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City of Los Angeles

City of Los Angeles Deferred Compensation Plan

Defined Contribution Performance Evaluation

First Quarter 2014

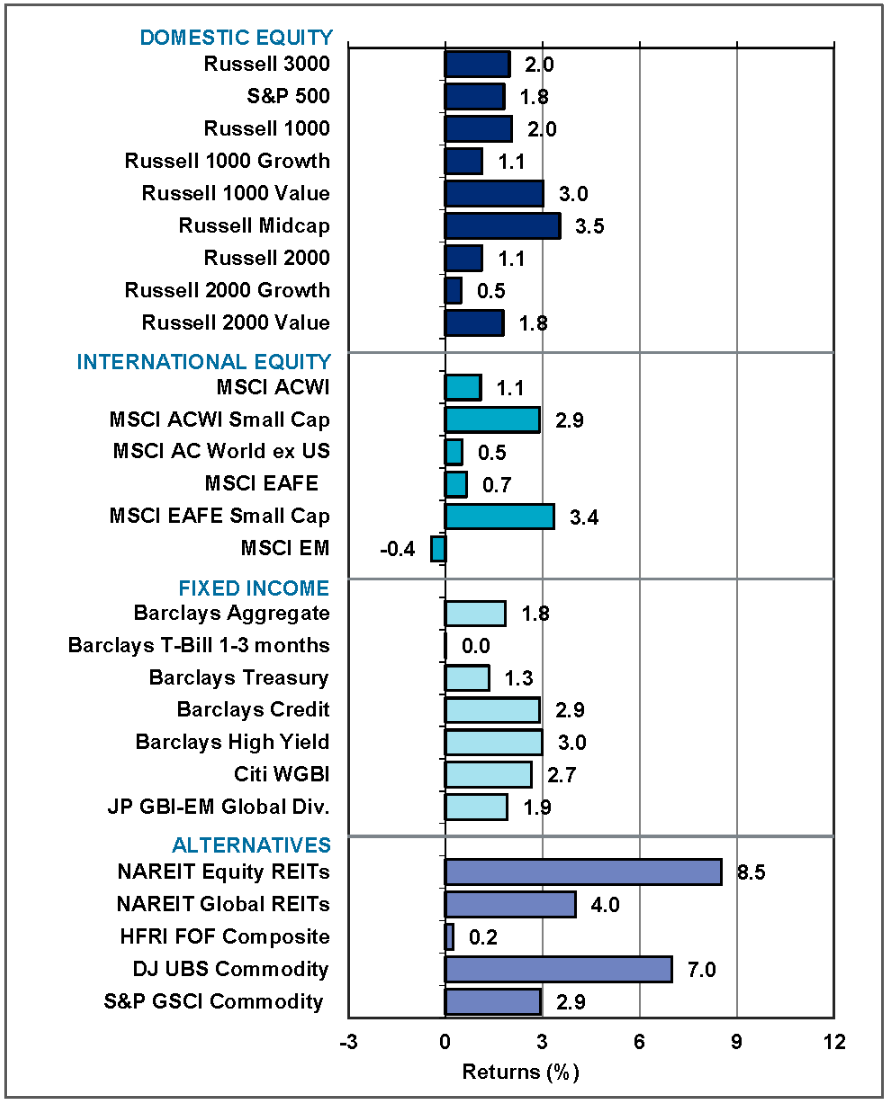
Services provided by Mercer Investment Consulting, Inc.

MARSH & McLENNAN COMPANIES

Contents

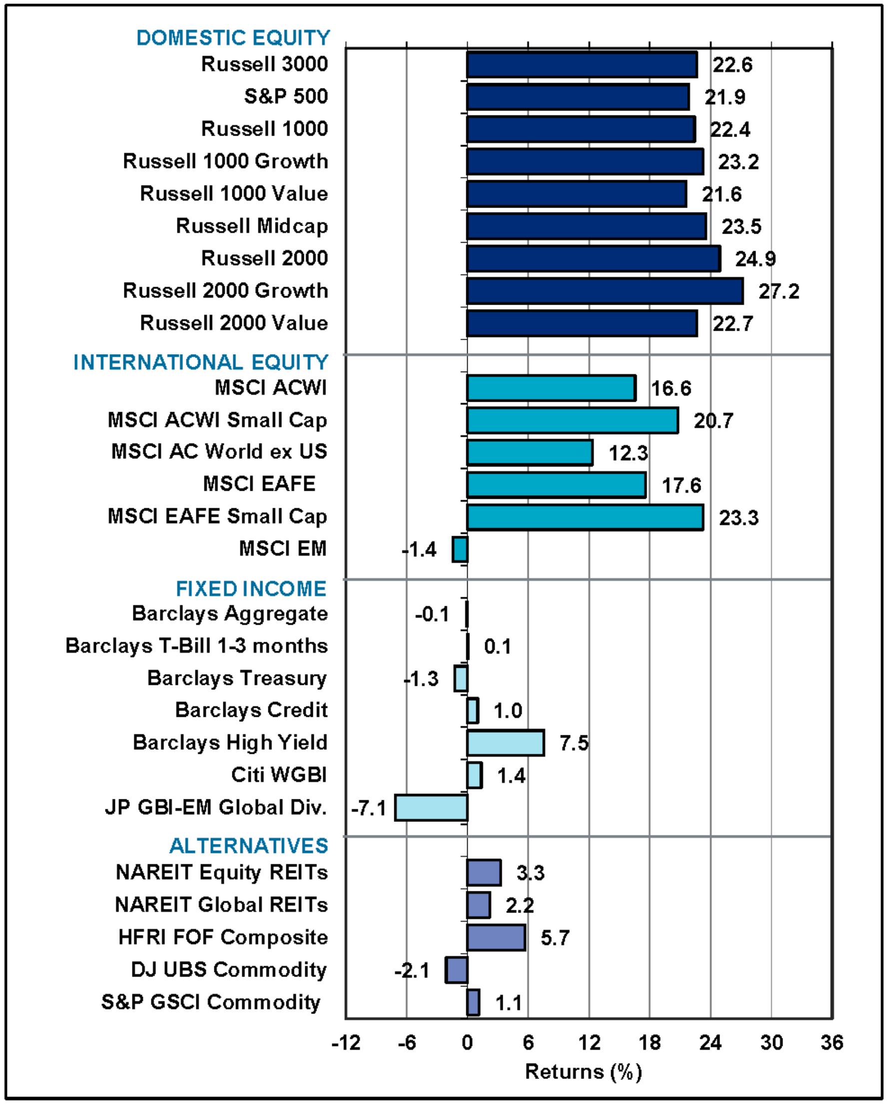
Performance Summary: Quarter in Review

Market Performance
First Quarter 2014



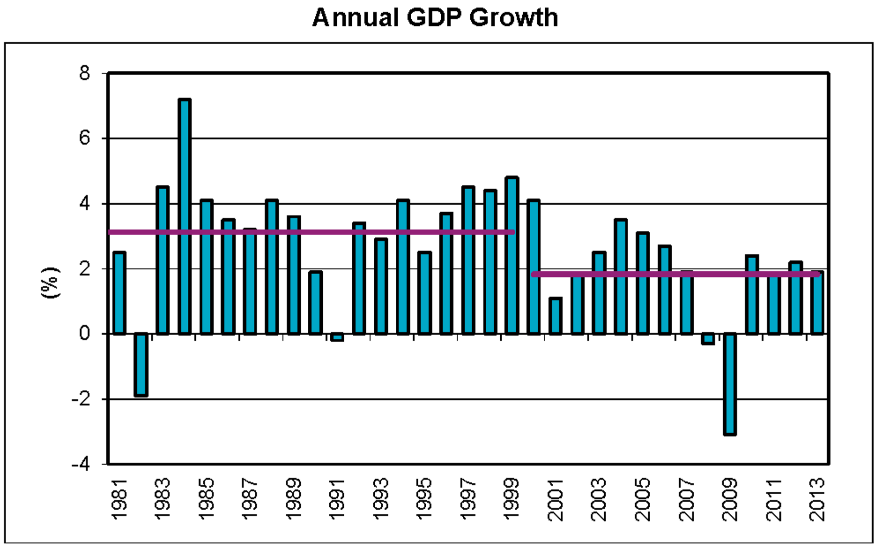
Source: Standard & Poor's, Russell, MSCI Barra, NAREIT, Bloomberg

Market Performance
1 Year

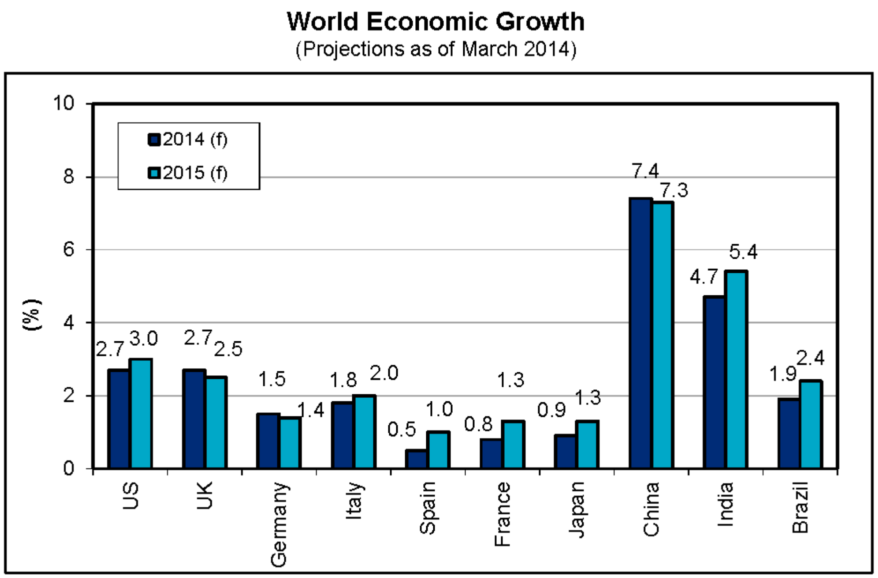


Source: Standard & Poor's, Russell, MSCI Barra, NAREIT, Bloomberg

Macro Environment: Economic Review



Source: Bureau of Economic Analysis

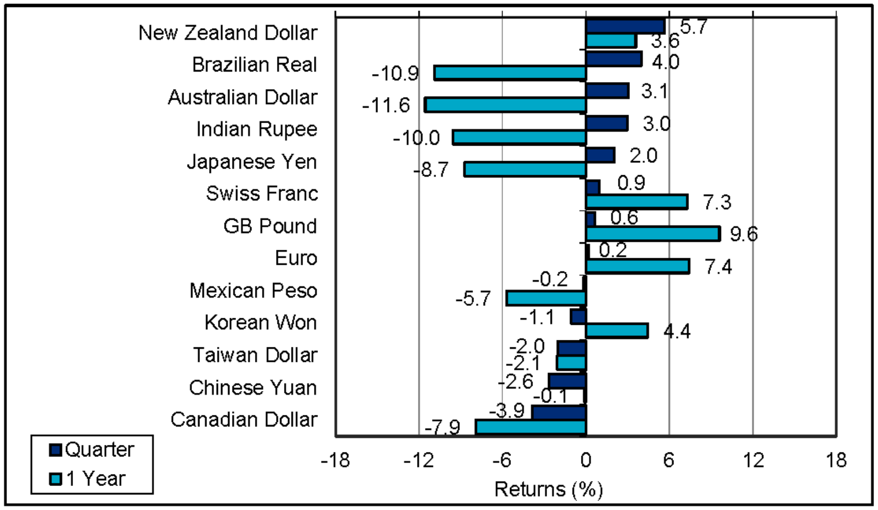


Source: Bloomberg

- The outlook for the developed world economy remains positive and the IMF projects advanced economies will expand 2.2% in 2014, an improvement from the 1.5% average from 2011 to 2013.
- The Eurozone should benefit from a lower fiscal drag, reduced imbalances, and an easing of financial conditions. Despite persistently low inflation and a strong euro, monetary policy in the Eurozone has been far less accommodative than in other regions. The potential remains for the ECB to take more aggressive action, and relative monetary policy should become easier over the next several years as short-term interest rates in the US rise while rates in the Eurozone remain near 0%. In Japan, GDP growth is expected to slow to 1.5% in 2014 and 1.4% in 2015 as an increase in consumption taxes weighs on growth. Inflation is expected to temporarily rise to 2.8% this year, the highest level since 1991, but is expected to fall short of the BOJ's target in future years absent further declines in the yen. While monetary policy is expected to remain accommodative, the secular growth outlook for Japan is dependent on additional structural reform.
- Growth in emerging market countries remains challenged, reflecting tighter financial conditions and structural issues. While currency declines and improved developed world growth has the potential to lift exports, the IMF projects that EM economies will expand just 4.9% this year. Several countries continue to suffer from gaping current account deficits and elevated inflation, suggesting that monetary policy may need to tighten further, which is likely to further reduce growth. However, the risk of a 1997-style panic appears low. Public and private debt levels are generally low and currency reserves exceed 2014 external financing requirements in most large EM countries. One potential catalyst for further downside risk could be China. While bad loans are likely to rise, China has the ability to loosen monetary policy and recapitalize the banking system. Additionally, China is not dependent on capital inflows and from a longer-term perspective reducing debt growth should help rebalance the economy. The secular growth outlook for EM economies is more positive if countries can implement productivity-enhancing reforms.

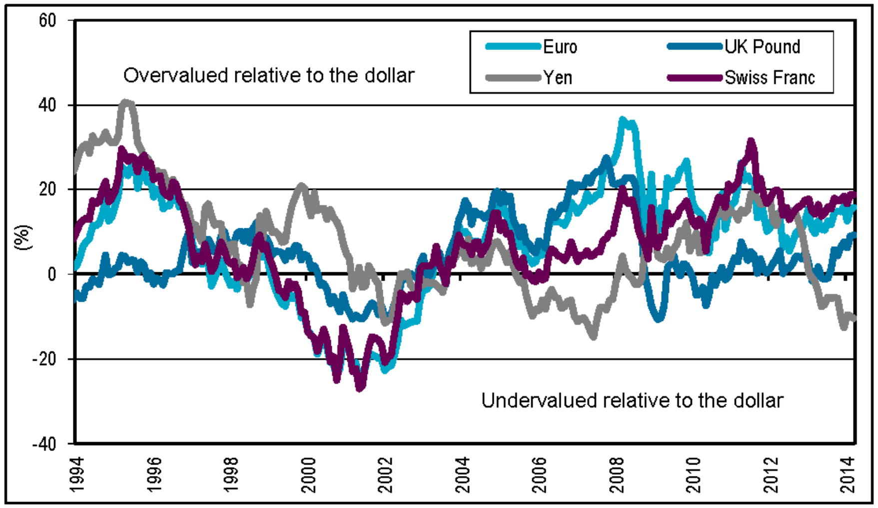
Macro Environment: Currencies

Performance of Foreign Currencies versus the US Dollar



Source: Bloomberg

Currency Valuation versus US Dollar (Based on Relative PPP)

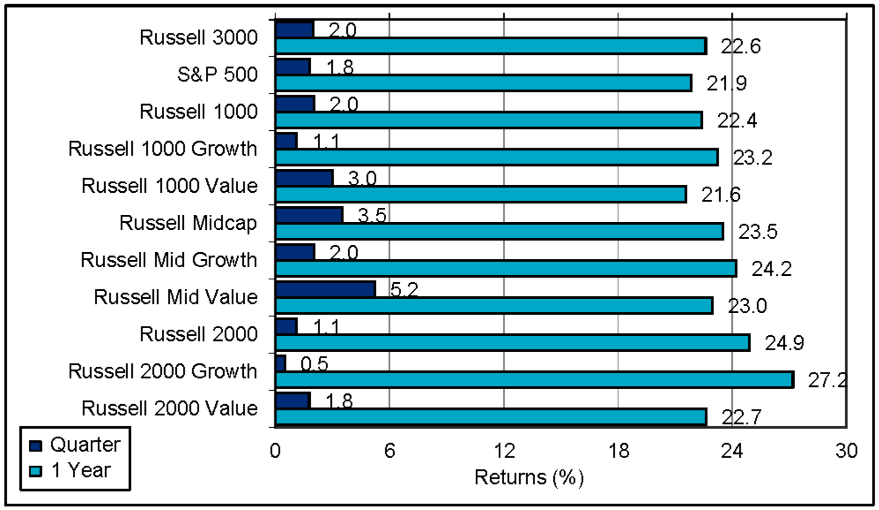


Source: Bloomberg

- On a trade-weighted basis, the US dollar appreciated 0.5% in the first quarter. The yen and euro advanced by 2.0% and 0.2% against the dollar, respectively, while emerging market and commodity sensitive currencies were mixed. Notably, the Chinese yuan depreciated by 2.6% as China managed the currency's exchange rate lower.
- The dollar is likely to trend upward against developed currencies over the next few years. The relative health of the US economy is a positive for the buck and suggests the Fed will implement tighter monetary policies than other central banks. QE3 is on track to end in fall 2014 and the Fed will likely raise its policy rates ahead of others. Finally, the dollar remains cheap against most currencies on relative purchasing power parity (PPP). A negative for the dollar is that the US continues to run a current account deficit, although it is improving due to falling energy imports.
- The yen trades at a discount to the dollar on relative PPP; however, the BOJ is likely to remain aggressive in expanding its balance sheet to fight deflation. While a short-term reversal is possible due to the high number of speculative yen shorts, the currency is likely to continue its decline over the intermediate-term.
- The euro has strengthened by 15% against the USD over the past 20 months and appears rich against the dollar on relative PPP, trading at a premium of 16%. This makes it more difficult for the periphery to recover. The ECB may take more aggressive actions to support growth and fight deflation, which could weaken the euro against the dollar.
- EM currencies continued to decline in the first quarter. While further currency losses are a short-term risk, especially for economies with current account deficits, we expect volatility to moderate because US rate increases are likely to be more gradual. Over the long-term, we expect real exchange rates to appreciate due to higher economic growth.

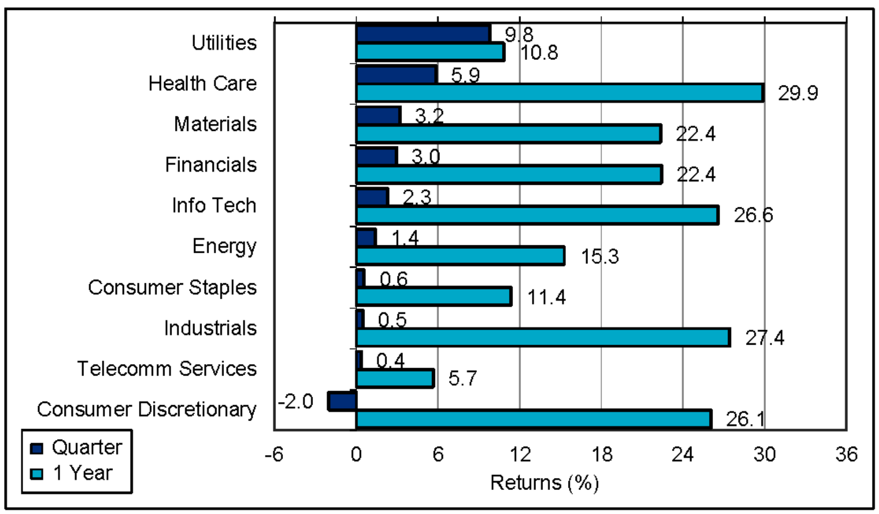
Asset Class: US Equities – Style, Sector, Cap Performance

Style and Capitalization Market Performance



Source: Standard & Poor's, Russell, Bloomberg

Sector Performance



Source: Russell 1000 GICs Sector

Broad Market

- Stocks rose modestly in the first quarter, benefiting from a stable macro environment. The Russell 3000 Index increased 2.0% and is up 22.6% over the last 12 months. US markets outperformed international developed and emerging markets by 130 and 240 basis points, respectively, for the quarter.

Market Cap

- **Large Caps:** The S&P 500 Index rose 1.8% in the first quarter. Large cap stocks lagged mid cap by 170 basis points, but outperformed small cap stocks by 70 basis points.
- **Mid Caps:** The Russell Midcap Index advanced 3.5% in the first quarter, outperforming the Russell 3000 index by 150 basis points.
- **Small Caps:** Small cap stocks underperformed large and mid cap stocks as the Russell 2000 Index rose 1.1% in the first quarter.

Style

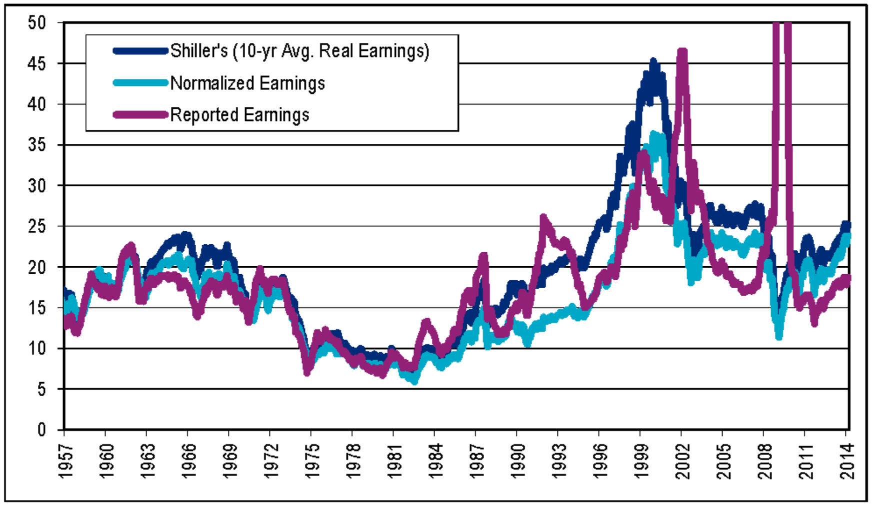
- **Value vs. Growth:** Value stocks surpassed growth across all capitalizations in the first quarter. Mid cap value was the best performing style, gaining 5.2%. Small cap growth struggled, losing 2.5% in March and finishing the quarter up only 0.5%.

Sector

- The consumer discretionary sector struggled in the first quarter, losing 2.0%. The telecommunication services, industrials, consumer staples, and energy sectors also lagged the broad market. The utilities and health care sectors were the best performers, returning 9.8% and 5.9%, respectively.

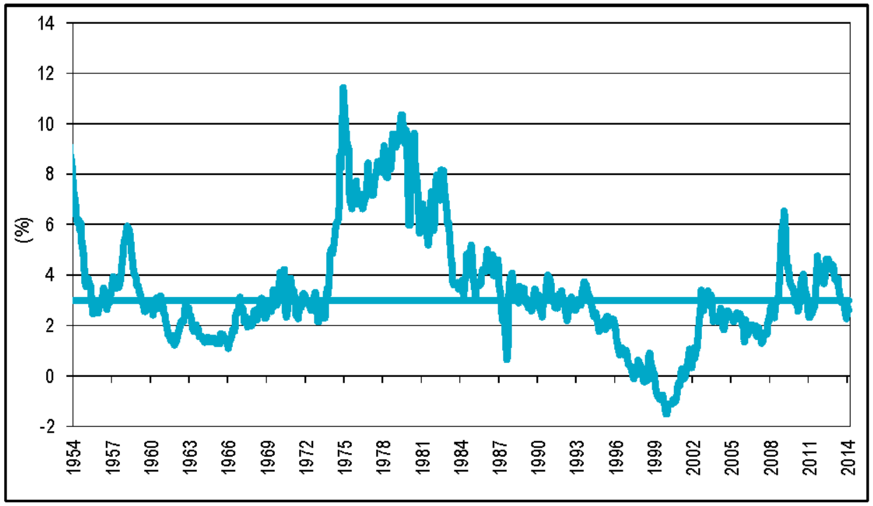
Asset Class: US Equities – Valuation Review

S&P500 – P/E Ratio



Source: S&P, Bloomberg, Mercer

S&P500 – Estimated Equity Risk Premium[1]
Versus Long-Term Treasuries



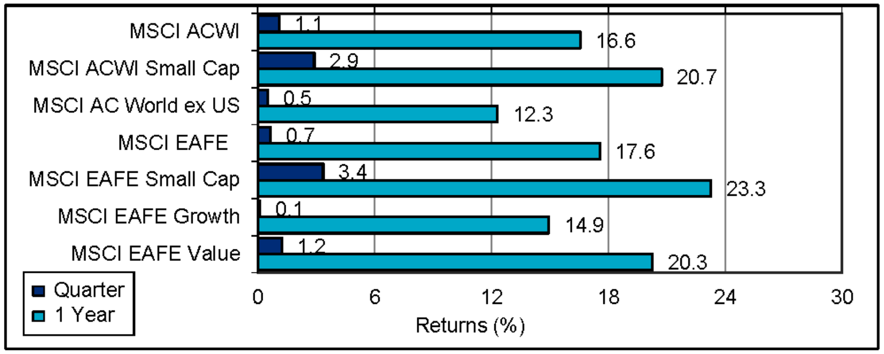
Source: S&P, Bloomberg, Mercer

- Valuations were relatively unchanged during the quarter as earnings growth offset price gains. The P/E ratio on trailing earnings moved from 18.5 to 18.7, which is above the 17.2 median since 1956. Valuations remain high based on measures that adjust for record high profit margins. The P/E ratio based on normalized earnings stood at 23.8, 43% above the historical median of 16.7 (since 1956), while the P/E based on average 10-year real earnings (Shiller's methodology) finished the quarter at 25.1, compared to a median of 19.0 (since 1956).
- For the first quarter, EPS is expected to decline year over year. Analysts expect double digit earnings growth in the second half of the year and 8.5% growth for 2014, but this could prove overly optimistic since there is little room for improvement in profit margins.
- Several dynamics are in place that could put downward pressure on margins over the long-term. Wages are now increasing marginally faster than productivity growth and as more of the slack in the labor market is absorbed, there could be upward pressure on wages. However, a return to "normal" could take many years. As a result, profit margins are likely to stay elevated over the near-term.
- While elevated in absolute terms, valuations look reasonable against bonds. We estimate that the equity risk premium over long-term Treasuries increased from 2.3% to 2.6% during the first quarter, moving closer to the historical median of 3%. We expect stocks will outperform bonds, but current valuations suggest long-term returns will be below normal, especially if profit margins get squeezed as we expect.

[1] Definitions:
Shiller's P/E= Current S&P 500 price/average 10-year real earnings
Normalized P/E= Current S&P 500 price/(current trailing twelve month sales * 6.6% profit margin)
Equity Risk Premium= Earnings yield (1/PE) minus the real yield on long-term Treasuries

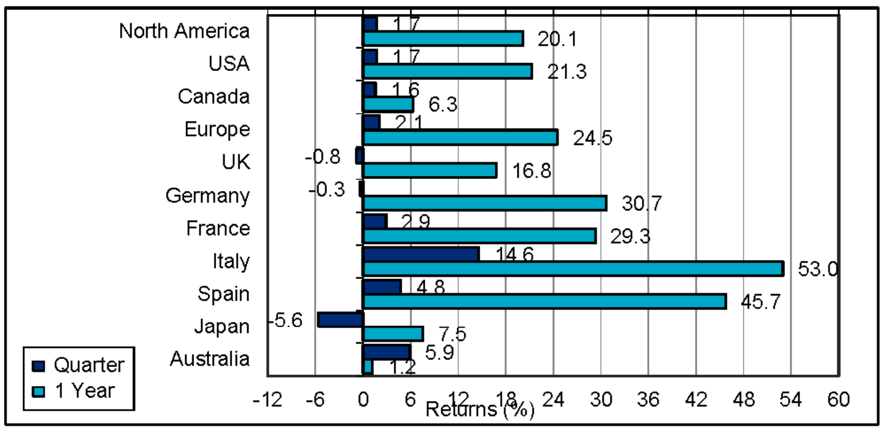
Asset Class: International Equities – Performance Review

International Equity Performance



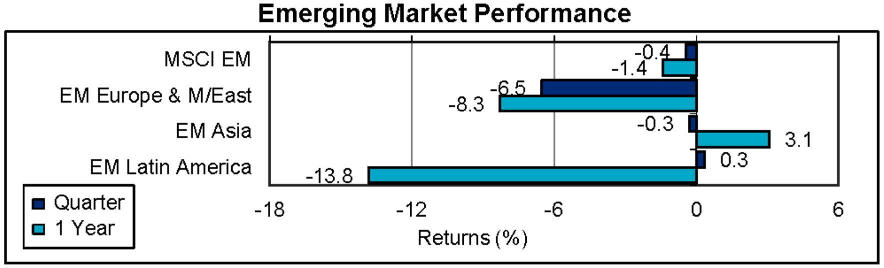
Source: MSCI, Bloomberg

Developed Country Performance



Source: MSCI, Bloomberg

Emerging Market Performance

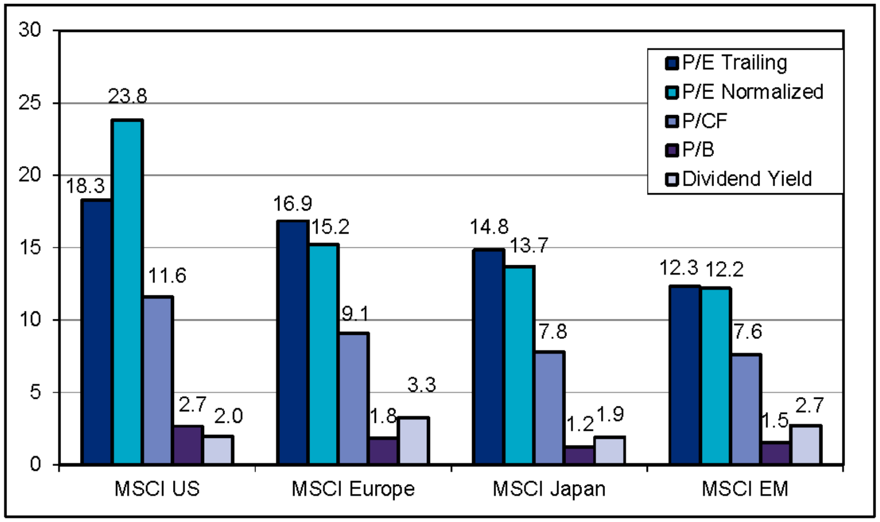


Source: MSCI, Bloomberg

- **International equities** underperformed US equities. The MSCI ACWI ex-US Index gained 0.5% in the first quarter lagging the Russell 3000 by 1.5%.
- **International developed stocks** rose 0.7% in the first quarter, but lagged the 1.8% return of the S&P 500 Index. European stocks advanced 2.1% as the region's economy showed signs of recovery. Japanese stocks stumbled in advance of a increase in consumption taxes, falling 5.6%.
- **International developed small cap stocks** gained 3.4% during the first quarter, outperforming the MSCI EAFE Index by 270 basis points.
- **Emerging markets** Emerging markets continued to struggle in the first quarter as macro pressures and slowing growth continued to weigh on investor sentiment. They declined 0.4%, trailing the MSCI EAFE Index by 110 basis points. However, EM stocks outperformed developed stocks by 370 basis points in March, suggesting a possible reversal in relative performance. Regionally, European and Middle Eastern markets fell 6.5% during the quarter following the conflict in Ukraine. Latin America markets gained 0.3% while Asian stocks posted a loss of 0.3% for the quarter.

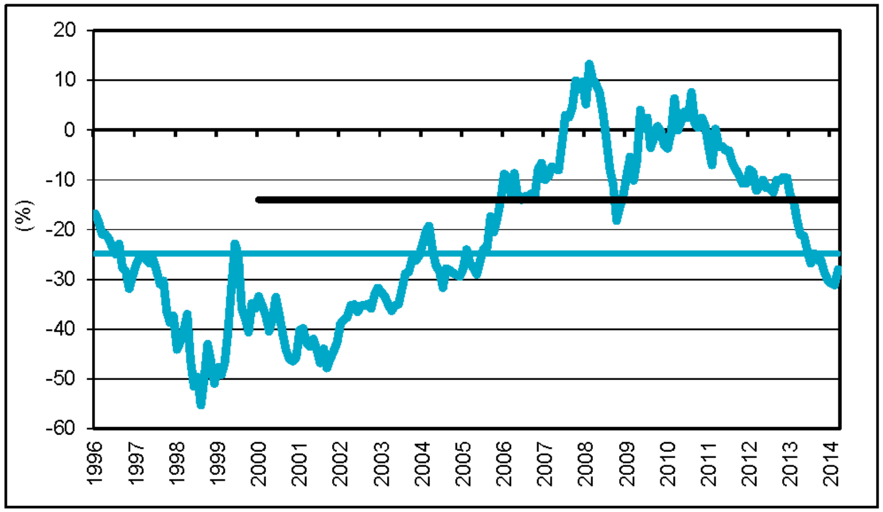
Asset Class: International Equities – Valuation Review

Global Valuations



Source: MSCI, Bloomberg

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

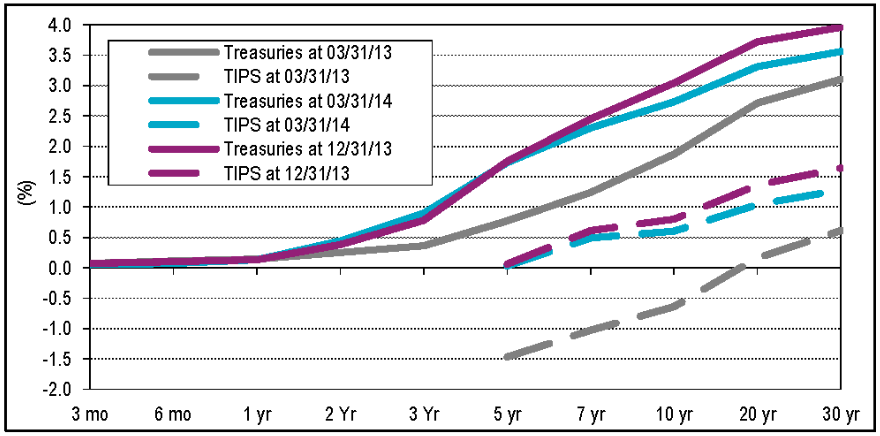


Source: MSCI, Bloomberg

- Earnings per share for European firms grew an estimated 2.2% in the first quarter, but are still 31% below their pre-financial crisis peak. The recovery in the Eurozone economy and increased exports should help boost sales. Additionally, declining unit labor costs should help mute wage pressures. Profit margins in Europe are currently 10% below normal, suggesting the potential for further improvement. Valuations on European stocks are also attractive. European stocks are trading at just 15.2x normalized earnings, in-line with the historical average since 1974. Based on Shiller's PE, they trade 34% discount to US stocks.
- EPS for Japanese firms have jumped nearly 64% over the last year, but profit margins still remain 20% below pre-crisis levels. Stronger developed world growth could provide further support to the export dependent corporate sector, although the impact of the sales tax hike may weight on earnings. Strong earnings growth and the first quarter decline improved the valuation picture of Japanese stocks as they are trading at a P/E of only 14.8. From a longer-term perspective, it remains uncertain if Japan can engage in structural reform to improve economic growth and profitability.
- Emerging market stocks struggled for most of the first quarter and were down 3.4% thru February before rebounding 3.0% in March. EM profits have fallen 5% over the last year. In the near-term, slower growth and tighter financial conditions may weigh on earnings. However, currency declines and stronger developed world growth may boost exports. While there is the risk of further macro deterioration, investors appear to have discounted slower growth prospects and the valuation picture continues to be attractive in absolute and relative terms. EM stocks are trading at only 12.3x trailing earnings, a 17% discount to their historical average since 1995. On a relative basis, EM equities are trading at a robust 28% discount to developed stocks. However, one concern is that the discount is driven by commodity sectors.

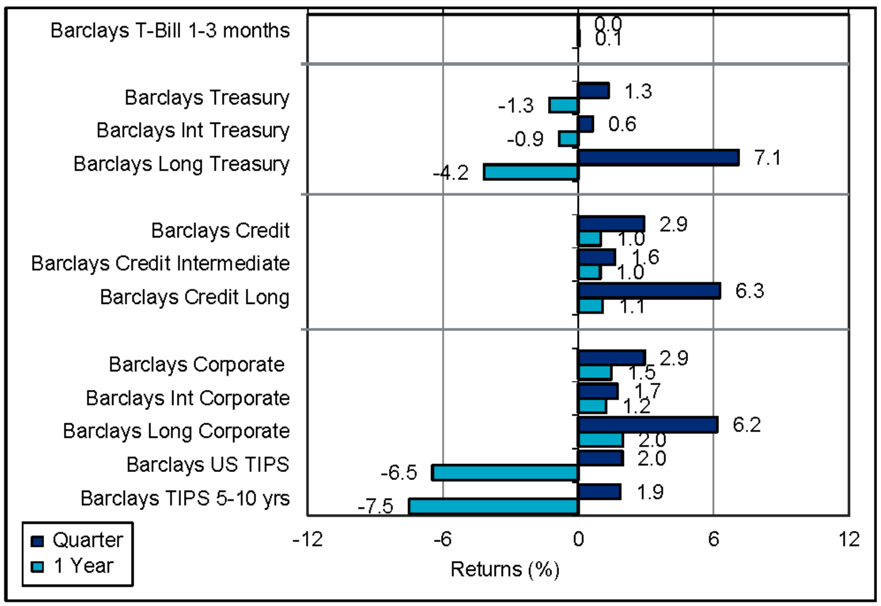
Asset Class: Fixed Income – Interest Rates and Yield Curve

Treasury Yield Curve



Source: Federal Reserve

Bond Performance by Duration

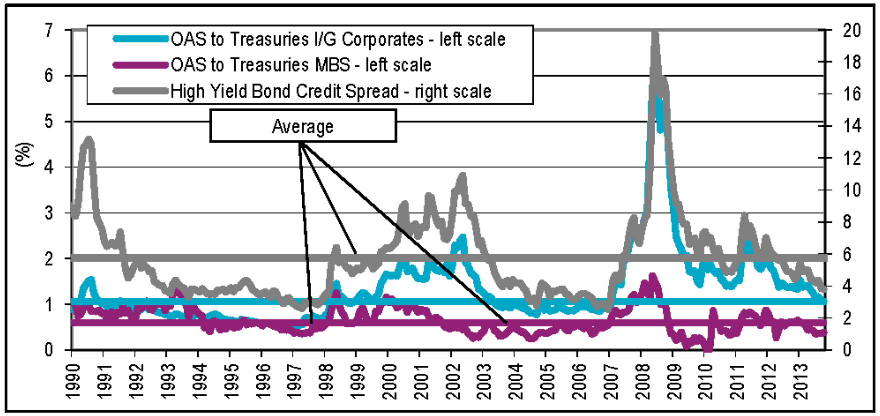


Source: Barclays, Bloomberg

- Interest rates declined in the first quarter even as the Fed continued to trim QE3 and remained on course to terminate the program by year-end. Expectations for when the Fed may begin to lift short-term rates are likely to be the key driver of bond markets in 2014. For the quarter, the yield on the 10-year Treasury declined from 3.04% to 2.73%. The real yield on 10-year TIPS declined 20 basis points to 0.6%, while the inflation breakeven rate moved from 2.2% to 2.1%.
- The curve flattened during the quarter as yields on intermediate-term maturities were mostly unchanged, while long-term maturities saw significant declines. For example, the yield on the 5-year Treasury fell by only 2 basis points, declining from 1.75% to 1.73%. Meanwhile, the yield on the 20-Year Treasury dropped from 3.72% to 3.31%.
- We suspect the Treasury bond market has largely priced in the end of QE3. The key issue to watch now is the timing and pace of interest rate increases. Based on US economic data and Fed guidance, we expect short term rates to remain near zero until at least mid-2015.
- **US Bonds** rose in the first quarter as yields declined. The Barclays Aggregate Bond Index rose 1.8%, but is still down 0.1% over the last 12 months. Credit outperformed Treasuries as spreads continued to tighten.
- **Long-Duration Bonds** spiked as the yield on 30-year Treasury decreased by 40 basis points to 3.56%. The Barclays Long Treasury Index surged 7.1% in the first quarter, but is still down 4.2% over the last 12 months.
- **TIPS** outperformed Treasuries during the first quarter, advancing 2.0%. TIPS benefitted from a longer duration than Treasuries, as inflation expectations slightly declined.

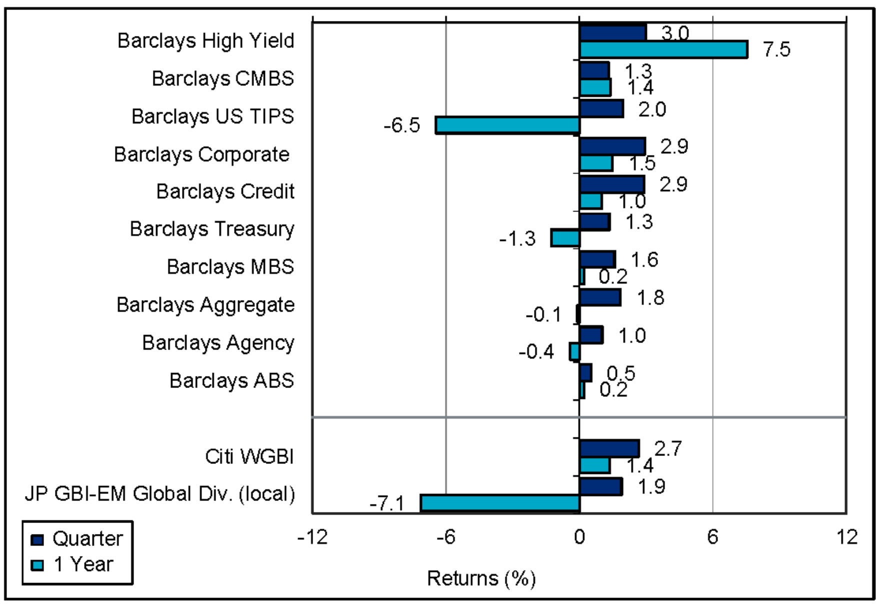
Asset Class: Fixed Income – Credit and Non-US Bonds

Credit Spreads



Source: Barclays

Sector, Credit, and Global Bond Performance

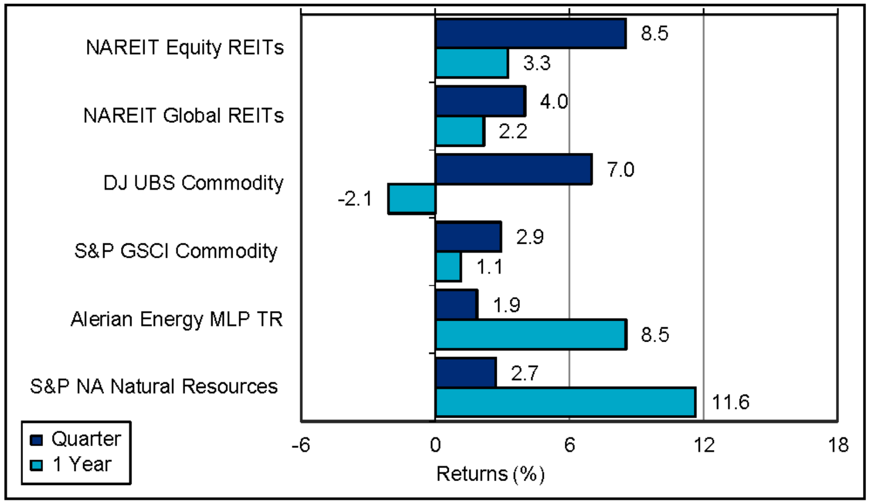


Source: Barclays, Citigroup, JP Morgan, Bloomberg

- The yield on the Corporate index dropped 16 basis points to 3.1%, and the option-adjusted spread to Treasuries slipped by 8 basis points to 1.1%, which is near long-term norms. Healthy corporate profitability and faster growth mean limited downside risk for corporates over the short-term, but the longer-term risk-to-reward advantage of credit is marginal.
- The yield on the Barclays High Yield index declined from 5.6% to 5.2%, while the option adjusted spread fell by 25 basis points to 3.6%, its lowest level since 2007. The current spread is well below the historical median and our measure of equilibrium. In the short-term, default losses should remain low and spreads could tighten further due to favorable macro conditions. However, prospective returns over the intermediate-term given are unattractive given low yields and likely defaults
- **US Treasuries** posted gains as the yield on the 10-year Treasury fell from 3.04% to 2.73% during the quarter. The Barclays Treasury Index rose 1.3%, while TIPS returned 2.0%.
- **US Corporate** bonds outperformed Treasuries by 160 basis points in the first quarter as spreads contracted. Investment grade bonds gained 2.9%.
- **US MBS, Agency, CMBS, and ABS** bonds also posted gains in the first quarter. The MBS sector outperformed Treasuries, while Agency and ABS bonds lagged.
- **High Yield** bonds were the best performing domestic bond sector, gaining 3.0% in the first quarter as yields declined from 5.6% to 5.2%.
- **Global Bonds** benefited from falling bond yields, with Citigroup World Government Bond Index gaining 2.7% in the first quarter.
- **Local Currency Emerging Market Debt** declined 4.6% in January, but rebounded to end the first quarter up 1.9%. Yields increased marginally from 6.8% to 6.9%, while currencies were mixed, but advanced 0.1% on aggregate. Current yields suggest prospective returns are in line with our equilibrium expectations.

Asset Class: Alternatives – Performance Review

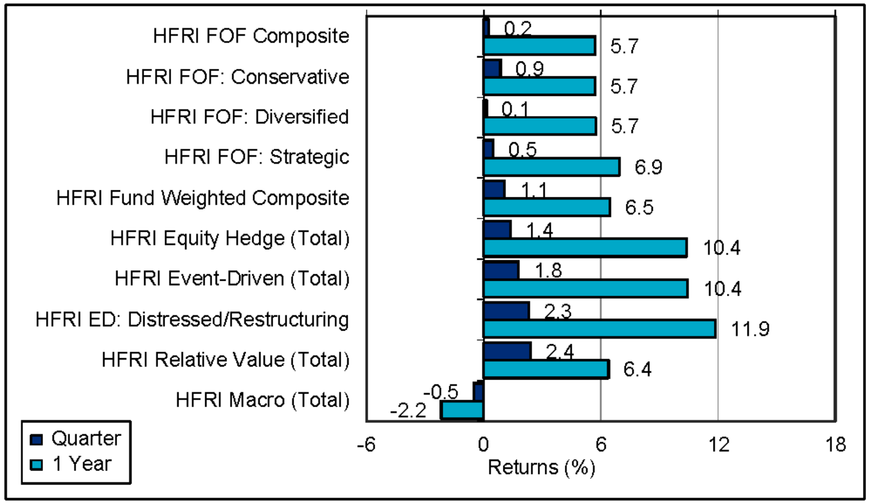
Real Asset Performance



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

- **Global REITs** posted strong returns in the first quarter after a disappointing 2013. Global REITs jumped 4.0%, but are up only 2.2% over the last 12 months. US REITs benefited as interest rates fell, returning 8.5%.
- **Commodities:** Commodities rebounded during the first quarter after struggling in 2013. The DJ Commodity Index gained 7.0% while the S&P GSCI Index, which has a larger weighting to energy, increased a more muted 2.9%.

Hedge Fund Performance



Source: HFR

- **Hedge funds** lagged global equities and US bonds in the first quarter. The HFRI Fund of Funds Composite Index fell 1.0% in March and returned only 0.2% for the first quarter, while the MSCI ACWI index and the Barclays Aggregate index advanced 1.1% and 1.8%, respectively. Macro strategies struggled, while distressed and relative value managers were the better performers.

Summary – Investment Option Array

Conservative

Tier I Asset Allocation Risk-Profile Funds	Tier II Core Options	Tier III Specialty Options
	Capital Preservation FDIC-Insured Savings Account JP Morgan Chase Certificates of Deposit	
	DCP Stable Value (100% Galliard Separate Account)	
DCP Ultra Conservative	**DCP Bond Fund** (50% Vanguard Total Bond Market Index Fund + 50% PIMCO Total Return Fund)	
DCP Conservative	**DCP Large-Cap Stock Fund** (100% Vanguard Institutional Index Fund)	
DCP Moderate	**DCP Mid-Cap Stock Fund*** (100% Vanguard Mid-Cap Index Fund)	
DCP Aggressive	**Small-Cap Equity***** (100% SSgA Russell Small Cap Index Non-Lending Series)	
DCP Ultra Aggressive	**International Equity**** DWS EAFE Equity Index Fund Fidelity Diversified International Fund	**Brokerage Window** Schwab PCRA Self-Directed Brokerage Account

Aggressive

* DCP Mid-Cap Stock approved structure is 50% Mid Cap Core + 25% Mid Cap Value + 25% Mid Cap Growth upon completion of Phase II implementation
** Upon completion of Phase II new DCP International Equity Fund with approved structure of 65% International Developed + 17.5% Emerging Markets + 17.5% International Small Cap
***Upon completion of Phase II new DCP Small-Cap Stock with approved structure is 34% Small Cap Core + 33% Small Cap Value + 33% Small Cap Growth

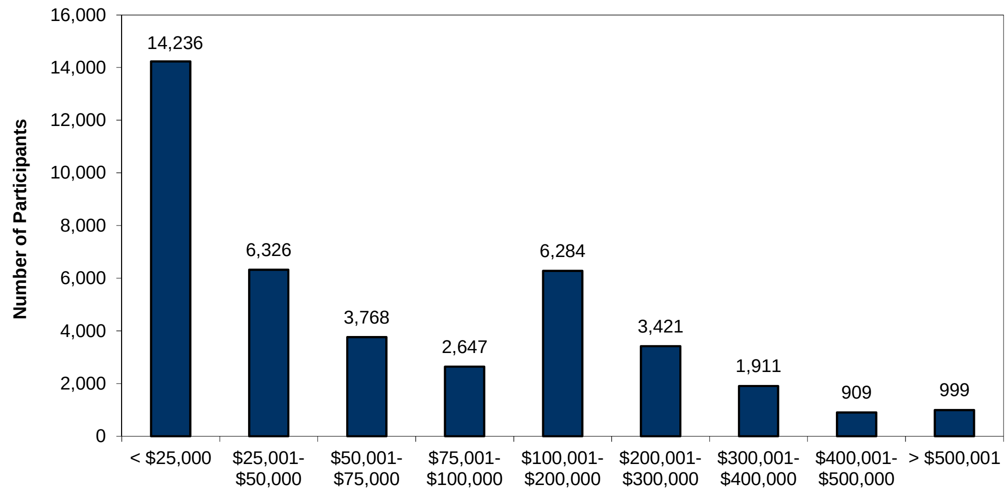
Summary – Plan Highlights, Key Observations and Recommendations

Deferred Compensation Plan Assets

- At quarter-end, assets in the Deferred Compensation Plan totaled $4,340.0 million, increasing $63.8 million (1.5%) from $4,276.2 million at the previous quarter-end. The increase is a result of investment gains and net cash inflows. Contributions (including other deposits) for the quarter totaled $74.1 million compared to withdrawals (including fees) of $62.6 million. Investment gains totaled $52.2 million.

- As of March 31, 2014, there were 40,501 participants with account balances. The average account balance was $107,157, while the median account balance was $48,479. The distribution of participant balances is shown to the right; 35.1% of participants had a balance less than $25,000 and 2.5% had a balance greater than $500,000.

Distribution of Participant Account Balances



- The Deferred Compensation Plan (DCP) Large Cap Stock Fund held the highest percentage of Plan assets (32.5%), followed by the DCP Stable Value Fund (20.7%), FDIC-Insured Savings Account (6.9%), and Schwab PCRA Self-Directed Brokerage Account (6.5%). All other funds held less than 6.0% of Plan assets.

- Assets in the Profile funds (5 customized risk-based Profile funds ranging from Ultra Conservative to Ultra Aggressive) totaled $678.5 million (15.6%) at quarter end; this was an increase of $27.3 million from $651.2 million at the prior quarter end.

Performance

- The Plan's investments are generally meeting performance objectives, and we are recommending no changes at this time.

- The DCP Bond fund underperformed its index during the quarter by 20 basis points; the underlying allocation to the PIMCO Total Return Fund hurt relative performance, but was offset by the slightly outperforming Vanguard Total Bond Market Index Fund. An underweight allocation to the long-end of the U.S. yield curve, underweight to investment-grade corporate bonds, as well as exposure to TIPS holdings detracted from performance for the quarter.

- The Fidelity Diversified International Fund underperformed its index by 150 basis points during the quarter. This was due in part to an underweight allocation to the utilities sector, stock selection within information technology, financials and telecommunication services sectors, as well as stock selection and an underweight allocation to Europe.

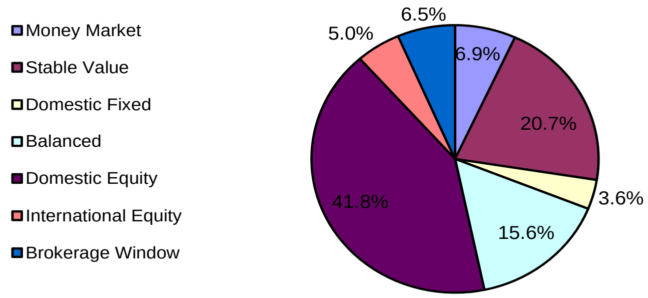
Key Observations and Recommendations

- Searches for the active components of the Plan's investment options are underway, and we will be meeting with the Investments Committee in the next several weeks to finalize selections.
- As was detailed at the last investment performance meeting, CEO Mohamed El-Erian announced his resignation from PIMCO in January. We continue to monitor PIMCO and assess the implications of the new team structure. We provide further detail of ongoing developments at PIMCO in Appendix A.
- For the FDIC-Insured Savings Account, Bank of the West, Bank of America, and City National Bank have weightings of 50%, 25%, and 25%, respectively. For the quarter ending March 31, 2014 their declared rates were as follows: Bank of the West = 0.75% Bank of America = 0.09% and City National Bank = 0.15% yielding a blended rate of 0.44%.

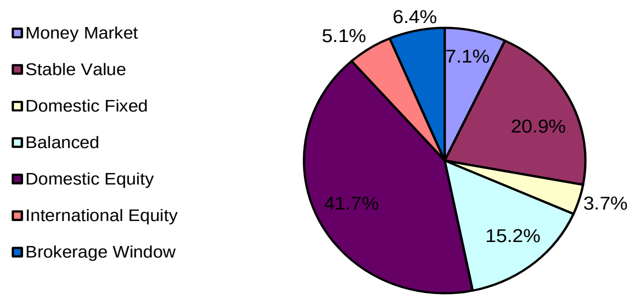
Summary – Asset Allocation

Investment Option	Current Balance	Prior Balance	% of Plan	% Chg. vs. Prior
Money Market	**$297,912,170**	**$301,487,217**	**6.9%**	**-0.2%**
FDIC-Insured Savings Account	$297,594,370	$300,729,982	6.9%	-0.2%
JPMorgan Chase Certificates of Deposit	$317,800	$757,235	0.0%	0.0%
Stable Value	**$896,299,407**	**$892,044,453**	**20.7%**	**-0.2%**
Deferred Compensation Stable Value Fund (Net)	$896,299,407	$892,044,453	20.7%	-0.2%
Domestic Fixed	**$154,757,377**	**$157,466,831**	**3.6%**	**-0.1%**
DCP Bond Fund	$154,757,377	$157,466,831	3.6%	-0.1%
Risk-based	**$678,515,253**	**$651,189,590**	**15.6%**	**0.4%**
Ultra Conservative Profile	$38,608,432	$36,616,262	0.9%	0.0%
Conservative Profile	$91,540,354	$86,871,500	2.1%	0.1%
Moderate Profile	$244,383,806	$236,949,074	5.6%	0.1%
Aggressive Profile	$227,416,470	$218,898,278	5.2%	0.1%
Ultra Aggressive Profile	$76,566,190	$71,854,475	1.8%	0.1%
Domestic Equity	**$1,811,953,157**	**$1,781,607,321**	**41.8%**	**0.1%**
DCP Large Cap Stock Fund	$1,411,560,902	$1,398,825,728	32.5%	-0.2%
DCP Mid Cap Stock Fund	$168,868,135	$157,821,088	3.9%	0.2%
SSgA Russell Small Cap Index NL Series Fund	$231,524,120	$224,960,505	5.3%	0.1%
International Equity	**$218,535,996**	**$219,075,430**	**5.0%**	**-0.1%**
DWS EAFE Equity Index Fund Institutional	$44,474,213	$44,326,985	1.0%	0.0%
Fidelity Diversified International Fund	$174,061,783	$174,748,446	4.0%	-0.1%
Brokerage Window	**$281,992,713**	**$273,333,415**	**6.5%**	**0.1%**
Schwab PCRA Self-Directed Brokerage Account	$281,992,713	$273,333,415	6.5%	0.1%
Total Plan	**$4,339,966,073**[1]	**$4,276,204,257**[2]	**100%**	

Current Asset Allocation - March 31, 2014



Prior Asset Allocation - December 31, 2013



[1] Total Plan Balance as of 3/31/14 excludes $2.8 million in the Forfeiture/Asset Holding Account and $173.4 million in the Participant Loan Account.
[2] Total Plan Balance as of 12/31/13 excludes $2.8 million in the Forfeiture/Asset Holding Account and $171.9 million in the Participant Loan Account.

Summary – Asset Allocation of Underlying Core Funds[1]

	Ultra Conservative Profile	Conservative Profile	Moderate Profile	Aggressive Profile	Ultra Aggressive Profile	Standalone Totals	TOTAL
FDIC-Insured Savings Account	**$0**	**$0**	**$0**	**$0**	**$0**	**$298,297,910**	**$298,297,910**
JPMorgan Chase Certificates of Deposit	**$0**	**$0**	**$0**	**$0**	**$0**	**$317,800***[*]	**$317,800**
DCP Stable Value Fund	**$13,405,696**	**$13,426,717**	**$23,450,508**	**$10,802,886**	**$0**	**$896,299,407**[*]	**$957,385,215**
DCP Bond Fund	**$19,065,663**	**$44,557,017**	**$70,036,656**	**$43,019,368**	**$7,154,689**	**$154,087,338**	**$337,920,731**
Vanguard Total Bond Market Index Fund	$9,544,757	$22,306,380	$35,062,138	$21,536,594	$3,581,820	$77,140,055	$169,171,745
PIMCO Total Return Fund	$9,520,905	$22,250,637	$34,974,518	$21,482,774	$3,572,869	$76,947,282	$168,748,985
DCP Large Cap Stock Fund	**$2,052,820**	**$12,011,320**	**$62,982,579**	**$57,986,465**	**$19,230,915**	**$1,411,781,249**	**$1,566,045,349**
DCP Mid Cap Stock Fund	**$1,031,731**	**$4,830,969**	**$25,335,818**	**$34,985,577**	**$15,463,229**	**$168,819,750**	**$250,467,075**
SSgA Russell Sm Cap NL Series S	**$1,021,468**	**$4,783,284**	**$25,080,751**	**$34,632,954**	**$15,309,601**	**$231,524,120**[*]	**$312,352,179**
DWS EAFE Equity Index Fund Instl	**$2,037,826**	**$11,923,879**	**$37,515,309**	**$46,060,199**	**$19,104,363**	**$44,474,213**[*]	**$161,115,789**
Fidelity Diversified International Fund	**$0**	**$0**	**$0**	**$0**	**$0**	**$174,061,783**[*]	**$174,061,783**
Schwab PCRA Self-Directed Brokerage Account	**$0**	**$0**	**$0**	**$0**	**$0**	**$281,992,713**[*]	**$281,992,713**
TOTAL	**$38,615,204**	**$91,533,187**	**$244,401,621**	**$227,487,449**	**$76,262,798**	**$3,661,656,284**	**$4,339,956,543**

[1] Balances will not match figures from the recordkeeping system provided in the quarterly reports (Summary – Asset Allocation in previous page), as the figures shown here unless otherwise noted, are from the Great-West Investment Team reporting system which is based on settlement date and does not include accruals.

[*] Figure is not available in the Great-West Investment Team reporting system; therefore it is taken from the Summary – Asset Allocation in previous page (recordkeeping system).

Summary – Investment Expense Analysis

Fund	Style	Fund Balance	Estimated Fund Expense	Fund Net Expense Ratio	Median Net Expense Ratio[2]	Net Expense Diff.	Expense Reimbursement	Investment Management Fee
FDIC-Insured Savings Account	Cash Equivalents	$297,594,370	N/A	N/A	N/A	N/A	N/A	N/A
JPMorgan Chase Certificates of Deposit	Cash Equivalents	$317,800	N/A	N/A	N/A	N/A	N/A	N/A
Deferred Compensation Stable Value Fund (Net)	Stable Value	$896,299,407	$2,509,638	0.28%	0.48%	-0.20%	0.00%	0.28%
DCP Bond Fund	US Fixed	$154,757,377	$402,369	0.26%	0.53%	-0.27%	0.00%	0.26%
Ultra Conservative	Risk-based	$38,608,432	$100,382	0.26%	0.83%	-0.57%	0.00%	0.26%
Conservative Profile	Risk-based	$91,540,354	$228,851	0.25%	0.83%	-0.58%	0.00%	0.25%
Moderate Profile	Risk-based	$244,383,806	$488,768	0.20%	0.86%	-0.66%	0.00%	0.20%
Aggressive Profile	Risk-based	$227,416,470	$454,833	0.20%	0.94%	-0.74%	0.00%	0.20%
Ultra Aggressive Profile	Risk-based	$76,566,190	$145,476	0.19%	0.94%	-0.75%	0.00%	0.19%
DCP Large Cap Stock Fund	US Large Cap Equity	$1,411,560,902	$282,312	0.02%	0.20%	-0.18%	0.00%	0.02%
DCP Mid Cap Stock Fund	US Mid Cap Equity	$168,868,135	$101,321	0.06%	0.28%	-0.22%	0.00%	0.06%
SSgA Russell Small Cap Index NL Series Fund	US Small Cap Equity	$231,524,120	$138,914	0.06%	0.30%	-0.24%	0.00%	0.06%
DWS EAFE Equity Index Fund Institutional	International Equity	$44,474,213	$240,161	0.54%	0.40%	0.14%	0.00%	0.54%
Fidelity Diversified International Fund	International Equity	$174,061,783	$1,653,587	0.95%	1.00%	-0.05%	0.25%	0.70%
Schwab PCRA Self-Directed Brokerage Account	Brokerage Window	$281,992,713	N/A	N/A	N/A	N/A	N/A	N/A
Total		**$4,339,966,073**	**$6,746,612**	**0.18%**[3]			**0.01%**[3]	**0.17%**[3]
Total with Fixed Per Participant Fee		**$4,339,966,073**	**$9,247,507**	**0.25%**[4]				

[2] Median institutional share class net expense ratio as defined by the respective Mercer Mutual Fund Universe and Lipper institutional share class categorizations. The median stable value management fee is derived from Mercer's quarterly stable value survey. Profile funds are compared to the median institutional expense ratio of the corresponding Mercer Mutual Fund Target Risk Universe.
[3] Total excludes assets in the FDIC-Insured Savings Account, JPMorgan Chase Certificates of Deposit, and Schwab Self-Directed Brokerage Account.
[4] Total estimated annual asset-based fee is $2,500,895 reflecting a quarterly per participant fee of 0.025% on the first $125,000 of balance. The number of participants with a $125k balance or less during the quarter was 29,026, and total assets for this group amounted to $1,066,519,733. There were 11,475 participants with balances in excess of $125k with a billable balance of $1,434,375,000. The total participant count is 40,501.

Summary – Compliance with Investment Policy Performance Standards

Periods ending March 31, 2014

I – Index **U – Universe Median**	**3 Years**				**5 Years**				**Comments**
	I	**U**	**I**	**U**	**I**	**U**	**I**	**U**	
Deferred Compensation Stable Value Fund (Net)	✓	✓	✓	✓	✓	✓	✓	✓	Retain.
DCP Bond Fund	✓	✓	✓	✗	✓	✗	✓	✗	Retain. Fund inception was on April 20, 2012 with 50% allocated to PIMCO Total Return Fund Institutional and 50% allocated to Vanguard Total Bond Market Index Fund Inst Plus. Active sleeve search is underway as part of the normal procurement schedule.
Ultra Conservative Profile	✓	N/A	✓	N/A	✓	N/A	✓	N/A	Retain. No changes to allocations.
Conservative Profile	✓	N/A	✓	N/A	T	N/A	T	N/A	Retain. No changes to allocations.
Moderate Profile	T	N/A	T	N/A	T	N/A	T	N/A	Retain. No changes to allocations.
Aggressive Profile	T	N/A	T	N/A	T	N/A	T	N/A	Retain. No changes to allocations.
Ultra Aggressive Profile	T	N/A	T	N/A	T	N/A	T	N/A	Retain. No changes to allocations.
DCP Large Cap Stock Fund	T	N/A	T	N/A	T	N/A	T	N/A	Retain.
DCP Mid Cap Stock Fund	T	N/A	T	N/A	T	N/A	T	N/A	Retain.
SSgA Russell Small Cap Index Non-Lending Series Fund	T	N/A	T	N/A	T	N/A	T	N/A	Retain.
DWS EAFE Equity Index Fund Institutional	T	N/A	T	N/A	T	N/A	✗	N/A	Retain. However, the Fund will be eliminated upon completion of investment menu consolidation.
Fidelity Diversified International Fund	✓	✓	✓	✓	✗	✗	✓	✓	Retain. This strategy will be considered in the search for an active developed international fund which will be a component of the DCP International Fund.

✓ = **Outperformed or matched performance** ✗ = **Underperformed** T = **Index Fund** ☐ = **Prior Quarter**

Summary – Performance

Periods ending March 31, 2014

	% of Plan	3 Months	1 Year	3 Years	5 Years	10 Years
Money Market						
FDIC-Insured Savings Account (Blended Rate – 0.44%)[7]	**6.9%**	**0.1%**	**0.5%**	**0.4%**	**NA**	**NA**
JPMorgan Chase Certificates of Deposit	**0.0%**	**NA**	**NA**	**NA**	**NA**	**NA**
Stable Value						
Deferred Compensation Stable Value Fund (Net)[8]	**20.7%**	**0.5%**	**2.1%**	**2.7%**	**3.1%**	**3.8%**
3 Yr Constant Maturity Treasury +50bps		0.3%	1.1%	1.0%	1.3%	2.7%
iMoneyNet All Taxable+100bps		0.3%	1.0%	1.0%	1.0%	2.5%
Mercer Stable Value Universe Median		*0.4%*	*1.6%*	*2.2%*	*2.6%*	*3.7%*
Fund Rank in Universe		*37*	*18*	*20*	*23*	*41*
Domestic Fixed						
DCP Bond Fund[9]	**3.6%**	**1.6%**	**-0.7%**	**4.0%**	**5.8%**	**5.2%**
Barclays US Aggregate		1.8%	-0.1%	3.8%	4.8%	4.5%
Mercer MF US Fixed Core Universe Median		*1.9%*	*0.6%*	*3.9%*	*6.2%*	*4.2%*
Fund Rank in Universe		*57*	*87*	*49*	*58*	*20*
Vanguard Total Bond Market Index Fund Inst Plus[10]	**-----**	**1.9%**	**-0.2%**	**3.7%**	**4.7%**	**4.5%**
Vanguard Spliced Barclays USAgg Float Adj Idx[11]		1.8%	-0.1%	3.8%	4.8%	4.5%
PIMCO Total Return Fund Institutional	**-----**	**1.3%**	**-1.2%**	**4.1%**	**6.9%**	**5.9%**
Barclays US Aggregate		1.8%	-0.1%	3.8%	4.8%	4.5%
Mercer MF US Fixed Core Universe Median		*1.9%*	*0.6%*	*3.9%*	*6.2%*	*4.2%*
Fund Rank in Universe		*63*	*94*	*45*	*40*	*7*
Risk-based						
Ultra Conservative Profile	**0.9%**	**1.2%**	**3.5%**	**4.9%**	**6.7%**	**NA**
Ultra Conservative Profile Custom Index[12]		1.3%	3.4%	4.1%	6.0%	4.5%

[7] The blended rate is as of 3/31/2014. Bank of the West, Bank of America, and City National Bank have weightings of 50%, 25%, and 25%, respectively; their declared rates at the end of the quarter are as follows: Bank of the West = 0.75%, Bank of America = 0.09%, and City National Bank = 0.15%.
[8] The inception date of the Galliard Stable Value fund is July 1, 2008. Returns prior to the inception date are linked to the Wells Fargo Stable Return fund.
[9] Performance prior to April 2012 is simulated, with a weighting of 50% PIMCO Total Return Fund and 50% Vanguard Total Bond Market Index Fund.
[10] Due to its longer history, performance of Vanguard Total Bond Market Index Fund Inst is shown.
[11] Barclays U.S. Aggregate Bond Index through December 31, 2009; Barclays U.S. Aggregate Float Adjusted Index thereafter.
[12] Effective June 1, 2009, the following composite index is used: 35.0% 3 Yr Constant Maturity Treasury Index + 50 bps/ 50.0% Barclays US Aggregate Index / 5% S&P 500 Index / 2.5% MSCI US Mid Cap 450 Index/ 2.5% Russell 2000 Index / 5% MSCI EAFE (NWHT) Index. Prior to June 1, 2009, the following composite index is used: 35.0% 3 Yr Constant Maturity Treasury Index + 50 bps/ 50.0% Barclays US Aggregate Index / 5.0% S&P 500 Index / 5.0% Russell 2000 Index / 5.0% MSCI EAFE (NWHT) Index.

Fund: Outperformed Benchmark Underperformed Benchmark Tracked Benchmark **Universe Ranking:** 0% - 50% 51% - 75% 76% - 100%

	% of Plan	3 Months	1 Year	3 Years	5 Years	10 Years
Conservative Profile	**2.1%**	**1.4%**	**7.1%**	**6.8%**	**9.9%**	**NA**
Conservative Profile Custom Index[13]		1.6%	7.3%	6.3%	9.9%	5.7%
Moderate Profile	**5.6%**	**1.5%**	**12.7%**	**9.1%**	**14.3%**	**NA**
Moderate Profile Custom Index[14]		1.6%	12.8%	8.9%	14.4%	6.7%
Aggressive Profile	**5.2%**	**1.6%**	**16.0%**	**10.3%**	**17.0%**	**NA**
Aggressive Profile Custom Index[15]		1.7%	16.2%	10.2%	17.1%	6.9%
Ultra Aggressive Profile	**1.8%**	**1.7%**	**19.4%**	**11.3%**	**19.8%**	**NA**
Ultra Aggressive Profile Custom Index[16]		1.7%	19.7%	11.4%	19.9%	7.2%
Domestic Equity						
DCP Large Cap Stock Fund[17]	**32.5%**	**1.8%**	**21.9%**	**14.7%**	**21.2%**	**7.4%**
S&P 500		1.8%	21.9%	14.7%	21.2%	7.4%
DCP Mid Cap Stock Fund[18]	**3.9%**	**3.3%**	**23.7%**	**13.7%**	**25.1%**	**10.0%**
Vanguard Spliced Mid Cap Index[19]		3.3%	23.7%	13.7%	25.1%	10.0%
SSgA Russell Small Cap Index Non-Lending Series Fund	**5.3%**	**1.1%**	**24.9%**	**13.2%**	**24.1%**	**NA**
Russell 2000		1.1%	24.9%	13.2%	24.3%	8.5%
International Equity						
DWS EAFE Equity Index Fund Institutional	**1.0%**	**0.6%**	**17.3%**	**7.0%**	**15.8%**	**6.3%**
MSCI EAFE NET WHT		0.7%	17.6%	7.2%	16.0%	6.5%
Fidelity Diversified International Fund	**4.0%**	**-0.8%**	**18.9%**	**7.4%**	**15.9%**	**6.6%**
MSCI EAFE NET WHT		0.7%	17.6%	7.2%	16.0%	6.5%
Mercer MF Intl Equity Universe Median		*0.7%*	*16.6%*	*6.7%*	*16.2%*	*7.1%*
Fund Rank in Universe		*78*	*37*	*40*	*55*	*60*

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

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

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

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

[17] The fund is 100% allocated to the Vanguard Institutional Index Fund Inst Pl; performance for the Instl share class shown for the 3-year period and longer due to the shorter history of the Instl Pl shares. Performance shown will be updated accordingly with the addition of underlying funds.

[18] The fund is 100% allocated to the Vanguard Mid Cap Index Fund Instl Pl; performance for the Instl share class shown for the 5-year period and longer due to the shorter history of the Instl Pl shares. Performance shown will be updated accordingly with the addition of underlying funds.

[19] S&P MidCap 400 Index through May 16, 2003; MSCI US Mid Cap 450 Index through January 30, 2013; CRSP US Mid Cap Index thereafter.

Fund: Outperformed Benchmark Underperformed Benchmark Tracked Benchmark **Universe Ranking:** 0% - 50% 51% - 75% 76% - 100%

Summary – Performance of DCP Investment Menu Composite Benchmarks

Periods ending March 31, 2014

	3 Months	1 Year	3 Years	5 Years	10 Years
DCP Stable Value Index (100% 3-Yr CMT + 50bps)	**0.3%**	**1.1%**	**1.0%**	**1.3%**	**2.7%**
DCP Bond Fund Index (100% BC Aggregate Bond Index)	**1.8%**	**-0.1%**	**3.8%**	**4.8%**	**4.5%**
DCP Large-Cap Stock Fund Index (100% S&P 500 Index)	**1.8%**	**21.9%**	**14.7%**	**21.2%**	**7.4%**
DCP Mid-Cap Stock Fund Composite Index	**3.6%**	**23.6%**	**14.4%**	**25.6%**	**10.0%**
Russell Midcap Index (50%)	*3.5%*	*23.5%*	*14.4%*	*25.6%*	*10.1%*
Russell Midcap Value Index (25%)	*5.2%*	*22.9%*	*15.2%*	*26.3%*	*10.2%*
Russell Midcap Growth Index (25%)	*2.0%*	*24.2%*	*13.5%*	*24.7%*	*9.5%*
DCP Small-Cap Stock Fund Composite Index	**1.1%**	**24.9%**	**13.2%**	**24.3%**	**8.6%**
Russell 2000 Index (34%)	*1.1%*	*24.9%*	*13.2%*	*24.3%*	*8.5%*
Russell 2000 Value Index (33%)	*1.8%*	*22.6%*	*12.7%*	*23.3%*	*8.1%*
Russell 2000 Growth Index (33%)	*0.5%*	*27.2%*	*13.6%*	*25.2%*	*8.9%*
DCP International Fund Composite Index	**0.9%**	**15.0%**	**5.8%**	**16.8%**	**7.6%**
MSCI EAFE Index (65%)	*0.7%*	*17.6%*	*7.2%*	*16.0%*	*6.5%*
MSCI EM Index (17.5%)	*-0.4%*	*-1.4%*	*-2.9%*	*14.5%*	*10.1%*
MSCI EAFE Small Cap Index (17.5%)	*3.4%*	*23.3%*	*9.4%*	*21.7%*	*8.6%*

Fund Profile

Stable Value - Deferred Compensation Stable Value Fund (Net)

Share Class: Separate Account	**Benchmark: 3 Yr Constant Maturity Treasury +50bps**

Investment Philosophy

Galliard's primary emphasis in managing stable value portfolios is safety of principal. Maintaining appropriate liquidity is another key investment objective, for it must be sufficient to accommodate participant changes and provide plan sponsor flexibility. The optimal amount of liquidity typically results in reduced contract charges (wrap fees), which helps to increase the crediting rate. The process then focuses on security selection to ensure competitive returns for participants. Portfolios follow a traditional fixed income management approach with emphasis on high quality securities, broad diversification, adequate liquidity, controlled market risk (duration) and a disciplined risk management process to identify the best fundamental values across fixed income sectors. The investment decision process is team-based, blending top down and bottom up decisions. Galliard manages individual stable value portfolios on a customized basis, based on specific plan needs and characteristics. The hallmarks of their strategy include high credit quality and diversification through the use of security backed contracts (i.e. Synthetic GICs). In structuring stable value portfolios, the process begins by determining the optimal target duration for the plan. Galliard portfolios utilize a two-tiered liquidity management approach, with the first tier comprised of the liquidity buffer. The second tier consists of the security backed contracts, which are structured to provide liquidity on a pro-rata basis. Most Galliard separate accounts utilize various Galliard advised collective funds as the underlying portfolio although outside sub-advisors may also be utilized. Also, depending on the client mandate, traditional GICs may also be used as a diversification strategy.

Fund Characteristics

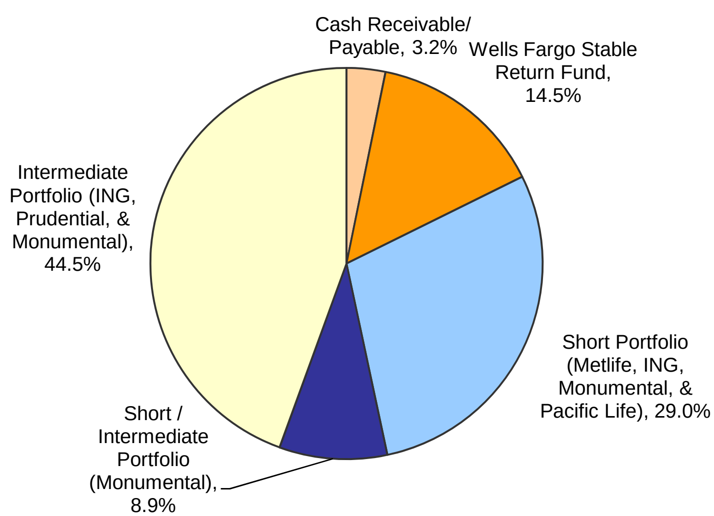
	1Q14	4Q13	3Q13	2Q13
Mkt/Book Value Ratio	101.5%	101.2%	101.7%	101.7%
Avg. Credit Quality	A1/AA-	A1/AA-	A1/AA-	A1/AA-
Effective Duration (yrs)	2.95	2.93	2.95	2.95
Blended Yield	1.8%	2.0%	2.1%	2.4%

- The Fund had net inflows of $2.0 million during the quarter, which represented an increase of 0.2% in total Fund assets.
- Number of contract issuers: 5
- The Fund’s market-to-book-value ratio increased during the quarter to 101.5%, due to strong market value returns in the underlying bond portfolio. The credit quality of the underlying bond portfolios remains strong with 76.9% of the portfolio’s securities rated AAA on average, as rated by S&P, Moody’s, and Fitch.
- Duration distribution guidelines ranged between 2.0 – 3.5 years with a target of 3.0 years.

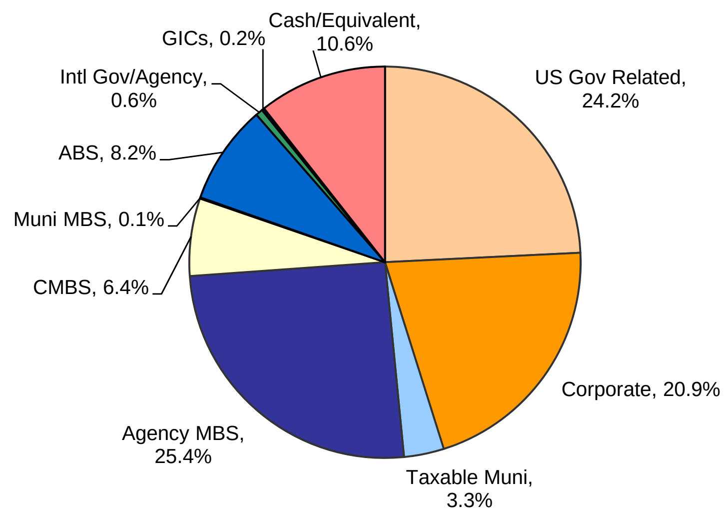
Fund Profile

Stable Value - Deferred Compensation Stable Value Fund (Net)

Fund Composition as of March 31, 2014



Underlying Fixed Income Asset Allocation as of March 31, 2014 (% of MV)



Key Facts and Figures

Portfolio Manager: Galliard Capital Management Inception (in Plan): July 2008	Expense Ratio (Net): 0.28% (0.061% Investment Management Fees / 0.019% Sub-Advisor Fee / 0.165% Wrap Fee / 0.034% Other Fees) Mercer Median Expense Ratio (Net): 0.48%

Fund Profile

Domestic Fixed - DCP Bond Fund

Share Class: N/A	**Benchmark: Barclays US Aggregate**

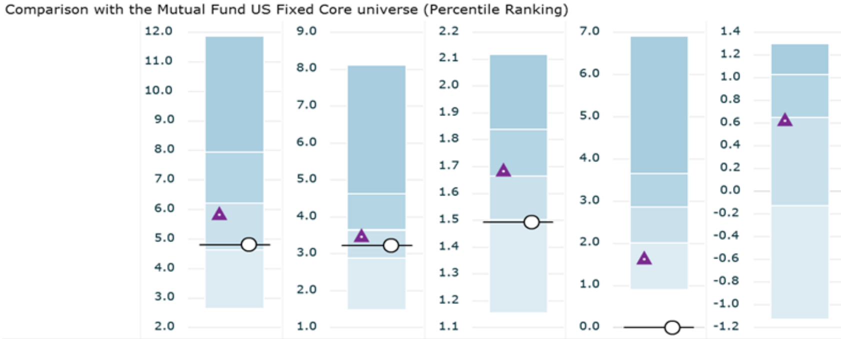
Investment Philosophy

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

Performance Characteristics* as of March 31, 2014

Performance characteristics vs. Barclays US Aggregate in $US (after fees) over 5 yrs ending March-14 (quarterly calculations)

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

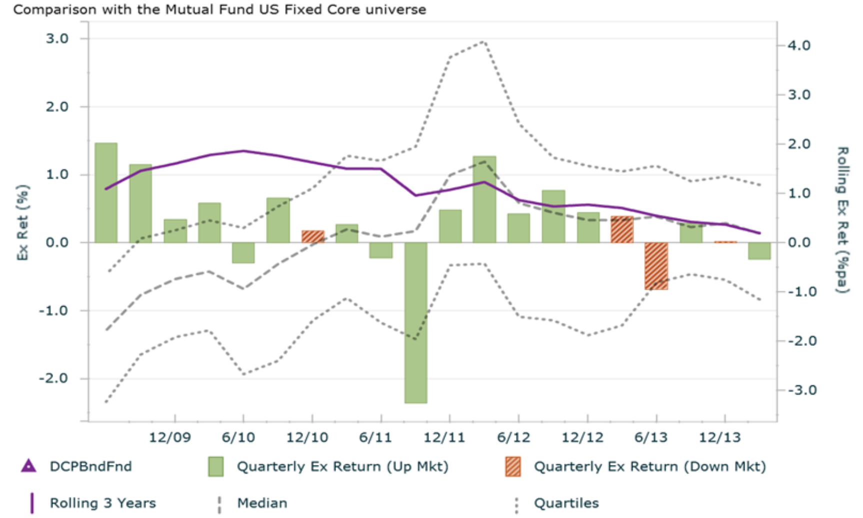


	Ret (%pa)	Std Dev (%pa)	Ret/SD	TE (%pa)	IR
DCPBndFnd	5.8 *(58)*	3.5 *(55)*	1.7 *(48)*	1.6 *(82)*	0.6 *(52)*
BCUSAG	4.8 *(70)*	3.2 *(64)*	1.5 *(77)*	0.0 *(100)*	-
5th Percentile	11.9	8.1	2.1	6.9	1.3
Upper Quartile	8.0	4.6	1.8	3.7	1.0
Median	6.2	3.6	1.7	2.9	0.6
Lower Quartile	4.6	2.9	1.5	2.0	-0.1
95th Percentile	2.6	1.5	1.2	0.9	-1.1
Number	325	325	325	325	325

Excess Return*

Quarterly Excess Return vs. Barclays US Aggregate with rolling 3 yr line in $US (after fees) over 5 yrs ending March-14

Comparison with the Mutual Fund US Fixed Core universe



Key Facts and Figures

Expense Ratio (Net): 0.26%

Mercer Median Expense Ratio (Net): 0.53%

* Performance prior to April 2012 is simulated, with a weighting of 50% PIMCO Total Return Fund and 50% Vanguard Total Bond Market Index Fund.

Fund Profile

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

Share Class: Inst Plus	**Benchmark: Vanguard Spliced Barclays USAgg Float Adj Idx**

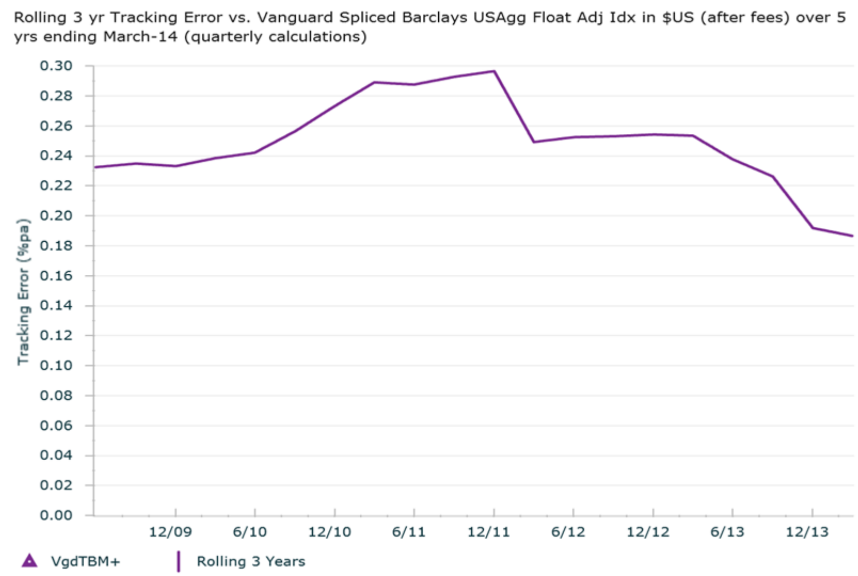
Investment Philosophy

The fund is designed to provide investors with a low-cost method of consistently capturing the return of the U.S. bond market, as defined by the Spliced Barclays US Aggregate Float Adjusted Bond Index. This unmanaged index consists of government, corporate and mortgage-backed securities. The fund is passively-managed using sampling techniques. Securities are selected that will keep the fund's characteristics in-line with those of the index. The key index characteristics that the fund strives to match are sector weightings, coupon, maturity, effective duration, convexity and quality. To ensure good tracking with the index, the fund attempts to remain fully invested, while maintaining characteristics consistent with those of the index.

Portfolio Analysis & Key Observations

- For the first quarter, the Vanguard Total Bond Market Index Fund performed in line with its Barclays U.S. Aggregate Float Adjusted Bond Index benchmark (1.88% vs. 1.85%).
- Among U.S. government bonds, Treasuries returned more than agency bonds and longer-dated securities generally outperformed their shorter-dated counterparts.
- Within the investment-grade corporate bond segment, securities issued by industrial and utility companies produced more return than those of financial institutions, while lower-quality bonds generally fared better than higher-quality bonds.

Tracking Error



Key Facts and Figures

Portfolio Manager: Kenneth E. Volpert; Joshua C. Barrickman Portfolio Manager Average Tenure: 11.5 Years	Total Fund Assets: $111,943 Million Total Share Class Assets: $18,483 Million	Expense Ratio (Net): 0.05% Mercer Median Expense Ratio (Net): 0.20%

Fund Profile

Domestic Fixed - PIMCO Total Return Fund Institutional - PTTRX

Share Class: Institutional	**Benchmark: Barclays US Aggregate**

Investment Philosophy

PIMCO's philosophy emphasizes diversity through multiple strategies, an emphasis on structuring for a long investment horizon and an opportunity set that includes both traditional and non-traditional sectors. PIMCO's investment process starts with an annual Secular Forum at which the firm's investment professionals from around the globe gather to analyze longer-term economic, political and demographic trends. Leading external analysts and scholars are invited to the Forum to augment the firm's internal research. The goal is to look beyond the current business cycle and determine how secular forces will influence the global economy and financial markets over the next three to five years. Quarterly, PIMCO holds Economic Forums to forecast shorter-term economic performance in individual economies. Following PIMCO's Secular and Economic Forums, the PIMCO Investment Committee (IC), establishes the key themes that anchor many of the firm's investment decisions. PIMCO consider both the "top-down" conclusions from PIMCO's Forums, as well as the "bottom-up" market intelligence provided by the firm's teams of sector specialist portfolio managers. Through an iterative series of meetings, the IC defines a set of consistent strategies that are then implemented across the firm's account base, after being tailored to reflect individual client requirements. A team of seasoned investment professionals, including a portfolio manager and account manager, is assigned to each portfolio.

Portfolio Analysis & Key Observations

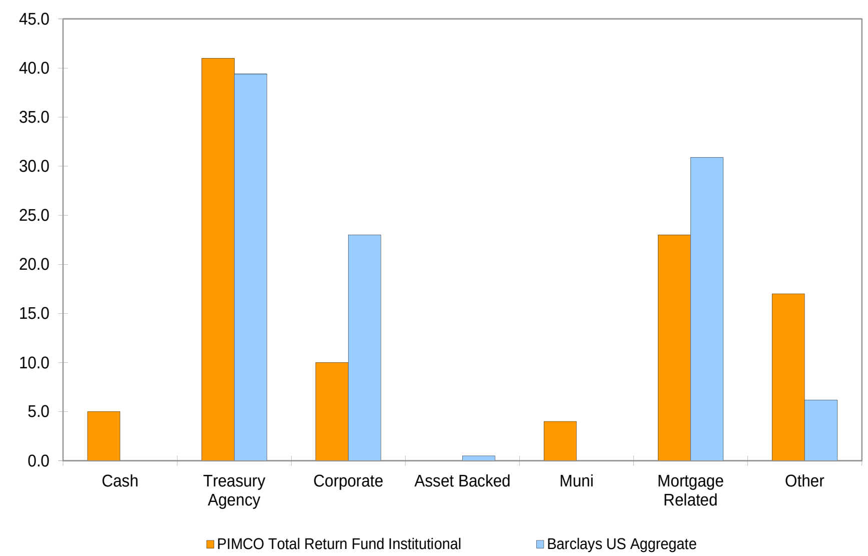
Positive Impact on Performance

- Tactical exposures to Italian and Spanish debt, which rallied on improved economic data
- An allocation to non-Agency MBS which benefited from limited supply and a recovery in the housing sector
- Exposure to Build America municipal bonds as spreads tightened
- Modest exposure to Mexican local interest rates as yields declined amid lower inflation

Negative Impact on Performance

- Underweight to the long-end of the US yield curve
- Underweight to US duration and investment-grade corporate bonds
- TIPS holdings as longer-term breakeven inflation levels declined

Sector Allocation as of March 31, 2014



Key Facts and Figures

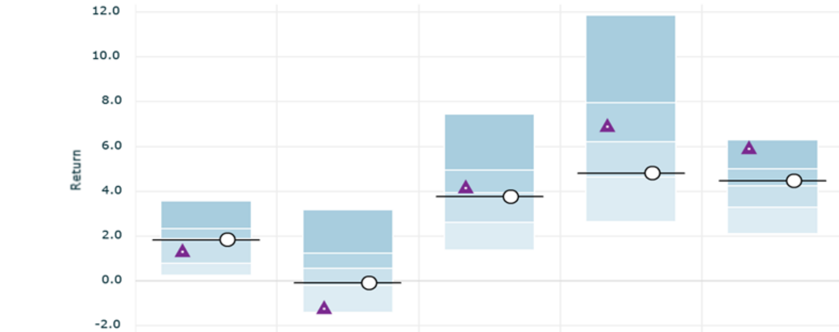
Portfolio Manager: William H. Gross	Total Fund Assets: $231,917 Million	Expense Ratio (Net): 0.46%
Portfolio Manager Average Tenure: 27.0 Years	Total Share Class Assets: $148,671 Million	Mercer Median Expense Ratio (Net): 0.53%

Fund Profile

Domestic Fixed - PIMCO Total Return Fund Institutional - PTTRX

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

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



	3 mths (%)	1 yr (%)	3 yrs (%pa)	5 yrs (%pa)	10 yrs (%pa)
PimcoTR	1.3 *(63)*	-1.2 *(94)*	4.1 *(45)*	6.9 *(40)*	5.9 *(7)*
BCUSAG	1.8 *(52)*	-0.1 *(72)*	3.8 *(55)*	4.8 *(70)*	4.5 *(42)*
5th Percentile	3.6	3.2	7.4	11.9	6.3
Upper Quartile	2.3	1.2	4.9	8.0	5.0
Median	1.9	0.6	3.9	6.2	4.2
Lower Quartile	0.8	-0.2	2.6	4.6	3.3
95th Percentile	0.2	-1.4	1.4	2.6	2.1
Number	398	383	355	325	258

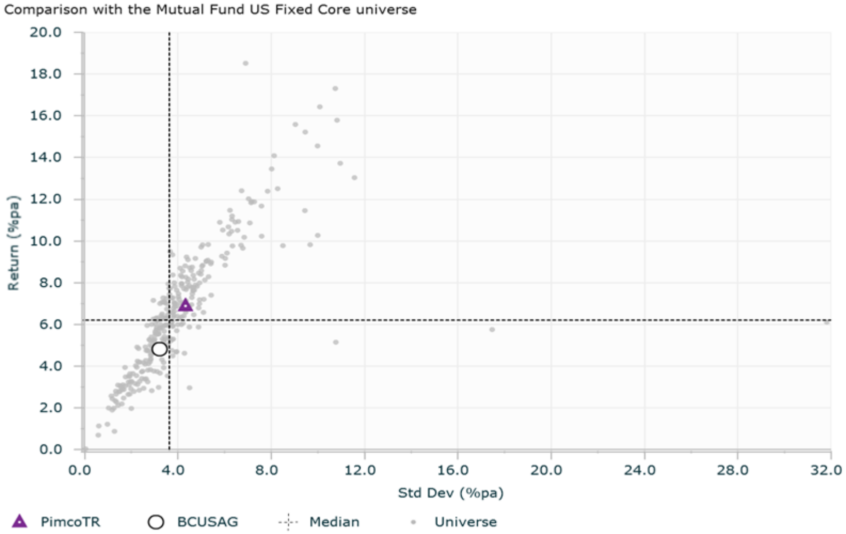
Performance characteristics vs. Barclays US Aggregate in $US (after fees) over 5 yrs ending March-14 (quarterly calculations)

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

	Ret (%pa)	Std Dev (%pa)	Ret/SD	TE (%pa)	IR
PimcoTR	6.9 *(40)*	4.3 *(31)*	1.6 *(63)*	3.3 *(34)*	0.6 *(52)*
BCUSAG	4.8 *(70)*	3.2 *(64)*	1.5 *(77)*	0.0 *(100)*	-
5th Percentile	11.9	8.1	2.1	6.9	1.3
Upper Quartile	8.0	4.6	1.8	3.7	1.0
Median	6.2	3.6	1.7	2.9	0.6
Lower Quartile	4.6	2.9	1.5	2.0	-0.1
95th Percentile	2.6	1.5	1.2	0.9	-1.1
Number	325	325	325	325	325

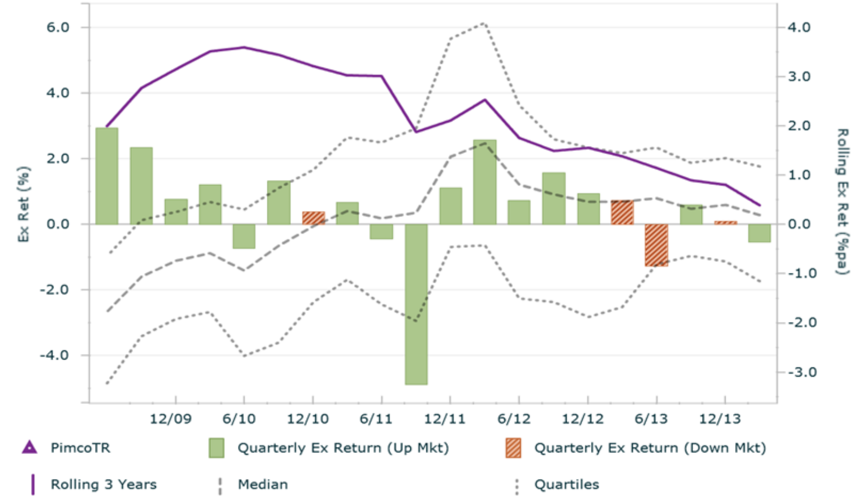
Return and Std Deviation in $US (after fees) over 5 yrs ending March-14 (quarterly calculations)

Comparison with the Mutual Fund US Fixed Core universe



Quarterly Excess Return vs. Barclays US Aggregate with rolling 3 yr line in $US (after fees) over 5 yrs ending March-14

Comparison with the Mutual Fund US Fixed Core universe



Risk-based Profile Funds

Profile Funds – Target Allocations

	1Q 2014 Fund Return (%)	*1Q 2014 Benchmark Return (%)*	*Excess Return (%)*	*Ultra Conservative Profile*	*Conservative Profile*	*Moderate Profile*	*Aggressive Profile*	*Ultra Aggressive Profile*
Stable Value								
DCP Stable Value	0.5%	0.3%	0.2%	35.0%	15.0%	10.0%	5.0%	0.0%
Total Stable Value				**35.0%**	**15.0%**	**10.0%**	**5.0%**	**0.0%**
US Fixed Income								
DCP Bond Fund[1]	1.6%	1.8%	-0.2%	50.0%	50.0%	30.0%	20.0%	10.0%
Total US Fixed Income				**50.0%**	**50.0%**	**30.0%**	**20.0%**	**10.0%**
US Equity								
Total US Large Cap Equity				***5.0%***	***12.5%***	***25.0%***	***25.0%***	***25.0%***
DCP Large Cap Stock Fund[2]	1.8%	1.8%	0.0%	5.0%	12.5%	25.0%	25.0%	25.0%
Total US Mid/Small Cap Equity				***5.0%***	***10.0%***	***20.0%***	***30.0%***	***40.0%***
DCP Mid Cap Stock Fund[3]	3.3%	3.3%	0.0%	2.5%	5.0%	10.0%	15.0%	20.0%
SSgA Russell Sm Cap NL Series S	1.1%	1.1%	0.0%	2.5%	5.0%	10.0%	15.0%	20.0%
Total US Equity				**10.0%**	**22.5%**	**45.0%**	**55.0%**	**65.0%**
Non-US Equity								
DWS EAFE Equity Index Fund Instl	0.6%	0.7%	-0.1%	5.0%	12.5%	15.0%	20.0%	25.0%
Total Non-US Equity				**5.0%**	**12.5%**	**15.0%**	**20.0%**	**25.0%**
Total				**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

[1] Composed of 50% PIMCO Total Return Fund / 50% Vanguard Total Bond Market Index Fund
[2] Composed of 100% Vanguard Institutional Index Fund
[3] Composed of 100% Vanguard Mid-Cap Index Fund

Fund Profile

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

Share Class: Institutional Plus	**Benchmark: S&P 500**

Investment Philosophy

The Fund seeks to track the investment performance of the Standard & Poors 500 Index, an unmanaged benchmark representing U.S. large-capitalization stocks. Using full replication, the portfolio holds all stocks in the same capitalization weighting as the index. The Fund uses proprietary software to implement trading decisions that accommodate cash flow and maintain close correlation with index characteristics. Vanguard's refined indexing process, combined with low management fees and efficient trading, has provided tight tracking (net of expenses).

Portfolio Analysis & Key Observations

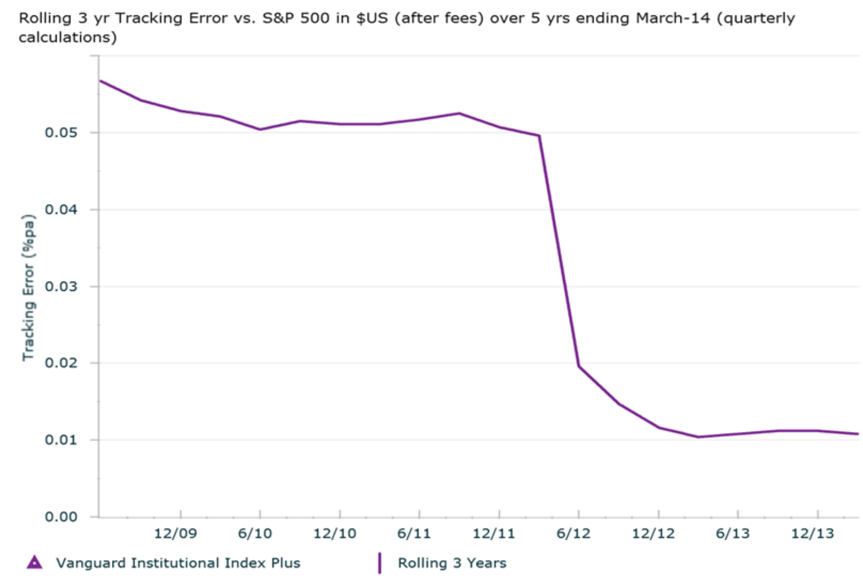
Top Performing Index Sectors

- Utilities (9.9%), health care (5.8%), and materials (2.9%)

Bottom Performing Index Sectors

- Consumer discretionary (-2.8%), telecommunications (-0.1%), and industrials (0.1%)

Tracking Error



Key Facts and Figures

Portfolio Manager: Donald M. Butler	Total Fund Assets: $166,924 Million	Expense Ratio (Net): 0.02%
Portfolio Manager Average Tenure: 14.0 Years	Total Share Class Assets: $76,510 Million	Mercer Median Expense Ratio (Net): 0.20%

Fund Profile

Domestic Equity - DCP Mid Cap Stock Fund – (100% Vanguard Mid-Cap Index Fund Inst Plus – VMCPX)

Share Class: Institutional Plus | **Benchmark: Vanguard Spliced Mid Cap Index***

Investment Philosophy

Vanguard Mid-Cap Index Fund seeks to track the investment performance of the CRSP US Mid Cap Index, an unmanaged benchmark representing medium-size U.S. firms. Using full replication, the portfolio holds all stocks in the same capitalization weighting as the index. The experience and stability of Vanguard's Quantitative Equity Group have permitted continuous refinement of techniques for reducing tracking error. The group uses proprietary software to implement trading decisions that accommodate cash flow and maintain close correlation with index characteristics. Vanguard Mid-Cap Index Fund is managed internally by Vanguard Quantitative Equity Group. Donald Butler, CFA, is the Portfolio Manager and has been advising the fund since 2004.

Portfolio Analysis & Key Observations

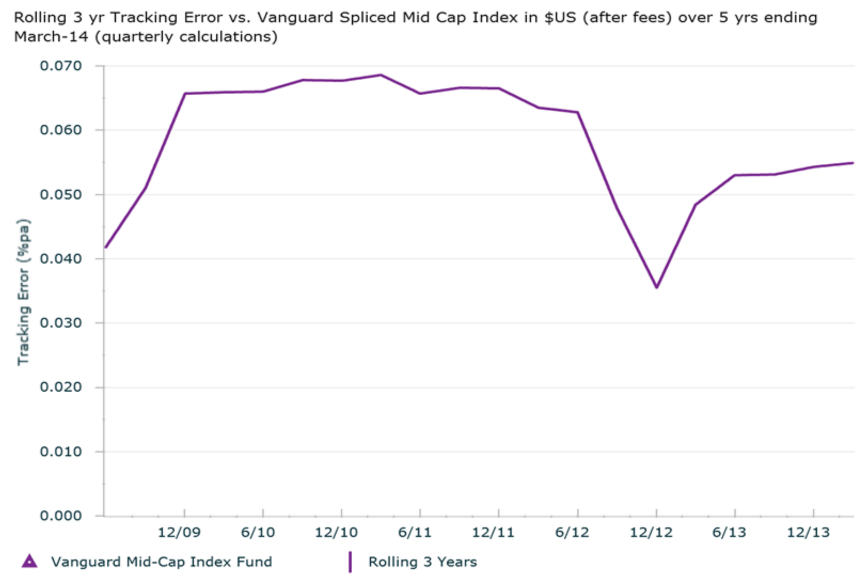
Top Performing Index Sectors

- Utilities (9.5%), health care (6.5%), and telecommunication services (6.4%)

Bottom Performing Index Sectors

- Consumer discretionary (0.0%), industrials (2.5%), and energy (3.0%)

Tracking Error



Key Facts and Figures

Portfolio Manager: Donald M. Butler Portfolio Manager Average Tenure: 16.0 Years	Total Fund Assets: $49,717 Million Total Share Class Assets: $9,103 Million	Expense Ratio (Net): 0.06% Mercer Median Expense Ratio (Net): 0.28%

* S&P MidCap 400 Index through May 16, 2003; the MSCI US Mid Cap 450 Index through January 30, 2013; and the CRSP US Mid Cap Index thereafter

Fund Profile

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

Share Class: S | **Benchmark: Russell 2000**

Investment Philosophy

SSgA's aim is to achieve returns as close to the index as possible, but in a cost effective manner. Market anomalies will be exploited where they can be, at very low risk levels. SSgA manages the Russell 2000 Index strategy using a full replication process. With regard to the replication approach, securities in the benchmark are purchased in the weights they represent in the benchmark. However, SSgA does allow for small mis-weights in the portfolio, recognizing that the cost of trading to avoid small mis-weights may be greater than any potential improvement in tracking error.

Portfolio Analysis & Key Observations

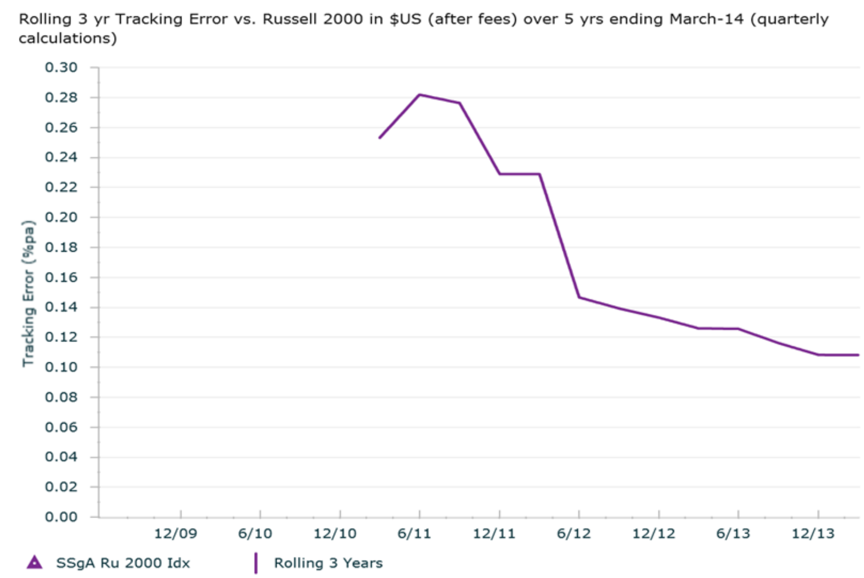
Top Performing Index Sectors

- Utilities (5.4%), energy (5.0%) and health care (3.8%)

Bottom Performing Index Sectors

- Consumer discretionary (-3.2%), information technology (0.4%) and industrials (0.8%)

Tracking Error



Key Facts and Figures

Portfolio Manager (Advised Since): David Chin (1999)	Total Fund Assets: $312 Million	Expense Ratio (Net): 0.06% Mercer Median Expense Ratio (Net): 0.30%

Fund Profile

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

Share Class: Institutional	**Benchmark: MSCI EAFE NET WHT**

Investment Philosophy

The fund seeks to replicate, as closely as possible, before the deduction of expenses, the performance of the Morgan Stanley Capital International (MSCI) EAFE Index, which emphasizes stocks of companies in major markets in Europe, Australasia and the Far East. The fund invests for capital appreciation, not income; any dividend and interest income is incidental to the pursuit of its objective. The fund may lend securities up to 33.3% of total assets to approved institutions.

Portfolio Analysis & Key Observations

Top Performing Index Sectors

- Utilities, health care and energy

Top Performing Countries

- Israel, New Zealand, Denmark, Italy, Ireland and Portugal

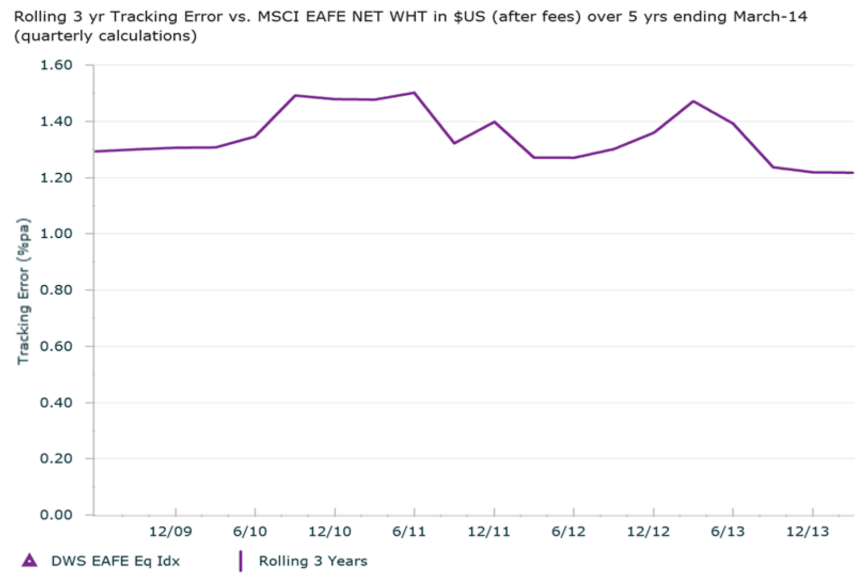
Bottom Performing Index Sectors

- Telecommunications, consumer discretionary, financials, and information technology

Bottom Performing Countries

- Japan, Hong Kong, Austria, Singapore, and UK

Tracking Error



Key Facts and Figures

Portfolio Manager: Thomas O'Brien; Joseph LaPorta Portfolio Manager Average Tenure: 1.0 Years	Total Fund Assets: $264 Million Total Share Class Assets: $264 Million	Expense Ratio (Net): 0.54% Mercer Median Expense Ratio (Net): 0.40%

Fund Profile

International Equity - Fidelity Diversified International Fund - FDIVX

Share Class: Standard	**Benchmark: MSCI EAFE NET WHT**

Investment Philosophy

The Diversified International Fund is constructed in a bottom-up fashion by which sector and country weights are driven from individual stock selection, The Fund is constructed with concern for diversification and industry risks, and is highly diversified holding between 200 and 300 companies. The Fund has the flexibility to invest in developed and emerging markets; however, emerging market exposure is generally less than 15% of the Fund. While the process is based on fundamental research and stock selection, thoughtful portfolio construction is important in creating a Fund that strives to be consistent and risk aware.

Bill Bower, along with Fidelity's domestic and international equity analysts based in Boston, Tokyo, London, and Hong Kong are actively involved in this research process. While the domestic and international research departments play an integral role in both the buy and sell decisions for the portfolio, the Portfolio Manager has ultimate responsibility for all investment decisions. When analyzing equity securities for inclusion in the portfolio, the fund manager evaluates cash flow multiples, balance sheet leverage relative to potential earnings growth, and valuation relative to historic levels. The fund manager also scrutinizes the quality of management, the alignment of management and shareholders' interests, and the stability of the underlying business. Finally, the manager pays close attention to the differences in accounting standards between countries, and takes these differences into account when selecting securities.

Portfolio Analysis & Key Observations

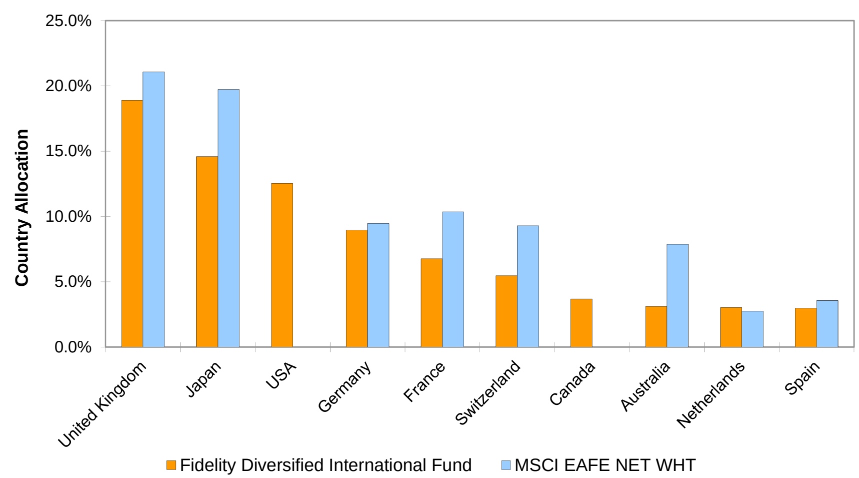
Positive Impact on Performance

- An overweight allocation to the health care sector
- Stock selection within the consumer staples sector
- Stock selection within Canada

Negative Impact on Performance

- An underweight allocation to the utilities sector
- Stock selection within, and an overweight allocation to the information technology sector
- Stock selection within the financials and telecommunication services sectors
- Stock selection within and an underweight to Europe

Country Analysis as of March 31, 2014



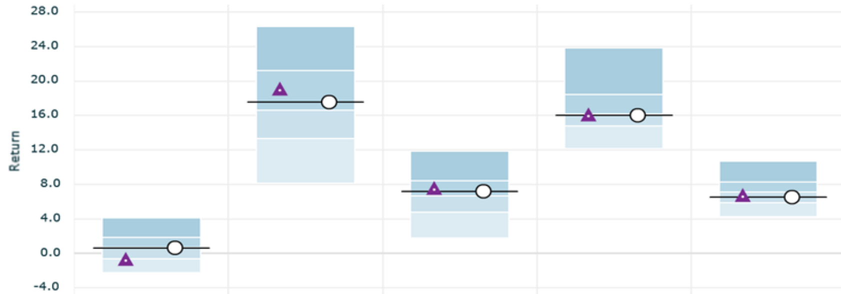
Key Facts and Figures

Portfolio Manager: William Bower	Total Fund Assets: $26,945 Million	Expense Ratio (Net): 0.95%
Portfolio Manager Average Tenure: 13.0 Years	Total Share Class Assets: $15,019 Million	Mercer Median Expense Ratio (Net): 1.00%

Fund Profile

International Equity - Fidelity Diversified International Fund - FDIVX

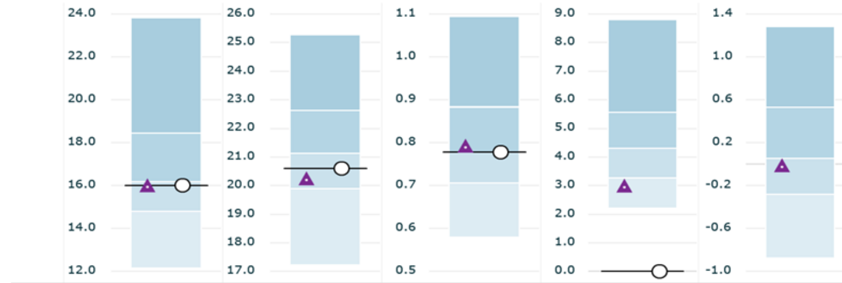
Return in $US (after fees) over 3 mths, 1 yr, 3 yrs, 5 yrs, 10 yrs ending March-14
Comparison with the Mutual Fund World ex US/EAFE Equity universe (Percentile Ranking)



	3 mths (%)	1 yr (%)	3 yrs (%pa)	5 yrs (%pa)	10 yrs (%pa)
▲	-0.8(78)	18.9(37)	7.4(40)	15.9(55)	6.6(60)
○	0.7(52)	17.6(44)	7.2(42)	16.0(54)	6.5(60)
5th	4.1	26.3	11.9	23.8	10.7
25th	1.9	21.2	8.4	18.4	8.3
50th	0.7	16.6	6.7	16.2	7.1
75th	-0.6	13.3	4.8	14.8	5.9
95th	-2.2	8.1	1.8	12.1	4.3
#	418	409	365	329	216

▲ Fidelity Diversified International ○ MSEAFENUSD

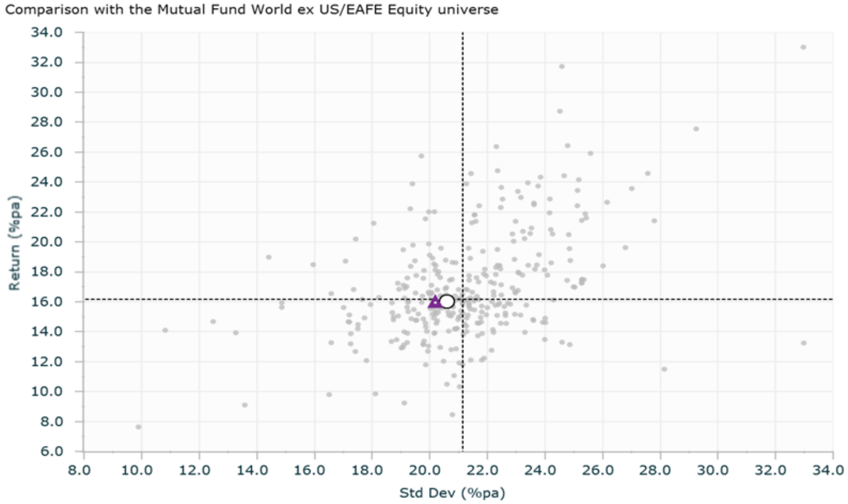
Performance characteristics vs. MSCI EAFE NET WHT in $US (after fees) over 5 yrs ending March-14 (quarterly calculations)
Comparison with the Mutual Fund World ex US/EAFE Equity universe (Percentile Ranking)



	Ret (%pa)	Std Dev (%pa)	Ret/SD	TE (%pa)	IR
▲	15.9(55)	20.2(68)	0.8(47)	2.9(84)	0.0(56)
○	16.0(54)	20.6(60)	0.8(50)	0.0(100)	-
5th	23.8	25.3	1.1	8.8	1.3
25th	18.4	22.6	0.9	5.6	0.5
50th	16.2	21.1	0.8	4.3	0.1
75th	14.8	19.9	0.7	3.3	-0.3
95th	12.1	17.2	0.6	2.2	-0.9
#	329	329	329	329	329

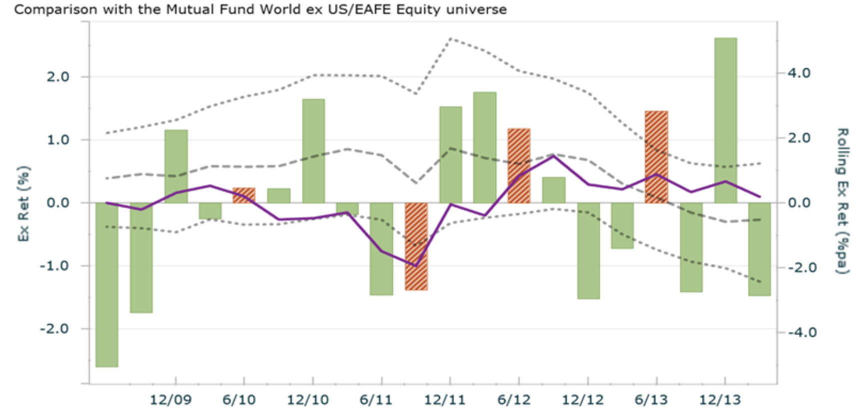
▲ Fidelity Diversified International ○ MSEAFENUSD

Return and Std Deviation in $US (after fees) over 5 yrs ending March-14 (quarterly calculations)
Comparison with the Mutual Fund World ex US/EAFE Equity universe



▲ Fidelity Diversified International ○ MSEAFENUSD Median Universe

Quarterly Excess Return vs. MSCI EAFE NET WHT with rolling 3 yr line in $US (after fees) over 5 yrs ending March-14
Comparison with the Mutual Fund World ex US/EAFE Equity universe



▲ Fidelity Diversified International
Quarterly Ex Return (Up Mkt)
Quarterly Ex Return (Down Mkt)
Rolling 3 Years
Median
Quartiles

Appendix A – Investment Manager Updates

Fidelity Investments/Pyramis Global Advisors

Nancy Prior Appointment – March 11, 2014

- On March 10, 2014, Fidelity announced that Nancy Prior was promoted to be the President of the firm's fixed income division. Prior succeeds Charlie Morrison who was recently promoted to President of Fidelity's asset management organization after the retirement of Ron O'Hanley in February 2014. Prior will be responsible for strategic oversight of the fixed income division, which includes the firm's Money Market and Bond groups. Prior has been with Fidelity for the past 12 years where she has served as President of the Money Market group since 2011 and President of the Limited Term Bond team since late 2013. She has also been a member of the fixed income senior leadership team for the past three years.
- *Mercer View:* Fidelity previously announced that an internal candidate would be promoted to succeed Morrison, so the appointment of Prior does not come as a surprise. At this time, we have no plans to change the ratings of any strategies as a result of this announcement.

Pacific Investment Management Company (PIMCO)

Update on Organizational Changes – April 8, 2014

- Pursuant to the resignation of CEO Mohamed El-Erian in January 2014, we continue to monitor developments at PIMCO and assess the implications of the new team structure.
- We have spoken with key individuals in PIMCO's regional teams about the departure of El-Erian and other individuals and the associated CEO and Deputy CIO promotions. We have been told that the changes will not have a significant impact on the way that PIMCO's regional strategies are run or the number of actual accounts that the six newly appointed Deputy CIO's will manage. This is broadly consistent with our own expectations and has prevented us from proposing any downgrades.
- However, due to El-Erian's prior standing, the nature of his departure, question marks over the new structure of the senior management team, the potential risk of a power struggle, concerns about the recent performance of certain PIMCO strategies and associated outflows, and speculation about CIO Bill Gross himself, we perceive a heightened element of business risk. We will require a reasonable period of time to elapse to conclude that this risk has been mitigated. During this time, we would expect assets under management to stabilize and will seek further clarification from PIMCO's senior management team. As part of this due diligence process we would expect to speak again to CEO Doug Hodge and/or to Bill Gross.

Paul McCulley Returns to PIMCO as Chief Economist – May 27, 2014

- PIMCO has rehired Paul McCulley, a former Managing Director, portfolio manager, and Investment Committee (IC) member who retired from the firm at the end of 2010. McCulley will assume the newly created role of Chief Economist, reporting to CIO Bill Gross. He will again have the Managing Director title and serve as a member of the IC. He will not manage client portfolios or serve as a portfolio manager. McCulley will spend up to 100 days per year working in PIMCO offices; the balance will be spent on activities outside of the firm, including leading the Morgan le Fay Dreams Foundation, as well as academic activities.
- *Mercer View:* In general, we take a positive view of McCulley's return. During his time with PIMCO, McCulley was recognized as a thought leader and public face of the firm. His contributions to the firm's macro strategy and communication of secular themes are well known throughout the industry – particularly in his views on deleveraging and its consequences on markets, which played out over the past decade. While this appointment may not be an overt response to El-Erian's departure earlier this year, McCulley is the perfect candidate to cover El-Erian's media duties. Also, it proves that the firm can continue to attract marquee talent in the wake of recent organization change and public scrutiny. That said, the part-time nature of his employment leads us to believe he will likely spend more time writing/publishing commentary and making public speaking appearances than directing IC meetings. We retain the (W)atch designation for an extended period of time as recent hires and the new management structure continue to evolve.

Appendix B – Disclosures

Important notices

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