

MANAGER SEARCH REPORT

City of Los Angeles

US Equity - Mid Cap Value, US Equity - Mid Cap Growth

October 2014



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US Mid Cap Equity Finalists

The DCP Mid Cap Stock Fund approved structure is 50% Vanguard Mid Cap Index + 25% Active US Mid Cap Value Equity + 25% Active US Mid Cap Growth Equity. Mercer presented a search report for US Equity – Mid Cap Value and US Equity – Mid Cap Growth funds which follow the principles outlined in the City of Los Angeles Investment Policy Statement’s Investment Selection and Termination section. At the October 2, 2014 Investments Committee meeting, the Committee chose the following candidates as finalists:

US Equity – Mid Cap Value

- Ceredex Value Advisors (Ridgeworth)
- Vanguard (Vanguard) – subadvised by Barrow Hanley, Pzena, and Donald Smith.

US Equity – Mid Cap Growth

- Massachusetts Mutual Life Insurance Company (MassMutual) – subadvised by T. Rowe Price and Frontier Capital
- Vanguard (Vanguard) – subadvised by Chartwell and William Blair
- Voya Investment Management Co. (Voya) – formerly ING

The contents of this report offer further analysis on the finalists. Along with key fund attributes provided again on pages 4-8 (mid value) and pages 23-27 (mid growth), we provide additional information including:

- Updated performance of each of the finalists on a standalone basis (pages 9-14 mid value / pages 28-34 mid growth)
- Mercer’s qualitative assessments, where available, providing in-depth detail on each of the investment strategies (pages 15-22 mid value / pages 35-40 mid growth)
- Pro-forma fees for each possible manager combination within the DCP Mid Cap Stock Fund (page 41)
- Correlations of the strategies with one another and the index (page 42)
- Pro-forma historical performance and quantitative analysis on each possible DCP Mid Cap Stock Fund combination (pages 43-58).
 - Key pro-forma exhibits include:
 - Trailing performance of all possible permutations of the DCP Mid Cap Stock Fund as of 6/30/2014 (page 43)
 - Year by year performance for all possible combinations of finalists implemented in the DCP Mid Cap Stock mix (page 44)
 - Long-term risk/return characteristics for all possible combinations of finalists implemented in the DCP Mid Cap Stock Fund mix (page 47)
 - Up/down market analysis of all possible DCP Mid Cap Stock Fund mix (page 57)
 - Performance consistency of all possible DCP Mid Cap Stock Fund mix (page 58)

US Equity – Mid Cap Value Finalists

Firm Background

Firm	Year firm founded	Office location(s) in United States	Type of firm	Ownership/Affiliation
Ridgeworth	2008	Atlanta, GA Orlando, FL	Independent investment firm	RidgeWorth Capital Management 100%
Vanguard	1975	Malvern, PA	Independent investment firm	Fund Shareholders 100%

US Equity – Mid Cap Value Finalists

Fund Details

Firm	Fund Name	Strategy Inception Year	Mutual Fund Ticker	Net Expense Ratio	On GreatWest Platform	Revenue Sharing
Ridgeworth	RidgeWorth Mid-Cap Value Equity Fund I	2001	SMVTX	1.09%	Yes	0.60%
Vanguard	Vanguard Selected Value Fund Investor	1996	VASVX	0.44%	Yes	0.00%

US Equity – Mid Cap Value Finalists

Assets

Firm	Firm-wide assets (\$MM)	Firm-wide equity assets (\$MM)	Strategy Assets ending December 31				
			2013	2012	2011	2010	2009
Ridgeworth	11,691	11,691	4,510	2,649	2,101	1,645	697
Vanguard	2,625,785	1,714,638	7,923	4,398	3,887	3,953	3,143

US Equity – Mid Cap Value Finalists

Selected Portfolio Guidelines

Firm	Principal security selection technique	Minimum market cap (\$MM)	Maximum market cap (\$MM)	Number of stocks typically held	Average cash position over last 5 years (%)	Average portfolio turnover over last 5 years (%)
Ridgeworth	Fundamental	1,465	35,117	60 - 80	3	150
Vanguard	Fundamental	805	12,899	90-110	6	24

US Equity – Mid Cap Value Finalists

Selected Portfolio Characteristics as of 12/31/13

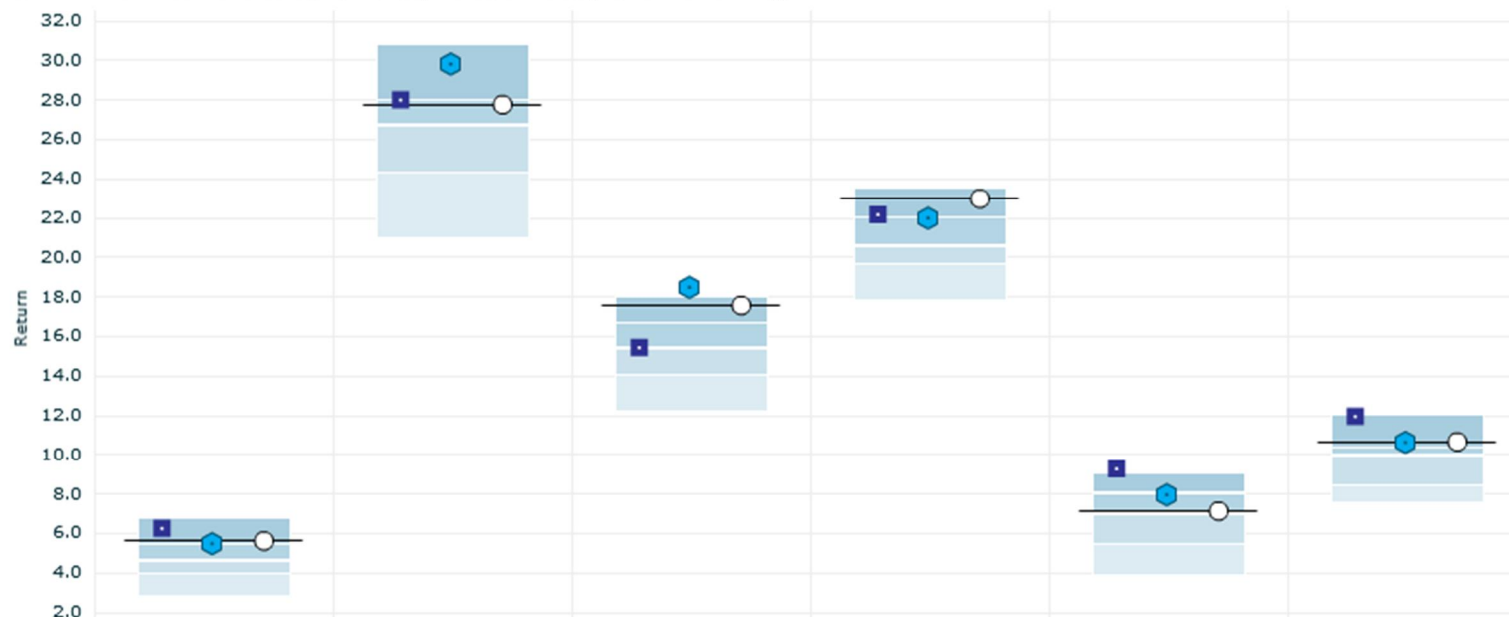
Firm	Market beta	Price to Earnings	Price to Book	Dividend yield (%)	Earnings growth	Return on equity	Debt / Equity	Market cap (\$MM)
Ridgeworth	1.19	17.0	2.0	2.22	27.0	11.1	0.78	12,146
Vanguard	1.26	15.1	1.8	1.67	14.8	15.2	0.90	13,050
RUMCV	1.16	15.8	1.8	1.88	16.4	9.7	0.87	11,119

US Equity – Mid Cap Value Finalists

Quantitative Analysis

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

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



	3 mths (%)	1 yr (%)	3 yrs (%pa)	5 yrs (%pa)	7 yrs (%pa)	10 yrs (%pa)
■ Ridgeworth	6.2(8)	28.0(25)	15.4(49)	22.2(15)	9.3(4)	12.0(5)
⬢ Vanguard	5.5(25)	29.8(8)	18.5(4)	22.0(26)	8.0(28)	10.6(17)
○ RUMCV	5.6(22)	27.8(29)	17.6(7)	23.0(7)	7.1(49)	10.7(17)
5th Percentile	6.8	30.8	18.0	23.6	9.1	12.0
Upper Quartile	5.5	28.0	16.7	22.0	8.1	10.4
Median	4.7	26.7	15.4	20.6	7.0	10.0
Lower Quartile	4.0	24.3	14.0	19.7	5.5	8.4
95th Percentile	2.8	21.0	12.2	17.8	3.9	7.6
Number	52	48	41	40	35	29

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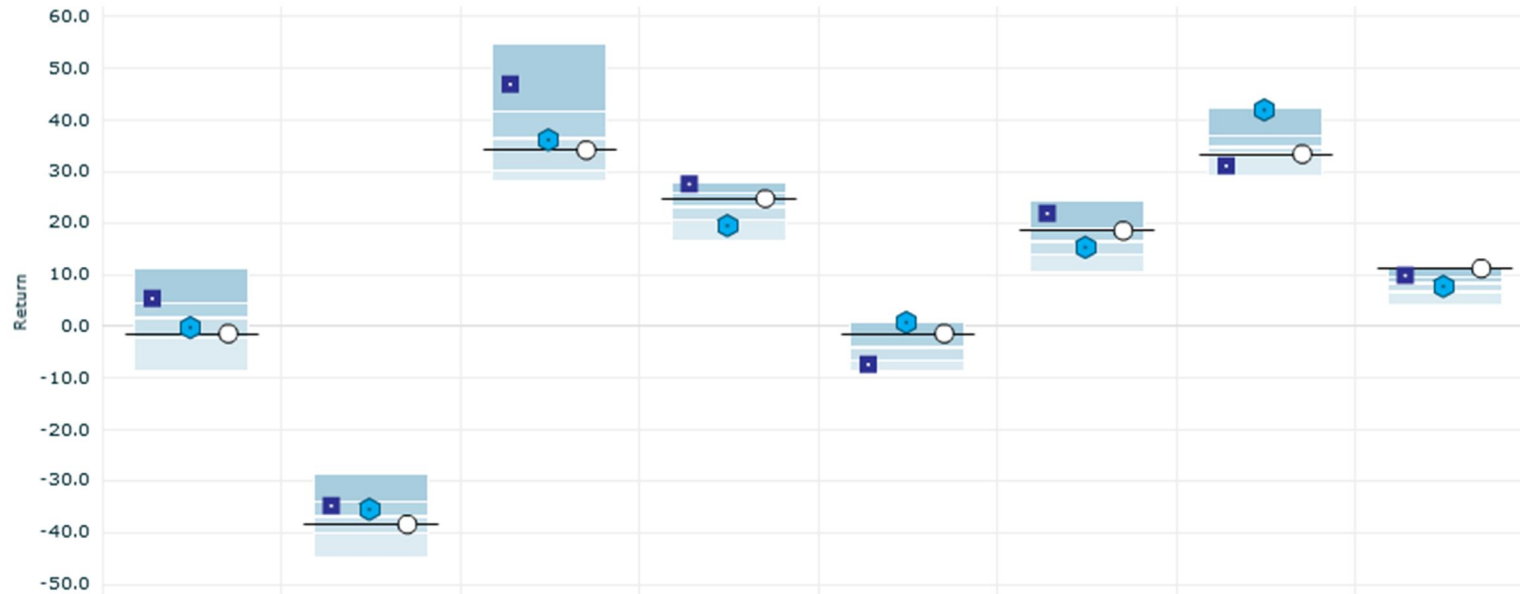


US Equity – Mid Cap Value Finalists

Quantitative Analysis

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

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



	2007 (%)	2008 (%)	2009 (%)	2010 (%)	2011 (%)	2012 (%)	2013 (%)	6 mths to 6/2014 (%)
■ Ridgeworth	5.4 (17)	-34.8 (31)	47.0 (10)	27.7 (7)	-7.3 (84)	21.8 (7)	31.2 (84)	9.8 (22)
⬡ Vanguard	-0.2 (66)	-35.5 (35)	36.3 (52)	19.4 (90)	0.8 (7)	15.2 (68)	42.0 (6)	7.7 (60)
○ RUMCV	-1.4 (71)	-38.4 (71)	34.2 (56)	24.8 (35)	-1.4 (25)	18.5 (31)	33.5 (76)	11.1 (6)
5th Percentile	11.3	-28.8	54.9	28.1	0.9	24.3	42.3	11.6
Upper Quartile	4.6	-34.0	41.6	26.1	-1.4	19.0	37.0	9.7
Median	1.6	-36.7	36.5	23.2	-4.1	16.4	34.8	8.4
Lower Quartile	-2.0	-40.2	30.3	20.5	-6.4	14.0	33.6	6.7
95th Percentile	-8.6	-44.9	28.3	16.5	-8.6	10.6	29.4	4.3
Number	35	37	40	41	41	44	46	50

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US Equity – Mid Cap Value Finalists

Quantitative Analysis

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

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



	Ret (%pa)	Std Dev (%pa)	Ret/SD	TE (%pa)	IR
■ Ridgeworth	9.3 (4)	23.0 (37)	0.4 (12)	5.6 (46)	0.4 (3)
⬡ Vanguard	8.0 (28)	20.1 (96)	0.4 (12)	5.4 (56)	0.2 (24)
5th Percentile	9.1	27.4	0.4	10.1	0.3
Upper Quartile	8.1	24.1	0.3	6.9	0.1
Median	7.0	22.7	0.3	5.5	0.0
Lower Quartile	5.5	21.8	0.2	4.4	-0.2
95th Percentile	3.9	20.3	0.2	3.3	-0.6
Number	35	35	35	35	35

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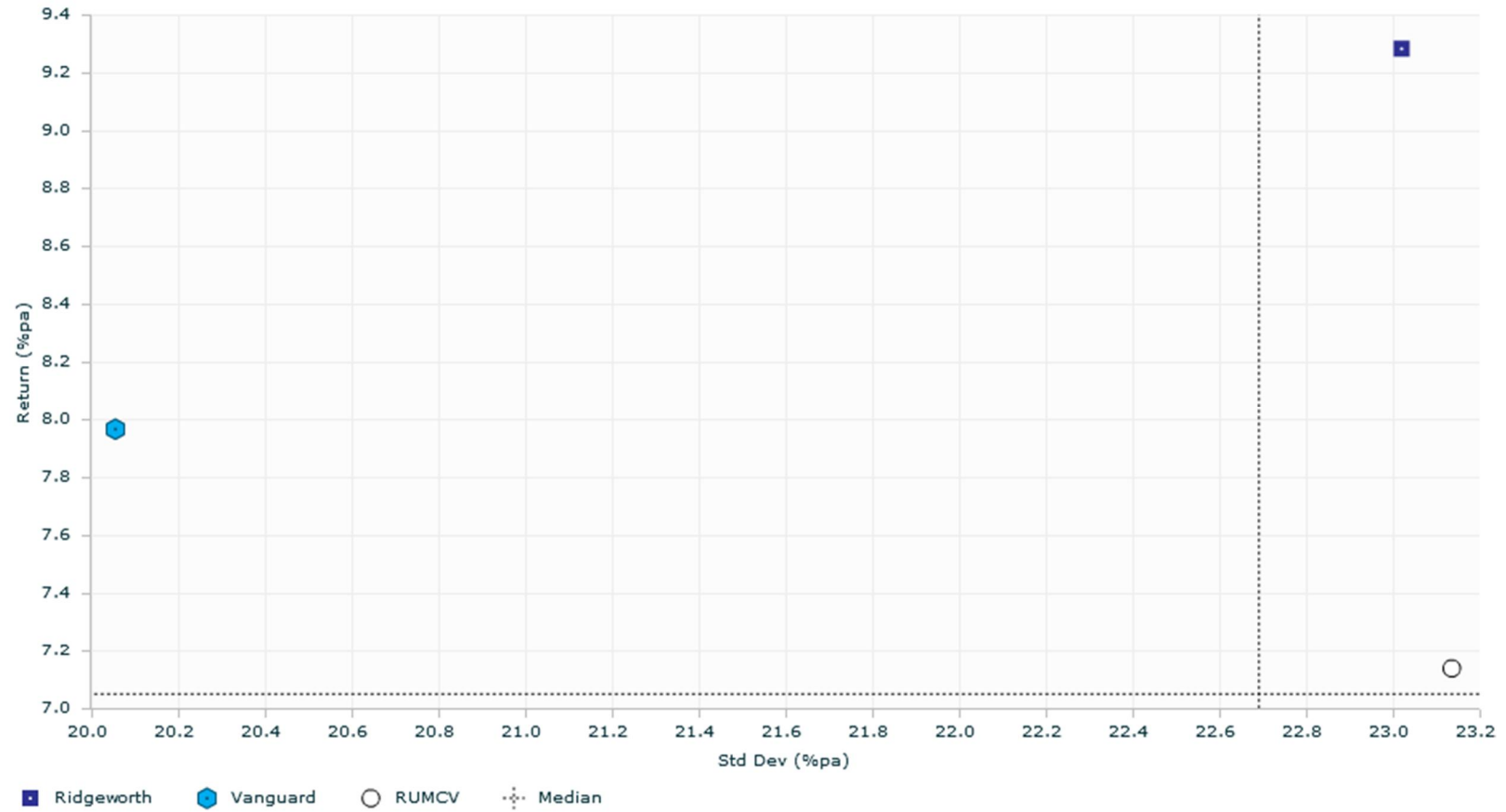


US Equity – Mid Cap Value Finalists

Quantitative Analysis

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

Comparison with the Mutual Fund US Equity Mid Cap Value universe



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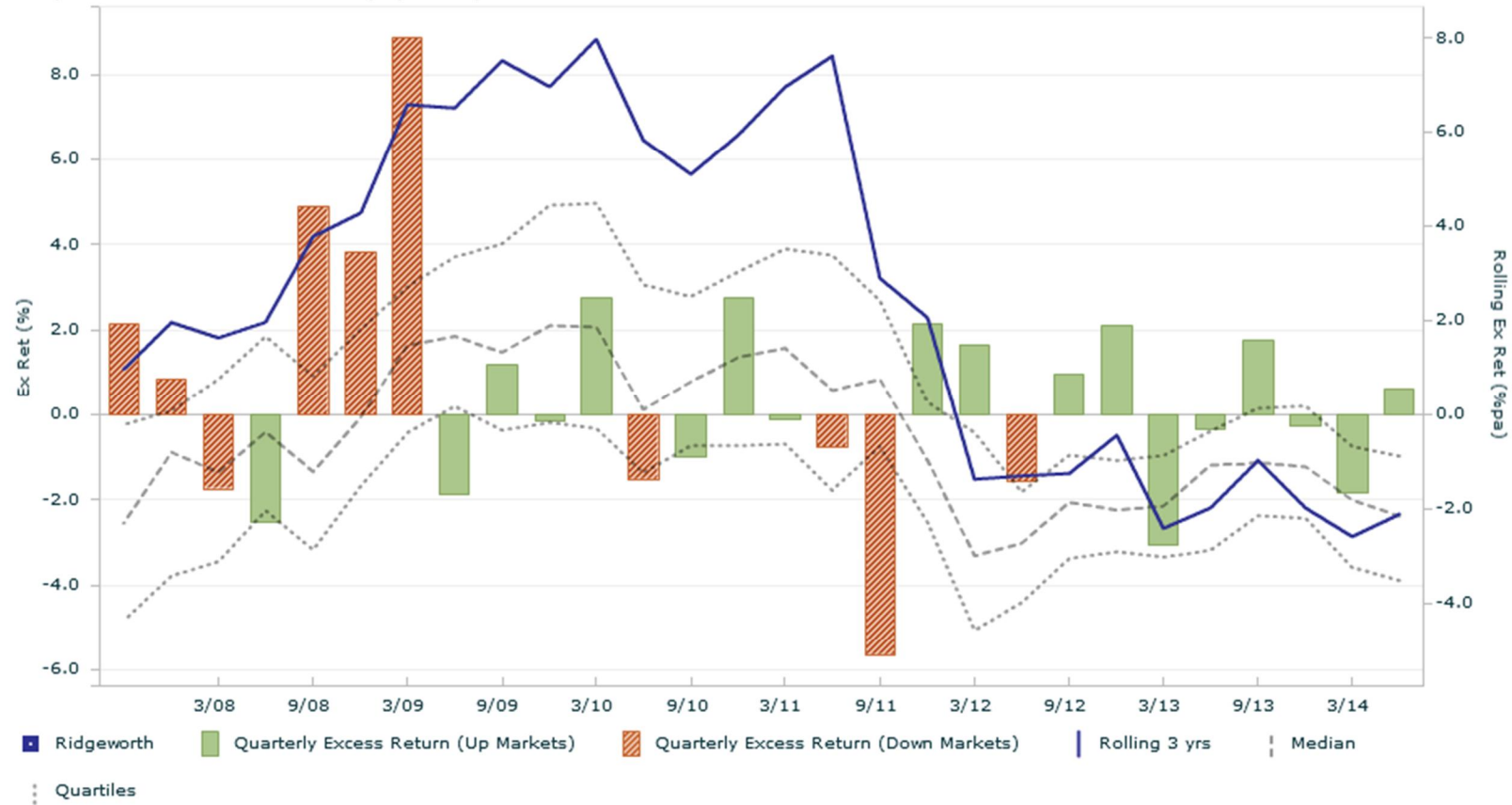
US Equity – Mid Cap Value Finalists

Quantitative Analysis

Ridgeworth

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

Comparison with the Mutual Fund US Equity Mid Cap Value universe



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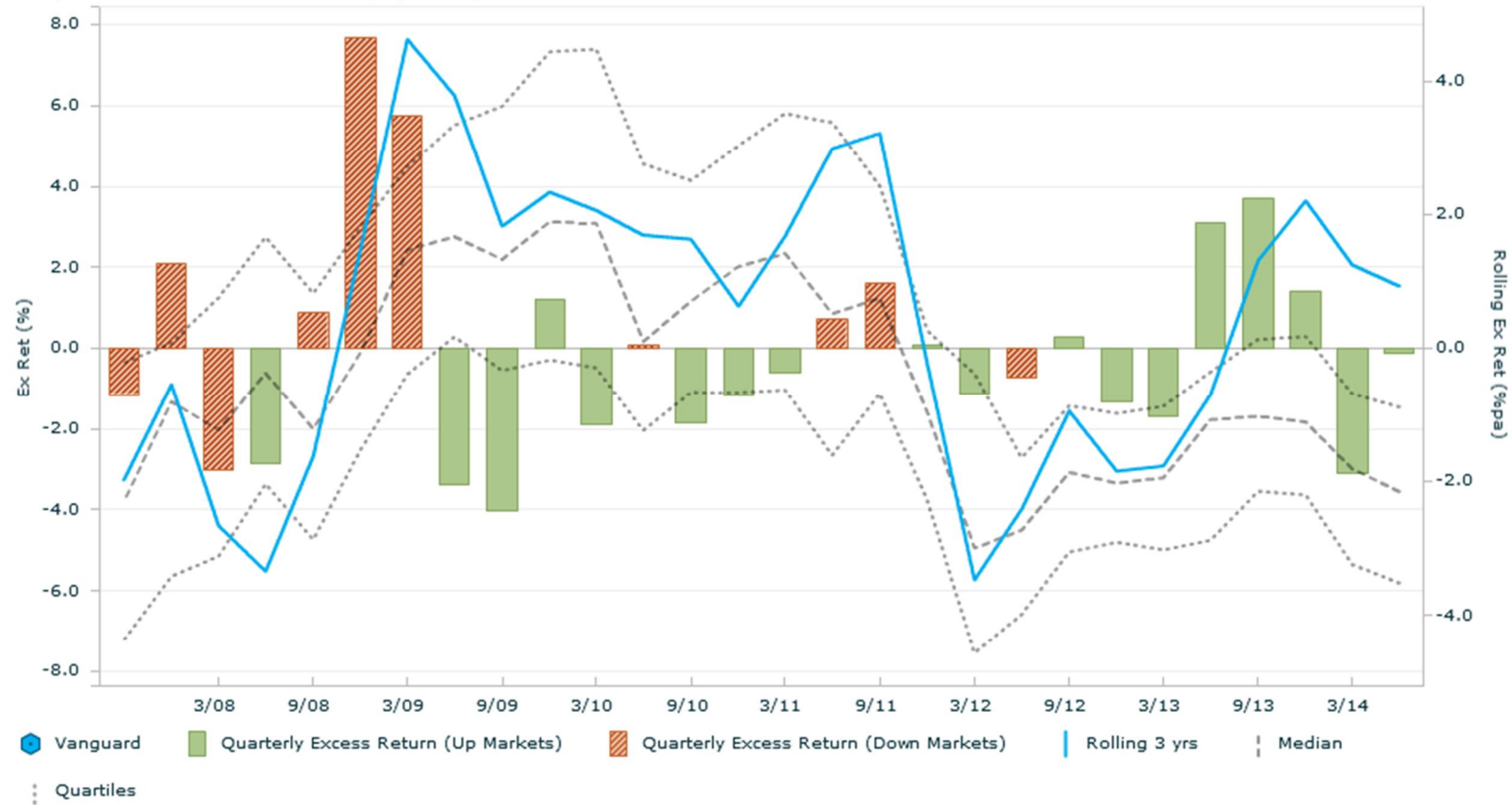
US Equity – Mid Cap Value Finalists

Quantitative Analysis

Vanguard

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

Comparison with the Mutual Fund US Equity Mid Cap Value universe



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US Equity – Mid Cap Value Finalists

Profile – RidgeWorth Mid-Cap Value Equity Fund

Firm Background and History: Ceredex Value Advisors (Ceredex) is located in Orlando, FL and manages three US value equity strategies. Ceredex is an independent subsidiary of RidgeWorth Capital Management (RidgeWorth), which offers investment support services such as trading, operations, compliance, and marketing for its boutiques. In December 2013, employees of RidgeWorth announced a partnership with private equity firm Lightyear Capital LLC to acquire RidgeWorth from SunTrust Bank, Inc. (STB). This transaction closed June 2, 2014.

Key Decision Makers: For the Mid Cap Value Equity strategy, Don Wordell is the lead portfolio manager and final decision maker. He joined Trusco as an analyst in 1996 and began managing the Mid Cap Value strategy in 2001. Wordell is supported by a team of seven sector-focused research analysts and leverages the insights of the other portfolio managers within Ceredex.

Investment Style/Philosophy: The strategy employs a fundamental, bottom-up approach to investing in companies that pay a dividend, have attractive valuations, and possess fundamental catalysts with the potential to drive price appreciation.

Investment Process: The process begins with a universe of dividend-paying companies. The team then screens for stocks that are attractively valued based on metrics such as price/book, price/earnings, and price/cash flow from both an absolute and relative basis. Generally, those stocks trading in the bottom third of their valuation ranges relative to the market, the industry, and their history become the "warm list" of approximately 500 companies that are subject to fundamental research.

At this point, the process involves reviewing financial statements and the underlying fundamentals to determine whether the business makes sense, is analyzable, or has excessive risk. The team often speaks to company management, competitors, suppliers, and customers as part of its research process. Additional research is conducted to identify catalysts that will cause price appreciation. Catalysts include changes in competitive position, growth and acquisition possibilities, restructuring, product changes, or changes in management. Stocks that meet the team's investment criteria, typically around 200 companies, comprise the "hot list" and are subject to a final extensive review prior to inclusion in the portfolio.

A stock is typically sold or trimmed when the dividend yield unexpectedly declines or is eliminated, the price target is reached, fundamentals deteriorate, or more attractive risk/reward prospects emerge. The team will also look to sell in situations where it believes the timing of a catalyst has been extended.

The Mid Cap Value Equity portfolio targets approximately 1,200 stocks with market capitalizations that are representative of the Russell Midcap Value Index. The portfolio manager targets companies with catalysts over the next 12 to 24 months and ultimately purchases between 60 and 80 names. Positions are typically initiated at 1% of the portfolio and capped at 5%. There are no formal sector limitations, though exposures are typically constrained to twice the benchmark weight. Cash is typically below 5%, and portfolio turnover approximates 125% to 175% per annum, approximately half of which is typically incremental trading around existing positions.

US Equity – Mid Cap Value Finalists

Evaluation Summary – RidgeWorth Mid-Cap Value Equity Fund

Factor	Rating (-, =, + or ++)	Comments
Idea Generation	++	The investment acumen and decision making insights of portfolio managers Mills Riddick (Large Cap Value), Don Wordell (Mid Cap Value) and Brett Barner (Small Cap Value) are key strengths. Each portfolio manager's experience within his respective investment universe has resulted in an impressive knowledge base of companies, giving Ceredex a competitive edge in generating ideas. The portfolio managers are accountable for portfolio decisions but also effectively leverage a strong team of supporting sector-focused analysts. The team collectively embraces a sensible and straight-forward process that focuses on attractively valued, dividend-paying companies with positive catalysts - all in an effort to find irrationally discounted stocks before other investors see their potential. The team's ability to cross-leverage information across sectors and capitalizations leads to meaningful discussion and debate to ensure that various angles of investment decisions are covered.
Portfolio Construction	+	Portfolio construction emphasizes the team's strength of stock selection, with a deliberate approach to sizing positions based on risk/reward and underlying conviction. A lack of formal sector constraints allows flexibility in sector positioning, but the portfolio generally exhibits good diversification. The portfolio managers' acute awareness of sensitivities and risks at the individual stock and overall portfolio levels enhances the risk management process.
Implementation	+	Ceredex is mindful of liquidity and the percentage of outstanding shares owned when sizing positions. Large cap and mid cap strategy assets are relatively modest, while the small cap strategy has prudently closed to new investors to mitigate liquidity issues. While liquidity could become a concern (particularly in small caps) if asset levels increase significantly, at this point we believe the team is able to invest in its best ideas across capitalizations. RidgeWorth's Atlanta-based trading team efficiently implements trade orders.
Business Management	+	Ceredex continues to be a prominent and autonomous boutique within RidgeWorth, and it has been able to attract and motivate key talent. RidgeWorth provides trading, marketing, and other support services that help mitigate the investment team's non-investment related responsibilities. This allows the group to stay focused on managing its products, which are limited to three domestic value strategies. The sale of RidgeWorth from SunTrust Bank to employees and Lightyear Capital provides an opportunity for increased and broadened ownership for Ceredex employees, a positive long-term financial incentive. The deal also eliminates the immediate uncertainty about SunTrust Bank's commitment to the firm. Having said that, Lightyear Capital's influence and eventual exit strategy remain somewhat ambiguous, introducing a longer duration uncertainty.

US Equity – Mid Cap Value Finalists

Overall Rating
(A, B+, B or C)
A (W)

We believe the portfolio managers' experience, insights, and impressive knowledge base of companies and industries give Ceredex a competitive advantage. Each portfolio manager drives decisions for his respective portfolio, but the strategies also benefit from a tight-knit and cohesive team of analysts and seasoned portfolio managers who add differentiated viewpoints via a strong research vetting process. The portfolio managers construct and implement portfolios in a thoughtful manner, and the team's risk assessment is comprehensive. In addition, we believe there are adequate resources committed to the strategy. As such, we believe Ceredex has above-average prospects to outperform over a full market cycle. The Watch (W) designation reflects the recent acquisition of Ceredex's parent company, RidgeWorth, by employees and Lightyear Capital.

Additional Observations

Given the team's relative value investment approach, we expect markets that reward lower quality stocks or non-dividend payers to create a headwind for performance.

US Equity – Mid Cap Value Finalists

Profile – Vanguard Selected Value Fund

Firm Background and History: The Vanguard Group (Vanguard) was formed in 1975. Vanguard has its own independent officers and staff and is organized differently than most mutual fund companies-mutual fund shareholders are the owners of the firm. Conceptually, the firm's sole function is to manage assets and service fund shareholders. Vanguard established the first indexed mutual fund in 1976, and is now one of the largest providers of mutual fund services in the United States. The firm is headquartered in Malvern, Pennsylvania.

Key Decision Makers: This fund is sub-advised by Barrow, Hanley, Mewhinney & Strauss, Inc. (BHMS), Donald Smith & Co. (Smith), and Pzena Investment Management (Pzena).

Investment Style/Philosophy: The Vanguard Selected Value Fund seeks long-term capital appreciation and income by investing in mid-capitalization stocks and using a multi-manager structure that is designed to provide diversification and mitigate risk.

Investment Process: Vanguard uses the following three investment advisers to manage the fund.

BHMS employs a fundamental, bottom-up approach that seeks to identify companies with price-to-earnings and price-to-book ratios lower than those of the market and a dividend yield greater than that of the market. Those that fit the criteria undergo further fundamental research that incorporates earnings analysis, return on equity projections, company visits, and Wall Street research. BHMS then uses a dividend discount model and a relative return model to develop its portfolio.

Smith's approach entails in-depth fundamental research on stocks selling at discounts to tangible book value. The team believes that tangible book value is the best indicator of intrinsic value and earnings power, with low

price/book values being favored by the market and producing the highest long term returns. The initial screen identifies stocks based on factors that are sourced from Value Line, Capital IQ and company documents. Additional evaluation is done on the basis of a stock's price-to-book value, debt-to-total equity, price-to-earnings, and price-to-revenue. Final analysis is conducted seeking companies with strong management, quality financial statements and superior earnings potential.

Pzena uses a research-driven process to invest in deeply undervalued stocks. Pzena first ranks the 800 smallest stocks of the Russell 1000 Index from cheapest to most expensive based on price-to-normalized earnings. Research priority is given to the cheapest stocks, those exhibiting a group or sector theme, and those offering portfolio diversification benefits. Wall Street research is then reviewed to make an initial judgment as to whether the causes of the under-valuation are likely to be temporary or permanent. Pzena meets with senior company management to discuss the business, and it later meets with a bearish sell side analyst to review any structural issues it may have missed during the company visit. The team takes the approach of whether or not it would buy the entire business at the current price. Finally, Pzena refines the firm's earnings model and makes a final investment decision. The sell discipline is ultimately guided by the same ranking system with which Pzena originally screened the universe. Pzena's portfolios are concentrated with a deep value focus.

Key Observations: Vanguard added Smith as a subadvisor in May 2005 and they are receiving all new assets to the fund, although BHMS still manages the vast majority of the assets under management. Given the investment philosophies of the two subadvisors, this fund would fall into the traditional to deeper value category and we would expect it to underperform when growth is in favor. The fund also tends to be more concentrated, and investors should expect performance to be more volatile as both managers are willing to take stock bets.

US Equity – Mid Cap Value Finalists

Evaluation Summary – Vanguard Selected Value Fund (*BHMS Mid Cap Value Equity*)

Factor	Rating (-, =, + or ++)	Comments
Idea Generation	++	We view the team's depth of fundamental research, long-term views, and disciplined approach to value investing as strengths of the strategy. The investment team is deep, and there appears to be extensive collaboration of ideas among the team members. While the strategy draws from a central analyst team, portfolio managers also act as analysts. We believe the firm's clout gives it a competitive edge in accessing a variety of information sources, particularly company management teams, which play heavily into its forward-looking research process. Furthermore, the team's ability to leverage BHMS' fixed income research platform adds differentiated perspectives to the process that other equity-only firms lack.
Portfolio Construction	=	The portfolio is reasonably diversified, although loose sector constraints are in place and active share is relatively high. Mark Giambrone, who we view highly, is accountable for constructing the portfolio with some input from Jim Barrow. While decision making appears more nimble relative to the Large Cap Value portfolio, the equal weighting approach to calibrating positions appears sub-optimal. Much attention is paid to company-specific risks, but the team does not incorporate a robust risk monitoring of the overall portfolio exposures such as stock correlations or macro factors
Implementation	+	Strategy assets are modest, and capacity has been set at a reasonable level. The team's patience and low turnover approach give us further reason to believe that it has the ability to efficiently execute its ideas.
Business Management	+	Until 2010, BHMS was 100% owned by Old Mutual. Although Old Mutual has always been viewed as a good parent company, allowing BHMS to run its business virtually autonomously, a shift to an LLC structure facilitated the return of one-quarter of BHMS equity to a broad group of employees. The ability to participate directly in the ownership of the firm is a positive in terms of motivation, attraction, and retention of investment professionals. The firm's employee turnover has been low over time, even prior to the change in business structure. BHMS continues to foster a culture that promotes team stability in an environment that is conducive to success.
Overall Rating (A, B+, B or C) B+		We remain impressed with the insights and leadership of portfolio managers Mark Giambrone and Jim Barrow. We have a favorable view of the firm's idea generation, which leverages the depth and experience of its investment team. With a deep bench of portfolio managers and analysts charged with conducting fundamental research, the team has demonstrated diligence in its research with comprehensive company evaluation prior to and after investing. Furthermore, the investment team fully understands and subscribes to the disciplined investment philosophy, process, and valuation methodology. However, we do not have full conviction in the attention paid to calibrating positions or in the aggregate portfolio risk monitoring.
Additional Observations		The firm's investment philosophy results in a portfolio with a dividend yield higher than the Russell Midcap Index and price-to-earnings and price-to-book ratios lower than the index. As such, we would expect the strategy to benefit when dividend-paying value stocks are in favor.

US Equity – Mid Cap Value Finalists

Evaluation Summary – Vanguard Selected Value Fund (*Donald Smith Mid Cap Value Equity*)

Factor	Rating (-, =, + or ++)	Comments
Idea Generation	=	The firm strictly adheres to its deep value investment philosophy across all of its strategies. Only stocks residing in the bottom decile of price-to-tangible book values will be considered for investment with the belief that over time valuations are mean reverting. The two portfolio managers are well seasoned having worked together for over 30 years specializing in this approach. We believe DSC is disciplined in constructing its Watch List based primarily on valuation criteria. Also, we recognize the long-term potential of DSC's targeted investable universe (despite its limitations) but are wary of confusing factor tilts / exposures (i.e., low price/book) with stock selection skill. Consequently, we need to gain a better understanding of DSC's subsequent assessment of earnings potential and company management that ultimately determine the portfolio. As a result, we cannot give DSC a higher idea generation score at this time.
Portfolio Construction	=	The concentrated portfolio structure lacks sector constraints or guidelines relative to a benchmark, and the portfolio will be absent major sectors entirely and generally overweight to low price-to-book industries due to its bottom up orientation. Portfolios may hold elevated levels of cash when sufficient investable ideas are not present. Most portfolios are customized in some fashion based on client directives (which can lead to substantial performance dispersion). Risk is primarily controlled at the stock level - requiring deep discounts to book and asset value for potential investment. The end result is a relatively high volatility approach and portfolios that lack differentiation from each other despite different market cap mandates. A tracking error designation is appropriate based on many of these factors.
Implementation	+	A dedicated trader handles all trading duties, although portfolio turnover is low. Current assets are reasonable and capacity is not a concern, even in the flagship Small Cap Value strategy. DSC does not appear particularly interested in growing too big with its prohibitive investment minimums of \$50 million per client, its unwillingness to reduce fees, and no dedicated marketing effort. However, specific capacity levels have not been established for all strategies.
Business Management	+	The firm is employee-owned, with Donald Smith the majority owner. Richard Greenberg, Kamal Shah and Jon Hartsel own the remaining equity. We are pleased to see team stability, however we would prefer to see Smith distribute additional equity to employees and reduce his ownership. Smith is currently investigating options to facilitate additional ownership transfer but this has been the case for some time now. The firm has an 'old school' boutique feel and appears comfortable being different.
Overall Rating (A, B+, B or C) B (T)		The firm's investment process is disciplined, only considering stocks with the lowest price-to-tangible book values. However, we are concerned that DSC's factor exposures account for its historical performance advantage rather than its stock selection. Smith and Greenberg are experienced investors; however, they are limited to seeking stocks that meet the initial criteria and this can drive performance (good and bad) in certain market environments. DSC appears to lack a thoughtful methodology to its portfolio construction.

US Equity – Mid Cap Value Finalists

Additional Observations The high beta, deep value, concentrated approach lends itself to periodic emphasis on cyclical segments of the market as well as large sector deviations relative to benchmarks. DSC's strategies are best suited as a complement to other managers within a diversified portfolio given their propensity for highly variable index-relative quarterly returns and explicit factor exposures.

US Equity – Mid Cap Value Finalists

Evaluation Summary – Vanguard Selected Value Fund (*Pzena Mid Cap Focused Value*)

Factor	Rating (-, =, + or ++)	Comments
Idea Generation	++	Pzena's strength is the quality of its idea generating capabilities. Its investment process is research intensive with a strong focus on understanding the company rather than the stock. The team believes that only by picking apart businesses can it avoid value traps. Pzena's analyst team, which is comprised of both ex-management consultants and people who have actually run businesses as well as junior analysts, supports the team's research on businesses, rather than the markets. We believe the skill of the analysts and their non-traditional backgrounds give Pzena special insight that many other managers lack.
Portfolio Construction	+	The portfolios are concentrated and adequately reflect the team's convictions. Given Pzena's extensive fundamental research, we believe a concentrated approach most appropriately capitalizes on the firm's insights. The team does pay attention to the benchmark to insure against unintended risks, but that is secondary to the stock selection process. The incorporation of sentiment risk and stock specific volatility into position sizing help to provide better risk control.
Implementation	+	At current asset levels, the strategies have capacity. The firm makes a concerted effort to keep assets manageable and has demonstrated its commitment to close products at reasonable levels in the past.
Business Management	+	Pzena is mainly employee-owned and continues to maintain its entrepreneurial culture. The team is tight-knit, and until the June 2014 departure of senior portfolio manager Tony DeSpirito, has experienced a high level of stability in its analyst and portfolio manager ranks. The firm's public offering in 2007 resulted in some additional operational requirements, but the ownership change has not had any negative implications for the firm's investment teams or investment processes.
Overall Rating (A, B+, B or C) A (T)		Pzena's main strength is the quality of its fundamental research, while the other aspects reinforce that capability. The team attempts to identify companies with below normal earnings that are well positioned to turn around and show improving earnings, which will lead to an upward revaluation in the stock price. Pzena's investment process is quite research intensive with a strong focus on understanding the drivers of success for the company, rather than the stock. Additionally, we believe Pzena's ownership structure and compensation programs firm align the interests of the firm with its investors.
Additional Observations		Due to Pzena's deep value orientation and concentrated portfolio, short-term performance deviations relative to the benchmark can be significant. The strategy should be complemented with a traditional or relative value strategy rather than used as a standalone value offering in client portfolios. With a deep value focus, the strategy is expected to underperform in strong growth or momentum led markets.

US Equity – Mid Cap Growth Finalists

Firm Background

Firm	Year firm founded	Office location(s) in United States	Type of firm	Ownership/Affiliation
MassMutual	1851	Arlington, VA Boston, MA Charlotte, NC Chicago, IL Enfield, CA Philadelphia, PA Springfield, MA	Insurance or insurance affiliate	Policy Holders 100%
Vanguard	1975	Malvern, PA	Independent investment firm	Fund Shareholders 100%
Voya	1972	Atlanta, GA Chicago, IL New York, NY Scottsdale, AZ Windsor, CT	Part of a financial conglomerate	Voya Financial, Inc. 100%

US Equity – Mid Cap Growth Finalists

Fund Details

Firm	Strategy name	Strategy Inception Year	Mutual Fund Ticker	Net Expense Ratio	On GreatWest Platform	Revenue Sharing
MassMutual	MassMutual Select Mid Cap Growth Equity II Fund I ¹	2000	MEFZX	0.75%	Yes	0.00%
Vanguard	Vanguard Mid-Cap Growth Fund	1997	VMGRX	0.51%	Yes	0.00%
Voya	Voya MidCap Opportunities Fund R6 ²	2005	IMOZX	0.88%	Yes	0.00%

¹ Due to the shorter track record of the proposed share class, the performance data for this fund reflects that of the R5 share class (expense ratio: 0.85%).

² Due to the shorter track record of the proposed share class, the performance data for this fund reflects that of the Institutional share class (expense ratio: 0.97%).

US Equity – Mid Cap Growth Finalists

Assets

Firm	Firm-wide assets (\$MM)	Firm-wide equity assets (\$MM)	Strategy Assets ending December 31				
			2013	2012	2011	2010	2009
MassMutual	23,052	18,405	1,857	1,541	1,445	1,850	1,205
Vanguard	2,625,785	1,714,638	3,083	2,201	1,800	1,729	1,359
Voya	203,726	51,339	4,025	2,472	1,883	1,410	918

US Equity – Mid Cap Growth Finalists

Selected Portfolio Guidelines

Firm	Principal security selection technique	Minimum market cap (\$MM)	Maximum market cap (\$MM)	Number of stocks typically held	Average cash position over last 5 years (%)	Average portfolio turnover over last 5 years (%)
MassMutual	Fundamental	1,000	12,000	200-215*	4	33
Vanquard	Fundamental	1,110	18,620	103-127	2	103
Voya	Fundamental	1,000	24,000	59	2	150

* Frontier (subadvisor) has 85 holdings while TRP (subadvisor) has a range of 125 to 175 holdings.

US Equity – Mid Cap Growth Finalists

Selected Portfolio Characteristics as of 12/31/13

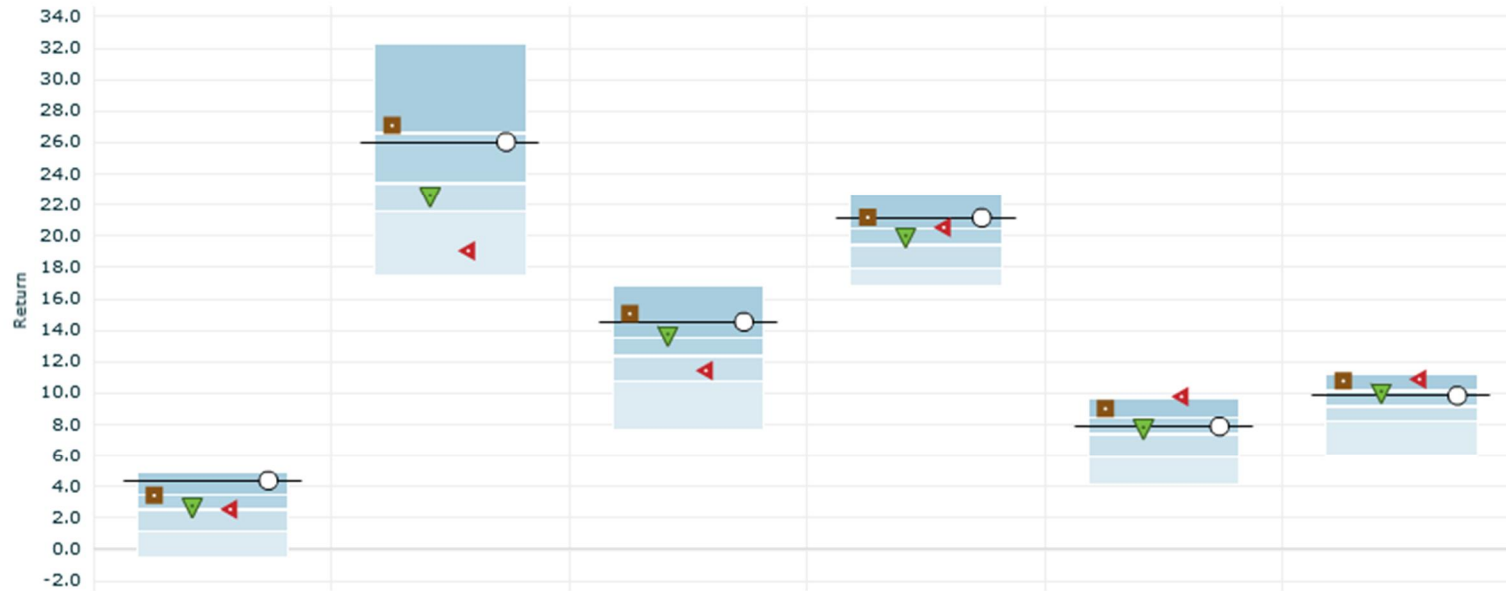
Firm	Market beta	Price to Earnings	Price to Book	Dividend yield (%)	Earnings growth	Return on equity	Debt / Equity	Market cap (\$MM)
MassMutual	1.00	25.1	3.6	0.53	19.8	16.9	38.14	10,130
Vanguard	1.17	24.7	4.1	0.39	30.0	17.0	0.99	9,555
Voya	0.98	29.1	5.0	0.80	15.1	14.1	69.35	13,035
RUMCG	1.05	21.2	4.9	0.97	21.1	20.8	0.98	12,412

US Equity – Mid Cap Growth Finalists

Quantitative Analysis

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

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



	3 mths (%)	1 yr (%)	3 yrs (%pa)	5 yrs (%pa)	7 yrs (%pa)	10 yrs (%pa)
■ MassMutual	3.4 (27)	27.1(22)	15.0(14)	21.2(17)	9.0(15)	10.8(14)
▼ Vanguard	2.8 (46)	22.6(65)	13.8(24)	20.0(35)	7.8(38)	10.1(27)
◄ Voya	2.6 (50)	19.1(88)	11.5(63)	20.5(24)	9.8(4)	10.9(10)
○ RUMCG	4.4 (10)	26.0(28)	14.5(18)	21.2(17)	7.9(35)	9.8(36)
5th Percentile	4.9	32.3	16.9	22.7	9.7	11.2
Upper Quartile	3.5	26.6	13.5	20.5	8.5	10.2
Median	2.6	23.4	12.3	19.4	7.4	9.2
Lower Quartile	1.2	21.6	10.8	18.0	5.9	8.2
95th Percentile	-0.5	17.5	7.7	16.8	4.1	6.0
Number	127	120	112	103	96	86

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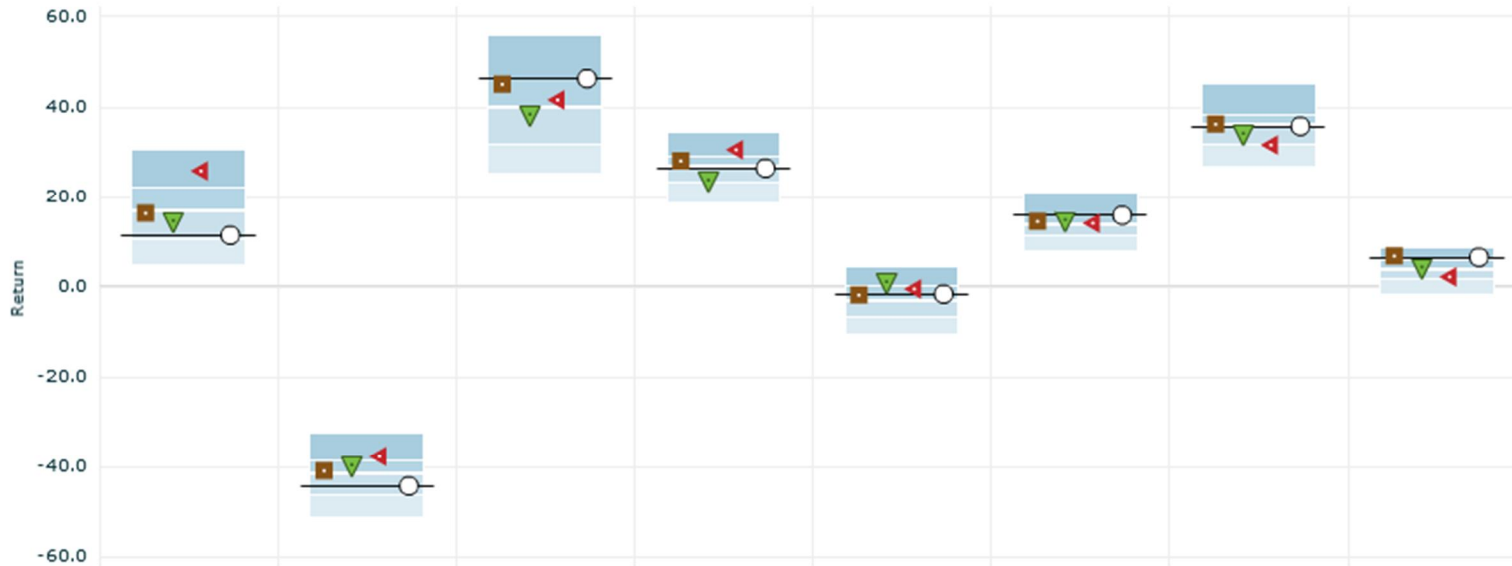


US Equity – Mid Cap Growth Finalists

Quantitative Analysis

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

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



	2007 (%)	2008 (%)	2009 (%)	2010 (%)	2011 (%)	2012 (%)	2013 (%)	6 mths to 6/2014 (%)
■ MassMutual	16.3 (52)	-41.0 (45)	45.0 (31)	28.0 (31)	-1.9 (42)	14.5 (45)	36.2 (50)	6.8 (14)
▼ Vanguard	14.7 (57)	-39.6 (31)	38.4 (55)	23.8 (71)	1.2 (19)	14.8 (40)	34.2 (63)	4.4 (46)
◄ Voya	25.9 (11)	-37.7 (21)	41.6 (43)	30.5 (15)	-0.5 (29)	14.1 (49)	31.6 (76)	2.2 (71)
○ RUMCG	11.4 (73)	-44.3 (64)	46.3 (25)	26.4 (51)	-1.7 (37)	15.8 (28)	35.7 (54)	6.5 (15)
5th Percentile	30.5	-32.3	55.8	34.6	4.5	21.0	45.1	8.7
Upper Quartile	22.1	-38.5	46.5	29.0	0.1	16.0	38.3	6.0
Median	17.1	-41.6	39.8	26.8	-2.9	14.1	36.1	3.9
Lower Quartile	10.7	-46.2	31.6	23.2	-6.8	11.3	31.7	1.8
95th Percentile	4.7	-51.4	25.3	18.5	-10.5	7.7	26.9	-1.6
Number	95	97	101	104	110	113	116	126

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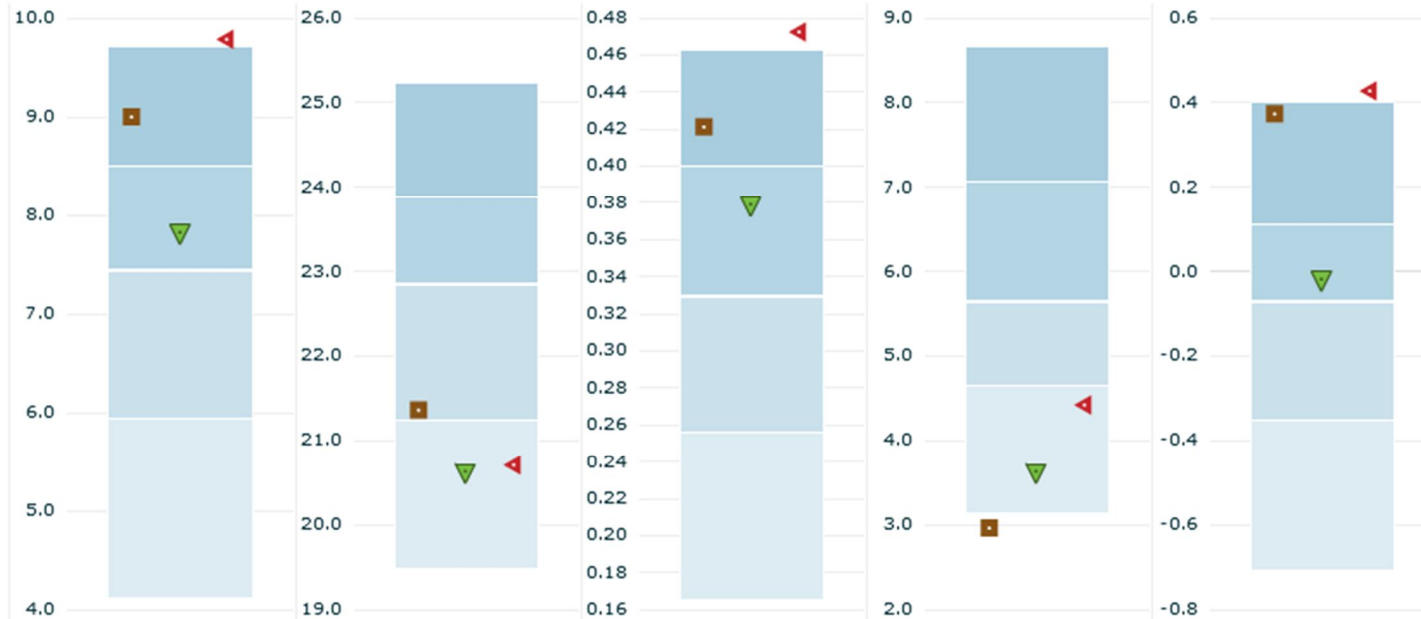


US Equity – Mid Cap Growth Finalists

Quantitative Analysis

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

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



	Ret (%pa)	Std Dev (%pa)	Ret/SD	TE (%pa)	IR
■ MassMutual	9.0 (15)	21.4 (72)	0.4 (15)	3.0 (96)	0.4 (5)
▼ Vanguard	7.8 (38)	20.6 (86)	0.4 (28)	3.6 (94)	0.0 (39)
◄ Voya	9.8 (4)	20.7 (85)	0.5 (3)	4.4 (79)	0.4 (5)
5th Percentile	9.7	25.2	0.5	8.7	0.4
Upper Quartile	8.5	23.9	0.4	7.1	0.1
Median	7.4	22.8	0.3	5.6	-0.1
Lower Quartile	5.9	21.2	0.3	4.7	-0.4
95th Percentile	4.1	19.5	0.2	3.1	-0.7
Number	96	96	96	96	96

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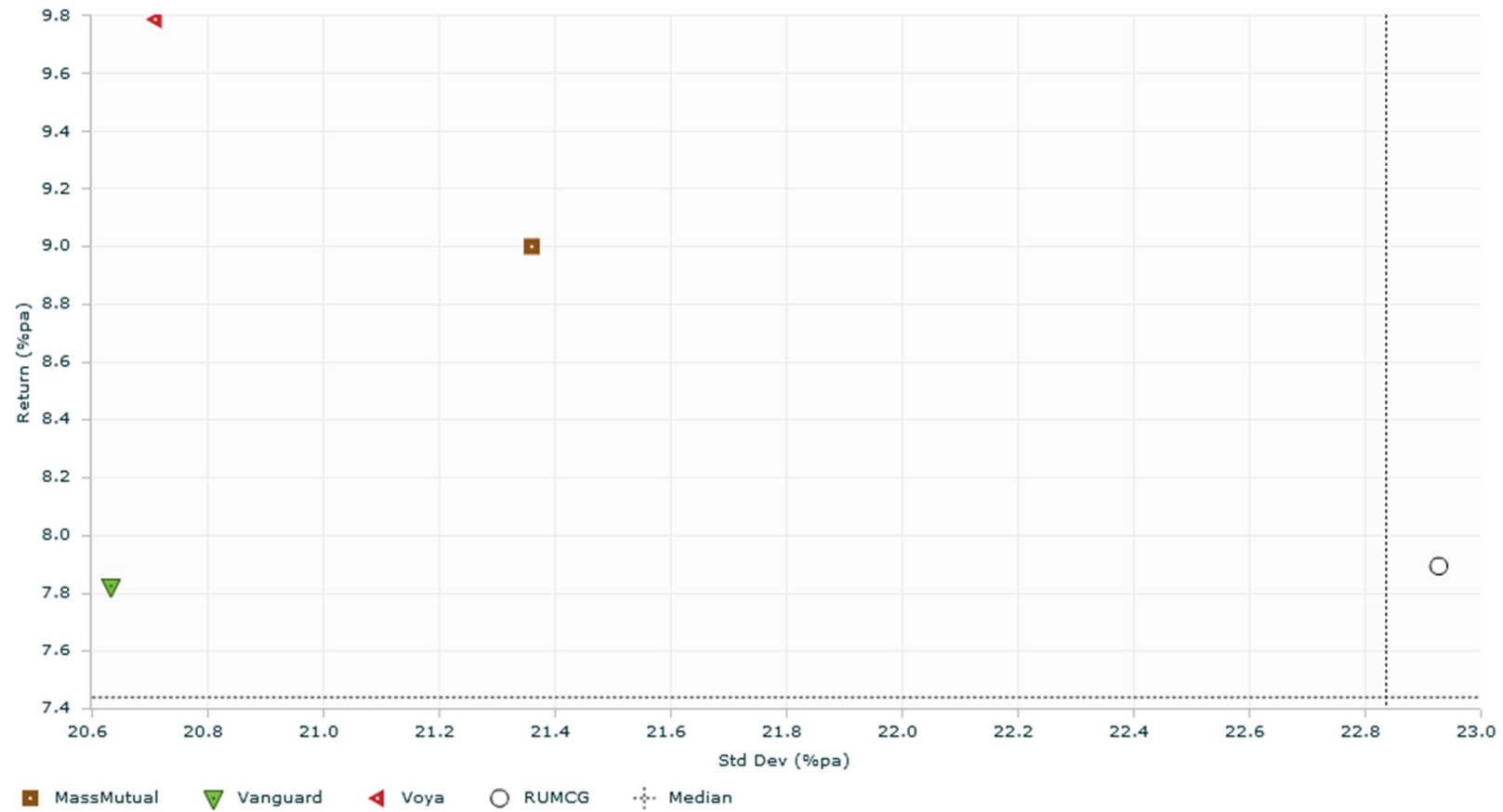


US Equity – Mid Cap Growth Finalists

Quantitative Analysis

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

Comparison with the Mutual Fund US Equity Mid Cap Growth universe



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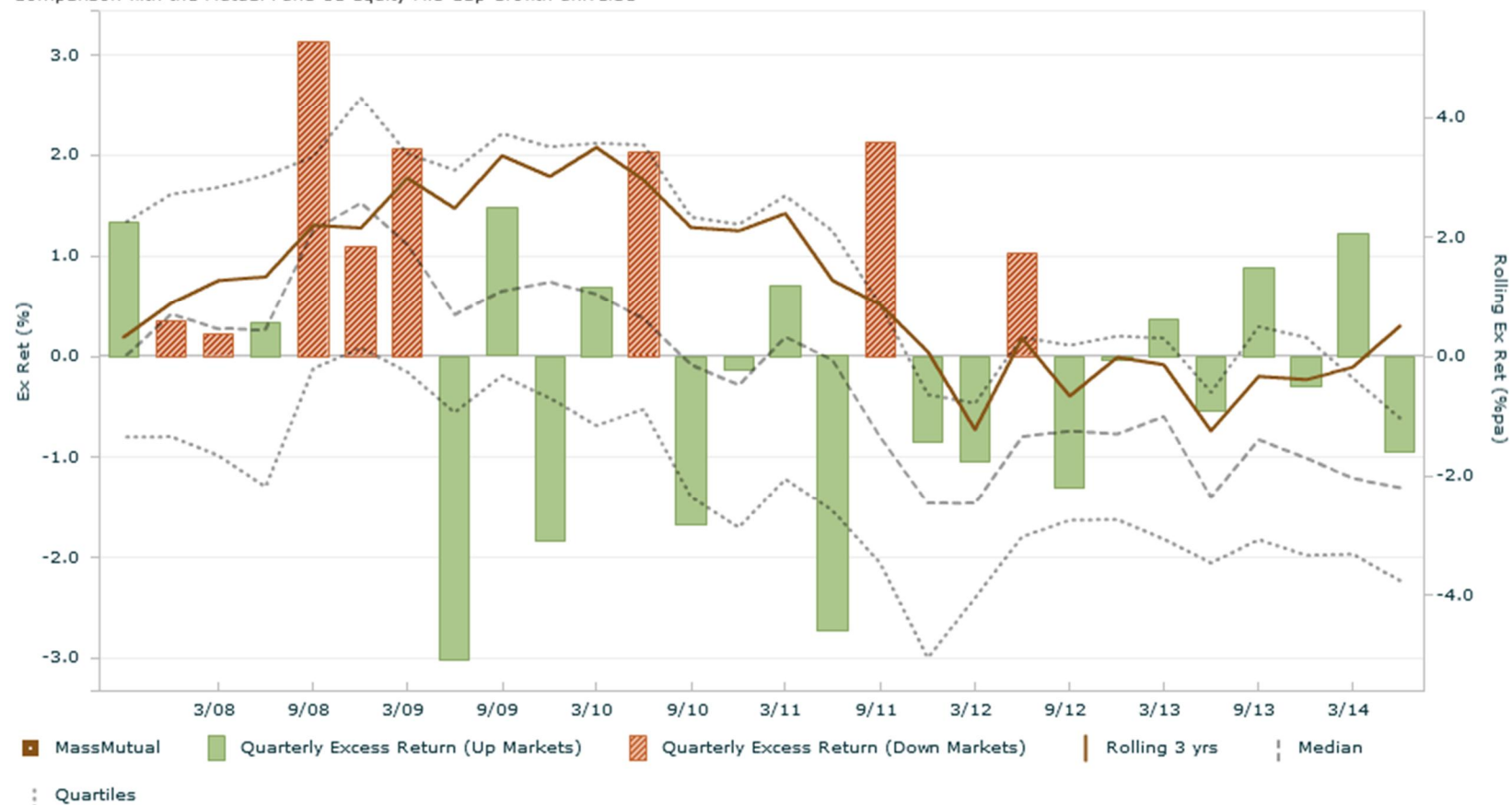
US Equity – Mid Cap Growth Finalists

Quantitative Analysis

MassMutual

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

Comparison with the Mutual Fund US Equity Mid Cap Growth universe



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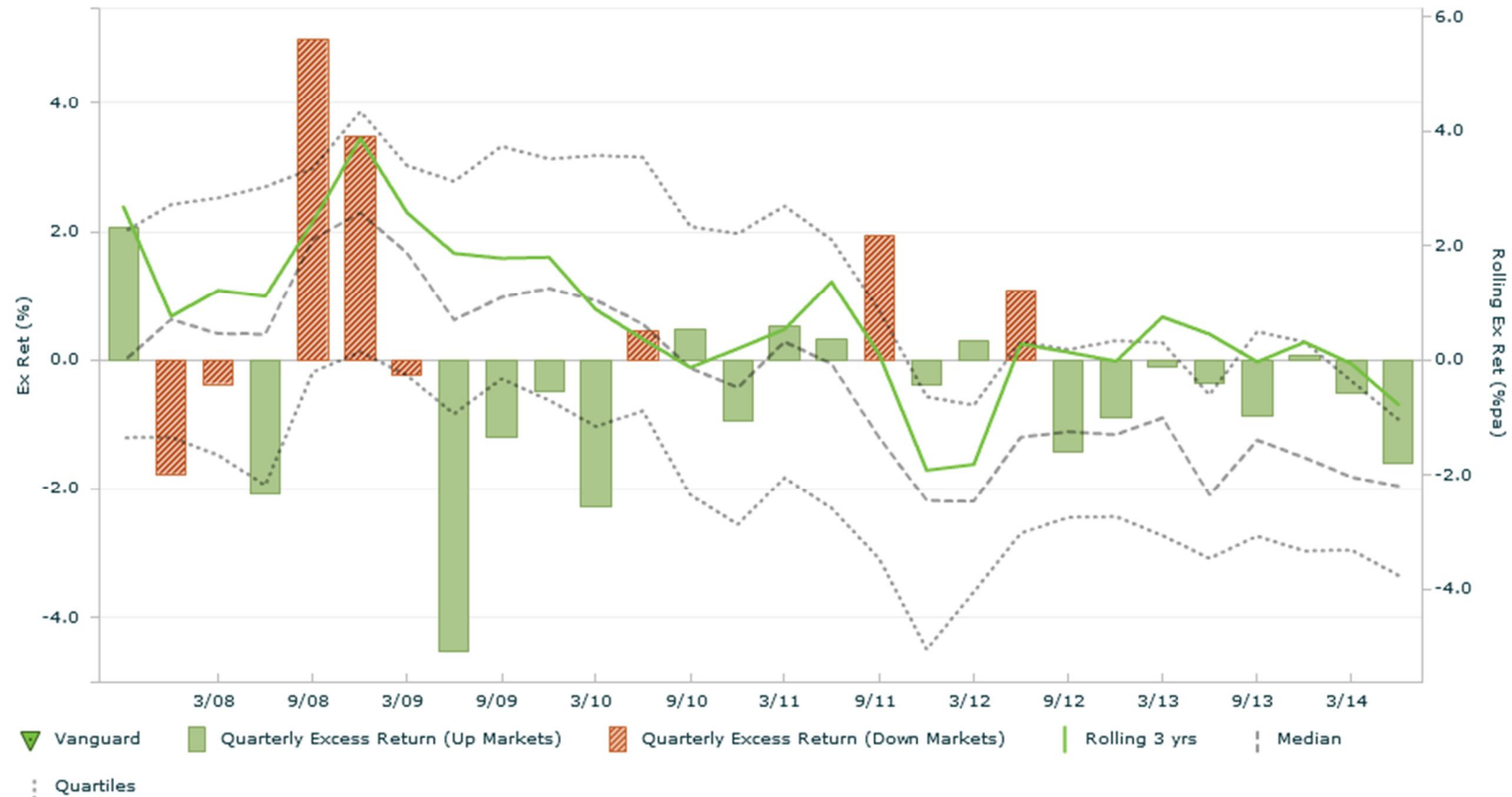
US Equity – Mid Cap Growth Finalists

Quantitative Analysis

Vanguard

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

Comparison with the Mutual Fund US Equity Mid Cap Growth universe



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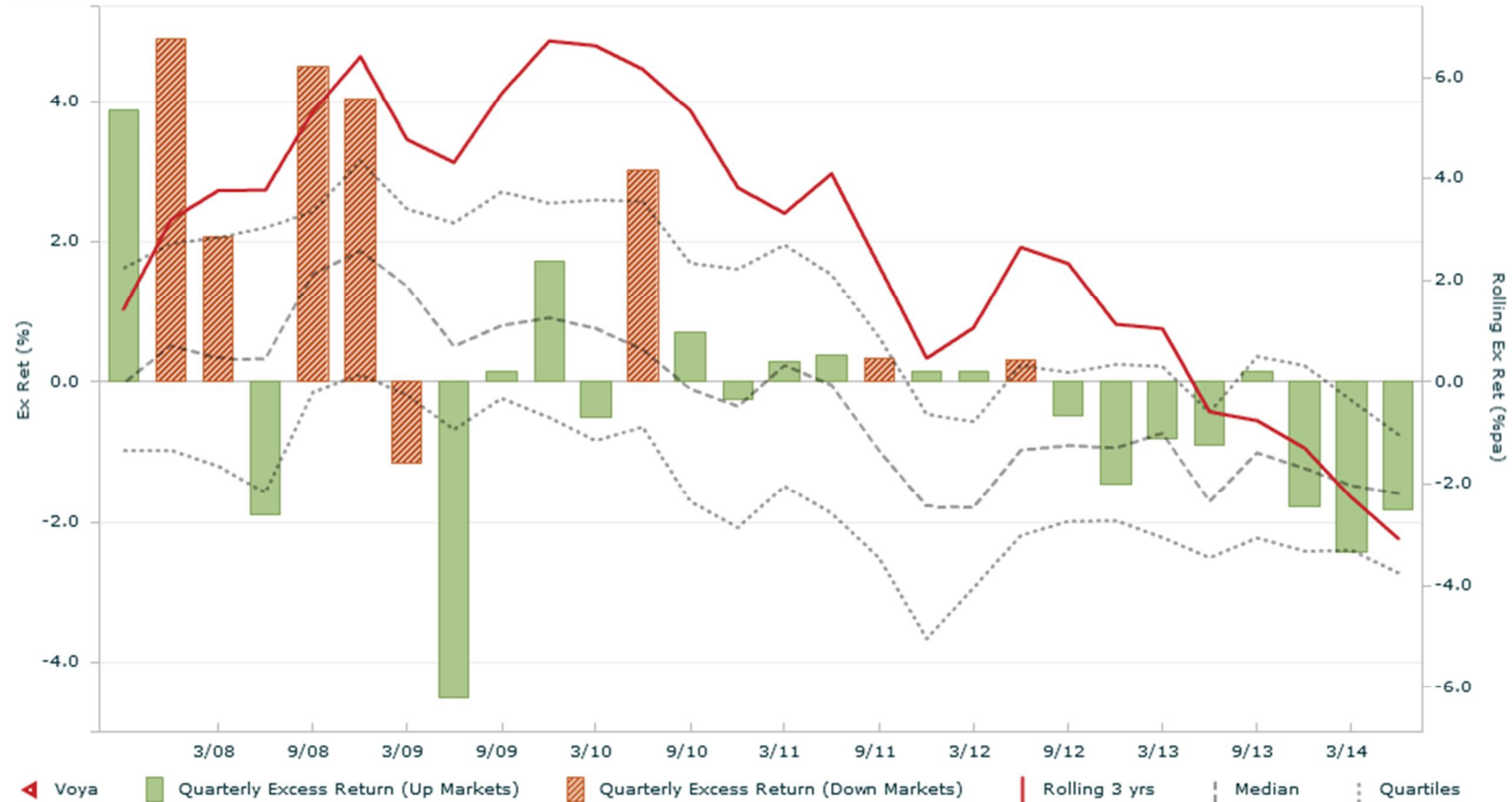
US Equity – Mid Cap Growth Finalists

Quantitative Analysis

Voya

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

Comparison with the Mutual Fund US Equity Mid Cap Growth universe



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US Equity – Mid Cap Growth Finalists

Profile – MassMutual Select Mid Cap Growth Equity II Fund

Firm Background and History: Headquartered in Springfield, Massachusetts and founded in 1851, Massachusetts Mutual Life Insurance Company (MassMutual) is a mutual life insurance company that is run for the benefit of its members and participating policyholders. With whole life insurance as its foundation, MassMutual provides products to help meet the financial needs of clients through insurance products, retirement/401(k) plan services, and annuities.

Key Decision Makers: The MassMutual Select Mid Cap Growth Equity II Fund is co-managed by portfolio managers Brian Berghuis of T. Rowe Price (T. Rowe) and Steve Knightly of Frontier Capital Management (Frontier). The portfolio is more conservative than most in the peer group, as both managers adhere to a growth-at-a-reasonable-price discipline by purchasing higher-quality growth stocks that the managers believe are selling at attractive valuations.

Investment Style/Philosophy: T. Rowe's investment team believes a measured approach to mid-cap investing will produce attractive returns with moderate risk. The firm invests in stocks of medium-sized companies possessing above-average earnings growth rates. The firm also seeks to lower risk by constructing a broadly diversified portfolio of companies with reasonable valuations and proven business models. The Firm's belief is that bottom-up, fundamental research is key to identifying these long-term winners. In addition, the manager avoids overpaying for growth and invests with a long-term orientation that allows for the compounding of high earnings growth and reduces trading costs.

The cornerstone to Frontier's investment process is the proprietary fundamental research. The investment team builds and maintains an earnings model and balance sheet for every company that is considered for purchase, and ultimately buying based on internal/proprietary research. The firm has 11 research analysts who dedicate all of their time to building these models and conducting rigorous due diligence with management teams to assess the likelihood of their underlying financial assumptions. These models project earnings, cash flow, and balance sheet metrics such that they can assess not only the magnitude of earnings growth, but – just as

important – the quality of the earnings stream, the financial stability of the firm, and the risk/reward tradeoff of making an investment. Portfolio managers and research analysts will consider factors impacting the overall risk/reward of the portfolio, including macroeconomic and risk factors; however, the focus is on bottom-up portfolio construction on a stock-by-stock basis. In addition, portfolio managers are benchmark-aware and regularly review benchmark holdings, sector, and industry weightings.

Investment Process: T. Rowe's investment process emphasizes fundamental research and active, bottom-up stock selection. Intensive proprietary research includes both qualitative investigation and financial statement analysis resulting in a broadly diversified portfolio of stocks. Weightings of individual stocks are driven by company-specific fundamental analysis without regard to the weightings of individual stocks in their performance benchmarks. Sector and industry weightings are a residual of bottom-up stock selection process. In some instances, a macro view may modestly influence sector and industry weightings, but that is a qualitative, not quantitative, judgment. Generally no more than 25% of portfolio assets in any one sector and no more than 20% of assets in any one industry for diversification and risk control.

Frontier concentrates on companies with prospects for improving business that have multiple levers to drive the stock price and that are selling at reasonable valuations. The mid cap growth portfolio managers build a portfolio of generally 85 holdings based on the recommendations of the analyst team and the conclusions reached during their own due diligence of the investable universe. The portfolio managers have sole responsibility for all capital allocation within the portfolio. In general, initial minimum portfolio holding weightings will be 0.5-1.0% and will increase over time as confidence is built in the company. No holding exceeds 5% of the portfolio, and no industry weighting exceeds 20%. For a stock to be purchased, it typically exhibits what the team has defined as "multiple ways to win." The goal is to build a portfolio of holdings that stand to benefit from not one but many potential drivers of shareholder value such as revenue acceleration, margin expansion, capital restructuring and/or upward multiple revisions.

US Equity – Mid Cap Growth Finalists

Evaluation Summary – MassMutual Select Mid Cap Growth Equity II Fund (*T. Rowe Price US Mid-Cap Growth Equity*)

Factor	Rating (-, =, + or ++)	Comments
Idea Generation	+	We continue to view lead portfolio manager Brian Berghuis and portfolio manager John Wakeman favorably. Having worked together for decades, we believe a common trust has resulted. This trust, and a shared commitment to the strategy's philosophy and process, helps them effectively filter information while remain disciplined investors. Moreover, we think Berghuis and Wakeman are able to gain confidence in their investment ideas by leveraging the insights of T. Rowe's central research analysts as well as the perspectives of fellow portfolio managers. The clout that accompanies the firm's size and reputation is also a positive. It allows easy access to management as well as other industry participants (suppliers, customers, etc.). In our view, these factors are particularly important given the strategy's size, which, at times, could pose a challenge to implementing some of the portfolio managers' investment ideas.
Portfolio Construction	+	While T. Rowe does not have formal constraints on portfolio construction, Berghuis and Wakeman maintain a diversified approach to investing by emphasizing measured investments at the sector and security level. They also remain active in being aware of the risk inherent in the strategy.
Implementation	=	At current asset levels, we think the sheer size of the strategy limits the Mid Cap Growth team's flexibility in managing the portfolio and poses a challenge to efficient implementation.
Business Management	++	Business management is a competitive strength of the firm. T. Rowe's size and reputation have allowed the firm to develop deep resources in research, portfolio management and trading. The firm tends to have relatively low personnel turnover for a firm its size. T. Rowe's research model allows for both career analysts and the analyst pool to be used as a breeding ground for its next generation of portfolio managers. Head of Fixed Income, Mike Gitlin, has committed to consolidating T. Rowe's global franchise, and we do not have any cause to doubt their commitment to this. Indeed, Gitlin has thus far honored his promises to strengthen the global bond team with additional hires. T Rowe has a strong balance sheet and healthy cash reserves, which place the firm on a solid footing going forward.
Overall Rating (A, B+, B or C) B+		We continue to have a favorable opinion of portfolio managers Brian Berghuis and John Wakeman. In our view their years of working together as well as their close working relationship with fellow portfolio managers and T. Rowe's central research analysts is a positive. Unfortunately, we believe the strategy's sizable asset base could make it increasingly more difficult to implement some of Berghuis and Wakeman's investment ideas. In future meetings we will reassess the strategy's size. Our eye will be toward re-evaluating our rating should signs materialize suggesting implementation issues are indeed becoming an increasingly larger concern.
Additional Observations		This is a GARP strategy that tends to favor the growth sectors of the economy, such as Technology and Health Care. It also has a strong valuation discipline and a relatively conservative investment approach. As a result, we believe the strategy will do best when fundamentally strong growth companies, trading at reasonable valuations, are in favor.

Evaluation Summary – MassMutual Select Mid Cap Growth Equity II Fund (*Frontier Mid Cap Portfolios*)

US Equity – Mid Cap Growth Finalists

Factor	Rating (-, =, + or ++)	Comments
Idea Generation	++	The main strengths of the strategy reside in the seasoned experience and investment acumen of portfolio managers Stephen Knightly/Chris Scarpa and the support that both receive from the firm's deep and talented research team. One of the defining characteristics of Frontier is that all members on the investment team believe that the team as a whole creates results, not just any one person. Hitting the pavement to visit with company management is encouraging, but the consistent ability of the portfolio management duo and their research staff to identify multiple catalysts for discovering attractive growth opportunities at reasonable prices makes Frontier unique. Overall, the strategy's research agenda is well defined, and it is supported by rigorous and disciplined fundamental analysis.
Portfolio Construction	+	Sector guidelines are reasonably loose, but the portfolio remains fairly diversified. Knightly makes all final buy, sell, and sizing decisions for the portfolio but not without a healthy level of critique and insight from Scarpa and the entire analyst staff. Positions are sized to match conviction and risk concerns.
Implementation	+	The strategy is closed for separate account business, and we are encouraged that Frontier has demonstrated discipline in closing strategies when necessary. Frontier's trading is efficient and boasts a dedicated team to handle all firm transactions.
Business Management	+	Employees own approximately one-third of the firm, while the remainder is owned by Affiliated Managers Group (AMG). The current agreement with AMG allows Frontier to increase its ownership interest by an additional 4% over time if certain performance targets are met, thereby encouraging employee owners to continue to grow the firm. Compensation for analysts and portfolio managers is competitive. The bonus structure is highly qualitative, although it does allow for recognition of performing stocks; reflecting the firm's collaborative and collegial atmosphere.
Overall Rating (A, B+, B or C) A		Frontier's ability to perform rigorous fundamental analysis stands out due to its high quality research staff and talented portfolio managers, and its framework provides a collegial, supportive environment which allows for a strong flow of communication and ideas. Knightly, Scarpa, and their team do a fine job of understanding both the risks and the opportunities underlying each name in the portfolio by meeting with company management continuously. The team attempts to find companies with strong business models and diligently seeks out two to three unique catalysts that may unearth future returns on capital and sustainable earnings growth. No name will enter the portfolio without filtering through the in-depth process, and alternatively, no name will exit the portfolio without the same quality of analysis. This indicates a strong commitment to research for the entire investment process and is one of the main reasons Frontier is amongst our recommended bottom-up, fundamental research shops.
Additional Observations		The strategy aims to provide consistent returns over a market cycle. However, in more aggressive or speculative markets, the strategy may lag peers because of its quality focus, and on the contrary, we would expect it to preserve capital in down markets. The firm pays attention to valuation and looks to buy stocks at a discount relative to its earnings power and is best classified as growth at a reasonable price (GARP).

US Equity – Mid Cap Growth Finalists

Profile – Vanguard Mid-Cap Growth Fund

Firm Background and History: The Vanguard Group (Vanguard) was formed in 1975. Vanguard has its own independent officers and staff and is organized differently than most mutual fund companies-mutual fund shareholders are the owners of the firm. Conceptually, the firm's sole function is to manage assets and service fund shareholders. Vanguard established the first indexed mutual fund in 1976, and is now one of the largest providers of mutual fund services in the United States. The firm is headquartered in Malvern, Pennsylvania.

Key Decision Makers: The Vanguard Mid Cap Growth Fund is sub-advised by Chartwell Investment Partners (Chartwell) and William Blair & Company (William Blair). Vanguard determines the allocation to each of the underlying fund managers, which can vary over time.

Investment Style/Philosophy: The Vanguard Mid Cap Growth Fund seeks long-term capital appreciation using a multi-manager approach that provides exposure to a broad universe of mid cap growth stocks. The fund's investment advisors use an active, fundamental process to select stocks for the portfolio. Each advisor independently manages its portion of fund assets, using its own research and investment methods.

Investment Process: The fund's two investment advisers use distinct approaches to manage independent sub-portfolios.

Chartwell employs bottom-up, fundamental research to identify companies with strong fundamentals and the best prospects for secular, sustainable growth. The team seeks to invest in quality growth companies trading at attractive valuations. Potential investment ideas are evaluated for management capabilities, balance sheet strength and their capacity to broaden, deepen and enhance their competitive positions, product and service offerings, and customer bases. The team collectively evaluates proposed investment ideas.

William Blair believes that value is derived from earnings, dividends, and growth in revenue. Prospective research ideas are searched using a variety of sources including Wall Street reports, Blair's sell-side research team and industry consultants, supported by quantitative screens. Potential investments have a strong management team, a sustainable business model, and attractive financials. Companies that meet these requirements must be sponsored by a portfolio manager and under-go further due diligence before being presented to the rest of the team for a final decision.

Key Observations: Vanguard's sub-advisory approach provides smaller clients with access to investment managers that might not otherwise be available to the client as a result of minimum account size requirements of the sub-advisers. Vanguard's process for selecting managers is dynamic in nature. As a result, changes in sub-advisers, as well as the weightings of the fund held by each manager, may vary over time.

US Equity – Mid Cap Growth Finalists

Evaluation Summary – Vanguard Mid-Cap Growth Fund (*Chartwell Mid Cap Growth*)

Factor	Rating (-, =, + or ++)	Comments
Idea Generation	++	Portfolio manager John Heffern is a talented, seasoned investor who is supported by a dedicated team of experienced research analysts. Collectively, the team looks for companies that are able to generate double digit earnings growth by using a variety of levers (sales growth, margin growth, cost management, and financial leverage). The team attempts to gain an advantage by maintaining frequent interactions with company and industry participants. Through these efforts it seeks to understand industry growth dynamics and competitive positions, in order to identify companies and management teams that are best positioned to take market share.
Portfolio Construction	+	The strategy is diversified and focuses on industry and security selection. The team has freedom with its sector positioning but tends to manage sector weights to within reasonable levels.
Implementation	+	At current asset levels the team has plenty of flexibility to implement its investment ideas. We believe reasonable capacity limits have been set to help ensure that the integrity of the investment process can be maintained as strategy assets grow.
Business Management	+	Chartwell's relationship with parent company TriState appears beneficial to both entities. Chartwell represents TriState's entry into the asset management industry and many of Chartwell's key employees, including its portfolio managers, have signed long-term contracts with TriState. Chartwell benefits from maintaining oversight of its bonus pool and compensation structure. It also gains access to TriState's relationships with wealth managers; opening up a new distribution channel for Chartwell. Importantly, TriState is not putting specific revenue goals on these actions; nor is it asking Chartwell to create new investment products. As a result, we do not envision TriState's ownership of Chartwell negatively affecting the investment processes employed by its investment teams.
Overall Rating (A, B+, B or C) A		This is a diversified strategy focused on industry and security selection that benefits from the tenure and investment acumen of portfolio manager John Heffern and his team of dedicated, experienced research analysts. The strategy also benefits from a high degree of team accountability, as compensation is based on performance, at the portfolio and sector level. To gain an advantage, Chartwell maintains frequent interactions with company and industry participants in order to understand industry growth dynamics and competitive positions. The goal is to identify companies that are best positioned to execute their business plan and take share.
Additional Observations		This strategy performs best when investors are willing to pay for quality growth stocks and usually lags the benchmark when lower quality, higher beta stocks rally.

US Equity – Mid Cap Growth Finalists

Evaluation Summary – Vanguard Mid-Cap Growth Fund (*William Blair Mid Cap Growth*)

Factor	Rating (-, =, + or ++)	Comments
Idea Generation	++	Blair focuses its efforts on Durable Business Franchises: companies with strong management teams, a sustainable business model, and attractive financials. Lead portfolio managers, Rob Lanphier and David Ricci are impressive with their strong investment acumen and engaging collaboration. The two are not afraid to challenge each other's respective opinions, and Blair's deep and talented research offers a sturdy level of support. The diverse backgrounds of its members result in varied opinions and differentiated viewpoints that enhance critical evaluation and collaboration. What distinguishes Blair is the team's consistent application of the process, considerable research depth, and extensive resources. In our view, these qualities help Blair make better investment decisions during periods when a company's growth becomes non-linear or when street expectations become too near-term focused in nature.
Portfolio Construction	+	The team does not manage the portfolio under tight sector constraints, and the strategy has the potential to exhibit higher than average tracking error versus the Russell Mid Cap Growth Index. However, it has not done so historically. We are comfortable that the team is cognizant of the decisions it makes.
Implementation	+	At current asset levels, we did not observe capacity as being an issue. Blair has exhibited a propensity to close strategies well before implementation issues arise. Stocks are efficiently traded through the firm's centralized trading desk.
Business Management	+	Blair is employee-owned, and ownership is spread across roughly 170 active partners. We have historically applauded Blair for placing the integrity of the investment process and client service over asset gathering. However its asset management business continues to skew toward non-US strategies. As a result, Blair's asset management business is more dependent on the success of its non-US strategies.
Overall Rating (A, B+, B or C) A		Blair's Mid Cap Growth team impresses us. Underlying the product is a stable firm, experienced investment professionals, and a consistent emphasis on finding quality companies with sustainable growth rates. We think Blair's competitive advantage is its singular focus on seeking out and investing in Durable Business Franchises. These are companies with strong management teams, a sustainable business model, and attractive financials. Analysts and portfolio managers spend considerable time visiting companies, undertaking discussions with executive management teams, and/or independently validating a company's contacts. This is a source of strength during periods when a company's growth becomes non-linear or when street expectations become too near-term focused in nature, and we believe that this helps Blair construct a differentiated view on a stock's return potential.
Additional Observations		The strategy has a history of performing best when markets are declining. The strategy also should display healthy returns during normal market environments but could lag other growth products during momentum-driven markets or when lesser quality stocks are in favor.

DCP Mid Cap Stock Fund Evaluation

Composite Fee Comparison

	Net Expense Ratio
25% RidgeWorth MCV Equity/ 50% Vanguard Mid Cap Index/ 25% MassMutual Select MCG Equity II	0.49%
25% RidgeWorth MCV Equity/ 50% Vanguard Mid Cap Index/ 25% Vanguard MCG	0.43%
25% RidgeWorth MCV Equity/ 50% Vanguard Mid Cap Index/ 25% Voya MidCap Opportunities	0.52%
25% Vanguard Selected Value/ 50% Vanguard Mid Cap Index/ 25% MassMutual Select MCG Equity II	0.33%
25% Vanguard Selected Value/ 50% Vanguard Mid Cap Index/ 25% Vanguard MCG	0.27%
25% Vanguard Selected Value / 50% Vanguard Mid Cap Index/ 25% Voya MidCap Opportunities	0.36%

DCP Mid Cap Stock Fund Evaluation

Quantitative Analysis

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

	Ridgeworth	Vang MCV	MassMutual	Vang MCG	Voya	RUMC
Ridgeworth		0.97	0.94	0.94	0.92	0.96
Vang MCV	-0.1		0.94	0.95	0.93	0.97
MassMutual	-0.4	-0.3		0.99	0.98	0.98
Vang MCG	-0.3	-0.3	-0.1		0.99	0.98
Voya	-0.4	-0.4	-0.1	-0.1		0.97
RUMC	-0.2	-0.1	-0.1	-0.1	-0.2	

← Correlation table*

Risk reduction table**

Notes:

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

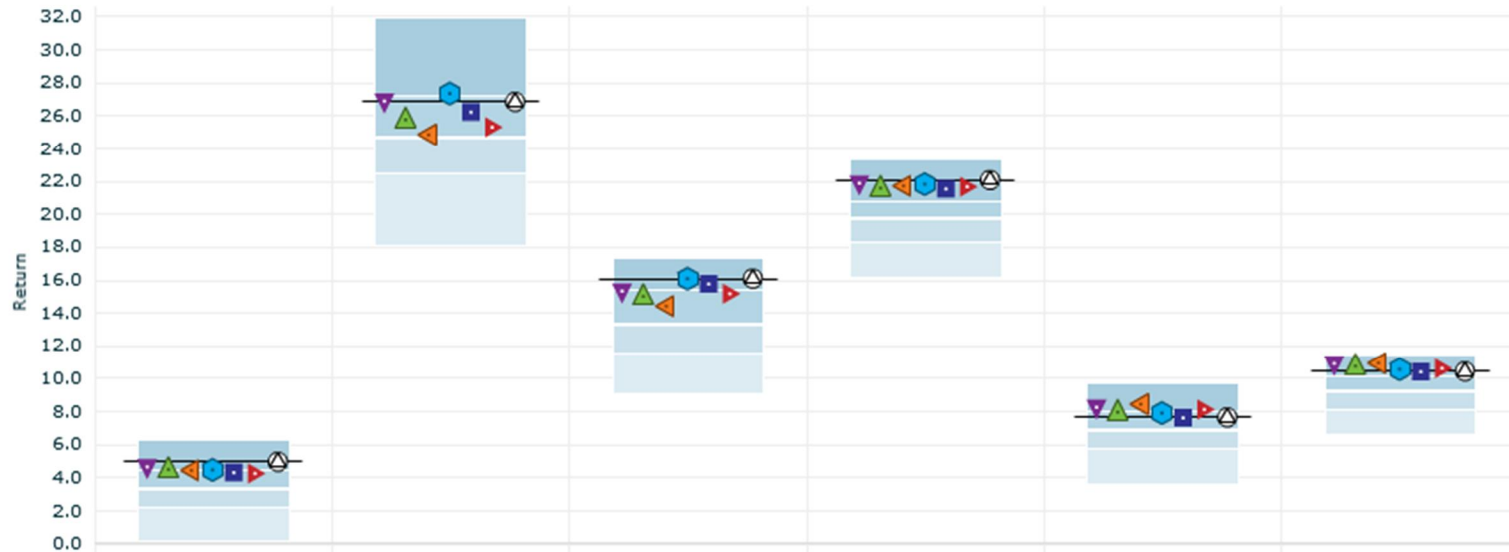
**Risk Reduction is shown in the left hand side of the table.

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

The information contained within the exhibit was derived by Mercer using content supplied by Lipper, a Thomson Reuters Company.

DCP Mid Cap Stock Fund Evaluation

Quantitative Analysis of all potential portfolio mixes
Return in \$US (after fees) over 3 mths, 1 yr, 3 yrs, 5 yrs, 7 yrs, 10 yrs ending June-14
Comparison with the Mutual Fund US Equity Mid Cap universe (Percentile Ranking)



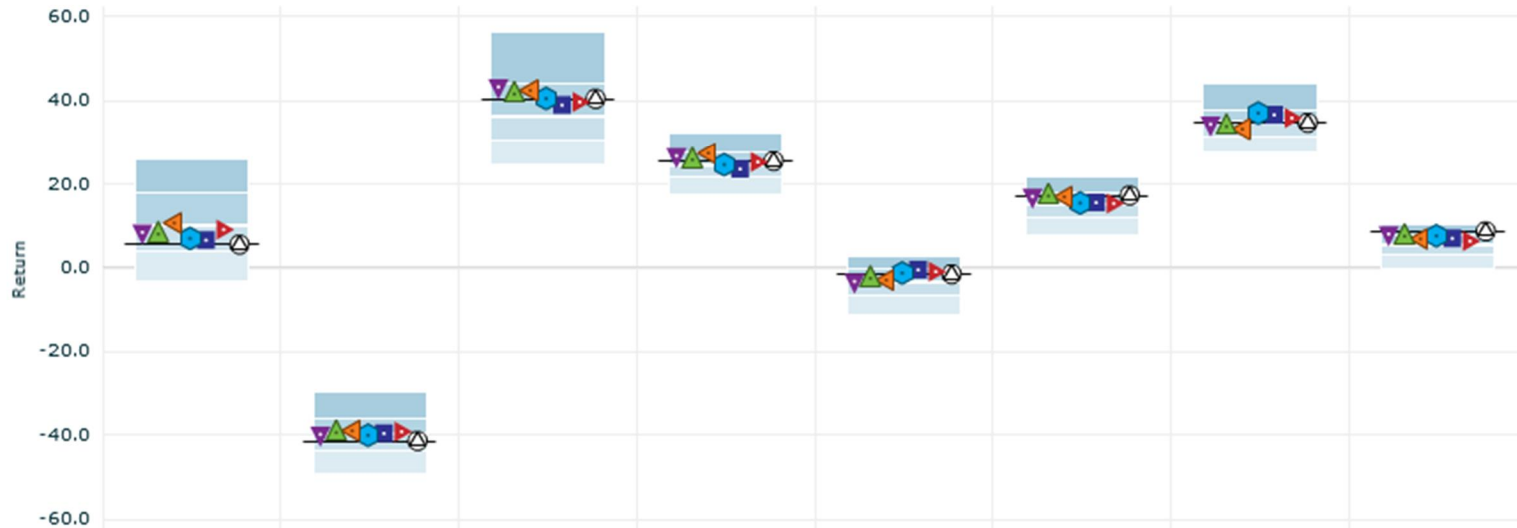
	3 mths (%)	1 yr (%)	3 yrs (%pa)	5 yrs (%pa)	7 yrs (%pa)	10 yrs (%pa)
▼ Ridge/MassMu	4.7 (21)	26.9 (28)	15.3 (26)	21.9 (13)	8.3 (22)	10.9 (9)
▲ Ridge/VangG	4.5 (24)	25.8 (36)	15.0 (29)	21.6 (15)	8.0 (26)	10.8 (13)
◀ Ridge/Voya	4.4 (26)	24.9 (48)	14.4 (37)	21.7 (13)	8.5 (20)	11.0 (8)
⬢ VangV/MassMu	4.5 (26)	27.4 (24)	16.1 (14)	21.8 (13)	7.9 (27)	10.6 (14)
■ VangV/VangG	4.3 (29)	26.2 (32)	15.8 (19)	21.5 (16)	7.6 (37)	10.4 (16)
▶ VangV/Voya	4.3 (30)	25.3 (41)	15.2 (27)	21.7 (14)	8.1 (23)	10.6 (14)
⊙ RUMC	5.0 (16)	26.9 (28)	16.1 (14)	22.1 (10)	7.7 (36)	10.4 (16)
5th Percentile	6.3	31.9	17.3	23.3	9.7	11.5
Upper Quartile	4.5	27.2	15.4	20.8	8.0	10.2
Median	3.4	24.7	13.4	19.7	6.9	9.2
Lower Quartile	2.2	22.5	11.6	18.3	5.8	8.1
95th Percentile	0.1	18.1	9.0	16.2	3.6	6.6
Number	277	265	245	226	207	175

DCP Mid Cap Stock Fund Evaluation

Quantitative Analysis

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

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



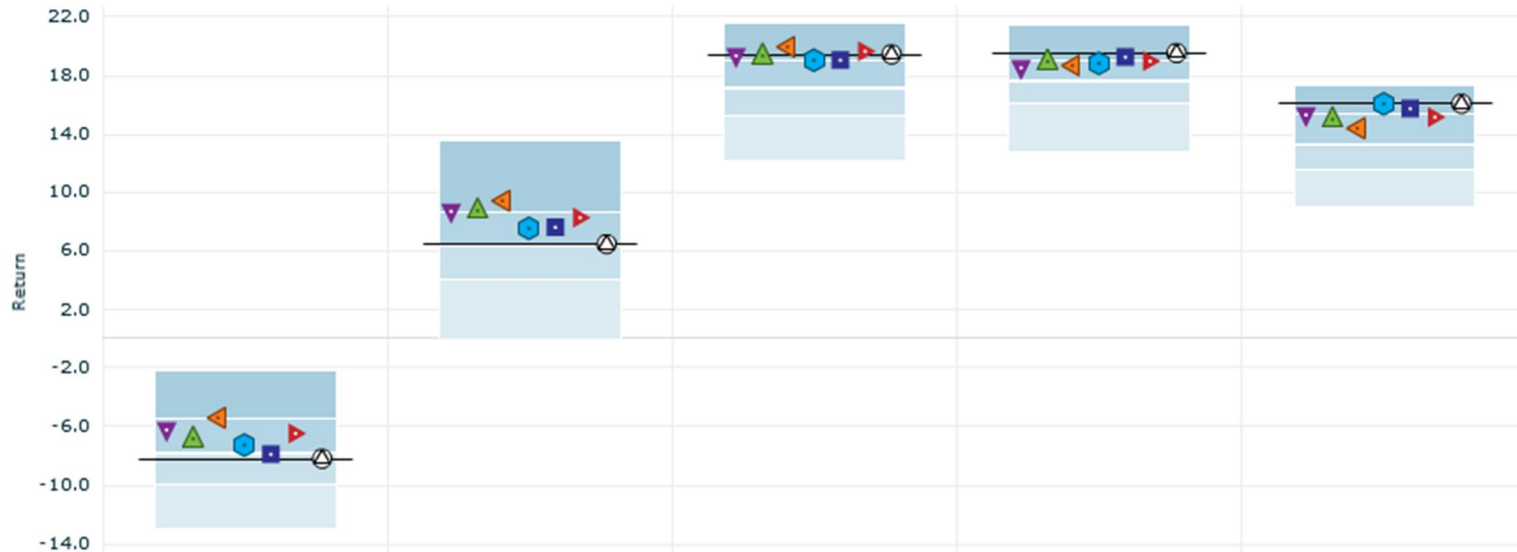
	2007 (%)	2008 (%)	2009 (%)	2010 (%)	2011 (%)	2012 (%)	2013 (%)	6 mths to 6/2014 (%)
▼ Ridge/MassMu	8.5(57)	-39.8 (50)	43.3(28)	26.8(31)	-3.2(48)	17.1 (29)	34.5 (55)	8.1 (22)
▲ Ridge/VangG	8.1(59)	-39.5 (47)	41.7 (31)	25.8(37)	-2.5(43)	17.2 (28)	34.0 (59)	7.5 (27)
▲ Ridge/Voya	10.7(47)	-39.0 (45)	42.5(30)	27.4(26)	-2.9(46)	17.0 (30)	33.3 (64)	6.9 (32)
■ VangV/MassMu	7.0(64)	-40.0 (52)	40.6(35)	24.7 (48)	-1.2(30)	15.5 (46)	37.2 (30)	7.6 (26)
■ VangV/VangG	6.6(66)	-39.6 (48)	39.0(42)	23.6(59)	-0.4(25)	15.6 (46)	36.6 (37)	7.0 (32)
▶ VangV/Voya	9.2(55)	-39.2 (45)	39.8(37)	25.3(41)	-0.9(28)	15.4 (48)	36.0 (44)	6.4 (38)
⊗ RUMC	5.6(69)	-41.5 (61)	40.5(35)	25.5(40)	-1.5(34)	17.3 (27)	34.8 (53)	8.7 (19)
5th Percentile	26.2	-29.6	56.2	32.2	2.9	21.8	44.1	10.4
Upper Quartile	18.0	-35.9	44.3	27.5	-0.4	17.8	37.7	7.8
Median	10.1	-39.8	36.3	24.3	-3.5	15.1	35.2	5.7
Lower Quartile	3.9	-43.6	30.7	21.8	-6.4	12.1	31.5	3.3
95th Percentile	-3.3	-49.3	24.7	17.8	-11.1	7.7	27.6	-0.2
Number	206	213	223	231	241	252	258	274

DCP Mid Cap Stock Fund Evaluation

Quantitative Analysis

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

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



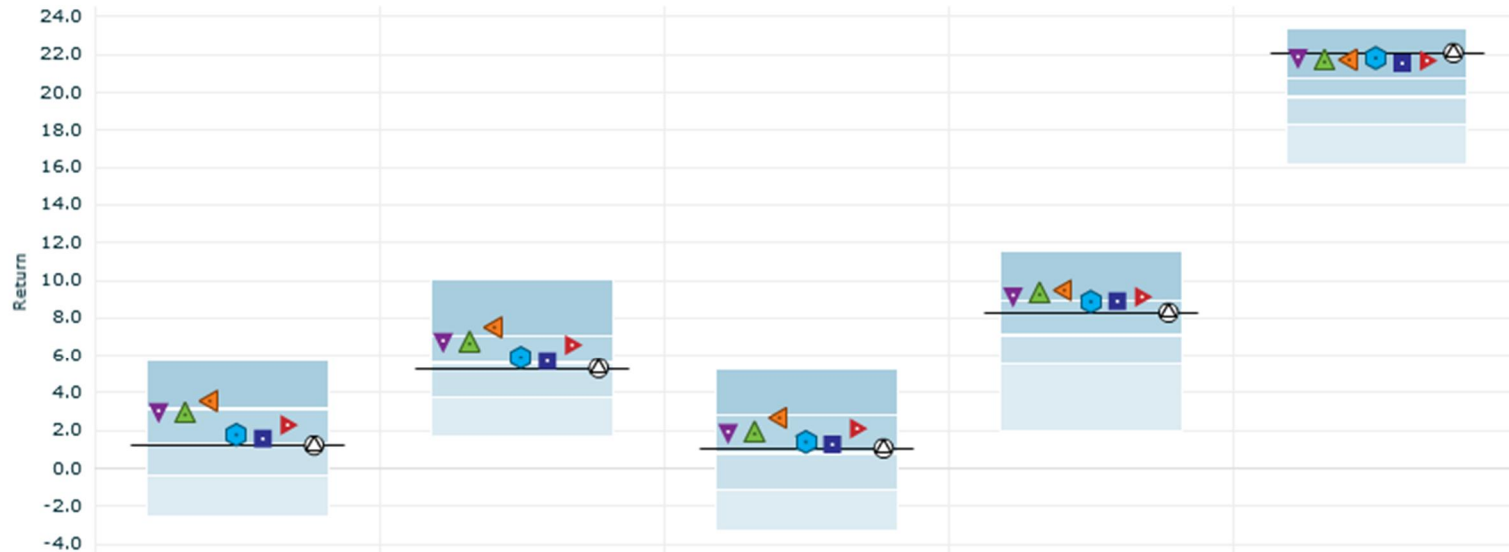
	3 yrs to 6/2010 (%pa)	3 yrs to 6/2011 (%pa)	3 yrs to 6/2012 (%pa)	3 yrs to 6/2013 (%pa)	3 yrs to 6/2014 (%pa)
▼ Ridge/MassMu	-6.2 (32)	8.7 (25)	19.4 (19)	18.5 (34)	15.3 (26)
▲ Ridge/VangG	-6.9 (39)	8.8 (25)	19.4 (19)	19.0 (26)	15.0 (29)
◀ Ridge/Voya	-5.4 (25)	9.4 (20)	19.9 (14)	18.7 (33)	14.4 (37)
⬢ VangV/MassMu	-7.3 (43)	7.6 (37)	19.1 (24)	18.8 (28)	16.1 (14)
■ VangV/VangG	-7.9 (52)	7.6 (37)	19.1 (24)	19.3 (19)	15.8 (19)
▶ VangV/Voya	-6.5 (33)	8.3 (30)	19.6 (18)	19.0 (25)	15.2 (27)
⊙ RUMC	-8.2 (55)	6.5 (48)	19.4 (18)	19.5 (15)	16.1 (14)
5th Percentile	-2.3	13.6	21.5	21.5	17.3
Upper Quartile	-5.5	8.7	19.0	19.0	15.4
Median	-7.8	6.4	17.2	17.6	13.4
Lower Quartile	-9.9	4.1	15.3	16.2	11.6
95th Percentile	-12.9	0.0	12.2	12.7	9.0
Number	207	220	226	234	245

DCP Mid Cap Stock Fund Evaluation

Quantitative Analysis

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

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



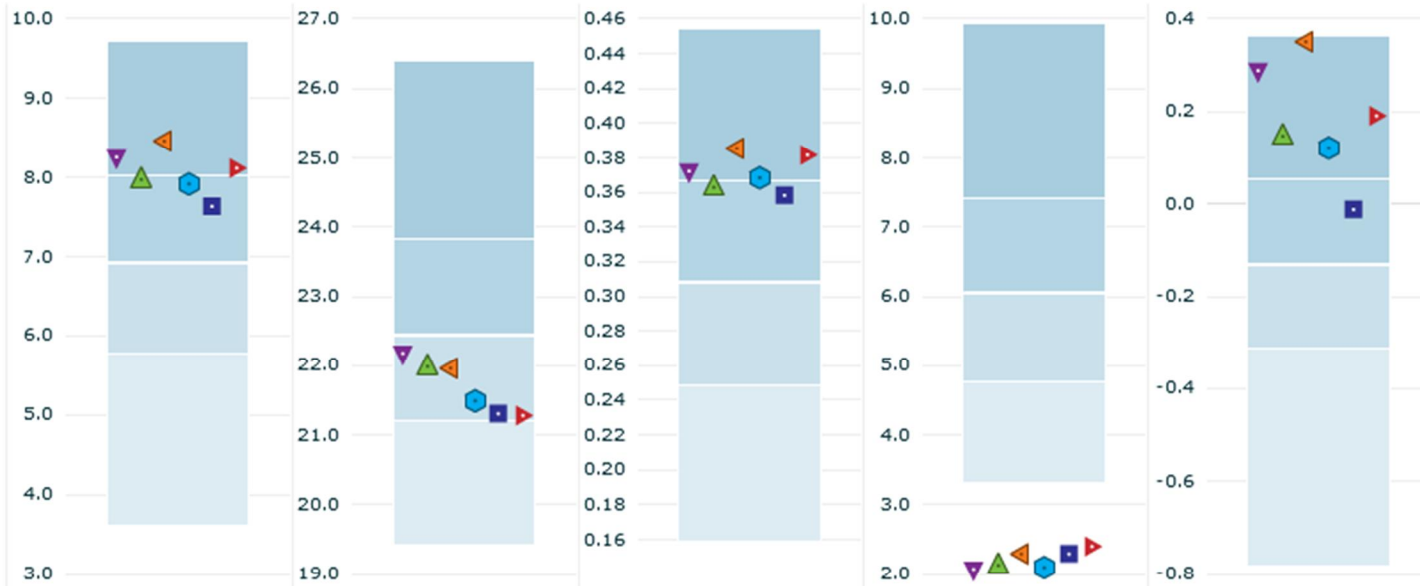
	5 yrs to 6/2010 (%pa)	5 yrs to 6/2011 (%pa)	5 yrs to 6/2012 (%pa)	5 yrs to 6/2013 (%pa)	5 yrs to 6/2014 (%pa)
▼ Ridge/MassMu	3.0 (26)	6.8 (30)	1.9 (33)	9.2 (23)	21.9 (13)
▲ Ridge/VangG	2.8 (28)	6.6 (32)	1.8 (36)	9.2 (23)	21.6 (15)
▲ Ridge/Voya	3.6 (21)	7.5 (21)	2.7 (26)	9.5 (20)	21.7 (13)
■ VangV/MassMu	1.8 (39)	5.9 (45)	1.4 (40)	8.9 (27)	21.8 (13)
■ VangV/VangG	1.6 (44)	5.7 (48)	1.3 (42)	8.9 (26)	21.5 (16)
▲ VangV/Voya	2.3 (34)	6.6 (33)	2.1 (32)	9.1 (24)	21.7 (14)
○ RUMC	1.2 (51)	5.3 (55)	1.1 (45)	8.3 (34)	22.1 (10)
5th Percentile	5.7	10.0	5.3	11.6	23.3
Upper Quartile	3.1	7.1	2.8	8.9	20.8
Median	1.3	5.6	0.8	7.1	19.7
Lower Quartile	-0.4	3.7	-1.1	5.6	18.3
95th Percentile	-2.5	1.7	-3.2	2.0	16.2
Number	183	200	207	220	226

DCP Mid Cap Stock Fund Evaluation

Quantitative Analysis

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

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



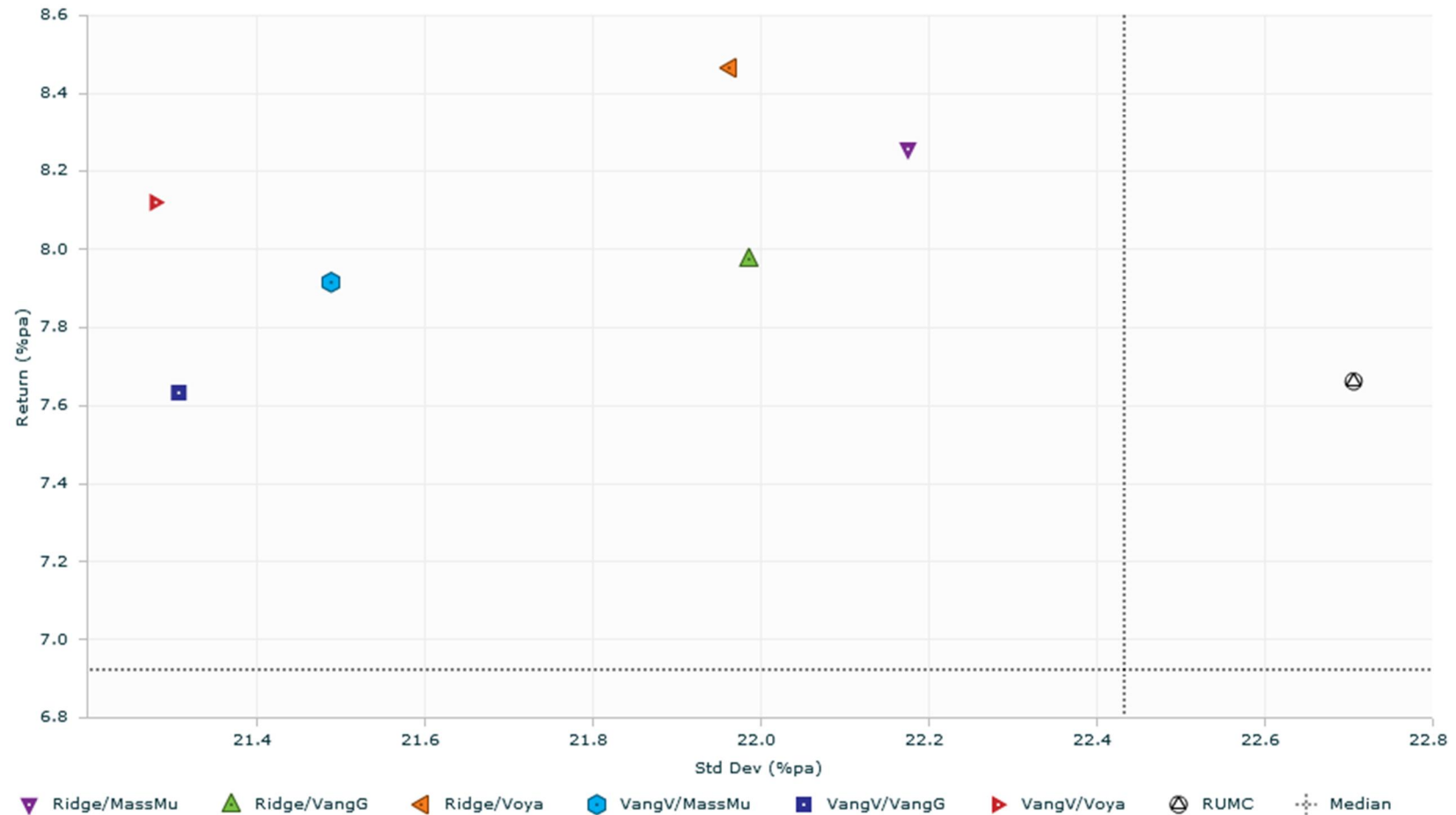
	Ret (%pa)	Std Dev (%pa)	Ret/SD	TE (%pa)	IR
▼ Ridge/MassMu	8.3(22)	22.2(55)	0.4(23)	2.1(100)	0.3(8)
▲ Ridge/VangG	8.0(26)	22.0(60)	0.4(28)	2.1(99)	0.1(18)
▲ Ridge/Voya	8.5(20)	22.0(60)	0.4(21)	2.3(99)	0.4(6)
■ VangV/MassMu	7.9(27)	21.5(70)	0.4(24)	2.1(100)	0.1(21)
■ VangV/VangG	7.6(37)	21.3(73)	0.4(29)	2.3(99)	0.0(38)
▶ VangV/Voya	8.1(23)	21.3(73)	0.4(21)	2.4(99)	0.2(13)
5th Percentile	9.7	26.4	0.5	9.9	0.4
Upper Quartile	8.0	23.8	0.4	7.4	0.1
Median	6.9	22.4	0.3	6.0	-0.1
Lower Quartile	5.8	21.2	0.2	4.8	-0.3
95th Percentile	3.6	19.4	0.2	3.3	-0.8
Number	207	207	207	207	207

DCP Mid Cap Stock Fund Evaluation

Quantitative Analysis

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

Comparison with the Mutual Fund US Equity Mid Cap universe

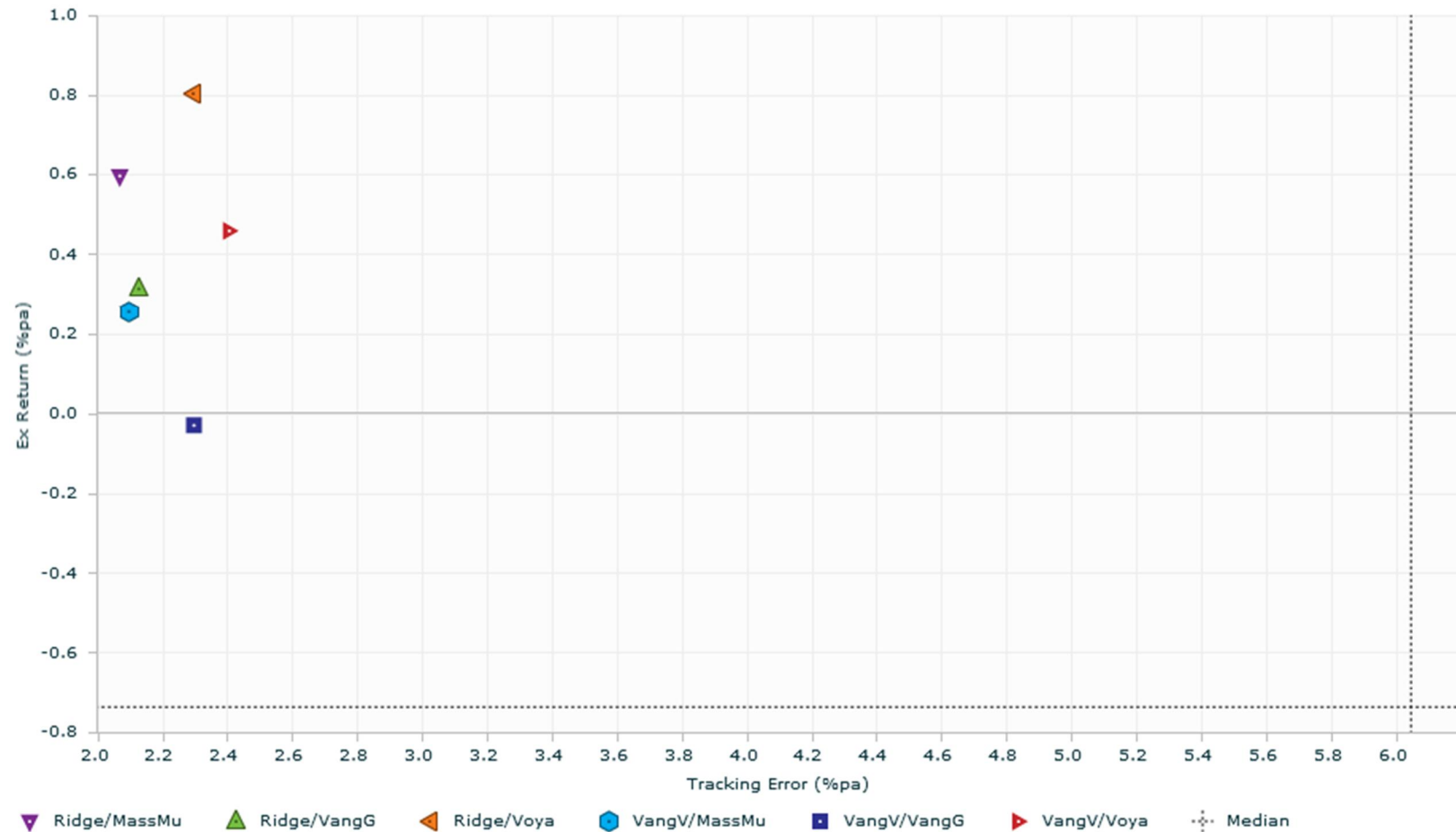


DCP Mid Cap Stock Fund Evaluation

Quantitative Analysis

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

Comparison with the Mutual Fund US Equity Mid Cap universe



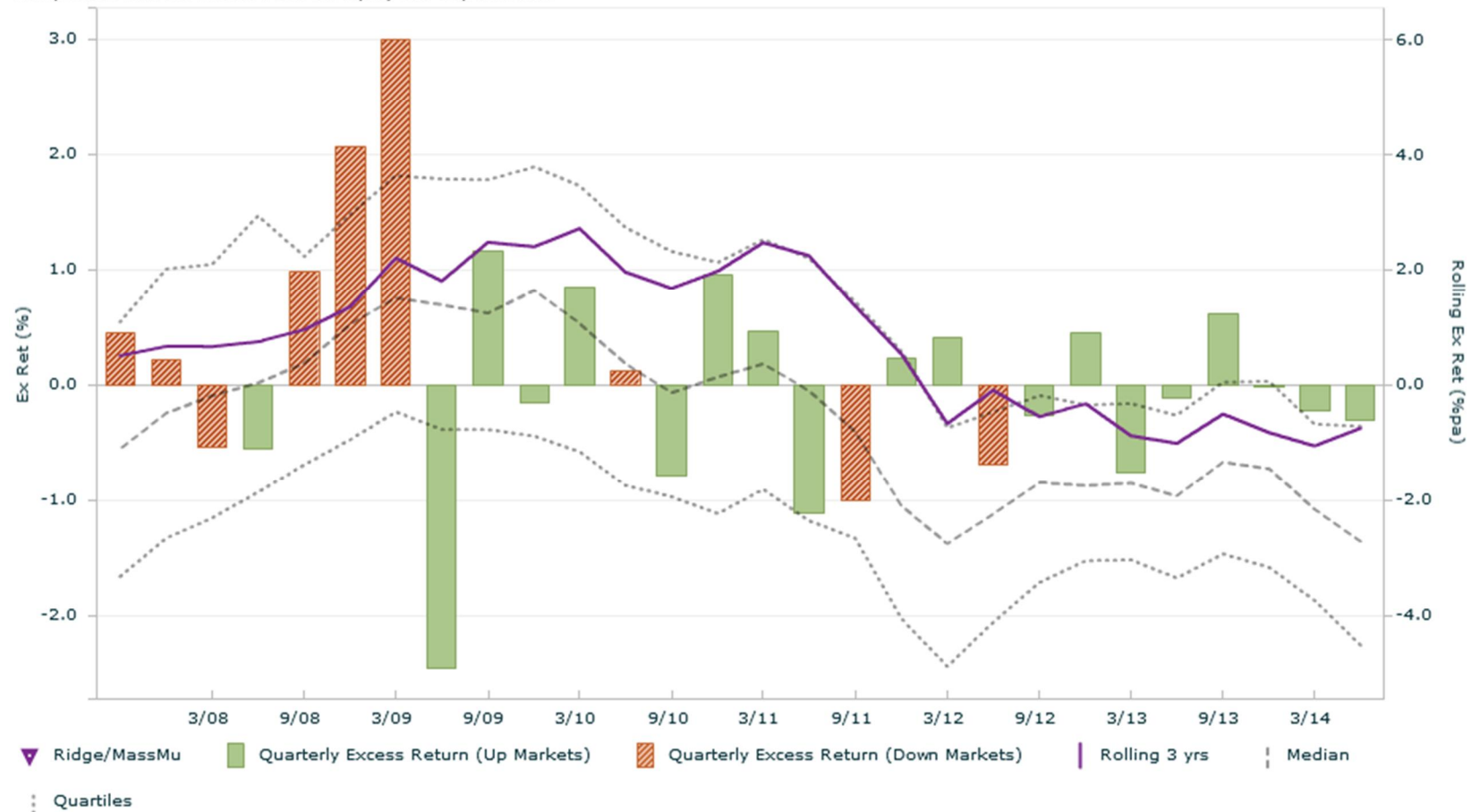
DCP Mid Cap Stock Fund Evaluation

Quantitative Analysis

Ridge/MassMu

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

Comparison with the Mutual Fund US Equity Mid Cap universe



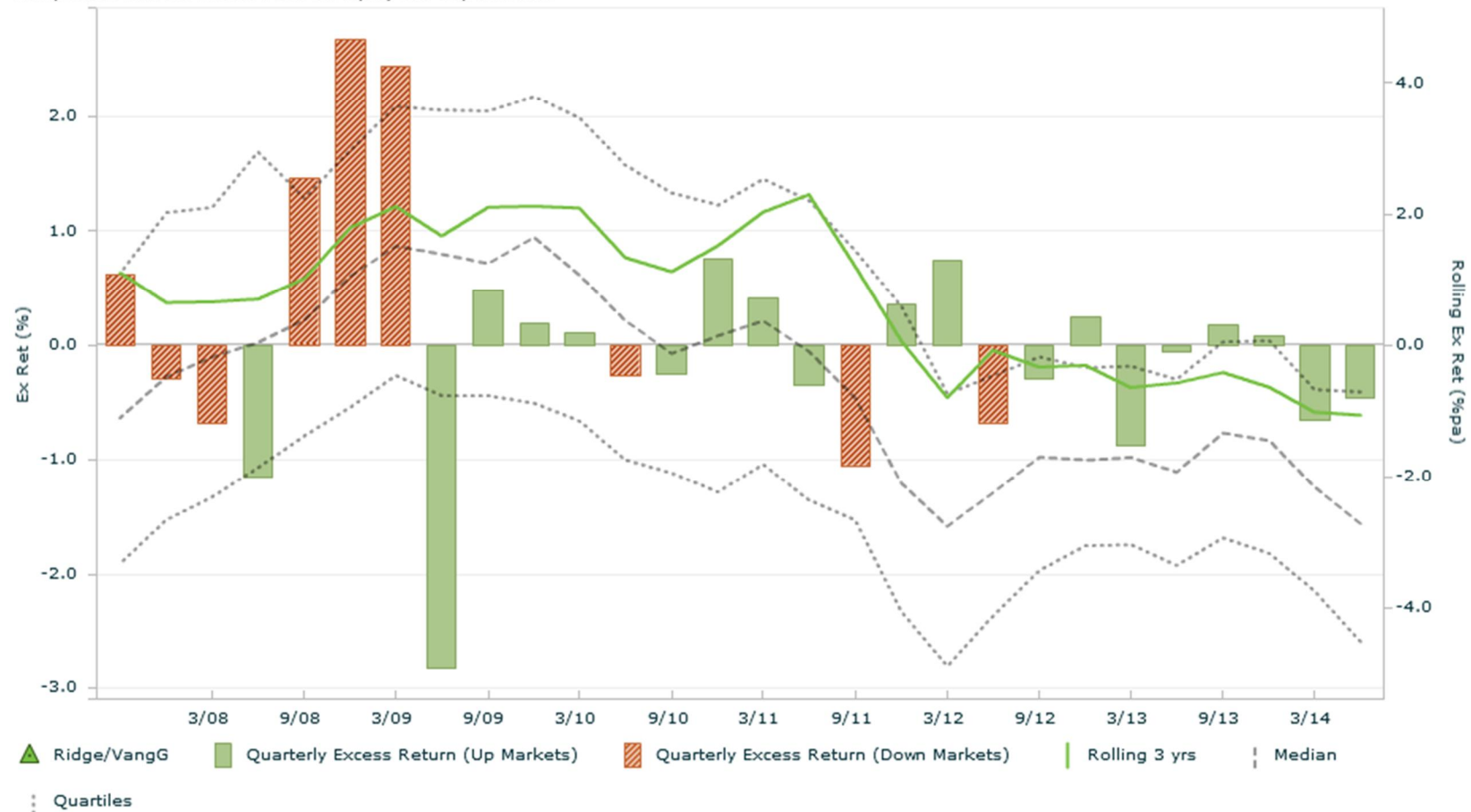
DCP Mid Cap Stock Fund Evaluation

Quantitative Analysis

Ridge/VangG

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

Comparison with the Mutual Fund US Equity Mid Cap universe



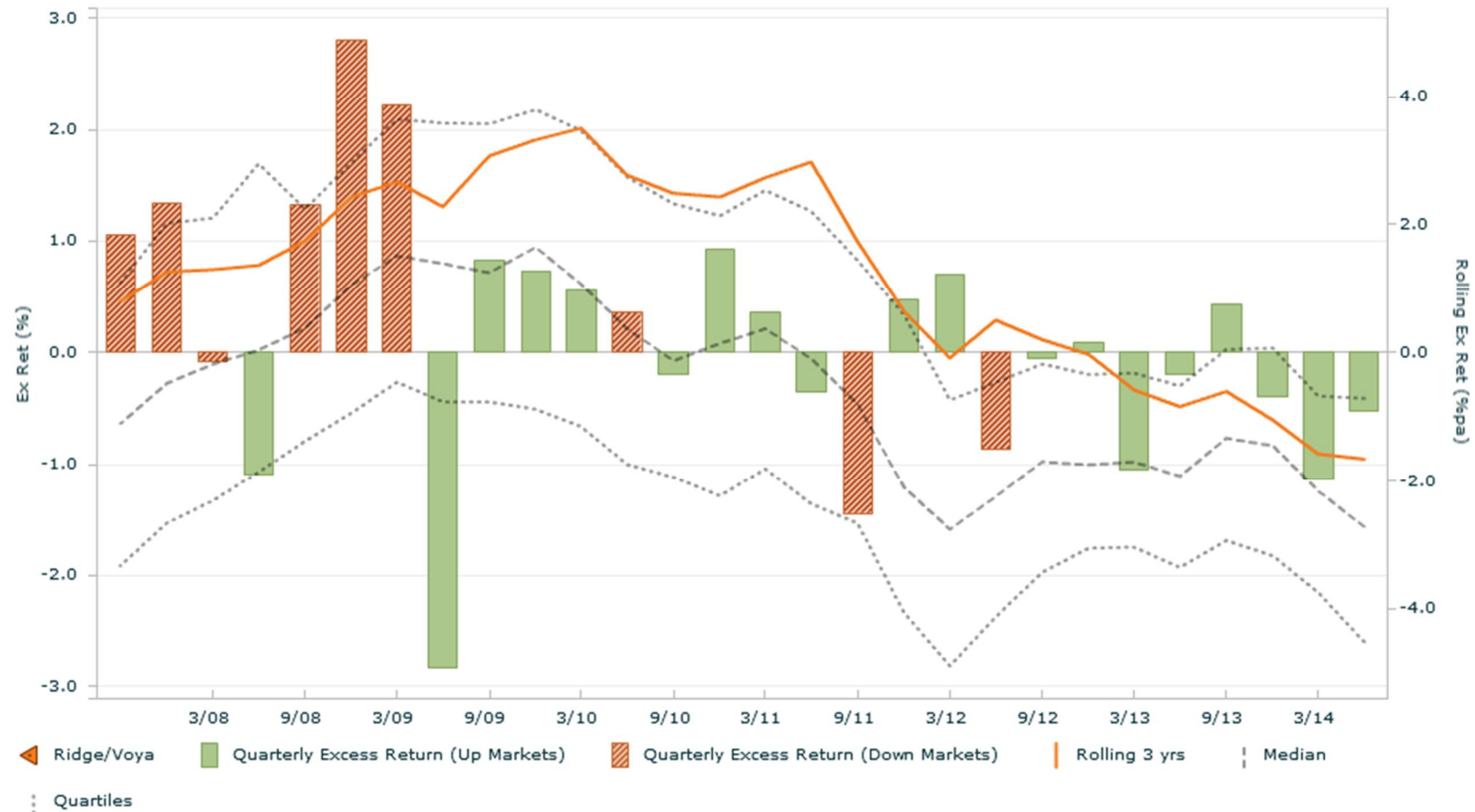
DCP Mid Cap Stock Fund Evaluation

Quantitative Analysis

Ridge/Voya

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

Comparison with the Mutual Fund US Equity Mid Cap universe



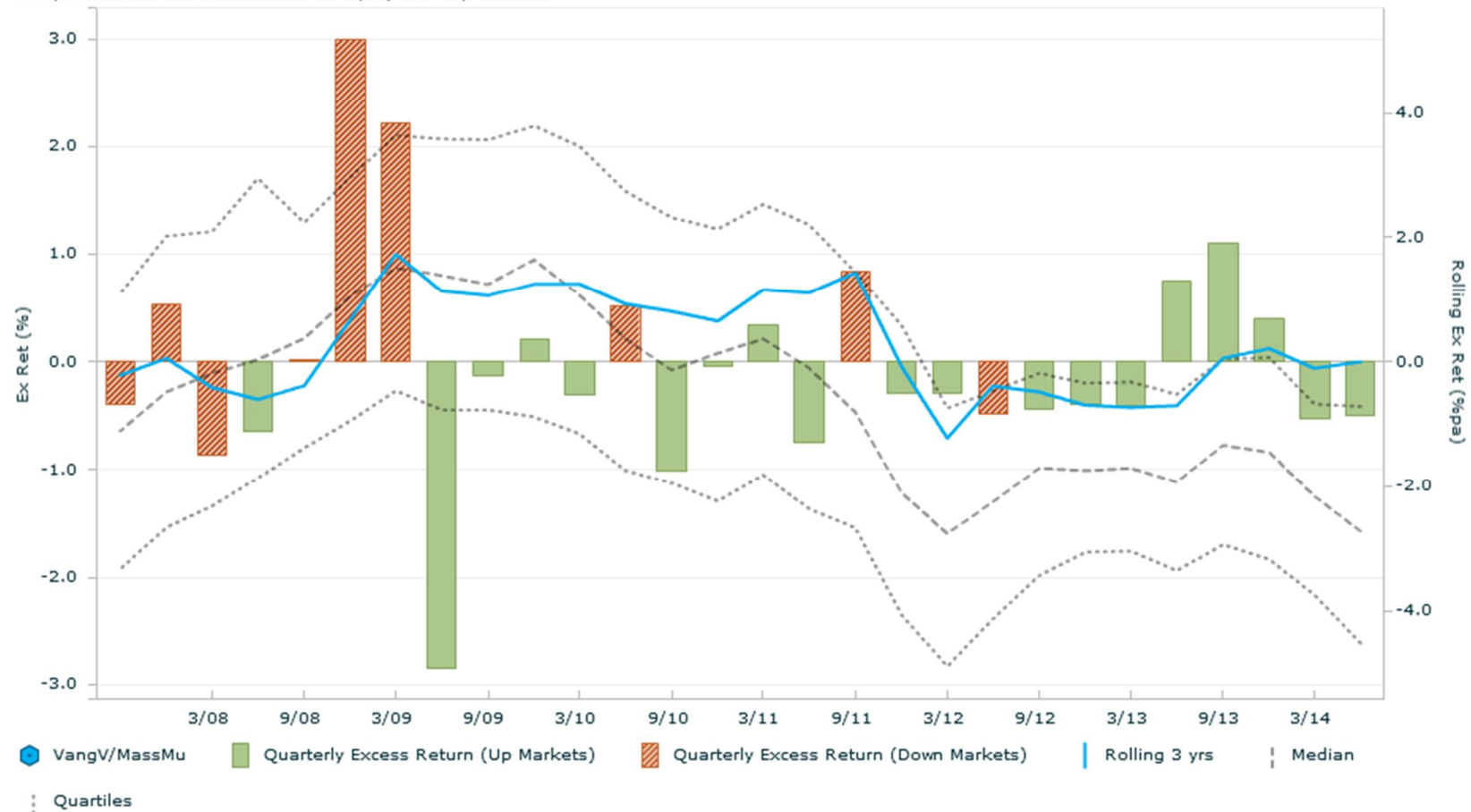
DCP Mid Cap Stock Fund Evaluation

Quantitative Analysis

VangV/MassMu

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

Comparison with the Mutual Fund US Equity Mid Cap universe



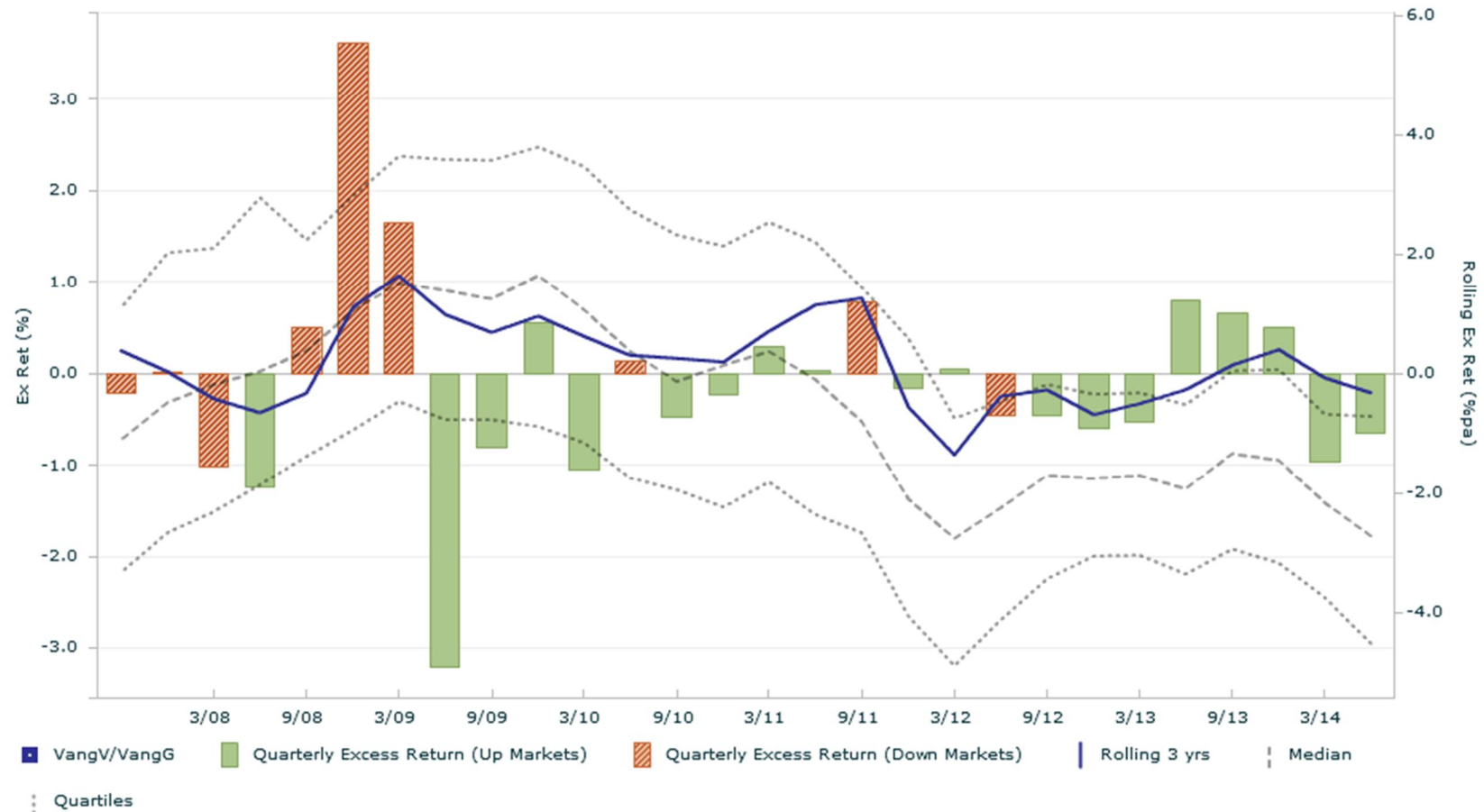
DCP Mid Cap Stock Fund Evaluation

Quantitative Analysis

VangV/VangG

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

Comparison with the Mutual Fund US Equity Mid Cap universe



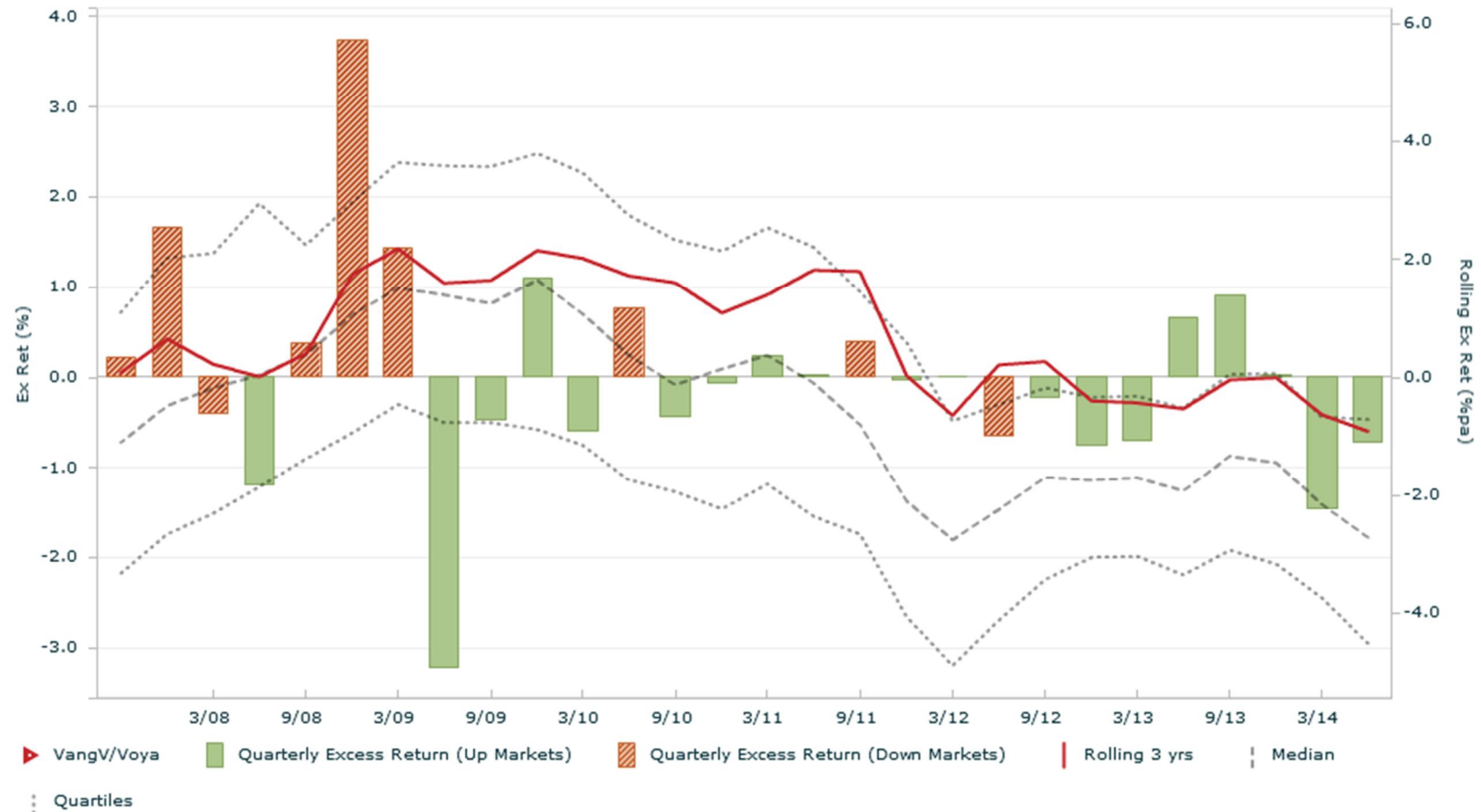
DCP Mid Cap Stock Fund Evaluation

Quantitative Analysis

VangV/Voya

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

Comparison with the Mutual Fund US Equity Mid Cap universe



DCP Mid Cap Stock Fund Evaluation

Quantitative Analysis

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

Comparison with the Mutual Fund US Equity Mid Cap universe

Name	Up Markets			Down Markets			All Markets				
	Outperform		Excess (Av) (%pq)	Outperform		Excess (Av) (%pq)	Outperform		Excess (Av) (%pq)	Outperform (Av) (%pq)	Underperform (Av) (%pq)
	No.	%		No.	%		No.	%			
Ridgeworth/Vanguard Index/MassMutual	8	42	-0.1	6	67	0.5	14	50	0.1	0.9	-0.6
Ridgeworth/Vanguard Index/VanguardMCG	10	53	-0.2	4	44	0.5	14	50	0.0	0.8	-0.7
Ridgeworth/Vanguard Index/Voya	9	47	-0.1	6	67	0.7	15	54	0.1	0.9	-0.8
VanguardMCV/Vanguard Index/MassMutual	5	26	-0.3	6	67	0.6	11	39	0.0	0.9	-0.6
VanguardMCV/Vanguard Index/VanguardMCG	7	37	-0.4	6	67	0.6	13	46	-0.1	0.7	-0.8
VanguardMCV/Vanguard Index/Voya	6	32	-0.4	7	78	0.8	13	46	0.0	0.9	-0.7
Benchmarks											
Russell Midcap	19	0	0.0	9	0	0.0	28	0	0.0	na	na
Group Statistics											
Upper Quartile	9	47	-0.1	6	67	1.4	14	50	0.1	3.1	-1.8
Median	8	42	-0.5	5	56	0.3	13	46	-0.2	2.3	-2.2
Lower Quartile	6	32	-0.9	4	39	-0.4	11	39	-0.5	1.7	-2.7
Number	207	207	207	207	207	207	207	207	207	207	207

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

DCP Mid Cap Stock Fund Evaluation

Quantitative Analysis

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

Comparison with the Mutual Fund US Equity Mid Cap universe

Name	1st Quartile		2nd Quartile		3rd Quartile		4th Quartile		Average Percentile Rank	Outperform	
	No.	%	No.	%	No.	%	No.	%		No.	%
Ridgeworth/Vanguard Index/MassMutual	3	10.7	14	50.0	11	39.3	0	0.0	45	14	50
Ridgeworth/Vanguard Index/VanguardMCG	2	7.1	17	60.7	9	32.1	0	0.0	45	14	50
Ridgeworth/Vanguard Index/Voya	3	10.7	17	60.7	8	28.6	0	0.0	44	15	54
VanguardMCV/Vanguard Index/MassMutual	1	3.6	15	53.6	12	42.9	0	0.0	45	11	39
VanguardMCV/Vanguard Index/VanguardMCG	2	7.1	14	50.0	12	42.9	0	0.0	46	13	46
VanguardMCV/Vanguard Index/Voya	2	7.1	14	50.0	12	42.9	0	0.0	45	13	46
Benchmarks											
Russell Midcap	4	14.3	12	42.9	12	42.9	0	0.0	45	28	0

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

3

Appendix

Appendix A: Descriptions of performance exhibits

Description of Universe calculation

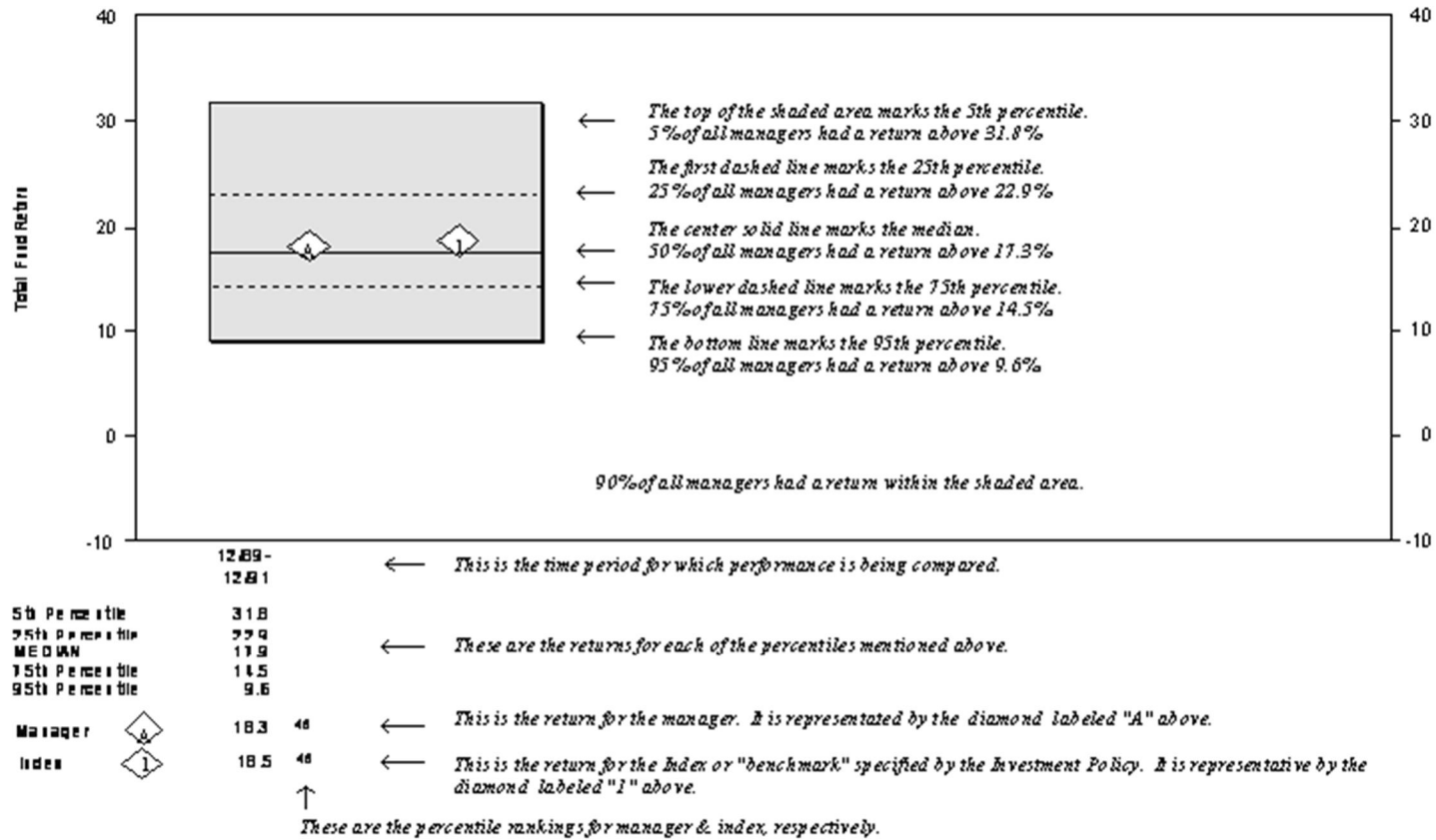
Mercer Manager Universes are constructed using the composite portfolios submitted by investment managers to the Research Unit for evaluation. Each portfolio is reviewed and, based on Mercer's professional judgment, placed within the appropriate universe, which contains similarly managed portfolios.

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

Results longer than one year are annualized.

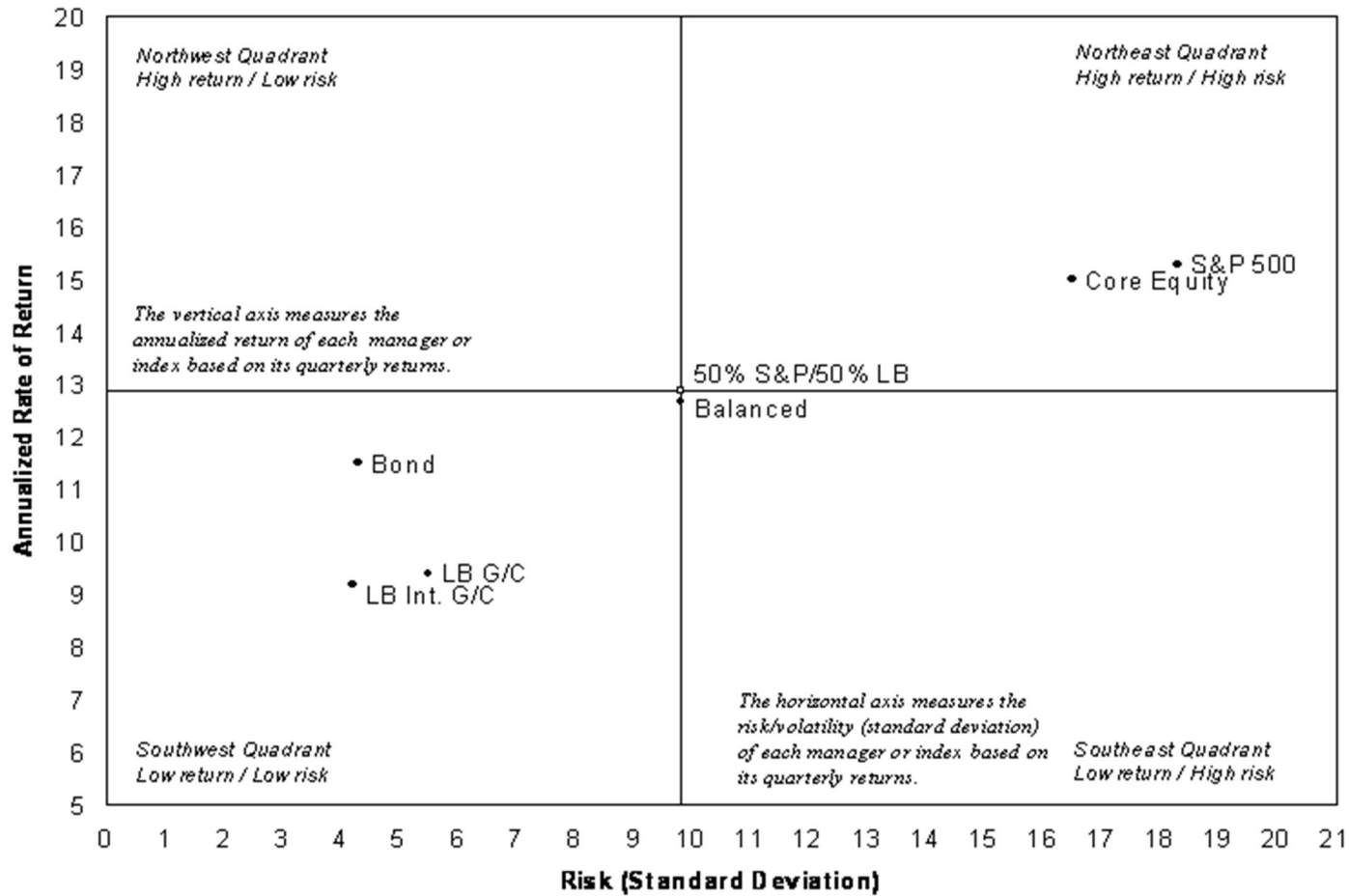
Appendix A

Description of performance graph



Appendix A

Description of Risk / Return graph



Appendix B: Glossary of terms

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Appendix B

Capitalization Market value times shares outstanding (common stock).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Appendix B

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Foreign Exchange Transactions involving the purchase and sale of currencies.

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

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

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

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

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

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

Hedging Strategy used to offset investment risk.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Separate Account A single portfolio managed for a client.

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

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

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

Spot Price The current market price.

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

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

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

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

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

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

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

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

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

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

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

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

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

Unsystematic Risk The variability not explained by general market movements.

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

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

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

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

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

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

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

Appendix C: Description of Indices

Equity Indices

American Stock Exchange

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

Dow Jones Industrial Average

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

FTSE KLD 400 Social Index

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

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MSCI EAFE

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

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

MSCI EAFE (GDP-Weighted)

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

MSCI Emerging Markets

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

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

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MSCI World Index

The MSCI World Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets. The index measures the performance of stock markets in the United States, Europe, Canada, Australia, New Zealand and the Far East and currently consists of securities from the following 23 countries: The index is market value-weighted and calculated both with net and gross dividends reinvested.

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

NASDAQ Composite

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

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

NASDAQ 100

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

New York Stock Exchange

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

Russell 1000

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

Russell 1000 Growth

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

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

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

Russell 1000 Value

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

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

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

Russell 2000

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

Russell 2000 Growth

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

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

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

Russell 2000 Value

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

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

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

Russell 2500

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

Russell 3000

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

Russell Midcap

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

S&P 500

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

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

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

S&P 500 Value & Growth

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

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

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

S&P Midcap 400

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

S&P Midcap Value & Growth

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

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

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

S&P Smallcap 600

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

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

S&P applied the target percentile range to their Index Selection Database to create a small cap universe of 1,850 stocks. The following screens were then used to select the 600 companies: 1. Companies must trade on the New York, NASDAQ or American stock exchanges, 2. Companies must have a trading history of at least six months, 3. Stocks that do not trade on any three days during a 12-month period are removed, 4. Companies with stock prices below \$1.00 are removed, 5. Share turnover has to exceed 20% on an annualized basis, 6. Companies with 50% or more of the common shares owned by another corporation or 60% owned by insiders

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are removed, 7. Companies in bankruptcy or financial distress are eliminated, 8. Bid/Ask spreads calculated for 30 days must be 5% or less. The index was started on December 31, 1993, and a simulation for back history was used for returns back to January 1984.

Wilshire 4500

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

Wilshire 5000

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

Fixed Income Indices

Barclays Capital Global Aggregate

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

Barclays Capital Global Treasury

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

Barclays Capital U.S. Aggregate

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

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Barclays Capital U.S. Intermediate Aggregate

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

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

Barclays Capital U.S. Agency

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

Barclays Capital U.S. Credit

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

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

Barclays Capital U.S. Government Bond

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

Barclays Capital U.S. 1-3 Year Government

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

Barclays Capital U.S. Government /Credit

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

Barclays Capital U.S. Long Government/Credit

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

Barclays Capital U.S. High Yield

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

Barclays Capital U.S. Mortgage Backed

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

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

Barclays Capital U.S. Treasury Bond

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

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

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

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

The minimum amount outstanding is \$250 million.

All bonds must be dollar denominated and non-convertible.

All bonds must have more than 1 year to maturity.

Barclays Capital U.S. Universal

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

BofA Merrill Lynch Corporate 1-3 Year

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

BofA Merrill Lynch High Yield Master

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

BofA Merrill Lynch 1-3 Year Treasury

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

Citigroup 3-Month Treasury Bill

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

Citigroup Broad Investment Grade

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

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

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

Citigroup High-Yield Cash-Pay

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

Citigroup High-Yield Market

The Citigroup High-Yield Market Index captures performance of below investment-grade corporate bonds issued in the United States. All the bonds are publicly placed, have a fixed coupon and are nonconvertible. For inclusion in the index, an issue must have minimum maturity of 1 year, a minimum amount outstanding of \$100 million per issue when the issuer has a minimum of US\$400 million total outstanding debt that qualifies for inclusion, or US\$200 million minimum outstanding

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per issue when the issuer does not meet the US\$400 million minimum.. The maximum quality rating allowed is BB+/Ba1 by both S&P and Moody's. The index includes cash-pay and deferred-interest bonds. Defaulted issues are excluded. When an issuer misses or expects to miss an interest payment, or enters into Chapter 11, the corresponding bonds exit the index at month end, reflecting the loss of the coupon payment or accrued interest. The index inception date is December 31, 1988.

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

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

Citigroup World Government Bond

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

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

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

Citigroup World Government Bond (Currency-Hedged)

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

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

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

CS First Boston High Yield

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

U.S. 91 Day Treasury Bill

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

Real Estate Indices

FTSE NAREIT Equity Index

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

NCREIF Property Index

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

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

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

Other Indices

Consumer Price Index (CPI-U)

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

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

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

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



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