

Brian Sandoval  
Governor

Reba Coombs  
Program Coordinator



**Nevada Public Employees'  
Deferred Compensation Program**

**COMMITTEE**  
Scott Sisco, Chair  
DOC  
Carlos Romo, Vice Chair  
Retired  
Brian L. Davie  
LCB  
Karen Oliver  
GCB  
Steve C. Woodbury  
GOED  
  
Shane Chesney  
Senior Deputy Attorney General

**DEFERRED COMPENSATION COMMITTEE  
QUARTERLY MEETING MINUTES FOR**

**Thursday, June 6, 2013**

The quarterly meeting of the Deferred Compensation Committee was held on Thursday, June 6, 2013 at 9:00 a.m. in room 2135 of the Legislature Building, 401 S. Carson St., Carson City, Nevada. The meeting was held by videoconference from the Nevada Legislature Building to the Grant Sawyer Building, 555 E. Washington Ave., Suite 4412 E, Las Vegas, Nevada. Other attendees participated in person or by conference call.

A copy of this set of meeting minutes, including the agenda, the audio recording and other supporting material, is available on the Nevada Deferred Compensation (NDC) website at: <http://defcomp.nv.gov/Meetings>. In addition, copies of the audio record may be purchased through the Legislative Counsel Bureau's Publications Office (e-mail: [publications@lcb.state.nv.us](mailto:publications@lcb.state.nv.us); telephone: 775.684.6835).

**BOARD MEMBERS**

Brian Davie  
Karen Oliver  
Steve Woodbury  
Carlos Romo, Vice Chair  
Scott Sisco, Chair

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**OTHERS PRESENT**

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Bill Abramowicz, MassMutual  
Jim Barnes, Zeh Law Firm  
Bishop Bastien, ING  
John Borne, Great-West  
Eric Caruso, Parole/Probation  
Shane Chesney, Senior Deputy Attorney General  
Reba Coombs, NDC Program Coordinator  
Steve Ebert, Nationwide  
Kent Ervin, UNR  
Brett Fields, IAFF 1908  
Jeff Fontaine, NACO  
Michael Hackett, MassMutual  
Jacob Honea, MassMutual

Scott Hudson, ING (by phone)  
Harriet Jacobs, Great-West  
Brian Merrick, ING  
Frank Picarelli, Segal Rogerscasey  
Steve Platt, ING  
Rex Reed, Participant  
Cy Ryan, Las Vegas Sun  
Micah Salerno, NDC Admin Assistant  
Todd Theroux, MassMutual (by phone)  
Robert Trenerry, MassMutual  
Tom Verducci, Great West

1. Call to Order/Roll Call

Chairman Scott Sisco called the quarterly meeting of the Nevada Deferred Compensation (NDC) Committee to order at 9:01 a.m., on Thursday, June 6, 2013. Roll was taken and it was determined a quorum was present. Ms. Reba Coombs indicated the meeting had been properly noticed and posted. Chair Sisco also recognized those calling in to the meeting.

2. Public Comment

Dr. Rex Reed provided comment on an Open Meeting Law complaint regarding emails he had requested between Mr. Sisco, Ms. Oliver and Dr. Romo. He felt these members engaged in inappropriate activity related to the Deferred Compensation Program. Based on the emails he believed that Mr. Sisco, Ms. Oliver, and Dr. Romo intended to deliver the NDC provider contract to Hartford noting those actions indicated an abrogation of their fiduciary responsibilities. Dr. Reed also believed that Mr. Sisco, Ms. Oliver, and Dr. Romo engaged in inappropriate walking quorums. Dr. Reed requested his notes be posted on the Deferred Compensation website as part of his public comment. ([Public Comments & Emails](#))

Mr. Davie requested that Dr. Reed's statement and notes be made part of the meeting record. He also asked Senior Deputy Attorney General (DAG) Shane Chesney what the Committee should do with this information and if the Attorney General's office would look further into this matter.

DAG Chesney noted the concerns should be forwarded to George Taylor, Senior Deputy Attorney General, for evaluation to see if anything could be done with regard to the Open Meeting Law.

Chair Sisco asked Dr. Reed if he included the email Sisco sent to him after Reed went to his office saying "Hartford needed to go."

Dr. Reed did not remember ever saying "Hartford has to go" but met with Mr. Sisco because of his concern with the General Account and he challenged Mr. Sisco to produce that email.

Mr. Davie stated, for the record, that there was no collusion between him and any other members during the RFP process and their commitment was to have an open, fair, RFP process. But based on evidence presented today he did not believe it was an open and fair RFP process.

Mr. Eric Caruso with Parole and Probation requested the Committee address agenda item 13 earlier in the meeting because he had to return to work.

Chair Sisco stated they would be taking many items out of order to accommodate Mr. Woodbury and Ms. Salerno needing to leave the meeting early.

13. For Possible Action – Discussion and update from MassMutual concerning third party administrator for implementation of loan provision with two recordkeepers for participants and/or direct staff accordingly.

Ms. Coombs referred to past discussions of possibly adding a Loan Provision to the Plan noting the difficulties in monitoring a loan program with having two recordkeepers with the Plan. She stated it would probably be best to wait until the new recordkeeper RFP to implement a loan plan based on recommendations from Mr. Frank Picarelli and both recordkeepers. Ms. Coombs noted that Mr.

Bill Abramowicz with MassMutual was asked to provide information and answer questions regarding the loan program and using a third party administrator (TPA) to facilitate the program.

Mr. Bill Abramowicz with MassMutual confirmed they spoke with a few TPAs to help decipher some of the administrative issues. He noted the TPA based their fees only on the participants taking loans. The Plan should consider allowing participants to take only one loan per person and have the loans paid back through payroll deduction because there would be less default issues. He stated there were approximately 350 participants that invested with both recordkeepers so that would have to be monitored to assure the participants were not taking more than one loan. The loan program could also be handled without a TPA since both recordkeepers could administer the loans.

Mr. Todd Theroux with MassMutual commented that a TPA in the Bay Area was interested in the NDC Plan, but would need parameters on the full loan program so they could get a better handle on what tasks they would be fulfilling.

Mr. Frank Picarelli with Segal Rogerscasey stated there should be a sound process in place to follow the IRS rules and guidelines. Loans were contradictory to the Program because the Plan encouraged participants to save money; however, the loan program was voluntary and had to be paid back. Whatever the decision, there needed to be a good administrative process to ensure it was being handled properly. Clearly it would be easier with one recordkeeper.

Chair Sisco remarked they would have to have to go out for bid for a TPA which added cost.

**Motion made by Vice Chair Romo to not have a loan provision added to the plan, second by Mr. Woodbury.**

DAG Chesney stated the agenda item only referred to utilizing a third party administrator so they should amend the motion to reflect that. They could add the loan program issue to a future agenda if needed.

**Amended motion made by Vice Chair Romo to not go with a third party administrator for a loan program at this time, second by Mr. Woodbury. Motion passed unanimously.**

- 4a. For Possible Action – Discussion and possible action to adjust salary pursuant to legislative restoration of 2.5% pay cut for staff.

Chair Sisco added this item to the agenda because the Committee needed to take action in order to have Ms. Coombs receive the reinstated 2.5 percent salary increase.

**Motion by Vice Chair Romo to increase staff salary by 2.5 percent as of July 1, 2013. Motion seconded by Mr. Woodbury and carried unanimously.**

6. For Possible Action – Receive and approve the Investment Consultant’s Fund Watch list for first quarter.

Mr. Picarelli referred to Tab 2, page 25 of the Performance Review and explained that funds were added to the watch list because of a manager change and/or underperformance of benchmark and peer ranking. ([1Q 2013 Performance Review](#))

| FUND                                     | RECOMMENDATION                         |
|--|--|
| American Funds Growth Fund of America    | Remain on Watch                        |
| Hartford MidCap HLS                      | Remove from Watch                      |
| Lazard US Mid Cap Equity Fund            | Terminated effective 4/19/2013         |
| Munder Mid Cap Core Growth Fund          | Remove from Watch                      |
| Keeley Small Cap Value Fund              | Remain on Watch                        |
| Mutual Global Discovery                  | Remove from Watch                      |
| Hartford General Account                 | Remove from Watch                      |
| Hartford Small Company Fund HLS          | Remain on Watch                        |
| Victory Diversified Stock Fund           | Place on Watch due to underperformance |
| Oppenheimer Main St Small & Mid Cap Fund | Place on Watch due to underperformance |

Mr. Picarelli stated he would add a page to his report to track the history of the Watch List.

Chair Sisco requested two additional columns be added to the Watch List: one showing how many participants were in the funds and the second for how much money was in the funds.

**Motion made by Mr. Davie to approve the Watch List as specified by the Investment Consultant, seconded by Vice Chair Romo. Motion passed unanimously.**

7. For Possible Action – Discussion and possible update of ING Stable Value Fund for the FICA Alternative Plan.

Mr. Steve Platt with ING stated that due to deteriorating interest rates in the FICA plan fund, participants could reach a zero or negative rate of return because of the expense ratio versus the gross rate of the fund. The fund had approximately \$4 million in assets with 2,210 participants and 380 participants currently contributing. ING presented an option of moving to another fund that had a lower expense ratio of 1.30 percent and charging a \$1 per person fee per month. The new arrangement would increase the earnings by about 60 basis points.

Mr. Picarelli noted the management fee to run the FICA plan was expensive. He presented two other options for this issue: do nothing and monitor the fund closely or move the money to the Hartford fund which would take 12 months because of a 12 Month Put. He believed the best solution, short term, would be to go with the ING option of moving it to the lowest sleeve and charging participants \$1 per month.

Mr. Platt noted if the Committee went with the ING option it would be a fund change and, as required, they would notify participants thirty days prior. With that communication they could also notify participants of their option to move funds to the MassMutual FICA account.

**Recommendation from Mr. Picarelli on the ING FICA Alternative Plan would be to move to a lower management fee proposed by ING of 1.30 percent from 1.90 percent and charge \$1 per month per participant administrative fee to preserve principal. Communication would be developed by ING explaining the new fee and if the participant took no action it would default to the new fund and pricing arrangement and if they wanted an alternative in the Program they could move their account to the MassMutual fund offered.**

**Motion made by Vice Chair Romo to go with the recommendation of the Investment Consultant, seconded by Mr. Davie. Motion carried unanimously.**

10. For Possible Action – Discussion and possible acceptance of Attorney General’s response dated February 28, 2013 to Open Meeting Law complaint.

Ms. Coombs summarized the Open Meeting Law complaints from Dr. Kent Ervin and the response from the Attorney General’s office noting the Committee had been in violation, but all the issues had been resolved.

**Motion made by Vice Chair Romo to accept the February 28, 2013 recommendation and decision by the Attorney General’s office, file number 12-037. Motion seconded by Mr. Woodbury and passed unanimously.**

14. For Possible Action – Discussion and possible approval of Request for Information for auditing firms to conduct an annual financial audit.

Ms. Coombs explained the statute did not require a financial audit for the Plan but it was considered best practice in the industry and she was looking for direction from the Committee about putting out a RFI for this service.

Mr. Davie stated, for the record, there had never been a financial audit performed before 2008 so the previous Committee had good reasons for doing the financial audit and he did not want to see the motives of those members denigrated or impugned.

**Motion made by Mr. Woodbury to ask staff to proceed with the RFI after removing the confidentiality portion, and provide results at or before the next meeting so they could review and select a vendor. Motion seconded by Vice Chair Romo and carried unanimously.**

15. For Possible Action – Discussion and approval of updated Administrative Manual and/or direct staff accordingly.

Ms. Coombs stated she updated the previous Administrative Manual and was looking for approval of the draft.

Chair Sisco noted on page 4 under Mission and Goals, section 1.1, “out of fees paid by participants” should be added to the end of the last sentence.

**Motion made by Mr. Davie to adopt the revisions of the Administrative Manual, as presented. Seconded by Vice Chair Romo motion passed unanimously.**

3. For Possible Action – Approval of Committee meeting minutes from planning meeting of January 30, 2013 and regular meeting of February 20, 2013.

**Motion by Vice Chair Romo to approve the planning meeting minutes of January 30, 2013, second by Mr. Davie. Vote carried unanimously.**

Chair Sisco asked for wording to be added on page 11, second paragraph of the February 20, 2013 minutes.

Chair Sisco provided a handout on the NRS statutes of requirement for meeting minutes and ordered staff to follow those guidelines.

**Motion by Vice Chair Romo to approve the February 20, 2013 minutes, second by Mr. Woodbury. Motion carried unanimously.**

Mr. Davie, for the record, did not agree with the direction to staff about the minutes and did not feel it was appropriate to require those restrictions.

16. For Possible Action – Discussion and setting of future meeting dates.

**Motion by Vice Chair Romo to accept the current meeting dates of 8/15/2014, 11/14/2013 and set the Planning Meeting date for 1/9/2014. Motion seconded by Mr. Davie and passed unanimously.**

12. For Possible Action – Receive an update and discussion of the addition of Morningstar Managed Accounts to the ING platform and/or direct staff accordingly.

Mr. Picarelli explained the Morningstar Managed Account program which was an optional service offered to ING participants for a fee. If selected it would allow a managed account service that provided participants with automatic portfolio set-up, ongoing monitoring and professional investment management of their retirement accounts. The Committee would not be responsible for these investments because Morningstar took on the fiduciary responsibility.

Mr. Brian Merrick with ING clarified that the prior RFP (not the discarded one) did include a response on their ability to offer Morningstar Advice. This was an expansion to the services already available to ING participants and there was already an agreement in place between the Committee and Morningstar for the *Managed by You* service. The agreement would need to be updated to include the *Managed by Morningstar* feature. It was the Committee's decision whether they wanted to make this option available.

DAG Chesney noted the Committee could vote on the item contingent that it fit into the scope of the original RFP.

**Motion made by Mr. Woodbury to amend the existing agreement to allow for the additional service of *Managed by Morningstar* for ING participants, as long as the current RFP they were operating under recognized Morningstar. Motion seconded by Mr. Davie.**

Mr. Abramowicz commented that MassMutual would be willing to look into offering a managed account to their participants.

**Vote taken on motion and passed unanimously.**

4. For Possible Action – Receive and approve Program Coordinator’s report for first quarter ending March 31, 2013.

Ms. Coombs presented her quarterly report with information on travel funds, NAGDCA, enrollment email campaign, newsletters, Financial Soundings report, regulatory updates and a proposed RFP timeline. ([Coordinator Report](#))

Mr. Woodbury suggested having the next newsletter as the “Summer” edition to get back on track, according to the seasons.

Chair Sisco asked the Committee to review the proposed changes on the regulatory updates and provide comments to Ms. Coombs as soon as possible because the process to get those updated could take up to six months.

Mr. Davie stated they needed to find out if the Committee had rule making authority to adopt rules.

DAG Chesney would quickly look into the rule making authority and in the absence of authority, what the default was.

Ms. Coombs asked the Committee to provide comments on the proposed changes within the next two weeks.

**Motion to accept the Coordinator’s Report made by Vice Chair Romo and seconded by Mr. Woodbury. Vote was unanimous.**

5. For Possible Action – Receive and approve Investment Consultant’s review of first quarter reports from providers and performance of investment options and/or direct staff accordingly.

Mr. Picarelli presented his quarterly report on first quarter (1Q) of 2013 commenting on financial market conditions from pages 1-10 of Tab 1 of his Performance Review. Continuing on Tab 2, pages 20-25 Mr. Picarelli offered the Executive Summary for 1Q ending March 31, 2013 showing the NDC Program total Plan assets were \$611.7 million which was an increase of \$22.9 million or 3.9 percent. The majority of Plan assets were invested in the Stable Value Funds representing \$277 million (45 percent) in the Hartford General Account and \$28.1 million (5 percent) in the ING Stable Value Account. Individually, MassMutual assets totaled \$497.1 million, increasing \$18.1 million or 3.8 percent and ING assets totaled \$114.6 million, increasing \$4.8 million or 4.4 percent. Tab 3 showed Plan Activity and Tab 4 was the fund breakdown. ([Performance Review](#))

**Mr. Woodbury left the meeting so did not vote on any further items.**

**Motion made by Vice Chair Romo to approve the Investment Consultant report, second by Ms. Oliver and motion carried unanimously (4-0).**

8. For Possible Action – Receive and approve plan activity and administrative update from ING for quarter ending March 31, 2013.

Mr. Bishop Bastien announced the new name for ING would be Voya but it would take 18-24 months to have the change completed. An Initial Public Offering (IPO) was held May 2, 2013 so they were now a publicly held company.

Mr. Merrick and Mr. Platt presented a quarterly report from ING. ([ING Report](#))

**Motion made by Vice Chair Romo to accept and approve the ING report, seconded by Ms. Oliver. Vote carried unanimously.**

9. For Possible Action – Receive and approve plan activity and administrative update from MassMutual for quarter ending March 31, 2013.

Mr. Trenerry presented a quarterly report from MassMutual. ([MassMutual Report](#))

Vice Chair Romo asked if they could break down the contribution numbers for governmental partners and State employees.

Mr. Trenerry stated they could provide that information in the future.

Mr. Trenerry gave a brief summary of the Financial Soundings report that was mailed out to their actively contributing participants.

**Motion made by Vice Chair Romo to accept and approve the MassMutual report, seconded by Ms. Oliver. Vote carried unanimously.**

11. For Possible Action – Receive an update concerning the non-spousal beneficiary complaint resolution issue and discuss possible future action and/or direct staff accordingly.

Mr. Trenerry reported, as of last week, there had not been any communication from the beneficiary or their attorney so MassMutual was waiting to hear from the beneficiary on how to move forward.

Mr. Trenerry stated the NDC Plan Document did have a default if no beneficiary was designated which was the "5 year rule" but it could be changed if the Committee chose to do that.

Mr. Davie believed they should change their Plan Document to have the default be the "Lifetime rule" so a non-spousal beneficiary would not be hurt by the current designation. He asked to have this item formally put on an agenda and change the Documents to reflect what was beneficial to the participants.

Chair Sisco stated they would add that item and requested some education regarding that issue.

### Comments/Updates

#### 17. Committee Members

Mr. Davie noticed Clark County put out an RFP and he offered to attend their finalist meeting to see how they did their business which would be educational and helpful. He also suggested getting notices from NSHE for their RFP meetings to see how they run their business. Mr. Davie also asked Mr. Picarelli to keep them informed of the process Clark County used.

Chair Sisco felt like the Committee was moving forward from past issues and encouraged them to continue moving forward and let go of the past.

#### 18. Contractors/Recordkeepers

No comments.

#### 19. Senior Deputy Attorney General

No comments.

#### 20. Staff Updates

No comments.

#### 21. Public Comment

Mr. Kent Ervin, active participant, thanked the Committee for addressing his Open Meeting Law Complaint and appreciated SDAG George Taylor's work and thought it was a thorough and fair process. He also thanked the Committee for getting the minutes up to date. He made a suggestion to follow the PEBP method for minutes which was having a set of "action only" minutes and also a verbatim transcript. Going forward with the next RFP he recommended the Committee embrace the process through Purchasing and have them lead the Committee through it and if anything was going to be confidential in the RFP they should follow the specific statute. Mr. Ervin also thanked the Committee for reducing fees on some of the index products in the past few months.

Dr. Reed shared more emails and concerns about walking quorums and inappropriate blind carbon copies between Committee Members. ([Public Comments & Emails](#))

A disclaimer from Chair Sisco, for the record, was that the record was incomplete and Mr. Reed's only perception was based on those emails that he wanted to reference.

Ms. Oliver stated that she corrected the error she made in having Mr. Picarelli pick up the tab for a dinner by repaying his firm for that meal.

#### 22. Adjournment

**Motion made by Vice Chair Romo to adjourn the meeting, second by Ms. Oliver. Motion passed unanimously.**

The meeting was adjourned at 2:13 p.m.

Respectfully submitted,

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Micah Salerno  
NDC Administrative Assistant

DRAFT



# **PROGRAM COORDINATOR'S REPORT**

## **August 15, 2013**





# NAGDCA Constitutional Amendment

- At the NAGDCA conference in September, the Board of Directors has proposed a constitutional amendment to clarify membership criteria and membership benefits
- Unless otherwise directed, the three attendees to the conference will vote in favor of the amendment
- Copy of the amendment is attached



# FICA Alternative Plan Required Distribution

- Section 7.1 of the FICA Alternative Plan Document requires a mandatory cash out provision
  - Account balance of \$5,000 or less
  - No deferrals for two-year period ending at the date of distribution
- Effective May 2010 by IRC Section 401(a)(11)
- Approximately 7,000 participants to be cashed out in FICA plan for both ING and MassMutual
- Preliminary letters will be sent out and then checks issued



# Email Blasts

- Last quarter results – new enrollments

|                | ING | MassMutual |
|----------------|-----|------------|
| April Total    | 67  | 82         |
| April 16-30    | 60  | 62         |
| May            | 34  | 63         |
| June           | 23  | 46         |
| Quarter Totals | 122 | 191        |

- During the first 24 hours of the most recent email blast on July 22<sup>nd</sup> , NDC office received 40 enrollment/payroll contribution change forms



# Financial Education Days

- National Save for Retirement Week is in October
- Have set up three Financial Education Days
  - October 15, Carson City, Legislative Building
  - October 16, RSCVA Reno Town Mall Offices
  - October 22, Las Vegas, Sawyer Building
- Participants will include:
  - NDC, MassMutual & ING
  - NVPERS
  - Secretary of State
  - College Savings – Upromise
  - Possibly PEBP and Social Security Administration



# Alliance Partners

- Plan to do a survey of Alliance Partners to help us with being able to better serve them
- ING and MassMutual have offered assistance with survey
- Reviewed Interlocal Agreements and will have to prepare amendments or renew all agreements as they expired in December 2012 when the Recordkeeper contracts were expected to expire
- Will prepare amendments or new agreements and send to respective partners for signature
- Return agreements to Committee for approval and sign-off



# Participant Survey

- Future survey of Participants
  - Written or electronic?
  - Survey questions?
- Last survey of Participants done in early 2012
  - Written 3-page form mailed out with quarterly statements
  - Questions
    - Employee Information (do you participate and if not, why not), age, number of years as a participant
    - Investment options and interaction with Recordkeepers
    - Other potential services – investment advisory, loan provision
    - Plan satisfaction

**AMENDMENT ONE TO INTERLOCAL CONTRACT BETWEEN PUBLIC AGENCIES**

Between the State of Nevada  
Acting By and Through Its

Nevada Public Employees Deferred Compensation Program  
100 North Stewart Street, Suite 210  
Carson City, Nevada 89701

and

The City of Elko  
(Political Subdivision)  
1751 College Avenue  
Elko, NV 89801

1. AMENDMENTS. All provisions of the original Interlocal contract between public agencies dated March 24, 2010, attached hereto as Exhibit A, will remain in full force and effect with the exception of the following:

1. The term of the Interlocal contract will be extended to December 31, 2014.
2. As of January 1, 2013, Massachusetts Mutual Life Insurance Company (MassMutual) acquired the Hartford's Retirement Plans Group. The Administrator Contract is still under the name of The Hartford Life Insurance Company, but the assets and all other financial transactions will be managed by MassMutual until the Administrator Contract expires on December 31, 2014.

2. INCORPORATED DOCUMENTS. Exhibit A (Original Contract) is attached hereto, incorporated by reference herein and made a part of this amended Interlocal contract.

IN WITNESS WHEREOF, the parties hereto have caused this amendment to the original contract to be signed and intend to be legally bound thereby.

The City of Elko

By: \_\_\_\_\_

\_\_\_\_\_ Date

\_\_\_\_\_  
Scott K. Sisco, Chairman  
Nevada Deferred Compensation Program

\_\_\_\_\_ Date

Approved as to form by:

\_\_\_\_\_  
Deputy Attorney General for Attorney General

\_\_\_\_\_ Date

# INTERLOCAL CONTRACT BETWEEN PUBLIC AGENCIES

A Contract Between the State of Nevada  
Acting By and Through Its

State of Nevada Employees' Deferred Compensation Committee  
(Committee)  
1207 S. Carson Street, Suite E  
Carson City, NV 89701

And

City of Elko  
(Political Subdivision)  
1751 College Avenue  
Elko, NV 89801

WHEREAS, NRS 277.180 authorizes any one or more public agencies to contract with any one or more other public agencies to perform any governmental service, activity or undertaking which any of the public agencies entering into the contract is authorized by law to perform;

WHEREAS, NRS 287.250 to 287.370, inclusive, authorize the Committee to create a program for deferred compensation, and whereas NRS 287.381 to 287.480, inclusive, authorize the political subdivision to create a program for deferred compensation;

WHEREAS, The Committee has created a deferred compensation program and pursuant to that program has entered into contracts with two investment providers, the Hartford and ING, with whom participants in the program may invest their deferred compensation;

WHEREAS, The investment options and fee and rate structure of the two investment providers in their contracts with the Committee are considered by the Political Subdivision to be generally more favorable than that which would be available to the Political Subdivision if the Political Subdivision were to independently contract with the investment providers;

WHEREAS, the Political Subdivision desires to join the program created by the Committee in order to obtain the more favorable investment options, fees and rates;

WHEREAS, the Committee desires to have the Political Subdivision participate in the Committee's program subject to the same terms and conditions as apply to state employee participants, except for limitations expressly provided below;

WHEREAS, the Committee has secured the consent of the investment providers to enroll the Political Subdivision's employees as participants in the Committee's program subject to the same terms and conditions as apply to state employee participants, except for limitations expressly provided below;

NOW, THEREFORE, in consideration of the aforesaid premises, the parties mutually agree as follows:

1. REQUIRED APPROVAL. This Contract shall not become effective until and unless approved by appropriate official action of the governing body of each party.
2. DEFINITIONS. "State" means the State of Nevada and any state agency identified herein (the Committee), its officers, employees and immune contractors as defined in NRS 41.0307.

Unless the context otherwise requires, "program" is synonymous with "plan" and "state of Nevada deferred compensation committee plan".

3. CONTRACT TERM. This Contract shall be effective upon approval through December 31, 2012, unless sooner terminated by either party as set forth in this Contract.

4. TERMINATION. This Contract may be terminated without cause by either party prior to the date set forth in paragraph (3), provided that a termination shall not be effective until 30 days after a party has served written notice upon the other party. This Contract may be terminated by mutual consent of both parties or unilaterally by either party without consent of the other. The parties expressly agree that this Contract shall be terminated immediately if for any reason federal and/or State Legislature funding ability to satisfy this Contract is withdrawn, limited, or impaired. Benefits accrued by participating employees of the Political Subdivision upon termination of participation in the plan shall remain in the plan until such are otherwise eligible for distribution under the terms of the plan.

5. NOTICE. All notices or other communications required or permitted to be given under this Contract shall be in writing and shall be deemed to have been duly given if delivered personally in hand, by telephonic facsimile with simultaneous regular mail, or mailed certified mail, return receipt requested, postage prepaid on the date posted, and addressed to the other party at the address set forth above.

6. INCORPORATED DOCUMENTS. The parties agree that the services to be performed shall be specifically described; this Contract incorporates the following attachments in descending order of constructive precedence:

ATTACHMENT A: Independent contract between the State of Nevada Employees' Deferred Compensation Committee and Hartford Life Insurance Company, effective January 1, 2008 through December 31, 2012.

ATTACHMENT B: Independent contract between the State of Nevada Employees' Deferred Compensation Committee and ING Life Insurance and Annuity Company, effective January 1, 2008 through December 31, 2012.

ATTACHMENT C: The State of Nevada Deferred Compensation Committee Plan.

7. ASSENT.

a. The parties agree that the terms and conditions listed on incorporated attachments of this Contract are also specifically a part of this Contract and are limited only by their respective order of precedence and any limitations expressly provided.

b. Except as agreed otherwise in paragraphs 3) and 4), the Political Subdivision agrees:

1) to participate in the Committee's deferred compensation program subject to all contract terms and conditions as set forth between the State of Nevada Employees' Deferred Compensation Committee and Hartford Life Insurance Company, 200 Hopmeadow Street, Simsbury, Connecticut 06089, effective January 1, 2008 through December 31, 2012, and as set forth between the State of Nevada Employees' Deferred Compensation Committee and ING Life Insurance and Annuity Company, One Orange Way, Windsor, Connecticut 06096-4774, effective January 1, 2008 through December 31, 2012;

- 2) to be bound by all current and any future State of Nevada Employees' Deferred Compensation Committee "Plan Documents", and "Investment Policies and Procedures";
  - 3) to cooperate with the investment providers and to provide all necessary and appropriate administrative services to enable Political Subdivision employees to participate in the Committee's deferred compensation program; and
  - 4) to provide an appeal process to Political Subdivision employees for denials of requests by Political Subdivision employees to make unforeseen emergency withdraws from the program and to abide by any guidelines established by the Committee for this purpose.
- c. The Political subdivision agrees that it has made its decision to participate in the program based on its own independent analysis and that neither the State of Nevada nor the Committee are fiduciaries with regard to its decision to participate in the program.
  - d. The Committee agrees to authorize the two investment providers to enroll employees of the Political Subdivision on terms and conditions consistent with this agreement. Execution of this agreement by the Committee constitutes such authorization.
8. **INSPECTION & AUDIT.**
- a. **Books and Records.** Each party agrees to keep and maintain under general accepted accounting principles full, true and complete records, agreements, books, and documents as are necessary to fully disclose to the State or United States Government, or their authorized representatives, upon audits or reviews, sufficient information to determine compliance with all state and federal regulations and statutes.
  - b. **Inspection & Audit.** Each party agrees that the relevant books, records (written, electronic, computer related or otherwise), including but not limited to relevant accounting procedures and practices of the party, financial statements and supporting documentation, and documentation related to the work product shall be subject, at any reasonable time, to inspection, examination, review, audit, and copying at any office or location where such records may be found, with or without notice by the State Auditor, Employment Security, the Department of Administration, Budget Division, the Nevada State Attorney General's Office or its Fraud Control Units, the State Legislative Auditor, and with regard to any federal funding, the relevant federal agency, the Comptroller General, the General Accounting Office, the Office of the Inspector General, or any of their authorized representatives.
  - c. **Period of Retention.** All books, records, reports, and statements relevant to this Contract must be retained a minimum three years and for five years if any federal funds are used in this Contract. The retention period runs from the date of termination of this Contract. Retention time shall be extended when an audit is scheduled or in progress for a period reasonably necessary to complete an audit and/or to complete any administrative and judicial litigation which may ensue.
9. **BREACH; REMEDIES.** Failure of either party to perform any obligation of this Contract shall be deemed a breach. Except as otherwise provided for by law or this Contract, the rights and remedies of the parties shall not be exclusive and are in addition to any other rights and remedies provided by law or equity, including but not limited to actual damages, and to a prevailing party reasonable attorneys' fees and costs. It is specifically agreed that reasonable attorneys' fees shall include without limitation \$125 per hour for State-employed attorneys.

10. LIMITED LIABILITY. The parties will not waive and intend to assert available NRS chapter 41 liability limitations in all cases. Contract liability of both parties shall not be subject to punitive damages. Actual damages for any State breach shall never exceed the amount of funds which have been appropriated for payment under this Contract, but not yet paid, for the fiscal year budget in existence at the time of the breach.

11. FORCE MAJEURE. Neither party shall be deemed to be in violation of this Contract if it is prevented from performing any of its obligations hereunder due to strikes, failure of public transportation, civil or military authority, act of public enemy, accidents, fires, explosions, or acts of God, including, without limitation, earthquakes, floods, winds, or storms. In such an event the intervening cause must not be through the fault of the party asserting such an excuse, and the excused party is obligated to promptly perform in accordance with the terms of the Contract after the intervening cause ceases.

12. INDEMNIFICATION.

a. To the fullest extent of limited liability as set forth in paragraph (10) of this Contract, each party shall indemnify, hold harmless and defend, not excluding the other's right to participate, the other from and against all liability, claims, actions, damages, losses, and expenses, including but not limited to reasonable attorneys' fees and costs, arising out of any alleged negligent or willful acts or omissions of the party, its officers, employees and agents. Such obligation shall not be construed to negate, abridge, or otherwise reduce any other right or obligation of indemnity which would otherwise exist as to any party or person described in this paragraph.

b. The indemnification obligation under this paragraph is conditioned upon receipt of written notice by the indemnifying party within 30 days of the indemnified party's actual notice of any actual or pending claim or cause of action. . The indemnifying party shall not be liable to hold harmless any attorneys' fees and costs for the indemnified party's chosen right to participate with legal counsel.

13. INDEPENDENT PUBLIC AGENCIES. The parties are associated with each other only for the purposes and to the extent set forth in this Contract, and in respect to performance of services pursuant to this Contract, each party is and shall be a public agency separate and distinct from the other party and, subject only to the terms of this Contract, shall have the sole right to supervise, manage, operate, control, and direct performance of the details incident to its duties under this Contract. Nothing contained in this Contract shall be deemed or construed to create a partnership or joint venture, to create relationships of an employer-employee or principal-agent, or to otherwise create any liability for one agency whatsoever with respect to the indebtedness, liabilities, and obligations of the other agency or any other party.

14. WAIVER OF BREACH. Failure to declare a breach or the actual waiver of any particular breach of the Contract or its material or nonmaterial terms by either party shall not operate as a waiver by such party of any of its rights or remedies as to any other breach.

15. SEVERABILITY. If any provision contained in this Contract is held to be unenforceable by a court of law or equity, this Contract shall be construed as if such provision did not exist and the non-enforceability of such provision shall not be held to render any other provision or provisions of this Contract unenforceable.

16. ASSIGNMENT. Neither party shall assign, transfer or delegate any rights, obligations or duties under this Contract without the prior written consent of the other party.

17. OWNERSHIP OF PROPRIETARY INFORMATION. Unless otherwise provided by law any reports, histories, studies, tests, manuals, instructions, photographs, negatives, blue prints, plans, maps, data, system designs, computer code (which is intended to be consideration under this Contract), or any other documents or drawings, prepared or in the course of preparation by either party in performance of its obligations under this Contract shall be the joint property of both parties.

18. PUBLIC RECORDS. Pursuant to NRS 239.010, information or documents may be open to public inspection and copying. The parties will have the duty to disclose unless a particular record is made confidential by law or a common law balancing of interests.

19. CONFIDENTIALITY. Each party shall keep confidential all information, in whatever form, produced, prepared, observed or received by that party to the extent that such information is confidential by law or otherwise required by this Contract.

20. PROPER AUTHORITY. The parties hereto represent and warrant that the person executing this Contract on behalf of each party has full power and authority to enter into this Contract and that the parties are authorized by law to perform the services set forth in paragraph (6).

21. GOVERNING LAW; JURISDICTION. This Contract and the rights and obligations of the parties hereto shall be governed by, and construed according to, the laws of the State of Nevada. The parties consent to the jurisdiction of the Nevada district courts for enforcement of this Contract.

22. ENTIRE AGREEMENT AND MODIFICATION. This Contract and its integrated attachment(s) constitute the entire agreement of the parties and such are intended as a complete and exclusive statement of the promises, representations, negotiations, discussions, and other agreements that may have been made in connection with the subject matter hereof. Unless an integrated attachment to this Contract specifically displays a mutual intent to amend a particular part of this Contract, general conflicts in language between any such attachment and this Contract shall be construed consistent with the terms of this Contract. Unless otherwise expressly authorized by the terms of this Contract, no modification or amendment to this Contract shall be binding upon the parties unless the same is in writing and signed by the respective parties hereto, approved by the Office of the Attorney General.

IN WITNESS WHEREOF, the parties hereto have caused this Contract to be signed and intend to be legally bound thereby.

City of Elko

BY: Michael J. Franzini Meyer 3/24/10  
Signature Title Date

\_\_\_\_\_  
Attorney for Political subdivision (optional) Date

**State of Nevada Employees' Deferred Compensation Program**

BY: Tara Hagan Executive Officer 5/4/10  
Signature Title Date

Approved as to form by:

Cameron Vandenberg 5/6/10  
Deputy Attorney General for Attorney General Date

Amended 10-22-03



201 East Main Street, Suite 1405, Lexington, KY 40507  
(859) 514-9161 • Fax: (859) 514-9188 • <http://www.nagdca.org>

To: NAGDCA Government Members  
From: NAGDCA Board of Directors  
Re: Proposed Constitution Amendment  
Date: August 14, 2013

The NAGDCA Board of Directors is withdrawing the original amendment distributed earlier this month and replacing it with a new proposed amendment. Included in this packet is a copy of the current language, new proposed language, and the rationale for the proposed amendment.

The amendment will be voted on at the NAGDCA annual business meeting on Tuesday, September 10, 2013 at the Marriott Hotel in Louisville, KY. A complete copy of the NAGDCA Constitution is available online at <http://www.nagdca.org/content.cfm/id/constitution>.

We apologize for any confusion.

If you have any questions, please do not hesitate to contact NAGDCA's Association Director, Tracy Tucker, at [ttucker@amrms.com](mailto:ttucker@amrms.com) or 859-514-9210, NAGDCA's Past President, Julia Durand, at [julia.durand@sfgov.org](mailto:julia.durand@sfgov.org) or 415-487-7012, or NAGDCA's President, Tom Mueller, at [tmueller@lacsdsd.org](mailto:tmueller@lacsdsd.org) or 562-699-7411 ext. 1103.



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(859) 514-9161 • Fax: (859) 514-9188 • <http://www.nagdca.org>

**Amend Article III Membership, Sections 1-3, by substituting the current language with the proposed language as show in *red italicized* text.**

## **CURRENT LANGUAGE**

### **ARTICLE III – MEMBERSHIP**

Section 1. Government Membership. A Government entity, related union or association charged with the administration of a Defined Contribution Program shall hold membership in the name of the entity and pay appropriate dues. Representatives of Government Members in good standing are entitled to participate fully in Association meetings, hold office and serve on committees. Representatives of such entities are selected from:

- a. Supervisors, commissioners, directors, board members, superintendents, or other Government officials charged with planning, supervising or administering Defined Contribution/Deferred Compensation Plans.
- b. Administrators or other employees who direct the ongoing administrative procedures of a Plan.
- c. Assistants or deputies of Plan Administrators.
- d. Employees who provide professional services for the administration of a program.
- e. Staff members of unions and associations who provide the administration of a program.
- f. Staff members or officials of national or international associations of Government professions or units, with employees' benefits duties.

Section 2. Industry Membership. An industry entity shall hold membership in the name of the private firm, association, company, partnership, corporation, agency, etc., providing administrative services or investment plans for public sector Defined Contribution Programs, and pay appropriate dues. Representatives of industry entities may participate in discussions at all open meetings of the Association, but may neither hold office nor vote on Association business, except as provided in Article V, for the Industry President serving on the Executive Board.

Section 3. Industry Associate Membership. An industry entity member as defined in Section 2 may have additional representatives of the entity identified as associate members. Industry associate representatives pay separate industry associate member dues, are eligible to receive full benefits of membership, and are subject to the same provisions outlined in Section 2.



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## PROPOSED LANGUAGE

### ARTICLE III – MEMBERSHIP

Section 1. Government Membership. A government entity, ~~related union or association~~ *or a department or agency of any government entity* charged with the administration of a Defined Contribution Program shall hold membership in the name of the entity and pay appropriate dues. *Government entities include states, counties, cities, towns, villages, public school districts, public universities, and entities created by a government entity to provide a public service.* Representatives of Government Members in good standing are entitled to participate fully in Association meetings, hold office and serve on committees. Representatives of such entities are selected from:

- a) Supervisors, commissioners, directors, board members, superintendents, or other Government officials charged with planning, supervising or administering Defined Contribution/Deferred Compensation Plans.
- b) Administrators or other employees *of the government entity or department or agency* who direct the ongoing administrative procedures of a Plan.
- c) Assistants or deputies of Plan Administrators.
- d) ~~Employees who provide professional services for the administration of a program.~~
- e) ~~Staff members of unions and associations who provide the administration of a program.~~
- f) ~~Staff members or officials of national or international associations of Government professions or units, with employees benefits duties.~~

Section 2. Industry Membership. An *private sector firm, not-for-profit corporation or association, or a union that provides* industry entity shall hold membership in the name of the private firm, association, company, partnership, corporation, agency, etc., providing administrative services or investment plans for public sector Defined Contribution Programs *or provides support or has a general interest in defined contribution/deferred compensation plans are eligible to receive full benefits of membership.*, and pay appropriate dues. Representatives of industry entities *Such industry members* may participate in discussions at all open meetings of the Association, but may neither hold office nor vote on Association business, except as provided in Article V, for the Industry President serving on the Executive Board. *Industry members shall pay appropriate member dues.*

Section 3. Industry Associate Membership. An industry entity member as defined in Section 2 may have additional representatives of the entity identified as associate members. Industry associate representatives pay separate industry associate member dues, are eligible to receive full benefits of membership *and may participate in discussions at all open meetings of the Association, but may neither hold office nor vote on Association business, except as provided in*



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*Article V, for the Industry President serving on the Executive Board*, and are subject to the same provisions outlined in Section 2.

#### **RATIONALE**

The current language has caused confusion for new members joining NAGDCA. The new language provides greater clarification on membership criteria and membership benefits.

Nevada Public Employees'  
*Deferred Compensation Plan*

ANALYSIS OF INVESTMENT PERFORMANCE

August 2013

Francis Picarelli  
*Senior Vice President*



Segal Rogerscasey



333 West 34th Street New York, NY 10001-2402  
T 212.251.5452 www.segaladvisors.com

Francis Picarelli  
Senior Vice President  
FPicarelli@Segalrc.com

August 09, 2013

Deferred Compensation Committee  
Nevada Deferred Compensation Program  
Nevada State Library & Archives Building  
100 North Stewart Street, Suite 210  
Carson City, NV 89701

Dear Deferred Compensation Committee:

We have prepared this report to review the experience of the State of Nevada investment options through various time periods ended June 30, 2013. We believe this report will help the Deferred Compensation Committee to better understand how the investment options of the Plan have performed and will aid in evaluating any strength or weakness of the investment program.

It should be noted that the information set forth in this report is gathered through research from various mutual fund databases and the fund families.

We look forward to meeting with you to discuss the performance results of the funds and answer any questions regarding our analysis.

Sincerely yours,

A handwritten signature in cursive script that reads "Francis Picarelli".

Francis Picarelli  
Senior Vice President

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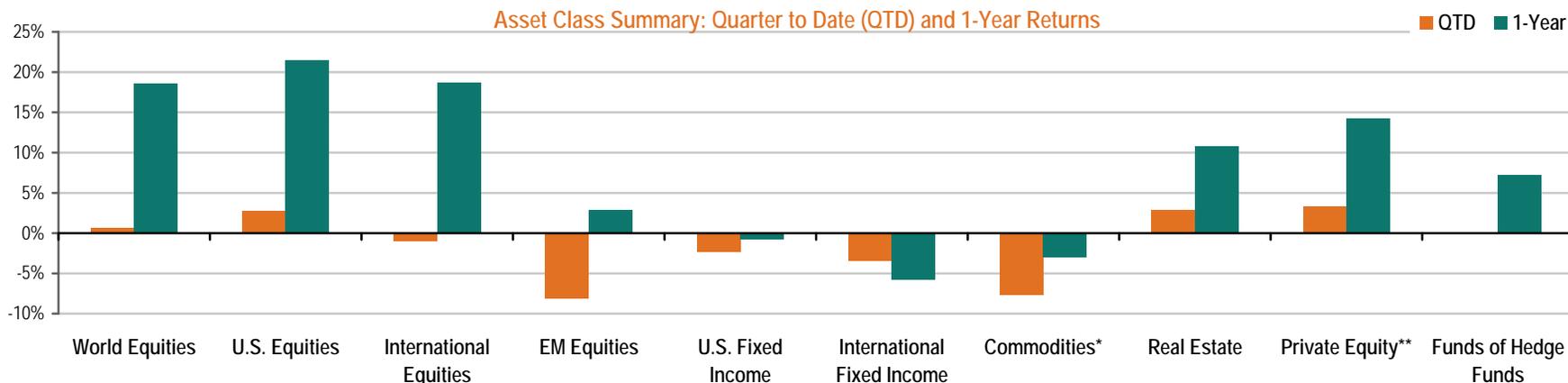
|  | SECTION |
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This performance report (“Report”) is based upon information obtained by Segal RogersCasey, (“SRC”) from third parties over which SRC does not exercise any control. Although the information collected by SRC is believed to be reliable, SRC cannot verify or guarantee the accuracy or validity of such information or the uniformity of the manner in which such information was prepared. The rates of return reflected herein are time weighted and geometrically linked on a monthly basis using a modified Dietz method. Monthly valuations and returns are calculated based on the assumptions that all transactions and prices are accurate from the custodian and/or investment manager. The client to whom Segal RogersCasey delivers this Report (“Client”) agrees and acknowledges that this Report has been prepared solely for the benefit of Client. SRC disclaims any and all liability that may arise in connection with Client’s conveyance (whether or not consented to by SRC) of the this Report (in whole or in part) to any third party. Client further agrees and acknowledges that SRC shall have no liability, whatsoever, resulting from, or with respect to, errors in or incompleteness of, the information obtained from third parties. Client understands that the prior performance of an investment and/or investment manager is not indicative of such investment’s and/or investment manager’s future performance. This Report does not constitute an offer or a solicitation of an offer for the purchase or sale of any security nor is it an endorsement of any custodian, investment and/or investment manager.

## Financial Market Conditions: Review of Second Quarter (Q2) 2013

### Investment Performance: Summary by Asset Class

This section provides data on Q2 2013 investment performance for select market indices, as well as Segal Rogerscasey's commentary.



| Asset Class  | Indices                            | QTD   | YTD   | 1-Year | 3-Year | 5-Year | 10-Year |
|--------------|------------------------------------|-------|-------|--------|--------|--------|---------|
| Equities     | MSCI World (Net of dividends)      | 0.65  | 8.43  | 18.58  | 13.72  | 2.70   | 7.25    |
|              | Russell 3000                       | 2.69  | 14.06 | 21.46  | 18.63  | 7.25   | 7.81    |
|              | MSCI EAFE (Net of dividends)       | -0.98 | 4.10  | 18.62  | 10.04  | -0.63  | 7.67    |
|              | MSCI EM (Net of dividends)         | -8.08 | -9.57 | 2.87   | 3.38   | -0.43  | 13.66   |
| Fixed Income | Barclays Capital Aggregate         | -2.33 | -2.44 | -0.69  | 3.51   | 5.19   | 4.52    |
|              | Citigroup Non-U.S. WGBl (Unhedged) | -3.44 | -7.14 | -5.72  | 2.57   | 2.55   | 4.78    |
| Other        | Commodity Splice*                  | -7.69 | -7.94 | -2.99  | 2.24   | -13.42 | 1.90    |
|              | NCREIF NPI**                       | 2.87  | 5.51  | 10.73  | 13.14  | 2.79   | 8.60    |
|              | Thomson Reuters Private Equity***  | 3.33  | 14.14 | 14.14  | 9.33   | 3.47   | 9.44    |
|              | HFRI Fund of Funds Composite       | -0.03 | 3.28  | 7.18   | 2.97   | -0.63  | 3.44    |

World equity markets were positive in Q2 on an overall basis, largely due to U.S. equities' performance because international and emerging market equities each posted losses during the quarter. On a global factor\* basis, Projected EPS Growth, Price Momentum, and 3-Month Analyst Estimate Changes had strong performance, while Yield, Historical Sales Growth and Operating Margin performed poorly.

Global fixed income declined during Q2. The U.S. market was negatively impacted by a rise in yields. U.S. bond funds also experienced increased investor redemptions toward the end of June.

Commodities had negative performance in Q2. Notable underperformers were silver, gold, nickel and coffee. Unrest in Brazil and Turkey and financial concerns in China contributed to these losses.

Hedge funds were slightly negative in Q2. June losses dragged down the HFRI Fund of Funds Composite Index's quarterly return.

\* Factors are attributes that explain differences in equity performance. Stocks are sorted based on their exposure to a particular factor, with the factor return being the difference in returns between stocks with high exposure and low exposure to a particular attribute.

\*Commodity Splice, a Segal Rogerscasey index, blends the DJ UBS Commodity Index (50%) and the S&P GSCI Index (50%), rebalanced monthly.

\*\* Performance reported as of Q4 2012 because Q1 2013 and Q2 2013 performance data is not yet available.

Sources: eVestment Alliance, NCREIF, Thomson One and Hedge Fund Research, Inc.

## World Economy: Key Indicators

This section provides data on select United States and global economic indicators for Q2 2013 along with Segal Rogerscasey's commentary.

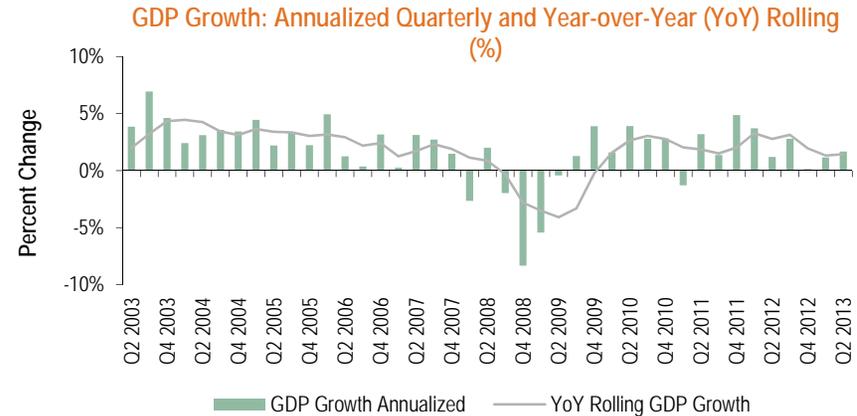
### GDP Growth

Real gross domestic product (GDP) grew at an annualized rate of 1.7 percent during Q2, up from 1.1 percent (revised) in Q1. Expectations were for slowing growth; on the contrary, growth accelerated. The adjacent graph shows annualized GDP growth, along with the year-over-year (YoY) rolling percentage change in GDP.

Positive contributors to Q2's growth included increased personal consumption expenditures, exports, nonresidential fixed investment, private inventory investment and residential investment. Consumer spending slowed as per expectations, while growth in investment spending was broad amongst its components.

Detractors to GDP growth were decreased federal government spending and increased imports (imports are subtracted from GDP).

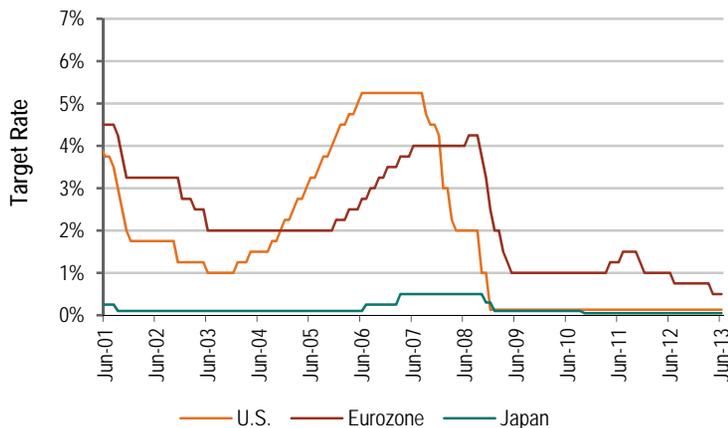
The Bureau of Economic Analysis emphasized that Q2 data is incomplete and will be subject to revisions. Revised data will be released on August 29.



Source: Bureau of Economic Analysis

### Monetary Policy

#### Target Rates: U.S., Eurozone and Japan



Sources: Segal Rogerscasey using data from the Federal Reserve Board, the European Central Bank and the Bank of Japan

As its June meeting, the Federal Open Market Committee (FOMC) of the Federal Reserve (the Fed) announced that it would continue purchasing agency mortgage-backed securities in the amount of \$40 billion each month and long-term Treasuries in the amount of \$45 billion per month. The FOMC will also continue to maintain its exceptionally low target range for the Federal Funds Rate between 0.0 and 0.25 percent as long as unemployment remains above 6.5 percent. Inflation is projected to be no more than 0.5 percent point above the FOMC's target of 2 percent over the next one to two years.

The ECB kept its target rate at 0.5 percent after lowering it from 0.75 percent in May. Fragmented unemployment continued in Europe, with persistently high unemployment in Greece and Spain and low unemployment in Austria, Germany and Luxembourg. Forecasted inflation has increased from 1.4 percent in May to 1.6 percent in June.

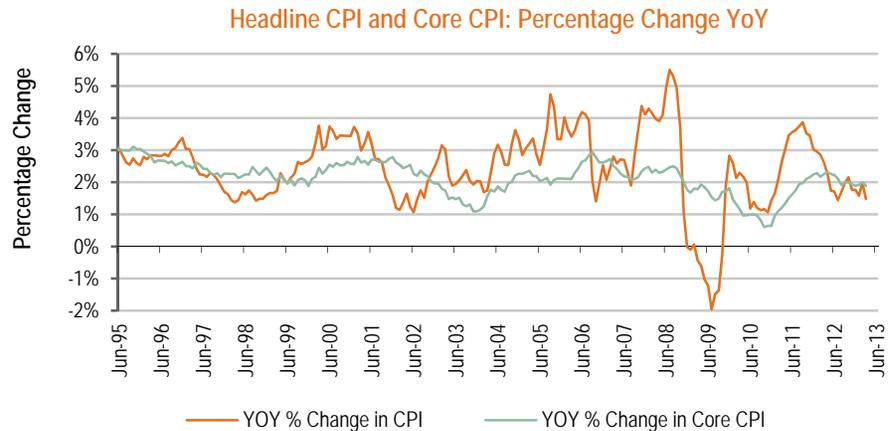
The Japanese economy began a moderate recovery. The BoJ continued its quantitative and qualitative easing policy to achieve a price stability target of 2 percent. The BoJ proceeded with asset purchases within the following guidelines: Japanese Government Bonds (JGB) at an annual pace of 50 trillion yen (average remaining JGB maturity of approximately 7 years); ETFs at 1 trillion yen annually; Japanese REITs at 30 billion yen annually and CP and corporate bonds until amounts outstanding reach approximately 1 trillion yen and 30 billion yen, respectively.

## Inflation

The headline Consumer Price Index (CPI)\* was up 0.26 percent for Q2 and advanced 1.76 percent on a YoY basis. Energy had mixed performance in June. Gasoline and electricity rose, while natural gas and fuel oil fell. Food also increased during June. Overall CPI was down for April, but rose in May and June.

Core CPI, which excludes both food and energy prices, rose 0.2 percent in June, bringing the YoY core CPI to 1.64 percent. Contributors included shelter, medical care, apparel, new vehicles and household furnishings and operations. Detractors included airline fares, used cars and trucks and recreation.

\* Headline CPI is the CPI-U, the CPI for all urban consumers.



Source: Moody's Economy.com using data from the Bureau of Labor Statistics

## Break-Even Inflation

### 10-Year Break-Even Inflation Rate



Source: Bloomberg

The adjacent graph shows the 10-year break-even inflation rate, which measures the difference in yield between a nominal 10-year Treasury bond and a comparable 10-year Treasury inflation-protected security bond (TIPS). The break-even inflation rate is an indicator of the market's inflation expectations over the horizon of the bond.

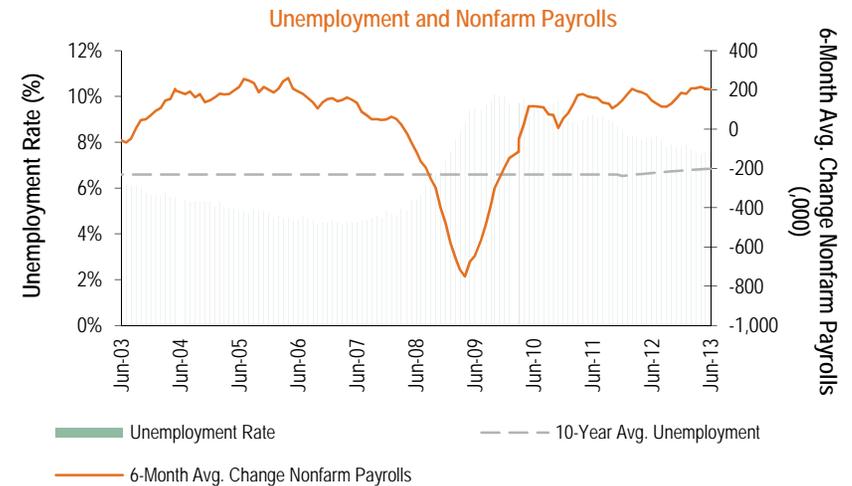
The 10-year break-even rate declined from 2.52 percent in Q1 to 1.99 percent in Q2. As noted on page 2 (see "Monetary Policy"), the FOMC is still maintaining quantitative easing due to concerns over the slow growth in the labor market and the overall economy. The intention is to keep additional downward pressure on interest rates. The FOMC also noted that longer-term inflation is projected to be no more than 0.5 percent point above its target of 2 percent.

## Labor Market and the Unemployment Rate

The labor market was flat for most of Q2. The unemployment rate, which is represented by the green area in the adjacent graph, was unchanged at 7.6 percent from the end of Q1 to the end of Q2, as new entrants to the labor force offset net hires. On a net basis, nonfarm payrolls increased well above expectations to 195,000 in June from 142,000 in March. April and May's gains were revised upward to 199,000 and 195,000, respectively. The 6-month average change in nonfarm payrolls is shown in the adjacent graph as an orange line.

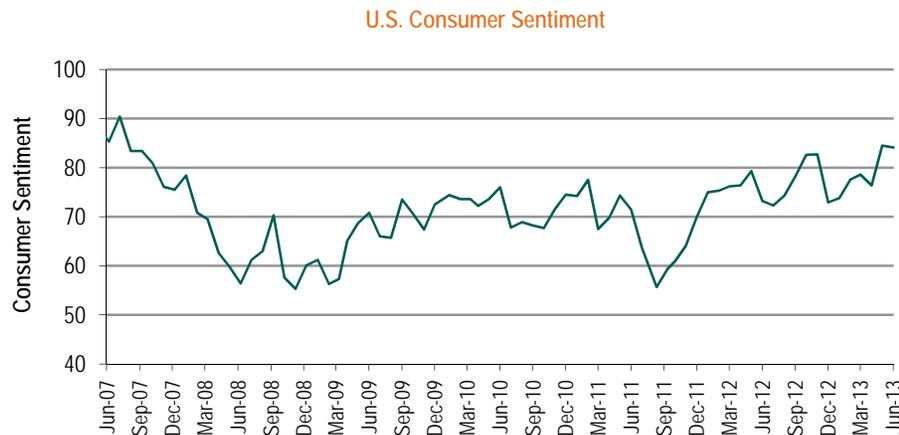
In industry terms, leisure and hospitality, business and professional services and retail drove gains. Manufacturing continued a four-month decline. Government sequestration had less of a negative effect than expected, as payrolls in the public sector still declined in June, but less so than in May. The one-month diffusion index increased to 58.8 in June from 57.0 in March.

The labor-force participation rate increased slightly in June to 63.5 percent from March's 63.3 percent. The average workweek decreased 0.1 from Q1 to end Q2 at 34.5. Average hourly earnings increased 0.4 percent.



Source: Bureau of Labor Statistics

## Consumer Sentiment



The University of Michigan U.S. Consumer Sentiment Index is an economic indicator that measures individuals' confidence in the stability of their incomes as well as the state of the economy. The index stood at 84.1 in June, up from 78.6 in March. Consumer confidence rose in May, but then fell slightly in June due to deteriorating consumer views on present conditions. Consumer expectations rose during each month of Q2.

Higher expectations did not translate into greater inflation expectations on either a one-year or a five-year basis, however, as both stood at approximately 3 percent.

Consumer optimism may be attributed to rising asset prices, steady and modest job growth and declining layoffs. All of these factors have made it easier for consumers to plan ahead.

Source: Moody's Economy.com using data from the Thomson Reuters/University of Michigan Consumer Sentiment Index

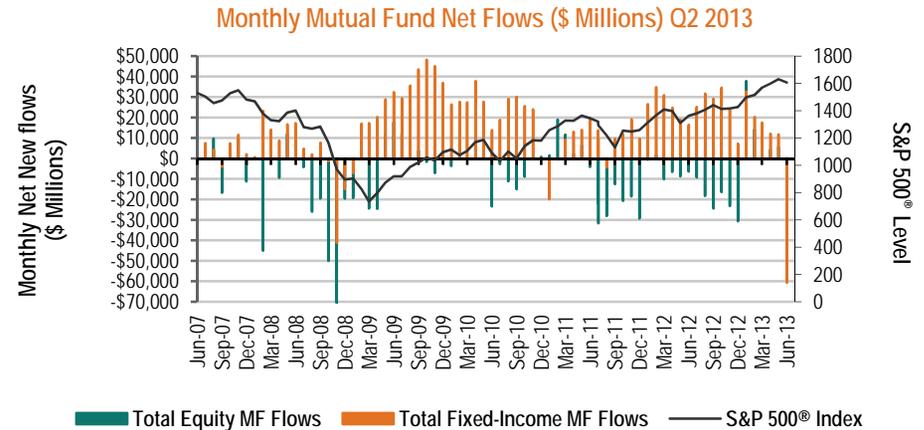
## Investor Sentiment: Mutual Fund Flows

This page presents mutual fund flows across equity and fixed-income funds. Flow estimates are derived from data collected covering more than 95 percent of industry assets and are adjusted to represent industry totals. The graphs illustrate flows as of the end of Q2 2013.

### Net Mutual Fund Flows

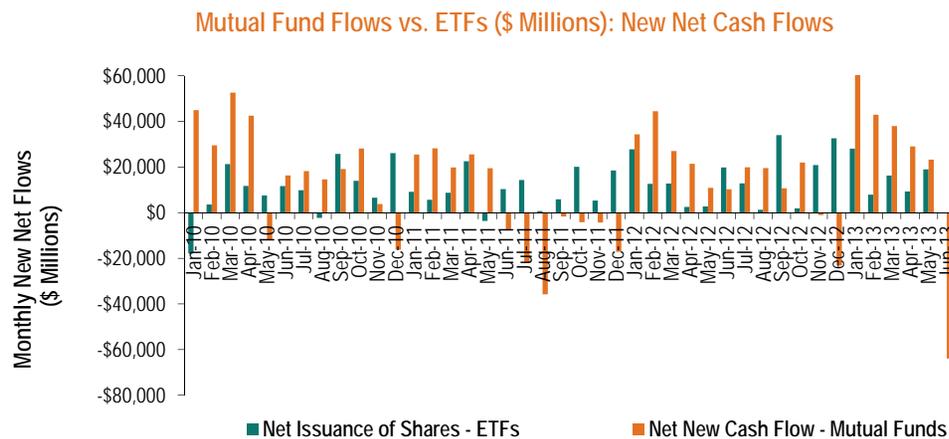
The adjacent graph shows net flows into equity and fixed-income mutual funds. In Q2, mutual funds experienced net outflows of approximately \$6.8 billion, after experiencing the largest quarterly inflows in Q1. Outflows were driven largely by fixed-income mutual funds, which experienced \$60.7 billion in outflows in June, the largest monthly outflows fixed-income funds have experienced since the inception of the index. The massive outflows came as a result of the Federal Reserve (Fed)'s announcement that it may begin to reduce quantitative easing, causing rates to rise and investors to subsequently pull money from fixed-income funds.

Equity mutual funds experienced \$9.9 billion in inflows during Q2, with hybrid mutual funds also experiencing positive inflows of \$20.3 billion. After a strong April and May, flows into domestic equity mutual funds suffered in June, as investors grew cautious amidst the Fed's announcements. However, stronger economic news combined with more assurance by the Fed that easing would not stop until economic indicators improved caused investors to put money back into these funds during the last two weeks of the month, resulting in a barely positive \$61 million in new net inflows into equity mutual funds.



Source: Investment Company Institute <http://www.ici.org>

### Mutual Fund Flows vs. Exchange-Traded Funds



Source: Investment Company Institute <http://www.ici.org>

Mutual funds experienced their weakest quarter of outflows on record, with over \$6.8 billion in net outflows. ETFs on the other hand experienced net inflows of \$28.3 billion year-to-date through May 2013. (June numbers have not yet been reported.) This brings total ETF issuance for 2013 to \$80.5 billion, surpassing the \$58.4 billion in net issuance ETFs experienced in all of 2012.

ETFs have experienced positive net inflows, on a month-by-month basis, since June 2011. Total assets have grown to \$1.48 trillion, up from \$1.12 trillion in May of 2012. All types of ETFs, including both equity and fixed-income ETFs, experienced inflows in Q2, but flows into fixed-income ETFs lagged equity ETFs and initial signs point to outflows for fixed-income ETFs in June.

\* Includes domestic equity, foreign equity, taxable bond, municipal bond and hybrid mutual funds.

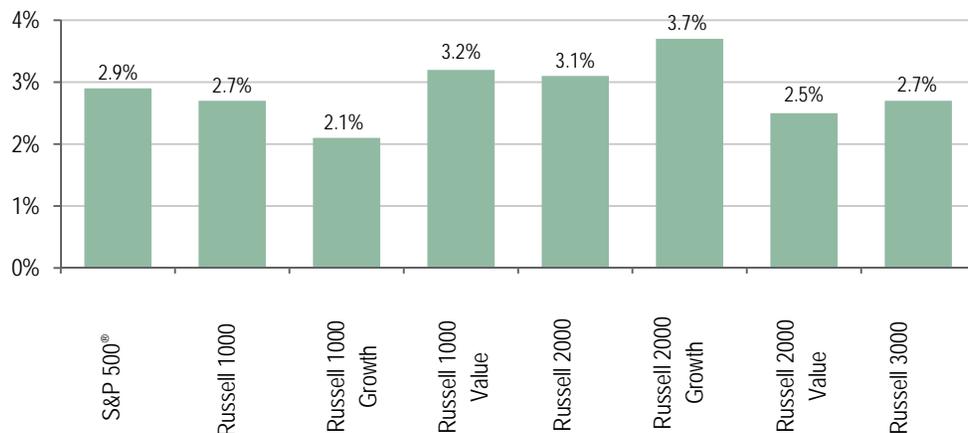
## Investment Performance: U.S. Equities

This section presents data and Segal Rogerscasey's commentary on United States equity index returns and sector performance for Q2 2013.

### U.S. Equity Index Returns

The graph below illustrates Q2 2013 rates of return for selected U.S. equity indices. The table shows returns for the latest quarter, year-to-date, one-, three-, five- and 10-year annualized timeframes. All data in the table are percentages.

U.S. Equity Index Returns: Q2 2013



| Equity Indices      | QTD  | YTD   | 1-Year | 3-Year | 5-Year | 10-Year |
|---------------------|------|-------|--------|--------|--------|---------|
| S&P 500®            | 2.91 | 13.82 | 20.60  | 18.50  | 7.01   | 7.30    |
| Russell 1000        | 2.65 | 13.91 | 21.24  | 18.63  | 7.12   | 7.67    |
| Russell 1000 Growth | 2.06 | 11.80 | 17.07  | 18.68  | 7.47   | 7.40    |
| Russell 1000 Value  | 3.20 | 15.90 | 25.32  | 18.51  | 6.67   | 7.79    |
| Russell 2000        | 3.08 | 15.86 | 24.21  | 18.67  | 8.77   | 9.53    |
| Russell 2000 Growth | 3.74 | 17.44 | 23.67  | 19.97  | 8.89   | 9.62    |
| Russell 2000 Value  | 2.47 | 14.39 | 24.77  | 17.33  | 8.59   | 9.30    |
| Russell 3000        | 2.69 | 14.06 | 21.46  | 18.63  | 7.25   | 7.81    |

Sources: Standard & Poor's and Russell Investments

### Index and Sector Performance

S&P 500 Index® Sector Performance – Q2 2013

|                             | QTD (%) | YTD (%) |
|-----------------------------|---------|---------|
| Consumer Discretionary      | 6.8     | 19.8    |
| Consumer Staples            | 0.5     | 15.2    |
| Energy                      | -0.4    | 9.8     |
| Financials                  | 7.3     | 19.5    |
| Healthcare                  | 3.8     | 20.3    |
| Industrials                 | 2.8     | 13.8    |
| Information Technology      | 1.7     | 6.4     |
| Materials                   | -1.8    | 2.9     |
| Telecommunications Services | 1.0     | 10.6    |
| Utilities                   | -2.7    | 9.9     |

This table shows quarter-to-date and year-to-date total returns for each sector.  
Source: Standard & Poor's

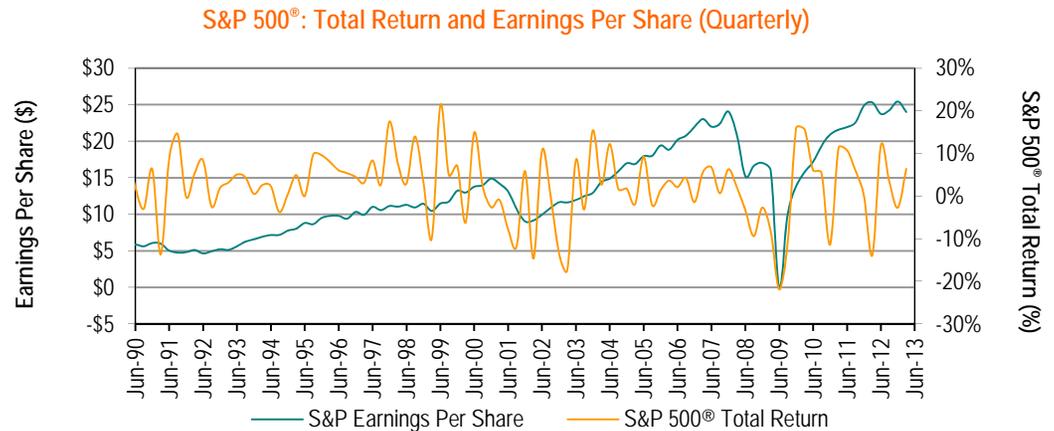
U.S. equity continued its strong performance throughout Q2. The Russell 3000 posted gains in April and May, but declined for the first time this year in June. Stocks initially gained on positive news from the U.S. housing and labor markets and a boost in consumer confidence, but comments from the Fed about potential stimulus tapering (see "Monetary Policy" on page 2) caused stocks to pull back toward the end of Q2. Small-cap stocks slightly outperformed large-cap stocks in the core and growth spaces, but lagged in the value space. Once again, small-cap growth stocks exhibited the strongest relative quarterly performance.

Sector performance was positive across seven of the 10 sectors in the large cap segment of the U.S. market, as displayed by the S&P 500® Index. Cyclical sectors such as Financials (7.3 percent) and Consumer Discretionary (6.8 percent) posted the strongest gains, while Utilities (-2.7 percent), Materials (-1.8 percent) and Energy (-0.4 percent) lagged the broader index. Optimistic U.S. economic data has continued to drive gains despite apprehension surrounding the Fed's comments.

## Equity Market Earnings and Volatility

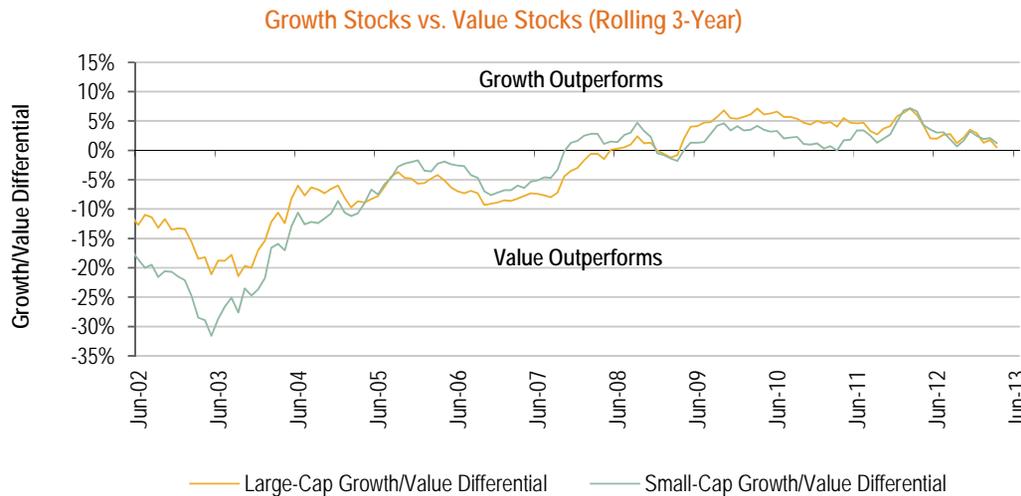
The adjacent graph compares the total return and the earnings per share of companies in the S&P 500 Index<sup>®</sup> since March 1990. With the exception of the slight drops during Q4 2011 and Q4 2012, earnings per share of companies in the S&P 500 Index<sup>®</sup> have been trending upward since 2008, ending Q2 2013 at \$26.39, a 10-year high. Q1 2013 earnings were revised upward to \$25.77. Better-than-expected earnings boosted equity returns and remain well above Q4 2008 earnings, which bottomed at \$-0.09.

Earnings are perhaps the single most studied metric in a company's financial statements because they show a company's profitability. A company's quarterly and annual earnings are typically compared to analysts' estimates and guidance provided by the company itself. In most situations, when earnings do not meet either of those estimates, a company's stock price will tend to drop. On the other hand, when actual earnings beat estimates by a significant amount, the share price will likely surge.



Source: Standard & Poor's

## Growth vs. Value



Source: Russell Investments

The adjacent graph depicts the growth versus value differential for both large- and small-cap stocks. The large-cap differential is composed of the Russell 1000 Growth (R1000G) versus the Russell 1000 Value (R1000V) and the small-cap differential is composed of the Russell 2000 Growth (R2000G) versus the Russell 2000 Value (R2000V).

The R1000G outpaced the R1000V for each rolling three-year period since January 2009. Although the R1000V outperformed the R1000G over the 10-year period (38 bps), the R1000G outperformed the R1000V on a trailing three-year (17 bps) and five-year (81 bps) basis.

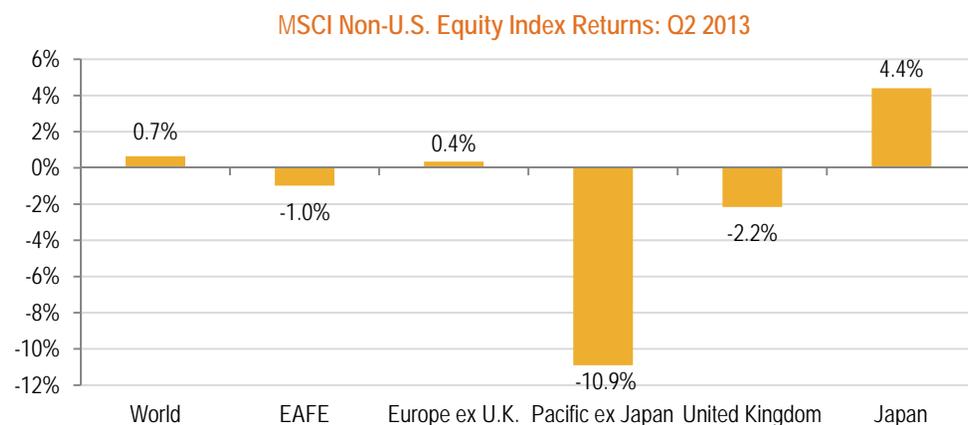
Similar to large-cap stocks, the R2000G outpaced the R2000V for each rolling three-year period since January 2009. In addition, the R2000G outpaced the R2000V on a trailing three-year (260 bps), five-year (28 bps), and 10-year (31 bps) basis.

## Investment Performance: Non-U.S. Equities

This section presents data and Segal Rogerscasey's commentary on international equity returns and analyzes sector performance for Q2 2013.

### International Equity Returns

The graph below illustrates Q2 2013 rates of return for selected international equity indices. The table shows returns for the latest quarter, one-, three-, five- and 10-year annualized timeframes. All data in the table are percentages, and all are shown from the USD perspective.



| MSCI Indices     | QTD    | YTD   | 1-Year | 3-Year | 5-Year | 10-Year |
|------------------|--------|-------|--------|--------|--------|---------|
| World            | 0.65   | 8.43  | 18.58  | 13.72  | 2.70   | 7.25    |
| EAFE             | -0.98  | 4.10  | 18.62  | 10.04  | -0.63  | 7.67    |
| Europe ex U.K.   | 0.35   | 3.19  | 22.85  | 9.44   | -2.23  | 7.67    |
| Pacific ex Japan | -10.90 | -4.65 | 12.24  | 11.06  | 3.25   | 12.68   |
| United Kingdom   | -2.16  | 0.27  | 11.82  | 12.67  | 0.42   | 7.25    |
| Japan            | 4.40   | 16.55 | 22.24  | 8.62   | -0.14  | 6.24    |

Source: Morgan Stanley Capital International

### Index and Sector Performance

#### MSCI EAFE Sector Performance – Q2 2013

|                            | QTD (%) | YTD (%) |
|----------------------------|---------|---------|
| Consumer Discretionary     | 4.4     | 4.7     |
| Consumer Staples           | -5.6    | 2.5     |
| Energy                     | -4.5    | 2.9     |
| Financials                 | -2.5    | 8.1     |
| Healthcare                 | 0.1     | 5.1     |
| Industrials                | -2.7    | 2.4     |
| Information Technology     | 0.5     | 4.2     |
| Materials                  | -9.5    | -0.3    |
| Telecommunication Services | 2.8     | 7.8     |
| Utilities                  | 1.1     | 8.4     |

This table shows quarter-to-date and year-to-date price changes for each sector.  
Source: Morgan Stanley Capital International

After strong gains in Q1, non-U.S. markets were relatively subdued in Q2. The Morgan Stanley Capital International (MSCI) EAFE Index (-1.0 percent) dropped, whereas the MSCI World performed marginally better (0.7 percent). During Q2, impressive MSCI EAFE gains in April (5.2 percent) were overshadowed by May and June losses (-2.4 percent and -3.6 percent returns, respectively).

Pacific ex Japan (-10.9 percent) fared the worst among the regional EAFE indices. This negative performance was led by dismal returns from Australia (-14.0 percent) and New Zealand (-10.4 percent). Conversely, Japan (4.4 percent) gained the most in Q2, as confidence grew in Prime Minister Abe's reform program. The European countries managed to post a collective modest gain, as shown by Europe ex UK's 0.4 percent return. Positive performance in the Netherlands (2.8 percent), Germany (2.7 percent) and France (2.7 percent) was offset by poor returns in Greece (-10.0 percent), Sweden (-6.1 percent) and Norway (-5.9 percent).

Defensive sectors such as Telecommunication Services (2.8 percent) and Utilities (1.1 percent) rose, while more cyclical sectors such as Materials (-9.5 percent) and Energy (-4.5 percent) fell.

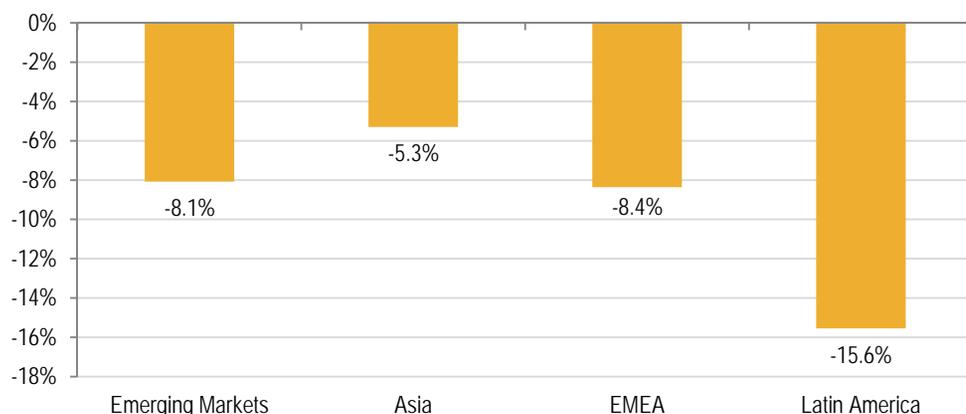
## Investment Performance: Emerging Market Equities

This section presents data and Segal Rogerscasey's commentary on emerging market (EM) equity returns and analyzes sector performance for Q2 2013.

### Emerging Market Equity Returns

The graph below illustrates Q2 2013 rates of return for selected emerging market equity indices. The table shows returns for the latest quarter, year-to-date, one-year, three-year, five-year and 10-year annualized timeframes. All data in the table are percentages, and all are shown from the USD perspective.

MSCI Emerging Market Equity Index Returns: Q2 2013



| MSCI Indices                             | QTD    | YTD    | 1-Year | 3-Year | 5-Year | 10-Year |
|--|--------|--------|--------|--------|--------|---------|
| EM (All)                                 | -8.08  | -9.57  | 2.87   | 3.38   | -0.43  | 13.66   |
| EM Asia                                  | -5.30  | -6.58  | 7.53   | 4.89   | 3.04   | 12.77   |
| EM Europe, Middle East and Africa (EMEA) | -8.36  | -13.39 | -0.60  | 4.11   | -3.81  | 11.94   |
| EM Latin America                         | -15.55 | -14.80 | -6.97  | -1.45  | -4.96  | 18.22   |

Source: Morgan Stanley Capital International

### Index and Sector Performance

MSCI EM Index Sector Performance – Q2 2013

|                            | QTD (%) | YTD (%) |
|----------------------------|---------|---------|
| Consumer Discretionary     | -3.2    | -5.4    |
| Consumer Staples           | -3.9    | -2.0    |
| Energy                     | -12.1   | -17.2   |
| Financials                 | -9.8    | -8.2    |
| Healthcare                 | -0.6    | 2.0     |
| Industrials                | -9.1    | -10.1   |
| Information Technology     | -3.9    | -2.9    |
| Materials                  | -17.2   | -25.4   |
| Telecommunication Services | 0.5     | -4.5    |
| Utilities                  | -10.4   | -8.6    |

This table shows quarter-to-date and year-to-date price changes for each sector.

Source: Morgan Stanley Capital International

The MSCI Emerging Markets (EM) Index fell 8.1 percent in Q2, marking its second straight quarterly decrease. Currency negatively affected Q2's performance, as the index fell 4.4 percent in local currency terms.

All regions within the emerging markets posted losses during Q2, with Latin America (-15.6 percent) faring worse than EMEA (-8.4 percent) and Asia (-5.3 percent). The only country gains were in Hungary (13.2 percent), Malaysia (6.2 percent) and Taiwan (1.6 percent). After being the top-performing country in EMEA in Q1, Turkey (-15.5 percent) posted the worst return in its region during Q2. Peru (-27.5 percent) and Brazil (-17.3 percent) were the notable underperformers in Latin America and of the broader index. Turkey and Brazil experienced large anti-government protests and Peru's GDP growth rate disappointed by falling from 5.9 percent in Q1 to 4.8 percent in Q2.

Telecommunication Services (0.5 percent) was the only sector to post a gain. Materials (-17.2 percent) was the worst performing sector for the second straight quarter. Energy (-12.1 percent) and Utilities (-10.4 percent) also experienced significant losses.

## Investment Performance: U.S. Fixed Income

This section focuses on selected United States fixed-income asset class data along with Segal Rogerscasey's commentary on the yield curve and option-adjusted spreads during Q2 2013.

### Fixed-Income Index Returns

The graph below illustrates Q2 2013 total return for select fixed-income indices. Returns shown are percentages and annualized for periods greater than one year.

Fixed-Income Index Returns: Q2 2013



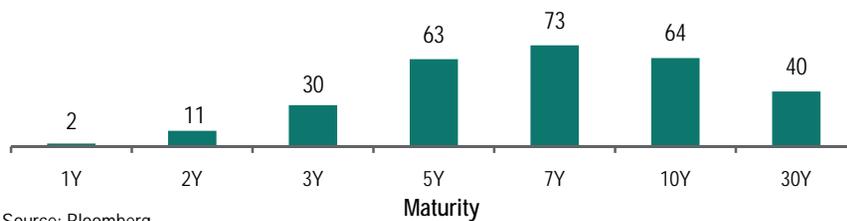
\* "BarCap" is an abbreviation for Barclays Capital  
 \*\* "WGBI" stands for World Government Bond Index

| Fixed-Income Indices         | QTD   | YTD   | 1-Year | 3-Year | 5-Year | 10-Year |
|------------------------------|-------|-------|--------|--------|--------|---------|
| BarCap* Aggregate            | -2.33 | -2.44 | -0.69  | 3.51   | 5.19   | 4.52    |
| BarCap* Govt/Credit          | -2.51 | -2.67 | -0.62  | 3.88   | 5.29   | 4.43    |
| BarCap* Int Govt/Credit      | -1.70 | -1.45 | 0.28   | 3.14   | 4.58   | 4.03    |
| BarCap* Long Govt/Credit     | -6.11 | -7.97 | -4.69  | 7.01   | 8.50   | 6.21    |
| BarCap* Government           | -1.88 | -2.04 | -1.51  | 2.94   | 4.37   | 4.07    |
| BarCap* Credit               | -3.44 | -3.60 | 0.84   | 5.47   | 6.97   | 5.10    |
| BarCap* Inv Grade CMBS       | -1.68 | -1.44 | 3.73   | 7.55   | 7.34   | 4.81    |
| BarCap* Mortgage             | -1.96 | -2.01 | -1.10  | 2.51   | 4.84   | 4.70    |
| BofA ML US Hi Yld Master II  | -1.35 | 1.50  | 9.57   | 10.43  | 10.62  | 8.75    |
| Citi Non-U.S. WGBI** (Unhdg) | -3.44 | -7.13 | -5.71  | 2.56   | 2.54   | 4.78    |
| Citi 3-Month T-Bill          | 0.02  | 0.04  | 0.10   | 0.08   | 0.23   | 1.63    |
| Hueler Stable Value          | 0.48  | 0.96  | 2.04   | 2.49   | 2.87   | 3.74    |

Sources: Barclays Capital, Citigroup and Hueler Analytics

### Yield Curve

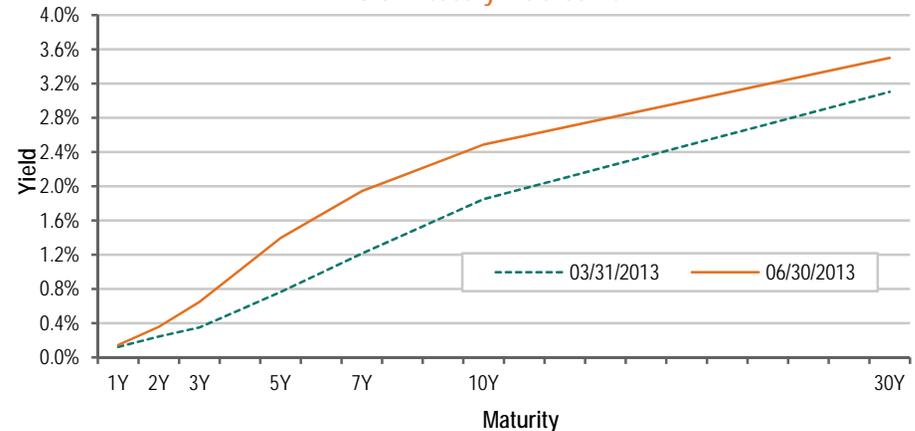
Change in U.S. Treasury Yield Curve (bps): Q1 2013 to Q2 2013



Source: Bloomberg

Following a lull over the trailing year, volatility spiked during Q2 because the Fed indicated it would taper its bond-buying program sooner than the market had anticipated. Alarmed at the prospect of a tighter monetary policy, investors drove a significant spike in yields across maturities. Intermediate rates rose the most, as seven and 10-year rates increased by 73 and 64 bps, respectively.

U.S. Treasury Yield Curve



Source: Bloomberg

## Option-Adjusted Spreads

The Barclays U.S. Aggregate Index returned -2.3 percent, its worst quarterly performance in the past two years. With investors' newfound worry about the tapering of the Fed's quantitative easing program, the market switched from a risk-on to a risk-off environment. Spreads widened across the board, largely in riskier sectors such as high yield and commercial mortgage-backed securities (CMBS).

CMBS, which has outperformed over the past several years, suffered amid the broad-based volatility across spread sectors. MBS outperformed on a relative basis, but was negative on an absolute basis, as uncertainty surrounding rates and their influence on mortgage cash flows affected the volatility of the asset class. Mortgages fell victim to extension risk, which also increased the duration for the broader Barclays U.S. Aggregate Index from 5.26 years to 5.49 years during Q2.

OAS\* in Bps

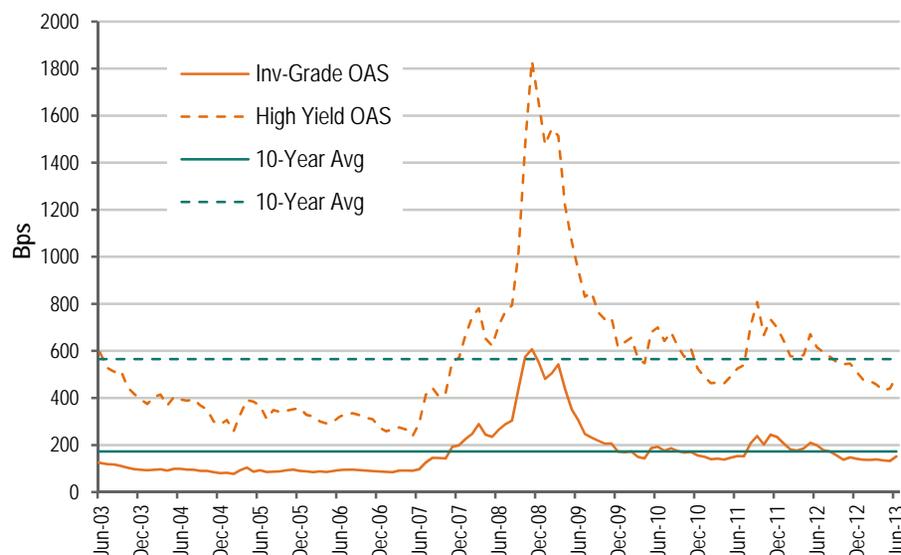
|                                       | 03/31/13 | 06/30/13 | Change in OAS | 10-Year Average |
|---------------------------------------|----------|----------|---------------|-----------------|
| U.S. Aggregate Index                  | 56       | 61       | 5             | 70              |
| U.S. Agency (Non-mortgage) Sector     | 13       | 15       | 2             | 36              |
| Securitized Sectors:                  |          |          |               |                 |
| Mortgage-Backed Securities            | 58       | 60       | 2             | 57              |
| Asset-Backed Securities               | 49       | 58       | 9             | 146             |
| Commercial Mortgage-Backed Securities | 133      | 150      | 17            | 246             |
| Corporate Sectors:                    |          |          |               |                 |
| U.S. Investment Grade                 | 139      | 152      | 13            | 172             |
| Industrial                            | 137      | 149      | 12            | 158             |
| Utility                               | 139      | 150      | 11            | 161             |
| Financial Institutions                | 142      | 158      | 16            | 198             |
| U.S. High Yield                       | 457      | 492      | 35            | 565             |

\* OAS is the yield spread of bonds versus Treasury yields taking into consideration differing bond options.

Source: Barclays Capital

## Credit Spreads

Barclays Capital Corporate Bond Spreads



Source: Barclays Capital

Investment-grade corporate spreads increased by 13 bps during Q2, ending the quarter with an option-adjusted spread of 152 bps over Treasuries, as shown in the adjacent graph. Corporate bonds were the worst performers in the index, trailing similar duration Treasuries by 1.2 percent. Spreads remained below their 10-year average of 172 bps. Within corporates, financials experienced a 16 bps increase in spread, slightly lagging industrials and utilities.

High-yield spreads, which posted an intra-quarter low of 402 bps, finished at 492 bps. On absolute basis, yields briefly dipped below 5 percent, an all-time low settling at 6.7 percent at the quarter-end. The sell-off has been across the quality spectrum, with BB, B, and CCC-rated issues performing roughly in-line on an absolute basis. Credit risk in the high-yield market remained low relative to historic levels, as rating agencies forecasted a low-default rate environment over the next year.

## Investment Performance: Non-U.S. Fixed Income

This page focuses on international fixed-income asset class data and information on emerging markets debt for Q2 2013.

### International Fixed Income

In Q2, global sovereign bonds, as measured by the Citigroup World Government Bond Index (WGBI), fell 1.5 percent in local currency terms and 3.0 percent in unhedged terms. The BarCap Global Aggregate Index, which includes spread sectors, fell 1.7 percent, underperforming the sovereign-only Citigroup WGBI Index by 19 bps on an unhedged basis. Non-U.S. government bonds, as measured by the Citigroup Non-U.S. WGBI, outperformed U.S. government bonds by 49 bps in local currency terms and underperformed by 159 bps in unhedged currency terms.

On an unhedged basis, Australia (-12.3 percent) and Japan (-7.1 percent) were the worst performers on the back of weak currencies. The Australian dollar came under pressure, as investors grew concerned about the country's exposure to commodity exports, particularly to China. The Japanese yen also came under pressure, as the BoJ announced an aggressive quantitative easing plan aimed at stamping out deflation. JGBs were extremely volatile during Q2 and ended the quarter down sharply, with the yield on the 10-year JGB more than doubling from 0.4 percent to 0.9 percent.

Poor economic data in Europe forced the ECB to cut its benchmark interest rate by 25 bps to a record low of 50 bps, with President Draghi indicating that rates may be lowered again along with additional stimulus. The easing was widely anticipated and thus reaction from the market was muted. Peripheral European countries such as Italy (2.0 percent) and Spain (2.5 percent) outperformed Germany (-1.9 percent) and other core European countries during Q2.

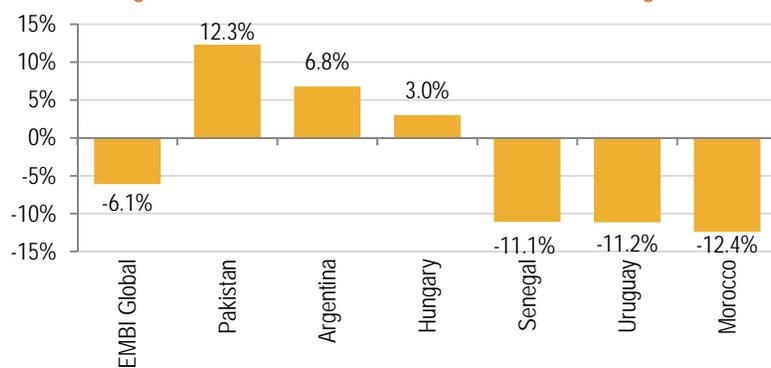
Citigroup WGBI: Returns of Major Constituents (%)

| Country                   | Local Currency Return (Qtr) | Currency Effect | Unhedged Total Return (Qtr) |
|---------------------------|-----------------------------|-----------------|-----------------------------|
| United States             | -1.9                        | -               | -1.9                        |
| Canada                    | -2.2                        | -3.7            | -5.8                        |
| Australia                 | -0.1                        | -12.2           | -12.3                       |
| Japan                     | -1.9                        | -5.3            | -7.1                        |
| Austria                   | -1.5                        | 1.2             | -0.3                        |
| Belgium                   | -2.0                        | 1.2             | -0.8                        |
| France                    | -1.2                        | 1.2             | 0.0                         |
| Germany                   | -1.9                        | 1.2             | -0.7                        |
| Italy                     | 2.0                         | 1.2             | 3.2                         |
| Netherlands               | -1.4                        | 1.2             | -0.2                        |
| Spain                     | 2.5                         | 1.2             | 3.7                         |
| United Kingdom            | -3.9                        | -0.1            | -4.0                        |
| Non-U.S. World Govt. Bond | -1.4                        | -2.1            | -3.4                        |
| World Govt. Bond          | -1.5                        | -1.5            | -3.0                        |

Sources: Citigroup, Barclays Capital

### Emerging Markets Debt

J.P. Morgan EMBI Global Index Best and Worst Performing Markets



Source: J.P. Morgan

In Q2, emerging markets debt (EMD) came broadly under pressure, as the possibility of the Fed tapering its quantitative easing program led investors to reevaluate the risk premia they were willing to receive from EMD offerings. Furthermore, the markets became concerned about the possibility of a hard landing in China, as the Shanghai Interbank lending rate spiked briefly after the government decided not to inject liquidity into the system in order to curb speculative activity.

Hard dollar issues, as measured by the J.P. Morgan EMBI Global Index, returned -6.1 percent. Emerging market sovereign yield spreads widened by 47 bps to finish Q2 at 353 bps. Mexico (-7.3 percent), Russia (-3.9 percent) and Venezuela (-9.9 percent), the three largest components of the J.P. Morgan EMBI Global Index, posted negative returns. The three best- and worst-performing countries are shown in the adjacent chart. The J.P. Morgan GBI-EM Global Diversified (Unhedged) Index, the local currency debt benchmark, returned -7.0 percent. Currencies of countries that run large current account deficits, notably Turkey, South Africa and Brazil, came under pressure, dampening returns from U.S.-dollar-based investors.

## Investment Performance: Commodities and Currencies

This page presents performance information about commodities and major world currencies as of Q2 2013.

### Commodities

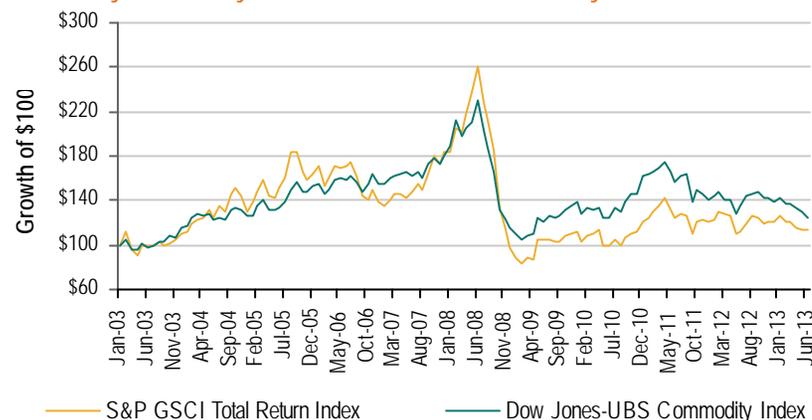
| Commodities         | Q2 Level | QTD (%) | YTD (%) | 12-Month Low | 12-Month High | 5-Year Average |
|---------------------|----------|---------|---------|--------------|---------------|----------------|
| Copper (USD/tonne)  | 6,750    | -10.5   | -14.9   | 6,670        | 8,380         | 7,251          |
| Corn (USc)          | 679      | -2.3    | -2.7    | 629          | 831           | 553            |
| Gold (USD/oz)       | 1,224    | -23.2   | -27.0   | 1,224        | 1,792         | 1,325          |
| Wheat (USc)         | 649      | -5.7    | -16.7   | 649          | 943           | 653            |
| WTI Crude (/barrel) | 96.6     | -0.7    | 5.2     | 77.7         | 99.0          | 84.6           |
| Lumber (USc)        | 29,760   | -23.9   | -20.4   | 26,990       | 39,980        | 24,984         |

Muted inflation in the developed world coupled with slowing growth in emerging markets has cooled investor expectations and appetite for commodities. Q2 was an especially tough quarter for commodities. Precious metals such as gold and silver were hit hard due to the Fed's talks of tapering its quantitative easing program. Slowing growth and a less-than-rosy near-term outlook in China weighted heavily on industrial commodities such as copper and steel.

Conversely, oil is one commodity that has performed fairly well, primarily due to worries about possible disruption in supply caused by the unrest in Egypt.

Lumber is often viewed as an indicator of the health of the housing sector because it is instrumental in the construction of new homes. Lumber prices rose sharply in the second half of 2012 and early 2013, but have since sold off and put lumber among the worst performing commodities year-to-date. This poor performance coupled with the recent rise in mortgage rates has some investors worried about possible headwinds to the nascent recovery in the housing sector.

Monthly Commodity Returns, Growth of \$100: January 2003 – June 2013



The graph above shows the major commodity indices, the S&P GSCI\* Index and the Dow Jones-UBS Commodity\*\* Index.

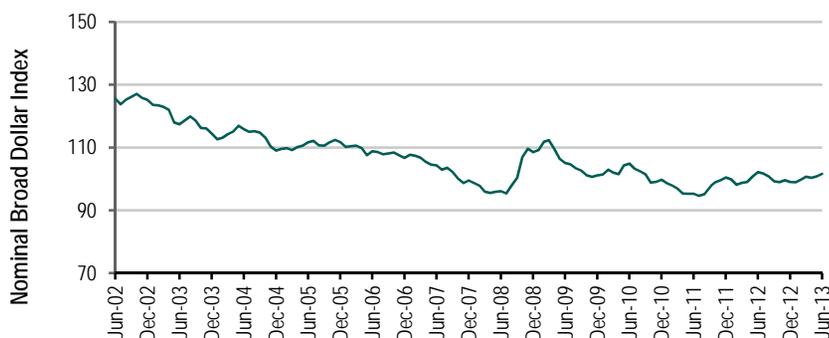
\* The S&P GSCI Index is calculated primarily on a world production-weighted basis and is composed of the principal physical commodities that are the subject of active, liquid futures markets.

\*\* The DJ-UBSCI is composed of futures contracts on physical commodities, with weighting restrictions on individual commodities and commodity groups to promote diversification.

Sources: eVestment Alliance and Deutsche Bank

### Currencies

Nominal Broad Dollar Index: USD vs. Basket of Major Trading Partners



Source: Bloomberg

| USD Major Trading Partners | Pairs   | Q2 Level | YTD (%) | 5-Year Average |
|----------------------------|---------|----------|---------|----------------|
| Canada                     | USD/CAD | 1.0519   | 6.03%   | 1.048          |
| Eurozone                   | USD/EUR | 0.7687   | 1.41%   | 0.7421         |
| Japan                      | USD/JPY | 99.1400  | 14.28%  | 87.7932        |
| Switzerland                | USD/CHF | 0.9450   | 3.23%   | 0.9928         |
| U.K.                       | USD/GBP | 0.6574   | 6.82%   | 0.6320         |

The adjacent graph shows the USD against a basket of 16 major market currencies, including those listed in the table above: the Canadian dollar (CAD), the Swiss franc (CHF), the British pound (GBP), the Japanese yen (JPY) and the euro (EUR). In Q2, the USD appreciated versus the CAD and JPY, but depreciated versus the EUR, CHF and GBP.

Although the JPY appreciated in June, it has been experiencing downward pressure due to the BoJ's aggressive monetary easing. Emerging market (EM) currencies may experience downward pressure if the Fed curtails quantitative easing. (For more on EM currencies, see page 17.)

## Investment Performance: Hedge Funds

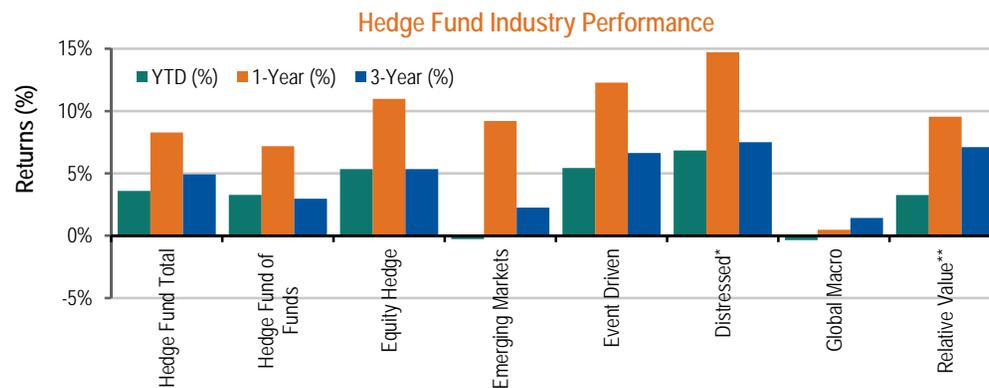
This section provides an overview of hedge fund results along with an analysis of strategy performance during Q2 2013.

### Hedge Fund Overview

The Hedge Fund Research, Inc. (HFRI) Fund Weighted Composite Index was roughly flat for Q2, returning -0.01 percent. This was largely driven by negative performance in June, when hedge funds experienced their first negative month this year. Year to date, all major hedge fund strategies are still in positive territory, with the exception of global macro funds, which have returned -0.35 percent.

Longer-term results remain positive. Hedge funds gained 8.29 percent over the one-year period and 4.92 percent over the three-year period ending June 30, 2013, as measured by the HFRI Fund Weighted Composite Index.

Hedge funds of funds performed similarly to hedge funds in Q2, returning -0.03 percent, as represented by the HFRI Fund of Funds (FOF) Composite Index. The HFRI FOF: Conservative Index outperformed this broader index with a 1.41 percent return, which was driven by better performance in June (-0.12 percent vs. -1.20 percent for the Diversified Fund of Funds Index).



\* Distressed funds focus on companies that are close to or in bankruptcy.

\*\* Relative-value funds focus on arbitrage opportunities between equity and fixed income securities.

Source: Hedge Fund Research, Inc.

### Strategy Analysis

#### HFRI Index Returns – Q2 2013 (%)

|                          | Apr  | May  | Jun  | QTD  | YTD   |
|--------------------------|------|------|------|------|-------|
| Fund of Funds Composite  | 0.8  | 0.6  | -1.4 | 0.0  | 3.3   |
| FOF: Conservative        | 0.7  | 0.8  | -0.1 | 1.4  | 4.3   |
| FOF: Diversified         | 0.9  | 0.6  | -1.2 | 0.3  | 3.5   |
| Fund Weighted Composite  | 0.7  | 0.6  | -1.3 | 0.0  | 3.6   |
| Equity Hedge (Total)     | 0.5  | 1.3  | -1.4 | 0.4  | 5.3   |
| Equity Market Neutral    | 0.5  | 0.4  | 0.4  | 1.3  | 3.3   |
| Short Bias               | -2.2 | -3.1 | 0.7  | -4.5 | -10.0 |
| Event-Driven (Total)     | 1.0  | 1.8  | -1.2 | 1.6  | 5.4   |
| Distressed/Restructuring | 1.3  | 2.2  | -1.2 | 2.4  | 6.8   |
| Merger Arbitrage         | 0.4  | 0.5  | -0.5 | 0.4  | 1.2   |
| Relative Value (Total)   | 0.9  | 0.2  | -0.9 | 0.2  | 3.3   |
| FI-Convertible Arbitrage | 0.9  | 1.4  | -0.4 | 2.0  | 4.9   |
| Global Macro (Total)     | 0.9  | -1.1 | -1.5 | -1.6 | -0.4  |
| Emerging Markets (Total) | 0.9  | 0.5  | -4.0 | -2.7 | -0.3  |

Source: Hedge Fund Research, Inc.

The HFRI Equity Hedge Index gained just 0.4 percent in Q2, driven by disappointing performance in June. Equity hedge managers posted solid gains in April and May; however, the risk-off sentiment in June due to the Fed's commentary (see "Monetary Policy" on page 2) resulted in negative equity market performance, hurting equity hedge funds. Fundamental strategies suffered, though specific Technology and Healthcare sub-strategies still maintained positive performance for the quarter. Not surprisingly, short-biased managers benefited from the equity market drop in June, but not enough to combat earlier negative performance in April and May, resulting in a -4.5 percent return for Q2.

The HFRI Event-Driven Index was the highest-performing broad-strategy asset class during Q2 with a 1.6 percent return. Event-driven managers continued to benefit from idiosyncratic credit and distressed/restructuring managers led the pack, driven primarily by liquidation investments. However, these managers experienced their first month of declines in June amidst the risk-off rally. Merger arbitrage returns remained muted, but managers expect the opportunity set to grow amongst increased corporate activity.

The HFRI Relative Value Index increased 0.2 percent in Q2, with underperformance coming mainly from corporate credit managers. This was somewhat balanced by better performance from asset backed and convertible arbitrage managers.

The HFRI Emerging Markets Index lost during Q2, returning -2.7 percent. Underperformance was driven by the risk-off sentiment in June, as well as weaker currency and commodity performance.

The HFRI Global Macro Index fell 1.6 percent. Modest gains in April and May were erased by a 4.0 decline in June, the worst performance by any strategy during that month. Commodity declines, currency reversals and mixed equity volatility all hurt managers, as many markets sold off, including the more recently positive Japanese equity market.

## Investment Performance: Private Equity

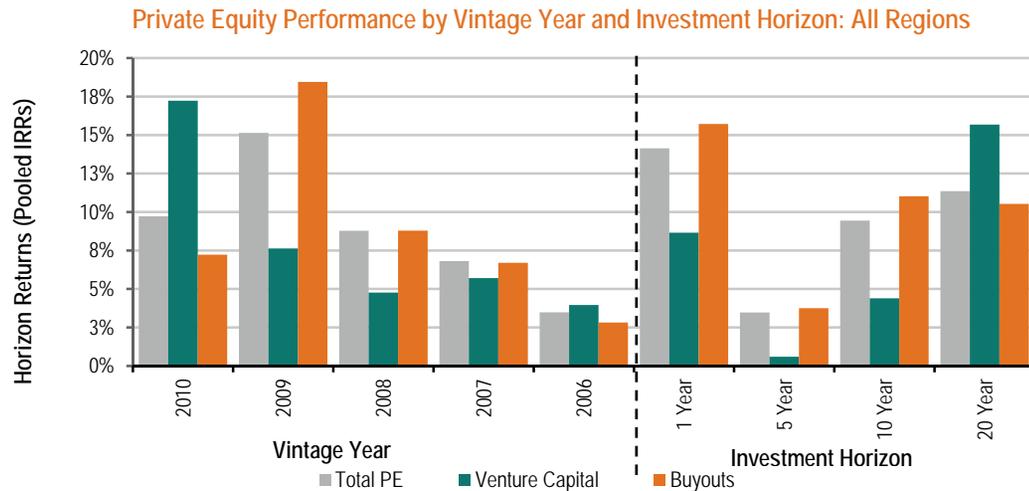
This section provides data on private equity industry performance, fundraising, buyout funds, initial public offering (IPO) activity and venture capital. The information shown below reflects the most recent private equity data available.

### Private Equity Industry Performance

The adjacent graph shows private equity fund performance for Q4 2012, calculated as pooled internal rates of return (IRR) of funds reporting to Thomson One. Performance for 2006 through 2010 vintage-year funds, as well as one-, five-, 10- and 20-year returns is calculated for funds in the following categories: all private equity, venture capital and buyouts. While venture and buyout strategies are posting positive returns for these vintage years, buyouts have outperformed venture funds with the exception of the 2010 and 2006 vintage years.

Private equity funds for all regions returned approximately 3.3 percent in Q4 2012. This includes performance across all venture capital (seed/early, later and balanced stages) and buyout funds (small, medium, large, mega and generalist). Over a 20-year period, all private equity, venture capital and buyout funds generated double-digit returns, returning 11.4 percent, 15.7 percent and 10.5 percent, respectively.

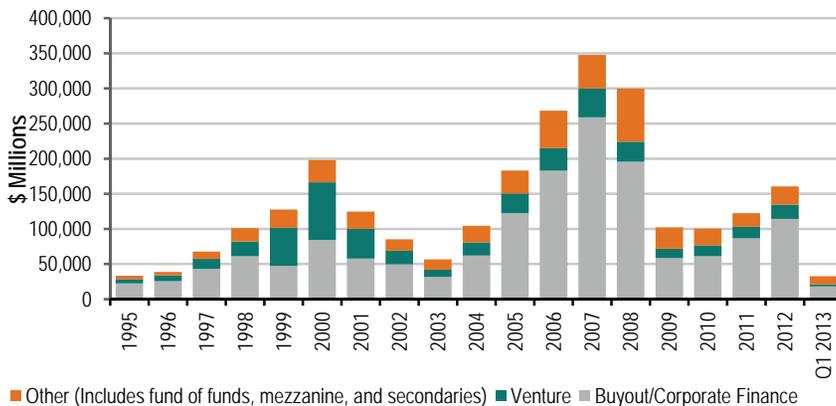
\* "Vintage year" refers to the first year capital was committed in a particular fund. Vintage-year performance is calculated as the median percentile returns of all funds reporting as pooled IRRs.



Source: Thomson Reuters

### Private Equity Overview

#### Private Equity Commitments: United States



Source: *The Private Equity Analyst*

According to *The Private Equity Analyst*, private equity firms in the U.S. raised \$33.1 billion in Q1 2013, up 10 percent from the same period in 2012. Fundraising remains substantially lower than the pre-financial crisis levels, which peaked at \$350 billion in 2007, as shown in the adjacent graph.

Buyout funds gathered the most assets during Q1, raising \$18.2 billion, while venture capital fundraising got off to a slow start with 37 funds raising \$3.0 billion. Mezzanine was the second strongest performer with \$7.5 billion raised.

Venture-backed IPO activity raised \$672 million in Q1, which marked a 52 percent decrease from the \$1.4 billion raised in Q4 2012. By deal volume, the eight venture-backed IPOs were a decrease of 58 percent compared to Q1 2012. There were 77 venture-backed M&A deals, 10 with a disclosed aggregate value of \$984 million, representing a 73 percent decline from Q1 2012. Buyout exit activity was also slow, with 86 M&A transactions and 8 IPOs.

Venture capital firms invested \$5.9 billion in 863 deals during Q1, a modest drop from Q4 2012. Meanwhile, buyout firms completed 265 transactions, which was less deal activity from the same period in 2012. The \$77.5 of deal value was the highest since the pre-crisis (Q4 2007), but this includes the two announced huge LBOs, Dell and Heinz.

## Investment Performance: Real Estate

This section presents data and Segal Rogerscasey's commentary on private, public, value-added and opportunistic real estate. The information in this section reflects the most recent data available.

### Private Real Estate

The National Council of Real Estate Investment Fiduciaries (NCREIF) Property Index (NPI), which tracks private real estate in the U.S., gained 2.9 percent during Q2. The total return is composed of 1.4 percent income and 1.5 percent property-level appreciation. Over the trailing one-year period, the index gained 10.7 percent, composed of 4.8 percent property-level appreciation and 5.7 percent income.

In the U.S., the Western region performed the best during Q2 while the South performed the best over the last 12 months, as shown in the adjacent table.

Operating fundamentals continued to improve due, in part, to a lack of new supply in the U.S. Shorter-lease-term sectors such as apartments, hotels, storage and high-end malls have generated the strongest operating performance. Investor demand for high-quality assets with secure income streams remained strong while secondary assets continued to experience wide bid-ask spreads across most markets\*.

\* A "bid" is the offer price from a buyer and an "ask" is the requested price from a seller. Currently, the bid-ask spread, or the difference between the two, is large enough that few secondary asset transactions have been taking place.

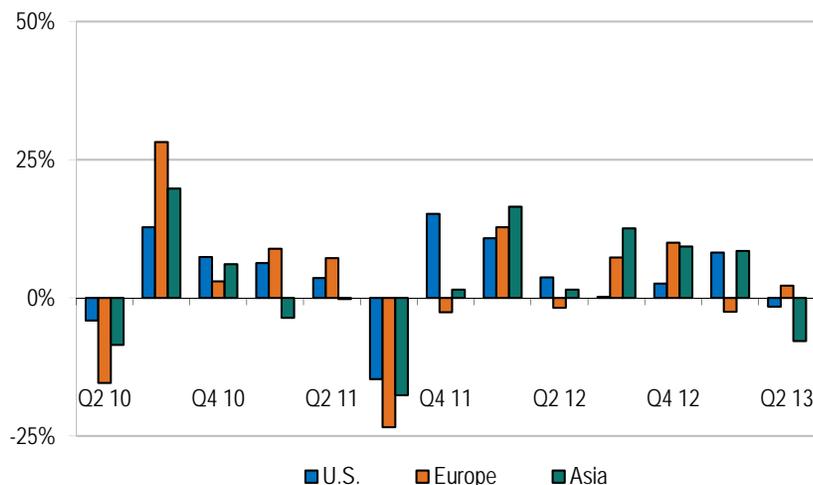
### National Property Index Sector and Region Performance

|                                | Ending Weight (%) | Returns as of Q2 2013 |            |
|--------------------------------|-------------------|-----------------------|------------|
|                                |                   | QTD (%)               | 1 Year (%) |
| <b>NCREIF NPI Total Return</b> | 100.0             | 2.9                   | 10.7       |
| <b>Sector</b>                  |                   |                       |            |
| Apartment                      | 24.8              | 2.5                   | 10.7       |
| Hotel                          | 2.4               | 2.0                   | 7.7        |
| Industrial                     | 13.8              | 3.2                   | 10.8       |
| Office                         | 35.5              | 2.8                   | 9.6        |
| Retail                         | 23.5              | 3.2                   | 12.8       |
| <b>NCREIF Region</b>           |                   |                       |            |
| East                           | 34.1              | 2.5                   | 9.2        |
| Midwest                        | 9.5               | 3.0                   | 10.4       |
| South                          | 21.2              | 3.1                   | 11.8       |
| West                           | 35.3              | 3.1                   | 11.7       |

Source: National Council of Real Estate Investment Fiduciaries

### Public Real Estate

### Regional Real Estate Securities Performance



The FTSE EPRA/NAREIT Global Developed Real Estate Index total market capitalization declined to \$1.0 trillion in Q2: North America \$542 billion, Europe \$135 billion and Asia \$357 billion. The performance of property stocks was negatively affected by concerns over higher interest rates in Q2, falling 3.6 percent on a global basis. Europe (2.2 percent) outperformed the U.S. (-1.6 percent) and Asia (-7.8 percent) as measured by the FTSE EPRA/NAREIT indices. Sector performance in the U.S. was mixed: Apartments (4.8 percent), Manufactured Home Communities (2.7 percent), Central Business District Office (2.5 percent) and Self Storage (2.3 percent) outperformed the broader index while Diversified/Financial (-10.4 percent), Student Apartments (-9.0 percent), Mixed Office and Industrial (-7.2 percent), Specialty (-6.4 percent), Industrial (-4.9 percent) and Suburban Office (-4.7 percent) underperformed. The weak Q2 performance of U.S. REITs was largely due to both the Fed's discussions about tapering quantitative easing and higher interest rates.

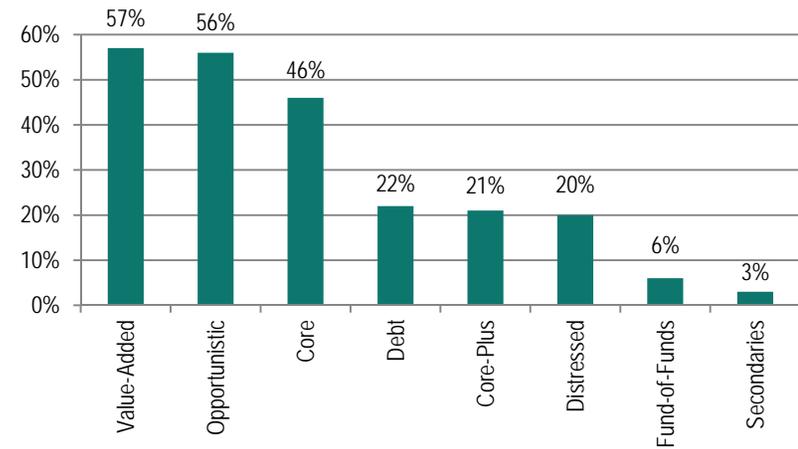
Global property stocks suffered from the potential for quantitative easing tapering in the U.S., doubts regarding Japan's growth strategy and concerns about the impact of credit tightening in China. In Europe, Greece (24.0 percent), Italy (6.5 percent), the United Kingdom (6.0 percent) and Finland (5.0 percent) outperformed in Q2 while Norway (-17.4 percent), Austria (-8.8 percent), Sweden (-4.2 percent) and Switzerland (-3.4 percent) lagged. In Asia, all returns were negative, but Hong Kong (-7.1 percent) and Japan (-7.1 percent) lost less than New Zealand (-13.7 percent), Australia (-9.3 percent) and Singapore (-9.0 percent).

## Value-Added and Opportunistic Real Estate

Over the last few years, private real estate investors have gradually shifted to higher risk/higher return strategies due to the more recent relative outperformance of some of these strategies, concern over the pricing of core real estate assets, and the need to generate greater returns. As of Q2, 57 percent of investors targeted value-added strategies and 56 percent of investors targeted opportunistic strategies over the next 12 months. Despite this trend, core real estate has continued to appeal to investors for income generation and liquidity purposes. As of Q2, 46 percent of investors targeted core strategies over the next 12 months. The “dry powder” or uncalled capital commitments to value-added and opportunistic closed-end strategies remained meaningfully greater than other closed-end strategies and began to increase as private real estate investors committed additional capital to these strategies. As of May 2013, dry powder was largely allocated to North America (\$98 billion), while strategies targeting Europe (\$36 billion), Asia (\$22 billion) and the rest of the world (\$10 billion) had significantly smaller amounts of available capital to invest.

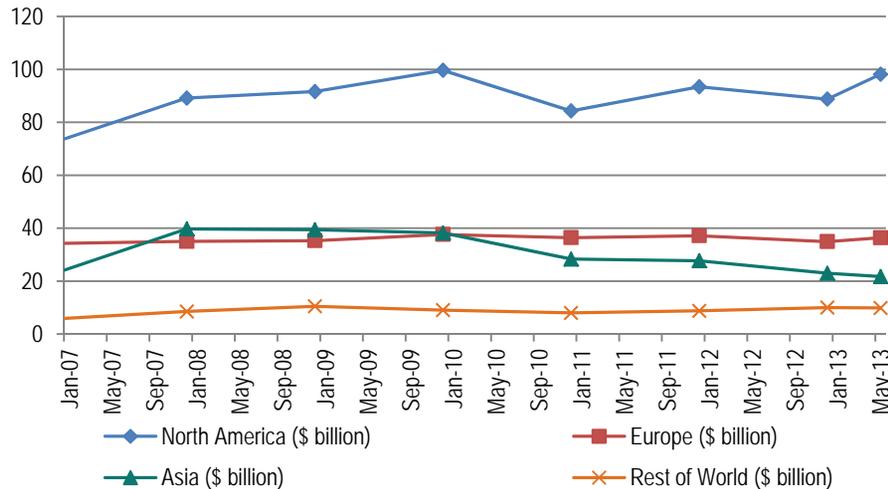
“Dry powder” is the amount of capital that has been committed for investment to private real estate funds by limited partners (*i.e.*, investors) but has not been called for investment by general partners (*i.e.*, investment managers).

### Strategies Targeted in the Next 12 Months by Private Real Estate Investors



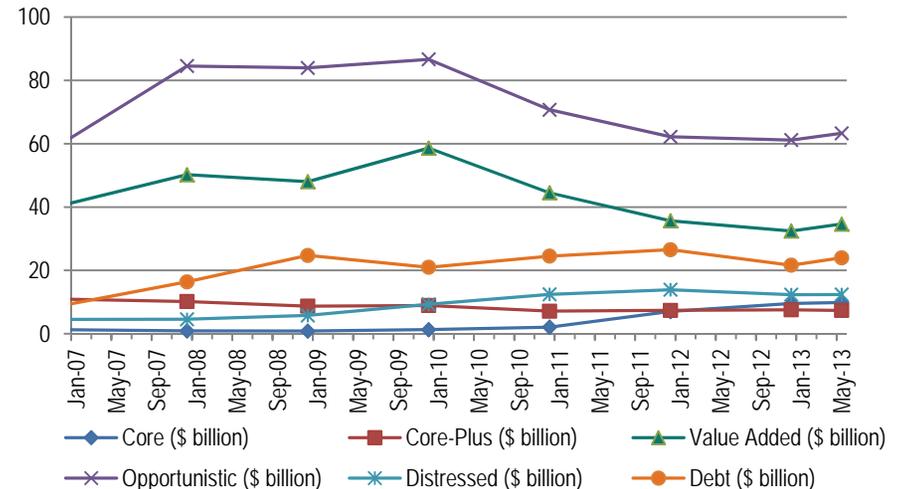
Source: Preqin Real Estate Online

### Closed-End Private Real Estate Dry Powder by Geographic Focus through May 2013



Source: Preqin Real Estate Online

### Closed-End Private Real Estate Dry Powder by Strategy through May 2013



Source: Preqin Real Estate Online

## Noteworthy Developments

Segal Rogerscasey finds the following developments to be noteworthy for institutional investors.

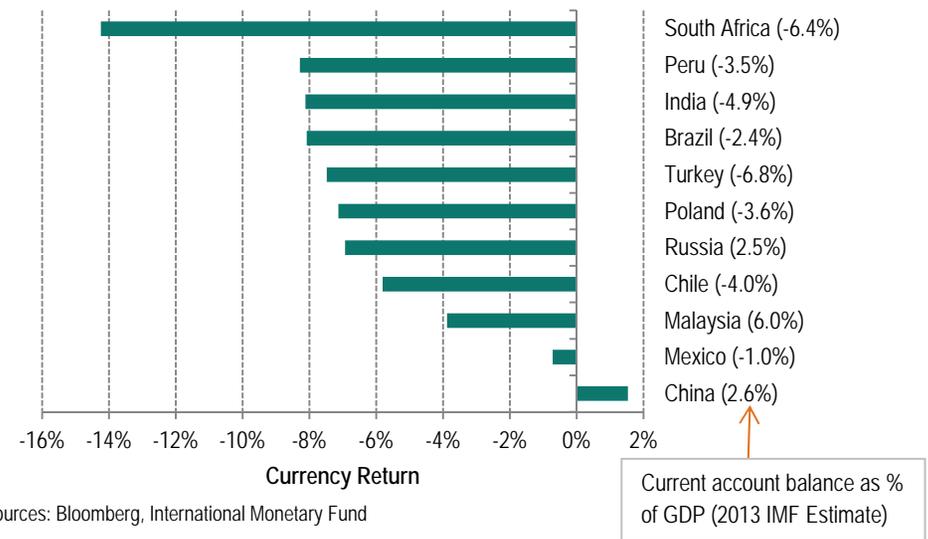
### Emerging Market Currencies

Ever since the financial crisis of 2007-08, emerging markets have been the growth engines of the world. With the U.S. and Western Europe growing at low-single-digit to negative rates, emerging markets saw a large inflow of investor assets and outperformed developed nations handily (as measured by MSCI EM, MSCI EAFE and S&P 500 indices), at least till the end of 2012. The story has been entirely different thus far in 2013. With growth slowing in various emerging markets and the Fed's recent talks of tapering its quantitative easing, the wheels seem to have come off the proverbial bus and emerging markets have severely underperformed the developed markets.

Emerging market currencies have also suffered. Countries most vulnerable to declines in the value of their currency are those that rely on foreign capital to bridge the gap between what they spend and what they earn, *i.e.*, their current account deficit. The adjacent chart shows the performance of some emerging market currencies along with the countries' current account deficit as a percentage of GDP (2013 estimate by IMF).

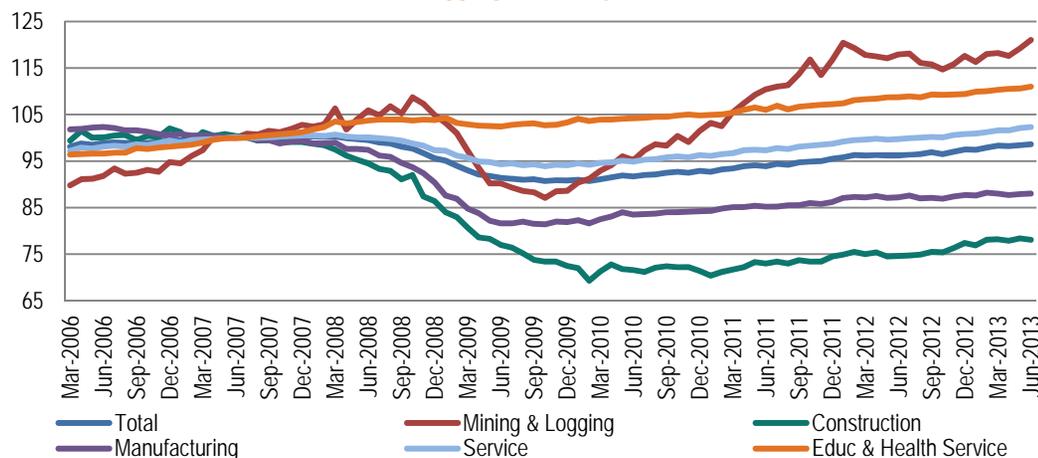
Historically, rising Treasury yields and a strengthening USD have been followed by currency and debt crisis (for example, Latin America in the early 1980s and Asia in the mid-1990s). However, an important difference between past episodes and the current picture is that in the past, the majority of the debt issued by emerging markets was USD denominated whereas this time it has been in local currency, which has helped the emerging countries build up substantial USD reserves and provided them protection from currency crashes.

Performance of Emerging Market Currencies (YTD 2013)



### An Uneven Economic Recovery

Index of Aggregate Weekly Hours Worked



Source: Bureau of Labor Statistics

While the employment picture has improved, not all segments of the labor market have participated in the recovery. The Bureau of Labor Statistics calculates a monthly index of aggregate hours worked for total employment and for underlying industries. The mining and logging sector, which includes the high-growth shale gas extraction industry, has experienced significant gains since the trough of the recession. Another area of growth has been education and health services. However, the manufacturing and construction sectors remain well below levels seen at the peak of the last business cycle. Importantly, the manufacturing and construction sectors have the potential to drive materially stronger economic growth. For the period from 2004 to 2012, real value added per employee was \$123,000 for manufacturing and \$248,000 for construction. The comparable figure for education and health services was \$55,000 and the average across all industries was \$102,000. The mining and logging sector carries an economic impact of \$346,000 real value added per employee, but represents less than one percent of total jobs.

## Country of Domicile vs. Country of Exposure

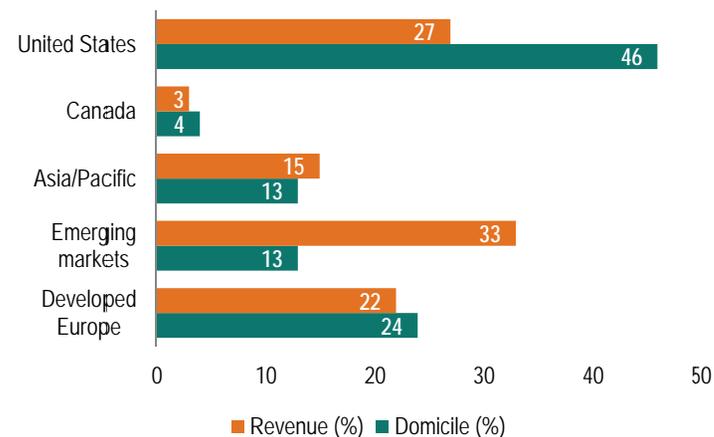
For many years, index providers and investors expressed regional and country allocations by using the location of a company's headquarters, which made sense in the past when most companies did not have significant business operations outside their country of origin. In recent years, global operations have increasingly become the norm and companies are generating more and more revenue from outside their home country borders.

The MSCI All Country World Index measures the equity market performance of over 2,500 companies across 45 country indices, which comprises 24 developed and 21 emerging market country indices. The index shows that the U.S. accounts for 46 percent of its investable universe as defined by where a firm is headquartered, but when examining country exposure as measured by revenues, the U.S. only accounts for 27 percent of the investable universe. This tells an investor that even though a large percentage of companies are domiciled in the U.S., only about one quarter of the revenues generated by benchmark companies are sourced from there. Conversely, companies based in the emerging markets accounted for 13 percent of the index, but the revenue exposure was more than double at 33 percent.

Case in point, Nestlé, a Swiss-domiciled company, generates less than three percent of its revenues from Switzerland. A far more significant 35 percent of Nestlé's revenues come from emerging market countries.

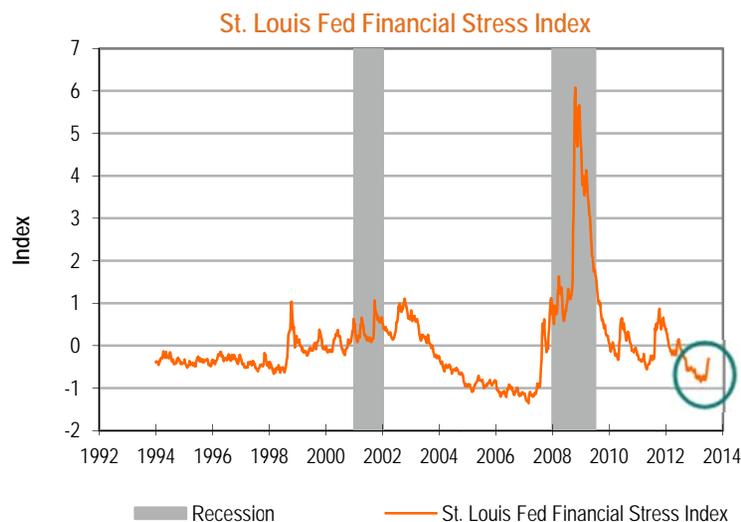
Investors have become more aware of the importance of revenue exposure, so information providers have been creating tools to better measure and classify companies based on country of exposure rather than country of domicile. In 2012, MSCI launched its Economic Exposure Indices that "aim to reflect the performance of companies with significant exposure to specific regions or countries, regardless of their domicile." Russell Investments also launched its Geographic Exposure (GeoExposure) Index Series in late 2012.

MSCI All Country World Index:  
Country of Domicile vs. Country of Exposure



Source: Morgan Stanley Capital International

## St. Louis Fed Financial Stress Index



The St. Louis Fed's Financial Stress Index (STLFSI) is constructed using principal components analysis, which is a statistical method of extracting factors responsible for the co-movement of a group of variables. The series of data used includes various metrics within three major categories: Interest Rates, Yield Spreads, and Other Indicators.

The index has seen a large spike over the past few months, as exhibited in the circled area of the adjacent chart. Markets have experienced volatility over the near term, so the increase in the STLFSI, beginning in the first half of May and continuing through early summer, was not necessarily unexpected. However, the past three spikes—the U.S. financial crisis of 2008, the acceleration of the Greek crisis in May 2010 and the S&P downgrade of the U.S.'s credit rating—were all followed by prompt Fed action, which was helpful in relieving market stress.

Despite the recent comments by the Fed about continuing to unwind its financial stimulus, recent history indicates that even more Fed action may be imminent to ease financial-market stress, particularly if the STLFSI continues its sharp rise.

Source: St. Louis Federal Reserve, 2013 research.stlouisfed.org

## **Executive Summary as of June 30, 2013**

### **Combined Providers – Total Assets**

- Plan assets totaled \$618.7 million as of June 30, 2013. This represented an increase of \$6.9 million, or 1.1%, during the second quarter of 2013.
- The majority of Plan assets are invested in the Stable Value Funds representing \$277.5 million, or 45%, in the Hartford General Account and \$27.8 million or 4% in the ING Stable Value Account. The next largest fund allocations among the two plans were: 6% in the Hartford Mid Cap HLS Fund; 5% in the INVESCO Van Kampen Equity and Index Fund (Balanced Option); 4% in the T. Rowe Price Growth Stock Fund (Large Cap Growth); and 3% in the Vanguard Institutional Index Fund (S&P Index Option).
- Target date funds' assets totaled \$53.9 million and accounted for 9% of Total Plan assets.
- The benchmarks have changed to the following Policy Indices for two Vanguard funds:
  - 1) Vanguard Total Bond Market Index: Barclays U.S. Aggregate Bond Index through December 31, 2009; Barclays U.S. Aggregate Float Adjusted Index thereafter.
  - 2) Vanguard Developed Market Index Fund to a Blended Benchmark of MSCI EAFE Index through April 16, 2013; FTSE Developed ex North America Index thereafter.

### **Deferred Compensation - MassMutual**

- The MassMutual Plan assets totaled \$503.5 million as of June 30, 2013. This represented an increase of \$6.3 million, or 1.3%, during the second quarter of 2013.
- The majority of Plan assets were invested in the Hartford General Account, with the allocation dropping from 56% to 55%. The allocation of total Plan assets invested in the lifecycle funds remained constant at 3% over the quarter.
- All figures in this report include the market values of the political subdivisions administered by MassMutual.
- On September 13, 2013, the SSgA US Bond Market INLS expense ratio will be reduced from 0.15% to 0.06% and there will be no revenue share.
- On May 22, 2013, the share class was reduced for the following five funds:

### *Nevada Public Employees' Deferred Compensation Program*

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- 1) **Invesco Equity and Income- Share Class Y to R6** - 56 bps expense ratio with 25 bps in revenue sharing to 37 bps expense ratio with no revenue sharing
- 2) **American Beacon Lg Cap Value- Share Class Inv to Inst** – 97 bps expense ratio with 25 bps in revenue sharing to 60 bps expense ratio and no revenue sharing
- 3) **Neuberger Berman Social Responsive- Share Class Inv to Instl** - 89 bps expense ratio to 71 bps expense ratio and 10 bps revenue sharing.
- 4) **Munder Mid Cap Core Growth- Share Class Y to R6** - 107 bps expense ratio with 25 bps in revenue sharing to 85 bps expense ratio with no revenue sharing
- 5) **Mutual Global Discovery- Share Class A to Z** - 131 bps expense ratio with 35 bps plus \$12 per participant account to 101 bps expense ratio with 10 bps plus \$12 per participant account in revenue sharing

### **Deferred Compensation - ING**

- The ING Plan assets totaled \$115.2 million as of June 30, 2013. This represented an increase of \$0.6 million, or 0.5%, during the second quarter of 2013. These assets include all political sub divisions administered by ING.
- The majority of Plan assets were invested 34% in lifecycle funds and 24% in the ING Stable Value Fund.
- Based upon the decisions of the January 30, 2013 meeting, the Committee decided to leave all the ING expense ratios and revenue sharing in place for 2013 and 2014. The Committee decided to use the annual \$90,000 credit allowance to subsidize any revenue sharing shortfall of less than the required 35 basis points contract requirement. The current revenue is projecting a shortfall of 3bps, or approximately \$34,000.
- On April 19, 2013, Lazard U.S. Mid Cap Equity Fund was mapped to the Hartford Mid Cap HLS Fund; thus offering the same mid cap core option for both providers.

### **ING T. Rowe Price Capital Appreciation Portfolio**

- The ING T. Rowe Price Capital Appreciation Portfolio underperformed its Policy Index over the second quarter of 2013 (-0.4% vs. 0.8%); yet remained ahead over the 1-year period (14.9% vs. 11.7%).
- The portfolio was adversely affected by negative returns in the bond portfolio as rates unexpectedly rose in the second quarter following anticipation over possible Fed tapering of central bank purchases of government and mortgage backed bonds.
- The portfolio composition has increased its allocation to cash so that they can begin buying higher quality, longer duration bonds, instead of the lower quality credits.

### **Neuberger Berman Socially Responsive Instl Fund**

- The Neuberger Berman Socially Responsive Instl Fund slightly underperformed the S&P 500 Index over the second quarter of 2013 (2.0% vs. 2.9%); yet, outperformed over the 1-year period (26.1% vs. 20.6%).
- During the second quarter, the Fund gave up some ground, primarily due to an underweight and individual stock underperformance within Healthcare, a strong sector, and select underperformers within Information Technology (IT) and Consumer Staples.
- This quarter, Covidien, a long-term holding within the Healthcare sector, was among the Fund's weakest performers, although the Fund manager continues to have a favorable view of its products.
- In IT, the shares of National Instruments and Altera declined.
- In Energy, although the portfolio outperformed, Cameron International and Cimarex underperformed.

### **Parnassus Equity Income Fund**

- The Parnassus Equity Income Fund underperformed the S&P 500 Index over the second quarter of 2013 (1.4% vs. 2.9%); yet, was ahead over the 1-year period (23.8% vs. 20.6%).
- The Fund was hurt by significant underweights in the Financials and Consumer Discretionary sectors. These allocation decisions reduced the Fund's return relative to the S&P 500 Index by 0.8%, because these were the best two performing sectors in the index.
- The remaining underperformance was due to individual stock selection. In particular, losses in Iron Mountain, Teleflex, and C.H. Robinson created a drag on performance.

### **Munder Mid Cap Core Growth Fund**

- The Munder Mid Cap Core Growth Fund underperformed the Russell Midcap Growth Index during the second quarter of 2013 (1.8% vs. 2.9%) and over the 1-year period (22.6% vs. 22.9%).

### **Nevada Public Employees' Deferred Compensation Program**

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- Stock selection was slightly negative and the primary detractor for returns relative to the benchmark. The largest detractors from the Fund's relative performance for the quarter were seen in the Information Technology, Consumer Discretionary, Healthcare and Industrials sectors.
- In Information Technology, a small handful of holdings were laggards. In particular, Cognizant Technology Solutions Corp., Motorola Solutions, Inc., Solera Holdings, Inc. and MICROS Systems, Inc. posted weak performance.

### **Baron Growth Retail**

- The Baron Growth Retail Fund underperformed the Russell Midcap Growth Index over the second quarter of 2013 (1.8% vs. 2.9%); yet, outperformed over the 1-year period ended June 30, 2013 (24.8% vs. 22.8%).
- Within Information Technology, systems software companies detracted.
- Top detractors included shares of TOTVS SA, a software solutions developer, ANSYS, Inc., the market leader in simulation-driven product development, and Genesee & Wyoming, Inc. a leading short-line railroad, all declined in the second quarter.

### **Columbia Acorn Fund**

- The Columbia Acorn Fund underperformed the Russell 2500 Growth Index during the second quarter (0.5% vs. 3.2%) and over the 1-year period (19.0% vs. 24.0%).
- The Fund's growth-at-a-reasonable-price (GARP) strategy was somewhat out of favor for the both the quarter and the half year, as stocks at the top and bottom of the valuation spectrum brought in top gains.
- Biotech stocks were generally nice winners in the quarter, but several moderately corrected during the quarter including drug developers, Seattle Genetics, Synageva BioPharma, and BioMarin Pharmaceutical.
- In addition, Columbia Acorn's international stocks were down 5.8% in the quarter. The Fund's international weighting is at the lower end of its ten year range and ended the quarter with a 7.9% international weight.

### **Keeley Small Cap Value Fund**

- The Keeley Small Cap Value Fund significantly underperformed the Russell 2000 Index during the second quarter (0.4% vs. 3.1%); yet, significantly outperformed over the 1-year period (32.9% vs. 24.2%).
- Stock selection proved to be the primary cause of underperformance, with holdings in the industrials and consumer discretionary sectors the main detractors.
- The Fund's sector allocation also had a negative impact during the quarter, led by an overweight position in industrials, and underweight positions in the strong performing health care and technology sectors.

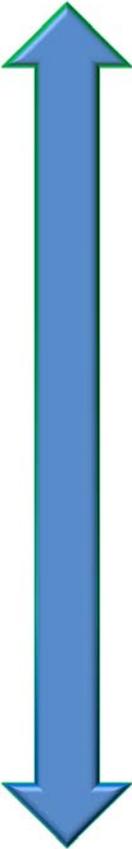
***Nevada Public Employees' Deferred Compensation Program***

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- Despite an overweight position in the top performing sector of the Russell 2000 Index, consumer discretionary, portfolio holdings in the sector proved to be the primary detractor in relative underperformance during the second quarter. The Consumer Discretionary sector has been a strong contributor to results over the past year, so a slight retracement was not unexpected.

## State of Nevada Deferred Compensation Plan Line-Up

### Plan Review - Investment Options Array

|  | Tier I: Asset Allocation  | Tier II (A): Passive Core (index options)   | Tier II(B): Active Core  | Tier III: (Specialty)   |
|--|---|---|--|---|
| <p>CONSERVATIVE</p>  <p>AGGRESSIVE</p> | <p><b><u>Target Date/Lifecycle Funds</u></b><br/>Vanguard Target Retirement Funds</p> | <p><b><u>Core Fixed Income</u></b><br/>SSgA US Bond Market INLS<br/>Vanguard Total Bond Market Index</p> <p><b><u>Large Cap Core</u></b><br/>Vanguard Institutional Index</p> <p><b><u>Smid Cap Core (Small &amp; Mid Cap)</u></b><br/>Vanguard Extended Market Index I</p> <p><b><u>International Equity</u></b><br/>American Beacon International Equity Index Instl<br/>Vanguard Developed Markets Index Adm</p> | <p><b><u>Stable Value</u></b><br/>MassMutual General Fund<br/>ING Stable Value Fund</p> <p><b><u>Balanced Fund</u></b><br/>Invesco Van Kampen Equity &amp; Income Y<br/>ING T.Rowe Price Cap App Port I</p> <p><b><u>Large Cap Value</u></b><br/>American Beacon Large Cap Value Inv<br/>Allianz NFJ Dividend Value</p> <p><b><u>Large Cap Core</u></b><br/>Victory Diversified Stock I</p> <p><b><u>Large Cap Growth</u></b><br/>T.Rowe Price Growth Stock<br/>American Funds Growth Fund of Amer R3<br/>Fidelity Contrafund</p> <p><b><u>Mid Cap Core</u></b><br/>Hartford Mid Cap HLS</p> <p><b><u>Mid Cap Growth</u></b><br/>Munder Mid Cap Core Growth<br/>Baron Growth Retail</p> <p><b><u>Smid Cap Core (Small &amp; Mid Cap)</u></b><br/>Lord Abbett Value Opportunities<br/>Oppenheimer Main St Sm &amp; Mid Cap Y</p> <p><b><u>Smid Cap Growth</u></b><br/>Columbia Acorn Fund A</p> <p><b><u>Small Cap Core</u></b><br/>Keeley Small Cap Value A</p> <p><b><u>Small Cap Growth</u></b><br/>Hartford Small Company HLS</p> <p><b><u>International Equity (w/Emerging Market)</u></b><br/>Dodge &amp; Cox International Stock</p> | <p><b><u>Socially Responsible</u></b><br/>Neuberger Berman Socially Responsible<br/>Parnassus Equity Income</p> <p><b><u>Global Equity</u></b><br/>Mutual Discovery A<br/>American Funds Cap World G&amp;I</p> <p><b><u>Self-Directed Brokerage</u></b><br/>Schwab SDBA<br/>TD Ameritrade</p> |



# Nevada Public Employees' Deferred Compensation Plan Current Investment Structure

Hartford & ING

STYLE

|                       |        | Value  | Blend   | Growth   |
|-----------------------|--------|--|---|--|
| <b>CAPITALIZATION</b> | Large  | American Beacon Large Cap Value Inv (MM)<br>Allianz NFJ Dividend Value (ING) | Vanguard Institutional Index (passive) (Both)<br>Victory Diversified Stock I (MM)   | T. Rowe Price Growth Stock (MM)<br>American Funds Growth Fund of America R3 (ING)<br>Fidelity Contrafund (ING) |
|                       | Medium |  | Hartford Mid Cap HLS (Both)   | Munder Mid Cap Core (MM)<br>Baron Growth Retail (ING)  |
|                       | SMID   |  | Vanguard Extended Market Index (passive) (Both)<br>Lord Abbett Value Opportunities I (Both)<br>Oppenheimer Main St Small & Mid Cap Y (MM) | Columbia Acorn Fund A (ING)  |
|                       | Small  |  | Keeley Small Cap Value A (ING)  | Hartford Small Company HLS (MM)  |

## Additional Asset Categories within Investment Line-up

**Fixed Income/Stable Value**

Hartford General Fund (MM)  
ING Stable Value Fund (MM)

**Fixed Income/Bond**

SSgA US Bond Market INLS (MM)  
Vanguard Total Bond Market Index (ING)

**Balanced**

Invesco Van Kampen Equity & Income Y (MM)  
ING T. Rowe Price Capital Appreciation Port I (ING)

**Socially Responsive Equity**

Neuberger Berman Socially Responsible (MM)  
Parnassus Equity Income (ING)

**International Equity**

American Beacon Intl Equity Index Instl (passive) (MM)  
Vanguard Developed Markets Index Adm (passive) (ING)

**International Eq (w/ Emerging Markets exposure)**

Dodge & Cox International Stock (ING)

**Global Equity**

Mutual Global Discovery A (MM)  
American Funds Capital World Growth & Income (ING)

**Target Date/Lifecycle Funds**

Vanguard Target Retirement Income Inv (Both)  
Vanguard Target Retirement 2015 Inv (Both)  
Vanguard Target Retirement 2025 Inv (Both)  
Vanguard Target Retirement 2035 Inv (Both)  
Vanguard Target Retirement 2045 Inv (Both)

**Self Directed Brokerage**

Schwab SDBA / TD Ameritrade SDBA

Current Watch List as of June 30, 2013

| Fund   | Date Put on Watch List | Prior Action  | Current Recommendation   |
|--|------------------------|---|--|
| American Funds Growth Fund of America (ING)            | February 1, 2011       | Placed on Watch List due to underperformance.   | This Fund performance relative to the Russell 1000 Growth Index has improved over the 2nd quarter (3.1% vs. 2.1%) and over the 1-year period (22.6% vs. 17.1%). The fund also significantly outperformed its universe median by 1.4% and 6.8%, respectively. Recommended to remain on Watch List to monitor performance over longer periods. |
| Keeley Small Cap Value Fund (ING)                      | November 1, 2010       | Placed on the Watch List due to underperformance and the level of volatility associated with this fund.                           | Remain on Watch List due to 5-year performance.  |
| Hartford Small Company Fund HLS (Mass Mutual)          | December 31, 2012      | Recommend for Watch List due to underperformance of the benchmark over the 3- and 5-year periods.                                 | Remain on Watch List due to underperformance of the benchmark and median of the peer universe over the 5-year periods. The Fund's second quarter performance has improved (4.9% vs. 3.7%).   |
| Victory Diversified Stock Fund (Mass Mutual)           | March 31, 2013         | Placed on the Watch List due to underperformance of the benchmark and median of the peer universe over the 3- and 5-year periods. | Remain on the Watch List due to underperformance of the benchmark and median of the peer universe over the 3- and 5-year periods.  |
| Oppenheimer Main St Small & Mid Cap Fund (Mass Mutual) | March 31, 2013         | Placed on the Watch List due to underperformance of the benchmark and median of the peer universe over the 3- and 5-year periods. | Remain on the Watch List due to underperformance of the benchmark and median of the peer universe over the 3- and 5-year periods.  |

Watch List as of June 30, 2013

| Fund   | Date Put on Watch List | Date Removed from Watchlist | Prior Action   |
|--|------------------------|-----------------------------|--|
| American Funds Growth Fund of America (ING)            | February 1, 2011       | Remain                      | Placed on Watch List due to underperformance.  |
| Keeley Small Cap Value Fund (ING)                      | November 1, 2010       | Remain                      | Placed on the Watch List due to underperformance and the level of volatility associated with this fund.        |
| Hartford Small Company Fund HLS (Mass Mutual)          | December 31, 2012      | Remain                      | Recommend for Watch List due to underperformance of the benchmark over the 3- and 5-year periods.              |
| Victory Diversified Stock Fund (Mass Mutual)           | March 31, 2013         | Remain                      | N/A  |
| Oppenheimer Main St Small & Mid Cap Fund (Mass Mutual) | March 31, 2013         | Remain                      | N/A  |
| Hartford MidCap HLS (Hartford)                         | February 1, 2011       | March 31, 2013              | Placed on Watch List due to a change in portfolio management leadership.                                       |
| Lazard US Mid Cap Equity Fund (ING)                    | May 1, 2008            | March 31, 2013              | Fund terminated at the 6/30/2012 review period. Assets were mapped to the Hartford Mid Cap HLS Fund.           |
| Munder Mid Cap Core Growth Fund (Hartford)             | November 1, 2010       | March 31, 2013              | Placed on Watch List due to underperformance.  |
| Mutual Global Discovery (Hartford)                     | February 1, 2010       | March 31, 2013              | Placed on the Watch List due to investment team's departure.   |
| Mass Mutual General Account                            | March 1, 2012          | March 31, 2013              | Placed on the Watch List due to the announcement of a pending sale by the Hartford of its retirement business. |

Nevada Public Employees' Deferred Compensation Program

Revenue Sharing Analysis for MassMutual Funds  
As of June 30, 2013

| Fund Name                              | Ticker | Asset Class          | Plan Assets<br>6/30/2013 | Mutual Fund<br>Expense<br>Ratio | Mutual Fund<br>Total \$ Expense | Revenue Sharing   | Revenue<br>Sharing \$ |
|--|--------|----------------------|--------------------------|---------------------------------|---------------------------------|-------------------|-----------------------|
| General Account                        | n/a    | Stable Value         | \$ 277,487,623           | n/a                             | -                               | n/a               | -                     |
| SSgA US Bond Market INLS <sup>1</sup>  | n/a    | Core Fixed Income    | \$ 9,143,678             | 0.06%                           | \$ 5,486                        | 0.00%             | \$ -                  |
| Invesco Equity and Income R6           | IEIFX  | Balanced             | \$ 31,392,440            | 0.37%                           | \$ 116,152                      | 0.00%             | \$ -                  |
| American Beacon Lg Cap Value Instl     | AADEX  | Large Cap Value      | \$ 11,995,666            | 0.60%                           | \$ 71,974                       | 0.00%             | \$ -                  |
| Vanguard Institutional Index I         | VINIX  | Large Cap Core       | \$ 16,340,822            | 0.04%                           | \$ 6,536                        | 0.00%             | \$ -                  |
| Victory Diversified Stock I            | VDSIX  | Large Cap Core       | \$ 26,367,410            | 0.82%                           | \$ 216,213                      | 0.15%             | \$ 39,551             |
| Neuberger Berman Socially Resp Inst    | NBSLX  | Socially Responsive  | \$ 4,538,870             | 0.71%                           | \$ 32,226                       | 0.10%             | \$ 4,539              |
| T. Rowe Price Growth Stock             | PRGFX  | Large Cap Growth     | \$ 21,885,441            | 0.70%                           | \$ 153,198                      | 0.15%             | \$ 32,828             |
| Hartford MidCap HLS IA                 | HIMCX  | Mid Cap Core         | \$ 37,300,698            | 0.71%                           | \$ 264,835                      | 0.25%             | \$ 93,252             |
| Munder Mid-Cap Core Growth R6          | MGOSX  | Mid Cap Growth       | \$ 2,324,588             | 0.85%                           | \$ 19,759                       | 0.00%             | \$ -                  |
| Vanguard Extended Market Idx I         | VEIEX  | Smid Core            | \$ 5,140,034             | 0.12%                           | \$ 6,168                        | 0.00%             | \$ -                  |
| Lord Abbett Value Opportunities I      | LVOYX  | Smid Core            | \$ 10,292,541            | 0.96%                           | \$ 98,808                       | 0.10%             | \$ 10,293             |
| Oppenheimer Main Street Sm & Mid Cap Y | OPMYX  | Smid Core            | \$ 8,803,093             | 0.85%                           | \$ 74,826                       | 0.30%             | \$ 26,409             |
| Hartford Small Company HLS IA          | HIASX  | Small Cap Growth     | \$ 3,852,356             | 0.72%                           | \$ 27,737                       | 0.25%             | \$ 9,631              |
| American Beacon Intl Eq Index Inst     | AIIIX  | International Equity | \$ 9,134,261             | 0.19%                           | \$ 17,355                       | 0.00%             | \$ -                  |
| Mutual Global Discovery Z <sup>2</sup> | TEDIX  | Global Equity        | \$ 10,302,583            | 1.02%                           | \$ 105,086                      | 0.10% + \$12/head | \$ 24,595             |
| Vanguard Target Retirement Income Inv  | VTINX  | Lifecycle            | \$ 2,151,400             | 0.16%                           | \$ 3,442                        | 0.00%             | \$ -                  |
| Vanguard Target Retirement 2015 Inv    | VTXVX  | Lifecycle            | \$ 3,260,789             | 0.16%                           | \$ 5,217                        | 0.00%             | \$ -                  |
| Vanguard Target Retirement 2025 Inv    | VTTVX  | Lifecycle            | \$ 4,366,916             | 0.17%                           | \$ 7,424                        | 0.00%             | \$ -                  |
| Vanguard Target Retirement 2035 Inv    | VTTHX  | Lifecycle            | \$ 2,720,977             | 0.18%                           | \$ 4,898                        | 0.00%             | \$ -                  |
| Vanguard Target Retirement 2045 Inv    | VTIVX  | Lifecycle            | \$ 2,093,649             | 0.18%                           | \$ 3,769                        | 0.00%             | \$ -                  |
| Schwab SDBA                            | n/a    | Brokerage account    | \$ 2,619,205             | -                               | \$ -                            | -                 | -                     |
| <b>TOTALS</b>                          |        |                      | <b>\$ 503,515,039</b>    |                                 | <b>\$ 1,241,110</b>             |                   | <b>\$241,097</b>      |

<sup>1</sup>SSgA US Bond Market INLS will drop to 0.06% expense ratio and no revenue share on September 13, 2013.

<sup>2</sup>Revenue sharing based on 391 participants.

| All Funds  |       |
|--|-------|
| Average Expense Ratio <sup>1</sup>                   | 0.48% |
| Weighted Average Variable Expense Ratio <sup>1</sup> | 0.56% |
| Weighted Average Variable Revenue Share <sup>1</sup> | 0.11% |

<sup>1</sup>Does not include Stable Value or Brokerage Account.

**Hartford Contract Requirements:**

Total Revenue Sharing on Variable Funds: 11 bps

Nevada Public Employees' Deferred Compensation Program

Revenue Sharing Analysis for ING Funds  
As of June 30, 2013

| Fund Name                                | Ticker | Asset Class          | Plan Assets<br>6/30/2013 | Mutual Fund      |                                 | Revenue<br>Sharing | Revenue<br>Sharing \$ |
|--|--------|----------------------|--------------------------|------------------|---------------------------------|--------------------|-----------------------|
|  |        |                      |                          | Expense<br>Ratio | Mutual Fund<br>Total \$ Expense |                    |                       |
| ING Stable Value Fund                    | n/a    | Stable Value         | \$ 27,779,560            | 0.75%            | \$ 208,347                      | 0.55%              | \$ 152,788            |
| Vanguard Total Bond Market Index I       | VBTIX  | Core Fixed Income    | \$ 4,822,263             | 0.26%            | \$ 12,538                       | 0.19%              | \$ 9,162              |
| ING T. Rowe Price Cap Apprec Port I      | ITRIX  | Balanced             | \$ 4,538,227             | 0.65%            | \$ 29,498                       | 0.28%              | \$ 12,707             |
| Allianz NFJ Dividend Value Instl         | NFJEX  | Large Cap Value      | \$ 3,255,674             | 0.71%            | \$ 23,115                       | 0.10%              | \$ 3,256              |
| Vanguard Institutional Index I           | VINIX  | Large Cap Core       | \$ 5,231,308             | 0.23%            | \$ 12,032                       | 0.19%              | \$ 9,939              |
| Parnassus Equity Income - Inv            | PRBLX  | Socially Responsive  | \$ 940,890               | 0.90%            | \$ 8,468                        | 0.40%              | \$ 3,764              |
| American Funds Growth Fund of Amer R3    | RGACX  | Large Cap Growth     | \$ 6,042,988             | 0.98%            | \$ 59,221                       | 0.65%              | \$ 39,279             |
| Fidelity Contrafund                      | FCNTX  | Large Cap Growth     | \$ 2,187,336             | 0.74%            | \$ 16,186                       | 0.25%              | \$ 5,468              |
| Hartford MidCap HLS IB                   | HBMCX  | Mid Cap Core         | \$ 2,382,753             | 0.96%            | \$ 22,874                       | 0.30%              | \$ 7,148              |
| Baron Growth Retail                      | BGRFX  | Mid Cap Growth       | \$ 1,969,307             | 1.32%            | \$ 25,995                       | 0.40%              | \$ 7,877              |
| Lord Abbett Value Opportunities I        | LVOYX  | Smid Core            | \$ 3,884,717             | 0.96%            | \$ 37,293                       | 0.10%              | \$ 3,885              |
| Vanguard Extended Market Idx I           | VIEIX  | Smid Core            | \$ 3,557,360             | 0.31%            | \$ 11,028                       | 0.19%              | \$ 6,759              |
| Columbia Acorn A                         | LACAX  | Smid Growth          | \$ 2,134,863             | 1.10%            | \$ 23,483                       | 0.50%              | \$ 10,674             |
| Keeley Small Cap Value A                 | KSCVX  | Small Cap Core       | \$ 644,813               | 1.39%            | \$ 8,963                        | 0.35%              | \$ 2,257              |
| Vanguard Developed Markets Index Admiral | VDMAX  | International Equity | \$ 625,676               | 0.29%            | \$ 1,814                        | 0.19%              | \$ 1,189              |
| Dodge & Cox International Stock          | DODFX  | International Equity | \$ 3,986,106             | 0.64%            | \$ 25,511                       | 0.10%              | \$ 3,986              |
| American Funds Capital World G/I R3      | RWICX  | Global Equity        | \$ 1,493,948             | 1.10%            | \$ 16,433                       | 0.65%              | \$ 9,711              |
| Vanguard Target Retirement Income Inv    | VTINX  | Lifecycle            | \$ 3,793,116             | 0.35%            | \$ 13,276                       | 0.19%              | \$ 7,207              |
| Vanguard Target Retirement 2015 Inv      | VTTVX  | Lifecycle            | \$ 17,348,523            | 0.35%            | \$ 60,720                       | 0.19%              | \$ 32,962             |
| Vanguard Target Retirement 2025 Inv      | VTTVX  | Lifecycle            | \$ 3,135,603             | 0.36%            | \$ 11,288                       | 0.19%              | \$ 5,958              |
| Vanguard Target Retirement 2035 Inv      | VTTHX  | Lifecycle            | \$ 14,512,353            | 0.37%            | \$ 53,696                       | 0.19%              | \$ 27,573             |
| Vanguard Target Retirement 2045 Inv      | VTIVX  | Lifecycle            | \$ 508,196               | 0.37%            | \$ 1,880                        | 0.19%              | \$ 966                |
| TD Ameritrade SDBA                       | n/a    | Brokerage account    | \$ 423,329               | -                | \$ -                            | 0.08%              | \$ 339                |
| <b>TOTALS</b>                            |        |                      | <b>\$ 115,198,909</b>    |                  | <b>\$ 683,662</b>               |                    | <b>\$ 364,854</b>     |

| All Funds   |       |
|---|-------|
| Average Expense Ratio <sup>1</sup>                    | 0.68% |
| Weighted Average Variable Expense Ratio <sup>1</sup>  | 0.55% |
| Weighted Average Variable Revenue Share (w/brokerage) | 0.24% |
| Weighted Average Stable Value Revenue Sharing         | 0.55% |
| Weighted Average Total Revenue Sharing                | 0.32% |

<sup>1</sup> Does not include Stable Value or Brokerage Account

**ING Contract Requirements:**

Total Revenue Sharing All Funds: 35 bps  
Total Revenue Sharing on Variable: 26 bps  
Total Revenue Sharing on Stable Value: 55 bps

**Plan Activity: MassMutual**  
**April 1, 2013 through June 30, 2013**

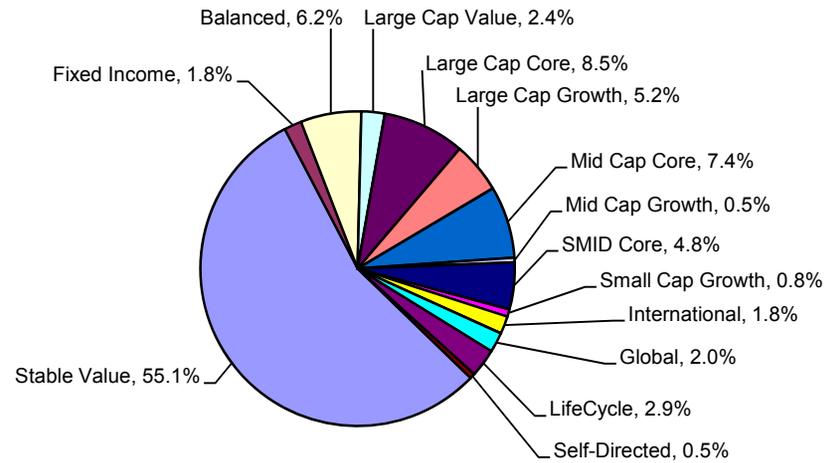
| Funds                                  | Beginning Balance<br>April 1, 2013 | Contributions       | Withdrawals           | Transfers      | Fees/Misc*    | Investment Gain/Loss<br>(incl. Dividends) | Ending Balance<br>June 30, 2013 |
|--|------------------------------------|---------------------|-----------------------|----------------|---------------|---|---------------------------------|
| General Account                        | \$ 277,091,942                     | \$ 3,387,005        | \$ (6,075,342)        | \$ 1,039,127   | \$ 3,759      | \$ 2,041,131                              | \$ 277,487,623                  |
| SSgA US Bond Market INLS               | \$ 9,569,347                       | \$ 76,431           | \$ (106,180)          | \$ (9,553,473) | \$ -          | \$ 13,875                                 | \$ (0)                          |
| SSgA US Bond Market INLS               | \$ -                               | \$ 53,810           | \$ (72,473)           | \$ 9,393,424   | \$ (0)        | \$ (231,083)                              | \$ 9,143,678                    |
| Invesco Equity and Income Y            | \$ 30,465,605                      | \$ 299,506          | \$ (258,691)          | \$ (52,104)    | \$ (1)        | \$ 938,124                                | \$ 31,392,440                   |
| American Beacon Lg Cap Value Inv       | \$ 10,953,519                      | \$ 215,556          | \$ (155,012)          | \$ 405,822     | \$ (3)        | \$ 575,784                                | \$ 11,995,666                   |
| Vanguard Institutional Index I         | \$ 16,060,760                      | \$ 233,647          | \$ (212,463)          | \$ (199,709)   | \$ (3)        | \$ 458,590                                | \$ 16,340,822                   |
| Victory Diversified Stock I            | \$ 25,599,065                      | \$ 303,361          | \$ (215,077)          | \$ (465,546)   | \$ (651)      | \$ 1,146,258                              | \$ 26,367,410                   |
| Neuberger Berman Socially Resp Inv     | \$ 4,335,796                       | \$ 94,401           | \$ (28,793)           | \$ 49,753      | \$ (1)        | \$ 87,713                                 | \$ 4,538,870                    |
| T. Rowe Price Growth Stock             | \$ 21,903,280                      | \$ 346,227          | \$ (272,633)          | \$ (772,503)   | \$ (5)        | \$ 681,075                                | \$ 21,885,441                   |
| Hartford MidCap HLS IA                 | \$ 36,576,767                      | \$ 421,994          | \$ (415,731)          | \$ (333,000)   | \$ (1,143)    | \$ 1,051,810                              | \$ 37,300,698                   |
| Munder Mid-Cap Core Growth Y           | \$ 2,319,352                       | \$ 57,289           | \$ (21,136)           | \$ (70,829)    | \$ -          | \$ 39,911                                 | \$ 2,324,588                    |
| Vanguard Extended Market Idx I         | \$ 4,425,502                       | \$ 126,932          | \$ (10,003)           | \$ 483,278     | \$ (1)        | \$ 114,325                                | \$ 5,140,034                    |
| Lord Abbett Value Opportunities I      | \$ 10,127,767                      | \$ 169,760          | \$ (126,026)          | \$ (90,537)    | \$ (3)        | \$ 211,578                                | \$ 10,292,541                   |
| Oppenheimer Main Street Sm & Mid Cap Y | \$ 8,789,958                       | \$ 181,327          | \$ (67,501)           | \$ (292,092)   | \$ (2)        | \$ 191,404                                | \$ 8,803,093                    |
| Hartford Small Company HLS IA          | \$ 3,603,250                       | \$ 78,228           | \$ (44,454)           | \$ (8,887)     | \$ (741)      | \$ 224,961                                | \$ 3,852,356                    |
| American Beacon Intl Eq Index Inst     | \$ 9,311,333                       | \$ 205,929          | \$ (155,419)          | \$ (128,103)   | \$ (4)        | \$ (99,475)                               | \$ 9,134,261                    |
| Mutual Global Discovery Z              | \$ 10,193,723                      | \$ 189,010          | \$ (118,269)          | \$ (162,914)   | \$ (975)      | \$ 202,007                                | \$ 10,302,583                   |
| Vanguard Target Retirement Income Inv  | \$ 1,743,950                       | \$ 59,922           | \$ (11,678)           | \$ 399,804     | \$ -          | \$ (40,598)                               | \$ 2,151,400                    |
| Vanguard Target Retirement 2015 Inv    | \$ 3,085,328                       | \$ 149,171          | \$ (10,564)           | \$ 66,111      | \$ (6)        | \$ (29,251)                               | \$ 3,260,789                    |
| Vanguard Target Retirement 2025 Inv    | \$ 4,260,438                       | \$ 307,022          | \$ (5,772)            | \$ (190,264)   | \$ -          | \$ (4,508)                                | \$ 4,366,916                    |
| Vanguard Target Retirement 2035 Inv    | \$ 2,314,308                       | \$ 231,320          | \$ (94,542)           | \$ 267,966     | \$ -          | \$ 1,925                                  | \$ 2,720,977                    |
| Vanguard Target Retirement 2045 Inv    | \$ 1,851,531                       | \$ 107,099          | \$ (46,584)           | \$ 169,214     | \$ -          | \$ 12,389                                 | \$ 2,093,649                    |
| Schwab SDBA                            | \$ 2,603,190                       | \$ -                | \$ -                  | \$ 45,462      | \$ -          | \$ (29,446)                               | \$ 2,619,205                    |
| <b>Total</b>                           | <b>\$ 497,185,709</b>              | <b>\$ 7,294,949</b> | <b>\$ (8,524,341)</b> | <b>\$ (0)</b>  | <b>\$ 221</b> | <b>\$ 7,558,501</b>                       | <b>\$ 503,515,039</b>           |

\*Participant account corrections.

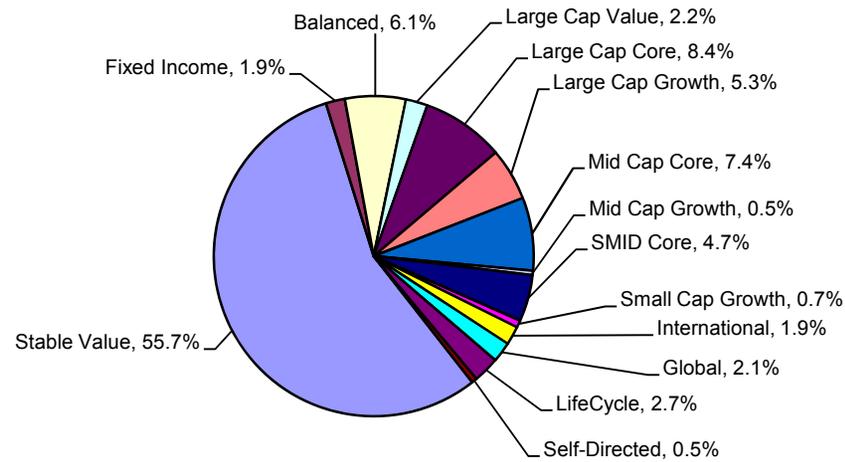
**Asset Allocation Summary: MassMutual**

| Fund                                   | June 30, 2013         |                   | March 31, 2013        |                   |
|--|-----------------------|-------------------|-----------------------|-------------------|
|  | Assets                | % of Total Assets | Assets                | % of Total Assets |
| General Account                        | \$ 277,487,623        | 55.1%             | \$ 277,091,942        | 55.7%             |
| SSgA US Bond Market INLS               | \$ (0)                | 0.0%              | \$ 9,569,347          | 1.9%              |
| SSgA US Bond Market INLS               | \$ 9,143,678          | 1.8%              | \$ -                  | 0.0%              |
| Invesco Equity and Income Y            | \$ 31,392,440         | 6.2%              | \$ 30,465,605         | 6.1%              |
| American Beacon Lg Cap Value Inv       | \$ 11,995,666         | 2.4%              | \$ 10,953,519         | 2.2%              |
| Vanguard Institutional Index I         | \$ 16,340,822         | 3.2%              | \$ 16,060,760         | 3.2%              |
| Victory Diversified Stock I            | \$ 26,367,410         | 5.2%              | \$ 25,599,065         | 5.1%              |
| Neuberger Berman Socially Resp Inv     | \$ 4,538,870          | 0.9%              | \$ 4,335,796          | 0.9%              |
| T. Rowe Price Growth Stock             | \$ 21,885,441         | 4.3%              | \$ 21,903,280         | 4.4%              |
| Hartford MidCap HLS IA                 | \$ 37,300,698         | 7.4%              | \$ 36,576,767         | 7.4%              |
| Munder Mid-Cap Core Growth Y           | \$ 2,324,588          | 0.5%              | \$ 2,319,352          | 0.5%              |
| Vanguard Extended Market Idx I         | \$ 5,140,034          | 1.0%              | \$ 4,425,502          | 0.9%              |
| Lord Abbett Value Opportunities I      | \$ 10,292,541         | 2.0%              | \$ 10,127,767         | 2.0%              |
| Oppenheimer Main Street Sm & Mid Cap Y | \$ 8,803,093          | 1.7%              | \$ 8,789,958          | 1.8%              |
| Hartford Small Company HLS IA          | \$ 3,852,356          | 0.8%              | \$ 3,603,250          | 0.7%              |
| American Beacon Intl Eq Index Inst     | \$ 9,134,261          | 1.8%              | \$ 9,311,333          | 1.9%              |
| Mutual Global Discovery Z              | \$ 10,302,583         | 2.0%              | \$ 10,193,723         | 2.1%              |
| Vanguard Target Retirement Income Inv  | \$ 2,151,400          | 0.4%              | \$ 1,743,950          | 0.4%              |
| Vanguard Target Retirement 2015 Inv    | \$ 3,260,789          | 0.6%              | \$ 3,085,328          | 0.6%              |
| Vanguard Target Retirement 2025 Inv    | \$ 4,366,916          | 0.9%              | \$ 4,260,438          | 0.9%              |
| Vanguard Target Retirement 2035 Inv    | \$ 2,720,977          | 0.5%              | \$ 2,314,308          | 0.5%              |
| Vanguard Target Retirement 2045 Inv    | \$ 2,093,649          | 0.4%              | \$ 1,851,531          | 0.4%              |
| Schwab SDBA                            | \$ 2,619,205          | 0.5%              | \$ 2,603,190          | 0.5%              |
| <b>Total</b>                           | <b>\$ 503,515,039</b> | <b>100.0%</b>     | <b>\$ 497,185,709</b> | <b>100.0%</b>     |

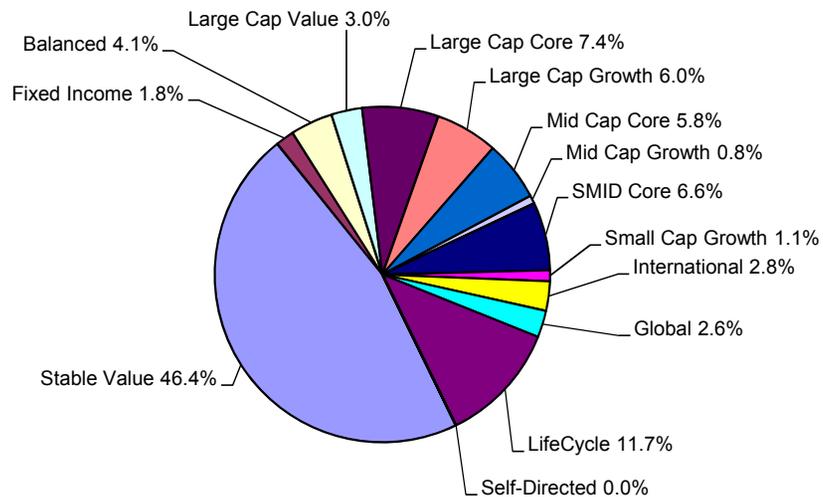
**Asset Allocation as of June 30, 2013**



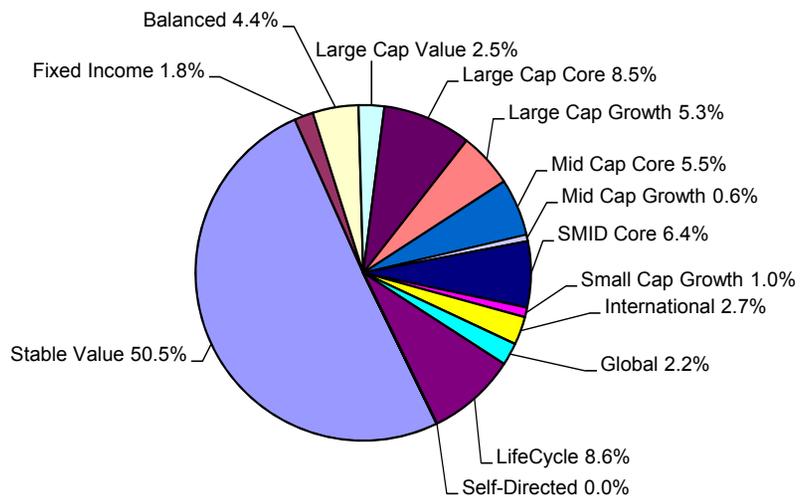
**Asset Allocation as of April 1, 2013**



**Plan Contributions - 2nd Quarter 2013**



**Plan Contributions - 1st Quarter 2013**



**Number of Participants Invested by Fund: MassMutual  
As of June 30, 2013**

| <b>Fund</b>                            | <b># of Participants</b> | <b># of One-Funders</b> |
|--|--------------------------|-------------------------|
| General Account                        | 5,706                    | 2,612                   |
| SSgA US Bond Market INLS               | 824                      | 20                      |
| Invesco Equity and Income Y            | 2,077                    | 120                     |
| American Beacon Lg Cap Value Inv       | 1,541                    | 6                       |
| Vanguard Institutional Index I         | 1,147                    | 39                      |
| Victory Diversified Stock I            | 2,450                    | 48                      |
| Neuberger Berman Socially Resp Inv     | 585                      | 6                       |
| T. Rowe Price Growth Stock             | 2,207                    | 74                      |
| Hartford MidCap HLS IA                 | 3,127                    | 34                      |
| Munder Mid-Cap Core Growth Y           | 342                      | 1                       |
| Vanguard Extended Market Idx I         | 479                      | 7                       |
| Lord Abbett Value Opportunities I      | 1,566                    | 8                       |
| Oppenheimer Main Street Sm & Mid Cap Y | 1,481                    | 2                       |
| Hartford Small Company HLS IA          | 553                      | 2                       |
| American Beacon Intl Eq Index Inst     | 1,943                    | 9                       |
| Mutual Global Discovery Z              | 1,191                    | 7                       |
| Vanguard Target Retirement Income Inv  | 124                      | 17                      |
| Vanguard Target Retirement 2015 Inv    | 211                      | 85                      |
| Vanguard Target Retirement 2025 Inv    | 337                      | 155                     |
| Vanguard Target Retirement 2035 Inv    | 328                      | 188                     |
| Vanguard Target Retirement 2045 Inv    | 314                      | 189                     |
| Schwab SDBA                            | 53                       | 0                       |

**Plan Activity: ING**  
**April 1, 2013 through June 30, 2013**

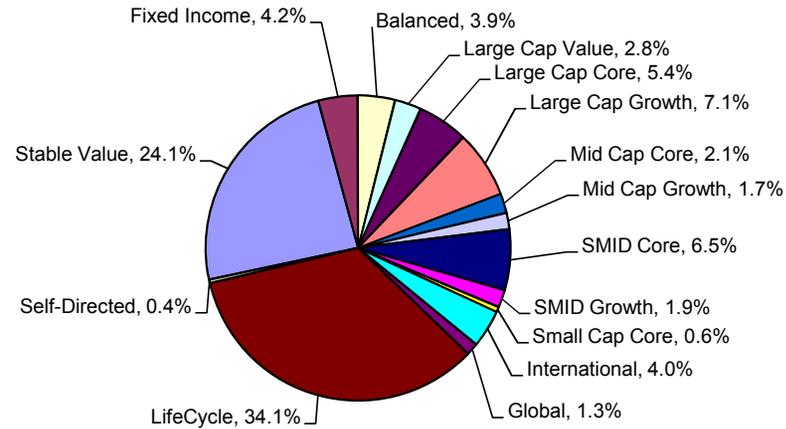
| Funds                                    | Beginning Balance<br>April 1, 2013 | Contributions       | Withdrawals           | Transfers      | Misc*             | Investment Gain/Loss<br>(incl. Dividends) | Ending Balance<br>June 30, 2013 |
|--|------------------------------------|---------------------|-----------------------|----------------|-------------------|---|---------------------------------|
| ING Stable Value Fund                    | \$ 28,054,077                      | \$ 489,339          | \$ (931,314)          | \$ 74,453      | \$ -              | \$ 93,005                                 | \$ 27,779,560                   |
| Vanguard Total Bond Market Index I       | \$ 5,204,521                       | \$ 134,859          | \$ (174,626)          | \$ (221,640)   | \$ -              | \$ (120,851)                              | \$ 4,822,263                    |
| ING T. Rowe Price Cap Apprec Port I      | \$ 4,371,754                       | \$ 92,348           | \$ (38,274)           | \$ (23,460)    | \$ 27,664         | \$ 108,195                                | \$ 4,538,227                    |
| Allianz NFJ Dividend Value Instl         | \$ 3,117,804                       | \$ 63,035           | \$ (102,252)          | \$ 66,709      | \$ 7,650          | \$ 102,728                                | \$ 3,255,674                    |
| Vanguard Institutional Index I           | \$ 5,041,289                       | \$ 118,413          | \$ (179,500)          | \$ 53,004      | \$ 55,914         | \$ 142,188                                | \$ 5,231,308                    |
| Parnassus Equity Income - Inv            | \$ 596,985                         | \$ 23,270           | \$ (29,791)           | \$ 346,786     | \$ -              | \$ 3,640                                  | \$ 940,890                      |
| American Funds Growth Fund of Amer R3    | \$ 5,826,286                       | \$ 95,773           | \$ (92,444)           | \$ 28,497      | \$ 7,650          | \$ 177,226                                | \$ 6,042,988                    |
| Fidelity Contrafund                      | \$ 2,072,208                       | \$ 53,631           | \$ (28,064)           | \$ (18,286)    | \$ 66,268         | \$ 41,579                                 | \$ 2,187,336                    |
| Lazard US Mid Cap Equity Open            | \$ 1,081,028                       | \$ 609              | \$ (5,162)            | \$ (1,063,923) | \$ -              | \$ (12,552)                               | \$ -                            |
| Hartford Mid Cap HLS                     | \$ -                               | \$ 15,567           | \$ (16,089)           | \$ 2,354,676   | \$ -              | \$ 28,599                                 | \$ 2,382,753                    |
| Baron Growth Retail                      | \$ 1,941,032                       | \$ 39,003           | \$ (66,593)           | \$ 21,932      | \$ -              | \$ 33,933                                 | \$ 1,969,307                    |
| Lord Abbett Value Opportunities I        | \$ 3,819,055                       | \$ 74,228           | \$ (78,736)           | \$ (14,359)    | \$ 7,001          | \$ 77,528                                 | \$ 3,884,717                    |
| Vanguard Extended Market Idx I           | \$ 3,360,904                       | \$ 88,302           | \$ (33,286)           | \$ 20,545      | \$ 40,764         | \$ 80,131                                 | \$ 3,557,360                    |
| Columbia Acorn A                         | \$ 2,092,035                       | \$ 40,023           | \$ (52,959)           | \$ 23,447      | \$ 22,650         | \$ 9,667                                  | \$ 2,134,863                    |
| Keeley Small Cap Value A                 | \$ 1,797,774                       | \$ 19,532           | \$ -                  | \$ (1,200,114) | \$ -              | \$ 27,621                                 | \$ 644,813                      |
| Vanguard Developed Markets Index Admiral | \$ 549,795                         | \$ 29,524           | \$ (306)              | \$ 48,652      | \$ 7,500          | \$ (9,489)                                | \$ 625,676                      |
| Dodge & Cox International Stock          | \$ 3,862,742                       | \$ 100,664          | \$ (84,018)           | \$ 20,811      | \$ 21,764         | \$ 64,143                                 | \$ 3,986,106                    |
| American Funds Capital World G/I R3      | \$ 1,496,989                       | \$ 41,641           | \$ (55,348)           | \$ (3,658)     | \$ 3,500          | \$ 10,824                                 | \$ 1,493,948                    |
| Vanguard Target Retirement Income Inv    | \$ 4,244,827                       | \$ 112,679          | \$ (288,625)          | \$ (251,201)   | \$ 45,000         | \$ (69,564)                               | \$ 3,793,116                    |
| Vanguard Target Retirement 2015 Inv      | \$ 17,803,082                      | \$ 452,451          | \$ (586,904)          | \$ (207,419)   | \$ 17,981         | \$ (130,668)                              | \$ 17,348,523                   |
| Vanguard Target Retirement 2025 Inv      | \$ 2,844,400                       | \$ 243,518          | \$ (70,316)           | \$ 101,312     | \$ 28,765         | \$ (12,076)                               | \$ 3,135,603                    |
| Vanguard Target Retirement 2035 Inv      | \$ 14,465,447                      | \$ 431,171          | \$ (334,299)          | \$ (153,681)   | \$ 51,776         | \$ 51,939                                 | \$ 14,512,353                   |
| Vanguard Target Retirement 2045 Inv      | \$ 547,921                         | \$ 36,806           | \$ (68,167)           | \$ (9,361)     | \$ -              | \$ 997                                    | \$ 508,196                      |
| TD Ameritrade SDBA                       | \$ 422,359                         | \$ -                | \$ -                  | \$ 6,278       | \$ -              | \$ (5,308)                                | \$ 423,329                      |
| <b>Total</b>                             | <b>\$ 114,614,314</b>              | <b>\$ 2,796,386</b> | <b>\$ (3,317,073)</b> | <b>\$ -</b>    | <b>\$ 411,847</b> | <b>\$ 693,435</b>                         | <b>\$ 115,198,909</b>           |

\* Interprovider transfers and 457 plan-to-plan transfers

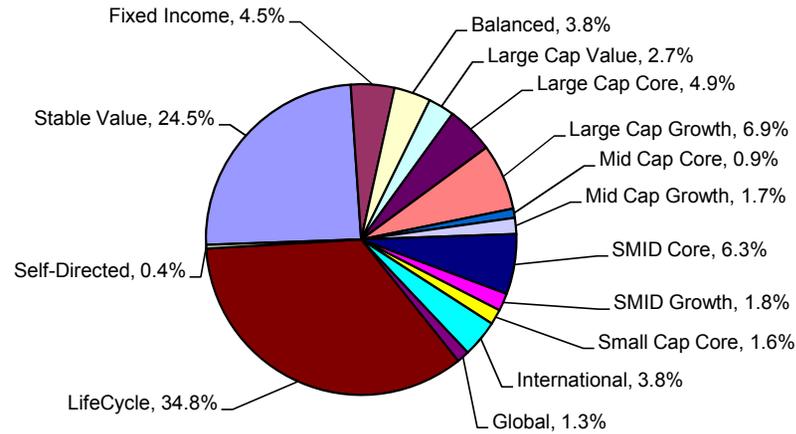
**Asset Allocation Summary: ING**

| Fund                                     | June 30, 2013         |                   | March 31, 2013        |                   |
|--|-----------------------|-------------------|-----------------------|-------------------|
|  | Assets                | % of Total Assets | Assets                | % of Total Assets |
| ING Stable Value Fund                    | \$ 27,779,560         | 24.1%             | \$ 28,054,077         | 24.5%             |
| Vanguard Total Bond Market Index I       | \$ 4,822,263          | 4.2%              | \$ 5,204,521          | 4.5%              |
| ING T. Rowe Price Cap Apprec Port I      | \$ 4,538,227          | 3.9%              | \$ 4,371,754          | 3.8%              |
| Allianz NFJ Dividend Value Instl         | \$ 3,255,674          | 2.8%              | \$ 3,117,804          | 2.7%              |
| Vanguard Institutional Index I           | \$ 5,231,308          | 4.5%              | \$ 5,041,289          | 4.4%              |
| Parnassus Equity Income - Inv            | \$ 940,890            | 0.8%              | \$ 596,985            | 0.5%              |
| American Funds Growth Fund of Amer R3    | \$ 6,042,988          | 5.2%              | \$ 5,826,286          | 5.1%              |
| Fidelity Contrafund                      | \$ 2,187,336          | 1.9%              | \$ 2,072,208          | 1.8%              |
| Lazard US Mid Cap Equity Open            | \$ -                  | 0.0%              | \$ 1,081,028          | 0.9%              |
| Hartford Mid Cap HLS                     | \$ 2,382,753          | 2.1%              | \$ -                  | 0.0%              |
| Baron Growth Retail                      | \$ 1,969,307          | 1.7%              | \$ 1,941,032          | 1.7%              |
| Lord Abbett Value Opportunities I        | \$ 3,884,717          | 3.4%              | \$ 3,819,055          | 3.3%              |
| Vanguard Extended Market Idx I           | \$ 3,557,360          | 3.1%              | \$ 3,360,904          | 2.9%              |
| Columbia Acorn A                         | \$ 2,134,863          | 1.9%              | \$ 2,092,035          | 1.8%              |
| Keeley Small Cap Value A                 | \$ 644,813            | 0.6%              | \$ 1,797,774          | 1.6%              |
| Vanguard Developed Markets Index Admiral | \$ 625,676            | 0.5%              | \$ 549,795            | 0.5%              |
| Dodge & Cox International Stock          | \$ 3,986,106          | 3.5%              | \$ 3,862,742          | 3.4%              |
| American Funds Capital World G/I R3      | \$ 1,493,948          | 1.3%              | \$ 1,496,989          | 1.3%              |
| Vanguard Target Retirement Income Inv    | \$ 3,793,116          | 3.3%              | \$ 4,244,827          | 3.7%              |
| Vanguard Target Retirement 2015 Inv      | \$ 17,348,523         | 15.1%             | \$ 17,803,082         | 15.5%             |
| Vanguard Target Retirement 2025 Inv      | \$ 3,135,603          | 2.7%              | \$ 2,844,400          | 2.5%              |
| Vanguard Target Retirement 2035 Inv      | \$ 14,512,353         | 12.6%             | \$ 14,465,447         | 12.6%             |
| Vanguard Target Retirement 2045 Inv      | \$ 508,196            | 0.4%              | \$ 547,921            | 0.5%              |
| TD Ameritrade SDBA                       | \$ 423,329            | 0.4%              | \$ 422,359            | 0.4%              |
| <b>Total</b>                             | <b>\$ 115,198,909</b> | <b>100.0%</b>     | <b>\$ 114,614,314</b> | <b>100.0%</b>     |

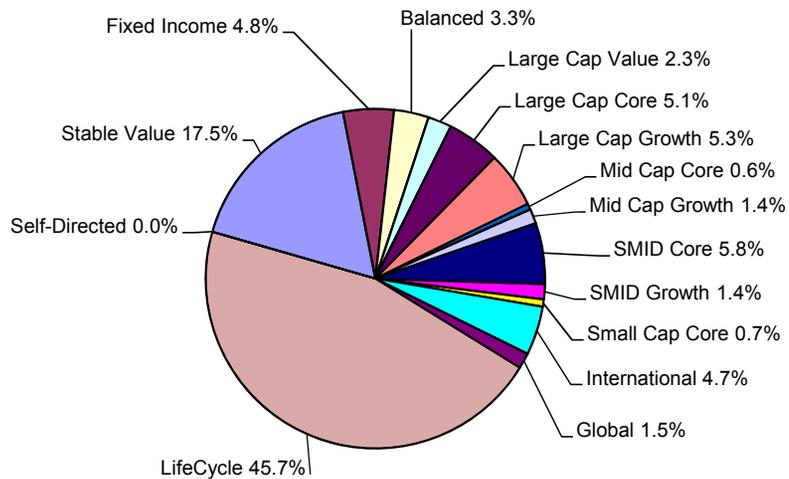
**Asset Allocation as of June 30, 2013**



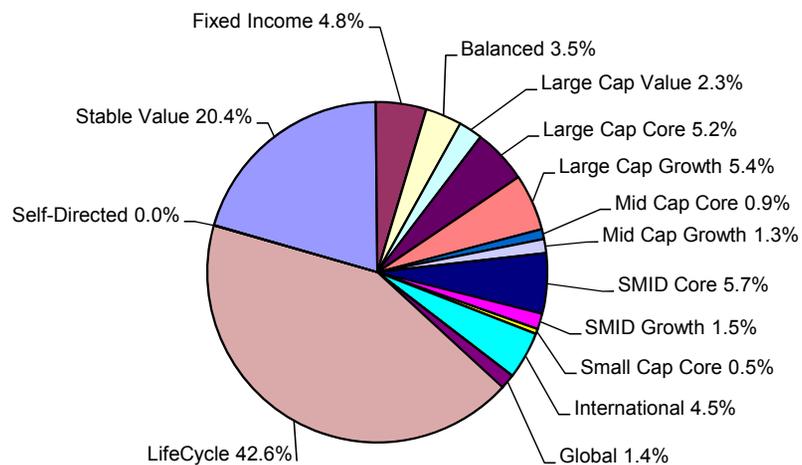
**Asset Allocation as of April 1, 2013**



**Plan Contributions - 2nd Quarter 2013**



**Plan Contributions - 1st Quarter 2013**



**Number of Participants Invested by Fund: ING**  
**As of June 30, 2013**

| <b>Fund</b>                              | <b># of Participants</b> | <b># of One-Funders</b> |
|--|--------------------------|-------------------------|
| ING Stable Value Fund                    | 1,104                    | 477                     |
| Vanguard Total Bond Market Index I       | 479                      | 13                      |
| ING T. Rowe Price Cap Apprec Port I      | 375                      | 15                      |
| Allianz NFJ Dividend Value Instl         | 440                      | 4                       |
| Vanguard Institutional Index I           | 372                      | 16                      |
| Parnassus Equity Income - Inv            | 109                      | 4                       |
| American Funds Growth Fund of Amer R3    | 585                      | 12                      |
| Fidelity Contrafund                      | 277                      | 3                       |
| Hartford Mid Cap HLS                     | 204                      | 2                       |
| Baron Growth Retail                      | 254                      | 4                       |
| Lord Abbett Value Opportunities I        | 395                      | 4                       |
| Vanguard Extended Market Idx I           | 308                      | 3                       |
| Columbia Acorn A                         | 286                      | 4                       |
| Keeley Small Cap Value A                 | 120                      | 2                       |
| Vanguard Developed Markets Index Admiral | 81                       | 1                       |
| Dodge & Cox International Stock          | 566                      | 16                      |
| American Funds Capital World G/I R3      | 291                      | 1                       |
| Vanguard Target Retirement Income Inv    | 241                      | 89                      |
| Vanguard Target Retirement 2015 Inv      | 1,036                    | 690                     |
| Vanguard Target Retirement 2025 Inv      | 262                      | 207                     |
| Vanguard Target Retirement 2035 Inv      | 1,029                    | 673                     |
| Vanguard Target Retirement 2045 Inv      | 144                      | 103                     |
| TD Ameritrade SDBA                       | 12                       | 0                       |

**MassMutual General Account  
As of March 30, 2013\***

|                 | US Gov/Agency | Mortgage-Backed Securities | Corporate Bonds | Asset-Backed Securities | CMBS | Cash / Equivalents | Other | Total |
|-----------------|---------------|----------------------------|-----------------|-------------------------|------|--------------------|-------|-------|
| General Account | 11.0%         | 10.0%                      | 60.5%           | 3.4%                    | 7.8% | 0.0%               | 7.3%  | 100%  |

\*Other for Hartford includes CDOs and Foreign.

|                 | AAA   | AA    | A     | BBB   | Below Investment Grade |
|-----------------|-------|-------|-------|-------|------------------------|
| General Account | 23.0% | 15.6% | 27.8% | 28.1% | 5.5%                   |

| MV to BV Ratios | 2009 | 2010 | 2011 |
|-----------------|------|------|------|
| Stable Value    | 91%  | 99%  | 100% |

|                        | 2002  | 2003  | 2004  | 2005  | 2006  | 2007  |
|------------------------|-------|-------|-------|-------|-------|-------|
| Annualized Credit Rate | 4.75% | 5.00% | 4.25% | 4.03% | 4.20% | 4.50% |
|                        | 2008  | 2009  | 2010  | 2011  | 2012  | 2013  |
|                        | 5.30% | 5.00% | 4.75% | 4.50% | 4.00% | 3.00% |

Information at 6/30 not yet available

**ING Stable Value Fund  
As of June 30, 2013**

|                                      | US Gov/Agency | Mortgage-Backed Securities | Corporate Bonds | Asset-Backed Securities | CMBS | Cash / Equivalents | Other* | Total |
|--------------------------------------|---------------|----------------------------|-----------------|-------------------------|------|--------------------|--------|-------|
| Stable Value                         | 18.2%         | 21.8%                      | 17.0%           | 6.6%                    | 4.0% | 25.6%              | 6.8%   | 100%  |
| <i>Barclays Aggregate Bond Index</i> | 44.1%         | 29.6%                      | 21.5%           | 0.4%                    | 1.8% | 0.0%               | 2.7%   | 100%  |

\*Other for ING includes GICs. Other for BC Agg includes Sovereign and Supranational.

|                                      | Effective Duration Years | Average Quality |
|--------------------------------------|--------------------------|-----------------|
| <b>Stable Value</b>                  | 2.29                     | AA+             |
| <i>Barclays Aggregate Bond Index</i> | 5.26                     | AA1/AA2         |

| MV to BV Ratios     | 09/30/2011 | 12/31/2011 | 03/31/2012 | 06/30/2012 | 09/30/2012 | 12/31/2012 | 03/31/2013 | 06/30/2013 |
|---------------------|------------|------------|------------|------------|------------|------------|------------|------------|
| <b>Stable Value</b> | 103.64%    | 103.49%    | 103.49%    | 103.85%    | 104.35%    | 103.89%    | 103.54%    | 101.84%    |

|                              | 12/31/2009 | 03/31/2010 | 06/30/2010 | 09/30/2010 | 12/31/2010 | 03/31/2011 | 06/30/2011 | 09/30/2011 |
|------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|
| <b>Annualized Gross Rate</b> | 3.93%      | 3.63%      | 3.70%      | 3.61%      | 3.34%      | 3.07%      | 2.88%      | 2.75%      |
| <b>Annualized Net Rate</b>   | 3.18%      | 2.88%      | 2.95%      | 2.86%      | 2.59%      | 2.32%      | 2.13%      | 2.00%      |

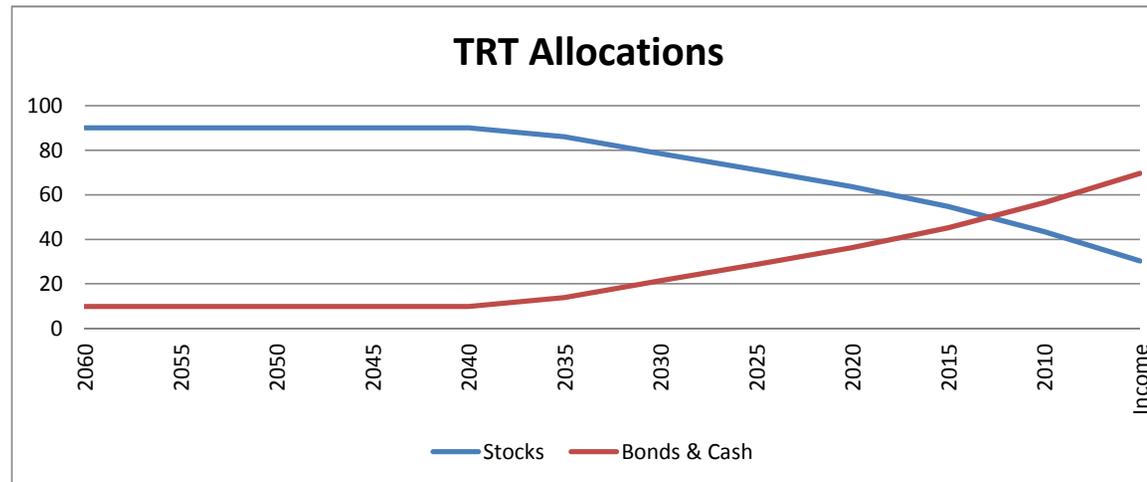
  

|                              | 12/31/2011 | 03/31/2012 | 06/30/2012 | 09/30/2012 | 09/30/2012 | 12/31/2012 | 03/31/2013 | 06/30/2013 |
|------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|
| <b>Annualized Gross Rate</b> | 2.60%      | 2.42%      | 2.31%      | 2.31%      | 2.31%      | 2.20%      | 2.17%      | 2.10%      |
| <b>Annualized Net Rate</b>   | 1.85%      | 1.67%      | 1.56%      | 1.56%      | 1.56%      | 1.45%      | 1.42%      | 1.35%      |

### Vanguard Target Date Retirement Funds

Estimated allocations as of June 30, 2013

| Fund          | Total Stock Market Index Fund | Total International Stock Index Fund | Total Bond Market Index II Fund | Inflation-Protected Securities Fund | Prime Money Market Fund | Stocks | Bonds & Cash |
|---------------|-------------------------------|--------------------------------------|---------------------------------|-------------------------------------|-------------------------|--------|--------------|
| <b>2045</b>   | 63%                           | 27%                                  | 10%                             | 0%                                  | 0%                      | 90%    | 10%          |
| <b>2035</b>   | 60%                           | 26%                                  | 14%                             | 0%                                  | 0%                      | 86%    | 14%          |
| <b>2025</b>   | 49%                           | 22%                                  | 29%                             | 0%                                  | 0%                      | 71%    | 29%          |
| <b>2015</b>   | 38%                           | 16%                                  | 40%                             | 6%                                  | 0%                      | 54%    | 46%          |
| <b>Income</b> | 21%                           | 9%                                   | 45%                             | 20%                                 | 5%                      | 31%    | 69%          |



## Nevada Public Employees' Deferred Compensation Program

As of June 30, 2013

|  | 1<br>Quarter | Year<br>To<br>Date | 1<br>Year    | 3<br>Years   | 5<br>Years  | Expense<br>Ratio |
|--|--------------|--------------------|--------------|--------------|-------------|------------------|
| <b>MassMutual</b>                                  |              |                    |              |              |             |                  |
| <b>General Account</b>                             | <b>0.74</b>  | <b>1.49</b>        | <b>3.50</b>  | <b>4.12</b>  | <b>4.48</b> |                  |
| Hueler Stable Value                                | 0.47         | 0.95               | 2.04         | 2.50         | 2.87        |                  |
| <b>ING</b>   |              |                    |              |              |             |                  |
| <b>ING Stable Value Fund</b>                       | <b>0.33</b>  | <b>0.68</b>        | <b>1.43</b>  | <b>1.90</b>  | <b>N/A</b>  | <b>0.75</b>      |
| Hueler Stable Value                                | 0.47         | 0.95               | 2.04         | 2.50         | 2.87        |                  |
| <b>MassMutual</b>                                  |              |                    |              |              |             |                  |
| <b>SSgA US Bond Market INLS</b>                    | <b>-2.38</b> | <b>-2.50</b>       | <b>-0.73</b> | <b>3.52</b>  | <b>5.27</b> | <b>0.15</b>      |
| Barclays U.S. Aggregate                            | -2.32        | -2.44              | -0.69        | 3.51         | 5.19        |                  |
| IM U.S. Broad Market Core Fixed Income (MF) Median | -2.69        | -2.62              | 0.32         | 4.08         | 5.53        |                  |
| SSgA US Bond Market INLS Rank                      | 20           | 40                 | 79           | 69           | 60          |                  |
| <b>ING</b>   |              |                    |              |              |             |                  |
| <b>Vanguard Total Bond Market Index *</b>          | <b>-2.42</b> | <b>-2.48</b>       | <b>-0.83</b> | <b>3.43</b>  | <b>5.18</b> | <b>0.26</b>      |
| Vanguard Total Bond Policy Index                   | -2.31        | -2.42              | -0.62        | 3.59         | 5.25        |                  |
| IM U.S. Broad Market Core Fixed Income (MF)        | -2.69        | -2.62              | 0.32         | 4.08         | 5.53        |                  |
| Vanguard Total Bond Market Index Rank              | 24           | 38                 | 82           | 72           | 63          |                  |
| <b>MassMutual</b>                                  |              |                    |              |              |             |                  |
| <b>Invesco Equity &amp; Income R5 **</b>           | <b>3.03</b>  | <b>12.94</b>       | <b>19.67</b> | <b>14.39</b> | <b>7.93</b> | <b>0.44</b>      |
| 60 S&P 500 / 40 Barclays Agg                       | 0.80         | 7.10               | 11.69        | 12.53        | 6.72        |                  |
| IM All Balanced (MF) Median                        | -0.59        | 3.90               | 10.34        | 10.28        | 4.47        |                  |
| Invesco Equity & Income R5 Rank                    | 2            | 1                  | 2            | 4            | N/A         |                  |
| <b>ING</b>   |              |                    |              |              |             |                  |
| <b>ING T Rowe Price Cap App Port I</b>             | <b>-0.43</b> | <b>7.13</b>        | <b>14.92</b> | <b>13.88</b> | <b>7.83</b> | <b>0.65</b>      |
| 60 S&P 500 / 40 Barclays Agg                       | 0.80         | 7.10               | 11.69        | 12.53        | 6.72        |                  |
| IM All Balanced (MF) Median                        | -0.59        | 3.90               | 10.34        | 10.28        | 4.47        |                  |
| ING T Rowe Price Cap App Port I Rank               | 47           | 21                 | 21           | 8            | 3           |                  |

\*Policy Index: Barclays U.S. Aggregate Bond Index through December 31, 2009; Barclays U.S. Aggregate Float Adjusted Index thereafter.

\*\*Invesco Equity and Income 5-year performance is an estimate of the performance of the Fund's oldest share class, adjusted for fees.

Returns for periods greater than one year are annualized.  
Returns are expressed as percentages.

## Nevada Public Employees' Deferred Compensation Program

As of June 30, 2013

|   | 1<br>Quarter | Year<br>To<br>Date | 1<br>Year    | 3<br>Years   | 5<br>Years  | Expense<br>Ratio |             |
|---|--------------|--------------------|--------------|--------------|-------------|------------------|-------------|
| <b>MassMutual</b>                                 |              |                    |              |              |             |                  |             |
| <b>American Beacon Lg Cap Value Instl</b>         | <b>5.23</b>  | <b>17.24</b>       | <b>27.39</b> | <b>18.43</b> | <b>7.16</b> | <b>0.60</b>      |             |
| Russell 1000 Value Index                          | 3.20         | 15.90              | 25.32        | 18.51        | 6.67        |                  |             |
| IM U.S. Large Cap Value Equity (MF)               | 3.72         | 15.43              | 24.42        | 16.58        | 6.00        |                  |             |
| American Beacon Lg Cap Value Instl Rank           | 8            | 15                 | 18           | 16           | 23          |                  |             |
| <b>ING</b>  |              |                    |              |              |             |                  |             |
| <b>Allianz NFJ Dividend Value</b>                 | <b>3.26</b>  | <b>13.39</b>       | <b>22.25</b> | <b>18.08</b> | <b>4.17</b> | <b>0.71</b>      |             |
| Russell 1000 Value Index                          | 3.20         | 15.90              | 25.32        | 18.51        | 6.67        |                  |             |
| IM U.S. Large Cap Value Equity (MF) Median        | 3.72         | 15.43              | 24.42        | 16.58        | 6.00        |                  |             |
| Allianz NFJ Dividend Value Rank                   | 68           | 83                 | 78           | 21           | 77          |                  |             |
| <b>MassMutual/ING</b>                             |              |                    |              |              |             |                  |             |
| <b>Vanguard Institutional Index</b>               | <b>2.91</b>  | <b>13.81</b>       | <b>20.57</b> | <b>18.43</b> | <b>7.04</b> | <b>0.04</b>      | <b>0.23</b> |
| S&P 500   | 2.91         | 13.82              | 20.60        | 18.45        | 7.01        |                  |             |
| IM U.S. Large Cap Core Equity (MF) Median         | 2.65         | 13.29              | 20.59        | 16.69        | 5.78        |                  |             |
| Vanguard Institutional Index Rank                 | 41           | 39                 | 51           | 19           | 22          |                  |             |
| <b>MassMutual</b>                                 |              |                    |              |              |             |                  |             |
| <b>Victory Diversified Stock I</b>                | <b>4.49</b>  | <b>14.57</b>       | <b>24.80</b> | <b>16.47</b> | <b>3.95</b> | <b>0.82</b>      |             |
| S&P 500   | 2.91         | 13.82              | 20.60        | 18.45        | 7.01        |                  |             |
| IM U.S. Large Cap Core Equity (MF) Median         | 2.65         | 13.29              | 20.59        | 16.69        | 5.78        |                  |             |
| Victory Diversified Stock I Rank                  | 9            | 24                 | 10           | 55           | 87          |                  |             |
| <b>MassMutual</b>                                 |              |                    |              |              |             |                  |             |
| <b>Neuberger Berman Socially Responsive Instl</b> | <b>2.02</b>  | <b>17.51</b>       | <b>26.06</b> | <b>16.22</b> | <b>6.65</b> | <b>0.71</b>      |             |
| S&P 500   | 2.91         | 13.82              | 20.60        | 18.45        | 7.01        |                  |             |
| IM U.S. Large Cap Core Equity (MF)                | 2.65         | 13.29              | 20.59        | 16.69        | 5.78        |                  |             |
| Neuberger Berman Socially Responsive Instl Rank   | 73           | 4                  | 7            | 60           | 31          |                  |             |
| <b>ING</b>  |              |                    |              |              |             |                  |             |
| <b>Parnassus Equity Income</b>                    | <b>1.40</b>  | <b>14.28</b>       | <b>23.76</b> | <b>17.03</b> | <b>8.88</b> | <b>0.90</b>      |             |
| S&P 500   | 2.91         | 13.82              | 20.60        | 18.45        | 7.01        |                  |             |
| IM U.S. Large Cap Core Equity (MF) Median         | 2.65         | 13.29              | 20.59        | 16.69        | 5.78        |                  |             |
| Parnassus Equity Income Rank                      | 84           | 30                 | 13           | 45           | 5           |                  |             |

Returns for periods greater than one year are annualized.  
Returns are expressed as percentages.

## Nevada Public Employees' Deferred Compensation Program

As of June 30, 2013

|   | 1<br>Quarter | Year<br>To<br>Date | 1<br>Year    | 3<br>Years   | 5<br>Years  | Expense<br>Ratio |
|---|--------------|--------------------|--------------|--------------|-------------|------------------|
| <b>MassMutual</b>                           |              |                    |              |              |             |                  |
| <b>T.Rowe Price Growth Stock</b>            | <b>3.17</b>  | <b>11.14</b>       | <b>16.66</b> | <b>18.49</b> | <b>7.06</b> | <b>0.70</b>      |
| Russell 1000 Growth Index                   | 2.06         | 11.80              | 17.07        | 18.68        | 7.47        |                  |
| IM U.S. Large Cap Growth Equity (MF) Median | 1.66         | 10.10              | 15.77        | 16.21        | 5.31        |                  |
| T.Rowe Price Growth Stock Rank              | 10           | 32                 | 38           | 12           | 23          |                  |
| <b>ING</b>                                  |              |                    |              |              |             |                  |
| <b>American Funds Growth Fund R3</b>        | <b>3.07</b>  | <b>11.83</b>       | <b>22.60</b> | <b>15.82</b> | <b>4.55</b> | <b>0.98</b>      |
| Russell 1000 Growth Index                   | 2.06         | 11.80              | 17.07        | 18.68        | 7.47        |                  |
| IM U.S. Large Cap Growth Equity (MF) Median | 1.66         | 10.10              | 15.77        | 16.21        | 5.31        |                  |
| American Funds Growth Fund R3 Rank          | 11           | 19                 | 4            | 58           | 65          |                  |
| <b>ING</b>                                  |              |                    |              |              |             |                  |
| <b>Fidelity Contrafund</b>                  | <b>2.05</b>  | <b>11.42</b>       | <b>16.79</b> | <b>16.69</b> | <b>5.98</b> | <b>0.74</b>      |
| Russell 1000 Growth Index                   | 2.06         | 11.80              | 17.07        | 18.68        | 7.47        |                  |
| IM U.S. Large Cap Growth Equity (MF) Median | 1.66         | 10.10              | 15.77        | 16.21        | 5.31        |                  |
| Fidelity Contrafund Rank                    | 35           | 26                 | 36           | 41           | 36          |                  |
| <b>MassMutual/ING</b>                       |              |                    |              |              |             |                  |
| <b>Hartford Mid Cap HLS</b>                 | <b>2.85</b>  | <b>17.22</b>       | <b>25.68</b> | <b>17.15</b> | <b>6.75</b> | <b>0.71</b>      |
| Russell Midcap Index                        | 2.21         | 15.45              | 25.41        | 19.53        | 8.28        |                  |
| IM U.S. Mid Cap Core Equity (MF) Median     | 2.18         | 15.10              | 24.96        | 17.19        | 6.32        |                  |
| Hartford Mid Cap HLS Rank                   | 21           | 15                 | 34           | 52           | 40          |                  |
| <b>MassMutual</b>                           |              |                    |              |              |             |                  |
| <b>Munder Mid Cap Core Growth R6 *</b>      | <b>1.78</b>  | <b>14.85</b>       | <b>22.63</b> | 18.85        | 6.71        | <b>0.85</b>      |
| Russell Midcap Growth Index                 | 2.87         | 14.70              | 22.88        | 19.53        | 7.61        |                  |
| IM U.S. Mid Cap Growth Equity (MF)          | 1.85         | 12.79              | 19.01        | 16.60        | 5.78        |                  |
| Munder Mid Cap Core Growth R6 Rank          | 54           | 22                 | 17           | N/A          | N/A         |                  |
| <b>ING</b>                                  |              |                    |              |              |             |                  |
| <b>Baron Growth Retail</b>                  | <b>1.78</b>  | <b>15.39</b>       | <b>24.83</b> | <b>19.34</b> | <b>8.67</b> | <b>1.32</b>      |
| Russell Midcap Growth Index                 | 2.87         | 14.70              | 22.88        | 19.53        | 7.61        |                  |
| IM U.S. Mid Cap Growth Equity (MF) Median   | 1.85         | 12.79              | 19.01        | 16.60        | 5.78        |                  |
| Baron Growth Retail Rank                    | 54           | 13                 | 4            | 7            | 11          |                  |

Returns for periods greater than one year are annualized.  
Returns are expressed as percentages.

\*Munder's 3-year and 5-year return are estimates based on the performance of the Fund's oldest share class, adjusted for fees.

## Nevada Public Employees' Deferred Compensation Program

As of June 30, 2013

|   | 1<br>Quarter | Year<br>To<br>Date | 1<br>Year    | 3<br>Years   | 5<br>Years   | Expense<br>Ratio |             |
|---|--------------|--------------------|--------------|--------------|--------------|------------------|-------------|
| <b>MassMutual/ING</b>                         |              |                    |              |              |              |                  |             |
| <b>Vanguard Extended Market Idx I</b>         | <b>2.41</b>  | <b>15.68</b>       | <b>25.97</b> | <b>19.71</b> | <b>8.99</b>  | <b>0.12</b>      | <b>0.31</b> |
| S&P Completion Index                          | 2.41         | 15.64              | 25.90        | 19.60        | 8.83         |                  |             |
| IM U.S. SMID Cap Core Equity (MF) Median      | 1.85         | 14.35              | 23.84        | 17.57        | 7.80         |                  |             |
| Vanguard Extended Market Idx I Rank           | 34           | 29                 | 21           | 15           | 29           |                  |             |
| <b>MassMutual/ING</b>                         |              |                    |              |              |              |                  |             |
| <b>Lord Abbett Value Opportunities I</b>      | <b>2.08</b>  | <b>16.44</b>       | <b>26.50</b> | <b>15.95</b> | <b>10.23</b> | <b>0.96</b>      |             |
| Russell 2500 Index                            | 2.27         | 15.42              | 25.61        | 19.57        | 9.21         |                  |             |
| Russell Midcap Index                          | 2.21         | 15.45              | 25.41        | 19.53        | 8.28         |                  |             |
| IM U.S. Mid Cap Core Equity (MF) Median       | 2.18         | 15.10              | 24.96        | 17.19        | 6.32         |                  |             |
| Lord Abbett Value Opportunities I Rank        | 58           | 24                 | 27           | 69           | 4            |                  |             |
| <b>MassMutual</b>                             |              |                    |              |              |              |                  |             |
| <b>Oppenheimer Main St Sm &amp; Mid Cap Y</b> | <b>2.27</b>  | <b>14.09</b>       | <b>21.74</b> | <b>17.89</b> | <b>8.67</b>  | <b>0.85</b>      |             |
| Russell 2500 Index                            | 2.27         | 15.42              | 25.61        | 19.57        | 9.21         |                  |             |
| Russell 2000 Index                            | 3.08         | 15.86              | 24.21        | 18.67        | 8.77         |                  |             |
| IM U.S. SMID Cap Core Equity (SA+CF) Median   | 2.03         | 15.61              | 26.53        | 21.03        | 10.35        |                  |             |
| Oppenheimer Main St Sm & Mid Cap Y Rank       | 46           | 77                 | 81           | 70           | 70           |                  |             |
| <b>ING</b>                                    |              |                    |              |              |              |                  |             |
| <b>Columbia Acorn Fund A</b>                  | <b>0.54</b>  | <b>10.37</b>       | <b>18.98</b> | <b>17.04</b> | <b>7.82</b>  | <b>1.10</b>      |             |
| Russell 2500 Growth Index                     | 3.23         | 15.82              | 24.03        | 20.22        | 8.94         |                  |             |
| Russell Midcap Growth Index                   | 2.87         | 14.70              | 22.88        | 19.53        | 7.61         |                  |             |
| IM U.S. Mid Cap Growth Equity (MF) Median     | 1.85         | 12.79              | 19.01        | 16.60        | 5.78         |                  |             |
| Columbia Acorn Fund A Rank                    | 89           | 87                 | 52           | 44           | 18           |                  |             |
| <b>ING</b>                                    |              |                    |              |              |              |                  |             |
| <b>Keeley Small Cap Value A</b>               | <b>0.37</b>  | <b>14.83</b>       | <b>32.93</b> | <b>20.61</b> | <b>2.20</b>  | <b>1.39</b>      |             |
| Russell 2000 Index                            | 3.08         | 15.86              | 24.21        | 18.67        | 8.77         |                  |             |
| IM U.S. Small Cap Core Equity (MF) Median     | 3.13         | 15.80              | 24.43        | 18.46        | 8.46         |                  |             |
| Keeley Small Cap Value A Rank                 | 97           | 69                 | 6            | 18           | 100          |                  |             |

Returns for periods greater than one year are annualized.  
Returns are expressed as percentages.

## Nevada Public Employees' Deferred Compensation Program

As of June 30, 2013

|   | 1<br>Quarter | Year<br>To<br>Date | 1<br>Year    | 3<br>Years   | 5<br>Years   | Expense<br>Ratio |
|---|--------------|--------------------|--------------|--------------|--------------|------------------|
| <b>MassMutual</b>                                 |              |                    |              |              |              |                  |
| <b>Hartford Small Company HLS</b>                 | <b>4.86</b>  | <b>19.03</b>       | <b>23.89</b> | <b>19.59</b> | <b>7.16</b>  | <b>0.72</b>      |
| Russell 2000 Growth Index                         | 3.74         | 17.44              | 23.67        | 19.97        | 8.89         |                  |
| IM U.S. Small Cap Growth Equity (MF) Median       | 4.10         | 16.90              | 22.72        | 19.08        | 7.42         |                  |
| Hartford Small Company HLS Rank                   | 37           | 26                 | 43           | 46           | 52           |                  |
| <b>MassMutual</b>                                 |              |                    |              |              |              |                  |
| <b>American Beacon Intl Eq Index Inst</b>         | <b>-1.09</b> | <b>3.32</b>        | <b>18.11</b> | <b>10.34</b> | <b>-0.64</b> | <b>0.19</b>      |
| MSCI EAFE (Net)                                   | -0.98        | 4.10               | 18.62        | 10.04        | -0.63        |                  |
| IM International Core Equity (MF) Median          | -1.00        | 3.22               | 17.09        | 9.82         | -0.78        |                  |
| American Beacon Intl Eq Index Inst Rank           | 56           | 47                 | 37           | 40           | 47           |                  |
| <b>ING</b>  |              |                    |              |              |              |                  |
| <b>Vanguard Developed Markets Index Admiral *</b> | <b>-0.92</b> | <b>3.50</b>        | <b>18.46</b> | <b>10.56</b> | <b>-0.42</b> | <b>0.29</b>      |
| Vanguard Developed Market Policy Index            | -1.08        | 4.00               | 18.50        | 10.00        | -0.65        |                  |
| IM International Equity (MF)                      | -2.07        | 1.48               | 14.81        | 9.07         | -0.45        |                  |
| Vanguard Developed Markets Index Admiral Rank     | 35           | 29                 | 26           | N/A          | N/A          |                  |
| <b>ING</b>  |              |                    |              |              |              |                  |
| <b>Dodge &amp; Cox International Stock</b>        | <b>1.70</b>  | <b>5.40</b>        | <b>23.47</b> | <b>10.99</b> | <b>1.61</b>  | <b>0.64</b>      |
| MSCI AC World ex USA (Net)                        | -3.11        | -0.04              | 13.63        | 7.99         | -0.80        |                  |
| MSCI EAFE (Net)                                   | -0.98        | 4.10               | 18.62        | 10.04        | -0.63        |                  |
| IM International Core Equity (MF) Median          | -1.00        | 3.22               | 17.09        | 9.82         | -0.78        |                  |
| Dodge & Cox International Stock Rank              | 6            | 17                 | 9            | 26           | 18           |                  |
| <b>MassMutual</b>                                 |              |                    |              |              |              |                  |
| <b>Mutual Global Discovery Z</b>                  | <b>2.03</b>  | <b>10.44</b>       | <b>19.67</b> | <b>12.19</b> | <b>6.10</b>  | <b>1.02</b>      |
| MSCI AC World Index (Net)                         | -0.42        | 6.05               | 16.57        | 12.36        | 2.30         |                  |
| IM Global Core Equity (MF) Median                 | 0.61         | 8.01               | 18.72        | 13.24        | 2.91         |                  |
| Mutual Global Discovery Z Rank                    | 13           | 16                 | 32           | 66           | 7            |                  |

\*Vanguard's 3-year and 5-year is an estimate based on the performance of the fund's oldest share class, adjusted for fees.  
Policy Index: MSCI EAFE Index through April 16, 2013; FTSE Developed ex North America Index thereafter.

Returns for periods greater than one year are annualized.  
Returns are expressed as percentages.

## Nevada Public Employees' Deferred Compensation Program

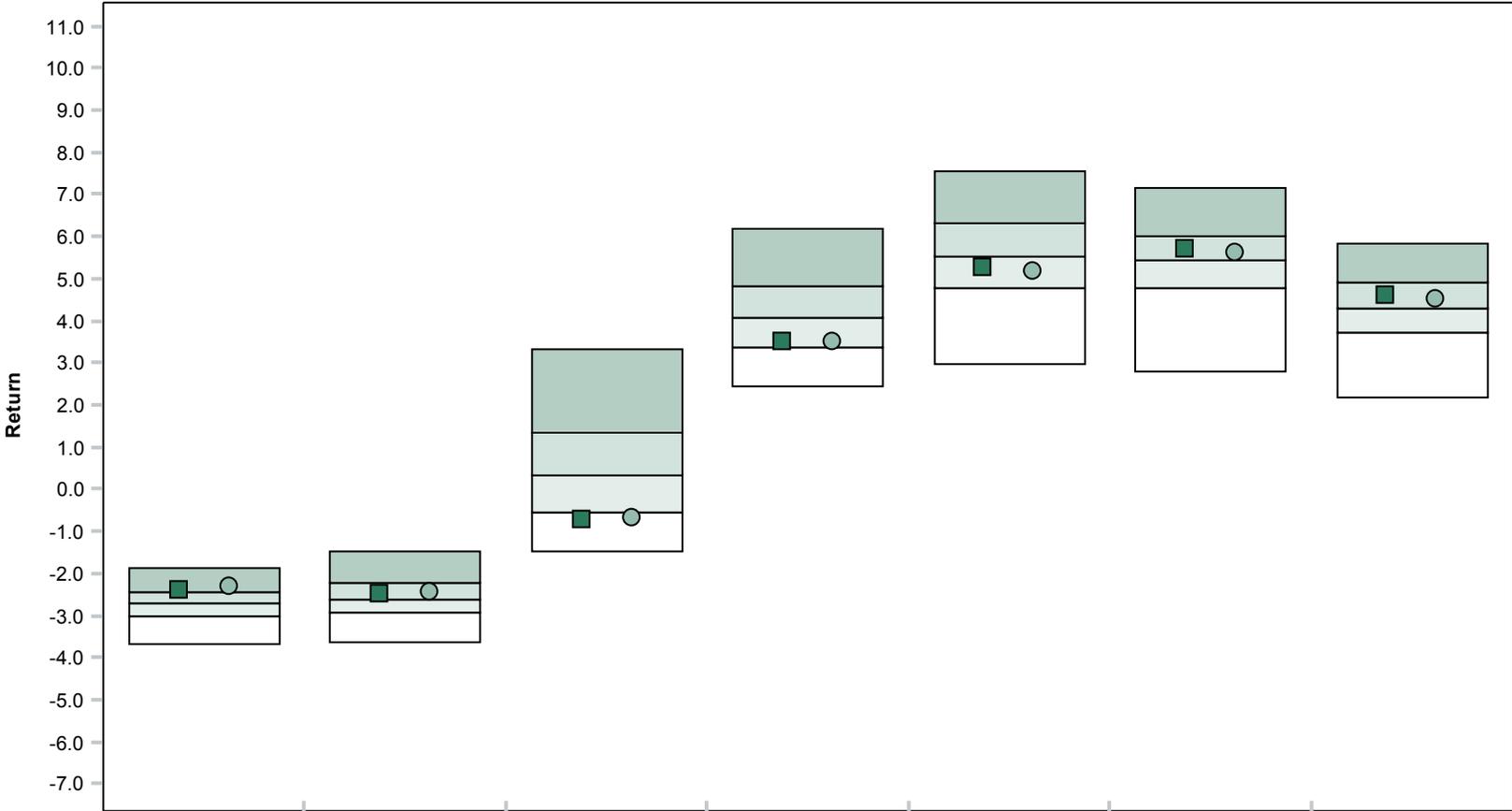
As of June 30, 2013

|  | 1<br>Quarter | Year<br>To<br>Date | 1<br>Year    | 3<br>Years   | 5<br>Years  | Expense<br>Ratio |             |
|--|--------------|--------------------|--------------|--------------|-------------|------------------|-------------|
| <b>ING</b>                                   |              |                    |              |              |             |                  |             |
| <b>American Funds Cap Wrld G&amp;I</b>       | <b>0.77</b>  | <b>7.21</b>        | <b>18.97</b> | <b>12.91</b> | <b>2.59</b> | <b>1.10</b>      |             |
| MSCI AC World Index (Net)                    | -0.42        | 6.05               | 16.57        | 12.36        | 2.30        |                  |             |
| IM Global Core Equity (MF) Median            | 0.61         | 8.01               | 18.72        | 13.24        | 2.91        |                  |             |
| American Funds Cap Wrld G&I Rank             | 41           | 63                 | 47           | 55           | 55          |                  |             |
| <b>MassMutual/ING</b>                        |              |                    |              |              |             |                  |             |
| <b>Vanguard Target Retirement Income Inv</b> | <b>-1.80</b> | <b>0.69</b>        | <b>4.52</b>  | <b>7.43</b>  | <b>5.36</b> | <b>0.16</b>      | <b>0.35</b> |
| Vanguard Target Income Composite Index       | -1.69        | 0.74               | 4.72         | 7.52         | 5.34        |                  |             |
| IM Mixed-Asset Target 2010 (MF) Median       | -1.36        | 1.81               | 7.14         | 8.43         | 4.12        |                  |             |
| Vanguard Target Retirement Income Inv Rank   | 68           | 76                 | 91           | 68           | 14          |                  |             |
| <b>MassMutual/ING</b>                        |              |                    |              |              |             |                  |             |
| <b>Vanguard Target Retirement 2015 Inv</b>   | <b>-0.71</b> | <b>3.89</b>        | <b>9.63</b>  | <b>10.55</b> | <b>5.45</b> | <b>0.16</b>      | <b>0.35</b> |
| Vanguard Target 2015 Composite Index         | -0.60        | 4.08               | 9.95         | 10.64        | 5.38        |                  |             |
| IM Mixed-Asset Target 2015 (MF) Median       | -1.31        | 2.33               | 8.54         | 9.26         | 4.26        |                  |             |
| Vanguard Target Retirement 2015 Inv Rank     | 22           | 15                 | 30           | 22           | 7           |                  |             |
| <b>MassMutual/ING</b>                        |              |                    |              |              |             |                  |             |
| <b>Vanguard Target Retirement 2025 Inv</b>   | <b>-0.07</b> | <b>5.96</b>        | <b>12.96</b> | <b>12.34</b> | <b>5.33</b> | <b>0.17</b>      | <b>0.35</b> |
| Vanguard Target 2025 Composite Index         | 0.06         | 6.22               | 13.41        | 12.63        | 5.45        |                  |             |
| IM Mixed-Asset Target 2025 (MF) Median       | -0.57        | 4.68               | 12.19        | 11.36        | 4.25        |                  |             |
| Vanguard Target Retirement 2025 Inv Rank     | 24           | 17                 | 35           | 28           | 14          |                  |             |
| <b>MassMutual/ING</b>                        |              |                    |              |              |             |                  |             |
| <b>Vanguard Target Retirement 2035 Inv</b>   | <b>0.40</b>  | <b>7.74</b>        | <b>16.00</b> | <b>14.05</b> | <b>5.30</b> | <b>0.18</b>      | <b>0.36</b> |
| Vanguard Target 2035 Composite Index         | 0.55         | 8.10               | 16.50        | 14.32        | 5.42        |                  |             |
| IM Mixed-Asset Target 2035 (MF) Median       | 0.15         | 6.62               | 15.29        | 13.03        | 4.26        |                  |             |
| Vanguard Target Retirement 2035 Inv Rank     | 22           | 19                 | 38           | 18           | 17          |                  |             |
| <b>MassMutual/ING</b>                        |              |                    |              |              |             |                  |             |
| <b>Vanguard Target Retirement 2045 Inv</b>   | <b>0.64</b>  | <b>8.32</b>        | <b>16.84</b> | <b>14.32</b> | <b>5.46</b> | <b>0.18</b>      | <b>0.37</b> |
| Vanguard Target 2045 Composite Index         | 0.66         | 8.57               | 17.22        | 14.51        | 5.53        |                  |             |
| IM Mixed-Asset Target 2045 (MF) Median       | 0.35         | 7.42               | 16.32        | 13.51        | 4.16        |                  |             |
| Vanguard Target Retirement 2045 Inv Rank     | 23           | 24                 | 41           | 18           | 18          |                  |             |

Returns for periods greater than one year are annualized.  
Returns are expressed as percentages.

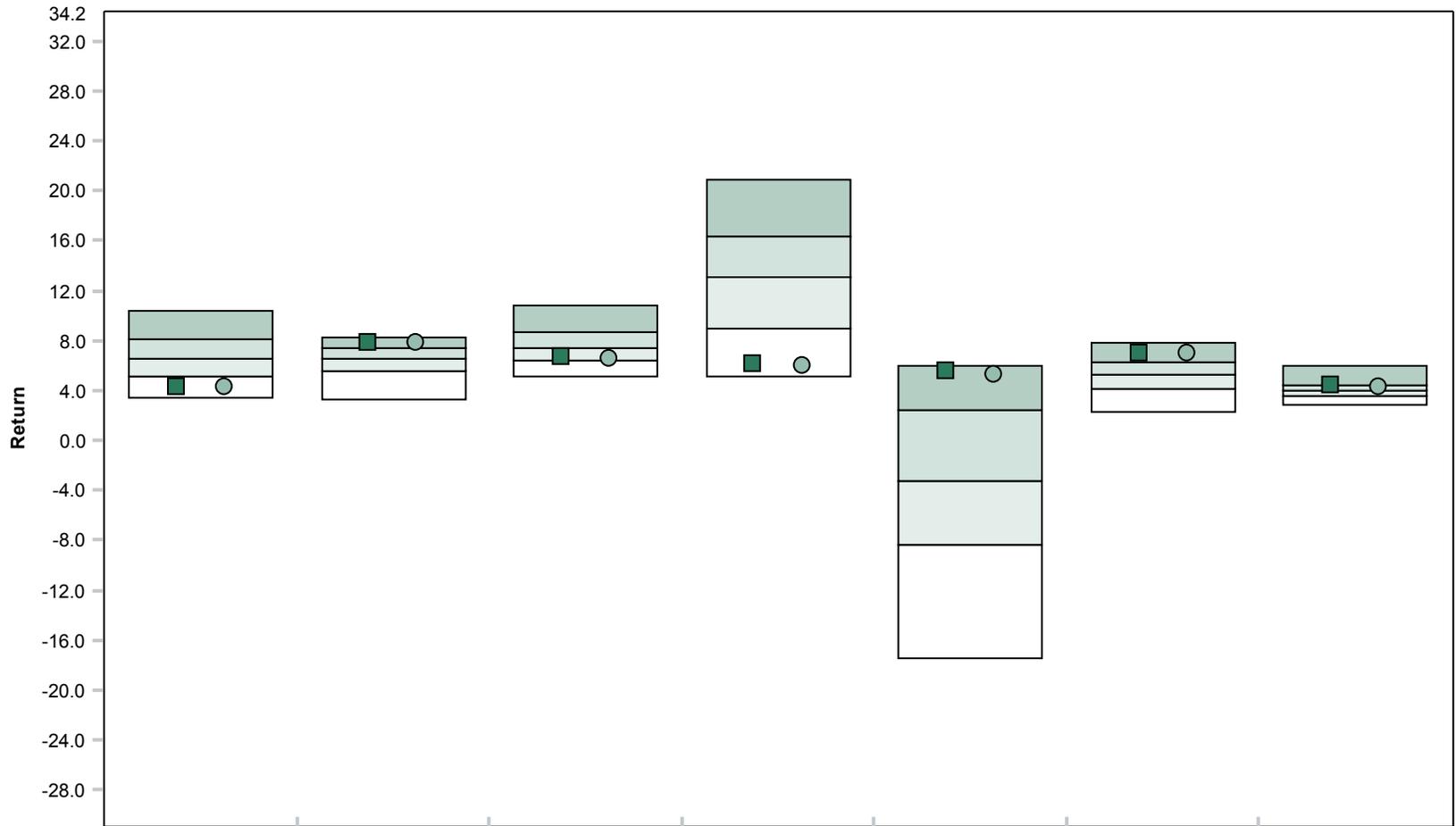
**SSgA US Bond Market INLS**

Peer Group Analysis - IM U.S. Broad Market Core Fixed Income (MF)



|                            | 1 Quarter  | Year To Date | 1 Year     | 3 Years   | 5 Years   | 7 Years   | 10 Years  |
|----------------------------|------------|--------------|------------|-----------|-----------|-----------|-----------|
| ■ SSgA US Bond Market INLS | -2.38 (20) | -2.50 (40)   | -0.73 (79) | 3.52 (69) | 5.27 (60) | 5.69 (39) | 4.59 (36) |
| ● Barclays U.S. Aggregate  | -2.32 (17) | -2.44 (35)   | -0.69 (79) | 3.51 (70) | 5.19 (62) | 5.60 (43) | 4.52 (39) |
| 5th Percentile             | -1.88      | -1.46        | 3.31       | 6.21      | 7.57      | 7.16      | 5.85      |
| 1st Quartile               | -2.44      | -2.24        | 1.34       | 4.81      | 6.31      | 6.02      | 4.91      |
| Median                     | -2.69      | -2.62        | 0.32       | 4.08      | 5.53      | 5.42      | 4.28      |
| 3rd Quartile               | -3.00      | -2.95        | -0.56      | 3.35      | 4.78      | 4.79      | 3.73      |
| 95th Percentile            | -3.70      | -3.61        | -1.49      | 2.43      | 2.95      | 2.81      | 2.18      |

Peer Group Analysis - IM U.S. Broad Market Core Fixed Income (MF)

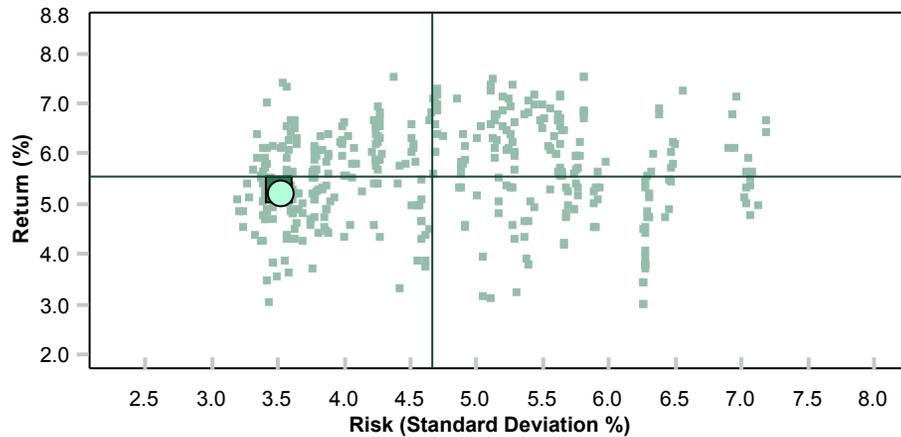


|                            | 2012      | 2011      | 2010      | 2009      | 2008      | 2007      | 2006      |
|----------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| ■ SSgA US Bond Market INLS | 4.24 (84) | 7.86 (10) | 6.63 (71) | 6.15 (90) | 5.58 (8)  | 7.02 (11) | 4.35 (30) |
| ● Barclays U.S. Aggregate  | 4.21 (85) | 7.84 (11) | 6.54 (73) | 5.93 (92) | 5.24 (10) | 6.97 (12) | 4.34 (30) |
| 5th Percentile             | 10.34     | 8.22      | 10.82     | 20.81     | 6.02      | 7.75      | 5.92      |
| 1st Quartile               | 8.06      | 7.34      | 8.72      | 16.29     | 2.49      | 6.29      | 4.43      |
| Median                     | 6.57      | 6.58      | 7.42      | 13.02     | -3.26     | 5.31      | 3.93      |
| 3rd Quartile               | 5.18      | 5.59      | 6.47      | 9.01      | -8.30     | 4.16      | 3.51      |
| 95th Percentile            | 3.44      | 3.31      | 5.14      | 5.13      | -17.53    | 2.32      | 2.84      |

Historical Statistics (07/01/08 - 06/30/13) \*

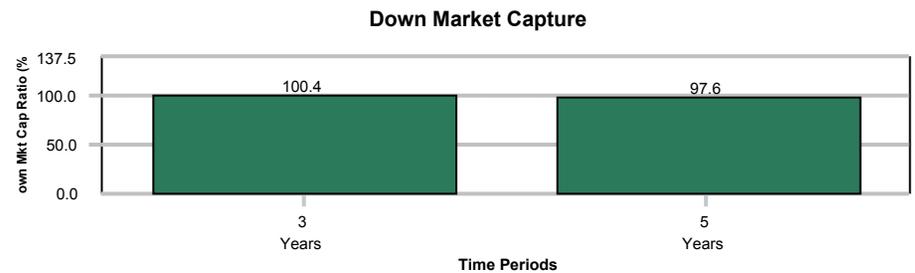
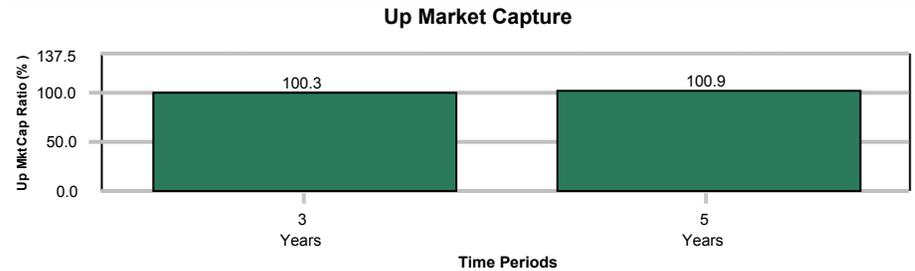
|                           | Return | Standard Deviation | Sharpe Ratio | Alpha | Beta | R-Squared | Tracking Error | Information Ratio | Excess Risk | Inception Date |
|---------------------------|--------|--------------------|--------------|-------|------|-----------|----------------|-------------------|-------------|----------------|
| SSgA US Bond Market INLS  | 5.27   | 3.51               | 1.40         | 0.09  | 1.00 | 1.00      | 0.08           | 1.01              | 3.54        | 10/01/1997     |
| Barclays U.S. Aggregate   | 5.19   | 3.52               | 1.38         | 0.00  | 1.00 | 1.00      | 0.00           | N/A               | 3.55        | 10/01/1997     |
| 90 Day U.S. Treasury Bill | 0.27   | 0.27               | N/A          | 0.29  | 0.00 | 0.00      | 3.55           | -1.38             | 0.00        | 10/01/1997     |

Peer Group Scattergram (07/01/08 to 06/30/13)



|                            | Return | Standard Deviation |
|----------------------------|--------|--------------------|
| ■ SSgA US Bond Market INLS | 5.27   | 3.51               |
| ● Barclays U.S. Aggregate  | 5.19   | 3.52               |
| — Median                   | 5.53   | 4.66               |

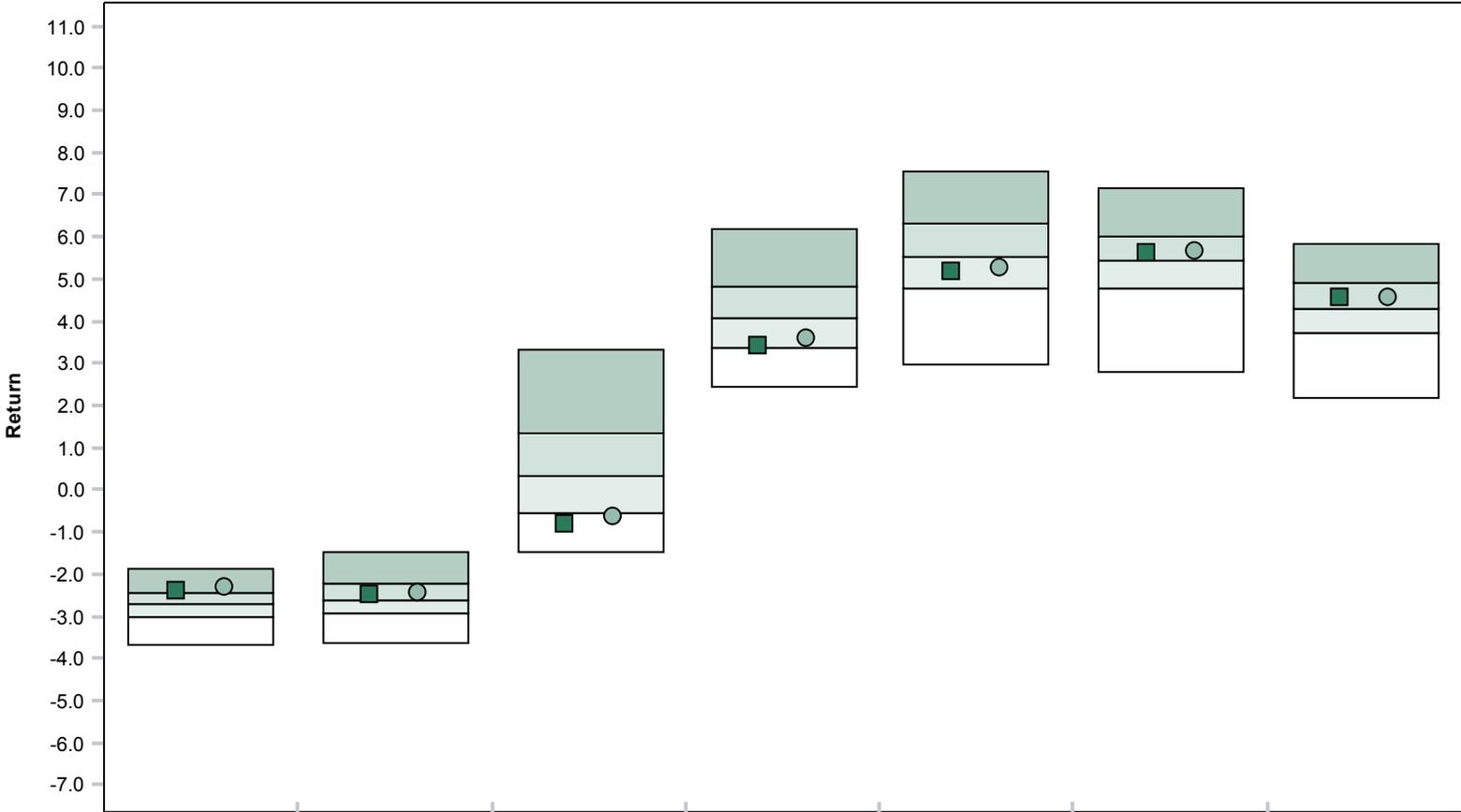
Up Down Market Capture



\* Quarterly periodicity used.

Vanguard Total Bond Market Index

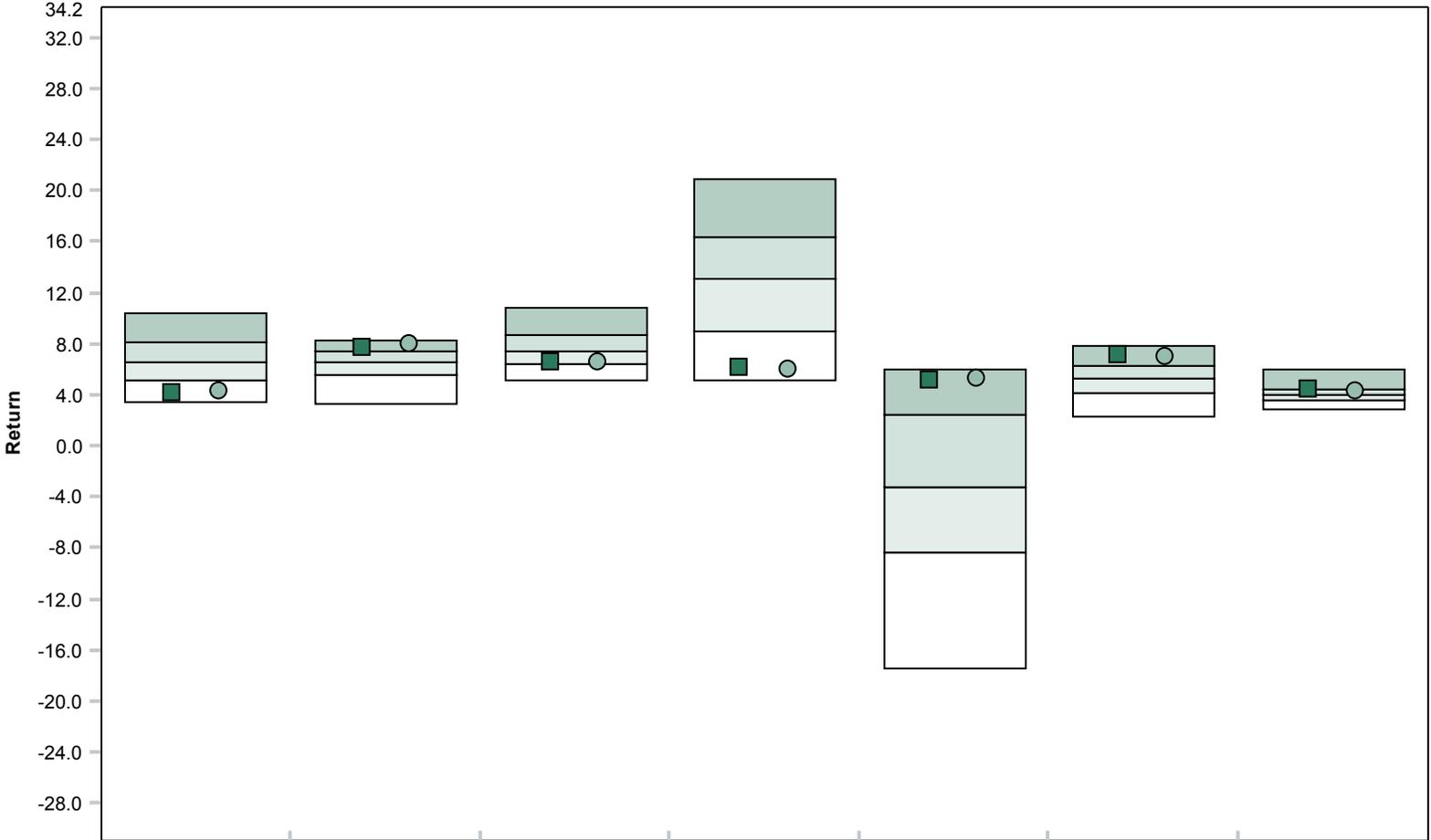
Peer Group Analysis - IM U.S. Broad Market Core Fixed Income (MF)



|                                    | 1 Quarter  | Year To Date | 1 Year     | 3 Years   | 5 Years   | 7 Years   | 10 Years  |
|------------------------------------|------------|--------------|------------|-----------|-----------|-----------|-----------|
| ■ Vanguard Total Bond Market Index | -2.42 (24) | -2.48 (38)   | -0.83 (82) | 3.43 (72) | 5.18 (63) | 5.63 (41) | 4.54 (38) |
| ● Vanguard Total Bond Policy Index | -2.31 (16) | -2.42 (34)   | -0.62 (77) | 3.59 (68) | 5.25 (60) | 5.64 (40) | 4.55 (38) |
| 5th Percentile                     | -1.88      | -1.46        | 3.31       | 6.21      | 7.57      | 7.16      | 5.85      |
| 1st Quartile                       | -2.44      | -2.24        | 1.34       | 4.81      | 6.31      | 6.02      | 4.91      |
| Median                             | -2.69      | -2.62        | 0.32       | 4.08      | 5.53      | 5.42      | 4.28      |
| 3rd Quartile                       | -3.00      | -2.95        | -0.56      | 3.35      | 4.78      | 4.79      | 3.73      |
| 95th Percentile                    | -3.70      | -3.61        | -1.49      | 2.43      | 2.95      | 2.81      | 2.18      |

Vanguard Total Bond Market Index

Peer Group Analysis - IM U.S. Broad Market Core Fixed Income (MF)



|                                    | 2012      | 2011      | 2010      | 2009      | 2008      | 2007      | 2006      |
|------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| ■ Vanguard Total Bond Market Index | 4.18 (85) | 7.72 (14) | 6.58 (72) | 6.09 (91) | 5.19 (11) | 7.05 (11) | 4.40 (26) |
| ● Vanguard Total Bond Policy Index | 4.32 (84) | 7.92 (9)  | 6.58 (72) | 5.98 (92) | 5.24 (10) | 6.97 (12) | 4.34 (30) |
| 5th Percentile                     | 10.34     | 8.22      | 10.82     | 20.81     | 6.02      | 7.75      | 5.92      |
| 1st Quartile                       | 8.06      | 7.34      | 8.72      | 16.29     | 2.49      | 6.29      | 4.43      |
| Median                             | 6.57      | 6.58      | 7.42      | 13.02     | -3.26     | 5.31      | 3.93      |
| 3rd Quartile                       | 5.18      | 5.59      | 6.47      | 9.01      | -8.30     | 4.16      | 3.51      |
| 95th Percentile                    | 3.44      | 3.31      | 5.14      | 5.13      | -17.53    | 2.32      | 2.84      |

## Vanguard Total Bond Market Index

### Fund Information

|                  |  |                     |   |
|------------------|--|---------------------|---|
| Fund Name :      | Vanguard Bond Index Funds: Vanguard Total Bond Market Index Fund; Institutional Shares | Portfolio Assets :  | \$110,609 Million                           |
| Fund Family :    | Vanguard Group Inc   | Portfolio Manager : | Volpert/Barrickman                          |
| Ticker :         | VBPIX  | PM Tenure :         | 1995--2013                                  |
| Inception Date : | 09/18/1995   | Fund Style :        | IM U.S. Broad Market Core Fixed Income (MF) |
| Fund Assets :    | \$20,721 Million   | Style Benchmark :   | Vanguard Total Bond Policy Index            |

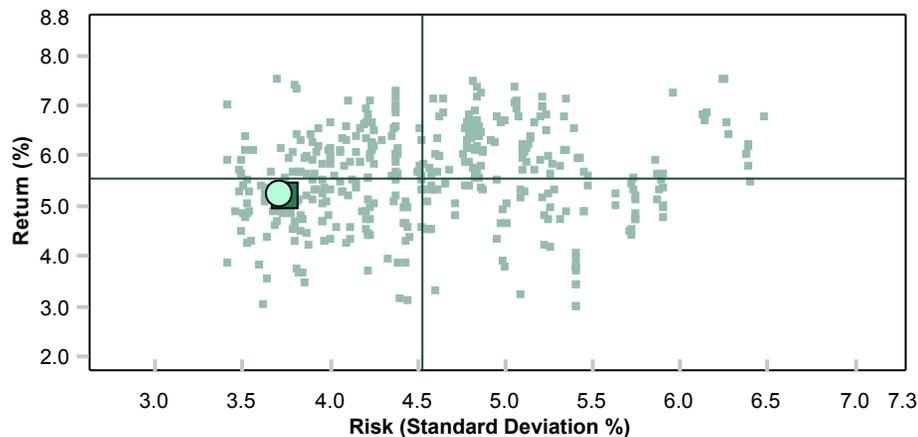
### Fund Investment Policy

The Fund seeks to generate returns that track the performance of the Barclays Capital Aggregate Bond Index, and will maintain a dollar-weighted average maturity consistent with that of the index. The Index measures investment-grade, taxable fixed income securities in the U.S.

### Historical Statistics (07/01/08 - 06/30/13) \*

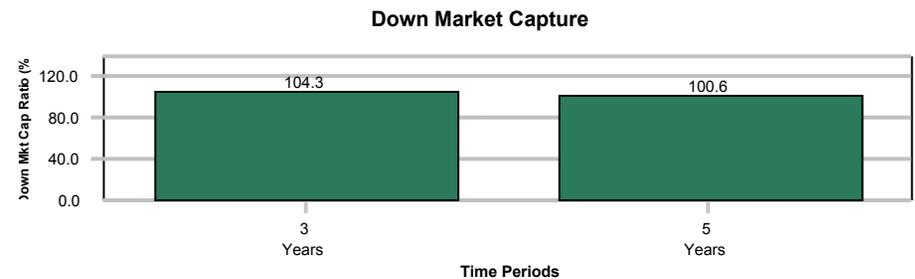
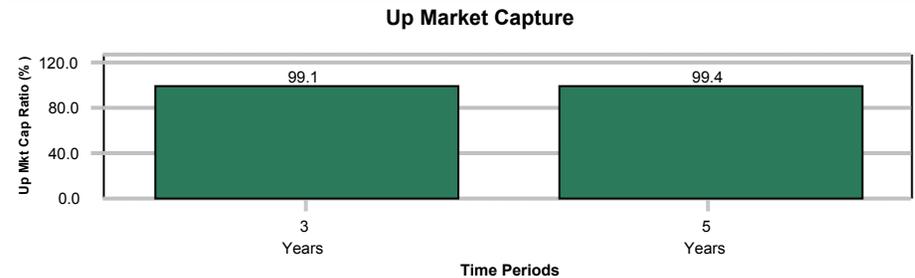
|                                  | Return | Standard Deviation | Sharpe Ratio | Alpha | Beta  | R-Squared | Tracking Error | Information Ratio | Excess Risk | Inception Date |
|----------------------------------|--------|--------------------|--------------|-------|-------|-----------|----------------|-------------------|-------------|----------------|
| Vanguard Total Bond Market Index | 5.18   | 3.75               | 1.29         | -0.08 | 1.00  | 0.99      | 0.41           | -0.15             | 3.78        | 10/01/1995     |
| Vanguard Total Bond Policy Index | 5.25   | 3.71               | 1.31         | 0.00  | 1.00  | 1.00      | 0.00           | N/A               | 3.75        | 10/01/1995     |
| 90 Day U.S. Treasury Bill        | 0.27   | 0.17               | N/A          | 0.32  | -0.01 | 0.04      | 3.75           | -1.31             | 0.00        | 10/01/1995     |

### Peer Group Scattergram (07/01/08 to 06/30/13)



|                                    | Return | Standard Deviation |
|------------------------------------|--------|--------------------|
| ■ Vanguard Total Bond Market Index | 5.18   | 3.75               |
| ○ Vanguard Total Bond Policy Index | 5.25   | 3.71               |
| — Median                           | 5.53   | 4.52               |

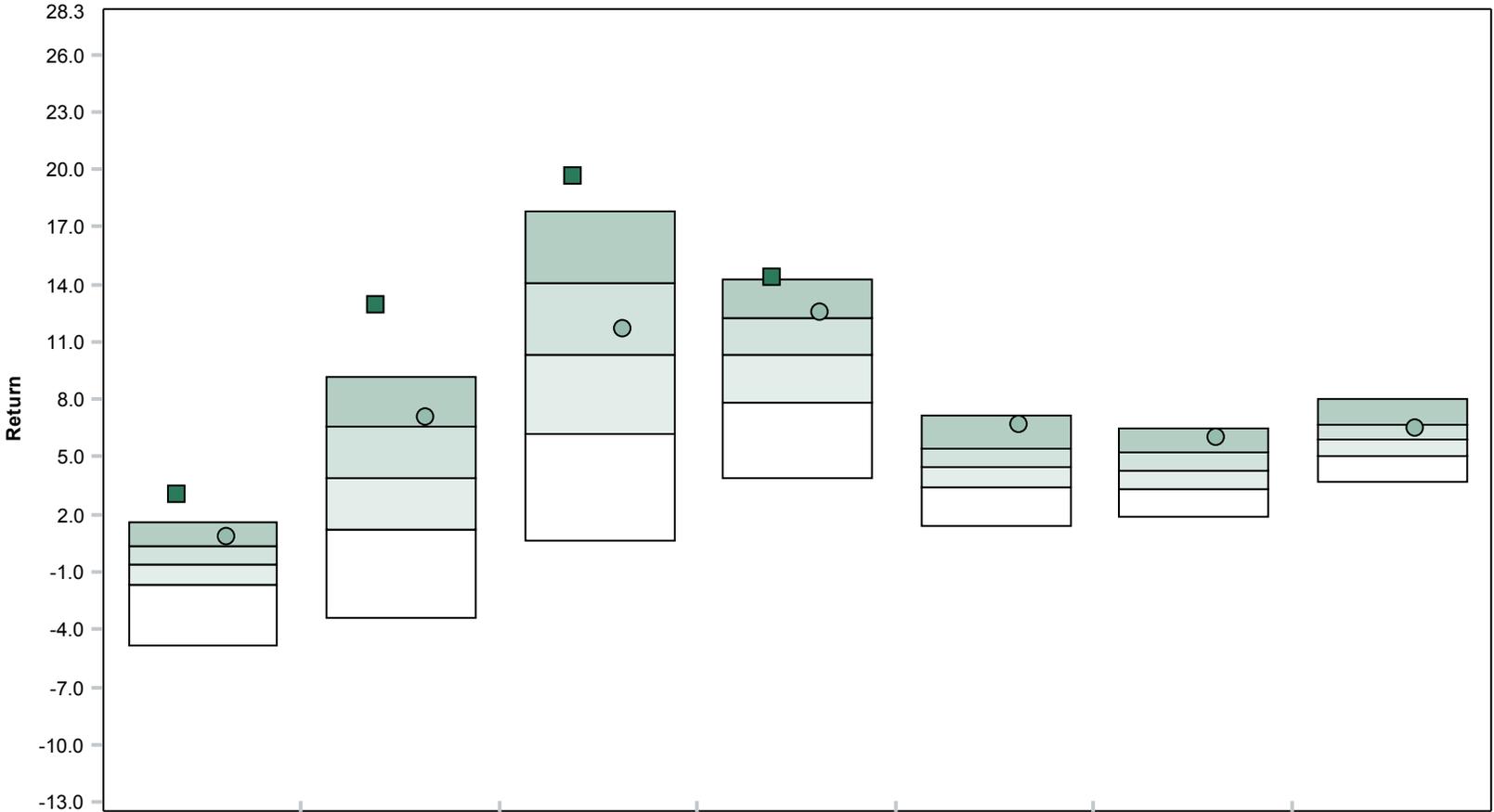
### Up Down Market Capture



\* Monthly periodicity used.

Invesco Equity & Income R5

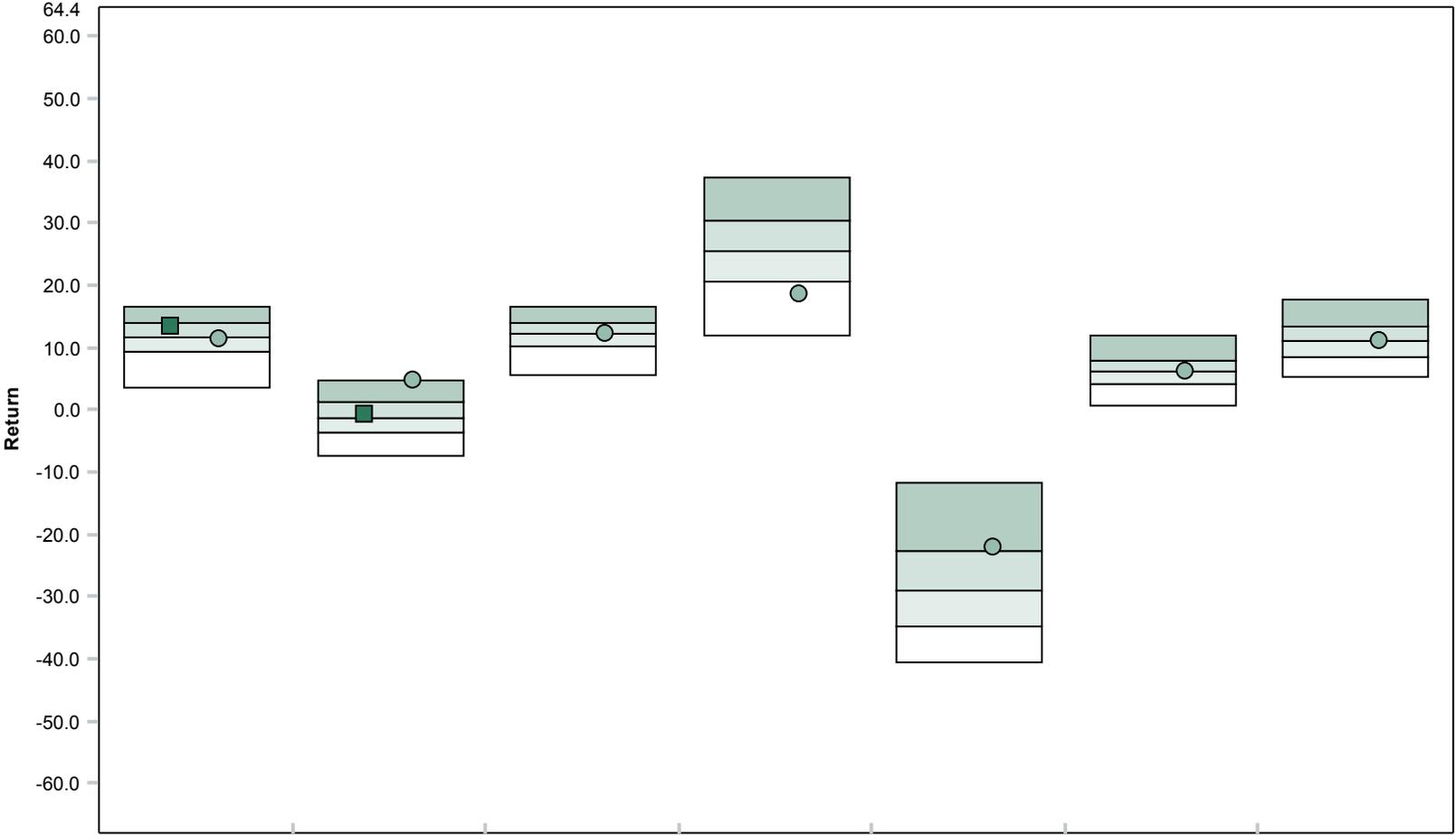
Peer Group Analysis - IM All Balanced (MF)



|                                | 1 Quarter | Year To Date | 1 Year     | 3 Years    | 5 Years  | 7 Years   | 10 Years  |
|--------------------------------|-----------|--------------|------------|------------|----------|-----------|-----------|
| ■ Invesco Equity & Income R5   | 3.03 (2)  | 12.94 (1)    | 19.67 (2)  | 14.39 (4)  | N/A      | N/A       | N/A       |
| ● 60 S&P 500 / 40 Barclays Agg | 0.80 (13) | 7.10 (21)    | 11.69 (41) | 12.53 (23) | 6.72 (8) | 6.00 (10) | 6.47 (33) |
| 5th Percentile                 | 1.64      | 9.21         | 17.75      | 14.21      | 7.11     | 6.53      | 8.03      |
| 1st Quartile                   | 0.30      | 6.63         | 14.09      | 12.25      | 5.46     | 5.20      | 6.72      |
| Median                         | -0.59     | 3.90         | 10.34      | 10.28      | 4.47     | 4.32      | 5.90      |
| 3rd Quartile                   | -1.68     | 1.17         | 6.16       | 7.80       | 3.45     | 3.29      | 5.05      |
| 95th Percentile                | -4.87     | -3.43        | 0.67       | 3.93       | 1.39     | 1.84      | 3.67      |

Invesco Equity & Income R5

Peer Group Analysis - IM All Balanced (MF)



|                                | 2012       | 2011       | 2010       | 2009       | 2008        | 2007      | 2006       |
|--------------------------------|------------|------------|------------|------------|-------------|-----------|------------|
| ■ Invesco Equity & Income R5   | 13.24 (33) | -0.78 (45) | N/A        | N/A        | N/A         | N/A       | N/A        |
| ● 60 S&P 500 / 40 Barclays Agg | 11.31 (56) | 4.69 (6)   | 12.13 (51) | 18.40 (84) | -22.06 (23) | 6.22 (47) | 11.12 (48) |
| 5th Percentile                 | 16.54      | 4.69       | 16.42      | 37.12      | -11.86      | 11.86     | 17.64      |
| 1st Quartile                   | 14.02      | 1.28       | 13.86      | 30.21      | -22.79      | 7.85      | 13.30      |
| Median                         | 11.72      | -1.32      | 12.13      | 25.45      | -29.02      | 5.97      | 10.91      |
| 3rd Quartile                   | 9.27       | -3.66      | 10.20      | 20.53      | -34.91      | 4.13      | 8.56       |
| 95th Percentile                | 3.60       | -7.53      | 5.55       | 11.82      | -40.76      | 0.50      | 5.22       |

**Invesco Equity & Income R5**

**Fund Information**

Fund Name : AIM Counselor Series Trust (Invesco Counselor Series Trust): Invesco Equity & Income Fund; Class R5 Shares Portfolio Assets : \$11,350 Million  
 Fund Family : Invesco Funds Portfolio Manager : Thomas Bastian  
 Ticker : ACEKX PM Tenure : 2010  
 Inception Date : 06/01/2010 Fund Style : IM All Balanced (MF)  
 Fund Assets : \$232 Million Style Benchmark : 60 S&P 500 / 40 Barclays Agg

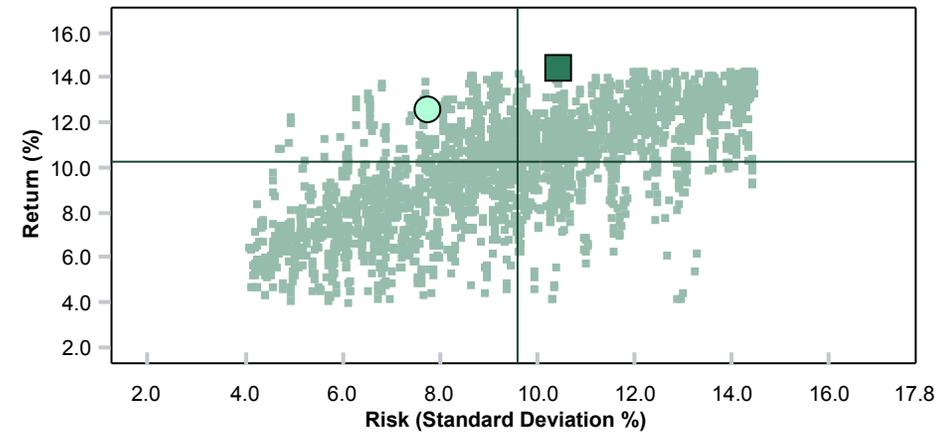
**Fund Investment Policy**

The Fund seeks the highest possible income consistent with safety of principal. Long-term growth of capital is an important secondary objective. The Fund seeks to achieve its investment objective by investing primarily in income-producing equity securities and investment grade quality debt securities.

**Historical Statistics (07/01/10 - 06/30/13) \***

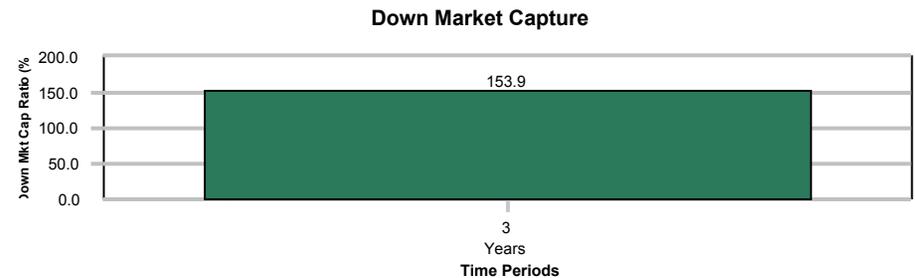
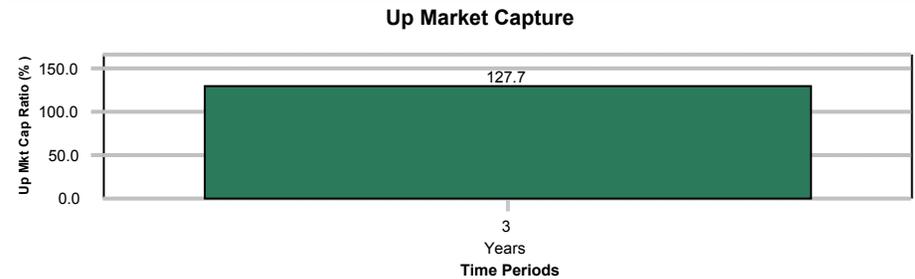
|                              | Return | Standard Deviation | Sharpe Ratio | Alpha | Beta | R-Squared | Tracking Error | Information Ratio | Excess Risk | Inception Date |
|------------------------------|--------|--------------------|--------------|-------|------|-----------|----------------|-------------------|-------------|----------------|
| Invesco Equity & Income R5   | 14.39  | 10.45              | 1.34         | -1.79 | 1.31 | 0.94      | 3.48           | 0.55              | 10.45       | 07/01/2010     |
| 60 S&P 500 / 40 Barclays Agg | 12.53  | 7.76               | 1.55         | 0.00  | 1.00 | 1.00      | 0.00           | N/A               | 7.76        | 07/01/2010     |
| 90 Day U.S. Treasury Bill    | 0.09   | 0.03               | N/A          | 0.09  | 0.00 | 0.00      | 7.76           | -1.55             | 0.00        | 07/01/2010     |

**Peer Group Scattergram (07/01/10 to 06/30/13)**



|                                | Return | Standard Deviation |
|--------------------------------|--------|--------------------|
| ■ Invesco Equity & Income R5   | 14.39  | 10.45              |
| ○ 60 S&P 500 / 40 Barclays Agg | 12.53  | 7.76               |
| — Median                       | 10.28  | 9.62               |

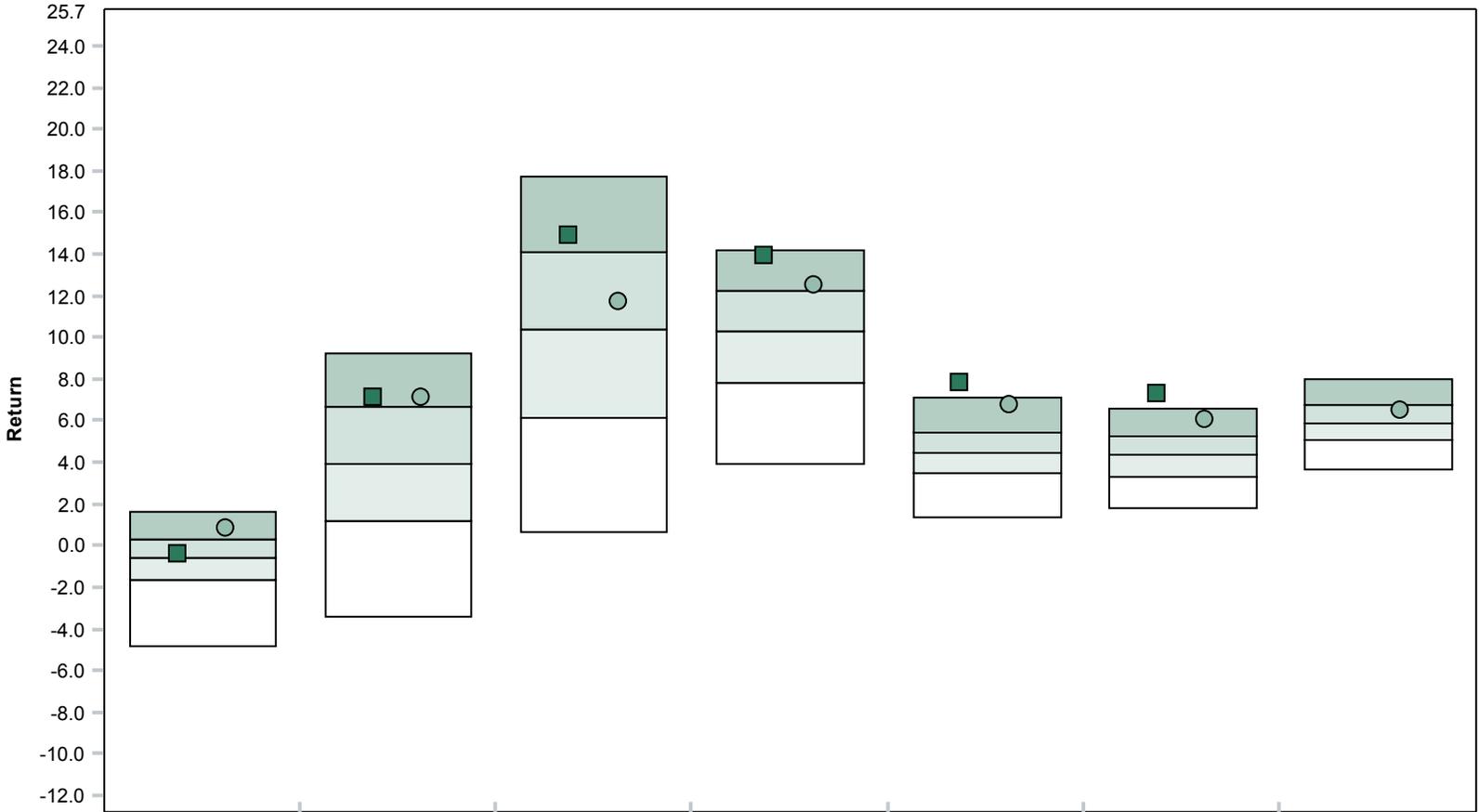
**Up Down Market Capture**



\* Monthly periodicity used.

ING T Rowe Price Cap App Instl

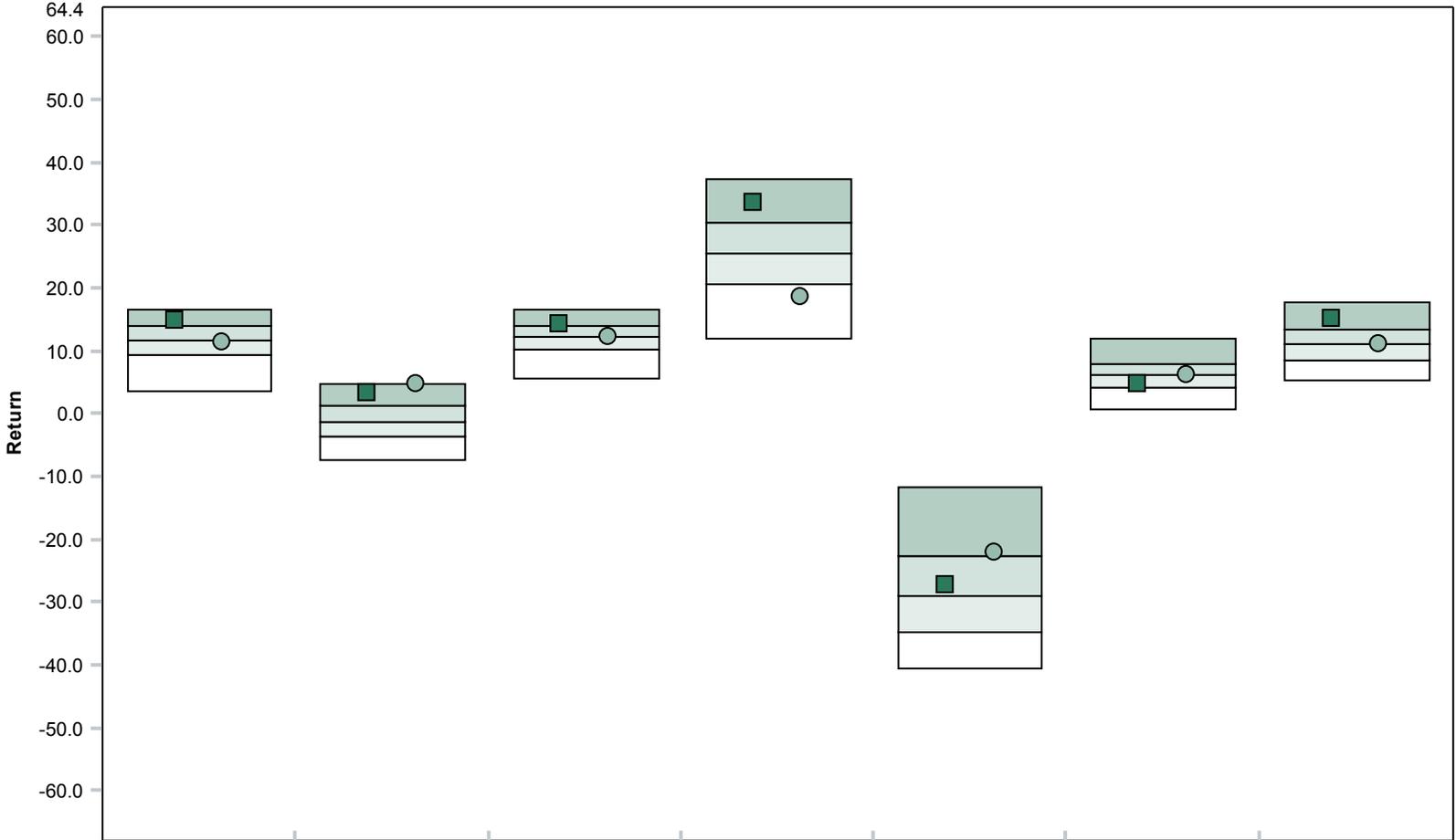
Peer Group Analysis - IM All Balanced (MF)



|                                  | 1 Quarter  | Year To Date | 1 Year     | 3 Years    | 5 Years  | 7 Years   | 10 Years  |
|----------------------------------|------------|--------------|------------|------------|----------|-----------|-----------|
| ■ ING T Rowe Price Cap App Instl | -0.43 (47) | 7.13 (21)    | 14.92 (21) | 13.88 (8)  | 7.83 (3) | 7.31 (2)  | N/A       |
| ● 60 S&P 500 / 40 Barclays Agg   | 0.80 (13)  | 7.10 (21)    | 11.69 (41) | 12.53 (23) | 6.72 (8) | 6.00 (10) | 6.47 (33) |
| 5th Percentile                   | 1.64       | 9.21         | 17.75      | 14.21      | 7.11     | 6.53      | 8.03      |
| 1st Quartile                     | 0.30       | 6.63         | 14.09      | 12.25      | 5.46     | 5.20      | 6.72      |
| Median                           | -0.59      | 3.90         | 10.34      | 10.28      | 4.47     | 4.32      | 5.90      |
| 3rd Quartile                     | -1.68      | 1.17         | 6.16       | 7.80       | 3.45     | 3.29      | 5.05      |
| 95th Percentile                  | -4.87      | -3.43        | 0.67       | 3.93       | 1.39     | 1.84      | 3.67      |

ING T Rowe Price Cap App Instl

Peer Group Analysis - IM All Balanced (MF)

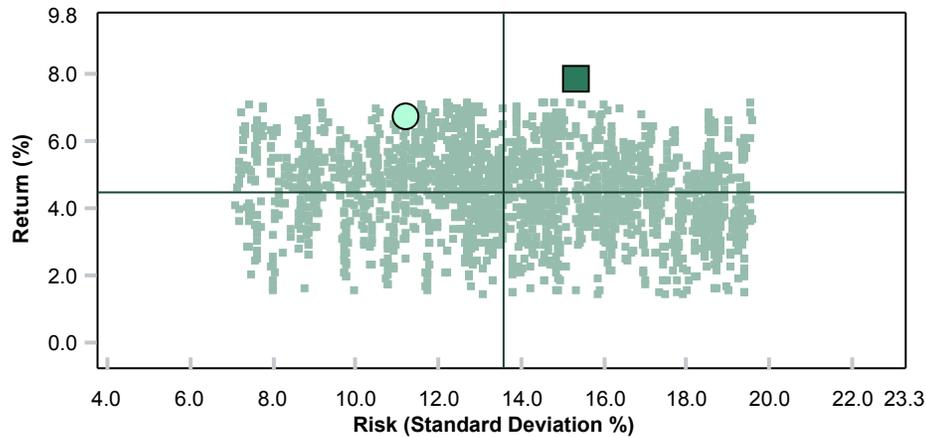


|                                  | 2012       | 2011      | 2010       | 2009       | 2008        | 2007      | 2006       |
|----------------------------------|------------|-----------|------------|------------|-------------|-----------|------------|
| ■ ING T Rowe Price Cap App Instl | 14.78 (18) | 3.16 (10) | 14.30 (21) | 33.56 (13) | -27.34 (44) | 4.71 (70) | 14.91 (15) |
| ● 60 S&P 500 / 40 Barclays Agg   | 11.31 (56) | 4.69 (6)  | 12.13 (51) | 18.40 (84) | -22.06 (23) | 6.22 (47) | 11.12 (48) |
| 5th Percentile                   | 16.54      | 4.69      | 16.42      | 37.12      | -11.86      | 11.86     | 17.64      |
| 1st Quartile                     | 14.02      | 1.28      | 13.86      | 30.21      | -22.79      | 7.85      | 13.30      |
| Median                           | 11.72      | -1.32     | 12.13      | 25.45      | -29.02      | 5.97      | 10.91      |
| 3rd Quartile                     | 9.27       | -3.66     | 10.20      | 20.53      | -34.91      | 4.13      | 8.56       |
| 95th Percentile                  | 3.60       | -7.53     | 5.55       | 11.82      | -40.76      | 0.50      | 5.22       |

Historical Statistics (07/01/08 - 06/30/13) \*

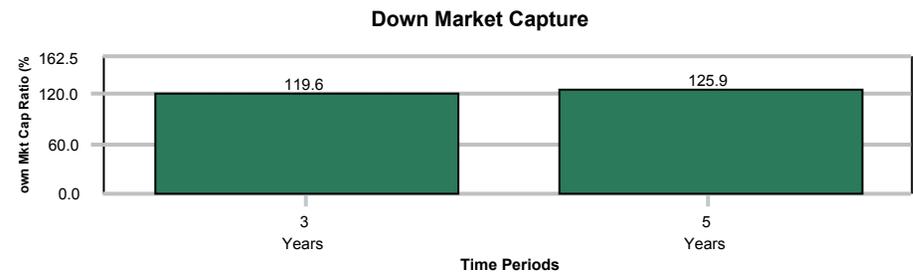
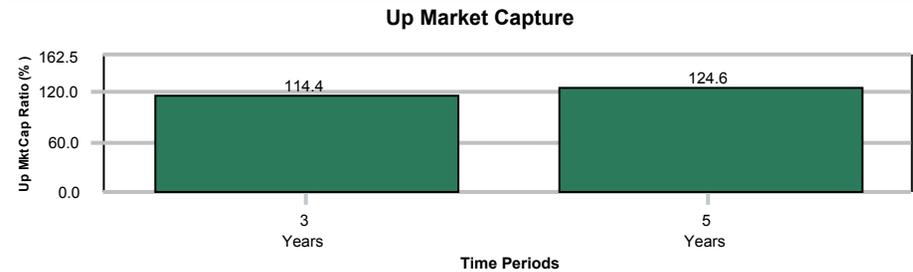
|                                | Return | Standard Deviation | Sharpe Ratio | Alpha | Beta  | R-Squared | Tracking Error | Information Ratio | Excess Risk | Inception Date |
|--------------------------------|--------|--------------------|--------------|-------|-------|-----------|----------------|-------------------|-------------|----------------|
| ING T Rowe Price Cap App Instl | 7.83   | 15.32              | 0.55         | -0.54 | 1.30  | 0.91      | 5.77           | 0.28              | 15.40       | 01/01/2004     |
| 60 S&P 500 / 40 Barclays Agg   | 6.72   | 11.21              | 0.61         | 0.00  | 1.00  | 1.00      | 0.00           | N/A               | 11.27       | 01/01/2004     |
| 90 Day U.S. Treasury Bill      | 0.27   | 0.17               | N/A          | 0.31  | -0.01 | 0.14      | 11.27          | -0.61             | 0.00        | 01/01/2004     |

Peer Group Scattergram (07/01/08 to 06/30/13)



|                                  | Return | Standard Deviation |
|----------------------------------|--------|--------------------|
| ■ ING T Rowe Price Cap App Instl | 7.83   | 15.32              |
| ● 60 S&P 500 / 40 Barclays Agg   | 6.72   | 11.21              |
| — Median                         | 4.47   | 13.56              |

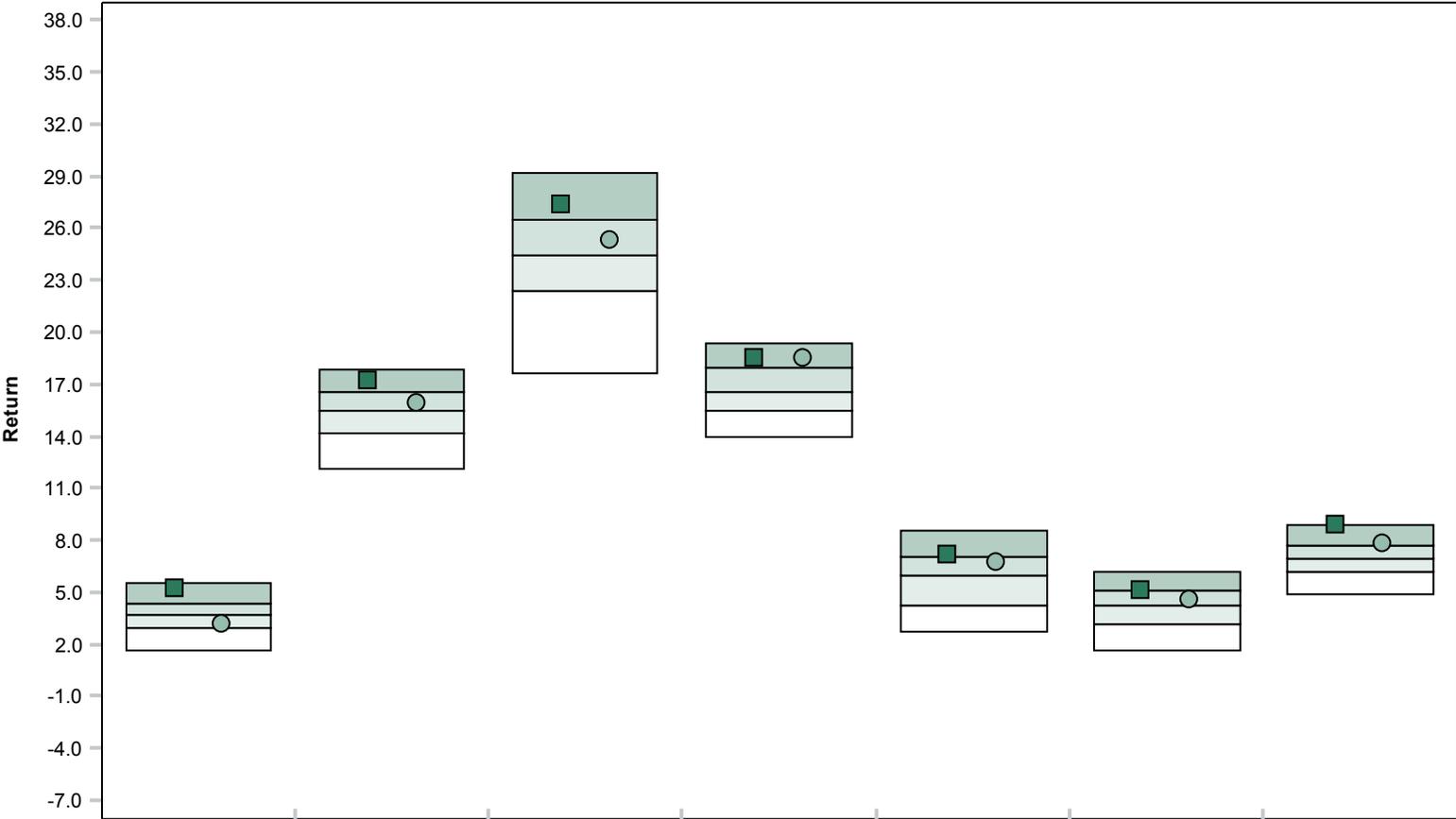
Up Down Market Capture



\* Monthly periodicity used.

American Beacon Lg Cap Value Instl

Peer Group Analysis - IM U.S. Large Cap Value Equity (MF)

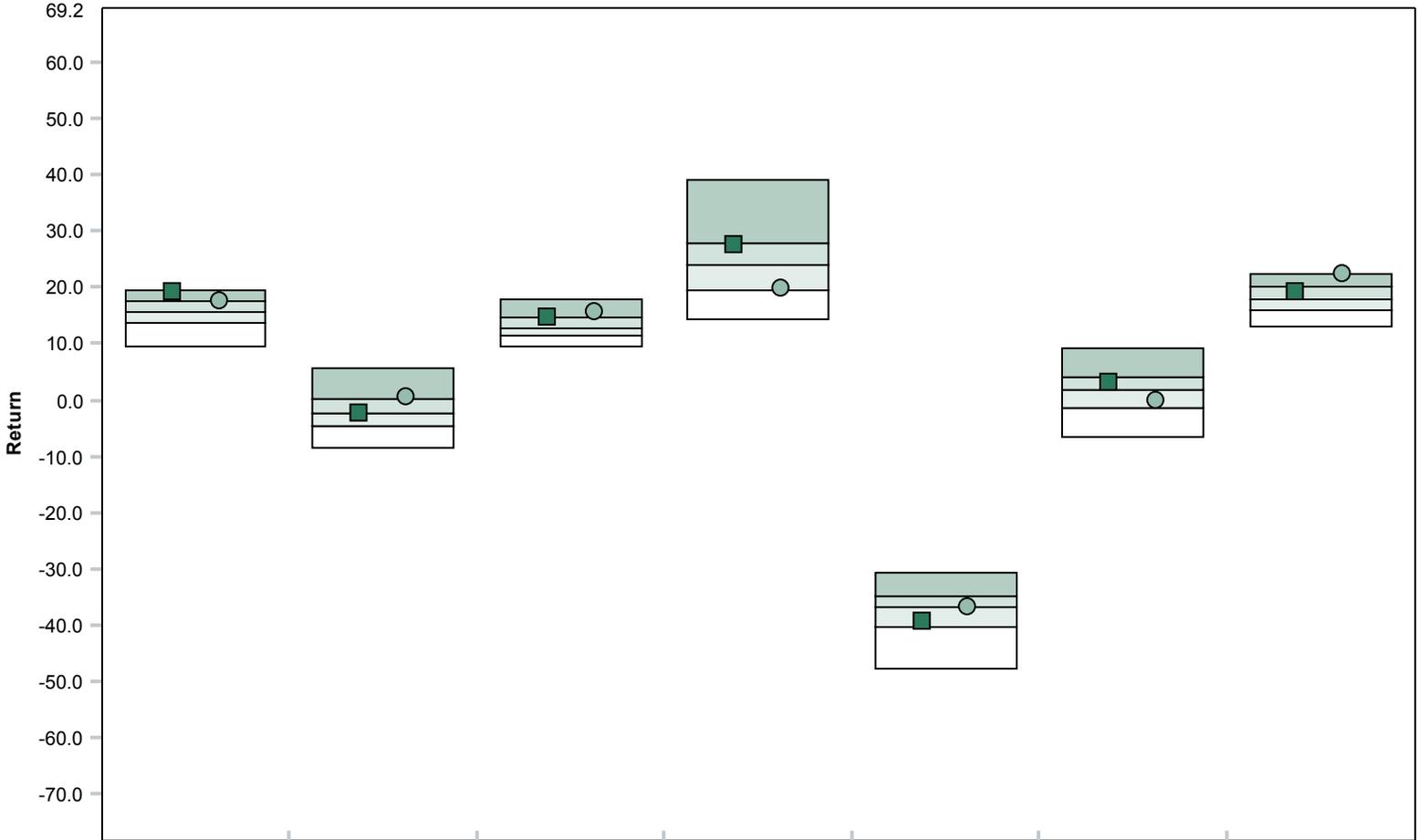


■ American Beacon Lg Cap Value Instl  
 ● Russell 1000 Value Index

|                                    | 1 Quarter | Year To Date | 1 Year     | 3 Years    | 5 Years   | 7 Years   | 10 Years  |
|------------------------------------|-----------|--------------|------------|------------|-----------|-----------|-----------|
| American Beacon Lg Cap Value Instl | 5.23 (8)  | 17.24 (15)   | 27.39 (18) | 18.43 (16) | 7.16 (23) | 5.05 (29) | 8.83 (6)  |
| Russell 1000 Value Index           | 3.20 (69) | 15.90 (37)   | 25.32 (36) | 18.51 (15) | 6.67 (32) | 4.57 (39) | 7.79 (22) |
| 5th Percentile                     | 5.57      | 17.87        | 29.22      | 19.35      | 8.58      | 6.13      | 8.93      |
| 1st Quartile                       | 4.38      | 16.55        | 26.42      | 17.94      | 7.04      | 5.12      | 7.66      |
| Median                             | 3.72      | 15.43        | 24.42      | 16.58      | 6.00      | 4.20      | 6.98      |
| 3rd Quartile                       | 2.90      | 14.19        | 22.40      | 15.46      | 4.27      | 3.10      | 6.18      |
| 95th Percentile                    | 1.59      | 12.15        | 17.61      | 13.95      | 2.76      | 1.68      | 4.89      |

American Beacon Lg Cap Value Instl

Peer Group Analysis - IM U.S. Large Cap Value Equity (MF)



|                                      | 2012       | 2011       | 2010       | 2009       | 2008        | 2007       | 2006       |
|--------------------------------------|------------|------------|------------|------------|-------------|------------|------------|
| ■ American Beacon Lg Cap Value Instl | 19.07 (9)  | -2.34 (52) | 14.56 (27) | 27.52 (27) | -39.39 (70) | 3.18 (34)  | 19.01 (38) |
| ● Russell 1000 Value Index           | 17.51 (24) | 0.39 (23)  | 15.51 (18) | 19.69 (72) | -36.85 (50) | -0.17 (64) | 22.25 (6)  |
| 5th Percentile                       | 19.49      | 5.57       | 17.92      | 38.86      | -30.78      | 9.07       | 22.31      |
| 1st Quartile                         | 17.40      | 0.20       | 14.75      | 27.94      | -34.78      | 4.07       | 20.05      |
| Median                               | 15.57      | -2.28      | 12.82      | 24.07      | -36.89      | 1.65       | 17.95      |
| 3rd Quartile                         | 13.78      | -4.76      | 11.39      | 19.40      | -40.25      | -1.58      | 15.80      |
| 95th Percentile                      | 9.58       | -8.48      | 9.42       | 14.21      | -47.85      | -6.47      | 13.04      |

American Beacon Lg Cap Value Instl

Fund Information

|                  |   |                     |                                     |
|------------------|---|---------------------|-------------------------------------|
| Fund Name :      | American Beacon Funds: American Beacon Large Cap Value Fund; Institutional Class Shares | Portfolio Assets :  | \$9,745 Million                     |
| Fund Family :    | American Beacon Advisors Inc  | Portfolio Manager : | Crumpler/Posada                     |
| Ticker :         | AADEX   | PM Tenure :         | 2007--1988                          |
| Inception Date : | 07/17/1987  | Fund Style :        | IM U.S. Large Cap Value Equity (MF) |
| Fund Assets :    | \$4,908 Million   | Style Benchmark :   | Russell 1000 Value Index            |

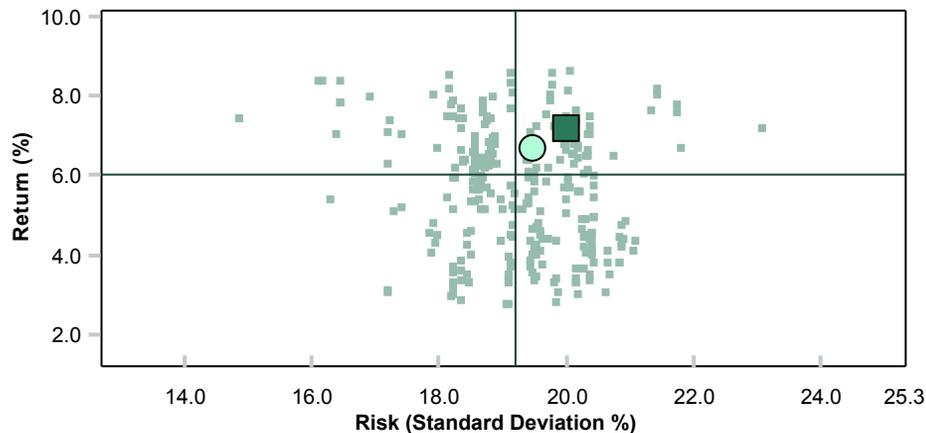
Fund Investment Policy

The Fund seeks long-term capital appreciation and current income by typically investing in equity securities of U.S. companies with market capitalizations of \$5 billion or more at the time of investment.

Historical Statistics (07/01/08 - 06/30/13) \*

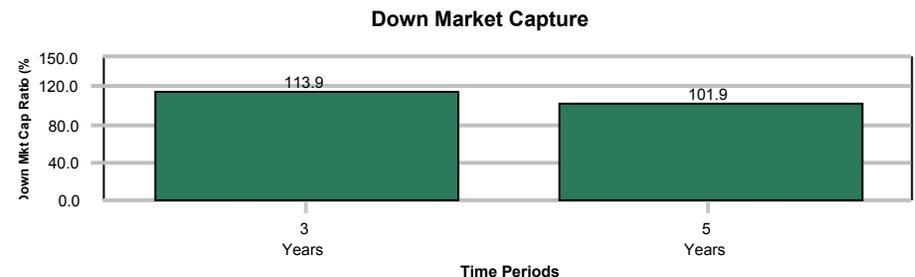
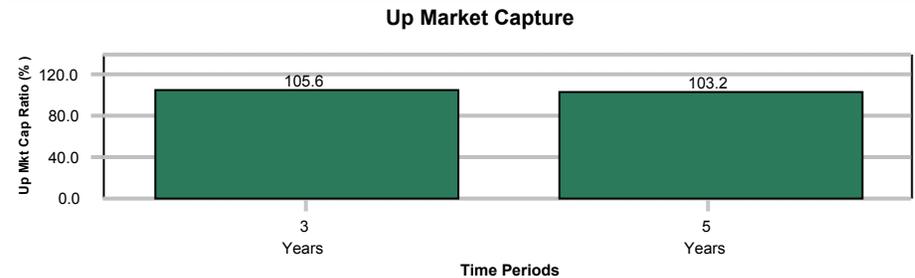
|                                    | Return | Standard Deviation | Sharpe Ratio | Alpha | Beta | R-Squared | Tracking Error | Information Ratio | Excess Risk | Inception Date |
|------------------------------------|--------|--------------------|--------------|-------|------|-----------|----------------|-------------------|-------------|----------------|
| American Beacon Lg Cap Value Instl | 7.16   | 20.00              | 0.43         | 0.41  | 1.02 | 0.98      | 2.76           | 0.20              | 20.06       | 08/01/1987     |
| Russell 1000 Value Index           | 6.67   | 19.48              | 0.42         | 0.00  | 1.00 | 1.00      | 0.00           | N/A               | 19.53       | 08/01/1987     |
| 90 Day U.S. Treasury Bill          | 0.27   | 0.17               | N/A          | 0.29  | 0.00 | 0.09      | 19.53          | -0.42             | 0.00        | 08/01/1987     |

Peer Group Scattergram (07/01/08 to 06/30/13)



|                                      | Return | Standard Deviation |
|--------------------------------------|--------|--------------------|
| ■ American Beacon Lg Cap Value Instl | 7.16   | 20.00              |
| ○ Russell 1000 Value Index           | 6.67   | 19.48              |
| — Median                             | 6.00   | 19.21              |

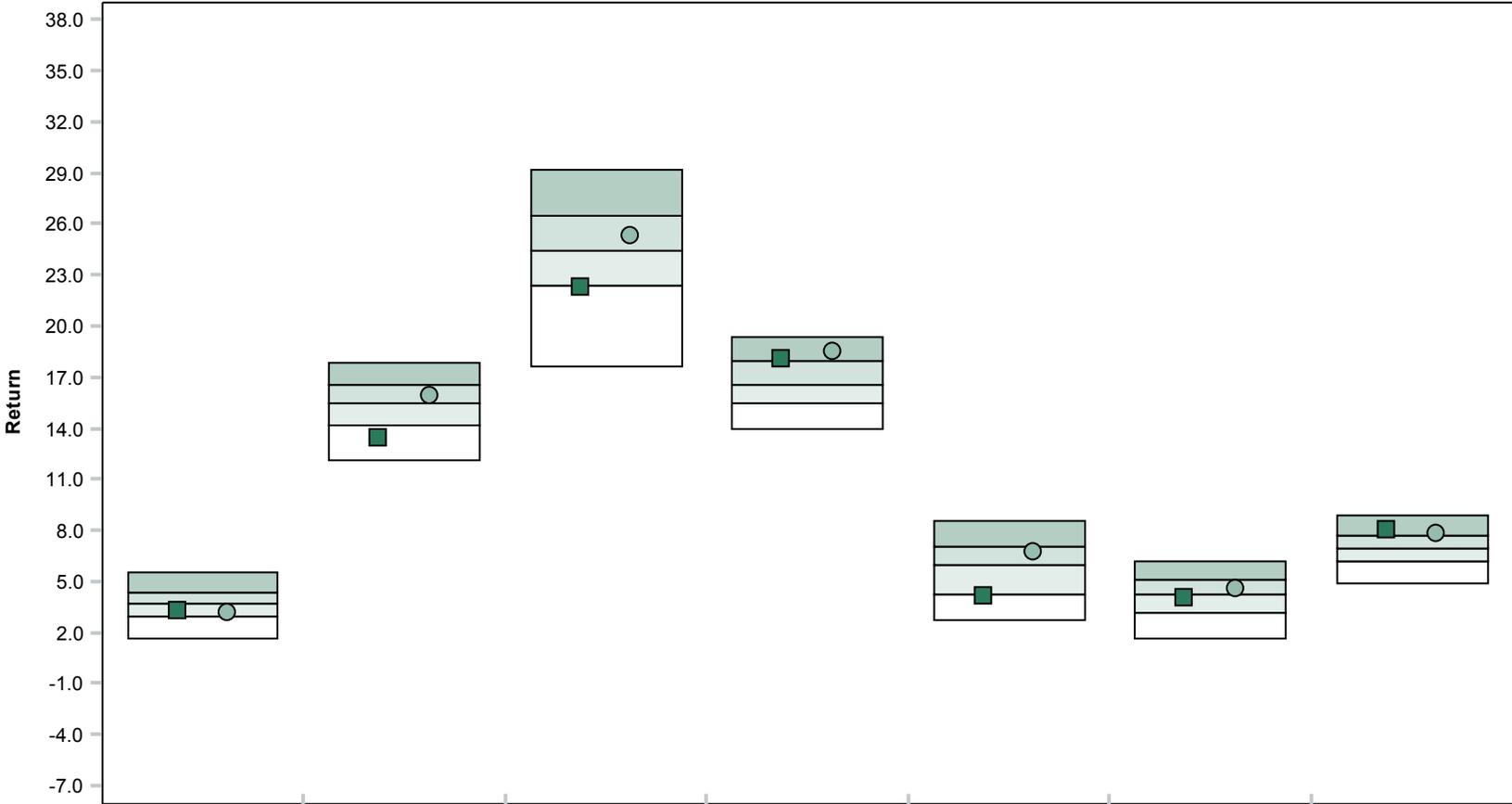
Up Down Market Capture



\* Monthly periodicity used.

Allianz NFJ Dividend Value

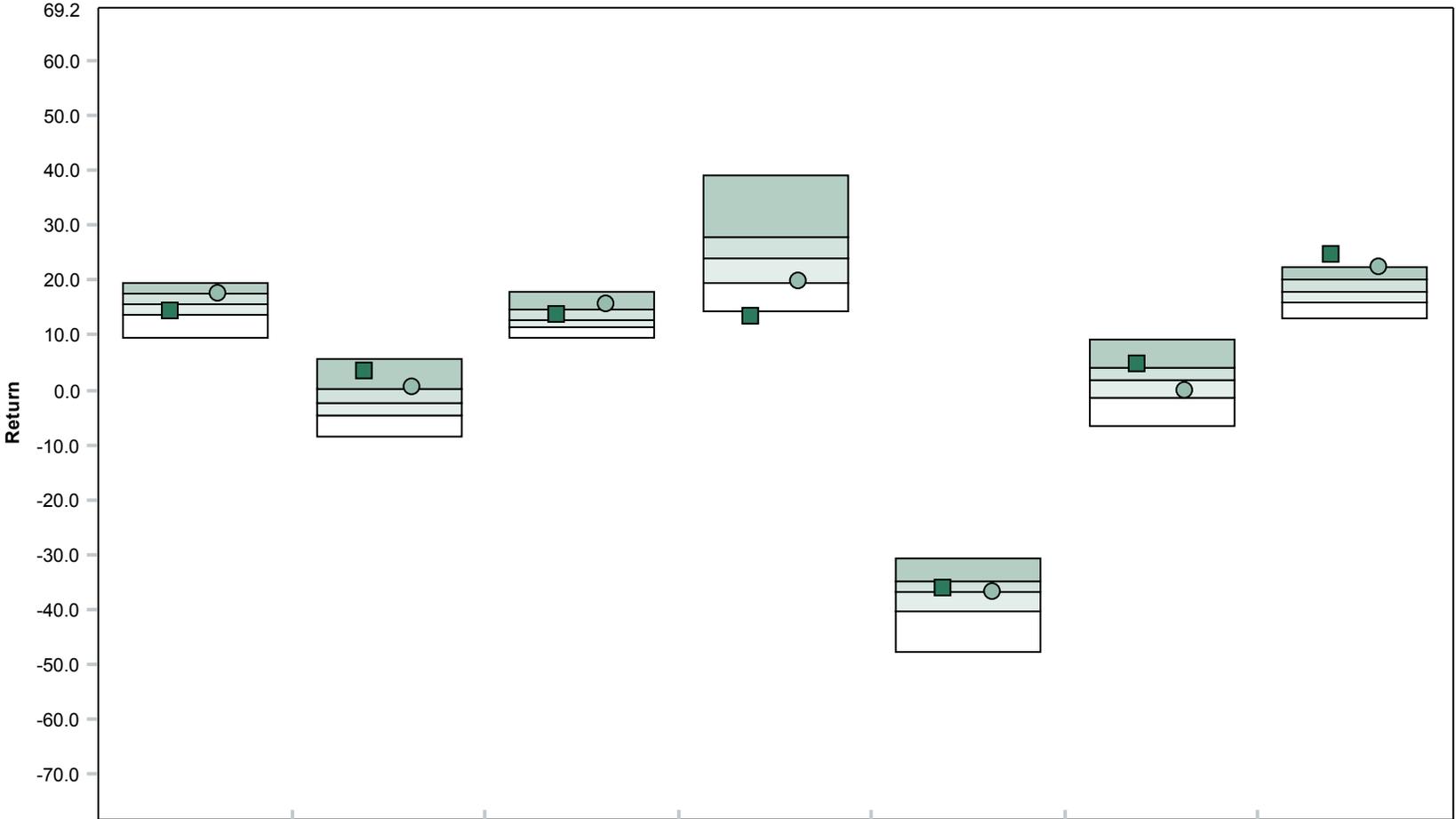
Peer Group Analysis - IM U.S. Large Cap Value Equity (MF)



|                              | 1 Quarter | Year To Date | 1 Year     | 3 Years    | 5 Years   | 7 Years   | 10 Years  |
|------------------------------|-----------|--------------|------------|------------|-----------|-----------|-----------|
| ■ Allianz NFJ Dividend Value | 3.26 (68) | 13.39 (83)   | 22.25 (78) | 18.08 (21) | 4.17 (77) | 4.03 (55) | 8.05 (14) |
| ● Russell 1000 Value Index   | 3.20 (69) | 15.90 (37)   | 25.32 (36) | 18.51 (15) | 6.67 (32) | 4.57 (39) | 7.79 (22) |
| 5th Percentile               | 5.57      | 17.87        | 29.22      | 19.35      | 8.58      | 6.13      | 8.93      |
| 1st Quartile                 | 4.38      | 16.55        | 26.42      | 17.94      | 7.04      | 5.12      | 7.66      |
| Median                       | 3.72      | 15.43        | 24.42      | 16.58      | 6.00      | 4.20      | 6.98      |
| 3rd Quartile                 | 2.90      | 14.19        | 22.40      | 15.46      | 4.27      | 3.10      | 6.18      |
| 95th Percentile              | 1.59      | 12.15        | 17.61      | 13.95      | 2.76      | 1.68      | 4.89      |

Allianz NFJ Dividend Value

Peer Group Analysis - IM U.S. Large Cap Value Equity (MF)



|                              | 2012       | 2011      | 2010       | 2009       | 2008        | 2007       | 2006      |
|------------------------------|------------|-----------|------------|------------|-------------|------------|-----------|
| ■ Allianz NFJ Dividend Value | 14.31 (69) | 3.44 (12) | 13.57 (40) | 13.33 (97) | -36.06 (37) | 4.65 (23)  | 24.64 (1) |
| ● Russell 1000 Value Index   | 17.51 (24) | 0.39 (23) | 15.51 (18) | 19.69 (72) | -36.85 (50) | -0.17 (64) | 22.25 (6) |
| 5th Percentile               | 19.49      | 5.57      | 17.92      | 38.86      | -30.78      | 9.07       | 22.31     |
| 1st Quartile                 | 17.40      | 0.20      | 14.75      | 27.94      | -34.78      | 4.07       | 20.05     |
| Median                       | 15.57      | -2.28     | 12.82      | 24.07      | -36.89      | 1.65       | 17.95     |
| 3rd Quartile                 | 13.78      | -4.76     | 11.39      | 19.40      | -40.25      | -1.58      | 15.80     |
| 95th Percentile              | 9.58       | -8.48     | 9.42       | 14.21      | -47.85      | -6.47      | 13.04     |

## Allianz NFJ Dividend Value

### Fund Information

|                  |  |                     |                                     |
|------------------|--|---------------------|-------------------------------------|
| Fund Name :      | Allianz Funds: AllianzGI NFJ Dividend Value Fund; Institutional Class Shares | Portfolio Assets :  | \$8,560 Million                     |
| Fund Family :    | Allianz Global Investors   | Portfolio Manager : | Benno J. Fischer                    |
| Ticker :         | NFJEX  | PM Tenure :         | 2000                                |
| Inception Date : | 05/08/2000   | Fund Style :        | IM U.S. Large Cap Value Equity (MF) |
| Fund Assets :    | \$3,754 Million  | Style Benchmark :   | Russell 1000 Value Index            |

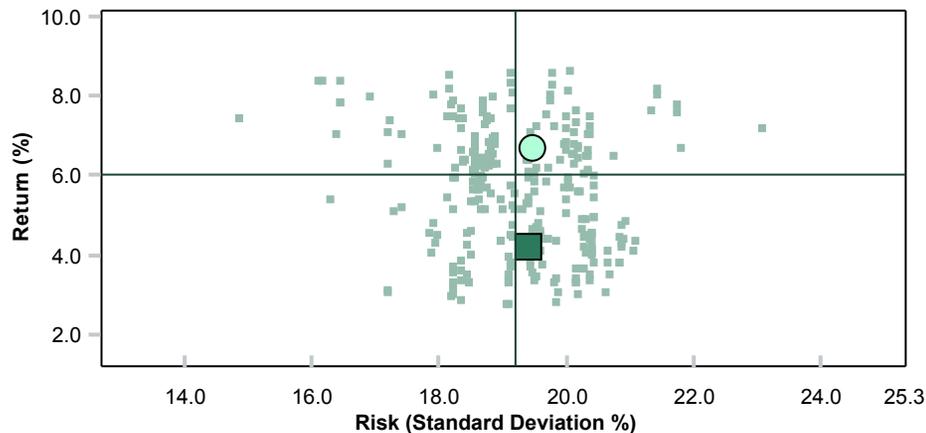
### Fund Investment Policy

The Fund seeks current income as a primary objective, and long-term growth of capital as a secondary objective. Focus is on income-producing common stocks with the potential for capital appreciation.

### Historical Statistics (07/01/08 - 06/30/13) \*

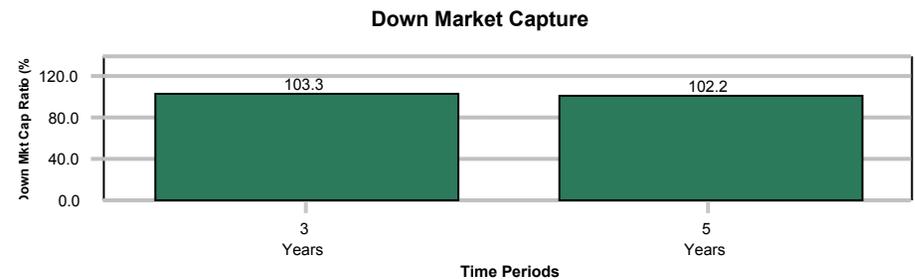
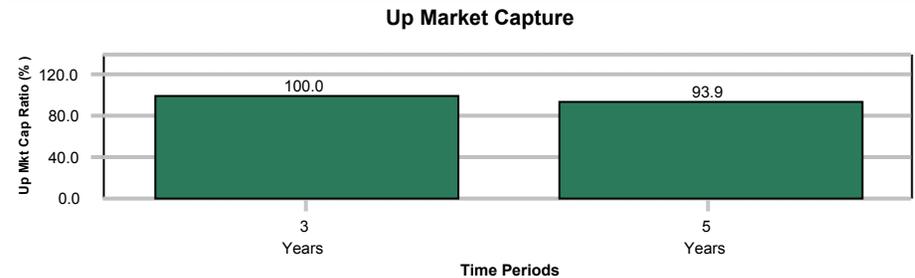
|                            | Return | Standard Deviation | Sharpe Ratio | Alpha | Beta | R-Squared | Tracking Error | Information Ratio | Excess Risk | Inception Date |
|----------------------------|--------|--------------------|--------------|-------|------|-----------|----------------|-------------------|-------------|----------------|
| Allianz NFJ Dividend Value | 4.17   | 19.44              | 0.30         | -2.15 | 0.98 | 0.96      | 3.95           | -0.60             | 19.49       | 06/01/2000     |
| Russell 1000 Value Index   | 6.67   | 19.48              | 0.42         | 0.00  | 1.00 | 1.00      | 0.00           | N/A               | 19.53       | 06/01/2000     |
| 90 Day U.S. Treasury Bill  | 0.27   | 0.17               | N/A          | 0.29  | 0.00 | 0.09      | 19.53          | -0.42             | 0.00        | 06/01/2000     |

### Peer Group Scattergram (07/01/08 to 06/30/13)



|                              | Return | Standard Deviation |
|------------------------------|--------|--------------------|
| ■ Allianz NFJ Dividend Value | 4.17   | 19.44              |
| ○ Russell 1000 Value Index   | 6.67   | 19.48              |
| — Median                     | 6.00   | 19.21              |

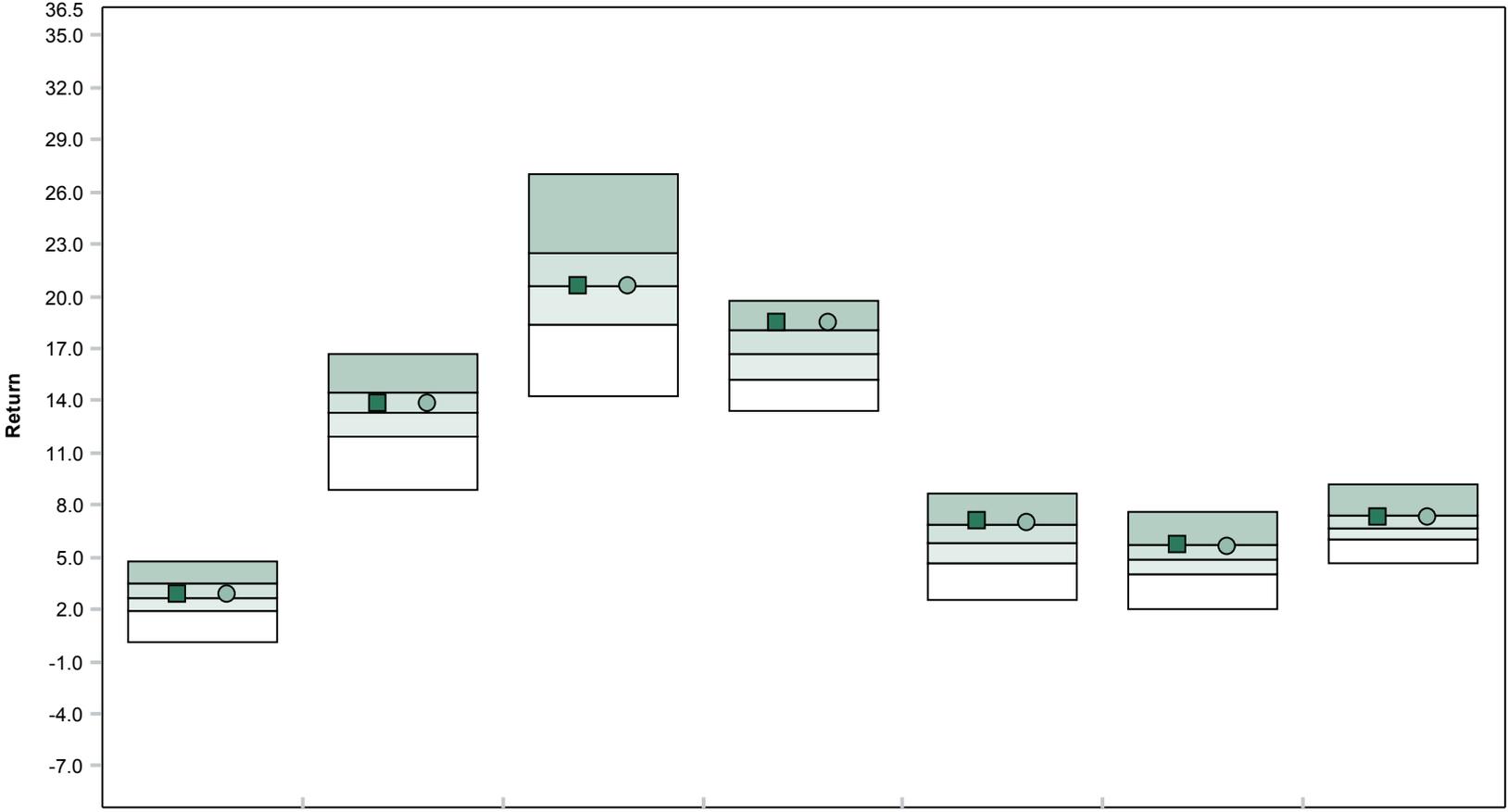
### Up Down Market Capture



\* Monthly periodicity used.

Vanguard Institutional Index

Peer Group Analysis - IM U.S. Large Cap Core Equity (MF)

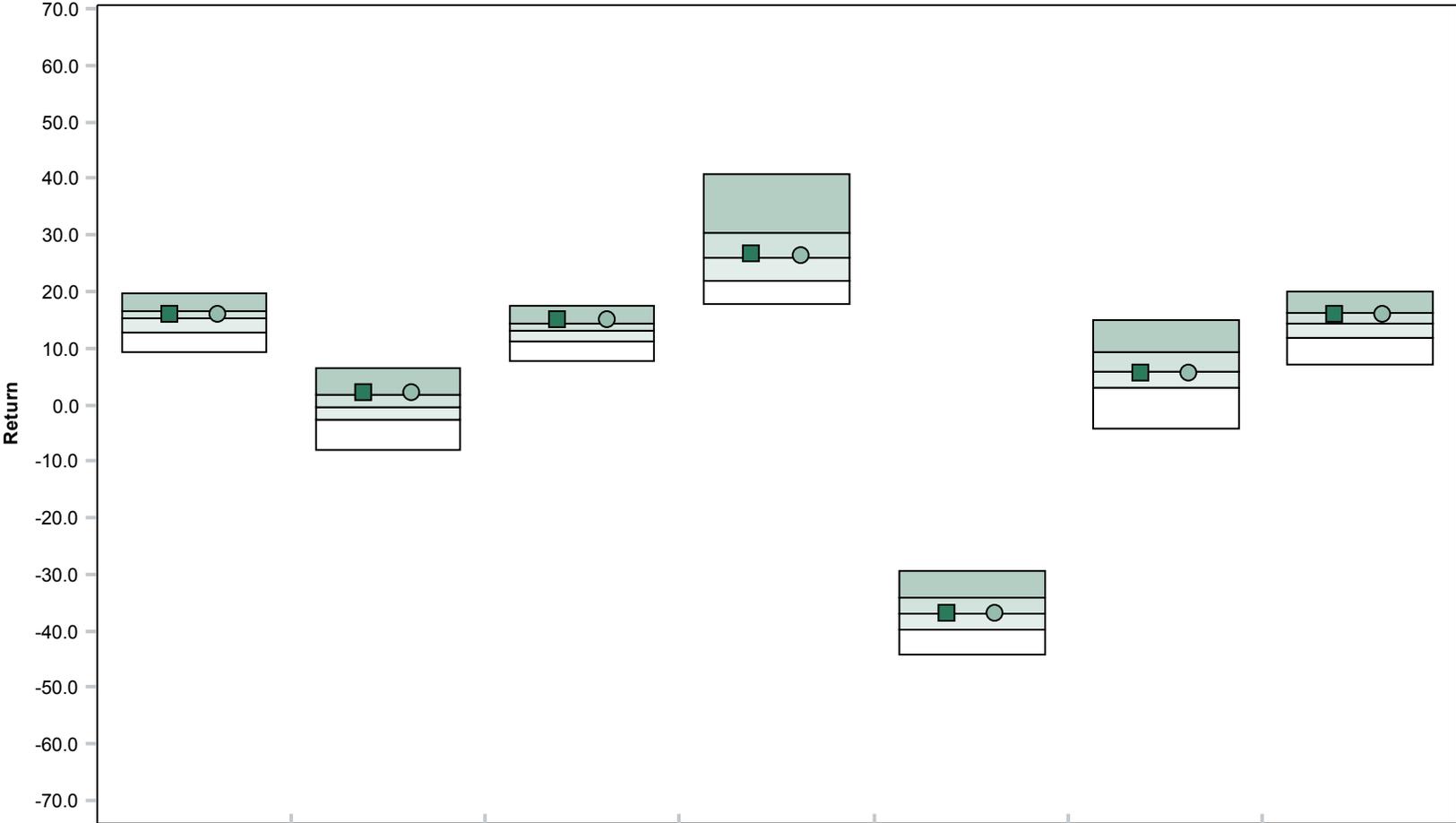


■ Vanguard Institutional Index  
 ● S&P 500

|                              | 1 Quarter | Year To Date | 1 Year     | 3 Years    | 5 Years   | 7 Years   | 10 Years  |
|------------------------------|-----------|--------------|------------|------------|-----------|-----------|-----------|
| Vanguard Institutional Index | 2.91 (41) | 13.81 (39)   | 20.57 (51) | 18.43 (19) | 7.04 (22) | 5.68 (28) | 7.30 (29) |
| S&P 500                      | 2.91 (41) | 13.82 (39)   | 20.60 (50) | 18.45 (19) | 7.01 (22) | 5.66 (29) | 7.30 (29) |
| 5th Percentile               | 4.77      | 16.67        | 27.07      | 19.75      | 8.72      | 7.58      | 9.23      |
| 1st Quartile                 | 3.51      | 14.49        | 22.45      | 18.01      | 6.89      | 5.76      | 7.45      |
| Median                       | 2.65      | 13.29        | 20.59      | 16.69      | 5.78      | 4.92      | 6.69      |
| 3rd Quartile                 | 1.93      | 11.91        | 18.37      | 15.21      | 4.67      | 4.03      | 6.03      |
| 95th Percentile              | 0.07      | 8.86         | 14.23      | 13.39      | 2.56      | 2.04      | 4.64      |

Vanguard Institutional Index

Peer Group Analysis - IM U.S. Large Cap Core Equity (MF)



|                                | 2012       | 2011      | 2010       | 2009       | 2008        | 2007      | 2006       |
|--------------------------------|------------|-----------|------------|------------|-------------|-----------|------------|
| ■ Vanguard Institutional Index | 15.98 (39) | 2.09 (23) | 15.05 (19) | 26.63 (48) | -36.95 (51) | 5.47 (54) | 15.78 (31) |
| ● S&P 500                      | 16.00 (38) | 2.11 (23) | 15.06 (19) | 26.46 (49) | -37.00 (52) | 5.49 (54) | 15.79 (30) |
| 5th Percentile                 | 19.78      | 6.60      | 17.49      | 40.63      | -29.42      | 14.86     | 20.08      |
| 1st Quartile                   | 16.65      | 1.70      | 14.48      | 30.42      | -34.17      | 9.20      | 16.21      |
| Median                         | 15.30      | -0.49     | 12.95      | 26.12      | -36.88      | 5.83      | 14.24      |
| 3rd Quartile                   | 12.88      | -2.67     | 11.19      | 21.80      | -39.64      | 3.14      | 11.94      |
| 95th Percentile                | 9.26       | -7.97     | 7.71       | 17.87      | -44.34      | -4.37     | 6.99       |

## Vanguard Institutional Index

### Fund Information

|                  |   |                     |                                    |
|------------------|---|---------------------|------------------------------------|
| Fund Name :      | Vanguard Institutional Index Fund: Vanguard Institutional Index Fund;<br>Institutional Shares | Portfolio Assets :  | \$136,380 Million                  |
| Fund Family :    | Vanguard Group Inc  | Portfolio Manager : | Donald M. Butler                   |
| Ticker :         | VINIX   | PM Tenure :         | 2000                               |
| Inception Date : | 07/31/1990  | Fund Style :        | IM U.S. Large Cap Core Equity (MF) |
| Fund Assets :    | \$77,610 Million  | Style Benchmark :   | S&P 500                            |

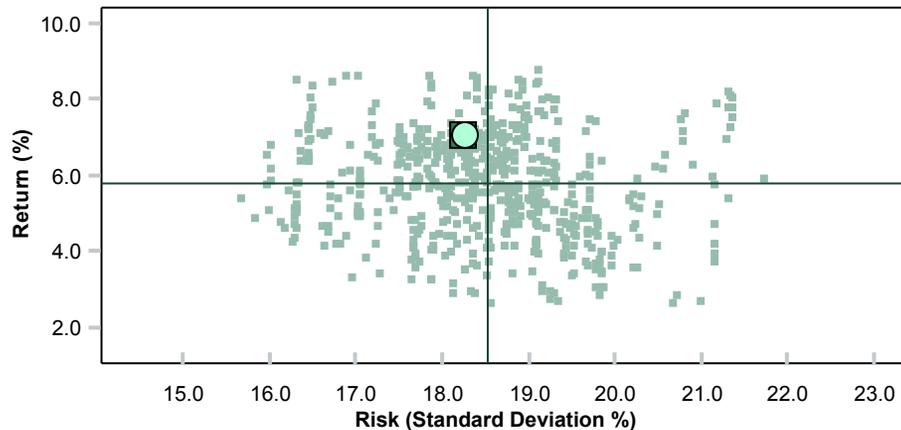
### Fund Investment Policy

The Fund seeks to match the investment performance of the Standard & Poor's 500 Composite Stock Price Index.

### Historical Statistics (07/01/08 - 06/30/13) \*

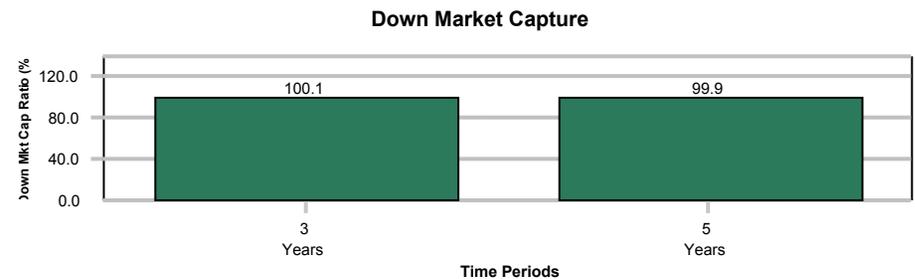
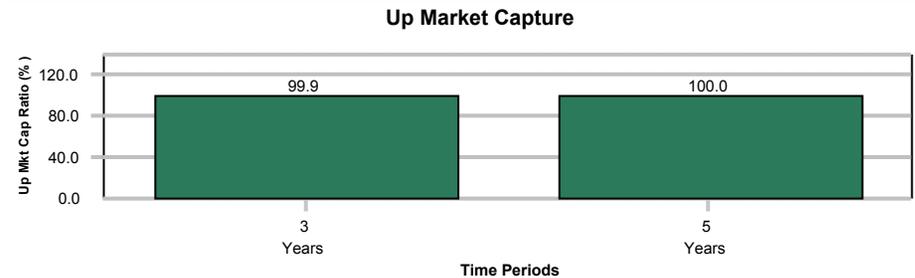
|                              | Return | Standard Deviation | Sharpe Ratio | Alpha | Beta | R-Squared | Tracking Error | Information Ratio | Excess Risk | Inception Date |
|------------------------------|--------|--------------------|--------------|-------|------|-----------|----------------|-------------------|-------------|----------------|
| Vanguard Institutional Index | 7.04   | 18.26              | 0.45         | 0.03  | 1.00 | 1.00      | 0.04           | 0.76              | 18.32       | 08/01/1990     |
| S&P 500                      | 7.01   | 18.26              | 0.45         | 0.00  | 1.00 | 1.00      | 0.00           | N/A               | 18.33       | 08/01/1990     |
| 90 Day U.S. Treasury Bill    | 0.27   | 0.17               | N/A          | 0.30  | 0.00 | 0.13      | 18.33          | -0.45             | 0.00        | 08/01/1990     |

### Peer Group Scattergram (07/01/08 to 06/30/13)



|                                | Return | Standard Deviation |
|--------------------------------|--------|--------------------|
| ■ Vanguard Institutional Index | 7.04   | 18.26              |
| ● S&P 500                      | 7.01   | 18.26              |
| — Median                       | 5.78   | 18.52              |

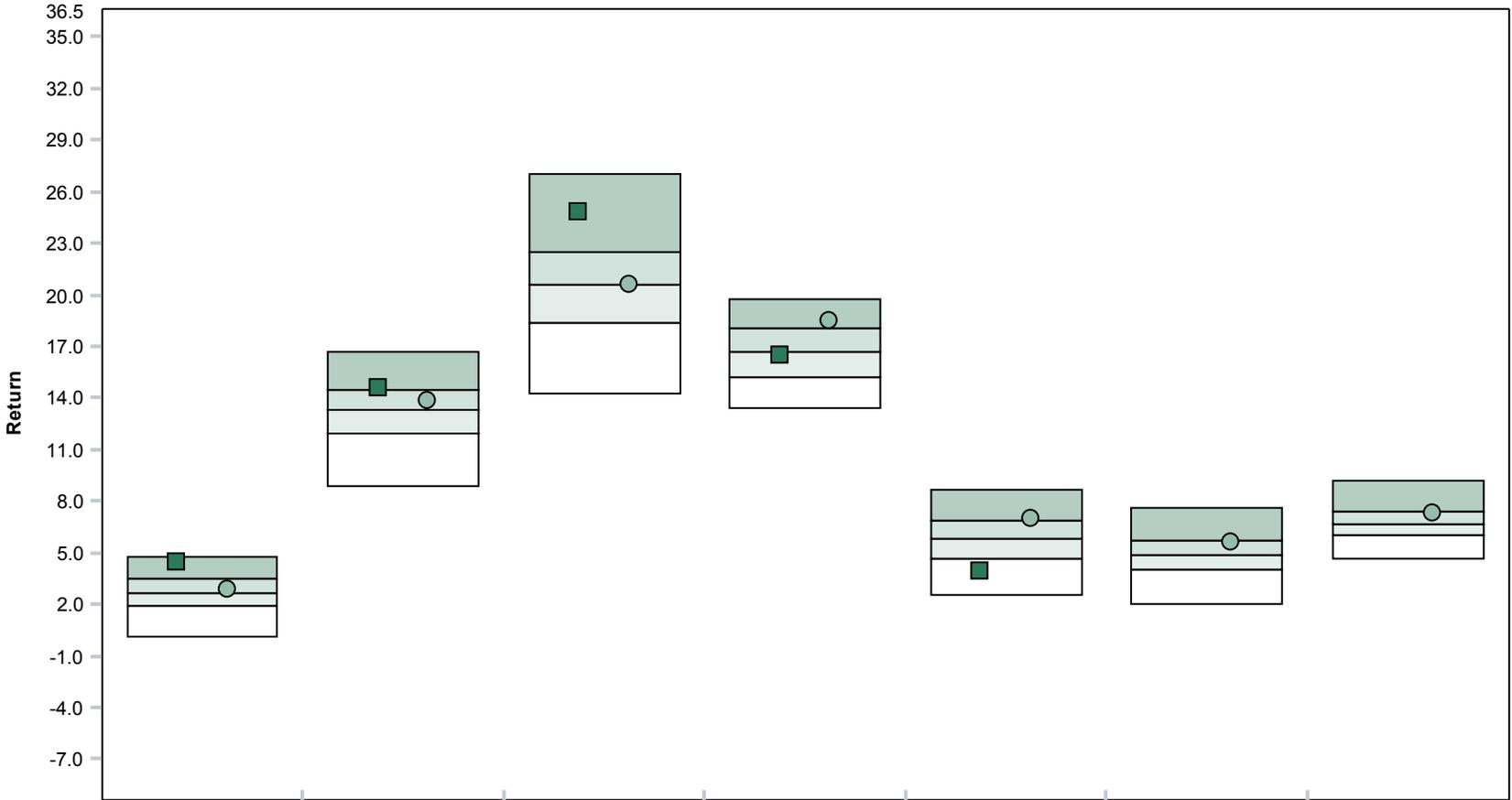
### Up Down Market Capture



\* Monthly periodicity used.

Victory Diversified Stock I

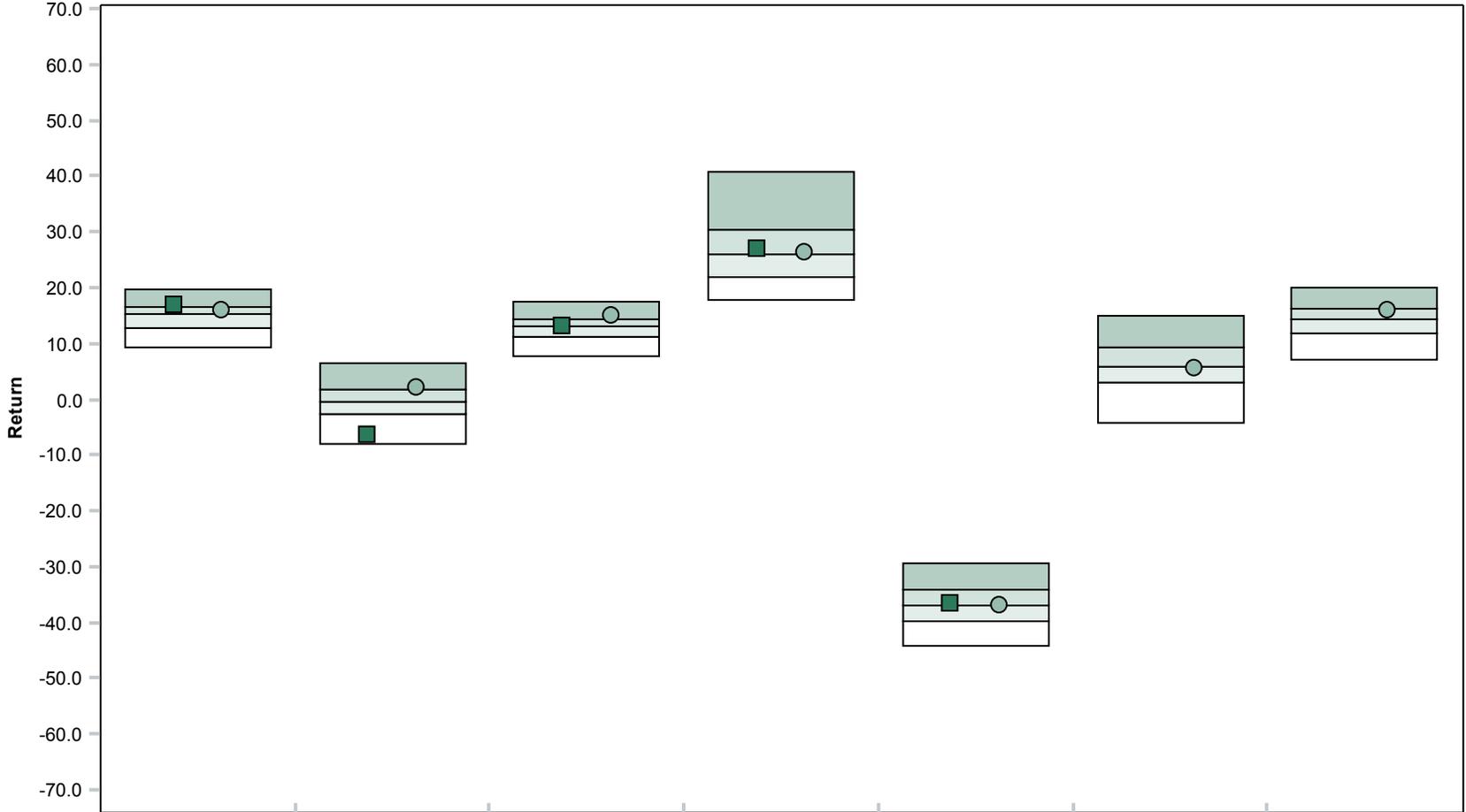
Peer Group Analysis - IM U.S. Large Cap Core Equity (MF)



|                               | 1 Quarter | Year To Date | 1 Year     | 3 Years    | 5 Years   | 7 Years   | 10 Years  |
|-------------------------------|-----------|--------------|------------|------------|-----------|-----------|-----------|
| ■ Victory Diversified Stock I | 4.49 (9)  | 14.57 (24)   | 24.80 (10) | 16.47 (55) | 3.95 (87) | N/A       | N/A       |
| ● S&P 500                     | 2.91 (41) | 13.82 (39)   | 20.60 (50) | 18.45 (19) | 7.01 (22) | 5.66 (29) | 7.30 (29) |
| 5th Percentile                | 4.77      | 16.67        | 27.07      | 19.75      | 8.72      | 7.58      | 9.23      |
| 1st Quartile                  | 3.51      | 14.49        | 22.45      | 18.01      | 6.89      | 5.76      | 7.45      |
| Median                        | 2.65      | 13.29        | 20.59      | 16.69      | 5.78      | 4.92      | 6.69      |
| 3rd Quartile                  | 1.93      | 11.91        | 18.37      | 15.21      | 4.67      | 4.03      | 6.03      |
| 95th Percentile               | 0.07      | 8.86         | 14.23      | 13.39      | 2.56      | 2.04      | 4.64      |

Victory Diversified Stock I

Peer Group Analysis - IM U.S. Large Cap Core Equity (MF)



|                               | 2012       | 2011       | 2010       | 2009       | 2008        | 2007      | 2006       |
|-------------------------------|------------|------------|------------|------------|-------------|-----------|------------|
| ■ Victory Diversified Stock I | 16.71 (25) | -6.29 (93) | 13.11 (47) | 27.02 (45) | -36.51 (46) | N/A       | N/A        |
| ● S&P 500                     | 16.00 (38) | 2.11 (23)  | 15.06 (19) | 26.46 (49) | -37.00 (52) | 5.49 (54) | 15.79 (30) |
| 5th Percentile                | 19.78      | 6.60       | 17.49      | 40.63      | -29.42      | 14.86     | 20.08      |
| 1st Quartile                  | 16.65      | 1.70       | 14.48      | 30.42      | -34.17      | 9.20      | 16.21      |
| Median                        | 15.30      | -0.49      | 12.95      | 26.12      | -36.88      | 5.83      | 14.24      |
| 3rd Quartile                  | 12.88      | -2.67      | 11.19      | 21.80      | -39.64      | 3.14      | 11.94      |
| 95th Percentile               | 9.26       | -7.97      | 7.71       | 17.87      | -44.34      | -4.37     | 6.99       |

**Victory Diversified Stock I**

**Fund Information**

Fund Name : Victory Portfolios: Diversified Stock Fund; Class I Shares  
 Fund Family : Victory Capital Management Inc  
 Ticker : VDSIX  
 Inception Date : 08/31/2007  
 Fund Assets : \$383 Million  
 Portfolio Turnover : 87%

Portfolio Assets : \$1,755 Million  
 Portfolio Manager : Babin/Danes/Rains  
 PM Tenure : 2007--2007--2007  
 Fund Style : IM U.S. Large Cap Core Equity (MF)  
 Style Benchmark : S&P 500

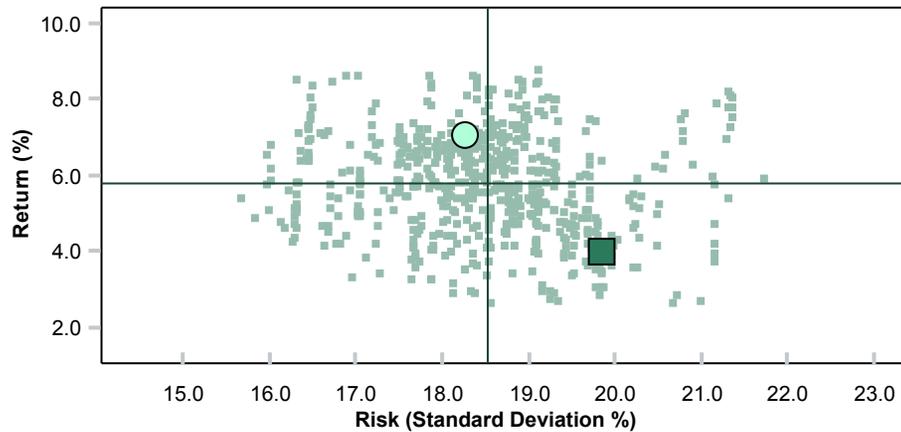
**Fund Investment Policy**

The Fund seeks long-term growth of capital by investing in primarily in equity securities and securities convertible into common stocks traded on U.S. exchanges and issued by large, established companies.

**Historical Statistics (07/01/08 - 06/30/13) \***

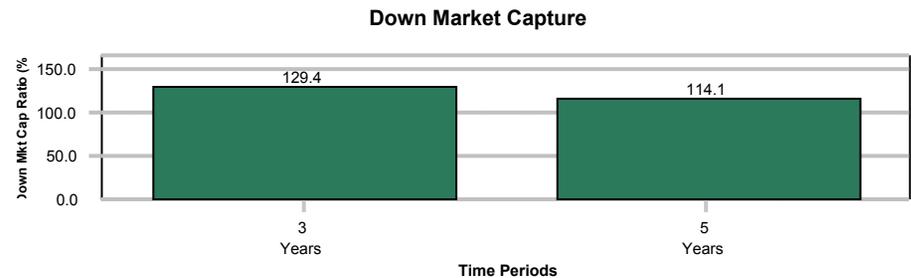
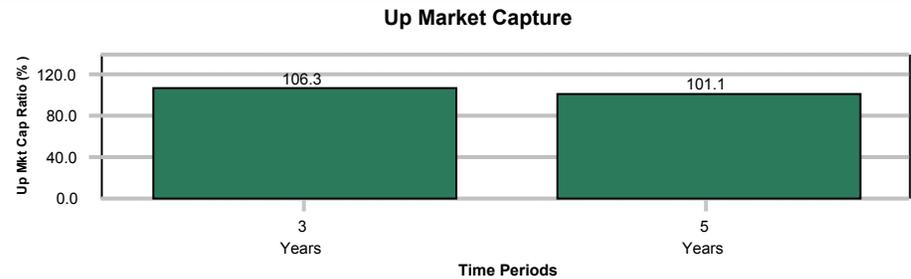
|                             | Return | Standard Deviation | Sharpe Ratio | Alpha | Beta | R-Squared | Tracking Error | Information Ratio | Excess Risk | Inception Date |
|-----------------------------|--------|--------------------|--------------|-------|------|-----------|----------------|-------------------|-------------|----------------|
| Victory Diversified Stock I | 3.95   | 19.87              | 0.28         | -3.12 | 1.07 | 0.96      | 4.03           | -0.65             | 19.93       | 09/01/2007     |
| S&P 500                     | 7.01   | 18.26              | 0.45         | 0.00  | 1.00 | 1.00      | 0.00           | N/A               | 18.33       | 09/01/2007     |
| 90 Day U.S. Treasury Bill   | 0.27   | 0.17               | N/A          | 0.30  | 0.00 | 0.13      | 18.33          | -0.45             | 0.00        | 09/01/2007     |

**Peer Group Scattergram (07/01/08 to 06/30/13)**



|                               | Return | Standard Deviation |
|-------------------------------|--------|--------------------|
| ■ Victory Diversified Stock I | 3.95   | 19.87              |
| ● S&P 500                     | 7.01   | 18.26              |
| — Median                      | 5.78   | 18.52              |

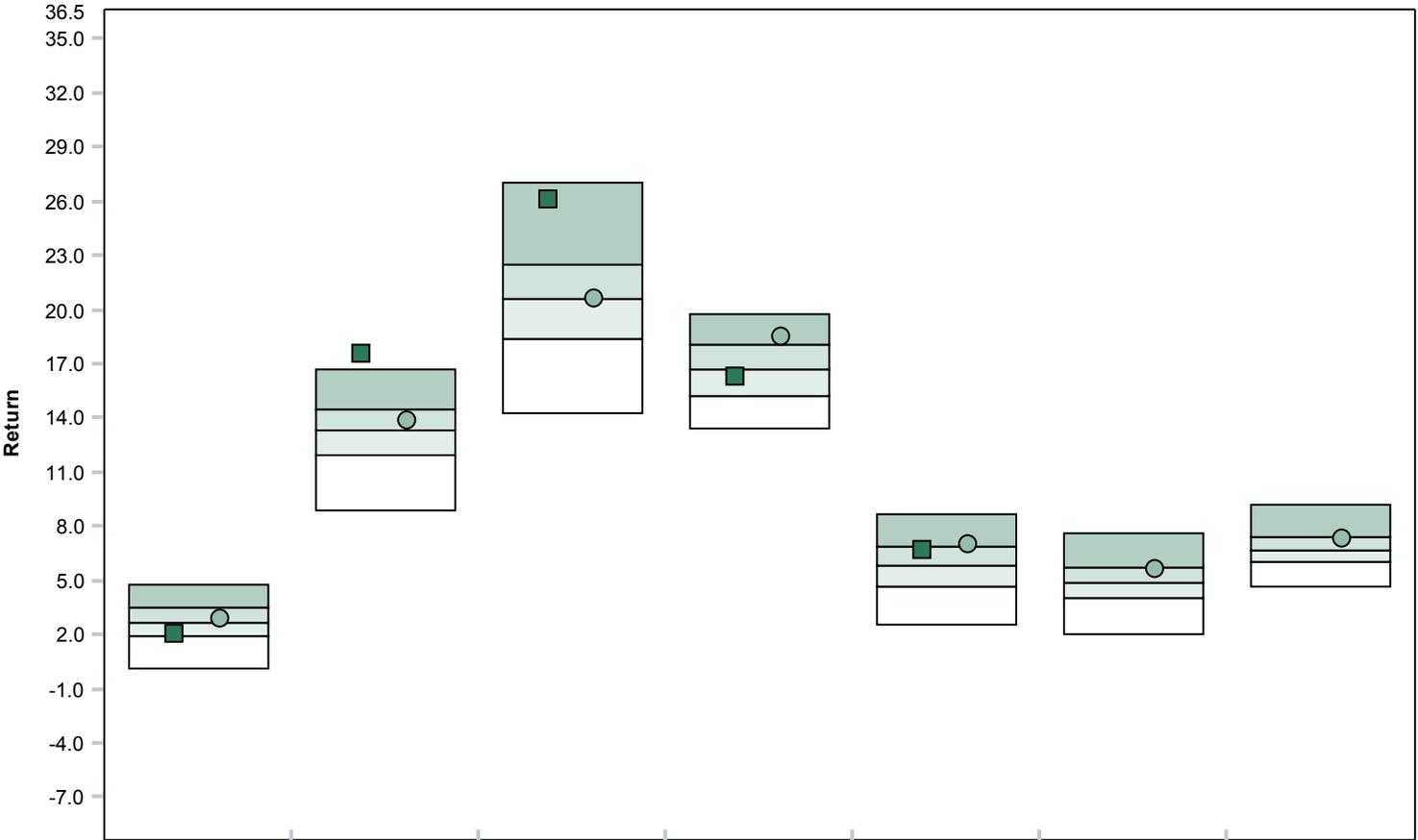
**Up Down Market Capture**



\* Monthly periodicity used.

Neuberger Berman Socially Responsive Instl

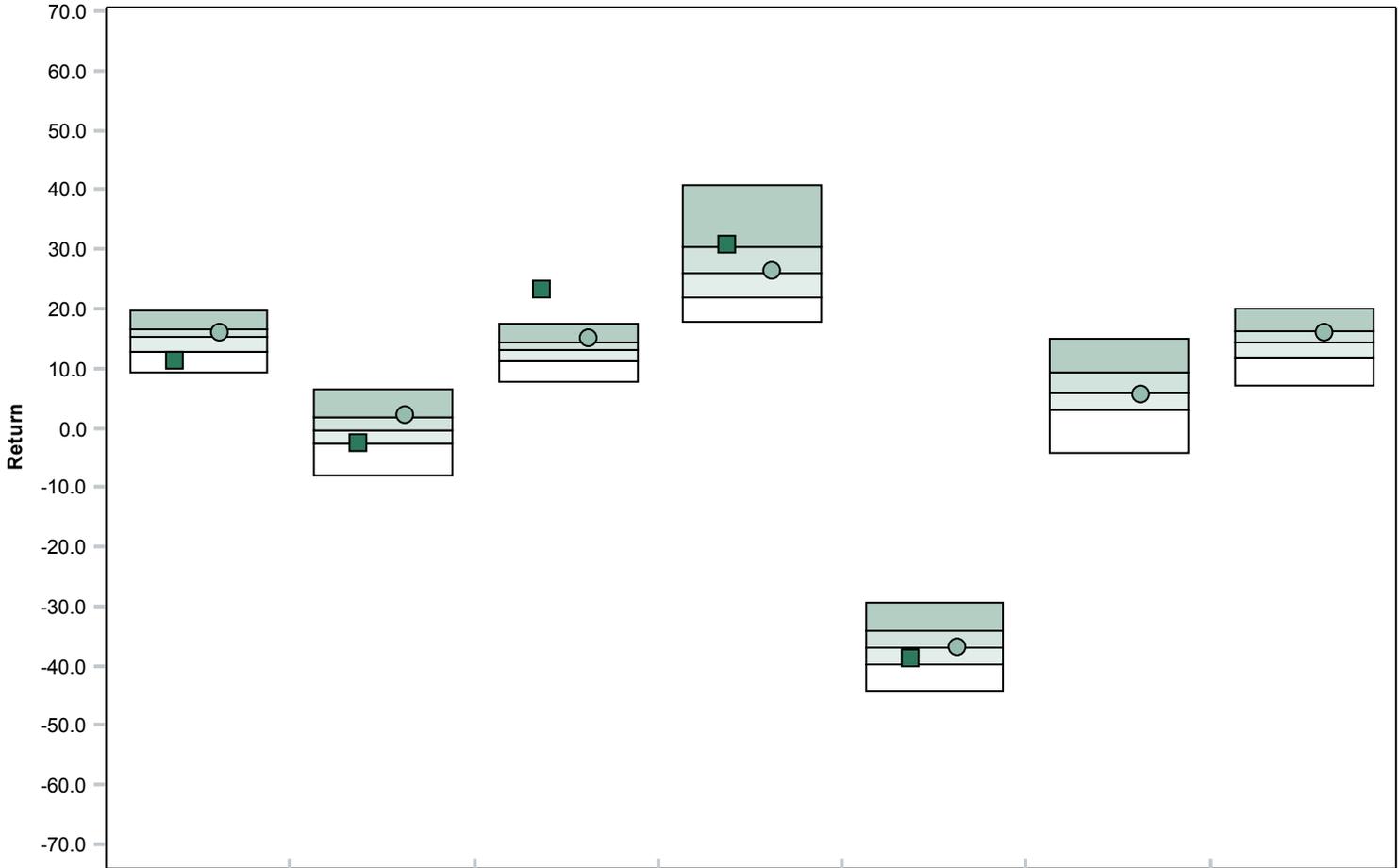
Peer Group Analysis - IM U.S. Large Cap Core Equity (MF)



■ Neuberger Berman Socially Responsive Instl  
 ● S&P 500

|  | 1 Quarter | Year To Date | 1 Year     | 3 Years    | 5 Years   | 7 Years   | 10 Years  |
|--|-----------|--------------|------------|------------|-----------|-----------|-----------|
| Neuberger Berman Socially Responsive Instl | 2.02 (73) | 17.51 (4)    | 26.06 (7)  | 16.22 (60) | 6.65 (31) | N/A       | N/A       |
| S&P 500                                    | 2.91 (41) | 13.82 (39)   | 20.60 (50) | 18.45 (19) | 7.01 (22) | 5.66 (29) | 7.30 (29) |
| 5th Percentile                             | 4.77      | 16.67        | 27.07      | 19.75      | 8.72      | 7.58      | 9.23      |
| 1st Quartile                               | 3.51      | 14.49        | 22.45      | 18.01      | 6.89      | 5.76      | 7.45      |
| Median                                     | 2.65      | 13.29        | 20.59      | 16.69      | 5.78      | 4.92      | 6.69      |
| 3rd Quartile                               | 1.93      | 11.91        | 18.37      | 15.21      | 4.67      | 4.03      | 6.03      |
| 95th Percentile                            | 0.07      | 8.86         | 14.23      | 13.39      | 2.56      | 2.04      | 4.64      |

Peer Group Analysis - IM U.S. Large Cap Core Equity (MF)



|  | 2012       | 2011       | 2010       | 2009       | 2008        | 2007      | 2006       |
|--|------------|------------|------------|------------|-------------|-----------|------------|
| ■ Neuberger Berman Socially Responsive Instl | 11.15 (89) | -2.72 (76) | 23.06 (2)  | 30.83 (23) | -38.69 (69) | N/A       | N/A        |
| ● S&P 500                                    | 16.00 (38) | 2.11 (23)  | 15.06 (19) | 26.46 (49) | -37.00 (52) | 5.49 (54) | 15.79 (30) |
| 5th Percentile                               | 19.78      | 6.60       | 17.49      | 40.63      | -29.42      | 14.86     | 20.08      |
| 1st Quartile                                 | 16.65      | 1.70       | 14.48      | 30.42      | -34.17      | 9.20      | 16.21      |
| Median                                       | 15.30      | -0.49      | 12.95      | 26.12      | -36.88      | 5.83      | 14.24      |
| 3rd Quartile                                 | 12.88      | -2.67      | 11.19      | 21.80      | -39.64      | 3.14      | 11.94      |
| 95th Percentile                              | 9.26       | -7.97      | 7.71       | 17.87      | -44.34      | -4.37     | 6.99       |

**Neuberger Berman Socially Responsive Instl**

**Fund Information**

Fund Name : Neuberger Berman Equity Funds: Neuberger Berman Socially Responsive Fund; Institutional Class Shares  
 Fund Family : Neuberger Berman Management LLC  
 Ticker : NBSLX  
 Inception Date : 11/28/2007  
 Fund Assets : \$532 Million

Portfolio Assets : \$2,143 Million  
 Portfolio Manager : Team Managed  
 PM Tenure :  
 Fund Style : IM U.S. Large Cap Core Equity (MF)  
 Style Benchmark : S&P 500

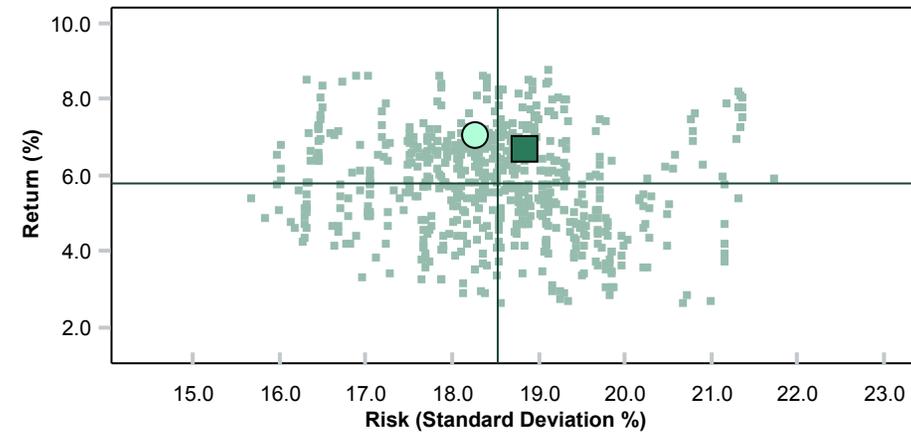
**Fund Investment Policy**

The Fund seeks long-term growth of capital by investing primarily in securities of companies that meet the fund's financial criteria and social policy. The Fund invests primarily in common stocks of mid- to large-capitalization companies that show leadership in socially progressive areas.

**Historical Statistics (07/01/08 - 06/30/13) \***

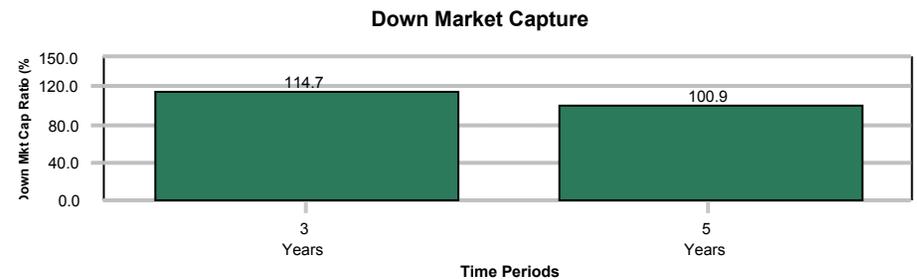
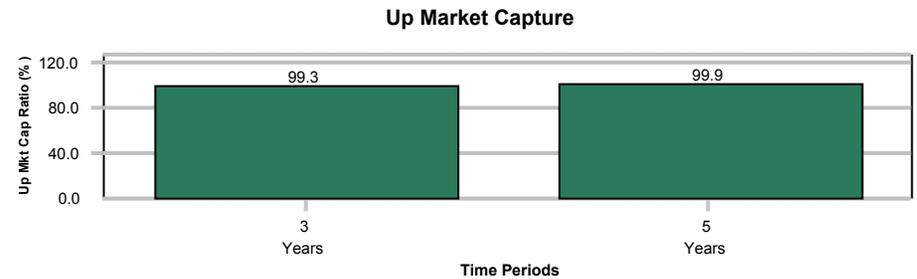
|  | Return | Standard Deviation | Sharpe Ratio | Alpha | Beta | R-Squared | Tracking Error | Information Ratio | Excess Risk | Inception Date |
|--|--------|--------------------|--------------|-------|------|-----------|----------------|-------------------|-------------|----------------|
| Neuberger Berman Socially Responsive Instl | 6.65   | 18.85              | 0.42         | -0.18 | 1.00 | 0.93      | 5.00           | -0.04             | 18.91       | 12/01/2007     |
| S&P 500                                    | 7.01   | 18.26              | 0.45         | 0.00  | 1.00 | 1.00      | 0.00           | N/A               | 18.33       | 12/01/2007     |
| 90 Day U.S. Treasury Bill                  | 0.27   | 0.17               | N/A          | 0.30  | 0.00 | 0.13      | 18.33          | -0.45             | 0.00        | 12/01/2007     |

**Peer Group Scattergram (07/01/08 to 06/30/13)**



|  | Return | Standard Deviation |
|--|--------|--------------------|
| ■ Neuberger Berman Socially Responsive Instl | 6.65   | 18.85              |
| ○ S&P 500                                    | 7.01   | 18.26              |
| — Median                                     | 5.78   | 18.52              |

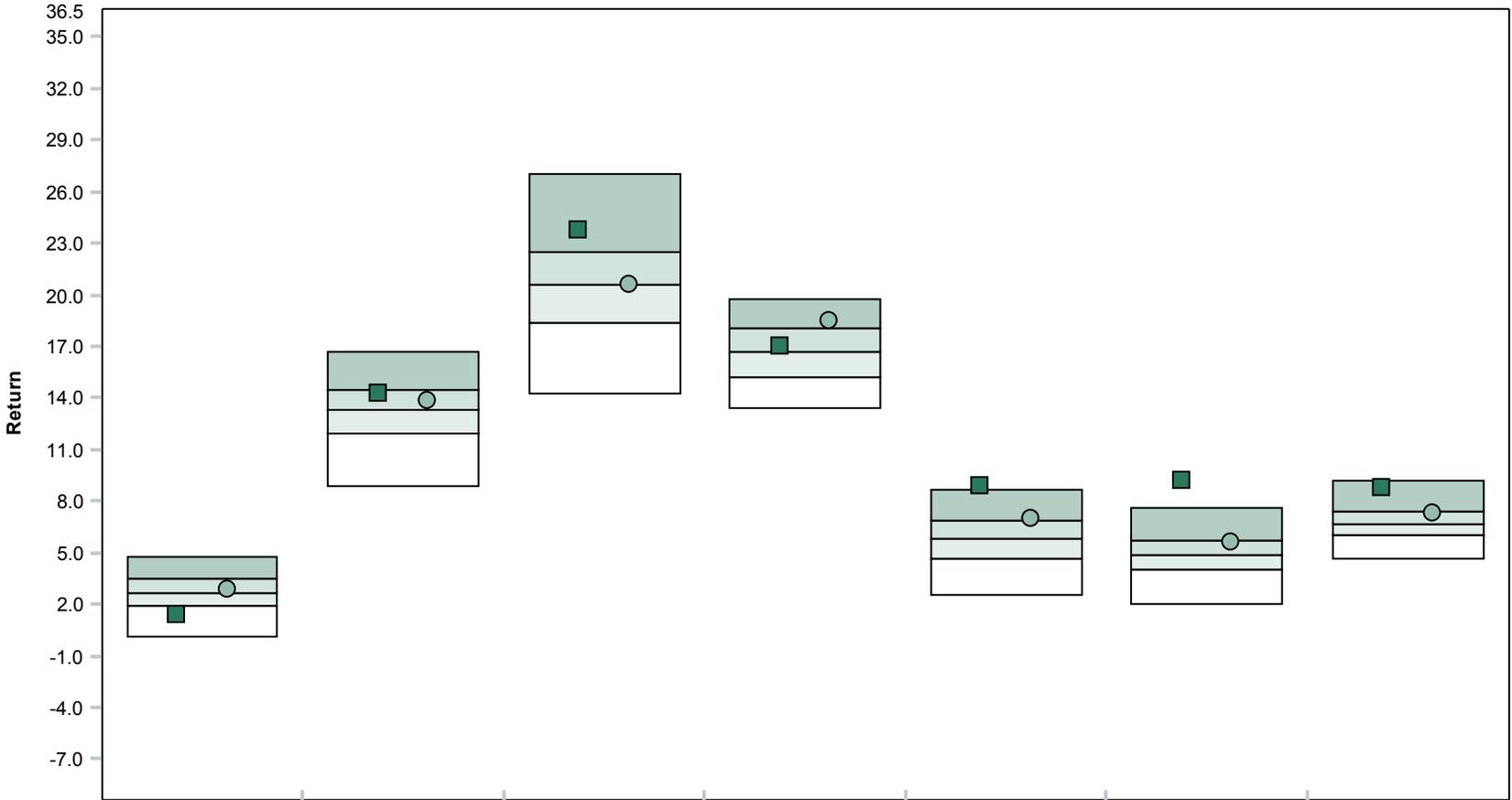
**Up Down Market Capture**



\* Monthly periodicity used.

Parnassus Equity Income

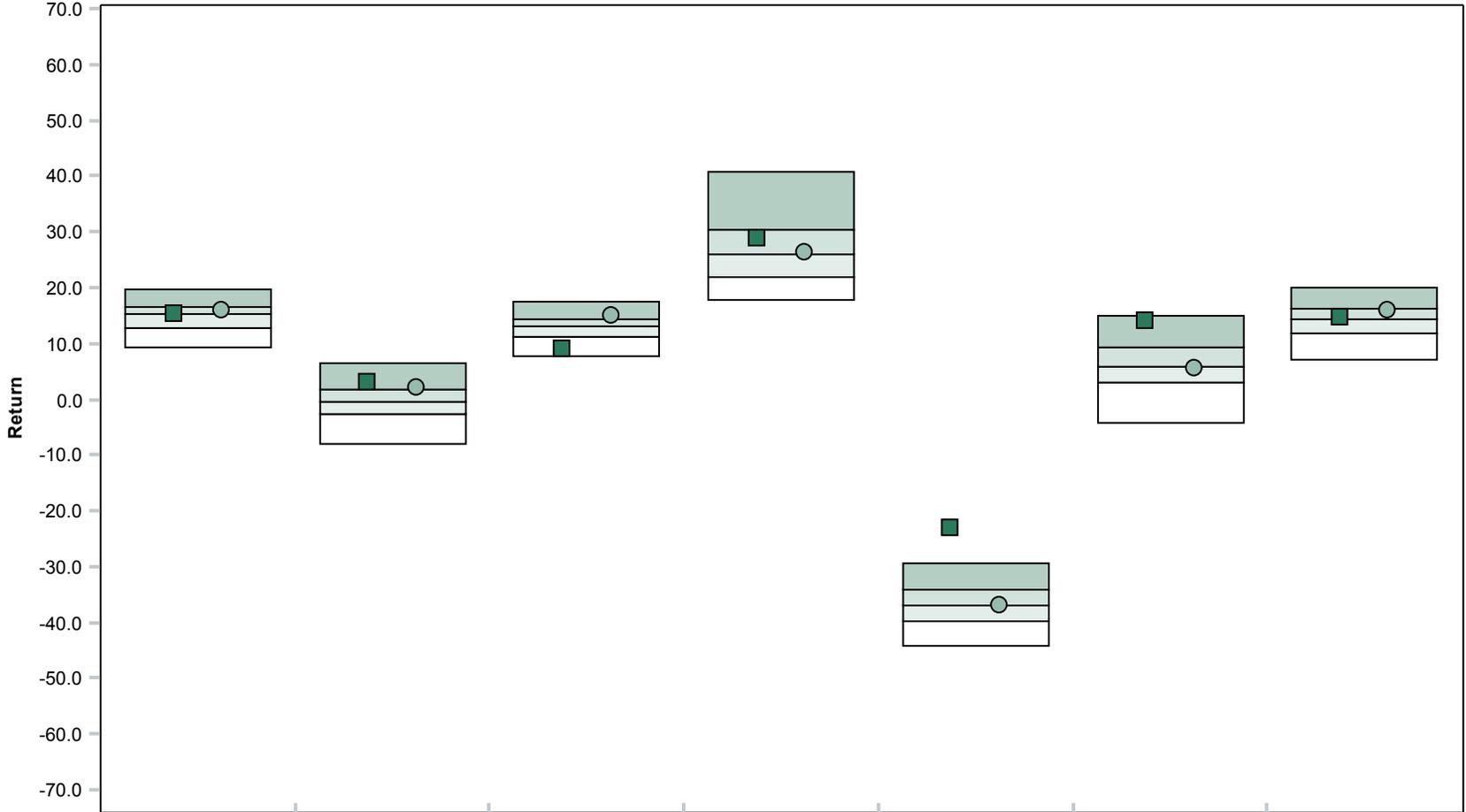
Peer Group Analysis - IM U.S. Large Cap Core Equity (MF)



|                           | 1 Quarter | Year To Date | 1 Year     | 3 Years    | 5 Years   | 7 Years   | 10 Years  |
|---------------------------|-----------|--------------|------------|------------|-----------|-----------|-----------|
| ■ Parnassus Equity Income | 1.40 (84) | 14.28 (30)   | 23.76 (13) | 17.03 (45) | 8.88 (5)  | 9.14 (2)  | 8.74 (8)  |
| ● S&P 500                 | 2.91 (41) | 13.82 (39)   | 20.60 (50) | 18.45 (19) | 7.01 (22) | 5.66 (29) | 7.30 (29) |
| 5th Percentile            | 4.77      | 16.67        | 27.07      | 19.75      | 8.72      | 7.58      | 9.23      |
| 1st Quartile              | 3.51      | 14.49        | 22.45      | 18.01      | 6.89      | 5.76      | 7.45      |
| Median                    | 2.65      | 13.29        | 20.59      | 16.69      | 5.78      | 4.92      | 6.69      |
| 3rd Quartile              | 1.93      | 11.91        | 18.37      | 15.21      | 4.67      | 4.03      | 6.03      |
| 95th Percentile           | 0.07      | 8.86         | 14.23      | 13.39      | 2.56      | 2.04      | 4.64      |

Parnassus Equity Income

Peer Group Analysis - IM U.S. Large Cap Core Equity (MF)



|                           | 2012       | 2011      | 2010       | 2009       | 2008        | 2007      | 2006       |
|---------------------------|------------|-----------|------------|------------|-------------|-----------|------------|
| ■ Parnassus Equity Income | 15.43 (49) | 3.13 (17) | 8.89 (90)  | 28.73 (35) | -22.95 (1)  | 14.13 (6) | 14.70 (46) |
| ● S&P 500                 | 16.00 (38) | 2.11 (23) | 15.06 (19) | 26.46 (49) | -37.00 (52) | 5.49 (54) | 15.79 (30) |
| 5th Percentile            | 19.78      | 6.60      | 17.49      | 40.63      | -29.42      | 14.86     | 20.08      |
| 1st Quartile              | 16.65      | 1.70      | 14.48      | 30.42      | -34.17      | 9.20      | 16.21      |
| Median                    | 15.30      | -0.49     | 12.95      | 26.12      | -36.88      | 5.83      | 14.24      |
| 3rd Quartile              | 12.88      | -2.67     | 11.19      | 21.80      | -39.64      | 3.14      | 11.94      |
| 95th Percentile           | 9.26       | -7.97     | 7.71       | 17.87      | -44.34      | -4.37     | 6.99       |

**Parnassus Equity Income**

**Fund Information**

Fund Name : Parnassus Income Funds: Equity Income Fund; Investor Shares  
 Fund Family : Parnassus Investments  
 Ticker : PRBLX  
 Inception Date : 08/31/1992  
 Fund Assets : \$4,984 Million  
 Portfolio Turnover : 24%

Portfolio Assets : \$6,348 Million  
 Portfolio Manager : Todd Ahlsten  
 PM Tenure : 2001  
 Fund Style : IM U.S. Large Cap Core Equity (MF)  
 Style Benchmark : S&P 500

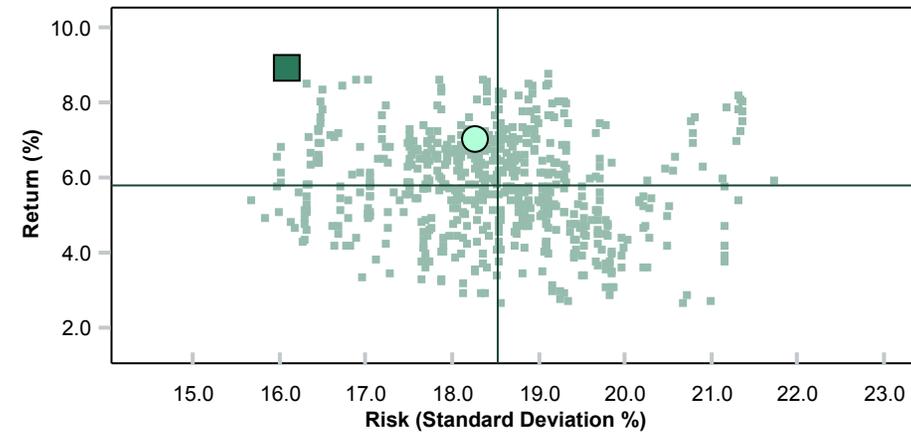
**Fund Investment Policy**

The Fund seeks current income and capital appreciation. The Fund also screens all investments using social responsibility criteria.

**Historical Statistics (07/01/08 - 06/30/13) \***

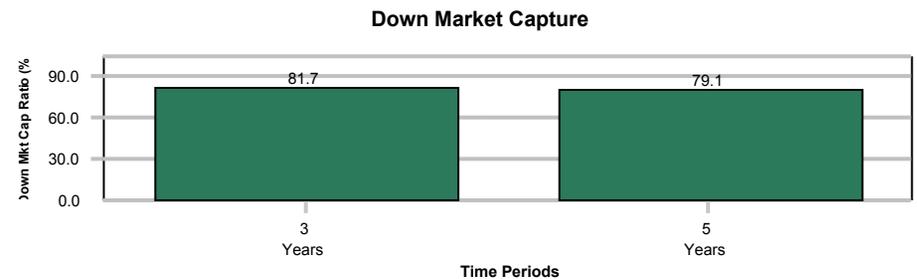
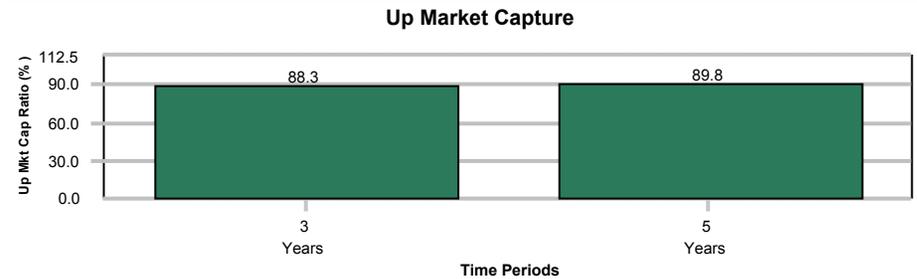
|                           | Return | Standard Deviation | Sharpe Ratio | Alpha | Beta | R-Squared | Tracking Error | Information Ratio | Excess Risk | Inception Date |
|---------------------------|--------|--------------------|--------------|-------|------|-----------|----------------|-------------------|-------------|----------------|
| Parnassus Equity Income   | 8.88   | 16.09              | 0.59         | 2.66  | 0.85 | 0.93      | 5.00           | 0.27              | 16.14       | 09/01/1992     |
| S&P 500                   | 7.01   | 18.26              | 0.45         | 0.00  | 1.00 | 1.00      | 0.00           | N/A               | 18.33       | 09/01/1992     |
| 90 Day U.S. Treasury Bill | 0.27   | 0.17               | N/A          | 0.30  | 0.00 | 0.13      | 18.33          | -0.45             | 0.00        | 09/01/1992     |

**Peer Group Scattergram (07/01/08 to 06/30/13)**



|                           | Return | Standard Deviation |
|---------------------------|--------|--------------------|
| ■ Parnassus Equity Income | 8.88   | 16.09              |
| ○ S&P 500                 | 7.01   | 18.26              |
| — Median                  | 5.78   | 18.52              |

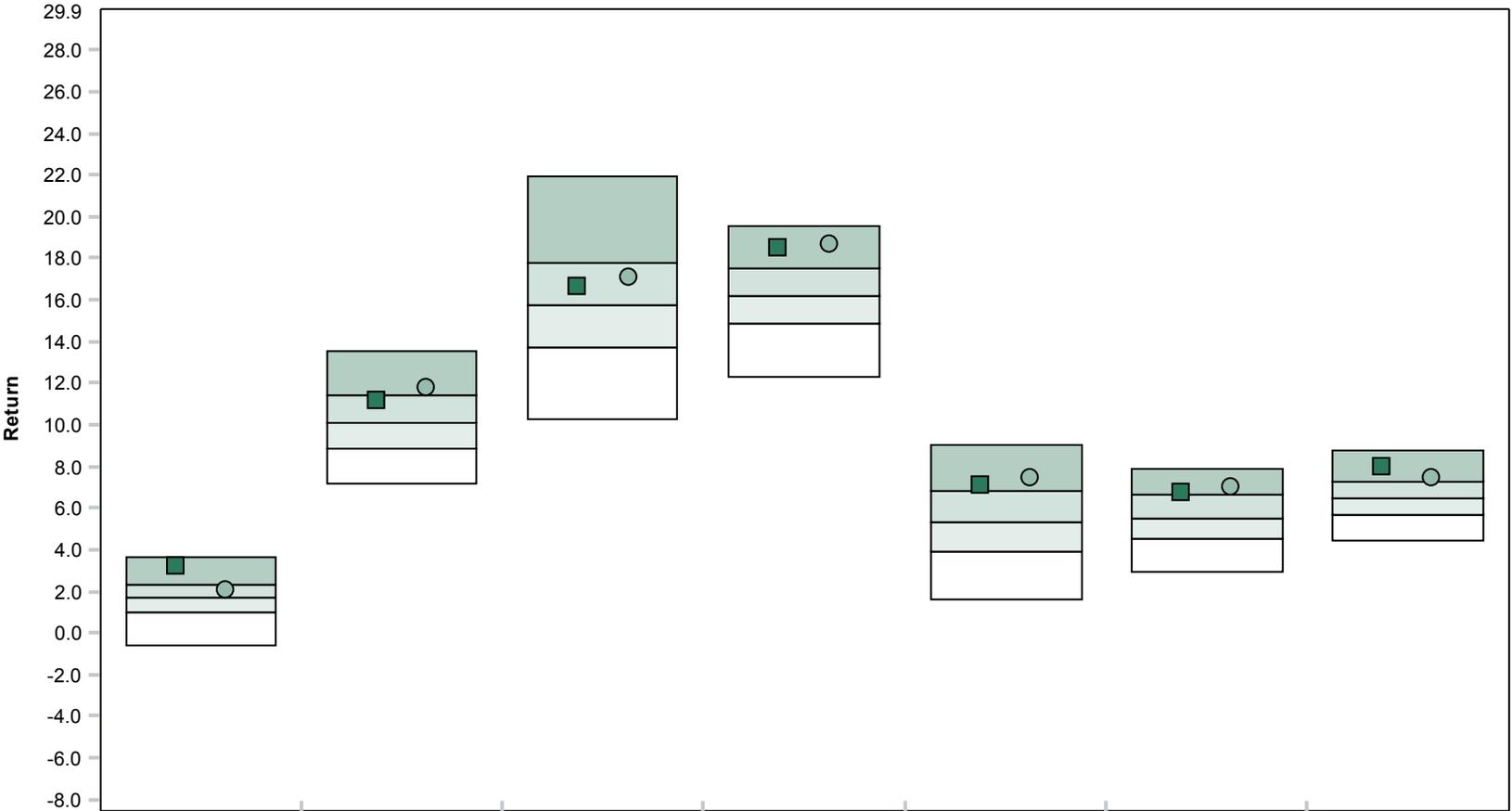
**Up Down Market Capture**



\* Monthly periodicity used.

T.Rowe Price Growth Stock

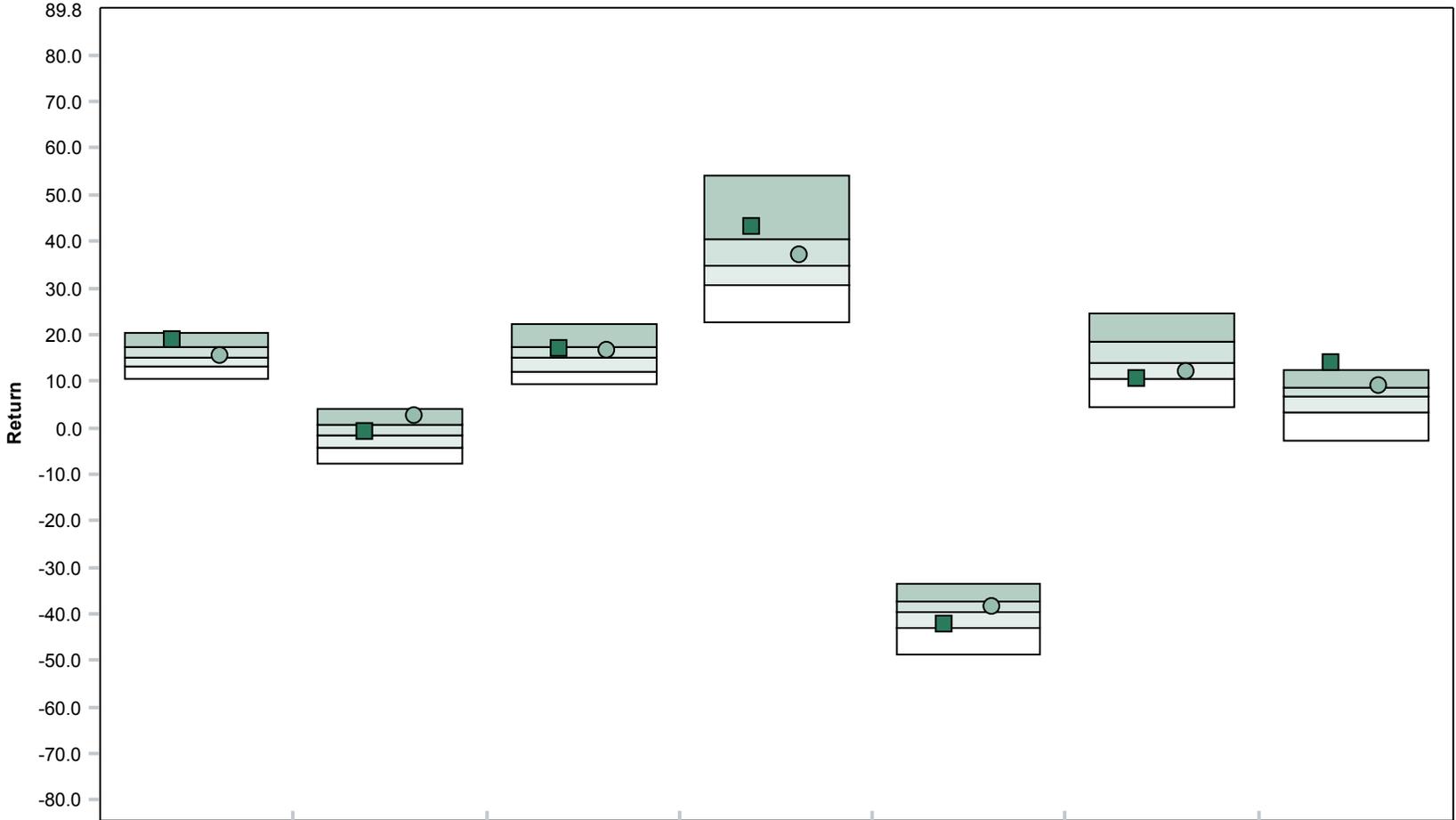
Peer Group Analysis - IM U.S. Large Cap Growth Equity (MF)



|                             | 1 Quarter | Year To Date | 1 Year     | 3 Years    | 5 Years   | 7 Years   | 10 Years  |
|-----------------------------|-----------|--------------|------------|------------|-----------|-----------|-----------|
| ■ T.Rowe Price Growth Stock | 3.17 (10) | 11.14 (32)   | 16.66 (38) | 18.49 (12) | 7.06 (23) | 6.76 (24) | 7.93 (14) |
| ● Russell 1000 Growth Index | 2.06 (34) | 11.80 (19)   | 17.07 (31) | 18.68 (10) | 7.47 (17) | 6.99 (18) | 7.40 (22) |
| 5th Percentile              | 3.61      | 13.50        | 21.96      | 19.54      | 9.07      | 7.83      | 8.72      |
| 1st Quartile                | 2.33      | 11.42        | 17.75      | 17.54      | 6.79      | 6.65      | 7.29      |
| Median                      | 1.66      | 10.10        | 15.77      | 16.21      | 5.31      | 5.49      | 6.50      |
| 3rd Quartile                | 0.98      | 8.86         | 13.73      | 14.85      | 3.94      | 4.51      | 5.64      |
| 95th Percentile             | -0.64     | 7.15         | 10.23      | 12.31      | 1.63      | 2.95      | 4.40      |

T.Rowe Price Growth Stock

Peer Group Analysis - IM U.S. Large Cap Growth Equity (MF)



|                             | 2012       | 2011       | 2010       | 2009       | 2008        | 2007       | 2006      |
|-----------------------------|------------|------------|------------|------------|-------------|------------|-----------|
| ■ T.Rowe Price Growth Stock | 18.92 (14) | -0.97 (40) | 16.93 (31) | 43.25 (16) | -42.26 (69) | 10.37 (77) | 14.05 (3) |
| ● Russell 1000 Growth Index | 15.26 (47) | 2.64 (11)  | 16.71 (33) | 37.21 (37) | -38.44 (40) | 11.81 (67) | 9.07 (22) |
| 5th Percentile              | 20.48      | 4.16       | 22.33      | 53.91      | -33.46      | 24.34      | 12.30     |
| 1st Quartile                | 17.40      | 0.64       | 17.42      | 40.42      | -37.34      | 18.27      | 8.70      |
| Median                      | 14.92      | -1.76      | 15.21      | 34.64      | -39.64      | 13.81      | 6.52      |
| 3rd Quartile                | 13.01      | -4.49      | 12.10      | 30.59      | -43.07      | 10.60      | 3.44      |
| 95th Percentile             | 10.29      | -7.63      | 9.22       | 22.80      | -48.52      | 4.26       | -2.76     |

**T.Rowe Price Growth Stock**

**Fund Information**

Fund Name : T Rowe Price Growth Stock Fund, Inc  
 Fund Family : T Rowe Price Associates Inc  
 Ticker : PRGFX  
 Inception Date : 04/11/1950  
 Fund Assets : \$31,038 Million  
 Portfolio Turnover : 31%

Portfolio Assets : \$34,573 Million  
 Portfolio Manager : P. Robert Bartolo  
 PM Tenure : 2007  
 Fund Style : IM U.S. Large Cap Growth Equity (MF)  
 Style Benchmark : Russell 1000 Growth Index

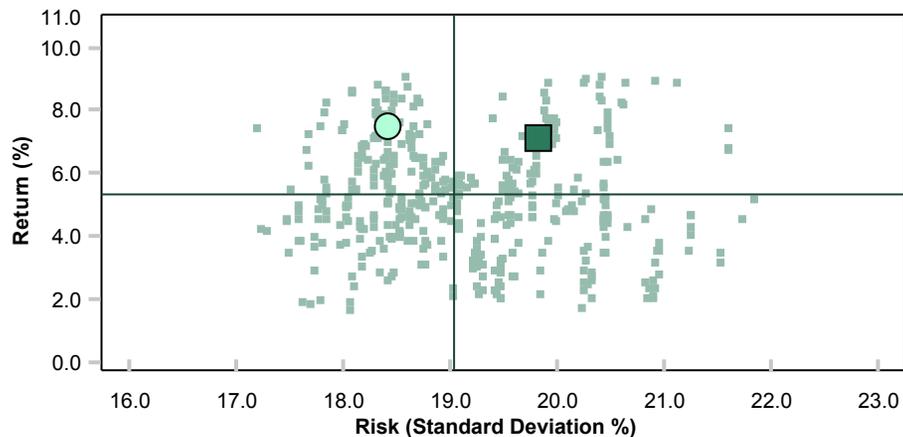
**Fund Investment Policy**

The Fund seeks to provide long-term capital growth and, secondarily, increasing dividend income through investments in the common stocks of well-established growth companies. The Fund will normally invest at least 80% of net assets in the common stocks of a diversified group of growth companies.

**Historical Statistics (07/01/08 - 06/30/13) \***

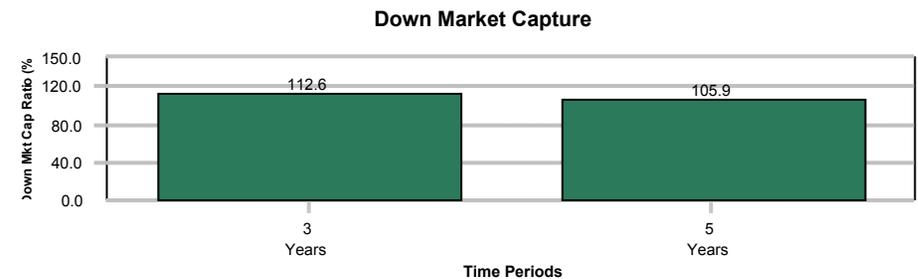
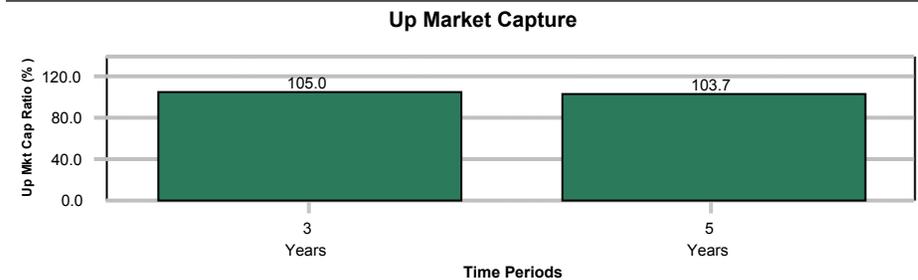
|                           | Return | Standard Deviation | Sharpe Ratio | Alpha | Beta | R-Squared | Tracking Error | Information Ratio | Excess Risk | Inception Date |
|---------------------------|--------|--------------------|--------------|-------|------|-----------|----------------|-------------------|-------------|----------------|
| T.Rowe Price Growth Stock | 7.06   | 19.84              | 0.43         | -0.67 | 1.06 | 0.97      | 3.39           | -0.03             | 19.92       | 01/01/1960     |
| Russell 1000 Growth Index | 7.47   | 18.43              | 0.47         | 0.00  | 1.00 | 1.00      | 0.00           | N/A               | 18.51       | 01/01/1960     |
| 90 Day U.S. Treasury Bill | 0.27   | 0.17               | N/A          | 0.31  | 0.00 | 0.19      | 18.51          | -0.47             | 0.00        | 01/01/1960     |

**Peer Group Scattergram (07/01/08 to 06/30/13)**



|                             | Return | Standard Deviation |
|-----------------------------|--------|--------------------|
| ■ T.Rowe Price Growth Stock | 7.06   | 19.84              |
| ○ Russell 1000 Growth Index | 7.47   | 18.43              |
| — Median                    | 5.31   | 19.04              |

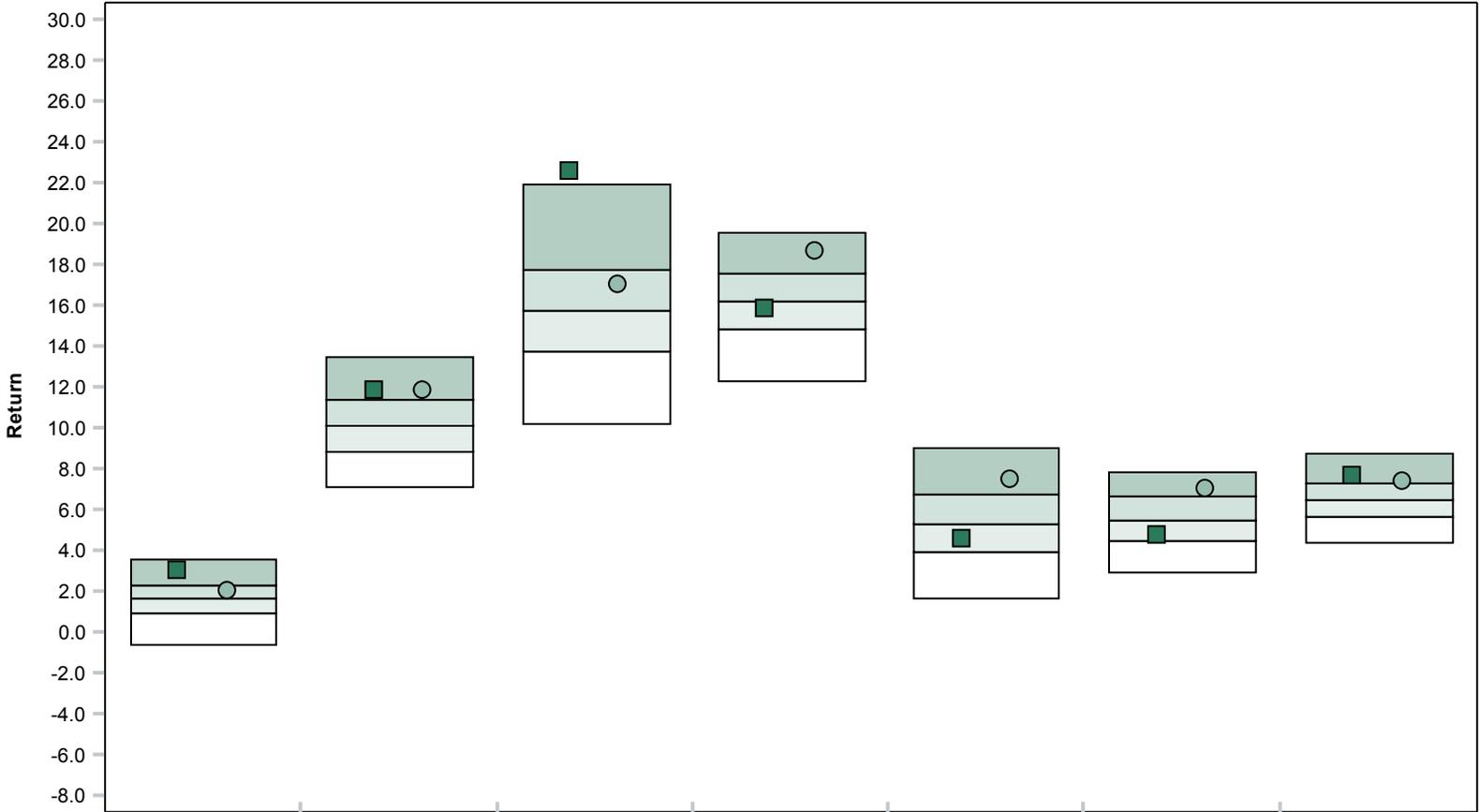
**Up Down Market Capture**



\* Monthly periodicity used.

American Funds Growth Fund R3

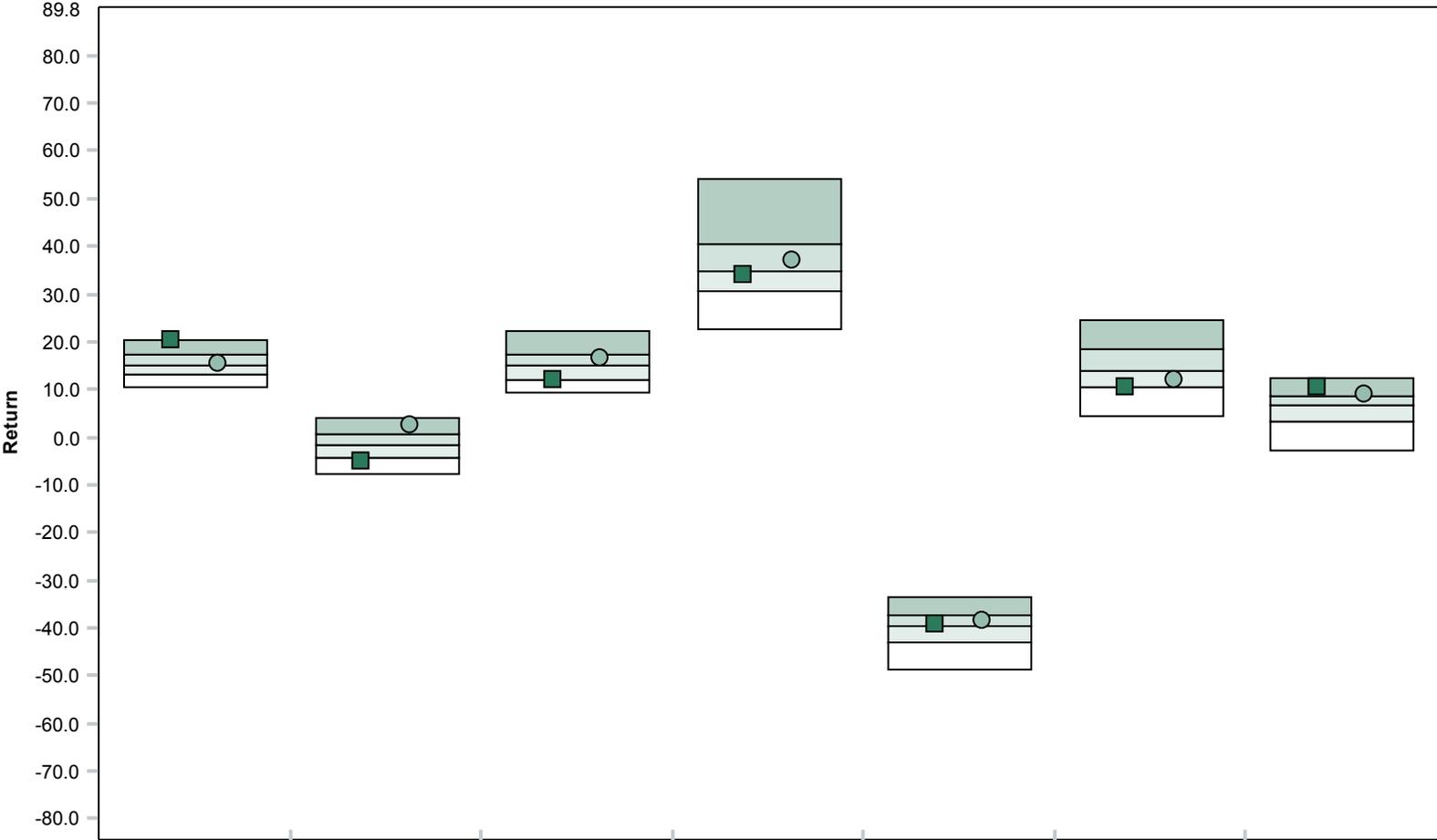
Peer Group Analysis - IM U.S. Large Cap Growth Equity (MF)



|                                 | 1 Quarter | Year To Date | 1 Year     | 3 Years    | 5 Years   | 7 Years   | 10 Years  |
|---------------------------------|-----------|--------------|------------|------------|-----------|-----------|-----------|
| ■ American Funds Growth Fund R3 | 3.07 (11) | 11.83 (19)   | 22.60 (4)  | 15.82 (58) | 4.55 (65) | 4.79 (68) | 7.69 (16) |
| ● Russell 1000 Growth Index     | 2.06 (34) | 11.80 (19)   | 17.07 (31) | 18.68 (10) | 7.47 (17) | 6.99 (18) | 7.40 (22) |
| 5th Percentile                  | 3.61      | 13.50        | 21.96      | 19.54      | 9.07      | 7.83      | 8.72      |
| 1st Quartile                    | 2.33      | 11.42        | 17.75      | 17.54      | 6.79      | 6.65      | 7.29      |
| Median                          | 1.66      | 10.10        | 15.77      | 16.21      | 5.31      | 5.49      | 6.50      |
| 3rd Quartile                    | 0.98      | 8.86         | 13.73      | 14.85      | 3.94      | 4.51      | 5.64      |
| 95th Percentile                 | -0.64     | 7.15         | 10.23      | 12.31      | 1.63      | 2.95      | 4.40      |

American Funds Growth Fund R3

Peer Group Analysis - IM U.S. Large Cap Growth Equity (MF)



|                                 | 2012       | 2011       | 2010       | 2009       | 2008        | 2007       | 2006       |
|---------------------------------|------------|------------|------------|------------|-------------|------------|------------|
| ■ American Funds Growth Fund R3 | 20.20 (6)  | -5.14 (82) | 11.95 (76) | 34.12 (54) | -39.24 (47) | 10.59 (76) | 10.62 (10) |
| ● Russell 1000 Growth Index     | 15.26 (47) | 2.64 (11)  | 16.71 (33) | 37.21 (37) | -38.44 (40) | 11.81 (67) | 9.07 (22)  |
| 5th Percentile                  | 20.48      | 4.16       | 22.33      | 53.91      | -33.46      | 24.34      | 12.30      |
| 1st Quartile                    | 17.40      | 0.64       | 17.42      | 40.42      | -37.34      | 18.27      | 8.70       |
| Median                          | 14.92      | -1.76      | 15.21      | 34.64      | -39.64      | 13.81      | 6.52       |
| 3rd Quartile                    | 13.01      | -4.49      | 12.10      | 30.59      | -43.07      | 10.60      | 3.44       |
| 95th Percentile                 | 10.29      | -7.63      | 9.22       | 22.80      | -48.52      | 4.26       | -2.76      |

**American Funds Growth Fund R3**

**Fund Information**

Fund Name : Growth Fund of America; Class R-3 Shares  
 Fund Family : American Funds  
 Ticker : RGACX  
 Inception Date : 05/21/2002  
 Fund Assets : \$7,859 Million  
 Portfolio Turnover : 18%

Portfolio Assets : \$123,229 Million  
 Portfolio Manager : Team Managed  
 PM Tenure :  
 Fund Style : IM U.S. Large Cap Growth Equity (MF)  
 Style Benchmark : Russell 1000 Growth Index

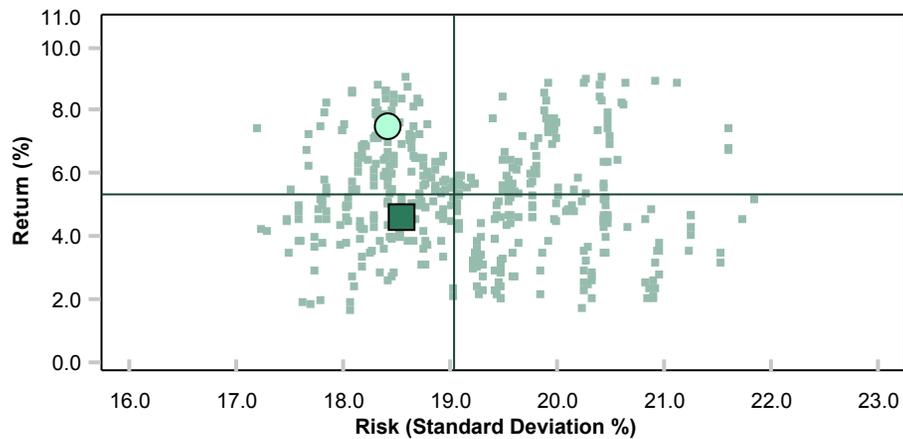
**Fund Investment Policy**

The Fund seeks to provide growth of capital. The Fund invests primarily in common stocks in companies that appear to offer superior opportunities for growth of capital. The Fund seeks to invest in attractively valued companies that, in the Adviser's opinion, represent good, long-term investment opportunities.

**Historical Statistics (07/01/08 - 06/30/13) \***

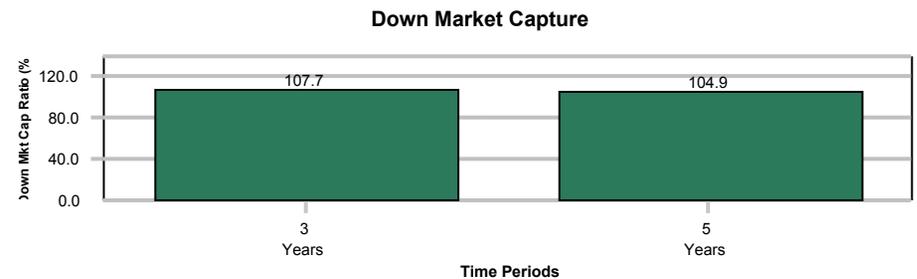
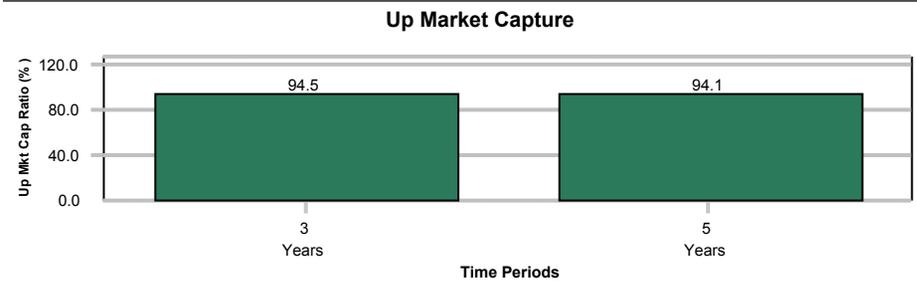
|                               | Return | Standard Deviation | Sharpe Ratio | Alpha | Beta | R-Squared | Tracking Error | Information Ratio | Excess Risk | Inception Date |
|-------------------------------|--------|--------------------|--------------|-------|------|-----------|----------------|-------------------|-------------|----------------|
| American Funds Growth Fund R3 | 4.55   | 18.56              | 0.32         | -2.67 | 1.00 | 0.98      | 2.75           | -1.00             | 18.64       | 06/01/2002     |
| Russell 1000 Growth Index     | 7.47   | 18.43              | 0.47         | 0.00  | 1.00 | 1.00      | 0.00           | N/A               | 18.51       | 06/01/2002     |
| 90 Day U.S. Treasury Bill     | 0.27   | 0.17               | N/A          | 0.31  | 0.00 | 0.19      | 18.51          | -0.47             | 0.00        | 06/01/2002     |

**Peer Group Scattergram (07/01/08 to 06/30/13)**



|                               | Return | Standard Deviation |
|-------------------------------|--------|--------------------|
| American Funds Growth Fund R3 | 4.55   | 18.56              |
| Russell 1000 Growth Index     | 7.47   | 18.43              |
| — Median                      | 5.31   | 19.04              |

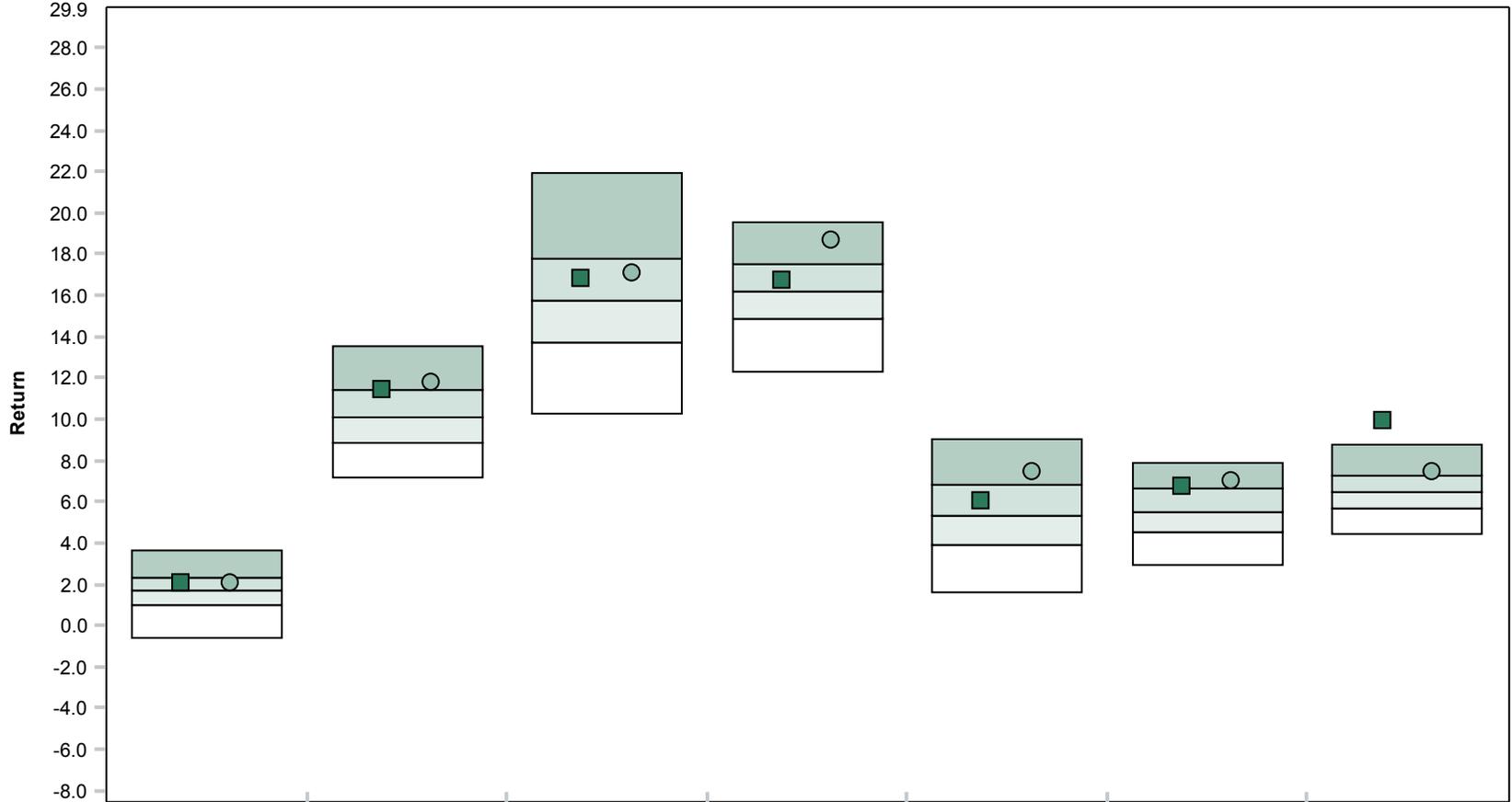
**Up Down Market Capture**



\* Monthly periodicity used.

Fidelity Contrafund

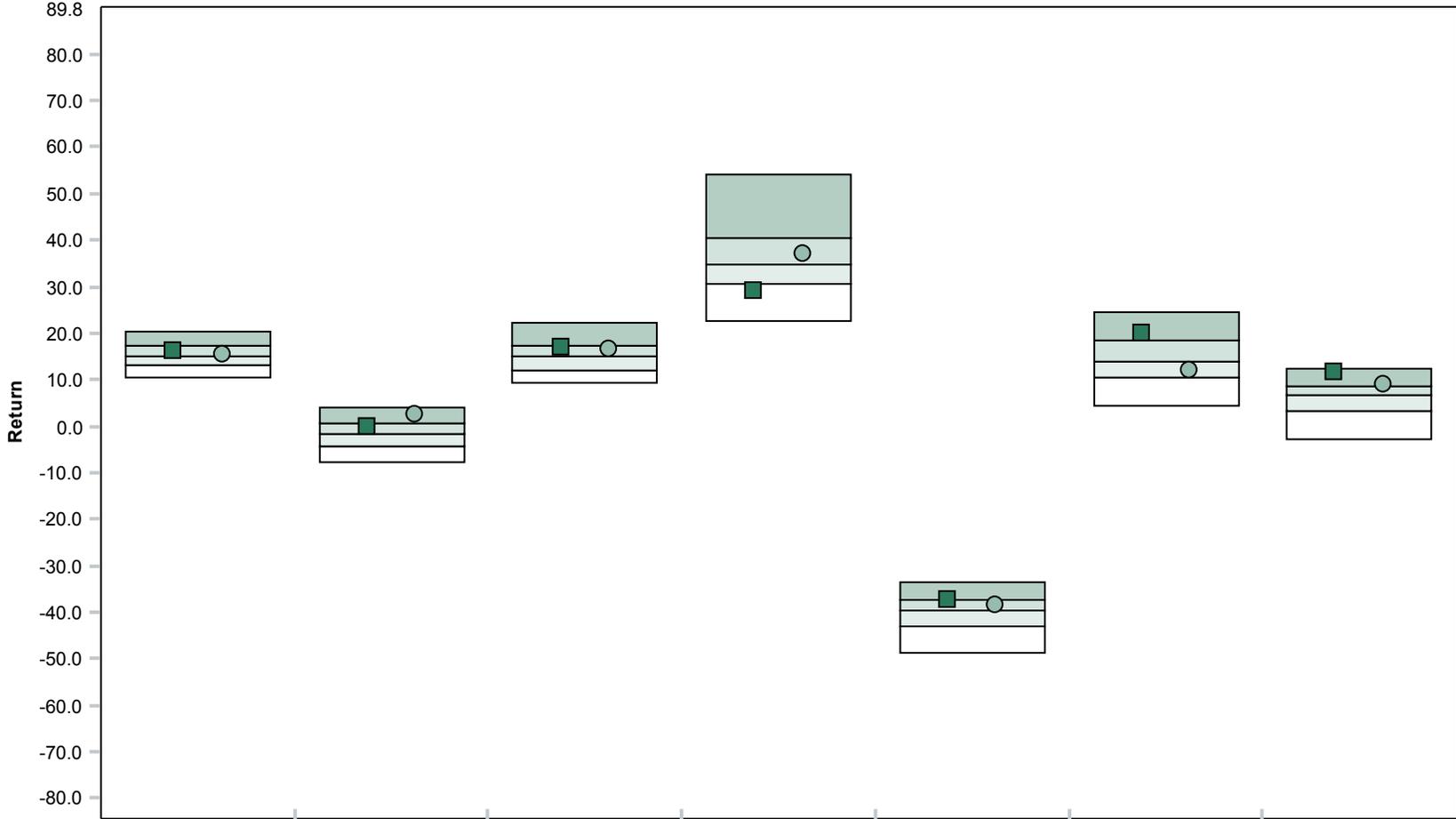
Peer Group Analysis - IM U.S. Large Cap Growth Equity (MF)



|                             | 1 Quarter | Year To Date | 1 Year     | 3 Years    | 5 Years   | 7 Years   | 10 Years  |
|-----------------------------|-----------|--------------|------------|------------|-----------|-----------|-----------|
| ■ Fidelity Contrafund       | 2.05 (35) | 11.42 (26)   | 16.79 (36) | 16.69 (41) | 5.98 (36) | 6.74 (24) | 9.88 (1)  |
| ● Russell 1000 Growth Index | 2.06 (34) | 11.80 (19)   | 17.07 (31) | 18.68 (10) | 7.47 (17) | 6.99 (18) | 7.40 (22) |
| 5th Percentile              | 3.61      | 13.50        | 21.96      | 19.54      | 9.07      | 7.83      | 8.72      |
| 1st Quartile                | 2.33      | 11.42        | 17.75      | 17.54      | 6.79      | 6.65      | 7.29      |
| Median                      | 1.66      | 10.10        | 15.77      | 16.21      | 5.31      | 5.49      | 6.50      |
| 3rd Quartile                | 0.98      | 8.86         | 13.73      | 14.85      | 3.94      | 4.51      | 5.64      |
| 95th Percentile             | -0.64     | 7.15         | 10.23      | 12.31      | 1.63      | 2.95      | 4.40      |

Fidelity Contrafund

Peer Group Analysis - IM U.S. Large Cap Growth Equity (MF)



|                             | 2012       | 2011       | 2010       | 2009       | 2008        | 2007       | 2006      |
|-----------------------------|------------|------------|------------|------------|-------------|------------|-----------|
| ■ Fidelity Contrafund       | 16.24 (35) | -0.12 (32) | 16.93 (31) | 29.23 (79) | -37.16 (24) | 19.78 (19) | 11.54 (7) |
| ● Russell 1000 Growth Index | 15.26 (47) | 2.64 (11)  | 16.71 (33) | 37.21 (37) | -38.44 (40) | 11.81 (67) | 9.07 (22) |
| 5th Percentile              | 20.48      | 4.16       | 22.33      | 53.91      | -33.46      | 24.34      | 12.30     |
| 1st Quartile                | 17.40      | 0.64       | 17.42      | 40.42      | -37.34      | 18.27      | 8.70      |
| Median                      | 14.92      | -1.76      | 15.21      | 34.64      | -39.64      | 13.81      | 6.52      |
| 3rd Quartile                | 13.01      | -4.49      | 12.10      | 30.59      | -43.07      | 10.60      | 3.44      |
| 95th Percentile             | 10.29      | -7.63      | 9.22       | 22.80      | -48.52      | 4.26       | -2.76     |

**Fidelity Contrafund**

**Fund Information**

Fund Name : Fidelity Contrafund  
 Fund Family : Fidelity Management & Research Company  
 Ticker : FCNTX  
 Inception Date : 05/17/1967  
 Fund Assets : \$63,993 Million  
 Portfolio Turnover : 48%

Portfolio Assets : \$93,699 Million  
 Portfolio Manager : Will Danoff  
 PM Tenure : 1990  
 Fund Style : IM U.S. Large Cap Growth Equity (MF)  
 Style Benchmark : Russell 1000 Growth Index

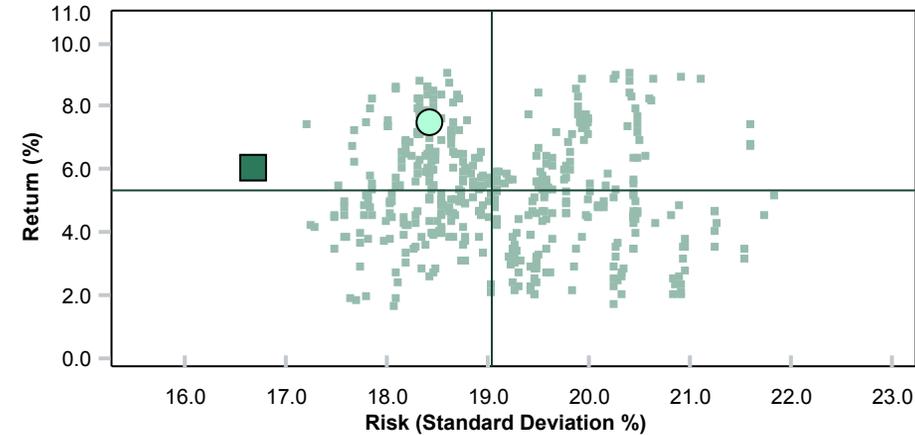
**Fund Investment Policy**

The Fund seeks capital appreciation. The Fund seeks to achieve its investment objective by investing in securities of companies whose value it believes is not fully recognized by the public. The Fund normally invests primarily in common stocks and may invest in both domestic and foreign issuers.

**Historical Statistics (07/01/08 - 06/30/13) \***

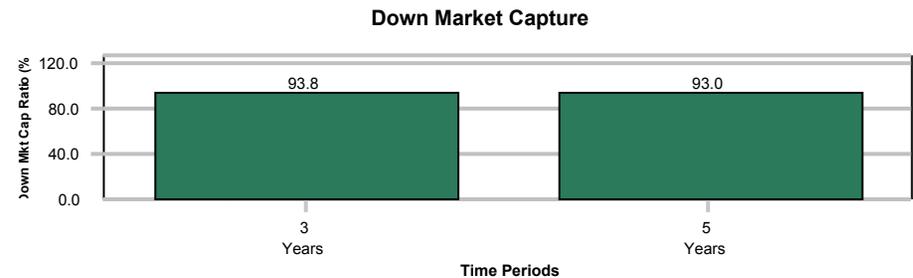
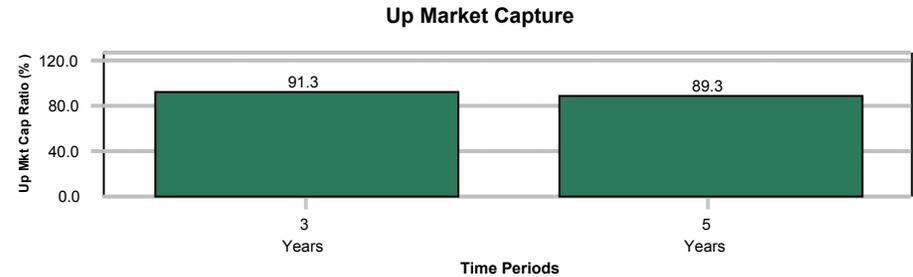
|                           | Return | Standard Deviation | Sharpe Ratio | Alpha | Beta | R-Squared | Tracking Error | Information Ratio | Excess Risk | Inception Date |
|---------------------------|--------|--------------------|--------------|-------|------|-----------|----------------|-------------------|-------------|----------------|
| Fidelity Contrafund       | 5.98   | 16.69              | 0.42         | -0.73 | 0.89 | 0.96      | 3.73           | -0.46             | 16.77       | 06/01/1967     |
| Russell 1000 Growth Index | 7.47   | 18.43              | 0.47         | 0.00  | 1.00 | 1.00      | 0.00           | N/A               | 18.51       | 06/01/1967     |
| 90 Day U.S. Treasury Bill | 0.27   | 0.17               | N/A          | 0.31  | 0.00 | 0.19      | 18.51          | -0.47             | 0.00        | 06/01/1967     |

**Peer Group Scattergram (07/01/08 to 06/30/13)**



|                             | Return | Standard Deviation |
|-----------------------------|--------|--------------------|
| ■ Fidelity Contrafund       | 5.98   | 16.69              |
| ○ Russell 1000 Growth Index | 7.47   | 18.43              |
| — Median                    | 5.31   | 19.04              |

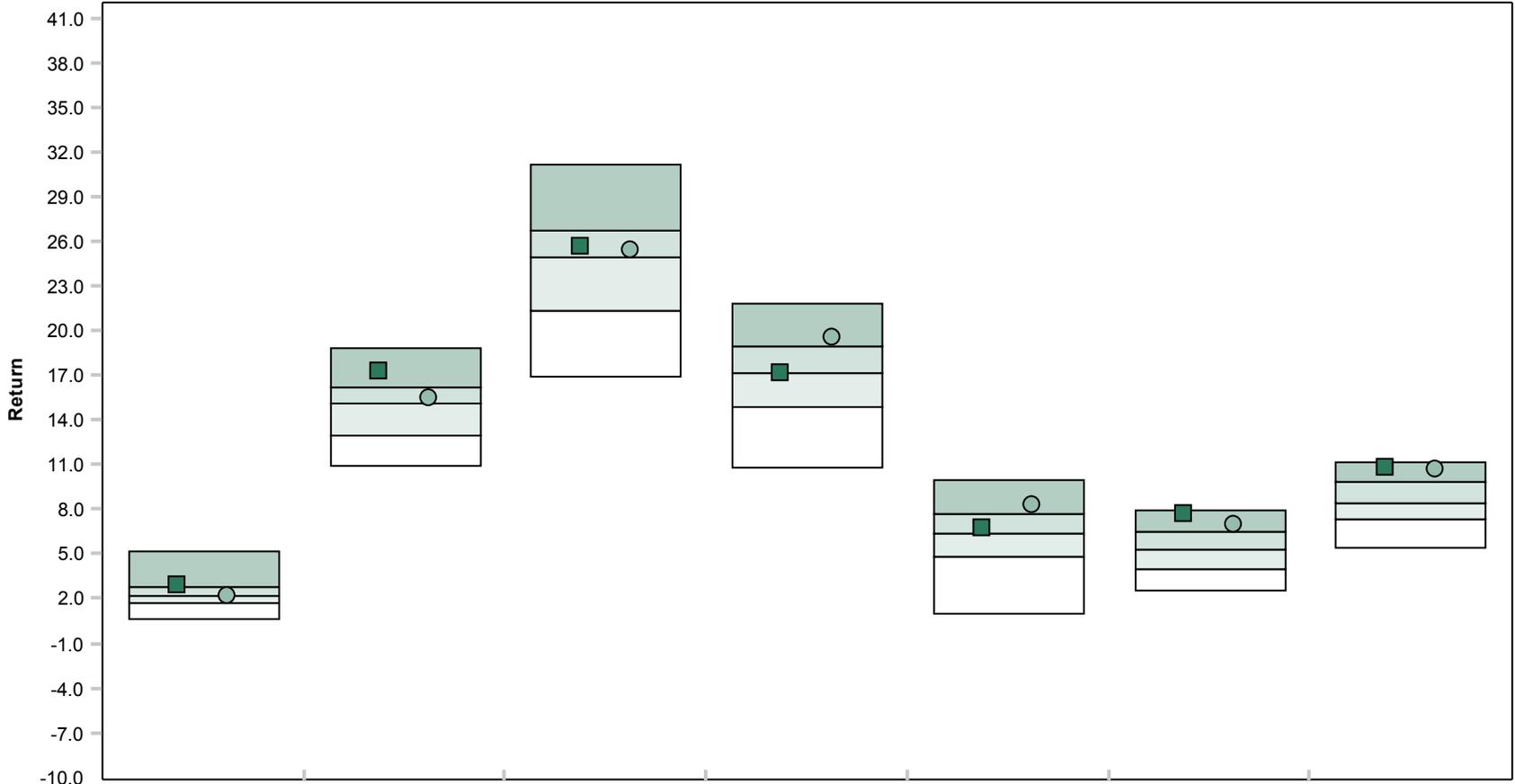
**Up Down Market Capture**



\* Monthly periodicity used.

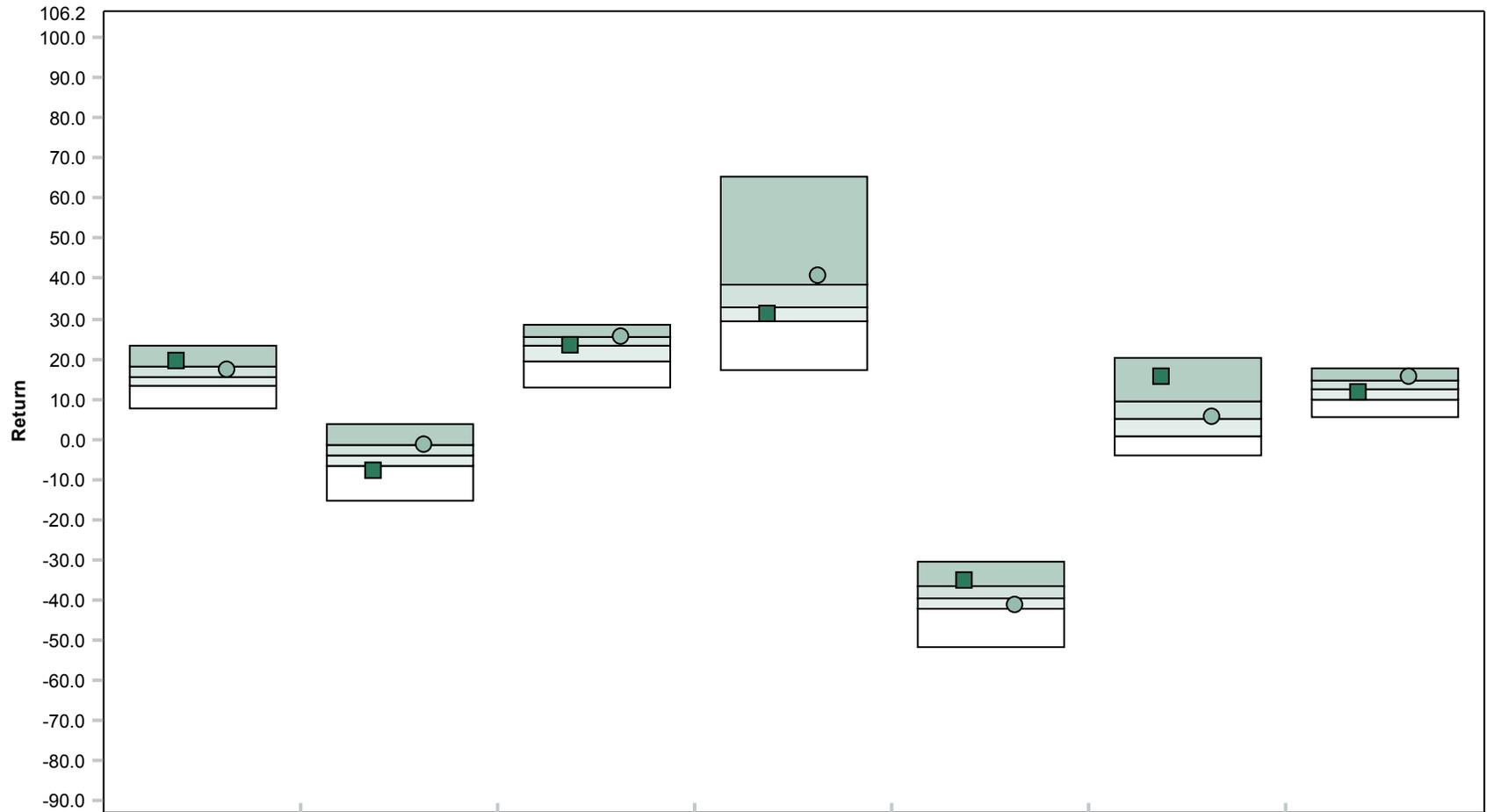
Hartford Mid Cap HLS

Peer Group Analysis - IM U.S. Mid Cap Core Equity (MF)



|                        | 1 Quarter | Year To Date | 1 Year     | 3 Years    | 5 Years   | 7 Years   | 10 Years   |
|------------------------|-----------|--------------|------------|------------|-----------|-----------|------------|
| ■ Hartford Mid Cap HLS | 2.85 (21) | 17.22 (15)   | 25.68 (34) | 17.15 (52) | 6.75 (40) | 7.71 (7)  | 10.79 (9)  |
| ● Russell Midcap Index | 2.21 (49) | 15.45 (38)   | 25.41 (40) | 19.53 (16) | 8.28 (14) | 6.92 (20) | 10.65 (12) |
| 5th Percentile         | 5.13      | 18.79        | 31.21      | 21.78      | 9.93      | 7.92      | 11.15      |
| 1st Quartile           | 2.76      | 16.21        | 26.73      | 18.96      | 7.71      | 6.49      | 9.87       |
| Median                 | 2.18      | 15.10        | 24.96      | 17.19      | 6.32      | 5.27      | 8.35       |
| 3rd Quartile           | 1.65      | 13.01        | 21.30      | 14.87      | 4.80      | 3.94      | 7.28       |
| 95th Percentile        | 0.57      | 10.89        | 16.93      | 10.84      | 0.93      | 2.50      | 5.38       |

Peer Group Analysis - IM U.S. Mid Cap Core Equity (MF)



|                        | 2012       | 2011       | 2010       | 2009       | 2008        | 2007      | 2006       |
|------------------------|------------|------------|------------|------------|-------------|-----------|------------|
| ■ Hartford Mid Cap HLS | 19.44 (11) | -7.92 (81) | 23.45 (44) | 30.96 (65) | -35.32 (16) | 15.30 (8) | 11.74 (59) |
| ○ Russell Midcap Index | 17.28 (34) | -1.55 (26) | 25.47 (22) | 40.48 (17) | -41.46 (65) | 5.60 (48) | 15.26 (20) |
| 5th Percentile         | 23.38      | 3.60       | 28.54      | 65.17      | -30.35      | 20.33     | 17.71      |
| 1st Quartile           | 18.15      | -1.32      | 25.31      | 38.26      | -36.74      | 9.34      | 14.58      |
| Median                 | 15.33      | -4.24      | 23.11      | 33.03      | -39.50      | 5.19      | 12.58      |
| 3rd Quartile           | 13.14      | -6.58      | 19.58      | 29.35      | -42.31      | 0.85      | 9.64       |
| 95th Percentile        | 7.51       | -15.46     | 12.78      | 17.18      | -52.04      | -3.98     | 5.40       |

## Hartford Mid Cap HLS

### Fund Information

Fund Name : Hartford Series Fund, Inc: Hartford MidCap HLS Fund; Class IA  
 Fund Family : Hartford Funds Management Company LLC  
 Ticker :  
 Inception Date : 07/14/1997  
 Fund Assets : \$561 Million  
 Portfolio Turnover : 51%

Portfolio Assets : \$578 Million  
 Portfolio Manager : Team Managed  
 PM Tenure :  
 Fund Style : IM U.S. Mid Cap Core Equity (MF)  
 Style Benchmark : Russell Midcap Index

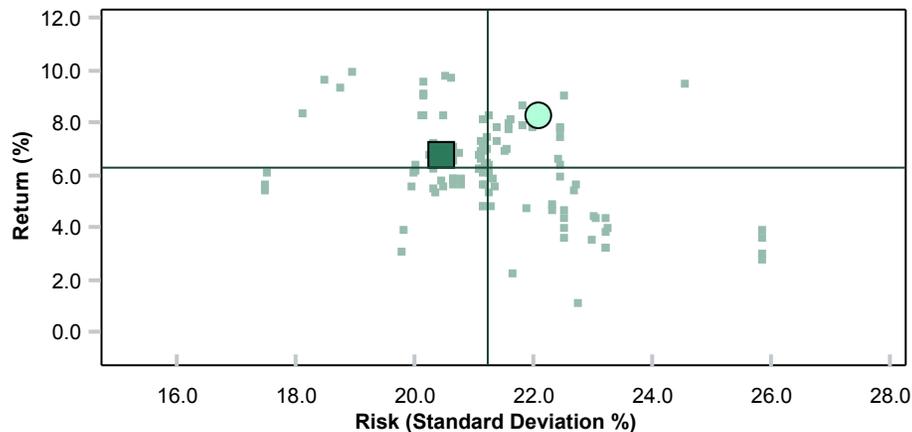
### Fund Investment Policy

The Fund seeks long-term growth of capital. The Fund invests at least 80% of its assets in common stocks of mid-capitalization companies. The Fund may invest up to 20% of its total assets in securities of foreign issuers and non-dollar securities.

### Historical Statistics (07/01/08 - 06/30/13) \*

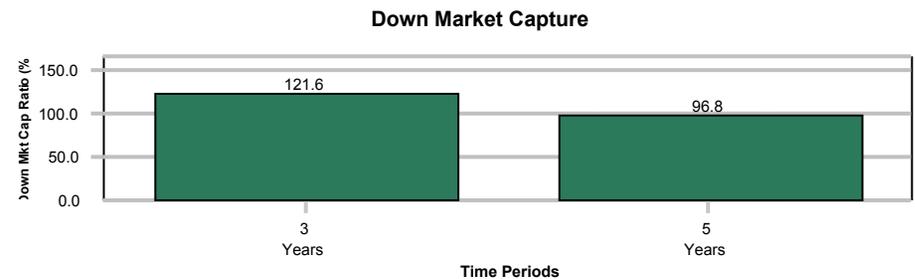
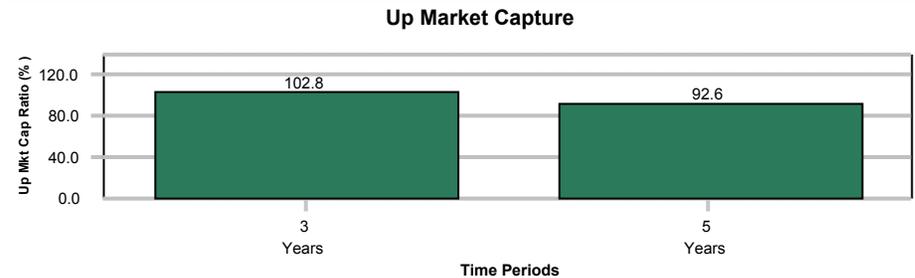
|                           | Return | Standard Deviation | Sharpe Ratio | Alpha | Beta | R-Squared | Tracking Error | Information Ratio | Excess Risk | Inception Date |
|---------------------------|--------|--------------------|--------------|-------|------|-----------|----------------|-------------------|-------------|----------------|
| Hartford Mid Cap HLS      | 6.75   | 20.49              | 0.41         | -0.85 | 0.91 | 0.96      | 4.40           | -0.41             | 20.56       | 08/01/1997     |
| Russell Midcap Index      | 8.28   | 22.12              | 0.46         | 0.00  | 1.00 | 1.00      | 0.00           | N/A               | 22.20       | 08/01/1997     |
| 90 Day U.S. Treasury Bill | 0.27   | 0.17               | N/A          | 0.30  | 0.00 | 0.17      | 22.20          | -0.46             | 0.00        | 08/01/1997     |

### Peer Group Scattergram (07/01/08 to 06/30/13)



|                        | Return | Standard Deviation |
|------------------------|--------|--------------------|
| ■ Hartford Mid Cap HLS | 6.75   | 20.49              |
| ○ Russell Midcap Index | 8.28   | 22.12              |
| — Median               | 6.32   | 21.26              |

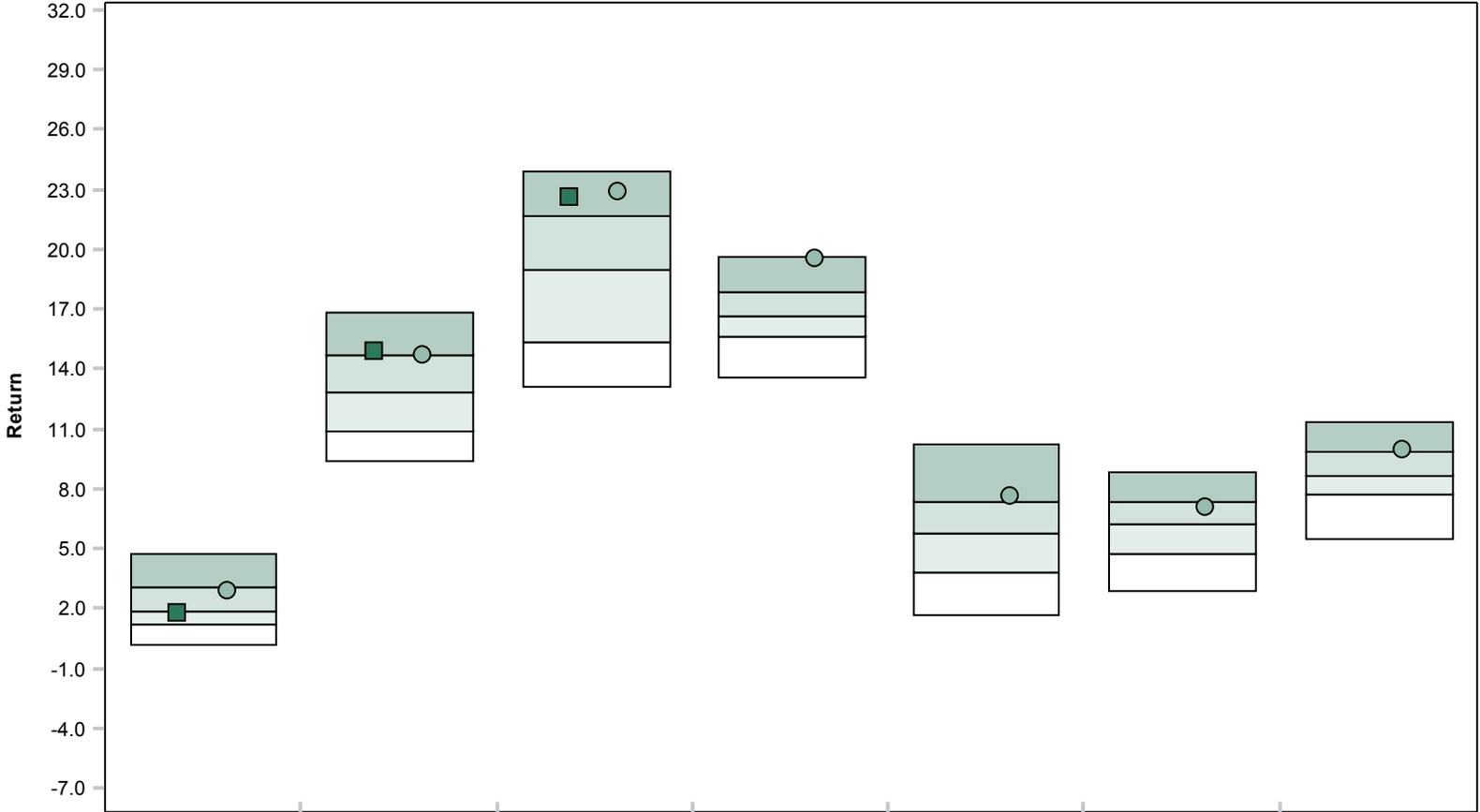
### Up Down Market Capture



\* Monthly periodicity used.

Munder Mid Cap Core Growth R6

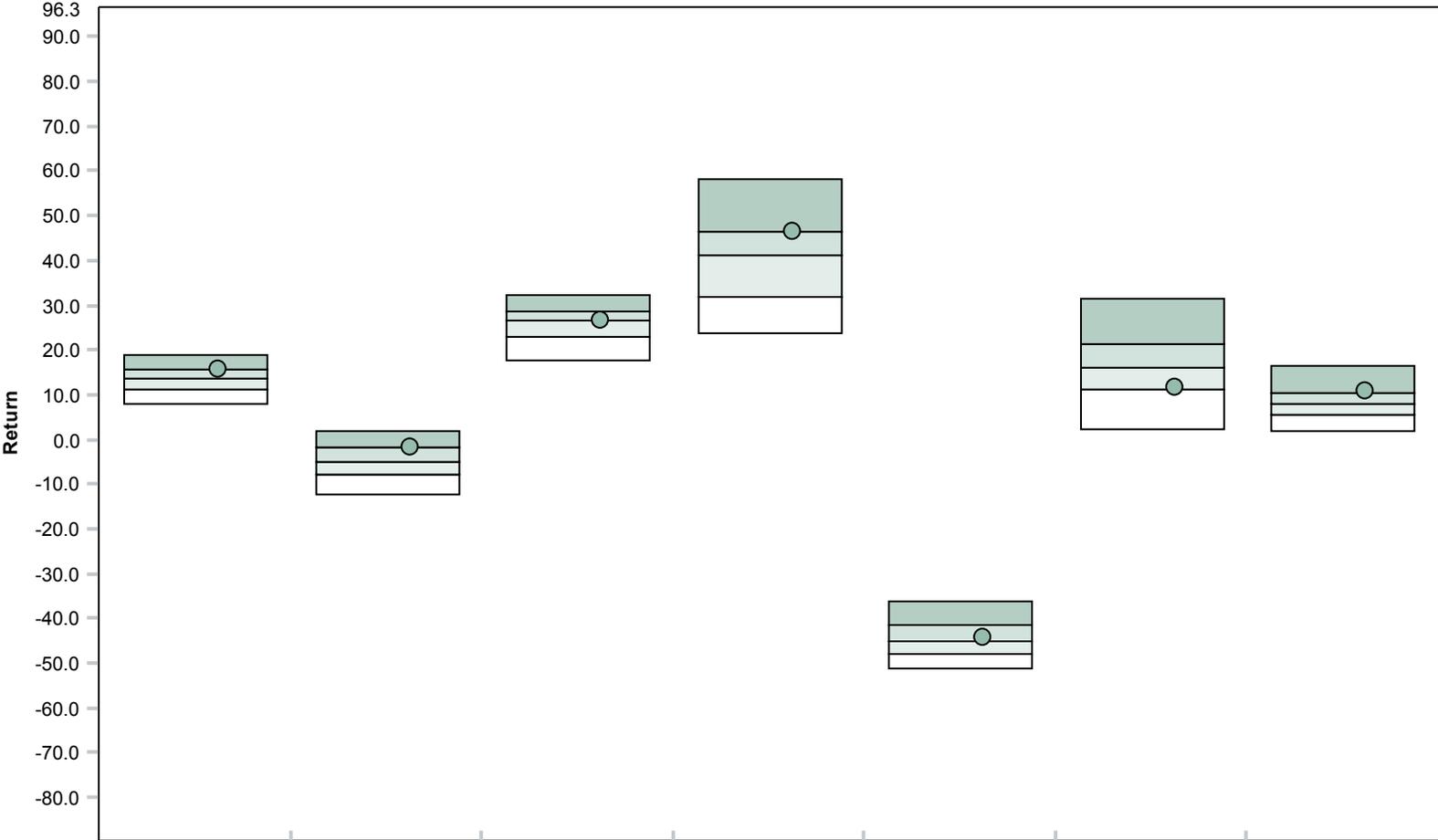
Peer Group Analysis - IM U.S. Mid Cap Growth Equity (MF)



|                                 | 1 Quarter | Year To Date | 1 Year     | 3 Years   | 5 Years   | 7 Years   | 10 Years  |
|---------------------------------|-----------|--------------|------------|-----------|-----------|-----------|-----------|
| ■ Munder Mid Cap Core Growth R6 | 1.78 (54) | 14.85 (22)   | 22.63 (17) | N/A       | N/A       | N/A       | N/A       |
| ● Russell Midcap Growth Index   | 2.87 (27) | 14.70 (26)   | 22.88 (15) | 19.53 (6) | 7.61 (20) | 7.10 (27) | 9.94 (23) |
| 5th Percentile                  | 4.72      | 16.87        | 23.94      | 19.57     | 10.22     | 8.78      | 11.30     |
| 1st Quartile                    | 3.07      | 14.73        | 21.68      | 17.86     | 7.30      | 7.32      | 9.84      |
| Median                          | 1.85      | 12.79        | 19.01      | 16.60     | 5.78      | 6.19      | 8.66      |
| 3rd Quartile                    | 1.23      | 10.84        | 15.36      | 15.66     | 3.77      | 4.72      | 7.68      |
| 95th Percentile                 | 0.13      | 9.41         | 13.14      | 13.53     | 1.69      | 2.86      | 5.49      |

Munder Mid Cap Core Growth R6

Peer Group Analysis - IM U.S. Mid Cap Growth Equity (MF)



|                                 | 2012       | 2011       | 2010       | 2009       | 2008        | 2007       | 2006       |
|---------------------------------|------------|------------|------------|------------|-------------|------------|------------|
| ■ Munder Mid Cap Core Growth R6 | N/A        | N/A        | N/A        | N/A        | N/A         | N/A        | N/A        |
| ● Russell Midcap Growth Index   | 15.81 (23) | -1.65 (25) | 26.38 (52) | 46.29 (27) | -44.32 (43) | 11.43 (74) | 10.66 (25) |
| 5th Percentile                  | 18.99      | 1.99       | 32.19      | 57.97      | -36.14      | 31.47      | 16.66      |
| 1st Quartile                    | 15.63      | -1.68      | 28.67      | 46.50      | -41.29      | 21.25      | 10.45      |
| Median                          | 13.55      | -5.01      | 26.52      | 41.04      | -45.07      | 15.88      | 7.86       |
| 3rd Quartile                    | 11.30      | -7.70      | 22.84      | 31.99      | -47.77      | 11.18      | 5.62       |
| 95th Percentile                 | 8.12       | -12.40     | 17.73      | 23.61      | -51.39      | 2.29       | 1.73       |

**Munder Mid Cap Core Growth R6**

**Fund Information**

|                  |   |                     |                                    |
|------------------|---|---------------------|------------------------------------|
| Fund Name :      | Munder Series Trust: Munder Mid-Cap Core Growth Fund; Class R6 Shares | Portfolio Assets :  | \$5,286 Million                    |
| Fund Family :    | Munder Capital Management   | Portfolio Manager : | Team Managed                       |
| Ticker :         | MGOSX   | PM Tenure :         |                                    |
| Inception Date : | 06/01/2012  | Fund Style :        | IM U.S. Mid Cap Growth Equity (MF) |
| Fund Assets :    | \$60 Million  | Style Benchmark :   | Russell Midcap Growth Index        |

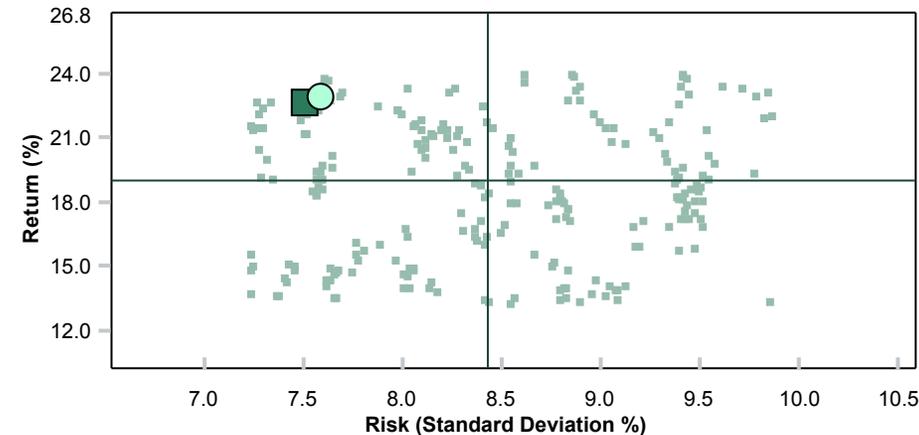
**Fund Investment Policy**

The Fund seeks to provide long-term capital appreciation. The Fund pursues its goal by investing, under normal circumstances, at least 80% of its assets in the equity securities (i.e., common stock, preferred stock, convertible securities and rights and warrants) of mid-capitalization companies.

**Historical Statistics (07/01/12 - 06/30/13) \***

|                               | Return | Standard Deviation | Sharpe Ratio | Alpha | Beta | R-Squared | Tracking Error | Information Ratio | Excess Risk | Inception Date |
|-------------------------------|--------|--------------------|--------------|-------|------|-----------|----------------|-------------------|-------------|----------------|
| Munder Mid Cap Core Growth R6 | 22.63  | 7.50               | 2.77         | 0.85  | 0.95 | 0.92      | 2.12           | -0.10             | 7.50        | 07/01/2012     |
| Russell Midcap Growth Index   | 22.88  | 7.59               | 2.77         | 0.00  | 1.00 | 1.00      | 0.00           | N/A               | 7.58        | 07/01/2012     |
| 90 Day U.S. Treasury Bill     | 0.09   | 0.02               | N/A          | 0.08  | 0.00 | 0.04      | 7.58           | -2.77             | 0.00        | 07/01/2012     |

**Peer Group Scattergram (07/01/12 to 06/30/13)**



|                                 | Return | Standard Deviation |
|---------------------------------|--------|--------------------|
| ■ Munder Mid Cap Core Growth R6 | 22.63  | 7.50               |
| ○ Russell Midcap Growth Index   | 22.88  | 7.59               |
| — Median                        | 19.01  | 8.43               |

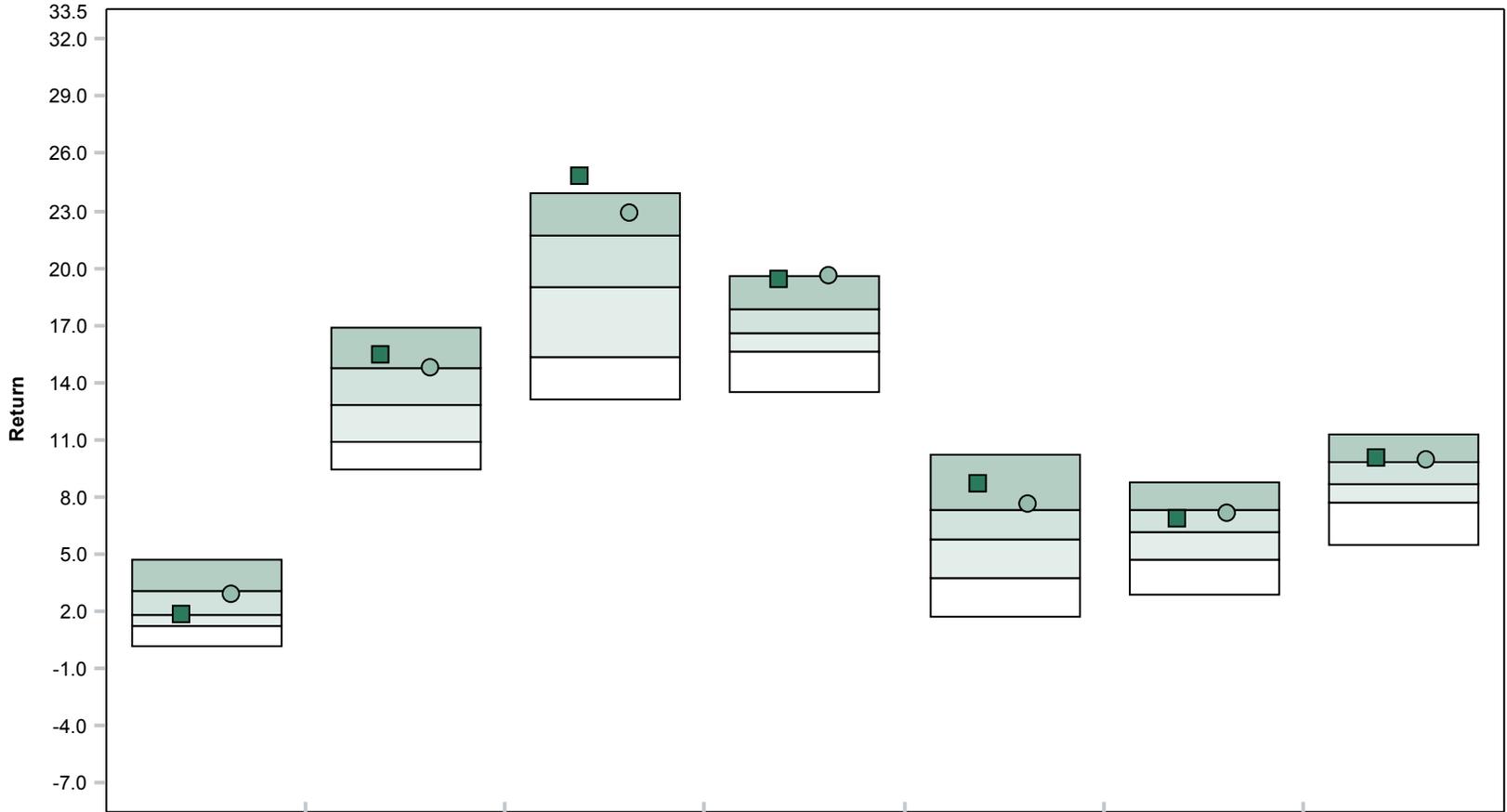
**Up Down Market Capture**

No data found.

\* Monthly periodicity used.

Baron Growth Retail

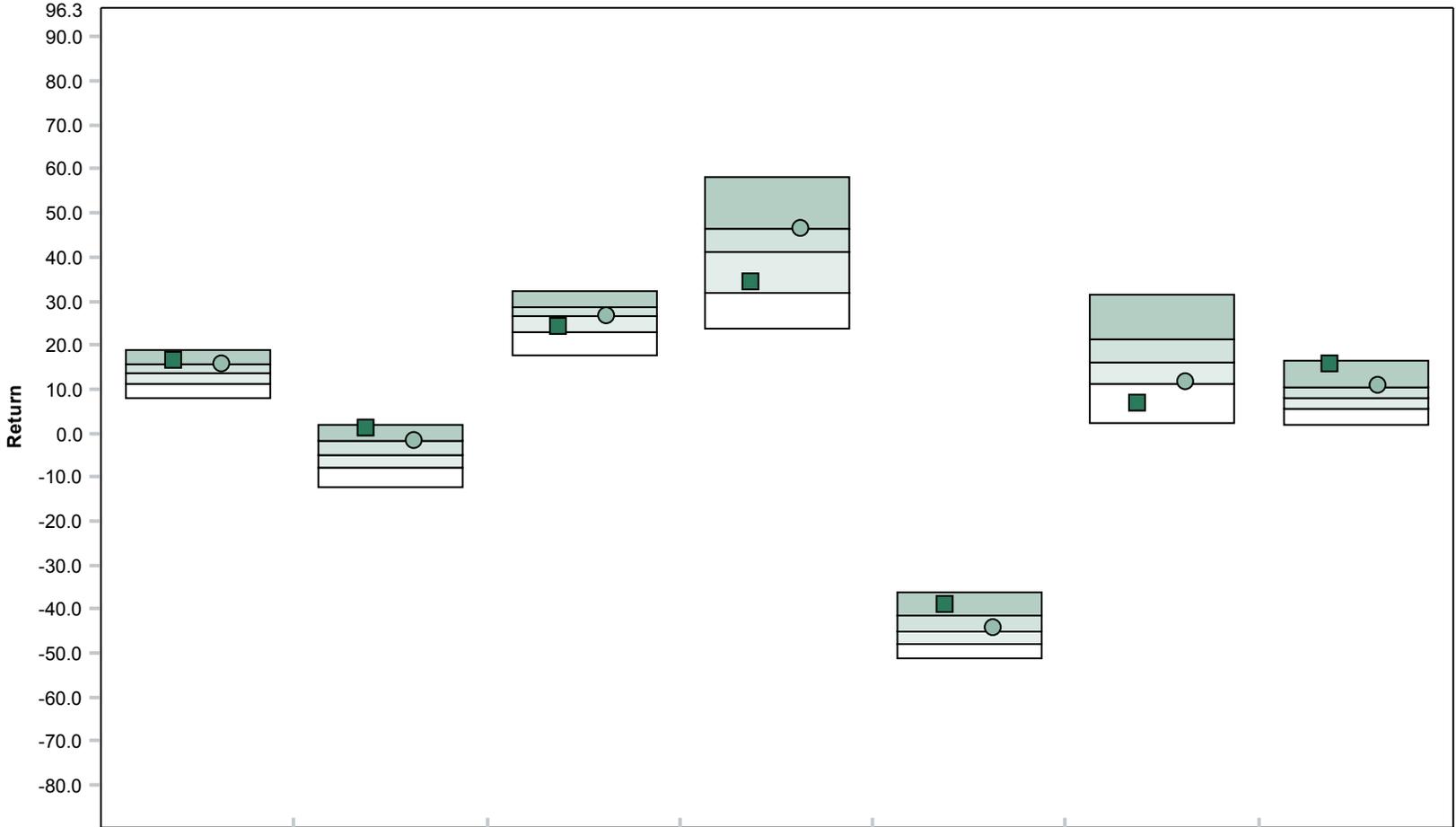
Peer Group Analysis - IM U.S. Mid Cap Growth Equity (MF)



|                               | 1 Quarter | Year To Date | 1 Year     | 3 Years   | 5 Years   | 7 Years   | 10 Years   |
|-------------------------------|-----------|--------------|------------|-----------|-----------|-----------|------------|
| ■ Baron Growth Retail         | 1.78 (54) | 15.39 (13)   | 24.83 (4)  | 19.34 (7) | 8.67 (11) | 6.81 (33) | 10.02 (21) |
| ● Russell Midcap Growth Index | 2.87 (27) | 14.70 (26)   | 22.88 (15) | 19.53 (6) | 7.61 (20) | 7.10 (27) | 9.94 (23)  |
| 5th Percentile                | 4.72      | 16.87        | 23.94      | 19.57     | 10.22     | 8.78      | 11.30      |
| 1st Quartile                  | 3.07      | 14.73        | 21.68      | 17.86     | 7.30      | 7.32      | 9.84       |
| Median                        | 1.85      | 12.79        | 19.01      | 16.60     | 5.78      | 6.19      | 8.66       |
| 3rd Quartile                  | 1.23      | 10.84        | 15.36      | 15.66     | 3.77      | 4.72      | 7.68       |
| 95th Percentile               | 0.13      | 9.41         | 13.14      | 13.53     | 1.69      | 2.86      | 5.49       |

Baron Growth Retail

Peer Group Analysis - IM U.S. Mid Cap Growth Equity (MF)



|                               | 2012       | 2011       | 2010       | 2009       | 2008        | 2007       | 2006       |
|-------------------------------|------------|------------|------------|------------|-------------|------------|------------|
| ■ Baron Growth Retail         | 16.43 (13) | 1.24 (10)  | 24.01 (68) | 34.24 (70) | -39.18 (14) | 6.59 (91)  | 15.50 (8)  |
| ● Russell Midcap Growth Index | 15.81 (23) | -1.65 (25) | 26.38 (52) | 46.29 (27) | -44.32 (43) | 11.43 (74) | 10.66 (25) |
| 5th Percentile                | 18.99      | 1.99       | 32.19      | 57.97      | -36.14      | 31.47      | 16.66      |
| 1st Quartile                  | 15.63      | -1.68      | 28.67      | 46.50      | -41.29      | 21.25      | 10.45      |
| Median                        | 13.55      | -5.01      | 26.52      | 41.04      | -45.07      | 15.88      | 7.86       |
| 3rd Quartile                  | 11.30      | -7.70      | 22.84      | 31.99      | -47.77      | 11.18      | 5.62       |
| 95th Percentile               | 8.12       | -12.40     | 17.73      | 23.61      | -51.39      | 2.29       | 1.73       |

**Baron Growth Retail**

**Fund Information**

Fund Name : Baron Investment Funds Trust: Baron Growth Fund; Retail Shares  
 Fund Family : BAMCO Inc  
 Ticker : BGRFX  
 Inception Date : 12/31/1994  
 Fund Assets : \$4,361 Million  
 Portfolio Turnover : 14%

Portfolio Assets : \$6,849 Million  
 Portfolio Manager : Ronald Baron  
 PM Tenure : 1994  
 Fund Style : IM U.S. Mid Cap Growth Equity (MF)  
 Style Benchmark : Russell Midcap Growth Index

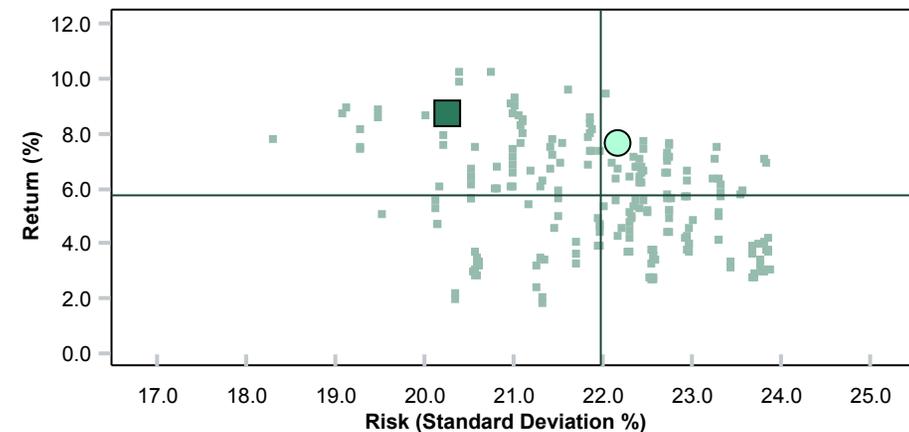
**Fund Investment Policy**

The Fund seeks capital appreciation. The Advisor seeks investments that are supported by long term demographic, economic and societal "megatrends." The Advisor looks to the ability of a company to grow its business substantially within a four to five year period.

**Historical Statistics (07/01/08 - 06/30/13) \***

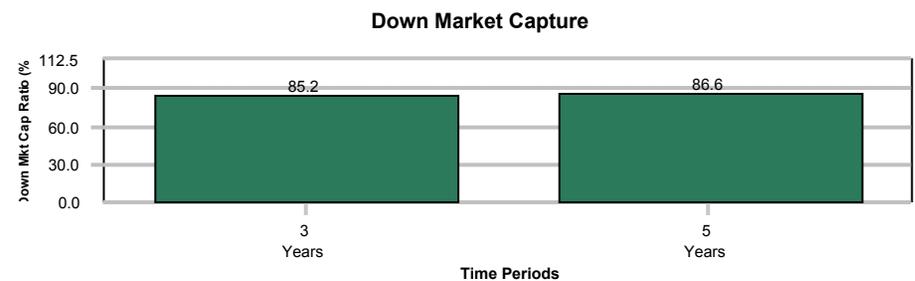
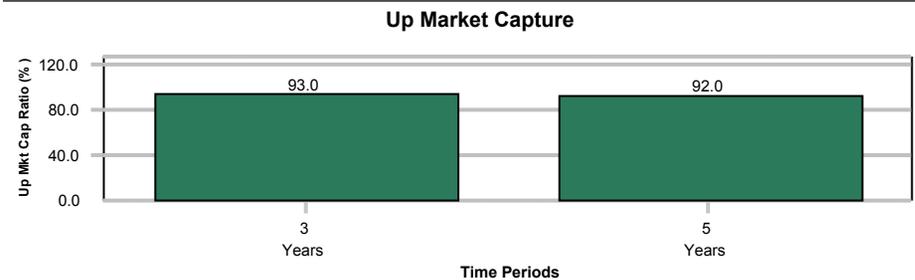
|                             | Return | Standard Deviation | Sharpe Ratio | Alpha | Beta | R-Squared | Tracking Error | Information Ratio | Excess Risk | Inception Date |
|-----------------------------|--------|--------------------|--------------|-------|------|-----------|----------------|-------------------|-------------|----------------|
| Baron Growth Retail         | 8.67   | 20.28              | 0.50         | 1.71  | 0.88 | 0.93      | 5.78           | 0.09              | 20.34       | 02/01/1995     |
| Russell Midcap Growth Index | 7.61   | 22.19              | 0.43         | 0.00  | 1.00 | 1.00      | 0.00           | N/A               | 22.27       | 02/01/1995     |
| 90 Day U.S. Treasury Bill   | 0.27   | 0.17               | N/A          | 0.31  | 0.00 | 0.23      | 22.27          | -0.43             | 0.00        | 02/01/1995     |

**Peer Group Scattergram (07/01/08 to 06/30/13)**



|                               | Return | Standard Deviation |
|-------------------------------|--------|--------------------|
| ■ Baron Growth Retail         | 8.67   | 20.28              |
| ○ Russell Midcap Growth Index | 7.61   | 22.19              |
| — Median                      | 5.78   | 21.98              |

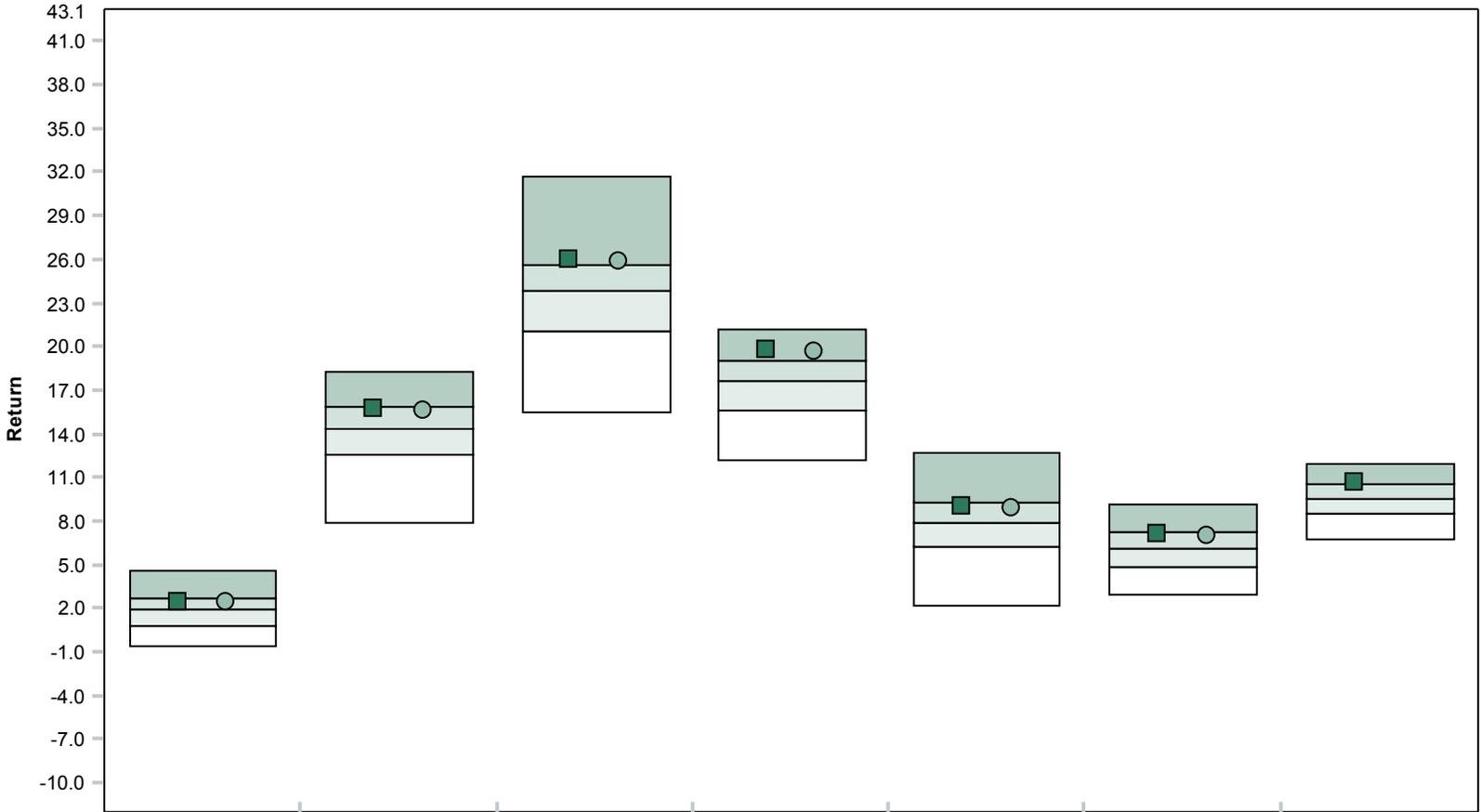
**Up Down Market Capture**



\* Monthly periodicity used.

Vanguard Extended Market Idx I

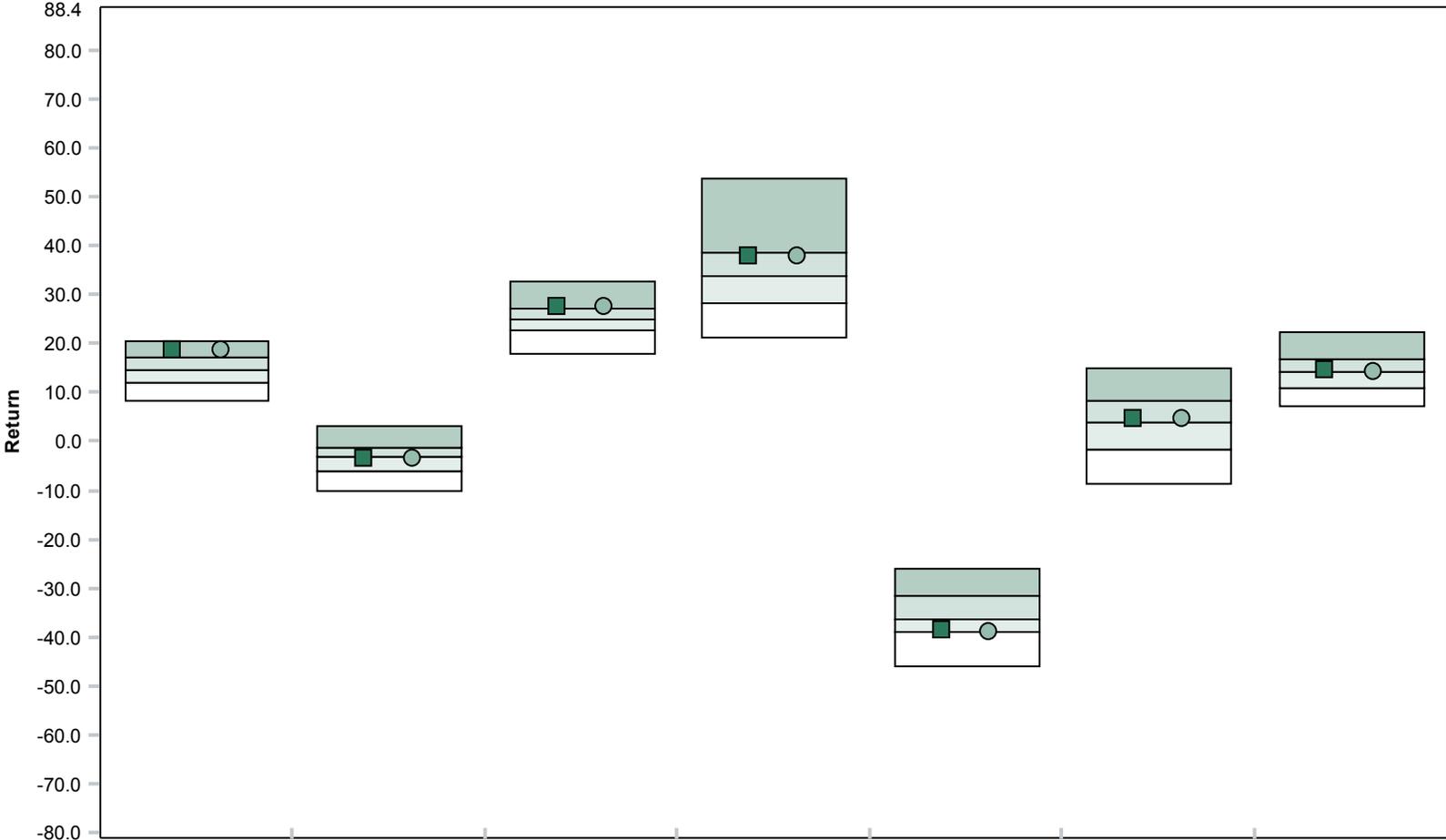
Peer Group Analysis - IM U.S. SMID Cap Core Equity (MF)



|                                  | 1 Quarter | Year To Date | 1 Year     | 3 Years    | 5 Years   | 7 Years   | 10 Years   |
|----------------------------------|-----------|--------------|------------|------------|-----------|-----------|------------|
| ■ Vanguard Extended Market Idx I | 2.41 (34) | 15.68 (29)   | 25.97 (21) | 19.71 (15) | 8.99 (29) | 7.10 (30) | 10.62 (20) |
| ● S&P Completion Index           | 2.41 (34) | 15.64 (30)   | 25.90 (22) | 19.60 (17) | 8.83 (32) | 6.94 (32) | N/A        |
| 5th Percentile                   | 4.52      | 18.23        | 31.74      | 21.19      | 12.64     | 9.13      | 11.90      |
| 1st Quartile                     | 2.72      | 15.80        | 25.63      | 19.06      | 9.25      | 7.25      | 10.47      |
| Median                           | 1.85      | 14.35        | 23.84      | 17.57      | 7.80      | 6.10      | 9.49       |
| 3rd Quartile                     | 0.79      | 12.57        | 21.00      | 15.60      | 6.27      | 4.77      | 8.55       |
| 95th Percentile                  | -0.69     | 7.88         | 15.47      | 12.20      | 2.15      | 2.96      | 6.74       |

Vanguard Extended Market Idx I

Peer Group Analysis - IM U.S. SMID Cap Core Equity (MF)



|                                  | 2012       | 2011       | 2010       | 2009       | 2008        | 2007      | 2006       |
|----------------------------------|------------|------------|------------|------------|-------------|-----------|------------|
| ■ Vanguard Extended Market Idx I | 18.50 (13) | -3.57 (56) | 27.59 (21) | 37.69 (28) | -38.58 (71) | 4.51 (47) | 14.46 (46) |
| ● S&P Completion Index           | 18.45 (14) | -3.71 (59) | 27.46 (23) | 37.65 (28) | -38.94 (75) | 4.49 (47) | 14.27 (50) |
| 5th Percentile                   | 20.40      | 3.20       | 32.46      | 53.50      | -25.99      | 15.03     | 22.22      |
| 1st Quartile                     | 17.27      | -1.34      | 27.29      | 38.47      | -31.75      | 8.36      | 16.62      |
| Median                           | 14.43      | -2.99      | 24.91      | 33.73      | -36.36      | 3.74      | 14.25      |
| 3rd Quartile                     | 12.15      | -5.94      | 22.70      | 28.28      | -39.01      | -1.52     | 10.88      |
| 95th Percentile                  | 8.45       | -10.14     | 17.99      | 21.21      | -46.17      | -8.61     | 7.28       |

## Vanguard Extended Market Idx I

### Fund Information

Fund Name : Vanguard Index Funds: Vanguard Extended Market Index Fund; Institutional Shares  
 Fund Family : Vanguard Group Inc  
 Ticker : VIEIX  
 Inception Date : 07/07/1997  
 Fund Assets : \$6,389 Million

Portfolio Assets : \$29,408 Million  
 Portfolio Manager : Donald M. Butler  
 PM Tenure : 1997  
 Fund Style : IM U.S. SMID Cap Core Equity (MF)  
 Style Benchmark : S&P Completion Index

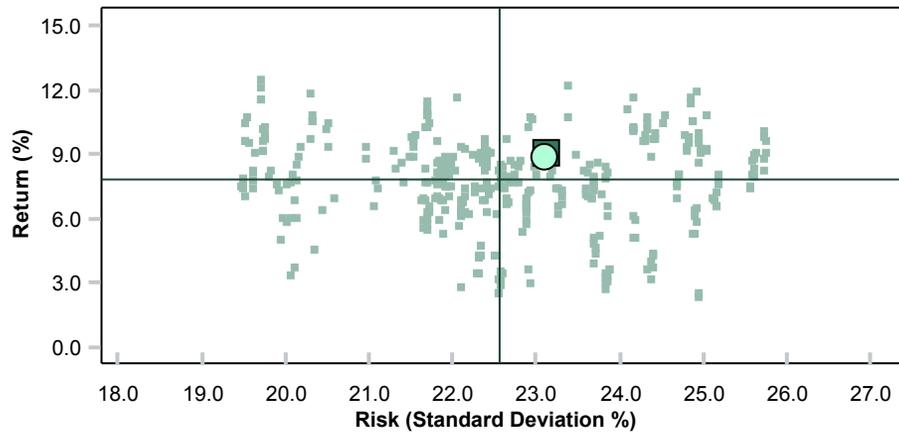
### Fund Investment Policy

The Fund seeks to track the performance of a benchmark index that measures the investment return of small and mid capitalization stocks. The Fund employs a passive management or indexing investment approach designed to track the performance of the Standard & Poors Completion Index.

### Historical Statistics (07/01/08 - 06/30/13) \*

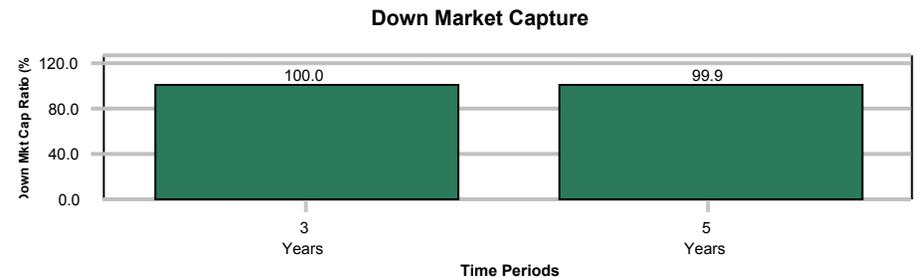
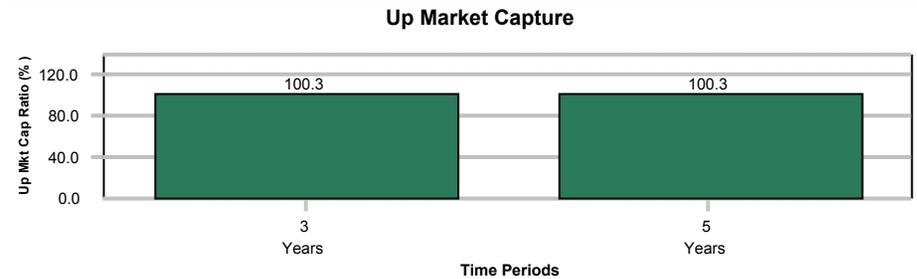
|                                | Return | Standard Deviation | Sharpe Ratio | Alpha | Beta | R-Squared | Tracking Error | Information Ratio | Excess Risk | Inception Date |
|--------------------------------|--------|--------------------|--------------|-------|------|-----------|----------------|-------------------|-------------|----------------|
| Vanguard Extended Market Idx I | 8.99   | 23.12              | 0.48         | 0.14  | 1.00 | 1.00      | 0.12           | 1.18              | 23.19       | 08/01/1997     |
| S&P Completion Index           | 8.83   | 23.12              | 0.47         | 0.00  | 1.00 | 1.00      | 0.00           | N/A               | 23.18       | 08/01/1997     |
| 90 Day U.S. Treasury Bill      | 0.27   | 0.17               | N/A          | 0.30  | 0.00 | 0.14      | 23.18          | -0.47             | 0.00        | 08/01/1997     |

### Peer Group Scattergram (07/01/08 to 06/30/13)



|                                  | Return | Standard Deviation |
|----------------------------------|--------|--------------------|
| ■ Vanguard Extended Market Idx I | 8.99   | 23.12              |
| ● S&P Completion Index           | 8.83   | 23.12              |
| — Median                         | 7.80   | 22.57              |

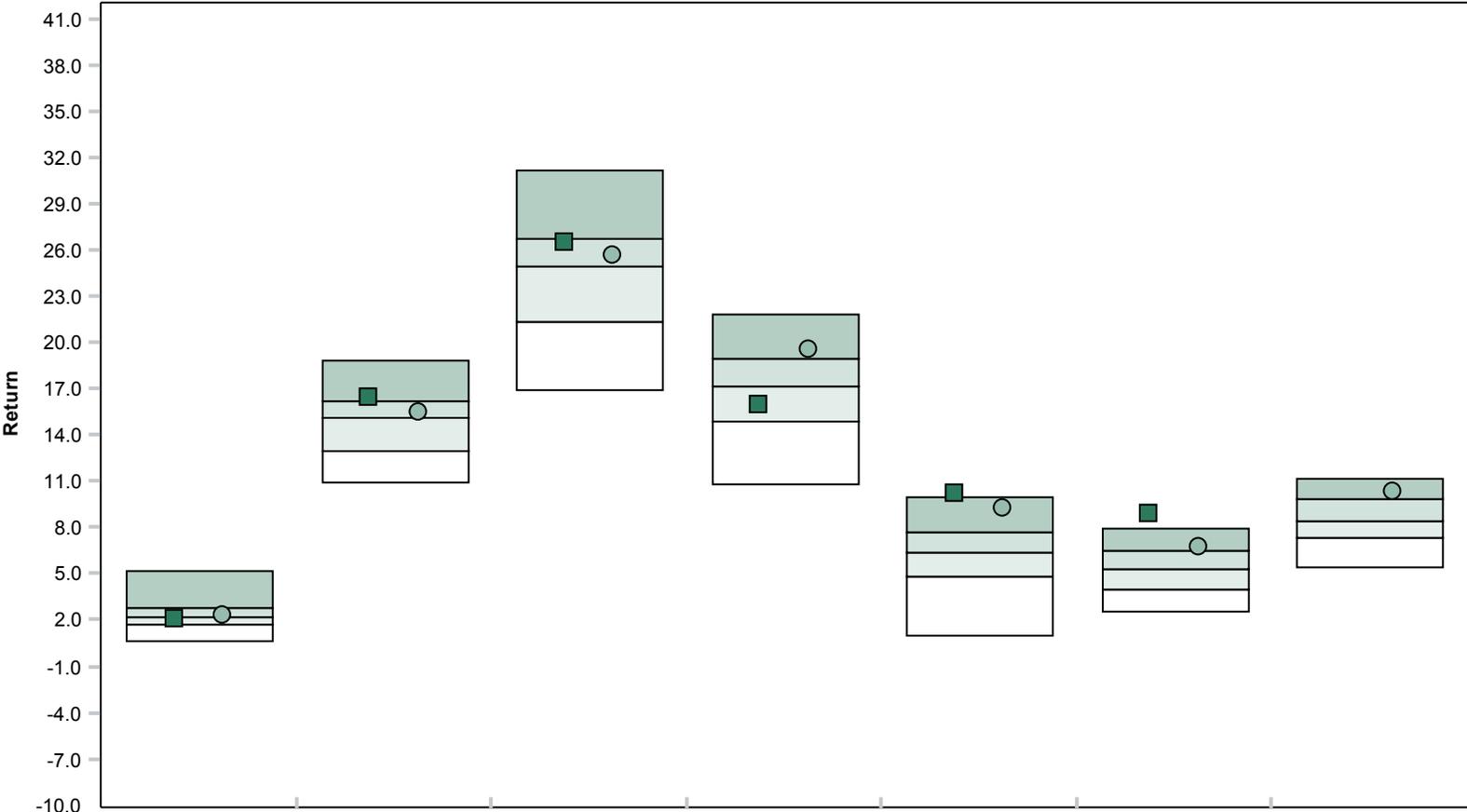
### Up Down Market Capture



\* Monthly periodicity used.

Lord Abbett Value Opportunities I

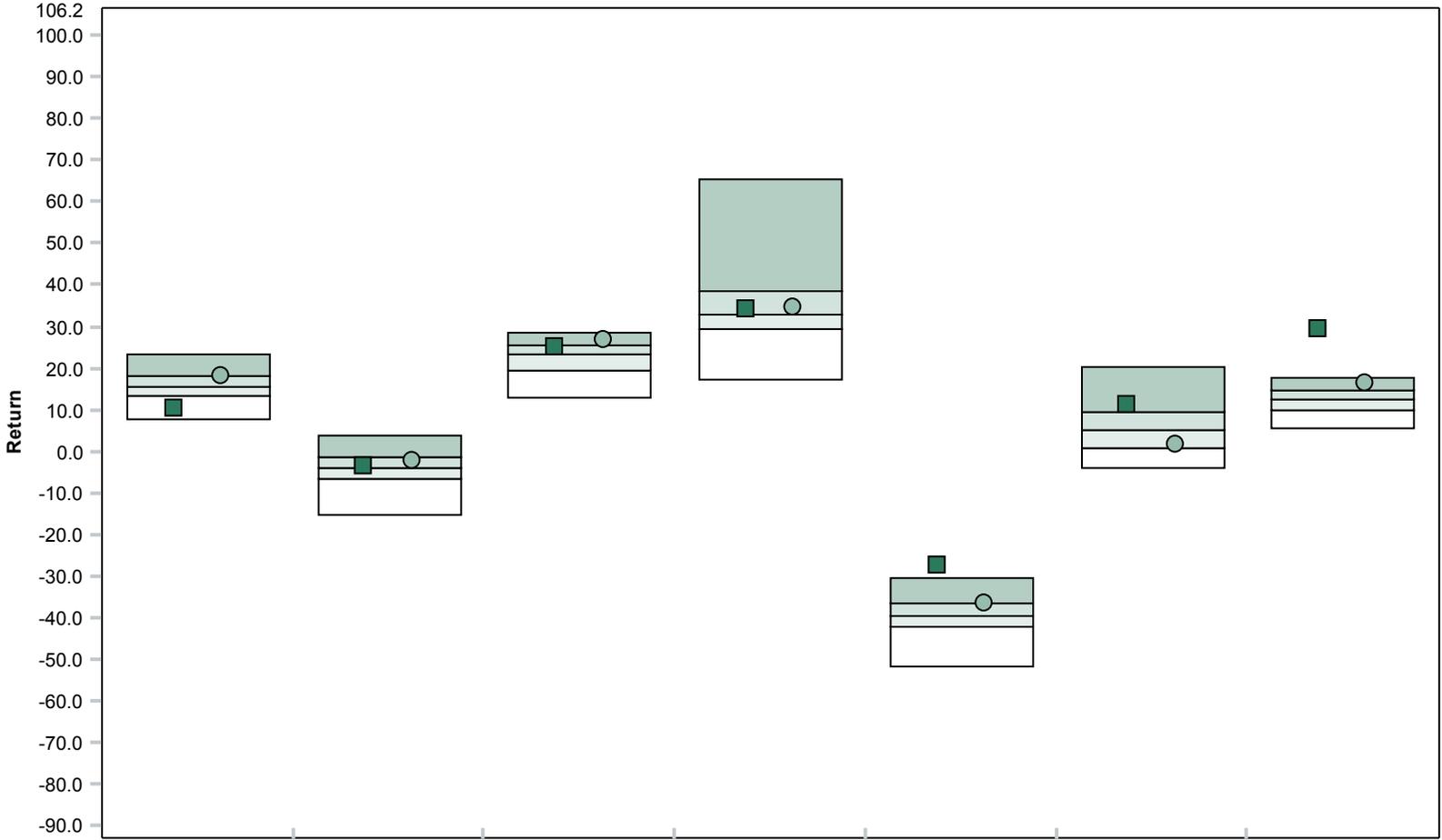
Peer Group Analysis - IM U.S. Mid Cap Core Equity (MF)



|                                     | 1 Quarter | Year To Date | 1 Year     | 3 Years    | 5 Years   | 7 Years   | 10 Years   |
|-------------------------------------|-----------|--------------|------------|------------|-----------|-----------|------------|
| ■ Lord Abbett Value Opportunities I | 2.08 (58) | 16.44 (24)   | 26.50 (27) | 15.95 (69) | 10.23 (4) | 8.94 (3)  | N/A        |
| ● Russell 2500 Index                | 2.27 (45) | 15.42 (39)   | 25.61 (35) | 19.57 (16) | 9.21 (10) | 6.77 (20) | 10.34 (18) |
| 5th Percentile                      | 5.13      | 18.79        | 31.21      | 21.78      | 9.93      | 7.92      | 11.15      |
| 1st Quartile                        | 2.76      | 16.21        | 26.73      | 18.96      | 7.71      | 6.49      | 9.87       |
| Median                              | 2.18      | 15.10        | 24.96      | 17.19      | 6.32      | 5.27      | 8.35       |
| 3rd Quartile                        | 1.65      | 13.01        | 21.30      | 14.87      | 4.80      | 3.94      | 7.28       |
| 95th Percentile                     | 0.57      | 10.89        | 16.93      | 10.84      | 0.93      | 2.50      | 5.38       |

Lord Abbett Value Opportunities I

Peer Group Analysis - IM U.S. Mid Cap Core Equity (MF)



|                                     | 2012       | 2011       | 2010       | 2009       | 2008        | 2007       | 2006       |
|-------------------------------------|------------|------------|------------|------------|-------------|------------|------------|
| ■ Lord Abbett Value Opportunities I | 10.13 (88) | -3.83 (48) | 24.91 (28) | 34.27 (43) | -27.49 (3)  | 11.28 (19) | 29.41 (1)  |
| ● Russell 2500 Index                | 17.88 (29) | -2.51 (38) | 26.71 (13) | 34.39 (43) | -36.79 (27) | 1.38 (72)  | 16.17 (13) |
| 5th Percentile                      | 23.38      | 3.60       | 28.54      | 65.17      | -30.35      | 20.33      | 17.71      |
| 1st Quartile                        | 18.15      | -1.32      | 25.31      | 38.26      | -36.74      | 9.34       | 14.58      |
| Median                              | 15.33      | -4.24      | 23.11      | 33.03      | -39.50      | 5.19       | 12.58      |
| 3rd Quartile                        | 13.14      | -6.58      | 19.58      | 29.35      | -42.31      | 0.85       | 9.64       |
| 95th Percentile                     | 7.51       | -15.46     | 12.78      | 17.18      | -52.04      | -3.98      | 5.40       |

## Lord Abbett Value Opportunities I

### Fund Information

|                  |   |                     |                                  |
|------------------|---|---------------------|----------------------------------|
| Fund Name :      | Lord Abbett Securities Trust: Lord Abbett Value Opportunities Fund;<br>Class I Shares | Portfolio Assets :  | \$2,265 Million                  |
| Fund Family :    | Lord Abbett & Co LLC  | Portfolio Manager : | Maher/Maurer                     |
| Ticker :         | LVOYX   | PM Tenure :         | 2008--2007                       |
| Inception Date : | 12/20/2005  | Fund Style :        | IM U.S. Mid Cap Core Equity (MF) |
| Fund Assets :    | \$489 Million   | Style Benchmark :   | Russell 2500 Index               |

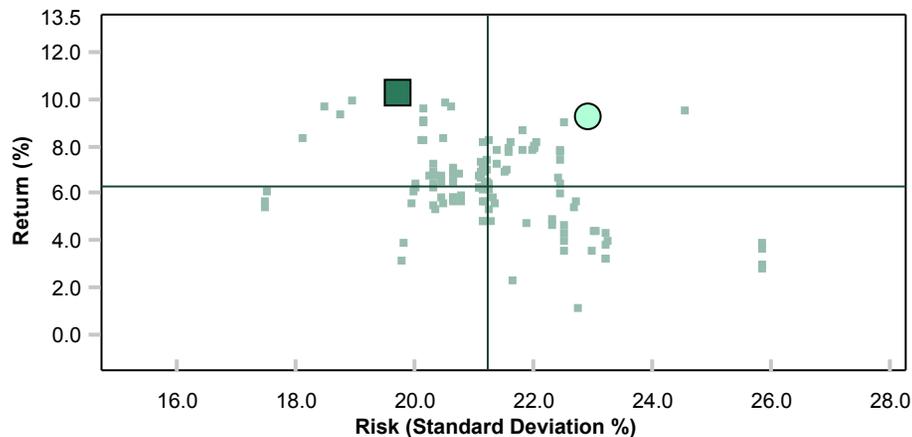
### Fund Investment Policy

The Fund seeks long-term capital appreciation. To pursue this goal, the Fund normally invests at least 80% of its net assets, plus the amount of any borrowings for investment purposes, in equity securities of small and mid-sized companies.

### Historical Statistics (07/01/08 - 06/30/13) \*

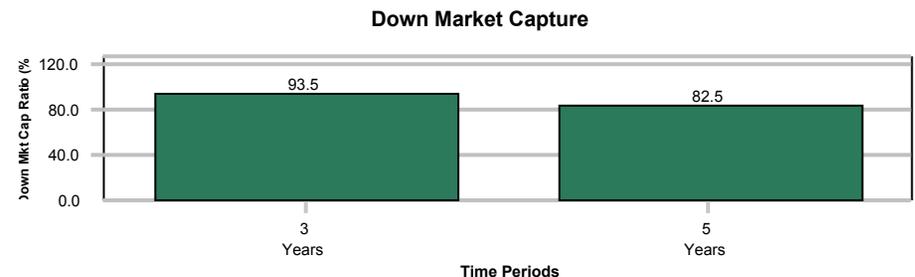
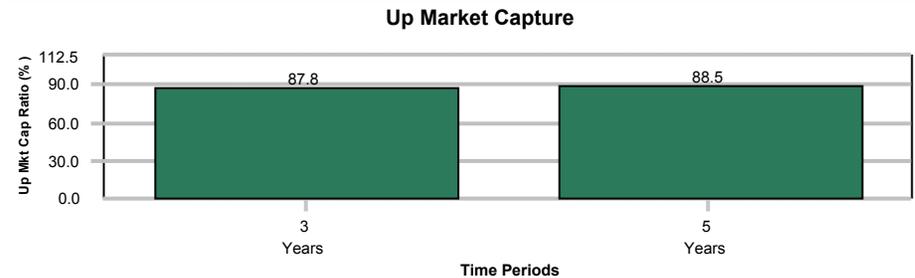
|                                   | Return | Standard Deviation | Sharpe Ratio | Alpha | Beta | R-Squared | Tracking Error | Information Ratio | Excess Risk | Inception Date |
|-----------------------------------|--------|--------------------|--------------|-------|------|-----------|----------------|-------------------|-------------|----------------|
| Lord Abbett Value Opportunities I | 10.23  | 19.77              | 0.58         | 2.00  | 0.85 | 0.97      | 5.07           | 0.04              | 19.81       | 01/01/2006     |
| Russell 2500 Index                | 9.21   | 22.96              | 0.49         | 0.00  | 1.00 | 1.00      | 0.00           | N/A               | 23.01       | 01/01/2006     |
| 90 Day U.S. Treasury Bill         | 0.27   | 0.17               | N/A          | 0.30  | 0.00 | 0.11      | 23.01          | -0.49             | 0.00        | 01/01/2006     |

### Peer Group Scattergram (07/01/08 to 06/30/13)



|                                     | Return | Standard Deviation |
|-------------------------------------|--------|--------------------|
| ■ Lord Abbett Value Opportunities I | 10.23  | 19.77              |
| ○ Russell 2500 Index                | 9.21   | 22.96              |
| — Median                            | 6.32   | 21.26              |

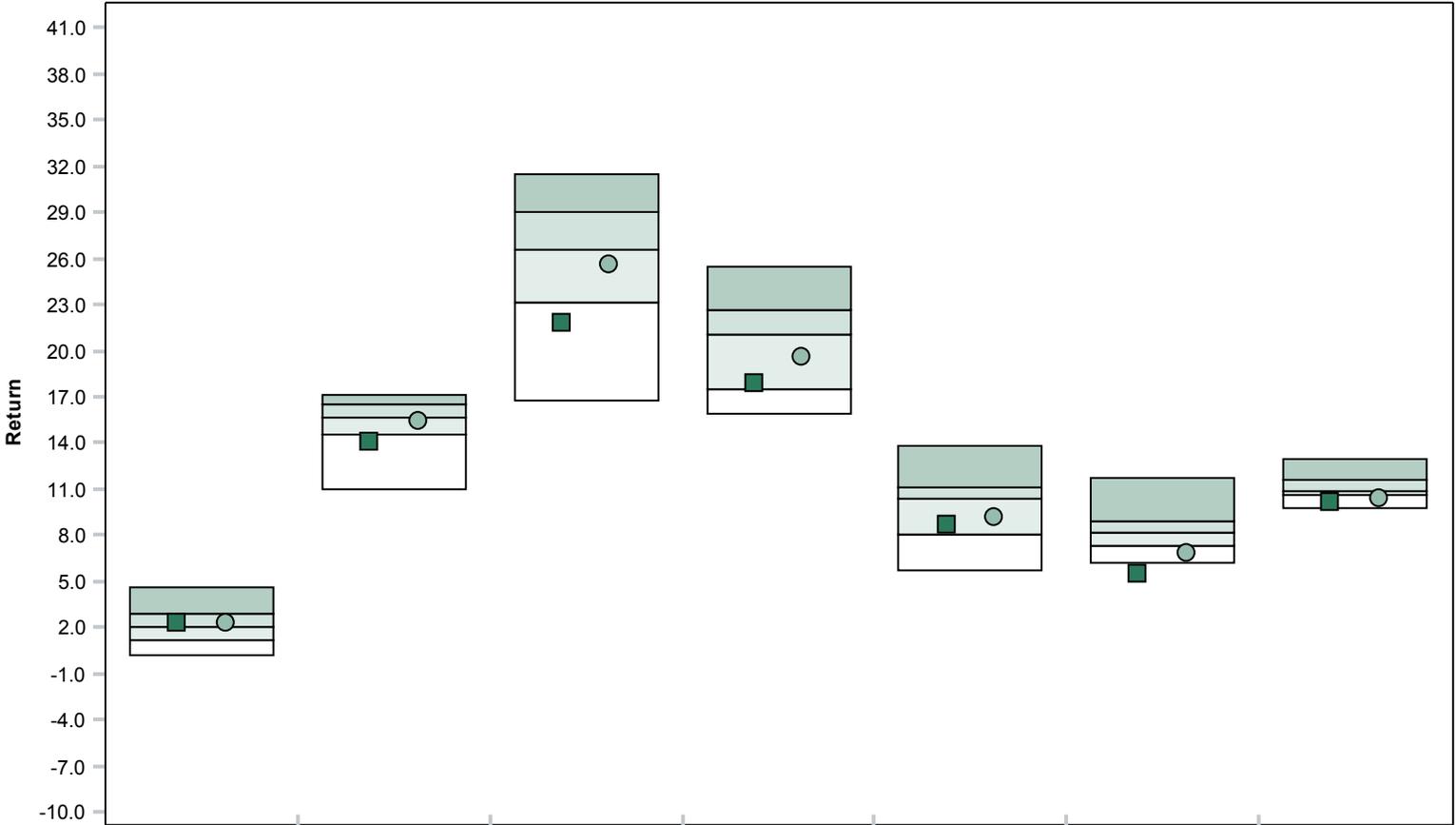
### Up Down Market Capture



\* Monthly periodicity used.

Oppenheimer Main St Sm & Mid Cap Y

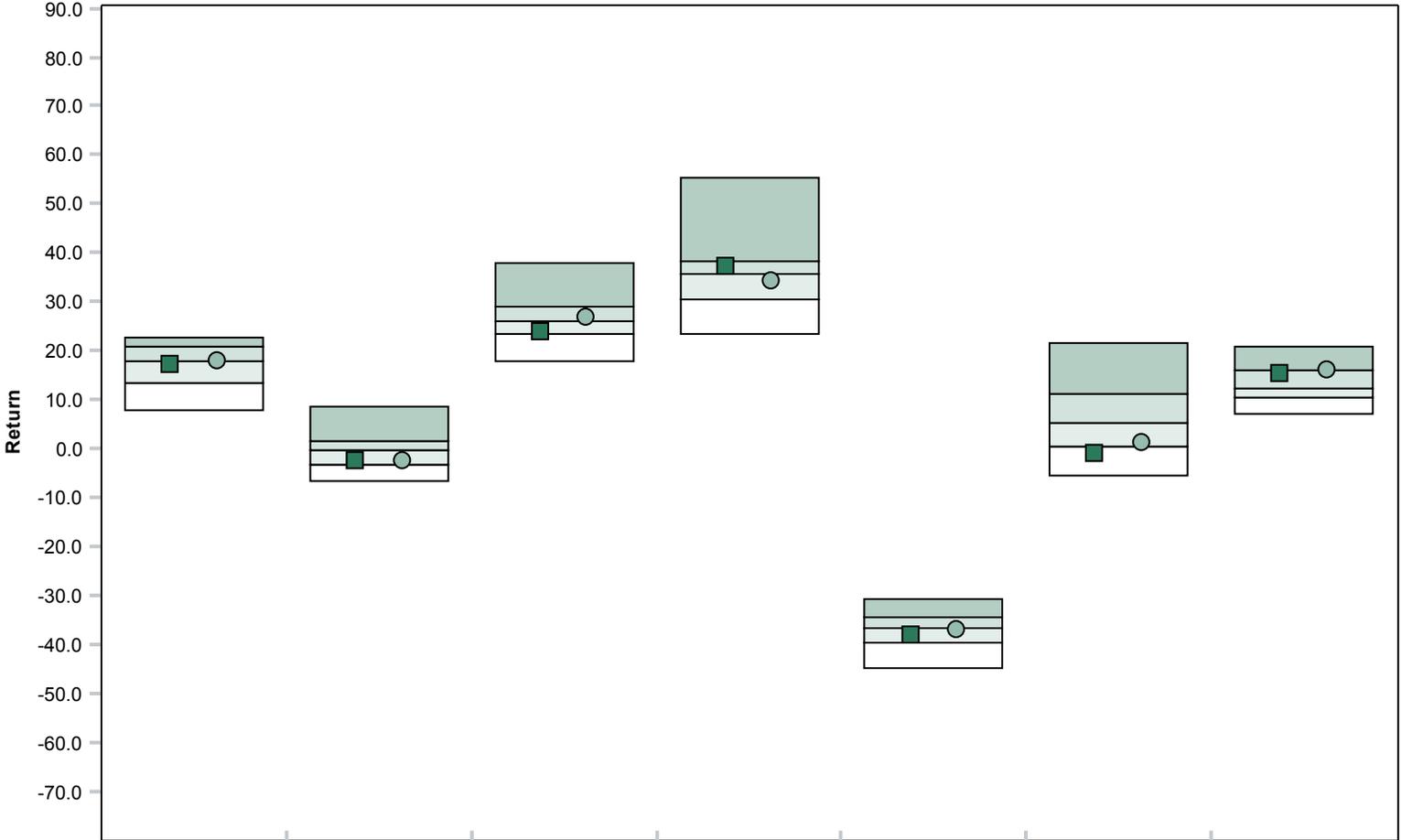
Peer Group Analysis - IM U.S. SMID Cap Core Equity (SA+CF)



|                                      | 1 Quarter | Year To Date | 1 Year     | 3 Years    | 5 Years   | 7 Years    | 10 Years   |
|--------------------------------------|-----------|--------------|------------|------------|-----------|------------|------------|
| ■ Oppenheimer Main St Sm & Mid Cap Y | 2.27 (46) | 14.09 (77)   | 21.74 (81) | 17.89 (70) | 8.67 (70) | 5.44 (100) | 10.08 (90) |
| ● Russell 2500 Index                 | 2.27 (46) | 15.42 (54)   | 25.61 (55) | 19.57 (59) | 9.21 (63) | 6.77 (86)  | 10.34 (84) |
| 5th Percentile                       | 4.57      | 17.14        | 31.52      | 25.47      | 13.82     | 11.77      | 12.92      |
| 1st Quartile                         | 2.91      | 16.54        | 28.99      | 22.69      | 11.09     | 8.91       | 11.62      |
| Median                               | 2.03      | 15.61        | 26.53      | 21.03      | 10.35     | 8.23       | 10.91      |
| 3rd Quartile                         | 1.20      | 14.52        | 23.14      | 17.54      | 8.08      | 7.27       | 10.60      |
| 95th Percentile                      | 0.15      | 10.98        | 16.74      | 15.84      | 5.68      | 6.23       | 9.81       |

Oppenheimer Main St Sm & Mid Cap Y

Peer Group Analysis - IM U.S. SMID Cap Core Equity (SA+CF)



|                                      | 2012       | 2011       | 2010       | 2009       | 2008        | 2007       | 2006       |
|--------------------------------------|------------|------------|------------|------------|-------------|------------|------------|
| ■ Oppenheimer Main St Sm & Mid Cap Y | 17.26 (58) | -2.31 (71) | 23.72 (74) | 37.37 (36) | -38.02 (63) | -1.10 (85) | 15.20 (33) |
| ● Russell 2500 Index                 | 17.88 (56) | -2.51 (72) | 26.71 (42) | 34.39 (62) | -36.79 (53) | 1.38 (73)  | 16.17 (24) |
| 5th Percentile                       | 22.80      | 8.57       | 37.82      | 55.17      | -30.72      | 21.74      | 20.87      |
| 1st Quartile                         | 20.80      | 1.62       | 28.98      | 38.46      | -34.36      | 11.26      | 15.90      |
| Median                               | 17.96      | -0.09      | 26.19      | 35.59      | -36.58      | 5.41       | 12.41      |
| 3rd Quartile                         | 13.40      | -3.09      | 23.65      | 30.66      | -39.34      | 0.48       | 10.52      |
| 95th Percentile                      | 8.07       | -6.60      | 18.08      | 23.56      | -44.89      | -5.45      | 7.01       |

Oppenheimer Main St Sm & Mid Cap Y

Fund Information

|                      |   |                     |                                      |
|----------------------|---|---------------------|--------------------------------------|
| Fund Name :          | Oppenheimer Main Street Small- & Mid-Cap Fund; Class Y Shares | Portfolio Assets :  | \$3,489 Million                      |
| Fund Family :        | OppenheimerFunds Inc  | Portfolio Manager : | Raymond Anello                       |
| Ticker :             | OPMYX   | PM Tenure :         | 2011                                 |
| Inception Date :     | 08/02/1999  | Fund Style :        | IM U.S. SMID Cap Core Equity (SA+CF) |
| Fund Assets :        | \$789 Million   | Style Benchmark :   | Russell 2500 Index                   |
| Portfolio Turnover : | 81%   |                     |                                      |

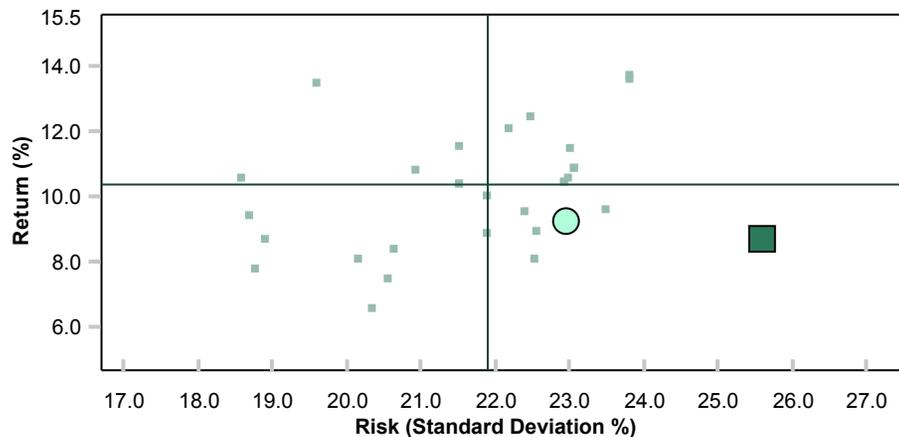
Fund Investment Policy

The Fund seeks capital appreciation. The Fund mainly invests in common stocks of small and mid-cap companies. Under normal market conditions, the Fund will invest at least 80% of its net assets in securities of companies having a market capitalization in the range of the Russell 2500 Index.

Historical Statistics (07/01/08 - 06/30/13) \*

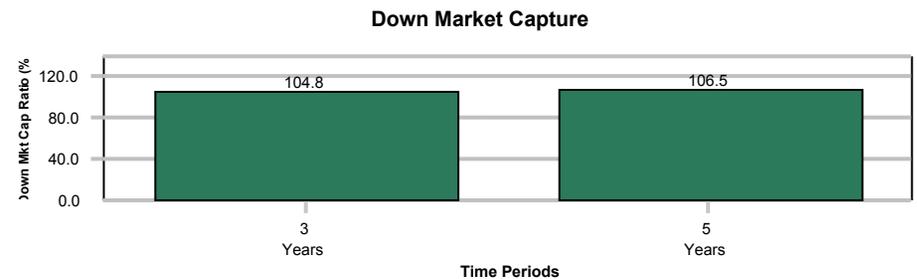
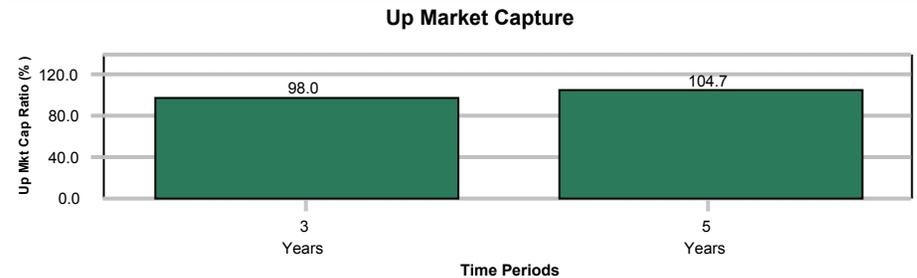
|                                    | Return | Standard Deviation | Sharpe Ratio | Alpha | Beta | R-Squared | Tracking Error | Information Ratio | Excess Risk | Inception Date |
|------------------------------------|--------|--------------------|--------------|-------|------|-----------|----------------|-------------------|-------------|----------------|
| Oppenheimer Main St Sm & Mid Cap Y | 8.67   | 25.60              | 0.44         | -0.97 | 1.09 | 0.96      | 5.60           | 0.02              | 25.66       | 09/01/1999     |
| Russell 2500 Index                 | 9.21   | 22.96              | 0.49         | 0.00  | 1.00 | 1.00      | 0.00           | N/A               | 23.01       | 09/01/1999     |
| 90 Day U.S. Treasury Bill          | 0.27   | 0.17               | N/A          | 0.30  | 0.00 | 0.11      | 23.01          | -0.49             | 0.00        | 09/01/1999     |

Peer Group Scattergram (07/01/08 to 06/30/13)



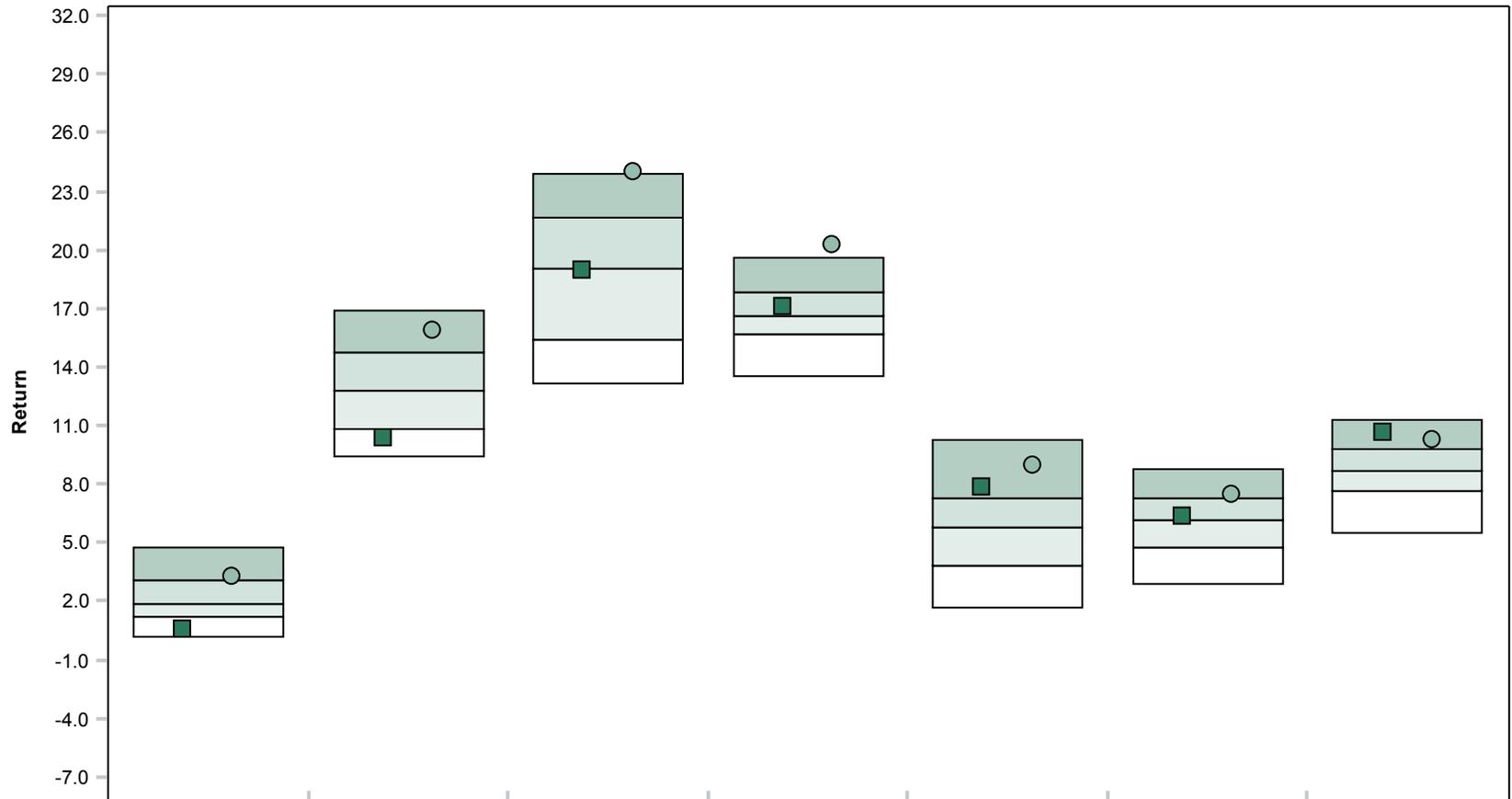
|                                      | Return | Standard Deviation |
|--------------------------------------|--------|--------------------|
| ■ Oppenheimer Main St Sm & Mid Cap Y | 8.67   | 25.60              |
| ○ Russell 2500 Index                 | 9.21   | 22.96              |
| — Median                             | 10.35  | 21.90              |

Up Down Market Capture



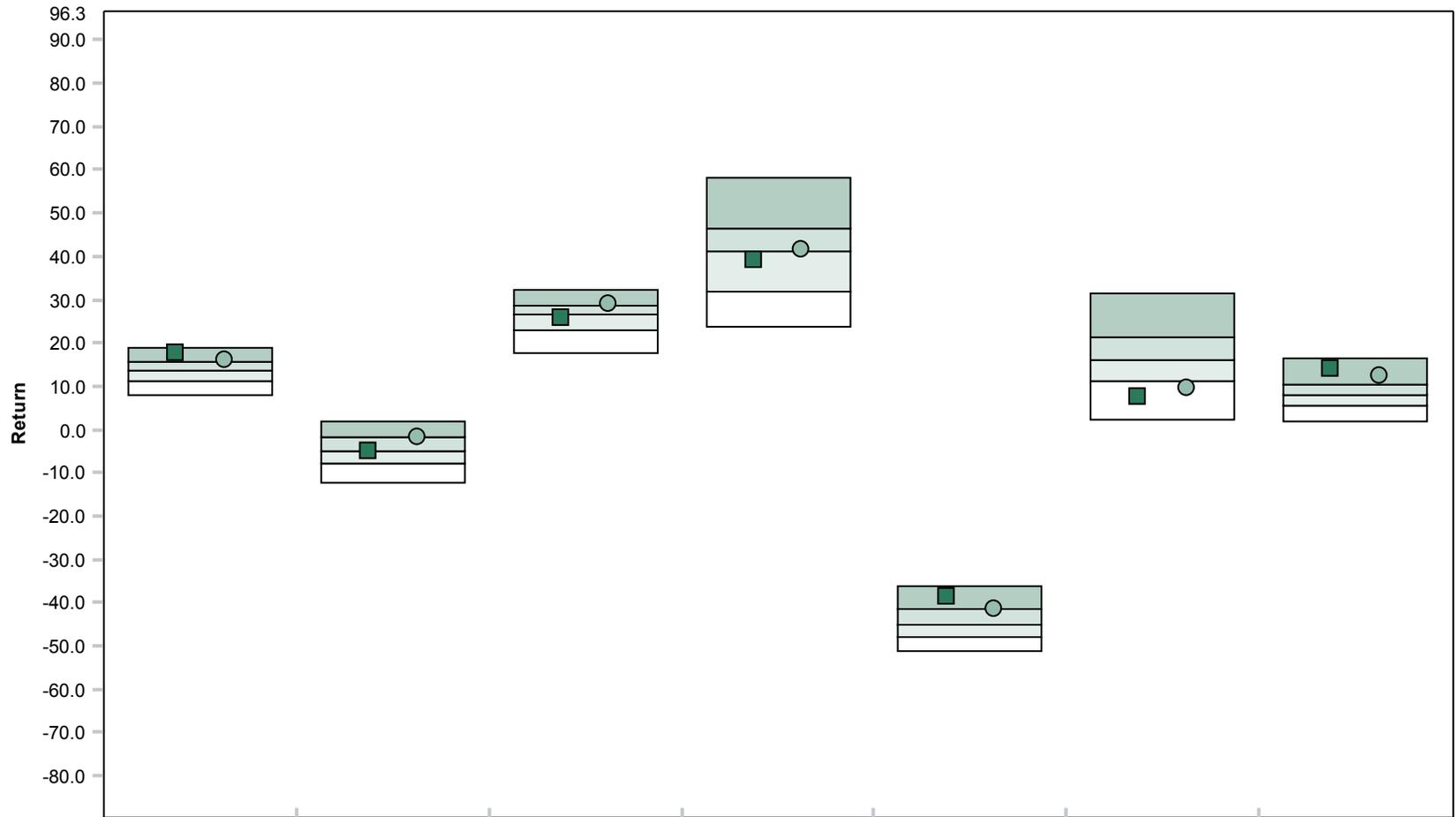
\* Monthly periodicity used.

Peer Group Analysis - IM U.S. Mid Cap Growth Equity (MF)



|                             | 1 Quarter | Year To Date | 1 Year     | 3 Years    | 5 Years   | 7 Years   | 10 Years   |
|-----------------------------|-----------|--------------|------------|------------|-----------|-----------|------------|
| ■ Columbia Acorn Fund A     | 0.54 (89) | 10.37 (87)   | 18.98 (52) | 17.04 (44) | 7.82 (18) | 6.31 (47) | 10.66 (12) |
| ● Russell 2500 Growth Index | 3.23 (22) | 15.82 (11)   | 24.03 (5)  | 20.22 (3)  | 8.94 (9)  | 7.49 (22) | 10.27 (16) |
| 5th Percentile              | 4.72      | 16.87        | 23.94      | 19.57      | 10.22     | 8.78      | 11.30      |
| 1st Quartile                | 3.07      | 14.73        | 21.68      | 17.86      | 7.30      | 7.32      | 9.84       |
| Median                      | 1.85      | 12.79        | 19.01      | 16.60      | 5.78      | 6.19      | 8.66       |
| 3rd Quartile                | 1.23      | 10.84        | 15.36      | 15.66      | 3.77      | 4.72      | 7.68       |
| 95th Percentile             | 0.13      | 9.41         | 13.14      | 13.53      | 1.69      | 2.86      | 5.49       |

Peer Group Analysis - IM U.S. Mid Cap Growth Equity (MF)



|                             | 2012       | 2011       | 2010       | 2009       | 2008        | 2007      | 2006       |
|-----------------------------|------------|------------|------------|------------|-------------|-----------|------------|
| ■ Columbia Acorn Fund A     | 17.62 (10) | -4.91 (50) | 25.61 (56) | 39.26 (59) | -38.72 (12) | 7.39 (90) | 14.13 (10) |
| ● Russell 2500 Growth Index | 16.13 (18) | -1.57 (24) | 28.86 (24) | 41.65 (48) | -41.50 (26) | 9.69 (83) | 12.26 (17) |
| 5th Percentile              | 18.99      | 1.99       | 32.19      | 57.97      | -36.14      | 31.47     | 16.66      |
| 1st Quartile                | 15.63      | -1.68      | 28.67      | 46.50      | -41.29      | 21.25     | 10.45      |
| Median                      | 13.55      | -5.01      | 26.52      | 41.04      | -45.07      | 15.88     | 7.86       |
| 3rd Quartile                | 11.30      | -7.70      | 22.84      | 31.99      | -47.77      | 11.18     | 5.62       |
| 95th Percentile             | 8.12       | -12.40     | 17.73      | 23.61      | -51.39      | 2.29      | 1.73       |

**Columbia Acorn Fund A**

**Fund Information**

Fund Name : Columbia Acorn Trust: Columbia Acorn Fund; Class A Shares  
 Fund Family : Columbia Funds  
 Ticker : LACAX  
 Inception Date : 10/16/2000  
 Fund Assets : \$3,444 Million  
 Portfolio Turnover : 16%

Portfolio Assets : \$18,839 Million  
 Portfolio Manager : McQuaid/Mohn  
 PM Tenure : 2000--2000  
 Fund Style : IM U.S. Mid Cap Growth Equity (MF)  
 Style Benchmark : Russell 2500 Growth Index

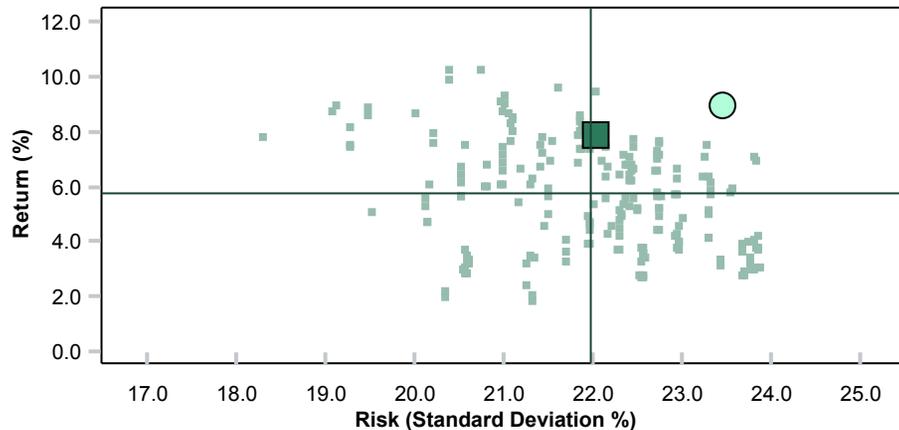
**Fund Investment Policy**

The Fund seeks long-term capital appreciation. The Fund invests a majority of its net assets in the common stock of small- and mid-sized companies with market capitalizations under \$5 billion at the time of investment. The Fund invests the majority of its assets in U.S. companies.

**Historical Statistics (07/01/08 - 06/30/13) \***

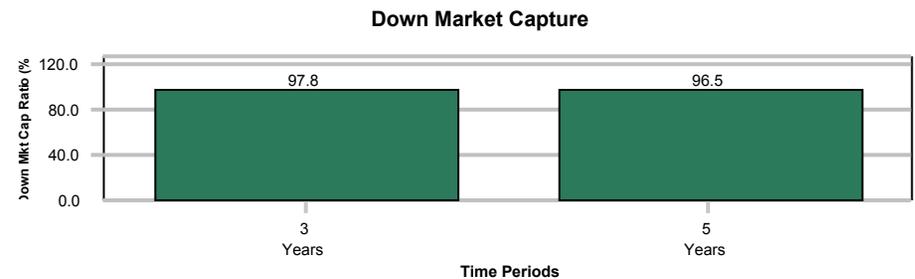
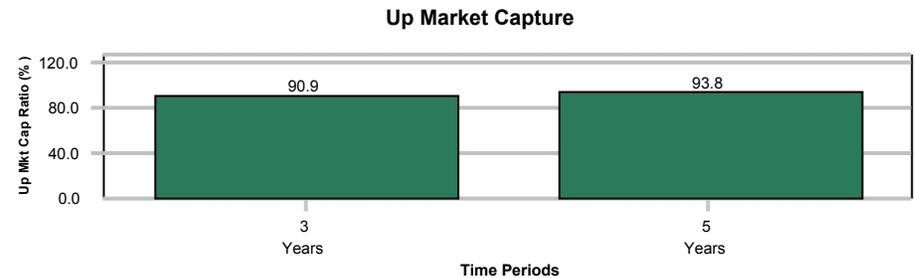
|                           | Return | Standard Deviation | Sharpe Ratio | Alpha | Beta | R-Squared | Tracking Error | Information Ratio | Excess Risk | Inception Date |
|---------------------------|--------|--------------------|--------------|-------|------|-----------|----------------|-------------------|-------------|----------------|
| Columbia Acorn Fund A     | 7.82   | 22.05              | 0.44         | -0.59 | 0.93 | 0.98      | 3.61           | -0.39             | 22.11       | 11/01/2000     |
| Russell 2500 Growth Index | 8.94   | 23.47              | 0.47         | 0.00  | 1.00 | 1.00      | 0.00           | N/A               | 23.54       | 11/01/2000     |
| 90 Day U.S. Treasury Bill | 0.27   | 0.17               | N/A          | 0.30  | 0.00 | 0.16      | 23.54          | -0.47             | 0.00        | 11/01/2000     |

**Peer Group Scattergram (07/01/08 to 06/30/13)**



|                             | Return | Standard Deviation |
|-----------------------------|--------|--------------------|
| ■ Columbia Acorn Fund A     | 7.82   | 22.05              |
| ○ Russell 2500 Growth Index | 8.94   | 23.47              |
| — Median                    | 5.78   | 21.98              |

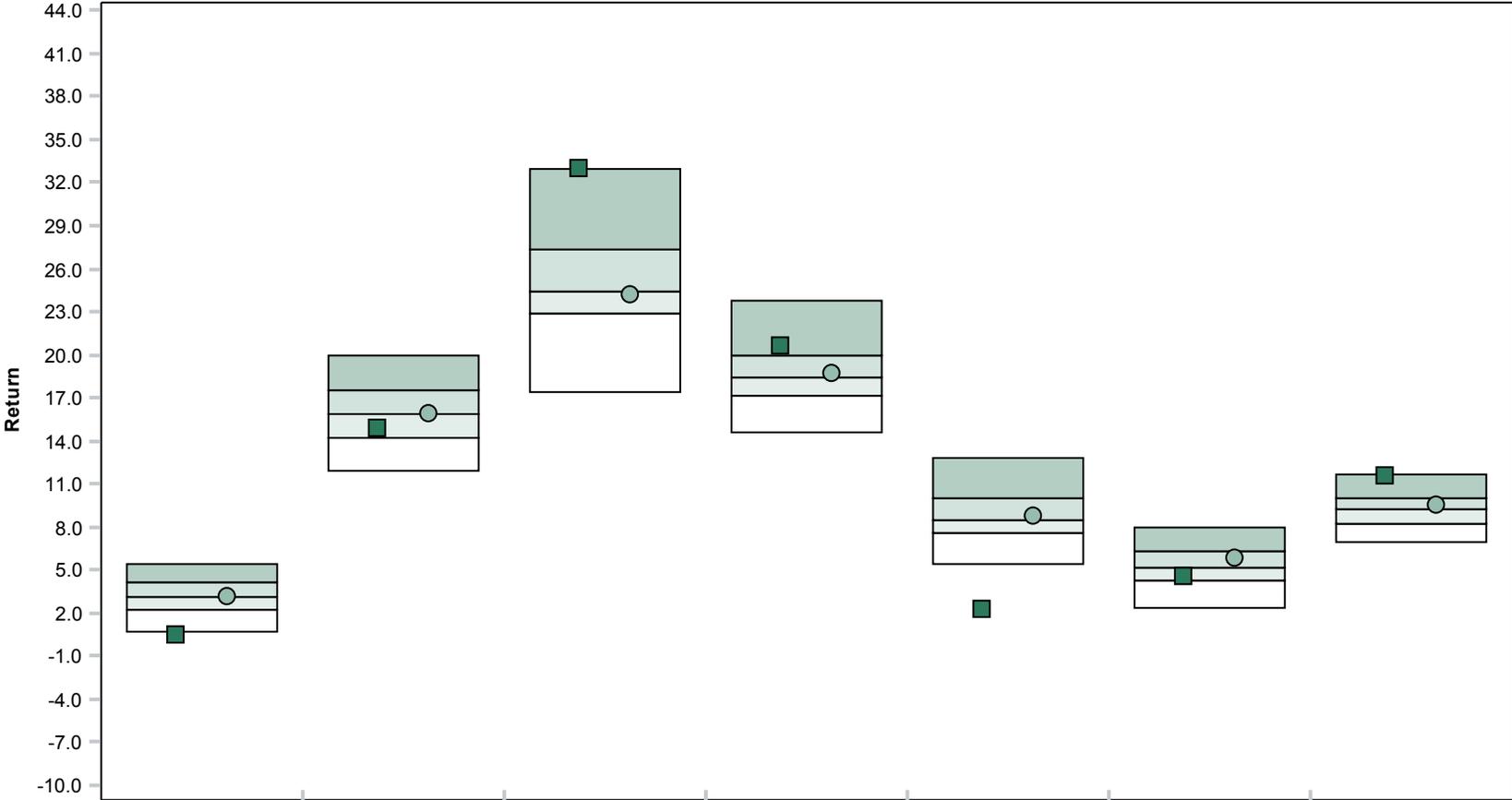
**Up Down Market Capture**



\* Monthly periodicity used.

Keeley Small Cap Value A

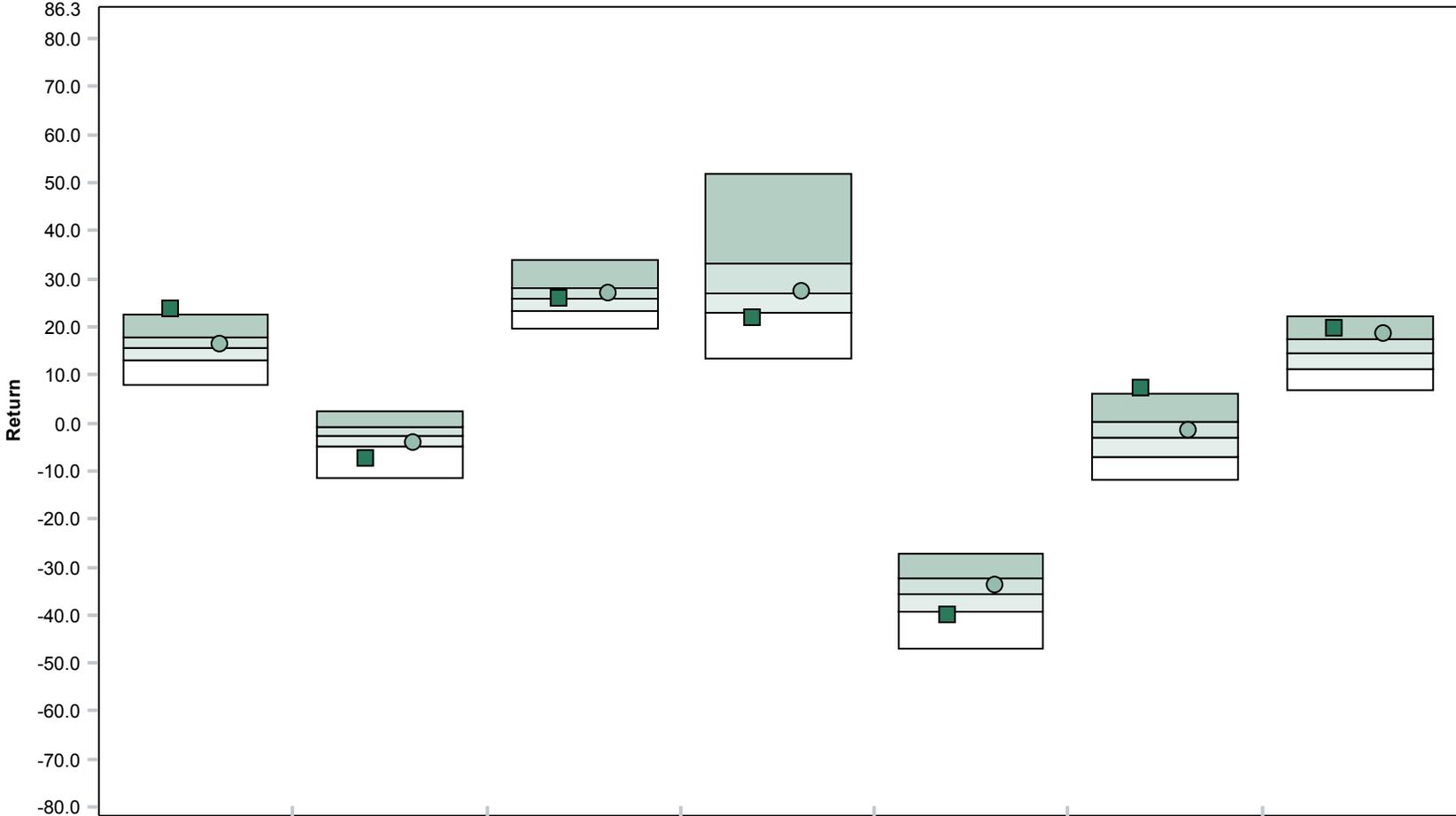
Peer Group Analysis - IM U.S. Small Cap Core Equity (MF)



|                            | 1 Quarter | Year To Date | 1 Year     | 3 Years    | 5 Years    | 7 Years   | 10 Years  |
|----------------------------|-----------|--------------|------------|------------|------------|-----------|-----------|
| ■ Keeley Small Cap Value A | 0.37 (97) | 14.83 (69)   | 32.93 (6)  | 20.61 (18) | 2.20 (100) | 4.47 (70) | 11.50 (6) |
| ● Russell 2000 Index       | 3.08 (52) | 15.86 (48)   | 24.21 (55) | 18.67 (47) | 8.77 (43)  | 5.82 (34) | 9.53 (39) |
| 5th Percentile             | 5.46      | 19.92        | 33.01      | 23.81      | 12.85      | 7.94      | 11.70     |
| 1st Quartile               | 4.16      | 17.52        | 27.36      | 19.98      | 9.97       | 6.24      | 9.99      |
| Median                     | 3.13      | 15.80        | 24.43      | 18.46      | 8.46       | 5.19      | 9.23      |
| 3rd Quartile               | 2.21      | 14.23        | 22.85      | 17.12      | 7.54       | 4.24      | 8.23      |
| 95th Percentile            | 0.65      | 11.84        | 17.34      | 14.55      | 5.38       | 2.33      | 6.89      |

Keeley Small Cap Value A

Peer Group Analysis - IM U.S. Small Cap Core Equity (MF)



|                            | 2012       | 2011       | 2010       | 2009       | 2008        | 2007       | 2006       |
|----------------------------|------------|------------|------------|------------|-------------|------------|------------|
| ■ Keeley Small Cap Value A | 23.81 (5)  | -7.29 (91) | 25.98 (49) | 21.67 (79) | -40.18 (80) | 7.17 (3)   | 19.55 (12) |
| ● Russell 2000 Index       | 16.35 (35) | -4.18 (64) | 26.85 (39) | 27.17 (48) | -33.79 (34) | -1.57 (38) | 18.37 (17) |
| 5th Percentile             | 22.45      | 2.53       | 34.03      | 51.67      | -27.17      | 6.05       | 22.31      |
| 1st Quartile               | 17.73      | -1.02      | 28.08      | 33.00      | -32.49      | 0.20       | 17.47      |
| Median                     | 15.56      | -2.82      | 25.87      | 26.90      | -35.78      | -2.98      | 14.41      |
| 3rd Quartile               | 13.16      | -5.02      | 23.27      | 22.87      | -39.40      | -7.21      | 11.28      |
| 95th Percentile            | 7.92       | -11.58     | 19.46      | 13.32      | -47.20      | -11.82     | 6.66       |

**Keeley Small Cap Value A**

**Fund Information**

|                      |  |                     |                                    |
|----------------------|--|---------------------|------------------------------------|
| Fund Name :          | KEELEY Funds, Inc: KEELEY Small Cap Value Fund; Class A Shares | Portfolio Assets :  | \$2,751 Million                    |
| Fund Family :        | Keeley Asset Management Corporation                            | Portfolio Manager : | Keeley/Keeley                      |
| Ticker :             | KSCVX  | PM Tenure :         | 1993--2011                         |
| Inception Date :     | 10/01/1993   | Fund Style :        | IM U.S. Small Cap Core Equity (MF) |
| Fund Assets :        | \$1,910 Million  | Style Benchmark :   | Russell 2000 Index                 |
| Portfolio Turnover : | 26%  |                     |                                    |

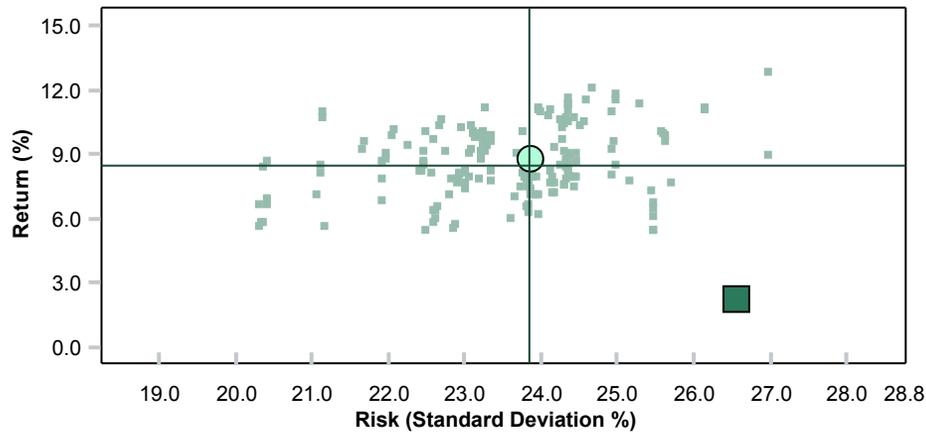
**Fund Investment Policy**

The Fund seeks capital appreciation by investing in companies with relatively small market capitalization, emphasizing companies undergoing substantial changes such as: emerging from bankruptcy, spin-offs and recapitalizations.

**Historical Statistics (07/01/08 - 06/30/13) \***

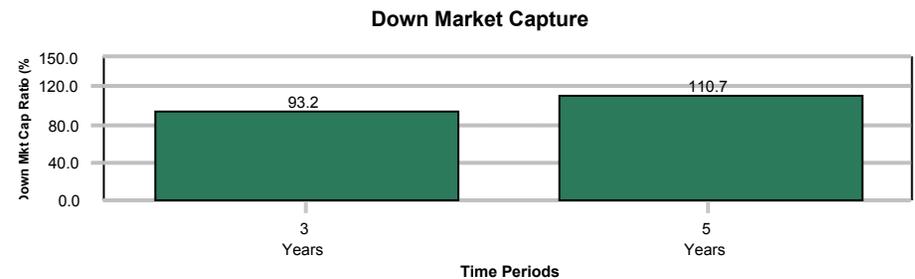
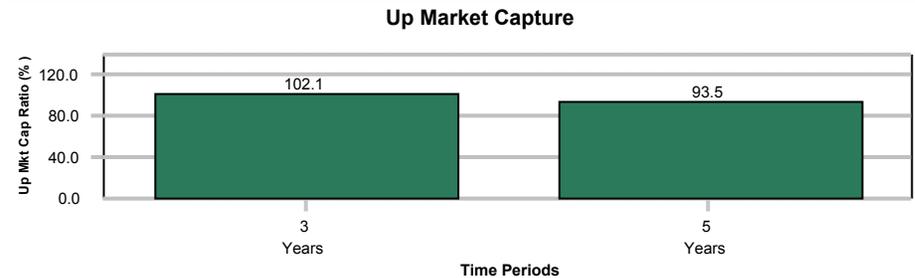
|                           | Return | Standard Deviation | Sharpe Ratio | Alpha | Beta | R-Squared | Tracking Error | Information Ratio | Excess Risk | Inception Date |
|---------------------------|--------|--------------------|--------------|-------|------|-----------|----------------|-------------------|-------------|----------------|
| Keeley Small Cap Value A  | 2.20   | 26.58              | 0.21         | -6.15 | 1.07 | 0.93      | 7.18           | -0.76             | 26.65       | 11/01/1993     |
| Russell 2000 Index        | 8.77   | 23.86              | 0.46         | 0.00  | 1.00 | 1.00      | 0.00           | N/A               | 23.91       | 11/01/1993     |
| 90 Day U.S. Treasury Bill | 0.27   | 0.17               | N/A          | 0.29  | 0.00 | 0.07      | 23.91          | -0.46             | 0.00        | 11/01/1993     |

**Peer Group Scattergram (07/01/08 to 06/30/13)**



|                            | Return | Standard Deviation |
|----------------------------|--------|--------------------|
| ■ Keeley Small Cap Value A | 2.20   | 26.58              |
| ○ Russell 2000 Index       | 8.77   | 23.86              |
| — Median                   | 8.46   | 23.85              |

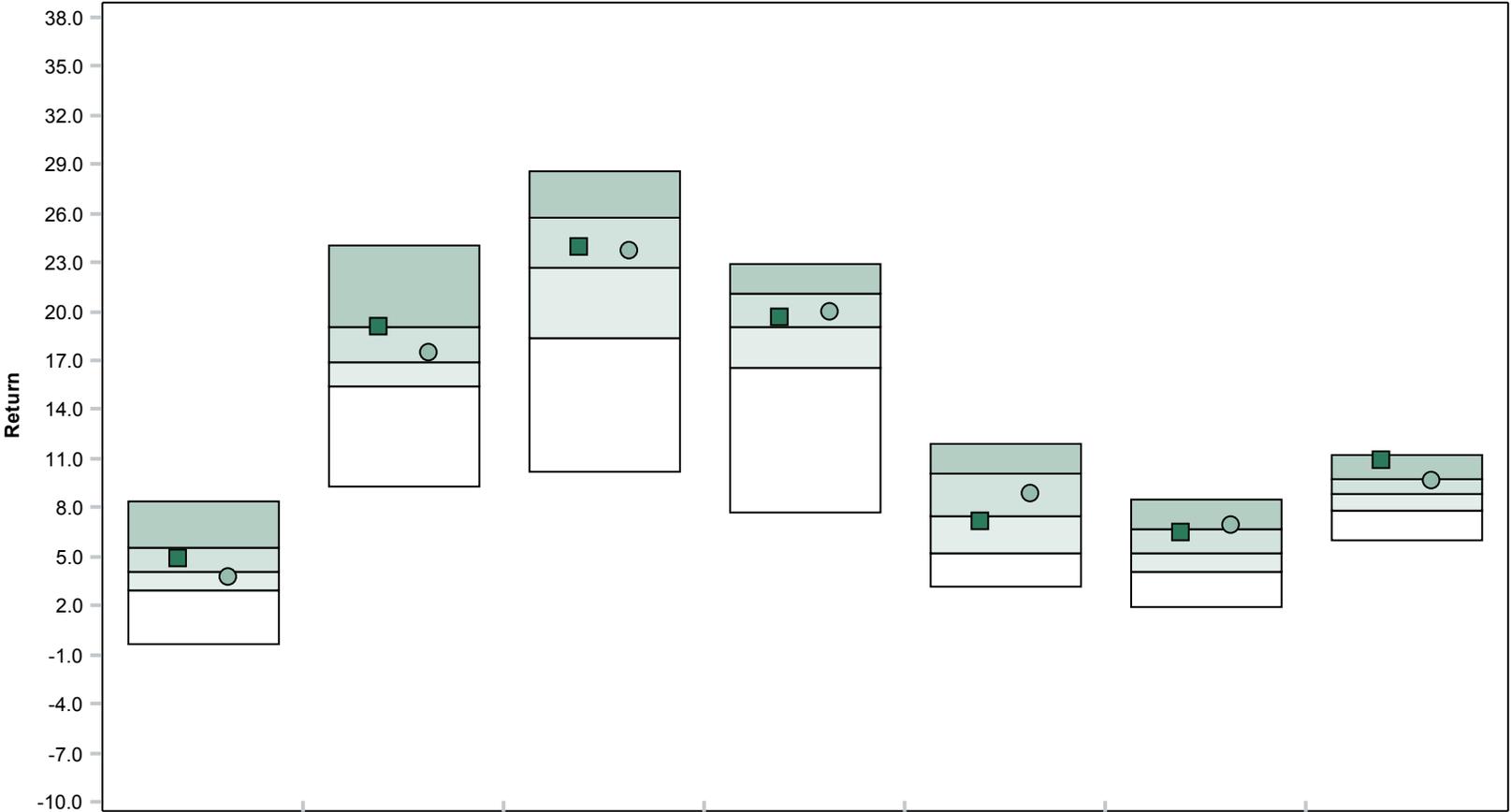
**Up Down Market Capture**



\* Monthly periodicity used.

Hartford Small Company HLS

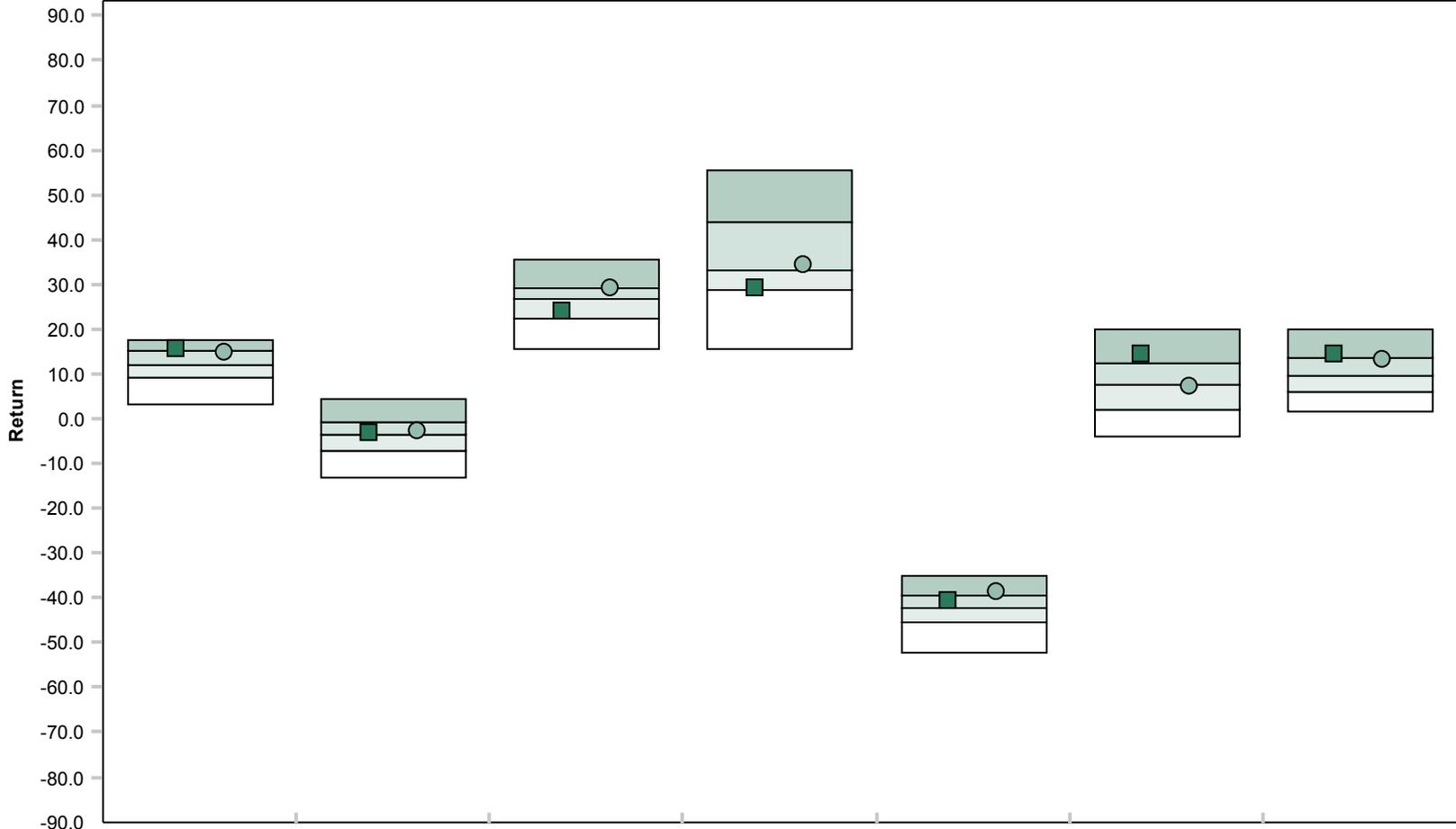
Peer Group Analysis - IM U.S. Small Cap Growth Equity (MF)



|                              | 1 Quarter | Year To Date | 1 Year     | 3 Years    | 5 Years   | 7 Years   | 10 Years  |
|------------------------------|-----------|--------------|------------|------------|-----------|-----------|-----------|
| ■ Hartford Small Company HLS | 4.86 (37) | 19.03 (26)   | 23.89 (43) | 19.59 (46) | 7.16 (52) | 6.50 (27) | 10.83 (8) |
| ● Russell 2000 Growth Index  | 3.74 (58) | 17.44 (48)   | 23.67 (46) | 19.97 (42) | 8.89 (42) | 6.89 (23) | 9.62 (27) |
| 5th Percentile               | 8.42      | 23.99        | 28.62      | 22.92      | 11.94     | 8.51      | 11.23     |
| 1st Quartile                 | 5.51      | 19.10        | 25.80      | 21.05      | 10.14     | 6.68      | 9.74      |
| Median                       | 4.10      | 16.90        | 22.72      | 19.08      | 7.42      | 5.23      | 8.79      |
| 3rd Quartile                 | 2.96      | 15.37        | 18.41      | 16.52      | 5.23      | 4.10      | 7.76      |
| 95th Percentile              | -0.40     | 9.27         | 10.17      | 7.71       | 3.14      | 1.93      | 6.06      |

Hartford Small Company HLS

Peer Group Analysis - IM U.S. Small Cap Growth Equity (MF)



|                              | 2012       | 2011       | 2010       | 2009       | 2008        | 2007       | 2006       |
|------------------------------|------------|------------|------------|------------|-------------|------------|------------|
| ■ Hartford Small Company HLS | 15.64 (21) | -3.36 (48) | 24.13 (65) | 29.29 (73) | -40.60 (33) | 14.23 (18) | 14.43 (24) |
| ● Russell 2000 Growth Index  | 14.59 (28) | -2.91 (44) | 29.09 (25) | 34.47 (44) | -38.54 (19) | 7.05 (52)  | 13.35 (26) |
| 5th Percentile               | 17.40      | 4.35       | 35.50      | 55.25      | -34.97      | 19.84      | 19.79      |
| 1st Quartile                 | 15.00      | -0.79      | 29.06      | 43.80      | -39.52      | 12.46      | 13.58      |
| Median                       | 11.90      | -3.61      | 26.71      | 33.02      | -42.45      | 7.47       | 9.52       |
| 3rd Quartile                 | 9.11       | -6.98      | 22.27      | 28.90      | -45.60      | 2.03       | 6.11       |
| 95th Percentile              | 3.04       | -13.15     | 15.70      | 15.48      | -52.45      | -4.18      | 1.53       |

## Hartford Small Company HLS

### Fund Information

|                  |  |                     |                                      |
|------------------|--|---------------------|--------------------------------------|
| Fund Name :      | Hartford Series Fund, Inc: Hartford Small Company HLS Fund; Class IA | Portfolio Assets :  | \$675 Million                        |
| Fund Family :    | Hartford Funds Management Company LLC                                | Portfolio Manager : | Team Managed                         |
| Ticker :         |  | PM Tenure :         |                                      |
| Inception Date : | 08/09/1996   | Fund Style :        | IM U.S. Small Cap Growth Equity (MF) |
| Fund Assets :    | \$633 Million  | Style Benchmark :   | Russell 2000 Growth Index            |

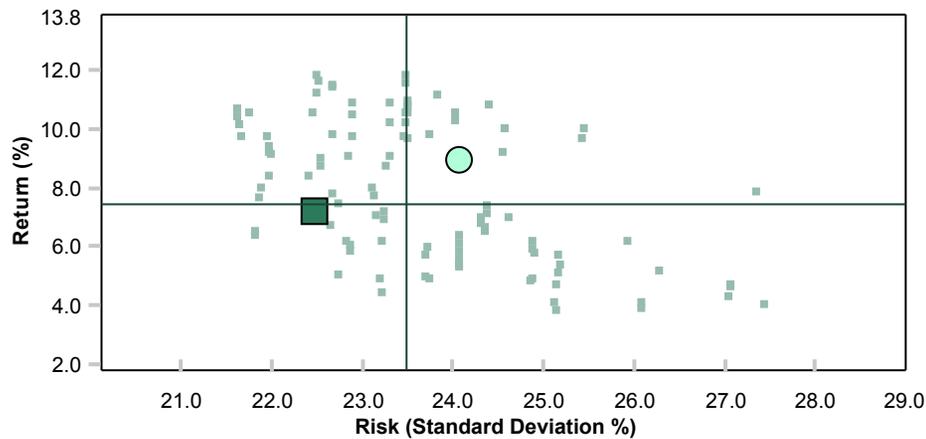
### Fund Investment Policy

The Fund seeks growth of capital by investing primarily in common stocks selected on the basis of potential for capital appreciation. Under normal circumstances, the Fund will invest at least 80% of its assets in common stocks of small capitalization companies.

### Historical Statistics (07/01/08 - 06/30/13) \*

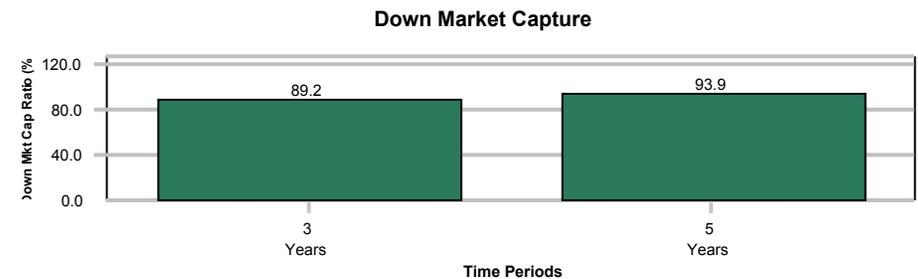
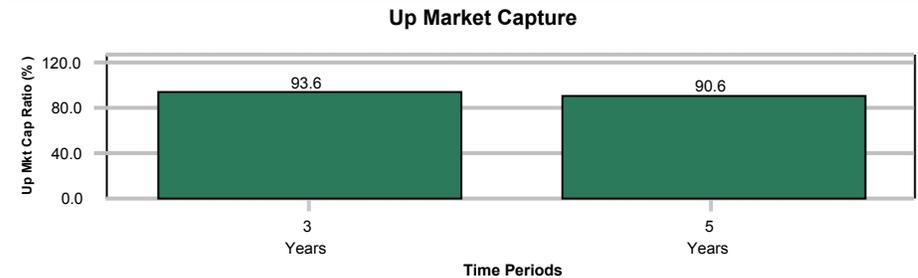
|                            | Return | Standard Deviation | Sharpe Ratio | Alpha | Beta | R-Squared | Tracking Error | Information Ratio | Excess Risk | Inception Date |
|----------------------------|--------|--------------------|--------------|-------|------|-----------|----------------|-------------------|-------------|----------------|
| Hartford Small Company HLS | 7.16   | 22.48              | 0.41         | -1.08 | 0.92 | 0.98      | 4.01           | -0.49             | 22.55       | 09/01/1996     |
| Russell 2000 Growth Index  | 8.89   | 24.08              | 0.47         | 0.00  | 1.00 | 1.00      | 0.00           | N/A               | 24.14       | 09/01/1996     |
| 90 Day U.S. Treasury Bill  | 0.27   | 0.17               | N/A          | 0.30  | 0.00 | 0.11      | 24.14          | -0.47             | 0.00        | 09/01/1996     |

### Peer Group Scattergram (07/01/08 to 06/30/13)



|                              | Return | Standard Deviation |
|------------------------------|--------|--------------------|
| ■ Hartford Small Company HLS | 7.16   | 22.48              |
| ○ Russell 2000 Growth Index  | 8.89   | 24.08              |
| — Median                     | 7.42   | 23.50              |

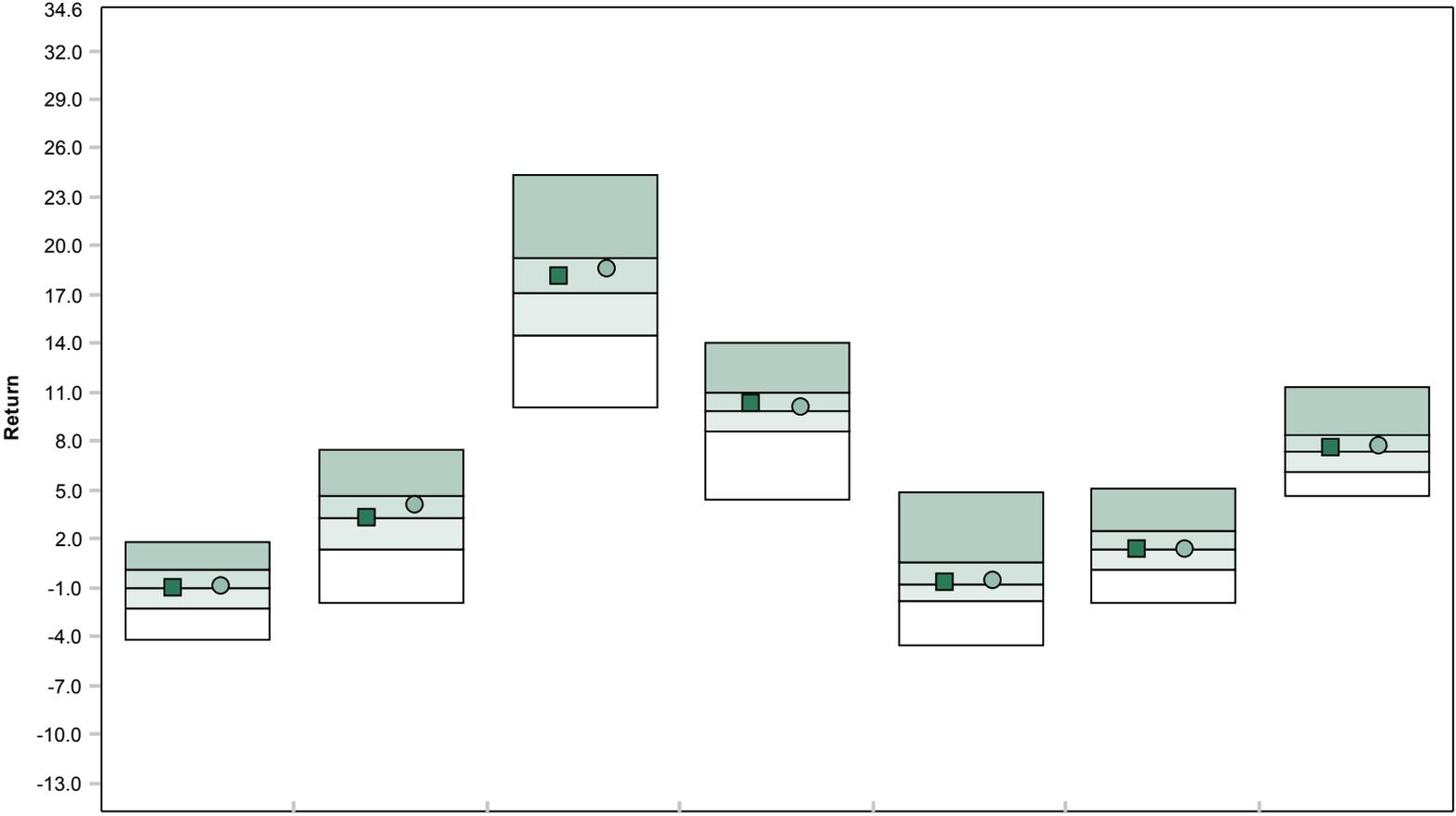
### Up Down Market Capture



\* Monthly periodicity used.

American Beacon Intl Eq Index Inst

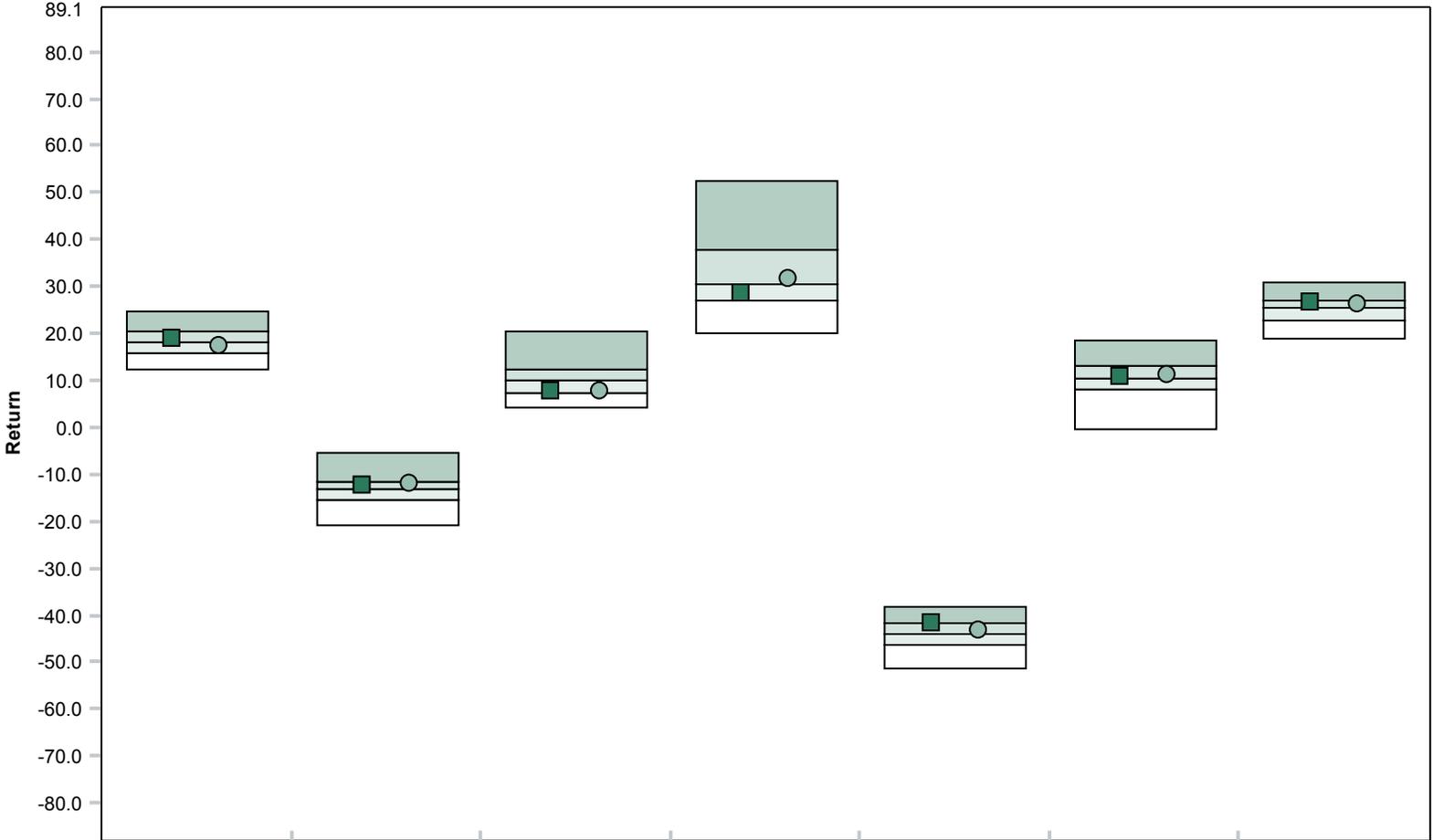
Peer Group Analysis - IM International Core Equity (MF)



|                                      | 1 Quarter  | Year To Date | 1 Year     | 3 Years    | 5 Years    | 7 Years   | 10 Years  |
|--------------------------------------|------------|--------------|------------|------------|------------|-----------|-----------|
| ■ American Beacon Intl Eq Index Inst | -1.09 (56) | 3.32 (47)    | 18.11 (37) | 10.34 (40) | -0.64 (47) | 1.33 (49) | 7.63 (39) |
| ● MSCI EAFE (Net)                    | -0.98 (49) | 4.10 (31)    | 18.62 (30) | 10.04 (46) | -0.63 (47) | 1.37 (49) | 7.67 (38) |
| 5th Percentile                       | 1.76       | 7.48         | 24.40      | 14.08      | 4.86       | 5.09      | 11.28     |
| 1st Quartile                         | 0.05       | 4.64         | 19.31      | 10.99      | 0.56       | 2.52      | 8.39      |
| Median                               | -1.00      | 3.22         | 17.09      | 9.82       | -0.78      | 1.29      | 7.30      |
| 3rd Quartile                         | -2.24      | 1.30         | 14.53      | 8.58       | -1.87      | 0.14      | 6.12      |
| 95th Percentile                      | -4.22      | -1.99        | 10.04      | 4.38       | -4.60      | -1.99     | 4.62      |

American Beacon Intl Eq Index Inst

Peer Group Analysis - IM International Core Equity (MF)



|                                      | 2012       | 2011        | 2010      | 2009       | 2008        | 2007       | 2006       |
|--------------------------------------|------------|-------------|-----------|------------|-------------|------------|------------|
| ■ American Beacon Intl Eq Index Inst | 18.71 (41) | -12.50 (40) | 7.56 (74) | 28.72 (60) | -41.85 (27) | 10.68 (49) | 26.52 (31) |
| ● MSCI EAFE (Net)                    | 17.32 (58) | -12.14 (35) | 7.75 (71) | 31.78 (43) | -43.38 (46) | 11.17 (44) | 26.34 (33) |
| 5th Percentile                       | 24.77      | -5.61       | 20.29     | 52.66      | -38.31      | 18.41      | 30.98      |
| 1st Quartile                         | 20.36      | -11.44      | 12.43     | 37.68      | -41.70      | 13.19      | 27.11      |
| Median                               | 18.03      | -13.26      | 10.05     | 30.30      | -43.93      | 10.58      | 25.27      |
| 3rd Quartile                         | 15.92      | -15.55      | 7.43      | 26.99      | -46.41      | 8.10       | 22.93      |
| 95th Percentile                      | 12.42      | -20.88      | 4.33      | 19.87      | -51.57      | -0.51      | 18.84      |

**American Beacon Intl Eq Index Inst**

**Fund Information**

Fund Name : American Beacon Funds: American Beacon International Equity Index Fund; Institutional Class Shares Portfolio Assets : \$831 Million  
 Fund Family : American Beacon Advisors Inc Portfolio Manager : Corallo/Bliss/Savage  
 Ticker : AIIIX PM Tenure : 2010--2011--2012  
 Inception Date : 07/31/2000 Fund Style : IM International Core Equity (MF)  
 Fund Assets : \$531 Million Style Benchmark : MSCI EAFE (Net)

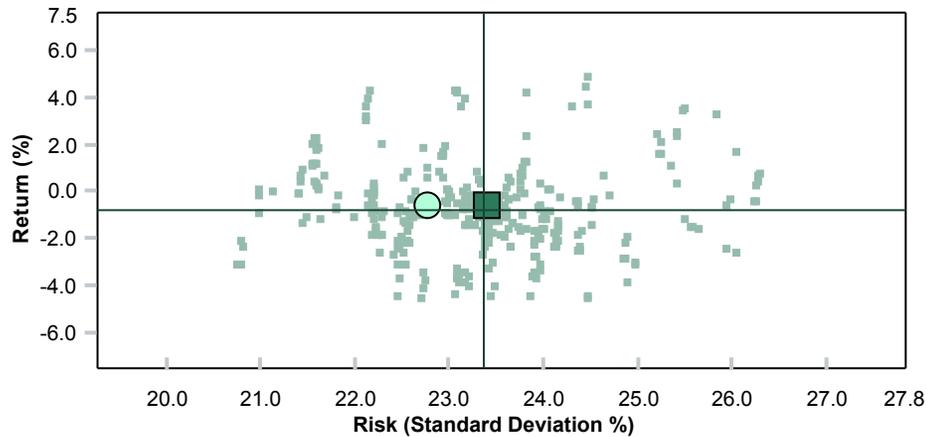
**Fund Investment Policy**

The Fund seeks to match the performance of the Morgan Stanley Capital International Europe, Asia and Far East Capitalization Weighted Index as closely as possible before the deduction of Fund expenses.

**Historical Statistics (07/01/08 - 06/30/13) \***

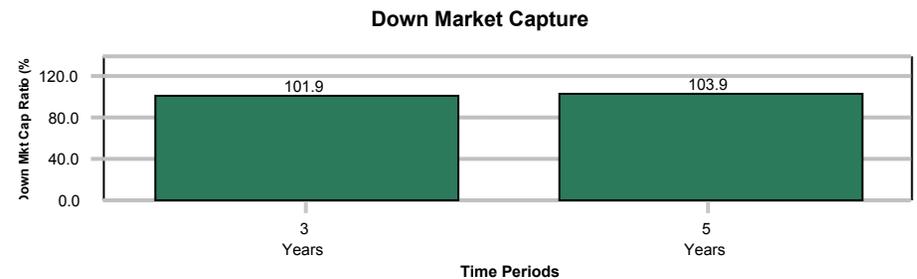
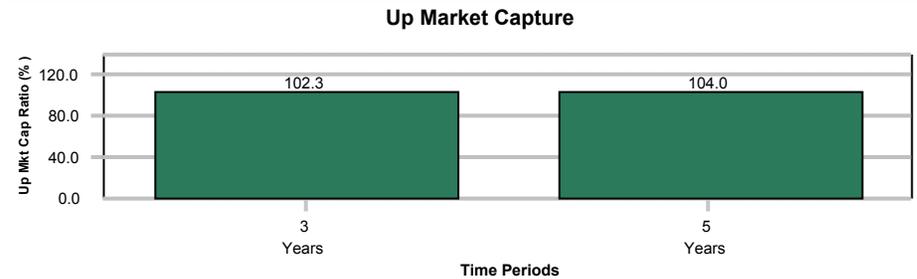
|                                    | Return | Standard Deviation | Sharpe Ratio | Alpha | Beta | R-Squared | Tracking Error | Information Ratio | Excess Risk | Inception Date |
|------------------------------------|--------|--------------------|--------------|-------|------|-----------|----------------|-------------------|-------------|----------------|
| American Beacon Intl Eq Index Inst | -0.64  | 23.40              | 0.08         | 0.09  | 1.02 | 0.99      | 2.90           | 0.04              | 23.47       | 08/01/2000     |
| MSCI EAFE (Net)                    | -0.63  | 22.78              | 0.08         | 0.00  | 1.00 | 1.00      | 0.00           | N/A               | 22.85       | 08/01/2000     |
| 90 Day U.S. Treasury Bill          | 0.27   | 0.17               | N/A          | 0.28  | 0.00 | 0.16      | 22.85          | -0.08             | 0.00        | 08/01/2000     |

**Peer Group Scattergram (07/01/08 to 06/30/13)**



|                                    | Return | Standard Deviation |
|------------------------------------|--------|--------------------|
| American Beacon Intl Eq Index Inst | -0.64  | 23.40              |
| MSCI EAFE (Net)                    | -0.63  | 22.78              |
| Median                             | -0.78  | 23.37              |

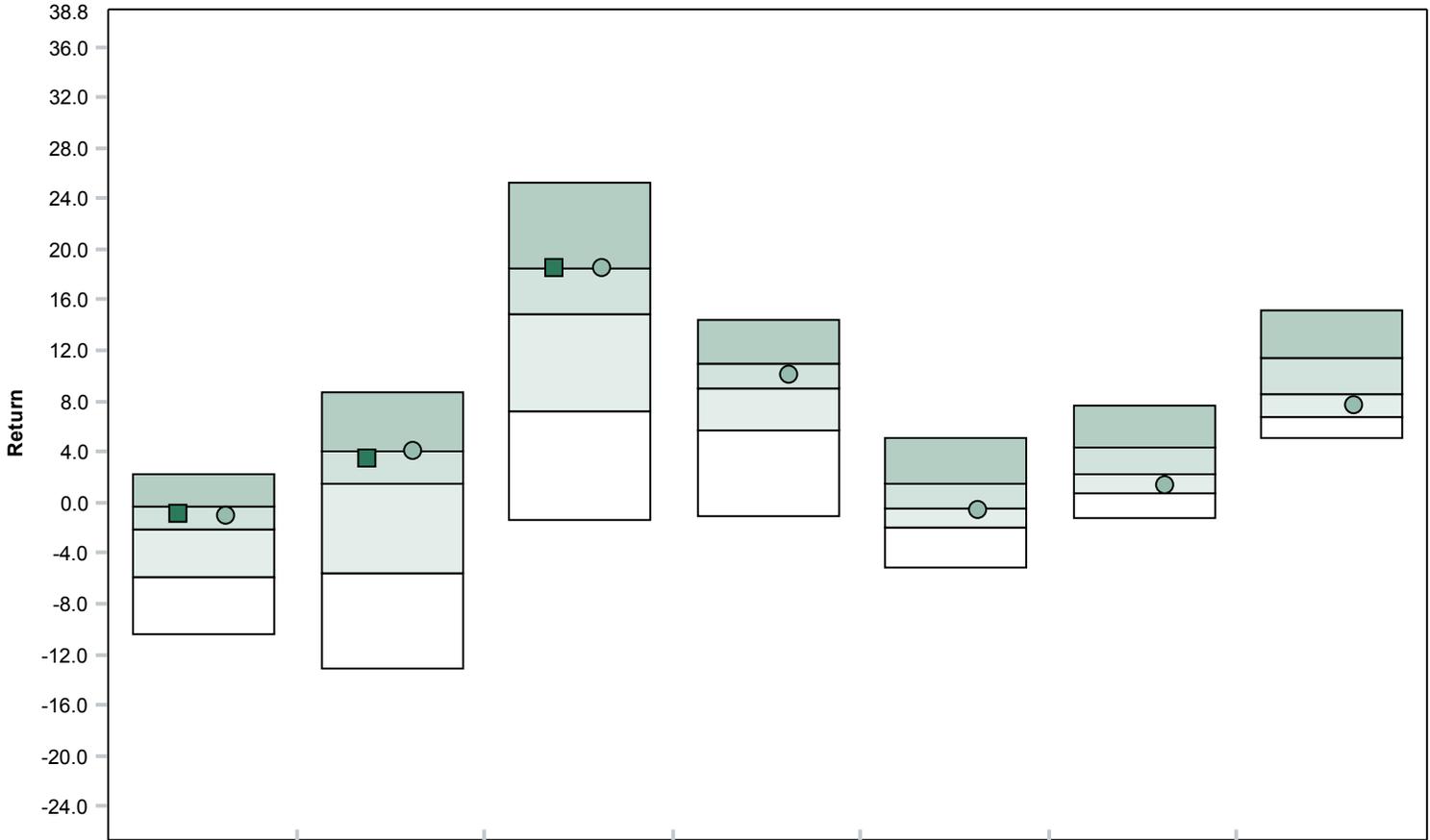
**Up Down Market Capture**



\* Monthly periodicity used.

Vanguard Developed Markets Index Admiral

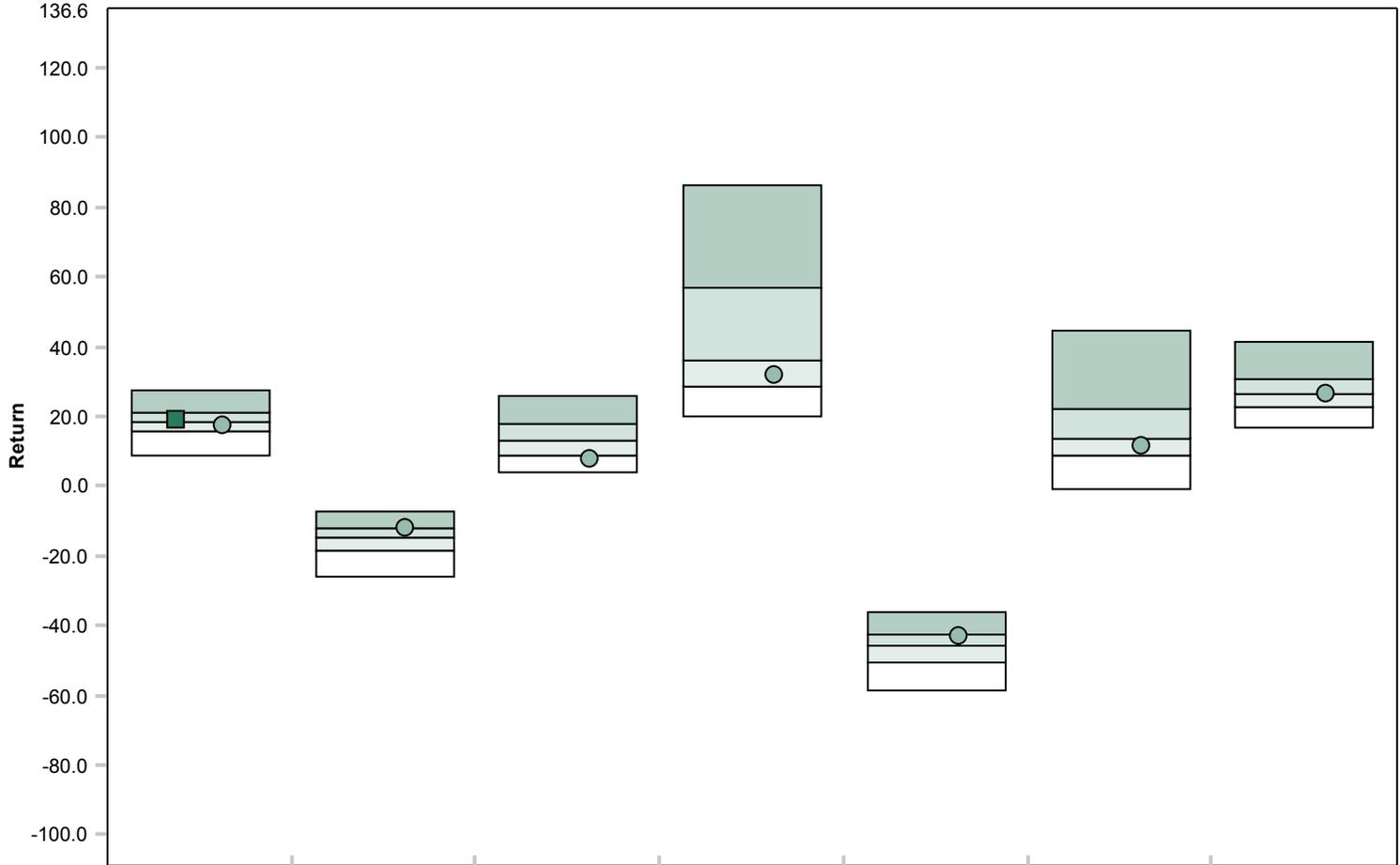
Peer Group Analysis - IM International Equity (MF)



|  | 1 Quarter  | Year To Date | 1 Year     | 3 Years    | 5 Years    | 7 Years   | 10 Years  |
|--|------------|--------------|------------|------------|------------|-----------|-----------|
| ■ Vanguard Developed Markets Index Admiral | -0.92 (35) | 3.50 (29)    | 18.46 (26) | N/A        | N/A        | N/A       | N/A       |
| ● Vanguard Developed Market Policy Index   | -1.08 (38) | 4.00 (26)    | 18.50 (26) | 10.00 (38) | -0.65 (53) | 1.35 (64) | 7.66 (61) |
| 5th Percentile                             | 2.21       | 8.77         | 25.32      | 14.35      | 5.13       | 7.69      | 15.13     |
| 1st Quartile                               | -0.27      | 4.01         | 18.52      | 10.89      | 1.41       | 4.35      | 11.39     |
| Median                                     | -2.07      | 1.48         | 14.81      | 9.07       | -0.45      | 2.21      | 8.61      |
| 3rd Quartile                               | -5.84      | -5.53        | 7.13       | 5.64       | -2.00      | 0.67      | 6.81      |
| 95th Percentile                            | -10.48     | -13.19       | -1.36      | -1.10      | -5.20      | -1.18     | 5.12      |

Vanguard Developed Markets Index Admiral

Peer Group Analysis - IM International Equity (MF)



|  | 2012       | 2011        | 2010      | 2009       | 2008        | 2007       | 2006       |
|--|------------|-------------|-----------|------------|-------------|------------|------------|
| ■ Vanguard Developed Markets Index Admiral | 18.91 (46) | N/A         | N/A       | N/A        | N/A         | N/A        | N/A        |
| ● Vanguard Developed Market Policy Index   | 17.32 (64) | -12.14 (27) | 7.75 (80) | 31.78 (64) | -43.38 (33) | 11.17 (63) | 26.34 (48) |
| 5th Percentile                             | 27.61      | -7.14       | 26.13     | 86.05      | -36.41      | 44.49      | 41.23      |
| 1st Quartile                               | 21.28      | -11.98      | 18.10     | 56.99      | -42.40      | 22.08      | 30.43      |
| Median                                     | 18.58      | -14.91      | 12.94     | 36.19      | -45.97      | 13.33      | 26.15      |
| 3rd Quartile                               | 15.84      | -18.64      | 8.57      | 28.47      | -50.71      | 8.83       | 22.92      |
| 95th Percentile                            | 8.91       | -26.07      | 3.98      | 19.78      | -58.37      | -0.88      | 16.55      |

## Vanguard Developed Markets Index Admiral

### Fund Information

|                  |  |                     |  |
|------------------|--|---------------------|--|
| Fund Name :      | Vanguard STAR Funds: Vanguard Developed Markets Index Fund; Admiral Class Shares | Portfolio Assets :  | \$13,980 Million                       |
| Fund Family :    | Vanguard Group Inc   | Portfolio Manager : | Donald Butler                          |
| Ticker :         | VDMAX  | PM Tenure :         | 2011                                   |
| Inception Date : | 09/27/2011   | Fund Style :        | IM International Equity (MF)           |
| Fund Assets :    | \$2,210 Million  | Style Benchmark :   | Vanguard Developed Market Policy Index |

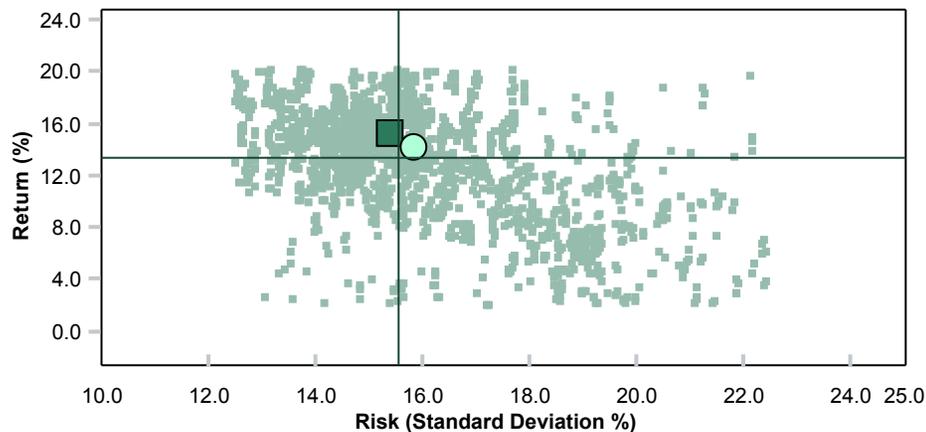
### Fund Investment Policy

The Fund seeks to track the performance of the MSCI Europe, Australia, and Far East (EAFE) Index. The Fund seeks to achieve its investment objective by investing in other Vanguard mutual Funds and/or directly in securities included in the Index.

### Historical Statistics (10/01/11 - 06/30/13) \*

|  | Return | Standard Deviation | Sharpe Ratio | Alpha | Beta | R-Squared | Tracking Error | Information Ratio | Excess Risk | Inception Date |
|--|--------|--------------------|--------------|-------|------|-----------|----------------|-------------------|-------------|----------------|
| Vanguard Developed Markets Index Admiral | 15.16  | 15.42              | 0.99         | 1.43  | 0.96 | 0.97      | 2.72           | 0.30              | 15.42       | 10/01/2011     |
| Vanguard Developed Market Policy Index   | 14.16  | 15.84              | 0.92         | 0.00  | 1.00 | 1.00      | 0.00           | N/A               | 15.84       | 10/01/2011     |
| 90 Day U.S. Treasury Bill                | 0.07   | 0.02               | N/A          | 0.07  | 0.00 | 0.01      | 15.84          | -0.92             | 0.00        | 10/01/2011     |

### Peer Group Scattergram (10/01/11 to 06/30/13)



|  | Return | Standard Deviation |
|--|--------|--------------------|
| ■ Vanguard Developed Markets Index Admiral | 15.16  | 15.42              |
| ○ Vanguard Developed Market Policy Index   | 14.16  | 15.84              |
| — Median                                   | 13.34  | 15.56              |

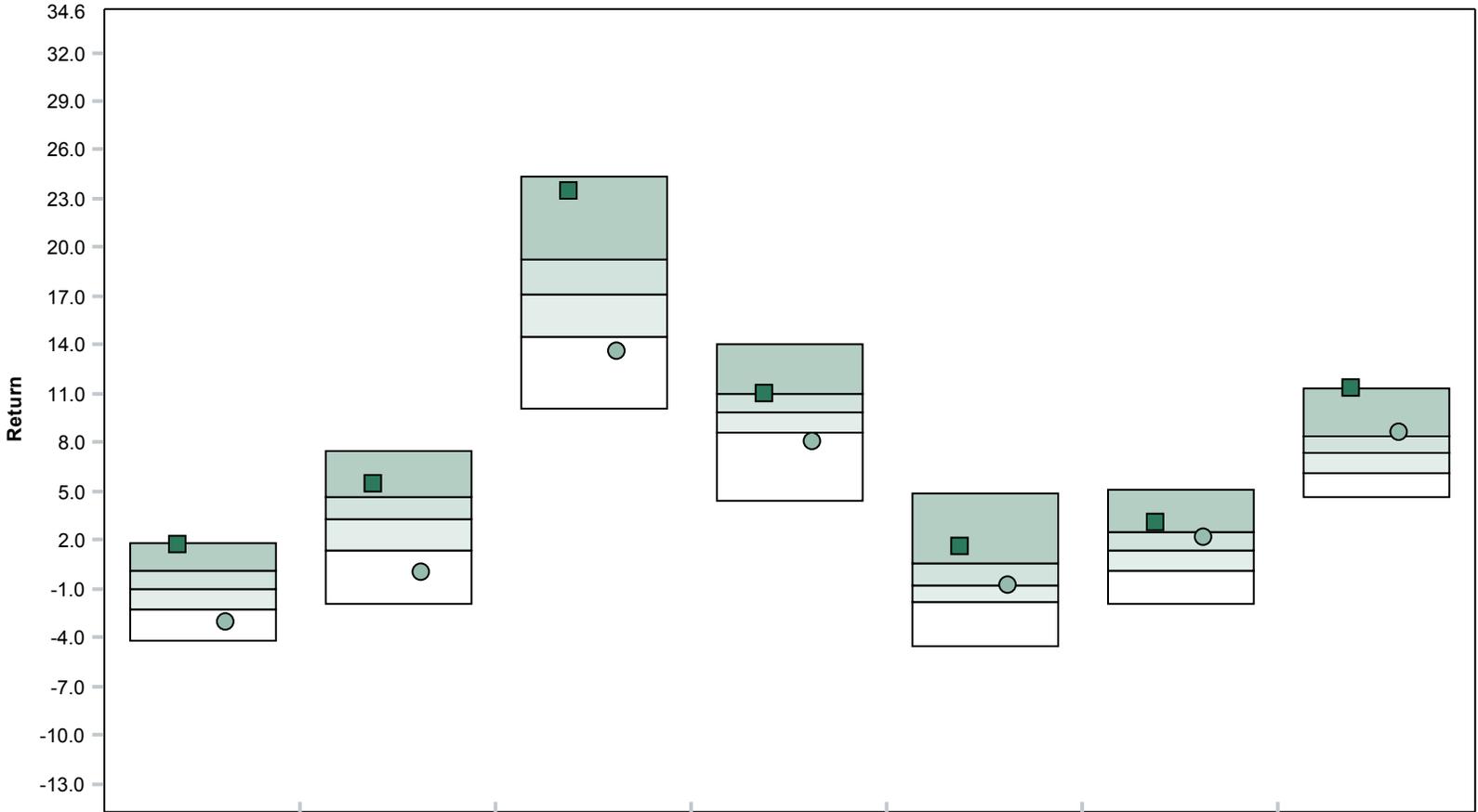
### Up Down Market Capture

No data found.

\* Monthly periodicity used.

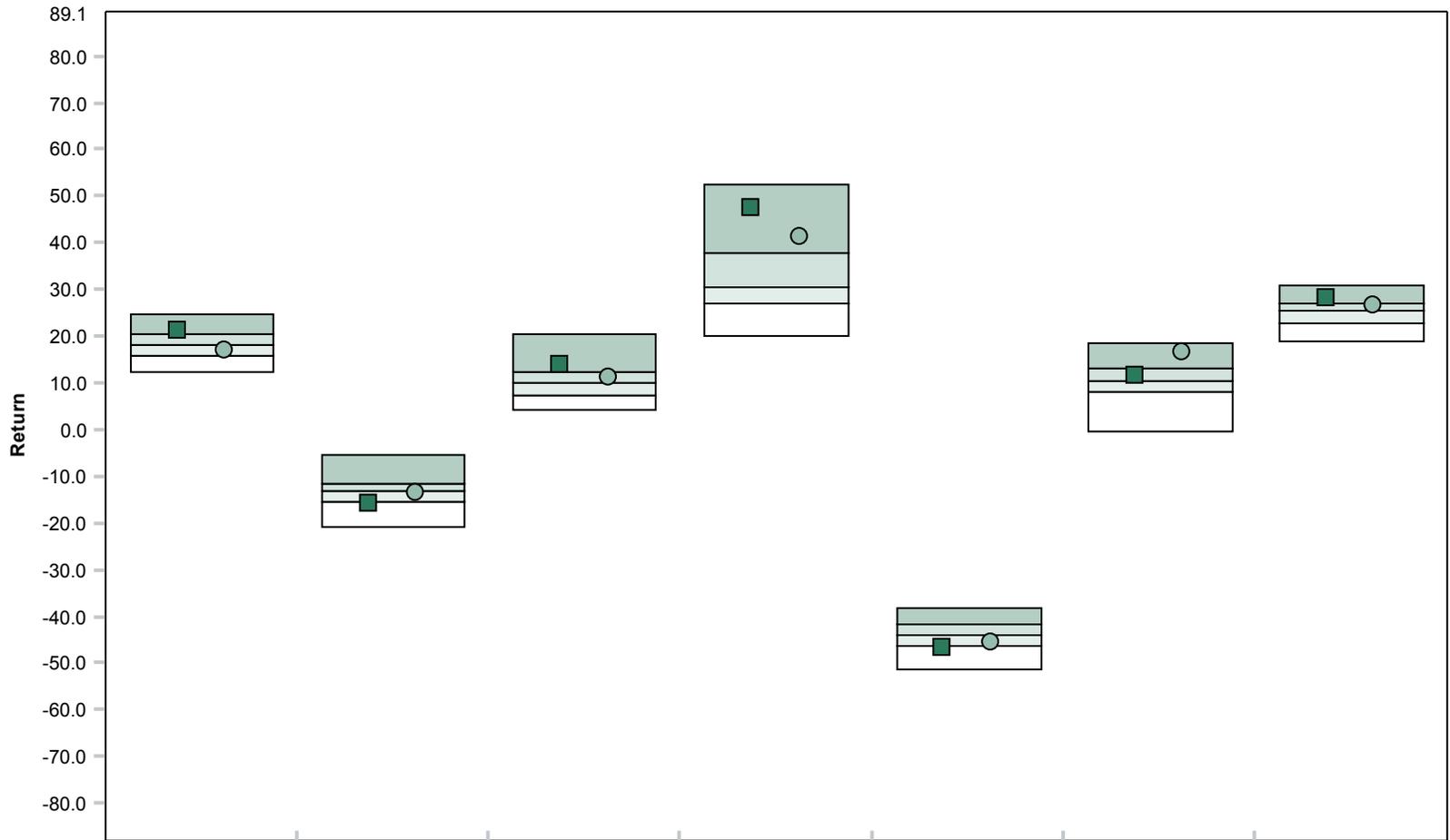
Dodge & Cox International Stock

Peer Group Analysis - IM International Core Equity (MF)



|                                   | 1 Quarter  | Year To Date | 1 Year     | 3 Years    | 5 Years    | 7 Years   | 10 Years  |
|-----------------------------------|------------|--------------|------------|------------|------------|-----------|-----------|
| ■ Dodge & Cox International Stock | 1.70 (6)   | 5.40 (17)    | 23.47 (9)  | 10.99 (26) | 1.61 (18)  | 3.02 (23) | 11.32 (5) |
| ● MSCI AC World ex USA (Net)      | -3.11 (89) | -0.04 (85)   | 13.63 (79) | 7.99 (83)  | -0.80 (51) | 2.18 (30) | 8.62 (23) |
| 5th Percentile                    | 1.76       | 7.48         | 24.40      | 14.08      | 4.86       | 5.09      | 11.28     |
| 1st Quartile                      | 0.05       | 4.64         | 19.31      | 10.99      | 0.56       | 2.52      | 8.39      |
| Median                            | -1.00      | 3.22         | 17.09      | 9.82       | -0.78      | 1.29      | 7.30      |
| 3rd Quartile                      | -2.24      | 1.30         | 14.53      | 8.58       | -1.87      | 0.14      | 6.12      |
| 95th Percentile                   | -4.22      | -1.99        | 10.04      | 4.38       | -4.60      | -1.99     | 4.62      |

Peer Group Analysis - IM International Core Equity (MF)



|                                   | 2012       | 2011        | 2010       | 2009       | 2008        | 2007       | 2006       |
|-----------------------------------|------------|-------------|------------|------------|-------------|------------|------------|
| ■ Dodge & Cox International Stock | 21.03 (21) | -15.97 (81) | 13.69 (18) | 47.46 (10) | -46.69 (77) | 11.71 (39) | 28.01 (18) |
| ● MSCI AC World ex USA (Net)      | 16.83 (66) | -13.71 (56) | 11.15 (37) | 41.45 (18) | -45.53 (66) | 16.65 (9)  | 26.65 (30) |
| 5th Percentile                    | 24.77      | -5.61       | 20.29      | 52.66      | -38.31      | 18.41      | 30.98      |
| 1st Quartile                      | 20.36      | -11.44      | 12.43      | 37.68      | -41.70      | 13.19      | 27.11      |
| Median                            | 18.03      | -13.26      | 10.05      | 30.30      | -43.93      | 10.58      | 25.27      |
| 3rd Quartile                      | 15.92      | -15.55      | 7.43       | 26.99      | -46.41      | 8.10       | 22.93      |
| 95th Percentile                   | 12.42      | -20.88      | 4.33       | 19.87      | -51.57      | -0.51      | 18.84      |

**Dodge & Cox International Stock**

**Fund Information**

Fund Name : Dodge & Cox Funds: Dodge & Cox International Stock Fund  
 Fund Family : Dodge & Cox  
 Ticker : DODFX  
 Inception Date : 05/01/2001  
 Fund Assets : \$44,729 Million  
 Portfolio Turnover : 10%

Portfolio Assets : \$44,729 Million  
 Portfolio Manager : Team Managed  
 PM Tenure :  
 Fund Style : IM International Core Equity (MF)  
 Style Benchmark : MSCI AC World ex USA (Net)

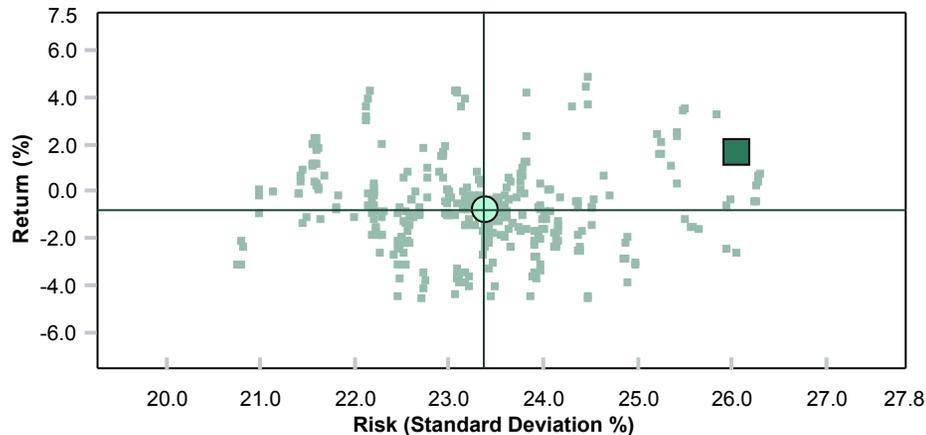
**Fund Investment Policy**

The Fund seeks long-term growth of principal and income by investing primarily in a diversified portfolio of equity securities issued by non-U.S. companies from at least three different foreign countries, including emerging markets.

**Historical Statistics (07/01/08 - 06/30/13) \***

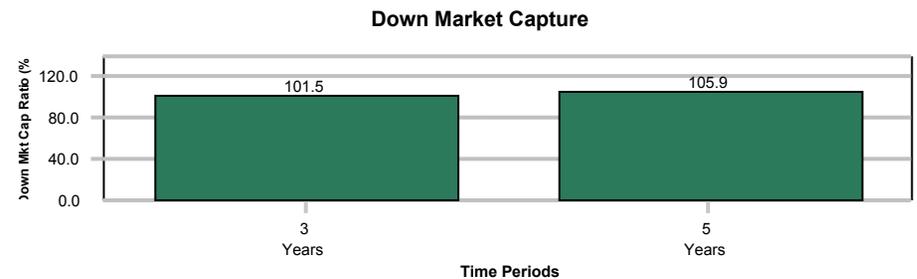
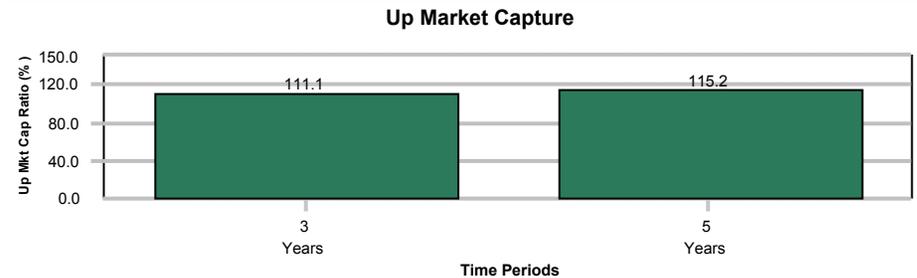
|                                 | Return | Standard Deviation | Sharpe Ratio | Alpha | Beta | R-Squared | Tracking Error | Information Ratio | Excess Risk | Inception Date |
|---------------------------------|--------|--------------------|--------------|-------|------|-----------|----------------|-------------------|-------------|----------------|
| Dodge & Cox International Stock | 1.61   | 26.07              | 0.18         | 2.91  | 1.10 | 0.98      | 4.73           | 0.65              | 26.13       | 06/01/2001     |
| MSCI AC World ex USA (Net)      | -0.80  | 23.39              | 0.07         | 0.00  | 1.00 | 1.00      | 0.00           | N/A               | 23.46       | 06/01/2001     |
| 90 Day U.S. Treasury Bill       | 0.27   | 0.17               | N/A          | 0.28  | 0.00 | 0.18      | 23.46          | -0.07             | 0.00        | 06/01/2001     |

**Peer Group Scattergram (07/01/08 to 06/30/13)**



|                                   | Return | Standard Deviation |
|-----------------------------------|--------|--------------------|
| ■ Dodge & Cox International Stock | 1.61   | 26.07              |
| ● MSCI AC World ex USA (Net)      | -0.80  | 23.39              |
| — Median                          | -0.78  | 23.37              |

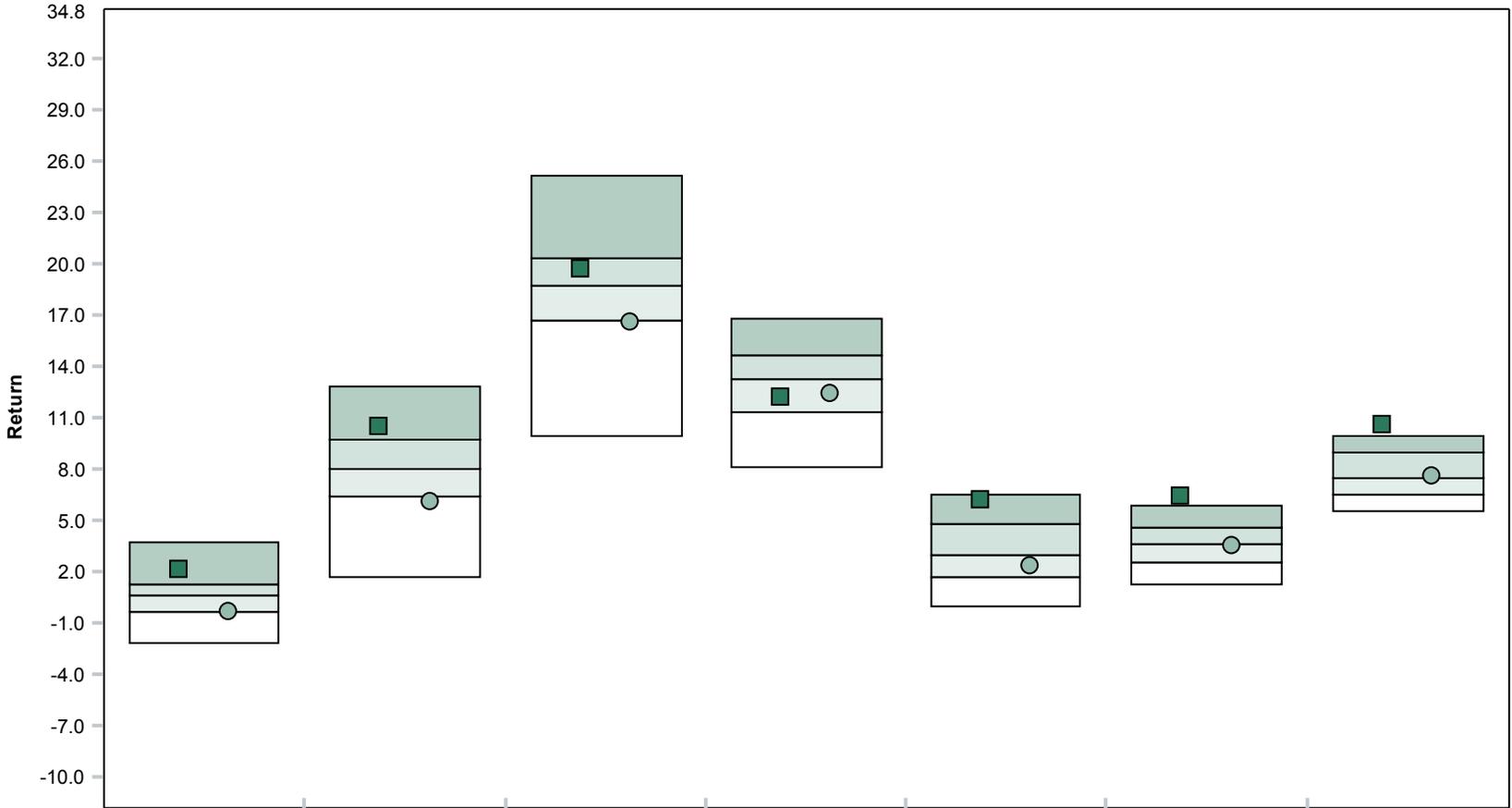
**Up Down Market Capture**



\* Monthly periodicity used.

Mutual Global Discovery Z

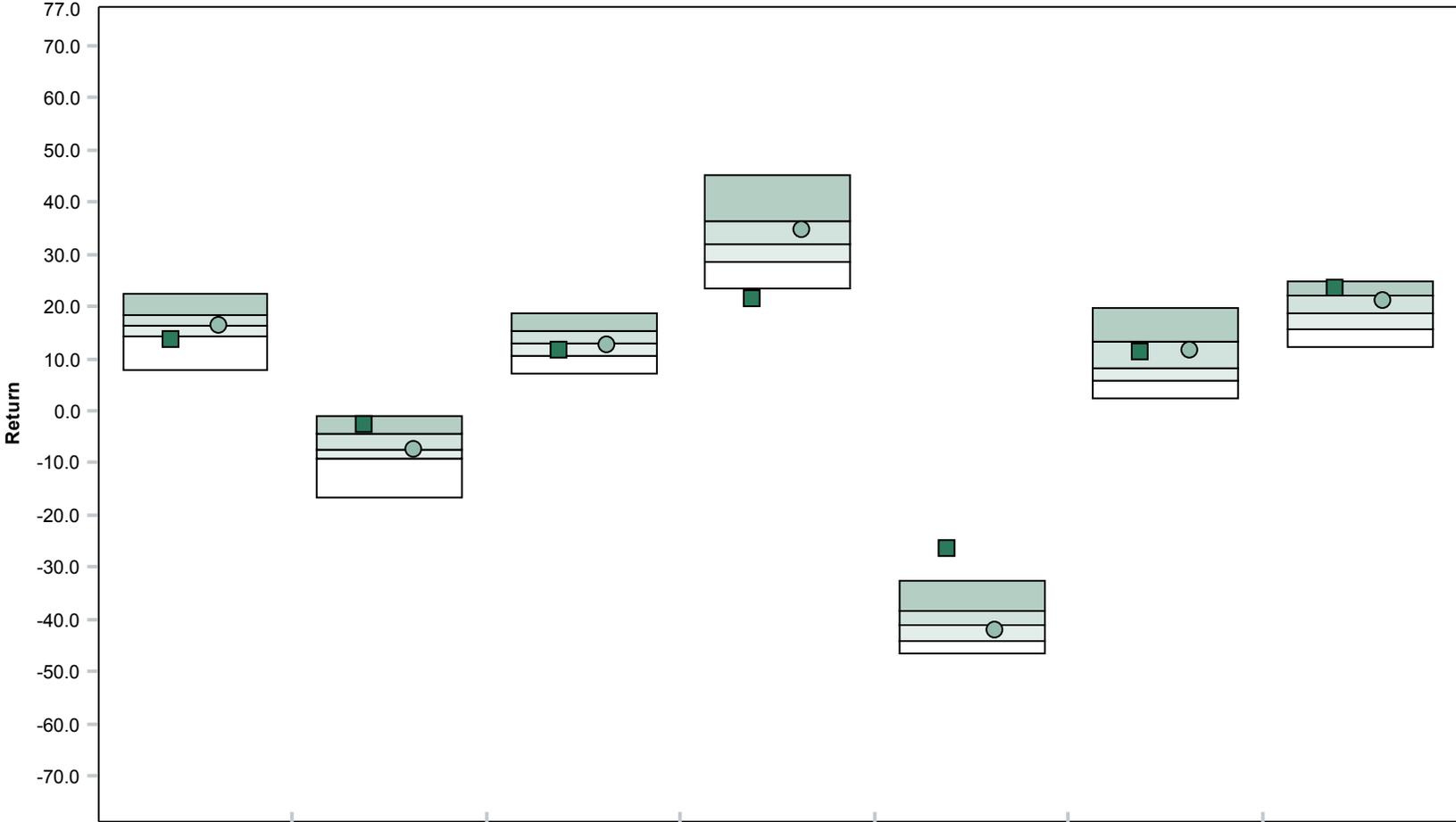
Peer Group Analysis - IM Global Core Equity (MF)



|                             | 1 Quarter  | Year To Date | 1 Year     | 3 Years    | 5 Years   | 7 Years   | 10 Years  |
|-----------------------------|------------|--------------|------------|------------|-----------|-----------|-----------|
| ■ Mutual Global Discovery Z | 2.03 (13)  | 10.44 (16)   | 19.67 (32) | 12.19 (66) | 6.10 (7)  | 6.34 (4)  | 10.53 (1) |
| ● MSCI AC World Index (Net) | -0.42 (78) | 6.05 (79)    | 16.57 (76) | 12.36 (63) | 2.30 (60) | 3.51 (54) | 7.59 (48) |
| 5th Percentile              | 3.72       | 12.77        | 25.16      | 16.75      | 6.50      | 5.78      | 9.87      |
| 1st Quartile                | 1.26       | 9.69         | 20.30      | 14.63      | 4.74      | 4.57      | 8.93      |
| Median                      | 0.61       | 8.01         | 18.72      | 13.24      | 2.91      | 3.57      | 7.41      |
| 3rd Quartile                | -0.37      | 6.38         | 16.67      | 11.24      | 1.63      | 2.52      | 6.50      |
| 95th Percentile             | -2.26      | 1.65         | 9.88       | 8.09       | -0.07     | 1.21      | 5.47      |

Mutual Global Discovery Z

Peer Group Analysis - IM Global Core Equity (MF)



|                             | 2012       | 2011       | 2010       | 2009       | 2008        | 2007       | 2006       |
|-----------------------------|------------|------------|------------|------------|-------------|------------|------------|
| ■ Mutual Global Discovery Z | 13.65 (79) | -2.68 (11) | 11.37 (67) | 21.31 (98) | -26.55 (1)  | 11.32 (29) | 23.43 (15) |
| ● MSCI AC World Index (Net) | 16.13 (51) | -7.35 (51) | 12.67 (53) | 34.63 (36) | -42.19 (68) | 11.66 (29) | 20.95 (39) |
| 5th Percentile              | 22.52      | -0.97      | 18.76      | 44.95      | -32.67      | 19.71      | 24.88      |
| 1st Quartile                | 18.24      | -4.43      | 15.15      | 36.18      | -38.36      | 13.31      | 22.21      |
| Median                      | 16.18      | -7.32      | 12.95      | 31.80      | -40.92      | 8.25       | 18.79      |
| 3rd Quartile                | 14.13      | -9.09      | 10.53      | 28.61      | -44.01      | 5.90       | 15.49      |
| 95th Percentile             | 7.86       | -16.68     | 7.14       | 23.35      | -46.66      | 2.36       | 12.32      |

## Mutual Global Discovery Z

### Fund Information

|                  |  |                     |                                |
|------------------|--|---------------------|--------------------------------|
| Fund Name :      | Franklin Mutual Series Funds: Mutual Global Discovery Fund; Class Z Shares | Portfolio Assets :  | \$20,837 Million               |
| Fund Family :    | Franklin Templeton Investments   | Portfolio Manager : | Langerman/Brugere-Trelat/Ranki |
| Ticker :         | MDISX  | PM Tenure :         | 2009--2009--2013               |
| Inception Date : | 12/31/1992   | Fund Style :        | IM Global Core Equity (MF)     |
| Fund Assets :    | \$8,609 Million  | Style Benchmark :   | MSCI AC World Index (Net)      |

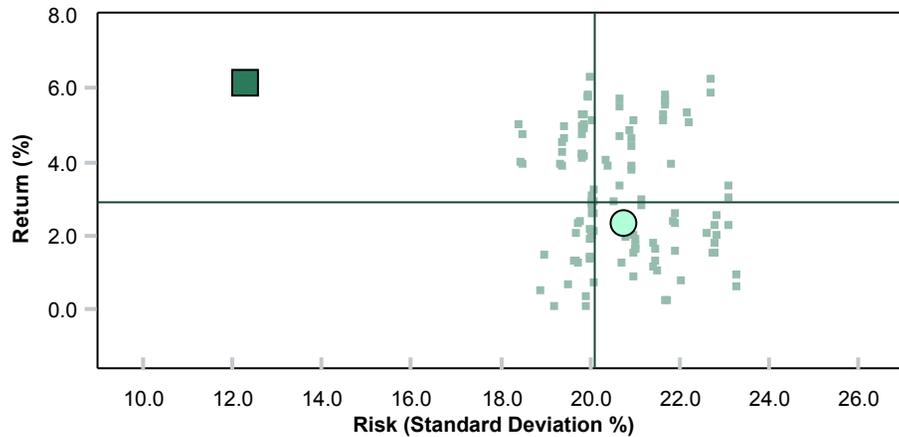
### Fund Investment Policy

The Fund seeks capital appreciation. Under normal market conditions, the Fund invests mainly in equity securities of companies that the Manager believes are available at market prices less than their value based on certain recognized criteria. The fund generally invests a majority of its assets in foreign securities.

### Historical Statistics (07/01/08 - 06/30/13) \*

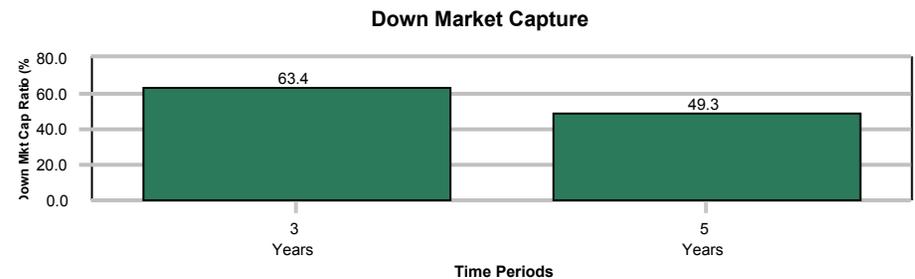
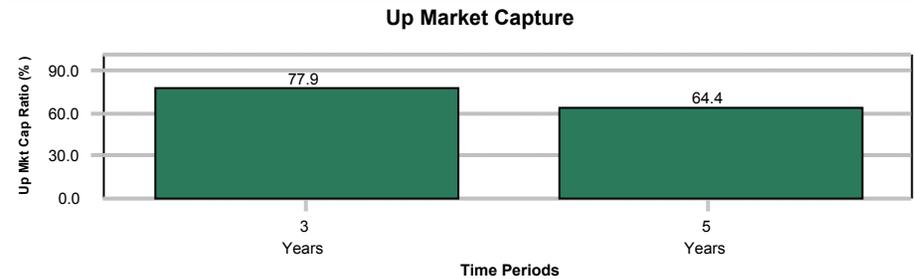
|                           | Return | Standard Deviation | Sharpe Ratio | Alpha | Beta | R-Squared | Tracking Error | Information Ratio | Excess Risk | Inception Date |
|---------------------------|--------|--------------------|--------------|-------|------|-----------|----------------|-------------------|-------------|----------------|
| Mutual Global Discovery Z | 6.10   | 12.34              | 0.52         | 4.31  | 0.55 | 0.86      | 10.38          | 0.21              | 12.40       | 01/01/1993     |
| MSCI AC World Index (Net) | 2.30   | 20.76              | 0.20         | 0.00  | 1.00 | 1.00      | 0.00           | N/A               | 20.84       | 01/01/1993     |
| 90 Day U.S. Treasury Bill | 0.27   | 0.17               | N/A          | 0.29  | 0.00 | 0.17      | 20.84          | -0.20             | 0.00        | 01/01/1993     |

### Peer Group Scattergram (07/01/08 to 06/30/13)



|                             | Return | Standard Deviation |
|-----------------------------|--------|--------------------|
| ■ Mutual Global Discovery Z | 6.10   | 12.34              |
| ○ MSCI AC World Index (Net) | 2.30   | 20.76              |
| — Median                    | 2.91   | 20.11              |

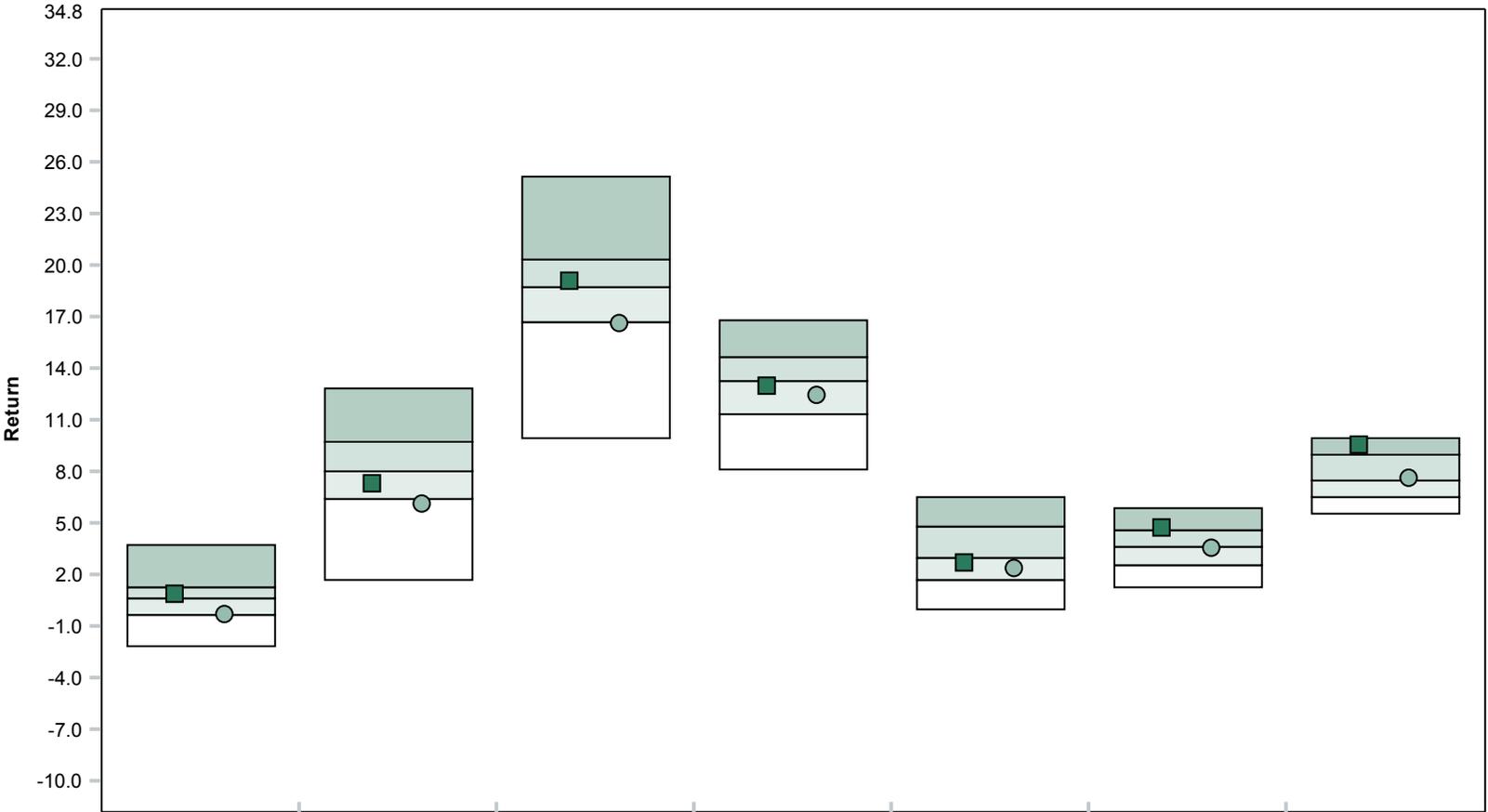
### Up Down Market Capture



\* Monthly periodicity used.

American Funds Cap Wrld G&I

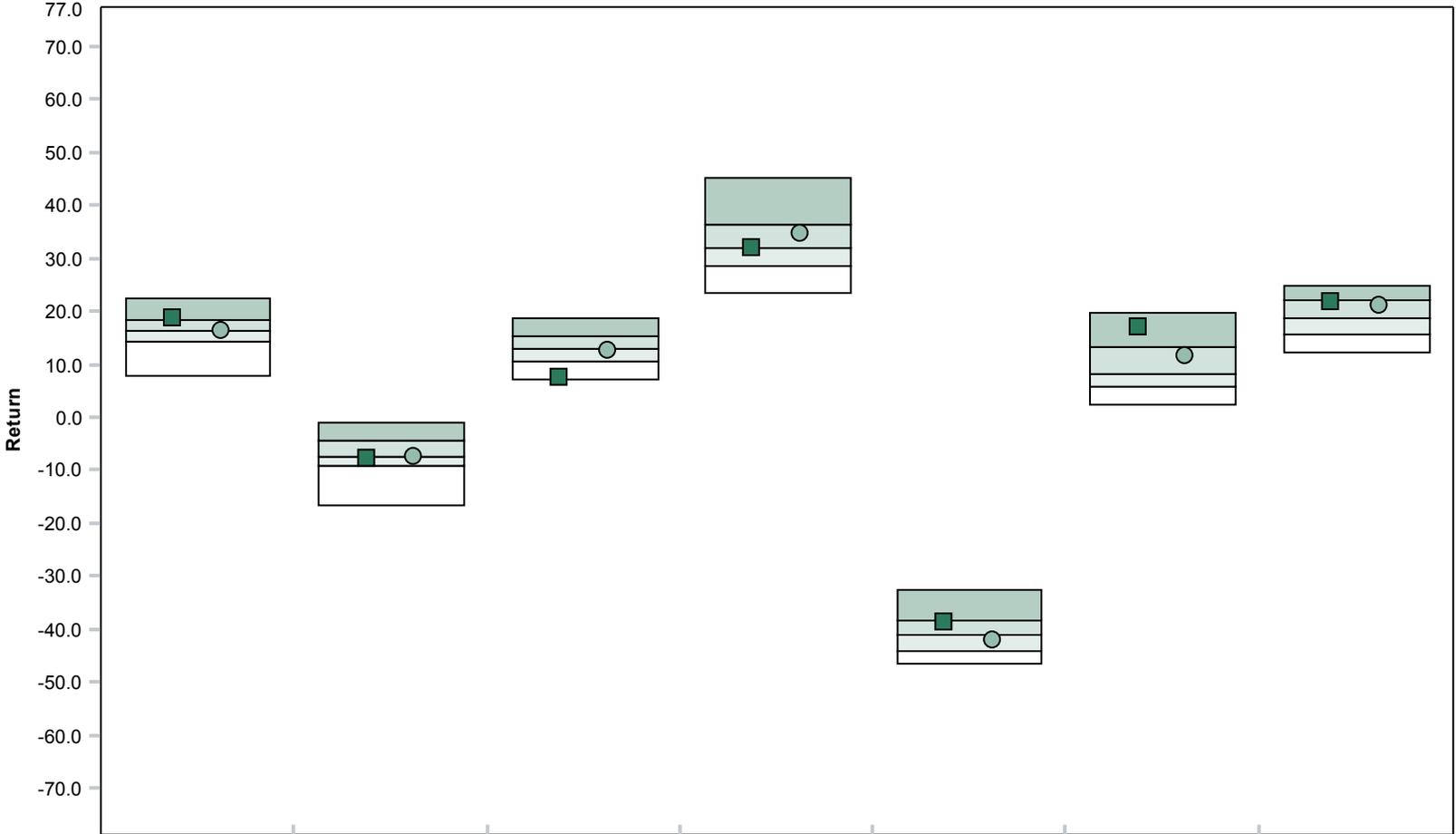
Peer Group Analysis - IM Global Core Equity (MF)



|                               | 1 Quarter  | Year To Date | 1 Year     | 3 Years    | 5 Years   | 7 Years   | 10 Years  |
|-------------------------------|------------|--------------|------------|------------|-----------|-----------|-----------|
| ■ American Funds Cap Wrld G&I | 0.77 (41)  | 7.21 (63)    | 18.97 (47) | 12.91 (55) | 2.59 (55) | 4.59 (25) | 9.44 (16) |
| ● MSCI AC World Index (Net)   | -0.42 (78) | 6.05 (79)    | 16.57 (76) | 12.36 (63) | 2.30 (60) | 3.51 (54) | 7.59 (48) |
| 5th Percentile                | 3.72       | 12.77        | 25.16      | 16.75      | 6.50      | 5.78      | 9.87      |
| 1st Quartile                  | 1.26       | 9.69         | 20.30      | 14.63      | 4.74      | 4.57      | 8.93      |
| Median                        | 0.61       | 8.01         | 18.72      | 13.24      | 2.91      | 3.57      | 7.41      |
| 3rd Quartile                  | -0.37      | 6.38         | 16.67      | 11.24      | 1.63      | 2.52      | 6.50      |
| 95th Percentile               | -2.26      | 1.65         | 9.88       | 8.09       | -0.07     | 1.21      | 5.47      |

American Funds Cap Wrld G&I

Peer Group Analysis - IM Global Core Equity (MF)



|                               | 2012       | 2011       | 2010       | 2009       | 2008        | 2007       | 2006       |
|-------------------------------|------------|------------|------------|------------|-------------|------------|------------|
| ■ American Funds Cap Wrld G&I | 18.77 (23) | -7.84 (58) | 7.40 (93)  | 31.88 (49) | -38.60 (29) | 17.09 (13) | 21.85 (29) |
| ● MSCI AC World Index (Net)   | 16.13 (51) | -7.35 (51) | 12.67 (53) | 34.63 (36) | -42.19 (68) | 11.66 (29) | 20.95 (39) |
| 5th Percentile                | 22.52      | -0.97      | 18.76      | 44.95      | -32.67      | 19.71      | 24.88      |
| 1st Quartile                  | 18.24      | -4.43      | 15.15      | 36.18      | -38.36      | 13.31      | 22.21      |
| Median                        | 16.18      | -7.32      | 12.95      | 31.80      | -40.92      | 8.25       | 18.79      |
| 3rd Quartile                  | 14.13      | -9.09      | 10.53      | 28.61      | -44.01      | 5.90       | 15.49      |
| 95th Percentile               | 7.86       | -16.68     | 7.14       | 23.35      | -46.66      | 2.36       | 12.32      |

**American Funds Cap Wrld G&I**

**Fund Information**

Fund Name : Capital World Growth & Income Fund; Class R-3 Shares  
 Fund Family : American Funds  
 Ticker : RWICX  
 Inception Date : 06/06/2002  
 Fund Assets : \$2,499 Million  
 Portfolio Turnover : 23%

Portfolio Assets : \$76,495 Million  
 Portfolio Manager : Team Managed  
 PM Tenure :  
 Fund Style : IM Global Core Equity (MF)  
 Style Benchmark : MSCI AC World Index (Net)

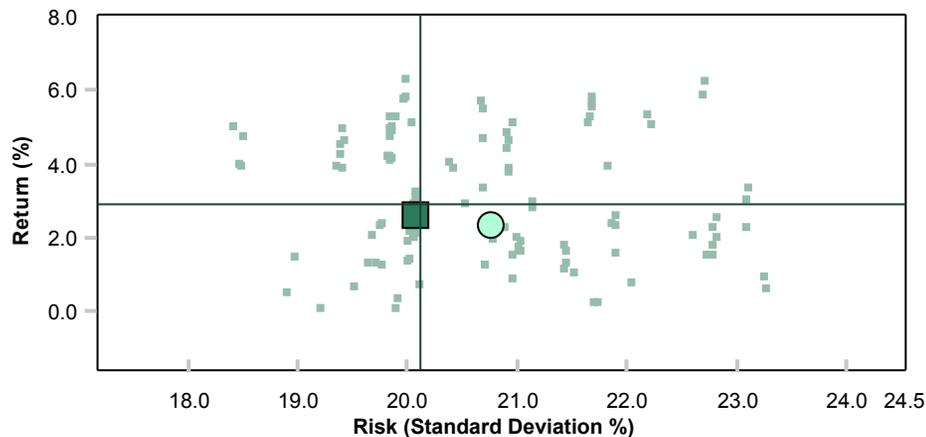
**Fund Investment Policy**

The Fund seeks long-term growth of capital while providing current income. The Fund invests primarily in stocks of well-established companies located around the world and that the investment adviser believes to be relatively resilient to market declines.

**Historical Statistics (07/01/08 - 06/30/13) \***

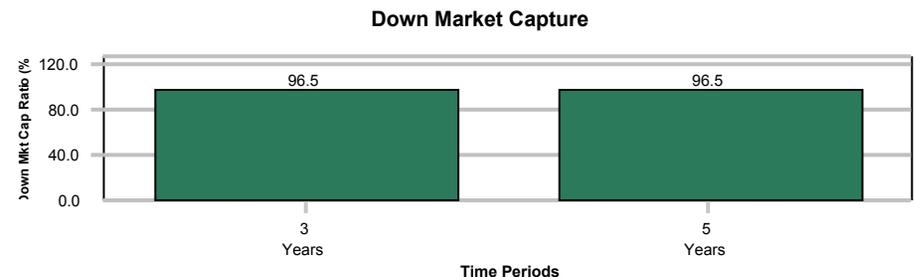
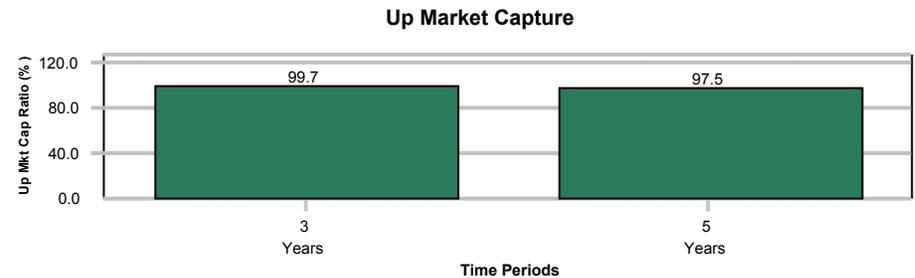
|                             | Return | Standard Deviation | Sharpe Ratio | Alpha | Beta | R-Squared | Tracking Error | Information Ratio | Excess Risk | Inception Date |
|-----------------------------|--------|--------------------|--------------|-------|------|-----------|----------------|-------------------|-------------|----------------|
| American Funds Cap Wrld G&I | 2.59   | 20.08              | 0.22         | 0.34  | 0.95 | 0.97      | 3.34           | 0.04              | 20.15       | 07/01/2002     |
| MSCI AC World Index (Net)   | 2.30   | 20.76              | 0.20         | 0.00  | 1.00 | 1.00      | 0.00           | N/A               | 20.84       | 07/01/2002     |
| 90 Day U.S. Treasury Bill   | 0.27   | 0.17               | N/A          | 0.29  | 0.00 | 0.17      | 20.84          | -0.20             | 0.00        | 07/01/2002     |

**Peer Group Scattergram (07/01/08 to 06/30/13)**



|                             | Return | Standard Deviation |
|-----------------------------|--------|--------------------|
| American Funds Cap Wrld G&I | 2.59   | 20.08              |
| MSCI AC World Index (Net)   | 2.30   | 20.76              |
| — Median                    | 2.91   | 20.11              |

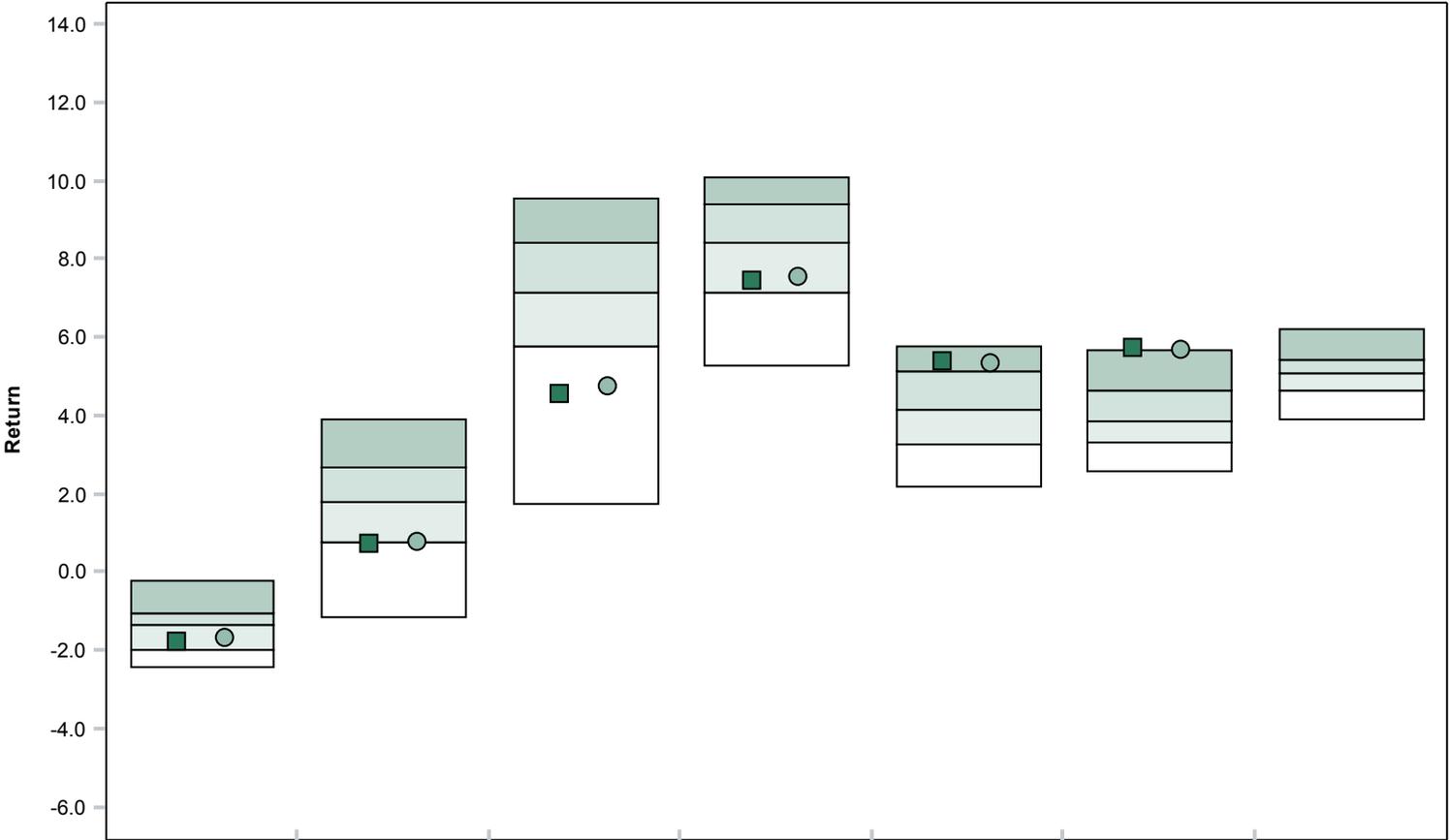
**Up Down Market Capture**



\* Monthly periodicity used.

Vanguard Target Retirement Income Inv

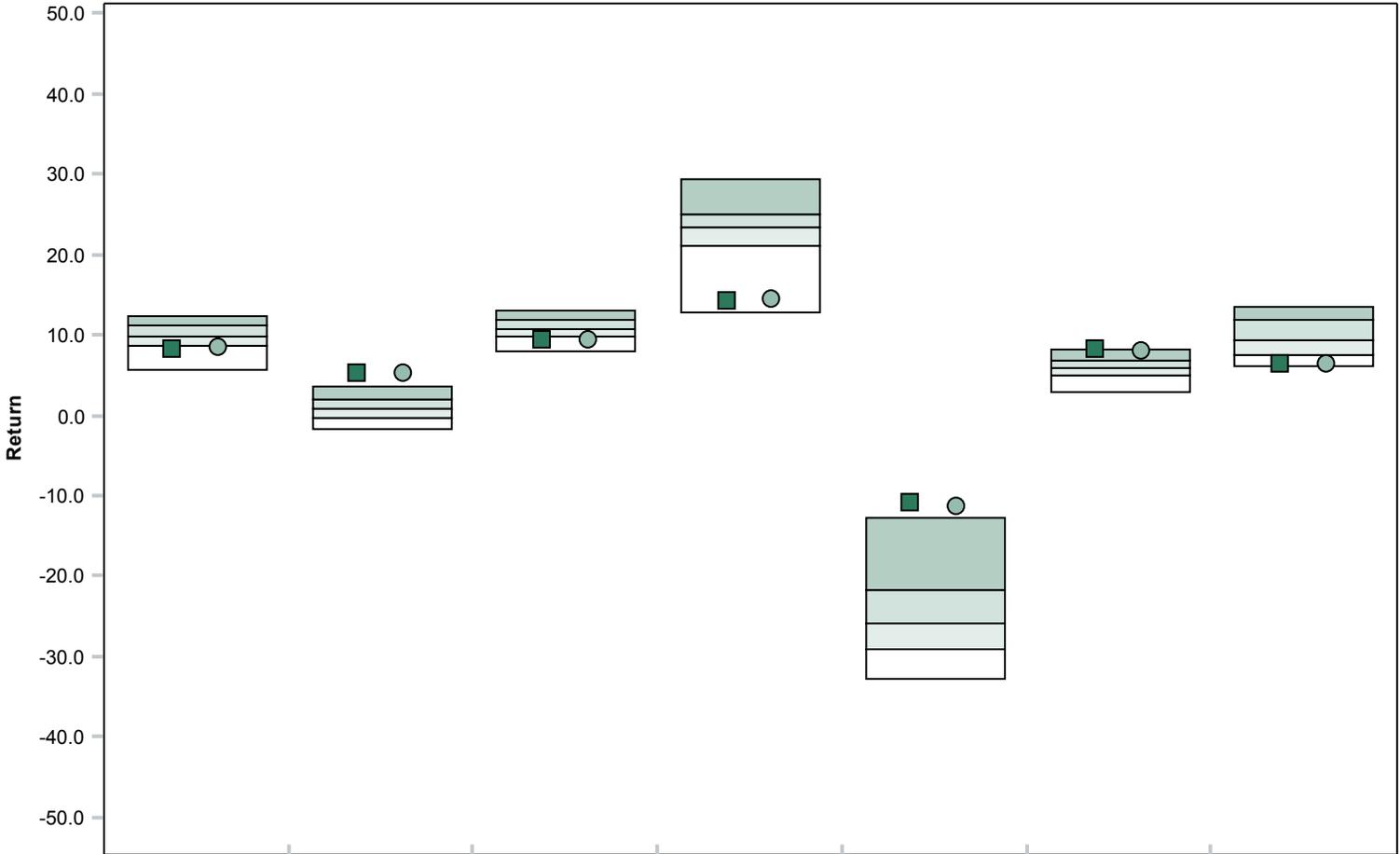
Peer Group Analysis - IM Mixed-Asset Target 2010 (MF)



|  | 1 Quarter  | Year To Date | 1 Year    | 3 Years   | 5 Years   | 7 Years  | 10 Years |
|--|------------|--------------|-----------|-----------|-----------|----------|----------|
| ■ Vanguard Target Retirement Income Inv  | -1.80 (68) | 0.69 (76)    | 4.52 (91) | 7.43 (68) | 5.36 (14) | 5.70 (5) | N/A      |
| ● Vanguard Target Income Composite Index | -1.69 (64) | 0.74 (76)    | 4.72 (86) | 7.52 (67) | 5.34 (14) | 5.66 (6) | N/A      |
| 5th Percentile                           | -0.20      | 3.89         | 9.52      | 10.10     | 5.74      | 5.68     | 6.21     |
| 1st Quartile                             | -1.06      | 2.68         | 8.43      | 9.41      | 5.14      | 4.63     | 5.41     |
| Median                                   | -1.36      | 1.81         | 7.14      | 8.43      | 4.12      | 3.83     | 5.08     |
| 3rd Quartile                             | -1.97      | 0.76         | 5.75      | 7.12      | 3.27      | 3.29     | 4.66     |
| 95th Percentile                          | -2.45      | -1.14        | 1.75      | 5.25      | 2.21      | 2.59     | 3.88     |

Vanguard Target Retirement Income Inv

Peer Group Analysis - IM Mixed-Asset Target 2010 (MF)



|  | 2012      | 2011     | 2010      | 2009       | 2008       | 2007     | 2006      |
|--|-----------|----------|-----------|------------|------------|----------|-----------|
| ■ Vanguard Target Retirement Income Inv  | 8.23 (80) | 5.25 (1) | 9.39 (85) | 14.28 (95) | -10.93 (3) | 8.17 (4) | 6.38 (91) |
| ● Vanguard Target Income Composite Index | 8.40 (78) | 5.31 (1) | 9.42 (85) | 14.32 (95) | -11.35 (4) | 8.08 (6) | 6.45 (90) |
| 5th Percentile                           | 12.39     | 3.52     | 13.11     | 29.27      | -12.76     | 8.11     | 13.39     |
| 1st Quartile                             | 11.24     | 1.95     | 11.81     | 25.11      | -21.67     | 6.74     | 11.79     |
| Median                                   | 9.83      | 0.75     | 10.80     | 23.34      | -25.97     | 5.86     | 9.44      |
| 3rd Quartile                             | 8.57      | -0.41    | 9.92      | 21.06      | -29.01     | 4.99     | 7.52      |
| 95th Percentile                          | 5.76      | -1.71    | 7.89      | 12.85      | -32.90     | 2.89     | 6.14      |

## Vanguard Target Retirement Income Inv

### Fund Information

|                  |   |                     |  |
|------------------|---|---------------------|--|
| Fund Name :      | Vanguard Chester Funds: Vanguard Target Retirement Income Fund; Investor Class Shares | Portfolio Assets :  | \$10,159 Million                       |
| Fund Family :    | Vanguard Group Inc  | Portfolio Manager : | Buek/Coleman/Nejman                    |
| Ticker :         | VTINX   | PM Tenure :         | 2013--2013--2013                       |
| Inception Date : | 10/27/2003  | Fund Style :        | IM Mixed-Asset Target 2010 (MF)        |
| Fund Assets :    | \$10,159 Million  | Style Benchmark :   | Vanguard Target Income Composite Index |

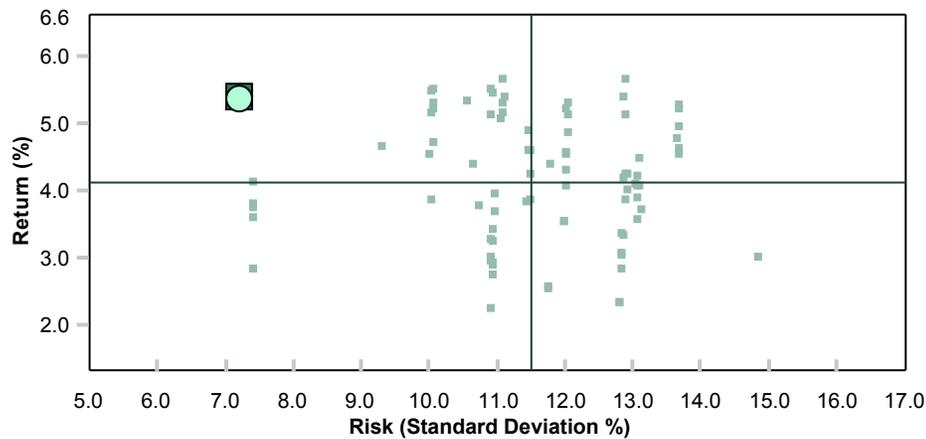
### Fund Investment Policy

The Fund seeks to provide current income and some capital appreciation The Fund is a fund-of-funds with an asset allocation strategy designed is for investors currently in retirement.

### Historical Statistics (07/01/08 - 06/30/13) \*

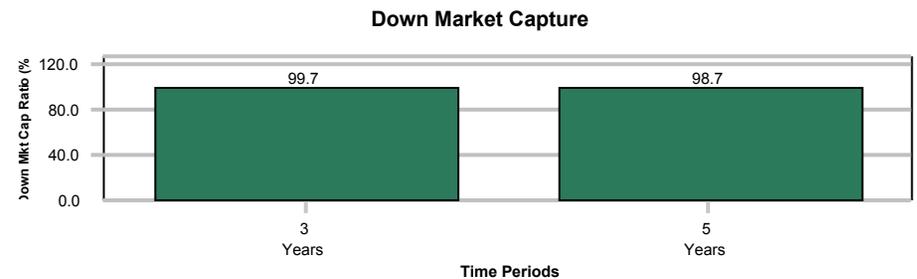
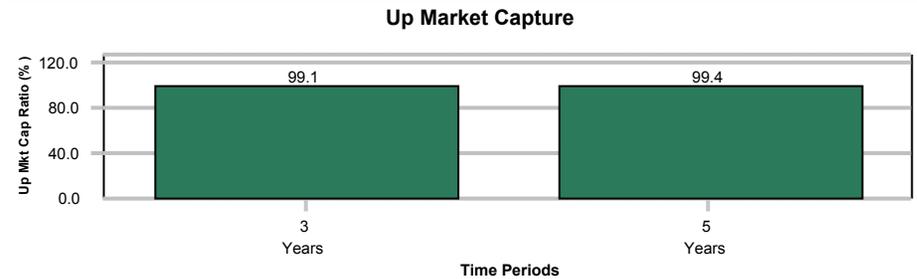
|  | Return | Standard Deviation | Sharpe Ratio | Alpha | Beta  | R-Squared | Tracking Error | Information Ratio | Excess Risk | Inception Date |
|--|--------|--------------------|--------------|-------|-------|-----------|----------------|-------------------|-------------|----------------|
| Vanguard Target Retirement Income Inv  | 5.36   | 7.20               | 0.72         | 0.04  | 1.00  | 1.00      | 0.30           | 0.05              | 7.28        | 11/01/2003     |
| Vanguard Target Income Composite Index | 5.34   | 7.23               | 0.71         | 0.00  | 1.00  | 1.00      | 0.00           | N/A               | 7.31        | 11/01/2003     |
| 90 Day U.S. Treasury Bill              | 0.27   | 0.17               | N/A          | 0.33  | -0.01 | 0.19      | 7.31           | -0.71             | 0.00        | 11/01/2003     |

### Peer Group Scattergram (07/01/08 to 06/30/13)



|  | Return | Standard Deviation |
|--|--------|--------------------|
| ■ Vanguard Target Retirement Income Inv  | 5.36   | 7.20               |
| ● Vanguard Target Income Composite Index | 5.34   | 7.23               |
| — Median                                 | 4.12   | 11.50              |

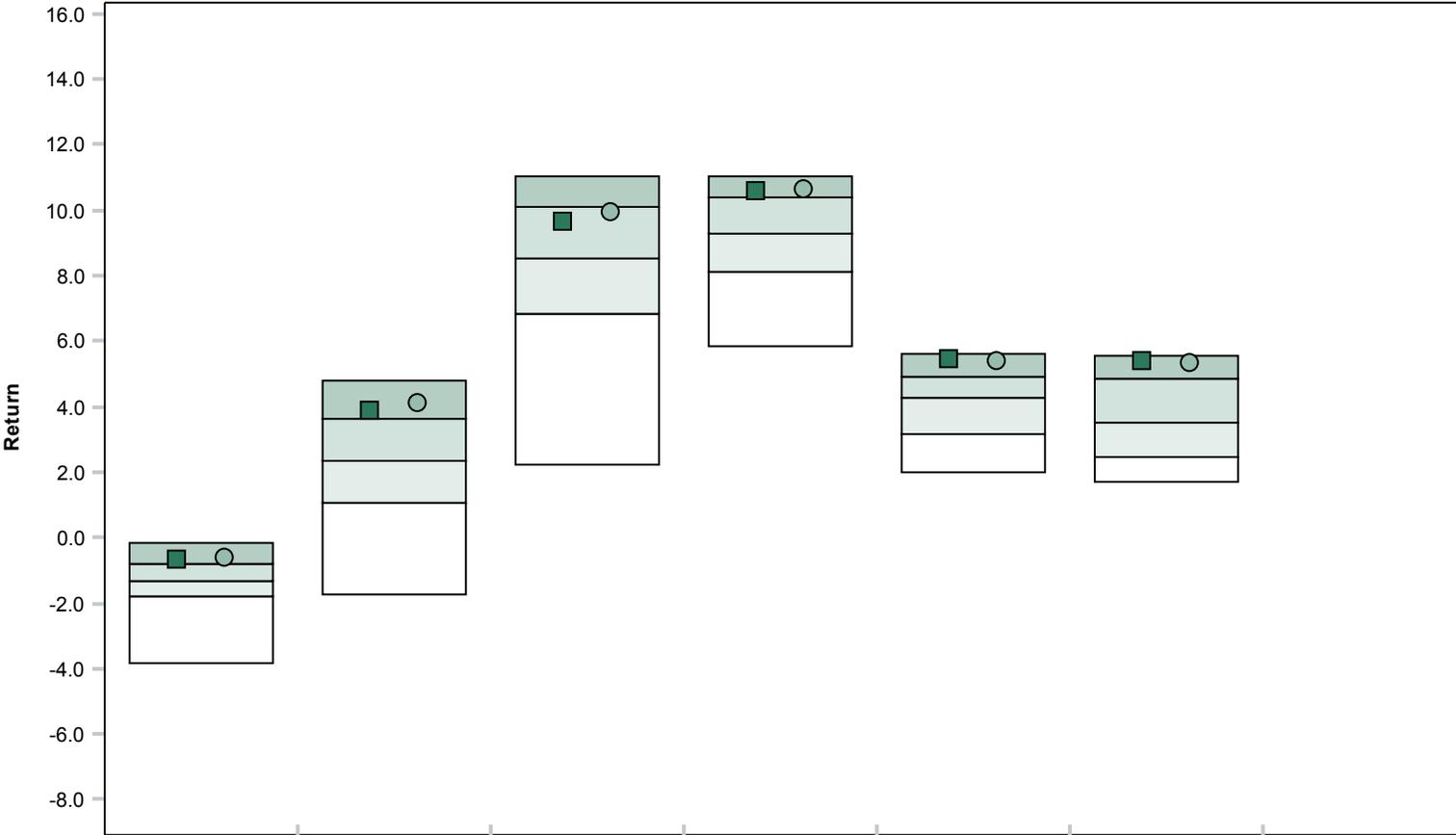
### Up Down Market Capture



\* Monthly periodicity used.

Vanguard Target Retirement 2015 Inv

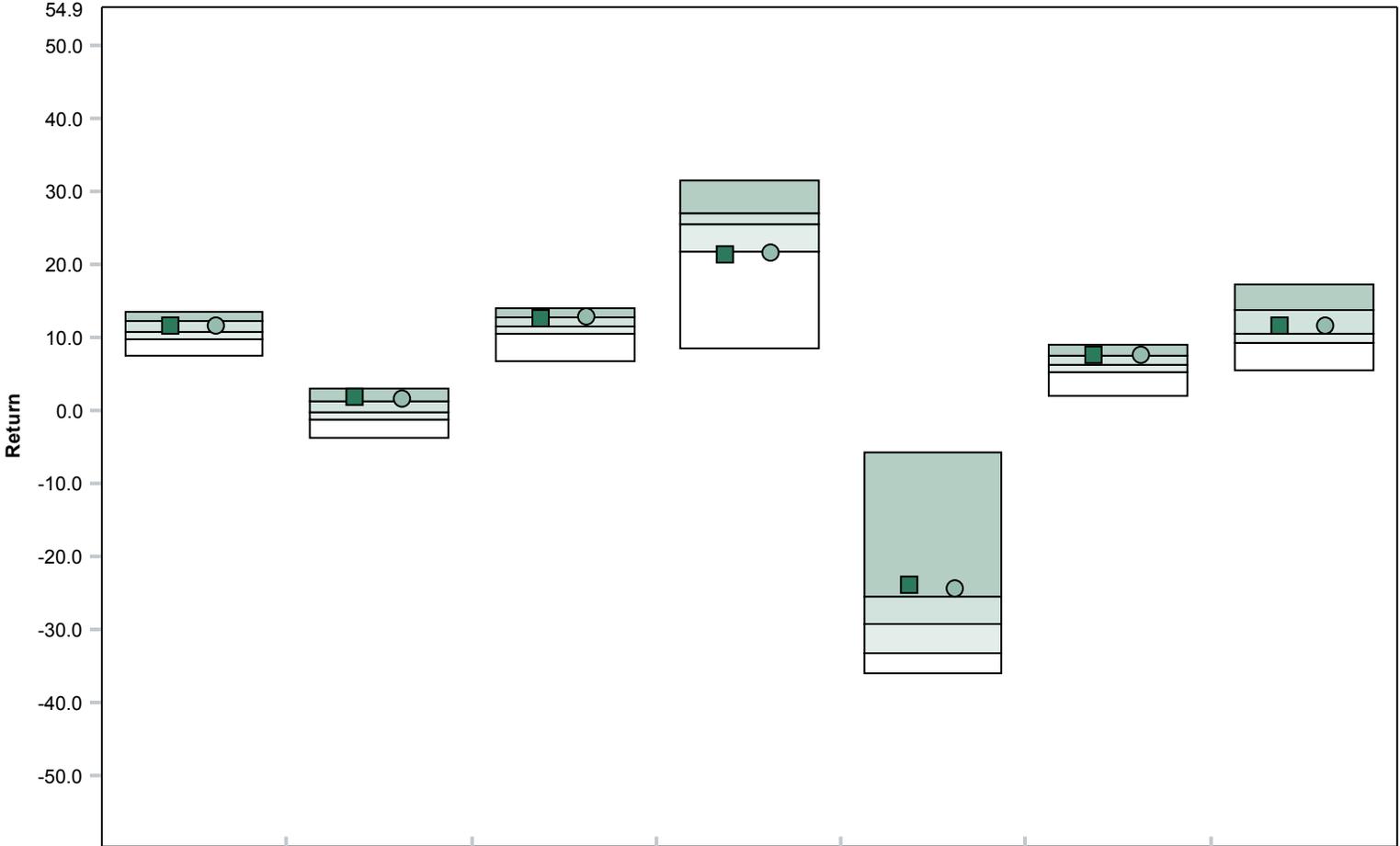
Peer Group Analysis - IM Mixed-Asset Target 2015 (MF)



|  | 1 Quarter  | Year To Date | 1 Year    | 3 Years    | 5 Years   | 7 Years   | 10 Years |
|--|------------|--------------|-----------|------------|-----------|-----------|----------|
| ■ Vanguard Target Retirement 2015 Inv  | -0.71 (22) | 3.89 (15)    | 9.63 (30) | 10.55 (22) | 5.45 (7)  | 5.37 (12) | N/A      |
| ● Vanguard Target 2015 Composite Index | -0.60 (15) | 4.08 (10)    | 9.95 (27) | 10.64 (20) | 5.38 (10) | 5.32 (13) | N/A      |
| 5th Percentile                         | -0.16      | 4.78         | 11.06     | 11.02      | 5.60      | 5.53      | N/A      |
| 1st Quartile                           | -0.79      | 3.60         | 10.07     | 10.41      | 4.92      | 4.84      | N/A      |
| Median                                 | -1.31      | 2.33         | 8.54      | 9.26       | 4.26      | 3.50      | N/A      |
| 3rd Quartile                           | -1.80      | 1.07         | 6.86      | 8.10       | 3.14      | 2.48      | N/A      |
| 95th Percentile                        | -3.86      | -1.71        | 2.21      | 5.85       | 1.97      | 1.72      | N/A      |

Vanguard Target Retirement 2015 Inv

Peer Group Analysis - IM Mixed-Asset Target 2015 (MF)



|  | 2012       | 2011      | 2010       | 2009       | 2008        | 2007      | 2006       |
|--|------------|-----------|------------|------------|-------------|-----------|------------|
| ■ Vanguard Target Retirement 2015 Inv  | 11.37 (36) | 1.71 (23) | 12.47 (34) | 21.30 (78) | -24.06 (16) | 7.55 (25) | 11.42 (32) |
| ● Vanguard Target 2015 Composite Index | 11.50 (34) | 1.50 (24) | 12.60 (30) | 21.37 (77) | -24.45 (18) | 7.51 (25) | 11.50 (30) |
| 5th Percentile                         | 13.33      | 3.07      | 13.88      | 31.29      | -5.72       | 8.99      | 17.17      |
| 1st Quartile                           | 12.26      | 1.34      | 12.79      | 26.95      | -25.42      | 7.42      | 13.73      |
| Median                                 | 10.79      | -0.23     | 11.51      | 25.34      | -29.25      | 6.12      | 10.36      |
| 3rd Quartile                           | 9.61       | -1.25     | 10.54      | 21.76      | -33.20      | 5.30      | 9.21       |
| 95th Percentile                        | 7.41       | -3.87     | 6.60       | 8.48       | -36.10      | 1.89      | 5.35       |

## Vanguard Target Retirement 2015 Inv

### Fund Information

|                  |  |                     |                                      |
|------------------|--|---------------------|--------------------------------------|
| Fund Name :      | Vanguard Chester Funds: Vanguard Target Retirement 2015 Fund;<br>Investor Class Shares | Portfolio Assets :  | \$19,484 Million                     |
| Fund Family :    | Vanguard Group Inc   | Portfolio Manager : | Buek/Coleman/Nejman                  |
| Ticker :         | VTXVX  | PM Tenure :         | 2013--2013--2013                     |
| Inception Date : | 10/27/2003   | Fund Style :        | IM Mixed-Asset Target 2015 (MF)      |
| Fund Assets :    | \$19,484 Million   | Style Benchmark :   | Vanguard Target 2015 Composite Index |

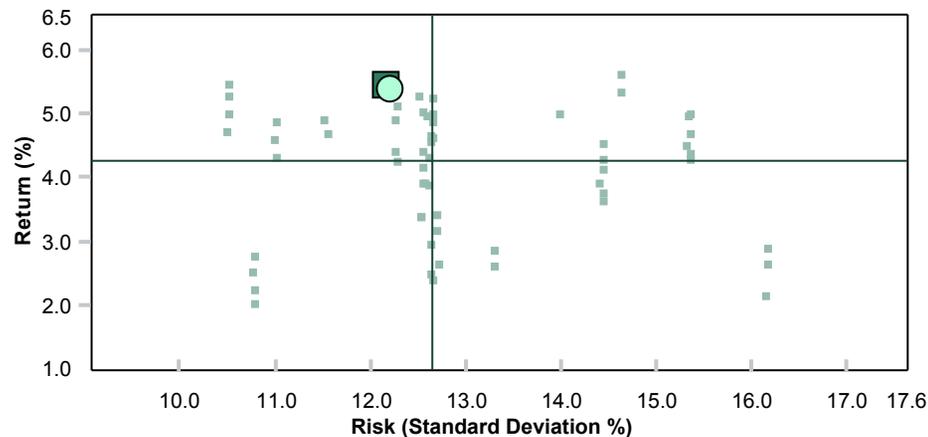
### Fund Investment Policy

The Fund seeks capital appreciation and current income consistent with its current asset allocation. The Fund is a fund-of-funds with the asset allocation becoming more conservative over time. The allocation strategy designed is for investors planning to retire in or within a few years of 2015.

### Historical Statistics (07/01/08 - 06/30/13) \*

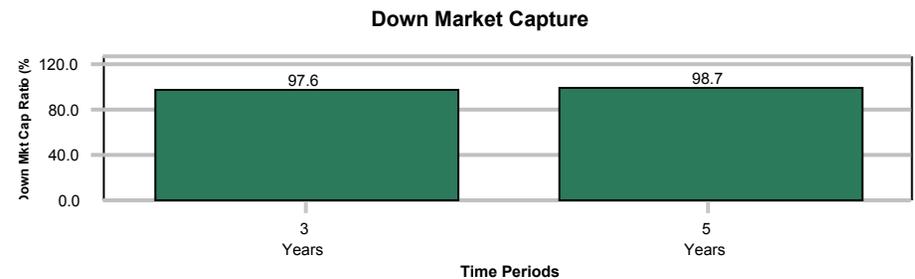
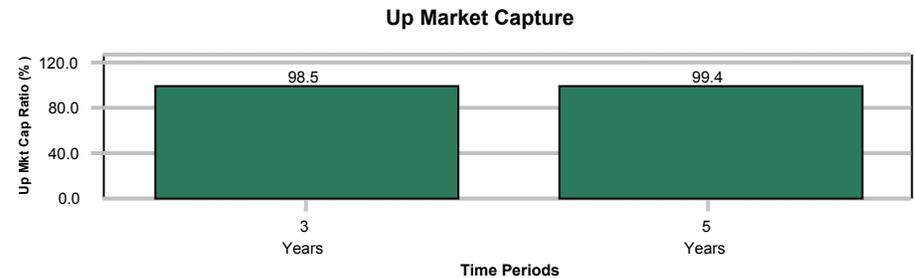
|                                      | Return | Standard Deviation | Sharpe Ratio | Alpha | Beta  | R-Squared | Tracking Error | Information Ratio | Excess Risk | Inception Date |
|--------------------------------------|--------|--------------------|--------------|-------|-------|-----------|----------------|-------------------|-------------|----------------|
| Vanguard Target Retirement 2015 Inv  | 5.45   | 12.18              | 0.47         | 0.09  | 1.00  | 1.00      | 0.48           | 0.13              | 12.25       | 11/01/2003     |
| Vanguard Target 2015 Composite Index | 5.38   | 12.23              | 0.47         | 0.00  | 1.00  | 1.00      | 0.00           | N/A               | 12.30       | 11/01/2003     |
| 90 Day U.S. Treasury Bill            | 0.27   | 0.17               | N/A          | 0.30  | -0.01 | 0.16      | 12.30          | -0.47             | 0.00        | 11/01/2003     |

### Peer Group Scattergram (07/01/08 to 06/30/13)



|  | Return | Standard Deviation |
|--|--------|--------------------|
| ■ Vanguard Target Retirement 2015 Inv  | 5.45   | 12.18              |
| ● Vanguard Target 2015 Composite Index | 5.38   | 12.23              |
| — Median                               | 4.26   | 12.65              |

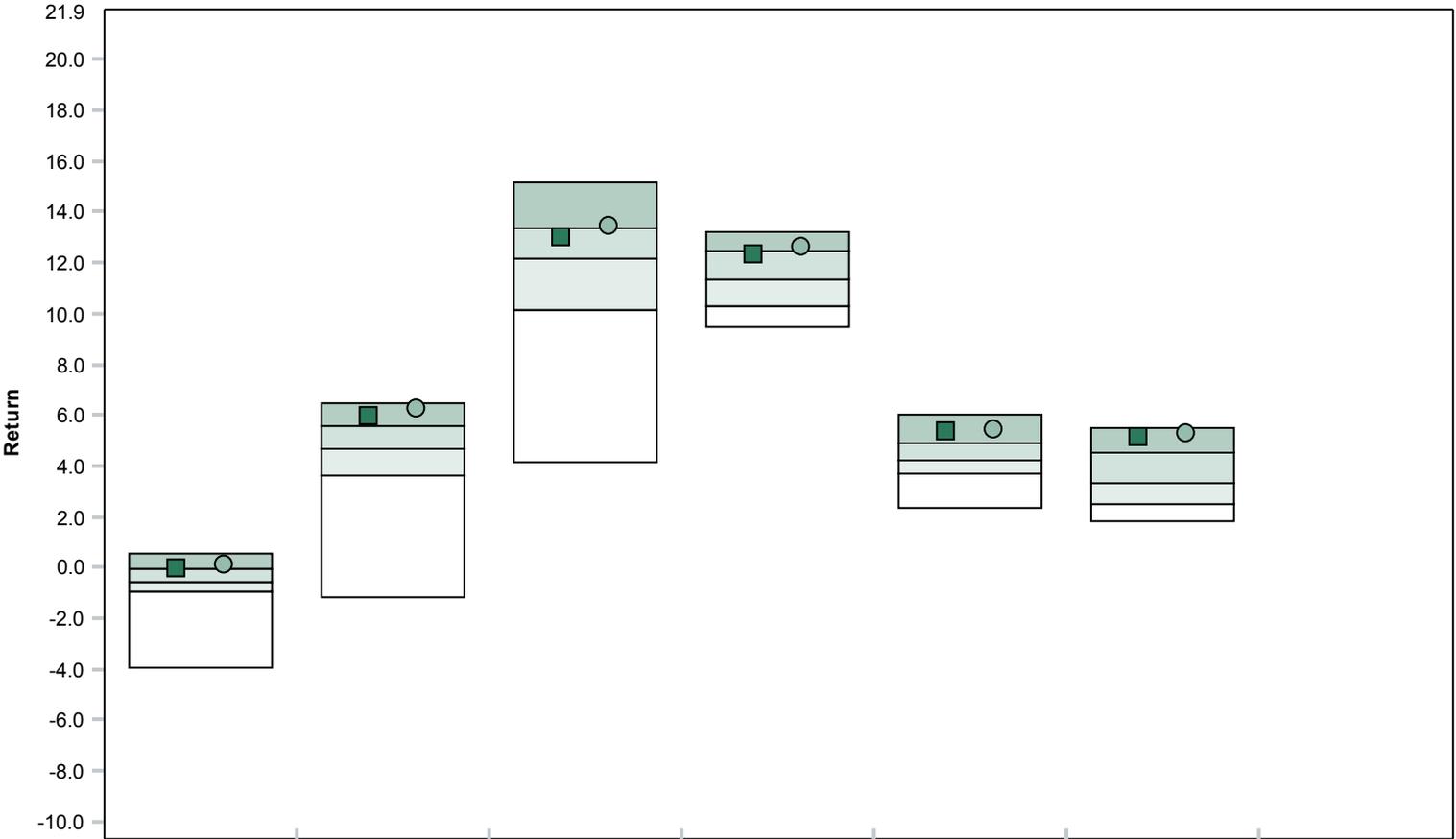
### Up Down Market Capture



\* Monthly periodicity used.

Vanguard Target Retirement 2025 Inv

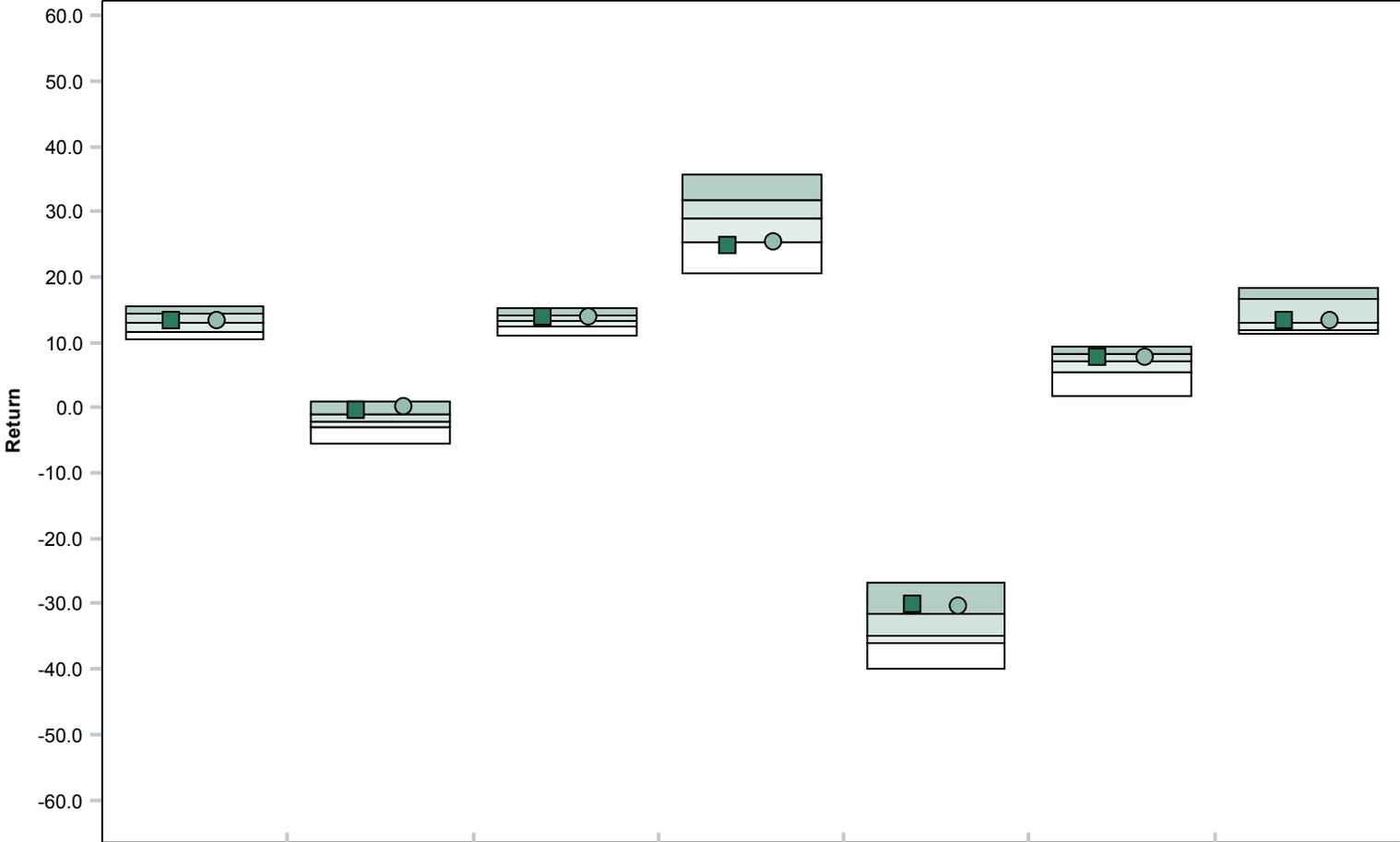
Peer Group Analysis - IM Mixed-Asset Target 2025 (MF)



|  | 1 Quarter  | Year To Date | 1 Year     | 3 Years    | 5 Years   | 7 Years   | 10 Years |
|--|------------|--------------|------------|------------|-----------|-----------|----------|
| ■ Vanguard Target Retirement 2025 Inv  | -0.07 (24) | 5.96 (17)    | 12.96 (35) | 12.34 (28) | 5.33 (14) | 5.16 (16) | N/A      |
| ● Vanguard Target 2025 Composite Index | 0.06 (18)  | 6.22 (11)    | 13.41 (25) | 12.63 (23) | 5.45 (12) | 5.24 (14) | N/A      |
| 5th Percentile                         | 0.57       | 6.48         | 15.19      | 13.22      | 5.99      | 5.53      | N/A      |
| 1st Quartile                           | -0.08      | 5.58         | 13.40      | 12.50      | 4.89      | 4.55      | N/A      |
| Median                                 | -0.57      | 4.68         | 12.19      | 11.36      | 4.25      | 3.30      | N/A      |
| 3rd Quartile                           | -0.97      | 3.60         | 10.15      | 10.29      | 3.70      | 2.47      | N/A      |
| 95th Percentile                        | -3.98      | -1.16        | 4.12       | 9.43       | 2.34      | 1.81      | N/A      |

Vanguard Target Retirement 2025 Inv

Peer Group Analysis - IM Mixed-Asset Target 2025 (MF)



|  | 2012       | 2011       | 2010       | 2009       | 2008        | 2007      | 2006       |
|--|------------|------------|------------|------------|-------------|-----------|------------|
| ■ Vanguard Target Retirement 2025 Inv  | 13.29 (45) | -0.37 (18) | 13.84 (39) | 24.81 (80) | -30.05 (16) | 7.59 (45) | 13.24 (49) |
| ● Vanguard Target 2025 Composite Index | 13.43 (43) | 0.03 (14)  | 13.97 (33) | 25.27 (76) | -30.52 (18) | 7.59 (45) | 13.36 (45) |
| 5th Percentile                         | 15.54      | 0.84       | 15.14      | 35.57      | -26.67      | 9.43      | 18.46      |
| 1st Quartile                           | 14.45      | -0.96      | 14.19      | 31.80      | -31.48      | 8.35      | 16.78      |
| Median                                 | 13.00      | -2.03      | 13.42      | 28.95      | -35.04      | 7.17      | 13.12      |
| 3rd Quartile                           | 11.74      | -2.86      | 12.57      | 25.40      | -36.15      | 5.32      | 11.88      |
| 95th Percentile                        | 10.37      | -5.46      | 10.93      | 20.62      | -40.09      | 1.86      | 11.20      |

## Vanguard Target Retirement 2025 Inv

### Fund Information

|                  |  |                     |                                      |
|------------------|--|---------------------|--------------------------------------|
| Fund Name :      | Vanguard Chester Funds: Vanguard Target Retirement 2025 Fund;<br>Investor Class Shares | Portfolio Assets :  | \$24,955 Million                     |
| Fund Family :    | Vanguard Group Inc   | Portfolio Manager : | Buek/Coleman/Nejman                  |
| Ticker :         | VTTVX  | PM Tenure :         | 2013--2013--2013                     |
| Inception Date : | 10/27/2003   | Fund Style :        | IM Mixed-Asset Target 2025 (MF)      |
| Fund Assets :    | \$24,955 Million   | Style Benchmark :   | Vanguard Target 2025 Composite Index |

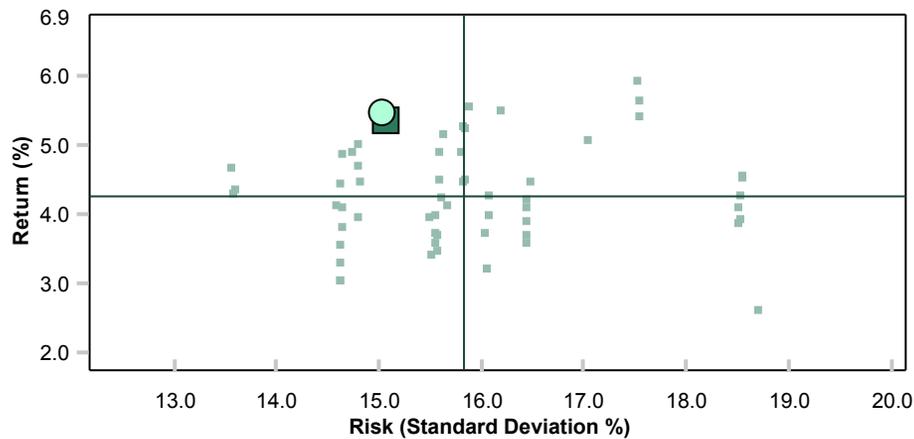
### Fund Investment Policy

The Fund seeks capital appreciation and current income consistent with its current asset allocation. The Fund is a fund-of-funds with the asset allocation becoming more conservative over time. The allocation strategy designed is for investors planning to retire in or within a few years of 2025.

### Historical Statistics (07/01/08 - 06/30/13) \*

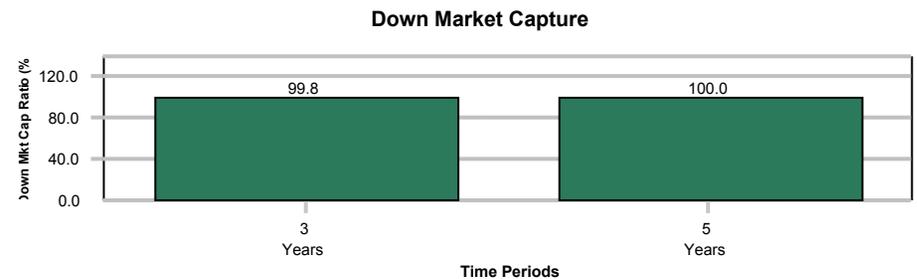
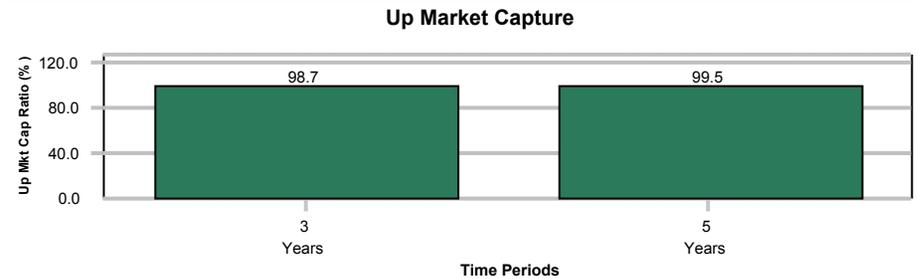
|                                      | Return | Standard Deviation | Sharpe Ratio | Alpha | Beta | R-Squared | Tracking Error | Information Ratio | Excess Risk | Inception Date |
|--------------------------------------|--------|--------------------|--------------|-------|------|-----------|----------------|-------------------|-------------|----------------|
| Vanguard Target Retirement 2025 Inv  | 5.33   | 15.07              | 0.40         | -0.12 | 1.00 | 1.00      | 0.51           | -0.21             | 15.14       | 11/01/2003     |
| Vanguard Target 2025 Composite Index | 5.45   | 15.04              | 0.41         | 0.00  | 1.00 | 1.00      | 0.00           | N/A               | 15.10       | 11/01/2003     |
| 90 Day U.S. Treasury Bill            | 0.27   | 0.17               | N/A          | 0.30  | 0.00 | 0.15      | 15.10          | -0.41             | 0.00        | 11/01/2003     |

### Peer Group Scattergram (07/01/08 to 06/30/13)



|  | Return | Standard Deviation |
|--|--------|--------------------|
| ■ Vanguard Target Retirement 2025 Inv  | 5.33   | 15.07              |
| ○ Vanguard Target 2025 Composite Index | 5.45   | 15.04              |
| — Median                               | 4.25   | 15.84              |

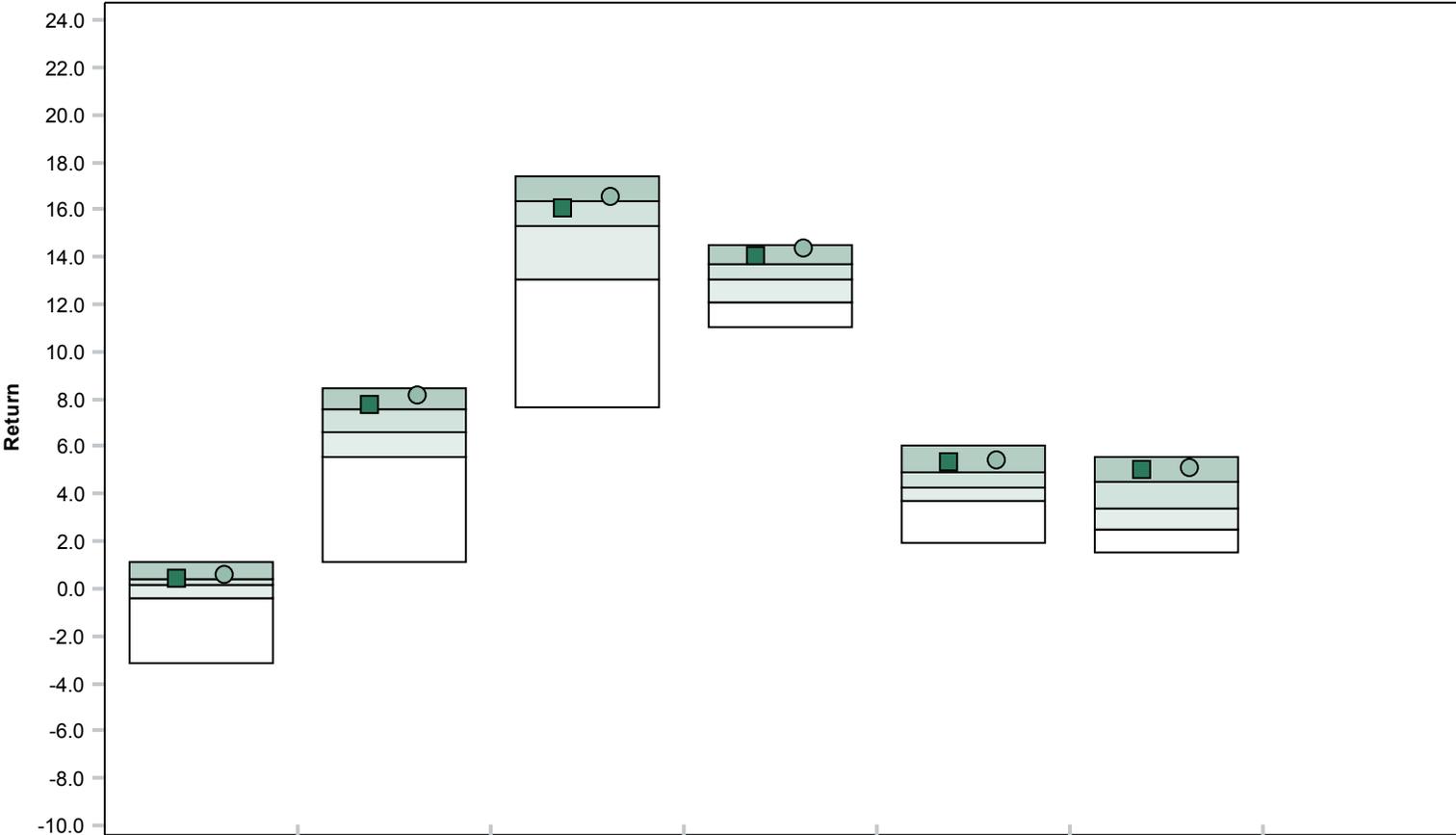
### Up Down Market Capture



\* Monthly periodicity used.

Vanguard Target Retirement 2035 Inv

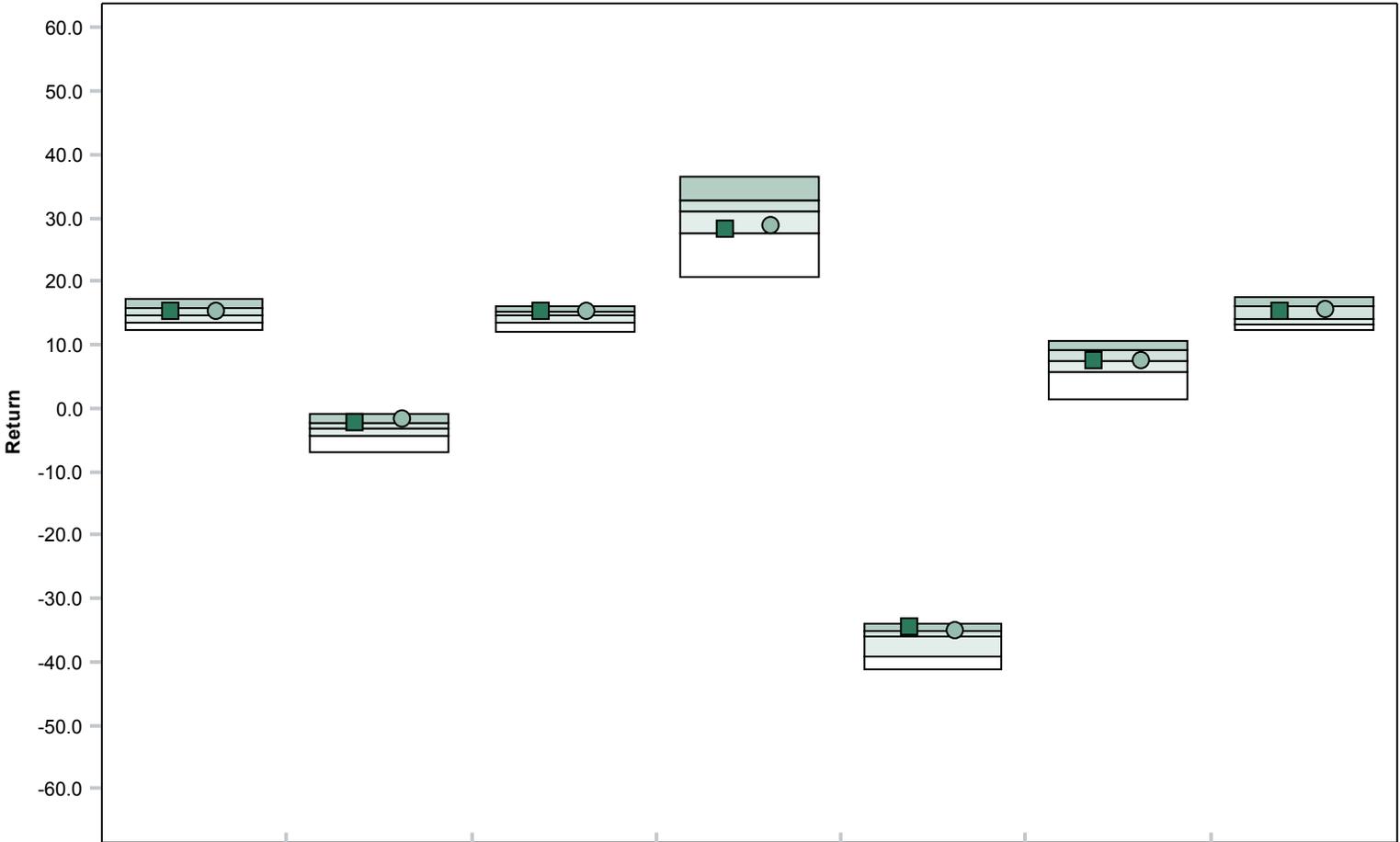
Peer Group Analysis - IM Mixed-Asset Target 2035 (MF)



|  | 1 Quarter | Year To Date | 1 Year     | 3 Years    | 5 Years   | 7 Years   | 10 Years |
|--|-----------|--------------|------------|------------|-----------|-----------|----------|
| ■ Vanguard Target Retirement 2035 Inv  | 0.40 (22) | 7.74 (19)    | 16.00 (38) | 14.05 (18) | 5.30 (17) | 4.99 (20) | N/A      |
| ● Vanguard Target 2035 Composite Index | 0.55 (13) | 8.10 (12)    | 16.50 (20) | 14.32 (10) | 5.42 (14) | 5.09 (15) | N/A      |
| 5th Percentile                         | 1.09      | 8.45         | 17.43      | 14.52      | 6.06      | 5.52      | N/A      |
| 1st Quartile                           | 0.37      | 7.54         | 16.33      | 13.71      | 4.93      | 4.52      | N/A      |
| Median                                 | 0.15      | 6.62         | 15.29      | 13.03      | 4.26      | 3.38      | N/A      |
| 3rd Quartile                           | -0.42     | 5.58         | 13.03      | 12.04      | 3.66      | 2.51      | N/A      |
| 95th Percentile                        | -3.18     | 1.09         | 7.61       | 11.07      | 1.94      | 1.49      | N/A      |

Vanguard Target Retirement 2035 Inv

Peer Group Analysis - IM Mixed-Asset Target 2035 (MF)



|  | 2012       | 2011       | 2010       | 2009       | 2008        | 2007      | 2006       |
|--|------------|------------|------------|------------|-------------|-----------|------------|
| ■ Vanguard Target Retirement 2035 Inv  | 15.16 (42) | -2.24 (21) | 15.14 (29) | 28.17 (67) | -34.66 (13) | 7.49 (51) | 15.24 (28) |
| ● Vanguard Target 2035 Composite Index | 15.26 (41) | -1.91 (16) | 15.28 (23) | 28.64 (63) | -35.10 (24) | 7.51 (50) | 15.43 (27) |
| 5th Percentile                         | 17.18      | -0.86      | 16.09      | 36.34      | -34.05      | 10.47     | 17.37      |
| 1st Quartile                           | 15.71      | -2.41      | 15.21      | 32.84      | -35.25      | 9.04      | 15.95      |
| Median                                 | 14.75      | -3.34      | 14.57      | 30.99      | -36.09      | 7.49      | 13.96      |
| 3rd Quartile                           | 13.59      | -4.35      | 13.46      | 27.65      | -39.32      | 5.72      | 13.13      |
| 95th Percentile                        | 12.39      | -7.02      | 12.08      | 20.80      | -41.34      | 1.50      | 12.40      |

**Vanguard Target Retirement 2035 Inv**

**Fund Information**

|                  |  |                     |                                      |
|------------------|--|---------------------|--------------------------------------|
| Fund Name :      | Vanguard Chester Funds: Vanguard Target Retirement 2035 Fund;<br>Investor Class Shares | Portfolio Assets :  | \$18,143 Million                     |
| Fund Family :    | Vanguard Group Inc   | Portfolio Manager : | Buek/Coleman/Nejman                  |
| Ticker :         | VTTHX  | PM Tenure :         | 2013--2013--2013                     |
| Inception Date : | 10/27/2003   | Fund Style :        | IM Mixed-Asset Target 2035 (MF)      |
| Fund Assets :    | \$18,143 Million   | Style Benchmark :   | Vanguard Target 2035 Composite Index |

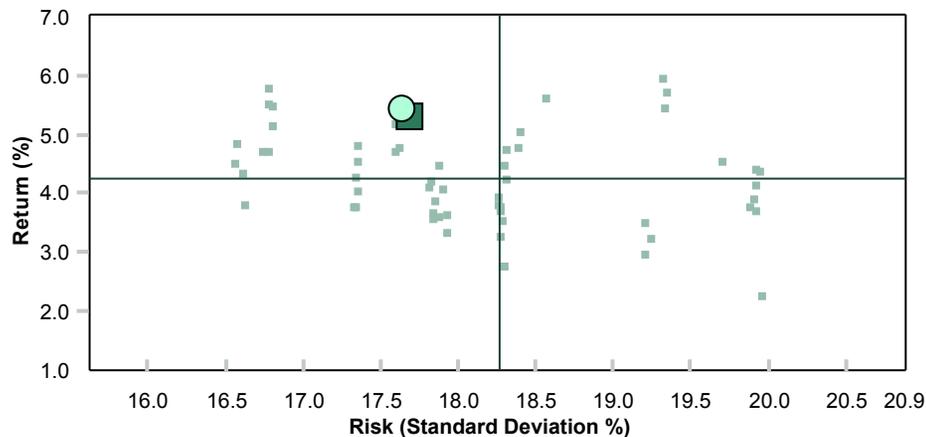
**Fund Investment Policy**

The Fund seeks capital appreciation and current income consistent with its current asset allocation. The Fund is a fund-of-funds with the asset allocation becoming more conservative over time. The allocation strategy designed is for investors planning to retire in or within a few years of 2035.

**Historical Statistics (07/01/08 - 06/30/13) \***

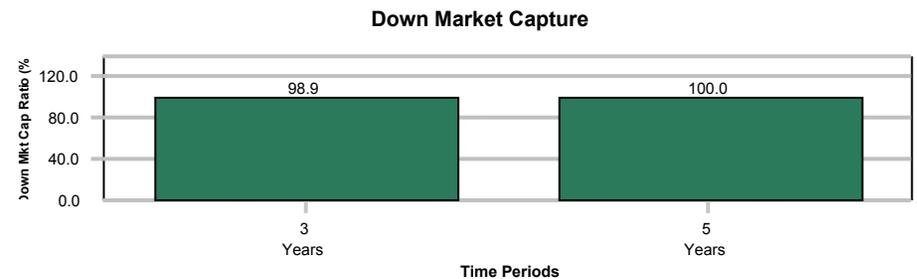
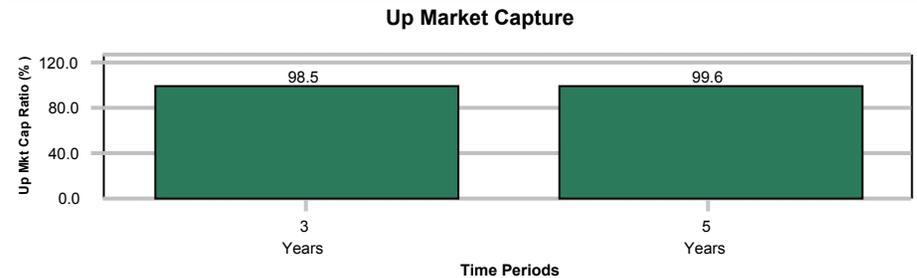
|                                      | Return | Standard Deviation | Sharpe Ratio | Alpha | Beta | R-Squared | Tracking Error | Information Ratio | Excess Risk | Inception Date |
|--------------------------------------|--------|--------------------|--------------|-------|------|-----------|----------------|-------------------|-------------|----------------|
| Vanguard Target Retirement 2035 Inv  | 5.30   | 17.70              | 0.37         | -0.12 | 1.00 | 1.00      | 0.61           | -0.18             | 17.76       | 11/01/2003     |
| Vanguard Target 2035 Composite Index | 5.42   | 17.65              | 0.37         | 0.00  | 1.00 | 1.00      | 0.00           | N/A               | 17.71       | 11/01/2003     |
| 90 Day U.S. Treasury Bill            | 0.27   | 0.17               | N/A          | 0.30  | 0.00 | 0.14      | 17.71          | -0.37             | 0.00        | 11/01/2003     |

**Peer Group Scattergram (07/01/08 to 06/30/13)**



|  | Return | Standard Deviation |
|--|--------|--------------------|
| ■ Vanguard Target Retirement 2035 Inv  | 5.30   | 17.70              |
| ○ Vanguard Target 2035 Composite Index | 5.42   | 17.65              |
| — Median                               | 4.26   | 18.27              |

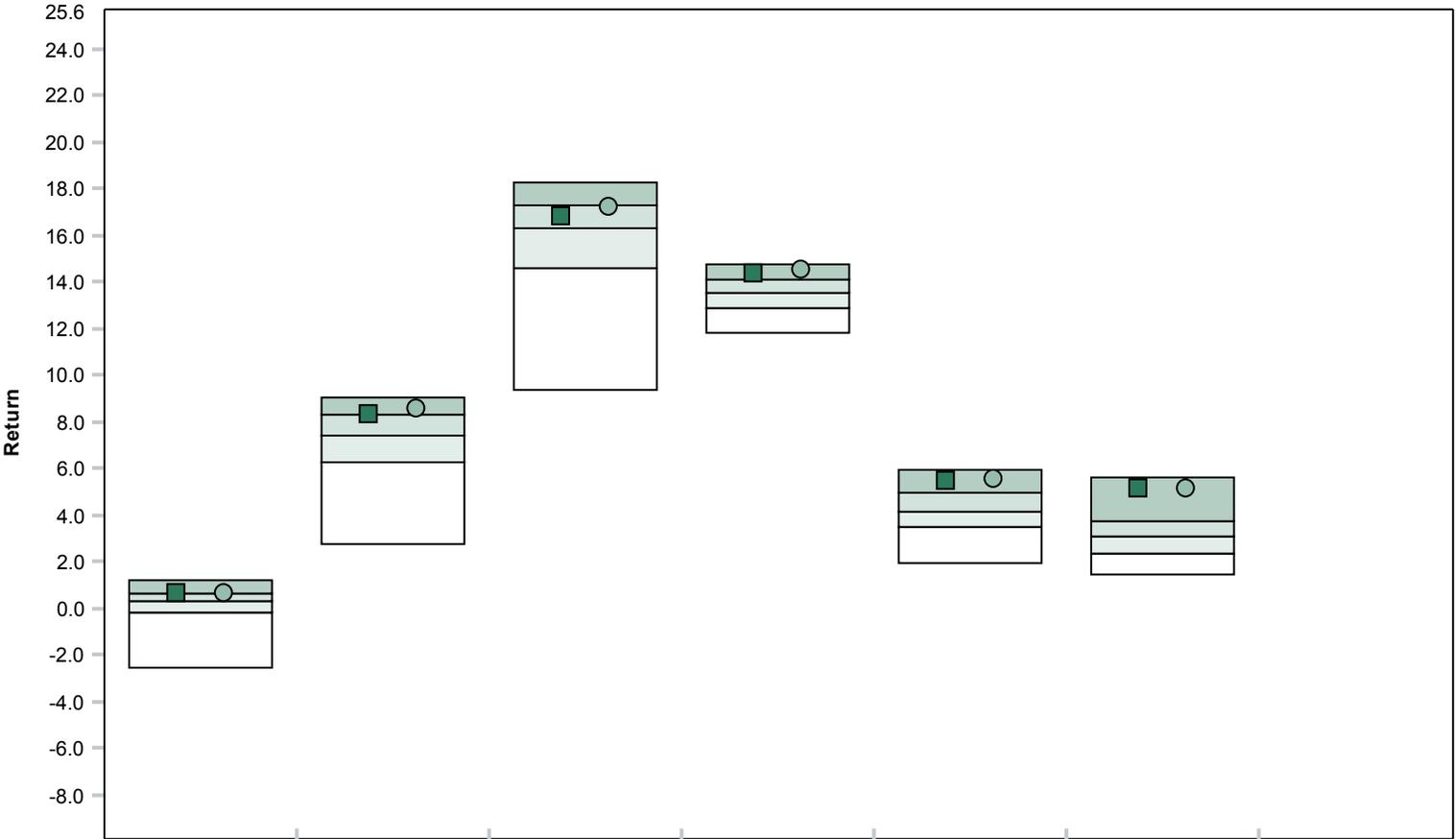
**Up Down Market Capture**



\* Monthly periodicity used.

Vanguard Target Retirement 2045 Inv

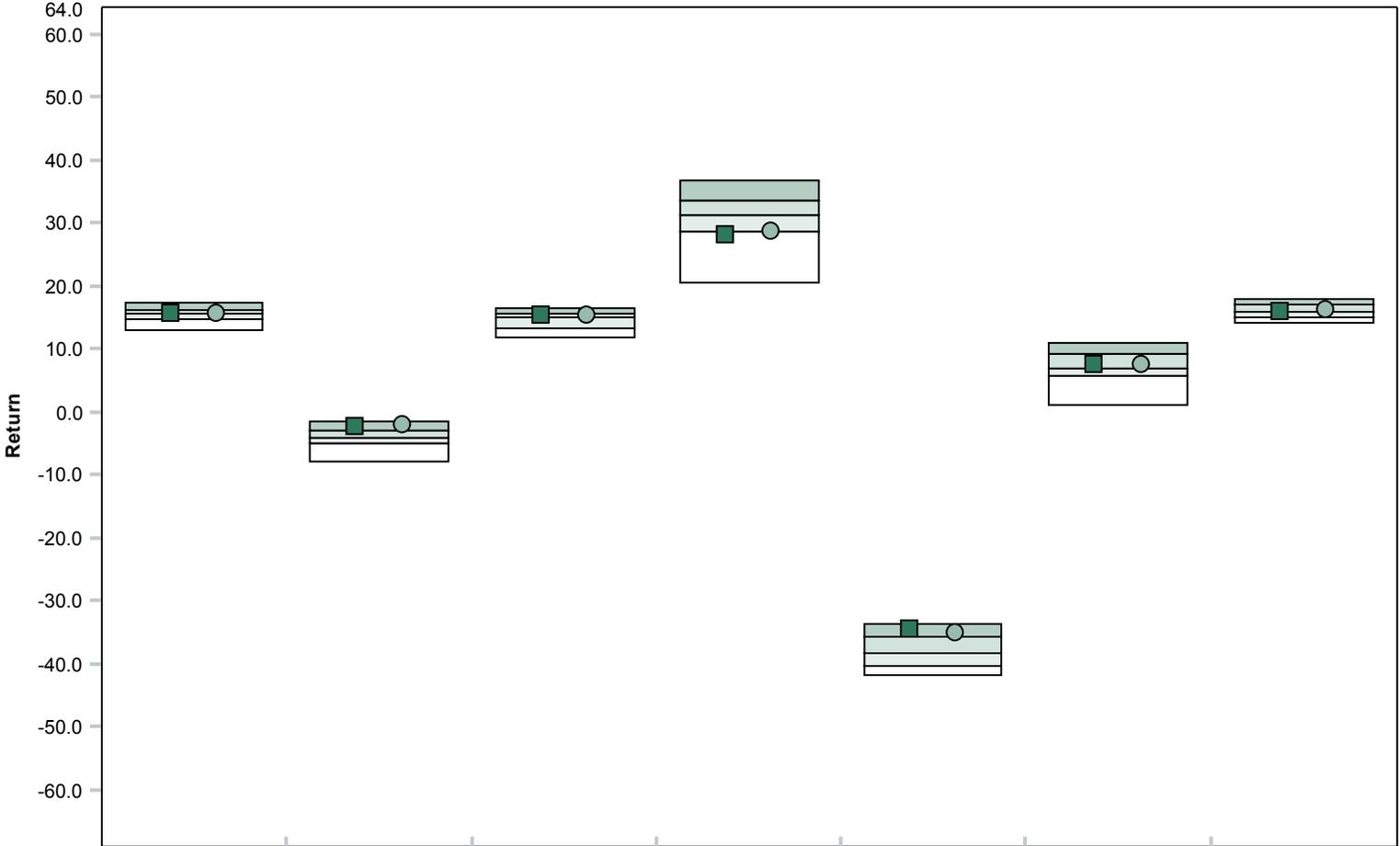
Peer Group Analysis - IM Mixed-Asset Target 2045 (MF)



|  | 1 Quarter | Year To Date | 1 Year     | 3 Years    | 5 Years   | 7 Years   | 10 Years |
|--|-----------|--------------|------------|------------|-----------|-----------|----------|
| ■ Vanguard Target Retirement 2045 Inv  | 0.64 (23) | 8.32 (24)    | 16.84 (41) | 14.32 (18) | 5.46 (18) | 5.10 (17) | N/A      |
| ● Vanguard Target 2045 Composite Index | 0.66 (22) | 8.57 (17)    | 17.22 (29) | 14.51 (12) | 5.53 (12) | 5.17 (16) | N/A      |
| 5th Percentile                         | 1.25      | 9.06         | 18.32      | 14.76      | 5.94      | 5.59      | N/A      |
| 1st Quartile                           | 0.61      | 8.29         | 17.32      | 14.10      | 4.94      | 3.79      | N/A      |
| Median                                 | 0.35      | 7.42         | 16.32      | 13.51      | 4.16      | 3.13      | N/A      |
| 3rd Quartile                           | -0.14     | 6.26         | 14.57      | 12.93      | 3.53      | 2.35      | N/A      |
| 95th Percentile                        | -2.58     | 2.77         | 9.41       | 11.82      | 1.96      | 1.43      | N/A      |

Vanguard Target Retirement 2045 Inv

Peer Group Analysis - IM Mixed-Asset Target 2045 (MF)



|  | 2012       | 2011       | 2010       | 2009       | 2008        | 2007      | 2006       |
|--|------------|------------|------------|------------|-------------|-----------|------------|
| ■ Vanguard Target Retirement 2045 Inv  | 15.58 (43) | -2.51 (16) | 15.19 (43) | 28.15 (87) | -34.56 (11) | 7.47 (49) | 15.98 (56) |
| ● Vanguard Target 2045 Composite Index | 15.55 (45) | -2.11 (10) | 15.31 (37) | 28.64 (76) | -35.10 (13) | 7.51 (48) | 16.15 (45) |
| 5th Percentile                         | 17.33      | -1.47      | 16.45      | 36.60      | -33.77      | 11.04     | 17.92      |
| 1st Quartile                           | 16.18      | -2.93      | 15.66      | 33.57      | -35.64      | 9.27      | 17.01      |
| Median                                 | 15.46      | -4.03      | 15.03      | 31.12      | -38.51      | 6.84      | 16.00      |
| 3rd Quartile                           | 14.69      | -4.95      | 13.37      | 28.74      | -40.43      | 5.58      | 15.14      |
| 95th Percentile                        | 12.98      | -7.79      | 11.94      | 20.64      | -41.71      | 1.19      | 14.22      |

## Vanguard Target Retirement 2045 Inv

### Fund Information

|                  |   |                     |                                      |
|------------------|---|---------------------|--------------------------------------|
| Fund Name :      | Vanguard Chester Funds: Vanguard Target Retirement 2045 Fund; Investor Class Shares | Portfolio Assets :  | \$10,647 Million                     |
| Fund Family :    | Vanguard Group Inc  | Portfolio Manager : | Buek/Coleman/Nejman                  |
| Ticker :         | VTIVX   | PM Tenure :         | 2013--2013--2013                     |
| Inception Date : | 10/27/2003  | Fund Style :        | IM Mixed-Asset Target 2045 (MF)      |
| Fund Assets :    | \$10,647 Million  | Style Benchmark :   | Vanguard Target 2045 Composite Index |

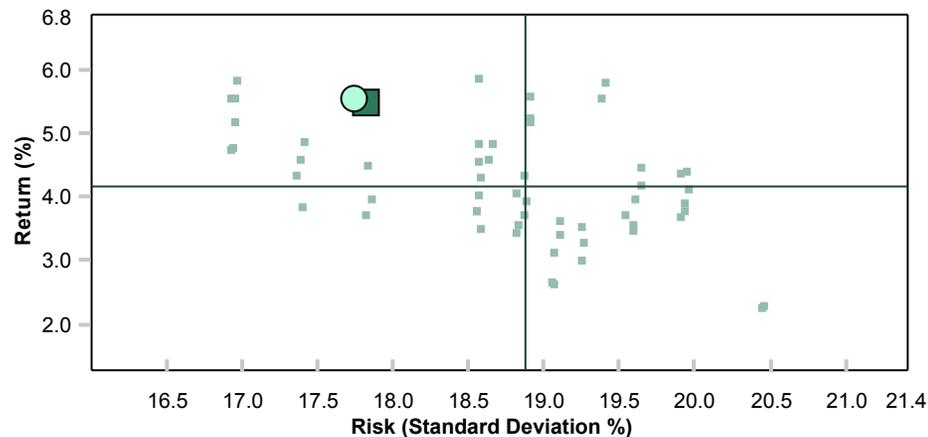
### Fund Investment Policy

The Fund seeks capital appreciation and current income consistent with its current asset allocation. The Fund is a fund-of-funds with the asset allocation becoming more conservative over time. The allocation strategy designed is for investors planning to retire in or within a few years of 2045.

### Historical Statistics (07/01/08 - 06/30/13) \*

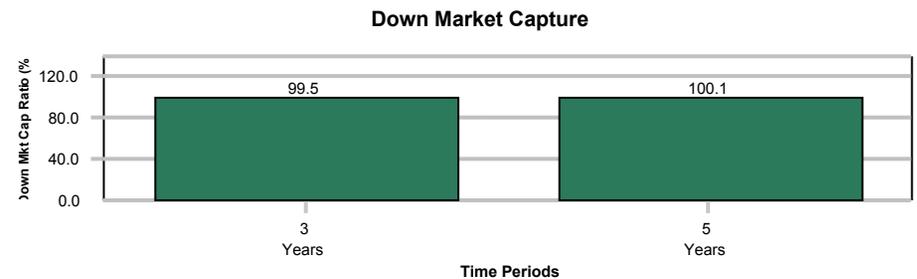
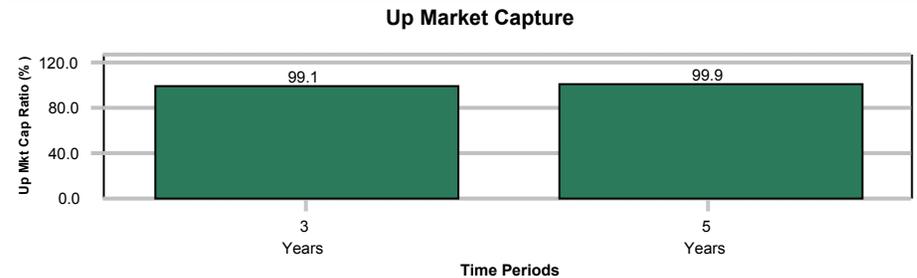
|                                      | Return | Standard Deviation | Sharpe Ratio | Alpha | Beta | R-Squared | Tracking Error | Information Ratio | Excess Risk | Inception Date |
|--------------------------------------|--------|--------------------|--------------|-------|------|-----------|----------------|-------------------|-------------|----------------|
| Vanguard Target Retirement 2045 Inv  | 5.46   | 17.82              | 0.37         | -0.08 | 1.00 | 1.00      | 0.61           | -0.09             | 17.88       | 11/01/2003     |
| Vanguard Target 2045 Composite Index | 5.53   | 17.75              | 0.38         | 0.00  | 1.00 | 1.00      | 0.00           | N/A               | 17.82       | 11/01/2003     |
| 90 Day U.S. Treasury Bill            | 0.27   | 0.17               | N/A          | 0.30  | 0.00 | 0.14      | 17.82          | -0.38             | 0.00        | 11/01/2003     |

### Peer Group Scattergram (07/01/08 to 06/30/13)



|  | Return | Standard Deviation |
|--|--------|--------------------|
| ■ Vanguard Target Retirement 2045 Inv  | 5.46   | 17.82              |
| ○ Vanguard Target 2045 Composite Index | 5.53   | 17.75              |
| — Median                               | 4.16   | 18.88              |

### Up Down Market Capture



\* Monthly periodicity used.

# American Beacon Lg Cap Value Inst

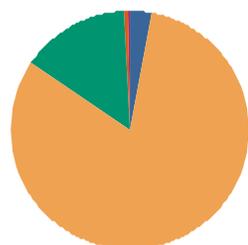
AADEX

**Overall Morningstar Rating** ★★★★★ **Total Assets** \$9,158 mil **Morningstar Category** Large Value **Inception Date** 07/17/1987 **Family** American Beacon

**Manager** Posada/Kaser/Chitkara/Lesutis/Crum **Manager Tenure** 11.2 Years **Total Holdings** 190 **Expense Ratio** 0.60% **12b-1** 0.00 **Sharpe Ratio** 0.74%

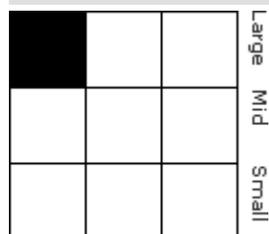
## Portfolio Analysis

### Asset Allocation



|                 |       |
|-----------------|-------|
| Cash            | 2.97  |
| U.S. Stocks     | 81.42 |
| Non-U.S. Stocks | 14.70 |
| Bonds           | 0.56  |
| Other           | 0.35  |

### Equity Style Details



Value Blend Growth

|                          |        |
|--------------------------|--------|
| <b>Avg Mkt Cap \$Mil</b> | 51,087 |
| <b>P/E Ratio TTM</b>     | 12.9   |
| <b>P/C Ratio TTM</b>     | 7.4    |
| <b>P/B Ratio TTM</b>     | 1.5    |
| <b>Turnover Ratio</b>    | 30%    |

### Risk Profile

|                    | 3 Yr  | 5 Yr  | 10 Yr |
|--------------------|-------|-------|-------|
| Morningstar Rating | 3 ★   | 3 ★   | 4 ★   |
| Standard Deviation | 16.52 | 20.82 | 16.27 |
| Information Ratio  | -0.38 |       |       |

### Sector Weightings

|                          | Stocks %    |
|--------------------------|-------------|
| <b>Cyclical Economy</b>  | <b>34.4</b> |
| Basic Materials          | 1.1         |
| Consumer Cyclical        | 6.1         |
| Financial Services       | 26.9        |
| Real Estate              | 0.3         |
| <b>Sensitive Economy</b> | <b>39.5</b> |
| Communication Services   | 5.1         |
| Energy                   | 13.0        |
| Industrials              | 11.4        |
| Technology               | 10.0        |
| <b>Defensive Economy</b> | <b>26.1</b> |
| Consumer Defensive       | 8.7         |
| Healthcare               | 13.1        |
| Utilities                | 4.3         |

### % Assets in Top 10

25.05%

### Valuations and Growth Rates

|                           | Stock |
|---------------------------|-------|
| Price/Prospective Earning | 11.1  |
| Price/Book                | 1.3   |
| Price/Sales               | 0.9   |
| Price/Cash Flow           | 4.7   |
| Dividend Yield            | 2.7   |
| Long-Term Earnings        | 8.2   |
| Historical Earnings       | -2.0  |
| Sales Growth              | -0.7  |
| Cash-Flow Growth          | 4.3   |
| Book-Value Growth         | 4.6   |

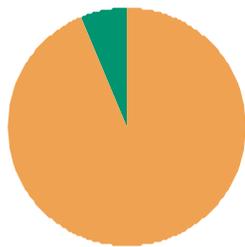
# Hartford MidCap HLS IA

HIMCX

|   |                                    |   |                                     |  |                              |
|---|------------------------------------|---|-------------------------------------|--|------------------------------|
| <b>Overall Morningstar Rating</b><br>★★★★ | <b>Total Assets</b><br>\$1,561 mil | <b>Morningstar Category</b><br>Mid-Cap Growth | <b>Inception Date</b><br>07/14/1997 | <b>Family</b><br>Hartford Mutual Funds |                              |
| <b>Manager</b><br>Whitaker/Ruedi          | <b>Manager Tenure</b><br>2.9 Years | <b>Total Holdings</b><br>99                   | <b>Expense Ratio</b><br>0.71%       | <b>12b-1</b><br>0.00                   | <b>Sharpe Ratio</b><br>0.73% |

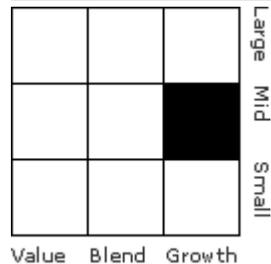
## Portfolio Analysis

### Asset Allocation



|                 |       |
|-----------------|-------|
| Cash            | 0.00  |
| U.S. Stocks     | 93.54 |
| Non-U.S. Stocks | 6.46  |
| Bonds           | 0.00  |
| Other           | 0.00  |

### Equity Style Details



|                          |       |
|--------------------------|-------|
| <b>Avg Mkt Cap \$Mil</b> | 6,034 |
| <b>P/E Ratio TTM</b>     | 21.1  |
| <b>P/C Ratio TTM</b>     | 12.3  |
| <b>P/B Ratio TTM</b>     | 2.7   |
| <b>Turnover Ratio</b>    | 51%   |

### Risk Profile

|                    |       |       |       |       |
|--------------------|-------|-------|-------|-------|
|                    |       | 3 Yr  | 5 Yr  | 10 Yr |
| Morningstar Rating | 3 ★   | 4 ★   | 4 ★   | 4 ★   |
| Standard Deviation | 18.38 | 21.14 | 17.15 |       |
| Information Ratio  | -0.01 |       |       |       |

### Sector Weightings

|                          |             |
|--------------------------|-------------|
|                          | Stocks %    |
| <b>Cyclical Economy</b>  | <b>30.1</b> |
| Basic Materials          | 2.4         |
| Consumer Cyclical        | 14.1        |
| Financial Services       | 13.6        |
| Real Estate              | 0.0         |
| <b>Sensitive Economy</b> | <b>51.4</b> |
| Communication Services   | 1.9         |
| Energy                   | 9.4         |
| Industrials              | 26.4        |
| Technology               | 13.6        |
| <b>Defensive Economy</b> | <b>18.5</b> |
| Consumer Defensive       | 1.6         |
| Healthcare               | 14.4        |
| Utilities                | 2.5         |

### Valuations and Growth Rates

|                           |      |
|---------------------------|------|
| Price/Prospective Earning | 18.2 |
| Price/Book                | 2.4  |
| Price/Sales               | 1.1  |
| Price/Cash Flow           | 4.8  |
| Dividend Yield            | 1.0  |
| Long-Term Earnings        | 12.8 |
| Historical Earnings       | 9.7  |
| Sales Growth              | 7.8  |
| Cash-Flow Growth          | 9.0  |
| Book-Value Growth         | 8.3  |

### Stock

### % Assets in Top 10

19.86%

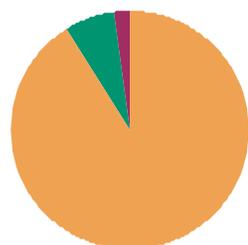
# Hartford Small Company HLS IA

HIASX

|   |                                    |   |                                     |  |                              |
|---|------------------------------------|---|-------------------------------------|--|------------------------------|
| <b>Overall Morningstar Rating</b><br>★★★★           | <b>Total Assets</b><br>\$1,391 mil | <b>Morningstar Category</b><br>Small Growth | <b>Inception Date</b><br>08/09/1996 | <b>Family</b><br>Hartford Mutual Funds |                              |
| <b>Manager</b><br>Mortimer/Abularach/Rome/Chally/An | <b>Manager Tenure</b><br>6.5 Years | <b>Total Holdings</b><br>314                | <b>Expense Ratio</b><br>0.71%       | <b>12b-1</b><br>0.00                   | <b>Sharpe Ratio</b><br>0.75% |

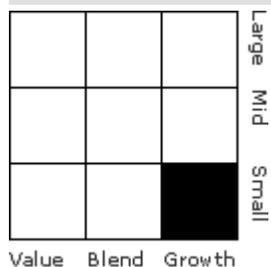
## Portfolio Analysis

### Asset Allocation



|                   |       |
|-------------------|-------|
| ■ Cash            | 0.00  |
| ■ U.S. Stocks     | 91.25 |
| ■ Non-U.S. Stocks | 6.65  |
| ■ Bonds           | 0.00  |
| ■ Other           | 2.10  |

### Equity Style Details



|                          |       |
|--------------------------|-------|
| <b>Avg Mkt Cap \$Mil</b> | 1,772 |
| <b>P/E Ratio TTM</b>     | 20.0  |
| <b>P/C Ratio TTM</b>     | 12.2  |
| <b>P/B Ratio TTM</b>     | 3.0   |
| <b>Turnover Ratio</b>    | 110%  |

### Risk Profile

|                    |  |       |       |       |
|--------------------|--|-------|-------|-------|
|                    |  | 3 Yr  | 5 Yr  | 10 Yr |
| Morningstar Rating |  | 3 ★   | 3 ★   | 4 ★   |
| Standard Deviation |  | 19.40 | 23.03 | 19.72 |
| Information Ratio  |  | 0.14  |       |       |

### Sector Weightings

|                          |             |
|--------------------------|-------------|
|                          | Stocks %    |
| <b>Cyclical Economy</b>  | <b>31.2</b> |
| Basic Materials          | 5.3         |
| Consumer Cyclical        | 18.7        |
| Financial Services       | 3.7         |
| Real Estate              | 3.5         |
| <b>Sensitive Economy</b> | <b>51.2</b> |
| Communication Services   | 0.0         |
| Energy                   | 6.4         |
| Industrials              | 20.8        |
| Technology               | 24.0        |
| <b>Defensive Economy</b> | <b>17.5</b> |
| Consumer Defensive       | 3.0         |
| Healthcare               | 14.2        |
| Utilities                | 0.4         |

### Valuations and Growth Rates

|                           |      |
|---------------------------|------|
| Price/Prospective Earning | 18.3 |
| Price/Book                | 2.4  |
| Price/Sales               | 1.2  |
| Price/Cash Flow           | 8.8  |
| Dividend Yield            | 0.5  |
| Long-Term Earnings        | 15.3 |
| Historical Earnings       | 13.5 |
| Sales Growth              | 7.9  |
| Cash-Flow Growth          | 15.3 |
| Book-Value Growth         | 9.4  |

### Stock

### % Assets in Top 10

10.88%

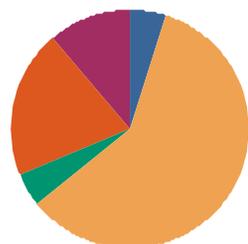
# Invesco Equity and Income R5

ACEKX

|   |                                     |  |                                     |                          |                              |  |
|---|-------------------------------------|--|-------------------------------------|--------------------------|------------------------------|--|
| <b>Overall Morningstar Rating</b><br>★★★★             | <b>Total Assets</b><br>\$11,163 mil | <b>Morningstar Category</b><br>Moderate Allocation | <b>Inception Date</b><br>06/01/2010 | <b>Family</b><br>Invesco |                              |  |
| <b>Manager</b><br>Burge, Jr./Laskin/Maly/Bastian/Marc | <b>Manager Tenure</b><br>8.0 Years  | <b>Total Holdings</b><br>395                       | <b>Expense Ratio</b><br>0.44%       | <b>12b-1</b><br>0.00     | <b>Sharpe Ratio</b><br>0.81% |  |

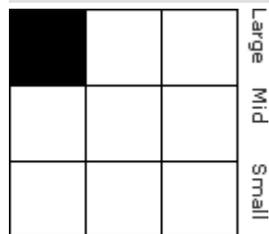
## Portfolio Analysis

### Asset Allocation



|                   |       |
|-------------------|-------|
| ■ Cash            | 4.62  |
| ■ U.S. Stocks     | 59.46 |
| ■ Non-U.S. Stocks | 4.60  |
| ■ Bonds           | 20.21 |
| ■ Other           | 11.11 |

### Equity Style Details



Value Blend Growth

|                          |        |
|--------------------------|--------|
| <b>Avg Mkt Cap \$Mil</b> | 46,213 |
| <b>P/E Ratio TTM</b>     | 14.6   |
| <b>P/C Ratio TTM</b>     | 7.9    |
| <b>P/B Ratio TTM</b>     | 1.6    |
| <b>Turnover Ratio</b>    | 21%    |

### Risk Profile

|                    |       |       |       |       |
|--------------------|-------|-------|-------|-------|
|                    |       | 3 Yr  | 5 Yr  | 10 Yr |
| Morningstar Rating | 4 ★   | 4 ★   | 4 ★   | 4 ★   |
| Standard Deviation | 11.83 | 14.02 | 10.94 |       |
| Information Ratio  |       |       |       |       |

### Sector Weightings

|                          | Stocks %    |
|--------------------------|-------------|
| <b>Cyclical Economy</b>  | <b>36.0</b> |
| Basic Materials          | 1.4         |
| Consumer Cyclical        | 8.5         |
| Financial Services       | 26.1        |
| Real Estate              | 0.0         |
| <b>Sensitive Economy</b> | <b>33.8</b> |
| Communication Services   | 7.3         |
| Energy                   | 11.4        |
| Industrials              | 8.0         |
| Technology               | 7.0         |
| <b>Defensive Economy</b> | <b>30.2</b> |
| Consumer Defensive       | 12.5        |
| Healthcare               | 15.2        |
| Utilities                | 2.6         |

### % Assets in Top 10

20.22%

### Valuations and Growth Rates

|                           | Stock |
|---------------------------|-------|
| Price/Prospective Earning | 12.5  |
| Price/Book                | 1.6   |
| Price/Sales               | 1.2   |
| Price/Cash Flow           | 5.4   |
| Dividend Yield            | 2.8   |
| Long-Term Earnings        | 9.2   |
| Historical Earnings       | 5.0   |
| Sales Growth              | 3.8   |
| Cash-Flow Growth          | 0.2   |
| Book-Value Growth         | 2.8   |

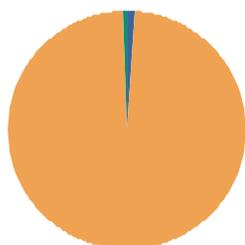
# Lord Abbett Value Opportunities I

LVOYX

|   |                                    |  |                                     |                              |                              |  |
|---|------------------------------------|--|-------------------------------------|------------------------------|------------------------------|--|
| <b>Overall Morningstar Rating</b><br>★★★★ | <b>Total Assets</b><br>\$2,206 mil | <b>Morningstar Category</b><br>Mid-Cap Blend | <b>Inception Date</b><br>12/30/2005 | <b>Family</b><br>Lord Abbett |                              |  |
| <b>Manager</b><br>Maher/Maurer            | <b>Manager Tenure</b><br>6.3 Years | <b>Total Holdings</b><br>104                 | <b>Expense Ratio</b><br>0.96%       | <b>12b-1</b><br>0.00         | <b>Sharpe Ratio</b><br>0.67% |  |

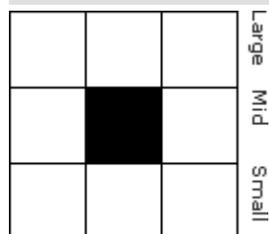
## Portfolio Analysis

### Asset Allocation



|                   |       |
|-------------------|-------|
| ■ Cash            | 1.08  |
| ■ U.S. Stocks     | 98.39 |
| ■ Non-U.S. Stocks | 0.53  |
| ■ Bonds           | 0.00  |
| ■ Other           | 0.00  |

### Equity Style Details



|                          |       |
|--------------------------|-------|
| <b>Avg Mkt Cap \$Mil</b> | 4,052 |
| <b>P/E Ratio TTM</b>     | 17.5  |
| <b>P/C Ratio TTM</b>     | 8.5   |
| <b>P/B Ratio TTM</b>     | 1.7   |
| <b>Turnover Ratio</b>    | 59%   |

### Risk Profile

|                    |       |       |      |       |
|--------------------|-------|-------|------|-------|
|                    |       | 3 Yr  | 5 Yr | 10 Yr |
| Morningstar Rating | 2 ★   | 5 ★   |      |       |
| Standard Deviation | 18.42 | 20.30 |      |       |
| Information Ratio  | -0.21 |       |      |       |

### Sector Weightings

|                          | Stocks %    |
|--------------------------|-------------|
| <b>Cyclical Economy</b>  | <b>41.8</b> |
| Basic Materials          | 5.1         |
| Consumer Cyclical        | 14.6        |
| Financial Services       | 19.3        |
| Real Estate              | 2.9         |
| <b>Sensitive Economy</b> | <b>39.9</b> |
| Communication Services   | 0.0         |
| Energy                   | 6.0         |
| Industrials              | 21.7        |
| Technology               | 12.2        |
| <b>Defensive Economy</b> | <b>18.3</b> |
| Consumer Defensive       | 4.1         |
| Healthcare               | 9.2         |
| Utilities                | 5.0         |

### Valuations and Growth Rates

|                           | Stock |
|---------------------------|-------|
| Price/Prospective Earning | 14.2  |
| Price/Book                | 1.7   |
| Price/Sales               | 1.1   |
| Price/Cash Flow           | 6.7   |
| Dividend Yield            | 1.2   |
| Long-Term Earnings        | 12.2  |
| Historical Earnings       | 9.5   |
| Sales Growth              | -10.7 |
| Cash-Flow Growth          | 4.8   |
| Book-Value Growth         | 0.4   |

### % Assets in Top 10

18.19%

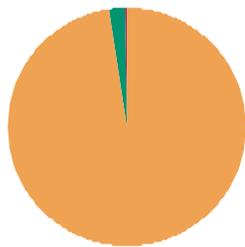
# Munder Mid-Cap Core Growth R6

MGOSX

|   |                                    |   |                                     |                         |                              |  |
|---|------------------------------------|---|-------------------------------------|-------------------------|------------------------------|--|
| <b>Overall Morningstar Rating</b><br>★★★★           | <b>Total Assets</b><br>\$5,251 mil | <b>Morningstar Category</b><br>Mid-Cap Growth | <b>Inception Date</b><br>06/01/2012 | <b>Family</b><br>Munder |                              |  |
| <b>Manager</b><br>Matuszak/Sanders II/Gopal/Hayman/ | <b>Manager Tenure</b><br>5.6 Years | <b>Total Holdings</b><br>81                   | <b>Expense Ratio</b><br>0.85%       | <b>12b-1</b><br>0.00    | <b>Sharpe Ratio</b><br>0.91% |  |

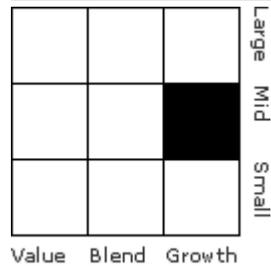
## Portfolio Analysis

### Asset Allocation



|                 |       |
|-----------------|-------|
| Cash            | 0.00  |
| U.S. Stocks     | 97.56 |
| Non-U.S. Stocks | 2.10  |
| Bonds           | 0.00  |
| Other           | 0.34  |

### Equity Style Details



|                          |       |
|--------------------------|-------|
| <b>Avg Mkt Cap \$Mil</b> | 6,609 |
| <b>P/E Ratio TTM</b>     | 16.8  |
| <b>P/C Ratio TTM</b>     | 12.0  |
| <b>P/B Ratio TTM</b>     | 2.2   |
| <b>Turnover Ratio</b>    | 48%   |

### Risk Profile

|                    |       |       |       |       |
|--------------------|-------|-------|-------|-------|
|                    |       | 3 Yr  | 5 Yr  | 10 Yr |
| Morningstar Rating | 4 ★   | 4 ★   | 3 ★   | 4 ★   |
| Standard Deviation | 16.98 | 21.15 | 17.38 |       |
| Information Ratio  |       |       |       |       |

### Sector Weightings

|                          |             |
|--------------------------|-------------|
|                          | Stocks %    |
| <b>Cyclical Economy</b>  | <b>40.7</b> |
| Basic Materials          | 2.4         |
| Consumer Cyclical        | 19.5        |
| Financial Services       | 14.0        |
| Real Estate              | 4.8         |
| <b>Sensitive Economy</b> | <b>35.5</b> |
| Communication Services   | 1.8         |
| Energy                   | 7.1         |
| Industrials              | 14.5        |
| Technology               | 12.1        |
| <b>Defensive Economy</b> | <b>23.9</b> |
| Consumer Defensive       | 8.4         |
| Healthcare               | 9.8         |
| Utilities                | 5.7         |

### Valuations and Growth Rates

|                           |      |
|---------------------------|------|
| Price/Prospective Earning | 15.2 |
| Price/Book                | 2.1  |
| Price/Sales               | 1.5  |
| Price/Cash Flow           | 9.9  |
| Dividend Yield            | 1.2  |
| Long-Term Earnings        | 12.5 |
| Historical Earnings       | 14.3 |
| Sales Growth              | 8.3  |
| Cash-Flow Growth          | 9.4  |
| Book-Value Growth         | 10.0 |

### Stock

### % Assets in Top 10

18.27%

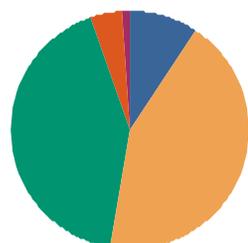
# Mutual Global Discovery Z

MDISX

|   |                                     |  |                                     |  |                              |
|---|-------------------------------------|--|-------------------------------------|--|------------------------------|
| <b>Overall Morningstar Rating</b><br>★★★★★        | <b>Total Assets</b><br>\$19,354 mil | <b>Morningstar Category</b><br>World Stock | <b>Inception Date</b><br>12/31/1992 | <b>Family</b><br>Franklin Templeton Investment Funds |                              |
| <b>Manager</b><br>Rankin/Langerman/Brugere-Trelat | <b>Manager Tenure</b><br>2.9 Years  | <b>Total Holdings</b><br>179               | <b>Expense Ratio</b><br>1.01%       | <b>12b-1</b><br>0.00                                 | <b>Sharpe Ratio</b><br>0.69% |

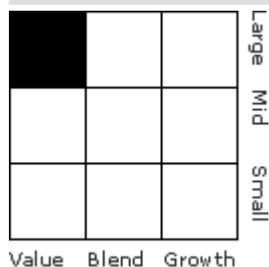
## Portfolio Analysis

### Asset Allocation



|                   |       |
|-------------------|-------|
| ■ Cash            | 9.04  |
| ■ U.S. Stocks     | 43.60 |
| ■ Non-U.S. Stocks | 42.02 |
| ■ Bonds           | 4.19  |
| ■ Other           | 1.15  |

### Equity Style Details



|                          |        |
|--------------------------|--------|
| <b>Avg Mkt Cap \$Mil</b> | 32,265 |
| <b>P/E Ratio TTM</b>     | 12.0   |
| <b>P/C Ratio TTM</b>     | 7.2    |
| <b>P/B Ratio TTM</b>     | 1.3    |
| <b>Turnover Ratio</b>    | 25%    |

### Risk Profile

|                    |       |       |       |
|--------------------|-------|-------|-------|
|                    | 3 Yr  | 5 Yr  | 10 Yr |
| Morningstar Rating | 4 ★   | 5 ★   | 5 ★   |
| Standard Deviation | 12.67 | 12.79 | 11.07 |
| Information Ratio  | 0.42  |       |       |

### Sector Weightings

|                          | Stocks %    |
|--------------------------|-------------|
| <b>Cyclical Economy</b>  | <b>34.4</b> |
| Basic Materials          | 1.4         |
| Consumer Cyclical        | 8.4         |
| Financial Services       | 23.4        |
| Real Estate              | 1.1         |
| <b>Sensitive Economy</b> | <b>35.2</b> |
| Communication Services   | 4.4         |
| Energy                   | 10.4        |
| Industrials              | 12.8        |
| Technology               | 7.6         |
| <b>Defensive Economy</b> | <b>30.4</b> |
| Consumer Defensive       | 16.8        |
| Healthcare               | 10.7        |
| Utilities                | 3.0         |

### Valuations and Growth Rates

|                           | Stock |
|---------------------------|-------|
| Price/Prospective Earning | 11.2  |
| Price/Book                | 1.1   |
| Price/Sales               | 0.8   |
| Price/Cash Flow           | 5.8   |
| Dividend Yield            | 2.6   |
| Long-Term Earnings        | 8.3   |
| Historical Earnings       | -5.1  |
| Sales Growth              | -10.7 |
| Cash-Flow Growth          | -7.6  |
| Book-Value Growth         | 1.5   |

### % Assets in Top 10

18.06%

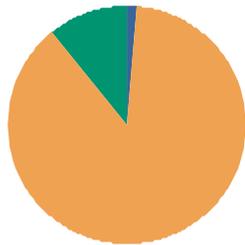
# Neuberger Berman Socially Rspns Inst

NBSLX

|   |                                    |   |                                     |                                   |                              |
|---|------------------------------------|---|-------------------------------------|-----------------------------------|------------------------------|
| <b>Overall Morningstar Rating</b><br>★★★        | <b>Total Assets</b><br>\$2,087 mil | <b>Morningstar Category</b><br>Large Growth | <b>Inception Date</b><br>11/28/2007 | <b>Family</b><br>Neuberger Berman |                              |
| <b>Manager</b><br>Subhas/Moretti/Dyott/Ladiwala | <b>Manager Tenure</b><br>8.7 Years | <b>Total Holdings</b><br>41                 | <b>Expense Ratio</b><br>0.71%       | <b>12b-1</b><br>0.00              | <b>Sharpe Ratio</b><br>0.83% |

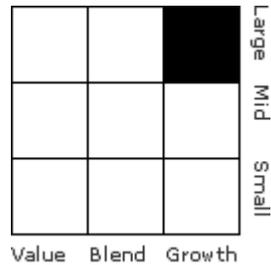
## Portfolio Analysis

### Asset Allocation



|                   |       |
|-------------------|-------|
| ■ Cash            | 1.33  |
| ■ U.S. Stocks     | 87.84 |
| ■ Non-U.S. Stocks | 10.83 |
| ■ Bonds           | 0.00  |
| ■ Other           | 0.01  |

### Equity Style Details



|                          |        |
|--------------------------|--------|
| <b>Avg Mkt Cap \$Mil</b> | 23,198 |
| <b>P/E Ratio TTM</b>     | 19.3   |
| <b>P/C Ratio TTM</b>     | 11.8   |
| <b>P/B Ratio TTM</b>     | 3.1    |
| <b>Turnover Ratio</b>    | 28%    |

### Risk Profile

|                    |       |       |       |       |
|--------------------|-------|-------|-------|-------|
|                    |       | 3 Yr  | 5 Yr  | 10 Yr |
| Morningstar Rating | 4 ★   | 3 ★   | 4 ★   | 4 ★   |
| Standard Deviation | 15.85 | 19.61 | 15.44 |       |
| Information Ratio  | -0.01 |       |       |       |

### Sector Weightings

|                          | Stocks %    |
|--------------------------|-------------|
| <b>Cyclical Economy</b>  | <b>27.7</b> |
| Basic Materials          | 1.9         |
| Consumer Cyclical        | 7.6         |
| Financial Services       | 18.2        |
| Real Estate              | 0.0         |
| <b>Sensitive Economy</b> | <b>45.8</b> |
| Communication Services   | 0.0         |
| Energy                   | 12.0        |
| Industrials              | 18.3        |
| Technology               | 15.5        |
| <b>Defensive Economy</b> | <b>26.6</b> |
| Consumer Defensive       | 15.7        |
| Healthcare               | 10.9        |
| Utilities                | 0.0         |

### Valuations and Growth Rates

|                           | Stock |
|---------------------------|-------|
| Price/Prospective Earning | 16.8  |
| Price/Book                | 2.8   |
| Price/Sales               | 2.0   |
| Price/Cash Flow           | 10.0  |
| Dividend Yield            | 1.4   |
| Long-Term Earnings        | 10.9  |
| Historical Earnings       | 10.2  |
| Sales Growth              | 7.1   |
| Cash-Flow Growth          | 8.4   |
| Book-Value Growth         | 7.9   |

### % Assets in Top 10

38.52%

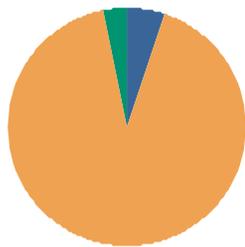
# Oppenheimer Main Street Sm- & Mid-Cap Y

OPMYX

|   |                                    |  |                                     |                                   |                              |
|---|------------------------------------|--|-------------------------------------|-----------------------------------|------------------------------|
| <b>Overall Morningstar Rating</b><br>★★★            | <b>Total Assets</b><br>\$3,576 mil | <b>Morningstar Category</b><br>Small Blend | <b>Inception Date</b><br>08/02/1999 | <b>Family</b><br>OppenheimerFunds |                              |
| <b>Manager</b><br>Anello/Krantz/Budzinski/Vardharaj | <b>Manager Tenure</b><br>1.6 Years | <b>Total Holdings</b><br>92                | <b>Expense Ratio</b><br>0.85%       | <b>12b-1</b><br>0.00              | <b>Sharpe Ratio</b><br>0.74% |

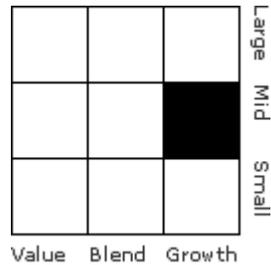
## Portfolio Analysis

### Asset Allocation



|                   |       |
|-------------------|-------|
| ■ Cash            | 4.94  |
| ■ U.S. Stocks     | 91.61 |
| ■ Non-U.S. Stocks | 3.44  |
| ■ Bonds           | 0.00  |
| ■ Other           | 0.00  |

### Equity Style Details



|                          |       |
|--------------------------|-------|
| <b>Avg Mkt Cap \$Mil</b> | 5,102 |
| <b>P/E Ratio TTM</b>     | 16.0  |
| <b>P/C Ratio TTM</b>     | 10.7  |
| <b>P/B Ratio TTM</b>     | 2.2   |
| <b>Turnover Ratio</b>    | 81%   |

### Risk Profile

|                    |       |       |       |       |
|--------------------|-------|-------|-------|-------|
|                    |       | 3 Yr  | 5 Yr  | 10 Yr |
| Morningstar Rating | 3 ★   | 3 ★   | 3 ★   | 3 ★   |
| Standard Deviation | 19.19 | 26.26 | 21.02 |       |
| Information Ratio  | 0.10  |       |       |       |

### Sector Weightings

|                          | Stocks %    |
|--------------------------|-------------|
| <b>Cyclical Economy</b>  | <b>46.9</b> |
| Basic Materials          | 4.1         |
| Consumer Cyclical        | 18.7        |
| Financial Services       | 14.7        |
| Real Estate              | 9.3         |
| <b>Sensitive Economy</b> | <b>36.8</b> |
| Communication Services   | 0.0         |
| Energy                   | 7.1         |
| Industrials              | 17.1        |
| Technology               | 12.6        |
| <b>Defensive Economy</b> | <b>16.4</b> |
| Consumer Defensive       | 0.0         |
| Healthcare               | 15.1        |
| Utilities                | 1.3         |

### Valuations and Growth Rates

|                           | Stock |
|---------------------------|-------|
| Price/Prospective Earning | 15.2  |
| Price/Book                | 1.9   |
| Price/Sales               | 1.4   |
| Price/Cash Flow           | 7.2   |
| Dividend Yield            | 1.6   |
| Long-Term Earnings        | 10.7  |
| Historical Earnings       | 14.5  |
| Sales Growth              | 6.4   |
| Cash-Flow Growth          | 15.7  |
| Book-Value Growth         | 9.6   |

### % Assets in Top 10

27.65%

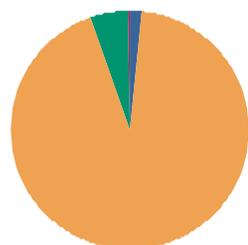
# T. Rowe Price Growth Stock

PRGFX

|   |                                     |   |                                     |                                |                              |
|---|-------------------------------------|---|-------------------------------------|--------------------------------|------------------------------|
| <b>Overall Morningstar Rating</b><br>★★★★ | <b>Total Assets</b><br>\$32,360 mil | <b>Morningstar Category</b><br>Large Growth | <b>Inception Date</b><br>04/11/1950 | <b>Family</b><br>T. Rowe Price |                              |
| <b>Manager</b><br>Bartolo, Robert         | <b>Manager Tenure</b><br>5.4 Years  | <b>Total Holdings</b><br>124                | <b>Expense Ratio</b><br>0.70%       | <b>12b-1</b><br>0.00           | <b>Sharpe Ratio</b><br>0.76% |

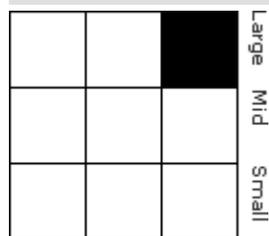
## Portfolio Analysis

### Asset Allocation



|                   |       |
|-------------------|-------|
| ■ Cash            | 1.56  |
| ■ U.S. Stocks     | 93.10 |
| ■ Non-U.S. Stocks | 5.14  |
| ■ Bonds           | 0.00  |
| ■ Other           | 0.20  |

### Equity Style Details



Value Blend Growth

|                          |        |
|--------------------------|--------|
| <b>Avg Mkt Cap \$Mil</b> | 44,770 |
| <b>P/E Ratio TTM</b>     | 21.3   |
| <b>P/C Ratio TTM</b>     | 14.7   |
| <b>P/B Ratio TTM</b>     | 4.0    |
| <b>Turnover Ratio</b>    | 31%    |

### Risk Profile

|                    |       |       |       |       |
|--------------------|-------|-------|-------|-------|
|                    |       | 3 Yr  | 5 Yr  | 10 Yr |
| Morningstar Rating | 4 ★   | 4 ★   | 4 ★   | 4 ★   |
| Standard Deviation | 17.21 | 20.45 | 16.17 |       |
| Information Ratio  | -0.04 |       |       |       |

### Sector Weightings

|                          |             |
|--------------------------|-------------|
|                          | Stocks %    |
| <b>Cyclical Economy</b>  | <b>35.0</b> |
| Basic Materials          | 1.7         |
| Consumer Cyclical        | 22.2        |
| Financial Services       | 8.9         |
| Real Estate              | 2.3         |
| <b>Sensitive Economy</b> | <b>50.3</b> |
| Communication Services   | 3.3         |
| Energy                   | 4.4         |
| Industrials              | 15.0        |
| Technology               | 27.7        |
| <b>Defensive Economy</b> | <b>14.7</b> |
| Consumer Defensive       | 5.6         |
| Healthcare               | 9.0         |
| Utilities                | 0.0         |

### Valuations and Growth Rates

|                           |      |
|---------------------------|------|
| Price/Prospective Earning | 18.6 |
| Price/Book                | 3.9  |
| Price/Sales               | 2.0  |
| Price/Cash Flow           | 11.4 |
| Dividend Yield            | 0.8  |
| Long-Term Earnings        | 15.9 |
| Historical Earnings       | 23.7 |
| Sales Growth              | 12.5 |
| Cash-Flow Growth          | 25.0 |
| Book-Value Growth         | 12.9 |

### Stock

### % Assets in Top 10

36.75%

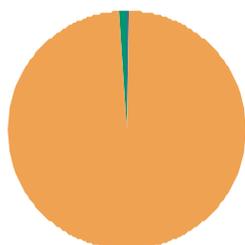
# Vanguard Extended Market Idx I

VIEIX

|   |                                     |  |                                     |                           |                              |  |
|---|-------------------------------------|--|-------------------------------------|---------------------------|------------------------------|--|
| <b>Overall Morningstar Rating</b><br>★★★★ | <b>Total Assets</b><br>\$26,113 mil | <b>Morningstar Category</b><br>Mid-Cap Blend | <b>Inception Date</b><br>07/07/1997 | <b>Family</b><br>Vanguard |                              |  |
| <b>Manager</b><br>Butler, Donald          | <b>Manager Tenure</b><br>15.3 Years | <b>Total Holdings</b><br>2,979               | <b>Expense Ratio</b><br>0.12%       | <b>12b-1</b><br>0.00      | <b>Sharpe Ratio</b><br>0.82% |  |

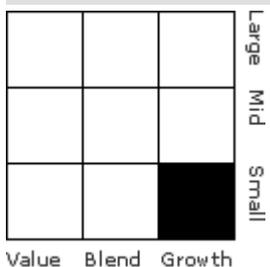
## Portfolio Analysis

### Asset Allocation



|                 |       |
|-----------------|-------|
| Cash            | 0.37  |
| U.S. Stocks     | 98.49 |
| Non-U.S. Stocks | 1.13  |
| Bonds           | 0.00  |
| Other           | 0.00  |

### Equity Style Details



|                          |       |
|--------------------------|-------|
| <b>Avg Mkt Cap \$Mil</b> | 2,491 |
| <b>P/E Ratio TTM</b>     | 17.0  |
| <b>P/C Ratio TTM</b>     | 9.2   |
| <b>P/B Ratio TTM</b>     | 1.9   |
| <b>Turnover Ratio</b>    | 12%   |

### Risk Profile

|                    |       |       |       |
|--------------------|-------|-------|-------|
|                    | 3 Yr  | 5 Yr  | 10 Yr |
| Morningstar Rating | 4 ★   | 4 ★   | 4 ★   |
| Standard Deviation | 19.00 | 23.76 | 18.92 |
| Information Ratio  | 0.35  |       |       |

### Sector Weightings

|                          |             |
|--------------------------|-------------|
|                          | Stocks %    |
| <b>Cyclical Economy</b>  | <b>42.8</b> |
| Basic Materials          | 5.9         |
| Consumer Cyclical        | 15.8        |
| Financial Services       | 12.5        |
| Real Estate              | 8.6         |
| <b>Sensitive Economy</b> | <b>39.8</b> |
| Communication Services   | 2.7         |
| Energy                   | 5.6         |
| Industrials              | 17.7        |
| Technology               | 13.8        |
| <b>Defensive Economy</b> | <b>17.4</b> |
| Consumer Defensive       | 4.0         |
| Healthcare               | 9.8         |
| Utilities                | 3.7         |

### Valuations and Growth Rates

|                           |      |
|---------------------------|------|
| Price/Prospective Earning | 15.6 |
| Price/Book                | 1.8  |
| Price/Sales               | 1.0  |
| Price/Cash Flow           | 7.5  |
| Dividend Yield            | 1.2  |
| Long-Term Earnings        | 12.3 |
| Historical Earnings       | -0.4 |
| Sales Growth              | 1.7  |
| Cash-Flow Growth          | 1.6  |
| Book-Value Growth         | 1.4  |

### Stock

### % Assets in Top 10

4.48%

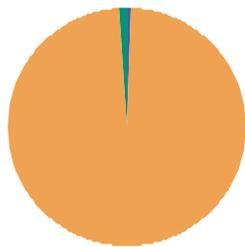
# Vanguard Institutional Index I

VINIX

|   |                                      |  |                                     |                           |                              |
|---|--------------------------------------|--|-------------------------------------|---------------------------|------------------------------|
| <b>Overall Morningstar Rating</b><br>★★★★ | <b>Total Assets</b><br>\$131,934 mil | <b>Morningstar Category</b><br>Large Blend | <b>Inception Date</b><br>07/31/1990 | <b>Family</b><br>Vanguard |                              |
| <b>Manager</b><br>Butler, Donald          | <b>Manager Tenure</b><br>12.3 Years  | <b>Total Holdings</b><br>506               | <b>Expense Ratio</b><br>0.04%       | <b>12b-1</b><br>0.00      | <b>Sharpe Ratio</b><br>0.86% |

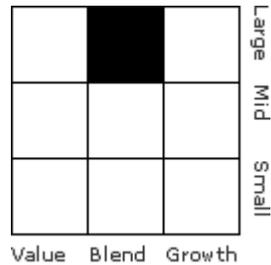
## Portfolio Analysis

### Asset Allocation



|                 |       |
|-----------------|-------|
| Cash            | 0.44  |
| U.S. Stocks     | 98.52 |
| Non-U.S. Stocks | 1.04  |
| Bonds           | 0.00  |
| Other           | 0.00  |

### Equity Style Details



|                          |        |
|--------------------------|--------|
| <b>Avg Mkt Cap \$Mil</b> | 54,871 |
| <b>P/E Ratio TTM</b>     | 15.0   |
| <b>P/C Ratio TTM</b>     | 9.2    |
| <b>P/B Ratio TTM</b>     | 2.1    |
| <b>Turnover Ratio</b>    | 5%     |

### Risk Profile

|                    |       |       |       |       |
|--------------------|-------|-------|-------|-------|
|                    |       | 3 Yr  | 5 Yr  | 10 Yr |
| Morningstar Rating | 4 ★   | 4 ★   | 4 ★   | 4 ★   |
| Standard Deviation | 15.01 | 18.92 | 14.81 |       |
| Information Ratio  | -1.51 |       |       |       |

### Sector Weightings

|                          |             |
|--------------------------|-------------|
|                          | Stocks %    |
| <b>Cyclical Economy</b>  | <b>29.9</b> |
| Basic Materials          | 3.3         |
| Consumer Cyclical        | 10.1        |
| Financial Services       | 14.4        |
| Real Estate              | 2.1         |
| <b>Sensitive Economy</b> | <b>43.5</b> |
| Communication Services   | 4.3         |
| Energy                   | 10.9        |
| Industrials              | 11.1        |
| Technology               | 17.2        |
| <b>Defensive Economy</b> | <b>26.5</b> |
| Consumer Defensive       | 11.2        |
| Healthcare               | 11.9        |
| Utilities                | 3.4         |

### Valuations and Growth Rates

|                           |      |
|---------------------------|------|
| Price/Prospective Earning | 13.3 |
| Price/Book                | 2.0  |
| Price/Sales               | 1.3  |
| Price/Cash Flow           | 7.1  |
| Dividend Yield            | 2.3  |
| Long-Term Earnings        | 10.3 |
| Historical Earnings       | 8.8  |
| Sales Growth              | 0.8  |
| Cash-Flow Growth          | 10.1 |
| Book-Value Growth         | 3.8  |

### Stock

### % Assets in Top 10

19.49%

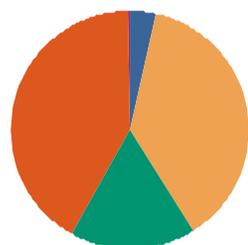
# Vanguard Target Retirement 2015 Inv

VTXVX

|   |                                     |  |                                     |                           |                              |  |
|---|-------------------------------------|--|-------------------------------------|---------------------------|------------------------------|--|
| <b>Overall Morningstar Rating</b><br>★★★★ | <b>Total Assets</b><br>\$19,450 mil | <b>Morningstar Category</b><br>Target Date 2011-2015 | <b>Inception Date</b><br>10/27/2003 | <b>Family</b><br>Vanguard |                              |  |
| <b>Manager</b><br>Coleman/Nejman/Buek     | <b>Manager Tenure</b><br>0.1 Years  | <b>Total Holdings</b><br>5                           | <b>Expense Ratio</b><br>0.16%       | <b>12b-1</b><br>0.00      | <b>Sharpe Ratio</b><br>0.96% |  |

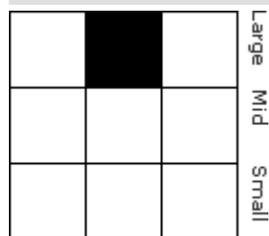
## Portfolio Analysis

### Asset Allocation



|                 |       |
|-----------------|-------|
| Cash            | 3.51  |
| U.S. Stocks     | 37.65 |
| Non-U.S. Stocks | 16.99 |
| Bonds           | 41.67 |
| Other           | 0.17  |

### Equity Style Details



|                          |        |
|--------------------------|--------|
| <b>Avg Mkt Cap \$Mil</b> | 27,318 |
| <b>P/E Ratio TTM</b>     | 14.2   |
| <b>P/C Ratio TTM</b>     | 8.3    |
| <b>P/B Ratio TTM</b>     | 1.8    |
| <b>Turnover Ratio</b>    | 13%    |

### Risk Profile

|                    |       |       |       |
|--------------------|-------|-------|-------|
|                    | 3 Yr  | 5 Yr  | 10 Yr |
| Morningstar Rating | 4 ★   | 4 ★   |       |
| Standard Deviation | 9.06  | 12.56 |       |
| Information Ratio  | -0.14 |       |       |

### Sector Weightings

|                          |             |
|--------------------------|-------------|
|                          | Stocks %    |
| <b>Cyclical Economy</b>  | <b>34.7</b> |
| Basic Materials          | 5.7         |
| Consumer Cyclical        | 10.5        |
| Financial Services       | 14.9        |
| Real Estate              | 3.6         |
| <b>Sensitive Economy</b> | <b>41.5</b> |
| Communication Services   | 4.7         |
| Energy                   | 10.2        |
| Industrials              | 12.0        |
| Technology               | 14.7        |
| <b>Defensive Economy</b> | <b>23.8</b> |
| Consumer Defensive       | 10.1        |
| Healthcare               | 10.3        |
| Utilities                | 3.5         |

### Valuations and Growth Rates

|                           |       |
|---------------------------|-------|
| Price/Prospective Earning | 13.5  |
| Price/Book                | 1.7   |
| Price/Sales               | 1.1   |
| Price/Cash Flow           | 5.8   |
| Dividend Yield            | 2.4   |
| Long-Term Earnings        | 11.0  |
| Historical Earnings       | 3.3   |
| Sales Growth              | -12.3 |
| Cash-Flow Growth          | -1.8  |
| Book-Value Growth         | -25.5 |

### Stock

### % Assets in Top 10

100.00%

# Vanguard Target Retirement 2025 Inv

VTTVX

|   |                                     |  |                                     |                           |                              |
|---|-------------------------------------|--|-------------------------------------|---------------------------|------------------------------|
| <b>Overall Morningstar Rating</b><br>★★★★ | <b>Total Assets</b><br>\$24,319 mil | <b>Morningstar Category</b><br>Target Date 2021-2025 | <b>Inception Date</b><br>10/27/2003 | <b>Family</b><br>Vanguard |                              |
| <b>Manager</b><br>Coleman/Nejman/Buek     | <b>Manager Tenure</b><br>0.1 Years  | <b>Total Holdings</b><br>4                           | <b>Expense Ratio</b><br>0.17%       | <b>12b-1</b><br>0.00      | <b>Sharpe Ratio</b><br>0.81% |

## Portfolio Analysis

| Asset Allocation         | Equity Style Details  | Risk Profile       |                       |       |                       |  |  |  |  |  |  |  |  |  |  |       |       |        |  |   |                          |        |      |      |       |                      |      |                    |     |     |                      |     |                    |       |       |                      |     |                   |      |  |                       |    |  |  |  |
|--------------------------|---|--------------------|-----------------------|-------|-----------------------|--|--|--|--|--|--|--|--|--|--|-------|-------|--------|--|---|--------------------------|--------|------|------|-------|----------------------|------|--------------------|-----|-----|----------------------|-----|--------------------|-------|-------|----------------------|-----|-------------------|------|--|-----------------------|----|--|--|--|
|                          | <table border="1"> <tr> <td></td> <td></td> <td></td> <td rowspan="4">Large<br/>Mid<br/>Small</td> </tr> <tr> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>Value</td> <td>Blend</td> <td>Growth</td> <td></td> </tr> </table> |                    |                       |       | Large<br>Mid<br>Small |  |  |  |  |  |  |  |  |  |  | Value | Blend | Growth |  | <table border="1"> <tr> <td><b>Avg Mkt Cap \$Mil</b></td> <td>27,345</td> <td>3 Yr</td> <td>5 Yr</td> <td>10 Yr</td> </tr> <tr> <td><b>P/E Ratio TTM</b></td> <td>14.2</td> <td>Morningstar Rating</td> <td>4 ★</td> <td>4 ★</td> </tr> <tr> <td><b>P/C Ratio TTM</b></td> <td>8.3</td> <td>Standard Deviation</td> <td>11.76</td> <td>15.57</td> </tr> <tr> <td><b>P/B Ratio TTM</b></td> <td>1.8</td> <td>Information Ratio</td> <td>0.20</td> <td></td> </tr> <tr> <td><b>Turnover Ratio</b></td> <td>9%</td> <td></td> <td></td> <td></td> </tr> </table> | <b>Avg Mkt Cap \$Mil</b> | 27,345 | 3 Yr | 5 Yr | 10 Yr | <b>P/E Ratio TTM</b> | 14.2 | Morningstar Rating | 4 ★ | 4 ★ | <b>P/C Ratio TTM</b> | 8.3 | Standard Deviation | 11.76 | 15.57 | <b>P/B Ratio TTM</b> | 1.8 | Information Ratio | 0.20 |  | <b>Turnover Ratio</b> | 9% |  |  |  |
|                          |   |                    | Large<br>Mid<br>Small |       |                       |  |  |  |  |  |  |  |  |  |  |       |       |        |  |   |                          |        |      |      |       |                      |      |                    |     |     |                      |     |                    |       |       |                      |     |                   |      |  |                       |    |  |  |  |
|                          |   |                    |                       |       |                       |  |  |  |  |  |  |  |  |  |  |       |       |        |  |   |                          |        |      |      |       |                      |      |                    |     |     |                      |     |                    |       |       |                      |     |                   |      |  |                       |    |  |  |  |
|                          |   |                    |                       |       |                       |  |  |  |  |  |  |  |  |  |  |       |       |        |  |   |                          |        |      |      |       |                      |      |                    |     |     |                      |     |                    |       |       |                      |     |                   |      |  |                       |    |  |  |  |
|                          |   |                    |                       |       |                       |  |  |  |  |  |  |  |  |  |  |       |       |        |  |   |                          |        |      |      |       |                      |      |                    |     |     |                      |     |                    |       |       |                      |     |                   |      |  |                       |    |  |  |  |
|                          | Value   | Blend              | Growth                |       |                       |  |  |  |  |  |  |  |  |  |  |       |       |        |  |   |                          |        |      |      |       |                      |      |                    |     |     |                      |     |                    |       |       |                      |     |                   |      |  |                       |    |  |  |  |
| <b>Avg Mkt Cap \$Mil</b> | 27,345  | 3 Yr               | 5 Yr                  | 10 Yr |                       |  |  |  |  |  |  |  |  |  |  |       |       |        |  |   |                          |        |      |      |       |                      |      |                    |     |     |                      |     |                    |       |       |                      |     |                   |      |  |                       |    |  |  |  |
| <b>P/E Ratio TTM</b>     | 14.2  | Morningstar Rating | 4 ★                   | 4 ★   |                       |  |  |  |  |  |  |  |  |  |  |       |       |        |  |   |                          |        |      |      |       |                      |      |                    |     |     |                      |     |                    |       |       |                      |     |                   |      |  |                       |    |  |  |  |
| <b>P/C Ratio TTM</b>     | 8.3   | Standard Deviation | 11.76                 | 15.57 |                       |  |  |  |  |  |  |  |  |  |  |       |       |        |  |   |                          |        |      |      |       |                      |      |                    |     |     |                      |     |                    |       |       |                      |     |                   |      |  |                       |    |  |  |  |
| <b>P/B Ratio TTM</b>     | 1.8   | Information Ratio  | 0.20                  |       |                       |  |  |  |  |  |  |  |  |  |  |       |       |        |  |   |                          |        |      |      |       |                      |      |                    |     |     |                      |     |                    |       |       |                      |     |                   |      |  |                       |    |  |  |  |
| <b>Turnover Ratio</b>    | 9%  |                    |                       |       |                       |  |  |  |  |  |  |  |  |  |  |       |       |        |  |   |                          |        |      |      |       |                      |      |                    |     |     |                      |     |                    |       |       |                      |     |                   |      |  |                       |    |  |  |  |

## Sector Weightings

|                          | Stocks %    |
|--------------------------|-------------|
| <b>Cyclical Economy</b>  | <b>34.6</b> |
| Basic Materials          | 5.7         |
| Consumer Cyclical        | 10.5        |
| Financial Services       | 14.9        |
| Real Estate              | 3.6         |
| <b>Sensitive Economy</b> | <b>41.5</b> |
| Communication Services   | 4.7         |
| Energy                   | 10.2        |
| Industrials              | 12.0        |
| Technology               | 14.7        |
| <b>Defensive Economy</b> | <b>23.9</b> |
| Consumer Defensive       | 10.1        |
| Healthcare               | 10.3        |
| Utilities                | 3.5         |

## % Assets in Top 10

100.00%

## Valuations and Growth Rates

|                           | Stock |
|---------------------------|-------|
| Price/Prospective Earning | 13.6  |
| Price/Book                | 1.7   |
| Price/Sales               | 1.1   |
| Price/Cash Flow           | 5.8   |
| Dividend Yield            | 2.4   |
| Long-Term Earnings        | 11.0  |
| Historical Earnings       | 3.3   |
| Sales Growth              | -12.2 |
| Cash-Flow Growth          | -1.7  |
| Book-Value Growth         | -25.4 |

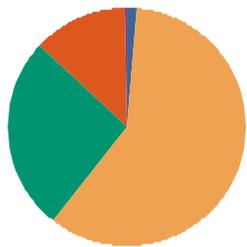
# Vanguard Target Retirement 2035 Inv

VTTHX

|   |                                     |  |                                     |                           |                              |  |
|---|-------------------------------------|--|-------------------------------------|---------------------------|------------------------------|--|
| <b>Overall Morningstar Rating</b><br>★★★★ | <b>Total Assets</b><br>\$17,570 mil | <b>Morningstar Category</b><br>Target Date 2031-2035 | <b>Inception Date</b><br>10/27/2003 | <b>Family</b><br>Vanguard |                              |  |
| <b>Manager</b><br>Coleman/Nejman/Buek     | <b>Manager Tenure</b><br>0.1 Years  | <b>Total Holdings</b><br>4                           | <b>Expense Ratio</b><br>0.18%       | <b>12b-1</b><br>0.00      | <b>Sharpe Ratio</b><br>0.72% |  |

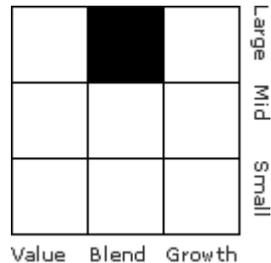
## Portfolio Analysis

### Asset Allocation



|                   |       |
|-------------------|-------|
| ■ Cash            | 1.49  |
| ■ U.S. Stocks     | 59.13 |
| ■ Non-U.S. Stocks | 26.29 |
| ■ Bonds           | 12.84 |
| ■ Other           | 0.25  |

### Equity Style Details



|                          |        |
|--------------------------|--------|
| <b>Avg Mkt Cap \$Mil</b> | 27,373 |
| <b>P/E Ratio TTM</b>     | 14.2   |
| <b>P/C Ratio TTM</b>     | 8.3    |
| <b>P/B Ratio TTM</b>     | 1.8    |
| <b>Turnover Ratio</b>    | 6%     |

### Risk Profile

|                    |       |       |      |       |
|--------------------|-------|-------|------|-------|
|                    |       | 3 Yr  | 5 Yr | 10 Yr |
| Morningstar Rating | 4 ★   | 4 ★   | 4 ★  |       |
| Standard Deviation | 14.37 | 18.27 |      |       |
| Information Ratio  | 0.22  |       |      |       |

### Sector Weightings

|                          |             |
|--------------------------|-------------|
|                          | Stocks %    |
| <b>Cyclical Economy</b>  | <b>34.6</b> |
| Basic Materials          | 5.7         |
| Consumer Cyclical        | 10.5        |
| Financial Services       | 14.9        |
| Real Estate              | 3.6         |
| <b>Sensitive Economy</b> | <b>41.5</b> |
| Communication Services   | 4.7         |
| Energy                   | 10.2        |
| Industrials              | 12.0        |
| Technology               | 14.7        |
| <b>Defensive Economy</b> | <b>23.9</b> |
| Consumer Defensive       | 10.1        |
| Healthcare               | 10.3        |
| Utilities                | 3.5         |

### Valuations and Growth Rates

|                           |       |
|---------------------------|-------|
| Price/Prospective Earning | 13.6  |
| Price/Book                | 1.7   |
| Price/Sales               | 1.1   |
| Price/Cash Flow           | 5.9   |
| Dividend Yield            | 2.4   |
| Long-Term Earnings        | 11.0  |
| Historical Earnings       | 3.3   |
| Sales Growth              | -12.2 |
| Cash-Flow Growth          | -1.7  |
| Book-Value Growth         | -25.4 |

### Stock

### % Assets in Top 10

100.00%

# Vanguard Target Retirement 2045 Inv

VTIVX

**Overall Morningstar Rating**  
★★★★

**Total Assets**  
\$10,167 mil

**Morningstar Category**  
Target Date 2041-2045

**Inception Date**  
10/27/2003

**Family**  
Vanguard

**Manager**  
Coleman/Nejman/Buek

**Manager Tenure**  
0.1 Years

**Total Holdings**  
4

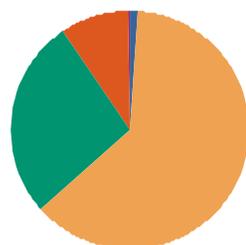
**Expense Ratio**  
0.18%

**12b-1**  
0.00

**Sharpe Ratio**  
0.72%

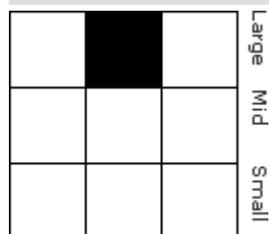
## Portfolio Analysis

### Asset Allocation



|                 |       |
|-----------------|-------|
| Cash            | 1.22  |
| U.S. Stocks     | 62.02 |
| Non-U.S. Stocks | 27.41 |
| Bonds           | 9.09  |
| Other           | 0.26  |

### Equity Style Details



Value Blend Growth

|                          |        |
|--------------------------|--------|
| <b>Avg Mkt Cap \$Mil</b> | 27,394 |
| <b>P/E Ratio TTM</b>     | 14.2   |
| <b>P/C Ratio TTM</b>     | 8.3    |
| <b>P/B Ratio TTM</b>     | 1.8    |
| <b>Turnover Ratio</b>    | 7%     |

### Risk Profile

|                    | 3 Yr  | 5 Yr  | 10 Yr |
|--------------------|-------|-------|-------|
| Morningstar Rating | 4 ★   | 4 ★   |       |
| Standard Deviation | 14.64 | 18.39 |       |
| Information Ratio  | 0.24  |       |       |

### Sector Weightings

|                          | Stocks %    |
|--------------------------|-------------|
| <b>Cyclical Economy</b>  | <b>34.6</b> |
| Basic Materials          | 5.6         |
| Consumer Cyclical        | 10.5        |
| Financial Services       | 14.9        |
| Real Estate              | 3.6         |
| <b>Sensitive Economy</b> | <b>41.5</b> |
| Communication Services   | 4.7         |
| Energy                   | 10.2        |
| Industrials              | 12.0        |
| Technology               | 14.7        |
| <b>Defensive Economy</b> | <b>23.9</b> |
| Consumer Defensive       | 10.1        |
| Healthcare               | 10.3        |
| Utilities                | 3.5         |

### % Assets in Top 10

100.00%

### Valuations and Growth Rates

|                           | Stock |
|---------------------------|-------|
| Price/Prospective Earning | 13.6  |
| Price/Book                | 1.7   |
| Price/Sales               | 1.1   |
| Price/Cash Flow           | 5.9   |
| Dividend Yield            | 2.4   |
| Long-Term Earnings        | 11.0  |
| Historical Earnings       | 3.3   |
| Sales Growth              | -12.2 |
| Cash-Flow Growth          | -1.7  |
| Book-Value Growth         | -25.4 |

# Vanguard Target Retirement Income Inv

VTINX

|  |                                     |  |                                     |                           |                              |
|--|-------------------------------------|--|-------------------------------------|---------------------------|------------------------------|
| <b>Overall Morningstar Rating</b><br>★★★★★ | <b>Total Assets</b><br>\$10,325 mil | <b>Morningstar Category</b><br>Retirement Income | <b>Inception Date</b><br>10/27/2003 | <b>Family</b><br>Vanguard |                              |
| <b>Manager</b><br>Coleman/Nejman/Buek      | <b>Manager Tenure</b><br>0.1 Years  | <b>Total Holdings</b><br>6                       | <b>Expense Ratio</b><br>0.16%       | <b>12b-1</b><br>0.00      | <b>Sharpe Ratio</b><br>1.59% |

## Portfolio Analysis

|                             |  |                    |                       |       |                       |  |  |  |  |  |  |  |  |  |  |  |  |                    |  |  |  |      |      |       |                          |        |  |  |  |                      |      |                    |     |     |                      |     |                    |      |      |                      |     |                   |       |  |                       |    |  |  |  |
|-----------------------------|--|--------------------|-----------------------|-------|-----------------------|--|--|--|--|--|--|--|--|--|--|--|--|--------------------|--|--|--|------|------|-------|--------------------------|--------|--|--|--|----------------------|------|--------------------|-----|-----|----------------------|-----|--------------------|------|------|----------------------|-----|-------------------|-------|--|-----------------------|----|--|--|--|
| <b>Asset Allocation</b><br> | <b>Equity Style Details</b><br><table border="1"> <tr> <td></td> <td></td> <td></td> <td rowspan="4">Large<br/>Mid<br/>Small</td> </tr> <tr> <td></td> <td></td> <td></td> <td>Value Blend Growth</td> </tr> </table> |                    |                       |       | Large<br>Mid<br>Small |  |  |  |  |  |  |  |  |  |  |  |  | Value Blend Growth | <b>Risk Profile</b><br><table border="0"> <tr> <td></td> <td></td> <td>3 Yr</td> <td>5 Yr</td> <td>10 Yr</td> </tr> <tr> <td><b>Avg Mkt Cap \$Mil</b></td> <td>27,351</td> <td></td> <td></td> <td></td> </tr> <tr> <td><b>P/E Ratio TTM</b></td> <td>14.2</td> <td>Morningstar Rating</td> <td>4 ★</td> <td>5 ★</td> </tr> <tr> <td><b>P/C Ratio TTM</b></td> <td>8.3</td> <td>Standard Deviation</td> <td>4.65</td> <td>7.25</td> </tr> <tr> <td><b>P/B Ratio TTM</b></td> <td>1.8</td> <td>Information Ratio</td> <td>-0.22</td> <td></td> </tr> <tr> <td><b>Turnover Ratio</b></td> <td>7%</td> <td></td> <td></td> <td></td> </tr> </table> |  |  | 3 Yr | 5 Yr | 10 Yr | <b>Avg Mkt Cap \$Mil</b> | 27,351 |  |  |  | <b>P/E Ratio TTM</b> | 14.2 | Morningstar Rating | 4 ★ | 5 ★ | <b>P/C Ratio TTM</b> | 8.3 | Standard Deviation | 4.65 | 7.25 | <b>P/B Ratio TTM</b> | 1.8 | Information Ratio | -0.22 |  | <b>Turnover Ratio</b> | 7% |  |  |  |
|                             |  |                    | Large<br>Mid<br>Small |       |                       |  |  |  |  |  |  |  |  |  |  |  |  |                    |  |  |  |      |      |       |                          |        |  |  |  |                      |      |                    |     |     |                      |     |                    |      |      |                      |     |                   |       |  |                       |    |  |  |  |
|                             |  |                    |                       |       |                       |  |  |  |  |  |  |  |  |  |  |  |  |                    |  |  |  |      |      |       |                          |        |  |  |  |                      |      |                    |     |     |                      |     |                    |      |      |                      |     |                   |       |  |                       |    |  |  |  |
|                             |  |                    |                       |       |                       |  |  |  |  |  |  |  |  |  |  |  |  |                    |  |  |  |      |      |       |                          |        |  |  |  |                      |      |                    |     |     |                      |     |                    |      |      |                      |     |                   |       |  |                       |    |  |  |  |
|                             |  |                    |                       |       |                       |  |  |  |  |  |  |  |  |  |  |  |  |                    |  |  |  |      |      |       |                          |        |  |  |  |                      |      |                    |     |     |                      |     |                    |      |      |                      |     |                   |       |  |                       |    |  |  |  |
|                             |  |                    | Value Blend Growth    |       |                       |  |  |  |  |  |  |  |  |  |  |  |  |                    |  |  |  |      |      |       |                          |        |  |  |  |                      |      |                    |     |     |                      |     |                    |      |      |                      |     |                   |       |  |                       |    |  |  |  |
|                             |  | 3 Yr               | 5 Yr                  | 10 Yr |                       |  |  |  |  |  |  |  |  |  |  |  |  |                    |  |  |  |      |      |       |                          |        |  |  |  |                      |      |                    |     |     |                      |     |                    |      |      |                      |     |                   |       |  |                       |    |  |  |  |
| <b>Avg Mkt Cap \$Mil</b>    | 27,351   |                    |                       |       |                       |  |  |  |  |  |  |  |  |  |  |  |  |                    |  |  |  |      |      |       |                          |        |  |  |  |                      |      |                    |     |     |                      |     |                    |      |      |                      |     |                   |       |  |                       |    |  |  |  |
| <b>P/E Ratio TTM</b>        | 14.2   | Morningstar Rating | 4 ★                   | 5 ★   |                       |  |  |  |  |  |  |  |  |  |  |  |  |                    |  |  |  |      |      |       |                          |        |  |  |  |                      |      |                    |     |     |                      |     |                    |      |      |                      |     |                   |       |  |                       |    |  |  |  |
| <b>P/C Ratio TTM</b>        | 8.3  | Standard Deviation | 4.65                  | 7.25  |                       |  |  |  |  |  |  |  |  |  |  |  |  |                    |  |  |  |      |      |       |                          |        |  |  |  |                      |      |                    |     |     |                      |     |                    |      |      |                      |     |                   |       |  |                       |    |  |  |  |
| <b>P/B Ratio TTM</b>        | 1.8  | Information Ratio  | -0.22                 |       |                       |  |  |  |  |  |  |  |  |  |  |  |  |                    |  |  |  |      |      |       |                          |        |  |  |  |                      |      |                    |     |     |                      |     |                    |      |      |                      |     |                   |       |  |                       |    |  |  |  |
| <b>Turnover Ratio</b>       | 7%   |                    |                       |       |                       |  |  |  |  |  |  |  |  |  |  |  |  |                    |  |  |  |      |      |       |                          |        |  |  |  |                      |      |                    |     |     |                      |     |                    |      |      |                      |     |                   |       |  |                       |    |  |  |  |

|                          |             |
|--------------------------|-------------|
| <b>Sector Weightings</b> |             |
|                          | Stocks %    |
| <b>Cyclical Economy</b>  | <b>34.6</b> |
| Basic Materials          | 5.7         |
| Consumer Cyclical        | 10.5        |
| Financial Services       | 14.9        |
| Real Estate              | 3.6         |
| <b>Sensitive Economy</b> | <b>41.5</b> |
| Communication Services   | 4.7         |
| Energy                   | 10.2        |
| Industrials              | 12.0        |
| Technology               | 14.7        |
| <b>Defensive Economy</b> | <b>23.9</b> |
| Consumer Defensive       | 10.1        |
| Healthcare               | 10.3        |
| Utilities                | 3.5         |

|                           |
|---------------------------|
| <b>% Assets in Top 10</b> |
| 100.00%                   |

|                                    |              |
|------------------------------------|--------------|
| <b>Valuations and Growth Rates</b> | <b>Stock</b> |
| Price/Prospective Earning          | 13.6         |
| Price/Book                         | 1.7          |
| Price/Sales                        | 1.1          |
| Price/Cash Flow                    | 5.9          |
| Dividend Yield                     | 2.4          |
| Long-Term Earnings                 | 11.0         |
| Historical Earnings                | 3.3          |
| Sales Growth                       | -12.2        |
| Cash-Flow Growth                   | -1.7         |
| Book-Value Growth                  | -25.4        |

# Victory Diversified Stock I

VDSIX

|   |                                     |  |                                     |                          |                              |  |
|---|-------------------------------------|--|-------------------------------------|--------------------------|------------------------------|--|
| <b>Overall Morningstar Rating</b><br>★★ | <b>Total Assets</b><br>\$1,848 mil  | <b>Morningstar Category</b><br>Large Blend | <b>Inception Date</b><br>08/31/2007 | <b>Family</b><br>Victory |                              |  |
| <b>Manager</b><br>Babin/Danes/Rains     | <b>Manager Tenure</b><br>16.3 Years | <b>Total Holdings</b><br>54                | <b>Expense Ratio</b><br>0.82%       | <b>12b-1</b><br>0.00     | <b>Sharpe Ratio</b><br>0.58% |  |

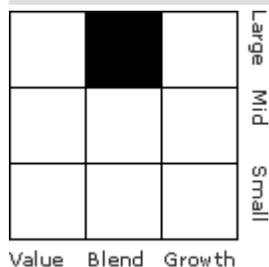
## Portfolio Analysis

### Asset Allocation



|                   |       |
|-------------------|-------|
| ■ Cash            | 2.23  |
| ■ U.S. Stocks     | 93.95 |
| ■ Non-U.S. Stocks | 3.82  |
| ■ Bonds           | 0.00  |
| ■ Other           | 0.00  |

### Equity Style Details



|                          |        |
|--------------------------|--------|
| <b>Avg Mkt Cap \$Mil</b> | 58,886 |
| <b>P/E Ratio TTM</b>     | 15.8   |
| <b>P/C Ratio TTM</b>     | 10.7   |
| <b>P/B Ratio TTM</b>     | 2.1    |
| <b>Turnover Ratio</b>    | 87%    |

### Risk Profile

|                    |       |       |       |       |
|--------------------|-------|-------|-------|-------|
|                    |       | 3 Yr  | 5 Yr  | 10 Yr |
| Morningstar Rating | 2 ★   | 2 ★   | 2 ★   | 4 ★   |
| Standard Deviation | 17.57 | 20.15 | 16.17 |       |
| Information Ratio  | -0.91 |       |       |       |

### Sector Weightings

|                          | Stocks %    |
|--------------------------|-------------|
| <b>Cyclical Economy</b>  | <b>33.4</b> |
| Basic Materials          | 2.4         |
| Consumer Cyclical        | 15.5        |
| Financial Services       | 15.5        |
| Real Estate              | 0.0         |
| <b>Sensitive Economy</b> | <b>40.6</b> |
| Communication Services   | 1.8         |
| Energy                   | 8.6         |
| Industrials              | 14.8        |
| Technology               | 15.3        |
| <b>Defensive Economy</b> | <b>26.0</b> |
| Consumer Defensive       | 12.6        |
| Healthcare               | 13.3        |
| Utilities                | 0.0         |

### Valuations and Growth Rates

|                           | Stock |
|---------------------------|-------|
| Price/Prospective Earning | 13.1  |
| Price/Book                | 2.1   |
| Price/Sales               | 1.3   |
| Price/Cash Flow           | 7.2   |
| Dividend Yield            | 1.8   |
| Long-Term Earnings        | 11.3  |
| Historical Earnings       | 1.3   |
| Sales Growth              | 5.7   |
| Cash-Flow Growth          | 16.6  |
| Book-Value Growth         | 4.7   |

### % Assets in Top 10

32.11%

# Nevada Public Employees' Deferred Compensation Program

*457 Plan - ING Fund Line-Up*



**June 2013**

Francis Picarelli

*Senior Vice President*

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## Scoring System Summary

| Ticker | Fund Name                            | Fund Category          | Sep 2012 | Dec 2012 | Mar 2013  | Jun 2013 |
|--------|--------------------------------------|------------------------|----------|----------|-----------|----------|
| BGRFX  | Baron Growth Retail                  | Mid-Cap Growth         | B        | B        | B         | B        |
| DODFX  | Dodge & Cox International Stock      | Foreign Large Blend    | A        | A        | B         | A        |
| FCNTX  | Fidelity Contrafund                  | Large Growth           | A        | A        | A         | A        |
| HBMCX  | Hartford MidCap HLS IB               | Mid-Cap Growth         | C        | B        | B         | C        |
| ITRIX  | ING T. Rowe Price Cap Apprec Port I  | Moderate Allocation    | B        | B        | B         | B        |
| KSCVX  | Keeley Small Cap Value A             | Small Blend            | C        | B        | C         | C        |
| LACAX  | Columbia Acorn A                     | Mid-Cap Growth         | B        | B        | B         | B        |
| LVOYX  | Lord Abbett Value Opportunities I    | Mid-Cap Blend          | C        | B        | B         | <i>B</i> |
| LZMOX  | Lazard US Mid Cap Equity Open        | Mid-Cap Blend          | C        | C        | C         | C        |
| NFJEX  | AllianzGI NFJ Dividend Value Instl   | Large Value            | B        | B        | B         | B        |
| PRBLX  | Parnassus Equity Income - Inv        | Large Blend            | B        | B        | B         | B        |
| RGACX  | American Funds Growth Fund of Amer F | Large Growth           | B        | B        | B         | B        |
| RWICX  | American Funds Capital World G/I R3  | World Stock            | A        | A        | A         | A        |
| VBTIX  | Vanguard Total Bond Market Index I   | Intermediate-Term Bond | A        | B        | A         | A        |
| VDMAX  | Vanguard Developed Markets Index Adr | Foreign Large Blend    | NA       | NA       | <i>NA</i> | NA       |
| VIEIX  | Vanguard Extended Market Idx I       | Mid-Cap Blend          | B        | B        | <i>B</i>  | B        |
| VINIX  | Vanguard Institutional Index I       | Large Blend            | A        | B        | <i>B</i>  | B        |

*Previous quarter score*

# Baron Growth Retail

Segal Score

B

Ticker: BGRFX

Category: Mid-Cap Growth

Subcategory: Mid High Growth

Min. Invest: 2,000.00

Benchmark: Russell Mid Cap Growth TR USD

Inception Date: 12/30/1994

| Portfolio Characteristics |          |
|---------------------------|----------|
| % US Stocks:              | 89.88    |
| Geo Avg Market Cap \$MM:  | 3,537    |
| Total Assets \$MM:        | 4,350.82 |

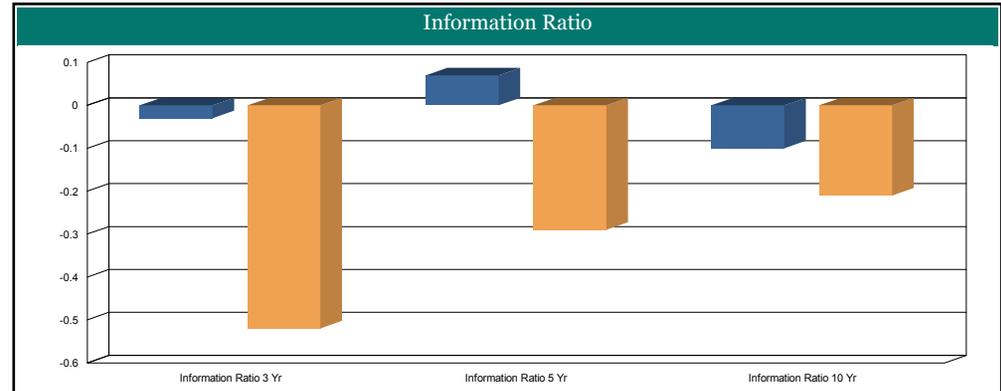
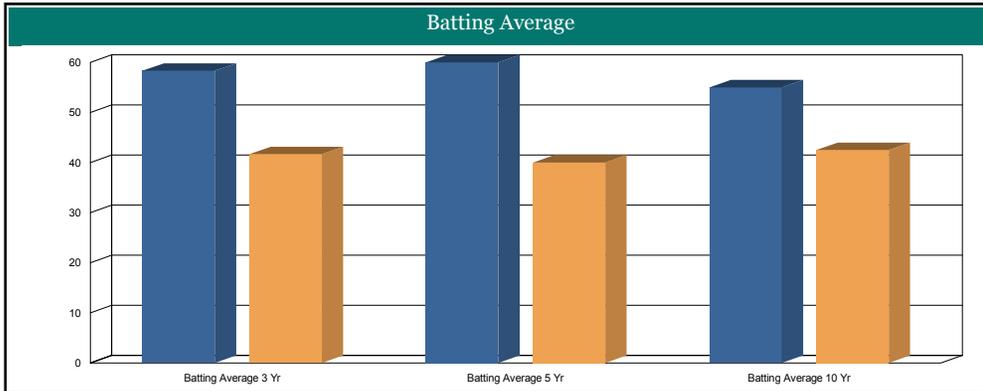
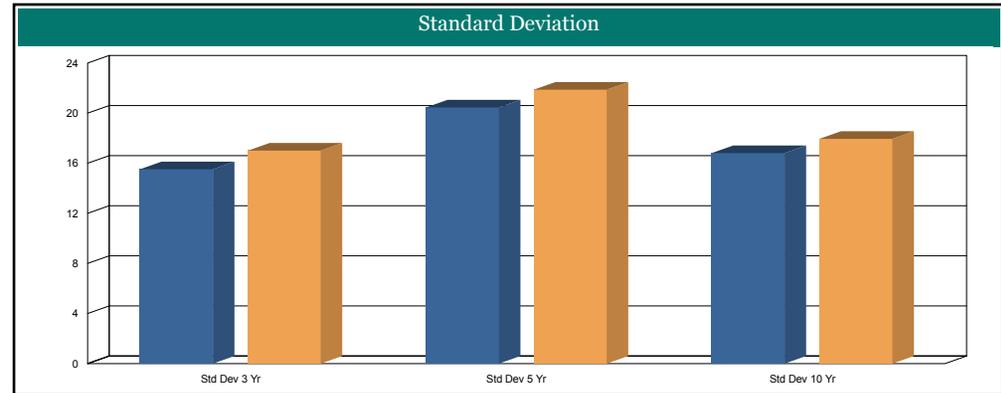
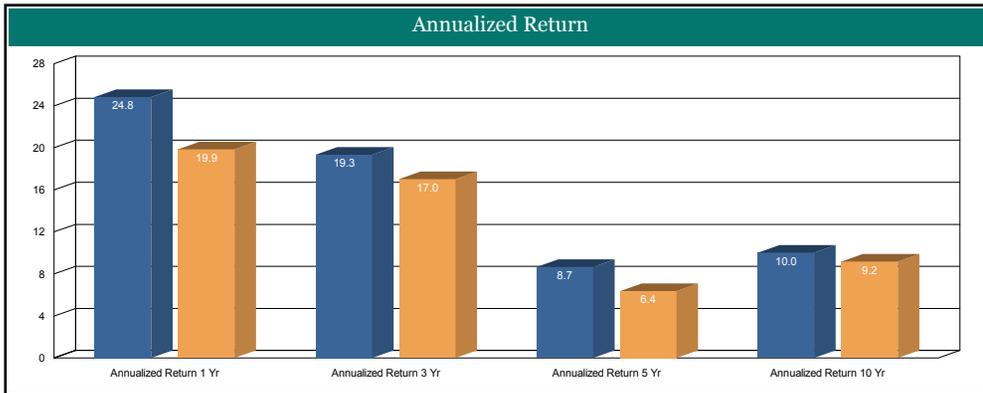
| Organization    |       |
|-----------------|-------|
| Manager Tenure: | 18.58 |

| Fees           |      |
|----------------|------|
| Expense Ratio: | 1.32 |

|  |  |
|--|--|
| <span style="color: blue;">■</span> Actual | <span style="color: orange;">■</span> Median |
|--|--|

| Returns/Performance |        |           |        |
|---------------------|--------|-----------|--------|
|                     | Actual | Benchmark | Median |
| YTD Return:         | 15.39  | 14.70     | 12.90  |
| Annual Return 2012: | 16.43  | 15.81     | 14.41  |
| Annual Return 2011: | 1.24   | -1.65     | -3.71  |
| Annual Return 2010: | 24.01  | 26.38     | 25.49  |
| Annual Return 2009: | 34.24  | 46.29     | 39.94  |
| Annual Return 2008: | -39.18 | -44.32    | -41.62 |
| Annual Return 2007: | 6.59   | 11.43     | 16.55  |
| Annual Return 2006: | 15.50  | 10.66     | 9.65   |
| Annual Return 2005: | 5.71   | 12.10     | 10.60  |
| Annual Return 2004: | 26.61  | 15.48     | 14.82  |
| Annual Return 2003: | 31.75  | 42.71     | 35.96  |

| Risk                     |        |        |
|--------------------------|--------|--------|
|                          | Actual | Median |
| Batting Average 3 Yr:    | 58.33  | 41.67  |
| Batting Average 5 Yr:    | 60.00  | 40.00  |
| Batting Average 10 Yr:   | 55.00  | 42.50  |
| Std Dev 3 Yr:            | 15.52  | 17.01  |
| Std Dev 5 Yr:            | 20.45  | 21.87  |
| Std Dev 10 Yr:           | 16.80  | 17.95  |
| Downside Capture 3 Yr:   | 83.94  | 107.48 |
| Downside Capture 5 Yr:   | 84.73  | 97.99  |
| Downside Capture 10 Yr:  | 82.43  | 100.78 |
| Information Ratio 3 Yr:  | -0.03  | -0.52  |
| Information Ratio 5 Yr:  | 0.07   | -0.29  |
| Information Ratio 10 Yr: | -0.10  | -0.21  |



# Dodge & Cox International Stock

Segal Score

A

Ticker: DODFX  
Min. Invest: 2,500.00

Category: Foreign Large Blend  
Benchmark: MSCI EAFE NR USD

Subcategory: Foreign Large Core  
Inception Date: 05/01/2001

| Portfolio Characteristics |           |
|---------------------------|-----------|
| % Non-US Stocks:          | 92.33     |
| Geo Avg Market Cap \$MM:  | 36,488    |
| Total Assets \$MM:        | 38,132.87 |

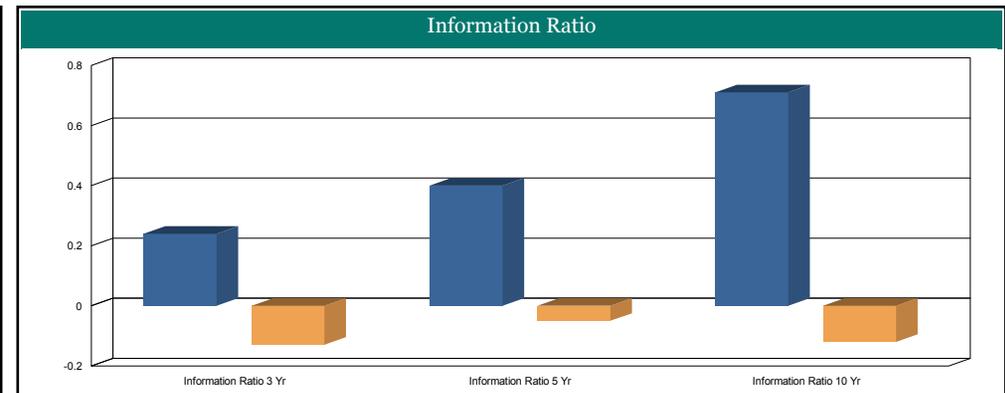
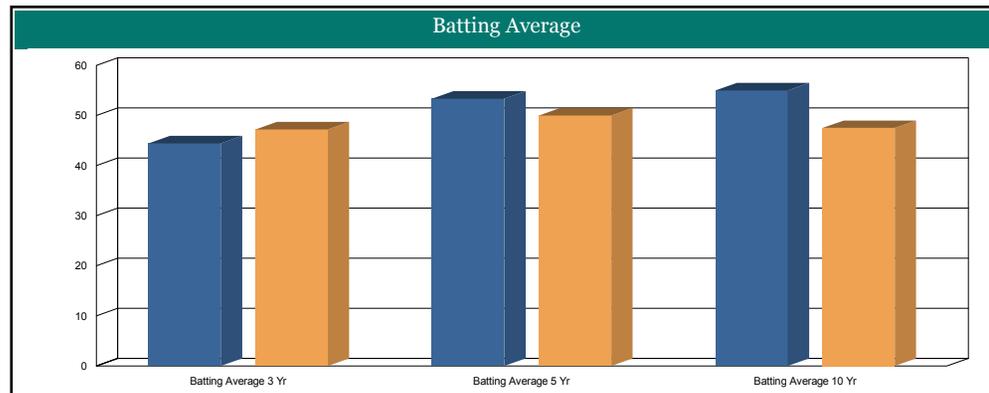
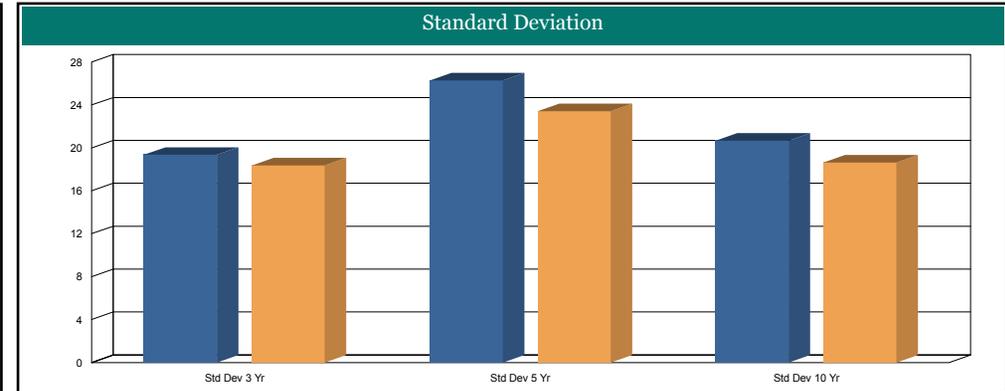
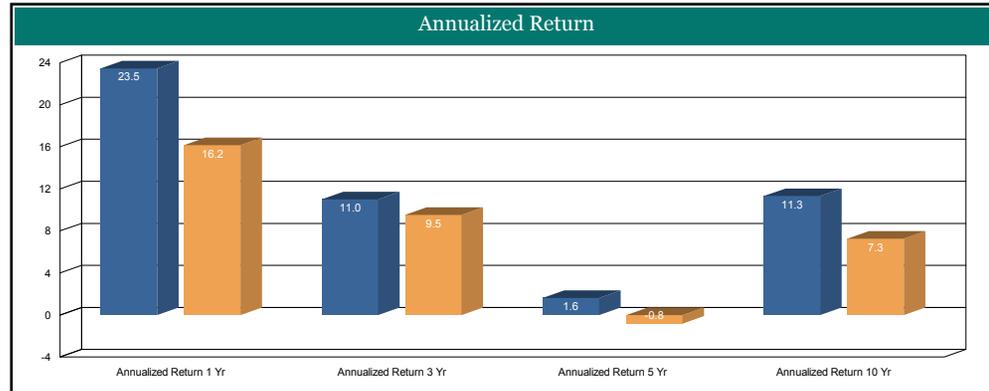
| Organization    |       |
|-----------------|-------|
| Manager Tenure: | 12.17 |

| Fees           |      |
|----------------|------|
| Expense Ratio: | 0.64 |

|  |  |
|--|--|
| <span style="color: blue;">■</span> Actual | <span style="color: orange;">■</span> Median |
|--|--|

| Returns/Performance |        |           |        |
|---------------------|--------|-----------|--------|
|                     | Actual | Benchmark | Median |
| YTD Return:         | 5.40   | 4.10      | 2.73   |
| Annual Return 2012: | 21.03  | 17.32     | 18.28  |
| Annual Return 2011: | -15.97 | -12.14    | -13.78 |
| Annual Return 2010: | 13.69  | 7.75      | 10.45  |
| Annual Return 2009: | 47.46  | 31.78     | 31.55  |
| Annual Return 2008: | -46.69 | -43.38    | -43.68 |
| Annual Return 2007: | 11.71  | 11.17     | 12.48  |
| Annual Return 2006: | 28.01  | 26.34     | 25.33  |
| Annual Return 2005: | 16.75  | 13.54     | 14.40  |
| Annual Return 2004: | 32.46  | 20.25     | 17.87  |
| Annual Return 2003: | 49.42  | 38.59     | 34.54  |

| Risk                     |        |        |
|--------------------------|--------|--------|
|                          | Actual | Median |
| Batting Average 3 Yr:    | 44.44  | 47.22  |
| Batting Average 5 Yr:    | 53.33  | 50.00  |
| Batting Average 10 Yr:   | 55.00  | 47.50  |
| Std Dev 3 Yr:            | 19.36  | 18.36  |
| Std Dev 5 Yr:            | 26.29  | 23.43  |
| Std Dev 10 Yr:           | 20.67  | 18.64  |
| Downside Capture 3 Yr:   | 100.72 | 95.99  |
| Downside Capture 5 Yr:   | 106.92 | 101.40 |
| Downside Capture 10 Yr:  | 105.57 | 103.04 |
| Information Ratio 3 Yr:  | 0.24   | -0.13  |
| Information Ratio 5 Yr:  | 0.40   | -0.05  |
| Information Ratio 10 Yr: | 0.71   | -0.12  |



# Fidelity Contrafund

Segal Score

A

Ticker: FCNTX

Category: Large Growth

Subcategory: Large Core Growth

Min. Invest: 2,500.00

Benchmark: Russell 1000 Growth TR USD

Inception Date: 05/17/1967

| Portfolio Characteristics |           |
|---------------------------|-----------|
| % US Stocks:              | 83.63     |
| Geo Avg Market Cap \$MM:  | 51,050    |
| Total Assets \$MM:        | 59,008.54 |

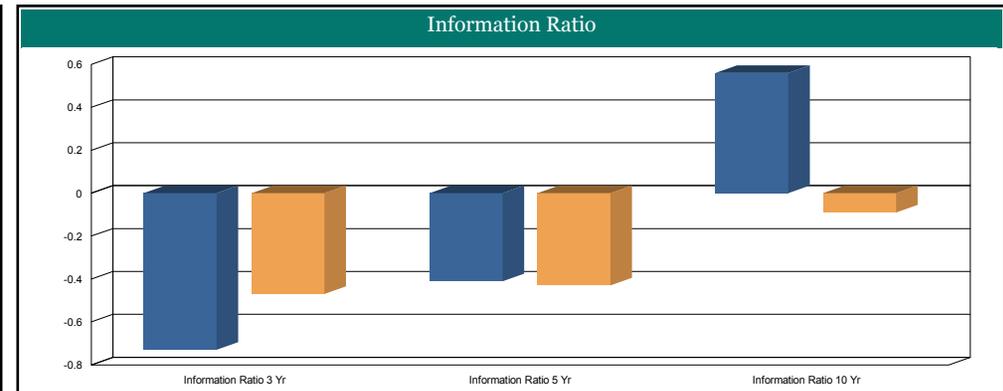
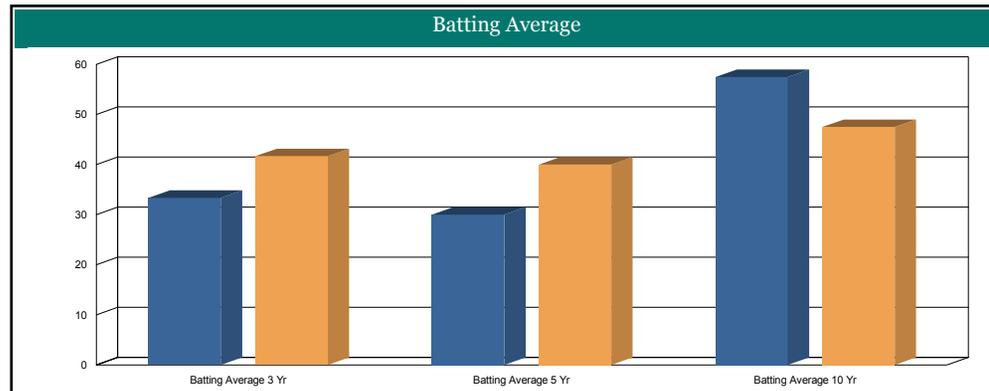
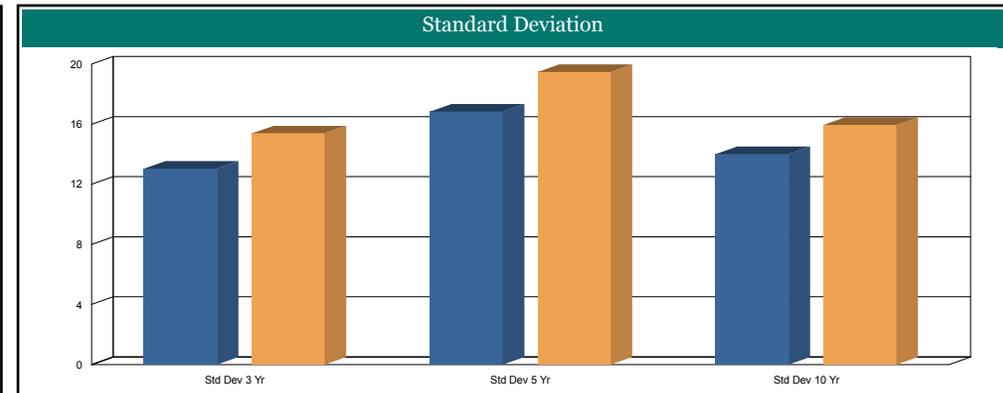
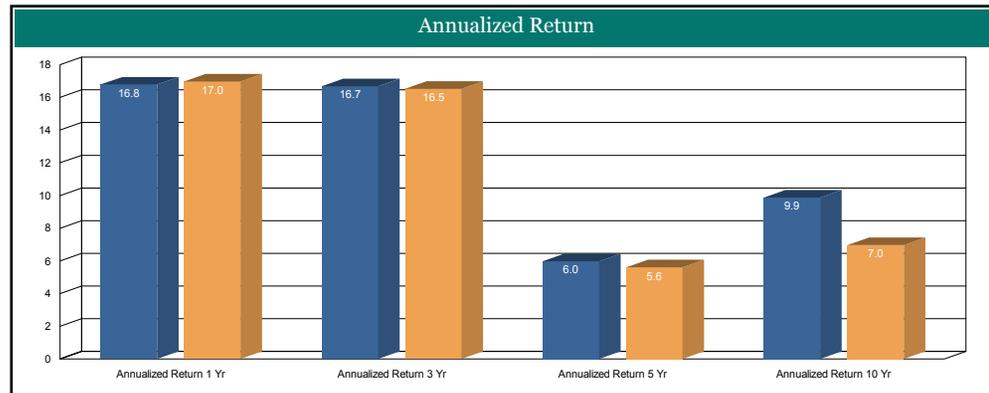
| Organization    |       |
|-----------------|-------|
| Manager Tenure: | 22.83 |

| Fees           |      |
|----------------|------|
| Expense Ratio: | 0.74 |

|  |  |
|--|--|
| <span style="color: blue;">■</span> Actual | <span style="color: orange;">■</span> Median |
|--|--|

| Returns/Performance |        |           |        |
|---------------------|--------|-----------|--------|
|                     | Actual | Benchmark | Median |
| YTD Return:         | 11.42  | 11.80     | 10.98  |
| Annual Return 2012: | 16.26  | 15.26     | 15.13  |
| Annual Return 2011: | -0.14  | 2.64      | -1.77  |
| Annual Return 2010: | 16.93  | 16.71     | 15.73  |
| Annual Return 2009: | 29.23  | 37.21     | 34.76  |
| Annual Return 2008: | -37.16 | -38.44    | -39.89 |
| Annual Return 2007: | 19.78  | 11.81     | 13.02  |
| Annual Return 2006: | 11.54  | 9.07      | 7.87   |
| Annual Return 2005: | 16.23  | 5.26      | 7.27   |
| Annual Return 2004: | 15.07  | 6.30      | 9.62   |
| Annual Return 2003: | 27.95  | 29.75     | 29.08  |

| Risk                     |        |        |
|--------------------------|--------|--------|
|                          | Actual | Median |
| Batting Average 3 Yr:    | 33.33  | 41.67  |
| Batting Average 5 Yr:    | 30.00  | 40.00  |
| Batting Average 10 Yr:   | 57.50  | 47.50  |
| Std Dev 3 Yr:            | 13.04  | 15.39  |
| Std Dev 5 Yr:            | 16.83  | 19.47  |
| Std Dev 10 Yr:           | 14.01  | 15.94  |
| Downside Capture 3 Yr:   | 90.26  | 117.49 |
| Downside Capture 5 Yr:   | 94.19  | 107.21 |
| Downside Capture 10 Yr:  | 81.52  | 105.73 |
| Information Ratio 3 Yr:  | -0.73  | -0.47  |
| Information Ratio 5 Yr:  | -0.41  | -0.43  |
| Information Ratio 10 Yr: | 0.56   | -0.09  |



# Hartford MidCap HLS IB

Segal Score

C

Ticker: HBMCX

Category: Mid-Cap Growth

Subcategory: Mid Valuation-Sensitive Growth

Min. Invest: 0.00

Benchmark: Russell Mid Cap Growth TR USD

Inception Date: 11/09/1999

| Portfolio Characteristics |       |
|---------------------------|-------|
| % US Stocks:              | 93.25 |
| Geo Avg Market Cap \$MM:  | 6,363 |
| Total Assets \$MM:        | 74.41 |

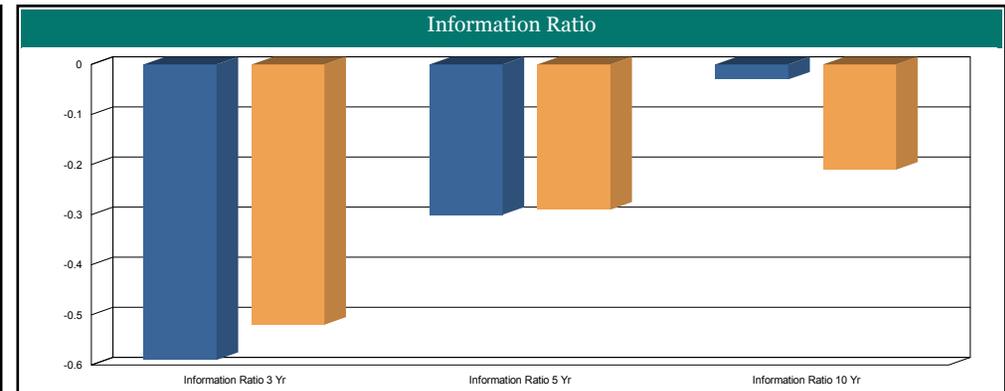
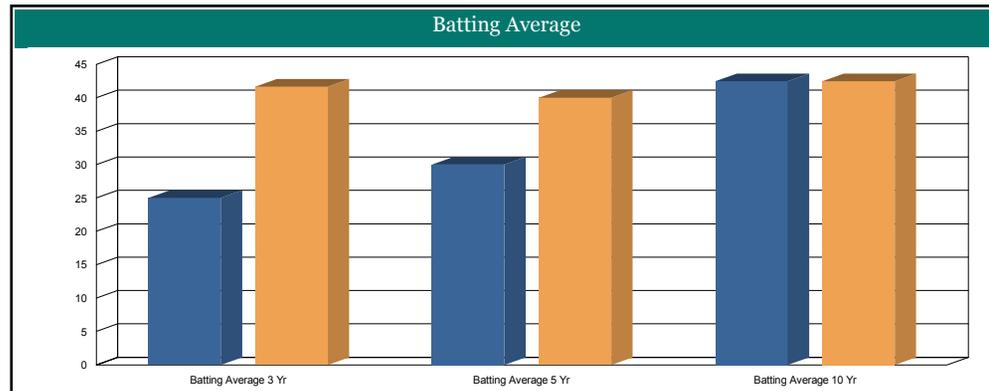
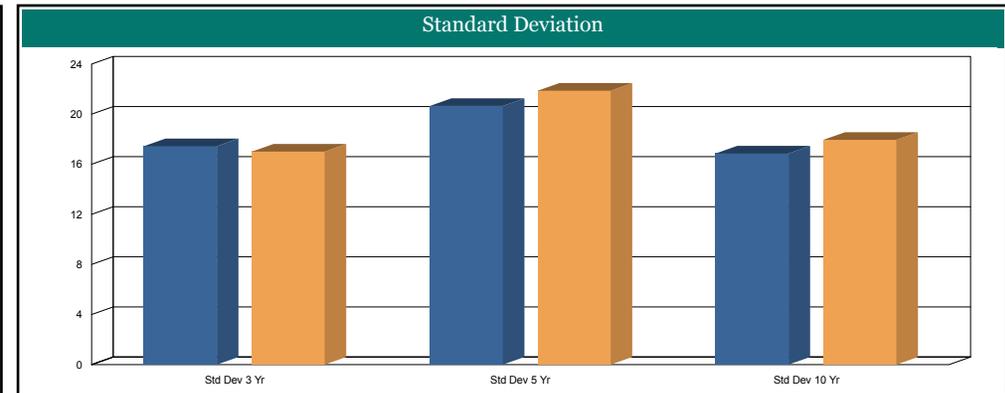
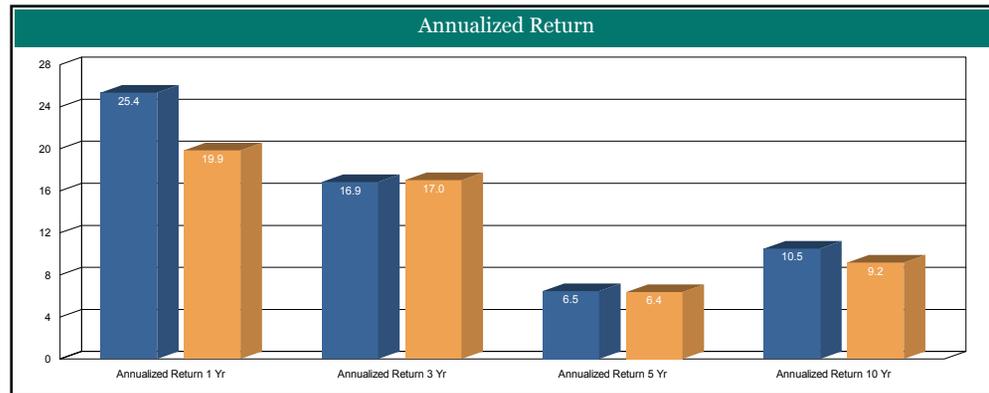
| Organization    |      |
|-----------------|------|
| Manager Tenure: | 3.17 |

| Fees           |      |
|----------------|------|
| Expense Ratio: | 0.96 |

|  |  |
|--|--|
| <span style="color: blue;">■</span> Actual | <span style="color: orange;">■</span> Median |
|--|--|

| Returns/Performance |        |           |        |
|---------------------|--------|-----------|--------|
|                     | Actual | Benchmark | Median |
| YTD Return:         | 17.07  | 14.70     | 12.90  |
| Annual Return 2012: | 19.14  | 15.81     | 14.41  |
| Annual Return 2011: | -8.16  | -1.65     | -3.71  |
| Annual Return 2010: | 23.15  | 26.38     | 25.49  |
| Annual Return 2009: | 30.62  | 46.29     | 39.94  |
| Annual Return 2008: | -35.49 | -44.32    | -41.62 |
| Annual Return 2007: | 14.99  | 11.43     | 16.55  |
| Annual Return 2006: | 11.46  | 10.66     | 9.65   |
| Annual Return 2005: | 16.49  | 12.10     | 10.60  |
| Annual Return 2004: | 16.15  | 15.48     | 14.82  |
| Annual Return 2003: | 37.33  | 42.71     | 35.96  |

| Risk                     |        |        |
|--------------------------|--------|--------|
|                          | Actual | Median |
| Batting Average 3 Yr:    | 25.00  | 41.67  |
| Batting Average 5 Yr:    | 30.00  | 40.00  |
| Batting Average 10 Yr:   | 42.50  | 42.50  |
| Std Dev 3 Yr:            | 17.44  | 17.01  |
| Std Dev 5 Yr:            | 20.66  | 21.87  |
| Std Dev 10 Yr:           | 16.85  | 17.95  |
| Downside Capture 3 Yr:   | 119.09 | 107.48 |
| Downside Capture 5 Yr:   | 95.59  | 97.99  |
| Downside Capture 10 Yr:  | 95.27  | 100.78 |
| Information Ratio 3 Yr:  | -0.59  | -0.52  |
| Information Ratio 5 Yr:  | -0.30  | -0.29  |
| Information Ratio 10 Yr: | -0.03  | -0.21  |



# ING T. Rowe Price Cap Apprec Port I

Segal Score

B

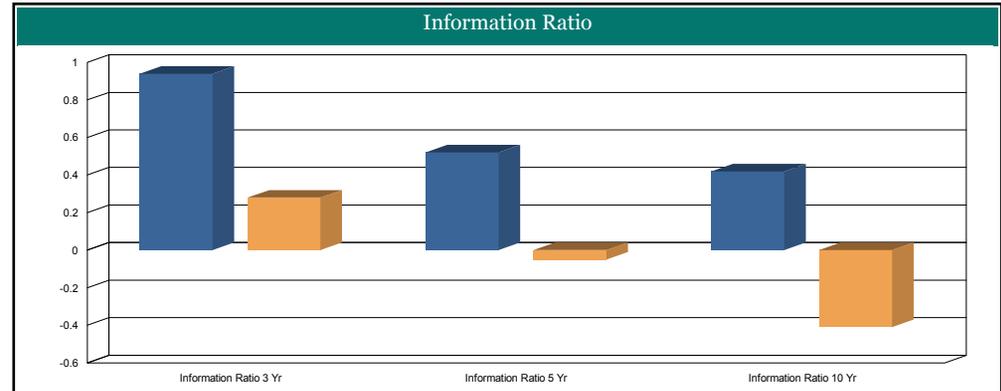
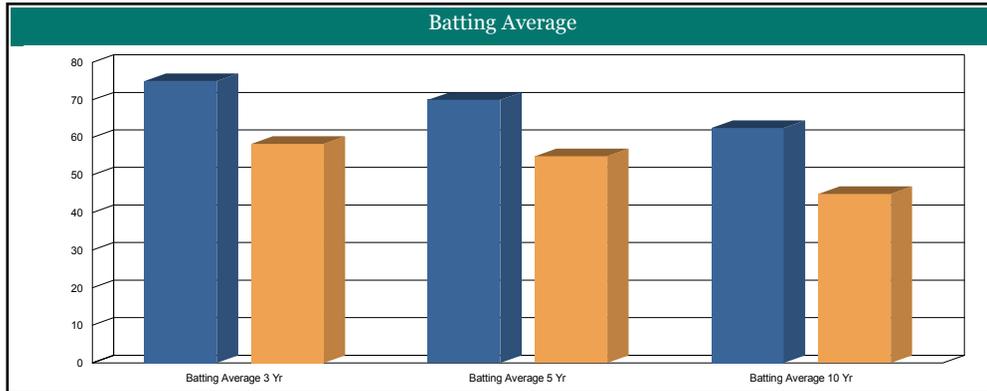
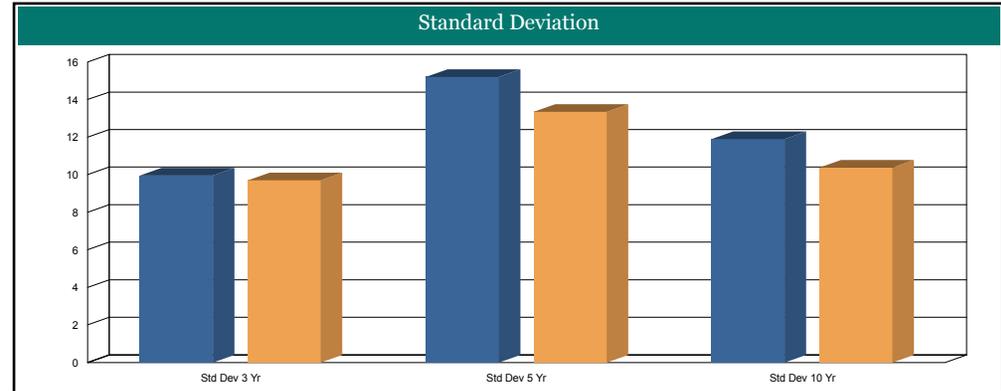
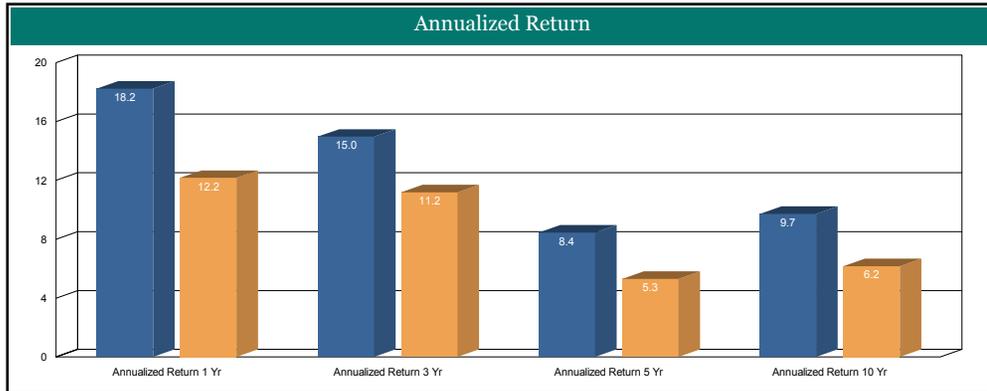
Ticker: ITRIX  
Min. Invest: 0.00

Category: Moderate Allocation  
Benchmark: DJ Moderate TR USD

Subcategory: Flexible Allocation  
Inception Date: 05/02/2003

| Returns/Performance |        |           |        |
|---------------------|--------|-----------|--------|
|                     | Actual | Benchmark | Median |
| YTD Return:         | 10.22  | 4.17      | 6.03   |
| Annual Return 2012: | 14.78  | 11.24     | 12.05  |
| Annual Return 2011: | 3.16   | 0.28      | -0.26  |
| Annual Return 2010: | 14.31  | 13.95     | 12.04  |
| Annual Return 2009: | 33.57  | 23.79     | 24.51  |
| Annual Return 2008: | -27.34 | -24.75    | -27.48 |
| Annual Return 2007: | 4.69   | 8.02      | 6.33   |
| Annual Return 2006: | 14.91  | 11.91     | 11.35  |
| Annual Return 2005: | 8.03   | 7.25      | 5.28   |
| Annual Return 2004: | 16.93  | 13.15     | 9.07   |
| Annual Return 2003: | 25.40  | 27.17     | 20.92  |

| Risk                     |        |        |
|--------------------------|--------|--------|
|                          | Actual | Median |
| Batting Average 3 Yr:    | 75.00  | 58.33  |
| Batting Average 5 Yr:    | 70.00  | 55.00  |
| Batting Average 10 Yr:   | 62.50  | 45.00  |
| Std Dev 3 Yr:            | 9.96   | 9.70   |
| Std Dev 5 Yr:            | 15.21  | 13.35  |
| Std Dev 10 Yr:           | 11.90  | 10.38  |
| Downside Capture 3 Yr:   | 97.08  | 104.82 |
| Downside Capture 5 Yr:   | 110.50 | 108.83 |
| Downside Capture 10 Yr:  | 98.68  | 105.91 |
| Information Ratio 3 Yr:  | 0.94   | 0.28   |
| Information Ratio 5 Yr:  | 0.52   | -0.05  |
| Information Ratio 10 Yr: | 0.42   | -0.41  |



# Keeley Small Cap Value A

Segal Score

C

Ticker: KSCVX

Category: Small Blend

Subcategory: Small Core

Min. Invest: 2,500.00

Benchmark: Russell 2000 TR USD

Inception Date: 10/01/1993

| Portfolio Characteristics |          |
|---------------------------|----------|
| % US Stocks:              | 99.19    |
| Geo Avg Market Cap \$MM:  | 1,926    |
| Total Assets \$MM:        | 1,989.23 |

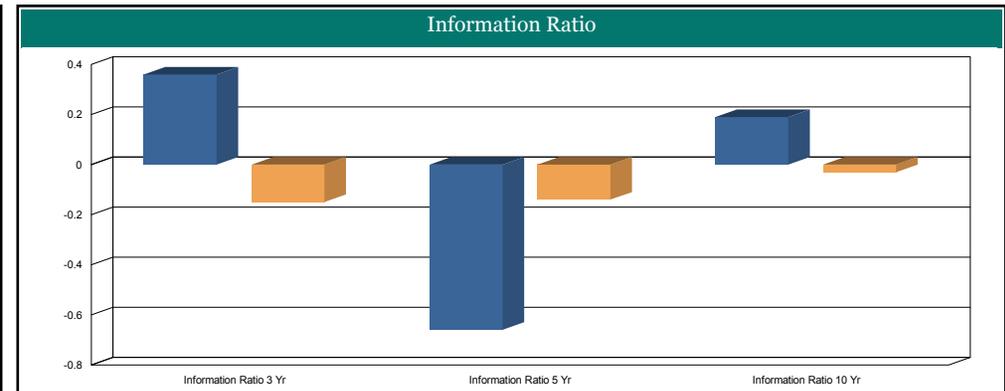
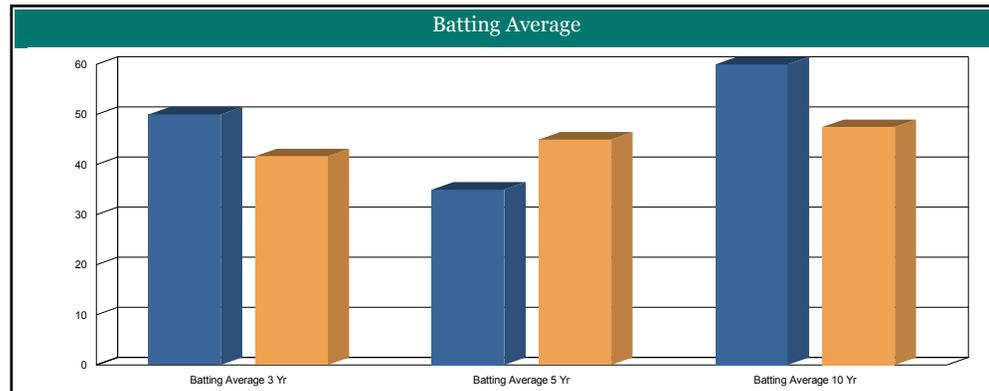
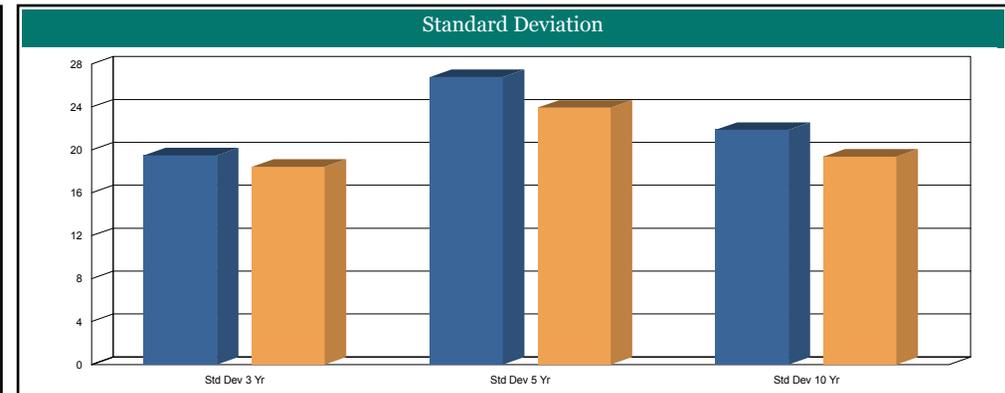
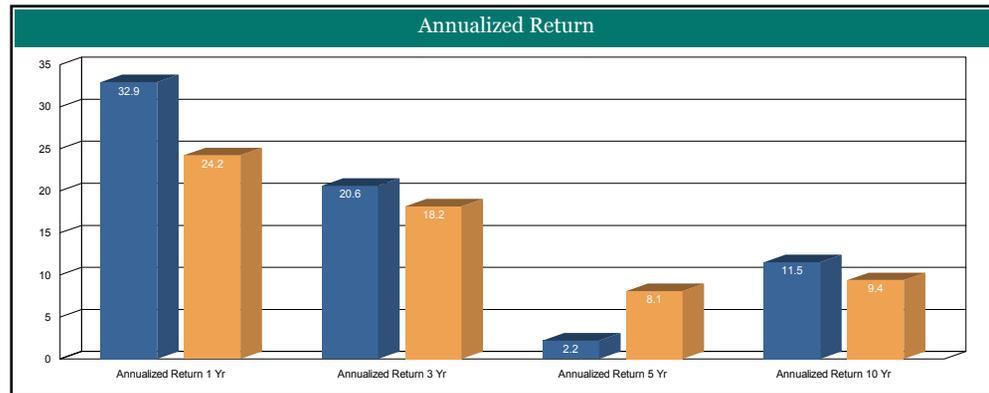
| Organization    |       |
|-----------------|-------|
| Manager Tenure: | 19.75 |

| Fees           |      |
|----------------|------|
| Expense Ratio: | 1.38 |

|  |  |
|--|--|
| <span style="color: blue;">■</span> Actual | <span style="color: orange;">■</span> Median |
|--|--|

| Returns/Performance |        |           |        |
|---------------------|--------|-----------|--------|
|                     | Actual | Benchmark | Median |
| YTD Return:         | 14.83  | 15.86     | 15.34  |
| Annual Return 2012: | 23.81  | 16.35     | 15.23  |
| Annual Return 2011: | -7.29  | -4.18     | -2.99  |
| Annual Return 2010: | 25.98  | 26.85     | 25.71  |
| Annual Return 2009: | 21.67  | 27.17     | 28.61  |
| Annual Return 2008: | -40.18 | -33.79    | -34.99 |
| Annual Return 2007: | 7.17   | -1.57     | -0.71  |
| Annual Return 2006: | 19.55  | 18.37     | 15.78  |
| Annual Return 2005: | 16.12  | 4.55      | 6.61   |
| Annual Return 2004: | 32.94  | 18.33     | 18.78  |
| Annual Return 2003: | 39.31  | 47.25     | 41.65  |

| Risk                     |        |        |
|--------------------------|--------|--------|
|                          | Actual | Median |
| Batting Average 3 Yr:    | 50.00  | 41.67  |
| Batting Average 5 Yr:    | 35.00  | 45.00  |
| Batting Average 10 Yr:   | 60.00  | 47.50  |
| Std Dev 3 Yr:            | 19.50  | 18.44  |
| Std Dev 5 Yr:            | 26.80  | 23.94  |
| Std Dev 10 Yr:           | 21.87  | 19.37  |
| Downside Capture 3 Yr:   | 113.91 | 101.14 |
| Downside Capture 5 Yr:   | 141.39 | 101.96 |
| Downside Capture 10 Yr:  | 111.07 | 100.19 |
| Information Ratio 3 Yr:  | 0.36   | -0.15  |
| Information Ratio 5 Yr:  | -0.66  | -0.14  |
| Information Ratio 10 Yr: | 0.19   | -0.03  |



# Columbia Acorn A

Ticker: LACAX

Category: Mid-Cap Growth

Subcategory: SMID Growth

Min. Invest: 2,000.00

Benchmark: Russell Mid Cap Growth TR USD

Inception Date: 10/13/2000

Segal Score

B

| Portfolio Characteristics |          |
|---------------------------|----------|
| % US Stocks:              | 89.51    |
| Geo Avg Market Cap \$MM:  | 3,426    |
| Total Assets \$MM:        | 3,363.47 |

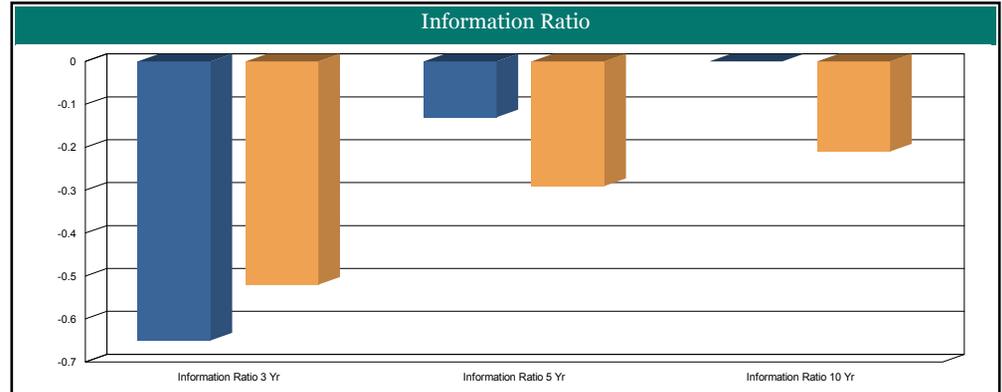
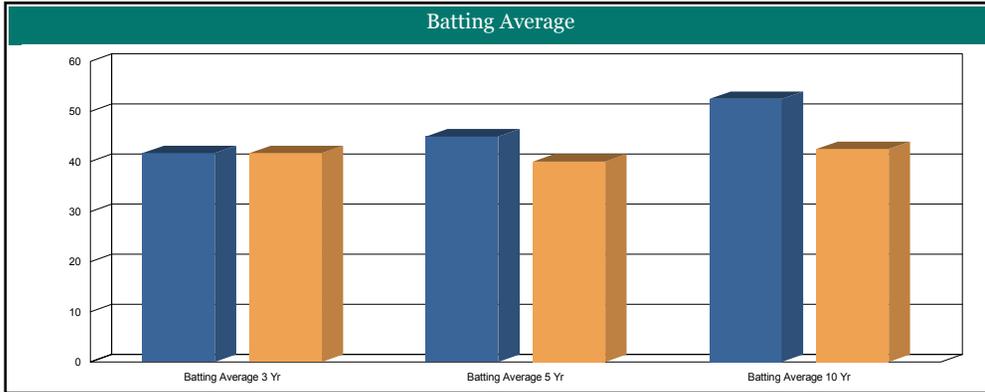
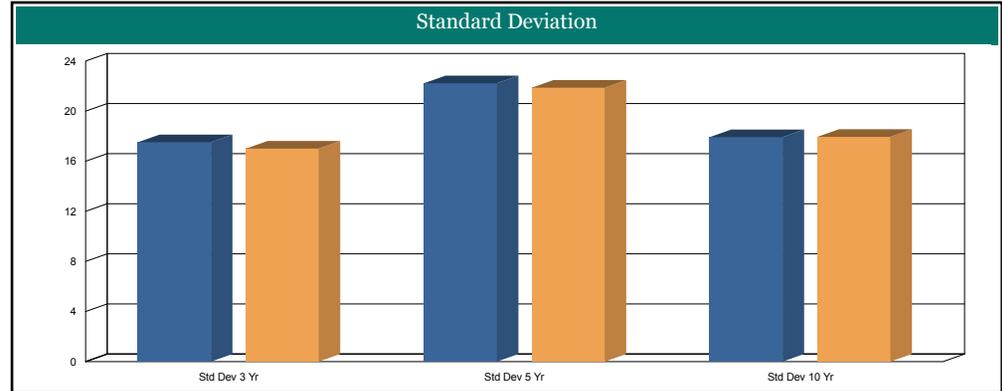
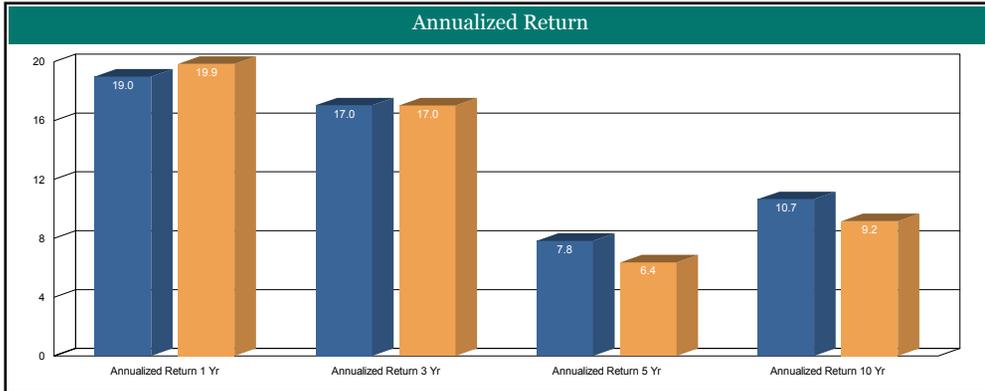
| Organization    |       |
|-----------------|-------|
| Manager Tenure: | 17.58 |

| Fees           |      |
|----------------|------|
| Expense Ratio: | 1.10 |

|  |  |
|--|--|
| <span style="color: blue;">■</span> Actual | <span style="color: orange;">■</span> Median |
|--|--|

| Returns/Performance |        |           |        |
|---------------------|--------|-----------|--------|
|                     | Actual | Benchmark | Median |
| YTD Return:         | 10.37  | 14.70     | 12.90  |
| Annual Return 2012: | 17.62  | 15.81     | 14.41  |
| Annual Return 2011: | -4.91  | -1.65     | -3.71  |
| Annual Return 2010: | 25.61  | 26.38     | 25.49  |
| Annual Return 2009: | 39.26  | 46.29     | 39.94  |
| Annual Return 2008: | -38.72 | -44.32    | -41.62 |
| Annual Return 2007: | 7.39   | 11.43     | 16.55  |
| Annual Return 2006: | 14.13  | 10.66     | 9.65   |
| Annual Return 2005: | 12.76  | 12.10     | 10.60  |
| Annual Return 2004: | 21.05  | 15.48     | 14.82  |
| Annual Return 2003: | 44.85  | 42.71     | 35.96  |

| Risk                     |        |        |
|--------------------------|--------|--------|
|                          | Actual | Median |
| Batting Average 3 Yr:    | 41.67  | 41.67  |
| Batting Average 5 Yr:    | 45.00  | 40.00  |
| Batting Average 10 Yr:   | 52.50  | 42.50  |
| Std Dev 3 Yr:            | 17.51  | 17.01  |
| Std Dev 5 Yr:            | 22.23  | 21.87  |
| Std Dev 10 Yr:           | 17.93  | 17.95  |
| Downside Capture 3 Yr:   | 107.72 | 107.48 |
| Downside Capture 5 Yr:   | 95.96  | 97.99  |
| Downside Capture 10 Yr:  | 98.31  | 100.78 |
| Information Ratio 3 Yr:  | -0.65  | -0.52  |
| Information Ratio 5 Yr:  | -0.13  | -0.29  |
| Information Ratio 10 Yr: | 0.00   | -0.21  |



# Lord Abbett Value Opportunities I

Segal Score

Ticker: LVOYX

Category: Mid-Cap Blend

Subcategory: SMID Core

Min. Invest: 1,000,000.00

Benchmark: Russell Mid Cap TR USD

Inception Date: 12/30/2005

| Portfolio Characteristics |        |
|---------------------------|--------|
| % US Stocks:              | 98.15  |
| Geo Avg Market Cap \$MM:  | 4,441  |
| Total Assets \$MM:        | 396.17 |

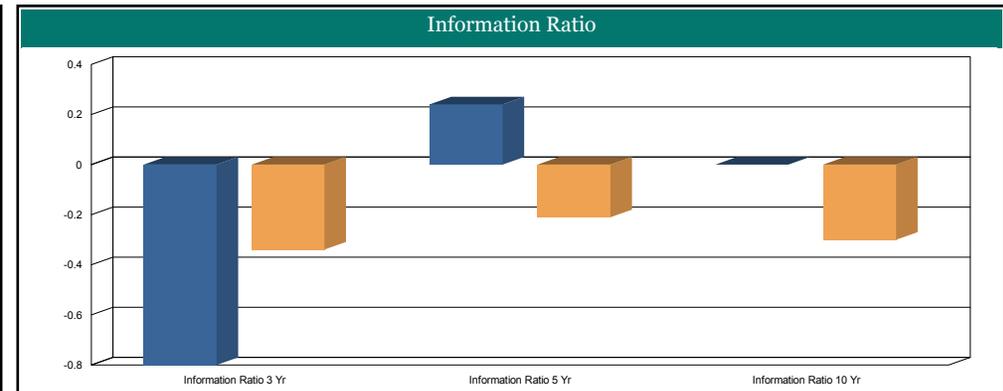
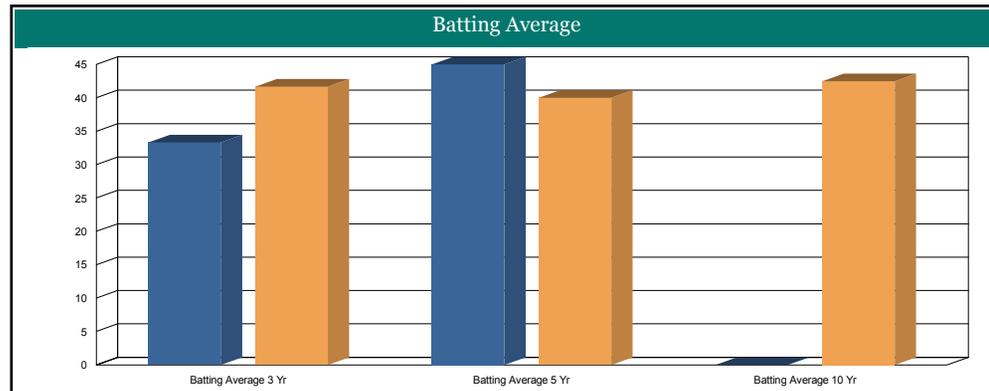
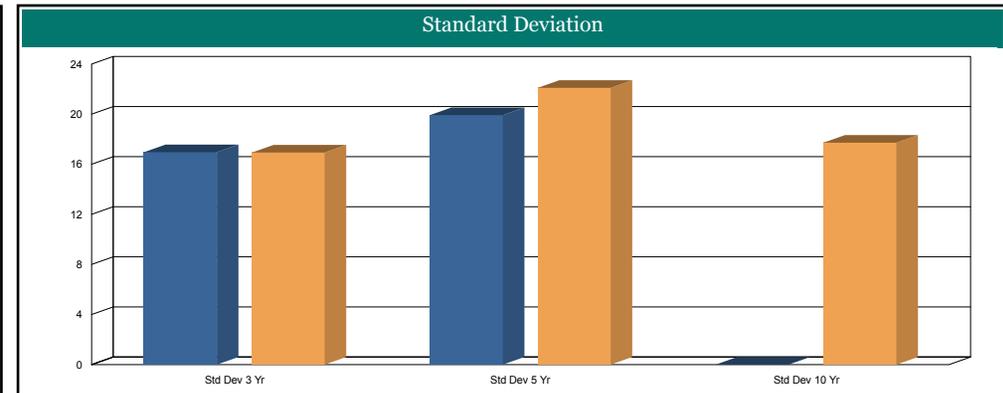
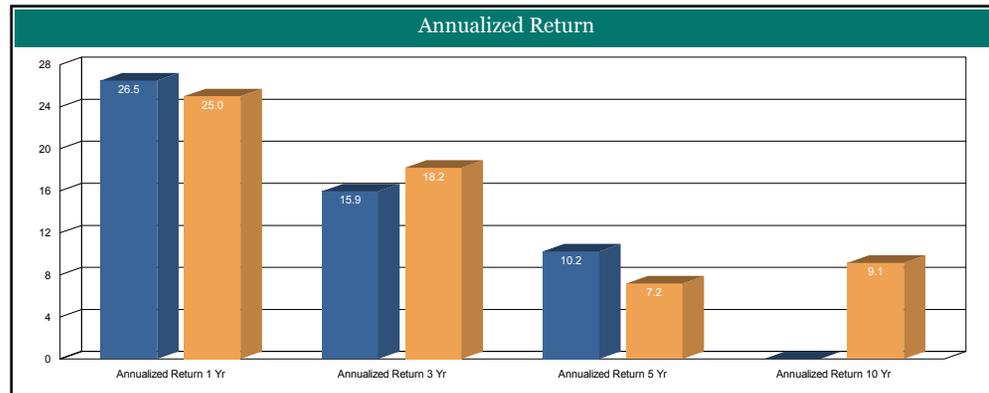
| Organization    |  |
|-----------------|--|
| Manager Tenure: |  |

| Fees           |      |
|----------------|------|
| Expense Ratio: | 0.96 |

|  |  |
|--|--|
| <span style="color: blue;">■</span> Actual | <span style="color: orange;">■</span> Median |
|--|--|

| Returns/Performance |        |           |        |
|---------------------|--------|-----------|--------|
|                     | Actual | Benchmark | Median |
| YTD Return:         | 16.44  | 15.45     | 14.60  |
| Annual Return 2012: | 10.13  | 17.28     | 16.44  |
| Annual Return 2011: | -3.83  | -1.55     | -3.57  |
| Annual Return 2010: | 24.91  | 25.48     | 23.65  |
| Annual Return 2009: | 34.27  | 40.48     | 35.54  |
| Annual Return 2008: | -27.49 | -41.46    | -38.52 |
| Annual Return 2007: | 11.29  | 5.60      | 5.12   |
| Annual Return 2006: | 29.41  | 15.26     | 13.10  |
| Annual Return 2005: | 0.00   | 12.65     | 9.18   |
| Annual Return 2004: | 0.00   | 20.22     | 17.05  |
| Annual Return 2003: | 0.00   | 40.06     | 34.78  |

| Risk                     |        |        |
|--------------------------|--------|--------|
|                          | Actual | Median |
| Batting Average 3 Yr:    | 33.33  | 41.67  |
| Batting Average 5 Yr:    | 45.00  | 40.00  |
| Batting Average 10 Yr:   | -      | 42.50  |
| Std Dev 3 Yr:            | 16.96  | 16.94  |
| Std Dev 5 Yr:            | 19.93  | 22.11  |
| Std Dev 10 Yr:           | -      | 17.71  |
| Downside Capture 3 Yr:   | 119.81 | 110.48 |
| Downside Capture 5 Yr:   | 79.75  | 100.13 |
| Downside Capture 10 Yr:  | -      | 103.68 |
| Information Ratio 3 Yr:  | -0.80  | -0.34  |
| Information Ratio 5 Yr:  | 0.24   | -0.21  |
| Information Ratio 10 Yr: | -      | -0.30  |



# Lazard US Mid Cap Equity Open

Segal Score

C

Ticker: LZMOX

Category: Mid-Cap Blend

Subcategory: Mid Relative Value

Min. Invest: 2,500.00

Benchmark: Russell Mid Cap TR USD

Inception Date: 11/03/1997

| Portfolio Characteristics |       |
|---------------------------|-------|
| % US Stocks:              | 92.38 |
| Geo Avg Market Cap \$MM:  | 8,405 |
| Total Assets \$MM:        | 45.93 |

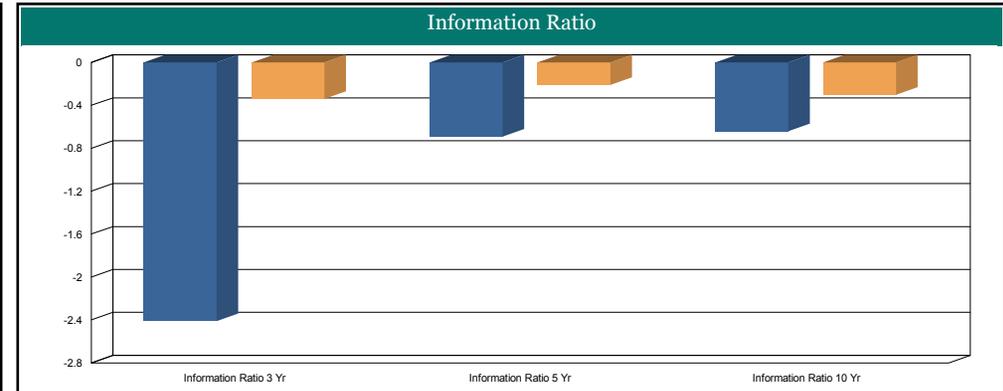
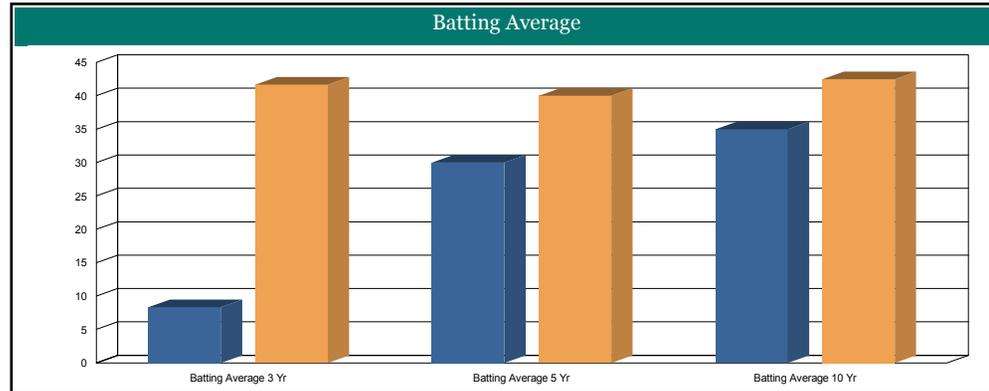
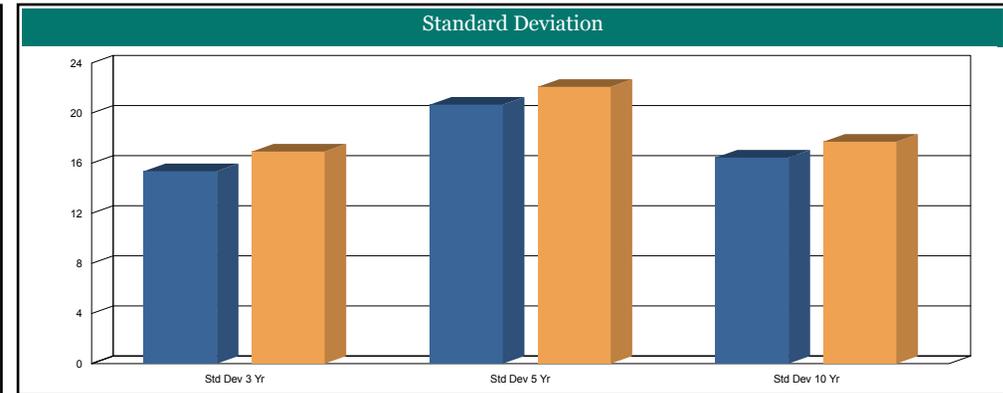
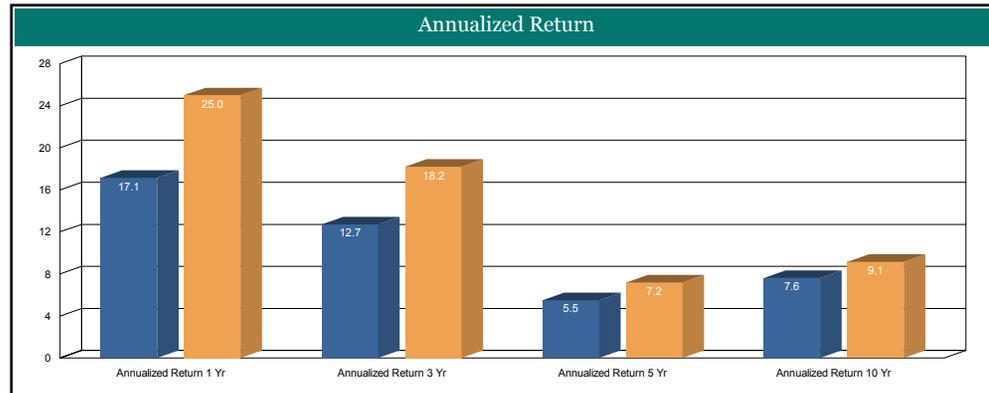
| Organization    |       |
|-----------------|-------|
| Manager Tenure: | 12.50 |

| Fees           |      |
|----------------|------|
| Expense Ratio: | 1.26 |

|  |  |
|--|--|
|  Actual |  Median |
|--|--|

| Returns/Performance |        |           |        |
|---------------------|--------|-----------|--------|
|                     | Actual | Benchmark | Median |
| YTD Return:         | 14.41  | 15.45     | 14.60  |
| Annual Return 2012: | 5.44   | 17.28     | 16.44  |
| Annual Return 2011: | -5.84  | -1.55     | -3.57  |
| Annual Return 2010: | 23.09  | 25.48     | 23.65  |
| Annual Return 2009: | 38.26  | 40.48     | 35.54  |
| Annual Return 2008: | -38.53 | -41.46    | -38.52 |
| Annual Return 2007: | -3.17  | 5.60      | 5.12   |
| Annual Return 2006: | 14.57  | 15.26     | 13.10  |
| Annual Return 2005: | 8.52   | 12.65     | 9.18   |
| Annual Return 2004: | 24.59  | 20.22     | 17.05  |
| Annual Return 2003: | 28.74  | 40.06     | 34.78  |

| Risk                     |        |        |
|--------------------------|--------|--------|
|                          | Actual | Median |
| Batting Average 3 Yr:    | 8.33   | 41.67  |
| Batting Average 5 Yr:    | 30.00  | 40.00  |
| Batting Average 10 Yr:   | 35.00  | 42.50  |
| Std Dev 3 Yr:            | 15.37  | 16.94  |
| Std Dev 5 Yr:            | 20.68  | 22.11  |
| Std Dev 10 Yr:           | 16.46  | 17.71  |
| Downside Capture 3 Yr:   | 112.69 | 110.48 |
| Downside Capture 5 Yr:   | 96.59  | 100.13 |
| Downside Capture 10 Yr:  | 103.34 | 103.68 |
| Information Ratio 3 Yr:  | -2.41  | -0.34  |
| Information Ratio 5 Yr:  | -0.69  | -0.21  |
| Information Ratio 10 Yr: | -0.64  | -0.30  |



# AllianzGI NFJ Dividend Value Instl

Segal Score

B

Ticker: NFJEX

Category: Large Value

Subcategory: Large Deep Value

Min. Invest: 1,000,000.00

Benchmark: Russell 1000 Value TR USD

Inception Date: 05/08/2000

| Portfolio Characteristics |          |
|---------------------------|----------|
| % US Stocks:              | 83.22    |
| Geo Avg Market Cap \$MM:  | 48,107   |
| Total Assets \$MM:        | 2,643.90 |

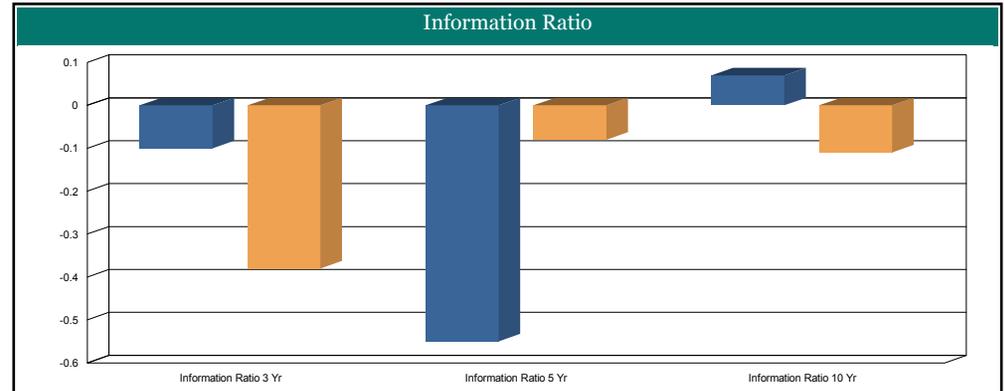
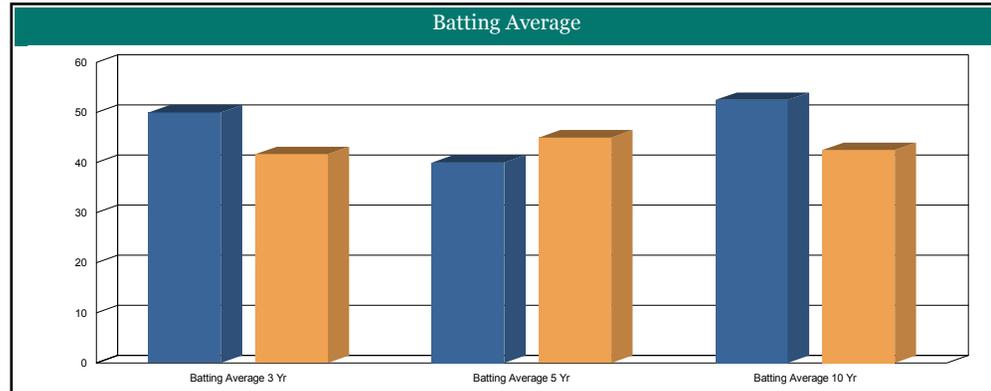
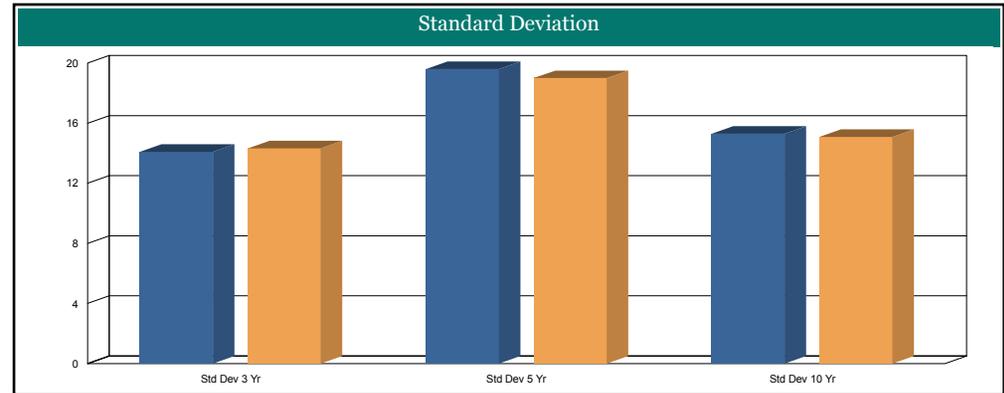
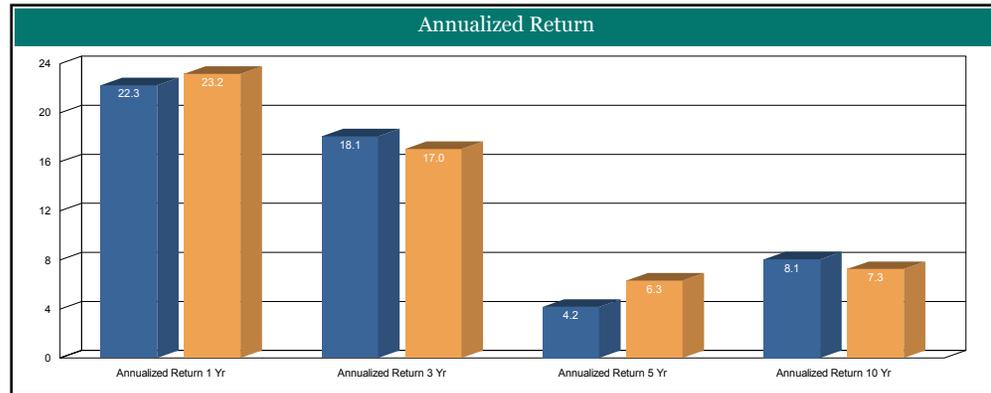
| Organization    |       |
|-----------------|-------|
| Manager Tenure: | 13.17 |

| Fees           |      |
|----------------|------|
| Expense Ratio: | 0.71 |

|  |  |
|--|--|
| <span style="color: blue;">■</span> Actual | <span style="color: orange;">■</span> Median |
|--|--|

| Returns/Performance |        |           |        |
|---------------------|--------|-----------|--------|
|                     | Actual | Benchmark | Median |
| YTD Return:         | 13.39  | 15.90     | 14.96  |
| Annual Return 2012: | 14.31  | 17.51     | 14.64  |
| Annual Return 2011: | 3.44   | 0.39      | -0.31  |
| Annual Return 2010: | 13.57  | 15.51     | 13.31  |
| Annual Return 2009: | 13.32  | 19.69     | 23.74  |
| Annual Return 2008: | -36.06 | -36.85    | -35.93 |
| Annual Return 2007: | 4.64   | -0.17     | 2.98   |
| Annual Return 2006: | 24.64  | 22.25     | 18.52  |
| Annual Return 2005: | 11.86  | 7.05      | 6.51   |
| Annual Return 2004: | 14.45  | 16.49     | 14.04  |
| Annual Return 2003: | 28.30  | 30.03     | 27.65  |

| Risk                     |        |        |
|--------------------------|--------|--------|
|                          | Actual | Median |
| Batting Average 3 Yr:    | 50.00  | 41.67  |
| Batting Average 5 Yr:    | 40.00  | 45.00  |
| Batting Average 10 Yr:   | 52.50  | 42.50  |
| Std Dev 3 Yr:            | 14.09  | 14.32  |
| Std Dev 5 Yr:            | 19.60  | 19.00  |
| Std Dev 10 Yr:           | 15.29  | 15.09  |
| Downside Capture 3 Yr:   | 91.14  | 104.74 |
| Downside Capture 5 Yr:   | 104.85 | 96.98  |
| Downside Capture 10 Yr:  | 98.07  | 96.57  |
| Information Ratio 3 Yr:  | -0.10  | -0.38  |
| Information Ratio 5 Yr:  | -0.55  | -0.08  |
| Information Ratio 10 Yr: | 0.07   | -0.11  |



# Parnassus Equity Income - Inv

Segal Score

B

Ticker: PRBLX  
Min. Invest: 2,000.00

Category: Large Blend  
Benchmark: S&P 500 TR USD

Subcategory: Large Core  
Inception Date: 09/01/1992

| Portfolio Characteristics |          |
|---------------------------|----------|
| % US Stocks:              | 85.64    |
| Geo Avg Market Cap \$MM:  | 22,646   |
| Total Assets \$MM:        | 3,790.34 |

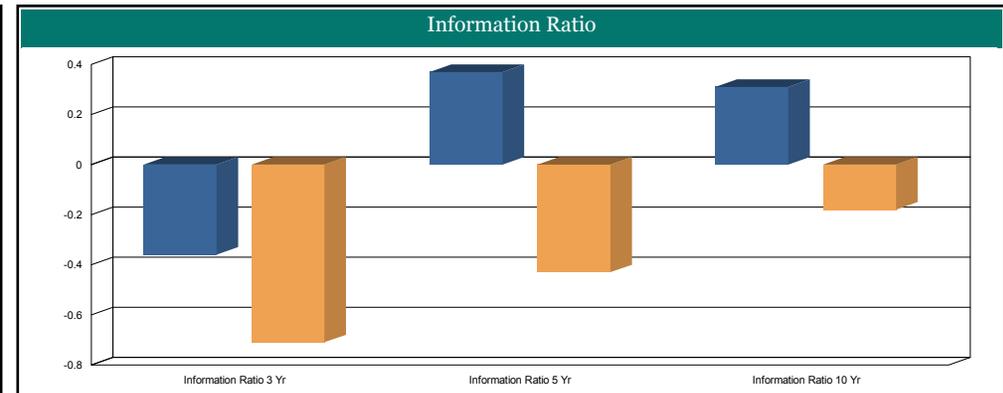
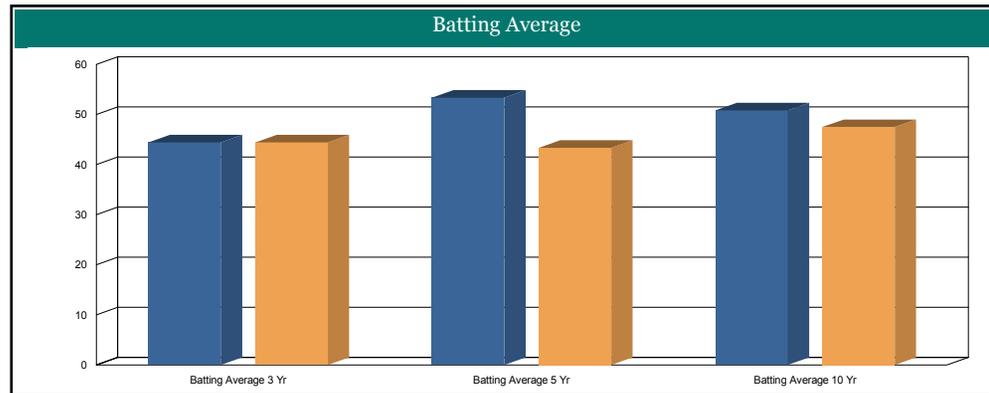
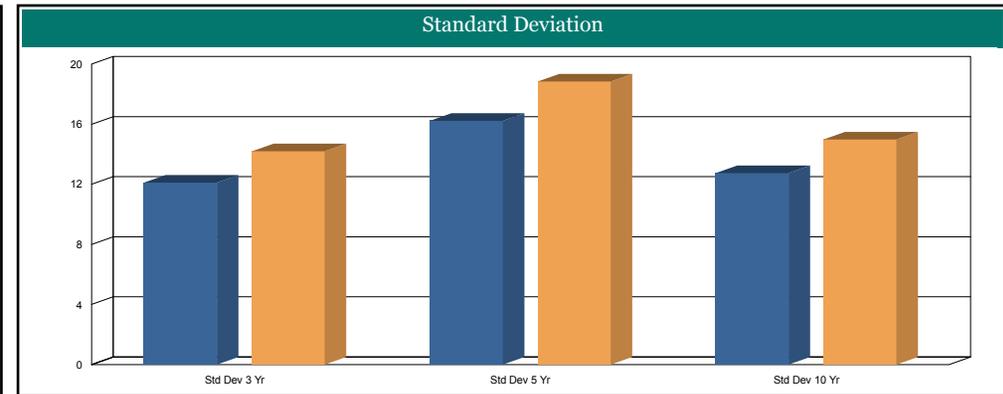
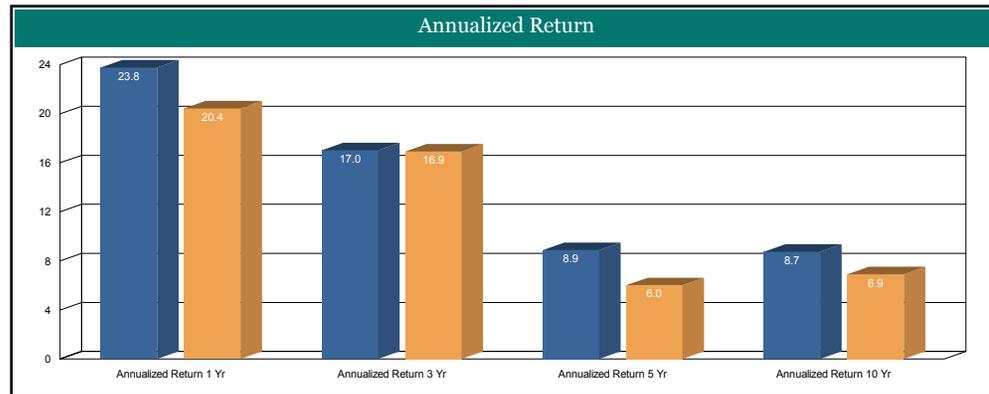
| Organization    |       |
|-----------------|-------|
| Manager Tenure: | 12.17 |

| Fees           |      |
|----------------|------|
| Expense Ratio: | 0.90 |

|  |  |
|--|--|
| <span style="color: blue;">■</span> Actual | <span style="color: orange;">■</span> Median |
|--|--|

| Returns/Performance |        |           |        |
|---------------------|--------|-----------|--------|
|                     | Actual | Benchmark | Median |
| YTD Return:         | 14.27  | 13.82     | 13.54  |
| Annual Return 2012: | 15.43  | 16.00     | 15.31  |
| Annual Return 2011: | 3.13   | 2.11      | -0.19  |
| Annual Return 2010: | 8.87   | 15.06     | 14.19  |
| Annual Return 2009: | 28.75  | 26.46     | 27.02  |
| Annual Return 2008: | -22.96 | -37.00    | -37.38 |
| Annual Return 2007: | 14.13  | 5.49      | 5.64   |
| Annual Return 2006: | 14.70  | 15.79     | 15.15  |
| Annual Return 2005: | 2.62   | 4.91      | 5.87   |
| Annual Return 2004: | 9.30   | 10.88     | 10.64  |
| Annual Return 2003: | 15.69  | 28.68     | 28.25  |

| Risk                     |        |        |
|--------------------------|--------|--------|
|                          | Actual | Median |
| Batting Average 3 Yr:    | 44.44  | 44.44  |
| Batting Average 5 Yr:    | 53.33  | 43.33  |
| Batting Average 10 Yr:   | 50.83  | 47.50  |
| Std Dev 3 Yr:            | 12.10  | 14.19  |
| Std Dev 5 Yr:            | 16.23  | 18.84  |
| Std Dev 10 Yr:           | 12.74  | 14.98  |
| Downside Capture 3 Yr:   | 81.98  | 107.92 |
| Downside Capture 5 Yr:   | 79.42  | 103.28 |
| Downside Capture 10 Yr:  | 76.54  | 102.32 |
| Information Ratio 3 Yr:  | -0.36  | -0.71  |
| Information Ratio 5 Yr:  | 0.37   | -0.43  |
| Information Ratio 10 Yr: | 0.31   | -0.18  |



# American Funds Growth Fund of Amer R3

Segal Score

B

Ticker: RGACX

Category: Large Growth

Subcategory: Large Core Growth

Min. Invest: 0.00

Benchmark: Russell 1000 Growth TR USD

Inception Date: 05/21/2002

| Portfolio Characteristics |          |
|---------------------------|----------|
| % US Stocks:              | 75.62    |
| Geo Avg Market Cap \$MM:  | 42,364   |
| Total Assets \$MM:        | 8,982.91 |

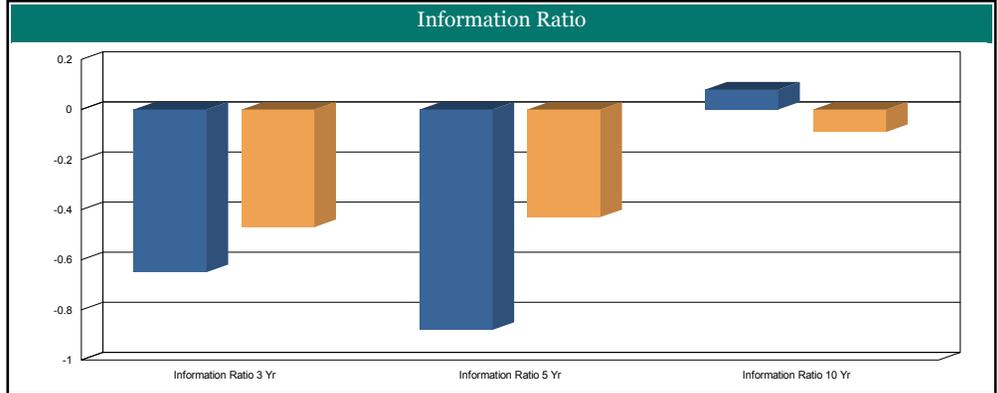
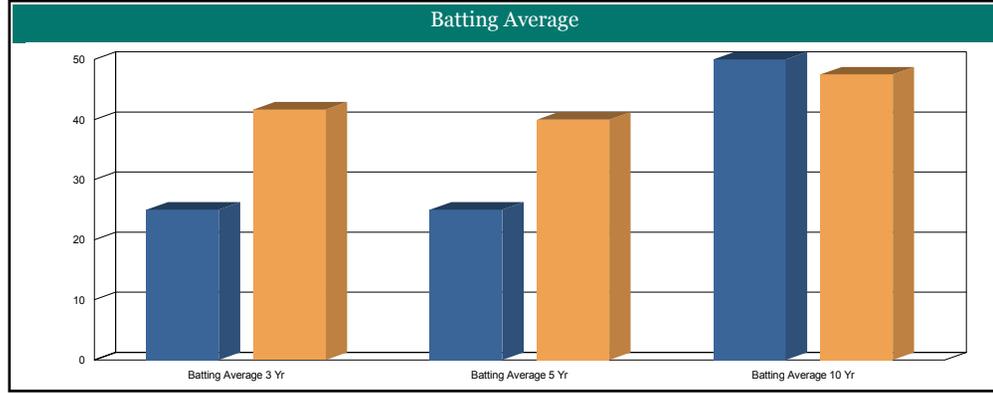
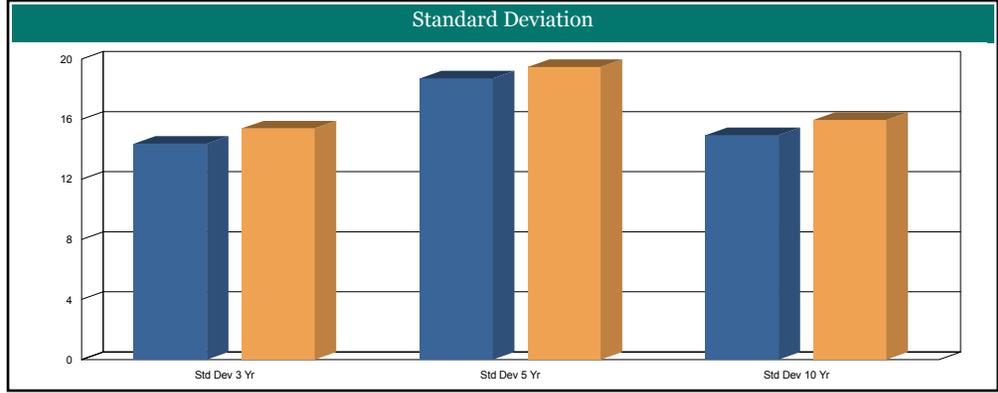
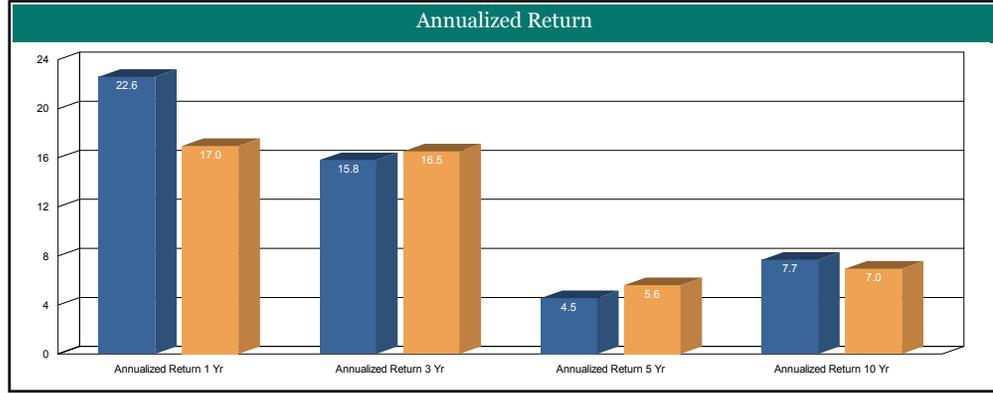
| Organization    |       |
|-----------------|-------|
| Manager Tenure: | 27.67 |

| Fees           |      |
|----------------|------|
| Expense Ratio: | 0.98 |

|  |  |
|--|--|
| <span style="color: blue;">■</span> Actual | <span style="color: orange;">■</span> Median |
|--|--|

| Returns/Performance |        |           |        |
|---------------------|--------|-----------|--------|
|                     | Actual | Benchmark | Median |
| YTD Return:         | 11.83  | 11.80     | 10.98  |
| Annual Return 2012: | 20.20  | 15.26     | 15.13  |
| Annual Return 2011: | -5.14  | 2.64      | -1.77  |
| Annual Return 2010: | 11.95  | 16.71     | 15.73  |
| Annual Return 2009: | 34.12  | 37.21     | 34.76  |
| Annual Return 2008: | -39.24 | -38.44    | -39.89 |
| Annual Return 2007: | 10.59  | 11.81     | 13.02  |
| Annual Return 2006: | 10.62  | 9.07      | 7.87   |
| Annual Return 2005: | 13.87  | 5.26      | 7.27   |
| Annual Return 2004: | 11.60  | 6.30      | 9.62   |
| Annual Return 2003: | 32.32  | 29.75     | 29.08  |

| Risk                     |        |        |
|--------------------------|--------|--------|
|                          | Actual | Median |
| Batting Average 3 Yr:    | 25.00  | 41.67  |
| Batting Average 5 Yr:    | 25.00  | 40.00  |
| Batting Average 10 Yr:   | 50.00  | 47.50  |
| Std Dev 3 Yr:            | 14.37  | 15.39  |
| Std Dev 5 Yr:            | 18.72  | 19.47  |
| Std Dev 10 Yr:           | 14.94  | 15.94  |
| Downside Capture 3 Yr:   | 101.98 | 117.49 |
| Downside Capture 5 Yr:   | 105.09 | 107.21 |
| Downside Capture 10 Yr:  | 96.29  | 105.73 |
| Information Ratio 3 Yr:  | -0.65  | -0.47  |
| Information Ratio 5 Yr:  | -0.88  | -0.43  |
| Information Ratio 10 Yr: | 0.08   | -0.09  |



# American Funds Capital World G/I R3

Segal Score

A

Ticker: RWICX

Category: World Stock

Subcategory: World Large Value

Min. Invest: 0.00

Benchmark: MSCI World NR USD

Inception Date: 06/06/2002

| Portfolio Characteristics |          |
|---------------------------|----------|
| % US Stocks:              | 36.51    |
| Geo Avg Market Cap \$MM:  | 45,256   |
| Total Assets \$MM:        | 2,264.32 |

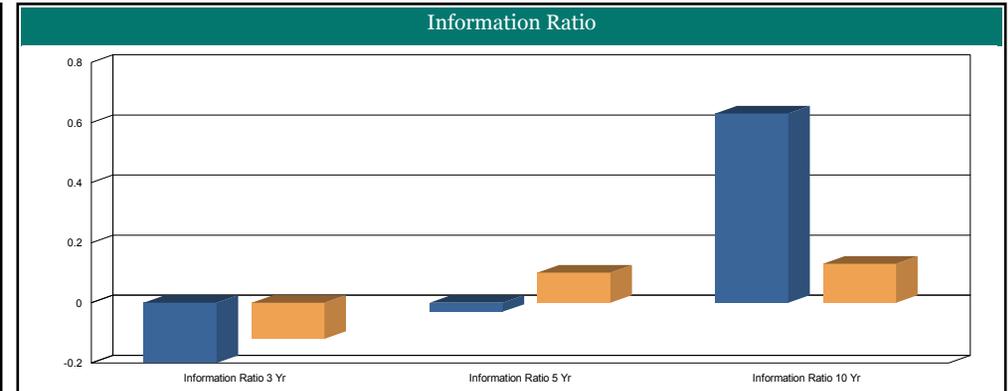
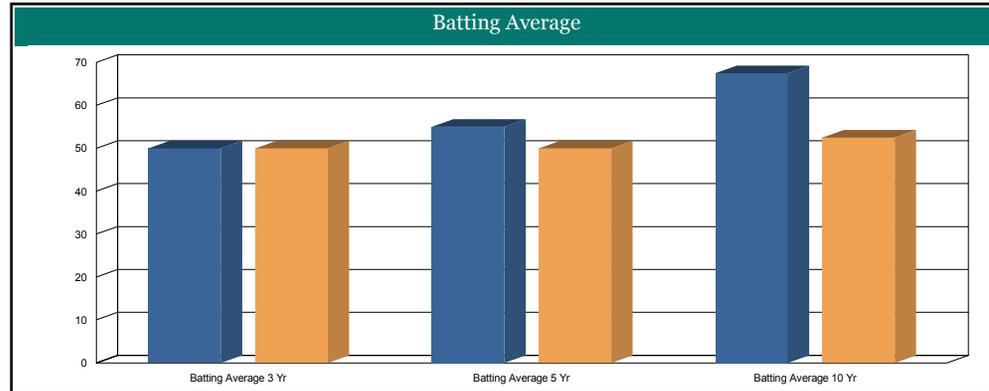
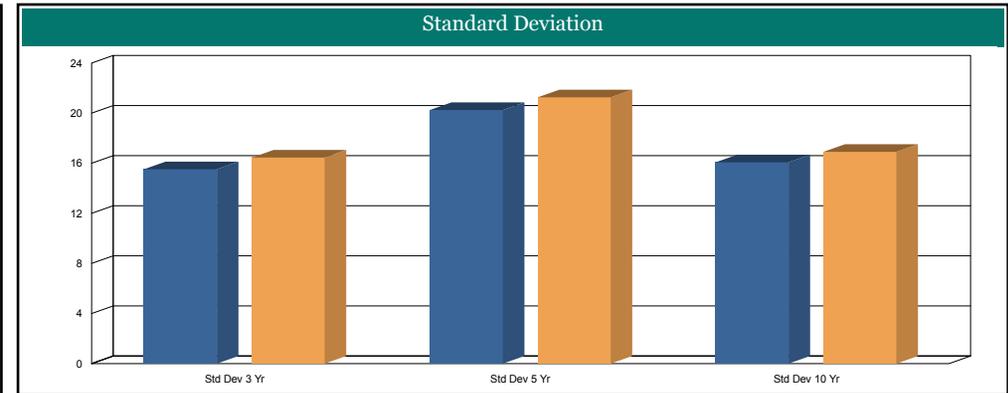
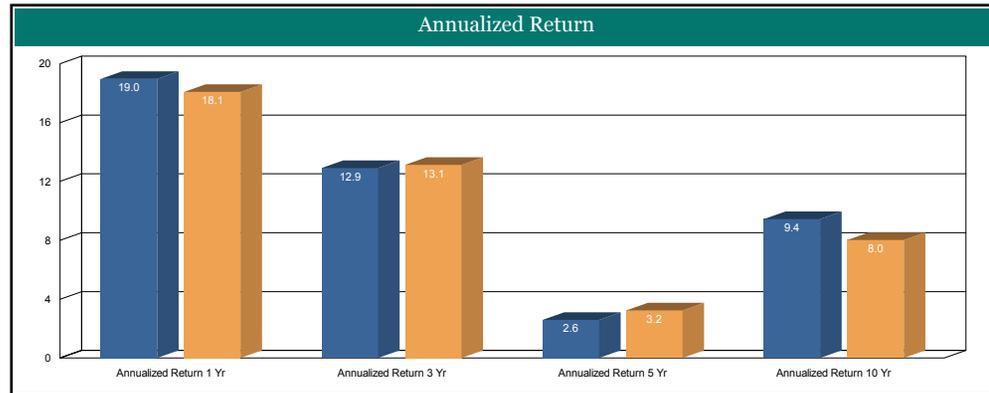
| Organization    |       |
|-----------------|-------|
| Manager Tenure: | 20.33 |

| Fees           |      |
|----------------|------|
| Expense Ratio: | 1.10 |

|  |  |
|--|--|
| <span style="color: blue;">■</span> Actual | <span style="color: orange;">■</span> Median |
|--|--|

| Returns/Performance |        |           |        |
|---------------------|--------|-----------|--------|
|                     | Actual | Benchmark | Median |
| YTD Return:         | 7.21   | 8.43      | 7.67   |
| Annual Return 2012: | 18.77  | 15.83     | 16.18  |
| Annual Return 2011: | -7.84  | -5.54     | -7.63  |
| Annual Return 2010: | 7.40   | 11.76     | 12.87  |
| Annual Return 2009: | 31.88  | 29.99     | 33.41  |
| Annual Return 2008: | -38.60 | -40.71    | -41.35 |
| Annual Return 2007: | 17.09  | 9.04      | 11.07  |
| Annual Return 2006: | 21.85  | 20.07     | 20.10  |
| Annual Return 2005: | 14.28  | 9.49      | 12.20  |
| Annual Return 2004: | 18.90  | 14.72     | 15.70  |
| Annual Return 2003: | 38.46  | 33.11     | 35.24  |

| Risk                     |        |        |
|--------------------------|--------|--------|
|                          | Actual | Median |
| Batting Average 3 Yr:    | 50.00  | 50.00  |
| Batting Average 5 Yr:    | 55.00  | 50.00  |
| Batting Average 10 Yr:   | 67.50  | 52.50  |
| Std Dev 3 Yr:            | 15.52  | 16.45  |
| Std Dev 5 Yr:            | 20.25  | 21.27  |
| Std Dev 10 Yr:           | 16.08  | 16.92  |
| Downside Capture 3 Yr:   | 100.63 | 112.84 |
| Downside Capture 5 Yr:   | 95.17  | 101.80 |
| Downside Capture 10 Yr:  | 88.54  | 103.69 |
| Information Ratio 3 Yr:  | -0.20  | -0.12  |
| Information Ratio 5 Yr:  | -0.03  | 0.10   |
| Information Ratio 10 Yr: | 0.63   | 0.13   |



# Vanguard Total Bond Market Index I

Segal Score

A

Ticker: VBTIX

Category: Intermediate-Term Bond

Subcategory: Intermediate Investment Grade (4-6)

Min. Invest: 5,000,000.00

Benchmark: Barclays US Agg Bond TR USD

Inception Date: 09/18/1995

| Portfolio Characteristics |       |        |      |    |       |
|---------------------------|-------|--------|------|----|-------|
| % Bonds:                  | 93.34 |        |      |    |       |
| AAA:                      | 72.30 | AA:    | 4.55 | A: | 11.96 |
| BBB:                      | 11.19 | BB:    | 0.00 | B: | 0.00  |
| Below B:                  | 0.00  | NR/NA: | 0.00 |    |       |

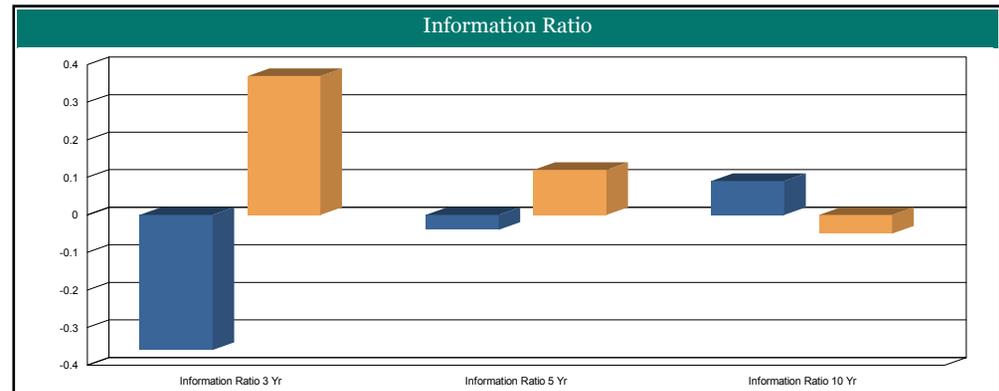
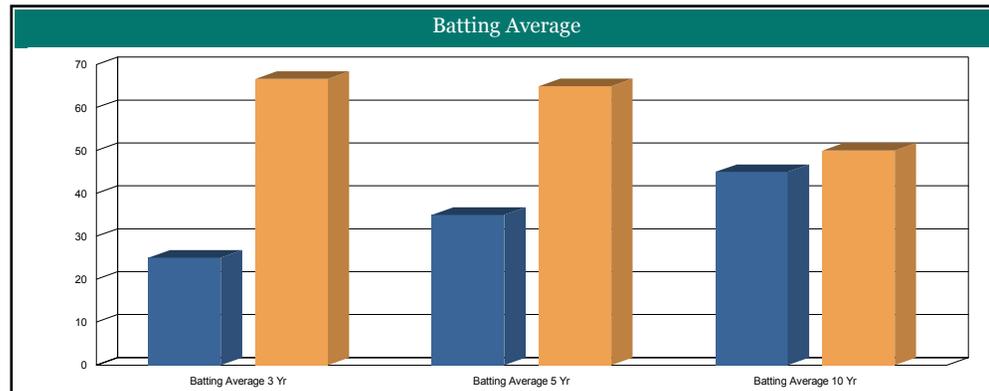
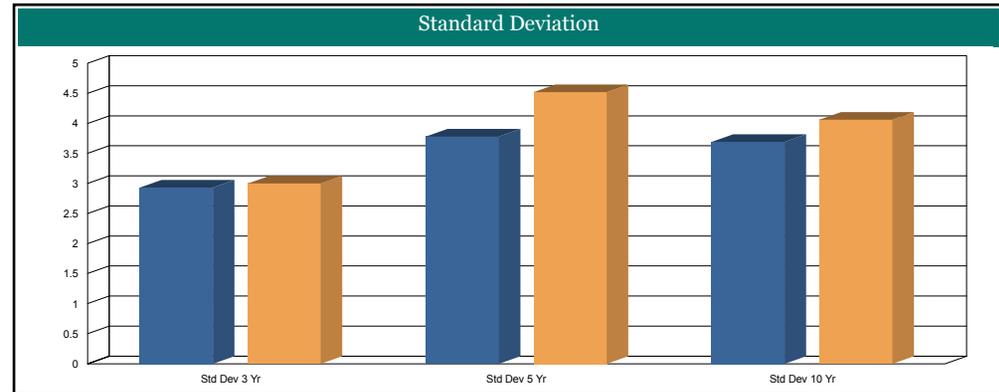
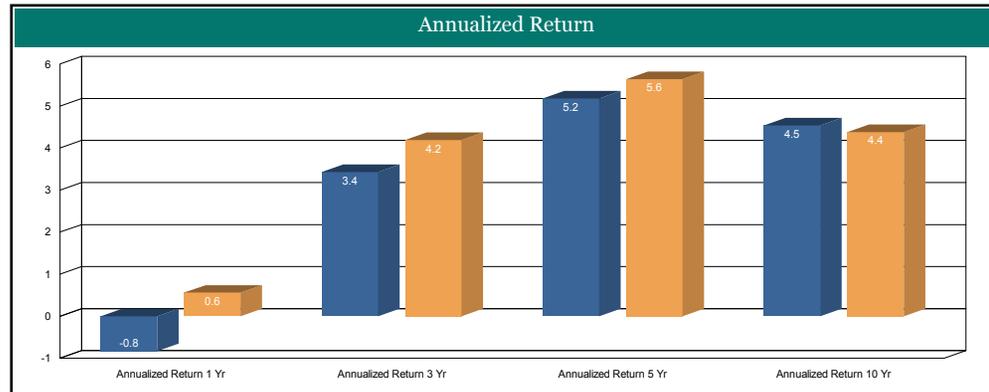
| Organization    |       |
|-----------------|-------|
| Manager Tenure: | 20.58 |

| Fees           |      |
|----------------|------|
| Expense Ratio: | 0.07 |

|  |  |
|--|--|
| <span style="color: blue;">■</span> Actual | <span style="color: orange;">■</span> Median |
|--|--|

| Returns/Performance |        |           |        |
|---------------------|--------|-----------|--------|
|                     | Actual | Benchmark | Median |
| YTD Return:         | -2.48  | -2.44     | -2.48  |
| Annual Return 2012: | 4.18   | 4.21      | 6.85   |
| Annual Return 2011: | 7.72   | 7.84      | 6.33   |
| Annual Return 2010: | 6.58   | 6.54      | 7.60   |
| Annual Return 2009: | 6.09   | 5.93      | 13.67  |
| Annual Return 2008: | 5.19   | 5.24      | -2.92  |
| Annual Return 2007: | 7.05   | 6.97      | 5.54   |
| Annual Return 2006: | 4.40   | 4.33      | 4.00   |
| Annual Return 2005: | 2.53   | 2.43      | 1.89   |
| Annual Return 2004: | 4.36   | 4.34      | 4.21   |
| Annual Return 2003: | 4.10   | 4.10      | 4.74   |

| Risk                     |        |        |
|--------------------------|--------|--------|
|                          | Actual | Median |
| Batting Average 3 Yr:    | 25.00  | 66.67  |
| Batting Average 5 Yr:    | 35.00  | 65.00  |
| Batting Average 10 Yr:   | 45.00  | 50.00  |
| Std Dev 3 Yr:            | 2.93   | 3.00   |
| Std Dev 5 Yr:            | 3.78   | 4.52   |
| Std Dev 10 Yr:           | 3.69   | 4.06   |
| Downside Capture 3 Yr:   | 101.44 | 91.59  |
| Downside Capture 5 Yr:   | 98.76  | 144.42 |
| Downside Capture 10 Yr:  | 101.94 | 120.96 |
| Information Ratio 3 Yr:  | -0.36  | 0.37   |
| Information Ratio 5 Yr:  | -0.04  | 0.12   |
| Information Ratio 10 Yr: | 0.09   | -0.05  |



# Vanguard Developed Markets Index Admiral

Segal Score

NA

Ticker: VDMAX  
Min. Invest: 10,000.00

Category: Foreign Large Blend  
Benchmark: MSCI EAFE NR USD

Subcategory: Foreign Large Core  
Inception Date: 09/27/2011

| Portfolio Characteristics |          |
|---------------------------|----------|
| % Non-US Stocks:          | 97.95    |
| Geo Avg Market Cap \$MM:  | 32,989   |
| Total Assets \$MM:        | 1,134.45 |

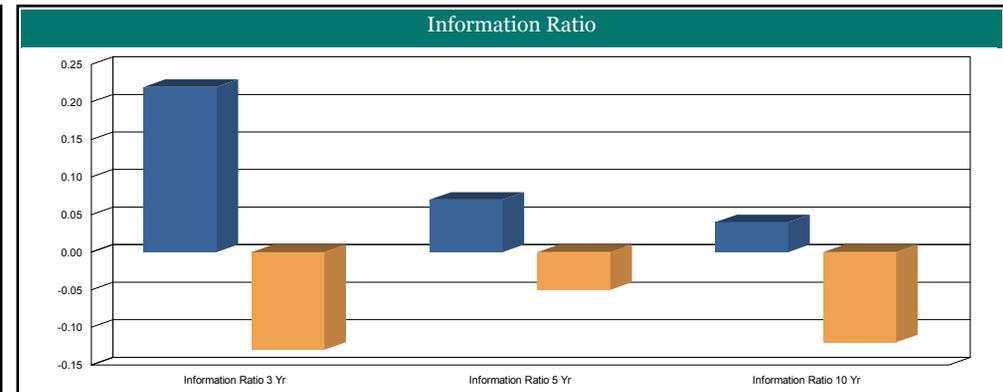
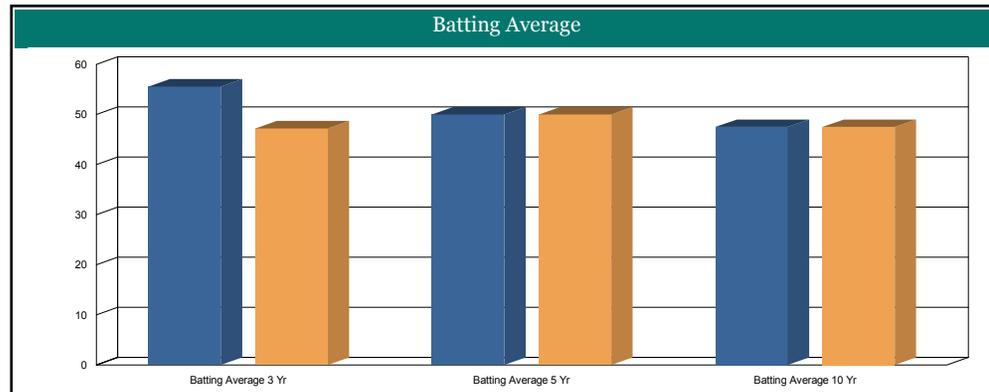
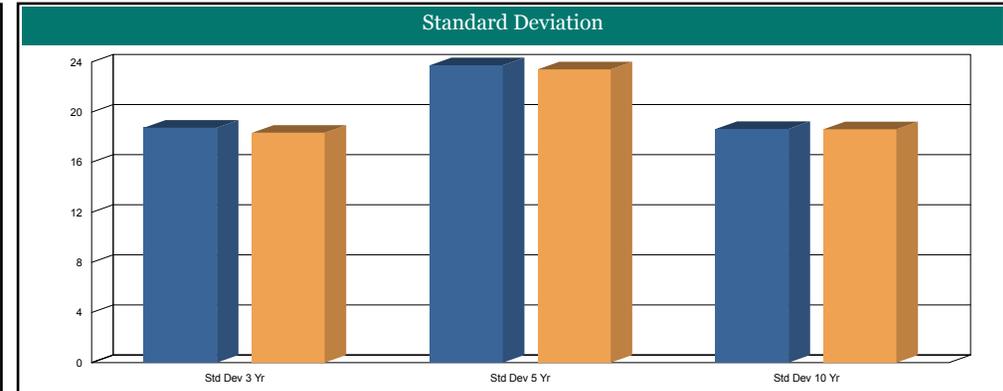
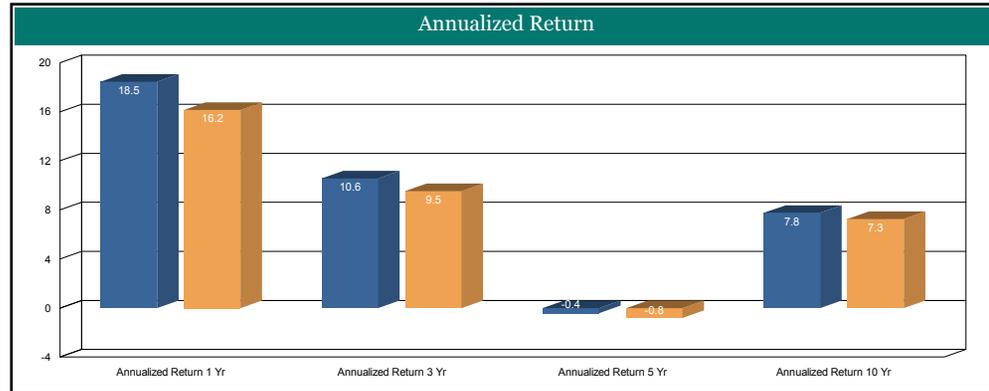
| Organization    |      |
|-----------------|------|
| Manager Tenure: | 2.67 |

| Fees           |      |
|----------------|------|
| Expense Ratio: | 0.10 |

|  |  |
|--|--|
| <span style="color: blue;">■</span> Actual | <span style="color: orange;">■</span> Median |
|--|--|

| Returns/Performance |        |           |        |
|---------------------|--------|-----------|--------|
|                     | Actual | Benchmark | Median |
| YTD Return:         | 3.50   | 4.10      | 2.73   |
| Annual Return 2012: | 18.91  | 17.32     | 18.28  |
| Annual Return 2011: | -12.52 | -12.14    | -13.78 |
| Annual Return 2010: | 8.54   | 7.75      | 10.45  |
| Annual Return 2009: | 28.17  | 31.78     | 31.55  |
| Annual Return 2008: | -41.62 | -43.38    | -43.68 |
| Annual Return 2007: | 10.99  | 11.17     | 12.48  |
| Annual Return 2006: | 26.18  | 26.34     | 25.33  |
| Annual Return 2005: | 13.34  | 13.54     | 14.40  |
| Annual Return 2004: | 20.25  | 20.25     | 17.87  |
| Annual Return 2003: | 38.61  | 38.59     | 34.54  |

| Risk                     |        |        |
|--------------------------|--------|--------|
|                          | Actual | Median |
| Batting Average 3 Yr:    | 55.56  | 47.22  |
| Batting Average 5 Yr:    | 50.00  | 50.00  |
| Batting Average 10 Yr:   | 47.50  | 47.50  |
| Std Dev 3 Yr:            | 18.76  | 18.36  |
| Std Dev 5 Yr:            | 23.74  | 23.43  |
| Std Dev 10 Yr:           | 18.65  | 18.64  |
| Downside Capture 3 Yr:   | 101.52 | 95.99  |
| Downside Capture 5 Yr:   | 103.67 | 101.40 |
| Downside Capture 10 Yr:  | 102.40 | 103.04 |
| Information Ratio 3 Yr:  | 0.22   | -0.13  |
| Information Ratio 5 Yr:  | 0.07   | -0.05  |
| Information Ratio 10 Yr: | 0.04   | -0.12  |



# Vanguard Extended Market Idx I

Segal Score

B

Ticker: VIEIX

Category: Mid-Cap Blend

Subcategory: SMID Core

Min. Invest: 5,000,000.00

Benchmark: Russell Mid Cap TR USD

Inception Date: 07/07/1997

| Portfolio Characteristics |          |
|---------------------------|----------|
| % US Stocks:              | 97.98    |
| Geo Avg Market Cap \$MM:  | 2,826    |
| Total Assets \$MM:        | 5,651.10 |

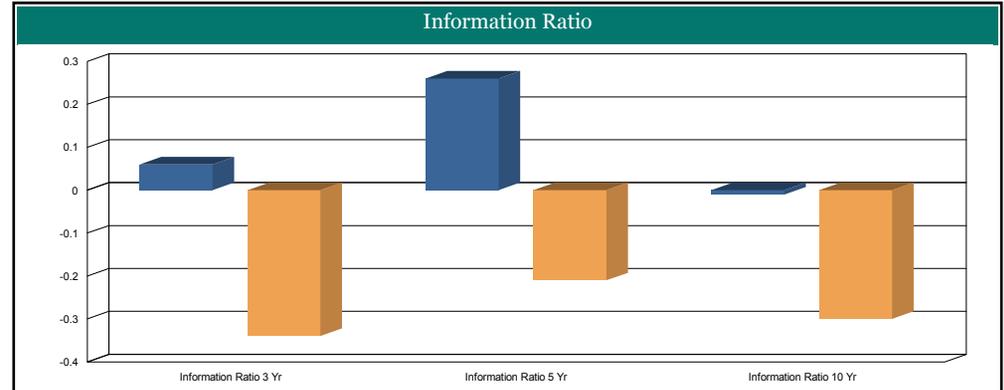
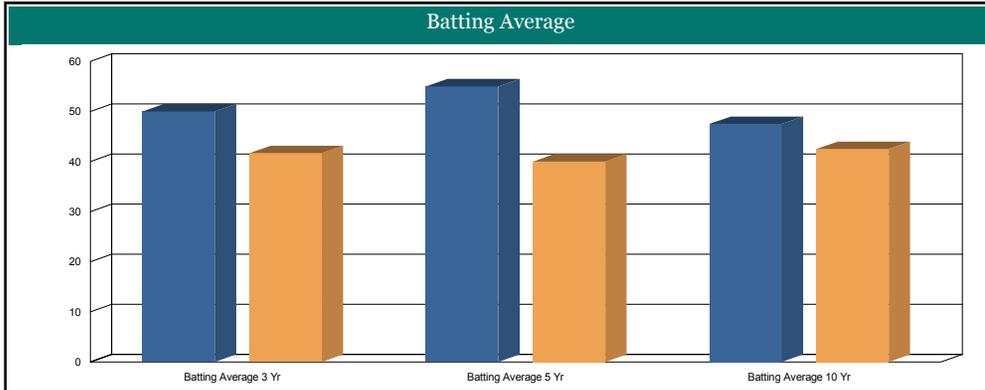
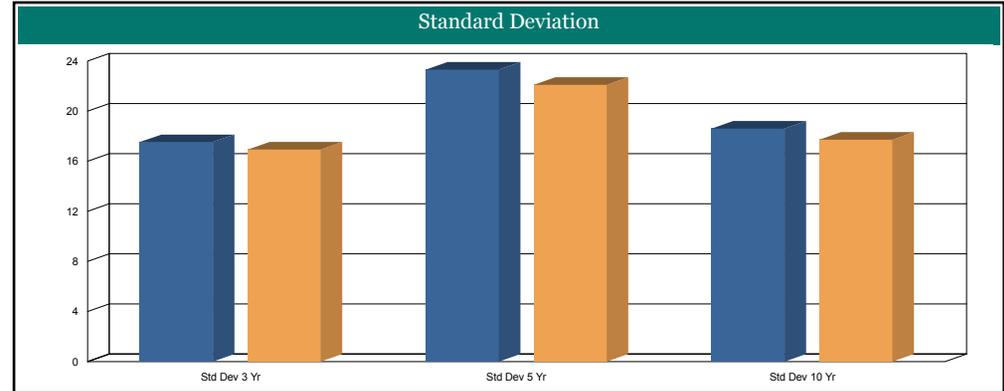
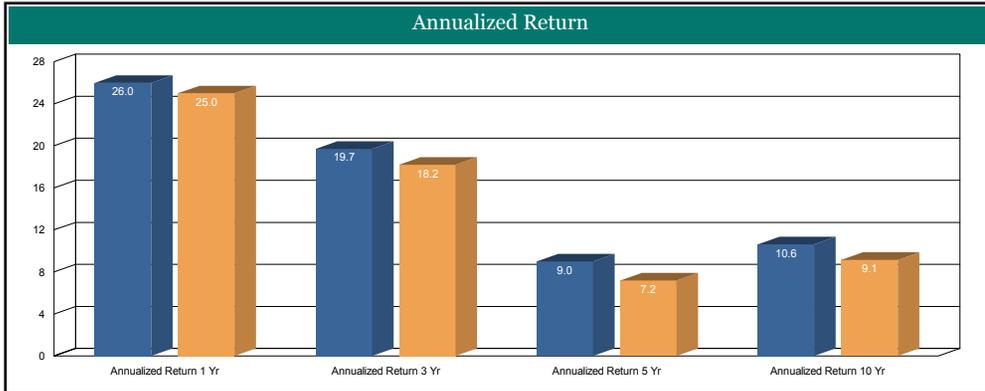
| Organization    |       |
|-----------------|-------|
| Manager Tenure: | 15.58 |

| Fees           |      |
|----------------|------|
| Expense Ratio: | 0.12 |

|  |  |
|--|--|
| <span style="color: blue;">■</span> Actual | <span style="color: orange;">■</span> Median |
|--|--|

|                     | Actual | Benchmark | Median |
|---------------------|--------|-----------|--------|
| YTD Return:         | 15.68  | 15.45     | 14.60  |
| Annual Return 2012: | 18.50  | 17.28     | 16.44  |
| Annual Return 2011: | -3.57  | -1.55     | -3.57  |
| Annual Return 2010: | 27.59  | 25.48     | 23.65  |
| Annual Return 2009: | 37.69  | 40.48     | 35.54  |
| Annual Return 2008: | -38.58 | -41.46    | -38.52 |
| Annual Return 2007: | 4.51   | 5.60      | 5.12   |
| Annual Return 2006: | 14.46  | 15.26     | 13.10  |
| Annual Return 2005: | 10.50  | 12.65     | 9.18   |
| Annual Return 2004: | 18.92  | 20.22     | 17.05  |
| Annual Return 2003: | 43.66  | 40.06     | 34.78  |

|                          | Actual | Median |
|--------------------------|--------|--------|
| Batting Average 3 Yr:    | 50.00  | 41.67  |
| Batting Average 5 Yr:    | 55.00  | 40.00  |
| Batting Average 10 Yr:   | 47.50  | 42.50  |
| Std Dev 3 Yr:            | 17.53  | 16.94  |
| Std Dev 5 Yr:            | 23.32  | 22.11  |
| Std Dev 10 Yr:           | 18.61  | 17.71  |
| Downside Capture 3 Yr:   | 111.61 | 110.48 |
| Downside Capture 5 Yr:   | 100.05 | 100.13 |
| Downside Capture 10 Yr:  | 105.09 | 103.68 |
| Information Ratio 3 Yr:  | 0.06   | -0.34  |
| Information Ratio 5 Yr:  | 0.26   | -0.21  |
| Information Ratio 10 Yr: | -0.01  | -0.30  |



# Vanguard Institutional Index I

Segal Score

B

Ticker: VINIX

Category: Large Blend

Subcategory: S&P 500 Tracking

Min. Invest: 5,000,000.00

Benchmark: S&P 500 TR USD

Inception Date: 07/31/1990

| Portfolio Characteristics |           |
|---------------------------|-----------|
| % US Stocks:              | 98.59     |
| Geo Avg Market Cap \$MM:  | 58,053    |
| Total Assets \$MM:        | 66,210.78 |

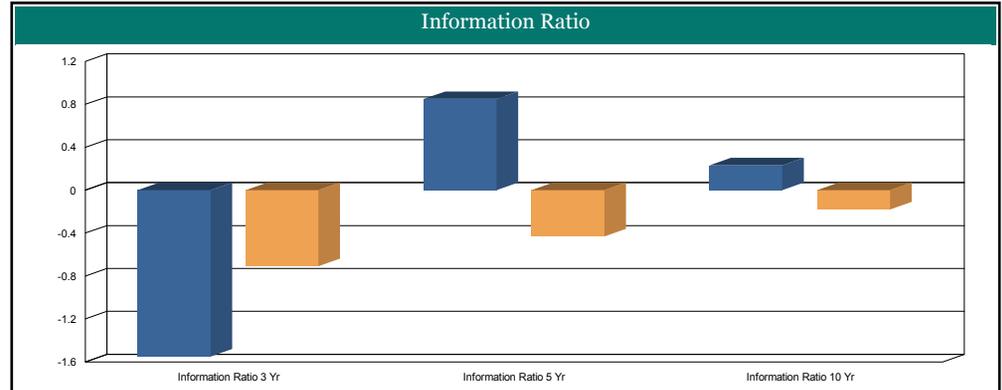
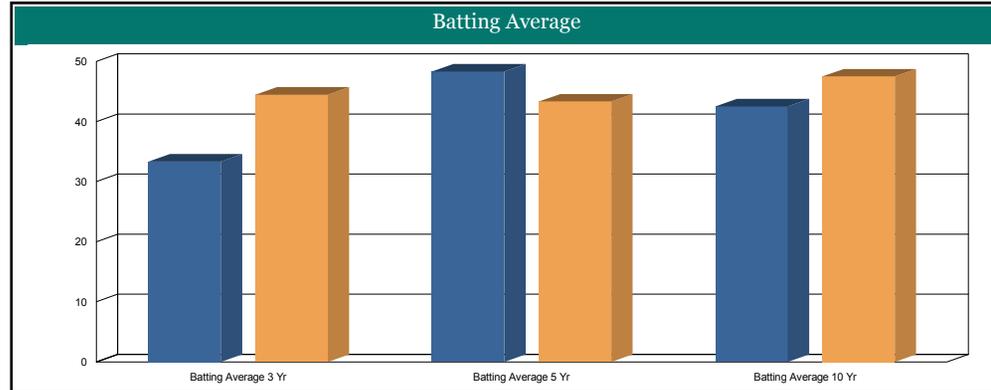
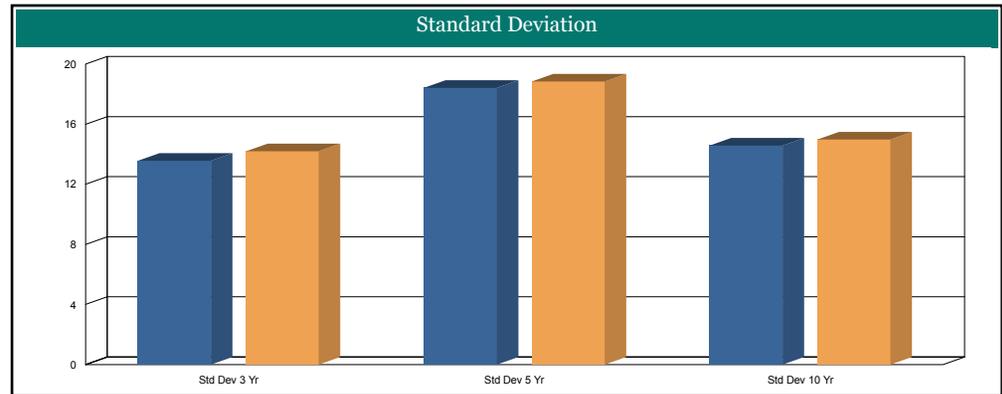
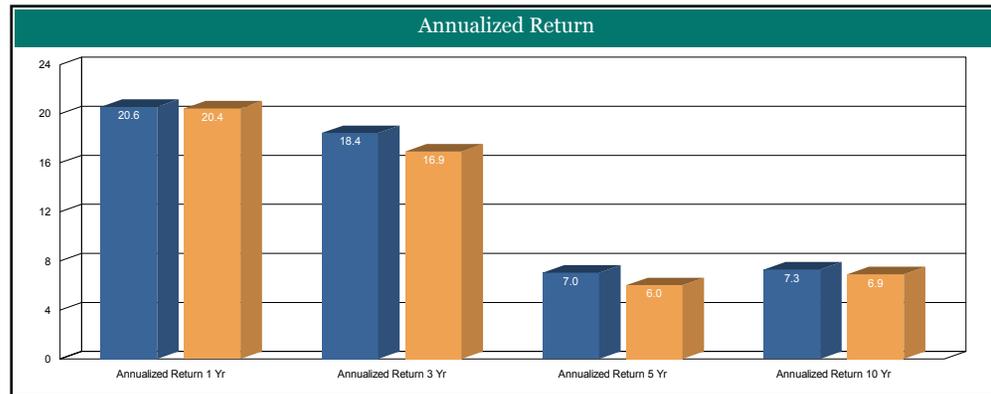
| Organization    |       |
|-----------------|-------|
| Manager Tenure: | 12.58 |

| Fees           |      |
|----------------|------|
| Expense Ratio: | 0.04 |

|  |  |
|--|--|
| <span style="color: blue;">■</span> Actual | <span style="color: orange;">■</span> Median |
|--|--|

| Returns/Performance |        |           |        |
|---------------------|--------|-----------|--------|
|                     | Actual | Benchmark | Median |
| YTD Return:         | 13.81  | 13.82     | 13.54  |
| Annual Return 2012: | 15.98  | 16.00     | 15.31  |
| Annual Return 2011: | 2.09   | 2.11      | -0.19  |
| Annual Return 2010: | 15.05  | 15.06     | 14.19  |
| Annual Return 2009: | 26.63  | 26.46     | 27.02  |
| Annual Return 2008: | -36.95 | -37.00    | -37.38 |
| Annual Return 2007: | 5.47   | 5.49      | 5.64   |
| Annual Return 2006: | 15.78  | 15.79     | 15.15  |
| Annual Return 2005: | 4.91   | 4.91      | 5.87   |
| Annual Return 2004: | 10.86  | 10.88     | 10.64  |
| Annual Return 2003: | 28.66  | 28.68     | 28.25  |

| Risk                     |        |        |
|--------------------------|--------|--------|
|                          | Actual | Median |
| Batting Average 3 Yr:    | 33.33  | 44.44  |
| Batting Average 5 Yr:    | 48.33  | 43.33  |
| Batting Average 10 Yr:   | 42.50  | 47.50  |
| Std Dev 3 Yr:            | 13.57  | 14.19  |
| Std Dev 5 Yr:            | 18.41  | 18.84  |
| Std Dev 10 Yr:           | 14.57  | 14.98  |
| Downside Capture 3 Yr:   | 100.05 | 107.92 |
| Downside Capture 5 Yr:   | 99.92  | 103.28 |
| Downside Capture 10 Yr:  | 99.94  | 102.32 |
| Information Ratio 3 Yr:  | -1.55  | -0.71  |
| Information Ratio 5 Yr:  | 0.85   | -0.43  |
| Information Ratio 10 Yr: | 0.23   | -0.18  |



### For Active Funds:

| Grade     |                           | Action                               |
|-----------|---------------------------|--------------------------------------|
| <b>A</b>  | Above Average             | No Action                            |
| <b>B</b>  | Above Average             | No Action                            |
| <b>C</b>  | Average                   | Closely Monitor                      |
| <b>D</b>  | Watch list                | Fund Alert                           |
| <b>F</b>  | Immediate Action          | Terminate                            |
| <b>NA</b> | < than 3 years of history | Check share class and inception date |

### For Index Funds:

| Grade     |                           | Action                               |
|-----------|---------------------------|--------------------------------------|
| <b>A</b>  | Satisfactory              | No Action                            |
| <b>B</b>  | Satisfactory              | No Action                            |
| <b>C</b>  | Satisfactory              | No Action                            |
| <b>D</b>  | Immediate Action          | Terminate                            |
| <b>F</b>  | Immediate Action          | Terminate                            |
| <b>NA</b> | < than 3 years of history | Check share class and inception date |

# Nevada Public Employees' Deferred Compensation Program

*457 Plan - MassMutual Line-Up*



Segal Rogerscasey  
Scoring System

**June 2013**

Francis Picarelli

*Senior Vice President*

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Segal Rogerscasey

## Scoring System Summary

| Ticker | Fund Name                             | Fund Category       | Sep 2012 | Dec 2012 | Mar 2013 | Jun 2013 |
|--------|---------------------------------------|---------------------|----------|----------|----------|----------|
| AADEX  | American Beacon Lg Cap Value Inst     | Large Value         | B        | B        | B        | B        |
| ACEKX  | Invesco Equity and Income R5          | Moderate Allocation | NA       | NA       | NA       | A        |
| AIIIX  | American Beacon Intl Eq Index Inst    | Foreign Large Blend | B        | <i>B</i> | <i>B</i> | <i>B</i> |
| HBMCX  | Hartford MidCap HLS IB                | Mid-Cap Growth      | C        | B        | B        | C        |
| HIASX  | Hartford Small Company HLS IA         | Small Growth        | B        | B        | B        | B        |
| HIMCX  | Hartford MidCap HLS IA                | Mid-Cap Growth      | B        | B        | B        | B        |
| LVOYX  | Lord Abbett Value Opportunities I     | Mid-Cap Blend       | C        | B        | B        | <i>B</i> |
| MDISX  | Mutual Global Discovery Z             | World Stock         | B        | B        | A        | A        |
| MGOSX  | Munder Mid-Cap Core Growth R6         | Mid-Cap Growth      | NA       | NA       | NA       | NA       |
| NBSLX  | Neuberger Berman Socially Rspns Inst  | Large Growth        | B        | B        | B        | B        |
| OPMYX  | Oppenheimer Main Street Sm- & Mid-Cap | Small Blend         | C        | C        | C        | C        |
| PRGFX  | T. Rowe Price Growth Stock            | Large Growth        | B        | B        | B        | B        |
| VDSIX  | Victory Diversified Stock I           | Large Blend         | C        | B        | <i>B</i> | B        |
| VIEIX  | Vanguard Extended Market Idx I        | Mid-Cap Blend       | B        | B        | <i>B</i> | B        |
| VINIX  | Vanguard Institutional Index I        | Large Blend         | A        | B        | <i>B</i> | B        |

*Previous quarter score*

# American Beacon Lg Cap Value Inst

Segal Score

B

Ticker: AADEX

Category: Large Value

Subcategory: Large Deep Value

Min. Invest: 250,000.00

Benchmark: Russell 1000 Value TR USD

Inception Date: 07/17/1987

| Portfolio Characteristics |          |
|---------------------------|----------|
| % US Stocks:              | 83.26    |
| Geo Avg Market Cap \$MM:  | 57,487   |
| Total Assets \$MM:        | 3,675.12 |

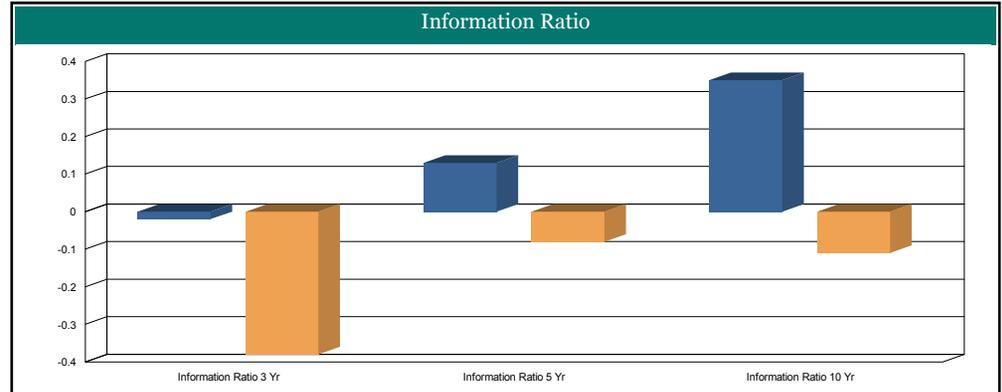
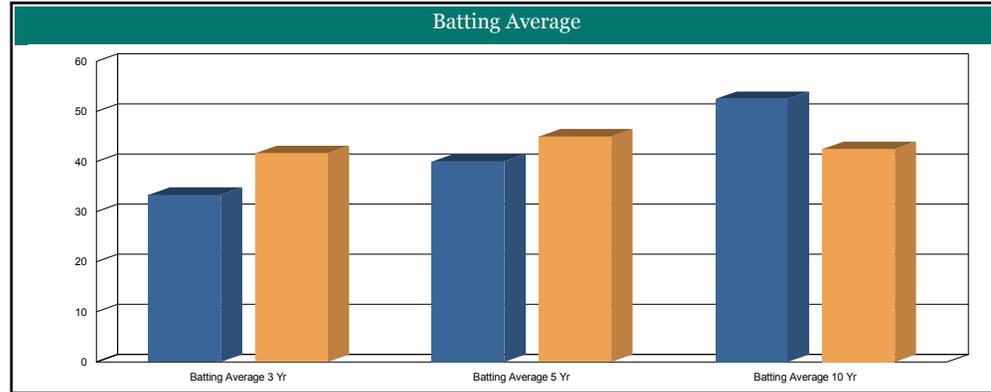
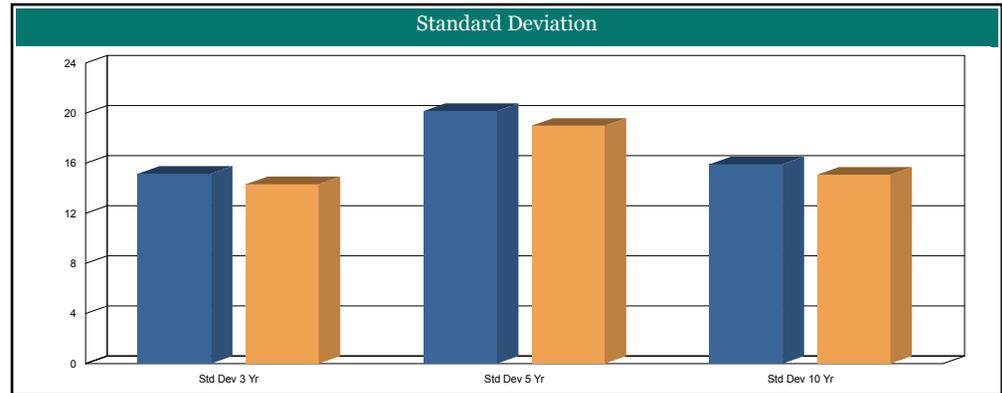
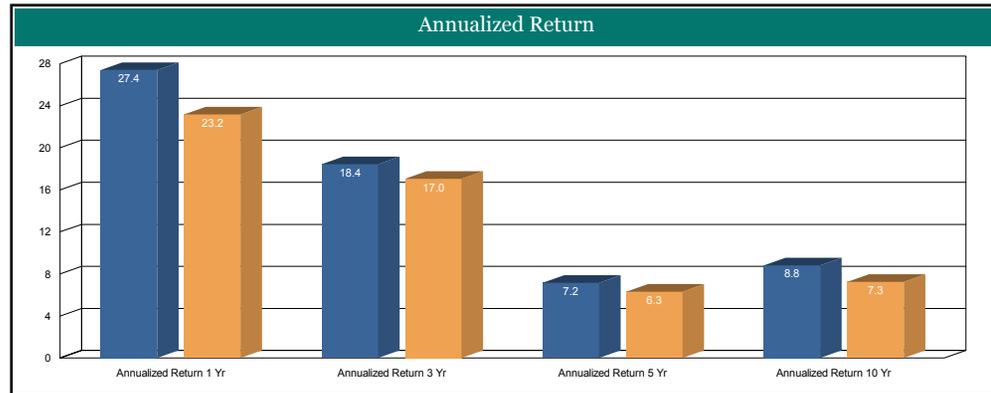
| Organization    |       |
|-----------------|-------|
| Manager Tenure: | 26.00 |

| Fees           |      |
|----------------|------|
| Expense Ratio: | 0.60 |

|  |  |
|--|--|
| <span style="color: blue;">■</span> Actual | <span style="color: orange;">■</span> Median |
|--|--|

| Returns/Performance |        |           |        |
|---------------------|--------|-----------|--------|
|                     | Actual | Benchmark | Median |
| YTD Return:         | 17.24  | 15.90     | 14.96  |
| Annual Return 2012: | 19.07  | 17.51     | 14.64  |
| Annual Return 2011: | -2.34  | 0.39      | -0.31  |
| Annual Return 2010: | 14.56  | 15.51     | 13.31  |
| Annual Return 2009: | 27.52  | 19.69     | 23.74  |
| Annual Return 2008: | -39.39 | -36.85    | -35.93 |
| Annual Return 2007: | 3.18   | -0.17     | 2.98   |
| Annual Return 2006: | 19.01  | 22.25     | 18.52  |
| Annual Return 2005: | 9.93   | 7.05      | 6.51   |
| Annual Return 2004: | 19.43  | 16.49     | 14.04  |
| Annual Return 2003: | 35.76  | 30.03     | 27.65  |

| Risk                     |        |        |
|--------------------------|--------|--------|
|                          | Actual | Median |
| Batting Average 3 Yr:    | 33.33  | 41.67  |
| Batting Average 5 Yr:    | 40.00  | 45.00  |
| Batting Average 10 Yr:   | 52.50  | 42.50  |
| Std Dev 3 Yr:            | 15.17  | 14.32  |
| Std Dev 5 Yr:            | 20.17  | 19.00  |
| Std Dev 10 Yr:           | 15.93  | 15.09  |
| Downside Capture 3 Yr:   | 114.42 | 104.74 |
| Downside Capture 5 Yr:   | 103.30 | 96.98  |
| Downside Capture 10 Yr:  | 102.06 | 96.57  |
| Information Ratio 3 Yr:  | -0.02  | -0.38  |
| Information Ratio 5 Yr:  | 0.13   | -0.08  |
| Information Ratio 10 Yr: | 0.35   | -0.11  |



# Invesco Equity and Income R5

Segal Score

A

Ticker: ACEKX

Category: Moderate Allocation

Subcategory: Moderate Allocation

Min. Invest: 10,000,000.00

Benchmark: DJ Moderate TR USD

Inception Date: 06/01/2010

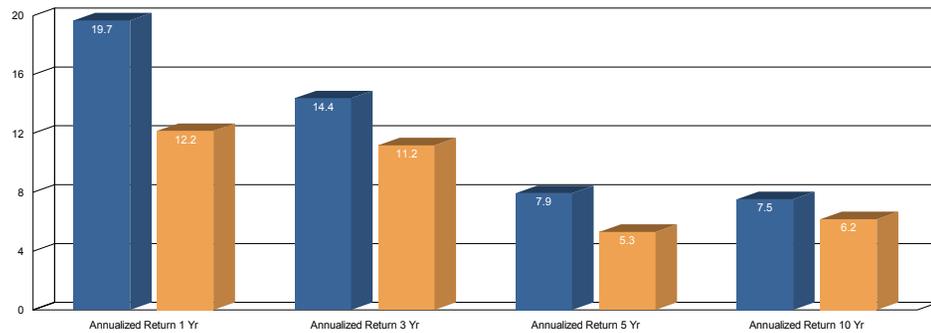
## Returns/Performance

|                     | Actual | Benchmark | Median |
|---------------------|--------|-----------|--------|
| YTD Return:         | 12.94  | 4.17      | 6.03   |
| Annual Return 2012: | 13.24  | 11.24     | 12.05  |
| Annual Return 2011: | -0.78  | 0.28      | -0.26  |
| Annual Return 2010: | 12.53  | 13.95     | 12.04  |
| Annual Return 2009: | 23.51  | 23.79     | 24.51  |
| Annual Return 2008: | -24.78 | -24.75    | -27.48 |
| Annual Return 2007: | 3.26   | 8.02      | 6.33   |
| Annual Return 2006: | 12.53  | 11.91     | 11.35  |
| Annual Return 2005: | 7.81   | 7.25      | 5.28   |
| Annual Return 2004: | 11.77  | 13.15     | 9.07   |
| Annual Return 2003: | 22.16  | 27.17     | 20.92  |

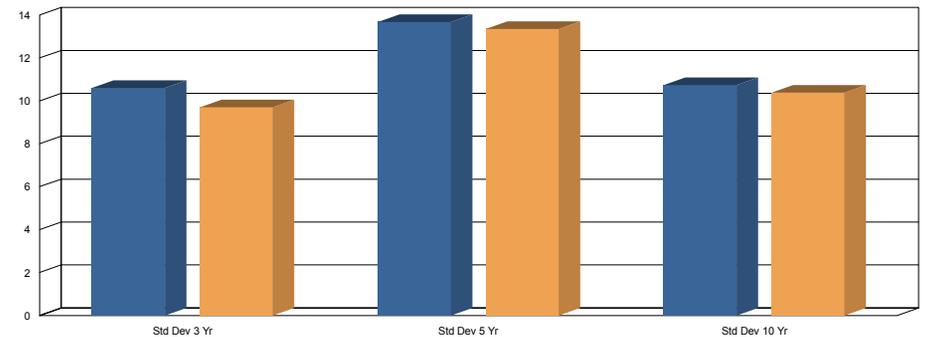
## Risk

|                          | Actual | Median |
|--------------------------|--------|--------|
| Batting Average 3 Yr:    | 66.67  | 58.33  |
| Batting Average 5 Yr:    | 60.00  | 55.00  |
| Batting Average 10 Yr:   | 50.00  | 45.00  |
| Std Dev 3 Yr:            | 10.60  | 9.70   |
| Std Dev 5 Yr:            | 13.68  | 13.35  |
| Std Dev 10 Yr:           | 10.73  | 10.38  |
| Downside Capture 3 Yr:   | 93.51  | 104.82 |
| Downside Capture 5 Yr:   | 102.78 | 108.83 |
| Downside Capture 10 Yr:  | 106.19 | 105.91 |
| Information Ratio 3 Yr:  | 0.75   | 0.28   |
| Information Ratio 5 Yr:  | 0.42   | -0.05  |
| Information Ratio 10 Yr: | -0.02  | -0.41  |

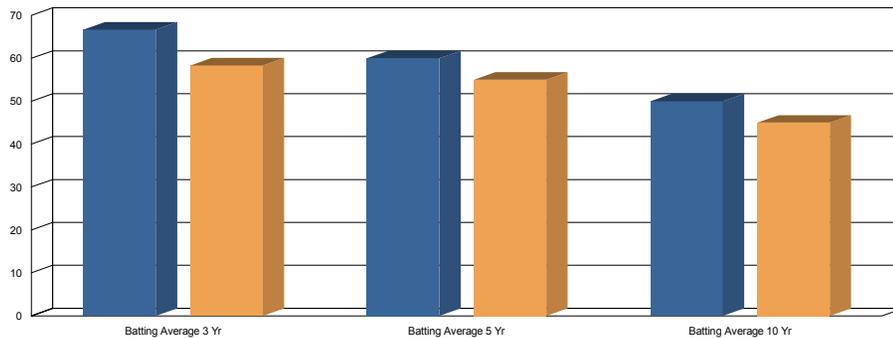
### Annualized Return



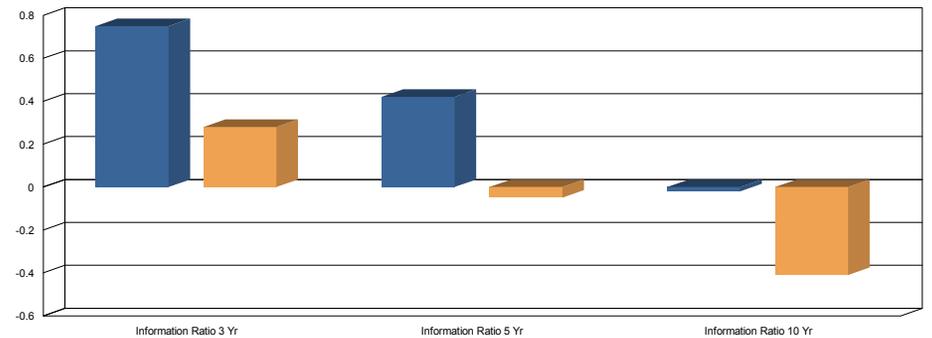
### Standard Deviation



### Batting Average



### Information Ratio



# American Beacon Intl Eq Index Inst

Segal Score

Ticker: AIIX

Category: Foreign Large Blend

Subcategory: Foreign Large Core

Min. Invest: 250,000.00

Benchmark: MSCI EAFE NR USD

Inception Date: 07/31/2000



| Portfolio Characteristics  |
|----------------------------|
| % Non-US Stocks:           |
| Geo Avg Market Cap \$MM: 0 |
| Total Assets \$MM: 367.34  |

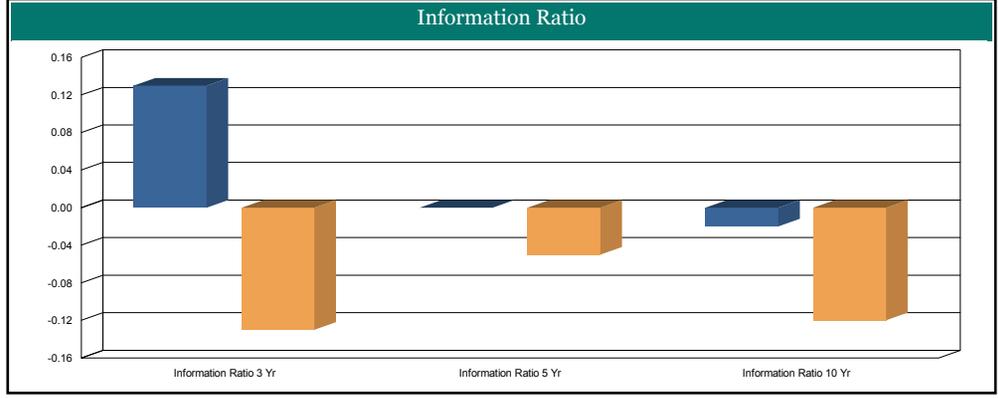
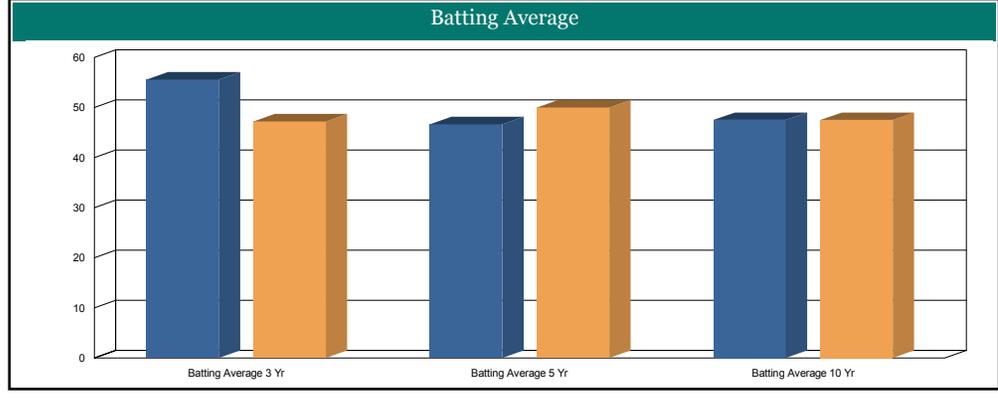
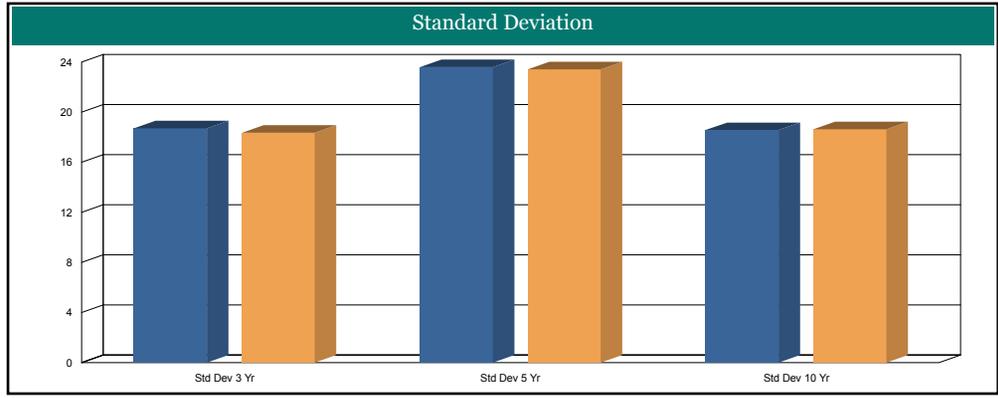
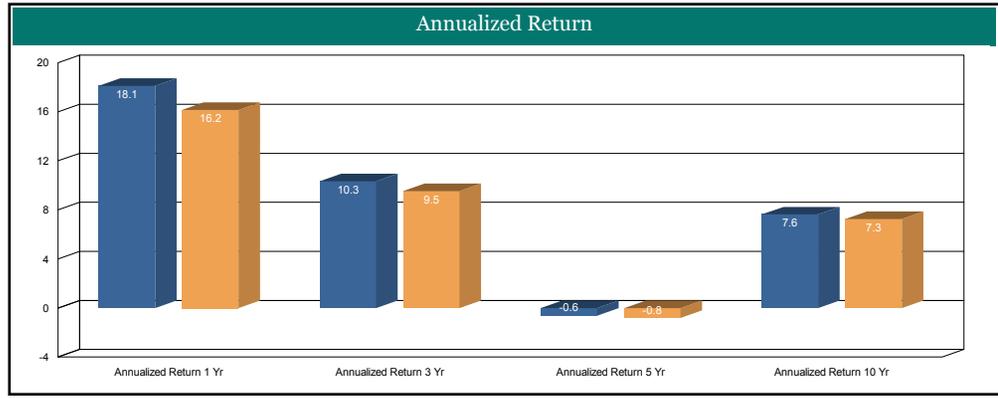
| Organization         |
|----------------------|
| Manager Tenure: 3.17 |

| Fees                |
|---------------------|
| Expense Ratio: 0.19 |

|   |
|---|
| <div style="display: flex; align-items: center;"> <div style="width: 15px; height: 10px; background-color: blue; margin-right: 5px;"></div> Actual                 <div style="width: 15px; height: 10px; background-color: orange; margin-left: 20px; margin-right: 5px;"></div> Median             </div> |
|---|

|                     | Actual | Benchmark | Median |
|---------------------|--------|-----------|--------|
| YTD Return:         | 3.32   | 4.10      | 2.73   |
| Annual Return 2012: | 18.71  | 17.32     | 18.28  |
| Annual Return 2011: | -12.50 | -12.14    | -13.78 |
| Annual Return 2010: | 7.56   | 7.75      | 10.45  |
| Annual Return 2009: | 28.72  | 31.78     | 31.55  |
| Annual Return 2008: | -41.85 | -43.38    | -43.68 |
| Annual Return 2007: | 10.68  | 11.17     | 12.48  |
| Annual Return 2006: | 26.52  | 26.34     | 25.33  |
| Annual Return 2005: | 13.58  | 13.54     | 14.40  |
| Annual Return 2004: | 20.12  | 20.25     | 17.87  |
| Annual Return 2003: | 38.87  | 38.59     | 34.54  |

|                          | Actual | Median |
|--------------------------|--------|--------|
| Batting Average 3 Yr:    | 55.56  | 47.22  |
| Batting Average 5 Yr:    | 46.67  | 50.00  |
| Batting Average 10 Yr:   | 47.50  | 47.50  |
| Std Dev 3 Yr:            | 18.70  | 18.36  |
| Std Dev 5 Yr:            | 23.60  | 23.43  |
| Std Dev 10 Yr:           | 18.57  | 18.64  |
| Downside Capture 3 Yr:   | 101.85 | 95.99  |
| Downside Capture 5 Yr:   | 103.73 | 101.40 |
| Downside Capture 10 Yr:  | 102.29 | 103.04 |
| Information Ratio 3 Yr:  | 0.13   | -0.13  |
| Information Ratio 5 Yr:  | 0.00   | -0.05  |
| Information Ratio 10 Yr: | -0.02  | -0.12  |



# Hartford MidCap HLS IB

Segal Score

C

Ticker: HBMCX

Category: Mid-Cap Growth

Subcategory: Mid Valuation-Sensitive Growth

Min. Invest: 0.00

Benchmark: Russell Mid Cap Growth TR USD

Inception Date: 11/09/1999

| Portfolio Characteristics |       |
|---------------------------|-------|
| % US Stocks:              | 93.25 |
| Geo Avg Market Cap \$MM:  | 6,363 |
| Total Assets \$MM:        | 74.41 |

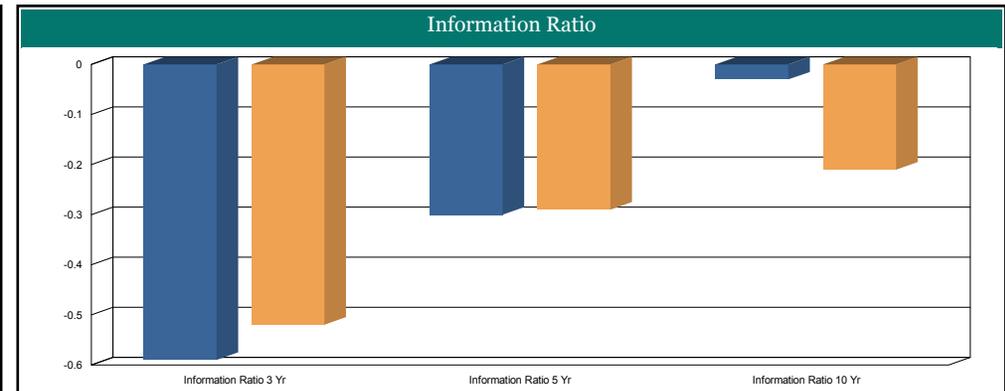
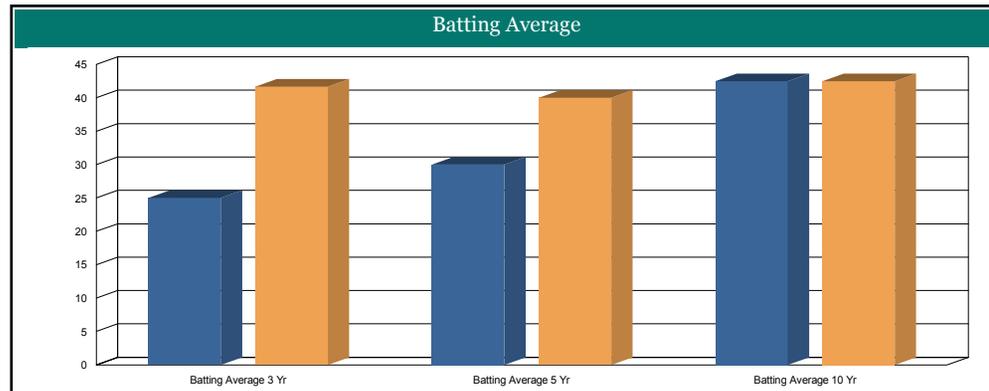
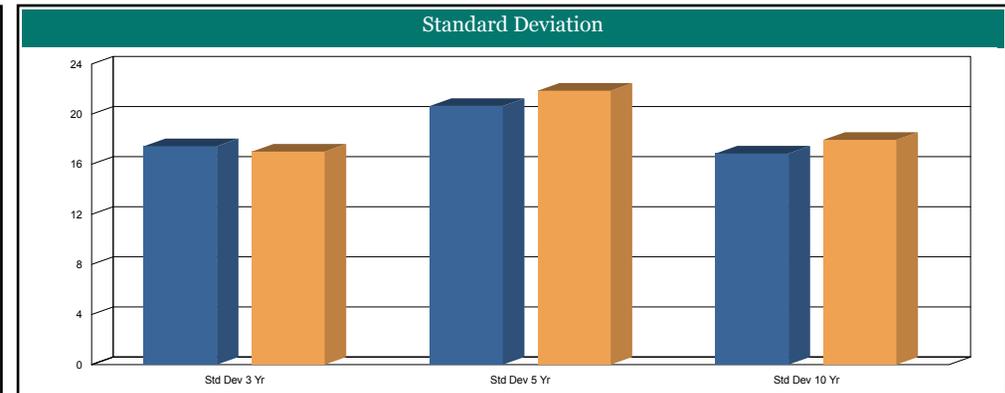
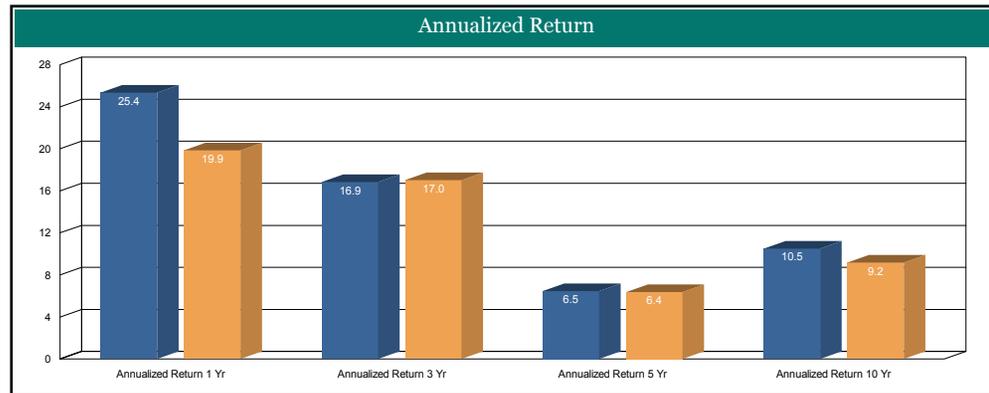
| Organization    |      |
|-----------------|------|
| Manager Tenure: | 3.17 |

| Fees           |      |
|----------------|------|
| Expense Ratio: | 0.96 |

|  |  |
|--|--|
| <span style="color: blue;">■</span> Actual | <span style="color: orange;">■</span> Median |
|--|--|

| Returns/Performance |        |           |        |
|---------------------|--------|-----------|--------|
|                     | Actual | Benchmark | Median |
| YTD Return:         | 17.07  | 14.70     | 12.90  |
| Annual Return 2012: | 19.14  | 15.81     | 14.41  |
| Annual Return 2011: | -8.16  | -1.65     | -3.71  |
| Annual Return 2010: | 23.15  | 26.38     | 25.49  |
| Annual Return 2009: | 30.62  | 46.29     | 39.94  |
| Annual Return 2008: | -35.49 | -44.32    | -41.62 |
| Annual Return 2007: | 14.99  | 11.43     | 16.55  |
| Annual Return 2006: | 11.46  | 10.66     | 9.65   |
| Annual Return 2005: | 16.49  | 12.10     | 10.60  |
| Annual Return 2004: | 16.15  | 15.48     | 14.82  |
| Annual Return 2003: | 37.33  | 42.71     | 35.96  |

| Risk                     |        |        |
|--------------------------|--------|--------|
|                          | Actual | Median |
| Batting Average 3 Yr:    | 25.00  | 41.67  |
| Batting Average 5 Yr:    | 30.00  | 40.00  |
| Batting Average 10 Yr:   | 42.50  | 42.50  |
| Std Dev 3 Yr:            | 17.44  | 17.01  |
| Std Dev 5 Yr:            | 20.66  | 21.87  |
| Std Dev 10 Yr:           | 16.85  | 17.95  |
| Downside Capture 3 Yr:   | 119.09 | 107.48 |
| Downside Capture 5 Yr:   | 95.59  | 97.99  |
| Downside Capture 10 Yr:  | 95.27  | 100.78 |
| Information Ratio 3 Yr:  | -0.59  | -0.52  |
| Information Ratio 5 Yr:  | -0.30  | -0.29  |
| Information Ratio 10 Yr: | -0.03  | -0.21  |



# Hartford Small Company HLS IA

Segal Score

B

Ticker: HIASX

Category: Small Growth

Subcategory: Small Core Growth

Min. Invest: 0.00

Benchmark: Russell 2000 Growth TR USD

Inception Date: 08/09/1996

| Portfolio Characteristics |          |
|---------------------------|----------|
| % US Stocks:              | 90.58    |
| Geo Avg Market Cap \$MM:  | 1,757    |
| Total Assets \$MM:        | 1,160.78 |

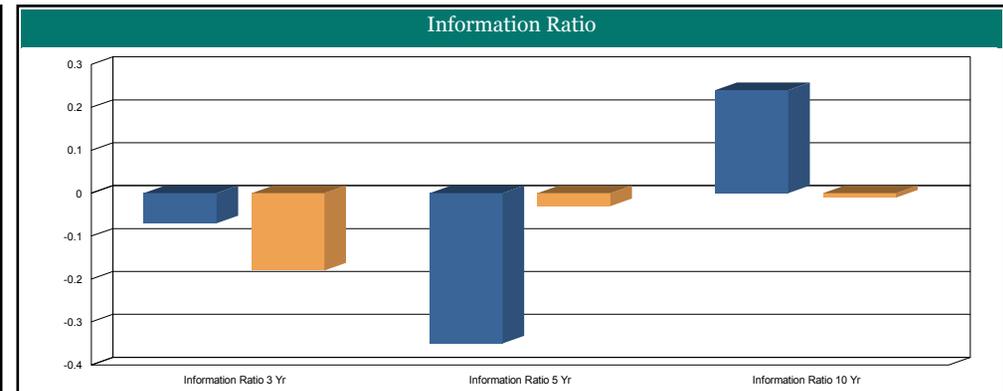
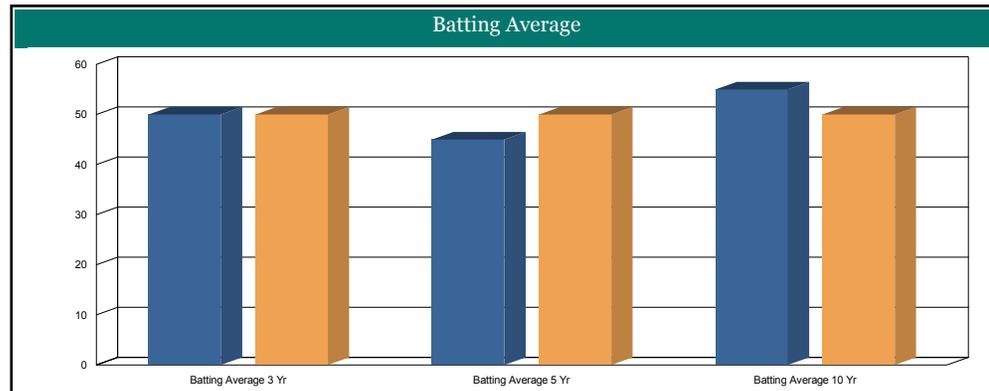
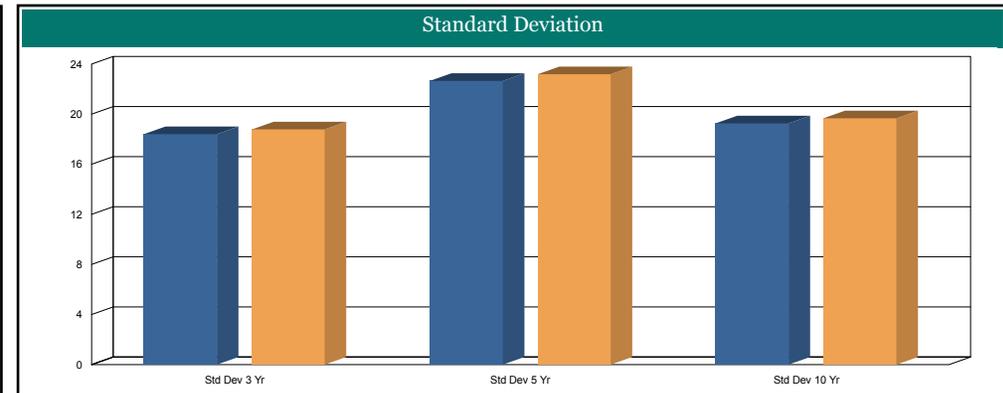
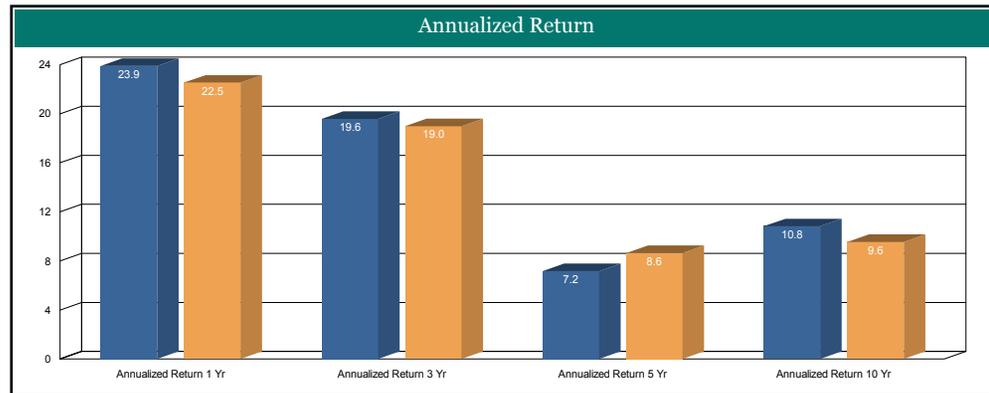
| Organization    |       |
|-----------------|-------|
| Manager Tenure: | 13.50 |

| Fees           |      |
|----------------|------|
| Expense Ratio: | 0.72 |

|  |  |
|--|--|
| <span style="color: blue;">■</span> Actual | <span style="color: orange;">■</span> Median |
|--|--|

| Returns/Performance |        |           |        |
|---------------------|--------|-----------|--------|
|                     | Actual | Benchmark | Median |
| YTD Return:         | 19.03  | 17.44     | 16.05  |
| Annual Return 2012: | 15.64  | 14.59     | 13.76  |
| Annual Return 2011: | -3.36  | -2.91     | -2.86  |
| Annual Return 2010: | 24.13  | 29.09     | 27.72  |
| Annual Return 2009: | 29.29  | 34.47     | 36.39  |
| Annual Return 2008: | -40.60 | -38.54    | -40.42 |
| Annual Return 2007: | 14.23  | 7.05      | 9.40   |
| Annual Return 2006: | 14.42  | 13.35     | 12.28  |
| Annual Return 2005: | 21.01  | 4.15      | 7.67   |
| Annual Return 2004: | 12.18  | 14.31     | 13.66  |
| Annual Return 2003: | 55.87  | 48.54     | 43.08  |

| Risk                     |        |        |
|--------------------------|--------|--------|
|                          | Actual | Median |
| Batting Average 3 Yr:    | 50.00  | 50.00  |
| Batting Average 5 Yr:    | 45.00  | 50.00  |
| Batting Average 10 Yr:   | 55.00  | 50.00  |
| Std Dev 3 Yr:            | 18.40  | 18.79  |
| Std Dev 5 Yr:            | 22.67  | 23.19  |
| Std Dev 10 Yr:           | 19.27  | 19.68  |
| Downside Capture 3 Yr:   | 96.21  | 98.01  |
| Downside Capture 5 Yr:   | 102.82 | 98.65  |
| Downside Capture 10 Yr:  | 97.77  | 98.80  |
| Information Ratio 3 Yr:  | -0.07  | -0.18  |
| Information Ratio 5 Yr:  | -0.35  | -0.03  |
| Information Ratio 10 Yr: | 0.24   | -0.01  |



# Hartford MidCap HLS IA

Segal Score

B

Ticker: HIMCX

Category: Mid-Cap Growth

Subcategory: Mid Valuation-Sensitive Growth

Min. Invest: 0.00

Benchmark: Russell Mid Cap Growth TR USD

Inception Date: 07/14/1997

| Portfolio Characteristics |          |
|---------------------------|----------|
| % US Stocks:              | 93.25    |
| Geo Avg Market Cap \$MM:  | 6,363    |
| Total Assets \$MM:        | 1,318.61 |

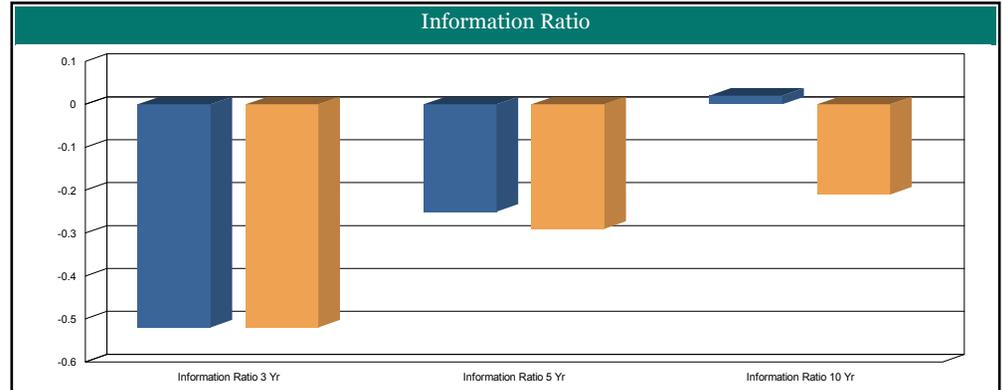
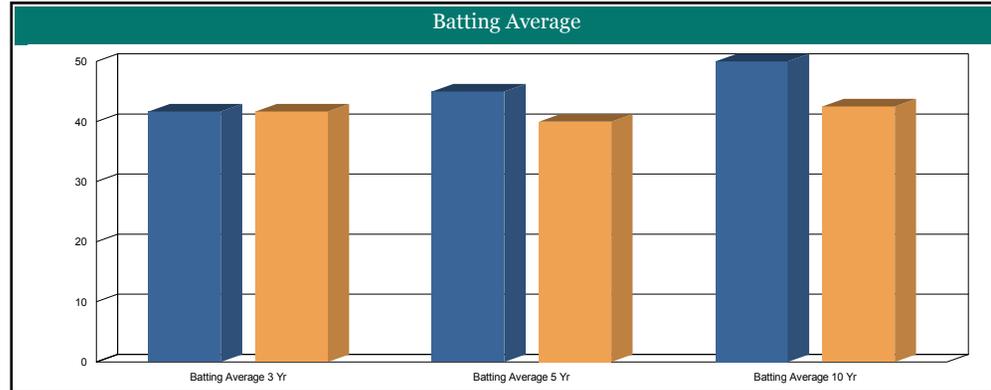
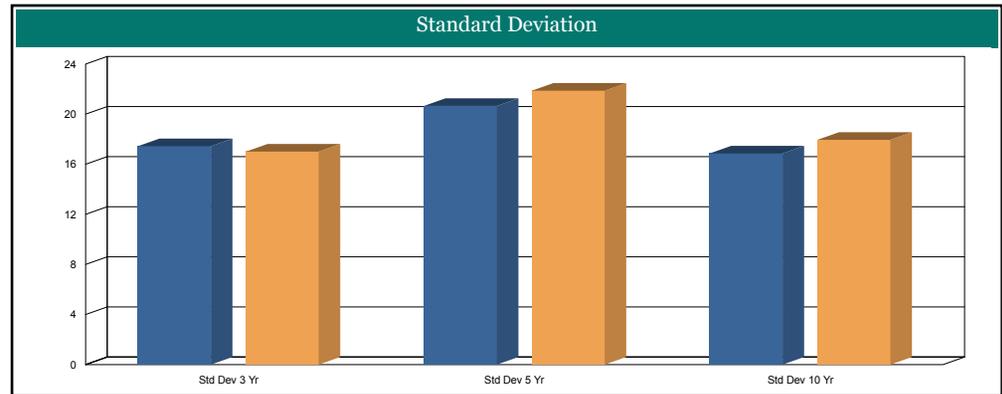
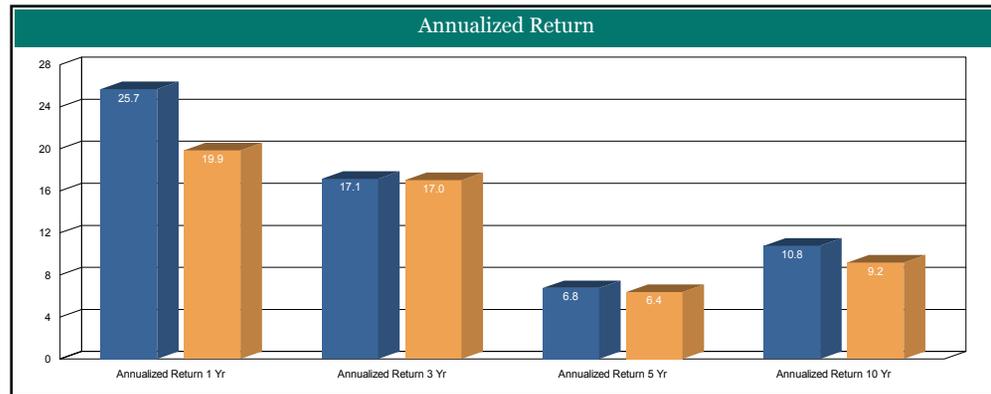
| Organization    |      |
|-----------------|------|
| Manager Tenure: | 3.17 |

| Fees           |      |
|----------------|------|
| Expense Ratio: | 0.71 |

|  |  |
|--|--|
| <span style="color: blue;">■</span> Actual | <span style="color: orange;">■</span> Median |
|--|--|

| Returns/Performance |        |           |        |
|---------------------|--------|-----------|--------|
|                     | Actual | Benchmark | Median |
| YTD Return:         | 17.22  | 14.70     | 12.90  |
| Annual Return 2012: | 19.44  | 15.81     | 14.41  |
| Annual Return 2011: | -7.92  | -1.65     | -3.71  |
| Annual Return 2010: | 23.45  | 26.38     | 25.49  |
| Annual Return 2009: | 30.96  | 46.29     | 39.94  |
| Annual Return 2008: | -35.32 | -44.32    | -41.62 |
| Annual Return 2007: | 15.30  | 11.43     | 16.55  |
| Annual Return 2006: | 11.74  | 10.66     | 9.65   |
| Annual Return 2005: | 16.78  | 12.10     | 10.60  |
| Annual Return 2004: | 16.44  | 15.48     | 14.82  |
| Annual Return 2003: | 37.67  | 42.71     | 35.96  |

| Risk                     |        |        |
|--------------------------|--------|--------|
|                          | Actual | Median |
| Batting Average 3 Yr:    | 41.67  | 41.67  |
| Batting Average 5 Yr:    | 45.00  | 40.00  |
| Batting Average 10 Yr:   | 50.00  | 42.50  |
| Std Dev 3 Yr:            | 17.44  | 17.01  |
| Std Dev 5 Yr:            | 20.66  | 21.87  |
| Std Dev 10 Yr:           | 16.86  | 17.95  |
| Downside Capture 3 Yr:   | 118.62 | 107.48 |
| Downside Capture 5 Yr:   | 95.17  | 97.99  |
| Downside Capture 10 Yr:  | 94.58  | 100.78 |
| Information Ratio 3 Yr:  | -0.52  | -0.52  |
| Information Ratio 5 Yr:  | -0.25  | -0.29  |
| Information Ratio 10 Yr: | 0.02   | -0.21  |



# Lord Abbett Value Opportunities I

Segal Score

Ticker: LVOYX

Category: Mid-Cap Blend

Subcategory: SMID Core

Min. Invest: 1,000,000.00

Benchmark: Russell Mid Cap TR USD

Inception Date: 12/30/2005



| Portfolio Characteristics |        |
|---------------------------|--------|
| % US Stocks:              | 98.15  |
| Geo Avg Market Cap \$MM:  | 4,441  |
| Total Assets \$MM:        | 396.17 |

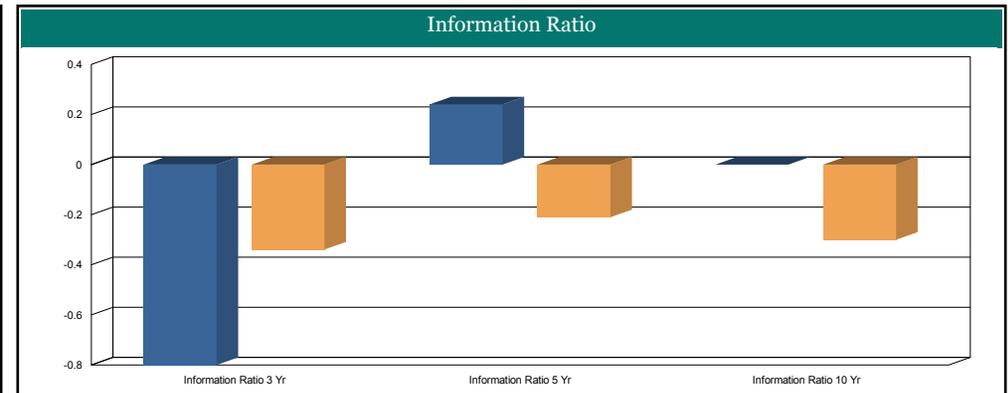
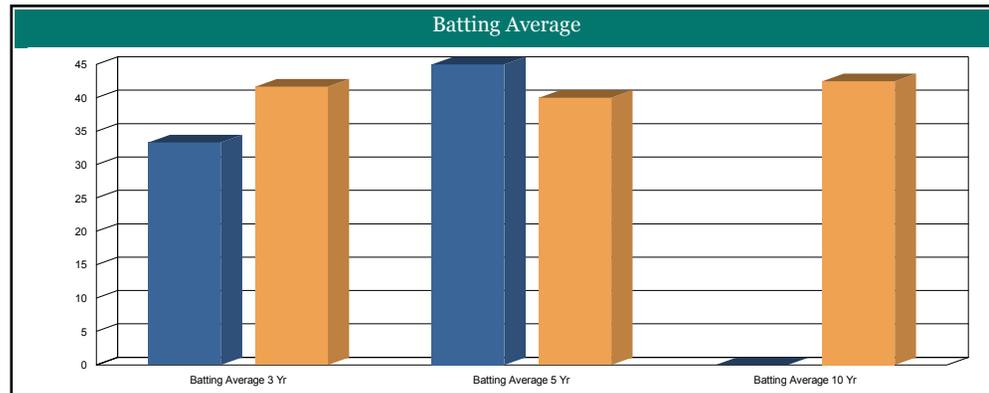
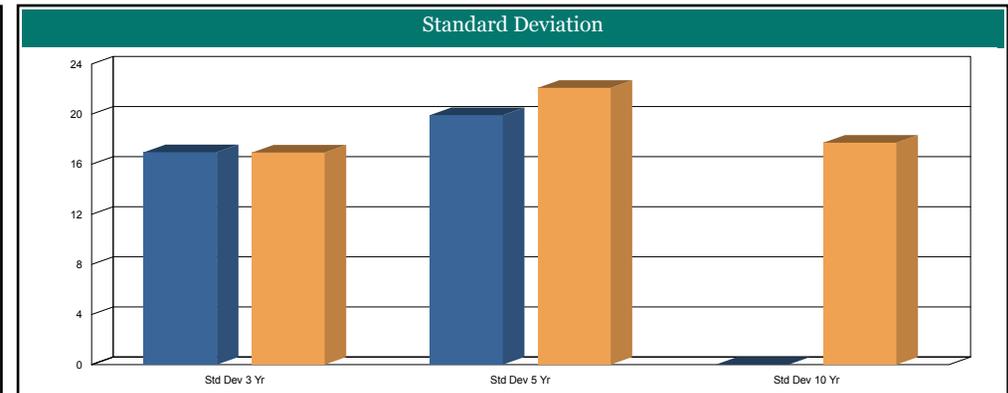
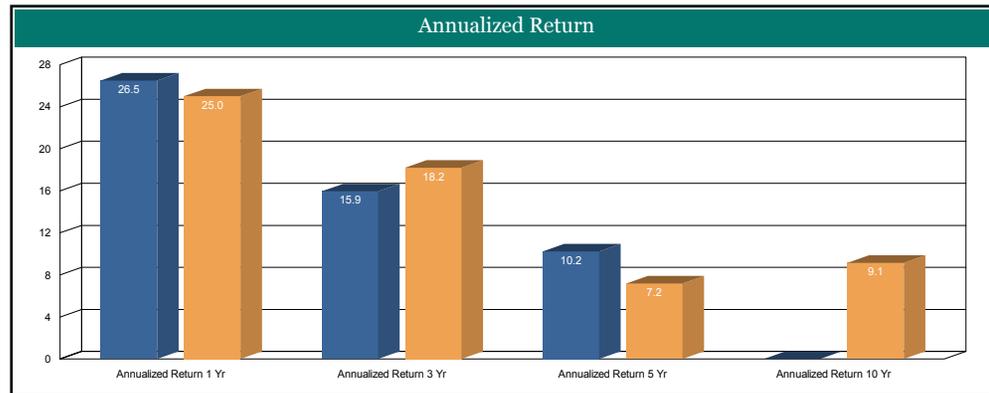
| Organization    |  |
|-----------------|--|
| Manager Tenure: |  |

| Fees           |      |
|----------------|------|
| Expense Ratio: | 0.96 |

|  |  |
|--|--|
| <span style="color: blue;">■</span> Actual | <span style="color: orange;">■</span> Median |
|--|--|

| Returns/Performance |        |           |        |
|---------------------|--------|-----------|--------|
|                     | Actual | Benchmark | Median |
| YTD Return:         | 16.44  | 15.45     | 14.60  |
| Annual Return 2012: | 10.13  | 17.28     | 16.44  |
| Annual Return 2011: | -3.83  | -1.55     | -3.57  |
| Annual Return 2010: | 24.91  | 25.48     | 23.65  |
| Annual Return 2009: | 34.27  | 40.48     | 35.54  |
| Annual Return 2008: | -27.49 | -41.46    | -38.52 |
| Annual Return 2007: | 11.29  | 5.60      | 5.12   |
| Annual Return 2006: | 29.41  | 15.26     | 13.10  |
| Annual Return 2005: | 0.00   | 12.65     | 9.18   |
| Annual Return 2004: | 0.00   | 20.22     | 17.05  |
| Annual Return 2003: | 0.00   | 40.06     | 34.78  |

| Risk                     |        |        |
|--------------------------|--------|--------|
|                          | Actual | Median |
| Batting Average 3 Yr:    | 33.33  | 41.67  |
| Batting Average 5 Yr:    | 45.00  | 40.00  |
| Batting Average 10 Yr:   | -      | 42.50  |
| Std Dev 3 Yr:            | 16.96  | 16.94  |
| Std Dev 5 Yr:            | 19.93  | 22.11  |
| Std Dev 10 Yr:           | -      | 17.71  |
| Downside Capture 3 Yr:   | 119.81 | 110.48 |
| Downside Capture 5 Yr:   | 79.75  | 100.13 |
| Downside Capture 10 Yr:  | -      | 103.68 |
| Information Ratio 3 Yr:  | -0.80  | -0.34  |
| Information Ratio 5 Yr:  | 0.24   | -0.21  |
| Information Ratio 10 Yr: | -      | -0.30  |



# Mutual Global Discovery Z

Segal Score

A

Ticker: MDISX

Category: World Stock

Subcategory: World Large Value

Min. Invest: 1,000.00

Benchmark: MSCI World NR USD

Inception Date: 12/31/1992

| Portfolio Characteristics |          |
|---------------------------|----------|
| % US Stocks:              | 49.01    |
| Geo Avg Market Cap \$MM:  | 38,502   |
| Total Assets \$MM:        | 7,376.27 |

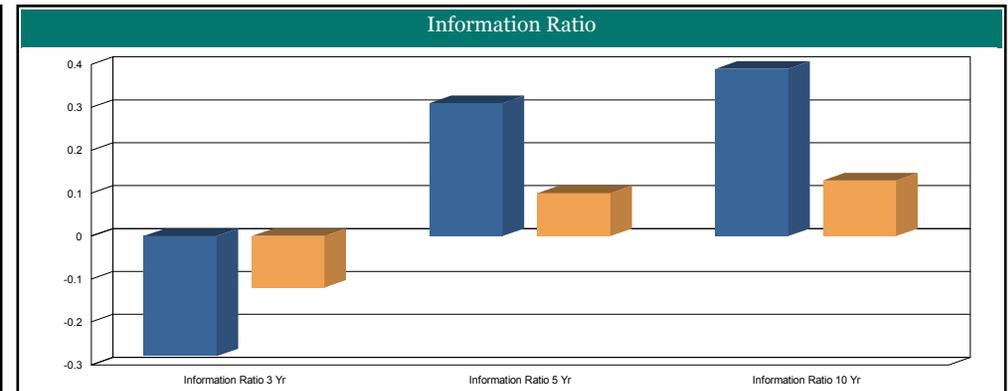
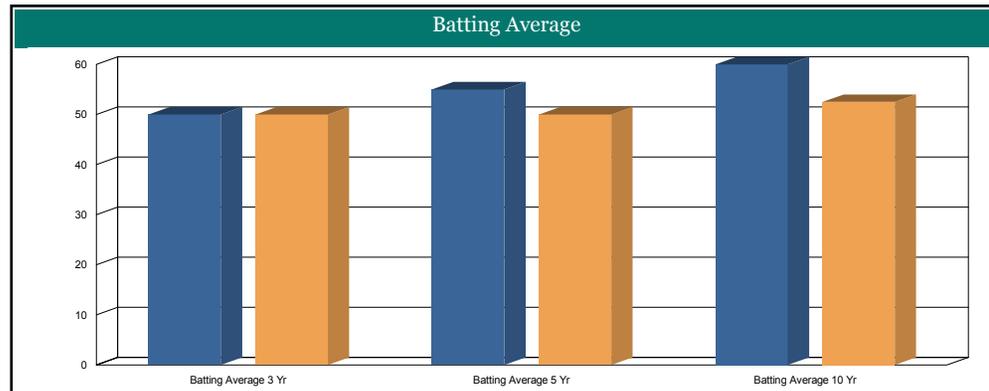
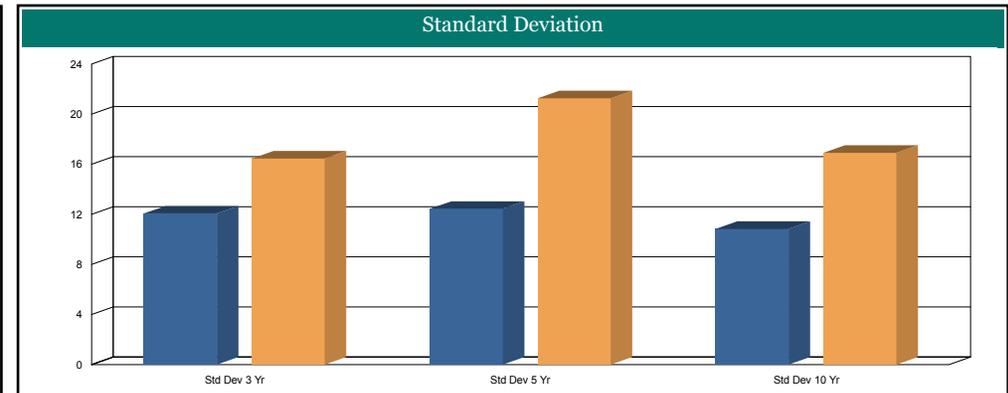
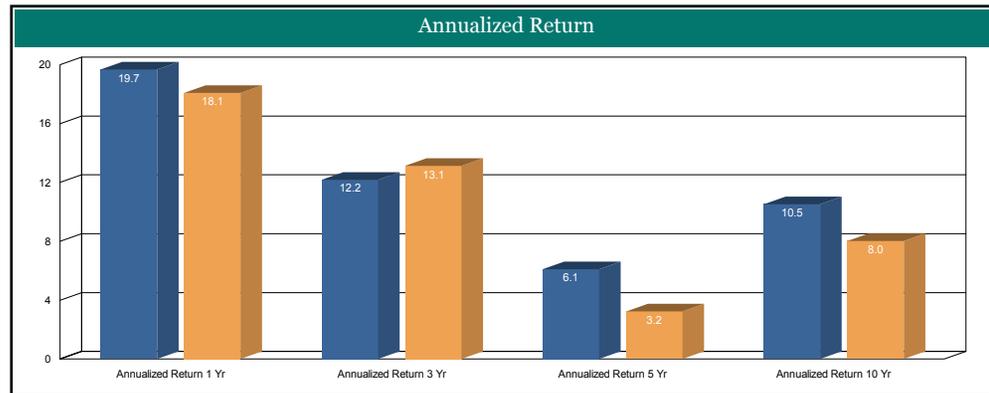
| Organization    |      |
|-----------------|------|
| Manager Tenure: | 3.58 |

| Fees           |      |
|----------------|------|
| Expense Ratio: | 1.02 |

|  |  |
|--|--|
| <span style="color: blue;">■</span> Actual | <span style="color: orange;">■</span> Median |
|--|--|

| Returns/Performance |        |           |        |
|---------------------|--------|-----------|--------|
|                     | Actual | Benchmark | Median |
| YTD Return:         | 10.44  | 8.43      | 7.67   |
| Annual Return 2012: | 13.65  | 15.83     | 16.18  |
| Annual Return 2011: | -2.68  | -5.54     | -7.63  |
| Annual Return 2010: | 11.37  | 11.76     | 12.87  |
| Annual Return 2009: | 21.31  | 29.99     | 33.41  |
| Annual Return 2008: | -26.55 | -40.71    | -41.35 |
| Annual Return 2007: | 11.32  | 9.04      | 11.07  |
| Annual Return 2006: | 23.43  | 20.07     | 20.10  |
| Annual Return 2005: | 15.70  | 9.49      | 12.20  |
| Annual Return 2004: | 19.39  | 14.72     | 15.70  |
| Annual Return 2003: | 31.55  | 33.11     | 35.24  |

| Risk                     |        |        |
|--------------------------|--------|--------|
|                          | Actual | Median |
| Batting Average 3 Yr:    | 50.00  | 50.00  |
| Batting Average 5 Yr:    | 55.00  | 50.00  |
| Batting Average 10 Yr:   | 60.00  | 52.50  |
| Std Dev 3 Yr:            | 12.06  | 16.45  |
| Std Dev 5 Yr:            | 12.44  | 21.27  |
| Std Dev 10 Yr:           | 10.83  | 16.92  |
| Downside Capture 3 Yr:   | 83.25  | 112.84 |
| Downside Capture 5 Yr:   | 56.78  | 101.80 |
| Downside Capture 10 Yr:  | 56.19  | 103.69 |
| Information Ratio 3 Yr:  | -0.28  | -0.12  |
| Information Ratio 5 Yr:  | 0.31   | 0.10   |
| Information Ratio 10 Yr: | 0.39   | 0.13   |



# Munder Mid-Cap Core Growth R6

Segal Score

NA

Ticker: MGOSX

Category: Mid-Cap Growth

Subcategory: Mid Core Growth

Min. Invest: 0.00

Benchmark: Russell Mid Cap Growth TR USD

Inception Date: 06/01/2012

| Portfolio Characteristics |       |
|---------------------------|-------|
| % US Stocks:              | 97.64 |
| Geo Avg Market Cap \$MM:  | 7,360 |
| Total Assets \$MM:        | 0.05  |

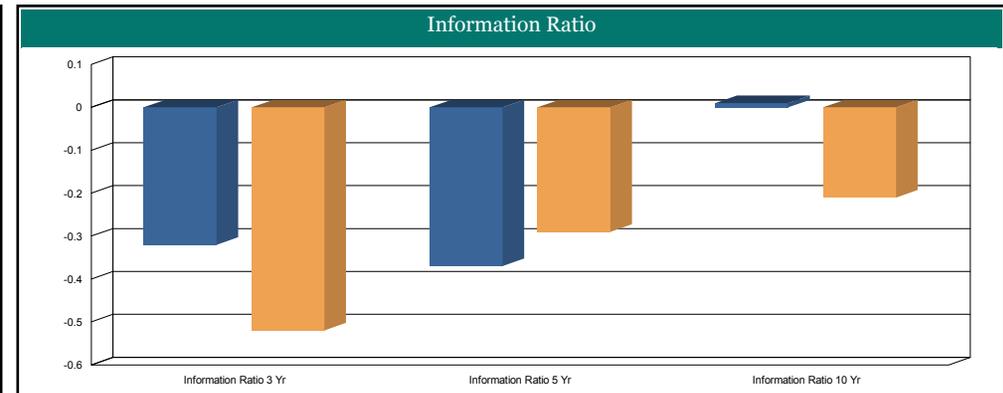
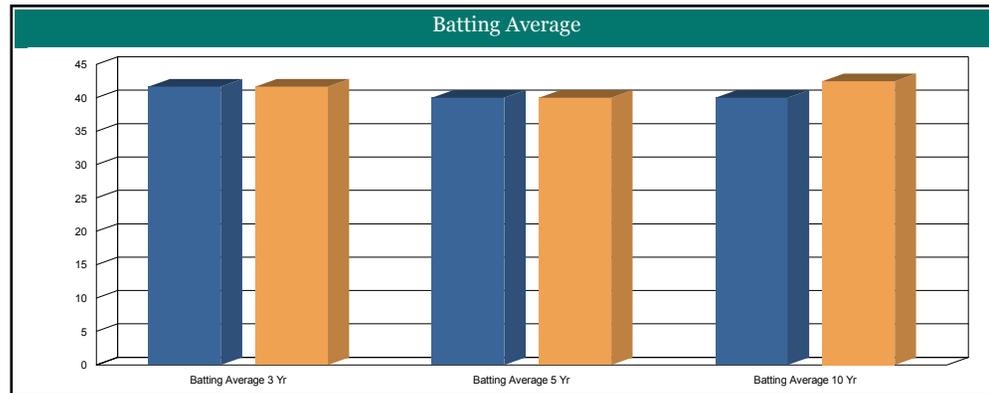
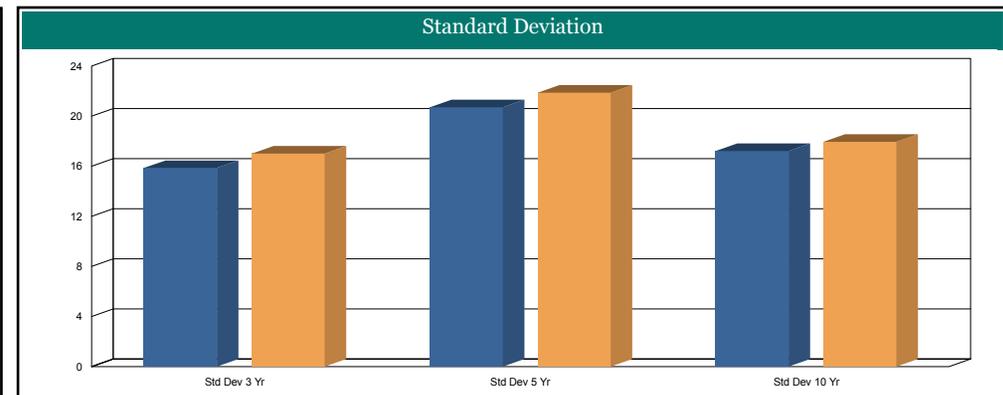
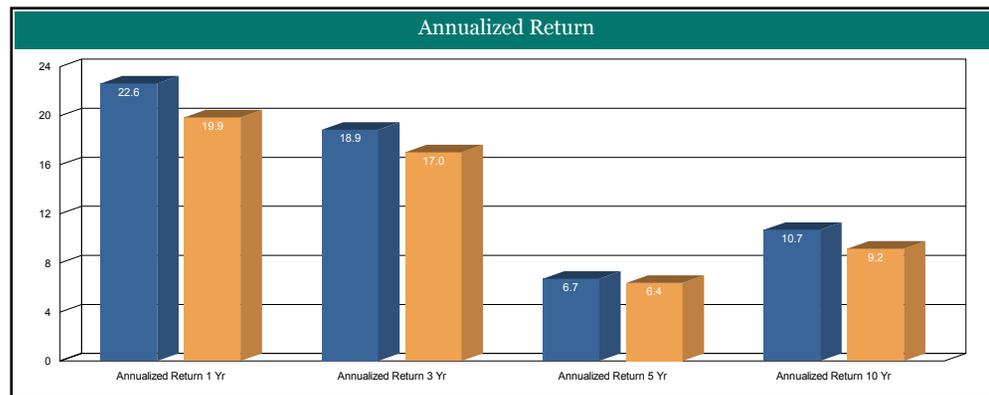
| Organization    |       |
|-----------------|-------|
| Manager Tenure: | 12.42 |

| Fees           |      |
|----------------|------|
| Expense Ratio: | 0.85 |

|  |  |
|--|--|
| <span style="color: blue;">■</span> Actual | <span style="color: orange;">■</span> Median |
|--|--|

| Returns/Performance |        |           |        |
|---------------------|--------|-----------|--------|
|                     | Actual | Benchmark | Median |
| YTD Return:         | 14.85  | 14.70     | 12.90  |
| Annual Return 2012: | 16.15  | 15.81     | 14.41  |
| Annual Return 2011: | -0.77  | -1.65     | -3.71  |
| Annual Return 2010: | 25.48  | 26.38     | 25.49  |
| Annual Return 2009: | 32.80  | 46.29     | 39.94  |
| Annual Return 2008: | -43.45 | -44.32    | -41.62 |
| Annual Return 2007: | 20.97  | 11.43     | 16.55  |
| Annual Return 2006: | 11.82  | 10.66     | 9.65   |
| Annual Return 2005: | 13.11  | 12.10     | 10.60  |
| Annual Return 2004: | 22.30  | 15.48     | 14.82  |
| Annual Return 2003: | 37.07  | 42.71     | 35.96  |

| Risk                     |        |        |
|--------------------------|--------|--------|
|                          | Actual | Median |
| Batting Average 3 Yr:    | 41.67  | 41.67  |
| Batting Average 5 Yr:    | 40.00  | 40.00  |
| Batting Average 10 Yr:   | 40.00  | 42.50  |
| Std Dev 3 Yr:            | 15.86  | 17.01  |
| Std Dev 5 Yr:            | 20.72  | 21.87  |
| Std Dev 10 Yr:           | 17.21  | 17.95  |
| Downside Capture 3 Yr:   | 96.07  | 107.48 |
| Downside Capture 5 Yr:   | 94.92  | 97.99  |
| Downside Capture 10 Yr:  | 93.21  | 100.78 |
| Information Ratio 3 Yr:  | -0.32  | -0.52  |
| Information Ratio 5 Yr:  | -0.37  | -0.29  |
| Information Ratio 10 Yr: | 0.01   | -0.21  |



# Neuberger Berman Socially Rspns Inst

Segal Score

B

Ticker: NBSLX

Category: Large Growth

Subcategory: Large Valuation-Sensitive Growth

Min. Invest: 1,000,000.00

Benchmark: Russell 1000 Growth TR USD

Inception Date: 11/28/2007

| Portfolio Characteristics |        |
|---------------------------|--------|
| % US Stocks:              | 88.46  |
| Geo Avg Market Cap \$MM:  | 26,001 |
| Total Assets \$MM:        | 458.01 |

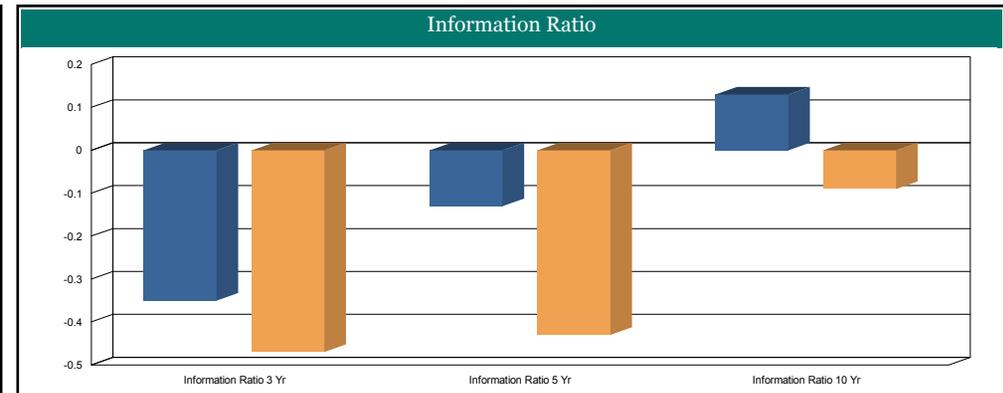
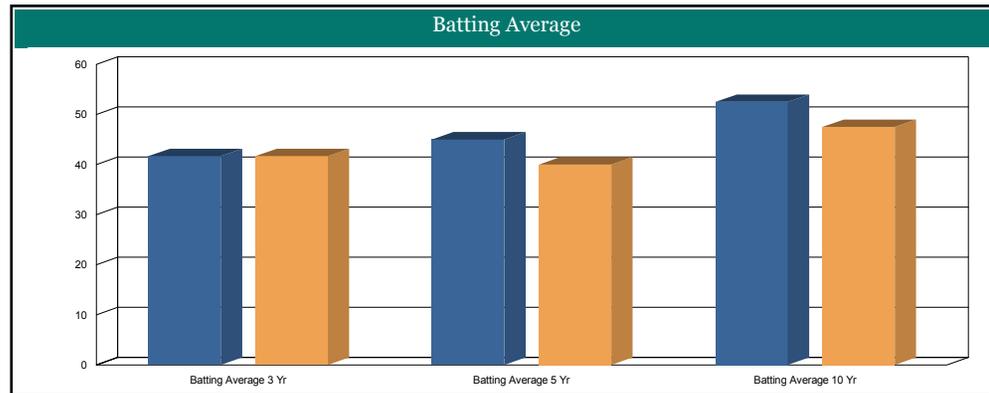
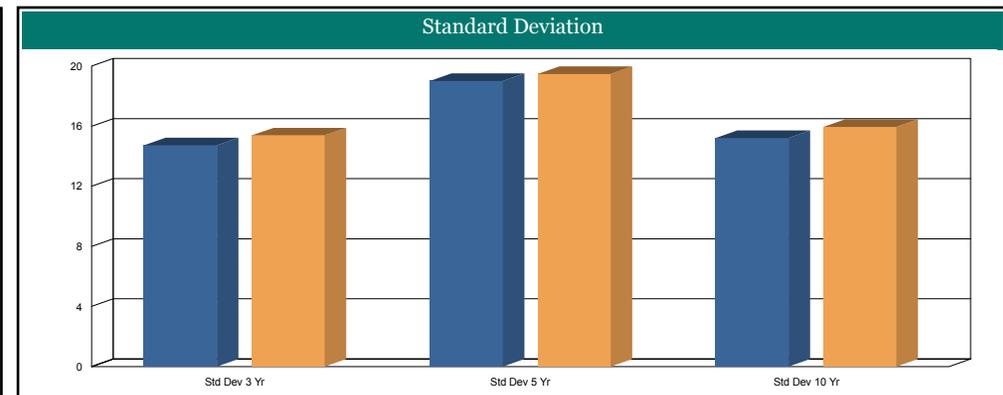
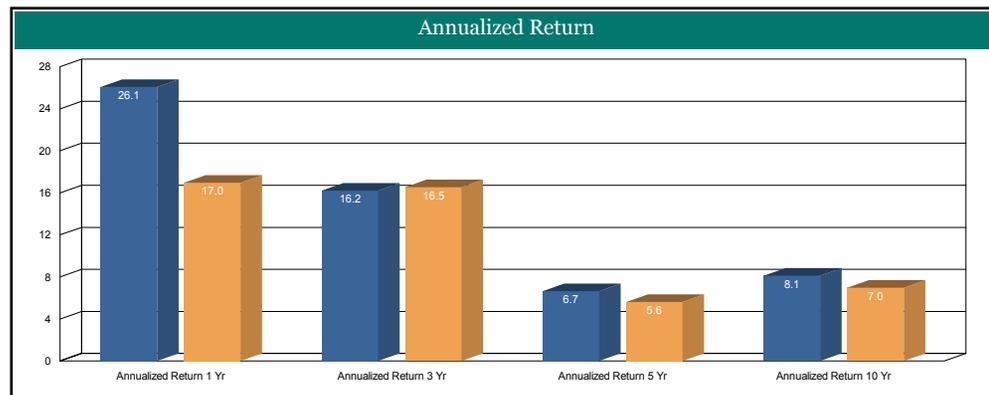
| Organization    |       |
|-----------------|-------|
| Manager Tenure: | 12.08 |

| Fees           |      |
|----------------|------|
| Expense Ratio: | 0.71 |

|  |  |
|--|--|
| <span style="color: blue;">■</span> Actual | <span style="color: orange;">■</span> Median |
|--|--|

| Returns/Performance |        |           |        |
|---------------------|--------|-----------|--------|
|                     | Actual | Benchmark | Median |
| YTD Return:         | 17.51  | 11.80     | 10.98  |
| Annual Return 2012: | 11.15  | 15.26     | 15.13  |
| Annual Return 2011: | -2.72  | 2.64      | -1.77  |
| Annual Return 2010: | 23.06  | 16.71     | 15.73  |
| Annual Return 2009: | 30.83  | 37.21     | 34.76  |
| Annual Return 2008: | -38.69 | -38.44    | -39.89 |
| Annual Return 2007: | 7.53   | 11.81     | 13.02  |
| Annual Return 2006: | 14.44  | 9.07      | 7.87   |
| Annual Return 2005: | 7.58   | 5.26      | 7.27   |
| Annual Return 2004: | 13.57  | 6.30      | 9.62   |
| Annual Return 2003: | 34.48  | 29.75     | 29.08  |

| Risk                     |        |        |
|--------------------------|--------|--------|
|                          | Actual | Median |
| Batting Average 3 Yr:    | 41.67  | 41.67  |
| Batting Average 5 Yr:    | 45.00  | 40.00  |
| Batting Average 10 Yr:   | 52.50  | 47.50  |
| Std Dev 3 Yr:            | 14.72  | 15.39  |
| Std Dev 5 Yr:            | 19.01  | 19.47  |
| Std Dev 10 Yr:           | 15.21  | 15.94  |
| Downside Capture 3 Yr:   | 121.33 | 117.49 |
| Downside Capture 5 Yr:   | 101.74 | 107.21 |
| Downside Capture 10 Yr:  | 91.06  | 105.73 |
| Information Ratio 3 Yr:  | -0.35  | -0.47  |
| Information Ratio 5 Yr:  | -0.13  | -0.43  |
| Information Ratio 10 Yr: | 0.13   | -0.09  |



# Oppenheimer Main Street Sm- & Mid-Cap Y

Segal Score

C

Ticker: OPMYX

Category: Small Blend

Subcategory: Small Core

Min. Invest: 0.00

Benchmark: Russell 2000 TR USD

Inception Date: 08/02/1999

| Portfolio Characteristics |        |
|---------------------------|--------|
| % US Stocks:              | 95.78  |
| Geo Avg Market Cap \$MM:  | 5,851  |
| Total Assets \$MM:        | 907.09 |

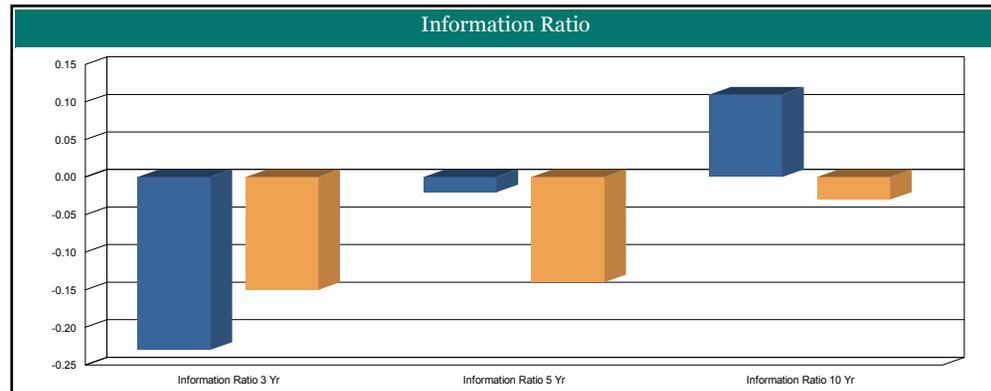
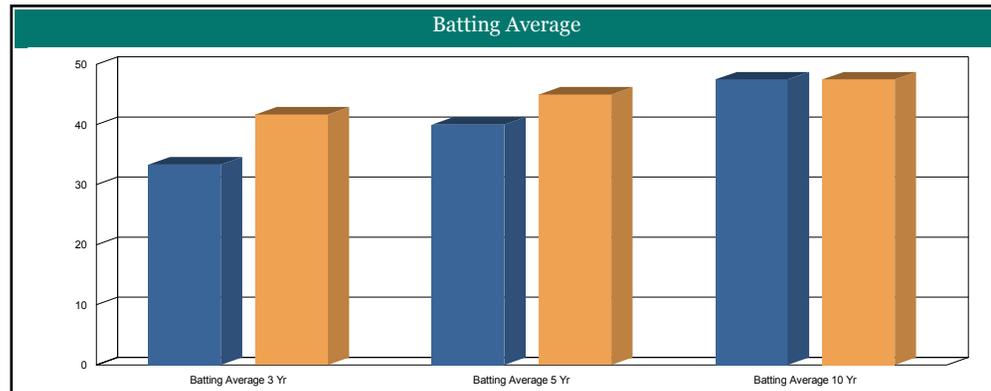
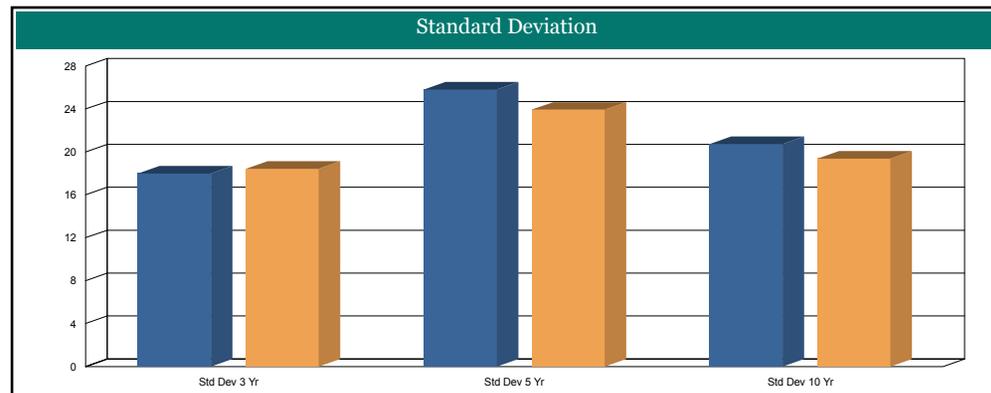
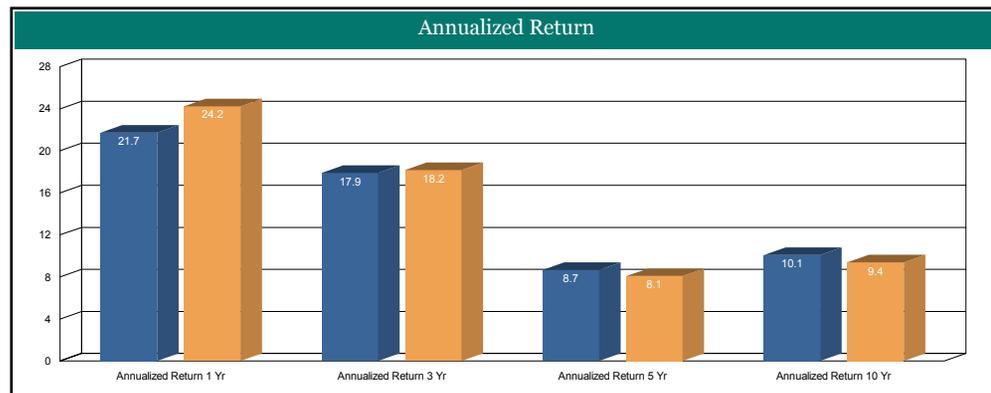
| Organization    |      |
|-----------------|------|
| Manager Tenure: | 4.17 |

| Fees           |      |
|----------------|------|
| Expense Ratio: | 0.85 |

|        |        |
|--------|--------|
| Actual | Median |
|--------|--------|

| Returns/Performance |        |           |        |
|---------------------|--------|-----------|--------|
|                     | Actual | Benchmark | Median |
| YTD Return:         | 14.09  | 15.86     | 15.34  |
| Annual Return 2012: | 17.26  | 16.35     | 15.23  |
| Annual Return 2011: | -2.31  | -4.18     | -2.99  |
| Annual Return 2010: | 23.72  | 26.85     | 25.71  |
| Annual Return 2009: | 37.37  | 27.17     | 28.61  |
| Annual Return 2008: | -38.02 | -33.79    | -34.99 |
| Annual Return 2007: | -1.10  | -1.57     | -0.71  |
| Annual Return 2006: | 15.20  | 18.37     | 15.78  |
| Annual Return 2005: | 10.52  | 4.55      | 6.61   |
| Annual Return 2004: | 19.76  | 18.33     | 18.78  |
| Annual Return 2003: | 47.24  | 47.25     | 41.65  |

| Risk                     |        |        |
|--------------------------|--------|--------|
|                          | Actual | Median |
| Batting Average 3 Yr:    | 33.33  | 41.67  |
| Batting Average 5 Yr:    | 40.00  | 45.00  |
| Batting Average 10 Yr:   | 47.50  | 47.50  |
| Std Dev 3 Yr:            | 17.98  | 18.44  |
| Std Dev 5 Yr:            | 25.82  | 23.94  |
| Std Dev 10 Yr:           | 20.73  | 19.37  |
| Downside Capture 3 Yr:   | 92.93  | 101.14 |
| Downside Capture 5 Yr:   | 103.13 | 101.96 |
| Downside Capture 10 Yr:  | 100.68 | 100.19 |
| Information Ratio 3 Yr:  | -0.23  | -0.15  |
| Information Ratio 5 Yr:  | -0.02  | -0.14  |
| Information Ratio 10 Yr: | 0.11   | -0.03  |



# T. Rowe Price Growth Stock

Segal Score

B

Ticker: PRGFX

Category: Large Growth

Subcategory: Large Core Growth

Min. Invest: 2,500.00

Benchmark: Russell 1000 Growth TR USD

Inception Date: 04/11/1950

| Portfolio Characteristics |           |
|---------------------------|-----------|
| % US Stocks:              | 92.76     |
| Geo Avg Market Cap \$MM:  | 37,109    |
| Total Assets \$MM:        | 26,352.21 |

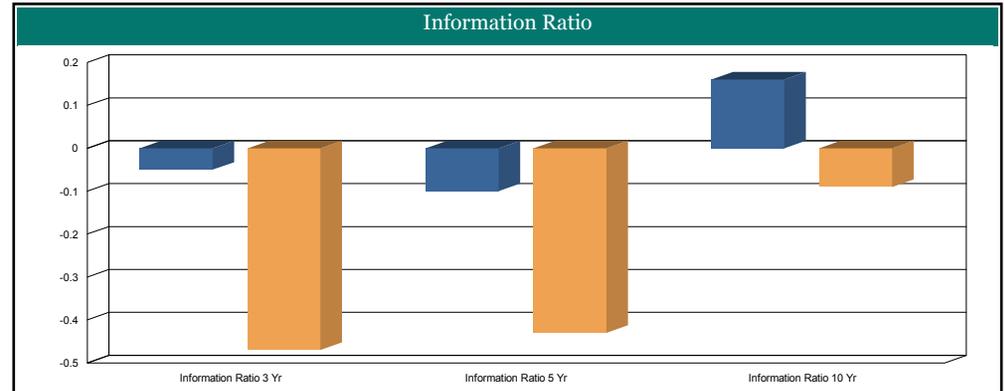
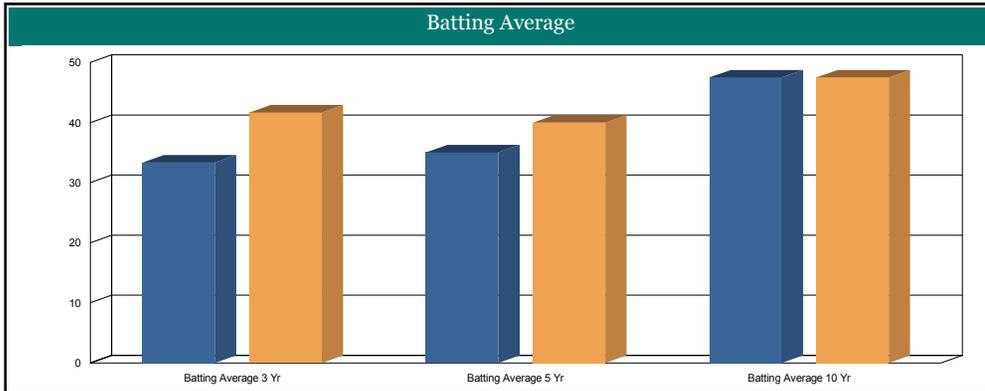
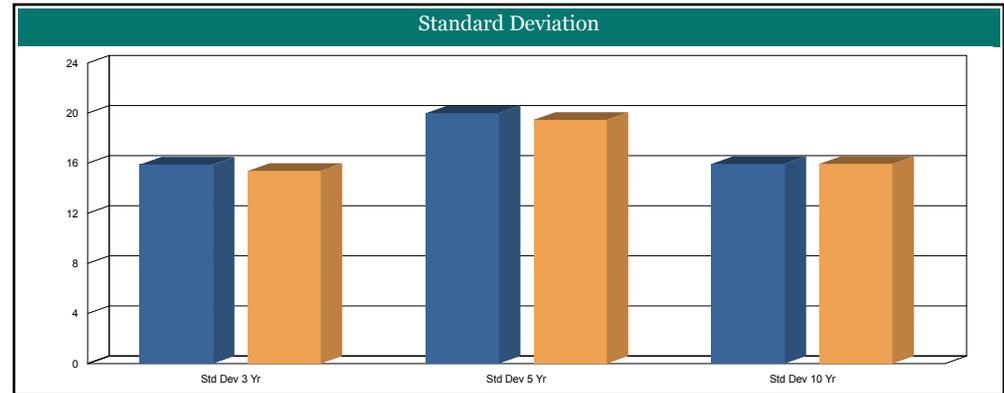
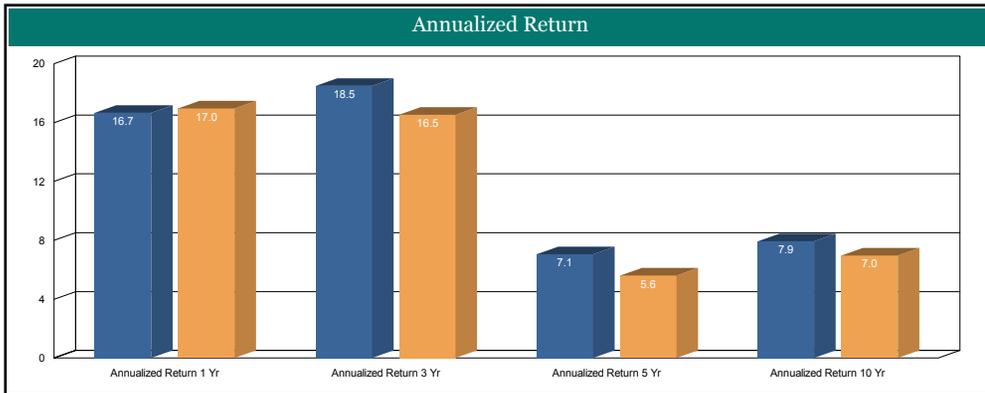
| Organization    |      |
|-----------------|------|
| Manager Tenure: | 5.75 |

| Fees           |      |
|----------------|------|
| Expense Ratio: | 0.70 |

|  |  |
|--|--|
| <span style="color: blue;">■</span> Actual | <span style="color: orange;">■</span> Median |
|--|--|

| Returns/Performance |        |           |        |
|---------------------|--------|-----------|--------|
|                     | Actual | Benchmark | Median |
| YTD Return:         | 11.14  | 11.80     | 10.98  |
| Annual Return 2012: | 18.92  | 15.26     | 15.13  |
| Annual Return 2011: | -0.97  | 2.64      | -1.77  |
| Annual Return 2010: | 16.93  | 16.71     | 15.73  |
| Annual Return 2009: | 43.25  | 37.21     | 34.76  |
| Annual Return 2008: | -42.26 | -38.44    | -39.89 |
| Annual Return 2007: | 10.37  | 11.81     | 13.02  |
| Annual Return 2006: | 14.05  | 9.07      | 7.87   |
| Annual Return 2005: | 6.56   | 5.26      | 7.27   |
| Annual Return 2004: | 10.24  | 6.30      | 9.62   |
| Annual Return 2003: | 31.23  | 29.75     | 29.08  |

| Risk                     |        |        |
|--------------------------|--------|--------|
|                          | Actual | Median |
| Batting Average 3 Yr:    | 33.33  | 41.67  |
| Batting Average 5 Yr:    | 35.00  | 40.00  |
| Batting Average 10 Yr:   | 47.50  | 47.50  |
| Std Dev 3 Yr:            | 15.89  | 15.39  |
| Std Dev 5 Yr:            | 20.01  | 19.47  |
| Std Dev 10 Yr:           | 15.95  | 15.94  |
| Downside Capture 3 Yr:   | 110.88 | 117.49 |
| Downside Capture 5 Yr:   | 104.03 | 107.21 |
| Downside Capture 10 Yr:  | 104.03 | 105.73 |
| Information Ratio 3 Yr:  | -0.05  | -0.47  |
| Information Ratio 5 Yr:  | -0.10  | -0.43  |
| Information Ratio 10 Yr: | 0.16   | -0.09  |



# Victory Diversified Stock I

Segal Score

B

Ticker: VDSIX

Category: Large Blend

Subcategory: Giant Core

Min. Invest: 2,500,000.00

Benchmark: S&P 500 TR USD

Inception Date: 08/31/2007

| Portfolio Characteristics |        |
|---------------------------|--------|
| % US Stocks:              | 84.38  |
| Geo Avg Market Cap \$MM:  | 58,520 |
| Total Assets \$MM:        | 566.76 |

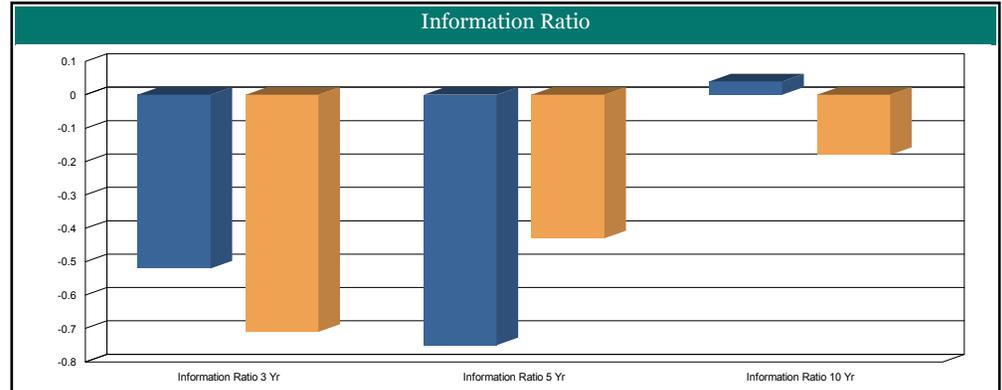
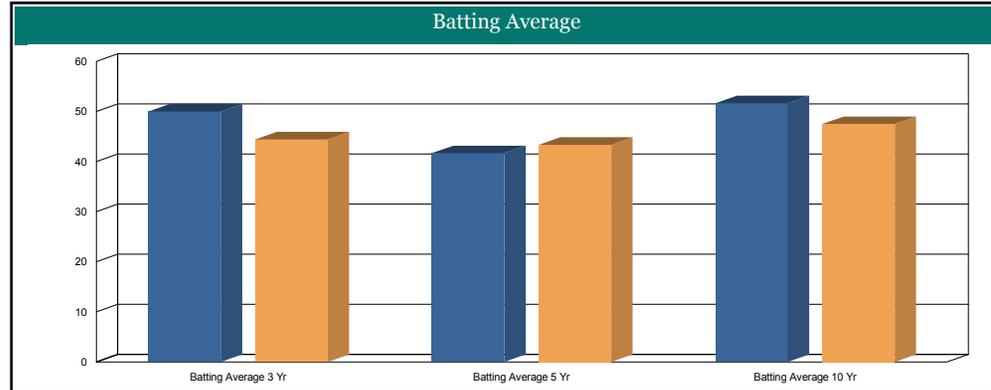
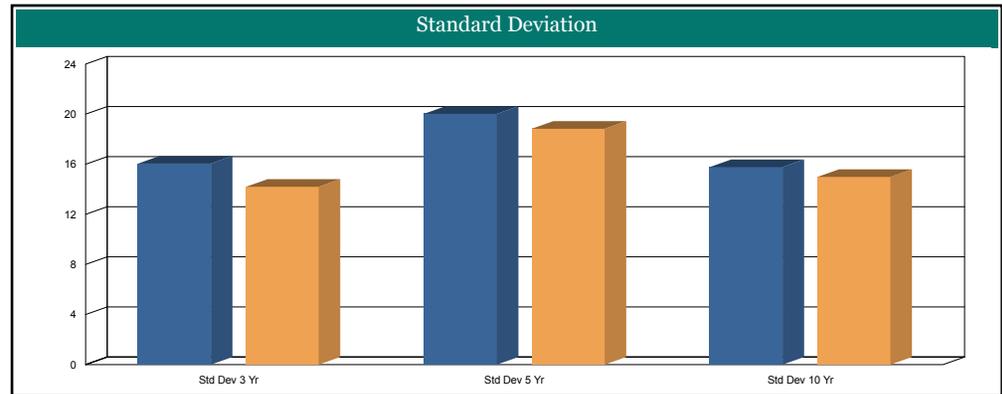
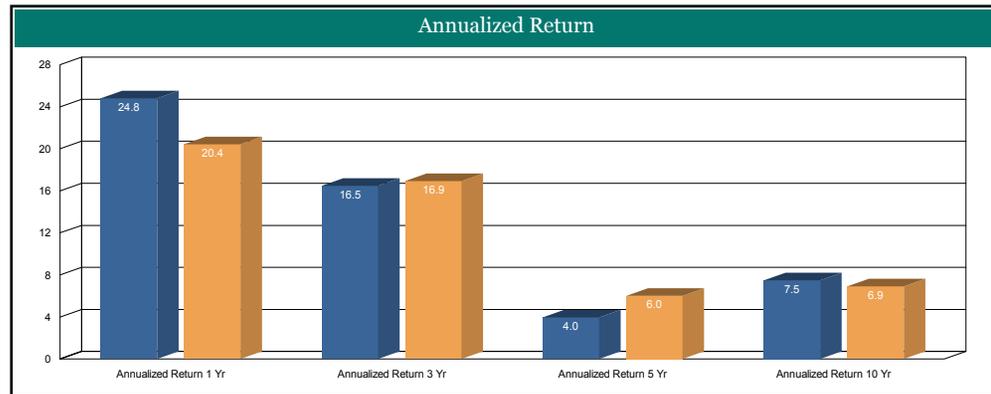
| Organization    |       |
|-----------------|-------|
| Manager Tenure: | 23.75 |

| Fees           |      |
|----------------|------|
| Expense Ratio: | 0.82 |

|  |  |
|--|--|
| <span style="color: blue;">■</span> Actual | <span style="color: orange;">■</span> Median |
|--|--|

| Returns/Performance |        |           |        |
|---------------------|--------|-----------|--------|
|                     | Actual | Benchmark | Median |
| YTD Return:         | 14.57  | 13.82     | 13.54  |
| Annual Return 2012: | 16.71  | 16.00     | 15.31  |
| Annual Return 2011: | -6.29  | 2.11      | -0.19  |
| Annual Return 2010: | 13.11  | 15.06     | 14.19  |
| Annual Return 2009: | 27.02  | 26.46     | 27.02  |
| Annual Return 2008: | -36.51 | -37.00    | -37.38 |
| Annual Return 2007: | 10.48  | 5.49      | 5.64   |
| Annual Return 2006: | 13.89  | 15.79     | 15.15  |
| Annual Return 2005: | 9.38   | 4.91      | 5.87   |
| Annual Return 2004: | 10.23  | 10.88     | 10.64  |
| Annual Return 2003: | 35.60  | 28.68     | 28.25  |

| Risk                     |        |        |
|--------------------------|--------|--------|
|                          | Actual | Median |
| Batting Average 3 Yr:    | 50.00  | 44.44  |
| Batting Average 5 Yr:    | 41.67  | 43.33  |
| Batting Average 10 Yr:   | 51.67  | 47.50  |
| Std Dev 3 Yr:            | 16.06  | 14.19  |
| Std Dev 5 Yr:            | 20.03  | 18.84  |
| Std Dev 10 Yr:           | 15.78  | 14.98  |
| Downside Capture 3 Yr:   | 130.13 | 107.92 |
| Downside Capture 5 Yr:   | 114.19 | 103.28 |
| Downside Capture 10 Yr:  | 105.32 | 102.32 |
| Information Ratio 3 Yr:  | -0.52  | -0.71  |
| Information Ratio 5 Yr:  | -0.75  | -0.43  |
| Information Ratio 10 Yr: | 0.04   | -0.18  |



# Vanguard Extended Market Idx I

Segal Score

B

Ticker: VIEIX

Category: Mid-Cap Blend

Subcategory: SMID Core

Min. Invest: 5,000,000.00

Benchmark: Russell Mid Cap TR USD

Inception Date: 07/07/1997

| Portfolio Characteristics |          |
|---------------------------|----------|
| % US Stocks:              | 97.98    |
| Geo Avg Market Cap \$MM:  | 2,826    |
| Total Assets \$MM:        | 5,651.10 |

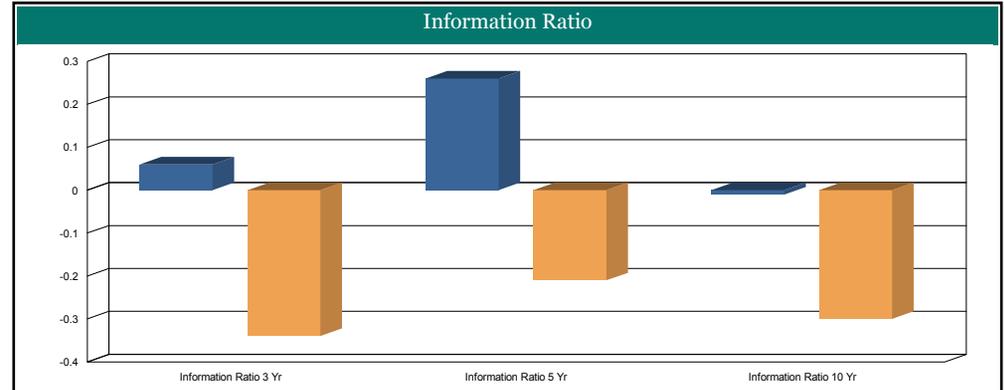
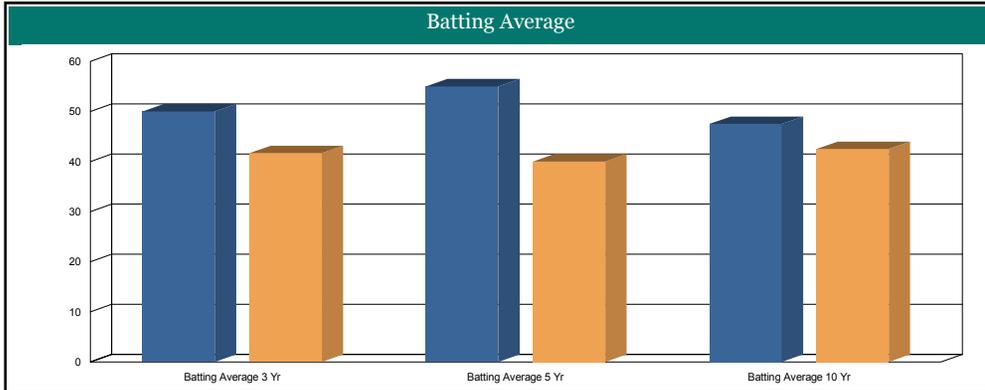
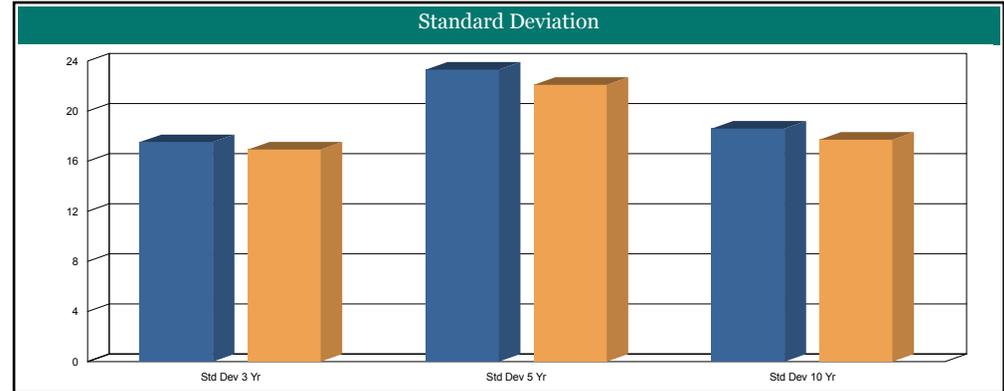
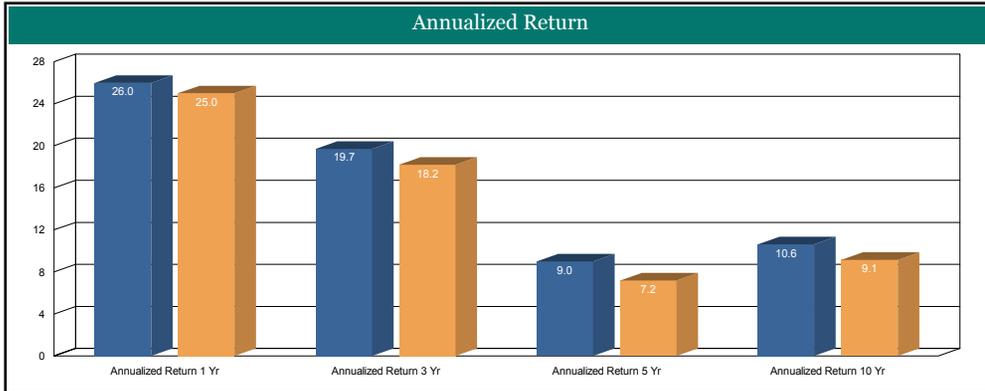
| Organization    |       |
|-----------------|-------|
| Manager Tenure: | 15.58 |

| Fees           |      |
|----------------|------|
| Expense Ratio: | 0.12 |

|  |  |
|--|--|
| <span style="color: blue;">■</span> Actual | <span style="color: orange;">■</span> Median |
|--|--|

| Returns/Performance |        |           |        |
|---------------------|--------|-----------|--------|
|                     | Actual | Benchmark | Median |
| YTD Return:         | 15.68  | 15.45     | 14.60  |
| Annual Return 2012: | 18.50  | 17.28     | 16.44  |
| Annual Return 2011: | -3.57  | -1.55     | -3.57  |
| Annual Return 2010: | 27.59  | 25.48     | 23.65  |
| Annual Return 2009: | 37.69  | 40.48     | 35.54  |
| Annual Return 2008: | -38.58 | -41.46    | -38.52 |
| Annual Return 2007: | 4.51   | 5.60      | 5.12   |
| Annual Return 2006: | 14.46  | 15.26     | 13.10  |
| Annual Return 2005: | 10.50  | 12.65     | 9.18   |
| Annual Return 2004: | 18.92  | 20.22     | 17.05  |
| Annual Return 2003: | 43.66  | 40.06     | 34.78  |

| Risk                     |        |        |
|--------------------------|--------|--------|
|                          | Actual | Median |
| Batting Average 3 Yr:    | 50.00  | 41.67  |
| Batting Average 5 Yr:    | 55.00  | 40.00  |
| Batting Average 10 Yr:   | 47.50  | 42.50  |
| Std Dev 3 Yr:            | 17.53  | 16.94  |
| Std Dev 5 Yr:            | 23.32  | 22.11  |
| Std Dev 10 Yr:           | 18.61  | 17.71  |
| Downside Capture 3 Yr:   | 111.61 | 110.48 |
| Downside Capture 5 Yr:   | 100.05 | 100.13 |
| Downside Capture 10 Yr:  | 105.09 | 103.68 |
| Information Ratio 3 Yr:  | 0.06   | -0.34  |
| Information Ratio 5 Yr:  | 0.26   | -0.21  |
| Information Ratio 10 Yr: | -0.01  | -0.30  |



# Vanguard Institutional Index I

Segal Score

B

Ticker: VINIX  
Min. Invest: 5,000,000.00

Category: Large Blend  
Benchmark: S&P 500 TR USD

Subcategory: S&P 500 Tracking  
Inception Date: 07/31/1990

| Portfolio Characteristics |           |
|---------------------------|-----------|
| % US Stocks:              | 98.59     |
| Geo Avg Market Cap \$MM:  | 58,053    |
| Total Assets \$MM:        | 66,210.78 |

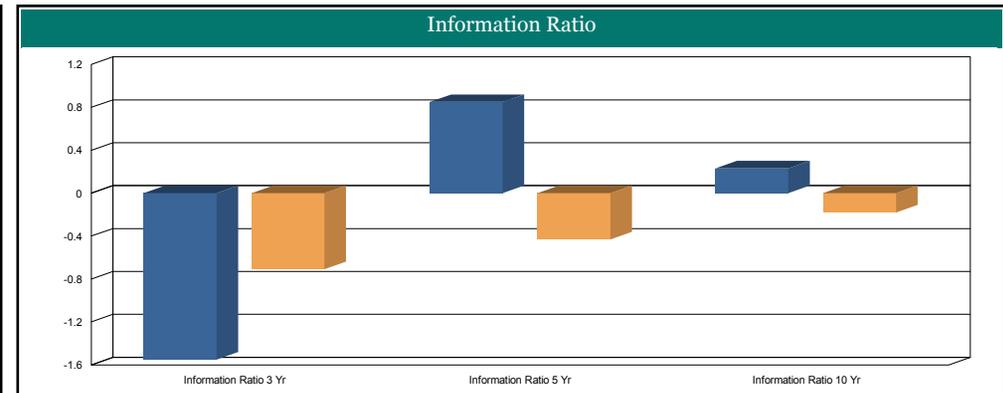
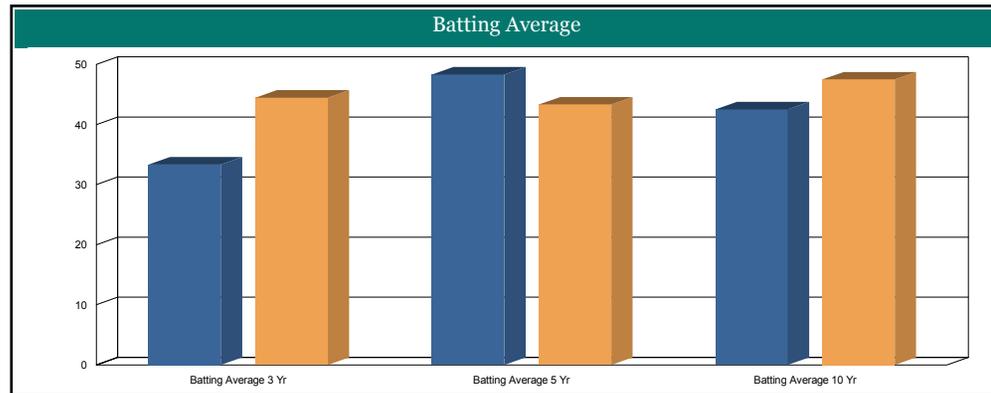
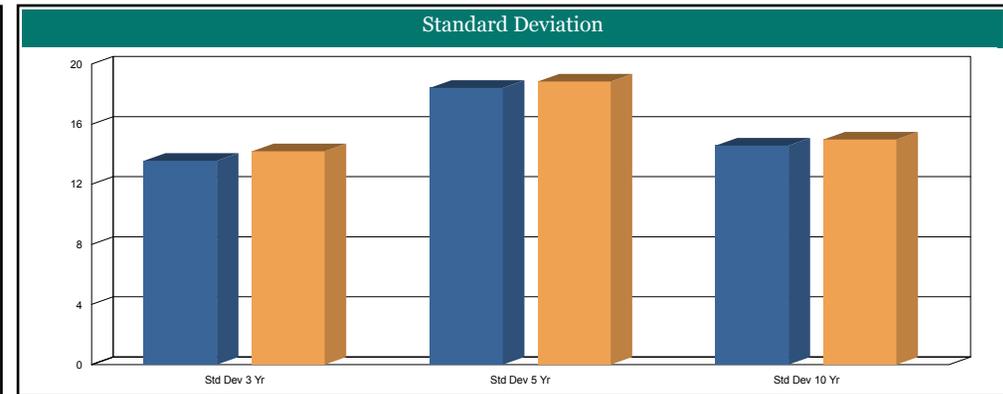
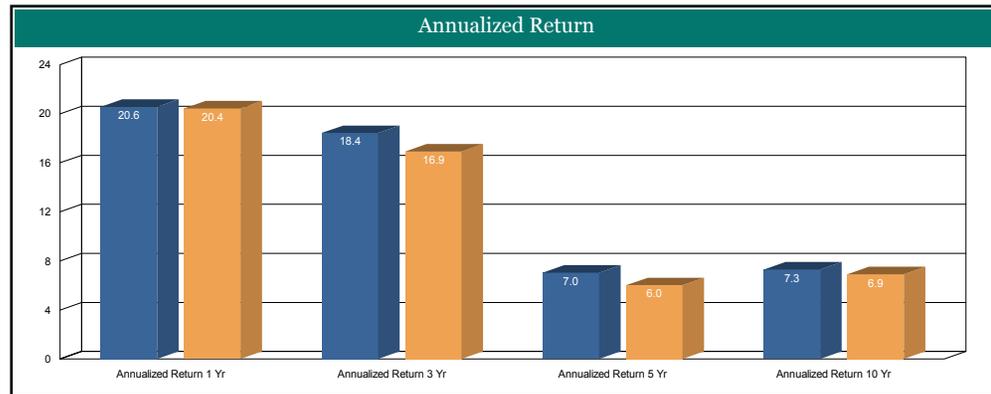
| Organization    |       |
|-----------------|-------|
| Manager Tenure: | 12.58 |

| Fees           |      |
|----------------|------|
| Expense Ratio: | 0.04 |

|  |  |
|--|--|
| <span style="color: blue;">■</span> Actual | <span style="color: orange;">■</span> Median |
|--|--|

| Returns/Performance |        |           |        |
|---------------------|--------|-----------|--------|
|                     | Actual | Benchmark | Median |
| YTD Return:         | 13.81  | 13.82     | 13.54  |
| Annual Return 2012: | 15.98  | 16.00     | 15.31  |
| Annual Return 2011: | 2.09   | 2.11      | -0.19  |
| Annual Return 2010: | 15.05  | 15.06     | 14.19  |
| Annual Return 2009: | 26.63  | 26.46     | 27.02  |
| Annual Return 2008: | -36.95 | -37.00    | -37.38 |
| Annual Return 2007: | 5.47   | 5.49      | 5.64   |
| Annual Return 2006: | 15.78  | 15.79     | 15.15  |
| Annual Return 2005: | 4.91   | 4.91      | 5.87   |
| Annual Return 2004: | 10.86  | 10.88     | 10.64  |
| Annual Return 2003: | 28.66  | 28.68     | 28.25  |

| Risk                     |        |        |
|--------------------------|--------|--------|
|                          | Actual | Median |
| Batting Average 3 Yr:    | 33.33  | 44.44  |
| Batting Average 5 Yr:    | 48.33  | 43.33  |
| Batting Average 10 Yr:   | 42.50  | 47.50  |
| Std Dev 3 Yr:            | 13.57  | 14.19  |
| Std Dev 5 Yr:            | 18.41  | 18.84  |
| Std Dev 10 Yr:           | 14.57  | 14.98  |
| Downside Capture 3 Yr:   | 100.05 | 107.92 |
| Downside Capture 5 Yr:   | 99.92  | 103.28 |
| Downside Capture 10 Yr:  | 99.94  | 102.32 |
| Information Ratio 3 Yr:  | -1.55  | -0.71  |
| Information Ratio 5 Yr:  | 0.85   | -0.43  |
| Information Ratio 10 Yr: | 0.23   | -0.18  |



### For Active Funds:

| Grade     |                           | Action                               |
|-----------|---------------------------|--------------------------------------|
| <b>A</b>  | Above Average             | No Action                            |
| <b>B</b>  | Above Average             | No Action                            |
| <b>C</b>  | Average                   | Closely Monitor                      |
| <b>D</b>  | Watch list                | Fund Alert                           |
| <b>F</b>  | Immediate Action          | Terminate                            |
| <b>NA</b> | < than 3 years of history | Check share class and inception date |

### For Index Funds:

| Grade     |                           | Action                               |
|-----------|---------------------------|--------------------------------------|
| <b>A</b>  | Satisfactory              | No Action                            |
| <b>B</b>  | Satisfactory              | No Action                            |
| <b>C</b>  | Satisfactory              | No Action                            |
| <b>D</b>  | Immediate Action          | Terminate                            |
| <b>F</b>  | Immediate Action          | Terminate                            |
| <b>NA</b> | < than 3 years of history | Check share class and inception date |



## Nevada Deferred Compensation Plan – ING Quarterly Review

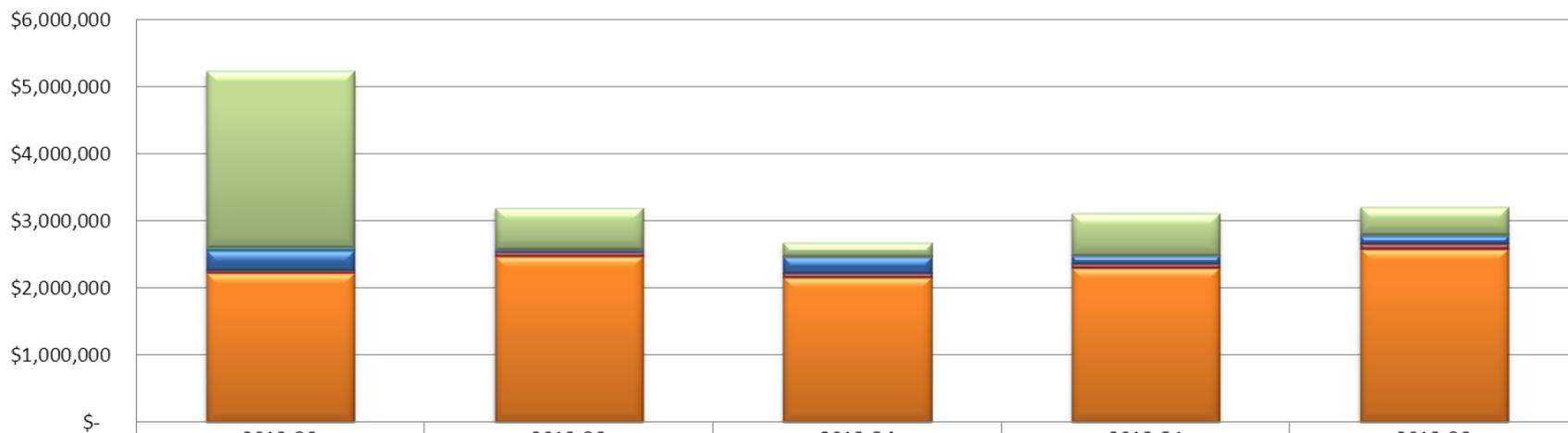
August 15, 2013





# Contribution Trends – Quarterly Dollars

## Quarterly Contribution \$ by Source

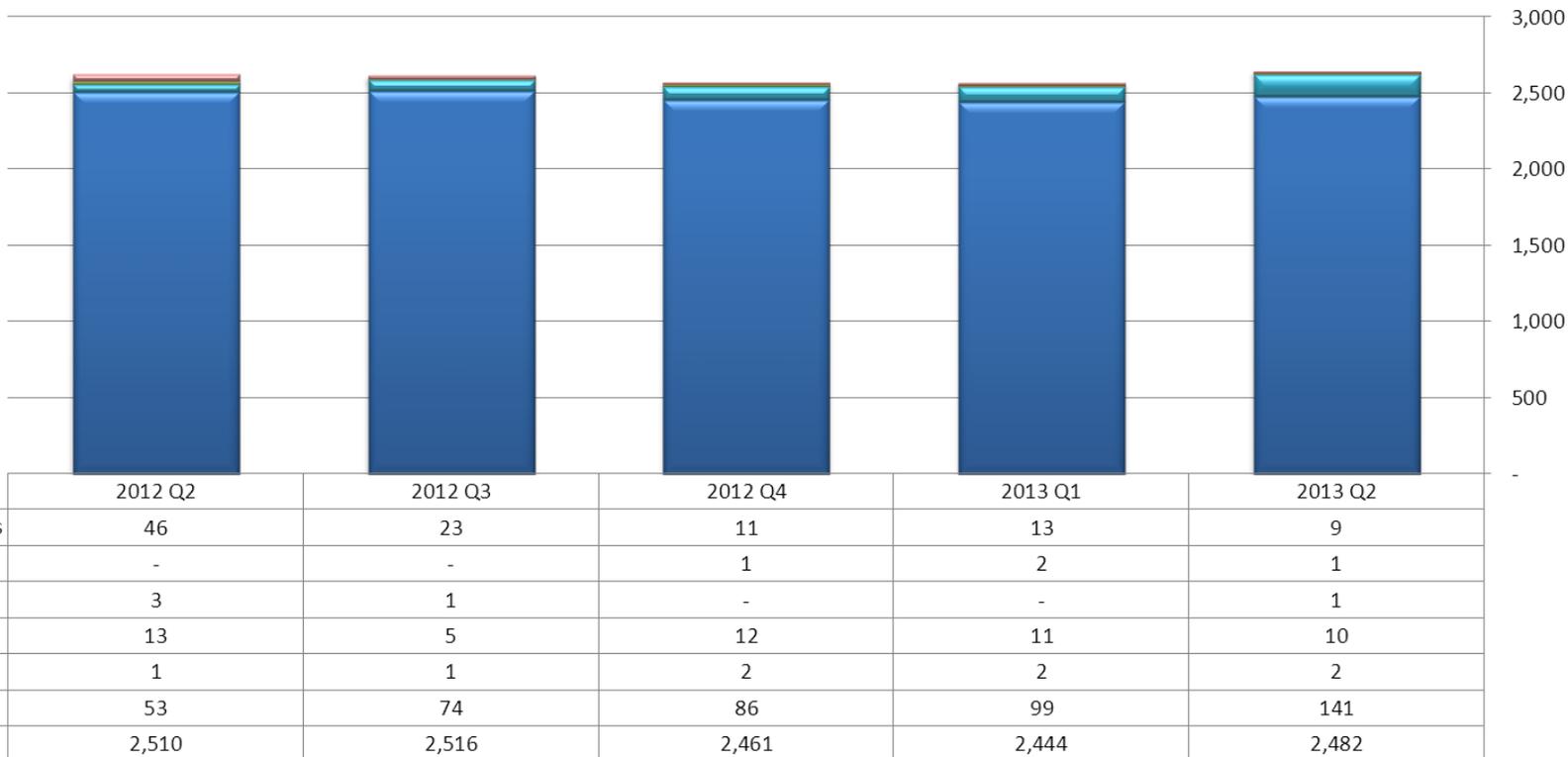


|                        | 2012 Q2     | 2012 Q3     | 2012 Q4     | 2013 Q1     | 2013 Q2     |
|------------------------|-------------|-------------|-------------|-------------|-------------|
| Plan to Plan Transfers | \$2,629,168 | \$623,985   | \$200,971   | \$623,694   | \$411,847   |
| Roth In-Plan Rollover  |             |             | \$100       | \$2,517     | \$100       |
| Rollover 457           | \$49,976    | \$217       |             |             | \$5,109     |
| Rollover               | \$295,178   | \$33,570    | \$245,452   | \$125,338   | \$124,375   |
| ER Match               | \$109       | \$109       | \$477       | \$477       | \$476       |
| Roth                   | \$38,680    | \$63,629    | \$73,876    | \$69,175    | \$86,068    |
| EE PreTax              | \$2,225,601 | \$2,478,110 | \$2,156,277 | \$2,296,006 | \$2,580,257 |



# Contribution Trends – Quarterly Count

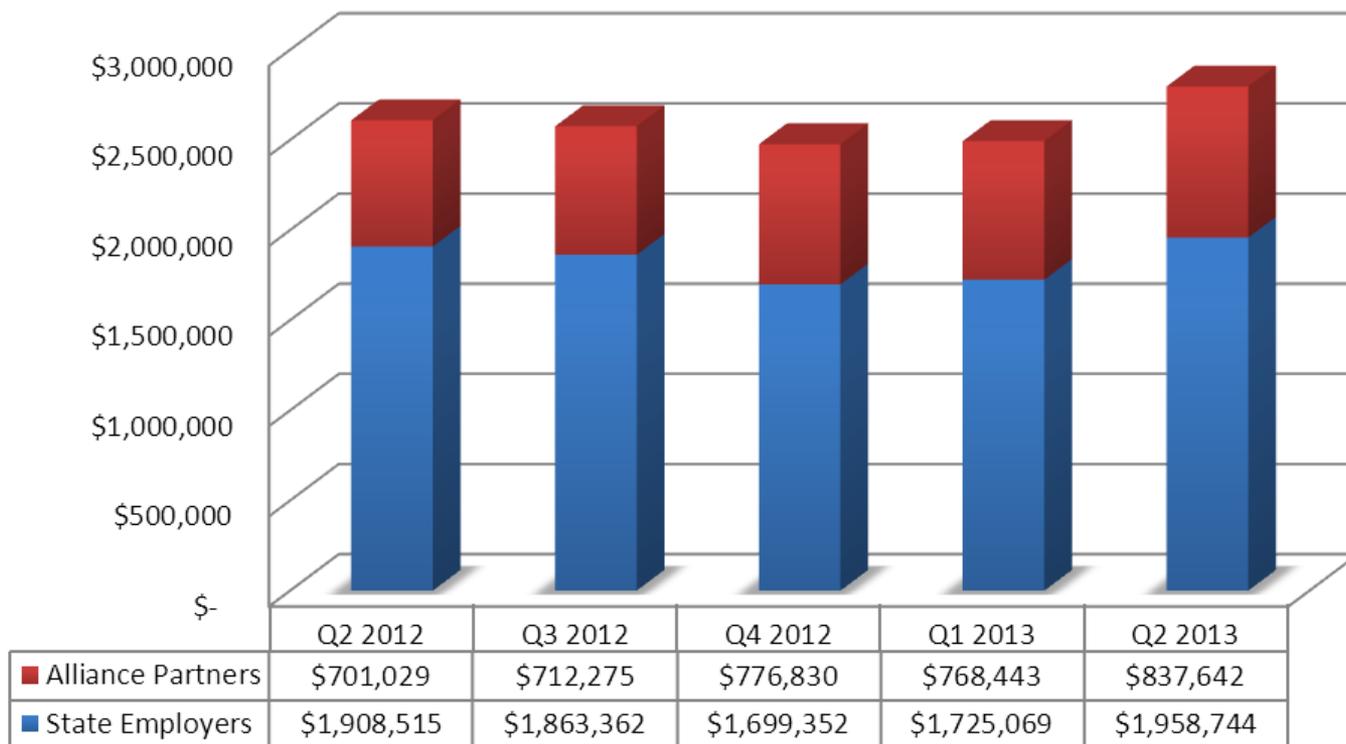
## Quarterly Contribution Counts by Source





# State vs. Alliance Partners – Quarterly Contributions

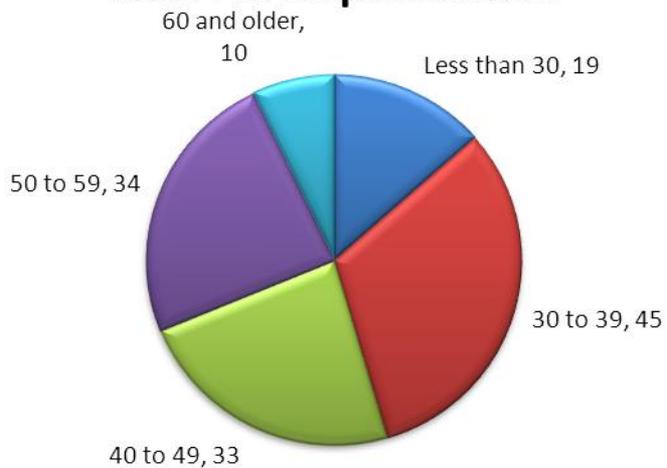
## State vs. Alliance Partner Contributions



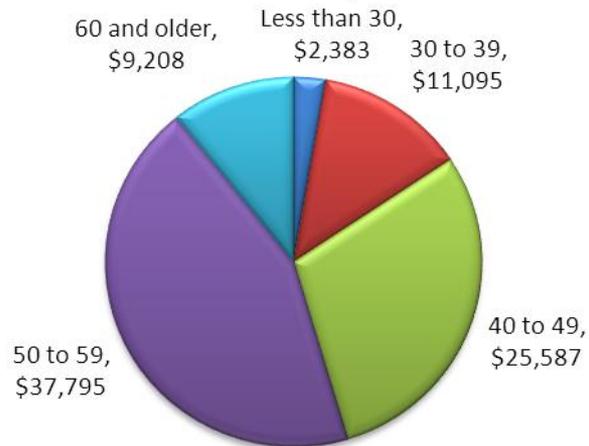


# Roth Contributions by Age

## Roth Participant Count



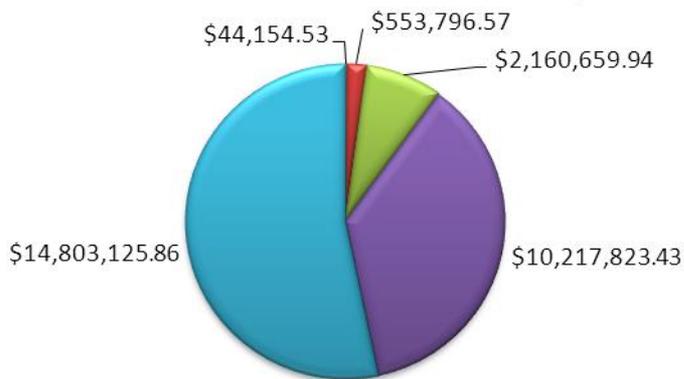
## Roth Participant \$



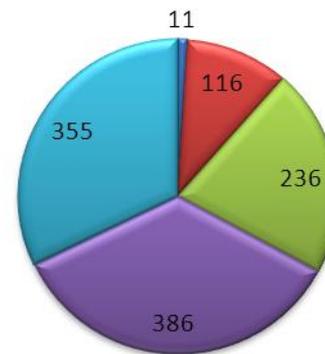


# Stable Value Fund Investments by Age

## Total Stable Value Fund \$



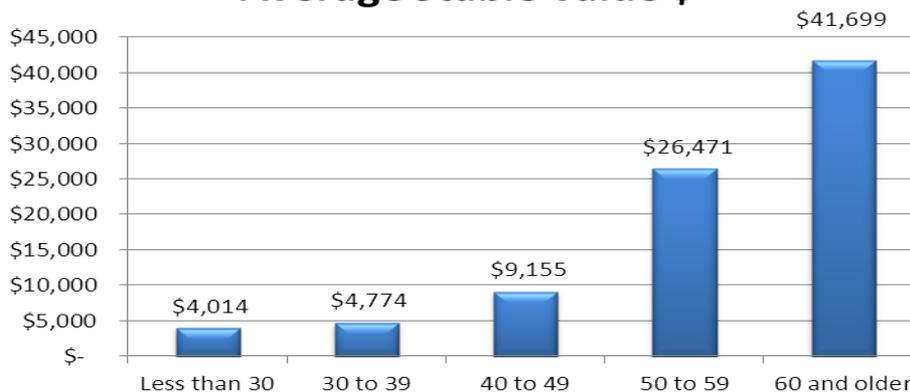
## Total Stable Value Fund Investors



■ Less than 30 ■ 30 to 39 ■ 40 to 49 ■ 50 to 59 ■ 60 and older

■ Less than 30 ■ 30 to 39 ■ 40 to 49 ■ 50 to 59 ■ 60 and older

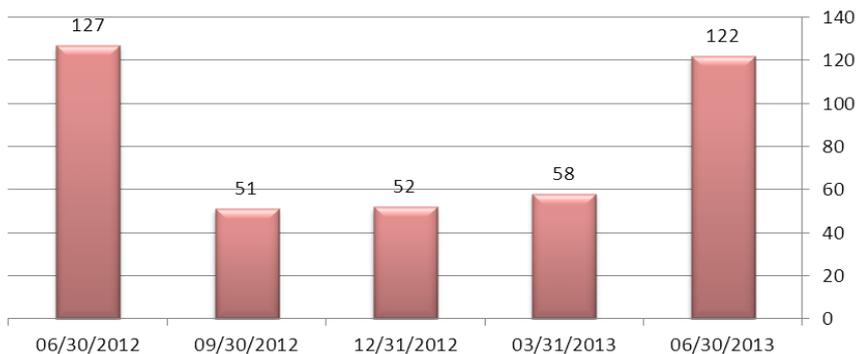
## Average Stable Value \$



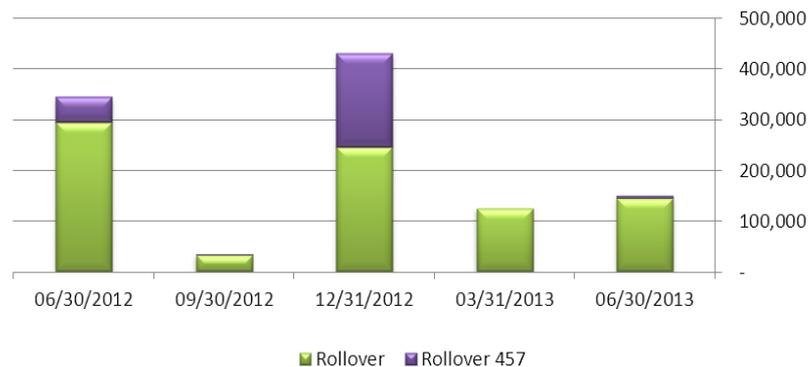


# Quarterly Enrollment and Rollover Trends

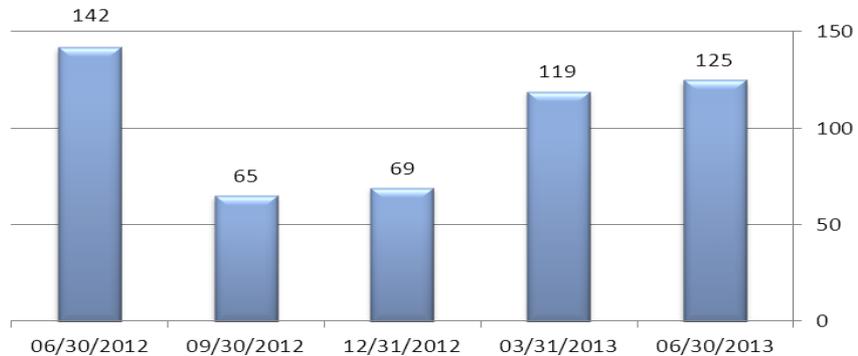
### Enrollments



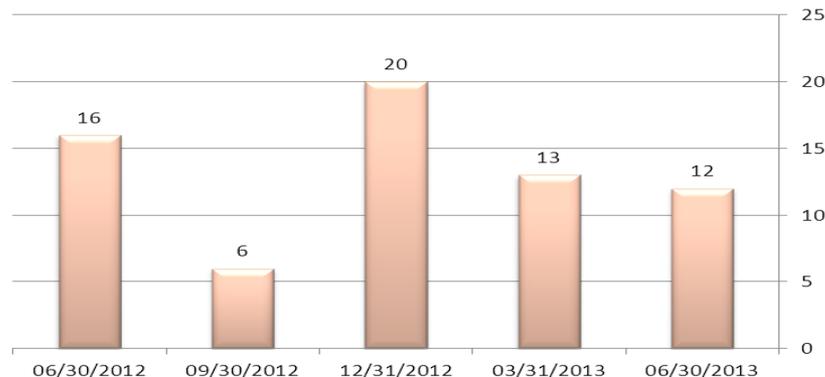
### New Rollovers In \$



### Contribution Increases



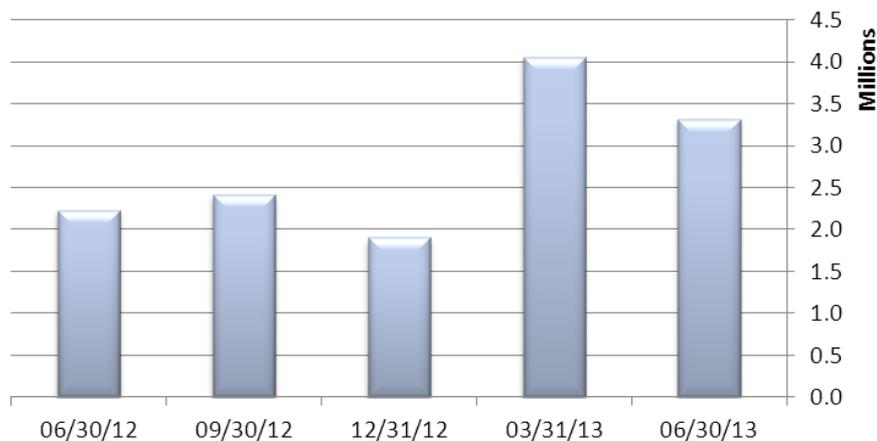
### New Rollovers In #



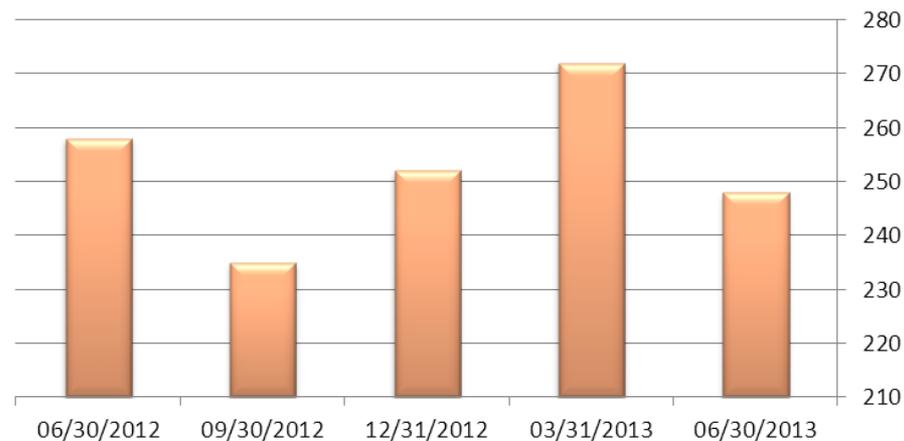


# Distribution Trends – Total

### Total Distribution \$



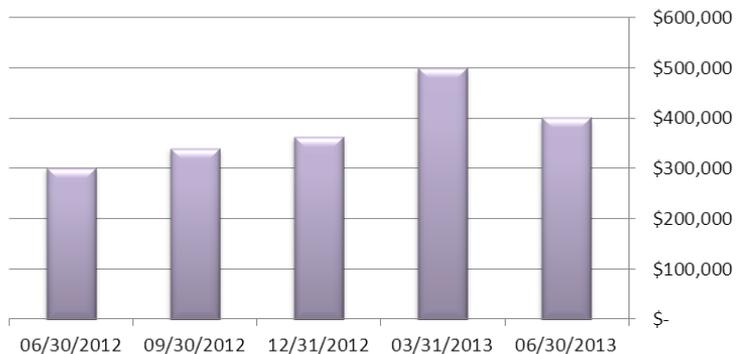
### Total Distribution #



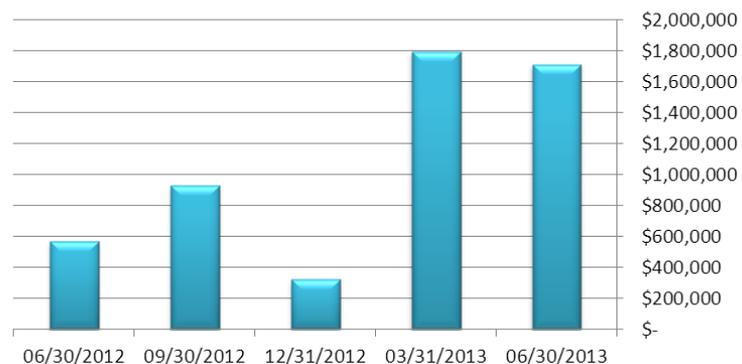


# Distribution Trends – Lump Sum and Rollover Out Detail

**Cash Out \$**



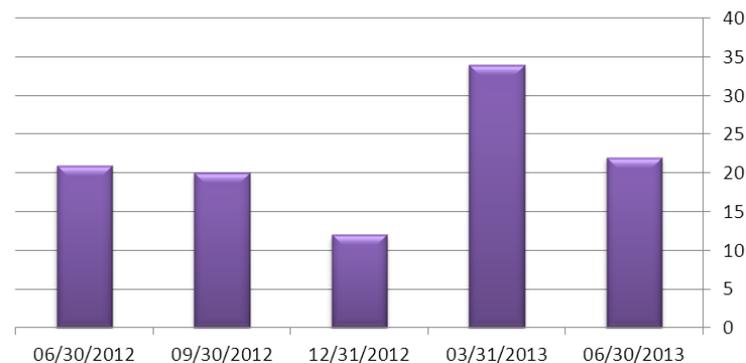
**Rollovers Out \$**



**Cash Out #**



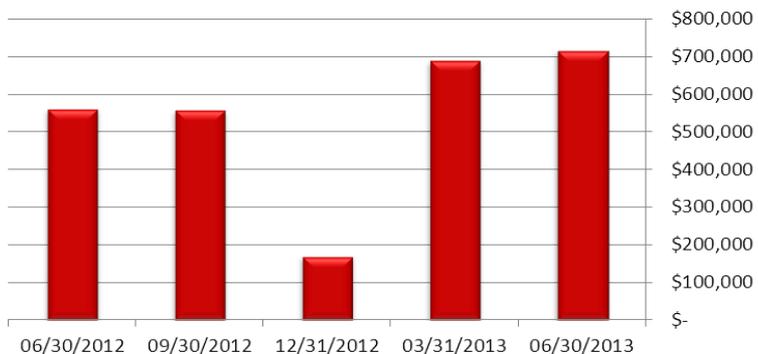
**Rollovers Out #**





# Distribution Trends – SBB and Plan Transfer Detail

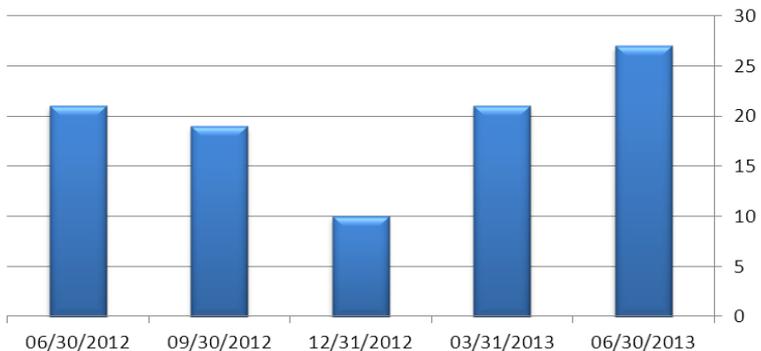
**PERS Service Buy Back \$**



**Plan to Plan Transfer \$**



**PERS Service Buy Back #**



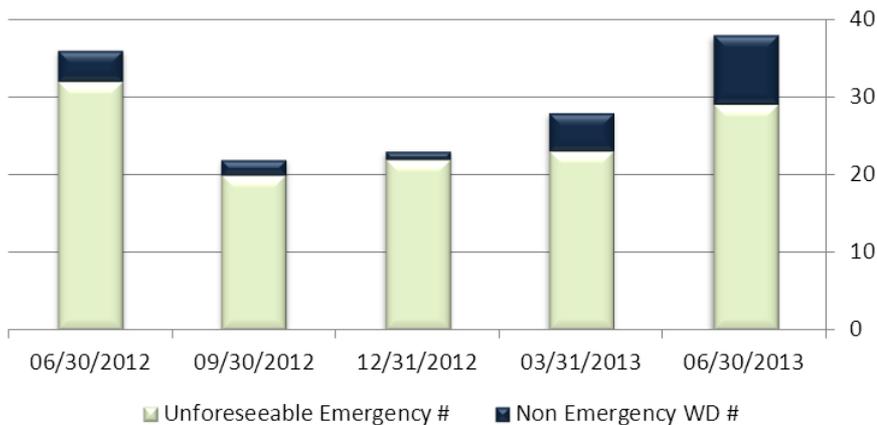
**Plan to Plan Transfer #**



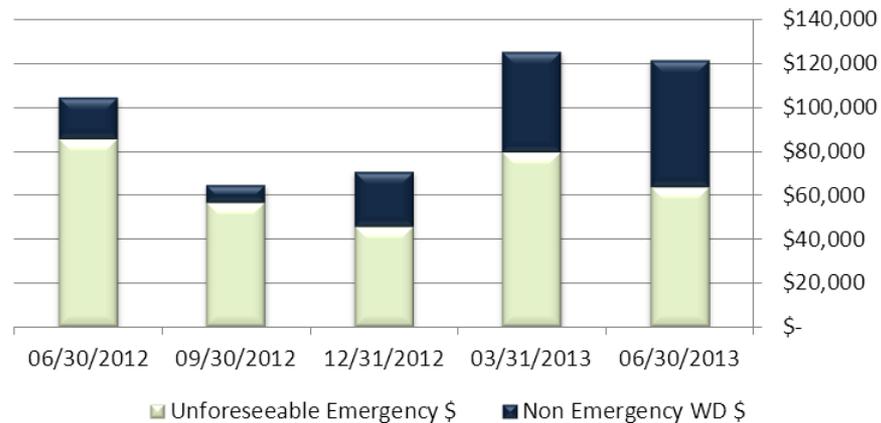


# Distribution Trends – UE and Non-Emergency WD Detail

### UE and Non Emergency Withdrawal #



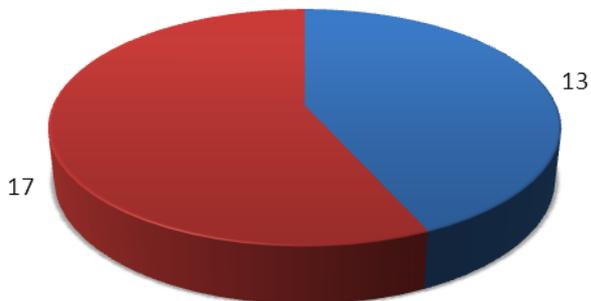
### UE and Non Emergency Withdrawal \$





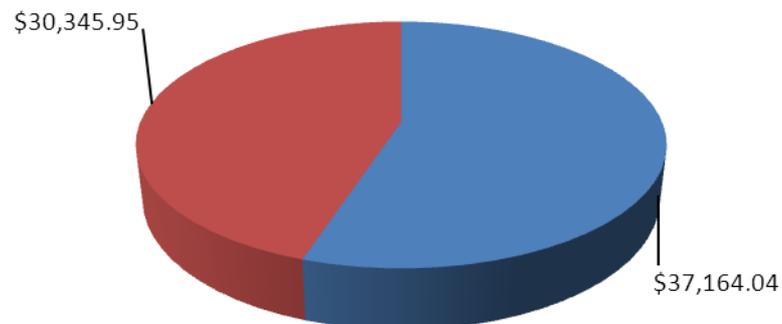
# UE Reasons by Count and Dollar Amount

### UE Reason Count



■ EVICTION\_FORECLOSURE PRINCIPAL RESIDENCE ■ MEDICAL EXPENSES

### UE Reason Dollar Amounts



■ EVICTION\_FORECLOSURE PRINCIPAL RESIDENCE ■ MEDICAL EXPENSES



# MassMutual Quarterly State of Nevada Review

AS OF JUNE 30, 2013



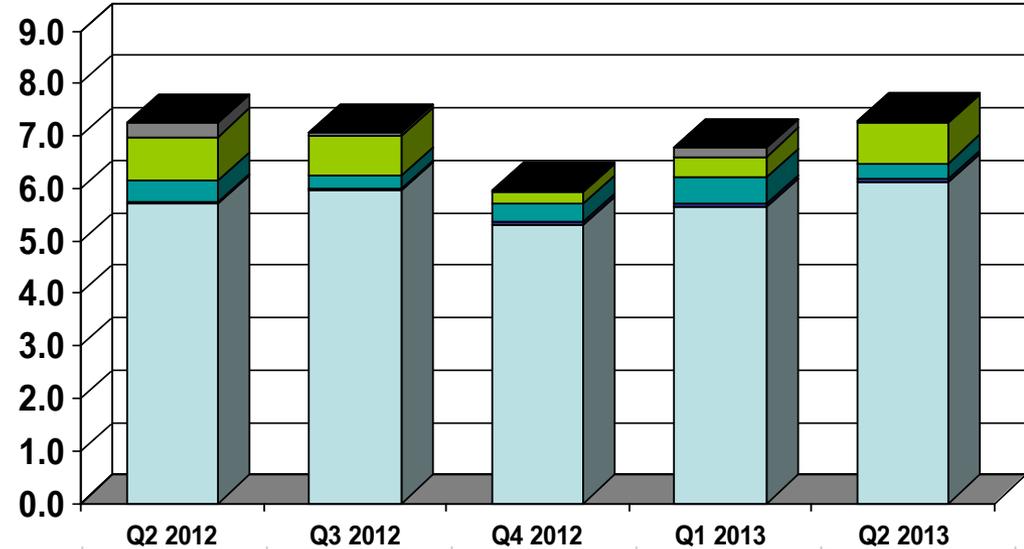
We'll help you get there.®

# Contribution Trends: Totals by Source



## Total Contribution Dollars

Millions

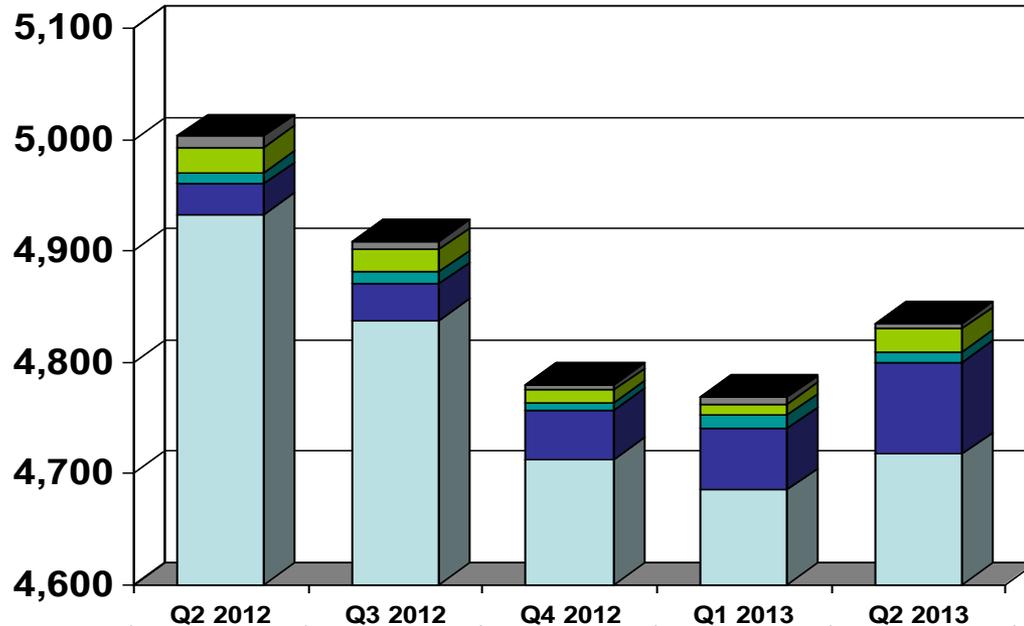


|                 | Q2 2012               | Q3 2012               | Q4 2012               | Q1 2013               | Q2 2013               |
|-----------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| ■ Roth Rollover | \$0.00                | \$0.00                | \$0.00                | \$2,736.20            | \$0.00                |
| ■ Rollover 457  | \$268,417.07          | \$49,875.50           | \$29,915.95           | \$170,412.42          | \$44,313.48           |
| ■ Rollover Misc | \$841,411.04          | \$766,092.12          | \$214,927.37          | \$393,371.45          | \$768,737.20          |
| ■ ING to MM     | \$395,162.00          | \$237,944.36          | \$356,506.70          | \$508,017.77          | \$294,399.28          |
| ■ Roth Cont     | \$37,088.72           | \$31,252.00           | \$44,319.45           | \$47,534.32           | \$64,097.06           |
| ■ EE PreTax     | \$5,714,729.43        | \$5,974,210.56        | \$5,312,790.52        | \$5,659,074.86        | \$6,123,401.69        |
| <b>Totals</b>   | <b>\$7,256,808.26</b> | <b>\$7,059,374.54</b> | <b>\$5,958,459.99</b> | <b>\$6,781,147.02</b> | <b>\$7,294,948.71</b> |

# Contribution Trends: Totals by Source



## Total Number of Contributions



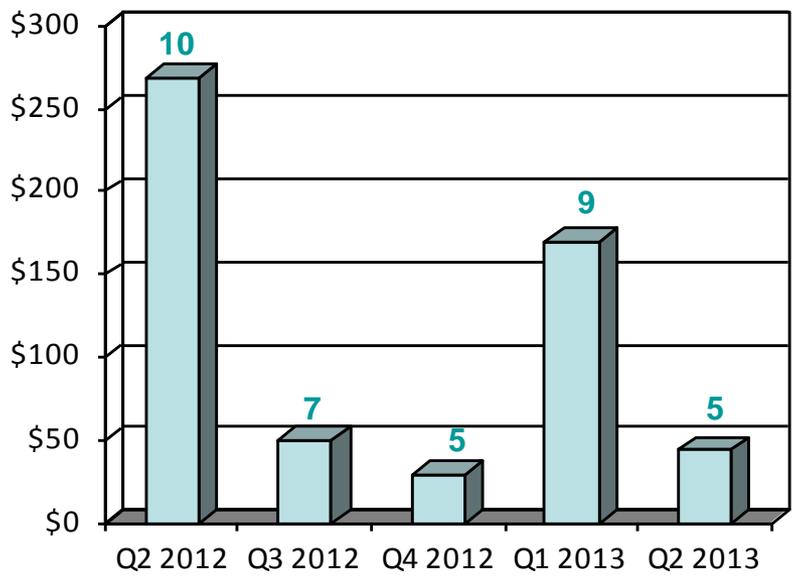
|                 | Q2 2012      | Q3 2012      | Q4 2012      | Q1 2013      | Q2 2013      |
|-----------------|--------------|--------------|--------------|--------------|--------------|
| ■ Roth Rollover | 0            | 0            | 0            | 1            | 0            |
| ■ Rollover 457  | 10           | 7            | 5            | 9            | 5            |
| ■ Rollover Misc | 23           | 20           | 12           | 10           | 21           |
| ■ ING to MM     | 10           | 11           | 6            | 12           | 9            |
| ■ Roth Cont     | 27           | 33           | 45           | 55           | 83           |
| ■ EE PreTax     | 4,933        | 4,837        | 4,712        | 4,685        | 4,717        |
| <b>Totals</b>   | <b>5,003</b> | <b>4,908</b> | <b>4,780</b> | <b>4,772</b> | <b>4,816</b> |

# Contribution Trends: Rollover In



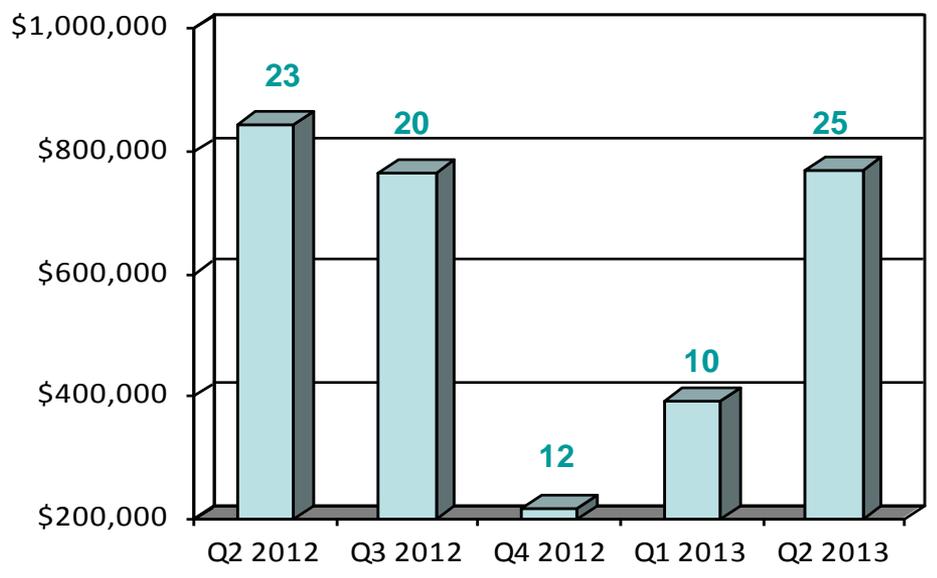
## Rollover In - 457

Thousands



| Q2 2012      | Q3 2012     | Q4 2012     | Q1 2013      | Q2 2013     |
|--------------|-------------|-------------|--------------|-------------|
| \$268,417.07 | \$49,875.50 | \$29,915.95 | \$170,412.42 | \$44,313.48 |

## Rollover In - Misc



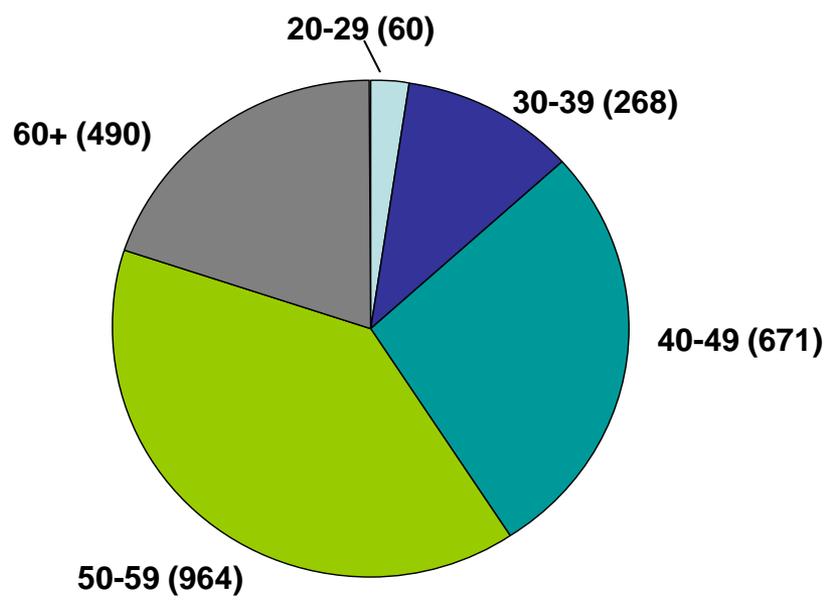
| Q2 2012      | Q3 2012      | Q4 2012      | Q1 2013      | Q2 2013      |
|--------------|--------------|--------------|--------------|--------------|
| \$841,411.04 | \$766,092.12 | \$214,927.37 | \$393,371.45 | \$768,737.20 |



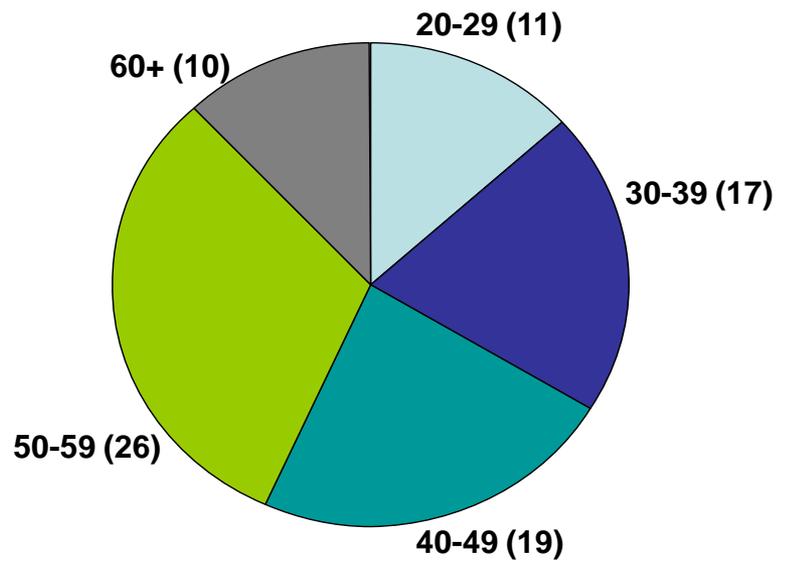


# Contribution Trends: General Account & Roth

### General Account by participant age



### Roth by participant age

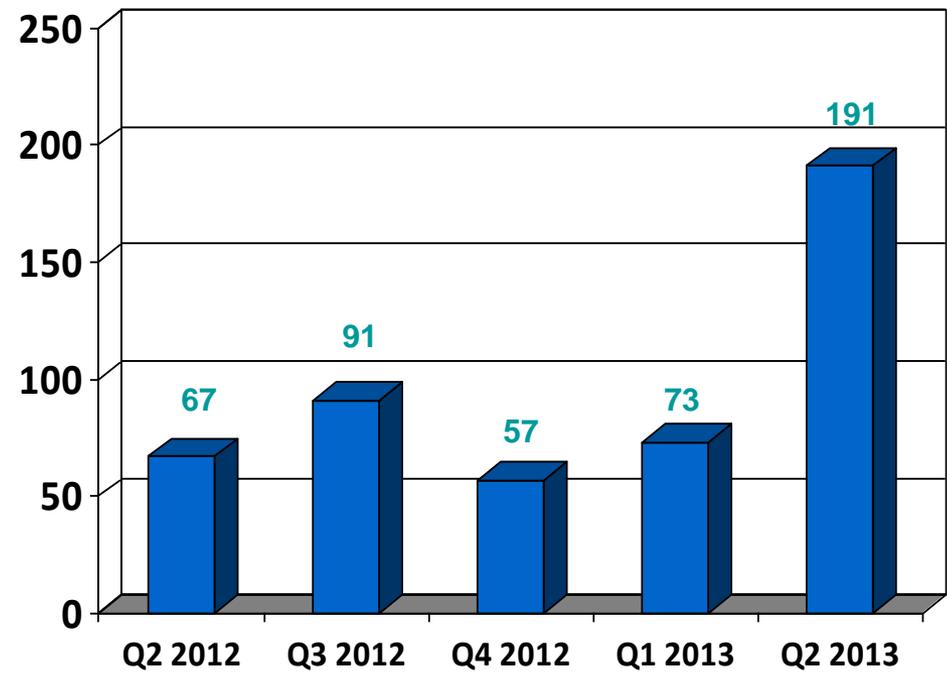


Total Participants with a Balance: 9,082

# Contribution Trends: Enrollments



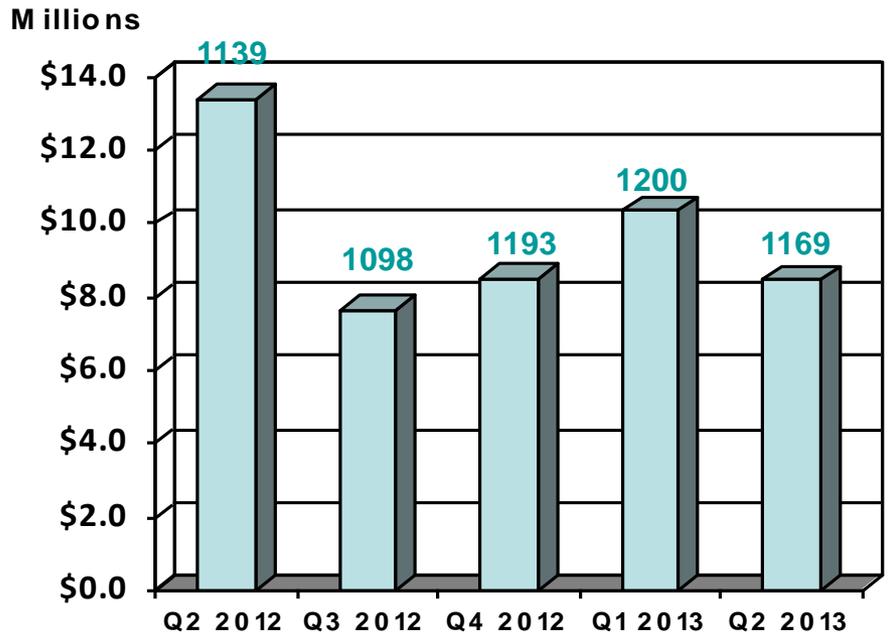
## Enrollments





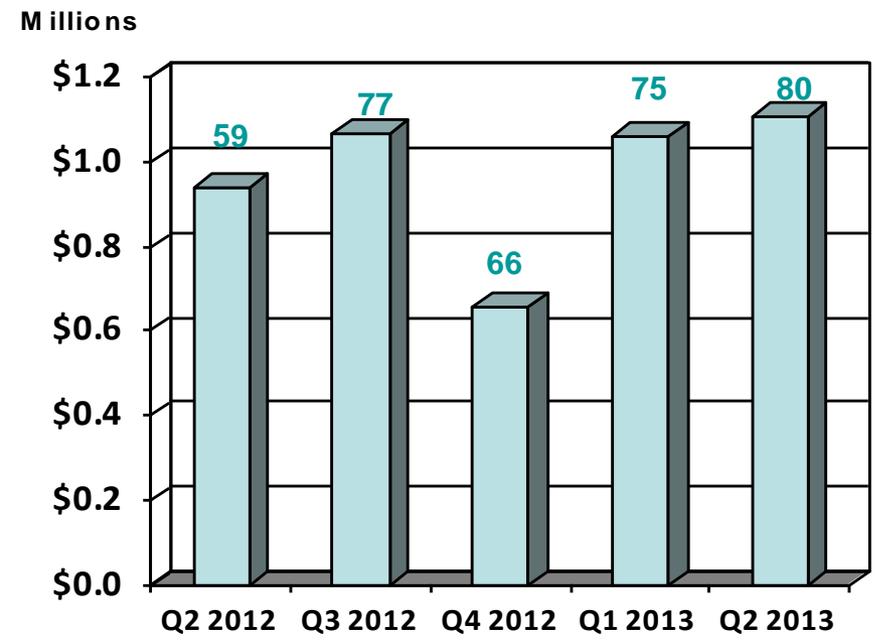
# Distribution Trends: Totals & Full Distributions

## Total Distributions



| Q2 2012         | Q3 2012        | Q4 2012        | Q1 2013         | Q2 2013        |
|-----------------|----------------|----------------|-----------------|----------------|
| \$13,380,233.09 | \$7,660,220.69 | \$8,490,534.60 | \$10,322,331.91 | \$8,464,128.50 |

## Full (Lump Sum) Distributions



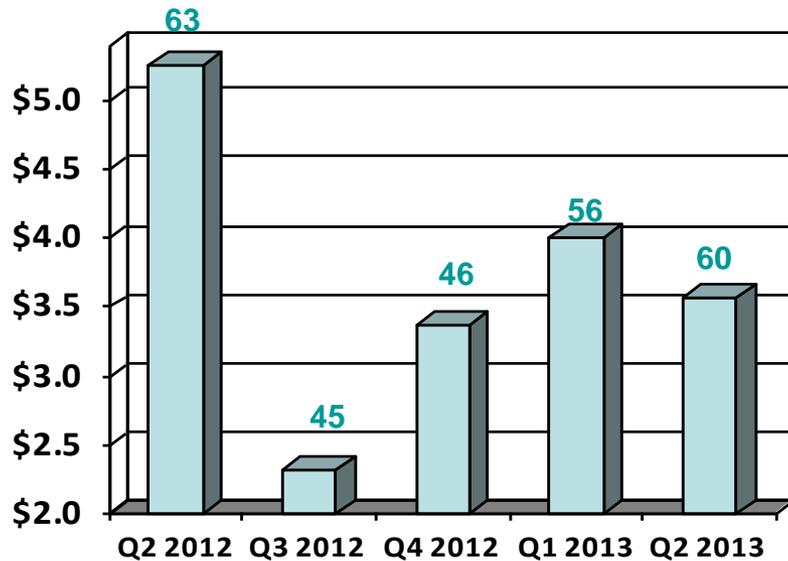
| Q2 2012      | Q3 2012        | Q4 2012      | Q1 2013        | Q2 2013        |
|--------------|----------------|--------------|----------------|----------------|
| \$940,632.35 | \$1,064,786.08 | \$659,267.12 | \$1,057,979.57 | \$1,104,659.85 |

# Distribution Trends: Rollovers & Transfers



## Rollover

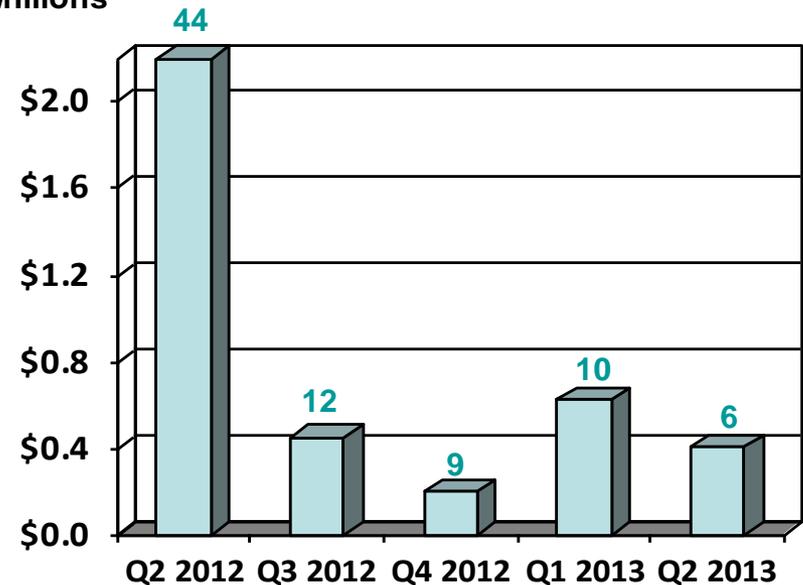
Millions



| Q2 2012        | Q3 2012        | Q4 2012        | Q1 2013        | Q2 2013        |
|----------------|----------------|----------------|----------------|----------------|
| \$5,257,891.91 | \$2,325,744.99 | \$3,372,563.48 | \$4,014,945.15 | \$3,565,612.39 |

## Transfer from MassMutual to ING

Millions



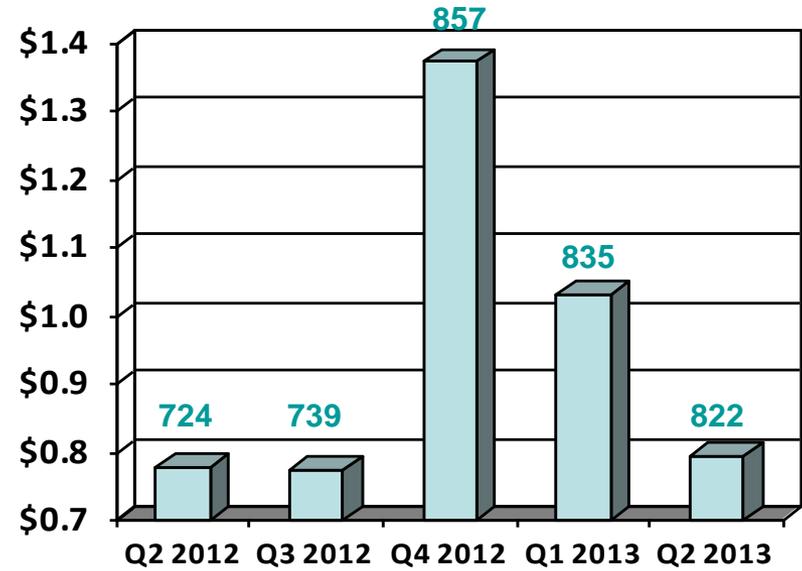
| Q2 2012        | Q3 2012      | Q4 2012      | Q1 2013      | Q2 2013      |
|----------------|--------------|--------------|--------------|--------------|
| \$2,712,909.73 | \$453,299.24 | \$199,287.36 | \$625,932.18 | \$407,842.48 |



# Distribution Trends: SWO & RMD

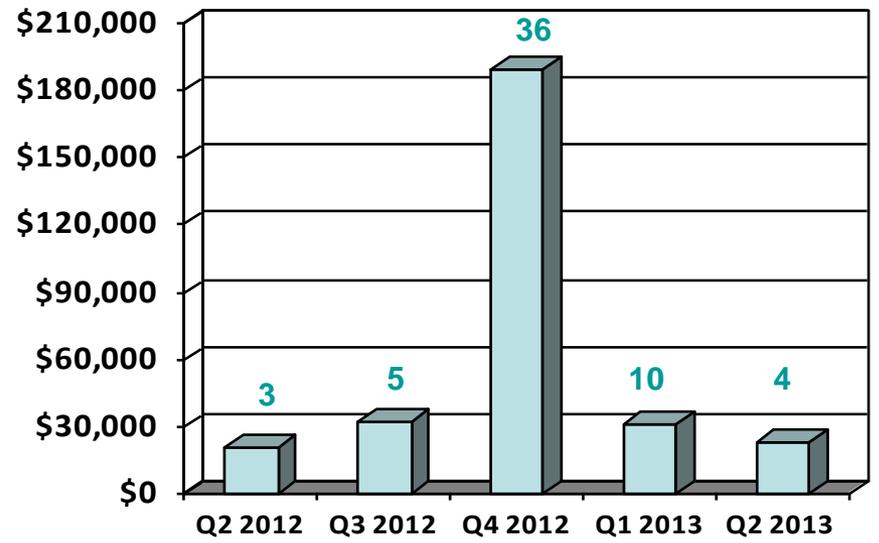
## Systematic Withdrawal Option (SWO)

Millions



| Q2 2012      | Q3 2012      | Q4 2012        | Q1 2013        | Q2 2013      |
|--------------|--------------|----------------|----------------|--------------|
| \$778,013.47 | \$775,216.30 | \$1,372,533.96 | \$1,030,219.68 | \$795,865.27 |

## Required Minimum Distribution (RMD)



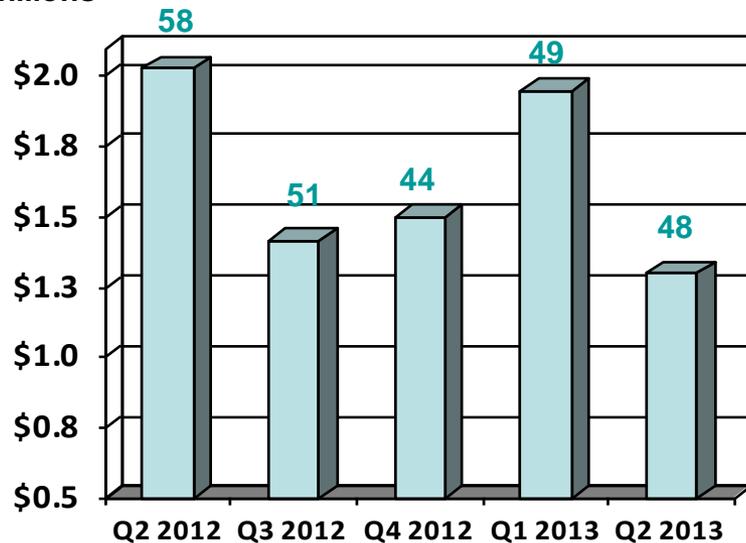
| Q2 2012     | Q3 2012     | Q4 2012      | Q1 2013     | Q2 2013     |
|-------------|-------------|--------------|-------------|-------------|
| \$20,568.44 | \$31,779.97 | \$188,860.68 | \$30,747.66 | \$23,032.25 |

# Distribution Trends: Service Credits & Other



## Purchase of Service Credits

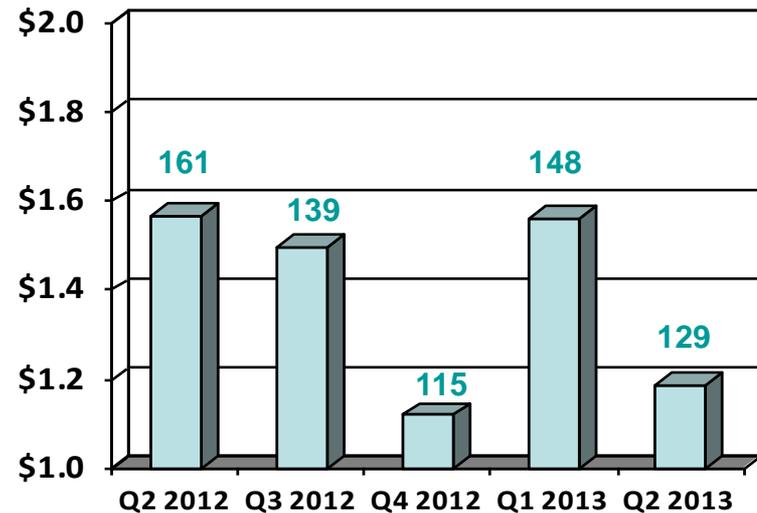
Millions



| Q2 2012        | Q3 2012        | Q4 2012        | Q1 2013        | Q2 2013        |
|----------------|----------------|----------------|----------------|----------------|
| \$2,028,867.91 | \$1,418,143.91 | \$1,503,961.73 | \$1,949,157.50 | \$1,301,046.97 |

## Other Withdrawals\*

Millions



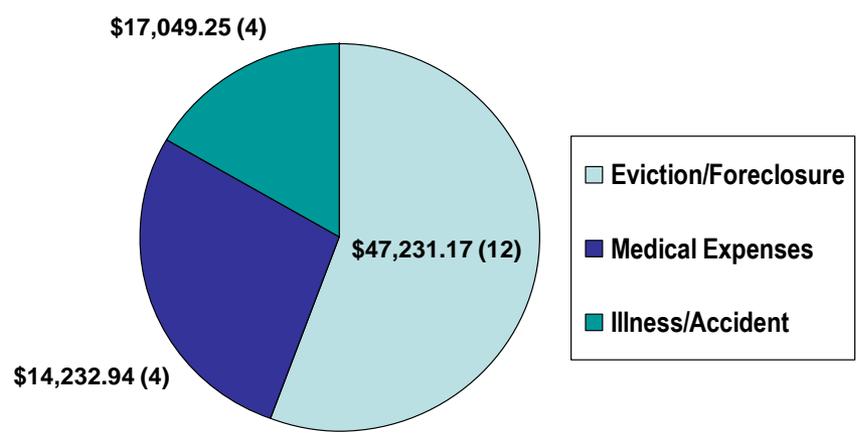
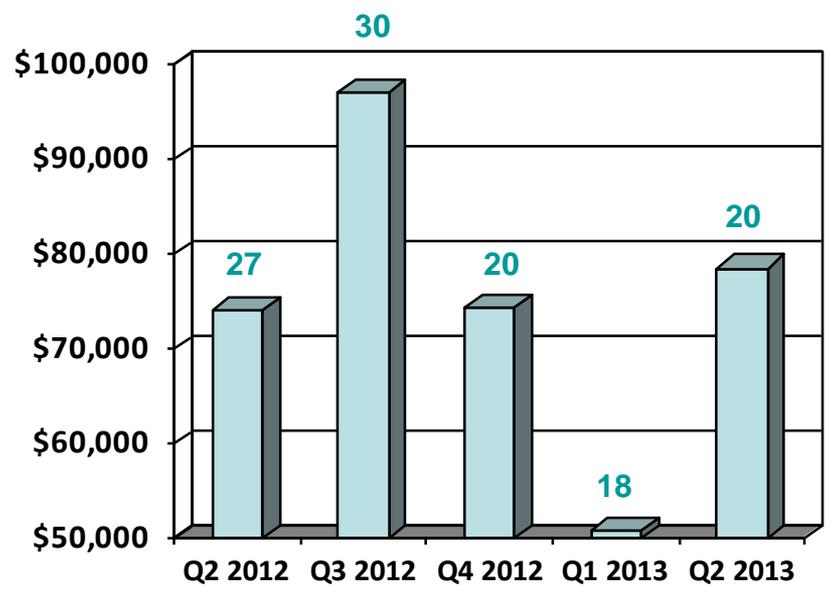
| Q2 2012        | Q3 2012        | Q4 2012        | Q1 2013        | Q2 2013        |
|----------------|----------------|----------------|----------------|----------------|
| \$1,567,283.27 | \$1,497,203.63 | \$1,119,844.04 | \$1,562,503.01 | \$1,187,555.93 |

\*Other: Partial, QDRO, Death, In Service, Excess Deferral, Annuity Purchase

# Distribution Trends: Unforeseen Emergency



## Unforeseen Emergency



| Q2 2012     | Q3 2012     | Q4 2012     | Q1 2013     | Q2 2013     |
|-------------|-------------|-------------|-------------|-------------|
| \$74,066.01 | \$97,046.57 | \$74,216.23 | \$50,847.17 | \$78,513.36 |



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July 8, 2013

**Proposal to Provide Professional  
Audit Services to:**

# **Nevada Public Employees' Deferred Compensation Program**

**MASTER**

*Prepared by:*

**Thomas R. Rey, CPA, Partner**

thomas.rey@cliftonlarsonallen.com

office 888-778-9588 | mobile 443-831-9436

**RECEIVED**

JUL - 1 2013

DEFERRED COMPENSATION

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**Nevada Public Employees' Deferred Compensation Program**  
*Proposal To Provide Audit Services*

July 8, 2013

Ms. Reba Coombs  
Program Coordinator  
Nevada Public Employees' Deferred Compensation Program  
100 North Steward Street, Suite 210  
Carson City, Nevada 89701-4213

**Reference: Request for Information (RFI)- Public Accounting Firms to Conduct an Audit**

Dear Ms. Coombs:

In response to the above referenced solicitation, CliftonLarsonAllen LLP (CLA) is enclosing our qualifications to conduct a financial statement audit of the Nevada Employees' Deferred Compensation Program (the Program) as well as additional agreed-upon procedures and other advisory services.

CLA understands the Program's audit engagement will consist of an audit of the voluntary Deferred Compensation Program and the FICA-Alternative Plan. Our proposed services will include the following:

**A. Financial Audit**

CLA will audit the records of the Plan in accordance with generally accepted auditing standards (the Financial Audit). CLA will express an opinion as to whether or not the Program records accurately reflect the financial position of the Program. We will also include any findings of misstatements due to error, fraud, or other reasons that would cause the financial records to not be an accurate representation of the financial condition of the Program.

**B. Contractually Agreed Upon Procedures Audit of the Recordkeepers/Providers**

CLA will conduct an audit of the Recordkeepers/Providers (the Providers) for each audit year, including the measurement through a statistically valid sampling of certain Program requirements and specifications (the Agreed Upon Procedures Audit). The audit will include a review of the Providers' system of internal controls and a sampling and measurement of various types of transactions from the Providers, which may include enrollment data, accuracy of contributions/ deposits, accuracy of participant account balances, accuracy on general/stable value account interest rate crediting and other transactions and record keeping details. We will prepare a written report summarizing the results of the Agreed Upon Procedures.

**C. Procedure Audit Payroll Centers**

CLA will conduct an audit of the various Payroll Centers (Centers) approximately 54, including measurement through statistically valid sampling of certain Program requirements and specifications (Payroll Procedures Audit) The audit will include a review of the Centers' internal controls and a sampling and measurement of various types of transactions, which may include contribution monitoring and processing, termination date procedures and other transactions, as appropriate. CLA will prepare a written report summarizing the results of the Payroll Procedures Audit.

**D. Advice on Accounting Rules and other Recommendations**

CLA will be available to provide periodic advice to the Committee, its staff, and legal advisers on the application of accounting rules and standards to the Program established in connection therewith and the assets and liabilities of the Program, and to advise the Committee of any actual or anticipated changes to

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## Nevada Public Employees' Deferred Compensation Program

### *Proposal To Provide Audit Services*

these rules and standards that may affect the Program or the reporting and disclosure of financial information related to the Program.

CLA believes we are the best qualified to perform the work outlined in the RFP. You can depend on CLA for several uncommon advantages:

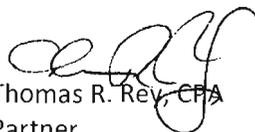
- ***We Know You.*** The professionals assigned to this proposal are members of our National Public Pension Team. Our Public Pension Team has one of the largest governmental retirement plan practices in the nation and the professionals who will serve the Program currently audit and provide consulting services to some of the largest governmental retirement plans nationwide. We are confident that our extensive experience serving similar government retirement entities, bolstered by our client-oriented philosophy and depth of resources, will make CLA the best qualified candidate to continue to fulfill the scope of the engagement. We currently provide similar services to approximately 20 State deferred compensation programs and are by far the leader in the accounting industry when it comes to servicing clients similar to the Program. Finally, we previously provided the same services to the Program and are intimate with the deliverables and what it takes to provide a timely and impactful work product.
- ***Specialized Professionals.*** The key personnel assigned to this engagement focus almost exclusively on governmental retirement plans. The knowledge gained from specializing in this unique niche enables our professionals to provide extraordinary service to our governmental retirement plan clients coupled with methodologies which enhance efficiencies and quality.
- ***Credibility, reputation, and resources of a top-10 firm without sacrificing the small-firm touch.*** Public service organizations are the backbone of our economy and our practice at CLA. We have renewed and deepened our commitment to you at a level most other firms reserve for the world's largest for-profit enterprises.
- ***Value and affordability.*** We believe we can continue to provide you with the right allocation of resources to minimize costs.

We are confident that our technical approach, insight and resources will result in unparalleled service to the Program.

As a Partner of CLA, I offer my personal commitment to continue providing the Program with the best resources and services available. If you have any need to talk to me at any time, either before or after your selection decision, please contact me at 888-778-9588 or via email at [thomas.rey@cliftonlarsonallen.com](mailto:thomas.rey@cliftonlarsonallen.com).

Sincerely,

**CLIFTONLARSONALLEN LLP**



Thomas R. Rey, CPA  
Partner

**Table of Contents**

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## Size of CLA

CLA is one of the nation's top-10 certified public accounting and consulting firms. Structured to provide clients with highly specialized government insight, the firm delivers assurance, tax and advisory capabilities. The firm has a staff of more than 3,600 professionals, operating from more than 90 offices across the country. Figure 1 illustrates CLA's capabilities to meet the Program's auditing needs.



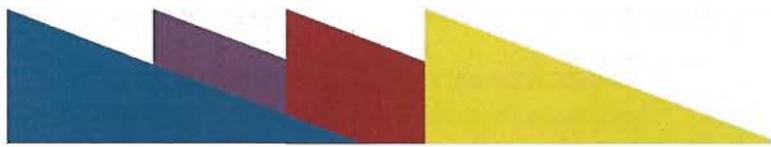
**Figure 1. Firm Overview.** According to *Accounting Today*, CLA is the 10<sup>th</sup> largest accounting firm in the United States by revenue. With a nationwide network of pension plan professionals, CLA is here to help support the Program's needs.

**Size of CLA's Governmental Audit Staff**

Over 600 professionals comprise our Governmental Services Team. These individuals serve governmental entities, including numerous pension plans across the country.

Every member of your engagement team will have experience auditing governmental deferred compensation plans. The Program's engagement team consists of members of our Public Pension Plan team who are leaders with deep industry knowledge and best practices expertise, and technical experts who are certified in the leading technologies. Our highly effective team will continue to address the Program's financial audit using a collaborative and team-based approach.

*We believe an important distinction between our firm and other firms is the amount of partner involvement in the engagement. Since our partners are directly involved in the engagement during fieldwork, we can proactively identify any issues immediately and resolve them with management so that the engagement is essentially complete when fieldwork ends.*



The key team personnel for the engagement are outlined on the following pages. These individuals are considered technical specialists in public pension plan/government industries based on the substantial number of public pension plan clients they at they serve.

| Thomas Rey, CPA                           |   |
|---|---|
| <b>Position</b>                           | <b>Engagement Partner, Leader of CLA's Government Retirement Plan Practice</b>  |
| <b>Engagement Role/Responsibility</b>     | Thomas will oversee all engagement responsibilities for the work, including reviewing the work plan, coordinating activities with the audit managers and directing all meetings.  |
| <b>Professional Certifications</b>        | Certified Public Accountant   |
| <b>Professional Affiliations</b>          | <ul style="list-style-type: none"> <li>• Public Pension Financial Forum (P2F2) - member</li> <li>• Government Finance Officers Association - member</li> <li>• American Institute of Certified Public Accountants - member</li> <li>• Maryland Association of Certified Public Accountants - member</li> <li>• National Council of Real Estate Investment Fiduciaries - Accounting &amp; Valuation Committee Member</li> <li>• National Association of Government Defined Contribution Administrators – member and Industry Committee</li> </ul>          |
| <b>Background and Years of Experience</b> | With more than 14 years of experience, Thomas is well-versed in serving public defined benefit and defined contribution plans. He is actively involved in and a frequent speaker with the Public Pension Financial Form, NAGDCA and GFOA. Thomas is currently the engagement partner to a significant number of the firm's governmental retirement plan clients across the country.   |
| <b>Key Clients</b>                        | <ul style="list-style-type: none"> <li>• State of Arizona Deferred Compensation Plan</li> <li>• Nevada Public Employees Deferred Compensation Board</li> <li>• State of Delaware Deferred Compensation Plan</li> <li>• New York State Deferred Compensation Board</li> <li>• Wisconsin Deferred Compensation Plan</li> <li>• Kentucky Deferred Compensation Plan</li> <li>• State of Idaho Deferred Compensation Plan</li> <li>• New Mexico Public Employees' Deferred Compensation Plan</li> <li>• Pennsylvania Deferred Compensation Program</li> </ul> |

**Nevada Public Employees' Deferred Compensation Program**

*Proposal To Provide Audit Services*

| Thomas Rey, CPA |   |
|-----------------|---|
|                 | <ul style="list-style-type: none"> <li>• City of Phoenix, AZ Deferred Compensation Plans</li> <li>• Public Employees' Retirement System of Nevada</li> <li>• South Carolina Employees' Retirement System</li> <li>• State Board of Administration of Florida</li> <li>• North Dakota Retirement and Investment Office</li> <li>• Texas Employees Retirement System</li> <li>• Washington State Department of Retirement Services</li> <li>• Maryland State Retirement and Pension System</li> <li>• Maryland Supplemental Retirement Plans</li> </ul> |

| Owen Ward, CPA                            |   |
|---|---|
| <b>Position</b>                           | <b>Quality Review Partner</b>   |
| <b>Engagement Role/Responsibility</b>     | Owen will conduct a review of the audit, independent from the audit team. The purpose of the independent review is to ensure that all audit and accounting standards are met, and to have "another set of eyes" on the work.  |
| <b>Professional Certifications</b>        | Certified Public Accountant   |
| <b>Professional Affiliations</b>          | <ul style="list-style-type: none"> <li>• Public Pension Financial Forum (P2F2) - member</li> <li>• American Institute of Certified Public Accountants - member</li> <li>• Maryland Association of Certified Public Accountants - member</li> </ul>  |
| <b>Background and Years of Experience</b> | Owen has more than 12 years of experience and a wealth of knowledge and experience working with clients with investment portfolios valued up to \$90 billion.   |
| <b>Key Clients</b>                        | <ul style="list-style-type: none"> <li>• Ohio Deferred Compensation Plan</li> <li>• State Teachers Retirement System of Ohio</li> <li>• New Jersey Department of Pensions &amp; Benefits</li> <li>• Pennsylvania Municipal Retirement System</li> <li>• State Employees Retirement System of Ohio</li> <li>• Pension Benefit Guaranty Corporation</li> <li>• District of Columbia Retirement Board</li> </ul> |

Nevada Public Employees' Deferred Compensation Program  
 Proposal To Provide Audit Services

| Jason Ostroski, CPA                       |  |
|---|--|
| <b>Position</b>                           | <b>Audit Manager</b>   |
| <b>Engagement Role/Responsibility</b>     | Jason will manage all fieldwork personnel and resolve any technical and reporting issues.  |
| <b>Professional Certifications</b>        | Certified Public Accountant  |
| <b>Professional Affiliations</b>          | <ul style="list-style-type: none"> <li>• Public Pension Financial Forum - member</li> <li>• Government Finance Officer Association - member</li> <li>• American Institute of Certified Public Accountants - member</li> </ul>  |
| <b>Background and Years of Experience</b> | Jason has more than eight years of experience providing audit services to government entities. He was also the controller of the District of Columbia Retirement Board for two and a half years.   |
| <b>Key Clients</b>                        | <ul style="list-style-type: none"> <li>• State of Delaware Deferred Compensation Plan</li> <li>• South Carolina Employees' Retirement System</li> <li>• District of Columbia Retirement Board</li> <li>• Public Employees' Retirement System of Nevada</li> <li>• Employees' Retirement System of Texas</li> <li>• Washington State Department of Retirement Systems</li> <li>• North Dakota Retirement and Investment Office</li> <li>• Wisconsin Deferred Compensation Program</li> <li>• Pennsylvania State Employees' Retirement System</li> <li>• Pennsylvania Public School Employees' Retirement System</li> <li>• Ohio Public Employees Retirement System</li> <li>• Maryland State Retirement and Pension System</li> </ul> |

Additional associates will be assigned as deemed necessary with relevant experience. These staff members will be determined based on the final scheduling of engagement tasks with management. Be assured that except for our newly hired staff, we will assign engagement teams that have previous experience with governmental entities.

### Training and Continuing Professional Education

In order to maintain and expand our assurance expertise, we consistently provide continuing education for our professionals. Each member of our professional team, including partners, attends at least 40 hours of technical training annually.

In addition, our Public Pension Team seeks out and/or is invited to participate in national conferences and training specific to public pensions and/or investments including alternative investments.

Updated information on recent changes in technical standards and regulations, as well as the firm's professional policies and procedures, is distributed to our team members on a regular basis. Individuals are required to familiarize themselves with all current changes in standards and procedures.

As described in figure 2, CLA professionals are specifically trained in the industry at a level beyond our competitors.



**Figure 2. Effective Continuing Professional Education.** *Our greatest strength is the time and talent of our staff. Our professionals are more efficient and effective due to the new ideas they implement from our in-depth training and continuing professional education*

CLA invests in our government practice by hiring high caliber professionals and providing additional training to develop and enhance our expertise. With seasoned experts, we provide valuable insight into your day-to-day operations and your accounting systems and controls.

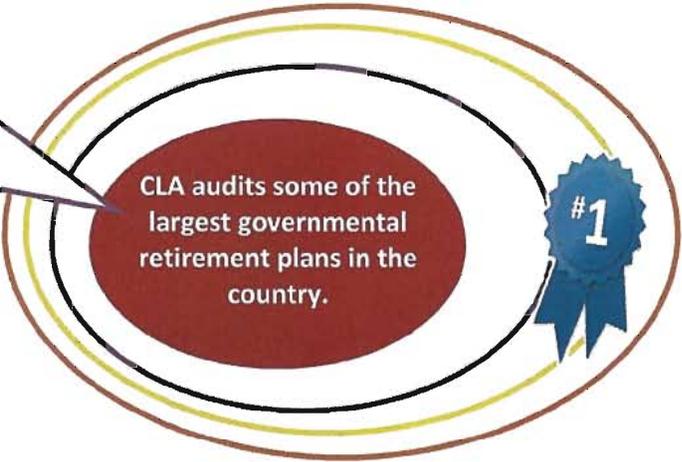
### Similar Engagements with Other Governmental Entities

We understand that quality of service will be a key factor as you prepare to select a firm to serve the Program. We encourage you to contact the client references below to learn more about our team's experience and commitment to quality client service.

| State of Arizona Deferred Compensation Board               |   |
|--|---|
| Address  | 4747 North 7 <sup>th</sup> Street, Suite 418<br>Phoenix, Arizona 85014  |
| Scope of Work  | <ul style="list-style-type: none"> <li>• Audit</li> <li>• Performance Criteria</li> </ul>                                   |
| Hours  | 400 hours Total (300 Audits and 100 Performance Criteria)   |
| Length of Service  | 2005 – present  |
| Engagement Partner   | Thomas Rey  |
| Client Contact   | Mike Smarik, Board Chair, Deputy State Comptroller, 602-542-1672  |
| Nevada Public Employees Deferred Compensation Board        |   |
| Address  | 100 North Steward Street, Suite 210<br>Carson City, Nevada 89701  |
| Scope of Work  | <ul style="list-style-type: none"> <li>• Audit</li> <li>• Agreed Upon Procedures</li> <li>• Performance Criteria</li> </ul> |
| Hours  | 200 hours   |
| Length of Service  | 2006 – present  |
| Engagement Partner   | Thomas Rey  |
| Client Contact   | Reba Coombs, Program Coordinator, 775-684-3397  |
| New York State Deferred Compensation Board                 |   |
| Address  | P.O. Box 2103<br>Albany, New York 12220   |
| Scope of Work  | <ul style="list-style-type: none"> <li>• Audit</li> <li>• Performance Criteria</li> <li>• Agreed Upon Procedures</li> </ul> |
| Hours  | 700 Total Hours (250 Audit, 100 AUP, 350 Performance Criteria)  |
| Length of Service  | 2005 – present  |
| Engagement Partner   | Thomas Rey  |
| Client Contact   | Ed Lilly, Executive Director, 518-473-6619  |
| Kentucky Public Employees' Deferred Compensation Authority |   |
| Address  | 101 Sea Hero Road, Suite 110<br>Frankford, Kentucky 40601   |
| Scope of Work  | Audit   |
| Hours  | 225 hours   |
| Length of Service  | 2012 – present  |
| Engagement Partner   | Thomas Rey  |
| Client Contact   | Pat Goodlett, Deferred Comp Program Consultant, 502-573-2104  |

| State of Wisconsin Deferred Compensation Plan |  |
|---|--|
| Address                                       | P.O. Box 7931<br>Madison, Wisconsin 53707                      |
| Scope of Work                                 | Audit  |
| Hours   | 200 hours  |
| Length of Service                             | 2004 – present   |
| Engagement Partner                            | Thomas Rey   |
| Client Contact                                | Shelly Schueller, Deferred Compensation Director, 608-266-6611 |

*"We are the firm of choice, the champions and leading resource center for public pension plans, proactively addressing our clients' needs with our comprehensive suite of services."*



### **Public Pension Plan Experience**

Your proposed engagement partner, Thomas Rey is an active member of the National Association of Governmental Deferred Compensation Administrators (NAGDCA). Your proposed team members serve more than 20 state and other local government deferred compensation plans. The knowledge gained from specializing in this unique niche enables CLA to provide extraordinary service to our governmental deferred compensation clients coupled with methodologies which enhance efficiencies and quality. Following is a sampling of relevant annual audit engagements with plan assets that exceed \$250 million and enrollment exceeds 25,000 participants performed by members of your audit team:

- Nevada Public Employees' Deferred Compensation Program
- State of Arizona Deferred Compensation Plans
- New York State Deferred Compensation Board
- Pennsylvania Deferred Compensation Program
- State of Delaware Deferred Compensation Plan
- State of Idaho Deferred Compensation Plan
- State of New Mexico Public Employees' Deferred Compensation Plan
- State of Wisconsin Deferred Compensation Plan
- City of Fort Worth, Texas Deferred Compensation Plan
- City of Phoenix, Arizona Employees' Deferred Compensation Plan
- City of Philadelphia Deferred Compensation Plan

CLA has one of the largest public retirement plan practices in the nation, and the professionals who will continue to serve the Plan currently audit some of the largest, most complex plans nationwide. Due to our wealth of experience, we have developed an excellent reputation for effectively performing all aspects of governmental defined contribution plan auditing, accounting, and consulting engagements. CLA is nationally recognized for its expertise in providing financial audit services to entities similar to the Plan. We make use of modern auditing and assessment techniques and tools, and have a complete library of relevant information systems related to government and investment auditing guides, compliance guidelines, best practices, benchmarks and automated tools, and publications to assist in providing superior service to our clients.

Our growth in working with the public defined contribution sector has come about because we have provided assistance to our clients in meeting their objectives. We have been constructive and supportive with as little interruption to their activities as possible.

Our presence in the public retirement plan arena has afforded the opportunity to audit some of the largest defined contribution plans in the country. Our professionals understand the unique aspect of these plans, and can continue to bring a wealth of knowledge to the engagement and help share best practices with your team.

## Audit Approach

Our audit objective extends beyond the issuing of an opinion on financial statements. We believe that a good audit yields substantial information for management, and is a valuable tool in recognizing opportunities and identifying areas that can be strengthened. An effective audit performed by our team will also provide:

- An objective look at your policies and procedures
- Valuable suggestions for improvements in your financial operations and other areas
- An analysis of trends and unusual variations from year-to-year
- Protection for current and future resources through improved internal controls
- A deterrent to embezzlement and other fraudulent activities

### Benefits of CLA's Risk-Based Approach

Our audit services are designed to protect the interests of management by concentrating on high-risk areas. Risk identification is the first step of the audit process, providing the basis upon which the overall plan is developed. Our risk assessment process involves consideration of the following types of risk:

- **Inherent risk** - that an error in the accounting and reporting process may occur
- **Control risk** - that internal control systems designed to prevent/detect errors may fail
- **Audit detection risk** - the risk that audit procedures may fail to detect errors

Through careful consideration of the above risks and their interrelationships, we will develop an audit plan and related procedures that concentrate our efforts on those elements of your financial statements that involve the greatest risk. At the same time, we will avoid the unnecessary application of commonplace and traditional procedures to low-risk areas.

We expect that the majority of our audit hours will be concentrated in the high-risk audit areas. Our approach is not to review every account with extensive substantive testing. While substantive testing remains part of the process, we first identify relationships and truly learn about your operations.

### ***Commitment to Communication with Management***

Continual communication starts when an engagement letter is issued and continues until the completion or closeout of an engagement. We believe effective communication is critical to a successful engagement. This communication includes the exchange of ideas and advice as changes are considered or implemented by the entity or the accounting profession.

Upon notice of the issuance of an engagement letter, Thomas Rey and the senior members of the team, will meet with you to plan the start of the work, identify key contacts within the Program, and to further discuss the audit process and timelines.

## Nevada Public Employees' Deferred Compensation Program

### Proposal To Provide Audit Services

We will conduct our audit in four primary phases, as shown in figure 3:

- Phase 1 – Planning & Strategy
- Phase 2 – Systems Evaluation
- Phase 3 – Testing & Analysis
- Phase 4 – Reporting & Follow-Up

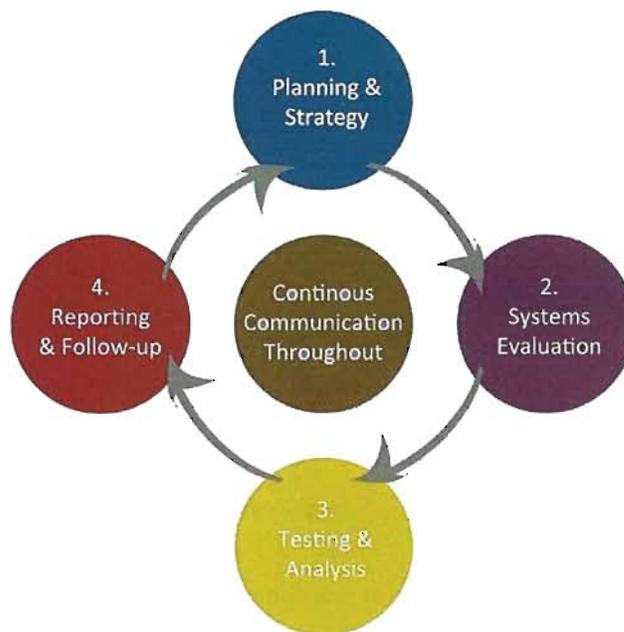


#### **Planning & Strategy**

The main objective of the planning phase is to identify significant areas and design efficient audit procedures.

We will accomplish our planning by following the methodology below:

- Conduct an entrance meeting with the Program –Thomas Rey and staff will meet with the Program personnel to mutually agree on an outline of responsibilities and timeframes. The agenda will include but not be limited to the following:
  - Establish audit approach and timing schedule,
  - Assistance to be provided by the Program personnel,
  - Application of generally accepted accounting principles,
  - Initial audit concerns,
  - Concerns of the Program's management,
  - Establishment of report parameters and timetables,
  - Progress reporting process, and
  - Establish principal contacts.
- Gain an understanding of the operations of the Program, including any changes in its organization, management style and internal and external factors influencing the operating environment. We will utilize reference materials such as the budget and related materials, organizational charts, manuals and programs, and financial and other management information systems.
- Identify significant accounts and accounting applications, critical audit areas, significant provisions of laws and regulations, and relevant controls over operations.
- Determine the likelihood of effective Information Systems (IS) - related controls.
- Perform a preliminary overall risk assessment.
- Confirm protocol for requesting information from and meeting with the business office staff.
- Establish a timetable for the fieldwork phase of the audit.
- Determine a protocol for using Interactive Data Extraction and Analysis (IDEA), our data extraction and analysis software, to facilitate timely receipt and analysis of reports from management.
- Compile an initial comprehensive list of items to be prepared by the Program, establish mutually agreed upon deadlines.



**Figure 3. Proven Methodology.** Each of the above steps benefits from the possible perspectives and contributions, not only internal but also external, managed through an integrated risk management process.

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## Nevada Public Employees' Deferred Compensation Program

### Proposal To Provide Audit Services

We will document our planning through preparation of the following:

- **Entity Profile.** This profile will help us gain an understanding of the Program's activities, organizational structure, services, management, key employees and regulatory requirements.
- **Preliminary Analytical Procedures.** These procedures will assist in planning the nature, timing and extent of auditing procedures that will be used to obtain evidential matter. They will focus on enhancing our understanding of the financial results, and will be used to identify any significant transactions and events that have occurred since the last audit date, as well as to identify any areas that may represent specific risks relevant to the audit.
- **General Risk Analysis.** This will contain our overall audit plan, including materiality calculations, fraud risk assessments, overall audit risk assessments, effects of our IS assessment, timing, staffing, client assistance, a listing of significant provisions of laws and regulations and other key planning considerations.
- **Account Risk Analysis.** This document will contain the audit plan for the financial statements, including risk assessment and the extent and nature of testing by assertion.
- **Prepared by Client Listing.** This document will contain a listing of schedules and reports to be prepared by the Program's personnel with due dates for each item.

One of the key elements in the planning of this audit engagement will be the heavy involvement of partners and senior managers. We will clearly communicate any issues in a timely manner, and will be in constant contact with the Program as to what we are finding and where we expect it will lead.

We will develop our audit programs during this phase. Utilizing the information we have gathered and the risks identified we will produce an audit program specifically tailored to the Program. This program will detail by major section the nature and types of tests to be performed. We view our programs as living documents subject to change as conditions warrant. We will hold an entrance conference with the Program to discuss the audit timeframes, and will meet the appropriate Program personnel at least one month prior to the start of each audit.

Phase  
2

#### **Systems Evaluation**

During the systems evaluation phase, we will gain an understanding of the internal control structure of the Program for financial accounting and relevant operations. Next, we will identify control objectives for each type of control that is material to the financial statements, and then identify and gain an understanding of the relevant control policies and procedures that effectively achieve the control objectives. Finally, we will determine the nature, timing and extent of our control testing and perform tests of controls.

This phase of the audit will include extensive testing of controls:

- Over electronic data, including general and application controls reviews and various user controls
- Over financial reporting and compliance with laws and regulations

We will test controls over each critical audit area. One of our audit efficiency initiatives is to rely heavily on internal controls when appropriate and to creatively look at internal control testing to make it as efficient as possible. This means not routinely performing detailed tests of transactions using large samples. We first seek to identify key controls, and then identify possible testing through alternative methods, such as observation, interviews and re-performance. These tests serve not only to gather evidence about the existence and effectiveness of internal control for purposes of assessing control risk, but also to gather evidence about the reasonableness of an account balance.

---

## Nevada Public Employees' Deferred Compensation Program

### *Proposal To Provide Audit Services*

We will also develop our internal control tests to assess the compliance with certain provisions of laws, regulations, contracts and grants for which noncompliance could have a direct and material effect on the determination of financial statement amounts. Our use of multi-purpose tests allows us to provide a more efficient audit without sacrificing quality.

Our assessment of internal controls will determine whether the Program has established and maintained internal controls to provide reasonable assurance that the following objectives are met:

- Transactions are properly recorded, processed and summarized to permit the preparation of reliable financial statements and to maintain accountability over assets
- Assets are safeguarded against loss from unauthorized acquisition, use or disposition
- Transactions are executed in accordance with laws and regulations that could have a direct and material effect on the financial statements

We will finalize our audit programs during this phase. We will also provide an updated Prepared by Client Listing based on our test results and our anticipated substantive testing.

During the internal control phase, we will also perform a review of general and application Information Systems (IS) controls for the applications that are significant to financial statements to conclude whether IS general controls are properly designed and operating effectively, and consider application controls as part of the internal control assessment in the financial statement audit. Our strategy for the IS review of the applications will involve reviewing all of the general control activities, including the computerized and manual processes. We will determine the scope of work by applying the concepts of materiality and risk assessment to effectively reduce examination inefficiencies. When planning this examination, we will gain an understanding of the Program's operations by reviewing its current controls and control objectives as documented, and will also review prior years audit work and the status of corrective actions.

Based on our preliminary review, we will perform an initial risk assessment of each critical element in each general control category, as well as an overall assessment of each control category. We will then proceed to assess the significant computer-related controls.

For IS-related controls that we deem to be ineffectively designed or not operating as intended, we will gather sufficient evidence to support appropriate findings and will provide recommendations to improve internal controls. For those IS controls that we deem to be effectively designed, we will perform testing to determine if they are operating as intended through a combination of procedures, including observation, inquiry, inspection and re-performance.

Phase  
3

#### **Testing & Analysis**

The extent of our substantive testing will be based on results of our internal control tests. It has been our experience that governmental entities, like the Program, often have a system of internal control that, with appropriately designed tests and correlation to account balances, can be used to limit the extent of account balance substantiation testing.

Audit sampling will be used only in those situations where it is the most effective method of testing. Before deciding to sample, we will consider all possible approaches and audit techniques. Items where, in our judgment, acceptance of some sampling risk is not justified will be examined 100 percent. These may include unusual items or items for which potential misstatements could individually equal or exceed tolerable error.

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## Nevada Public Employees' Deferred Compensation Program

### *Proposal To Provide Audit Services*

After identifying individually significant or unusual items, we will decide on the audit approach for the remaining balance of items by considering tolerable error and audit risk. This may include (1) testing a sample of the remaining balance, (2) lowering the previously determined threshold for individually significant items to increase the percent of coverage of the account balance or (3) applying analytical procedures to the remaining balance. When we elect to sample balances we will use IDEA to efficiently control and select our samples.

Our work papers during this phase will clearly document our work as outlined in our audit programs. We will also provide the Program with status reports during the course of the audit fieldwork. As in all phases of the audit, we will be in communication with the Program to ensure that all identified issues are resolved in a timely manner. We will also hold a final exit conference with the Program to summarize the results of our fieldwork and review significant findings.

Phase  
4

#### **Reporting & Follow-Up**

Reports to management will include oral and/or written reports regarding:

- Independent Auditor's Report
- Independent Auditor's Report on Internal Control over financial reporting and on compliance and other matters based on an audit of Financial Statements Performed in Accordance with Government Auditing Standards
- Management Letter
- Written Communication to Those Charged with Governance, which includes the following areas:
  - Our responsibility under auditing standards generally accepted in the United States of America
  - Changes in significant accounting policies or their application
  - Unusual transactions
  - Management judgments and accounting estimates
  - Significant audit adjustments
  - Other information in documents containing the audited financial statements
  - Disagreements with the Program
  - The Program's consultations with other accountants
  - Major issues discussed with management prior to retention
  - Difficulties encountered in performing the audit
  - Fraud or illegal acts

Once the final reviews of working papers and financial statements are completed, which is a process that actually starts while the fieldwork is in process, our opinion, the financial statements and management letter will be issued.

The Program will be provided a draft of any comments that we propose to include in the management letter, enabling you to review the comments for accuracy prior to final release. Any items that come to our attention that are not what we consider major items may be discussed verbally with management and not included in the management letter. Our management letter will include items noted during our analysis of your operations. We will also make a formal presentation of the results of the audit to those charged with governance of the Program, if requested.

## Cost

### All-Inclusive Fees

The following chart provides the total all-inclusive not to exceed fee for fiscal year 2012:

| Service                        | Fiscal Year 2012 |
|--------------------------------|------------------|
| <b>Total All-Inclusive Fee</b> | \$57,950         |
| <b>Total</b>                   |                  |

### Hourly Rates

The following chart provides hourly rates and estimated hours for by staff level. Our fees for these services have been discounted by 20% from our standard hourly rates.

| Fiscal Year 2012 |                        |                 |                 |
|------------------|------------------------|-----------------|-----------------|
| Service          | Discounted Hourly Rate | Estimated Hours | Total Fee       |
| Partner          | 260                    | 40              | \$10,400        |
| Senior Manager   | 190                    | 60              | \$11,400        |
| Manager          | 130                    | 90              | \$11,700        |
| Senior Associate | 105                    | 130             | \$13,650        |
| Staff            | 90                     | 120             | \$10,800        |
| <b>*Total</b>    |                        | <b>440</b>      | <b>\$57,950</b> |

*\*Please note that these are **firm-fixed fees** and include out-of-pocket costs associated with the engagement such as local travel, reports, filing fees, travel, clerical, printing, postage, etc. We understand that clients do not want fee surprises; our fee and billing practices reflect this understanding.*

### Open Fee Philosophy

We have an open fee philosophy with our clients, and will work with you to establish a mutually acceptable fee arrangement for any future or special project engagements. We reiterate our strong interest in serving the Program, and never want fees to be an issue. If at any time you have a question concerning our services or fees, please call it to our attention so that we can discuss it.

### Rates for Additional Professional Services

We understand that if it should become necessary to render any additional services for the Program to either supplement the services requested or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between the Program and the firm.

## Advice on Accounting Rules and Other Recommendations

The professionals assigned to this RFI work with over 20 defined contribution plans across the county. In doing so, these individuals are active in industry specific organizations and are sought out as subject matter experts at national conferences pertaining to governmental retirement plans. Thomas Rey also sits on a GASB advisory board along with other national resources. In choosing CLA, the Program would have ready access to a library of best practices gather by working with some of the largest defined contribution plans in the country. Routine advise on rules and recommendations including best practices would be part of our quoted fee and ready at the discretion of the Program.

*The Program wants to work with someone who's been there before. An advisor with the experience you need, a partner with reasonable fees, and a knowledge leader. CLA's unique combination of experience, and lower fees, has made us the market leader for GASB knowledge leadership. Anyone can claim knowledge leadership; however, we have built our firm on it. Our professionals are frequent speakers on numerous GASB pronouncements.*

RECEIVED

JUL - 8 2013

DEFERRED COMPENSATION

MASTER

**NEVADA PUBLIC EMPLOYEES' DEFERRED  
COMPENSATION PROGRAM  
PROPOSAL IN RESPONSE TO  
REQUEST FOR INFORMATION  
FOR  
EXTERNAL AUDIT SERVICES  
FOR  
THE YEAR ENDING JUNE 30, 2013  
AND  
AS APPROPRIATELY EXTENDED**

**PIERCY BOWLER TAYLOR & KERN**

**KELLY PARKER**

**702-384-1120**

[kparker@pbtck.com](mailto:kparker@pbtck.com)

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## EXECUTIVE SUMMARY

Subject to the terms and conditions of Request for Information of the Nevada Public Employees' Deferred Compensation Program (the Program), we submit herewith the proposal of Piercy Bowler Taylor & Kern (the Firm or PBTK) to perform audit and agreed-upon procedures services for the Program.

Accordingly, we propose to perform annual financial statement audits of the Nevada Public Employees' Deferred Compensation Plan (the Plan) and the Nevada FICA Alternative Deferred Compensation Plan (the FICA Plan) as of and for the year ended June 30, 2013; agreed-upon procedures to assist the Program with the determination of the extent to which the record keepers/providers (the Providers) have met the performance criteria of their contracts during the year ended June 30, 2013; and to perform payroll procedures audits of selected Program Payroll Centers (the Centers) for the year ended June 30, 2013. We will also be available to provide advice on the application of accounting rules and standards applicable to the Program, including updates on any actual or anticipated changes to these rules and standards that may affect the Program or the Program's reporting and disclosure of financial information.

Our estimated fees for these services are summarized as follows:

| <u>Description of Services</u>   | Estimated Fees     |   |                   |
|--|--------------------|---|-------------------|
|  | <u>Annual Fees</u> | <u>Additional First-year Fees<sup>1</sup></u> | <u>Total Fees</u> |
| Financial statement audits:  |                    |   |                   |
| Nevada Public Employees' Deferred Compensation Plan                    | \$ 18,000          | \$ 9,000                                      | \$ 27,000         |
| Nevada FICA Alternative Deferred Compensation Plan                     | 12,000             | 6,000   | 18,000            |
| Agreed-upon procedures for Provider contracts                          | 10,000             |   | 10,000            |
| Payroll procedures audits <sup>2</sup>                                 | 15,000             |   | 15,000            |
| Accounting and reporting rules and standards consultation <sup>3</sup> |                    |   |                   |
| Total fees <sup>4</sup>  | <u>\$ 55,000</u>   | <u>\$ 15,000</u>                              | <u>\$ 70,000</u>  |

As is more fully described in the detail proposal to follow, the audits and other services would be performed in accordance with all appropriate auditing and other applicable standards.

The Firm, as is clearly demonstrated in the following detailed proposal, is eminently qualified to perform the required audit and other services, and is fully committed to doing so within the required time frame and in accordance with the terms and conditions set forth in the request for information. This proposal is a firm commitment that will remain in effect for 90 days following the required submittal date.

The undersigned is fully authorized to represent the Firm for the purpose of discussions regarding this proposal and for the purpose of committing the Firm to complete the service required under the request for information.

PIERCY BOWLER TAYLOR & KERN



Kelly Parker, Principal  
July 8, 2013

<sup>1</sup> Since the plans were not audited as of and for the year ended June 30, 2012, it will be necessary to perform additional audit procedures with respect to the beginning balances for the year ended June 30, 2013.

<sup>2</sup> Assumes that each payroll will be audited over the four-year contract term.

<sup>3</sup> Included in the above fee estimates.

<sup>4</sup> These totals include all out-of-pocket cost, such as travel, meals and lodging.

## **DETAILED PROPOSAL**

## Scope of Work

If selected for the contract, an entrance conference would be held to discuss the scope of audit and agreed-upon procedures services and the details of any assistance that would be provided by the staff of the Program.

We would audit the financial statements of the Nevada Public Employees' Deferred Compensation Plan (the Plan) and the Nevada FICA Alternative Deferred Compensation Plan (the FICA Plan) as of and for the year ended June 30, 2013, including the notes thereto and any supplementary information accompanying the financial statements. We would examine, on a test basis, evidence sufficient in our professional judgment to support the amounts and disclosures in the financial statements and to enable us to evaluate the overall financial statement presentation, including the completeness, accuracy, and clarity of related disclosures.

We would obtain an understanding and perform a preliminary assessment of the design effectiveness of internal control over financial reporting and update it annually, for the purpose of helping to determine the nature, timing and extent (scope) of audit procedures needed to express our professional opinions on the financial statements.

Our audits would be conducted in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, for the purpose of expressing opinions on the conformity of the financial statements with accounting principle generally accepted in the United States. Our opinion as to the fairness of presentation of supplementary information, if any, would be in relation to the financial statements as a whole.

If circumstance were to be such that we would consider issuing other than an unqualified audit opinion on financial statements, we would provide client staff with notification of such and discuss with client staff the possible qualification prior to issuing a final opinion.

In accordance with *Government Auditing Standards*, we would also issue a report on our consideration of internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report would be to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance.

We would prepare a required communications letter (management letter) containing findings that appear to be unusual or abnormal derived from our review of internal control over financial reporting and audit testing procedures, along with recommendations for improvement. These letters would be discussed with senior management of the Program.

We would perform agreed-upon procedures to assist the Program with the determination of the extent to which the record keepers/providers (the Providers) have met the performance criteria of their contracts during the year ended June 30, 2013. This agreed-upon procedures engagement would be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures would be solely the responsibility of the management of the Program and, consequently, we would make no representation regarding the sufficiency of such procedures either for the purpose this proposed engagement or for any other purpose.

We would perform payroll procedures compliance examinations of selected Program Payroll Centers (the Centers) for the year ended June 30, 2013, such that each Center would be examined and reported upon over the course of an assumed four-year engagement term. These examinations would be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, would include examining, on a test basis, evidence about the Centers' compliance with certain Program requirements and specifications, and performing such other procedures as we considered necessary in the circumstances.

We would also be available to provide advice on the application of accounting rules and standards applicable to the Program, including updates on any actual or anticipated changes to these rules and standards that may affect the Program or the Program's reporting and disclosure of financial information.

An exit conference would be held to discuss the audit reports and the related financial statements, management letters, and other reports.

All audit reports, related financial statements, management letters and other reports would be presented to the Program's Committee each year.

Any services not described above that are requested by the Program would be separately identified and the scope and fees would be negotiated and added to the contract by letter agreement. Such extended services may, at the discretion of management, be contracted with a provider other than the contracting firm.

### **Background of the Firm**

**Size of the Firm and our Government Audit Staff.** PBTK is the third largest firm in Las Vegas, and the largest locally-owned firm in Nevada. We currently have 75 employees, including approximately 35 CPAs. The Las Vegas office of our predecessor national firm was established in 1954, merging in the practice of a local firm, which had gained a solid reputation in government auditing. The Firm currently has 20 principals, who have been established and practicing in the Las Vegas area for periods up to 45 years and are listed as follows:

|                 |                   |                 |
|-----------------|-------------------|-----------------|
| L. Ralph Piercy | Richard H. Bowler | Michael W. Kern |
| James W. Wilcox | William M. Nelson | Scott W. Taylor |
| Howard B. Levy  | Kathe Nylen       | Kelly G. Parker |
| Thomas Donohue  | Troy Crowther     | Jeff Edwards    |
| Mike Rosten     | Martha J. Ford    | James Andrus    |
| Jay Beltz       | Mark Hashimoto    | Thomas Green    |
| Lisa Cross      | Ryan Whitman      |                 |

The Firm and/or its individual principals have the following affiliations, among others:

- American Institute of Certified Public Accountants (AICPA)
- The Nevada Society of Certified Public Accountants (NSCPA)
- The Government Finance Officers Association (GFOA)
- The Government Audit Quality Center (GAQC)
- The Center for Public Company Audit Firms
- The AICPA Center for Audit Quality (CAQ)
- The Public Company Accounting Oversight Board (PCAOB)
- Association of Certified Fraud Examiners (ACFE)
- AICPA Employee Benefit Plan Audit Quality Center

Members of the Firm have conducted seminars, undertaken speaking engagements for numerous

organizations, and have served on committees concerned with government accounting and auditing for the AICPA, the NSCPA and the GFOA.

In 2010, we opened a satellite office near Salt Lake City, Utah, which is also extensively involved in government auditing. We intend to continue our accounting and auditing practice out of our offices in Las Vegas and Salt Lake City into the foreseeable future.

Our careful client screening policy has somewhat mitigated the effects of the economic growth spurt and contraction that was experienced in Nevada during the last ten years. The current economic recession has impacted our practice, but we have maintained pre-recession staffing levels and are positioned for the economic recovery that is likely to begin in the relatively near future.

**Number and Nature of Professional Staff (full time and part time).** It is PBTK's personnel philosophy to make available highly skilled people to provide services for its clients. The Firm engages in extensive recruitment for proven academic performers who have demonstrated leadership qualities during their years of formal education. General and specialized training programs are attended by all professional staff. Each principal and member of our professional staff is required to participate in a minimum of 40 hours of continuing professional education each year and, as dictated by government auditing standards, those individuals directly involved with planning and supervising government audits are required to receive the necessary specialized training (24 hours every 2 years) relating to the government environment and government auditing.

PBTK personnel complement is as follows:

|                      |           |
|----------------------|-----------|
| Principals           | 20        |
| Managers             | 11        |
| Seniors              | 12        |
| Professional staff   | 22        |
| Administrative staff | <u>10</u> |
|                      | <u>75</u> |

PBTK government and not-for-profit audit staff is as follows:

|                    |           |
|--------------------|-----------|
| Principals         | 7         |
| Managers           | 8         |
| Seniors            | 6         |
| Professional staff | 8         |
|                    | <u>29</u> |

All of our staff assigned to this engagement would be employed on a full-time basis and staffed from our office in Las Vegas, Nevada, and our entire complement of government and not-for-profit audit staff would be available to service the account. In addition to a principal and a manager, two individuals, consisting of one senior and one professional staff member, are presently expected to be assigned to this engagement on a full-time basis. Other professional staff members would be assigned on a part-time basis as determined to be necessary.

As a member of the Center for Public Company Audit Firms of the AICPA, and a registered firm with the Public Companies Accounting Oversight Board, our Firm is subjected to the most intensive practice monitoring (peer review and inspection) programs. The firm's latest peer review was completed in September 2010 and resulted in an unqualified opinion. A copy of the peer review report is included as an attachment and included various government and not-for-profit engagements.

Piercy Bowler Taylor & Kern has been involved in no federal or state desk reviews or field reviews of its audits in the past three years, and no disciplinary actions have been taken against the firm in the past three years, nor are any pending.

Piercy Bowler Taylor & Kern has maintained and will continue to maintain professional liability insurance of at least \$2,000,000. In addition, all Firm employees are insured against employment-related injuries.

**Staff Qualifications and Experience**

We have identified the following personnel to be assigned to your engagement. Each professional has been carefully selected based upon our analysis of that individual's qualifications to meet your needs:

| <u>Level</u>              | <u>Name</u>       |
|---------------------------|-------------------|
| Engagement Principal      | Kelly G. Parker   |
| Quality Control Principal | Thomas M. Donohue |
| Consulting Principal      | Jay H. Beltz      |
| Audit Manager             | Marlena Romero    |
| Audit Senior              | Melissa Page      |
| Audit Staff               | Reas Allen        |

The following are brief summaries of the relevant qualifications of the individuals selected to be responsible for providing the proposed services:

**Kelly G. Parker (Engagement Principal).** Mr. Parker is regarded as the firm’s practice leader in audits of defined contribution pension plans such as 401(k) and profit sharing plans. He also specializes in challenging and multi-entity engagements in a wide variety of industries. In addition to providing audit and accounting services, he is closely involved in the related tax preparation for his clients.

Mr. Parker’s representative list of clients includes the following:

- Nevada Cancer Institute
- Goodwill of Southern Nevada
- The Meadows School
- Ft. Mohave Indian Tribe
- Full House Resorts, Inc.
- Lakes Entertainment, Inc.
- PDS Gaming Corporation
- Brigham Young University\*\*
- Brigham Young University - Hawaii\*\*
- Brigham Young University – Idaho\*\*
- St. Jude’s Ranch for Children\*\*

\*\*The 2012 plan audit is the initial year for these employee benefit plan engagements

**Thomas M. Donohue, CPA, CIA (Quality Control Principal).** Mr. Donohue is an audit principal and has been with the Firm for 13 years and has been extensively involved in all areas of the Firm’s accounting and auditing practice, specializing in government and gaming audit engagements.

Mr. Donohue’s experience includes single audits in accordance with *Government Auditing Standards* and compliance with OMB Circulars relative to federal awards. His experience also includes preparation of the Comprehensive Annual Financial Report (CAFR) for a variety of government organizations, including compiling data for presentation in the statistical section thereof.

Mr. Donohue has been involved with following government and not-for-profit entities, among others:

- City of Henderson, Nevada\*
- City of North Las Vegas, Nevada\*
- Southern Nevada Health District\*
- Las Vegas Valley Water District\*
- Southern Nevada Water Authority\*
- City of Boulder City, Nevada\*

\*Recipient of the GFOA's Certificate of Achievement for Excellence in Financial Reporting.

Mr. Donohue is a member of the American Institute of Certified Public Accountants (AICPA), the Nevada and California Societies of Certified Public Accountants and the Institute of Internal Auditors (IIA) and is a certified public accountant licensed to practice in the states of Nevada, California and Minnesota. Mr. Donohue graduated from the University of Nevada, Las Vegas, with a BS in Business Administration (accounting emphasis). He has also been a guest lecturer on accounting and auditing topics for Horwath International.

**Jay H. Beltz (Consulting Principal).** Jay Beltz is PBTK's Pension Plan Services Practice Leader. Jay is a pension consultant with more than 25 years designing, administering and consulting on tax-qualified retirement programs like defined benefit plans and Section 401(k) plans. He has been involved in establishing and terminating more than 5,000 plans and continues to advise all sizes of employers about the tax and savings benefit of such programs for their employee's financial well-being.

Early in his career, Jay showed that his ability to understand and communicate complex tax issues would prove valuable as he was asked to become a retirement plan consultant to many well-known celebrities in the entertainment industry. As the first Chairman of the Board for the Solid Rock Foundation, Jay worked closely with rocker Alice Cooper for more than 10 years raising money for youth programs throughout the southwestern U.S.

Mr. Beltz has experience in with government, entertainment, professional firms, medical, construction, gaming, hospitality and other specialties in providing pension plan consulting, plan design, plan administration, compliance testing and plan asset reconciliation services.

His education includes a Bachelor of Science degree in Finance from Arizona State University.

**Marlena Romero, CPA (Audit Manager).** Ms. Romero has been with Piercy Bowler Taylor & Kern since May 2006. She provides audit, review, and other attest services for a wide-range of clients, including SEC registrants. Her primary experience is in casino gaming and allied industries, employee benefit plan audits, governments and non-profit organizations. Ms. Romero performs regulatory compliance services for governments and casino gaming entities, including the internal audit function for several casinos in connection with their compliance with the Nevada's Minimum Internal Control Standards.

Her representative list of clients includes Pinnacle Entertainment, Inc. 401(k) Investment Plan, Ahern Rentals Plan and Trust, Lionel Sawyer Profit Sharing Plan, Las Vegas Paving Profit Sharing Plan and the Joe G. Maloof and Co. Profit Sharing Plan.

**Melissa Page (Senior Associate).** Prior to joining PBTK, Melissa was an associate auditor with another local accounting firm. Since joining PBTK, Ms. Page has been involved in audit, review, and other attest services for a wide-range of clients in the government, not-for-profit and casino resort industries.

Melissa has experience in financial statement preparation and accounting research for a wide variety of clients. She has been involved extensively in audit and other attest function and accounting services.

Her experience includes single audits in accordance with *Government Auditing Standards* and compliance with OMB Circulars relative to federal awards, and includes the following government and not-for-profit clients:

- City of Boulder City, Nevada\*
- Regional Transportation Commission\*
- Las Vegas – Clark County Library District\*
- Las Vegas Indian Center

\*Recipient of the GFOA's Certificate of Achievement for Excellence in Financial Reporting

Ms. Page graduated from the University of Nevada, Las Vegas, with a Master of Accountancy and a BS in Business Administration (accounting emphasis).

**Reas Allen (Staff Associate).** Reas is an audit staff member with the Firm. He has been involved in audit, review, compilation, and other attest services. He is responsible for performing a wide variety of audit, accounting and other Firm engagements and assuring that they are completed in accordance with the standards of the Firm and the profession.

Mr. Allen has experience in financial statement preparation and accounting research for a wide variety of clients. His professional experience with government and not-for-profit (including Single Audit) clients include the following:

- University Medical Center of Southern Nevada
- Las Vegas Convention & Visitor's Authority\*
- Big Bend Water District
- Las Vegas Valley Water District\*
- Southern Nevada Water Authority\*
- City of North Las Vegas\*
- The Meadows School

\*Recipient of the GFOA's Certificate of Achievement for Excellence in Financial Reporting.

**Employee Benefit Plan Audit Experience.** We provide full and limited-scope professional audit services for all types of pension and profit sharing plans (401(k), 403(b), defined benefit or contribution) and prepare financial statements. We have recent experience working with more than 40 employee benefit pension and profit sharing plans including:

American Asphalt & Grading Co.  
 Cannery Casino Resorts, LLC  
 CEDCO, Inc.  
 Joe G. Maloof and Company  
 Lionel Sawyer & Collins, Ltd.  
 Nathan Adelson Hospice, Inc.  
 Nevada Title Company  
 United Coin Machine Co.  
 Youbet.com, Inc.

American Wagering, Inc.  
 Treasure Island, LLC  
 Fort Mojave Indian Tribe  
 Las Vegas Paving Corporation  
 The Majestic Star Casino, LLC  
 Nevada Beverage Co.  
 Resorts Hotels and Casinos  
 United Tote Company  
 Your Vitamins, Inc.

The Firm has a dedicated employee benefit plan audit team that can help the Program meet its fiduciary responsibilities and navigate through the ERISA and IRS regulations. In addition, our auditors receive ongoing education and training related to plan accounting, auditing and reporting. At PBTK, we are continually learning and staying ahead of the latest developments in employee benefits.

PBTK is a member of the AICPA Employee Benefit Plan Audit Quality Center, which provides support for member firms that are committed to quality plan audits. Membership also helps us to identify recent trends in best practices, tools, and resources to practice at the highest level of our profession.

**Pension Plan Consulting.** With more than 25 years of experience, PBTK Principal Jay Beltz designs, administers and proactively consults on tax-qualified retirement programs like defined benefit plans and

Section 401(k) plans. He works primarily with high net-worth individuals, professional firms, medical groups, construction companies, gaming/hospitality organizations and other CPA firms and their clients. However, no successful organization is too small to consider adopting such a program.

**Engagements with Government Agencies.** Our Firm has had considerable experience in providing professional auditing services to state and local government organizations throughout Nevada. The five most significant municipal entities (ranked by total engagement hours) for which we currently perform professional audit services are as follows:

| <u>Client</u>                         | <u>Scope of Work</u>               | <u>Date</u>                       | <u>Engagement Principal</u> | <u>Total Hours</u> | <u>Net Assets at June 30, 2012</u> |
|---------------------------------------|------------------------------------|-----------------------------------|-----------------------------|--------------------|------------------------------------|
| City of Henderson, Nevada             | FS Audit/A-133<br>Compliance audit | Y/E 6/30/12 and<br>prior 2 years  | Thomas Donohue              | 1,400              | \$ 2.7 billion                     |
| City of North Las Vegas, Nevada       | FS Audit/A-133<br>Compliance audit | Y/E 6/30/12 and<br>prior 13 years | James Andrus                | 1,300              | 1.4 million                        |
| City of Reno, Nevada                  | FS Audit/A-133<br>Compliance Audit | Y/E 6/30/12<br>(initial year)     | James Andrus                | 1,200              | 872 million                        |
| City of Boulder City, Nevada          | FS Audit/A-133<br>Compliance audit | Y/E 6/30/12<br>(initial year)     | Thomas Donohue              | 900                | 134 million                        |
| Park City Municipal Corporation, Utah | FS Audit/A-133<br>Compliance audit | Y/E 6/30/12 and<br>prior 3 years  | James Andrus                | 500                | 260 million                        |

In addition to the municipal entities listed above, we also currently perform professional auditing services for the following government entities in southern Nevada:

| <u>Client</u>                   | <u>Scope of Work</u>               | <u>Date</u>                      | <u>Engagement Principal</u> | <u>Total Hours</u> | <u>Net Assets at June 30, 2012</u> |
|---------------------------------|------------------------------------|----------------------------------|-----------------------------|--------------------|------------------------------------|
| Southern Nevada Water Authority | FS Audit/A-133<br>Compliance audit | Y/E 6/30/12 and<br>prior 7 years | William Nelson              | 1,400              | \$ 1.3 billion                     |
| Las Vegas Valley Water District | FS Audit/A-133<br>Compliance audit | Y/E 6/30/12 and<br>prior 7 years | William Nelson              | 1,300              | 1.1 billion                        |
| Southern Nevada Health District | FS Audit/A-133<br>Compliance Audit | Y/E 6/30/12 and<br>prior year    | Thomas Donohue              | 1,200              | 30 million                         |
| University Medical Center (UMC) | FS Audit/A-133<br>Compliance audit | Y/E 6/30/12 and<br>prior 5 years | Richard Bowler              | 1,700              | 69 million                         |

Except for UMC, the foregoing are recipients of the GFOA certificate of achievement for excellence in financial reporting. We have also been involved in reviewing and certifying information in official statements for their bond offerings as well as assisting them with the conversion to GASB 34 and adoption of GASB 54.

### **Specific Audit Approach**

**Effective communication.** The most important factor in a successful audit is the interaction between the audit team and the client. A good working relationship provides the auditor with a sound understanding of the clients' operations, especially during the planning stages of the audit, which prevents surprises or problems during fieldwork. A good relationship also benefits the client through coordination of client staffing, additional services and timely reporting.

Effective communication among management, our engagement team and the audit committee through all stages of the engagement is critical to performing a risk-based audit effectively and efficiently. To be effective, communication must be open, non-adversarial, and timely. There should be no surprises, especially near a deadline.

Throughout the audits, we would hold progress conferences with key finance department personnel to discuss the progress of the audit and any matters that might require additional audit procedures. Once our fieldwork is complete, however, we would arrange a formal conference at which we would review with your personnel draft financial statements, notes thereto and our accountants' report. In addition, we would have available a draft of our required communications letter, which would discuss suggested improvements to your internal control, recommendations to help improve operational efficiency and other comments. We would review the letter with your personnel and seek their input prior to finalizing our comments.

We would also be present to answer any questions during the presentation of the reports to any oversight bodies.

Unlike many of our competitors that attempt to push most work to lower level staff, we believe that our clients pay for the expertise of our principals and managers. Accordingly, our principals and managers are actively involved throughout the engagement and frequently onsite. We have found that engagement performance decisions, including necessary adjustments to the nature and scope of procedures, are made timely, efficiently, and effectively when our principals and managers are onsite with our senior associates and associates during critical stages of the assignment. This process has the added benefit of improving communication with client management and those charged with governance. It is also one of the keys to how we deliver on our motto, a variation of which is *“there is no substitute for technical excellence and superior service.”*

**Risk-based audit approach.** For the entire 22-year history of the Firm (decades ahead of the pack), we have utilized a rather sophisticated, risk-based auditing methodology grounded in statistical sampling theory. Howard B. Levy, our Director of Technical Services, is one of the original co-authors of the related commercially-marketed audit manuals used by the Firm and others domestically and internationally. Our highly customized proprietary practice aids incorporate this methodology. We have always integrated control testing when efficiencies could be achieved or effectiveness could be improved, while most other firms were simply “beating up” the balance sheet.

**Engagement planning.** In the planning phase of the engagement, we gain a comprehensive understanding of the client’s organization, management style and abilities, business activities, and industry influences. Inquiries of management and financial statement variance analyses are used to assess risks and to identify areas requiring attention in developing audit scope details, including the determination of the right combination of tests of controls and primary and corroborative substantive procedures needed to gather sufficient evidence to enable us to express positive assurance that the financial statements are not materially misstated.

In the planning phase, we also evaluate significant management estimates that are identified in the client’s financial statements and “deconstruct” the financial statements generally into eight operating cycles (revenue, conversion, expenditure, payroll, accruals/prepaid expenses, financial management (both treasury and fund balance/net asset functions), productive assets, and presentation and disclosure).

For cycles that we deem to be significant (as defined by the professional literature), we develop a client specific audit plan outline organized into six testing categories: (1) control tests, (2) tests of non-industry or client-specific matters, (3) tests involving the use of statistical sampling, (4) tests using third party confirmations, (5) other custom designed tests of details, and (6) substantive analytics. We also develop a list of “focus” procedures for cycles we deem to be less significant.

Our planning process also includes an entity-level control evaluation, including identification and documentation of “tone at the top,” the financial reporting process, information system general controls, and related risks associated with the control environment, management activities and segregation of duties, information processes, and monitoring processes.

We also evaluate overall inherent risk factors, including fraud risks possibly arising from incentives/pressures, opportunities associated with the nature of the business or industry, and attitudes/rationalizations. We hold a pre-audit brainstorming conference to discuss potential fraud and other inherent risks to arrive at an overall tolerable audit risk conclusion.

A critical aspect of the planning phase of an audit is determining quantitative materiality thresholds based on the perceived needs of the expected financial statements users.

**Financial statement line-item testing.** For each opinion unit, every financial statement line item and related disclosures are tested, including in relation to other cycle accounts, based on perceived risk of material misstatement (the combination of Inherent Risk (IR) and Control Risk (CR)) and materiality by assertion. This phase of our audit process can be described simply as (1) determine what assertions are implicit in the financial statement amounts and disclosures and (2) gather sufficient evidence to conclude whether or not the assertions taken as a whole are fairly stated in all material respects.

We classify assertions into four major categories: (1) Existence, (2) Completeness, (3) Valuation, and (4) Disclosure and Presentation. There may be more than one assertion associated with any particularly financial statement line item that might warrant detailed testing. For example, implicit in the accounts receivable line item is that the amount represents valid claims against customers (Existence) and that the amount, net of allowances, is collectible (Valuation). As another example, implicit in and particularly significant to the casino revenue line item is that all revenues have been recorded (Completeness) and that cash incentives paid to customers have been appropriately netted against such amount (Presentation and Disclosure).

We use several different types of tests to gather evidence about the assertions, but first we make an overall inherent risk assessment by line item and assertion. In other words, based on the nature of the line item, its balance, volume and type of transactions, we evaluate the likelihood of material misstatement. For those where the inherent risk of misstatement is significant, we design and perform control testing, except if the controls are known to be unreliable or when we elect for efficiency purposes to take an all substantive approach. Our control tests first identify the key controls that are in place and, if operating effectively, would detect or prevent the misstatements. Then through document testing, inquiry of the client’s personnel, and direct observation of the functioning controls, we test the operating effectiveness of such key controls. The nature and extent of additional tests of details are influenced by the outcome of the control tests. We never rely entirely on control tests when perceived inherent risk is significant. Some testing of details or primary predictive analytics will be performed. The balance between control testing and substantive procedures, and the particulars of each may vary from year to year so that our audit procedures are “non-predictive” by the client’s personnel.

**Sampling.** Audit testing, either interim or final, would be performed using techniques deemed appropriate depending on our judgment as to the optimum balance of effectiveness and efficiency and the nature of the balances or transactions to be tested, as discussed in the following paragraphs. Statistical sampling would be used where it is determined to be efficient, and substantive analytical procedures would be applied, sometimes to support and corroborate sampling applications, and sometimes as primary tests.

Materiality thresholds would be determined and used, among other factors, to determine sample sizes and in evaluating the results of tests of details and analytical procedures. Sample sizes would be determined based upon auditor’s judgment considering many factors, including risk assessment and the perceived effectiveness of planned corroborative procedures. Our sample sizes in similar engagements have ordinarily been

approximately 50 to 100 items. Other factors that affect sample sizes include certain characteristics of the population to be sampled and the efficiency of design of the sampling plan.

**Use of IT software.** Within the last decade, a considerable number of institutions, both large and small, have come to rely on advanced computer technology as a means for processing large volumes of accounting transactions on a daily basis. Because of this impact and the need to comply with applicable auditing standards, which require that the data processing system must be considered in the course of an audit whenever accounting applications are significant, an analysis of the client's automated accounting systems will be integrated into our audit plan and programs.

We use technology to make our audit process more effective and efficient and to protect the confidentiality of our clients' information. Some of the ways we use technology follows:

- **Remote access.** The Firm utilizes remote access technology (Citrix) to maximize efficiency during fieldwork. This technology affords us the opportunity to access the full resources of the Firm's servers (including email) while conducting on-site audit work. To fully utilize our remote access system, we require at least one high-speed internet connection in the area designated as the "audit room." From this connection, the engagement team members will connect wirelessly to the remote access system via a PBTK-supplied router.
- **"Paperless" audit software.** The Firm has been using highly customized Caseware audit documentation software for approximately 12 years. Because of our "paperless" audit approach, we request that all audit documentation be provided in an electronic format to the extent possible. Although the on-site engagement team personnel are equipped with portable scanning equipment, it is generally more efficient to receive documents electronically.
- **Computer assisted audit techniques / statistical sampling software.** The Firm currently utilizes IDEA Data Analysis Software, which allows us to receive, process and manipulate for audit purposes (data mining) extremely large amounts of data efficiently. The same software suite has a powerful statistical sampling module that allows us to easily pull samples as circumstances may dictate.
- **Online accounting / auditing research tools.** The Firm subscribes to various online accounting and auditing research tools, most notably RIA's *Checkpoint*® and CCH's *Accounting Research Manager*®. These online research tools afford access to our engagement teams on-site during audit work so that potentially complex accounting issues can be contemporaneously researched.
- **Information protection.** PBTK is committed to protecting your information systems and the related confidential and proprietary information. In this regard, the following are specific data protection protocols employed by the Firm.
  - Access to the Firm's client information in our engagement documentation files is subject to the confidentiality provisions of applicable laws, regulations and professional standards. We educate our employees about information protection and confidentiality of client information through orientation by both the administrative and IT staff upon being hired. Continual employee education is given based on the policy changes thereto by our IT department. In addition, the Firm's *Personnel Manual*, which is provided to each employee during the orientation process, is periodically updated to provide additional specific guidance to employees on client confidentiality and engagement documentation security (both hard and soft copies) when working both within and outside of the office.
  - Our employees and others under our supervision, if any, are bound by the applicable AICPA professional standards and well informed that the breach of a client's confidence is grounds for termination, as is stated in the Firm's *Personnel Manual*.

Our approach for securing the client's information that could be transmitted to us electronically is as follows:

- **E-mail.** Emails received are for the intended recipients only and are not accessible by any member

of the Firm. It should be noted that the IT department monitors incoming emails for potentially malicious file attachments, and may occasionally access potentially hazardous emails before allowing them to reach the intended recipient.

- *Flash drive, diskette, magnetic tape, other electronic media and File Transfer Protocol.* Generally, all information received via these media is immediately downloaded onto a laptop and transferred to the designated client folder. The diskette and / or magnetic tape are then given back to management. We discourage the transmission of information via these media, since the attachment of files via email is more efficient and provides better control over the access and tracking of the information being transmitted.
- Less than ten (10) of the Firm's employees will have access to the client's information once it is incorporated into our audit software. Please note that the estimate of PBTk employee involvement also contemplates periodic access by the IT department (for administrative purposes only).
- Logical access to information related to this engagement will be restricted via the use of user group profiles. The user group for this engagement will consist of engagement team personnel, the quality control technical reviewer and the IT department (for administrative purposes only), and each member of the user group will have unlimited access and rights (*i.e.*, read, write, execute, *etc.*). The user group is subject to modification based on the evolving circumstances and the needs of the engagement.
- We currently utilize the intrusion detection software that is built into both our email and remote access systems. In addition, the IT department monitors access logs to verify that only the authorized users are granted access to our system.

Continuous operating effectiveness of IT security controls is assured through monitoring by our IT department. Our director of IT has been with the Firm since 1997, and has been heavily involved in the design and implementation of our current audit software (Caseware), as well as our remote access system (Citrix). He attends continuing education courses and security conferences to maintain current knowledge of new computer threats and increased security measures. He also has completed and maintains the following certifications:

Microsoft Certified Systems Engineer (MCSE)

Certified Comp TIA A+ Technician

**Analytical procedures.** We use analytical procedures in the planning stages to identify audit risk areas in order to determine audit approach and scope of procedures to be performed. To perform an effective substantive analytical procedure, based on the identified relationships, we obtain or develop reasonable expectations against which account balances or results for the period are compared. The reliability of data used to develop the expectation becomes more or less critical depending on the degree of reliance being placed on the procedure as a substantive test (whether it is primary or corroborative) and the combined assessed levels of inherent and control risk for the financial statement assertion being tested. Budgets, trial balances, non-financial ratios, and client-supplied data are the major sources of information used in developing expectations for analytical procedures in planning and as substantive audit tests.

Depending upon the circumstances identified in audit planning, we select from a wide variety of analytical procedures and use them as overall, evaluative tests of account balances or classes of transactions, whenever they are judged to contribute effectively and efficiently to the achievement of our audit objectives. Analytical procedures may range from simple comparisons of raw data to complex mathematical models. In addition to their value in audit planning and as a form of overview in the "wrap-up" stage of an audit, substantive analytical procedures are sources of reliable evidential matter used when they are judged likely to be more efficient as primary tests than tests of details in some audit areas, or as corroborative tests to reduce the scope of planned substantive tests of details.

Designing and performing effective and efficient substantive analytical procedures requires knowledge of the

client's operating characteristics, internal and external factors and the ability to identify and evaluate the plausibility and predictability of relationships among data. For these reasons, analytical procedures ordinarily are approved by, and performed under close direction of experienced personnel. Once we have identified plausible and significant relationships we expect to occur relative to the financial statement assertions, we then identify the data we can use in analytical procedures.

To perform an effective substantive analytical procedure, based on the identified relationships, we obtain or develop reasonable expectations against which account balances or results for the period are compared. The reliability of data used to develop the expectation becomes more or less critical depending on the degree of reliance being placed on the procedure as a substantive test (whether it is primary or corroborative) and the combined assessed levels of inherent and control risk for the financial statement assertion being tested.

Analytical procedures are also used in the final stages of the audit performed on the financial statements in accordance with auditing standards generally accepted in the United States.

**Understanding of the internal control structure.** Our audit planning would include gaining an understanding of internal control and the relevant policies and procedures that relate thereto. These "process walkthrough" procedures would require the assistance of the client's in-house staff for approximately 10-15 hours, and would be completed prior to the end of the fiscal year under audit. Typically, these procedures include observations and inquiries of employees while performing their duties, as well as inspection of documentation such as system-generated reports, organization charts, process narratives and procedures manuals. Subsequently, we would expect to be able to provide helpful information regarding the accounting procedures and operational practices.

Our written comments on internal control and other related recommendations would be presented to management shortly after the completion of our fieldwork. Our approach allows us to issue a required communications letter that focuses not only on internal control deficiencies, but ideas and recommendations that would help improve the efficiency and effectiveness of the operation.

**Laws and regulations that will be subject to audit procedures.** In connection with our audits, we would perform procedures necessary to gain an understanding of the client's internal control over financial reporting, and to assess the client's compliance with laws, regulations contracts and bond covenants. The results of these procedures, including any matters determined to be significant deficiencies and all instances of noncompliance, would be included in an additional report that would accompany the financial statements. Any violations of Nevada Revised Statutes (NRS) discovered during our audit would be considered instances of noncompliance. This report would state, if appropriate, that our tests disclosed no instances of noncompliance with the requirements of laws, regulations, contracts, or grants that are required to be reported under *Government Auditing Standards*, except as set forth therein.

**Identification of potential audit problems.** We anticipate no significant audit problems during in this engagement. If significant issues arise during the audit, it would be necessary for us to consult with the client's finance department to possibly redefine the scope of the engagement and potentially adjust the fees subject to the terms of our agreement.

In addition, due to the nature of an audit, healthy discussions of technical accounting or other reporting matters between management and the audit team are not unusual and, frankly, are encouraged. Our approach to engagement communication typically prevents "discussions" from becoming "disagreements." However, if a potential disagreement between management and the audit team is encountered that cannot be resolved reasonably timely, following appropriate internal and sometimes external consultations, such matter would be reported to the client's Audit Committee. If the matter still cannot be resolved to our satisfaction, a consultation by management with the GASB staff, in which we would participate, would ordinarily be requested. As a last resort, if no satisfactory resolution can be reached, withdrawal from the engagement may

be necessary.

However, we have never experienced, disagreements between management and the audit team that are not resolved amicably and timely.

**ATTACHMENT – PEER REVIEW REPORT**

**HANSEN, BARNETT & MAXWELL, P.C.**

A Professional Corporation  
CERTIFIED PUBLIC ACCOUNTANTS  
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Registered with the Public Company  
Accounting Oversight Board



**SYSTEM REVIEW REPORT**

September 23, 2010

To the Shareholders of  
Piercy Bowler Taylor & Kern  
CPAs and Business Advisors  
and the National Peer Review Committee of the AICPA

We have reviewed the system of quality control for the accounting and auditing practice of Piercy Bowler Taylor & Kern CPAs and Business Advisors (the firm) in effect for the year ended June 30, 2010. Our review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. The firm is responsible for designing a system of quality control and complying with it to provide the firm reasonable assurance of performing and reporting in conformity with professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitation of and the procedures performed in a System Review are described in the standards at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary).

As required by the standards, engagements selected for review included engagements performed under the *Government Auditing Standards*; and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Piercy Bowler Taylor & Kern CPAs and Business Advisors in effect for the year ended June 30, 2010, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Piercy Bowler Taylor & Kern has received a peer review rating of *pass*.

*Hansen, Barnett & Maxwell P.C.*

# NEVADA ADMINISTRATIVE CODE

## DEFERRED COMPENSATION

Legend: Strike through deleted language ~~Administrator~~  
Recommended added language in red bold **Administrator**

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|                         |  |
|-------------------------|--|
| <a href="#">287.700</a> | Definitions.   |
| <a href="#">287.705</a> | Purpose.   |
| <a href="#">287.710</a> | Administrators and providers: Selection and removal.   |
| <a href="#">287.715</a> | Administrators and providers: Bases for selection.   |
| <a href="#">287.720</a> | Administrators and providers: Criteria for selection.  |
| <a href="#">287.725</a> | Administrators and providers: Notice of intended selection; questionnaires and requests for proposal.  |
| <a href="#">287.730</a> | Appointment of subcommittee to review proposals and make recommendations; general meetings of Committee; negotiation of changes to accepted proposals. |
| <a href="#">287.735</a> | Consultants: Selection and removal.  |

### DEFERRED COMPENSATION

**287.700 NAC Definitions.** ([NRS 287.330](#)) As used in [NAC 287.700](#) to [287.735](#), inclusive, unless the context otherwise requires:

1. “~~Administrator~~ **Recordkeeper**” means a ~~person~~ **company** who offers **investment options and other** services which are necessary to the administration of the Program and to the proper investment of the money of the employees who are participants in the Program.
2. “Committee” means the Committee established to administer the Program.
3. “Program” means the Public Employees’ Deferred Compensation Program authorized by [NRS 287.250](#) to [287.370](#), inclusive.
- ~~4. “Provider” means a person who offers investment options to participants in the Program.~~
- 4. “Investment Consultant” means a person or company who provides advice on investments and operations of the program pursuant to NRS 287.330(3)(a).**

(Added to NAC by Com. to Admin. Pub. Employees’ Deferred Comp. Prog., eff. 9-13-91)

**287.705 NAC Purpose.** ([NRS 287.330](#)) The purpose of [NAC 287.705](#) to [287.735](#), inclusive, is to set forth the qualifications and the procedures for the selection of ~~administrators and providers~~ **Recordkeepers and Investment Consultants** for the Program.

(Added to NAC by Com. to Admin. Pub. Employees’ Deferred Comp. Prog., eff. 9-13-91; A by R015-98, 5-29-98)

**287.710 NAC ~~Administrators and providers~~ Recordkeepers: Selection and removal.** ([NRS 287.330](#))

1. The Committee will select ~~administrators and providers~~ **Recordkeepers** for the Program. ~~One person company may be selected to serve in both capacities.~~ The Committee will contract with more than ~~two providers~~ **one Recordkeeper** if it deems it necessary to offer the participants in the Program superior investment options.
2. The selection will be made as often as the Committee deems necessary, but not less frequently than in September of every fifth year.
3. ~~Administrators and providers~~ **Recordkeepers** serve at the pleasure of the Committee and are subject to removal at any time by a majority vote of the Committee.

(Added to NAC by Com. to Admin. Pub. Employees' Deferred Comp. Prog., eff. 9-13-91; A by R015-98, 5-29-98)

**287.715 NAC Administrators and providers: Bases for selection. (NRS 287.330)** The Committee will base its selection, as applicable, of ~~administrators and providers~~ **Recordkeepers** on:

1. The criteria set forth in [NAC 287.720](#);
  2. The answers to the questionnaire provided pursuant to [NAC 287.725](#);
  3. Any interviews conducted by the Committee;
  4. ~~The variety and quality of any investment options offered to participants~~ **ability of the Recordkeeper to make available the investment options designated by the committee at the recommendation of the Investment Consultant**; and
  5. The projected costs submitted by each applicant.
- ↪ The Committee will not select an applicant who submits the least expensive proposal if another applicant **will better meet the overall needs of the program as determined by a majority vote of the committee** ~~is better qualified~~.

(Added to NAC by Com. to Admin. Pub. Employees' Deferred Comp. Prog., eff. 9-13-91; A by R015-98, 5-29-98)

**287.720 NAC ~~Administrators and providers~~ Recordkeepers: Criteria for selection. (NRS 287.330)** In selecting an applicant, the Committee will consider:

1. The experience of the applicant in providing services to deferred compensation and similar programs and the rate of return of any investments offered by the applicant;
2. The amount of money the applicant is currently managing and the general financial condition of the applicant;
3. Whether the applicant is qualified to do business in this State; and
4. Whether the applicant employs a sufficient number of employees and possesses sufficient equipment to offer timely and efficient communication and service to the participants in the Program.

(Added to NAC by Com. to Admin. Pub. Employees' Deferred Comp. Prog., eff. 9-13-91)

**287.725 NAC ~~Administrators and providers~~ Recordkeepers: Notice of intended selection; questionnaires and requests for proposal. (NRS 287.330)**

1. The Committee will cause to be published a notice of the intended selection in one or more ~~newspapers in the State~~ **publication or WEB site frequented by the Recordkeeper community**. The notice will be published ~~three times~~ **not more less than 360** days before the date by which applications must be returned.

2. The notice will set forth:

(a) The date on which the Committee will select ~~administrators and providers~~ **Recordkeeper(s)** and the date and time by which the Committee must receive the completed application;

(b) The qualifications required of ~~administrators and providers~~ **Recordkeeper(s)**; and

(c) The manner in which an applicant may obtain a questionnaire and a request for proposal.

3 The Chair **or his designee** may, if he or she deems it appropriate, send copies of the notice to state and national trade associations concerned with the business of deferred compensation or similar programs for inclusion in their publications or for dissemination among their members.

4 The Chair **or his designee** shall prepare a questionnaire and a request for proposal and make them available to each applicant at least **360** days before the date on which they must be received by the Committee.

(Added to NAC by Com. to Admin. Pub. Employees' Deferred Comp. Prog., eff. 9-13-91; A by R015-98, 5-29-98)

**287.730 NAC Appointment of subcommittee to review proposals and make recommendations; general meetings of Committee; negotiation of changes to accepted proposals. ([NRS 287.330](#))**

1. The Chair shall, if he or she deems it appropriate, appoint a subcommittee to review the proposals and make recommendations to the full Committee.

2. The Chair shall call a general meeting of the Committee to:

(a) Accept information from appropriate sources pertaining to any applicant.

(b) Conduct interviews of the applicants.

(c) Select ~~two~~ **one** or more of the applicants for appointment as **Recordkeeper(s)** ~~administrators and providers~~.

3 Acceptance of an applicant's proposal does not preclude the Committee from negotiating specific changes to the proposal which are in the best interests of the State of Nevada.

(Added to NAC by Com. to Admin. Pub. Employees' Deferred Comp. Prog., eff. 9-13-91; A by R015-98, 5-29-98)

**287.735 NAC Investment Consultants: Selection and removal. ([NRS 287.330](#))**

1. The Committee will select such **investment** consultants as are necessary to provide services needed for the selection of **Recordkeepers** ~~administrators and providers~~ and for the administration of the Program and the investment of the money of the participants.

2. Such an **investment** consultant serves at the pleasure of the Committee and may be removed from the position at any time by a majority vote of the Committee.

(Added to NAC by Com. to Admin. Pub. Employees' Deferred Comp. Prog., eff. 9-13-91; A by R015-98, 5-29-98)

## NRS 287.250 to 370

*(FOR INFORMATIONAL PURPOSES ONLY – No Changes)*

### DEFERRED COMPENSATION FOR STATE EMPLOYEES

|                             |  |
|-----------------------------|--|
| <a href="#">287.250 NRS</a> | Definitions.   |
| <a href="#">287.260 NRS</a> | “Committee” defined.   |
| <a href="#">287.270 NRS</a> | “Deferred compensation” defined.   |
| <a href="#">287.300 NRS</a> | “Investment” defined.  |
| <a href="#">287.310 NRS</a> | “Program” defined.   |
| <a href="#">287.320 NRS</a> | Employer may agree with employee to defer compensation; investment of withheld money; deferred compensation and related property, rights and income held in trust. |
| <a href="#">287.325 NRS</a> | Committee to administer Program: Appointment, terms and compensation of members; vacancies.  |
| <a href="#">287.330 NRS</a> | Committee to administer Program: Duties; powers; exemption from liability for certain decisions relating to investments.   |
| <a href="#">287.335 NRS</a> | Interest and income earned on money in deferred compensation account.  |
| <a href="#">287.340 NRS</a> | Deferrals of compensation: Deductions from payroll; limitation on amount deferred.   |
| <a href="#">287.350 NRS</a> | Federal requirements prerequisite for operation of plan; taxation of deferred income by State or political subdivision.  |
| <a href="#">287.360 NRS</a> | Program additional to other retirement, pension and benefit systems.   |
| <a href="#">287.365 NRS</a> | Use of money withdrawn or appropriated from Program; deposit of certain money withdrawn from Program in deferred compensation account.                             |
| <a href="#">287.370 NRS</a> | Use of appropriated money in administration of Program.  |

### DEFERRED COMPENSATION FOR STATE EMPLOYEES

**NRS287.250 Definitions.** As used in [NRS 287.250](#) to [287.370](#), inclusive, unless the context otherwise requires, the words and terms defined in [NRS 287.260](#) to [287.310](#), inclusive, have the meanings ascribed to them in those sections.

(Added to NRS by 1977, 893; A [1995, 1868](#); [1999, 33](#))

**NRS287.260 “Committee” defined.** “Committee” means the Committee established to administer the Program.

(Added to NRS by 1977, 894)

**NRS287.270 “Deferred compensation” defined.** “Deferred compensation” means income which a state employee or employee of the Nevada System of Higher Education may legally set aside under the Program, which may consist of one or more plans authorized by 26 U.S.C. § 401(a), 401(k), 403(b), 457 or 3121, including, without limitation, a FICA alternative plan, or any other plan authorized by any federal law to reduce taxable compensation or other forms of compensation, and which income, while invested under the Program, is exempt from federal income taxes on the employee’s contributions and interest, dividends and capital gains.

(Added to NRS by 1977, 894; A 1979, 797; 1985, 1122; 1987, 1823; [1993, 386](#); [2001, 1004](#); [2003, 1408](#))

**NRS287.300 “Investment” defined.** “Investment” means a savings account, certificate of deposit, fixed or variable annuity contract, life insurance contract, mutual fund or other investment which the Committee has approved for the Program.

(Added to NRS by 1977, 894)

**NRS287.310 “Program” defined.** “Program” means the Public Employees’ Deferred Compensation Program authorized by [NRS 287.250](#) to [287.370](#), inclusive.

(Added to NRS by 1977, 894)

**NRS287.320 Employer may agree with employee to defer compensation; investment of withheld money; deferred compensation and related property, rights and income held in trust.**

1. The State may agree with any of its employees, the Board of Regents of the University of Nevada may agree with any of its employees, to defer the compensation due to them in accordance with a program approved by the Committee which may consist of one or more plans authorized by 26 U.S.C. § 401(a), 401(k), 403(b), 457 or 3121, including, without limitation, a FICA alternative plan, or any other plan authorized by any federal law to reduce taxable compensation or other forms of compensation. The Board of Regents may agree with any of its employees to defer the compensation due to them as authorized by 26 U.S.C. § 403(b) without submitting the program to the Committee for its approval. An employee may defer compensation under one or more plans in the Program.

2. The employer shall withhold the amount of compensation which an employee has, by such an agreement, directed the employer to defer.

3. The employer may invest the withheld money in any investment approved by the Committee or, in the case of deferred compensation under 26 U.S.C. § 403(b) for employees of the Nevada System of Higher Education by the Board of Regents of the University of Nevada.

4. The investments must be underwritten and offered in compliance with all applicable federal and state laws and regulations, and may be offered only by persons who are authorized and licensed under all applicable state and federal regulations.

5. All amounts of compensation deferred pursuant to the Program, all property and all rights purchased with those amounts and all income attributable to those amounts, property or rights must, in accordance with 26 U.S.C. § 401(a), 401K, 403(b), 457(g) or 3121, including, without limitation, a FICA alternative plan, or any other federal law authorizing a plan to reduce taxable compensation or other forms of compensation, as applicable, be held in trust for the exclusive benefit of the participants in the Program and their beneficiaries.

(Added to NRS by 1977, 894; A 1979, 797; 1985, 1122; 1987, 1823; [1993, 386](#); [1999, 32](#); [2001, 1004](#); [2003, 1408](#))

**NRS287.325 Committee to administer Program: Appointment, terms and compensation of members; vacancies.**

1. The Governor shall appoint a Committee to administer the Program. The Committee must consist of:

(a) Three members who are employed by state agencies whose payrolls are administered by the Division of Human Resource Management of the Department of Administration;

(b) One member who is employed by a state agency whose payroll is administered by an entity other than the Division of Human Resource Management of the Department of Administration; and

(c) One member who has retired from employment by the State of Nevada or the Nevada System of Higher Education.

➤ Each member of the Committee must be a participant in the Program, have participated in the Program for not less than 2 years and have been nominated for membership by five or more persons who have each participated in the Program for not less than 6 months.

2. After their initial terms, members of the Committee serve terms of 4 years or until their successors have been appointed and have qualified.

3. A vacancy on the Committee occurs when a member dies, resigns or becomes ineligible for membership on the Committee. A person becomes ineligible for membership on the Committee when:

(a) The person ceases to be a participant in the Program; or

(b) Except as otherwise provided in this paragraph, the person ceases to have the qualifications for membership required by the paragraph of subsection 1 under which the person was appointed. A member of the Committee who ceases to have those qualifications may serve the remainder of the member's term if that period does not exceed 24 months.

4. The member appointed pursuant to paragraph (c) of subsection 1 must be compensated \$80 per day from money appropriated from the Program pursuant to [NRS 287.365](#) for attending a meeting of the Committee and for acting at the direction of or on behalf of the Committee.

5. For the purposes of this section, "participant in the Program" means a person who is:

(a) Deferring compensation pursuant to the Program;

(b) Maintaining deferred compensation in the Program; or

(c) Receiving payments of deferred compensation pursuant to the Program.

(Added to NRS by [1995, 1867](#); A [1997, 25](#))

**NRS287.330 Committee to administer Program: Duties; powers; exemption from liability for certain decisions relating to investments.**

1. The Committee shall:

(a) At its first meeting each year, designate one of its members to serve as Chair of the Committee for a term of 1 year or until the Chair's successor has been designated.

(b) Act in such a manner as to promote the collective best interests of the participants in the Program.

2. The Committee may:

(a) Create an appropriate account for administration of money and other assets resulting from compensation deferred pursuant to the Program.

(b) With the approval of the Governor, delegate to one or more state agencies or institutions of the Nevada System of Higher Education the responsibility for administering the Program for their respective employees, including:

(1) Collection of deferred compensation;

(2) Transmittal of money collected to depositories within the State designated by the Committee; and

(3) Payment of deferred compensation to participating employees.

(c) Contract with a private person, corporation, institution or other entity, directly or through a state agency or institution of the Nevada System of Higher Education, for services necessary to the administration of the plan, including, without limitation:

(1) Consolidated billing;

(2) The keeping of records for each participating employee and the Program;

(3) The purchase, control and safeguarding of assets;

(4) Programs for communication with employees; and

(5) The administration and coordination of the Program.

3. The Committee and its individual members are not liable for any decision relating to investments if the Committee has:

(a) Obtained the advice of qualified counsel on investments.

(b) Established proper objectives and policies relating to investments.

(c) Discharged its duties regarding the decision:

(1) Solely in the interest of the participants in the Program; and

(2) With the care, skill, prudence and diligence that, under the circumstances existing at the time of the decision, a prudent person who is familiar with similar investments would use while acting in a similar capacity in conducting an enterprise of similar character and purpose.

(d) Selected at least one plan for the use of the participants in the Program, except that if the Committee has selected two or more plans from which the participants in the Program may choose, the Committee has selected the plans from separate and distinct providers.

(e) Solicited proposals from qualified providers of plans at least once every 5 years.

(Added to NRS by 1977, 894; A 1979, 797; 1985, 1122; [1991, 1759](#); [1993, 387](#); [1995, 1868](#); [1997, 278](#); [2007, 1236](#))

**NRS287.335 Interest and income earned on money in deferred compensation account.** The interest and income earned on the money in the deferred compensation account created pursuant to subsection 2 of [NRS 287.330](#) in the State General Fund, after deducting any applicable charges, must be credited to the account.

(Added to NRS by [1999, 33](#))

**NRS287.340 Deferrals of compensation: Deductions from payroll; limitation on amount deferred.**

1. Deferrals of compensation may be withheld as deductions from the payroll in accordance with the agreement between the employer and a participating employee.

2. The amount of deferred compensation set aside by the employer to a plan under the Program during any calendar year may not exceed the amount authorized by 26 U.S.C. § 401(a), 401(k), 403(b), 457 or 3121, including, without limitation, a FICA alternative plan, or any other federal law authorizing a plan to reduce taxable compensation or other forms of compensation, as applicable.

(Added to NRS by 1977, 895; A 1979, 798; 1985, 1123; 1987, 1823; [2001, 1005](#); [2003, 1409](#))

**NRS287.350 Federal requirements prerequisite for operation of plan; taxation of deferred income by State or political subdivision.**

1. No plan in the Program becomes effective and no deferral may be made until the plan meets the requirements of 26 U.S.C. § 401(a), 401(k), 403(b), 457 or 3121, including, without limitation, a FICA alternative plan, or any other federal law authorizing a plan to reduce taxable compensation or other forms of compensation, as applicable, for eligibility.

2. Income deferred during a period in which no income tax is imposed by the State or a political subdivision may not be taxed when paid to the employee.

(Added to NRS by 1977, 895; A 1979, 798; 1987, 1824; [2001, 1005](#); [2003, 1409](#))

**NRS287.360 Program additional to other retirement, pension and benefit systems.** The Program must be established in addition to other retirement, pension and benefit systems established by the State or the Nevada System of Higher Education, and does not supersede, make inoperative, or reduce benefits provided by the Public Employees' Retirement System or by any other retirement, pension or benefit program established by law.

(Added to NRS by 1977, 895; A 1985, 1123; [1993, 387](#))

**NRS287.365 Use of money withdrawn or appropriated from Program; deposit of certain money withdrawn from Program in deferred compensation account.**

1. No money may be withdrawn or appropriated from the Program, except:

(a) For payment to a participant or beneficiary of a participant pursuant to the terms of the Program;

(b) In the amount required to pay the necessary expenses of administering the Program;

(c) As specifically authorized by federal law or regulation or by a special act of the Legislature; or

(d) To compensate the member of the Committee appointed pursuant to paragraph (c) of subsection 1 of [NRS 287.325](#).

2. All money withdrawn from the Program pursuant to paragraphs (b) and (d) of subsection 1 must be deposited in the State General Fund for credit to the deferred compensation account created pursuant to subsection 2 of [NRS 287.330](#).

(Added to NRS by [1995, 1867](#); A [1997, 26](#); [1999, 33](#))

**NRS287.370 Use of appropriated money in administration of Program.** No appropriated money of the State may be spent in connection with the administration of the Program except as compensation for employees who participated in the administration as part of their regular duties, including without limitation:

1. Members and staff of the Committee; and

2. Employees of the state agency or the institution of the Nevada System of Higher Education selected to administer the Program. (Added to NRS by 1977, 895; A 1985, 1123; [1993, 387](#))

# State Administrative Manual (SAM)

Revised October 15, 2012

## **3800 Deferred Compensation**

### **3802 Authority**

The State of Nevada and the Board of Regents of the Nevada System of Higher Education are authorized by law to agree with any of their employees to defer compensation due to them in accordance with the program authorized by 26 U.S.C 401(a), 401(k), 403(b) or 457 and approved by the Deferred Compensation Committee.

The Board of Regents can agree with any of its employees to defer compensation authorized by 26 U.S.C. 403(b) without Committee approval. According to the plan, the employer shall withhold the amount of compensation that an employee has directed the employer to defer.

The employer may invest the withheld money in any investment approved by the Committee on Deferred Compensation.

All compensation amounts deferred pursuant to the program, all property and rights purchased with those amounts and all income attributable to those amounts remain solely the property or rights of the State of Nevada or the Nevada System of Higher Education, subject only to the claims of general creditors, until made available to the participants in the program or their beneficiaries. (NRS 287.320)

### **3804 Deferred Compensation Committee**

The Governor is authorized to appoint a committee to administer the Deferred Compensation Program. The committee's responsibilities include:

1. Creation of an appropriate fund for administration of money and other assets resulting from compensation deferred under the program;
2. With the approval of the Governor, delegation to one or more State agencies or institutions of the Nevada System of Higher Education, the responsibility for administering the program for their respective employees including:
  - a. Collection of deferred compensation;
  - b. Transmittal of money collected to depositories within the State designated by the Committee;
  - c. Payment of deferred compensation to participating employees;
3. Contracting with a private person, incorporation, institution or other entity directly or through a State agency or institution of the Nevada System of Higher Education, for services necessary to the administration of the plan including without limitation:
  - a. Consolidated billing;
  - b. The keeping of records for each participating employee in the program;

- c. The purchase, control and safeguarding of assets;
- d. Programs for communication with employees; and
- e. Administration coordination for the program.

The Committee and individual members are not liable for any decision relating to investments if the Committee has:

1. Obtained the advice of qualified counsel in investments;
2. Established proper objectives and policies relating to investments; and
3. Discharged its duties regarding the decision:
  - a. Solely in the interest of the participants in the program; and
  - b. With the care, skill, prudence and diligence test that, under the circumstances existing at the time of the decision, a prudent person who is familiar with similar investments would use while acting in a similar capacity in conducting an enterprise of similar character and purpose.
4. Selected at least two plans from separate and distinct providers from which the participants in the program may choose.
5. Solicited proposals from qualified providers of plans in at least once every five years.

## **3806 Deferrals of Compensation; Deductions from Payroll; Limitations**

Compensation may be withheld or deducted from payroll in accordance with the agreement between the employer and participating employee. The amount of compensation set aside by the employer under the program during any calendar year may not exceed the amount authorized by 26 U.S.C. 401(a), 401(k), 403(b) or 457.

## **3808 Federal Requirements**

No program becomes effective and no deferral may be made until the program meets the requirements of 26 U.S.C 401(a) and 457 for eligibility. Income deferred during a period in which no income tax is imposed by the State or political subdivision may not be taxed when paid to the employee.

## **3810 Program in Addition to Retirement or Pension Program**

The Deferred Compensation Program must be established in addition to other retirement, pension or benefit systems established by the State or Nevada System of Higher Education and does not supersede, make inoperative, or reduce benefits provided by the Public Employees' Retirement System or by any other retirement, pension or benefit program established by law.

## **3811 FICA Alternative Plan**

All State of Nevada employees hired after December 31, 2003 who are ineligible for participation in the Public Employees' Retirement System must participate in the plan sponsored FICA Alternative Plan. Each affected employee upon employment must select a provider to administer his sponsored FICA Alternative Plan.

All State of Nevada employees hired before January 1, 2004 who are ineligible for participation in the Public Employees' Retirement System may participate in the plan sponsored FICA Alternative Plan. Each affected employee must select a provider to administer his sponsored FICA Alternative Plan prior to participation.

## **3812 Use of Appropriated Money Forbidden**

No State money may be spent on the administration of the program except as compensation for employees who participated in the administration as part of their regular duties, including without limitation:

1. Members and staff of the Committee; and
2. Employees of the State agency or institution of the Nevada System of Higher Education selected to administer the program.

## **3814 Administration**

The Committee on Deferred Compensation has selected contract administrators for the program. Further information can be obtained from each payroll center.

## Proposed NAC Regulatory Update Timeline

| <b>Process/Step</b>   | <b>Date</b>   | <b>Status</b>  |
|---|---|--|
| Draft proposed changes to regulation  | Draft completed June 2013   | Need committee approval, can submit to LCB by Aug. 16 if approved at meeting |
| Submit pre-adoption proposal to LCB Legal for review; Deadline for consideration by LCB - 30 days after submission  | Draft returned to committee by week of September 16-20                                  |  |
| If the changes made by LCB are substantive, the regulation must be redone and submitted again for pre-adoption approval   |   |  |
| Prepare small business impact statement   |   | Should not have an impact, but will have to prepare a statement for workshop |
| Post notice of workshop at least 15 days before workshop  | Early October   |  |
| Conduct at least one workshop to allow input from interested parties; prepare minutes   | Mid-October   |  |
| Post notice of public hearing of intention to adopt, amend or repeal regulation   | post three days prior to hearing - end of October                                       |  |
| Conduct public hearing and consider any public comment on proposed rule change  | end of October  |  |
| Prepare notice of adoption of regulation, informal statement, send to interested parties, LCB. Copies of notice must be sent to all public libraries and State Library & Archives | Notice posted at least 30 days before workshop to adopt - end of November               |  |
| Regulation must be approved by Legislative Commission and filed with Secretary of State   | confirm next Legislative Commission's meeting of the subcommittee to review regulations |  |



# **Nevada Public Employees' Deferred Compensation Program**

## **FICA Alternative Plan Document**

**Effective January 2004**  
***Revised and Restated: August 2013***

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## **PURPOSE**

The purpose of this Plan is to require all part-time, seasonal or temporary employees of the State of Nevada or Nevada System of Higher Education (NSHE) participate in the Nevada FICA Alternative Deferred Compensation Plan, if hired on or after January 1, 2004 (State Government) or July 1, 2005 (NSHE). FICA is the Federal Insurance Contributions Act (FICA). This is an alternative to Social Security coverage as permitted by the federal Omnibus Budget Reconciliation Act of 1990 (OBRA). Participants are not subject to tax on compensation under the Old Age, Survivors and Disability Income portion of FICA.

In accordance with Section 457 of the Code, all amounts of Compensation deferred under the Plan, all property and rights purchases with such amounts and all income attributable to such amounts and all property and rights are held in trust for the exclusive benefit of Participants and their Beneficiaries and Alternate Payees pursuant to the applicable Trust Agreement.

The Plan and Trust Agreement are intended to satisfy the requirements for an eligible deferred compensation plan under Section 457(e)(1)(B) of the Code, and shall be construed and administered accordingly. To the extent that any term of the Plan is inconsistent with the provisions of Section 457 of the Code applicable to governmental employers, the inconsistent term shall, to the fullest extent possible, be treated for all purposes of the Plan as amended and reformed to conform to the applicable provisions of Section 457 of the Code.

Except as otherwise provided herein, this amendment and restatement of the Plan is effective as of the restatement date.

## ARTICLE I - DEFINITIONS

### 1.1 Plan Definitions

For purposes of this Plan, the following words and phrases shall have the meaning set forth below, unless a different meaning is plainly required by the context:

**"Account"** means each separate account established and maintained for a Participant under the Plan, including, as applicable, each Before-Tax Account, Rollover Account, Alternate Payee Account and Beneficiary Account.

**"Administrator"** means the duly authorized designee contracted for that purpose to act as the employer's agent.

**"Alternate Payee"** means the person who is or was the spouse or domestic partner of the Participant or is the child of the Participant to the extent that such person is entitled to any or all of a Participant's Account under a court order that the Committee has determined to be Plan approved Qualified Domestic Relations Order.

**"Alternate Payee Account"** means the Account established for an Alternate Payee pursuant to a Qualified Domestic Relations Order (QDRO).

**"Amounts Deferred"** means the aggregate of Compensation deferred by a Participant pursuant to Article III.

**"Before Tax Account"** means the Account established under the Plan to record a Participant's Before-Tax Deferrals, and the income, gains and losses crediting thereto. A Beneficiary Account or Alternate Payee Account corresponding to the deceased or relevant Participant's Before-Tax Deferrals may also be referred to as a Before-Tax Deferral Account.

**"Beneficiary"** means the beneficiary or beneficiaries designated by a Participant or Surviving Spouse of a Participant pursuant to Article XIII to receive the amount, if any, payable under the Plan upon death of such Participant or Surviving Spouse.

**"Beneficiary Account"** means the Account established for a Beneficiary in accordance with Article IX.

**"Code"** means the Internal Revenue Code of 1986 as amended and thereafter and any related regulations.

**"Compensation"** means:

- a) All compensation for services to the Employer, including salary, wages, fees, commissions, and overtime pay that is includible in the Employee's gross income for each Plan year under the Code.
- b) Any differential wage payments defined in Code Section 3401(h)(2) pursuant to the HEART act;
- c) Any accumulated sick pay, accumulated vacation pay and back pay paid to a Participant by his or her Employer, provided that such accumulated sick pay, accumulated vacation

pay and back pay is received by the Plan in accordance with the timing requirements of the Treasury Regulations promulgated under Section 457 of the Code.

**"Committee"** means the Deferred Compensation Committee of the State of Nevada as authorized under Nevada Revised Statute (NRS) 287.250 to 287.370. The Committee is responsible for the administration of the Plan.

**"Distributee"** means a person receiving funds, including a Participant. In addition the Participant's spouse, former spouse or domestic partner who is the Alternate Payee under the Qualified Domestic Relations Order as defined in Code Section 414(p) is a Distributee with regard to the interest of the spouse, former spouse or domestic partner.

**"Domestic Partner"** means a domestic partner as defined in NRS 122A.030.

**"Eligible Retirement Plan"** means (i) an individual retirement account described in Section 408(a) of the Code, (ii) an individual retirement annuity described in Section 408(b) of the Code, (iii) a qualified trust under Section 401(a) or 401(k) of the Code, (iv) an annuity contract described in Section 403(b) and 403(a) of the Code and (v) an eligible deferred compensation plan described in Section 457 of the Code that is maintained by a state, political subdivision of a state, any agency or instrumentality of state or political subdivision of a state.

**"Eligible Rollover Distribution"** means all or any portion of the balance of the Plan to the credit of the Distributee, or a Beneficiary of a Participant, except that an Eligible Rollover Distribution shall not include (a) any distribution that is (i) one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the Distributee or the joint lives (or joint life expectancies) of the Distributee and the Distributee's Beneficiary or (ii) for a specified period of ten years or more, (b) any distribution to the extent such distribution is required under Section 401(a) (9) of the Code, and (c) any distribution due to a hardship of the Distributee, including, without limitation, an unforeseen emergency pursuant to Section 8.4.

**"Employee"** means any individual who receives Compensation for services from the Employer, including (a) any elected or appointed officer or employee of the Employer, (b) an officer or employee of an institution under management and control of Nevada System of Higher Education (NSHE), and (c) any employee who is included in a unit of employees covered by a negotiated bargaining agreement that specifically provides for participation in the Plan. An Employee shall not include an independent contractor, a consultant or any other individual classified by the Employer as not eligible to participate in the Plan.

**"Employer"** means the State of Nevada and each Participating Employer, or any of them.

**"Enrollment Date"** means, with respect to an Employee who is eligible to enroll or be enrolled in the Plan, any payroll date on which such Employee receives Compensation, or such other date or dates as the Administrator may establish either in lieu of, or in addition to, such dates.

**"HEART Act"** means the Heroes Earnings Assistance and Relief Tax Act of 2008.

**"Includible Compensation"** means "includible compensation" as defined in Section 457(e)(5) of the Code.

**"Investment Option"** means the investment option(s) made available by the Committee through the Plan in accordance with Article IV.

**"Minimum Required Distribution Date"** means, according to Code Section 401(a)(9)(c), April 1 of the calendar year following the later of:

- a) The calendar year in which the Participant attains age 70½, or
- b) The calendar year in which the Participant severs employment with the eligible employer, or
- c) As otherwise determined in IRC

**"Non-elective Contribution"** means an Employer directed non-elective deferral of 7.5% of Compensation.

**"Participant"** means an Employee or former Employee who is not deceased and who has an Account or Rollover Account under the Plan.

**"Plan"** means State of Nevada FICA Alternative Deferred Compensation Plan and Other Participating Jurisdictions, as the same may be amended from time to time.

**"Plan Year"** means the calendar year.

**"Qualified Domestic Relations Order" (QDRO)** means a order, judgment or decree, including approval of property settlement agreement, that has been determined by the Administrator to meet the requirements of a qualified domestic relations order within the meaning of Section 414(q) of the Code.

**"Required Beginning Date"** means April 1 of the calendar year following the later of the calendar year in which the Participant: (a) attains age 70½, or (b) severs from employment.

**"Rollover Account"** means the Account or Accounts established and maintained in respect of a Participant or a Beneficiary who is a Participant's Surviving Spouse or, if applicable, by a spousal Alternate Payee, pursuant to Article 5.2(c).

**"Rollover Contributions"** means a cash amount contributed by a Participant, Beneficiary who is a Participant's Surviving Spouse or Alternate Payee to a Rollover Account, or if applicable, an Alternate Payee Account determined as a Eligible Rollover Distribution and provided that the distributing Eligible Retirement Plan shall have separately accounted for all amounts included in the Rollover Contribution.

**"Section 457 Transfer"** means a transfer made into an Account pursuant to Article 8.5.

**"Severance from Employment"** means a severance from employment with an Employer within the meaning of Section 457 of the Code.

**"Staff"** means Employees hired by the Committee who serve as full-time or part-time staff of the Committee. For the avoidance of doubt, staff shall not mean any individual who performs work for or on behalf of the Plan pursuant to an agreement between the Committee and an Administrator, Trustee, or any other entity that provides services to the Committee.

**"State"** means the State of Nevada.

**"Surviving Spouse"** means the survivor of a deceased Participant to whom such Participant was legally married on the date of the Participant's death.

**"Treasury Regulations"** means the regulations promulgated by the Treasury Department under the Code, as now in effect or as hereafter amended. All citations to sections of the Treasury Regulations are to such sections as they may from time to time be amended or renumbered.

**"Trust Agreement"** means an agreement entered into in respect of the Plan between the Committee and one or more Trustees pursuant to which all cash and other rights and properties and all income attributable to such cash and rights and properties are held in trust, as such agreement may be amended from time to time.

**"Trust Fund"** means the assets of the Plan, including cash and other rights and properties arising from Amounts Deferred, Section 457 Transfers and Rollover Contributions which are held and administered by the Trustee pursuant to the Trust Agreement.

**"Trustee"** means the trustee or trustees acting as such under the Trust Agreement, and any successors thereto.

## **ARTICLE II - PARTICIPATION**

### 2.1 Enrollment.

Each Employer will determine an employee's eligibility and shall automatically enroll the employee effective with his or her initial compensation.

### 2.2 Mandatory Participation.

Participation in the Plan by Employees shall be mandatory as determined by the Employer.

### 2.3 Cessation of Participation.

The participation of a Participant shall cease upon payment to the Participant of the entire value of his or her Account or upon the Participant's death prior to such payment.

### 2.4 Corrective Action.

If an individual is erroneously included or excluded from participation, corrective action will be taken as soon as administratively practicable to correct such erroneous inclusion or exclusion.

## **ARTICLE III - AMOUNTS DEFERRED AND/OR CONTRIBUTED**

### 3.1 Non-Elective Deferrals.

The Employer shall defer 7.5% of an Employee's Compensation in accordance with Internal Revenue Service Section 3121(b)(7)(f).

### 3.2 Employer Contributions.

Nothing in this Plan prohibits the Employer from making deposits to a Participant's Account as an additional compensation for services rendered, subject to the Participant's contribution limit.

## **ARTICLE IV - INVESTMENT OF AMOUNTS DEFERRED**

### 4.1 Remittance of Deferrals and Contributions.

All Amounts Deferred in accordance with Article III shall be paid by the applicable Employer or payroll center as promptly as possible to the Administrator. Thereafter, Amounts Deferred or Contributed shall be invested by the Administrator, in accordance with the investment instructions, as soon as administratively practicable.

### 4.2 Allocation of Deferrals.

A Participant who has enrolled in the Plan pursuant to Article II shall be invested in an interest bearing account.

### 4.3 Fund Mapping or Similar Activity.

Notwithstanding anything in Article IV to the contrary, if the Committee eliminates the Investment Option or undertakes similar activity on behalf of the Plan, the Committee shall be authorized to liquidate without a Participant's consent and without the need for prior notice to the Participant the portion of each Account invested in such eliminated Investment Option and direct the proceeds of such liquidation in one or more remaining or replacement Investment Options in accordance with such liquidation and transfer procedures as the Committee may determine to be necessary or advisable in connection with such elimination.

## **ARTICLE V - ROLLOVERS AND TRANSFERS**

### 5.1 Transfers from another Governmental 457 Plan.

Compensation previously deferred (or contributed on behalf of) a Participant, a Beneficiary or a spousal Alternate Payee pursuant to another eligible deferred compensation plan under Section 457 of the Code maintained by another employer described in Section 457(e)(1)(B) of the Code shall be accepted for a plan-to-plan transfer to the Plan by the Administrator in the form and in the manner prescribed by the Committee. All such Section 457 Transfers shall be credited to the applicable Participant's corresponding Account shall be invested in accordance with Article 4.2.

### 5.2 Acceptance of Assets from an Eligible Retirement Plan.

- a) Rollover Contributions in General. Amounts previously deferred by (or contributed on behalf of) a Participant, a Beneficiary or a spousal Alternate Payee under another Eligible Retirement Plan that (i) are distributed to the Participant, the Beneficiary or the spousal Alternate Payee or (ii) are directly rolled over to the Plan as an eligible rollover

distribution from such Eligible Retirement Plan, may be accepted as a Rollover Contribution by the Administrator in the form and in the manner specified by Administrator. The Administrator shall not accept any Rollover Contribution, or any portion thereof, that represents deferrals or contributions under another Eligible Retirement Plan that were made from compensation that was included in the Participant, Beneficiary or spousal Alternate Payee's gross income in the year the amounts were deferred or contributed.

- b) Written Request; Acceptance of Assets. The Administrator, in accordance with the Code and procedures established by the Committee, shall, as soon as practicable following its receipt of the written request of a Participant, a Beneficiary who is a Participant's Surviving Spouse or spousal Alternate Payee, determine whether the Rollover Contribution shall be accepted by the Plan. Any written request filed by a Participant, a Beneficiary who is a Participant's Surviving Spouse or a spousal Alternate Payee pursuant to Article 5.2(a) shall set forth the fair market value of such Rollover Contribution and a statement in a form satisfactory to the Administrator that the amount to be transferred constitutes a Rollover Contribution.
- c) Rollover Account. The Rollover Contribution shall be maintained in a separate, fully vested Rollover Account for the benefit of the contributing Participant or the Beneficiary and, in the case of a spousal Alternate Payee, the Alternate Payee Account, and shall be invested in accordance with the investment direction of the applicable Participant pursuant to Article IV. All amounts so transferred shall be credited to the Participant's Rollover Account or Alternate Payee Account and shall be available for distribution at any time during the Plan Year. No other contributions shall be allocated to the Rollover Account. At the election of the Participant, Beneficiary who is a Participant's Surviving Spouse or spousal Alternate Payee, any Rollover Contributions or 457 Transfers from an eligible deferred compensation plan under Section 457(b) of the Code may be held in separately designated and maintained Rollover Accounts for 457(b) Rollover Contributions; provided that any such amounts shall be segregated and held in separately designated and maintained 457(b) Rollover Accounts.

## **ARTICLE VI - ACCOUNTS AND RECORDS OF THE PLAN**

### 6.1 Participant Accounts.

- a) In General. The Administrator shall establish and maintain one or more Accounts for each Participant, including a Before-Tax Deferral Account, and, as necessary, one or more Rollover Accounts with respect to each Participant. Each Account shall record the value of the portion allocable to that Account, the value of the portion of the Account, if any, that is invested in the Investment Option (both in the aggregate and by Account) and other relevant data pertaining thereto. With respect to each Participant, all Amounts Deferred, all Section 457 Transfers and all Rollover Contributions shall be credited to his or her Before-Tax Deferral Account or Rollover Account, as applicable.
- b) Written Statement. Each Participant shall be furnished with a written statement of his or her Accounts (including the value of the interest he or she has, if any, in the Investment Option and the amount of and explanation for each allocation to or deduction from his

or her Accounts) at least annually, which statement shall be delivered in a manner prescribed by the Committee.

#### 6.2 Beneficiary Accounts.

The Administrator shall establish and maintain one or more Beneficiary Accounts, including, as applicable, separate Before-Tax Deferral Accounts, and Rollover Accounts with respect to each Beneficiary of a deceased Participant. Each such Account shall record the value of the portion of the deceased Participant's Account allocable to each of the Beneficiary's Accounts, the value of the portion of the Account, if any, that is invested in the Investment Option (both in the aggregate and by Account) and other relevant data pertaining thereto. Each Beneficiary shall be furnished with a written statement of his or her Accounts in the same manner set forth in Article 6.1(b).

#### 6.3 Alternate Payee Accounts.

The Administrator shall establish and maintain one or more Alternate Payee Accounts, including, as applicable, separate Before-Tax Deferral Accounts, and Rollover Accounts with respect to each Alternate Payee. The Alternate Payee Account shall separately account for all amounts received (i) from the Participant's Rollover Account and (ii) from all amounts rolled into the Plan by a spousal Alternate Payee, pursuant to Article 5.1 or 5.2. Each such Account shall record the value of the portion of the Participant's Account allocable to the Alternate Payee's Account, the value of the portion of the Account, if any, that is invested in the Investment Option (both in the aggregate and by Account) and other relevant data pertaining thereto. Each Alternate Payee shall be furnished with a written statement of his or her Alternate Payee Accounts in the same manner set forth in Article 6.1(b).

### **ARTICLE VII - MANDATORY CASH OUT PROVISION**

#### 7.1 Mandatory Cash Out Provision.

A Participant with an Account, not including the amount in the Participant's Rollover Accounts, of \$5,000 or less (or such greater amount as may be permitted by Section 401(a)(11) of the Code) may be automatically cashed out without the Participants consent, not to exceed \$5,000, provided that there has been no Amount Deferred by such Participant during the two-year period ending on the date of distribution. This provision became effective in May 2010.

### **ARTICLE VIII - DISTRIBUTION FROM THE PLAN AND OTHER ELIGIBLE RETIREMENT PLANS**

#### 8.1 Distribution to Participants.

- a) Eligibility for Distribution. A Participant will become eligible to receive a distribution of his Account upon the occurrence of any of the following events: (i) the Participant's Severance from Employment with the Employer; (ii) the Participant's attainment of age 70½; or (iii) the Participant's absence from employment for qualifying military service as described in the HEART Act. Except as otherwise provided in Article VII, a Participant may not receive distribution of his or her Account at any time prior to the occurrence of one of the foregoing events.
- b) Distributions to Participants. Upon a Participant's eligibility for a distribution pursuant to Article 8.1(a), the Participant shall be entitled to receive his or her Account, which shall

be paid in cash by the Administrator in accordance with one of the methods described in Article 8.1(c) and as of the commencement date elected by the Participant in accordance with the procedures prescribed Article 8.1(c).

- c) Distribution Options. Subject to Article 8.6, any payment made under this section shall be made in one of the following methods, as the Participant (or in the case of the death of a Participant, his or her Beneficiary) may elect any of the following:
- i A total or partial lump sum payment.
  - ii Periodic monthly, quarterly, semi-annual or annual installment payments; provided, however, that a Participant (or, in the case of the death of a Participant, his or her Beneficiary) may elect to receive (A) an initial installment payment in a specified amount and (B) the balance of his or her Account in periodic monthly, quarterly, semi-annual or annual installment payments. Installment payments may consist of (A) fixed amounts paid on each payment date as designated by the Participant (or in the case of the death of a Participant, his or her Beneficiary), or (B) formulaic amounts determined by the Administrator, based on a fixed period designated by the Participant (or in the case of the death of a Participant, his or her Beneficiary), calculated by dividing the Account on the date of the payment by the number of payments remaining during the fixed period.
  - iii A Participant who elects to receive installment payments or who is currently receiving installment payments pursuant to Article 8.1(c)(ii) may elect, subject to any limitations set forth by the Committee and in accordance with procedures established by the Administrator, to receive a portion of his or her Account distributed in a lump sum; Such lump sum payments shall not result in a discontinuation of subsequent installment payments; provided, however, that such subsequent payments may be re-determined in accordance with methods and procedures established by the Administrator. Notwithstanding the foregoing, a Participant may not elect an installment period extending beyond the longest of (A) his or her life expectancy, (B) if his or her designated Beneficiary is his or her Spouse, the life expectancy of the Participant and his or her Spouse and (C) if his designated Beneficiary is not his or her Spouse, the life expectancy determined using the applicable table contained in the applicable Treasury Regulation.
- d) Distribution Election. In the case of the Participant's Severance from Employment with the Employer, a distribution election made by the Participant shall specify the form of payment as provided in Article 8.1(c) and the date on which payments shall commence, following the Participant's Severance from Employment; provided, further that the timing of any distribution must be in compliance with Article 8.6. Subject to Article 8.6, a Participant who is receiving distributions under the Plan may change both the timing and the method of payment elected subject to any limitations set forth by the Committee and in accordance with procedures established by the Administrator.
- e) Rollover Accounts. Notwithstanding any other provision of Article 8.1, a Participant who has one or more Rollover Accounts shall be permitted to withdraw all or any portion of

such Rollover Accounts at any time during a Plan Year; provided that such withdrawal shall be paid pursuant to a method of payment elected by the Participant in accordance with Article 8.1(c) and the value of such Rollover Accounts shall be determined in accordance with Article 8.1(d).

#### 8.2 Distributions to Beneficiaries.

If a Participant dies before distribution of his or her Account has commenced, a distribution election made by the Beneficiary shall specify the form of payment as provided in Article 8.1(c) and the date on which payments shall commence. If a Participant dies at any time before his or her entire Account has been distributed, then the Participant's Beneficiary may make subsequent distribution elections as provided in Article 8.1(c). Notwithstanding the foregoing, any distribution to a Beneficiary shall be made in accordance with the provisions of Section 401(a)(9) of the Code and subject to Sections 8.6(c) and (d).

#### 8.3 Distributions to Alternate Payees.

A distribution to an Alternate Payee may be paid in a single lump sum as soon as practicable following the qualification of the Qualified Domestic Relations Order and the close of all appeals to the Qualified Domestic Relations Order if the Alternate Payee consents to such lump sum distribution. In the event that the Alternate Payee does not consent to receive his or her distribution in a single lump sum as soon as practicable following the qualification of the Qualified Domestic Relations Order, the Alternate Payee may make an election to receive a distribution any time after the Earliest Retirement Date, subject to any requirements of Section 401(a)(9) of the Code and Article 8.6, by filing a distribution election specifying the form of payment as provided in Article 8.1(c) and the date on which payments shall commence.

#### 8.4 Eligible Rollover Distributions.

- a) Participant Rollover Distributions. In connection with a Participant's Severance from Employment, the Distributee may elect, at the time and in the manner prescribed by the Administrator, to have all or any portion of the Participant's Accounts that qualifies as an Eligible Rollover Distribution paid directly to the trustee of an Eligible Retirement Plan; provided that such other plan provides for the acceptance of such amounts by the trustee. The Plan shall provide written information to Distributees regarding Eligible Rollover Distributions to the extent required by Section 402(f) of the Code.
- b) Beneficiary Rollover Distributions. Upon a Participant's death, a Beneficiary may elect, at the time and in the manner prescribed by the Administrator, to have all or any portion of the Participant's Accounts that qualifies as an Eligible Rollover Distribution paid directly to the trustee of an individual retirement arrangement (as defined in Section 7701(a)(37) of the Code) that is established for the purpose of receiving the distribution on behalf of such Beneficiary.

#### 8.5 457 Transfers.

The Participant may transfer his or her Account to another Section 457 maintained by another employer, if:

- a) The Participant has severed employment with the Employer and become an employee of the other employer;
- b) The other employer's plan provides that such transfer will be accepted; and

- c) The Participant and the employer have signed such agreements as are necessary to assure that the Employer's liability to pay benefits to the Participant has been discharged and assumed by the other employer.

A transfer from an eligible governmental to another eligible governmental plan is permitted if the following conditions are met:

- a) The transfer is from an eligible governmental plan to another eligible governmental plan of the same employer; for this purpose, the employer is not treated as the same employer if the participant's compensation is paid by a different entity;
- b) The transferor plan provides for transfers;
- c) The receiving plan provides for receipt of transfers;
- d) The Participant or Beneficiary whose amounts deferred are being transferred will have an amount deferred immediately after the transfer at least equal to the amount deferred with respect to that Participant or Beneficiary immediately before the transfer; and
- e) The Participant or Beneficiary whose deferred amounts are being transferred is not eligible for additional annual deferrals in the receiving plan unless the Participant or Beneficiary is performing services for the entity maintaining the receiving plan.

#### 8.6 Withholding.

The Administrator shall withhold or cause to be withheld from any amounts withdrawn or distributed all federal, state, city or other taxes as shall be required pursuant to any law or governmental ruling or regulation, including Treasury Regulations.

#### 8.7 Required Minimum Distributions.

- a) In General. Notwithstanding any other provision of the Plan to the contrary (except Article 8.7(b)), all distributions under the Plan shall be in accordance with the minimum distribution and timing requirements of Section 401(a)(9) of the Code (including the incidental death benefit requirements of Section 401(a)(9)(G) of the Code) and the final Treasury regulations under Sections 22.1401(a)(9)-2 through 1.401(a)(9)-9, which are incorporated herein by reference. Such provisions shall override any distribution options in the Plan that may be inconsistent with Section 401(a)(9) of the Code. Any distributions made pursuant to this Article 8.7 in order to comply with Section 401(a)(9) of the Code shall be charged against the Account or Accounts of the Participant in such manner as designated by the Participant in accordance with procedures established by the Administrator; provided, however, that if no such designation is made.
- b) 2009 Waiver. Notwithstanding anything to the contrary in Article 8.7, an Participant who would have been required to receive required minimum distributions for 2009 but for the enactment of Section 401(a)(9)(H) of the Code (2009 RMDs), and who would have satisfied that requirement by receiving distributions that are (i) equal to the 2009 RMDs or (ii) one or more payments in a series of substantially equal distributions (that include the 2009 RMDs) made at least annually and expected to last for the life (or life

expectancy) of the Participant, the joint lives (or joint life expectancy) of the Participant and the Participant's Beneficiary, or for a period of at least 10 years, will not receive those distributions for 2009 unless the Participant or Beneficiary chooses to receive such distributions. Participants and Beneficiaries described in the preceding sentence will be given the opportunity to elect to receive the distributions described in the preceding sentence.

- c) Distributions During Participant's Life. The Account of a Participant shall be distributed (or commence to be distributed) to such Participant as soon as practicable after the Required Beginning Date. If the Participant has not made an election pursuant to Article 8.1(c) prior to such Required Beginning Date, then the Account shall be distributed in the form of installment payments commencing on the Required Beginning Date.
- d) Death of a Participant Before the Required Beginning Date.
  - i If a Participant dies before his Required Beginning Date, the remaining portion (if any) of such Participant's Account shall be distributed to his or her Beneficiary (or if the Participant has no Beneficiary, his or her Surviving Spouse or estate, as determined under Article 9.2) no later than December 31 of the calendar year containing the fifth anniversary of the Participant's death (determined without regard to 2009), except as set forth in Articles 8.7(d)(i)(A) or (B) as follows:
    - A. The Beneficiary may elect to receive a distribution of the Account over a period not exceeding the life expectancy of the Beneficiary; provided that the distribution commences no later than December 31 of the calendar year immediately following the calendar year in which the Participant dies; or
    - B. If the sole Beneficiary is the Participant's Surviving Spouse, such Surviving Spouse may elect to receive a distribution of the Account over a period not exceeding the life expectancy of the Surviving Spouse (determined as of the date such payments commence); provided that the distribution commences on or before the later of December 31 of the calendar year immediately following the calendar year in which the Participant dies or December 31 of the calendar year in which the Participant would have attained age 70½; provided, further, that if the Surviving Spouse dies after the Participant but before distributions to the Surviving Spouse commence, Article 8.7(d) (with the exception of Article 8.7(d)(i)(B)) shall apply as if the Surviving Spouse were the Participant. (ii) The Beneficiary may elect to receive payment of the Account as a lump sum or in annual, monthly or quarterly installment payments.
- e) Death After Required Beginning Date and After Commencement of Distributions. If a Participant dies on or after the Required Beginning Date, but before his or her entire Account is distributed to him or her, the unpaid portion of his or her Plan Account shall be distributed as follows:
  - i If the Participant has a designated Beneficiary, the longer of the remaining life expectancy of the Participant's Beneficiary and the remaining life expectancy of the

Participant determined in accordance with Section 1.409(a)(9)-5 of the Treasury Regulations; or

- ii If the Participant does not have a designated Beneficiary, the remaining life expectancy of the Participant determined in accordance with Section 1.409(a)(9)-5 of the Treasury Regulations; provided, however, that if a Beneficiary so elects, the Participant's remaining Account may be paid to the Beneficiary at any time in a lump sum so long as the entire Account is paid at least as rapidly as it would be paid under Section 8.7(e)(i).
- f) Alternate Payee Accounts. In the case of any Alternate Payee Account, payments to the Alternate Payee must be made in accordance with the Plan and Section 401(a)(9) of the Code.

## **ARTICLE IX - DESIGNATION OF BENEFICIARIES**

### 9.1 Designation of Beneficiaries.

Each Participant shall file with the Administrator a designation of one or more persons as the Beneficiary who shall be entitled to receive the Account, if any, payable under the Plan upon his or her death. A Participant may, from time to time revoke or change his or her Beneficiary designation without the consent of any prior Beneficiary by filing a new designation or change or revocation thereof. No new designation or change or revocation shall be effective unless received by the Administrator in good order prior to the Participant's death, and in no event shall it be effective as of a date prior to such receipt. For purposes of this Article IX, a Beneficiary designation shall be deemed to be received in good order only if the Administrator can reasonably identify the Beneficiary or Beneficiaries named in the designation.

### 9.2 No Beneficiaries Designated.

- a) If no such Beneficiary designation is in effect at the time of a Participant's death, or if no designated Beneficiary survives the Participant, or if no designated Beneficiary can be located with reasonable diligence by the Administrator, the payment of the Account, if any, payable under the Plan upon the Participant's death shall be made by the Administrator to the Participant's Surviving Spouse, if any, or if the Participant has no Surviving Spouse, or the Surviving Spouse cannot be located with reasonable diligence by the Administrator, then to the deceased estate.
- b) If the Beneficiary so designated by the Participant dies after the death of the Participant but prior to receiving a complete distribution of the amount that would have been paid to such Beneficiary had such Beneficiary's death not occurred, then, for purposes of the Plan, the distribution that would otherwise have been received by such Beneficiary shall be paid to the Beneficiary's estate.

## **ARTICLE X - QUALIFIED DOMESTIC RELATIONS ORDERS**

### 10.1 Qualified Domestic Relations Order.

Payments with respect to a Participant's Account may be made by the Administrator to one or more Alternate Payees pursuant to the terms of a Qualified Domestic Relations Order. Upon segregation of the assets payable to the Alternate Payee, any such amounts paid or segregated

shall no longer constitute part of the Participant's Account. No liability whatsoever shall be incurred by the Committee, Staff, the Employer, or the Administrator solely by reason of any act or omission undertaken in accordance with this section to comply with the terms of a Qualified Domestic Relations Order.

## **ARTICLE XI - ADMINISTRATION**

### 11.1 Plan Administration.

Except as otherwise provided therein, the operation and administration of the Plan shall be the responsibility of the Committee and the Committee shall have all of the broad and general authority necessary or advisable to operate and administer the Plan. The Committee shall have the power and duty to take all action and to make all decisions necessary or proper to carry out its responsibilities under the Plan. All determinations of the Committee as to any question involving its responsibilities under the Plan, including interpretation of the Plan or as to any discretionary actions to be taken under the Plan, shall be solely in the Committee's discretion and shall be final, conclusive and binding on all parties.

### 11.2 Committee Powers and Duties.

Without limiting the generality of the foregoing, the Committee shall have the following powers and duties:

- a) To require any person to furnish such information as it may request for the purpose of the proper administration of the Plan as a condition to receiving any benefit under the Plan.
- b) To make and enforce such rules and regulations and prescribe the use of such forms as it shall deem necessary for the efficient administration of the Plan;
- c) To interpret the Plan and to resolve ambiguities, inconsistencies and omissions in the terms of the Plan or any document related to the Plan;
- d) To decide all questions concerning the Plan and the eligibility of any Employer or other individual to participate in the Plan;
- e) To enlarge or diminish any applicable time period set forth in the Plan, subject to applicable law; and
- f) To determine the methods and procedures for the implementation and use of any automated telephone, computer, internet, intranet or other electronic or automated system adopted by the Committee for purposes of Plan administration.

### 11.3 Limitation of Liability.

Except as may be prohibited by applicable law, neither the Committee, any member thereof, nor any Staff member, shall be liable for (a) anything done or omitted to be done by it or by them unless the act or omission claimed to be the basis for liability amounted to a failure to act in good faith or was due to gross negligence or willful misconduct; (b) the payment of any amount under the Plan; or (c) any judgment or reasonable mistake of fact made by it or on its behalf by a member of the Committee or Staff. No member of the Committee or any Staff

member shall be personally liable under any contract, agreement, or other instrument made or executed by him or her or on his or her behalf in connection with the Plan or Trust fund.

#### 11.4 Trustee.

The Trustee shall have responsibility for the custody and safekeeping of the assets of the Plan in accordance with the terms of the Trust Agreement and the Administrator shall be responsible for implementing the aggregated investment decisions of Participants and beneficiaries by allocating the Plan assets to the various Investment Options.

#### 11.5 Investment Options.

The Committee shall have the power to add or remove the Investment Options). The Committee shall periodically review the performance and methods of such Investment Options. The Committee has the right to (i) replace any Investment Option with a successor organization or option, (ii) to select any additional Investment Option or (iii) remove any Investment Option.

#### 11.6 Delegation.

The Committee may delegate its general authority as it deems appropriate in accordance with the terms of the Plan and all applicable Code sections; provided; however, that such delegation shall be subject to revocation at any time at the discretion of the Committee. Notwithstanding any other provision of the Plan, the Committee's general authority shall include the right to review, revise, modify, revoke, or vacate any decision made or action taken by any party under the Plan to whom authority of the Committee has been delegated or to whom authority with respect to the administration of the Plan or the custody and investment of assets of the Trust Fund has been delegated or assigned under the terms of the Plan, by the Committee or otherwise. The rights of the Committee under Article 11.6 include the right to review, revise, modify, revoke, or vacate any decision of the Administrator or the Review Committee.

#### 11.7 Plan Expenses.

- a) Assessment Against the Trust Fund. Subject to Article 11.8(b), the expenses of administering the Plan, including (i) the fees and expenses of the Investment Option(s) and Administrators for the performance of their duties under the Plan, including any fees and expenses associated with a change or termination of an Investment Option, (ii) the fees, if any, of any member of the Committee and any Trustee and the expenses incurred by the Committee or any of its members or Staff in the performance of their duties under the Plan (including reasonable compensation for any legal counsel, certified public accountants, consultants, and employees of the Committee and cost of services rendered in respect of the Plan and the Trust Agreement (as provided therein), and (iii) all other proper charges and disbursements of the Investment Options, Administrator, the Committee or its members (including settlements of claims or legal actions approved by counsel to the Plan).
- b) Investment Expenses. Unless the Committee determines otherwise, brokerage fees, transfer taxes and any other expenses incident to the purchase or sale of securities for any Investment Option shall be deemed to be part of the cost of such securities, or deducted in computing the proceeds there from, as the case may be. The Administrator shall appropriately deduct any taxes assessed in respect of any assets held, income received, or transactions effected under the Investment Options proportionately against any Accounts that are invested in such Investment Option.

### 11.8 Review of Claims.

- a) Initial Claim of Rights or Benefits and Review. Any claims to rights or benefits under the Plan, including any purported Qualified Domestic Relations Order must be filed in writing with the Administrator. Notice of denial of any claim in whole or part in part by the Administrator, or by such other entity designed by the Administrator, shall include the specific reasons for denial and notice of the rights granted by Article 11.8.
- b) Review of Decision. Any claimant or Participant Account who has received notice of denial or grant, in whole or in part, of a claim made in accordance with the foregoing Article 11.8(a) may file a written request within thirty (30) days of receipt of such denial for review of the decision by the Committee. Within sixty (60) days after receipt of such request for review, the Committee shall notify the claimant and, as applicable, the Participant, that the claim has been granted or denied, in whole or in part. Notice of denial of any claim in whole or in part by the Committee shall include the specific reasons for denial and shall be final, binding and conclusive on all interested persons for all purposes.

### 11.9 Advisers.

The Committee shall arrange for the engagement of legal counsel and certified public accounts, who may be counsel or accountants for the Employer, and other consultants, including an investment adviser, and make use of agents and clerical or other personnel, for the purposes of this Plan. The Committee and Staff may rely upon the written opinions of the State Attorney General and of such counsel, accountants and consultants, and upon any information supplied by the Trustee or Administrator appointed in accordance with the Regulations.

### 11.10 Limitation on Committee Power.

No member of the Committee shall be entitled to act on or decide any matters relating solely to such member or any of his or her rights or benefit under the Plan.

### 11.11 Public Meetings.

All actions of the Committee shall be taken at a public meeting in accordance with the Nevada Open Meeting Law. The Committee shall establish its own procedures and the time and place for its meetings and provide for the keeping of minutes of all meetings.

### 11.12 Defense of Claims.

In the event of a claim or legal action, the Committee shall be entitled to defense by the State Attorney General.

## **ARTICLE XII - ADOPTION BY AND WITHDRAWALS OF PARTICIPATING EMPLOYERS**

### 12.1 Adoption by a Participating Employer.

- a) Effective Date of Adoption. Upon a Public Employer's adoption of the Plan, such Public Employer shall file with Committee Staff a copy of each resolution or other legal action, consent or approval through which the Public Employer adopted the Plan. Such Public Employer's adoption of the Plan shall be effective upon receiving an acknowledgement of receipt of such submission from Committee Staff and a Committee motion ratifying the Public Employer's adoption of the Plan.

## 12.2 Withdrawal of Participating Employer.

- a) Withdrawal by the Participating Employer. Any Participating Employer may terminate its adoption of the Plan by filing with the Committee Staff a copy of the resolution or other legal action, adopted in the same manner as the resolution or other legal action adopted pursuant to Section 12.1(a), specifying a termination date which shall be no earlier than the last business day of the month at least 30 days subsequent to the date such notice is received the Committee Staff.
- b) Termination of Public Employer's Participation by the Committee.
  - i The Committee may terminate any Participating Employer's adoption of the Plan, as of any termination date specified by the Committee, for the failure of the Participating Employer to comply with any provision of the Plan or the Regulations.
  - ii The Committee may terminate a Participating Employer's adoption of the Plan upon complete and final discontinuance of deferrals and contributions.
- c) Treatment of Participants after Withdrawal. Upon termination of adoption of the Plan by any Public Employer that was formerly a Participating Employer, such Public Employer shall not permit any further deferrals of Compensation under the Plan and all Participants who are or were Employees of such Public Employer or if no successor plan is established, payable to or in respect of such Participants as provided in the Plan. Any distributions, transfers or other dispositions of such Participants as provided in the Plan shall constitute a complete discharge of all liabilities under the Plan with respect to such Public Employer previous adoption of the Plan and any Participant who is or was an Employee of such Public Employer. The rights of such Participant under the Plan shall be unaffected by the termination of the adoption of the Plan by such Public Employer with respect to deferrals and contributions made and Accounts in existence as of the effective date of the termination.
- d) Continued Obligations of Public Employers. Notwithstanding any other provision in Section 12.2 to the contrary, any Public Employer who was previously a Participating Employer and whose adoption of the Plan has been terminated pursuant to Section 12.2(a) or 12.2(b) shall cooperate with the Committee and Administrator to provide any information or notifications needed for the continued administration of the Plan to Participants who had Accounts in existence as of the effective date of the termination, until such time as total the value of the Accounts attributable to any Participant who are current or former employees (or who are Beneficiaries or Alternate Payees of any current or former Employees) of such Public Employer, has been distributed or transferred to another eligible deferred compensation plan under Section 457 of the Code, as provided under the Plan.

## **ARTICLE XIII - AMENDMENT OR TERMINATION**

### 13.1 Power to Amend or Terminate.

Subject to any requirements of state or federal law, the Committee reserves the right at any time and with or without prior notice to any person to amend, suspend or terminate the Plan, to eliminate future deferrals for existing Participants, or to limit participation to existing

Participants, in whole or in part and for any reason and without the consent of any Participating Employer, Employee, Participant, Beneficiary or other person. No amendment, suspension or termination of any provisions of the Plan or any deferrals or contributions there under, the Trust Agreement or any Investment Option may be made retroactively, unless such retroactively is allowed under state law, the Code and any other applicable law.

#### 13.2 Termination of the Plan.

Upon any action by the Committee to initiate a Plan termination, no Participating Employer may permit any further deferrals of Compensation under the Plan, and the Plan termination shall become effective upon the distribution of all Accounts. After taking an action to initiate a Plan termination, the Committee may distribute all Accounts. Any distributions, transfers or other dispositions of Accounts as provided in the Plan shall constitute a complete discharge of all liabilities under the Plan. The Committee and the Trustee(s) shall remain in existence and the Trust Agreement and all of the provisions of the Plan that the Committee determines are necessary or advisable for the administration and distribution, transfer or other disposition of interests in the Trust Fund shall remain in force.

#### 13.3 Notice to Participating Employers.

The Committee shall give notice on a reasonably timely basis of any amendment, suspension or termination of the Plan to all Participating Employers.

### **ARTICLE XIV - GENERAL LIMITATIONS AND PROVISIONS**

#### 14.1 Plan Binding on Accounts.

The plan, as duly amended from time to time, shall be binding on each Participant and his or her Surviving Spouse, Registered Domestic Partner, heirs, administrators, trustees, successors, assigns, and Beneficiaries and all other interested persons.

#### 14.2 No Right to Employment.

Nothing contained shall give any individual the right to be retained in the employment of the Employer or affect the right of the Employer to terminate any individual's employment. The adoption and maintenance of the Plan shall not constitute a contract between the Employer and any individual or in consideration for, or an inducement to or condition of, the employment of any individual.

#### 14.3 No Alienation of Accounts.

Except insofar as may otherwise be required by a Qualified Domestic Relations Order or applicable law, no amount payable at any time under the Plan shall be subject in any manner to alienation by anticipation, sale, transfer, assignment, bankruptcy, pledge, attachment, garnishment, charge or encumbrance of any kind, and any attempt to so alienate such amount, whether presently or thereafter payable, shall be void.

#### 14.4 Notices to Participants.

All notices, statements, reports and other communications from a Public Employer, the Administrator or the Committee to any Participant shall be deemed to have been duly given when delivered to, or when mailed by electronic delivery or other form of delivery approved by the Committee or by first class mail, postage prepaid and addressed to such Employee,

Participant, Beneficiary, Surviving Spouse or other person at his or her address last appearing on the records of the Administrator, the Committee or the Public Employer.

#### 14.5 Notices to the Committee.

All elections, designations, requests, notices, instructions, and other communications from a Public Employer, an Employee, a Participant or any other person to the Committee, Administrator or the Employer required or permitted under the Plan shall be in such form as is prescribed by the Committee, shall be mailed by first class mail or delivered electronically in such a form and to such location as shall be prescribed by the Committee from time to time, and shall be deemed to have been given and delivered only upon actual receipt thereof at such location. Copies of all elections, designations, requests, notices, instructions and other communications from an Employee, a Participant, a Beneficiary, a Surviving Spouse or any other person to the Employer shall be promptly filed with the Administrator or Committee Staff.

#### 14.6 Notices to Participants.

All notices, statements, reports, and other communications from a Public Employer, the Administrator or the Committee to any Participant shall be deemed to have been duly given when delivered to, or when mailed by electronic delivery or other form of delivery approved by the Committee or by first class mail, postage prepaid and addressed to such Employee, Participant, Beneficiary, Surviving Spouse or other person at his or her address last appearing on the records of the Administrator, the Committee or the Public Employer.

#### 14.7 Account Assets and Account Vesting.

- a) Account Assets Held in Trust Fund. The entire value of each Account for each Participant shall be held in the Trust Fund pursuant to the Trust Agreement for the exclusive benefit of the applicable Participant and for paying reasonable expenses of the Plan and of the Trust Fund pursuant to Article 11.7, and no part of the Trust Fund shall revert to any Employer; provided, however, that the setting-aside of any amounts to be held in the Trust Fund is expressly conditioned upon the following: If an amount is set aside to be held in the Trust Fund by an Employer in a manner which is inconsistent with any of the requirements of Section 457(b) of the Code.
- b) Vesting. Each Participant shall be 100 percent vested at all times in his or her Account.

#### 14.8 Several Liability.

The duties and responsibilities allocated to each person under the Plan and the Trust Agreement shall be the several and not joint responsibility of each, and no such person shall be liable for the act or omission of any other person.

#### 14.10 Interpretation.

- a) The term "including" means by way of example and not by way of limitation, and
- b) The heading preceding the sections hereof have been inserted solely as a matter of convenience and in no way define or limit the scope or intent of any provisions hereof.

#### 14.9 Construction.

The Plan and all rights there under shall be governed by the construed in accordance with the Code and the laws of the State.

IN WITNESS WHEREOF, the Employer has executed this Plan document this \_\_\_\_\_ day of \_\_\_\_\_, 2013.



## **Nevada Public Employees' FICA Alternative Deferred Compensation Plan Summary Plan Document**

This Summary Plan Document (SPD) explains the provisions, policies and rules that govern the Nevada Public Employees' FICA Alternative Deferred Compensation Plan (FICA Plan or the Plan). The FICA Plan document contains details of the provisions of the Plan. If a conflict exists between this SPD and the Plan document, the Plan document governs.

The FICA Plan is an alternative to Social Security coverage as permitted by the federal Omnibus Budget Reconciliation Act of 1990 (OBRA). By virtue of participating in the Plan, you, as a FICA Alternative employee, are not subject to tax on compensation under the Old Age, Survivors and Disability Income portion of FICA. You will be subject to the Medicare portion of FICA.

### **Eligibility**

As a part-time, seasonal or temporary employee of the State of Nevada, Nevada System of Higher Education (NHSE) or a participating local government, you are required to participate in the FICA Plan, if you were hired on or after January 1, 2004 (state government employees) or July 1, 2005 (NHSE employees). FICA is the Federal Insurance Contributions Act.

### **Contributing to FICA**

As a FICA-Alternative employee, you must contribute 7.5% of your gross compensation per pay period to the Plan. Your contributions are made on a tax deferred basis. This means that your contributions are not subject to federal income tax at the time they are made. You will be taxed on the value of your contribution (including any earnings) when you receive a distribution of your benefits from the Plan.

Unless your status as a FICA employee changes, you may NOT stop or reduce mandatory contributions to the Plan. No additional contributions are permitted under the Plan.

### **Where Your Money is Invested**

As required by OBRA, the Plan must limit its investment options to those that provide a stable rate of return and cannot be variable options. Your contributions are automatically invested in the Hartford General Account with an annual interest rate of 2.75% effective January 1, 2013 guaranteed through December 31, 2013 with a 2.00% lifetime minimum ending December 31, 2014. The Hartford General Account is offered under a group funding agreement contract issued by Massachusetts Mutual Life Insurance Company and is backed by the full faith and credit of MassMutual.

Participants may have a grandfathered existing account with ING. For additional information on your ING account, including your current annual crediting/interest rate, contact an ING representative at 1-800-584-6001.

## **Withdrawing Money From Your Account**

You are able to withdrawal money from your account after you separate from service. The following section outlines the distribution options.

## **Distribution Options – When you separate from service**

When you permanently leave work with the State of Nevada, NSHE, or a participating employer for a variety of reasons, you may decide either to begin to receive payments or defer payments to a future date, but to an age not later than age 70½. If you choose to defer payments, you will continue to accumulate earnings until benefits are paid to you.

There are three conditions under which benefit payments can be made to you:

- Reach the age of 70½, if still working or separated from service;
- Separation of service, including regular retirement;
- Death.

## **To Begin Distribution**

To initiate a payout for any of these reasons, call the NDC office or your recordkeeper for the forms to complete. You may receive benefits under the eligible circumstances in a variety ways.

1. You may take a one-time full withdrawal of your NDC account.
2. Establish a regular period payment of benefits to be paid monthly, quarterly, semi-annually or annually.
3. Take a partial withdrawal of your NDC account.
4. Defer receiving your benefits to a later date.

All distributions at termination are subject to payroll center deadlines. No distribution can be made until all payroll activity is complete, which can take 4 to 6 weeks after your termination date.

As long as there is a balance in your account, you may change your benefit payment option.

## **Taxes on Distributions**

The amount of federal and state income taxes (if applicable) that are withheld from benefit payments is dependent on which benefit payment option you select.

- Lump sum distributions and periodic payments of less than ten (10) years (except when this is a Required Minimum Distribution) are subject to a mandatory 20% federal income tax withholding.
- Period payments scheduled to continue ten (10) years or more, Required Minimum Distributions, and withdrawals for Unforeseen Emergencies are subject to 10% federal income tax withholding.

Distributions are reported annually on IRS form 1099R, which is sent in January following the calendar year in which the distribution was issued. You are encouraged to talk with your tax advisor before deciding to take your distribution.

## **Early Distribution Penalties**

Unlike other retirement plans, distribution from an IRC 457(b) plans, such as NDC, are **NOT** subject to any early withdrawal penalties, regardless of age.

## **Minimum Required Distributions**

Participants must begin receiving minimum distributions from the Plan by April 1 of the calendar year following the later of:

- The year in which they reach age 70½, or
- The year in which they leave employment

Participants who do not receive minimum distributions by the required dates, or who receive less than the minimum amount the law requires, must pay a nondeductible 50% excise tax on the difference between the amount that should have been received and the amount received.

Minimum required distributions are not eligible for rollover and are calculated in accordance with Treasury Regulations.

### **Designation of Beneficiary**

You should designate a beneficiary to receive your money in the Plan in the event of your death. You may name more than one beneficiary and specify the percentage of the Plan balance that each beneficiary is to receive. A beneficiary may be a person, trust, or organization.

### **Plan Fees**

The Plan's administrative expenses are funded by participant fees. All revenues, except recordkeeper revenues, are used to pay the Plan's administrative expenses.

Mutual fund companies pay reimbursements (revenue sharing) to the Plan's recordkeepers. Each of the investment options offered by the plan has a fund operating expense and either a revenue sharing agreement or an administrative fee (wrapper). These fees are deducted directly from the fund's daily price. These fees vary based on the investment option selected. For a complete description, please refer to the fund prospectus or visit the NDC website.

The administrative costs for participating in NDC are competitive when compared to other public employer-sponsored deferred compensation plans throughout the country. The NDC Committee has and will continue to control Plan expenses and maximize value to participants.

### **Keeping Track of Your Account**

There are three primary ways to track your account information. First, you will receive a statement of your NDC account, mailed to your address of record. Each statement shows the contributions received during the period and how your plan account is performing. Second, you may call your recordkeeper's toll-free line (MassMutual: 1-800-875-9218) to obtain Plan account information. You may also access your account information through the recordkeeper's website [MassMutual](#).

### **Additional Information**

For additional information, visit the [NDC website](#).

## Current Language in NDC Plan Document

**“Beneficiary”** means the beneficiary or beneficiaries designated by a Participant or Surviving Spouse of a Participant pursuant to Article IX to receive the amount, if any, payable under the Plan upon the death of such Participant or Surviving Spouse.

### Article 8.7 Required Minimum Distributions

#### d) Death of a Participant Before the Required Beginning Date.

- i. If a Participant dies before his Required Beginning Date, the remaining portion (if any) of such Participant’s Account shall be distributed to his or her Beneficiary (or if the Participant has no Beneficiary, his or her Surviving Spouse or estate, as determined under Article 9.2) no later than December 31 of the calendar year containing the fifth anniversary of the Participant’s death (determined without regard to 2009), except as set forth in Articles 8.7(d)(i)(1) or (2) as follows:
  1. The Beneficiary may elect to receive a distribution of the Account over a period not exceeding the life expectancy of the Beneficiary; *provided* that the distribution commences no later than December 31 of the calendar year immediately following the calendar year in which the Participant dies; or
  2. If the sole Beneficiary is the Participant’s Surviving Spouse, such Surviving Spouse may elect to receive a distribution of the Account over a period not exceeding the life expectancy of the Surviving Spouse (determined as of the date such payments commence); *provided* that the distribution commences on or before the later of December 31 of the calendar year immediately following the calendar year in which the Participant dies or December 31 of the calendar year in which the Participant would have attained age 70½; *provided, further*, that if the Surviving Spouse dies after the Participant but before distributions to the Surviving Spouse commence, Article 8.7(d) (with the exception of Article 8.7(d)(i)(2)) shall apply as if the Surviving Spouse were the Participant.
- ii. The Beneficiary may elect to receive payment of the Account as a lump sum or in annual, monthly or quarterly installment payments.

## Reba Coombs

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**From:** Blinn, L. (Linda Segal) [LindaSegal.Blinn@us.ing.com]  
**Sent:** Thursday, August 08, 2013 9:12 AM  
**To:** Reba Coombs  
**Cc:** Platt, S. (Steve); Ambrose, L. (Lyra); Merrick, B. (Brian)  
**Subject:** RE: Nevada Deferred Comp Plan Document- Spousal Beneficiaries

To follow up our discussion this am, the State may want to consider whether its current definition of "Beneficiary" should be broadened to provide the ability for nonspousal beneficiaries to designate beneficiaries. Currently, the State's plan document defines "Beneficiary" as "the beneficiary or beneficiaries designated by a Participant or Surviving Spouse of a Participant pursuant to Article IX to receive the amount, if any, payable under the Plan upon the death of such Participant or Surviving Spouse."

For the State's consideration, the following are sample definitions of beneficiary:

- In 2004 guidance, the IRS provided model language for 457 plans sponsored by governmental employers. In that guidance, "Beneficiary was defined as " The designated person (or, if none, the Participant's estate) who is entitled to receive benefits under the Plan after the death of a Participant."
- The ING specimen 457 plan document for governmental employers includes the following more detailed definition of beneficiary:

"The individual, individuals or trust designated by the Participant in writing on a form acceptable to the Administrator, and received by the Administrator before the Participant's death, to receive any undistributed amounts under the Participant Account which becomes payable upon the Participant's death. A Beneficiary may designate his own Beneficiary. If a Participant or Beneficiary does not designate a Beneficiary in a form acceptable to the Administrator, then his estate will be deemed to be his Beneficiary. In addition, any Beneficiary designation will meet the requirements of applicable state law."

As we discussed, if a participant dies before becoming eligible to begin required minimum distributions, a nonspousal beneficiary has two options:

- To take a full distribution of the account by December 31 of the year containing the 5<sup>th</sup> anniversary of the participant's death; or
- To begin taking distributions over the beneficiary's lifetime, provided that such distributions begin by December 31<sup>st</sup> of the year following the year of the participant's death.

There is a special rule for spousal beneficiaries that would enable them to defer beginning to take required minimum distribution until the year in which the deceased participant would have reached age 70½, if that is later than the options described above.

As you have noted below, the State's plan document provides at Section 8.7(d)(i) ("Death of a Participant Before Required Beginning Date") that if a participant dies before becoming eligible to begin required minimum distribution and the beneficiary does not elect either of the permissible options, the default payment option is a full cashout of the participant's account by December 31 of the year containing the 5<sup>th</sup> anniversary of the participant's death.

In order to minimize the income tax consequences in the event that a surviving beneficiary does not elect a distribution option, you may wish to consider amending the plan to provide that the default distribution option is

payments over the beneficiary's lifetime, with such payments starting no later than December 31<sup>st</sup> of the year following the year of the participant's death.

I hope that this information helps the State in considering next steps. Let me know if you have any additional questions.

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**From:** Reba Coombs [mailto:[rebacoombs@defcomp.nv.gov](mailto:rebacoombs@defcomp.nv.gov)]  
**Sent:** Tuesday, August 06, 2013 12:39 PM  
**To:** Platt, S. (Steve); Ambrose, L. (Lyra); Blinn, L. (Linda Segal); Merrick, B. (Brian)  
**Subject:** RE: Nevada Deferred Comp Plan Document- Spousal Beneficiaries

This discussion is from the minutes of the last committee meeting which I hope will help in our call:

Mr. Trenerry stated the NDC Plan Document did have a default if no beneficiary was designated which was the "5 year rule" but it could be changed if the Committee chose to do that.

Mr. Davie believed they should change their Plan Document to have the default be the "Lifetime rule" so a non-spousal beneficiary would not be hurt by the current designation. He asked to have this item formally put on an agenda and change the Documents to reflect what was beneficial to the participants.

Chair Sisco stated they would add that item and requested some education regarding that issue.

*Reba*

-----Original Appointment-----

**From:** Platt, S. (Steve)  
**Sent:** Tuesday, August 06, 2013 9:34 AM  
**To:** Platt, S. (Steve); Ambrose, L. (Lyra); Blinn, L. (Linda Segal); Reba Coombs; Merrick, B. (Brian)  
**Subject:** Nevada Deferred Comp Plan Document- Spousal Beneficiaries

Brian Sandoval  
Governor



## COMMITTEE

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NDOC

Brian L. Davie, Vice Chair  
LCB

Karen Oliver  
GCB

Dr. Carlos Romo  
RETIRED

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NDOT

Carrie Parker  
Deputy Attorney General

Tara Hagan  
Executive Officer

## Nevada Public Employees' Deferred Compensation Program

### **MEMO**

**To:** Committee Members

**From:** Tara Hagan

**CC:** Carrie Parker, Deputy Attorney General  
Robert Trenerry, Hartford

**Date:** 6/14/2012

**Re:** Hartford's Policies and Processing of Non-spousal Beneficiary Distributions

### **Background**

Staff received a formal complaint on March 5, 2012 regarding Hartford's handling of a non-spousal beneficiary distribution. Staff's initial request for all correspondence relating to the participant's account was not provided by the requested date nor was an estimated date of receipt provided. Legal counsel sent a formal letter requesting all the necessary documentation citing the relevant contractual requirements.

Upon receipt of the information, it was apparent the beneficiary's repeated requests for a systematic distribution were not granted, including paperwork submitted in July 2006 for a partial lump sum distribution. Staff sent Hartford written questions regarding its failure to distribute the partial lump sum distribution, failure to provide information on systematic distributions, and failure to comply with the 2009 waiver (Section 401(a)(9)(H) of the Code) which exempts the year 2009 from consideration in the mandatory life expectancy distributions. Hartford provided vague and incomplete answers to Staff's questions. In addition, based on Hartford's response regarding the 2009 Waiver, it seemingly does not recognize federal regulations under Section 401(a)(9)(H).

Please see attached redacted documentation of the events described above.

### **Analysis**

Internal Revenue Code Section 401(a)(9) and the NDC plan document state when a participant dies prior to starting a distribution on his or her account and has designated beneficiaries, the beneficiary must:

- Begin receiving payments over his/her life expectancy no later than December 31 of the calendar year following the calendar year in which the participant died.
- For years after the year of the participant's death, the distribution period is the remaining life expectancy of the designated beneficiary. The beneficiary's remaining life expectancy is calculated using the age of the beneficiary as of the beneficiary's birthday in the year following the year of the participant's death, reducing the life expectancy factor by one for each subsequent year.

Alternatively, the entire death benefit amount must be distributed by December 31 of the calendar year which contains the fifth anniversary of the participant's date of death. This provision is known as the 5-year Rule.

The 2009 Waiver allowed beneficiaries to exclude the year 2009 in the 5-year Rule calculation. For example, if a participant died in 2006 and the beneficiary chose the 5-year Rule calculation method, the 2009 waiver allowed the beneficiary to exclude the year 2009. This would extend the entire benefit distribution requirement to December 31, 2012 instead of 2011. Due to this, the beneficiary who brought the complaint should have been allowed to have the account remain in the Plan until December 31, 2012 and not 2011.

If a plan document, such as NDC's document, does not contain a provision which specifies the required non-spousal distribution method (life expectancy versus 5-year Rule), IRS regulations state a distribution must be paid in accordance with the life expectancy method. Therefore, record keepers will default non-spousal beneficiaries who fail to make a timely distribution election to the life expectancy distribution rather than the 5-year rule. The life expectancy method is more advantageous to the beneficiary and does not prevent him or her from increasing the distribution amount or frequency. The account remains in the plan and continues to experience tax-deferred growth, lower investment fees and prevents further plan leakage.

### **Current Service Provider's Policies**

Information obtained by Staff regarding Hartford's non-spousal beneficiary distribution policy indicates a preference to default beneficiaries to the 5-year Rule rather than the life expectancy method. When a beneficiary has a sizable account, such as the beneficiary who brought the complaint, the cash distribution under the 5-year Rule presents a significant tax liability and prevents further tax-deferred growth. Hartford's current policy would be in violation of IRS regulations for NDC because the plan document is currently silent on the method of non-spousal beneficiary distributions; therefore, the life expectancy method must be the default.

When a timely decision is not made by the beneficiary, ING policies require it to default to the life expectancy method versus the 5-year Rule. ING automatically calculates and distributes the required amount prior to December 31 of the applicable year. This ensures beneficiaries have maximum flexibility in their distribution options and continue to receive all the advantages of the NDC plan and its tax-deferred status.

### **Staff Recommendations**

Staff recommends amending the Plan Document and Scope of Work with Hartford to require all designated non-spousal beneficiaries who fail to choose a timely distribution method must be automatically defaulted to the life expectancy option versus the 5-year payout Rule. The record-keepers will automatically calculate and distribute the correct amount under the applicable Code Section prior to the applicable deadline. This will help to ensure the Plan's record-keepers remain in compliance with IRS regulations concerning non-spousal beneficiaries.

Staff recommends the amended Plan Document and Scope of Work be brought forth to the Committee for its consideration at the August meeting.

**State of Nevada  
Deferred Compensation Committee  
Schedule of Meetings**

| <b>2013</b>  | <b>2014</b>   |
|--|---|
| <p><b>Wednesday, January 30, 2013</b><br/> <b>10:00 AM</b><br/> <b>Planning Session</b><br/> Paul Laxalt Building<br/> 401 North Carson St., 2<sup>nd</sup> floor<br/> Carson City, Nevada</p> | <p><b>Thursday, January 9, 2014</b><br/> <b>Planning Session</b><br/> Location TBD<br/> Carson City, Nevada</p>   |
| <p><b>Friday, February 20, 2013</b><br/> <b>9:00 AM</b><br/> <b>Quarterly Meeting</b><br/> Legislative Building<br/> 401 South Carson St., Room 2144<br/> Carson City, Nevada</p>              | <p><b>February 2014</b><br/> <b>Quarterly Meeting</b><br/> Legislative Building<br/> 401 South Carson St., Room TBD<br/> Carson City, Nevada</p>                                      |
| <p><b>Thursday, June 6, 2013</b><br/> <b>9:00 AM</b><br/> <b>Quarterly Meeting</b><br/> Legislative Building<br/> 401 South Carson St., Room 2135<br/> Carson City, Nevada</p>                 | <p><b>May 2014</b><br/> <b>Quarterly Meeting</b><br/> Legislative Building<br/> 401 South Carson St., Room TBD<br/> Carson City, Nevada</p>   |
| <p><b>Thursday, August 15, 2013</b><br/> <b>9:00 AM</b><br/> <b>Quarterly Meeting</b><br/> Legislative Building<br/> 401 South Carson St., Room 2135<br/> Carson City, Nevada</p>              | <p><b>August 2014</b><br/> <b>Quarterly Meeting</b><br/> Legislative Building<br/> 401 South Carson St., Room TBD<br/> Carson City, Nevada</p>  |
| <p><b>September 8-11, 2013</b><br/> <b>National Conference NAGDCA</b><br/> National Association of Governmental<br/> Deferred Compensation Administrators<br/> Louisville, Kentucky</p>        | <p><b>September 6-10, 2014</b><br/> <b>National Conference NAGDCA</b><br/> National Association of Governmental<br/> Deferred Compensation Administrators<br/> San Antonio, Texas</p> |
| <p><b>Thursday, November 14, 2013</b><br/> <b>9:00 AM</b><br/> <b>Quarterly Meeting</b><br/> Legislative Building<br/> 401 South Carson St., Room 2135<br/> Carson City, Nevada</p>            | <p><b>November 2014</b><br/> <b>Quarterly Meeting</b><br/> Legislative Building<br/> 401 South Carson St., Room TBD<br/> Carson City, Nevada</p>                                      |

## MassMutual Consultant Position

A question was asked by Committee Member Brian Davie, on behalf of several participants, at the June 6, 2013, meeting of the Nevada Public Employees Deferred Compensation Committee, concerning the Consultant position for MassMutual listed in the NDC newsletter. The question requested a job description for the Consultant position and information about the services he performs and how he benefits participants.

The following response was provided by Robert Trenerry, Regional Manager, MassMutual, who provided permission to share:

Steve is a paid consultant that over the years has assisted Hartford, now MassMutual, with Enrollment, Communication, and Education Strategies for employees and retirees of the State of Nevada and the Alliance plans as well as other entities through out the state. Steve also assists us with various State conferences, workshops and Special programs for the benefit of participants and retirees.

Please convey that NDC participants **do not** pay for any of his compensation. Steve's compensation is from a separate source of money. This is a common practice in the industry which all companies use to pay lobbyist and consultants.

Prepared by:  
Brian Davie  
NDC Committee Member  
August 14, 2013

**OFFICE OF THE  
ATTORNEY GENERAL**

**NEVADA  
BOARD AND COMMISSION  
MANUAL**



**CATHERINE CORTEZ MASTO**  
Attorney General

State of Nevada  
*November 2006*

## X. DUTIES OF CHAIRMAN

The chairman is not the decision maker. He is the group leader. A chairman's duties include ensuring that the accommodations for the meeting are reasonable for the conduct of the board or commission's business and that actions are taken to ensure the comfort of the parties, court reporters and board or commission members (i.e. make sure the facility will accommodate the number of people anticipated for the meeting and take recesses to accommodate the needs of those attending the meeting). His duties also include calling the meeting to order, leading and conducting the meeting and helping to ensure compliance with the Open Meeting Law. The chairman should not influence members in their beliefs or in their vote. He grants the floor to the person who properly addresses the chair. If more than one person requests the floor, the chairman decides who should have that privilege.

The chair decides if a quorum is present before the meeting is opened. A quorum is a number of persons specified in the statute as required to be present to hold a meeting. It is usually a majority of the members.

The chair attempts to draw everyone into the discussion, particularly when involved in important issues and attempts to have all sides presented.

The chair sets the ground rules for time allocation, discussion limits, time of adjournment, and keeps focus on the agenda.

The chair has the agenda adopted at the start of the meeting, and ensures motions are properly voted upon. The chair should also help ensure that the board or commission does not stray from the topics specifically noted on the agenda.

The chair will conduct hearings and may be called upon to make evidentiary rulings pursuant to legal objections. The chair should ensure that findings of fact, conclusions of law and a decision are clearly stated on the record and timely issued in writing.

In order to control the prolific talker or takeover type of person, the chairman could use the following techniques:

- . Be firm in order to give others a chance to participate and contribute. Say, "I appreciate your comments and would like to hear from others and will give them preference now."
- . When a conflict occurs, suggest that conflicting ideas help to present all viewpoints and help in resolving the matter. Insist and state that the conflict is between ideas and not between persons.

- . Keep the discussion on the subject. If persons stray from the subject or deal on personalities, be forthright and firm and rule them out of order. If necessary, recall the subject for them and insist that the discussion remain directly on that matter.

If ideas or problems are complicated and involved, the chair may:

- . Refer the matter to a committee for study, discussion, and recommendation. After the committee has completed its work, the recommendations can be made to the entire group for action. The report can then be accepted, rejected, amended, or referred back to the committee for further study. A committee should be given a time limit for its work.
- . Use a panel discussion. This provides an opportunity for presentation of different points of view. It can be made up of four to six persons who are experts on the matter or who knowingly have different viewpoints. In addition, an impartial moderator must be provided.

The moderator facilitates the presentations and allows questions between panel members and, if time permits, from the membership or floor.

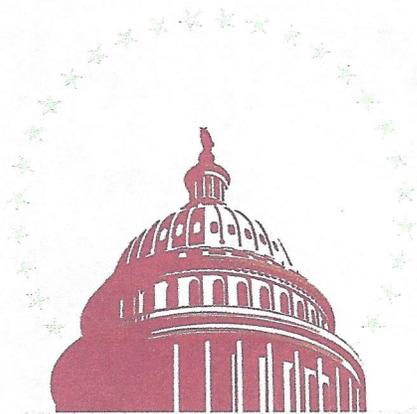
**A good chairman should satisfy certain requirements:**

- . Punctual.
- . Knowledge of basic parliamentary procedure.
- . Leadership ability.
- . Capability of being personable, yet at the same time being firm and orderly without endeavoring to be merely popular. The leader who seeks popularity usually fails.
- . **Ability to handle critical and controversial issues.**
- . **Control of his or her emotions and convictions.**
- . **Impartiality while sitting as the chairman with exercise of common sense and good judgment.**
- . **Ability not to express ill will or negative thoughts about others openly.**
- . **Prepared for the topics on the agenda.**
- . **Knowledgeable about the statutes and regulations the board or commission is charged with enforcing.**



# Public Defined Contribution Funds

Building a Successful Retirement Plan



## Public Defined Contribution Funds

### Defined Contribution Plans in the Public Arena

As public sector defined benefit plans face deficits and underfunding, state and local governments are turning to the DC plan – long a supplemental benefit – to play a greater role **4**

### A Creative Solution

Although corporate America has long embraced the shift from DB to DC, it looks like the public sector has found a middle way – the hybrid DB/DC model **10**

### The Lure of Stable Value

Quick question: What's the most popular public DC fund choice? Rather counter-intuitively, it's stable value **13**

### Looking for Income

Opinion is divided as to whether public DC plans will lead the way in using insurance-based retirement income products or choosing an entirely different path **14**

# Sponsors

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Financial Services

# Defined Contribution Plans in the Public Arena

**P**ension plans exist to provide adequate retirement income for their participants. The problem for defined benefit plans in the U.S. has been the cost of providing this prized benefit. In corporate America, this situation has been addressed by gradually migrating employees from DB plans to defined contribution plans, whose assets and risk are managed by participants. The same transition has not yet occurred in the public arena.

That's not to say that public plan sponsors aren't seriously weighing the costs and benefits of running DB plans. In an era of volatile markets and long-lived participants, DB plans are an expensive proposition. Unlike for corporations that have been closing, freezing and terminating DB plans in favor of DC, for state and government public DB plans, the way forward is not always so clear. The pension promise is a significant element in the employer-employee compact in the public sector – and employers make changes at their peril.

But the time to make a change may have come. The good news is that there is a range of interesting solutions. Most involve making the DC plan – long supplemental in the public sphere – play a greater role in the overall retirement equation. "The biggest concern facing public plan sponsors is the ability to provide adequate retirement benefits within cost and risk parameters that are reasonable," says Richard Hiller, Senior Vice President of TIAA-CREF.

## Many decision-makers

The issues with pensions are universal. "The challenges faced by both public and corporate plans are comparable," says Thomas Skrobe, Managing Director at BlackRock. "More and more people are getting ready to retire. Corporate participants will be less reliant on secure pension income. Public employees are all about the pension. The risk for public plan employees is that the pension is eliminated or reduced."

"For public plans, longevity is less of an issue because of their access to DB plans," continues

BlackRock's Skrobe. "But the risk that people will outlive their assets is a major concern as the DB plan becomes a smaller part of the overall benefit." This makes finding a solution to the current funding pressures in the sector difficult. "There can be many different constituencies when dealing with public DC plans," says Jonathan Hubbard, Director of Institutional DC Platforms at MFS Investment Management. "You can be working with elected officials, state legislators, unions and plan administrators. In terms of overall plan design, it can be challenging to implement some of the auto features such as auto enrolment and auto escalation, which have been very successful in corporate plans. There are more interested parties, and while they may have common goals, they may have different perspectives on how to achieve these goals and which goals have priority. It's quite a different proposition than working with one autonomous entity, such as a corporate 401(k) investment committee that is able to make decisions. It's one decision-maker versus a number of decision-makers."

The biggest issue remains funding. "Because of the increasing strain on public DB plans, the future is uncertain," says TIAA-CREF's Hiller. "Is their DB plan sustainable? So they are doing a number of different things. They are amending the DB structure across the board and looking for longer-range solutions that include, in one form or another, some DC. Whether straight DC for new hires, or future service of existing employees, or in a hybrid structure, as was done in Rhode Island and Tennessee. DC, properly structured, has a role going forward in public plans, not just as a supplement, but as or as part of a primary retirement plan."

So what does the brand new primary retirement plan look like in the public space? "It's important to find a healthy balance when it comes to costs and benefits," says BlackRock's Skrobe. "Public plans are going to need to compromise to get to the right spot. So the question is can you offer DB? If not, then what? And the answer is a DC plan because that's the only answer that

makes sense. You need to develop a timeframe. Corporate plans can provide a bit of a roadmap, in that public plans can learn a lot from the mistakes and good things that were done in the transition."

The public workforce has needs that aren't always as different as the corporate one. "What a properly structured DC plan can do is to provide adequate replacement income at retirement for a mobile workforce, with no unfunded liabilities and complete budgetary predictability for employer and employee," says TIAA-CREF's Hiller.

"There is a belief that state government employees are not as mobile as private sector employees," says TIAA-CREF's Hiller. "To an extent that is true, but not by much. According to the DoL's Bureau of Labor Statistics, the average tenure for state and government employees is about six years; for those in the private sector, it's four years. A government job is not necessarily a full career for anyone anymore. This highlights the need for a retirement system that does not penalize career mobility."

## Different lens

One key element to understand is the role – or non-role – of Social Security. "It's important to understand the desires and needs of public participants," says Sean Kenney, Director, Institutional Sales at MFS Investment Management.

"Some public retirees are not Social Security eligible, so they look at DC and retirement through a different lens. Public DC plans have a huge allocation to stable value, for instance. One question today is what a world-class menu and vehicles look like uniquely in public plans. It can make for unique challenges."

Most managers suggest thinking about the issue from first principles. "What is important is the proper structure," says TIAA-CREF's Hiller. "The traditional 401(k) or 457 [public plan] structure is not the right one for a primary retirement plan. Those plans are designed to operate as supplements to DB plans. Their primary purpose is asset accumulation. So just taking that structure and

As public sector defined benefit plans face deficits and underfunding, state and local governments are turning to the DC plan—long a supplemental benefit—to play a greater role

saying that it is the primary plan is a big mistake.”

Focusing on income replacement, rather than simply asset accumulation is a good place to start. “A proper overall income replacement ratio is 75% to 80% of pre-retirement income, including Social Security, if available,” says TIAA-CREF’s Hiller. “Half of your income in retirement should be guaranteed lifetime income to cover basic necessities. So, for example, if 30% is the income replacement for Social Security for an individual, then 20% from the DC plan should be combined, to be settled as a lifetime income. What this does is manage risk within the DC structure.”

Each plan sponsor needs to understand how they want to use both DB and DC in the overall equation as few public plans are giving up the DB benefit entirely. “The biggest challenge for DC plans is identifying the role they play in the overall retirement equation for participants,” says Jake O’Shaughnessy, Advisor at Arnerich Massena. “Initially, DC Plans were intended to be supplemental to DB plans, not the primary vehicle for retirement income accumulation. For most public employees, DC plans still are not the sole retirement vehicle; most receive some DB benefit, which often continues to serve as the primary income replacement vehicle.”

Other observers concur. “Newer public employees are sometimes only offered DC plans,

while in others, the DB plan continues to be the primary retirement program. It varies greatly from state to state – there isn’t yet an overall trend,” says MFS Investment Management’s Kenney.

#### Not a ton of synergy

Coordination between DB and DC may pose a problem now and in the future. “In the past public DC plans have often been run by a different division within government than the DB plan,” says MFS Investment Management’s Kenney. “It means that it can be difficult to have the two programs truly be complementary to one another. It’s pretty uncommon to have DB and DC staff under the same roof, so there may be an opportunity to create more synergies between the overall retirement program for participants.”

Developing synergy is probably a prerequisite to success going forward, as corporate plans have found. Leveraging U.S. investment management and oversight skills from the DB plan into the DC plan can cut costs and mean improved outcomes for participants. Another ray of light is the attitude of public employees to their pension plans. Many, though certainly not all, are engaged in the process. The fact that they have multiple sources of retirement funding means that they are used to language that will come in handy as DC becomes a bigger part of the mix.

“What is useful is that public plan participants are used to thinking about replacement income in retirement because of their DB benefits,” says MFS Investment Management’s Hubbard. “For example, they may think in terms that the DB plan will provide a 60% replacement income and that they can expect 10% to 15% from their DC plan, bringing them up to a respectable 70% to 75% income replacement in retirement. This mindset, of thinking about defined contribution savings within the framework of income, rather than an overall account balance, is an important translation that many participants struggle with.”

A problem for public plans, as for all pension plans, is the changing nature of employment. No longer do employees join an organization in their 20s and work there for 40 years. That means that the original DB plan, designed for the one-job-for-life worker, simply doesn’t work these days. “DB is a great model, but it is not meeting the needs of younger people today,” says TIAA-CREF’s Hiller.

That doesn’t mean that all agree that DC is the way forward. It may be a question of which DC plan model will work properly in the public plan space. “Those that are opposed to DC point to risky 401(k) plans,” says TIAA-CREF’s Hiller. “A DC plan that can be a primary retirement plan needs three things. The purpose needs to be

income replacement, not asset accumulation. It needs an investment structure with a small number of funds chosen for long-term capital appreciation to meet retirement needs. These will likely include target or custom target-date funds, deferred annuities and guaranteed annuities. Finally, there needs to be a comprehensive plan for communication, education and advice to individuals at all life stages."

DC plans are no longer a sideshow to the DB main event, even if they aren't the primary income generation vehicle. "Public plan sponsors no longer view DC plans as 'beer money,'" says Arnerich Massena's O'Shaughnessy. "They are a core component of the retirement equation. They want the tools to create diversified portfolios. They know they need to have more fiduciary oversight, and since 50 funds are more difficult to oversee than 20, they are looking to streamline. For those participants who want more choice, they provide a brokerage window."

#### Flexible but not overwhelming

This shift offers plan sponsors the opportunity to rethink their approach to the DC plan. "We see two main challenges for public DC plan sponsors today," says Paul Zemsky, Chief Investment Officer, Multi-Asset Strategies at ING U.S. Investment Management. "The first is to provide enough flexibility in the investment lineup, while avoiding overwhelming participants with choice. Getting this balance right is an art not a science. Education can help participants understand the importance of avoiding chasing the market and/or putting too much of their portfolio into high-risk asset classes, such as emerging markets."

The public sector is not governed by ERISA, so is not privy to some of the advantages that recent rulings have provided. It means that public DC plan sponsors may not operate in quite the same way as their corporate peers. "Since governmental plans are not subject to ERISA, these plans typically don't have the QDIA safe harbor that is helpful to corporate plan sponsors," says ING U.S. Investment Management's Zemsky. "However, they do offer asset allocation products, such as target-date funds, which have embedded advice. We are starting to see increased usage of these options as the public sector transitions from offering primarily a DB and DC to, in some cases, only a DC plan to new employees."

The idea of DC being the primary retirement plan is new territory for public plan sponsors. It may mean a shift in thinking. "If the plan is supplemental, then sponsors' fiduciary considerations or objectives may differ from those of a plan serving as a primary retirement saving vehicle," says Arnerich Massena's O'Shaughnessy. "The multitude of investment options offered by these plans is a result of this legacy and mindset.

For many, these plans were just 'beer money,' so to speak. Consequently, plan sponsors didn't really consider the possibility of misuse. But now that the DC plan is becoming a more important factor in retirement security, sponsors are looking to construct investment menus which drive toward positive retirement outcomes rather than a wide array of choice."

It is likely that the streamlined DC menu will look familiar. "We advocate a three-tier investment approach to public fund DC plans," says TIAA-CREF's Hiller. "At the top is your lifecycle or target-date funds. Larger plans are considering custom target-date funds, where the sponsor is able to ID the most appropriate asset classes, use best-in-class funds and then create a target-date glidepath. It's possible in this structure to carve out a guaranteed product that will ensure a floor of income. It could be a privatized cash balance plan or other guarantee product. In that case, the risk would be borne by the insurance company, not the plan sponsor."

"The second tier," Hiller continues, "would offer all the same funds as in the target-date fund, but would allow the individual to choose between 15 to 20 funds and may include deferred annuities. In this tier, participants use the advice engine, availing themselves of fiduciary protection. In the third tier, the same funds are available but participants would choose and manage their own asset allocation."

#### Fiduciary oversight

Advice is not always part of the equation. "In a three-tier menu, we suggest that plan sponsors limit themselves to fiduciary oversight of the first two tiers," says Arnerich Massena's O'Shaughnessy. "So for the 'do-it-for-you' default tier and the 'let's-do-it-together' core fund tier, the sponsor makes proactive choices. For the third tier, the 'do-it-yourself' brokerage window, we suggest asking participants to sign an agreement that relieves the sponsor of fiduciary duty. It's a declaration that there's no lifeguard on duty in that segment of the plan."

This plan design is considered best practice in the industry. "For those plans that haven't rationalized their investment lineup, we expect they will soon, moving to a more standard three-tier lineup with fewer funds overall," says ING U.S. Investment Management's Zemsky.

"One main catalyst to streamline for corporate DC plans was the Pension Protection Act of 2006," says MFS Investment Management's Hubbard. "It gave corporate plans the opportunity to be more active in structuring their investment menus and implement auto features. In addition, there were elements of the PPA that made running an underfunded DB plan less desirable. There hasn't been this type of sweeping legislation around public plans, so while they are

looking to corporate plans for guidance, there is not that catalyst."

Plan sponsors are also looking at a technique called 'white labeling,' a form of customization to help control costs and minimize oversight. "In large plans where they have tremendous investment staffs," says Arnerich Massena's O'Shaughnessy, "sponsors are constructing custom funds in which several managers, sometimes those that are already utilized in the DB plan, manage or oversee a portion of the assets within a particular investment option. The participant only sees, for instance, U.S. large cap equities, but behind that, the fund's assets may be divided among a number of managers. One advantage of this approach is that the sponsor can swap out underperforming managers without having to map the participants to another fund."

#### Investment education

"Running customized funds may be difficult for those unused to dealing with more complex custody and recordkeeping issues," says Arnerich Massena's O'Shaughnessy. "But it is possible and can have other benefits, such as the ability to do securities lending."

In a sense this development can be seen as part of the trend to make the DC plan more like a DB plan. In fact, many sponsors with both kinds of pension plan will use the same investment managers across both. "The employer and its consultants choose, monitor and review the funds chosen," says TIAA-CREF's Hiller. "In order to make it easier to manage, the investment policy statement is long-term and retirement focused, and allows the sponsors to swap out funds at their discretion." This approach to white-labeling can be easier for participants as well, in that they don't have to choose between two different funds with the same investment objective, run by two different managers – a choice that may require a higher level of investment education than they possess.

Another reason to consider streamlining is to keep costs down. "We do see some interest in consolidating investment menus," says MFS Investment Management's Kenney. "Plan sponsors are looking at the benefits of using institutional vehicles – collective trusts and segregated accounts – and the impetus here is fees. Plan sponsors are looking to drive fees down and by consolidating the investment lineup, participants can benefit from the cost efficiencies created by higher fund balances. But not every plan can do this, because you need both size and staff to accomplish this."

An area where cost is also a consideration is in the debate between active and passive funds, with index funds generally cheaper. "The

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question of active versus passive management is a philosophical one," says ING U.S. Investment Management's Zemsky. "Plans will generally select one or the other in the selection of a target-date or target-risk fund, but typically not offer both. But in individual funds in the core lineup, plans may offer active and passive funds in each asset class. In this scenario, they are looking to the ERISA-registered space as a best practice, where many corporate plans see this as a way to meet their fiduciary duty."

"Passive is a strategy that many plan sponsors are looking at, but the majority of DC assets are still in active managers" says MFS Investment Management's Hubbard. "Invest-

ment committees need to recognize that there is significant due diligence that needs to be done when selecting a passive manager – just because they are passive does not absolve the sponsor's fiduciary duties."

It's not a plan sponsor's job to hold their participant's hand, but it is good to have the option to default them into moderate-risk based funds

ment committees need to recognize that there is significant due diligence that needs to be done when selecting a passive manager – just because they are passive does not absolve the sponsor's fiduciary duties."

Choosing passive may not be the easy way to go. Not all indexes are created equal. "We are seeing a big take-up in passively managed investment options in the equity space," says Arnerich Massena's O'Shaughnessy. "However, plan sponsors are worried about passive management in fixed income, as the Barclays Aggregate Index allocation to government debt has risen substantially during the last several years."

This may be important in public DC because of the attitude of participants to risk.

"In general, public plan participants are more conservative than their corporate peers," says ING U.S. Investment Management's Zemsky. "There is a lot of debate as to whether individuals should take on more or less risk if they have a DB benefit. Participant behavior also comes into play as the asymmetric utility concept tells us that a dollar lost is a lot more painful than one gained is gratifying."

"The dynamics are changing across the entire DC industry," says MFS Investment Management's Hubbard. "Many plan sponsors are reconsidering their fixed income offering. Typically they have stable value and a Barclays Aggregate Index fund, but more employers are

#### Default options

The interest in more conservative asset classes has public DC sponsors looking to increase their options in this area. "Sponsors report that they have seen more uptake in fixed income than equities since 2008," says ING U.S. Investment Management's Zemsky. "Sponsors are also asking for more choice within fixed income, such as

global fixed income, TIPS and even other asset classes like commodities. These are more challenging because it can be risky to offer commodities, for instance, as a standalone option – more risk of participants making bad timing decisions."

Plan sponsors, however, may be as wary as their participants of embracing the new. "We don't hear much about TIPS funds," says MFS Investment Management's Kenney. "We don't see a lot of plans actively allocating to inflation protection strategies. Some plans are exploring commodities or real estate. But just because they could add these things, it doesn't mean that they are adding them."

What public DC plans are adding is default options. "Among our clients, more are using target-date rather than target-risk," says Arnerich Massena's O'Shaughnessy. "It's probably a function of PPA; although these plans don't fall under ERISA, in which the rules approved target-date funds as QDIAs, the regulations make plan sponsors, even in the public space, feel like they are on solid fiduciary ground when offering these investments to participants."

It's also most appropriate for public employee participants. "Most public DC plans have target-date funds," says BlackRock's Skrobe. "It makes the most sense because this is a population that is used to their employer investing for them."

Target-date funds also match the conserva-

tive approach of many public DC participants. "We are big proponents of target-date funds," says Arnerich Massena's O'Shaughnessy. "It's not a plan sponsor's job to hold their participants' hands, but it is good to have the option to default them into moderate-risk funds. Many public sector employees can expect to have 50% income replacement through the DB fund, so they may need 25% to 30% from the DC plan. It's nice for a younger person entering a DC plan for that purpose to have an option that will provide them with greater upside than a low-risk (and low-return) stable value fund."

When a DC plan does move to add a default target-date fund, the usual first approach is to choose a bundled solution, often from the recordkeeper, with an off-the-shelf glidepath. "Public plans tend to use off-the-shelf, not custom target-date funds," says ING U.S. Investment Management's Zemsky. "One hindrance has been that a plan would need to meet a threshold level of assets in a target-date fund to cover the custody and other costs. However, even though public plans are not covered by ERISA, they did notice the Department of Labor's recent fiduciary guidance on how to select target-date funds which suggested sponsors consider whether a custom target-date suite could be a more appropriate default option than a pre-packaged solution."

#### Variety of market cycles

Once a plan has had some experience with target-date funds, they often consider a more tailored glidepath as part of updating their investment lineup. "Plan sponsors are really starting to get better at analyzing target-date funds, which they probably put into their plan in the years following the PPA," says MFS Investment Management's Hubbard. "They are examining the underlying mechanics – how the manager rebalances the asset classes, glidepath, structure and performance over a variety of market cycles. There is a growing interest in custom, particularly at the larger end of the market, but there are important administrative and fiduciary considerations in custom target-date portfolios."

It makes the most sense to have a custom glidepath when the DC plan is still supplemental. "In terms of the glidepath in the target-date fund, we do see larger public funds using custom glidepaths because they often also have a DB," says ING U.S. Investment Management's Zemsky. "Custom target-date funds are a more sophisticated solution, but also one that is appropriate for plans with particular constraints like an associated DB fund. Corporate plans are very far ahead here, with the uncoupling of the glidepath and choice of asset managers – we would call it target-date version 2.0. Custom in the public space isn't as developed."

Investment managers see this as appropriate

given the nature of the retirement equation for public employees. "We see public DC plans as being perfect candidates for custom target-date because they have investment staff and their demographic needs are unique," says BlackRock's Skrobe.

Part of the move to a custom approach often is made when plans do a fees-and-expenses review and decide that they want to unbundle. "We expect to see target-date version 2.0 hitting public funds," says ING U.S. Investment Management's Zemsky, "where recordkeeping is delinked from asset management, either through a custom approach or DoL bulletin compliant."

Another element of the lineup review can involve not just customization, but also rationalization of choices across the tiered menu. "Plans can also use their customized core asset class options to create custom target-date funds, and then leave the brokerage accounts for those who want an even greater level of personalization," says Arnerich Massena's O'Shaughnessy. "Other plans create the customized core menu options but still use off-the-shelf target-date funds as the default option."

#### Facing headwinds

The use of auto features and default options constitutes one big difference between corporate and public DC plans. "Up to 25% of public DC plans don't offer a default option," says MFS Investment Management's Kenney. "Participants need to make an active choice when they sign up for the plan. This is quite different from corporate DC plans."

The reason for the difference isn't likely to change anytime soon. "In some cases, auto escalation and auto enrollment in a public plan is not allowed since certain state laws do not permit an employer to deduct amounts from an employee's wages without receiving that individual's prior consent," says ING U.S. Investment Management's Zemsky. "So these features are certainly used less. This is also because the DC plan is not the primary savings vehicle for these participants, so plan sponsors may not feel the need to use auto features to enhance participant participation. In addition, it can be complicated to get agreement from all the necessary constituencies."

"Auto-enrollment falls under anti-garishment laws in many states," says Arnerich Massena's O'Shaughnessy. "Even where it is authorized, it may require an employee's express consent or even bargaining with the union. Few plans have wanted to face these headwinds, so auto-enrollment has been slow to catch on."

"The biggest challenge for public DC plans is participation," says BlackRock's Skrobe. "We do try to encourage plan sponsors to use auto features, but they aren't being used aggressively. Forcing anyone to do anything in this area will

create a big stir. And government plan sponsors may not have the same level of statutory support for implementing the auto features that ERISA provides."

From experience in the corporate world where the use of auto features has greatly increased savings rates in some cases and participation in the default option, public plan sponsors are likely to consider how to use these strategies in the future. "We do expect to see more attention from sponsors on auto options and efforts to change the laws to make this happen," says ING U.S. Investment Management's Zemsky.

#### Useful to participants

Another area where a steer from the DoL is having an effect is fees and expenses. Last year, the DoL brought in a range of precise rulings on DC fees for ERISA plans, mainly focused on transparency. Although not directly applicable to public DC plans, the move hasn't escaped notice. "Most large public plans already provide full disclosure around fees," says MFS Investment Management's Kenney. "They are definitely trying to get their arms around how to communicate this information so as not to confuse participants. Public and government plans are used to disclosing everything, so it's more a question of what is the most effective way to disclose this type of information so that it is useful for their participants."

A key area of change is around models of charging. "We are seeing less and less revenue sharing in public DC plans," says MFS Investment Management's Kenney. "These plans are used to paying out-of-pocket costs directly. Smaller plans may decide to continue to use revenue sharing because eliminating it entirely may be too burdensome on their budget. But in order to cut investment costs, many plans are looking to go to institutionally priced vehicles through white labelling, separate accounts, commingled funds and institutionally priced mutual funds. We think there is ample opportunity for more institutional pricing in the public DC market."

Observers expect institutional pricing to be an area of focus over the next few years. "Fees and expenses are important, and the new regulations mean that all sponsors are looking at them and at plan design," says TIAA-CREF's Hiller. "One way to keep expenses down is not to have a huge number of funds. Controlling the number of funds is an opportunity to have very attractive share classes. A typical TIAA-CREF plan has an average all-in cost of about 50 basis points. Transparency and value are key. There are state laws that get you to the same place as ERISA."

Cost issues are just emerging at the moment. "Although the 408(b)(2) fee disclosure rules don't apply to public DC plans, they look to ERISA for best practices and that means fee transparency

is increasingly being requested," says Arnerich Massena's O'Shaughnessy. "We've seen many plan sponsors doing recordkeeping RFPs this year and we think that's why. Also, revenue sharing is being eliminated as another aspect of a new focus on fairness. Sponsors want to know: Are fees being charged to participants in a transparent, equitable, and fair way?"

"The fee disclosure rules in ERISA-regulated plans have had an impact, though less of one, in public plans," says ING U.S. Investment Management's Zemsky. "It had already been standard practice, before the new DoL requirements, to provide disclosure regarding mutual fund revenue sharing and clear and transparent plan fees, so public plan participants were already aware of the fees they are paying. There is also more public employer interest in zero revenue share menus. It's part of an effort to enhance transparency by the sponsor. From a participant perspective, there have been very few questions as a result of this disclosure and very little observed change in actual behaviors."

While this isn't altogether surprising – corporate plans received few inquiries either – it is another marker of concern for public plan sponsors. "In general, sponsors don't think their participants are as engaged as they would like them to be with retirement in general and the DC plan in particular," says ING U.S. Investment Management's Zemsky. "It's hard to get a piece of their mindshare. There has been a tremendous increase in communications and education, but because of the DB plan, many participants in public plans just aren't focused enough."

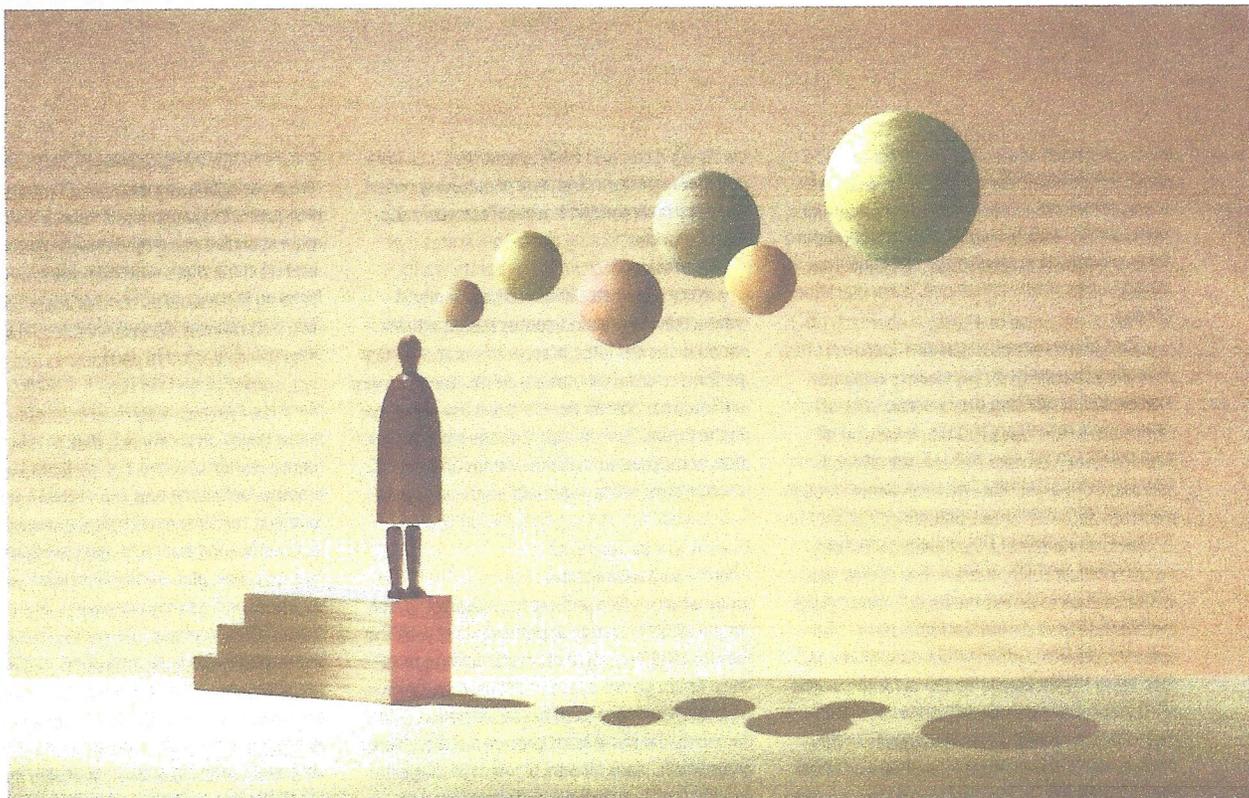
"Plans are trying to get participants to take a little more ownership in the plan," says MFS Investment Management's Hubbard. They are thinking about how to get people to contribute more rather than just participating at a low level. There's no evidence that there has been much change yet, but plan sponsors are taking a more active role here because employees need to save more for retirement."

#### Encourage participation

"It is difficult to engage participants around DC," agrees BlackRock's Skrobe. "They need to understand the benefits and need to be encouraged to participate. Because if public plans follow the same path as corporates, then public participants need to be prepared to make that shift."

"If we start the process of educating participants in public plans, encouraging them to save more, to take advantage of matching contributions and prepare to be in DC plans, we may be able to make the DC plan top of mind or at least closer to top of mind for participants," continues Skrobe.

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# A Creative Solution

Although corporate America has long embraced the shift from DB to DC, it looks like the public sector has found a middle way—the hybrid DB/DC model

Given the experience of corporate funds in moving from a focus on defined benefit to defined contribution plans, it would be easy to expect public funds to follow the same path. Many state and local governments are faced with similar issues around the sustainability of their DB plans. Interestingly, their investigation of traditional corporate DC plans such as 401(k)s can raise issues around the risks that are difficult for plan sponsor and participant to manage.

The hybrid alternative that is being developed follows a Chinese menu approach, choosing the best features of DB and DC plans to offer public sector employees a flexible approach to the retirement conundrum that appears to work well within the constraints of the sector.

One of the main challenges that state and local governments face in restructuring their traditional DB provision is the need to share the risks associated with achieving retirement income adequacy between both the employee and the employer. One way to ensure this is to create a package of DB and DC that is mandatory for employees to join. States such as Rhode Island and Tennessee that have launched hybrid

plans have built on a history of communicating successfully with their employees.

#### Sources of retirement income

"Public funds have done an admirable job in educating their participants," says Sean Kenney, Director, Institutional Sales at MFS Investment Management. "It can be really impressive, equivalent and sometimes better than their corporate counterparts. You can see it in their enrollment numbers and participation rates. Yes, participants do tend to allocate a lot to stable value, but you could argue that as a replacement for Social Security, stable value is a good place. It is a bit more complicated in the public space, because you need to take into account several different sources of retirement income."

Key to the success of a hybrid structure is employee understanding of those holistics. "Public DC funds are typically less paternalistic than corporate plans," says MFS Investment Management's Kenney. "They use less default options, less auto features, but public participants tend to be more engaged in their retirement. For government employees, benefit packages can often be an important factor in deciding to remain in their

jobs and with their employer, and as a result, tend to have a higher level of awareness of their retirement programs than that of their corporate peers. But in the DC space, there is less dialogue in the public space because it is still, for the most part, a supplemental plan."

The world is changing here though, building on this better understanding of some of the important principles of retirement such as income adequacy. "We have seen and expect to continue to see an uptick in the use of hybrid plans," says Jonathan Hubbard, Director of Institutional DC Platforms at MFS Investment Management. "These plans combine elements from both DB and DC plans for a population throughout their career. They are plans that maintain some of the guaranteed retirement income that is characteristic of DB plans with some of the variability of DC plans. The language here and throughout the public space is of income benefits, rather than lump sums."

#### Longevity risk

Hybrid plans start with a benefit based on the DB model, then add a DC component. This allows the

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sponsor to reduce the funding obligation commitment while still providing an element of guaranteed benefit. This has the important advantage of addressing an issue that is rarely discussed – the risks associated with longevity or the possibility that you will outlive your assets in retirement.

The construction of the DC component in the hybrid plan is critical. "The distribution of assets in a DC plan depends on how it ties in with the overall structure," says Richard Hiller, Senior Vice President of TIAA-CREF. "Is it part of a hybrid plan, or DC on its own, or with a DB plan? In a hybrid plan, it may be that you can have enough guaranteed income from the DB portion, so you wouldn't need regular guaranteed payments out of the DC part. If it's a straight DC construct, we would recommend that some portion of the assets be distributed as lifetime income to at least cover the participant's basic needs in retirement – food, clothing, shelter."

DC in the hybrid context must be designed differently than in a traditional 401(k) or 457 plan, says TIAA-CREF's Hiller. It needs to be a risk-managed plan that establishes mandatory participation and adequacy of contributions from the outset, but also provides an investment lineup that ensures appropriate decision-making.

So this isn't old-school public fund DC, with tens of options and no guidance. It's a more structured and perhaps paternalistic approach that assesses risk and apportions it clearly. "There is an evolution away from DB in the public space," says Jake O'Shaughnessy, Advisor at Americh Massena. "Hybrids are a middle ground. If you want to solve the issue of plan sponsors taking on investment risk, then limiting the amount of guaranteed benefit can help. But there's still the problem of ensuring adequate retirement income. A DC plan can help if it is designed with retirement adequacy in mind."

#### Default vehicles

The investment menu for the DC portion of a hybrid plan could focus on a relatively narrow range of asset class funds, a default vehicle such as lifecycle or target-date funds that offer age-related asset allocation, and investment advice in some form. In this way, the sponsor can ensure that the participant has the tools to manage their portion of the retirement plan in a sensible fashion. This focus needs to guide all decisions. "When looking for an outside record keeper to manage a public DC plan, you need to make sure that it is going to be managed as a retirement plan," says TIAA-CREF's Hiller. "The plan should not be voluntary. You should be auto-enrolled into a proper default option. For instance, Rhode Island moved all their current employees into their hybrid for future service."

Given the volatile financial markets, the high

#### DC Plan Contribution Rate Required to Achieve a 75% Income Replacement Ratio

| Entry Salary | DB Formula | Social Security Replacement Ratio | Required DC Rate with Social Security | Required DC Rate without Social Security |
|--------------|------------|-----------------------------------|---------------------------------------|--|
| \$40,000     | 1.5%       | 31.7%                             | 0.0%                                  | 6.8%                                     |
| \$60,000     | 1.5%       | 26.6%                             | 0.0%                                  | 6.8%                                     |
| \$80,000     | 1.5%       | 22.6%                             | 0.0%                                  | 6.8%                                     |
| \$40,000     | 1.0%       | 31.7%                             | 2.5%                                  | 12.1%                                    |
| \$60,000     | 1.0%       | 26.6%                             | 4.1%                                  | 12.1%                                    |
| \$80,000     | 1.0%       | 22.6%                             | 5.3%                                  | 12.1%                                    |

#### Assumptions:

- Entry age is 30, retirement age is 65 \* Salary increase is 4%
- DB benefit replacement ratio is equal to formula times 35 years of service
- Interest rate is 6%
- DC accumulation is used to purchase a Single Life Annuity w/10 years guaranteed
- Annuity purchase rate based on 4% interest and current TIAA mortality
- Social Security benefits based on current benefit formula, and 3% inflation
- The above scenario is based on hypothetical assumptions and is not intended to represent the performance of any specific investment product. It cannot be used to predict or project investment company performance.

Source: TIAA-CREF

*The figures above illustrate the level of contributions needed to ensure retirement income adequacy from a variety of retirement income sources.*

target return rates of many public DB funds and a certain level of underfunding, a compromise solution such as a hybrid allows state and local governments to mitigate some risks without breaking promises to their employees. "Hybrid DC-DB plans are a good solution," says Thomas Skrobe, Managing Director at BlackRock. "It's one of the compromises that make sense. It's an elegant solution that gets to the heart of the matter because of what it accomplishes. It can provide some element of guaranteed income while sharing the investment risk between the sponsor and the participant."

The biggest attraction for the employer is the partial removal of the risk associated with managing a DB pension plan. "A hybrid plan has the advantage that it is less risky to the sponsor than DB alone," says TIAA-CREF's Hiller. "In Rhode Island and Tennessee, they are using a 1% DB multiplier benefit, which when coordinated with the DC benefit, will get them to a 75% to 80% replacement income level. Which, for the sponsor, is better than the normal 2.5% or so multiplier of a traditional DB plan."

#### Low-cost annuity

The hybrid plans now being used or considered don't just end when retirement is reached. Many offer a mechanism to convert a portion of the retirement pot into a low-cost annuity usually sufficient to cover the basic necessity portion of their needs, while leaving additional funds available to continue investing and not annuitized.

While some plan sponsors are far ahead in

their work on hybrid plans, many are just beginning. The DC plan has long been an afterthought for sponsors. But with underfunding endemic, plan sponsors will be looking for any port in the storm. "We expect DC plans to be used in the future to bridge some of the funding gaps that have opened up in public DB plans," says BlackRock's Skrobe.

But plan sponsors need to remember that participants must analyze all of their sources of retirement income in order to make informed decisions about saving and investment. All that the sponsors can do to facilitate this process will help employees, and incidentally benefit themselves.

Hybrid plans also take account of another fact of life today: the mobility of the workforce. Few workers in either the public or private sectors spend their entire careers in one job or with one employer. The hybrid plans being launched today are constructed to accommodate a mobile workforce, which is important for both the employer and the employee.

"We think it is important for public plan sponsors to think holistically about the interaction between the DB and DC plans," says MFS Investment Management's Hubbard. "The best way to do this is to house both under the same roof to ensure that plan sponsor decisions are made in concert, but also allowing the participant to understand how the two plans work together. In some cases it won't be possible to aggregate retirement information for the participant, but we do know of some cases where a joint calculator has helped this process." ☐

# The Lure of Stable Value

**Quick question: What's the most popular public DC fund choice? Rather counter-intuitively, it's stable value**

**I**t pays to understand the mindset of the public participant when considering the future of public defined contribution funds. Many public employees do not qualify for Social Security, so the retirement package of primary DB and supplementary DC plans is their pension. For that reason, DC asset allocation in public plans can seem odd initially, but can be explained at least in part by this difference. "We see different behavior in public participants," says Paul Zemsky, Chief Investment Officer, Multi-Asset Strategies at ING U.S. Investment Management. "The main place we see it is in the amount of stable value that is held – it's significant. Whether this is because public participants are more conservative by nature, it is unclear."

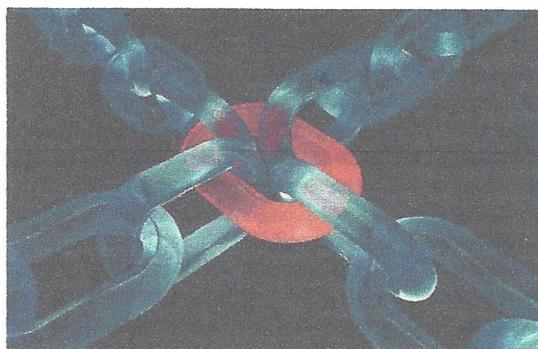
Others are more convinced by the social security replacement argument. "Most government employees already have a solid DB plan," says Sean Kenney, Director, Institutional Sales at MFS Investment Management. "So the thinking is that the DC plan is a voluntary plan that is supplemental to their DB, and as such, participants should have many investment options available to them. Even now we see many more investment options in public DC lineups than in corporate plans. As these plans begin moving from supplemental, to the core retirement savings program for participants, we are seeing plans start to streamline their menus. They have a huge allocation to stable value – as much as 40% to 50% of the assets – because many participants view it as a replacement for Social Security."

## Consumes time

Stable value offers participants an investment that preserves principal while offering a consistent return. This stability is prized by participants, particularly those who are nearing retirement and could not easily sustain capital loss. Because of this concentration of assets, plan sponsors need to keep a keen eye on the offering. "Stable value consumes a lot of plan sponsor time," says MFS Investment Management's Kenney. "As much thought goes into it

as into target-date funds or the core lineup."

Stable value uses an amortizing mechanism to smooth swings in market return. Though it generally worked well in the crisis of 2008-9, providers of stable value funds found themselves under pressure, and the asset class has restructured to respond to the different market environment. "The health of stable value funds was a concern in 2008-9," says ING U.S. Investment Management's Zemsky. "The vast preponderance of these portfolios were below book value. That is no longer true, but other issues have arisen around the ability to roll and renew contracts at attractive prices, and investment constraints.



Capacity is tighter and the cost of wrappers has risen, so yields are down. It's consistent with an overall theme: if you want certainty, it will cost you. If you take risk, the likelihood is that you will make more money."

The cost of certainty worries some observers as the prospect of interest rate rises comes closer. "As far as stable value goes, we're likely through the darkest part of the night," says Jake O'Shaughnessy, Advisor at Arnerich Massena. "The risk is not that they will blow up. Wrap capacity is loosening, but investment guidelines are tighter, yields are lower and these products are more expensive. But stable value funds have been investing in high-quality, low-duration paper and, should rates rise quickly, they will not be able to move quickly to address the issue. Instead, they will likely have three years of low-yielding paper to work out before achieving posi-

tive real returns. Fixed accounts have the ability to readjust their investments more quickly."

## Significant benefit

The concentration in these conservative asset classes worries those who can see DC becoming a bigger portion of the retirement equation. Although principal may be maintained, the returns won't allow participants to meet their replacement income targets. "We've seen a significant increase in the usage of stable value funds since 2008, as well as general account annuity options," says ING U.S. Investment Management's Zemsky. "We see a higher allocation to these asset classes

than in a private sector plan of a similar size. There is concern about the percentage of assets many participants hold in stable value. For investors, there's an opportunity cost to holding an asset that returns 2% while the equity markets are up 1.5%, and does not keep up with inflation. However, it's less of a risk in a public plan, where a DB plan probably still provides a significant benefit. But as a larger percentage of retirement assets are proportionally in the DC plan, this kind of asset allocation becomes a bigger problem. Participants are giving up a lot of upside potential by investing a large amount solely in stable value."

It might make sense for participants to be directed toward other risk-controlled, but higher-yielding options. "Public fund participants definitely have a higher proportion of their assets in more conservative options, such as fixed income and stable value," says ING U.S. Investment Management's Zemsky. "There is some movement towards options with embedded advice, including target-date funds, but there haven't been nearly the inflows that we've seen in corporate plans. Everything in the public DC arena tends to move more slowly. Though perhaps when interest rates move up, there may be a greater movement away from bonds. It's still unclear what the drivers for change will be here. Simply put, plan sponsors and participants don't have to pay as much attention to their DC plan when there is a good DB plan in place." ☐

# Looking for Income

**Opinion is divided as to whether public DC plans will lead the way in using insurance-based retirement income products or choosing an entirely different path**



What is the purpose of a pension fund? The man on the street would probably say to provide for retirement. What does that mean? In common

parlance it's probably enough money to live well in retirement – or a check for life. With the predicted demise of corporate defined benefit (DB) plans starting to materialize, workers in the private sector are likely to have to find that check for life for themselves – from the retirement fund accumulated in their defined contribution plan.

This isn't quite the case in the state and government sector, where the pension promise via a DB plan is at least partly alive. However, public fund participants will likely have to think more about how to ensure their own retirement income in some manner. As the experience in the corporate sector shows, how to manage the phase called alternatively draw down, spend down or de-cumulation turns out to be just as complicated to understand as the accumulation phase.

There are few guideposts. The Department of Labor has been considering guaranteed lifetime income solutions for ERISA plans. Though the DoL so far has issued no specific advice, the department has offered sponsors some guidance on how to provide an illustration of what a given pot of money might buy in terms of income in retirement. "For corporate plans, the recent Department of Labor proposals regarding lifetime income illustrations has been useful," says Jonathan Hubbard, Director of Institutional DC Platforms at MFS Investment Management. Many public plans do model certain plan attributes after their corporate plan counterparts, so any impact on corporate plan due to the DOL proposals may spillover into the public plan space "But as far as product goes, there is no plug and play product that does not involve significant trade-offs."

The DC industry has been working hard to develop a way to provide a corollary to the DB paycheck for life, but no one solution has taken hold. A few large plans and a larger number of smaller ones have adopted in-plan annuity solutions. Many more plans offer out-of-plan annuity and spend down strategies. But because

most public DC plans were seen as supplemental plans and not designated as income replacement vehicles, these solutions haven't typically been considered in the past.

This may change in the future. "Most industry surveys suggest that 15% of public plans will add retirement income to the lineup over the next few years," says Sean Kenney, Director, Institutional Sales at MFS Investment Management.

If the DC plan is an integral part of a holistic approach to retirement planning and is designated to provide a certain percentage of replacement income alongside a DB plan, then the target-date fund is the most obvious place for a sponsor to include an embedded, in-plan retirement income solution. That's because the target-date fund is the most DB-like of all DC options, providing as it does an asset allocation portfolio that de-risks as participants move closer to retirement.

Annuity products have never made much headway either in-plan or out-of-plan because of the need to irrevocably commit capital to purchase guaranteed income. But it may be that as DC becomes a more important part of the retirement equation for public sector participants, there may be more of an impetus to consider these options.

## Irrevocable commitment

One place in which the public plan sponsor may have an advantage is in replacement income. It's a term that public employees are used to hearing whether in relation to their DB or DC plan. Observers suggest that if participants are introduced early on to other ways to consider getting lifetime income other than through the DB plan, it will become standard practice.

It's also clear that the range of solutions to provide the all-important paycheck for life is growing. "Some of the issues that plan sponsors are considering when trying to replace the DB promise are income solutions," says Jake O'Shaughnessy, Advisor at Americh Massena. "These include capital preservation fixed income vehicles, stable value, money markets and fixed accounts or GIC contracts. You don't necessarily need an annuity. A fixed account can provide the same benefit." ☐

## DEFINED CONTRIBUTION PLANS

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One way to get participants more involved is to offer them individualized advice rather than simply education. "In a supplemental plan, education is not a major factor," says TIAA-CREF's Hiller. "Supplemental plans generally offer higher cost funds with retail charges. With income as the primary purpose in a core retirement plan, there's a need to plan for outcomes. We think that means participants need specific, objective individual advice at the fund level that takes into consideration the full financial picture of the participants and their families."

"TIAA-CREF partnering with Ibbotson/Morningstar offers individual advice," says TIAA-CREF's Hiller. "We are the fiduciary to the individual for that advice. We think advice is important because there is a significant difference between the impact of guidance and advice."

## Following advice

Even with this extra push, engagement remains a critical issue for public plan sponsors. "The number and percentages of people who use the advice service we offer is lower than you'd want," says TIAA-CREF's Hiller. "But for the people that do use it, the percentage that then follow the advice is extremely high. We offer it at no direct cost to the participant."

"Effectively, instead of DB investment pools, these DC plans are allowing participants to set up individual DB plans," says TIAA-CREF's Hiller. "What's important is that the advice piece is critical at the individual level."

The aim of all pension plans is to provide adequate income in retirement. With less of a contribution from DB plans, some observers think public employees will want to match that promise from their DC plan. "We think that guaranteed income might get a big boost from the public DC space," says BlackRock's Skrobe. "Public plans could be a leader in offering guaranteed retirement income because it matches the needs and expectations of the workforce, which expects income from their pension."

Maintaining the same levels of income from DC plans that public sector participants are used to from DB plans will require higher levels of individual savings. The outcome of the shift is unclear at this point. "DB benefits are very expensive and someone has to pay for it," says ING U.S. Investment Management's Zemsky. "It remains to be seen if those that are not highly compensated will have the ability to save more, to take on a greater burden of their retirement. Generally, public funds have followed the corporate path, so DC is likely to be a bigger part of the retirement nest egg in the future, as the population turns from DB to DC for a bigger proportion of their overall assets." ☐