

December 31, 2013



**Mendocino County Employees'  
Retirement Association**

**Investment Measurement Service  
Quarterly Review**

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## Table of Contents

### December 31, 2013

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<b>Capital Market Review</b>	1
<hr/>	
<b>Active Management Overview</b>	
Foreword	25
Domestic Equity Overview	26
International Equity Overview	27
Domestic Fixed-Income Overview	28
<hr/>	
<b>Asset Allocation and Performance</b>	
Foreword	30
Actual vs. Target Asset Allocation	31
Asset Allocation Across Investment Managers	32
Investment Manager Returns	33
Quarterly Total Fund Attribution	37
Total Fund Ranking	41
Total Fund vs. CAI Public Fund Sponsor Database	42
<hr/>	
<b>Domestic Equity</b>	
Domestic Equity Composite	45
Vanguard S&P 500 Index	49
Dodge & Cox Stock	52
Robeco	55
Harbor Cap Appreciation	57
Janus Research	60
Fidelity Low Priced Stock	63
Royce Total Return	66
Morgan Stanley	69
Janus Enterprise	72
Prudential Small Cap Value	75
Alliance US Small Growth	78
RS Investments	81
Managers Inst Micro Cap	84
<hr/>	
<b>International Equity</b>	
International Equity Composite	88
EuroPacific	93
Harbor International	97
Columbia Acorn Int'l	101
Janus Overseas	105
Oakmark International	109
Mondrian International	113

---

## Table of Contents

### December 31, 2013

---

#### Domestic Fixed Income

Domestic Fixed Income Composite	117
Dodge & Cox Income	120
PIMCO	123

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#### Real Estate

RREEF Public	127
RREEF Private	128
Cornerstone Patriot	129

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#### Callan Research/Education

130

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#### Definitions

General definitions	137
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#### Disclosures

143





## Much Better

### U.S. ECONOMY

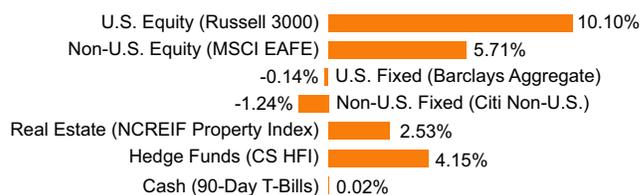
**2** Fourth-quarter GDP came in at 3.2%, illustrating that the U.S. economy defied the skeptics and steadily gained momentum as the second half of 2013 unfolded. In contrast to a muted job market recovery, consumer spending was strong.

## Strong Finish

### FUND SPONSOR

**4** According to the Callan Fund Sponsor Database, all fund types performed within a tight range, earning roughly 5%. Now that 2008 has rolled off the trailing five-year period, all fund types boast robust gains in the neighborhood of 12% annualized.

## Broad Market Quarterly Returns



Sources: Barclays, Citigroup, Credit Suisse Hedge Index LLC, Merrill Lynch, MSCI, NCREIF, Russell Investment Group

## Up, Up, and Away

### U.S. EQUITY

**6** Strong results in all three months led to an impressive end to 2013 for the U.S. stock market. The **S&P 500 Index** (+10.51%) ended the year with the biggest percentage gain since 1997 (+32.39%); the **Russell 3000 Index** was up 33.55% for the year.

## Are We There Yet?

### NON-U.S. EQUITY

**9** With a solid boost from developed markets, the **MSCI ACWI ex USA Index** gained 4.81%. Sectors were universally positive. But while both the **MSCI EAFE Index** (+5.71%) and the **MSCI EM Index** (+1.86%) enjoyed healthy returns, the long march toward a sustained recovery continued to test investors' patience.

## The Fed Finally Blinks

### U.S. FIXED INCOME

**12** The Fed announced a modest reduction to its asset purchase program on December 18 while reinforcing its low-rate commitment. The **Barclays Aggregate Index** retreated modestly (-0.14%), resulting in its first negative year since 1999. The **Barclays Corporate High Yield Index** climbed 3.58%.

## A Slow Slog

### NON-U.S. FIXED INCOME

**15** Global yields continued their volatile trend, falling at the beginning of the quarter amid fears of the U.S. government shutdown and then climbing through the quarter's close. As the quarter progressed, disappointing economic data across the developed markets suppressed investors' risk appetite.

## Divergence

### REAL ESTATE

**17** Performance of private and public real estate diverged as public market investors' expectations of the income growth rate weakened. Improved economic sentiment benefited stocks that are increasingly sensitive to economic growth, including lodging/resorts and certain retail subsectors.

## Full Steam Ahead

### PRIVATE EQUITY

**19** Private equity activity surged into the year's close. Fundraising surpassed the \$200 billion mark and exit activity was strong, particularly in the fourth quarter. The IPO market continues to be the preferred method of exit.

## Keep Calm and Rally On

### HEDGE FUNDS

**20** Hedge funds marginally added to their exposures, and the **Credit Suisse Hedge Fund Index** rose 4.15%. Representing actual hedge fund portfolios, net of all fees, the median manager in the **Callan Hedge Fund-of-Funds Database** advanced 3.91%.

## Growth Streak Continues

### DEFINED CONTRIBUTION

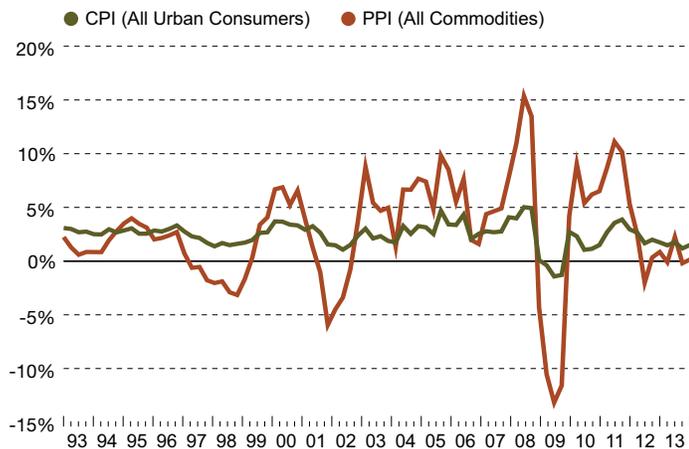
**21** The **Callan DC Index™** gained a healthy 5.45% during the third quarter, reflecting strong equity market performance. Target date funds were the clear cash flow winner, taking in more than seventy cents of every dollar that flowed into DC funds.

# Much Better

## U.S. ECONOMY | Jay Kloepfer

The outlook for the U.S. economy appeared to sour as the third quarter of 2013 drew to a close. Strong employment gains in the first quarter began to slow as the year progressed, and the uncertainty introduced by the federal government shutdown in September led many observers to reduce expectations for GDP growth in the second half of the year to less than 2%. It turns out that the economy was much more resilient than anticipated. Once the government resumed operations, the initial estimate for GDP growth came in strong at 2.8% for the third quarter, and was then revised upward twice to 4.1%. A surge in inventory accumulation accounted for 1.7% of the initial GDP growth estimate, which raised concerns that growth was merely “borrowed” from the fourth quarter, but the two upward revisions all came from much stronger final sales. Fourth-quarter GDP came in at 3.2%, illustrating that the U.S. economy had defied the skeptics and steadily gained momentum as the second half of 2013 unfolded.

### Inflation Year-Over-Year



Source: Bureau of Labor Statistics

The job market improved in fits and starts over the course of 2013, and the fourth quarter was no exception. After sagging in the middle of the year, the economy generated 200,000 new jobs in October and 241,000 in November, only to fall back to just 74,000 in December. Adverse weather was the suspected culprit behind the weak December employment figures. According to the Bureau of Labor Statistics Establishment Survey, the economy generated an average of 182,000 new jobs per month in 2013, the same rate as in 2012. The rule of thumb is that the U.S. economy needs to generate at least 100,000–120,000 jobs per month to keep up with labor force growth. Almost nine million jobs were lost during the recession. The job gains during the last two years have clearly contributed to the recovery of those lost jobs, although we are still about one million jobs short of the peak reached in 2008.

The unemployment rate has declined steadily over the past two years, in part due to job gains but also due to a steady drop in the labor force participation rate, reflecting the number of discouraged workers dropping out of the labor force and the persistence of a disturbingly large number of long-term unemployed. Despite December’s weak jobs report, the unemployment rate dipped unexpectedly to 6.7% when the labor force participation rate slipped to 62.8%, the lowest rate since 1978. The Fed has publicly targeted the unemployment rate as a trigger for withdrawing monetary stimulus. However, it is reasonable to assume that the Fed expects the unemployment rate to fall because more workers get jobs, not because more workers leave the labor force. It would not be surprising to see the Fed revise its policy and perhaps hesitate to either continue with the taper or raise interest rates based solely on the unemployment rate.

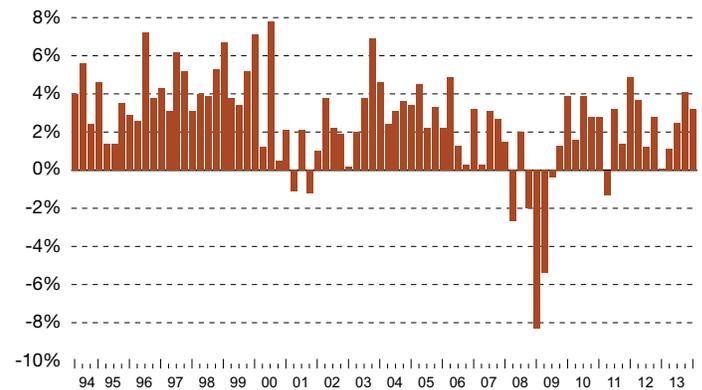
In contrast to the muted job market recovery, consumer spending was strong. Retail sales were up 4.1% in December compared to a year earlier, and up 4.2% for the year—a surprise given the hit to disposable income from tax-rate increases at the start of 2013. Auto sales were up 7.6% during 2013 and hit a six-year high of 15.6 million units. These strong total sales figures were likely suppressed by smaller price gains in 2013. The CPI rose just 1.5% in December compared to a year ago, while the core index rose 1.7%; core producer prices inched up only 1.4%. All of these inflation measures are well below the 2% target set by the Fed.

Manufacturing has been a bright spot in the U.S. economy, with both orders and payrolls climbing as 2013 came to an end. The Institute for Supply Management’s PMI, which measures purchasing managers’ sentiment, reached 57 in December, a two-year high. A reading of this index above 50 means the sector is expanding. The non-manufacturing version of the PMI also held steady above 50, with a reading of 53 in December. Both indices have been driven by the steady gains in final sales during the third and fourth quarters, and the expectation that spending will continue into 2014.

The housing market surged in specific locales around the U.S., with the S&P/Case-Shiller Home Price Index up 13.6%

Quarterly Real GDP Growth

(20 Years)



Source: Bureau of Economic Analysis

year-over-year in October, following a 13.3% gain in September. While prices rose sharply in certain markets, mortgage applications nationwide remained slow, falling to a 13-year low in December. Mortgage rates rose following the jump in Treasury rates amid taper talk in the second quarter. The housing market appears to have moved past the bottom in most areas, but demand remains soft on a national level and continued recovery is clearly susceptible to the effect of higher interest rates.

Recent Quarterly Indicators

Economic Indicators (seasonally adjusted)	4Q13	3Q13	2Q13	1Q13	4Q12	3Q12	2Q12	1Q12
Employment Cost–Total Compensation Growth	1.9%	1.7%	2.4%	1.7%	2.0%	1.7%	2.1%	1.7%
Nonfarm Business–Productivity Growth	2.1%	3.0%	1.8%	-1.7%	-1.7%	3.1%	1.9%	-0.5%
GDP Growth	3.2%	4.1%	2.5%	1.1%	0.1%	2.8%	1.2%	3.7%
Manufacturing Capacity Utilization	76.7%	76.0%	76.1%	76.3%	75.7%	75.5%	77.5%	77.6%
Consumer Sentiment Index (1966=100)	76.9	81.6	81.7	76.7	79.4	75.0	76.3	75.5

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

# Strong Finish

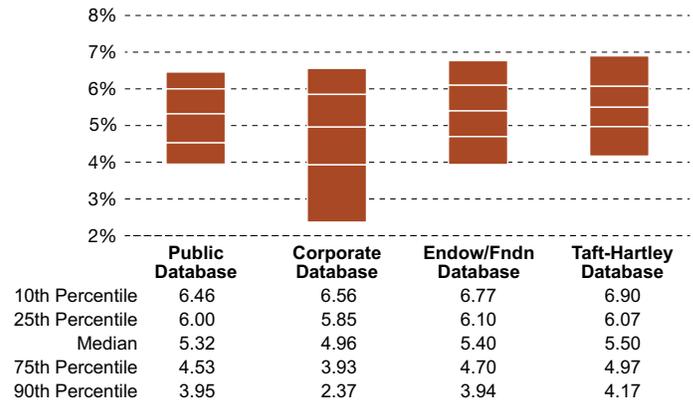
FUND SPONSOR | Connie Lee, CFA

The capital markets continued their upward momentum through the close of the year. Global equities rallied sharply, especially in the United States (**Russell 3000**: +10.10%; **MSCI ACWI ex-U.S.**: +4.81%). Meanwhile, bond investors struggled as rising interest rates led to losses for most fixed income indices (**Barclays U.S. Aggregate**: -0.14%; **Citi Non-U.S. World Government Bond Index**: -1.24%).

The Callan Fund Sponsor Quarterly Returns chart illustrates the range of returns for public, corporate, and Taft-Hartley pension plans, as well as endowments and foundations. At the median, all fund types performed within a tight range, earning roughly 5%. On the low end were corporates (+4.96%), while Taft-Hartley (+5.50%) funds claimed a marginal lead. Looking only at the top performers by fund type (10th percentile), absolute returns were strong and there was little dispersion in performance (+6.46% to +6.90%). Corporates (+2.37%) were the outlier along the bottom (90th percentile), while the remaining fund types performed within 25 basis points of each other.

Although returns were clustered for the quarter, asset allocation decisions do help explain the difference in performance at the tails. On the positive side, the distribution in returns for

## Callan Fund Sponsor Quarterly Returns



Source: Callan

Taft-Hartley funds are a notch above their institutional peers given heavier allocations on average to U.S. equities, the strongest-performing asset class for the year by a significant margin. Corporates have the widest distribution, with a more than 4% differential between the best- and worst-performing funds, due to the inclusion of corporate funds employing liability-driven investment (LDI) programs. Although rising interest rates mean negative absolute returns for their long-duration fixed income portfolios, this also translates into a significant reduction in plan liabilities and improved funded status ratios.

## Style Median and Index Returns\* for Periods ended December 31, 2013

Fund Sponsor	Quarter	Year	3 Years	5 Years	10 Years	15 Years
<b>Public Database</b>	<b>5.32</b>	<b>16.06</b>	<b>9.60</b>	<b>12.47</b>	<b>7.05</b>	<b>6.24</b>
<b>Corporate Database</b>	<b>4.96</b>	<b>13.48</b>	<b>9.51</b>	<b>12.39</b>	<b>7.06</b>	<b>6.34</b>
<b>Endowments/Foundations Database</b>	<b>5.40</b>	<b>15.21</b>	<b>8.93</b>	<b>12.00</b>	<b>6.96</b>	<b>6.12</b>
<b>Taft-Hartley Database</b>	<b>5.50</b>	<b>17.39</b>	<b>9.99</b>	<b>11.65</b>	<b>6.57</b>	<b>5.73</b>
<b>Diversified Manager</b>	<b>Quarter</b>	<b>Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>	<b>15 Years</b>
<b>Asset Allocator Style</b>	<b>5.85</b>	<b>17.56</b>	<b>9.91</b>	<b>11.53</b>	<b>7.23</b>	<b>6.21</b>
Domestic Balanced Database	6.18	18.22	9.94	13.54	7.34	6.37
Global Balanced Database	4.19	11.12	7.42	11.78	7.64	7.66
60% Russell 3000 + 40% Barclays Agg	6.01	18.36	11.31	13.32	6.97	5.80
60% MSCI World + 40% Barclays Gbl Agg	4.57	14.18	7.96	10.74	6.24	4.82

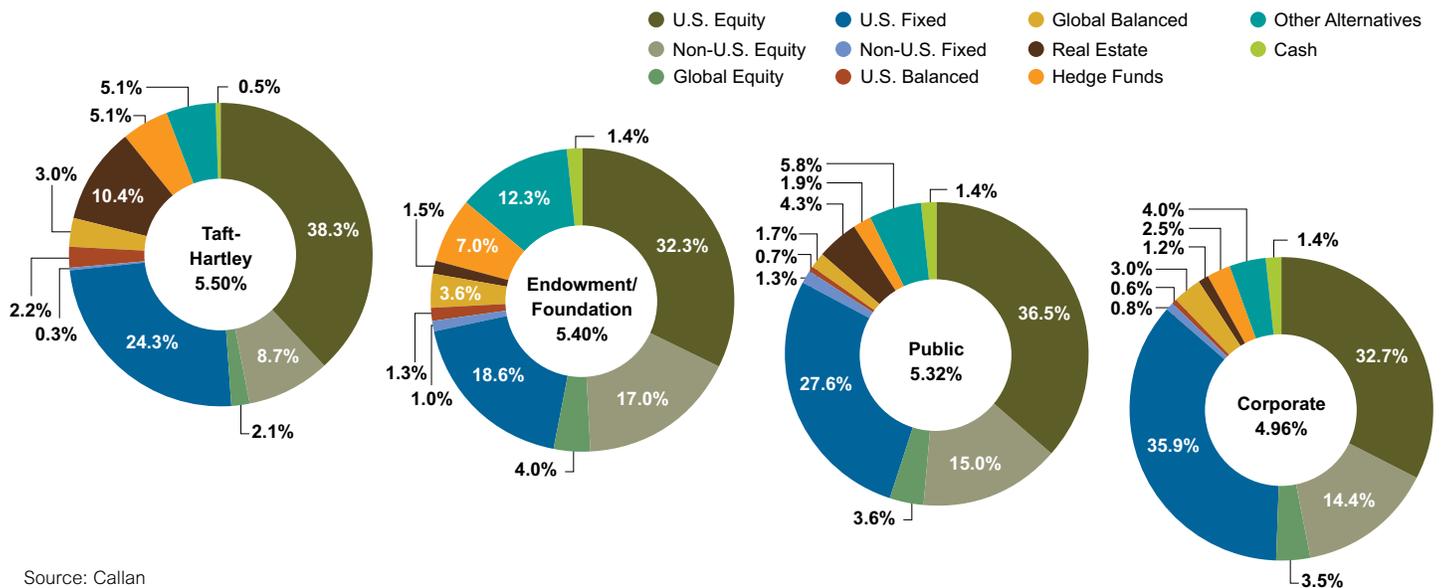
\*Returns less than one year are not annualized.

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

The table compares the returns of the four types of institutional fund sponsors over longer time periods. Robust increases in the fourth quarter propelled 2013 returns firmly into double-digit territory (+13% to 17%). Of note are figures for the trailing five-year period. Now that 2008 has rolled off, all fund types boast robust gains in the neighborhood of 12% annualized. The strong year also capped off an impressive decade (with only one negative calendar year out of ten), in which all fund types added between 6.57% and 7.06% annually.

Callan's balanced manager groups generally maintain well-diversified portfolios and attempt to add value by underweighting or overweighting asset classes, as well as through stock selection. Unsurprisingly domestic balanced managers (+6.18%) fared best for the quarter given that U.S. equities climbed the most and U.S. bonds lost the least compared to the rest of the world. Global balanced managers held on for the quarter (+4.19%), but were unable to keep up for the year (+11.12%) compared to their domestic counterparts (+18.22%).

**Callan Fund Sponsor Average Asset Allocation**



Source: Callan

# Up, Up, and Away

U.S. EQUITY | Lauren Mathias, CFA

Strong results in all three months led to an impressive end to 2013 for the U.S. stock market. The **S&P 500 Index** (+10.51%) more than doubled its return from the third quarter, ending the year with the biggest percentage gain since 1997 (+32.4%). The Fed finally announced its intention to wind down the asset purchase program by \$10 billion per month, inducing a positive market response. The unemployment rate declined, third-quarter GDP increased, and housing prices appreciated substantially. Despite obvious headwinds—including a U.S. budget stalemate, economic slowdown in emerging markets, and geopolitical unrest in the Middle East and Africa—domestic markets showed increased dividend payouts and share repurchases, high corporate profits, and improved investor confidence.

The broad benchmark, the **Russell 3000 Index**, increased 10.10%. By capitalization size, bigger was better, as mega cap stocks (**Russell Top 50 Index**: +11.48%) outpaced large cap (**Russell 1000 Index**: +10.23%), mid cap (**Russell Mid-cap Index**: +8.39%), and the smallest cap stocks (**Russell 2000 Index**: +8.72%).

Economically sensitive areas continued to be strong, with four sectors posting double-digit returns. Chemicals companies within Materials (+10.39%) once again helped boost the sector's performance. Industrials (+13.13%) did well, thanks to continued housing and auto demand. Twitter's (+6.07%) successful November initial public offering buoyed an already robust Information Technology (+12.22%) sector. Internet and catalog retailers (+22.47%) were the clear winners this holiday season, boosting the Consumer Discretionary sector (+10.47%). Despite issues with the Healthcare.gov insurance website, the overall Health Care (+9.78%) sector continued its pattern of solid returns.

Within Consumer Staples (+8.60%), value-conscious consumers punished specialty food retail (-1.27%) companies like Sprouts Farmers Market (-13.43%) and Whole Foods Market (-1.15%). REITs (-2.60%) dampened Financials (+9.53%) sector performance, while the capital markets subsector (+16.10%) increased with the market. Telecommunication Services (+6.76%) reversed its third-quarter negative return due to

## Economic Sector Exposure (Russell 3000)

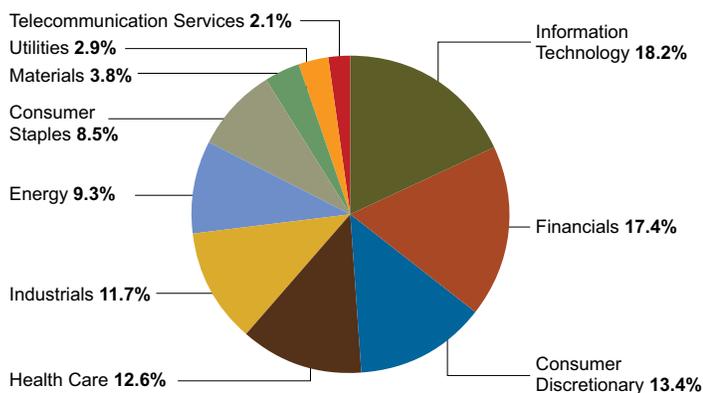
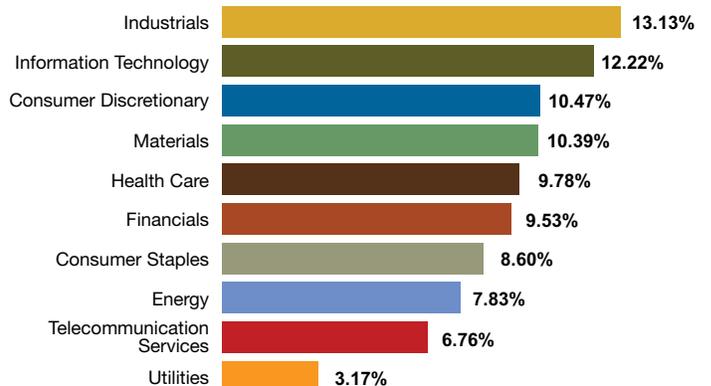


Chart may not sum to 100% due to rounding.  
Source: Russell Investment Group

## Economic Sector Quarterly Returns (Russell 3000)



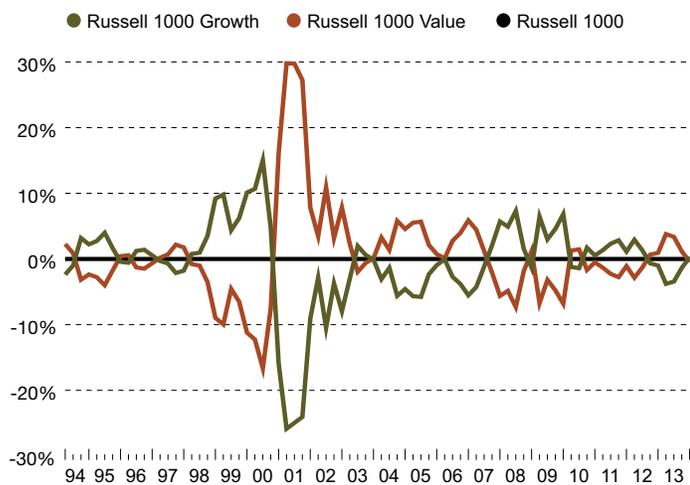
successful results from wireless telecommunication companies Sprint (+72.86%) and T-Mobile (+29.53%). Utilities (+3.17%) were impacted by investors' increased sensitivity to interest rates. Energy (+7.83%) tracked the broader market and declined on news of the Fed's tapering.

Small cap value companies in the **Russell 2000 Small Cap Value Index** (+9.30%) led their growth counterparts

(+8.17%). Larger companies in the **Russell 1000 Value Index** (+10.01%) trailed their growth peers in the **Russell 1000 Growth Index** (+10.44%).

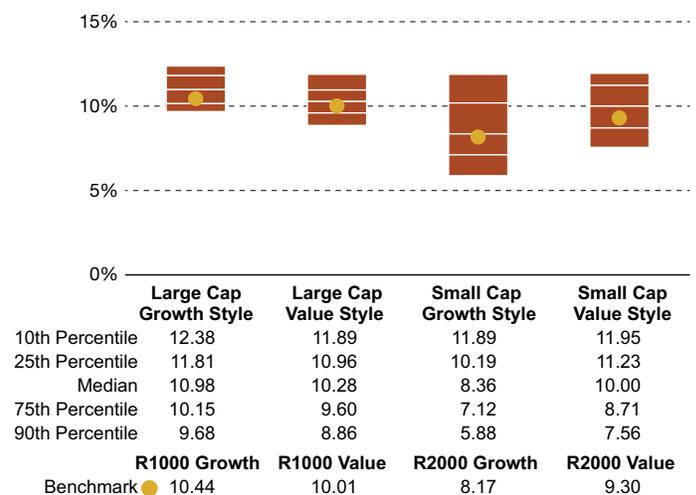
Active managers also had a successful quarter. The median manager return within Callan's Large Cap Growth, Large Cap Value, Small Cap Growth and Small Cap Value Style groups all surpassed their respective benchmarks.

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



Source: Russell Investment Group

**Callan Style Group Quarterly Returns**



Sources: Callan, Russell Investment Group

**U.S. Equity Index Characteristics as of December 31, 2013**

	S&P 1500	S&P 500	S&P 400	S&P 600	Rus 3000	Rus 1000	Rus Midcap	Rus 2000
Cap Range Min (\$MM)	92	2,890	659	92	10	397	397	10
Cap Range Max (\$B)	504.85	504.85	11.49	4.04	526.69	526.69	29.14	5.27
Number of Issues	1,500	500	400	600	3,019	1,015	820	2,004
% of S&P 1500/Rus 3000	100%	88%	8%	4%	100%	92%	28%	8%
Wtd Avg Mkt Cap (\$B)	103.32	116.71	5.00	1.74	96.00	104.21	11.41	1.76
Price/Book Ratio	2.6	2.6	2.4	2.2	2.6	2.6	2.6	2.2
P/E Ratio (forecasted)	15.7	15.4	18.2	19.5	16.1	15.8	17.8	20.4
Dividend Yield	1.9%	2.0%	1.4%	1.1%	1.8%	1.9%	1.5%	1.2%
5-Yr Earnings (forecasted)	11.4%	11.2%	12.0%	13.7%	11.8%	11.6%	13.0%	14.5%

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

## U.S. EQUITY (Continued)

### Style Median and Index Returns\* for Periods ended December 31, 2013

Large Cap Equity	Quarter	Year	3 Years	5 Years	10 Years	15 Years
<b>Large Cap–Core Style</b>	<b>10.42</b>	<b>34.34</b>	<b>16.72</b>	<b>18.19</b>	<b>8.28</b>	<b>5.79</b>
<b>Large Cap–Growth Style</b>	<b>10.98</b>	<b>35.60</b>	<b>16.18</b>	<b>19.72</b>	<b>8.59</b>	<b>5.03</b>
<b>Large Cap–Value Style</b>	<b>10.28</b>	<b>34.36</b>	<b>16.71</b>	<b>17.22</b>	<b>8.33</b>	<b>7.42</b>
<b>Aggressive Growth Style</b>	<b>9.64</b>	<b>37.06</b>	<b>15.03</b>	<b>22.84</b>	<b>10.24</b>	<b>7.12</b>
<b>Contrarian Style</b>	<b>9.72</b>	<b>33.58</b>	<b>16.18</b>	<b>18.44</b>	<b>8.48</b>	<b>8.46</b>
<b>Yield-Oriented Style</b>	<b>9.40</b>	<b>29.90</b>	<b>15.89</b>	<b>16.49</b>	<b>8.70</b>	<b>7.72</b>
Russell 3000	10.10	33.55	16.24	18.71	7.88	5.32
Russell 1000	10.23	33.11	16.30	18.59	7.78	5.08
Russell 1000 Growth	10.44	33.48	16.45	20.39	7.83	3.33
Russell 1000 Value	10.01	32.53	16.06	16.67	7.58	6.23
S&P Composite 1500	10.31	32.59	16.16	18.34	7.75	5.24
S&P 500	10.51	32.39	16.18	17.94	7.41	4.68
NYSE	8.69	26.98	15.23	17.43	8.43	6.30
Dow Jones Industrials	10.22	29.65	15.71	16.74	7.44	6.46
Mid Cap Equity	Quarter	Year	3 Years	5 Years	10 Years	15 Years
<b>Mid Cap–Core Style</b>	<b>9.40</b>	<b>35.89</b>	<b>17.65</b>	<b>22.66</b>	<b>10.93</b>	<b>10.24</b>
<b>Mid Cap–Growth Style</b>	<b>8.19</b>	<b>36.20</b>	<b>15.03</b>	<b>22.16</b>	<b>10.60</b>	<b>9.79</b>
<b>Mid Cap–Value Style</b>	<b>9.22</b>	<b>35.08</b>	<b>17.25</b>	<b>21.26</b>	<b>10.93</b>	<b>11.61</b>
Russell Midcap	8.39	34.76	15.88	22.36	10.22	9.22
S&P MidCap 400	8.33	33.50	15.64	21.89	10.36	9.97
Small Cap Equity	Quarter	Year	3 Years	5 Years	10 Years	15 Years
<b>Small Cap–Core Style</b>	<b>9.55</b>	<b>39.75</b>	<b>17.62</b>	<b>21.94</b>	<b>10.53</b>	<b>11.50</b>
<b>Small Cap–Growth Style</b>	<b>8.36</b>	<b>46.71</b>	<b>18.29</b>	<b>24.86</b>	<b>10.62</b>	<b>9.86</b>
<b>Small Cap–Value Style</b>	<b>10.00</b>	<b>38.28</b>	<b>16.76</b>	<b>21.90</b>	<b>10.71</b>	<b>12.31</b>
Russell 2000	8.72	38.82	15.67	20.08	9.07	8.42
S&P SmallCap 600	9.83	41.31	18.42	21.37	10.65	10.32
NASDAQ	11.10	40.10	17.84	22.94	8.67	5.18
Smid Cap Equity	Quarter	Year	3 Years	5 Years	10 Years	15 Years
<b>Smid Cap–Broad Style</b>	<b>8.41</b>	<b>38.87</b>	<b>16.27</b>	<b>22.73</b>	<b>10.78</b>	<b>11.09</b>
<b>Smid Cap–Growth Style</b>	<b>8.14</b>	<b>40.86</b>	<b>17.59</b>	<b>23.11</b>	<b>10.71</b>	<b>9.95</b>
<b>Smid Cap–Value Style</b>	<b>9.65</b>	<b>36.01</b>	<b>15.97</b>	<b>21.73</b>	<b>10.99</b>	<b>12.17</b>
Russell 2500	8.66	36.80	16.28	21.77	9.81	9.67
S&P 1000	8.80	35.87	18.09	21.26	10.23	9.96
Russell 3000 Sectors	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Consumer Staples	8.60	27.55	17.24	16.36	10.34	7.08
Consumer Discretionary	10.47	44.49	23.08	28.90	9.36	6.56
Industrials	13.13	42.23	17.76	20.43	9.49	7.65
Energy	7.83	25.86	10.58	14.20	13.21	11.66
Materials	10.39	24.19	9.76	20.47	9.72	8.74
Information Technology	12.22	30.89	14.49	22.32	7.37	3.04
Utilities	3.17	14.95	11.79	11.01	9.40	5.98
Financials	9.53	32.78	12.97	13.41	1.14	3.11
Telecommunications	6.76	14.88	12.44	13.54	8.10	-0.42
Health Care	9.78	42.79	23.54	19.48	9.26	6.43

\*Returns less than one year are not annualized.

Sources: Callan, Dow Jones & Company Inc., Russell Investment Group, Standard & Poor's, The NASDAQ Stock Market Inc.

# Are We There Yet?

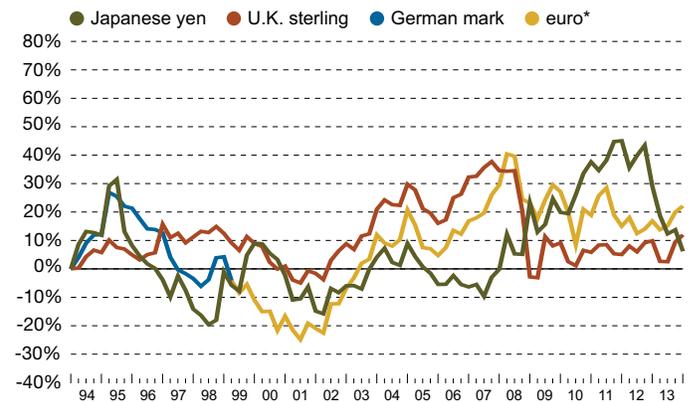
NON-U.S. EQUITY | Matt Lai

The year ended with mixed reviews from all corners of the globe—some cheered while others jeered. But suffice it to say that many eyes turned optimistically toward 2014, eager for the long-promised sustained recovery to arrive. With a solid boost from developed markets, the **MSCI ACWI ex USA Index** closed out the quarter with a 4.81% gain (and a stout +15.78% for the year). Sectors the world over were in the black. Tech names energized the quarter (Information Technology and Telecommunication Services reached +7.94% and +8.17%). Global commodities shrugged off a slump from previous quarters (Materials: +1.98%), though in 2013, gold fell 28% (its worst year since 1981) and corn plummeted almost 40%. On an annual basis, the euro gained on the U.S. dollar (+4.3%); most others—notably the yen and the Australian dollar—declined against the greenback (-21% and -14%, respectively).

An ascendant **MSCI EAFE Index** (+5.71%) ended an encouraging year with an annual gain of 22.78%, trumping 2012. Unfortunately, the same could not be said for emerging markets (**MSCI EM Index**: +1.86%, -2.27% for the year). The **MSCI EAFE Value Index** (+6.26%) once again beat the **MSCI EAFE Growth Index** (+5.15%). The **MSCI EAFE Small Cap Index** savored its +5.91% quarterly return while also toasting a whopping annual gain of 29.30%.

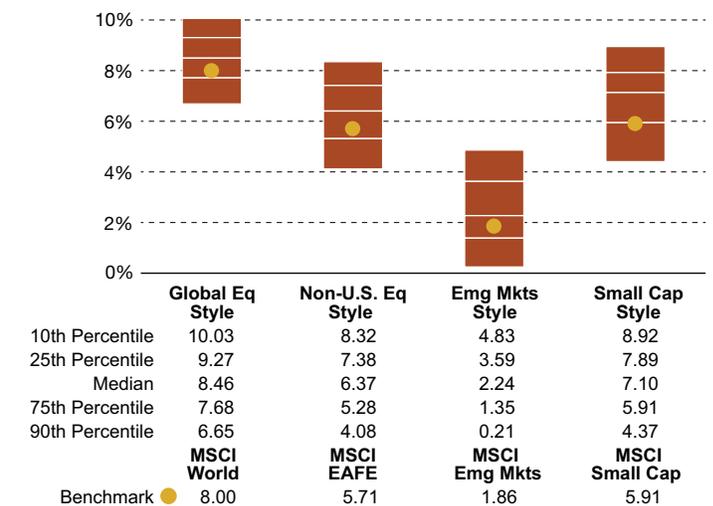
The **MSCI Europe Index** (+7.88%) outpaced the broader international benchmark with a healthy +25.23% for the year. Every country saw positive gains, some more than others—like Germany, in the vanguard with +13.28%, versus plodding Portugal with +1.28%. Likewise, sectors were entirely in the black, with the low bar set by Consumer Staples (+4.41%) and Materials (+5.38%). Yet troubles remained: unemployment failed to drop below 12%, and in November, Mario Draghi cut the European Central Bank rate to 0.25% from 0.50%. Going forward, the European Commission is hoping for a 1.4% GDP increase for the EU in 2014, after a 0.4% contraction in 2013. Especially

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



\*euro returns from 1Q99  
Source: MSCI

## Callan Style Group Quarterly Returns



Sources: Callan, MSCI

notable is Latvia's conversion to the euro in 2014, bringing hope for stability (or growth?) to the euro zone.

Developed Pacific countries were relatively muted this quarter, as measured by the **MSCI Pacific Index** (+1.56%). However, that Index gained a very respectable 18.27% for the year. Hong

## NON-U.S. EQUITY (Continued)

Kong (+3.35%) and Japan (+2.29%) led the pack. To no one's surprise, Telecommunications (+4.46%) and Information Technology (+7.53%) gained the most. Abenomics incited a slew of positive data in the year's last weeks: annual inflation ticked up to 1.2% in November (halfway to Abe's 2% target), exports climbed with a weakening yen, and wages held after 17 months of decline. Cumbersome commodities continued to plague Australia (-0.87%) and New Zealand (-4.09%).

In emerging markets, China (+3.81%)—dominated by Information Technology (+18.37%) and Utilities (+16.97%) stocks—outperformed the MSCI EM Index. Furthermore, China's total annual trade hit \$4.16 trillion for the year, surpassing the U.S. as the world's largest trader. However, a Services sector slowdown and missed December trade numbers raised cautionary flags. Simmering regional unrest plagued Turkey (-14.10%), EM's worst. Nearby, volatile Egypt stood atop the hill with +19.37%,

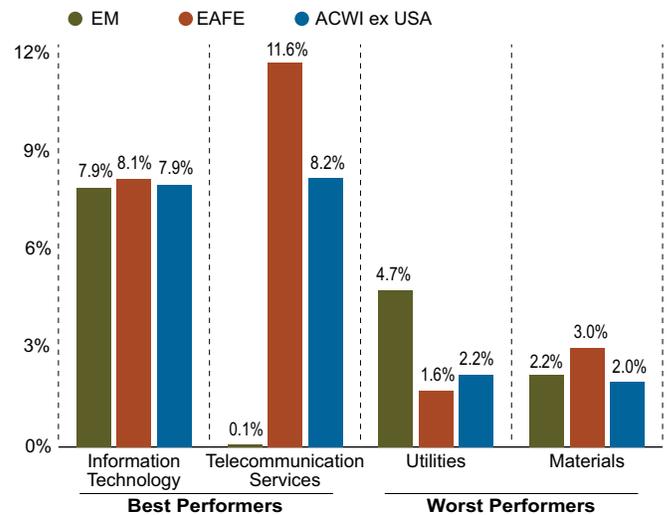
### Quarterly Return Attribution for EAFE (U.S. Dollar)

Country	Total	Local	Currency	Wtg
Australia	-0.87%	3.60%	-4.32%	7.45%
Austria	3.20%	1.38%	1.80%	0.27%
Belgium	7.99%	6.08%	1.80%	1.19%
Denmark	10.26%	8.35%	1.80%	1.17%
Finland	11.82%	9.85%	1.80%	0.91%
France	6.01%	4.15%	1.80%	10.03%
Germany	13.28%	11.28%	1.80%	9.49%
Hong Kong	3.35%	3.33%	0.02%	2.84%
Ireland	11.32%	9.36%	1.80%	0.29%
Israel	6.34%	4.53%	1.58%	0.44%
Italy	10.67%	8.71%	1.80%	2.23%
Japan	2.29%	9.57%	-6.64%	20.92%
Netherlands	8.62%	6.71%	1.80%	2.72%
New Zealand	-4.09%	-2.94%	-1.18%	0.12%
Norway	5.90%	6.83%	-0.87%	0.81%
Portugal	1.28%	-0.51%	1.80%	0.18%
Singapore	0.72%	1.34%	-0.62%	1.47%
Spain	11.39%	9.42%	1.80%	3.36%
Sweden	5.18%	5.17%	0.01%	3.24%
Switzerland	4.27%	2.55%	1.68%	8.91%
U.K.	7.41%	5.02%	2.28%	21.95%

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

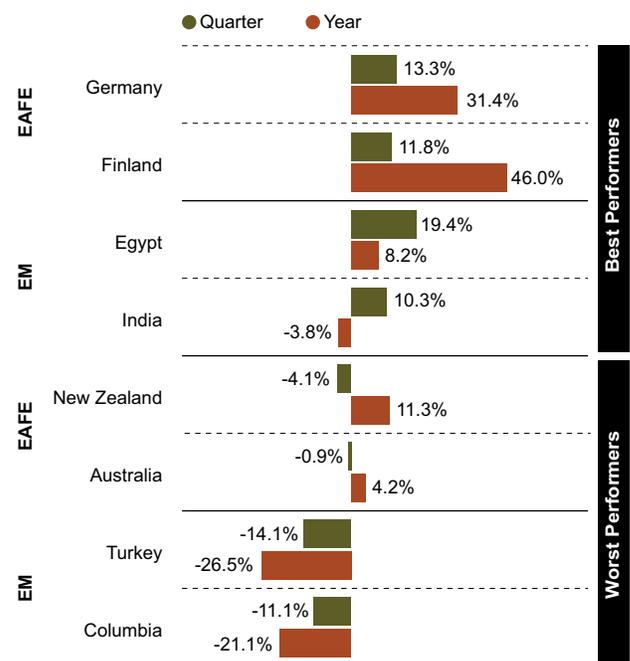
though India (+10.34%) and newly relegated Greece (+10.11%) shared the spoils. Energy stocks sank the **MSCI EM Latin America Index** (-2.27%), weighed down by Colombia (EM's second-worst at -11.09%). The **MSCI Frontier Markets Index** celebrated the quarter with +6.58% and rocketed to an annual return of +26.32%.

### Quarterly Strong and Struggling Sectors



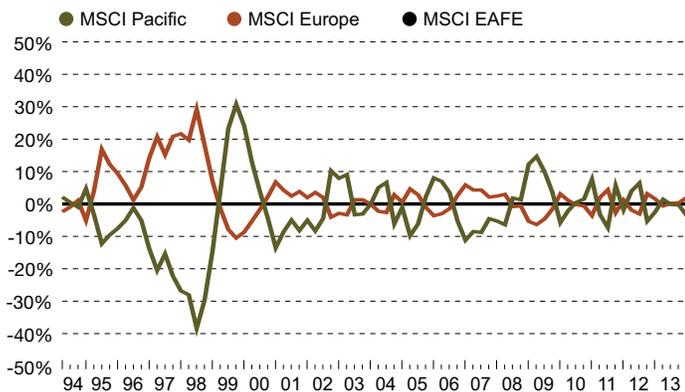
Source: MSCI

### Country Performance Snapshot



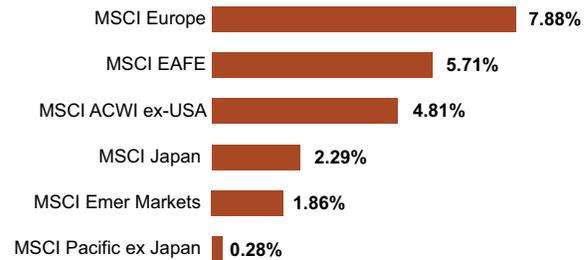
Source: MSCI

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



## Regional Quarterly Performance

(U.S. Dollar)



Source: MSCI

## Style Median and Index Returns\* for Periods ended December 31, 2013

Non-U.S. Equity	Quarter	Year	3 Years	5 Years	10 Years	15 Years
<b>Non-U.S. Style</b>	<b>6.37</b>	<b>23.29</b>	<b>8.94</b>	<b>13.85</b>	<b>8.22</b>	<b>6.93</b>
MSCI EAFE	5.71	22.78	8.17	12.44	6.91	4.54
MSCI EAFE (local)	6.36	26.93	9.36	11.33	5.99	3.38
MSCI EAFE Growth	5.15	22.55	7.97	12.82	6.97	3.20
MSCI EAFE Value	6.26	22.95	8.32	11.99	6.77	5.72
MSCI ACWI ex-USA	4.81	15.78	5.61	13.32	8.04	5.83
Global Equity	Quarter	Year	3 Years	5 Years	10 Years	15 Years
<b>Global Style</b>	<b>8.46</b>	<b>28.49</b>	<b>12.03</b>	<b>16.26</b>	<b>8.28</b>	<b>6.76</b>
MSCI World	8.00	26.68	11.49	15.02	6.98	4.33
MSCI World (local)	8.43	28.87	12.12	14.28	6.42	3.78
MSCI ACWI	7.42	23.44	10.33	15.53	7.72	5.09
Regional Equity	Quarter	Year	3 Years	5 Years	10 Years	15 Years
MSCI Europe	7.88	25.23	9.89	13.36	7.28	4.53
MSCI Europe (local)	5.96	21.55	8.41	11.69	6.52	3.56
MSCI Japan	2.29	27.16	5.63	7.65	4.24	2.80
MSCI Japan (local)	9.57	54.58	15.16	10.88	4.03	2.31
MSCI Pacific ex Japan	0.28	5.49	4.65	18.29	11.20	10.18
MSCI Pacific ex Japan (local)	3.20	16.39	7.48	13.89	9.48	7.84
Emerging/Frontier Markets	Quarter	Year	3 Years	5 Years	10 Years	15 Years
<b>Emerging Markets Style</b>	<b>2.24</b>	<b>0.25</b>	<b>-1.42</b>	<b>15.33</b>	<b>11.82</b>	<b>12.81</b>
MSCI Emerging Markets	1.86	-2.27	-1.74	15.15	11.52	11.22
MSCI Emerging Markets (local)	2.99	3.79	2.17	14.71	11.36	12.33
MSCI Frontier Markets	6.58	26.32	4.05	9.35	7.01	--
International Small Cap Equity	Quarter	Year	3 Years	5 Years	10 Years	15 Years
<b>Small Cap Style</b>	<b>7.10</b>	<b>31.05</b>	<b>11.99</b>	<b>20.79</b>	<b>11.56</b>	<b>11.34</b>
MSCI EAFE Small Cap	5.91	29.30	9.26	18.50	9.48	8.84
MSCI ACWI ex USA Small Cap	4.63	19.73	4.97	18.73	10.09	8.92

\*Returns less than one year are not annualized.

Sources: Callan, MSCI

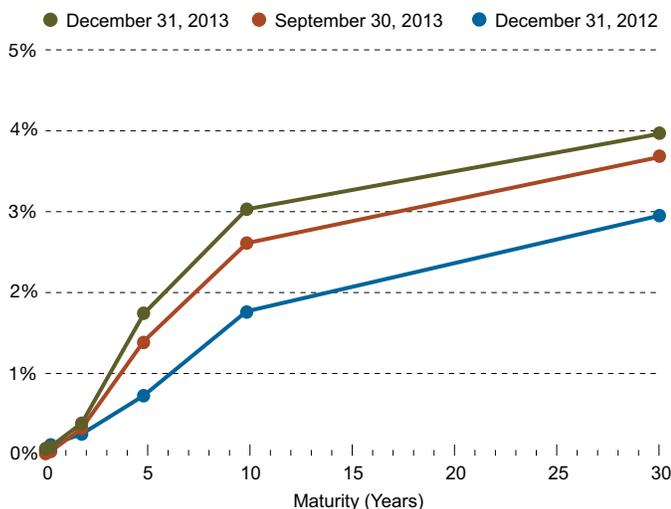
# The Fed Finally Blinks

U.S. FIXED INCOME | Steven Center, CFA

The Fed announced a minor decrease to its asset purchase program on December 18. By announcing the program's (not unexpected) taper during the typically slow holiday season, the Fed minimized overall market impact. Treasury yields increased at all points along the curve, but strong performance from spread sectors minimized losses. The **Barclays Aggregate Index** fell 0.14% during the quarter. For 2013, the Index dropped 2.02%, its first negative calendar year since 1999. The Fed's decision to lower its \$85 bn/month asset purchase program by \$10 bn/month was accompanied by strong language confirming continued economic improvement. The tapering is likely to continue at a similar monthly pace until the asset purchase program ends, provided the economy cooperates. However, the Fed also reiterated its commitment to keeping interest rates low and may do so even if unemployment falls below the previously stated 6.5% target. As such, the federal funds and discount rates remained at 0.00%–0.25% and 0.75%, respectively.

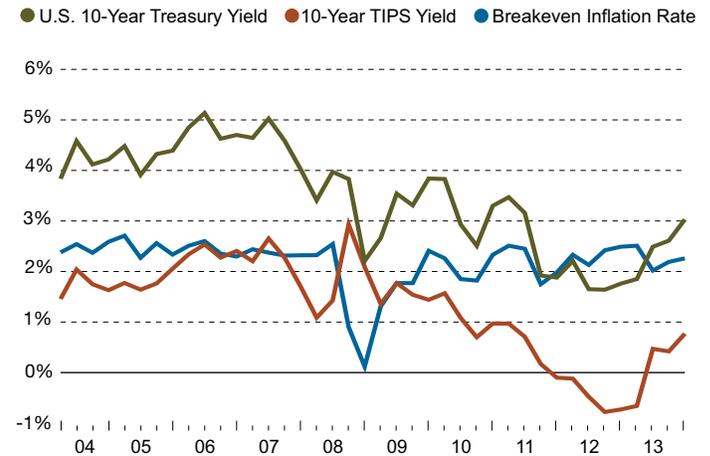
The yield curve steepened for the second consecutive quarter as the spread between two-year and 30-year Treasuries increased 22 basis points (bps) to 359 bps. All points along

## U.S. Treasury Yield Curves



Source: Bloomberg

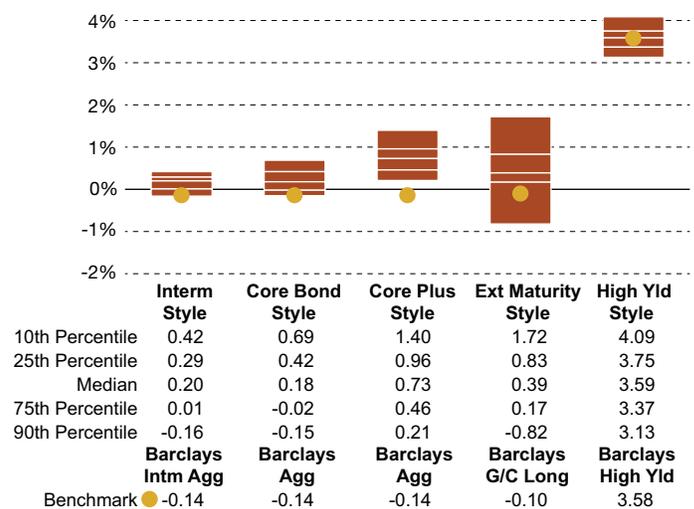
## Historical 10-Year Yields



Source: Bloomberg

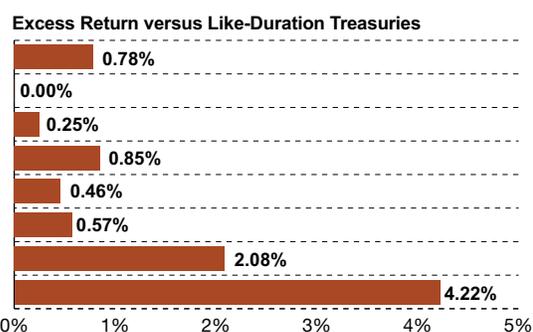
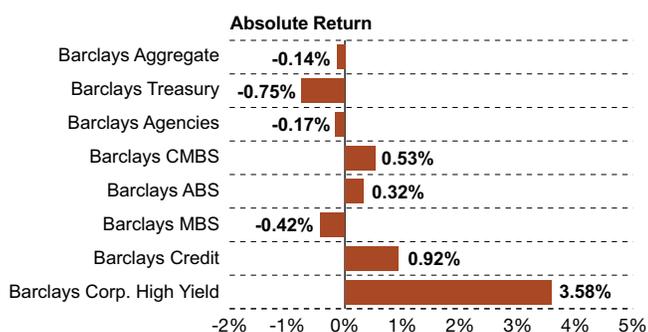
the curve shifted upward, with the long end showing the most improvement. Ten- and 30-year yields rose 42 and 28 bps, respectively. Five-year yields climbed 36 bps, and all yields two years and below increased by 6 bps. The breakeven rate (the difference between nominal and real yields) on the 10-year Treasury widened 7 bps to 2.26%.

## Callan Style Group Quarterly Returns



Sources: Barclays, Callan

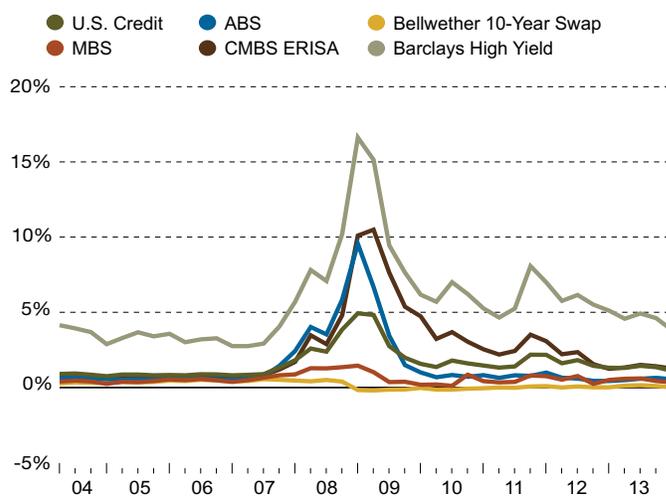
Fixed Income Index Quarterly Returns



Source: Barclays

While Treasuries swooned, strong performance from the securitized and credit sectors kept overall market losses to a minimum. All spread sectors surpassed like-duration Treasuries: Mortgage-backed securities (MBS) appeared to anticipate the Fed's taper announcement, and outperformed by 0.57%. Asset-backed securities (ABS) and commercial mortgage-backed securities (CMBS) gained 0.46% and 0.85%, respectively. Corporate bond investors continued to show a healthy appetite for credit risk, with Financials advancing 2.23%, Utilities adding 2.30%, and Industrials rising 2.37%.

Effective Yield Over Treasuries



Source: Barclays

The high yield corporate sector had another solid quarter, and the **Barclays Corporate High Yield Index** leapt 3.58%. For 2013, the Index added 7.44%. New issue activity in the quarter remained healthy, with 187 issues totaling approximately \$84 bn. For the year, 820 new issues priced at approximately \$399 bn came to market.

U.S. Fixed Income Index Characteristics as of December 31, 2013

Barclays Indices	Yield to Worst	Mod Adj Duration	Avg Maturity	% of Barclays G/C	% of Barclays Agg
Barclays Aggregate	2.48	5.55	7.58	0.00%	100.00%
Barclays Govt/Credit	2.16	5.60	7.63	100.00%	67.99%
Intermediate	1.61	3.84	4.15	82.46%	56.06%
Long-Term	4.74	13.87	23.98	17.54%	11.93%
Barclays Govt	1.43	4.86	5.94	58.41%	39.71%
Barclays Credit	3.18	6.63	10.00	41.59%	28.27%
Barclays Mortgage	3.26	5.62	7.78	-	29.78%
Barclays Asset-Backed	1.24	2.45	2.75	-	0.46%
Barclays Comm Mortgage	2.27	3.20	3.60	-	1.73%
Barclays Corp High Yield	5.64	4.16	6.61	-	-

Source: Barclays

## U.S. FIXED INCOME (Continued)

### Style Median and Index Returns\* for Periods ended December 31, 2013

<b>Broad Fixed Income</b>	<b>Quarter</b>	<b>Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>	<b>15 Years</b>
<b>Core Bond Style</b>	<b>0.18</b>	<b>-1.52</b>	<b>4.01</b>	<b>5.89</b>	<b>5.03</b>	<b>5.68</b>
<b>Core Bond Plus Style</b>	<b>0.73</b>	<b>-0.59</b>	<b>5.01</b>	<b>8.42</b>	<b>5.64</b>	<b>6.28</b>
Barclays Aggregate	-0.14	-2.02	3.26	4.44	4.55	5.23
Barclays Govt/Credit	-0.03	-2.35	3.63	4.40	4.52	5.23
Barclays Govt	-0.69	-2.60	2.70	2.26	4.14	4.84
Barclays Credit	0.92	-2.01	5.11	7.89	5.23	5.85
Citi Broad Investment Grade	-0.15	-2.04	3.26	4.22	4.66	5.31
<b>Long-Term</b>	<b>Quarter</b>	<b>Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>	<b>15 Years</b>
<b>Extended Maturity Style</b>	<b>0.39</b>	<b>-7.28</b>	<b>7.38</b>	<b>8.03</b>	<b>6.90</b>	<b>7.15</b>
Barclays Gov/Credit Long	-0.10	-8.83	6.70	6.40	6.36	6.55
Barclays Gov Long	-2.97	-12.48	5.47	2.42	5.94	6.15
Barclays Credit Long	1.54	-6.62	7.23	9.77	6.42	6.73
<b>Intermediate-Term</b>	<b>Quarter</b>	<b>Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>	<b>15 Years</b>
<b>Intermediate Style</b>	<b>0.20</b>	<b>-0.54</b>	<b>3.27</b>	<b>5.11</b>	<b>4.62</b>	<b>5.34</b>
Barclays Intermediate Aggregate	-0.14	-1.02	2.79	4.18	4.31	5.08
Barclays Gov/Credit Intermediate	-0.02	-0.86	2.91	3.96	4.09	4.94
Barclays Gov Intermediate	-0.42	-1.25	2.14	2.20	3.74	4.55
Barclays Credit Intermediate	0.68	-0.17	4.38	7.27	4.87	5.65
<b>Short-Term</b>	<b>Quarter</b>	<b>Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>	<b>15 Years</b>
<b>Defensive Style</b>	<b>0.29</b>	<b>0.61</b>	<b>1.48</b>	<b>2.43</b>	<b>3.18</b>	<b>4.04</b>
<b>Active Duration Style</b>	<b>0.19</b>	<b>-0.88</b>	<b>3.41</b>	<b>4.88</b>	<b>4.63</b>	<b>5.27</b>
Money Market Funds (net of fees)	0.00	0.01	0.01	0.04	1.51	2.10
ML Treasury 1–3-Year	0.06	0.36	0.78	1.09	2.57	3.49
90-Day Treasury Bills	0.02	0.07	0.10	0.12	1.68	2.33
<b>High Yield</b>	<b>Quarter</b>	<b>Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>	<b>15 Years</b>
<b>High Yield Style</b>	<b>3.59</b>	<b>7.46</b>	<b>9.34</b>	<b>16.99</b>	<b>8.48</b>	<b>7.88</b>
Barclays Corporate High Yield	3.58	7.44	9.32	18.93	8.62	7.48
ML High Yield Master	3.48	7.38	9.01	18.46	8.38	7.40
<b>Mortgage/Asset-Backed</b>	<b>Quarter</b>	<b>Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>	<b>15 Years</b>
<b>Mortgages Style</b>	<b>-0.31</b>	<b>-1.15</b>	<b>3.04</b>	<b>4.81</b>	<b>4.83</b>	<b>5.57</b>
Barclays MBS	-0.42	-1.41	2.42	3.69	4.61	5.25
Barclays ABS	0.32	-0.27	2.82	7.49	3.49	4.63
Barclays CMBS	0.53	0.23	5.23	12.50	5.32	6.25
<b>Municipal</b>	<b>Quarter</b>	<b>Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>	<b>15 Years</b>
Barclays Muni	0.32	-2.55	4.83	5.89	4.29	4.80
Barclays Muni 1–10-Year	0.32	-0.32	3.57	4.19	3.83	4.35
Barclays Muni 3-Year	0.59	1.33	2.21	2.84	3.03	3.62

\*Returns of less than one year are not annualized.

Sources: Barclays, Callan, Citigroup, Merrill Lynch

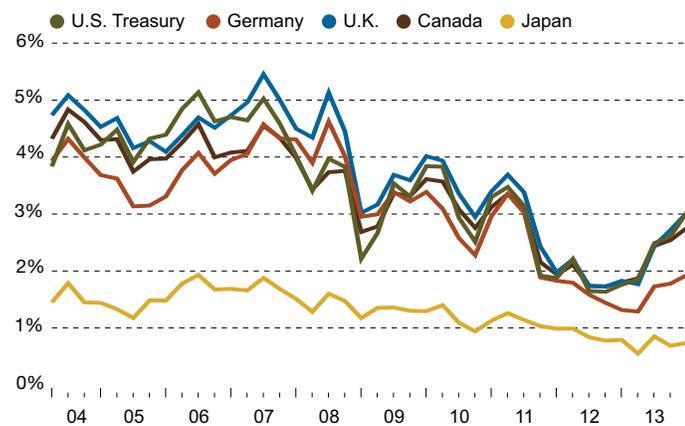
# A Slow Slog

NON-U.S. FIXED INCOME | Kyle Fekete

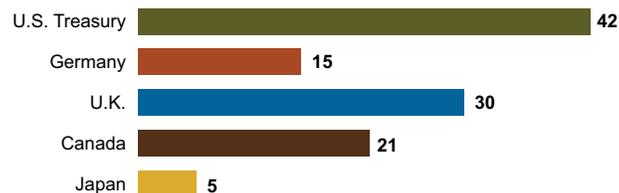
Global yields continued their volatile trend, falling at the beginning of the quarter amid fears of the U.S. government shutdown and then climbing through the quarter's close. The **Citi Non-U.S. World Government Bond Index-Unhedged** (-1.24%) sank. European economies such as Ireland (+5.86%) and Italy (+5.57%) were more than offset by weakness in large markets such as Japan (-6.46%) and Australia (-4.65%). As a result of currency exposure, the widest return gaps between local-currency and dollar-denominated returns occurred in Japan, Australia, and Canada, all of which depreciated against the U.S. dollar. Investors with hedged portfolios fared much better, as indicated by the **Citi Non-U.S. World Government Bond Index (Local)** (+0.46%).

European government bonds posted varied results amid the region's continued long recovery. Market demand was hampered by renewed concerns of deflation and high unemployment in peripheral countries; additionally, results showed that the

## 10-Year Global Government Bond Yields



## Change in 10-Year Yields from 3Q13 to 4Q13 (bps)



Source: Bloomberg

region's economy grew at a paltry annualized rate of 0.4% in the third quarter. In its second rate cut of 2013, the European Central Bank decreased its key lending rate to a record low of 0.25%. The Bank of Japan's monetary easing appears to have lifted the country out of a deflationary environment. The weakened yen boosted exports and the economy grew at a steady 1.01%. The 10-year Japanese yield slightly increased to 0.74%. The Reserve Bank of Australia also may soon implement another round of interest rate cuts, as the Australian economy expanded less than economists had expected.

The postponement of Fed tapering early in the quarter improved demand for emerging market debt, whose higher yields helped it

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

Country	Total	Local	Currency	Wtg
Australia	-4.65%	-0.35%	-4.32%	1.59%
Austria	1.66%	-0.13%	1.80%	1.83%
Belgium	2.87%	1.06%	1.80%	2.95%
Canada	-3.45%	-0.20%	-3.26%	2.50%
Denmark	1.61%	-0.15%	1.76%	0.83%
Finland	1.57%	-0.22%	1.80%	0.70%
France	2.13%	0.33%	1.80%	10.83%
Germany	1.06%	-0.72%	1.80%	9.52%
Ireland	5.86%	4.00%	1.80%	0.89%
Italy	5.57%	3.70%	1.80%	10.74%
Japan	-6.46%	0.19%	-6.64%	35.74%
Malaysia	-0.90%	-0.41%	-0.49%	0.55%
Mexico	0.19%	-0.31%	0.51%	1.04%
Netherlands	1.79%	0.00%	1.80%	3.02%
Norway	-0.72%	0.15%	-0.87%	0.36%
Poland	5.20%	1.70%	3.45%	0.91%
Singapore	-1.08%	-0.46%	-0.62%	0.37%
South Africa	-3.81%	0.10%	-3.91%	0.52%
Spain	3.77%	1.94%	1.80%	5.71%
Sweden	0.18%	0.17%	0.01%	0.60%
Switzerland	1.51%	-0.17%	1.68%	0.40%
U.K.	0.81%	-1.44%	2.28%	8.37%

Portugal was removed in 1Q12. South Africa was added in 4Q12.

Source: Citigroup

## NON-U.S. FIXED INCOME (Continued)

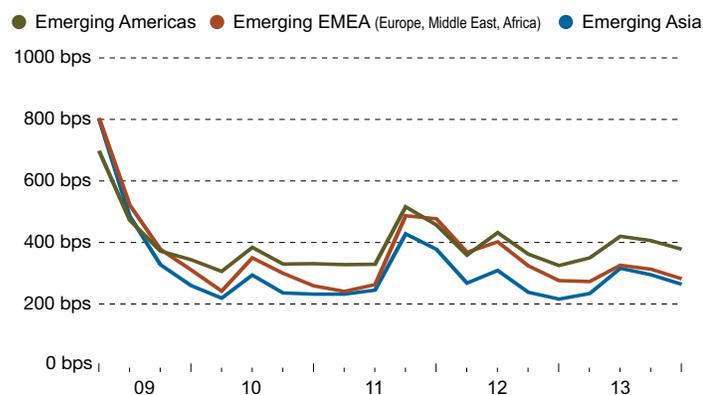
slightly recover from its summer decline. However, as the quarter progressed, disappointing economic data across the developed markets suppressed investors' risk appetite. The Fed's December announcement of the taper was followed by depreciating currencies and rising interest rates, illustrating that developing countries perhaps had become too reliant on the Fed.

The **J.P. Morgan GBI Emerging Market Composite Index** stumbled to a -1.69% return, with local debt markets declining

overall in U.S. dollar terms. In Latin America, Brazilian local debt plummeted 5.21%, pressured by concerns of a potential credit downgrade and the depreciation of the real. Brazil's central bank raised the benchmark interest rate to 10.00% in order to fight inflation. In Turkey, local debt declined 7.59% in U.S. dollar terms. Prime Minister Recep Erdoğan's minister for the economy and two other Cabinet ministers resigned in the midst of a corruption scandal.

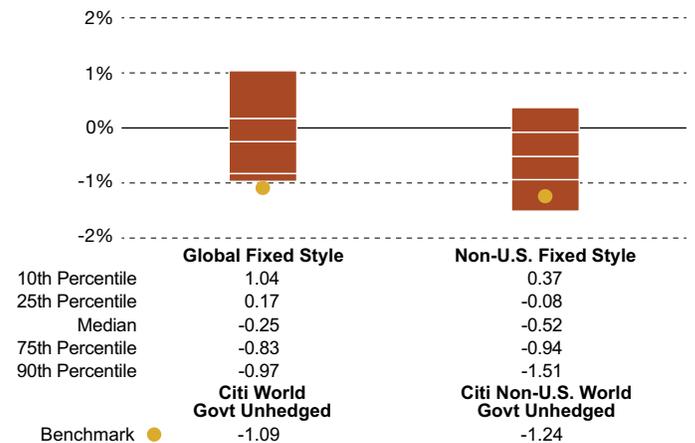
### Emerging Spreads Over Developed

(By Region)



Source: Barclays

### Callan Style Group Quarterly Returns



Sources: Callan, Citigroup

### Style Median and Index Returns\* for Periods ended December 31, 2013

	Quarter	Year	3 Years	5 Years	10 Years	15 Years
<b>Global Fixed</b>						
<b>Global Style</b>	-0.25	-3.42	2.59	4.74	4.99	5.42
Citi World Govt	-1.09	-4.00	1.25	2.28	4.15	4.68
Citi World Govt (Local)	0.12	0.19	3.44	2.93	3.63	3.90
Barclays Global Aggregate	-0.44	-2.60	2.39	3.91	4.46	4.78
<b>Non-U.S. Fixed</b>						
<b>Non-U.S. Style</b>	-0.52	-3.78	1.55	3.95	4.85	5.06
Citi Non-U.S. World Govt	-1.24	-4.56	0.62	2.27	4.10	4.47
Citi Non-U.S. World Govt (Local)	0.46	1.38	3.81	3.25	3.53	3.64
<b>European Fixed</b>						
Citi Euro Govt Bond	2.96	6.83	6.30	4.09	5.41	--
Citi Euro Govt Bond (Local)	1.55	4.60	6.18	4.75	4.73	--
<b>Emerging Markets Fixed</b>						
JPM Emerging Mkts Bond Plus	0.63	-8.32	5.72	10.73	8.25	10.87
JPM Emerging Local Mkts Plus	-0.16	-2.04	-0.07	3.33	5.74	6.76
JPM GBI EM Global Composite	-1.69	-8.52	1.04	7.58	8.62	--

\*Returns less than one year are not annualized.

Sources: Callan, Citigroup, JPMorgan Chase & Co.

# Divergence

REAL ESTATE | Jay Nayak

Performance of private and public real estate diverged as public market investors' expectations of the rate of income growth weakened. Nonetheless, improved sentiment around broader economic activity benefited stocks that are increasingly sensitive to economic growth, including Lodging/Resorts and certain Retail subsectors.

Domestic institutional real estate assets, as measured by the **NCREIF Property Index**, advanced 2.53% during the final quarter of the year. Income contributed 1.34%, while the appreciation return added 1.19%. Industrial (+2.93%) led, followed by Retail (+2.66%), while Hotels (+2.27%) continued to lag all other major property sectors. The South led the regional subindices by advancing 2.83%, while the Midwest (+2.09%) lagged. On a leveraged basis, NCREIF advanced 3.82% and reflected an overall leverage level of 46.02%. NCREIF recorded 237 asset trades representing \$8.34 billion of transactional volume. The overall transactional capitalization rate for the quarter was 6.32% against an overall index appraisal capitalization rate of 5.17%.

Global listed real estate, as measured by the **FTSE EPRA/NAREIT Developed REIT Index**, fell 0.45%. Domestic REITs,

## NCREIF Overall Capitalization Rates

Sector	4Q13	3Q13	2Q13
Apartment	4.79%	4.86%	5.05%
Industrial	5.72%	5.70%	5.73%
Office	4.91%	4.97%	5.31%
Retail	5.70%	5.65%	5.64%

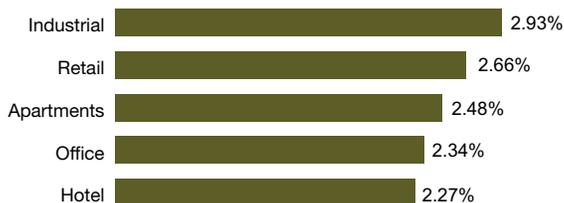
Rates based on unleveraged, value-weighted, appraisal capitalization data.  
Source: NCREIF

as measured by the **FTSE NAREIT Equity REITs Index**, fell 0.71% and traded at a 4.09% dividend yield at quarter end. Lodging/Resorts (+8.33%) led all sectors driven by favorable fundamentals and expectations of growth. The Health Care sector declined 7.63% as the sector was trading at a meaningful premium to underlying asset values. Further, Self Storage fell 6.54% as investors anticipated decelerating net operating income growth from the sector.

European real estate stocks, as measured by the **FTSE EPRA/NAREIT Developed Europe REIT Index**, gained 5.89%, led by United Kingdom-focused companies. Continental European stocks generally lagged with the exception of certain Nordic is-

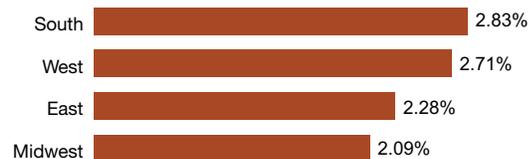
## NCREIF All Equity Sector Quarterly Performance

### Quarterly Returns by Property Type



Source: NCREIF

### Quarterly Returns by Region

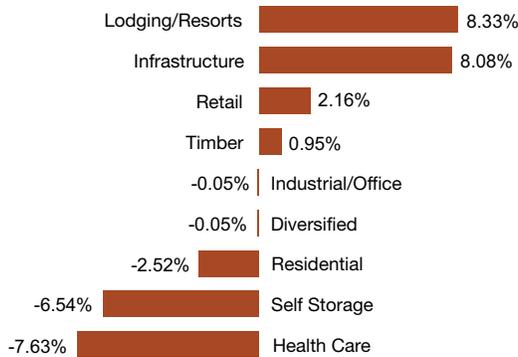


## REAL ESTATE (Continued)

sues. The **FTSE EPRA/NAREIT Developed Asia REIT Index** declined 2.84%. The declines were primarily driven by Hong Kong-based developers and investors, as well as certain Australia-based stocks focused on Residential and Retail assets.

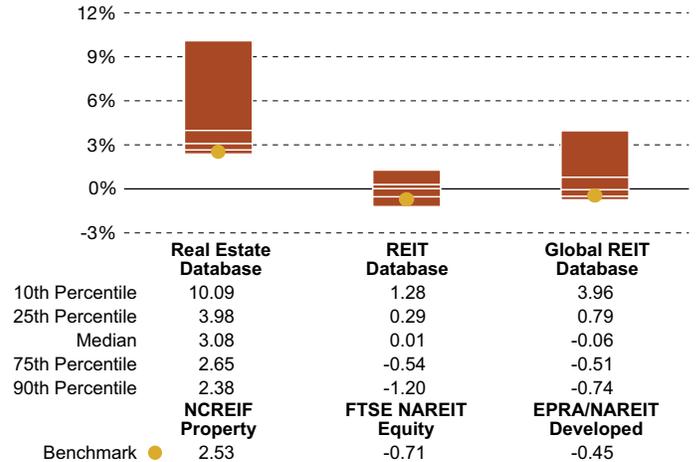
Domestic REITs executed 61 offerings, raising \$16.4 billion. Five primary equity offerings raised \$2.6 billion and 26 secondary equity offerings raised \$5.2 billion. Another \$8.2 billion of unsecured debt was raised by domestic REITs during the quarter. Domestic commercial mortgage-backed securities issuance totaled \$25.6 billion during the fourth quarter and reached \$86.1 billion in 2013. The total reflects issuance volume not seen since 2003 and fell short of the \$92.6 billion issued in 2004.

### NAREIT All Equity Sector Quarterly Performance



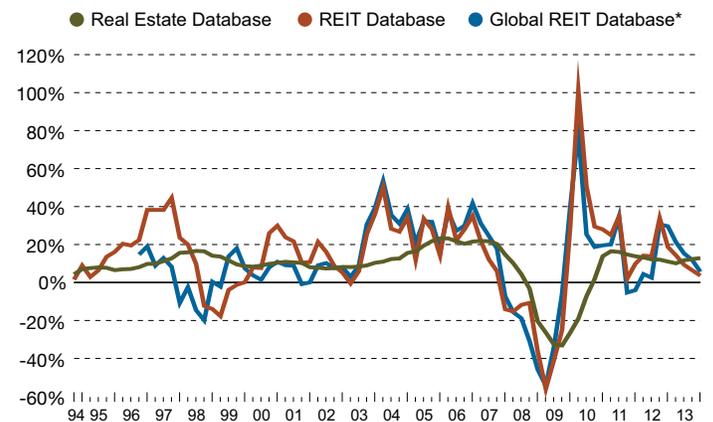
\*Timber replaced Specialty in 4Q10. Infrastructure was added in 1Q12.  
Source: NAREIT

### Callan Style Group Quarterly Returns



Sources: Callan, NAREIT, NCREIF, The FTSE Group

### Rolling One-Year Returns



\*Global REIT returns from 3Q96  
Source: Callan

### Style Median and Index Returns\* for Periods ended December 31, 2013

	Quarter	Year	3 Years	5 Years	10 Years	15 Years
<b>Private Real Estate</b>						
Real Estate Database (net of fees)	3.08	13.52	14.16	5.00	7.45	8.56
NCREIF Property**	2.53	10.98	11.92	5.68	8.63	8.86
<b>Public Real Estate</b>						
REIT Database	0.01	2.96	10.22	17.55	9.59	11.66
FTSE NAREIT Equity	-0.71	2.47	9.42	16.50	8.42	10.36
<b>Global Real Estate</b>						
Global REIT Database	-0.06	4.76	8.76	16.56	10.11	--
FTSE EPRA/NAREIT Developed	-0.45	4.43	8.16	16.07	8.78	9.69

\*Returns less than one year are not annualized.

\*\*Represents data available as of publication date.

All REIT returns are reported gross in USD.

Sources: Callan, NAREIT, NCREIF, The FTSE Group

# Full Steam Ahead

PRIVATE EQUITY | Gary Robertson

In fundraising, *Private Equity Analyst* reports that new fourth quarter commitments totaled \$58.2 billion with 170 new partnerships formed. Dollar volume increased by 5%, versus the third quarter's \$55.2 billion, but the number of funds formed increased by 35% from the third quarter's 126. The year's commitment dollar volume finished up 14.5% from 2012's \$189.2 billion and the number of funds formed increased by 19.8% from 2012's 494. The pace is above the \$200 million level and 2013's fundraising total represents the largest fundraising year since 2008.

According to *Buyouts* newsletter, the investment pace by funds into companies totaled 1,259 closed transactions in 2013 as of December 10, 2013, down from 2012's total of 1,565. Closed dollar volume increased by 12.9% to \$130.1 billion from \$115.2 billion in 2012. The fourth quarter generated 249 control transactions, down from the third quarter's 390. However, disclosed dollar volume on closed deals totaled \$39.5 billion in the fourth quarter, up from \$23.7 billion in the third quarter of 2013. According to the National Venture Capital Association, new investments in venture capital companies totaled \$8.4 billion in 1,077 rounds of financing in the fourth quarter, and \$29.4 billion in 3,995 rounds of financing for the year. Compared to the prior quarter and year, the dollar volumes increased by 20.5% and 7.5%, respectively.

Regarding exits, *Buyouts* reports that 426 private M&A exits of buyout-backed companies occurred during 2013, down from 559 in 2012. The 2013 total disclosed M&A exit values of \$53.8 billion was down significantly from 2012, which reported

## Funds Closed 1/1/13 to 12/31/13

Strategy	No. of Funds	Amt (\$MM)	Percent
Venture Capital	205	19,661	9%
Buyouts	224	125,544	58%
Subordinated Debt	33	14,502	7%
Distressed Debt	43	36,644	17%
Secondary and Other	30	12,490	6%
Fund-of-funds	57	7,715	4%
<b>Totals</b>	<b>592</b>	<b>216,556</b>	<b>100%</b>

Source: Private Equity Analyst

\$90.4 billion. In the fourth quarter, four of the completed 89 M&A deals had values over \$1 billion, with the largest being the \$6 billion acquisition of the Neiman Marcus Group. The IPO market was strong in 2013 and surged in the fourth quarter, producing 18 buyout-backed IPOs with an aggregate value of \$8.3 billion. The year produced 50 IPOs, with the largest being Hilton Worldwide for \$2.4 billion.

Venture-backed M&A exits in the fourth quarter totaled 81, of which 31 announced values totaling \$5.3 billion. The total number of M&A deals declined from the third quarter's 116 exits, but the announced value increased from the third quarter's total of \$4.9 billion. The year produced 377 venture-backed private exits with 90 announced values totaling \$14.5 billion. There were 24 venture-backed IPOs in the fourth quarter that raised \$5.3 billion. The number was down from 27 in the third quarter but the total float was up from \$2.8 billion. The year produced 82 venture-backed IPOs raising \$11.2 billion. Please see our upcoming issue of *Private Markets Trends* for more in-depth coverage.

## Private Equity Performance Database (%)

(Pooled Horizon IRRs Through June 30, 2013\*)

Strategy	3 Months	Year	3 Years	5 Years	10 Years	20 Years
All Venture	2.7	5.0	5.7	0.8	4.6	14.3
All Buyouts	4.1	18.8	12.4	4.7	10.9	10.7
Mezzanine	1.9	10.5	7.4	3.1	6.7	7.6
<b>All Private Equity</b>	<b>3.4</b>	<b>15.7</b>	<b>11.0</b>	<b>4.3</b>	<b>9.5</b>	<b>11.2</b>
S&P 500	2.9	20.6	18.5	7.0	7.3	8.7

Private equity returns are net of fees.

Source: Thomson ONE

\* Latest quarterly data available.

# Keep Calm and Rally On

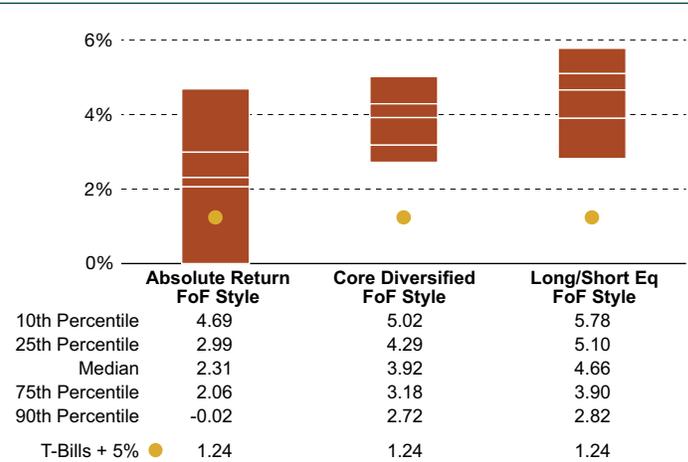
HEDGE FUNDS | Jim McKee

Despite the government shutdown, U.S. GDP grew marginally more than expected. Job hiring continued to hold steady. Amid evidence of a healthier economy, the Federal Reserve finally committed to tapering its monthly \$85bn bond buying program. With few exceptions, risky assets rose while pricing volatility fell, despite assorted challenges ahead.

With such favorable market conditions lifting conviction, hedge funds marginally added to their exposures, both net and gross. Illustrating raw hedge fund performance without implementation costs, the **Credit Suisse Hedge Fund Index (CS HFI)** rose 4.15%. Representing actual hedge fund portfolios, net of all fees, the median manager in the **Callan Hedge Fund-of-Funds Database** advanced 3.91%.

Within CS HFI, the best-performing strategy was Long/Short Equity (+6.32%), although it trailed the **S&P 500** (+10.51%). Tightening spreads and improved liquidity aided *Distressed* (+5.10%) and *Event-Driven Multi-Strategy* (+4.69%). With more discernible trends in equities and some commodities, like gold, *Managed Futures* gained 5.22%. Supported by fundamental risk factors,

## Callan Style Group Quarterly Returns



Sources: Callan, Merrill Lynch

like earnings growth, security selection worked well for *Equity Market Neutral* (+5.13%). Within Callan's Hedge Fund-of-Funds Database, market exposures notably affected performance. The median *Callan Long/Short Equity FoF* (+4.66%) easily beat the *Callan Absolute Return FoF* (+2.31%). With diversifying exposures to both of these directional and non-directional styles, the *Core Diversified FoF* gained 3.92%.

## Style Median and Index Returns\* for Periods ended December 31, 2013

Diversified Hedge Fund Strategies	Quarter	Year	3 Years	5 Years	10 Years	15 Years
<b>Hedge Fund-of-Funds Database</b>	<b>3.91</b>	<b>11.17</b>	<b>4.76</b>	<b>7.64</b>	<b>5.07</b>	<b>7.28</b>
CS Hedge Fund Index	4.15	9.73	4.82	8.66	6.37	7.55
CS Investable Blue Chip Index	3.51	5.82	2.64	8.14	3.43	--
Credit Suisse Subindices	Quarter	Year	3 Years	5 Years	10 Years	15 Years
Equity Market Neutral	5.13	9.27	4.81	3.50	-0.27	3.28
Convertible Arb	1.26	6.03	4.95	13.58	4.44	7.67
Fixed Income Arb	1.29	3.80	6.46	11.58	4.09	5.38
Multi-Strategy	4.33	11.23	7.99	11.40	6.69	7.59
Distressed	5.10	16.00	7.48	10.61	7.86	9.60
Risk Arb	1.06	4.92	2.84	4.67	4.51	5.54
Event Driven Multi	4.69	15.28	3.78	8.92	7.88	9.15
Long-Short Equity	6.32	17.73	5.70	9.04	7.00	8.26
Short Bias	-3.87	-24.94	-14.71	-18.56	-7.88	-7.02
Global Macro	2.78	4.32	5.11	8.01	8.27	10.02
Managed Futures	5.22	-2.56	-3.23	-1.02	3.15	4.24

\*Returns less than one year are not annualized.

Sources: Callan, Credit Suisse Hedge Index LLC

# Growth Streak Continues

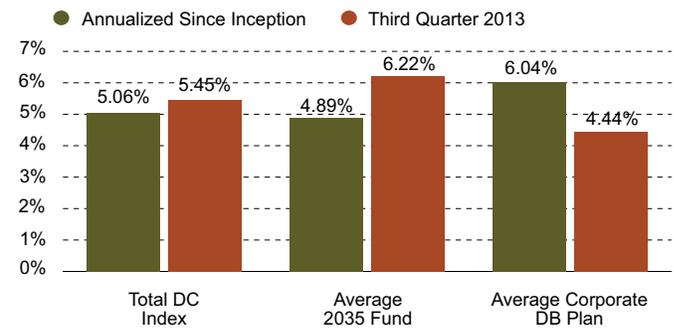
DEFINED CONTRIBUTION | James O'Connor

The Callan DC Index™ gained a healthy 5.45% during the third quarter, reflecting strong equity market performance. The average 2035 target date fund had an impressive showing, outperforming the average DC plan by 77 basis points. This reflects target date funds' greater allocation to equities (77% for the average 2035 target date fund versus 66% in the typical DC plan). In turn, the typical DC plan beat the average corporate defined benefit (DB) plan by about 1%. Since the Index's inception in 2006, the average corporate DB plan has outperformed DC plans by about 1% annually.\* Conversely, target date funds trail both DB and DC plans since inception. DC balances grew 5.6% during the quarter, driven mostly by market returns. Meanwhile, plan sponsor and participant contributions (net flows) added just 0.14% to growth. This represents the fifth consecutive quarter of growth for the DC Index.

Target date funds were the clear cash flow winner during the third quarter, taking in more than seventy cents of every dollar that flowed into DC funds. Indeed, target date funds may be on pace to have their best year of inflows in the Index's history in 2013. In contrast, most other asset classes experienced net outflows, including domestic large cap equity. Target date funds are well on their way to becoming the single largest holding in the typical DC plan, accounting for one-fifth of total asset allocation (20.1%) within the DC Index. Only domestic large cap equity allocations are higher at 23.3%. While target date funds have never experienced a quarter of net outflows since the DC Index's 2006 inception, domestic large cap equity has seen outflows more than two-thirds of the time—including the third quarter. Within the 83% of plans that offer target date funds, the target date fund allocation is 27%. Overall, the DC Index's total equity allocation has increased to nearly two-thirds (65.6%) of DC plans' assets.

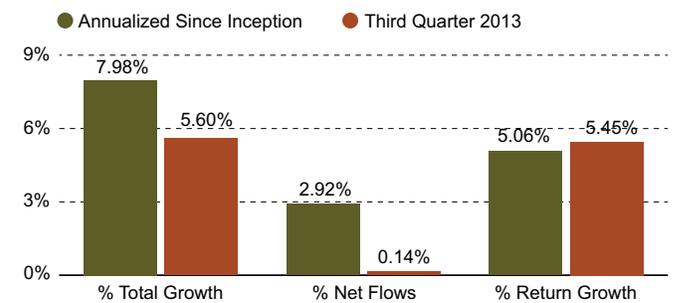
*The Callan DC Index™ tracks the cash flows and performance of 70+ plans, representing more than 800,000 DC participants and over \$80 billion in assets. The Index is updated quarterly and is available to clients at <http://www.callan.com/research/dcindex/>. Read the quarterly DC Observer newsletter for additional commentary and data.*

## Investment Performance\*



Source: Callan DC Index

## Growth Sources\*



Source: Callan DC Index

## Net Cash Flow Analysis (Third Quarter 2013)\* (Top Two and Bottom Two Asset Gatherers)

Asset Class	Flows as % of Total Net Flows
Target Date Funds	70.02%
Stable Value	13.87%
Company Stock	-31.67%
Domestic Fixed	-36.11%
<b>Total Turnover<sup>1</sup></b>	<b>0.60%</b>

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

Source: Callan DC Index

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

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## Authors

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**Steven Center, CFA**, is a fixed income consultant in Callan's Global Manager Research group. He is responsible for research and analysis of fixed income investment managers and assists plan sponsor clients with manager searches.



**Kyle Fekete** is an analyst in Callan's Global Manager Research group. He conducts thorough analysis of investment managers and compiles detailed research reports for clients and the Manager Search Committee.



**Jay Kloepfer** is director of Capital Markets and Alternatives Research. He oversees Callan's Capital Markets, Hedge Fund, and Private Markets research groups. Jay is author of the "Callan Periodic Table of Investment Returns."



**Matt Lai** is an analyst in Callan's Global Manager Research group. Matt's role within GMR includes the quantitative and qualitative analysis of investment managers, as well as the compilation of detailed research reports for clients and the Manager Search Committee.



**Connie Lee, CFA**, is an associate consultant in Callan's Fund Sponsor Consulting group. She supports consultants in the areas of client service, investment manager reviews, performance measurement, business development, and other special projects.



**Lauren Mathias, CFA**, is a domestic equity consultant in Callan's Global Manager Research group. She is responsible for research and analysis of domestic equity managers and assists plan sponsor clients with manager searches. Lauren also oversees the Callan Connects program.



**Jim McKee** is director of Callan's Hedge Fund Research group. Jim specializes in hedge fund research addressing related issues of asset allocation, manager structure, manager search, and performance evaluation for Callan's institutional clients.



**Jay Nayak** is a consultant in Callan's Real Assets Consulting group. He evaluates managers and their respective real estate products for plan sponsor clients. He also heads research coverage for global real estate securities and commercial real estate debt strategies.



**James O'Connor** is a defined contribution consultant in Callan's Fund Sponsor Consulting group. He provides analytical support in areas including client proposals, manager research, and performance evaluation. James also conducts DC investment structure evaluations, fee analyses, and industry research.



**Gary Robertson** is the manager of Callan's Private Equity Research group. Gary is responsible for the firm's Alternative Investments consulting services. He is currently secretary of Callan's Client Policy Review Committee.

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

*Authored by Callan Associates Inc.*

*If you have any questions or comments, please email [institute@callan.com](mailto:institute@callan.com).*

*Editor-in-Chief – Karen Witham*

*Performance Data – Alpay Soyoguz, CFA; Adam Mills*

*Publication Layout – Nicole Silva*

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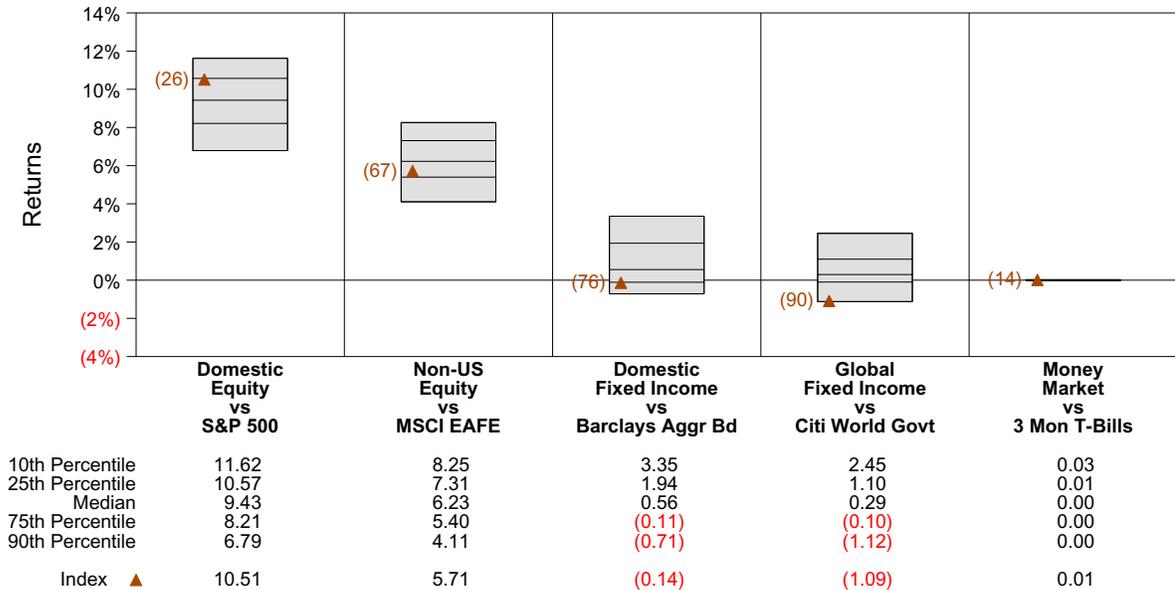
## Market Overview

### Active Management vs Index Returns

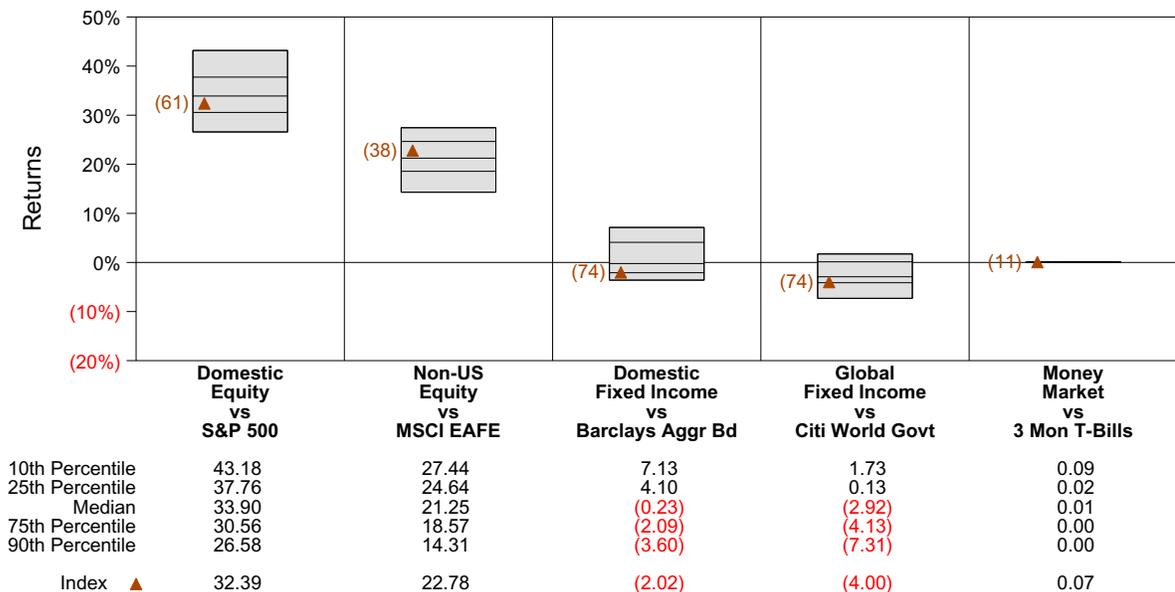
#### Market Overview

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

#### Range of Mutual Fund Returns by Asset Class One Quarter Ended December 31, 2013



#### Range of Mutual Fund Returns by Asset Class One Year Ended December 31, 2013



## Domestic Equity Active Management Overview

### Active vs. the Index

The strong bull market of 2013 continued through the 4th quarter of the year with all major equity indices posting solid gains. By and large, domestic equity indices outpaced active management with the exceptions being the median mid cap mutual fund which outpaced the S&P Mid Cap Index by 31 bps, and the median large cap value mutual fund which outpaced the S&P 500 Value Index by 25 bps. For the 2013 calendar year period, active managers bested their respective indices across the majority of styles although the median small cap value mutual fund fell short by roughly 450 bps and the median small cap broad mutual fund fell short by 274 bps.

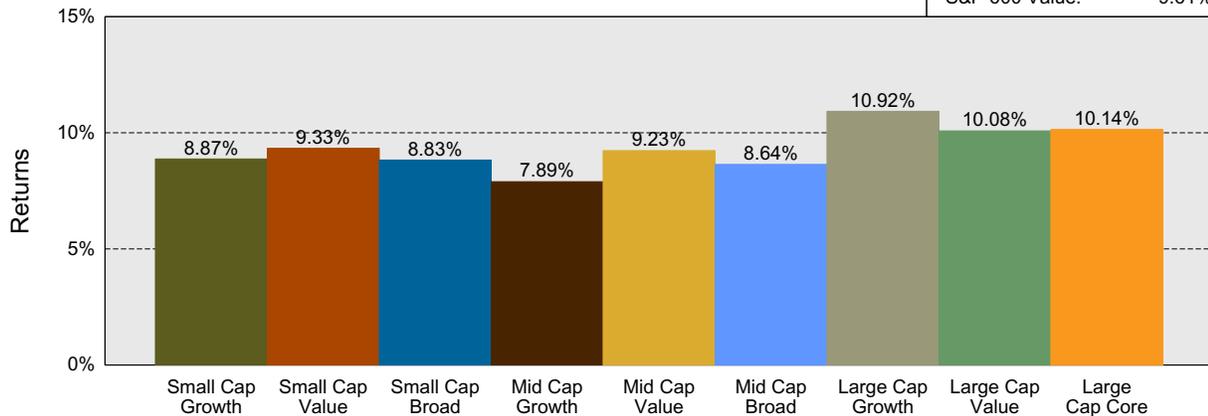
### Large Cap vs. Small Cap

Reversing the trend from the 3rd quarter, large cap indices trounced small cap indices during the 4th quarter, although small cap indices closed the 2013 calendar year well ahead of large cap. For the recent quarter, large cap growth was the clear winner with a return of 11.2% for the S&P 500 Growth Index while at the other end of the spectrum mid cap posted a return of 8.3% for the S&P Mid Cap Index. For the year, small cap growth posted a whopping 42.7% for the S&P 600 Growth Index yet active managers managed to outpace the index with a 300bps lead for the median small growth mutual fund.

### Growth vs. Value

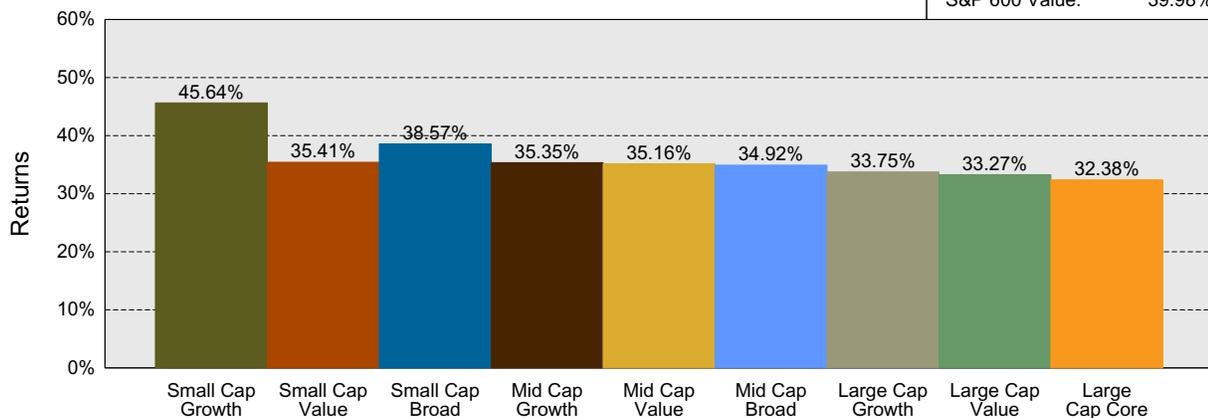
With respect to style, growth outperformed value for the recent quarter across large cap and small cap indices, although within active management, the median small value mutual fund (+9.3%) outpaced its growth counterpart (+8.9%) by over 40 bps. For the 4th quarter, the median large growth mutual fund fell short of its index by 23 bps yet the median large value fund outpaced its index by 25 bps. Within small cap, active management trailed within both the value and growth styles with small growth trailing by the widest margin (S&P 600 Growth: 10.1% vs. SCG median: 8.9%).

**Mutual Fund Style Group Median Returns  
for Quarter Ended December 31, 2013**



S&P 500:	10.51%
S&P 500 Growth:	11.15%
S&P 500 Value:	9.83%
S&P Mid Cap:	8.33%
S&P 600:	9.83%
S&P 600 Growth:	10.06%
S&P 600 Value:	9.61%

**Mutual Fund Style Group Median Returns  
for One Year Ended December 31, 2013**



S&P 500:	32.39%
S&P 500 Growth:	32.75%
S&P 500 Value:	31.99%
S&P Mid Cap:	33.50%
S&P 600:	41.31%
S&P 600 Growth:	42.69%
S&P 600 Value:	39.98%

## International Equity Active Management Overview

### Active vs. the Index

Foreign equities lagged their U.S. counterparts in both local currency and U.S. dollar terms (MSCI EAFE US\$: +5.7%, Local: +6.4%). Currency impacts were mixed in the 4th quarter as the euro and UK pound strengthened while the Japanese yen and Australian dollar weakened. Active management outperformed passive by a thin margin within both developed large core and emerging markets. Emerging markets finished the 2013 year as the only non-US broad category in negative territory, posting a return of -2.2%.

### Europe

MSCI Europe returned 7.9% for the 4th quarter, trailing the Europe mutual fund peer group median (+8.3%) by 40 bps. Europe was the top-performing region for the recent quarter, outpacing the other broad regions by several hundred basis points. MSCI Europe closed the 2013 year among the top performing non-US indices with a return of 25.2%.

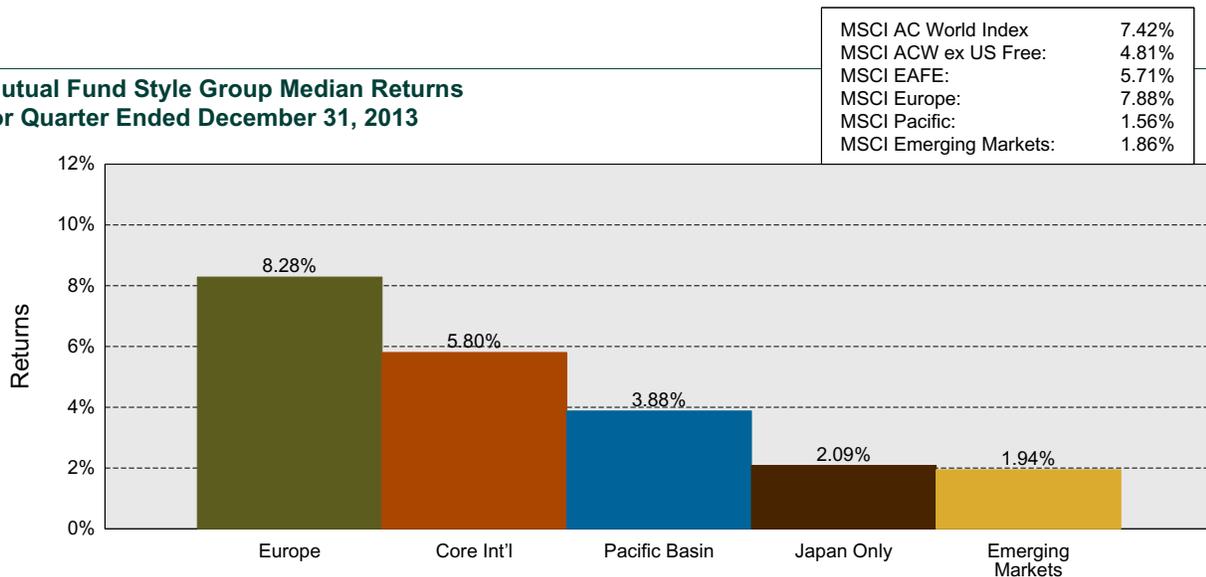
### Pacific

The MSCI Pacific Index posted a return of 1.6% for the 4th quarter. The median of the active Pacific Basin peer group outpaced the index with its 3.9% return. The median of the Japan mutual fund peer group posted a return of 2.1%.

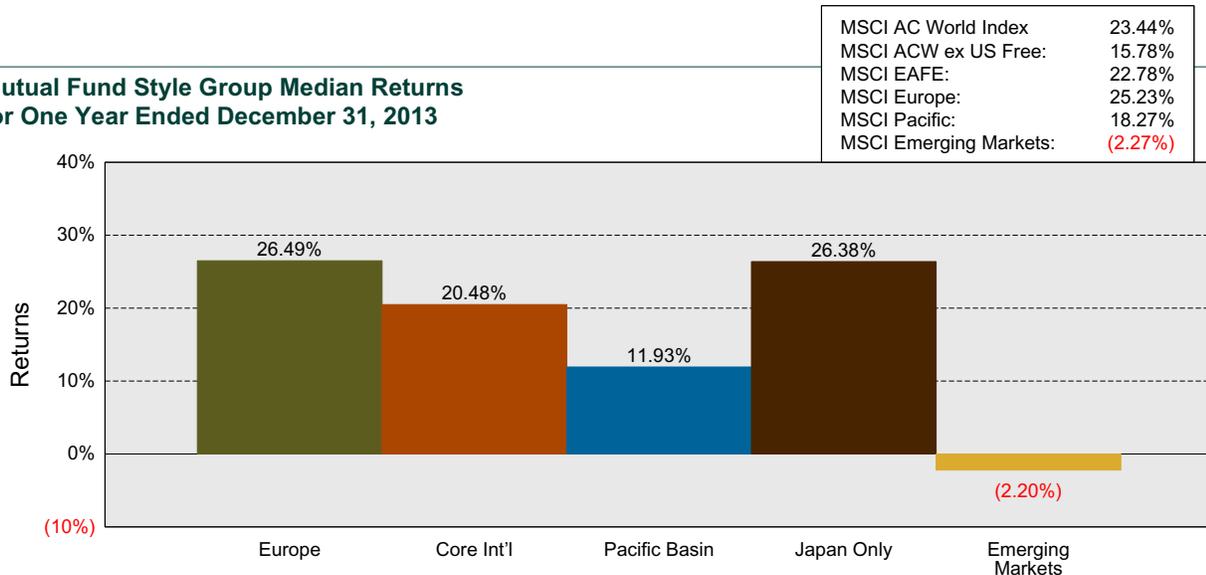
### Emerging Markets

Emerging market equities continued to be significant laggards relative to the rest of the developed world and widely trailed developed market results. Active emerging market managers outpaced the Index by just a few basis points (MSCI EM: 1.9%, median 1.9%). The region finished the year in negative territory with the MSCI EM returning -2.3% and the median mutual fund posting -2.2%.

**Mutual Fund Style Group Median Returns  
for Quarter Ended December 31, 2013**



**Mutual Fund Style Group Median Returns  
for One Year Ended December 31, 2013**



## Domestic Fixed Income Active Management Overview

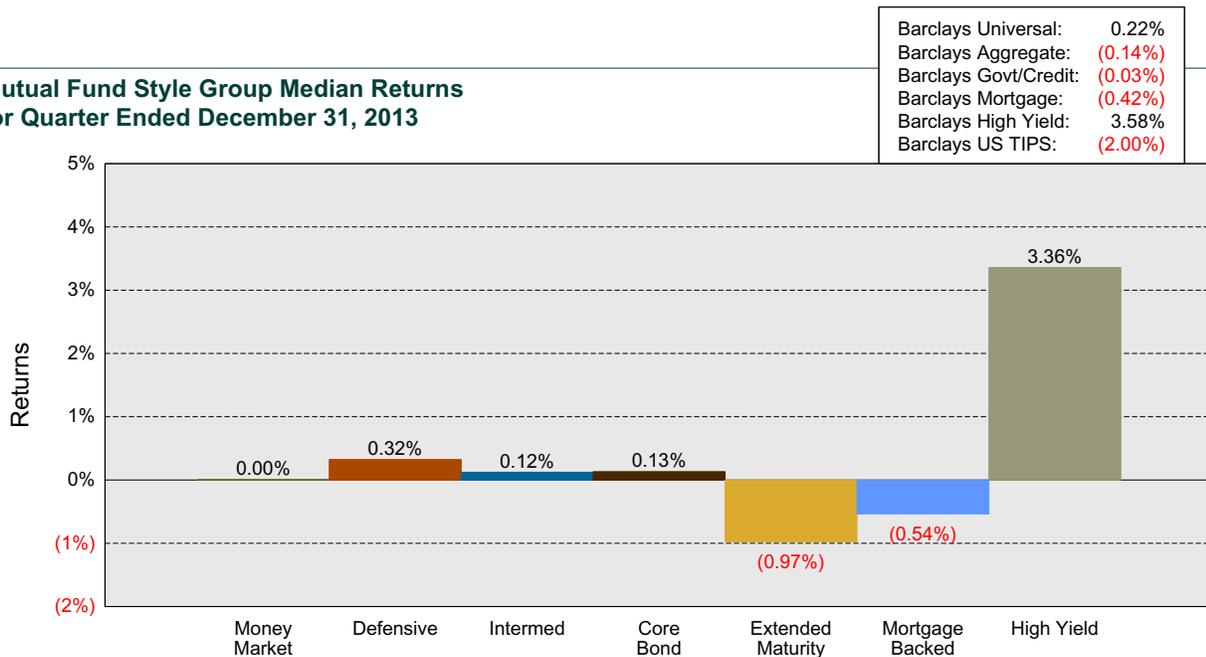
### Active vs. the Index

The yield on the 10-year U.S. Treasury Note climbed 40 bps during the 4th quarter to close at 3.04%, its high for 2013 and its highest level since mid-2011. After rallying into October as the government shutdown threatened economic growth, yields climbed steadily through year-end on a fairly continuous string of encouraging economic data. The Barclays Aggregate Index posted a -0.1% result, bringing its 2013 return to -2.0%; its worst return since 1994. Corporate bonds strongly outperformed like-duration Treasuries for both the quarter and the year. High yield corporates continued to post very strong results with the Barclays High Yield Index up 3.6% for the quarter and 7.4% for the full year. Lower quality bonds outperformed among both investment grade and high yield for the quarter and the year. For the quarter ended December 31, 2013, the median Core Bond fund returned 0.1%, outperforming the Barclays Aggregate Index by 27 bps. For the one-year period, the median Core Bond fund posted a -1.7% return, roughly 30 bps ahead of Barclays Aggregate Index.

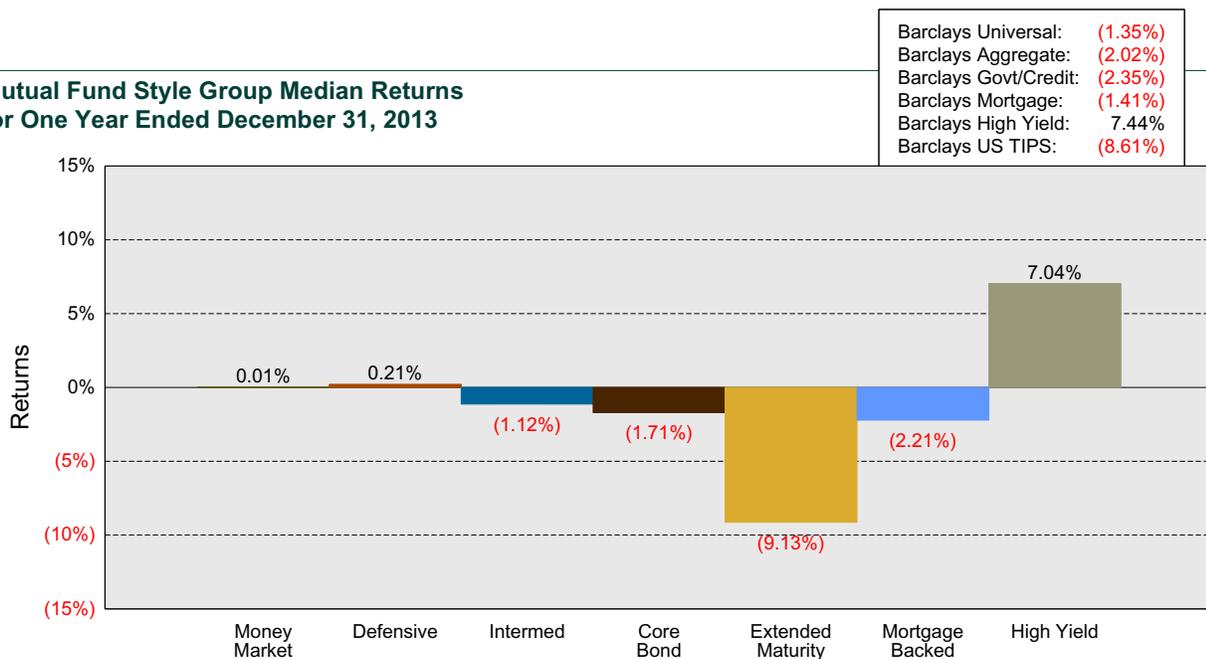
### Intermediate vs. Long Duration

Longer duration managers underperformed intermediate duration managers in the 4th quarter as rates rose. The median Extended Maturity fund returned -1.0% while the median Intermediate fund posted a 0.1% return. For the one-year period, the median Extended Maturity fund returned -9.1%, more than 800 basis points below the median Intermediate Fund.

**Mutual Fund Style Group Median Returns  
for Quarter Ended December 31, 2013**



**Mutual Fund Style Group Median Returns  
for One Year Ended December 31, 2013**





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## ASSET ALLOCATION AND PERFORMANCE

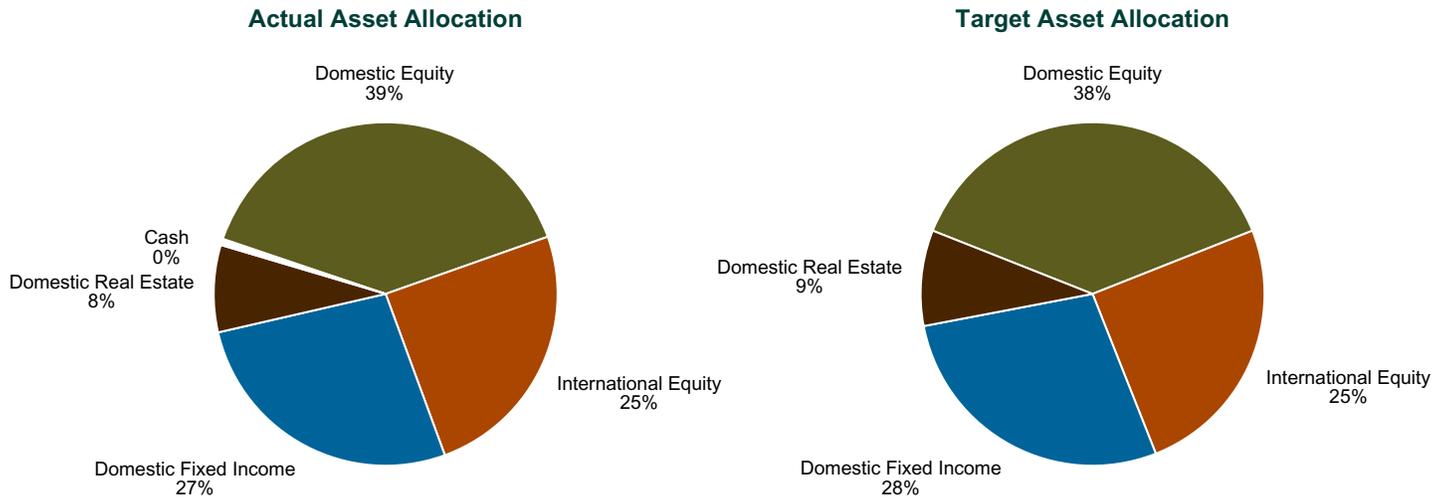
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### **Asset Allocation and Performance**

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

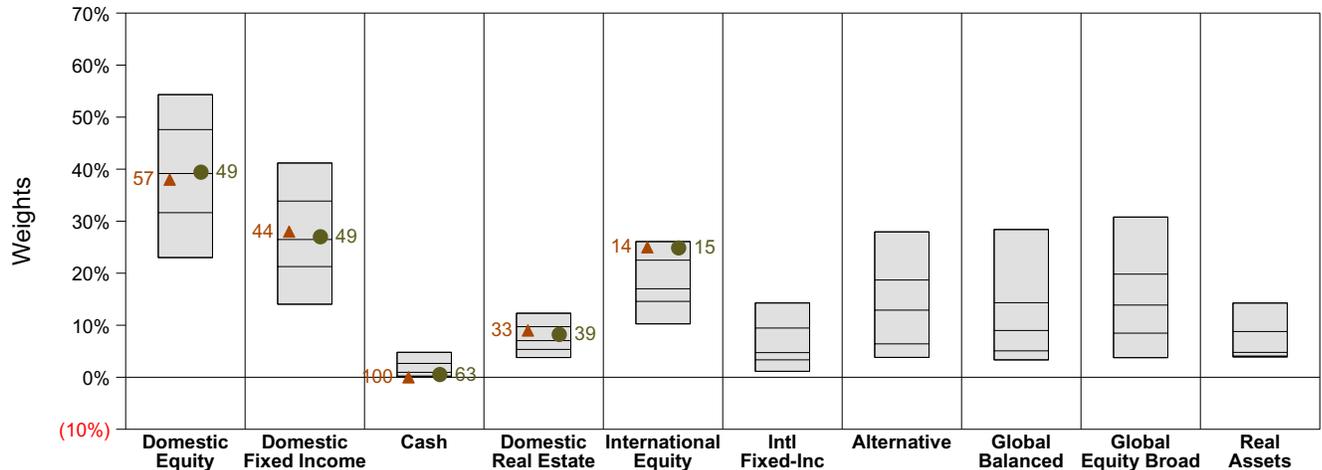
## Actual vs Target Asset Allocation As of December 31, 2013

The top left chart shows the Fund's asset allocation as of December 31, 2013. The top right chart shows the Fund's target asset allocation as outlined in the investment policy statement. The bottom chart ranks the fund's asset allocation and the target allocation versus the Public Fund Sponsor Database.



Asset Class	\$000s Actual	Weight Actual	Target	Percent Difference	\$000s Difference
Domestic Equity	168,153	39.4%	38.0%	1.4%	6,020
International Equity	105,988	24.8%	25.0%	(0.2%)	(679)
Domestic Fixed Income	115,279	27.0%	28.0%	(1.0%)	(4,187)
Domestic Real Estate	35,142	8.2%	9.0%	(0.8%)	(3,258)
Cash	2,104	0.5%	0.0%	0.5%	2,104
<b>Total</b>	<b>426,666</b>	<b>100.0%</b>	<b>100.0%</b>		

### Asset Class Weights vs Public Fund Sponsor Database



	Domestic Equity	Domestic Fixed Income	Cash	Domestic Real Estate	International Equity	Intl Fixed-Inc	Alternative	Global Balanced	Global Equity Broad	Real Assets
10th Percentile	54.33	41.18	4.79	12.30	26.08	14.28	27.94	28.40	30.79	14.27
25th Percentile	47.61	33.86	2.66	9.72	22.51	9.46	18.70	14.33	19.82	8.79
Median	39.17	26.48	0.95	7.04	17.01	4.73	12.90	8.98	13.87	4.78
75th Percentile	31.64	21.27	0.23	5.35	14.58	3.35	6.42	5.08	8.47	4.08
90th Percentile	23.00	14.04	0.02	3.79	10.26	1.14	3.82	3.34	3.77	3.91
<b>Fund</b>	<b>39.41</b>	<b>27.02</b>	<b>0.49</b>	<b>8.24</b>	<b>24.84</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Target</b>	<b>38.00</b>	<b>28.00</b>	<b>0.00</b>	<b>9.00</b>	<b>25.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
% Group Invested	98.86%	98.30%	61.36%	58.52%	96.59%	16.48%	48.30%	17.05%	25.00%	2.84%

\* Current Quarter Target = 38.0% Russell 3000 Index, 28.0% Barclays Aggregate Index, 25.0% MSCI ACWI ex US Index, 7.2% NFI-ODCE Equal Weight Net and 1.8% NAREIT.

## Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of December 31, 2013, with the distribution as of September 30, 2013. The change in asset distribution is broken down into the dollar change due to Net New Investment and the dollar change due to Investment Return.

### Asset Distribution Across Investment Managers

	December 31, 2013			Inv. Return	September 30, 2013	
	Market Value	Weight	Net New Inv.		Market Value	Weight
<b>Domestic Equities</b>	<b>\$168,152,997</b>	<b>39.41%</b>	<b>\$(3,061,749)</b>	<b>\$16,076,842</b>	<b>\$155,137,904</b>	<b>38.27%</b>
<b>Large Cap Equities</b>	<b>\$116,072,757</b>	<b>27.20%</b>	<b>\$(1,061,749)</b>	<b>\$11,925,960</b>	<b>\$105,208,546</b>	<b>25.96%</b>
Vanguard S&P 500 Index	22,327,801	5.23%	1,500,000	2,017,129	18,810,672	4.64%
Dodge & Cox Stock	23,432,761	5.49%	(1,561,749)	2,588,063	22,406,448	5.53%
Robeco	22,299,154	5.23%	0	2,152,968	20,146,186	4.97%
Harbor Cap Appreciation	23,837,194	5.59%	(1,000,000)	2,598,589	22,238,605	5.49%
Janus Research	24,175,847	5.67%	0	2,569,212	21,606,635	5.33%
<b>Mid Cap Equities</b>	<b>\$19,670,646</b>	<b>4.61%</b>	<b>\$(1,000,000)</b>	<b>\$1,550,617</b>	<b>\$19,120,029</b>	<b>4.72%</b>
Fidelity Low Priced Stock	4,665,942	1.09%	0	340,177	4,325,765	1.07%
Royce Total Return	5,707,166	1.34%	0	458,848	5,248,318	1.29%
Morgan Stanley	4,764,738	1.12%	(1,000,000)	410,800	5,353,939	1.32%
Janus Enterprise	4,532,801	1.06%	0	340,793	4,192,008	1.03%
<b>Small Cap Equities</b>	<b>\$23,292,995</b>	<b>5.46%</b>	<b>\$(1,000,000)</b>	<b>\$1,801,806</b>	<b>\$22,491,189</b>	<b>5.55%</b>
Prudential Small Cap Value	12,021,188	2.82%	0	972,074	11,049,114	2.73%
Alliance US Small Growth	6,540,400	1.53%	0	536,230	6,004,170	1.48%
RS Investments	4,731,406	1.11%	(1,000,000)	293,502	5,437,904	1.34%
<b>Micro Cap Equities</b>	<b>\$9,116,599</b>	<b>2.14%</b>	<b>\$0</b>	<b>\$798,459</b>	<b>\$8,318,140</b>	<b>2.05%</b>
Managers Inst Micro Cap	9,116,599	2.14%	0	798,459	8,318,140	2.05%
<b>International Equities</b>	<b>\$105,987,644</b>	<b>24.84%</b>	<b>\$(7,000,005)</b>	<b>\$6,244,984</b>	<b>\$106,742,665</b>	<b>26.33%</b>
EuroPacific	21,837,033	5.12%	0	1,562,578	20,274,455	5.00%
Harbor International	19,543,270	4.58%	(1,500,000)	913,341	20,129,929	4.97%
Columbia Acorn Int'l	11,108,272	2.60%	0	637,971	10,470,301	2.58%
Janus Overseas	18,705,996	4.38%	0	1,359,974	17,346,023	4.28%
Oakmark International	14,138,852	3.31%	(5,500,005)	655,834	18,983,023	4.68%
Mondrian International	20,654,221	4.84%	0	1,115,287	19,538,934	4.82%
<b>Domestic Fixed Income</b>	<b>\$115,279,467</b>	<b>27.02%</b>	<b>\$10,225,999</b>	<b>\$583,492</b>	<b>\$104,469,976</b>	<b>25.77%</b>
Dodge & Cox Income	57,888,540	13.57%	5,407,969	627,223	51,853,348	12.79%
PIMCO	57,390,927	13.45%	4,818,031	(43,732)	52,616,628	12.98%
<b>Real Estate</b>	<b>\$35,141,939</b>	<b>8.24%</b>	<b>\$(35,407)</b>	<b>\$484,139</b>	<b>\$34,693,207</b>	<b>8.56%</b>
RREEF Public Fund	6,482,914	1.52%	0	(97,229)	6,580,143	1.62%
RREEF Private Fund	15,694,971	3.68%	0	316,893	15,378,078	3.79%
Cornerstone Patriot Fund	12,100,054	2.84%	0	229,068	11,870,986	2.93%
625 Kings Court	864,000	0.20%	(35,407)	35,407	864,000	0.21%
<b>Cash</b>	<b>\$2,104,167</b>	<b>0.49%</b>	<b>\$(2,195,839)</b>	<b>\$0</b>	<b>\$4,300,006</b>	<b>1.06%</b>
<b>Total Fund</b>	<b>\$426,666,214</b>	<b>100.0%</b>	<b>\$(2,067,001)</b>	<b>\$23,389,457</b>	<b>\$405,343,758</b>	<b>100.0%</b>

## Investment Manager Returns

The table below details the rates of return for the Sponsor's investment managers over various time periods ended December 31, 2013. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

### Returns for Periods Ended December 31, 2013

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years
<b>Domestic Equities</b>	<b>10.45%</b>	<b>38.02%</b>	<b>16.58%</b>	<b>20.66%</b>	<b>7.63%</b>
Russell 3000 Index	10.10%	33.55%	16.24%	18.71%	6.50%
<b>Large Cap Equities</b>					
Vanguard S&P 500 Index	10.50%	-	-	-	-
S&P 500 Index	10.51%	32.39%	16.18%	17.94%	6.13%
Dodge & Cox Stock	11.82%	40.55%	18.04%	19.63%	4.83%
Robeco	10.69%	36.43%	-	-	-
Robeco - Net	10.56%	35.80%	-	-	-
S&P 500 Index	10.51%	32.39%	16.18%	17.94%	6.13%
Russell 1000 Value Index	10.01%	32.53%	16.06%	16.67%	4.52%
Harbor Cap Appreciation	11.94%	37.66%	17.02%	20.47%	8.68%
Janus Research*	11.89%	35.36%	15.01%	21.40%	8.99%
S&P 500 Index	10.51%	32.39%	16.18%	17.94%	6.13%
Russell 1000 Growth Index	10.44%	33.48%	16.45%	20.39%	8.24%
<b>Mid Cap Equities</b>					
Fidelity Low Priced Stock	7.86%	34.31%	16.73%	21.70%	8.40%
Royce Total Return*	8.74%	32.93%	14.40%	18.50%	7.39%
Russell 2000 Index	8.72%	38.82%	15.67%	20.08%	7.20%
Russell MidCap Value Idx	8.56%	33.46%	15.97%	21.16%	6.80%
Morgan Stanley	8.64%	38.35%	12.15%	24.60%	-
Janus Enterprise*	8.13%	30.86%	14.89%	22.26%	-
Russell MidCap Growth Idx	8.23%	35.74%	15.63%	23.37%	8.53%
<b>Small Cap Equities</b>					
Prudential Small Cap Value	8.80%	35.87%	-	-	-
US Small Cap Value Idx	9.10%	33.71%	15.09%	19.94%	6.64%
Russell 2000 Value Index	9.30%	34.52%	14.49%	17.64%	5.40%
Alliance US Small Growth	8.93%	46.72%	21.58%	29.05%	12.54%
Alliance US Small Growth - Net	8.68%	45.39%	20.42%	27.84%	11.44%
RS Investments*	6.15%	49.64%	19.06%	26.16%	10.26%
Russell 2000 Growth Index	8.17%	43.30%	16.82%	22.58%	8.94%
<b>Micro Cap Equities</b>					
Managers Inst Micro Cap	9.60%	56.34%	19.76%	23.60%	9.63%
Russell Microcap Index	10.26%	45.62%	16.52%	21.05%	5.35%
Russell Micro Growth Idx	9.74%	52.84%	17.25%	23.78%	6.61%

\*Switched share class December 2009.

## Investment Manager Returns

The table below details the rates of return for the Sponsor's investment managers over various time periods ended December 31, 2013. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

### Returns for Periods Ended December 31, 2013

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years
<b>International Equities</b>	<b>6.07%</b>	<b>19.25%</b>	<b>6.24%</b>	<b>15.50%</b>	<b>4.17%</b>
EuroPacific**	7.71%	20.58%	7.74%	13.89%	4.51%
Harbor International	4.76%	16.84%	7.87%	14.26%	4.49%
Columbia Acorn Int'l	6.09%	22.33%	8.53%	18.81%	5.99%
Janus Overseas**	7.84%	12.28%	(5.26%)	12.62%	1.29%
Oakmark International	4.56%	29.34%	12.83%	21.14%	6.26%
Mondrian International	5.71%	16.69%	-	-	-
Mondrian International - Net	5.52%	15.82%	-	-	-
MSCI EAFE Index	5.71%	22.78%	8.17%	12.44%	1.78%
MSCI ACWI ex-US Index	4.81%	15.78%	5.61%	13.32%	2.62%
<b>Domestic Fixed Income</b>	<b>0.56%</b>	<b>(0.65%)</b>	<b>4.24%</b>	<b>6.62%</b>	<b>5.85%</b>
Dodge & Cox Income	1.15%	0.64%	4.40%	7.35%	6.28%
PIMCO	(0.03%)	(1.92%)	4.08%	-	-
BC Aggregate Index	(0.14%)	(2.02%)	3.26%	4.44%	4.91%
<b>Real Estate</b>	<b>1.40%</b>	<b>10.21%</b>	<b>10.70%</b>	<b>7.78%</b>	<b>1.58%</b>
Real Estate Custom Benchmark***	2.31%	10.42%	11.34%	10.33%	2.70%
RREEF Public	(1.48%)	(0.59%)	8.36%	16.45%	1.02%
NAREIT	(0.14%)	2.34%	9.55%	16.47%	1.30%
RREEF Private	2.06%	14.50%	12.81%	3.77%	2.92%
Cornerstone Patriot Fund	1.93%	9.82%	-	-	-
NFI-ODCE Equal Weight Net	2.92%	12.38%	12.41%	2.36%	2.00%
625 Kings Court	4.19%	33.50%	6.79%	4.92%	3.49%
<b>Total Fund</b>	<b>5.79%</b>	<b>19.72%</b>	<b>10.15%</b>	<b>13.65%</b>	<b>6.20%</b>
Total Fund Benchmark*	5.21%	16.48%	9.80%	12.27%	5.07%

\* Current Quarter Target = 38.0% Russell 3000 Index, 28.0% Barclays Aggregate Index, 25.0% MSCI ACWI ex US Index, 7.2% NFI-ODCE Equal Weight Net and 1.8% NAREIT.

\*\*Switched share class December 2009.

\*\*\*Real Estate Custom Benchmark is 50% NAREIT Composite Index and 50% NFI-ODCE Equal Weight Net through 12/31/2011; and 20% NAREIT Composite Index and 80% NFI-ODCE Equal Weight Net thereafter.

## Investment Manager Returns

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

	2013	2012	2011	2010	2009
<b>Domestic Equities</b>	<b>38.02%</b>	<b>17.10%</b>	<b>(1.96%)</b>	<b>19.63%</b>	<b>34.90%</b>
Russell 3000 Index	33.55%	16.42%	1.03%	16.93%	28.34%
<b>Large Cap Equities</b>					
Dodge & Cox Stock	40.55%	22.01%	(4.08%)	13.49%	31.27%
Robeco	36.43%	20.18%	-	-	-
Robeco - Net	35.80%	19.61%	-	-	-
S&P 500 Index	32.39%	16.00%	2.11%	15.06%	26.47%
Russell 1000 Value Index	32.53%	17.51%	0.39%	15.51%	19.69%
Harbor Cap Appreciation	37.66%	15.69%	0.61%	11.61%	41.88%
Janus Research*	35.36%	16.78%	(3.76%)	21.20%	43.02%
S&P 500 Index	32.39%	16.00%	2.11%	15.06%	26.47%
Russell 1000 Growth Index	33.48%	15.26%	2.64%	16.71%	37.21%
<b>Mid Cap Equities</b>					
Fidelity Low Priced Stock	34.31%	18.50%	(0.06%)	20.70%	39.08%
Royce Total Return*	32.93%	14.48%	(1.62%)	23.65%	26.23%
Russell 2000 Index	38.82%	16.35%	(4.18%)	26.85%	27.17%
Russell MidCap Value Idx	33.46%	18.51%	(1.38%)	24.75%	34.21%
Morgan Stanley	38.35%	9.49%	(6.89%)	32.94%	60.19%
Janus Enterprise*	30.86%	17.83%	(1.65%)	26.06%	42.89%
Russell MidCap Growth Idx	35.74%	15.81%	(1.65%)	26.38%	46.29%
<b>Small Cap Equities</b>					
Prudential Small Cap Value	35.87%	14.14%	-	-	-
US Small Cap Value Idx	33.71%	18.80%	(4.04%)	24.99%	30.29%
Russell 2000 Value Index	34.52%	18.05%	(5.50%)	24.50%	20.58%
Alliance US Small Growth	46.72%	16.21%	5.42%	38.50%	43.78%
Alliance US Small Growth - Net	45.39%	15.09%	4.37%	37.22%	42.47%
RS Investments*	49.64%	15.13%	(2.04%)	28.27%	47.63%
Russell 2000 Growth Index	43.30%	14.59%	(2.91%)	29.09%	34.47%
<b>Micro Cap Equities</b>					
Managers Inst Micro Cap	56.34%	14.32%	(3.91%)	30.54%	28.65%
Russell Microcap Index	45.62%	19.75%	(9.27%)	28.89%	27.48%
Russell Micro Growth Idx	52.84%	15.17%	(8.42%)	29.49%	39.18%

\*Switched share class December 2009.

## Investment Manager Returns

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

	2013	2012	2011	2010	2009
<b>International Equities</b>	<b>19.25%</b>	<b>18.78%</b>	<b>(15.34%)</b>	<b>14.46%</b>	<b>49.73%</b>
EuroPacific**	20.58%	19.64%	(13.31%)	9.76%	39.59%
Harbor International	16.84%	20.87%	(11.13%)	11.98%	38.57%
Columbia Acorn Int'l	22.33%	21.60%	(14.06%)	22.70%	50.97%
Janus Overseas**	12.28%	12.53%	(32.70%)	19.58%	78.19%
Oakmark International	29.34%	29.22%	(14.07%)	16.22%	56.30%
Mondrian International	16.69%	11.50%	-	-	-
Mondrian International - Net	15.82%	10.67%	-	-	-
MSCI EAFE Index	22.78%	17.32%	(12.14%)	7.75%	31.78%
MSCI ACWI ex-US Index	15.78%	17.39%	(13.33%)	11.60%	42.14%
<b>Domestic Fixed Income</b>	<b>(0.65%)</b>	<b>9.15%</b>	<b>4.47%</b>	<b>7.39%</b>	<b>13.24%</b>
Dodge & Cox Income	0.64%	7.94%	4.75%	7.81%	16.22%
PIMCO	(1.92%)	10.36%	4.16%	8.83%	-
BC Aggregate Index	(2.02%)	4.21%	7.84%	6.54%	5.93%
<b>Real Estate</b>	<b>10.21%</b>	<b>10.73%</b>	<b>11.17%</b>	<b>22.45%</b>	<b>(12.44%)</b>
Real Estate Custom Benchmark***	10.42%	11.88%	11.74%	21.46%	(2.51%)
RREEF Public	(0.59%)	16.97%	9.41%	28.89%	30.58%
NAREIT	2.34%	19.73%	7.30%	27.56%	27.80%
RREEF Private	14.50%	10.12%	13.86%	18.90%	(29.51%)
Cornerstone Patriot Fund	9.82%	10.18%	-	-	-
NFI-ODCE Equal Weight Net	12.38%	9.93%	14.99%	15.12%	(31.30%)
625 Kings Court	33.50%	3.64%	(11.98%)	4.39%	0.00%
<b>Total Fund</b>	<b>19.72%</b>	<b>14.53%</b>	<b>(2.53%)</b>	<b>14.64%</b>	<b>23.73%</b>
Total Fund Benchmark*	16.48%	12.99%	0.60%	13.04%	19.19%

\* Current Quarter Target = 38.0% Russell 3000 Index, 28.0% Barclays Aggregate Index, 25.0% MSCI ACWI ex US Index, 7.2% NFI-ODCE Equal Weight Net and 1.8% NAREIT.

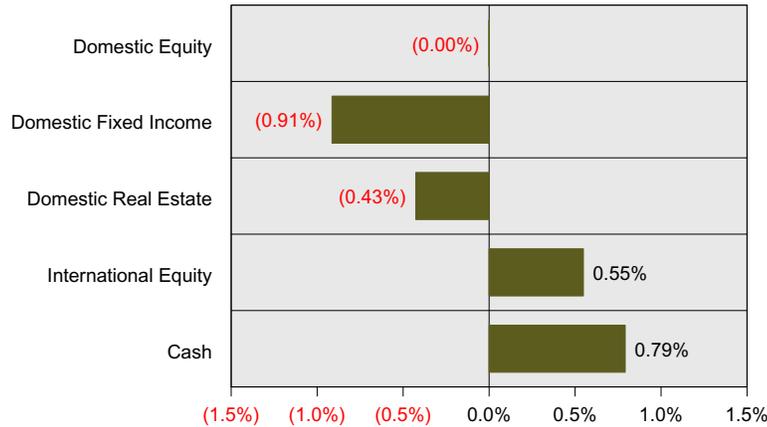
\*\*Switched share class December 2009.

\*\*\*Real Estate Custom Benchmark is 50% NAREIT Composite Index and 50% NFI-ODCE Equal Weight Net through 12/31/2011; and 20% NAREIT Composite Index and 80% NFI-ODCE Equal Weight Net thereafter.

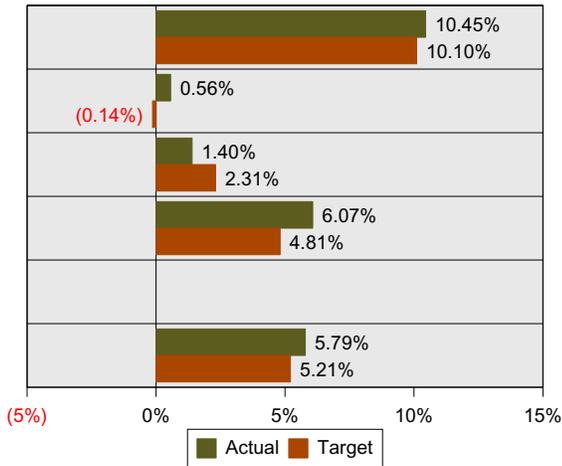
## Quarterly Total Fund Relative Attribution - December 31, 2013

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

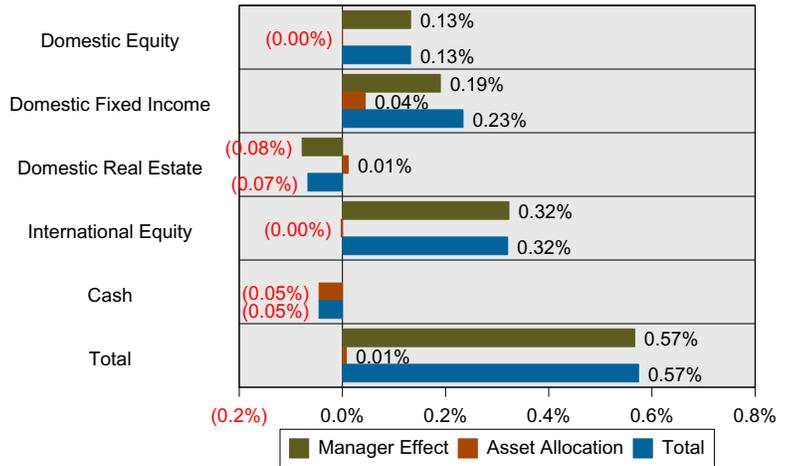
### Asset Class Under or Overweighting



### Actual vs Target Returns



### Relative Attribution by Asset Class



### Relative Attribution Effects for Quarter ended December 31, 2013

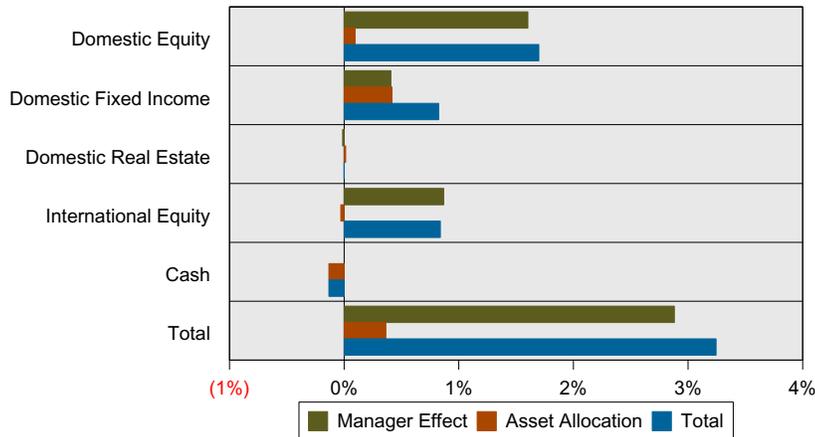
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	38%	38%	10.45%	10.10%	0.13%	(0.00%)	0.13%
Domestic Fixed Income	27%	28%	0.56%	(0.14%)	0.19%	0.04%	0.23%
Domestic Real Estate	9%	9%	1.40%	2.31%	(0.08%)	0.01%	(0.07%)
International Equity	26%	25%	6.07%	4.81%	0.32%	(0.00%)	0.32%
Cash	1%	0%	0.00%	0.00%	0.00%	(0.05%)	(0.05%)
<b>Total</b>			<b>5.79%</b>	<b>5.21%</b>	<b>+ 0.57%</b>	<b>+ 0.01%</b>	<b>0.57%</b>

\* Current Quarter Target = 38.0% Russell 3000 Index, 28.0% Barclays Aggregate Index, 25.0% MSCI ACWI ex US Index, 7.2% NFI-ODCE Equal Weight Net and 1.8% NAREIT.

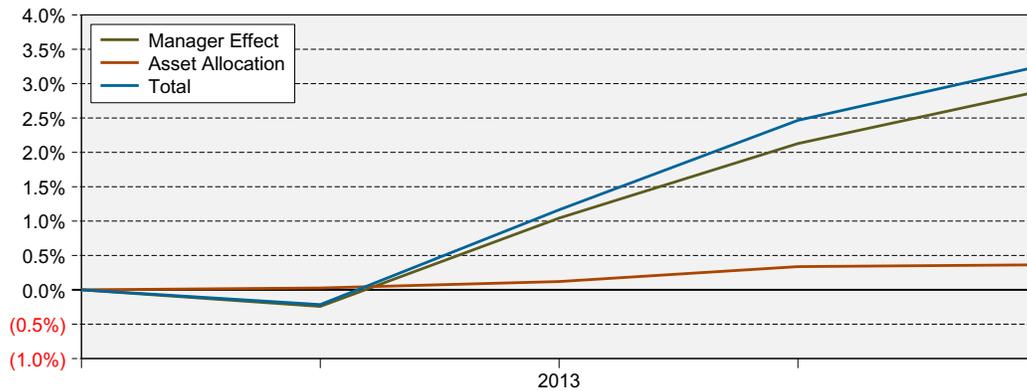
## Cumulative Total Fund Relative Attribution - December 31, 2013

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

### One Year Relative Attribution Effects



### Cumulative Relative Attribution Effects



### One Year Relative Attribution Effects

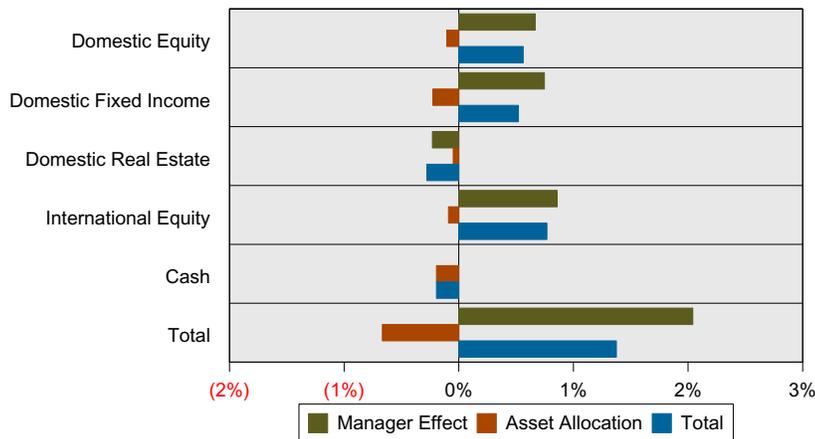
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	39%	38%	38.02%	33.55%	1.60%	0.10%	1.70%
Domestic Fixed Income	26%	28%	(0.65%)	(2.02%)	0.41%	0.42%	0.82%
Domestic Real Estate	9%	9%	10.21%	10.42%	(0.01%)	0.01%	0.00%
International Equity	26%	25%	19.25%	15.78%	0.87%	(0.03%)	0.84%
Cash	1%	0%	0.00%	0.00%	0.00%	(0.13%)	(0.13%)
<b>Total</b>			<b>19.72%</b>	<b>16.48%</b>	<b>+ 2.88%</b>	<b>+ 0.36%</b>	<b>3.24%</b>

\* Current Quarter Target = 38.0% Russell 3000 Index, 28.0% Barclays Aggregate Index, 25.0% MSCI ACWI ex US Index, 7.2% NFI-ODCE Equal Weight Net and 1.8% NAREIT.

## Cumulative Total Fund Relative Attribution - December 31, 2013

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

### Five Year Annualized Relative Attribution Effects



### Cumulative Relative Attribution Effects



### Five Year Annualized Relative Attribution Effects

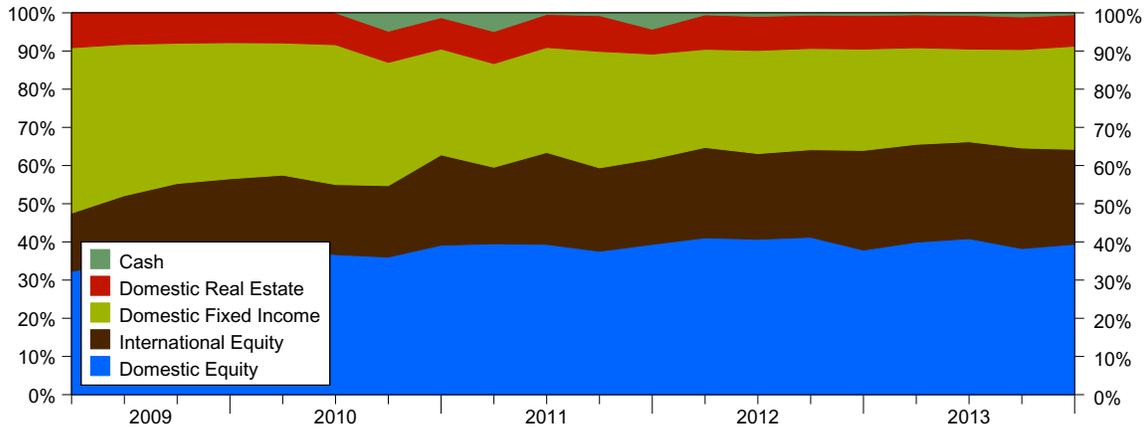
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	38%	38%	20.66%	18.71%	0.67%	(0.11%)	0.56%
Domestic Fixed Income	31%	29%	6.62%	4.44%	0.75%	(0.23%)	0.52%
Domestic Real Estate	9%	9%	7.78%	10.33%	(0.23%)	(0.05%)	(0.28%)
International Equity	22%	23%	15.50%	10.84%	0.86%	(0.09%)	0.77%
Cash	1%	0%	-	-	0.00%	(0.19%)	(0.19%)
<b>Total</b>			<b>13.65%</b>	<b>12.27%</b>	<b>+ 2.04%</b>	<b>+ (0.67%)</b>	<b>1.37%</b>

\* Current Quarter Target = 38.0% Russell 3000 Index, 28.0% Barclays Aggregate Index, 25.0% MSCI ACWI ex US Index, 7.2% NFI-ODCE Equal Weight Net and 1.8% NAREIT.

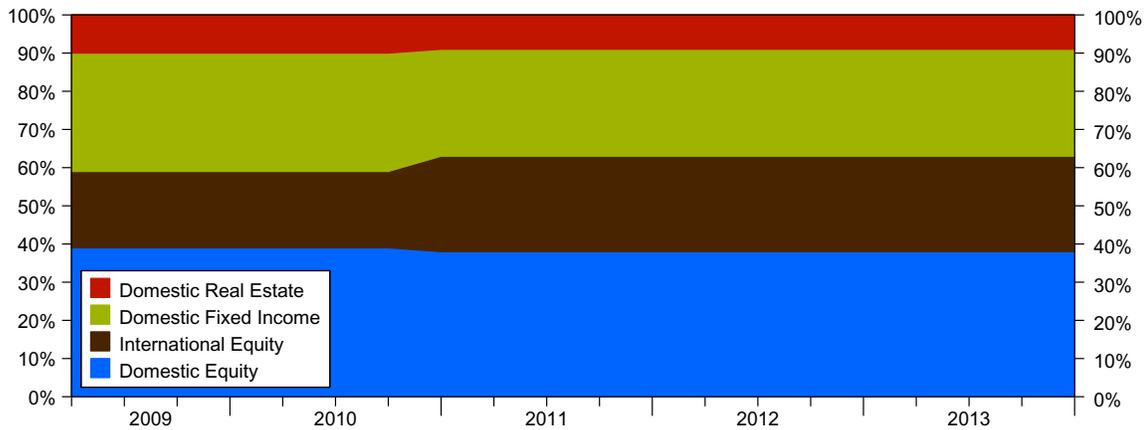
## Actual vs Target Historical Asset Allocation

The Historical asset allocation for a fund is by far the largest factor explaining its performance. The charts below show the fund's historical actual asset allocation, the fund's historical target asset allocation, and the historical asset allocation of the average fund in the Public Fund Sponsor Database.

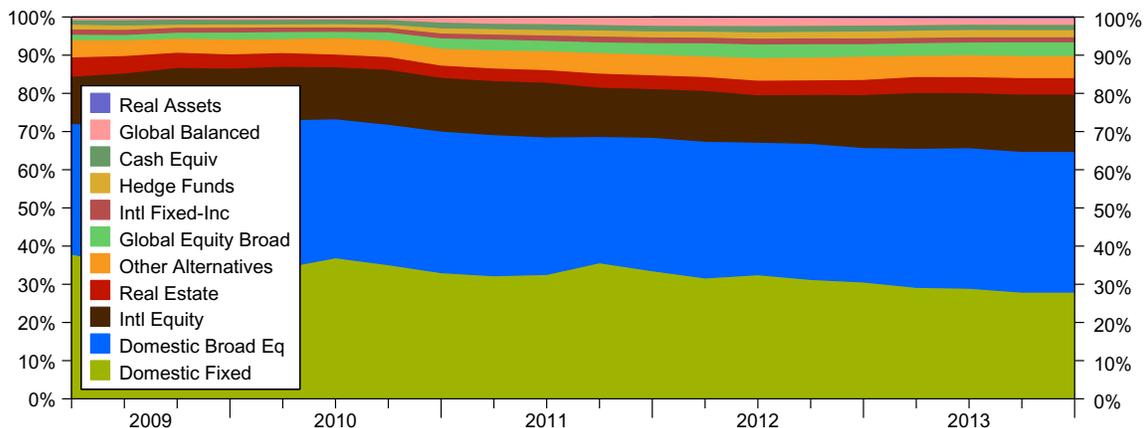
### Actual Historical Asset Allocation



### Target Historical Asset Allocation



### Average Public Fund Sponsor Database Historical Asset Allocation

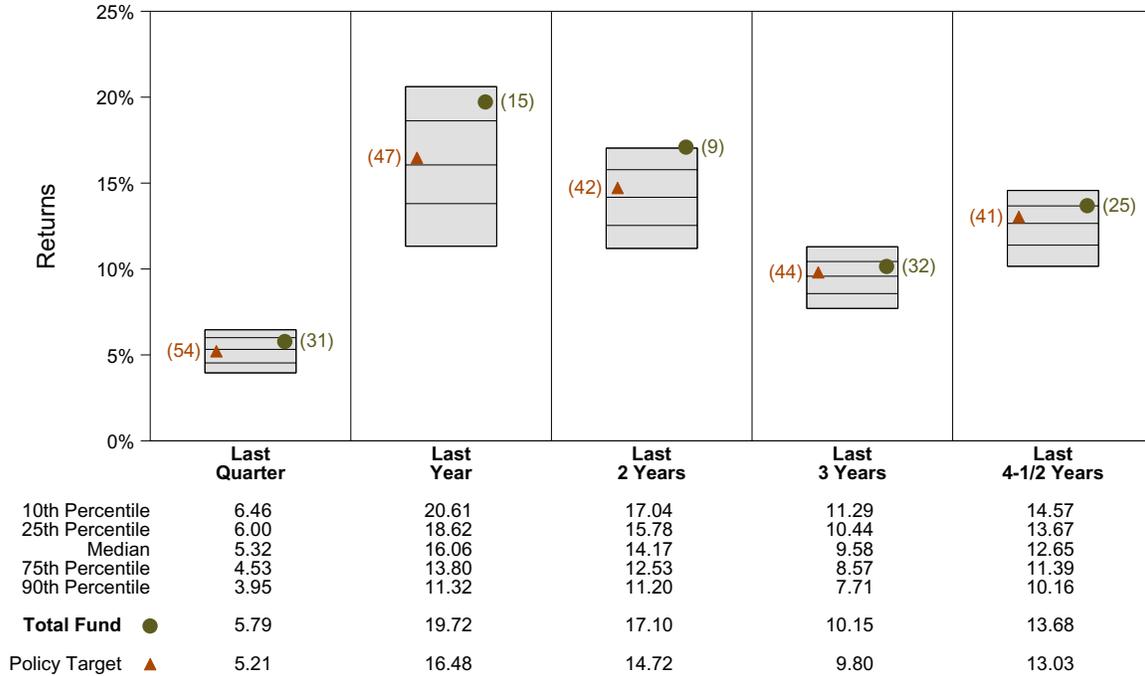


\* Current Quarter Target = 38.0% Russell 3000 Index, 28.0% Barclays Aggregate Index, 25.0% MSCI ACWI ex US Index, 7.2% NFI-ODCE Equal Weight Net and 1.8% NAREIT.

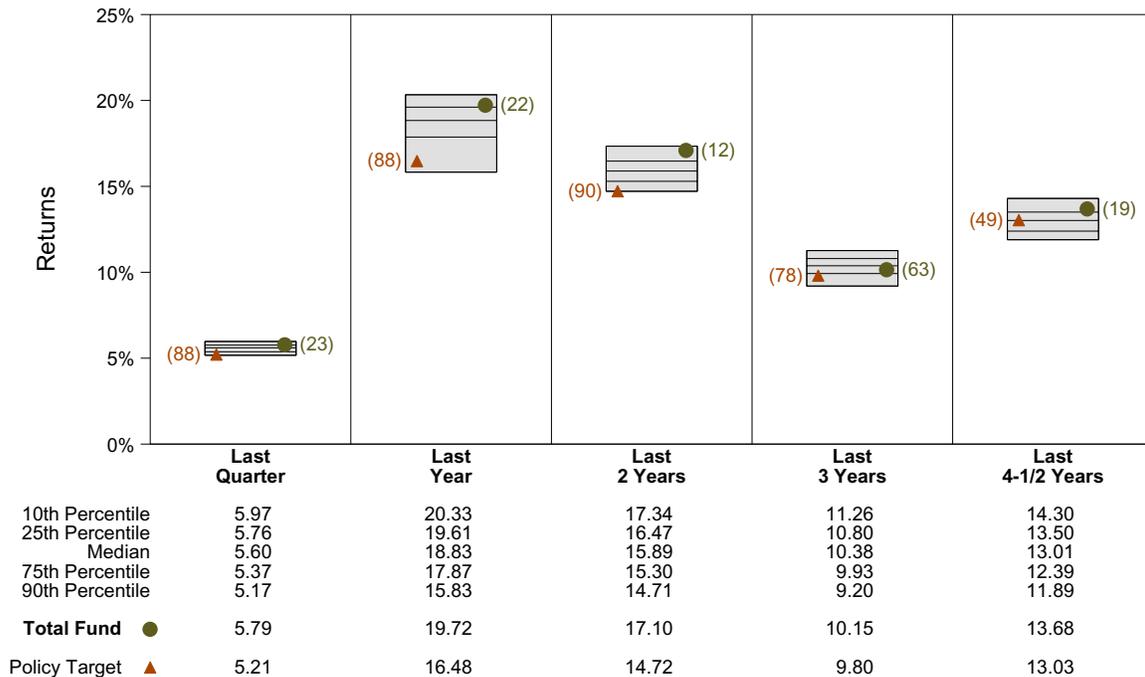
## Total Fund Ranking

The first two charts show the ranking of the Total Fund's performance relative to that of the Public Fund Sponsor Database for periods ended December 31, 2013. The first chart is a standard unadjusted ranking. In the second chart each fund in the database is adjusted to have the same historical asset allocation as that of the Total Fund.

### Public Fund Sponsor Database



### Asset Allocation Adjusted Ranking



\* Current Quarter Target = 38.0% Russell 3000 Index, 28.0% Barclays Aggregate Index, 25.0% MSCI ACWI ex US Index, 7.2% NFI-ODCE Equal Weight Net and 1.8% NAREIT.

# Total Fund

## Period Ended December 31, 2013

### Investment Philosophy

The Public Fund Sponsor Database consists of public employee pension total funds including both Callan Associates client and surveyed non-client funds.

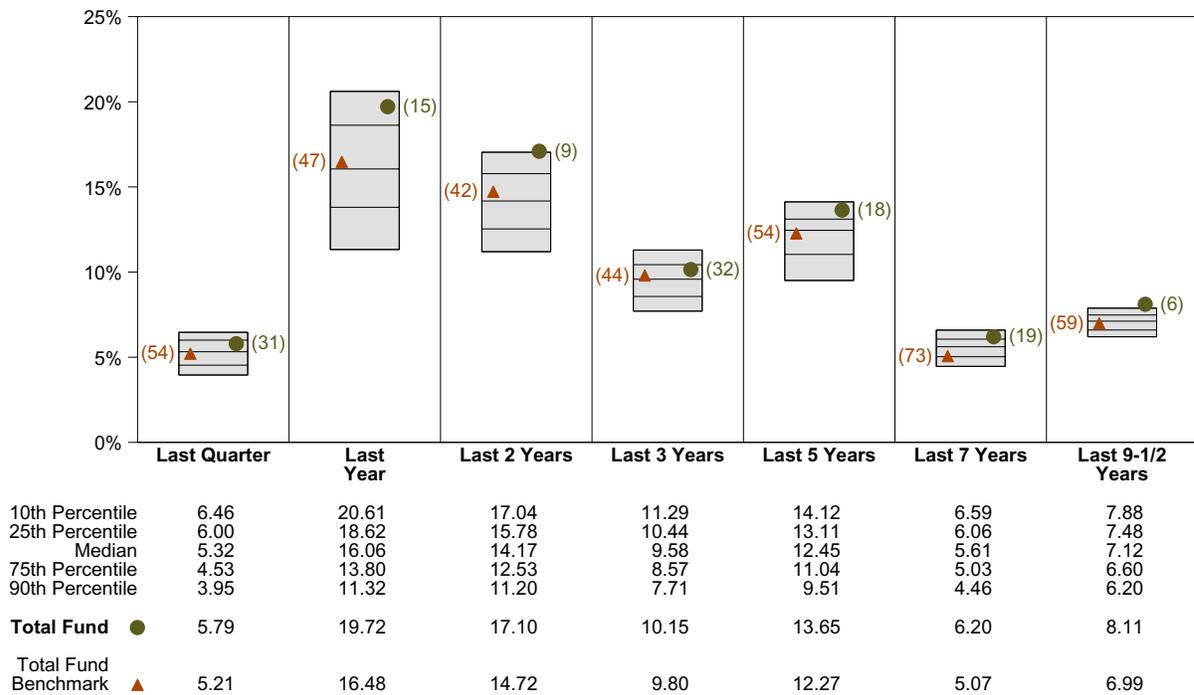
### Quarterly Summary and Highlights

- Total Fund's portfolio posted a 5.79% return for the quarter placing it in the 31st percentile of the Public Fund Sponsor Database group for the quarter and in the 15th percentile for the last year.
- Total Fund's portfolio outperformed the Total Fund Benchmark by 0.57% for the quarter and outperformed the Total Fund Benchmark for the year by 3.24%.

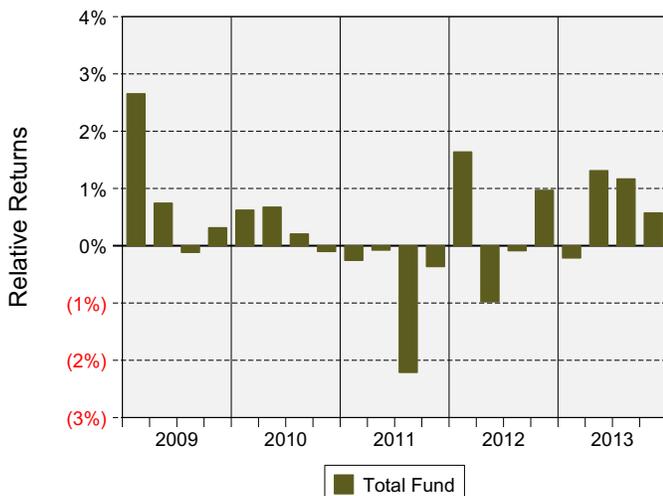
### Quarterly Asset Growth

Beginning Market Value	\$405,343,758
Net New Investment	\$-2,067,001
Investment Gains/(Losses)	\$23,389,457
Ending Market Value	\$426,666,214

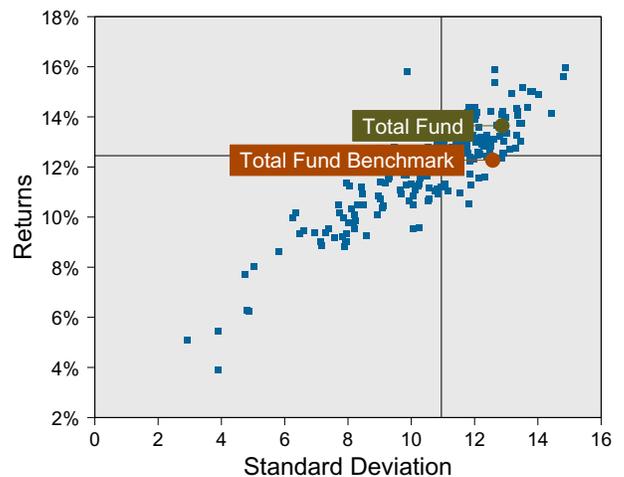
### Performance vs Public Fund Sponsor Database (Gross)



### Relative Return vs Total Fund Benchmark



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

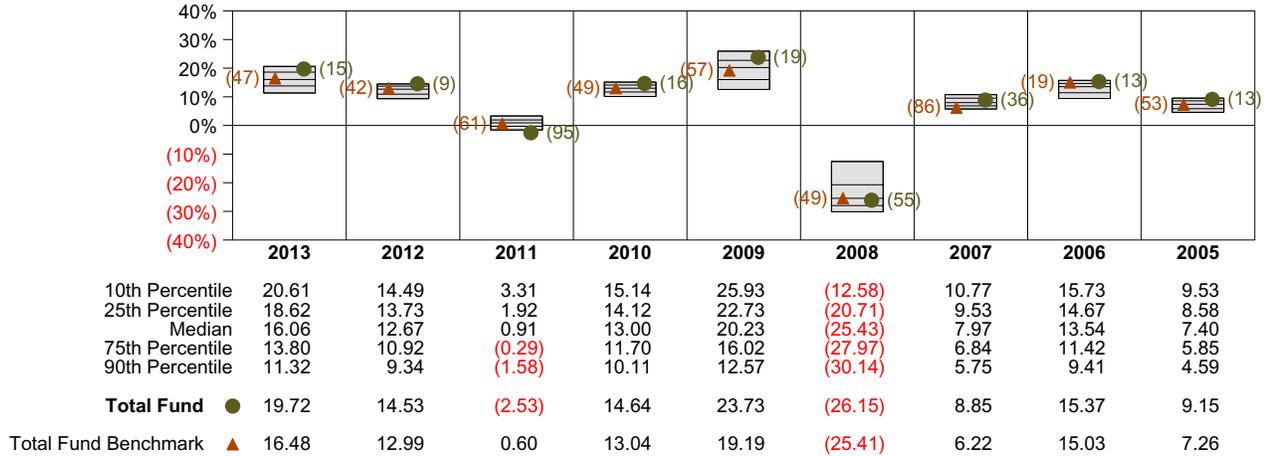


# Total Fund Return Analysis Summary

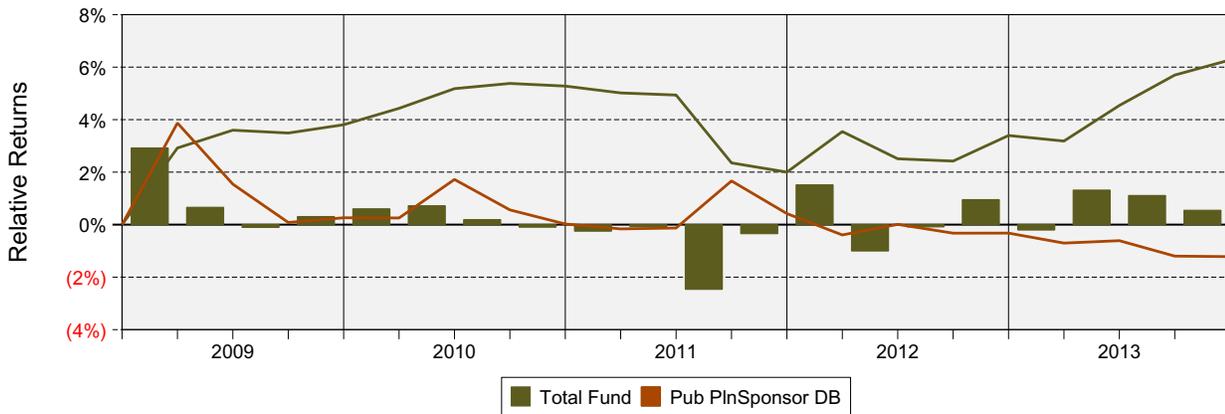
## Return Analysis

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

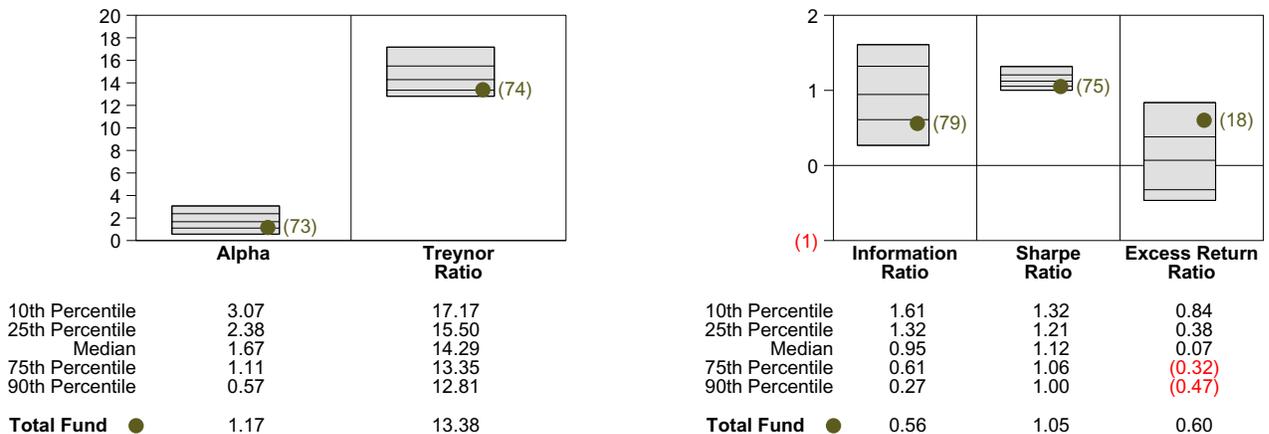
### Performance vs Public Fund Sponsor Database (Gross)



### Cumulative and Quarterly Relative Return vs Total Fund Benchmark



### Risk Adjusted Return Measures vs Total Fund Benchmark Rankings Against Public Fund Sponsor Database (Gross) Five Years Ended December 31, 2013





# Domestic Equity Composite Period Ended December 31, 2013

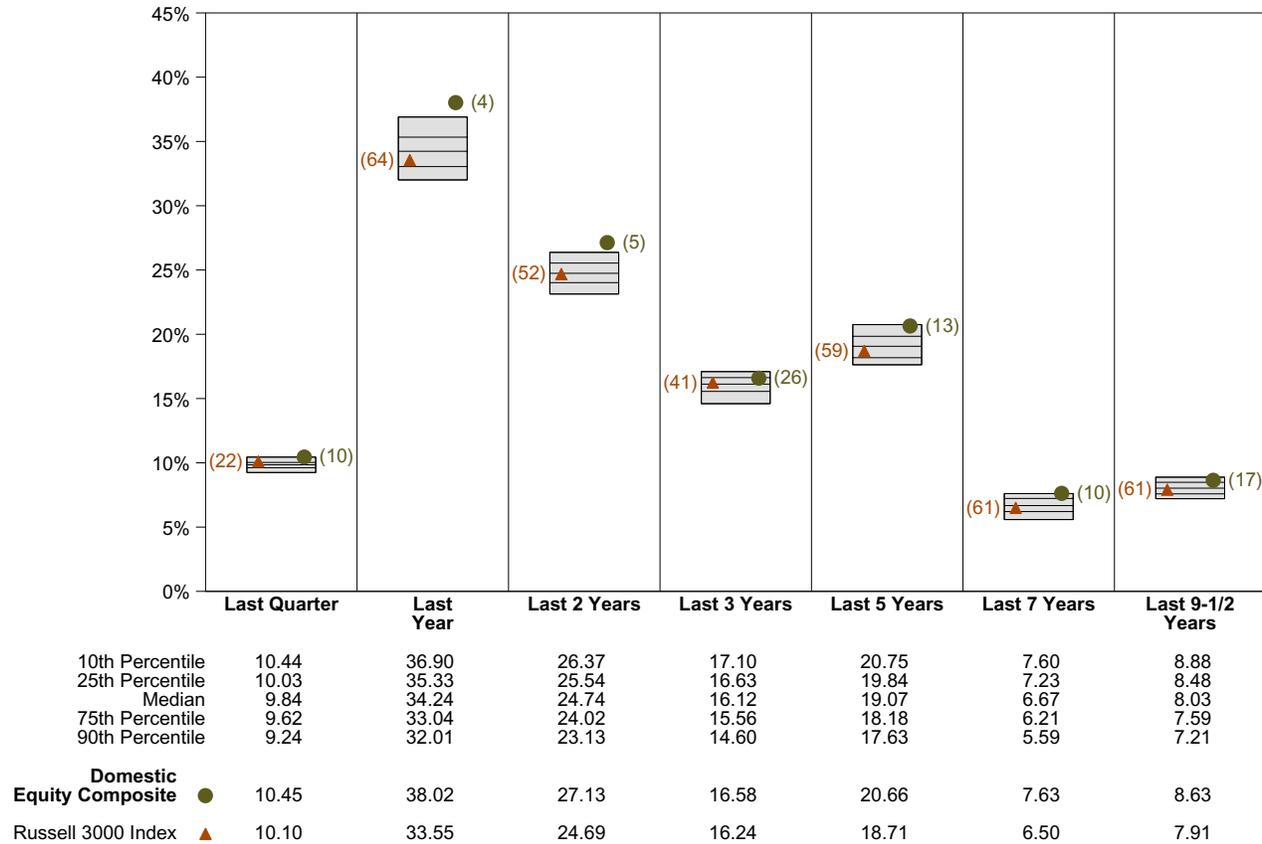
## Quarterly Summary and Highlights

- Domestic Equity Composite's portfolio posted a 10.45% return for the quarter placing it in the 10 percentile of the Pub Pln- Domestic Equity group for the quarter and in the 4 percentile for the last year.
- Domestic Equity Composite's portfolio outperformed the Russell 3000 Index by 0.35% for the quarter and outperformed the Russell 3000 Index for the year by 4.47%.

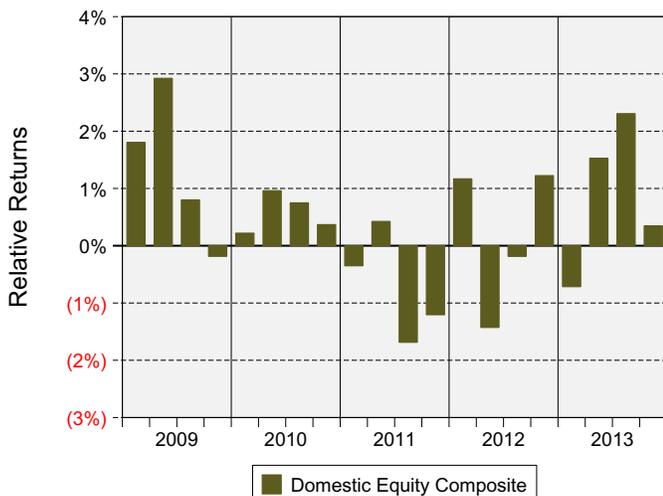
## Quarterly Asset Growth

Beginning Market Value	\$155,137,904
Net New Investment	\$-3,061,749
Investment Gains/(Losses)	\$16,076,842
Ending Market Value	\$168,152,997

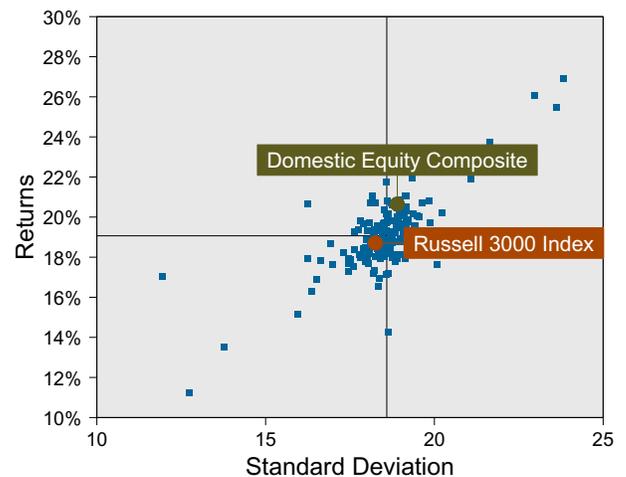
## Performance vs Pub Pln- Domestic Equity (Gross)



## Relative Return vs Russell 3000 Index



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

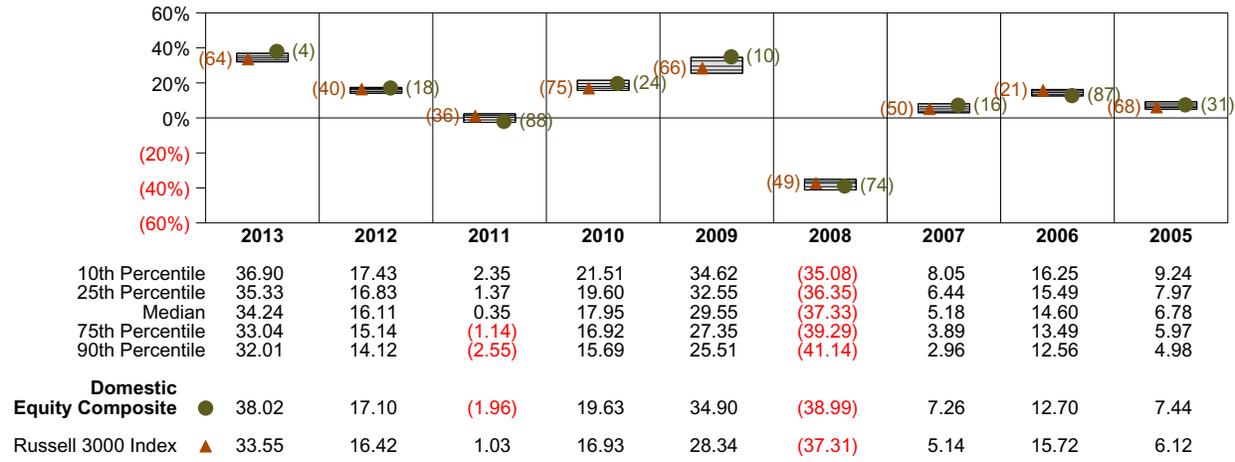


# Domestic Equity Composite Return Analysis Summary

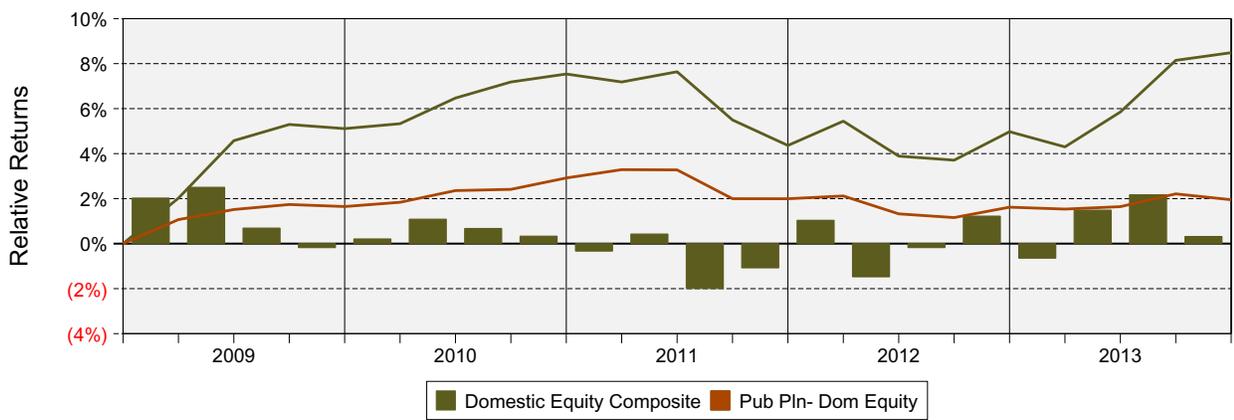
## Return Analysis

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

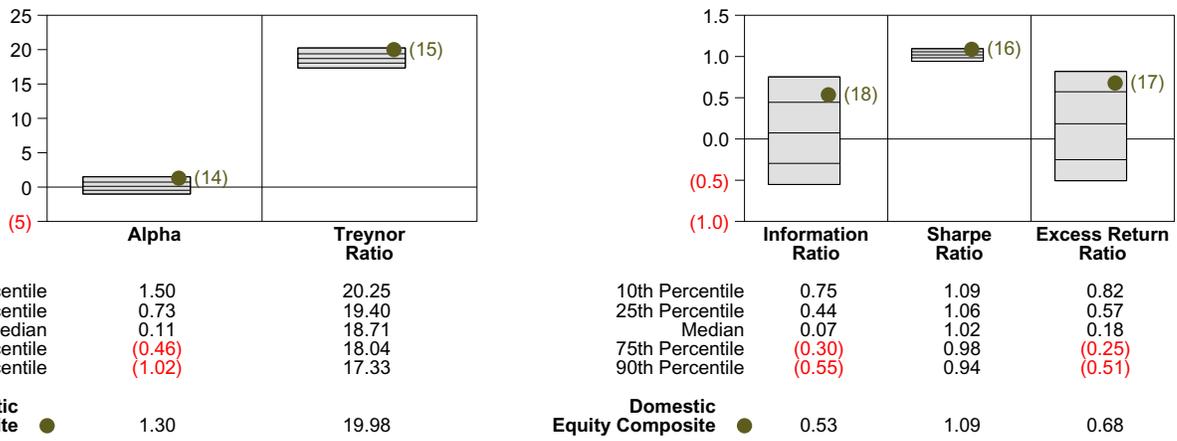
### Performance vs Pub Pln- Domestic Equity (Gross)



### Cumulative and Quarterly Relative Return vs Russell 3000 Index



### Risk Adjusted Return Measures vs Russell 3000 Index Rankings Against Pub Pln- Domestic Equity (Gross) Five Years Ended December 31, 2013

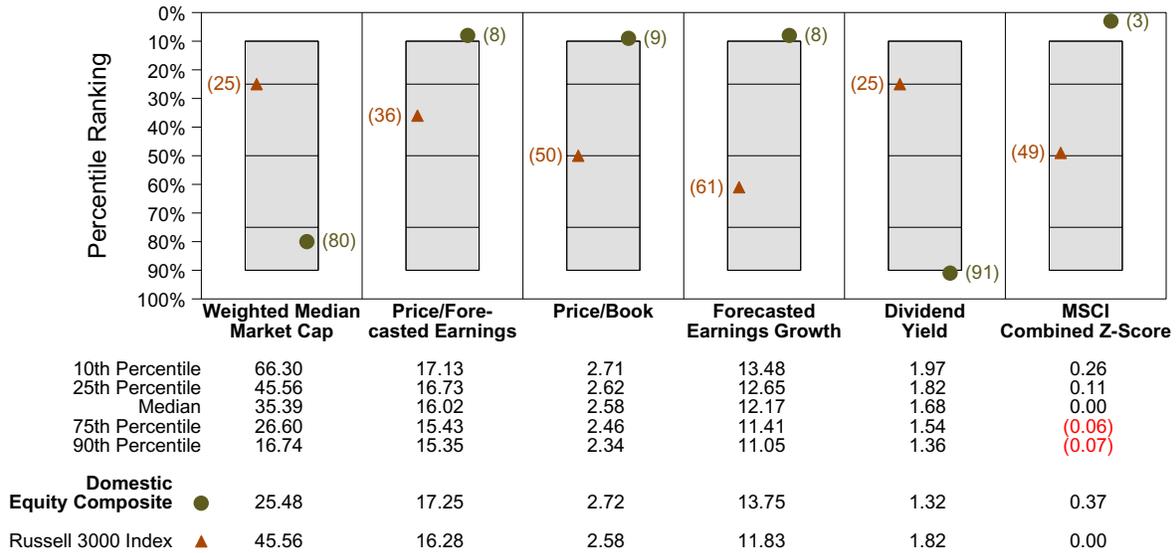


# Domestic Equity Composite Equity Characteristics Analysis Summary

## Portfolio Characteristics

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

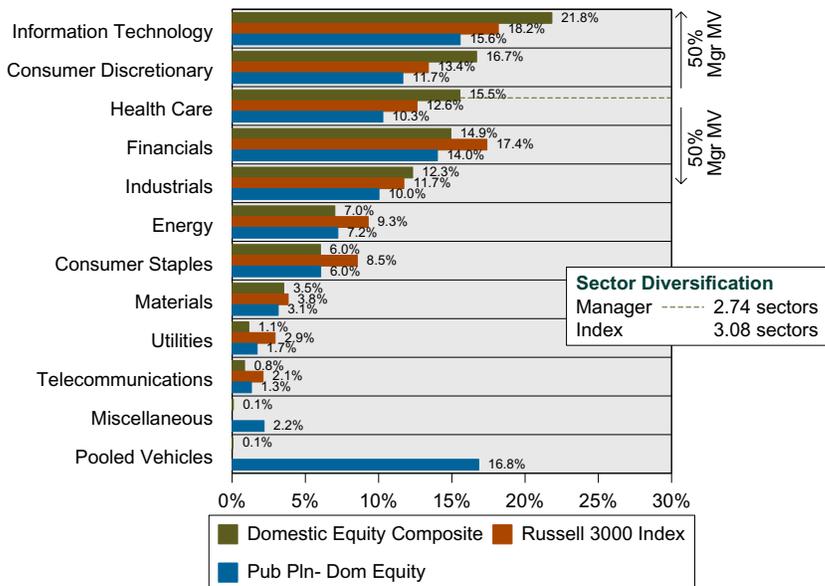
## Portfolio Characteristics Percentile Rankings Rankings Against Pub Pln- Domestic Equity as of December 31, 2013



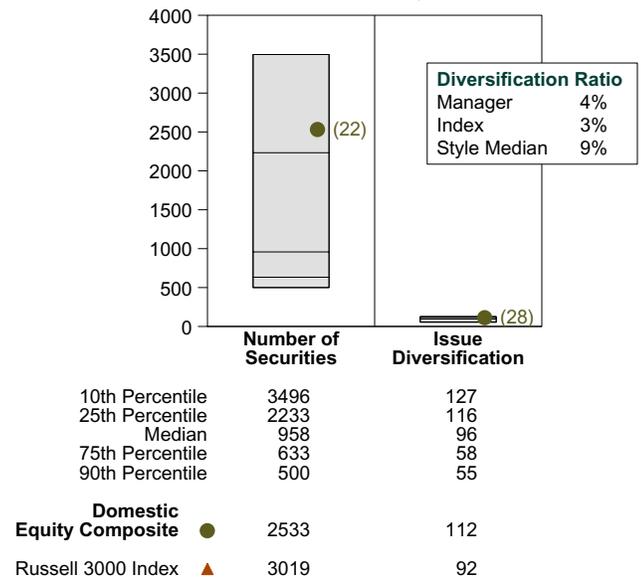
## Sector Weights

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

### Sector Allocation December 31, 2013



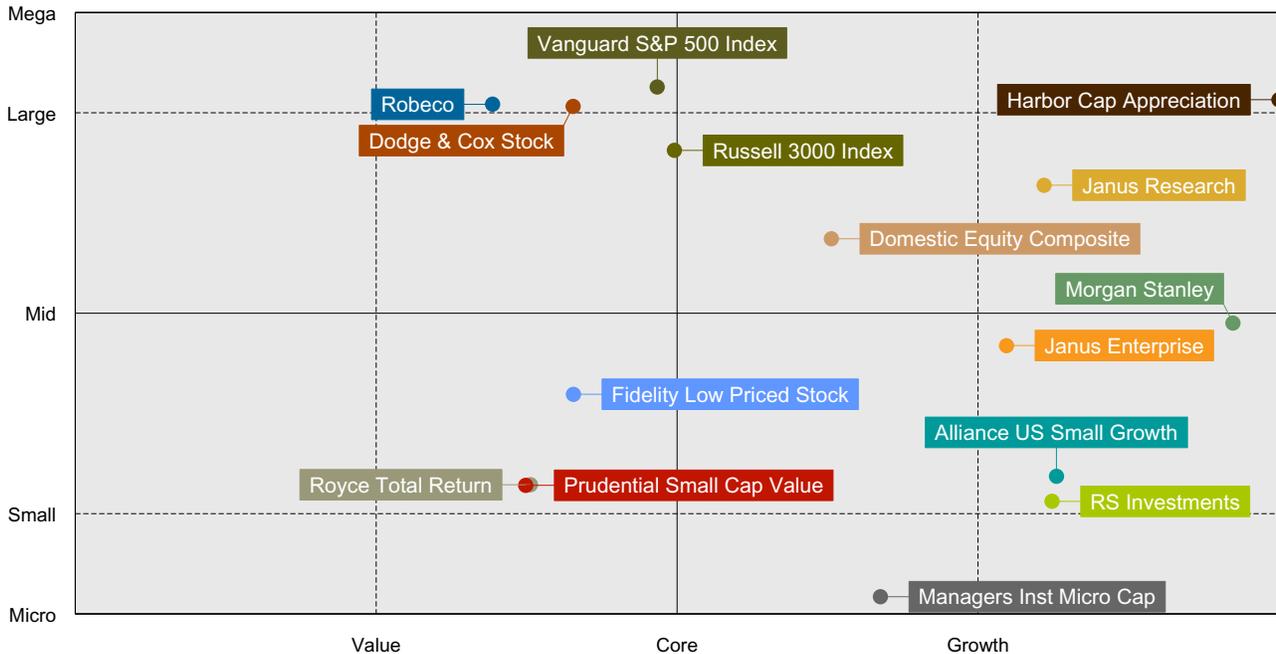
### Diversification December 31, 2013



## Holdings Based Style Analysis For One Quarter Ended December 31, 2013

This page analyzes and compares the investment styles of multiple portfolios using a detailed holdings-based style analysis methodology. The size component of style is measured by the weighted median market capitalization of the holdings. The value/core/growth style dimension is captured by the "Combined Z-Score" of the portfolio. This score is based on eight fundamental factors used in the MSCI stock style scoring system. The table below gives a more detailed breakdown of several relevant style metrics on the portfolios.

### Style Map Holdings for One Quarter Ended December 31, 2013



	Weight %	Wtd Median Mkt Cap	Combined Z-Score	Growth Z-Score	Value Z-Score	Number of Securities	Security Diversification
Vanguard S&P 500 Index	13.28%	66.87	(0.04)	(0.01)	0.02	502	57.00
Dodge & Cox Stock	13.94%	57.31	(0.24)	(0.12)	0.12	71	17.01
Robeco	13.26%	58.28	(0.44)	(0.09)	0.35	84	20.82
Harbor Cap Appreciation	14.18%	60.56	1.66	0.68	(0.99)	70	20.29
Janus Research	14.38%	37.66	0.86	0.34	(0.52)	112	32.58
Fidelity Low Priced Stock	2.77%	5.75	(0.24)	(0.01)	0.24	866	38.84
Royce Total Return	3.39%	2.61	(0.34)	(0.13)	0.21	420	68.03
Morgan Stanley	2.83%	8.22	1.30	0.41	(0.89)	57	16.65
Janus Enterprise	2.70%	7.44	0.77	0.25	(0.53)	80	23.26
Prudential Small Cap Value	7.15%	2.59	(0.36)	(0.04)	0.32	668	90.46
Alliance US Small Growth	3.89%	2.90	0.89	0.24	(0.65)	104	34.75
RS Investments	2.81%	2.03	0.88	0.25	(0.63)	87	32.68
Managers Inst Micro Cap	5.42%	0.69	0.48	0.10	(0.38)	325	77.18
Domestic Equity Composite	100.00%	25.48	0.37	0.15	(0.22)	2533	112.47
Russell 3000 Index	-	45.56	0.00	(0.00)	(0.00)	3019	92.42

# Vanguard S&P 500 Index Period Ended December 31, 2013

## Investment Philosophy

Vanguard Institutional Index Fund is passively administered using a "full replication" approach. Under this method, the fund holds all of the 500 underlying securities in proportion to their weighting in the index. The fund remains fully invested in equities at all times and does not make judgmental calls on the direction of the S&P 500 Index.

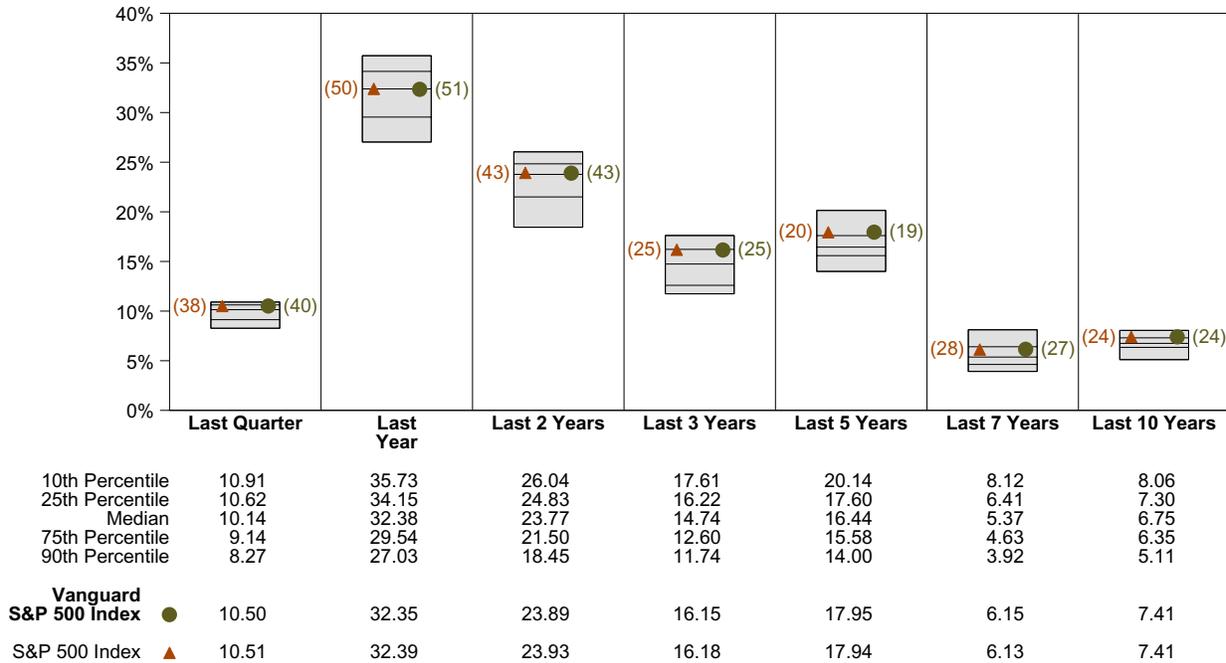
## Quarterly Summary and Highlights

- Vanguard S&P 500 Index's portfolio posted a 10.50% return for the quarter placing it in the 40 percentile of the CAI MF - Core Equity Style group for the quarter and in the 51 percentile for the last year.
- Vanguard S&P 500 Index's portfolio underperformed the S&P 500 Index by 0.01% for the quarter and underperformed the S&P 500 Index for the year by 0.04%.

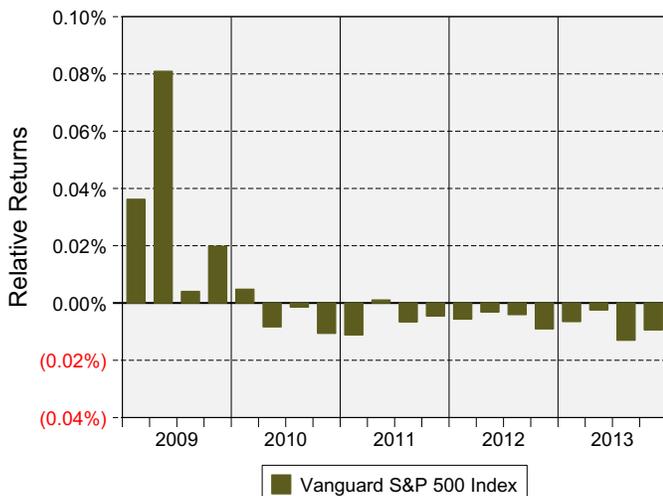
## Quarterly Asset Growth

Beginning Market Value	\$18,810,672
Net New Investment	\$1,500,000
Investment Gains/(Losses)	\$2,017,129
Ending Market Value	\$22,327,801

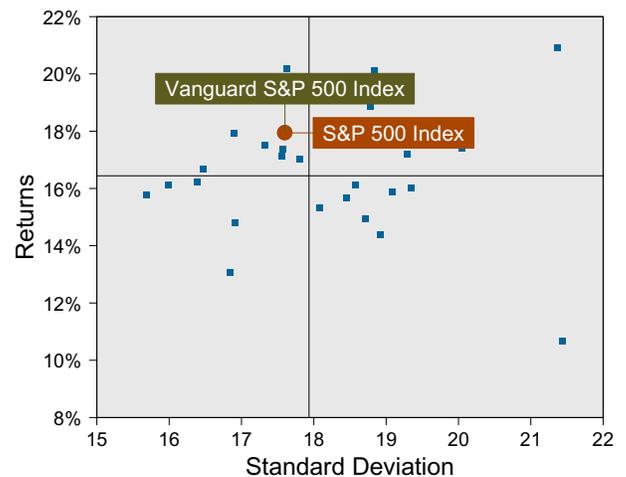
## Performance vs CAI MF - Core Equity Style (Net)



## Relative Return vs S&P 500 Index



## CAI MF - Core Equity Style (Net) Annualized Five Year Risk vs Return

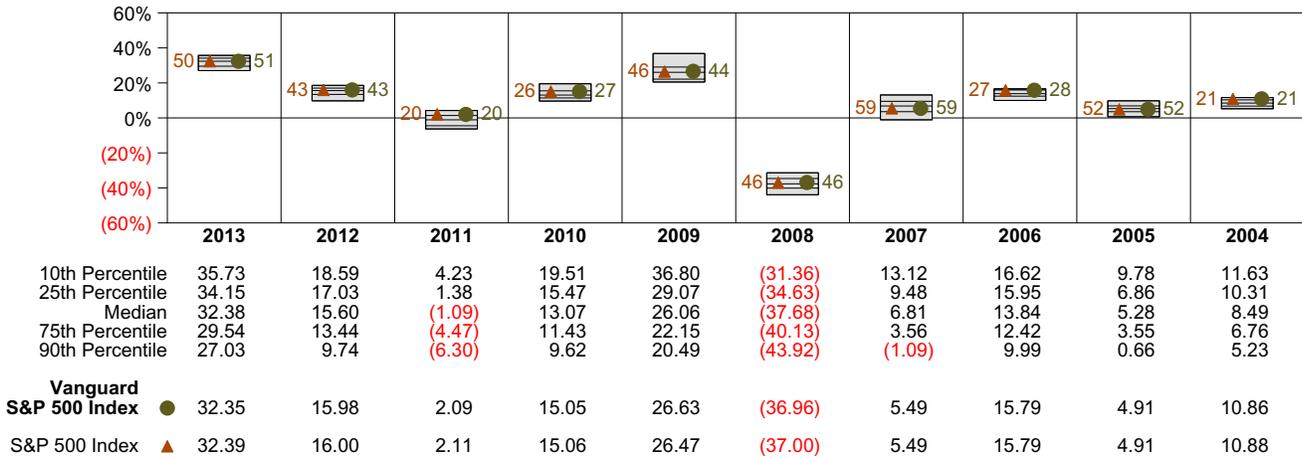


# Vanguard S&P 500 Index Return Analysis Summary

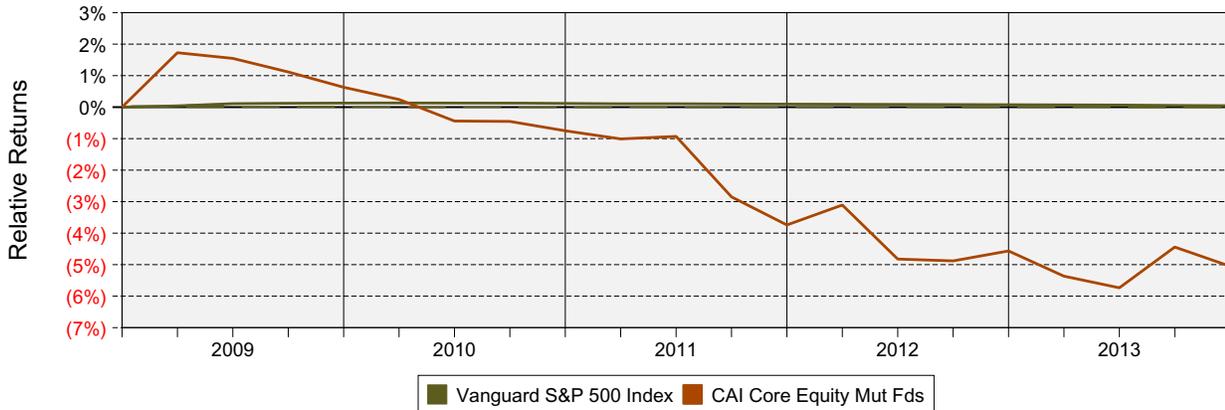
## Return Analysis

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

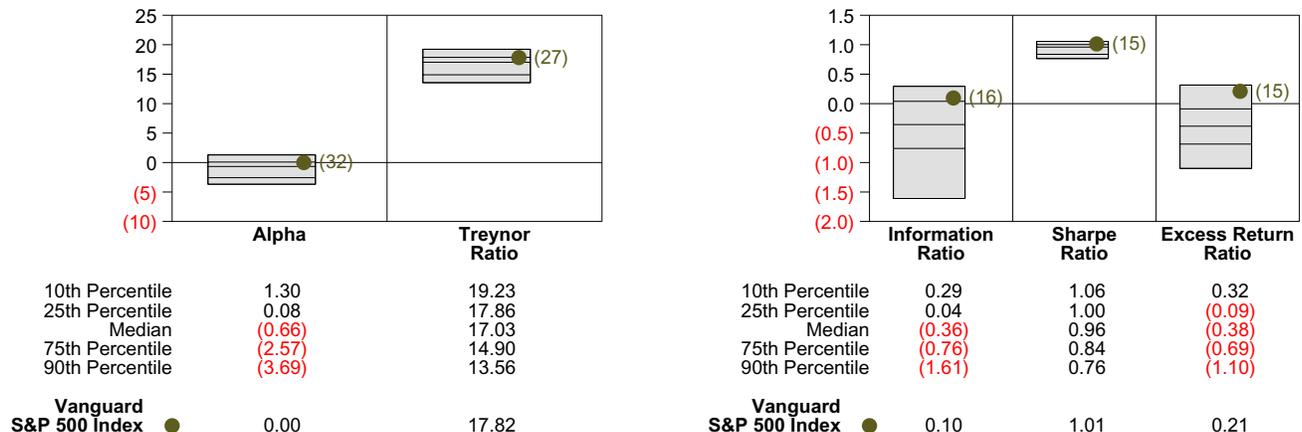
### Performance vs CAI MF - Core Equity Style (Net)



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



### Risk Adjusted Return Measures vs S&P 500 Index Rankings Against CAI MF - Core Equity Style (Net) Five Years Ended December 31, 2013

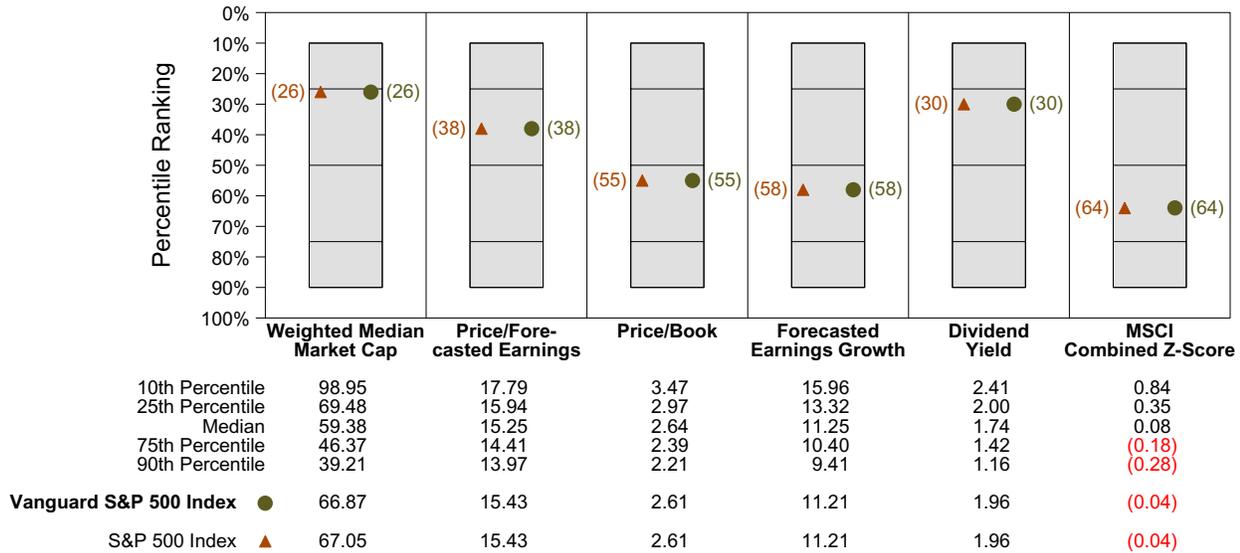


# Vanguard S&P 500 Index Equity Characteristics Analysis Summary

## Portfolio Characteristics

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

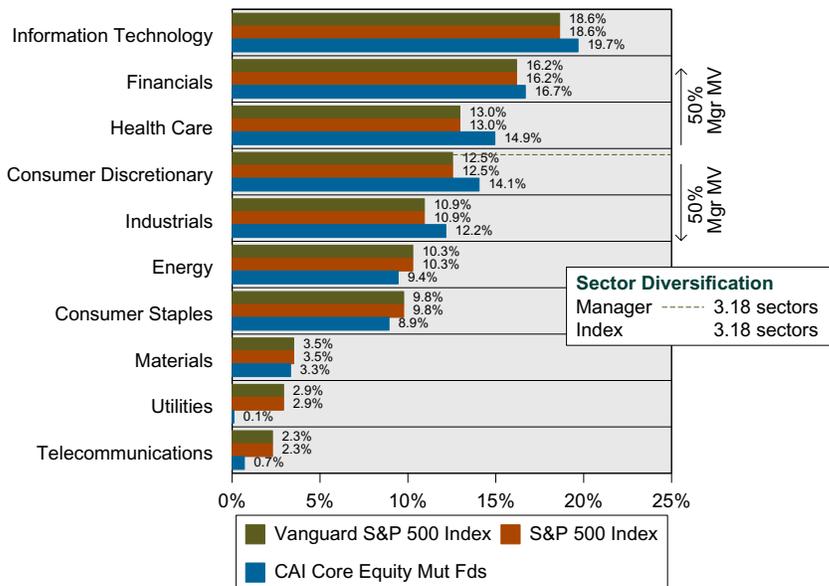
## Portfolio Characteristics Percentile Rankings Rankings Against CAI MF - Core Equity Style as of December 31, 2013



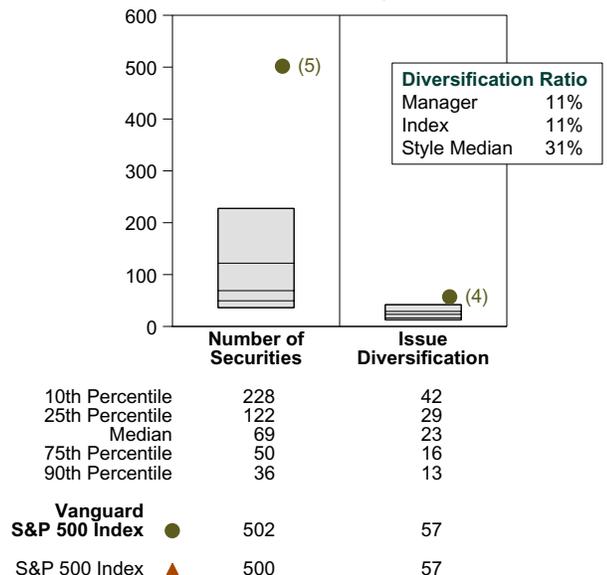
## Sector Weights

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

### Sector Allocation December 31, 2013



### Diversification December 31, 2013



# Dodge & Cox Stock Period Ended December 31, 2013

## Investment Philosophy

Dodge & Cox seeks to build a portfolio of individual companies where the current market valuation does not adequately reflect the company's long-term profit opportunities.

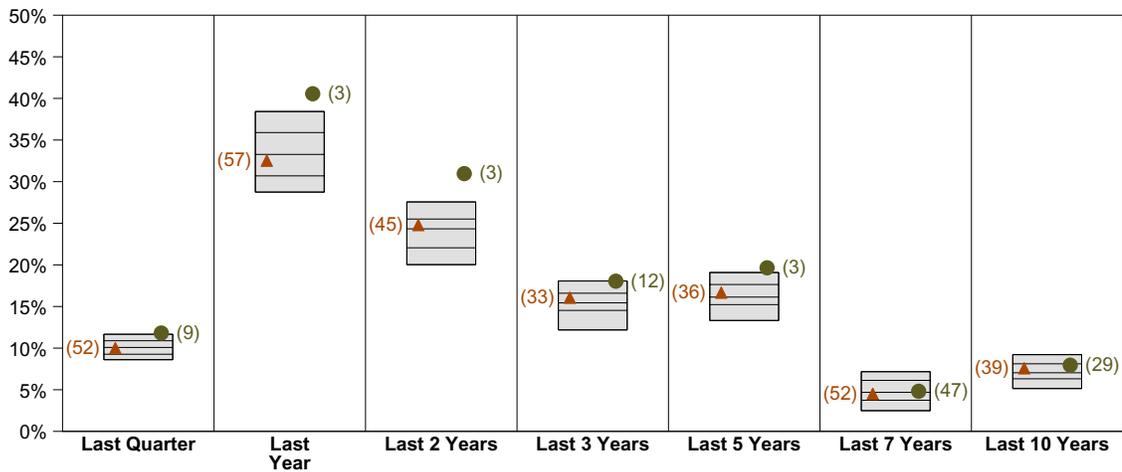
## Quarterly Summary and Highlights

- Dodge & Cox Stock's portfolio posted a 11.82% return for the quarter placing it in the 9 percentile of the CAI MF - Large Cap Value Style group for the quarter and in the 3 percentile for the last year.
- Dodge & Cox Stock's portfolio outperformed the Russell 1000 Value Index by 1.81% for the quarter and outperformed the Russell 1000 Value Index for the year by 8.02%.

## Quarterly Asset Growth

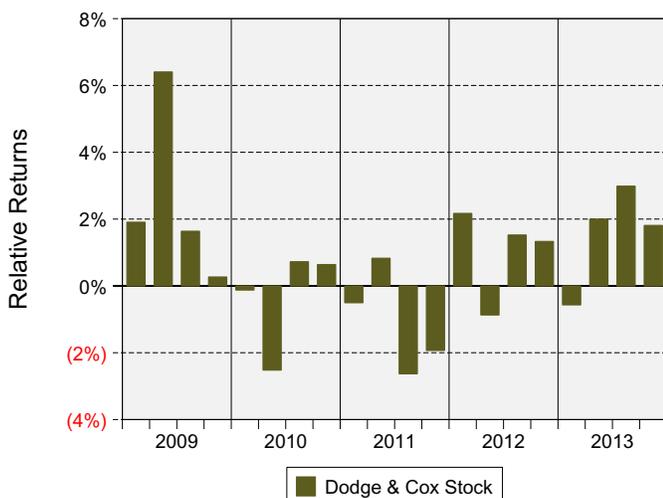
Beginning Market Value	\$22,406,448
Net New Investment	\$-1,561,749
Investment Gains/(Losses)	\$2,588,063
Ending Market Value	\$23,432,761

## Performance vs CAI MF - Large Cap Value Style (Net)

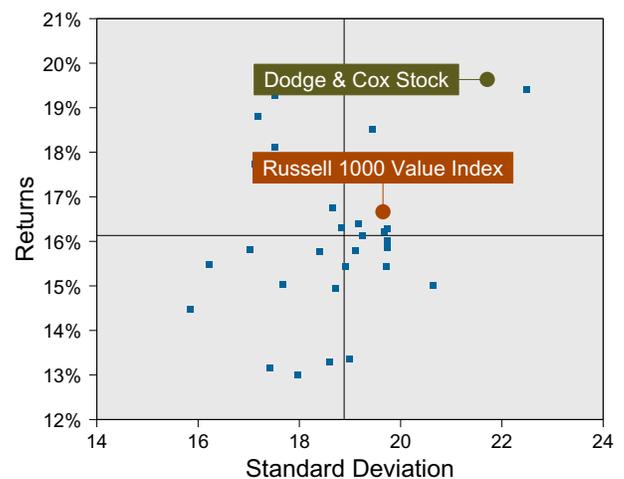


10th Percentile	11.67	38.43	27.56	18.07	19.09	7.17	9.22
25th Percentile	10.89	35.90	25.51	16.60	17.64	6.12	8.12
Median	10.08	33.27	24.33	15.44	16.13	4.69	7.04
75th Percentile	9.27	30.70	22.05	14.53	15.23	3.74	6.32
90th Percentile	8.61	28.75	20.03	12.18	13.32	2.49	5.15
<b>Dodge &amp; Cox Stock</b> ●	11.82	40.55	30.95	18.04	19.63	4.83	7.95
Russell 1000 Value Index ▲	10.01	32.53	24.79	16.06	16.67	4.52	7.58

## Relative Return vs Russell 1000 Value Index



## CAI MF - Large Cap Value Style (Net) Annualized Five Year Risk vs Return

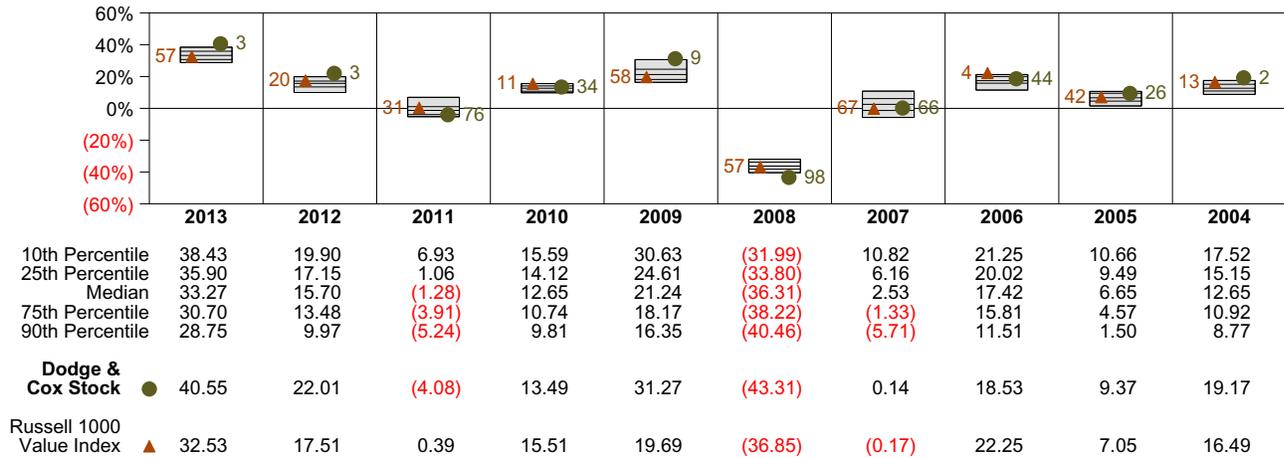


# Dodge & Cox Stock Return Analysis Summary

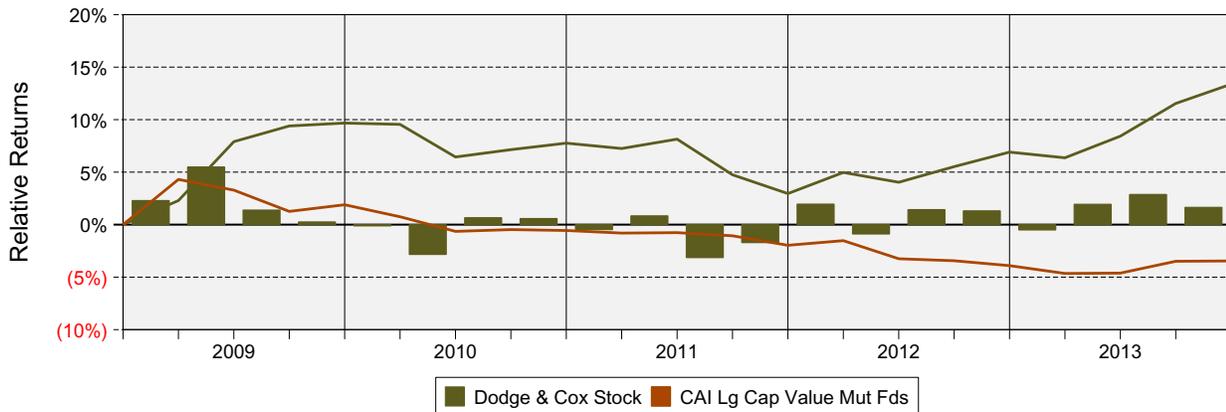
## Return Analysis

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

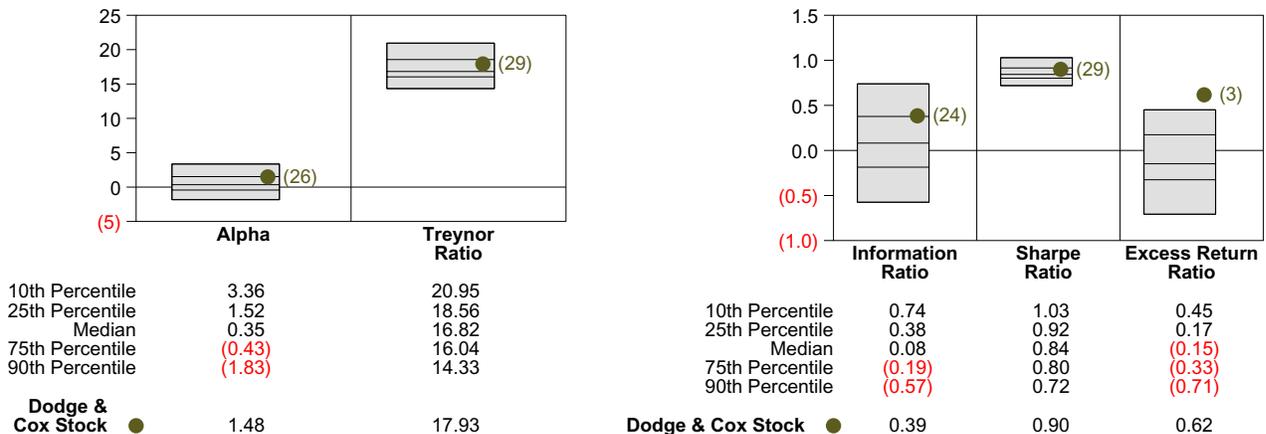
### Performance vs CAI MF - Large Cap Value Style (Net)



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



### Risk Adjusted Return Measures vs Russell 1000 Value Index Rankings Against CAI MF - Large Cap Value Style (Net) Five Years Ended December 31, 2013

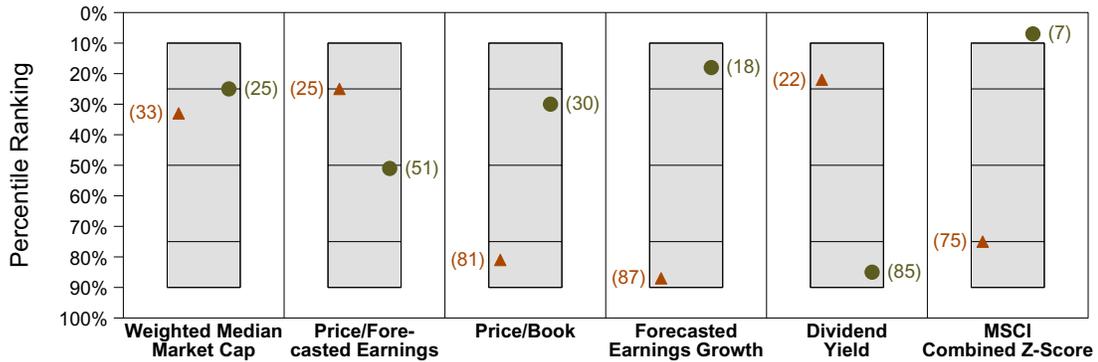


# Dodge & Cox Stock Equity Characteristics Analysis Summary

## Portfolio Characteristics

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

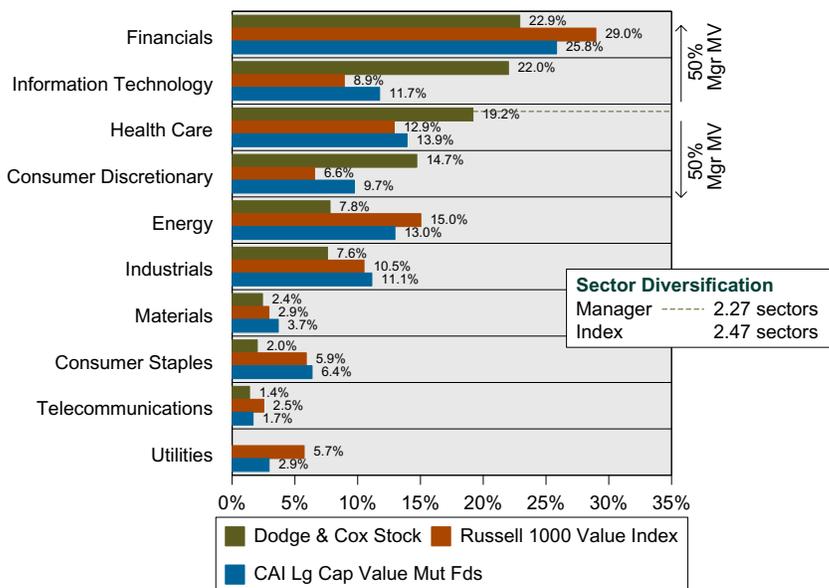
## Portfolio Characteristics Percentile Rankings Rankings Against CAI MF - Large Cap Value Style as of December 31, 2013



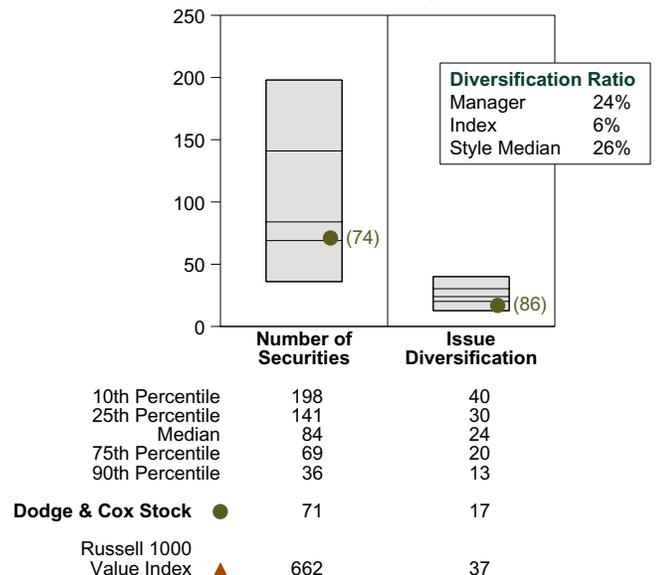
## Sector Weights

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

### Sector Allocation December 31, 2013



### Diversification December 31, 2013



# Robeco

## Period Ended December 31, 2013

### Investment Philosophy

Robeco Investment Management believes value opportunities are best identified through a combination of fundamental bottom-up research aided by quantitative tools. The philosophy is grounded on the following fundamentals: attractive valuation, sound business fundamentals and improving business momentum. Robeco's management fee is 50 bps on all assets.

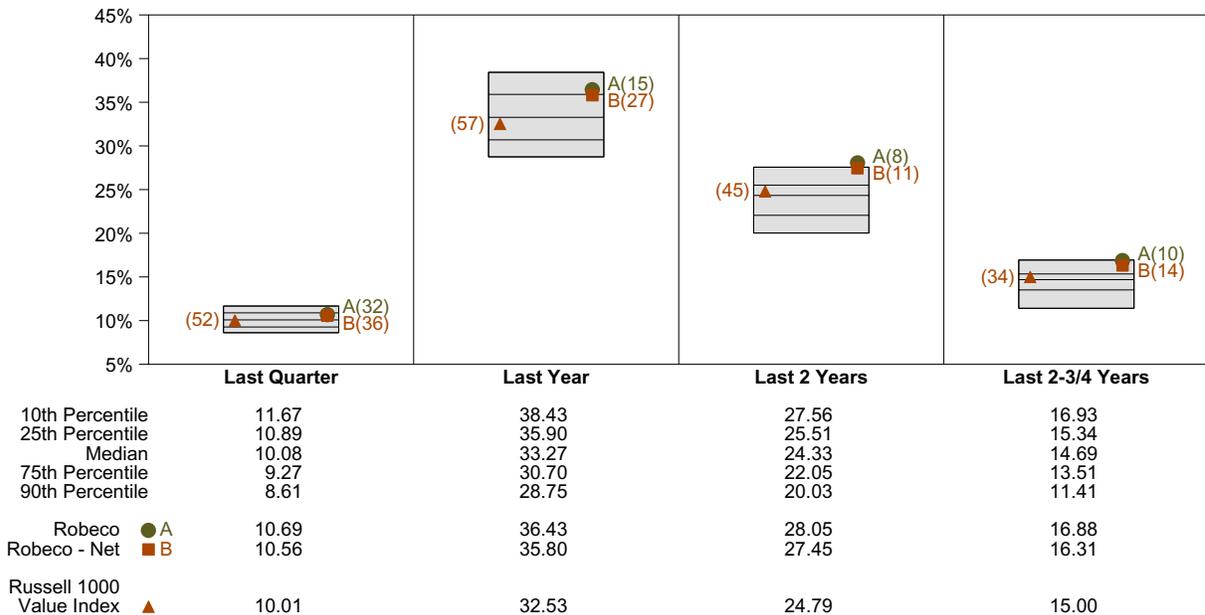
### Quarterly Summary and Highlights

- Robeco's portfolio posted a 10.69% return for the quarter placing it in the 32 percentile of the CAI MF - Large Cap Value Style group for the quarter and in the 15 percentile for the last year.
- Robeco's portfolio outperformed the Russell 1000 Value Index by 0.68% for the quarter and outperformed the Russell 1000 Value Index for the year by 3.91%.

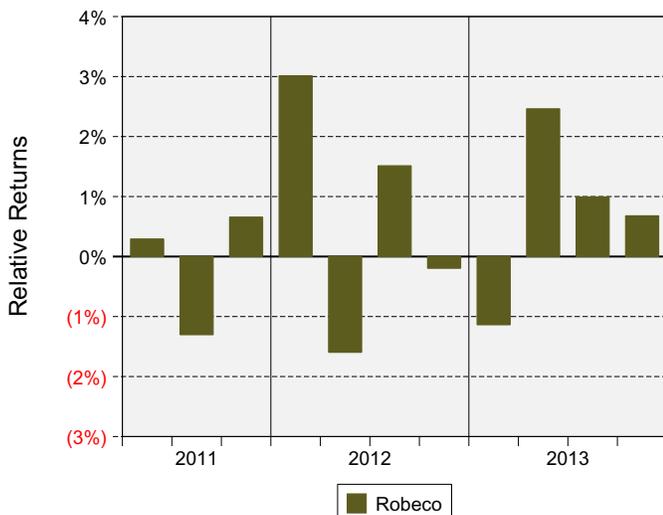
### Quarterly Asset Growth

Beginning Market Value	\$20,146,186
Net New Investment	\$0
Investment Gains/(Losses)	\$2,152,968
Ending Market Value	\$22,299,154

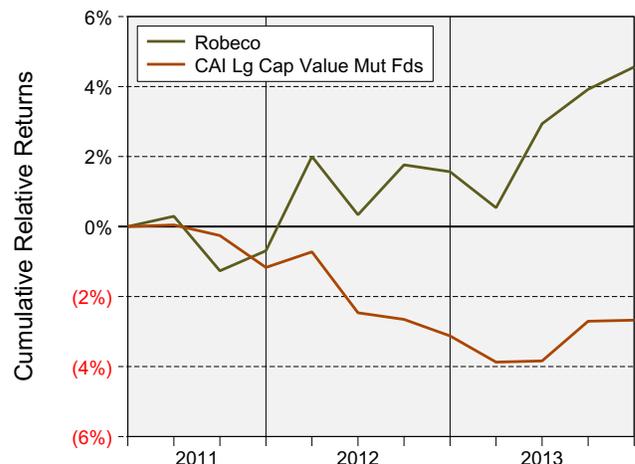
### Performance vs CAI MF - Large Cap Value Style (Net)



### Relative Return vs Russell 1000 Value Index



### Cumulative Returns vs Russell 1000 Value Index

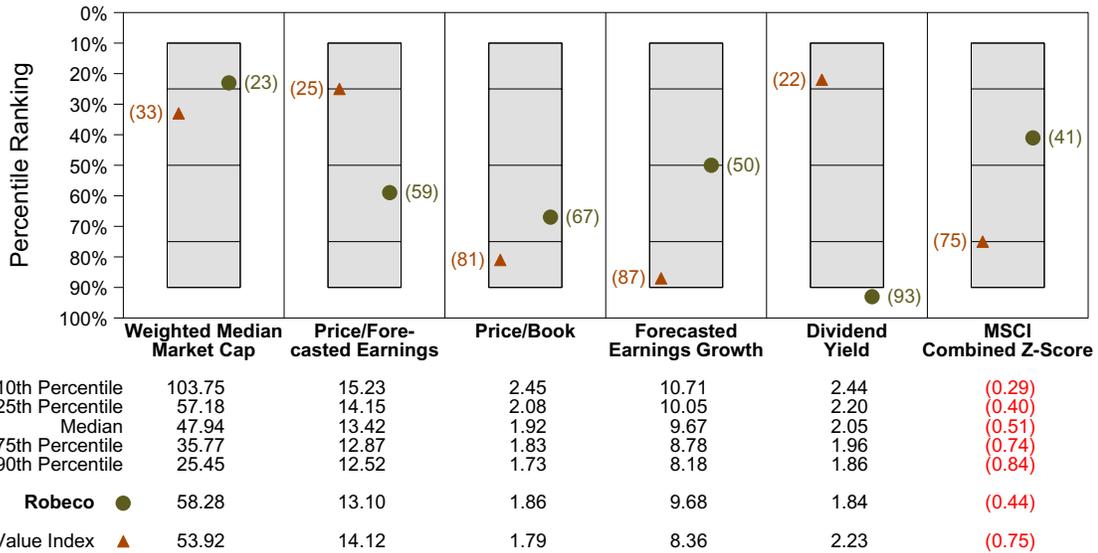


# Robeco Equity Characteristics Analysis Summary

## Portfolio Characteristics

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

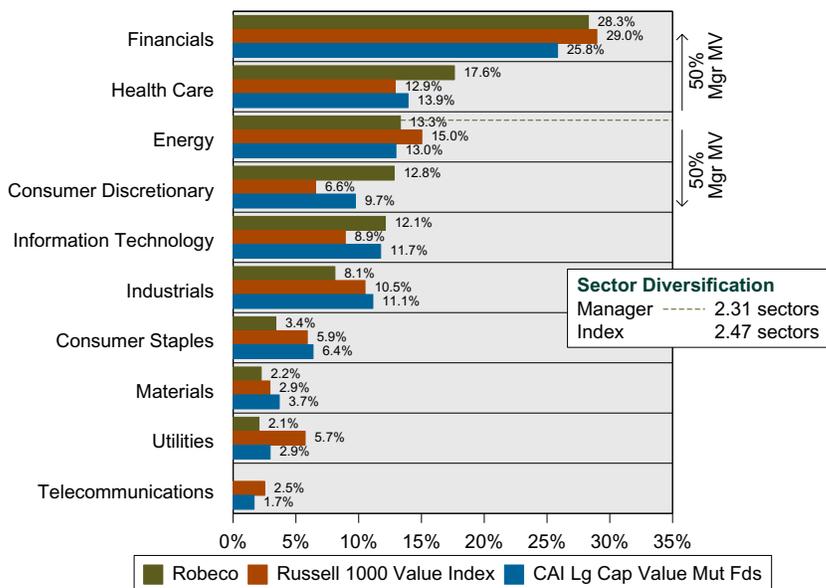
## Portfolio Characteristics Percentile Rankings Rankings Against CAI MF - Large Cap Value Style as of December 31, 2013



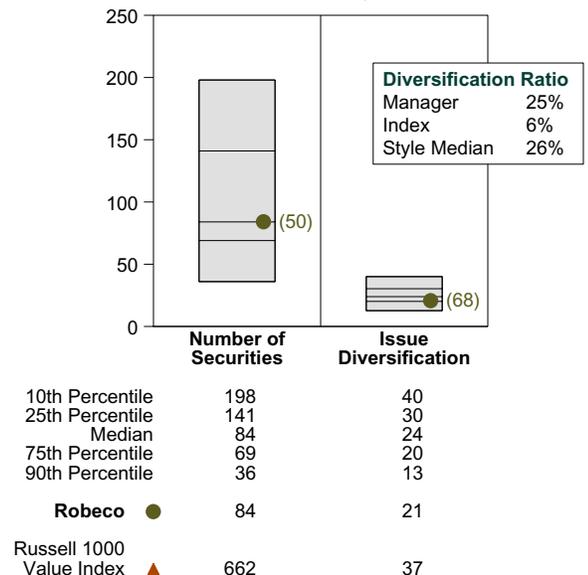
## Sector Weights

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

### Sector Allocation December 31, 2013



### Diversification December 31, 2013



# Harbor Cap Appreciation Period Ended December 31, 2013

## Investment Philosophy

The Jennison Large Cap Growth team believes that a stock's value over time is driven by above-average growth in units, revenues, earnings, and cash flow. The strategy seeks to capture the inflection point in a company's growth rate before it is fully appreciated by the market or reflected in the stock price.

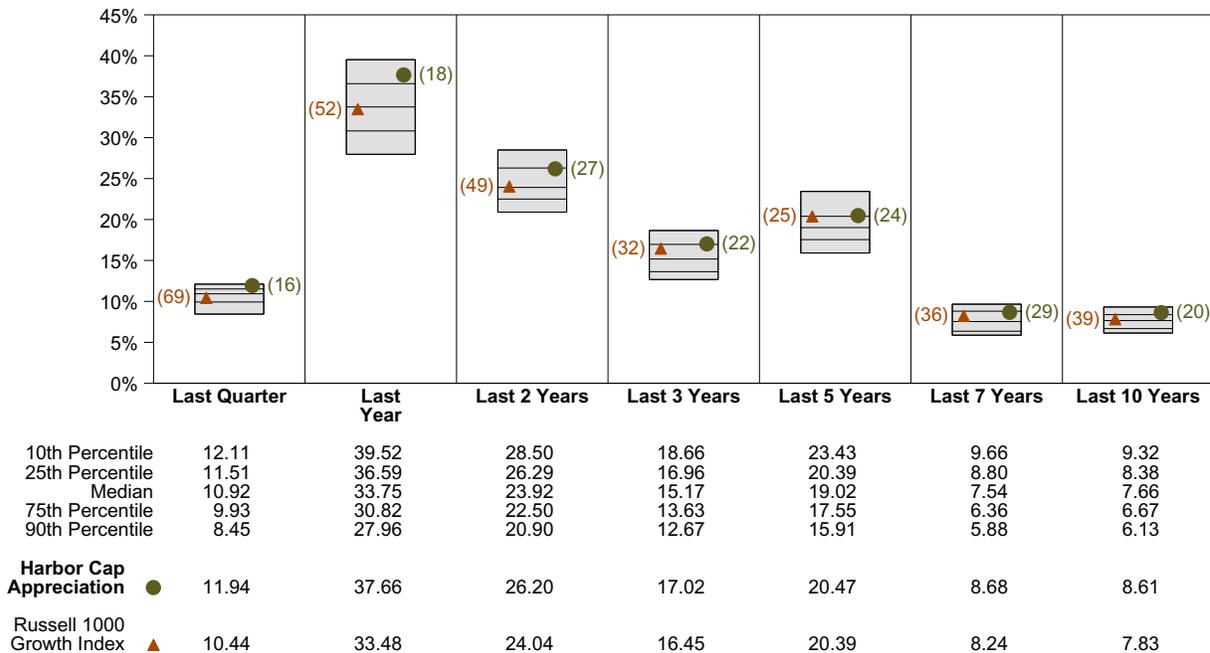
## Quarterly Summary and Highlights

- Harbor Cap Appreciation's portfolio posted a 11.94% return for the quarter placing it in the 16 percentile of the CAI MF - Large Cap Growth Style group for the quarter and in the 18 percentile for the last year.
- Harbor Cap Appreciation's portfolio outperformed the Russell 1000 Growth Index by 1.50% for the quarter and outperformed the Russell 1000 Growth Index for the year by 4.18%.

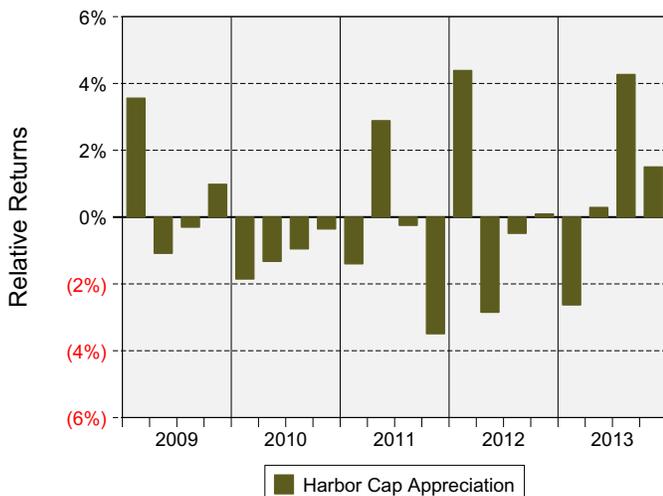
## Quarterly Asset Growth

Beginning Market Value	\$22,238,605
Net New Investment	\$-1,000,000
Investment Gains/(Losses)	\$2,598,589
Ending Market Value	\$23,837,194

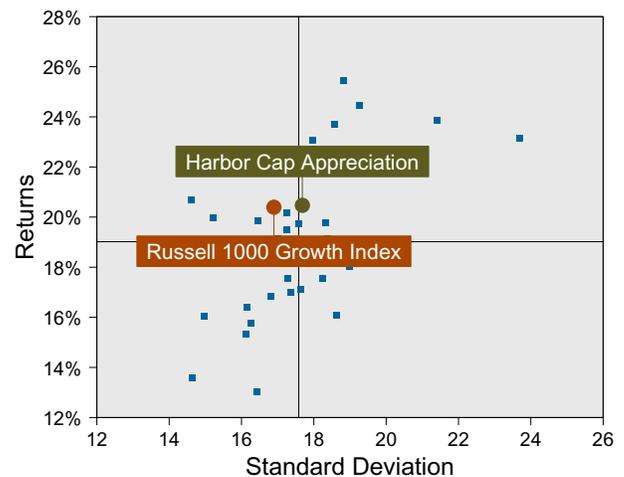
## Performance vs CAI MF - Large Cap Growth Style (Net)



## Relative Return vs Russell 1000 Growth Index



## CAI MF - Large Cap Growth Style (Net) Annualized Five Year Risk vs Return

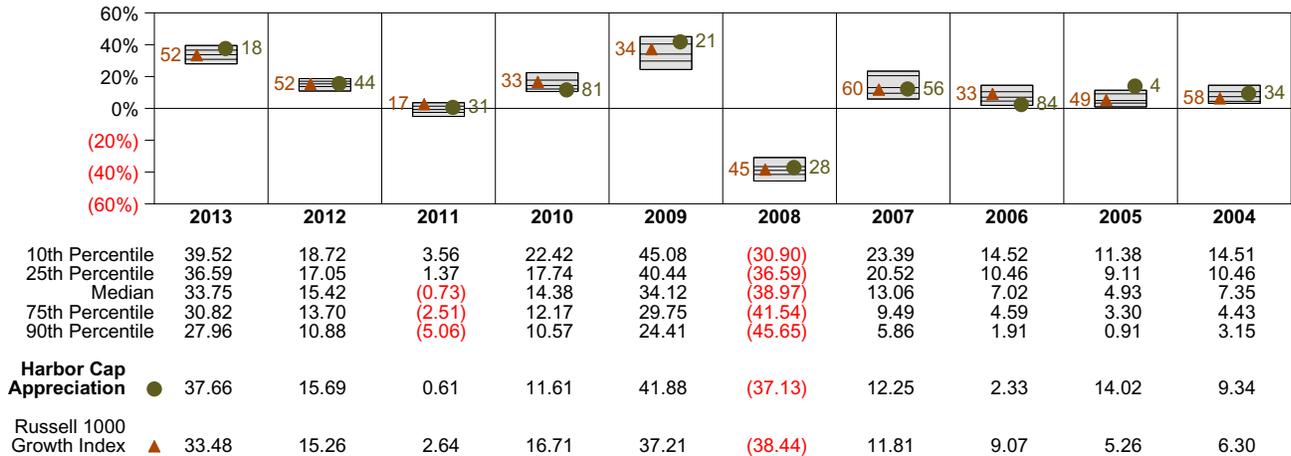


# Harbor Cap Appreciation Return Analysis Summary

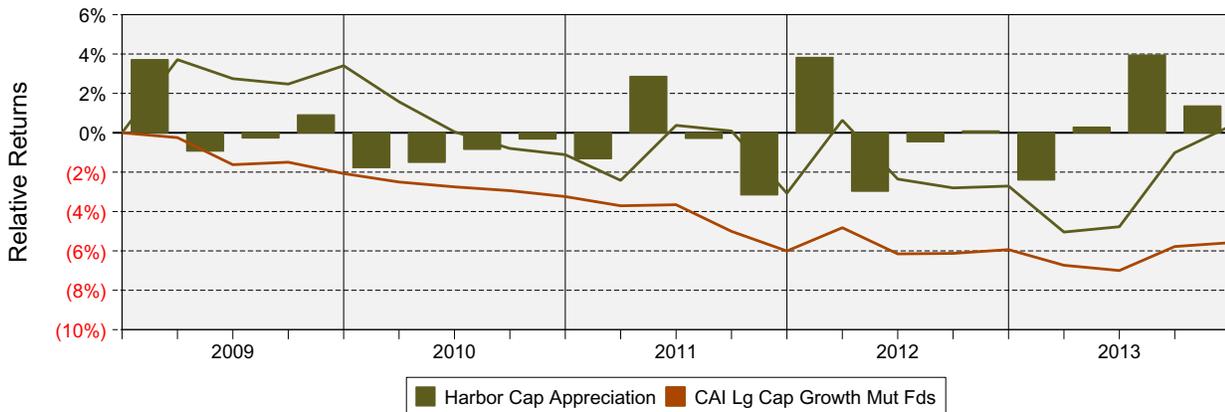
## Return Analysis

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

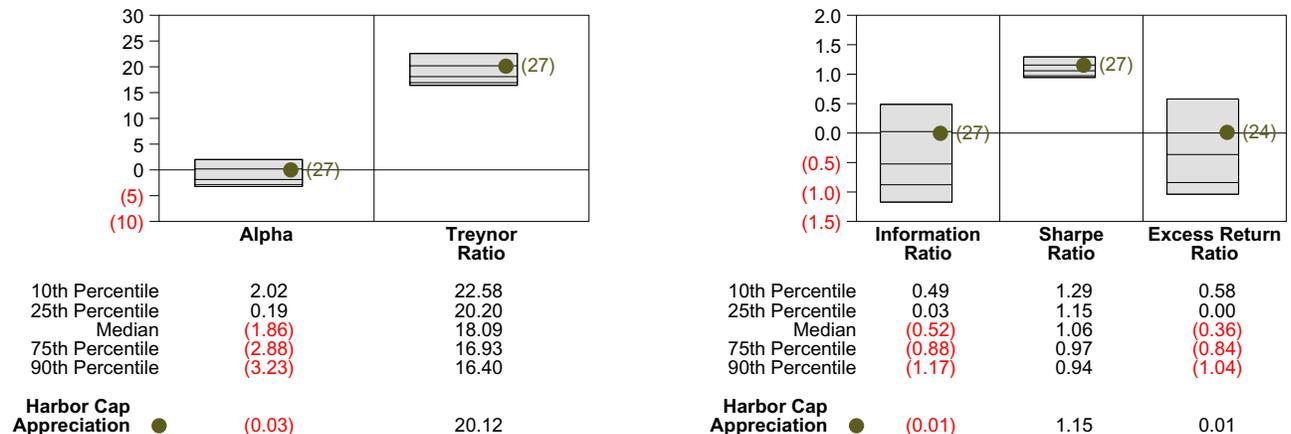
### Performance vs CAI MF - Large Cap Growth Style (Net)



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



### Risk Adjusted Return Measures vs Russell 1000 Growth Index Rankings Against CAI MF - Large Cap Growth Style (Net) Five Years Ended December 31, 2013

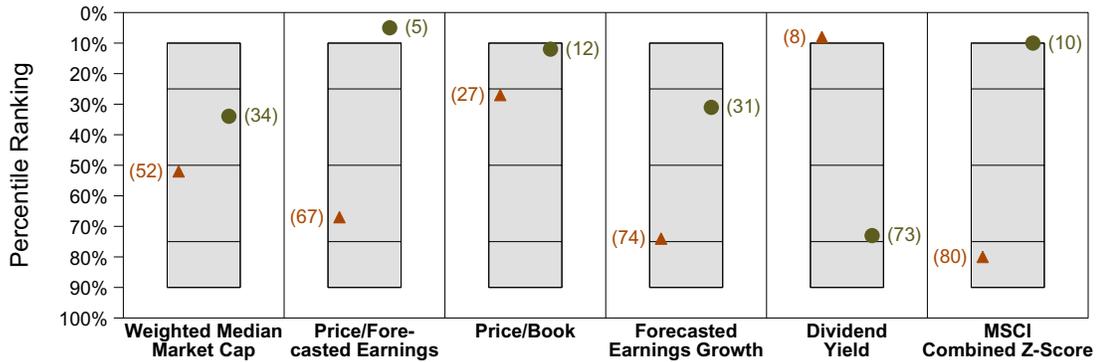


# Harbor Cap Appreciation Equity Characteristics Analysis Summary

## Portfolio Characteristics

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

## Portfolio Characteristics Percentile Rankings Rankings Against CAI MF - Large Cap Growth Style as of December 31, 2013

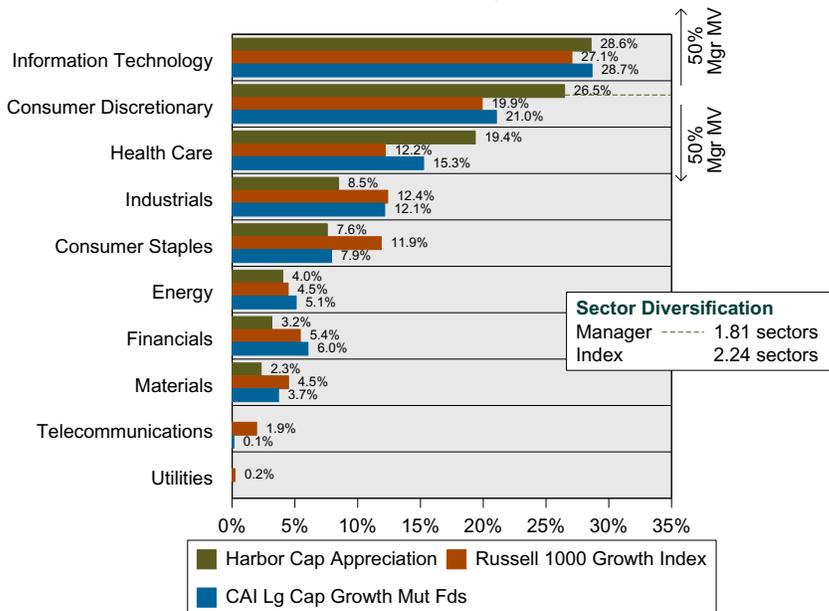


	Weighted Median Market Cap	Price/Forecasted Earnings	Price/Book	Forecasted Earnings Growth	Dividend Yield	MSCI Combined Z-Score
10th Percentile	76.57	23.95	5.60	20.23	1.50	1.65
25th Percentile	63.74	21.65	5.03	18.95	1.25	1.44
Median	56.13	19.53	4.48	17.00	0.96	1.15
75th Percentile	44.57	17.69	4.01	14.63	0.71	0.87
90th Percentile	34.79	16.84	3.68	13.23	0.54	0.61
<b>Harbor Cap Appreciation</b> ●	60.56	24.72	5.50	18.12	0.71	1.66
Russell 1000 Growth Index ▲	55.54	18.03	4.83	14.73	1.54	0.72

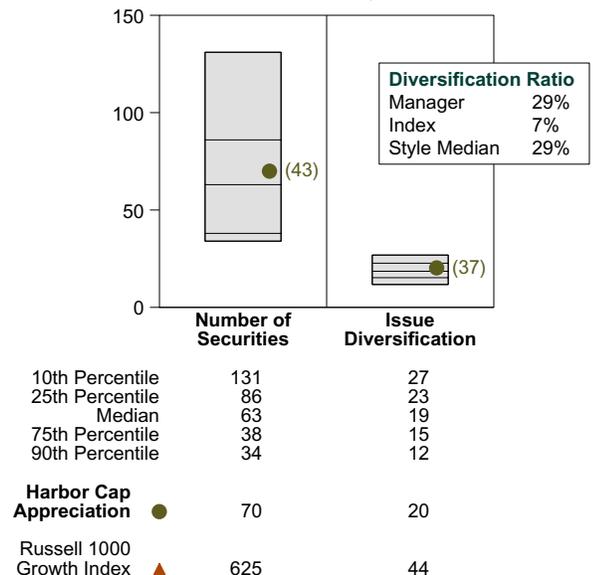
## Sector Weights

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

### Sector Allocation December 31, 2013



### Diversification December 31, 2013



# Janus Research Period Ended December 31, 2013

## Investment Philosophy

Growth Equity Style mutual funds invest mainly in large companies that are expected to have above average prospects for long-term growth in earnings and profitability. Future growth prospects take precedence over valuation levels in stock selection. Switched from Class T Shares to Class I Shares in December 2009.

## Quarterly Summary and Highlights

- Janus Research's portfolio posted a 11.89% return for the quarter placing it in the 17 percentile of the CAI MF - Large Cap Growth Style group for the quarter and in the 38 percentile for the last year.
- Janus Research's portfolio outperformed the Russell 1000 Growth Index by 1.45% for the quarter and outperformed the Russell 1000 Growth Index for the year by 1.88%.

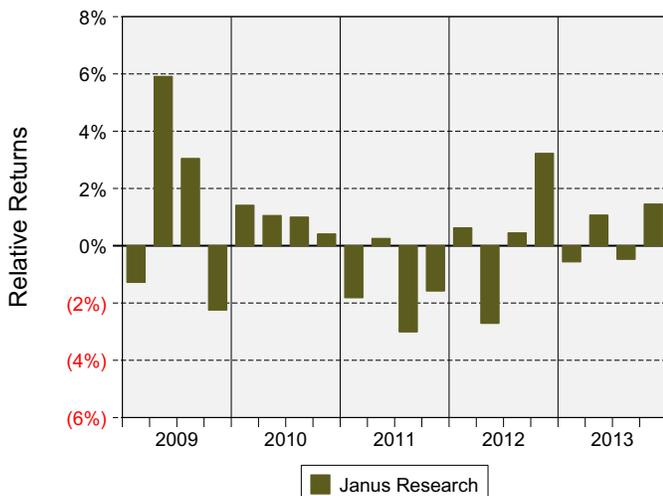
## Quarterly Asset Growth

Beginning Market Value	\$21,606,635
Net New Investment	\$0
Investment Gains/(Losses)	\$2,569,212
Ending Market Value	\$24,175,847

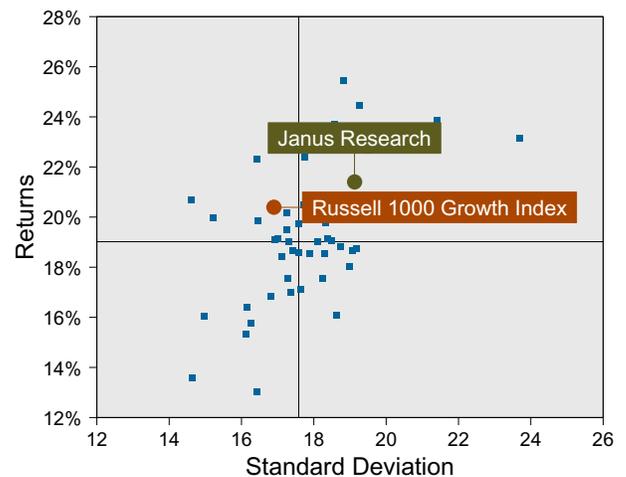
## Performance vs CAI MF - Large Cap Growth Style (Net)



## Relative Return vs Russell 1000 Growth Index



## CAI MF - Large Cap Growth Style (Net) Annualized Five Year Risk vs Return

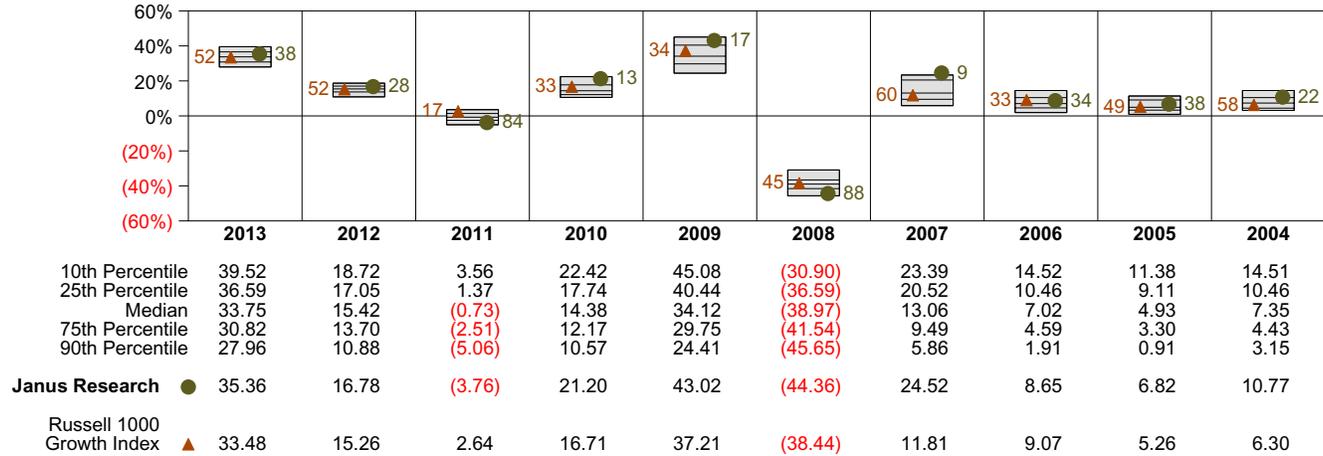


# Janus Research Return Analysis Summary

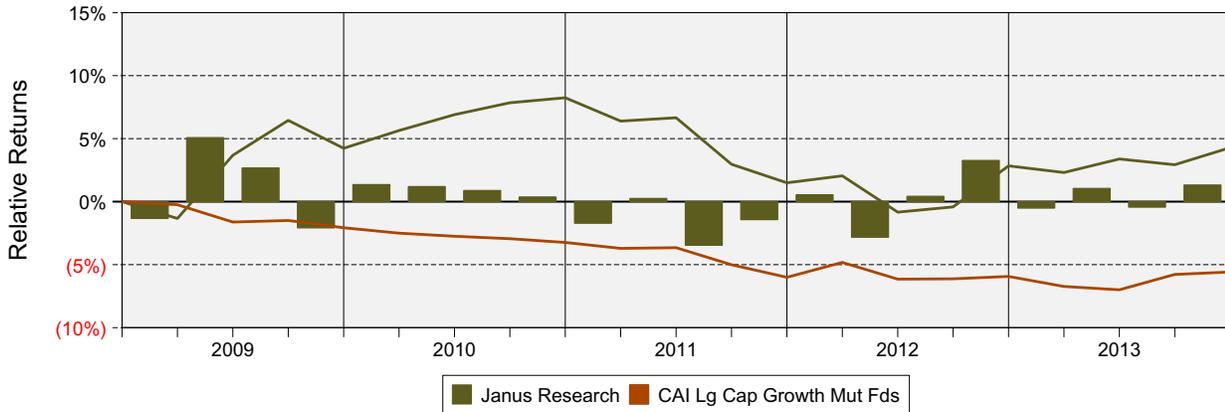
## Return Analysis

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

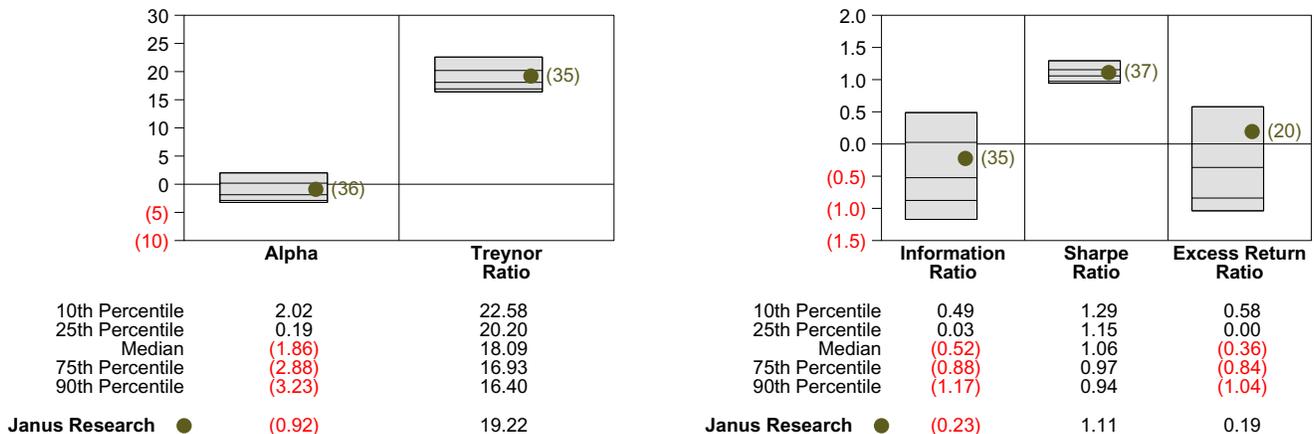
### Performance vs CAI MF - Large Cap Growth Style (Net)



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



### Risk Adjusted Return Measures vs Russell 1000 Growth Index Rankings Against CAI MF - Large Cap Growth Style (Net) Five Years Ended December 31, 2013

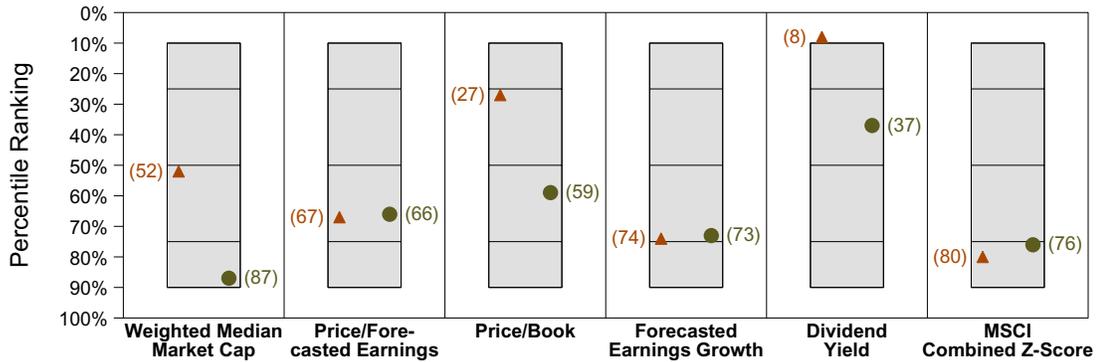


# Janus Research Equity Characteristics Analysis Summary

## Portfolio Characteristics

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

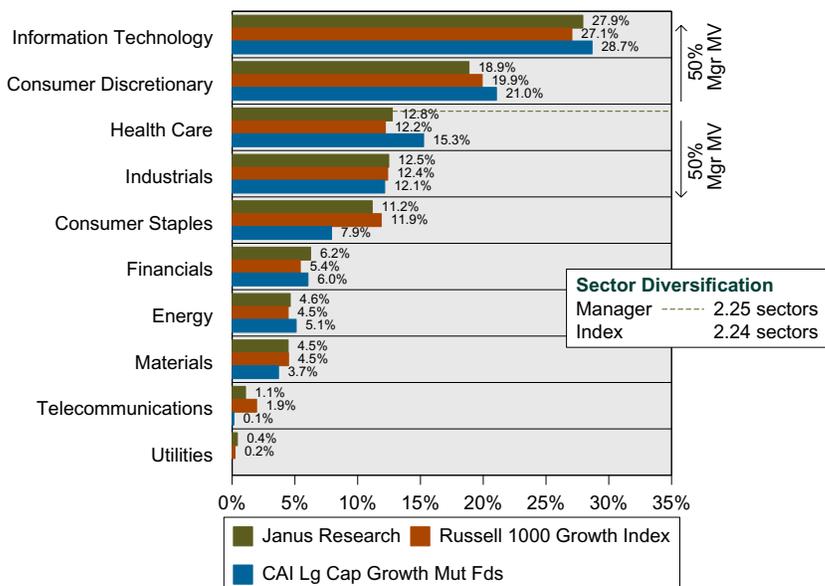
## Portfolio Characteristics Percentile Rankings Rankings Against CAI MF - Large Cap Growth Style as of December 31, 2013



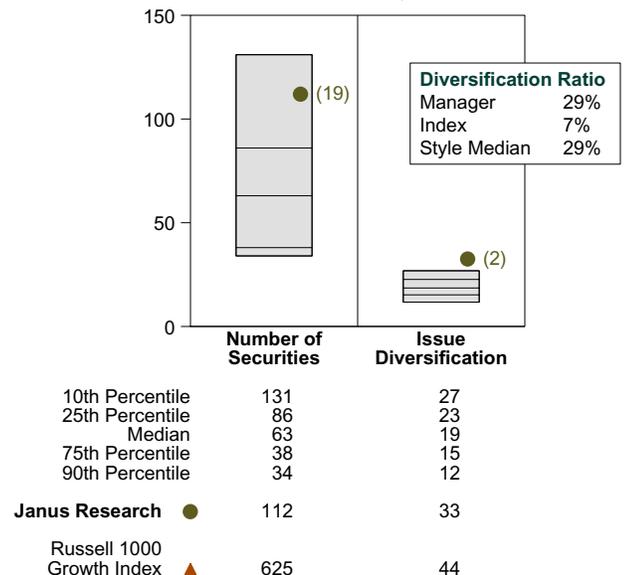
## Sector Weights

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

### Sector Allocation December 31, 2013



### Diversification December 31, 2013



# Fidelity Low Priced Stock Period Ended December 31, 2013

## Investment Philosophy

The Low Priced Stock team believes that many low priced, non-glamour, small companies are mispriced, providing opportunities, and seeks capital appreciation by investing mostly in common and preferred domestic stocks, but also international equities, convertible securities, and other fixed income securities.

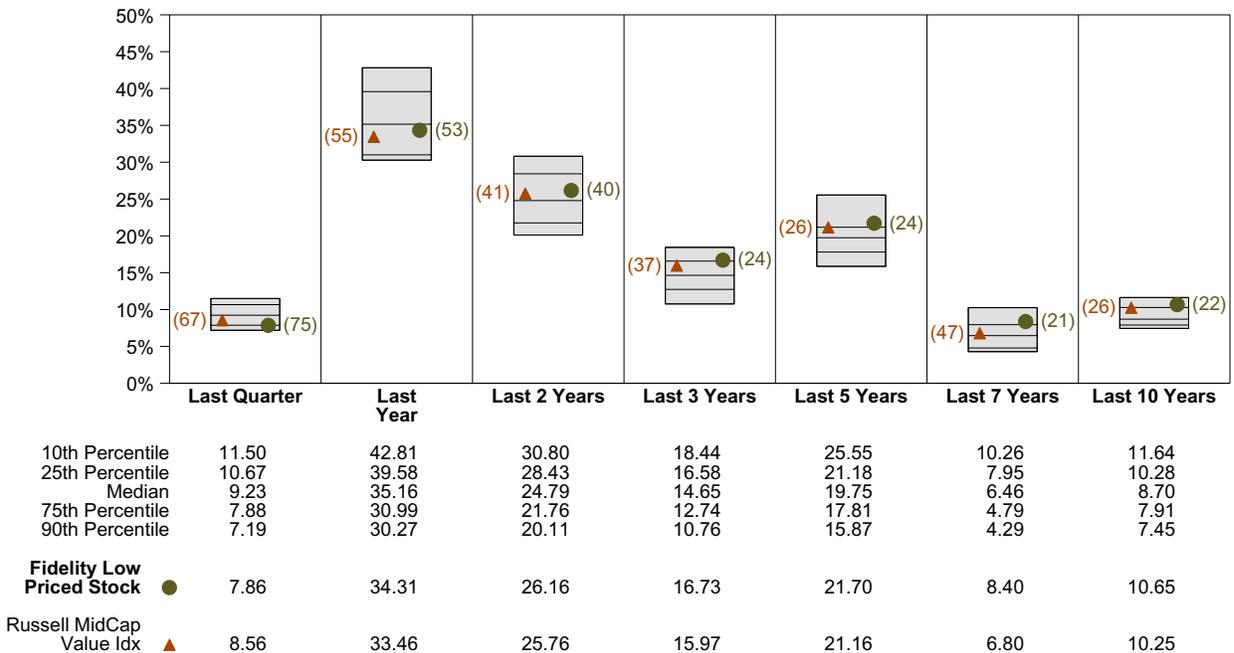
## Quarterly Summary and Highlights

- Fidelity Low Priced Stock's portfolio posted a 7.86% return for the quarter placing it in the 75 percentile of the CAI MF - Mid Cap Value Style group for the quarter and in the 53 percentile for the last year.
- Fidelity Low Priced Stock's portfolio underperformed the Russell MidCap Value Idx by 0.69% for the quarter and outperformed the Russell MidCap Value Idx for the year by 0.86%.

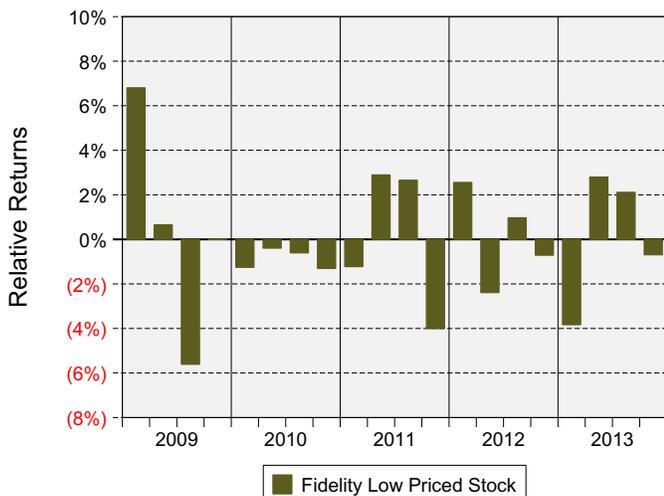
## Quarterly Asset Growth

Beginning Market Value	\$4,325,765
Net New Investment	\$0
Investment Gains/(Losses)	\$340,177
Ending Market Value	\$4,665,942

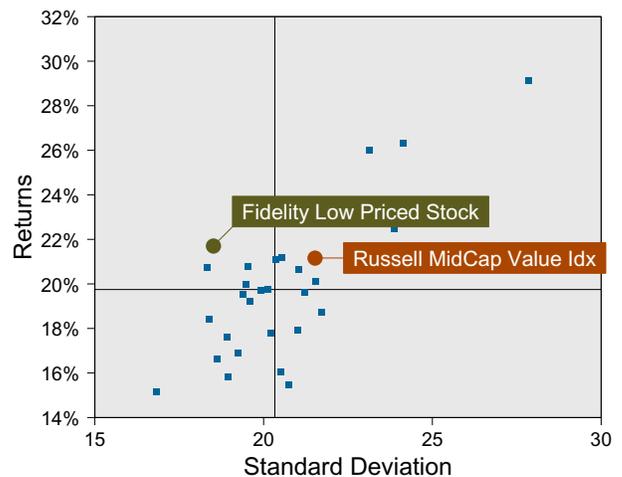
## Performance vs CAI MF - Mid Cap Value Style (Net)



## Relative Return vs Russell MidCap Value Idx



## CAI MF - Mid Cap Value Style (Net) Annualized Five Year Risk vs Return

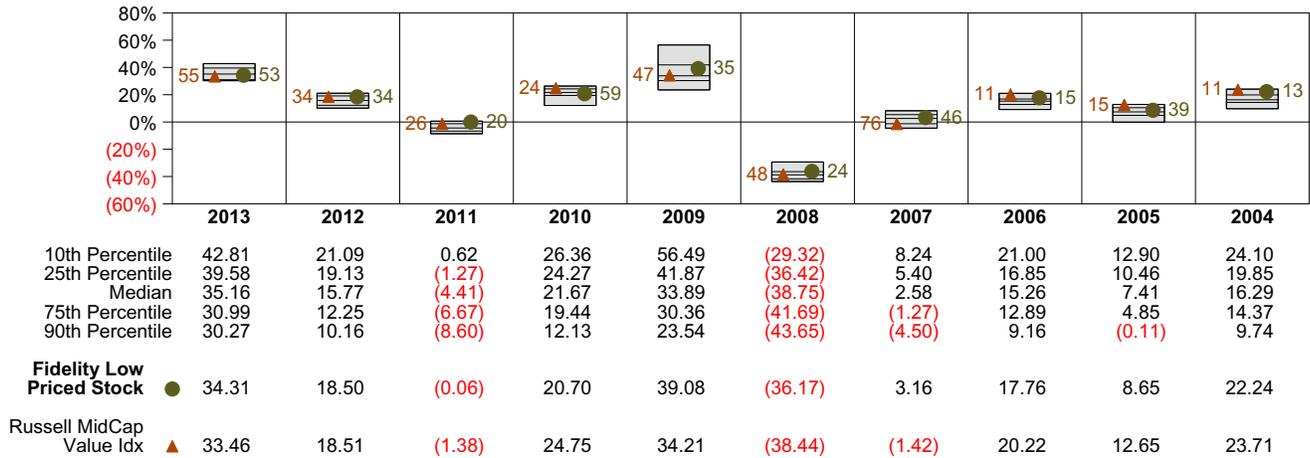


# Fidelity Low Priced Stock Return Analysis Summary

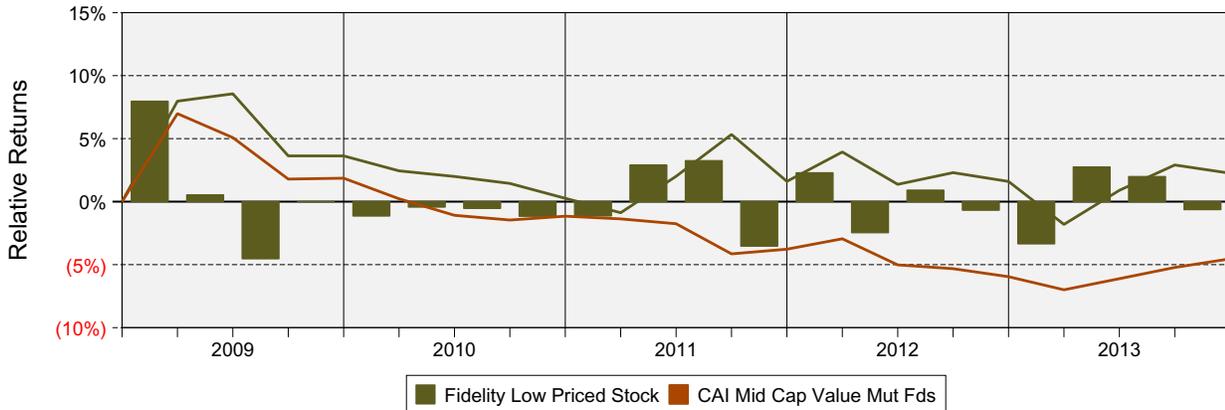
## Return Analysis

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

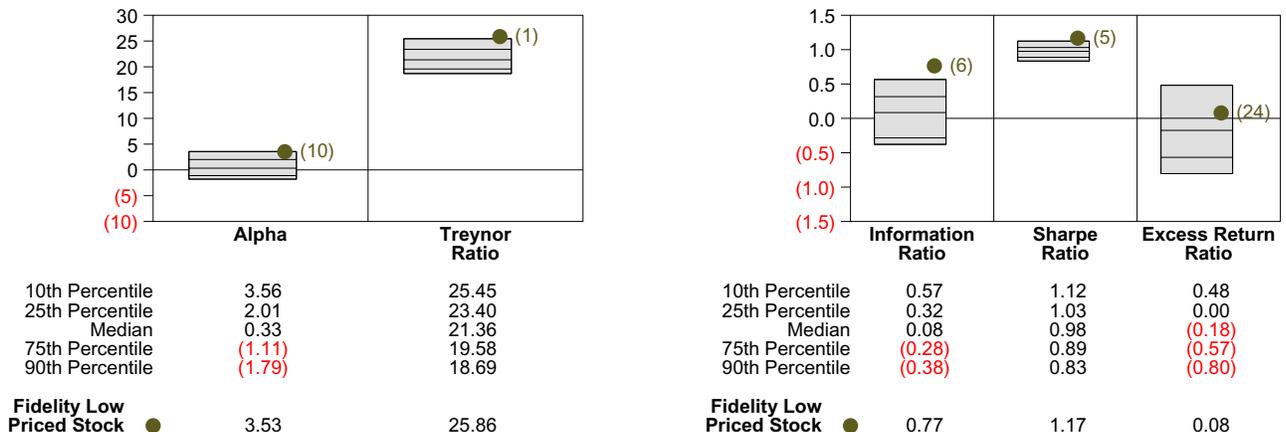
### Performance vs CAI MF - Mid Cap Value Style (Net)



### Cumulative and Quarterly Relative Return vs Russell MidCap Value Idx



### Risk Adjusted Return Measures vs Russell MidCap Value Idx Rankings Against CAI MF - Mid Cap Value Style (Net) Five Years Ended December 31, 2013

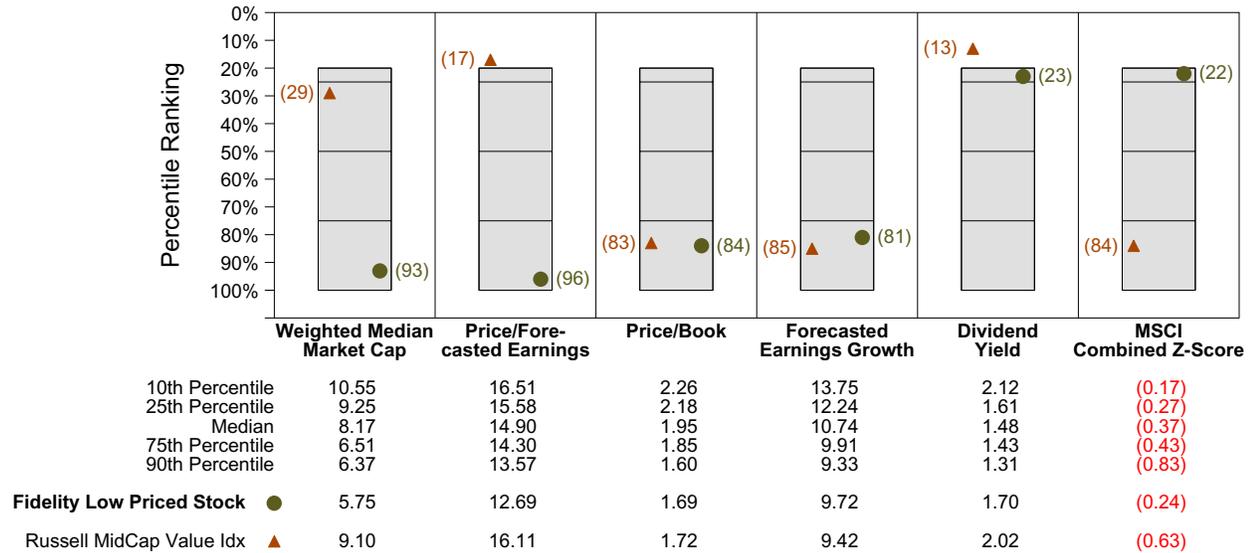


# Fidelity Low Priced Stock Equity Characteristics Analysis Summary

## Portfolio Characteristics

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

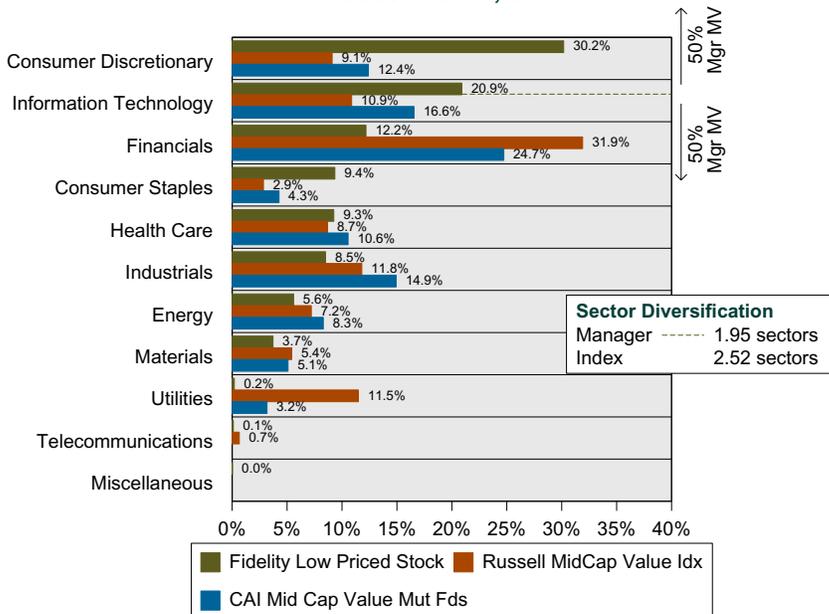
## Portfolio Characteristics Percentile Rankings Rankings Against CAI MF - Mid Cap Value Style as of December 31, 2013



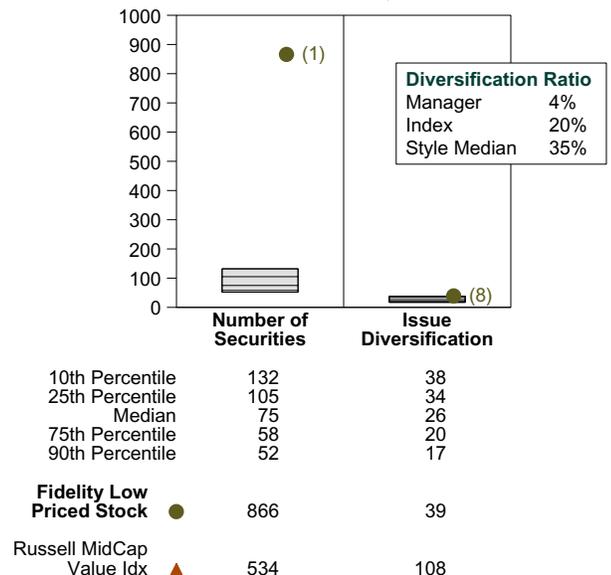
## Sector Weights

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

### Sector Allocation December 31, 2013



### Diversification December 31, 2013



# Royce Total Return Period Ended December 31, 2013

## Investment Philosophy

The Royce Total Return Fund is managed with a disciplined value approach. The Fund's investment objectives are long-term growth and current income. Royce invests the Fund's assets primarily in dividend-paying small- and micro-cap companies. Switched from Investment Class Shares to Institutional Class Shares in December 2009.

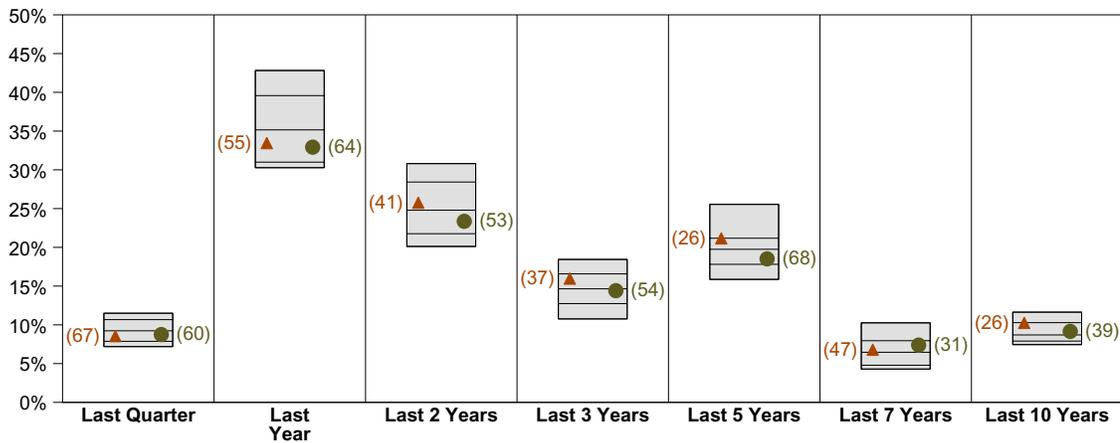
## Quarterly Summary and Highlights

- Royce Total Return's portfolio posted a 8.74% return for the quarter placing it in the 60 percentile of the CAI MF - Mid Cap Value Style group for the quarter and in the 64 percentile for the last year.
- Royce Total Return's portfolio outperformed the Russell MidCap Value Idx by 0.19% for the quarter and underperformed the Russell MidCap Value Idx for the year by 0.53%.

## Quarterly Asset Growth

Beginning Market Value	\$5,248,318
Net New Investment	\$0
Investment Gains/(Losses)	\$458,848
Ending Market Value	\$5,707,166

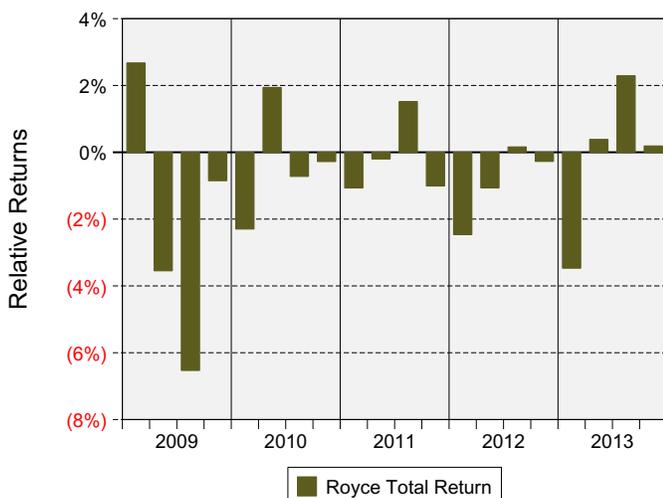
## Performance vs CAI MF - Mid Cap Value Style (Net)



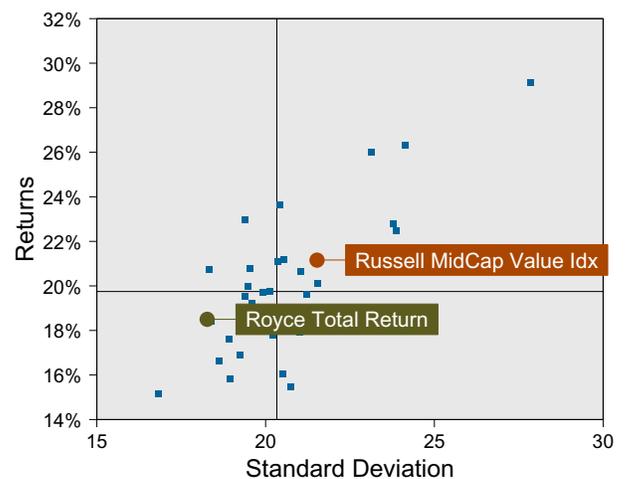
10th Percentile	11.50	42.81	30.80	18.44	25.55	10.26	11.64
25th Percentile	10.67	39.58	28.43	16.58	21.18	7.95	10.28
Median	9.23	35.16	24.79	14.65	19.75	6.46	8.70
75th Percentile	7.88	30.99	21.76	12.74	17.81	4.79	7.91
90th Percentile	7.19	30.27	20.11	10.76	15.87	4.29	7.45

<b>Royce Total Return</b> ●	8.74	32.93	23.36	14.40	18.50	7.39	9.14
Russell MidCap Value Idx ▲	8.56	33.46	25.76	15.97	21.16	6.80	10.25

## Relative Return vs Russell MidCap Value Idx



## CAI MF - Mid Cap Value Style (Net) Annualized Five Year Risk vs Return

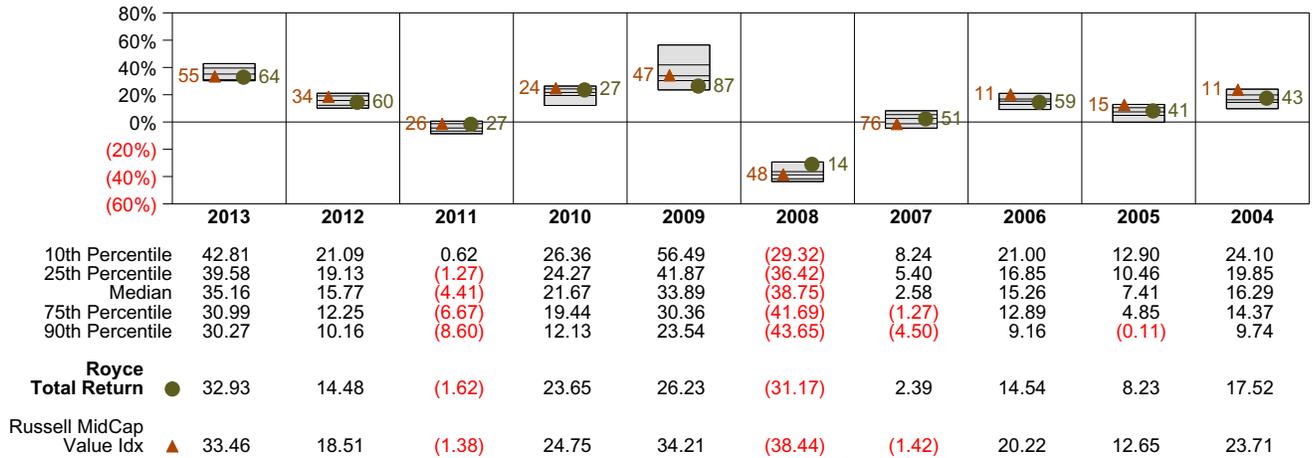


# Royce Total Return Return Analysis Summary

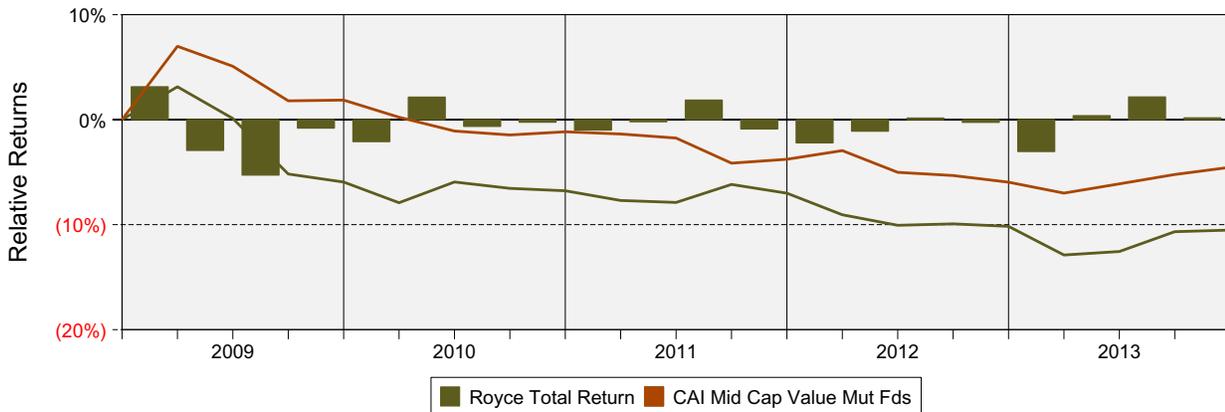
## Return Analysis

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

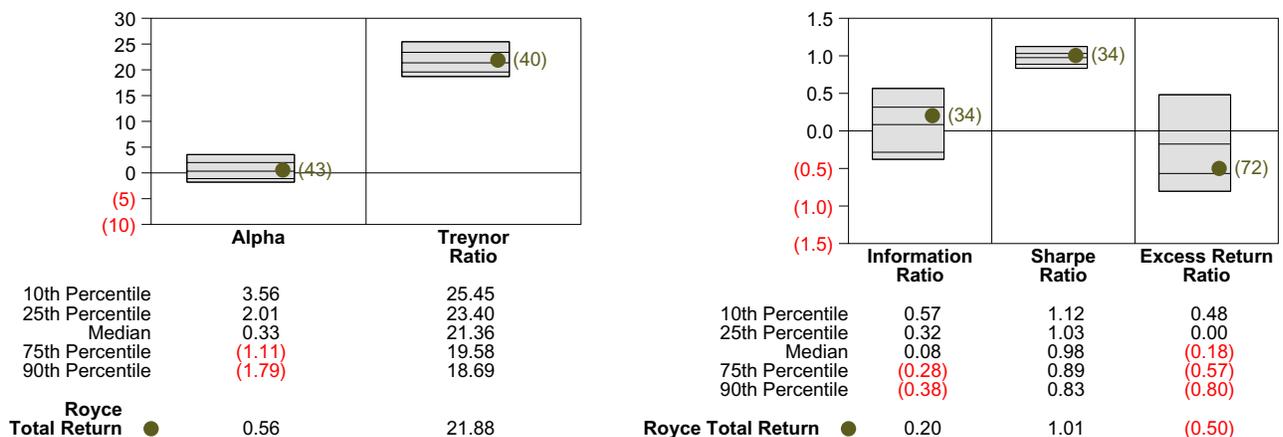
### Performance vs CAI MF - Mid Cap Value Style (Net)



### Cumulative and Quarterly Relative Return vs Russell MidCap Value Idx



### Risk Adjusted Return Measures vs Russell MidCap Value Idx Rankings Against CAI MF - Mid Cap Value Style (Net) Five Years Ended December 31, 2013

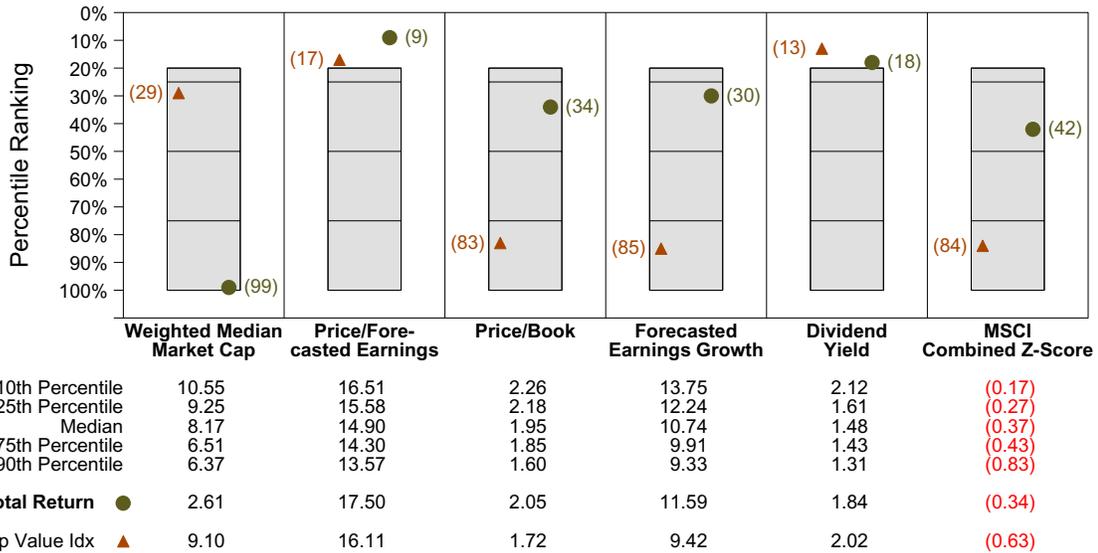


# Royce Total Return Equity Characteristics Analysis Summary

## Portfolio Characteristics

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

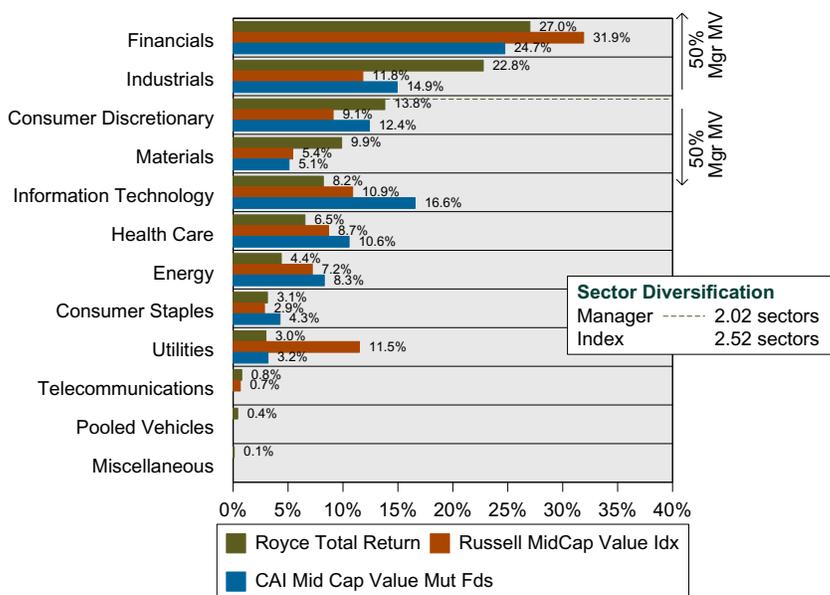
## Portfolio Characteristics Percentile Rankings Rankings Against CAI MF - Mid Cap Value Style as of December 31, 2013



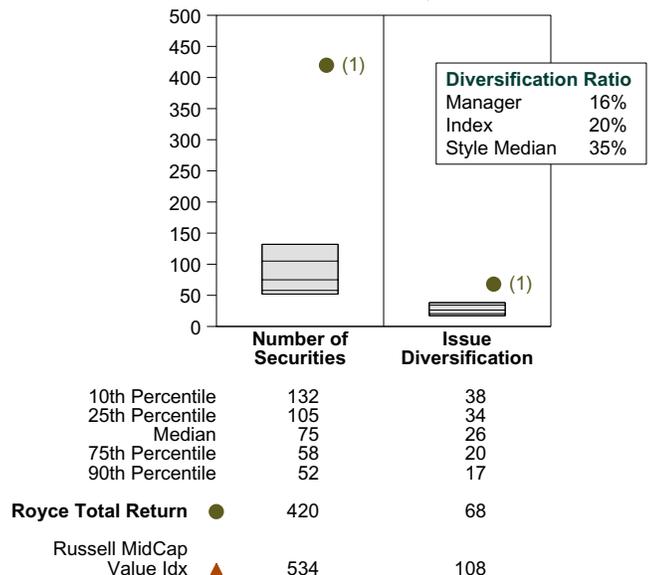
## Sector Weights

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

### Sector Allocation December 31, 2013



### Diversification December 31, 2013



# Morgan Stanley Period Ended December 31, 2013

## Investment Philosophy

Morgan Stanley believes that sustainable growth that exceeds market expectations will produce superior investment results.

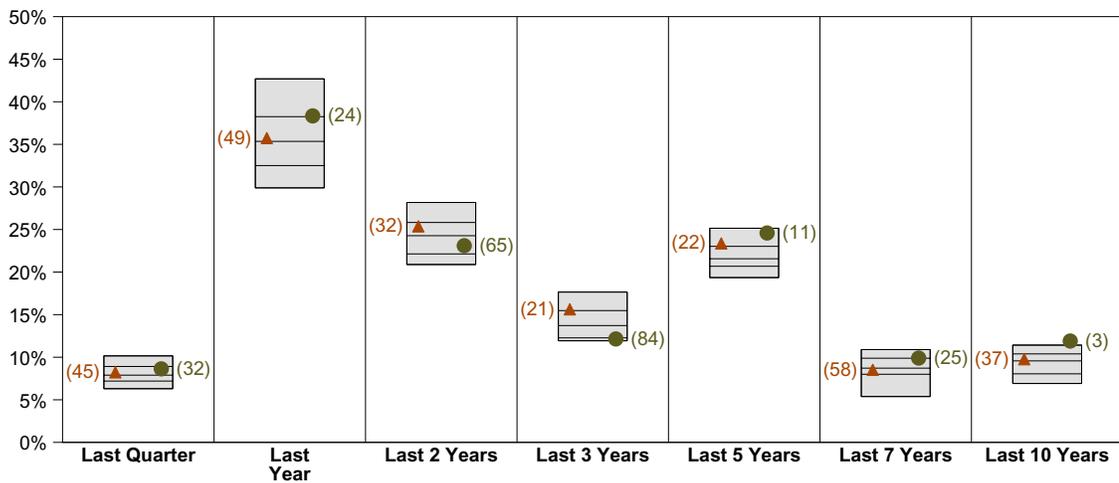
## Quarterly Summary and Highlights

- Morgan Stanley's portfolio posted a 8.64% return for the quarter placing it in the 32 percentile of the CAI MF - Mid Cap Growth Style group for the quarter and in the 24 percentile for the last year.
- Morgan Stanley's portfolio outperformed the Russell MidCap Growth Idx by 0.41% for the quarter and outperformed the Russell MidCap Growth Idx for the year by 2.60%.

## Quarterly Asset Growth

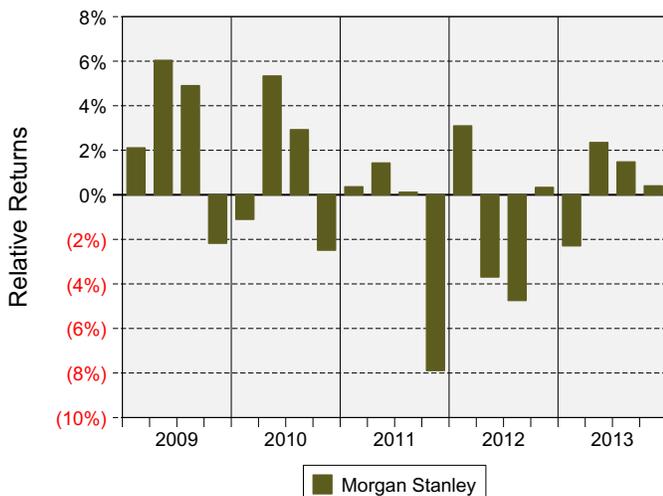
Beginning Market Value	\$5,353,939
Net New Investment	\$-1,000,000
Investment Gains/(Losses)	\$410,800
Ending Market Value	\$4,764,738

## Performance vs CAI MF - Mid Cap Growth Style (Net)

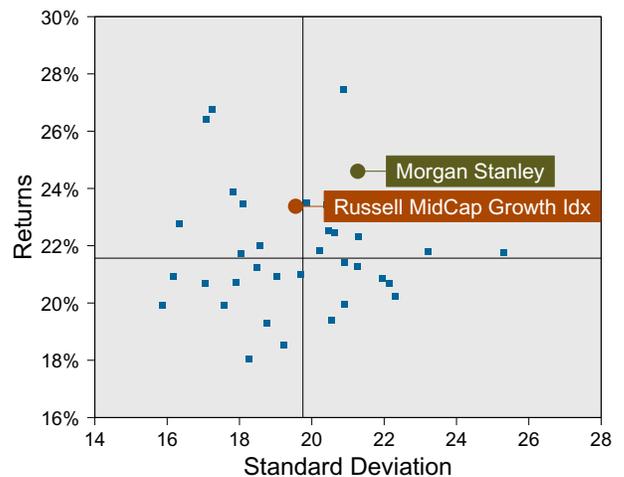


10th Percentile	10.16	42.69	28.18	17.66	25.15	10.90	11.42
25th Percentile	8.91	38.25	25.83	15.48	23.02	9.88	10.39
Median	7.89	35.35	24.27	13.72	21.57	8.72	9.57
75th Percentile	7.20	32.51	22.13	12.27	20.69	8.00	8.05
90th Percentile	6.30	29.89	20.89	11.93	19.35	5.38	6.92
<b>Morgan Stanley</b> ●	8.64	38.35	23.08	12.15	24.60	9.89	11.90
Russell MidCap Growth Idx ▲	8.23	35.74	25.38	15.63	23.37	8.53	9.77

## Relative Return vs Russell MidCap Growth Idx



## CAI MF - Mid Cap Growth Style (Net) Annualized Five Year Risk vs Return

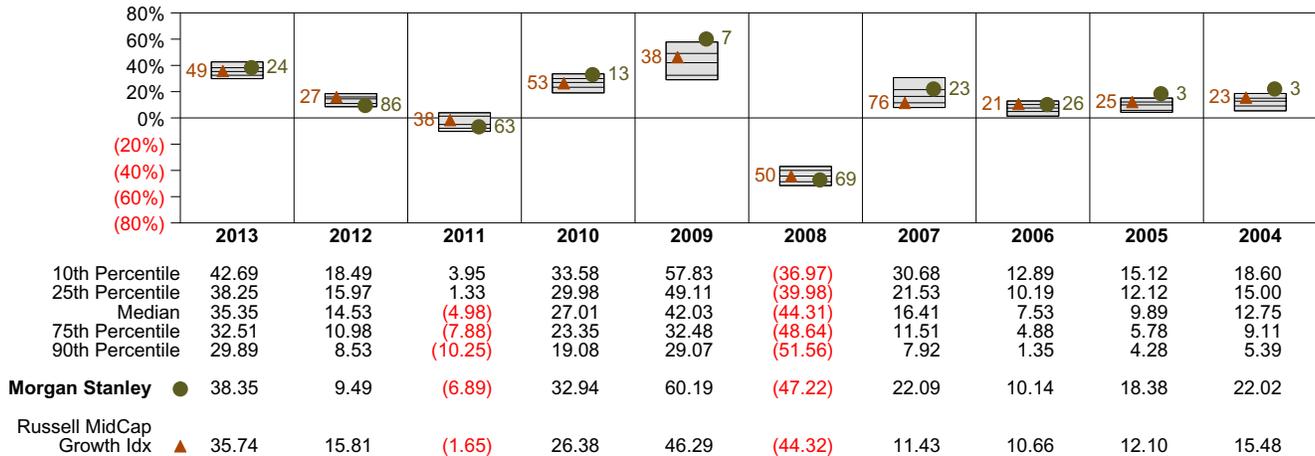


# Morgan Stanley Return Analysis Summary

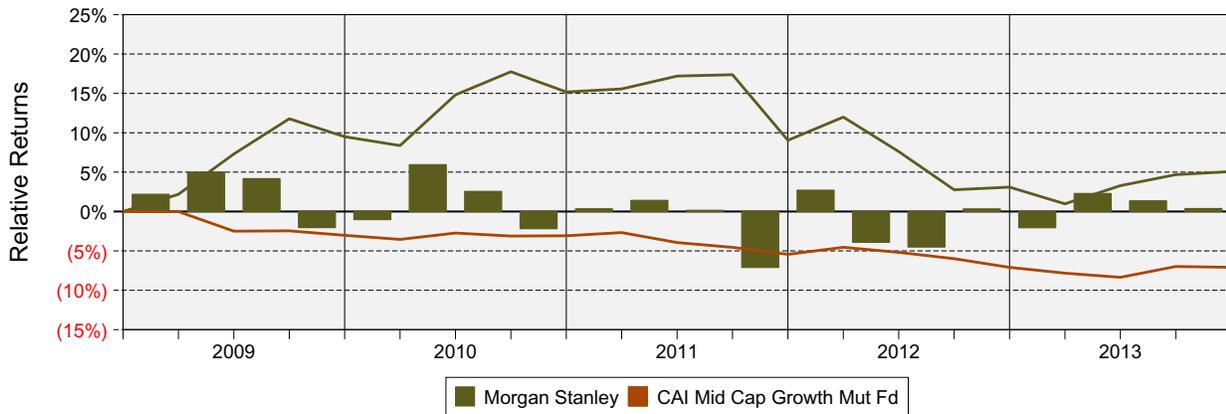
## Return Analysis

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

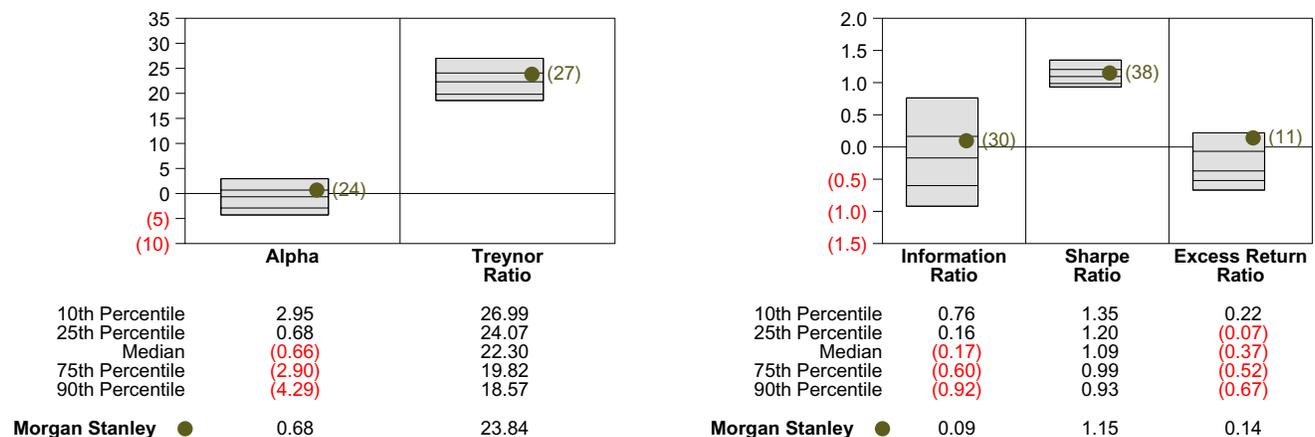
### Performance vs CAI MF - Mid Cap Growth Style (Net)



### Cumulative and Quarterly Relative Return vs Russell MidCap Growth Idx



### Risk Adjusted Return Measures vs Russell MidCap Growth Idx Rankings Against CAI MF - Mid Cap Growth Style (Net) Five Years Ended December 31, 2013

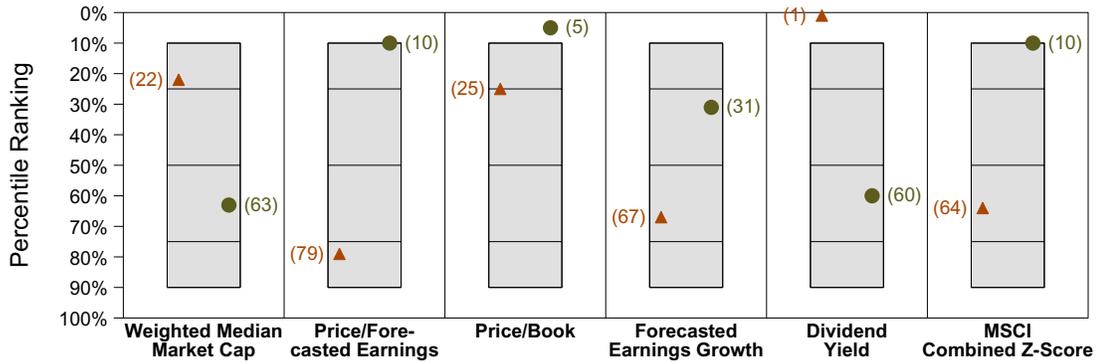


# Morgan Stanley Equity Characteristics Analysis Summary

## Portfolio Characteristics

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

## Portfolio Characteristics Percentile Rankings Rankings Against CAI MF - Mid Cap Growth Style as of December 31, 2013

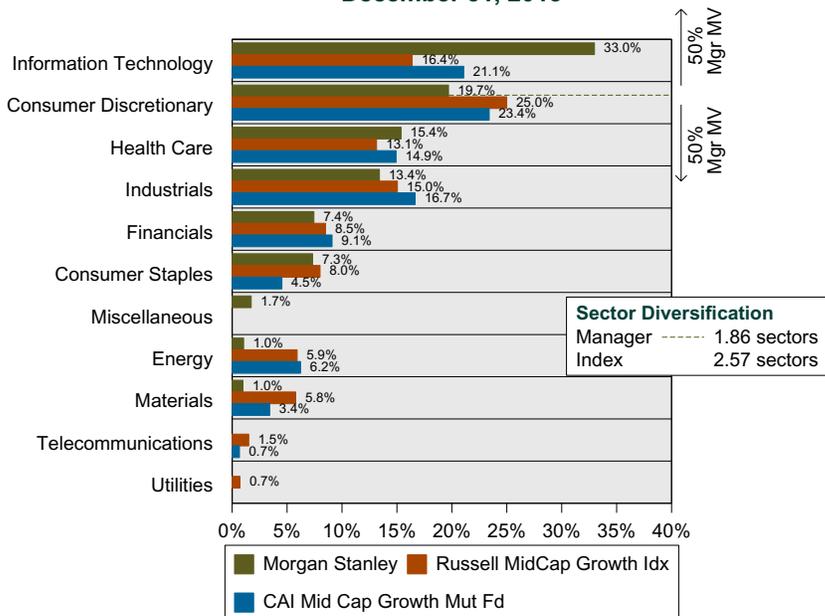


	Weighted Median Market Cap	Price/Forecasted Earnings	Price/Book	Forecasted Earnings Growth	Dividend Yield	MSCI Combined Z-Score
10th Percentile	11.54	28.53	4.81	21.53	0.87	1.30
25th Percentile	10.82	23.73	4.64	19.96	0.72	1.11
Median	8.76	21.62	4.21	17.07	0.58	0.87
75th Percentile	7.60	20.57	3.79	15.52	0.41	0.72
90th Percentile	5.16	19.02	3.32	15.02	0.34	0.54
<b>Morgan Stanley</b> ●	8.22	28.58	5.74	18.37	0.49	1.30
Russell MidCap Growth Idx ▲	11.36	19.92	4.65	16.17	1.03	0.78

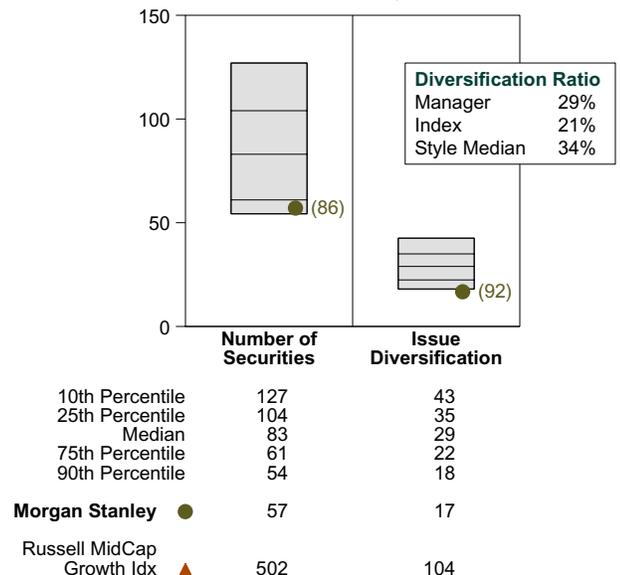
## Sector Weights

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

### Sector Allocation December 31, 2013



### Diversification December 31, 2013



# Janus Enterprise

## Period Ended December 31, 2013

### Investment Philosophy

Janus believes that investing in companies with sustainable growth and high return on invested capital can drive consistent returns with moderate risk. The team seeks to identify mid cap companies with high quality management teams that wisely allocate capital to drive growth over time. Switched from Class T Shares to Class I Shares in December 2009.

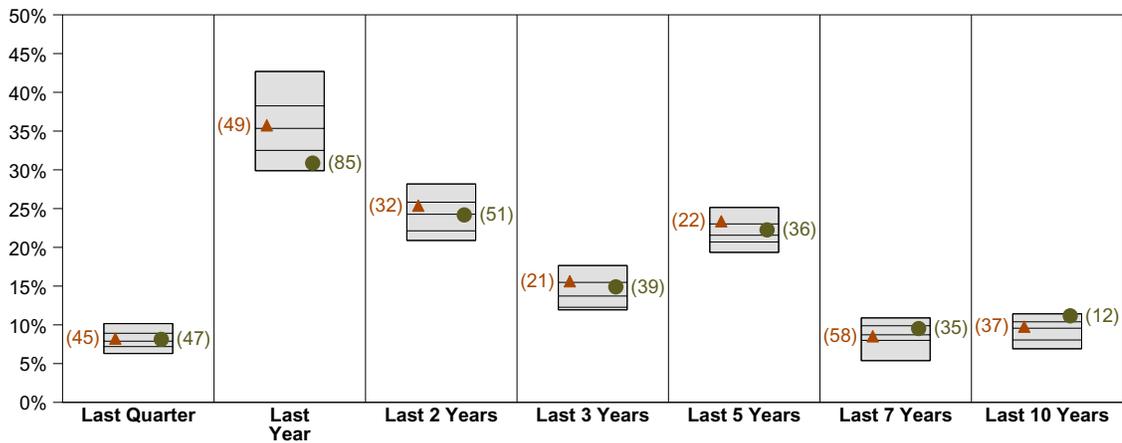
### Quarterly Summary and Highlights

- Janus Enterprise's portfolio posted a 8.13% return for the quarter placing it in the 47 percentile of the CAI MF - Mid Cap Growth Style group for the quarter and in the 85 percentile for the last year.
- Janus Enterprise's portfolio underperformed the Russell MidCap Growth Idx by 0.10% for the quarter and underperformed the Russell MidCap Growth Idx for the year by 4.88%.

### Quarterly Asset Growth

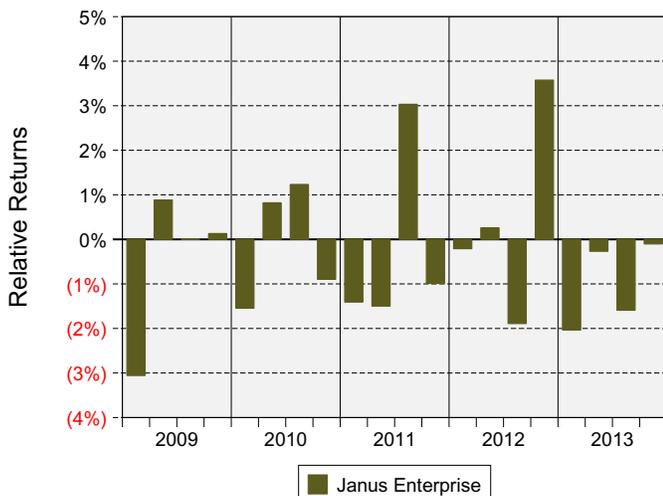
Beginning Market Value	\$4,192,008
Net New Investment	\$0
Investment Gains/(Losses)	\$340,793
Ending Market Value	\$4,532,801

### Performance vs CAI MF - Mid Cap Growth Style (Net)

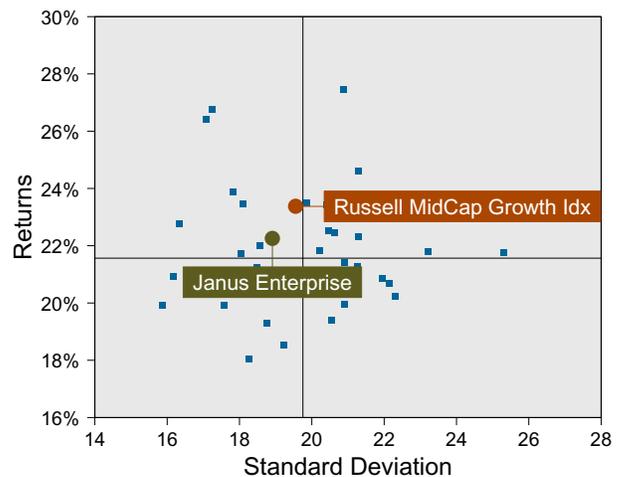


10th Percentile	10.16	42.69	28.18	17.66	25.15	10.90	11.42
25th Percentile	8.91	38.25	25.83	15.48	23.02	9.88	10.39
Median	7.89	35.35	24.27	13.72	21.57	8.72	9.57
75th Percentile	7.20	32.51	22.13	12.27	20.69	8.00	8.05
90th Percentile	6.30	29.89	20.89	11.93	19.35	5.38	6.92
<b>Janus Enterprise</b>	8.13	30.86	24.18	14.89	22.26	9.54	11.16
<b>Russell MidCap Growth Idx</b>	8.23	35.74	25.38	15.63	23.37	8.53	9.77

### Relative Return vs Russell MidCap Growth Idx



### CAI MF - Mid Cap Growth Style (Net) Annualized Five Year Risk vs Return

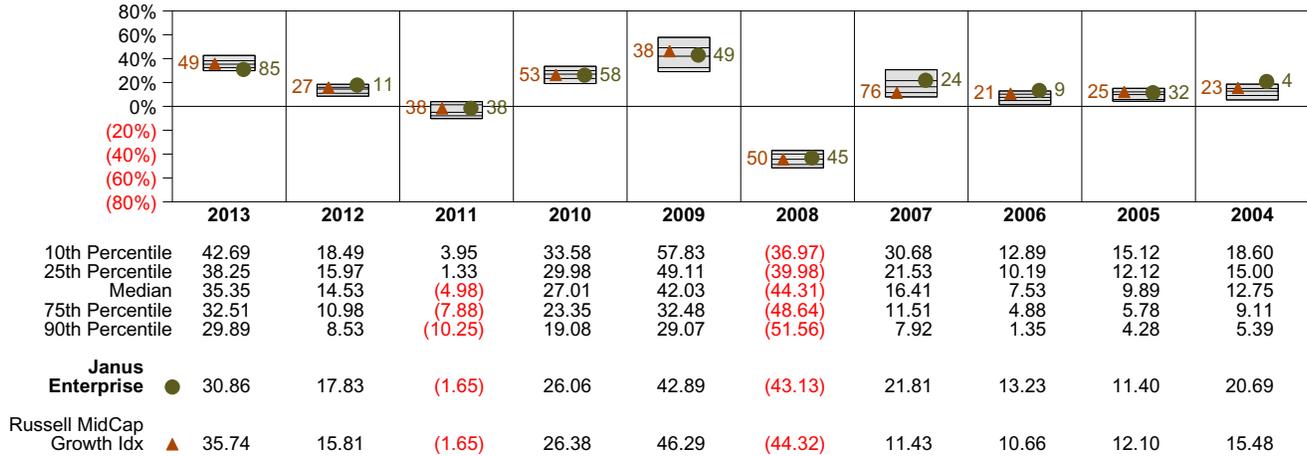


# Janus Enterprise Return Analysis Summary

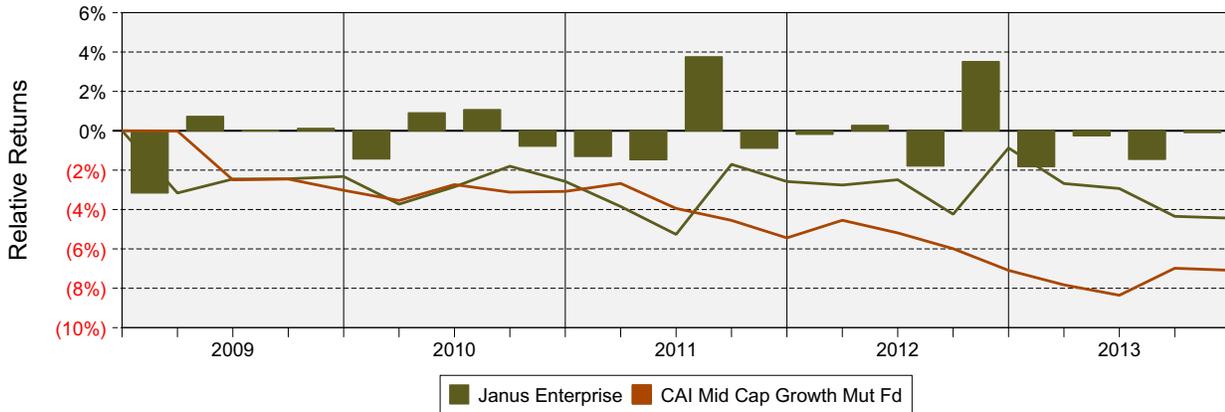
## Return Analysis

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

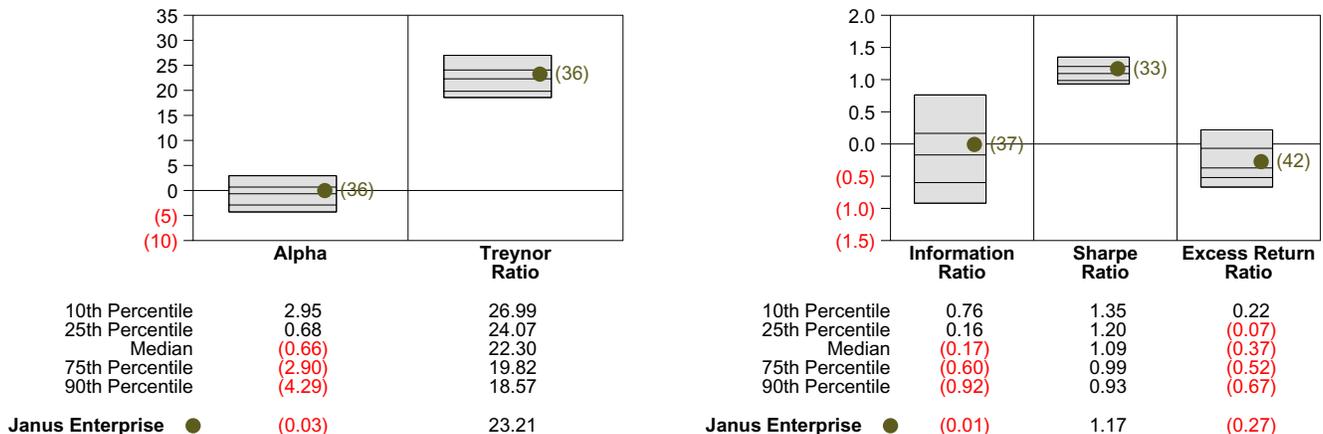
### Performance vs CAI MF - Mid Cap Growth Style (Net)



### Cumulative and Quarterly Relative Return vs Russell MidCap Growth Idx



### Risk Adjusted Return Measures vs Russell MidCap Growth Idx Rankings Against CAI MF - Mid Cap Growth Style (Net) Five Years Ended December 31, 2013

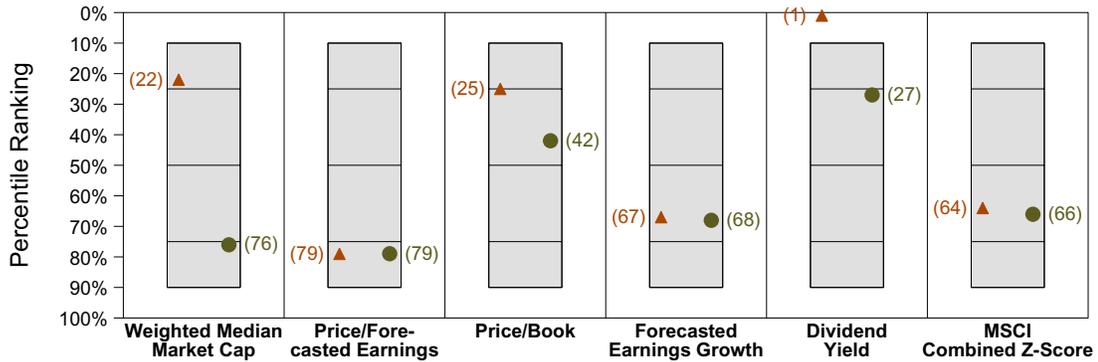


# Janus Enterprise Equity Characteristics Analysis Summary

## Portfolio Characteristics

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

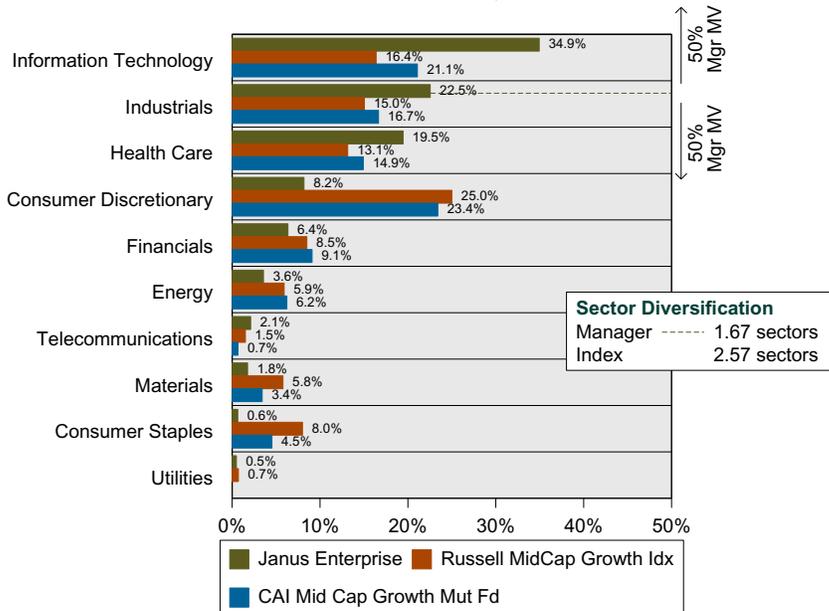
## Portfolio Characteristics Percentile Rankings Rankings Against CAI MF - Mid Cap Growth Style as of December 31, 2013



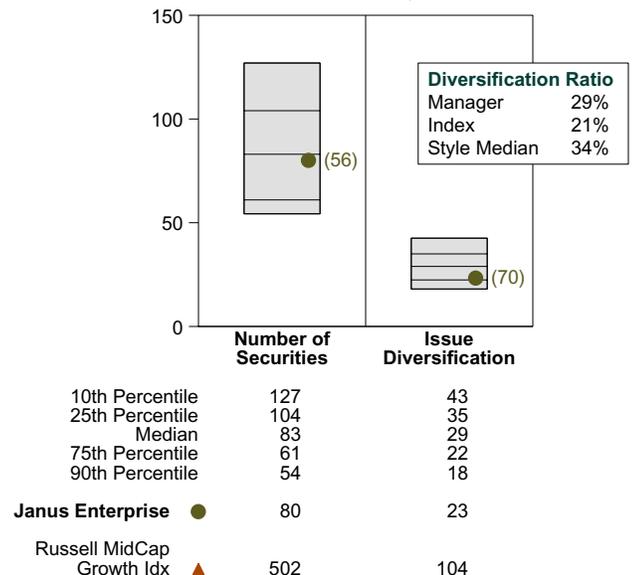
## Sector Weights

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

### Sector Allocation December 31, 2013



### Diversification December 31, 2013



# Prudential Small Cap Value Period Ended December 31, 2013

## Investment Philosophy

The fund is currently managed by five subadvisors: EARNEST Partners, NFJ, Lee Munder, JPMorgan, and Vaughan Nelson. The fund seeks above-average capital appreciation by investing with managers who invest in stocks of companies with a total market capitalization of less than \$2.5 billion.

## Quarterly Summary and Highlights

- Prudential Small Cap Value's portfolio posted a 8.80% return for the quarter placing it in the 60 percentile of the CAI MF - Small Cap Value Style group for the quarter and in the 45 percentile for the last year.
- Prudential Small Cap Value's portfolio underperformed the Russell 2000 Value Index by 0.50% for the quarter and outperformed the Russell 2000 Value Index for the year by 1.35%.

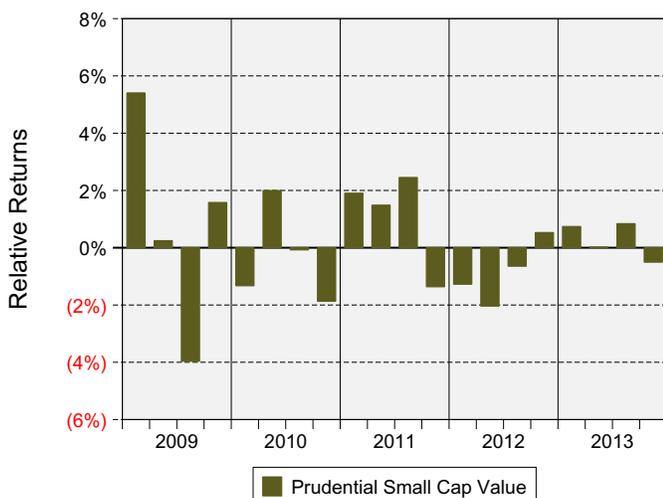
## Quarterly Asset Growth

Beginning Market Value	\$11,049,114
Net New Investment	\$0
Investment Gains/(Losses)	\$972,074
Ending Market Value	\$12,021,188

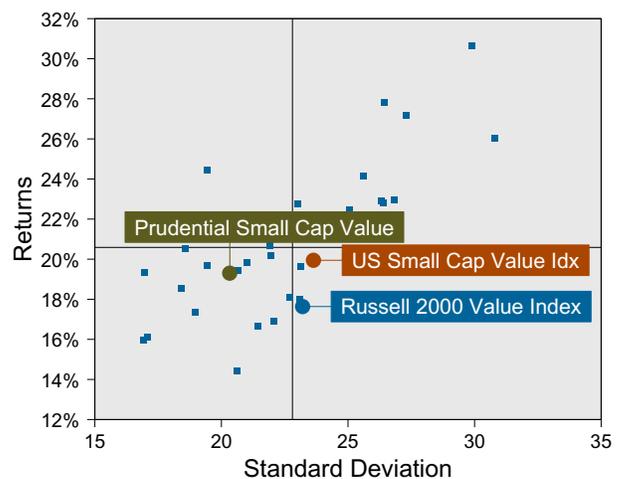
## Performance vs CAI MF - Small Cap Value Style (Net)



## Relative Return vs Russell 2000 Value Index



## CAI MF - Small Cap Value Style (Net) Annualized Five Year Risk vs Return

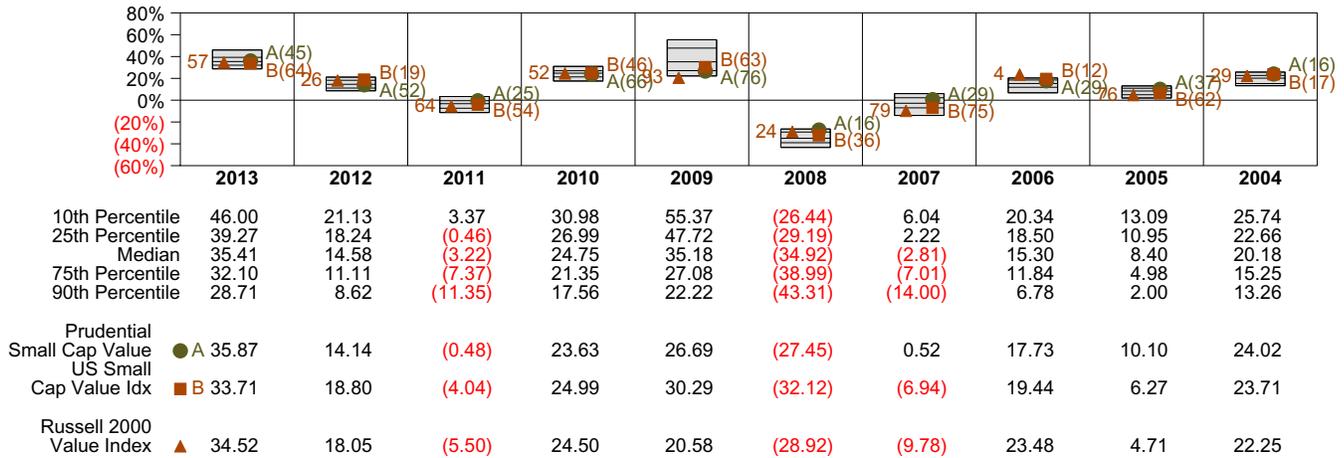


# Prudential Small Cap Value Return Analysis Summary

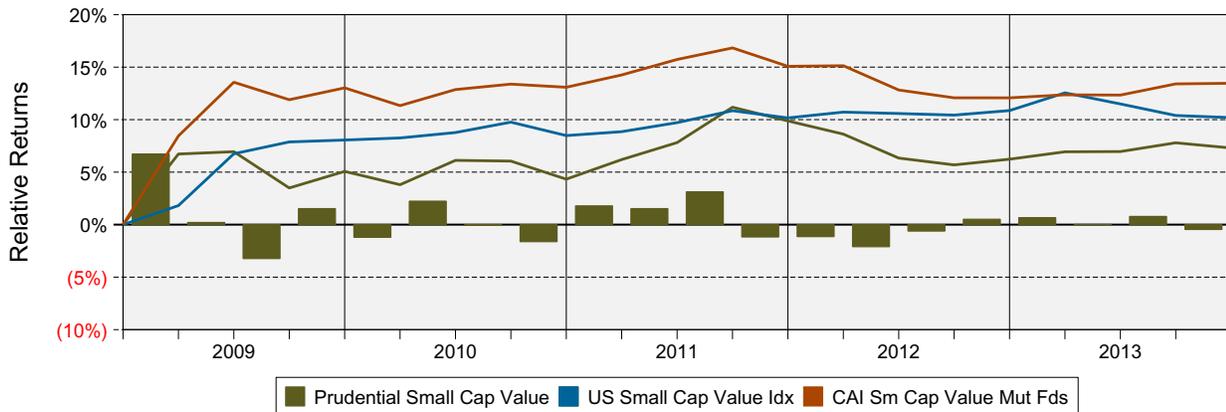
## Return Analysis

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

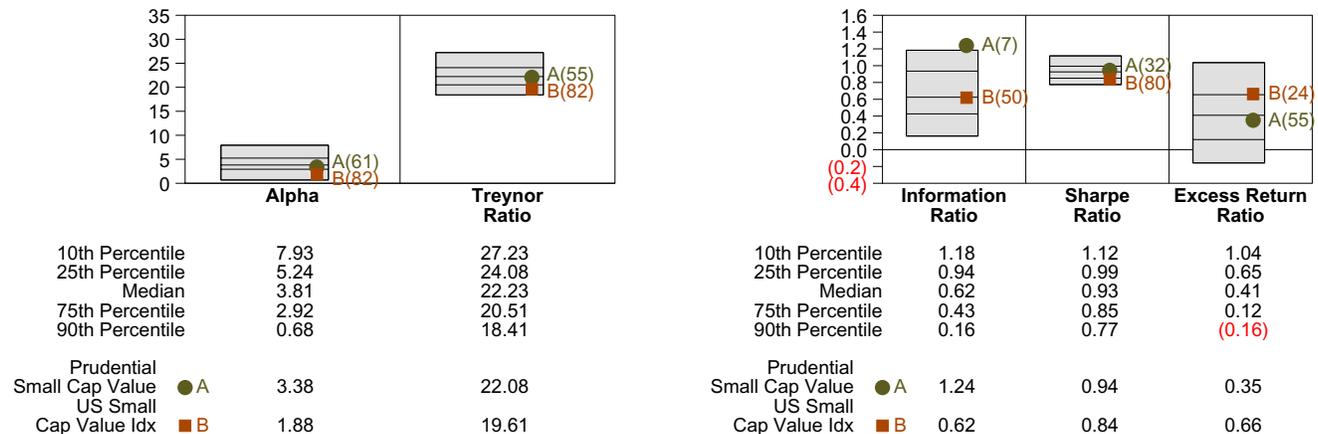
### Performance vs CAI MF - Small Cap Value Style (Net)



### Cumulative and Quarterly Relative Return vs Russell 2000 Value Index



### Risk Adjusted Return Measures vs Russell 2000 Value Index Rankings Against CAI MF - Small Cap Value Style (Net) Five Years Ended December 31, 2013

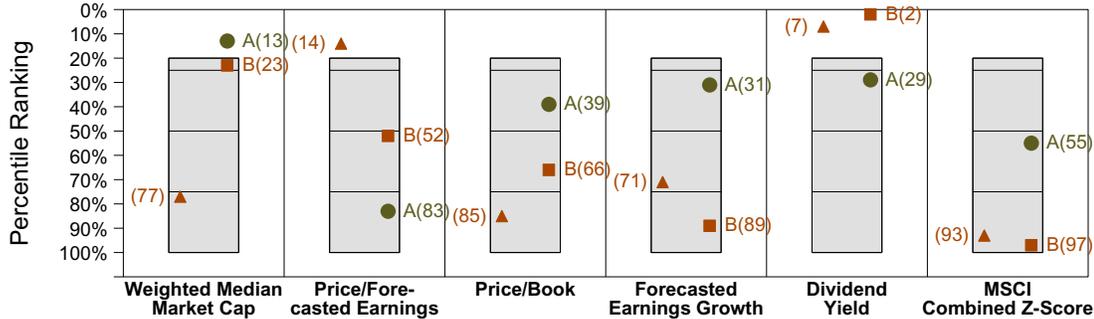


# Prudential Small Cap Value Equity Characteristics Analysis Summary

## Portfolio Characteristics

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

## Portfolio Characteristics Percentile Rankings Rankings Against CAI MF - Small Cap Value Style as of December 31, 2013

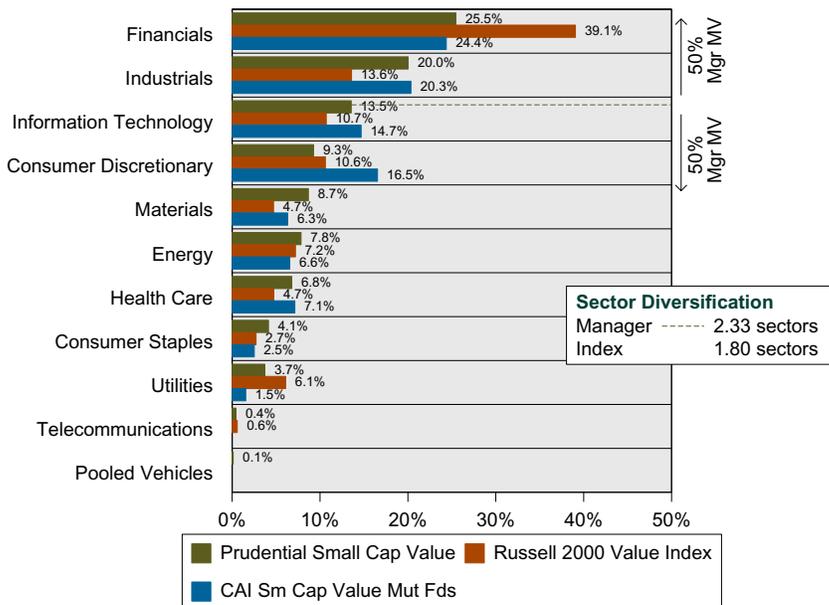


	Weighted Median Market Cap	Price/Forecasted Earnings	Price/Book	Forecasted Earnings Growth	Dividend Yield	MSCI Combined Z-Score
10th Percentile	2.78	19.79	2.31	14.61	1.76	(0.08)
25th Percentile	2.14	18.06	2.05	13.98	1.64	(0.22)
Median	1.50	17.10	1.83	12.15	1.18	(0.34)
75th Percentile	1.40	16.17	1.57	10.06	0.99	(0.42)
90th Percentile	0.74	14.33	1.44	8.19	0.90	(0.53)
Prudential Small Cap Value ● A	2.59	15.68	1.90	13.51	1.56	(0.36)
US Small Cap Value Idx ■ B	2.23	17.00	1.63	8.50	2.33	(0.71)
Russell 2000 Value Index ▲	1.39	19.13	1.51	10.34	1.92	(0.59)

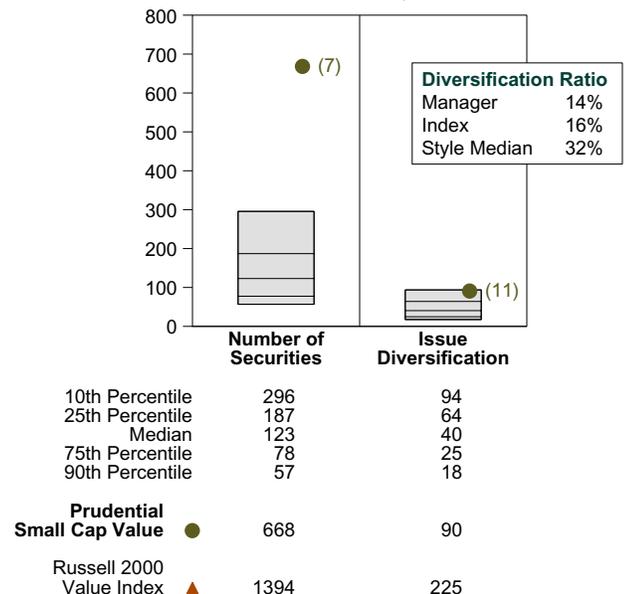
## Sector Weights

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

### Sector Allocation December 31, 2013



### Diversification December 31, 2013



# Alliance US Small Growth Period Ended December 31, 2013

## Investment Philosophy

AllianceBernstein's small cap growth investment process emphasizes in-house fundamental research and direct management contact in order to identify rapidly growing companies with accelerating earnings power and reasonable valuations. AllianceBernstein's management fee is 100 bps on all assets.

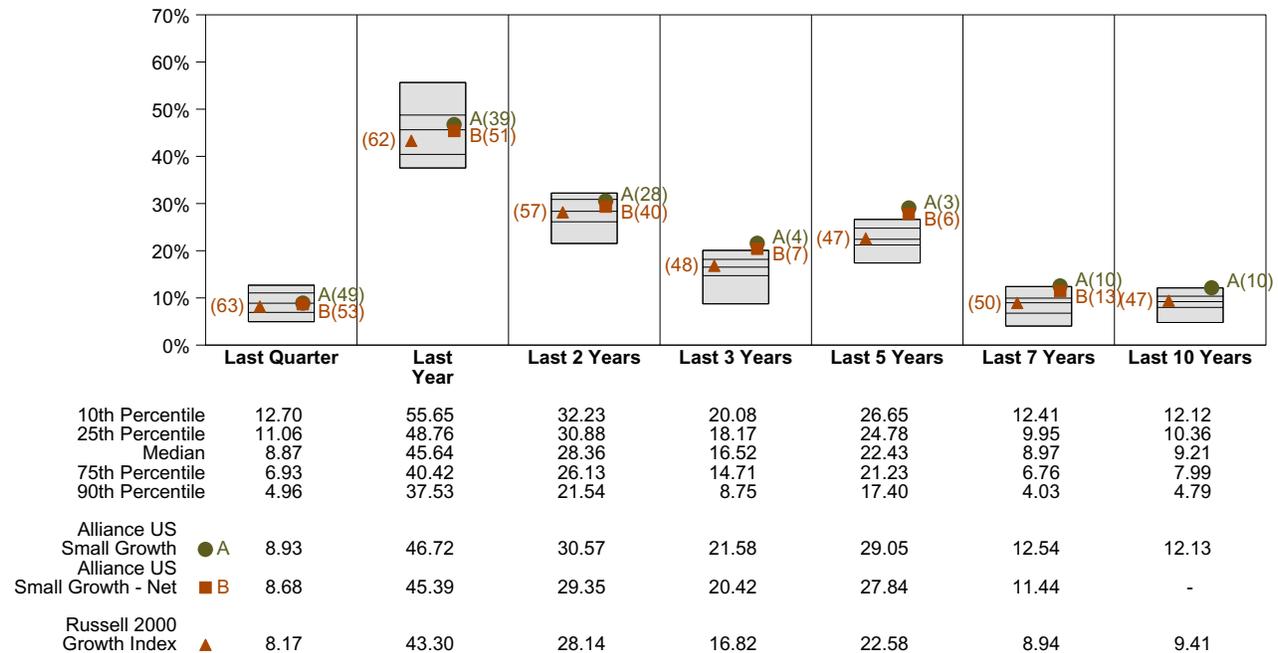
## Quarterly Summary and Highlights

- Alliance US Small Growth's portfolio posted a 8.93% return for the quarter placing it in the 49 percentile of the CAI MF-Small Cap Growth Style group for the quarter and in the 39 percentile for the last year.
- Alliance US Small Growth's portfolio outperformed the Russell 2000 Growth Index by 0.76% for the quarter and outperformed the Russell 2000 Growth Index for the year by 3.42%.

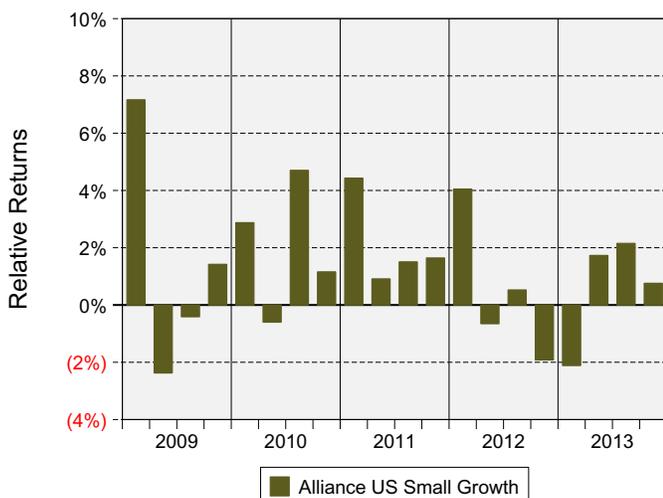
## Quarterly Asset Growth

Beginning Market Value	\$6,004,170
Net New Investment	\$0
Investment Gains/(Losses)	\$536,230
Ending Market Value	\$6,540,400

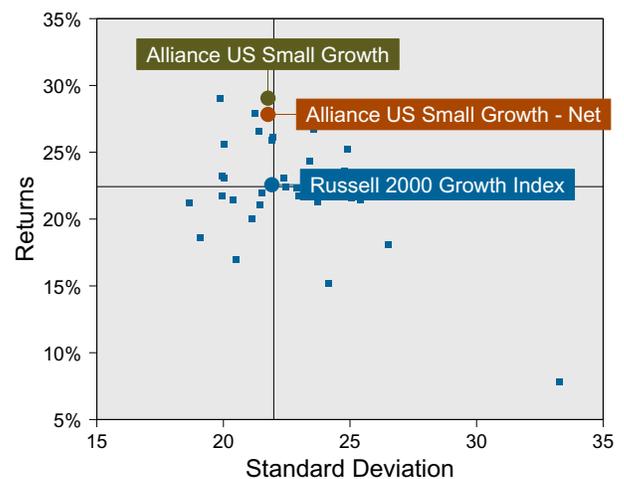
## Performance vs CAI MF- Small Cap Growth Style (Net)



## Relative Return vs Russell 2000 Growth Index



## CAI MF- Small Cap Growth Style (Net) Annualized Five Year Risk vs Return

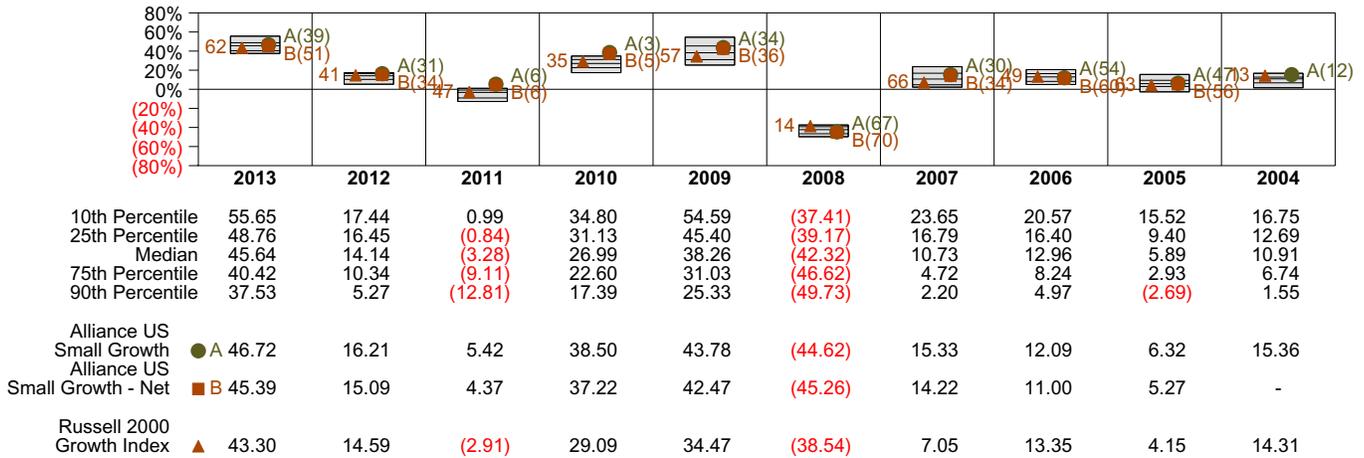


# Alliance US Small Growth Return Analysis Summary

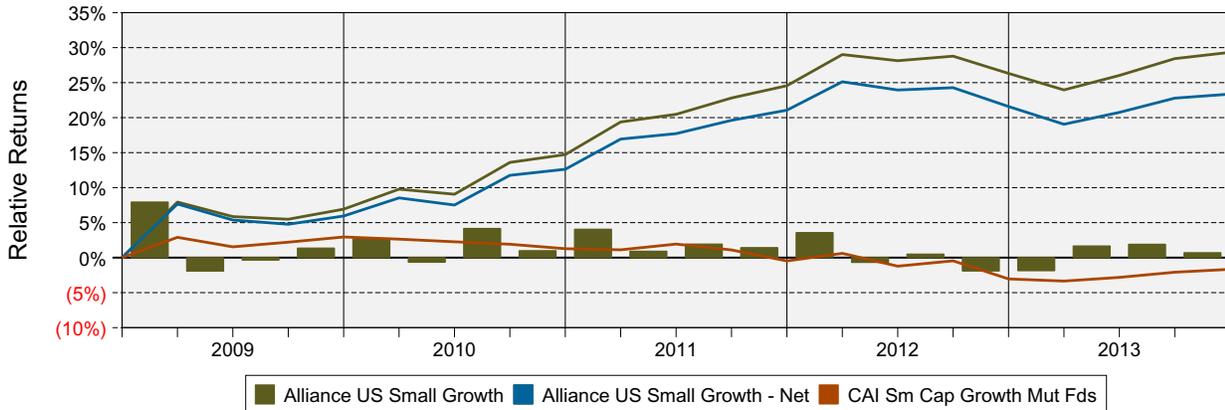
## Return Analysis

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

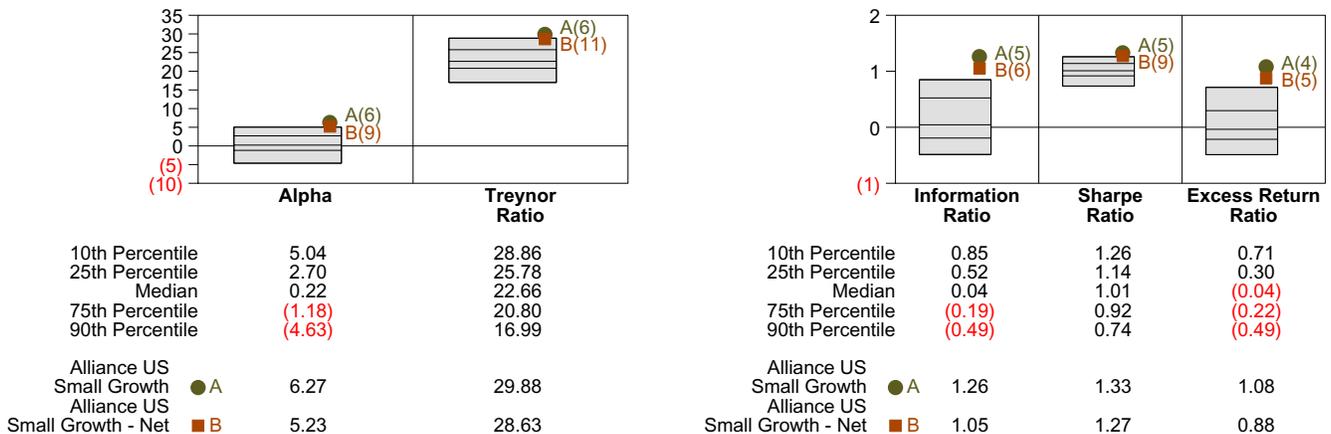
### Performance vs CAI MF- Small Cap Growth Style (Net)



### Cumulative and Quarterly Relative Return vs Russell 2000 Growth Index



### Risk Adjusted Return Measures vs Russell 2000 Growth Index Rankings Against CAI MF- Small Cap Growth Style (Net) Five Years Ended December 31, 2013

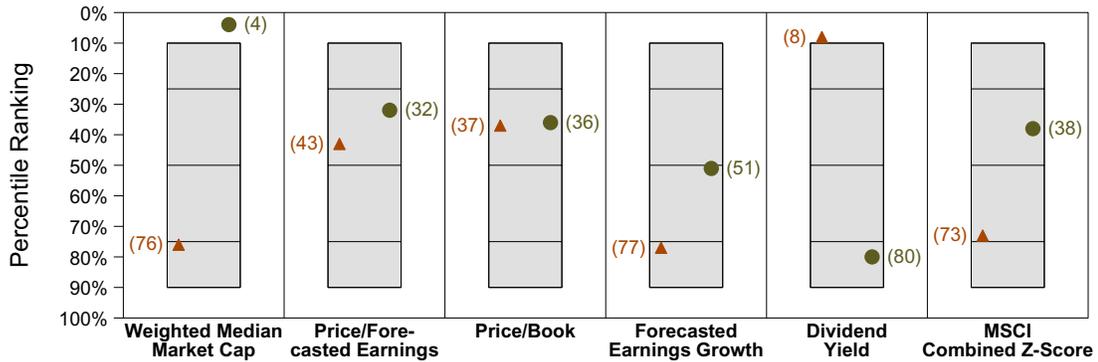


# Alliance US Small Growth Equity Characteristics Analysis Summary

## Portfolio Characteristics

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

## Portfolio Characteristics Percentile Rankings Rankings Against CAI MF- Small Cap Growth Style as of December 31, 2013

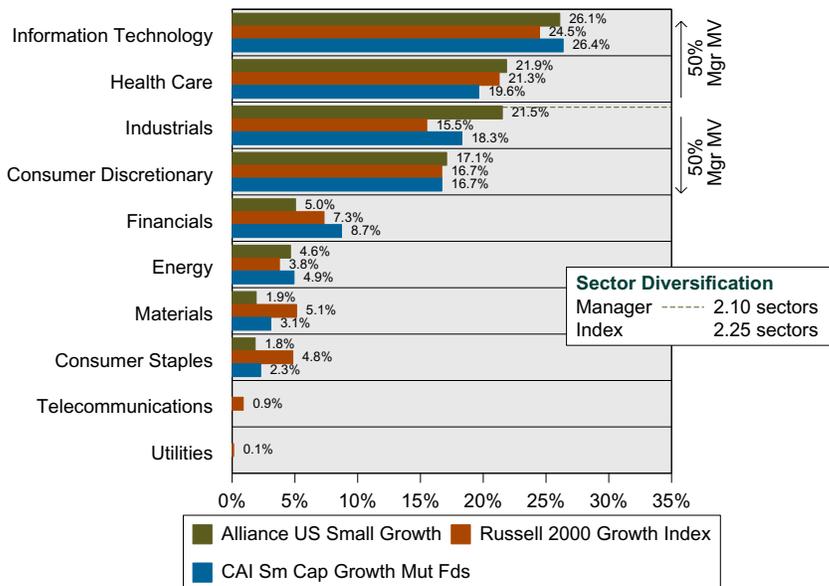


	Weighted Median Market Cap	Price/Forecasted Earnings	Price/Book	Forecasted Earnings Growth	Dividend Yield	MSCI Combined Z-Score
10th Percentile	2.73	44.58	4.89	25.92	0.56	1.04
25th Percentile	2.49	33.41	4.56	23.14	0.44	0.97
Median	2.01	27.26	3.71	20.52	0.36	0.76
75th Percentile	1.82	23.14	3.13	18.56	0.21	0.58
90th Percentile	1.28	20.60	2.95	15.37	0.11	0.46
<b>Alliance US Small Growth</b> ●	2.90	30.73	4.10	20.46	0.19	0.89
Russell 2000 Growth Index ▲	1.79	28.23	4.01	18.51	0.59	0.61

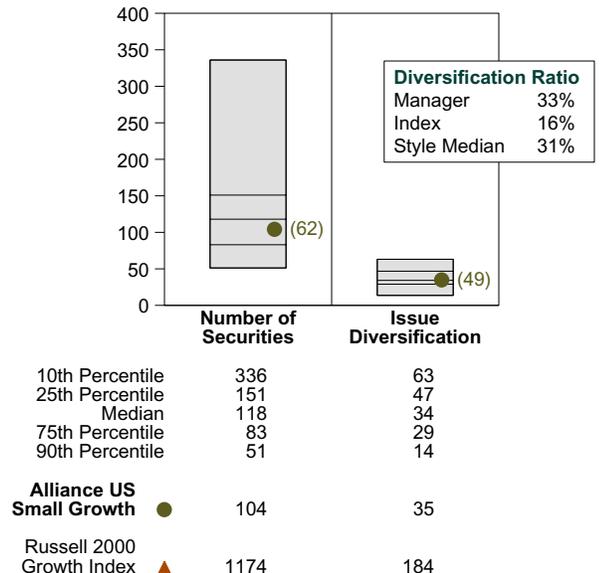
## Sector Weights

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

### Sector Allocation December 31, 2013



### Diversification December 31, 2013



# RS Investments

## Period Ended December 31, 2013

### Investment Philosophy

RS Growth Team's investment philosophy is based upon the belief that long term capital appreciation can be achieved by exploiting opportunities where an information gap exists. They believe that companies with developing or proven competitive advantages and strong fundamentals can be identified early in their growth cycle, through insightful fundamental research performed by experienced analysts and proprietary quantitative tools. Switched from Class A Shares to Class Y Shares in December 2009.

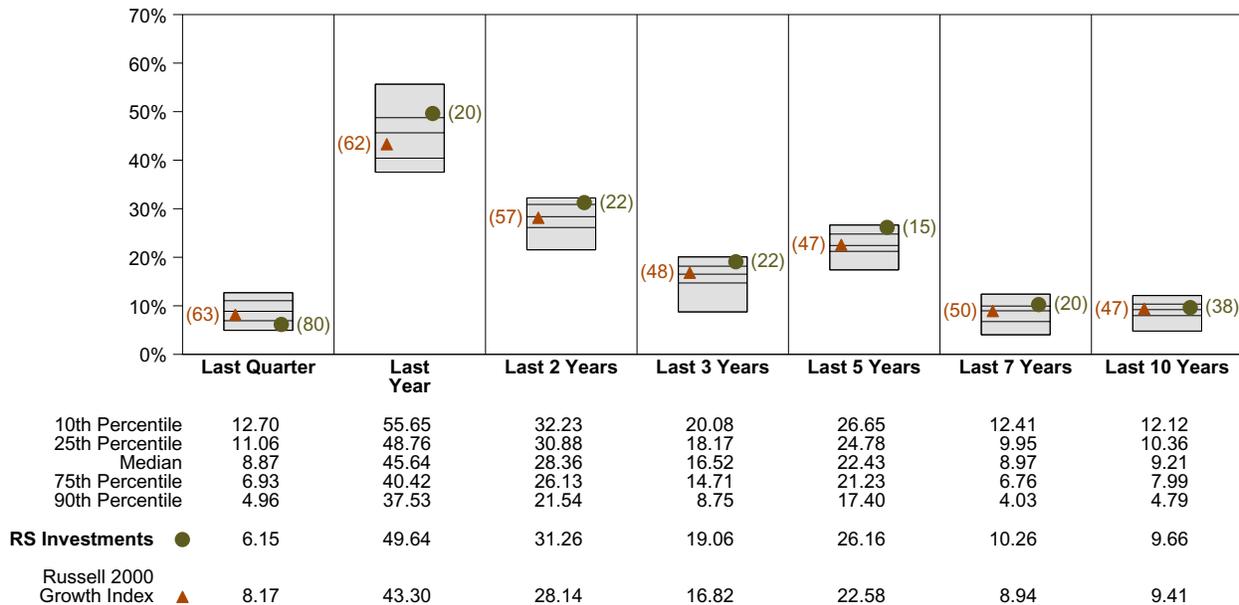
### Quarterly Summary and Highlights

- RS Investments's portfolio posted a 6.15% return for the quarter placing it in the 80 percentile of the CAI MF- Small Cap Growth Style group for the quarter and in the 20 percentile for the last year.
- RS Investments's portfolio underperformed the Russell 2000 Growth Index by 2.02% for the quarter and outperformed the Russell 2000 Growth Index for the year by 6.34%.

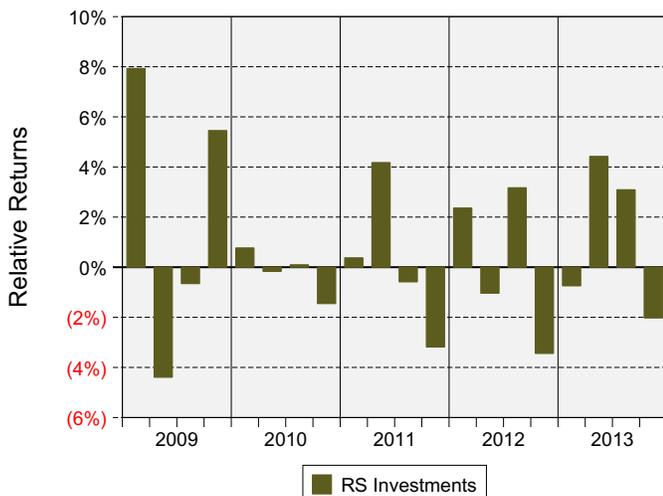
### Quarterly Asset Growth

Beginning Market Value	\$5,437,904
Net New Investment	\$-1,000,000
Investment Gains/(Losses)	\$293,502
Ending Market Value	\$4,731,406

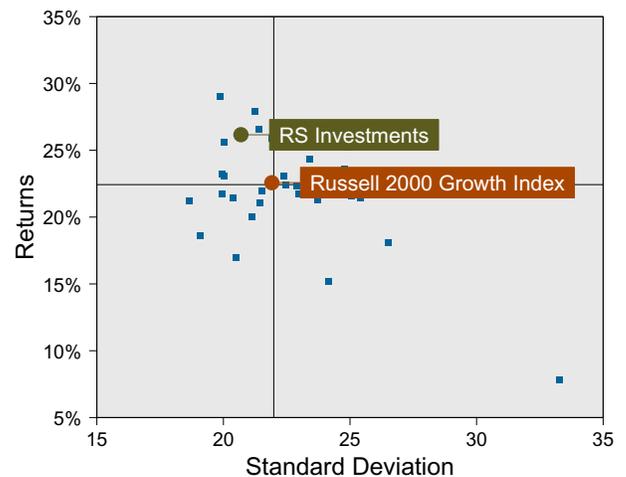
### Performance vs CAI MF- Small Cap Growth Style (Net)



### Relative Return vs Russell 2000 Growth Index



### CAI MF- Small Cap Growth Style (Net) Annualized Five Year Risk vs Return

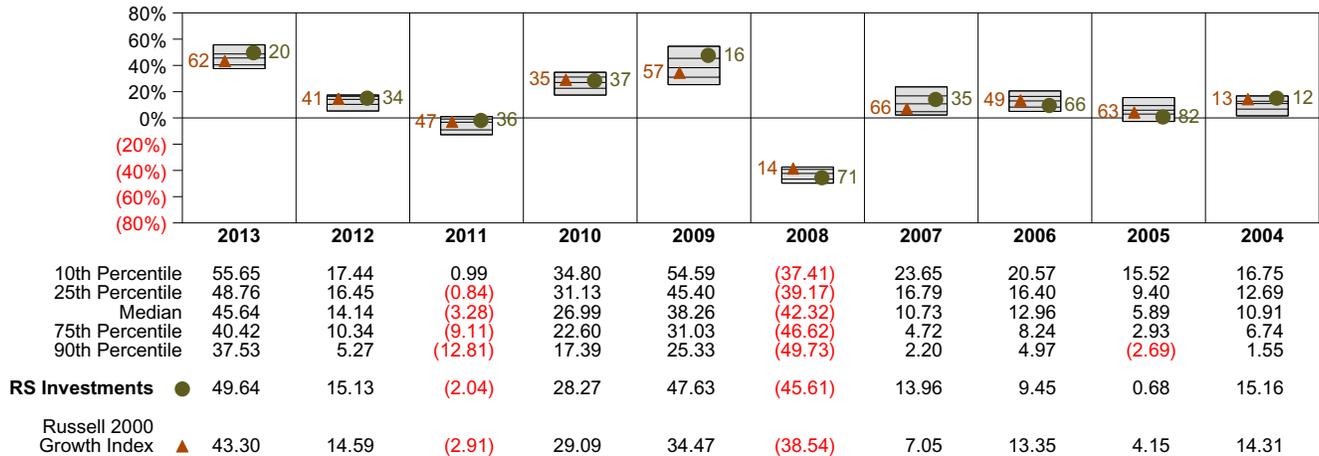


# RS Investments Return Analysis Summary

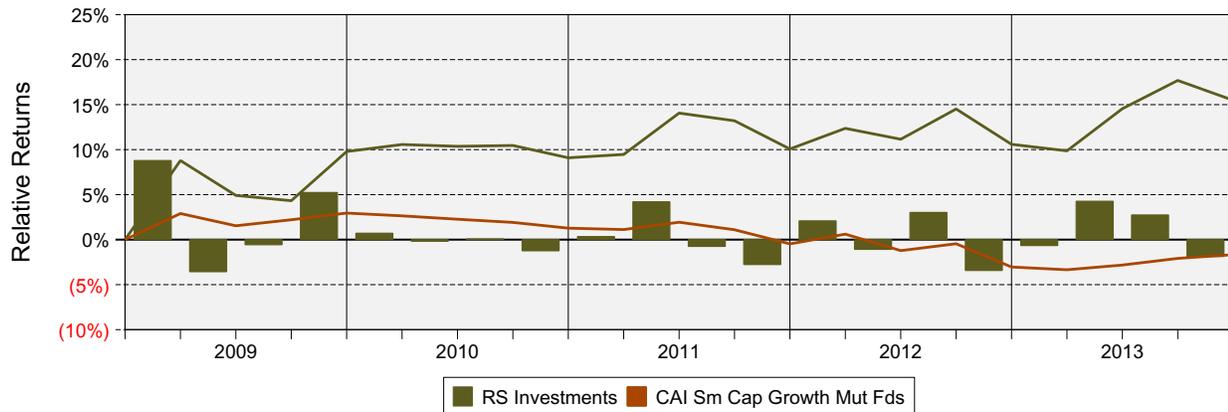
## Return Analysis

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

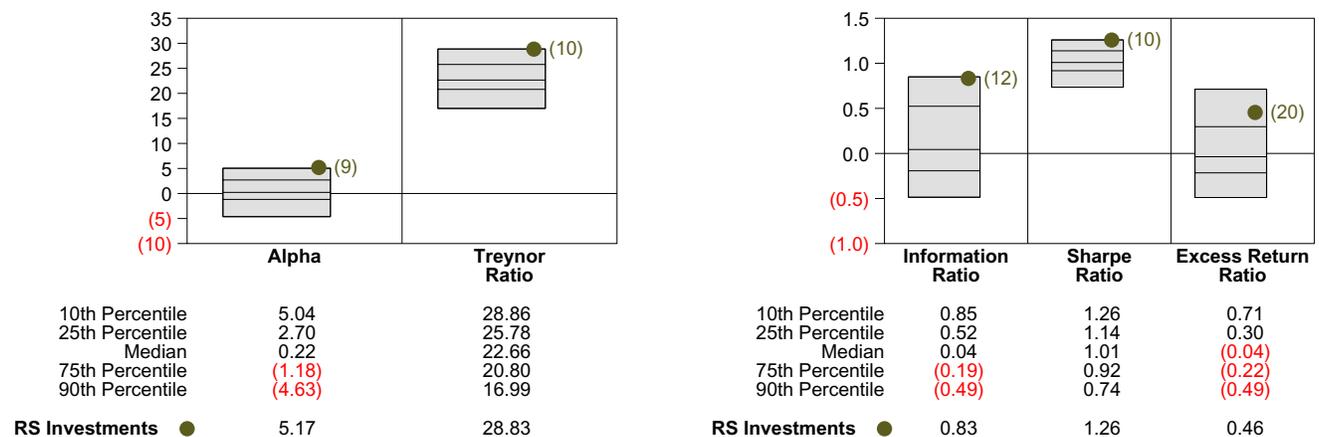
### Performance vs CAI MF- Small Cap Growth Style (Net)



### Cumulative and Quarterly Relative Return vs Russell 2000 Growth Index



### Risk Adjusted Return Measures vs Russell 2000 Growth Index Rankings Against CAI MF- Small Cap Growth Style (Net) Five Years Ended December 31, 2013

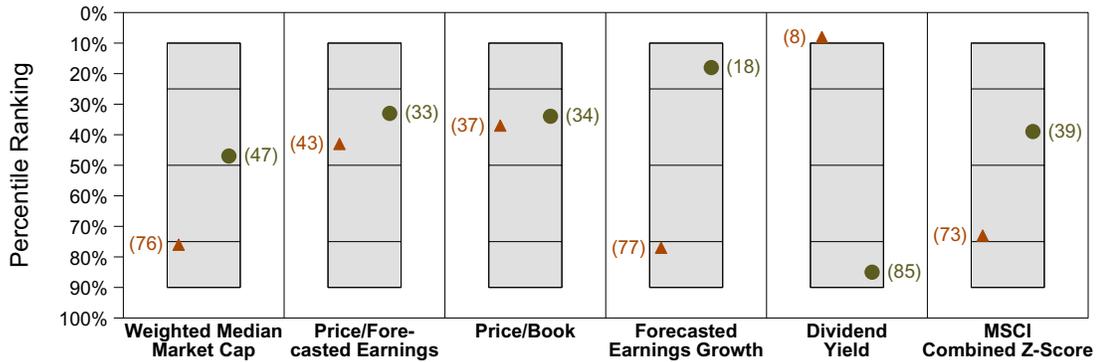


# RS Investments Equity Characteristics Analysis Summary

## Portfolio Characteristics

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

## Portfolio Characteristics Percentile Rankings Rankings Against CAI MF- Small Cap Growth Style as of December 31, 2013

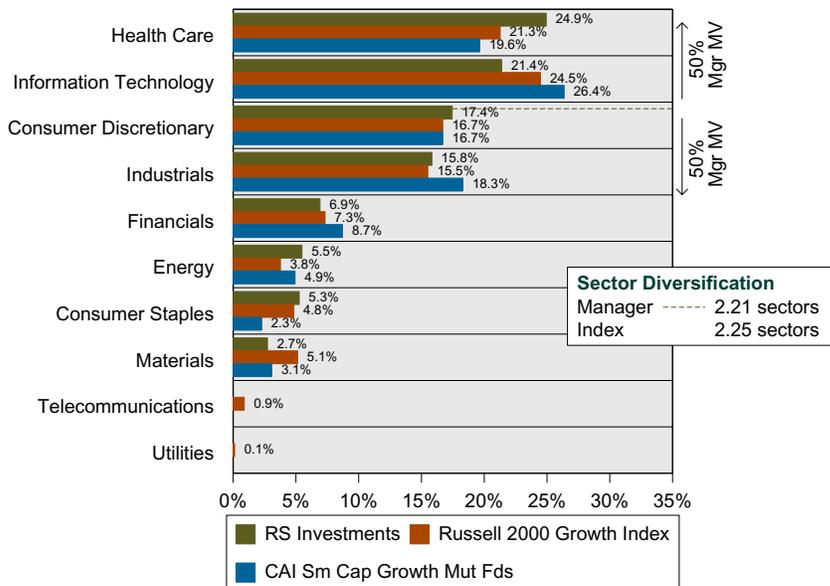


	Weighted Median Market Cap	Price/Forecasted Earnings	Price/Book	Forecasted Earnings Growth	Dividend Yield	MSCI Combined Z-Score
10th Percentile	2.73	44.58	4.89	25.92	0.56	1.04
25th Percentile	2.49	33.41	4.56	23.14	0.44	0.97
Median	2.01	27.26	3.71	20.52	0.36	0.76
75th Percentile	1.82	23.14	3.13	18.56	0.21	0.58
90th Percentile	1.28	20.60	2.95	15.37	0.11	0.46
<b>RS Investments</b> ●	2.03	29.57	4.30	24.38	0.16	0.88
Russell 2000 Growth Index ▲	1.79	28.23	4.01	18.51	0.59	0.61

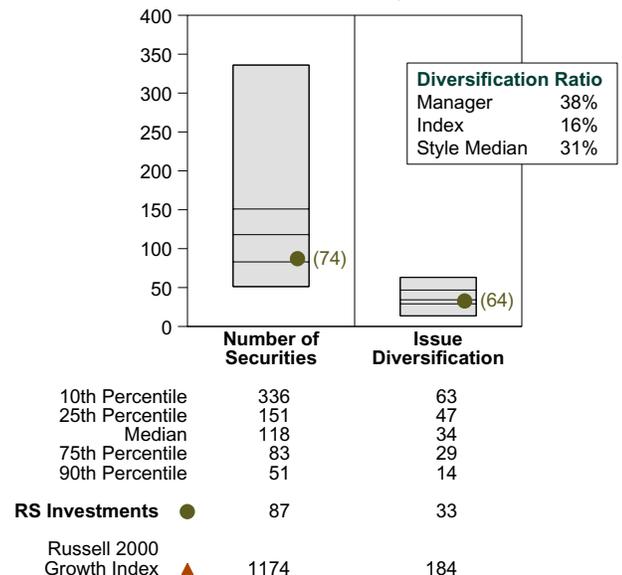
## Sector Weights

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

### Sector Allocation December 31, 2013



### Diversification December 31, 2013



# Managers Inst Micro Cap Period Ended December 31, 2013

## Investment Philosophy

The Fund's objective is to achieve long term capital appreciation, through the investment of U.S. companies, which at the time of initial purchase have a market capitalization amongst the smallest 5% of companies listed on the U.S. stock markets

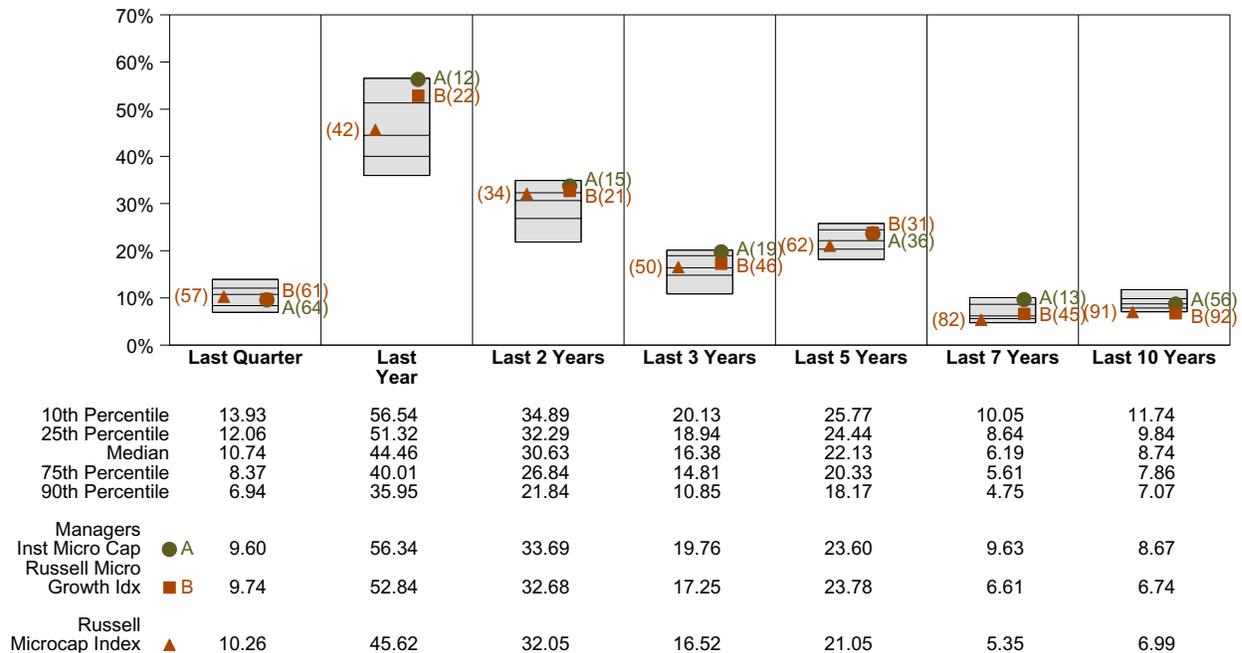
## Quarterly Summary and Highlights

- Managers Inst Micro Cap's portfolio posted a 9.60% return for the quarter placing it in the 64 percentile of the MF - Micro Cap Obj group for the quarter and in the 12 percentile for the last year.
- Managers Inst Micro Cap's portfolio underperformed the Russell Microcap Index by 0.66% for the quarter and outperformed the Russell Microcap Index for the year by 10.72%.

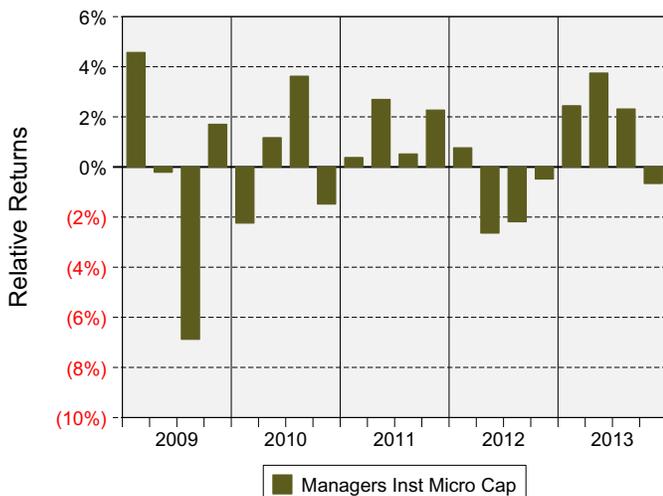
## Quarterly Asset Growth

Beginning Market Value	\$8,318,140
Net New Investment	\$0
Investment Gains/(Losses)	\$798,459
Ending Market Value	\$9,116,599

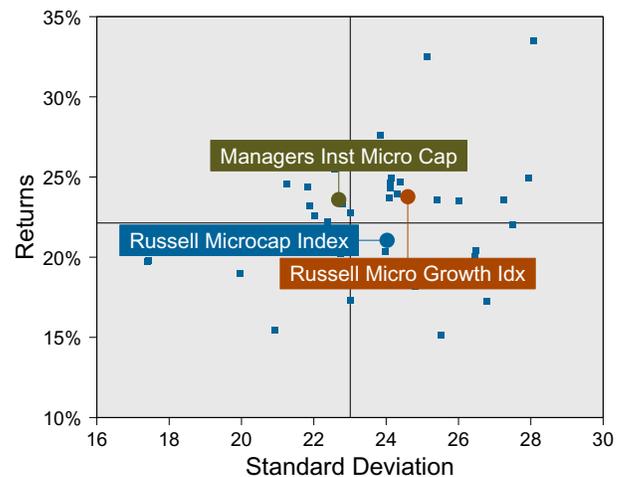
## Performance vs MF - Micro Cap Obj (Net)



## Relative Return vs Russell Microcap Index



## MF - Micro Cap Obj (Net) Annualized Five Year Risk vs Return

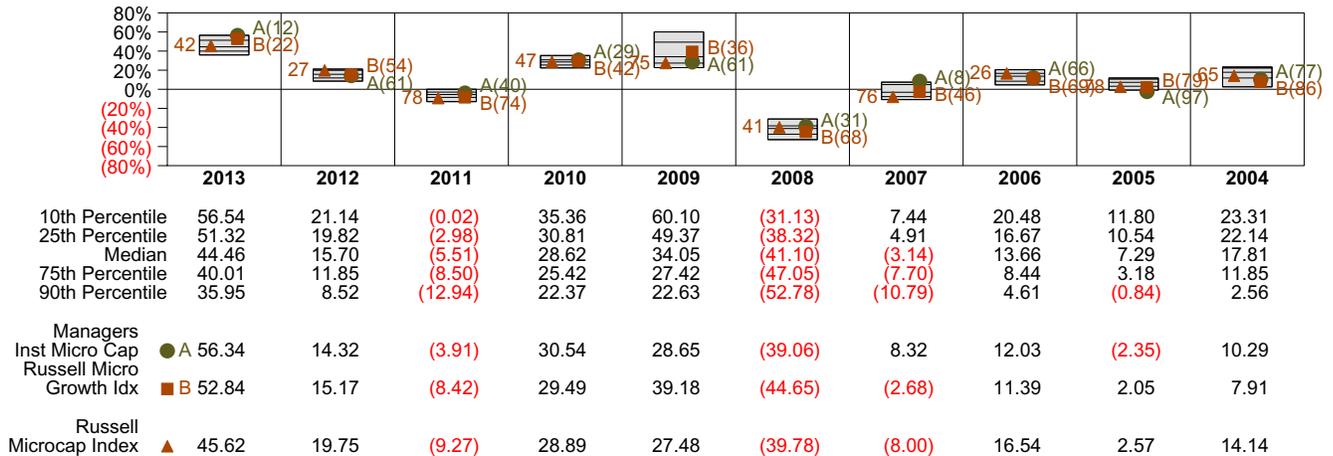


# Managers Inst Micro Cap Return Analysis Summary

## Return Analysis

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

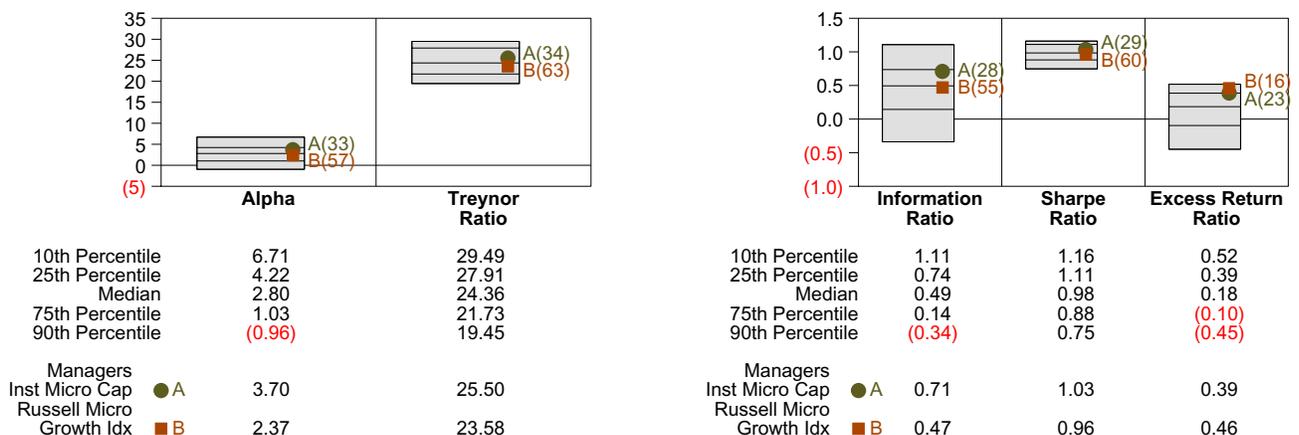
### Performance vs MF - Micro Cap Obj (Net)



### Cumulative and Quarterly Relative Return vs Russell Microcap Index



### Risk Adjusted Return Measures vs Russell Microcap Index Rankings Against MF - Micro Cap Obj (Net) Five Years Ended December 31, 2013

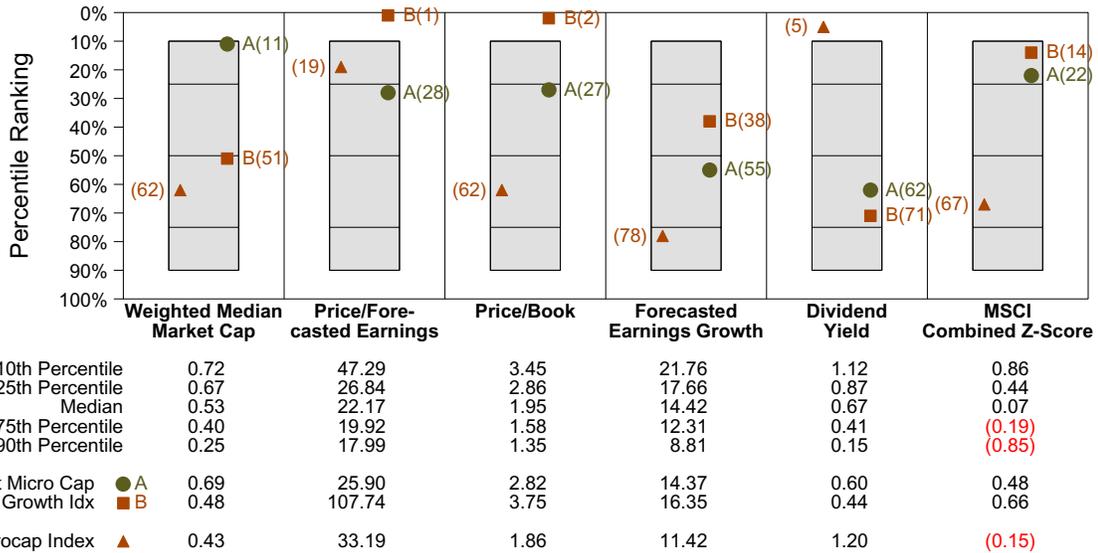


# Managers Inst Micro Cap Equity Characteristics Analysis Summary

## Portfolio Characteristics

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

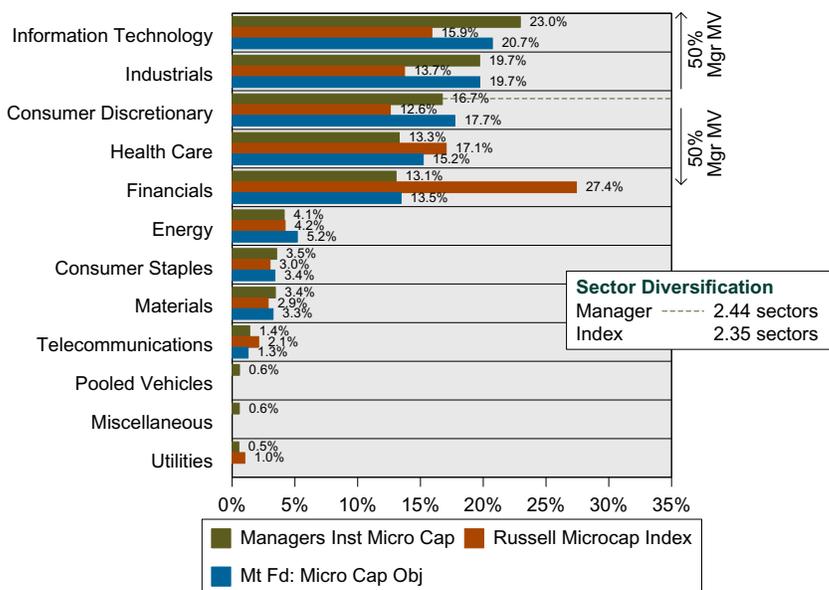
## Portfolio Characteristics Percentile Rankings Rankings Against MF - Micro Cap Obj as of December 31, 2013



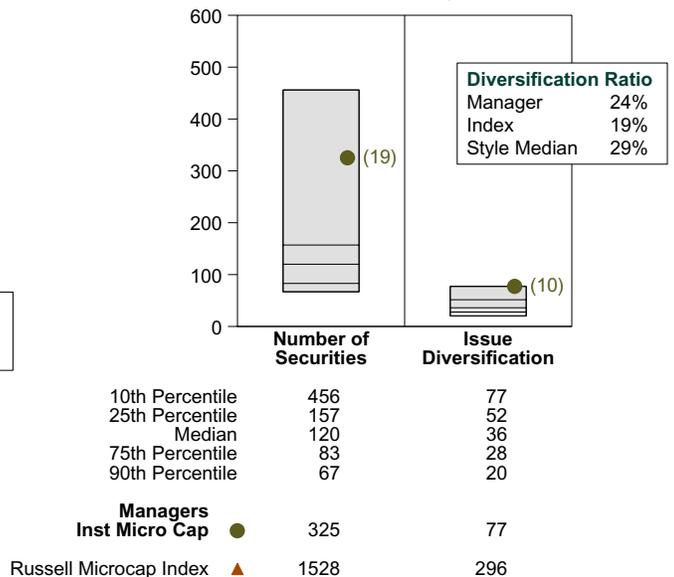
## Sector Weights

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

### Sector Allocation December 31, 2013



### Diversification December 31, 2013





# International Equity Composite Period Ended December 31, 2013

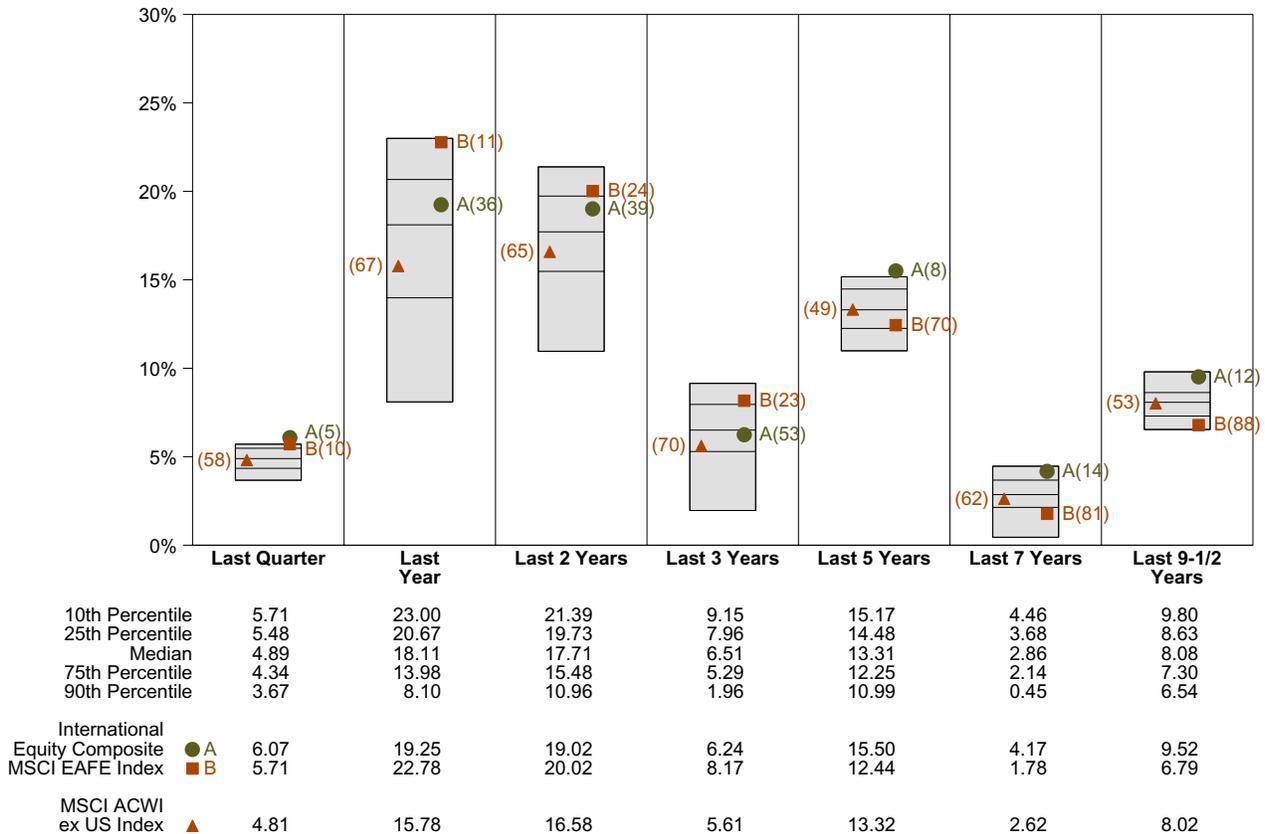
## Quarterly Summary and Highlights

- International Equity Composite's portfolio posted a 6.07% return for the quarter placing it in the 5 percentile of the Pub Pln- International Equity group for the quarter and in the 36 percentile for the last year.
- International Equity Composite's portfolio outperformed the MSCI ACWI ex US Index by 1.26% for the quarter and outperformed the MSCI ACWI ex US Index for the year by 3.47%.

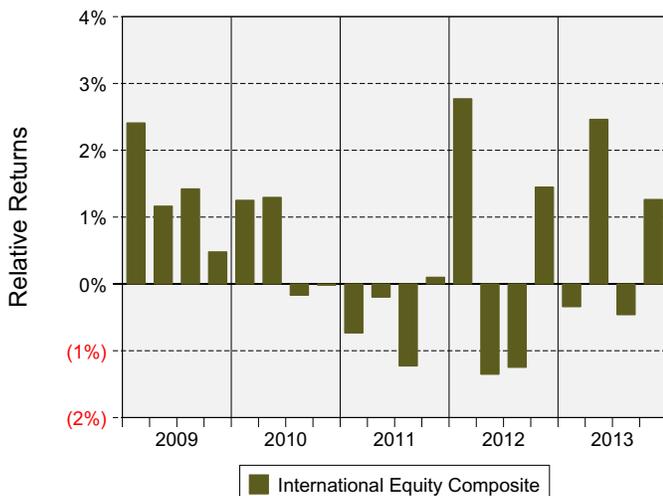
## Quarterly Asset Growth

Beginning Market Value	\$106,742,665
Net New Investment	\$-7,000,005
Investment Gains/(Losses)	\$6,244,984
Ending Market Value	\$105,987,644

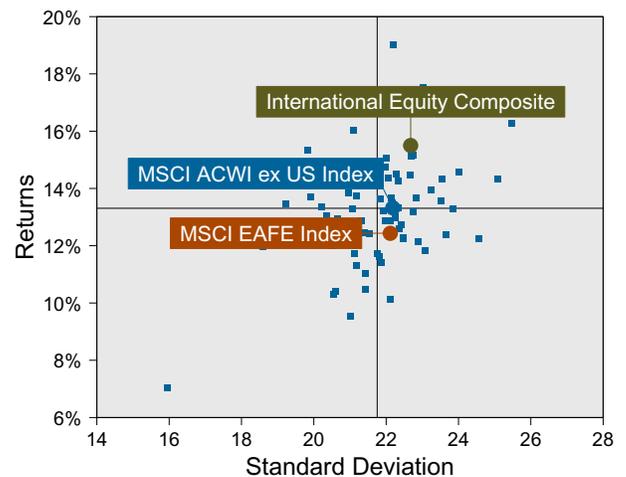
## Performance vs Pub Pln- International Equity (Gross)



## Relative Return vs MSCI ACWI ex US Index



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

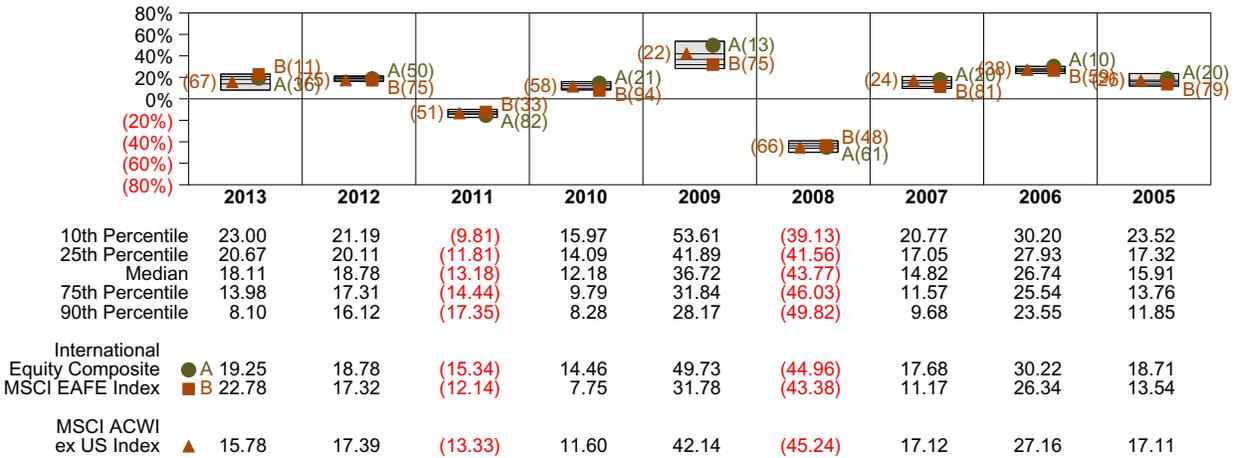


# International Equity Composite Return Analysis Summary

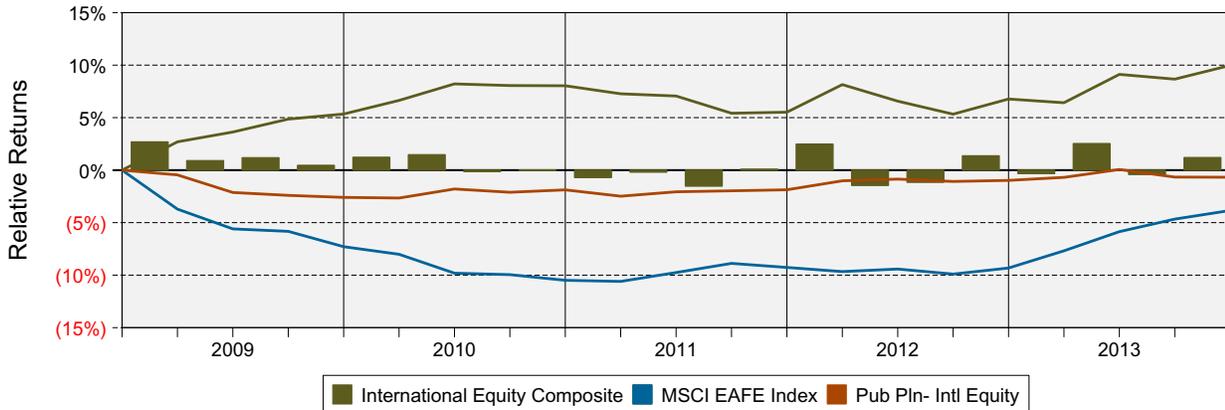
## Return Analysis

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

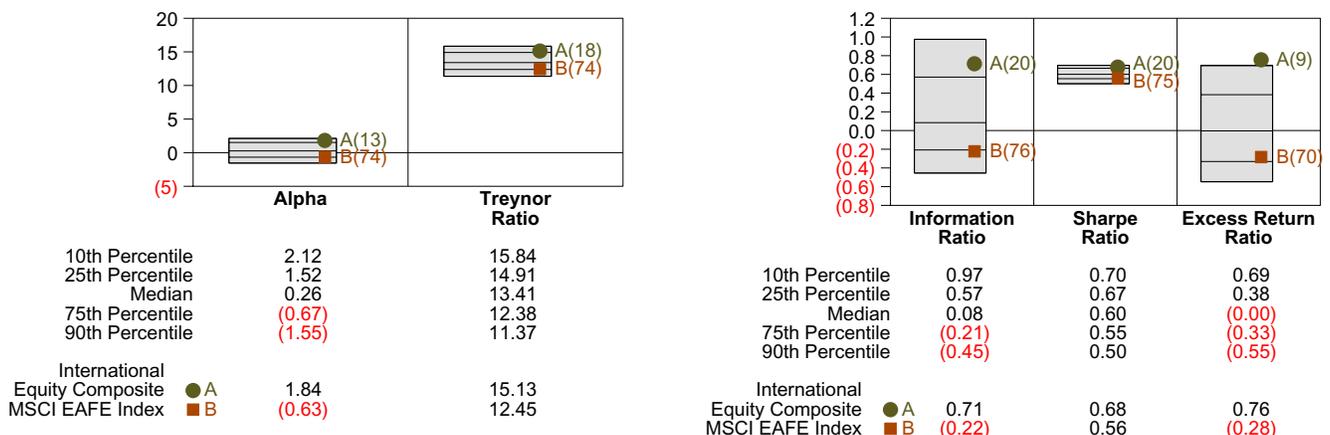
### Performance vs Pub Pln- International Equity (Gross)



### Cumulative and Quarterly Relative Return vs MSCI ACWI ex US Index



### Risk Adjusted Return Measures vs MSCI ACWI ex US Index Rankings Against Pub Pln- International Equity (Gross) Five Years Ended December 31, 2013

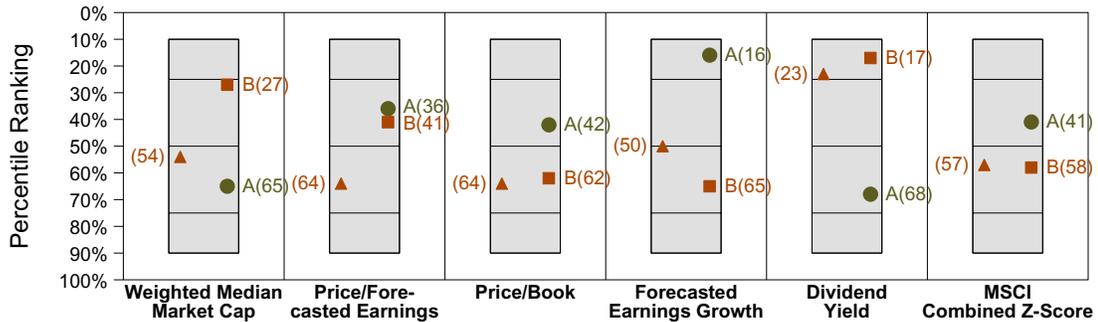


# International Equity Composite Equity Characteristics Analysis Summary

## Portfolio Characteristics

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

## Portfolio Characteristics Percentile Rankings Rankings Against CAI Non-U.S. Equity Style as of December 31, 2013

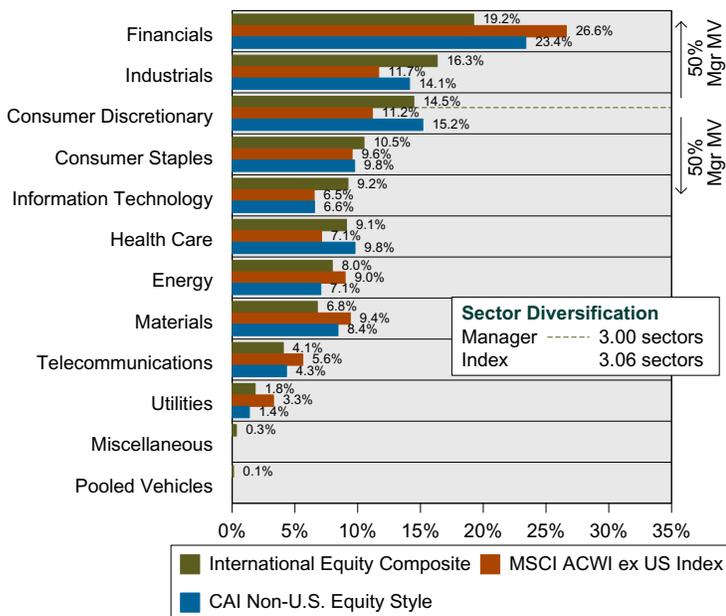


10th Percentile	51.74	15.82	2.53	14.06	3.29	0.70	
25th Percentile	42.12	14.50	2.15	12.66	2.84	0.44	
Median	35.48	13.59	1.81	10.89	2.57	0.07	
75th Percentile	22.43	12.57	1.54	9.60	2.26	(0.18)	
90th Percentile	13.82	11.82	1.33	7.50	2.01	(0.41)	
International Equity Composite	● A	26.85	14.15	1.88	13.57	2.37	0.24
MSCI EAFE Index	■ B	41.31	13.87	1.70	10.13	2.97	(0.00)
MSCI ACWI ex US Index	▲	33.19	13.07	1.68	10.85	2.89	(0.00)

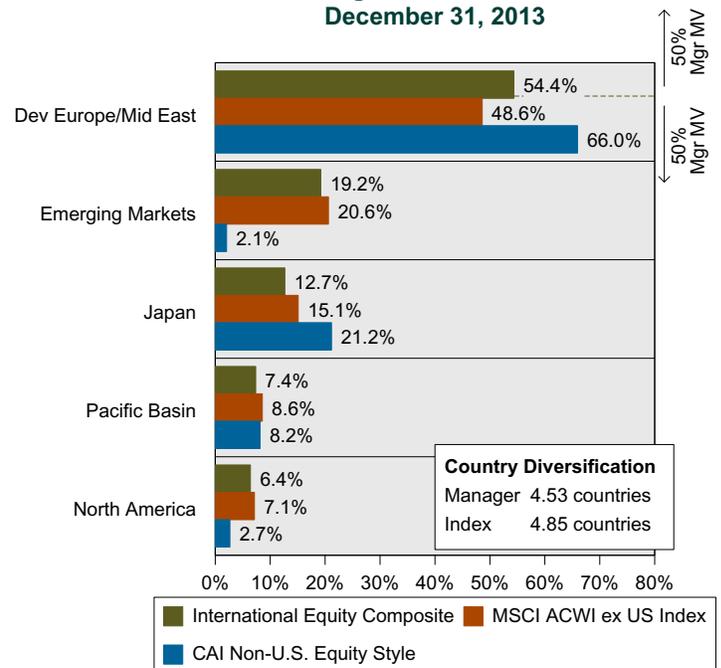
## Sector Weights

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

### Sector Allocation December 31, 2013



### Regional Allocation December 31, 2013



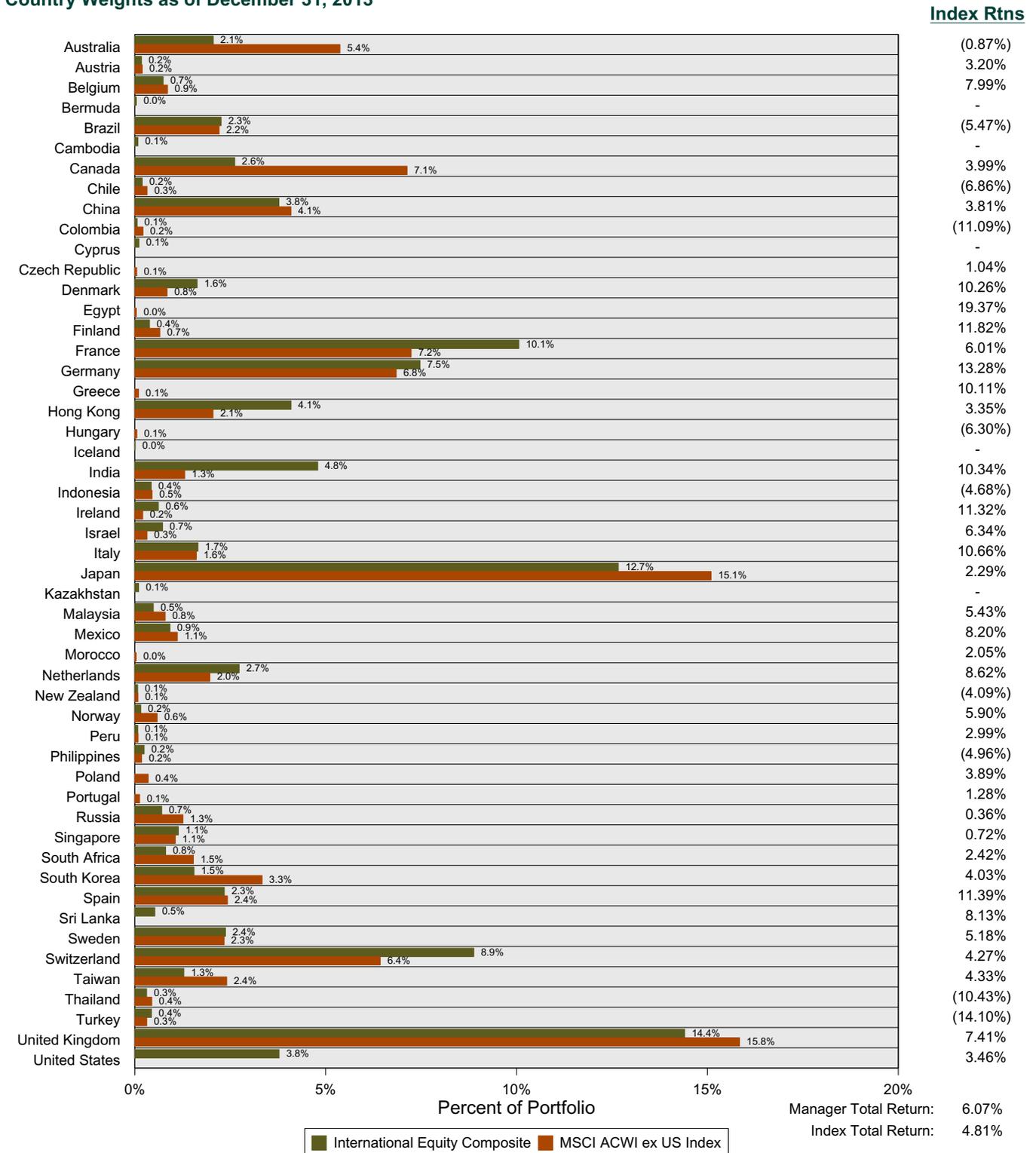
# Country Allocation

## International Equity Composite VS MSCI AC World ex US USD (Gross)

### Country Allocation

The chart below contrasts the portfolio's country allocation with that of the index as of December 31, 2013. This chart is useful because large deviations in country allocation relative to the index are often good predictors of tracking error in the subsequent quarter. To the extent that the portfolio allocation is similar to the index, the portfolio should experience more "index-like" performance. In order to illustrate the performance effect on the portfolio and index of these country allocations, the individual index country returns are also shown.

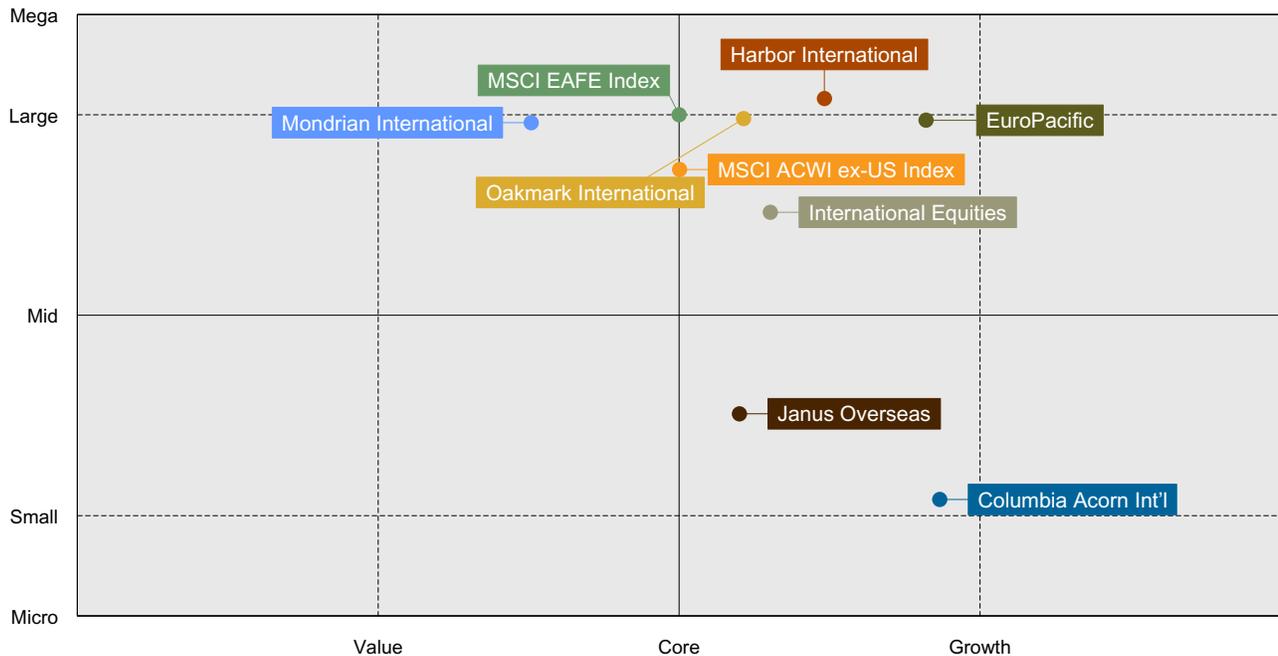
### Country Weights as of December 31, 2013



## International Holdings Based Style Analysis For One Quarter Ended December 31, 2013

This page analyzes and compares the investment styles of multiple portfolios using a detailed holdings-based style analysis methodology. The size component of style is measured by the weighted median market capitalization of the holdings. The value/core/growth style dimension is captured by the "Combined Z-Score" of the portfolio. This score is based on eight fundamental factors used in the MSCI stock style scoring system. The table below gives a more detailed breakdown of several relevant style metrics on the portfolios.

### Style Map Holdings for One Quarter Ended December 31, 2013



	Weight %	Wtd Median Mkt Cap	Combined Z-Score	Growth Z-Score	Value Z-Score	Number of Securities	Security Diversification
EuroPacific	20.60%	40.50	0.65	0.31	(0.33)	276	40.49
Harbor International	18.44%	45.52	0.38	0.18	(0.20)	75	22.72
Columbia Acorn Int'l	10.48%	2.71	0.68	0.24	(0.44)	250	72.34
Janus Overseas	17.65%	6.83	0.16	0.14	(0.01)	59	12.13
Oakmark International	13.34%	40.73	0.17	0.12	(0.05)	58	16.79
Mondrian International	19.49%	40.14	(0.39)	(0.20)	0.19	127	22.10
International Equities	100.00%	26.85	0.24	0.12	(0.12)	706	77.61
MSCI EAFE Index	-	41.31	(0.00)	(0.01)	(0.00)	902	90.52
MSCI ACWI ex-US Index	-	33.19	(0.00)	(0.00)	(0.00)	1820	155.89

# EuroPacific

## Period Ended December 31, 2013

### Investment Philosophy

Capital Group's approach to non-U.S. investing is research-driven. Their bottom-up fundamental approach is blended with macroeconomic and political judgments on the outlook for economies, industries, currencies and markets. The fund uses a "multiple manager" approach where individual portfolio managers, each with different styles, manage separate sleeves of the strategy independently. Sleeves are combined to form the fund. Individual managers are selected so that the aggregate fund adheres to its stated objective of capital appreciation. Switched from Class R-5 Shares to Class R-6 Shares in December 2009.

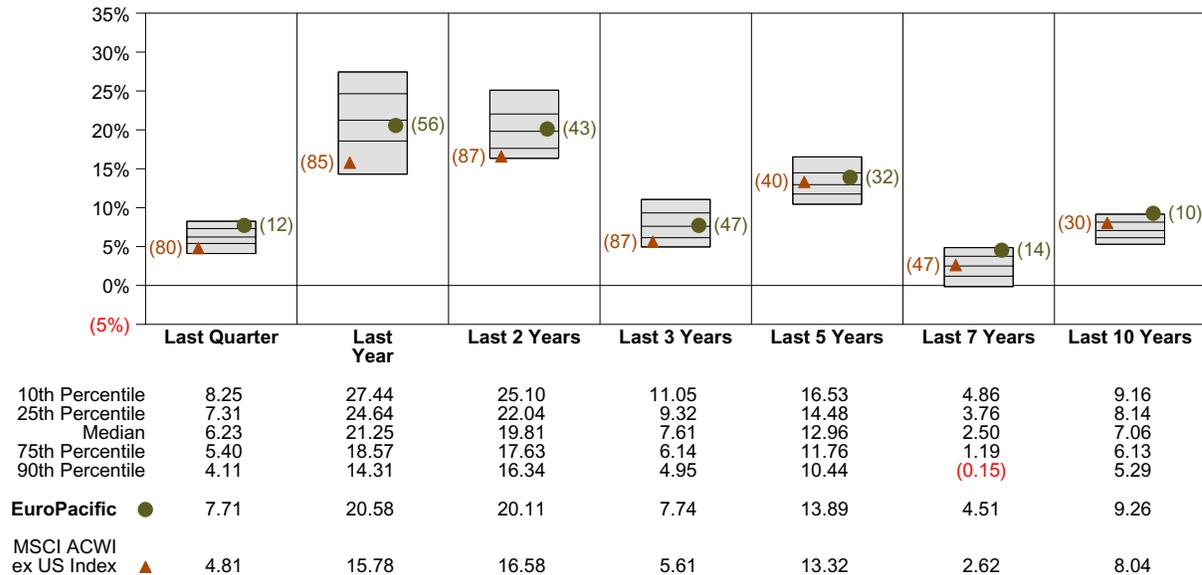
### Quarterly Summary and Highlights

- EuroPacific's portfolio posted a 7.71% return for the quarter placing it in the 12 percentile of the CAI MF - Non-US Equity Style group for the quarter and in the 56 percentile for the last year.
- EuroPacific's portfolio outperformed the MSCI ACWI ex US Index by 2.90% for the quarter and outperformed the MSCI ACWI ex US Index for the year by 4.80%.

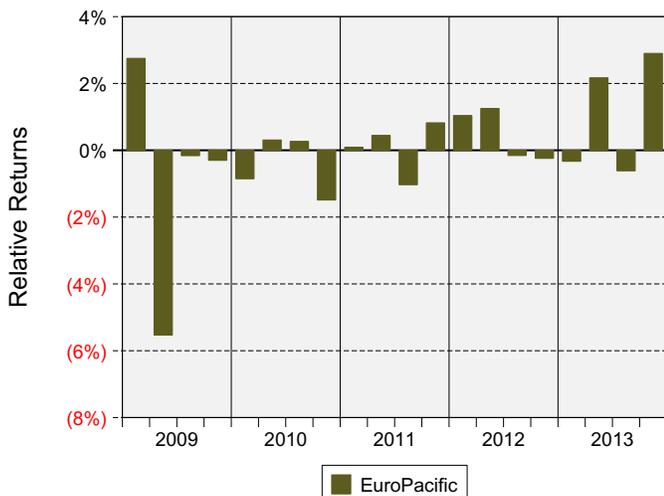
### Quarterly Asset Growth

Beginning Market Value	\$20,274,455
Net New Investment	\$0
Investment Gains/(Losses)	\$1,562,578
Ending Market Value	\$21,837,033

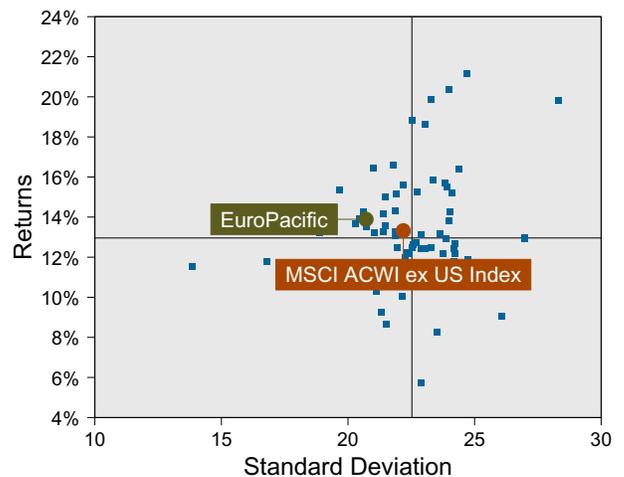
### Performance vs CAI MF - Non-US Equity Style (Net)



### Relative Return vs MSCI ACWI ex US Index



### CAI MF - Non-US Equity Style (Net) Annualized Five Year Risk vs Return

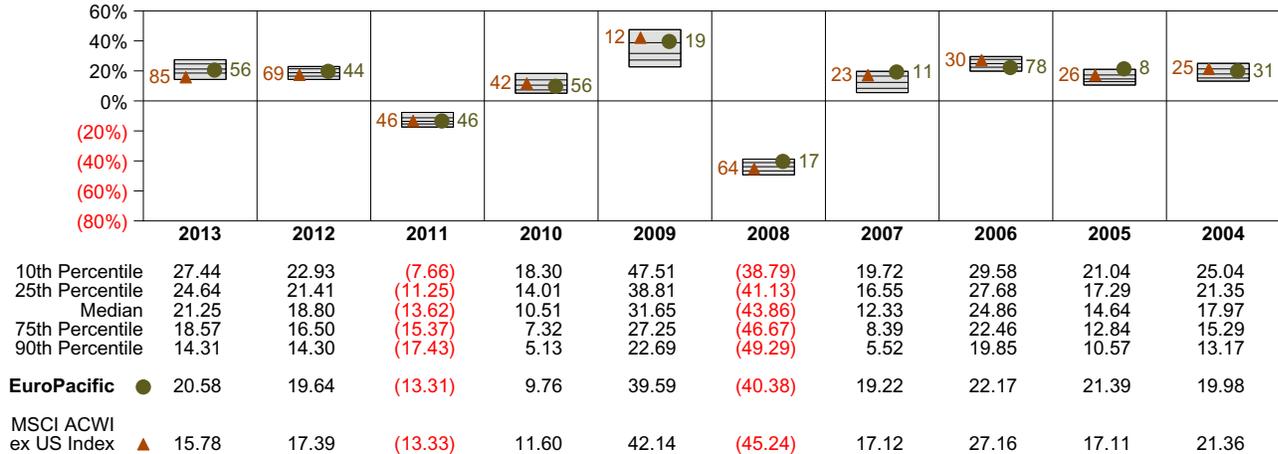


# EuroPacific Return Analysis Summary

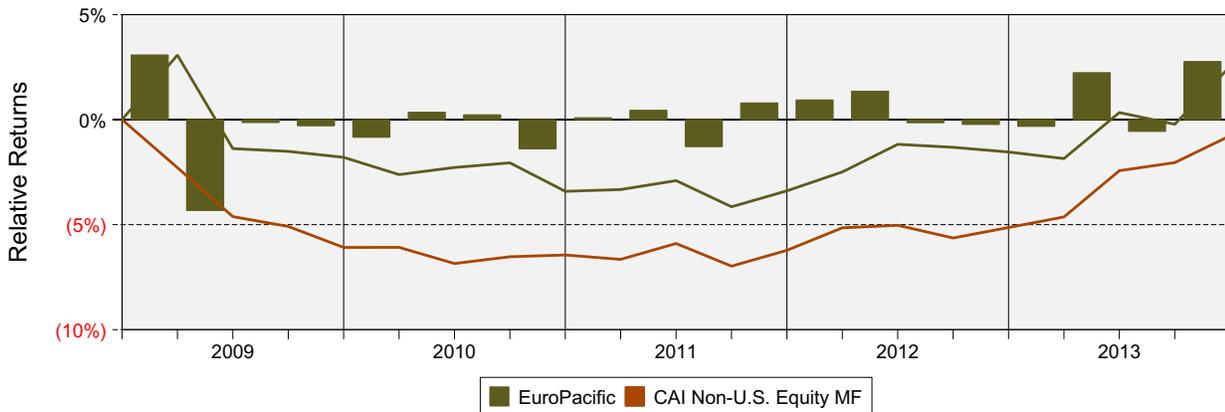
## Return Analysis

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

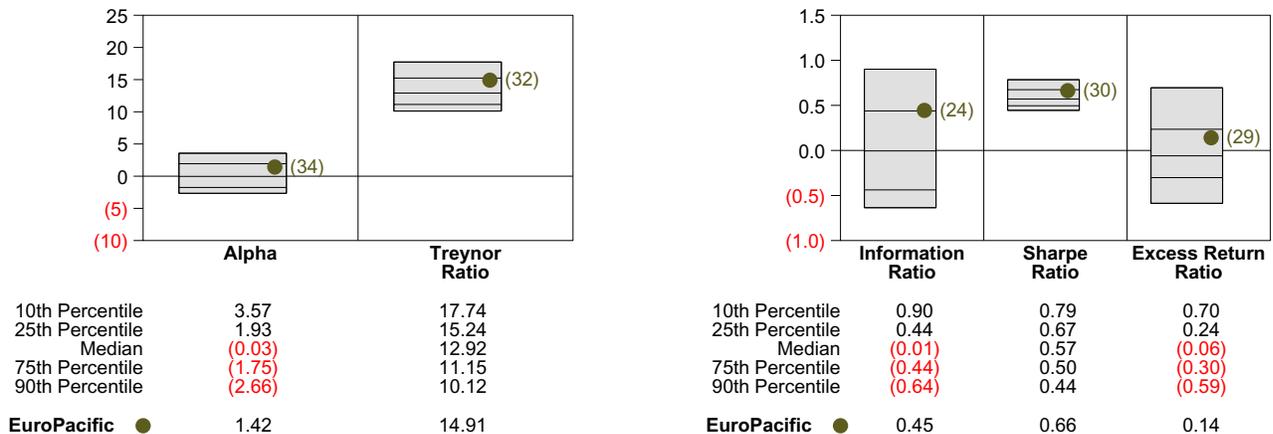
### Performance vs CAI MF - Non-US Equity Style (Net)



### Cumulative and Quarterly Relative Return vs MSCI ACWI ex US Index



### Risk Adjusted Return Measures vs MSCI ACWI ex US Index Rankings Against CAI MF - Non-US Equity Style (Net) Five Years Ended December 31, 2013

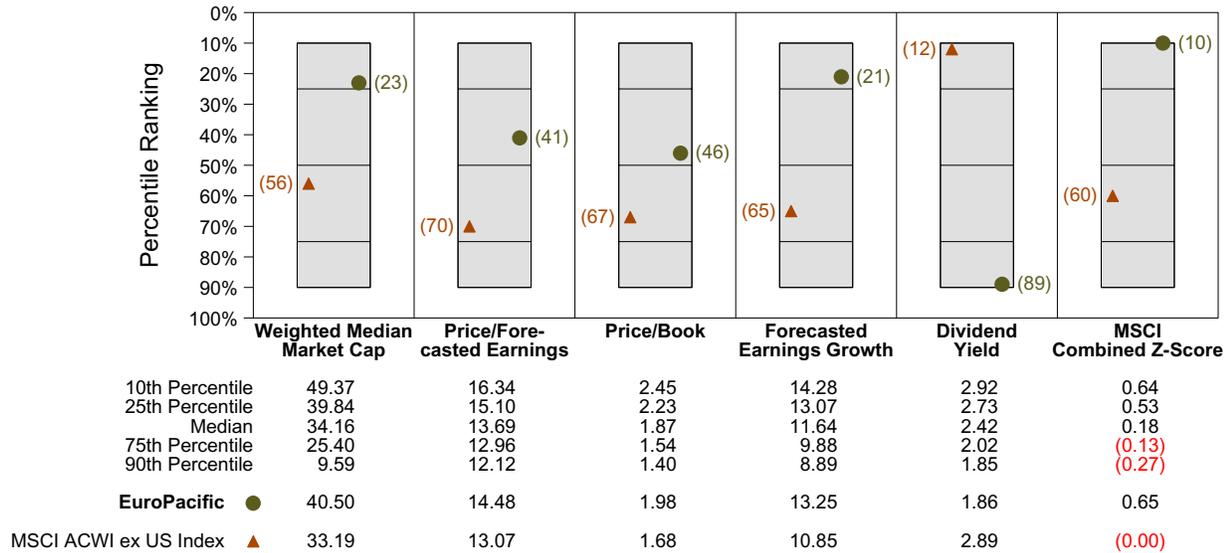


# EuroPacific Equity Characteristics Analysis Summary

## Portfolio Characteristics

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

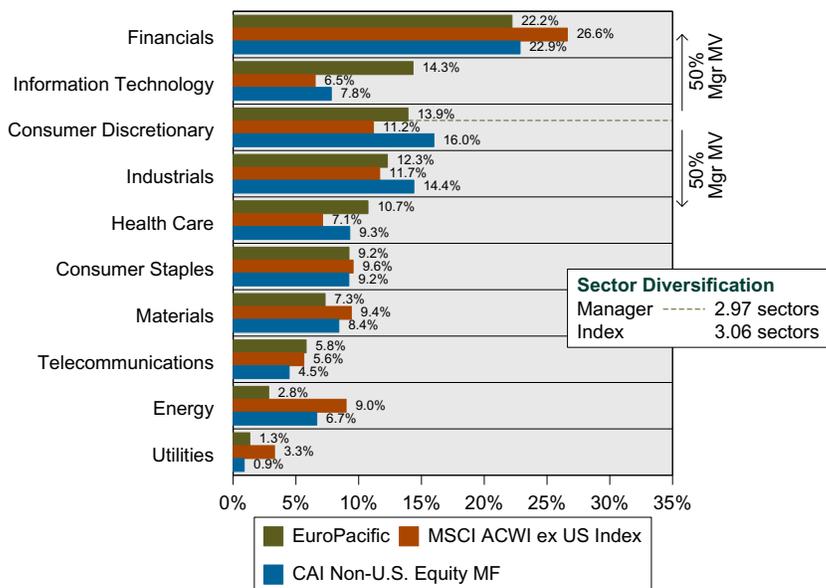
## Portfolio Characteristics Percentile Rankings Rankings Against CAI MF - Non-US Equity Style as of December 31, 2013



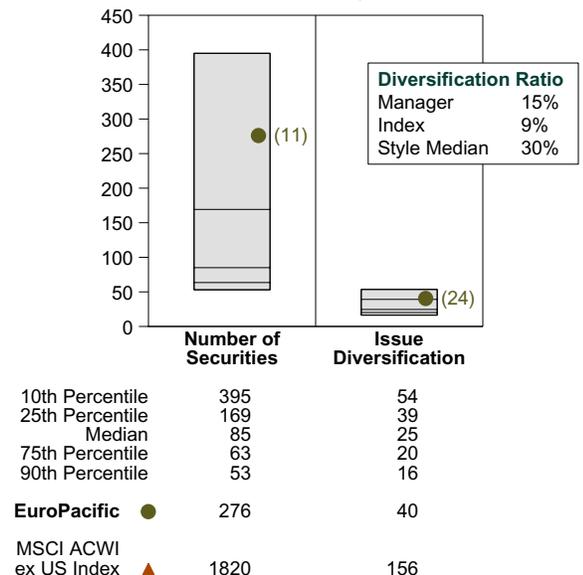
## Sector Weights

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

### Sector Allocation December 31, 2013



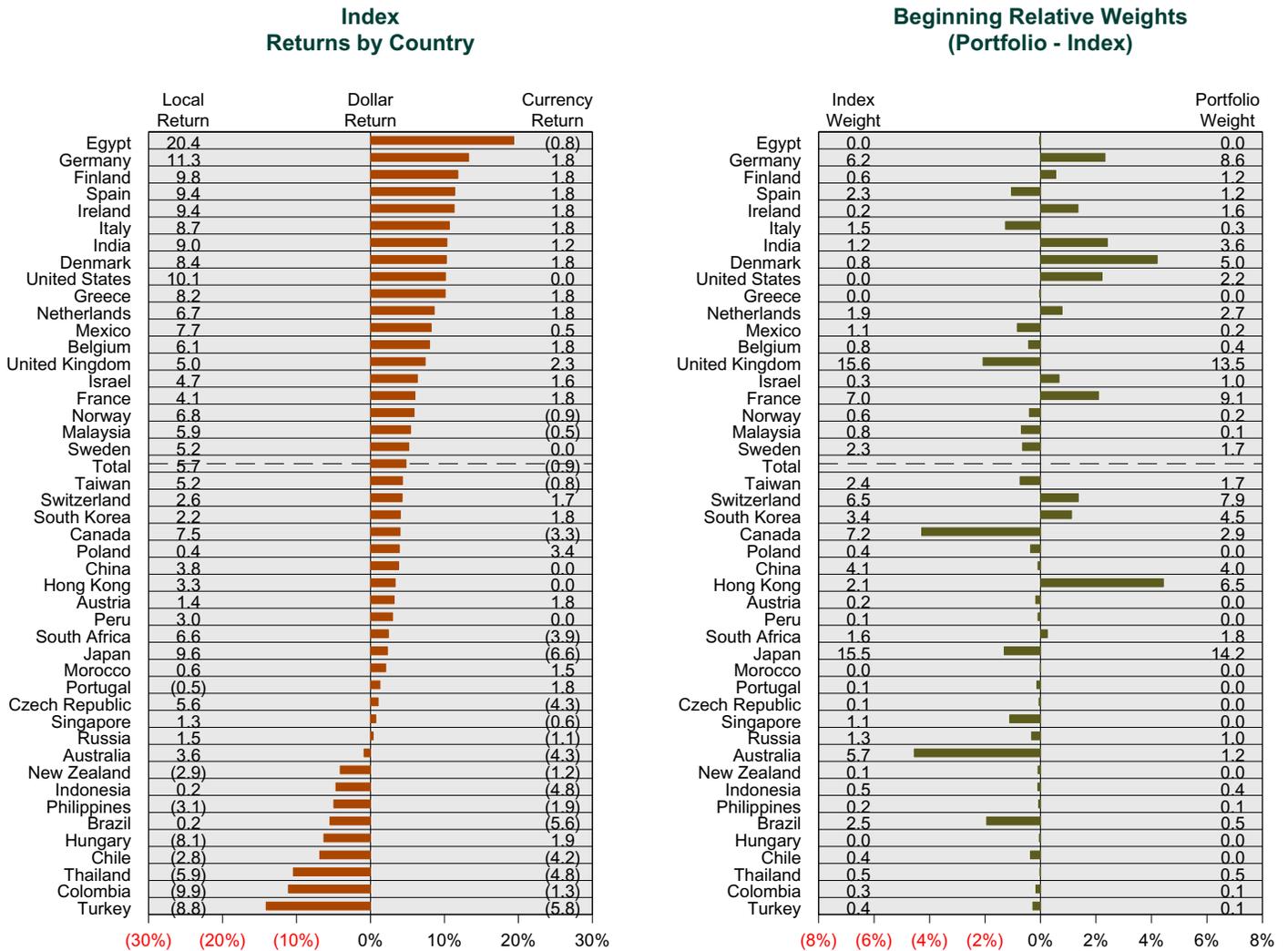
### Diversification December 31, 2013



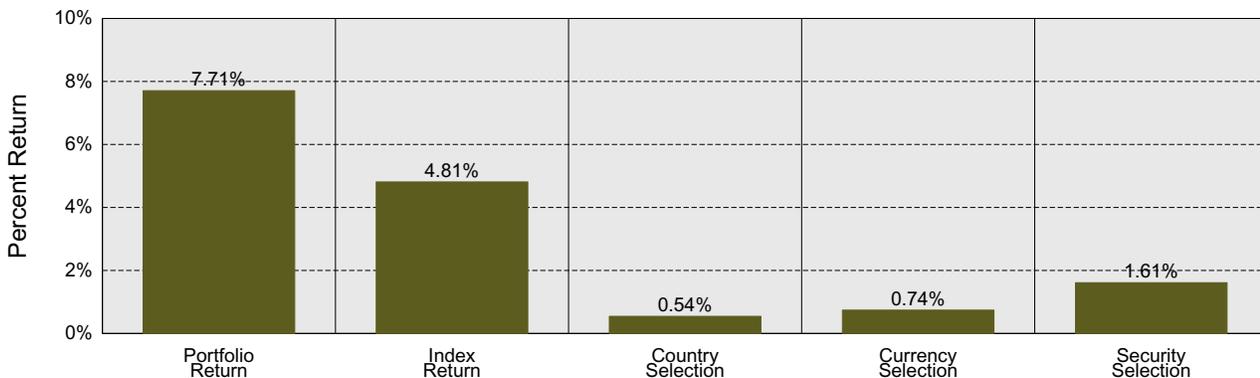
# EuroPacific vs MSCI ACWI ex US Index Attribution for Quarter Ended December 31, 2013

## International Attribution

The first chart below illustrates the return for each country in the index sorted from high to low. The total return for the index is highlighted with a dotted line. The second chart (countries presented in the same order) illustrates the manager's country allocation decisions relative to the index. To the extent that the manager over-weighted a country that had a higher return than the total return for the index (above the dotted line) it contributes positively to the manager's country (or currency) selection effect. The last chart details the manager return, the index return, and the attribution factors for the quarter.



## Attribution Factors for Quarter Ended December 31, 2013



# Harbor International

## Period Ended December 31, 2013

### Investment Philosophy

The Harbor International Fund is sub-advised by Northern Cross, LLC. The investment philosophy focuses on companies with prospects of margin expansion and those that have strong franchise value or asset value. The fund takes a long-term view, expecting to hold a security for 7-10 years. Patient due diligence of companies, countries, and regions are of the utmost importance to the investment process. The team believes this due diligence, in combination with a top down investment theme, provides the best opportunity to invest in truly undervalued companies. The strategy has remained consistent in this philosophy over the past decades of international investment.

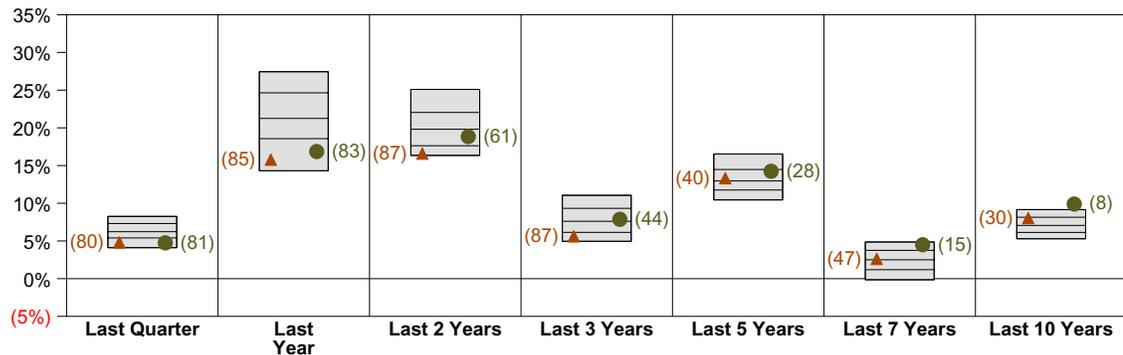
### Quarterly Summary and Highlights

- Harbor International's portfolio posted a 4.76% return for the quarter placing it in the 81 percentile of the CAI MF - Non-US Equity Style group for the quarter and in the 83 percentile for the last year.
- Harbor International's portfolio underperformed the MSCI ACWI ex US Index by 0.05% for the quarter and outperformed the MSCI ACWI ex US Index for the year by 1.06%.

### Quarterly Asset Growth

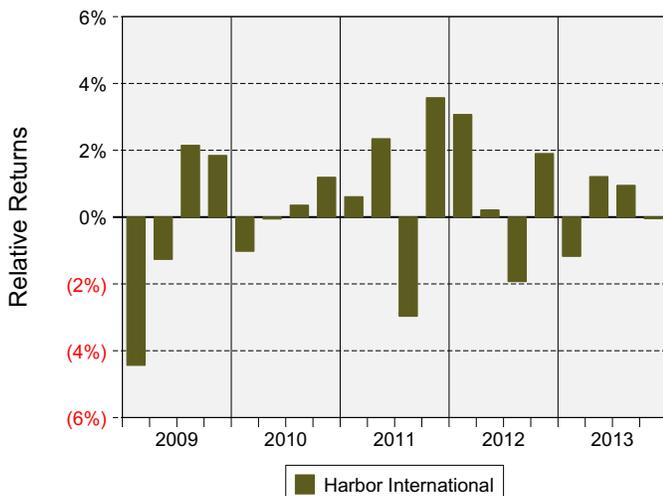
Beginning Market Value	\$20,129,929
Net New Investment	\$-1,500,000
Investment Gains/(Losses)	\$913,341
Ending Market Value	\$19,543,270

### Performance vs CAI MF - Non-US Equity Style (Net)

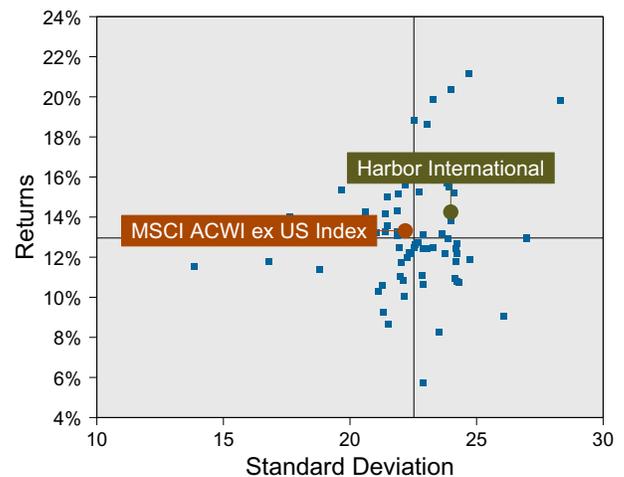


10th Percentile	8.25	27.44	25.10	11.05	16.53	4.86	9.16
25th Percentile	7.31	24.64	22.04	9.32	14.48	3.76	8.14
Median	6.23	21.25	19.81	7.61	12.96	2.50	7.06
75th Percentile	5.40	18.57	17.63	6.14	11.76	1.19	6.13
90th Percentile	4.11	14.31	16.34	4.95	10.44	(0.15)	5.29
<b>Harbor International</b>	● 4.76	16.84	18.83	7.87	14.26	4.49	9.91
MSCI ACWI ex US Index	▲ 4.81	15.78	16.58	5.61	13.32	2.62	8.04

### Relative Return vs MSCI ACWI ex US Index



### CAI MF - Non-US Equity Style (Net) Annualized Five Year Risk vs Return

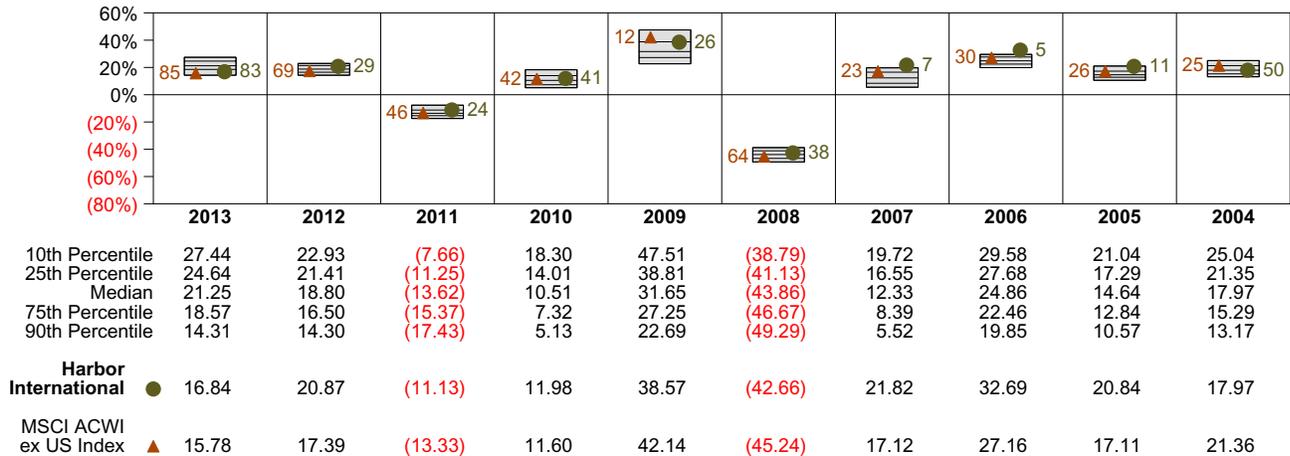


# Harbor International Return Analysis Summary

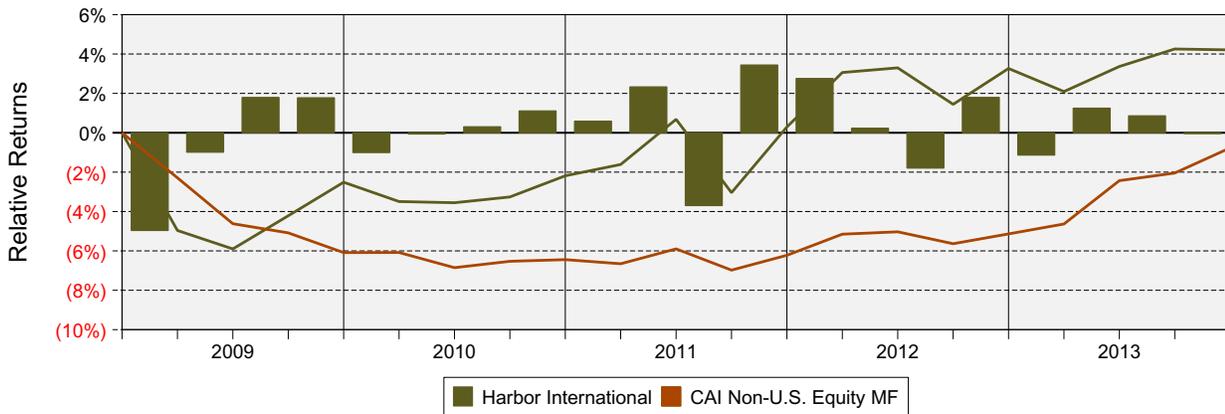
## Return Analysis

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

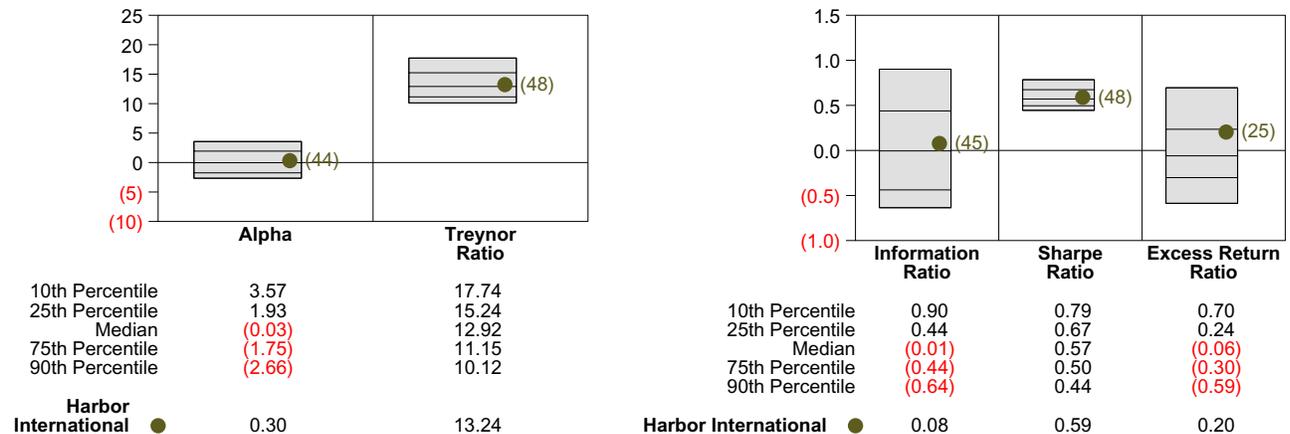
### Performance vs CAI MF - Non-US Equity Style (Net)



### Cumulative and Quarterly Relative Return vs MSCI ACWI ex US Index



### Risk Adjusted Return Measures vs MSCI ACWI ex US Index Rankings Against CAI MF - Non-US Equity Style (Net) Five Years Ended December 31, 2013

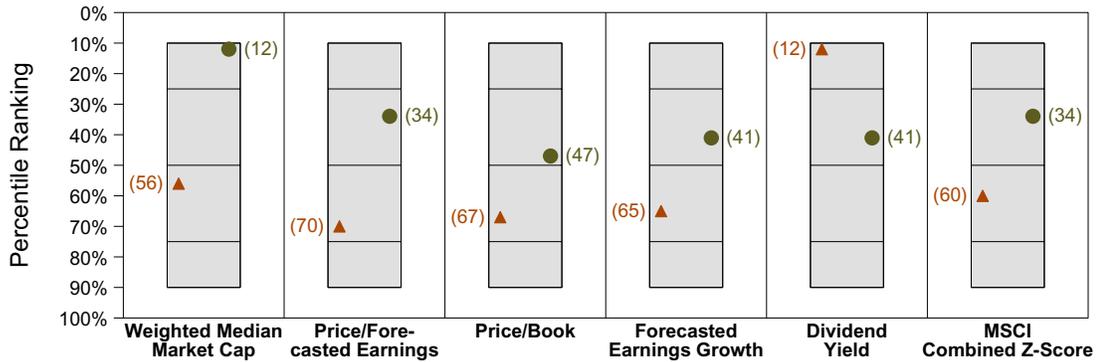


# Harbor International Equity Characteristics Analysis Summary

## Portfolio Characteristics

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

## Portfolio Characteristics Percentile Rankings Rankings Against CAI MF - Non-US Equity Style as of December 31, 2013

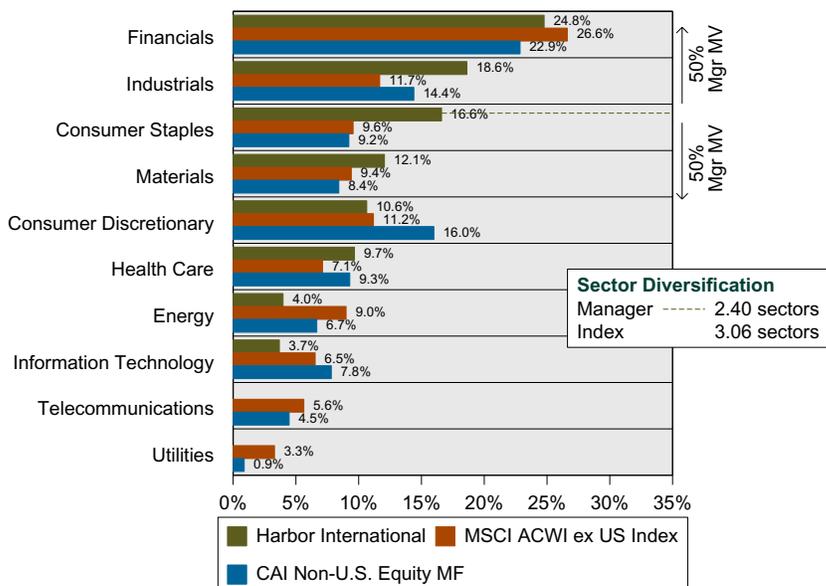


	Weighted Median Market Cap	Price/Forecasted Earnings	Price/Book	Forecasted Earnings Growth	Dividend Yield	MSCI Combined Z-Score
10th Percentile	49.37	16.34	2.45	14.28	2.92	0.64
25th Percentile	39.84	15.10	2.23	13.07	2.73	0.53
Median	34.16	13.69	1.87	11.64	2.42	0.18
75th Percentile	25.40	12.96	1.54	9.88	2.02	(0.13)
90th Percentile	9.59	12.12	1.40	8.89	1.85	(0.27)
<b>Harbor International</b>	45.52	14.77	1.91	12.26	2.58	0.38
MSCI ACWI ex US Index	33.19	13.07	1.68	10.85	2.89	(0.00)

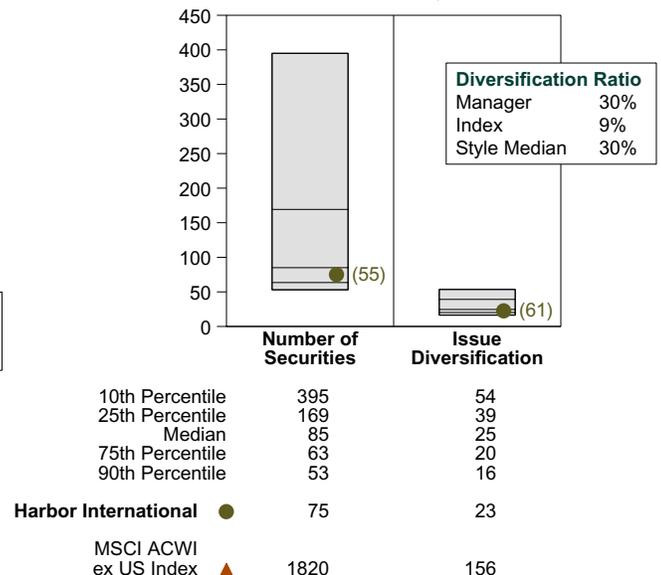
## Sector Weights

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

### Sector Allocation December 31, 2013



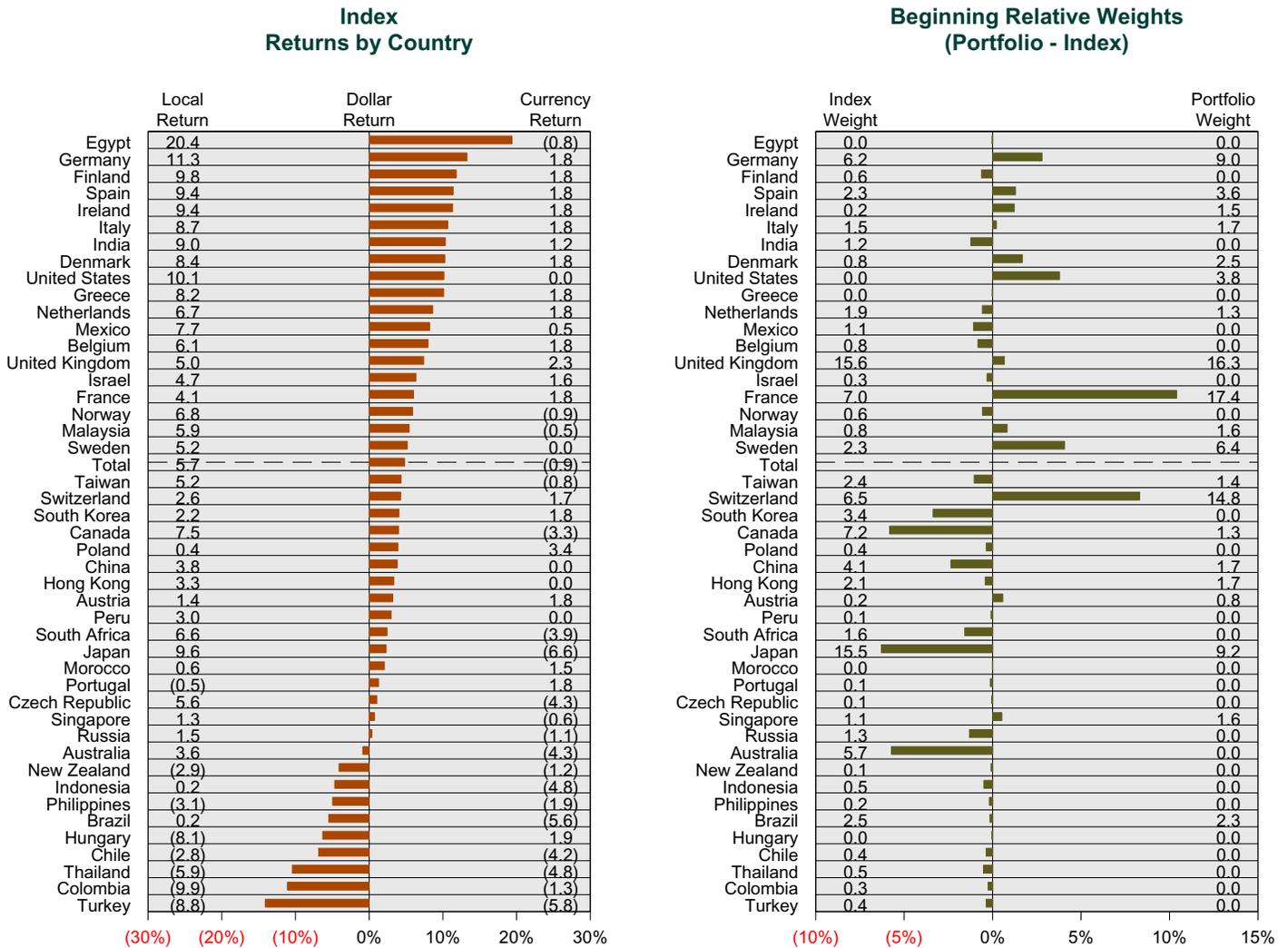
### Diversification December 31, 2013



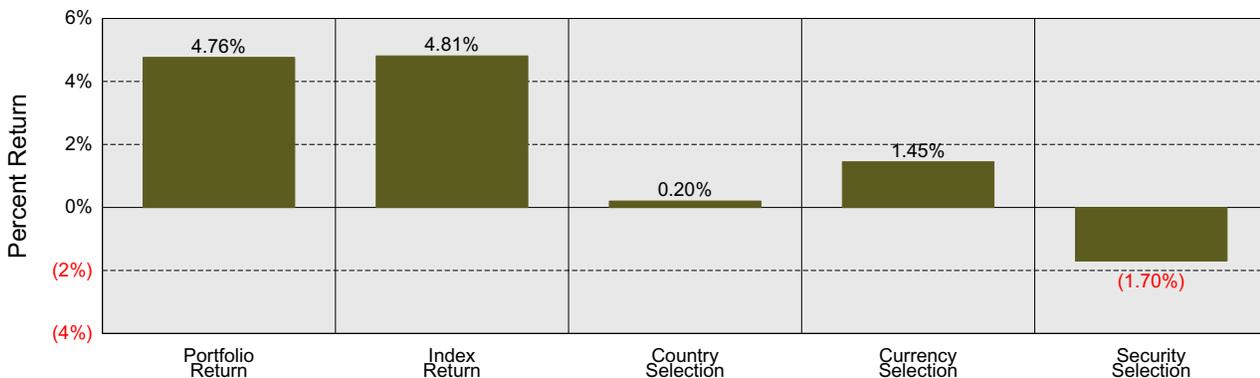
# Harbor International vs MSCI ACWI ex US Index Attribution for Quarter Ended December 31, 2013

## International Attribution

The first chart below illustrates the return for each country in the index sorted from high to low. The total return for the index is highlighted with a dotted line. The second chart (countries presented in the same order) illustrates the manager's country allocation decisions relative to the index. To the extent that the manager over-weighted a country that had a higher return than the total return for the index (above the dotted line) it contributes positively to the manager's country (or currency) selection effect. The last chart details the manager return, the index return, and the attribution factors for the quarter.



## Attribution Factors for Quarter Ended December 31, 2013



# Columbia Acorn Int'l

## Period Ended December 31, 2013

### Investment Philosophy

Non-U.S. Equity Style mutual funds invest in only non-U.S. equity securities. This style group excludes regional and index funds.

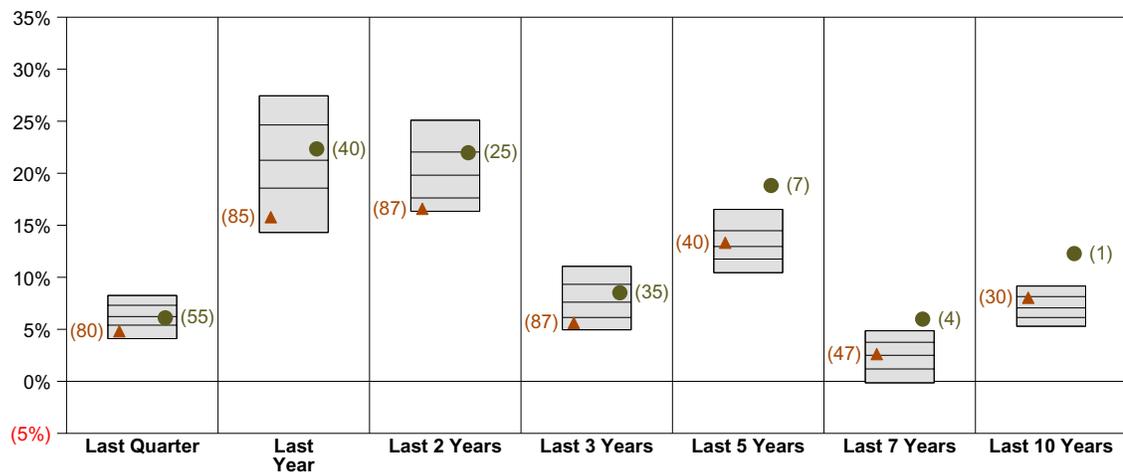
### Quarterly Summary and Highlights

- Columbia Acorn Int'l's portfolio posted a 6.09% return for the quarter placing it in the 55 percentile of the CAI MF - Non-US Equity Style group for the quarter and in the 40 percentile for the last year.
- Columbia Acorn Int'l's portfolio outperformed the MSCI ACWI ex US Index by 1.28% for the quarter and outperformed the MSCI ACWI ex US Index for the year by 6.55%.

### Quarterly Asset Growth

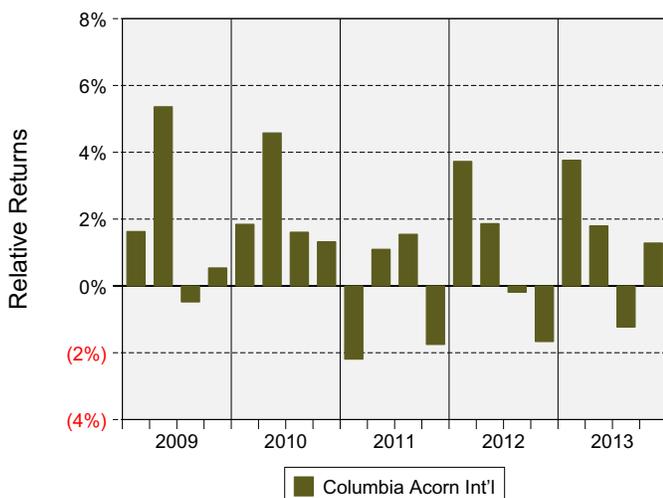
Beginning Market Value	\$10,470,301
Net New Investment	\$0
Investment Gains/(Losses)	\$637,971
Ending Market Value	\$11,108,272

### Performance vs CAI MF - Non-US Equity Style (Net)

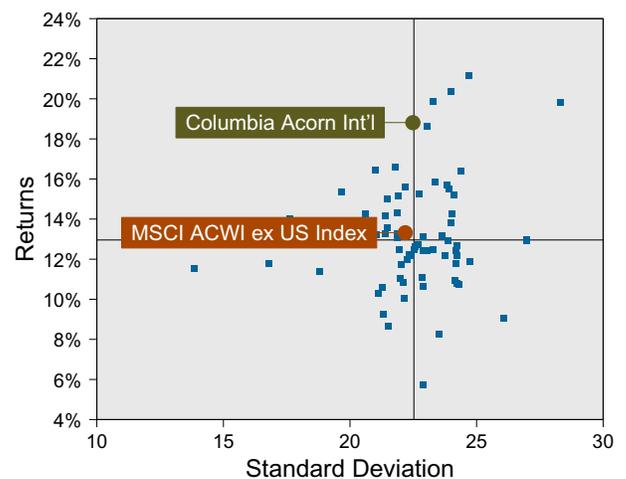


10th Percentile	8.25	27.44	25.10	11.05	16.53	4.86	9.16
25th Percentile	7.31	24.64	22.04	9.32	14.48	3.76	8.14
Median	6.23	21.25	19.81	7.61	12.96	2.50	7.06
75th Percentile	5.40	18.57	17.63	6.14	11.76	1.19	6.13
90th Percentile	4.11	14.31	16.34	4.95	10.44	(0.15)	5.29
<b>Columbia Acorn Int'l</b> ●	6.09	22.33	21.96	8.53	18.81	5.99	12.29
MSCI ACWI ex US Index ▲	4.81	15.78	16.58	5.61	13.32	2.62	8.04

### Relative Return vs MSCI ACWI ex US Index



### CAI MF - Non-US Equity Style (Net) Annualized Five Year Risk vs Return

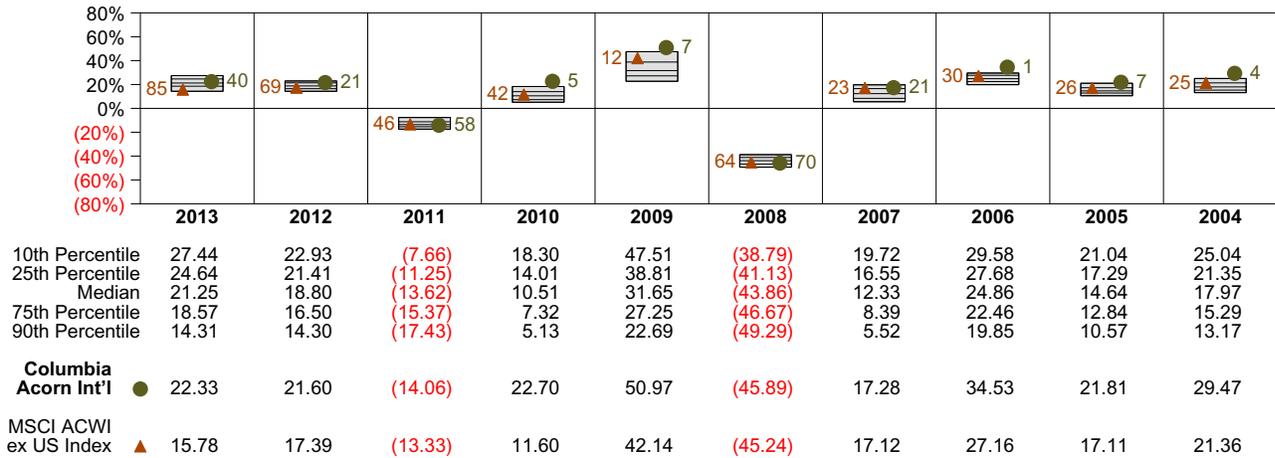


# Columbia Acorn Int'l Return Analysis Summary

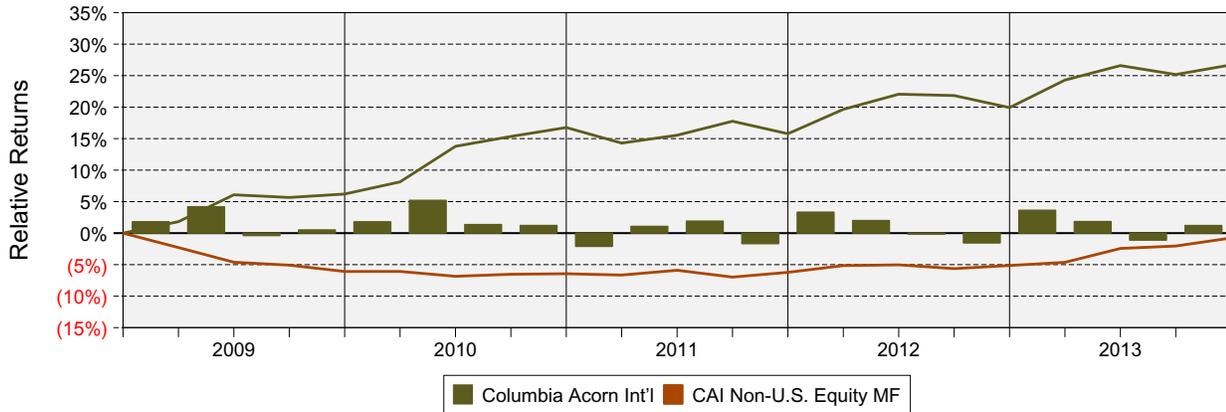
## Return Analysis

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

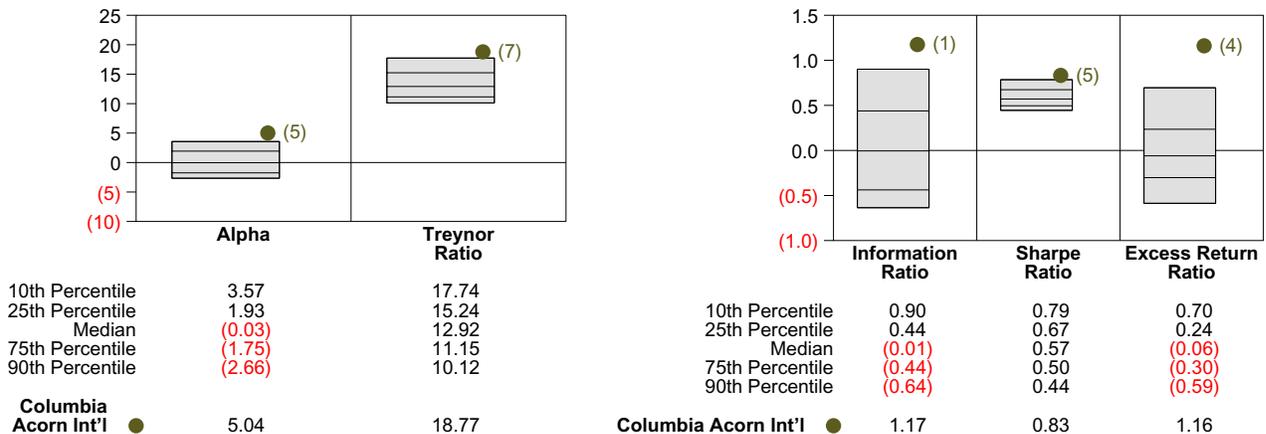
### Performance vs CAI MF - Non-US Equity Style (Net)



### Cumulative and Quarterly Relative Return vs MSCI ACWI ex US Index



### Risk Adjusted Return Measures vs MSCI ACWI ex US Index Rankings Against CAI MF - Non-US Equity Style (Net) Five Years Ended December 31, 2013

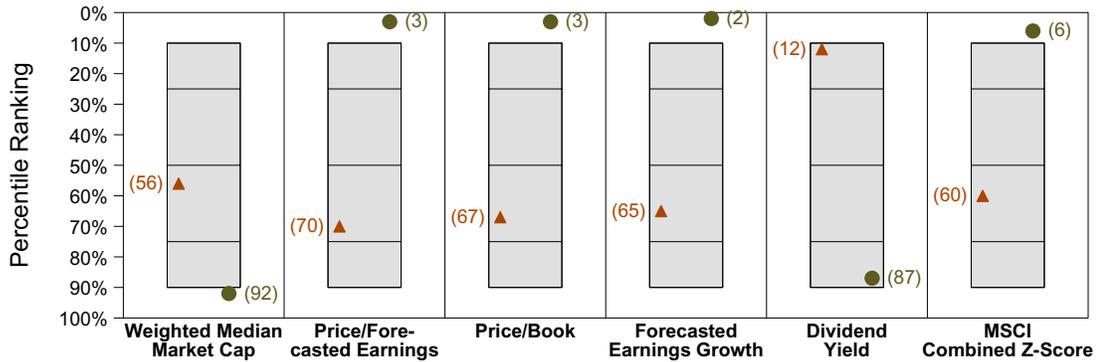


# Columbia Acorn Int'l Equity Characteristics Analysis Summary

## Portfolio Characteristics

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

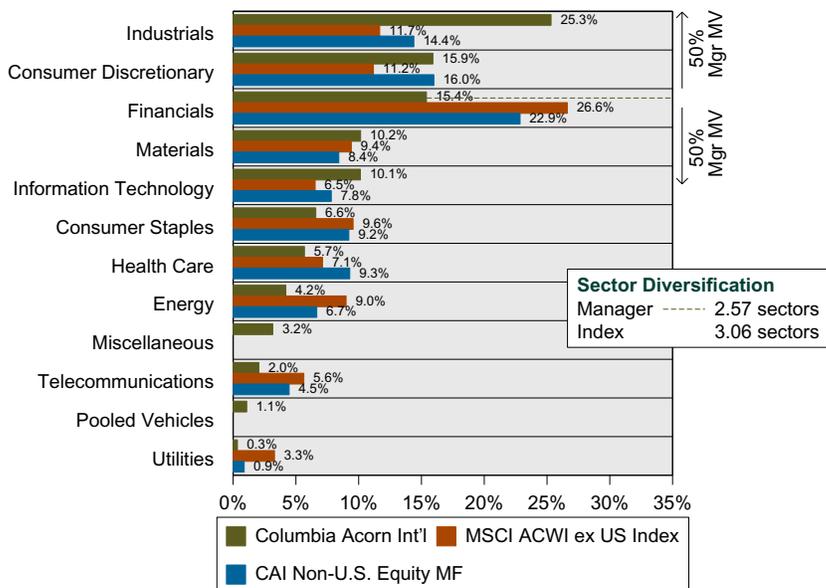
## Portfolio Characteristics Percentile Rankings Rankings Against CAI MF - Non-US Equity Style as of December 31, 2013



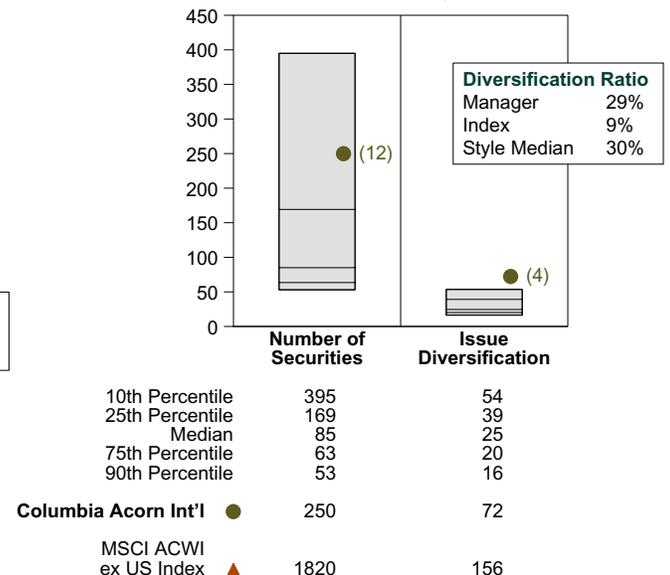
## Sector Weights

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

### Sector Allocation December 31, 2013



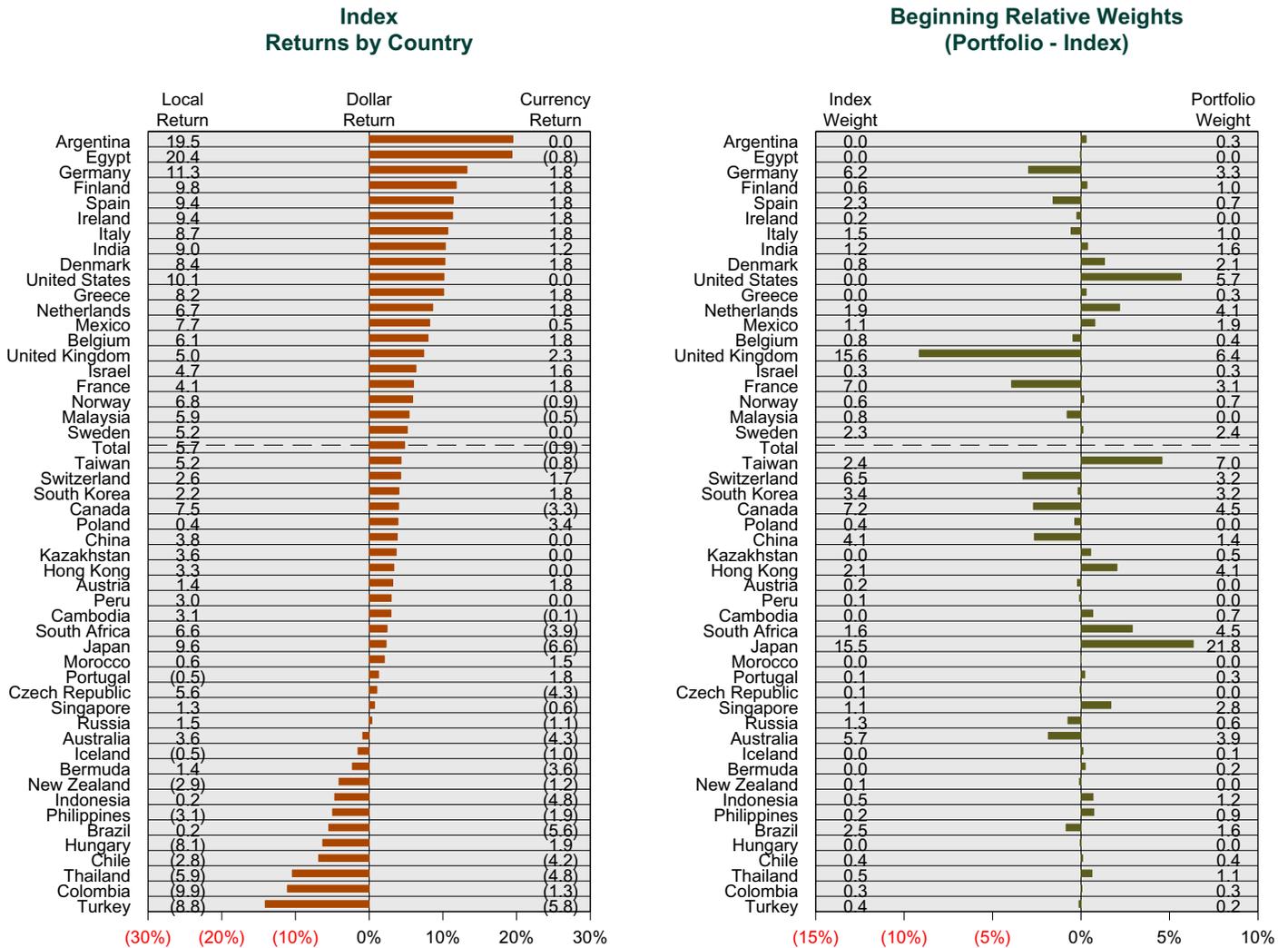
### Diversification December 31, 2013



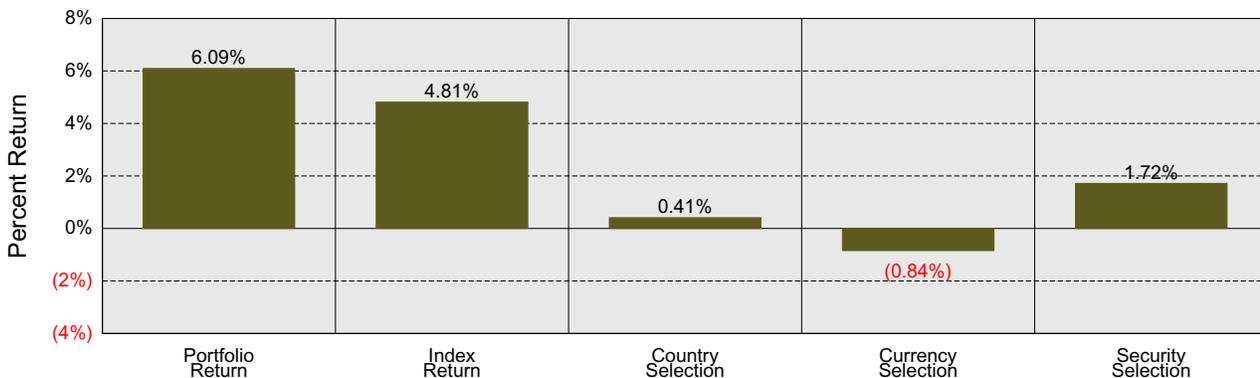
# Columbia Acorn Int'l vs MSCI ACWI ex US Index Attribution for Quarter Ended December 31, 2013

## International Attribution

The first chart below illustrates the return for each country in the index sorted from high to low. The total return for the index is highlighted with a dotted line. The second chart (countries presented in the same order) illustrates the manager's country allocation decisions relative to the index. To the extent that the manager over-weighted a country that had a higher return than the total return for the index (above the dotted line) it contributes positively to the manager's country (or currency) selection effect. The last chart details the manager return, the index return, and the attribution factors for the quarter.



## Attribution Factors for Quarter Ended December 31, 2013



# Janus Overseas

## Period Ended December 31, 2013

### Investment Philosophy

Janus Overseas Fund invests opportunistically. We believe our fundamental research uncovers companies where the market price does not reflect long-term fundamentals. Janus Overseas Strategy \* Focused, high-conviction portfolio \* Seeks attractive growth companies in developed and emerging markets \* Long-term investment approach \* Research driven Switched from Class T Shares to Class I Shares in December 2009.

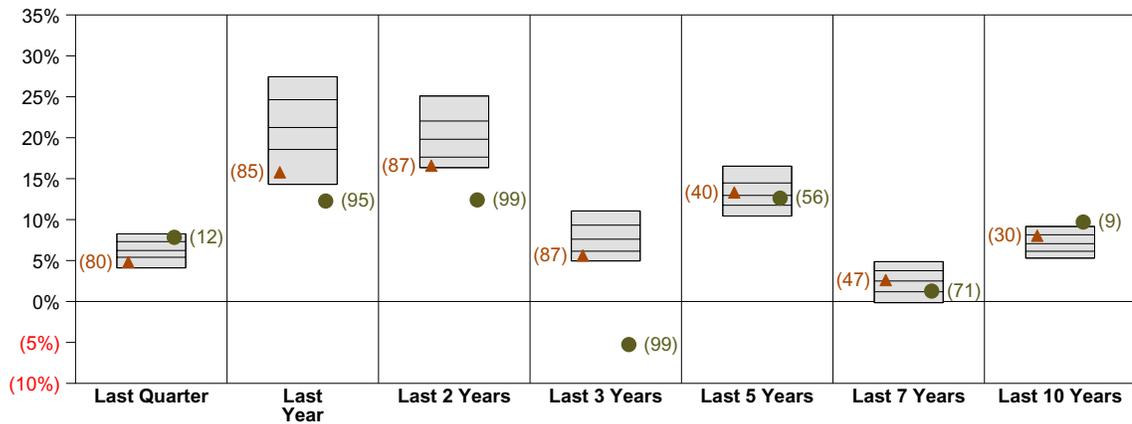
### Quarterly Summary and Highlights

- Janus Overseas's portfolio posted a 7.84% return for the quarter placing it in the 12 percentile of the CAI MF - Non-US Equity Style group for the quarter and in the 95 percentile for the last year.
- Janus Overseas's portfolio outperformed the MSCI ACWI ex US Index by 3.03% for the quarter and underperformed the MSCI ACWI ex US Index for the year by 3.50%.

### Quarterly Asset Growth

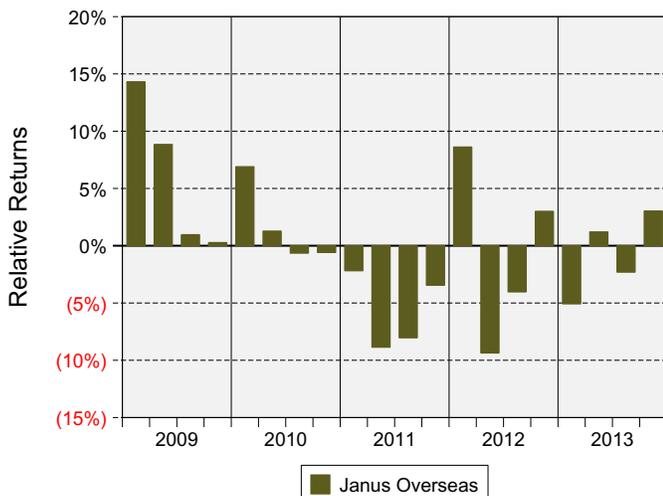
Beginning Market Value	\$17,346,023
Net New Investment	\$0
Investment Gains/(Losses)	\$1,359,974
Ending Market Value	\$18,705,996

### Performance vs CAI MF - Non-US Equity Style (Net)

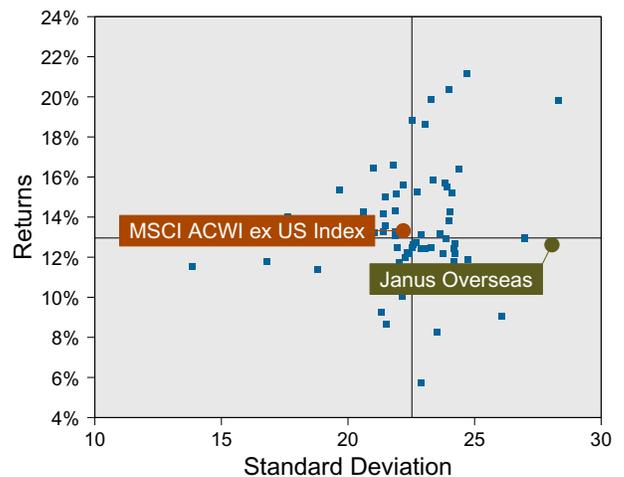


10th Percentile	8.25	27.44	25.10	11.05	16.53	4.86	9.16
25th Percentile	7.31	24.64	22.04	9.32	14.48	3.76	8.14
Median	6.23	21.25	19.81	7.61	12.96	2.50	7.06
75th Percentile	5.40	18.57	17.63	6.14	11.76	1.19	6.13
90th Percentile	4.11	14.31	16.34	4.95	10.44	(0.15)	5.29
<b>Janus Overseas</b>	● 7.84	12.28	12.40	(5.26)	12.62	1.29	9.72
MSCI ACWI ex US Index	▲ 4.81	15.78	16.58	5.61	13.32	2.62	8.04

### Relative Return vs MSCI ACWI ex US Index



### CAI MF - Non-US Equity Style (Net) Annualized Five Year Risk vs Return

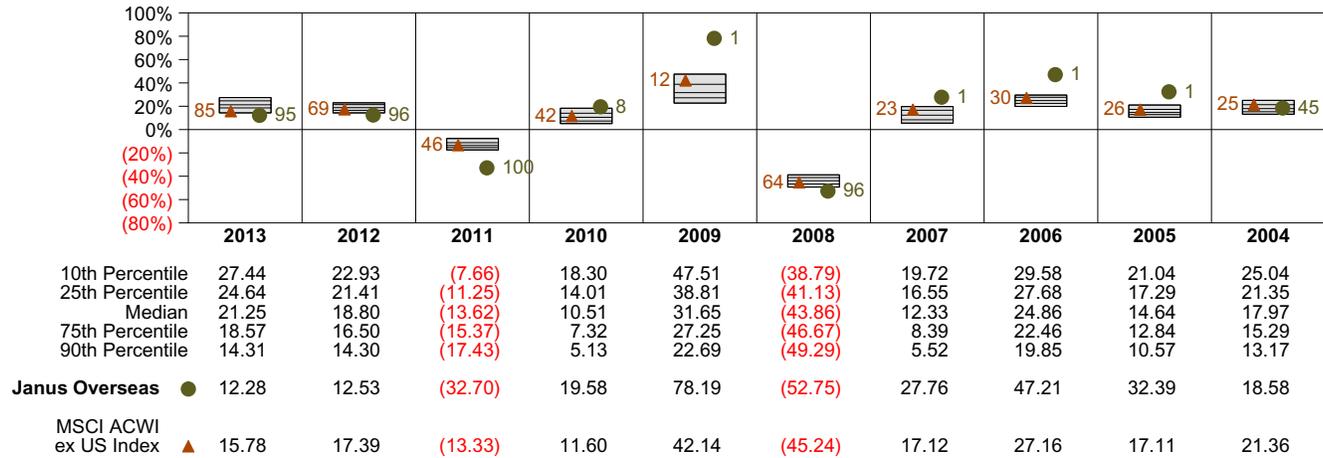


# Janus Overseas Return Analysis Summary

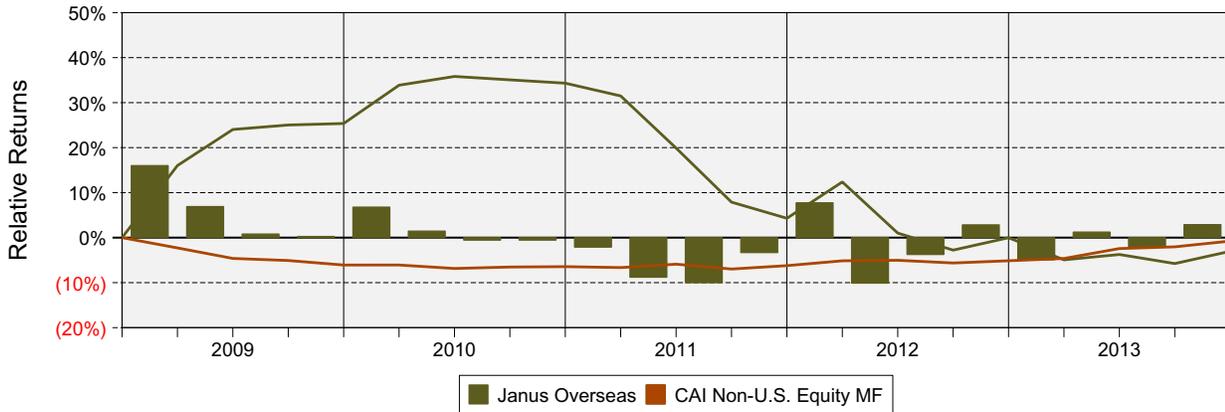
## Return Analysis

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

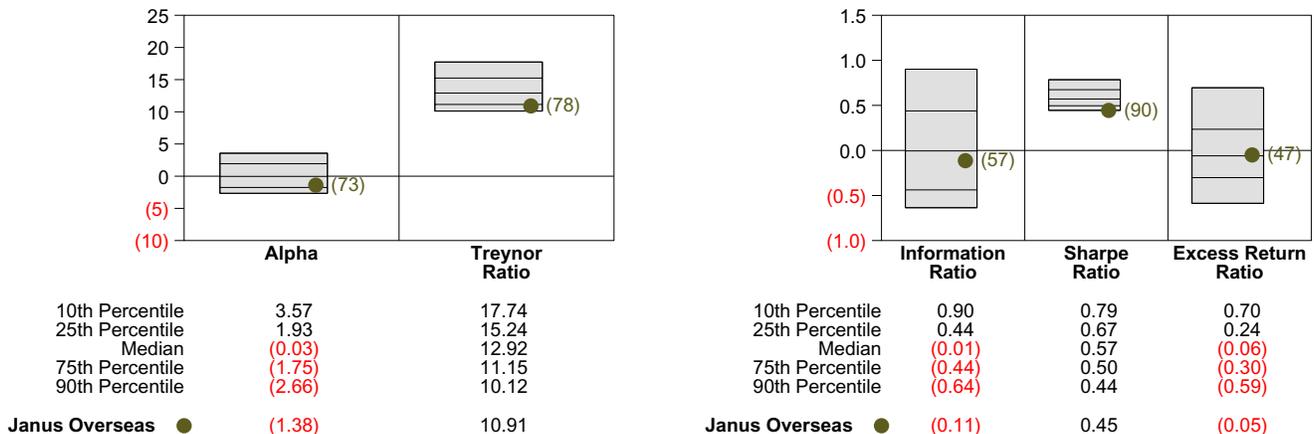
### Performance vs CAI MF - Non-US Equity Style (Net)



### Cumulative and Quarterly Relative Return vs MSCI ACWI ex US Index



### Risk Adjusted Return Measures vs MSCI ACWI ex US Index Rankings Against CAI MF - Non-US Equity Style (Net) Five Years Ended December 31, 2013

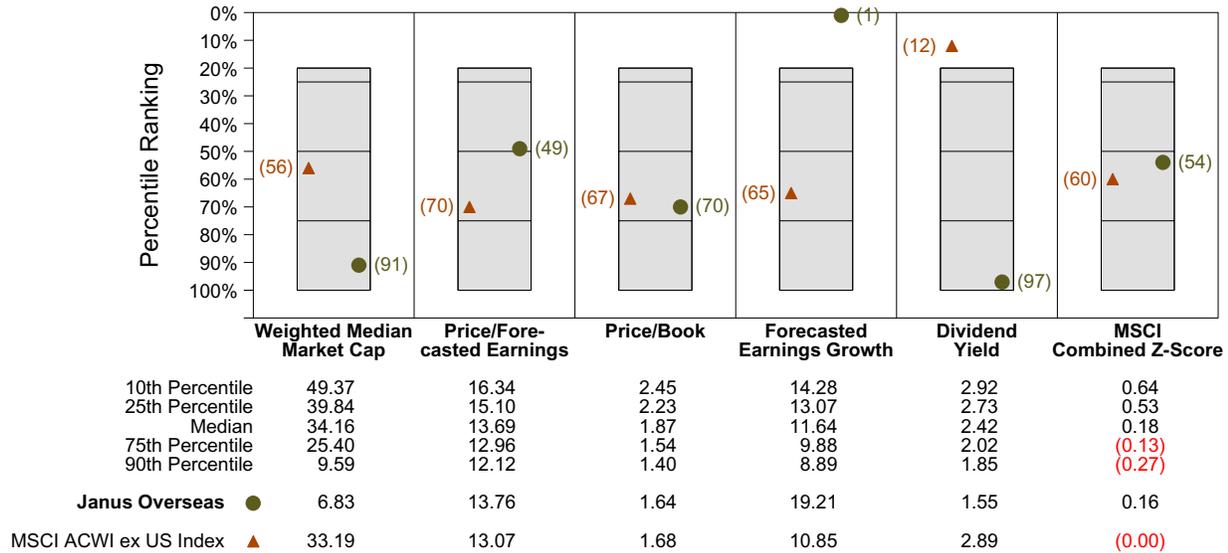


# Janus Overseas Equity Characteristics Analysis Summary

## Portfolio Characteristics

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

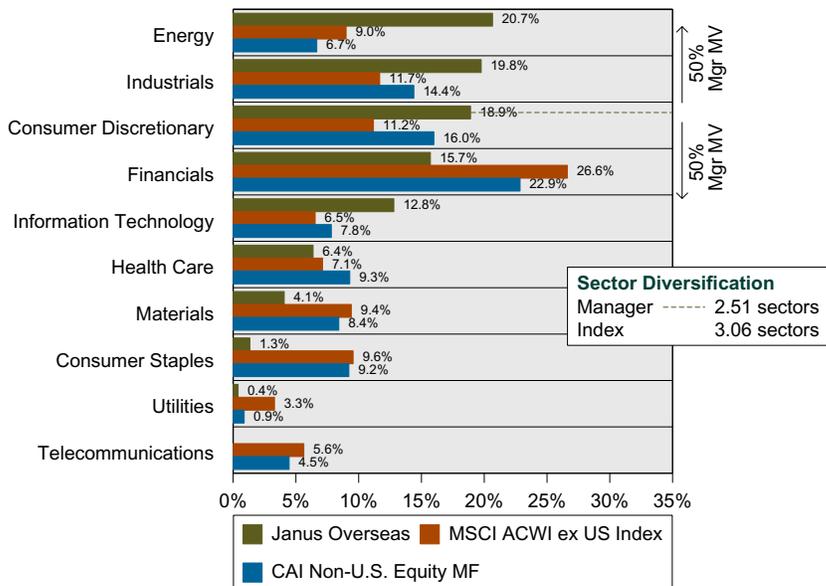
## Portfolio Characteristics Percentile Rankings Rankings Against CAI MF - Non-US Equity Style as of December 31, 2013



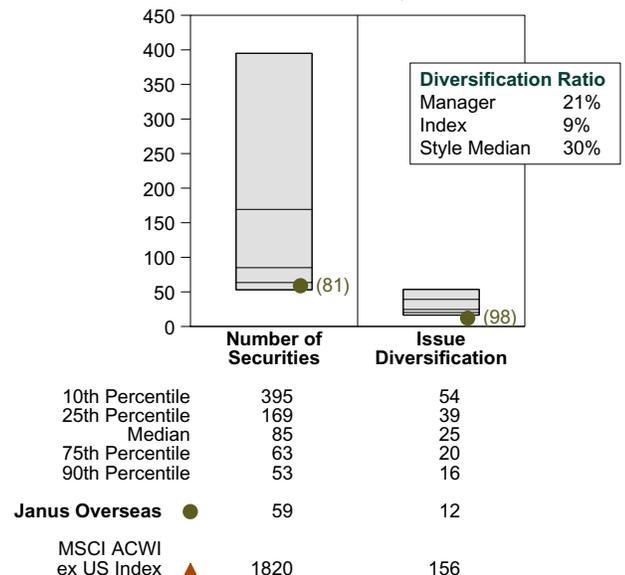
## Sector Weights

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

### Sector Allocation December 31, 2013



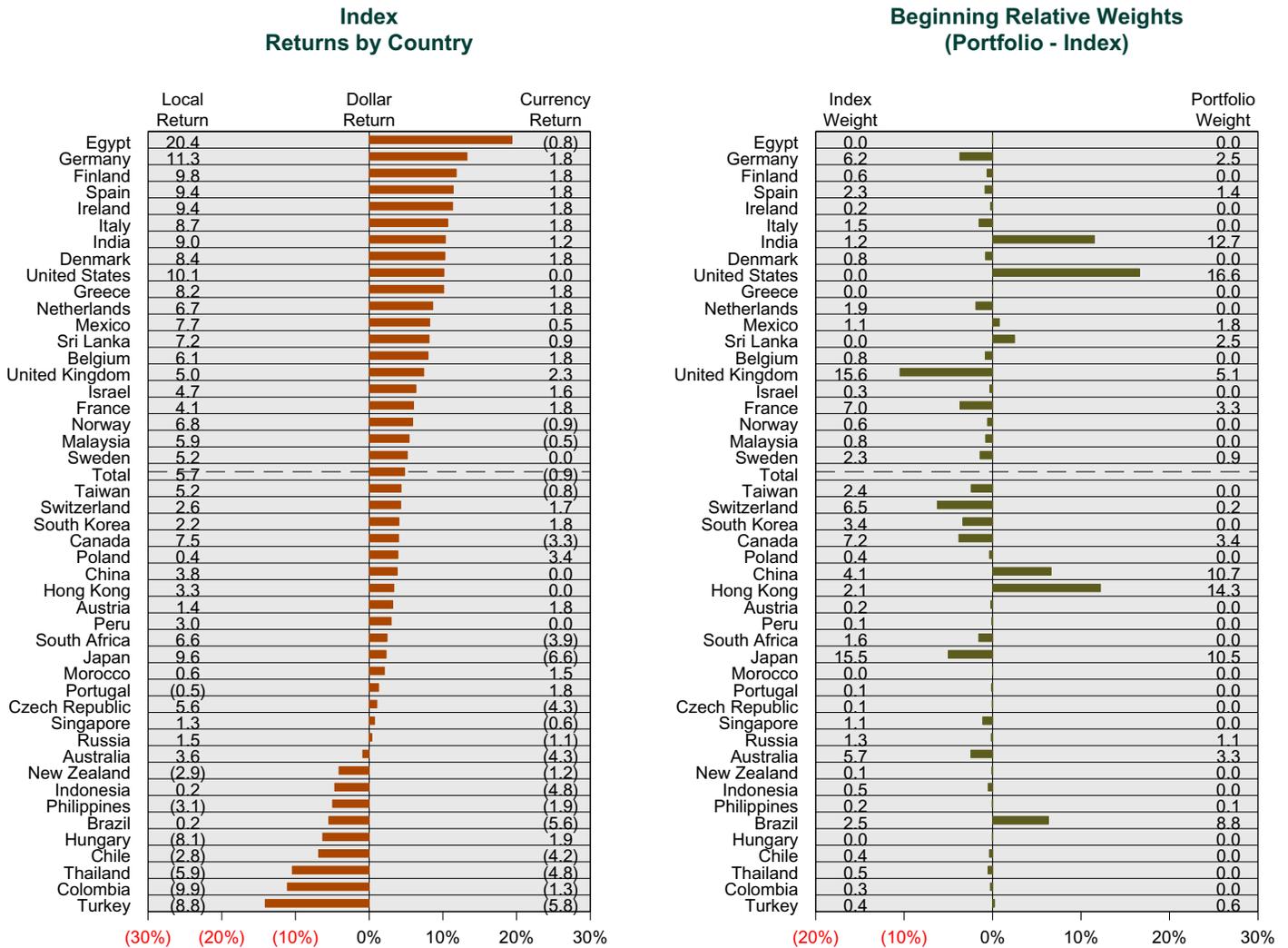
### Diversification December 31, 2013



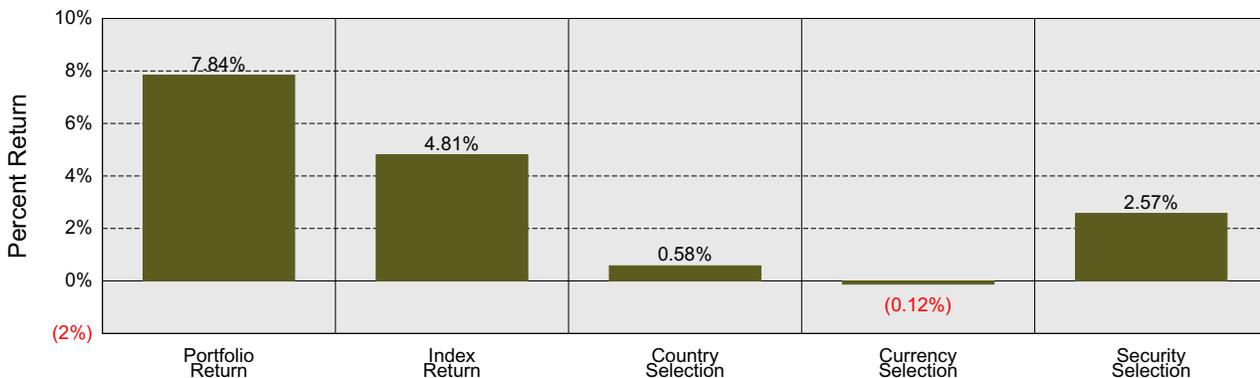
# Janus Overseas vs MSCI ACWI ex US Index Attribution for Quarter Ended December 31, 2013

## International Attribution

The first chart below illustrates the return for each country in the index sorted from high to low. The total return for the index is highlighted with a dotted line. The second chart (countries presented in the same order) illustrates the manager's country allocation decisions relative to the index. To the extent that the manager over-weighted a country that had a higher return than the total return for the index (above the dotted line) it contributes positively to the manager's country (or currency) selection effect. The last chart details the manager return, the index return, and the attribution factors for the quarter.



## Attribution Factors for Quarter Ended December 31, 2013



# Oakmark International

## Period Ended December 31, 2013

### Investment Philosophy

Harris Associates are value investors. They seek to invest in companies that trade at a substantial discount to their underlying business values and run by managers who think and act as owners. They believe that purchasing a quality business at a discount to its underlying value minimizes risk while providing substantial profit potential. Over time, they believe the price of a stock will rise to reflect the company's underlying business value; in practice, their investment time horizon is generally three to five years. They are concentrated investors, building focused portfolios that provide diversification but are concentrated enough so that their best ideas can make a meaningful impact on investment performance. They believe they can add value through their stock selection capabilities and low correlation to international indices and peers. Harris believes their greatest competitive advantage is their long-term investment horizon, exploiting the mispricing of securities caused by what they believe is the short-term focus of many market participants.

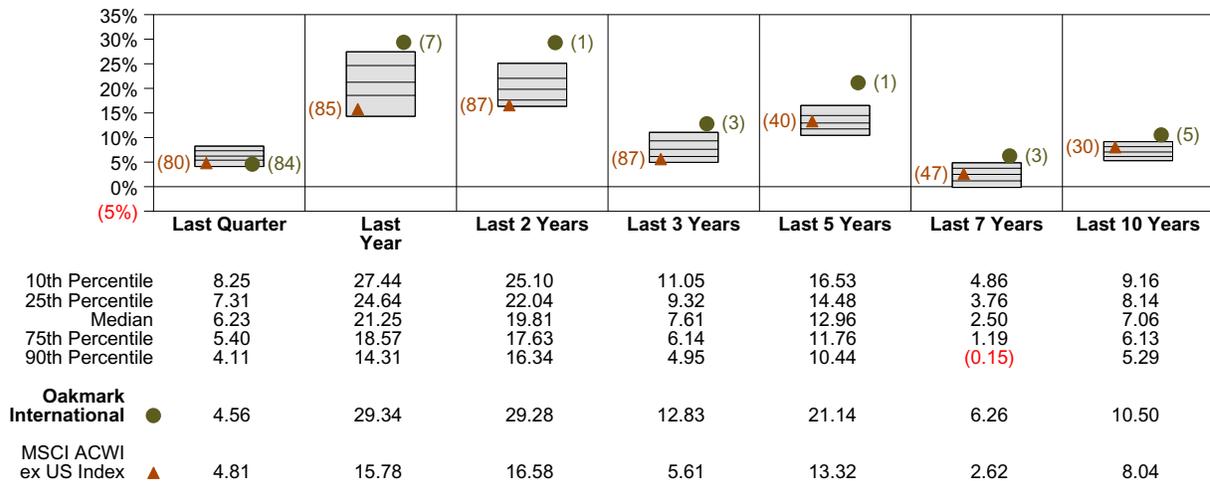
### Quarterly Summary and Highlights

- Oakmark International's portfolio posted a 4.56% return for the quarter placing it in the 84 percentile of the CAI MF - Non-US Equity Style group for the quarter and in the 7 percentile for the last year.
- Oakmark International's portfolio underperformed the MSCI ACWI ex US Index by 0.25% for the quarter and outperformed the MSCI ACWI ex US Index for the year by 13.56%.

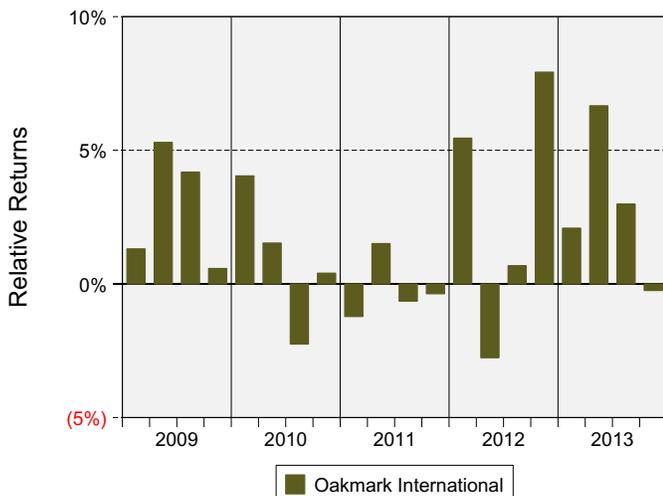
### Quarterly Asset Growth

Beginning Market Value	\$18,983,023
Net New Investment	\$-5,500,005
Investment Gains/(Losses)	\$655,834
Ending Market Value	\$14,138,852

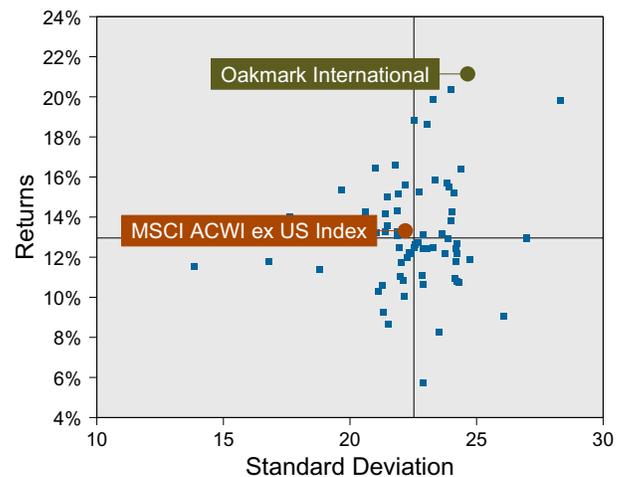
### Performance vs CAI MF - Non-US Equity Style (Net)



### Relative Return vs MSCI ACWI ex US Index



### CAI MF - Non-US Equity Style (Net) Annualized Five Year Risk vs Return

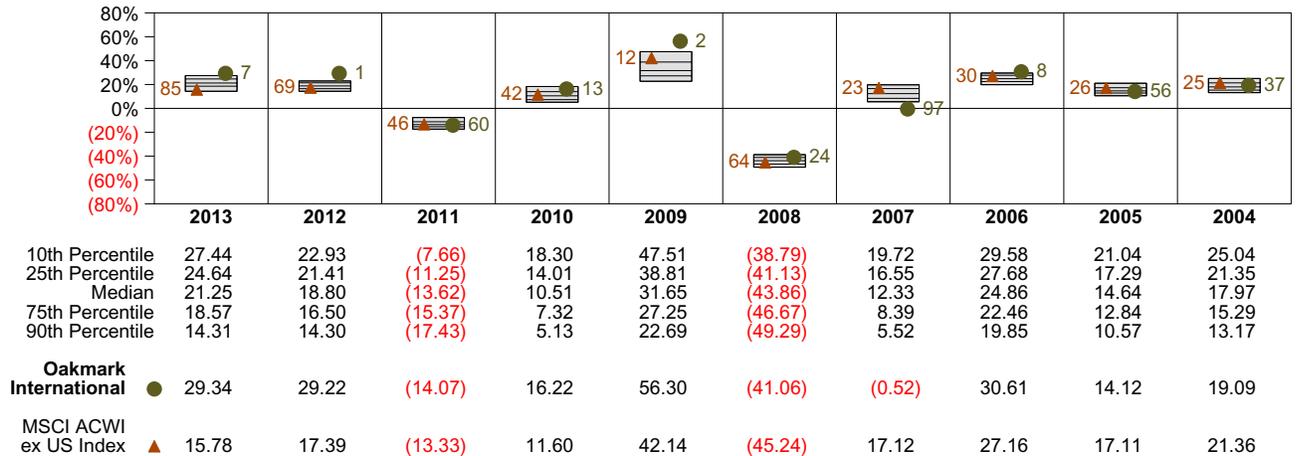


# Oakmark International Return Analysis Summary

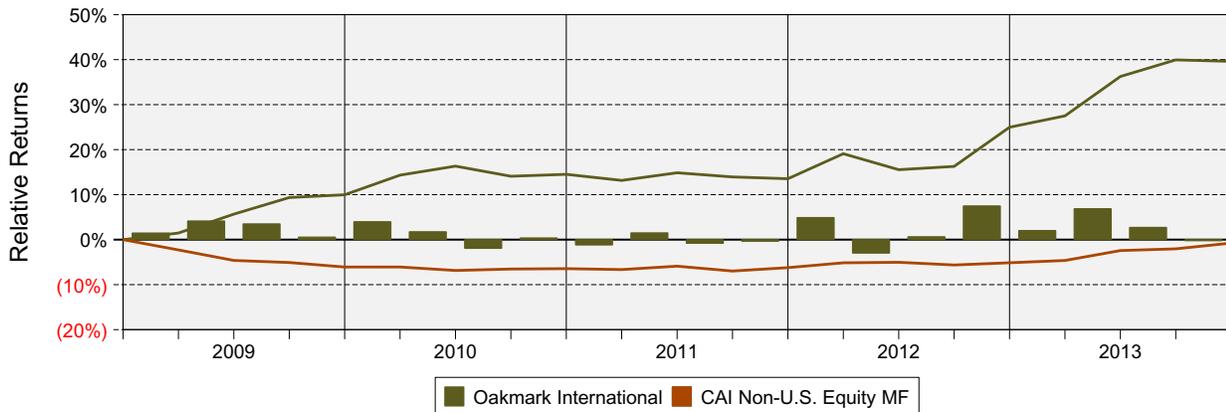
## Return Analysis

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

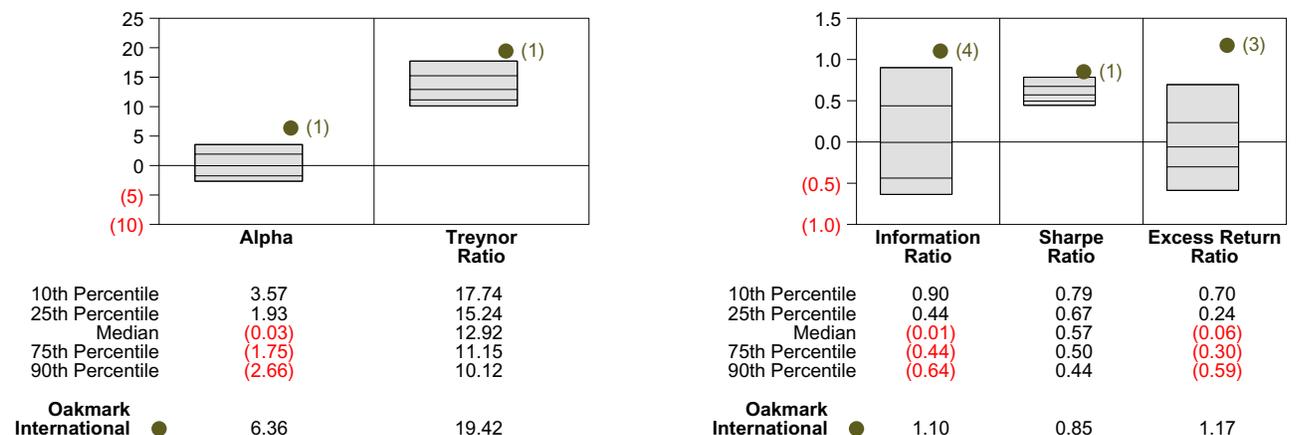
### Performance vs CAI MF - Non-US Equity Style (Net)



### Cumulative and Quarterly Relative Return vs MSCI ACWI ex US Index



### Risk Adjusted Return Measures vs MSCI ACWI ex US Index Rankings Against CAI MF - Non-US Equity Style (Net) Five Years Ended December 31, 2013

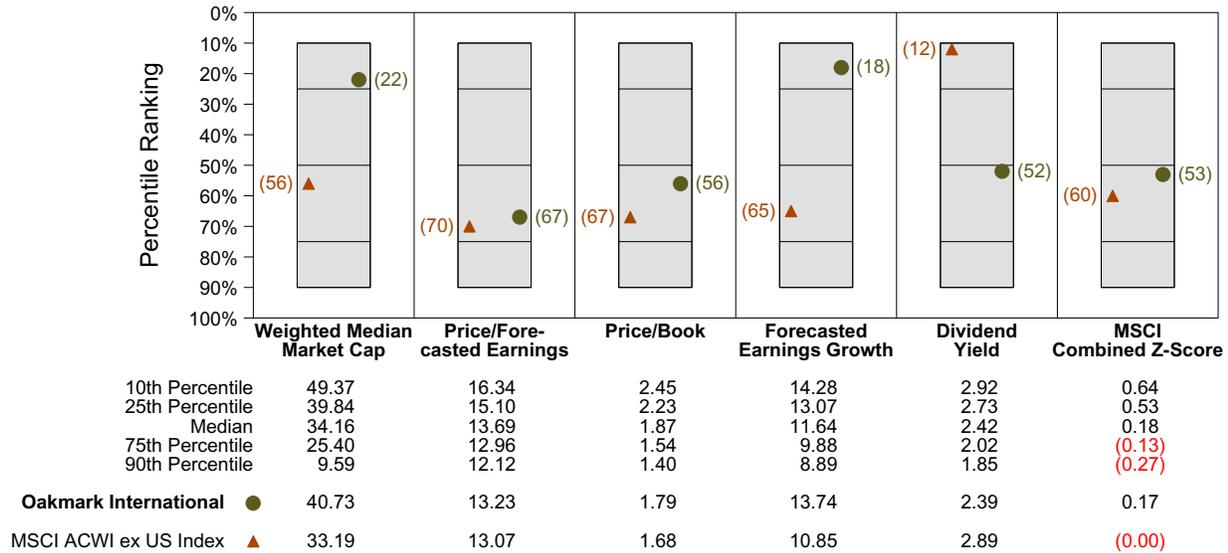


# Oakmark International Equity Characteristics Analysis Summary

## Portfolio Characteristics

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

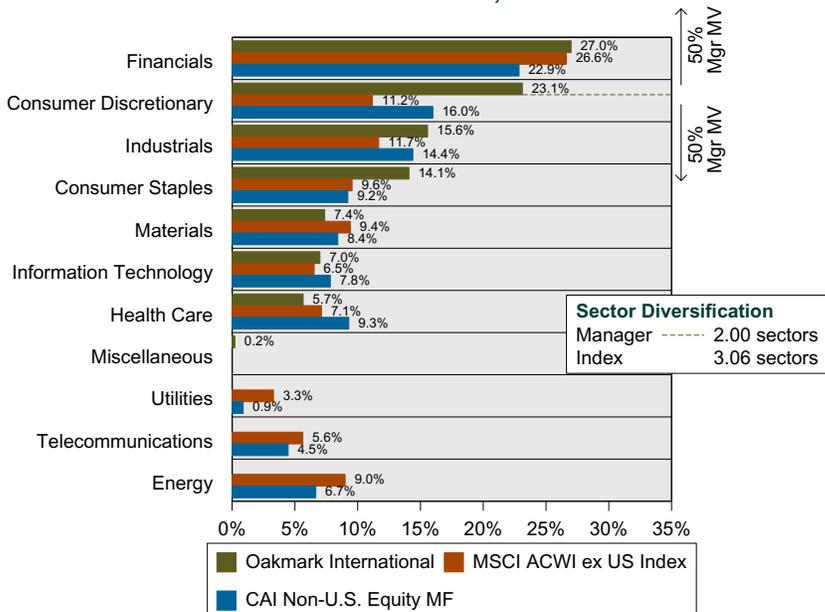
## Portfolio Characteristics Percentile Rankings Rankings Against CAI MF - Non-US Equity Style as of December 31, 2013



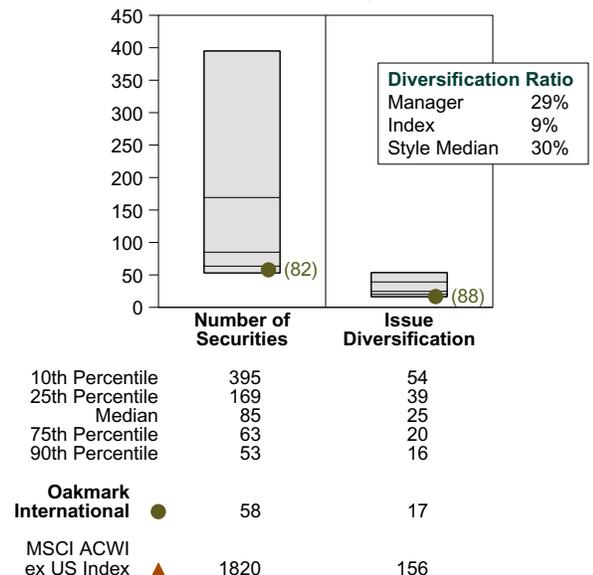
## Sector Weights

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

### Sector Allocation December 31, 2013



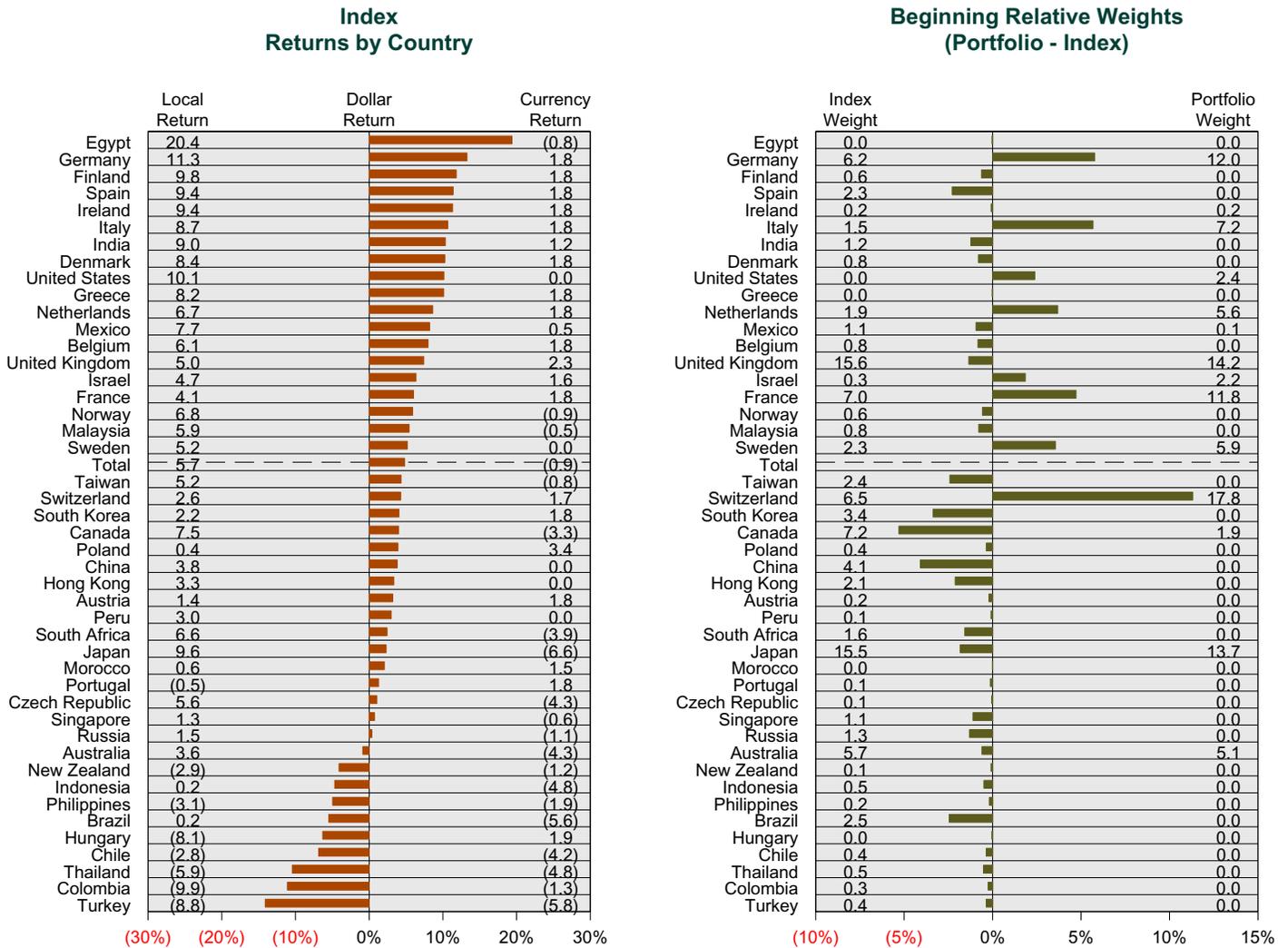
### Diversification December 31, 2013



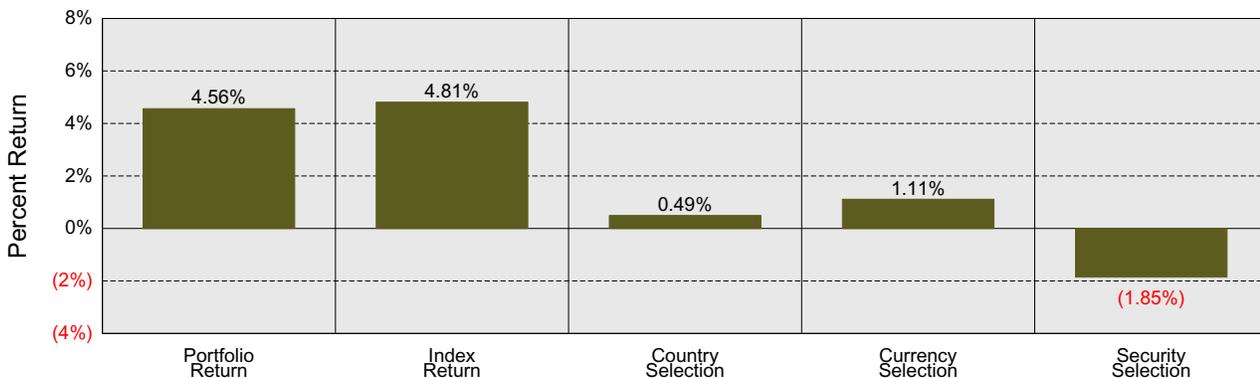
# Oakmark International vs MSCI ACWI ex US Index Attribution for Quarter Ended December 31, 2013

## International Attribution

The first chart below illustrates the return for each country in the index sorted from high to low. The total return for the index is highlighted with a dotted line. The second chart (countries presented in the same order) illustrates the manager's country allocation decisions relative to the index. To the extent that the manager over-weighted a country that had a higher return than the total return for the index (above the dotted line) it contributes positively to the manager's country (or currency) selection effect. The last chart details the manager return, the index return, and the attribution factors for the quarter.



## Attribution Factors for Quarter Ended December 31, 2013



# Mondrian International Period Ended December 31, 2013

## Investment Philosophy

Mondrian's value driven investment philosophy is based on the belief that investments need to be evaluated in terms of their fundamental long-term value. In the management of international equity assets, they invest in securities where rigorous dividend discount analysis identifies value in terms of the long term flow of income. Mondrian's management fee is 77 bps on all assets.

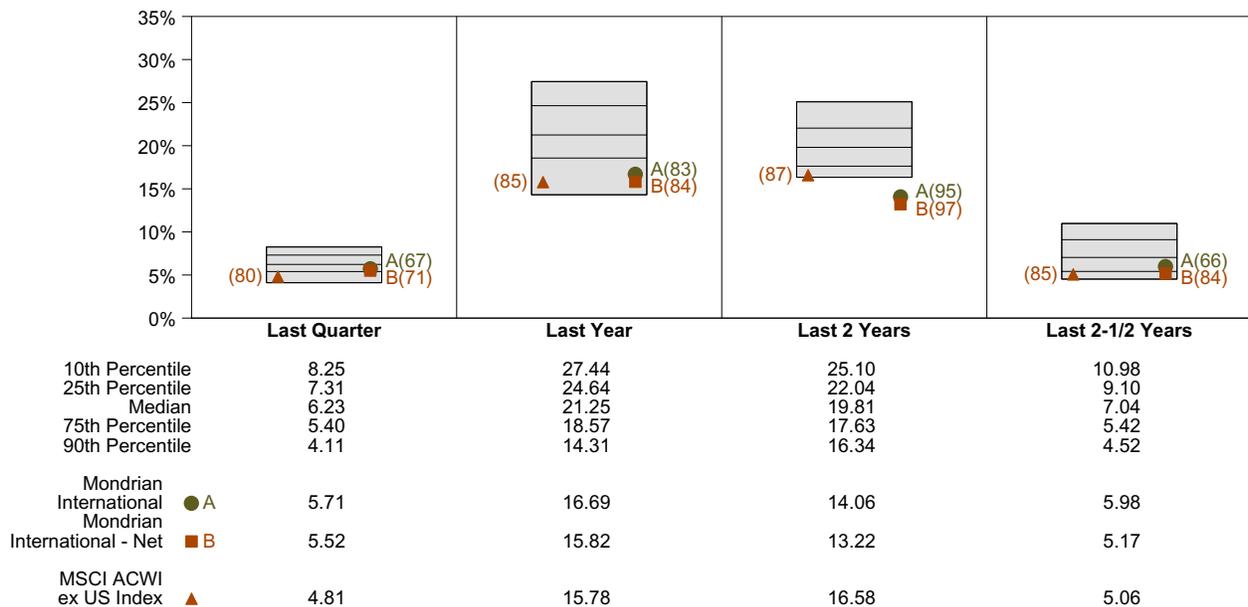
## Quarterly Summary and Highlights

- Mondrian International's portfolio posted a 5.71% return for the quarter placing it in the 67 percentile of the CAI MF - Non-US Equity Style group for the quarter and in the 83 percentile for the last year.
- Mondrian International's portfolio outperformed the MSCI ACWI ex US Index by 0.90% for the quarter and outperformed the MSCI ACWI ex US Index for the year by 0.91%.

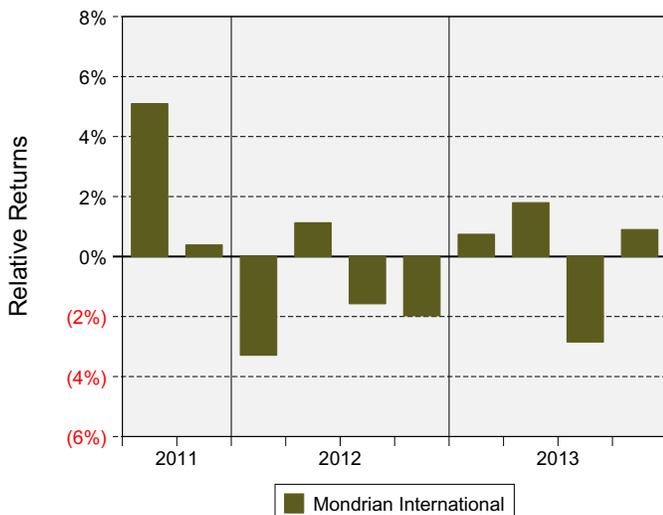
## Quarterly Asset Growth

Beginning Market Value	\$19,538,934
Net New Investment	\$0
Investment Gains/(Losses)	\$1,115,287
Ending Market Value	\$20,654,221

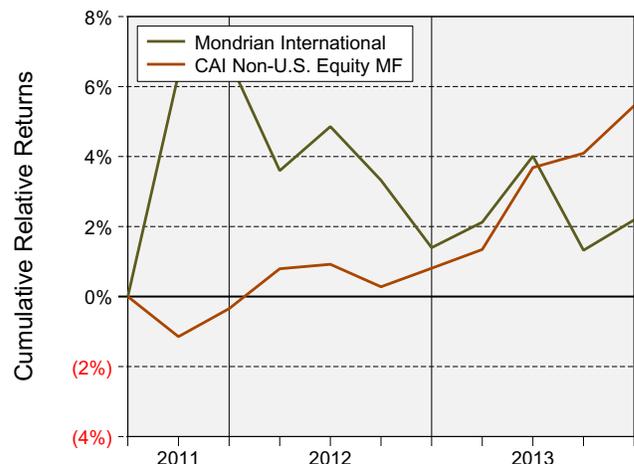
## Performance vs CAI MF - Non-US Equity Style (Net)



## Relative Return vs MSCI ACWI ex US Index



## Cumulative Returns vs MSCI ACWI ex US Index

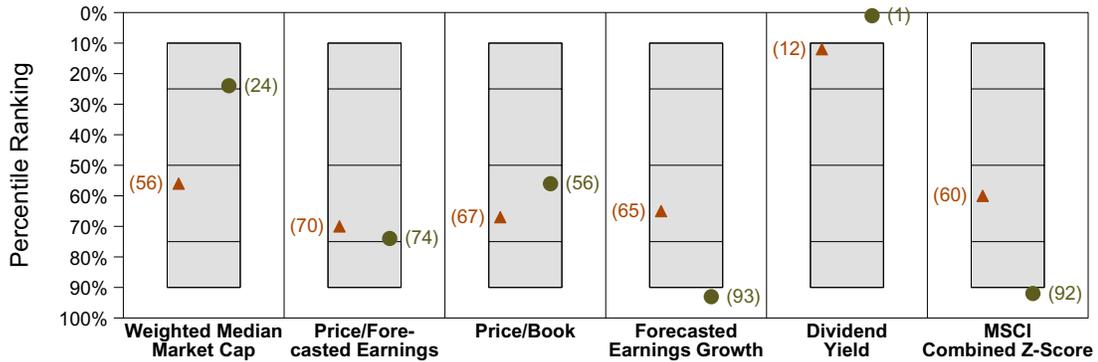


# Mondrian International Equity Characteristics Analysis Summary

## Portfolio Characteristics

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

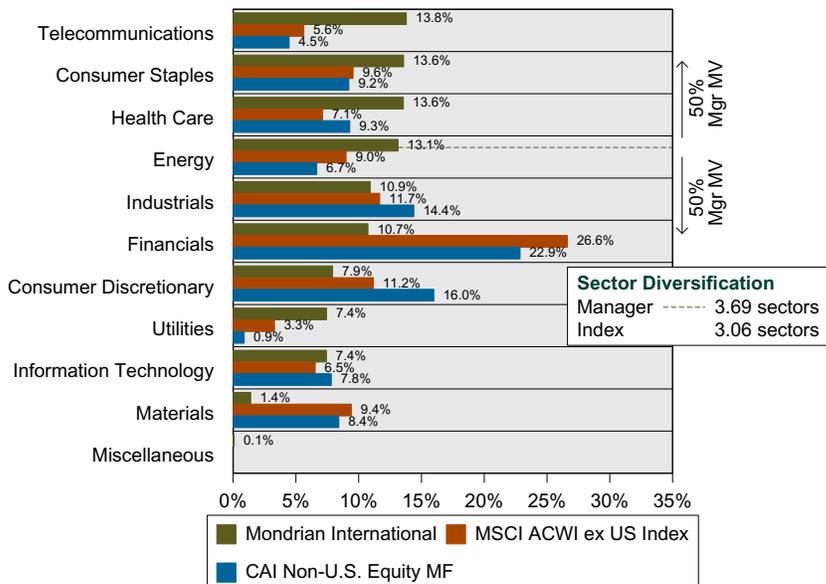
## Portfolio Characteristics Percentile Rankings Rankings Against CAI MF - Non-US Equity Style as of December 31, 2013



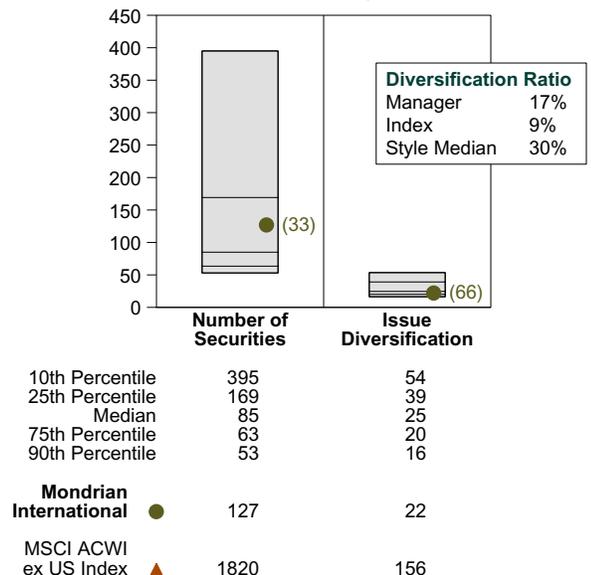
## Sector Weights

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

### Sector Allocation December 31, 2013



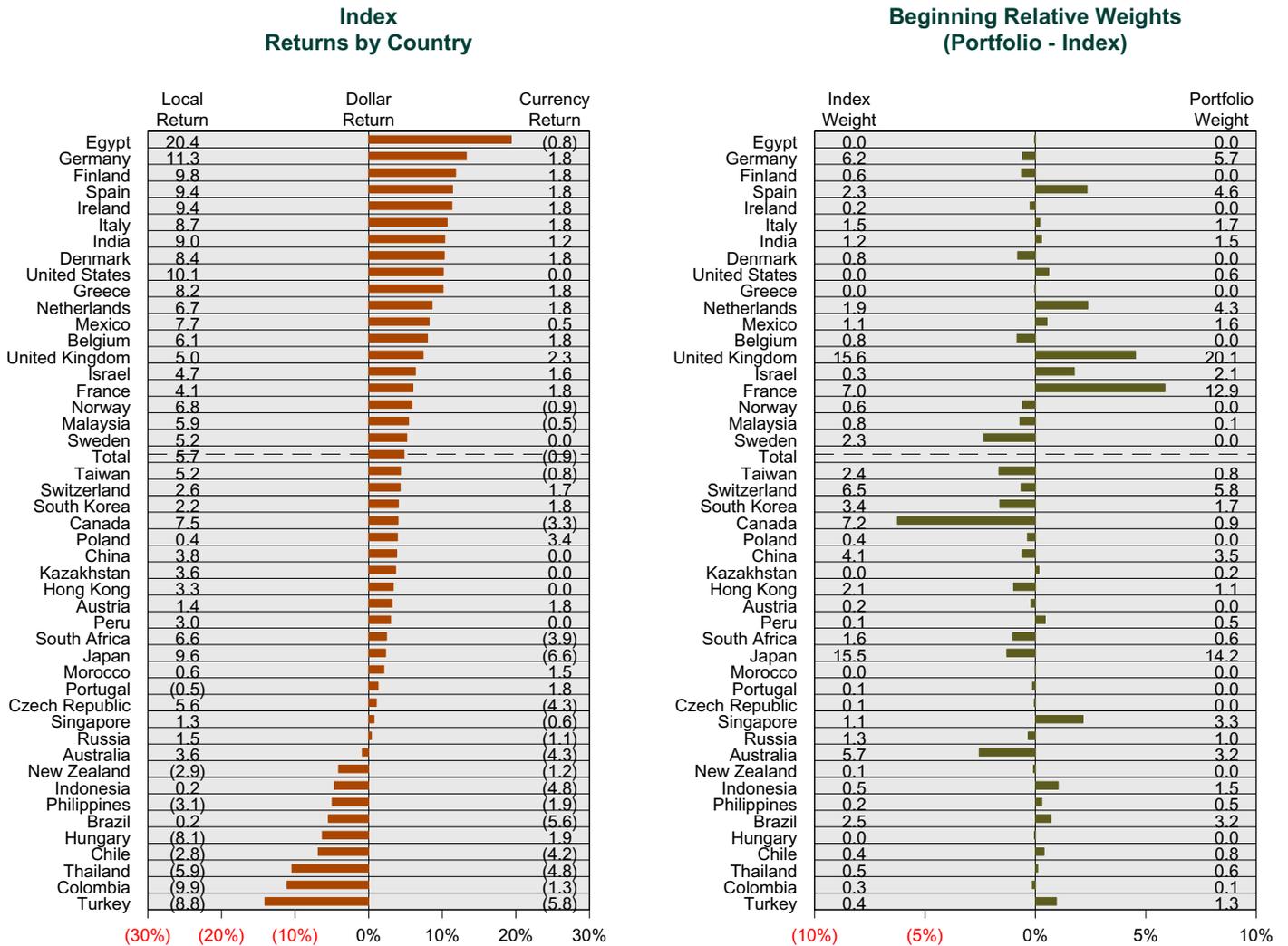
### Diversification December 31, 2013



# Mondrian International vs MSCI ACWI ex US Index Attribution for Quarter Ended December 31, 2013

## International Attribution

The first chart below illustrates the return for each country in the index sorted from high to low. The total return for the index is highlighted with a dotted line. The second chart (countries presented in the same order) illustrates the manager's country allocation decisions relative to the index. To the extent that the manager over-weighted a country that had a higher return than the total return for the index (above the dotted line) it contributes positively to the manager's country (or currency) selection effect. The last chart details the manager return, the index return, and the attribution factors for the quarter.



## Attribution Factors for Quarter Ended December 31, 2013





# Domestic Fixed Income Composite Period Ended December 31, 2013

## Quarterly Summary and Highlights

- Domestic Fixed Income Composite's portfolio posted a 0.56% return for the quarter placing it in the 47 percentile of the Pub Pln- Domestic Fixed group for the quarter and in the 43 percentile for the last year.
- Domestic Fixed Income Composite's portfolio outperformed the Barclays Aggregate Index by 0.70% for the quarter and outperformed the Barclays Aggregate Index for the year by 1.37%.

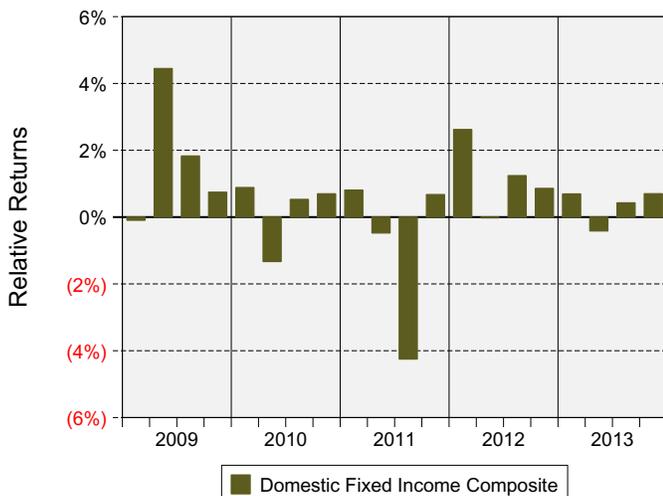
## Quarterly Asset Growth

Beginning Market Value	\$104,469,976
Net New Investment	\$10,225,999
Investment Gains/(Losses)	\$583,492
Ending Market Value	\$115,279,467

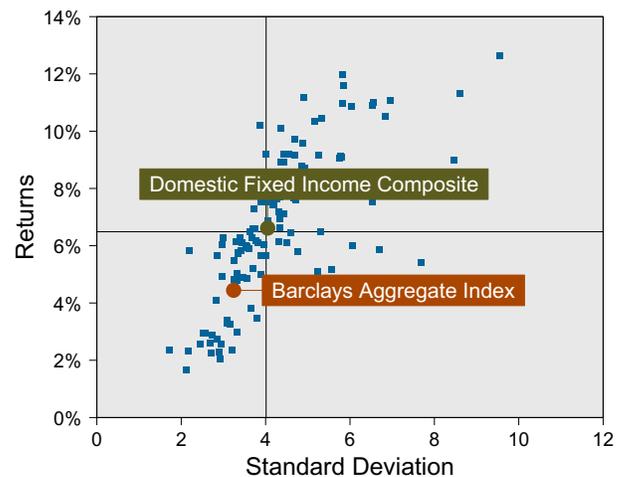
## Performance vs Pub Pln- Domestic Fixed (Gross)



## Relative Return vs Barclays Aggregate Index



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

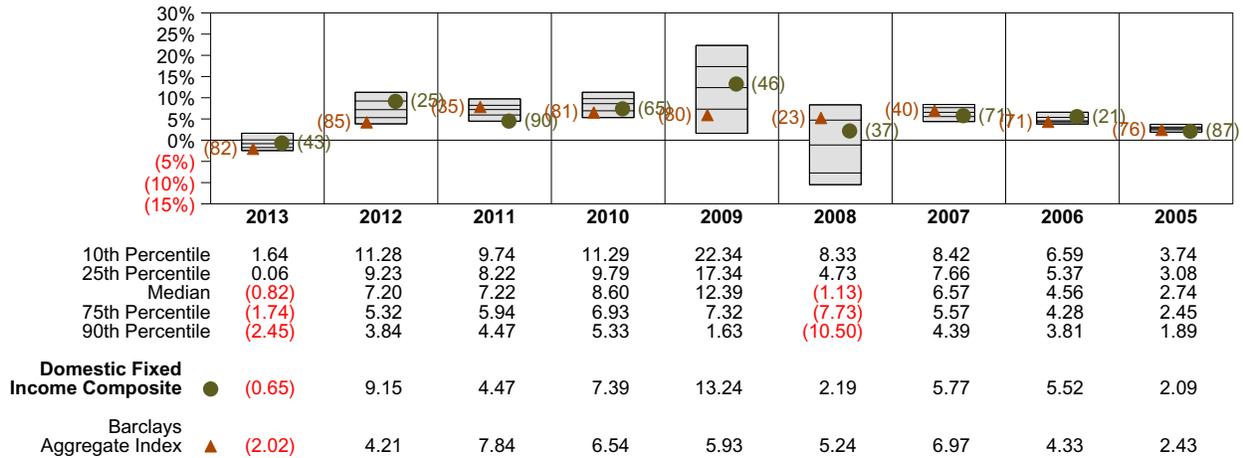


# Domestic Fixed Income Composite Return Analysis Summary

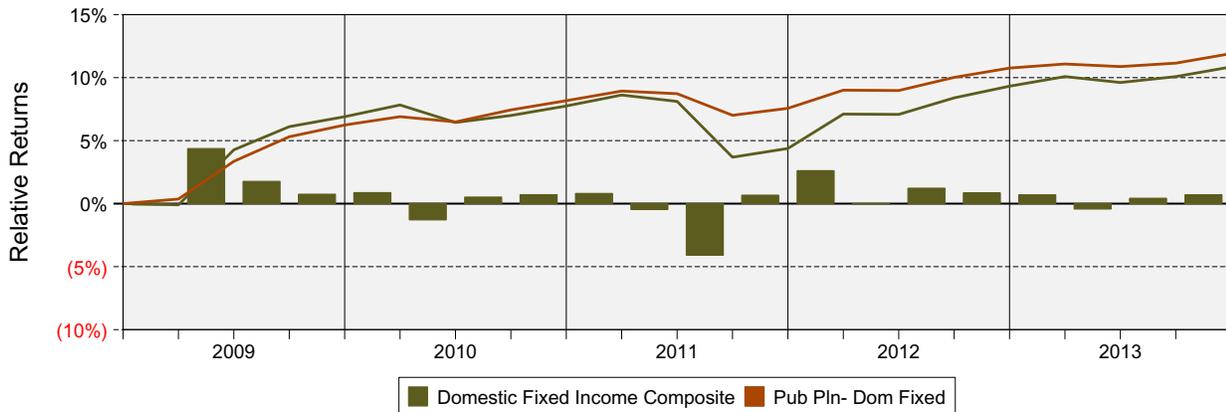
## Return Analysis

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

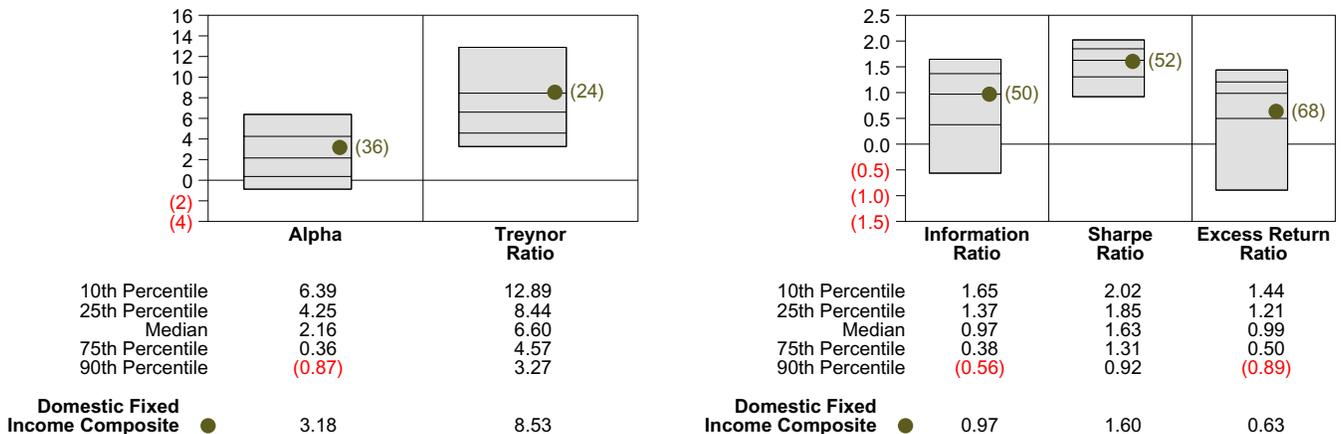
### Performance vs Pub Pln- Domestic Fixed (Gross)



### Cumulative and Quarterly Relative Return vs Barclays Aggregate Index



### Risk Adjusted Return Measures vs Barclays Aggregate Index Rankings Against Pub Pln- Domestic Fixed (Gross) Five Years Ended December 31, 2013

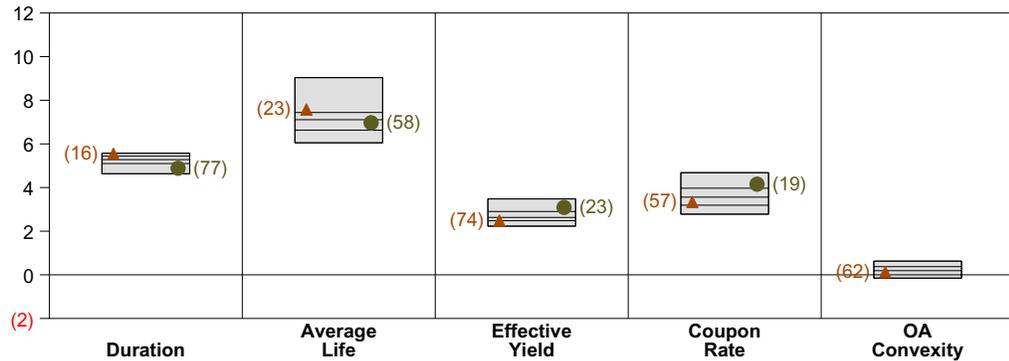


# Domestic Fixed Income Composite Bond Characteristics Analysis Summary

## Portfolio Characteristics

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

## Fixed Income Portfolio Characteristics Rankings Against CAI Core Bond Fixed-Inc Style as of December 31, 2013

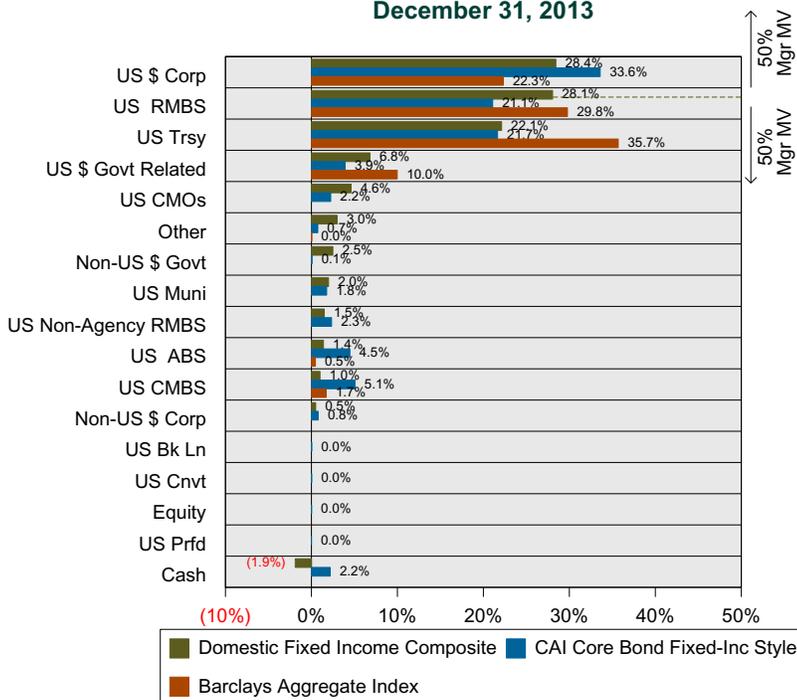


	Duration	Average Life	Effective Yield	Coupon Rate	OA Convexity
10th Percentile	5.57	9.04	3.48	4.68	0.63
25th Percentile	5.44	7.44	2.90	3.97	0.38
Median	5.28	7.11	2.63	3.56	0.19
75th Percentile	5.10	6.63	2.48	3.19	0.00
90th Percentile	4.63	6.05	2.23	2.78	(0.15)
<b>Domestic Fixed Income Composite</b> ●	4.88	6.97	3.08	4.15	-
<b>Barclays Aggregate Index</b> ▲	5.55	7.58	2.48	3.34	0.13

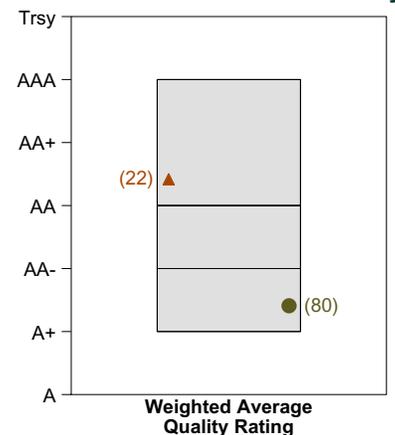
## Sector Allocation and Quality Ratings

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

### Sector Allocation December 31, 2013



### Quality Ratings vs CAI Core Bond Fixed-Inc Style



10th Percentile	AAA
25th Percentile	AA
Median	AA
75th Percentile	AA-
90th Percentile	A+

<b>Domestic Fixed Income Composite</b> ●	A+
<b>Barclays Aggregate Index</b> ▲	AA

# Dodge & Cox Income Period Ended December 31, 2013

## Investment Philosophy

Dodge & Cox employs a bottom-up security selection process focusing on undervalued issues. The process aims to produce a high-quality, diversified portfolio with above-market returns over three-to-five year periods.

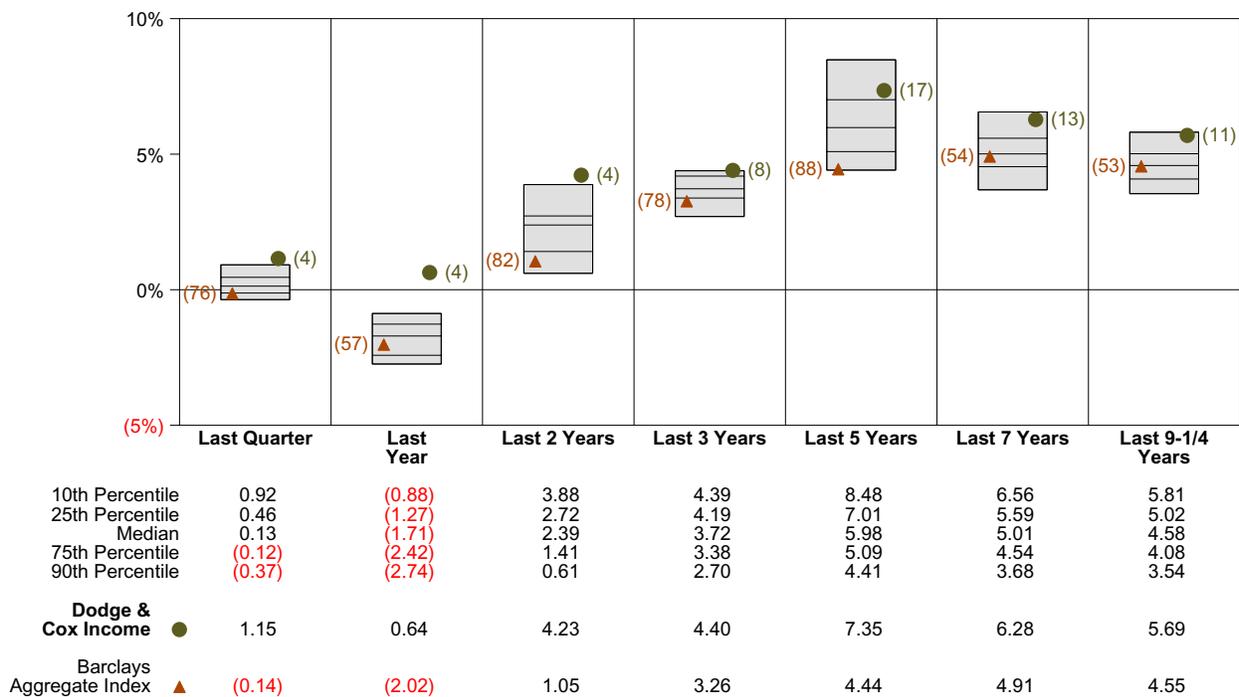
## Quarterly Summary and Highlights

- Dodge & Cox Income's portfolio posted a 1.15% return for the quarter placing it in the 4 percentile of the CAI MF - Core Bond Style group for the quarter and in the 4 percentile for the last year.
- Dodge & Cox Income's portfolio outperformed the Barclays Aggregate Index by 1.29% for the quarter and outperformed the Barclays Aggregate Index for the year by 2.66%.

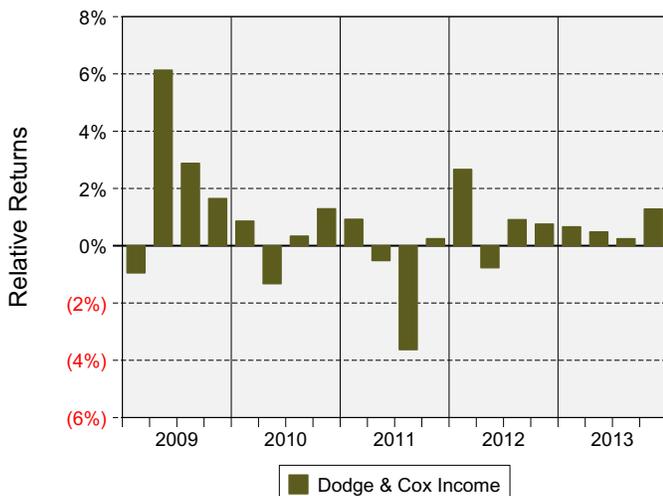
## Quarterly Asset Growth

Beginning Market Value	\$51,853,348
Net New Investment	\$5,407,969
Investment Gains/(Losses)	\$627,223
Ending Market Value	\$57,888,540

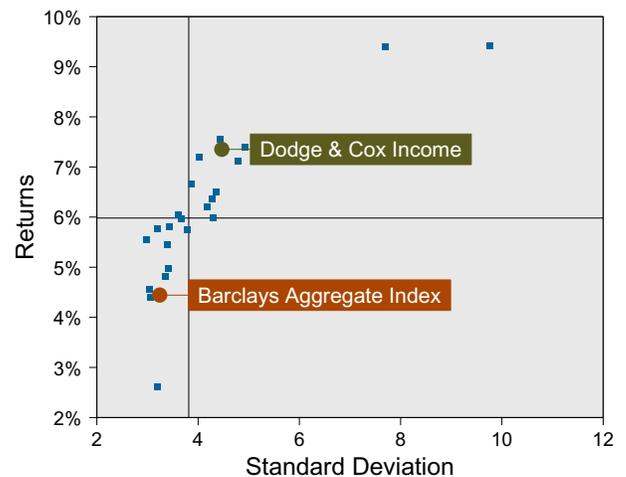
## Performance vs CAI MF - Core Bond Style (Net)



## Relative Return vs Barclays Aggregate Index



## CAI MF - Core Bond Style (Net) Annualized Five Year Risk vs Return

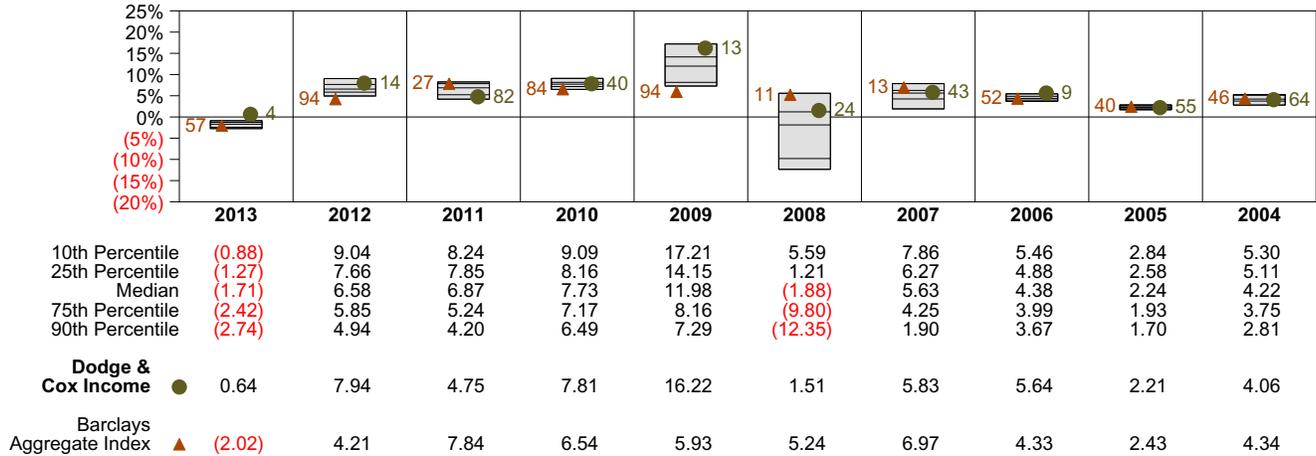


# Dodge & Cox Income Return Analysis Summary

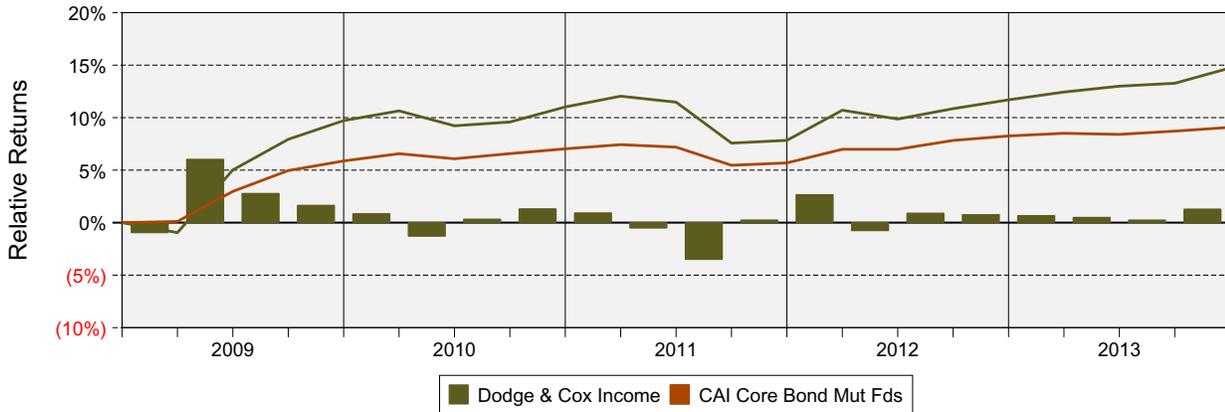
## Return Analysis

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

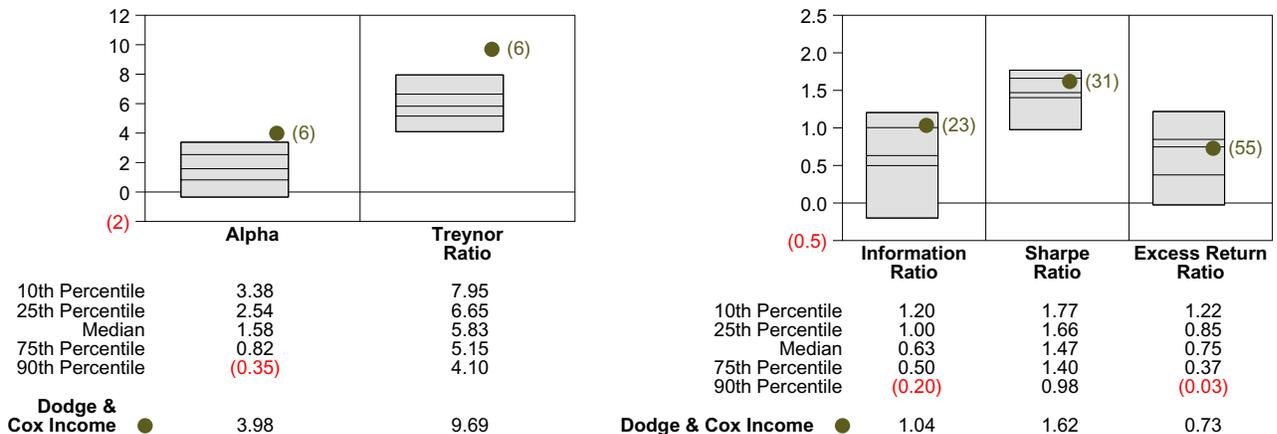
### Performance vs CAI MF - Core Bond Style (Net)



### Cumulative and Quarterly Relative Return vs Barclays Aggregate Index



### Risk Adjusted Return Measures vs Barclays Aggregate Index Rankings Against CAI MF - Core Bond Style (Net) Five Years Ended December 31, 2013

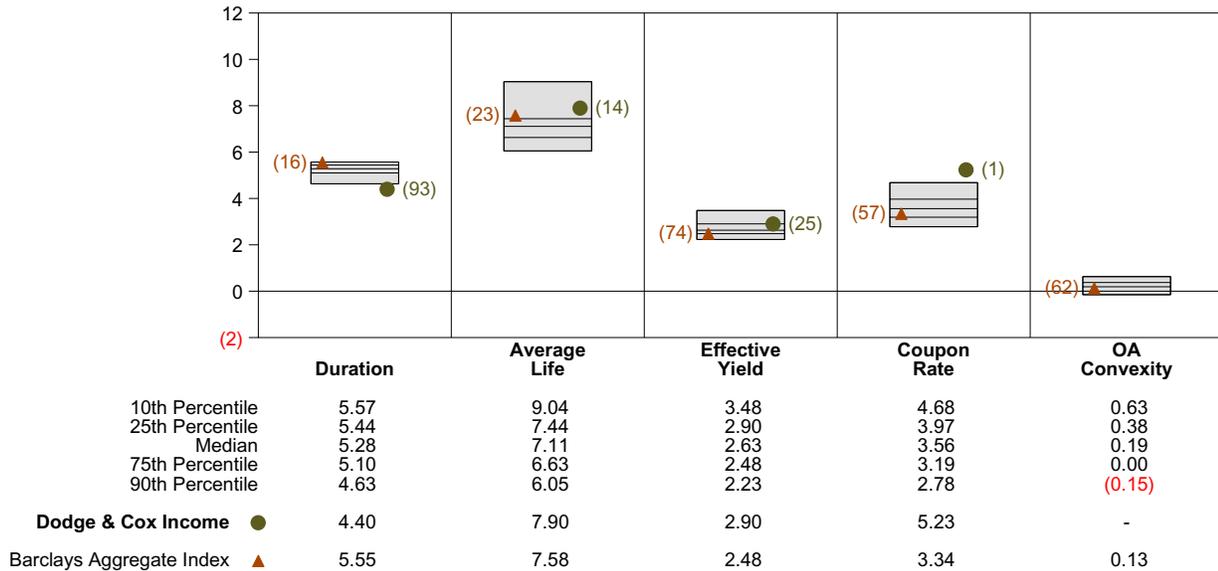


# Dodge & Cox Income Bond Characteristics Analysis Summary

## Portfolio Characteristics

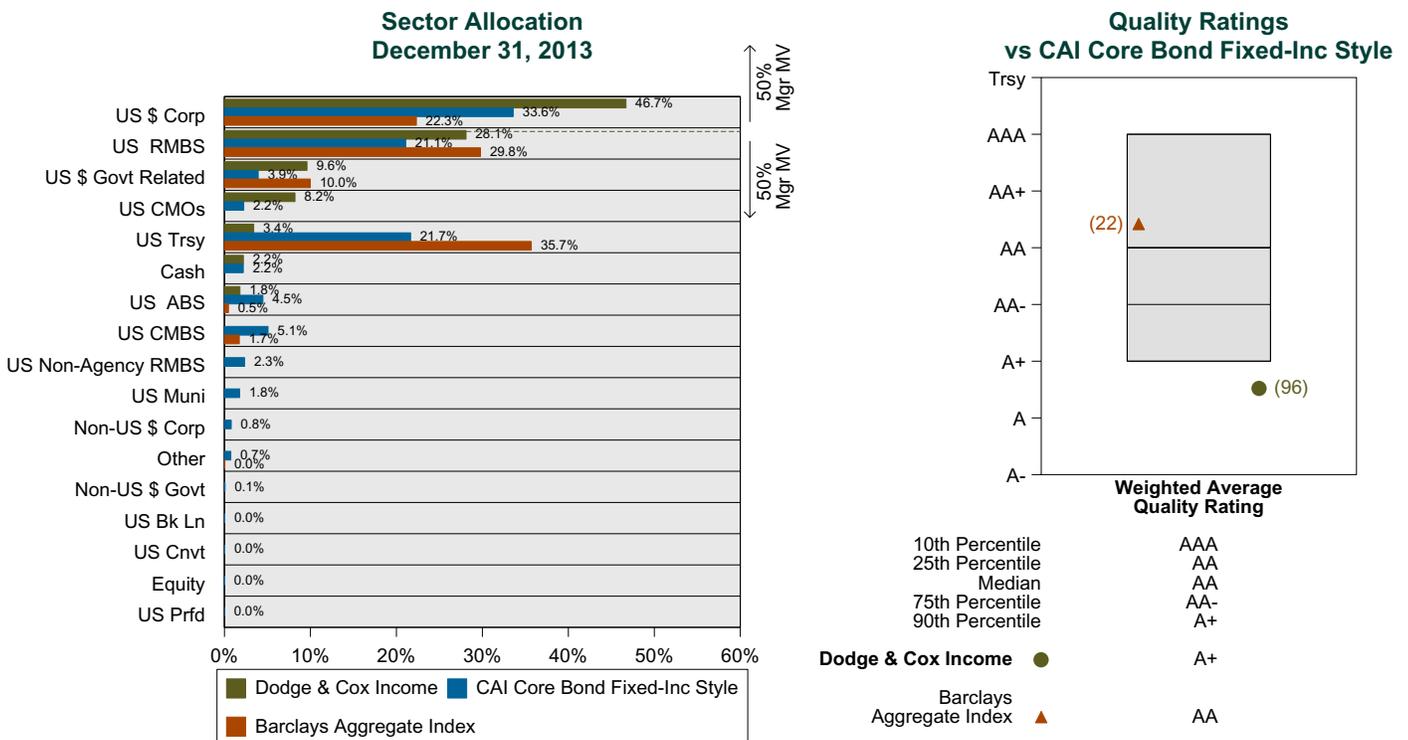
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

## Fixed Income Portfolio Characteristics Rankings Against CAI Core Bond Fixed-Inc Style as of December 31, 2013



## Sector Allocation and Quality Ratings

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



# PIMCO

## Period Ended December 31, 2013

### Investment Philosophy

PIMCO emphasizes adding value by rotating through the major sectors of the domestic and international bond markets. They also seek to enhance returns through duration management.

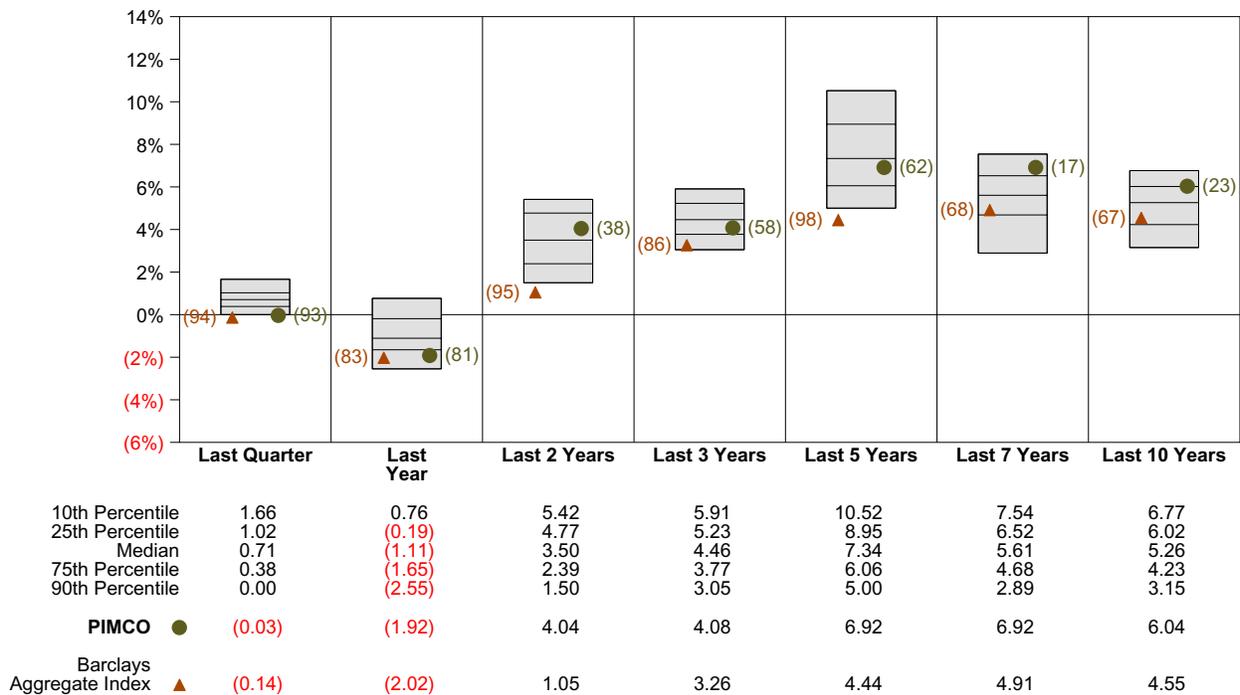
### Quarterly Summary and Highlights

- PIMCO's portfolio posted a (0.03)% return for the quarter placing it in the 93 percentile of the CAI MF - Core Plus Style group for the quarter and in the 81 percentile for the last year.
- PIMCO's portfolio outperformed the Barclays Aggregate Index by 0.10% for the quarter and outperformed the Barclays Aggregate Index for the year by 0.10%.

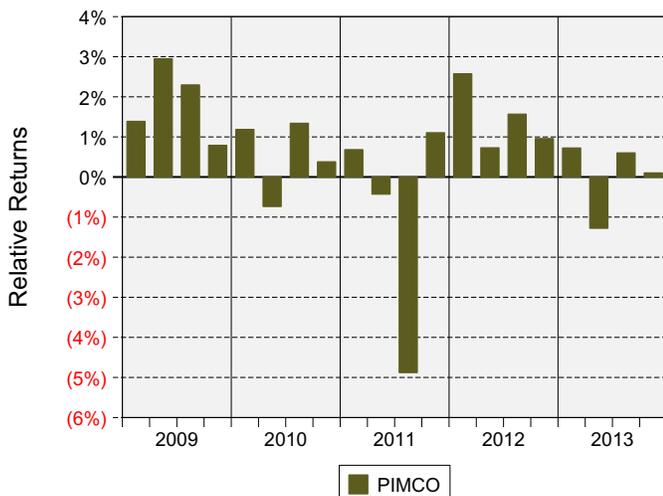
### Quarterly Asset Growth

Beginning Market Value	\$52,616,628
Net New Investment	\$4,818,031
Investment Gains/(Losses)	\$-43,732
Ending Market Value	\$57,390,927

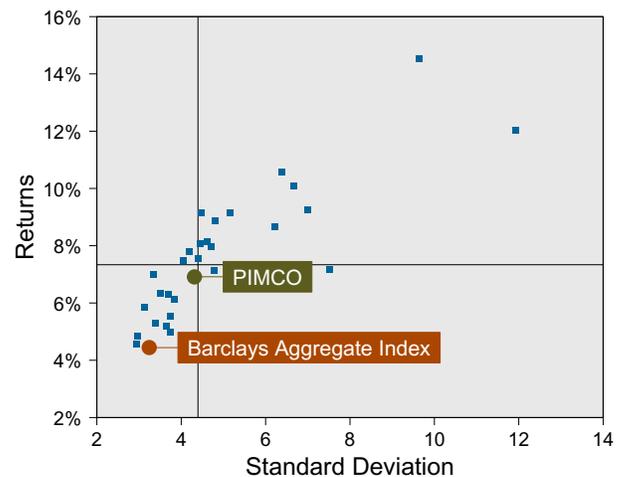
### Performance vs CAI MF - Core Plus Style (Net)



### Relative Return vs Barclays Aggregate Index



### CAI MF - Core Plus Style (Net) Annualized Five Year Risk vs Return

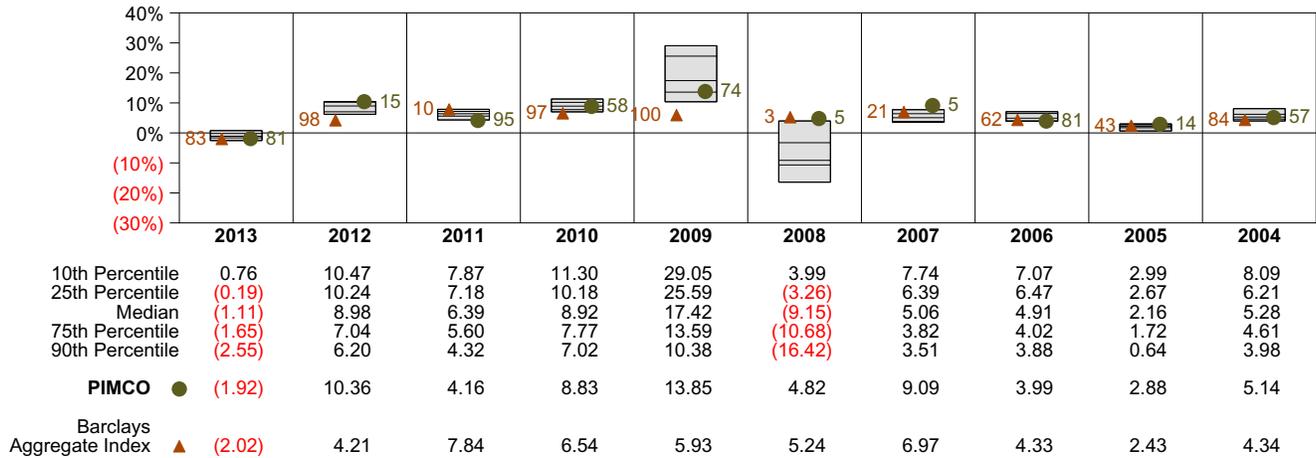


# PIMCO Return Analysis Summary

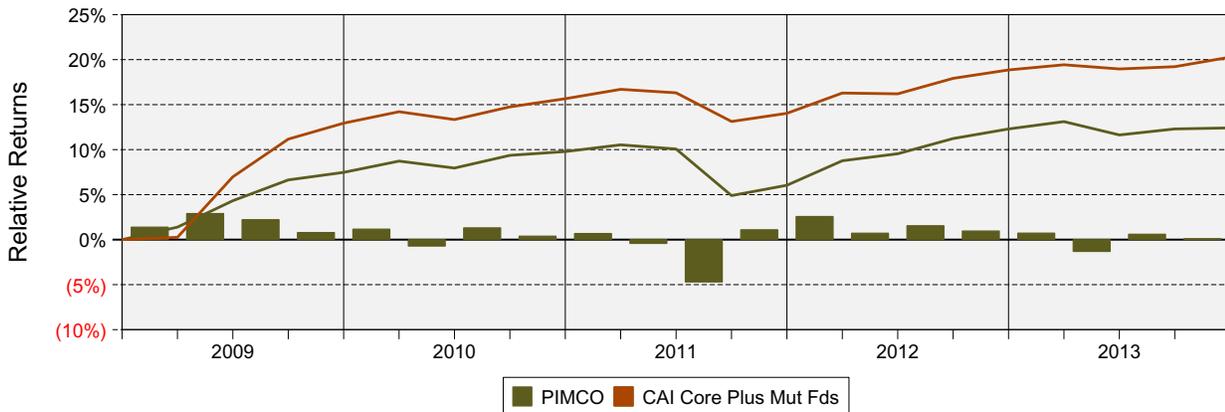
## Return Analysis

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

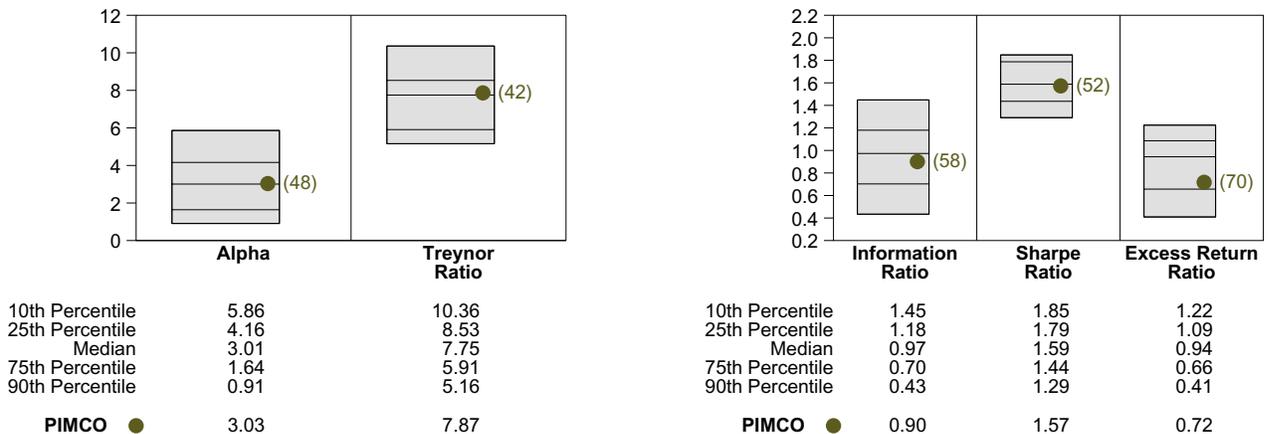
### Performance vs CAI MF - Core Plus Style (Net)



### Cumulative and Quarterly Relative Return vs Barclays Aggregate Index



### Risk Adjusted Return Measures vs Barclays Aggregate Index Rankings Against CAI MF - Core Plus Style (Net) Five Years Ended December 31, 2013

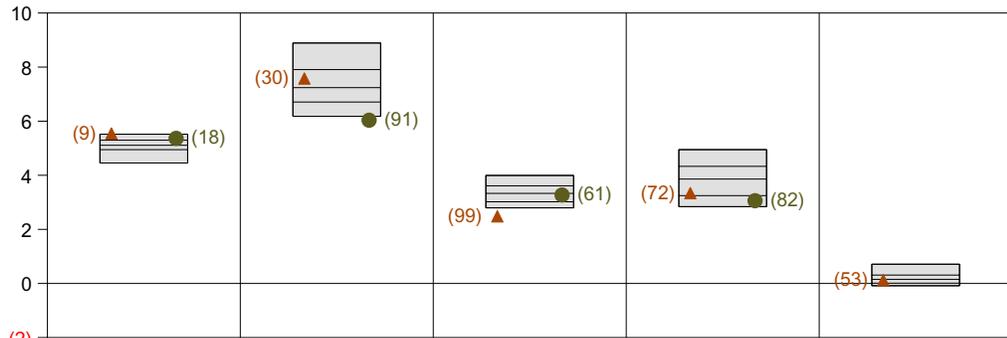


# PIMCO Bond Characteristics Analysis Summary

## Portfolio Characteristics

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

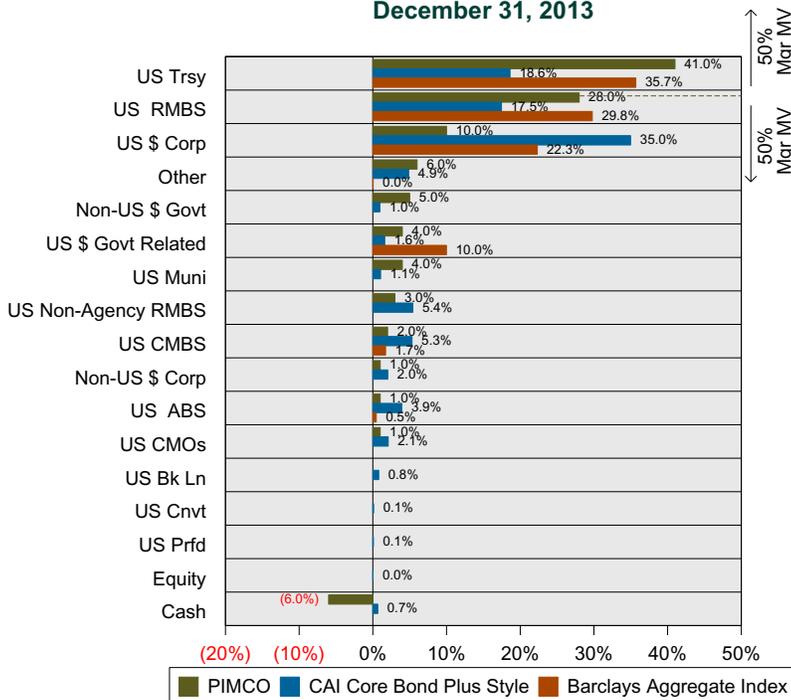
## Fixed Income Portfolio Characteristics Rankings Against CAI Core Bond Plus Style as of December 31, 2013



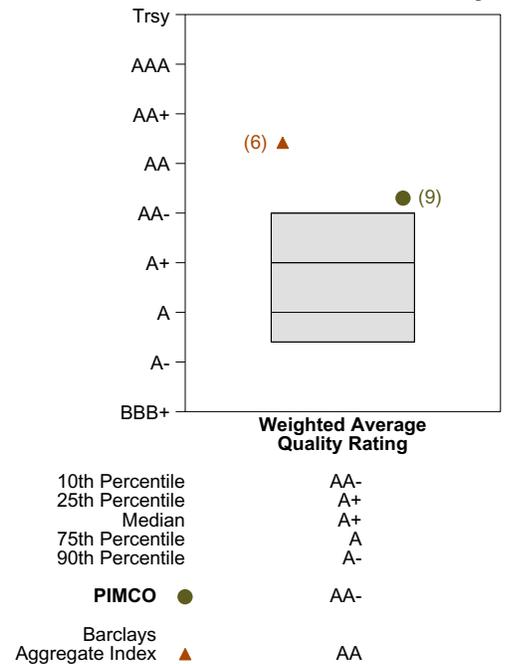
## Sector Allocation and Quality Ratings

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

### Sector Allocation December 31, 2013



### Quality Ratings vs CAI Core Bond Plus Style





# RREEF Public

## Period Ended December 31, 2013

### Investment Philosophy

RREEF Public Fund invests in Real Estate Investment Trusts (REITs) and Real Estate Operating Companies (REOCs) using an active top down component accompanied with detailed bottom up analysis. RREEF believes underlying real estate fundamentals drive real estate securities returns and that proprietary research and deep resources can capitalize on market inefficiencies.

### Quarterly Summary and Highlights

- RREEF Public's portfolio posted a (1.48)% return for the quarter placing it in the 92 percentile of the Lipper: Real Estate Funds group for the quarter and in the 92 percentile for the last year.
- RREEF Public's portfolio underperformed the NAREIT by 1.34% for the quarter and underperformed the NAREIT for the year by 2.93%.

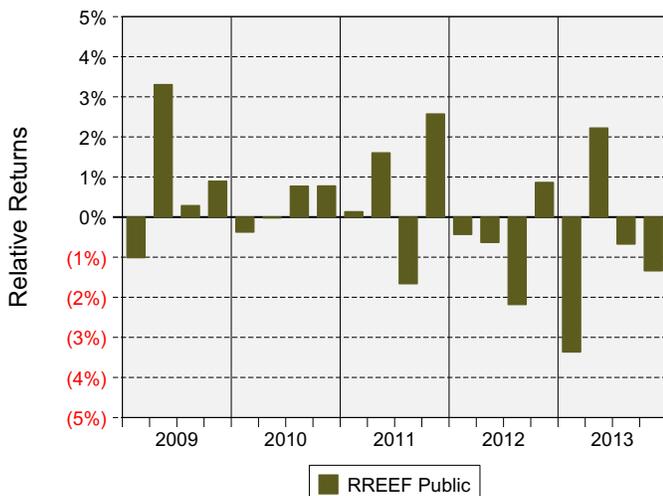
### Quarterly Asset Growth

Beginning Market Value	\$6,580,143
Net New Investment	\$0
Investment Gains/(Losses)	\$-97,229
Ending Market Value	\$6,482,914

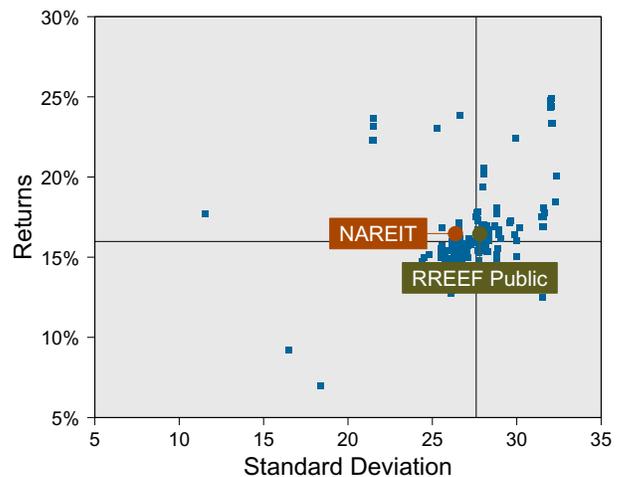
### Performance vs Lipper: Real Estate Funds (Net)



### Relative Return vs NAREIT



### Lipper: Real Estate Funds (Net) Annualized Five Year Risk vs Return



# RREEF Private

## Period Ended December 31, 2013

### Investment Philosophy

RREEF America II acquires 100 percent equity interests in small- to medium-sized (\$10 million to \$70 million) apartment, industrial, retail and office properties in targeted metropolitan areas within the continental United States. The fund capitalizes on RREEF's national research capabilities and market presence to identify superior investment opportunities in major metropolitan areas across the United States.

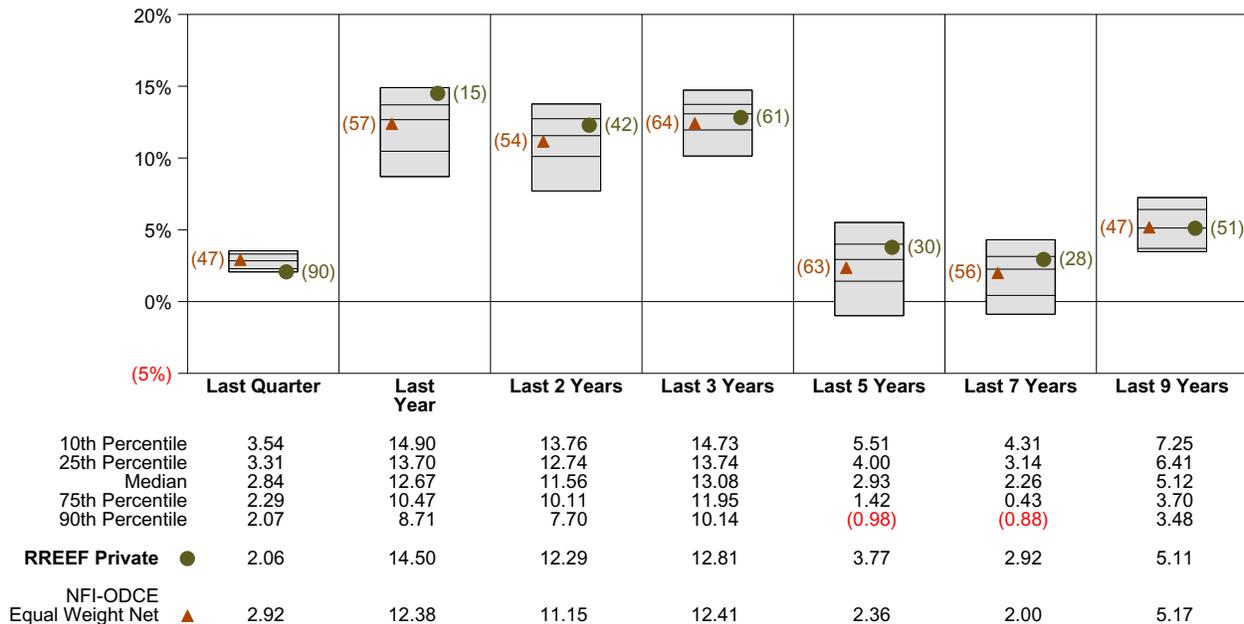
### Quarterly Summary and Highlights

- RREEF Private's portfolio posted a 2.06% return for the quarter placing it in the 90 percentile of the CAI Open-End Real Estate Funds group for the quarter and in the 15 percentile for the last year.
- RREEF Private's portfolio underperformed the NFI-ODCE Equal Weight Net by 0.86% for the quarter and outperformed the NFI-ODCE Equal Weight Net for the year by 2.12%.

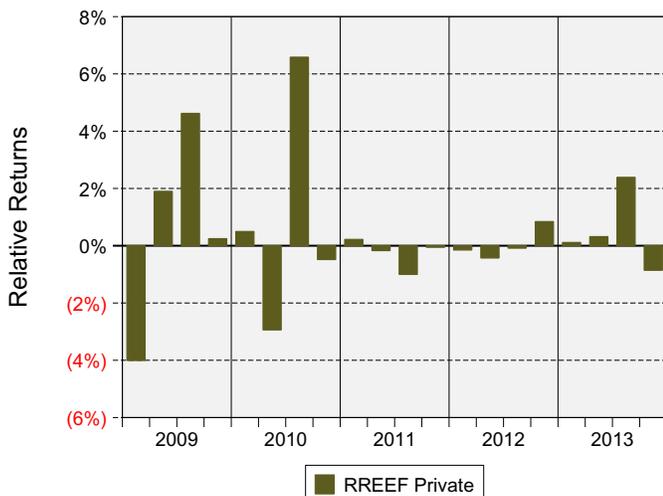
### Quarterly Asset Growth

Beginning Market Value	\$15,378,078
Net New Investment	\$0
Investment Gains/(Losses)	\$316,893
Ending Market Value	\$15,694,971

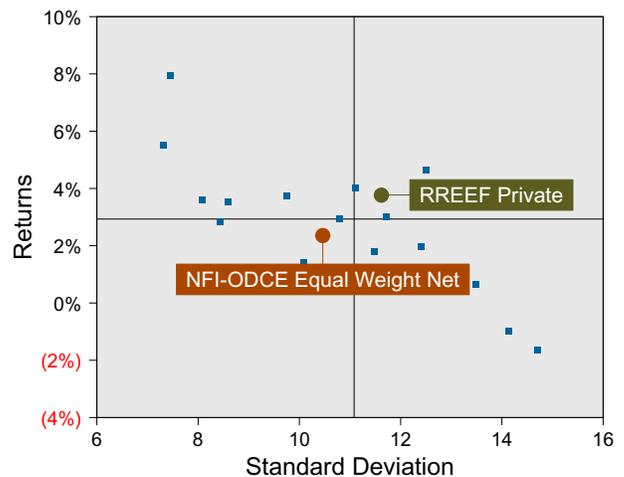
### Performance vs CAI Open-End Real Estate Funds (Net)



### Relative Returns vs NFI-ODCE Equal Weight Net



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



# Cornerstone Patriot Fund Period Ended December 31, 2013

## Investment Philosophy

Cornerstone believes that the investment strategy for the Patriot Fund is unique with the goal of achieving returns in excess of the benchmark index, the NFI-ODCE Index, with a level of risk associated with a core fund. The construct of the Fund relies heavily on input from Cornerstone Research, which provided the fundamentals for the investment strategy. Strategic targets and fund exposure which differentiate the Fund from its competitors with respect to both its geographic and property type weightings, and we believe will result in performance in excess of industry benchmarks over the long-term.

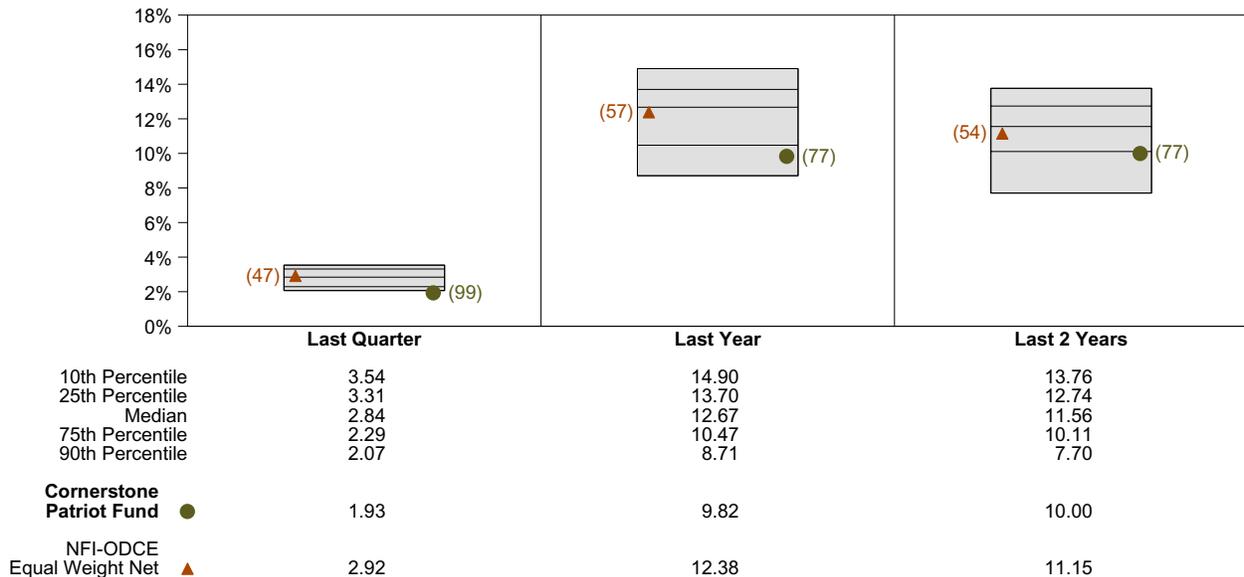
## Quarterly Summary and Highlights

- Cornerstone Patriot Fund's portfolio posted a 1.93% return for the quarter placing it in the 99 percentile of the CAI Open-End Real Estate Funds group for the quarter and in the 77 percentile for the last year.
- Cornerstone Patriot Fund's portfolio underperformed the NFI-ODCE Equal Weight Net by 0.99% for the quarter and underperformed the NFI-ODCE Equal Weight Net for the year by 2.56%.

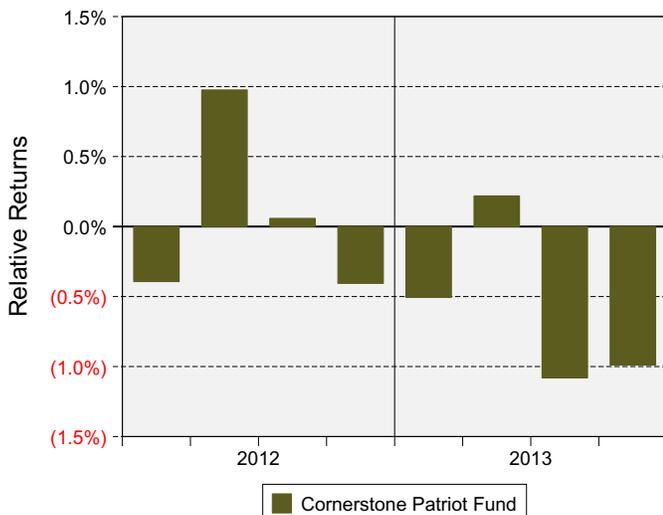
## Quarterly Asset Growth

Beginning Market Value	\$11,870,986
Net New Investment	\$0
Investment Gains/(Losses)	\$229,068
Ending Market Value	\$12,100,054

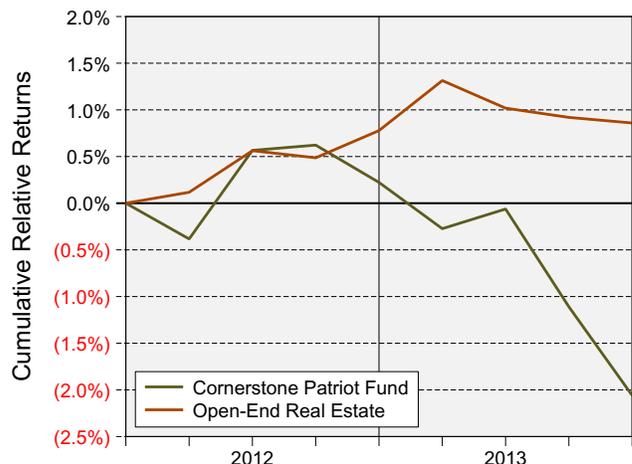
## Performance vs CAI Open-End Real Estate Funds (Net)



## Relative Returns vs NFI-ODCE Equal Weight Net



## Cumulative Returns vs NFI-ODCE Equal Weight Net





## Research and Educational Programs

The Callan Investments Institute provides research that keeps clients updated on the latest industry trends while helping them learn through carefully structured educational programs. Below are the Institute's recent publications – all of which can be found at [www.callan.com/research](http://www.callan.com/research).

### White Papers



#### **Tune Up Your DC Plan in 2014**

Defined contribution plan sponsors may wish to “tune up” their plans in 2014 to protect them from common pitfalls: out of date IPS, fee reviews, auto-enrollment, plan leakage, etc. In this piece, Callan poses seven questions for DC plan sponsors to consider as they review their plan in the new year.



#### **Fixed Income Benchmark Review: Year Ended June 30, 2013**

The Fixed Income Benchmark Review is designed to aid in portfolio monitoring and evaluation by helping readers assess the similarities and differences in coverage, performance, and characteristics of popular fixed income indices alongside comparable Callan Associates' manager style groups.



#### **Beyond Revenue Sharing: Exploring DC Fee Payments**

Many plan sponsors are rethinking revenue sharing due to regulatory changes, lawsuits, and fairness to participants, among other reasons. Lori Lucas explores trends in fee payments, alternatives to revenue sharing, and implications for plan sponsors and participants.



#### **GASB Update: Toward Transparency**

This paper provides a brief overview of Governmental Accounting Standards Board (GASB) statements 67 and 68, which apply to public sector pension plans. Karen Harris summarizes both measurement and disclosure requirements and comments on their investment implications.



#### **Self-Borrow Structures: Key Considerations**

In a self-borrow structure, the internal long portfolios of the fund sponsor serve as the source of securities to cover shorts, as opposed to a prime broker. Bo Abesamis describes best practices and key questions that fund sponsors should consider when exploring this model.

## Quarterly Publications

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**Quarterly Data:** The *Market Pulse* reference guide covers the U.S. economy and investment trends in domestic and international equities and fixed income, and alternatives. Our *Inside Callan's Database* report provides performance information gathered from Callan's proprietary database, allowing you to compare your funds with your peers.

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

**Private Markets Trends:** A seasonal newsletter that discusses the market environment, recent events, performance, and other issues involving private equity.

**Hedge Fund Monitor:** A quarterly newsletter that provides a current view of hedge fund industry trends and detailed quarterly performance commentary.

**DC Observer & Callan DC Index™:** A quarterly newsletter that offers Callan's observations on a variety of topics pertaining to the defined contribution industry. Each issue is updated with the latest Callan DC Index™ returns.

## Surveys

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### ESG Interest and Implementation Survey

In September 2013, Callan conducted a brief survey to assess the status of ESG, including responsible and sustainable investment strategies and SRI, in the U.S. institutional market. We collected responses from 129 U.S. funds representing approximately \$830 billion in assets.



### 2013 Cost of Doing Business Survey

Callan compares the costs of administering funds and trusts across all types of tax-exempt and tax-qualified organizations in the U.S., and we identify ways to help institutional investors manage expenses. We fielded this survey in April and May of 2013. The results incorporate responses from 49 fund sponsors representing \$219 billion in assets.



### 2013 Risk Management Survey

The 2008 market crisis put risk in the spotlight and prompted fund fiduciaries to look at risk management in a new light. Callan fielded this survey in November 2012. Responses came from 53 fund sponsors representing \$576 billion in assets. The vast majority of this group has taken concrete steps in the past five years to address investment risks.



### 2012 Investment Management Compensation Survey

Callan conducted this survey of investment management firms to report on compensation practices and trends in the U.S. institutional investment market from 2010 to 2011. This survey provides an update to Callan's 2007 Investment Management Compensation Survey, which captured compensation practices from 2005 to 2006.

## Events

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Did you miss out on a Callan conference or workshop? If so, you can catch up on what you missed by reading our “Event Summaries” and downloading the actual presentation slides from our website. Our most recent programs:



Our October 2013 Regional Workshop, **Unitization: The (Continuing) Odyssey**, covered the basics of unitization, real-life successes and failures, and explained some of the simple things that can trip up implementation. Our speakers were Callan’s Bo Abesamis, James Veneruso, CFA, and Matt Shirilla.



Our June 2013 Regional Workshop, **Anchor to Windward or Albatross? Sea Change in Fixed Income**, is captured in this summary. Featured in this workshop were Callan’s Jason Ellement, FSA, CFA, Brett Cornwell, CFA, and Bill Howard, CFA, discussing the role of fixed income exposure and how it should be structured.

## Upcoming Educational Programs

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### The 34th National Conference

January 27-29, 2014 in San Francisco

Speakers include: David Gergen, Janet Hill, Laura Carstensen, Leon Panetta, Adam Savage, and the 2014 Capital Markets Panel. Workshops on managing pension risk, real assets, and Defined Contribution.

### June and October 2014 Regional Workshops

June 24, Atlanta

June 25, San Francisco

October 21, Chicago

October 22, New York

**Our research can be found at [www.callan.com/research](http://www.callan.com/research) or feel free to contact us for hard copies.**

**For more information about research or educational events, please contact Ray Combs or Gina Falsetto at [institute@callan.com](mailto:institute@callan.com) or 415-974-5060.**

## The Center for Investment Training Educational Sessions

This educational forum offers basic-to-intermediate level instruction on all components of the investment management process. The “Callan College” courses cover topics that are key to understanding your responsibilities, the roles of everyone involved in this process, how the process works, and how to incorporate these strategies and concepts into an investment program. Listed below are the different types of sessions Callan offers.

### An Introduction to Investments

**April 16-17, 2014 in San Francisco**

**October 28-29, 2014 in San Francisco**

This one-and-one-half-day session is designed for individuals who have less than two years’ experience with institutional asset management oversight and/or support responsibilities. The session will familiarize fund sponsor trustees, staff, and asset management advisors with basic investment theory, terminology, and practices.

Participants in the introductory session will gain a basic understanding of the different types of institutional funds, including a description of their objectives and investment session structures. The session includes:

- A description of the different parties involved in the investment management process, including their roles and responsibilities
- A brief outline of the types and characteristics of different plans (e.g., defined benefit, defined contribution, endowments, foundations, operating funds)
- An introduction to fiduciary issues as they pertain to fund management and oversight
- An overview of capital market theory, characteristics of various asset classes, and the processes by which fiduciaries implement their investment sessions

Tuition for the Introductory “Callan College” session is \$2,350 per person. Tuition includes instruction, all materials, breakfast and lunch on each day, and dinner on the first evening with the instructors.

## Standard Session

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### July 15-16, 2014 in Chicago

This is a two-day session designed for individuals with more than two years' experience with institutional asset management oversight and/or support responsibilities. The session will provide attendees with a thorough overview of prudent investment practices for both defined benefit and defined contribution funds. We cover the key concepts needed to successfully meet a fund's investment objectives.

The course work addresses the primary components of the investment management process: the role of the fiduciary; capital market theory; asset allocation; manager structure; investment policy statements; manager search; custody, securities lending, fees; and performance measurement.

This course is beneficial to anyone involved in the investment management process, including: trustees and staff members of public, corporate and Taft-Hartley retirement funds (defined benefit and/or defined contribution); trustees and staff members of endowment and foundation funds; representatives of family trusts; and investment management professionals and staff involved in client service, business development, consultant relations, and portfolio management.

Tuition for the Standard "Callan College" session is \$2,500 per person. Tuition includes instruction, all materials, breakfast and lunch on each day, and dinner on the first evening with the instructors.

## Customized Sessions

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A unique feature of the "Callan College" is its ability to educate on a specialized level through its customized sessions. These sessions are tailored to meet the training and educational needs of the participants, whether you are a plan sponsor or you provide services to institutional tax-exempt plans. Past customized "Callan College" sessions have covered topics such as: custody, industry trends, sales and marketing, client service, international, fixed income, and managing the RFP process. Instruction can be tailored to be basic or advanced.

**For more information please contact Kathleen Cunnie, at 415.274.3029 or [cunnie@callan.com](mailto:cunnie@callan.com).**



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## Equity Market Indicators

The market indicators included in this report are regarded as measures of equity or fixed income performance results. The returns shown reflect both income and capital appreciation.

**Russell 1000 Growth** measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.

**Russell 1000 Value** measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.

**Russell 2000 Growth** contains those Russell 2000 securities with a greater than average growth orientation. Securities in this index tend to exhibit higher price-to-book and price-earning ratios, lower dividend yields and higher forecasted growth values than the Value universe.

**Russell 2000 Index** is composed of the 2000 smallest stocks in the Russell 3000 Index, representing approximately 11% of the U.S. equity market capitalization.

**Russell 2000 Value** contains those Russell 2000 securities with a less than average growth orientation. Securities in this index tend to exhibit lower price-to-book and price-earning ratios, higher dividend yields and lower forecasted growth values than the Growth universe.

**Russell 3000 Index** is a composite of 3,000 of the largest U.S. companies by market capitalization. The smallest company's market capitalization is roughly \$20 million and the largest is \$72.5 billion. The index is capitalization-weighted.

**Russell Mid Cap Growth** measures the performance of those Russell Mid Cap Companies with higher price-to-book ratios and higher forecasted growth values. The stocks are also members of the Russell 1000 Growth Index.

**Russell MidCap Value Index** The Russell MidCap Value index contains those Russell MidCap securities with a less than average growth orientation. Securities in this index tend to exhibit lower price-to-book and price-earnings ratio, higher dividend yields and lower forecasted growth values than the Growth universe.

**Standard & Poor's 500 Index** is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries. The index is capitalization-weighted, with each stock weighted by its proportion of the total market value of all 500 issues. Thus, larger companies have a greater effect on the index.

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## Fixed Income Market Indicators

**Barclays Aggregate Bond Index** is a combination of the Mortgage Backed Securities Index and the intermediate and long-term components of the Government/Credit Bond Index.

**The NAREIT Composite Index** is a REIT index that includes all REITs currently trading on the NYSE, NASDAQ, or American Stock Exchange.

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## International Equity Market Indicators

**MSCI ACWI ex US Index** The MSCI ACWI ex US(All Country World Index) Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets, excluding the US. As of May 27, 2010 the MSCI ACWI consisted of 45 country indices comprising 24 developed and 21 emerging market country indices. The developed market country indices included are: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and the United Kingdom. The emerging market country indices included are: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, and Turkey.

**Morgan Stanley Capital International (MSCI) EAFE Index** is composed of approximately 1000 equity securities representing the stock exchanges of Europe, Australia, New Zealand and the Far East. The index is capitalization-weighted and is expressed in terms of U.S. dollars.

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## Real Estate Market Indicators

**NCREIF Open Ended Diversified Core Equity** The NFI-ODCE is an equally-weighted, net of fee, time-weighted return index with an inception date of December 31, 1977. Equally-weighting the funds shows what the results would be if all funds were treated equally, regardless of size. Open-end Funds are generally defined as infinite-life vehicles consisting of multiple investors who have the ability to enter or exit the fund on a periodic basis, subject to contribution and/or redemption requests, thereby providing a degree of potential investment liquidity. The term Diversified Core Equity style typically reflects lower risk investment strategies utilizing low leverage and generally represented by equity ownership positions in stable U.S. operating properties.

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## Callan Associates Databases

In order to provide comparative investment results for use in evaluating a fund's performance, Callan Associates gathers rate of return data from investment managers. These data are then grouped by type of assets managed and by the type of investment manager. Except for mutual funds, the results are for tax-exempt fund assets. The databases, excluding mutual funds, represent investment managers who handle over 80% of all tax-exempt fund assets.

### Equity Funds

Equity funds concentrate their investments in common stocks and convertible securities. The funds included maintain well-diversified portfolios.

**Core Equity** - Mutual funds whose portfolio holdings and characteristics are similar to that of the broader market as represented by the Standard & Poor's 500 Index, with the objective of adding value over and above the index, typically from sector or issue selection. The core portfolio exhibits similar risk characteristics to the broad market as measured by low residual risk with Beta and R-Squared close to 1.00.

**Large Cap Growth** - Mutual Funds that invest mainly in large companies that are expected to have above average prospects for long-term growth in earnings and profitability. Future growth prospects take precedence over valuation levels in the stock selection process. Invests in companies with P/E ratios, Price-to-Book values, Return-on-Assets values, Growth-in-Earnings values above the broader market. The companies typically have zero dividends or dividend yields below the broader market. Invests in securities which exhibit greater volatility than the broader market as measured by the securities' Beta and Standard Deviation.

**Large Cap Value** - Mutual funds that invest in predominantly large capitalization companies believed to be currently undervalued in the general market. The companies are expected to have a near-term earnings rebound and eventual realization of expected value. Valuation issues take precedence over near-term earnings prospects in the stock selection process. Invests in companies with P/E ratios and Price-to-Book values below the broader market. Usually exhibits lower risk than the broader market as measured by the Beta and Standard Deviation.

**Non-U.S. Equity** A broad array of active managers who employ various strategies to invest assets in a well-diversified portfolio of non-U.S. equity securities. This group consists of all Core, Core Plus, Growth, and Value international products, as well as products using various mixtures of these strategies. Region-specific, index, emerging market, or small cap products are excluded.

**Non-U.S. Equity Style Mutual Funds** - Mutual funds that invest their assets only in non-U.S. equity securities but exclude regional and index funds.

**Small Capitalization (Growth)** - Mutual funds that invest in small capitalization companies that are expected to have above average prospects for long-term growth in earnings and profitability. Future growth prospects take precedence over valuation levels in the stock selection process. Invests in companies with P/E ratios, Price-to-Book values, and Growth-in-Earnings values above the broader market as well as the small capitalization market segment. The companies typically have zero dividends or dividend yields below the broader market. The securities exhibit greater volatility than the broader market as well as the small capitalization market segment as measured by the risk statistics beta and standard deviation.

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## Callan Associates Databases

**Small Capitalization (Value)** - Mutual funds that invest in small capitalization companies that are believed to be currently undervalued in the general market. Valuation issues take precedence over near-term earnings prospects in the stock selection process. The companies are expected to have a near-term earnings rebound and eventual realization of expected value. Invests in companies with P/E ratios, Return-on-Equity values, and Price-to-Book values below the broader market as well as the small capitalization market segment. The companies typically have dividend yields in the high range for the small capitalization market. Invests in securities with risk/reward profiles in the lower risk range of the small capitalization market.

### Fixed Income Funds

Fixed Income funds concentrate their investments in bonds, preferred stocks, and money market securities. The funds included maintain well-diversified portfolios.

**Core Bond** - Mutual Funds that construct portfolios to approximate the investment results of the Barclays Capital Government/Credit Bond Index or the Barclays Capital Aggregate Bond Index with a modest amount of variability in duration around the index. The objective is to achieve value added from sector and/or issue selection.

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**Core Plus Bond** - Active managers whose objective is to add value by tactically allocating significant portions of their portfolios among non-benchmark sectors (e.g. high yield corporate, non-US\$ bonds, etc.) while maintaining majority exposure similar to the broad market.

### Real Estate Funds

Real estate funds consist of open or closed-end commingled funds. The returns are net of fees and represent the overall performance of commingled institutional capital invested in real estate properties.

**Real Estate Open-End Commingled Funds** - The Open-End Funds Database consists of all open-end commingled real estate funds.

### Other Funds

**Public - Total** - consists of return and asset allocation information for public pension funds at the city, county and state level. The database is made up of Callan clients and non-clients.



## List of Managers That Do Business with Callan Associates Inc.

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Callan Associates takes its fiduciary and disclosure responsibilities to clients very seriously. The list below is compiled and updated quarterly because we believe our fund sponsor clients should have a clear understanding of the investment management organizations that do business with our firm. As of 12/31/13, Callan provided educational, consulting, software, database, or reporting services to this list of managers through one or more of the following business units: Institutional Consulting Group, Independent Adviser Group, Fund Sponsor Consulting, the Callan Investments Institute and the “Callan College.” Per strict policy these manager relationships do not affect the outcome or process by which any of Callan’s services are conducted.

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Manager Name	Educational Services	Consulting Services
1607 Capital Partners, LLC		Y
Aberdeen Asset Management	Y	Y
Acadian Asset Management, Inc.	Y	
Advisory Research	Y	
Affiliated Managers Group		Y
AllianceBernstein	Y	
Allianz Global Investors U.S. LLC	Y	
Allianz Life Insurance Company of North America		Y
American Century Investment Management	Y	
Apollo Global Management	Y	
AQR Capital Management	Y	
Ares Management	Y	
Ariel Investments	Y	
Aronson + Johnson + Ortiz	Y	
Atlanta Sosnoff Capital, LLC	Y	
Atlanta Capital Management Co., L.L.C.	Y	Y
AXA Rosenberg Investment Management	Y	
Babson Capital Management LLC	Y	
Baillie Gifford International LLC	Y	Y
Baird Advisors	Y	Y
Bank of America		Y
Barclays Capital Inc.	Y	
Baring Asset Management	Y	
Barrow, Hanley, Mewhinney & Strauss, Inc.		Y
Batterymarch Financial Management, Inc.	Y	
BlackRock	Y	
BMO Asset Management	Y	
BNY Mellon Asset Management	Y	Y
Boston Company Asset Management, LLC (The)	Y	Y
Brandes Investment Partners, L.P.	Y	Y
Brandywine Global Investment Management, LLC	Y	
Brown Brothers Harriman & Company	Y	
Cadence Capital Management	Y	
Capital Group	Y	
CastleArk Management, LLC		Y

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Causeway Capital Management	Y	
Central Plains Advisors, Inc.		Y
Chartwell Investment Partners	Y	
ClearBridge Investments, LLC (fka ClearBridge Advisors)	Y	
Columbia Management Investment Advisors, LLC	Y	Y
Columbus Circle Investors	Y	Y
Corbin Capital Partners	Y	
Cornerstone Capital Management Holdings (fka Madison Square)	Y	
Cramer Rosenthal McGlynn, LLC	Y	
Crawford Investment Council	Y	Y
Credit Suisse Asset Management	Y	
Crestline Investors	Y	Y
Cutwater Asset Management	Y	
DB Advisors	Y	Y
Delaware Investments	Y	Y
DePrince, Race & Zollo, Inc.	Y	Y
Deutsche Asset & Wealth Management	Y	Y
Diamond Hill Investments	Y	
DSM Capital Partners		Y
Duff & Phelps Investment Mgmt.	Y	Y
Eagle Asset Management, Inc.		Y
EARNEST Partners, LLC	Y	
Eaton Vance Management	Y	Y
Echo Point Investment Management	Y	
Epoch Investment Partners	Y	
Evanston Capital Management	Y	
Fayez Sarofim & Company		Y
Federated Investors		Y
Fidelity Investments		Y
First Eagle Investment Management	Y	
Fisher Investments	Y	
Flag Capital Management	Y	
Franklin Templeton	Y	Y
Fred Alger Management Co., Inc.	Y	
GAM (USA) Inc.	Y	
GE Asset Management	Y	Y
Geneva Capital Management	Y	
Goldman Sachs Asset Management	Y	Y
Grand-Jean Capital Management	Y	Y
GMO (fka Grantham, Mayo, Van Otterloo & Co., LLC)	Y	
Great Lakes Advisors, Inc.		Y
Guardian Capital	Y	
The Guardian Life Insurance Company of America		Y
Guggenheim Investments Asset Management (fka Security Global)	Y	
Harbor Capital		Y
Hartford Investment Management Co.	Y	Y

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Henderson Global Investors	Y	Y
Hermes Investment Management (North America) Ltd.	Y	
Hotchkis & Wiley	Y	
Income Research & Management	Y	
ING Investment Management	Y	Y
Institutional Capital LLC	Y	
INTECH Investment Management	Y	
Invesco	Y	Y
Investec Asset Management	Y	
Janus Capital Group (fka Janus Capital Management, LLC)	Y	Y
Jensen Investment Management		Y
J.M. Hartwell	Y	
J.P. Morgan Asset Management	Y	Y
KeyCorp		Y
Lazard Asset Management	Y	Y
Lee Munder Capital Group	Y	
Lincoln National Corporation		Y
Logan Circle Partners, L.P.	Y	
Longview Partners	Y	
Loomis, Sayles & Company, L.P.	Y	Y
Lord Abbett & Company	Y	Y
Los Angeles Capital Management	Y	
LSV Asset Management	Y	
Lyrical Partners	Y	
MacKay Shields LLC	Y	Y
Man Investments	Y	
Manulife Asset Management	Y	
Marvin & Palmer Associates, Inc.	Y	
Metropolitan West Capital Management, LLC		Y
MFS Investment Management	Y	Y
Mondrian Investment Partners Limited	Y	Y
Montag & Caldwell, Inc.	Y	Y
Morgan Stanley Alternative Investment Partners	Y	
Morgan Stanley Investment Management	Y	Y
Mountain Lake Investment Management LLC		Y
Nationwide Financial	Y	
Neuberger Berman, LLC (fka, Lehman Brothers)	Y	Y
Newton Capital Management	Y	
Northern Lights Capital Group		Y
Northern Trust Global Investment Services	Y	Y
Nuveen Investments Institutional Services Group LLC	Y	
Old Mutual Asset Management	Y	Y
Old Mutual International	Y	
OppenheimerFunds, Inc.	Y	
Pacific Investment Management Company	Y	
Palisade Capital Management LLC	Y	

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Partners Group	Y	
Peregrine Capital Management, Inc.		Y
Perkins Investment Management	Y	
Philadelphia International Advisors, LP	Y	
PineBridge Investments (formerly AIG)	Y	
Pioneer Investment Management, Inc.	Y	
PNC Capital Advisors (fka Allegiant Asset Mgmt)	Y	Y
Principal Global Investors	Y	Y
Private Advisors	Y	
Prudential Fixed Income Management	Y	
Prudential Investment Management, Inc.	Y	Y
Putnam Investments, LLC		Y
Pyramis Global Advisors	Y	
Rainier Investment Management	Y	
RBC Global Asset Management (U.S.) Inc.		Y
Regions Financial Corporation		Y
RCM		Y
Robeco Investment Management	Y	Y
Robotti & Company Advisors, LLC	Y	
Rothschild Asset Management, Inc.	Y	Y
Russell Investment Management	Y	
Santander Global Facilities		Y
Schroder Investment Management North America Inc.	Y	Y
Scottish Widows Investment Partnership	Y	
SEI Investments		Y
SEIX Investment Advisors, Inc.	Y	
Select Equity Group	Y	
Smith Graham and Company		Y
Smith Group Asset Management		Y
Standard Life Investments	Y	
Standish (fka, Standish Mellon Asset Management)	Y	
State Street Global Advisors	Y	
Stone Harbor Investment Partners, L.P.		Y
Systematic Financial Management	Y	
T. Rowe Price Associates, Inc.	Y	Y
Taplin, Canida & Habacht	Y	
TCW Asset Management Company	Y	
Thompson, Siegel & Walmsley LLC	Y	
Turner Investment Partners	Y	
UBP Asset Management LLC	Y	
UBS	Y	Y
Union Bank of California		Y
Van Eck	Y	
Victory Capital Management Inc.	Y	
Vulcan Value Partners, LLC		Y

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Waddell & Reed Asset Management Group	Y	Y
WCM Investment Management	Y	
WEDGE Capital Management		Y
Wellington Management Company, LLP	Y	
Wells Capital Management	Y	
Western Asset Management Company	Y	
William Blair & Co., Inc.	Y	Y