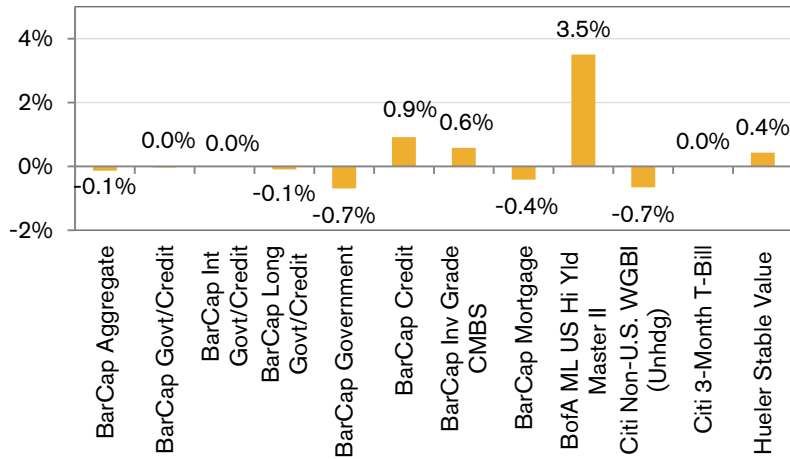
There was no discernable trend between the performance of cyclical sectors and defensive sectors. Information Technology (7.9 percent), Utilities (4.7 percent) and Healthcare (4.6 percent) had the strongest returns. Only two sectors, Energy (-2.6 percent) and Consumer Staples (-1.6 percent), fell in Q4. Three sectors posted gains for the year: Consumer Discretionary (5.8 percent), Healthcare (9.1 percent) and Information Technology (14.0 percent).

## Investment Performance: U.S. Fixed Income

This section presents select U.S. fixed-income index data along with commentary on option-adjusted spreads (OAS) during Q4 2013.

### U.S. Fixed Income Index Returns

The graph below illustrates Q4 2013 rates of return for selected U.S. fixed-income indices. The table shows returns for the latest quarter, year-to-date, one-year, three-year, five-year and 10-year annualized timeframes. All data in the table are percentages.



Fixed-Income Indices	QTD	YTD	1 Year	3 Year	5 Year	10 Year
BarCap* Aggregate	-0.14	-2.02	-2.02	3.26	4.44	4.55
BarCap* Govt/Credit	-0.03	-2.35	-2.35	3.63	4.40	4.52
BarCap* Intermediate Govt/Credit	-0.02	-0.86	-0.86	2.91	3.96	4.09
BarCap* L/T Govt/Credit	-0.10	-8.83	-8.83	6.70	6.41	6.36
BarCap* Government	-0.69	-2.60	-2.60	2.71	2.26	4.14
BarCap* Credit	0.92	-2.01	-2.01	5.11	7.89	5.23
BarCap* Inv. Grade CMBS	0.58	0.18	0.18	5.49	12.69	5.05
BarCap* Mortgage	-0.42	-1.41	-1.41	2.42	3.69	4.61
BofA ML U.S. High Yield Master II	3.50	7.42	7.42	9.03	18.65	8.46
Citigroup Non-U.S. WGBI** (Unhedged)	-0.66	-4.00	-4.00	0.82	2.39	4.17
Citigroup 3-Month T-Bill	0.00	0.06	0.06	0.07	0.09	1.59
Hueler Stable Value	0.43	1.84	1.84	2.26	2.60	3.60

Sources: Barclays Capital, Citigroup and Hueler Analytics

### OAS\* in Bps

	9/30/13	12/31/13	Change in OAS	10-Year Average
U.S. Aggregate Index	54	45	-9	70
U.S. Agency (Non-mortgage) Sector	21	17	-4	42
Mortgage and Asset-Backed Securities Sectors:				
• U.S. Agency Pass-Throughs	43	34	-9	57
• Asset-Backed Securities	64	55	-9	144
• Commercial Mortgage-Backed Securities	141	126	-15	247
Credit Sectors:				
• U.S. Investment Grade	141	114	-27	173
– Industrial	142	114	-28	158
– Utility	146	125	-21	162
– Financial Institutions	139	109	-30	199
• U.S. High Yield	461	382	-79	561

\*OAS is the yield spread of bonds versus Treasury yields taking into consideration differing bond options.  
Source: Barclays Capital

### Option-Adjusted Spreads

Most fixed income sectors delivered negative returns due to rising interest rates, but longer-duration securities fared the worst. Although spreads tightened modestly across fixed income sectors, it was not enough to offset the impact of higher yields. The spreads on commercial mortgages tightened by 15 bps, while the spreads on agency pass-throughs and asset-backed securities both tightened by 9 bps.

Within agency mortgages, lower coupon securities underperformed higher coupon securities in response to the Fed's tapering announcement. The Fed purchases lower coupon issues as part of its quantitative easing program and investors feared that the tapering and the eventual end of the Fed's support would adversely affect the technicals for the lower coupon issues.

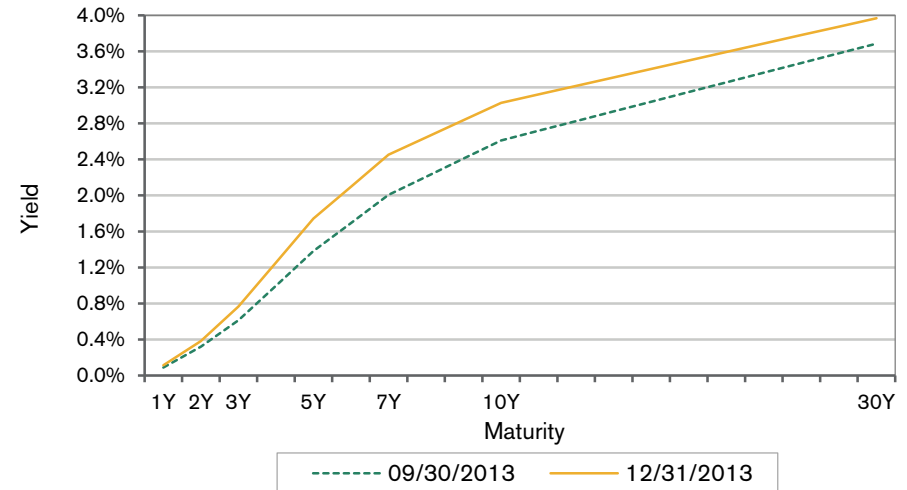
## Investment Performance: U.S. Fixed Income

This section presents commentary on the U.S. Treasury yield curve and credit spreads during Q4 2013.

### Yield Curve

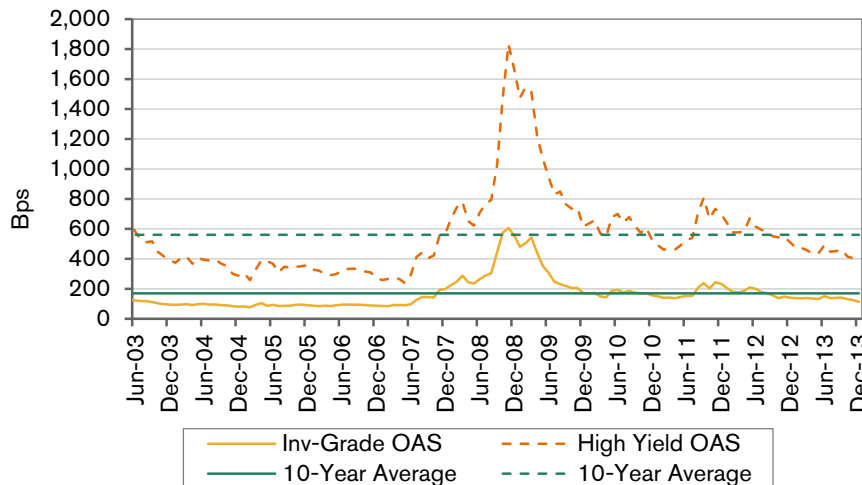
On December 18, 2013, the Fed announced a \$10 billion reduction of its bond-buying program. The Fed will decrease the amount of monthly Treasury and Agency mortgages by \$5 billion each, reducing the rate of total purchases to \$75 billion per month. The Fed's announcement, coupled with stronger economic data, led to a rise in rates excepting shorter-term rates, which remained anchored to the Fed policy rate. The 10-year U.S. Treasury climbed to 3.03 percent in December 2013, the highest level in over two years.

### U.S. Treasury Yield Curve



Source: Bloomberg

### Barclays Capital Corporate Bond Spreads



Source: Barclays Capital

### Credit Spreads

Investment-grade corporate spreads tightened by 27 bps during Q4, ending the quarter with an option-adjusted spread of 114 bps over Treasuries, as shown in the adjacent graph. Riskier credit-sensitive classes, such as high yield, corporate bonds, and leverage loans, outperformed Treasuries, as investors viewed the Fed's taper decision as a sign of improving economic conditions.

High yield bond prices moved higher due to favorable U.S. economic data and reassurance from the Fed that monetary policy support would continue. Spreads narrowed by 79 bps and finished at 382 bps over Treasuries. Credit risk remained low compared to historic levels as high yield issuers continued to push out maturities through refinancing.

## Investment Performance: Non-U.S. Fixed Income

This page focuses on international fixed-income asset class data and information on EM debt (EMD) for Q4 2013.

### International Fixed Income

In Q4, global sovereign bonds, as measured by the Citigroup World Government Bond Index (WGBI), gained 0.1 percent in local currency terms, but fell 1.1 percent in unhedged terms. The BarCap Global Aggregate Index, which includes spread sectors, fell 0.4 percent, outperforming the sovereign-only Citigroup WGBI Index by roughly 70 bps on an unhedged basis. Non-U.S. government bonds, as measured by the Citigroup Non-U.S. WGBI, outperformed U.S. government bonds by roughly 120 bps in local currency terms, but underperformed by 50 bps in unhedged currency terms. On an unhedged basis, Japan (-6.5 percent) and Australia (-4.7 percent) were once again the worst performers on the back of weak currencies. The Australian dollar resumed its slide, as investors continued to be concerned about the country's exposure to commodity exports, particularly with China. The Japanese yen also came under pressure, as the BoJ maintained its aggressive quantitative easing plan aimed at stamping out deflation.

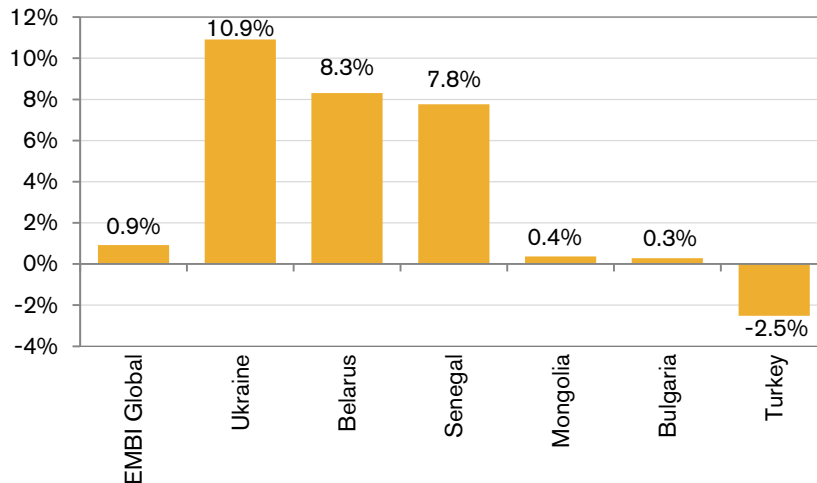
In Europe, subdued inflation pressures led the ECB to cut its benchmark rate from 50 bps to a record low 25 bps. The best performers on an unhedged basis were Italy (5.6 percent) and Spain (3.8 percent), which benefited both from the euro strengthening and spreads tightening. Peripheral European countries outperformed Germany (1.1 percent) and other core European countries in Q4.

### Citigroup WGBI: Returns of Major Constituents (%)

Country	Local Currency Return (Qtr)	Currency Effect	Unhedged Total Return (Qtr)
United States	-0.7	-	-0.7
Canada	-0.2	-3.3	-3.5
Australia	-0.4	-4.3	-4.7
Japan	0.2	-6.6	-6.5
Austria	-0.1	1.8	1.7
Belgium	1.1	1.8	2.9
France	0.3	1.8	2.1
Germany	-0.7	1.8	1.1
Italy	3.7	1.8	5.6
Netherlands	0.0	1.8	1.8
Spain	1.9	1.8	3.8
United Kingdom	-1.4	2.3	0.8
Non-U.S. Govt. Bond	0.5	-1.7	-1.2
World Govt. Bond	0.1	-1.2	-1.1

Sources: Citigroup and Barclays Capital

### J.P. Morgan EMBI Global Index Best and Worst-Performing Markets



Source: J.P. Morgan

### Emerging Market Debt

In Q4, emerging markets debt (EMD) posted mixed results. Dollar-denominated indices posted positive returns, as narrowing spreads more than offset the negative impact from the higher rates on U.S. Treasuries. The JPMorgan EMBI Global Index (hard dollar sovereigns) and CEMBI Broad Diversified Index (corporates) gained 0.9 percent and 2.0 percent, respectively.

Within the JPMorgan EMBI Global Index, high beta issuers such as Ukraine (10.9 percent), Belarus (8.3 percent) and Senegal (7.8 percent) were the best performers. Ukraine, a sovereign that was beaten down earlier in the year, rose on the back of funding secured from Russia. Turkey (-2.5 percent), which suffers from a large current account deficit and political turmoil, fell in Q4.

By contrast to dollar-denominated indices, local benchmarks experienced modest drawdowns primarily as a result of the currency effect. The Indonesian rupiah, Turkish lira, and Brazilian real were significant detractors on the currency side during Q4. The GBI-EM Global Diversified Index (local issues) registered a loss (-1.5 percent).

## Investment Performance: Commodities and Currencies

This section presents performance information about commodities and major world currencies as of Q4 2013.

### Commodities

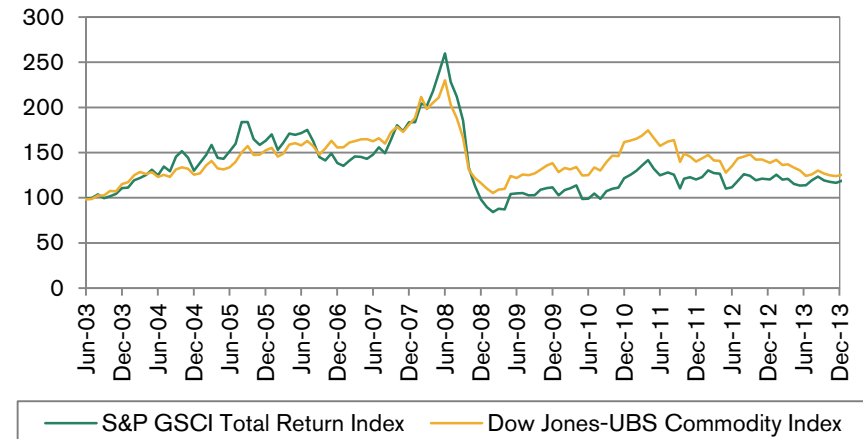
After staging a comeback in Q3, commodities once again faltered in Q4. Performance for the year was weak especially when compared to the rallying equity markets. While both the primary commodity indices were in negative territory for the year, the S&P GSCI (-1.22 percent) outperformed the DJ-UBS (-9.53 percent) due to a higher allocation to energy and lower allocation to agriculture and precious metals, which were the best and worst performers, respectively. In particular, natural gas made significant gains during 2013, while corn and silver prices fell more than 40 percent and 35 percent, respectively. This was the worst year for corn since 1970, as record amounts of corn production and other crops outpaced demand for food, livestock feed and biofuels. Additionally, other precious metals also suffered during 2013. Gold (-28 percent) posted its worst yearly return since 1981.

The adjacent graph shows the major commodity indices, the S&P GSCI\* Index and the Dow Jones-UBS Commodity Index\*\*

\* The S&P GSCI Index is calculated primarily on a world production-weighted basis and is composed of the principal physical commodities that are the subject of active, liquid futures markets.

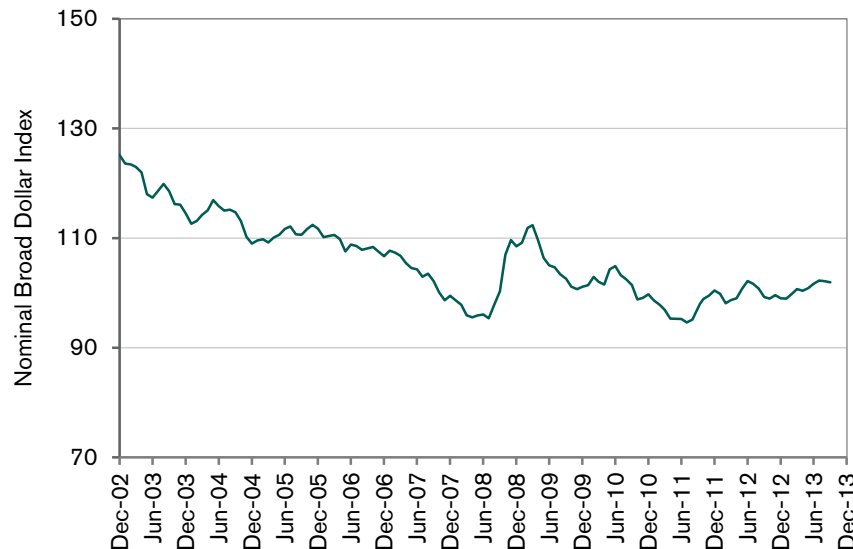
\*\* The DJ-UBS Index is composed of futures contracts on physical commodities, with weighting restrictions on individual commodities and commodity groups to promote diversification.

### Monthly Commodity Returns, Growth of \$100: June 2003 – December 2013



Sources: eVestment Alliance and Deutsche Bank

### Nominal Broad Dollar Index: USD vs. Basket of Major Trading Partners



Sources: Federal Reserve and Bloomberg

### Currencies

The adjacent graph shows the U.S. dollar (USD) against a basket of 16 major market currencies, including those listed in the table below: the Canadian dollar (CAD), the euro (EUR), the Japanese yen (JPY), the Swiss franc (CHF), and the British pound-sterling (GBP).

In Q4, the U.S. nominal broad dollar modestly strengthened by 0.10 percent. The USD should benefit throughout 2014 as the Fed reduces quantitative easing. The JPY's weak performance against the USD was largely affected by the BoJ's massive quantitative easing program and the Japanese government's aggressive fiscal policies.

USD Major Trading Partners	Pairs	Q4 Level	YTD (%)	5-Year Average
Canada	USD/CAD	1.0623	7.08%	1.0388
Eurozone	USD/EUR	0.7277	-4.00%	0.7442
Japan	USD/JPY	105.31	21.39%	87.6758
Switzerland	USD/CHF	0.8929	-2.46%	0.9721
U.K.	USD/GBP	0.604	-1.85%	0.6351

# Investment Performance: Hedge Funds

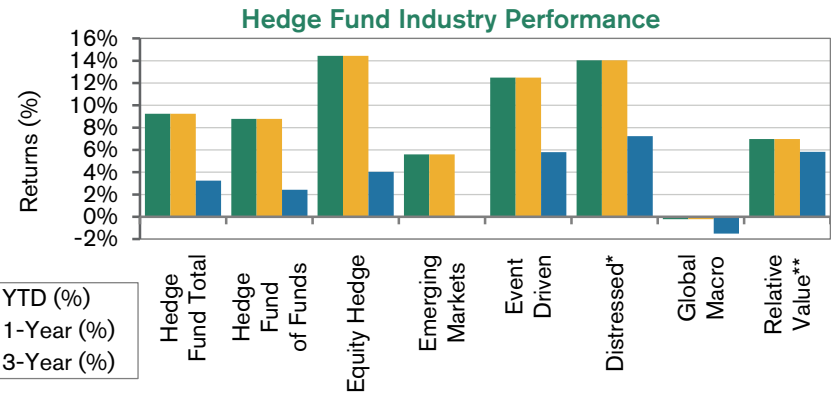
This section provides an overview of hedge fund results along with an analysis of strategy performance during Q4 2013.

## Hedge Fund Overview

The Hedge Fund Research, Inc. (HFRI) Fund Weighted Composite Index gained 3.6 percent in Q4, bringing the 2013 return to 9.2 percent. Hedge funds recorded profits in all three months of Q4. All of the major hedge fund strategies posted positive performance, but Equity Hedge (4.8 percent) and Event-Driven (3.8 percent) generated the greatest returns. Global Macro (2.0 percent) continued to lag.

Longer-term results are positive, with hedge funds recording a gain of 4.0 percent over the three-year period ending December 31, 2013, as measured by the HFRI Fund Weighted Composite Index.

Hedge funds of funds also gained in Q4, as represented by the HFRI Fund of Funds (FOF) Composite Index's 3.5 percent increase. The HFRI FOF: Conservative Index underperformed this broader index with a 2.7 percent return while the HFRI FOF: Diversified Index gained 3.6 percent.



\* Distressed funds focus on companies that are close to or in bankruptcy.

\*\*Relative-value funds focus on arbitrage opportunities between equity and fixed income securities.

Source: Hedge Fund Research, Inc.

## HFRI Index Returns – Q4 2013 (%)

	Oct	Nov	Dec	QTD	YTD
Fund of Funds Composite	1.2	1.1	1.2	3.5	8.8
FOF: Conservative	1.0	0.8	0.8	2.7	7.7
FOF: Diversified	1.2	1.2	1.3	3.6	8.7
Fund Weighted Composite	1.5	0.9	1.1	3.6	9.2
Equity Hedge (Total)	2.0	1.2	1.5	4.8	14.4
Equity Market Neutral	1.4	0.8	0.4	2.7	6.7
Short Bias	-0.9	-0.9	-0.7	-2.4	-16.0
Event-Driven (Total)	1.5	1.1	1.2	3.8	12.5
Distressed/Restructuring	1.7	1.2	1.4	4.4	14.0
Merger Arbitrage	0.5	0.4	0.6	1.5	4.8
Relative Value (Total)	1.1	0.5	0.7	2.3	7.0
FI-Convertible Arbitrage	1.0	0.0	0.4	1.3	7.8
Global Macro (Total)	0.9	0.6	0.6	2.0	-0.2
Emerging Markets (Total)	3.0	0.2	0.5	3.6	5.6

Source: Hedge Fund Research, Inc.

The HFRI Global Macro Index rose 2.0 percent. Positive performance came from both discretionary and systematic macro managers. Profitable trades included long positions in equity indices, EMD and currency trading, while negative factors included primarily long positions in commodity trading.

The HFRI Equity Hedge Index gained 4.8 percent in Q4. As equity markets advanced, managers generated positive performance on the long side of their portfolios stemming from idiosyncratic names, including positions that benefited from better-than-expected earnings results. Gains spanned multiple sectors, such as Healthcare, Technology and Industrials, as well as several regions, including China, Europe, Japan and the U.S. On the other hand, managers were hurt primarily on the short side as many positions traded higher on the back of rising markets.

The HFRI Event-Driven Index rose 3.8 percent. Positive performance came from both equity-event managers as well as credit managers. Gains came in the form of M&A related and post-reorganization equity positions as well as credit securities, including high yield, distressed and structured credit positions (RMBS and ABS). Profits on the long side of managers' portfolios were generally offset by losses from short equity positions and index hedges.

The HFRI Emerging Markets Index gained 3.6 percent. Positive performance came from Asian equity positions, particularly in companies benefiting from local consumption. China was particularly strong on the equity side, while managers struggled to generate performance in Latin America, recording losses from equities and currencies. Eastern Europe and Russia also presented opportunities in rates and FX, while South Africa struggled with labor unrest.

The HFRI Relative Value Index increased 2.3 percent in Q4. Relative Value managers saw positive performance from equity-related trades in the U.S. and Europe, capital structure arbitrage and corporate credit. The convertible bond market saw strong issuance, which aided results; however, portfolio hedges and negative alpha generation offset gains in certain commodity-related positions.



## Investment Performance: Private Equity

This section provides data on private equity industry performance, fundraising, buyout funds, initial public offering (IPO) activity and venture capital. The information in this section reflects the most recent private equity data available.

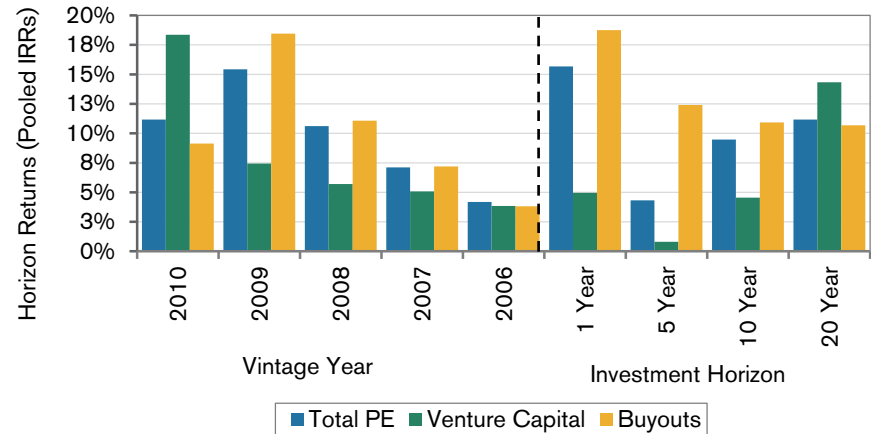
### Private Equity Industry Performance

The adjacent graph shows private equity fund performance as of Q2 2013, calculated as pooled internal rates of return (IRR) of funds reporting to Thomson One. Performance for 2006 through 2010 vintage-year funds, as well as one-, five-, 10- and 20-year returns is calculated for funds in the following categories: all private equity, venture capital and buyouts. While venture and buyout strategies are posting positive returns for these vintage years, buyouts have outperformed venture funds with the exception of the 2010 and 2006 vintage years.

Private equity funds for all regions returned approximately 3.43 percent in Q2 2013. This includes performance across all venture capital (seed/early, later and balanced stages) and buyout funds (small, medium, large, mega and generalist). Over a 20-year period, all private equity, venture capital and buyout funds generated double-digit returns, returning 11.2 percent, 14.3 percent and 10.7 percent, respectively.

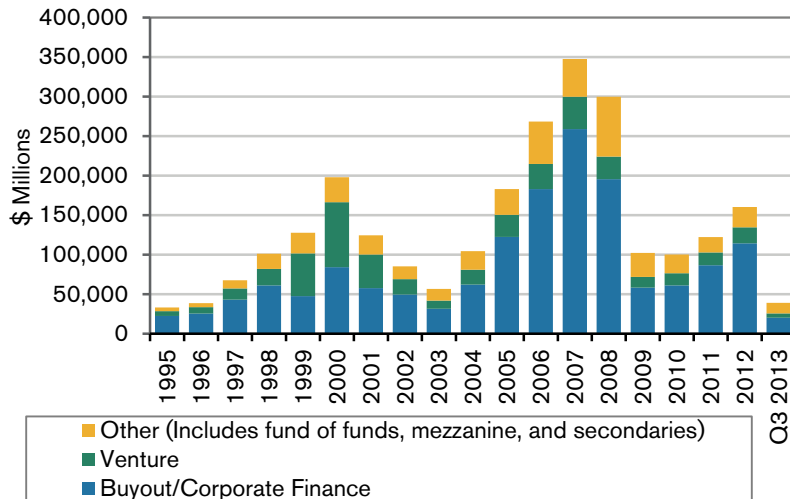
\*\*Vintage year\* refers to the first year capital was committed in a particular fund. Vintage-year performance is calculated as the median percentile returns of all funds reporting as pooled IRRs.

### Private Equity Performance by Vintage Year and Investment Horizon: All Regions



Source: Thomson Reuters

### Private Equity Commitments: United States



\* Includes fund of funds, mezzanine, and secondaries.  
Sources: *The Private Equity Analyst*, Preqin

### Private Equity Overview

According to *Preqin*, fundraising was strong in Q3 2013 with private equity firms in the U.S. raising \$39.0 billion, up 59 percent from the same period in 2012. Despite the increase, fundraising remains substantially lower than the pre-financial crisis levels, which peaked at an annual level of \$350 billion in 2007, as shown in the adjacent graph.

Buyout funds raised \$20.2 billion during Q2, marking a 28 percent decline from the \$25.9 billion raised during Q1. Venture capital and growth funds raised \$5.5 billion across 36 funds. Mezzanine and secondary strategies raised \$5.1 billion and \$6.3 billion, respectively. Venture-backed IPO activity was stronger in Q3, as 26 venture-backed IPOs raised \$2.7 billion, representing a 13 percent increase in volume and 11 percent increase by dollars. This marks the first consecutive quarter to see 20 or more venture-backed IPOs since 2004. There were 107 venture-backed M&A deals, up from 92 in Q2, of which 31 had a disclosed aggregate value of \$4.9 billion, a 45 percent increase from Q2. By deal volume, buyout activity decreased slightly with 113 completed deals in Q3 versus 119 in Q2, but the aggregate value of those deals increased significantly from \$10.4 billion to \$21.1 billion.

Venture capital firms invested \$7.8 billion in 1,005 deals during Q3, a slight increase from Q2 in terms of deal volume and dollars. Meanwhile, buyout deal activity, which has been sluggish, saw an uptick from Q2, as firms completed 441 transactions with a disclosed value of \$46.5 billion. The \$6 billion secondary buyout of Neiman Marcus was the largest deal completed in the quarter.

## Investment Performance: Real Estate

This page presents data and Segal Rogerscasey's commentary on private and public real estate. The information below reflects the most recent data available.

### Private Real Estate

The National Council of Real Estate Investment Fiduciaries (NCREIF) Property Index (NPI), which tracks private real estate in the U.S., gained 2.5 percent during Q4. The total return is composed of 1.3 percent income and 1.2 percent property-level appreciation. Over the trailing one-year period, the Index gained 11.0 percent, composed of 5.2 percent property-level appreciation and 5.6 percent income.

In the regions of the U.S., the South performed the best during Q4 and over the last 12 months, as shown in the adjacent table.

Operating fundamentals continued to improve and shorter-lease-term sectors such as apartments, hotels and storage have generated the strongest operating performance, although the pace of their growth is slowing. High-quality asset values have slightly exceeded peak (2007) levels, while the recovery of secondary asset values has significantly lagged. New supply is increasing in select markets with strong fundamentals; however, with the exception of the apartment sector, the pace is slower than usual.

### National Property Index Sector and Region Performance

	Ending Weight (%)	Returns as of Q4 2013	
		QTD (%)	1 Year (%)
<b>NCREIF NPI Total Return</b>	100.0	2.5	11.0
<b>Sector</b>			
Apartment	24.9	2.5	10.4
Hotel	2.2	2.3	7.7
Industrial	13.6	2.9	12.3
Office	35.9	2.3	9.9
Retail	23.4	2.7	12.9
<b>NCREIF Region</b>			
East	34.7	2.3	9.3
Midwest	9.0	2.1	10.6
South	21.1	2.8	12.5
West	35.1	2.7	11.8

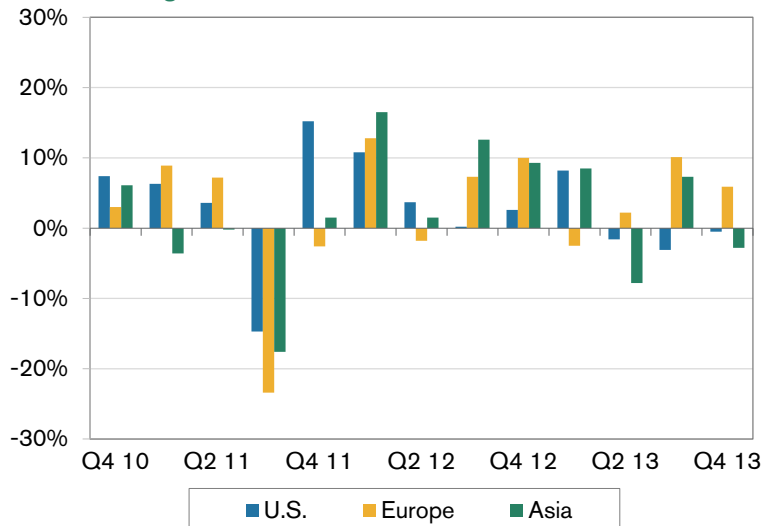
Source: National Council of Real Estate Investment Fiduciaries

### Public Real Estate

The FTSE EPRA/NAREIT Global Developed Real Estate Index total market capitalization remained stable at \$1.1 trillion in Q4, broken down as follows: North America \$536 billion, Europe \$162 billion and Asia \$368 billion. Economic strength in the U.K. partially offset concerns over higher interest rates in the U.S. and resulted in a 0.5 percent decline on a global basis in Q4. Europe (5.9 percent) outperformed the U.S. (-0.7 percent) and Asia (-2.8 percent) as measured by the FTSE EPRA/NAREIT indices. Sector performance in the U.S. was mixed: Lodging (8.3 percent), Manufactured Home Communities (4.6 percent), Regional Malls (2.9 percent), Diversified/Financial (2.5 percent), Central Business District Office (1.7 percent) and Suburban Office (1.3 percent) outperformed the broader index, while Healthcare (-7.5 percent), Self Storage (-6.5 percent), Student Apartments (-5.0 percent), Apartments (-2.8 percent) and Specialty Office (-2.4 percent) underperformed.

Property stocks in Europe benefited from stronger economic data in the U.K., but Asia was hurt by the release of weaker economic data and concerns over higher U.S. interest rates. In Europe, Austria (17.0 percent), Greece (10.7 percent), the U.K. (9.4 percent), Italy (9.3 percent) and Sweden (9.1 percent) outperformed in Q4, while Norway (-9.3 percent), Finland (-2.8 percent), Switzerland (-0.6 percent), Germany (1.1 percent) and the Netherlands (3.9 percent) lagged. In Asia, New Zealand (1.2 percent), Japan (0.5 percent) and Singapore (-2.3 percent) outperformed while Australia (-6.2 percent) and Hong Kong (-6.1 percent) lagged the region as a whole.

### Regional Real Estate Securities Performance



Source: National Association of Real Estate Investment Trusts

# Investment Performance: Real Estate

This page presents data and Segal Rogerscasey's commentary on value-added and opportunistic real estate. The information in this section reflects the most recent data available.

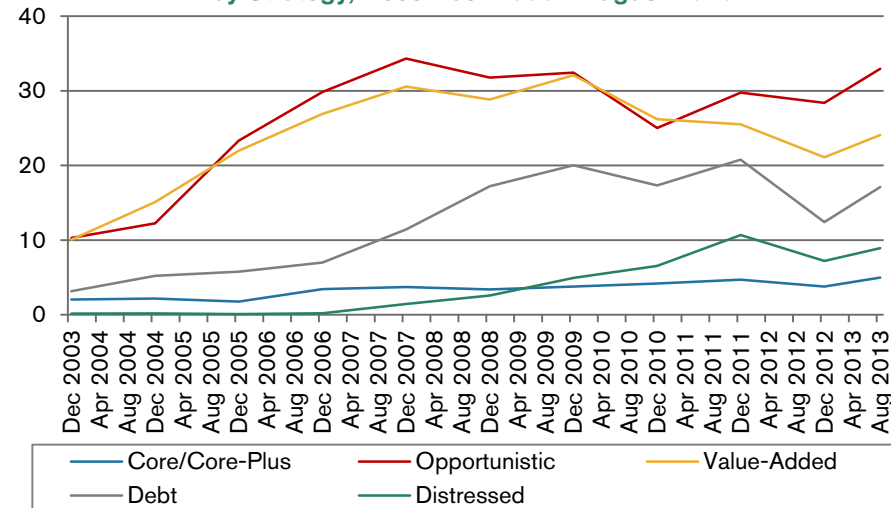
## Value-Added and Opportunistic Real Estate

U.S. private real estate fundraising continues to improve and assets under management are at an all-time high. Fund managers have been able to identify attractive opportunities in which to invest and have been able to exit their investments and return capital as well which is supporting fundraising as investors are able to redeploy this capital. As illustrated in the two graphs below, the annual average global closed-end private real estate fund size reached an all-time high of \$511 million in 2013 with the higher risk/return profile opportunistic and value-added strategies raising the majority of capital. There were 54 opportunistic fund closings and 50 value-added fund closings, which raised \$35 billion and \$16 billion, respectively, representing more than 60 percent of the global closed-end private real estate capital raised in 2013.

As seen in the graph to the right, in December 2012, "dry powder"\* fell to \$79 billion, its lowest level since 2006, but grew to \$98 billion in August 2013. U.S.-focused closed-end private opportunistic and value-added strategies represented almost 60 percent of dry powder with their individual levels reaching \$33 billion and \$24 billion, respectively.

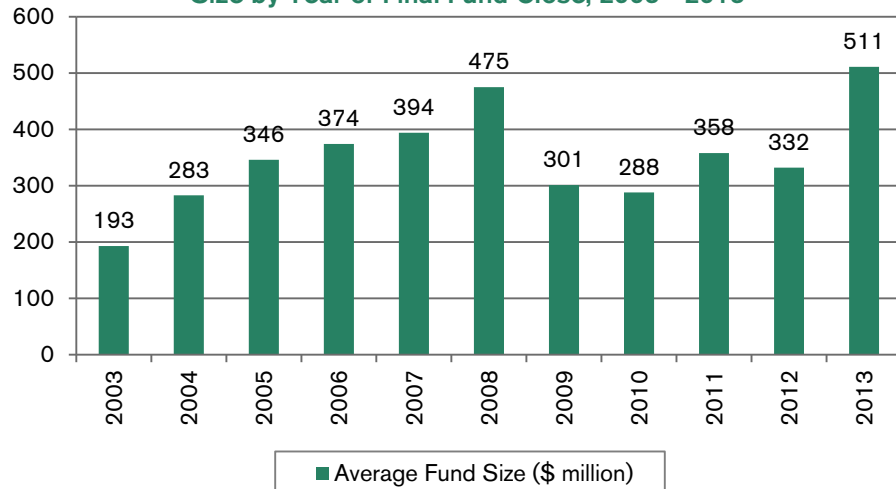
\* "Dry powder" is the amount of capital that has been committed for investment to private real estate funds by limited partners (i.e., investors) but has not been called for investment by general partners (i.e., investment managers).

U.S.-Focused Closed-End Private Real Estate Dry Powder (\$ billion) by Strategy, December 2003 - August 2013



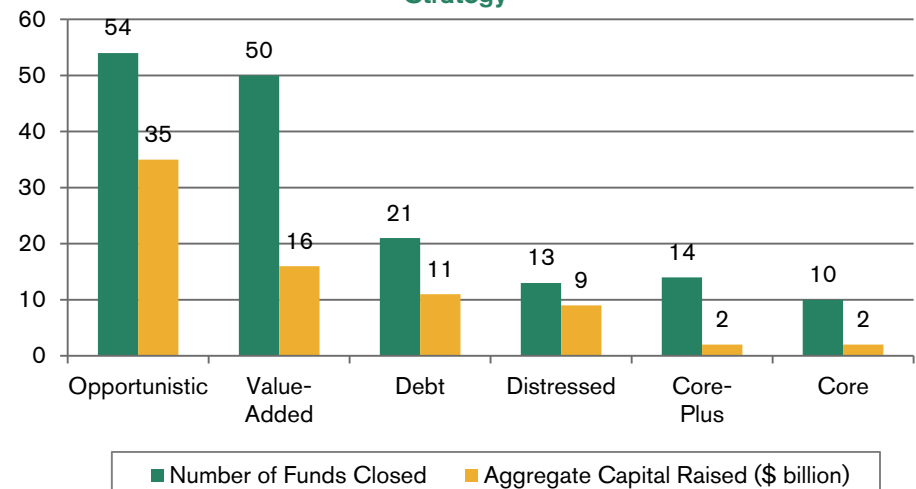
Source: Prequin Real Estate Online

Annual Average Global Closed-End Private Real Estate Fund Size by Year of Final Fund Close, 2003 - 2013



Source: Prequin Real Estate Online

Global Closed-End Private Real Estate Fundraising in 2013 by Strategy



Source: Prequin Real Estate Online

## Noteworthy Developments

Segal Rogerscasey finds the developments discussed in this section to be noteworthy for investors.

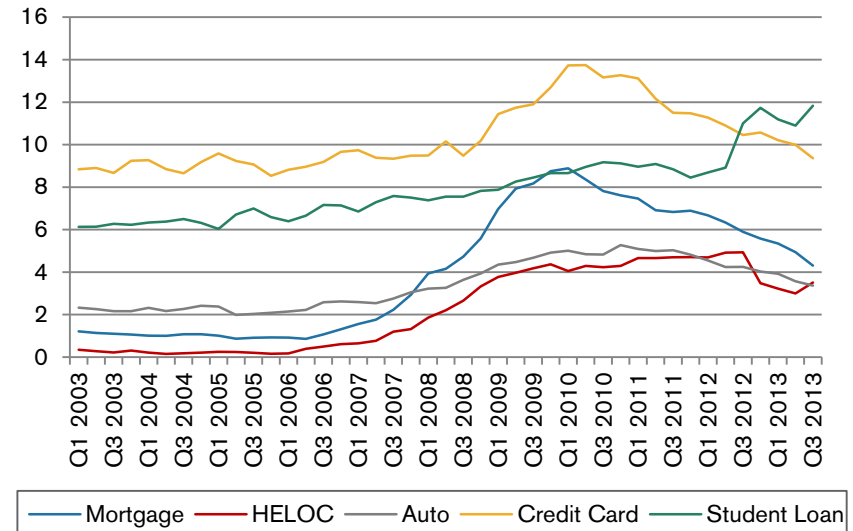
### Rising Student Loan and Home Equity Line of Credit Delinquency Rates Present Potential Headwinds for Economic Growth

The adjacent chart displays the percentage of household debt over 90 days delinquent by the five major loan types comprising the household debt balance. While most delinquency rates have declined, indicating that consumers may have learned the hard lessons of the recession and redoubled their efforts to keep debt at manageable levels, student loan and home equity line of credit (HELOC) delinquency rates have increased and may be potential impediments to a recovering economy.

The continued decline in mortgage, credit card and auto loan delinquency rates—bolstered by rising home prices, the subsistence of low interest rates and steady job growth—indicate more prudent debt management on behalf of the consumer and are positive signs for a healthy economy.

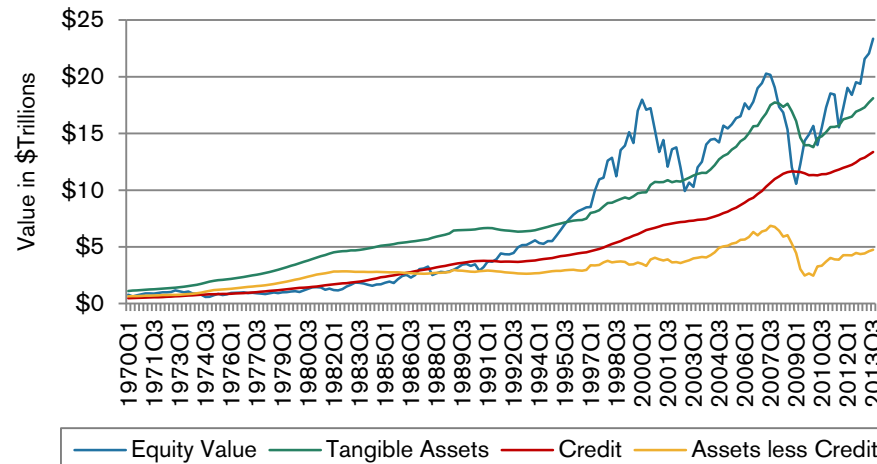
Concurrently, the increasing percentage of student debt loans more than 90 days delinquent, combined with a growing outstanding student debt balance that recently surpassed the \$1 trillion threshold, presents a headwind for economic growth, as those with heavy student debt and decreased access to credit are more likely to delay purchases of a home or a car. The recent uptick in delinquencies on HELOCs, which comprise 5 percent of the debt balance, may also pose a risk going forward. U.S. borrowers are increasingly missing payments on HELOCs they took out during the housing bubble as interest-only introductory periods expire and principal repayment begins. This trend could deal another blow to U.S. banks and the broader economy.

Percent of Household Debt 90+ Days Delinquent by Loan Type



Source: FRBNY Consumer Credit Panel/Equifax

### Corporate Balance Sheets



Sources: The Market Ticker, FedZ1

### Comparing Equity Values to Corporate Balance Sheets

The fact that corporate debt is at record levels, presumably the result of cheap money, has received nowhere as much attention as corporate cash. As a stockholder, one should be concerned with a company's ability to produce goods and not just with the cash on hand or current earnings. Thus, when comparing equity values to corporate balance sheet items, it is more relevant to do so to assets less credit. The ratio (of equity value to assets less credit), on the order of five as of the end of the Q3, is quickly approaching a level last seen just before the 2000 market correction. Another high for equity values and this ratio was attained in 2007. In both cases, the result was a market correction of about 50 percent. So, is this time different? Unlikely.

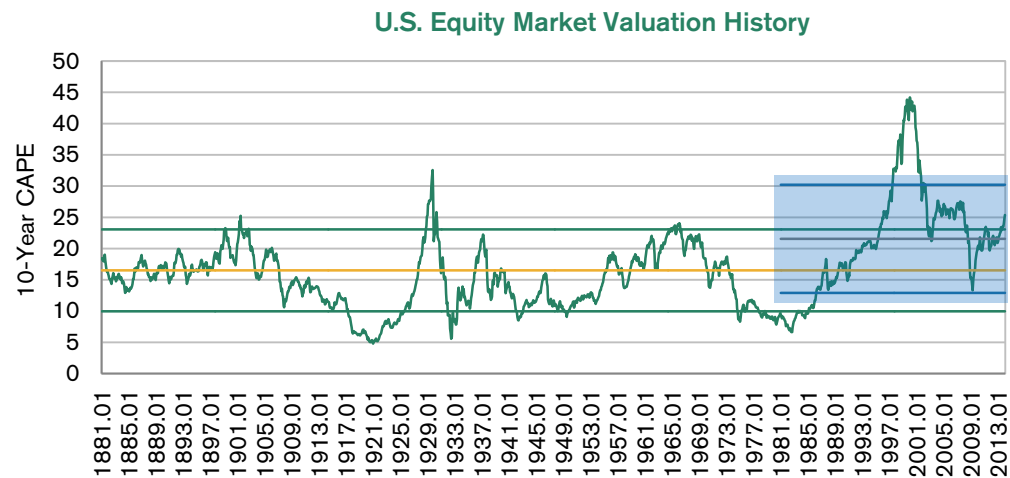
A possible contributing factor to the continuing rise in equity values may be the retail investors' favorable sentiment fed by increasing equity markets. Although mutual fund assets have not returned to pre-crisis levels, the cheaper and more indiscriminate ETFs have attracted record levels of assets.

## Noteworthy Developments

Segal Rogerscasey finds the developments discussed in this section to be noteworthy for investors.

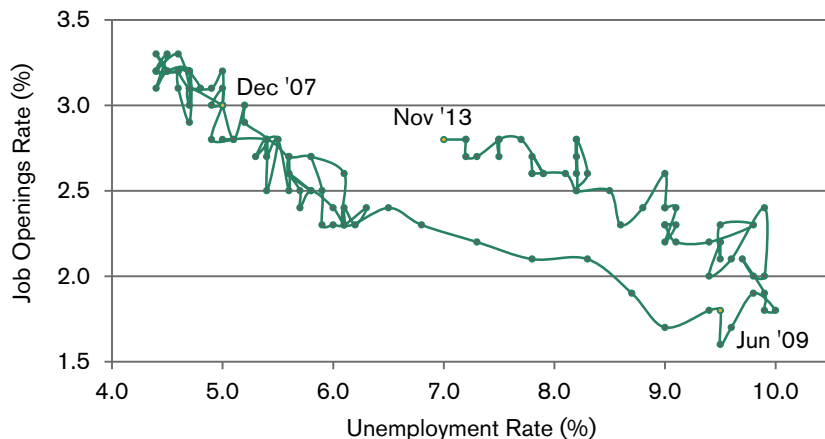
### U.S. Equity Market Valuation History

The adjacent chart compares Professor Robert Shiller's cyclically adjusted price/earnings (CAPE) for the S&P 500® over its full history from 1871 to 2013, and highlights a more recent period, beginning in 1981 (blue shaded area). As can be seen, at 25.4x as of December 2013, the CAPE is above the normal range of valuation, indicating that the S&P 500® valuation was over-valued relative to history by this measure. However, when viewed within the more recent history, valuation is within the normal range. The recent history includes the extraordinarily high valuation of the technology bubble, but also includes a secular trend toward lower inflation, which peaked in the 1980-81 period. Lower inflation generally supports a higher valuation. With U.S. monetary policy targeting a higher rate of inflation, the secular trend toward lower inflation – a key support for the recently higher valuation – is at risk.



Source: Robert Shiller, Yale University

### Job Openings vs. Unemployment Rate



Source: Bureau of Labor Statistics

### Rising Economy and Improving Labor Markets

The Beveridge curve, illustrated in the adjacent chart, shows the relationship between unemployment and the vacancy rate since 2003. During an economic expansion, the unemployment rate is low and the job openings rate is high. Conversely, during a contraction, the unemployment rate is high and the job openings rate is low.

From December 2007 to June 2009, each data point moved lower and further to the right, indicating a recessionary period. From 2010 to November 2013, the line shifted as job openings increased and unemployment decreased, indicating an expansionary period. As of November 2013, the job openings rate was 2.8 percent and the unemployment rate was 7.0 percent. The last time the job openings rate was 2.8 percent was when it corresponded with a 5.4 percent unemployment rate in May 2008. The curve indicates that while labor markets are becoming more efficient, a sizeable gap still exists between the current unemployment rate and the unemployment rate previously observed at the same level of the job openings rate.

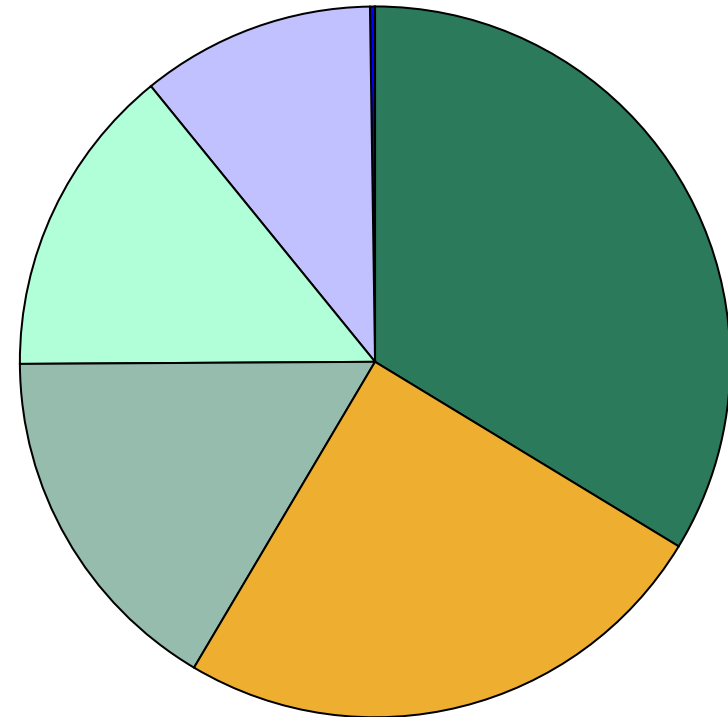
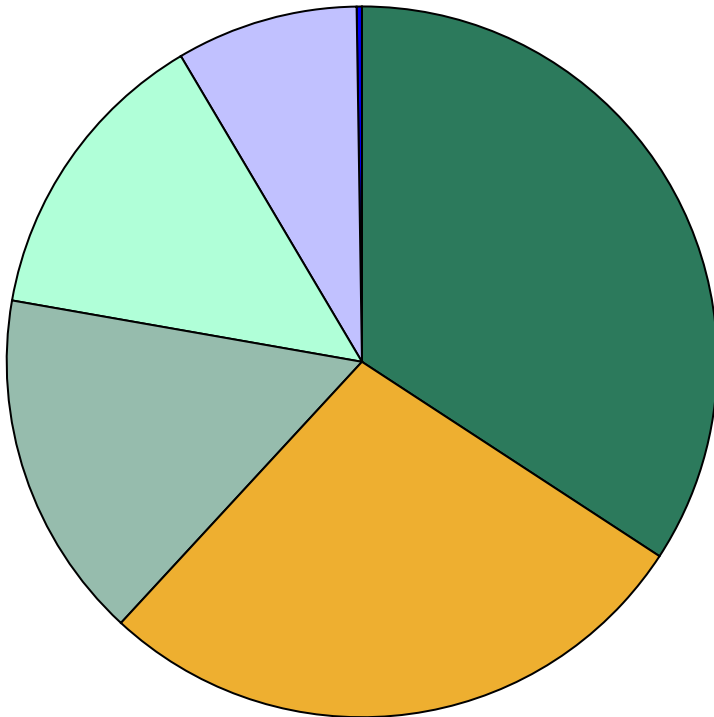
# Annual Asset Class Performance

As of December 31, 2013

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Best	66.42	26.81	14.03	16.56	56.28	31.47	34.54	35.93	39.78	5.24	79.02	29.09	13.56	18.64	43.30
	43.09	22.83	12.83	13.11	48.54	25.95	14.02	32.59	11.81	1.80	58.21	28.47	8.68	18.53	38.82
	33.16	14.41	10.36	10.27	47.25	22.25	12.11	26.86	11.63	-2.35	37.21	26.85	8.46	18.05	34.52
	27.31	13.15	8.43	6.48	46.03	20.70	10.74	23.48	11.63	-10.91	34.47	24.50	7.84	17.90	33.48
	24.19	11.63	7.89	3.65	39.17	18.33	7.05	22.25	7.05	-20.30	32.46	19.20	4.98	17.78	33.11
	21.26	7.01	5.27	1.70	36.75	16.49	6.27	18.37	6.97	-26.16	28.61	16.71	2.64	17.51	32.53
	20.91	5.97	4.08	-1.37	30.03	14.31	5.66	15.46	6.28	-28.92	28.43	16.10	1.50	16.42	23.29
	10.98	3.42	2.49	-6.00	29.89	11.75	5.26	13.35	5.77	-33.79	28.19	15.51	0.39	16.35	8.16
	7.35	-3.02	1.35	-11.43	29.75	11.40	4.71	11.86	4.74	-36.85	27.17	15.12	0.06	15.81	7.44
	4.73	-5.86	-2.37	-15.52	28.96	11.14	4.55	9.86	1.87	-37.60	24.67	13.16	-2.44	15.26	2.47
	2.40	-7.79	-5.59	-15.66	25.68	8.46	4.15	9.07	1.81	-37.98	20.58	12.06	-2.91	14.59	0.06
	2.39	-13.96	-9.23	-20.48	11.53	8.20	3.01	8.99	-0.17	-38.44	19.69	8.21	-4.18	8.18	-2.02
	-0.83	-22.42	-12.45	-21.65	8.39	6.30	2.84	4.76	-1.57	-38.54	11.41	6.54	-5.50	6.98	-2.27
	-1.49	-22.43	-20.42	-27.88	4.11	4.34	2.74	4.34	-9.78	-43.06	5.93	6.31	-11.73	4.21	-6.58
Worst	-4.54	-30.61	-21.21	-30.26	1.09	1.24	2.43	0.49	-16.81	-53.18	0.16	0.10	-18.17	0.09	-8.61
	Russell 1000 Index	Russell 1000 Value Index	Russell 1000 Growth Index	Russell 2000 Index	Russell 2000 Value Index	Russell 2000 Growth Index	MSCI EAFE Index	MSCI Emerging Markets Index	MSCI U.S. REIT Index	Barclays Agg.	Barclays U.S. Treasury: U.S. TIPS	Barclays U.S. Corp: High Yield	JPM EMBI Global (USD)	HFRI RV: Multi-Strategy Index	Citigroup 3 Month T-Bill

September 30, 2013 : \$258,341,871

December 31, 2013 : \$269,527,938

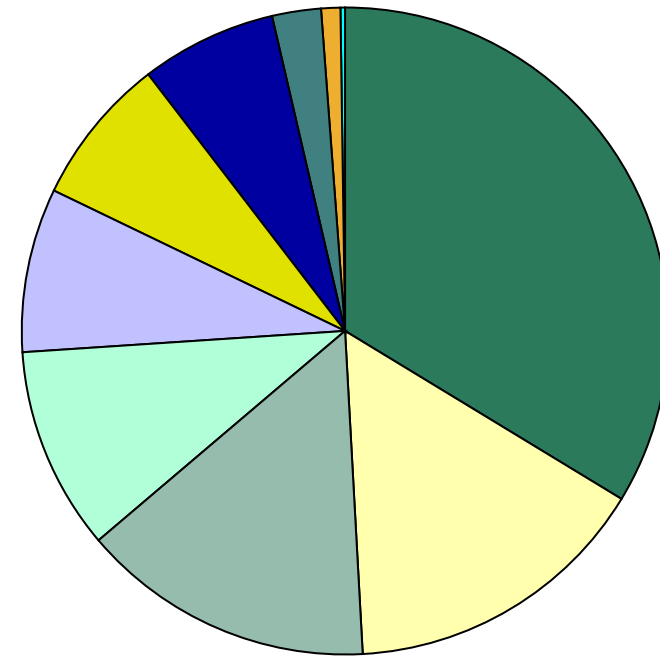
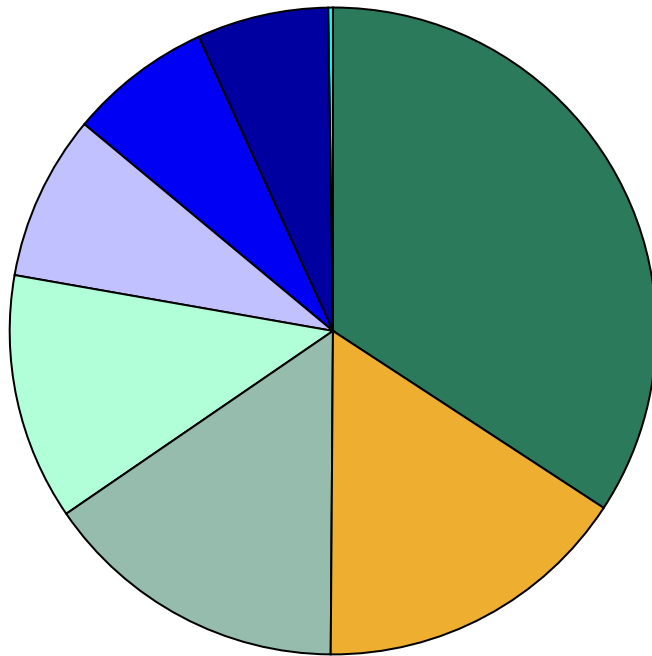


	Market Value (\$)	Allocation (%)
Large Cap	88,381,417	34.21
Bond Segment	71,451,280	27.66
International ACWI	41,075,514	15.90
Small / SMID Cap	35,435,599	13.72
Real Estate	21,369,737	8.27
Temporary Cash Account	628,324	0.24

	Market Value (\$)	Allocation (%)
Large Cap	90,803,296	33.69
Bond Segment	66,899,591	24.82
International ACWI	44,197,974	16.40
Small / SMID Cap	38,333,320	14.22
Real Estate	28,665,417	10.64
Temporary Cash Account	628,340	0.23

September 30, 2013 : \$258,341,871

December 31, 2013 : \$269,527,938



	Market Value (\$)	Allocation (%)
Northern Trust S&P 500	88,381,417	34.21
Northern Trust ACWI ex US	41,075,514	15.90
Baird Advisors	39,614,590	15.33
Neuberger & Berman	31,836,690	12.32
Morgan Stanley	21,369,737	8.27
Thompson Siegel & Walmsley	18,447,562	7.14
Frontier Capital	16,988,037	6.58
Temporary Cash Account	628,324	0.24
Wellington International	-	0.00
TSW - SMID Value	-	0.00
Principal Enhanced Property Fund	-	0.00

	Market Value (\$)	Allocation (%)
Northern Trust S&P 500	90,803,296	33.69
Wellington International	41,616,749	15.44
Baird Advisors	39,533,537	14.67
Neuberger & Berman	27,366,054	10.15
Morgan Stanley	22,092,004	8.20
TSW - SMID Value	20,032,774	7.43
Frontier Capital	18,300,546	6.79
Principal Enhanced Property Fund	6,573,413	2.44
Northern Trust ACWI ex US	2,581,225	0.96
Temporary Cash Account	628,340	0.23
Thompson Siegel & Walmsley	-	0.00



**Manager Profile**

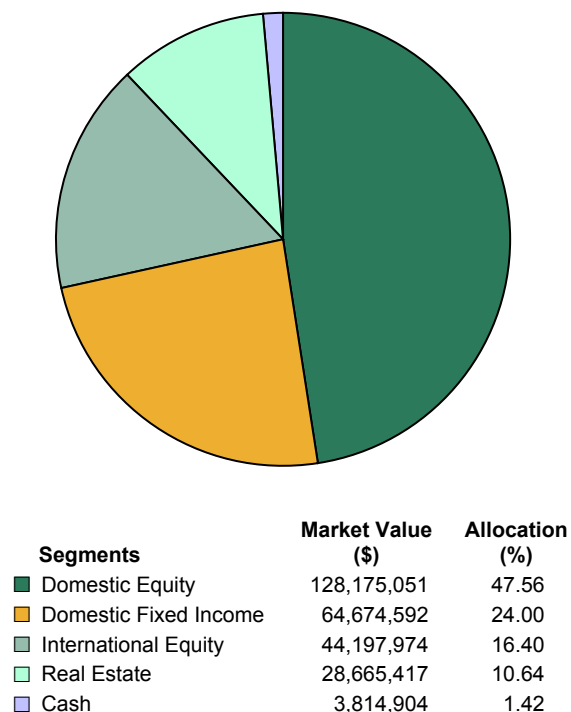
**Benchmark:** Policy Index  
**Inception Date:** February 1, 1991

**Gain / Loss Summary**

	1 Quarter	Year To Date	1 Year
<b>Composite</b>			
Beginning Market Value	258,341,871	243,552,324	243,552,324
Net Cash Flows	-4,500,165	-19,700,167	-19,700,167
Fees/Expenses	-100,090	-100,090	-100,090
Income	831,924	3,030,713	3,030,713
Gain/Loss	14,954,398	42,745,158	42,745,158
Ending Market Value	269,527,938	269,527,938	269,527,938

**Asset Allocation by Segment**

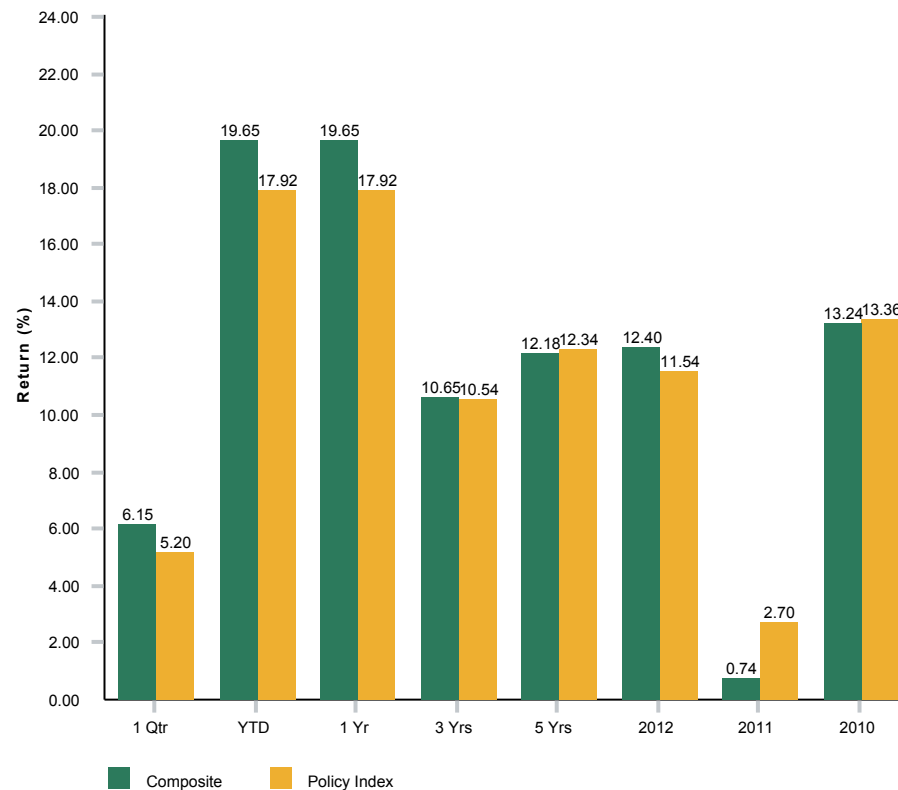
December 31, 2013 : \$269,527,938



Cash allocation includes accrued income for the entire portfolio.

Income includes income received and change in accrued income.

**Performance Bar Chart**



As of December 31, 2013

	Allocation		Performance (%)						
	Market Value (\$)	%	1 Quarter	Oct-2013 To Dec-2013	1 Year	3 Years	5 Years	Since Inception	Inception Date
<b>Composite</b>	<b>269,527,938</b>	<b>100.00</b>	<b>6.15</b>	<b>6.15</b>	<b>19.65</b>	<b>10.65</b>	<b>12.18</b>	<b>8.00</b>	<b>02/01/1991</b>
Policy Index			5.20	5.20	17.92	10.54	12.34	8.24	
<b>Large Cap</b>	<b>90,803,296</b>	<b>33.69</b>	<b>10.50</b>	<b>10.50</b>	<b>32.45</b>	<b>14.45</b>	<b>17.74</b>	<b>8.20</b>	<b>09/01/2002</b>
S&P 500			10.51	10.51	32.39	16.18	17.94	8.58	
IM U.S. Large Cap Equity (SA+CF) Median			10.47	10.47	33.71	16.24	18.37	9.53	
Large Cap Rank			49	49	65	78	64	88	
<b>Small / SMID Cap</b>	<b>38,333,320</b>	<b>14.22</b>	<b>8.18</b>	<b>8.18</b>	<b>35.79</b>	<b>16.05</b>	<b>16.80</b>	<b>11.34</b>	<b>09/01/2002</b>
Small / SMID Policy			7.91	7.91	37.79	15.38	19.90	11.49	
IM U.S. Small Cap Equity (SA+CF) Median			9.45	9.45	41.97	17.61	23.12	13.05	
Small / SMID Cap Rank			76	76	83	70	98	88	
<b>International ACWI</b>	<b>44,197,974</b>	<b>16.40</b>	<b>7.60</b>	<b>7.60</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>10.84</b>	<b>05/01/2013</b>
MSCI AC World ex USA (Net)			4.77	4.77	15.29	5.14	12.82	7.78	
IM International Core Equity (SA+CF) Median			6.79	6.79	23.93	9.26	14.31	12.95	
International ACWI Rank			28	28	N/A	N/A	N/A	76	
<b>Bond Segment</b>	<b>66,899,591</b>	<b>24.82</b>	<b>-0.10</b>	<b>-0.10</b>	<b>-1.85</b>	<b>3.01</b>	<b>4.24</b>	<b>8.19</b>	<b>02/01/1991</b>
Bond Index			-0.14	-0.14	-1.02	2.79	4.18	5.88	
IM U.S. Intermediate Duration (SA+CF) Median			0.20	0.20	-0.49	3.31	4.97	6.39	
Bond Segment Rank			90	90	95	72	76	1	
<b>Real Estate</b>	<b>28,665,417</b>	<b>10.64</b>	<b>3.21</b>	<b>3.21</b>	<b>16.02</b>	<b>14.66</b>	<b>3.06</b>	<b>1.38</b>	<b>04/01/2008</b>
NCREIF ODCE Equal Weighted			3.14	3.14	13.36	13.43	3.28	0.66	

As of December 31, 2013

	Allocation		Performance (%)						
	Market Value (\$)	%	1 Quarter	Oct-2013 To Dec-2013	1 Year	3 Years	5 Years	Since Inception	Inception Date
<b>Northern Trust S&amp;P 500</b>	<b>90,803,296</b>	<b>33.69</b>	<b>10.50</b>	<b>10.50</b>	<b>32.30</b>	<b>N/A</b>	<b>N/A</b>	<b>28.75</b>	<b>11/01/2012</b>
S&P 500			10.51	10.51	32.39	16.18	17.94	28.82	
IM U.S. Large Cap Core Equity (SA+CF) Median			10.47	10.47	33.38	16.35	18.18	30.07	
Northern Trust S&P 500 Rank			49	49	65	N/A	N/A	65	
<b>TSW - SMID Value</b>	<b>20,032,774</b>	<b>7.43</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>5.23</b>	<b>11/01/2013</b>
Russell 2500 Value Index			8.83	8.83	33.32	15.38	19.61	4.53	
IM U.S. SMID Cap Value Equity (SA+CF) Median			9.06	9.06	35.63	15.91	21.86	5.33	
TSW - SMID Value Rank			N/A	N/A	N/A	N/A	N/A	53	
<b>Frontier Capital</b>	<b>18,300,546</b>	<b>6.79</b>	<b>7.73</b>	<b>7.73</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>10.91</b>	<b>08/01/2013</b>
Russell 2500 Growth Index			8.49	8.49	40.65	17.15	24.03	13.06	
IM U.S. SMID Cap Growth Equity (SA+CF) Median			8.38	8.38	39.75	17.10	24.25	13.33	
Frontier Capital Rank			72	72	N/A	N/A	N/A	95	
<b>Wellington International</b>	<b>41,616,749</b>	<b>15.44</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>4.04</b>	<b>11/01/2013</b>
MSCI AC World ex USA (Net)			4.77	4.77	15.29	5.14	12.82	1.05	
IM International Core Equity (SA+CF) Median			6.79	6.79	23.93	9.26	14.31	2.92	
Wellington International Rank			N/A	N/A	N/A	N/A	N/A	20	
<b>Northern Trust ACWI ex US</b>	<b>2,581,225</b>	<b>0.96</b>	<b>4.67</b>	<b>4.67</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>7.82</b>	<b>05/01/2013</b>
MSCI AC World ex USA (Net)			4.77	4.77	15.29	5.14	12.82	7.78	
IM International Core Equity (SA+CF) Median			6.79	6.79	23.93	9.26	14.31	12.95	
Northern Trust ACWI ex US Rank			91	91	N/A	N/A	N/A	94	
<b>Neuberger &amp; Berman</b>	<b>27,366,054</b>	<b>10.15</b>	<b>0.04</b>	<b>0.04</b>	<b>-1.24</b>	<b>2.81</b>	<b>4.58</b>	<b>6.14</b>	<b>02/01/1991</b>
Barclays Intermed. U.S. Government/Credit			-0.02	-0.02	-0.86	2.91	3.96	5.93	
IM U.S. Intermediate Duration (SA+CF) Median			0.20	0.20	-0.49	3.31	4.97	6.39	
Neuberger & Berman Rank			73	73	88	81	66	83	
<b>Baird Advisors</b>	<b>39,533,537</b>	<b>14.67</b>	<b>-0.20</b>	<b>-0.20</b>	<b>-2.50</b>	<b>3.79</b>	<b>4.96</b>	<b>4.46</b>	<b>10/01/2005</b>
Barclays U.S. Aggregate			-0.14	-0.14	-2.02	3.26	4.44	4.77	
IM U.S. Broad Market Core Fixed Income (SA+CF) Median			0.11	0.11	-1.55	3.88	5.83	5.24	
Baird Advisors Rank			88	88	96	57	77	94	

As of December 31, 2013

	Allocation		Performance (%)						
	Market Value (\$)	%	1 Quarter	Oct-2013 To Dec-2013	1 Year	3 Years	5 Years	Since Inception	Inception Date
<b>Morgan Stanley</b> NCREIF ODCE Equal Weighted	<b>22,092,004</b>	<b>8.20</b>	<b>3.38</b>	<b>3.38</b>	<b>16.20</b>	<b>14.72</b>	<b>3.10</b>	<b>1.41</b>	<b>04/01/2008</b>
			3.14	3.14	13.36	13.43	3.28	0.66	
<b>Principal Enhanced Property Fund</b> NCREIF Property Index	<b>6,573,413</b>	<b>2.44</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>2.67</b>	<b>11/01/2013</b>
			2.53	2.53	10.98	11.92	5.69	2.53	
<b>Temporary Cash Account</b>	<b>628,340</b>	<b>0.23</b>	<b>0.00</b>	<b>0.00</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>0.00</b>	<b>08/01/2013</b>

As of December 31, 2013

	Allocation		Performance (%)	
	Market Value (\$)	%	7 Years	10 Years
<b>Composite</b>	<b>269,527,938</b>	<b>100.00</b>	<b>5.52</b>	<b>6.29</b>
Policy Index			5.60	6.25
<b>Large Cap</b>	<b>90,803,296</b>	<b>33.69</b>	<b>5.51</b>	<b>6.67</b>
S&P 500			6.13	7.41
IM U.S. Large Cap Equity (SA+CF) Median			6.95	8.40
Large Cap Rank			83	92
<b>Small / SMID Cap</b>	<b>38,333,320</b>	<b>14.22</b>	<b>5.55</b>	<b>8.59</b>
Small / SMID Policy			7.09	8.99
IM U.S. Small Cap Equity (SA+CF) Median			9.02	10.73
Small / SMID Cap Rank			95	91
<b>International ACWI</b>	<b>44,197,974</b>	<b>16.40</b>	<b>N/A</b>	<b>N/A</b>
MSCI AC World ex USA (Net)			2.16	7.57
IM International Core Equity (SA+CF) Median			3.33	8.38
International ACWI Rank			N/A	N/A
<b>Bond Segment</b>	<b>66,899,591</b>	<b>24.82</b>	<b>4.45</b>	<b>3.97</b>
Bond Index			4.68	4.15
IM U.S. Intermediate Duration (SA+CF) Median			5.14	4.60
Bond Segment Rank			93	95
<b>Real Estate</b>	<b>28,665,417</b>	<b>10.64</b>	<b>N/A</b>	<b>N/A</b>
NCREIF ODCE Equal Weighted			2.92	6.76
<b>Temporary Cash Account</b>	<b>628,340</b>	<b>0.23</b>	<b>N/A</b>	<b>N/A</b>

As of December 31, 2013

	Allocation		Performance (%)						
	Market Value (\$)	%	2012	2011	2010	2009	2008	2007	2006
<b>Composite</b>	<b>269,527,938</b>	<b>100.00</b>	<b>12.40</b>	<b>0.74</b>	<b>13.24</b>	<b>15.81</b>	<b>-23.73</b>	<b>7.47</b>	<b>11.23</b>
Policy Index			11.54	2.70	13.36	16.85	-22.38	5.46	11.61
<b>Large Cap</b>	<b>90,803,296</b>	<b>33.69</b>	<b>17.06</b>	<b>-3.31</b>	<b>16.46</b>	<b>29.59</b>	<b>-40.76</b>	<b>8.58</b>	<b>15.25</b>
S&P 500			16.00	2.11	15.06	26.46	-37.00	5.49	15.79
IM U.S. Large Cap Equity (SA+CF) Median			15.86	1.15	15.11	27.75	-36.69	7.06	15.50
Large Cap Rank			32	82	35	43	84	41	53
<b>Small / SMID Cap</b>	<b>38,333,320</b>	<b>14.22</b>	<b>12.94</b>	<b>1.91</b>	<b>21.00</b>	<b>14.96</b>	<b>-36.71</b>	<b>6.03</b>	<b>15.33</b>
Small / SMID Policy			16.35	-4.18	26.85	27.17	-33.79	-1.57	18.37
IM U.S. Small Cap Equity (SA+CF) Median			16.52	-2.27	28.24	34.63	-36.84	2.52	15.73
Small / SMID Cap Rank			78	21	92	97	50	37	53
<b>International ACWI</b>	<b>44,197,974</b>	<b>16.40</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
MSCI AC World ex USA (Net)			16.83	-13.71	11.15	41.45	-45.53	16.65	26.65
IM International Core Equity (SA+CF) Median			19.64	-12.26	11.64	33.71	-44.22	11.66	27.77
International ACWI Rank			N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Bond Segment</b>	<b>66,899,591</b>	<b>24.82</b>	<b>4.44</b>	<b>6.64</b>	<b>6.20</b>	<b>6.02</b>	<b>3.36</b>	<b>6.60</b>	<b>4.52</b>
Bond Index			3.56	5.97	6.15	6.46	4.86	7.02	4.57
IM U.S. Intermediate Duration (SA+CF) Median			4.89	5.86	6.41	7.79	4.51	7.22	4.49
Bond Segment Rank			64	12	63	72	64	73	47
<b>Real Estate</b>	<b>28,665,417</b>	<b>10.64</b>	<b>11.68</b>	<b>16.33</b>	<b>15.15</b>	<b>-33.00</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
NCREIF ODCE Equal Weighted			11.03	15.96	16.14	-30.65	-10.37	16.09	16.15

As of December 31, 2013

	Allocation		Performance (%)						
	Market Value (\$)	%	2012	2011	2010	2009	2008	2007	2006
<b>Northern Trust S&amp;P 500</b>	<b>90,803,296</b>	<b>33.69</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
S&P 500			16.00	2.11	15.06	26.46	-37.00	5.49	15.79
IM U.S. Large Cap Core Equity (SA+CF) Median			15.68	1.90	14.84	26.64	-36.18	7.13	15.55
Northern Trust S&P 500 Rank			N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>TSW - SMID Value</b>	<b>20,032,774</b>	<b>7.43</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
Russell 2500 Value Index			19.21	-3.36	24.82	27.68	-31.99	-7.27	20.18
IM U.S. SMID Cap Value Equity (SA+CF) Median			16.63	-2.09	25.17	35.81	-36.39	3.34	18.08
TSW - SMID Value Rank			N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Frontier Capital</b>	<b>18,300,546</b>	<b>6.79</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
Russell 2500 Growth Index			16.13	-1.57	28.86	41.65	-41.50	9.69	12.26
IM U.S. SMID Cap Growth Equity (SA+CF) Median			15.36	-1.87	29.68	38.03	-41.56	14.97	10.95
Frontier Capital Rank			N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Wellington International</b>	<b>41,616,749</b>	<b>15.44</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
MSCI AC World ex USA (Net)			16.83	-13.71	11.15	41.45	-45.53	16.65	26.65
IM International Core Equity (SA+CF) Median			19.64	-12.26	11.64	33.71	-44.22	11.66	27.77
Wellington International Rank			N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Northern Trust ACWI ex US</b>	<b>2,581,225</b>	<b>0.96</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
MSCI AC World ex USA (Net)			16.83	-13.71	11.15	41.45	-45.53	16.65	26.65
IM International Core Equity (SA+CF) Median			19.64	-12.26	11.64	33.71	-44.22	11.66	27.77
Northern Trust ACWI ex US Rank			N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Neuberger &amp; Berman</b>	<b>27,366,054</b>	<b>10.15</b>	<b>4.05</b>	<b>5.74</b>	<b>5.96</b>	<b>8.64</b>	<b>4.48</b>	<b>6.92</b>	<b>4.31</b>
Barclays Intermed. U.S. Government/Credit			3.89	5.80	5.89	5.24	5.08	7.39	4.07
IM U.S. Intermediate Duration (SA+CF) Median			4.89	5.86	6.41	7.79	4.51	7.22	4.49
Neuberger & Berman Rank			73	56	74	40	51	62	73

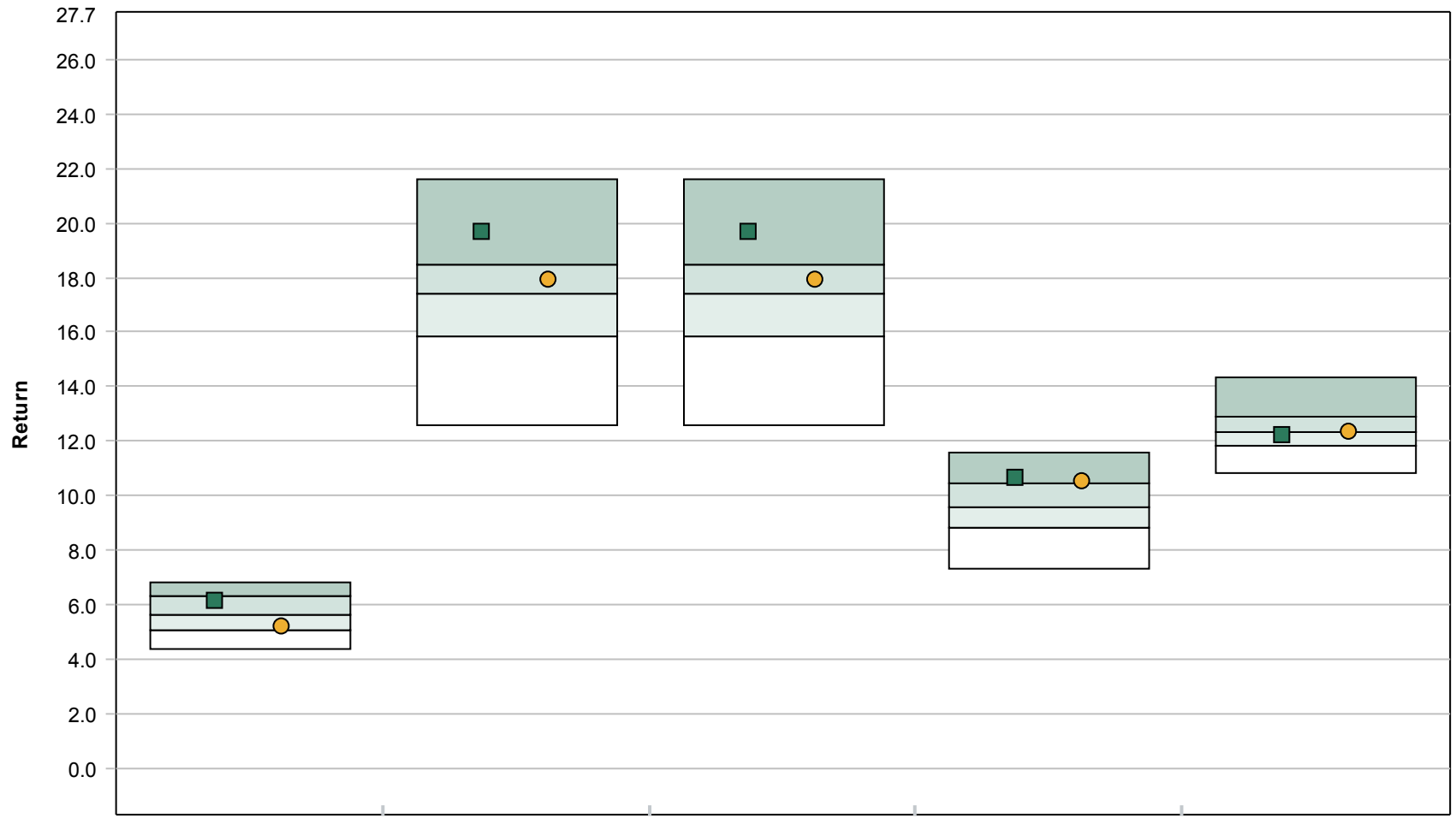
As of December 31, 2013

	Allocation		Performance (%)						
	Market Value (\$)	%	2012	2011	2010	2009	2008	2007	2006
<b>Baird Advisors</b>	<b>39,533,537</b>	<b>14.67</b>	<b>5.35</b>	<b>8.85</b>	<b>7.74</b>	<b>5.76</b>	<b>0.85</b>	<b>6.11</b>	<b>4.44</b>
Barclays U.S. Aggregate			4.21	7.84	6.54	5.93	5.24	6.97	4.34
IM U.S. Broad Market Core Fixed Income (SA+CF) Median			5.85	7.84	7.23	9.84	3.04	6.85	4.48
Baird Advisors Rank			64	10	38	90	60	71	55
<b>Morgan Stanley</b>	<b>22,092,004</b>	<b>8.20</b>	<b>11.68</b>	<b>16.33</b>	<b>15.15</b>	<b>-33.00</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
NCREIF ODCE Equal Weighted			11.03	15.96	16.14	-30.65	-10.37	16.09	16.15
<b>Principal Enhanced Property Fund</b>	<b>6,573,413</b>	<b>2.44</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
NCREIF Property Index			10.54	14.26	13.11	-16.85	-6.46	15.85	16.60
<b>Temporary Cash Account</b>	<b>628,340</b>	<b>0.23</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>



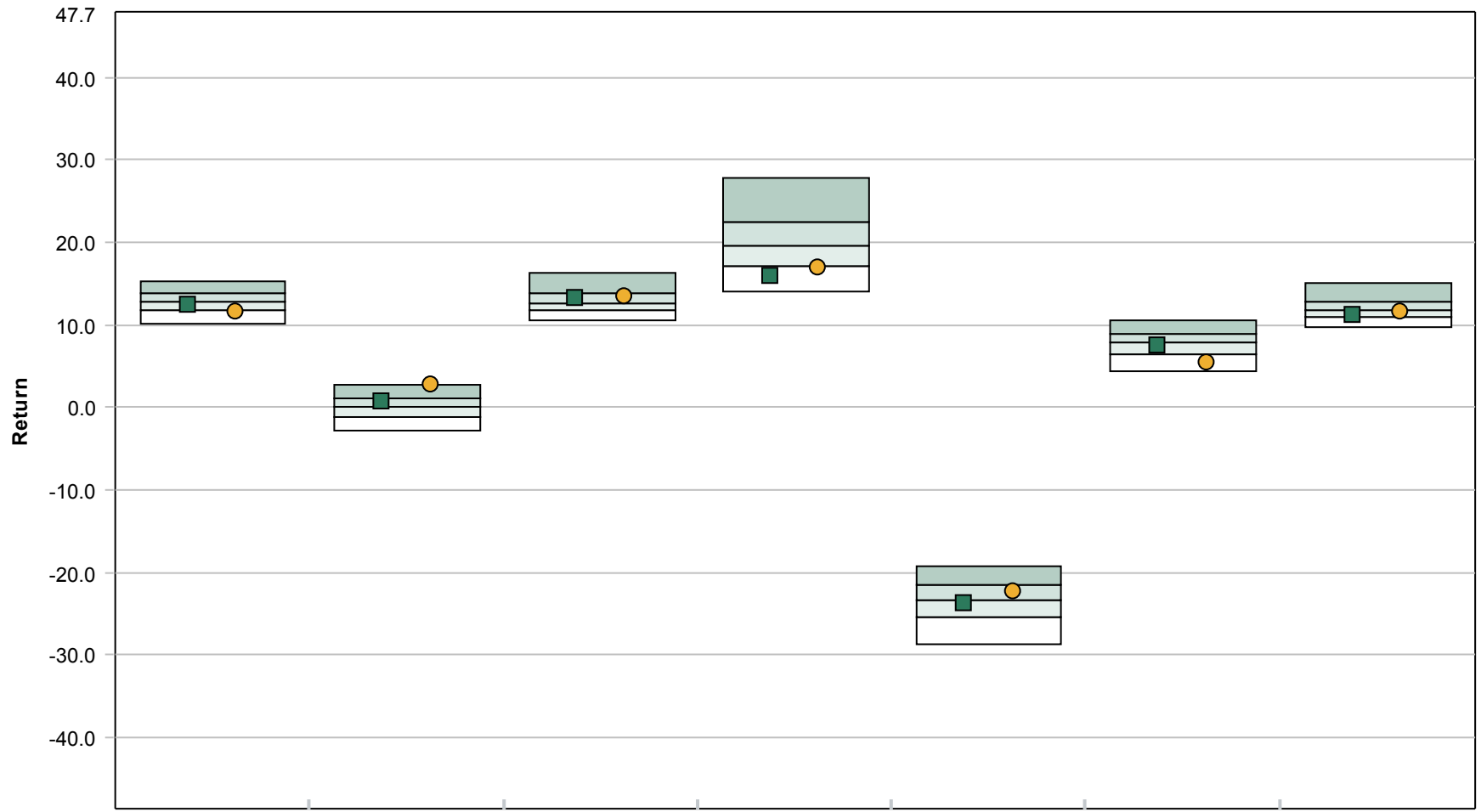
As of December 31, 2013

	Allocation		Performance (%)									
	Market Value (\$)	%	Oct-2004 To Sep-2005	Oct-2005 To Sep-2006	Oct-2006 To Sep-2007	Oct-2007 To Sep-2008	Oct-2008 To Sep-2009	Oct-2009 To Sep-2010	Oct-2010 To Sep-2011	Oct-2011 To Sep-2012	Oct-2012 To Sep-2013	Oct-2013 To Dec-2013
Composite	269,527,938	N/A	9.78	7.74	12.55	-12.77	-2.12	8.82	0.36	20.29	13.61	6.15
Policy Index			8.25	7.64	11.79	-11.28	-1.82	9.29	2.00	19.44	12.76	5.20



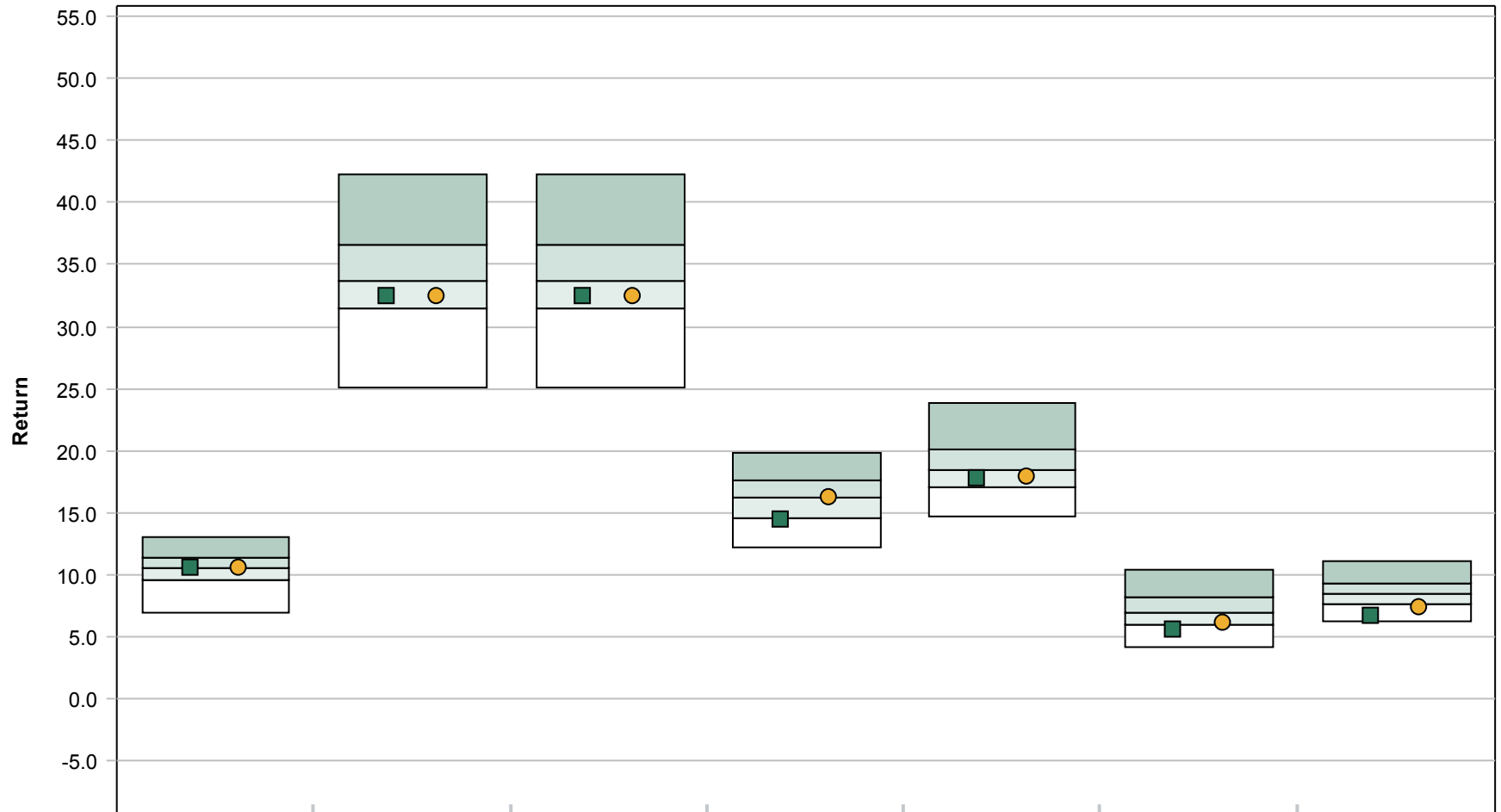
	1 Qtr	YTD	1 Yr	3 Yrs	5 Yrs
■ Composite	6.15 (31)	19.65 (11)	19.65 (11)	10.65 (20)	12.18 (56)
● Policy Index	5.20 (69)	17.92 (38)	17.92 (38)	10.54 (24)	12.34 (50)
5th Percentile	6.81	21.63	21.63	11.58	14.35
1st Quartile	6.32	18.45	18.45	10.48	12.90
Median	5.62	17.39	17.39	9.61	12.32
3rd Quartile	5.09	15.83	15.83	8.83	11.85
95th Percentile	4.36	12.61	12.61	7.35	10.87

Parentheses contain percentile rankings.  
Calculation based on quarterly periodicity.



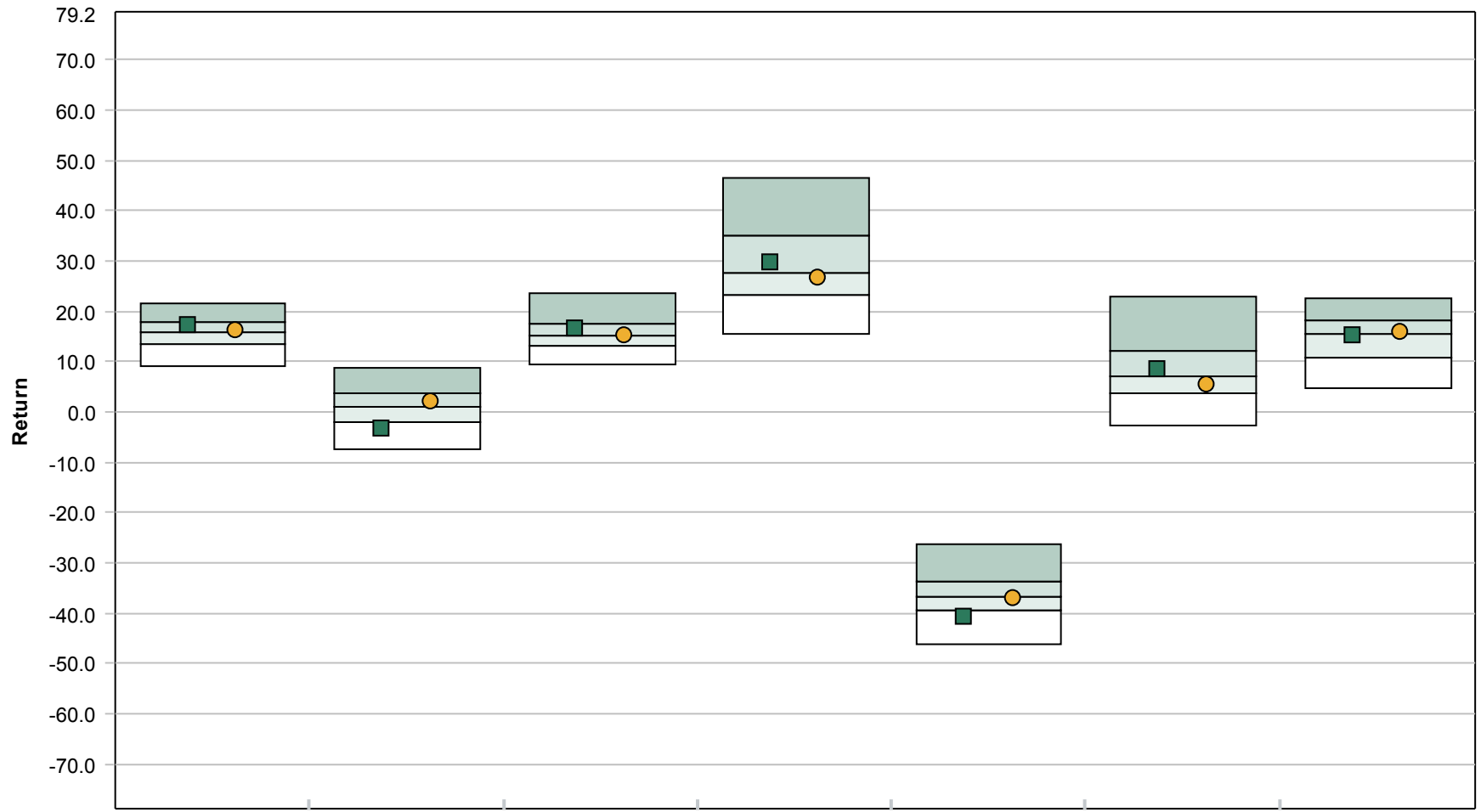
	2012	2011	2010	2009	2008	2007	2006
Composite	12.40 (58)	0.74 (34)	13.24 (35)	15.81 (89)	-23.73 (55)	7.47 (61)	11.23 (65)
Policy Index	11.54 (80)	2.70 (6)	13.36 (34)	16.85 (79)	-22.38 (39)	5.46 (89)	11.61 (54)
5th Percentile	15.28	2.81	16.36	27.90	-19.27	10.61	15.06
1st Quartile	13.82	1.16	13.75	22.56	-21.40	8.84	12.91
Median	12.74	0.01	12.69	19.58	-23.35	7.91	11.76
3rd Quartile	11.80	-1.25	11.83	17.06	-25.38	6.50	11.05
95th Percentile	10.07	-2.73	10.63	13.96	-28.76	4.34	9.70

Parentheses contain percentile rankings.  
Calculation based on monthly periodicity.



	1 Qtr	YTD	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs
■ Large Cap	10.50 (49)	32.45 (65)	32.45 (65)	14.45 (78)	17.74 (64)	5.51 (83)	6.67 (92)
● S&P 500	10.51 (49)	32.39 (66)	32.39 (66)	16.18 (52)	17.94 (60)	6.13 (72)	7.41 (82)
5th Percentile	13.09	42.33	42.33	19.85	23.83	10.35	11.06
1st Quartile	11.42	36.63	36.63	17.61	20.07	8.17	9.28
Median	10.47	33.71	33.71	16.24	18.37	6.95	8.40
3rd Quartile	9.55	31.51	31.51	14.60	17.04	6.00	7.63
95th Percentile	6.98	25.08	25.08	12.18	14.66	4.10	6.27

Parentheses contain percentile rankings.  
Calculation based on quarterly periodicity.



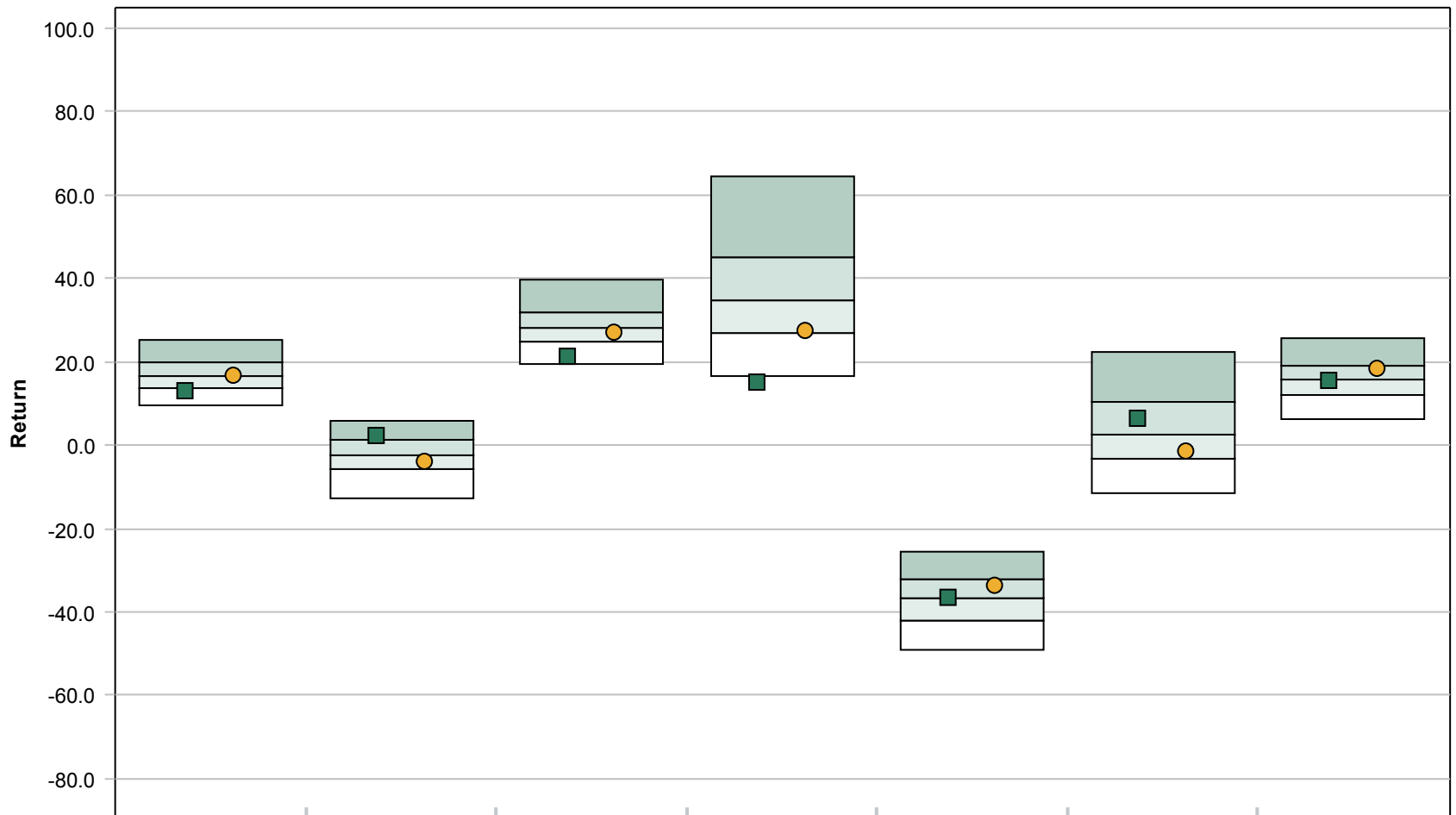
	2012	2011	2010	2009	2008	2007	2006
Large Cap	17.06 (32)	-3.31 (82)	16.46 (35)	29.59 (43)	-40.76 (84)	8.58 (41)	15.25 (53)
S&P 500	16.00 (49)	2.11 (40)	15.06 (52)	26.46 (58)	-37.00 (56)	5.49 (65)	15.79 (47)
5th Percentile	21.50	8.84	23.58	46.65	-26.21	22.98	22.69
1st Quartile	17.69	3.71	17.42	34.92	-33.79	12.16	18.14
Median	15.86	1.15	15.11	27.75	-36.69	7.06	15.50
3rd Quartile	13.43	-1.99	13.05	23.19	-39.33	3.59	10.68
95th Percentile	9.20	-7.28	9.59	15.45	-46.34	-2.76	4.69

Parentheses contain percentile rankings.  
Calculation based on quarterly periodicity.



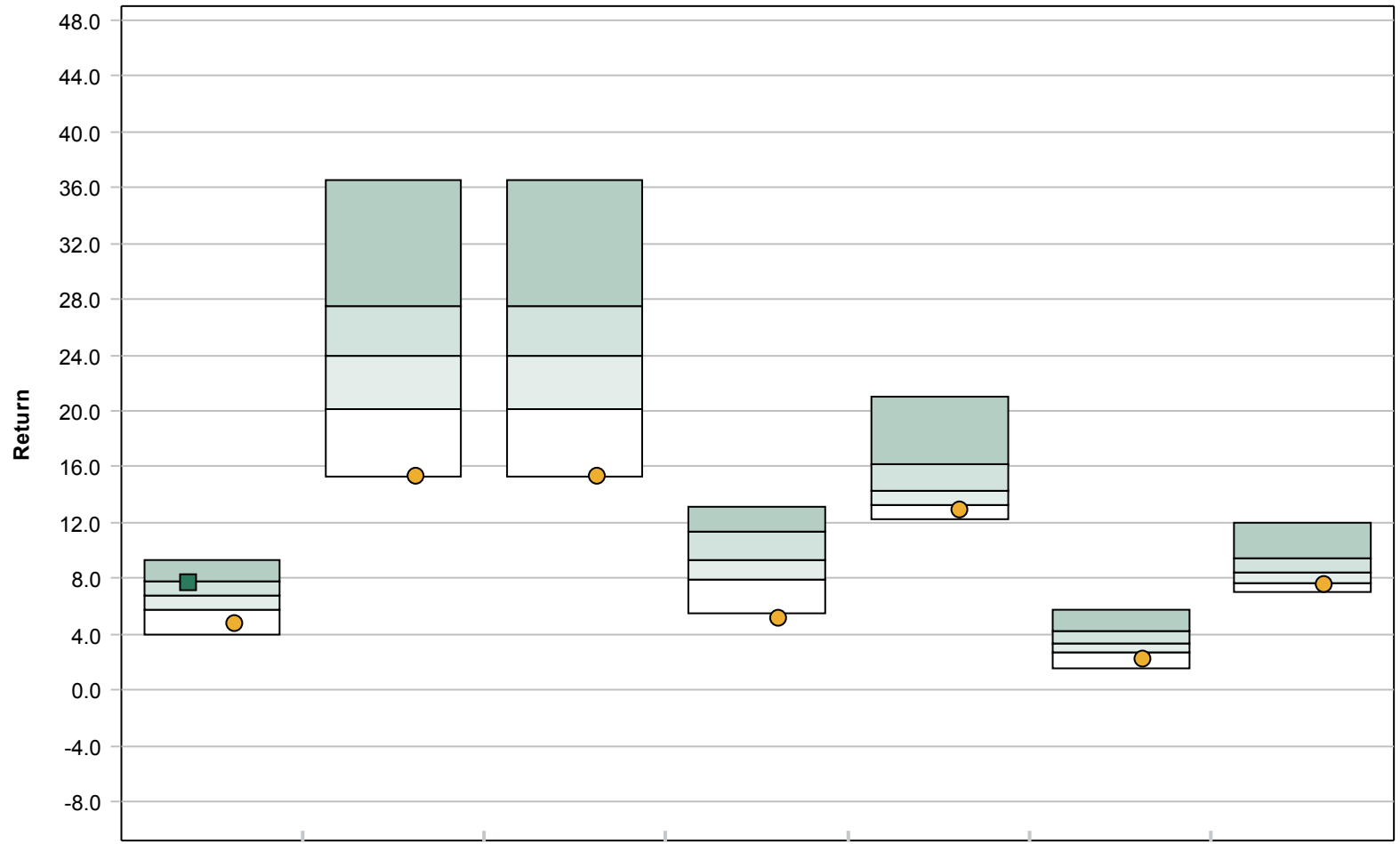
	1 Qtr	YTD	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs
■ Small / SMID Cap	8.18 (76)	35.79 (83)	35.79 (83)	16.05 (70)	16.80 (98)	5.55 (95)	8.59 (91)
● Small / SMID Policy	7.91 (81)	37.79 (73)	37.79 (73)	15.38 (79)	19.90 (85)	7.09 (85)	8.99 (87)
5th Percentile	13.21	58.14	58.14	22.91	31.02	13.31	13.94
1st Quartile	10.83	47.10	47.10	19.75	25.62	10.71	11.90
Median	9.45	41.97	41.97	17.61	23.12	9.02	10.73
3rd Quartile	8.24	37.34	37.34	15.70	20.89	7.74	9.81
95th Percentile	5.89	29.48	29.48	12.10	18.16	5.41	7.91

Parentheses contain percentile rankings.  
Calculation based on quarterly periodicity.



	2012	2011	2010	2009	2008	2007	2006
■ Small / SMID Cap	12.94 (78)	1.91 (21)	21.00 (92)	14.96 (97)	-36.71 (50)	6.03 (37)	15.33 (53)
● Small / SMID Policy	16.35 (52)	-4.18 (66)	26.85 (63)	27.17 (74)	-33.79 (35)	-1.57 (67)	18.37 (31)
5th Percentile	25.39	5.93	39.79	64.62	-25.55	22.26	25.50
1st Quartile	19.88	1.07	31.82	45.02	-32.15	10.19	19.23
Median	16.52	-2.27	28.24	34.63	-36.84	2.52	15.73
3rd Quartile	13.49	-5.79	24.94	26.75	-42.04	-3.41	11.89
95th Percentile	9.41	-12.63	19.43	16.58	-49.28	-11.39	6.28

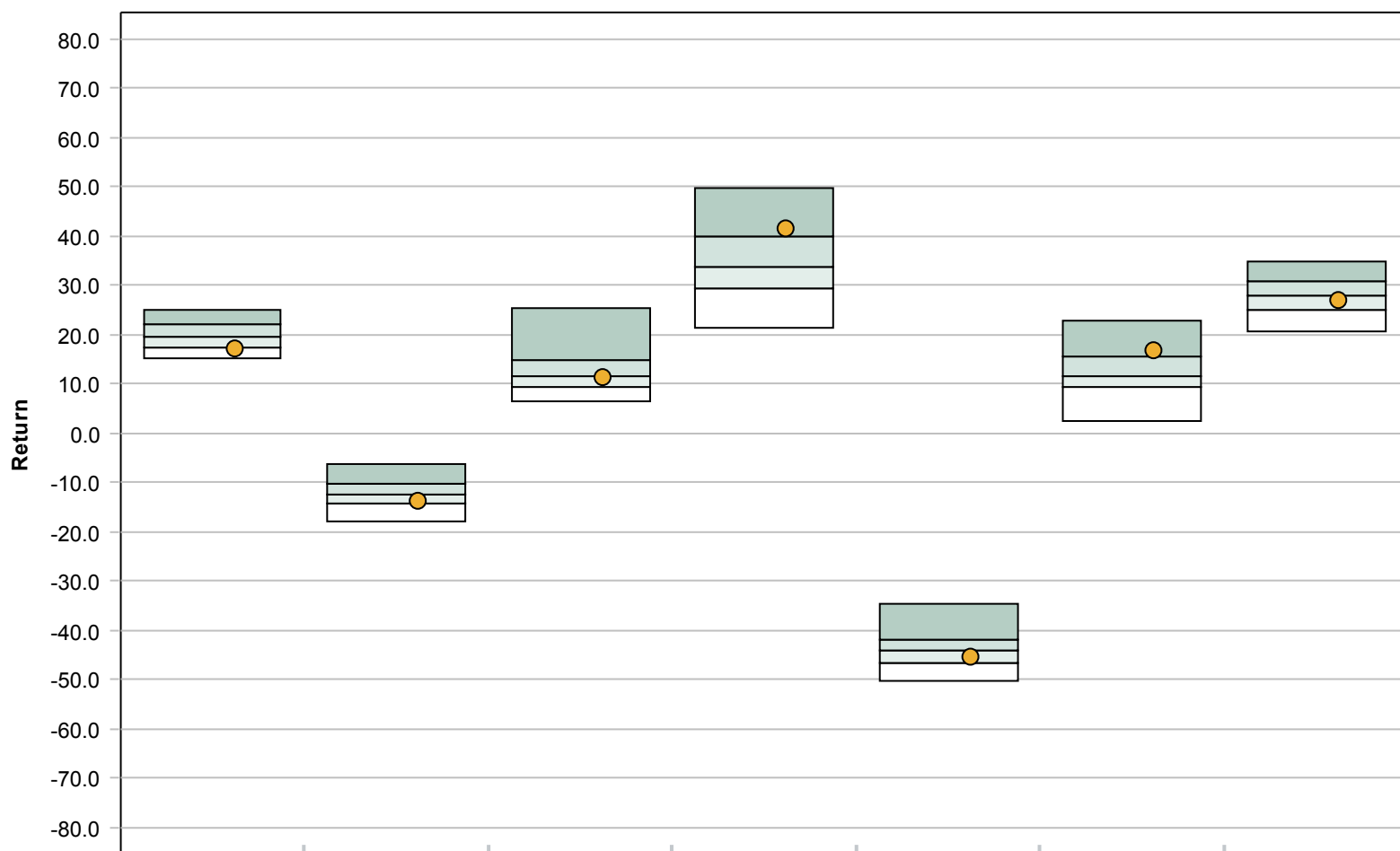
Parentheses contain percentile rankings.  
Calculation based on quarterly periodicity.



	1 Qtr	YTD	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs
International ACWI	7.60 (28)	N/A	N/A	N/A	N/A	N/A	N/A
MSCI AC World ex USA (Net)	4.77 (89)	15.29 (95)	15.29 (95)	5.14 (98)	12.82 (86)	2.16 (88)	7.57 (81)
5th Percentile	9.31	36.61	36.61	13.11	21.02	5.70	11.98
1st Quartile	7.76	27.46	27.46	11.34	16.16	4.20	9.45
Median	6.79	23.93	23.93	9.26	14.31	3.33	8.38
3rd Quartile	5.79	20.18	20.18	7.93	13.30	2.63	7.71
95th Percentile	4.01	15.26	15.26	5.46	12.23	1.48	6.96

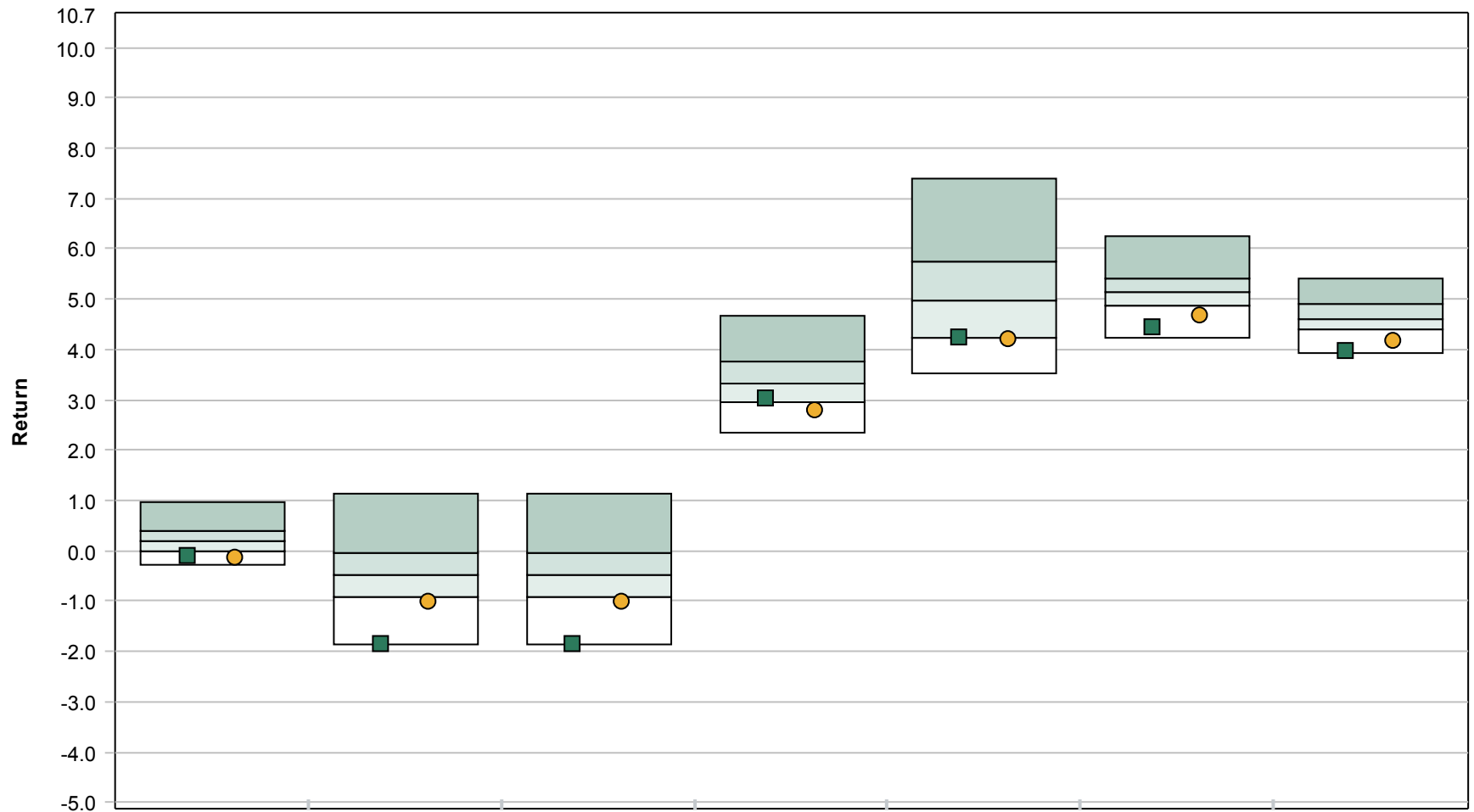
Parentheses contain percentile rankings.  
Calculation based on quarterly periodicity.





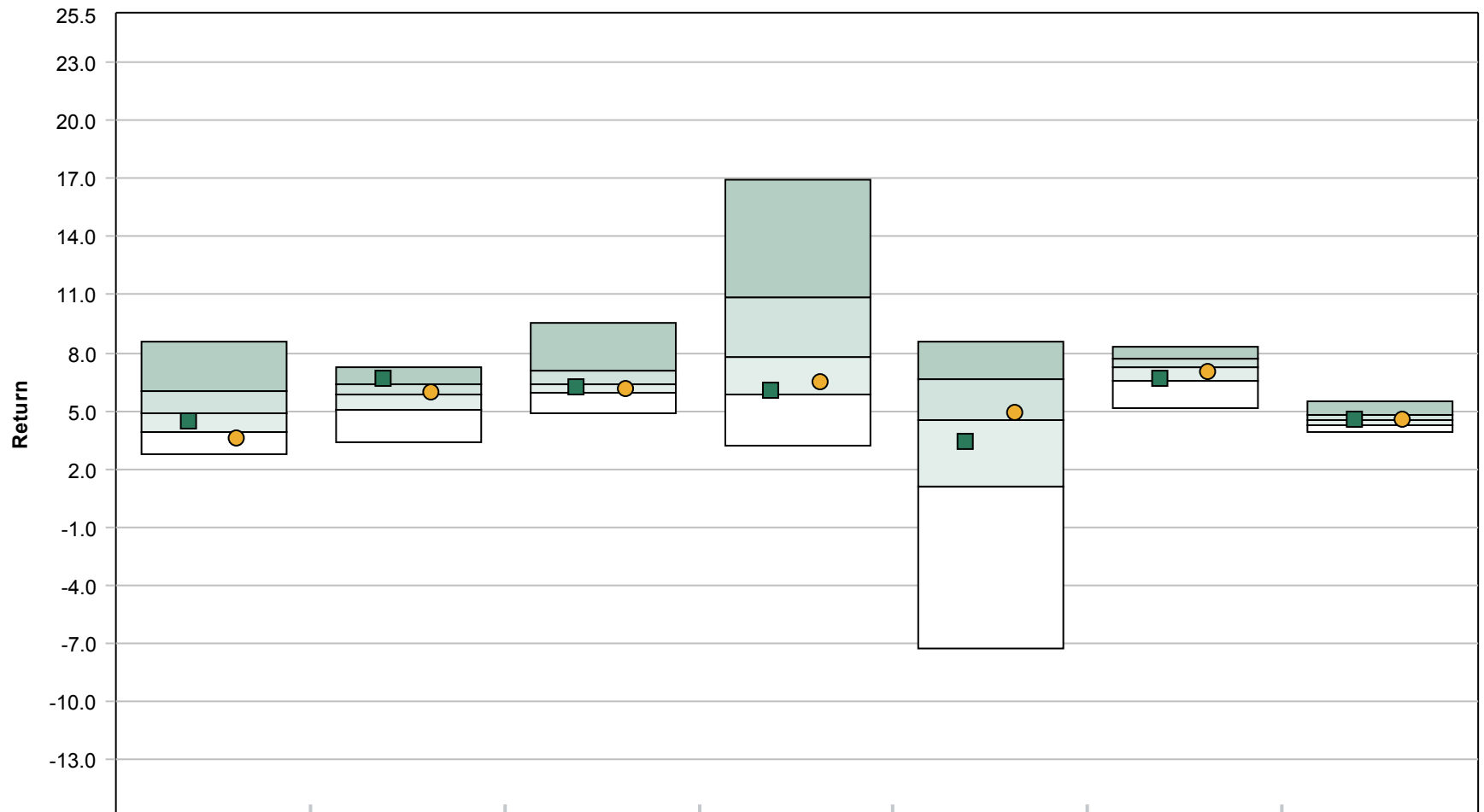
	2012	2011	2010	2009	2008	2007	2006
International ACWI	N/A	N/A	N/A	N/A	N/A	N/A	N/A
MSCI AC World ex USA (Net)	16.83 (84)	-13.71 (67)	11.15 (54)	41.45 (20)	-45.53 (64)	16.65 (23)	26.65 (61)
5th Percentile	24.87	-6.24	25.43	49.85	-34.56	22.98	34.88
1st Quartile	21.96	-10.28	14.79	39.87	-41.83	15.57	30.64
Median	19.64	-12.26	11.64	33.71	-44.22	11.66	27.77
3rd Quartile	17.50	-14.38	9.51	29.36	-46.76	9.21	24.83
95th Percentile	15.02	-17.76	6.33	21.50	-50.38	2.56	20.79

Parentheses contain percentile rankings.  
Calculation based on quarterly periodicity.



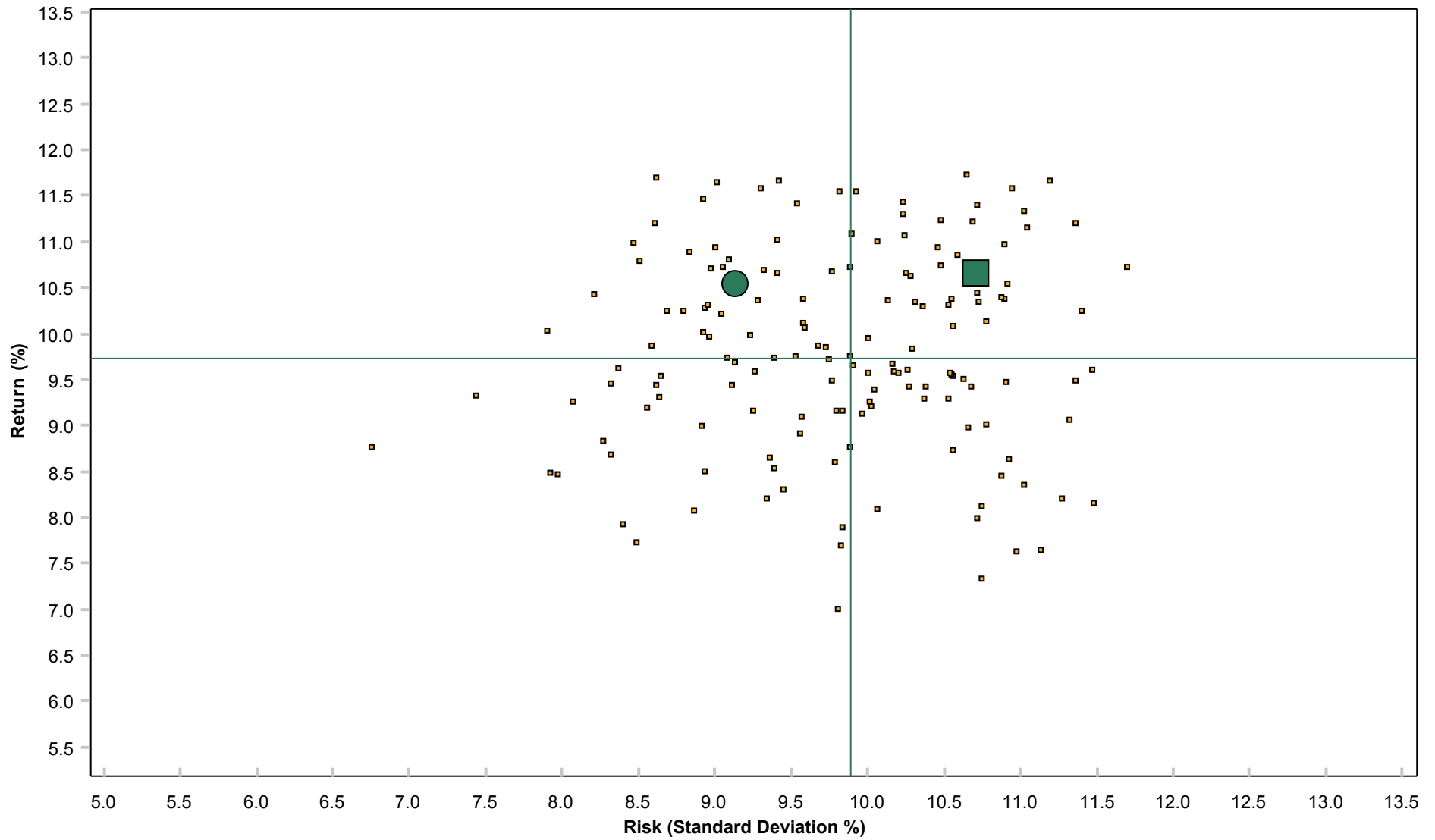
	1 Qtr	YTD	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs
■ Bond Segment	-0.10 (90)	-1.85 (95)	-1.85 (95)	3.01 (72)	4.24 (76)	4.45 (93)	3.97 (95)
● Bond Index	-0.14 (92)	-1.02 (81)	-1.02 (81)	2.79 (81)	4.18 (77)	4.68 (87)	4.15 (90)
5th Percentile	0.96	1.13	1.13	4.66	7.41	6.26	5.41
1st Quartile	0.39	-0.03	-0.03	3.76	5.75	5.42	4.89
Median	0.20	-0.49	-0.49	3.31	4.97	5.14	4.60
3rd Quartile	0.01	-0.92	-0.92	2.94	4.25	4.86	4.40
95th Percentile	-0.29	-1.87	-1.87	2.36	3.51	4.22	3.94

Parentheses contain percentile rankings.  
Calculation based on quarterly periodicity.



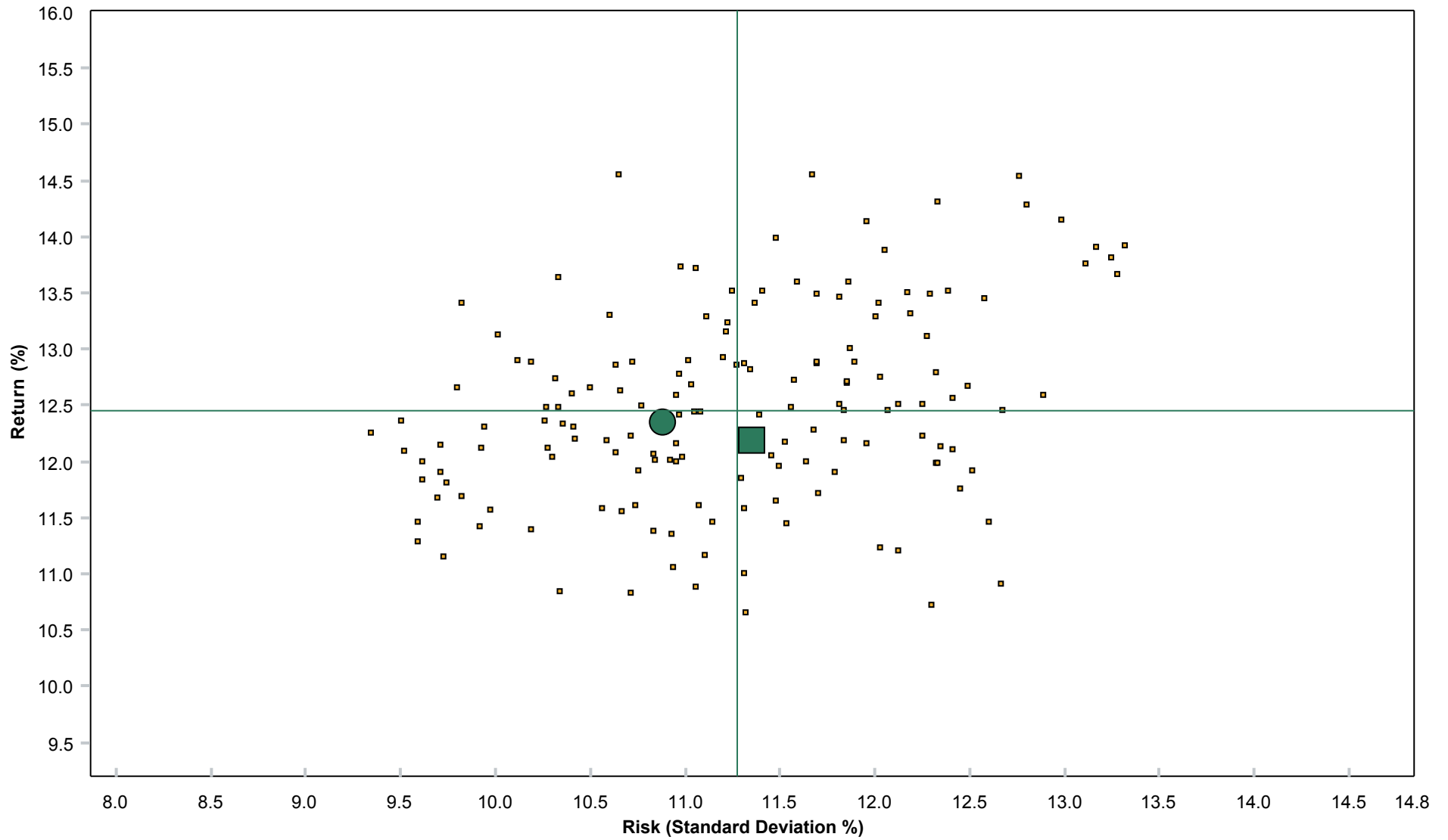
	2012	2011	2010	2009	2008	2007	2006
■ Bond Segment	4.44 (64)	6.64 (12)	6.20 (63)	6.02 (72)	3.36 (64)	6.60 (73)	4.52 (47)
● Bond Index	3.56 (87)	5.97 (45)	6.15 (64)	6.46 (65)	4.86 (48)	7.02 (57)	4.57 (45)
5th Percentile	8.56	7.23	9.57	16.97	8.59	8.27	5.53
1st Quartile	6.04	6.36	7.07	10.85	6.68	7.71	4.77
Median	4.89	5.86	6.41	7.79	4.51	7.22	4.49
3rd Quartile	3.95	5.04	5.93	5.82	1.12	6.51	4.29
95th Percentile	2.73	3.38	4.91	3.18	-7.29	5.18	3.88

Parentheses contain percentile rankings.  
Calculation based on quarterly periodicity.



	Return	Standard Deviation
■ Composite	10.65	10.71
● Policy Index	10.54	9.14
— Median	9.73	9.89

Calculation based on quarterly periodicity.



	Return	Standard Deviation
■ Composite	12.18	11.36
● Policy Index	12.34	10.88
— Median	12.45	11.27

Calculation based on quarterly periodicity.

As of December 31, 2013

Policy Index	Weight (%)	Policy Index	Weight (%)
Jan-1973		Apr-2008	
Barclays Intermed. U.S. Government/Credit	45.00	S&P 500	40.00
Barclays U.S. Government: Intermediate	25.00	Barclays Intermediate Aggregate	35.00
S&P 500	25.00	Russell 2000 Index	15.00
90 Day U.S. Treasury Bill	5.00	MSCI EAFE (Net)	5.00
		NCREIF ODCE Equal Weighted	5.00
Jan-1995		Sep-2010	
Barclays Intermed. U.S. Government/Credit	26.00	S&P 500	40.00
Barclays U.S. Government: Intermediate	14.00	Barclays Intermediate Aggregate	35.00
S&P 500	55.00	Russell 2000 Index	15.00
Russell 2000 Index	5.00	90 Day U.S. Treasury Bill	5.00
		NCREIF ODCE Equal Weighted	5.00
Jan-2003		Oct-2010	
Barclays Intermed. U.S. Government/Credit	29.00	S&P 500	40.00
Barclays U.S. Government: Intermediate	16.00	Barclays Intermediate Aggregate	35.00
S&P 500	40.00	Russell 2000 Index	15.00
Russell 2000 Index	15.00	MSCI AC World ex USA (Net)	5.00
		NCREIF ODCE Equal Weighted	5.00
Oct-2004		May-2013	
Barclays Intermed. U.S. Government/Credit	30.00	S&P 500	32.50
Barclays U.S. Government: Intermediate	15.00	Barclays Intermediate Aggregate	32.50
S&P 500	40.00	Russell 2000 Index	12.50
Russell 2000 Index	15.00	MSCI AC World ex USA (Net)	15.00
		NCREIF ODCE Equal Weighted	7.50
Oct-2005		Nov-2013	
S&P 500	40.00	S&P 500	30.00
Russell 2000 Index	15.00	Barclays Intermediate Aggregate	32.50
Barclays Intermediate Aggregate	45.00	Russell 2500 Index	12.50
		MSCI AC World ex USA (Net)	15.00
Jul-2006		NCREIF ODCE Equal Weighted	7.50
S&P 500	40.00	NCREIF Property Index	2.50
Russell 2000 Index	15.00		
Barclays Intermediate Aggregate	40.00		
MSCI EAFE (Net)	5.00		

<b>Policy Index</b>	<b>Weight (%)</b>
Jul-2006 MSCI EAFE (Net)	100.00
Sep-2010 90 Day U.S. Treasury Bill	100.00
Oct-2010 MSCI AC World ex USA (Net)	100.00

Since Inception Ending December 31, 2013

Periods Ending	Beginning Market Value (\$)	Net Cash Flow (\$)	Gain/Loss (\$)	Ending Market Value (\$)	%Return
From 02/1991	70,755,814	-989,948	12,022,401	81,788,267	17.12
1992	81,788,267	-1,336,854	5,335,405	85,786,818	6.61
1993	85,786,818	-1,701,361	6,296,512	90,381,969	7.40
1994	90,381,969	-2,167,186	-604,142	87,610,641	-0.65
1995	87,610,641	-7,369,636	28,373,068	108,614,073	26.80
1996	108,614,073	-3,018,593	12,427,929	118,023,409	11.61
1997	118,023,409	-3,547,921	18,037,393	132,512,881	15.53
1998	132,512,881	-3,098,858	18,542,125	147,956,148	14.15
1999	147,956,148	-3,767,247	19,605,945	163,794,846	13.48
2000	163,794,846	-3,956,267	8,750,636	168,589,215	5.40
2001	168,589,215	-4,286,260	-2,541,460	161,761,495	-1.45
2002	161,761,495	-3,046,457	-16,516,527	142,198,511	-10.18
2003	142,198,511	-2,782,412	28,678,451	168,094,550	20.38
2004	168,094,550	-3,400,914	15,868,038	180,561,674	9.61
2005	180,561,674	-2,378,899	6,433,750	184,616,525	3.61
2006	184,616,525	-1,930,035	20,325,723	203,012,213	11.23
2007	203,012,213	-1,809,758	15,134,283	216,336,738	7.47
2008	216,336,738	-518,994	-51,672,638	164,145,106	-23.73
2009	164,145,106	12,591,369	25,994,218	202,730,693	15.81
2010	202,730,693	-1,203,962	25,533,405	227,060,136	13.24
2011	227,060,136	-17,100,000	1,847,245	211,807,381	0.74
2012	211,807,381	5,708,540	26,036,403	243,552,324	12.40
2013	243,552,324	-19,800,257	45,775,871	269,527,938	19.65

Gain/Loss includes income received and change in accrued income for the period.



**Manager Profile**

**Style:** Large Cap  
**Benchmark:** S&P 500 Index  
**Peer Group:** US Large Cap Equity (SA & CF)  
**Inception Date:** November 1, 2012

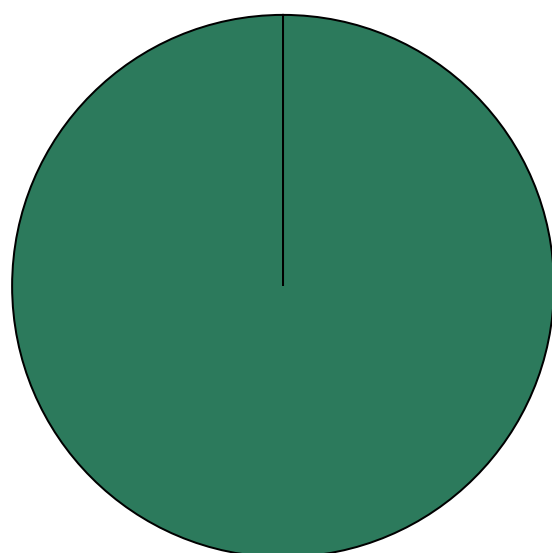
**Gain / Loss Summary**

	1 Quarter	Year To Date	1 Year
<b>Northern Trust S&amp;P 500</b>			
Beginning Market Value	88,381,417	100,791,951	100,791,951
Net Cash Flows	-6,500,165	-37,869,655	-37,869,655
Fees/Expenses	-	-	-
Income	-	-	-
Gain/Loss	8,922,045	27,881,000	27,881,000
Ending Market Value	90,803,296	90,803,296	90,803,296

Income includes income received and change in accrued income.

**Asset Allocation by Segment**

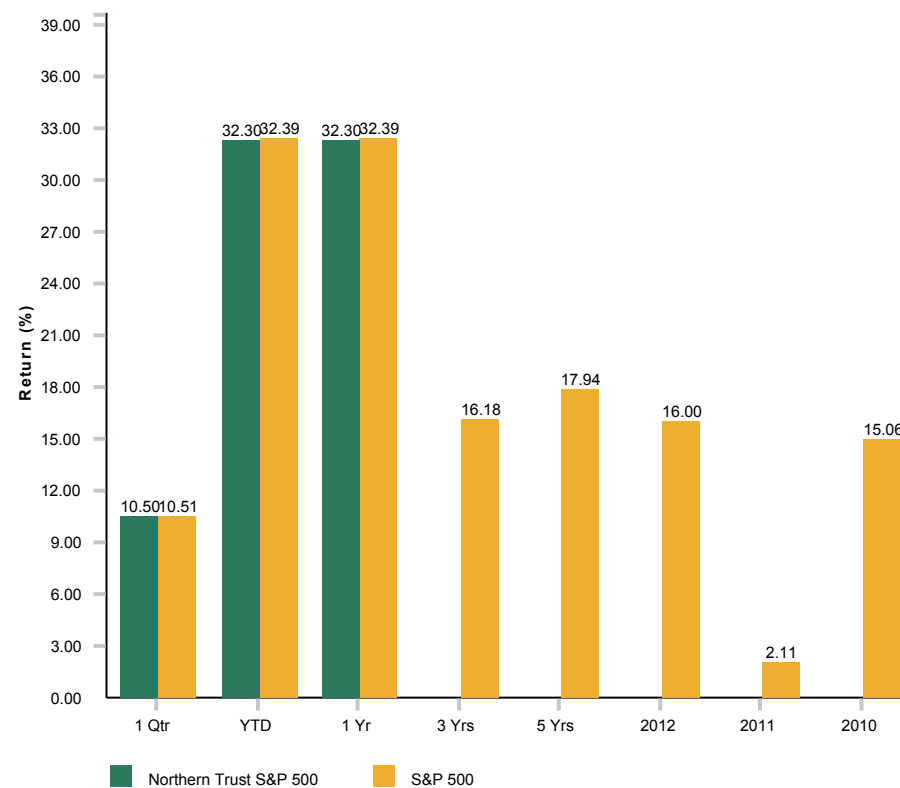
December 31, 2013 : \$90,803,296



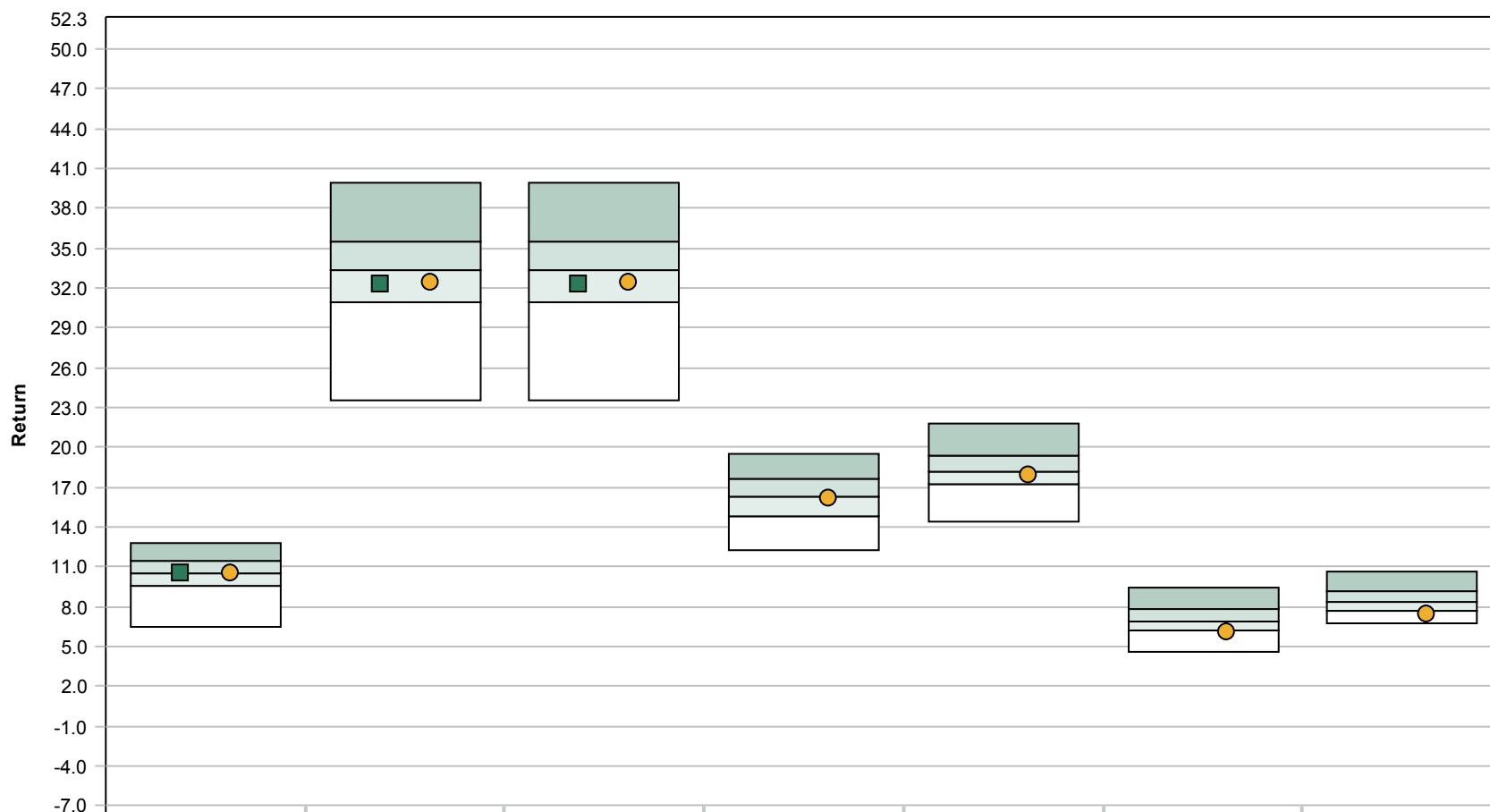
Segments	Market Value (\$)	Allocation (%)
Domestic Equity	90,803,296	100.00

Cash allocation includes accrued income for the entire portfolio.

**Performance Bar Chart**



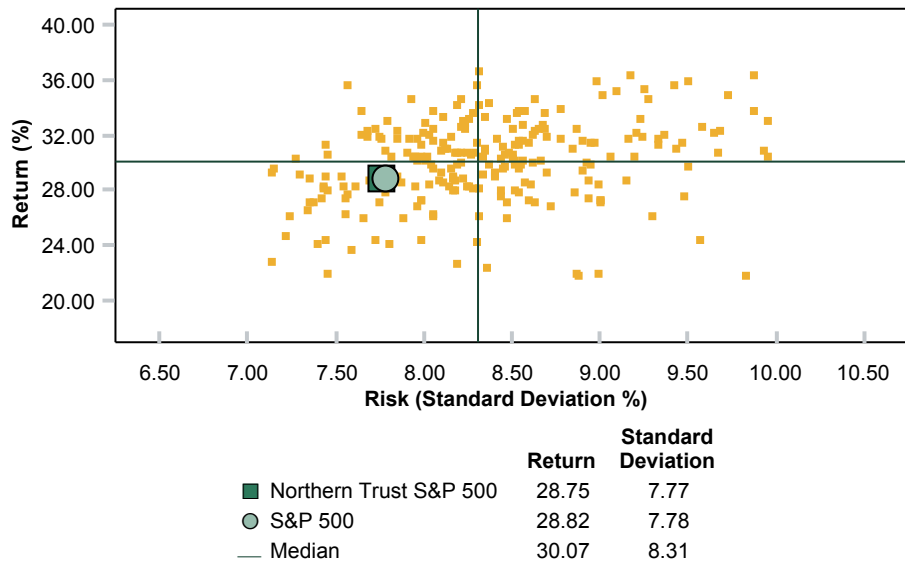
Peer Group Analysis - IM U.S. Large Cap Core Equity (SA+CF)



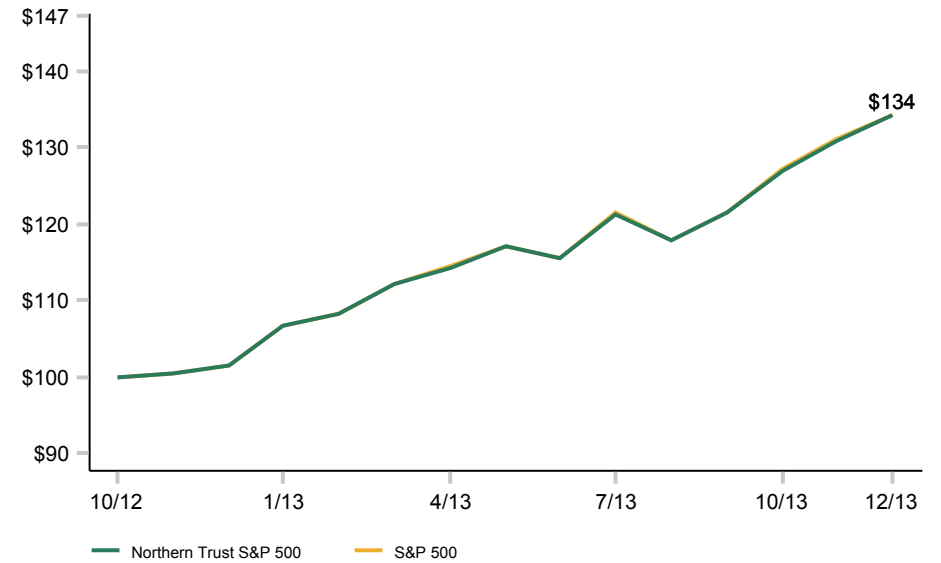
	1 Qtr	YTD	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs
■ Northern Trust S&P 500	10.50 (49)	32.30 (65)	32.30 (65)	N/A	N/A	N/A	N/A
● S&P 500	10.51 (49)	32.39 (64)	32.39 (64)	16.18 (56)	17.94 (57)	6.13 (78)	7.41 (86)
5th Percentile	12.81	39.92	39.92	19.52	21.84	9.50	10.67
1st Quartile	11.47	35.51	35.51	17.66	19.42	7.84	9.12
Median	10.47	33.38	33.38	16.35	18.18	6.92	8.38
3rd Quartile	9.59	30.94	30.94	14.81	17.18	6.22	7.68
95th Percentile	6.46	23.57	23.57	12.26	14.39	4.62	6.76

Monthly periodicity used in reports.

Peer Group Scattergram (11/01/12 to 12/31/13)



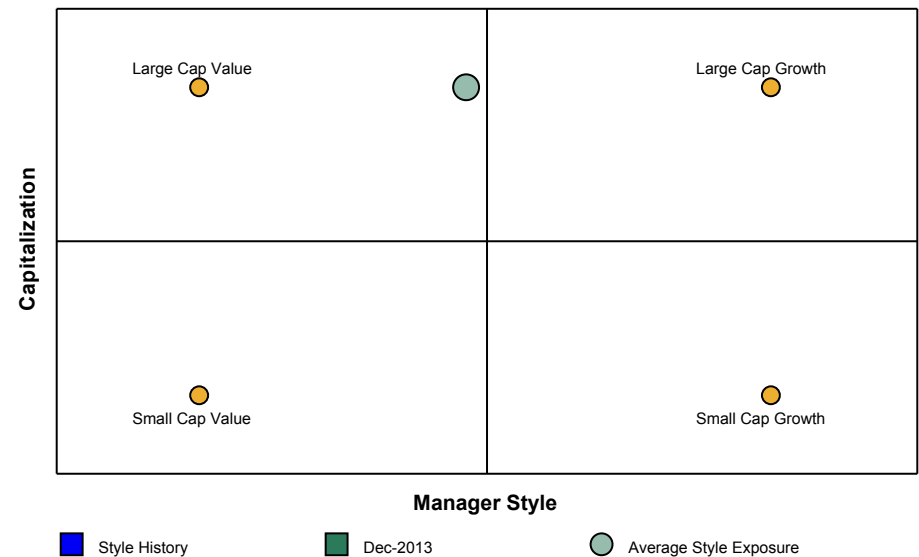
Growth of a Dollar (11/01/12 to 12/31/13)



3 & 5 Year Up / Down Market Capture

No data found.

Style Analysis



<b>Periods Ending</b>	<b>Beginning Market Value (\$)</b>	<b>Net Cash Flow (\$)</b>	<b>Gain/Loss (\$)</b>	<b>Ending Market Value (\$)</b>	<b>%Return</b>
From 11/2012	99,298,881	-	1,493,070	100,791,951	1.50
2013	100,791,951	-37,869,655	27,881,000	90,803,296	32.30

Gain/Loss includes income received and change in accrued income for the period.

Monthly periodicity used in reports.

**Manager Profile**

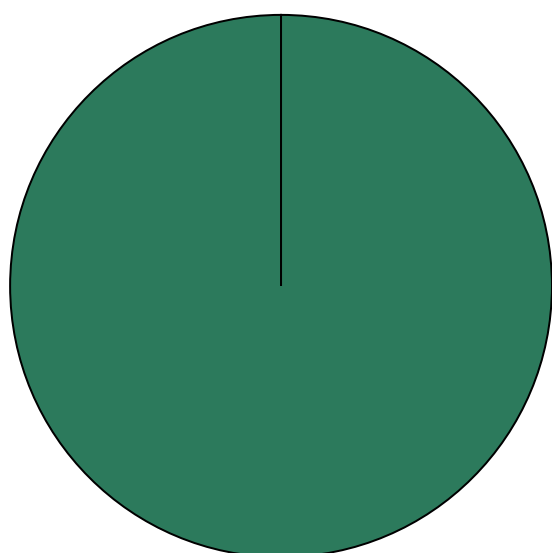
**Style:** SMID Cap Growth  
**Benchmark:** Russell 2500 Growth Index  
**Peer Group:** US SMID Cap Growth Equity (SA & CF)  
**Inception Date:** August 1, 2013

**Gain / Loss Summary**

	1 Quarter	Year To Date	1 Year
<b>Frontier Capital</b>			
Beginning Market Value	16,988,037	-	-
Net Cash Flows	-	-	-
Fees/Expenses	-	-	-
Income	-	-	-
Gain/Loss	1,312,509	-	-
Ending Market Value	18,300,546	-	-

**Asset Allocation by Segment**

December 31, 2013 : \$18,300,546

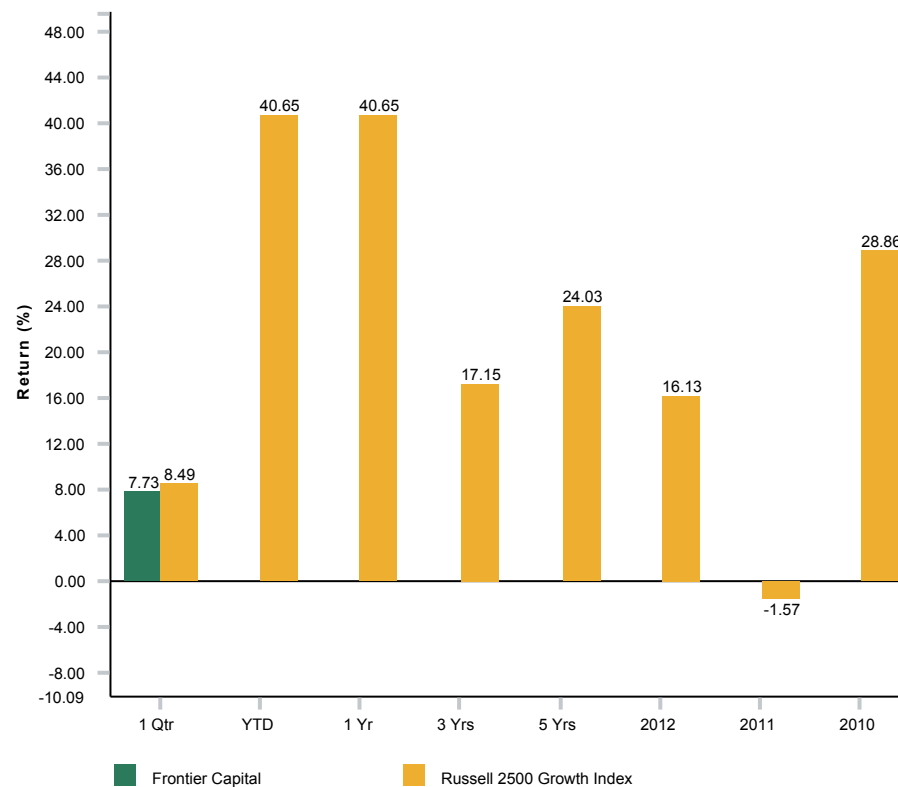


Segments	Market Value (\$)	Allocation (%)
Domestic Equity	18,300,546	100.00

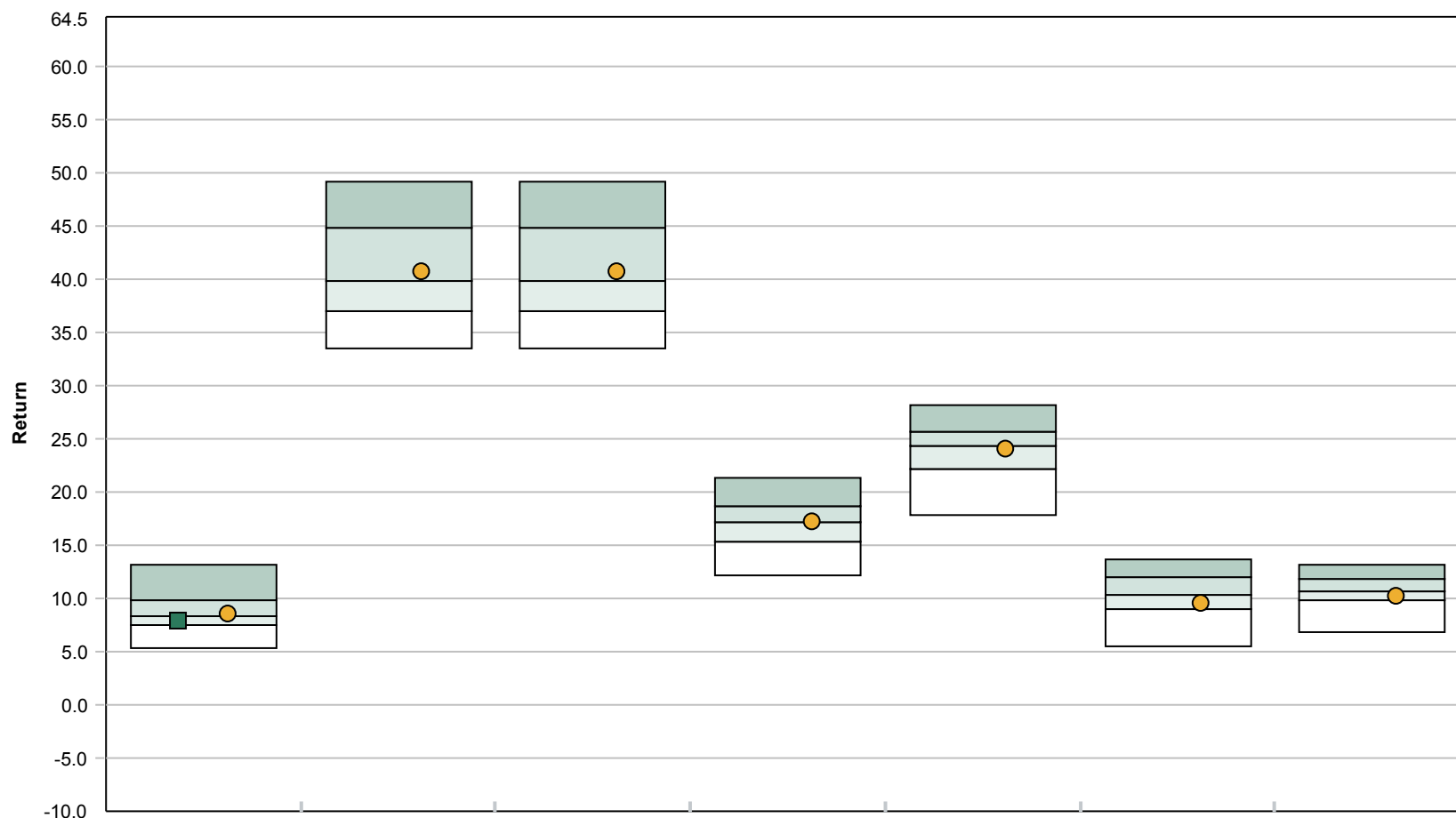
Cash allocation includes accrued income for the entire portfolio.

Income includes income received and change in accrued income.

**Performance Bar Chart**



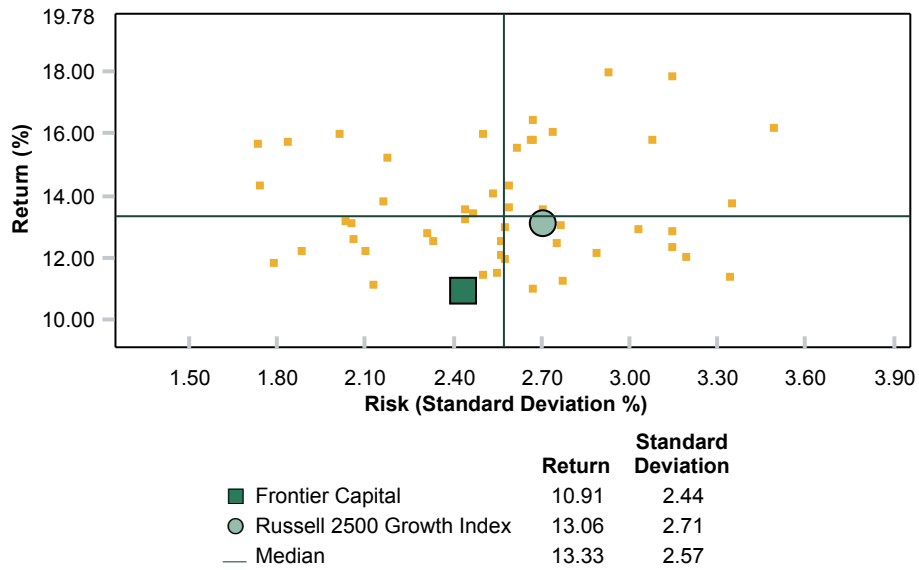
Peer Group Analysis - IM U.S. SMID Cap Growth Equity (SA+CF)



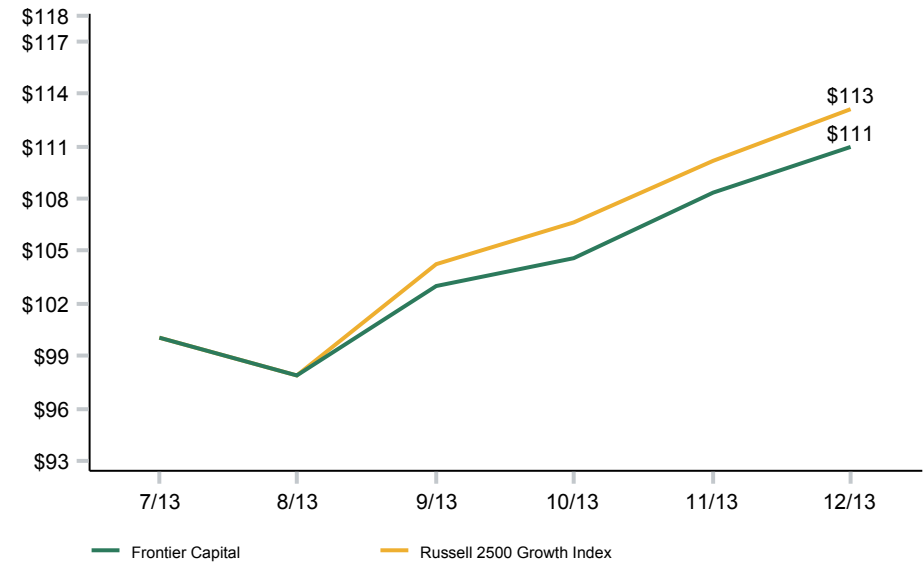
	1 Qtr	YTD	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs
■ Frontier Capital	7.73 (72)	N/A	N/A	N/A	N/A	N/A	N/A
● Russell 2500 Growth Index	8.49 (46)	40.65 (44)	40.65 (44)	17.15 (50)	24.03 (53)	9.46 (64)	10.11 (72)
5th Percentile	13.14	49.12	49.12	21.37	28.09	13.70	13.20
1st Quartile	9.85	44.83	44.83	18.72	25.62	11.93	11.82
Median	8.38	39.75	39.75	17.10	24.25	10.39	10.67
3rd Quartile	7.48	37.03	37.03	15.37	22.16	8.93	9.86
95th Percentile	5.31	33.54	33.54	12.12	17.84	5.43	6.75

Monthly periodicity used in reports.

Peer Group Scattergram (08/01/13 to 12/31/13)



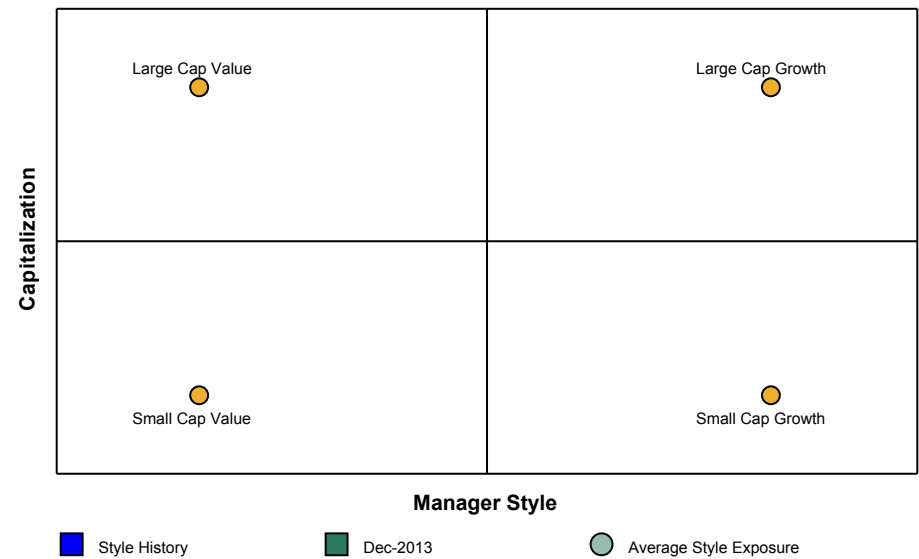
Growth of a Dollar (08/01/13 to 12/31/13)



3 & 5 Year Up / Down Market Capture

No data found.

Style Analysis



<b>Periods Ending</b>	<b>Beginning Market Value (\$)</b>	<b>Net Cash Flow (\$)</b>	<b>Gain/Loss (\$)</b>	<b>Ending Market Value (\$)</b>	<b>%Return</b>
From 08/2013	16,500,000	-	1,800,546	18,300,546	10.91

Gain/Loss includes income received and change in accrued income for the period.

Monthly periodicity used in reports.



**Manager Profile**

**Style:** SMID Value

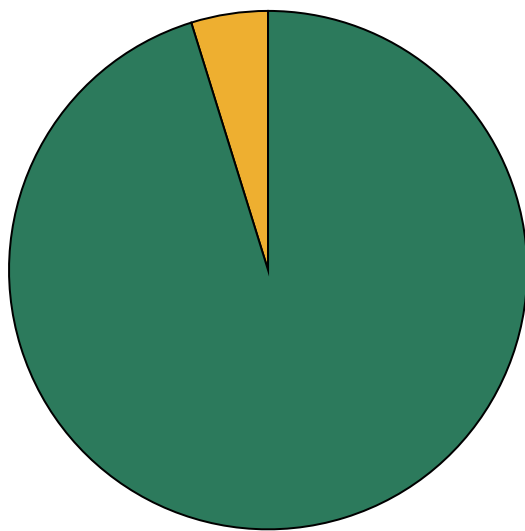
**Benchmark:** Russell 2500 Value Index

**Peer Group:** US SMID Cap Value Equity (SA & CF)

**Inception Date:** November 1, 2013

**Asset Allocation by Segment**

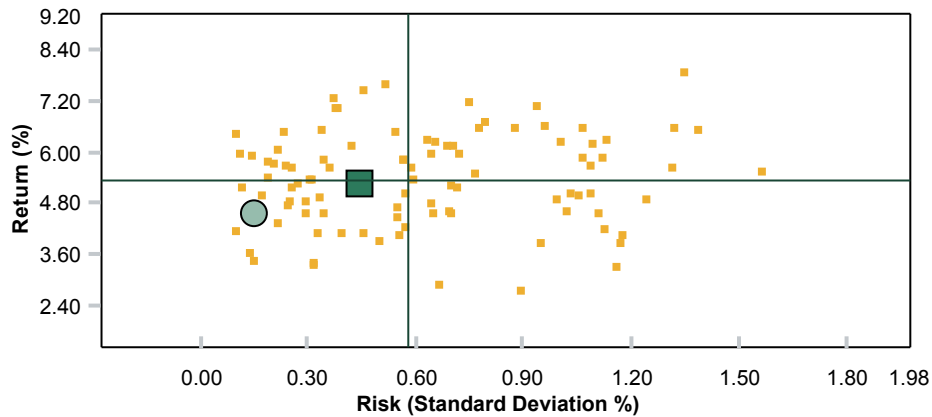
December 31, 2013 : \$20,032,774



Segments	Market Value (\$)	Allocation (%)
Domestic Equity	19,071,209	95.20
Cash	961,565	4.80

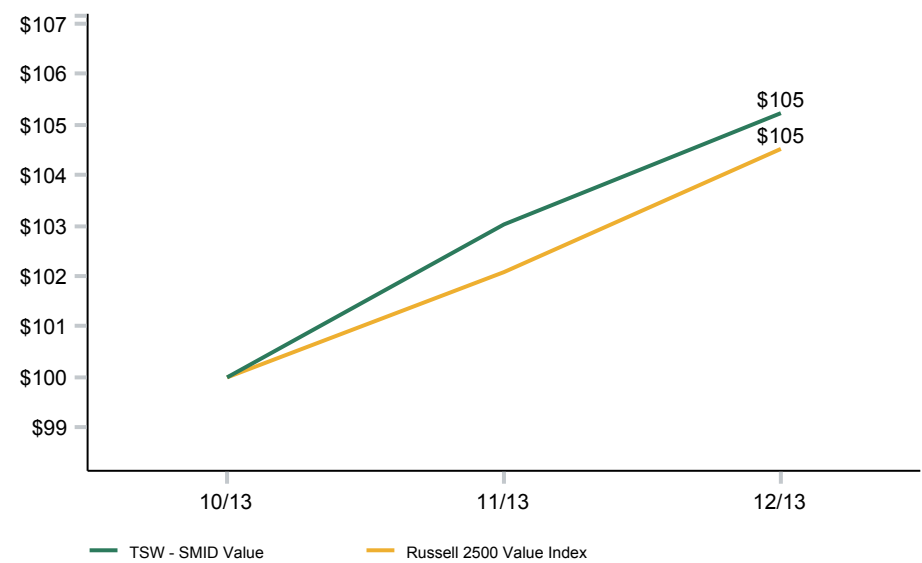
Cash allocation includes accrued income for the entire portfolio.

Peer Group Scattergram (11/01/13 to 12/31/13)



	Return	Standard Deviation
■ TSW - SMID Value	5.23	0.45
● Russell 2500 Value Index	4.53	0.15
— Median	5.33	0.58

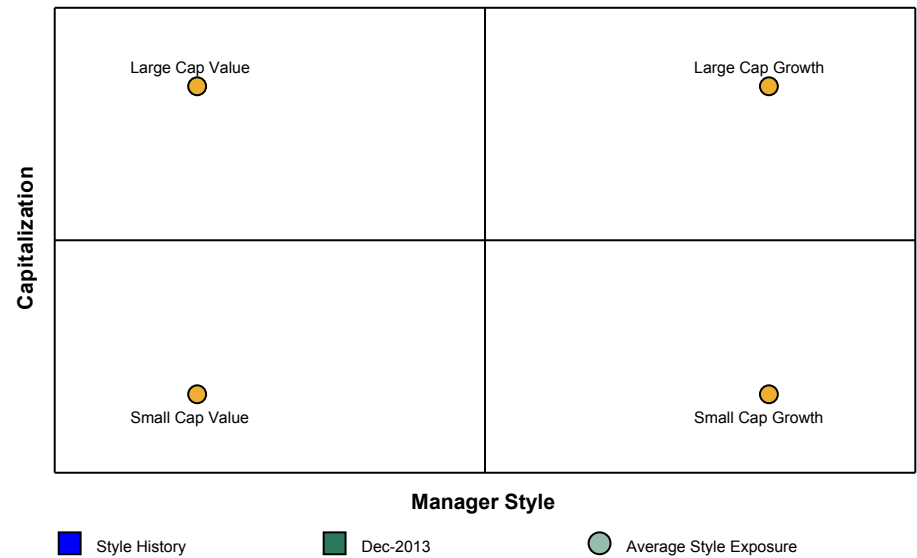
Growth of a Dollar (11/01/13 to 12/31/13)



3 & 5 Year Up / Down Market Capture

No data found.

Style Analysis



<b>Periods Ending</b>	<b>Beginning Market Value (\$)</b>	<b>Net Cash Flow (\$)</b>	<b>Gain/Loss (\$)</b>	<b>Ending Market Value (\$)</b>	<b>%Return</b>
From 11/2013	19,037,531	-	995,244	20,032,774	5.23

Gain/Loss includes income received and change in accrued income for the period.

Monthly periodicity used in reports.

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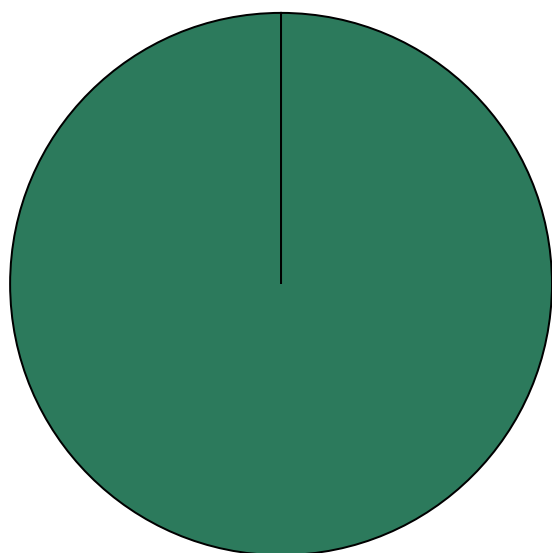
**Manager Profile**

**Style:** International Equity  
**Benchmark:** MSCI AC World ex US (Net)  
**Peer Group:** International Equity (SA & CF)  
**Inception Date:** November 1, 2013

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**Asset Allocation by Segment**

December 31, 2013 : \$41,616,749



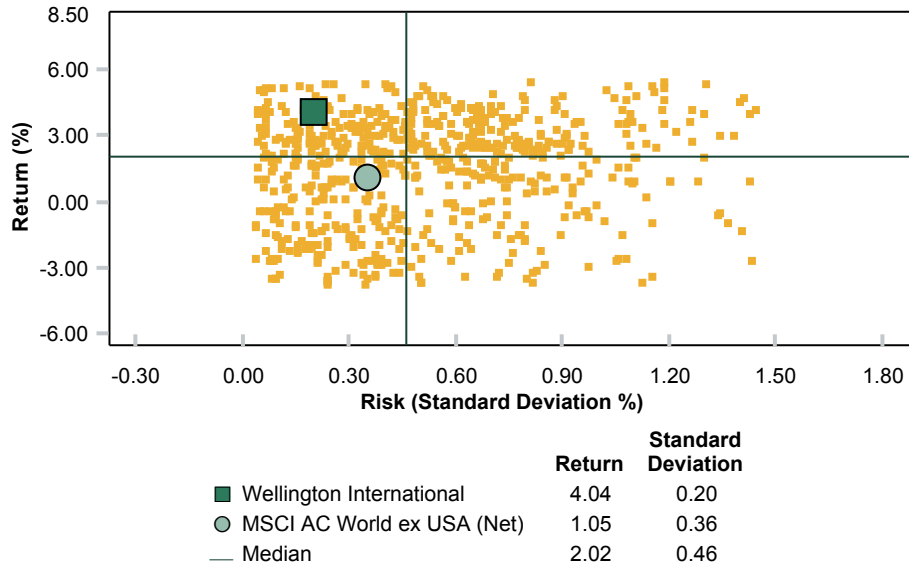
Segments	Market Value (\$)	Allocation (%)
■ International Equity	41,616,749	100.00

Cash allocation includes accrued income for the entire portfolio.

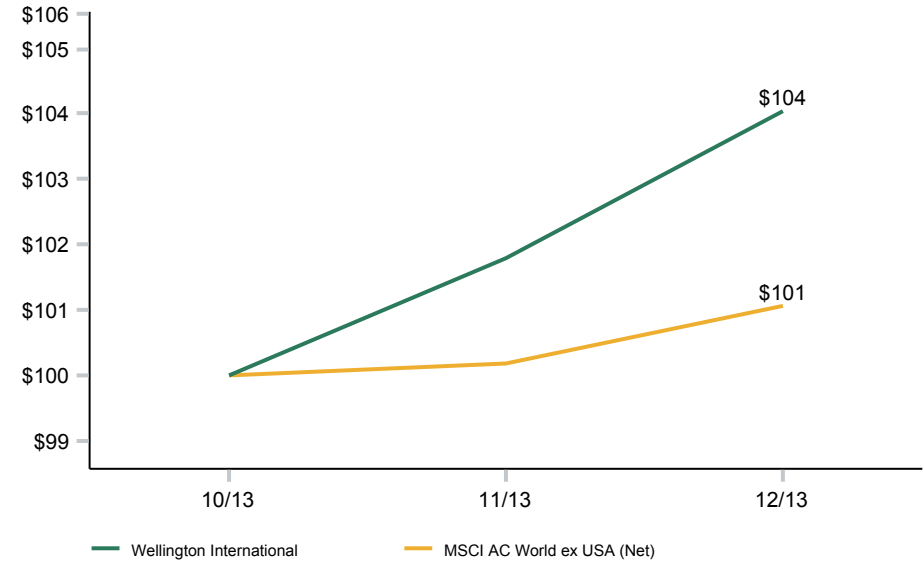
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Monthly periodicity used in reports.

Peer Group Scattergram (11/01/13 to 12/31/13)



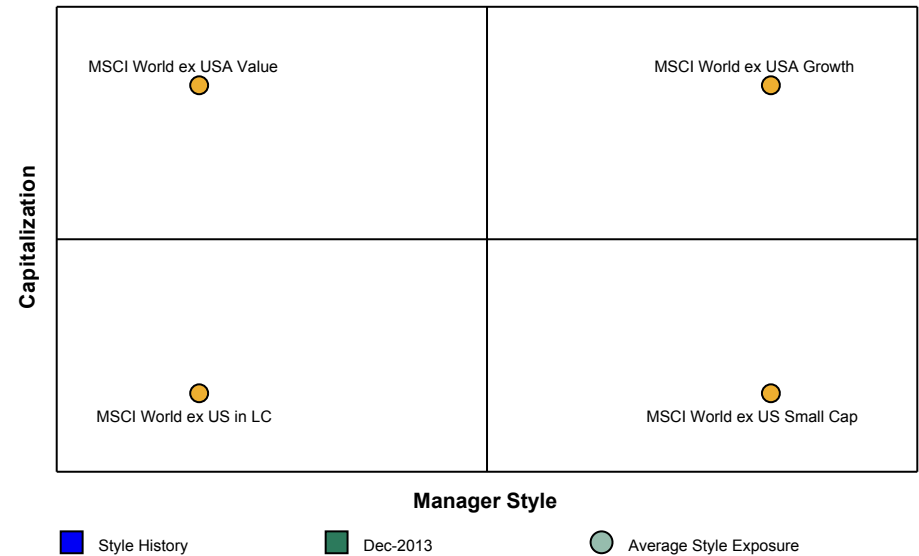
Growth of a Dollar (11/01/13 to 12/31/13)



3 & 5 Year Up / Down Market Capture

No data found.

Style Analysis



<b>Periods Ending</b>	<b>Beginning Market Value (\$)</b>	<b>Net Cash Flow (\$)</b>	<b>Gain/Loss (\$)</b>	<b>Ending Market Value (\$)</b>	<b>%Return</b>
From 11/2013	40,000,000	-	1,616,749	41,616,749	4.04

Gain/Loss includes income received and change in accrued income for the period.

Monthly periodicity used in reports.

**Manager Profile**

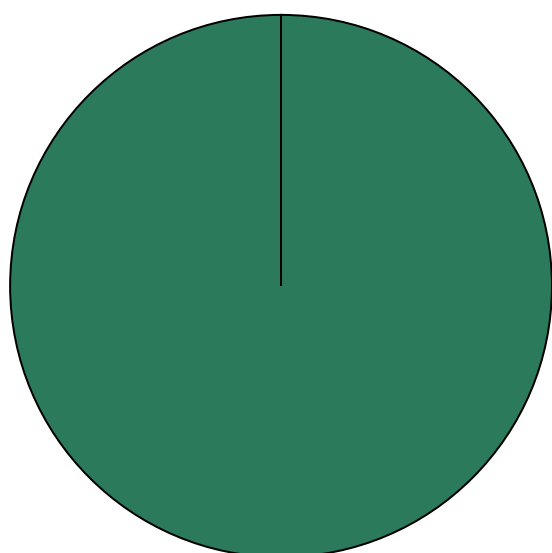
**Style:** International Equity  
**Benchmark:** MSCI ACWI x USA (Net)  
**Peer Group:** International Core (SA & CF)  
**Inception Date:** May 1, 2013

**Gain / Loss Summary**

	1 Quarter	Year To Date	1 Year
<b>Northern Trust ACWI ex US</b>			
Beginning Market Value	41,075,514	-	-
Net Cash Flows	-40,000,000	-	-
Fees/Expenses	-	-	-
Income	-	-	-
Gain/Loss	1,505,711	-	-
Ending Market Value	2,581,225	-	-

**Asset Allocation by Segment**

December 31, 2013 : \$2,581,225

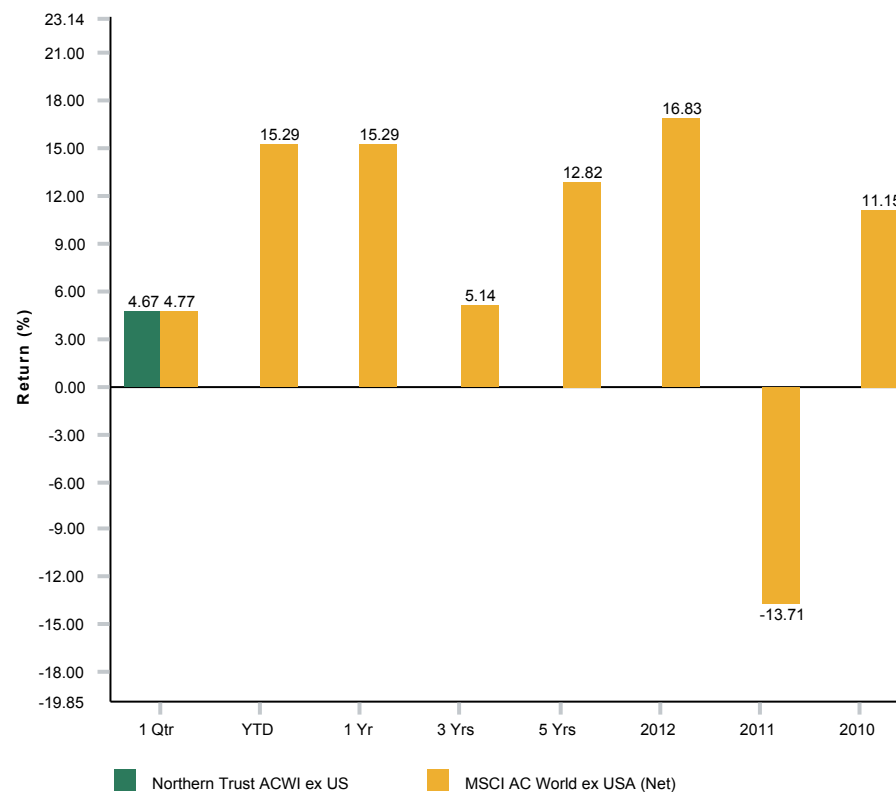


Segments	Market Value (\$)	Allocation (%)
International Equity	2,581,225	100.00

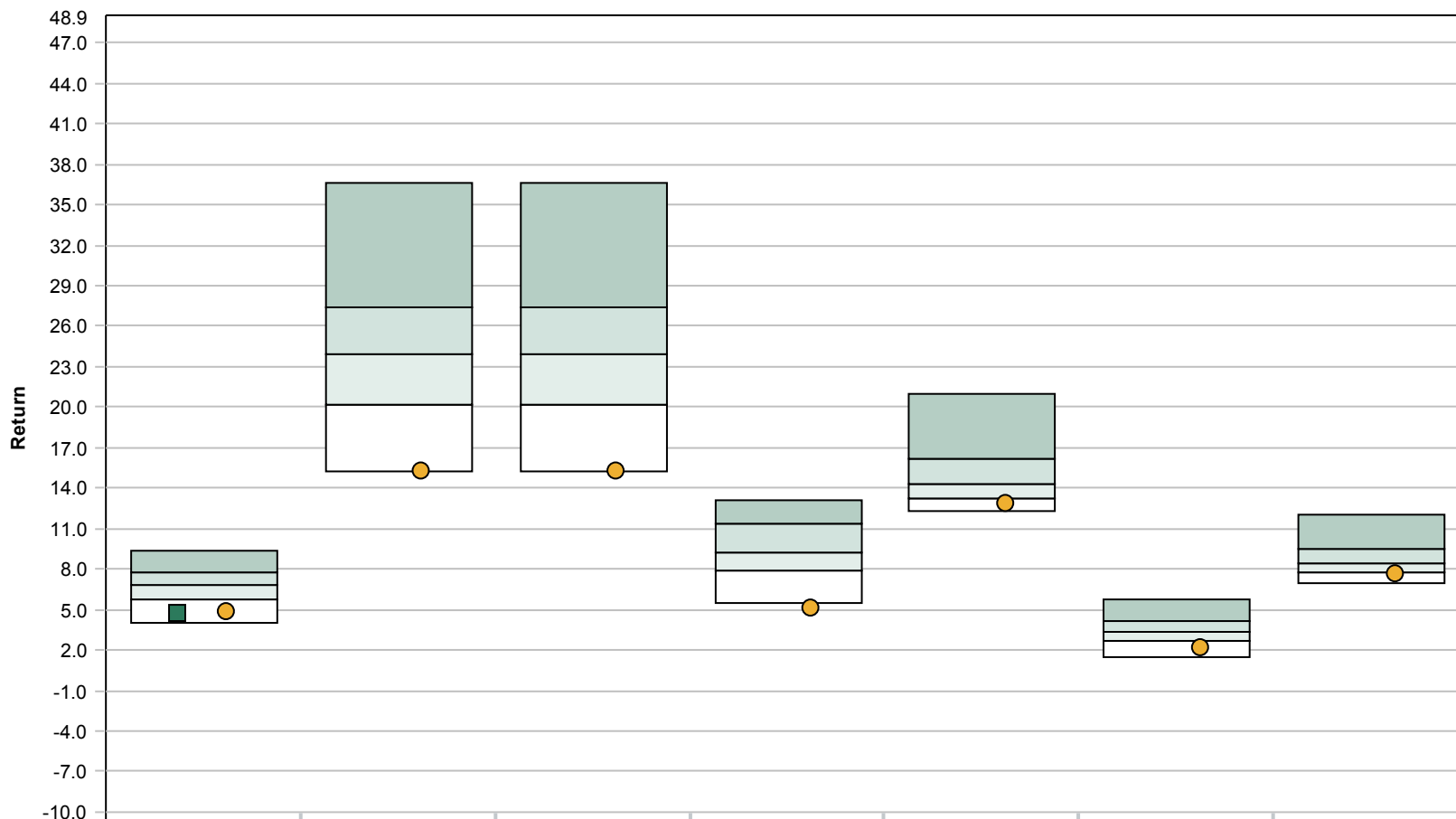
Cash allocation includes accrued income for the entire portfolio.

Income includes income received and change in accrued income.

**Performance Bar Chart**



Peer Group Analysis - IM International Core Equity (SA+CF)

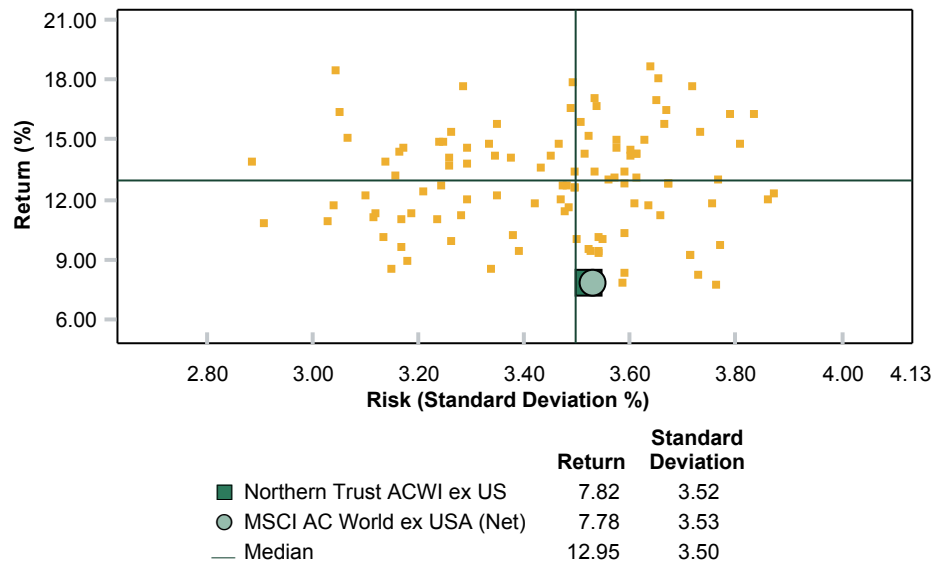


	1 Qtr	YTD	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs
■ Northern Trust ACWI ex US	4.67 (91)	N/A	N/A	N/A	N/A	N/A	N/A
● MSCI AC World ex USA (Net)	4.77 (89)	15.29 (95)	15.29 (95)	5.14 (98)	12.82 (86)	2.16 (88)	7.57 (81)
5th Percentile	9.31	36.61	36.61	13.11	21.02	5.70	11.98
1st Quartile	7.76	27.46	27.46	11.34	16.16	4.20	9.45
Median	6.79	23.93	23.93	9.26	14.31	3.33	8.38
3rd Quartile	5.79	20.18	20.18	7.93	13.30	2.63	7.71
95th Percentile	4.01	15.26	15.26	5.46	12.23	1.48	6.96

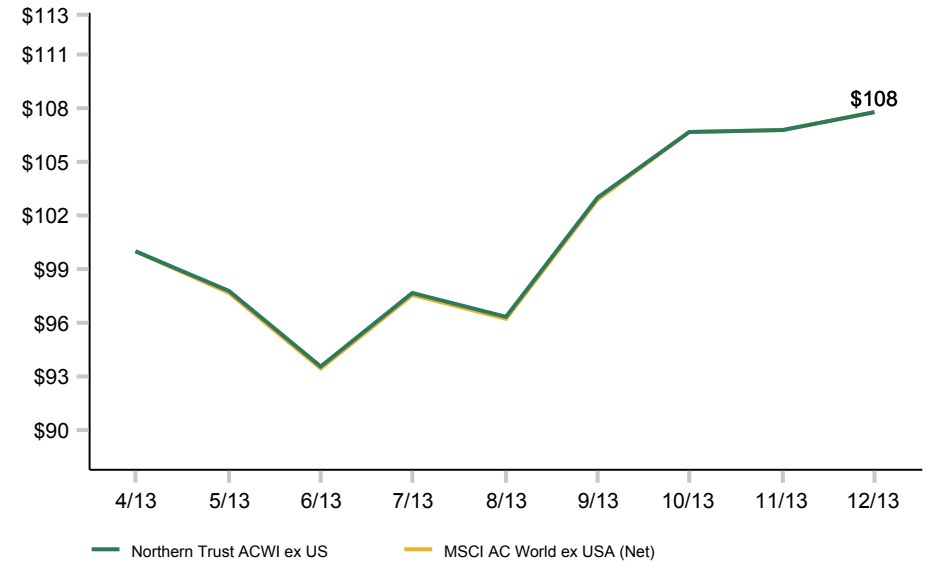
Monthly periodicity used in reports.



Peer Group Scattergram (05/01/13 to 12/31/13)



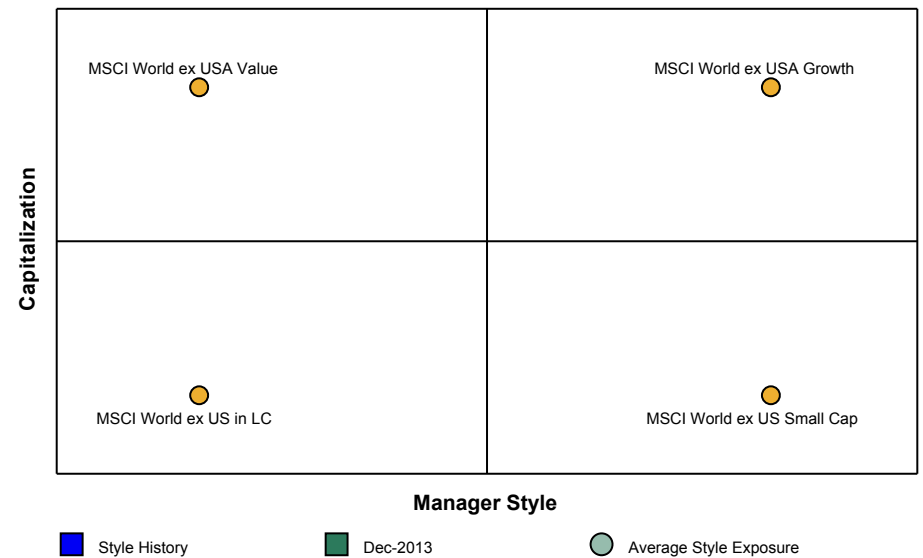
Growth of a Dollar (05/01/13 to 12/31/13)



3 & 5 Year Up / Down Market Capture

No data found.

Style Analysis



<b>Periods Ending</b>	<b>Beginning Market Value (\$)</b>	<b>Net Cash Flow (\$)</b>	<b>Gain/Loss (\$)</b>	<b>Ending Market Value (\$)</b>	<b>%Return</b>
From 05/2013	39,874,810	-40,000,000	2,706,415	2,581,225	7.82

Gain/Loss includes income received and change in accrued income for the period.

Monthly periodicity used in reports.

**Manager Profile**

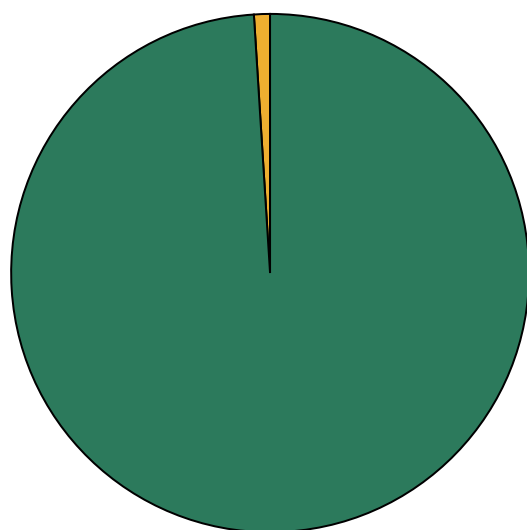
<b>Style:</b>	Intermediate Fixed Income
<b>Benchmark:</b>	Barclays Capital Intermediate Govt/Credit Index
<b>Peer Group:</b>	US Intermediate Fixed Income (SA & CF)
<b>Inception Date:</b>	February 1, 1991

**Gain / Loss Summary**

	1 Quarter	Year To Date	1 Year
<b>Neuberger &amp; Berman</b>			
Beginning Market Value	31,836,690	18,951,183	18,951,183
Net Cash Flows	-4,500,000	9,021,434	9,021,434
Fees/Expenses	-	-	-
Income	147,725	540,821	540,821
Gain/Loss	-118,361	-1,147,385	-1,147,385
Ending Market Value	27,366,054	27,366,054	27,366,054

**Asset Allocation by Segment**

December 31, 2013 : \$27,366,054

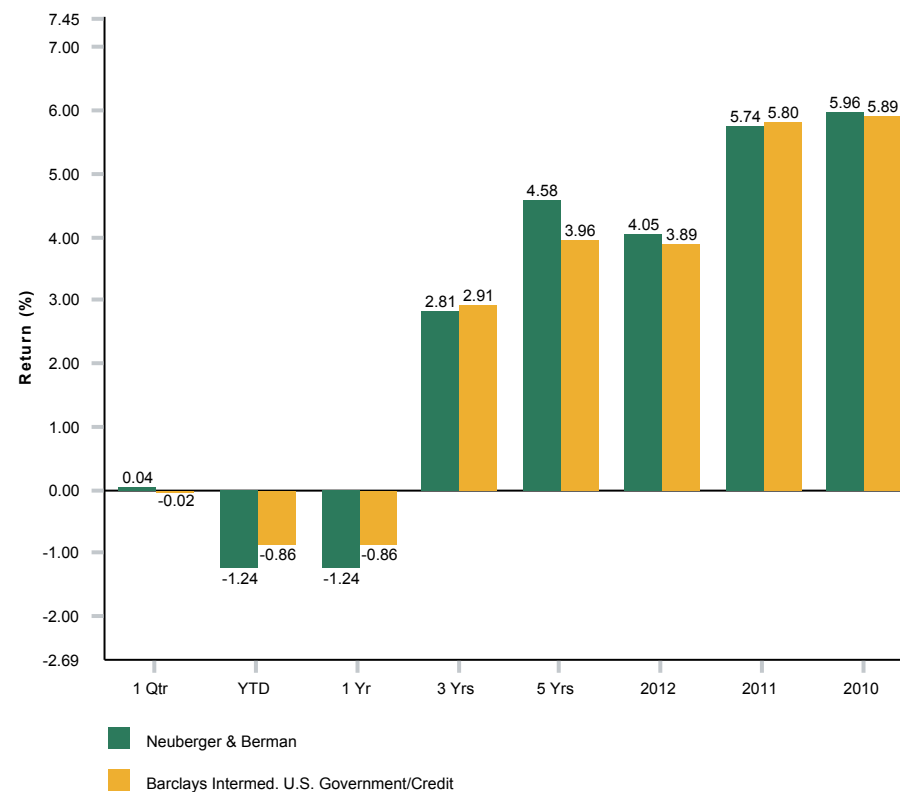


Segments	Market Value (\$)	Allocation (%)
Domestic Fixed Income	27,093,261	99.00
Cash Equivalent	272,792	1.00

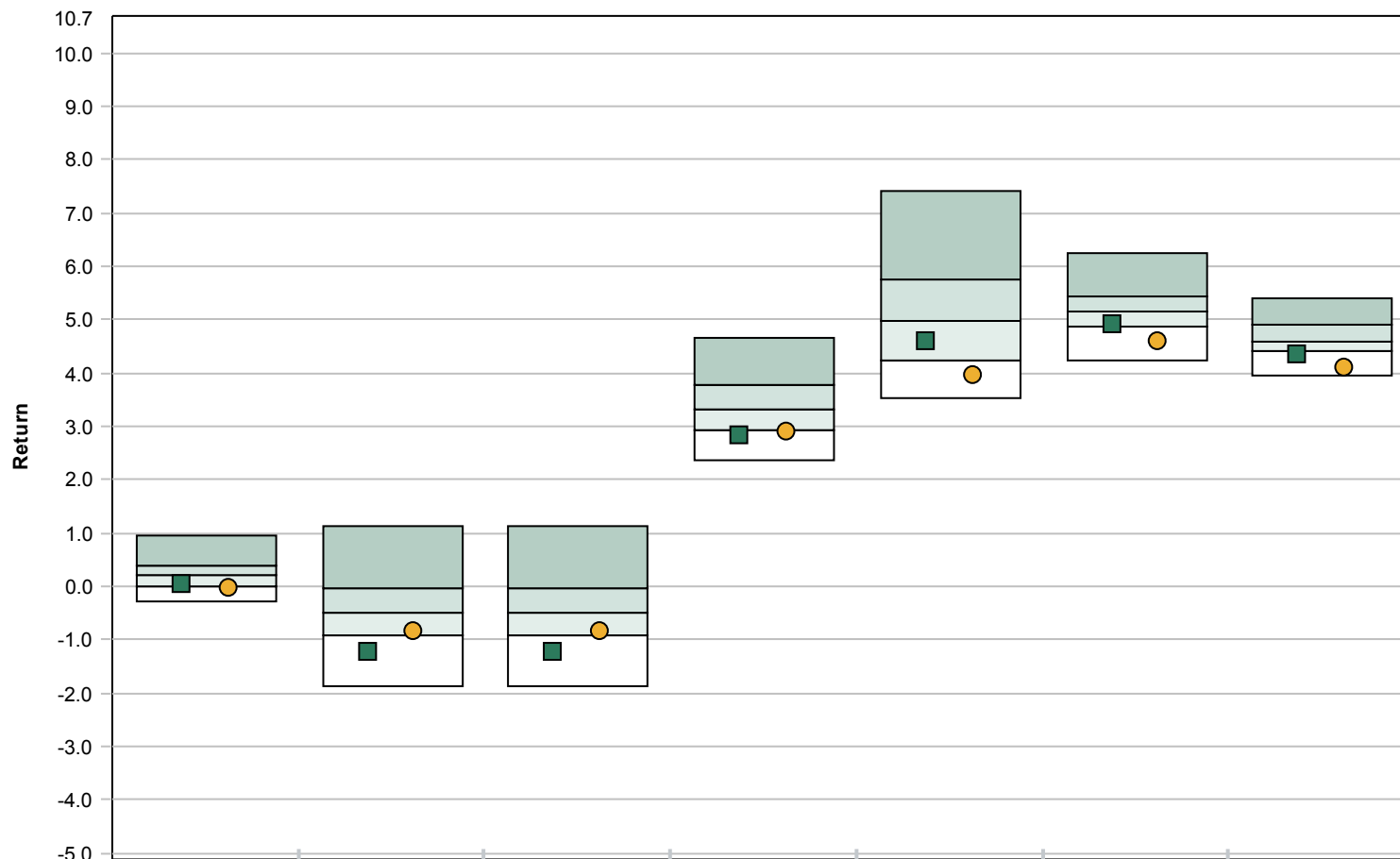
Cash allocation includes accrued income for the entire portfolio.

Income includes income received and change in accrued income.

**Performance Bar Chart**



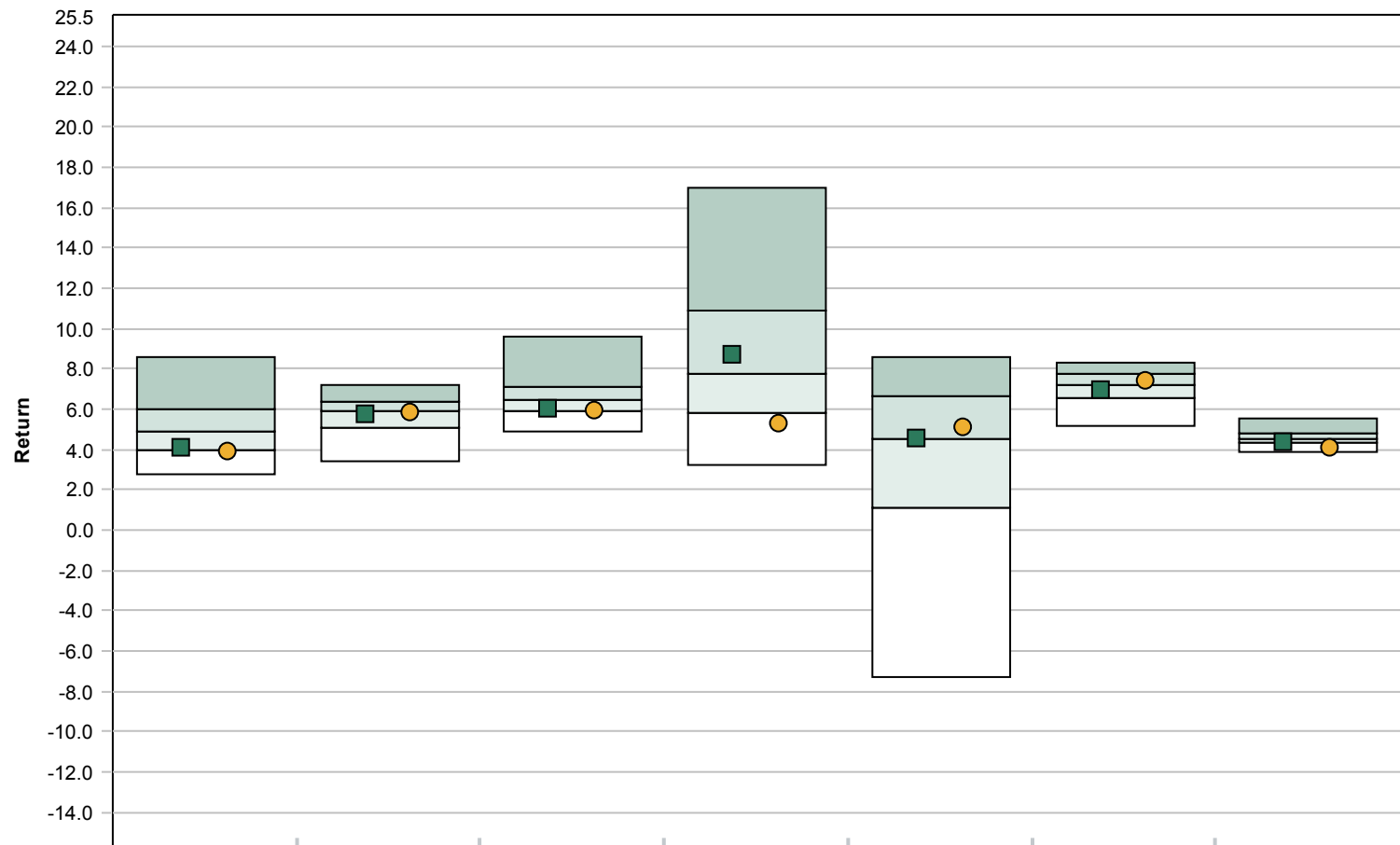
Peer Group Analysis - IM U.S. Intermediate Duration (SA+CF)



	1 Qtr	YTD	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs
■ Neuberger & Berman	0.04 (73)	-1.24 (88)	-1.24 (88)	2.81 (81)	4.58 (66)	4.90 (73)	4.33 (79)
● Barclays Intermed. U.S. Government/Credit	-0.02 (79)	-0.86 (71)	-0.86 (71)	2.91 (77)	3.96 (88)	4.60 (89)	4.09 (92)
5th Percentile	0.96	1.13	1.13	4.66	7.41	6.26	5.41
1st Quartile	0.39	-0.03	-0.03	3.76	5.75	5.42	4.89
Median	0.20	-0.49	-0.49	3.31	4.97	5.14	4.60
3rd Quartile	0.01	-0.92	-0.92	2.94	4.25	4.86	4.40
95th Percentile	-0.29	-1.87	-1.87	2.36	3.51	4.22	3.94

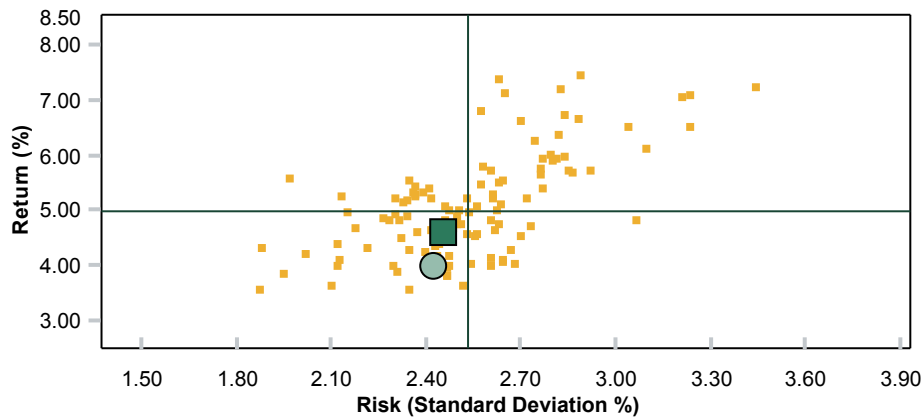
Monthly periodicity used in reports.

Peer Group Analysis - IM U.S. Intermediate Duration (SA+CF)



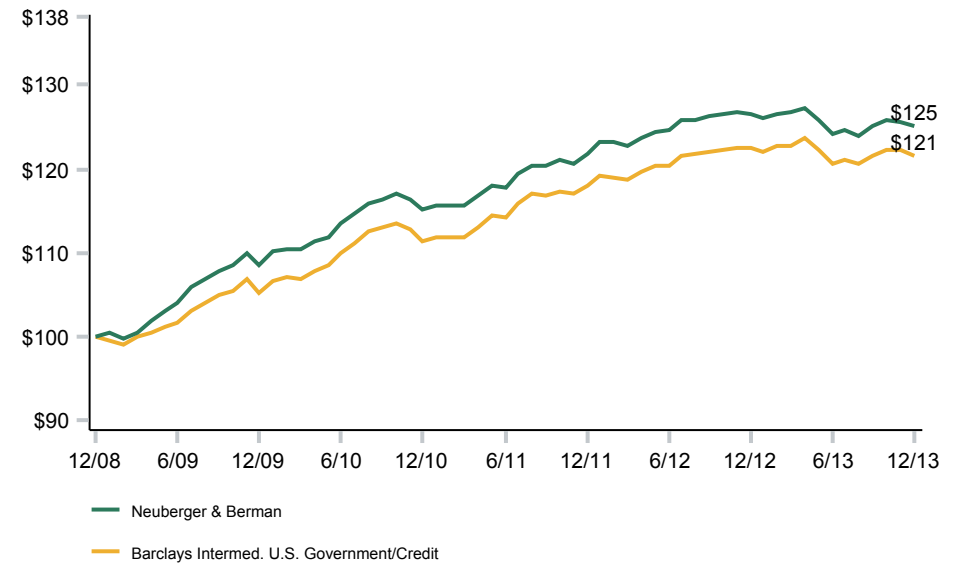
	2012	2011	2010	2009	2008	2007	2006
■ Neuberger & Berman	4.05 (73)	5.74 (56)	5.96 (74)	8.64 (40)	4.48 (51)	6.92 (62)	4.31 (73)
● Barclays Intermed. U.S. Government/Credit	3.89 (78)	5.80 (53)	5.89 (77)	5.24 (84)	5.08 (46)	7.39 (42)	4.07 (90)
5th Percentile	8.56	7.23	9.57	16.97	8.59	8.27	5.53
1st Quartile	6.04	6.36	7.07	10.85	6.68	7.71	4.77
Median	4.89	5.86	6.41	7.79	4.51	7.22	4.49
3rd Quartile	3.95	5.04	5.93	5.82	1.12	6.51	4.29
95th Percentile	2.73	3.38	4.91	3.18	-7.29	5.18	3.88

Peer Group Scattergram (01/01/09 to 12/31/13)



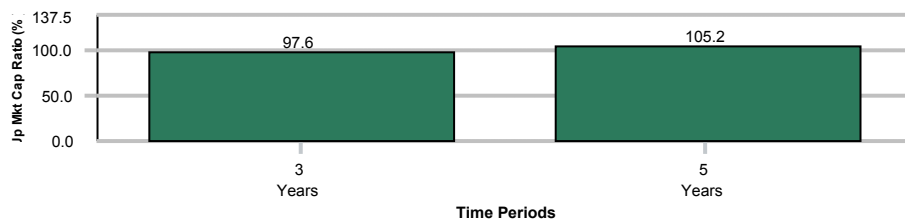
	Return	Standard Deviation
■ Neuberger & Berman	4.58	2.46
● Barclays Intermed. U.S. Government/Credit	3.96	2.43
— Median	4.96	2.53

Growth of a Dollar (01/01/09 to 12/31/13)

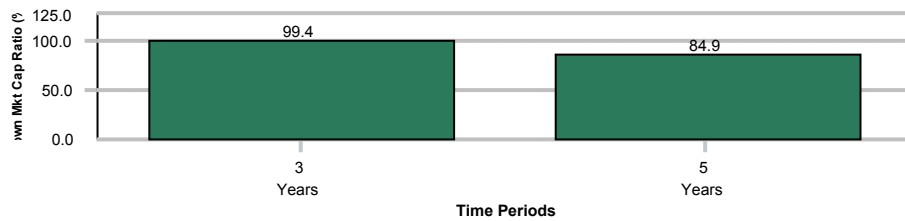


3 & 5 Year Up / Down Market Capture

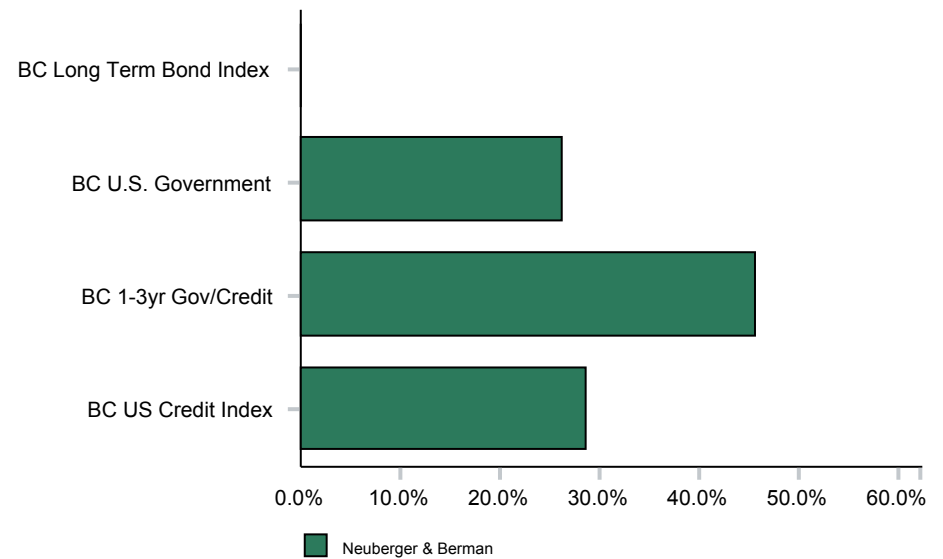
Up Market Capture



Down Market Capture



Style Analysis



Periods Ending	Beginning Market Value (\$)	Net Cash Flow (\$)	Gain/Loss (\$)	Ending Market Value (\$)	%Return
From 03/1999	332,537	-1,559,020	26,695,693	25,469,210	1.29
2000	25,469,210	1,243,733	2,840,033	29,552,976	10.50
2001	29,552,976	-5,288,234	2,476,683	26,741,425	8.69
2002	26,741,425	-4,546,457	2,854,865	25,049,833	11.27
2003	25,049,833	-2,956,934	730,282	22,823,181	2.93
2004	22,823,181	12,964,001	765,780	36,552,962	2.36
2005	36,552,962	1,121,243	1,118,569	38,792,774	2.46
2006	38,792,774	-1,910,531	1,626,840	38,509,083	4.31
2007	38,509,083	-1,601,838	2,616,512	39,523,757	6.92
2008	39,523,757	-10,456,733	1,635,017	30,702,041	4.48
2009	30,702,041	-1,383,823	2,299,011	31,617,229	8.64
2010	31,617,229	-3,967,712	1,690,416	29,339,933	5.96
2011	29,339,933	-17,100,000	1,206,565	13,446,498	5.74
2012	13,446,498	4,907,586	597,100	18,951,183	4.05
2013	18,951,183	9,021,434	-606,564	27,366,054	-1.24

Gain/Loss includes income received and change in accrued income for the period.

Monthly periodicity used in reports.

**Manager Profile**

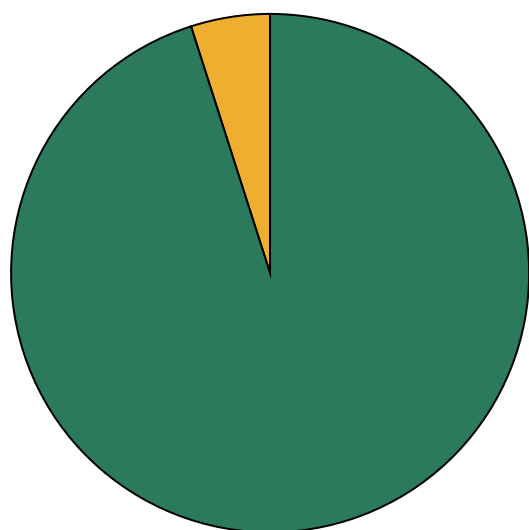
<b>Style:</b>	Core Fixed Income
<b>Benchmark:</b>	Barclays Capital Aggregate Bond Index
<b>Peer Group:</b>	US Broad Market Core Fixed income (SA & CF)
<b>Inception Date:</b>	October 1, 2005

**Gain / Loss Summary**

	1 Quarter	Year To Date	1 Year
<b>Baird Advisors</b>			
Beginning Market Value	39,614,590	38,270,050	38,270,050
Net Cash Flows	-	2,291,990	2,291,990
Fees/Expenses	-	-	-
Income	350,369	1,378,132	1,378,132
Gain/Loss	-431,421	-2,406,635	-2,406,635
Ending Market Value	39,533,537	39,533,537	39,533,537

**Asset Allocation by Segment**

December 31, 2013 : \$39,533,537

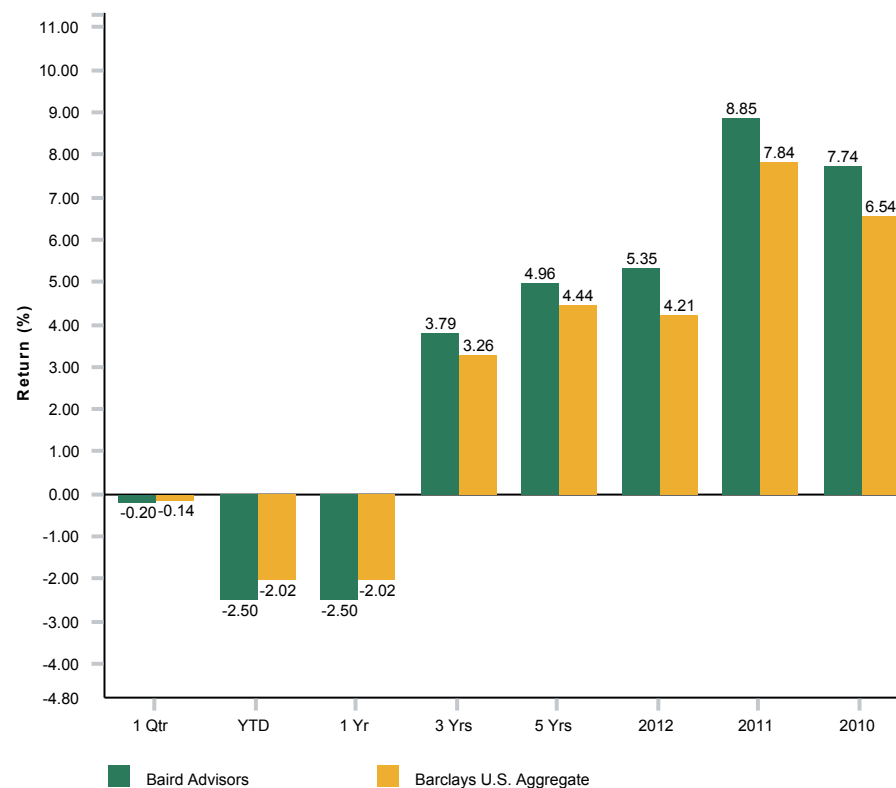


Segments	Market Value (\$)	Allocation (%)
Domestic Fixed Income	37,581,331	95.06
Cash	1,952,206	4.94

Cash allocation includes accrued income for the entire portfolio.

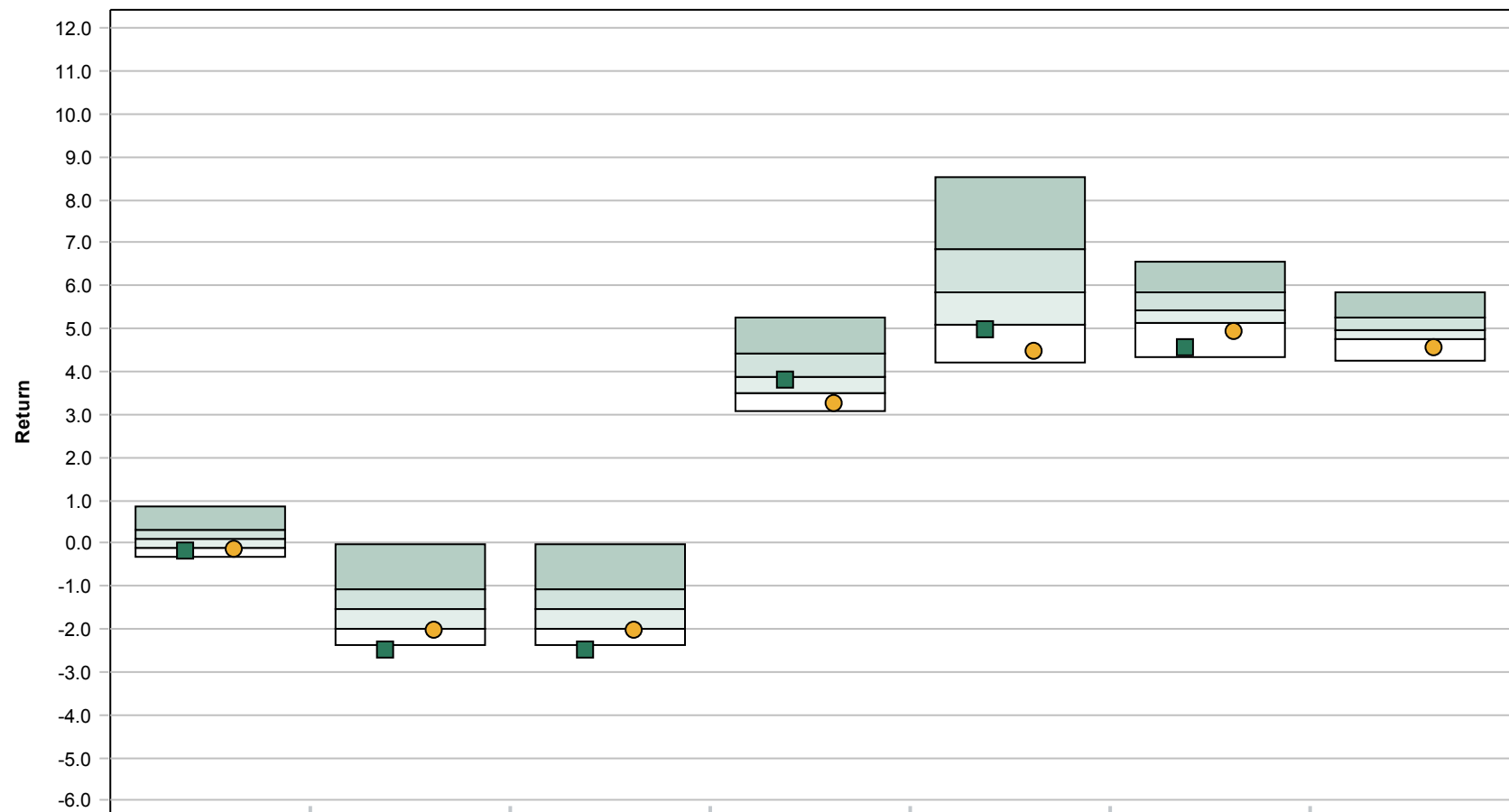
Income includes income received and change in accrued income.

**Performance Bar Chart**





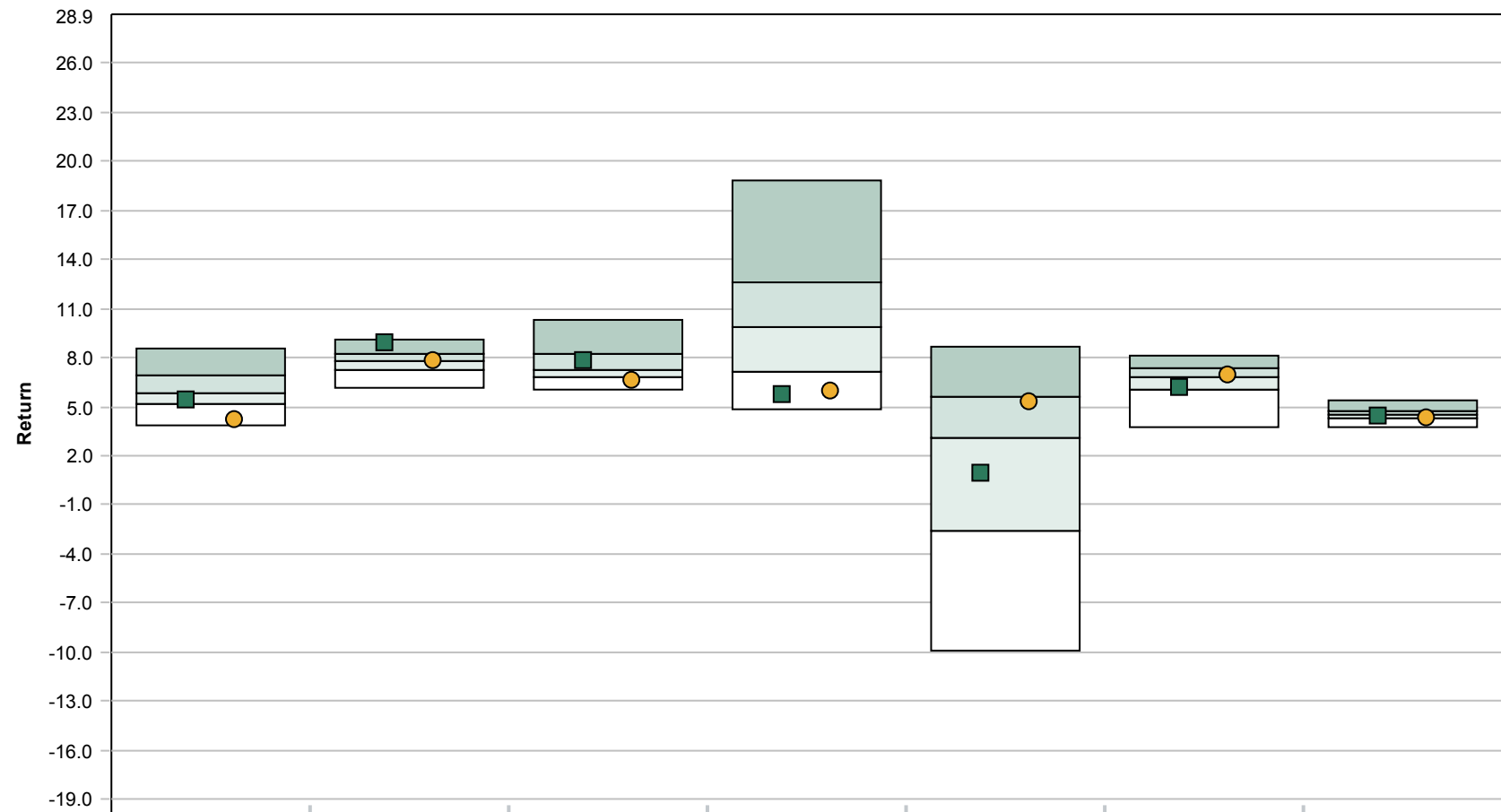
Peer Group Analysis - IM U.S. Broad Market Core Fixed Income (SA+CF)



	1 Qtr	YTD	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs
■ Baird Advisors	-0.20 (88)	-2.50 (96)	-2.50 (96)	3.79 (57)	4.96 (77)	4.53 (94)	N/A
● Barclays U.S. Aggregate	-0.14 (79)	-2.02 (76)	-2.02 (76)	3.26 (90)	4.44 (92)	4.91 (84)	4.55 (86)
5th Percentile	0.86	-0.05	-0.05	5.26	8.52	6.54	5.84
1st Quartile	0.33	-1.07	-1.07	4.41	6.85	5.83	5.26
Median	0.11	-1.55	-1.55	3.88	5.83	5.43	4.97
3rd Quartile	-0.11	-2.01	-2.01	3.48	5.10	5.14	4.74
95th Percentile	-0.30	-2.39	-2.39	3.08	4.23	4.31	4.26

Monthly periodicity used in reports.

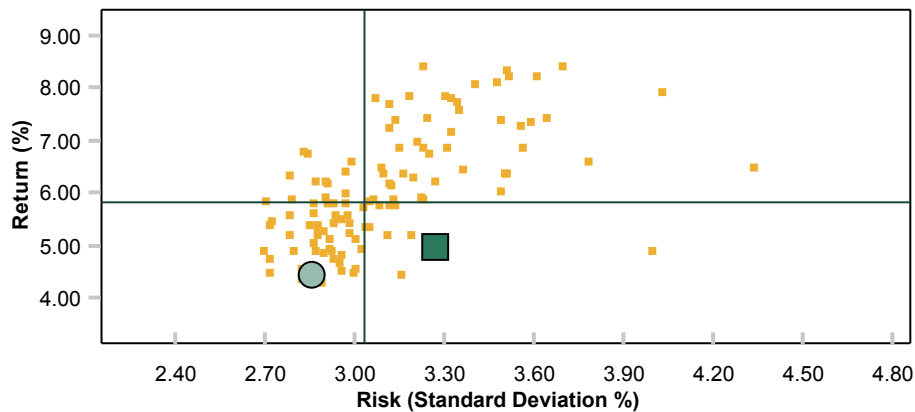
Peer Group Analysis - IM U.S. Broad Market Core Fixed Income (SA+CF)



	2012	2011	2010	2009	2008	2007	2006
■ Baird Advisors	5.35 (64)	8.85 (10)	7.74 (38)	5.76 (90)	0.85 (60)	6.11 (71)	4.44 (55)
● Barclays U.S. Aggregate	4.21 (92)	7.84 (51)	6.54 (85)	5.93 (88)	5.24 (31)	6.97 (44)	4.34 (69)
5th Percentile	8.55	9.08	10.31	18.83	8.72	8.16	5.43
1st Quartile	6.88	8.18	8.18	12.63	5.65	7.30	4.73
Median	5.85	7.84	7.23	9.84	3.04	6.85	4.48
3rd Quartile	5.14	7.26	6.78	7.12	-2.65	5.99	4.25
95th Percentile	3.89	6.11	6.04	4.82	-9.91	3.72	3.71

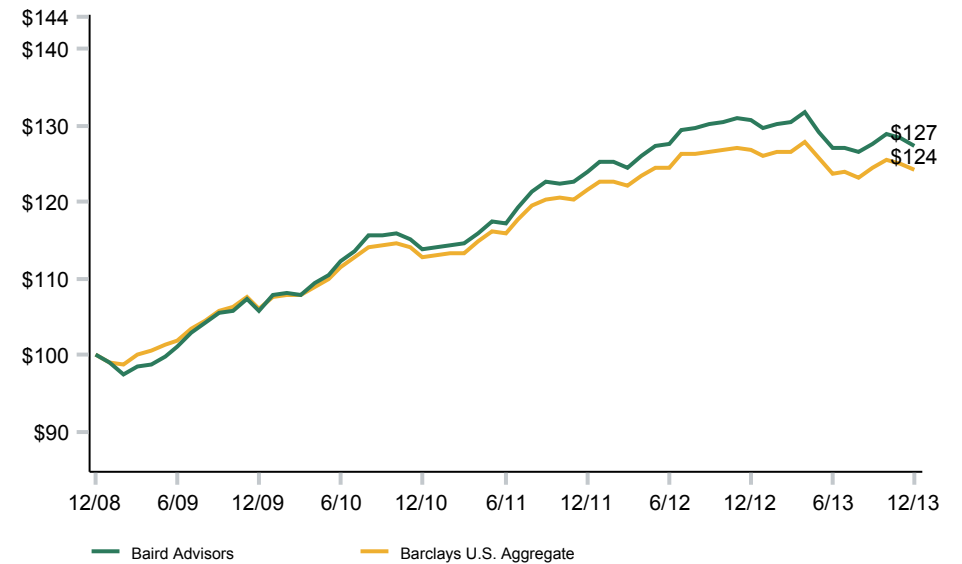
Monthly periodicity used in reports.

Peer Group Scattergram (01/01/09 to 12/31/13)



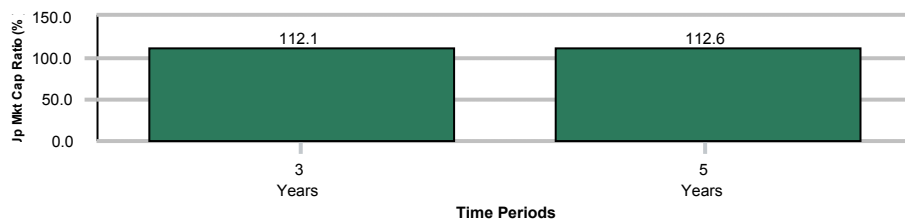
	Return	Standard Deviation
■ Baird Advisors	4.96	3.27
● Barclays U.S. Aggregate	4.44	2.86
— Median	5.83	3.03

Growth of a Dollar (01/01/09 to 12/31/13)

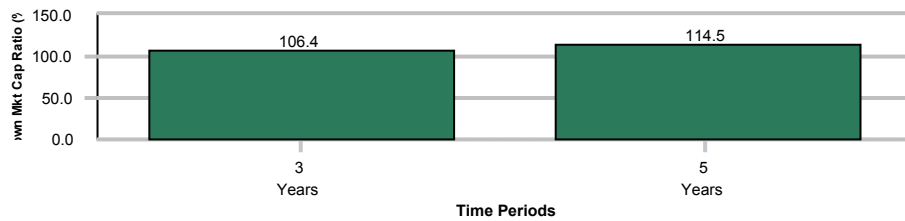


3 & 5 Year Up / Down Market Capture

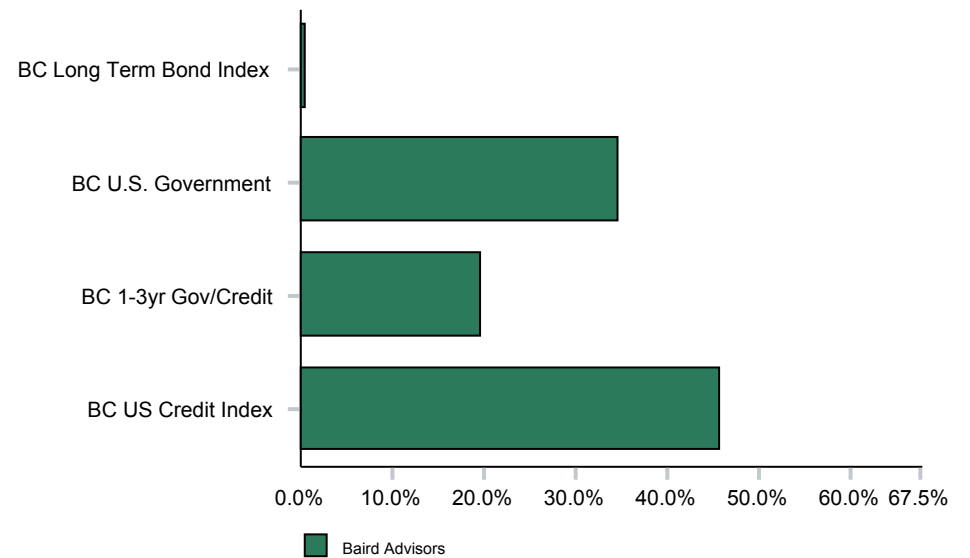
Up Market Capture



Down Market Capture



Style Analysis



Monthly periodicity used in reports.

<b>Periods Ending</b>	<b>Beginning Market Value (\$)</b>	<b>Net Cash Flow (\$)</b>	<b>Gain/Loss (\$)</b>	<b>Ending Market Value (\$)</b>	<b>%Return</b>
From 10/2005	20,005,909	-	136,865	20,142,774	0.69
2006	20,142,774	8,880,764	1,356,253	30,379,791	4.44
2007	30,379,791	-	1,856,184	32,235,975	6.11
2008	32,235,975	-	274,998	32,510,973	0.85
2009	32,510,973	-4,000,001	1,601,635	30,112,607	5.76
2010	30,112,607	2,000,000	2,321,316	34,433,923	7.74
2011	34,433,923	-	3,045,781	37,479,705	8.85
2012	37,479,705	-1,200,000	1,990,346	38,270,050	5.35
2013	38,270,050	2,291,990	-1,028,503	39,533,537	-2.50

Gain/Loss includes income received and change in accrued income for the period.

Monthly periodicity used in reports.

**Manager Profile**

**Style:** Real Estate

**Benchmark:** NCREIF ODCE EW Index

**Peer Group:** NA

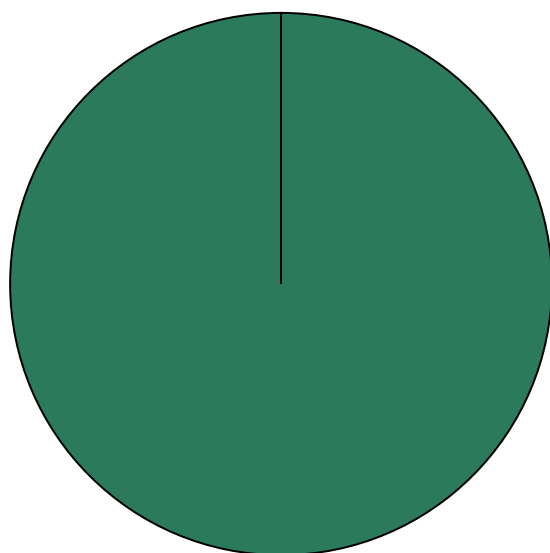
**Inception Date:** April 1, 2008

**Gain / Loss Summary**

	1 Quarter	Year To Date	1 Year
<b>Morgan Stanley</b>			
Beginning Market Value	21,369,737	19,011,505	19,011,505
Net Cash Flows	-	-	-
Fees/Expenses	-	-	-
Income	210,284	791,602	791,602
Gain/Loss	511,982	2,288,897	2,288,897
Ending Market Value	22,092,004	22,092,004	22,092,004

**Asset Allocation by Segment**

December 31, 2013 : \$22,092,004

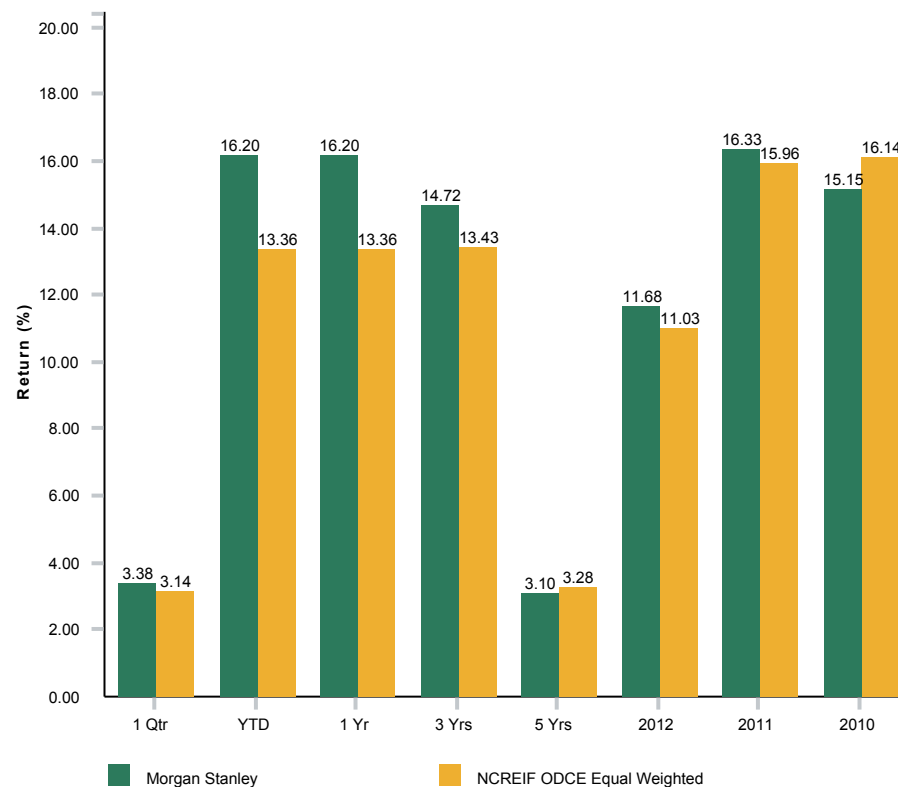


Segments	Market Value (\$)	Allocation (%)
Real Estate	22,092,004	100.00

Cash allocation includes accrued income for the entire portfolio.

Income includes income received and change in accrued income.

**Performance Bar Chart**



<b>Periods Ending</b>	<b>Beginning Market Value (\$)</b>	<b>Net Cash Flow (\$)</b>	<b>Gain/Loss (\$)</b>	<b>Ending Market Value (\$)</b>	<b>%Return</b>
From 04/2008	10,000,000	-54,842	-695,024	9,250,134	-6.97
2009	9,250,134	-24,807	-3,044,020	6,181,307	-33.00
2010	6,181,307	2,713,750	936,412	9,831,469	15.15
2011	9,831,469	3,461,250	1,781,932	15,074,651	16.33
2012	15,074,651	2,000,000	1,936,854	19,011,505	11.68
2013	19,011,505	-	3,080,499	22,092,004	16.20

Gain/Loss includes income received and change in accrued income for the period.

Quarterly periodicity used in reports.

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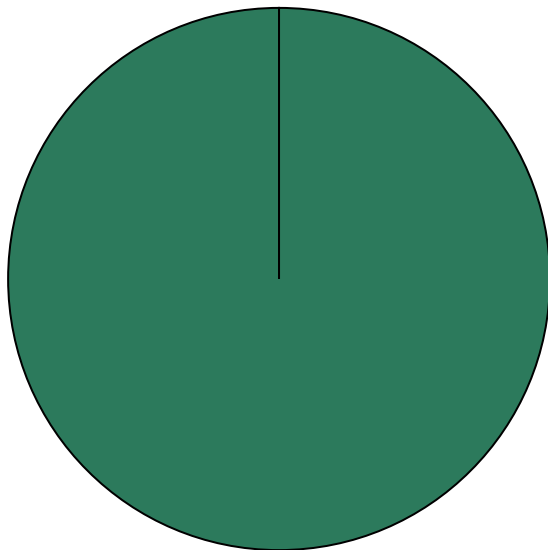
**Manager Profile**

**Style:** Real Estate  
**Benchmark:** NCREIF Property Index  
**Peer Group:** NA  
**Inception Date:** November 1, 2013

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**Asset Allocation by Segment**

December 31, 2013 : \$6,573,413



Segments	Market Value (\$)	Allocation (%)
Real Estate	6,573,413	100.00

Cash allocation includes accrued income for the entire portfolio.

<b>Periods Ending</b>	<b>Beginning Market Value (\$)</b>	<b>Net Cash Flow (\$)</b>	<b>Gain/Loss (\$)</b>	<b>Ending Market Value (\$)</b>	<b>%Return</b>
From 11/2013	6,500,000	-100,090	173,503	6,573,413	2.67

Gain/Loss includes income received and change in accrued income for the period.

Monthly periodicity used in reports.