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City of Los Angeles

City of Los Angeles Deferred Compensation Plan

Defined Contribution Performance Evaluation

Third Quarter 2013

Services provided by Mercer Investment Consulting, Inc.

MARSH & McLENNAN COMPANIES

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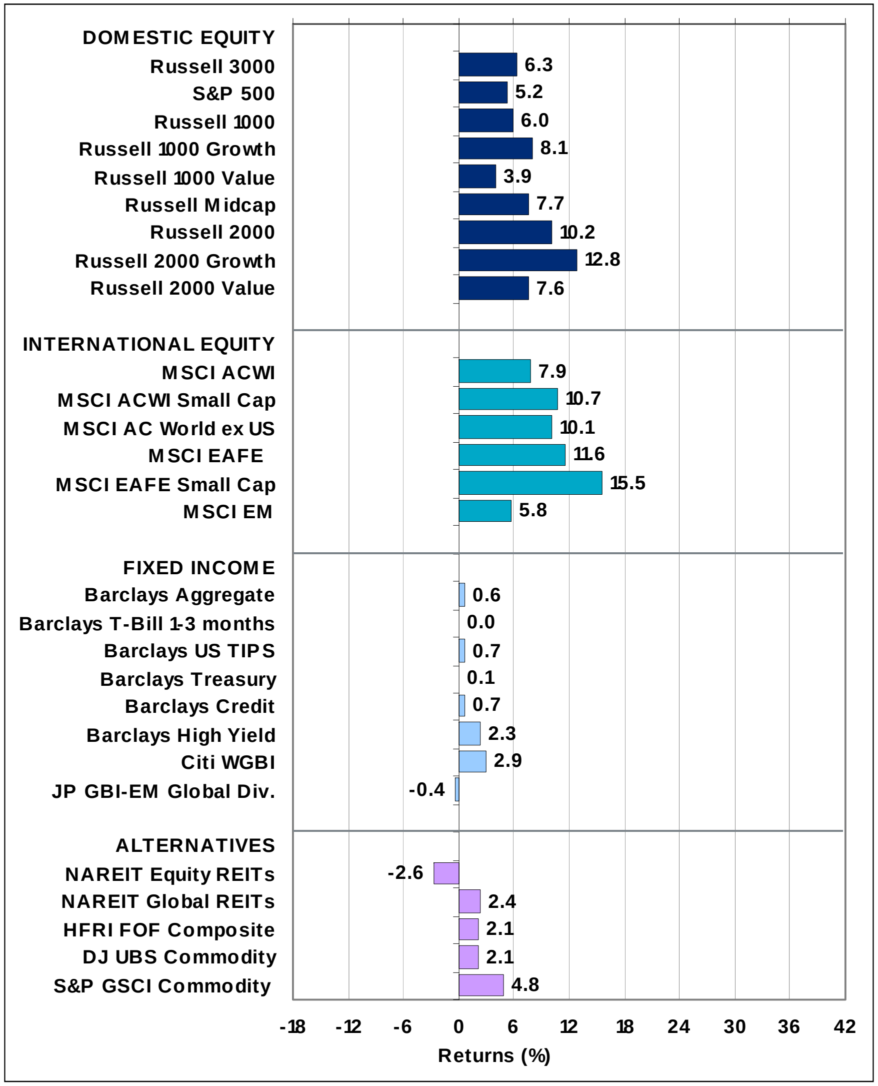
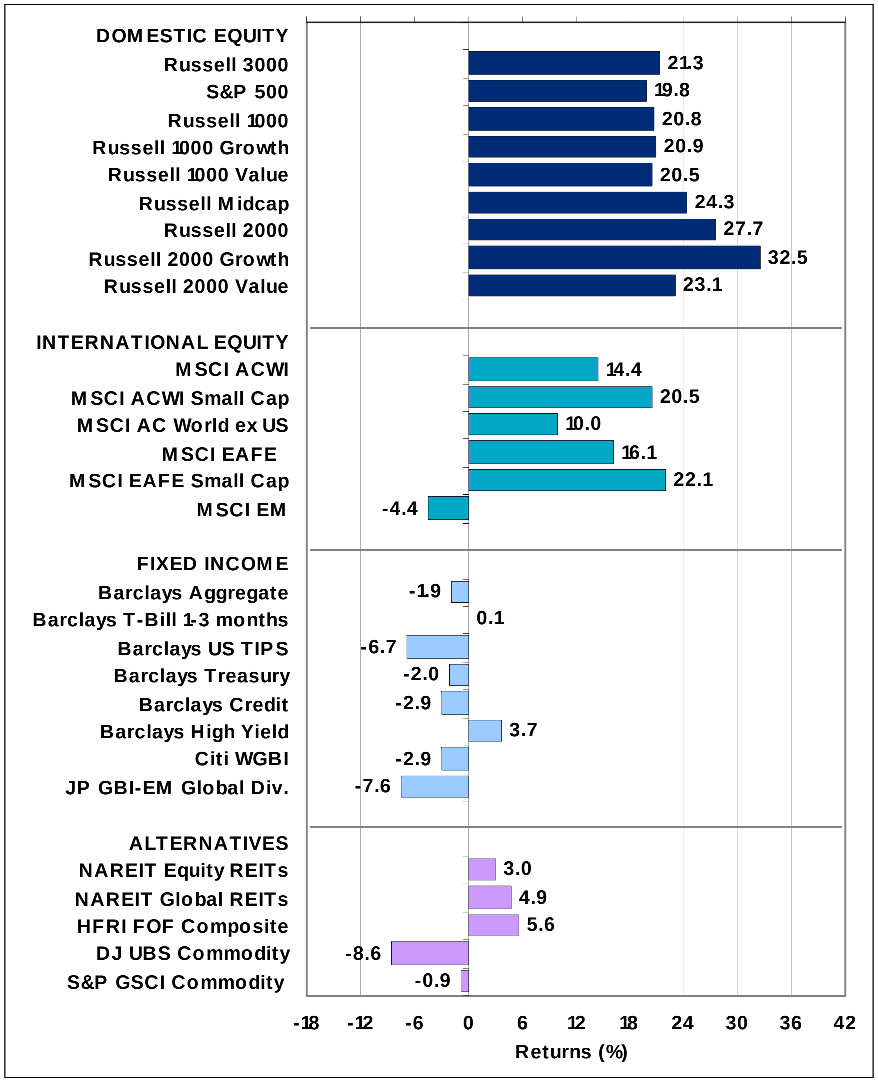
Performance Summary: Quarter in Review

Market Performance
Third Quarter 2013



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

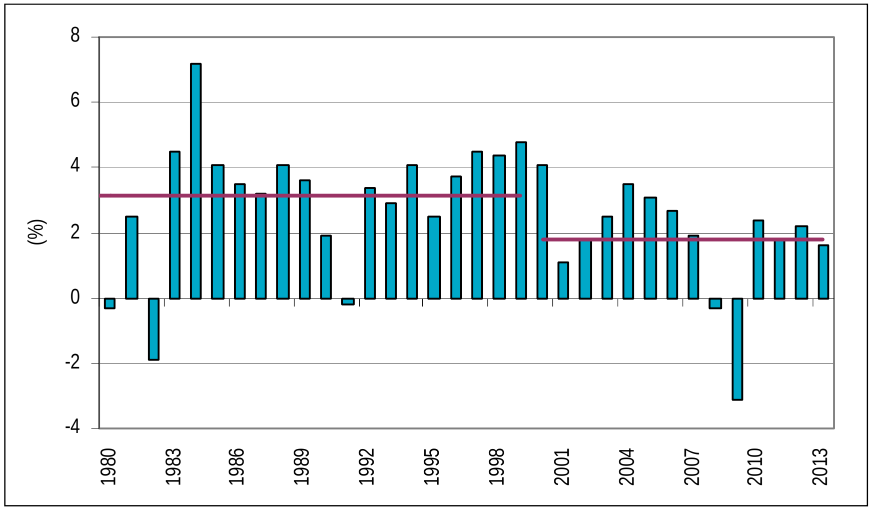
Market Performance
YTD



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

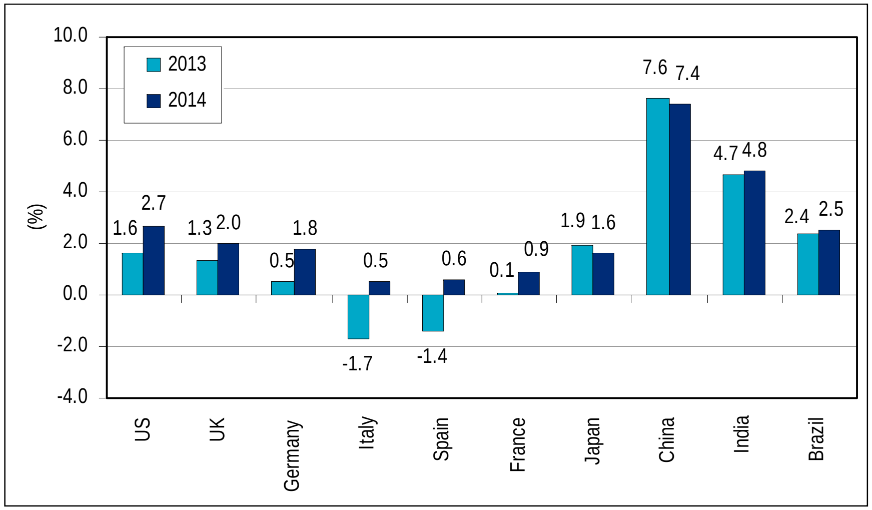
Macro Environment: Economic Review

Annual GDP Growth



Source: Bureau of Economic Analysis

World Economic Growth
(Projections as of September 2013)

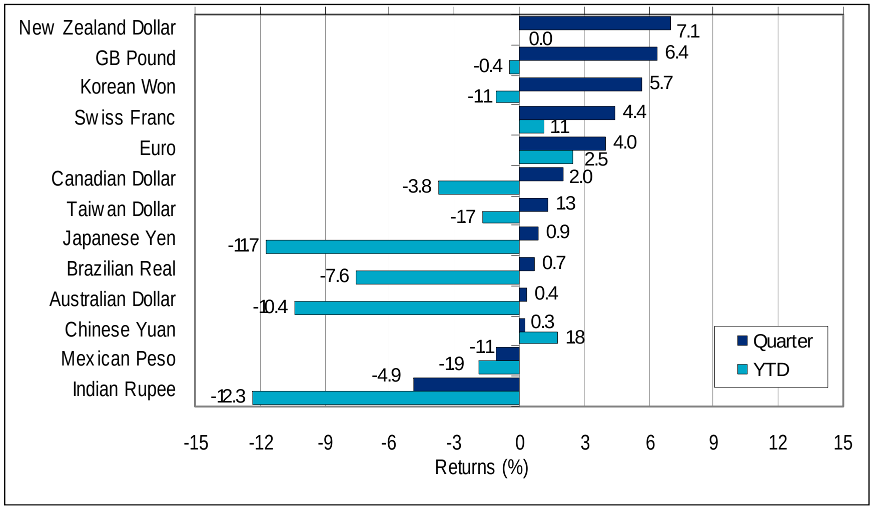


Source: Bloomberg

- The IMF projects advanced economies will expand just 1.2% this year. However, the outlook for developed economies in 2014 is brighter as the Eurozone emerges from recession and the pace of fiscal tightening slows. Still, while downside risks are lower and the global economy faces fewer headwinds, growth is likely to be modest with the IMF projecting that the developed world will expand 2.0% next year.
- Economic and job growth within the US remain moderate. Growth is expected to pick-up in 2014 as the fiscal drag slows and economists polled by Bloomberg project that the economy will expand 2.7%. The Eurozone's PMI rose to 52, its highest rate since June 2011. However, while the recession has ended, the resulting upturn is likely to be modest. The IMF expects that the region will expand just 1.0% next year. The early results from "Abenomics" in Japan have been positive. For example, 5-year inflation expectations have risen from 0.6% to 1.3% over the last 12 months and the yen has weakened. However, it remains uncertain if the new government can implement the reforms needed to improve the longer-term growth potential of the economy.
- Emerging economies are arguably facing their most difficult period since the Asian financial crisis. External and internal imbalances have worsened and the recent reversal in capital flows coupled with steep currency declines has increased fears that some EM countries could experience a 1997 styled crisis. However, unlike, 1997, EM countries are not saddled with fixed exchange rates and a massive burden of foreign debt. Importantly, currency reserves have grown to nearly $7.4T, which provides a significant source of protection. While the risk of a crisis appears small, the recent troubles are a reminder that their growth trajectory will not be perfectly smooth. The IMF projects that EM economies will grow just 4.5% this year. We continue to think that the secular growth outlook for emerging economies is bright, particularly if they use the current downturn as opportunity to implement needed reforms.

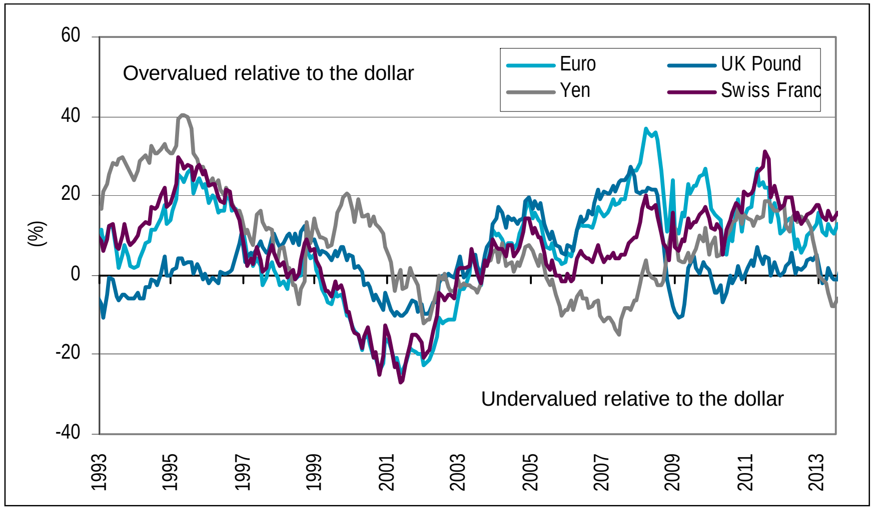
Macro Environment: Currencies

Performance of Foreign Currencies versus the US Dollar



Source: Bloomberg

Currency Valuation versus US Dollar (Based on Relative PPP)

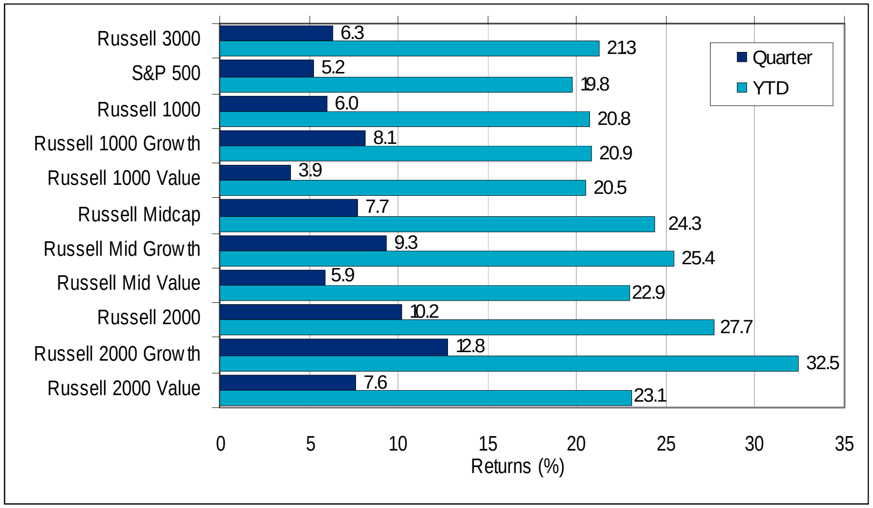


Source: Bloomberg

- On a trade-weighted basis, the US dollar declined 3.0% for the third quarter. The dollar showed weakness throughout most of the quarter, and extended losses after the September FOMC meeting. The yen reversed its losing streak against the dollar, adding 0.9%, while the euro advanced a robust 4.0%. Most emerging market currencies declined.
- During Q3, the euro reached its highest level since February, a development the ECB most likely views unfavorably. Despite subsiding financial tensions, the euro should trend lower over the medium-term as slow growth and weak inflation give the ECB room for more monetary stimulus. Further, the euro continues to appear rich on a trade-weighted basis.
- While the yen trades at a discount to the dollar on relative purchasing power parity (PPP), the currency tends to move in long cycles, swinging from one valuation extreme to the other. Yen weakness could persist as aggressive monetary easing and fiscal contraction via a higher consumption tax weigh on the currency.
- Emerging market currencies rallied on the Fed's decision to continue full scale asset purchases, but gave up some of the gains by quarter end. This suggests that economic challenges are increasingly outweighing the effects of US monetary policy. Countries with large current account deficits were punished the hardest as they are the most vulnerable to capital outflows. EM currency weakness may persist in the short-term as growth slows, but the longer-term outlook is bullish, particular if countries can implement reforms to improve the secular growth outlook.

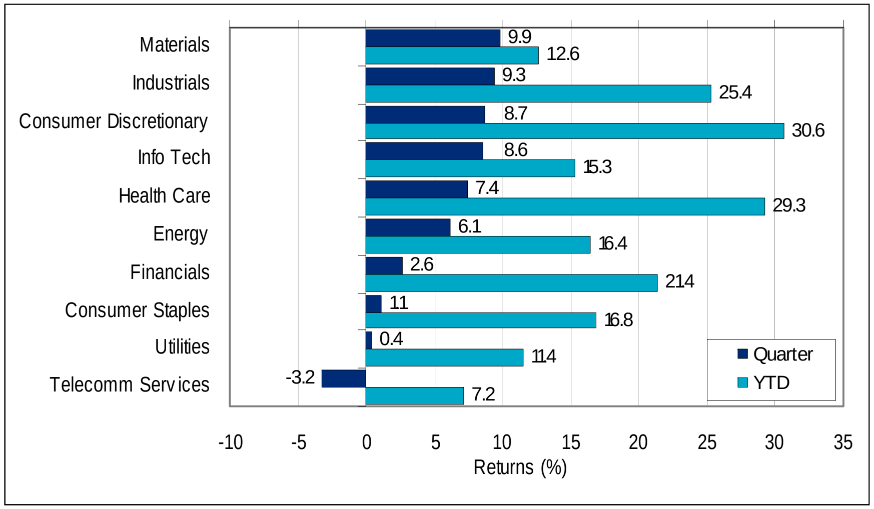
Asset Class: US Equities – Style, Sector, Cap Performance

Style and Capitalization Market Performance



Source: Standard & Poor's, Russell, Bloomberg

Sector Performance



Source: Russell 1000 GICs Sector

Broad Market

- Stocks moved higher in Q3 as the Fed held off on tapering QE3 and economic growth remained moderate. The Russell 3000 Index posted a solid gain of 6.3% for the quarter and is now up 21.3% year-to-date. The US market remains the top performer in 2013 with the S&P 500 outperforming international developed and emerging markets by 420 and 2420 basis points, respectively.

Market Cap

- **Large Caps:** The S&P 500 Index rose 5.2% in the third quarter and has returned 19.8% in 2013. Large cap stocks lagged mid cap and small cap stocks for the quarter and for the year.
- **Mid Caps:** The Russell Midcap Index advanced 7.7% in Q3 and has gained 24.3% this year.
- **Small Caps:** Small cap stocks outperformed large and mid cap stocks as the Russell 2000 Index rose 10.2%. Year-to-date, small caps are up 27.7%, outpacing the S&P 500 by 790 basis points.

Style

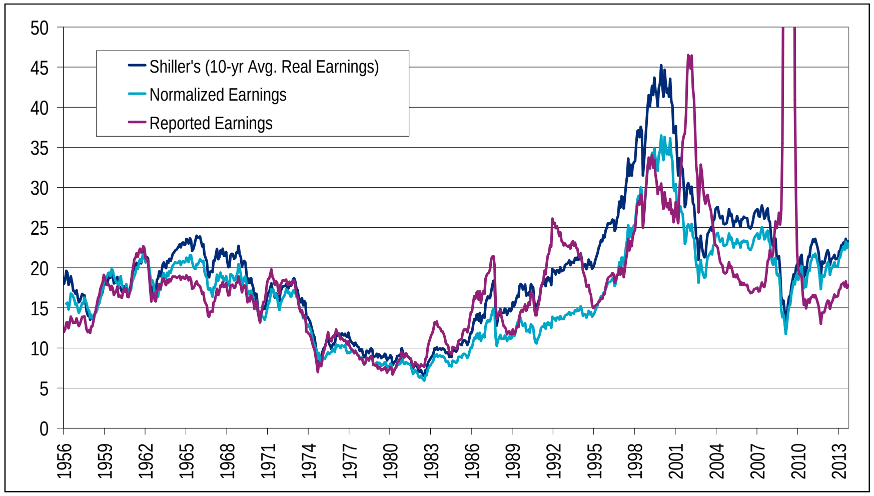
- **Value vs. Growth:** Growth stocks have surpassed value across all capitalizations for the quarter and for the year. Small cap growth was the best performing style, gaining 12.8% in Q3 and is now up 32.5% this year.

Sector

- The telecom, utilities, consumer staples, financials and energy sectors were the laggards for the quarter, while the material, industrials, consumer discretionary, information technology and health care sectors outperformed the broad market.

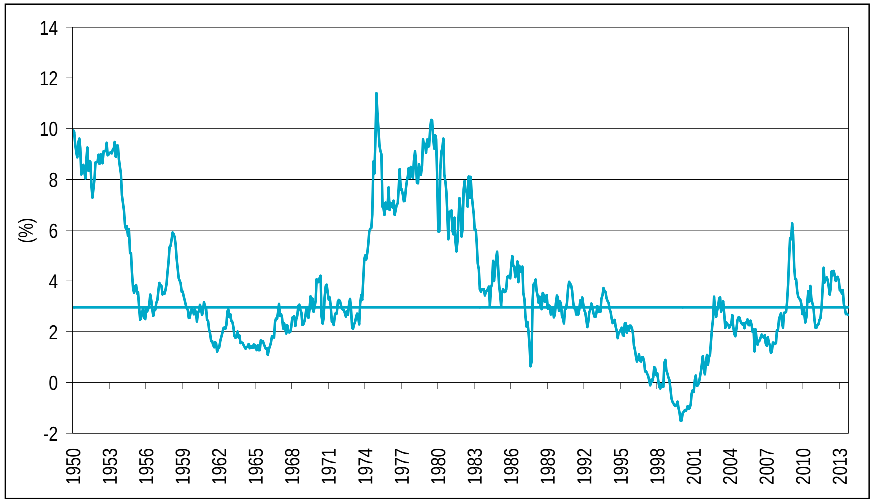
Asset Class: US Equities – Valuation Review

S&P500 – P/E Ratio



Source: S&P, Bloomberg, Mercer

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



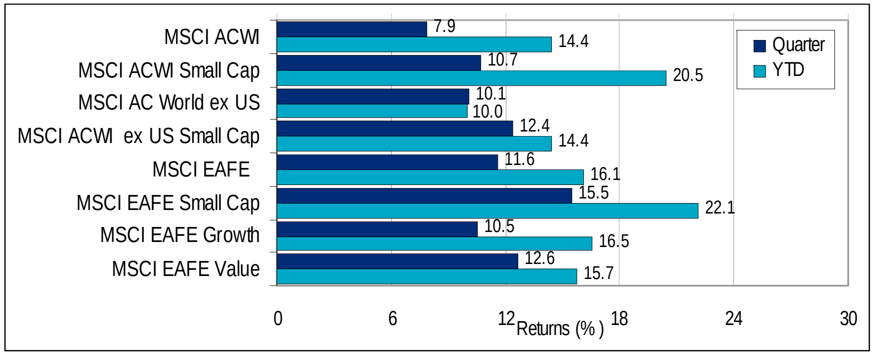
Source: S&P, Bloomberg, Mercer

- The P/E ratio on trailing reported earnings advanced from 17.7 to 18.5, which is above the 17.2 median since 1956. P/E multiples have expanded in 2013 as equity returns have outpaced modest earnings growth.
- Productivity growth is slowing and unit labor costs are rising, which suggests companies have mostly exhausted cost cutting as a source of profit growth. Capital investments and hiring remain below trend, but are likely to increase if the economic recovery continues as we expect. While this will be good for the economy over the short-term, it could put downward pressure on margins.
- Although we expect margins to decline, they will likely remain above average for some time. Low interest costs should continue to boost profit margins as US corporations have refinanced into lower rate debt and extended maturities. While corporate rates have rebounded from record lows set earlier this year, many companies can still borrow at a steep discount to their cost of equity. This effectively allows cheap share buybacks, which can increase earnings per share without aggregate profit growth.
- Cyclically-adjusted valuations, which adjust for abnormally high profit margins, remain uncomfortably high. The P/E ratio based on normalized earnings stood at 23.0, which is 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 23.3, compared to a median of 18.9 (since 1956).
- US equity valuations remain rich on an absolute basis and their appeal relative to bonds has decreased. We estimate that the equity risk premium over long-term Treasuries declined from 2.9% to 2.7% at quarter-end, below the historical median of 3%.

[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

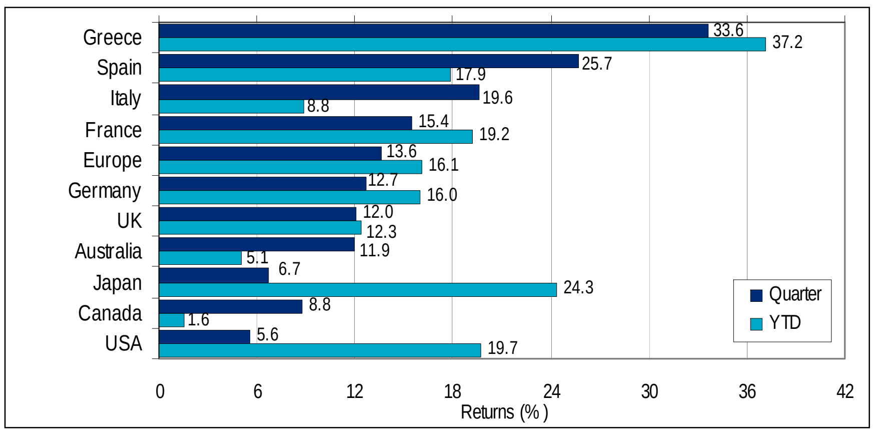
Asset Class: International Equities – Performance Review

International Equity Performance



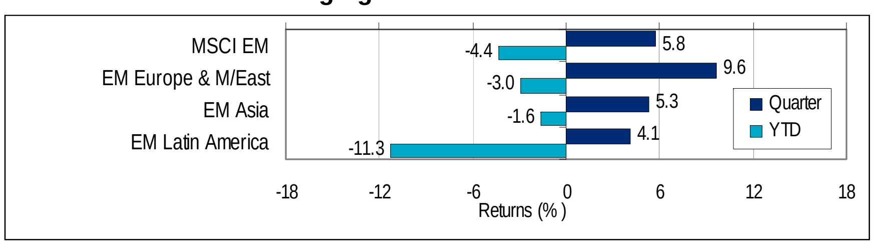
Source: MSCI, Bloomberg

Developed Country Performance



Source: MSCI, Bloomberg

Emerging Market Performance

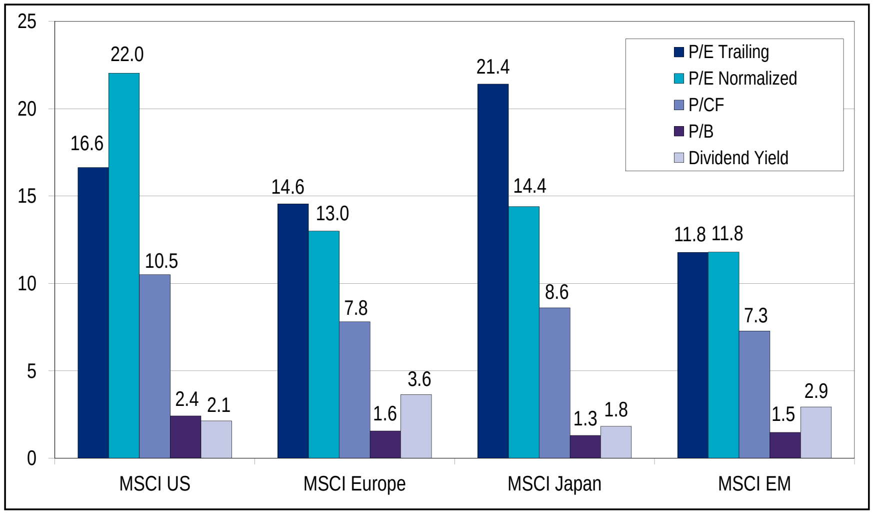


Source: MSCI, Bloomberg

- **International equities** outperformed US equities in the third quarter. The MSCI ACWI ex-US Index gained 10.1%, surpassing the Russell 3000 by 380 basis points. However, YTD the index has lagged the Russell 3000 by 1,130 basis points.
- **International developed stocks** surged 11.6% for the quarter and are up 16.1% in 2013. European stocks rose 13.6% Q3 as the region's economy shows signs of an economic recovery. YTD European stocks are up 16.1%. Japanese stocks continued to soar on the heels of the BOJ's stimulus efforts and hopes of an economic renaissance. Japanese stocks returned 6.7% in the third quarter and have returned a solid 24.3% so far this year.
- **International small cap stocks** gained 15.5% for the quarter and have risen 22.1% year-to-date. International small caps have outperformed international developed large cap stocks by 396 and 595 basis points for the quarter and year-to-date periods, respectively.
- **Emerging markets** recovered in Q3, returning 5.8%. However, for the year the emerging markets are still down 4.4%. Regionally, European and Middle Eastern markets gained 9.6% for the quarter and are down 3.0% during 2013. Asian and Latin American equities advanced 5.3% and 4.1%, respectively, in the third quarter, but have fallen 1.6% and 11.3%, respectively, this year. Year-to-date emerging markets have lagged developed markets by 1030 basis points.

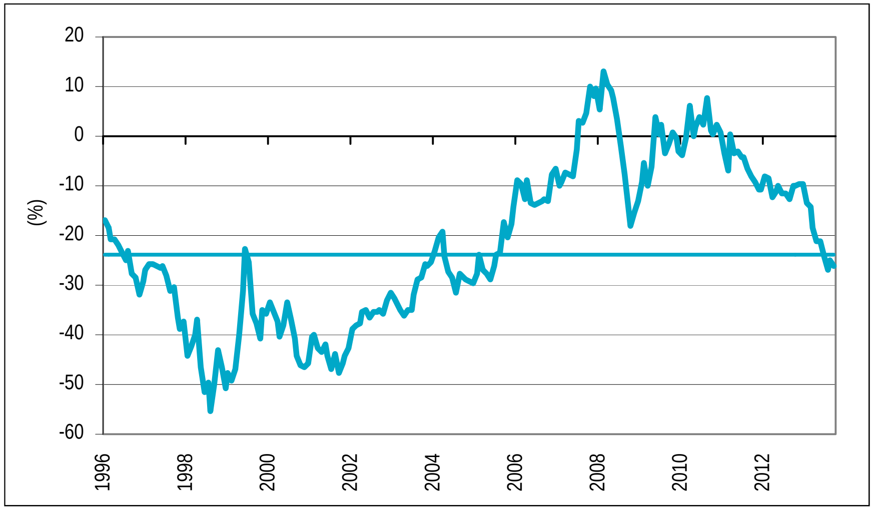
Asset Class: International Equities – Valuation Review

Global Valuations



Source: MSCI, Bloomberg

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

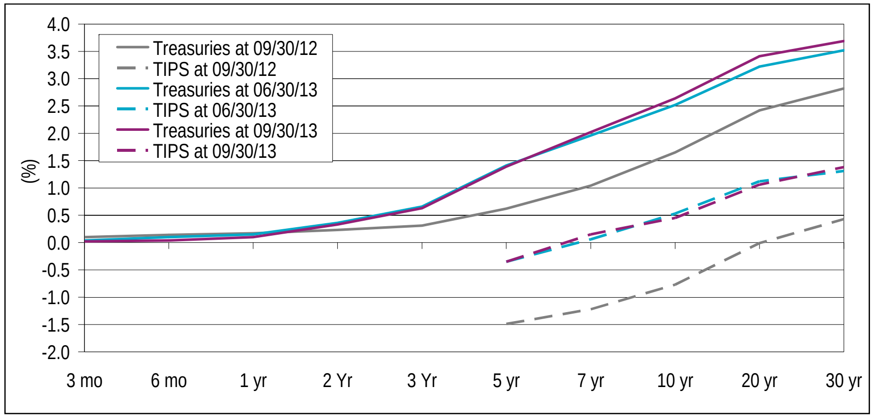


Source: MSCI, Bloomberg

- Improving financial conditions and the end of the recession should lead to an improved earnings outlook for European firms. Margins are currently 10% below their historical average and EPS are 25% below the 2007-peak, suggesting the potential for expansion. However, the recovery within the region is likely to be modest and the recent strength of the euro could weigh on exports. Also, while the risk of a disorderly collapse of the euro has fallen, the structural issues facing the region remain unresolved, suggesting the possibility that the crisis could resurface.
- Based on P/CF and P/B, European stocks traded at 13% discount to their historical median since 1970. Based on Shiller's P/E, European stocks traded at nearly a 34% discount to US equities compared to a historical average of 13%. Sentiment on Europe has improved significantly. According to a Bloomberg investor survey, 34% of participants see Europe as offering the best opportunities. In May, 45% of this surveyed saw Europe as offering the worst prospects.
- EPS for Japanese firms are up nearly 50% over the last year and profitability has returned to pre-earthquake levels. The steep slide in the yen coupled with an improved developed world growth outlook should be a positive for Japanese firms. However, slowing growth in China is likely to present a headwind. The WSJ estimates Japanese companies garner roughly 20% of their sales from China. It remains uncertain if Japan can improve corporate profitability and the secular growth potential of the economy.
- The valuation picture for Japanese stocks is mixed, but on a positive balance due to the potential for upside surprises. They are trading at 19x trailing earnings; however, if margins can return to pre-2008 levels, stocks appear more reasonable at a P/E of 15.

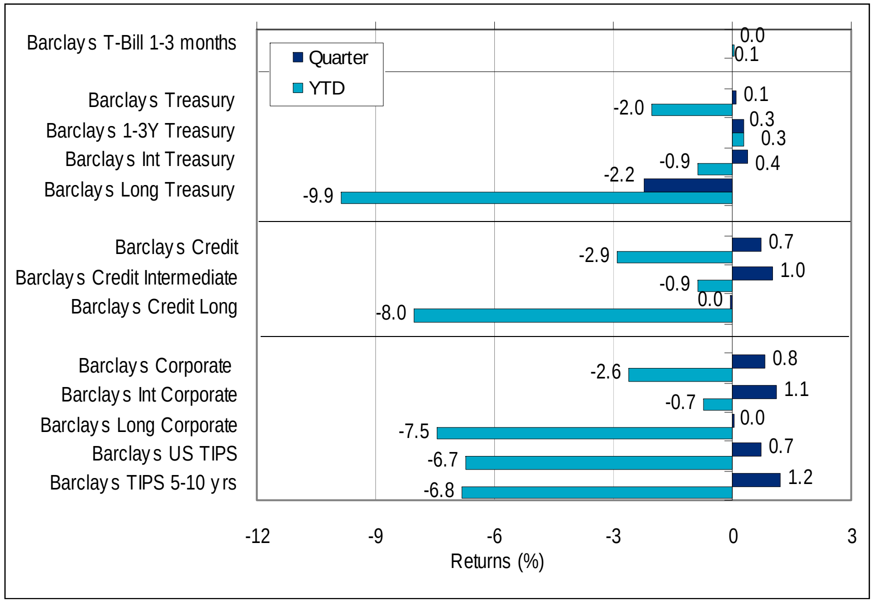
Asset Class: Fixed Income – Interest Rates and Yield Curve

Treasury Yield Curve



Source: Federal Reserve

Bond Performance by Duration

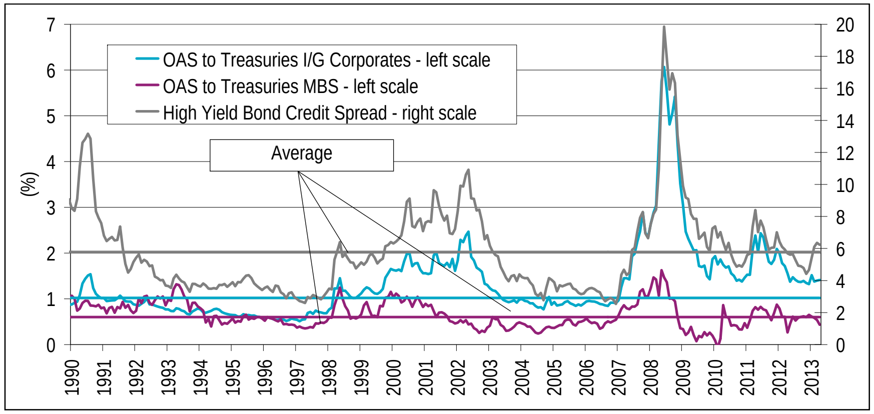


Source: Barclays, Bloomberg

- Shifting market expectations regarding Fed policy led to significant intra-quarter interest rate volatility. The yield on the 10-year Treasury spiked from 2.52% to over 3% in early September before finishing the quarter at 2.64% as the Fed held off on tapering QE3. The real yield on 10-year TIPS declined from 0.53% to 0.45%, while the inflation breakeven rate rose modestly from 2.0% to 2.2%.
- The yield curve steepened slightly. Yields on the short end of the curve declined modestly, while long-term yields advanced. The yield on 30 year Treasuries rose 17bps, even as the Fed maintained full scale asset purchases.
- 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 2015.
- **US Bonds** moved higher during the quarter with Barclays Aggregate gaining 0.6%, but they are still down 1.9% in 2013.
- **Long-Duration Bonds** posted losses as the yield on the 30-year Treasury rose by 17 basis points. The Barclays Long Treasury Index fell 2.2% in the third quarter and has dropped 9.9% year-to-date.
- **TIPS** gained 0.7% as the real yield on 10-year TIPS declined slightly. TIPS have underperformed Treasuries by 473 basis points in 2013 due their higher duration and a decline in breakeven rates.

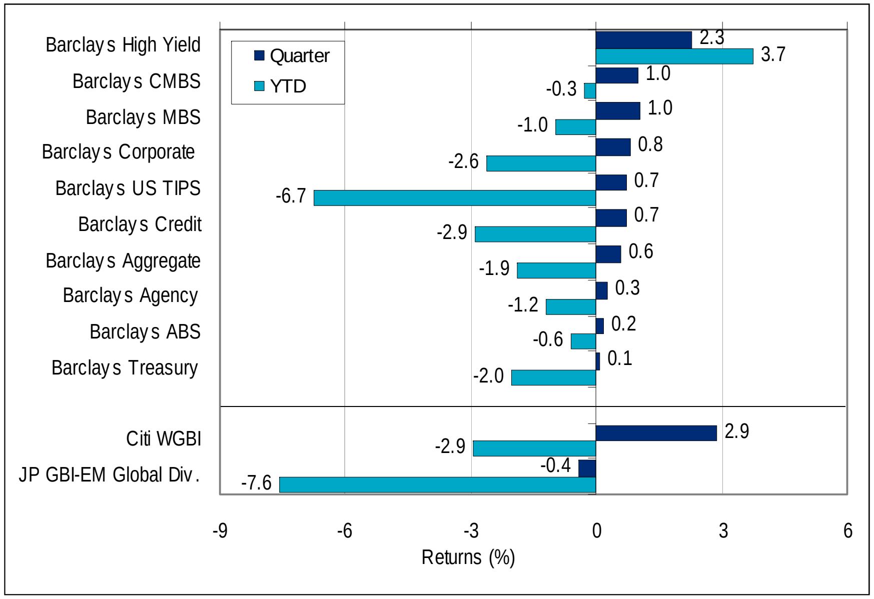
Asset Class: Fixed Income – Credit and Non-US Bonds

Credit Spreads



Source: Barclays

Sector, Credit, and Global Bond Performance

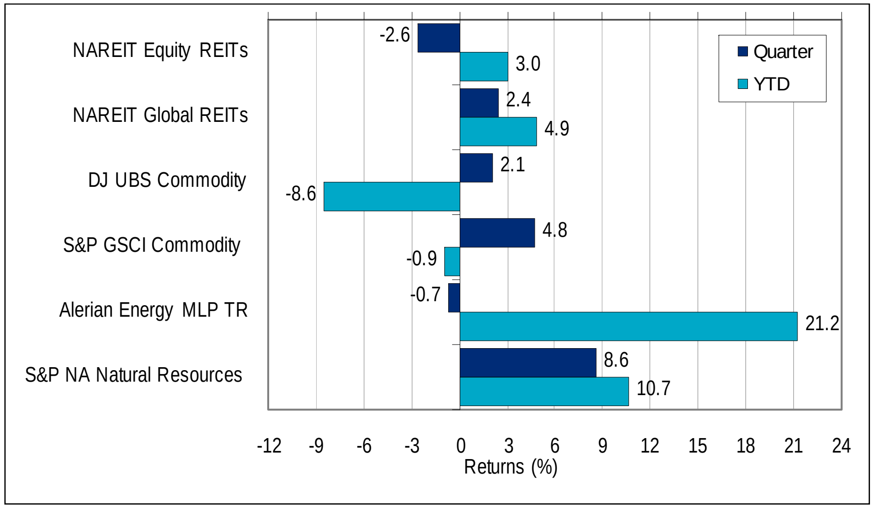


Source: Barclays, Citigroup, JP Morgan, Bloomberg

- The yield on the Barclays I/G Corporate index declined 5bps to 3.3%. This decline was entirely driven by a 17bps drop in financial yields as industrial yields remained unchanged. The option-adjusted spread to Treasuries fell from 1.5% to 1.4%, compared to the historical median of 1%.
- The yield on high yield bonds declined from 6.7% to 6.2%. The option-adjusted spread narrowed by 31bps to 4.6%, below the historical median, but in line with our equilibrium spread estimate of 4.6%. Although the short-term default outlook remains favorable and could drive spreads even lower, there are signs that issuance quality has worsened.
- **US Treasuries** experienced small gains as yields declined. The Barclays Treasury Index advanced 0.1% in the third quarter and is down 2.0% year-to-date. TIPS gained 0.7% during the quarter, but have lost 6.7% in 2013.
- **US Corporate** bonds outperformed Treasuries for the quarter, moving 0.8% higher. For the year, I/G bonds have trailed Treasuries by 60 bps.
- **US MBS, CMBS, Credit, Agency and ABS, CMBS** bonds outperformed Treasuries as yields declined and spreads narrowed.
- **High Yield** bonds were the best performing domestic bond sector, gaining 2.3%. YTD, HY bonds are up 3.7%.
- **Global Bonds** benefited as the dollar depreciated relative to developed currencies. The Citigroup World Government Bond Index gained 2.9% in the third quarter, but is down 2.9% year-to-date.
- **Local Currency Emerging Market Debt** fell 0.4% in Q3. YTD, LC EMD has lost 7.6% as currencies have tumbled against the dollar.

Asset Class: Alternatives – Performance Review

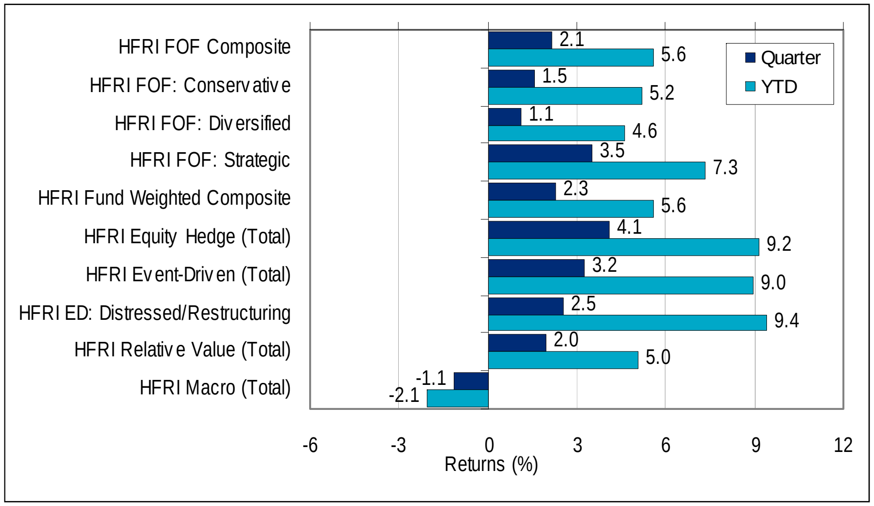
Real Asset Performance



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

- **Global REITs** gained 2.4% in the third quarter and are up 4.9% in 2013. US REITS have underperformed international REITs over both periods.
- **Commodities:** Commodities recovered their losses somewhat in the third quarter. The DJ Commodity Index increased 2.1% for the quarter, but has shed 8.6% this year. The S&P GSCI Index, which has a larger weighting to energy, advanced 4.8% for the quarter, but has also declined 0.9% YTD.

Hedge Fund Performance



Source: HFR

- **Hedge funds** lagged global equities, but outperformed US bonds. The HFRI Fund of Funds Composite Index inched 2.1% higher for the third quarter, while the MSCI ACWI index advanced 7.9% and the Barclays Aggregate index rose 0.6%. Year-to-date, hedge funds have trailed global equities, but outperformed bonds.

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Summary – Investment Option Array

Conservative

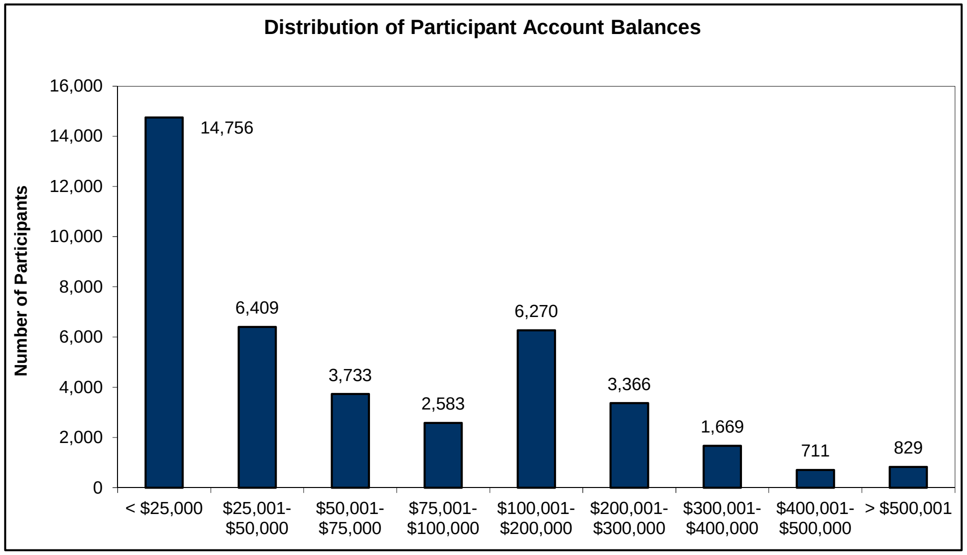
Tier I **Asset Allocation Risk-Profile Funds**	**Tier II** **Core Options**	**Tier III** **Specialty Options**
	Capital Preservation FDIC-Insured Savings Account JP Morgan Chase Certificates of Deposit	
	DCP Stable Value (100% Galliard Separate Account)	
DCP Ultra Conservative	**DCP Bond Fund** (50% 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 $4,023.9 million, increasing $173.3 million (4.5%) from $3,850.6 million at the previous quarter-end as a result of investment gains and net cash inflows. Contributions (including other deposits) for the quarter totaled $76.5 million compared to withdrawals (including fees) of $65.9 million. Investment gains totaled $163.1 million.

- As of September 30, 2013, there were 40,326 participants with ending account balances. The average account balance was $99,784, while the median account balance was $45,046. The distribution of participant balances is shown to the right; 36.6% of participants had a balance less than $25,000 and 2.1% had a balance greater than $500,000.

- The Deferred Compensation Plan (DCP) Large Cap Stock Fund held the highest percentage of Plan assets (31.8%), followed by the DCP Stable Value Fund (22.1%), FDIC-Insured Savings Account (7.6%), and Schwab PCRA Self-Directed Brokerage Account (6.2%). With the exception of the Profile funds, all other funds held less than 5.0% of Plan assets.

- Assets in the Profile funds (5 customized risk-based Profile funds ranging from Ultra Conservative to Ultra Aggressive) totaled $601.2 million (14.9%) at quarter end; this was an increase of $38.6 million from $562.6 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 outperformed its index by 30 basis points during the quarter, driven by its underlying allocation to the PIMCO Total Return Fund, which outpaced its benchmark by 60 basis points during the quarter. An underweight allocation to U.S. duration and focus on the front end of the yield curve as it outperformed the intermediate and longer-dated issues helped performance during the quarter. Investments in TIPS, non-Agency mortgages, financials, and high yield corporates also benefitted relative returns.

- The Fidelity Diversified International Fund underperformed its index by 140 basis points during the quarter. This was due in part by an underweight and stock selection in the telecommunication services, industrials and materials sectors, an overweight and stock selection in the consumer staples sector, and stock selection in the financials sector.

Key Observations and Recommendations

- On April 20, 2012, Phase I of the Investment Menu Implementation was completed. The following changes took place:
  - DCP Bond Fund was formed, which is 50% Vanguard Total Bond Market Index Fund and 50% PIMCO Total Return Fund
  - The Vanguard Institutional Index Fund was transitioned to the newly formed DCP Large-Cap Stock Fund, which is 100% passively managed
  - The Hartford Capital Appreciation, American Funds Growth Fund of America, and American Funds Investment Company of America were terminated and assets were mapped to the newly created DCP Large-Cap Stock Fund
  - Investments in the Vanguard Mid-Cap Index Fund were mapped to the newly created DCP Mid-Cap Stock Fund as part of Phase I
  - The Lazard US Mid Cap Equity Fund was terminated and assets were mapped to the DCP Mid-Cap Stock Fund

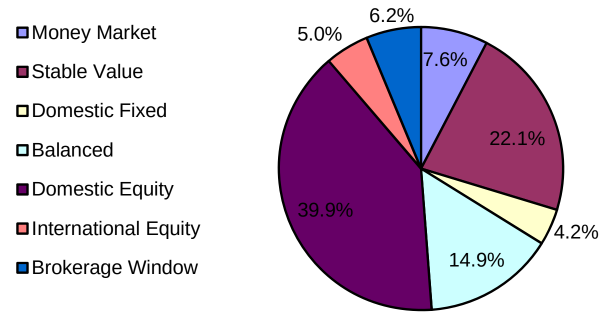
- For the FDIC-Insured Savings Account, Bank of the West, Bank of America, and City National Bank have weightings of 50%, 25%, and 25%, respectively. For the quarter ending September 30, 2013 their declared rates were as follows: Bank of America = 0.09%, Bank of the West = 0.75% and City National Bank = 0.15% yielding a blended rate of 0.44%.

- On January 31, 2013, the Vanguard Mid-cap Index Fund (currently 100% of the DCP Mid-Cap Stock Fund) changed its benchmark from the MSCI US Mid Cap 450 Index to CRSP US Mid Cap Index.

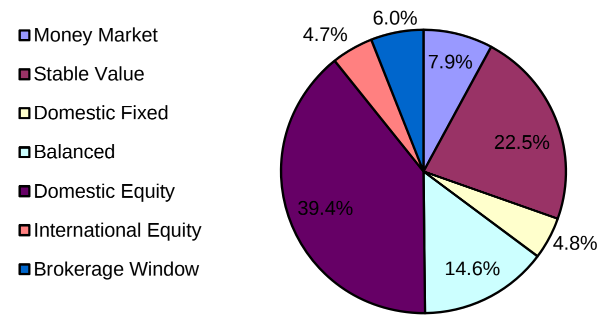
Summary – Asset Allocation

Investment Option	Current Balance	Prior Balance	% of Plan	% Chg vs. Prior
Money Market	**$306,748,374**	**$303,963,723**	**7.6%**	**-0.3%**
FDIC-Insured Savings Account	$304,540,711	$299,068,771	7.6%	-0.2%
JPMorgan Chase Certificates of Deposit	$2,207,663	$4,894,952	0.1%	-0.1%
Stable Value	**$888,410,969**	**$867,220,597**	**22.1%**	**-0.4%**
Deferred Compensation Stable Value Fund (Net)	$888,410,969	$867,220,597	22.1%	-0.4%
Domestic Fixed	**$167,406,974**	**$184,906,680**	**4.2%**	**-0.6%**
DCP Bond Fund	$167,406,974	$184,906,680	4.2%	-0.6%
Risk-based	**$601,195,419**	**$562,619,844**	**14.9%**	**0.3%**
Ultra Conservative	$37,371,274	$36,955,524	0.9%	0.0%
Conservative Profile	$83,340,403	$82,053,348	2.1%	-0.1%
Moderate Profile	$220,674,286	$205,021,351	5.5%	0.2%
Aggressive Profile	$197,565,264	$181,657,845	4.9%	0.2%
Ultra Aggressive Profile	$62,244,191	$56,931,776	1.5%	0.1%
Domestic Equity	**$1,607,469,121**	**$1,518,955,278**	**39.9%**	**0.5%**
DCP Large Cap Stock Fund	$1,278,096,721	$1,228,769,630	31.8%	-0.1%
DCP Mid Cap Stock Fund	$136,266,056	$119,455,842	3.4%	0.3%
SSgA Russell Small Cap Index Non-Lending Series Fund	$193,106,344	$170,729,805	4.8%	0.4%
International Equity	**$201,187,832**	**$182,684,916**	**5.0%**	**0.3%**
DWS EAFE Equity Index Fund Institutional	$41,158,805	$35,597,830	1.0%	0.1%
Fidelity Diversified International Fund	$160,029,028	$147,087,086	4.0%	0.2%
Brokerage Window	**$251,465,386**	**$230,206,151**	**6.2%**	**0.3%**
Schwab PCRA Self-Directed Brokerage Account	$251,465,386	$230,206,151	6.2%	0.3%
Total Plan	**$4,023,884,075***	**$3,850,557,188****	**100%**	

Current Asset Allocation - September 30, 2013



Prior Asset Allocation - June 30, 2013



* Total Plan Balance as of 9/30/13 excludes $3.0 million in the Forfeiture/Asset Holding Account and $169.1 million in the Participant Loan Account.
** Total Plan Balance as of 6/30/13 excludes $2.9 million in the Forfeiture/Asset Holding Account and $160.6 million in the Participant Loan Account.

Summary – Investment Expense Analysis

Analysis reflects investment expenses only and does not include an evaluation of plan recordkeeping costs.

Fund	Style	Fund Balance	Estimated Fund Expense	Fund Net Expense Ratio	Median Net Expense Ratio[1]	Net Expense Diff.	Expense Reimbursement	Investment Management Fee
FDIC-Insured Savings Account	Cash Equivalents	$304,540,711	N/A	N/A	N/A	N/A	N/A	N/A
JPMorgan Chase Certificates of Deposit	Cash Equivalents	$2,207,663	N/A	N/A	N/A	N/A	N/A	N/A
Deferred Compensation Stable Value Fund (Net)	Stable Value	$888,410,969	$2,487,551	0.28%	0.46%	-0.18%	0.00%	0.28%
DCP Bond Fund	US Fixed	$167,406,974	$435,258	0.26%	0.53%	-0.27%	0.00%	0.26%
Ultra Conservative	Risk-based	$37,371,274	$97,165	0.26%	0.86%	-0.60%	0.00%	0.26%
Conservative Profile	Risk-based	$83,340,403	$208,351	0.25%	0.86%	-0.61%	0.00%	0.25%
Moderate Profile	Risk-based	$220,674,286	$441,349	0.20%	0.88%	-0.68%	0.00%	0.20%
Aggressive Profile	Risk-based	$197,565,264	$395,131	0.20%	0.95%	-0.75%	0.00%	0.20%
Ultra Aggressive Profile	Risk-based	$62,244,191	$118,264	0.19%	0.95%	-0.76%	0.00%	0.19%
DCP Large Cap Stock Fund	US Large Cap Equity	$1,278,096,721	$255,619	0.02%	0.20%	-0.18%	0.00%	0.02%
DCP Mid Cap Stock Fund	US Mid Cap Equity	$136,266,056	$81,760	0.06%	0.28%	-0.22%	0.00%	0.06%
SSgA Russell Small Cap Index Non-Lending Series Fund	US Small Cap Equity	$193,106,344	$115,864	0.06%	0.30%	-0.24%	0.00%	0.06%
DWS EAFE Equity Index Fund Institutional	International Equity	$41,158,805	$222,258	0.54%	0.40%	0.14%	0.00%	0.54%
Fidelity Diversified International Fund	International Equity	$160,029,028	$1,616,293	1.01%	1.01%	0.00%	0.25%	0.76%
Schwab PCRA Self-Directed Brokerage Account	Brokerage Window	$251,465,386	N/A	N/A	N/A	N/A	N/A	N/A
Total		**$4,023,884,075**	**$6,474,862**	**0.19%**[2]			**0.01%**	**0.18%**[2]
Total with Fixed Per Participant Fee		**$4,023,884,075**	**$8,890,731**	**0.26%**[3]				

[1] Median institutional share class net expense ratio as defined by the respective Mercer Mutual Fund Universe and Lipper institutional share class categorizations. The median stable value management fee is derived 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.
[2] Total excludes assets in the FDIC-Insured Savings Account, JPMorgan Chase Certificates of Deposit, and Schwab Self-Directed Brokerage Account.
[3] Total estimated annual asset-based fee is $2,415,869 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 29,544, and total assets for this group amounted to $1,068,119,135. There were 10,782 participants with balances in excess of $125k with an aggregate balance of $1,347,750,000. The total participant count is 40,326.

Summary – Compliance with Investment Policy Performance Standards

Periods ending September 30, 2013

I – Index U – Universe Median	3 Years				5 Years				Comments
	I	U	I	U	I	U	I	U	
Deferred Compensation Stable Value Fund (Net)	✓	✓	✓	✓	✓	✓	✓	✓	Retain.
DCP Bond Fund	✓	✓	✓	✓	✓	✓	✓	✓	Retain. Fund inception was on April 20, 2012 with 50% allocated to PIMCO Total Return Fund Institutional and 50% allocated to Vanguard Total Bond Market Index Fund Inst Plus.
Ultra Conservative Profile	✓	N/A	✓	N/A	✓	N/A	✓	N/A	Retain. No changes to allocations.
Conservative Profile	✓	N/A	T	N/A	T	N/A	✓	N/A	Retain. No changes to allocations.
Moderate Profile	T	N/A	T	N/A	T	N/A	✓	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	✗	N/A	T	N/A	Retain. However, the Fund will be eliminated upon completion of investment menu consolidation.
Fidelity Diversified International Fund	✓	✓	✓	✓	✗	✗	✗	✗	Retain. However, this investment category will be addressed once investment procurements and restructuring are completed.

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

Summary – Performance

Periods ending September 30, 2013

	% of Plan	3 Months	YTD	1 Year	3 Years	5 Years
Money Market						
FDIC-Insured Savings Account (Blended Rate – 0.44%)[1]	**7.6%**	**0.1%**	**0.3%**	**0.5%**	**0.4%**	**NA**
JPMorgan Chase Certificates of Deposit	**0.1%**	**NA**	**NA**	**NA**	**NA**	**NA**
Stable Value						
Deferred Compensation Stable Value Fund (Net)[2]	**22.1%**	**0.5%**	**1.7%**	**2.4%**	**2.9%**	**3.4%**
3 Yr Constant Maturity Treasury +50bps		0.3%	0.8%	1.0%	1.1%	1.4%
iMoneyNet All Taxable+100bps		0.3%	0.8%	1.0%	1.0%	1.1%
Mercer Stable Value Universe Median (Gross)		*0.5%*	*1.4%*	*1.9%*	*2.5%*	*2.9%*
Fund Rank in Universe		*29*	*27*	*23*	*29*	*31*
Domestic Fixed						
DCP Bond Fund[3]	**4.2%**	**0.9%**	**-1.9%**	**-1.3%**	**3.3%**	**6.7%**
Barclays US Aggregate		0.6%	-1.9%	-1.7%	2.9%	5.4%
Mercer MF US Fixed Core Universe Median		*0.6%*	*-1.4%*	*-0.6%*	*3.2%*	*6.1%*
Fund Rank in Universe		*26*	*68*	*70*	*48*	*37*
Vanguard Total Bond Market Index Fund Inst Plus[4]	**0.0%**	**0.5%**	**-1.9%**	**-1.8%**	**2.8%**	**5.4%**
Barclays US Aggregate		0.5%	-1.9%	-1.7%	2.8%	5.4%
PIMCO Total Return Fund Institutional	**0.0%**	**1.2%**	**-1.9%**	**-0.7%**	**3.8%**	**8.0%**
Barclays US Aggregate		0.6%	-1.9%	-1.7%	2.9%	5.4%
Mercer MF US Fixed Core Universe Median		*0.6%*	*-1.4%*	*-0.6%*	*3.2%*	*6.1%*
Fund Rank in Universe		*8*	*67*	*55*	*33*	*17*
Risk-based[5]						
Ultra Conservative	**0.9%**	**1.9%**	**2.6%**	**3.7%**	**4.9%**	**5.7%**
Ultra Conservative Profile Custom Index[6]		1.7%	2.3%	2.9%	4.0%	4.9%

1 The blended rate is as of 9/30/2013. 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 America = 0.09%, Bank of the West = 0.75% and City National Bank = 0.15%.
2 The inception date of the Galliard Stable Value fund is July 1, 2008. Returns prior to the inception date are linked to the Wells Fargo Stable Return fund.
3 Performance prior to April 2012 is simulated, with a weighting of 50% PIMCO Total Return Fund and 50% Vanguard Total Bond Market Index Fund.
4 Due to its longer history, performance of the Vanguard Total Bond Market Index Fund Institutional share class is shown for the 5-year period.
5 Allocation to the profile funds changed June 1, 2009 with the inclusion of a US mid cap equity component.
6 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% 50% - 75% 75% - 100%

	% of Plan	3 Months	YTD	1 Year	3 Years	5 Years
Conservative Profile	**2.1%**	**3.5%**	**6.1%**	**7.7%**	**7.1%**	**6.9%**
Conservative Profile Custom Index[7]		3.3%	6.0%	7.2%	6.6%	6.7%
Moderate Profile	**5.5%**	**5.2%**	**11.8%**	**13.7%**	**10.3%**	**8.4%**
Moderate Profile Custom Index[8]		5.1%	11.8%	13.4%	10.0%	8.3%
Aggressive Profile	**4.9%**	**6.6%**	**15.3%**	**17.9%**	**12.0%**	**8.7%**
Aggressive Profile Custom Index[9]		6.5%	15.5%	17.7%	11.9%	8.7%
Ultra Aggressive Profile	**1.5%**	**7.9%**	**18.9%**	**22.1%**	**13.7%**	**8.9%**
Ultra Aggressive Profile Custom Index[10]		7.9%	19.2%	22.2%	13.7%	9.1%
Domestic Equity						
DCP Large Cap Stock Fund[11]	**31.8%**	**5.2%**	**19.8%**	**19.4%**	**16.3%**	**10.1%**
S&P 500		5.2%	19.8%	19.3%	16.3%	10.0%
DCP Mid Cap Stock Fund[12]	**3.4%**	**7.7%**	**24.5%**	**28.0%**	**17.2%**	**13.2%**
Vanguard Spliced Mid Cap Index[13]		7.7%	24.5%	28.0%	17.2%	13.2%
SSgA Russell Small Cap Index Non-Lending Series Fund	**4.8%**	**10.2%**	**27.6%**	**29.9%**	**18.3%**	**11.1%**
Russell 2000		10.2%	27.7%	30.1%	18.3%	11.2%
International Equity						
DWS EAFE Equity Index Fund Institutional	**1.0%**	**11.5%**	**15.1%**	**23.6%**	**8.2%**	**5.8%**
MSCI EAFE NET WHT		11.6%	16.1%	23.8%	8.5%	6.4%
Fidelity Diversified International Fund	**4.0%**	**10.2%**	**15.6%**	**21.4%**	**8.8%**	**5.7%**
MSCI EAFE NET WHT		11.6%	16.1%	23.8%	8.5%	6.4%
Mercer MF Intl Equity Universe Median		*10.4%*	*14.2%*	*21.4%*	*8.1%*	*6.5%*
Fund Rank in Universe		*57*	*37*	*50*	*36*	*69*

[7] 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.

[8] 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.

[9] 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.

[10] 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.

[11] The fund is 100% allocated to the Vanguard Institutional Index Fund Inst Pl; performance for the Instl share class shown for the 3- and 5-year periods due to the shorter history of the Instl Pl shares. Performance shown will be updated accordingly with the addition of underlying funds.

[12] The fund is 100% allocated to the Vanguard Mid Cap Index Fund Instl Pl. Performance shown will be updated accordingly with the addition of underlying funds.

[13] 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% 50% - 75% 75% - 100%

Summary – Performance of DCP Investment Menu Composite Benchmarks

Periods ending September 30, 2013

	3 Months	YTD	1 Year	3 Years	5 Years
DCP Stable Value Index (100% 3-Yr CMT + 50bps)	**0.3%**	**0.8%**	**1.0%**	**1.1%**	**1.4%**
DCP Bond Fund Index (100% BC Aggregate Bond Index)	**0.6%**	**-1.9%**	**-1.7%**	**2.9%**	**5.4%**
DCP Large-Cap Stock Fund Index (100% S&P 500 Index)	**5.2%**	**19.8%**	**19.3%**	**16.3%**	**10.0%**
DCP Mid-Cap Stock Fund Composite Index	**7.7%**	**24.3%**	**27.8%**	**17.5%**	**13.0%**
Russell Midcap Index (50%)	*7.7%*	*24.3%*	*27.9%*	*17.5%*	*13.0%*
Russell Midcap Value Index (25%)	*5.9%*	*22.9%*	*27.8%*	*17.3%*	*11.9%*
Russell Midcap Growth Index (25%)	*9.3%*	*25.4%*	*27.5%*	*17.7%*	*13.9%*
DCP Small-Cap Stock Fund Composite Index	**10.2%**	**27.7%**	**30.1%**	**18.3%**	**11.2%**
Russell 2000 Index (34%)	*10.2%*	*27.7%*	*30.1%*	*18.3%*	*11.2%*
Russell 2000 Value Index (33%)	*7.6%*	*23.1%*	*27.0%*	*16.6%*	*9.1%*
Russell 2000 Growth Index (33%)	*12.8%*	*32.5%*	*33.1%*	*20.0%*	*13.2%*
DCP International Fund Composite Index	**11.2%**	**13.4%**	**20.5%**	**7.4%**	**7.5%**
MSCI EAFE Index (65%)	*11.6%*	*16.1%*	*23.8%*	*8.5%*	*6.4%*
MSCI EM Index (17.5%)	*5.8%*	*-4.4%*	*1.0%*	*-0.3%*	*7.2%*
MSCI EAFE Small Cap Index (17.5%)	*15.5%*	*22.1%*	*29.4%*	*11.2%*	*11.4%*

Fund Profile

Stable Value - Deferred Compensation Stable Value Fund (Net)

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

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.

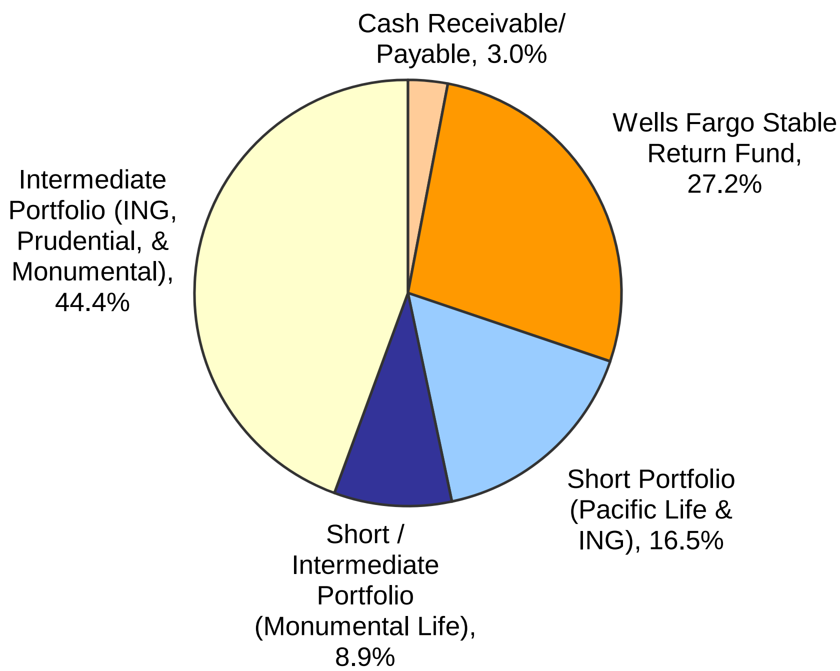
Fund Characteristics

	3Q13	2Q13	1Q13	4Q12
Mkt/Book Value Ratio	101.7%	101.7%	103.5%	103.9%
Avg. Credit Quality	A1/AA-	A1/AA-	A1/AA-	A1/AA-
Effective Duration (yrs)	2.95	2.95	2.77	2.62
Blended Yield	2.1%	2.4%	2.6%	2.7%

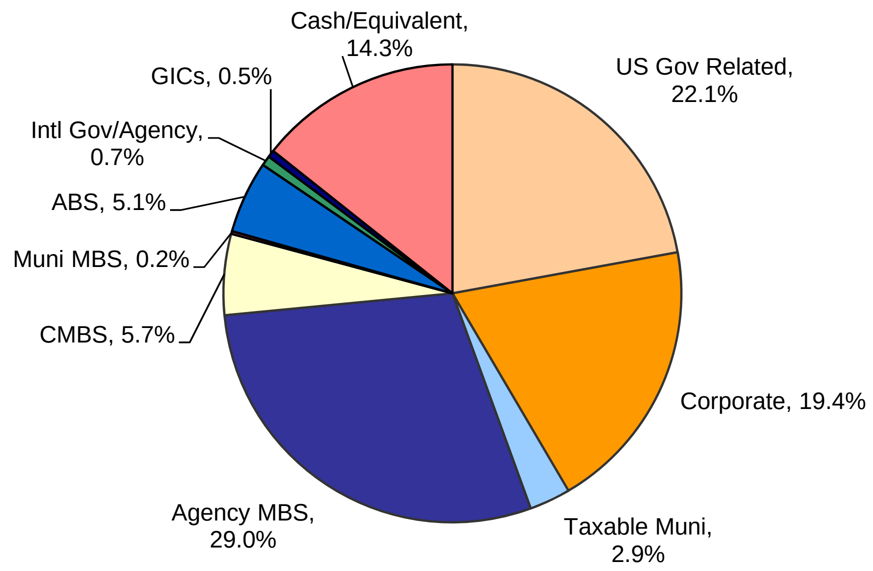
- The Fund had net inflows of $18.2 million during the quarter, representing an increase of 2.0% in total fund assets. In July, Prudential Ins. Co. of America was upgraded to A1 by Moody’s
- Number of contract issuers: 4
- Credit quality remains strong with 78.5% of fixed income in AAA rated securities and 0.1% in below investment grade securities
- Duration distribution guidelines ranged between 2.0 – 3.5 years with a target of 3.0 years.

Stable Value - Deferred Compensation Stable Value Fund (Net)

Fund Composition as of September 30, 2013



Underlying Fixed Income Asset Allocation as of September 30, 2013 (% of MV)



Key Facts and Figures

Portfolio Manager: Galliard Capital Management Inception (in Plan): July 2008	Expense Ratio (Net): 0.28% (0.06% Investment Management Fees / 0.027% Sub-Advisor Fee / 0.134% Wrap Fee / 0.056% Other Fees) Mercer Median Expense Ratio (Net): 0.46%

Fund Profile

Domestic Fixed - DCP Bond Fund

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

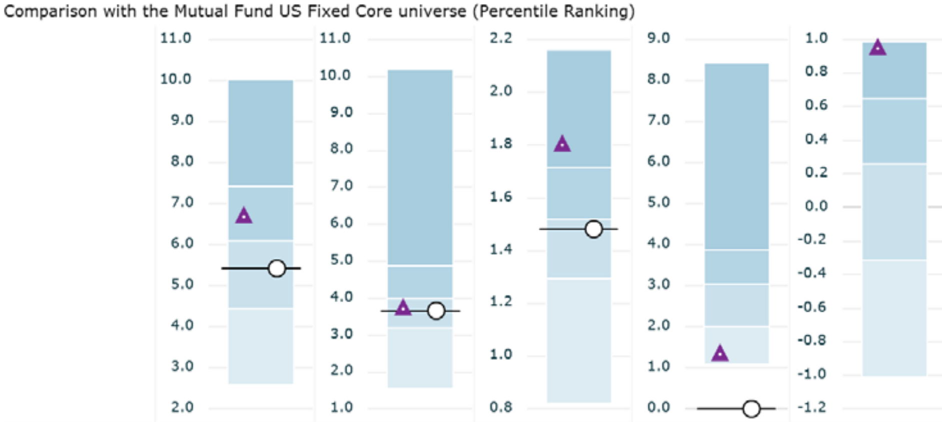
Investment Philosophy

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 September 30, 2013

Performance characteristics vs. Barclays US Aggregate in $US (after fees) over 5 yrs ending September-13 (monthly calculations)

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

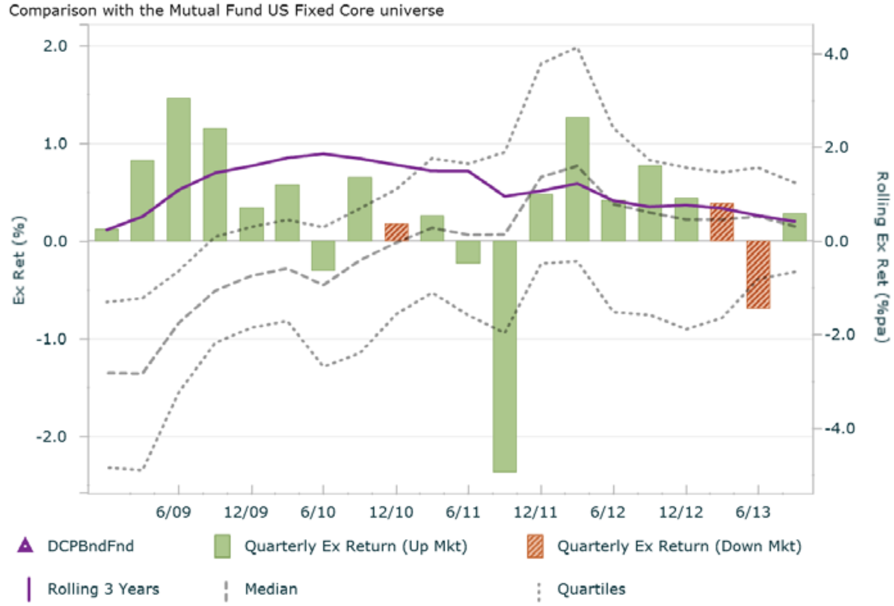


	Ret (%pa)	Std Dev (%pa)	Ret/SD	TE (%pa)	IR
DCPBndFnd	6.7 *(37)*	3.7 *(61)*	1.8 *(17)*	1.3 *(90)*	0.9 *(7)*
BCUSAG	5.4 *(63)*	3.7 *(64)*	1.5 *(56)*	0.0 *(100)*	-
5th Percentile	10.0	10.2	2.2	8.4	1.0
Upper Quartile	7.4	4.9	1.7	3.9	0.6
Median	6.1	4.0	1.5	3.0	0.3
Lower Quartile	4.5	3.2	1.3	2.0	-0.3
95th Percentile	2.6	1.5	0.8	1.1	-1.0
Number	323	323	323	323	323

Excess Return*

Quarterly Excess Return vs. Barclays US Aggregate with rolling 3 yr line in $US (after fees) over 5 yrs ending September-13

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: Institutional Plus	**Benchmark: Vanguard Spliced Barclays USAgg Float Adj Idx**

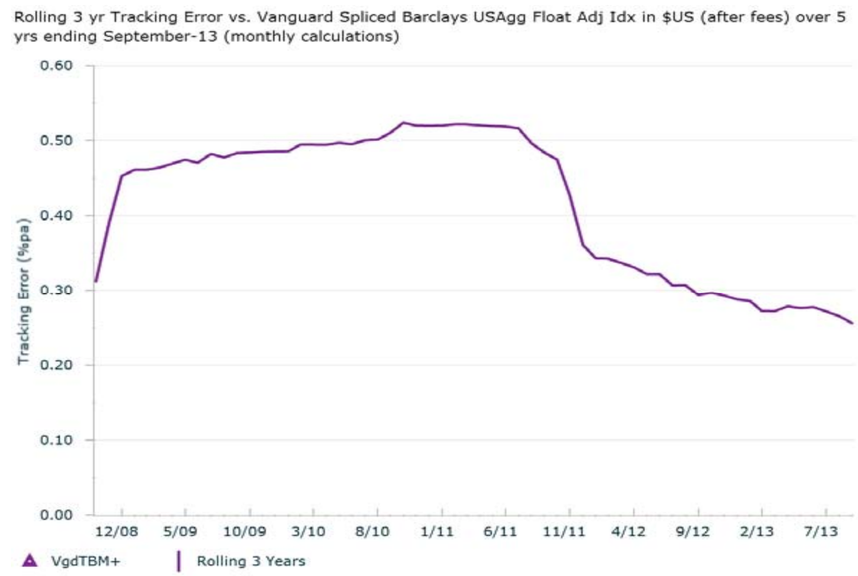
Investment Philosophy

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. The target index for Vanguard Total Bond Market Index Fund, the Spliced Barclays US Aggregate Float Adjusted Bond Index, provides extensive coverage of the major sectors of the debt market. 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

- The Fund is tracking its index as expected

Tracking Error



Key Facts and Figures

Portfolio Manager: Kenneth E. Volpert; Joshua C. Barrickman Portfolio Manager Average Tenure: 10.5 Years	Total Fund Assets: $109,039 Million Total Share Class Assets: $19,034 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 top-down, core approach to fixed income management is focused on long-term secular trends. The firm seeks to add alpha through multiple sources of active risk including duration, yield curve, country, currency, sector rotation and bottom-up security selection. PIMCO's portfolio construction and risk management efforts are designed to position the portfolio with exposure to a series of moderate risks, ensuring that no single trade idea or risk factor overwhelms the portfolio. Given its dynamic approach to active management, as well as its large size in certain cash markets, PIMCO relies heavily on derivative securities to implement its trade ideas. PIMCO relies on its long-term secular outlook when determining portfolio duration. The firm will invest opportunistically across global sovereign curves, and does not limit itself to U.S. interest rate exposure. PIMCO has extensive proprietary analytics to evaluate the expected behavior of securities with embedded optionality. The firm uses futures and credit default swaps as cash-market substitutes, options as a means to capitalize on changes in market volatility, and futures and swaps to adjust yield curve and duration posture.

Portfolio Analysis & Key Observations

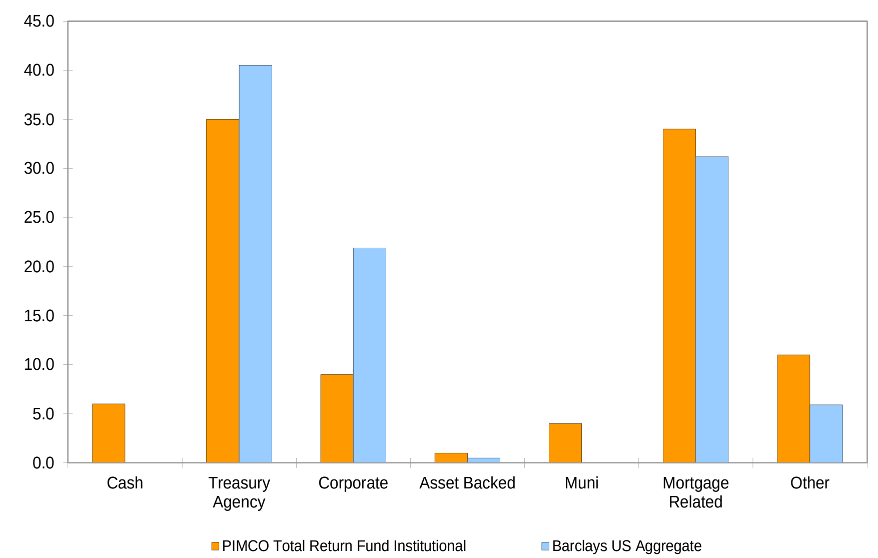
Positive Impact on Performance

- An underweight to U.S. duration as yields rose across intermediate and long term maturities
- A focus on the front end of the U.S. yield curve, which outperformed longer-dated issues
- Holdings of Treasury Inflation Protected Securities (TIPS), as inflation expectations rose
- An allocation to non-Agency mortgages which benefited from investor demand given attractive valuations
- A focus on financials, which outperformed the broader corporate market as balance sheets and profits improved
- Modest exposure to high yield corporate bonds as spreads tightened amid risk-on sentiment

Negative Impact on Performance

- Tactical positioning in Japanese interest rates, as yields declined
- An overall underweight to investment-grade corporate bonds, which outperformed like-duration Treasuries

Sector Allocation as of September 30, 2013



Key Facts and Figures

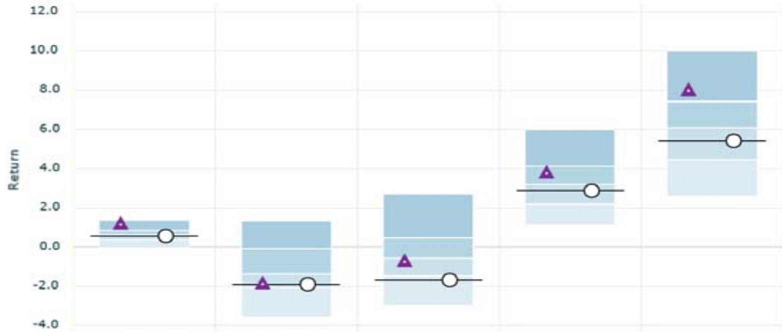
Portfolio Manager: William H. Gross	Total Fund Assets: $250,051 Million	Expense Ratio (Net): 0.46%
Portfolio Manager Average Tenure: 26.0 Years	Total Share Class Assets: $157,106 Million	Mercer Median Expense Ratio (Net): 0.53%

Fund Profile

Domestic Fixed - PIMCO Total Return Fund Institutional - PTTRX

Return in $US (after fees) over 3 mths, 9 mths, 1 yr, 3 yrs, 5 yrs ending September-13

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



	3 mths (%)	YTD 9 mths (%)	1 yr (%)	3 yrs (%pa)	5 yrs (%pa)
▲ PimcoTR	1.2*(8)*	-1.9*(67)*	-0.7*(55)*	3.8*(33)*	8.0*(17)*
○ BCUSAG	0.6*(56)*	-1.9*(68)*	-1.7*(80)*	2.9*(61)*	5.4*(63)*
5th Percentile	1.4	1.4	2.7	6.0	10.0
Upper Quartile	0.9	-0.1	0.5	4.1	7.4
Median	0.6	-1.4	-0.6	3.2	6.1
Lower Quartile	0.4	-2.1	-1.4	2.2	4.5
95th Percentile	0.0	-3.6	-3.0	1.1	2.6
Number	395	390	383	352	323

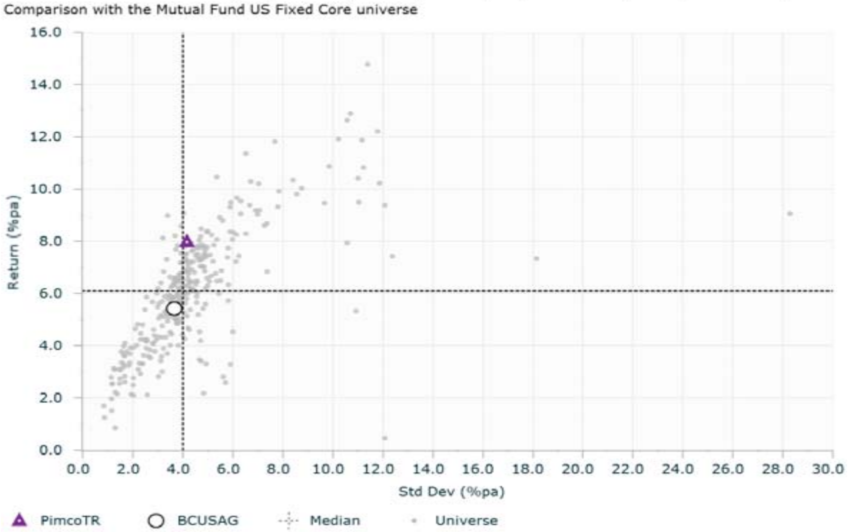
Performance characteristics vs. Barclays US Aggregate in $US (after fees) over 5 yrs ending September-13 (monthly calculations)

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

	Ret (%pa)	Std Dev (%pa)	Ret/SD	TE (%pa)	IR
▲ PimcoTR	8.0*(17)*	4.2*(44)*	1.9*(13)*	2.7*(61)*	1.0*(7)*
○ BCUSAG	5.4*(63)*	3.7*(64)*	1.5*(56)*	0.0*(100)*	-
5th Percentile	10.0	10.2	2.2	8.4	1.0
Upper Quartile	7.4	4.9	1.7	3.9	0.6
Median	6.1	4.0	1.5	3.0	0.3
Lower Quartile	4.5	3.2	1.3	2.0	-0.3
95th Percentile	2.6	1.5	0.8	1.1	-1.0
Number	323	323	323	323	323

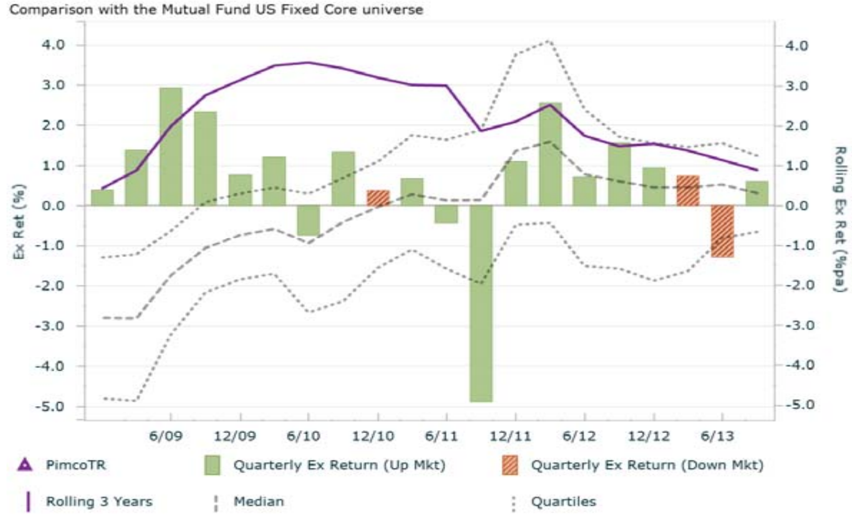
Return and Std Deviation in $US (after fees) over 5 yrs ending September-13 (monthly calculations)

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 September-13

Comparison with the Mutual Fund US Fixed Core universe



Risk-based Profile Funds

Profile Funds – Target Allocations

	3Q 2013 Fund Return (%)	*3Q 2013 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]	0.9%	0.6%	0.3%	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]	5.2%	5.2%	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]	7.7%	7.7%	0.0%	2.5%	5.0%	10.0%	15.0%	20.0%
SSgA Russell Sm Cap NL Series S	10.2%	10.2%	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	11.5%	11.6%	-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**

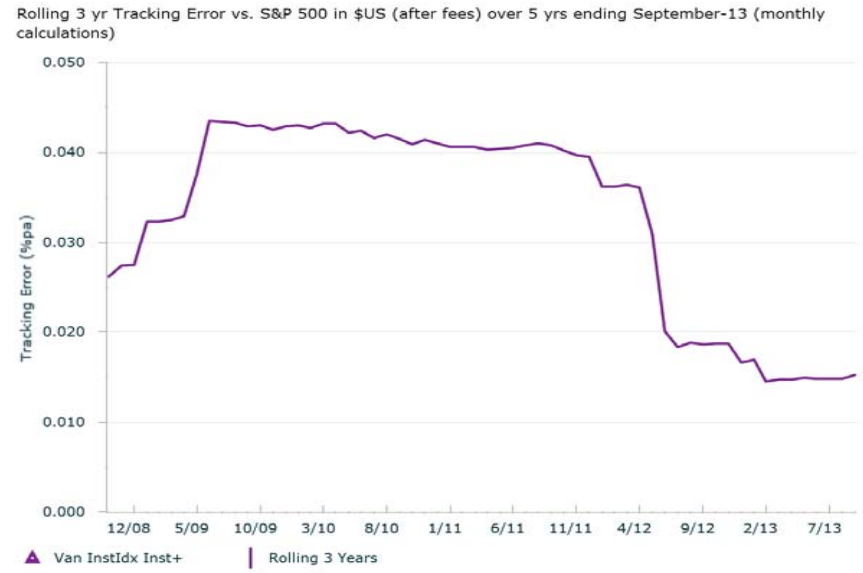
Investment Philosophy

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. Vanguards refined indexing process, combined with low management fees and efficient trading, has provided tight tracking (net of expenses).

Portfolio Analysis & Key Observations

- The Fund is tracking its index as expected

Tracking Error



Key Facts and Figures

Portfolio Manager: Donald M. Butler	Total Fund Assets: $146,919 Million	Expense Ratio (Net): 0.02%
Portfolio Manager Average Tenure: 13.0 Years	Total Share Class Assets: $66,332 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***

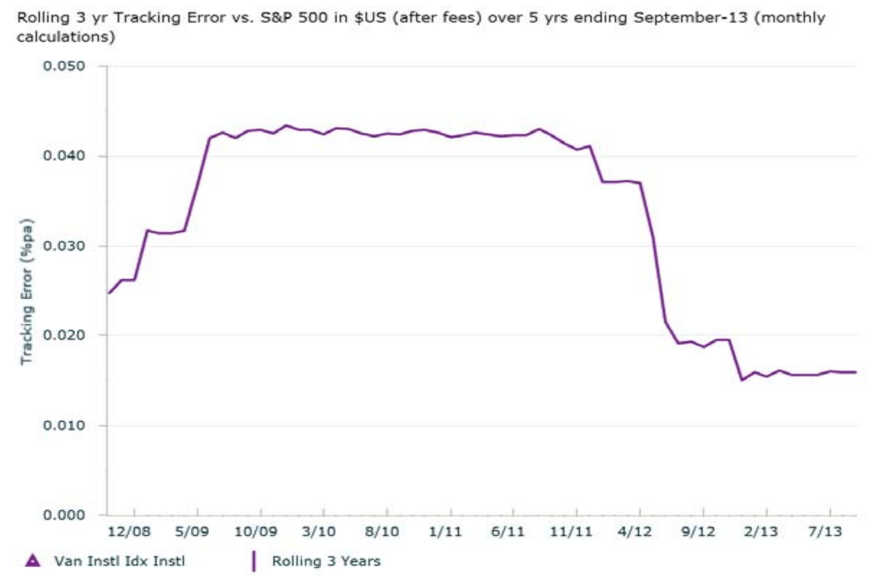
Investment Philosophy

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

- The Fund is tracking its index as expected

Tracking Error†



Key Facts and Figures

Portfolio Manager: Donald M. Butler	Total Fund Assets: $42,225 Million	Expense Ratio (Net): 0.06%
Portfolio Manager Average Tenure: 15.0 Years	Total Share Class Assets: $7,678 Million	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

† The chart displayed represents the Institutional share class performance

Fund Profile

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

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

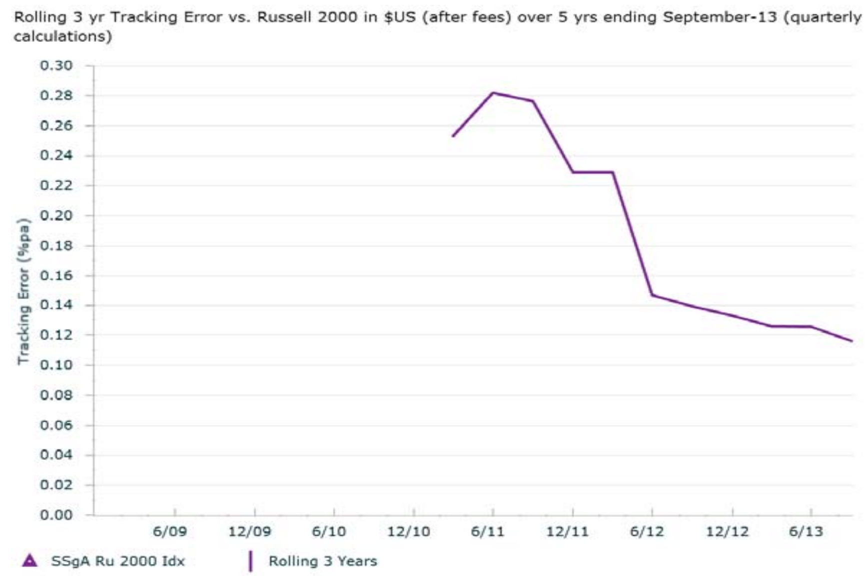
Investment Philosophy

As a passive manager, 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

- The Fund is tracking its index as expected

Tracking Error



Key Facts and Figures

Portfolio Manager (Advised Since): David Chin (1999)	Total Strategy Assets: $13,500 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**

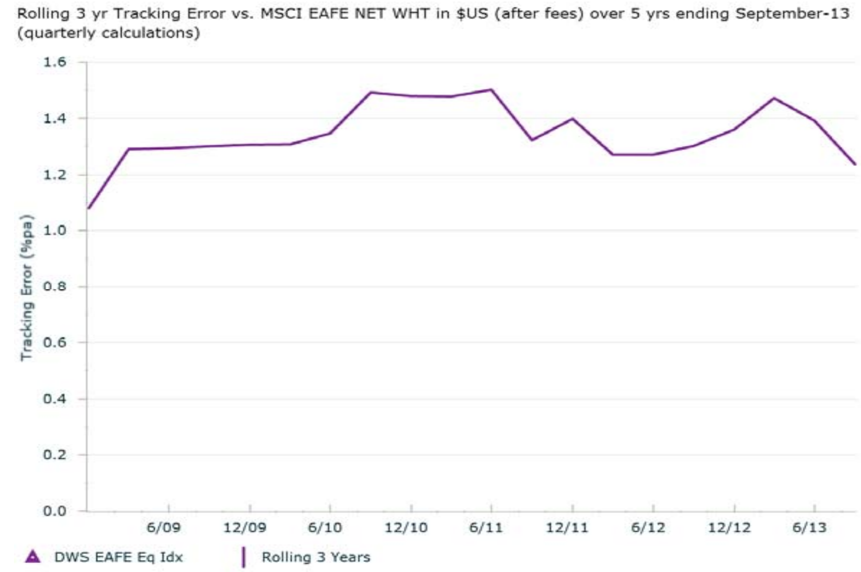
Investment Philosophy

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.

Portfolio Analysis & Key Observations

- The Fund is tracking its index as expected

Tracking Error



Key Facts and Figures

Portfolio Manager: Shaun Murphy	Total Fund Assets: $266 Million	Expense Ratio (Net): 0.54%
Portfolio Manager Average Tenure: 6.0 Years	Total Share Class Assets: $266 Million	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. However, the Fund is constructed with concern for diversification and industry risks, and is highly diversified holding between 200 and 300 companies. Sector positions are generally kept within 5% of the benchmark weight. 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. The Portfolio Manager is the key decision maker. The fund does not have sub-management agreements.

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

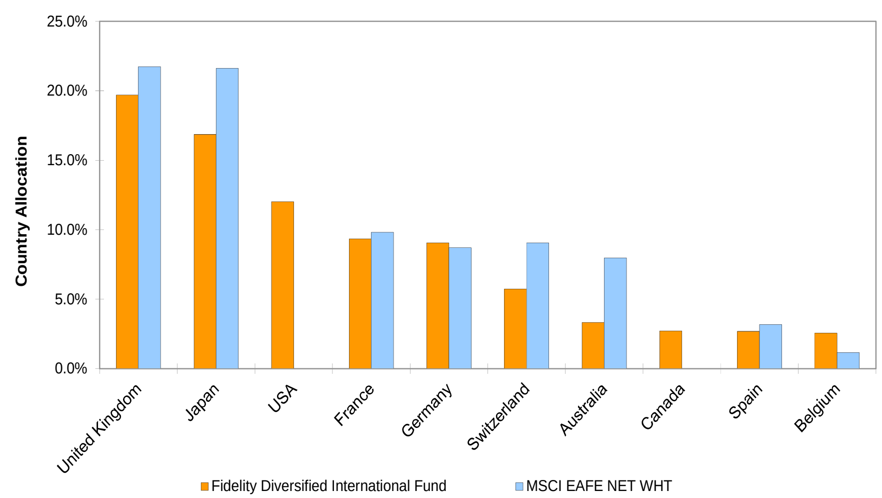
Positive Impact on Performance

- Stock selection within, and an overweight allocation to, the consumer discretionary sector
- Stock selection within the information technology sector
- Underweight allocation to the utilities sector

Negative Impact on Performance

- Stock selection within, and an underweight allocation to, the telecommunication services, industrials and materials sectors
- Stock selection within, and an overweight allocation to, the consumer staples sector
- Stock selection within the financials sector

Country Analysis as of September 30, 2013



Key Facts and Figures

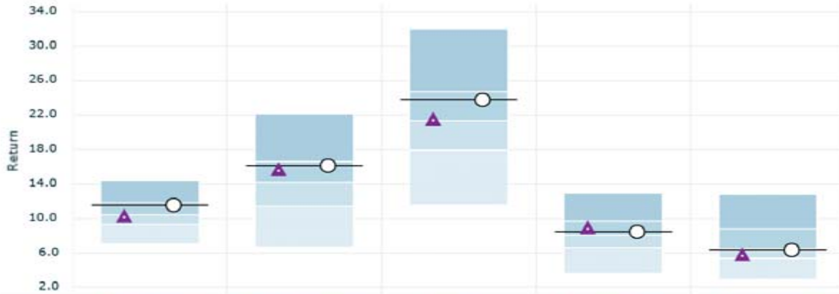
Portfolio Manager: William Bower	Total Fund Assets: $25,272 Million	Expense Ratio (Net): 1.01%
Portfolio Manager Average Tenure: 12.0 Years	Total Share Class Assets: $14,115 Million	Mercer Median Expense Ratio (Net): 1.01%

Fund Profile

International Equity - Fidelity Diversified International Fund - FDIVX

Return in $US (after fees) over 3 mths, 9 mths, 1 yr, 3 yrs, 5 yrs ending September-13

Comparison with the Mutual Fund World ex US/EAFE Equity universe (Percentile Ranking)

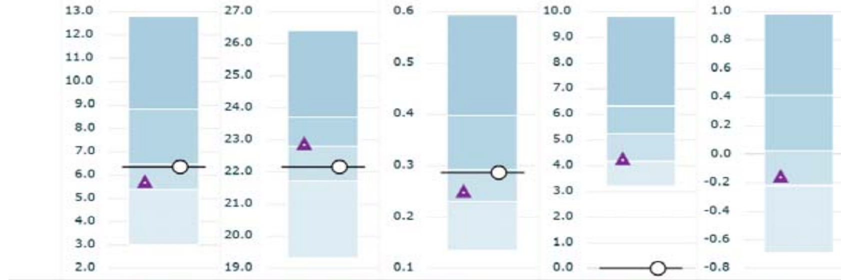


	3 mths (%)	YTD 9 mths (%)	1 yr (%)	3 yrs (%pa)	5 yrs (%pa)
▲	10.2(57)	15.6(37)	21.4(50)	8.8(36)	5.7(69)
○	11.6(27)	16.1(30)	23.8(31)	8.5(43)	6.4(53)
5th	14.4	22.2	32.0	12.9	12.8
25th	11.8	16.6	24.7	9.7	8.8
50th	10.4	14.2	21.4	8.1	6.5
75th	9.3	11.4	17.9	6.6	5.4
95th	7.1	6.7	11.6	3.6	3.0
#	423	413	405	355	324

▲ Fidelity Diversified International ○ MSEAFENUSD

Performance characteristics vs. MSCI EAFE NET WHT in $US (after fees) over 5 yrs ending September-13 (monthly calculations)

Comparison with the Mutual Fund World ex US/EAFE Equity universe (Percentile Ranking)

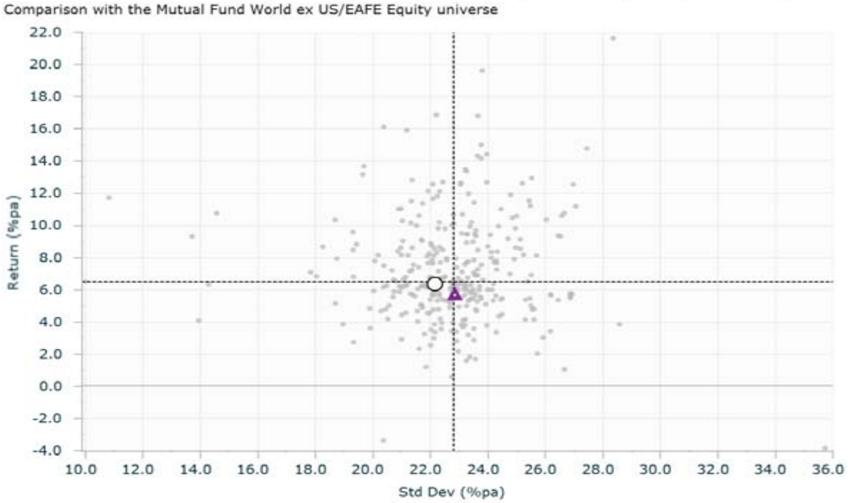


	Ret (%pa)	Std Dev (%pa)	Ret/SD	TE (%pa)	IR
▲	5.7(69)	22.9(49)	0.2(68)	4.2(74)	-0.2(72)
○	6.4(53)	22.2(64)	0.3(53)	0.0(100)	-
5th	12.8	26.4	0.6	9.8	1.0
25th	8.8	23.7	0.4	6.3	0.4
50th	6.5	22.8	0.3	5.3	0.0
75th	5.4	21.7	0.2	4.2	-0.2
95th	3.0	19.3	0.1	3.2	-0.7
#	324	324	324	324	324

▲ Fidelity Diversified International ○ MSEAFENUSD

Return and Std Deviation in $US (after fees) over 5 yrs ending September-13 (monthly calculations)

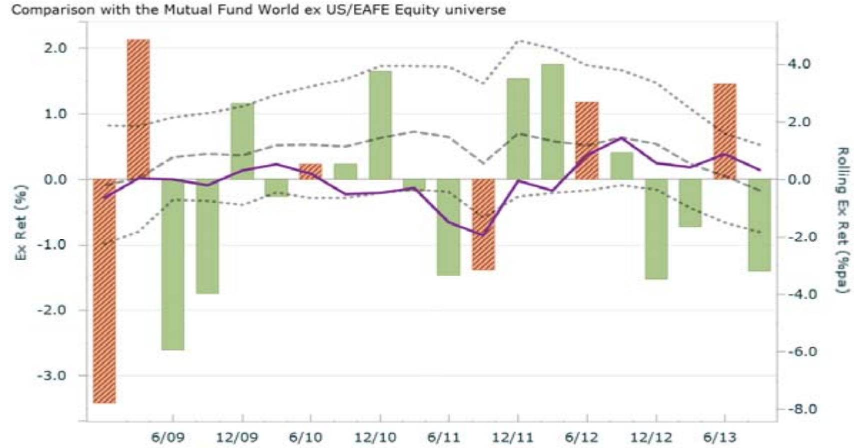
Comparison with the Mutual Fund World ex US/EAFE Equity universe



▲ 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 September-13

Comparison with the Mutual Fund World ex US/EAFE Equity universe



▲ Fid Div Intl Quarterly Ex Return (Up Mkt) Quarterly Ex Return (Down Mkt)

Rolling 3 Years Median Quartiles

Appendix A – Investment Manager Updates

Fidelity Management and Research Company (FMRCo)

Update on Diversified International – October 7, 2013

- We continue to view portfolio manager Bill Bower as a skilled manager. However, the large number of stocks he holds without a dedicated supporting team suggests his time is spread thin and his best investment ideas may be diluted. While management has taken action to improve the fundamental analyst research and appears to be headed in the right direction, we believe this is still in the implementation phase and could take some time before the changes impact the portfolio.
- Last year we discussed how management was encouraging Bower to take a longer term approach in building the portfolio (emphasis for compensation purposes on three- and five-year returns). During the recent meeting, he appeared to be generally comfortable with this, while acknowledging he still cares about the ride over the shorter term to some extent. In future meetings, we would like to learn more about how he balances his longer term goals with shorter term results. The number of holdings in the portfolio has reduced over the last few years with management emphasizing a longer term focus. We expect that lesser assets under management also make this possible. Bower confirmed that the portfolio, which often held more than 300 stocks, is now likely to hold between 200 and 250 stocks at most times. While we are happy to see a higher conviction portfolio, the number of holdings is still large vs. peers and leads to a high coverage ratio.
- We were interested in understanding more about Bower's relationship with analysts who were nearing the point where they would be ready to take on diversified portfolios of their own. Over the years, he has only formally taken on three analysts for assistance with special projects, often sector based. On the meeting date, he did not have any dedicated support and suggested dedicated support has become less of a need as the FMRCo analyst research team has gained breadth and the depth of experience within sectors has grown.
- Bowers uses broad themes to guide his portfolio construction. The themes are generally longer term in nature, and some of the themes identified in previous notes are still relevant, i.e. luxury goods and gaming within the emerging markets. Themes that have played out include smart phones as innovation has slowed. New themes are advertising (companies expanding internet sales are benefiting advertising firms) and credit cards, which Bower expect to benefit from governments encouraging the use of cards in order to avoid the non-tax-paying underground cash market, and from middle class wealth creation in the emerging markets.
- Performance over the last five years has lagged the market, but has been improving, with positive results in 2012 and year to date (June) 2013. We inquired as to whether recent management initiatives to focus the fundamental equity team on longer term results and to better identify their highest conviction ideas contributed to the improving returns. Bower suggested these have had little impact; rather it was more a matter of the market paying more attention to fundamentals than sentiment related to macroeconomic influences.
- *Issues to watch:*
  - Mercer's confidence in this strategy is principally based on Bower's abilities. However, he also needs a strong research base from which to draw his ideas. Any material change in Bower's role or with respect to the research team could cause us to re-assess our ratings.
  - Our conviction in the strategy would reduce in the event we become more concerned with the overall growth in firm assets under management or if the assets in Diversified International grow materially. Fidelity Investments announced it plans to merge the Pyramis trading desk with the FMRCo trading desk in the second quarter of 2014. How will this impact liquidity and overall capacity management?

Galliard Capital Management

Galliard Stable Value and Firm Update – September 30, 2013

- Taylor Benson and Carrie Callahan visited the Seattle office and gave us a brief update on their current Stable Value products, Stable Value environment, and also a general firm update. There were a couple items of interest:
  - Regarding the change in fees which was published recently, they said that this change will only affect the accrued fees of certain fund vehicles and the effect will be small. Primarily only Wells Fargo record kept clients will be affected.
  - They are seeing increased supply of wrappers coming from insurance providers. Fees are stabilizing around 20 - 25 bps.
  - They currently have capacity within their Stable Value offerings. However they are in the process of establishing agreements with certain record keepers.
  - No recent personnel changes have taken place at the firm.

Vanguard

Update on Passive Equity Capabilities; No Ratings Change – September 9, 2013

- Vanguard retains its Preferred Provider status for its strong and experienced team, pragmatic cash flow management, and inexpensive fee scales. Organizational and benchmark changes have been well-implemented and thought out.
- On a firm and team level, there have been several changes that have affected the daily management of the Equity Index Group (EIG) at Vanguard:
  - First, Tim Buckley has replaced Gus Sauter as the firm's CIO effective January 1, 2013 following a carefully planned nine month transition period. Buckley is a veteran at Vanguard, and we are pleased with his selection. He is more management/operations-focused than Sauter (who had more of an investor's mindset). This seems appropriate for such a large organization focused on execution and efficiency.
  - Second, Sandeep Baghat left Vanguard to pursue personal endeavors in late 2012, and has been replaced by Joseph Brennan as Head of the EIG. Brennan, another Vanguard veteran, previously filled roles as CIO of Australia and Head of the Portfolio Review Department (Risk Management). According to Lucy Morijam, Brennan was the "easy choice" to replace Baghat, and we believe that his background makes him well-suited to assume this role.
  - Third, the management responsibility of several funds has rotated in an attempt to create a degree of specialization across managers. Altogether, 14 passive funds changed hands; 12 of which are domestic, and two are non-US. This rotation of strategies has happened previously at the firm, and should not have a material impact on fund performance. All of the portfolio managers within the EIG are experienced and long-tenured at Vanguard, and should have no trouble picking up new mandates. We find that moving funds under specialized portfolio managers is consistent with Vanguard's efficiency mantra.
  - Despite several changes highlighted above, we continue to believe the passive equity portfolios overseen by the US based investment team is strong, given the promotion from within and overall experience of this team.
- Beginning in January of 2013, Vanguard transitioned 16 US passive equity funds from MSCI to CRSP benchmarks and 6 non-US funds from MSCI to FTSE. The switch impacted approximately $565 billion in assets at the time of execution. Most transitions were handled over a relatively short time period, though some funds were transitioned more slowly to account for liquidity and trading impact. Overall, Vanguard gave considerable advance warning of the migration and appeared to have handled it well. According to Vanguard, motivation for the migration primarily centered around MSCI's high licensing fees, which were at odds with Vanguard's desire to charge the lowest reasonable management fees for its index offerings. Vanguard

cannot disclose the rates at which new licensing fees have been negotiated, nor can they disclose the rate at which they previously engaged MSCI. We have been assured, however, that the FTSE and CRSP rates are much lower than those previously charged by MSCI. We should not expect these specific funds to change again in the near future, as current licensing contracts have been established "over a matter of decades" according to Vanguard, to ensure the strategies' longevity and low costs.

- When asked, Morijam indicated that the possibility of further fund migrations could be a real possibility, though we should not expect them anytime soon. This event bears watching, but we believe Vanguard adequately handled the migration of the first 22 funds in a sensible and prudent fashion, and are reasonably confident that this prudence would be applied to any future fund migrations.
- In 2011, Vanguard closed its Brussels, Belgium office. Many of the investment professionals housed there left the firm, though some made the move to the London office. Vanguard has focused on growing its European presence by expanding operations and staff in London. Morijam explained that all product development continues to occur in the US, but the London and Australian distribution platforms continue to grow.
- *Issues to watch*:
  - Benchmark Migration: In 2012, Vanguard announced its intention to migrate several funds from MSCI benchmarks to FTSE and CRSP benchmarks, and has since completed this transition. We believe the change was well-executed and justified; however, clients and prospective clients need to be aware of the impact on portfolios and subsequent exposures.
  - Team Changes: There have been a number of changes at the firm which affect the daily management of passive products detailed in the Highlights below. These changes should not impact portfolio outcomes, and we expect stability within the Equity Index Group going forward.

Vanguard

Announcement of Share Conversion and Fund Mergers – October 18, 2013

- Vanguard has announced planned fund mergers.
- The Tax-Managed Growth & Income Fund will be merged into the Vanguard 500 (Institutional) Index Fund, planned for May 16, 2014. The fund mandates are different, as holders of the Growth & Income Fund will be moved from a dividend growth strategy to a pure passive US large cap strategy. Fund inflows represent 2.1% of total assets in the 500 Index Fund.
- *Mercer View*: The changes highlighted are consistent with Vanguard's philosophy to simplify product lineups and provide investment management solutions at the lowest reasonable expense to the investor. The asset flows in the Vanguard 500 Index Fund are minimal, and we expect these flows to have little impact on implementation.

Vanguard

Vanguard names Gregory Davis new Head of Fixed Income Group – November 13, 2013

- Vanguard recently announced that Robert Auwaerter, principal and Head of Vanguard's Fixed Income Group, will retire effective March 2014. Gregory Davis will assume Auwaerter's position as the new Head of Vanguard's Fixed Income Group.

- *Mercer view*:
    - Auwaerter joined Vanguard back in 1981, and was part of the tremendous growth that led to it being one of the world's largest asset managers. Although Auwaerter oversaw the portfolio management and strategy functions for Vanguard's fixed income team, he is not listed as a portfolio manager on any of Vanguard's strategies or mutual funds.
    - Davis is currently the Chief Investment Officer of Vanguard's Asia Pacific region, a position he took on earlier this year. Previously he served as Vanguard's Head of Bond Indexing. Given that indexing plays a leading role in Vanguard's fixed income platform, we believe Davis' prior experience benefits him greatly, and makes him an ideal candidate to fill this role.
    - Vanguard has not yet named a successor to the CIO of Asia Pacific Region position Davis will soon relinquish. However, we were given indication that it is likely to be filled internally. We hope to meet with Davis at the next available opportunity to discuss his vision and plans for Vanguard's Fixed Income Group.

Appendix B – Disclosures

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