

Deferred Compensation Plan

BOARD REPORT 14-48

Date: October 8, 2014

To: Board of Deferred Compensation Administration

From: Staff

Subject: Investment Committee Recommendations for the Underlying Active Management Providers of the Deferred Compensation Plan Small-Cap Fund

*Board of Deferred
Compensation Administration
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Recommendation:

That the Board of Deferred Compensation Administration approve recommendations of the Investments Committee to select the following actively managed funds as components of the Deferred Compensation Plan Small-Cap Fund:

- a) **DFA U.S. Small Cap Value Portfolio** as the Active Value component of the Deferred Compensation Plan Small-Cap Fund; and
- b) **Hartford Small Cap Growth HLS Fund** as the Active Growth component of the Deferred Compensation Plan Small-Cap Fund.

Discussion:

On February 18, 2014, in accordance with provisions of its Investment Policy Statement (IPS), the Board of Deferred Compensation Administration approved the use of mutual fund search processes to search for actively managed funds for the Deferred Compensation Plan's Bond, Small-Cap, Mid-Cap and International core investment menu offerings. On March 18, 2014, the Board adopted specific search criteria for each of these investment mandates.

The Board's investment consultant, Mercer Investment Consulting ("Mercer") then initiated search processes in accordance with the IPS and the adopted search criteria. The Investments Committee has been reviewing the results generated by Mercer's analysis.

On August 28, 2014, the Investments Committee met to review the search results for the Active Small-Cap Value and Active Small-Cap Growth fund categories. The Committee established a list of finalists for further review within each category.

On September 29, 2014, the Investments Committee reviewed a subsequent report from Mercer providing more detailed findings regarding the finalists. The Committee then finalized provider recommendations within each category to recommend to the full Board. This report and the attached report contain the recommendations of the Committee and the finalist data that was reviewed by the Committee in developing its recommendation.

The Plan currently offers one small-cap investment option (the passively managed SSgA Russell 2000 Index Fund). Upon selection of the Small-Cap Active Growth and Value providers, the Plan will establish a **DCP Small-Cap Fund** which will be, in accordance with the IPS, constituted as follows: 34% passive, 33% active growth, and 33% active value.

Based on June 30, 2014 values, the estimated mandate size for each category is approximately \$105 million (including assets invested in the risk-based profile funds).

The Investments Committee has completed its review for both categories and developed the following recommendations for Board approval.

a. ACTIVE SMALL-CAP VALUE

Fourteen funds were initially identified as having met all of the essential criteria adopted by the Board. The Investments Committee identified the following managers and funds as finalists for additional review:

1. American Beacon Advisors – American Beacon Small Cap Value Fund Institutional (AVFIX)
2. Dimensional Fund Advisors (DFA) – DFA US Small Cap Value Portfolio Institutional (DFSVX)
3. Federated Investors – Federated Clover Small Value Fund Institutional (VSFIX)
4. William Blair & Company – William Blair Small Cap Value Fund I (BVDIX)

Upon review of a subsequent follow-up report from Mercer, and discussion of the merits of each option, the Investments Committee is recommending that the **DFA US Small Cap Value Portfolio** (“DFA Small-Cap Value”) be selected as the new active value small-cap fund component of the DCP Small-Cap Fund.

b. ACTIVE SMALL-CAP GROWTH

Eleven funds were initially identified as having met all of the essential criteria adopted by the Board. The Investments Committee identified the following managers and funds as finalists for additional review:

1. Eagle Asset Management – Eagle Small Cap Growth Fund R6 (HSRUX)
2. The Hartford Mutual Funds – Hartford Small Cap Growth HLS Fund IA or “HartfordSCG” (HISCX)
3. The Hartford Mutual Funds – Hartford Small Company HLS Fund IA or “HartfordSmCo” (HIASX)

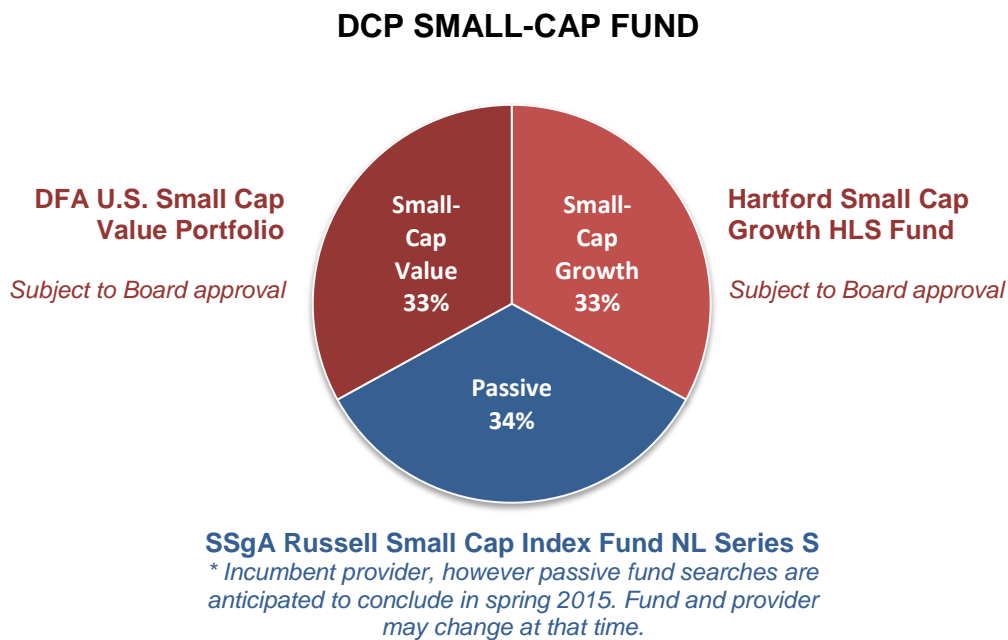
Upon review of the subsequent report from Mercer, and discussion of the merits of each option, the Investments Committee is recommending that the **Hartford Small Cap Growth HLS Fund (HartfordSmCo)** be selected as the new active small cap growth fund component of the DCP Small-Cap Fund.

The DFA Small-Cap Value Fund and the Hartford Small Cap Growth Fund are being recommended for various factors including long-term performance (including considerations to value added above benchmark), management team depth, personnel stability, portfolio construction, competitive fees, performance in different market

environments, risk-adjusted returns, and other criteria reviewed by the Committee and detailed in the attached consultant report.

The Committee further reviewed hypothetical modeling of different combinations of the finalist funds together with the current passively managed fund, as all three components would become underlying providers of the DCP Small-Cap Fund. This analysis is also included in the attached report.

Should the Board approve the Committee’s recommendations, the DCP Small-Cap Fund would be implemented as depicted by the following chart:



The estimated net expense ratio for the newly comprised DCP Small-Cap Fund would be approximately **0.43%**. The consultant will be present at the Board meeting to review additional details regarding these funds. Staff recommends that the Board adopt the funds recommended by the Investments Committee.

Submitted by: _____
Esther Chang

Approved by: _____
Steven Montagna

MANAGER SEARCH REPORT

City of Los Angeles

US Equity - Small Cap Value, US Equity - Small Cap Growth

October 2014



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US Small Cap Equity Finalists

The DCP Small Cap Stock Fund approved structure is 33.3% SSgA Russell 2000 Small Cap Index + 33.3% Active US Small Cap Value Equity + 33.3% Active US Small Cap Growth Equity. Mercer presented a search report for US Equity – Small Cap Value and US Equity – Small Cap Growth funds which follow the principles outlined in the City of Los Angeles Investment Policy Statement’s Investment Selection and Termination section. At the August 28, 2014 Investments Committee meeting, the Committee chose the following candidates as finalists:

US Equity – Small Cap Value

- American Beacon Advisors (AmBeacon)
- Dimensional Fund Advisors (DFA)
- Federated Investors (Federated)
- William Blair & Company (WBlair)

US Equity – Small Cap Growth

- Eagle Asset Management (Eagle)
- The Hartford Mutual Funds (HartfordSCG)
- The Hartford Mutual Funds (HartfordSmCo)

The contents of this report offer further analysis on the finalists. Along with key fund attributes provided again on pages 5-9 (small value) and pages 33-37 (small growth), we provide additional information including:

- Updated performance of each of the finalists on a standalone basis (pages 10-17 small value / pages 38-44 small growth)
- Mercer’s qualitative assessments, where available, providing in-depth detail on each of the investment strategies (pages 18-32 small value / pages 45-52 small growth)
- Pro-forma fees for each possible manager combination within the DCP Small Cap Stock Fund (page 53)
- Correlations of the strategies with one another and the index (page 54)
- Pro-forma historical performance and quantitative analysis on each possible DCP Small Cap Stock Fund combination (pages 55-82).
 - Key pro-forma exhibits include:
 - Trailing performance of all possible permutations of the DCP Small Cap Stock Fund as of 6/30/2014 (page 55)
 - Trailing performance broken into 2 groups for easier viewing (pages 56-57)

- Year by year performance for all possible combinations of finalists implemented in the DCP Small Cap Stock mix (pages 58-59)
- Long-term risk/return characteristics for all possible combinations of finalists implemented in the DCP Small Cap Stock Fund mix (pages 64-65)
- Up/down market analysis of all possible DCP Small Cap Stock Fund mix (page 81)
- Performance consistency of all possible DCP Small Cap Stock Fund mix (page 82)

US Equity – Small Cap Value Finalists

Firm Background

Firm	Year firm founded	Office location(s) in United States	Type of firm	Ownership/Affiliation
AmBeacon	1986	Fort Worth, TX	Independent investment firm	Lighthouse Holdings, Inc. 100%
DFA	1981	Austin, TX Santa Monica, CA	Independent investment firm	Employees and Directors 70% Other 30%
Federated	1955	Boston, MA New York, NY Pittsburgh, PA Rochester, NY	Independent investment firm	Donahue Family Trust 100%
WBlair	1935	Chicago, IL Wilmington, DE	Independent investment firm	Employee owned 100%

US Equity – Small Cap Value Finalists

Fund Details

Firm	Fund Name	Strategy Inception Year	Mutual Fund Ticker	Net Expense Ratio	On GreatWest Platform	Revenue Sharing	Net Expense Ratio less Revenue Sharing
AmBeacon	American Beacon Small Cap Value Fund Institutional	1998	AVFIX	0.84%	Yes	0.00%	0.84%
DFA	DFA US Small Cap Value Portfolio Institutional	1992	DFSVX	0.52%	Yes	0.00%	0.52%
Federated	Federated Clover Small Value Fund Institutional ¹	1996	VSFIX	1.04%	Yes	0.30%	0.74%
WBlair	William Blair Small Cap Value Fund I ²	1997	BVDIX	1.25%	Yes	0.25%	1.00%

¹ Due to the shorter track record of the proposed share class, the performance data for this fund reflects that of the A share class (expense ratio: 1.29%).

² Due to the shorter track record of the proposed share class, the performance data for this fund reflects that of the N share class (expense ratio: 1.50%).

US Equity – Small Cap Value Finalists

Assets

Firm	Firm-wide assets (\$MM)	Firm-wide equity assets (\$MM)	Strategy Assets ending December 31				
			2013	2012	2011	2010	2009
AmBeacon	53,349	23,400	5,523	3,470	3,106	4,200	2,225
DFA	337,781	263,469	10,268	7,038	6,444	7,317	6,103
Federated	366,792	33,745	1,623	868	509	523	363
WBlair	61,979	57,950	1,161	731	696	601	79

US Equity – Small Cap Value Finalists

Selected Portfolio Guidelines

Firm	Principal security selection technique	Minimum market cap (\$MM)	Maximum market cap (\$MM)	Number of stocks typically held	Average cash position over last 5 years (%)	Average portfolio turnover over last 5 years (%)
AmBeacon	Blend	75	5,000	450-520	8	66
DFA	Quantitative	10	None stated	1200-2000	2	34
Federated	Fundamental	303	8,857	125-180	3	99
WBlair	Fundamental	200	5,000	80-100	2	43

US Equity – Small Cap Value Finalists

Selected Portfolio Characteristics as of 12/31/13

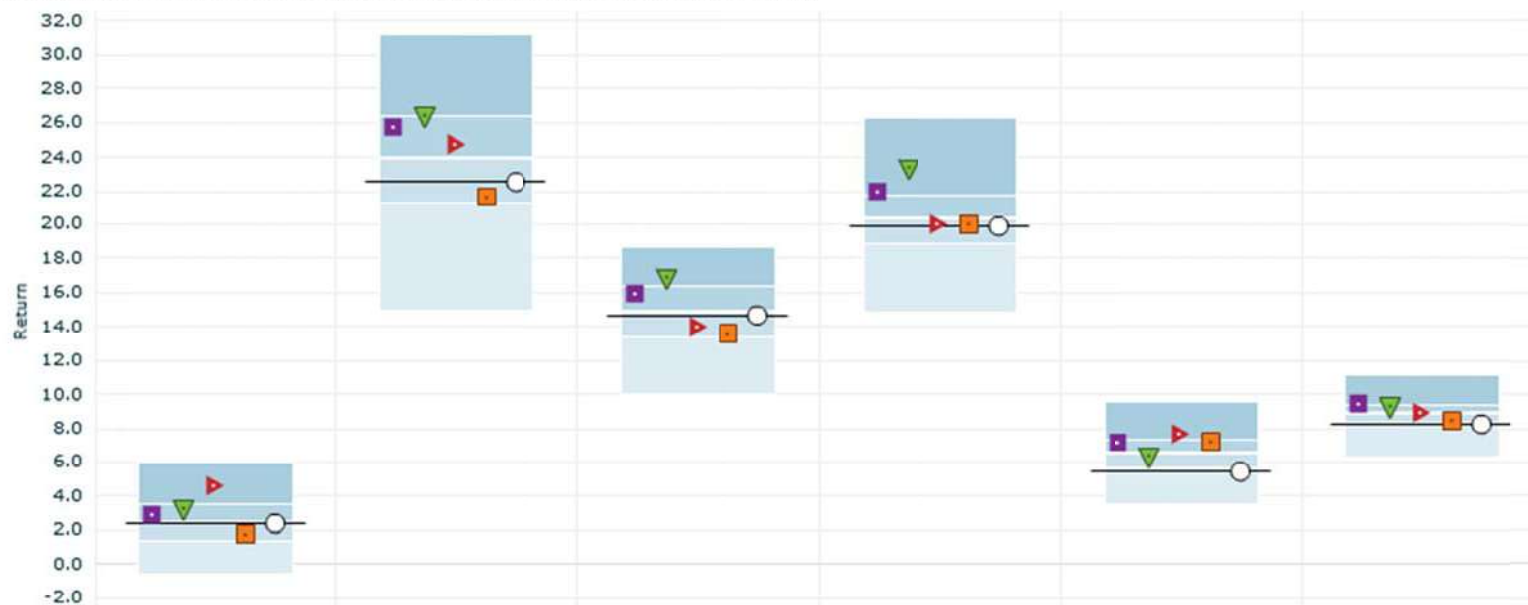
Firm	Market beta	Price to Earnings	Price to Book	Dividend yield (%)	Earnings growth	Return on equity	Debt / Equity	Market cap (\$MM)
AmBeacon	1.08	15.7	1.9	1.44	5.0	11.0	67.76	1,775
DFA	1.43	17.7	1.4	0.74	24.6	5.6	0.76	1,656
Federated	1.41	20.1	1.9	1.31	33.2	8.3	1.17	2,553
WBlair	1.33	22.3	2.1	0.96	26.4	9.2	0.72	2,128
RU2000V	1.28	22.5	1.7	1.76	21.2	4.7	0.89	1,655

US Equity – Small Cap Value Finalists

Quantitative Analysis

Return in \$US (after fees) over 3 mths, 1 yr, 3 yrs, 5 yrs, 7 yrs, 10 yrs ending June-14

Comparison with the Mutual Fund US Equity Small Cap Value universe (Percentile Ranking)



	3 mths (%)	1 yr (%)	3 yrs (%pa)	5 yrs (%pa)	7 yrs (%pa)	10 yrs (%pa)
AmBeacon	2.9 (41)	25.7 (33)	15.9 (34)	22.0 (22)	7.2 (31)	9.5 (24)
DFA	3.3 (34)	26.4 (25)	16.9 (18)	23.4 (11)	6.4 (57)	9.3 (37)
Federated	4.6 (9)	24.7 (43)	14.0 (69)	20.0 (57)	7.7 (21)	8.9 (51)
WBlair	1.7 (67)	21.6 (71)	13.6 (73)	20.0 (57)	7.2 (31)	8.5 (69)
RU2000V	2.4 (53)	22.5 (63)	14.6 (52)	19.9 (58)	5.5 (80)	8.2 (77)
5th Percentile	6.0	31.2	18.7	26.2	9.6	11.1
Upper Quartile	3.5	26.4	16.3	21.8	7.3	9.4
Median	2.5	24.0	14.9	20.3	6.5	8.9
Lower Quartile	1.3	21.2	13.4	18.8	5.7	8.4
95th Percentile	-0.5	15.0	10.0	14.8	3.5	6.3
Number	97	89	75	66	62	52

US Equity – Small Cap Value Finalists

Quantitative Analysis

Return in \$US (after fees) over last 8 calendar years ending June-14

Comparison with the Mutual Fund US Equity Small Cap Value universe (Percentile Ranking)



	2007 (%)	2008 (%)	2009 (%)	2010 (%)	2011 (%)	2012 (%)	2013 (%)	6 mths to 6/2014 (%)
AmBeacon	-6.4 (55)	-31.9 (43)	35.4 (40)	26.2 (44)	-4.0 (50)	16.5 (58)	40.1 (31)	4.6 (39)
DFA	-10.7 (88)	-36.8 (70)	33.6 (42)	30.9 (14)	-7.5 (75)	21.7 (15)	42.4 (24)	4.5 (41)
Federated	-3.0 (33)	-25.5 (13)	28.3 (69)	26.4 (42)	-5.7 (60)	13.9 (72)	31.5 (86)	8.6 (3)
WBlair	-5.5 (47)	-25.8 (14)	25.2 (76)	30.9 (13)	-6.9 (72)	12.5 (81)	38.9 (37)	2.9 (73)
RU2000V	-9.8 (85)	-28.9 (29)	20.6 (88)	24.5 (64)	-5.5 (59)	18.1 (41)	34.5 (70)	4.2 (48)
5th Percentile	6.6	-23.4	65.4	35.7	2.0	23.6	49.4	8.4
Upper Quartile	-2.3	-27.5	45.0	28.5	-1.0	20.5	42.1	5.6
Median	-5.8	-32.8	31.3	25.9	-4.0	16.9	36.6	4.0
Lower Quartile	-8.4	-38.0	25.5	22.7	-7.5	13.8	33.5	2.8
95th Percentile	-14.8	-46.9	18.5	17.9	-13.6	8.8	27.3	-0.5
Number	59	64	66	67	73	79	85	94

US Equity – Small Cap Value Finalists

Quantitative Analysis

Performance characteristics vs. Russell 2000 Value in \$US (after fees) over 7 yrs ending June-14 (quarterly calculations)

Comparison with the Mutual Fund US Equity Small Cap Value universe (Percentile Ranking)

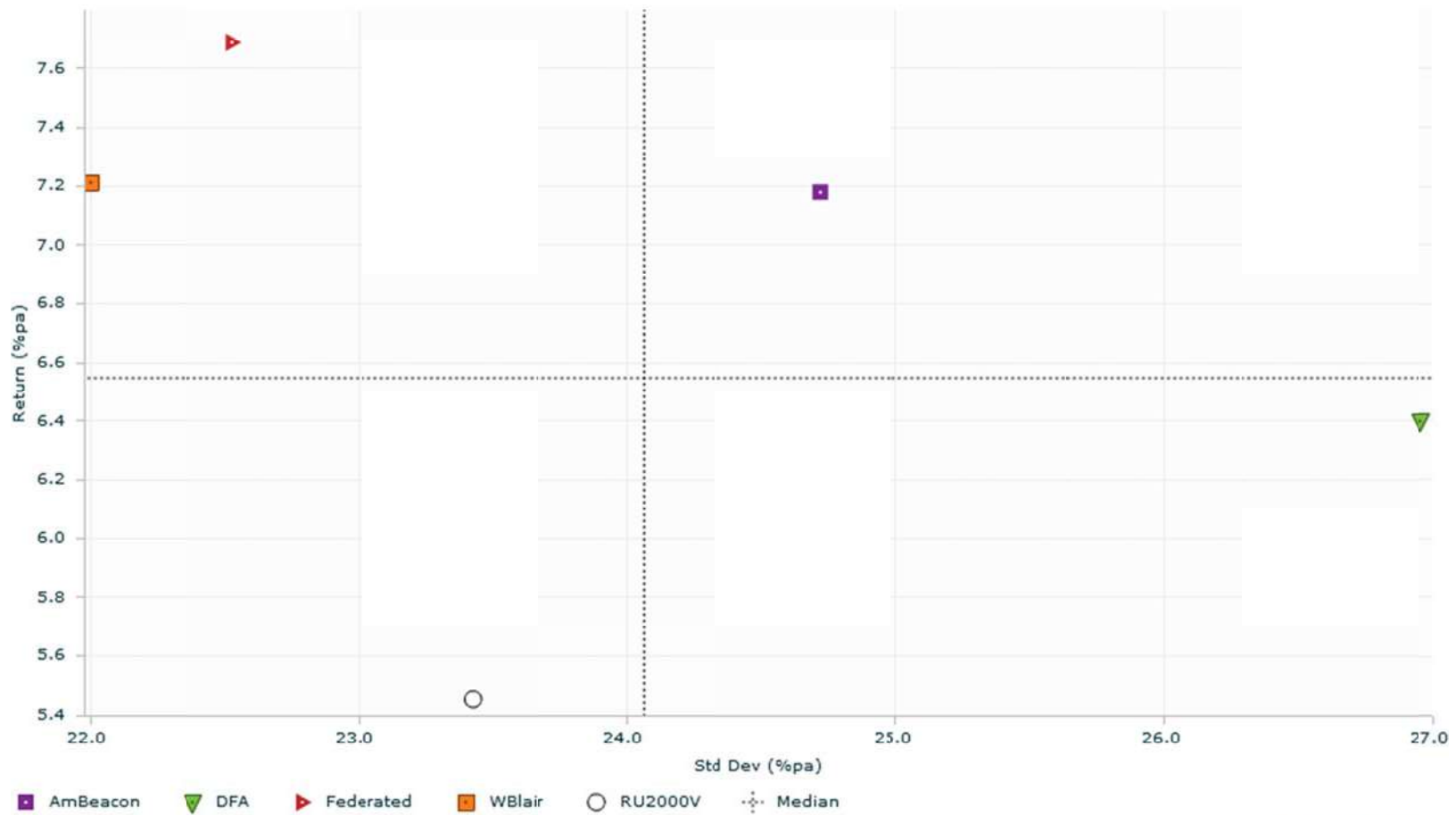


	Ret (%pa)	Std Dev (%pa)	Ret/SD	TE (%pa)	IR
AmBeacon	7.2 (31)	24.7 (44)	0.3 (38)	4.3(77)	0.4 (18)
DFA	6.4 (57)	27.0 (23)	0.2 (64)	5.1(66)	0.2 (39)
Federated	7.7 (21)	22.5 (66)	0.3 (16)	4.2(80)	0.5 (8)
WBlair	7.2 (31)	22.0 (74)	0.3 (19)	3.7(93)	0.5 (11)
5th Percentile	9.6	31.3	0.4	16.6	0.6
Upper Quartile	7.3	26.3	0.3	10.2	0.4
Median	6.5	24.1	0.3	6.6	0.1
Lower Quartile	5.7	21.9	0.2	4.3	0.0
95th Percentile	3.5	18.9	0.1	3.2	-0.3
Number	62	62	62	62	62

US Equity – Small Cap Value Finalists

Quantitative Analysis

Return and Std Deviation in \$US (after fees) over 7 yrs ending June-14 (quarterly calculations)
Comparison with the Mutual Fund US Equity Small Cap Value universe



US Equity – Small Cap Value Finalists

Quantitative Analysis

AmBeacon

Quarterly Excess Return vs. Russell 2000 Value with rolling 3 yr line in \$US (after fees) over 7 yrs ending June-14

Comparison with the Mutual Fund US Equity Small Cap Value universe



US Equity – Small Cap Value Finalists

Quantitative Analysis

DFA

Quarterly Excess Return vs. Russell 2000 Value with rolling 3 yr line in \$US (after fees) over 7 yrs ending June-14

Comparison with the Mutual Fund US Equity Small Cap Value universe



US Equity – Small Cap Value Finalists

Quantitative Analysis Federated

Quarterly Excess Return vs. Russell 2000 Value with rolling 3 yr line in \$US (after fees) over 7 yrs ending June-14

Comparison with the Mutual Fund US Equity Small Cap Value universe



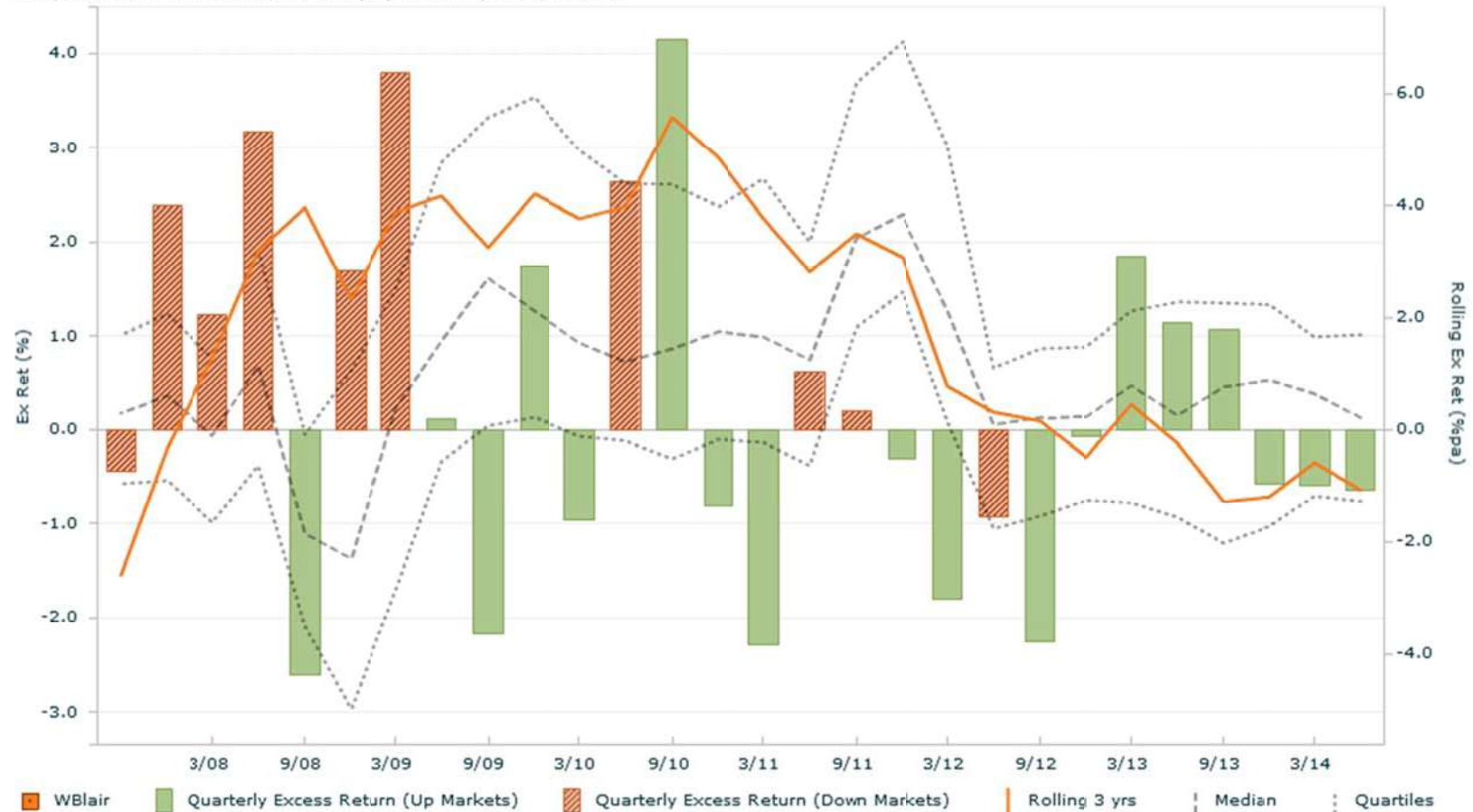
US Equity – Small Cap Value Finalists

Quantitative Analysis

WBlair

Quarterly Excess Return vs. Russell 2000 Value with rolling 3 yr line in \$US (after fees) over 7 yrs ending June-14

Comparison with the Mutual Fund US Equity Small Cap Value universe



US Equity – Small Cap Value Finalists

Profile – American Beacon Small Cap Value Fund

Firm Background and History: American Beacon Advisors (American Beacon) was founded in 1986 and is headquartered in Fort Worth, Texas. The firm is a wholly owned subsidiary of Lighthouse Holdings, Inc. which is indirectly owned by investment funds affiliated with private equity firms Pharos Capital Group, LLC and TPG Capital, LP. American Beacon provides investment advisory services to institutional and retail markets. The firm also manages the American Beacon Funds, a series of no-load mutual funds open to institutional investors, retirement accounts, and individual investors.

Key Decision Makers: The Small Cap Value product is sub-advised by Brandywine Asset Management (Brandywine), Barrow, Hanley, Mewhinney & Strauss (BHMS), Hotchkis and Wiley Capital Management (HWCM), The Boston Company Asset Management (TBCAM), Dreman Value Management (Dreman), and Opus Capital Management (Opus).

At American Beacon, Adriana Posada is the senior portfolio manager overseeing the Small Cap Value fund, with responsibility for monitoring the sub-advisors and making changes when necessary. Posada is supported by a small team of portfolio managers and analysts.

Investment Style/Philosophy: The Fund's investment managers pursue a value style of investing. Using proprietary methods, each manager select stocks that have above-average earnings growth potential and are also selling at a discount to the market.

Investment Process: American Beacon uses a Quadrant Analysis approach to select sub-advisors that exhibit value and growth characteristics. The aggregate portfolio typically has more than 500 holdings. Each manager is given identical guidelines, which require adherence to position, sector, and industry weighting limits. Cash is typically fully invested, but any cash held is typically equitized by purchasing stock index futures. Portfolio turnover is expected to be 50% to 60% per annum. American Beacon utilizes the following six sub-advisors:

Brandywine: Brandywine's small cap value strategy is based on the belief that small company stocks with the lowest prices relative to current earnings,

book value, and cash flow provide superior returns over a full market cycle. The team utilizes quantitative screens to narrow the universe. Once that has occurred, analysts conduct fundamental analysis and seek to understand the reasons why a stock is undervalued or out-of-favor so as to avoid stocks that they believe are unlikely to return to normal valuation levels and profitability.

BHMS: BHMS sub-advises two strategies for the fund: Small Cap Value and Diversified Small Cap Value. The Small Cap Value stock selection process begins by screening for companies with price-to-earnings and price-to-book ratios below the market and a dividend yield greater than the market. Securities that pass the screens are subject to fundamental research. Securities that appear undervalued in both the dividend discount and relative return models are candidates for purchase. The Diversified Small Cap Value strategy uses a quantitative factor model to identify companies in which the intrinsic value of the underlying business is significantly greater than the market price of the stock. An optimizer selects a portfolio of stocks with the best rankings, subject to certain benchmark-relative risk controls.

HWCM: The process starts with a ranking of the universe according to a three stage dividend discount model. Companies that look attractive are subject to further in-depth analysis. Industry analysts refine the dividend discount model inputs by determining a company's normalized earnings power. At weekly meetings the investment team discusses the merits of each analyst recommendation in relation to the portfolio's current composition and the relative value of alternative investments.

TBCAM: Investment ideas come from a number of sources, including meetings with company management, business and industry contacts, and in-house research. The universe of domestic small cap securities is quantitatively screened via an in-house proprietary database. Each security in the portfolio must pass three criteria: low absolute and relative valuation, strong fundamentals (including a solid management team), and a catalyst that will unlock the true value of the company.

Dreman: The team initially screens on market capitalizations, valuation metrics, and growth potential. Dreman then conducts bottom-up fundamental

US Equity – Small Cap Value Finalists

analysis, focusing on a company's financial strength and additional valuation metrics. Companies must also possess a proven track record of earnings growth believed to be sustainable. Finally, there must be an identifiable catalyst that could lead to a rise in valuation.

Opus: The investment process begins with a quantitative screen to identify stocks with growing earnings, low valuation, low debt-to-capital, high P/E-to-

growth plus dividend yield, and positive earnings surprise and earnings revision. Fundamental analysis follows, which involves evaluating the company, its industry, and its competitors to uncover key catalysts that may drive future stock performance. The stocks with the best balance of low valuation, positive catalysts, and strong growth prospects become buy candidates.

US Equity – Small Cap Value Finalists

Evaluation Summary – American Beacon Small Cap Value Fund (*Hotchkis and Wiley Small Cap Value*)

Factor	Rating (-, =, + or ++)	Comments
Idea Generation	+	HWCM conducts thorough fundamental research and considers best, worst, and base case scenarios for every stock recommended for the portfolio. In addition, the firm's analysis of industry and economic drivers provides an insightful and relevant framework for stock selection and portfolio positioning. For years one large team managed the strategies collectively. However, after a protracted period of poor investment performance across all strategies, HWCM implemented the current sector team and Portfolio Coordinator structure to foster clearer and more focused decision-making. The structure has been in place since early 2009, and while we think HWCM's reorganization is a positive step, we would like to see more uniformity among the sector teams in adopting certain changes in its decision-making protocols.
Portfolio Construction	+	Portfolios are continually reviewed on a stock-by-stock basis to ensure companies are meeting expectations and the team's highest conviction ideas are appropriately represented in the portfolio. In conjunction with the investment team reorganization, HWCM adopted a system to address risk at the stock and portfolio level by looking at exposure to various macroeconomic scenarios. We believe the methodology is intuitively sensible, but need a greater understanding of how it is applied by the team.
Implementation	=	HWCM reopened all strategies to new investors in early 2009 due to significant outflows coupled with market depreciation. At current asset levels, liquidity is not an overriding concern. However, the firm is willing to take meaningful stakes in companies, in a few cases 15% or more of a company's outstanding shares, particularly in small- and mid-cap stocks. The firm's longer term investment horizon and willingness to patiently trade in and out of positions partially mitigates some of our concerns. Nevertheless, efficient trading of these names may not be possible if market liquidity is interrupted or impaired.
Business Management	+	HWCM has benefitted from a stable investment team throughout its history and has demonstrated a consistent commitment to bolster its resources in terms of investment personnel and infrastructure improvements despite the vagaries of the investment markets. The current decision-makers represent the firm's second generation of management, which has worked together since the early 1990s. Team members are highly motivated to succeed, and nearly all have equity in the firm. In addition, HWCM has a focus on only offering strategies that will maximize value for the firm's clients rather than the firm itself. As a result, we believe the business is strongly aligned with investors.
Overall Rating (A, B+, B or C) B+ (T)		We have a high regard for HWCM's experienced, cohesive and stable investment team, the team's thorough fundamental research, and the firm's demonstrated record of aligning its interests with those of its clients. After a prolonged period of underperformance, the firm instituted new protocols to foster debate among team members and assign greater accountability for investment decisions. In addition, the firm is now paying more attention to risk at the stock and portfolio level. We are encouraged that the firm has taken these steps, but need to gain confidence that they are consistently followed and understand how they are applied across the investment platform before considering the strategies for a higher rating.
Additional Observations		HWCM's strategies have a deeper value bias and should be expected to trail more traditional value managers when markets pull back or when investors are particularly risk averse. In addition, because of this bias, returns may not track the relevant index closely and may exhibit stretches of volatility.

US Equity – Small Cap Value Finalists

Evaluation Summary – American Beacon Small Cap Value Fund (*BHMS Small Cap Value Equity*)

Factor	Rating (-, =, + or ++)	Comments
Idea Generation	+	The strategy benefits from the insights, experiences, and collaboration of portfolio managers Jim McClure and John Harloe. This is enhanced by the duo’s long working relationship, discipline, and deeply ingrained investment process. Although the three-person team is relatively small in size, we think the research process is robust and rigorous. We also believe the team gains a competitive advantage from BHMS’ clout in gaining access to a variety of information sources, particularly company management teams, which play heavily into its forward-looking research process.
Portfolio Construction	+	McClure and Harloe are accountable for constructing the portfolio, which reflects a benchmark agnostic and conviction weighted approach. While much attention is paid to company-specific risks, the team did not articulate a robust risk monitoring process for overall portfolio characteristics such as stock correlations or sensitivities to economic exposures. Though loose sector constraints are in place and active share is high, the portfolio is reasonably diversified.
Implementation	=	The strategy is closed at current asset levels. That being said, liquidity is still a concern and may inhibit a trader’s ability to enter and exit a position efficiently. The team’s patient and low turnover approach give us some comfort, but the team has hinted at expanding the number of names in the portfolio as it exits some of its larger names to help cope with liquidity issues caused by redeploying capital into smaller names.
Business Management	+	Until 2010, BHMS was 100% owned by Old Mutual. Although Old Mutual has always been viewed as a good parent company, allowing BHMS to run its business virtually autonomously, a shift to an LLC structure facilitates the eventual return of one-quarter of BHMS equity to a broad group of employees. The ability to participate directly in the ownership of the firm is a positive in terms of motivation, attraction, and retention of investment professionals. The firm’s turnover has been practically non-existent over time, even prior to the change in business structure. BHMS continues to foster a culture that promotes team stability and an environment that is conducive to success.
Overall Rating (A, B+, B or C)	B+ (T)	We are impressed with the insights, experiences, and collaboration of portfolio managers Jim McClure and John Harloe. This is enhanced by the duo’s long working relationship, discipline, and deeply ingrained investment process that focuses on identifying companies with depressed profits, a catalyst to improve profits, and an attractive stock price. Overall, we believe the research process is robust and rigorous. We like that the portfolio is constructed to reflect the team’s convictions, but we are uncomfortable with the team’s inability to articulate a robust risk monitoring process. While the strategy is closed, current asset levels could create difficulty when entering or exiting a position.
Additional Observations		The firm’s investment philosophy results in large overweights and underweights to certain sectors. As a result, the strategy may exhibit above-average tracking error. Due to a focus on companies with depressed profits and cheap valuations, the strategy tends to do well in rising or risk-on markets and may underperform when investors are more risk averse.

US Equity – Small Cap Value Finalists

Evaluation Summary – American Beacon Small Cap Value Fund (*BHMS Diversified Small Cap Value Equity*)

Factor	Rating (-, =, + or ++)	Comments
Idea Generation	=	Ideas for the DSCV strategy are generated in a disciplined fashion by extracting the underlying factor exposures from BHMS’s fundamental Small Cap Value (SCV) strategy and applying them to a broader universe through a quantitative ranking model. We have a favorable view of the SCV strategy run by Jim McClure and John Harloe, believing it benefits from the portfolio managers’ insights, collaboration, and discipline as well as the firm’s robust fundamental research efforts. However, we believe the DSCV portfolio lacks the differentiating feature inherent in the SCV strategy – BHMS’s key strength of fundamental research and stock picking – given that idea generation is based solely on factor exposures. There is no name overlap between SCV and DSCV, so the stock-specific insights formed by Harloe and McClure are not reflected in DSCV. DSCV’s factor exposures also lag those of the fundamental strategy, which could limit the informational advantage. We believe Analytic Investors is a solid partner to implement the quantitative factor matrix and ranking model given its expertise in quantitative factor research and modeling. However, the split decision making between the two firms leads to a somewhat complex investment process.
Portfolio Construction	+	The quantitative model rankings are efficiently combined with risk controls via an Axioma optimizer. Ultimately McClure and Harloe approve all recommended trades, but they rarely override the quantitative model. Stock weightings reflect a combination of risk and reward forecasts as determined by the model. In contrast with most portfolios at BHMS, this portfolio is relatively diversified with respect to the number of holdings. However, factor and sector exposures are not tightly constrained and may vary significantly from the benchmark.
Implementation	+	Current strategy assets are minimal, and the portfolio is implemented effectively. The relatively diversified approach allows for future asset growth, in contrast with the firm’s more concentrated SCV strategy that is closed and shows signs of potential liquidity constraints. The team is still debating the appropriate capacity level, and liquidity bears watching if strategy assets grow.
Business Management	+	Until 2010, BHMS was 100% owned by Old Mutual. Although Old Mutual has always been viewed as a good parent company, allowing BHMS to run its business virtually autonomously, a shift to an LLC structure facilitated the return of one-quarter of BHMS equity to a broad group of employees. The ability to participate directly in the ownership of the firm is a positive in terms of motivation, attraction, and retention of investment professionals. The firm’s turnover has been low over time, even prior to the change in business structure. BHMS continues to foster a culture that promotes team stability and an environment that is conducive to success.
Overall Rating (A, B+, B or C)		This quantitatively-constructed portfolio applies a disciplined investment approach that is consistently applied over time – essentially targeting companies with depressed profits and attractive stock prices. We have a favorable view of BHMS’s fundamental SCV strategy, from which the DSCV portfolio’s factor exposures are derived. However, we believe the DSCV portfolio lacks the key differentiating feature of the underlying SCV portfolio – BHMS’s strong fundamental stock-picking – given that the portfolios have no overlap. DSCV’s factor exposures also lag those of the fundamental strategy, which could limit the informational advantage. Analytic Investors appears to be a solid partner to implement the quantitative portion of the process, although the split decision making between the two firms leads to a complex investment process.
B (T)		

US Equity – Small Cap Value Finalists

Additional
Observations

Although the strategy is diversified with respect to the number of holdings, the investment philosophy typically results in large over-weights and under-weights to certain sectors and market factors. As a result, the strategy may exhibit above-average tracking error. Due to a focus on companies with depressed profits and cheap valuations, the strategy tends to do well in rising or risk-on markets and may underperform when investors are more risk averse.

US Equity – Small Cap Value Finalists

Evaluation Summary – American Beacon Small Cap Value Fund (*Opus Small Cap Value*)

Factor	Rating (-, =, + or ++)	Comments
Idea Generation	++	The team seeks stocks with low valuations, reasonable debt, and the potential for growth. The consistent application of a quantitative ranking system allows the team to efficiently focus on the most attractive stocks possessing these characteristics. In addition to the sector analyst's fundamental work on a given name, each portfolio manager provides independent analysis on the highest scoring names and develops his own thesis as to the pros and cons of these stocks. Although this entrepreneurial approach may not seem efficient, we believe the team dynamic provides a platform for the thorough vetting of ideas and effective investment decisions. This unbiased and objective approach is a key strength of the strategy.
Portfolio Construction	+	Stock and sector weights are a result of the team's conviction, which is driven by the bottom-up process. Active share is fairly high, although tracking error is expected to be moderate. The portfolio is well diversified and built with an understanding of its exposures relative to the benchmark. The team appears aware of risks in the portfolio.
Implementation	+	Opus is getting closer to its estimated capacity level, but ample liquidity remains. Capacity targets are reasonable and take into account overlap with other strategies. Opus has a dedicated trader and appears to trade efficiently.
Business Management	+	Opus is an employee owned firm. While Asset Management Finance Corporation holds a minority, non-voting interest in the firm, Opus has remained independent and has been able to ensure the long-term continuity of the investment and management teams by sharing some equity with key employees. Jakki Haussler, who runs the firm, continues to be the majority owner. We view favorably the firm's expertise in small/mid cap value investing as well as its institutional focus. Compensation appears to align the team's interests with clients. We are watchful of the firm's newer products as well as the concentration of assets with one large client.
Overall Rating (A, B+, B or C) A		The strategy follows a solid relative value approach, with a clearly defined, risk governed process. Its key strengths include a disciplined investment process and a strong investment team. We find both the portfolio management team and supporting analysts to be knowledgeable and insightful smaller cap value specialists. The team dynamic, which encourages multiple perspectives, results in a thorough vetting of ideas and effective investment decisions. Portfolios are thoughtfully constructed, and the firm appears reasonably well managed.
Additional Observations		The strategy should perform well in a valuation driven market, particularly when the market is accompanied by some momentum. This strategy may underperform in a low quality, speculative market or in a narrow rally driven by a few sectors.

US Equity – Small Cap Value Finalists

Evaluation Summary – American Beacon Small Cap Value Fund (*Brandywine Diversified Small Cap Value Select*)

Factor	Rating (-, =, + or ++)	Comments
Idea Generation	=	The strategy benefits from the experience of portfolio managers Henry Otto and Steven Tonkovich and their well established working relationship. Contrary to traditional investment approaches, Brandywine's process is oriented towards stock de-selection. While there may be some merit to such an approach, the team's straight-forward, yet overly simplistic, quantitative screen and unimpressive fundamental research does not translate to any competitive edge. Furthermore, Otto's inability to clearly articulate various aspects of the process, combined with his loose grasp of the portfolio, gives us little confidence in his capabilities. These reasons prevent us from assigning a higher factor rating.
Portfolio Construction	=	The process leads to a diversified portfolio that holds a substantially larger number of names relative to peers. Portfolio guidelines are reasonable, and sectors tend not to deviate significantly from the benchmark. Interestingly, the team utilizes an unconventional, systematic portfolio rebalancing approach that largely adheres to a market cap weighted scheme. While details of how this works in practice remain unclear and confusing, we believe it can potentially result in a less optimally constructed portfolio and lead to unintended risks.
Implementation	+	Implementation does not appear to be a concern at current asset levels. The team takes into consideration the overlap of names across strategies when setting capacity. There is a dedicated trader supporting the team.
Business Management	+	BGIM is a boutique firm wholly owned by Legg Mason, Inc. The firm continues to maintain its autonomy and has significant resources to ensure product teams are adequately staffed and compensated. In addition, BGIM benefits from the broader corporate services offered by its parent, including global distribution capabilities.
Overall Rating (A, B+, B or C) B		Although the process is somewhat distinct in that it focuses on stock de-selection, there is very little that we find compelling about the strategy. Both qualitative and fundamental components of the process are simplistic and lack depth compared to other peers. In addition, confusion surrounding the team's capital allocation methodology leads us to question whether the portfolio is optimally constructed. While the team appears to be adequately resourced in support of its operations, we are unimpressed with Otto's investment capabilities and portfolio leadership, despite his experience in the industry. We also have not met with other members of the team, but at this point, we believe there are better options in the space.
Additional Observations		The portfolio tends to be well diversified and will likely exhibit above-average turnover of names over time. Market environments driven by fear or momentum may be headwinds for the strategy. In addition, given that the portfolio does not hold REITs, which tends to have significant representation in benchmark, there is the potential for the sub-sector to meaningfully impact short-term performance.

US Equity – Small Cap Value Finalists

Profile – DFA US Small Cap Value Portfolio

Firm Background and History: Dimensional Fund Advisors (DFA) is a private corporation founded in 1981 to provide investment services to institutional investors. Rex Sinquefeld, David Booth, directors, and officers together own the majority of DFA's outstanding stock and exercise control over operation of the firm. External shareholders own 25% of the business, and approximately 20% is held by firm staff through its Long Term Incentive Plan. The firm is headquartered in Austin, Texas and has offices in London, Sydney, Tokyo, Singapore and Santa Monica, California.

Key Decision Makers: DFA's investment strategies are managed at both the committee and individual level. The Investment Policy Committee (IPC) which is chaired by Kenneth French, is comprised of twelve senior investment professionals. The IPC focuses on the development of long-term strategy enhancements, as well as new products. The Investment Committee (IC) consists of seven members and is a subset of the IPC. The IC is chaired by Stephen Clark. It approves strategy implementations and maintains daily oversight of the firm's strategies. Clark is also a member of the IPC.

Investment Style/Philosophy: DFA believes in highly structured value investing supported by extensive capital market research. The U.S. Small Cap Value strategy is a result of the work of Eugene Fama and Kenneth French while at the University of Chicago. Their empirical study provides evidence that value stocks, once adjusted for capitalization and general market movements, produce higher average returns at a lower standard

deviation. The U.S. Small Cap Value strategy is designed to capture premium returns that are associated with high book-to-market ratios and small capitalization in a systematic fashion.

Investment Process: DFA maintains a proprietary database of more than 9,000 domestic securities. The Small Cap Value Strategy targets a universe that includes companies with a market capitalization in the lowest 10% percent of the market universe. On a quarterly basis, the market capitalization ranking of eligible stocks is examined to determine which issues are eligible for purchase and which issues are sell candidates. The firm considers stocks that have book-to-market ratios in the upper 25% of publicly traded companies. The Investment Committee approves the addition of new stocks to the buy list. Not all eligible stocks are purchased. Trading opportunities are monitored and must be favorable before purchase.

Stocks become eligible for sale when they migrate above the 10th percentile of the market universe. Generally, stocks are sold when their book-to-market (BtM) ratio reaches the 35th percentile of the value-weighted universe ranked by BtM. In addition, stocks are automatically sold in the case of company fraud.

Portfolios are capitalization weighted and consist of between 1,200 and 1,500 stocks broadly diversified across industries and economic sectors. Portfolios are typically fully invested with an average cash position of 1%.

US Equity – Small Cap Value Finalists

Evaluation Summary – DFA US Small Cap Value Portfolio

Factor	Rating (-, =, + or ++)	Comments
Idea Generation	++	DFA's strategies seek to exploit basic investment principles through the capture of the risk premiums it believes are apparent within small cap and/or value stocks, rooted in the theories of top academic researchers in finance who are affiliated with the firm. The beliefs underpinning DFA's approach are well-grounded in real-world application, and we view the firm's commitment to investment research and trading efficiency positively. The firm's Investment Committee (IC), which includes representatives from research, portfolio management, and trading, is the guardian of the investment process and ensures that the firm's newest initiatives are fully integrated into the portfolio. The additional rules-based screening and diversification of the portfolios mitigates stock specific risk despite no fundamental research being undertaken. Unlike most active managers, DFA is agnostic when it comes to stock selection within those two areas (small cap and value) DFA consistently invests in academic research, a hallmark of the firm, to ensure that maximum value is extracted from the investment process. This is reflected in on-going enhancements to the process over time.
Portfolio Construction	+	The process is structured to achieve broad exposure to the performance of small cap and value stocks, as defined by DFA. The definition of value could be considered narrow, focusing only on price to book ratios, but the rationale for this is academically supported. DFA's definition of small cap is generally smaller than most small cap indices, translating into active risk from size, even in a small cap context. Close attention is paid to minimizing "leakage" in the capture of the targeted risk premium by adapting boundaries and exclusion rules, and diversifying away stock specific risks. Despite the broad diversification, this is not a passive strategy. Active risk is created in the form of tilts to size and value.
Implementation	+	By virtue of its size, DFA acts as a market maker to purchase securities at more favorable prices in the small cap arena. The firm's sensitivity to implicit and explicit trading costs has led it to develop strong trading skills and the technology required to access all viable trading channels. The lack of attention to stock selection creates flexibility at the implementation stage, and traders are given scope, within clearly defined boundaries, to choose the most efficient implementation option and use liquidity patterns to the advantage of DFA-managed funds. This is especially seen in areas such as small cap, where the firm accounts for a considerable proportion of trading volume and sensible use is made of "buffers" to control portfolio turnover. Despite this, DFA's U.S. equity, small cap asset base is large, and there is yet to be clear recognition of capacity constraints. We accept that the unique approach to implementation alleviates some of these pressures, but we wonder if DFA could struggle if it is ever faced with a period of sustained outflows from these funds.
Business Management	+	DFA is a well-run firm and provides resources and infrastructure to support its various businesses. The firm's client base has tilted towards its financial advisory business over institutions, although DFA contends it remains committed to the institutional marketplace. While we do not view it is a significant issue, the firm's small cap assets under management are somewhat of a concern, and DFA has been reluctant to close products in the past, instead relying on clients to understand the liquidity limitations of the firm's capacity constrained strategies. The firm has introduced a more structured approach to business management and promoted the next generation of leaders to key positions, and things appear to be going smoothly. Additionally, we are encouraged that DFA is offering phantom equity scheme to senior employees.

US Equity – Small Cap Value Finalists

Overall Rating (A, B+, B or C) A	DFA's is a leader in managing small cap portfolios, and its investment process is rooted in the theories of top academic researchers in finance who are directly affiliated with the firm. The link between the firm's Investment Committee and portfolio management ensures that the firm's best thinking is reflected in the portfolio. Additionally, DFA dedicates considerable resources to providing the most efficient trading platform, which we believe is a key advantage. While we believe that the firm is well equipped to handle it, small cap assets under management have grown to where liquidity could be considered a concern. Clients must understand these potential limitations and have a long time horizon for entry and exit from this investment.
Additional Observations	The U.S. Small Cap Value strategy displays a strong bias to value factors and a tilt to the lower end of the size spectrum, even within the small cap universe. As a result, we would expect it to perform best when smaller cap do well and when value outperforms growth. It should do well when investors have a higher appetite for risk and lag in quality driven markets.

US Equity – Small Cap Value Finalists

Profile – Federated Clover Small Value Fund

Firm Background and History: Headquartered in Pittsburgh, Pennsylvania, Federated Investors (Federated) was founded in 1955. Headquartered in Pittsburgh, Pennsylvania, Federated Investors (Federated) was founded in 1955. One hundred percent of the voting shares are held by a family trust and controlled by the Donahue Family, including founder and Chairman, John Donahue, his wife, Rhordora, and President and CEO, J. Christopher Donahue.

Prior to joining Federated in December 2008, Federated Clover (Clover) was known as Clover Capital Management, an independent, SEC-registered investment advisor founded in 1984. Clover is headquartered in Pittsford, NY.

Key Decision Makers: Lawrence Creatura Martin Jarzebowski, and Stephen Gutch, Director of Research, manage the Small Cap Value strategy and must be in unanimous agreement before making investment decisions. Mike Jones, who helped found Clover, helps the firm formulate an opinion on macro themes. Supporting the men is a team of sector specific equity analysts as well as two dedicated quantitative analysts.

Investment Style/Philosophy: Clover believes that superior returns are achieved through investment in stocks that combine below-average valuations with prospects for improving fundamentals.

Investment Process: Clover uses a dedicated quantitative team to screen the approximate 1300 stocks in the Russell 2000 Value Index on 25 factors covering three primary areas: valuation, growth, and earnings quality. The screening process uses 20 years of historical data to build industry specific rankings of stocks based on their relative attractiveness. The models are ranked by deciles. Clover believes stocks that rank well currently are similar to the types of stocks which outperformed during the last 20 years. The models are measured over a 12 month time horizon but can be adjusted to shorter or longer time horizons, if necessary.

Fundamental analysts use the output of the quantitative model as the starting point for idea generation and due diligence. Analysts focus on the list of stocks appearing in the top two deciles and concentrate their energy on identifying and understanding change at the industry and company level. Believing adversity and uncertainty create the best investment opportunities, analysts focus on three specific types of change: Crossroads, Coattails, and Competitive Advantage (referred to as "3 Cs.") Only company's that fit into at least one of these groups and trade at a valuation that is not reflective of this change are considered for purchase.

Analysts apply fundamental analysis to identify and verify catalysts for positive change in determining what will lead to earnings growth. Discussions with management, competitors, suppliers, and industry sources are critical to the buy decision. As a result, analysts spend considerable time traveling to meet with management and industry participants. The portfolio managers need to agree on all investment decisions.

A specific minimum hurdle rate is not used when evaluating a stock's attractiveness. Nevertheless, the team looks for stocks trading at a 30% to 50% discount to the Russell 2000 Value Index on a revenue, cash flow, or book value basis. The team also considers stocks that are trading at a greater than 15% P/E discount relative to the Index.

Clover phases out of a stock when it reaches the team's price target, the investment thesis is no longer applicable, or when alternative investments appear more attractive from a risk versus reward perspective. Clover will not sell based solely on stock appreciation past the market cap range of the Russell 2000 Value Index, and there are no formalized stop loss limits or reviews.

The strategy holds approximately 140 to 160 stocks, with the top 25 holdings typically comprising up to 40% of the strategy. Individual position sizes remain within 4% of the benchmark, and sector weights are kept within 7% of the benchmark. Portfolio turnover ranges between 60% and 80%.

US Equity – Small Cap Value Finalists

Evaluation Summary – Mercer does not formally rate Federated Clover Small Cap Value Fund

US Equity – Small Cap Value Finalists

Profile – William Blair Small Cap Value Fund

Firm Background and History: William Blair & Company (Blair) was founded in 1935. Headquartered in Chicago, IL, Blair is a full service investment bank, offering investment management, securities brokerage, and corporate and public finance underwriting services. The firm employs roughly 1,100 people, including approximately 170 principals.

Key Decision Makers: David Mitchell, Mark Leslie, and Chad Kilmer co-manage the Small Cap Value, SMID Cap Value, and Mid Cap Value strategies. The men are principally supported by analysts Jim Karlis and Stephen Livingston. Each member serves as a research generalist; with some specialization. Ideas are fully vetted by the three person portfolio management team.

Investment Style/Philosophy: Blair uses a bottom-up, fundamental, and research driven approach to identify stocks that trade at a material discount to fair value. Blair looks for quality companies trading at low valuations and shows a preference for companies where investor neglect and improving prospects exist.

Investment Process: Companies with a market cap of less than \$3 billion are quantitatively screened on valuation and fundamental factors. Blair uses multiple databases to quantitatively rank each stock within its industry. The screen uses industry-specific factors and common fundamental measures including free cash flow, return on invested capital, asset utilization, and margin expansion. The output of the screen includes valuation and fundamental scores in addition to a combined score for each company in the investable universe. The screen does not pare the universe down. Rather, it attempts to identify attractive ideas that become the basis for fundamental research.

Fundamental analysis follows a two-staged process: (1) preliminary and (2) comprehensive research. Preliminary research focuses on companies exhibiting superior capital stewardship and strong and/or improving Returns

on Invested Capital (ROIC). Blair seeks to identify companies with strong cash flow managed by executives that deploy it to the benefit of shareholders. Companies that pass the preliminary review are subjected to comprehensive fundamental research. This includes reviewing of a company's competitive position, building proprietary financial models, and vetting management. To meet this objective, the team assesses company specific factors such as its competitive advantages, the sustainability of margins and cash flow, the quality of management, and its turnaround potential.

A critical component of the review process is meeting with management. Some of the factors Blair attempts to understand during these meetings are management's skill set, the degree of focus on capital stewardship including free cash flow generation and ROIC, the company's and industry's strategic direction, the realism of projected timelines in strategy execution, and compensation drivers.

Stocks that meet the team's investment criteria become the subject of weekly vetting meetings. Consensus is necessary prior to purchase, and all stocks must exhibit at least 30% appreciation potential during the subsequent twelve month period. The team uses a blend of several multiples (P/E, EV/EBITDA, EV/Sales) when determining a stock's return potential.

There are five reasons why a stock is generally trimmed or sold, including: (1) its market cap exceeds \$4 billion; (2) it has reached the 3% maximum holding limit; (3) the investment thesis is no longer valid; (4) fundamentals deteriorate; or (5) a more attractive opportunity exists.

Portfolios typically hold 80 to 100 stocks with an allocation to any individual stock set at less than 3%, at market. Typically, position sizes are between 0.75% and 1.75%. Sector weightings range between 75% and 125% of the Russell 2000 Value Index. Turnover is approximately 50% to 100%. Cash is the residual of the investment process and tends to be less than 5%.

US Equity – Small Cap Value Finalists

Evaluation Summary – William Blair Small Cap Value Fund

Factor	Rating (-, =, + or ++)	Comments
Idea Generation	++	What distinguishes Blair is its consistent application of its research process, research depth, and culture. Blair's competitive advantage is its evaluation of management's attitude toward asset utilization and Returns on Invested Capital (ROIC). The strategy also benefits from a strong team dynamic where members feel comfortable challenging each other's respective conclusions. Underlying these elements is a strong fundamental research process that places significant emphasis on understanding management's skill set, the degree of focus on capital stewardship, the company's and industry's strategic direction, the realism of projected timelines in strategy execution, and compensation drivers. We think these elements lead to differentiated investment decisions that complement Blair's three year time horizon and investment style.
Portfolio Construction	+	Blair emphasizes stock selection in a diversified, measured approach. While giving the team latitude in its sector positioning, sector weights tend to track the benchmark. The team uses BARRA Analytics to assesses exposures and risk characteristics from a bottom-up perspective.
Implementation	+	We did not observe capacity as being an issue in allowing Blair to execute its investment ideas. The firm has a reputation for closing strategies before implementation issues arise, and the team's investment approach typically leads to a preference for larger companies with greater trading liquidity. Similar to other Blair products, trades are executed through the firm's general trading desk.
Business Management	+	Blair is employee-owned, and ownership is spread across roughly 170 active partners. We have historically applauded Blair for placing the integrity of the investment process and client service over asset gathering. However, Blair's asset management business remains dependent on the success of its non-US strategies.
Overall Rating (A, B+, B or C) A		The team impresses us with its disciplined approach to portfolio management and unique chemistry built on collaboration and trust. Underlying the product is a team of experienced investment professionals that emphasize finding quality companies with strong and improving ROICs. We think this represents an important element of the team's competitive advantage. Significant resources are devoted to the application of this investment philosophy. Portfolio managers and analysts spend considerable time visiting companies and undertaking discussions with executive management teams to understand management's skill set, the degree of focus on capital stewardship, the company's and industry's strategic direction, the realism of projected timelines in strategy execution, and compensation drivers. In our view, these elements lead to differentiated investment decisions that complement the strategy's three year time horizon and investment style.
Additional Observations		The strategy consistently skews larger than its benchmark in terms of weighted average market cap and may underperform when the smallest cap stocks are in favor. Its focus on Return on Invested Capital (ROIC) and Cash Flow may cause the strategy to underperform during inflection points in the economy, momentum-driven markets, or when lesser quality stocks are in favor.

US Equity – Small Cap Growth Finalists

Firm Background

Firm	Year firm founded	Office location(s) in United States	Type of firm	Ownership/Affiliation
Eagle	1976	Richmond, VA St Petersburg, FL Stowe, VT	Part of a financial conglomerate	Raymond James Financial 100%
HartfordSCG	1810	Boston, MA Boston, MA Hartford, CT Radnor, PA Simsbury, CT	Part of a financial conglomerate	The Hartford Financial Services Group 100%
HartfordSmCo	1810	Boston, MA Boston, MA Hartford, CT Radnor, PA Simsbury, CT	Part of a financial conglomerate	The Hartford Financial Services Group 100%

US Equity – Small Cap Growth Finalists

Fund Details

Firm	Strategy name	Strategy inception year	Mutual Fund Ticker	Net Expense Ratio	On GreatWest Platform ¹	Revenue Sharing	Net Expense Ratio less Revenue Sharing
Eagle	Eagle Small Cap Growth Fund R6 ²	1993	HSRUX	0.68%	Yes	0.00%	0.68%
HartfordSCG	Hartford SmallCap Growth HLS Fund IA	1994	HISCX	0.67%	Yes	0.00%*	0.67%
HartfordSmCo	Hartford Small Company HLS Fund IA	1996	HIASX	0.71%	Yes	0.00%*	0.71%

¹ Funds not currently on the GreatWest platform can be added which generally takes approximately 60-90 days.

² Due to the shorter track record of the proposed share class, the performance data for this fund reflects that of the A share class (expense ratio: 1.10%).

* In our previous report, we indicated, based on input from Great-West, that the Hartford HLS share class provided revenue sharing. Hartford informs us this is no longer the case.

US Equity – Small Cap Growth Finalists

Assets

Firm	Firm-wide assets (\$MM)	Firm-wide equity assets (\$MM)	Strategy Assets ending December 31				
			2013	2012	2011	2010	2009
Eagle	31,300	26,200	4,161	2,890	1,742	665	345
HartfordSCG	96,735	63,304	1,133	760	757	865	716
HartfordSmCo	96,735	63,304	2,365	1,851	1,866	2,125	1,896

US Equity – Small Cap Growth Finalists

Selected Portfolio Guidelines

Firm	Principal security selection technique	Minimum market cap (\$MM)	Maximum market cap (\$MM)	Number of stocks typically held	Average cash position over last 5 years (%)	Average portfolio turnover over last 5 years(%)
Eagle	Fundamental	1,137	2,335	Up to 100	1	65
HartfordSCG	Blend	500	2,000	365	1	88
HartfordSmCo	Fundamental	100	2,000	313	3	175

US Equity – Small Cap Growth Finalists

Selected Portfolio Characteristics as of 12/31/13

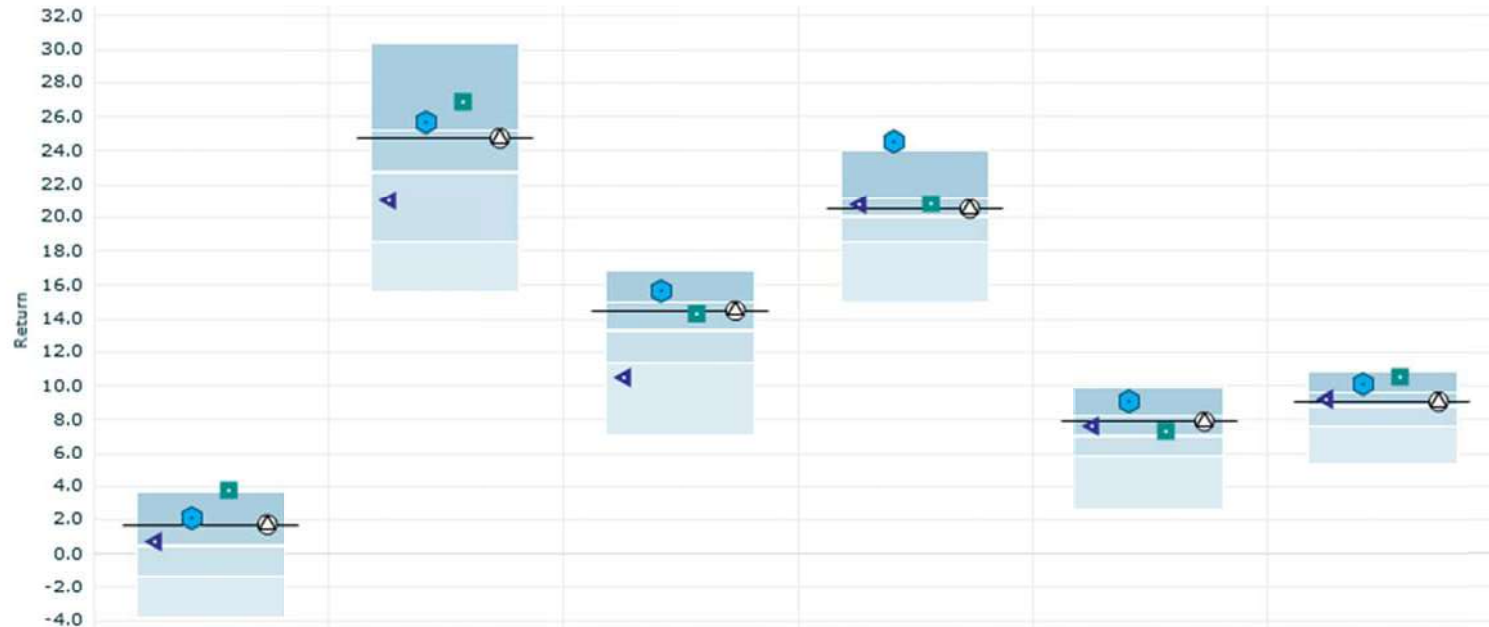
Firm	Market beta	Price to Earnings	Price to Book	Dividend yield (%)	Earnings growth	Return on equity	Debt / Equity	Market cap (\$MM)
Eagle	1.37	28.5	4.1	0.27	31.8	11.0	0.79	3,298
HartfordSCG	0.98	23.2	3.5	0.63	15.8	15.8	0.02	1,300
HartfordSmCo	1.29	36.4	5.5	0.19	29.7	7.8	0.87	2,814
RU2000G	1.27	40.0	4.6	0.53	17.6	7.1	0.74	2,091

US Equity – Small Cap Growth Finalists

Quantitative Analysis

Return in \$US (after fees) over 3 mths, 1 yr, 3 yrs, 5 yrs, 7 yrs, 10 yrs ending June-14

Comparison with the Mutual Fund US Equity Small Cap Growth universe (Percentile Ranking)



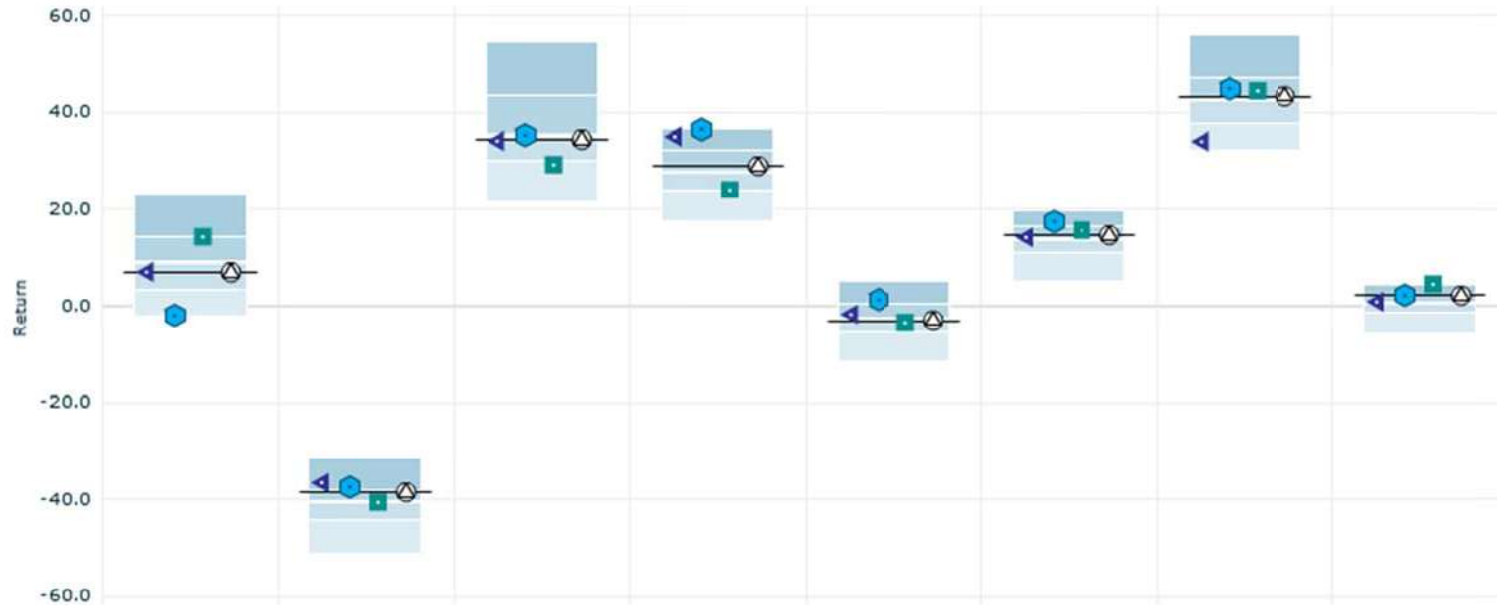
	3 mths (%)	1 yr (%)	3 yrs (%pa)	5 yrs (%pa)	7 yrs (%pa)	10 yrs (%pa)
◀ Eagle	0.7 (44)	21.0 (61)	10.5 (83)	20.8 (35)	7.6 (38)	9.2 (36)
● HartfordSCG	2.1 (15)	25.7 (22)	15.7 (16)	24.6 (4)	9.1 (12)	10.1 (15)
■ HarfordSmComp	3.8 (4)	26.9 (14)	14.3 (33)	20.8 (34)	7.3 (46)	10.5 (8)
⊙ RU2000G	1.7 (22)	24.7 (30)	14.5 (31)	20.5 (39)	7.9 (31)	9.0 (41)
5th Percentile	3.7	30.4	16.8	24.1	9.9	10.9
Upper Quartile	1.7	25.2	14.9	21.2	8.3	9.6
Median	0.5	22.8	13.2	20.0	7.0	8.8
Lower Quartile	-1.4	18.6	11.4	18.5	5.8	7.6
95th Percentile	-3.8	15.6	7.1	15.0	2.7	5.4
Number	163	154	145	138	129	111

US Equity – Small Cap Growth Finalists

Quantitative Analysis

Return in \$US (after fees) over last 8 calendar years ending June-14

Comparison with the Mutual Fund US Equity Small Cap Growth universe (Percentile Ranking)



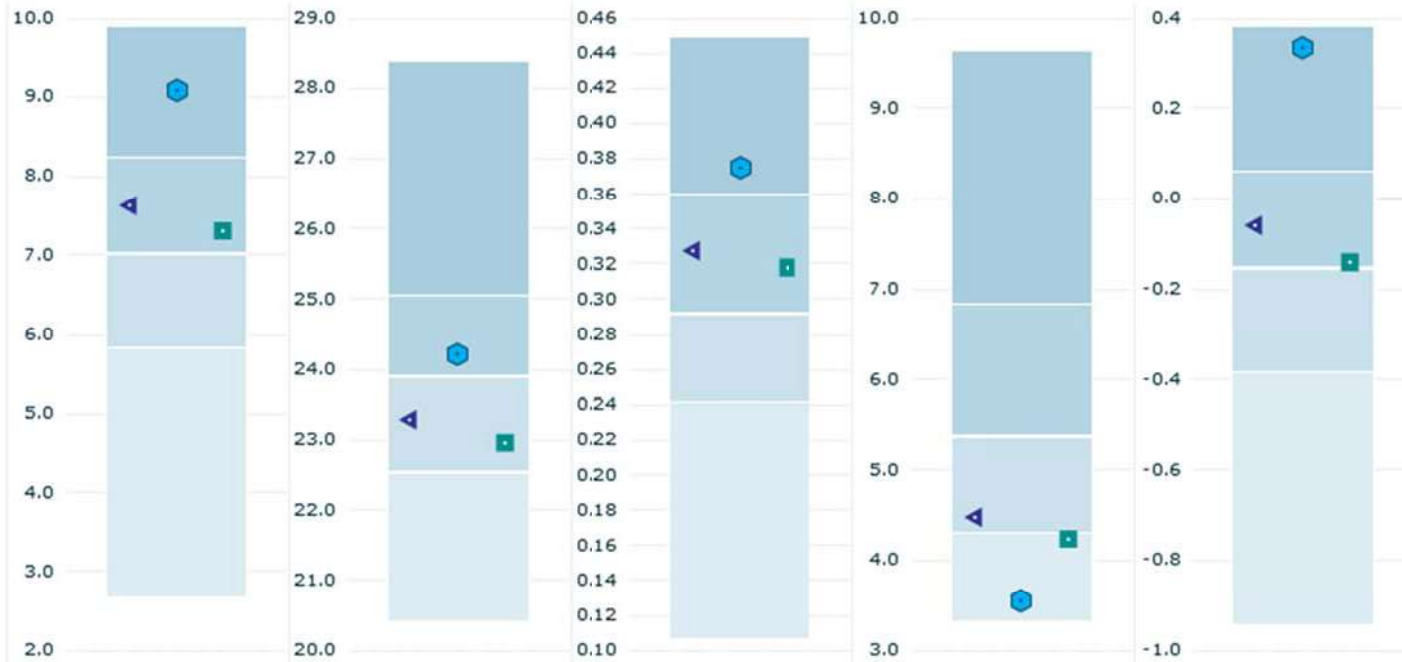
	2007 (%)	2008 (%)	2009 (%)	2010 (%)	2011 (%)	2012 (%)	2013 (%)	6 mths to 6/2014 (%)
◀ Eagle	7.1(60)	-36.5(16)	34.2(55)	35.1(11)	-1.6(41)	14.2(45)	34.1(9)	1.0(45)
● HartfordSCG	-1.8(94)	-37.4(22)	35.4(51)	36.6(4)	1.4(21)	17.4(16)	44.9(35)	2.4(24)
■ HarfordSmComp	14.2(27)	-40.6(52)	29.3(79)	24.1(75)	-3.4(57)	15.6(31)	44.4(41)	4.6(7)
⊙ RU2000G	7.0(60)	-38.5(29)	34.5(53)	29.1(43)	-2.9(55)	14.6(40)	43.3(47)	2.2(27)
5th Percentile	23.4	-31.3	54.6	36.5	5.2	19.9	56.3	4.7
Upper Quartile	14.3	-38.1	43.4	32.3	0.6	16.5	47.1	2.3
Median	8.9	-40.5	35.6	28.0	-2.5	13.6	42.7	0.8
Lower Quartile	3.4	-44.3	30.2	24.1	-5.3	11.0	37.7	-1.3
95th Percentile	-1.9	-51.0	21.3	17.6	-11.5	5.1	32.3	-5.5
Number	125	130	136	139	144	147	153	162

US Equity – Small Cap Growth Finalists

Quantitative Analysis

Performance characteristics vs. Russell 2000 Growth in \$US (after fees) over 7 yrs ending June-14 (quarterly calculations)

Comparison with the Mutual Fund US Equity Small Cap Growth universe (Percentile Ranking)



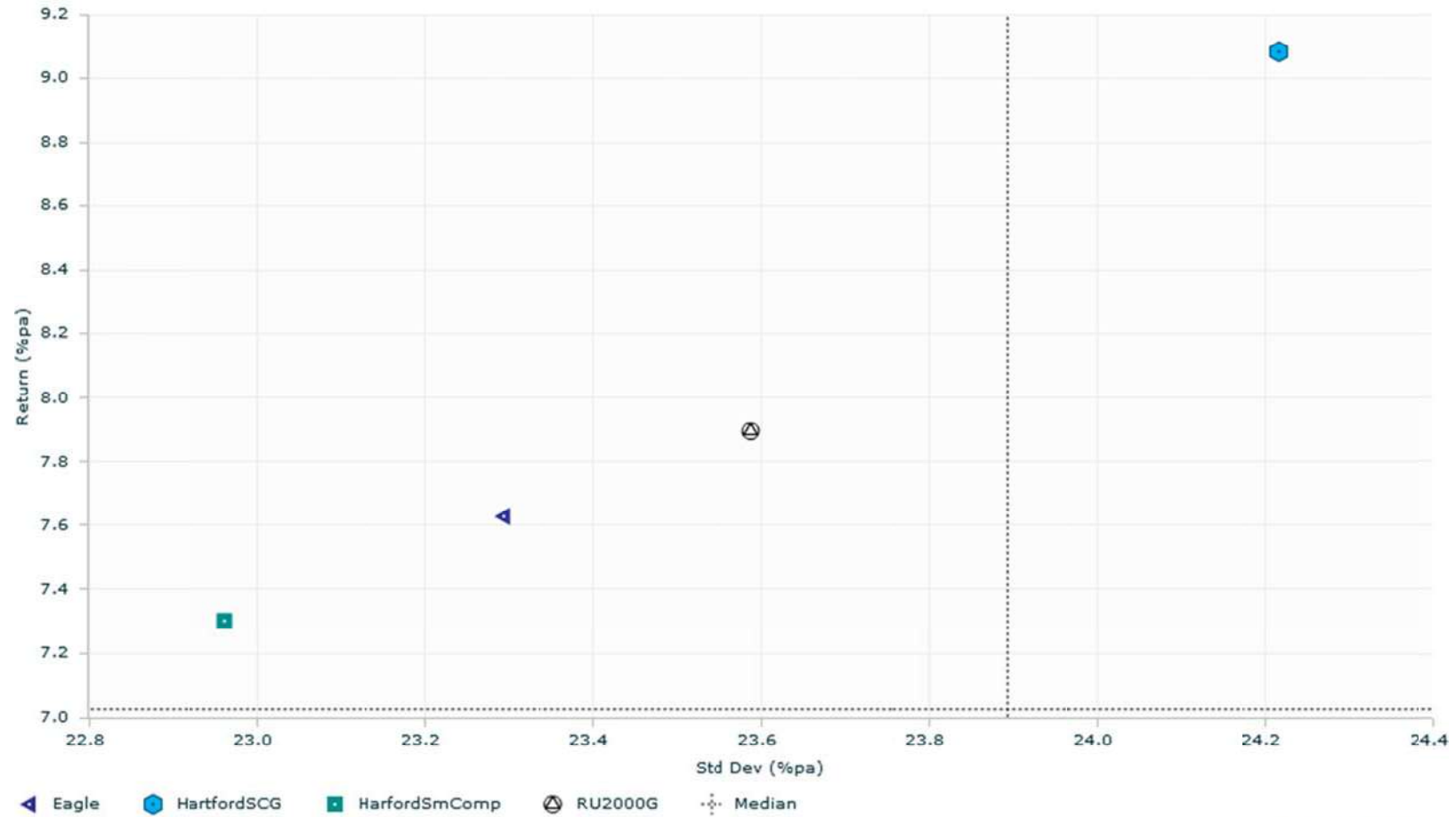
	Ret (%pa)	Std Dev (%pa)	Ret/SD	TE (%pa)	IR
◀ Eagle	7.6 (38)	23.3 (59)	0.3 (37)	4.5 (72)	-0.1 (38)
⬢ HartfordSCG	9.1 (12)	24.2 (38)	0.4 (21)	3.5 (91)	0.3 (8)
■ HarfordSmComp	7.3 (46)	23.0 (64)	0.3 (39)	4.2 (77)	-0.1 (48)
5th Percentile	9.9	28.4	0.4	9.7	0.4
Upper Quartile	8.3	25.1	0.4	6.8	0.1
Median	7.0	23.9	0.3	5.4	-0.2
Lower Quartile	5.8	22.5	0.2	4.3	-0.4
95th Percentile	2.7	20.4	0.1	3.3	-0.9
Number	129	129	129	129	129

US Equity – Small Cap Growth Finalists

Quantitative Analysis

Return and Std Deviation in \$US (after fees) over 7 yrs ending June-14 (quarterly calculations)

Comparison with the Mutual Fund US Equity Small Cap Growth universe



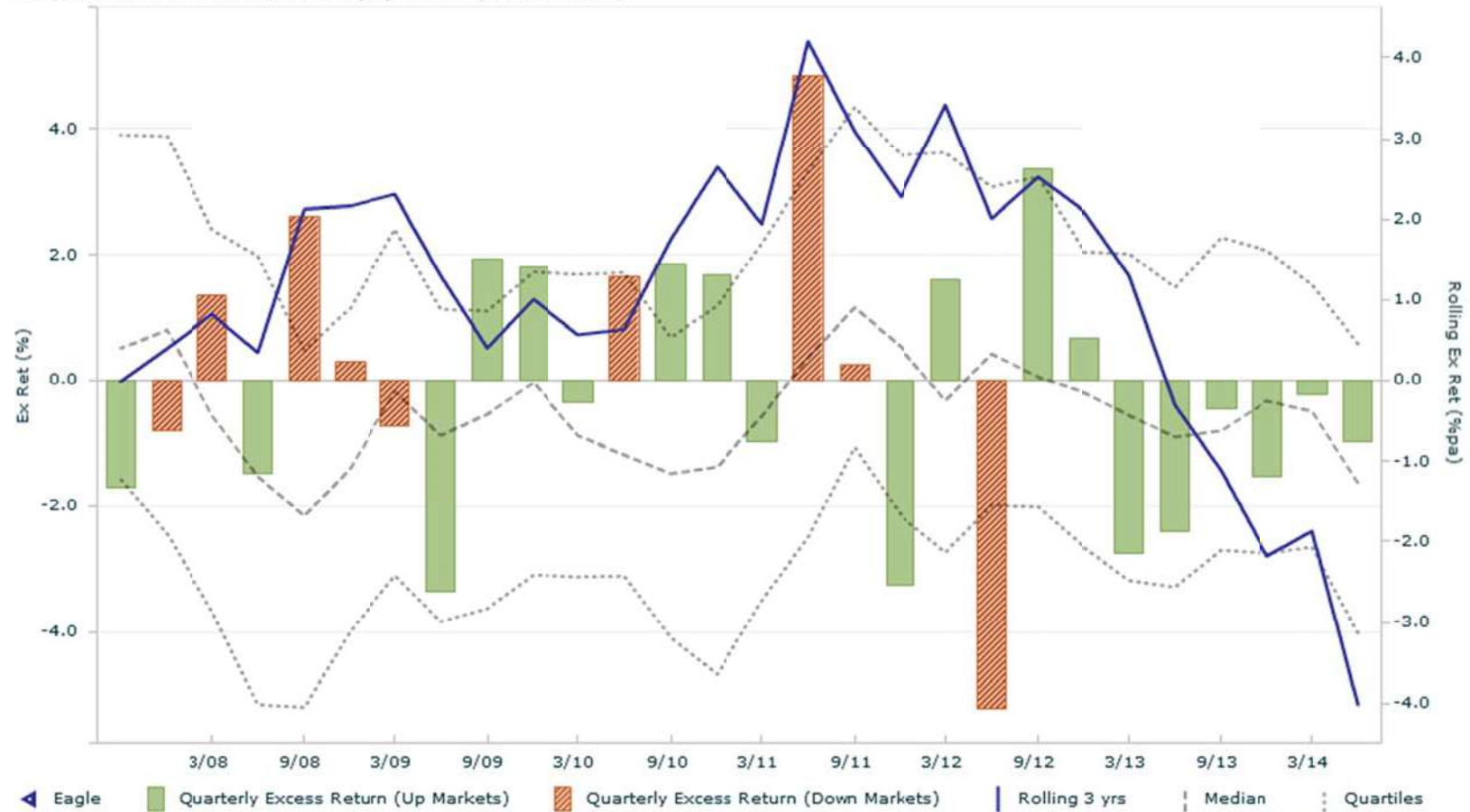
US Equity – Small Cap Growth Finalists

Quantitative Analysis

Eagle

Quarterly Excess Return vs. Russell 2000 Growth with rolling 3 yr line in \$US (after fees) over 7 yrs ending June-14

Comparison with the Mutual Fund US Equity Small Cap Growth universe



US Equity – Small Cap Growth Finalists

Quantitative Analysis HartfordSCG

Quarterly Excess Return vs. Russell 2000 Growth with rolling 3 yr line in \$US (after fees) over 7 yrs ending June-14

Comparison with the Mutual Fund US Equity Small Cap Growth universe



US Equity – Small Cap Growth Finalists

Quantitative Analysis HarfordSmComp

Quarterly Excess Return vs. Russell 2000 Growth with rolling 3 yr line in \$US (after fees) over 7 yrs ending June-14

Comparison with the Mutual Fund US Equity Small Cap Growth universe



US Equity – Small Cap Growth Finalists

Profile – Eagle Small Cap Growth Fund

Firm Background and History: Eagle Asset Management (Eagle) is a wholly owned subsidiary of Raymond James Financial, Inc. (RJF), founded in 1976. Eagle was incorporated in 1976 (then known as RJ Asset Management) and is located in St. Petersburg, Florida. Eagle operates autonomously both in policy and in day-to-day operations.

Key Decision Makers: Bert Boksen is the lead portfolio manager for the small and mid cap growth strategies, and Eric Mintz is co-manager. Boksen and Mintz are supported by a dedicated team of sector-specific research analysts and a research associate. The team is located in St. Petersburg, Florida.

Investment Style/Philosophy: Eagle believes that the best long-term opportunities are those that exhibit rapid growth at reasonable prices. The team seeks to identify such companies through bottom-up, fundamental research in the belief that these companies may be mispriced as a result of low institutional ownership and Wall Street research coverage in the small and mid cap asset classes.

Investment Process: The process typically begins with a screen to identify companies that have accelerating earnings growth and heightened insider buying. This results in a focused list of companies that the team performs further fundamental research on, though ideas can also come from a variety of outside sources. The team specifically seeks companies that have growth

catalysts, strong management with insider ownership, high or expanding earnings growth (target 20%), and high or expanding return on equity.

The bottom-up research incorporates the use of industry contacts, third-party research, investment conferences, and publications as informational resources. Company visits are common, though not mandatory, for portfolio additions. The team attempts to identify positive catalysts such as a beneficial change in management, a new product, a divestiture, a restructuring, or a change in the competitive landscape, as well as companies that are trading at reasonable valuations. For each potential buy candidate, analysts prepare research reports that are presented to the portfolio managers for review.

A stock is sold when the team believes it has appreciated beyond what it would consider a sustainable price level, when the original thesis that led to the purchase decision changes, when fundamentals deteriorate, or when the weighting breaches the allowable position size.

The portfolio is comprised of stocks with market caps between \$100 million and \$6 billion. It can hold up to 150 stocks with individual positions typically limited to 5%. Industry weights can be no more than 25% of the portfolio, and sector weights are limited to plus or minus 10% of the Russell 2000 Growth Index weights. Cash is typically less than 5% of the portfolio, and annual turnover approximates 50% to 80%.

US Equity – Small Cap Growth Finalists

Evaluation Summary – Eagle Small Cap Growth Fund

Factor	Rating (-, =, + or ++)	Comments
Idea Generation	+	Lead portfolio manager Bert Boksen and portfolio co-manager Eric Mintz are strengths of the strategy. They are experienced investors who have a clear vision for identifying rapidly growing companies with sound catalysts and reasonable stock prices. They consistently apply the approach and implement a robust vetting and monitoring process that fosters team communication and accountability. Boksen and Mintz are supported by a dedicated team of research analysts who are given autonomy to generate ideas. While we are impressed by the analysts' knowledge and contributions, we are concerned with the bouts of analyst turnover the team has faced. Given each analyst's critical role in generating ideas, we would like to see a prolonged period of stability before considering raising the factor score.
Portfolio Construction	+	Boksen and Mintz appropriately scale positions based on the team's assessment of risk/reward. Portfolios are not over-diversified and are constructed primarily from the bottom up with somewhat generous sector and industry constraints. Nonetheless, the portfolio managers appear keenly aware of the portfolio's risk exposures.
Implementation	=	Eagle has a well-staffed, centralized, institutional equity trading desk that handles all trades. The mutual fund remains open despite a fairly sizable asset base. The fund is managed with looser market cap restrictions, lower turnover, and a greater number of holdings in order to mitigate the impact of aggregate fund assets on portfolio liquidity and transaction costs. However, we believe its growing asset base may present challenges to liquidity and the implementation of the team's best ideas.
Business Management	+	Eagle is a wholly-owned subsidiary of the publicly-traded Raymond James Financial. This firm has a solid presence in both the retail and institutional sides of the business, and it remains focused on gaining assets both organically and through lift-outs. Each investment team operates autonomously from the rest of the organization and benefits from the broader resources of the parent company. The firm has generally enjoyed good stability among its senior investment professionals. The portfolio managers are paid on their contributions to performance, and a portion of their incentive compensation is deferred, helping promote loyalty within the organization.
Overall Rating (A, B+, B or C) B		We have a high regard for Boksen and Mintz as portfolio managers, and their team adheres to a well-defined process that seeks rapidly growing companies exhibiting strong catalysts and reasonable stock prices. With a dedicated team of analysts, we believe the strategy benefits from a deep level of fundamental research and the focused responsibilities of the team. The team appears to consistently maintain a balance between generating new ideas and monitoring existing positions to ensure that its best ideas are well represented in the portfolio. However, we are not fully comfortable with turnover experienced amongst the dedicated analyst staff and would prefer to see a period of continued stability before considering a higher rating for the strategy. Liquidity is also a developing concern for the mutual fund, as small cap assets have continued to expand.

US Equity – Small Cap Growth Finalists

Additional
Observations

The strategy is best classified as growth at a reasonable price (GARP). Given its valuation overlay, we would expect Eagle to hold up better compared to peers in down markets and to lag in markets that are speculative or driven by a narrow group of industries or sectors. Boksen is willing to hold onto winners, so the strategies have the potential to have a larger market cap profile than the relevant benchmark.

The Small Cap Growth Fund has less incremental trading, a higher allowable market cap, and a greater number of holdings relative to Small Cap Growth Institutional. The fund is typically positioned more like a SMID cap product. As such, it may underperform the benchmark and Small Cap Growth Institutional in periods when smaller cap stocks are outperforming.

US Equity – Small Cap Growth Finalists

Profile – Hartford SmallCap Growth HLS Fund

Firm Background and History: Founded in 1810, Hartford Financial Services Group, Inc. (Hartford), is one of the nation's largest insurance and financial service operations. The Hartford SmallCap Growth HLS Fund is sub-advised by Wellington Management Company (Wellington) and Hartford Investment Management (HIMCO). Wellington is an independent investment management firm based in Boston, while HIMCO is an independent investment subsidiary of Hartford from which most of their assets stem.

Key Decision Makers: Hartford takes a multi-manager approach, blending two small cap growth strategies, both managed by Wellington. 80% of the portfolio is managed by Mammen Challey, who implements a fundamental stock selection discipline, while 20% of the portfolio is managed by David Elliot, who implements a quantitative approach. Each team is supported by a dedicated group of investment professionals within Wellington.

Investment Style/Philosophy: The strategy seeks to provide superior returns relative to the Russell 2000 Growth Index by investing in small cap securities that provide long term capital appreciation and current income through both quantitative and fundamental analysis. The blend of the two underlying strategies is optimized by Hartford in an effort to increase the likelihood of exceeding benchmark performance.

Investment Process: Mammen Challey's process aims to add value by combining a quantitative filter with in-depth fundamental research, constructing a diversified portfolio through a disciplined framework. Challey's universe screen begins with 1,700 small cap stocks and seeks to identify

stocks that are undergoing changes in business dynamics or financial health. The results of this screen typically results in approximately 700 stocks for further fundamental research. The fundamental stage considers a company's ability to grow revenues and profit margins in excess of market expectations. The most compelling opportunities ultimately are investments. The portfolio is constructed in a benchmark aware fashion and typically holds hold between 150 and 200 securities. Position sizes are limited to +/- 3% of the benchmark.

David Elliot's quantitative process is based on a sophisticated model which broadly favors stocks that have high earnings quality, long-term momentum, strong financial ratios and trading at attractive valuations. Highest scoring stocks are optimized and evaluated for transaction costs. Once completed, the model will produce a portfolio of 200 to 300 names.

Over the long run, the overall portfolio will be benchmark neutral in terms of investment style, industry, sector, and size or capitalization range. The portfolio construction process explicitly focuses on active stock selection decisions versus the benchmark, so that tracking risk is controlled and unintended exposures are minimized.

Typically, the fund will have 300 to 360 holdings. Sectors weights are closely monitored and do not typically exceed +/- 2.5% of the index. Individual holdings are limited to 3%. Tracking error relative to the benchmark is expected to be 4%. Turnover is typically 100% to 150%.

US Equity – Small Cap Growth Finalists

Evaluation Summary – Mercer does not formally rate the Hartford SmallCap Growth HLS Fund

US Equity – Small Cap Growth Finalists

Profile – Hartford Small Company HLS Fund

Firm Background and History: Founded in 1810, Hartford Financial Services Group, Inc. (Hartford), is one of the nation's largest insurance and financial service operations. The Hartford Small Company Fund is subadvised by Wellington Management Company (Wellington) and Hartford Investment Management Company (HIMCO). Wellington is an independent investment management firm based in Boston. HIMCO is an independent investment subsidiary of The Hartford. Most of HIMCO's assets are the in-house general account assets of The Hartford.

Key Decision Makers: The Hartford Small Company Fund is sub advised by Wellington Management Company. The Fund uses a multi-manager approach that combines three unique investment strategies. The core characteristics of the portfolio are driven by Steve Angeli's Small Cap Growth fund as this sleeve runs the majority of the Fund's assets (over 80%). Complimentary investment approaches are run by Mammen Chally's Disciplined US Small Cap Growth fund (~15%) and Jamie Rome's Smaller Companies fund (~5%).

Investment Style/Philosophy: The Hartford Small Company Fund seeks long term capital appreciation by investing in small capitalization stocks believed to have superior growth potential not fully appreciated by the market. The use of multiple managers attempts to diversify the sources of alpha and while also offering additional capacity.

Investment Process: Wellington's Small Cap Growth strategy (led by Angeli) attempts to find companies that are in an inflection point in their business life cycle with high revenue growth and accelerating profitability. The investment process begins with a quantitative screen vetting companies

based on their market capitalization, three to five year revenue growth, market share, and profitability. Companies then undergo a fundamental review for positive financial momentum, balance sheet health, quality management and potential stock price catalysts. A dynamic valuation overlay, adjusted for growth expectations, is placed on the remaining companies. The resulting portfolio has 80 to 120 stocks, is sector weight controlled, and has expected annual turnover between 100% and 150%.

Wellington's Disciplined US Small Cap Growth fund (led by Chally) believes changes in the quality of a company's fundamentals are often not reflected in its stock price and that the persistence of a company's fundamentals is frequently underestimated by the market. The fund attempts to capture what it considers "quality" companies through a quantitative screening of the investable universe using working capital intensity (return on assets and cash generation potential) and fundamental momentum as its driving forces. Beyond that, the team then attempts to whittle this list further through fundamental research and a disciplined valuation framework. It then uses a proprietary risk model to optimize and construct the potential portfolio.

Wellington's Smaller Companies fund (led by Rome) utilizes a small cap core approach basing decisions on the long-term investment merit of the company. Bottom-up security selection based on internal fundamental research dominates the investment process. Close attention is paid to security price analysis and valuations limiting the proportion of the portfolio represented by growth companies. Companies that are trading at highly attractive valuations based on market misperception or neglect are also considered. The resulting portfolio has 90 to 130 positions and expected turnover of 60% to 80%.

US Equity – Small Cap Growth Finalists

Evaluation Summary – Hartford Small Company HLS Fund (Small Cap Growth managed by Steve Angeli – 80% of fund)

Factor	Rating (-, =, + or ++)	Comments
Idea Generation	++	Steven Angeli's leadership skills, investment acumen, and research thoroughness are the strategy's key strengths. His dedication to detail on companies he researches is unique, and his ability to utilize a vast array of resources so efficiently helps create a fertile environment for investment ideas to be researched and critiqued. The investment team thrives within Wellington's extensive research culture while not having to compromise the cohesiveness that smaller, boutique-like firms can afford. Not only does the strategy benefit from the insight of a strong dedicated research team, but it also leverages Wellington's Growth team and the Global Industry Analysts for critique when necessary. Angeli has suffered through bouts of turnover amongst some of his junior staff, but given the senior team's seasoned tenure together, we are not concerned. Overall, we view things as stable and see the group as a tight-knit unit that is committed to the product.
Portfolio Construction	+	Although the portfolio is free to deviate from benchmark sector weights, it remains fairly diversified, and Angeli is cognizant of his investment decisions. Angeli's freedom to invest up to 20% of the portfolio in non-US stocks allows him the opportunity to participate in a variety of markets even though he rarely exercises this practice in full.
Implementation	+	The strategy has reached capacity and is no longer accepting new separate account business. Its asset base is on the higher end of what we would expect from a small cap manager, but neither its process nor liquidity profile has been negatively affected. Wellington has managed the strategy at these levels in the past and has not compromised the portfolio's integrity. In order to maintain trading efficiency, Wellington uses a centralized trading desk.
Business Management	+	Wellington is one of the largest privately owned investment management firms in the industry. We believe the firm is well managed, has a partnership structure that supports the larger organization, and fosters an environment with which it can retain top tier investment talent. However, it is hard to ignore Wellington's considerable growth and the challenges that coincide. If not managed appropriately, it could have difficulty staying focused on maintaining its high level of client service and performance standards. While we believe that the firm has handled its growth well and is well equipped to do so going forward, we need to remain confident that future growth does not stifle its unique culture, placing the firm at risk of key investment professional turnover.

US Equity – Small Cap Growth Finalists

Overall Rating (A, B+, B or C) A	Steve Angeli's keen investment insight and portfolio management abilities are the main drivers of the strategy. His detailed focus on researched companies and team leadership has fostered a sturdy research platform that is collegial and thorough. We believe that the level of insight and critique that is exchanged between Angeli and his dedicated team is exceptional. Additionally, we believe that Angeli does a good job of leveraging Wellington's other available resources and focusing on specific aspects of the firm that are best suited to the strategy and research intensive investment process. We are slightly concerned that Angeli had to deal with some turnover amongst his junior, dedicated research staff, but the core senior team has been intact for an extended period. In turn, we view things as stable. The dedicated team appears committed to the product, and we believe its ability to generate quality ideas will not be compromised going forward given prior discrepancies.
Additional Observations	Angeli will let winners run and has the freedom to hold larger small or mid cap names. As such, we believe that it is best suited in the SMID cap growth universe. He tends to favor companies at the higher end of the quality spectrum, and we would expect the strategy to struggle when the market is not rewarding these companies. Although stock valuations are evaluated within the investment process, the team focuses on the expected growth of a stock, and thus, the product is best classified as traditional growth.

DCP Small Cap Stock Fund Evaluation

Composite Fee Comparison

	Net Expense Ratio	Revenue Sharing	Net Expense Ratio less Revenue Sharing
33.3% AmBeacon/ 33.3% SSgA R2000/ 33.3% Eagle	0.53%	0.00%	0.53%
33.3% AmBeacon/ 33.3% SSgA R2000/33.3% HartfordSCG	0.52%	0.00%	0.52%
33.3% AmBeacon/ 33.3% SSgA R2000/ 33.3% HartfordSmCo	0.54%	0.00%	0.54%
33.3% DFA/ 33.3% SSgA R2000/ 33.3% Eagle	0.42%	0.00%	0.42%
33.3% DFA/ 33.3% SSgA R2000/ 33.3% HartfordSCG	0.42%	0.00%	0.42%
33.3% DFA/ 33.3% SSgA R2000/ 33.3% HartfordSmCo	0.43%	0.00%	0.43%
33.3% Federated/ 33.3% SSgA R2000/ 33.3% Eagle	0.59%	0.10%	0.49%
33.3% Federated/ 33.3% SSgA R2000/ 33.3% HartfordSCG	0.59%	0.10%	0.49%
33.3% Federated/ 33.3% SSgA R2000/ 33.3% HartfordSmCo	0.60%	0.10%	0.50%
33.3% WBlair/ 33.3% SSgA R2000/ 33.3% Eagle	1.12%	0.08%	1.03%
33.3% WBlair/ 33.3% SSgA R2000/ 33.3% HartfordSCG	1.11%	0.08%	1.02%
33.3% WBlair/ 33.3% SSgA R2000/ 33.3% HartfordSmCo	1.15%	0.08%	1.06%

DCP Small Cap Stock Fund Evaluation

Quantitative Analysis

Correlation of Returns in \$US over 7 yrs ending June-14 (quarterly calculations)

	AmBeacon	DFA	Federated	WBlair	Eagle	HartfordSCG	HarfordSmComp	SSgA R2000
AmBeacon		1.00	0.99	0.99	0.95	0.96	0.92	0.99
DFA	0.0		0.99	0.98	0.94	0.95	0.92	0.98
Federated	-0.1	-0.1		0.98	0.94	0.94	0.92	0.98
WBlair	-0.1	-0.1	-0.1		0.95	0.95	0.91	0.99
Eagle	-0.3	-0.4	-0.4	-0.3		0.99	0.97	0.97
HartfordSCG	-0.3	-0.3	-0.3	-0.3	-0.1		0.98	0.98
HarfordSmComp	-0.5	-0.5	-0.5	-0.5	-0.2	-0.1		0.96
SSgA R2000	-0.1	-0.1	-0.1	-0.1	-0.2	-0.1	-0.2	

← Correlation table*

Risk reduction table**

Notes:

*Correlation is shown in the right hand side of the table.

**Risk Reduction is shown in the left hand side of the table.

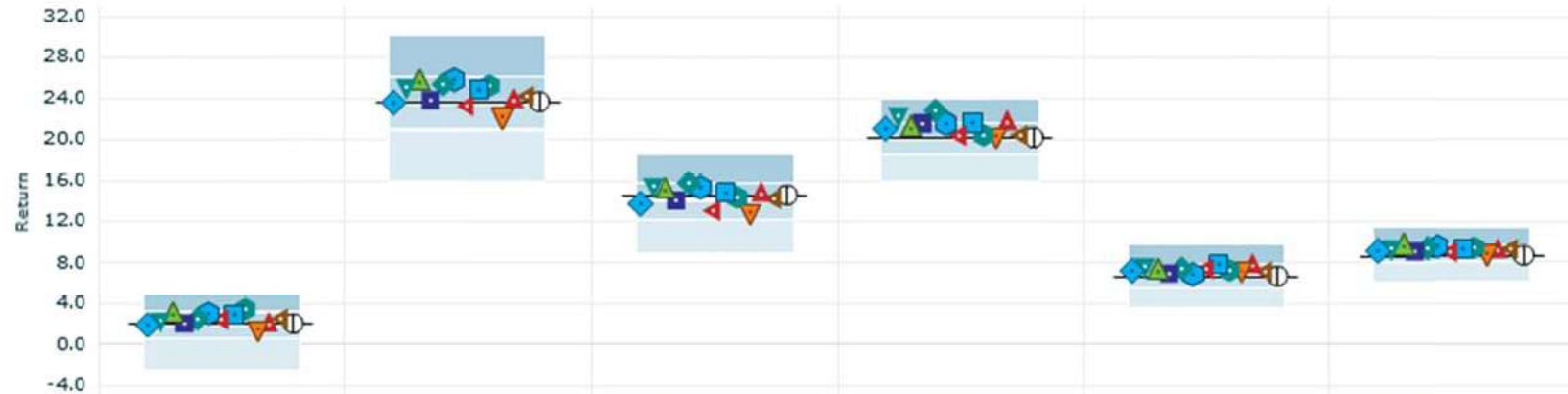
Risk Reduction is defined as the reduction in standard deviation from diversification when using a 50:50 mix of the two managers.

DCP Small Cap Stock Fund Evaluation

Quantitative Analysis of all potential portfolio mixes

Return in \$US (after fees) over 3 mths, 1 yr, 3 yrs, 5 yrs, 7 yrs, 10 yrs ending June-14

Comparison with the Mutual Fund US Equity Small Cap universe (Percentile Ranking)



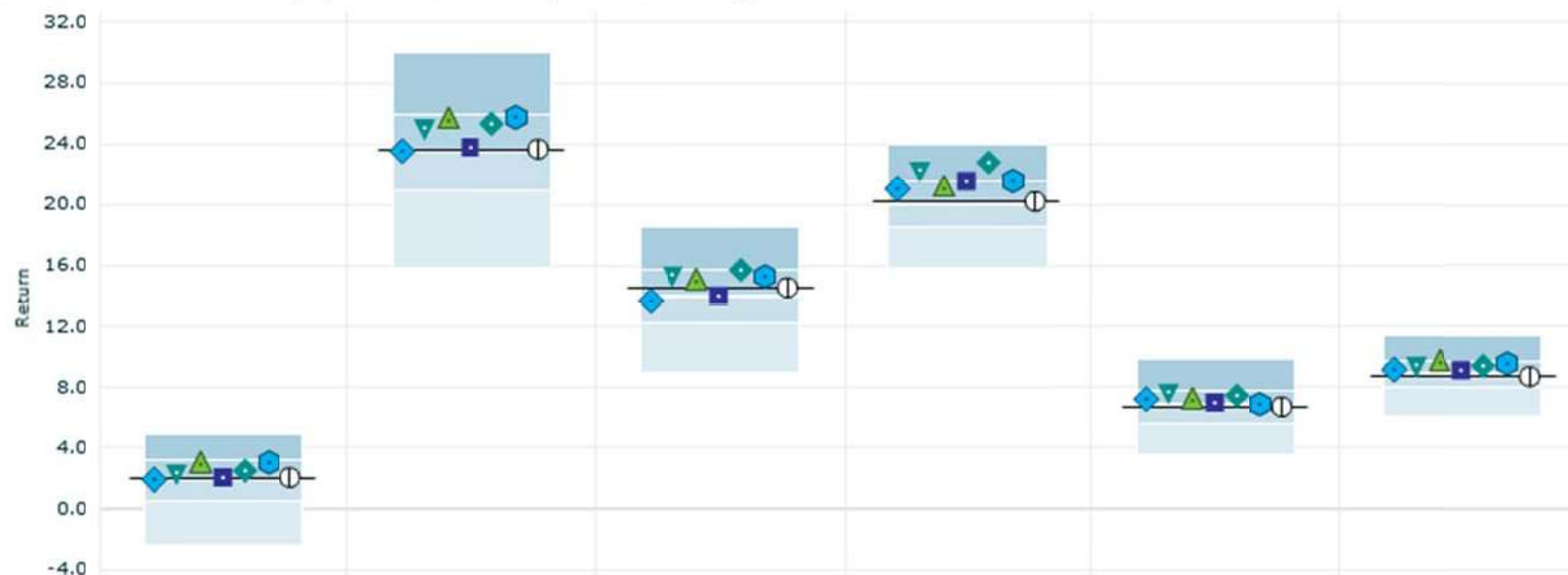
	3 mths (%)	1 yr (%)	3 yrs (%pa)	5 yrs (%pa)	7 yrs (%pa)	10 yrs (%pa)
◆ AB/Eagle	1.9 (50)	23.5 (49)	13.7 (55)	21.0 (34)	7.2 (40)	9.2 (44)
▼ AB/Hart SCG	2.4 (40)	25.1 (34)	15.4 (29)	22.3 (15)	7.7 (27)	9.5 (35)
▲ AB/Hart SmCo	2.9 (29)	25.5 (29)	15.0 (36)	21.1 (34)	7.1 (42)	9.6 (29)
■ DFA/Eagle	2.0 (46)	23.8 (47)	14.0 (50)	21.5 (25)	7.0 (45)	9.1 (45)
◆ DFA/Hart SCG	2.5 (38)	25.3 (31)	15.8 (25)	22.8 (10)	7.5 (34)	9.4 (35)
● DFA/HartSmCo	3.0 (27)	25.7 (27)	15.3 (30)	21.5 (25)	6.9 (49)	9.6 (30)
◀ Fed/Eagle	2.5 (38)	23.2 (53)	13.1 (66)	20.4 (44)	7.4 (34)	9.0 (48)
■ Fed/Hart SCG	2.9 (29)	24.8 (37)	14.8 (39)	21.6 (24)	7.9 (24)	9.3 (42)
● Fed/HartSmCo	3.5 (20)	25.2 (33)	14.3 (45)	20.4 (44)	7.3 (37)	9.4 (35)
▼ Blair/Eagle	1.5 (58)	22.2 (64)	12.9 (68)	20.4 (44)	7.3 (39)	8.9 (51)
▲ Blair/Hart SCG	2.0 (48)	23.7 (48)	14.6 (40)	21.6 (24)	7.7 (27)	9.1 (45)
◀ Blair/HartSmCo	2.5 (37)	24.1 (42)	14.2 (47)	20.4 (44)	7.2 (41)	9.3 (42)
⊕ RU2000	2.0 (46)	23.6 (48)	14.6 (42)	20.2 (48)	6.7 (53)	8.7 (57)
5th Percentile	4.9	30.1	18.6	24.0	9.9	11.4
Upper Quartile	3.2	26.0	15.8	21.5	7.8	9.8
Median	1.9	23.5	14.0	20.1	6.9	8.9
Lower Quartile	0.6	21.0	12.3	18.6	5.6	8.0
95th Percentile	-2.4	15.9	9.0	15.9	3.6	6.1
Number	505	476	438	405	368	304

DCP Small Cap Stock Fund Evaluation

Quantitative Analysis

Return in \$US (after fees) over 3 mths, 1 yr, 3 yrs, 5 yrs, 7 yrs, 10 yrs ending June-14

Comparison with the Mutual Fund US Equity Small Cap universe (Percentile Ranking)



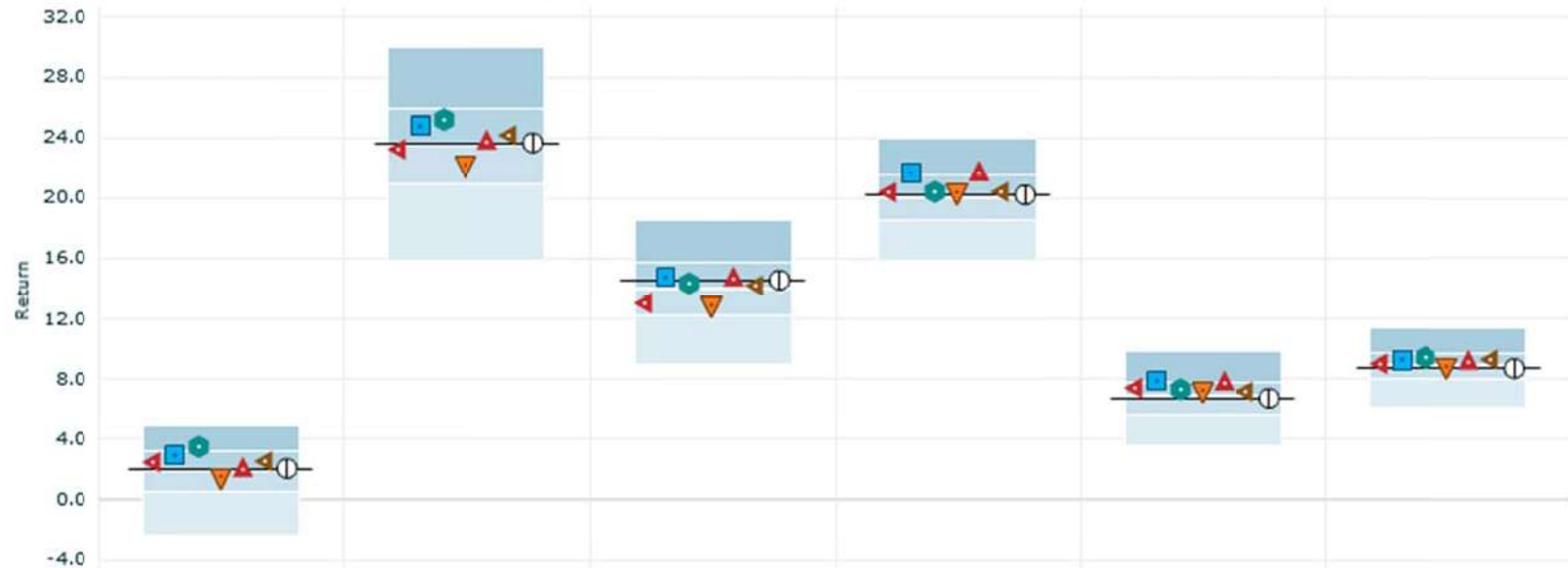
	3 mths (%)	1 yr (%)	3 yrs (%pa)	5 yrs (%pa)	7 yrs (%pa)	10 yrs (%pa)
◆ AB/Eagle	1.9 (50)	23.5 (49)	13.7 (55)	21.0 (34)	7.2 (40)	9.2 (44)
▼ AB/Hart SCG	2.4 (40)	25.1 (34)	15.4 (29)	22.3 (15)	7.7 (27)	9.5 (35)
▲ AB/Hart SmCo	2.9 (29)	25.5 (29)	15.0 (36)	21.1 (34)	7.1 (42)	9.6 (29)
■ DFA/Eagle	2.0 (46)	23.8 (47)	14.0 (50)	21.5 (25)	7.0 (45)	9.1 (45)
◆ DFA/Hart SCG	2.5 (38)	25.3 (31)	15.8 (25)	22.8 (10)	7.5 (34)	9.4 (35)
● DFA/HartSmCo	3.0 (27)	25.7 (27)	15.3 (30)	21.5 (25)	6.9 (49)	9.6 (30)
⊕ RU2000	2.0 (46)	23.6 (48)	14.6 (42)	20.2 (48)	6.7 (53)	8.7 (57)
5th Percentile	4.9	30.1	18.6	24.0	9.9	11.4
Upper Quartile	3.2	26.0	15.8	21.5	7.8	9.8
Median	1.9	23.5	14.0	20.1	6.9	8.9
Lower Quartile	0.6	21.0	12.3	18.6	5.6	8.0
95th Percentile	-2.4	15.9	9.0	15.9	3.6	6.1
Number	505	476	438	405	368	304

DCP Small Cap Stock Fund Evaluation

Quantitative Analysis

Return in \$US (after fees) over 3 mths, 1 yr, 3 yrs, 5 yrs, 7 yrs, 10 yrs ending June-14

Comparison with the Mutual Fund US Equity Small Cap universe (Percentile Ranking)



	3 mths (%)	1 yr (%)	3 yrs (%pa)	5 yrs (%pa)	7 yrs (%pa)	10 yrs (%pa)
◀ Fed/Eagle	2.5 (38)	23.2 (53)	13.1 (66)	20.4 (44)	7.4 (34)	9.0 (48)
■ Fed/Hart SCG	2.9 (29)	24.8 (37)	14.8 (39)	21.6 (24)	7.9 (24)	9.3 (42)
● Fed/HartSmCo	3.5 (20)	25.2 (33)	14.3 (45)	20.4 (44)	7.3 (37)	9.4 (35)
▼ Blair/Eagle	1.5 (58)	22.2 (64)	12.9 (68)	20.4 (44)	7.3 (39)	8.9 (51)
▲ Blair/Hart SCG	2.0 (48)	23.7 (48)	14.6 (40)	21.6 (24)	7.7 (27)	9.1 (45)
◄ Blair/HartSmCo	2.5 (37)	24.1 (42)	14.2 (47)	20.4 (44)	7.2 (41)	9.3 (42)
⊕ RU2000	2.0 (46)	23.6 (48)	14.6 (42)	20.2 (48)	6.7 (53)	8.7 (57)
5th Percentile	4.9	30.1	18.6	24.0	9.9	11.4
Upper Quartile	3.2	26.0	15.8	21.5	7.8	9.8
Median	1.9	23.5	14.0	20.1	6.9	8.9
Lower Quartile	0.6	21.0	12.3	18.6	5.6	8.0
95th Percentile	-2.4	15.9	9.0	15.9	3.6	6.1
Number	505	476	438	405	368	304

DCP Small Cap Stock Fund Evaluation

Quantitative Analysis

Return in \$US (after fees) over last 8 calendar years ending June-14

Comparison with the Mutual Fund US Equity Small Cap universe (Percentile Ranking)



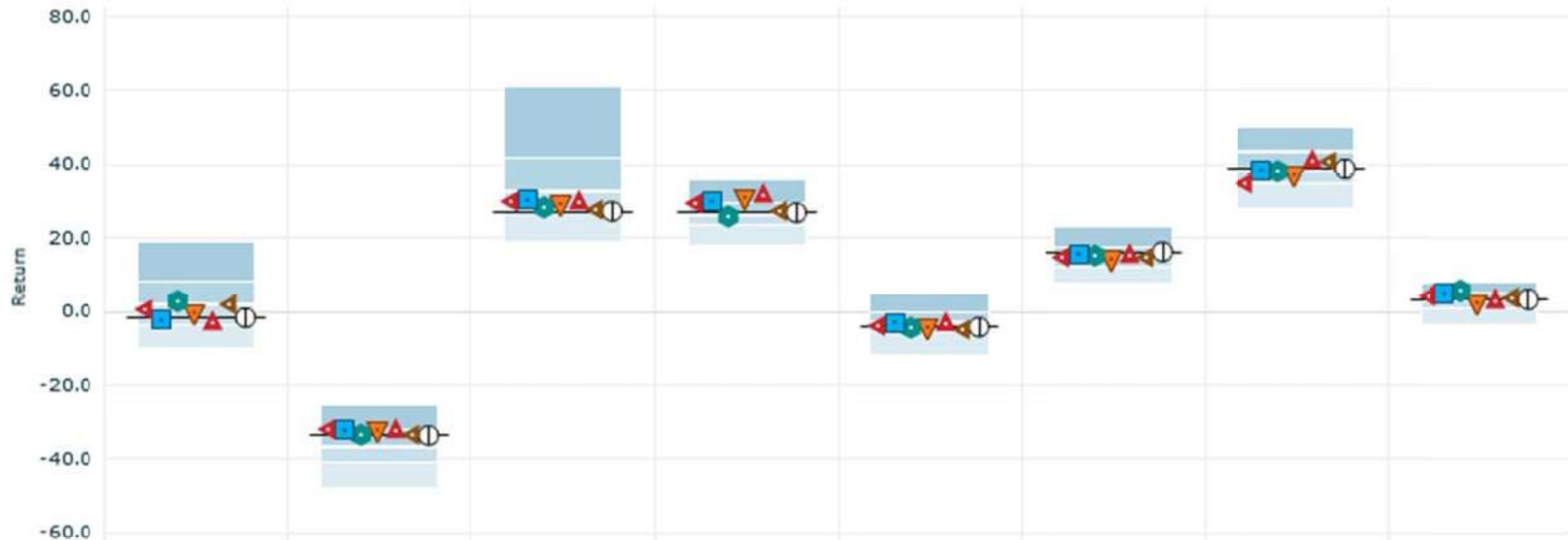
	2007 (%)	2008 (%)	2009 (%)	2010 (%)	2011 (%)	2012 (%)	2013 (%)	6 mths to 6/2014 (%)
◆ AB/Eagle	-0.5 (60)	-34.0 (35)	32.3 (52)	29.4 (28)	-3.2 (53)	15.7 (40)	37.7 (55)	3.0 (50)
▼ AB/Hart SCG	-3.3 (74)	-34.3 (37)	32.7 (50)	29.8 (25)	-2.2 (44)	16.8 (33)	41.3 (36)	3.4 (43)
▲ AB/Hart SmCo	1.7 (52)	-35.5 (42)	30.7 (58)	25.8 (55)	-3.8 (58)	16.2 (37)	41.1 (36)	4.2 (33)
■ DFA/Eagle	-2.0 (67)	-35.6 (42)	31.8 (55)	31.0 (19)	-4.4 (64)	17.4 (27)	38.5 (50)	3.0 (50)
◆ DFA/Hart SCG	-4.8 (80)	-35.9 (43)	32.2 (53)	31.5 (17)	-3.4 (55)	18.5 (20)	42.1 (32)	3.4 (43)
● DFA/HartSmCo	0.1 (58)	-37.0 (50)	30.2 (60)	27.4 (42)	-5.0 (69)	17.9 (24)	41.9 (33)	4.2 (34)
⊕ RU2000	-1.6 (63)	-33.8 (34)	27.2 (76)	26.9 (47)	-4.2 (62)	16.3 (37)	38.8 (48)	3.2 (47)
5th Percentile	19.3	-25.3	60.8	35.9	4.6	23.0	50.1	7.6
Upper Quartile	8.3	-31.9	42.0	29.8	-0.1	17.8	43.5	4.7
Median	2.2	-37.0	32.7	26.3	-2.8	14.8	38.5	3.0
Lower Quartile	-3.4	-41.1	27.4	23.4	-5.7	12.2	35.0	1.0
95th Percentile	-10.0	-47.8	19.1	18.1	-12.0	8.0	28.1	-3.4
Number	356	374	401	411	429	452	468	498

DCP Small Cap Stock Fund Evaluation

Quantitative Analysis

Return in \$US (after fees) over last 8 calendar years ending June-14

Comparison with the Mutual Fund US Equity Small Cap universe (Percentile Ranking)



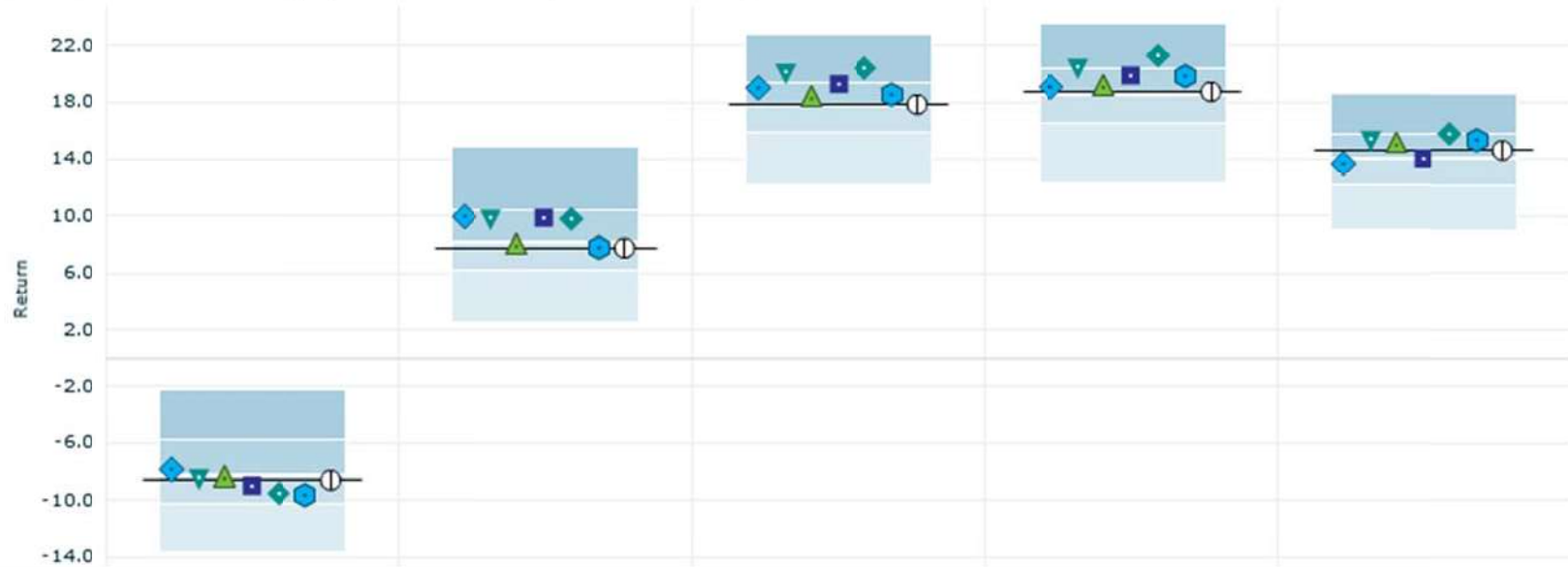
	2007 (%)	2008 (%)	2009 (%)	2010 (%)	2011 (%)	2012 (%)	2013 (%)	6 mths to 6/2014 (%)
◀ Fed/Eagle	0.7 (56)	-32.0 (26)	29.9 (61)	29.4 (27)	-3.8 (58)	14.9 (49)	34.8 (76)	4.3 (33)
■ Fed/Hart SCG	-2.2 (68)	-32.3 (27)	30.3 (59)	29.9 (24)	-2.8 (50)	15.9 (39)	38.4 (51)	4.7 (26)
● Fed/HartSmCo	2.9 (47)	-33.5 (32)	28.3 (69)	25.8 (55)	-4.4 (63)	15.3 (45)	38.2 (52)	5.5 (18)
▼ Blair/Eagle	-0.1 (59)	-32.1 (26)	29.3 (64)	31.0 (19)	-4.2 (62)	14.4 (54)	37.3 (58)	2.4 (58)
▲ Blair/Hart SCG	-3.0 (72)	-32.4 (27)	29.7 (62)	31.5 (17)	-3.2 (54)	15.4 (45)	40.9 (37)	2.9 (52)
▲ Blair/HartSmCo	2.0 (50)	-33.6 (32)	27.7 (73)	27.4 (42)	-4.8 (66)	14.9 (49)	40.8 (38)	3.6 (41)
○ RU2000	-1.6 (63)	-33.8 (34)	27.2 (76)	26.9 (47)	-4.2 (62)	16.3 (37)	38.8 (48)	3.2 (47)
5th Percentile	19.3	-25.3	60.8	35.9	4.6	23.0	50.1	7.6
Upper Quartile	8.3	-31.9	42.0	29.8	-0.1	17.8	43.5	4.7
Median	2.2	-37.0	32.7	26.3	-2.8	14.8	38.5	3.0
Lower Quartile	-3.4	-41.1	27.4	23.4	-5.7	12.2	35.0	1.0
95th Percentile	-10.0	-47.8	19.1	18.1	-12.0	8.0	28.1	-3.4
Number	356	374	401	411	429	452	468	498

DCP Small Cap Stock Fund Evaluation

Quantitative Analysis

Return in \$US (after fees) over 5 annual rolling periods ending June-14

Comparison with the Mutual Fund US Equity Small Cap universe (Percentile Ranking)



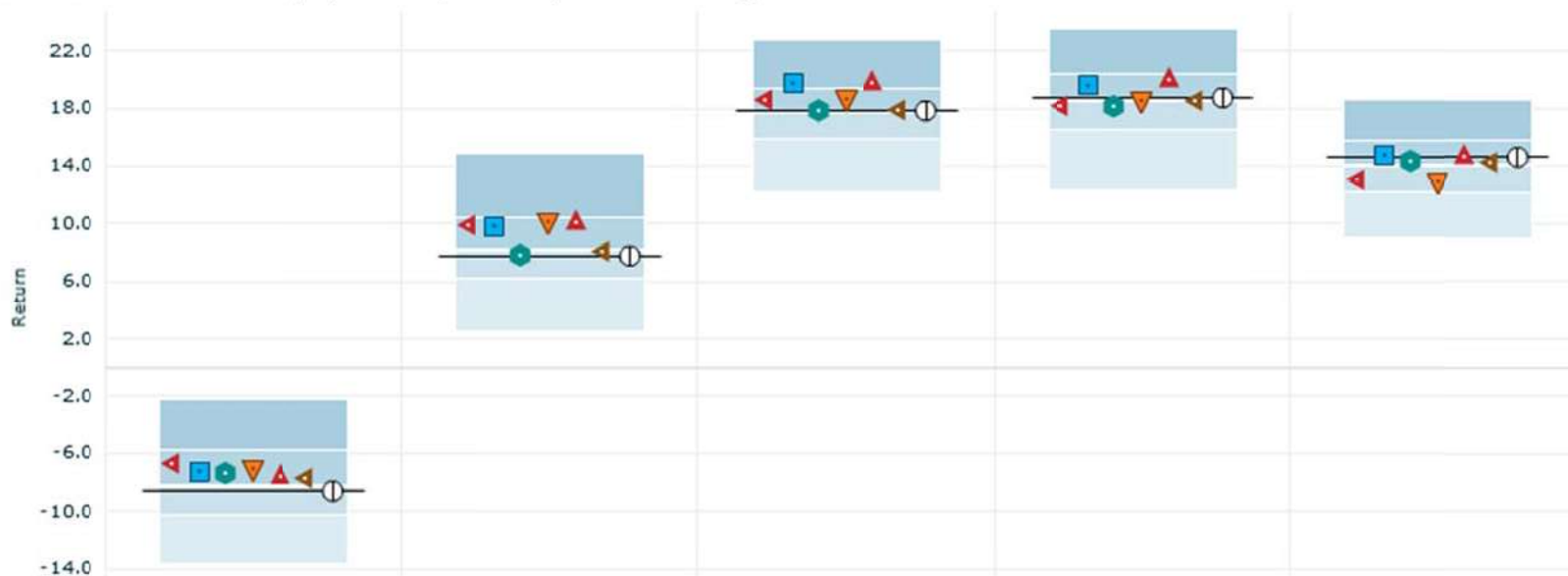
	3 yrs to 6/2010 (%pa)	3 yrs to 6/2011 (%pa)	3 yrs to 6/2012 (%pa)	3 yrs to 6/2013 (%pa)	3 yrs to 6/2014 (%pa)
◆ AB/Eagle	-7.8 (46)	10.0 (31)	19.0 (30)	19.1 (42)	13.7 (55)
▼ AB/Hart SCG	-8.4 (51)	9.9 (31)	20.1 (18)	20.5 (24)	15.4 (29)
▲ AB/Hart SmCo	-8.5 (52)	7.9 (55)	18.2 (41)	19.0 (43)	15.0 (36)
■ DFA/Eagle	-9.0 (58)	9.9 (31)	19.2 (27)	19.8 (32)	14.0 (50)
◆ DFA/Hart SCG	-9.5 (64)	9.8 (32)	20.4 (16)	21.3 (16)	15.8 (25)
● DFA/HartSmCo	-9.6 (67)	7.8 (55)	18.5 (36)	19.8 (32)	15.3 (30)
○ RU2000	-8.6 (54)	7.8 (56)	17.8 (50)	18.7 (48)	14.6 (42)
5th Percentile	-2.2	14.8	22.7	23.6	18.6
Upper Quartile	-5.8	10.5	19.4	20.4	15.8
Median	-8.2	8.2	17.8	18.6	14.0
Lower Quartile	-10.2	6.2	15.9	16.6	12.3
95th Percentile	-13.7	2.5	12.2	12.3	9.0
Number	368	388	405	417	438

DCP Small Cap Stock Fund Evaluation

Quantitative Analysis

Return in \$US (after fees) over 5 annual rolling periods ending June-14

Comparison with the Mutual Fund US Equity Small Cap universe (Percentile Ranking)



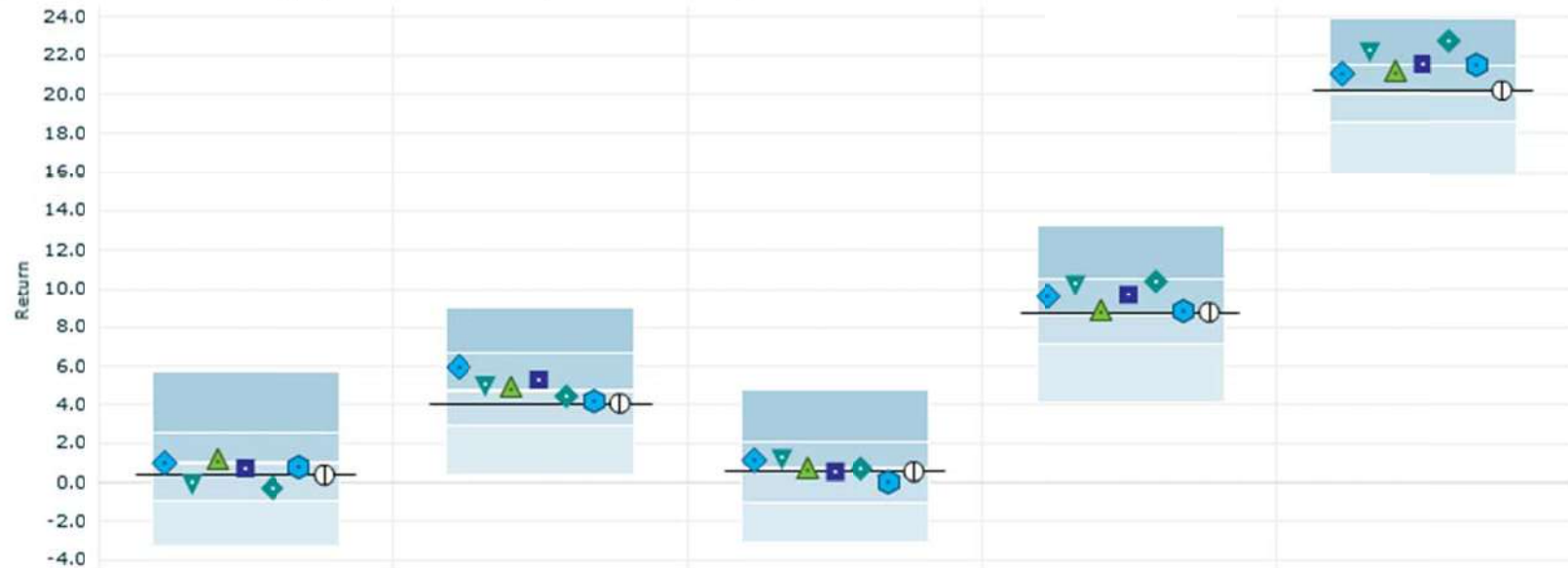
	3 yrs to 6/2010 (%pa)	3 yrs to 6/2011 (%pa)	3 yrs to 6/2012 (%pa)	3 yrs to 6/2013 (%pa)	3 yrs to 6/2014 (%pa)
◀ Fed/Eagle	-6.7 (31)	9.9 (31)	18.6 (35)	18.1 (57)	13.1 (66)
■ Fed/Hart SCG	-7.2 (39)	9.8 (31)	19.7 (21)	19.6 (35)	14.8 (39)
● Fed/HartSmCo	-7.4 (41)	7.8 (55)	17.8 (49)	18.1 (57)	14.3 (45)
▼ Blair/Eagle	-7.1 (37)	10.2 (28)	18.6 (34)	18.5 (51)	12.9 (68)
▲ Blair/Hart SCG	-7.6 (43)	10.1 (28)	19.8 (21)	20.0 (30)	14.6 (40)
◄ Blair/HartSmCo	-7.7 (45)	8.1 (52)	17.9 (49)	18.5 (51)	14.2 (47)
⊙ RU2000	-8.6 (54)	7.8 (56)	17.8 (50)	18.7 (48)	14.6 (42)
5th Percentile	-2.2	14.8	22.7	23.6	18.6
Upper Quartile	-5.8	10.5	19.4	20.4	15.8
Median	-8.2	8.2	17.8	18.6	14.0
Lower Quartile	-10.2	6.2	15.9	16.6	12.3
95th Percentile	-13.7	2.5	12.2	12.3	9.0
Number	368	388	405	417	438

DCP Small Cap Stock Fund Evaluation

Quantitative Analysis

Return in \$US (after fees) over 5 annual rolling periods ending June-14

Comparison with the Mutual Fund US Equity Small Cap universe (Percentile Ranking)



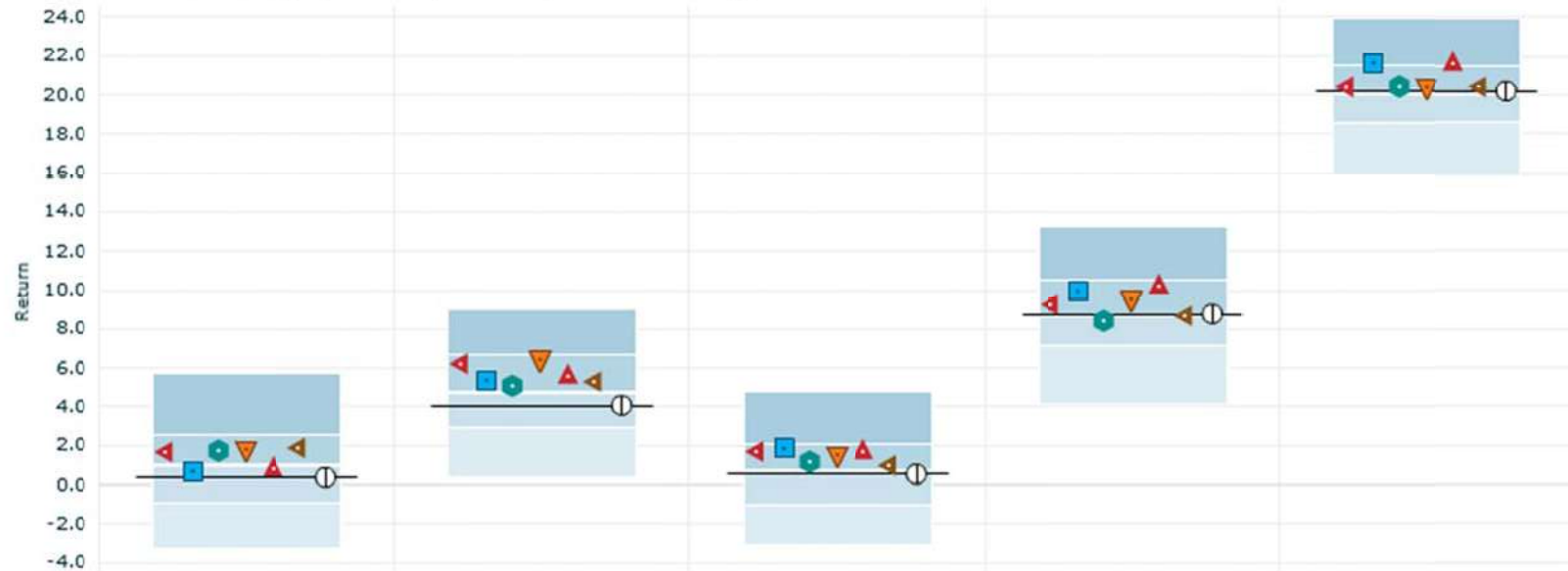
	5 yrs to 6/2010 (%pa)	5 yrs to 6/2011 (%pa)	5 yrs to 6/2012 (%pa)	5 yrs to 6/2013 (%pa)	5 yrs to 6/2014 (%pa)
◆ AB/Eagle	1.0 (50)	5.9 (33)	1.1 (42)	9.6 (36)	21.0 (34)
▼ AB/Hart SCG	0.0 (64)	5.1 (46)	1.3 (39)	10.3 (29)	22.3 (15)
▲ AB/Hart SmCo	1.1 (49)	4.8 (49)	0.6 (51)	8.8 (49)	21.1 (34)
■ DFA/Eagle	0.7 (54)	5.3 (42)	0.5 (52)	9.7 (36)	21.5 (25)
◆ DFA/Hart SCG	-0.3 (67)	4.5 (56)	0.7 (50)	10.4 (27)	22.8 (10)
● DFA/HartSmCo	0.8 (53)	4.2 (60)	0.0 (51)	8.8 (47)	21.5 (25)
⊙ RU2000	0.4 (59)	4.1 (61)	0.5 (52)	8.8 (49)	20.2 (48)
5th Percentile	5.7	9.1	4.8	13.2	24.0
Upper Quartile	2.5	6.7	2.1	10.5	21.5
Median	1.0	4.8	0.7	8.7	20.1
Lower Quartile	-0.9	2.9	-1.0	7.2	18.6
95th Percentile	-3.3	0.4	-3.1	4.2	15.9
Number	327	349	368	388	405

DCP Small Cap Stock Fund Evaluation

Quantitative Analysis

Return in \$US (after fees) over 5 annual rolling periods ending June-14

Comparison with the Mutual Fund US Equity Small Cap universe (Percentile Ranking)



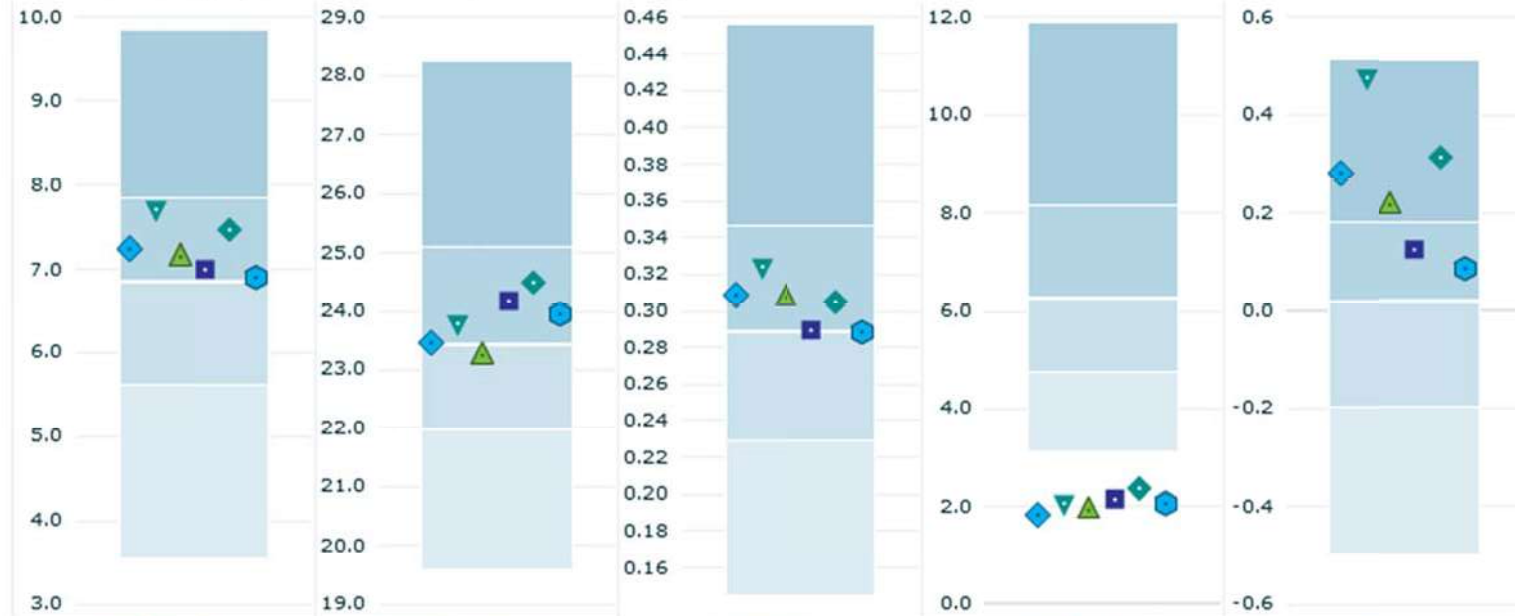
	5 yrs to 6/2010 (%pa)	5 yrs to 6/2011 (%pa)	5 yrs to 6/2012 (%pa)	5 yrs to 6/2013 (%pa)	5 yrs to 6/2014 (%pa)
◀ Fed/Eagle	1.7 (37)	6.2 (30)	1.7 (33)	9.3 (40)	20.4(44)
■ Fed/Hart SCG	0.7 (54)	5.4 (40)	1.9(31)	9.9 (33)	21.6(24)
● Fed/HartSmCo	1.7 (37)	5.1 (46)	1.2(42)	8.4 (55)	20.4(44)
▼ Blair/Eagle	1.8 (35)	6.4 (28)	1.5(37)	9.5 (38)	20.4(44)
▲ Blair/Hart SCG	0.8 (52)	5.6 (37)	1.7 (34)	10.2 (30)	21.6(24)
◄ Blair/HartSmCo	1.9 (35)	5.3 (42)	1.0 (44)	8.7 (50)	20.4(44)
⊕ RU2000	0.4 (59)	4.1 (61)	0.5(52)	8.8 (49)	20.2(48)
5th Percentile	5.7	9.1	4.8	13.2	24.0
Upper Quartile	2.5	6.7	2.1	10.5	21.5
Median	1.0	4.8	0.7	8.7	20.1
Lower Quartile	-0.9	2.9	-1.0	7.2	18.6
95th Percentile	-3.3	0.4	-3.1	4.2	15.9
Number	327	349	368	388	405

DCP Small Cap Stock Fund Evaluation

Quantitative Analysis

Performance characteristics vs. Russell 2000 in \$US (after fees) over 7 yrs ending June-14 (quarterly calculations)

Comparison with the Mutual Fund US Equity Small Cap universe (Percentile Ranking)



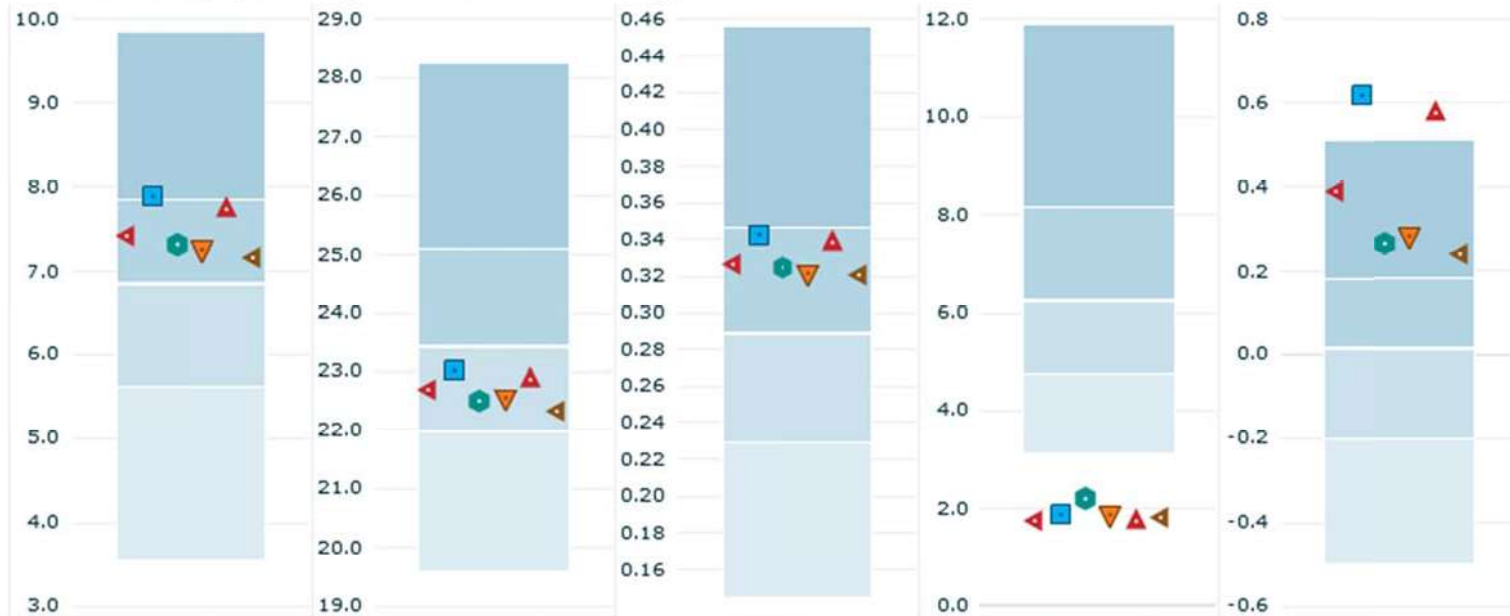
	Ret (%pa)	Std Dev (%pa)	Ret/SD	TE (%pa)	IR
◆ AB/Eagle	7.2 (40)	23.5 (50)	0.3 (41)	1.8 (100)	0.3 (15)
▼ AB/Hart SCG	7.7 (27)	23.8 (45)	0.3 (35)	2.1 (99)	0.5 (6)
▲ AB/Hart SmCo	7.1 (42)	23.2 (53)	0.3 (42)	1.9 (99)	0.2 (21)
■ DFA/Eagle	7.0 (45)	24.2 (37)	0.3 (49)	2.1 (99)	0.1 (35)
◆ DFA/Hart SCG	7.5 (34)	24.5 (31)	0.3 (42)	2.4 (99)	0.3 (12)
● DFA/HartSmCo	6.9 (49)	23.9 (42)	0.3 (50)	2.1 (99)	0.1 (40)
5th Percentile	9.9	28.3	0.5	11.9	0.5
Upper Quartile	7.8	25.1	0.3	8.2	0.2
Median	6.9	23.4	0.3	6.3	0.0
Lower Quartile	5.6	22.0	0.2	4.8	-0.2
95th Percentile	3.6	19.6	0.1	3.1	-0.5
Number	368	368	368	368	368

DCP Small Cap Stock Fund Evaluation

Quantitative Analysis

Performance characteristics vs. Russell 2000 in \$US (after fees) over 7 yrs ending June-14 (quarterly calculations)

Comparison with the Mutual Fund US Equity Small Cap universe (Percentile Ranking)



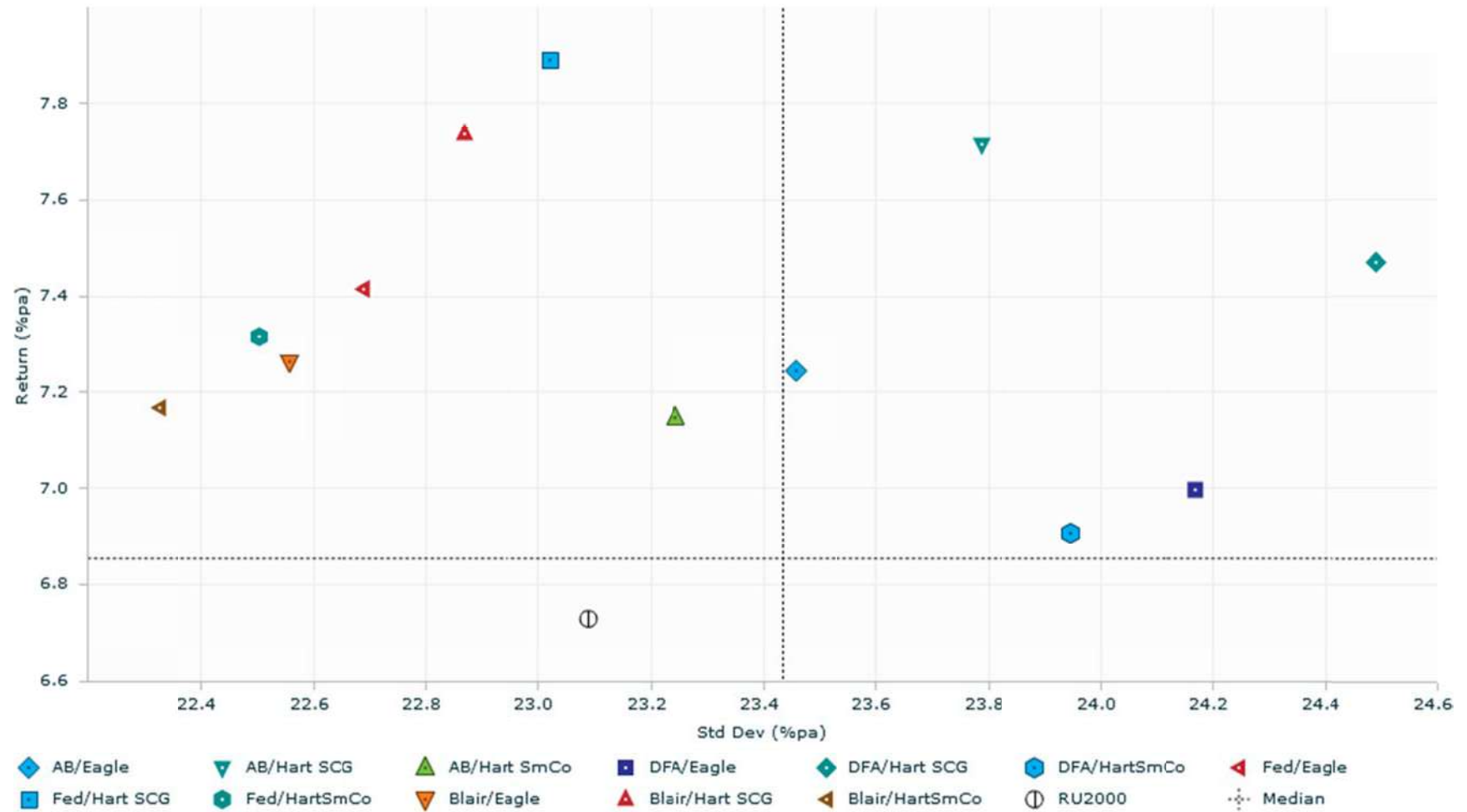
	Ret (%pa)	Std Dev (%pa)	Ret/SD	TE (%pa)	IR
◀ Fed/Eagle	7.4 (34)	22.7 (64)	0.3 (34)	1.8 (100)	0.4(8)
■ Fed/Hart SCG	7.9 (24)	23.0 (57)	0.3 (26)	1.9 (100)	0.6(3)
● Fed/HartSmCo	7.3 (37)	22.5 (67)	0.3 (35)	2.2 (99)	0.3(17)
▼ Blair/Eagle	7.3 (39)	22.6 (65)	0.3 (36)	1.9 (100)	0.3(15)
▲ Blair/Hart SCG	7.7 (27)	22.9 (61)	0.3 (27)	1.7 (100)	0.6(4)
◀ Blair/HartSmCo	7.2 (41)	22.3 (71)	0.3 (36)	1.8 (100)	0.2(18)
5th Percentile	9.9	28.3	0.5	11.9	0.5
Upper Quartile	7.8	25.1	0.3	8.2	0.2
Median	6.9	23.4	0.3	6.3	0.0
Lower Quartile	5.6	22.0	0.2	4.8	-0.2
95th Percentile	3.6	19.6	0.1	3.1	-0.5
Number	368	368	368	368	368

DCP Small Cap Stock Fund Evaluation

Quantitative Analysis

Return and Std Deviation in \$US (after fees) over 7 yrs ending June-14 (quarterly calculations)

Comparison with the Mutual Fund US Equity Small Cap universe

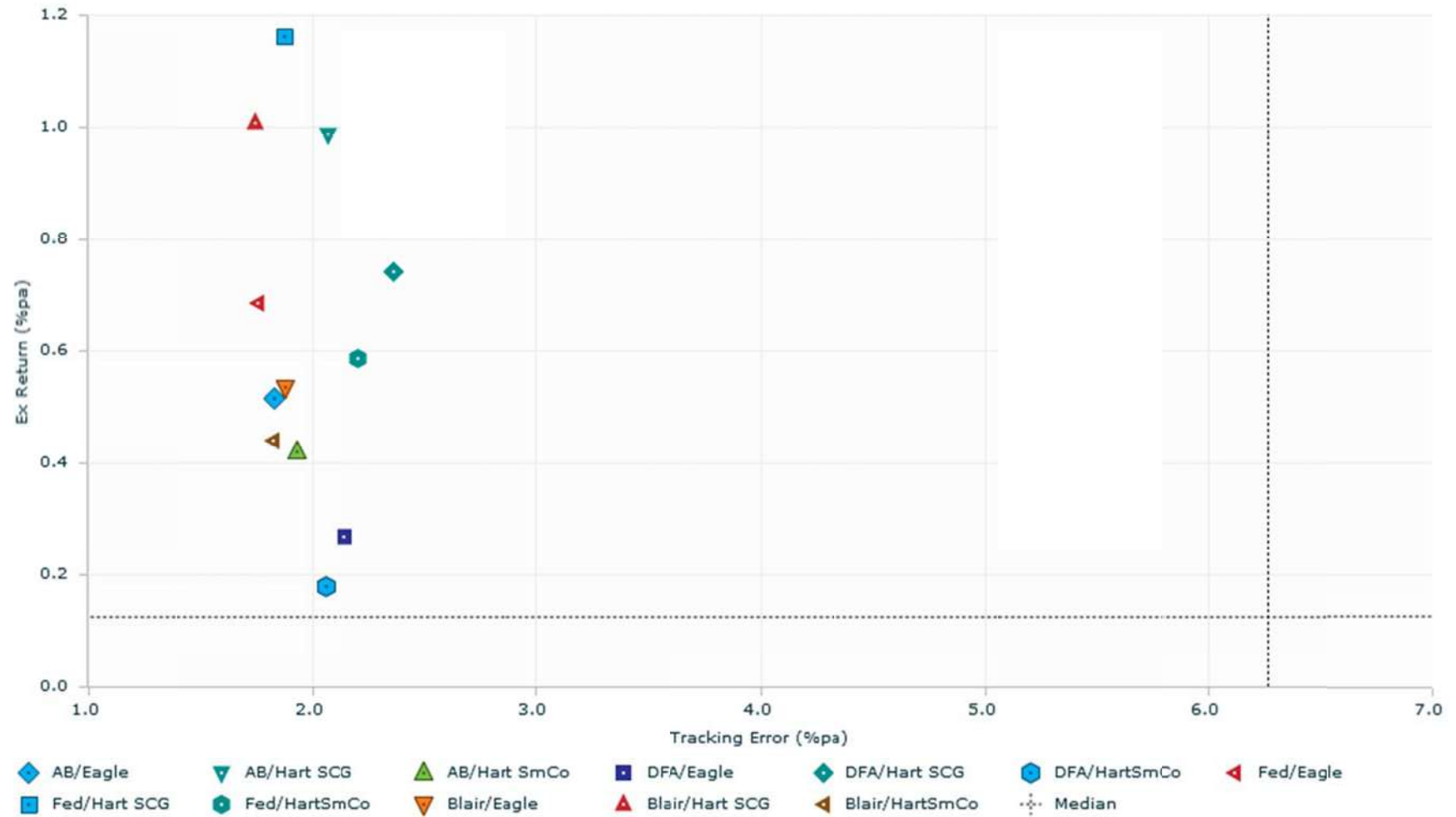


DCP Small Cap Stock Fund Evaluation

Quantitative Analysis

Excess Return and Tracking Error vs. Russell 2000 in \$US (after fees) over 7 yrs ending June-14 (quarterly calculations)

Comparison with the Mutual Fund US Equity Small Cap universe



DCP Small Cap Stock Fund Evaluation

Quantitative Analysis AB/Eagle

Quarterly Excess Return vs. Russell 2000 with rolling 3 yr line in \$US (after fees) over 7 yrs ending June-14
Comparison with the Mutual Fund US Equity Small Cap universe



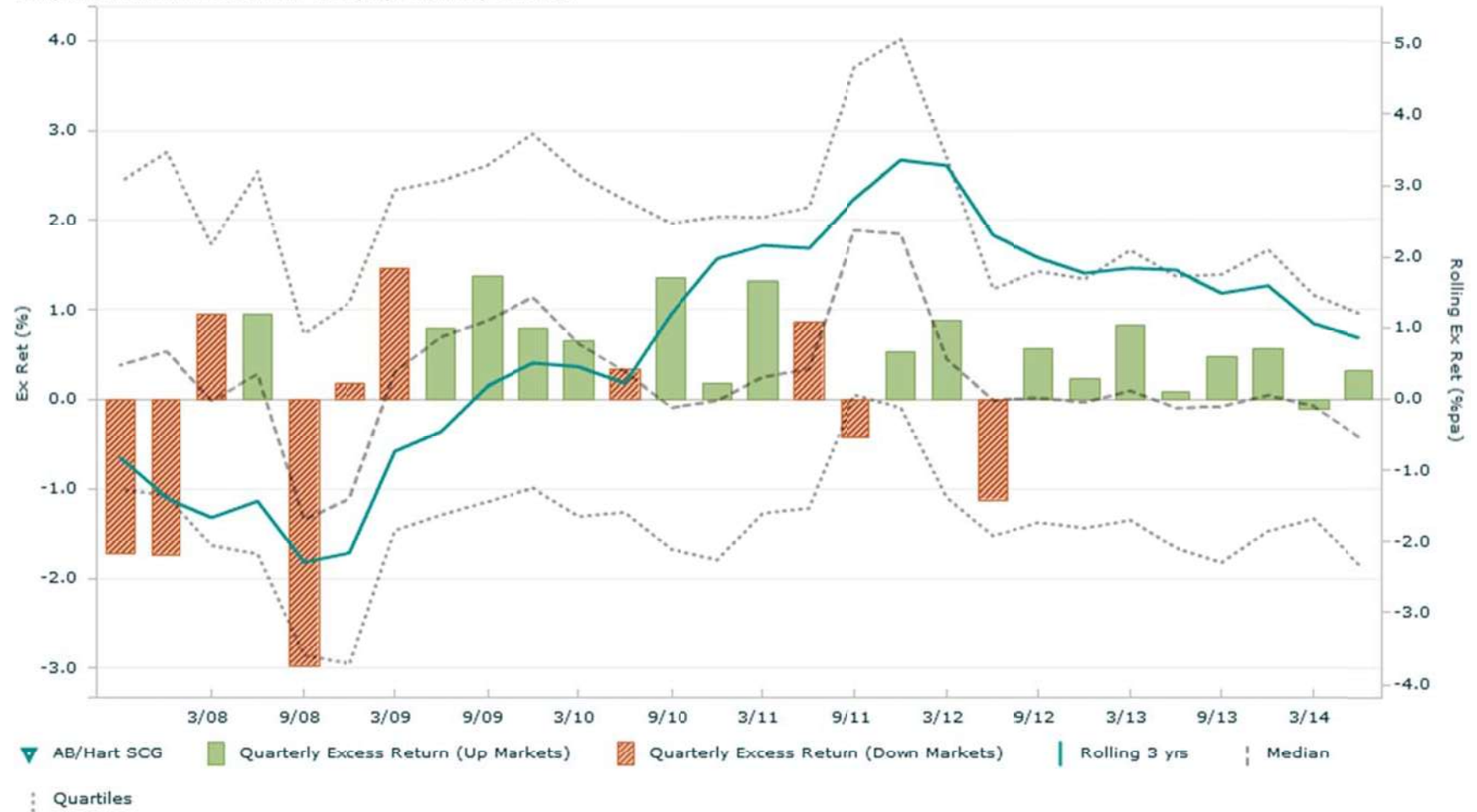
DCP Small Cap Stock Fund Evaluation

Quantitative Analysis

AB/Hart SCG

Quarterly Excess Return vs. Russell 2000 with rolling 3 yr line in \$US (after fees) over 7 yrs ending June-14

Comparison with the Mutual Fund US Equity Small Cap universe



DCP Small Cap Stock Fund Evaluation

Quantitative Analysis

AB/Hart SmCo

Quarterly Excess Return vs. Russell 2000 with rolling 3 yr line in \$US (after fees) over 7 yrs ending June-14

Comparison with the Mutual Fund US Equity Small Cap universe



DCP Small Cap Stock Fund Evaluation

Quantitative Analysis

DFA/Eagle

Quarterly Excess Return vs. Russell 2000 with rolling 3 yr line in \$US (after fees) over 7 yrs ending June-14

Comparison with the Mutual Fund US Equity Small Cap universe



DCP Small Cap Stock Fund Evaluation

Quantitative Analysis DFA/Hart SCG

Quarterly Excess Return vs. Russell 2000 with rolling 3 yr line in \$US (after fees) over 7 yrs ending June-14

Comparison with the Mutual Fund US Equity Small Cap universe



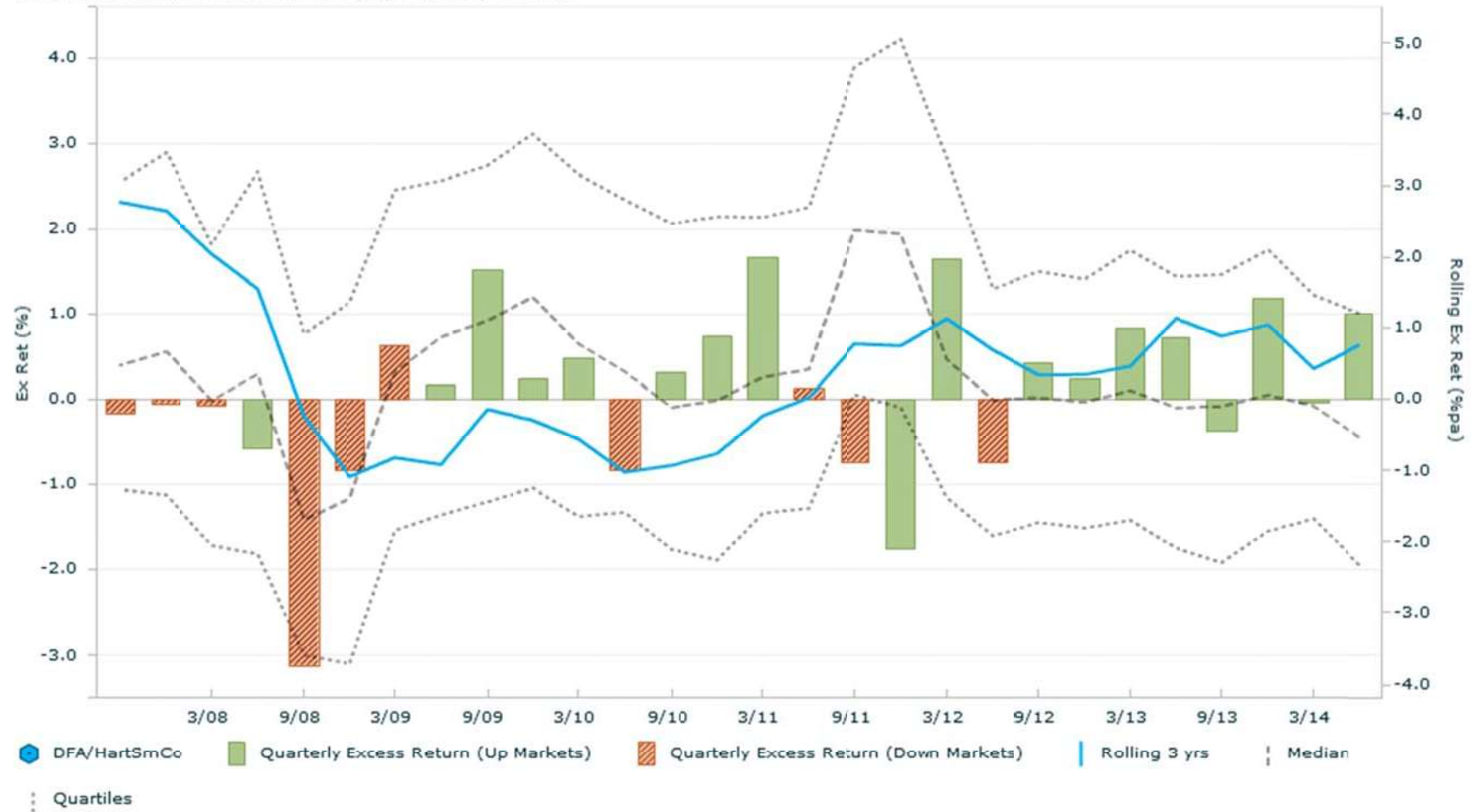
DCP Small Cap Stock Fund Evaluation

Quantitative Analysis

DFA/HartSmCo

Quarterly Excess Return vs. Russell 2000 with rolling 3 yr line in \$US (after fees) over 7 yrs ending June-14

Comparison with the Mutual Fund US Equity Small Cap universe



DCP Small Cap Stock Fund Evaluation

Quantitative Analysis

Fed/Eagle

Quarterly Excess Return vs. Russell 2000 with rolling 3 yr line in \$US (after fees) over 7 yrs ending June-14

Comparison with the Mutual Fund US Equity Small Cap universe



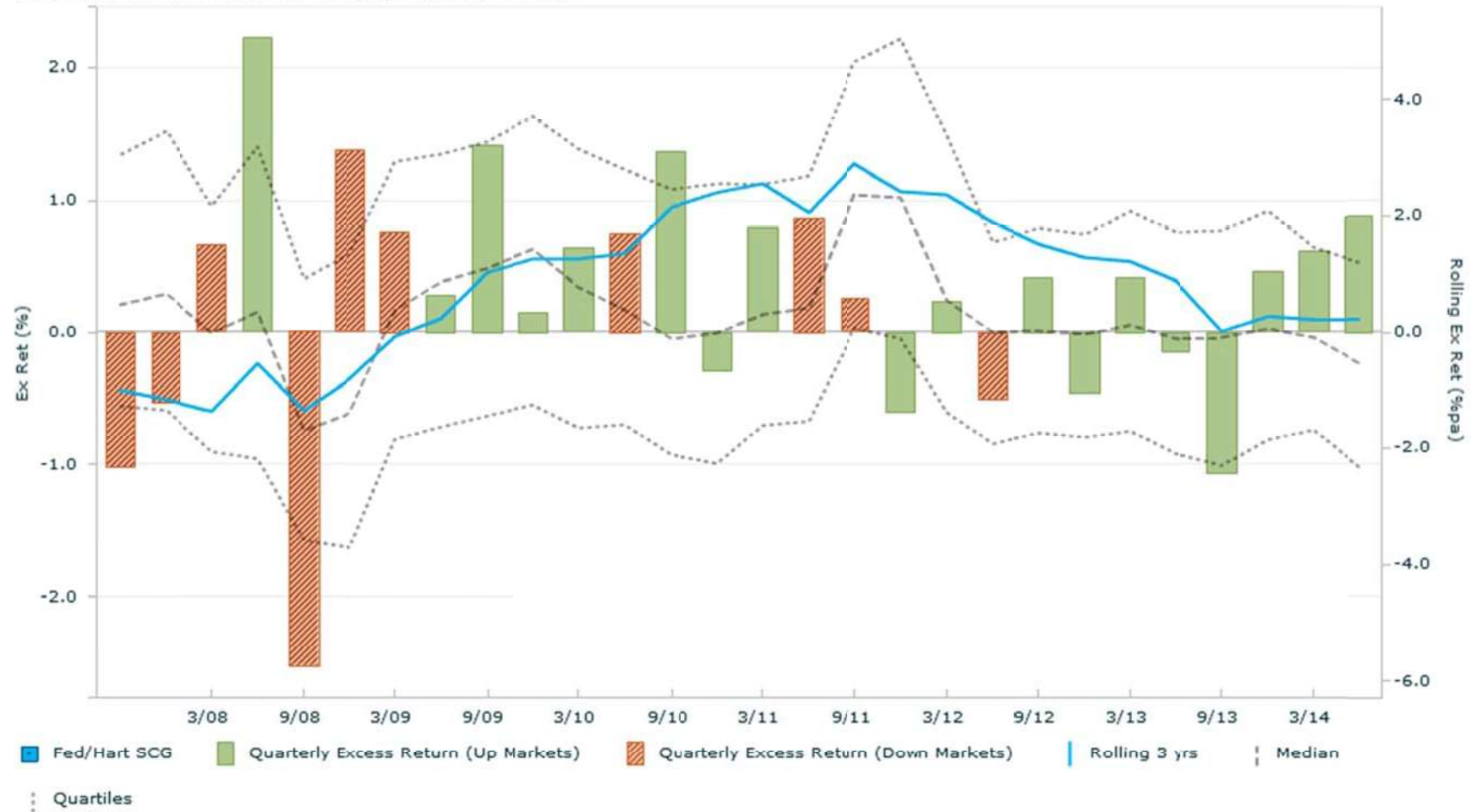
DCP Small Cap Stock Fund Evaluation

Quantitative Analysis

Fed/Hart SCG

Quarterly Excess Return vs. Russell 2000 with rolling 3 yr line in \$US (after fees) over 7 yrs ending June-14

Comparison with the Mutual Fund US Equity Small Cap universe



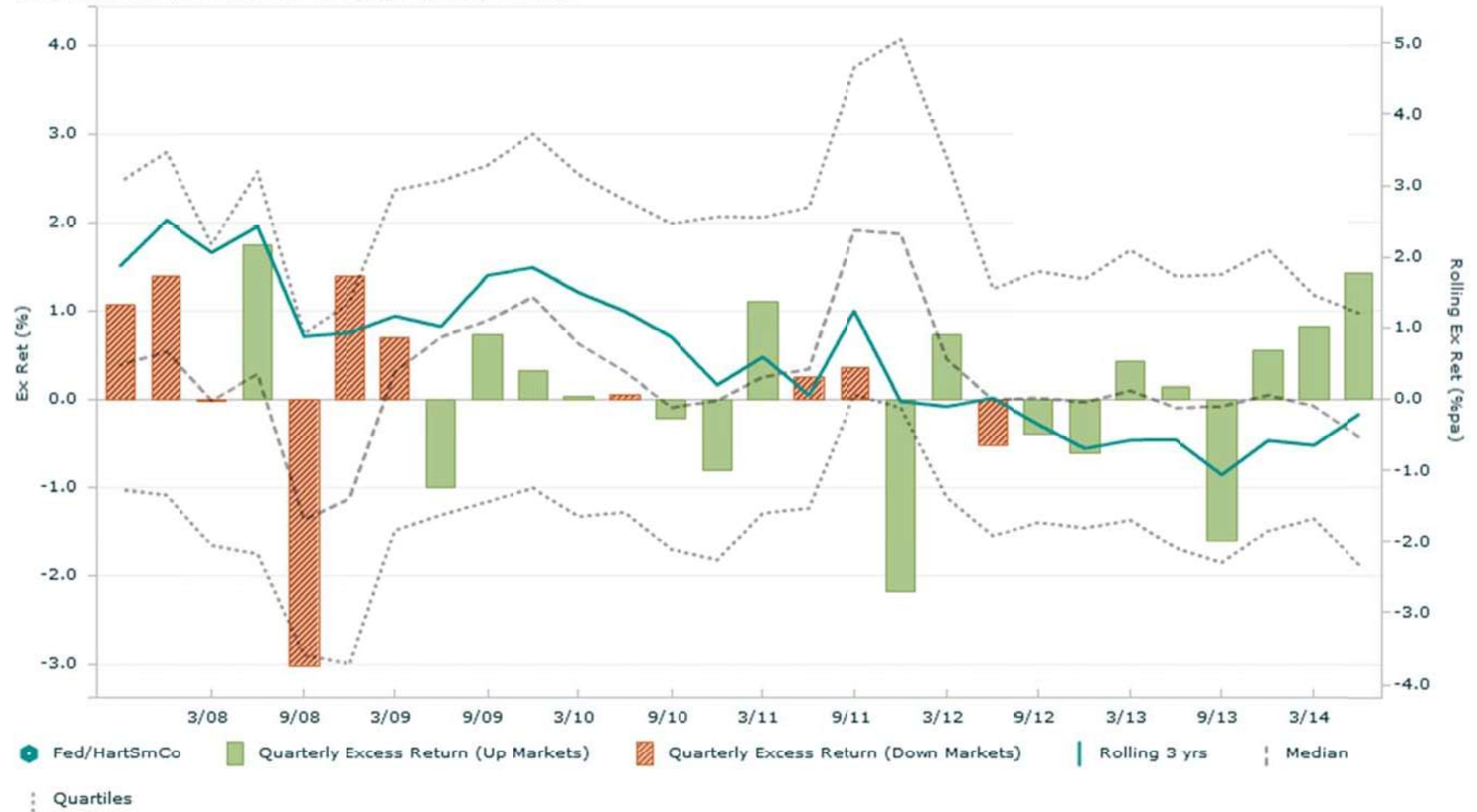
DCP Small Cap Stock Fund Evaluation

Quantitative Analysis

Fed/HartSmCo

Quarterly Excess Return vs. Russell 2000 with rolling 3 yr line in \$US (after fees) over 7 yrs ending June-14

Comparison with the Mutual Fund US Equity Small Cap universe



DCP Small Cap Stock Fund Evaluation

Quantitative Analysis

Blair/Eagle

Quarterly Excess Return vs. Russell 2000 with rolling 3 yr line in \$US (after fees) over 7 yrs ending June-14

Comparison with the Mutual Fund US Equity Small Cap universe



DCP Small Cap Stock Fund Evaluation

Quantitative Analysis

Blair/Hart SCG

Quarterly Excess Return vs. Russell 2000 with rolling 3 yr line in \$US (after fees) over 7 yrs ending June-14

Comparison with the Mutual Fund US Equity Small Cap universe



DCP Small Cap Stock Fund Evaluation

Quantitative Analysis

Blair/HartSmCo

Quarterly Excess Return vs. Russell 2000 with rolling 3 yr line in \$US (after fees) over 7 yrs ending June-14

Comparison with the Mutual Fund US Equity Small Cap universe



DCP Small Cap Stock Fund Evaluation

Quantitative Analysis

Performance characteristics vs. Russell 2000 in \$US (after fees) over 7 yrs ending June-14 (quarterly calculations)

Comparison with the Mutual Fund US Equity Small Cap universe

Name	Up Markets			Down Markets			All Markets				
	Outperform		Excess (Av) (%pq)	Outperform		Excess (Av) (%pq)	Outperform		Excess (Av) (%pq)	Outperform (Av) (%pq)	Underperform (Av) (%pq)
	No.	%		No.	%		No.	%			
AmBeacon/SSqA R2000/Eagle	12	67	0.3	4	40	-0.2	16	57	0.1	0.7	-0.7
AmBeacon/SSqA R2000/HartfordSCG	17	94	0.7	5	50	-0.4	22	79	0.3	0.7	-1.3
AmBeacon/SSqA R2000/HartfordSmCo	12	67	0.3	6	60	-0.3	18	64	0.1	0.6	-0.8
DFA/SSqA R2000/Eagle	12	67	0.5	3	30	-0.5	15	54	0.1	0.9	-0.8
DFA/SSqA R2000/HartfordSCG	15	83	0.8	3	30	-0.7	18	64	0.3	0.9	-1.0
DFA/SSqA R2000/HartfordSmCo	14	78	0.5	2	20	-0.6	16	57	0.1	0.7	-0.8
Federated/SSqA R2000/Eagle	10	56	0.1	7	70	0.3	17	61	0.1	0.7	-0.7
Federated/SSqA R2000/HartfordSCG	13	72	0.4	6	60	0.0	19	68	0.3	0.8	-0.8
Federated/SSqA R2000/HartfordSmCo	11	61	0.1	7	70	0.2	18	64	0.1	0.7	-1.0
WBlair/SSqA R2000/Eagle	7	39	-0.1	8	80	0.4	15	54	0.1	0.8	-0.7
WBlair/SSqA R2000/HartfordSCG	9	50	0.3	6	60	0.1	15	54	0.2	0.8	-0.5
WBlair/SSqA R2000/HartfordSmCo	9	50	-0.1	8	80	0.3	17	61	0.1	0.7	-0.9
Benchmarks											
Russell 2000	18	0	0.0	10	0	0.0	28	0	0.0	na	na
Group Statistics											
Upper Quartile	11	61	0.6	6	60	0.8	16	57	0.3	3.2	-1.8
Median	9	50	0.1	5	50	0.0	14	50	0.1	2.3	-2.3
Lower Quartile	7	39	-0.5	4	40	-0.8	12	43	-0.3	1.8	-3.0
Number	368	368	368	368	368	368	368	368	368	368	368

The benchmark results represent the total number of up markets, down markets and observations in the period.

DCP Small Cap Stock Fund Evaluation

Quantitative Analysis

Performance characteristics vs. Russell 2000 in \$US (after fees) over 7 yrs ending June-14 (quarterly calculations)

Comparison with the Mutual Fund US Equity Small Cap universe

Name	1st Quartile		2nd Quartile		3rd Quartile		4th Quartile		Average Percentile Rank	Outperform	
	No.	%	No.	%	No.	%	No.	%		No.	%
AmBeacon/SSgA R2000/Eagle	0	0.0	14	50.0	13	46.4	1	3.6	49	16	57
AmBeacon/SSgA R2000/HartfordSCG	2	7.1	18	64.3	8	28.6	0	0.0	45	22	79
AmBeacon/SSgA R2000/HartfordSmCo	0	0.0	16	57.1	11	39.3	1	3.6	47	18	64
DFA/SSgA R2000/Eagle	4	14.3	10	35.7	14	50.0	0	0.0	48	15	54
DFA/SSgA R2000/HartfordSCG	5	17.9	14	50.0	8	28.6	1	3.6	45	18	64
DFA/SSgA R2000/HartfordSmCo	0	0.0	16	57.1	11	39.3	1	3.6	47	16	57
Federated/SSgA R2000/Eagle	0	0.0	14	50.0	14	50.0	0	0.0	49	17	61
Federated/SSgA R2000/HartfordSCG	1	3.6	15	53.6	12	42.9	0	0.0	45	19	68
Federated/SSgA R2000/HartfordSmCo	1	3.6	15	53.6	12	42.9	0	0.0	47	18	64
WBlair/SSgA R2000/Eagle	2	7.1	11	39.3	14	50.0	1	3.6	49	15	54
WBlair/SSgA R2000/HartfordSCG	1	3.6	16	57.1	11	39.3	0	0.0	46	15	54
WBlair/SSgA R2000/HartfordSmCo	0	0.0	18	64.3	10	35.7	0	0.0	48	17	61
Benchmarks											
Russell 2000	2	7.1	13	46.4	12	42.9	1	3.6	50	28	0

The benchmark result for Number Outperform represents the total number of observations in the period.

Appendix

Appendix A: Descriptions of performance exhibits

Description of Universe calculation

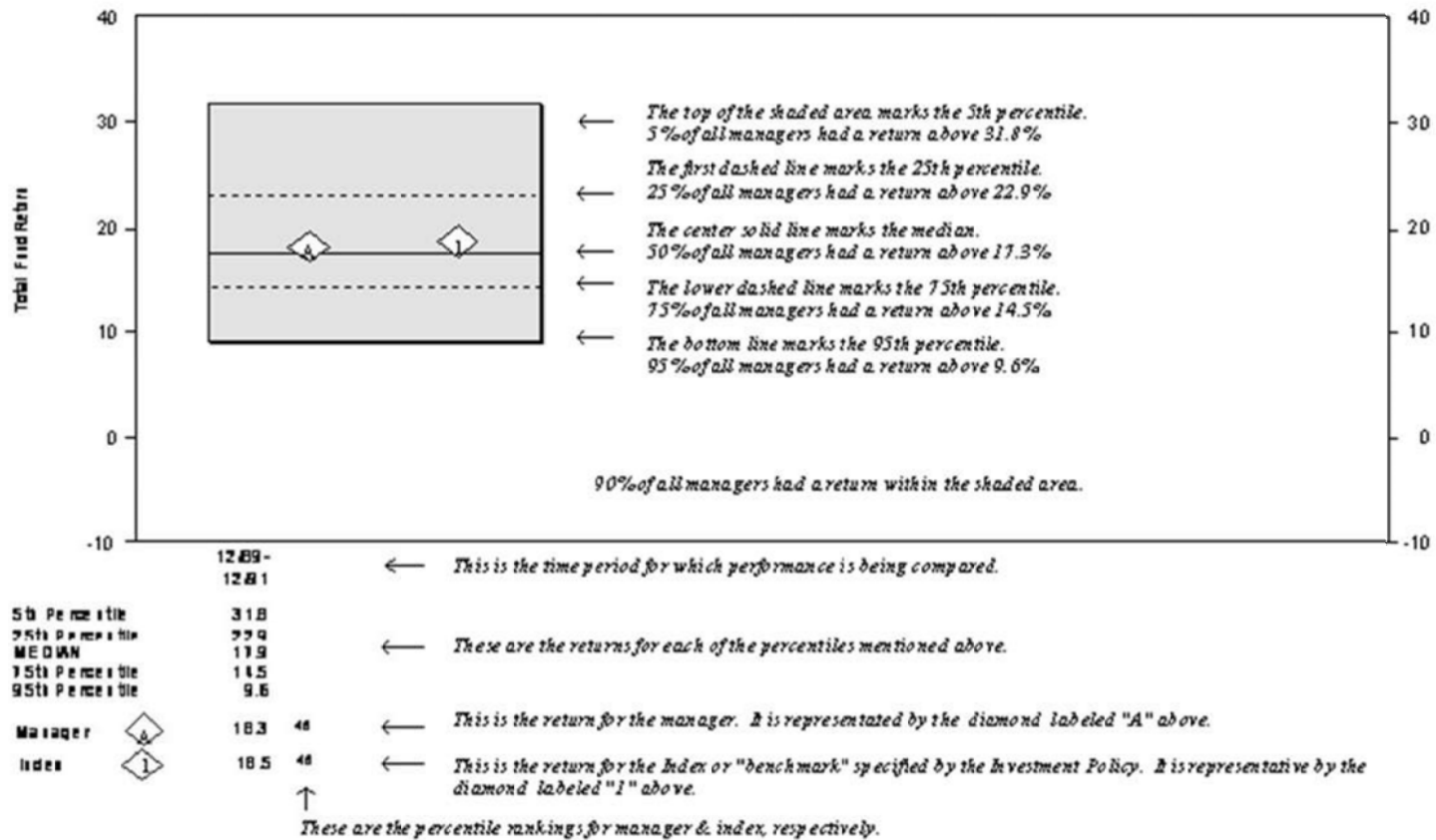
Mercer Manager Universes are constructed using the composite portfolios submitted by investment managers to the Research Unit for evaluation. Each portfolio is reviewed and, based on Mercer's professional judgment, placed within the appropriate universe, which contains similarly managed portfolios.

Universes are calculated by sorting the returns from highest to lowest for each unique time period independently. The highest return is assigned the rank of zero (0) and the lowest a rank of 100. Depending on the number of observations between these two points, the remaining results are normalized to create the percentile rankings.

Results longer than one year are annualized.

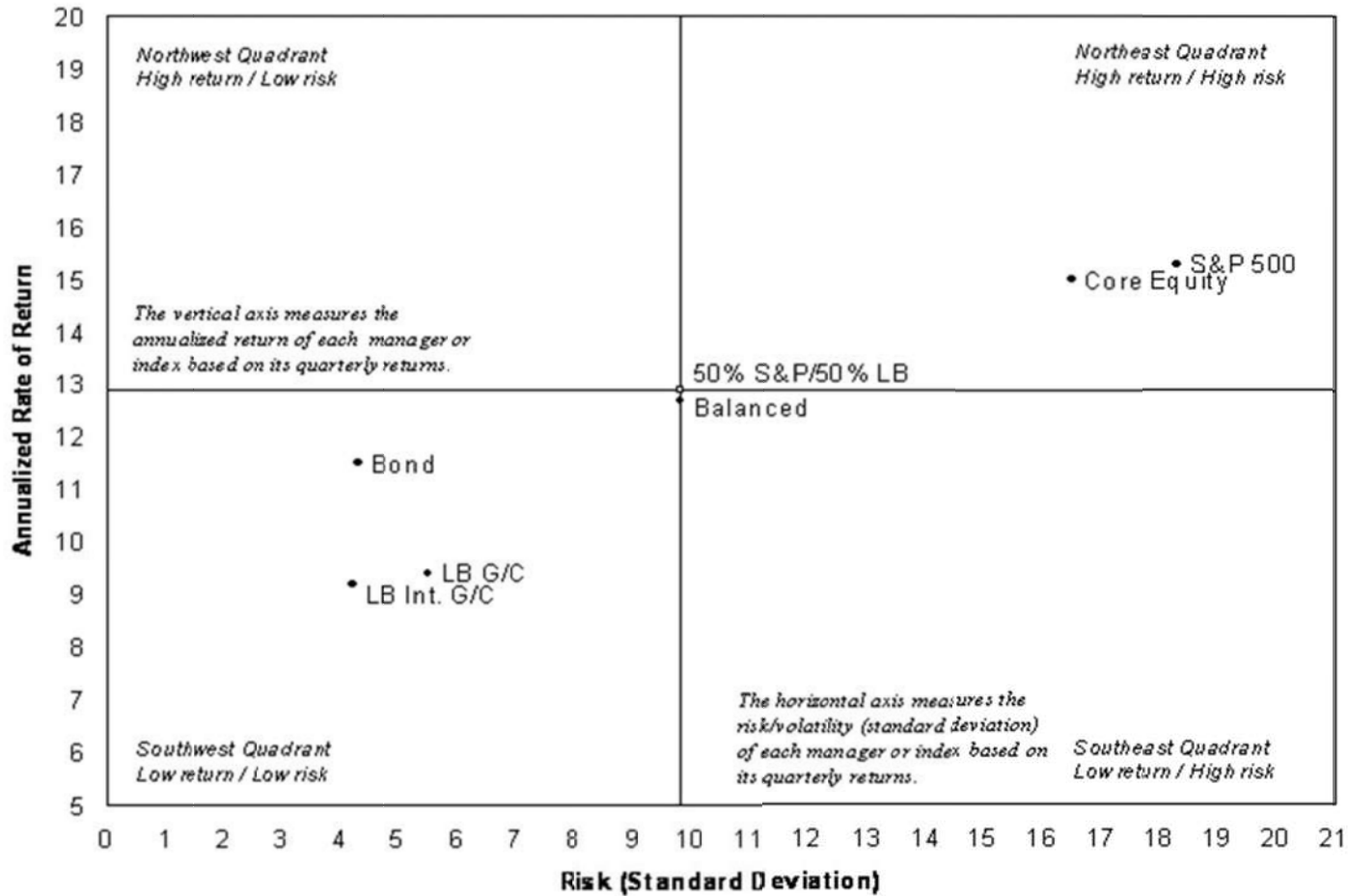
Appendix A

Description of performance graph



Appendix A

Description of Risk / Return graph



Appendix B: Glossary of terms

ADR American Depository Receipt is a receipt for shares of a foreign company held by a U.S. bank, facilitating receipt of dividends and simulating purchase of the stock.

Agency Bonds Debt obligations issued by government sponsored organizations such as the Federal Home Loan Bank and the Federal Land Bank. After Treasuries, agency bonds are considered to be the next highest quality securities in the domestic fixed income market.

Alpha A measure of value added provided by the manager. Specifically, alpha is the excess portfolio return compared to the risk-adjusted benchmark.

Asset Allocation The combination of assets in a portfolio to different asset types such as common stocks, bonds, cash, real estate, venture capital, etc. Different approaches to the asset allocation decision are employed such as strategic, dynamic or tactical.

Asset-Backed Security A collateralized fixed-income security which is supported by installment loans (autos, mobile homes, boats, etc.) or revolving lines of credit (credit cards). Asset-backed securities generally have AAA ratings based on recourse provisions or third-party credit enhancements. Most collateral behind asset-backed securities is subject to prepayment. However, unlike mortgage-backed securities, prepayments are virtually unaffected by changing market interest rate levels.

Association for Investment Manager Research (AIMR) An international, non-profit organization whose mission is to serve its members and investors as a global leader in educating and examining investment managers and analysts and sustaining high standards of professional conduct. AIMR's membership is global in scope, and its activities are worldwide.

AIMR Level I Verification Independent attestation that the requirements of the AIMR Performance Presentation Standards (PPS) have been met on a firm-wide basis.

AIMR Level II Verification Independent attestation that the performance results of specific composites have been calculated according to the AIMR-PPS standards, and that the requirements of the AIMR Performance Presentation Standards (PPS) have been met on a firm-wide basis.

Balanced (asset class) Investments in common stock, preferred stock and bonds which are combined in an effort to obtain the highest return consistent with a low-risk strategy. A balanced portfolio typically offers a higher yield than a pure stock fund and performs better than such a fund when stocks are falling. In a rising market, however, a balanced portfolio usually will not keep pace with an all-equity portfolio.

Base Currency The currency of an investor's home country.

Basic Industry A sector classification which includes securities of firms that convert raw materials into unfinished products.

Basis Point 1/100th of 1.0%, or 0.01%.

Blend An evaluation of securities using a combination of fundamental and quantitative methods.

Bottom-up A money-management style which begins with security selection.

Callable Bond A bond which can be "called" (i.e., redeemed) by the issuer at a date prior to maturity. If interest rates drop significantly below a callable bond's coupon, the issuer can call the bond and refinance it at a lower rate. From a bond investor's perspective, the proceeds received when the bond is called will have to be reinvested at a lower rate. Thus, callable bonds expose bondholders to reinvestment risk. The bond investor receives compensation for this disadvantage in the form of a higher yield.

Capital Goods A sector classification which include securities of firms that are involved in the production of other goods--industrial buildings, machinery, equipment--as well as highways, office buildings, government installations. In the aggregate such goods form a country's productive capacity.

Appendix B

Capitalization Market value times shares outstanding (common stock).

Cash Equivalents All fixed income securities that are highly liquid, with a known market value and a maturity, when acquired, of less than three months.

CMO Collateralized Mortgage Obligation is a security which groups mortgage pass-through bonds together and partitions the cash flows into successive maturity groups called tranches. CMOs attempt to mitigate prepayment risk by transferring the various degrees of prepayment risk among different tranches; thus, each tranche has different risk and return characteristics.

Commingled Fund An investment fund in which the manager pools the assets of several accounts to permit more efficient management and to reduce administrative cost. Also called collective investment funds, common funds or pooled funds.

Confidence Level The degree of certainty associated with a statistical measure, such as a t-statistic. In the context of this report, the confidence level provides insight into whether the manager's results were due to skill or luck. For example, with 20 or more observations, a t-statistic of 1.73 generally implies a confidence level of at least 95%; this means that there is only a 5% chance that the result was due to blind luck.

Consumer Durables A sector classification which includes securities of firms whose products, bought by consumers, are expected to last three years or more. These include automobiles, appliances, boats, and furniture. Economists look at the trend in consumer expenditure on durables as an important indicator of the strength of the economy, since consumers need confidence to make such large and expensive purchases.

Consumer Non-Durables A sector classification which includes securities of firms that provide consumable products such as food or drugs.

Consumer Services A sector classification which includes securities of firms that provide a service to the consumer rather than a product.

Convertible Securities These obligations include bonds, debentures, or preferred stock which may be exchanged by their owners for common stock -- usually in the same corporation. The terms which must be met to exercise this right of exchange are usually specified for each issue.

Convexity A measure of interest rate sensitivity. To demonstrate the concept, if bonds A and B have the same duration, but bond B has greater convexity, then the price of bond B will increase more than bond A if interest rates fall. Similarly, if rates increase, the price of bond B will fall less than the price of bond A. Investors who buy the price of bonds with a high degree of convexity will have to pay for convexity in the form of accepting a lower yield.

Core Style A strategy with investments in a large number of securities within a market capitalization range. Unlike an index strategy, a core strategy does try to exceed the return of the target index.

Corporates Debt obligations issued by private corporations. This type of debt instrument varies greatly in quality and liquidity as the terms of the obligation and the financial health of the issuer are factored in by the market.

Correlation Coefficient A statistical measure of the degree to which the movements of two variables are related. A correlation of 1.0 indicates that the two variables move perfectly in tandem. A correlation of 0.0 indicates a random relationship between the variables, and a correlation of -1.0 indicates perfect negative correlation (perfect tandem but in opposite directions). Combining assets in a portfolio with negative correlations or with positive correlations less than 1.0 will reduce total portfolio volatility.

Country Weighting The percentage exposure a portfolio has to the securities of a given country.

Coupon The annual rate of interest that the bond issuer promises to pay the bondholder.

CPI Consumer Price Index is a measure of the cost of a basket of consumer items. Changes in the index are generally accepted as a proxy for inflation.

Appendix B

Cross Hedging A cross hedge occurs when a foreign currency is hedged to another foreign currency instead of into the base currency (the U.S. dollar for U.S. investors). Managers may cross hedge when they want added currency exposure to a country.

Cross-Sectional Beta Beta is a measure of a portfolio's return volatility relative to the market (benchmark index). An estimate of the cross-sectional beta of a portfolio is a weighted average of the betas of the portfolio's component assets. A beta of 1.00 means a stock has exhibited the same volatility as the market over the period measured. A beta of 0.85 means, in general, a stock is less volatile than the market (moves 0.85% for each 1.00% move in the market) where a beta of 1.15 means a stock is more volatile than the market (moves 1.15% for each 1.00% move in the market).

Currency Hedging International managers may use currency hedges to minimize the effect of currency fluctuation against the U.S. dollar. A 100% hedge will neutralize the effect while a partial hedge will reduce the effect.

Current Yield A bond's coupon rate divided by the bond's current price.

Debt to Equity The ratio of long-term debt to total common equity.

Derivative A financial instrument whose value is "derived" from or based upon the value of other financial instruments or the level of a financial index. Also refers to financial instruments which have complex structures with option-like features. Futures, options and currency forward contracts are examples of derivatives.

Diversification The reduction in risk that is sought by investing in assets which are not perfectly positively correlated. Diversification is the spreading of risk among a number of different investment opportunities. Since the assets are not perfectly correlated, losses of any one asset tend to be offset by gains on other assets.

Dividend A payment to owners of common or preferred stock. Dividends are usually paid out of the current earnings of a corporation. On preferred stock shares, the dividend is usually a fixed amount. On common stock

shares, the dividend will vary with the fortunes of the corporation. Dividends are usually declared and paid quarterly.

Dividend Yield The current dividend per share of a stock divided by its current price per share. For example, a stock with a price of \$100 per share paying a dividend of \$5 per share would have a dividend yield of $\$5/\$100=5\%$.

Down Market A quarter in which the market return is negative.

Duration A measure of a bond's price volatility relative to a change in the general level of interest rates, measured in years. It is a measure of the number of years until the average dollar, in present value terms, is received from coupon and principal payments. In general, bonds with longer durations have greater sensitivity to interest rates and vice versa.

Duration - Active Average portfolio duration is allowed to vary outside of a 20% range around the benchmark's duration.

Duration - Controlled Average portfolio duration is maintained within a 20% range around the benchmark's duration.

Duration - Neutral Average portfolio duration is maintained close to the benchmark's duration.

Duration - Tightly Controlled Average portfolio duration is maintained within a 10% range around the benchmark's duration.

Dynamic Asset Allocation An approach (such as portfolio insurance) where are investments hedged through the use of derivatives to theoretically limit any losses beyond a floor level.

Earnings Per Share (EPS) That portion of a company's profit allocated to each outstanding share of common stock.

Earnings Per Share Growth Rate The rate at which the earnings per share grows over various time periods.

Appendix B

Economic Risk The probability that economic conditions will deteriorate and thereby affect the safety of a company.

Effective Asset Allocation Tool to discern style orientation of a portfolio. The concept of effective asset allocation was introduced by Professor William F. Sharpe in 1988. Mercer has applied Sharpe's concept by developing its own version of effective asset allocation. Mercer's model regresses a minimum of five years of quarterly returns on a maximum of five various style indices. The coefficients of the linear combination are fitted using a quadratic rather than a linear program in order for the coefficients to lie within a specified range. These coefficients must sum to one, but lie between zero and one. In addition, the constant term (alpha) is omitted. The resulting coefficients are interpreted as the "effective asset allocation" of the manager's investment style. With this model, we can distinguish the investment styles of both equity and fixed income managers.

Effective Duration Also known as option-adjusted duration, a measure of how sensitive a bond's price is to interest rate changes with the option and structural characteristics of the bond taken into account.

Energy A sector classification which includes securities of firms that produce and/or sell oil, oil service, gas, solar energy, coal companies and makers of energy saving devices.

Equity Investment or ownership interest possessed by shareholders in a corporation -- stock as opposed to bonds.

Eurodollar Bonds A U.S. dollar denominated bond issued and traded outside the jurisdiction of the United States.

Finance A sector classification which includes securities of firms that engage in making loans to individuals or businesses.

Fixed Income Debt instruments issued by corporations, governments or government agencies characterized by a fixed interest rate and stated maturity date. These represent the terms of the arrangement between someone who borrows money and someone who lends it.

Foreign Exchange Transactions involving the purchase and sale of currencies.

Forward Market A market in which participants agree to trade some commodity, security, or foreign exchange at a fixed price at some future date.

Forward Rate The rate at which forward transactions in some specific maturity are being made, e.g., the dollar price at which Deutschmarks can be bought for delivery three months hence.

Fundamental A qualitative method of evaluating securities by attempting to measure the underlying value of a particular stock using traditional security analysis.

Growth at a Reasonable Price Style An investment style employed by investment managers who invest in companies which have superior growth prospects. However, security selection techniques try to identify those companies that are underpriced relative to other companies in the same industry or sector.

Growth Style An investment style employed by investment managers who invest in companies that have superior growth prospects. Generally, these companies have higher price to earnings and price to book ratios and lower dividend yields.

Health Services A sector classification which includes securities of firms that provide health related services or products.

Hedging Strategy used to offset investment risk.

High Yield Bonds rated BB (Ba) or lower by Standard & Poor's Corporation and Moody's Investor Service. High yield bonds are lower quality than investment grade bonds and have greater credit risk.

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Historical Beta Beta is a measure of a stock's (or portfolio) return volatility relative to the market (benchmark index). A beta of 1.00 means a stock has exhibited the same volatility as the market over the period measured. A beta of 0.85 means, in general, a stock is less volatile than the market (moves 0.85% for each 1.00% move in the market) where a beta of 1.15 means a stock is more volatile than the market (moves 1.15% for each 1.00% move in the market). An estimate of the historical beta of a portfolio is based on a simple linear regression of the portfolio returns.

Information Ratio A measure of the consistency of value added by an investment manager. Specifically, the information ratio is the average alpha divided by the variability of alpha.

Intermediate-Term Bond Bonds with a maturity between three and ten years.

Investment Grade Bonds rated BBB (Baa) or higher by Standard & Poor's Corporation and Moody's Investment Services. Investment grade bonds are higher quality than high yield bonds and have lower credit risk.

Kurtosis A measure of the relative peakedness or flatness of a distribution compared to the normal distribution. Positive kurtosis indicates a relatively peaked distribution. Negative kurtosis indicates a relatively flat distribution.

Limited Partnership An organization made up of a general partner, who manages a project, and limited partners, who invest money but have limited liability, are not involved in day-to-day management, and usually cannot lose more than their capital contribution. Typically, public limited partnerships are sold through brokerage firms, for minimum investments of \$5,000, whereas private limited partnerships are put together with fewer than 35 limited partners who invest more than \$20,000 each.

Local Currency The currency of the same country as a security or index.

Long-Term Bond A bond with a maturity of ten years or more.

Market Average Capitalization The average market (equity) capitalization of an aggregate portfolio of equity securities weighted by the proportion of each security to the total portfolio.

Market Timing A practice whereby a manager shifts between asset classes depending on the expected performance of each class. Can include timing between stocks and cash, or an unlimited number of asset classes. (See Tactical Asset Allocation.)

Maturity The date on which the principal or stated value of a bond becomes due and payable in full to the bondholder.

Maturity Structure The distribution of bonds in a portfolio across the maturity spectrum.

Maturity Structure - Actively Managed The portfolio's distribution of bonds by maturity will vary over time in order to benefit from temporary valuation differences among maturity ranges or expected shifts in the yield curve.

Maturity Structure - Laddered Bonds held in a portfolio are evenly distributed across the maturity spectrum.

Maturity Structure - Neutral The distribution of bonds by maturity in a portfolio is similar to the benchmark.

Median Market Capitalization The middle market value in a distribution of stock holdings.

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Mortgage-Backed Security A collateralized fixed income security in which a group of mortgages are pooled together and act as collateral for the issuance of the security. Depending on the specific structure of the security, some combination of principal and interest payments of the underlying mortgages are “passed through” to the security holder. Types of mortgages that serve as collateral include: level payment fixed rate mortgages, adjustable rate mortgages, balloon mortgages, and graduated payment mortgages. The majority of these securities are issued and/or guaranteed by government agencies such as GNMA (Government National Mortgage Association - “Ginnie Mae”), FNMA (Federal National Mortgage Association - “Fannie Mae”), and FHLMC (Federal Home Loan Mortgage Corporation - “Freddie Mac”). Only GNMA is an arm of the US government and as such, is backed by the full faith and credit of the US government. FNMA and FHLMC, which are government-sponsored entities, are generally recognized as AAA quality due to their close ties to the US government.

Municipal Bonds Bonds issued by a state or local government or one of its agencies to supplement tax revenues for use in operating or capital expenditures. These debt instruments come in one of two forms, general obligation bonds and revenue bonds. Typically these bonds are exempt from federal and sometimes state and local taxes.

Mutual Fund An investment fund in which the investment company raises money from shareholders and invests in stocks, bonds, options, futures, currencies, or money market securities. These funds offer investors the advantages of diversification and professional management.

Non-U.S. Dollar Bonds Bonds issued by foreign governments, corporations or other entities whose value is denominated in a currency other than the U.S. dollar. Non-U.S. dollar bonds incur currency risk to a U.S. based investor.

Peer Group A narrowly defined group of investment managers who use a similar investment style, such as value investment managers.

Percentile Rank Time-weighted rates of return are ranked against Mercer universes or peer groups. For example, an investment manager’s return may rank at the 20th percentile of a particular Mercer universe or peer group. This indicates that 80% of the investment managers in the sample had lower performance. The highest percentile rank is 1 and the lowest is 100. Bars in graphic displays are divided by percentiles with the top of each bar denoting the 5th percentile followed by lines for the 25th, 50th (median), 75th, and 95th percentiles.

Political Risk The probability that a company will be affected by political actions.

Portfolio Turnover Volume of shares traded as a percentage of total shares currently held in the portfolio during a given period of time.

Price to Book Ratio (P/B) The current price of a stock divided by its book value per share. For instance a stock selling for \$20 a share whose book value is \$5 per share has a P/B of 4.

Price to Earnings Ratio (P/E) The current price of a stock divided by its earnings per share. For instance, a stock selling for \$20 a share that earned \$2 per share in the last 12 months has a P/E ratio of 10. Mercer excludes companies with negative earnings in its calculation.

Quality Rating A measure of a bond issuer’s credit quality, or its ability to meet future contractual obligations. Two widely used bond rating systems are those of Moody’s Investor Service and Standard & Poor’s Corporation.

Quantitative A systematic method of evaluating securities using a model composed of ranking or rating tools.

Quartile Represents a range of twenty-five percent of the outcomes. A first quartile rank means that the manager performed in the top twenty-five percent of its peer group or universe.

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Return on Equity (ROE) An amount, expressed as a percentage, earned on a company's common stock investment for a given period of time. It is calculated by dividing net income for the accounting period by common stock equity (net worth) at the beginning of the period.

Return/Risk Comparison Analysis that presents the rate of return in relation to the volatility of those returns as measured by the annualized standard deviation of quarterly returns.

Sector Biased The portfolio tends to have a concentration in a particular sector or maintains sector weightings which are significantly greater than or less than those of the benchmark's overall market environments.

Sector Neutral The portfolio's allocation among sectors is similar to that of the market.

Sector Rotation A portfolio's sector distribution will vary over time according to perceived valuation differences among different sectors and sub-sectors.

Semi Standard Deviation A measure of the downside volatility of returns.

Separate Account A single portfolio managed for a client.

Short-Term Bond A bond with a maturity less than three years.

Skewness A measure of the degree of asymmetry of a distribution around its mean. Positive skewness indicates a distribution of excess return over the benchmark with an asymmetric tail extending towards more positive values. Negative skewness indicates a distribution of excess return over the benchmark with an asymmetric tail extending towards more negative values.

Spot Market Market for immediate delivery (as opposed to future delivery). In the spot market for foreign exchange, settlement is two business days ahead.

Spot Price The current market price.

Standard Deviation A measure of the dispersion of a set of numbers around the average. In a regression analysis (which assumes a normal distribution), 68% of the data points fall between 1 standard deviation below the average and 1 standard deviation above.) Standard deviation is frequently used as a measure of risk (see Return/Risk Comparison).

Strategic Asset Allocation An approach where an asset allocation policy is established for the long run and the portfolio is invested at that static mix.

Systematic Risk The component of return that is associated with the broad-based market. Systematic risk is the volatility of rates of return on stocks or portfolios associated with changes in rates of return on the market as a whole.

T-Statistic Used to measure statistical significance, a t-statistic is a standardized ratio which measures how significantly far apart two measures are. To calculate the t-statistic of excess returns versus a benchmark, three measures are required: the average quarterly excess return over the benchmark, the standard deviation of quarterly excess returns and the square root of the number of observations. Divide the average excess return by the standard deviation, then multiply this ratio by the square root of one less than the number of observations.

Tactical Asset Allocation An approach where the weighting to different asset classes is changed frequently - up to several times per year - as a function of the expected performance from each asset class in the short run (see Market Timing).

Target Index Return The return derived from a portfolio invested in benchmark indices and weighted according to policy asset allocation targets.

Technology A sector classification which includes securities of firms that provide technology related services or products.

Appendix B

Time-Weighted Rate of Return A rate of return calculation. The time-weighted method minimizes the impact of cash flows on rate of return calculations. Time-weighted returns are an appropriate measure of an investment manager's performance, since investment managers may not have direct control over the timing or amount of cash flows directed to them.

Top-Down A money management style which begins with an assessment of the economy as a whole.

Tracking Error A measure of how much a return series deviates from its benchmark. Mercer measures the tracking error by the annualized standard deviation of quarterly excess returns.

Transportation A sector classification which includes securities of firms that provide transportation related services or products.

Treasury Securities Bonds which are direct debt obligations of the U.S. government issued by the U.S. Treasury. Backed by the "full faith and credit" of the United States, these bond are considered among the safest of investments carrying AAA/Aaa ratings. Treasury Bills are short-term securities issued with three-month, six-month, and one-year maturities. Notes are intermediate-term obligations available in maturities of one to ten years. Bonds are long-term obligations with maturities greater than ten years.

Universe A broadly defined group of investment managers. For example, a group of equity investment managers.

Unsystematic Risk The variability not explained by general market movements.

Up Market A quarter in which the market return is positive.

Utilities A sector classification which includes securities of firms that own or operate facilities used for the generation, transmission, or distribution of electric energy. Utilities distribute electricity, gas and water to their customers. Utility stocks usually offer above-average dividend yields to investors, but less capital appreciation potential than growth stocks. Utility stocks are also very sensitive to the direction of interest rates. Rising interest rates tend to harm the value of utility shares because higher rates provide a more attractive alternative to investors. In addition, utilities tend to be heavy borrowers, so higher interest rates add to their borrowing costs. Conversely, falling interest rates tend to buoy the value of utility stocks because utility dividends look more attractive and because the companies' borrowing costs will be reduced.

Value Style An investment style employed by investment managers who invest in companies that appear to be undervalued relative to the market. Generally, these companies have lower price to earnings and price to book ratios and higher dividend yields.

Yankee Bonds A U.S. dollar-denominated bond issued by foreign banks and corporations in the U.S. market.

Yield Curve A graph showing the relationship between yield and maturity for a set of similar securities.

Yield to Maturity Internal rate of return on a bond bought at the current price and held to maturity. This assumes that coupon income is reinvested at the yield to maturity.

Yield to Worst The yield to maturity under the least desirable of all possible bond repayment patterns under the assumption that market yields are unchanged. If market yields are higher than the coupon, the yield to worst would assume no prepayment. If market yields are below the coupon, yield to worst would assume prepayment at the earliest call date.

Appendix C: Description of Indices

Equity Indices

American Stock Exchange

The American Stock Exchange Index (AMEX) contains issues of medium and smaller-sized companies, representing less than 5% of the market value of all U.S. stocks. The index represents all major industry groups and includes American Depository Receipts and warrants. The index is market value-weighted.

Dow Jones Industrial Average

The Dow Jones Industrial Average (DJIA) contains 30 actively traded blue-chip stocks. The 106-year-old average is the best-known U.S. stock average. The editors of the Wall Street Journal, which is owned by Dow Jones select the stocks. All but three of the stocks are listed on the New York Stock Exchange. In October of 1999, Microsoft Corp. and Intel Corp were the first NASDAQ Stock Market stocks to be included in the DJIA. The stocks are generally leaders in their industry. The DJIA purpose is to represent US listed equities, excluding transportation and utility stocks. The Dow is a price-weighted arithmetic average.

FTSE KLD 400 Social Index

The FTSE KLD 400 Social Index (KLD400) is a float-adjusted, market capitalization-weighted, common stock index of U.S. equities. Launched by KLD in May 1990, the KLD400 (formerly KLD's Domini 400 Social Index) is constructed using environmental, social and governance (ESG) factors. The Domini 400 Social Index was renamed the FTSE KLD 400 Social Index in July 2009. It is a widely recognized benchmark for measuring the impact of social and environmental screening on investment portfolios. The index consists of 400 U.S. stocks, which are screened on factors such as military contracting, alcohol and tobacco, gambling, nuclear power, environmental management and employee relations.

Appendix C

MSCI EAFE

The MSCI Europe, Australasia and the Far East (EAFE) Index is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada. The index is market value-weighted and calculated both with net and gross dividends reinvested. The index consists of approximately 1,000 securities from the following 21 countries:

Australia	Denmark	Germany	Ireland	Netherlands	Portugal	Sweden
Austria	Finland	Greece	Italy	New Zealand	Singapore	Switzerland
Belgium	France	Hong Kong	Japan	Norway	Spain	United Kingdom

MSCI EAFE (GDP-Weighted)

The MSCI Europe, Australasia and the Far East (EAFE) GDP-Weighted Index is designed to reflect the size of a country's economy rather than the size of its equity market, by using country weights based on a country's gross domestic product (GDP)..

MSCI Emerging Markets

The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. The index consists of the following 22 emerging markets country indices:

Brazil	Czech Republic	Indonesia	Mexico	Poland	Thailand
Chile	Egypt	Israel	Morocco	Russia	Turkey
China	Hungary	Korea	Peru	South Africa	
Colombia	India	Malaysia	Philippines	Taiwan	

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MSCI World Index

The MSCI World Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets. The index measures the performance of stock markets in the United States, Europe, Canada, Australia, New Zealand and the Far East, and with net and gross dividends reinvested.

Australia	Denmark	Greece	Japan	Portugal	Switzerland
Austria	Finland	Hong Kong	Netherlands	Singapore	United Kingdom
Belgium	France	Ireland	New Zealand	Spain	United States
Canada	Germany	Italy	Norway	Sweden	

NASDAQ Composite

The National Association of Securities Dealers, a network of brokers, sponsors the NASDAQ (National Association of Securities Dealers Automated Quotation system). It is often called the OTC (over-the-counter) market. Unlike the NYSE and AMEX, the OTC has no trading floor and no auction market. It is a dealer to dealer market that operates via an electronic network.

The NASDAQ Composite Index measures all NASDAQ domestic and non-U.S. based securities. The NASDAQ Composite includes over 3,000 issues. The composite is a market value-weighted index calculated on a total return basis including dividends. The index represents many small company stocks but is heavily influenced by about 100 of the largest NASDAQ issues.

NASDAQ 100

The NASDAQ 100 Index includes 100 of the largest domestic and international non-financial companies listed on The NASDAQ Stock Market based on market capitalization. The NASDAQ 100 Index is a modified capitalization-weighted index which is designed to limit domination of the index by a few large stocks while retaining the capitalization ranking of companies. To be eligible for inclusion in the index, a stock must have a minimum average daily trading volume of 200,000 shares. Component stocks are adjusted quarterly to reflect changes in market capitalization.

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New York Stock Exchange

The New York Stock Exchange Index (NYSE) is the largest equities marketplace in the world. It represents approximately 80% of the value of all publicly owned companies in America. The NYSE has the most stringent listing requirements of any stock exchange in the United States. Because of the Exchange listing requirements, the stocks tend to be larger, well established companies. The NYSE uses a specialist system of trading. The specialist brings buyers and sellers together on the Exchange floor and will buy or sell shares if there is an imbalance of orders. The index is market value-weighted and calculated on a total return basis with dividends re-invested.

Russell 1000

The Russell 1000 is intended to represent the universe of stocks in which most active equity managers invest. The index measures the performance of the 1,000 largest companies in the Russell 3000 Index, which represents approximately 92% of the total market capitalization of the Russell 3000 Index. The index is market value-weighted and restated annually based on May 31 market capitalization rankings.

Russell 1000 Growth

The Russell 1000 Growth Index is intended to be a benchmark for growth managers. The stocks are selected from the Russell 1000 Index, which currently contains approximately 1,000 of the largest U.S. equity stocks by market capitalization. The index includes those stocks, which have had high earnings per share growth rate, high dividends per share growth rate, high price earnings ratio, high price book ratio, and a low dividend yield relative to the market.

The Russell 1000 securities are ranked by adjusted book to price ratios and by the I/B/E/S (Institutional Brokers Estimate System) growth rate. These ranks are then normalized into common units and combined to arrive at a composite rank. A company's composite rank is then used to determine its probability of being growth or value.

Companies with probabilities of 100% growth are placed entirely in the growth index. Companies with probabilities of being partially growth and value are held in both indexes according to their probability, i.e., a company with an 80% probability of growth would have 80% of its available market cap in the growth index and 20% in the value index. Inception is 12/31/83.

Russell 1000 Value

The Russell 1000 Value Index is intended to be a benchmark for value managers. The securities are chosen from the Russell 1000 Index, which currently contains approximately 1,000 of the largest U.S. equity stocks by market capitalization. The index includes those stocks, which have a low price to book ratio, low price earnings ratio, high dividend yield and a low earnings per share growth rate.

The Russell 1000 securities are ranked by adjusted book to price ratios and by the I/B/E/S (Institutional Brokers Estimate System) growth rate. These ranks are then normalized into common units and combined to arrive at a composite rank. A company's composite rank is then used to determine its probability of being growth or value.

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Companies with probabilities of 100% value are placed entirely in the value index. Companies with probabilities of being partially growth and value are held in both indexes according to their probability, i.e., a company with an 80% probability of value would have 80% of its available market cap in the value index and 20% in the growth index. Inception is 12/31/83.

Russell 2000

The Russell 2000 is intended to be a small capitalization market proxy. The index currently consists of approximately the 2,000 smallest stocks in the Russell 3000, representing approximately 10% of the total U.S. equity market. The index is restated annually based on May 31 market capitalization rankings.

Russell 2000 Growth

The Russell 2000 Growth Index contains those Russell 2000 securities, which have a greater-than-average growth orientation. These securities generally have higher price-to-book and price-earnings ratios than those securities in the Russell 2000 Value Index.

The Russell 2000 securities are ranked by adjusted book to price ratios and by the I/B/E/S (Institutional Brokers Estimate System) growth rate. These ranks are then normalized into common units and combined to arrive at a composite rank. A company's composite rank is then used to determine its probability of being growth or value.

Companies with probabilities of 100% growth are placed entirely in the growth index. Companies with probabilities of being partially growth and value are held in both indexes according to their probability, i.e., a company with an 80% probability of growth would have 80% of its available market cap in the growth index and 20% in the value index. The index is restated annually based on May 31 market capitalization rankings. Inception is 12/31/83.

Russell 2000 Value

The Russell 2000 Value Index contains those Russell 2000 securities, which have a less-than-average growth orientation. These securities generally have lower price-to-book and price-earnings ratios than those securities in the Russell 2000 Growth Index.

The Russell 2000 securities are ranked by adjusted book to price ratios and by the I/B/E/S (Institutional Brokers Estimate System) growth rate. These ranks are then normalized into common units and combined to arrive at a composite rank. A company's composite rank is then used to determine its probability of being growth or value.

Companies with probabilities of 100% value are placed entirely in the value index. Companies with probabilities of being partially growth and value are held in both indexes according to their probability, i.e., a company with an 80% probability of value would have 80% of its available market cap in the value index and 20% in the growth index. The index is restated annually based on May 31 market capitalization rankings. Inception is 12/31/83.

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Russell 2500

The Russell 2500 Index measures the performance of the 2500 smallest companies in the Russell 3000 Index, which represents approximately 16% of the total market capitalization of the Russell 3000 Index.

Russell 3000

The Russell 3000 Index currently consists of the largest U.S. company stocks by market capitalization. The Russell 3000 represents approximately 99% of the investable U.S. equity market. The index is restated annually based on May 31 market capitalization rankings.

Russell Midcap

The Russell MidCap Index measures the performance of the 800 smallest companies in the Russell 1000 which represent approximately 35% of the total market capitalization of the Russell 1000 index.

S&P 500

The S&P 500 index contains a representative sample of common stocks that trade on the New York and American Stock Exchanges and some over-the-counter stocks. The index represents about 86% of the market value of all the issues traded on the NYSE.

The index does not contain the 500 largest stocks. It has many relatively small companies in it because it is constructed of industry groups. Standard and Poor's first identifies important industry categories and allocates a representative sample of stocks to each group. The companies chosen to be in the S&P 500 generally do have the largest market values within their industry group.

The industry categories are grouped into ten sectors: Consumer Discretionary, Consumer Staples, Energy, Financials, Health Care, Industrials, Information Technology, Materials, Telecommunication Services and Utilities. The index is weighted by market capitalization and calculated on a total return basis with dividends reinvested.

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S&P 500 Value & Growth

The S&P Value and Growth indices were developed by Standard and Poor's in conjunction with BARRA using a method developed by William F. Sharpe of Stanford University.

The stocks in the S&P 500 are ranked from the lowest to highest price-to-book ratios. Then, starting with the company with the lowest price-to-book ratio, the market capitalization of each company is added until 50% of the total market capitalization of the S&P 500 has been reached. Those companies, which fall into this group, constitute the S&P Value Index and the remaining companies comprise the S&P Growth Index.

Each index is capitalization-weighted and re-balanced semi-annually on January 1 and July 1. The indices are adjusted each month to reflect changes in the S&P 500. Companies, which are added to the S&P 500 are assigned to the Value or Growth Index, based on where their price-to-book ratio would have ranked at the most recent cut-off period.

S&P Midcap 400

The S&P MidCap 400 Index consists of 400 domestic stocks which are chosen by a committee at Standard & Poor's based on market capitalization, liquidity and industry group representation. The index is made up of companies listed on the NYSE, NASDAQ, and AMEX. None of the companies within the S&P MidCap overlap with those included in the S&P 500 index. The index is market value-weighted.

S&P Midcap Value & Growth

The S&P MidCap Value and Growth indices were developed by Standard and Poor's in conjunction with BARRA using a method developed by William F. Sharpe of Stanford University.

The stocks in the S&P MidCap 400 are ranked from the lowest to highest price-to-book ratios. Then, starting with the company with the lowest price-to-book ratio, the market capitalization of each company is added until 50% of the total market capitalization of the S&P 400 has been reached. Those companies, which fall into this group, constitute the S&P MidCap Value and the remaining companies comprise the S&P MidCap Growth Index.

Each index is capitalization-weighted and re-balanced semi-annually on January 1 and July 1. The indices are adjusted each month to reflect changes in the S&P MidCap 400. Companies which are added to the S&P MidCap 400 are assigned to the Value or Growth Index based on where their price-to-book ratio would have ranked at the most recent cut-off period.

S&P SmallCap 600

The S&P SmallCap 600 index is designed to be a benchmark of small capitalization stock performance and an investable portfolio for passive replication purposes. S&P began development of the index by surveying active and passive small cap managers, quantitative research analysts, academics and traders to determine a small cap market value definition.

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S&P converted this market capitalization range into percentiles of the entire stock market in order to account for fluctuations in performance over time. The \$600 million level converted into the 50th percentile and the \$80 million lower level became the 83rd percentile. This percentile range was used to select the index back history and is used to select future index constituents.

S&P applied the target percentile range to their Index Selection Database to create a small cap universe of 1,850 stocks. The following screens were then used to select the 600 companies: 1. Companies must trade on the New York, NASDAQ or American stock exchanges, 2. Companies must have a trading history of at least six months, 3. Stocks that do not trade on any three days during a 12-month period are removed, 4. Companies with stock prices below \$1.00 are removed, 5. Share turnover has to exceed 20% on an annualized basis, 6. Companies with 50% or more of the common shares owned by another corporation or 60% owned by insiders are removed, 7. Companies in bankruptcy or financial distress are eliminated, 8. Bid/Ask spreads calculated for 30 days must be 5% or less. The index was started on December 31, 1993, and a simulation for back history was used for returns back to January 1984.

Wilshire 4500

The Wilshire 4500 Index measures the performance of all small and midcap U.S. equities. It is constructed using the Wilshire 5000 with the companies in the S&P 500 Composite excluded. The Wilshire 4500 is a misnomer, there are actually over 5,000 companies in the index. ADRs are excluded from the index. The Wilshire 4500 exchange distribution by market value is 35% NASDAQ, 63% NYSE and 2% AMEX.

Wilshire 5000

The Wilshire 5000 Equity Index was created by Wilshire Associates in 1974 and has historical data back to December 1970. The index measures the performance of all U.S. headquartered equity securities with readily available price data. The Wilshire 5000 is a misnomer, there are actually over 7,000 stocks in the Index. The Wilshire 5000 exchange distribution by market value is 80% NYSE, 20% NASDAQ, and 1% AMEX. Non-domiciled US stocks, foreign issues and ADRs are excluded from the index. The index is computed on both an equal-weighted and value-weighted basis.

Fixed Income Indices

Barclays Capital Global Aggregate

The Barclays Capital Global Aggregate Index provides a broad-based measure of the global investment-grade fixed income markets. The three major components of this index are the U.S. Aggregate Index, the Pan-European Index and the Asian-Pacific Aggregate Index. The index also includes Eurodollar and Euro-Yen corporate bonds, Canadian government, agency and corporate securities, and USD investment grade 144A securities. All issues must be fixed rate, nonconvertible and have at least one year remaining to maturity.

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Barclays Capital Global Treasury

The Barclays Capital Global Treasury Index covers local currency-denominated debt of 30 countries. All issues must be fixed rate, nonconvertible and have at least one year remaining to maturity.

Barclays Capital U.S. Aggregate

The Barclays Capital U.S. Aggregate Index covers the U.S. investment-grade, fixed-rate bond market and includes government and corporate bonds, agency mortgage pass-through securities, asset-backed issues, and ERISA-qualified CMBS. Price, coupon and total return are reported on a month-end to month-end basis. All returns are market value-weighted inclusive of accrued income.

Barclays Capital U.S. Intermediate Aggregate

The Barclays Capital U.S. Intermediate Aggregate Index consists of those bonds in the Government and Corporate Bond Indexes which have a maturity between one and ten years, and all Mortgage-Backed Securities and all Asset-Backed Securities within the Aggregate Index (i.e. the Aggregate Index less the Long Government/Corporate Index). The index was created to provide a broad based benchmark with a shorter duration than the Aggregate Index.

Price, coupon and total return are reported on a month-end to month-end basis. All returns are market value-weighted inclusive of accrued income.

Barclays Capital U.S. Agency

The Barclays Capital U.S. Agency Bond Index consists of all publicly issued debt of the U.S. Government, quasi-federal corporations and corporate debt guaranteed by the U.S. Government with a minimum outstanding of \$250 million. Price, coupon and total return are reported on a month-end to month-end basis. All returns are market value weighted inclusive of accrued interest.

Barclays Capital U.S. Credit

The Barclays Capital U.S. Credit Bond Index includes bonds issued by both U.S. and Non-U.S. corporations. To qualify all bonds must be SEC registered.

The Credit Index is subdivided into pure corporate (industrial, utility, and finance, including both U.S and Non U.S. corporations) and non-corporates (sovereign, supranational, foreign agencies, and foreign local governments). The first the sectors are composed of all publicly issued, non-convertible, investment grade domestic corporate debt. Issues must have a minimum rating of Baa by Moody's Investor Service, BBB by Standard and Poor's Corporation or BBB by Fitch Investor Services. Collateralized Mortgage Obligations (CMO's) and Asset-Backed securities are not included. All issues must have a maturity of at least one year and a par amount outstanding of at least \$250 million. Price, coupon and total return are reported on a month-end to month-end basis. All returns are market value weighted inclusive of accrued interest.

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Barclays Capital U.S. Government Bond

The Barclays Capital U.S. Government Bond Index is made up of the Treasury Bond Index and the Agency Bond Index. The Treasury index consists of all publicly issued domestic debt of the US Government with maturity greater than one year. Flower bonds, targeted investor notes (TINs), and state and local government series are excluded. U.S. agency debt issues include both callable and noncallable securities. The Agency index includes publicly issued debt of U.S. Government agencies, quasi-federal corporations, and corporate or foreign debt guaranteed by the U.S. Government. Global issues associated with the World Bank are included. The largest issuers are Fannie Mae, the Resolution Trust Funding Corporation (REFCORP) and the Federal Home Loan Bank System (FHLB). All issues must have an outstanding par value of at least \$250 million and a maturity of at least one year. Price, coupon and total return are reported for all sectors on a month-end to month-end basis. All returns are market value-weighted inclusive of accrued interest. The index is rebalanced monthly by market capitalization.

Barclays Capital U.S. 1-3 Year Government

The Barclays Capital U.S. 1-3 Year Government Index consists of those issues within the Government Bond Index which have a maturity greater than or equal to one year and less than or equal to three years. When an issue no longer meets the maturity criterion it is dropped from the index. All issues must have an outstanding par value greater than \$250 million.

Barclays Capital U.S. Government /Credit

The Barclays Capital U.S. Government/Credit Bond Index combines the U.S. Government and U.S Credit Bond Indices.

Barclays Capital U.S. Long Government/Credit

The Barclays Capital U.S. Long Government/Credit Index consists of those issues within the U.S. Government/Credit Index which have a maturity greater than ten years. Price, coupon and total return are reported on a month-end to month-end basis. All returns are market value weighted inclusive of accrued interest.

Barclays Capital U.S. High Yield

The Barclays Capital U.S. High Yield Bond Index covers fixed rate, publicly issued, below investment-grade debt registered with the SEC. Eurobonds and debt issues from countries designated as emerging markets (e.g., Argentina, Brazil, Venezuela, etc.) are excluded, but Canadian and global bonds (SEC registered) of issuers in non-EMG countries are included. Original issue zeroes, step-up coupon structures, 144-As and pay-in-kind bonds (PIKs, as of October 1, 2009) are also included. The bonds must be dollar denominated and nonconvertible, have at least one year remaining to maturity and an outstanding par value of at least \$150 million. The bonds must be rated high-yield (Ba1/BB+ or lower) by at least two of the following ratings agencies: Moody's, S&P, Fitch. If only two of the three agencies rate the security, the lower rating is used to determine index eligibility. If only one of the three agencies rates a security, the rating must be high-yield. A small number of unrated bonds are included in the index; to be eligible they must have previously held a high yield rating or have been associated with a high yield issuer, and must trade accordingly.

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Barclays Capital U.S. Mortgage Backed

The Barclays Capital U.S. Mortgage Backed Securities Index is composed of all 15- and 30-year fixed rate security issues backed by mortgage pools of the Government National Mortgage Association (GNMA), the Federal National Mortgage Association (FNMA), and the Federal Home Loan Mortgage Corporation (FHLMC).

Balloon securities are included in the index. The index excludes graduated payment mortgages (GPMs), buydowns, graduated equity mortgages (GEMs), project loans and manufactured homes (GNMA). Non-agency (whole loan) jumbo and 20-year securities are also excluded. The MBS universe groups over 600,000 individual fixed rate MBS pools into approximately 3,500 generic aggregates. To qualify for inclusion in the index, the aggregate must have a weighted average maturity (WAM) of at least one year and a minimum \$250 million par amount outstanding.

Barclays Capital U.S. Treasury Bond

The Barclays Capital U.S. Treasury Bond Index consists of all public obligations of the U.S. Treasury, including inflation-indexed securities. The index excludes flower bonds and foreign-targeted issues. All issues must have at least one year to maturity and a minimum amount outstanding of \$250 million. Price, coupon and total return are reported on a month-end to month-end basis. All returns are market value-weighted inclusive of accrued interest.

Barclays Capital U.S. Treasury Inflation Protected Securities (TIPS)

The Barclays Capital U.S. Treasury Inflation Protected Securities (TIPS) Index measures the performance of inflation-protected bonds issued by the U.S. Treasury. The rules for inclusion in the index are as follows:

All bonds must be a U.S. Treasury Inflation Note.

The minimum amount outstanding is \$250 million.

All bonds must be dollar denominated and non-convertible.

All bonds must have more than 1 year to maturity.

Barclays Capital U.S. Universal

The Barclays Capital U.S. Universal Index consists of the Aggregate Index, plus dollar-denominated Eurobonds (Eurodollar Index), 144A Index, Non-ERISA CMBS Index, High Yield CMBS Index, US High-Yield Corporate Index, and dollar-denominated Emerging Markets Index. The Universal Index was designed to capture the entire portfolio management choice set of fixed-income securities issued in US Dollars.

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BofA Merrill Lynch Corporate 1-3 Year

The BofA Merrill Lynch 1-3 Year Corporate Bond Index consists of all those issues in the Corporate Master Index with a maturity greater than or equal to one year and less than or equal to three years. When an issue no longer meets the maturity criterion it is dropped from the index.

BofA Merrill Lynch High Yield Master

The BofA Merrill Lynch High Yield Master Index consists of U.S. domestic and Yankee bonds which are rated less than BBB by Standard and Poor's or Baa by Moody's Investors Service but which are not in default (DDD1 or less). The issues must be publicly traded, nonconvertible and have a fixed coupon schedule. The issues must have a minimum maturity of 1 year and a par amount outstanding of at least \$100 million at the start and close of the performance measurement period. The index excludes private placements, Title II securities, equipment trust certificates, inflation linked securities, convertible bonds, deferred interest (DIB) and pay-in-kind (PIK) bonds.

BofA Merrill Lynch 1-3 Year Treasury

The BofA Merrill Lynch 1-3 Year Treasury Index consists of those issues within the Treasury Master Index which have a maturity greater than or equal to one year and less than or equal to three years. When an issue no longer meets the maturity criterion it is dropped from the index.

Citigroup 3-Month Treasury Bill

The Citigroup 3-Month Treasury Bill Index is a monthly return equivalent of yield averages which are not marked to market. The calculation methodology is as follows: 1. Obtain discount yields for current month-end and two previous month-end dates. For example the January return requires the rates at the end of January, December and November. 2. Convert the discount rates to bond-equivalent yields. 3. Compute the simple average of the bond-equivalent yields. 4. Decompound to a monthly frequency using the actual number of days in the month in a 365-day year. Inception is 12/31/77.

Citigroup Broad Investment Grade

The Citigroup Broad Investment Grade (BIG) Bond Index measures the monthly total rate-of-return performance of the investment-grade universe of bonds issued in the United States. The BIG index includes institutionally traded U.S. Treasury (excluding inflation-indexed securities), Government-sponsored (agency and supranational), mortgage and credit (corporate) securities. For inclusion in the index, all issues must have fixed coupon rate and a minimum maturity of one year. Each issue is individually Citigroup trader priced on the bid side at month-end.

U. S. Treasury issues and mortgage pass-throughs have a required entry and exit minimum amount outstanding of \$1 billion. Credit and Government-sponsored securities must have a minimum amount outstanding of \$100 million to be included in the index and are dropped from the index if the amount outstanding falls below \$75 million. Credit bonds must be rated BBB-/Baa3 or better by either S&P or Moody's.

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The index is market value-weighted. Total returns include price change, principal payments, coupon payments, accrued income and reinvestment income on intra-money cash flows. Coupon interest is put into 30-day T-bills until month-end when it is re-invested in the same issues. The index is re-weighted monthly. The inception date is December 31, 1979.

Citigroup High-Yield Cash-Pay

The Citigroup High-Yield Cash-Pay Index measures the performance of below investment-grade bonds issued in the United States. All of the bonds are publicly placed, have a fixed coupon and are nonconvertible. For inclusion in the index, an issue must have a minimum maturity of 1 year and a minimum amount outstanding of \$100 million. The maximum quality rating allowed is BB+/Ba1 by either S&P or Moody's. The index includes only cash-pay bonds. Deferred-interest and issues are excluded. The inception date is December 31, 1988.

Citigroup High-Yield Market

The Citigroup High-Yield Market Index captures performance of below investment-grade corporate bonds issued in the United States. All the bonds are publicly placed, have a fixed coupon and are nonconvertible. For inclusion in the index, an issue must have minimum maturity of 1 year, a minimum amount outstanding of \$100 million per issue when the issuer has a minimum of US\$400 million total outstanding debt that qualifies for inclusion, or US\$200 million minimum outstanding per issue when the issuer does not meet the US\$400 million minimum.. The maximum quality rating allowed is BB+/Ba1 by both S&P and Moody's. The index includes cash-pay and deferred-interest bonds. Defaulted issues are excluded. When an issuer misses or expects to miss an interest payment, or enters into Chapter 11, the corresponding bonds exit the index at month end, reflecting the loss of the coupon payment or accrued interest. The index inception date is December 31, 1988.

Citigroup High-Yield Market 7+ Year Index (formerly Composite High Yield)

The Citigroup High-Yield Market 7+ Year Index measures the performance of below investment-grade bonds issued in the United States. All of the bonds are publicly placed, have a fixed coupon and are nonconvertible. For inclusion in the index, an issue must have a minimum maturity of 7 years and a minimum amount outstanding of \$100 million. The maximum quality rating allowed is BB+/Ba1 by either S&P or Moody's. The index includes cash-pay and deferred-interest bonds. Defaulted issues are excluded. The inception date is December 31, 1984.

Citigroup World Government Bond

The Citigroup World Government Bond Index is designed to provide a measure of performance of fixed-rate securities in the world government bond market. Country eligibility is determined based on market capitalization and inevitability criteria. A market's eligible issues must total at least US\$20 billion, DM30 billion, and 2.5 trillion for three consecutive months for the market to be considered eligible for inclusion.

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The index includes only Sovereign debt issued in each domestic market in the local currency. Foreign and Eurobonds are excluded from the index. Government securities that are floating- or variable-rate bonds, securities aimed principally at non-institutional investors or private placement-type securities are also excluded from the index. All issues must have a maturity of at least 1 year. The minimum amount outstanding required for index inclusion varies by each country since a local currency standard is used to determine eligibility. In the United States, the required minimum for each issue is \$5 billion public amount outstanding. The returns are calculated monthly in local currency, U.S. dollar terms and in non-base currency for each country and on a combined basis. The index is also available on a hedged-basis.

The index includes bonds from the following 23 countries: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Japan, Malaysia, Netherlands, Norway, Poland, Portugal, Singapore, Spain, Sweden, Switzerland, United Kingdom, and United States

Citigroup World Government Bond (Currency-Hedged)

The Citigroup World Government Bond (Currency-Hedged) Index is designed to provide a measure of performance of fixed-rate securities in the world government bond market. The index includes only Sovereign debt issued in the domestic market in local currency. Foreign and Eurobonds are excluded from the index. Government securities that are floating- or variable-rate bonds, securities aimed principally at non-institutional investors or private placement-type securities are also excluded from the index. All issues must have a maturity of at least 1 year.

The minimum amount outstanding required for index inclusion varies by each country since a local currency standard is used to determine eligibility. In the United States, the required minimum outstanding is \$5 billion. The returns are calculated by using a rolling one-month forward exchange contract as a hedging instrument.

The index includes bonds from the following 23 countries: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Japan, Malaysia, Netherlands, Norway, Poland, Portugal, Singapore, Spain, Sweden, Switzerland, United Kingdom, and United States

CS First Boston High Yield

The CS First Boston High Yield Index is constructed to mirror the public high yield debt market. Issues must be BB rated by either Moody's or Standard and Poor's (Split BBB rated securities are included). New issues with par amounts greater than \$75 million are automatically added to the index at the time of issuance. There are no more than two issues of any one issuer. Fallen Angels with market values greater than \$75 million are added to the index three months after being downgraded. Defaulted issues are included after a company misses an interest and/or principal payment and defaults on its obligation, or when one or both Moody's and/or Standard and Poor's issue a D rating on an issue.

U.S. 91 Day Treasury Bill

The U.S. 91 Day Treasury Bill Index is based on the monthly auction average yield of the 91-Day Treasury Bill reported in the Federal Reserve Bulletin.

Appendix C

Real Estate Indices

FTSE NAREIT Equity Index

The FTSE NAREIT Equity Index is designed to provide the most comprehensive assessment of overall REIT industry performance, and includes all tax-qualified REITs with common shares that trade on the New York Stock Exchange, the American Stock Exchange or the NASDAQ National Market List. Companies with shares that trade on the NASDAQ Small Cap List or that trade over the counter are not included.

NCREIF Property Index

The National Council of Real Estate Investment Fiduciaries (NCREIF) and the Frank Russell Company NCREIF jointly developed the NCREIF Property Index. NCREIF is a non-profit association, which represents the institutional real estate industry. The NCREIF contributors include banks, insurance companies and independent advisors. Beginning with the first quarter of 1995, NCREIF has produced the index entirely on its own.

The purpose of the index is to serve as a benchmark for performance measurement of real estate owned by tax-exempt institutions and held in a fiduciary environment. The index tracks the income, appreciation and total return for a portfolio of unleveraged, institutional quality property. Sub-indices track the performance of five different property types (office, retail, industrial, hotel and apartment) within four geographical areas (east, west, south and midwest).

The property in the index must be investment grade, non- agricultural, income-producing property. Developmental property is excluded. Qualifying properties are added to the database quarterly. Properties, which are sold, are deleted during the quarter in which the sale takes place (historical data remains). Returns are calculated quarterly on a pre-management fee basis. Each property return is weighted by its market value. The property market value is determined by real estate appraisal methodology, consistently applied.

Other Indices

Consumer Price Index (CPI-U)

The Consumer Price Index (CPI-U) is published by the United States Department of Labor, Bureau of Labor Statistics. The index measures the average change in prices over time of a fixed basket of goods and services. The CPI-U calculates this price change for all urban consumers.

All urban consumers is defined as all wage earners, clerical workers, professional, managerial and technical workers, the self-employed, short-term workers, the unemployed, retirees and others not in the labor force. The index does not include persons in the military services, institutions or people outside the urban area. The CPI-U covers approximately 80% of the total non-institutional civilian population.

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The Consumer Price Index (CPI-U) is based on prices of food, clothing, shelter, fuels, transportation fares, medical fees drugs, and other day-to-day living expenses. Prices are collected in 88 urban areas across the United States from about 57,000 housing units and 19,000 department stores, supermarkets, hospitals, gas stations and other stores and service establishments.

The manner by which the index is created by calculating price changes of the various items in each location. These price changes are averaged together with weights, which represent the importance in the spending of the appropriate population group. The local data is then combined to obtain the U.S. city average.



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