

City of Los Angeles

City of Los Angeles Deferred Compensation Plan

Performance Evaluation

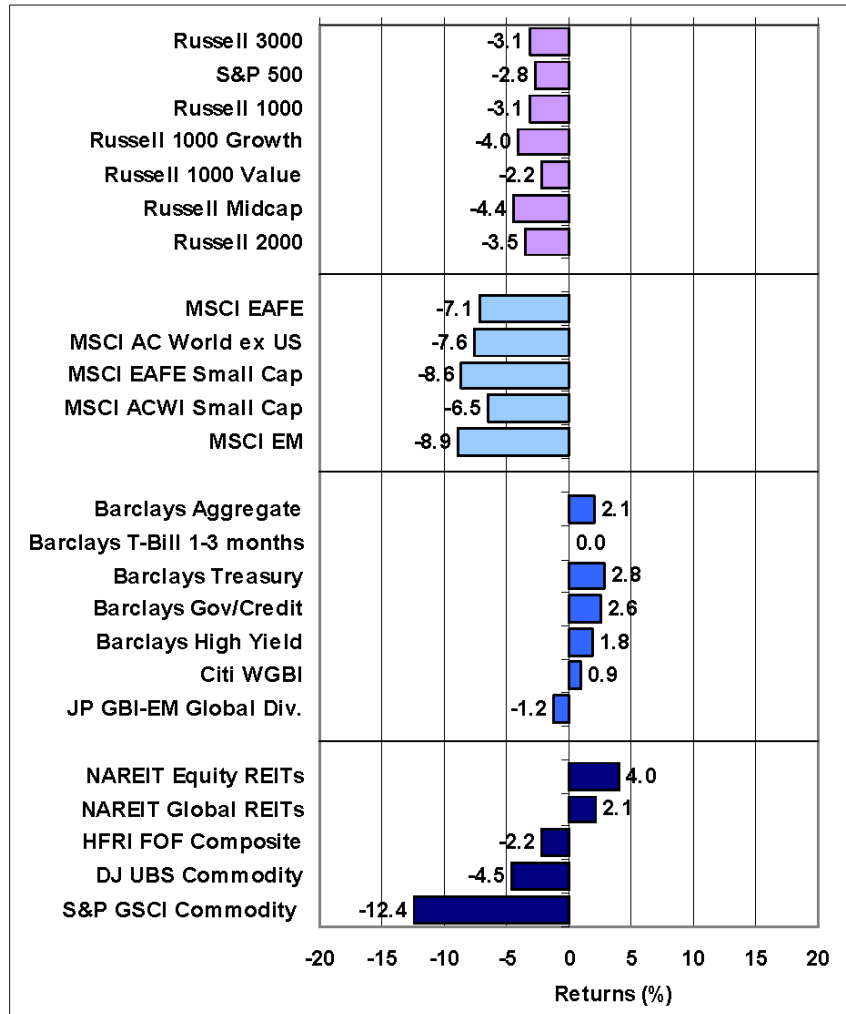
Second Quarter 2012

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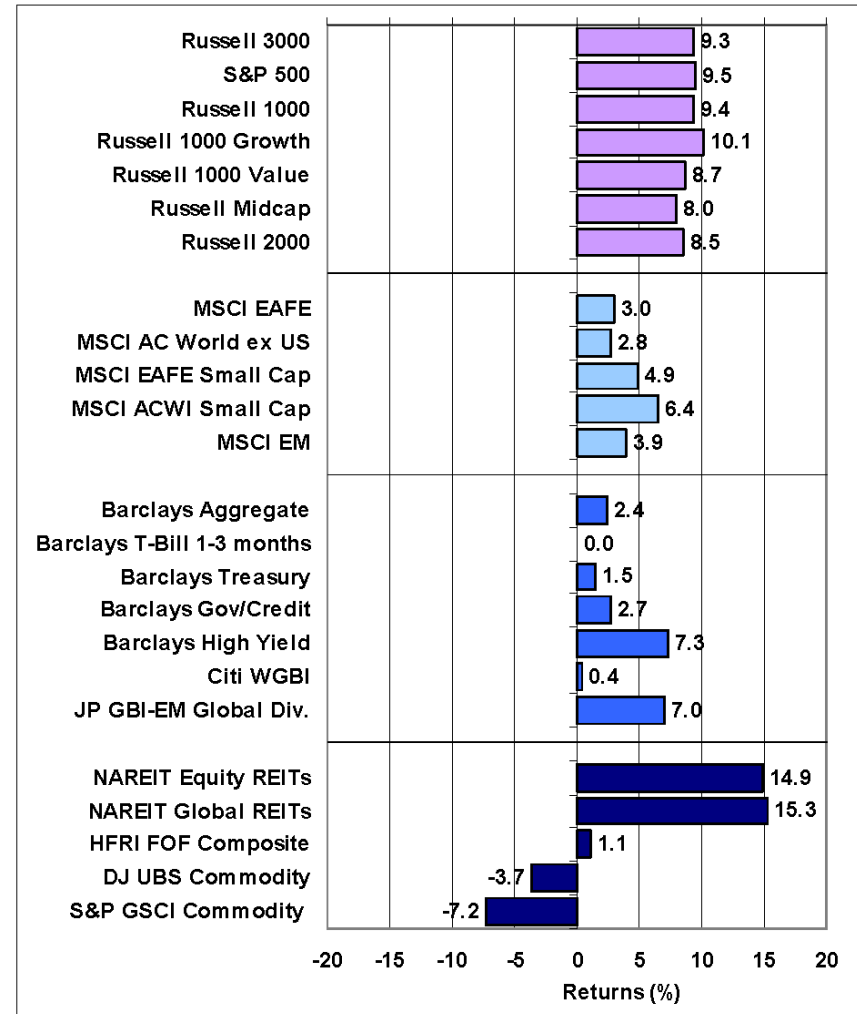
Performance Summary: Quarter in Review

Market Performance
Second Quarter 2012



Source: Standard & Poor's, Russell, MSCI Barra, NAREIT, Bloomberg

Market Performance
Year-to-Date



Source: Standard & Poor's, Russell, MSCI Barra, NAREIT, Bloomberg

Macro Environment: Economic Review

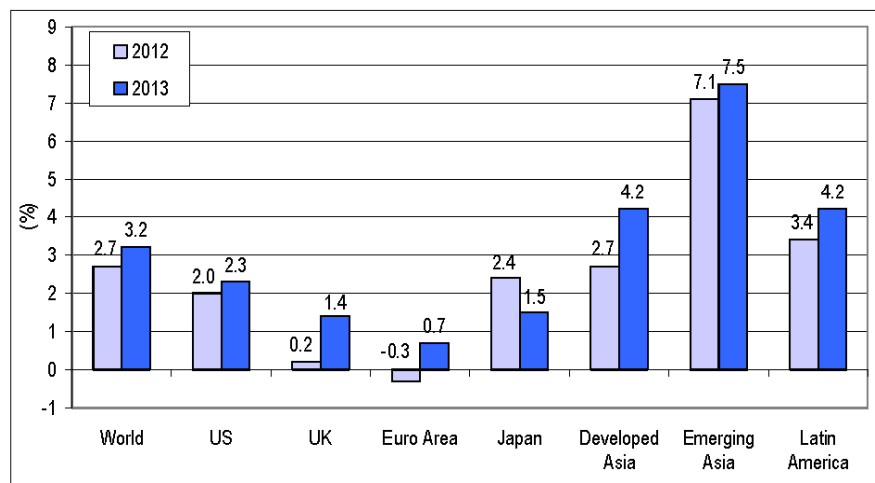
US GDP Growth

	Q2 2012 Growth (%)	Contribution to Q2 2012 Growth (%)
Personal Consumption Expenditures	1.5	1.1
Residential Fixed Investment	9.7	0.2
Non-Residential Fixed Investment	5.3	0.5
Government Consumption	(1.4)	(0.3)
Change in Inventories	-	0.3
Trade Balance	-	(0.3)
GDP		1.5

Source: Bureau of Economic Analysis

- The economy slowed in the second quarter and data tended to surprise to the downside, following a similar pattern to 2010 and 2011. GDP growth was only 1.5% in the second quarter.
- Particularly disappointing was the weak pace of job creation as the economy only added 75,000 jobs per month during the past quarter. The unemployment rate was unchanged at 8.2% for the quarter.
- The US economy is likely to continue to experience subdued growth for the foreseeable future due to the debt overhang. With growth running at less than 2%, a recession is a risk in 2013. However, barring the full fiscal cliff, a recession would probably be very mild because the more cyclical segments of the economy are still depressed relative to historical norms.
- The Eurozone as a whole is in a recession, and prospects in the periphery are particularly poor. The Italian and Spanish economies are expected to contract by 1.8% and 1.7%, respectively, in 2012. Policy makers agreed to a €120B stimulus package focused on infrastructure at the last summit, but planned austerity programs are likely to more than offset any stimulus.
- Within the emerging world, growth rates still remain relatively robust. However, their economies are not completely immune from the issues plaguing the developed world. The recession in Europe and weak growth in the US will weigh on growth through trade and financial links. However, emerging economies overall continue to benefit from low debt burdens, attractive demographics and high productivity growth, which should help maintain attractive secular growth rates.

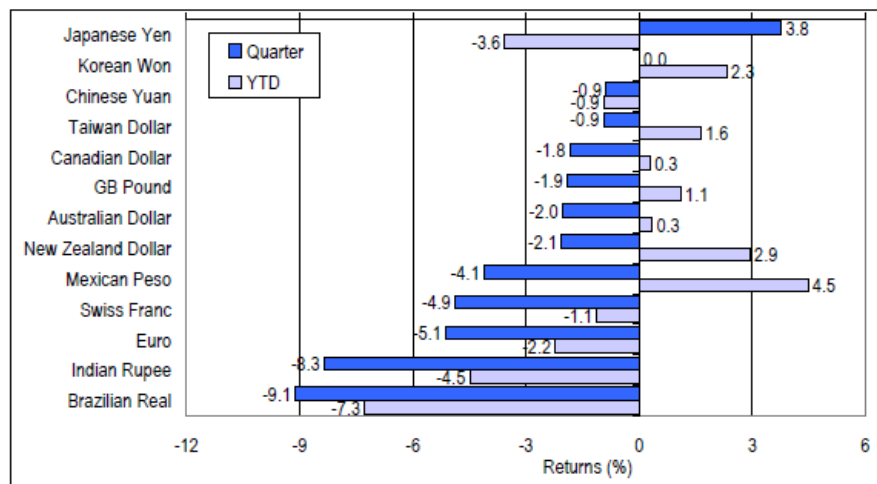
World Economic Growth (Projections as of June 2012)



Source: IMF

Macro Environment: Currencies

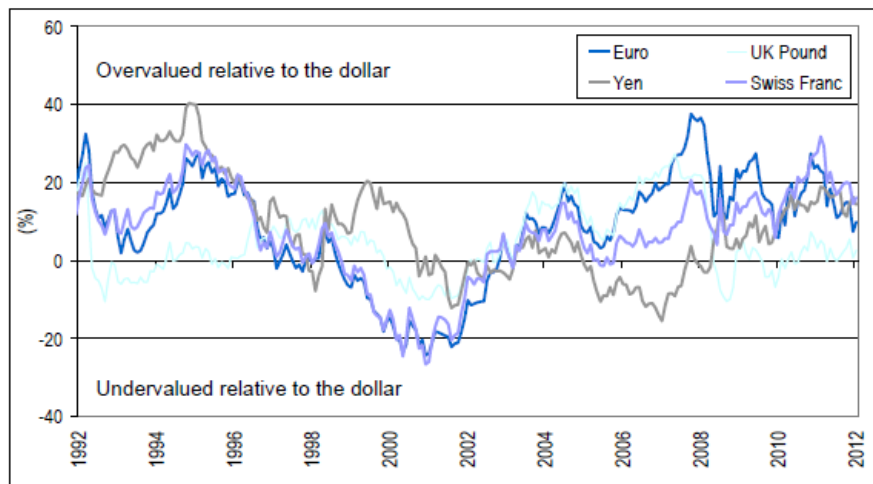
Performance of Foreign Currencies versus the US Dollar



Source: Bloomberg

- As the European debt crisis spooked investors, the dollar rallied in the second quarter, reversing the losses from the first quarter. On a trade weighted basis, the dollar appreciated 2.9%. Although the euro pared some of its second quarter losses in May, it still depreciated by 5.1% against the dollar. The yen fared well, gaining 3.8%, while emerging currencies experienced losses.

Currency Valuation versus US Dollar (Based on Relative PPP)

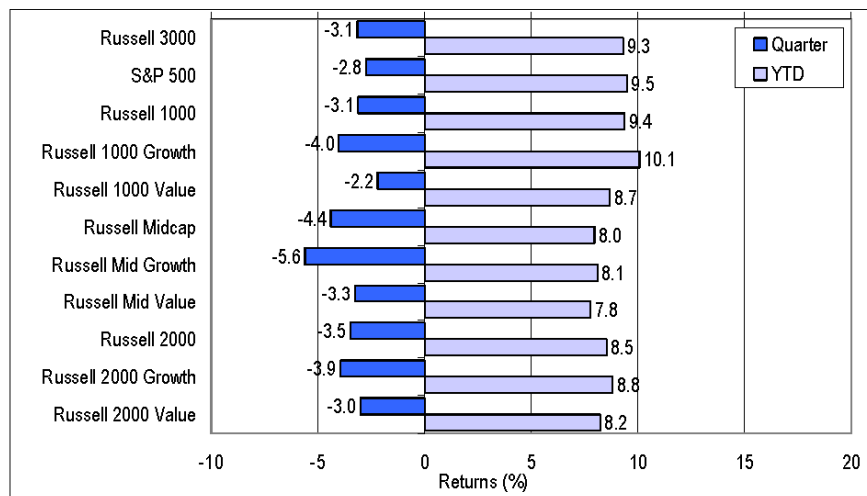


Source: Bloomberg

- The future short-term path of the dollar against developed currencies will likely be driven by macro themes in Europe and global economic growth. US monetary and fiscal policies will also be factors. The long-term path of the dollar versus developed currencies is uncertain as it is undervalued based on relative purchasing power parity, but this may be necessary given the current account deficit.
- The outlook for emerging market currencies is positive over the intermediate-term, as they are experiencing faster economic growth and have lower levels of debt; however, they tend to be correlated to other risky assets and could suffer in the event of a renewed downturn.

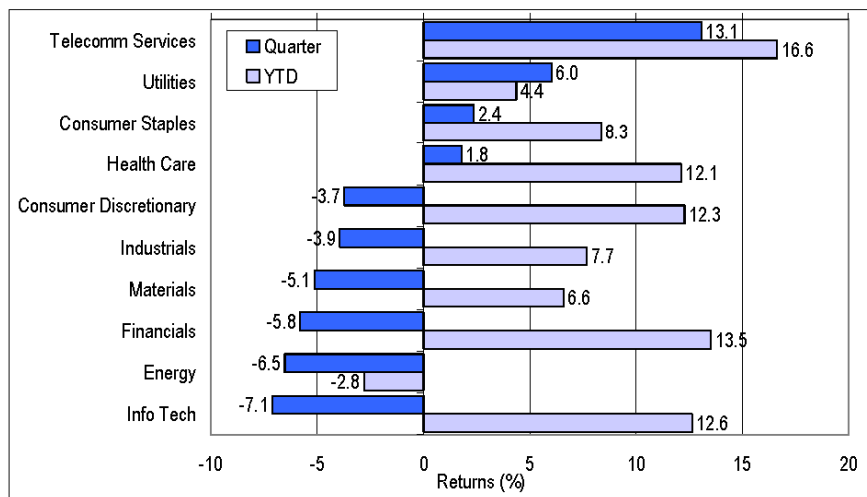
Asset Class: US Equities – Style, Sector, Cap Performance

Style and Capitalization Market Performance



Source: Standard & Poor's, Russell, Bloomberg

Sector Performance



Source: Russell 1000 GICs Sector

Broad Market

- The Russell 3000 index declined 3.1% during the second quarter, but gained 9.3% year-to-date.

Market Cap

- **Large Caps:** The S&P 500 fell 2.8% during the second quarter. Large caps outperformed mid caps and small caps for both the quarter and year-to-date periods.
- **Mid Caps:** The Russell Midcap index declined 4.4% for the quarter, lagging the S&P 500 by 160 basis points.
- **Small Caps:** The Russell 2000 index lost 3.5% in the second quarter, trailing large caps by 70 bps.

Style

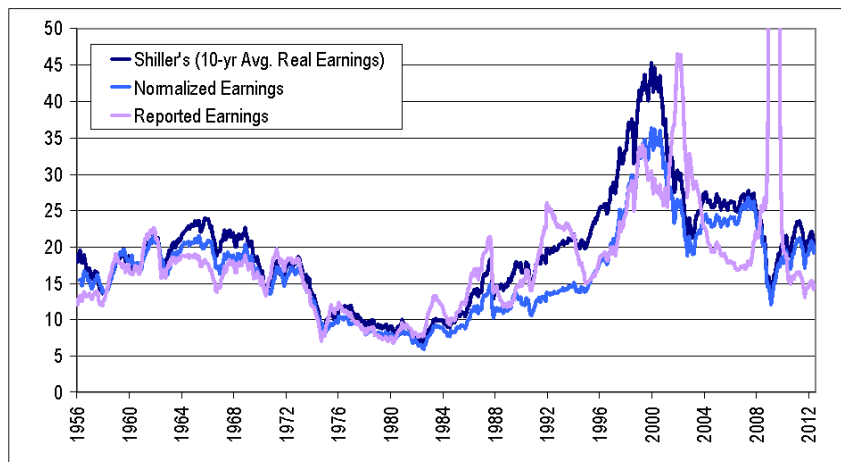
- **Value vs. Growth:** Value stocks outperformed growth stocks across all capitalization segments in the second quarter. Large cap value was the best performing style for the quarter, falling only 2.2%. Growth has outperformed value year-to-date.

Sector

- The telecom and utilities sectors posted robust gains during the quarter. Defensive sectors such as health care and consumer staples also fared well. The information technology and energy sectors were the laggards for the quarter.

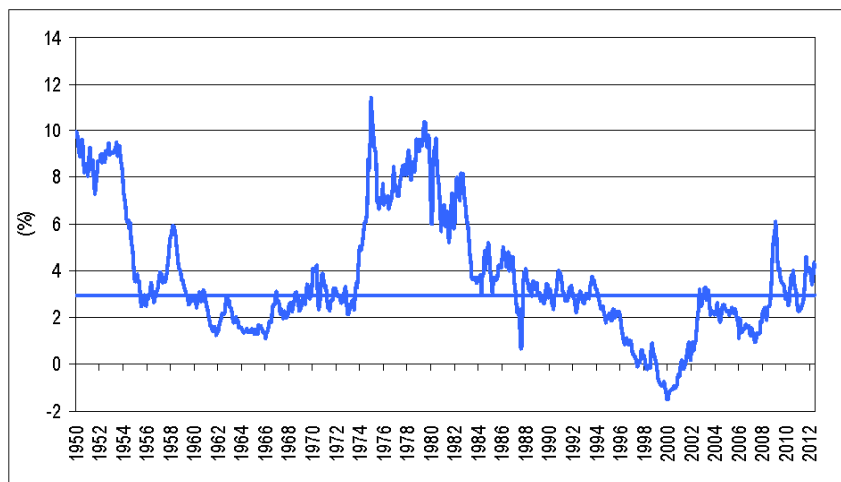
Asset Class: US Equities – Valuation Review

S&P500 – P/E Ratio



Source: S&P, Federal Reserve, Mercer

S&P500 – Estimated Equity Risk Premium¹
Versus Long-Term Treasuries



Source: S&P, Federal Reserve, Mercer

- The P/E ratio on the S&P 500 based on trailing reported earnings declined to just 14.7, but that measure is being aided by high profit margins. Based on normalized earnings, which assume profit margins decline, the P/E ratio on the index stood at 20.0, which is above the historical median of 16.4 (since 1956). Based on average 10-year real earnings (Shiller's methodology), the P/E finished the quarter at 20.9 compared to a median of 18.7 (since 1956).
- The recent soft patch in US economic data and the re-ignited European debt crisis raised uncertainty over the profit outlook for corporations. A prolonged period of slow economic growth will be a headwind for equities, and we suspect it will be difficult for corporations to maintain profit margins at such high levels.
- Still, equities could earn reasonable returns in a slow growth environment. Corporate balance sheets remain fairly healthy and the trend of returning more earnings to shareholders through dividends, buybacks and cash mergers is likely to persist
- The case for equities is stronger when viewed in light of ultra low Treasury yields. Based on the normalized P/E ratio of 20.0, the S&P 500 is priced to provide a real return of 5%. Further, at the end of the second quarter the equity risk premium over long-term Treasuries stood at 4.2%, well above the historical average of 2.9% (since 1950).

¹⁾ Definitions:

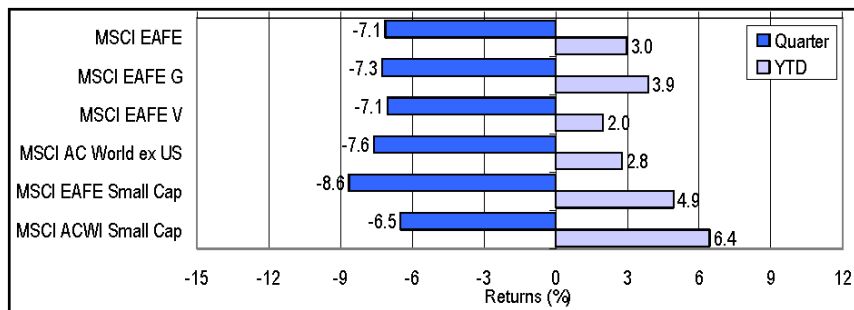
Shiller's P/E= Current S&P 500 price/average 10-year real earnings

Normalized P/E= Current S&P 500 price/(current trailing twelve month sales * 6.6% profit margin)

Equity Risk Premium= Earnings yield (1/PE) minus the real yield on long-term Treasuries

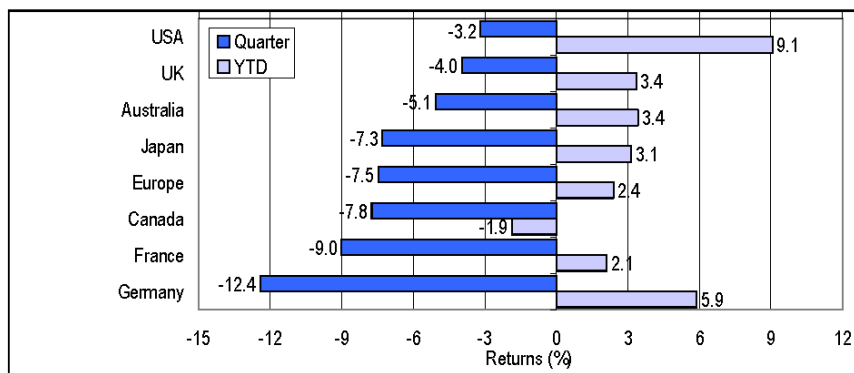
Asset Class: International Equities – Performance Review

International Equity Performance



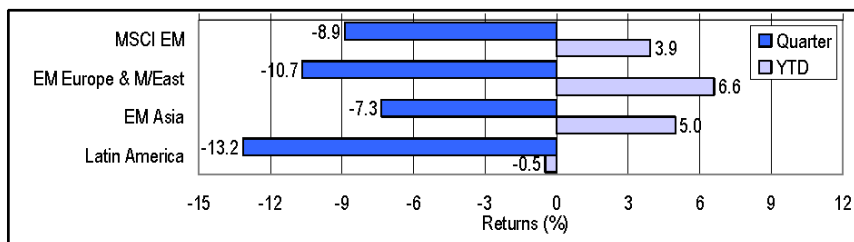
Source: MSCI, Bloomberg

Developed Country Performance



Source: MSCI, Bloomberg

Emerging Market Performance



Source: MSCI, Bloomberg

- **International** equities continued to underperform domestic stocks. The MSCI ACWI-ex US index declined 7.6% in the second quarter, but is up 2.8% year-to-date.

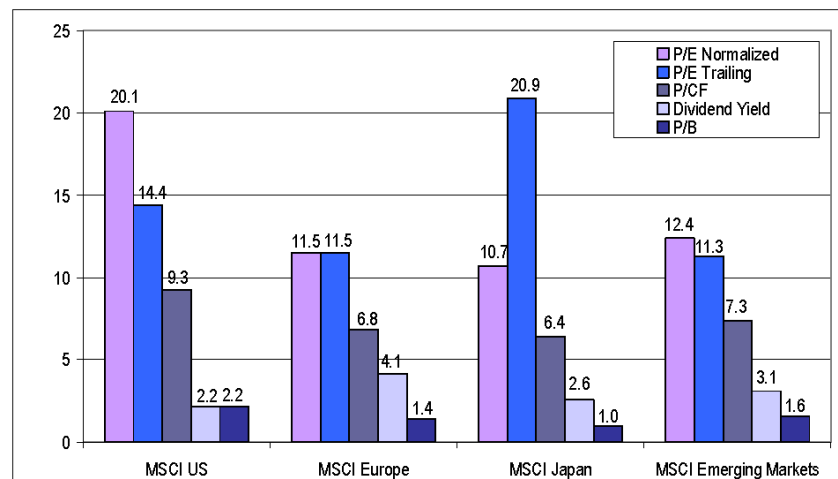
- **International small caps** - International small caps trailed international large cap stocks by 150 basis points in the second quarter. Year-to-date, the MSCI EAFE Small Cap index gained 4.9%, outperforming the MSCI EAFE index by 190 basis points.

- **International developed** markets posted weak results for the quarter. European stocks fell 7.5%. Canadian and Japanese stocks also fared poorly, losing 7.8% and 7.3% respectively. The USA, UK and Australia suffered smaller losses.

- **Emerging market (EM)** stocks lagged developed stocks, declining 8.9% for the quarter. The downturn in commodity prices weighed on Latin American stocks, which experienced losses of 13.2% during the quarter. Asian stocks held up better, but still trailed developed equities, falling 7.3% for the quarter.

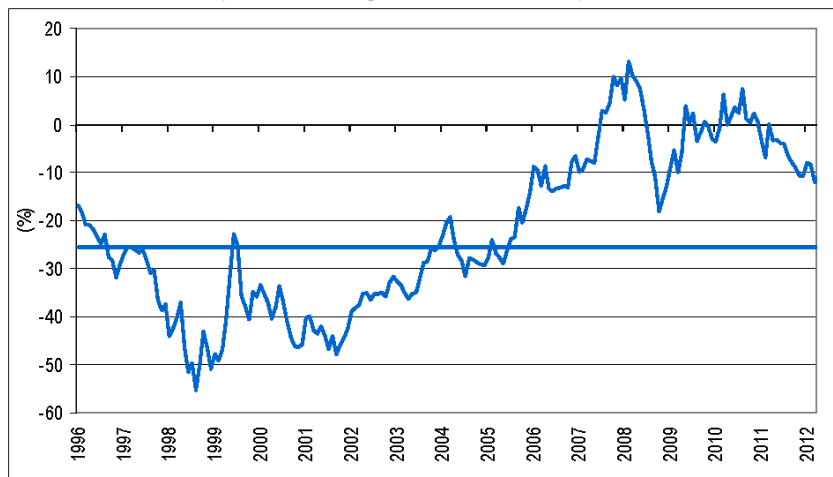
Asset Class: International Equities – Valuation Review

Global Valuations



Source: MSCI, Bloomberg

Valuation of MSCI Emerging Markets to MSCI World
(Based on Average of P/E, P/B and P/CF)

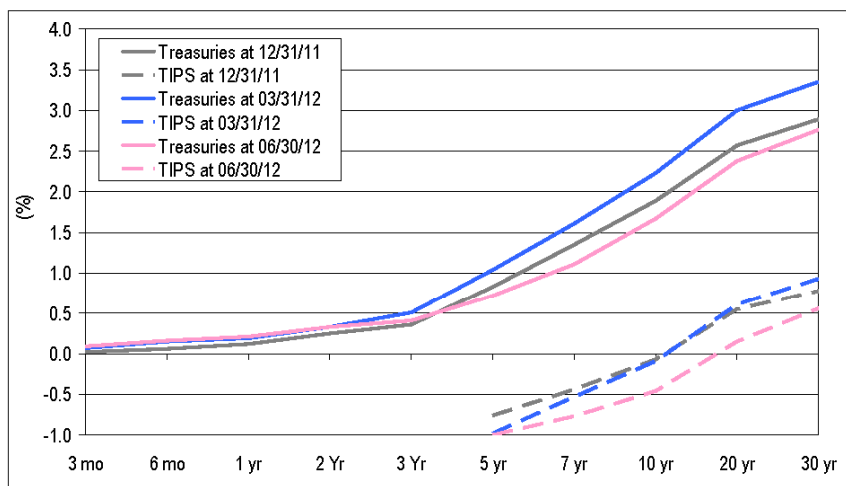


Source: MSCI, Bloomberg

- Recent performance has been brutal for overseas equities as the MSCI EAFE and MSCI Emerging Market indexes have substantially trailed the S&P 500.
- The Eurozone crisis has no imminent solution, and it will be a source of macro volatility for some time. However, the issues are well known, and European equity valuations seem to heavily discount the struggles of the union. Based on 10-year average real earnings, European stocks traded at a P/E of 12, a 31% discount relative to their historical median. On that measure, European stocks traded at a 44% discount to the S&P 500 relative to a historical median discount of 13%.
- Clearly, the downside risk for European stocks is substantial in the event of a disorderly ending to the euro. However, sentiment is so bearish on European equities that they appear to represent a compelling contrarian play. A survey of money managers by Bank of America Merrill Lynch shows heavy underweight positions even while acknowledging that they are undervalued.
- The secular outlook for the Japanese economy is weak, but Japanese stocks traded at less than book value and only 6.4x cash flows, a 56% and 31% discount to US stocks, respectively. Based on our estimate of normalized earnings, they traded at a P/E of only 10.7.
- Based on normalized margins, emerging markets traded a P/E of just 12.4, which is below our estimate of fair value and a 40% discount to US stocks. Emerging market equities are likely to remain volatile given the precarious macro environment and could continue to underperform over the near-term as a result; however, they appear attractively valued in absolute and relative terms.

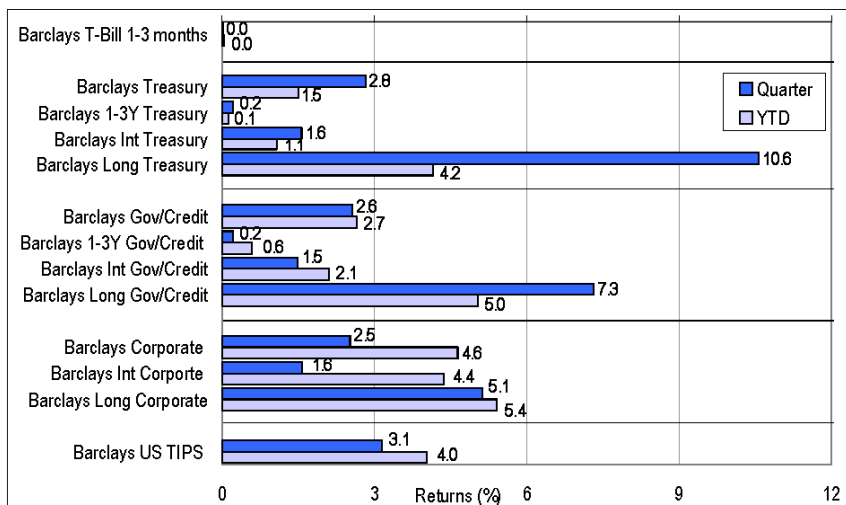
Asset Class: Fixed Income – Interest Rates and Yield Curve

Treasury Yield Curve



Source: Federal Reserve

Bond Performance by Duration



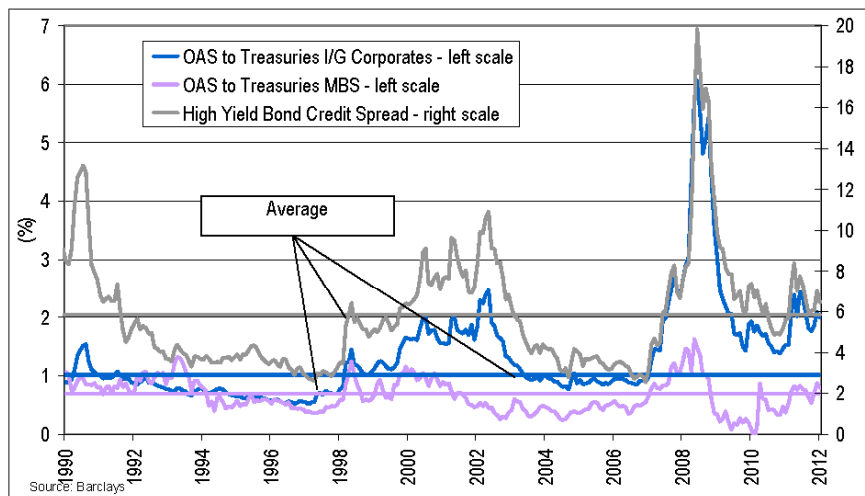
Source: Barclays, Bloomberg

- The yield on the 10-year Treasury plunged from 2.23% to 1.67% during the quarter, with the decrease attributable to lower real yields. The real yield on 10-year TIPS fell by 37 basis points to -0.46%. The yield on the 30-year Treasury plummeted from 3.35% to 2.76%.

- **US Bond** markets posted robust gains due to falling yields.
- **Long-Duration Bonds** benefited from the steep drop in long-term bond yields. The Long Treasury, Government/Credit and Corporate indexes returned 10.6%, 7.3% and 5.1%, respectively, for the quarter.
- **Intermediate-Term** Treasuries rose 1.6% in the second quarter and intermediate-term corporate bonds gained 1.6% as well.
- **Short-Duration Treasuries** returned 0.2% for the quarter.
- **Treasuries** outperformed **corporate bonds** by 30bps for the quarter as credit spreads widened slightly.
- **TIPS** rose 3.1% during the quarter as real yields plummeted. TIPS outperformed Treasuries for both the quarter and the year-to-date periods.

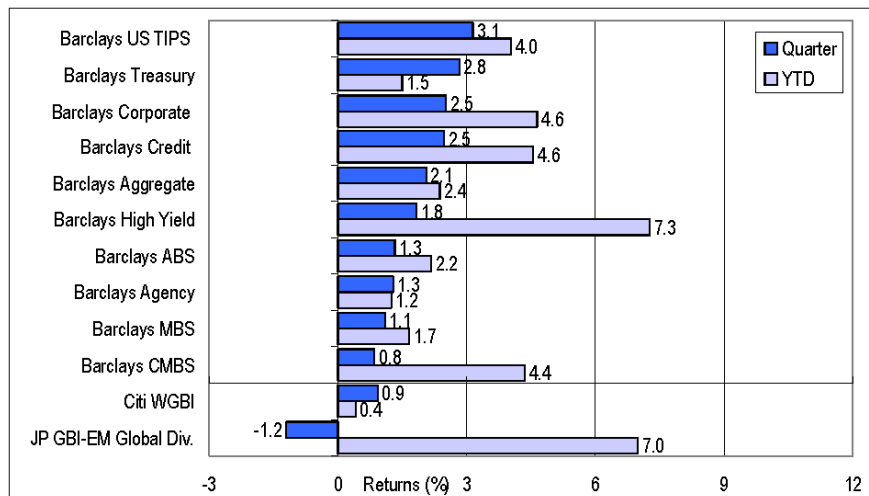
Asset Class: Fixed Income – Credit and Non-US Bonds

Credit Spreads



- Credit spreads widened during the quarter. The option-adjusted spreads on high yield bonds rose from 5.8% to 6.2%.
- Investment grade and high yield bonds trailed Treasuries for the quarter, but have outperformed for the year.

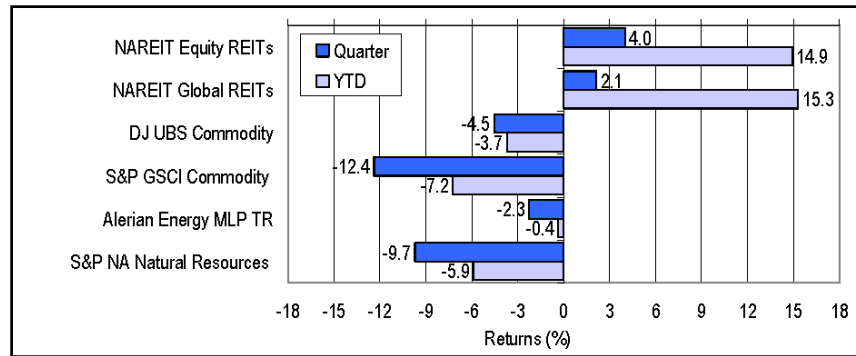
Sector, Credit, and Global Bond Performance



- **US TIPS and Treasuries** were the top performer in the second quarter returning 3.1% and 2.8%, respectively.
- **U.S. Corporate and Credit** indexes gained 2.5% for the second quarter. The option-adjusted spread on investment-grade corporate bonds rose by 23 basis points to 2.0%.
- **US High Yield** returned 1.8% for the quarter. The option-adjusted spread on high yield bonds moved up by 39 bps during the quarter and finished at 6.2%.
- **US ABS, Agency, CMBS and MBS** indexes posted returns between 0.8% and 1.3% for the quarter.
- The Citigroup **World Government Bond** index rose 0.9%, underperforming US Treasuries by 190bps for the quarter as the dollar rallied against most developed currencies.
- **Local currency EMD** fell 1.2% during the second quarter as EM currencies declined relative to the dollar.

Asset Class: Alternatives – Performance Review

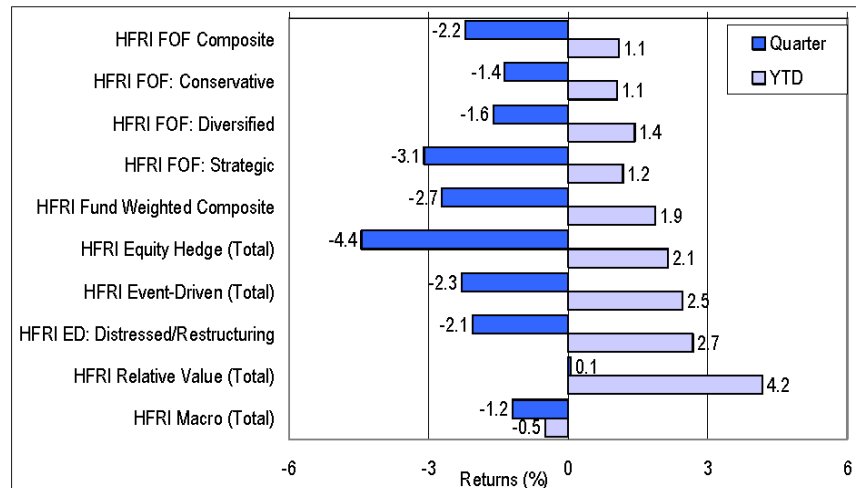
Real Asset Performance



Source: NAREIT, Dow-Jones, UBS, Goldman Sachs

- **US and Global REITs** continued to outperform broad equity markets for the quarter, posting positive returns of 4.0% and 2.1%, respectively, and returns of 14.9% and 15.3% year to date.
- **Commodities:** Energy prices fell during the quarter, pushing the S&P GSCI to a 12.4% loss. The DJ-UBS Commodity index, which has a lower weighting to energy, fell a more muted 4.5%. Natural resource stocks returned -9.7%.

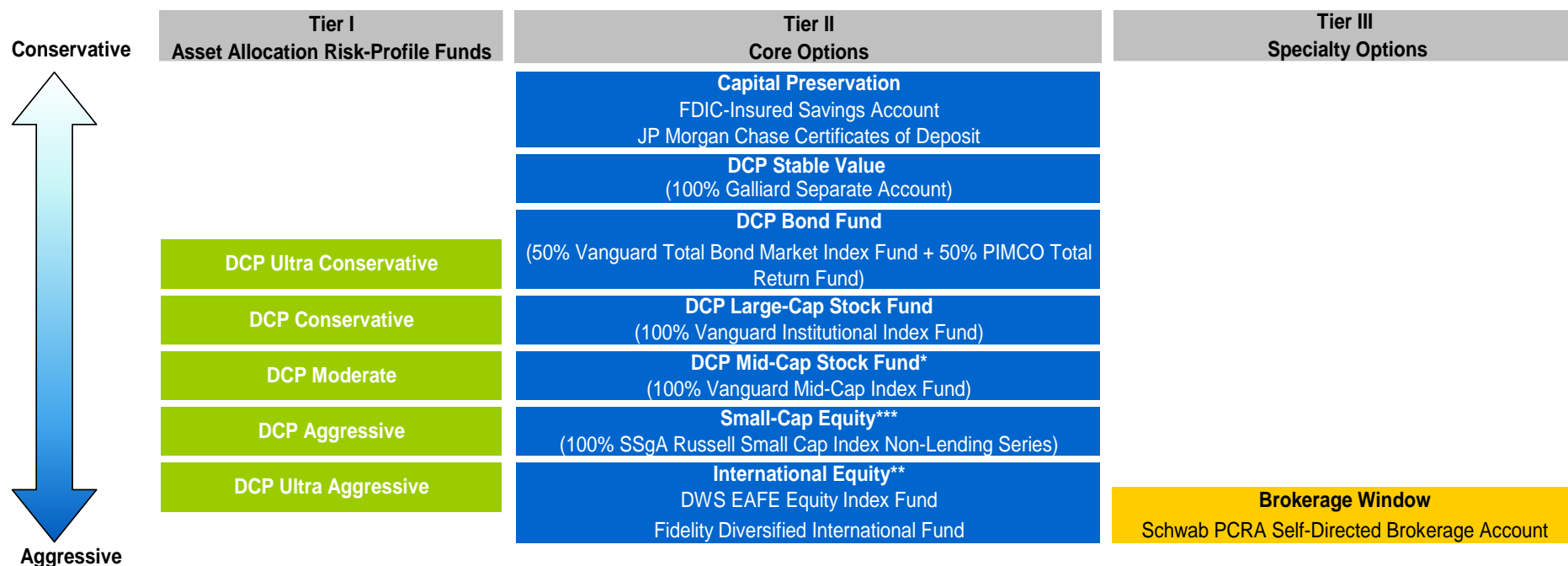
Hedge Fund Performance



Source: HFR

- **Hedge funds** outperformed stocks, but trailed bonds in the second quarter. The HFRI Fund of Funds Composite index returned -2.2%, while the Russell 3000 Index lost 3.1% and the Barclays Aggregate index rose 2.1%. Year-to-date, hedge funds have trailed both the Russell 3000 and the Barclays Aggregate.
- The HFRI Equity Hedge index was the worst performer losing 4.4% for the quarter, while HFRI Relative Value managed a small gain of 0.1%.

Summary – Investment Option Array



* DCP Mid-Cap Stock approved structure is 50% Mid Cap Core + 25% Mid Cap Value + 25% Mid Cap Growth upon completion of Phase II implementation

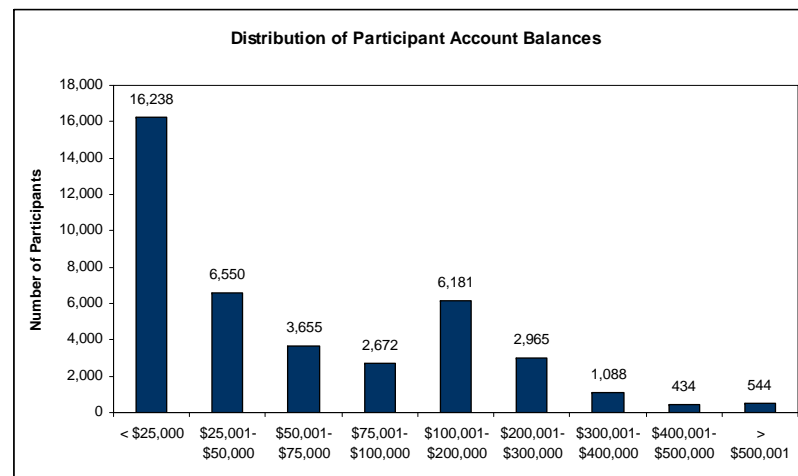
** Upon completion of Phase II new DCP International Equity Fund with approved structure of 65% International Developed + 17.5% Emerging Markets + 17.5% International Small Cap

*** Upon completion of Phase II new DCP Small-Cap Stock with approved structure is 34% Small Cap Core + 33% Small Cap Value + 33% Small Cap Growth

Summary – Plan Highlights, Key Observations and Recommendations

Deferred Compensation Plan Assets

- At quarter-end, assets in the Deferred Compensation Plan totaled \$3,391.6 million, decreasing \$31.4 million (0.9%) from \$3,423.0 million at the previous quarter-end as a result of investment losses. Contributions (including other deposits) for the quarter totaled \$87.1 million compared to withdrawals (including fees) of \$57.9 million. Net Transfers totaled \$306.5 thousand. Investment losses totaled \$60.9 million.
- As of June 30, 2012, there were 40,328 participants with an ending account balances. The average account balance was \$84,101, while the median account balance was \$37,898. The distribution of participant balances is shown to the right; 40.3% of participants had a balance less than \$25,000 and 1.3% had a balance greater than \$500,000.



- The Deferred Compensation Plan (DCP) Large Cap Stock Fund held the highest percentage of Plan assets (32.2%), followed by the DCP Stable Value Fund (23.5%), FDIC-Insured Savings Account (8.8%), DCP Bond Fund (6.3%), and Schwab PCRA Self-Directed Brokerage Account (5.7%). All other funds each held less than 5.0% of Plan assets.
- Assets in the Profile funds (5 customized risk-based Profile funds ranging from Ultra Conservative to Ultra Aggressive) totaled \$420.1 million (12.4%) at quarter end; this was an increase of \$14.9 million from \$405.3 million at the prior quarter end.

Performance

- The Plan's investments generally are meeting performance objectives, and we are recommending no changes at this time. One notable performer was the Fidelity Diversified International Fund which exceeded the index and universe median during the quarter, bringing longer term results in line with the index and near the universe median.

Summary – Plan Highlights, Key Observations and Recommendations

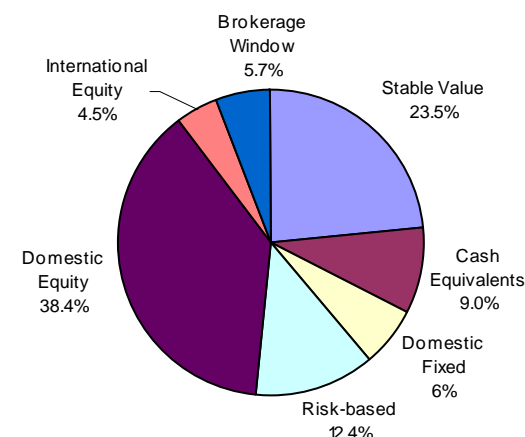
Line-up Changes

- On April 20, 2012, Phase I of the Investment Menu Implementation was completed. The following changes took place:
 - DCP Bond Fund was formed, which is 50% Vanguard Total Bond Market Index Fund and 50% PIMCO Total Return Fund
 - The Vanguard Institutional Index Fund was transitioned to the newly formed DCP Large-Cap Stock Fund, which is 100% passively managed
 - The Hartford Capital Appreciation, American Funds Growth Fund of America, and American Funds Investment Company of America were terminated and assets were mapped to the newly created DCP Large-Cap Stock Fund
 - Investments in the Vanguard Mid-Cap Index Fund were mapped to the newly created DCP Mid-Cap Stock Fund as part of Phase I. Future procurements for active mid value and mid growth managers will occur this year
 - The Lazard US Mid Cap Equity Fund was terminated and assets were mapped to the DCP Mid-Cap Stock Fund
- The next phase of the new line-up configuration will be the procurement process for new managers to build out the DCP Mid-Cap, Small-Cap, and International Stock Funds in late 2012/early 2013.

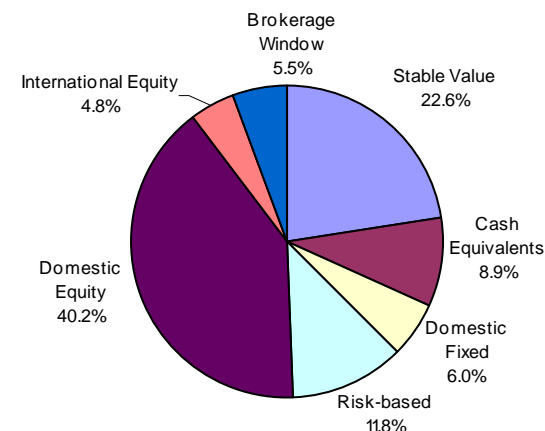
Summary – Asset Allocation

Investment Option	Current Balance	Prior Balance	% of Plan	% Chg vs. Prior
Cash Equivalents	\$306,598,602	\$305,412,139	9.0%	0.1%
FDIC-Insured Savings Account	\$297,027,459	\$294,977,858	8.8%	0.1%
JPMorgan Chase Certificates of Deposit	\$9,571,143	\$10,434,281	0.3%	0.0%
Stable Value	\$797,933,196	\$774,298,067	23.5%	0.9%
Deferred Compensation Stable Value Fund (Net)	\$797,933,196	\$774,298,067	23.5%	0.9%
Domestic Fixed	\$214,817,210	\$204,623,867	6.3%	0.4%
DCP Bond Fund	\$214,817,210	\$204,623,867	6.3%	0.4%
Risk-based	\$420,122,142	\$405,259,749	12.4%	0.5%
Ultra Conservative	\$30,328,527	\$27,803,212	0.9%	0.1%
Conservative Profile	\$57,774,245	\$53,430,323	1.7%	0.1%
Moderate Profile	\$158,237,233	\$154,834,610	4.7%	0.1%
Aggressive Profile	\$137,245,367	\$135,727,854	4.0%	0.1%
Ultra Aggressive Profile	\$36,536,769	\$33,463,750	1.1%	0.1%
Domestic Equity	\$1,303,680,836	\$1,377,525,607	38.4%	-1.8%
DCP Large Cap Stock Fund	\$1,090,828,964	\$1,155,410,208	32.2%	-1.6%
DCP Mid Cap Stock Fund	\$84,118,824	\$88,259,624	2.5%	-0.1%
SSgA Russell Small Cap Index Non-Lending Series Fund	\$128,733,048	\$133,855,775	3.8%	-0.1%
International Equity	\$153,742,068	\$165,922,464	4.5%	-0.3%
DWS EAFE Equity Index Fund Institutional	\$29,176,357	\$31,576,992	0.9%	-0.1%
Fidelity Diversified International Fund	\$124,565,711	\$134,345,472	3.7%	-0.3%
Brokerage Window	\$194,722,307	\$189,957,381	5.7%	0.2%
Schwab PCRA Self-Directed Brokerage Account	\$194,722,307	\$189,957,381	5.7%	0.2%
Total Plan	\$3,391,616,360	\$3,422,999,274	100.0%	

Current Asset Allocation - June 30, 2012



Prior Asset Allocation - March 31, 2012



* Assets shown in the prior balance column represent the sum of assets as March 31, 2012 in the prior investment options that were mapped to respective funds on April 20, 2012.
Mercer

Summary – Investment Expense Analysis

Fund	Style	Fund Balance	Estimated Fund Expense	Fund Net Expense Ratio	Median Net Expense Ratio ¹	Net Expense Diff.	Other Expenses	Investment Management Fee
FDIC-Insured Savings Account	Cash Equivalents	\$297,027,459	N/A	N/A	N/A	N/A	N/A	N/A
JPMorgan Chase Certificates of Deposit	Cash Equivalents	\$9,571,143	N/A	N/A	N/A	N/A	N/A	N/A
Deferred Compensation Stable Value Fund (Net)	Stable Value	\$797,933,196	\$718,140	0.09%	0.45%	-0.36%	0.00%	0.09%
DCP Bond Fund	US Fixed	\$214,817,210	\$558,525	0.26%	0.54%	-0.28%	0.00%	0.26%
Ultra Conservative	Risk-based	\$30,328,527	\$27,296	0.09%	0.85%	-0.76%	0.00%	0.09%
Conservative Profile	Risk-based	\$57,774,245	\$63,552	0.11%	0.85%	-0.74%	0.00%	0.11%
Moderate Profile	Risk-based	\$158,237,233	\$189,885	0.12%	0.88%	-0.76%	0.00%	0.12%
Aggressive Profile	Risk-based	\$137,245,367	\$192,144	0.14%	0.95%	-0.81%	0.00%	0.14%
Ultra Aggressive Profile	Risk-based	\$36,536,769	\$62,113	0.17%	0.95%	-0.78%	0.00%	0.17%
DCP Large Cap Stock Fund	US Large Cap Equity	\$1,090,828,964	\$218,166	0.02%	0.20%	-0.18%	0.00%	0.02%
DCP Mid Cap Stock Fund	US Mid Cap Equity	\$84,118,824	\$67,295	0.08%	0.26%	-0.18%	0.00%	0.08%
SSgA Russell Small Cap Index Non-Lending Series Fund	US Small Cap Equity	\$128,733,048	\$77,240	0.06%	0.30%	-0.24%	0.00%	0.06%
DWS EAFE Equity Index Fund Institutional	International Equity	\$29,176,357	\$145,882	0.50%	0.40%	0.10%	0.00%	0.50%
Fidelity Diversified International Fund	International Equity	\$124,565,711	\$1,121,091	0.90%	1.04%	-0.14%	0.25%	0.65%
Schwab PCRA Self-Directed Brokerage Account	Brokerage Window	\$194,722,307	N/A	N/A	N/A	N/A	N/A	N/A
Total		\$3,391,616,360	\$3,441,327	0.12% ²			0.01%	0.11%
Total with Fixed Per Participant Fee		\$3,391,616,360	\$4,932,253	0.17% ³				

¹ Median institutional share class net expense ratio as defined by the respective Mercer Mutual Fund Universe and Lipper institutional share class categorizations. The median stable value management fee is derived by screening Mercer's proprietary Global Investment Manager Database (GIMD) for stable value fund fees. Profile funds are compared to the median institutional expense ratio of the corresponding Mercer Mutual Fund Target Risk Universe.

² Total Net Expense Ratio excludes assets in the FDIC-Insured Savings Account, JPMorgan Chase Certificates of Deposit, and Schwab Self-Directed Brokerage Account.

³ Total includes a \$36.97 per participant fee (approx. \$1.5 million or 0.04%) charged by Great-West. Assumed participant count is 40,328.

Summary – Compliance with Investment Policy Performance Standards

Periods ending June 30, 2012

- ✓ = Outperformed or matched performance
- ✗ = Underperformed
- T = Tracking the index within an appropriate range
- = Prior Quarter

I – Index U – Universe Median	3 Years				5 Years				Comments
	I	U	I	U	I	U	I	U	
Deferred Compensation Stable Value Fund (Net)	✓	✓	✓	✓	✓	✓	✓	✓	Retain.
DCP Bond Fund	✓	✓	✓	✗	✓	✓	✓	✓	Retain. Fund inception was on April 20, 2012 with 50% allocated to PIMCO Total Return Fund Institutional and 50% allocated to Vanguard Total Bond Market Index Fund Inst Plus.
Ultra Conservative	T	N/A	T	N/A	N/A	N/A	N/A	N/A	Retain.
Conservative Profile	T	N/A	T	N/A	T	N/A	T	N/A	Retain.
Moderate Profile	T	N/A	T	N/A	T	N/A	T	N/A	Retain.
Aggressive Profile	T	N/A	T	N/A	✗	N/A	✗	N/A	Retain. Slight underperformance due to fees and rebalancing effects.
Ultra Aggressive Profile	T	N/A	T	N/A	N/A	N/A	N/A	N/A	Retain.
DCP Large Cap Stock Fund	T	N/A	T	N/A	T	N/A	T	N/A	Retain.
DCP Mid Cap Stock Fund	T	N/A	T	N/A	T	N/A	T	N/A	Retain.
SSgA Russell Small Cap Index Non-Lending Series Fund	T	N/A	T	N/A	T	N/A	T	N/A	Retain.
DWS EAFE Equity Index Fund Institutional	T	N/A	T	N/A	T	N/A	T	N/A	Fund will be eliminated upon completion of investment menu consolidation.
Fidelity Diversified International Fund	✓	✗	✗	✗	✓	✗	✓	✗	On Monitor due to performance and capacity concerns. May be eligible to compete in DCP international equity procurement process.

Summary – Performance

Periods ending June 30, 2012

	% of Plan	3 Months	YTD	1 Year	3 Years	5 Years	Recommendation
Cash Equivalents							
FDIC-Insured Savings Account (Blended Rate – 0.430% APY)¹	8.8%	0.1%	0.2%	0.4%	NA	NA	Retention
JPMorgan Chase Certificates of Deposit	0.3%	NA	NA	NA	NA	NA	Retention
Stable Value							
Deferred Compensation Stable Value Fund (Net)²	23.5%	0.7%	1.5%	3.1%	3.4%	4.0%	Retention
3 Yr Constant Maturity Treasury +50bps		0.2%	0.5%	0.9%	1.4%	2.0%	
iMoneyNet All Taxable+100bps		0.3%	0.5%	1.0%	1.0%	1.9%	
<i>Mercer Stable Value Universe Median</i>		0.6%	1.3%	2.8%	3.3%	3.8%	
<i>Fund Rank in Universe</i>		17	17	24	41	34	
Domestic Fixed							
DCP Bond Fund	6.3%	2.5%	4.1%	7.3%	7.8%	8.1%	Retention
Barclays US Aggregate		2.1%	2.4%	7.5%	6.9%	6.8%	
<i>Mercer MF US Fixed Core Universe Median</i>		1.7%	3.3%	6.3%	7.7%	6.2%	
<i>Fund Rank in Universe</i>		12	31	32	49	11	
Vanguard Total Bond Market Index Fund Inst Plus³	0.0%	2.2%	2.4%	7.6%	6.9%	6.9%	Retention
Barclays US Aggregate		2.1%	2.4%	7.5%	6.9%	6.8%	
PIMCO Total Return Fund Institutional	0.0%	2.8%	5.7%	6.9%	8.7%	9.2%	Retention
Barclays US Aggregate		2.1%	2.4%	7.5%	6.9%	6.8%	
<i>Mercer MF US Fixed Core Universe Median</i>		1.7%	3.3%	6.3%	7.7%	6.2%	
<i>Fund Rank in Universe</i>		7	6	41	34	4	
Risk- based⁴							
Ultra Conservative	0.9%	0.7%	3.0%	4.5%	6.9%	NA	Retention
<i>Ultra Conservative Profile Custom Index⁵</i>		0.4%	2.5%	3.7%	6.2%	4.1%	

¹ The blended rate is as of 6/30/2012. The banks have an equal 1/3 weighting each in the fund; their declared rates are as follows: Bank of America = 0.14%, Bank of the West = 1.00% and City National Bank = 0.15%.

² The inception date of the Galliard Stable Value fund is July 1, 2008. Returns prior to the inception date are linked to the Wells Fargo Stable Return fund.

³ Due to its longer history, performance of Vanguard Total Bond Market Index Fund Inst is shown.

⁴ Allocation to the profile funds changed June 1, 2009 with the inclusion of a US mid cap equity component.

⁵ For periods after June 1, 2009, the following composite index is used: 35.0% 3 Yr Constant Maturity Treasury Index + 50 bps/ 50.0% Barclays Capital US Aggregate Index / 5% S&P 500 Index / 2.5% MSCI US Mid Cap 450 Index/ 2.5% Russell 2000 Index / 5% MSCI EAFE (NWHT) Index. Prior to June 1, 2009, the following composite index is used: 35.0% 3 Yr Constant Maturity Treasury Index + 50 bps/ 50.0% Barclays Capital US Aggregate Index / 5.0% S&P 500 Index / 5.0% Russell 2000 Index / 5.0% MSCI EAFE (NWHT) Index.

Fund: ■ Outperformed/Matched Benchmark ■ Underperformed Benchmark ■ Passive Funds **Universe Ranking:** ■ 0% - 50% ■ 51% - 75% ■ 76% - 100%

	% of Plan	3 Months	YTD	1 Year	3 Years	5 Years	Recommendation
Conservative Profile <i>Conservative Profile Custom Index⁶</i>	1.7%	-0.4%	4.1%	3.2%	8.9%	3.9%	Retention
		-0.5%	3.8%	2.9%	8.7%	3.6%	
Moderate Profile <i>Moderate Profile Custom Index⁷</i>	4.7%	-1.9%	5.5%	1.6%	11.4%	2.4%	Retention
		-1.9%	5.3%	1.5%	11.4%	2.1%	
Aggressive Profile <i>Aggressive Profile Custom Index⁸</i>	4.0%	-2.9%	6.2%	-0.4%	12.6%	0.6%	Retention
		-3.0%	6.0%	-0.3%	12.7%	1.0%	
Ultra Aggressive Profile <i>Ultra Aggressive Profile Custom Index⁹</i>	1.1%	-4.0%	6.7%	-2.4%	13.8%	NA	Retention
		-4.0%	6.6%	-2.3%	14.0%	-0.2%	
Domestic Equity							
DCP Large Cap Stock Fund¹⁰ S&P 500	32.2%	-2.8%	9.5%	5.4%	16.4%	0.3%	Retention
		-2.8%	9.5%	5.4%	16.4%	0.2%	
DCP Mid Cap Stock Fund DCP Mid Cap Stock Fund Composite Index ¹¹	2.5%	-5.5%	7.2%	-2.8%	19.6%	0.7%	Retention
		-5.5%	7.2%	-2.7%	19.7%	0.7%	
SSgA Russell Small Cap Index Non-Lending Series Fund Russell 2000	3.8%	-3.5%	8.5%	-2.1%	17.7%	NA	Retention
		-3.5%	8.5%	-2.1%	17.8%	0.5%	
International Equity							
DWS EAFE Equity Index Fund Institutional MSCI EAFE NET WHT	0.9%	-7.0%	3.6%	-14.0%	5.8%	-6.1%	Retention
		-7.1%	3.0%	-13.8%	6.0%	-6.1%	
Fidelity Diversified International Fund MSCI EAFE NET WHT <i>Mercer MF Intl Equity Universe Median</i> <i>Fund Rank in Universe</i>	3.7%	-5.9%	5.9%	-11.6%	6.8%	-5.5%	Monitor; may be eligible to compete in procurement process
		-7.1%	3.0%	-13.8%	6.0%	-6.1%	
		-7.1%	4.3%	-13.9%	7.0%	-5.3%	
		24	25	27	55	55	

⁶ For periods after June 1, 2009, the following composite index is used: 15.0% 3 Yr Constant Maturity Treasury Index + 50 bps/ 50.0% Barclays Capital US Aggregate Index / 12.5% S&P 500 Index / 5% MSCI US Mid Cap 450 Index/ 5.0% Russell 2000 Index / 12.5% MSCI EAFE (NWHT) Index. Prior to June 1, 2009, the following composite index is used: 15.0% 3 Yr Constant Maturity Treasury Index + 50 bps/ 50% Barclays Capital US Aggregate Index / 25% S&P 500 Index / 5% Russell 2000 Index / 5% MSCI EAFE (NWHT) Index.

⁷ For periods after June 1, 2009, the following composite index is used: 10.0% 3 Yr Constant Maturity Treasury Index + 50 bps/ 30.0% Barclays Capital US Aggregate Index / 25.0% S&P 500 Index / 10.0% MSCI US Mid Cap 450 Index/ 10.0% Russell 2000 Index / 15.0% MSCI EAFE (NWHT) Index. Prior to June 1, 2009, the following composite index is used: 5.0% 3 Yr Constant Maturity Treasury Index + 50 bps/ 35.0% Barclays Capital US Aggregate Index / 40.0% S&P 500 Index / 10.0% Russell 2000 Index / 10.0% MSCI EAFE (NWHT) Index.

⁸ For periods after June 1, 2009, the following composite index is used: 5.0% 3 Yr Constant Maturity Treasury Index + 50 bps/ 20.0% Barclays Capital US Aggregate Index / 25.0% S&P 500 Index / 15.0% MSCI US Mid Cap 450 Index/ 15.0% Russell 2000 Index / 20.0% MSCI EAFE (NWHT) Index. For periods prior to June 1, 2009, the following composite index is used: 20% Barclays Capital US Aggregate Index / 50% S&P 500 Index / 15% Russell 2000 Index / 15% MSCI EAFE (NWHT) Index.

⁹ For periods after June 1, 2009, the following composite index is used: 10.0% Barclays Capital US Aggregate Index / 25.0% S&P 500 Index / 20.0% MSCI US Mid Cap 450 Index/ 20.0% Russell 2000 Index / 25.0% MSCI EAFE (NWHT) Index. For periods prior to June 1, 2009, the following composite index is used: 60.0% S&P 500 Index / 20.0% Russell 2000 Index / 20.0% MSCI EAFE (NWHT) Index.

¹⁰ The fund is 100% allocated to the Vanguard Institutional Index Fund Inst Pl; performance is shown, respectively and will be updated accordingly with the addition of underlying funds.

¹¹ Composite Index will be updated as the fund changes in underlying fund allocation. Currently, it is 100% vested in the Vanguard Mid-Cap Index Fund Institutional and its blended index is shown correspondingly. For the Vanguard Mid-Cap Index Fund Institutional, the S&P MidCap 400 Index used through May 16, 2003; MSCI US Mid Cap 450 Index thereafter.

Fund: ■ Outperformed/Matched Benchmark ■ Underperformed Benchmark ■ Passive Funds **Universe Ranking:** ■ 0% - 50% ■ 51% - 75% ■ 76% - 100%

Summary – Performance of DCP Investment Menu Composite Benchmarks

Periods ending June 30, 2012

	3 Months	YTD	1 Year	3 Years	5 Years
DCP Stable Value Index (100% 3-Yr CMT + 50bps)	0.2%	0.5%	0.9%	1.4%	2.0%
DCP Bond Fund Index (100% BC Aggregate Bond Index)	2.1%	2.4%	7.5%	6.9%	6.8%
DCP Large-Cap Stock Fund Index (100% S&P 500 Index)	-2.8%	9.5%	5.4%	16.4%	0.2%
DCP Mid-Cap Stock Fund Composite Index	-4.4%	8.0%	-1.7%	19.5%	1.0%
<i>Russell Midcap Index (50%)</i>	<i>-4.4%</i>	<i>8.0%</i>	<i>-1.7%</i>	<i>19.4%</i>	<i>1.1%</i>
<i>Russell Midcap Value Index (25%)</i>	<i>-3.3%</i>	<i>7.8%</i>	<i>-0.4%</i>	<i>19.9%</i>	<i>-0.1%</i>
<i>Russell Midcap Growth Index (25%)</i>	<i>-5.6%</i>	<i>8.1%</i>	<i>-3.0%</i>	<i>19.0%</i>	<i>1.9%</i>
DCP Small-Cap Stock Fund Composite Index	-3.5%	8.5%	-2.1%	17.8%	0.6%
<i>Russell 2000 Index (34%)</i>	<i>-3.5%</i>	<i>8.5%</i>	<i>-2.1%</i>	<i>17.8%</i>	<i>0.5%</i>
<i>Russell 2000 Value Index (33%)</i>	<i>-3.0%</i>	<i>8.2%</i>	<i>-1.4%</i>	<i>17.4%</i>	<i>-1.0%</i>
<i>Russell 2000 Growth Index (33%)</i>	<i>-3.9%</i>	<i>8.8%</i>	<i>-2.7%</i>	<i>18.1%</i>	<i>2.0%</i>
DCP International Fund Composite Index	-7.7%	3.5%	-14.4%	7.2%	-4.8%
<i>MSCI EAFE Index (65%)</i>	<i>-7.1%</i>	<i>3.0%</i>	<i>-13.8%</i>	<i>6.0%</i>	<i>-6.1%</i>
<i>MSCI EM Index (17.5%)</i>	<i>-8.9%</i>	<i>3.9%</i>	<i>-16.0%</i>	<i>9.8%</i>	<i>-0.1%</i>
<i>MSCI EAFE Small Cap Index (17.5%)</i>	<i>-8.7%</i>	<i>4.9%</i>	<i>-15.1%</i>	<i>9.2%</i>	<i>-5.3%</i>

Fund Profile

Stable Value - Deferred Compensation Stable Value Fund (Net)

Share Class: Separate Account	Benchmark: 3 Yr Constant Maturity Treasury Index + 50 bps
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Investment Philosophy

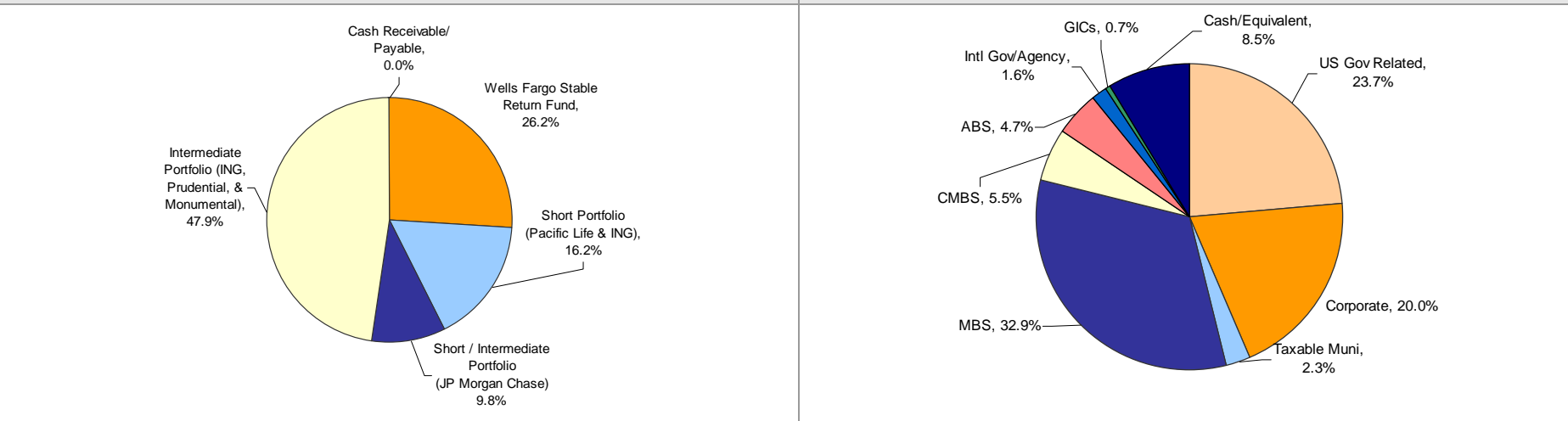
Galliard seeks safety of principal and consistency of returns, with minimal volatility while maintaining a stable crediting rate. The fund is 100% invested in book value investment instruments: GICs, BICs, security-backed contracts (i.e., synthetics) and certain money market instruments, with a focus on highly rated instruments and broad diversification among contract issuers and underlying securities. The fund emphasizes security-backed investment contracts (synthetics) to enhance credit quality, diversification and investment returns, while structuring portfolio liquidity to provide for daily participant transactions. The target weighted average duration of the fund is within a range of 2.5 to 3.5 years with a target of 3 years.

Fund Characteristics	Fund Observations
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	2Q12	1Q12	4Q11	3Q11
Mkt/Book Value Ratio	104.0%	103.9%	103.8%	103.9%
Avg. Credit Quality	A1/A+	A1/A+	A1/A+	Aa3/AA-
Effective Duration (yrs)	2.62	2.75	2.65	2.81
Crediting Rate	3.0%	3.1%	3.2%	3.3%

- The Fund had net inflows of \$20.7 million during the quarter, representing an increase of 2.5% in total stable value assets
- \$25 million in excess liquidity was deposited under the Prudential wrap contract
- During the quarter, JPM Chase Bank N.A. was downgraded by Moody's to Aa3
- Number of contract issuers: 5
- Credit quality remains strong with 78.7% of fixed income in AAA rated securities and 0.1% in BBB rated or below
- Duration distribution ranged between 2.0 – 3.5 years

Fund Composition as of June 30, 2012	Underlying Fixed Income Asset Allocation as of June 30, 2012 (% of MV)
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Key Facts and Figures

Portfolio Manager: Galliard Capital Management Inception (in Plan): July 2008	Expense Ratio (Net): 0.09% Mercer Median Expense Ratio (Net): 0.45%
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Fund Profile

Domestic Fixed - DCP Bond Fund

Share Class: N/A Benchmark: Barclays US Aggregate

Investment Philosophy

The DCP Bond Fund is a multi-manager strategy using passive and active management. The fund has a 50% allocation to the Vanguard Total Bond Market Index Fund and 50% to the PIMCO Total Return Fund.

Performance Characteristics as of June 30, 2012

Performance characteristics vs. Barclays US Aggregate in \$US (after fees) over 5 yrs ending June-12 (quarterly calculations)

Comparison with the Mutual Fund US Fixed Core universe (Percentile Ranking)

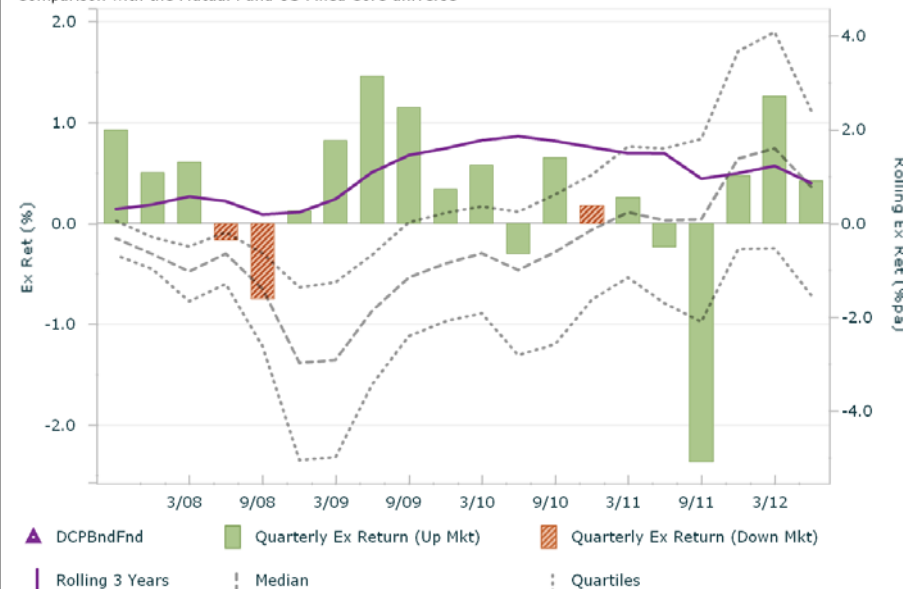


	Ret (%pa)	Std Dev (%pa)	Ret/SD	TE (%pa)	IR
▲ DCPBndFnd	8.1(11)	3.6(62)	2.2(8)	1.7(89)	0.8(2)
○ BCUSAG	6.8(35)	3.4(69)	2.0(14)	0.0(100)	-
5th Percentile	9.0	10.4	2.3	9.8	0.6
Upper Quartile	7.2	5.9	1.8	5.6	0.1
Median	6.2	4.3	1.4	4.0	-0.2
Lower Quartile	4.2	3.2	0.9	2.6	-0.6
95th Percentile	2.2	1.9	0.4	1.3	-1.3
Number	337	337	337	337	337

Excess Return

Quarterly Excess Return vs. Barclays US Aggregate with rolling 3 yr line in \$US (after fees) over 5 yrs ending June-12

Comparison with the Mutual Fund US Fixed Core universe



Key Facts and Figures

Expense Ratio (Net): 0.26%
 Mercer Median Expense Ratio (Net): 0.54%

Fund Profile

Domestic Fixed - Vanguard Total Bond Market Index Fund Inst Plus – VBMPX

Share Class: Inst Plus **Benchmark: Barclays US Aggregate**

Investment Philosophy

The Vanguard Total Bond Market Index Fund seeks to provide investment results that parallel the performance of the Barclays Capital US Aggregate Float Adjusted Index.

Sector Allocation as of June 30, 2012

Sector	Vanguard Total Bond Market Index Fund (%)	Barclays Aggregate Index (%)
US Treasuries/Agencies	43.6%	41.2%
Mortgages	26.1%	30.6%
Industrials	12.2%	11.6%
Financials	7.2%	6.7%
Non-Corporates	5.5%	5.5%
Utilities	2.4%	2.3%
CMBS	2.1%	1.9%
Other	0.7%	0.0%
ABS	0.2%	0.2%

Tracking Error

Rolling 3 yr Tracking Error vs. Barclays US Aggregate in \$US (after fees) over 5 yrs ending June-12 (quarterly calculations)



Key Facts and Figures

Portfolio Manager (Advised Since): Kenneth E. Volpert (1992) and Gregory Davis (2008)

Total Fund Assets: \$110,916 Million
Total Share Class Assets: \$12,830 Million

Expense Ratio (Net): 0.05%
Mercer Median Expense Ratio (Net): 0.20%

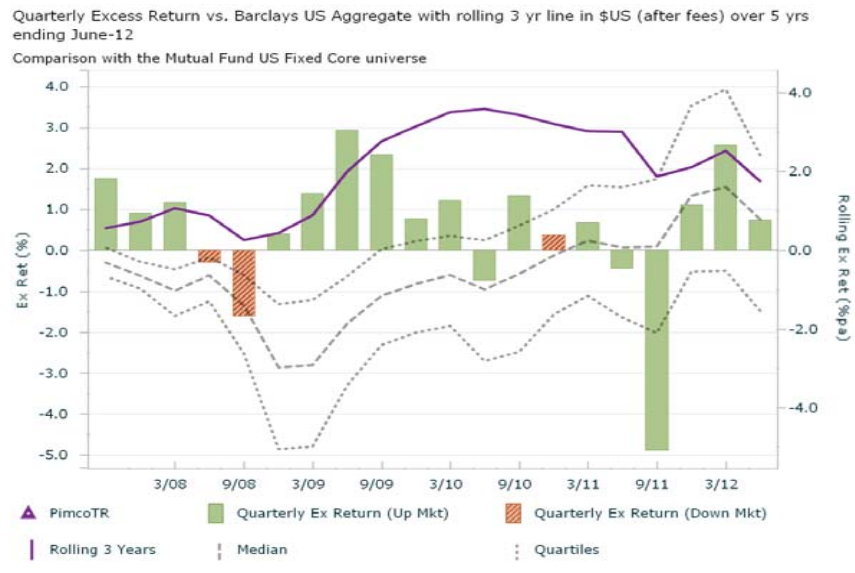
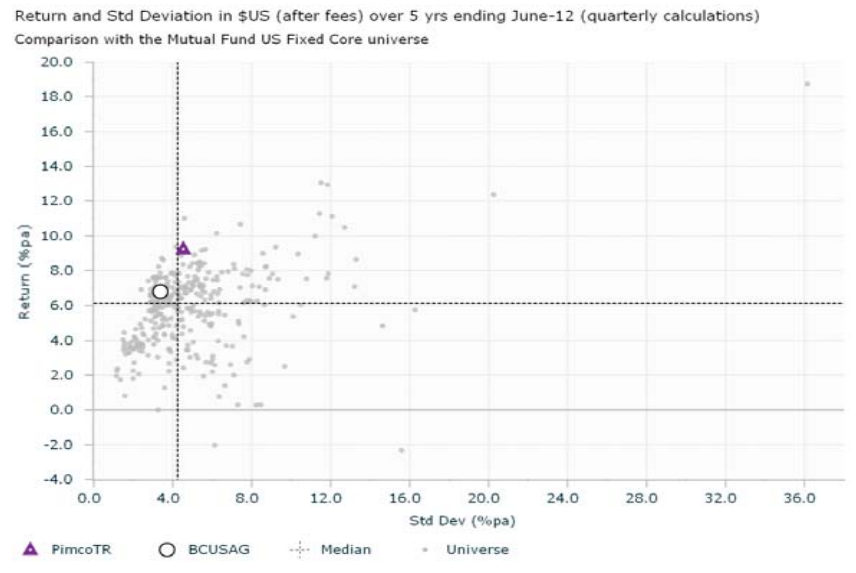
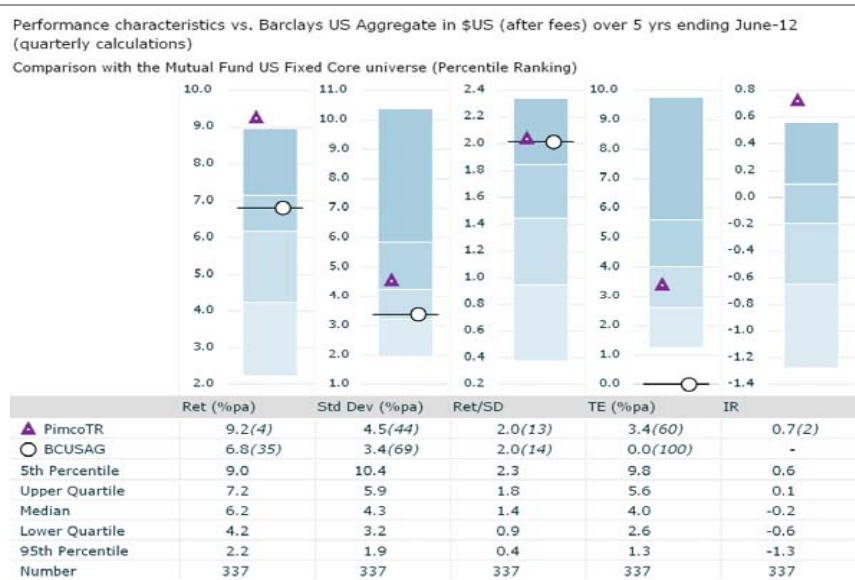
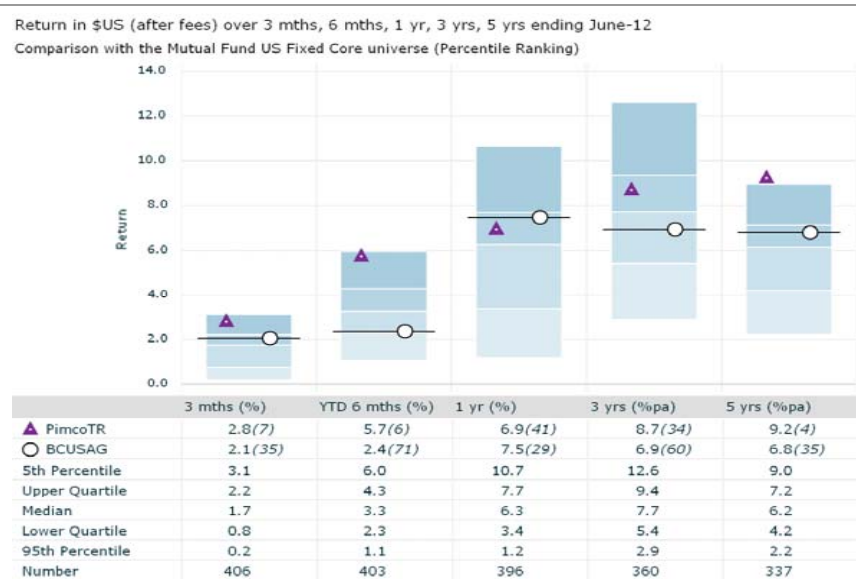
Fund Profile

Domestic Fixed - PIMCO Total Return Fund Institutional – PTTRX

Share Class: Institutional		Benchmark: Barclays US Aggregate																														
Investment Philosophy																																
<p>PIMCO's approach to fixed income management is to position the portfolio with exposure to a series of moderate risks, ensuring that no single strategy overwhelms the portfolio. The firm continually evaluates new techniques for adding value. Emphasis is on long-term secular trends and the avoidance of extreme swings in portfolio duration. The Total Return strategy invests opportunistically in non-investment grade and non-dollar bonds, with up to 10% of total assets in high yield securities and 30% in securities denominated in foreign currencies. The Fund may invest beyond this limited in U.S. dollar-denominated securities of foreign issuers, but limits itself to no more than 15% in securities that are economically tied to emerging market countries.</p>																																
Fund Characteristics as of June 30, 2012		Sector Allocation (Duration Weighted) as of June 30, 2012																														
<ul style="list-style-type: none"> ▪ Effective Duration: 4.8 years ▪ Effective Maturity: 7.0 years ▪ SEC 30-Day Annual Yield: 2.6% ▪ Distribution Yield: 3.3% ▪ Average Coupon: 3.7% 		<table border="1"> <caption>Sector Allocation Data (Estimated from Chart)</caption> <thead> <tr> <th>Sector</th> <th>PIMCO Total Return Fund Institutional (%)</th> <th>Barclays Capital US Aggregate (%)</th> </tr> </thead> <tbody> <tr> <td>Treasury Agency</td> <td>37.0</td> <td>41.0</td> </tr> <tr> <td>Mortgage Related</td> <td>25.0</td> <td>32.0</td> </tr> <tr> <td>Investment Grade Credit</td> <td>11.0</td> <td>21.0</td> </tr> <tr> <td>ABS</td> <td>0.5</td> <td>0.5</td> </tr> <tr> <td>Muni</td> <td>9.0</td> <td>0.0</td> </tr> <tr> <td>High Yield</td> <td>2.0</td> <td>0.0</td> </tr> <tr> <td>Non US Developed</td> <td>7.0</td> <td>5.0</td> </tr> <tr> <td>Emerging Markets</td> <td>5.0</td> <td>0.0</td> </tr> <tr> <td>Cash/Other</td> <td>4.0</td> <td>0.0</td> </tr> </tbody> </table>	Sector	PIMCO Total Return Fund Institutional (%)	Barclays Capital US Aggregate (%)	Treasury Agency	37.0	41.0	Mortgage Related	25.0	32.0	Investment Grade Credit	11.0	21.0	ABS	0.5	0.5	Muni	9.0	0.0	High Yield	2.0	0.0	Non US Developed	7.0	5.0	Emerging Markets	5.0	0.0	Cash/Other	4.0	0.0
Sector	PIMCO Total Return Fund Institutional (%)	Barclays Capital US Aggregate (%)																														
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Emerging Markets	5.0	0.0																														
Cash/Other	4.0	0.0																														
Key Facts and Figures																																
Portfolio Manager (Advised Since): William H. Gross (1987)	Total Fund Assets: \$263,384 Million Total Share Class Assets: \$159,170 Million	Expense Ratio (Net): 0.46% Mercer Median Expense Ratio (Net): 0.54%																														

Fund Profile

DCP Bond Fund - PIMCO Total Return Fund Institutional - PTTRX



Risk-based Profile Funds

Profile Funds – Target Allocations

	2Q 2012 Fund Return (%)	2Q 2012 Benchmark Return (%)	Excess Return (%)	Ultra Conservative Profile	Conservative Profile	Moderate Profile	Aggressive Profile	Ultra Aggressive Profile
Stable Value								
DCP Stable Value	0.7%	0.2%	0.5%	35.0%	15.0%	10.0%	5.0%	0.0%
Total Stable Value				35.0%	15.0%	10.0%	5.0%	0.0%
US Fixed Income								
Vanguard Total Bond Mkt Idx Instl Plus	2.2%	2.1%	0.1%	50.0%	50.0%	30.0%	20.0%	10.0%
Total US Fixed Income				50.0%	50.0%	30.0%	20.0%	10.0%
US Equity								
Total US Large Cap Equity				5.0%	12.5%	25.0%	25.0%	25.0%
Vanguard Instl Index Instl Plus	-2.8%	-2.8%	0.0%	5.0%	12.5%	25.0%	25.0%	25.0%
Total US Mid/Small Cap Equity				5.0%	10.0%	20.0%	30.0%	40.0%
Vanguard Mid Cap Index Instl	-5.5%	-5.5%	0.0%	2.5%	5.0%	10.0%	15.0%	20.0%
SSgA Russell Sm Cap NL Series S	-3.5%	-3.5%	0.0%	2.5%	5.0%	10.0%	15.0%	20.0%
Total US Equity				10.0%	22.5%	45.0%	55.0%	65.0%
Non-US Equity								
DWS EAFE Equity Index Fund Instl	-7.0%	-7.1%	0.1%	5.0%	12.5%	15.0%	20.0%	25.0%
Total Non-US Equity				5.0%	12.5%	15.0%	20.0%	25.0%
Total				100.0%	100.0%	100.0%	100.0%	100.0%

Fund Profile

Domestic Equity - DCP Large Cap Stock Fund (100% Vanguard Institutional Index Fund Inst Plus – VIIIIX)

Share Class: Inst Plus		Benchmark: S&P 500																																		
Investment Philosophy																																				
<p>The DCP Large Cap Stock Fund is 100% allocated to the Vanguard Institutional Index Fund which seeks to track the investment performance of the Standard & Poors 500 Index, an unmanaged benchmark representing U.S. large-capitalization stocks. Using full replication, the portfolio holds all stocks in the same capitalization weighting as the index. The Fund uses proprietary software to implement trading decisions that accommodate cash flow and maintain close correlation with index characteristics. Vanguards refined indexing process, combined with low management fees and efficient trading, has provided tight tracking net of expenses.</p>																																				
Sector Allocation as of June 30, 2012		Tracking Error																																		
<table border="1"> <thead> <tr> <th>Sector</th> <th>Vanguard Institutional Index Fund (%)</th> <th>S&P 500 Index (%)</th> </tr> </thead> <tbody> <tr> <td>Info Tech</td> <td>19.8%</td> <td>19.7%</td> </tr> <tr> <td>Financials</td> <td>14.4%</td> <td>14.4%</td> </tr> <tr> <td>Health Care</td> <td>12.0%</td> <td>12.0%</td> </tr> <tr> <td>Consumer Staples</td> <td>11.3%</td> <td>11.3%</td> </tr> <tr> <td>Consumer Disc</td> <td>10.9%</td> <td>11.0%</td> </tr> <tr> <td>Energy</td> <td>10.8%</td> <td>10.8%</td> </tr> <tr> <td>Industrials</td> <td>10.5%</td> <td>10.5%</td> </tr> <tr> <td>Utilities</td> <td>3.7%</td> <td>3.7%</td> </tr> <tr> <td>Materials</td> <td>3.4%</td> <td>3.4%</td> </tr> <tr> <td>Telecom</td> <td>3.2%</td> <td>3.2%</td> </tr> </tbody> </table>		Sector	Vanguard Institutional Index Fund (%)	S&P 500 Index (%)	Info Tech	19.8%	19.7%	Financials	14.4%	14.4%	Health Care	12.0%	12.0%	Consumer Staples	11.3%	11.3%	Consumer Disc	10.9%	11.0%	Energy	10.8%	10.8%	Industrials	10.5%	10.5%	Utilities	3.7%	3.7%	Materials	3.4%	3.4%	Telecom	3.2%	3.2%	<p>Rolling 3 yr Tracking Error vs. S&P 500 in \$US (after fees) over 5 yrs ending June-12 (quarterly calculations)</p> <p>▲ Vanguard Institutional Index Plus Rolling 3 Years</p>	
Sector	Vanguard Institutional Index Fund (%)	S&P 500 Index (%)																																		
Info Tech	19.8%	19.7%																																		
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Energy	10.8%	10.8%																																		
Industrials	10.5%	10.5%																																		
Utilities	3.7%	3.7%																																		
Materials	3.4%	3.4%																																		
Telecom	3.2%	3.2%																																		
Key Facts and Figures																																				
Portfolio Manager (Advised Since): Donald M. Butler (2000)		Total Fund Assets: \$232,800 Million (as of 7/31/12)	Expense Ratio (Net): 0.02%																																	
		Total Share Class Assets: \$45,041 Million	Mercer Median Expense Ratio (Net): 0.20%																																	

Fund Profile

Domestic Equity – DCP Mid Cap Stock Fund (100% Vanguard Mid-Cap Index Fund Institutional – VMCIX)

Share Class: Institutional	Benchmark: Vanguard Spliced Mid Cap Index
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Investment Philosophy

The DCP Mid Cap Stock Fund is 100% allocated to the Vanguard Mid-Cap Index Fund which seeks to track the investment performance of the Morgan Stanley Capital International (MSCI) US Mid Cap 450 Index, an unmanaged benchmark representing medium-sized US companies. Using full replication, the portfolio holds all stocks in the same capitalization weighting as the Index. Prior to May 16, 2003, the fund replicated the S&P 400 Index.

Sector Allocation as of June 30, 2012

Sector	Vanguard Mid-Cap Index Fund (%)	MSCI US Mid Cap 450 Index (%)
Financials	18.3%	18.3%
Consumer Disc	18.2%	18.3%
Info Tech	14.9%	14.9%
Industrials	12.2%	12.2%
Health Care	9.9%	9.9%
Energy	7.6%	7.6%
Materials	6.9%	6.9%
Utilities	5.8%	5.8%
Consumer Staples	5.1%	5.0%
Telecom	1.1%	1.1%

Tracking Error

Rolling 3 yr Tracking Error vs. Vanguard Spliced Mid Cap Index in \$US (after fees) over 5 yrs ending June-12 (quarterly calculations)



Key Facts and Figures

Portfolio Manager (Advised Since): Donald M. Butler (1998)	Total Fund Assets: \$29,419 Million Total Share Class Assets: \$6,342 Million	Expense Ratio (Net): 0.08% Mercer Median Expense Ratio (Net): 0.26%
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Fund Profile

Domestic Equity - Passive - SSgA Russell Small Cap Index Non-Lending Series Fund

Share Class: S Benchmark: Russell 2000

Investment Philosophy

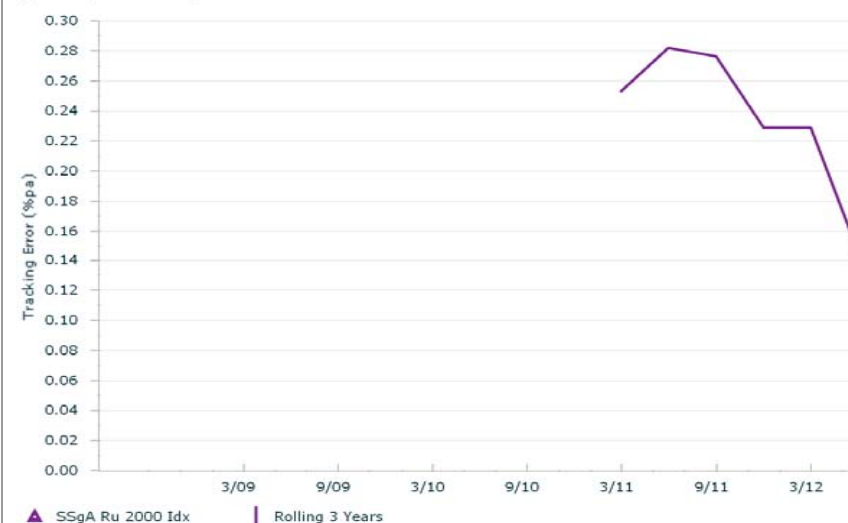
SSgA's passive equity process objective is to remain fully invested in the equity market at all times. To accomplish this, SSgA holds a small amount of unleveraged exchange-traded Russell 2000 index futures contracts to maintain full exposure. The portfolio tends to hold approximately 1% to 3% of the strategy's value in suitable CFTC-approved index futures contracts. This position in futures allows SSgA to accommodate cash flows into and out of the portfolio on a daily basis and to equitize dividend receivables to achieve closer tracking.

Sector Allocation as of June 30, 2012

Sector	SSgA Russell Small Cap Index Non-Lending Series Fund (%)	Russell 2000 Index (%)
Financials	21.2%	21.3%
Info Tech	17.7%	17.6%
Industrials	15.0%	15.0%
Consumer Disc	13.6%	13.8%
Health Care	13.5%	13.5%
Energy	6.0%	6.0%
Materials	4.7%	4.7%
Consumer Staples	3.7%	3.7%
Utilities	3.6%	3.6%
Telecom	0.9%	0.9%

Tracking Error

Rolling 3 yr Tracking Error vs. Russell 2000 in \$US (after fees) over 4 yrs and 1 quarter ending June-12 (quarterly calculations)



Key Facts and Figures

Portfolio Manager: SSgA Portfolio Inception: August 1999	Total Fund Assets: \$2,072 Million	Expense Ratio (Net): 0.06% Mercer Median Expense Ratio (Net): 0.30%
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Fund Profile

International Equity - Passive - DWS EAFE Equity Index Fund Institutional - BTAEX

Share Class: Institutional	Benchmark: MSCI EAFE NET WHT
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Investment Philosophy

The fund seeks to replicate as closely as possible, before the deduction of expenses, the performance of the Morgan Stanley Capital International EAFE Index, which emphasizes stocks of companies in major markets in Europe, Australasia and the Far East. The manager invests in a statistically selected sample of the securities found in the MSCI EAFE Index, with typically 80% of the fund in index securities and select derivative instruments relating to the index.

Sector Allocation as of June 30, 2012

Sector	DWS EAFE Equity Index Fund (%)	MSCI EAFE NET WHT Index (%)
Consumer Disc	10.3%	10.6%
Financials	21.6%	22.6%
Consumer Staples	11.5%	11.9%
Health Care	9.9%	10.1%
Info Tech	4.3%	4.5%
Materials	9.3%	9.6%
Industrials	12.0%	12.5%
Energy	8.1%	8.4%
Telecom	5.5%	5.6%
Utilities	4.2%	4.2%

Tracking Error

Rolling 3 yr Tracking Error vs. MSCI EAFE NET WHT in \$US (after fees) over 5 yrs ending June-12 (quarterly calculations)



Key Facts and Figures

Portfolio Manager (Advised Since): Shaun Murphy (2007)	Total Fund Assets: \$236 Million Total Share Class Assets: \$236 Million	Expense Ratio (Net): 0.50% Mercer Median Expense Ratio (Net): 0.40%
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Fund Profile

Tier IIB - International Equity - Fidelity Diversified International Fund - FDIVX

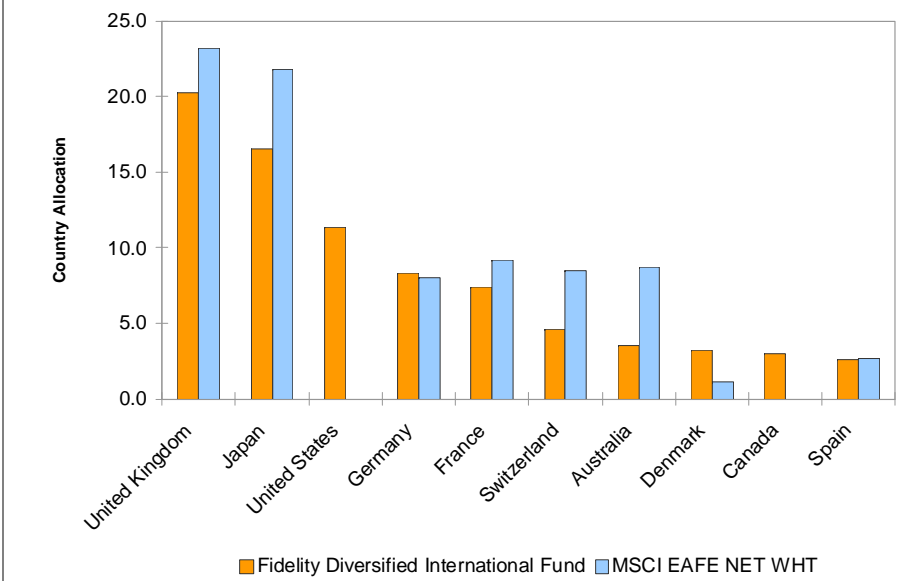
Share Class: N/A	Benchmark: MSCI EAFE NET WHT
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Investment Philosophy

The Fund seeks capital growth by typically investing in non-U.S. securities, allocating investments across countries and regions by considering the size of the market in each country and region relative to the size of the international market as a whole.

Sector Allocation as of June 30, 2012	Country Analysis as of June 30, 2012
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Sector	Fidelity Diversified International Fund (%)	MSCI EAFE NET WHT Index (%)
Consumer Disc	15.9%	10.6%
Financials	14.3%	22.6%
Consumer Staples	12.8%	11.9%
Health Care	11.2%	10.1%
Info Tech	10.4%	4.5%
Materials	8.1%	9.6%
Industrials	8.0%	12.5%
Energy	8.0%	8.4%
Telecom	4.9%	5.6%
Utilities	0.4%	4.2%
Cash/Other	6.0%	0.0%

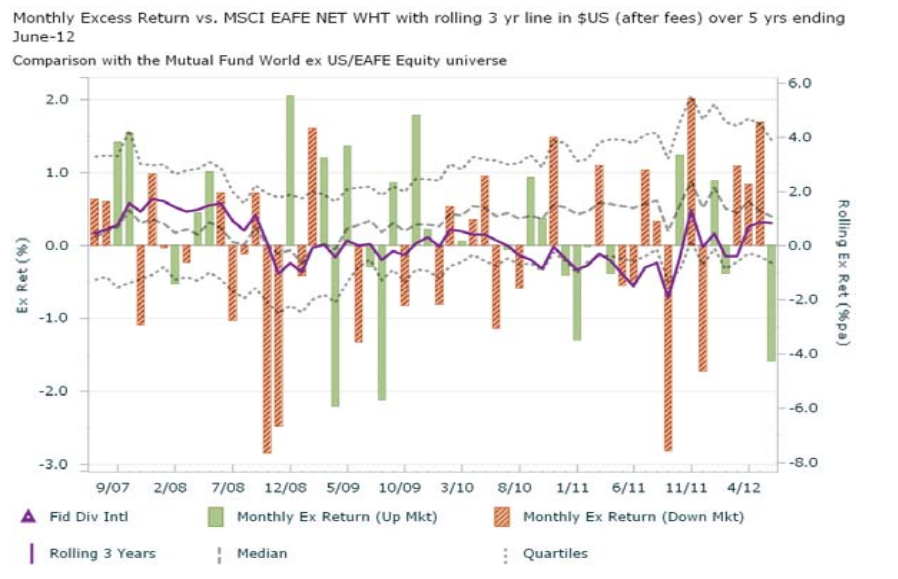
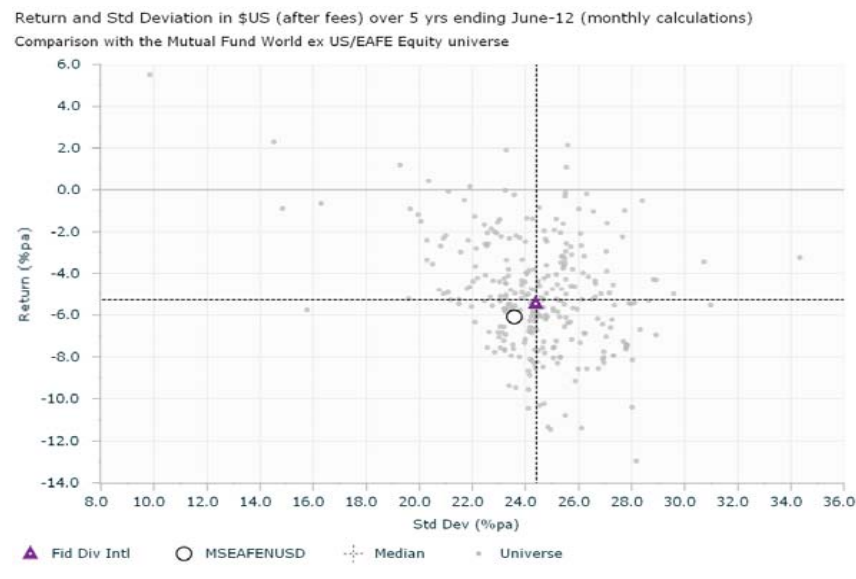
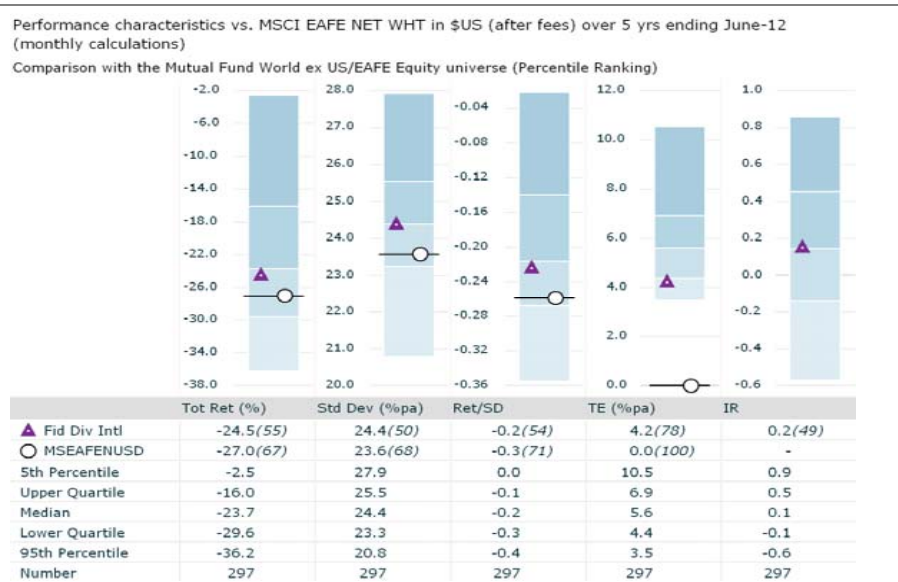
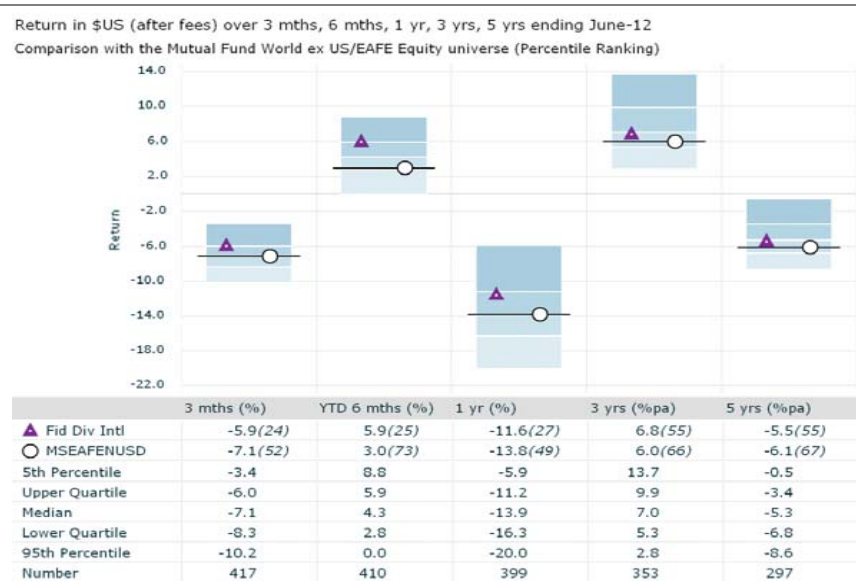


Key Facts and Figures

Portfolio Manager (Advised Since): William Bower (2001)	Total Fund Assets: \$21,560 Million Total Share Class Assets: \$13,234 Million	Expense Ratio (Net): 0.90% Mercer Median Expense Ratio (Net): 1.04%
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Fund Profile

Tier IIB - International Equity - Fidelity Diversified International Fund - FDIVX



Appendix A – Investment Manager Updates

The Vanguard Group

Vanguard Announces Chief Investment Officer Gus Sauter's Retirement – June 26, 2012

- The Vanguard Group (Vanguard) announced that Chief Investment Officer Gus Sauter will retire effective December 31, 2012, at which point he will relinquish his CIO duties to Mortimer "Tim" Buckley. Sauter will continue to serve as a senior advisor to the board. Buckley, a managing director, has been with Vanguard since 1991 and a member of Vanguard's senior staff since 2001. He has held various leadership positions across the firm including Chief Information Officer from 2001 to 2006. According to Vanguard, Buckley's experience with the firm and long tenure with the Portfolio Review Group were factors that made him an ideal successor for the CIO position. While the announcement of Sauter's retirement was unexpected, this event does not negatively affect our view on any of Vanguard's products.

Appendix B – Disclosures

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