



City of Annapolis Pension Plan

Performance Analysis
June 30, 2014

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Overview

The second quarter began with an unsettled tone hovering over U.S. stock markets as investors began dialing back risk exposures in the wake of conflicting economic reports and rising valuations. The most pronounced effect of investors' caution was felt in small-cap stocks, which suffered a near 10% correction from March through mid-May. The early-quarter angst also spurred further demand for Treasury bonds, forcing interest rates lower yet again in defiance of many pundits who expected rates to rise in 2014. Reprising a trend seen throughout the stock bull market of the past five years, however, investors eventually overcame their concerns and re-embraced risk assets, sparking strong gains over the second half of the quarter and driving the S&P 500 Index to new highs. Investors' renewed cheerfulness also translated into a notable decline in market volatility, as the CBOE Volatility Index in late-June hit its lowest level since 2007.

Investors' adoption of a "risk on" mentality yet again in the second quarter came despite the looming cessation of the Federal Reserve's monetary stimulus measures via its "tapering" process, which is designed to gradually end the Fed's bond purchases by October 2014. For the meantime, concern over any potential effects of the end of monetary stimulus appears to have been trumped by the Fed's publicized intention to maintain short-term interest rates at levels close to zero through 2015 at least, thus reassuring investors concerned about the potential of rising interest rates.

Investors' rejuvenated enthusiasm as the second quarter progressed also seemed to reflect an optimistic perspective on selected positive U.S. economic reports as evidence that the economy has overcome the impact of last winter's severe weather conditions and is poised to attain so-called "escape velocity." Supporting that view were two widely followed sets of data: monthly U.S. business survey indexes compiled by the Institute for Supply Management, which registered levels above 50 throughout the quarter (a reading above 50 indicates that economic activity is generally expanding), and the U.S. monthly nonfarm payrolls data that indicated an average of 270,000 jobs were created per month in the second quarter.

Close inspection of the payrolls data, however, reveals that many of the jobs created in 2014 exist in lower-paying fields such as temporary help, retailing and restaurants. Moreover, other key indicators didn't strongly corroborate the ISM and payrolls data: for instance, industrial production, durable goods orders and personal consumption data released during the quarter generally disappointed. Housing data – as represented by home sales, housing starts and mortgage applications – remained mixed and portrayed the industry as struggling to maintain its previous momentum coming out of the financial crisis. Further, while most pundits expected weather-driven effects to negatively impact first quarter GDP readings, many were nonetheless surprised at the magnitude of the final reading of -2.9% (inflation-adjusted, annualized).

Heading into the third quarter, investors will be focusing their attention on multiple issues, including: whether the Fed signals changes to its tapering program or interest rate plans; whether economic and corporate profit growth will accelerate enough to supplant the Fed as drivers of continued market gains; stock and bond valuations; trends in inflation rates; and geopolitical developments.

Market Returns

Index	6/30/2014				
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr
Global Equity					
MSCI All-Country World (\$, net)	5.0%	22.9%	10.2%	14.3%	7.5%
U.S. Equity					
S&P 500	5.2%	24.6%	16.6%	18.8%	7.8%
Russell 2000	2.0%	23.6%	14.6%	20.2%	8.7%
Non-U.S. Equity					
MSCI EAFE (\$, net)	4.1%	23.6%	8.1%	11.8%	6.9%
MSCI Emerging Markets (\$, net)	6.6%	14.3%	-0.4%	9.2%	11.9%
Fixed Income					
BC Aggregate	2.0%	4.4%	3.7%	4.9%	4.9%
Real Assets					
Bloomberg Commodity ⁽¹⁾	0.1%	8.2%	-5.2%	2.0%	0.9%
NAREIT U.S. Equity Real Estate	7.1%	13.0%	11.9%	23.6%	9.7%

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

- Stock markets across developed countries posted healthy returns in the second quarter, although U.S. small-cap stocks (Russell 2000 Index) lagged after suffering early-quarter weakness. Emerging market stocks (MSCI Emerging Markets Index) rebounded with a strong performance in the second quarter after posting losses in 2013 and the first quarter of 2014.
- Interest rates defied expectations yet again in the second quarter and declined across the U.S. Treasury yield curve, while credit spreads tightened further on corporate bonds and mortgage-backed securities. Each of these developments supported bond prices and produced positive returns for the Barclay's Capital Aggregate Index once again in the quarter.
- Commodities (Bloomberg Commodity Index) were flat following the gains registered in the first quarter, as reversals in agriculture and soft commodities were essentially offset by rising energy prices. REITs (NAREIT U.S. Equity Real Estate Index) were once again the strongest asset class, benefiting from further declines in interest rates.

(1) Formerly the DJ-UBS Commodity Index

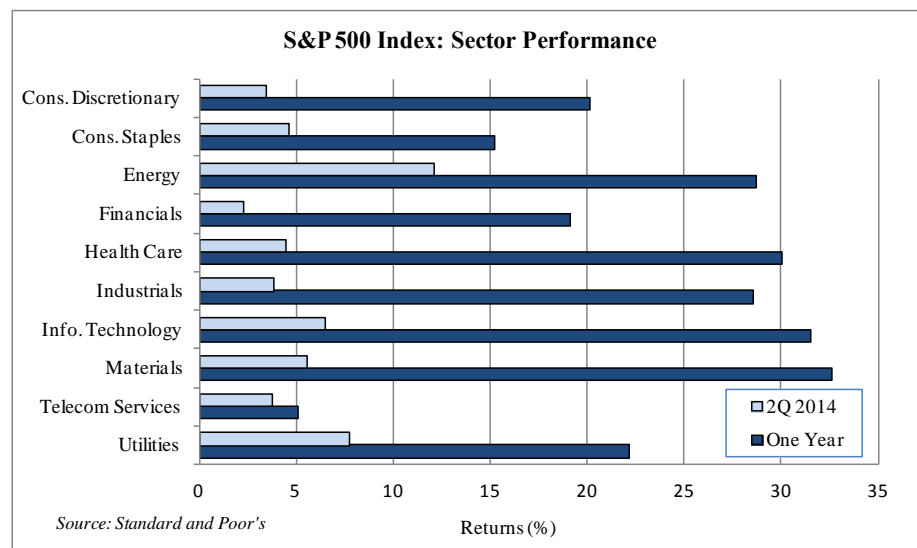
U.S. Equities

- The second quarter started with an unsettled tone for U.S. stocks, particularly small caps, which suffered a near 10% correction from March through mid-May as investors expressed concerns about valuations. Weakness was particularly pronounced among momentum-driven stocks in the technology, biotech and social media sectors. The angst dissipated in the latter part of May, however, and stocks resumed their march upward, with the S&P 500 Index hitting new highs in late June. All U.S. market segments posted positive returns for the quarter, although large caps (S&P 500, +5.2%) surpassed small caps (Russell 2000, +2.0%) after the early-quarter swoon of smaller companies.

Indices (\$, net, annualized ≥ 1 year)	Quarter	1 Year	3 Year	5 Year
Russell 3000	4.9%	25.2%	16.4%	19.3%
S&P 500	5.2%	24.6%	16.6%	18.8%
Russell 1000	5.1%	25.4%	16.6%	19.2%
Russell 1000 Value	5.1%	23.8%	16.9%	19.2%
Russell 1000 Growth	5.1%	26.9%	16.2%	19.2%
Russell 2000	2.0%	23.6%	14.6%	20.2%
Russell 2000 Value	2.4%	22.5%	14.6%	19.9%
Russell 2000 Growth	1.7%	24.7%	14.5%	20.5%

Source: Standard and Poor's, Russell

- A notable decrease in market volatility accompanied U.S. stocks' rebound in May and June. After hitting a high of 17.9 in mid-April, the CBOE Volatility Index steadily declined and by late-June registered its lowest level since 2007 (10.3) before ending the quarter at 11.6. Also indicative of the pervasive calm in the markets was the fact that, as reported in the Wall Street Journal, the S&P 500 Index went 51 trading days through the end of the quarter without registering a 1% move up or down.
- The standout sector in the second quarter was energy stocks, which benefited from rising oil prices throughout the quarter, particularly in June in the midst of resurgent turmoil in the Middle East. Also recording a strong quarter was the utilities sector, which once again found favor with investors seeking higher levels of income in the midst of persistently low yields on many other assets.
- As U.S. stocks have continued to advance, so have their valuations, which at quarter-end stood at multi-year highs according to various measures. The price-to-earnings multiple of the S&P 500 Index registered 17.1x at quarter-end, a level last touched in 2005 and above the 10-year median measure for the ratio of 15.0x. Meanwhile, the price-to-sales ratio for the S&P stood at 1.7x at quarter-end, its highest level in 10 years.



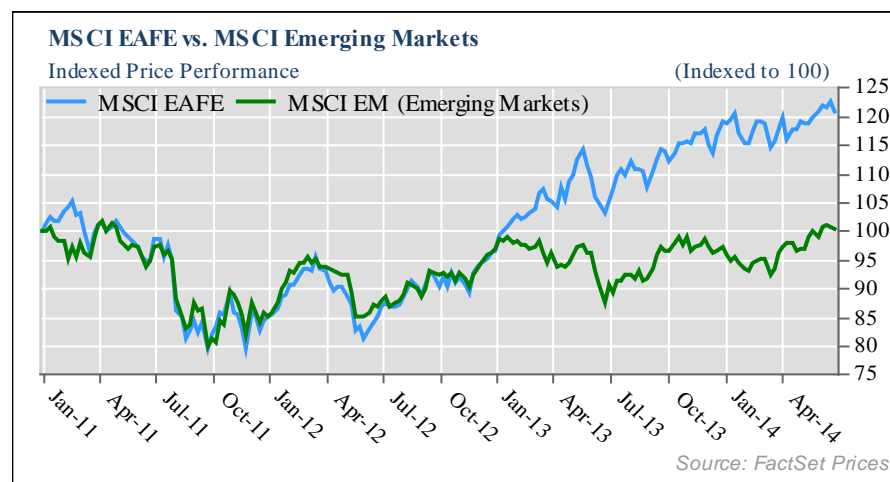
International Equities

- International stocks climbed steadily higher throughout the second quarter and produced solid gains, as reflected in the +5.0% return for the MSCI All Country World ex-USA Index. This reversed a recent trend of international stocks underperforming U.S. stocks. On the whole, foreign currencies appreciated modestly relative to the U.S. dollar during the quarter, which provided a minor boost to international stock returns measured in U.S. dollar terms.

Indices (\$, net, annualized \geq 1 year)	Quarter	1 Year	3 Year	5 Year
MSCI All Country World, ex USA	5.0%	21.8%	5.7%	11.1%
MSCI EAFE ⁽¹⁾	4.1%	23.6%	8.1%	11.8%
MSCI Emerging Markets	6.6%	14.3%	-0.4%	9.2%
MSCI Europe Index	3.3%	29.3%	8.7%	13.0%
MSCI Pacific Index	5.8%	13.1%	7.1%	9.6%

Source: MSCI

- As noted in previous quarters, the performance of developed and emerging markets began diverging significantly in 2013 as investors grew concerned about economic headwinds facing key emerging markets. This trend reversed slightly in the second quarter, however, as favorable valuations attracted investors to emerging market stocks, leading to a healthy +6.6% quarterly return for the MSCI Emerging Markets Index, exceeding the +4.1% return for the MSCI EAFE⁽¹⁾ Index. Particular standout emerging markets included Turkey (+15.1%), India (+12.7%), and Russia (+10.7%).
- Another trend reversal occurred in the relative performances of different regions of the globe in the second quarter, as Pacific region stocks (MSCI Pacific Index, +5.8%) bested European stocks (MSCI Europe Index, +3.3%) for the first time since 1Q 2013.
- Gains in Pacific region markets were led by stocks in Hong Kong and Japan, the latter of which rebounded strongly from a negative performance in the first quarter and also benefitted from appreciation in the value of the yen relative to the U.S. dollar during the quarter.



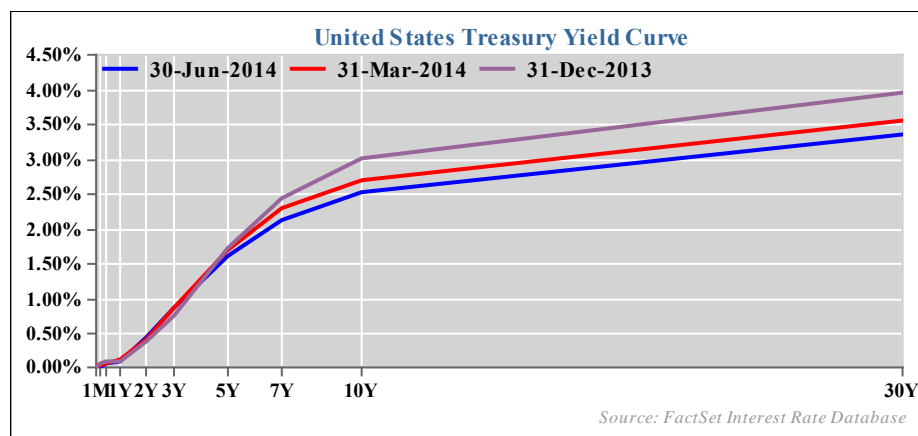
⁽¹⁾ EAFE = Europe, Australasia, Far East

Global Fixed Income

- Interest rates defied expectations yet again in the second quarter and declined across the U.S. Treasury yield curve, leading to gains in government bonds (Barclays Gov't Index, +1.3%). At quarter-end the 10-year Treasury note yielded 2.53%, compared to 3.04% at the start of the year.
- Despite the looming cessation of the Federal Reserve's monetary stimulus measures, certain supply and demand factors have supported on-going price increases (and hence lower yields) for Treasuries in 2014, including: lesser issuance stemming from the narrowing U.S. budget deficit; enhanced demand from foreign investors seeking higher yields than those available overseas; and recurring uncertainty about the pace of U.S. economic expansion.
- Investors' on-going search for higher yields in the face of low rates worldwide also drove further gains in spread sectors such as corporate bonds (Barclays Corporate Index, +2.7%), mortgage-backed securities (Barclays MBS Index, +2.4%) and high yield bonds (Barclays High Yield Index, +2.4%). Meanwhile, nascent signs of higher inflation rates led to healthy gains for TIPS (Barclays TIPS, +3.8%).
- The unrelenting quest for yield has pushed investment grade and high yield corporate bond credit spreads over Treasuries to their lowest levels since 2007. Combined with low Treasury yields, the thin spreads in the high yield market led to average yields on such bonds hitting an all-time low of 4.8% in June.

Indices (\$, net, annualized \geq 1 year)	Quarter	1 Year	3 Year	5 Year
Barclays Global Aggregate	2.5%	7.4%	2.6%	4.6%
Barclays Aggregate	2.0%	4.4%	3.7%	4.9%
Barclays Government	1.3%	2.1%	2.9%	3.5%
Barclays Corporate	2.7%	7.7%	6.2%	8.1%
Barclays Mortgage-Backed (MBS)	2.4%	4.7%	2.8%	3.9%
Barclays Asset-Backed (ABS)	0.8%	1.8%	2.4%	4.7%
Barclays Commercial Mortgage-Backed (CMBS)	1.5%	4.6%	5.1%	11.1%
Barclays High Yield	2.4%	11.7%	9.5%	14.0%
Barclays Emerging Markets	4.5%	10.2%	7.4%	10.8%
Barclays TIPS	3.8%	4.4%	3.6%	5.6%
Barclays Municipal	2.6%	6.1%	5.3%	5.8%

Source: Barclays



Bond Spreads (bp)	Jun-14	Mar-14	Dec-13
Yield Curve (10yr - 2yr)	207	230	265
Inflation (10yr - TIPS)	226	212	224
Investment Grade Corporate	99	106	114
Agency MBS	24	39	35
ABS	48	50	55
CMBS	91	112	130
High Yield Corporate	337	358	382
Emerging Markets	272	308	313

Source: Federal Reserve, Barclays

Commercial Real Estate, Commodities, and Marketable Alternatives

- Real estate stocks followed up strong first quarter gains with another outstanding quarter, as the NAREIT U.S. Equity and Mortgage Real Estate Indices returned +7.1% and 5.9%, respectively. The renewed decline in interest rates in 2014 has spurred real estate stocks' surge, given their relatively high yields, and the advance represents a turnaround from 2013 when the group significantly lagged other risk assets.
- Unlike real estate securities, commodities as a group couldn't sustain the strength they exhibited in the first quarter, as the Bloomberg Commodity Index posted a flat return in the second quarter.
- As usual, however, there was a wide divergence of returns among individual components of the commodities index in the quarter: agriculture and "soft" commodities (e.g., coffee, cotton, sugar) reversed first quarter gains as early season concerns about crop yields faded, while industrial metals erased first quarter losses and produced the best returns among all commodities. Meanwhile, precious metals and energy commodities registered a second consecutive quarter of solid gains in the midst of on-going geopolitical and economic concerns.

Indices (\$, net, annualized \geq 1 year)	Quarter	1 Year	3 Year	5 Year
Real Estate				
NAREIT U.S. Equity Real Estate Index	7.1%	13.0%	11.9%	23.6%
NAREIT U.S. Mortgage Real Estate Index	5.9%	15.6%	9.0%	14.5%
Commodities				
Bloomberg Commodity Index	0.1%	8.2%	-5.2%	2.0%
Bloomberg Agriculture Sub-Index	-10.0%	-2.8%	-4.8%	4.4%
Bloomberg Grains Sub-Index	-13.2%	-9.6%	-2.1%	2.7%
Bloomberg Energy Sub-Index	4.4%	16.7%	-3.9%	-5.1%
Bloomberg Industrial Metals Sub-Index	8.5%	8.3%	-10.9%	2.2%
Bloomberg Precious Metals Sub-Index	3.8%	7.5%	-7.7%	7.5%
Bloomberg Softs Sub-Index	-6.9%	6.0%	-14.5%	4.9%
Alternatives				
HFRI Fund-Weighted Composite	2.0%	9.1%	4.0%	6.5%
HFRI Equity Hedge	2.2%	12.6%	4.8%	7.4%
HFRI Event-Driven	2.3%	11.2%	6.2%	9.5%
HFRI Macro	1.2%	1.4%	-0.5%	1.4%
HFRI Relative Value	2.4%	8.9%	6.4%	9.1%
HFRI Funds of Funds Composite	1.6%	7.7%	3.3%	4.3%

Source: NAREIT, Bloomberg and HFRI

- Hedge funds posted modest returns across the board in the second quarter, as indicated by the +2.0% return for the HFRI Fund-Weighted Composite Index. Relative value funds that seek to exploit idiosyncratic investment opportunities based on valuation discrepancies across various assets led the pack, followed closely by event-driven funds that have benefited this year from active corporate merger, acquisition and restructuring activity. Global macro funds, in contrast, continued to face a more challenging environment, as indicated by the smaller gain for the HFRI Macro Index of +1.2%.

Outlook

We have noted repeatedly in past commentaries the growing disconnect between U.S. stock valuations and underlying U.S. economic conditions, a gulf that widened further in the second quarter as stocks again recorded strong gains against the backdrop of an economy still “muddling through.” Investors’ sustained bullishness has translated into stock valuations above historical averages and a diminished return premium for stocks relative to bonds, as indicated in the chart to the right that depicts the historical difference between the earnings yield on the S&P 500 and the yield on the 10-year Treasury note. For these reasons, we maintain our stance that stocks possess a smaller “margin of safety” at the present time and that investors should expect more muted returns in forthcoming years.

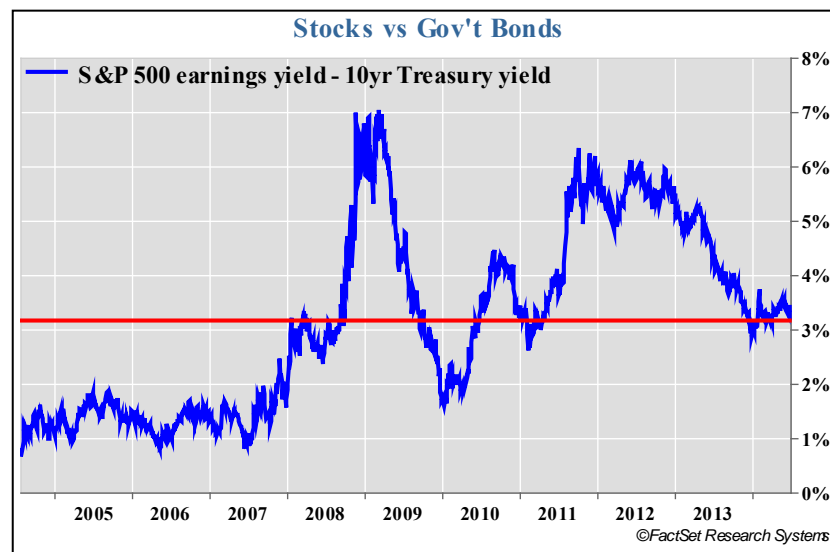
We noted in our 4Q 2013 and 1Q 2014 commentaries that U.S. small-cap stocks were exhibiting elevated valuations relative to large-cap stocks. While this situation began reversing in the first half of 2014 as small caps underperformed (while suffering a near correction between March and May), the overall assessment remains intact as large-cap stocks continue to trade at more reasonable valuations than small caps.

The relationship between the valuations of U.S. and developed non-U.S. equities remains close to the long-term average, indicating neither appears to offer more attractive returns versus the other. We also noted in recent reports that emerging markets were trading at compelling valuation ratios, an assessment that persists despite the strong second quarter advance of emerging market stocks.

Historically low levels of interest rates combined with thin spreads on corporate bonds continue to pose risks to bonds’ long-term return prospects, although bond markets have a tendency to defy predictions in the short run (as seen so far in 2014). Inflation still appears relatively contained, but given the significant expansion of global monetary supplies in recent years investors are wise to monitor closely recent signs of modest upticks in prices. As always, commodities retain the potential to act as a hedge should inflation rates or global economic crises reignite.

Given ever-present uncertainties, risk and return prospects, we continue to believe it is critical to maintain a broadly diversified portfolio engineered to meet long-term goals. We advocate a disciplined approach to investing: reconciling long-term strategic investments with short-term tactical opportunities, favoring active governance over passive disengagement, and emphasizing risk identification and risk reduction via comprehensive diversification. Specifically, diversify risks across different asset classes and investments (i.e., capital diversification), across different systematic and idiosyncratic risk factors (i.e., risk factor diversification), and across different economic regimes (i.e., economic factor diversification).

Gallagher Fiduciary Advisors remains committed to meeting the needs of its clients and looks forward to discussing any concerns you may have.

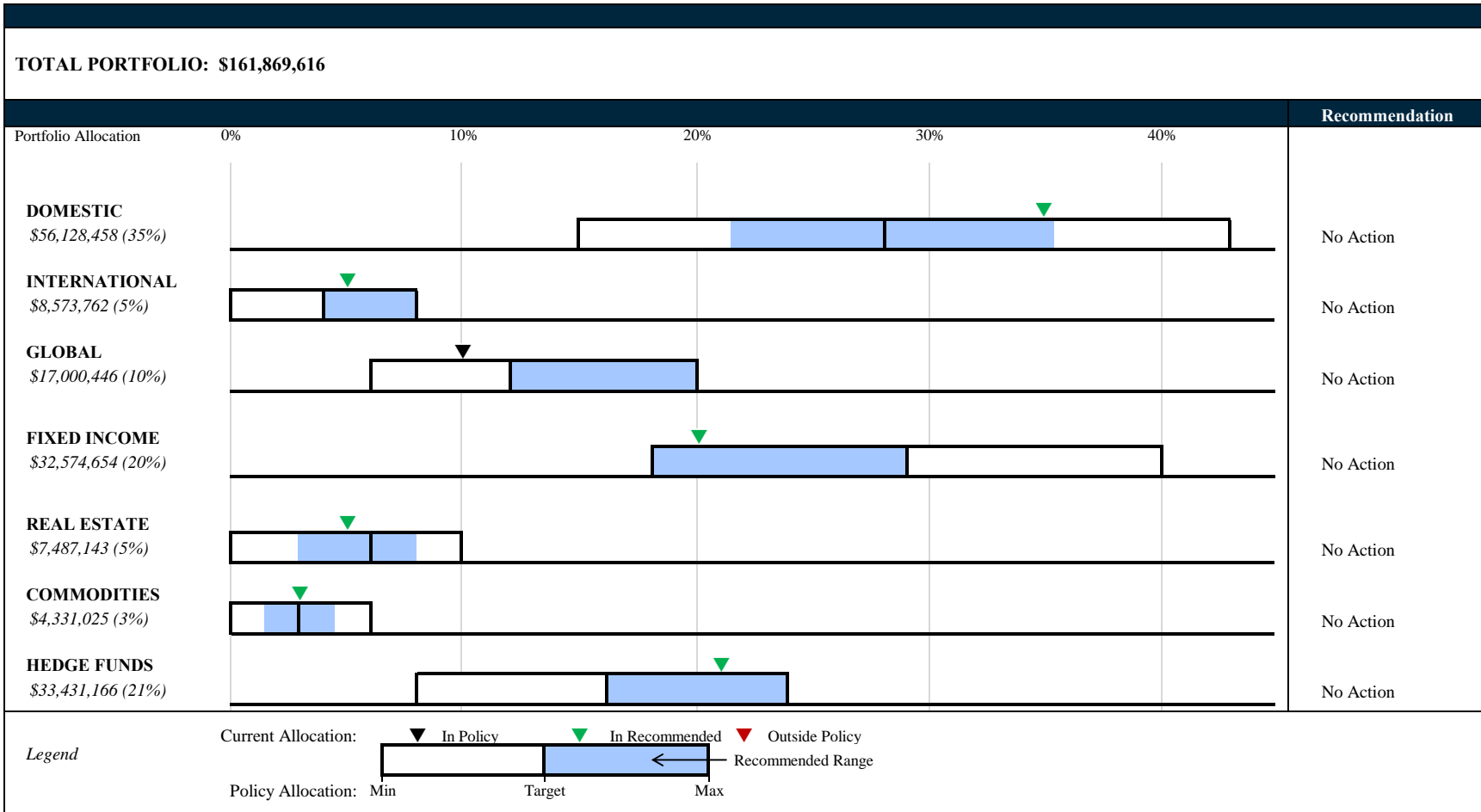




Given the current market characteristics and valuation metrics, we have developed tactical recommendations for portfolios by asset class. These are short-term recommendations intended to complement our long-term (10-year) Capital Market Assumptions. The recommendations that follow represent general guidelines for many portfolios, however, the unique investment and operational characteristics of each institution should be carefully considered before implementing any change in portfolio or investment strategy.

Asset Class	Recommended Allocation			Explanation
	Underweight	Neutral	Overweight	
U.S. Equity				The domestic equity market appears fairly valued, based on the long-term price-to-earnings ratio. Valuation metrics favor large-cap stocks relative to small caps. The relationship between value and growth stocks is consistent with long-term trends.
International Equity				The developed international equity market appears reasonably priced, based on the long-term price-to-earnings ratio, but emerging markets continue to look attractive. Emerging markets are subject to unique, country-specific risks and volatility.
Real Estate				Publicly traded REITs look slightly expensive versus stocks, but inexpensive versus bonds. Private real estate has recovered, but the extent of the recovery depends on the location and property type.
Commodities				The long-term outlook for commodities remains unfavorable due to low interest rates and muted inflation, but unexpected events can have a short-term impact on commodity prices. A neutral allocation can help enhance portfolio diversification.
Hedge Funds				Given the strong capital market performance over the last several years, investors should consider shifting their portfolios toward skill-based investment strategies including equity long/short.
Private Equity				Investors cannot tactically manage private equity exposure, but market conditions can create unique opportunities, including specialty strategies in real estate, credit and opportunistic funds.
Fixed Income				Interest rates fell during the first half of 2014, but the long-term outlook still suggests higher rates and limited returns. Investors should consider opportunistic strategies to complement traditional exposure.

**City of Annapolis
As of June 30, 2014**



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Manager	Performance		Recommendation	Comments	
	Period	vs. Benchmark			vs. Peer Group
Loomis Sayles	1 yr:	+	+	Retain	The fund underperformed by 0.6% during the quarter and ranked slightly below the peer median. While the fund continues to trail the benchmark year-to-date, long-term historical performance remains strong relative to the benchmark and peer group median.
	3 yr:	+	+		
Edgar Lomax	1 yr:	+	+	Retain	The fund outperformed during the quarter as markets whipsawed during the sector ration in April. The fund has outperformed its benchmark and peer group median over both trailing one- and three-year periods.
	3 yr:	+	+		
Cooke & Bieler	1 yr:	-	-	Retain	The fund underperformed by 2.8% during a strong quarter for the benchmark. Weak performance was a result of an underweight to utilities and REITs and stock selection. Short-term volatility has ticked up in the portfolio resulting in poor risk-adjusted returns over the trailing year.
	3 yr:	-	+		
Loomis Sayles	1 yr:	+	+	Retain	The fund outperformed the benchmark and ranked in the top decile of the peer group during the quarter. Since inception in the portfolio, the fund has outperformed the benchmark by 2.5%.
	3 yr:	+	+		
Wellington	1 yr:	-	-	Transitioned	The Special Equities portfolio continued to struggle with poor stock selection during the second quarter and per the committee's decision was transitioned to the Global Opportunities fund July 1, 2014.
	3 yr:	-	-		
Aberdeen	1 yr:	-	-	Retain	The fund underperformed the benchmark by 0.5% during the quarter, but remains ahead of the benchmark and ranks in the top quartile year-to-date. Long-term performance remains strong relative to both the benchmark and peer group.
	3 yr:	+	+		
UBS-TPI	1 yr:	-	N/A	Retain	The fund has outperformed the benchmark over trailing five- and seven-year periods. While short-term performance has lagged the benchmark due to lower leverage, long-term the fund continues to add value.
	3 yr:	-	N/A		
UBS-TPF	1 yr:	-	N/A	Retain	The fund has underperformed the benchmark in the short term due to lower leverage. Since inception, the fund has outperformed the benchmark by 1.8%.
	3 yr:	-	N/A		

**City of Annapolis
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Manager	Performance		Recommendation	Comments	
	Period	vs. Benchmark			vs. Peer Group
Gresham	1 yr: 3 yr:	+	+	Retain	The fund outperformed the index and peer group median. Since inception, the fund has outperformed the benchmark by 3.5%.
Goldman Sachs - Com.	1 yr:	N/A	N/A	Watch	The portfolio outperformed during the quarter, experiencing strong gains in the month of May and June as short positions in agriculture performed well while the broader index reversed.
Grosvenor	1 yr: 3 yr:	+	+	Retain	The fund has outperformed the index and ranks in the top decile of the peer group over the trailing one-, three, and five-year periods.
Entrust	1 yr: 3 yr:	+	N/A	Retain	The fund has drawn near 80% of committed capital. Since inception, the fund has an IRR of 19.3% on called capital, slightly trailing the objective of 20.0%.
Lazard	1 yr: 3 yr:	+	+	Retain	The fund has outperformed its benchmark since inception and ranks in the top quartile of the peer group over both the trailing one- and three-year period.
Goldman Sachs - FI	1 yr: 3 yr:	+	+	Retain	The fund underperformed during the quarter as the portfolio's negative duration weighed on performance. Long-term performance remains strong relative to the benchmark and peer group.

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	Quarter	Year to Date	One Year	Two Years	Three Years	Five Years	Ten Years
Large Cap Equity							
Loomis Sayles	4.52	4.77	N/A	N/A	N/A	N/A	N/A
Russell 1000 Growth Index	5.13	6.31	26.92	21.89	16.26	19.24	8.20
Edgar Lomax	4.78	8.75	25.06	21.62	16.73	20.23	8.89
S&P 500 Value	4.60	6.96	21.99	23.50	16.25	18.52	7.34
Large Cap Equity Composite	4.64	6.44	27.96	22.83	16.45	19.25	8.57
S&P 500 Index	5.23	7.14	24.61	22.59	16.58	18.83	7.78
Mid Cap Equity							
Cooke & Bieler	2.83	4.03	N/A	N/A	N/A	N/A	N/A
Russell Midcap Value Index	5.62	11.14	27.76	27.71	17.56	22.97	10.66
Small Cap Equity							
Loomis Sayles*	5.66	6.74	26.19	27.20	17.12	20.72	8.72
Russell 2000 Index	2.05	3.19	23.64	23.92	14.57	20.21	8.70
Global Equity							
Wellington	3.91	0.32	20.15	22.27	8.52	14.02	N/A
MSCI AC World Index (Net)	5.04	6.18	22.95	19.72	10.25	14.28	7.46
Aberdeen	6.11	7.29	8.91	6.66	N/A	N/A	N/A
MSCI Emerging Markets (Net)	6.60	6.14	14.31	8.44	-0.39	9.24	11.94
Real Estate							
UBS-TPF	2.46	5.05	9.90	9.03	9.31	8.23	7.16
UBS-TPI	3.07	5.67	11.03	9.77	9.97	9.44	8.18
NCREIF Fund Index-ODCE	2.69	5.04	11.75	11.41	11.38	8.97	6.15
Real Estate Composite	2.76	5.37	10.65	9.67	10.10	13.98	6.96

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

*Prior to 10/1/2010 Small Cap Equity Composite

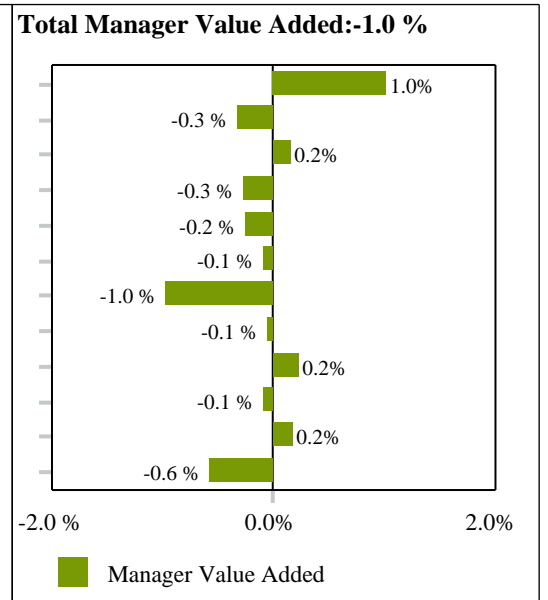
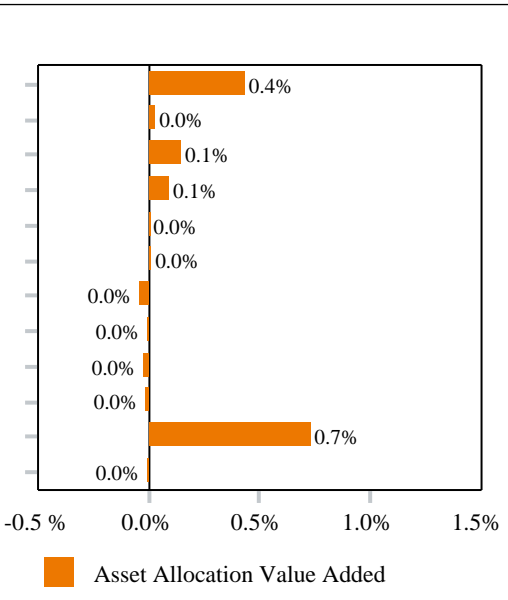
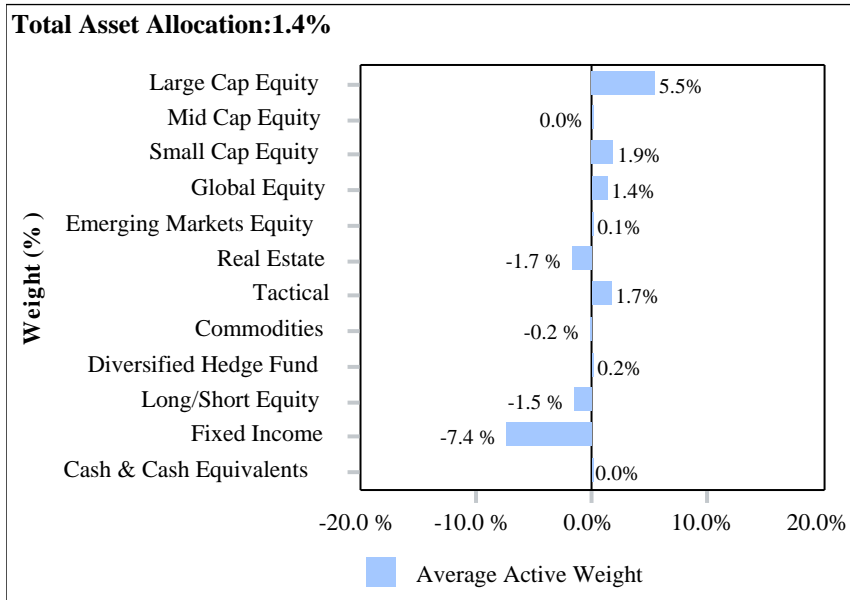
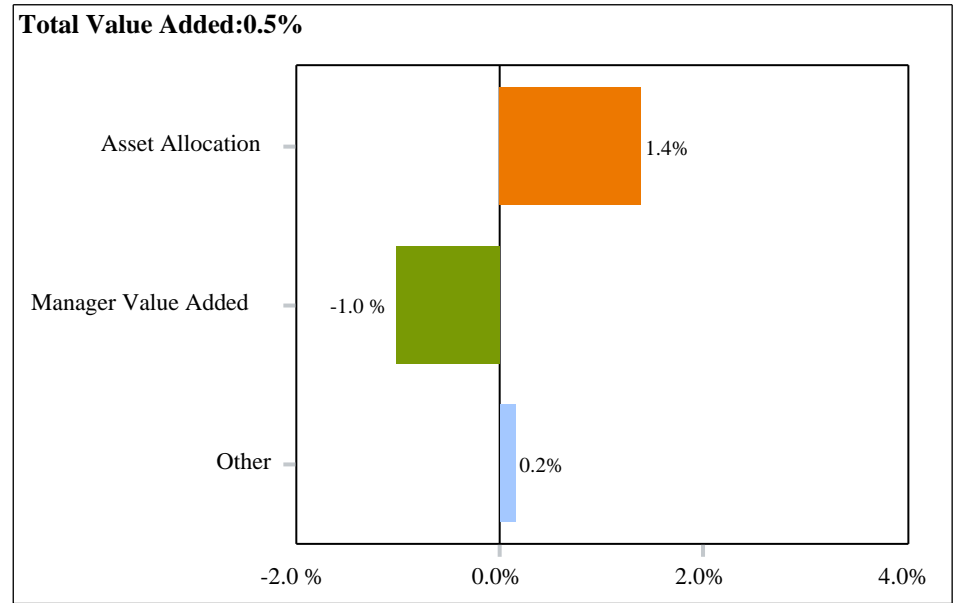
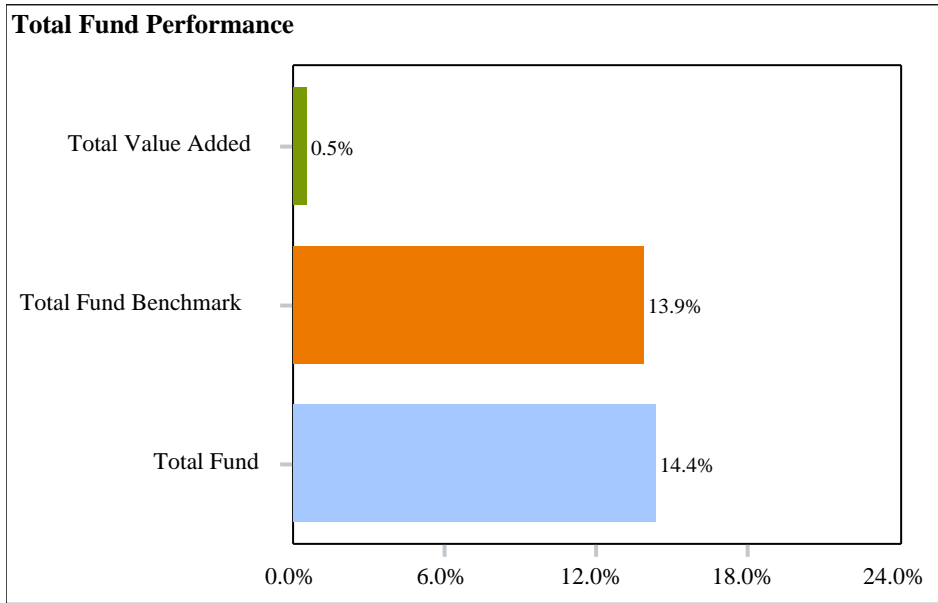
City of Annapolis
As of June 30, 2014

	Quarter	Year to Date	One Year	Two Years	Three Years	Five Years	Ten Years
Alternatives							
Gresham	1.71	6.72	9.28	1.12	-3.65	4.09	N/A
Goldman Sachs	5.20	3.42	N/A	N/A	N/A	N/A	N/A
Bloomberg Commodity Index Total Return	0.08	7.08	8.21	-0.23	-5.17	1.98	0.87
Grosvenor	1.19	2.71	10.81	11.46	6.67	N/A	N/A
HFRI Fund of Funds Composite Index	1.61	2.17	7.69	7.48	3.33	4.26	3.44
Lighthouse	0.94	1.78	N/A	N/A	N/A	N/A	N/A
HFRI Equity Hedge (Total) Index	2.18	3.32	12.60	11.53	4.79	7.36	5.37
EnTrust Capital	3.34	5.67	26.72	19.67	N/A	N/A	N/A
S&P 500 Index	5.23	7.14	24.61	22.59	16.58	18.83	7.78
Fixed Income							
Lazard	1.41	2.67	4.18	3.06	3.76	4.76	N/A
Goldman Sachs Strategic Income Fd.	-0.11	0.36	N/A	N/A	N/A	N/A	N/A
Barclays Intermediate Aggregate Index	1.62	2.85	3.48	1.66	2.86	4.23	4.57
Administrative Reserve	0.00	0.00	0.02	0.01	0.01	0.04	1.50
90 Day U.S. Treasury Bill	0.01	0.03	0.04	0.07	0.06	0.09	1.57
City of Annapolis Pension (Ex Entrust)	2.97	3.58	14.40	12.43	8.39	9.81	5.56
TMI (ex Entrust)	3.33	5.22	13.82	11.16	8.13	10.80	6.26
City of Annapolis Pension	3.00	3.70	15.02	12.80	8.65	11.41	6.33
TMI	3.30	5.23	14.36	11.79	8.57	11.05	6.35

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

*Prior to 10/1/2010 Small Cap Equity Composite

City of Annapolis
City of Annapolis Pension (Ex Entrust) vs. TMI Attribution (Ex Entrust)
1 Year Ending June 30, 2014



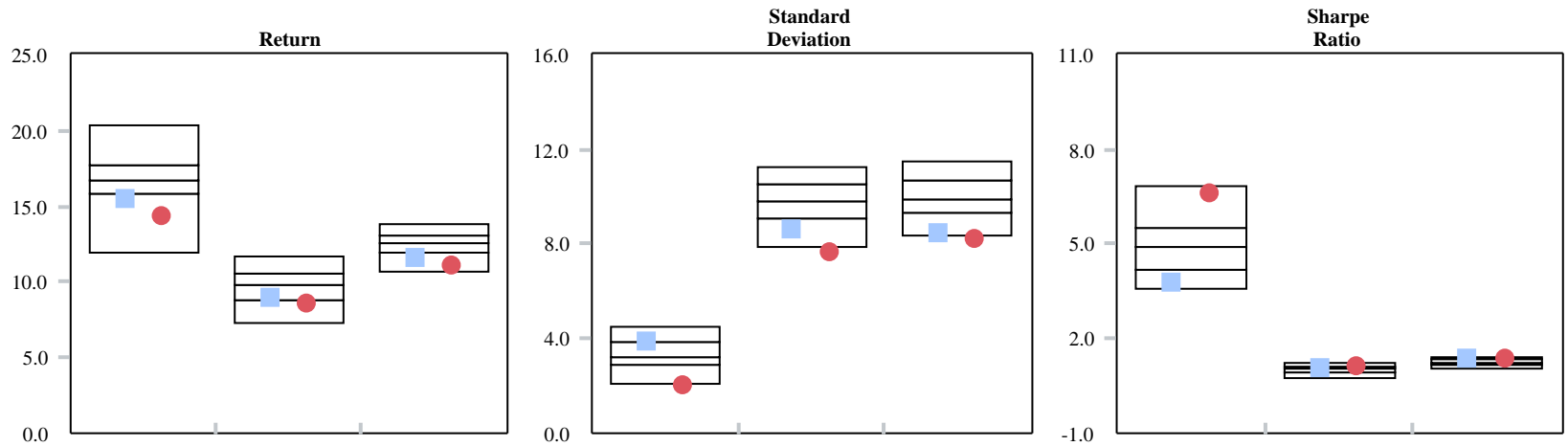
Comparative Performance

	One Quarter	Year To Date	One Year	Three Years	Five Years	Seven Years	Ten Years	Since Inception	Inception Date
City of Annapolis Pension	3.09 (79)	3.88 (88)	15.43 (83)	8.97 (73)	11.61 (86)	4.66 (89)	6.43 (82)	9.08 (N/A)	10/01/1982
TMI	3.30 (67)	5.23 (50)	14.36 (91)	8.57 (84)	11.05 (94)	4.88 (85)	6.35 (85)	10.24 (N/A)	
All Public Plans < \$1B-Total Fund Median	3.54	5.22	16.74	9.86	12.50	5.76	6.88	N/A	
Population	116	116	116	113	111	100	88	N/A	

Calendar Year Performance

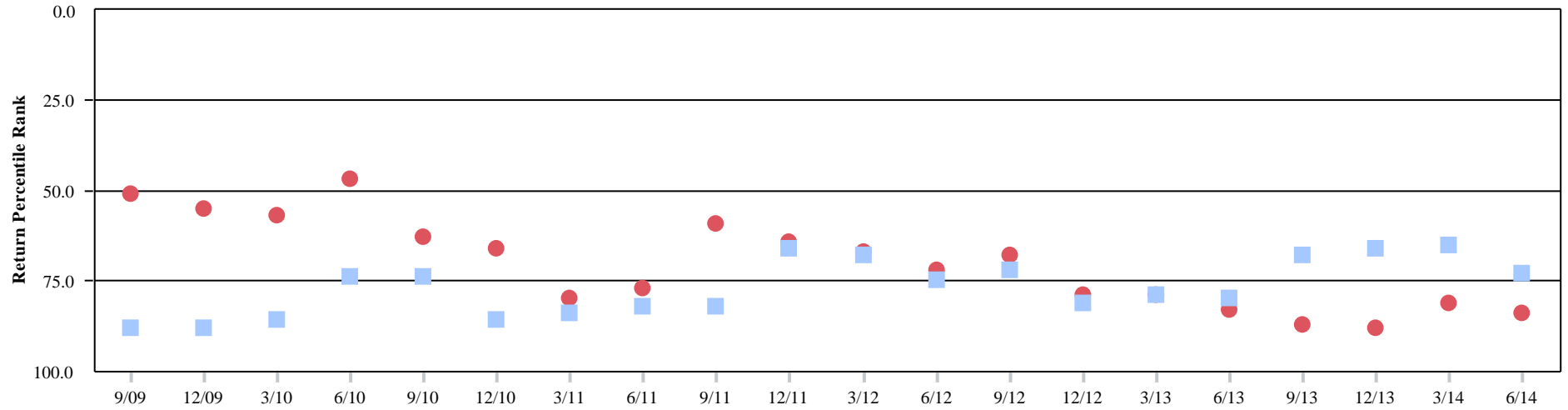
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
City of Annapolis Pension	18.15 (40)	10.08 (92)	0.78 (35)	11.76 (70)	18.00 (64)	-24.54 (62)	5.52 (88)	14.50 (10)	5.81 (56)	10.64 (34)
TMI	13.33 (89)	10.01 (92)	1.53 (18)	11.66 (75)	17.30 (70)	-21.62 (30)	7.47 (56)	12.75 (30)	4.67 (80)	9.43 (54)
All Public Plans < \$1B-Total Fund Median	17.47	12.71	0.06	12.66	19.64	-23.40	7.74	11.33	6.19	9.57
Population	389	406	403	404	388	349	290	215	203	188

Plan Sponsor Peer Group Analysis - Multi Statistics vs. All Public Plans < \$1B-Total Fund



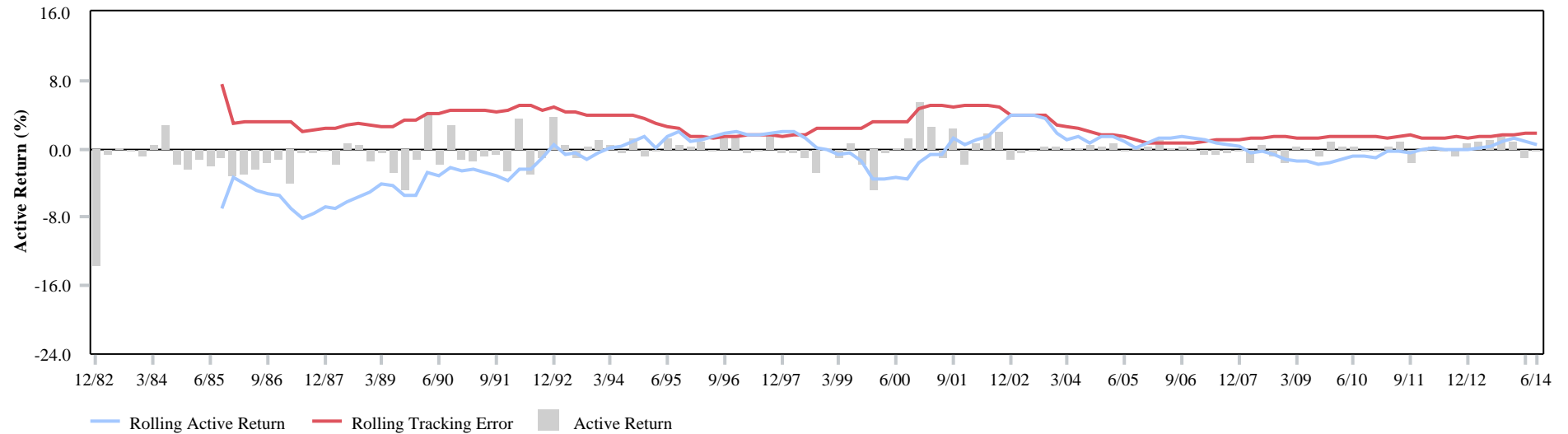
	One Year	Three Years	Five Years	One Year	Three Years	Five Years	One Year	Three Years	Five Years
City of Annapolis Pension	15.43 (83)	8.97 (73)	11.61 (86)	3.86 (26)	8.64 (89)	8.48 (94)	3.79 (88)	1.04 (46)	1.35 (20)
TMI	14.36 (91)	8.57 (84)	11.05 (94)	2.05 (96)	7.64 (97)	8.16 (97)	6.63 (6)	1.12 (25)	1.33 (25)
Median	16.74	9.86	12.50	3.25	9.81	9.90	4.89	1.02	1.25
Population	116	113	111	116	113	111	116	113	111

Rolling 3 Years Percentile Ranking vs. All Public Plans < \$1B-Total Fund - 5 Years



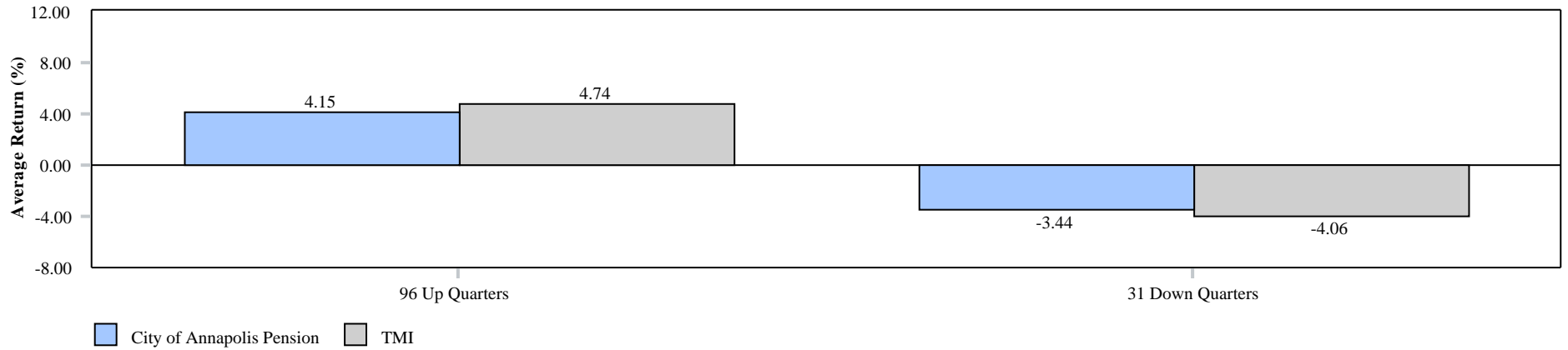
	Total Period	First Quartile	Second Quartile	Third Quartile	Fourth Quartile
City of Annapolis Pension	20	0 (0%)	0 (0%)	10 (50%)	10 (50%)
TMI	20	0 (0%)	1 (5%)	10 (50%)	9 (45%)

Rolling 3 Years Active Return vs. TMI - Since Inception

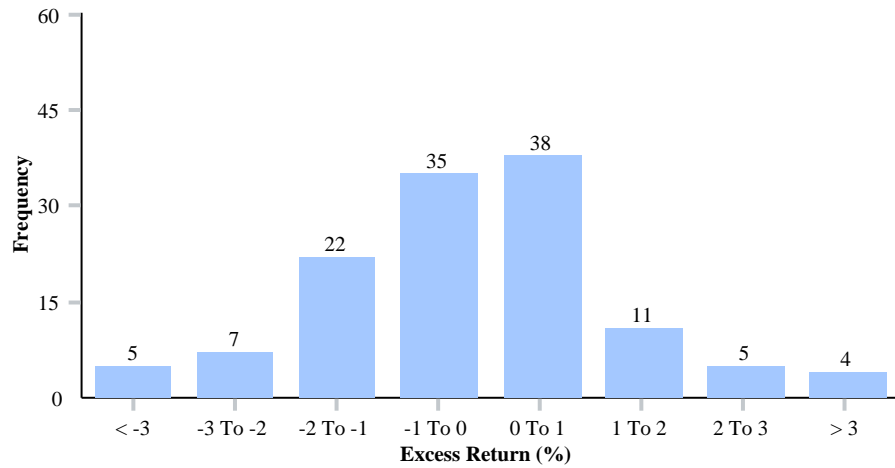


Up/Down Markets vs. TMI - Since Inception

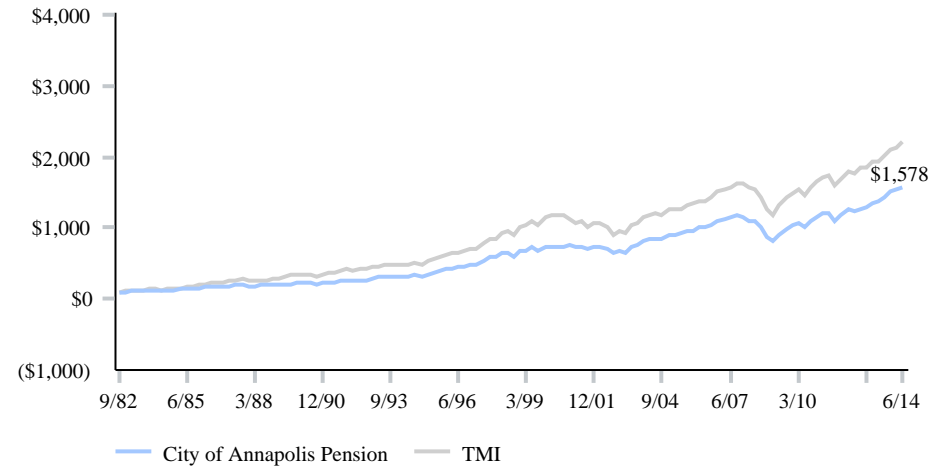
	Full Period Return		Quarters Benchmark Up(96)				Quarters Benchmark Down(31)			
	Portfolio	Benchmark	Portfolio Ahead		Portfolio Behind		Portfolio Ahead		Portfolio Behind	
			No. Quarters	Average Ahead	No. Quarters	Average Behind	No. Quarters	Average Ahead	No. Quarters	Average Behind
City of Annapolis Pension	9.08	10.24	39	0.70	57	-1.47	19	1.73	12	-1.11



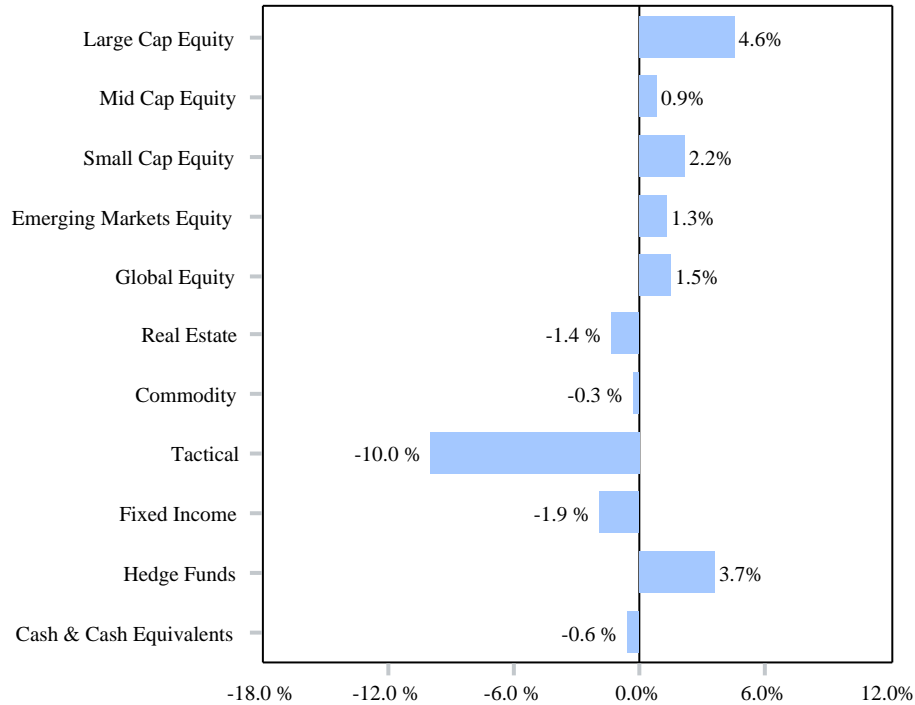
Performance Distribution - Since Inception



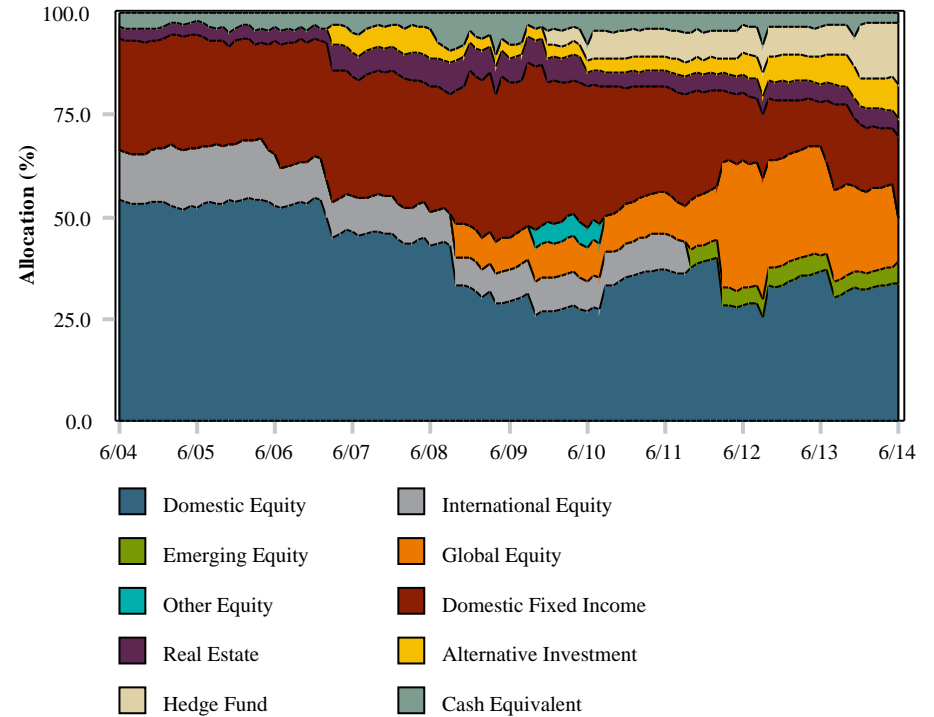
Growth of \$100 - Since Inception



Asset Allocation vs. Target Allocation



Historical Asset Allocation By Segment



Jun - 2014

	Market Value (\$)	Allocation (%)	Target (%)
Large Cap Equity	39,833,577	24.61	20.00
Mid Cap Equity	6,250,507	3.86	3.00
Small Cap Equity	10,044,374	6.21	4.00
Emerging Markets Equity	8,573,762	5.30	4.00
Global Equity	17,000,446	10.50	9.00
Real Estate	7,487,143	4.63	6.00
Commodity	4,331,025	2.68	3.00
Tactical	-	-	10.00
Fixed Income	32,574,654	20.12	22.00
Hedge Funds	33,431,166	20.65	17.00
Cash & Cash Equivalents	2,342,964	1.45	2.00
Total Fund	161,869,616	100.00	100.00

Mar-2014

	Market Value (\$)	Allocation (%)	Target (%)
Large Cap Equity	38,068,853	24.03	20.00
Mid Cap Equity	6,078,639	3.84	3.00
Small Cap Equity	9,506,495	6.00	4.00
Emerging Markets Equity	6,387,781	4.03	4.00
Global Equity	16,360,050	10.33	9.00
Real Estate	7,305,043	4.61	6.00
Commodity	4,185,059	2.64	3.00
Tactical	15,374,430	9.70	10.00
Fixed Income	23,638,372	14.92	22.00
Hedge Funds	29,392,952	18.55	17.00
Cash & Cash Equivalents	2,122,748	1.34	2.00
Total Fund	158,420,423	100.00	100.00

**City of Annapolis
As of June 30, 2014**

	Target Allocation (%)	Asset Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)	Asset Allocation (\$000)
City of Annapolis Pension	100.00	100.00	N/A	N/A	161,870
Large Cap Equity Composite	21.00	24.61	15.00	27.00	39,834
Mid Cap Equity Composite	3.00	3.86	0.00	6.00	6,251
Small Cap Equity Composite	4.00	6.21	0.00	10.00	10,044
Global Equity Composite	12.00	10.50	6.00	20.00	17,000
Emerging Markets Equity Composite	4.00	5.30	0.00	8.00	8,574
Real Estate Composite	6.00	4.63	0.00	10.00	7,487
Commodity Composite	3.00	2.68	0.00	6.00	4,331
Hedge Fund Composite	16.00	20.65	8.00	24.00	33,431
Fixed Income Composite	29.00	20.12	15.00	40.00	32,575
Cash & Cash Equivalents	2.00	1.45	0.00	20.00	2,343

City of Annapolis
Summary of Principal Changes
Quarter Ending June 30, 2014

	Market Value As of 04/01/2014	Net Flows	Net Earnings	Market Value As of 06/30/2014
Loomis Sayles	21,800,487	-	986,381	22,786,868
Edgar Lomax	16,268,366	-	778,343	17,046,709
Cooke & Bieler	6,078,639	-	171,868	6,250,507
Loomis Sayles	9,506,495	-	537,878	10,044,374
Wellington	16,360,050	-	640,396	17,000,446
Aberdeen	6,387,781	1,800,000	385,980	8,573,762
UBS-TPF	3,603,707	(10,575)	88,224	3,681,355
UBS-TPI	3,701,336	(8,743)	113,195	3,805,787
Pyrford	15,374,430	(15,625,020)	250,590	-
Gresham	2,053,368	-	35,107	2,088,475
Goldman Sachs - Commodities	2,131,691	-	110,858	2,242,550
Grosvenor	11,602,367	3,000,000	138,295	14,740,662
Lighthouse	7,742,648	-	72,648	7,815,297
Goldman Sachs - Fixed Income	7,741,034	1,800,000	(11,482)	9,529,552
Lazard	15,897,338	6,925,019	222,745	23,045,102
Administrative Reserve	2,122,748	220,217	-	2,342,964
EnTrust Capital	10,047,937	475,310	351,960	10,875,207
City of Annapolis Pension	158,420,423	(1,423,792)	4,872,985	161,869,616

Investment Manager Detail

Manager Profile

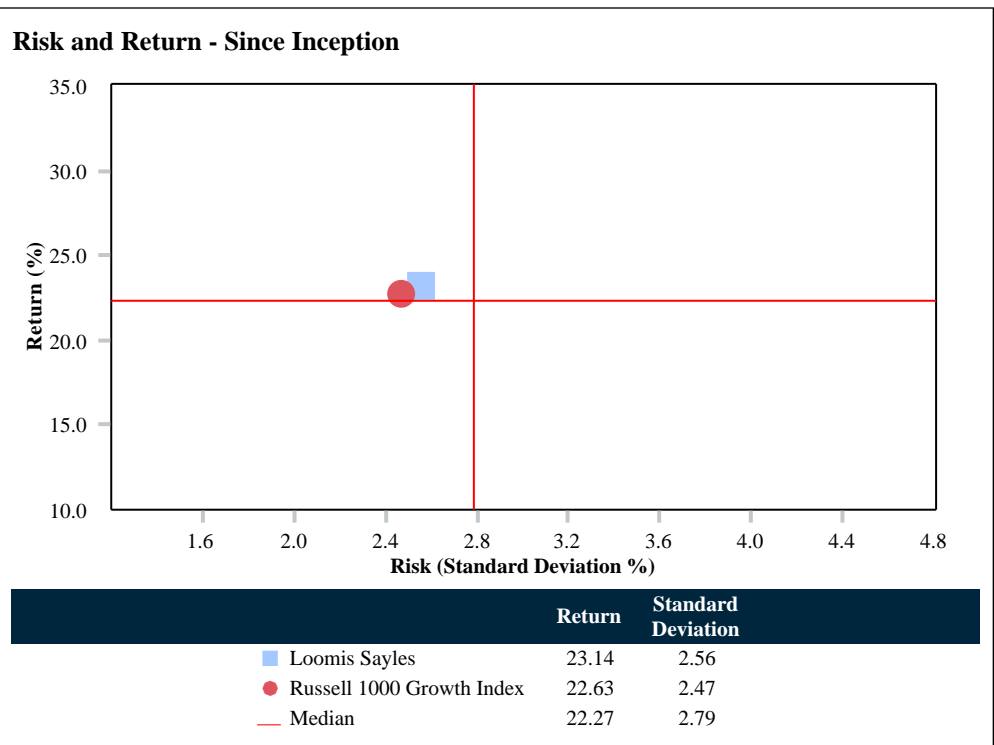
Loomis Sayles - Large Cap Growth

Gain/Loss Summary

	One Quarter	Since Inception	Inception Date
Loomis Sayles			09/01/2013
Beginning Market Value	21,800,487	18,350,180	
Net Contributions	-	162,686	
Gain/Loss	986,381	4,274,002	
Ending Market Value	22,786,868	22,786,868	

Segment Allocation

	Market Value (\$)	Allocation (%)
Domestic Equity	22,459,806	98.56
Cash Equivalent	327,062	1.44



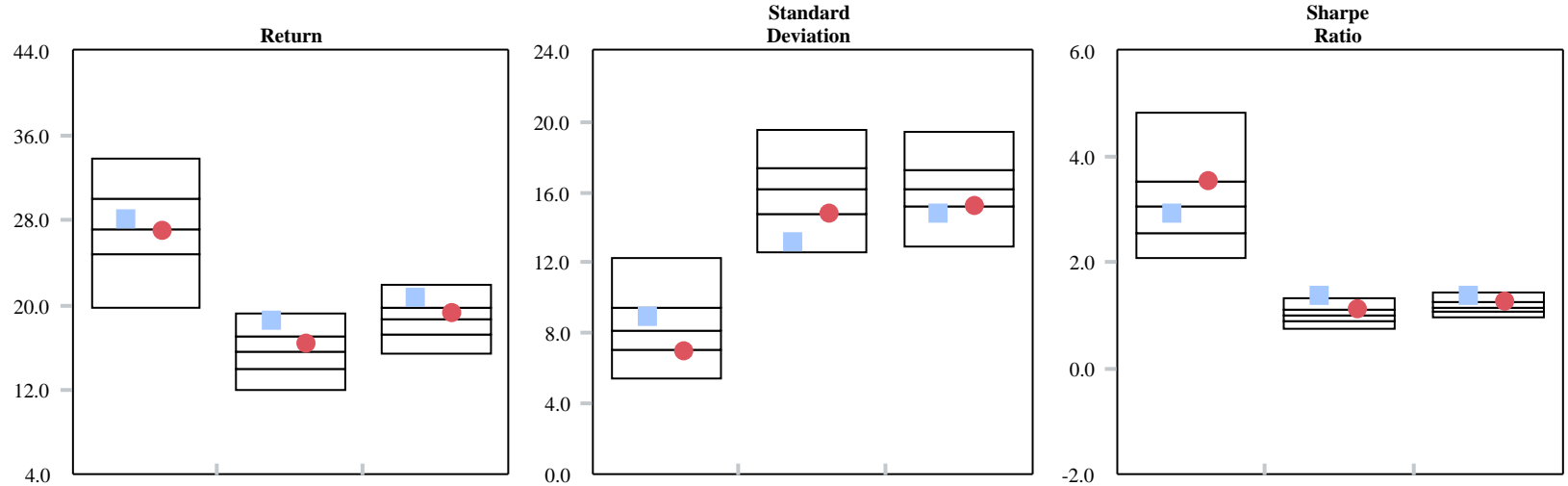
Comparative Performance

	One Quarter	Year To Date	One Year	Three Years	Five Years	Seven Years	Ten Years	Since Inception	Inception Date
Loomis Sayles	4.52 (54)	4.77 (61)	N/A	N/A	N/A	N/A	N/A	23.14 (39)	09/01/2013
Loomis Sayles - History	4.52 (54)	4.77 (61)	28.13 (41)	18.46 (12)	20.74 (16)	10.86 (6)	N/A	23.14 (39)	
Russell 1000 Growth Index	5.13 (33)	6.31 (36)	26.92 (54)	16.26 (39)	19.24 (36)	7.98 (43)	8.20 (64)	22.63 (45)	
IM U.S. Large Cap Growth Equity (SA+CF) Median	4.59	5.45	27.24	15.52	18.71	7.66	8.60	22.27	
Population	275	275	272	265	253	237	196	273	

Calendar Year Performance

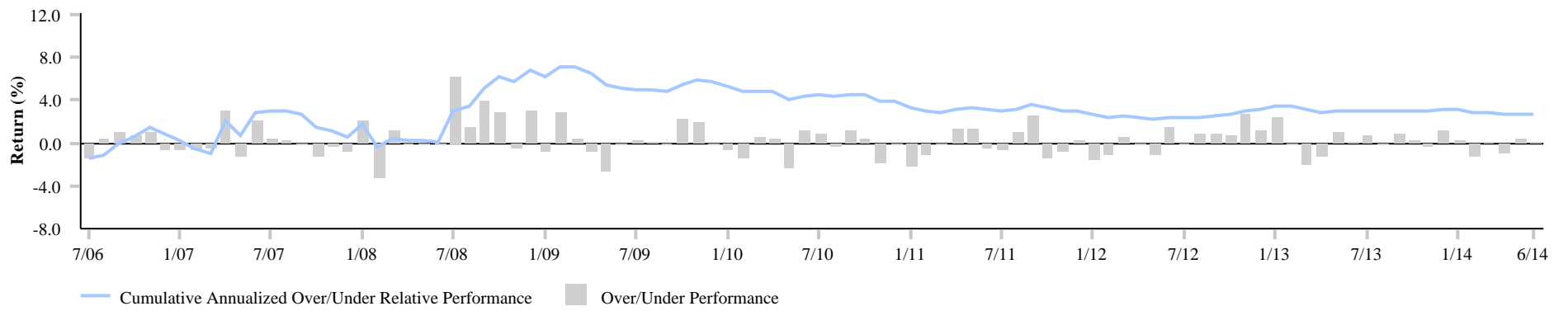
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Loomis Sayles	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Loomis Sayles - History	36.81 (30)	19.77 (15)	1.96 (32)	14.10 (68)	41.23 (21)	-28.04 (6)	11.79 (61)	N/A	N/A	N/A
Russell 1000 Growth Index	33.48 (59)	15.26 (50)	2.64 (27)	16.71 (46)	37.21 (36)	-38.44 (49)	11.81 (61)	9.07 (53)	5.26 (69)	6.30 (79)
IM U.S. Large Cap Growth Equity (SA+CF) Median	34.61	15.19	0.06	16.04	34.51	-38.55	13.57	9.44	7.52	9.34
Population	322	339	368	394	429	460	472	478	495	512

Peer Group Analysis - Multi Statistics vs. IM U.S. Large Cap Growth Equity (SA+CF)

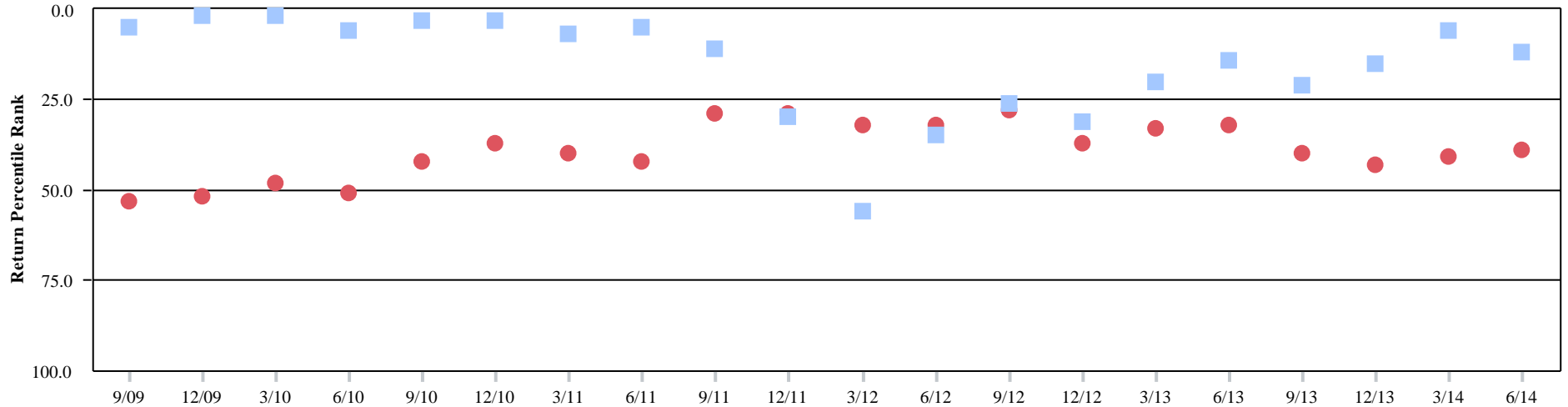


	One Year	Three Years	Five Years	One Year	Three Years	Five Years	One Year	Three Years	Five Years
■ Loomis Sayles - History	28.13 (41)	18.46 (12)	20.74 (16)	8.86 (33)	13.09 (94)	14.82 (83)	2.92 (59)	1.38 (5)	1.37 (10)
● Russell 1000 Growth Index	26.92 (54)	16.26 (39)	19.24 (36)	6.97 (76)	14.73 (76)	15.22 (75)	3.55 (26)	1.11 (24)	1.25 (24)
Median	27.24	15.52	18.71	8.16	16.15	16.18	3.05	0.99	1.15
Population	272	265	253	272	265	253	272	265	253

Relative Performance vs. Russell 1000 Growth Index

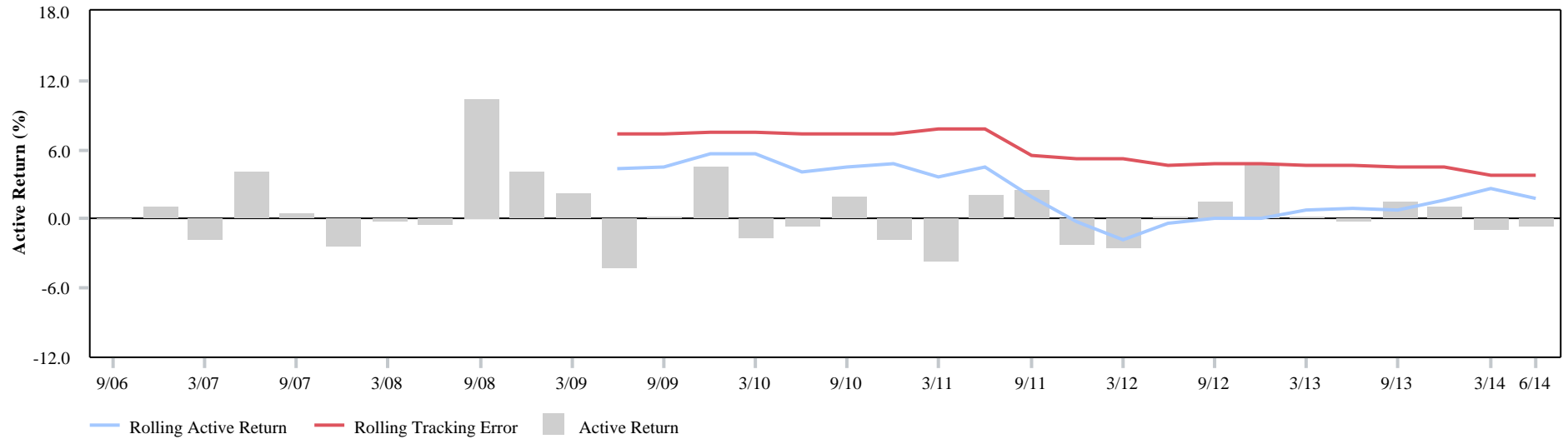


Rolling 3 Year Percentile Ranking vs. IM U.S. Large Cap Growth Equity (SA+CF) - 5 Years



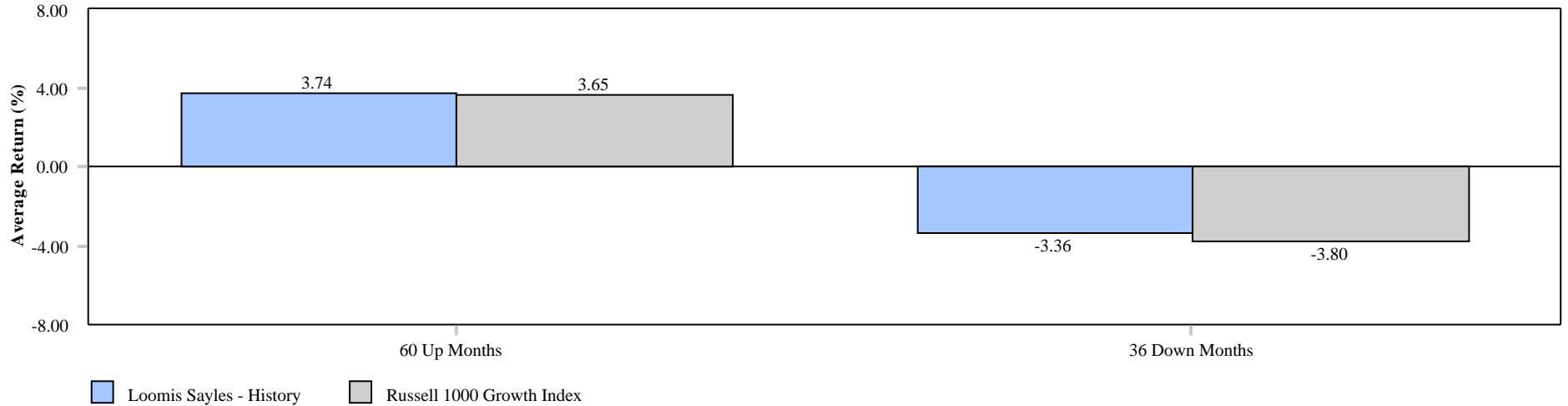
	Total Period	First Quartile	Second Quartile	Third Quartile	Fourth Quartile
■ Loomis Sayles - History	20	15 (75%)	4 (20%)	1 (5%)	0 (0%)
● Russell 1000 Growth Index	20	0 (0%)	17 (85%)	3 (15%)	0 (0%)

Rolling 3 Year Active Return and Tracking Error vs. Russell 1000 Growth Index - Since Inception

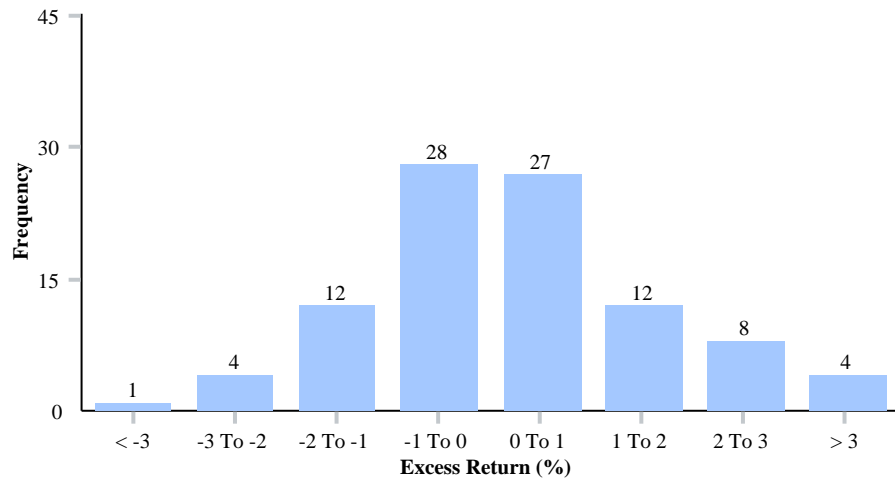


Up/Down Markets vs. Russell 1000 Growth Index - Since Inception

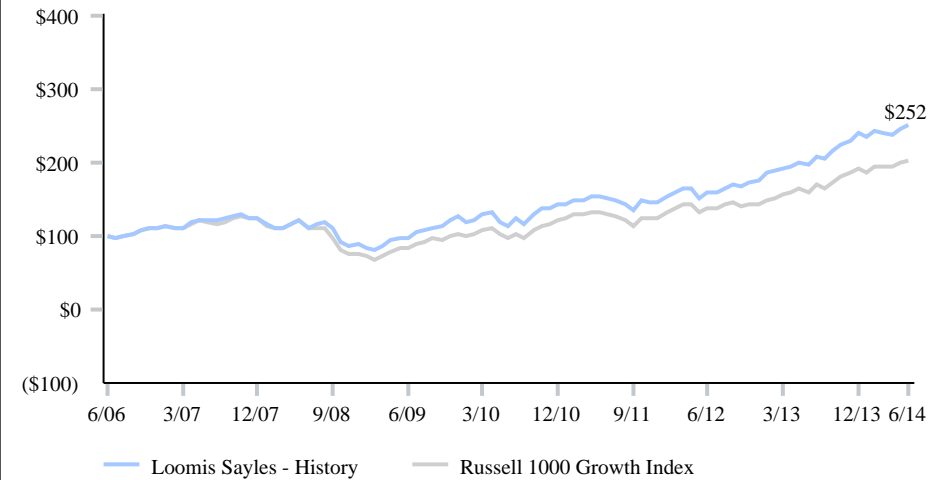
	Full Period Return		Months Benchmark Up(60)				Months Benchmark Down(36)			
	Portfolio	Benchmark	No. Months	Average Ahead	No. Months	Average Behind	No. Months	Average Ahead	No. Months	Average Behind
Loomis Sayles - History	12.24	9.30	32	1.00	28	-0.96	19	1.60	17	-0.86



Performance Distribution - Since Inception



Growth of \$100 - Since Inception



Manager Profile

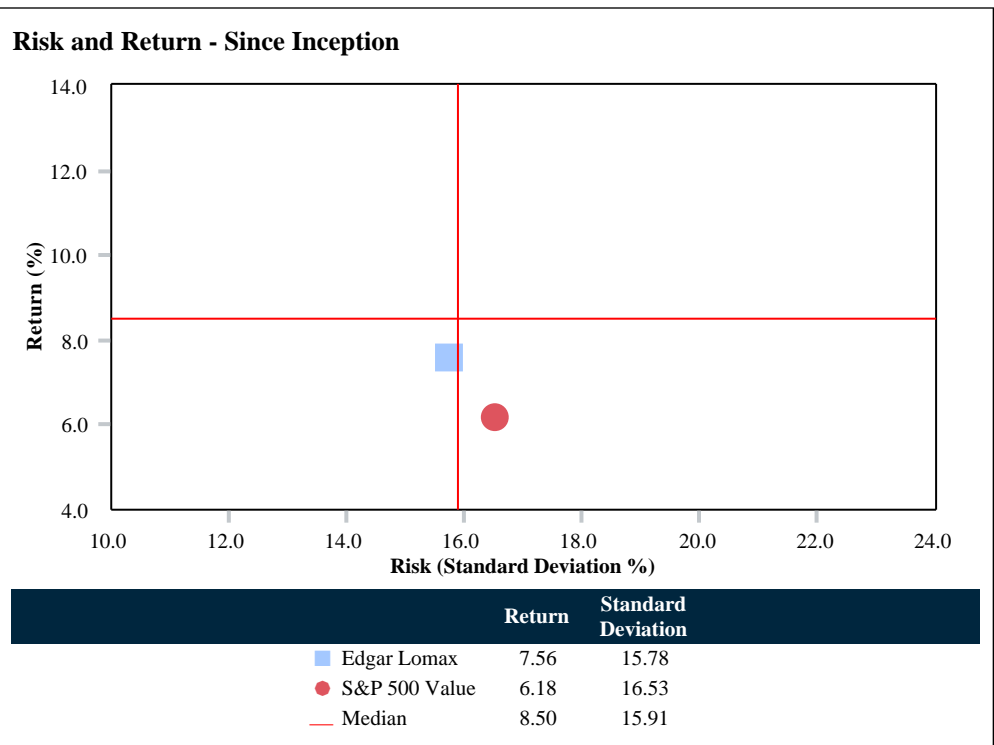
Edgar Lomax - Large Cap Value

Gain/Loss Summary

	One Quarter	Since Inception	Inception Date
Edgar Lomax			10/01/1997
Beginning Market Value	16,268,366	4,958,134	
Net Contributions	-	(6,114,065)	
Gain/Loss	778,343	18,202,640	
Ending Market Value	17,046,709	17,046,709	

Segment Allocation

	Market Value (\$)	Allocation (%)
Domestic Equity	16,729,236	98.14
Cash Equivalent	317,473	1.86



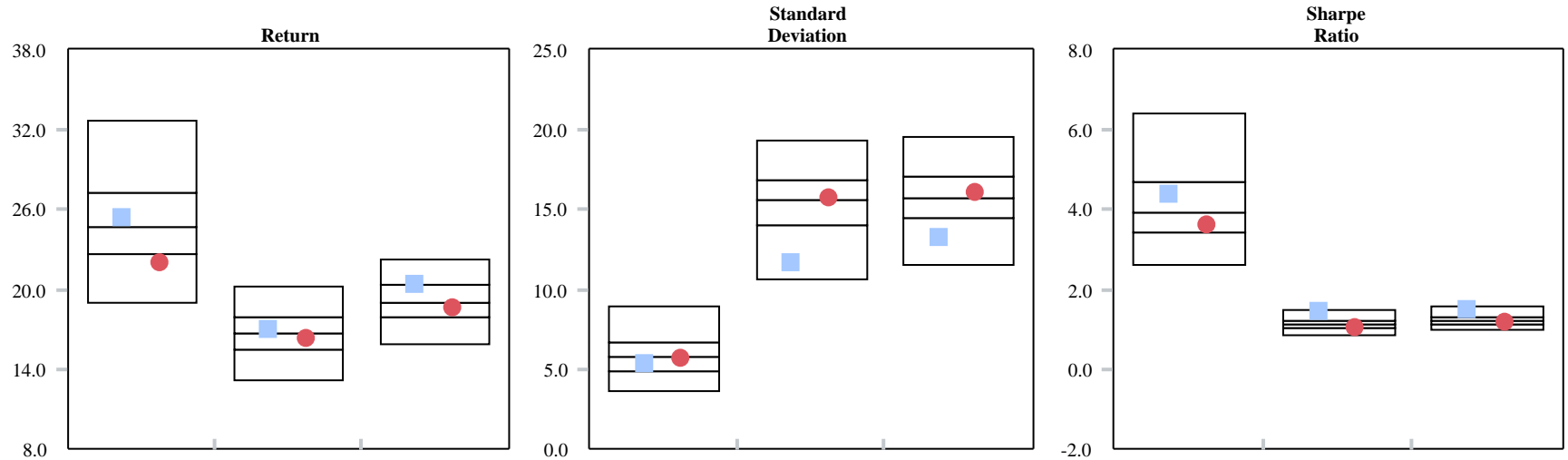
Comparative Performance

	One Quarter	Year To Date	One Year	Three Years	Five Years	Seven Years	Ten Years	Since Inception	Inception Date
Edgar Lomax	4.78 (51)	8.75 (28)	25.33 (43)	16.94 (45)	20.35 (24)	6.24 (53)	8.95 (57)	7.56 (74)	10/01/1997
S&P 500 Value	4.60 (57)	6.96 (64)	21.99 (81)	16.25 (60)	18.52 (63)	4.17 (93)	7.34 (86)	6.18 (94)	
IM U.S. Large Cap Value Equity (SA+CF) Median	4.82	7.68	24.67	16.70	18.97	6.31	9.11	8.40	
Population	314	314	311	305	295	269	232	122	

Calendar Year Performance

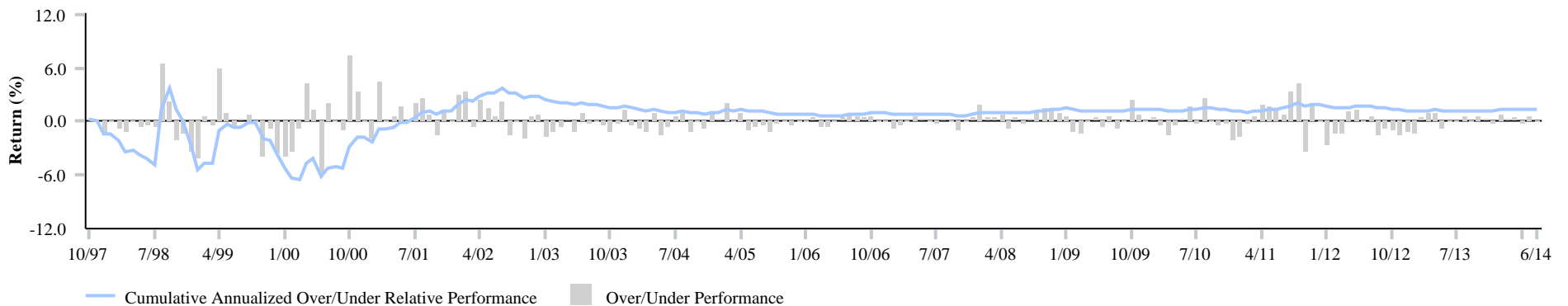
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Edgar Lomax	33.75 (53)	8.11 (97)	10.82 (4)	14.25 (55)	22.66 (65)	-33.93 (37)	0.96 (71)	23.63 (8)	4.66 (82)	12.26 (78)
S&P 500 Value	31.99 (68)	17.68 (28)	-0.48 (59)	15.10 (45)	21.18 (74)	-39.22 (80)	1.99 (65)	20.80 (29)	5.82 (74)	15.71 (44)
IM U.S. Large Cap Value Equity (SA+CF) Median	34.33	15.74	0.57	14.48	25.39	-35.46	3.90	18.87	8.32	15.14
Population	348	379	405	423	446	449	463	476	480	481

Peer Group Analysis - Multi Statistics vs. IM U.S. Large Cap Value Equity (SA+CF)

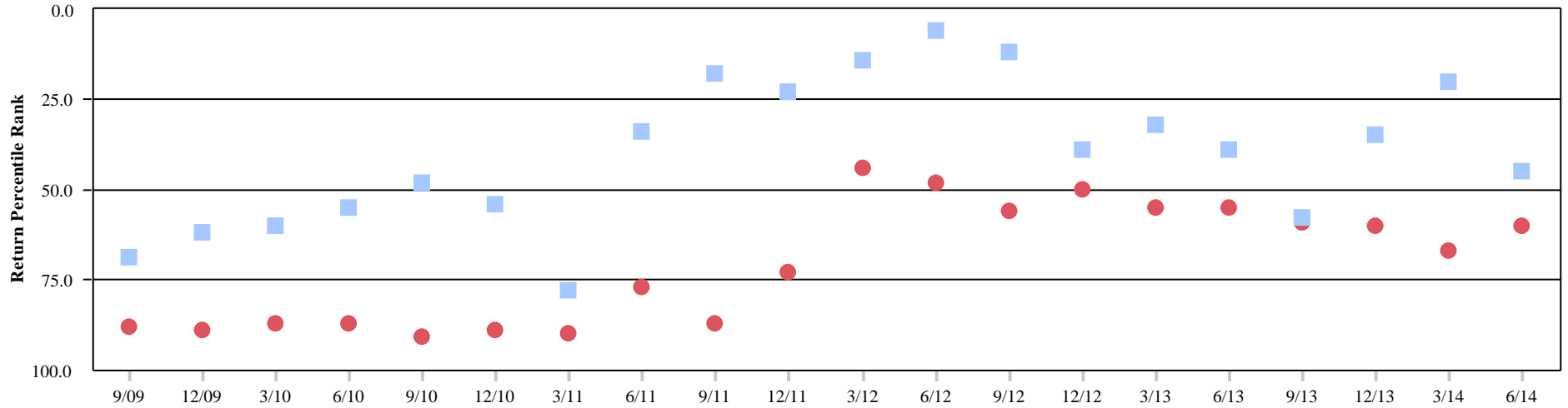


	One Year	Three Years	Five Years	One Year	Three Years	Five Years	One Year	Three Years	Five Years
■ Edgar Lomax	25.33 (43)	16.94 (45)	20.35 (24)	5.33 (62)	11.63 (92)	13.29 (85)	4.37 (37)	1.42 (8)	1.49 (9)
● S&P 500 Value	21.99 (81)	16.25 (60)	18.52 (63)	5.68 (54)	15.73 (48)	16.10 (42)	3.60 (67)	1.05 (69)	1.15 (69)
Median	24.67	16.70	18.97	5.76	15.63	15.75	3.93	1.11	1.22
Population	311	305	295	311	305	295	311	305	295

Relative Performance vs. S&P 500 Value

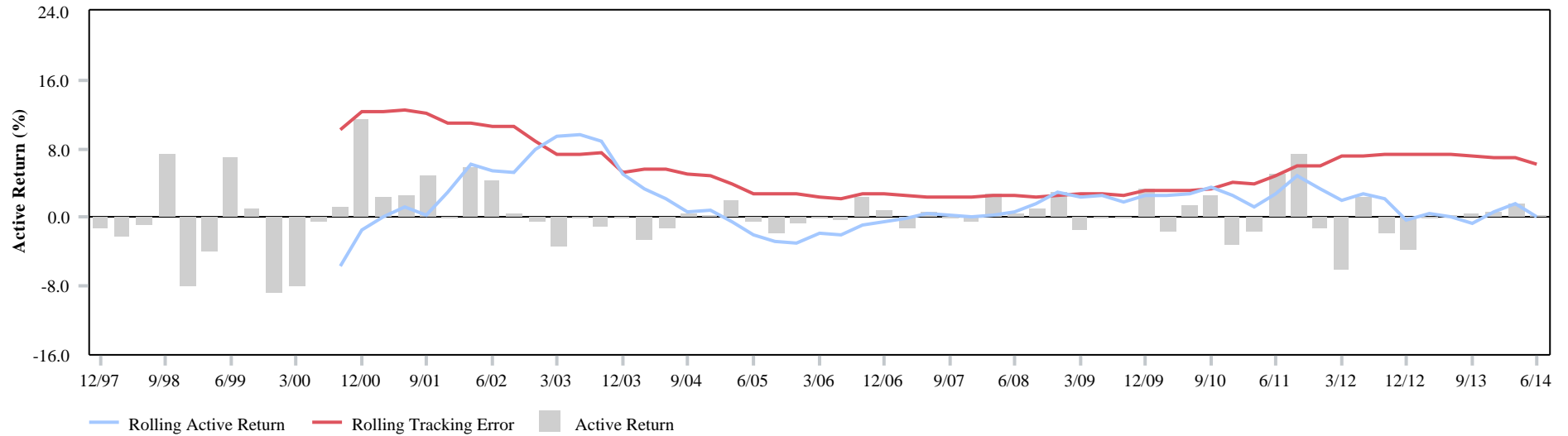


Rolling 3 Year Percentile Ranking vs. IM U.S. Large Cap Value Equity (SA+CF) - 5 Years

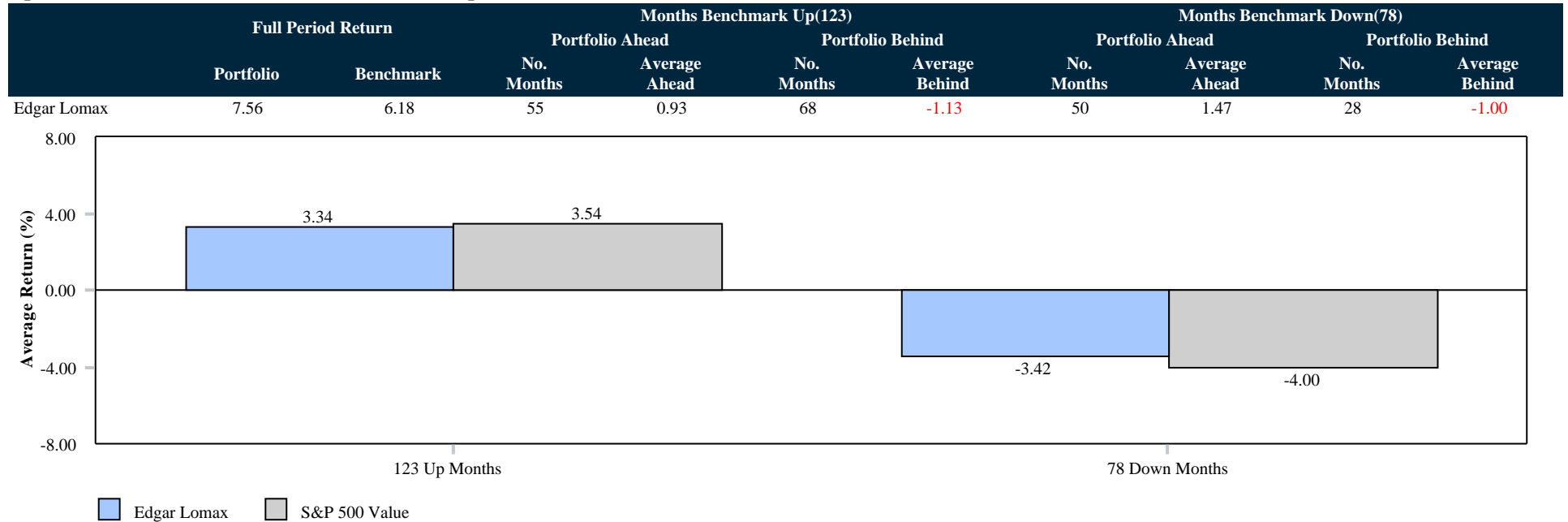


	Total Period	First Quartile	Second Quartile	Third Quartile	Fourth Quartile
Edgar Lomax	20	6 (30%)	7 (35%)	6 (30%)	1 (5%)
S&P 500 Value	20	0 (0%)	3 (15%)	8 (40%)	9 (45%)

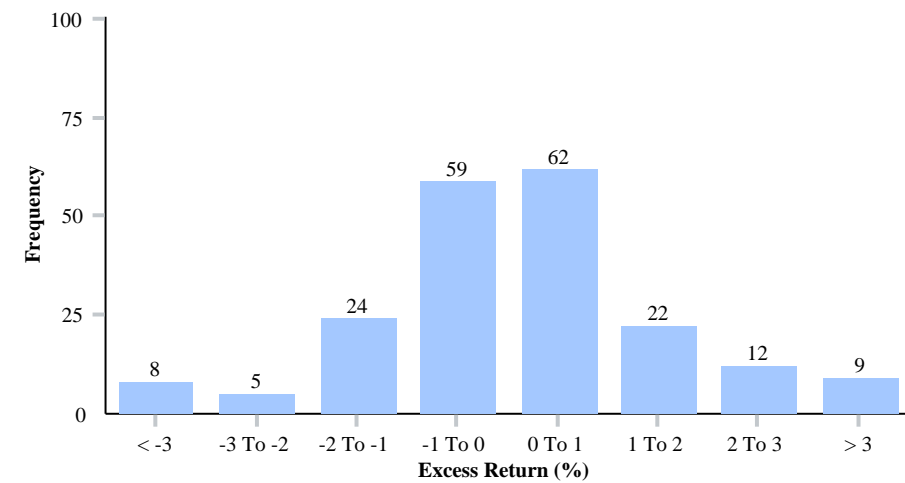
Rolling 3 Year Active Return and Tracking Error vs. S&P 500 Value - Since Inception



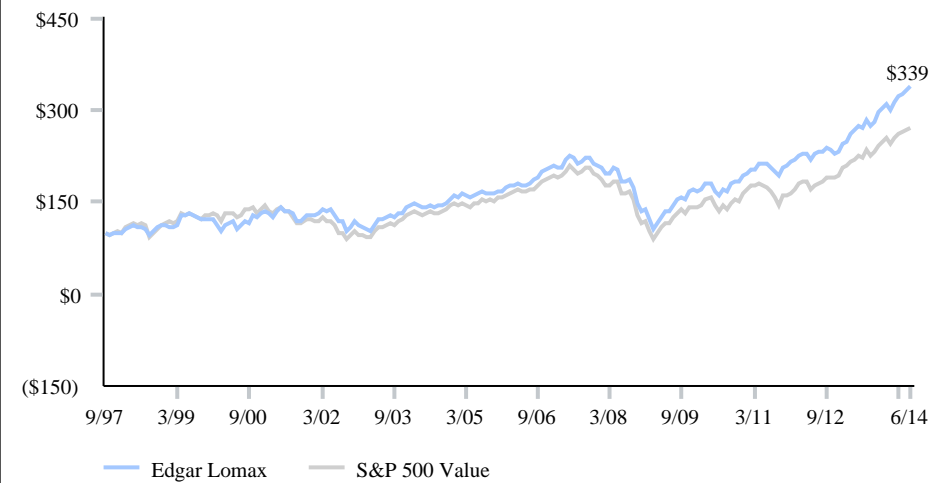
Up/Down Markets vs. S&P 500 Value - Since Inception



Performance Distribution - Since Inception



Growth of \$100 - Since Inception



Manager Profile

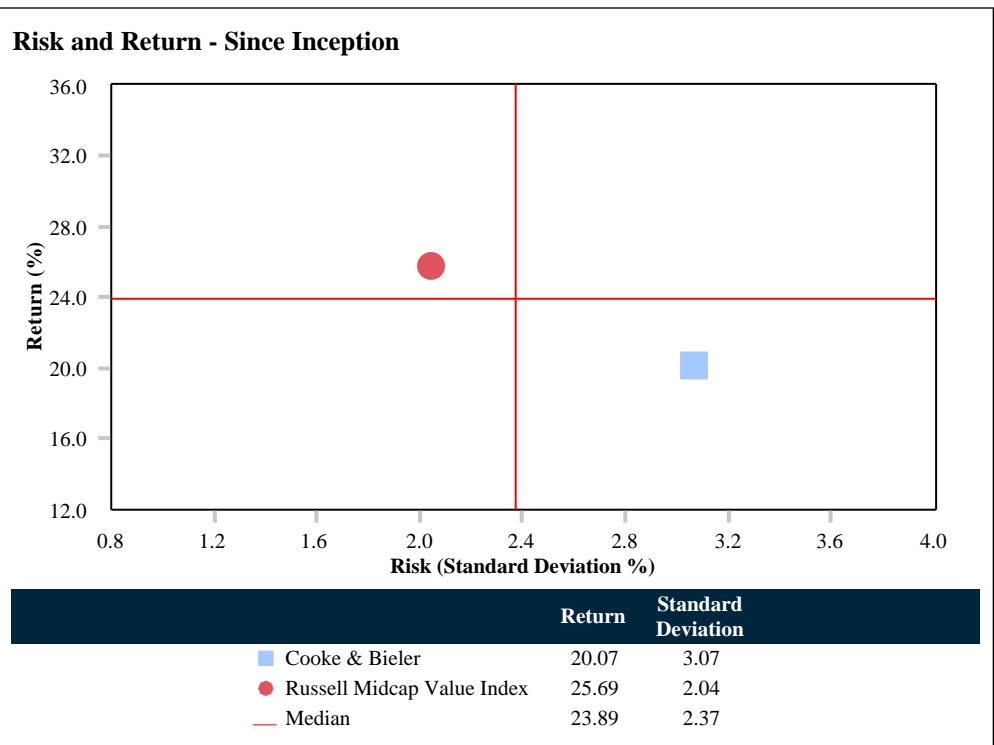
Cooke & Bieler - Midcap Value

Gain/Loss Summary

	One Quarter	Since Inception	Inception Date
Cooke & Bieler			09/01/2013
Beginning Market Value	6,078,639	5,205,453	
Net Contributions	-	456	
Gain/Loss	171,868	1,044,599	
Ending Market Value	6,250,507	6,250,507	

Segment Allocation

	Market Value (\$)	Allocation (%)
Domestic Equity	5,852,573	93.63
Cash Equivalent	397,935	6.37



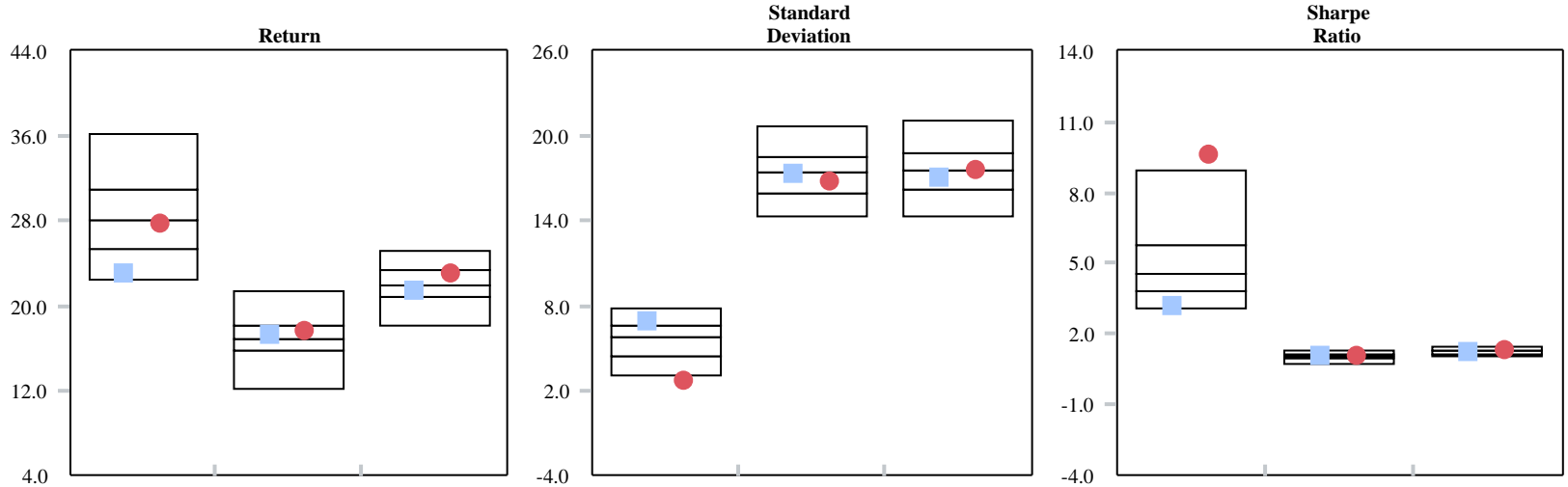
Comparative Performance

	One Quarter	Year To Date	One Year	Three Years	Five Years	Seven Years	Ten Years	Since Inception	Inception Date
Cooke & Bieler	2.83 (99)	4.03 (100)	N/A	N/A	N/A	N/A	N/A	20.07 (90)	09/01/2013
Cooke & Bieler - History	2.83 (99)	4.03 (100)	22.97 (93)	17.25 (40)	21.45 (61)	6.61 (93)	9.65 (96)	20.07 (90)	
Russell Midcap Value Index	5.62 (38)	11.14 (14)	27.76 (54)	17.56 (35)	22.97 (34)	7.14 (86)	10.66 (65)	25.69 (32)	
IM U.S. Mid Cap Value Equity (SA+CF) Median	5.02	8.62	28.02	16.78	21.96	8.53	11.38	23.89	
Population	56	56	56	54	50	48	34	56	

Calendar Year Performance

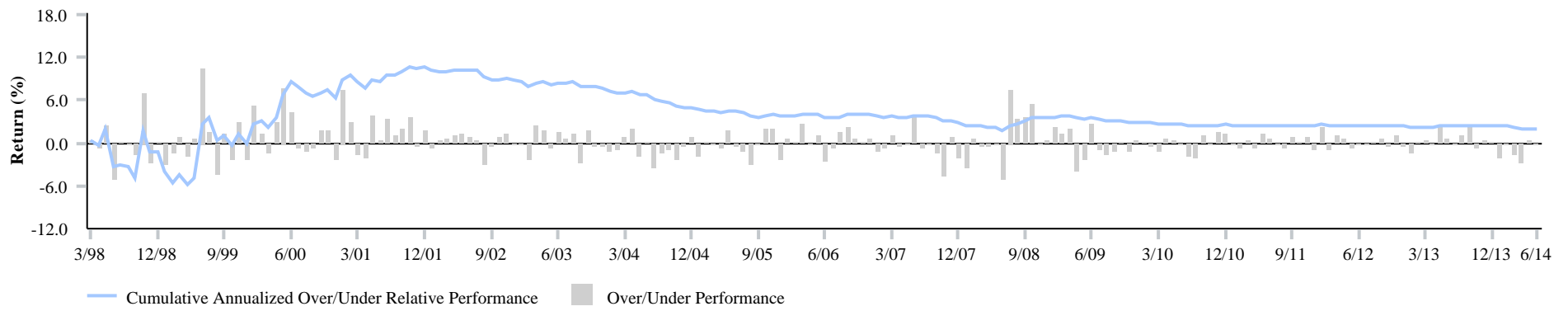
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Cooke & Bieler	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Cooke & Bieler - History	39.38 (30)	20.55 (12)	-0.88 (48)	22.65 (47)	30.46 (80)	-32.33 (22)	-7.83 (99)	27.17 (2)	7.48 (84)	12.47 (95)
Russell Midcap Value Index	33.46 (72)	18.51 (32)	-1.38 (56)	24.75 (33)	34.21 (57)	-38.44 (61)	-1.42 (85)	20.22 (18)	12.65 (45)	23.71 (23)
IM U.S. Mid Cap Value Equity (SA+CF) Median	35.31	17.14	-0.99	22.38	35.01	-36.70	2.96	16.79	11.18	19.96
Population	68	73	77	77	82	97	102	102	96	88

Peer Group Analysis - Multi Statistics vs. IM U.S. Mid Cap Value Equity (SA+CF)

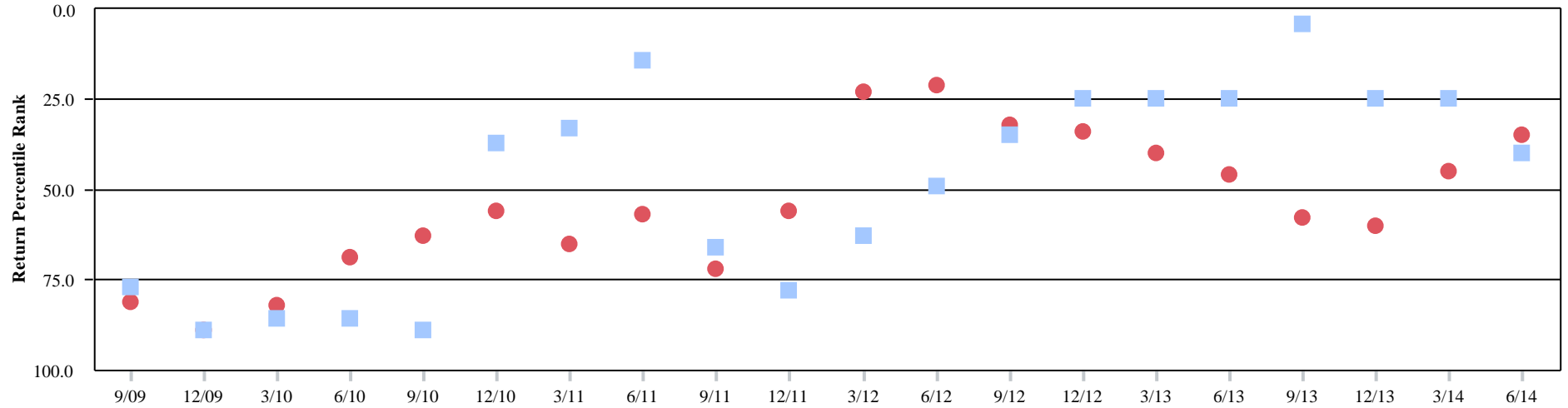


	One Year	Three Years	Five Years	One Year	Three Years	Five Years	One Year	Three Years	Five Years
■ Cooke & Bieler - History	22.97 (93)	17.25 (40)	21.45 (61)	6.84 (19)	17.31 (54)	17.00 (64)	3.13 (95)	1.02 (54)	1.25 (57)
● Russell Midcap Value Index	27.76 (54)	17.56 (35)	22.97 (34)	2.62 (100)	16.72 (65)	17.63 (49)	9.60 (2)	1.07 (35)	1.29 (48)
Median	28.02	16.78	21.96	5.81	17.41	17.55	4.54	1.03	1.28
Population	56	54	50	56	54	50	56	54	50

Relative Performance vs. Russell Midcap Value Index

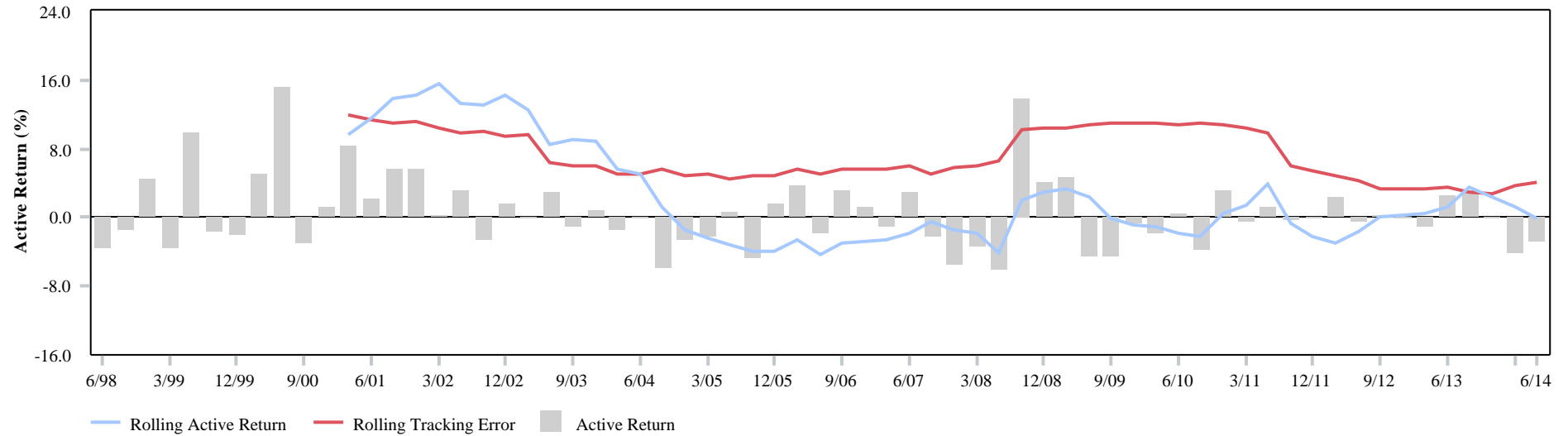


Rolling 3 Year Percentile Ranking vs. IM U.S. Mid Cap Value Equity (SA+CF) - 5 Years



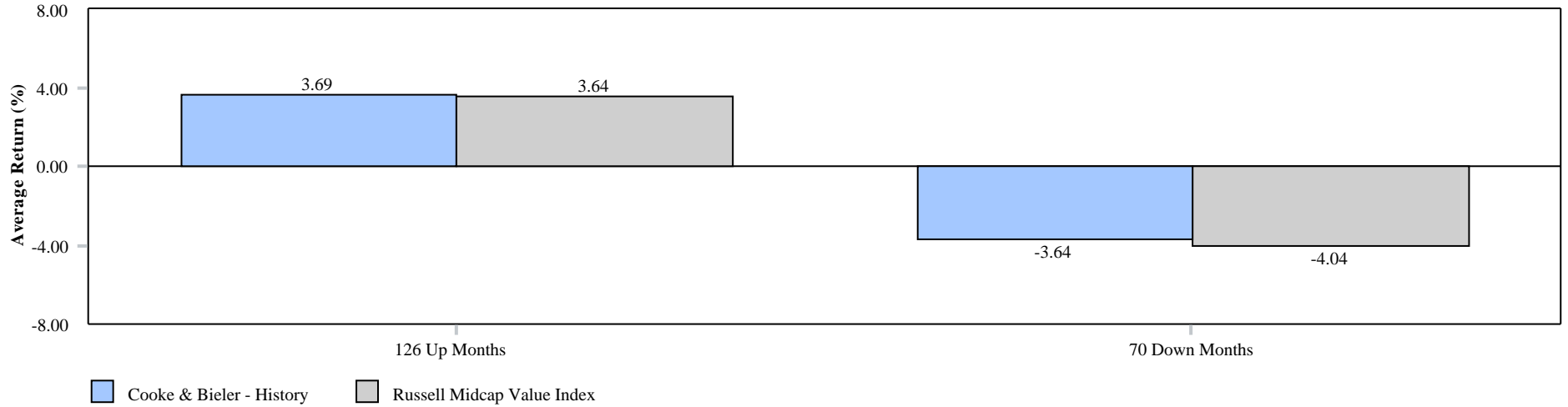
	Total Period	First Quartile	Second Quartile	Third Quartile	Fourth Quartile
■ Cooke & Bieler - History	20	7 (35%)	5 (25%)	2 (10%)	6 (30%)
● Russell Midcap Value Index	20	2 (10%)	6 (30%)	9 (45%)	3 (15%)

Rolling 3 Year Active Return and Tracking Error vs. Russell Midcap Value Index - Since Inception

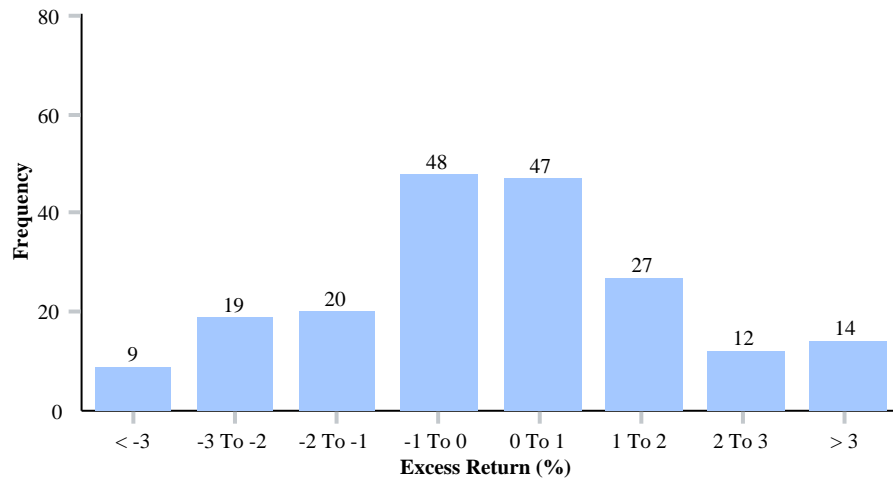


Up/Down Markets vs. Russell Midcap Value Index - Since Inception

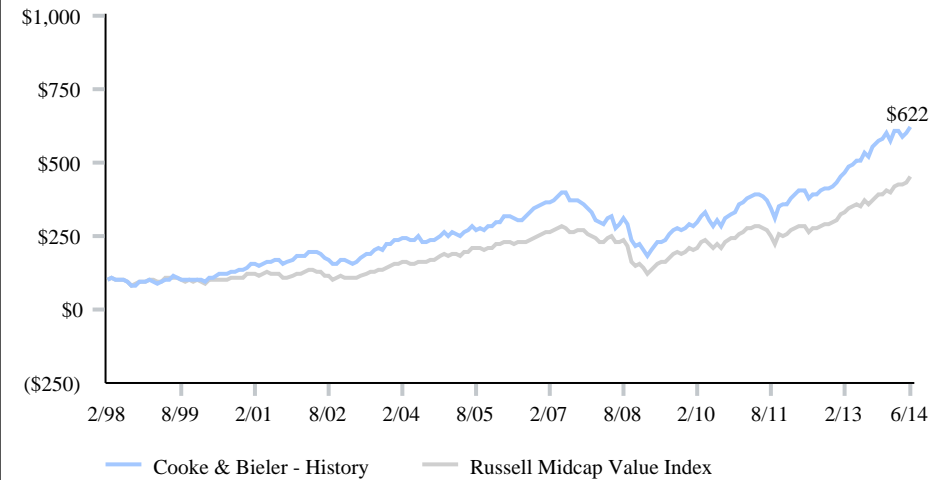
	Full Period Return		Months Benchmark Up(126)				Months Benchmark Down(70)			
	Portfolio	Benchmark	Portfolio Ahead		Portfolio Behind		Portfolio Ahead		Portfolio Behind	
			No. Months	Average Ahead	No. Months	Average Behind	No. Months	Average Ahead	No. Months	Average Behind
Cooke & Bieler - History	11.84	9.65	60	1.59	66	-1.35	40	1.84	30	-1.51



Performance Distribution - Since Inception



Growth of \$100 - Since Inception



Manager Profile

Loomis Sayles - Small Cap Core

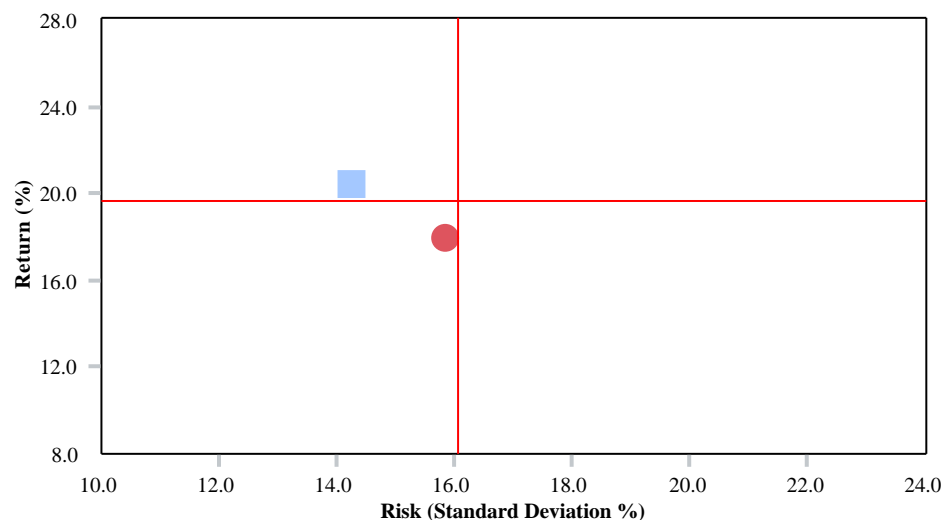
Gain/Loss Summary

	1 Quarter	Since Inception	Inception Date
Loomis Sayles			10/01/2010
Beginning Market Value	9,506,495	6,943,639	
Net Contributions	-	(2,500,000)	
Gain/Loss	537,878	5,600,735	
Ending Market Value	10,044,374	10,044,374	

Segment Allocation

	Market Value (\$)	Allocation (%)
Domestic Equity	9,718,022	96.75
Cash Equivalent	326,351	3.25

Risk and Return - Since Inception



	Return	Standard Deviation
■ Loomis Sayles	20.41	14.27
● Russell 2000 Index	17.94	15.85
— Median	19.68	16.07

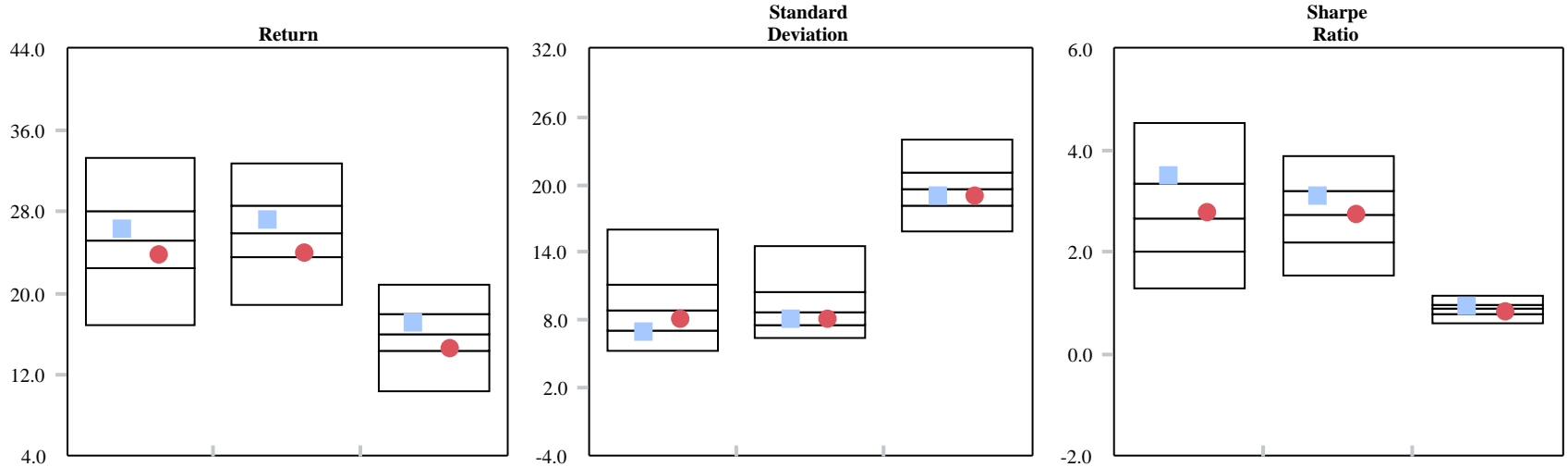
Comparative Performance

	Quarter	One Year	Two Years	Three Years	Since Inception	Inception Date
Loomis Sayles	5.66 (4)	26.19 (41)	27.20 (37)	17.12 (35)	20.41 (38)	10/01/2010
Russell 2000 Index	2.05 (54)	23.64 (67)	23.92 (73)	14.57 (70)	17.94 (75)	
IM U.S. Small Cap Equity (SA+CF) Median	2.13	25.24	25.84	16.04	19.68	
Population	595	589	580	572	555	

Calendar Year Performance

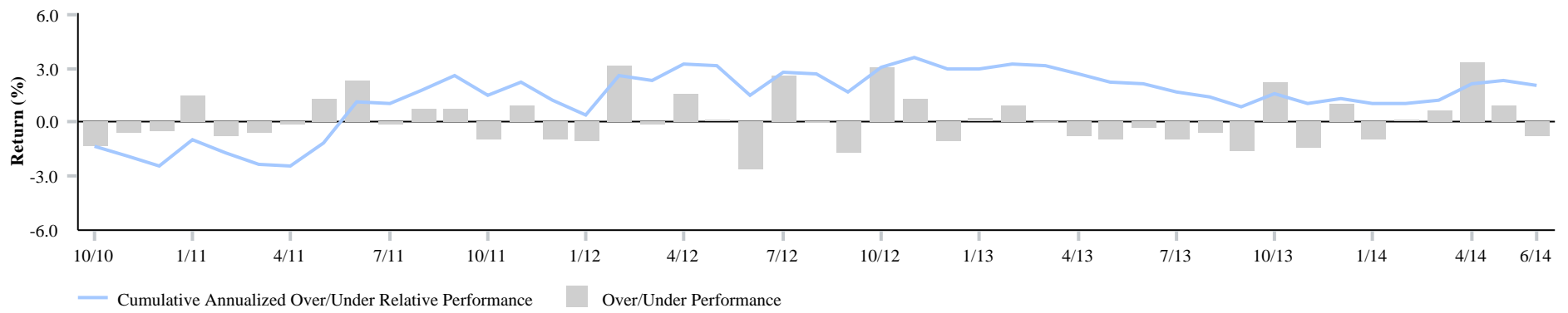
	Year to Date	2013	2012
Loomis Sayles	6.74 (14)	35.77 (83)	22.40 (14)
Russell 2000 Index	3.19 (53)	38.82 (67)	16.35 (53)
IM U.S. Small Cap Equity (SA+CF) Median	3.50	41.87	16.63
Population	594	676	713

Peer Group Analysis - Multi Statistics vs. IM U.S. Small Cap Equity (SA+CF)

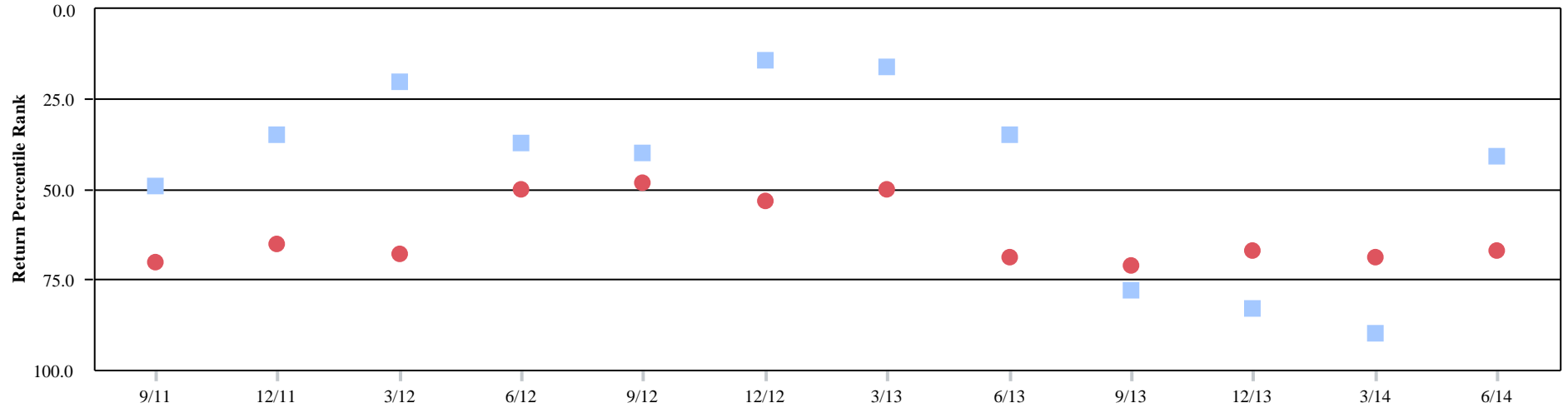


	1 Year	2 Years	3 Years	1 Year	2 Years	3 Years	1 Year	2 Years	3 Years
■ Loomis Sayles	26.19 (41)	27.20 (37)	17.12 (35)	6.89 (78)	8.05 (67)	18.90 (64)	3.50 (22)	3.11 (30)	0.95 (31)
● Russell 2000 Index	23.64 (67)	23.92 (73)	14.57 (70)	7.98 (61)	8.07 (66)	18.96 (63)	2.76 (47)	2.76 (50)	0.83 (65)
Median	25.24	25.84	16.04	8.80	8.75	19.57	2.69	2.75	0.89
Population	589	580	572	589	580	572	589	580	572

Relative Performance vs. Russell 2000 Index

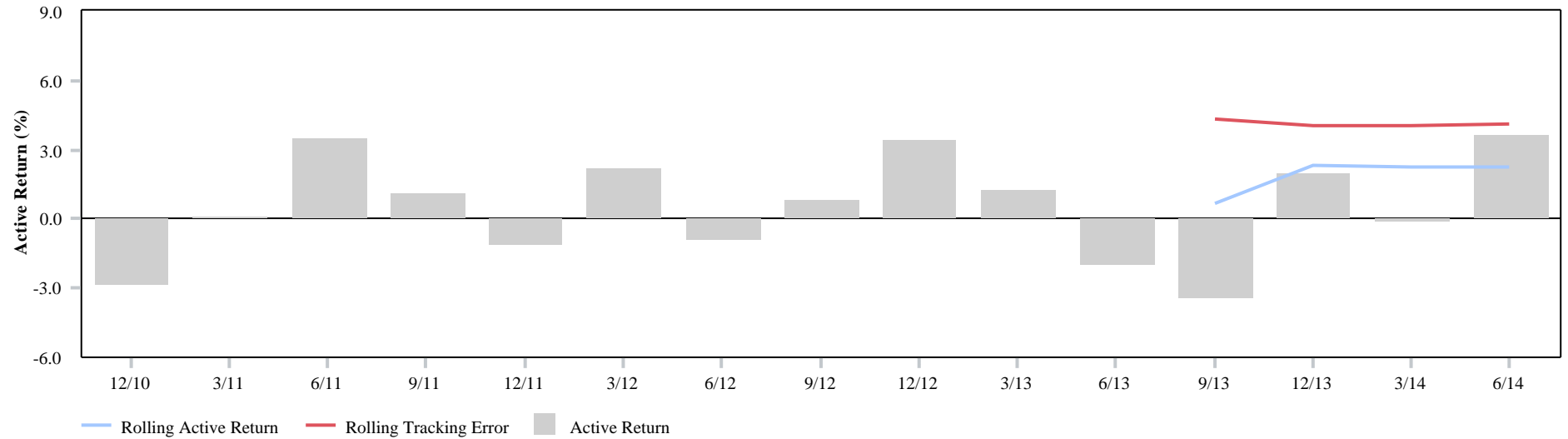


Rolling 1 Year Percentile Ranking vs. IM U.S. Small Cap Equity (SA+CF) - 3 Years

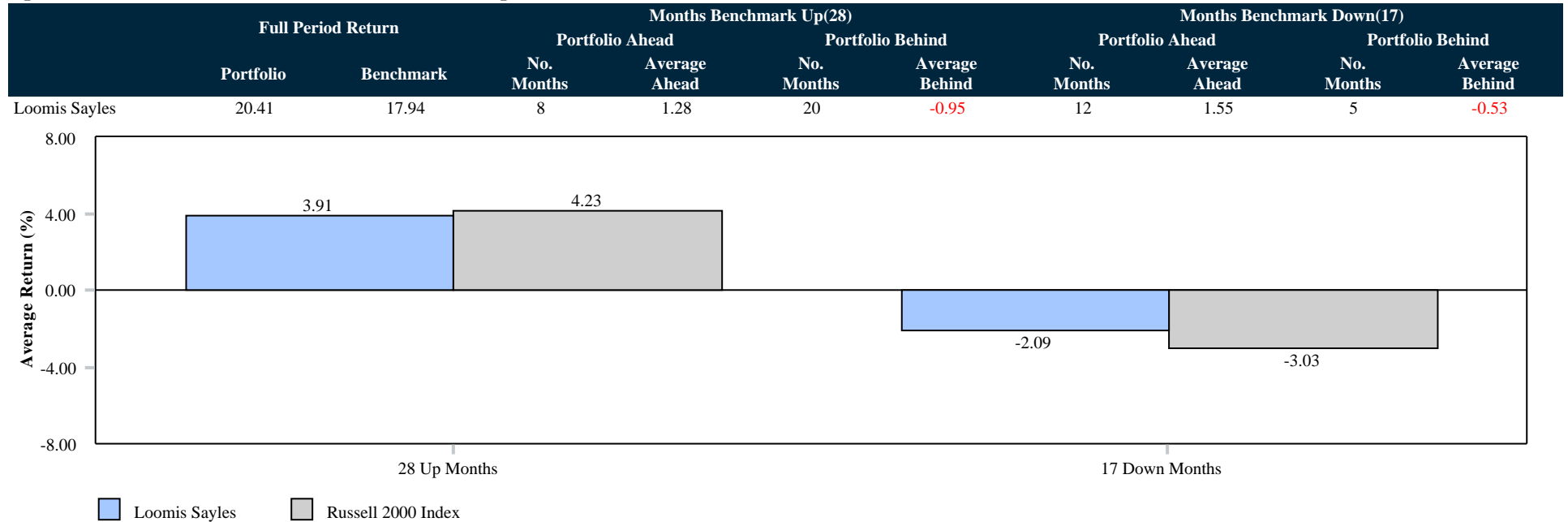


	Total Period	First Quartile	Second Quartile	Third Quartile	Fourth Quartile
■ Loomis Sayles	12	3 (25%)	6 (50%)	0 (0%)	3 (25%)
● Russell 2000 Index	12	0 (0%)	3 (25%)	9 (75%)	0 (0%)

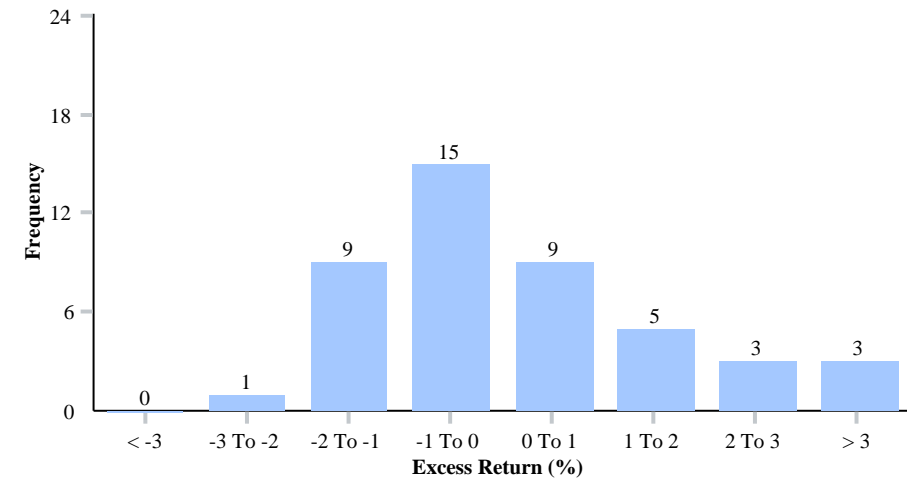
Rolling 3 Years Active Return and Tracking Error vs. Russell 2000 Index - Since Inception



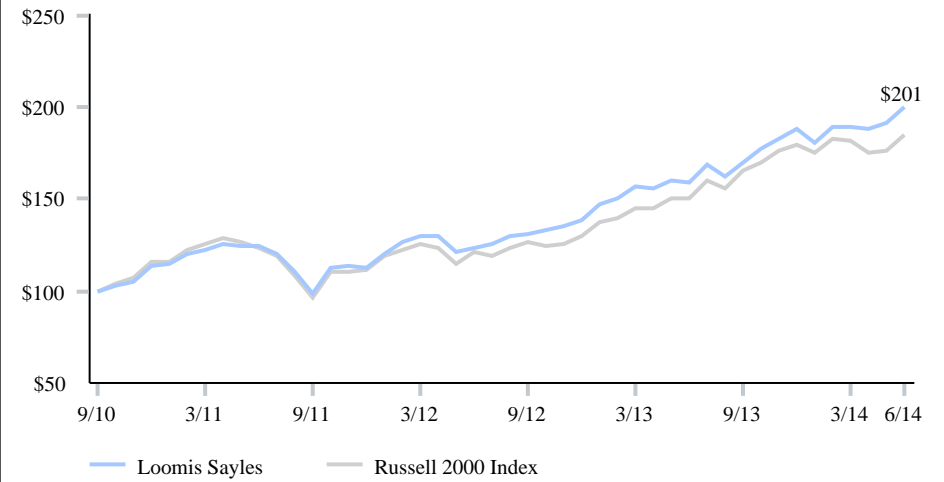
Up/Down Markets vs. Russell 2000 Index - Since Inception



Performance Distribution - Since Inception



Growth of \$100 - Since Inception



Manager Profile

Wellington - Global

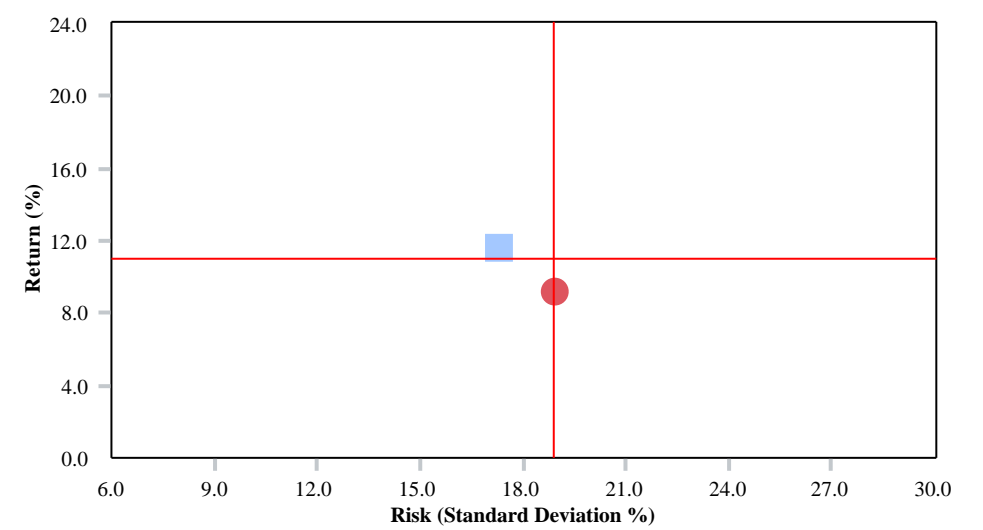
Gain/Loss Summary

	1 Quarter	Since Inception	Inception Date
Wellington			10/01/2008
Beginning Market Value	16,360,050	10,000,000	
Net Contributions	-	(1,920,155)	
Gain/Loss	640,396	8,920,601	
Ending Market Value	17,000,446	17,000,446	

Segment Allocation

	Market Value (\$)	Allocation (%)
Global Equity	17,000,446	100.00

Risk and Return - Since Inception



	Return	Standard Deviation
Wellington	11.57	17.32
MSCI AC World Index (Net)	9.12	18.96
Median	11.01	18.92

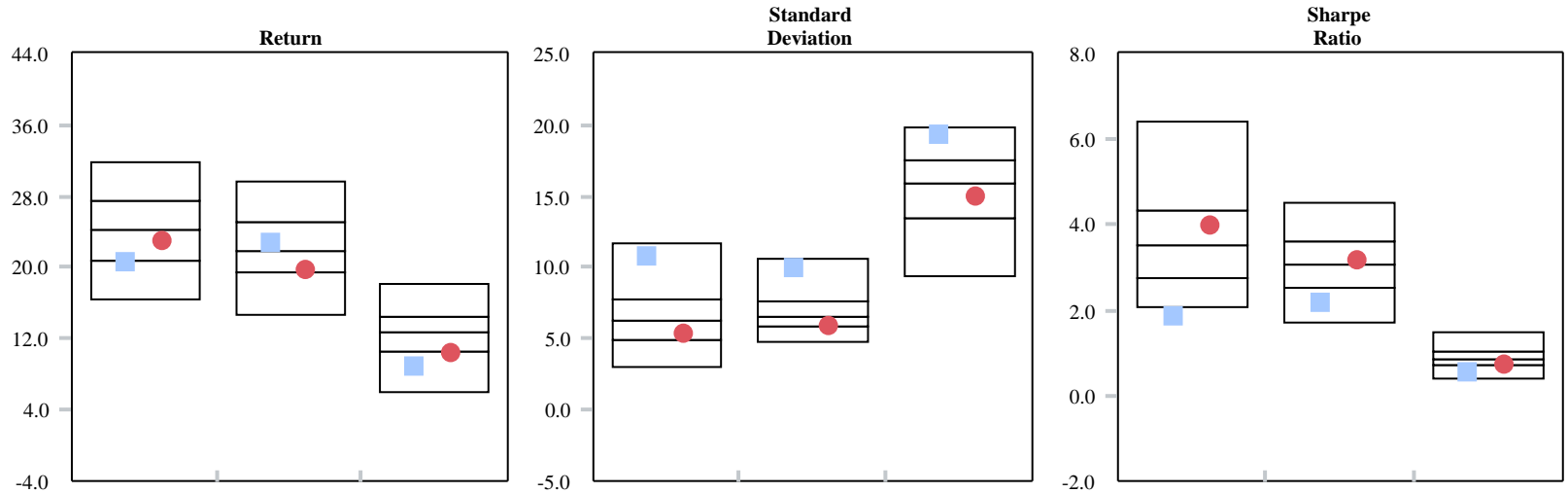
Comparative Performance

	Quarter	One Year	Two Years	Three Years	Four Years	Five Years	Since Inception	Inception Date
Wellington	3.91 (71)	20.50 (78)	22.72 (45)	8.78 (89)	15.16 (75)	14.19 (77)	11.57 (40)	10/01/2008
MSCI AC World Index (Net)	5.04 (30)	22.95 (62)	19.72 (74)	10.25 (78)	14.92 (76)	14.28 (76)	9.12 (83)	
IM Global Equity (SA+CF) Median	4.48	24.33	21.90	12.70	16.95	16.03	11.01	
Population	361	355	344	315	293	266	242	

Calendar Year Performance

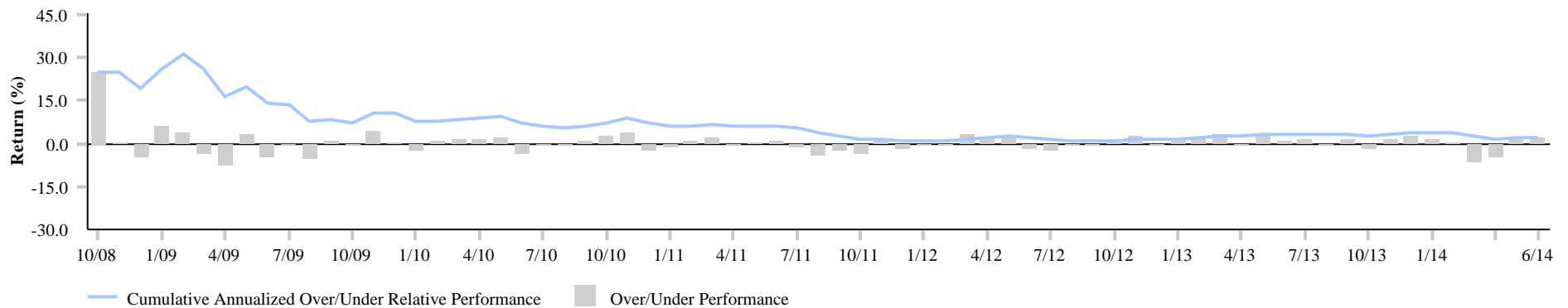
	Year to Date	2013	2012	2011	2010
Wellington	0.32 (98)	38.90 (8)	18.81 (31)	-17.81 (96)	16.62 (32)
MSCI AC World Index (Net)	6.18 (46)	22.80 (72)	16.13 (59)	-7.35 (56)	12.67 (61)
IM Global Equity (SA+CF) Median	5.99	27.45	16.99	-6.44	13.93
Population	358	455	483	486	480

Peer Group Analysis - Multi Statistics vs. IM Global Equity (SA+CF)

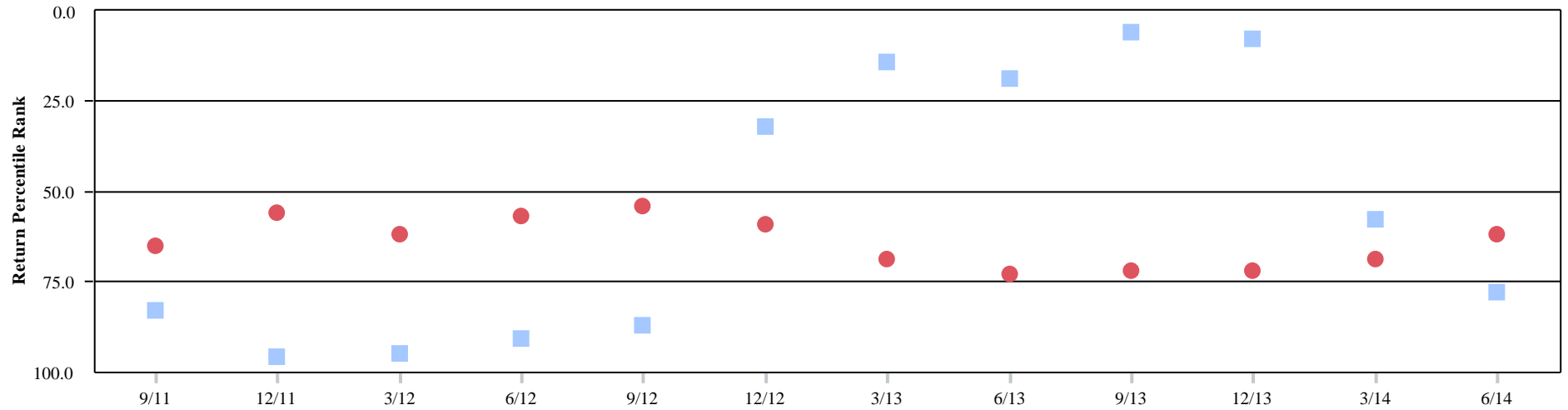


	1 Year	2 Years	3 Years	1 Year	2 Years	3 Years	1 Year	2 Years	3 Years
Wellington	20.50 (78)	22.72 (45)	8.78 (89)	10.72 (7)	9.90 (8)	19.35 (8)	1.83 (98)	2.16 (88)	0.54 (93)
MSCI AC World Index (Net)	22.95 (62)	19.72 (74)	10.25 (78)	5.35 (70)	5.81 (78)	15.00 (64)	3.97 (35)	3.18 (45)	0.73 (72)
Median	24.33	21.90	12.70	6.27	6.61	15.87	3.54	3.06	0.86
Population	355	344	315	355	344	315	355	344	315

Relative Performance vs. MSCI AC World Index (Net)

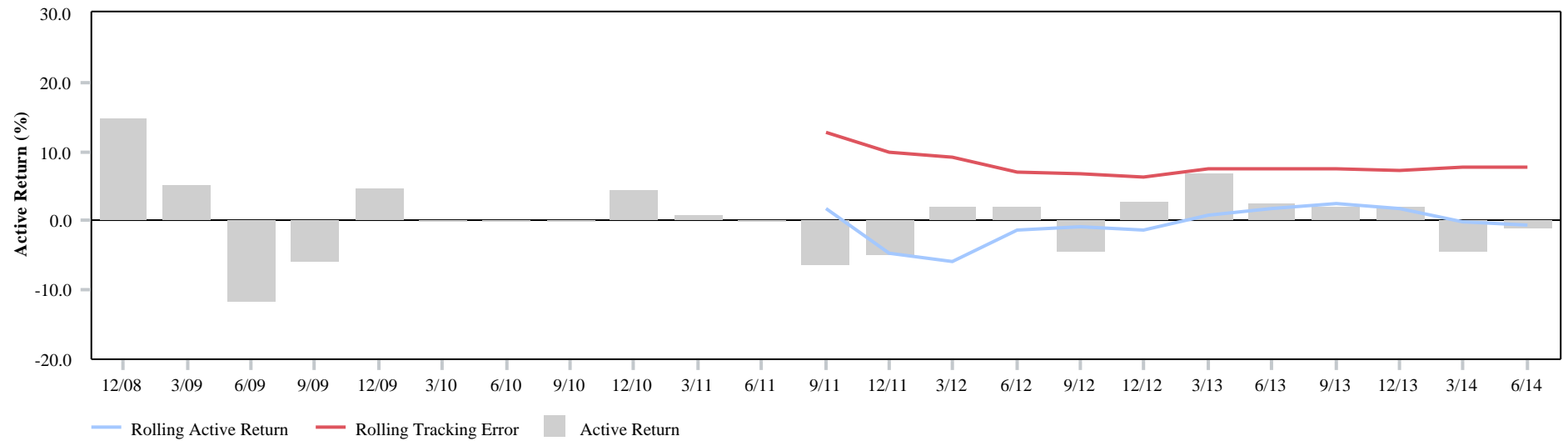


Rolling 1 Year Percentile Ranking vs. IM Global Equity (SA+CF) - 3 Years



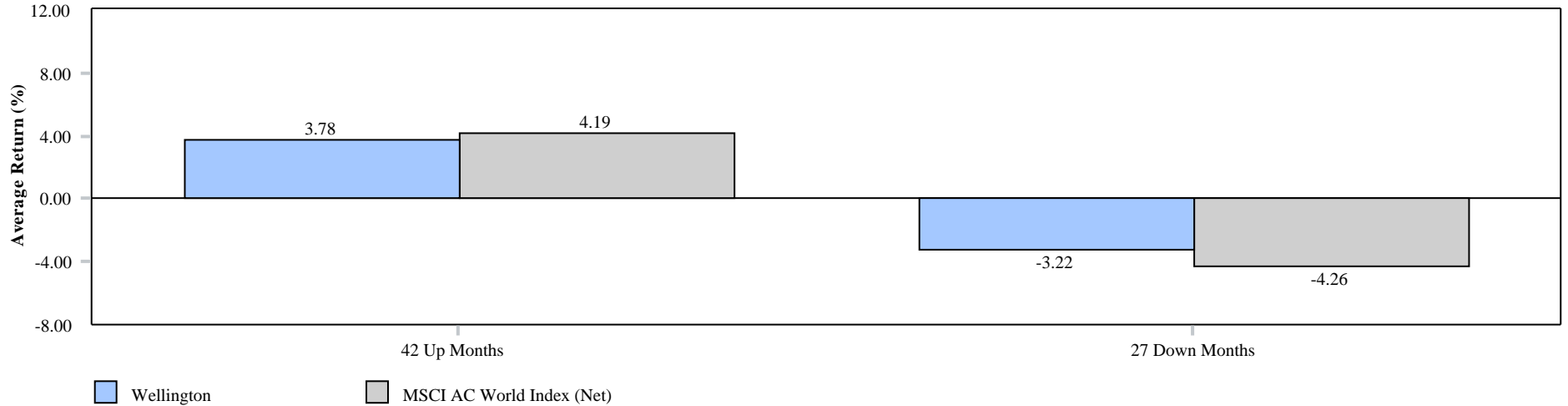
	Total Period	First Quartile	Second Quartile	Third Quartile	Fourth Quartile
Wellington	12	4 (33%)	1 (8%)	1 (8%)	6 (50%)
MSCI AC World Index (Net)	12	0 (0%)	0 (0%)	12 (100%)	0 (0%)

Rolling 3 Years Active Return and Tracking Error vs. MSCI AC World Index (Net) - Since Inception

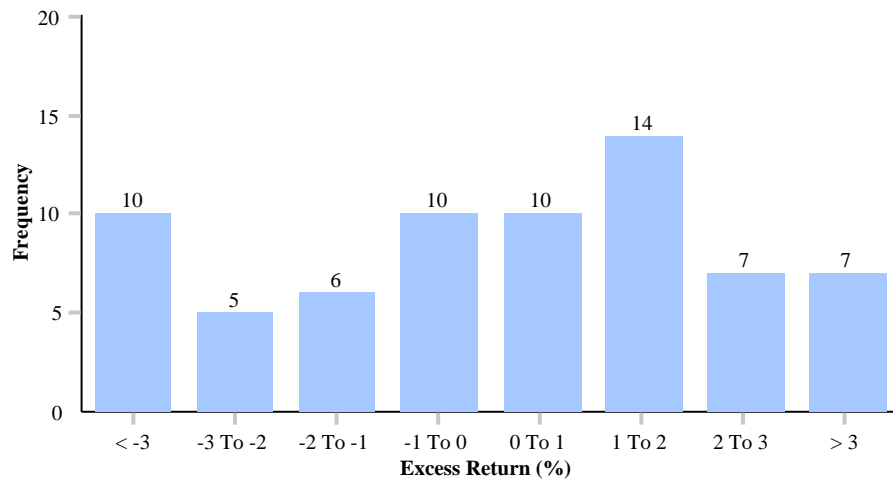


Up/Down Markets vs. MSCI AC World Index (Net) - Since Inception

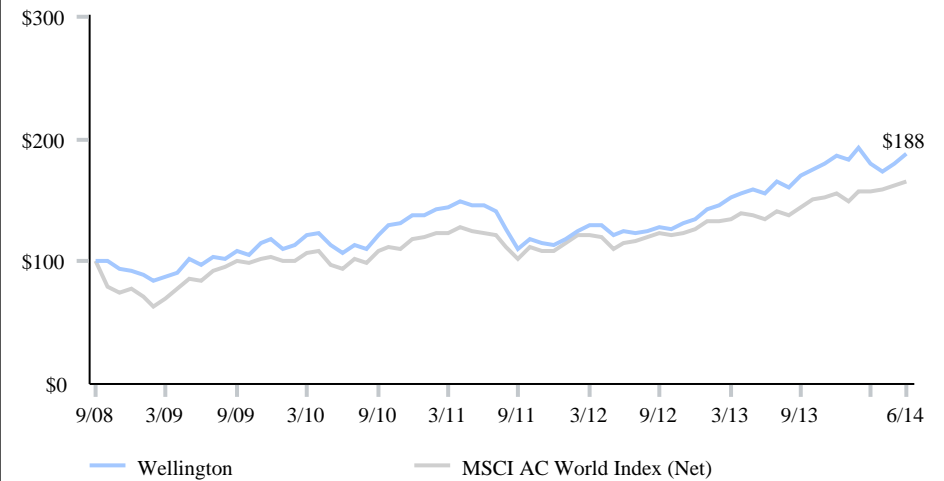
	Full Period Return		Months Benchmark Up(42)				Months Benchmark Down(27)			
	Portfolio	Benchmark	Portfolio Ahead		Portfolio Behind		Portfolio Ahead		Portfolio Behind	
			No. Months	Average Ahead	No. Months	Average Behind	No. Months	Average Ahead	No. Months	Average Behind
Wellington	11.57	9.12	21	1.86	21	-2.67	17	2.91	10	-2.16



Performance Distribution - Since Inception



Growth of \$100 - Since Inception



Manager Profile

Aberdeen - Emerging Markets

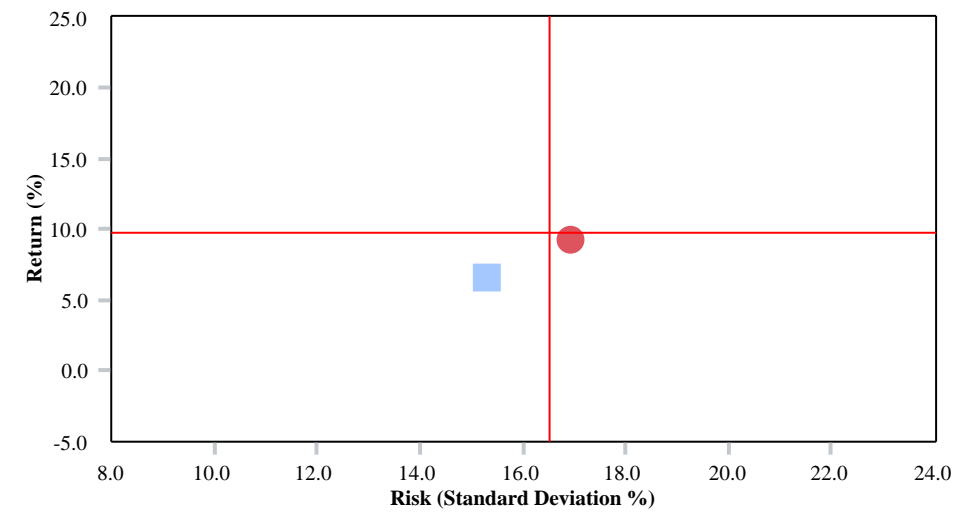
Gain/Loss Summary

	One Quarter	Since Inception	Inception Date
Aberdeen			10/01/2011
Beginning Market Value	6,387,781	5,000,000	
Net Contributions	1,800,000	1,800,000	
Gain/Loss	385,980	1,773,762	
Ending Market Value	8,573,762	8,573,762	

Segment Allocation

	Market Value (\$)	Allocation (%)
Emerging Equity	8,573,762	100.00

Risk and Return - Since Inception



	Return	Standard Deviation
Aberdeen	6.51	15.34
MSCI Emerging Markets (Net)	9.28	16.96
Median	9.83	16.54

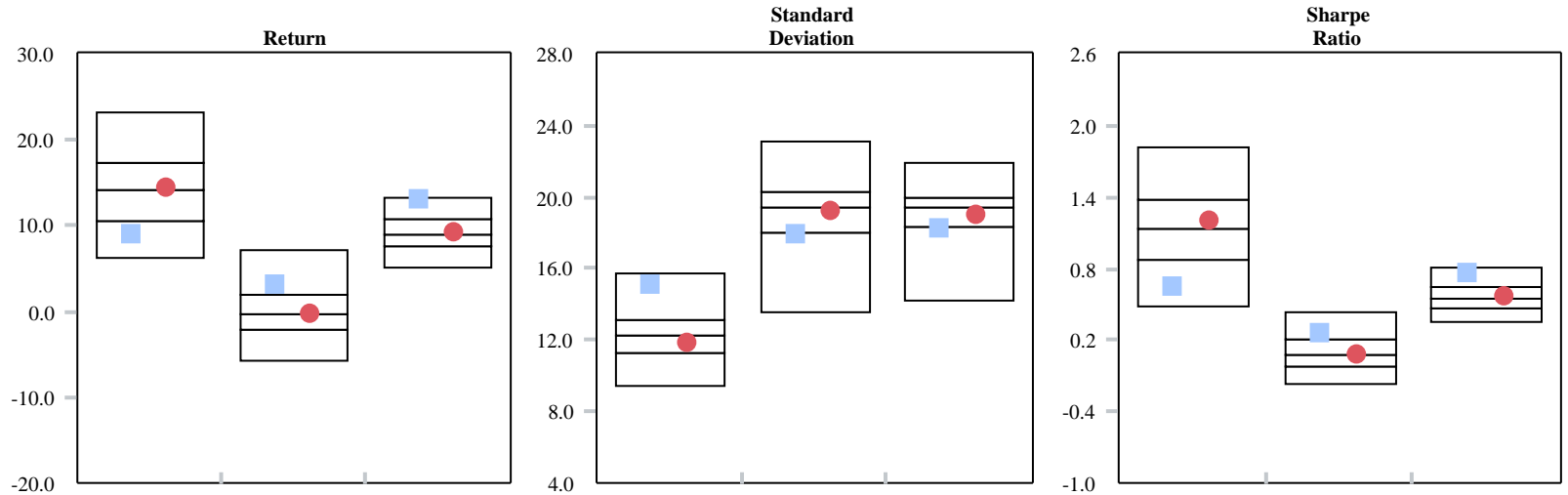
Comparative Performance

	One Quarter	Year To Date	One Year	Three Years	Five Years	Seven Years	Ten Years	Since Inception	Inception Date
Aberdeen	6.11 (64)	7.29 (24)	8.91 (84)	N/A	N/A	N/A	N/A	6.51 (84)	10/01/2011
Aberdeen - History	6.11 (64)	7.29 (24)	8.91 (84)	3.12 (19)	13.04 (8)	7.66 (1)	N/A	10.64 (39)	
MSCI Emerging Markets (Net)	6.60 (53)	6.14 (44)	14.31 (49)	-0.39 (52)	9.24 (47)	2.28 (36)	11.94 (28)	9.28 (58)	
IM Emerging Markets Equity (MF) Median	6.67	5.69	14.12	-0.26	9.01	1.46	11.15	9.83	
Population	781	736	649	461	317	217	151	484	

Calendar Year Performance

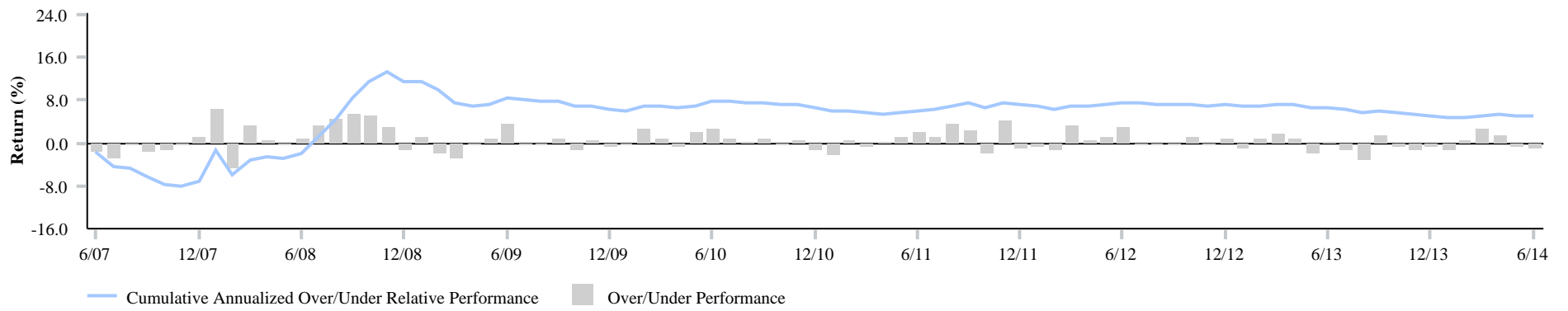
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Aberdeen	-7.49 (93)	26.15 (8)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Aberdeen - History	-7.49 (93)	26.15 (8)	-11.05 (4)	27.58 (7)	76.55 (34)	-40.36 (1)	N/A	N/A	N/A	N/A
MSCI Emerging Markets (Net)	-2.60 (58)	18.23 (56)	-18.42 (35)	18.88 (44)	78.51 (27)	-53.33 (42)	39.38 (39)	32.18 (52)	34.00 (37)	25.55 (34)
IM Emerging Markets Equity (MF) Median	-1.42	18.71	-19.55	18.30	72.96	-54.64	36.78	32.31	32.02	23.47
Population	630	554	449	387	375	306	259	227	202	190

Peer Group Analysis - Multi Statistics vs. IM Emerging Markets Equity (MF)

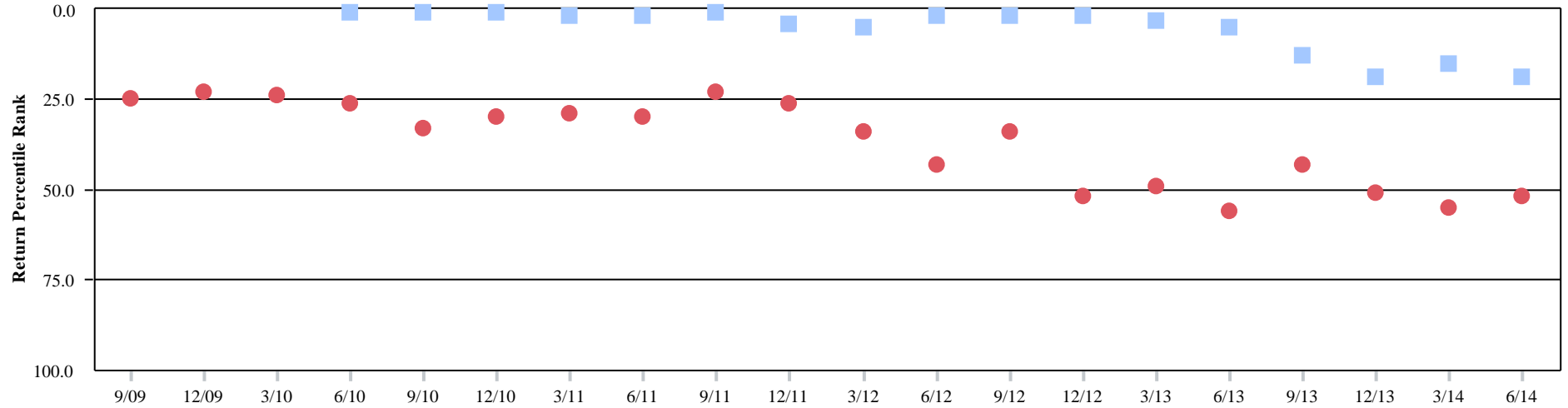


	One Year	Three Years	Five Years	One Year	Three Years	Five Years	One Year	Three Years	Five Years
■ Aberdeen - History	8.91 (84)	3.12 (19)	13.04 (8)	15.11 (7)	17.95 (76)	18.21 (76)	0.64 (90)	0.26 (19)	0.76 (13)
● MSCI Emerging Markets (Net)	14.31 (49)	-0.39 (52)	9.24 (47)	11.81 (66)	19.21 (56)	18.99 (59)	1.19 (43)	0.07 (53)	0.56 (46)
Median	14.12	-0.26	9.01	12.30	19.41	19.40	1.13	0.08	0.54
Population	649	461	317	649	461	317	649	461	317

Relative Performance vs. MSCI Emerging Markets (Net)

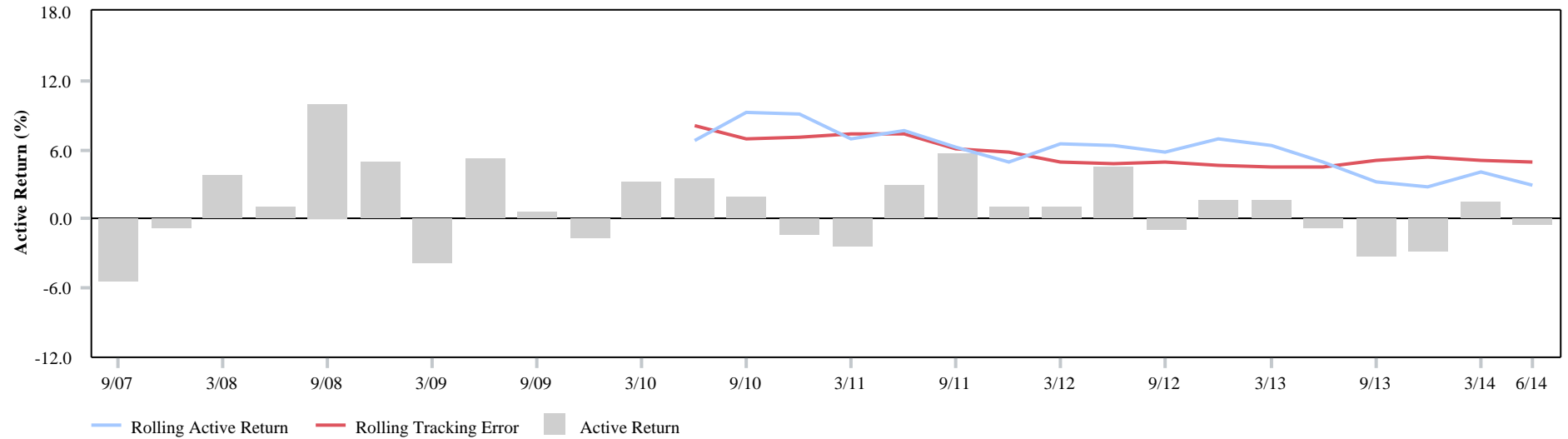


Rolling 3 Year Percentile Ranking vs. IM Emerging Markets Equity (MF) - 5 Years

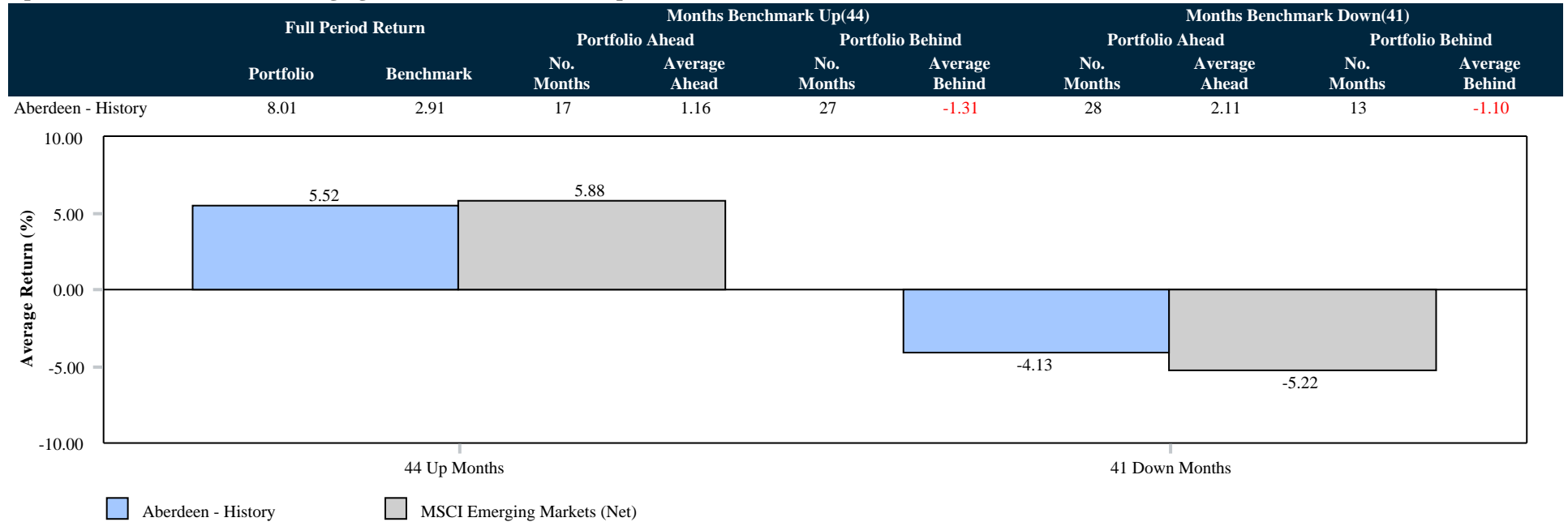


	Total Period	First Quartile	Second Quartile	Third Quartile	Fourth Quartile
■ Aberdeen - History	17	17 (100%)	0 (0%)	0 (0%)	0 (0%)
● MSCI Emerging Markets (Net)	20	4 (20%)	11 (55%)	5 (25%)	0 (0%)

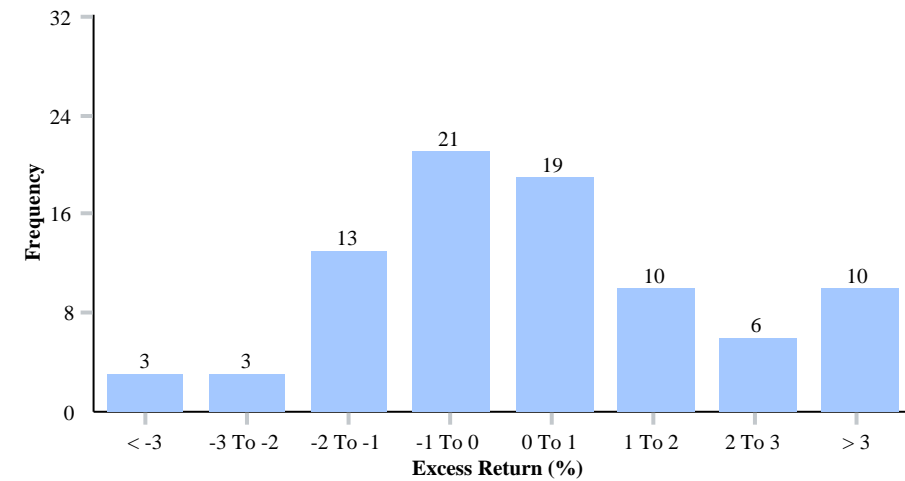
Rolling 3 Year Active Return and Tracking Error vs. MSCI Emerging Markets (Net) - Since Inception



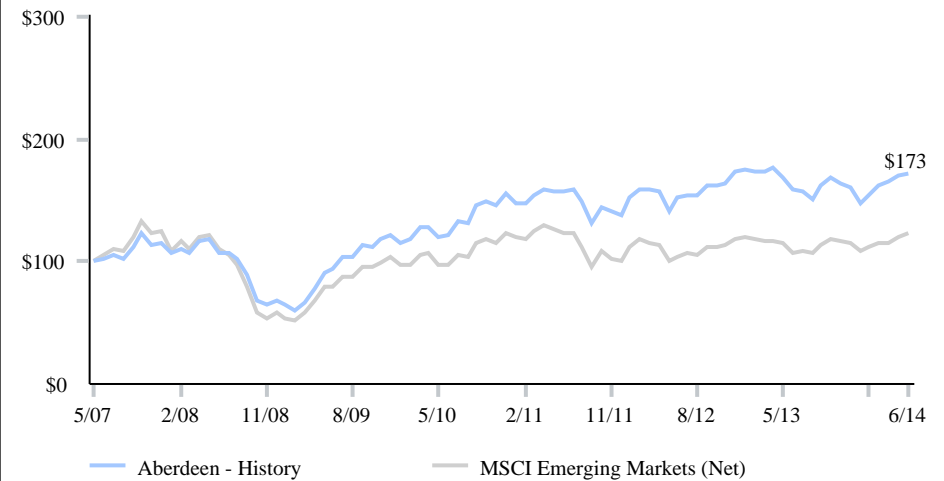
Up/Down Markets vs. MSCI Emerging Markets (Net) - Since Inception



Performance Distribution - Since Inception



Growth of \$100 - Since Inception



Manager Profile

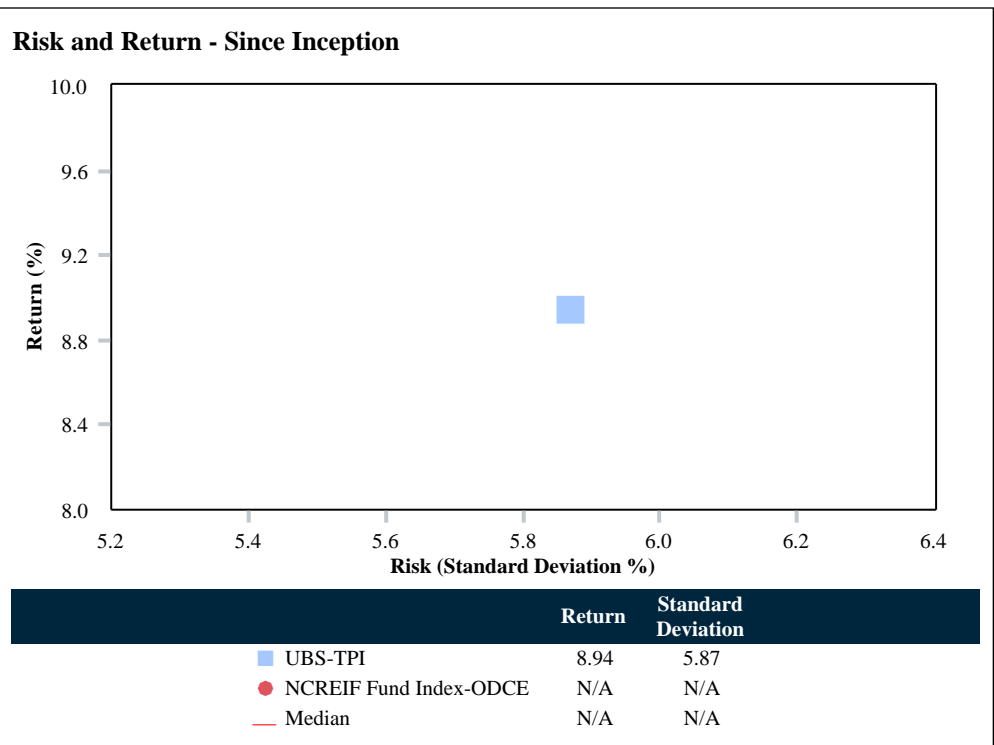
UBS-TPI - Private Real Estate

Gain/Loss Summary

	One Quarter	Since Inception	Inception Date
UBS-TPI			12/01/1982
Beginning Market Value	3,701,336	501,391	
Net Contributions	(8,743)	(1,355,541)	
Gain/Loss	113,195	4,659,938	
Ending Market Value	3,805,787	3,805,787	

Segment Allocation

	Market Value (\$)	Allocation (%)
Real Estate	3,805,787	100.00



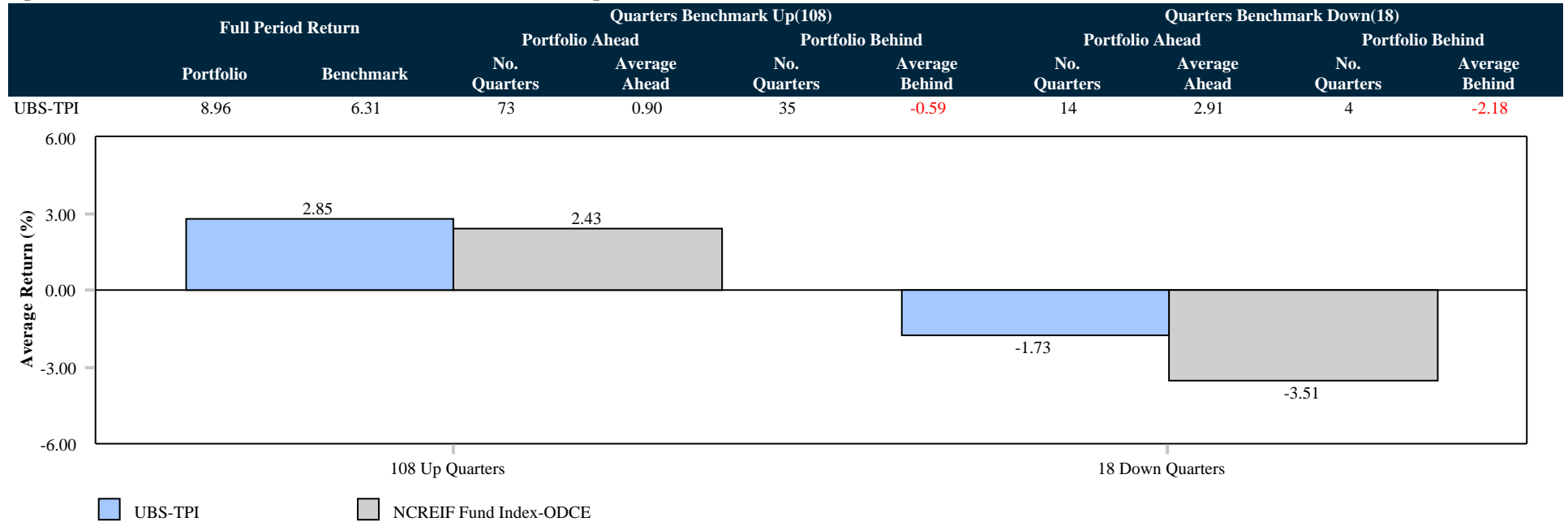
Comparative Performance

	One Quarter	Year To Date	One Year	Three Years	Five Years	Seven Years	Ten Years	Since Inception	Inception Date
UBS-TPI	3.07	5.67	11.47	10.90	10.41	5.83	8.73	8.94	12/01/1982
NCREIF Fund Index-ODCE	2.69	5.04	11.75	11.38	8.97	1.80	6.15	6.29	

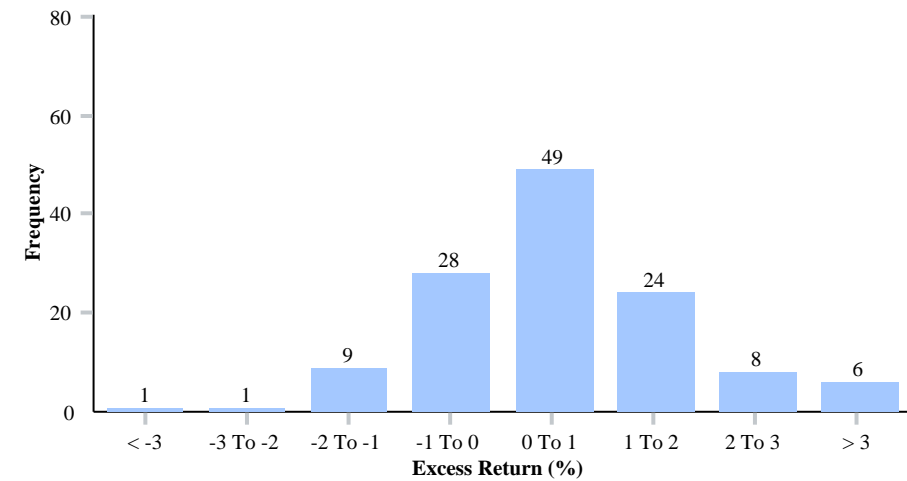
Calendar Year Performance

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
UBS-TPI	9.41	11.23	14.18	20.39	-18.61	-1.27	12.95	16.73	15.57	11.98
NCREIF Fund Index-ODCE	12.90	9.79	14.96	15.26	-30.40	-10.70	14.84	15.27	20.15	12.00

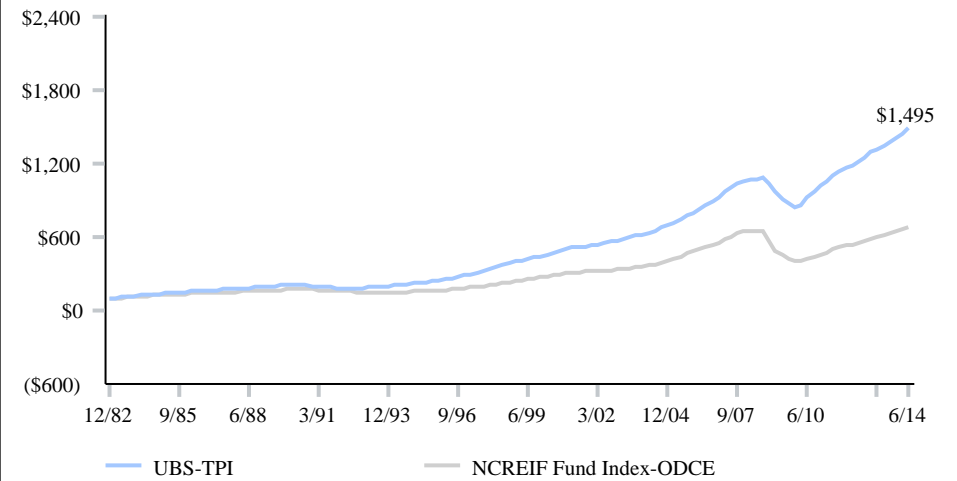
Up/Down Markets vs. NCREIF Fund Index-ODCE - Since Inception



Performance Distribution - Since Inception



Growth of \$100 - Since Inception



Manager Profile

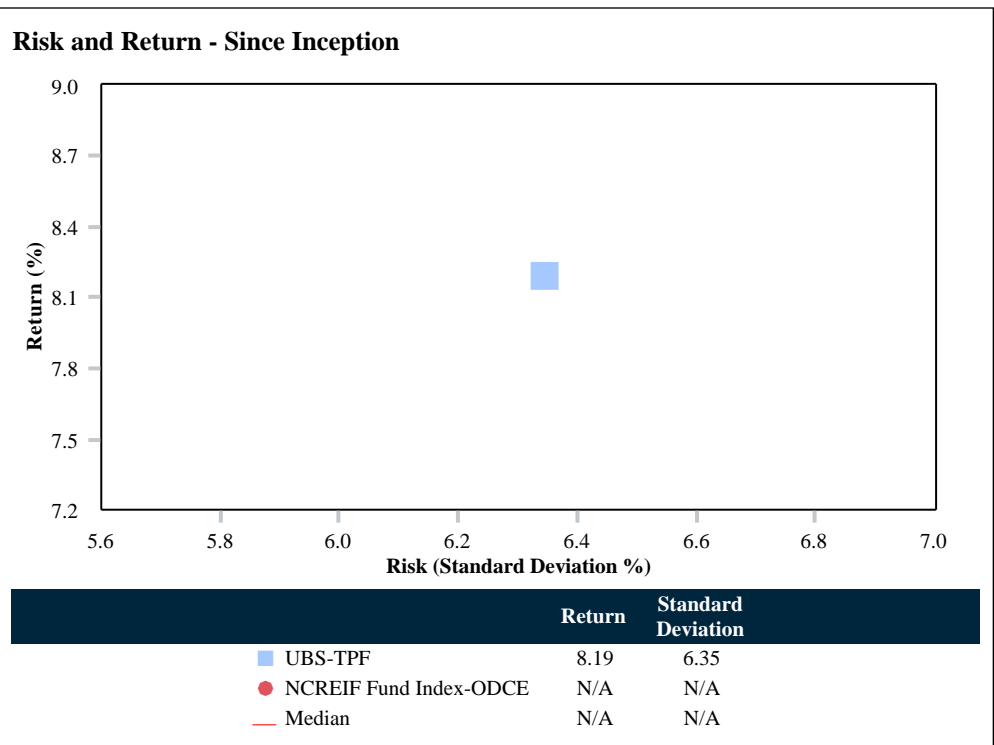
UBS-TPF - Private Real Estate

Gain/Loss Summary

	One Quarter	Since Inception	Inception Date
UBS-TPF			03/01/1983
Beginning Market Value	3,603,707	350,411	
Net Contributions	(10,575)	(1,158,829)	
Gain/Loss	88,224	4,489,773	
Ending Market Value	3,681,355	3,681,355	

Segment Allocation

	Market Value (\$)	Allocation (%)
Real Estate	3,681,355	100.00



Comparative Performance

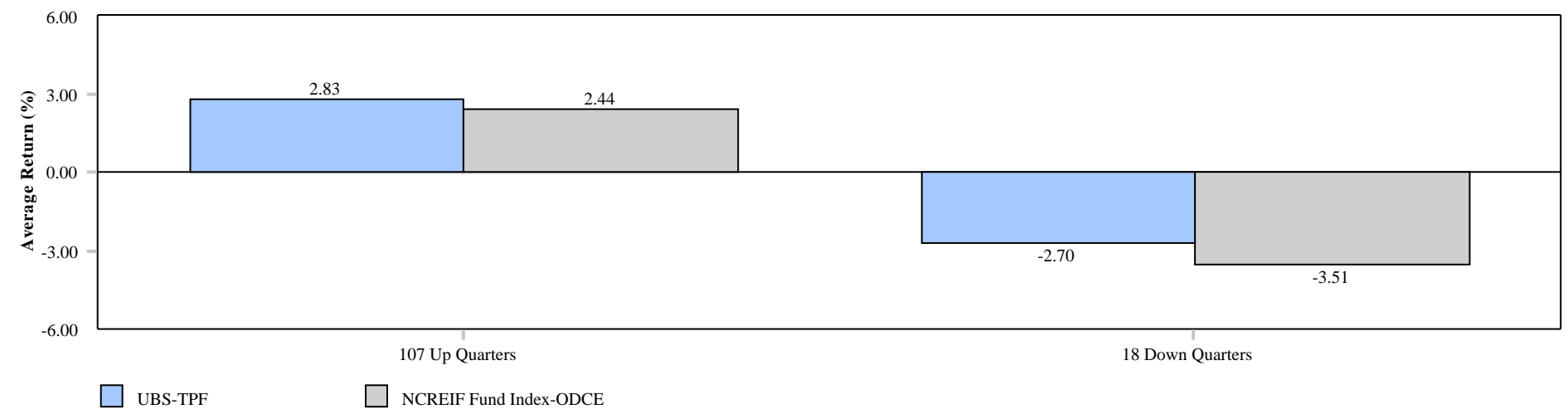
	One Quarter	Year To Date	One Year	Three Years	Five Years	Seven Years	Ten Years	Since Inception	Inception Date
UBS-TPF	2.46	5.05	10.41	10.46	9.34	3.45	7.79	8.19	03/01/1983
NCREIF Fund Index-ODCE	2.69	5.04	11.75	11.38	8.97	1.80	6.15	6.31	

Calendar Year Performance

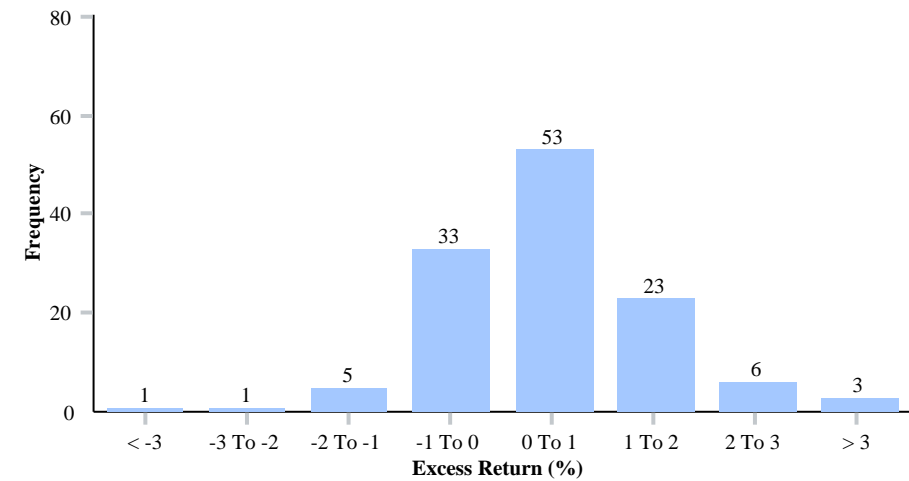
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
UBS-TPF	10.42	10.14	13.19	16.84	-22.27	-7.45	13.90	16.64	21.13	14.54
NCREIF Fund Index-ODCE	12.90	9.79	14.96	15.26	-30.40	-10.70	14.84	15.27	20.15	12.00

Up/Down Markets vs. NCREIF Fund Index-ODCE - Since Inception

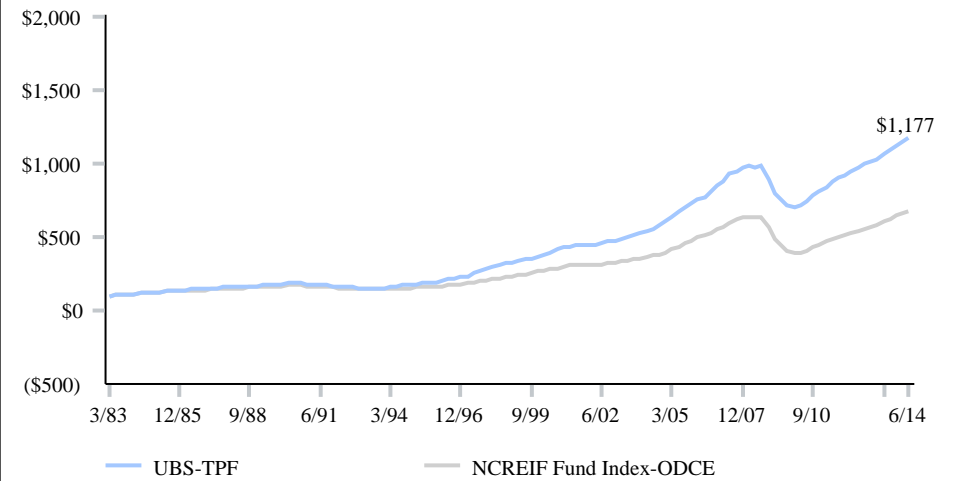
	Full Period Return		Quarters Benchmark Up(107)				Quarters Benchmark Down(18)			
	Portfolio	Benchmark	Portfolio Ahead		Portfolio Behind		Portfolio Ahead		Portfolio Behind	
			No. Quarters	Average Ahead	No. Quarters	Average Behind	No. Quarters	Average Ahead	No. Quarters	Average Behind
UBS-TPF	8.21	6.31	71	0.81	36	-0.45	14	1.73	4	-2.46



Performance Distribution - Since Inception



Growth of \$100 - Since Inception



Manager Profile

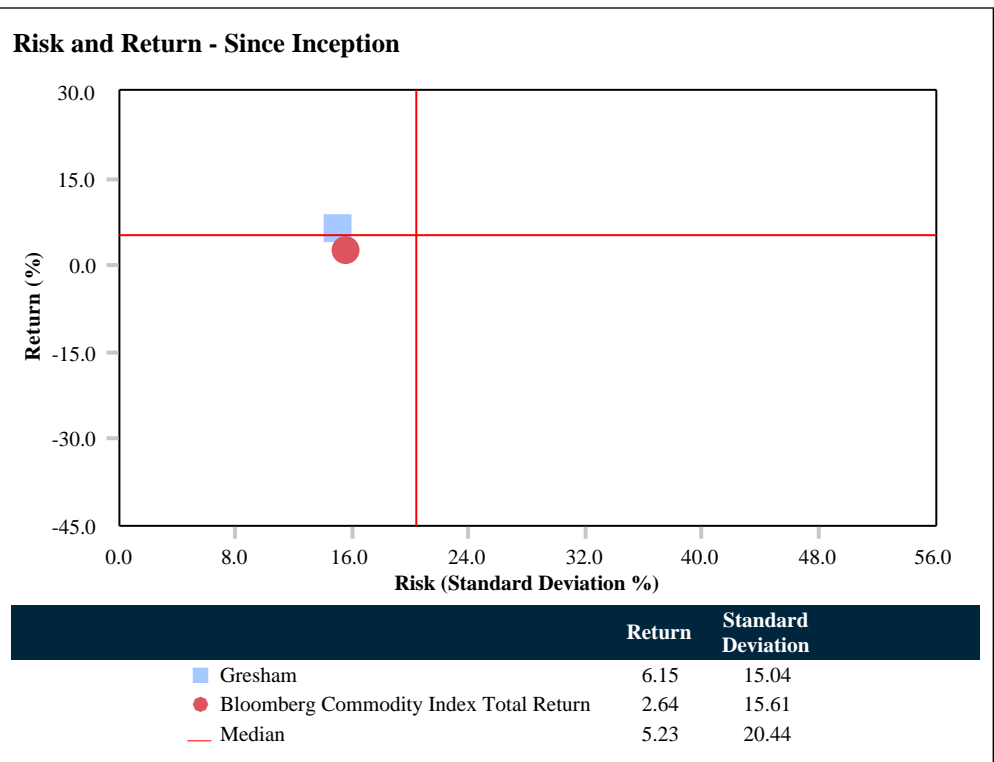
Gresham - Commodities

Gain/Loss Summary

	1 Quarter	Since Inception	Inception Date
Gresham			01/01/2009
Beginning Market Value	2,053,368	3,210,000	
Net Contributions	-	(2,200,000)	
Gain/Loss	35,107	1,078,475	
Ending Market Value	2,088,475	2,088,475	

Segment Allocation

	Market Value (\$)	Allocation (%)
Alternative Investment	2,088,475	100.00



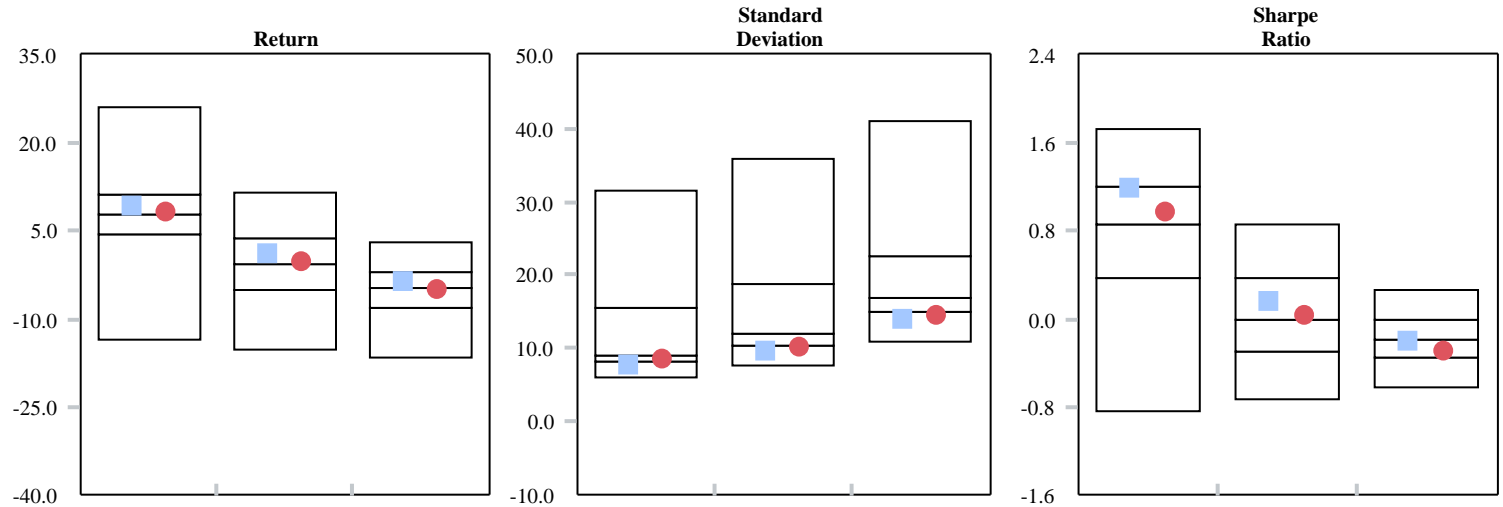
Comparative Performance

	Quarter	One Year	Two Years	Three Years	Four Years	Since Inception	Inception Date
Gresham	1.71 (48)	9.28 (40)	1.12 (35)	-3.65 (38)	3.95 (39)	6.15 (41)	01/01/2009
Bloomberg Commodity Index Total Return	0.08 (75)	8.21 (47)	-0.23 (43)	-5.17 (54)	1.80 (58)	2.64 (65)	
IM All Commodities (MF) Median	1.53	7.84	-0.76	-4.79	2.70	5.23	
Population	274	265	230	191	136	107	

Calendar Year Performance

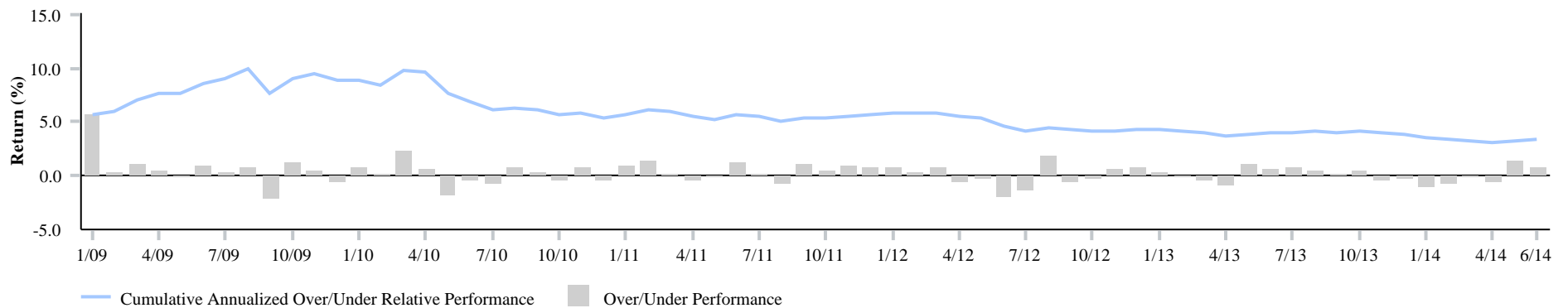
	Year to Date	2013	2012	2011	2010
Gresham	6.72 (43)	-7.87 (41)	-0.62 (47)	-7.86 (46)	19.20 (35)
Bloomberg Commodity Index Total Return	7.08 (40)	-9.53 (50)	-1.06 (50)	-13.32 (72)	16.83 (41)
IM All Commodities (MF) Median	6.15	-9.67	-1.14	-8.27	15.51
Population	267	269	236	181	125

Peer Group Analysis - Multi Statistics vs. IM All Commodities (MF)

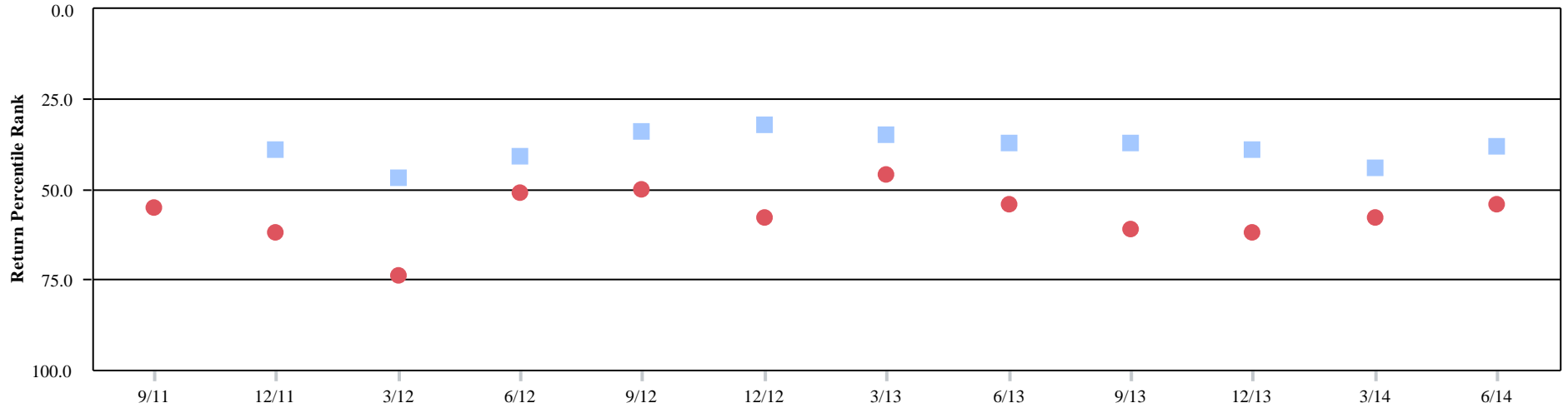


	1 Year	2 Years	3 Years	1 Year	2 Years	3 Years	1 Year	2 Years	3 Years
■ Gresham	9.28 (40)	1.12 (35)	-3.65 (38)	7.77 (85)	9.50 (90)	13.84 (89)	1.18 (27)	0.16 (35)	-0.20 (53)
● Bloomberg Commodity Index Total Return	8.21 (47)	-0.23 (43)	-5.17 (54)	8.50 (63)	10.10 (81)	14.53 (83)	0.97 (41)	0.02 (45)	-0.29 (68)
Median	7.84	-0.76	-4.79	9.13	11.94	16.92	0.87	-0.02	-0.18
Population	265	230	191	265	230	191	265	230	191

Relative Performance vs. Bloomberg Commodity Index Total Return

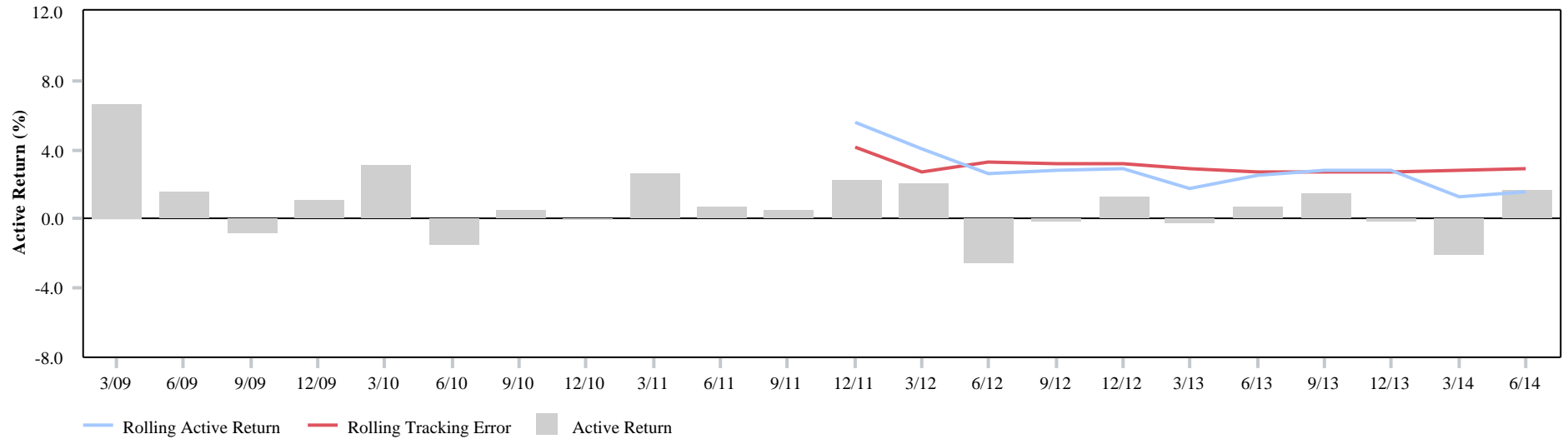


Rolling 3 Year Percentile Ranking vs. IM All Commodities (MF) - 3 Years

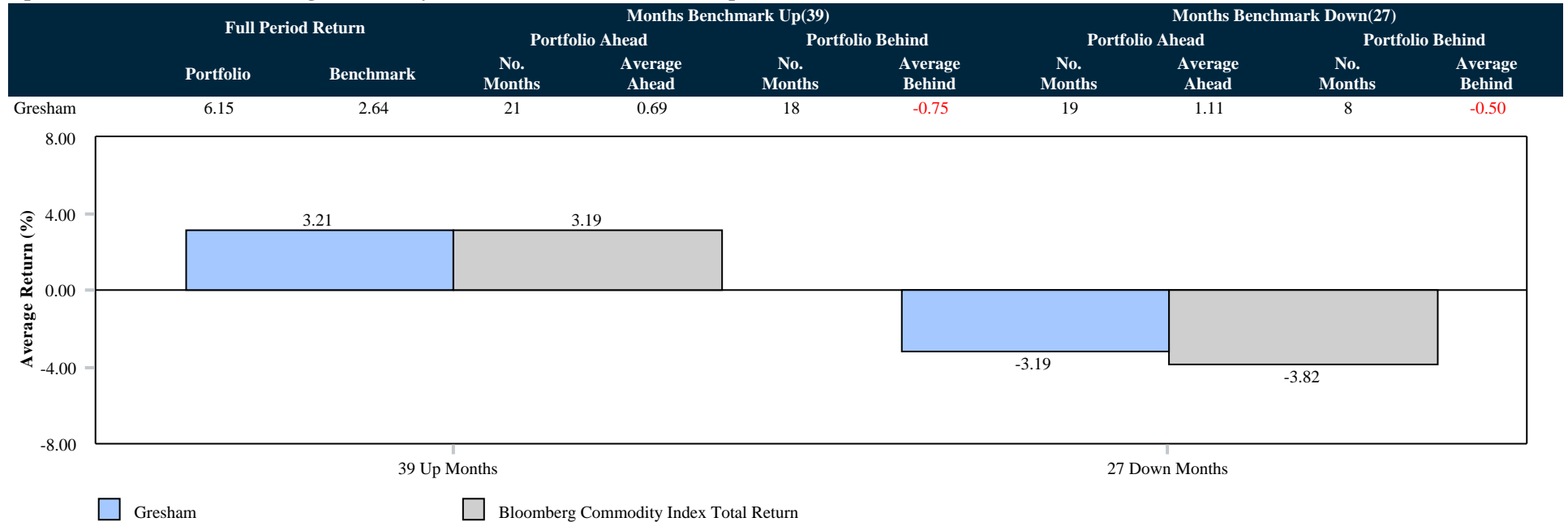


	Total Period	First Quartile	Second Quartile	Third Quartile	Fourth Quartile
■ Gresham	11	0 (0%)	11 (100%)	0 (0%)	0 (0%)
● Bloomberg Commodity Index Total Return	12	0 (0%)	2 (17%)	10 (83%)	0 (0%)

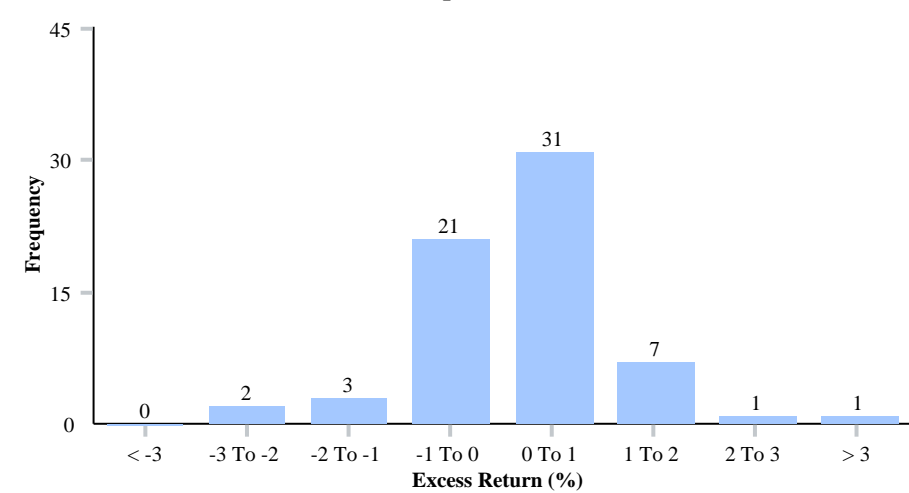
Rolling 3 Years Active Return and Tracking Error vs. Bloomberg Commodity Index Total Return - Since Inception



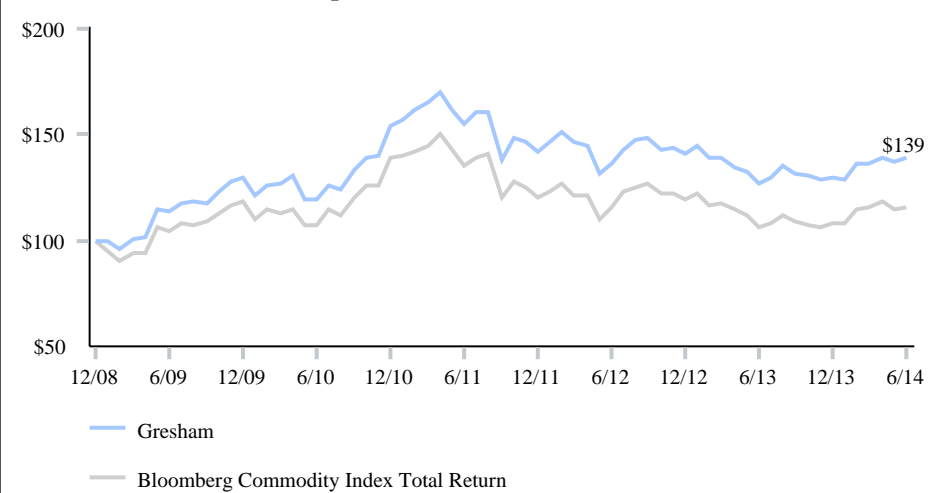
Up/Down Markets vs. Bloomberg Commodity Index Total Return - Since Inception



Performance Distribution - Since Inception



Growth of \$100 - Since Inception



Manager Profile

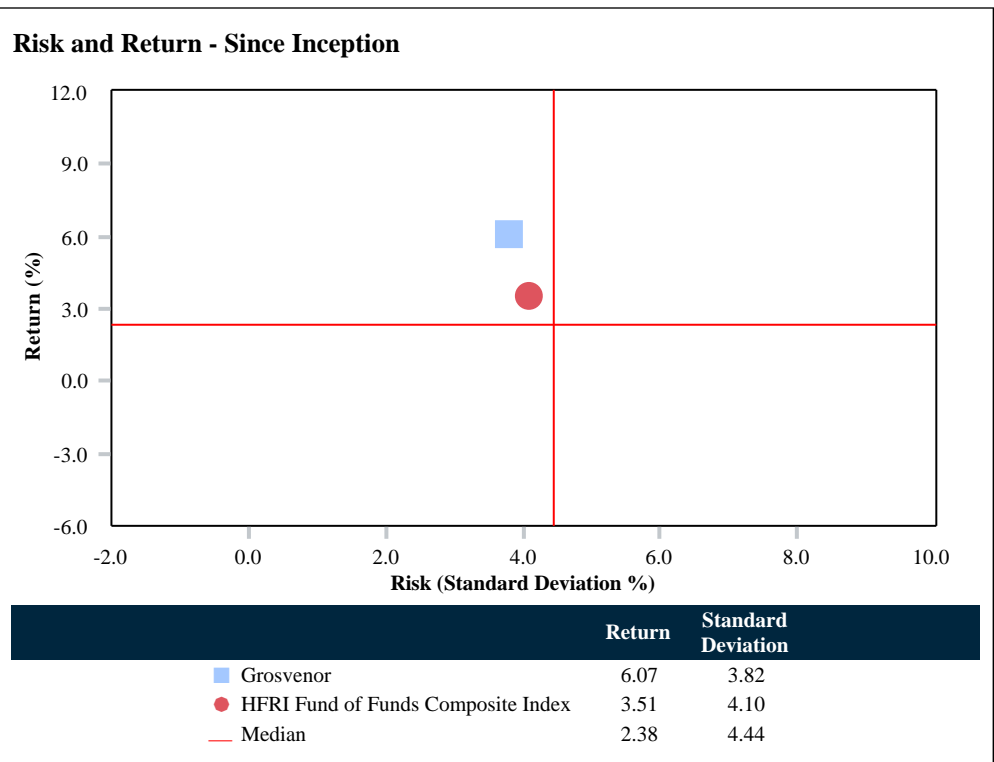
Grosvenor - Multi Strategy Hedge Fund

Gain/Loss Summary

	1 Quarter	Since Inception	Inception Date
Grosvenor			12/01/2009
Beginning Market Value	11,602,367	5,000,000	
Net Contributions	3,000,000	6,982,919	
Gain/Loss	138,295	2,757,743	
Ending Market Value	14,740,662	14,740,662	

Segment Allocation

	Market Value (\$)	Allocation (%)
Hedge Fund	14,740,662	100.00



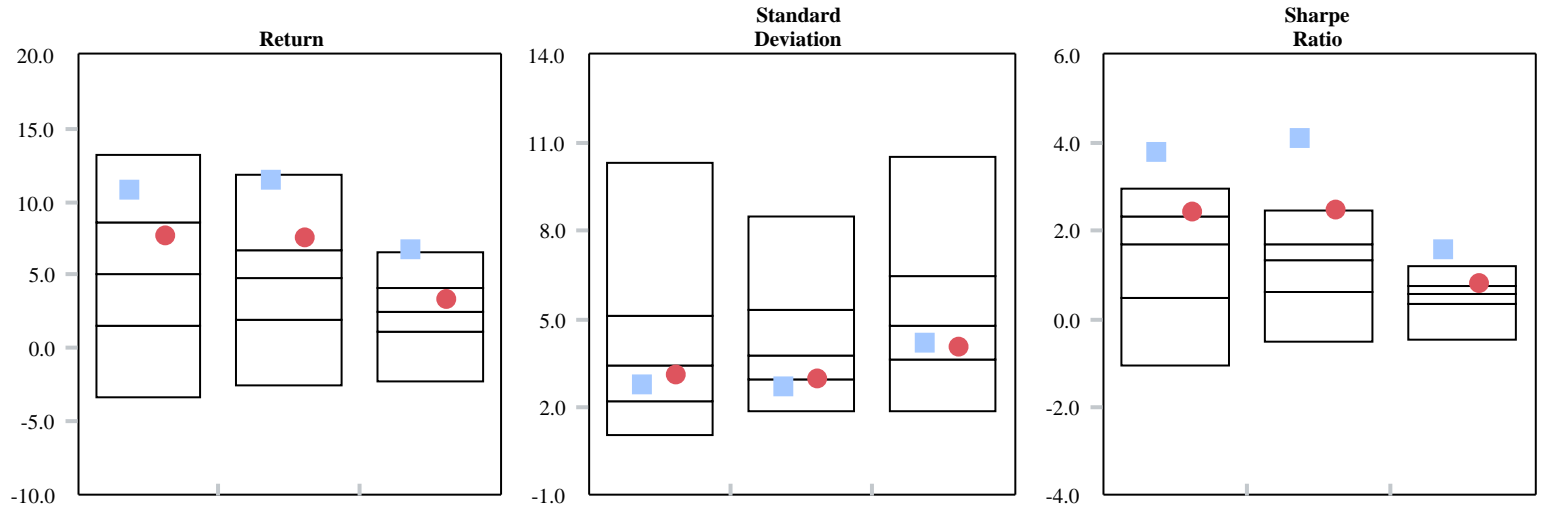
Comparative Performance

	Quarter	One Year	Two Years	Three Years	Four Years	Since Inception	Inception Date
Grosvenor	1.19 (59)	10.81 (13)	11.46 (6)	6.67 (5)	6.85 (8)	6.07 (6)	12/01/2009
HFRI Fund of Funds Composite Index	1.61 (41)	7.69 (31)	7.48 (20)	3.33 (40)	4.15 (39)	3.51 (32)	
IM Absolute Return (MF) Median	1.43	5.00	4.77	2.52	3.56	2.38	
Population	281	227	151	115	75	65	

Calendar Year Performance

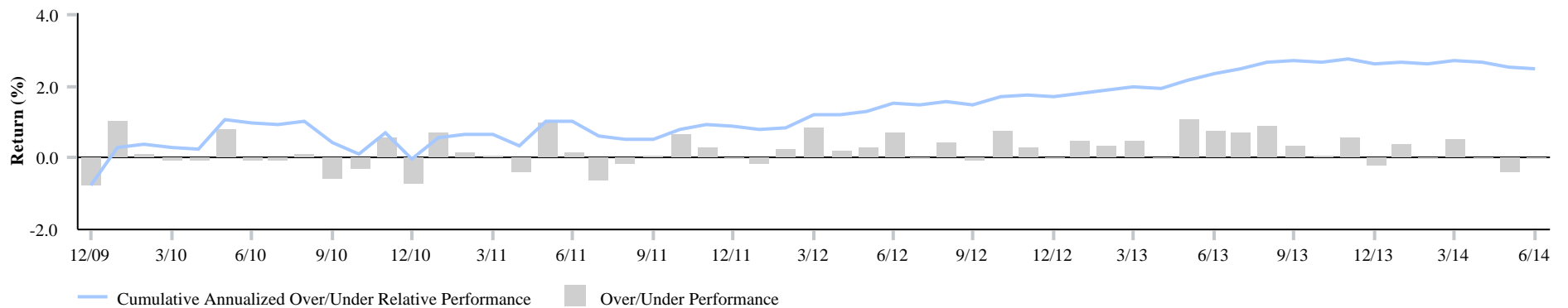
	Year to Date	2013	2012	2011
Grosvenor	2.71 (36)	15.03 (8)	8.42 (13)	-3.94 (66)
HFRI Fund of Funds Composite Index	2.17 (47)	8.96 (19)	4.79 (56)	-5.72 (86)
IM Absolute Return (MF) Median	2.06	4.12	5.20	-2.22
Population	278	209	152	114

Peer Group Analysis - Multi Statistics vs. IM Absolute Return (MF)

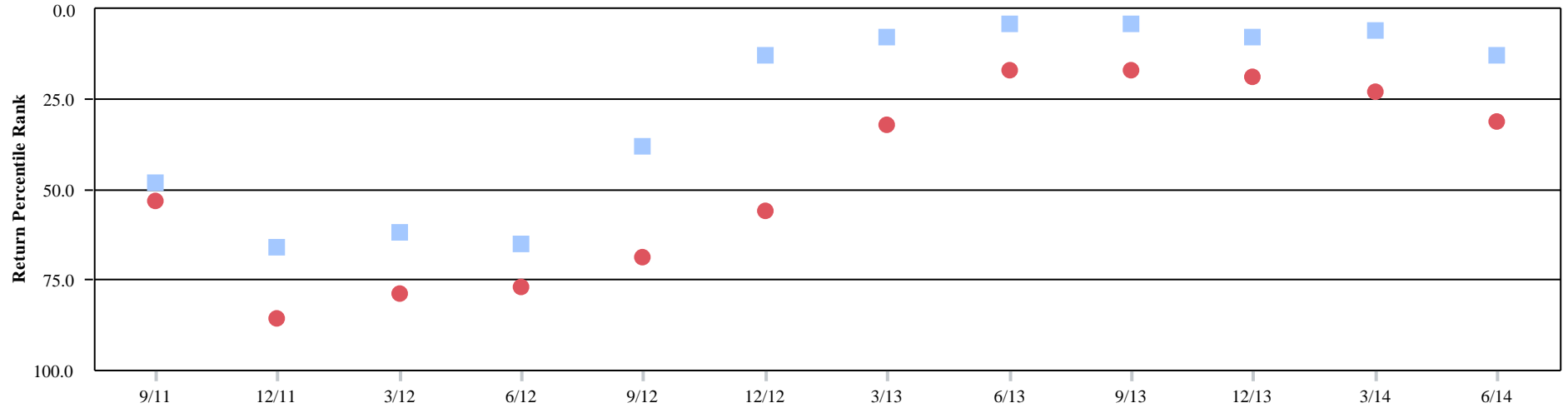


	1 Year	2 Years	3 Years	1 Year	2 Years	3 Years	1 Year	2 Years	3 Years
■ Grosvenor	10.81 (13)	11.46 (6)	6.67 (5)	2.73 (66)	2.66 (81)	4.13 (62)	3.76 (3)	4.08 (1)	1.57 (2)
● HFRI Fund of Funds Composite Index	7.69 (31)	7.48 (20)	3.33 (40)	3.05 (62)	2.93 (75)	4.04 (63)	2.43 (21)	2.46 (6)	0.82 (17)
Median	5.00	4.77	2.52	3.44	3.76	4.75	1.72	1.33	0.57
Population	227	151	115	227	151	115	227	151	115

Relative Performance vs. HFRI Fund of Funds Composite Index

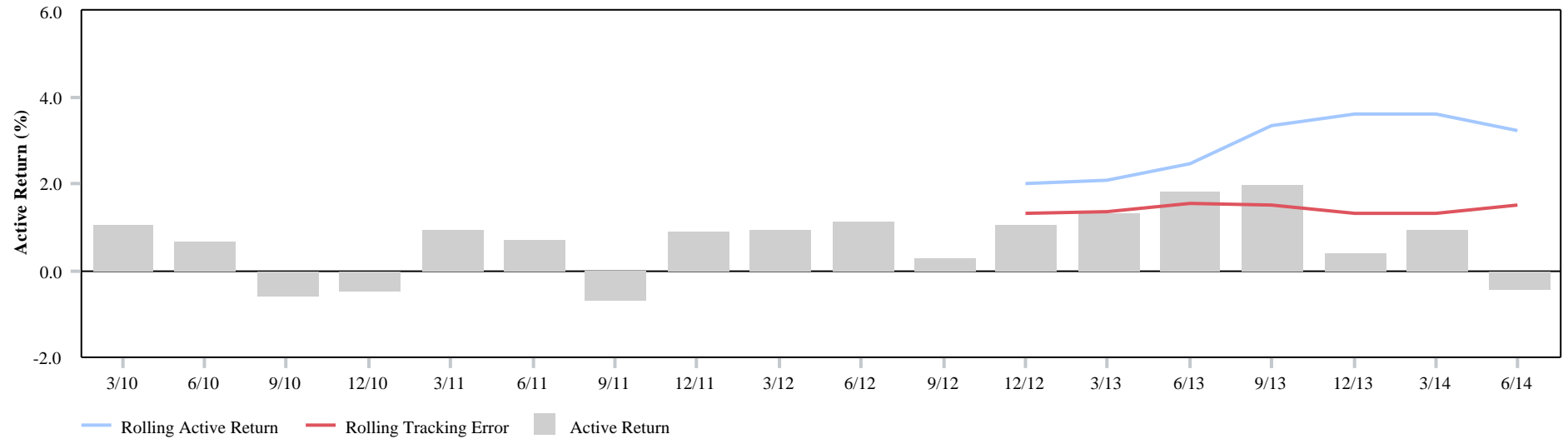


Rolling 1 Year Percentile Ranking vs. IM Absolute Return (MF) - 3 Years

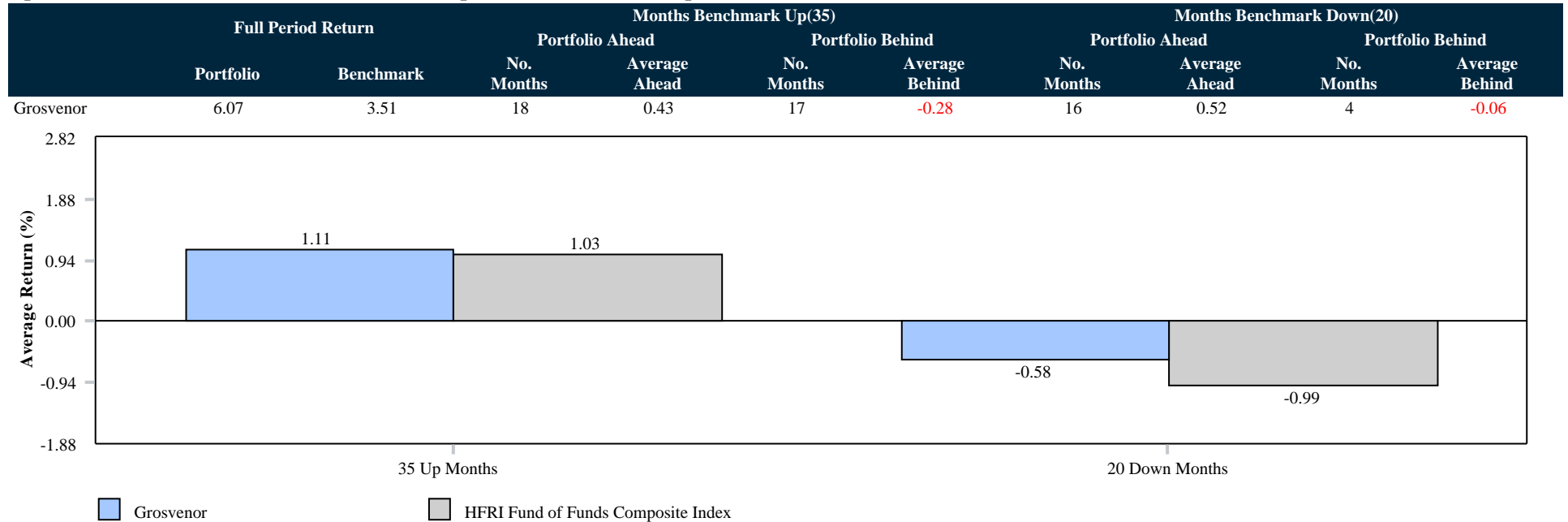


	Total Period	First Quartile	Second Quartile	Third Quartile	Fourth Quartile
Grosvenor	12	7 (58%)	2 (17%)	3 (25%)	0 (0%)
HFRI Fund of Funds Composite Index	12	4 (33%)	2 (17%)	3 (25%)	3 (25%)

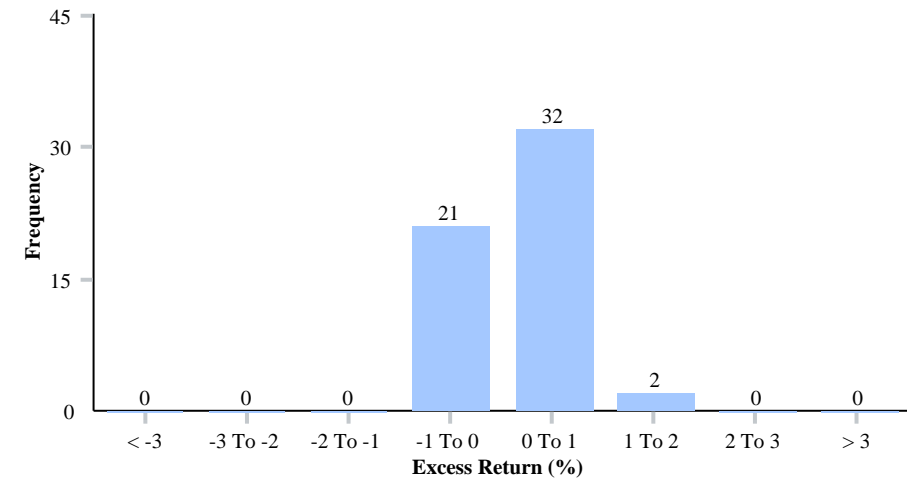
Rolling 3 Years Active Return and Tracking Error vs. HFRI Fund of Funds Composite Index - Since Inception



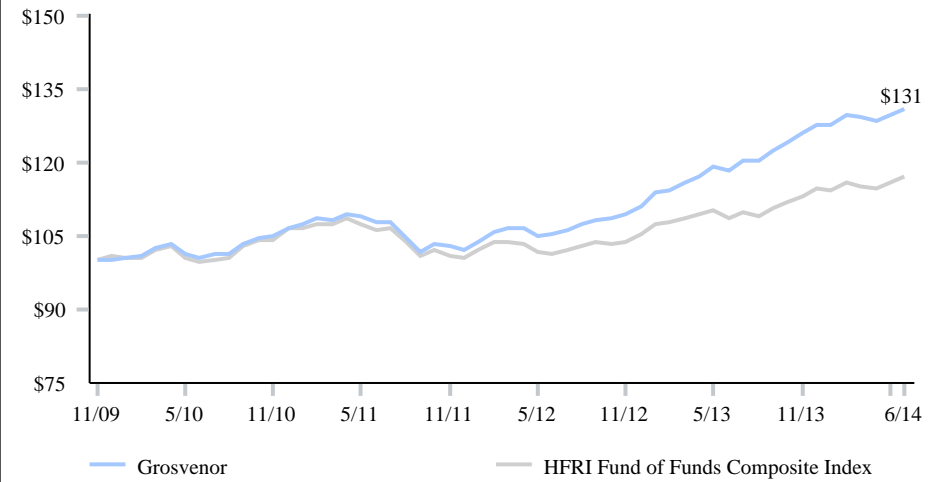
Up/Down Markets vs. HFRI Fund of Funds Composite Index - Since Inception



Performance Distribution - Since Inception



Growth of \$100 - Since Inception



Manager Profile

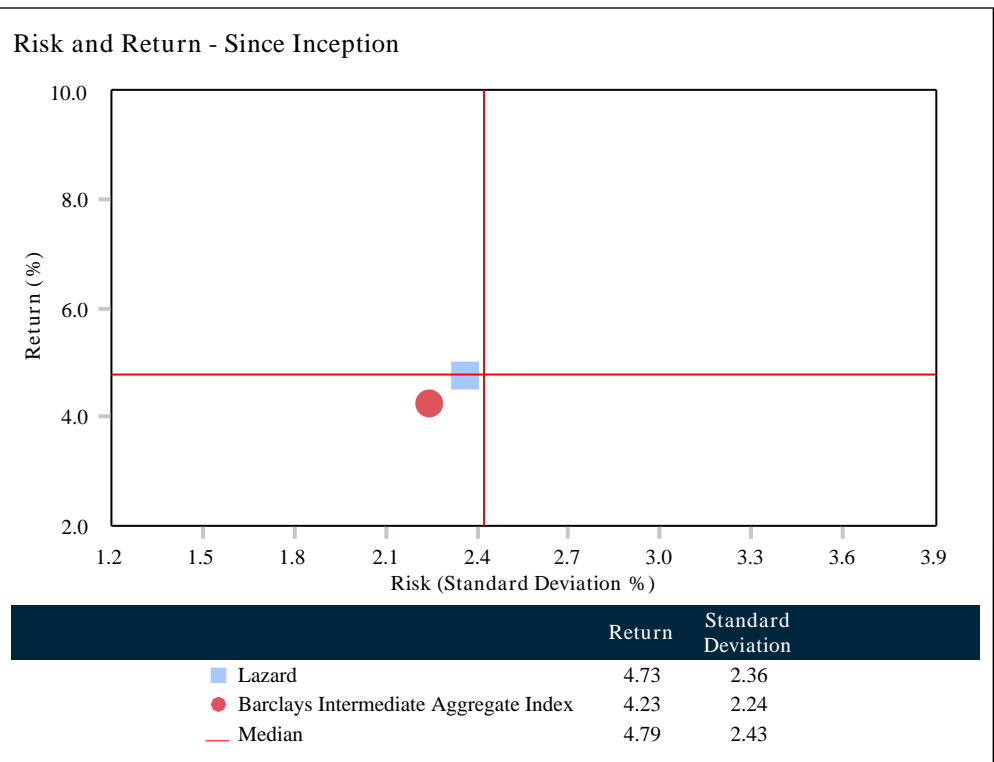
Lazard - Fixed Income

Gain/Loss Summary

	1 Quarter	Since Inception	Inception Date
Lazard			06/01/2009
Beginning Market Value	15,897,338	48,317,836	
Net Contributions	6,925,019	(32,893,425)	
Gain/Loss	222,745	7,620,691	
Ending Market Value	23,045,102	23,045,102	

Segment Allocation

	Market Value (\$)	Allocation (%)
Domestic Fixed Income	22,816,447	99.01
Cash Equivalent	228,655	0.99



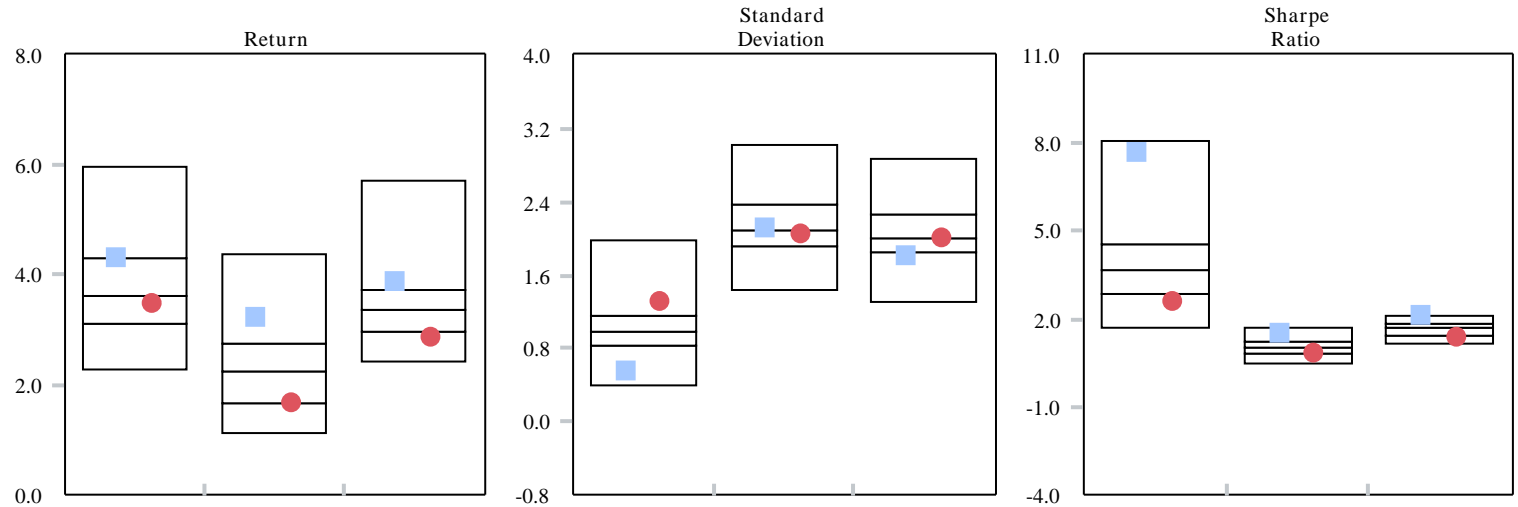
Comparative Performance

	Quarter	One Year	Two Years	Three Years	Four Years	Since Inception	Inception Date
Lazard	1.41 (47)	4.30 (27)	3.21 (15)	3.86 (22)	3.95 (28)	4.73 (55)	06/01/2009
Barclays Intermediate Aggregate Index	1.62 (28)	3.48 (59)	1.66 (76)	2.86 (80)	3.14 (80)	4.23 (82)	
IM U.S. Intermediate Duration (SA+CF) Median	1.40	3.64	2.23	3.37	3.53	4.79	
Population	128	125	125	121	120	115	

Calendar Year Performance

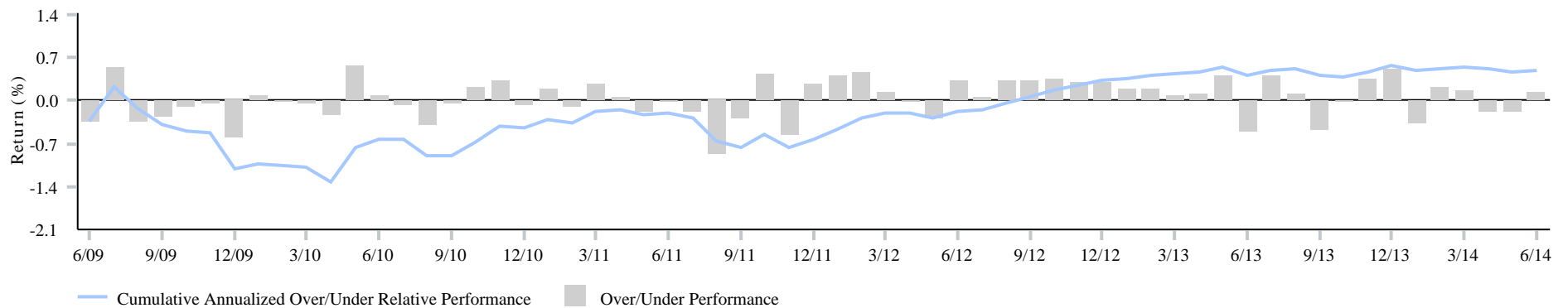
	Year to Date	2013	2012	2011
Lazard	2.67 (47)	0.44 (14)	6.49 (18)	5.00 (76)
Barclays Intermediate Aggregate Index	2.85 (36)	-1.02 (82)	3.56 (87)	5.97 (44)
IM U.S. Intermediate Duration (SA+CF) Median	2.65	-0.47	4.92	5.83
Population	128	159	169	173

Peer Group Analysis - Multi Statistics vs. IM U.S. Intermediate Duration (SA+CF)

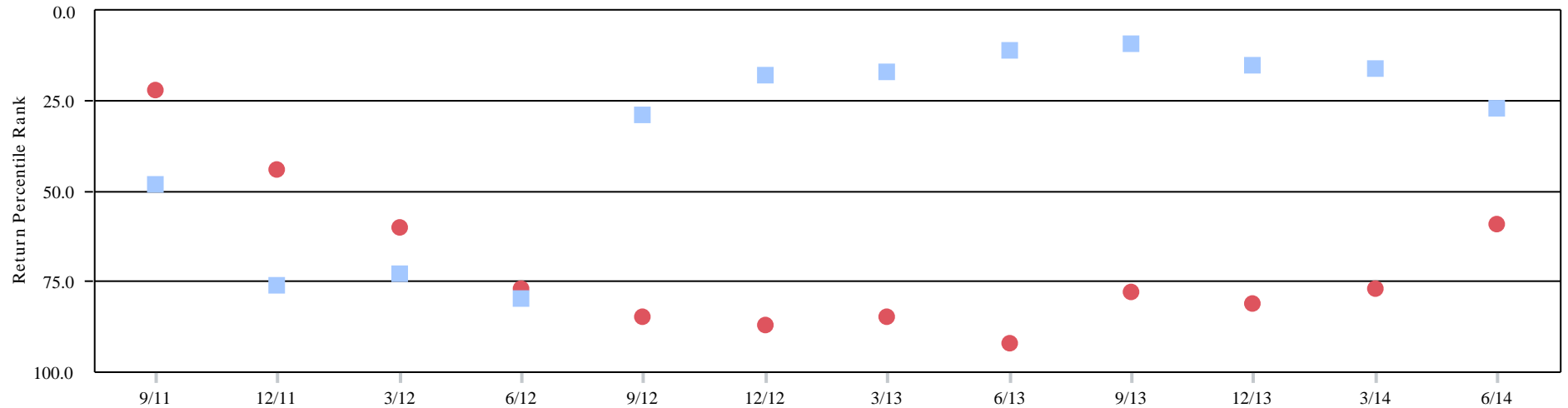


	1 Year	2 Years	3 Years	1 Year	2 Years	3 Years	1 Year	2 Years	3 Years
■ Lazard	4.30 (27)	3.21 (15)	3.86 (22)	0.55 (93)	2.11 (48)	1.81 (81)	7.67 (6)	1.48 (11)	2.07 (8)
● Barclays Intermediate Aggregate Index	3.48 (59)	1.66 (76)	2.86 (80)	1.31 (17)	2.04 (54)	2.00 (52)	2.61 (86)	0.79 (79)	1.40 (78)
Median	3.64	2.23	3.37	0.97	2.08	2.01	3.69	1.03	1.67
Population	125	125	121	125	125	121	125	125	121

Relative Performance vs. Barclays Intermediate Aggregate Index

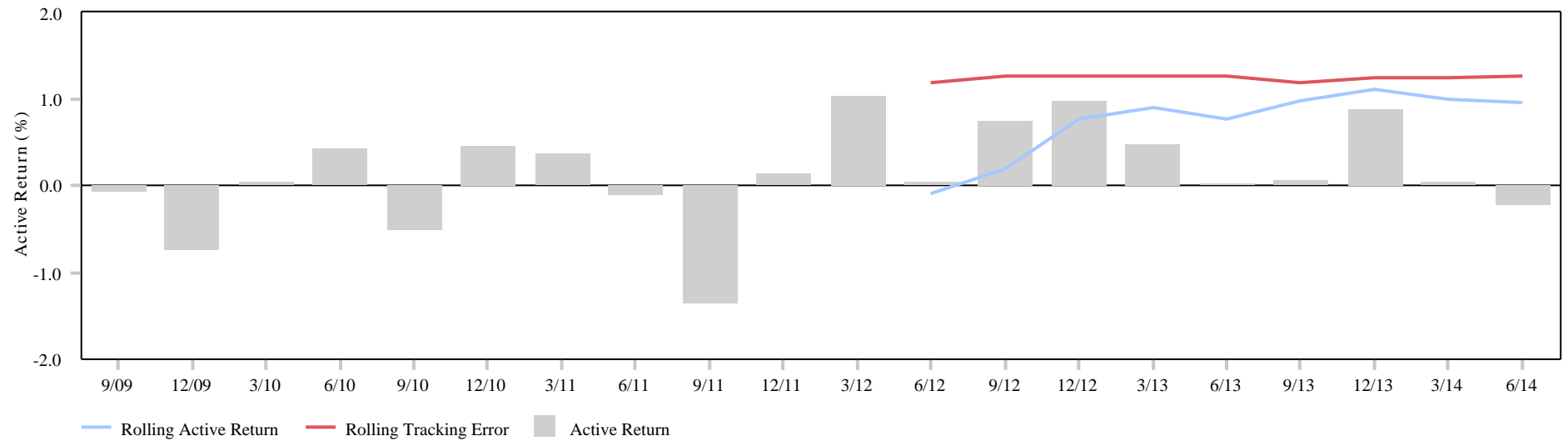


Rolling 1 Year Percentile Ranking vs. IM U.S. Intermediate Duration (SA+CF) - 3 Years



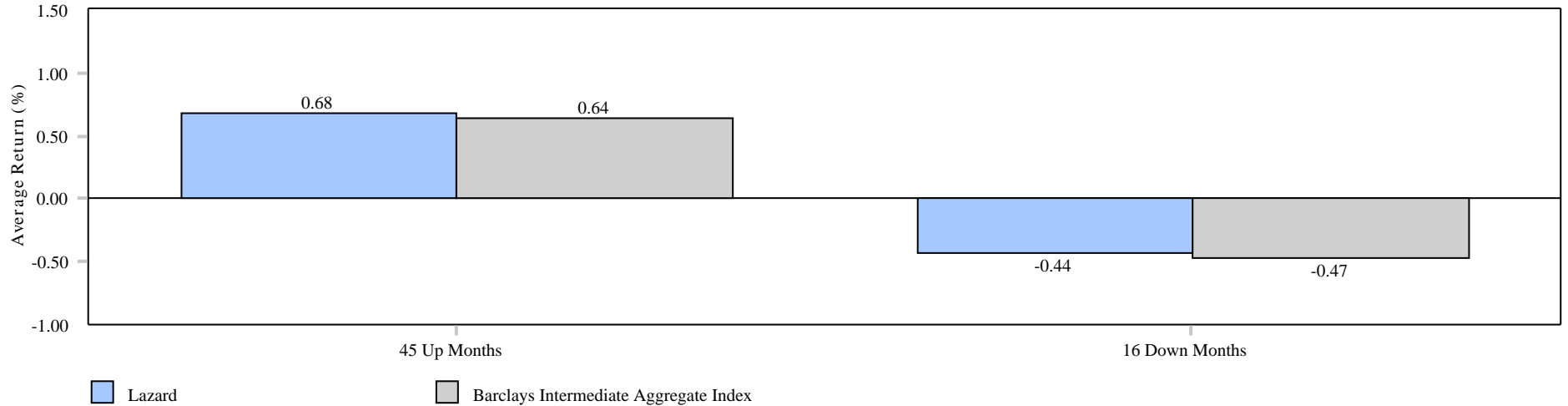
	Total Period	First Quartile	Second Quartile	Third Quartile	Fourth Quartile
■ Lazard	12	6 (50%)	3 (25%)	1 (8%)	2 (17%)
● Barclays Intermediate Aggregate Index	12	1 (8%)	1 (8%)	2 (17%)	8 (67%)

Rolling 3 Years Active Return and Tracking Error vs. Barclays Intermediate Aggregate Index - Since Inception

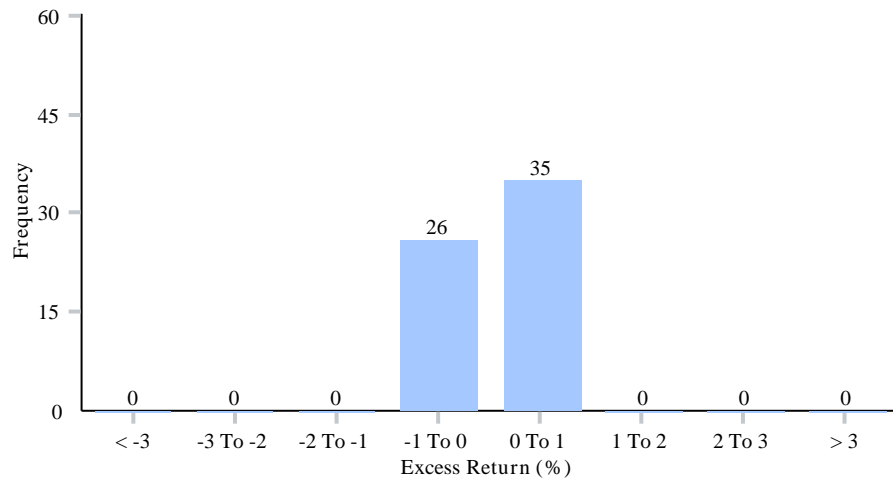


Up/Down Markets vs. Barclays Intermediate Aggregate Index - Since Inception

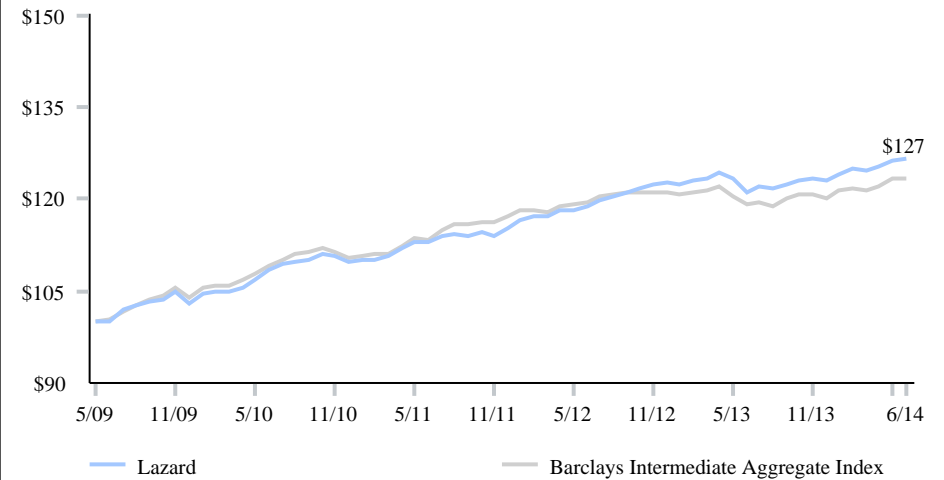
	Full Period Return		Months Benchmark Up(45)				Months Benchmark Down(16)			
	Portfolio	Benchmark	No. Months	Average Ahead	No. Months	Average Behind	No. Months	Average Ahead	No. Months	Average Behind
Lazard	4.73	4.23	25	0.26	20	-0.23	10	0.25	6	-0.34



Performance Distribution - Since Inception



Growth of \$100 - Since Inception



Manager Profile

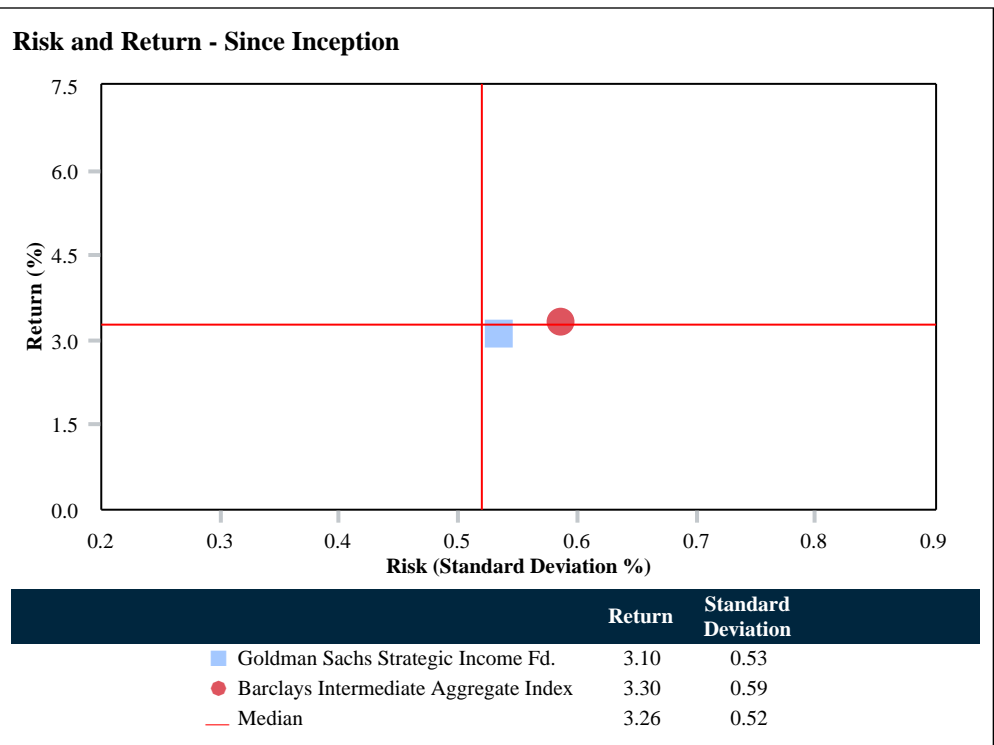
Goldman Sachs - Fixed Income

Gain/Loss Summary

	One Quarter	Since Inception	Inception Date
Goldman Sachs Strategic Income Fd.			08/01/2013
Beginning Market Value	7,741,034	7,500,000	
Net Contributions	1,800,000	1,800,000	
Gain/Loss	(11,482)	229,552	
Ending Market Value	9,529,552	9,529,552	

Segment Allocation

	Market Value (\$)	Allocation (%)
Domestic Fixed Income	9,529,552	100.00



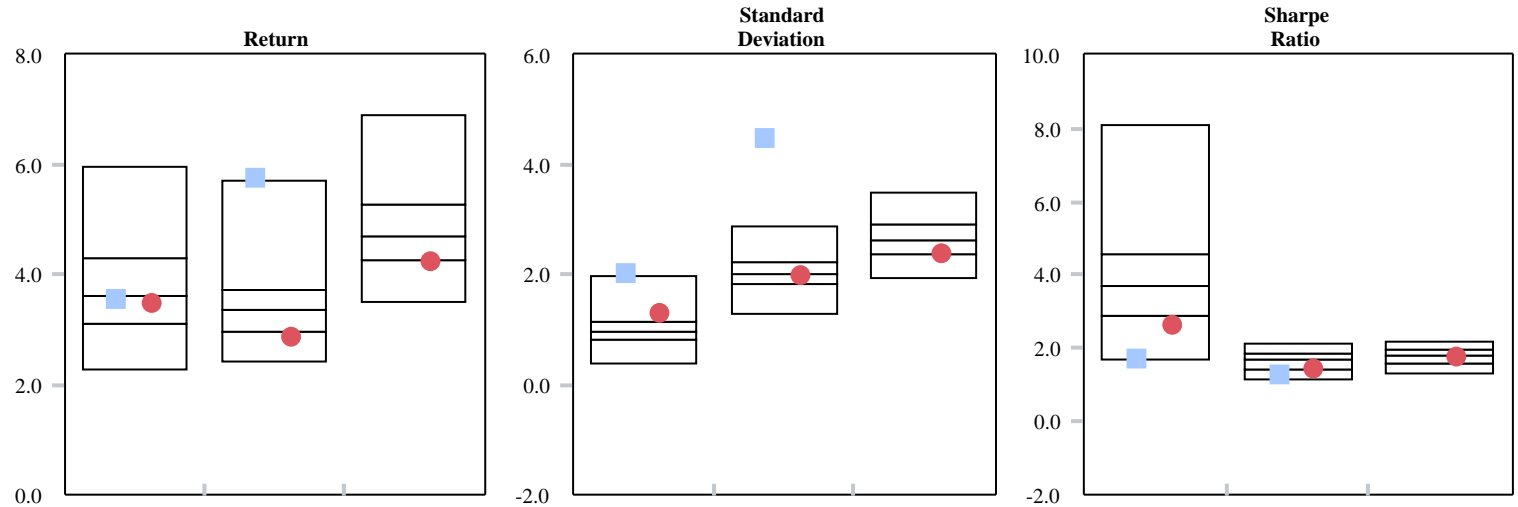
Comparative Performance

	One Quarter	Year To Date	One Year	Three Years	Five Years	Seven Years	Ten Years	Since Inception	Inception Date
Goldman Sachs Strategic Income Fd.	-0.11 (100)	0.36 (100)	N/A	N/A	N/A	N/A	N/A	3.10 (62)	08/01/2013
Goldman Sachs - History	-0.11 (100)	0.36 (100)	3.55 (56)	5.74 (5)	N/A	N/A	N/A	3.10 (62)	
Barclays Intermediate Aggregate Index	1.62 (28)	2.85 (36)	3.48 (59)	2.86 (80)	4.23 (79)	4.92 (86)	4.57 (81)	3.30 (50)	
IM U.S. Intermediate Duration (SA+CF) Median	1.40	2.65	3.64	3.37	4.72	5.35	4.84	3.26	
Population	128	128	125	121	118	114	109	125	

Calendar Year Performance

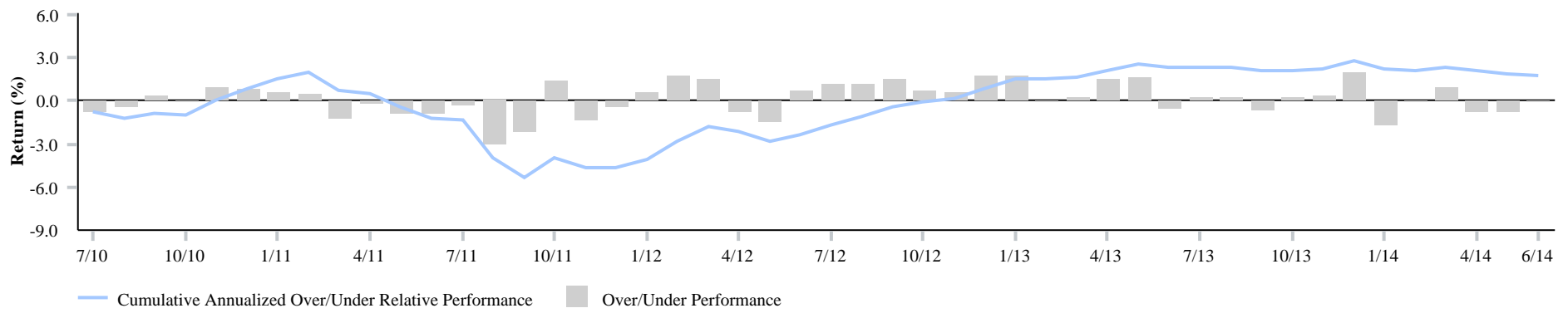
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Goldman Sachs Strategic Income Fd.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Goldman Sachs - History	6.43 (1)	13.72 (1)	-2.16 (100)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Barclays Intermediate Aggregate Index	-1.02 (82)	3.56 (87)	5.97 (44)	6.15 (65)	6.46 (66)	4.86 (48)	7.02 (57)	4.57 (45)	2.01 (58)	3.75 (27)
IM U.S. Intermediate Duration (SA+CF) Median	-0.47	4.92	5.83	6.41	7.83	4.49	7.22	4.49	2.10	3.36
Population	159	169	173	176	185	195	205	215	217	225

Peer Group Analysis - Multi Statistics vs. IM U.S. Intermediate Duration (SA+CF)

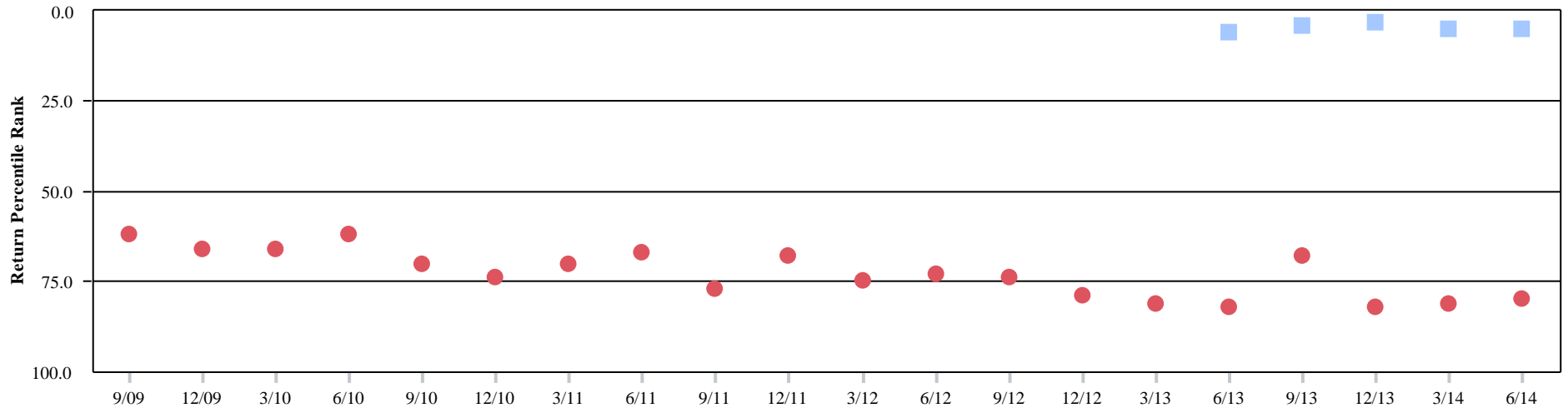


	One Year	Three Years	Five Years	One Year	Three Years	Five Years	One Year	Three Years	Five Years
■ Goldman Sachs - History	3.55 (56)	5.74 (5)	N/A	2.02 (5)	4.48 (2)	N/A	1.72 (95)	1.26 (90)	N/A
● Barclays Intermediate Aggregate Index	3.48 (59)	2.86 (80)	4.23 (79)	1.31 (17)	2.00 (52)	2.38 (76)	2.61 (86)	1.40 (78)	1.73 (59)
Median	3.64	3.37	4.72	0.97	2.01	2.62	3.69	1.67	1.81
Population	125	121	118	125	121	118	125	121	118

Relative Performance vs. Barclays Intermediate Aggregate Index

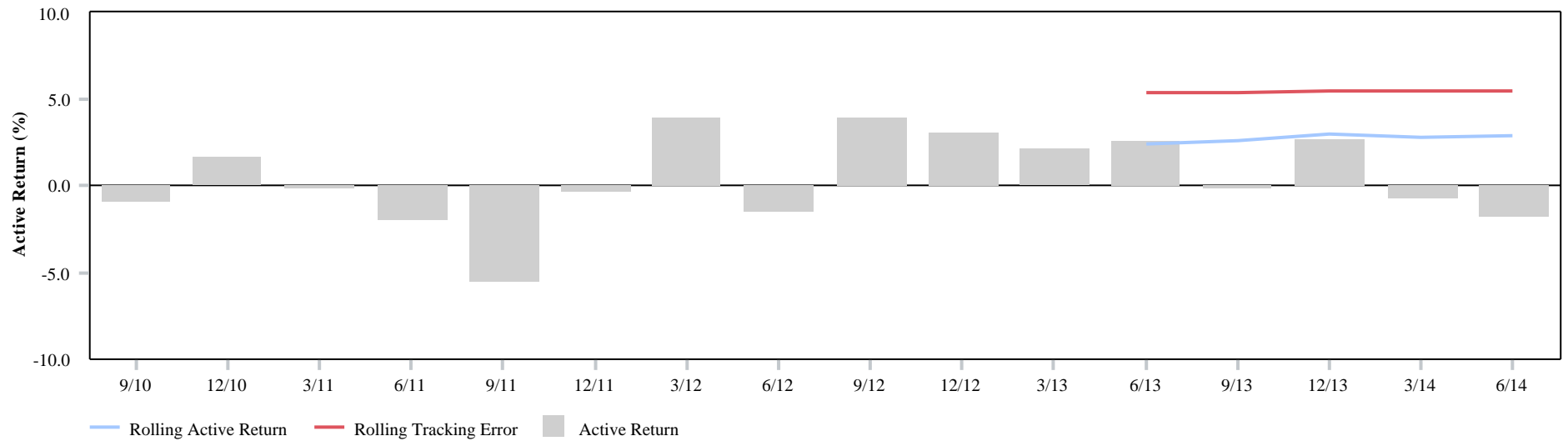


Rolling 3 Year Percentile Ranking vs. IM U.S. Intermediate Duration (SA+CF) - 5 Years



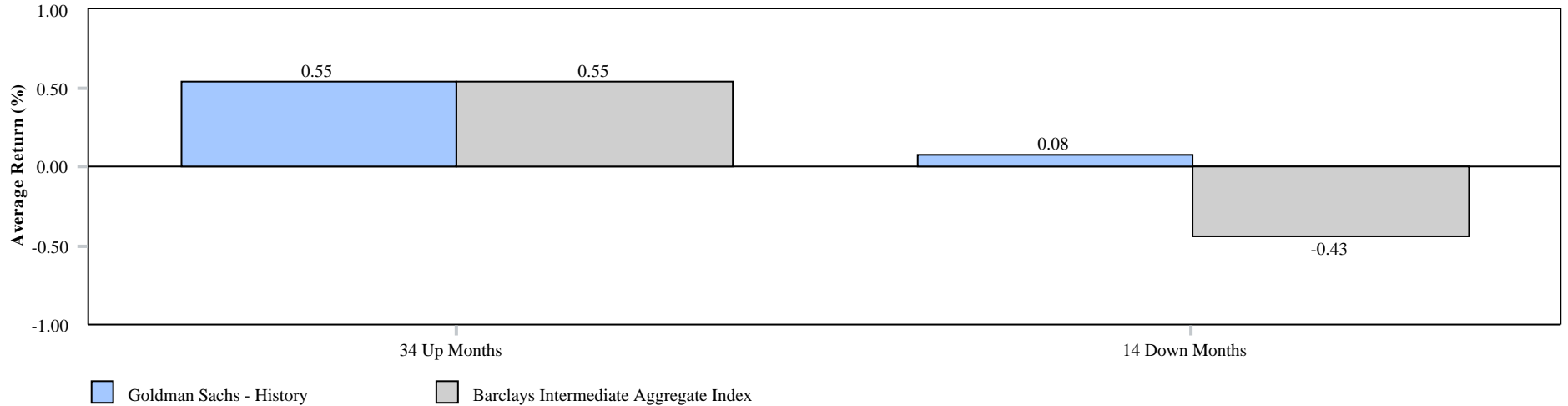
	Total Period	First Quartile	Second Quartile	Third Quartile	Fourth Quartile
■ Goldman Sachs - History	5	5 (100%)	0 (0%)	0 (0%)	0 (0%)
● Barclays Intermediate Aggregate Index	20	0 (0%)	0 (0%)	13 (65%)	7 (35%)

Rolling 3 Year Active Return and Tracking Error vs. Barclays Intermediate Aggregate Index - Since Inception

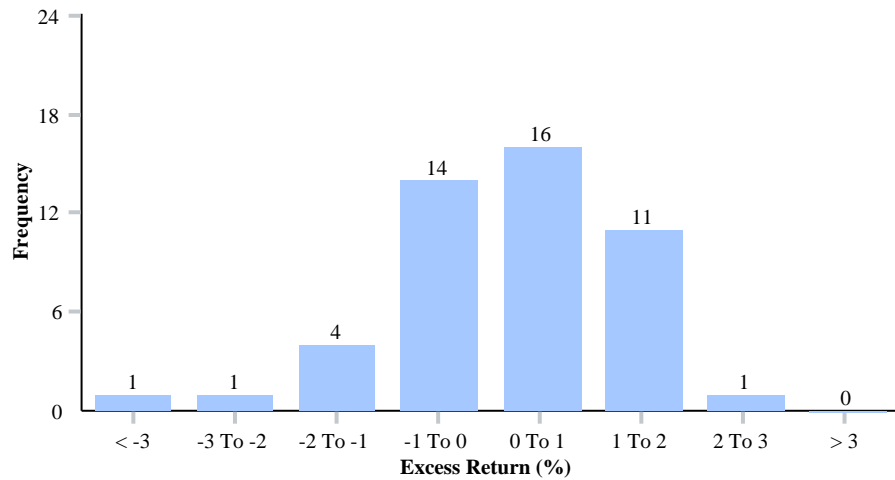


Up/Down Markets vs. Barclays Intermediate Aggregate Index - Since Inception

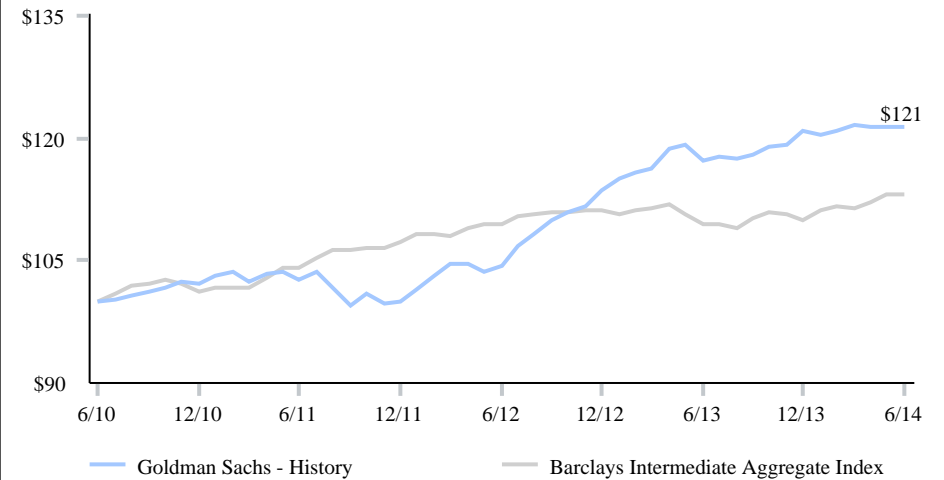
	Full Period Return		Months Benchmark Up(34)				Months Benchmark Down(14)			
	Portfolio	Benchmark	Portfolio Ahead		Portfolio Behind		Portfolio Ahead		Portfolio Behind	
			No. Months	Average Ahead	No. Months	Average Behind	No. Months	Average Ahead	No. Months	Average Behind
Goldman Sachs - History	4.97	3.14	18	0.76	16	-0.86	10	1.20	4	-1.19



Performance Distribution - Since Inception



Growth of \$100 - Since Inception



Appendix



Gallagher Fiduciary Advisors, LLC
a Subsidiary of Gallagher Benefit Services, Inc.

City of Annapolis: Emerging Investment Manager Policy

Objective

It is the primary goal of the City of Annapolis Police and Fire Retirement Plan (“Plan”) to develop and maintain an investment program that will help secure the retirement benefits of the beneficiaries. In order to achieve this objective, investment advisers are selected based on their long-term records of performance, depth of investment staff and consistency of approach among other characteristics.

The Investment Committee (“Committee”) responsible for the plan recognizes that, even large, experienced and successful investment organizations were once small, start-up firms with few assets under management. These firms are often started by experienced investment professionals who show great promise, but find it difficult to compete with large, established organizations. Smaller firms typically do not meet the minimum standards set for investment advisers by large investment programs. Consequently, they are not considered for roles in the portfolio.

In order to take advantage of these emerging organizations, the Committee has adopted this Emerging Investment Manager¹ Program to seek increased participation by emerging investment managers for the City of Annapolis Police and Fire Retirement Plan.

Goals for Utilization of Emerging Managers

It is the goal of the Committee that, subject to its fiduciary responsibilities, the use of emerging managers shall constitute a minority in any broad asset classes in which the Plan is invested and not concentrate in any particular asset class.

The Committee has adopted the following asset allocation goals for the utilization of emerging investment managers:

Percent of Total Portfolio	0% - 10%
-----------------------------------	----------

Asset Class	Percent of Asset Class
Equities	5% - 10%
Fixed Income	10% - 15%

*Alternative investments are not subject to the goals of the Emerging Investment Manager Program.

These goals will be reviewed annually by the Investment Consultant and Committee.

¹ An emerging investment manager is defined as a qualified investment adviser that manages an investment portfolio of at least \$25,000,00 but less than \$100,000,000.

Emerging Manager Program Eligibility Criteria

To participate in the Program managers must meet the following minimum criteria:

1. The firm must be a Registered Investment Advisor under the Investment Advisors Act of 1940;
2. The firm must have experience in the management of institutional portfolios operated under prudent investor standards;

In addition, the firm is expected to comply with the following additional criteria, subject to final discretion of the Committee:

3. Have a minimum of \$25 million in assets under management, but no more than 100 million in assets under management, at the time of hire;
4. The firm and / or the firm's principals in former associations should have a verifiable, historical 3 year performance record for the product being offered, compliant with Global Investment Performance Standards (GIPS®), and the principals must have at least five years of related investment management experience;
5. Have at least three distinctly different clients;
6. At the time of hiring and with each additional funding, the Plan should not comprise more than 25% of the capital in the manager's investment portfolio or 10% of the managers total assets under management;
7. The manager should be willing to charge a fee no greater than those charged by the current fund managers with similar characteristics in the corresponding asset class.

Manager Selection

Qualifying firms are selected based on the experience and qualifications of the firm's principals, the depth and stability of the organization, the soundness of the investment philosophy and process, and a satisfactory quantitative evaluation of the product's risk and performance records.

Evaluation

Managers in this Program will be evaluated in the same manner as those in the Plan's general investment program, and will be held to the same rigorous performance criteria. Each manager will be assigned a performance benchmark and will be evaluated on an absolute and peer relative basis.

Managers participating in this Program may be terminated for any reason, including, but not limited to, poor performance, personnel changes, organizational changes, deviation from their investment style, and compliance violations.

Disclosures

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An index, such as but not limited to the S&P 500, is a portfolio of specific securities, the performance of which is often used as a benchmark in judging the relative performance of certain investments or asset classes. Past performance does not guarantee future results. The index returns are generally “Total Return” which includes the reinvestment of any dividends or other income paid by the index constituents. The “Total Return” of an index generally does not reflect any brokerage commissions, other transaction costs or investment management fees that an investor may incur in connection with an actual investment in securities. Historical results should not and cannot be viewed as an indicator of future results.

Alternative investments sometimes lack liquidity, lack diversification, are not subject to the same regulatory requirements as other traditional investments, may involve complex tax structures and delays in distributing important tax information, and may involve substantial fees. Alternatives may involve leverage, short selling and/or derivatives. These products often execute trades on non-U.S. exchanges. Investing in foreign markets may entail risks that differ from those associated with investments in U.S. markets. These investments may not be appropriate for all investors.

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