



*The City of Grand Rapids – Police and Fire Retirement System
Executive Summary of Investment Performance*

December 31, 2013

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Asset Allocation Update

Wilshire 2014 Capital Market Assumptions



Wilshire Assumptions (January 1, 2014)

- Wilshire's asset class return, risk and correlation assumptions are developed based on 10-year forward looking expectations, adjusted to incorporate recent trends
- Return expectations represent a passive investment in the asset class (**beta**). They do not reflect value added from active management (**alpha**)

	Equity						Fixed Income						Real Assets					US CPI	
	US Stock	Dev	Emg Stock	Global ex-US Stock	Global Stock	Private Markets	Cash	Core Bond	LT			ex-US Bond (Hdg)	Real Estate			Real Assets			
		ex-US Stock							Core Bond	Core Bond	TIPS		High Yield	US RES	Global RES		Private RE		Cmdty
Expected Compound Return (%)	7.25	7.25	7.25	7.45	7.45	10.40	1.55	4.10	4.70	4.00	5.15	2.70	5.20	5.40	5.95	4.25	6.55	2.25	
Expected Arithmetic Return (%)	8.55	8.70	10.20	9.00	8.80	13.60	1.55	4.20	5.15	4.15	5.60	2.75	6.25	6.15	6.65	5.05	6.85	2.25	
Expected Risk (%)	17.00	18.00	26.00	18.65	17.20	27.50	1.25	5.00	10.00	6.00	10.00	3.50	15.00	12.60	12.25	13.00	7.85	1.75	
Cash Yield (%)	2.00	3.00	2.25	2.85	2.45	0.00	1.55	4.20	5.70	3.75	8.60	3.00	3.55	3.55	2.75	1.55	2.80	0.00	
Correlations:																			
US Stock	1.00																		
Dev ex-US Stock	0.83	1.00																	
Emerging Mkt Stock	0.75	0.75	1.00																
Global ex-US Stock	0.85	0.97	0.88	1.00															
Global Stock	0.94	0.94	0.86	0.96	1.00														
Private Markets	0.75	0.65	0.63	0.69	0.75	1.00													
Cash Equivalents	-0.05	-0.09	-0.05	-0.08	-0.07	0.00	1.00												
Core Bond	0.29	0.12	0.00	0.09	0.18	0.32	0.20	1.00											
LT Core Bond	0.31	0.16	0.01	0.12	0.21	0.33	0.10	0.93	1.00										
TIPS	-0.05	0.00	0.15	0.05	0.01	-0.03	0.20	0.61	0.49	1.00									
High Yield Bond	0.55	0.40	0.50	0.46	0.52	0.34	-0.10	0.24	0.31	0.05	1.00								
Non-US Bond (Hdg)	0.16	0.26	-0.01	0.19	0.19	0.27	0.10	0.68	0.65	0.40	0.27	1.00							
US RE Securities	0.45	0.36	0.34	0.37	0.42	0.41	-0.05	0.15	0.20	0.10	0.45	0.00	1.00						
Global RE Securities	0.53	0.51	0.49	0.54	0.55	0.54	-0.03	0.14	0.19	0.11	0.50	0.05	0.91	1.00					
Private Real Estate	0.40	0.30	0.30	0.31	0.37	0.37	-0.03	0.25	0.26	0.11	0.48	0.08	0.82	0.75	1.00				
Commodities	0.00	0.20	0.24	0.23	0.14	0.05	-0.05	0.00	0.00	0.20	0.08	0.00	0.23	0.27	0.23	1.00			
Real Asset Basket	0.34	0.35	0.42	0.40	0.39	0.34	0.02	0.27	0.28	0.41	0.47	0.10	0.68	0.71	0.73	0.52	1.00		
Inflation (CPI)	-0.10	-0.15	-0.13	-0.15	-0.14	-0.10	0.10	-0.12	-0.12	0.15	-0.08	-0.08	0.05	0.03	0.05	0.20	0.19	1.00	

Wilshire 2014 Capital Market Assumptions

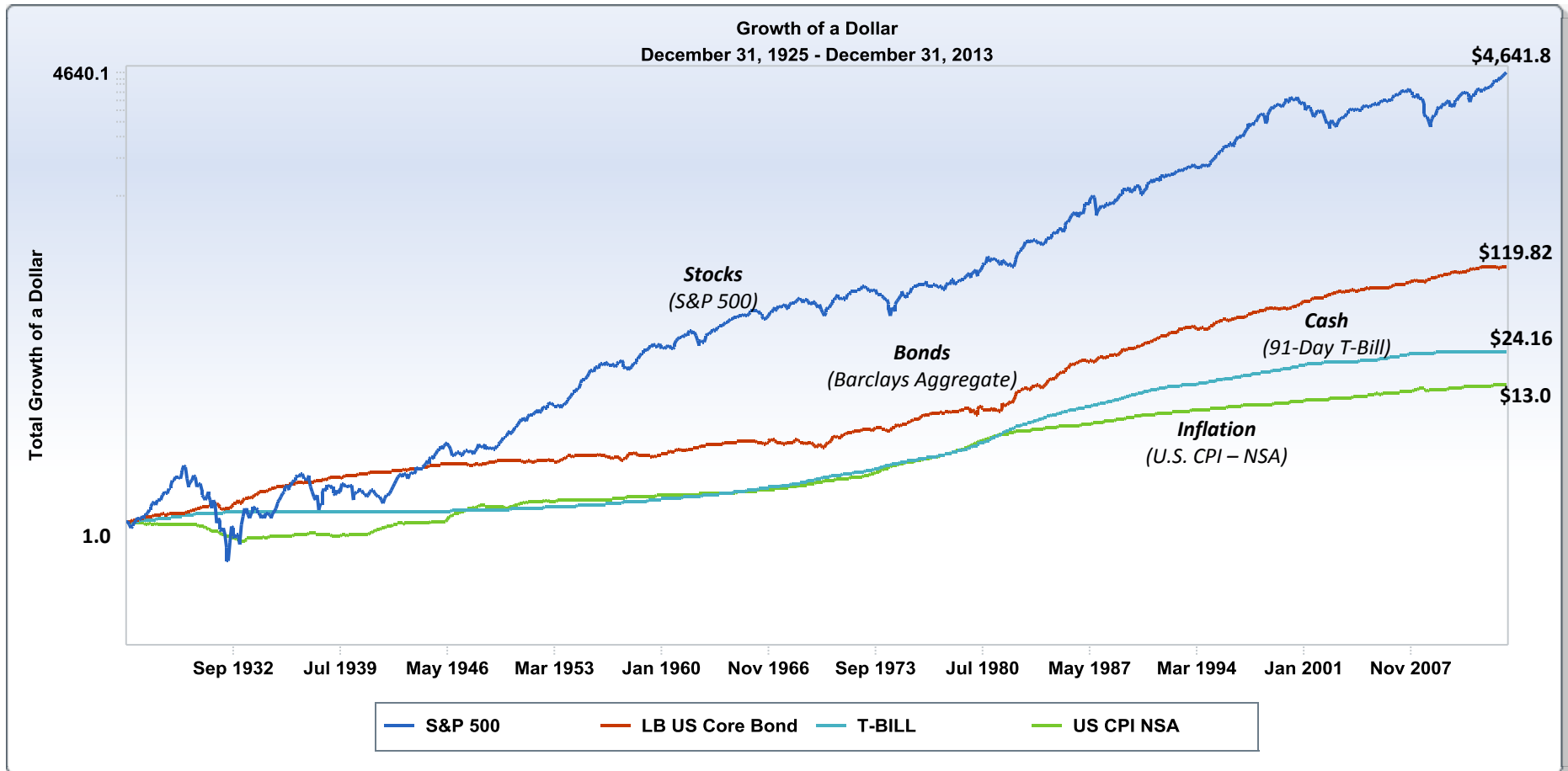


Return and Risk Comparison – 2013 vs. 2014

	<u>Total Return</u>			<u>Risk</u>		
	2013	2014	Change	2013	2014	Change
<u>Investment Categories:</u>						
U.S. Stocks	7.75 %	7.25 %	-0.50 %	17.00 %	17.00 %	0.00 %
Dev ex-U.S. Stocks	7.75	7.25	-0.50	18.00	18.00	0.00
Emerging Mkt Stocks	7.75	7.25	-0.50	26.00	26.00	0.00
Global Stocks	8.00	7.45	-0.55	17.30	17.20	-0.10
Private Markets	10.75	10.40	-0.35	27.50	27.50	0.00
Cash Equivalents	1.55	1.55	0.00	1.25	1.25	0.00
Core Bonds	3.25	4.10	0.85	5.00	5.00	0.00
LT Core Bonds	3.10	4.70	1.60	10.00	10.00	0.00
TIPS	2.60	4.00	1.40	6.00	6.00	0.00
High Yield Bonds	5.15	5.15	0.00	10.00	10.00	0.00
Non-U.S. Bonds (Hdg)	2.90	2.70	-0.20	3.50	3.50	0.00
U.S. RE Securities	5.30	5.20	-0.10	15.00	15.00	0.00
Private Real Estate	6.05	5.95	-0.10	12.25	12.25	0.00
Commodities	4.55	4.25	-0.30	13.00	13.00	0.00
Real Asset Basket	6.35	6.55	0.20	7.75	7.85	0.10
Inflation:	2.55	2.25	-0.30	1.75	1.75	0.00
<u>Total Returns minus Inflation:</u>						
U.S. Stocks	5.20	5.00	-0.20			
U.S. Bonds	0.70	1.85	1.15			
Cash Equivalents	-1.00	-0.70	0.30			
<u>Stocks minus Bonds:</u>	4.50	3.15	-1.35			
<u>Bonds minus Cash:</u>	1.70	2.55	0.85			

Growth of a Dollar

Historical Return Comparison From December 31, 1925 to December 31, 2013



	Stocks	Bonds	Cash	Inflation
Annualized Return	10.07%	5.59%	3.69%	2.96%
Excess Return vs. Cash	6.16%	1.84%	--	-0.70%
Excess Return vs. Inflation	6.90%	2.55%	0.70%	--

Wilshire 2014 Capital Market Assumptions



Historical Returns by Period

	Historical Returns (%)					Wilshire Forecast (%)
	1802-2013 *	1926-2013	High Inflation 1970-1979	Bull Market 1980-1999	"Lost Decade" 2000-2009	
Total Returns:						
Stocks	8.2	10.1	5.9	17.8	-1.0	7.3
Bonds	4.9	5.6	7.2	10.0	6.3	4.1
T-bills	4.1	3.6	6.4	7.2	3.0	1.6
Inflation:	1.5	3.0	7.4	4.0	2.5	2.3
Returns minus Inflation:						
Stocks	6.7	7.1	-1.5	13.8	-3.5	5.0
Bonds	3.5	2.6	-0.2	6.0	3.8	1.9
T-bills	2.7	0.6	-1.0	3.1	0.5	-0.7
Stocks minus Bonds:	3.3	4.5	-1.3	7.8	-7.3	3.2

* Returns for 1802-2001 are from "Stocks for the Long Run" (Siegel, 2002) and S&P 500 Index and Barclays Capital Aggregate Index after.

Asset Allocation Review



As of December 31, 2013

Asset Class	Target Asset Allocation Policy (%)	Actual Asset Allocation (%)
US Equity	40.0	50.1
Non-US Equity	15.0	15.1
Fixed Income	30.0	25.0
Real Estate	5.0	5.0
Private Equity	5.0	0.9
Commodities	5.0	3.7
Cash	0.0	0.2
Expected Return	6.7	6.7
Standard Deviation of Return, Risk	11.3	12.0
Sharpe Ratio	0.46	0.43

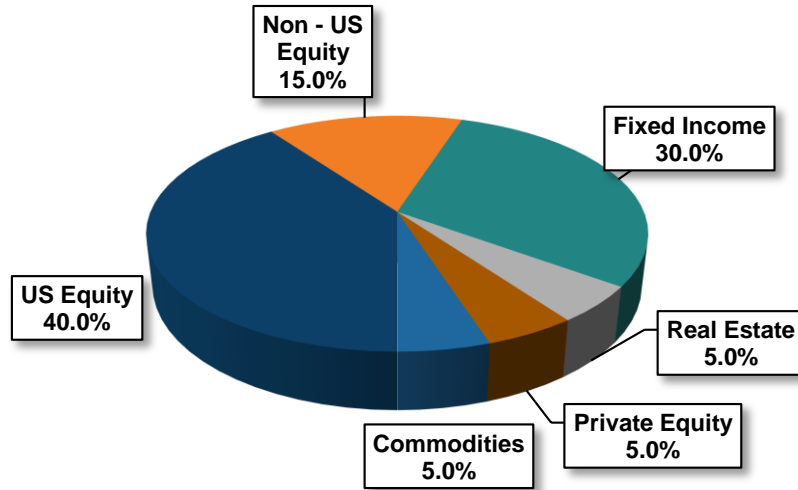
Total Fund

Policy Allocation vs Actual Allocation

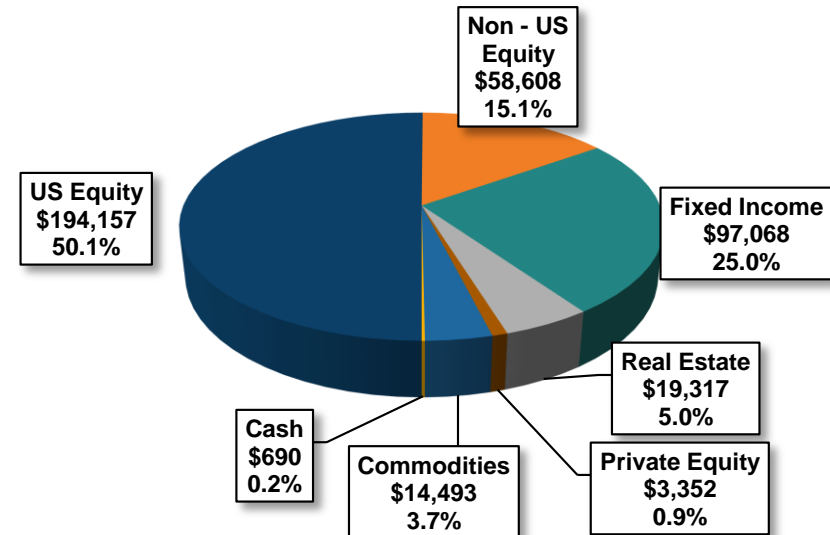
Total Fund Composite

As of December 31, 2013

Policy Allocation



Actual Allocation (in \$'000s)



Total Assets: \$387,684,000

Policy Allocation vs Actual Allocation



Total Fund Composite
As of December 31, 2013

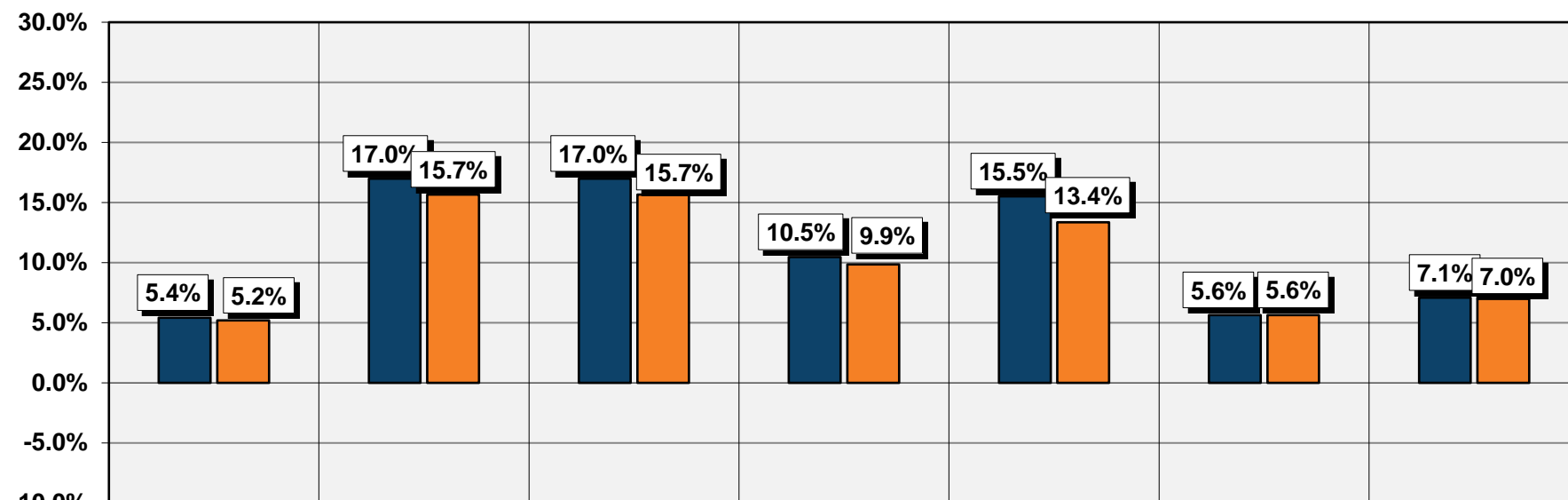
	Market Value (in \$'000s)	Asset Allocation	
		Actual	Policy
US Equity	\$194,157	50.08%	40.00%
Non - US Equity	\$58,608	15.12%	15.00%
Fixed Income	\$97,068	25.04%	30.00%
Real Estate	\$19,317	4.98%	5.00%
Private Equity	\$3,352	0.86%	5.00%
Commodities	\$14,493	3.74%	5.00%
Cash	\$690	0.18%	0.00%
Total Fund Composite	\$387,684	100.00%	100.00%

Investment Performance



Total Fund Composite*

Periods Ended December 31, 2013



	Quarter	YTD	One Year	Three Years	Five Years	Seven Years	Ten Years
■ Total Fund Composite	5.4%	17.0%	17.0%	10.5%	15.5%	5.6%	7.1%
■ Total Fund Policy**	5.2%	15.7%	15.7%	9.9%	13.4%	5.6%	7.0%

*Returns are net of fees

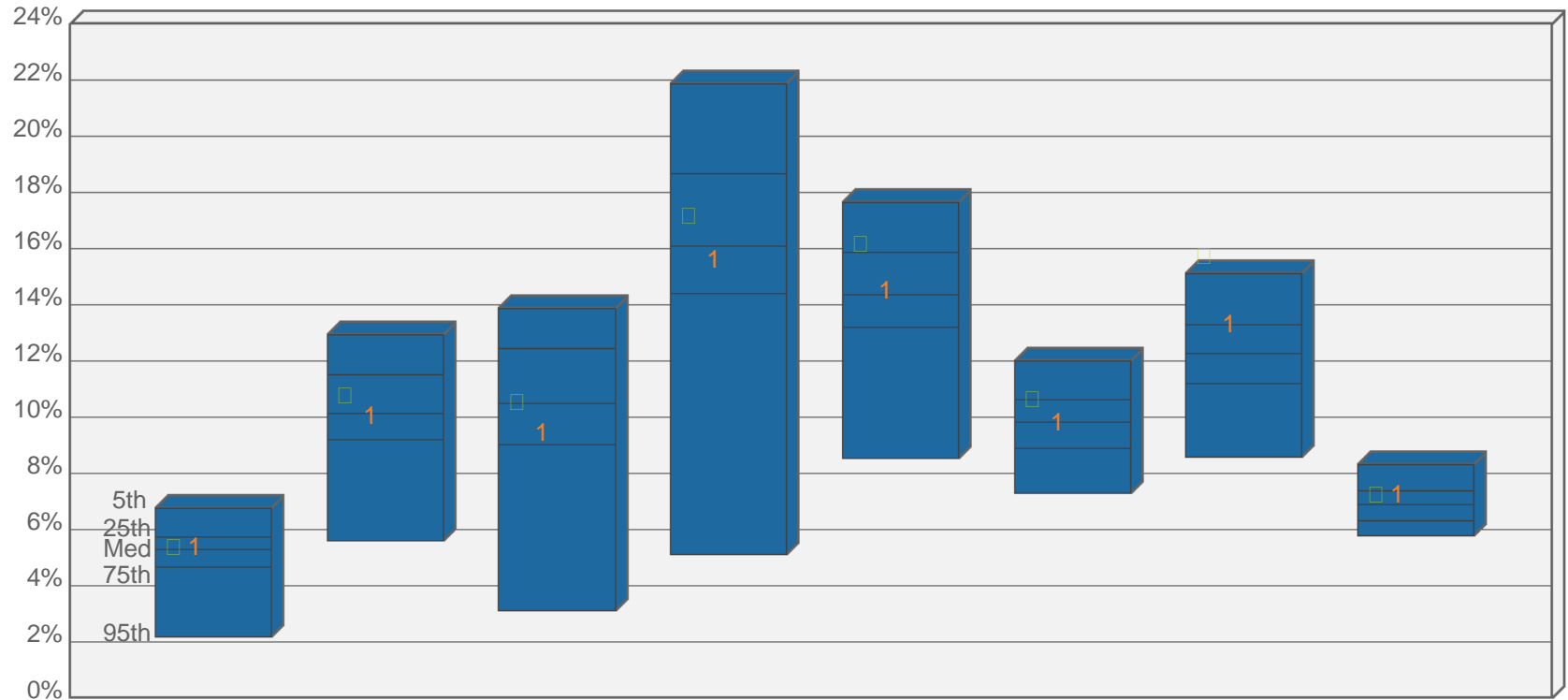
** Policy index = Wilshire 5000 (40%), MSCI ACWI ex U.S. (15%), Barclays Aggregate (30%), FTSE EPRA NAREIT Dev RE (5%), Wilshire 5000 +2.5% (5%), DJ UBS Commodity Index (5%)

Performance Comparison



Total Fund Composite

Periods Ended December 31, 2013



	1 Quarter	2 Quarters	3 Quarters	1 Year	2 Years	3 Years	5 Years	10 Years
□ Total Fund	5.49 (40)	10.89 (40)	10.65 (46)	17.30 (37)	16.29 (19)	10.76 (21)	15.85 (3)	7.35 (28)
↑ Policy Index	5.18 (56)	10.08 (52)	9.48 (68)	15.65 (59)	14.55 (46)	9.85 (49)	13.36 (24)	6.97 (45)
5th %tile	6.76	12.95	13.87	21.89	17.66	12.04	15.13	8.34
25th %tile	5.74	11.53	12.46	18.69	15.88	10.64	13.32	7.39
Median	5.31	10.17	10.51	16.10	14.39	9.84	12.30	6.90
75th %tile	4.67	9.23	9.03	14.42	13.23	8.92	11.21	6.35
95th %tile	2.20	5.64	3.15	5.12	8.53	7.32	8.60	5.80
Number of Funds	186	186	186	183	179	174	151	122

*TUCS Total Ret of Master Trusts - Public Universe - Gross of Fees

Performance Comparison



Trailing Returns

Periods Ended December 31, 2013

	1 Qtr	YTD	1 Year	3 Yrs	5 Yrs	7 Yrs	10 Yrs	Incept Date	Incept Ret
U.S. Equity Composite									
Net of Fee Return	9.92	34.06	34.06	16.53	20.52	6.98	8.44	9/30/87	9.38
Wilshire 5000	10.11	33.06	33.06	15.96	18.58	6.50	7.97	9/30/87	9.39
Value Added	-0.19	1.00	1.00	0.56	1.95	0.48	0.47	9/30/87	-0.00
Fixed Income Composite									
Net of Fee Return	0.31	-1.25	-1.25	4.75	9.09	5.52	5.27	9/30/87	7.32
Barclays Aggregate	-0.14	-2.02	-2.02	3.26	4.44	4.91	4.55	9/30/87	7.03
Value Added	0.44	0.77	0.77	1.49	4.65	0.60	0.72	9/30/87	0.29
Non-U.S. Equity Composite									
Net of Fee Return	4.27	18.03	18.03	7.16	14.47	1.31	5.81	12/31/89	8.83
Policy Benchmark	4.76	15.29	15.29	5.14	12.81	2.16	7.27	12/31/89	4.85
Value Added	-0.49	2.74	2.74	2.02	1.66	-0.85	-1.46	12/31/89	3.97
Real Estate Composite									
Net of Fee Return	0.50	3.53	3.53	7.03				6/30/09	14.73
FTSE EPRA/NAREIT Developed RE	-0.49	4.39	4.39	8.14				6/30/09	16.50
Value Added	0.99	-0.86	-0.86	-1.12				6/30/09	-1.77
Commodities Composite									
Net of Fee Return	-2.81							3/31/13	-10.35
DJ UBS Commodity Index	-1.05							3/31/13	-8.49
Value Added	-1.75							3/31/13	-1.86
Alternative Investments Composite									
Net of Fee Return	2.44	5.62	5.62	3.95				6/30/10	3.45
Wilshire 5000 +2.5%	10.73	35.56	35.56	18.46				6/30/10	23.35
Value Added	-8.29	-29.94	-29.94	-14.51				6/30/10	-19.90

Performance Comparison



Trailing Returns

Periods Ended December 31, 2013

	1 Qtr	YTD	1 Year	3 Yrs	5 Yrs	7 Yrs	10 Yrs	Incept Date	Incept Ret
Total Fund									
Net of Fee Return	5.42	16.98	16.98	10.47	15.51	5.63	7.07	9/30/87	8.64
Policy Index	5.18	15.65	15.65	9.85	13.36	5.64	6.97	9/30/87	8.76
Value Added	0.24	1.33	1.33	0.62	2.15	-0.00	0.10	9/30/87	-0.12

Custom Benchmark Specification



Total Fund

December 31, 2013

	Quarter Start	Quarter End	Percent	Description
Policy Index	12/79	6/98	55.00	Wilshire 5000
			40.00	Barclays Aggregate
			5.00	MSCI EAFE Index (N)
	9/98	9/02	50.00	Wilshire 5000
			40.00	Barclays Aggregate
			10.00	MSCI EAFE Index (N)
	12/02	3/06	50.00	Wilshire 5000
			35.00	Barclays Aggregate
			15.00	MSCI EAFE Index (N)
	6/06	6/06	55.00	Wilshire 5000
30.00			Barclays Aggregate	
15.00			MSCI EAFE Index (N)	
9/06	6/09	55.00	Wilshire 5000	
		30.00	Barclays Aggregate	
		15.00	MSCI ACWI X US (N)	
9/09	3/10	50.00	Wilshire 5000	
		30.00	Barclays Aggregate	
		15.00	MSCI ACWI X US (N)	
		5.00	FTSE EPRA/NAREIT Developed RE	
6/10	12/12	45.00	Wilshire 5000	
		15.00	MSCI ACWI X US (N)	
		30.00	Barclays Aggregate	
		5.00	Wilshire 5000 + 2.5%	
		5.00	FTSE EPRA/NAREIT Developed RE	
3/13	12/13	5.00	DJ UBS Commodity Index	
		5.00	Wilshire 5000 + 2.5%	
		5.00	FTSE EPRA/NAREIT Developed RE	
		30.00	Barclays Aggregate	
		15.00	MSCI ACWI X US (N)	

Custom Benchmark Specification



Total Fund

December 31, 2013

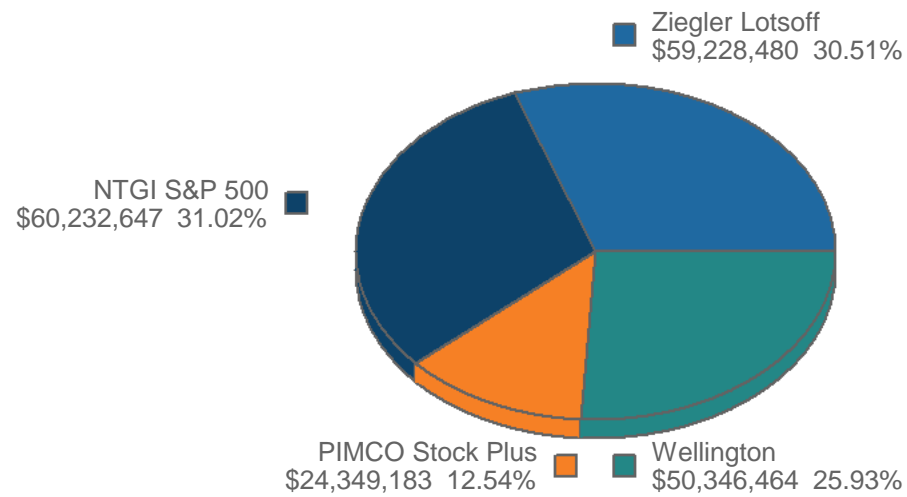
	Quarter Start	Quarter End	Percent	Description
Policy Index (cont.)			40.00	Wilshire 5000

U.S. Equity

Manager Allocation

U.S. Equity Composite

As of December 31, 2013



Performance Comparison



Trailing Returns

Periods Ended December 31, 2013

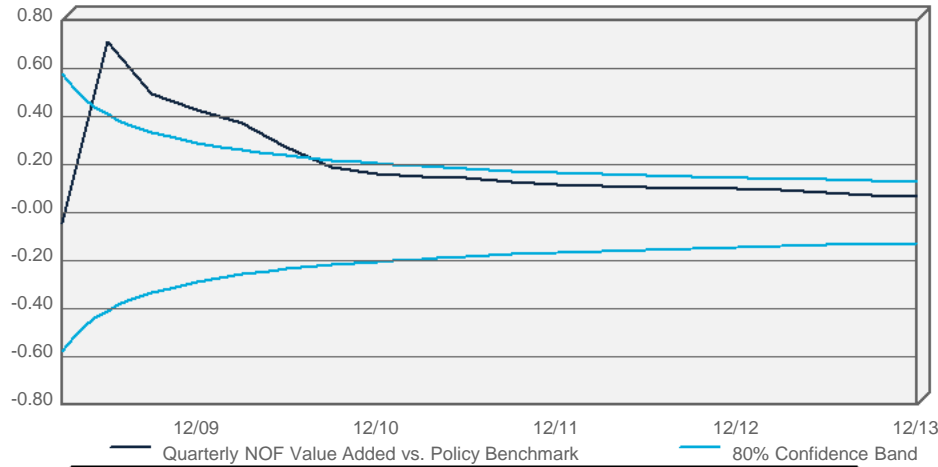
	Quarter	2 Quarters	3 Quarters	1 Year	3 Years	5 Years	10 Years	Incept Date	Incept Ret
NTGI S&P 500									
Net of Fee Return	10.49	16.25	19.61	32.32	16.18	18.01	7.54	9/30/98	6.23
Policy Benchmark	10.52	16.32	19.71	32.41	16.18	17.94	7.58	9/30/98	6.23
Value Added	-0.03	-0.07	-0.10	-0.09	0.00	0.08	-0.04	9/30/98	-0.00
PIMCO Stock Plus									
Net of Fee Return	10.71	17.09	19.50	33.05	18.28	22.08	8.17	9/30/00	4.64
Standard & Poor's 500	10.52	16.32	19.71	32.41	16.18	17.94	7.40	9/30/00	3.91
Value Added	0.20	0.78	-0.21	0.64	2.10	4.14	0.77	9/30/00	0.73
Ziegler Capital									
Net of Fee Return	9.21	14.32	17.84	28.74	14.50	17.84		9/30/04	7.06
Standard & Poor's 500	10.52	16.32	19.71	32.41	16.18	17.94		9/30/04	7.85
Value Added	-1.31	-2.00	-1.87	-3.67	-1.68	-0.09		9/30/04	-0.79
Wellington									
Net of Fee Return	9.73	21.32	25.45	43.40	18.50	26.47	11.78	9/30/99	12.00
Russell 2000	8.72	19.82	23.52	38.82	15.67	20.08	9.07	9/30/99	8.70
Value Added	1.01	1.50	1.94	4.58	2.82	6.38	2.71	9/30/99	3.29
Equity Composite									
Net of Fee Return	9.92	17.05	20.53	34.06	16.53	20.52	8.44	9/30/87	9.38
Wilshire 5000	10.11	16.75	19.98	33.06	15.96	18.58	7.97	9/30/87	9.39
Value Added	-0.19	0.31	0.56	1.00	0.56	1.95	0.47	9/30/87	-0.00

Investment Manager Analysis



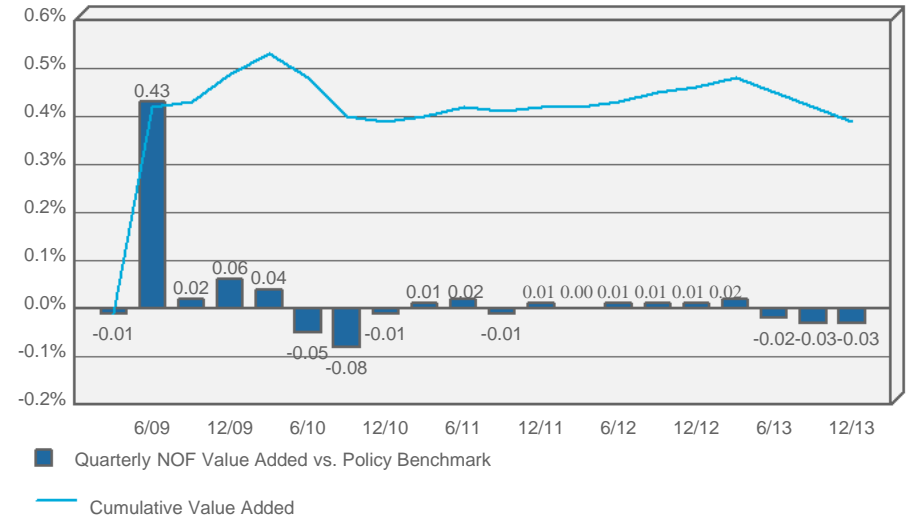
NTGI S&P 500 December 31, 2013

Cumulative Skill Analysis vs Benchmark

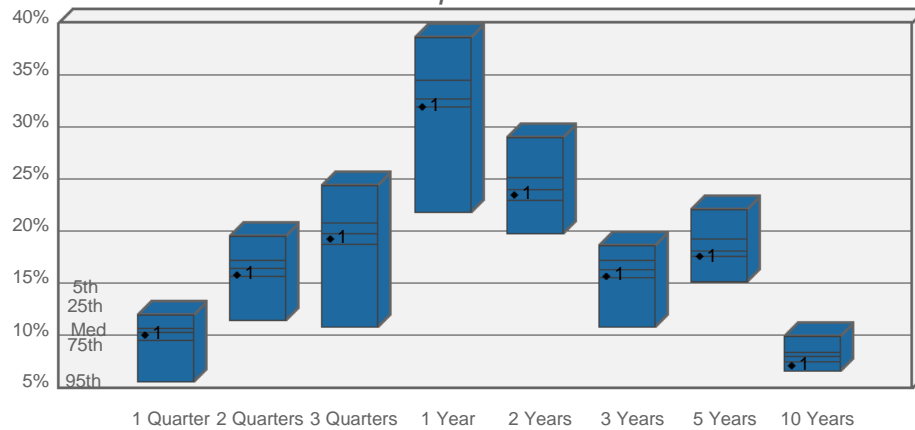


Excess Return:	0.06	Information Ratio:	0.37
Excess Risk:	0.18	T-Stat:	0.82

Value-Added Analysis vs Benchmark

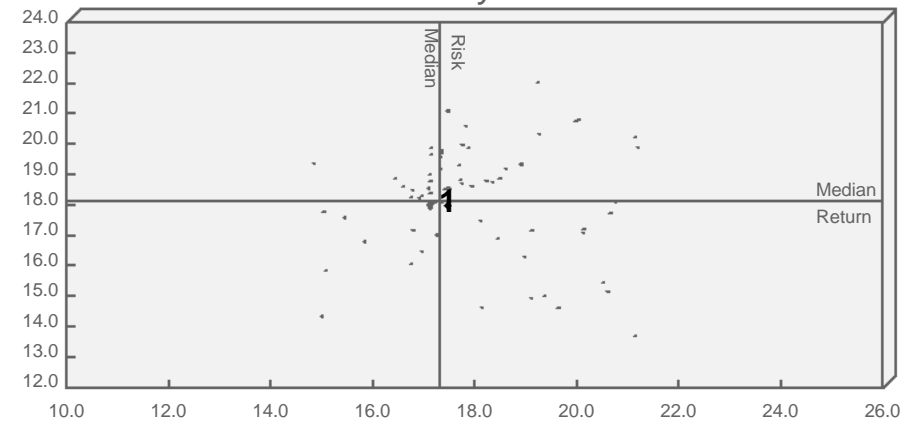


Performance Comparison vs Peer Universe*



	1 Quarter	2 Quarters	3 Quarters	1 Year	2 Years	3 Years	5 Years	10 Years
◆ NTGI S&P 500	10.52 (34)	16.32 (56)	19.73 (52)	32.50 (52)	23.99 (51)	16.25 (52)	18.09 (52)	7.60 (67)
1 Policy	10.52 (34)	16.32 (56)	19.71 (53)	32.41 (57)	23.92 (57)	16.18 (61)	17.94 (66)	7.58 (68)
Median	10.37	16.48	19.75	32.69	23.99	16.26	18.11	7.97
Number of Funds	386	383	376	371	326	296	237	100

Five Year Risk/Return Analysis vs Peer Universe*



Description	Legend	Gross Fee Ret		Standard Deviation	
		Value	Rank	Value	Rank
NTGI S&P 500	◆	18.09	52	17.68	38
Policy Benchmark	1	17.94	66	17.59	40
Median		18.11		17.32	

*TUCS Total Returns of Large Neutral Equity Portfolios Universe - Gross of Fees

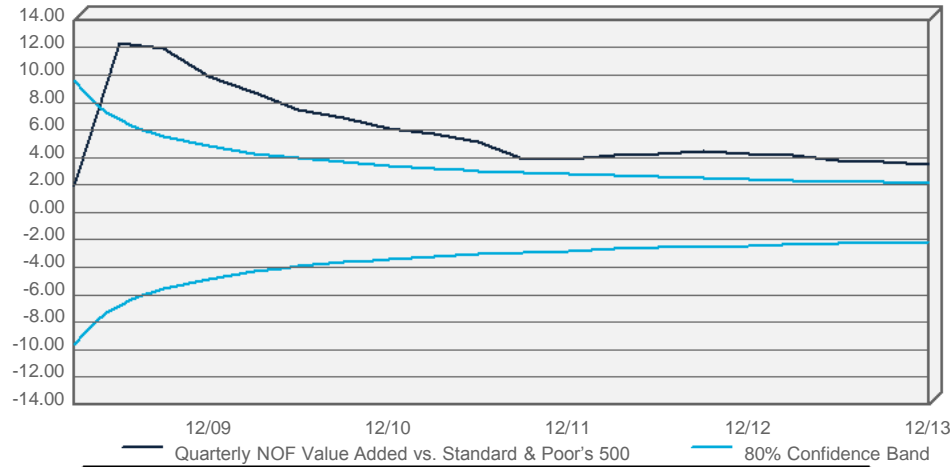
Investment Manager Analysis



PIMCO Stock Plus

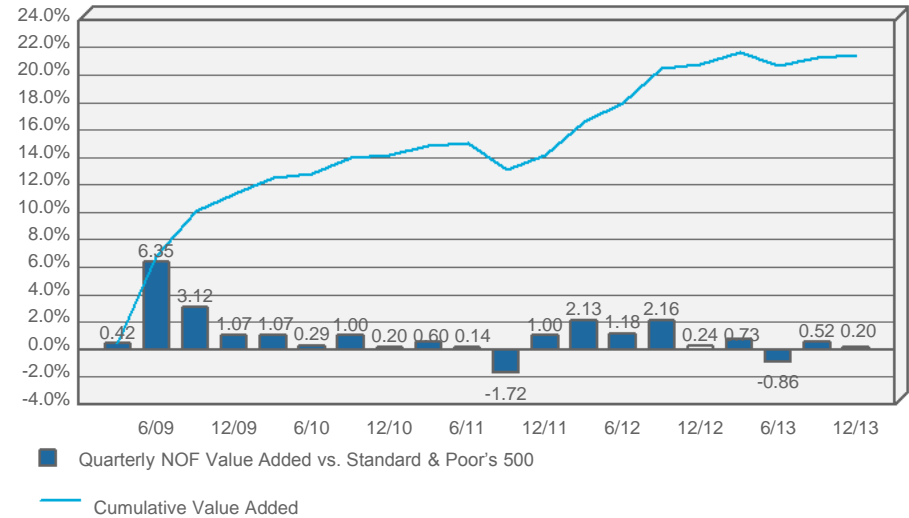
December 31, 2013

Cumulative Skill Analysis vs Benchmark

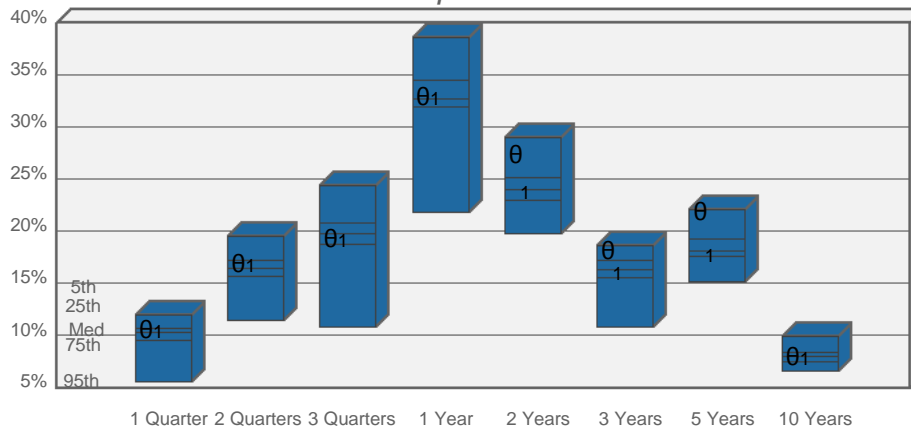


Excess Return:	3.51	Information Ratio:	1.20
Excess Risk:	2.93	T-Stat:	2.68

Value-Added Analysis vs Benchmark

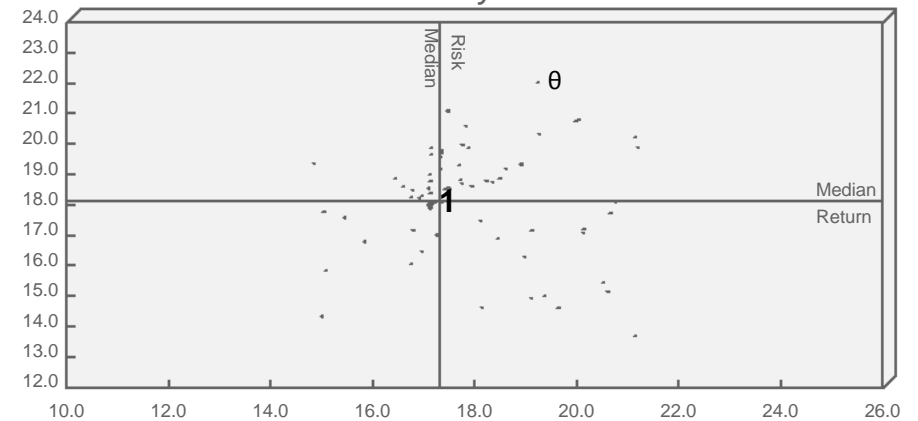


Performance Comparison vs Peer Universe*



	1 Quarter	2 Quarters	3 Quarters	1 Year	2 Years	3 Years	5 Years	10 Years
θ PIMCO	10.71 (26)	17.09 (30)	19.50 (67)	33.05 (42)	27.57 (12)	18.28 (10)	22.08 (4)	8.17 (40)
1 S&P 500	10.52 (34)	16.32 (56)	19.71 (53)	32.41 (57)	23.92 (57)	16.18 (61)	17.94 (66)	7.40 (86)
Median	10.37	16.48	19.75	32.69	23.99	16.26	18.11	7.97
Number of Funds	386	383	376	371	326	296	237	100

Five Year Risk/Return Analysis vs Peer Universe*



Description	Legend	Gross Fee Ret		Standard Deviation	
		Value	Rank	Value	Rank
PIMCO Stock Plus	θ	22.08	4	19.72	16
Standard & Poor's 500	1	17.94	66	17.59	40
Median		18.11		17.32	

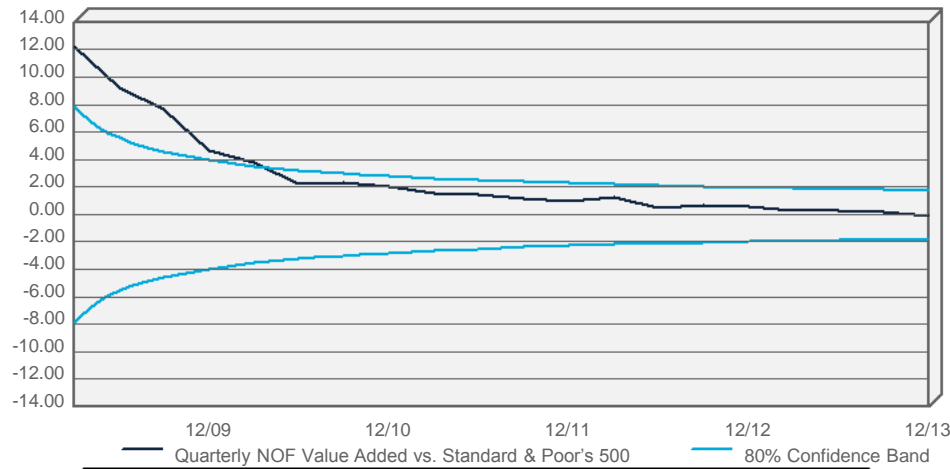
*TUCS Total Returns of Large Neutral Equity Portfolios Universe - Gross of Fees

Investment Manager Analysis



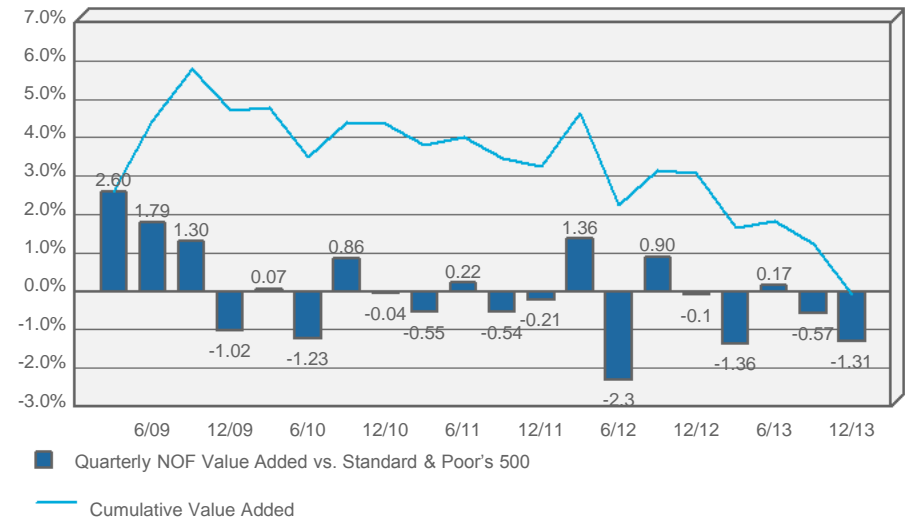
Ziegler Capital December 31, 2013

Cumulative Skill Analysis vs Benchmark

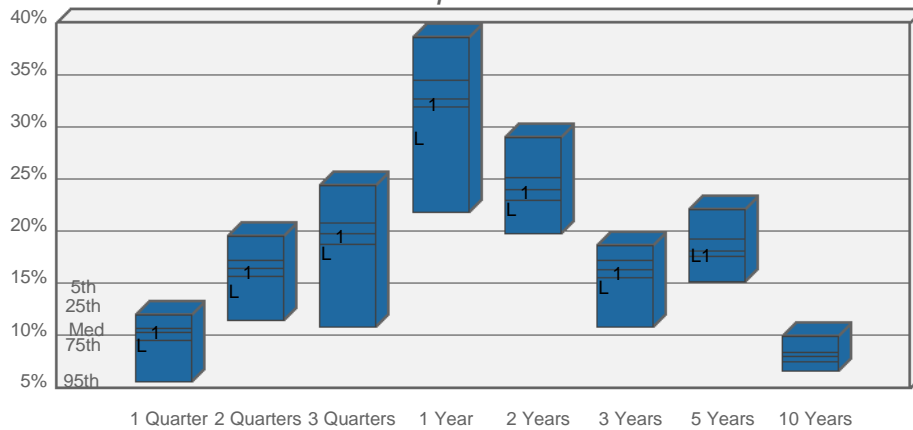


Excess Return:	-0.08	Information Ratio:	-0.03
Excess Risk:	2.40	T-Stat:	-0.07

Value-Added Analysis vs Benchmark

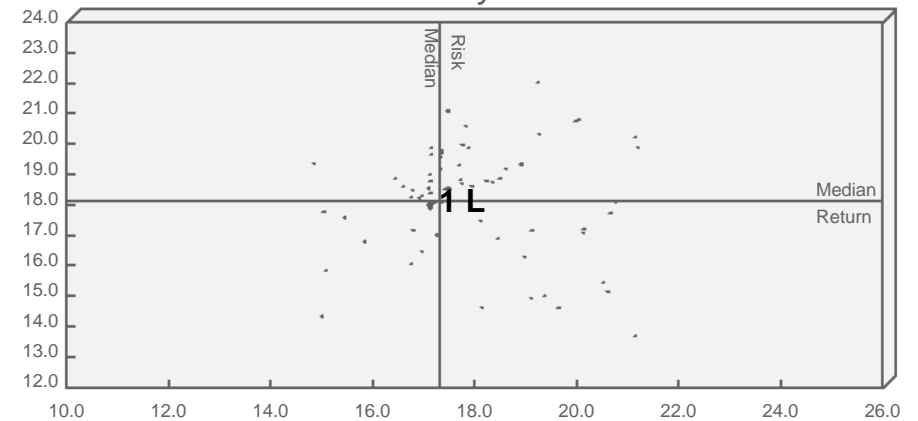


Performance Comparison vs Peer Universe*



	1 Quarter	2 Quarters	3 Quarters	1 Year	2 Years	3 Years	5 Years	10 Years
L Ziegler	9.29 (79)	14.51 (85)	18.14 (81)	29.18 (87)	22.34 (82)	14.90 (80)	18.25 (47)	
1 S&P 500	10.52 (34)	16.32 (56)	19.71 (53)	32.41 (57)	23.92 (57)	16.18 (61)	17.94 (66)	
Median	10.37	16.48	19.75	32.69	23.99	16.26	18.11	7.97
Number of Funds	386	383	376	371	326	296	237	100

Five Year Risk/Return Analysis vs Peer Universe*



Description	Legend	Gross Fee Ret		Standard Deviation	
		Value	Rank	Value	Rank
Ziegler	L	18.25	47	18.21	27
Standard & Poor's 500	1	17.94	66	17.59	40
Median		18.11		17.32	

*TUCS Total Returns of Large Neutral Equity Portfolios Universe - Gross of Fees

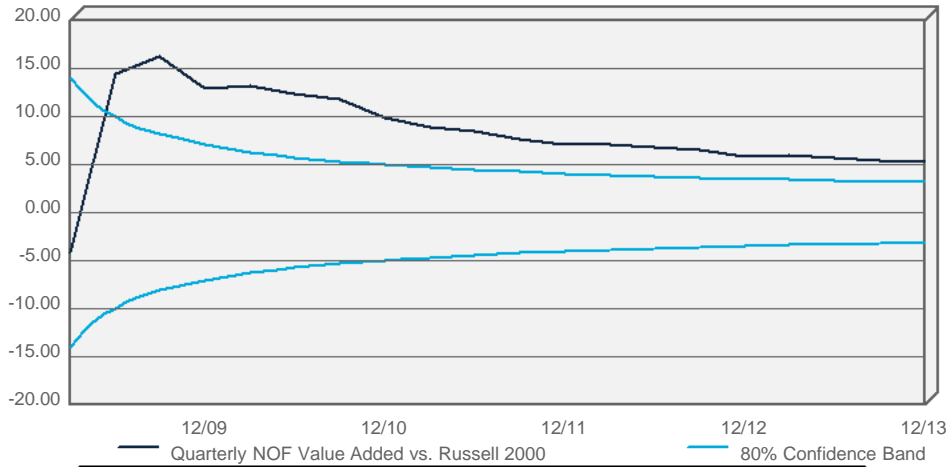
Investment Manager Analysis



Wellington

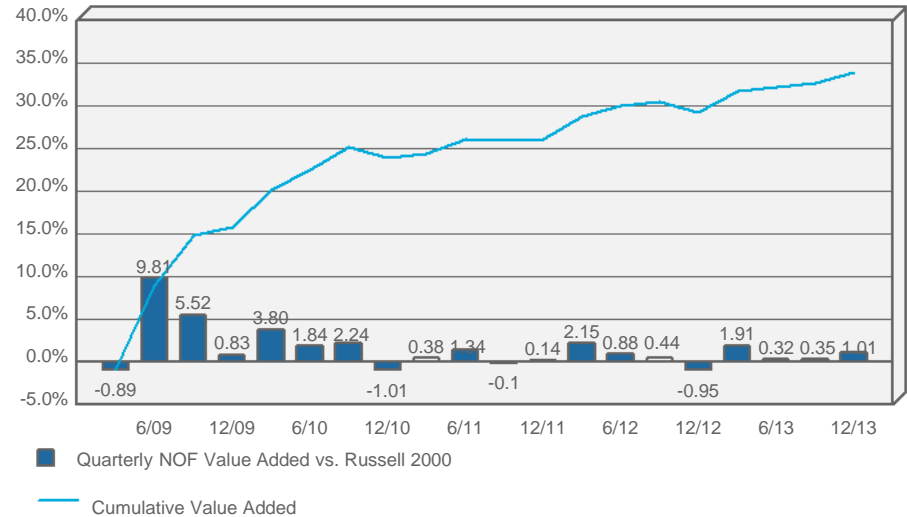
December 31, 2013

Cumulative Skill Analysis vs Benchmark

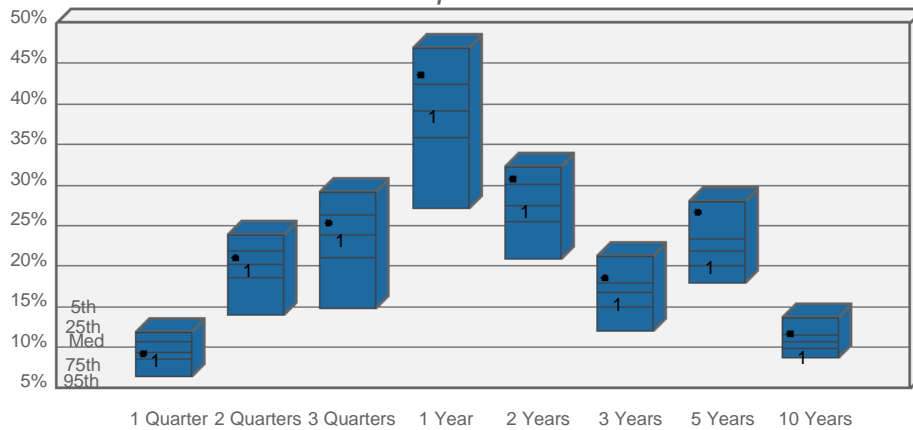


Excess Return:	5.32	Information Ratio:	1.24
Excess Risk:	4.28	T-Stat:	2.78

Value-Added Analysis vs Benchmark

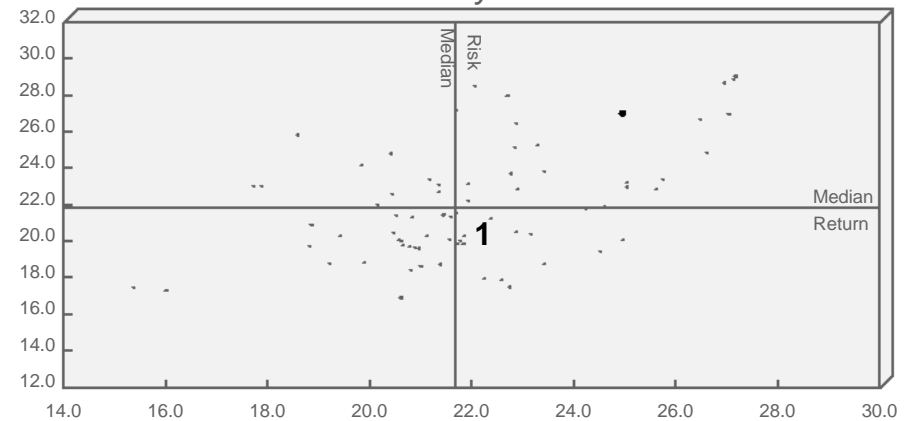


Performance Comparison vs Peer Universe*



	1 Quarter	2 Quarters	3 Quarters	1 Year	2 Years	3 Years	5 Years	10 Years
Wellington	9.89 (38)	21.67 (26)	26.01 (27)	44.24 (10)	31.42 (15)	19.20 (13)	27.22 (5)	12.33 (9)
Russell 2000	8.72 (68)	19.82 (58)	23.52 (54)	38.82 (53)	27.09 (55)	15.67 (67)	20.08 (74)	9.07 (90)
Median	9.43	20.19	23.76	39.16	27.47	16.72	21.80	10.65
Number of Funds	198	196	189	184	171	160	125	48

Five Year Risk/Return Analysis vs Peer Universe*



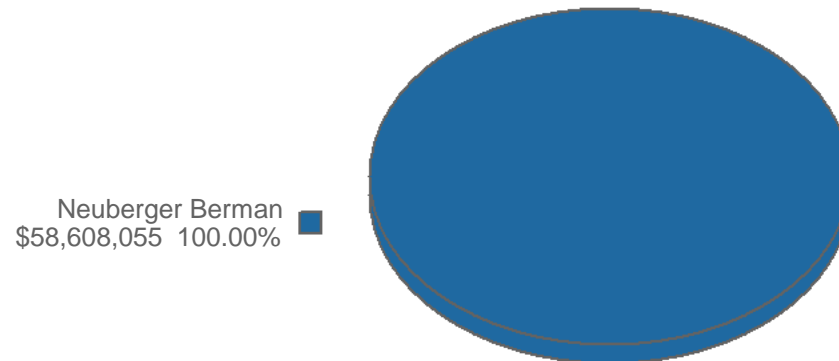
Description	Legend	Gross Fee Ret		Standard Deviation	
		Value	Rank	Value	Rank
Wellington	•	27.22	5	25.17	11
Russell 2000	1	20.08	74	22.34	40
Median		21.80		21.69	

*TUCS Total Returns of Small Neutral Equity Portfolios Universe - Gross of Fees

Non - U.S. Equity

Manager Allocation

Non-U.S. Equity Composite As of December 31, 2013



Performance Comparison



Trailing Returns

Periods Ended December 31, 2013

	Quarter	2 Quarters	3 Quarters	1 Year	3 Years	5 Years	10 Years	Incept Date	Incept Ret
Neuberger Berman									
Net of Fee Return	4.27	15.76	13.13	18.03	7.16	14.47		6/30/06	3.08
MSCI ACWI X US (N)	4.76	15.34	11.75	15.29	5.14	12.81		6/30/06	3.99
Value Added	-0.49	0.43	1.39	2.74	2.02	1.66		6/30/06	-0.90
Int'l Equity Composite									
Net of Fee Return	4.27	15.76	13.13	18.03	7.16	14.47	5.81	12/31/89	8.83
Policy Benchmark	4.76	15.34	11.75	15.29	5.14	12.81	7.27	12/31/89	4.85
Value Added	-0.49	0.43	1.39	2.74	2.02	1.66	-1.46	12/31/89	3.97

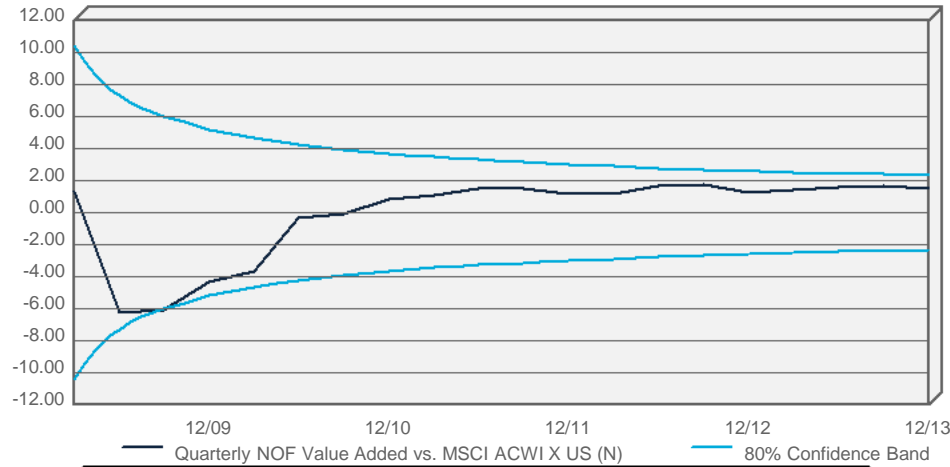
Investment Manager Analysis



Neuberger Berman

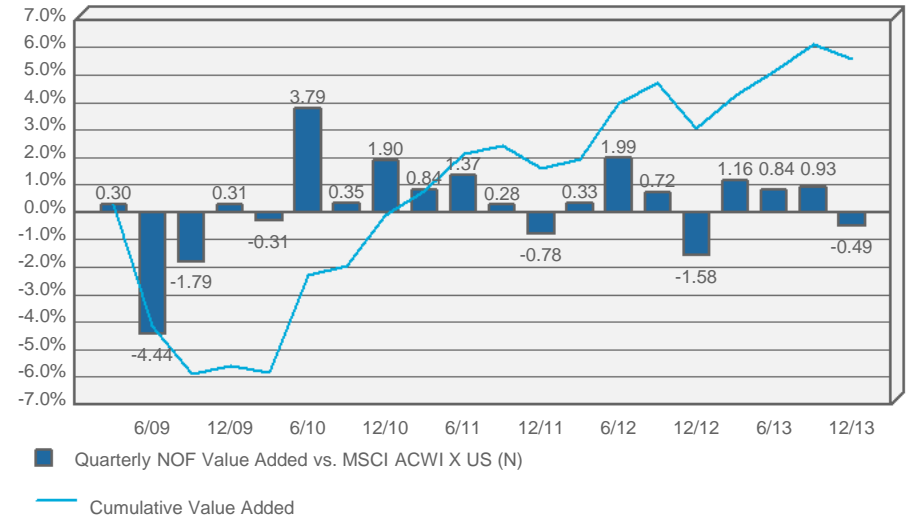
December 31, 2013

Cumulative Skill Analysis vs Benchmark

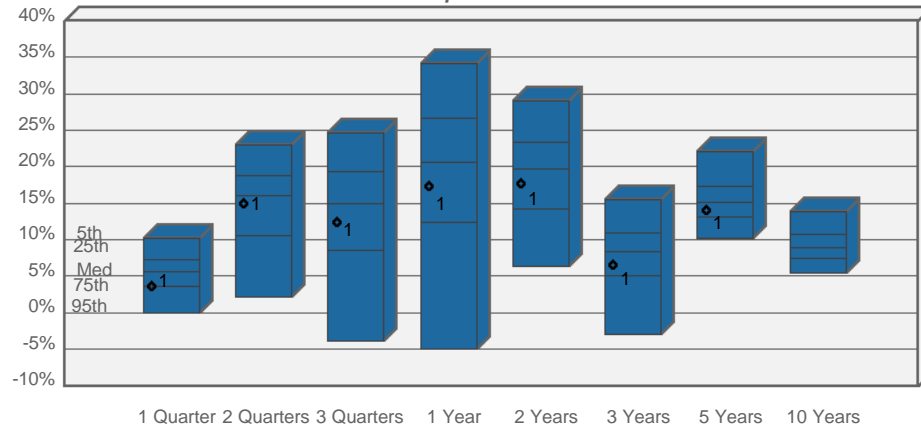


Excess Return:	1.47	Information Ratio:	0.46
Excess Risk:	3.16	T-Stat:	1.04

Value-Added Analysis vs Benchmark

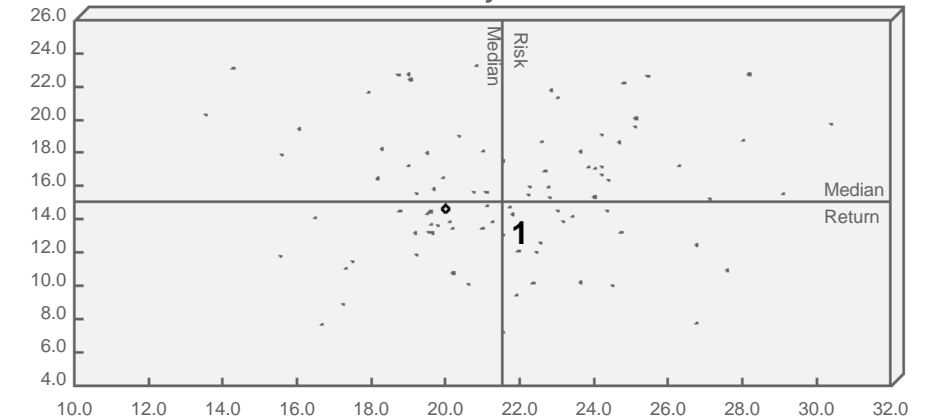


Performance Comparison vs Peer Universe*



	1 Quarter	2 Quarters	3 Quarters	1 Year	2 Years	3 Years	5 Years	10 Years
◆ Neuberger	4.27 (70)	15.76 (52)	13.13 (58)	18.03 (58)	18.37 (58)	7.26 (61)	14.82 (52)	
1 MSCI ACWI x US	4.76 (64)	15.34 (57)	11.75 (66)	15.29 (68)	16.05 (69)	5.14 (74)	12.81 (78)	
Median	5.65	16.08	14.93	20.54	19.61	8.33	15.09	8.93
Number of Funds	2303	2271	2193	2115	1931	1722	1245	479

Five Year Risk/Return Analysis vs Peer Universe*



Description	Legend	Gross Fee Ret		Standard Deviation	
		Value	Rank	Value	Rank
Neuberger Berman	◆	14.82	52	20.28	67
MSCI ACWI X US (N)	1	12.81	78	22.17	41
Median		15.09		21.54	

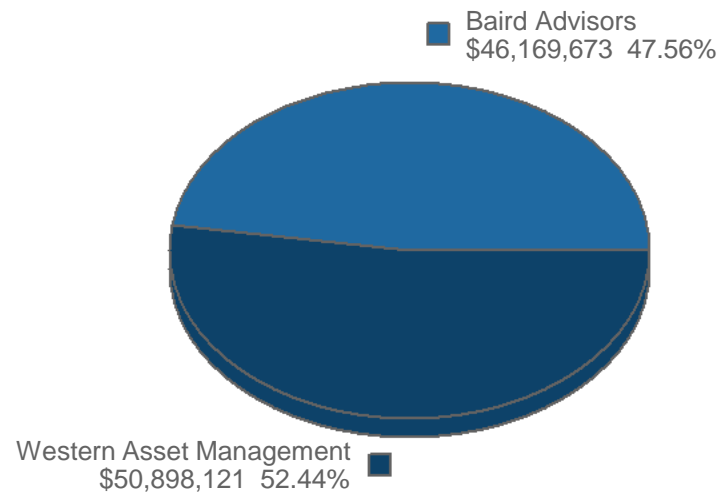
*TUCS Total Returns of International Equity Portfolios Universe - Gross of Fees

Fixed Income

Manager Allocation

Fixed Income Composite

As of December 31, 2013



Performance Comparison



Trailing Returns

Periods Ended December 31, 2013

	Quarter	2 Quarters	3 Quarters	1 Year	3 Years	5 Years	10 Years	Incept Date	Incept Ret
Baird Advisors									
Net of Fee Return	-0.01	0.46	-1.75	-1.72	4.17	6.38	4.83	3/31/03	4.74
Barclays Aggregate	-0.14	0.43	-1.90	-2.02	3.26	4.44	4.55	3/31/03	4.48
Value Added	0.13	0.03	0.15	0.30	0.91	1.94	0.28	3/31/03	0.26
Western Asset Management									
Net of Fee Return	0.60	1.01	-1.52	-0.83	5.21	11.72		3/31/04	5.30
Barclays Aggregate	-0.14	0.43	-1.90	-2.02	3.26	4.44		3/31/04	4.39
Value Added	0.73	0.58	0.39	1.20	1.94	7.27		3/31/04	0.92
Fixed Composite									
Net of Fee Return	0.31	0.75	-1.63	-1.25	4.75	9.09	5.27	9/30/87	7.32
Barclays Aggregate	-0.14	0.43	-1.90	-2.02	3.26	4.44	4.55	9/30/87	7.03
Value Added	0.44	0.32	0.27	0.77	1.49	4.65	0.72	9/30/87	0.29

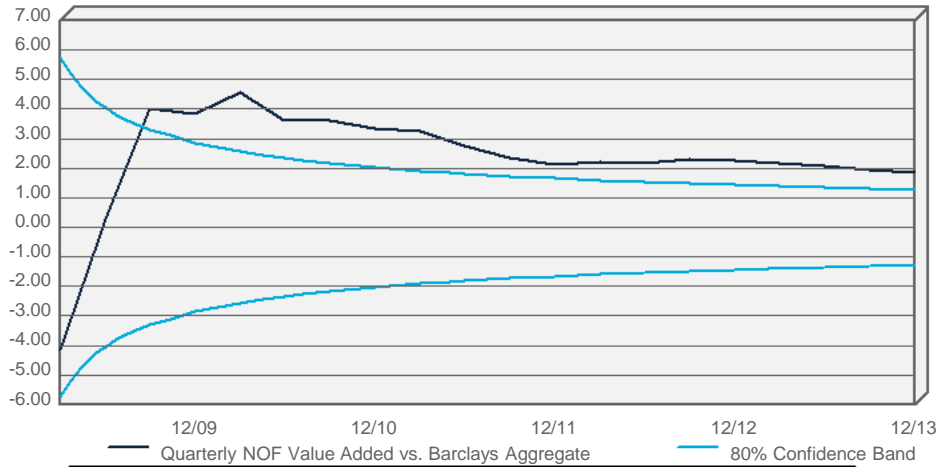
Investment Manager Analysis



Baird Advisors

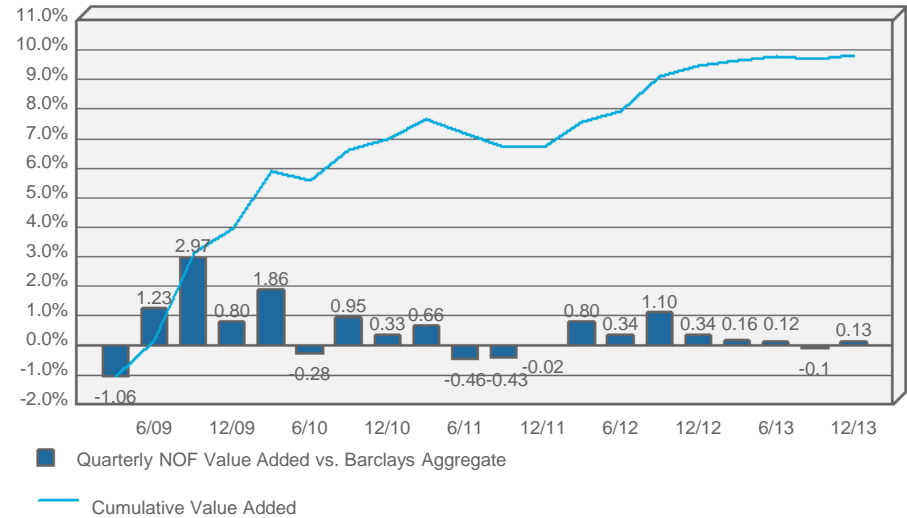
December 31, 2013

Cumulative Skill Analysis vs Benchmark

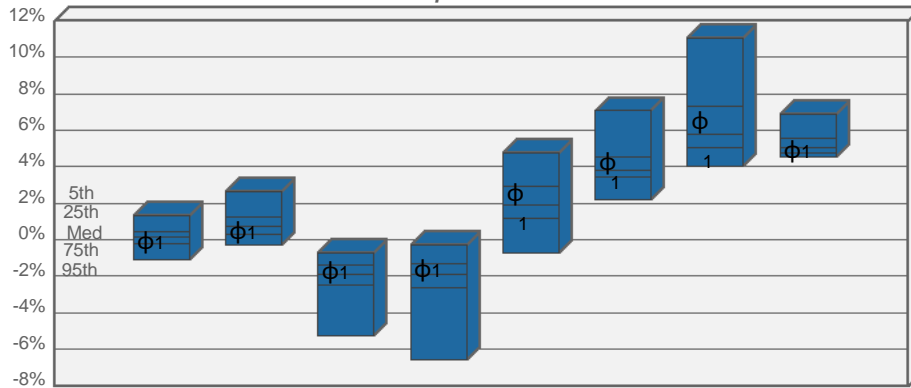


Excess Return:	1.85	Information Ratio:	1.07
Excess Risk:	1.74	T-Stat:	2.38

Value-Added Analysis vs Benchmark

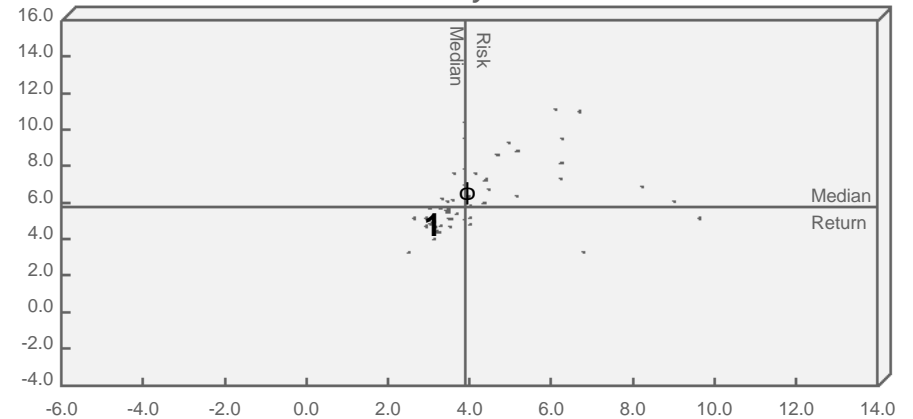


Performance Comparison vs Peer Universe*



	1 Quarter	2 Quarters	3 Quarters	1 Year	2 Years	3 Years	5 Years	10 Years
ϕ Baird Advisors	0.04 (58)	0.57 (55)	-1.60 (36)	-1.51 (36)	2.72 (26)	4.39 (28)	6.61 (33)	5.00 (50)
† Barclays Agg.	-0.14 (66)	0.43 (62)	-1.90 (49)	-2.02 (55)	1.05 (77)	3.26 (77)	4.44 (89)	4.55 (88)
Median	0.13	0.71	-1.91	-1.91	1.88	3.79	5.78	5.03
Number of Funds	127	124	120	117	106	90	56	32

Five Year Risk/Return Analysis vs Peer Universe*



Description	Legend	Gross Fee Ret		Standard Deviation	
		Value	Rank	Value	Rank
Baird Advisors	ϕ	6.61	33	4.09	41
Barclays Aggregate	†	4.44	89	3.24	76
Median		5.78		3.89	

*TUCS Total Returns of Fixed Income Portfolios - Core Universe - Gross of Fees

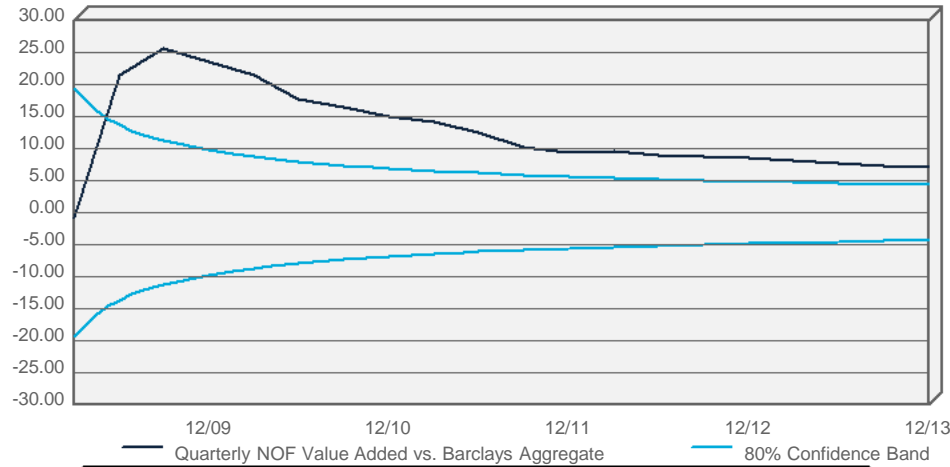
Investment Manager Analysis



Western Asset Management

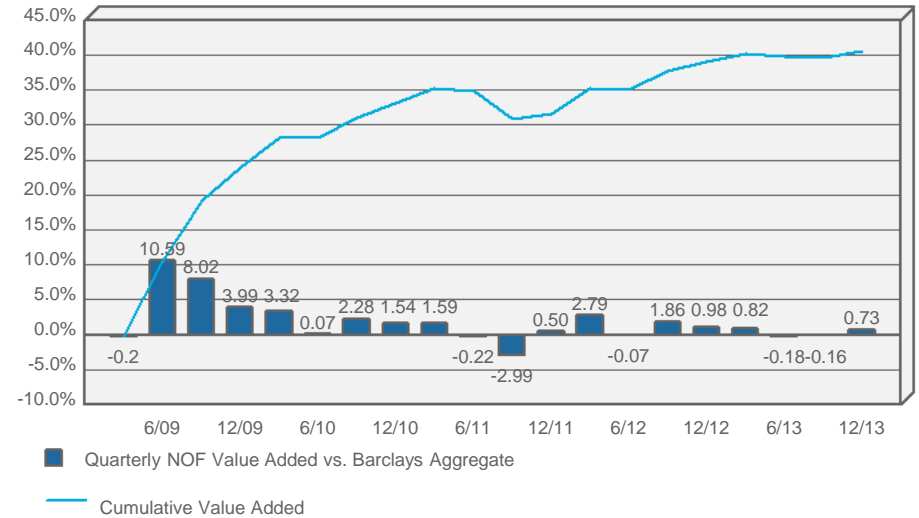
December 31, 2013

Cumulative Skill Analysis vs Benchmark

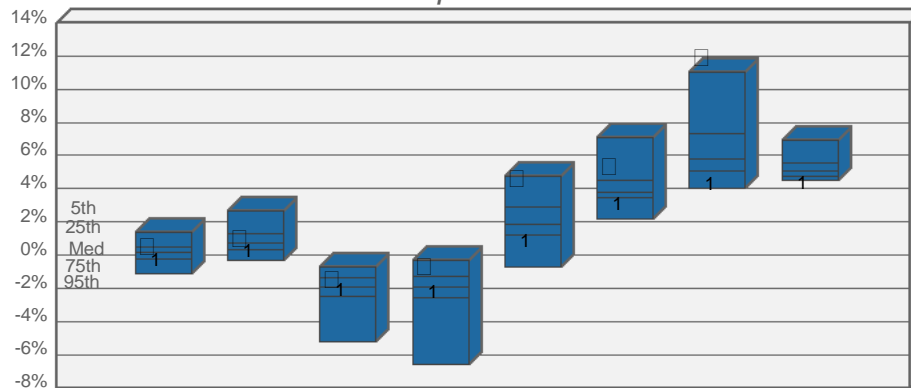


Excess Return:	6.96	Information Ratio:	1.18
Excess Risk:	5.91	T-Stat:	2.63

Value-Added Analysis vs Benchmark

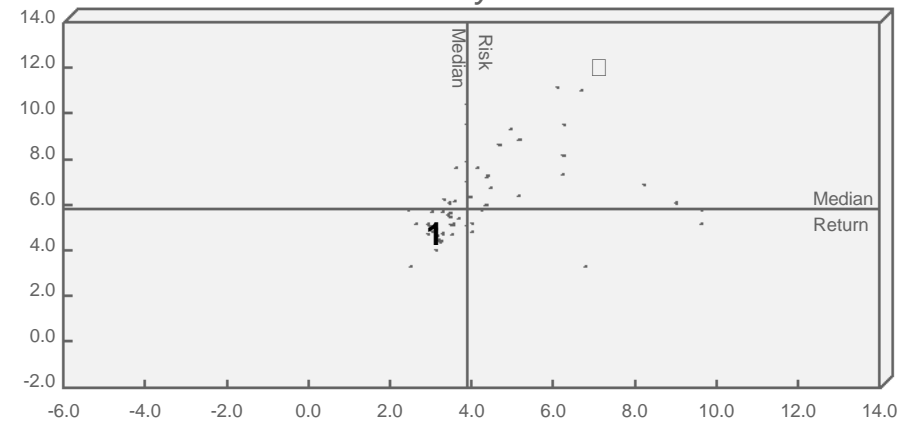


Performance Comparison vs Peer Universe*



	1 Quarter	2 Quarters	3 Quarters	1 Year	2 Years	3 Years	5 Years	10 Years
Western Asset	0.67 (19)	1.16 (31)	-1.30 (20)	-0.54 (7)	4.78 (5)	5.52 (10)	12.05 (1)	
Barclays Agg.	-0.14 (66)	0.43 (62)	-1.90 (49)	-2.02 (55)	1.05 (77)	3.26 (77)	4.44 (89)	
Median	0.13	0.71	-1.91	-1.91	1.88	3.79	5.78	5.03
Number of Funds	127	124	120	117	106	90	56	32

Five Year Risk/Return Analysis vs Peer Universe*



Description	Legend	Gross Fee Ret		Standard Deviation	
		Value	Rank	Value	Rank
Western Asset Management	□	12.05	1	7.29	12
Barclays Aggregate	■	4.44	89	3.24	76
Median		5.78		3.89	

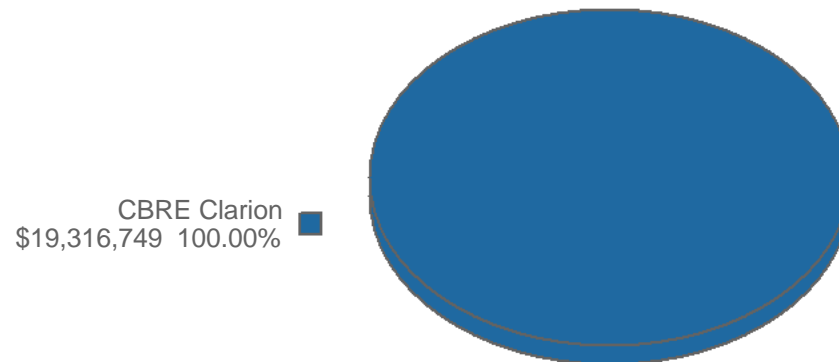
*TUCS Total Returns of Fixed Income Portfolios - Core Universe - Gross of Fees

Real Estate

Manager Allocation

Real Estate Composite

As of December 31, 2013



Performance Comparison



Trailing Returns

Periods Ended December 31, 2013

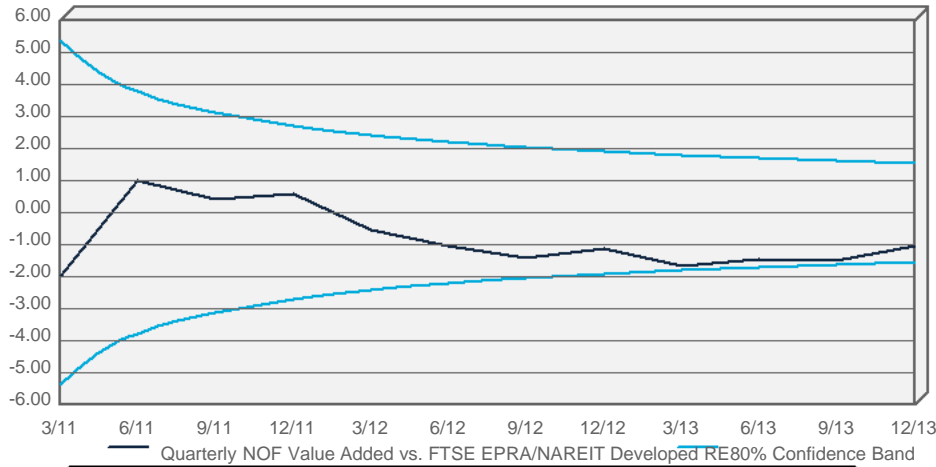
	Quarter	2 Quarters	3 Quarters	1 Year	3 Years	5 Years	10 Years	Incept Date	Incept Ret
CBRE Clarion									
Net of Fee Return	0.50	2.54	-1.07	3.53	7.03			6/30/09	14.73
FTSE EPRA/NAREIT Developed RE	-0.49	1.94	-1.76	4.39	8.14			6/30/09	16.50
Value Added	0.99	0.60	0.69	-0.86	-1.12			6/30/09	-1.77
Real Estate Composite									
Net of Fee Return	0.50	2.54	-1.07	3.53	7.03			6/30/09	14.73
FTSE EPRA/NAREIT Developed RE	-0.49	1.94	-1.76	4.39	8.14			6/30/09	16.50
Value Added	0.99	0.60	0.69	-0.86	-1.12			6/30/09	-1.77

Investment Manager Analysis



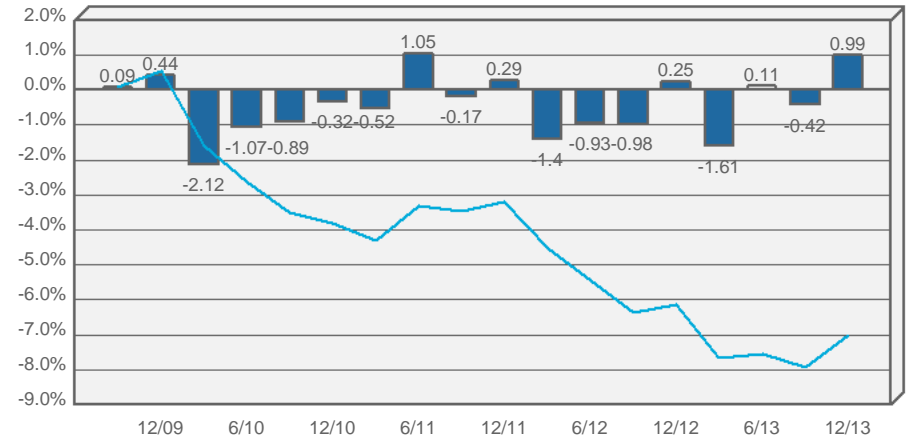
CBRE Clarion December 31, 2013

Cumulative Skill Analysis vs Benchmark



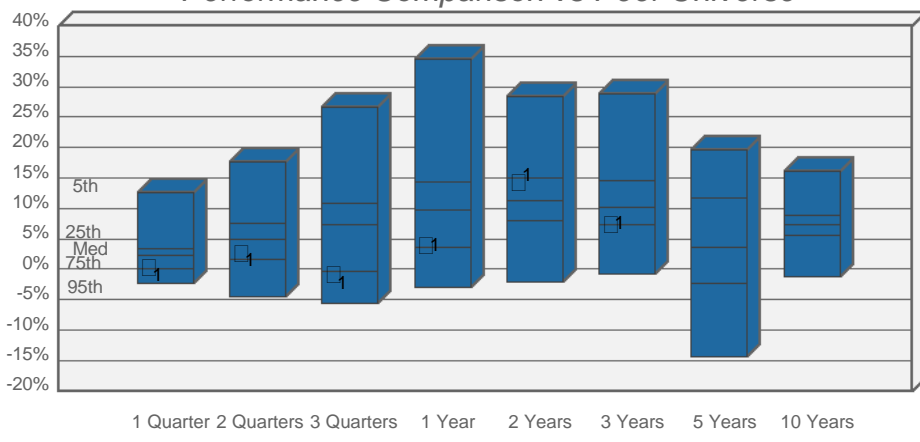
Excess Return:	-1.03	Information Ratio:	-0.63
Excess Risk:	1.64	T-Stat:	-1.09

Value-Added Analysis vs Benchmark



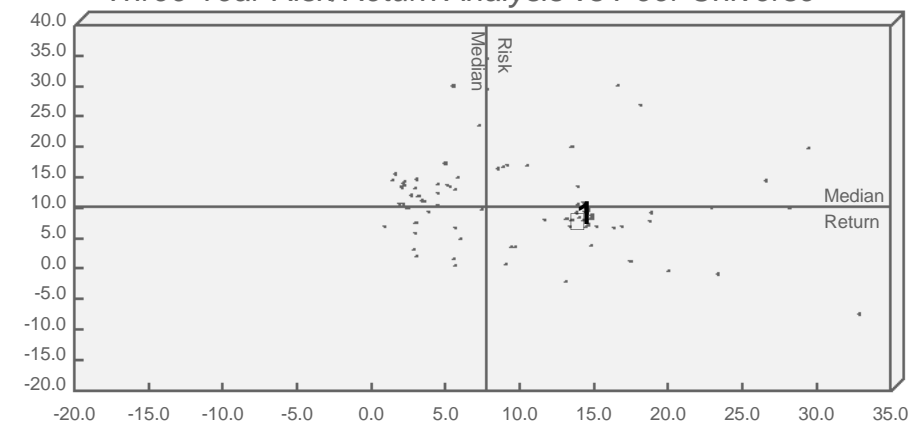
■ Quarterly NOF Value Added vs. FTSE EPRA/NAREIT Developed RE
— Cumulative Value Added

Performance Comparison vs Peer Universe*



	1 Quarter	2 Quarters	3 Quarters	1 Year	2 Years	3 Years	5 Years	10 Years
□ CBRE Clarion	0.69 (64)	2.93 (62)	-0.51 (76)	4.30 (70)	14.71 (27)	7.82 (70)		
■ FTSE EPRA/NA	-0.49 (82)	1.94 (72)	-1.76 (80)	4.39 (70)	15.89 (20)	8.14 (67)		
Median	2.27	4.88	7.22	9.75	11.34	10.16	3.57	7.28
Number of Funds	641	655	646	632	586	531	384	106

Three Year Risk/Return Analysis vs Peer Universe*



Description	Legend	Gross Fee Ret		Standard Deviation	
		Value	Rank	Value	Rank
CBRE Clarion	□	7.82	70	14.34	27
FTSE EPRA/NAREIT	■	8.14	67	14.82	19
Median		10.16		7.77	

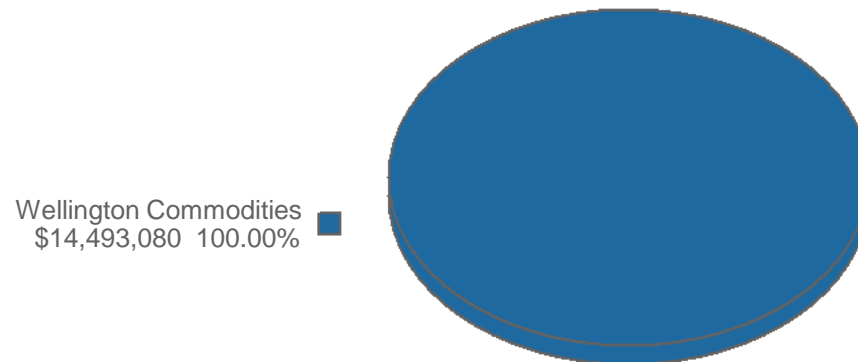
*TUCS Total Returns of Real Estate Portfolios Universe - Gross of Fees

Commodities

Manager Allocation

Commodities Composite

As of December 31, 2013



Performance Comparison



Trailing Returns

Periods Ended December 31, 2013

	Quarter	2 Quarters	3 Quarters	1 Year	3 Years	5 Years	10 Years	Incept Date	Incept Ret
Wellington Commodities									
Net of Fee Return	-2.81	1.08	-10.35					3/31/13	-10.35
DJ UBS Commodity Index	-1.05	1.06	-8.49					3/31/13	-8.49
	-1.76	0.02	-1.86						-1.86
Commodities Composite									
Net of Fee Return	-2.81	1.08	-10.35					3/31/13	-10.35
DJ UBS Commodity Index	-1.05	1.06	-8.49					3/31/13	-8.49
	-1.76	0.02	-1.86						-1.86

Private Equity

Investment Manager Performance



Private Partnerships

As of December 31, 2013

Partnership	Commitment Value	Inception Date	Capital Called		Capital Distributed		Fair Value	Total Value / Paid-In Capital ¹	Annualized IRR
			Amount	%	Amount	%			
Adams Street Direct 2010 Fund	\$500,000	April 27, 2010	\$342,736	69%	\$11,728	2%	\$376,817	1.13	9.17%
Adams Street Non-US Dev. 2010 Fund	\$1,500,000	April 27, 2010	\$545,436	36%	\$43,228	3%	\$553,270	1.09	5.58%
Adams Street Non-US EM 2010 Fund	\$500,000	January 3, 2011	\$176,500	35%	\$0	0%	\$157,610	0.89	-9.43%
Adams Street US 2010 Fund	\$2,500,000	April 27, 2010	\$970,660	39%	\$104,933	4%	\$1,082,942	1.22	11.02%
Adams Street 2013 Global Fund	\$5,000,000	July 3, 2013	\$370,715	7%	\$0	0%	\$346,145	0.93	NA
Flag Global Partners	\$5,000,000	January 17, 2012	\$950,000	19%	\$0	0%	\$834,975	0.88	-7.60%
Alternative Investments Composite	\$15,000,000	April 27, 2010	\$3,356,047	22%	\$159,889	1%	\$3,351,759	1.05	3.30%

¹ TVPI = Fair Value + Capital Distributed / Capital Called

Capital Market Review

U.S. Equity

The U.S. stock market surged 10.1% in the fourth quarter to post a stellar 33.1% total return for 2013, marking its best annual return since climbing 36.5% in 1995. The index, which rode monetary stimulus to notch its fifth consecutive annual gain, closed 2013 at an all-time high and is now up 38.5% on a total return basis since the Wilshire 5000 Index's previous high on October 9, 2007.

Large cap stocks outpaced smaller shares during the quarter but lagged for the year. Growth stocks outperformed value in 2013, as well as during Q4. All economic sectors showed gains during the quarter, with Industrials and Information Technology performing the best. The interest-rate-sensitive Utilities group was a laggard during the quarter.

The U.S. has experienced a massive expansion in its monetary base since 2008, undergoing three rounds of quantitative easing. While the FOMC's recent announcement to taper QE3 represents a monetary tightening, the Fed continues to maintain a highly accommodative stance. Even if one assumes that tapering continues at \$10 billion increments following each FOMC meeting, the monetary base could expand above \$4 trillion by the end of 2014.

Non-U.S. Equity

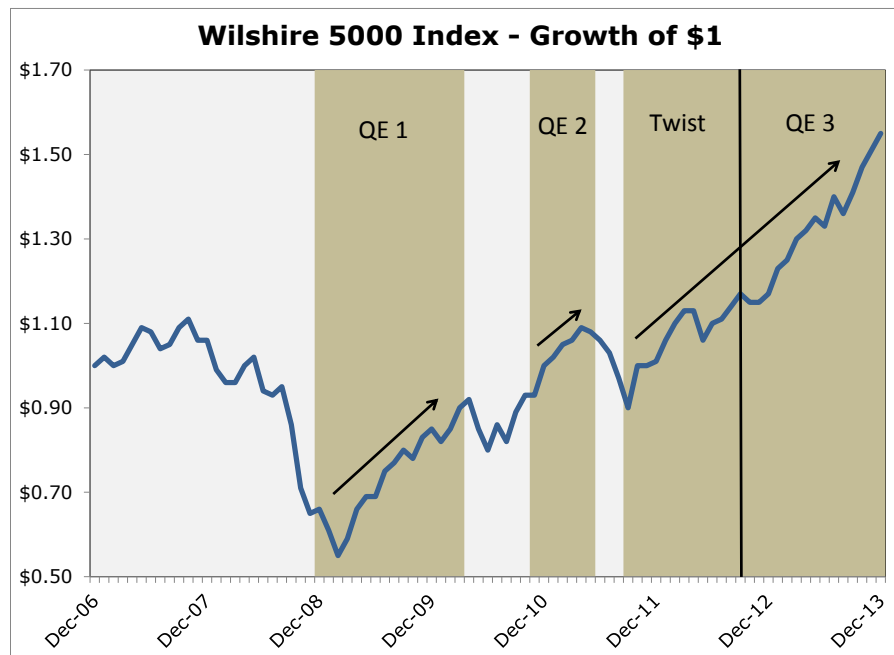
Developed global stock markets enjoyed stellar performance in 2013, brushing aside concerns over sluggish recoveries in certain countries from the Great Global Recession and taking full advantage of the easy money made available through accommodative central bank policies. Japanese stocks were especially strong performers, propelled by a sharply weaker yen that made Japanese exports relatively cheap for their trading partners. Emerging market stocks, on the other hand, struggled in 2013 against local economic slowdowns and political uncertainties.

Fixed Income

Bond yields drifted down in October, then reversed course and rose in November and December; the bellwether 10-year U.S. Treasury yield ended the year at 3.04%, its highest level since July 2011 and a full 126 basis points higher than its yield at year-end 2012. Investors rotated into investment-grade and high yield corporate bonds during 2013, leading to tighter spreads relative to a year ago. Developed market bonds as a whole were essentially flat in 2013, while emerging market debt lost ground as investors found the asset space less attractive than in previous years.

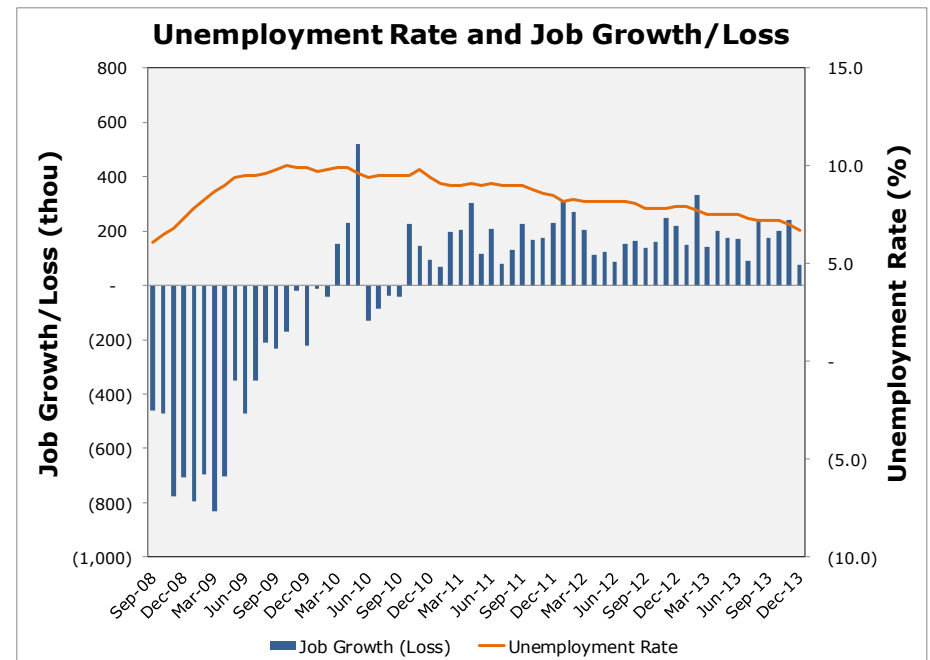
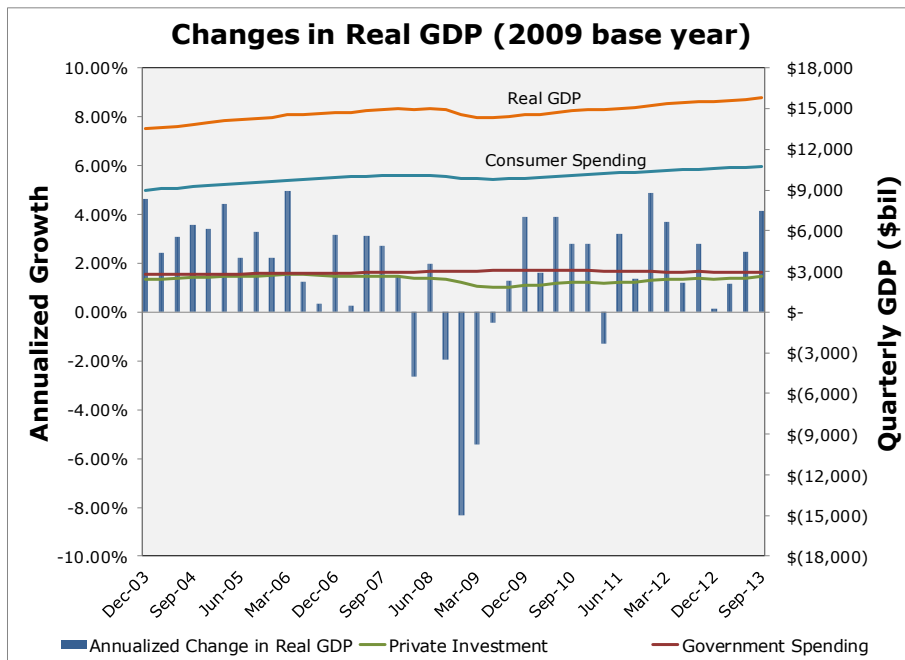
Federal Reserve Begins Tapering

- Federal Reserve will reduce its asset purchasing program by \$10b starting in January 2014 (moving from \$85b in purchases per month to \$75b)
- First purchase of \$75b will be divided between Treasuries (\$40b) and mortgage bonds (\$35b)
- At current trends, interest rates are likely to remain low even after the unemployment rate falls below the Fed's guidepost of 6.5%
- Growth in the monetary base has been supportive of equity prices



December 31, 2013	Key Economic Indicators			
CPI (all items) Seasonally adjusted	Monthly Change		Cumulative Change	
	Dec-13	0.3	3-Month	0.3
	Nov-13	0.0	12-Month	1.5
	Oct-13	-0.1	10-Yr Annual	2.4
Breakeven Inflation	10-Year	2.3		
Consumer Sentiment Unv. of Michigan Survey	Dec-13	82.5		
	Nov-13	75.1		
	1-Yr Ago	72.9	10-Yr Avg	78.2
Manufacturing Inst. for Supply Mgmt Purchasing Mngrs' Idx	Dec-13	57.0	Change in Manufacturing Sector	
	Nov-13	57.3	>50	Expansion
	1-Yr Avg	53.9	<50	Contraction

Note: Seasonally adjusted CPI data is utilized to better reflect short-term pricing activity.

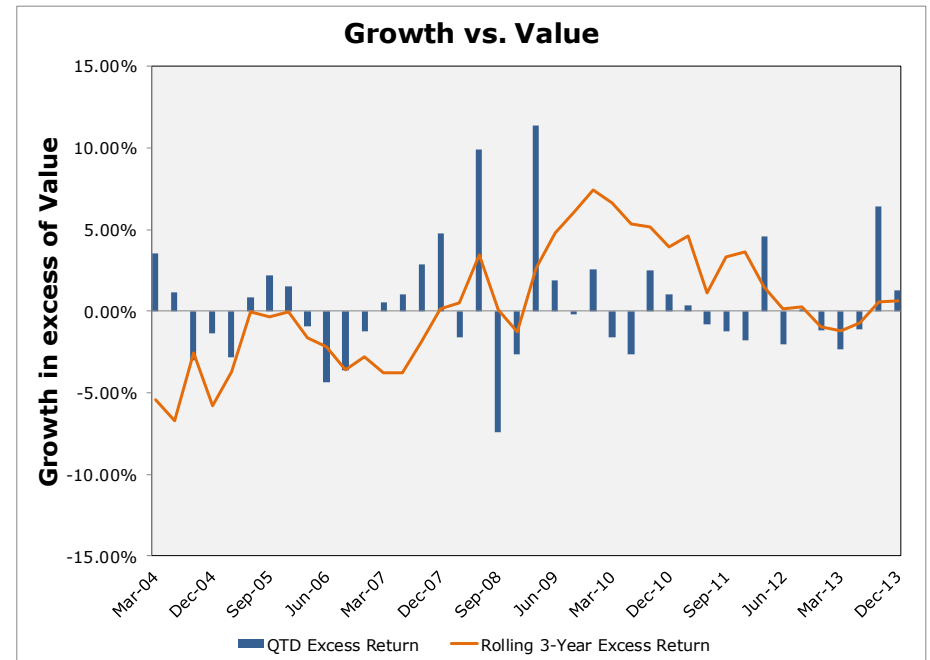
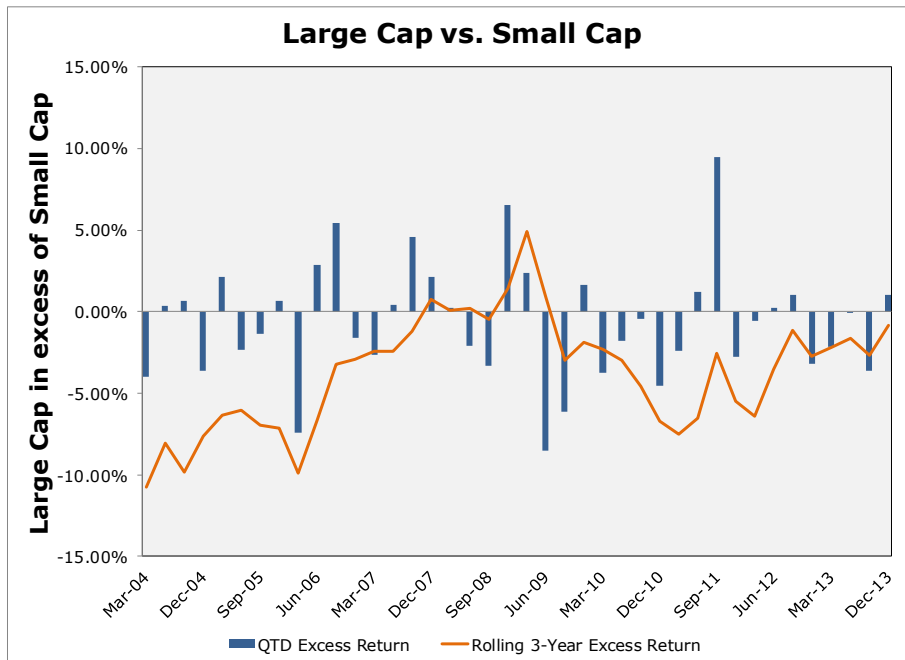
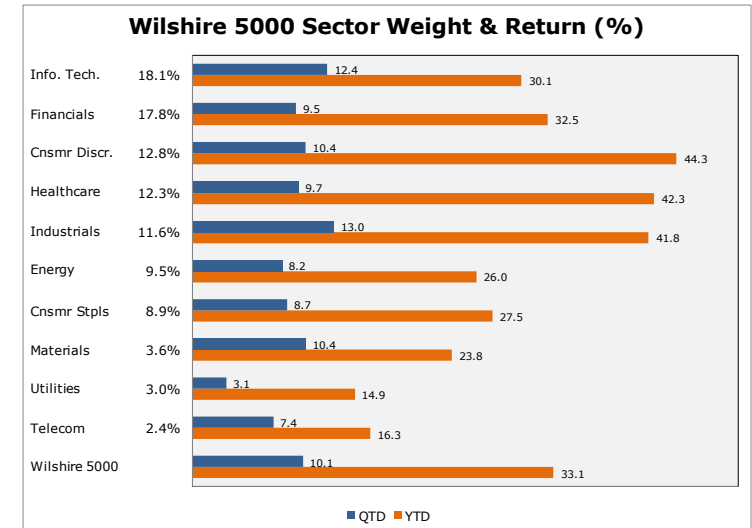


Data sources: Bureau of Economic Analysis, Bureau of Labor Statistics, Federal Reserve Bank of St. Louis, Barclays Capital

U.S. Equity Market



December 31, 2013	Qtr	Ytd	1 Yr	3 Yr	5 Yr	10 Yr
Wilshire 5000	10.1	33.1	33.1	16.0	18.6	8.0
Wilshire U.S. Large Cap	10.2	32.3	32.3	15.9	18.0	7.7
Wilshire U.S. Small Cap	9.1	39.0	39.0	16.8	23.9	10.7
Wilshire U.S. Large Growth	11.1	35.0	35.0	16.2	19.8	8.2
Wilshire U.S. Large Value	9.5	30.2	30.2	15.7	16.1	7.1
Wilshire U.S. Small Growth	8.6	45.0	45.0	18.2	25.9	11.6
Wilshire U.S. Small Value	9.6	33.8	33.8	15.5	21.8	9.9
Wilshire REIT Index	-0.8	1.9	1.9	9.4	16.7	8.4
MSCI USA Minimum Volatility Index	7.3	24.4	24.4	15.3	15.5	7.5
FTSE RAFI U.S. 1000 Index	10.5	35.6	35.6	16.7	22.1	n.a.

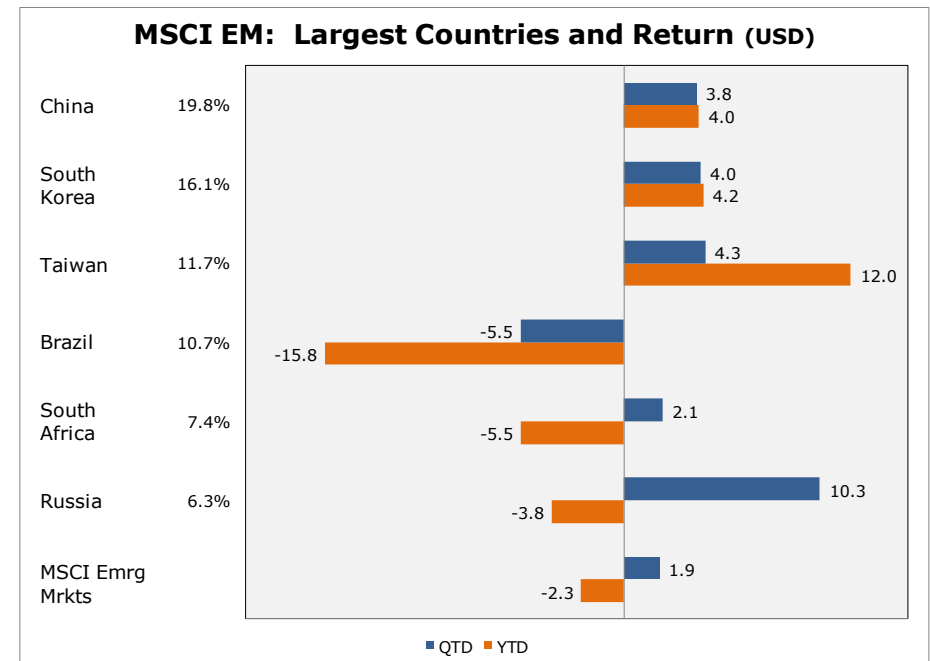
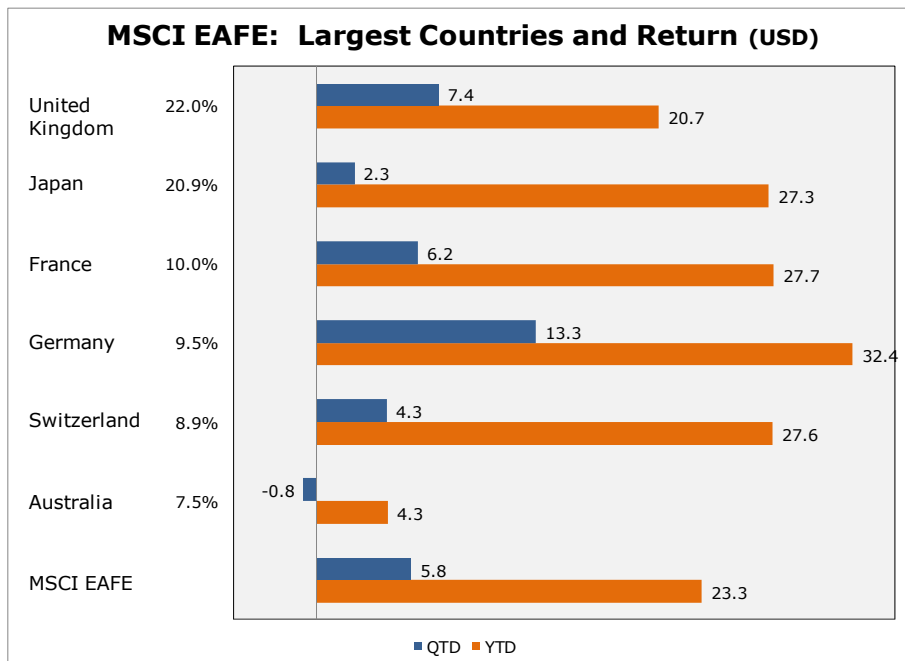


Data sources: Wilshire Compass, Wilshire Atlas

Non-U.S. Equity Market

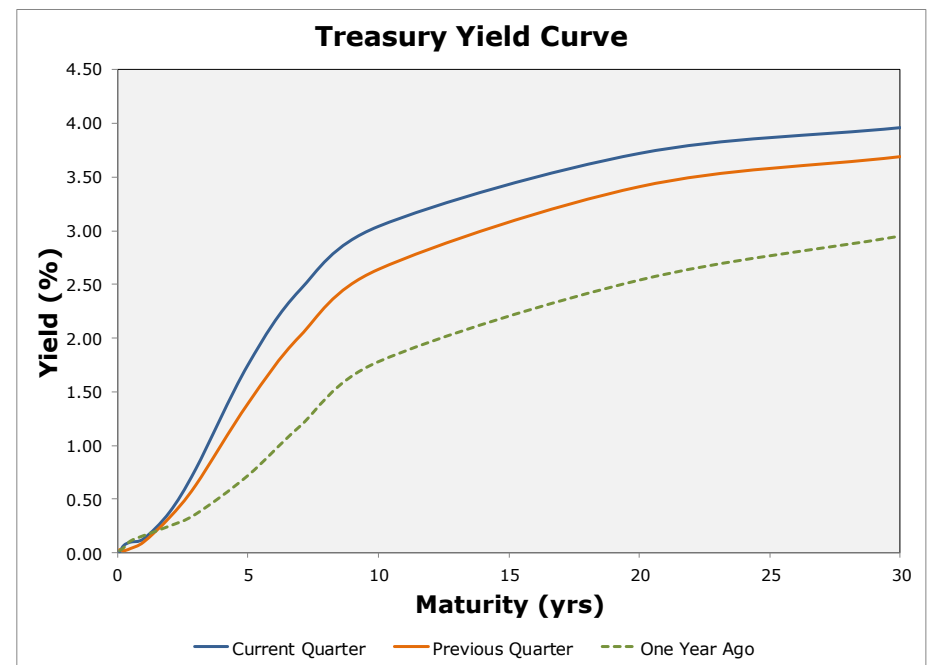
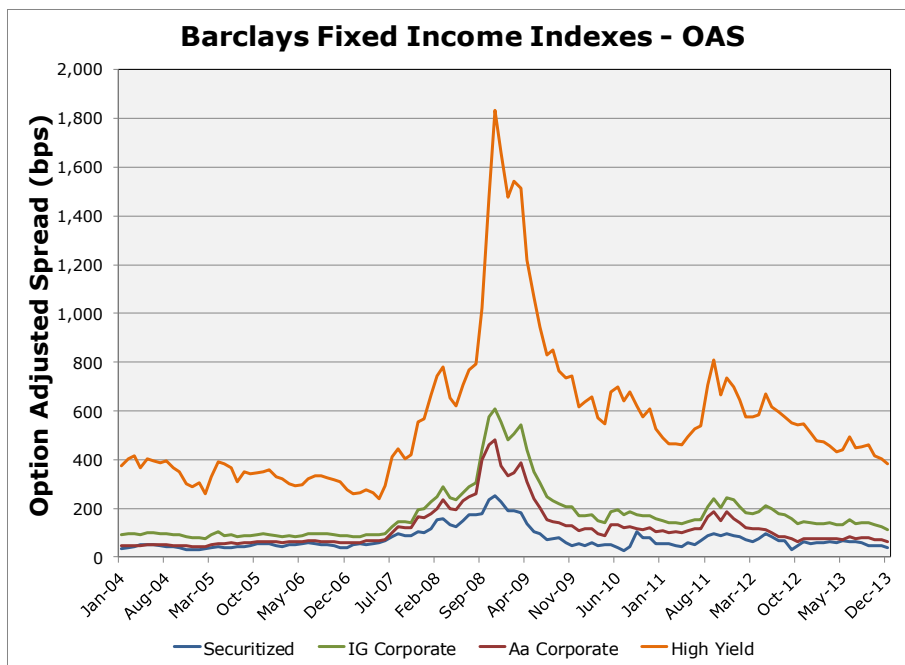


December 31, 2013	Qtr	Ytd	1 Yr	3 Yr	5 Yr	10 Yr
MSCI ACWI ex-US (\$g)	4.8	15.8	15.8	5.6	13.3	8.0
MSCI EAFE (\$g)	5.8	23.3	23.3	8.7	13.0	7.4
MSCI Emerging Markets (\$g)	1.9	-2.3	-2.3	-1.7	15.1	11.5
MSCI Frontier Markets (\$g)	6.6	26.3	26.3	4.0	10.0	7.3
MSCI ACWI ex-US Growth (\$g)	4.7	15.9	15.9	5.3	13.3	7.7
MSCI ACWI ex-US Value (\$g)	4.9	15.6	15.6	5.9	13.3	8.3
MSCI ACWI ex-US Small (\$g)	4.7	20.1	20.1	5.3	19.2	10.5
MSCI EAFE Minimum Volatility Idx	2.3	17.1	17.1	9.3	10.8	9.7
FTSE RAFI Developed ex-US Index	6.5	25.4	25.4	7.6	14.0	n.a.
MSCI EAFE LC (g)	6.4	27.5	27.5	9.9	11.8	6.5
MSCI Emerging Markets LC (g)	3.0	3.8	3.8	2.2	14.7	11.4



Data sources: Wilshire Compass, MSCI Barra

December 31, 2013	Qtr	Ytd	1 Yr	3 Yr	5 Yr	10 Yr
Barclays Aggregate Bond Index	-0.1	-2.0	-2.0	3.3	4.4	4.5
Barclays Treasury Index	-0.8	-2.8	-2.8	2.9	2.1	4.2
Barclays Gov't-Related Index	0.0	-2.7	-2.7	2.9	3.2	4.3
Barclays Securitized Index	-0.4	-1.3	-1.3	2.6	4.4	4.5
Barclays Corporate IG Index	1.1	-1.5	-1.5	5.4	8.6	5.3
Barclays LT Govt/Credit Index	-0.1	-8.8	-8.8	6.7	6.4	6.4
Barclays LT Treasury Index	-3.1	-12.7	-12.7	5.5	2.3	5.9
Barclays LT Govt-Related Index	-0.1	-9.8	-9.8	7.1	5.8	6.8
Barclays LT Corporate IG Index	1.9	-5.7	-5.7	7.1	10.3	6.4
Barclays U.S. TIPS Index	-2.0	-8.6	-8.6	3.6	5.6	4.8
Barclays High Yield Index	3.6	7.4	7.4	9.3	18.9	8.6
Treasury Bills	0.0	0.1	0.1	0.1	0.1	1.7



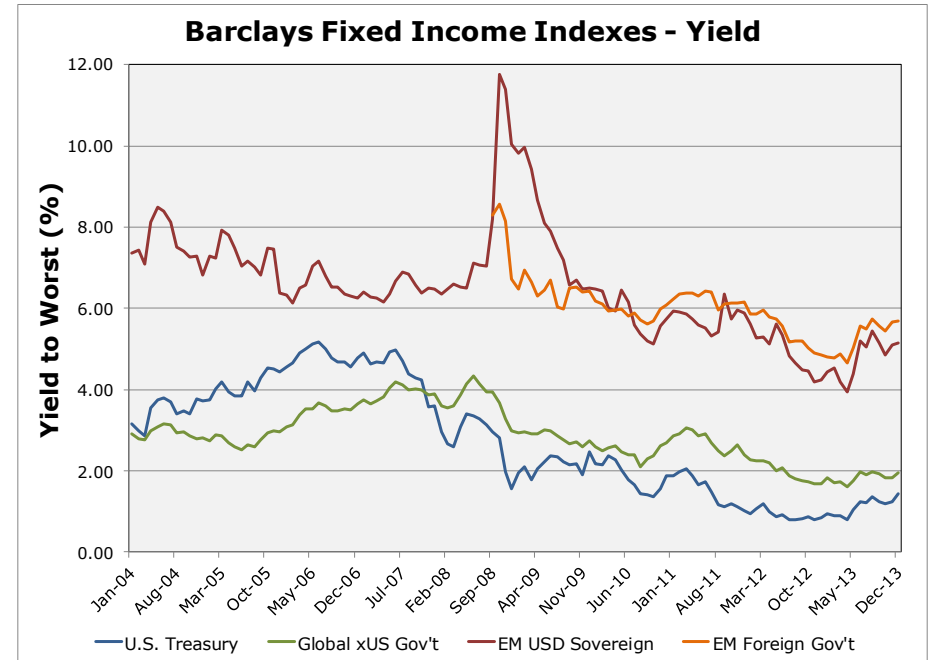
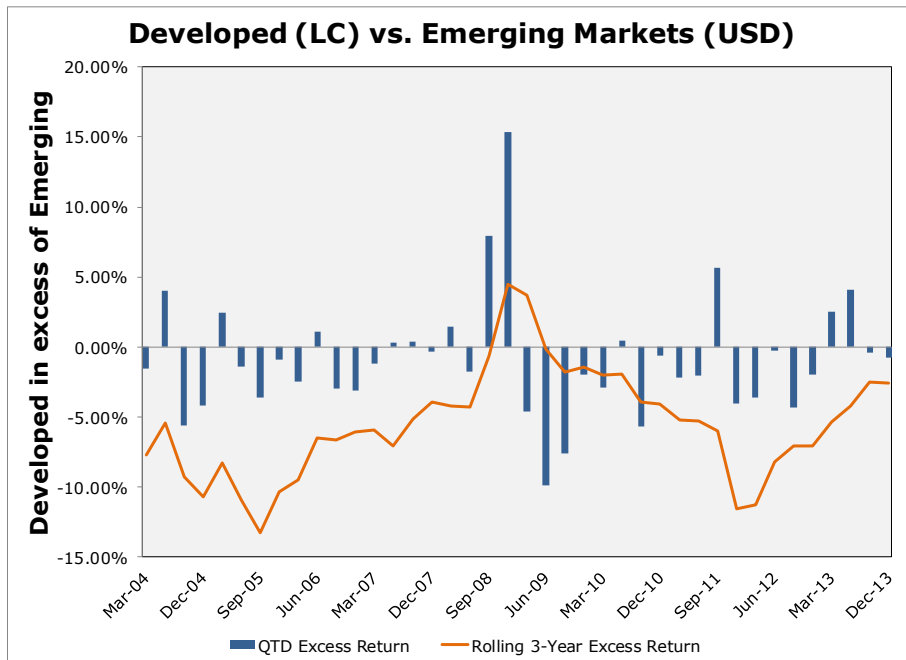
Data sources: Wilshire Compass, Barclays Capital, U.S. Treasury

Non-U.S. Fixed Income Market



December 31, 2013	Qtr	Ytd	1 Yr	3 Yr	5 Yr	10 Yr
<i>Developed Markets</i>						
Barclays Global Aggregate xUS	-0.7	-3.1	-3.1	1.7	3.5	4.4
Barclays Global Aggregate xUS *	0.4	1.2	1.2	3.8	3.8	4.3
Barclays Wrld Govt xUS IL Bond	0.6	-0.8	-0.8	4.8	6.2	5.6
Barclays Wrld Govt xUS IL Bond *	-0.7	-1.8	-1.8	4.2	5.0	5.0
<i>Emerging Mkts (Hard Currency)</i>						
Barclays EM USD Aggregate	1.2	-4.1	-4.1	6.5	12.9	8.5
<i>Emerging Mkts (Foreign Currency)</i>						
Barclays EM Local Currency Govt	-0.3	-4.3	-4.3	3.4	7.8	n.a.
Barclays EM Local Currency Govt *	-0.3	-2.5	-2.5	2.9	3.6	n.a.
Euro vs. Dollar	1.8	4.5	4.5	0.9	-0.2	0.8
Yen vs. Dollar	-6.6	-17.7	-17.7	-8.3	-2.9	0.2
Pound vs. Dollar	2.3	1.9	1.9	1.9	2.9	-0.8

* Returns are reported in terms of local market investors, which removes currency effects.

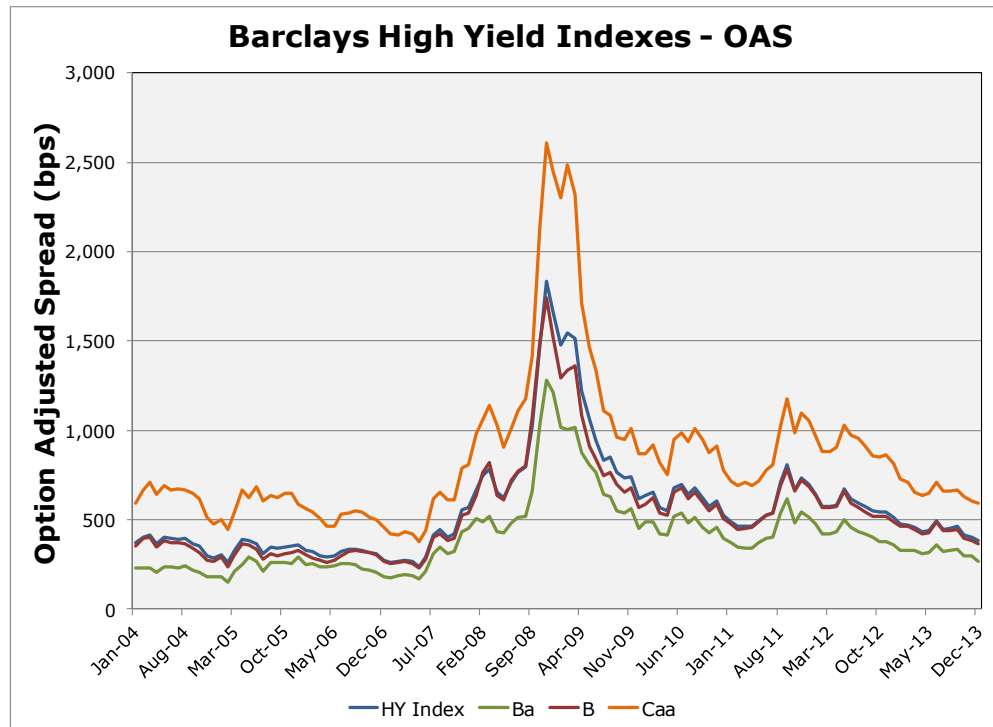


Data sources: Wilshire Compass, Barclays Capital

High Yield Bond Market



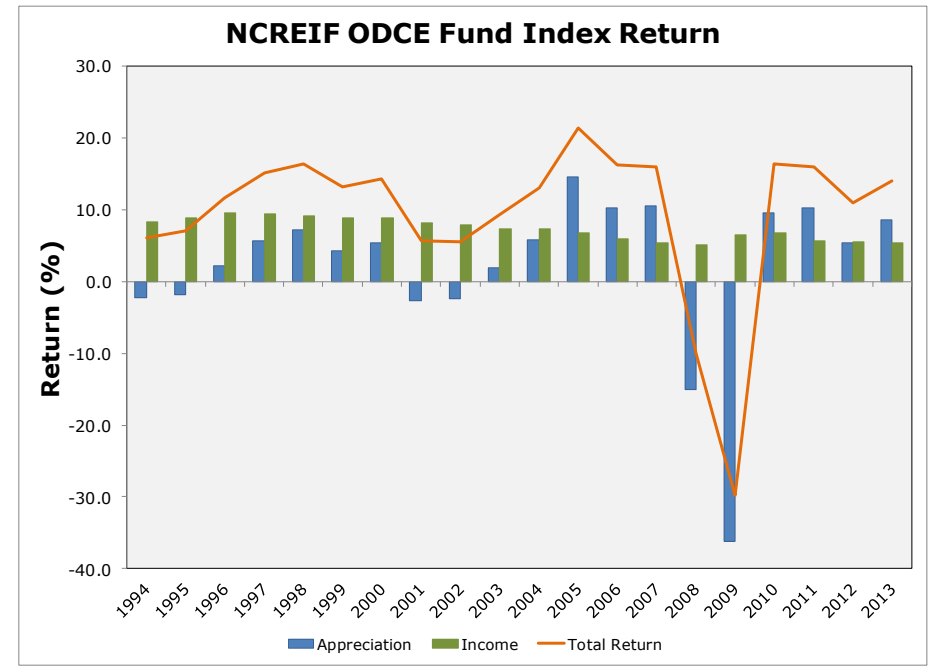
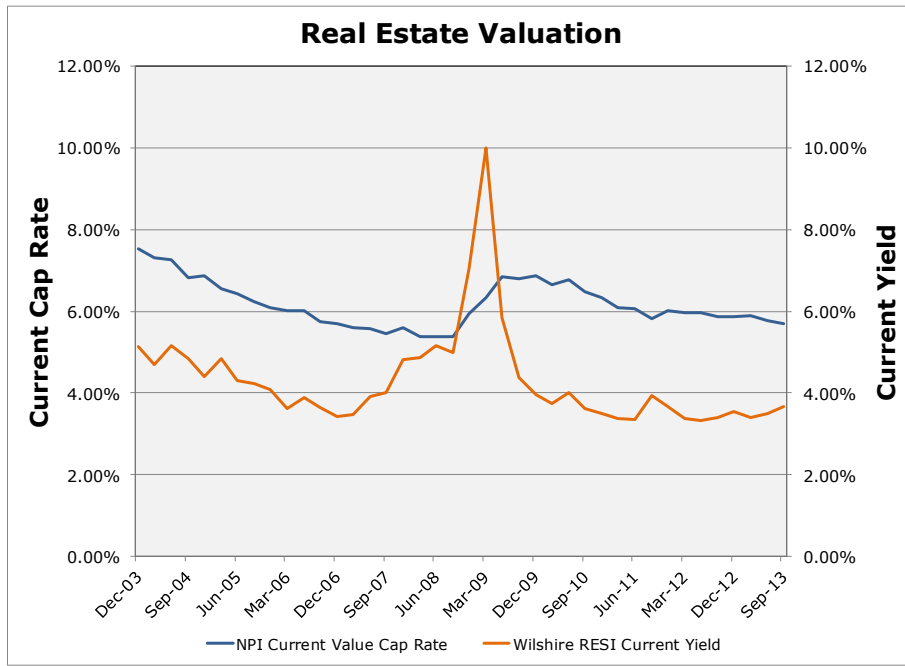
December 31, 2013	Weight	Qtr	Ytd	1 Yr	3 Yr
Barclays High Yield Index	100%	3.6	7.4	7.4	9.3
Quality Distribution					
Ba U.S. High Yield	41.0%	3.2	5.0	5.0	8.7
B U.S. High Yield	40.1%	3.6	7.3	7.3	9.3
Caa U.S. High Yield	18.1%	4.3	13.8	13.8	10.9
Ca to D U.S. High Yield	0.6%	10.2	5.0	5.0	6.1
Non-Rated U.S. High Yield	0.2%	3.9	8.2	8.2	12.2



Data sources: Barclays Capital

December 31, 2013	Qtr	Ytd	1 Yr	3 Yr	5 Yr	10 Yr
Barclays U.S. TIPS Index	-2.0	-8.6	-8.6	3.6	5.6	4.8
Dow Jones UBS Commodity Index	-1.1	-9.5	-9.5	-8.1	1.5	0.9
Global Public Real Estate*	-0.6	2.2	2.2	9.2	16.8	8.9
NCREIF ODCE Fund Index	3.2	14.0	14.0	13.6	3.7	7.2
NCREIF Timberland Index	5.9	9.7	9.7	6.3	2.7	8.4
Alerian MLP Index (Oil & Gas)	5.3	27.6	27.6	15.0	29.5	15.0

* Wilshire Global Real Estate Securities from December 2003 to December 2004. Wilshire Global REITs from 2004 to present.



Data sources: Wilshire Compass, National Council of Real Estate Investment Fiduciaries

Asset Class Performance



Annual Asset Class Returns - Best to Worst

2009	2010	2011	2012	2013
Emrg Mrkts 79.0%	REITs 28.6%	U.S. TIPS 13.6%	Emrg Mrkts 18.6%	U.S. Equity 33.1%
High Yield 58.2%	Emrg Mrkts 19.2%	REITs 9.2%	Developed 17.9%	Developed 23.3%
Developed 32.5%	U.S. Equity 17.2%	Core Bond 7.8%	REITs 17.6%	High Yield 7.4%
REITs 28.6%	Commodities 16.8%	High Yield 5.0%	U.S. Equity 16.1%	REITs 1.9%
U.S. Equity 28.3%	High Yield 15.1%	U.S. Equity 1.0%	High Yield 15.8%	T-Bills 0.1%
Commodities 18.9%	Developed 8.2%	T-Bills 0.1%	U.S. TIPS 7.0%	Core Bond -2.0%
U.S. TIPS 11.4%	Core Bond 6.5%	Developed -11.7%	Core Bond 4.2%	Emrg Mrkts -2.3%
Core Bond 5.9%	U.S. TIPS 6.3%	Commodities -13.3%	T-Bills 0.1%	U.S. TIPS -8.6%
T-Bills 0.2%	T-Bills 0.1%	Emrg Mrkts -18.2%	Commodities -1.0%	Commodities -9.5%

Annualized
5-Year

2009-2013
High Yield 18.9%
U.S. Equity 18.6%
REITs 16.7%
Emrg Mrkts 15.1%
Developed 13.0%
U.S. TIPS 5.6%
Core Bond 4.4%
Commodities 1.5%
T-Bills 0.1%

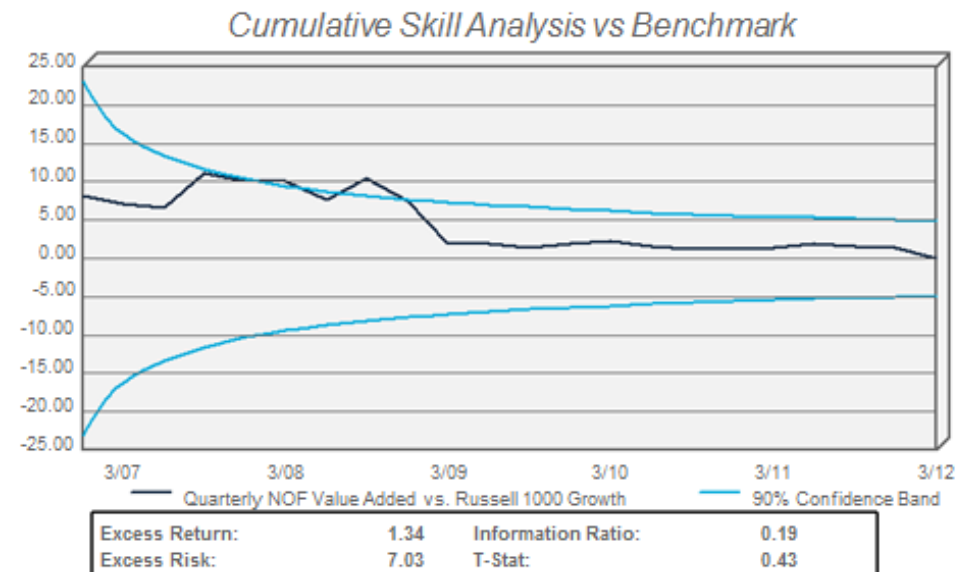
Data sources: Wilshire Compass

Note: Developed asset class is developed markets ex-U.S., ex-Canada.

Appendix

Cumulative Skill Graph

- Graphical representation of the statistical significance of excess returns over a specified benchmark for the cumulative time period being analyzed.
- Positive cumulative excess performance is shown when the dark blue line is above the “0.00” line measured on the left Y axis.
- The light blue lines that form a channel, or the shape of a trumpet horn, represent the boundaries of the statistical significance test.
- The width of the channel is calculated based on the amount of “Excess Risk” that the manager takes over the benchmark.



Value Added Graph

- Illustrates excess returns over the specified benchmark for individual periods, usually quarters, and for the cumulative time period being analyzed.
- A period in which there was positive excess performance the dark blue bar is above the line. Negative excess performance is below the line. The magnitude of the excess performance is measured on the left Y axis.
- The light blue line is the cumulative result of the quarterly performance and is measured on the right Y axis.

