



The City of Grand Rapids – General Retirement System
Executive Summary of Investment Performance
June 30, 2013

Investment Performance	Tab 1
Capital Market Review	Tab 2
Appendix	

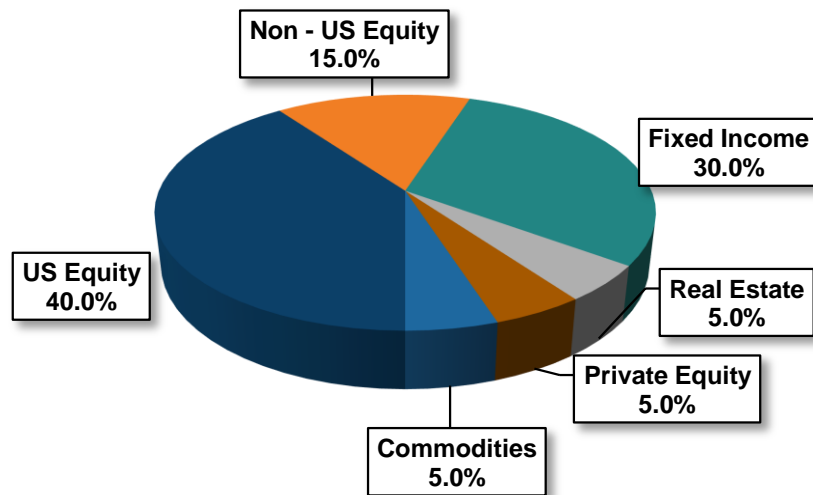
Total Fund

Policy Allocation vs Actual Allocation

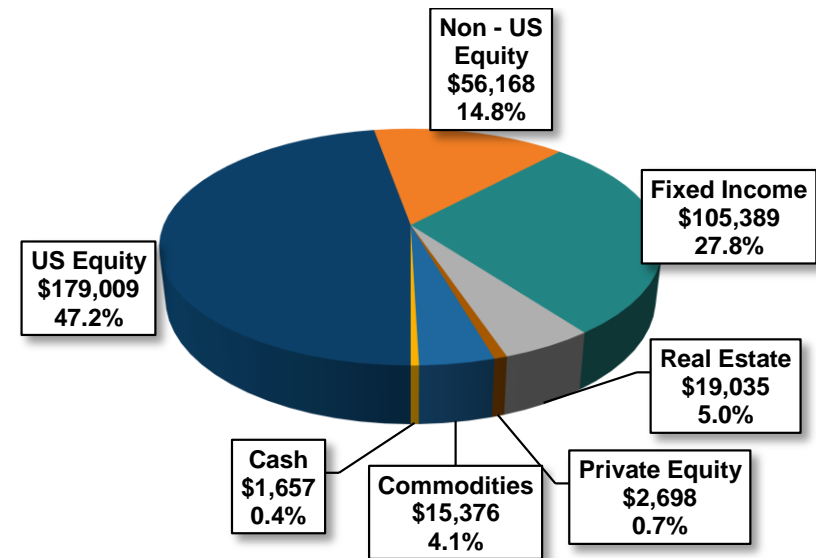
Total Fund Composite

As of June 30, 2013

Policy Allocation



Actual Allocation (in \$'000)



Total Assets: \$379,332,000

Policy Allocation vs Actual Allocation



Total Fund Composite

As of June 30, 2013

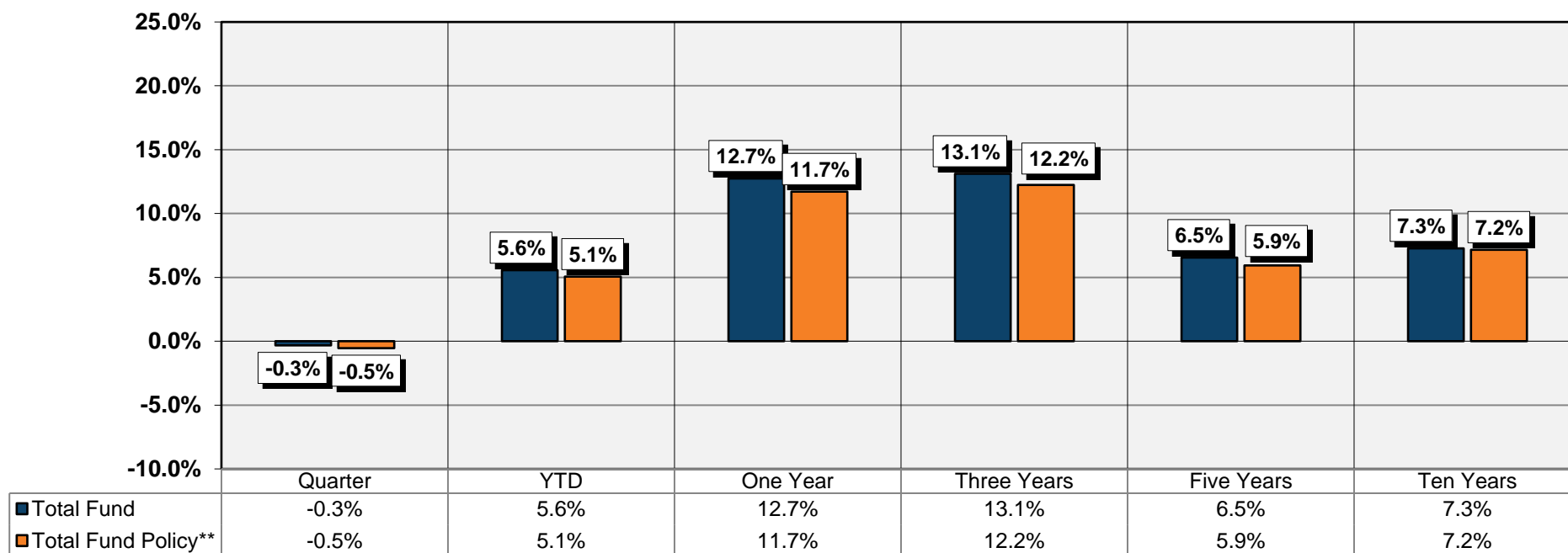
	Market Value (in \$'000)	Asset Allocation	
		Actual	Policy
US Equity	\$179,009	47.19%	40.00%
Non - US Equity	\$56,168	14.81%	15.00%
Fixed Income	\$105,389	27.78%	30.00%
Real Estate	\$19,035	5.02%	5.00%
Private Equity	\$2,698	0.71%	5.00%
Commodities	\$15,376	4.05%	5.00%
Cash	\$1,657	0.44%	0.00%
Total Fund Composite	\$379,332	100.00%	100.00%

Investment Performance



Total Fund Composite*

Periods Ended June 30, 2013



*Returns are net of fees

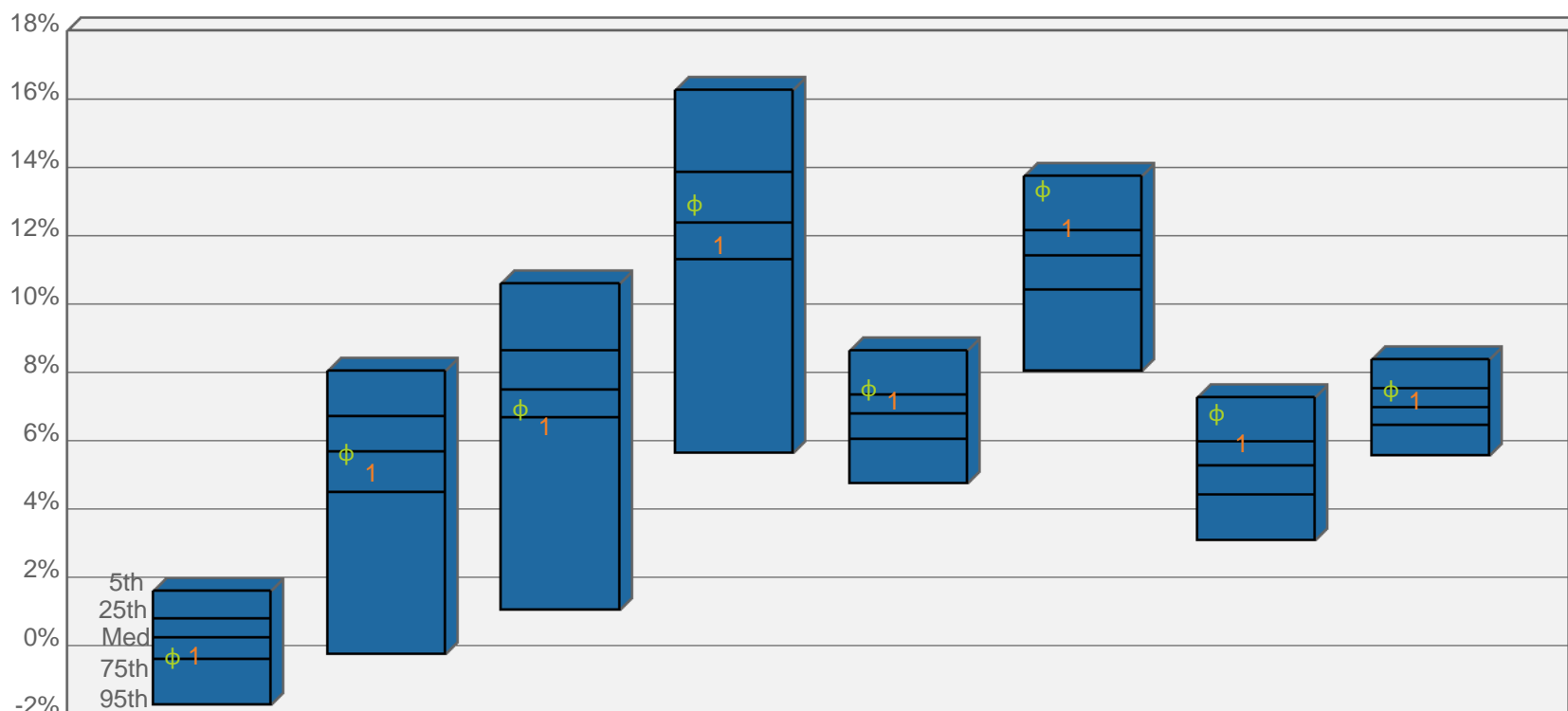
** Policy index = Wilshire 5000 (40%), MSCI ACWI ex U.S. (15%), Barclays Aggregate (30%), FTSE EPRA NAREIT Dev RE (5%), Wilshire 5000 +2.5% (5%), DJ UBS Commodity Index (5%)

Performance Comparison



Total Fund Composite

Periods Ended June 30, 2013



	1 Quarter	2 Quarters	3 Quarters	1 Year	2 Years	3 Years	5 Years	10 Years
5th %tile	-0.26 (72)	5.70 (50)	7.01 (66)	13.02 (40)	7.61 (18)	13.43 (6)	6.87 (9)	7.57 (24)
25th %tile	-0.54 (79)	5.06 (61)	6.43 (75)	11.72 (67)	7.19 (34)	12.24 (23)	5.94 (26)	7.17 (40)
Median								
75th %tile								
95th %tile								
Number of Funds	170	167	167	165	160	149	130	102

*Wilcop Total Returns of Total Fund Public Sponsors Universe - Gross of Fees

General Retirement System

Performance Comparison



Trailing Returns

Periods Ended June 30, 2013

	Quarter	2 Quarters	3 Quarters	1 Year	3 Years	5 Years	10 Years	Incept Date	Incept Ret
U.S. Equity Composite									
Net of Fee Return	2.97	14.53	14.44	22.14	19.26	7.84	8.54	9/30/87	7.71
Wilshire 5000	2.77	13.97	14.08	21.10	18.45	7.19	7.95	9/30/87	8.92
Value Added	0.20	0.56	0.35	1.04	0.82	0.65	0.59	9/30/87	-1.21
Fixed Composite									
Net of Fee Return	-2.37	-2.01	-1.16	1.86	5.75	7.19	5.25	9/30/87	7.24
Barclays Aggregate	-2.32	-2.44	-2.24	-0.69	3.51	5.19	4.52	9/30/87	7.15
Value Added	-0.05	0.43	1.08	2.55	2.24	2.00	0.73	9/30/87	0.09
Non – U.S. Equity Composite									
Net of Fee Return	-2.27	1.96	6.31	14.94	10.67	-0.19	6.47	6/30/95	7.55
Policy Benchmark	-3.11	-0.04	5.80	13.63	7.99	-0.80	8.27	6/30/95	5.10
Value Added	0.84	2.00	0.51	1.31	2.68	0.60	-1.79	6/30/95	2.45
Real Estate Composite									
Net of Fee Return	-3.52	0.97	7.01	11.85	14.12			6/30/09	15.96
FTSE EPRA/NAREIT Developed RE	-3.63	2.40	8.31	14.27	15.98			6/30/09	18.17
Value Added	0.11	-1.44	-1.30	-2.42	-1.85			6/30/09	-2.22
Commodities Composite									
Net of Fee Return	-11.31							3/31/13	-11.31
DJ UBS Commodity Index	-9.44							3/31/13	-9.44
Value Added	-1.87							3/31/13	-1.87
Alternative Investments Composite									
Net of Fee Return	3.78	3.25	5.02	-2.75	3.26			6/30/10	3.26
Wilshire 5000 +2.5%	3.39	15.22	15.96	23.60	20.95			6/30/10	20.95
Value Added	0.39	-11.97	-10.94	-26.35	-17.69			6/30/10	-17.69

Performance Comparison



Trailing Returns

Periods Ended June 30, 2013

	Quarter	2 Quarters	3 Quarters	1 Year	3 Years	5 Years	10 Years	Incept Date	Incept Ret
Total Fund									
Net of Fee Return	-0.32	5.57	6.80	12.73	13.11	6.54	7.28	9/30/87	7.76
Policy Index	-0.54	5.06	6.43	11.72	12.24	5.94	7.17	9/30/87	8.53
Value Added	0.22	0.50	0.36	1.01	0.87	0.61	0.11	9/30/87	-0.77

Custom Benchmark Specification



Total Fund
June 30, 2013

	Quarter Start	Quarter End	Percent	Description
Policy Index	12/87	6/98	55.00 40.00 5.00	Wilshire 5000 Barclays Aggregate MSCI EAFE Index (N)
	9/98	9/02	50.00 40.00 10.00	Wilshire 5000 Barclays Aggregate MSCI EAFE Index (N)
	12/02	3/06	50.00 35.00 15.00	Wilshire 5000 Barclays Aggregate MSCI EAFE Index (N)
	6/06	6/06	55.00 30.00 15.00	Wilshire 5000 Barclays Aggregate MSCI EAFE Index (N)
	9/06	6/09	55.00 30.00 15.00	Wilshire 5000 Barclays Aggregate MSCI ACWI X US (N)
	9/09	3/10	50.00 30.00 15.00 5.00	Wilshire 5000 Barclays Aggregate MSCI ACWI X US (N) FTSE EPRA/NAREIT Developed RE
	6/10	12/12	45.00 15.00 30.00 5.00 5.00	Wilshire 5000 MSCI ACWI X US (N) Barclays Aggregate FTSE EPRA/NAREIT Developed RE Wilshire 5000 + 2.5%
	3/13	6/13	40.00 15.00 30.00 5.00	Wilshire 5000 MSCI ACWI X US (N) Barclays Aggregate FTSE EPRA/NAREIT Developed RE

Custom Benchmark Specification



Total Fund

June 30, 2013

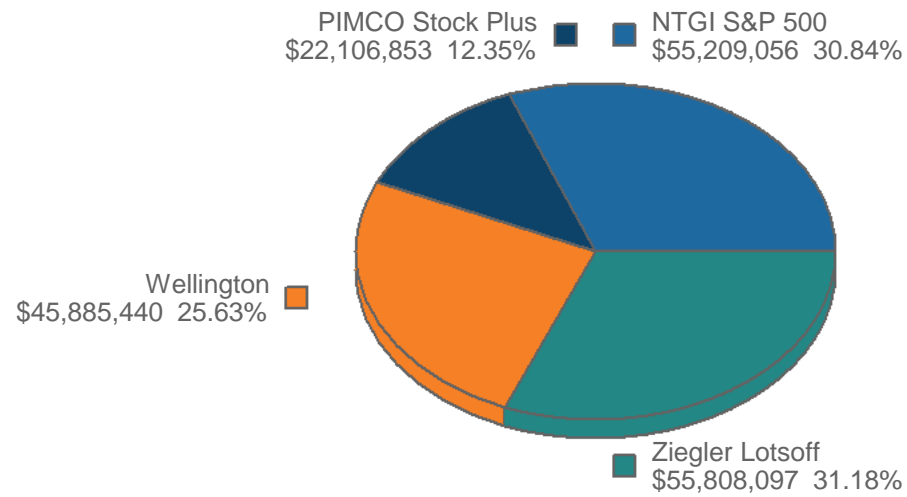
	Quarter Start	Quarter End	Percent	Description
Policy Index (cont.)			5.00	Wilshire 5000 + 2.5%
			5.00	DJ UBS Commodity Index

U.S. Equity

Manager Allocation

U.S. Equity Composite

As of June 30, 2013



Performance Comparison



Trailing Returns

Periods Ended June 30, 2013

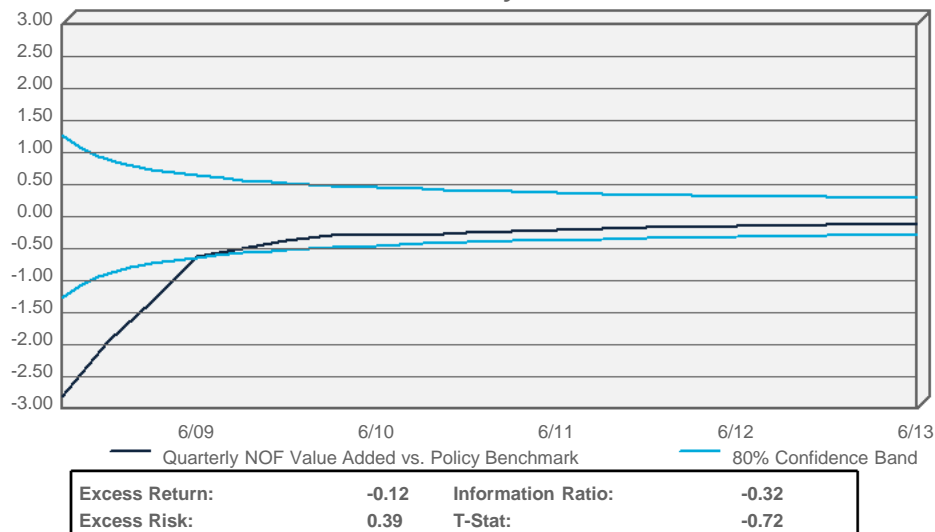
	Quarter	2 Quarters	3 Quarters	1 Year	3 Years	5 Years	10 Years	Incept Date	Incept Ret
NTGI S&P 500									
Net of Fee Return	2.89	13.81	13.38	20.58	18.43	6.87	7.47	9/30/98	5.36
Policy Benchmark	2.92	13.84	13.40	20.60	18.45	7.00	7.52	9/30/98	5.36
Value Added	-0.03	-0.02	-0.03	-0.01	-0.02	-0.13	-0.05	9/30/98	-0.00
PIMCO Stock Plus									
Net of Fee Return	2.06	13.63	13.47	23.11	20.69	8.60	7.98	9/30/00	3.52
Standard & Poor's 500	2.92	13.84	13.40	20.60	18.45	7.00	7.30	9/30/00	2.84
Value Added	-0.86	-0.21	0.07	2.52	2.24	1.59	0.68	9/30/00	0.68
Ziegler Lotsoff									
Net of Fee Return	3.09	12.64	12.07	20.19	17.66	5.50		9/30/04	5.84
Standard & Poor's 500	2.92	13.84	13.40	20.60	18.45	7.00		9/30/04	6.47
Value Added	0.17	-1.20	-1.34	-0.41	-0.79	-1.50		9/30/04	-0.63
Wellington									
Net of Fee Return	3.40	18.20	19.26	26.04	21.52	11.55	11.92	9/30/99	10.91
Russell 2000	3.09	15.86	18.00	24.20	18.67	8.77	9.53	9/30/99	7.61
Value Added	0.32	2.34	1.26	1.85	2.85	2.78	2.39	9/30/99	3.30
U.S. Equity Composite									
Net of Fee Return	2.97	14.53	14.44	22.14	19.26	7.84	8.54	9/30/87	7.71
Wilshire 5000	2.77	13.97	14.08	21.10	18.45	7.19	7.95	9/30/87	8.92
Value Added	0.20	0.56	0.35	1.04	0.82	0.65	0.59	9/30/87	-1.21

Investment Manager Analysis

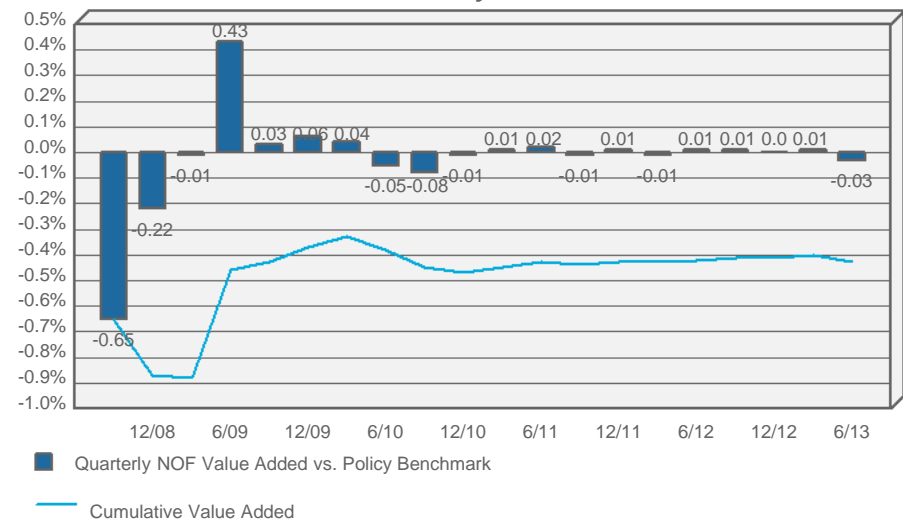
NTGI S&P 500

June 30, 2013

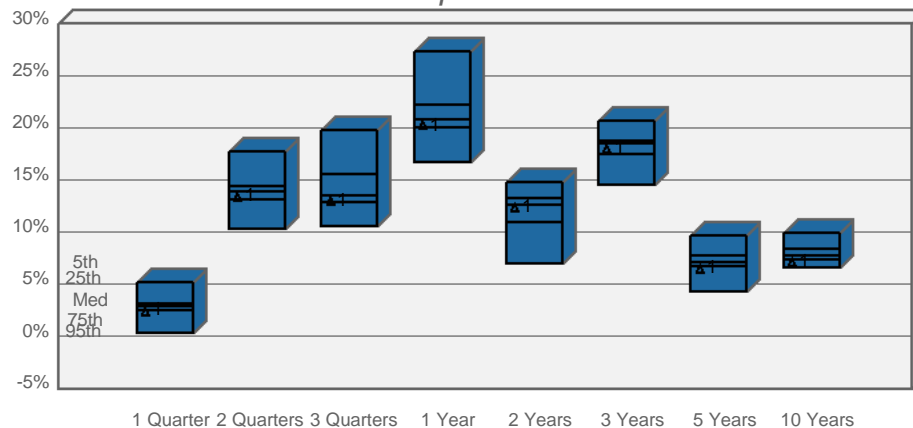
Cumulative Skill Analysis vs Benchmark



Value-Added Analysis vs Benchmark

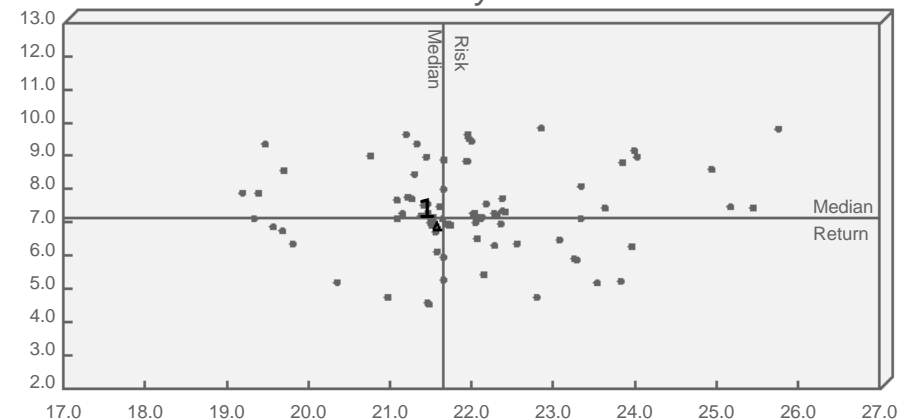


*Performance Comparison vs Peer Universe**



▲ NTGI S&P 500	2.93 (34)	13.90 (43)	13.50 (50)	20.72 (50)	12.85 (31)	18.51 (46)	6.96 (68)	7.55 (56)
1 Policy Index	2.92 (37)	13.84 (52)	13.40 (61)	20.60 (60)	12.77 (40)	18.45 (53)	7.00 (67)	7.52 (57)
Median	2.88	13.84	13.52	20.72	12.61	18.48	7.14	7.72
Number of Funds	457	452	438	423	357	316	232	99

*Five Year Risk/Return Analysis vs Peer Universe**



Description	Legend	Gross Fee Ret		Standard Deviation	
		Value	Rank	Value	Rank
NTGI S&P 500	▲	6.96	68	21.71	48
Policy Benchmark	1	7.00	67	21.52	60
Median		7.14		21.65	

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

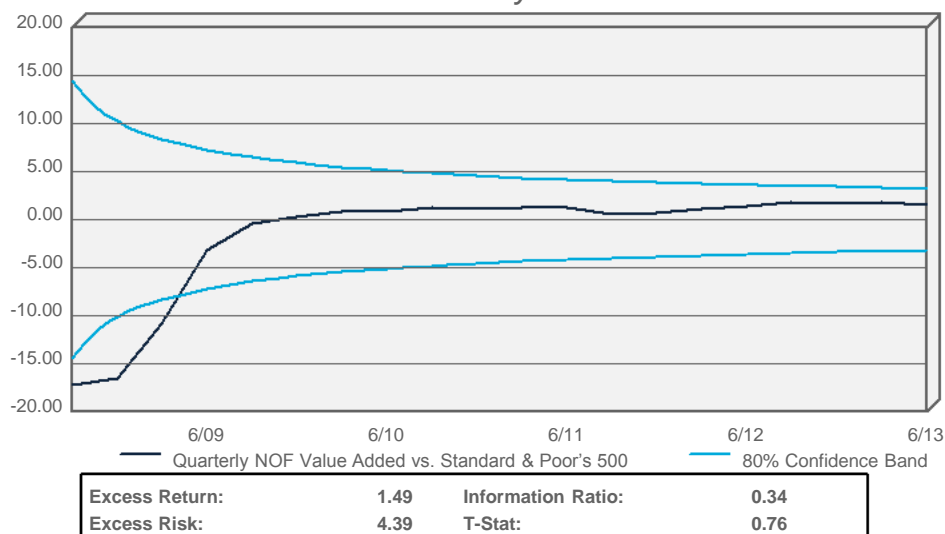
General Retirement System

Investment Manager Analysis

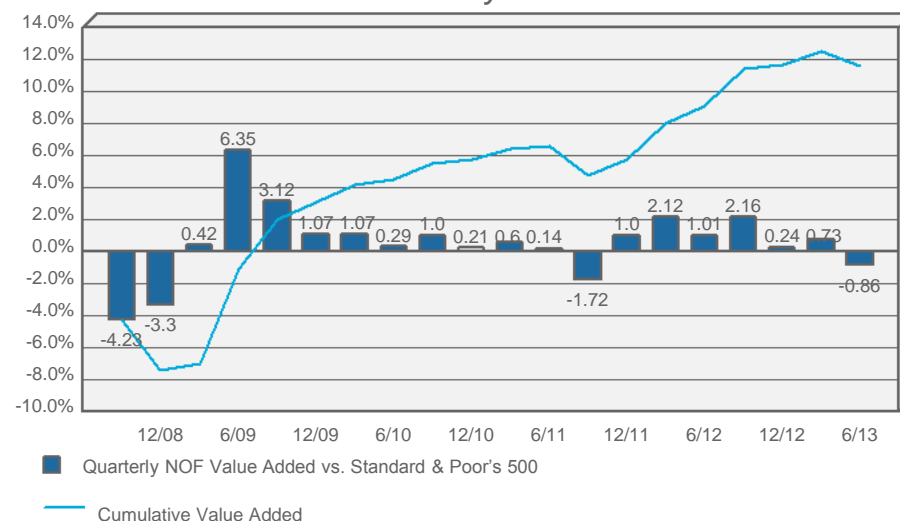
PIMCO Stock Plus

June 30, 2013

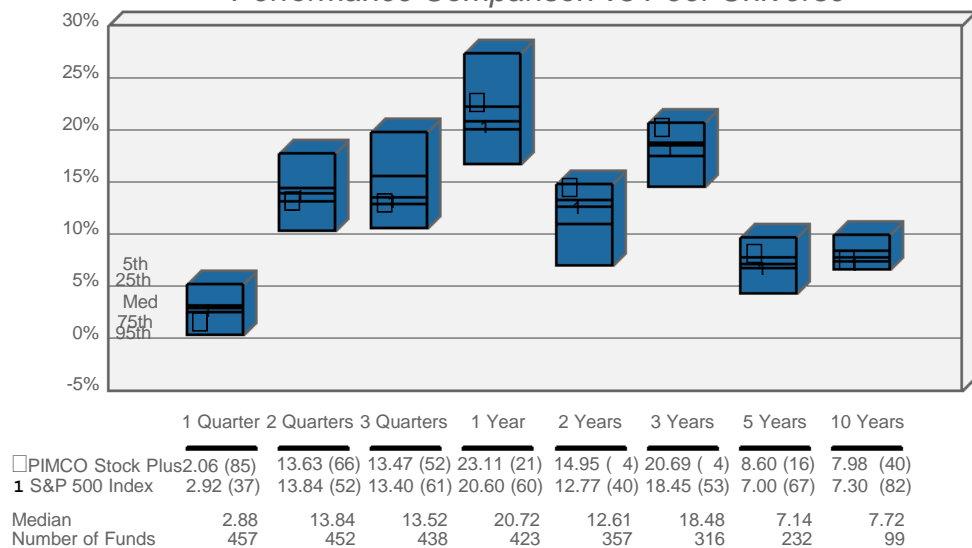
Cumulative Skill Analysis vs Benchmark



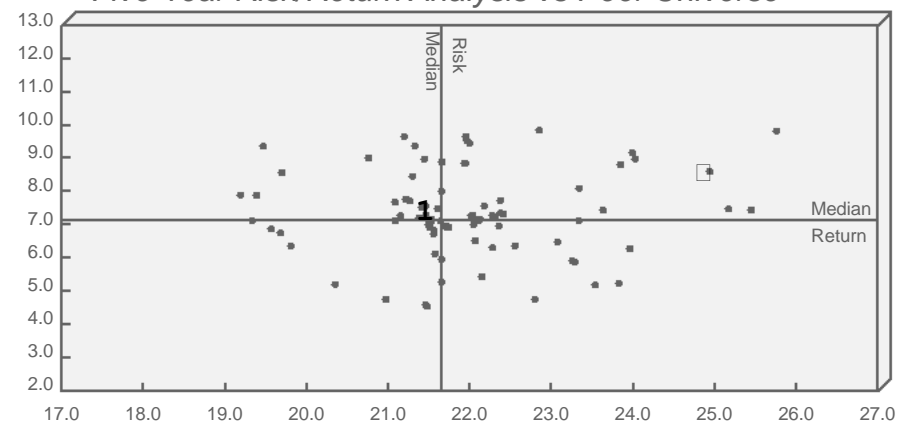
Value-Added Analysis vs Benchmark



*Performance Comparison vs Peer Universe**



*Five Year Risk/Return Analysis vs Peer Universe**



Description	Legend	Gross Fee Ret		Standard Deviation	
		Value	Rank	Value	Rank
PIMCO Stock Plus	□	8.60	16	24.94	13
Standard & Poor's 500	■	7.00	67	21.52	60
Median		7.14		21.65	

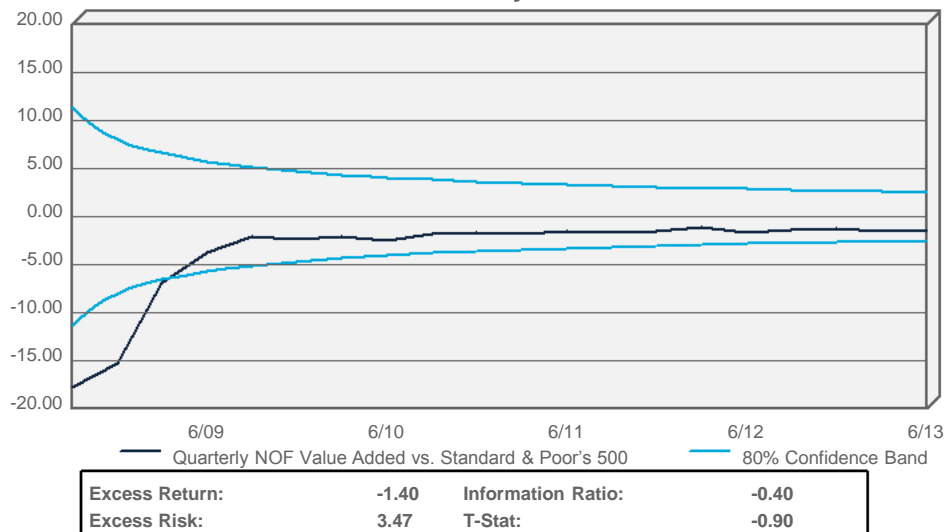
*Wilcop Total Returns of Large Neutral Equity Portfolios Universe - Gross of Fees

Investment Manager Analysis

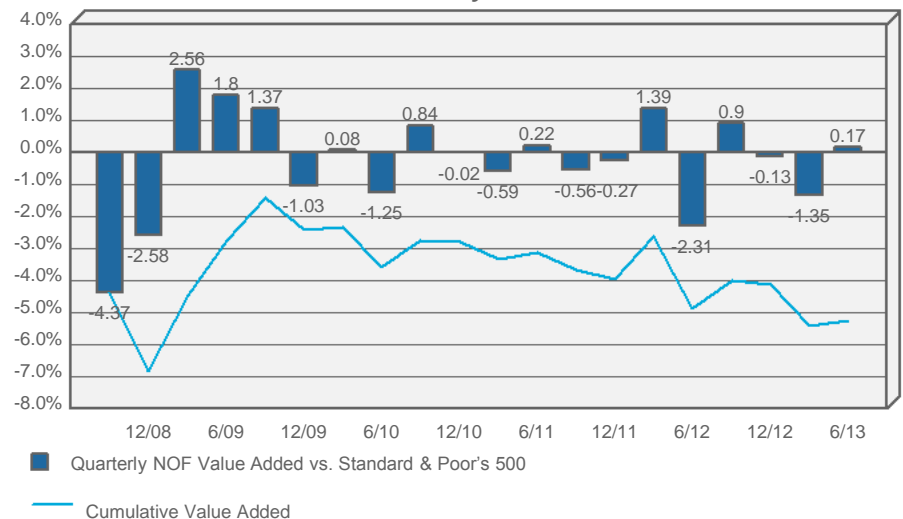
Ziegler Lotsoff

June 30, 2013

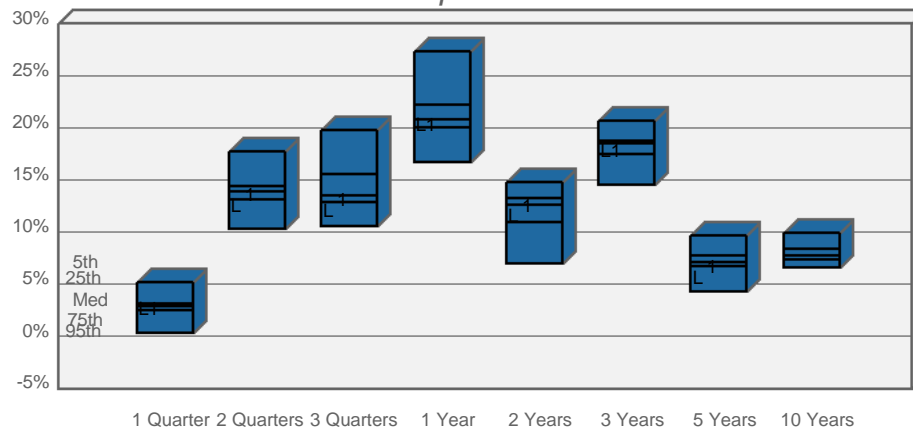
Cumulative Skill Analysis vs Benchmark



Value-Added Analysis vs Benchmark

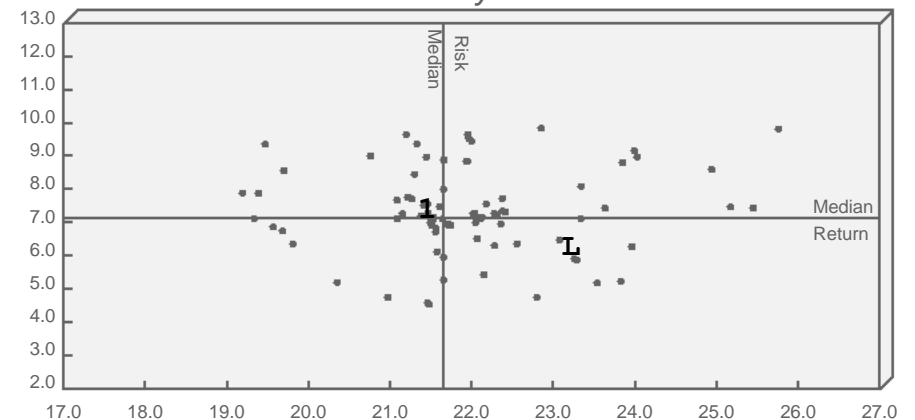


Performance Comparison vs Peer Universe*



	1 Quarter	2 Quarters	3 Quarters	1 Year	2 Years	3 Years	5 Years	10 Years
■ Ziegler Lotsoff	3.18 (23)	12.84 (77)	12.37 (78)	20.61 (58)	11.81 (70)	18.07 (69)	5.88 (84)	
■ S&P 500 Index	2.92 (37)	13.84 (52)	13.40 (61)	20.60 (60)	12.77 (40)	18.45 (53)	7.00 (67)	
Median	2.88	13.84	13.52	20.72	12.61	18.48	7.14	7.72
Number of Funds	457	452	438	423	357	316	232	99

Five Year Risk/Return Analysis vs Peer Universe*



Description	Legend	Gross Fee Ret		Standard Deviation	
		Value	Rank	Value	Rank
Ziegler Lotsoff	■	5.88	84	23.28	20
Standard & Poor's 500	■	7.00	67	21.52	60
Median		7.14		21.65	

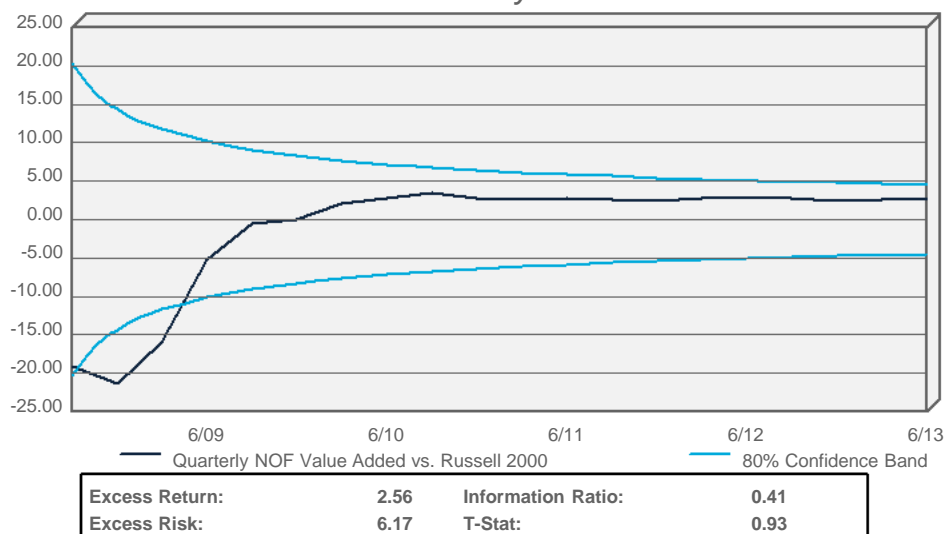
*Wilcop Total Returns of Large Neutral Equity Portfolios Universe - Gross of Fees

Investment Manager Analysis

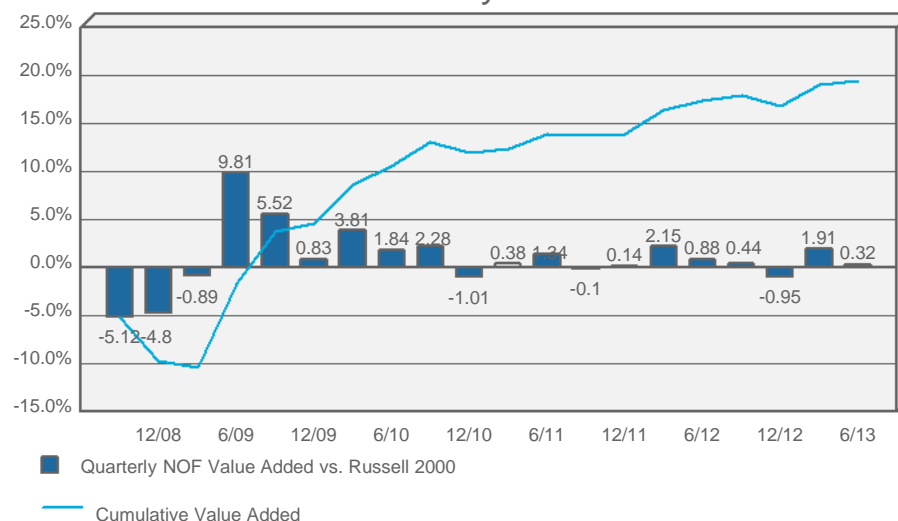
Wellington

June 30, 2013

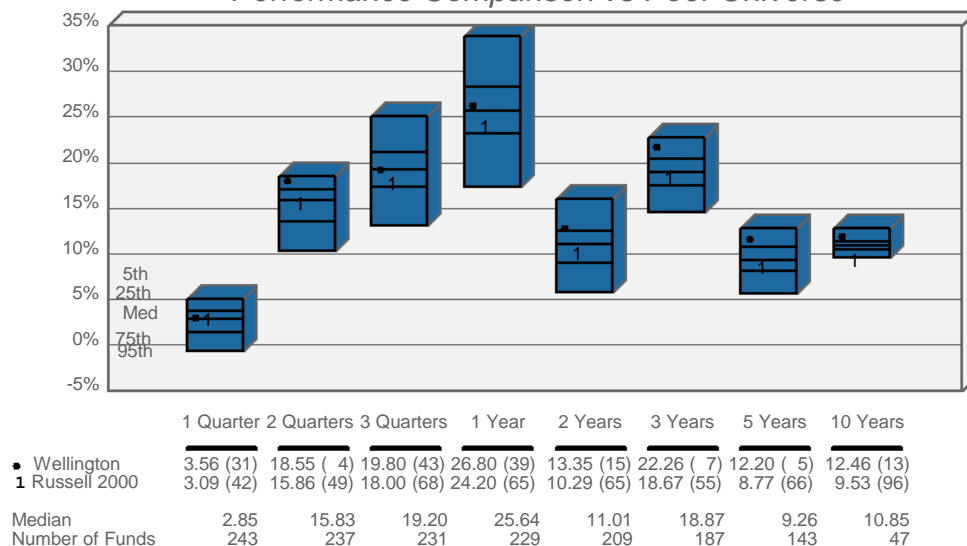
Cumulative Skill Analysis vs Benchmark



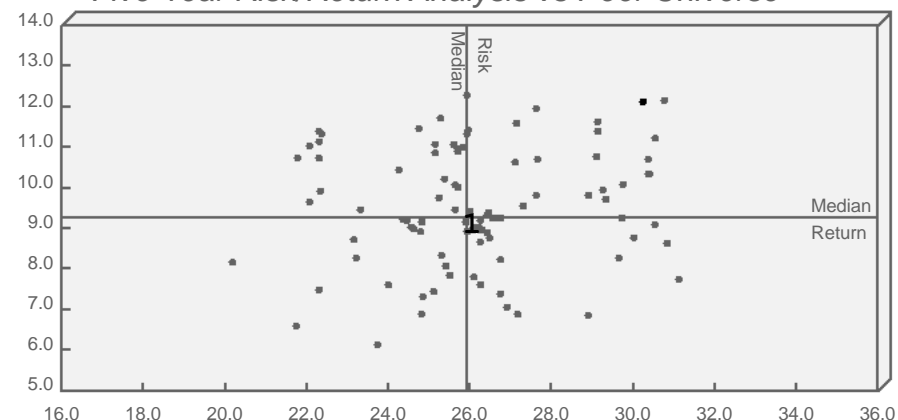
Value-Added Analysis vs Benchmark



*Performance Comparison vs Peer Universe**



*Five Year Risk/Return Analysis vs Peer Universe**



Description	Legend	Gross Fee Ret		Standard Deviation	
		Value	Rank	Value	Rank
Wellington	1	12.20	5	30.50	6
Russell 2000		8.77	66	26.18	45
Median		9.26		25.92	

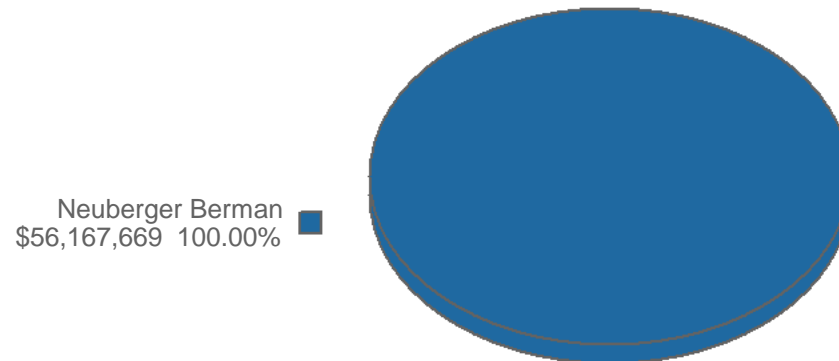
*Wilcop Total Returns of Small Neutral Equity Portfolios Universe - Gross of Fees

Non – U.S. Equity

Manager Allocation

Non – U.S. Equity Composite

As of June 30, 2013



Performance Comparison



Trailing Returns

Periods Ended June 30, 2013

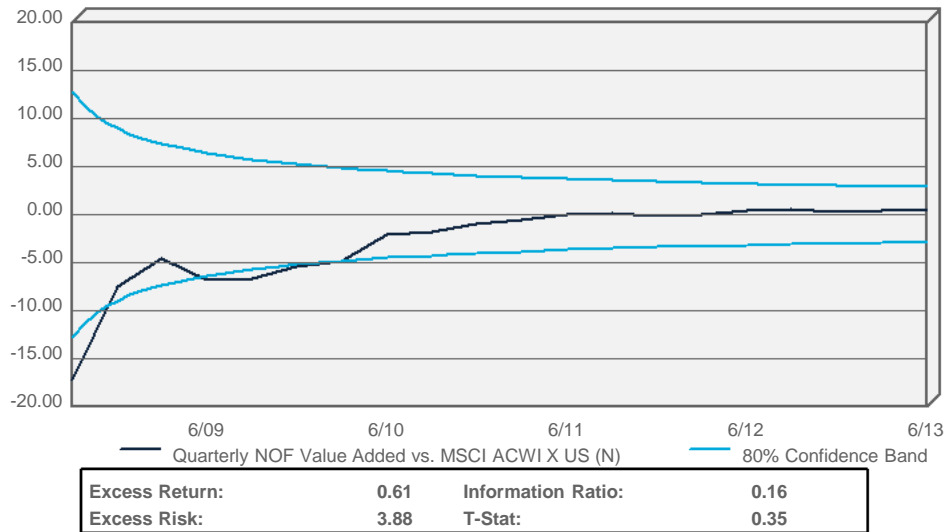
	Quarter	2 Quarters	3 Quarters	1 Year	3 Years	5 Years	10 Years	Incept Date	Incept Ret
Neuberger Berman									
Net of Fee Return	-2.27	1.96	6.31	14.94	10.67	-0.19		6/30/06	1.15
MSCI ACWI X US (N)	-3.11	-0.04	5.80	13.63	7.99	-0.80		6/30/06	2.18
Value Added	0.84	2.00	0.51	1.31	2.68	0.60		6/30/06	-1.03
Non – U.S. Equity Composite									
Net of Fee Return	-2.27	1.96	6.31	14.94	10.67	-0.19	6.47	6/30/95	7.55
Policy Benchmark	-3.11	-0.04	5.80	13.63	7.99	-0.80	8.27	6/30/95	5.10
Value Added	0.84	2.00	0.51	1.31	2.68	0.60	-1.79	6/30/95	2.45

Investment Manager Analysis

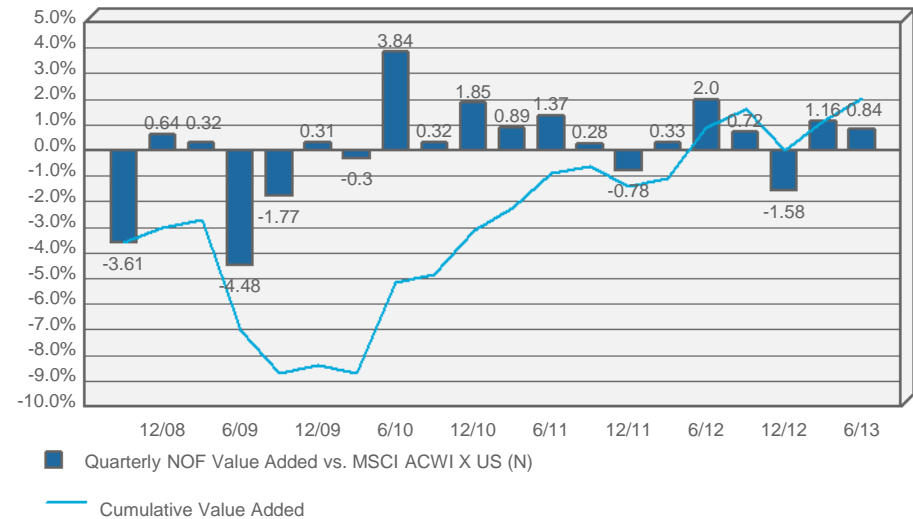
Neuberger Berman

June 30, 2013

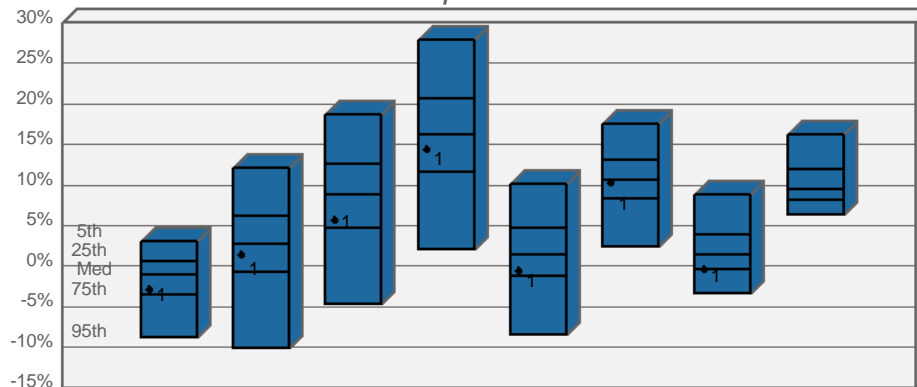
Cumulative Skill Analysis vs Benchmark



Value-Added Analysis vs Benchmark

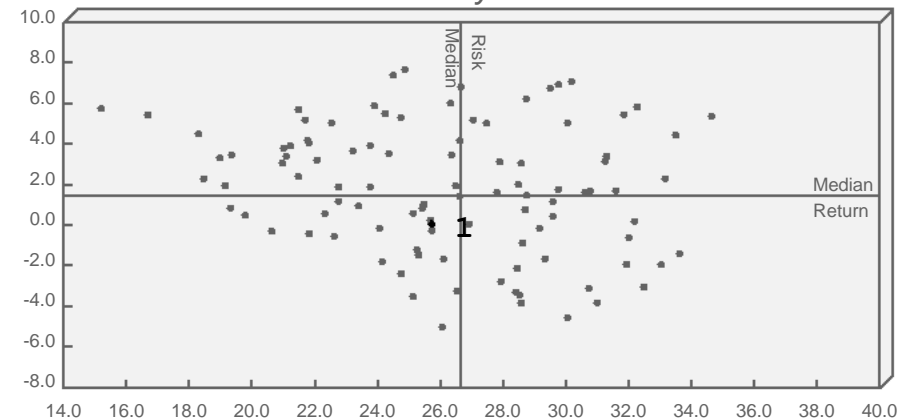


*Performance Comparison vs Peer Universe**



	1 Quarter	2 Quarters	3 Quarters	1 Year	2 Years	3 Years	5 Years	10 Years
◆ N. Berman	-2.27 (62)	1.96 (56)	6.31 (66)	14.94 (58)	0.10 (64)	10.89 (46)	0.19 (67)	
■ MSCI ACWI X	-3.11 (70)	-0.04 (70)	5.80 (70)	13.63 (66)	-1.47 (76)	7.99 (77)	-0.80 (81)	
Median	-1.15	2.61	8.80	16.24	1.38	10.57	1.45	9.51
Number of Funds	2431	2377	2309	2250	1959	1703	1163	457

*Five Year Risk/Return Analysis vs Peer Universe**



Description	Legend	Gross Fee Ret		Standard Deviation	
		Value	Rank	Value	Rank
Neuberger Berman	◆	0.19	67	26.05	58
MSCI ACWI X US (N)	■	-0.80	81	26.93	47
Median		1.45		26.64	

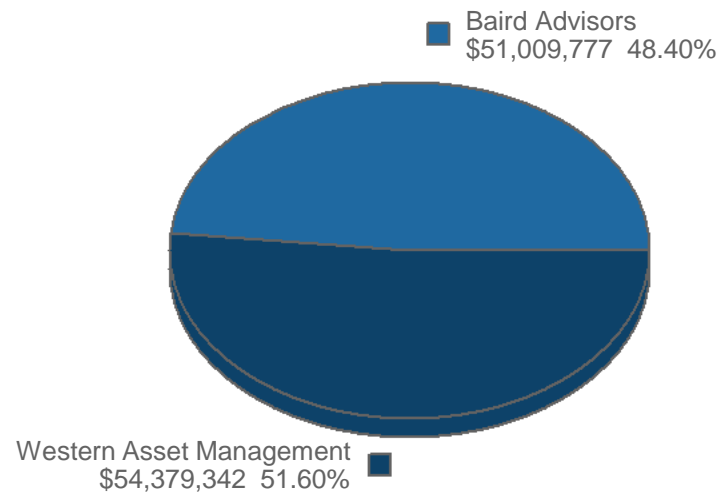
*Wilcop Total Returns of International Equity Portfolios Universe - Gross of Fees

Fixed Income

Manager Allocation

Fixed Income Composite

As of June 30, 2013



Performance Comparison



Trailing Returns

Periods Ended June 30, 2013

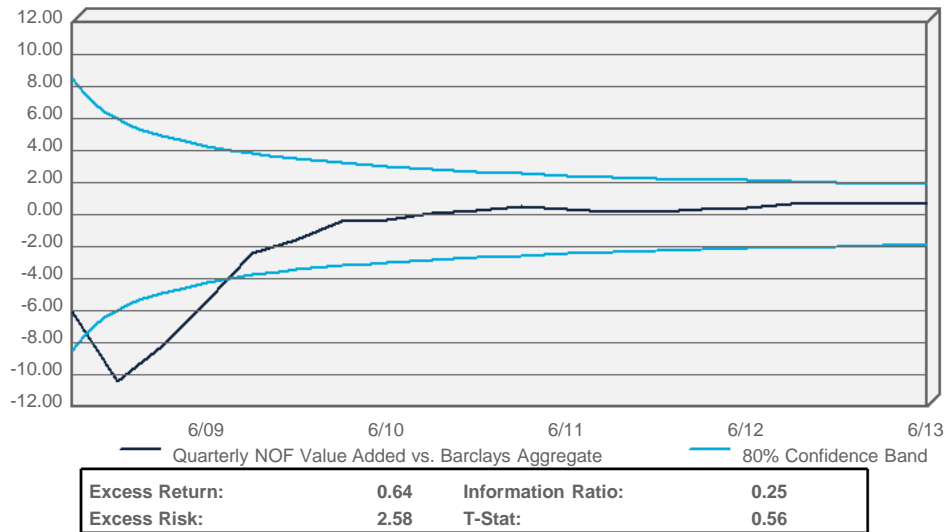
	Quarter	2 Quarters	3 Quarters	1 Year	3 Years	5 Years	10 Years	Incept Date	Incept Ret
Baird Advisors									
Net of Fee Return	-2.24	-2.21	-1.69	0.91	4.84	5.87	4.81	3/31/03	4.94
Barclays Aggregate	-2.32	-2.44	-2.24	-0.69	3.51	5.19	4.52	3/31/03	4.66
Value Added	0.09	0.23	0.55	1.60	1.33	0.68	0.29	3/31/03	0.28
Western Asset Management									
Net of Fee Return	-2.50	-1.82	-0.65	2.77	6.57	8.31		3/31/04	5.52
Barclays Aggregate	-2.32	-2.44	-2.24	-0.69	3.51	5.19		3/31/04	4.58
Value Added	-0.18	0.62	1.58	3.46	3.06	3.12		3/31/04	0.94
Fixed Composite									
Net of Fee Return	-2.37	-2.01	-1.16	1.86	5.75	7.19	5.25	9/30/87	7.24
Barclays Aggregate	-2.32	-2.44	-2.24	-0.69	3.51	5.19	4.52	9/30/87	7.15
Value Added	-0.05	0.43	1.08	2.55	2.24	2.00	0.73	9/30/87	0.09

Investment Manager Analysis

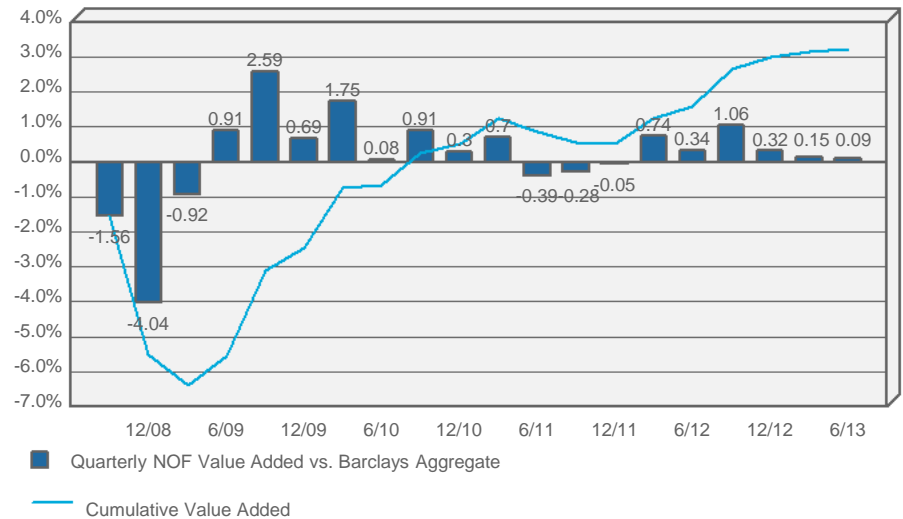
Baird Advisors

June 30, 2013

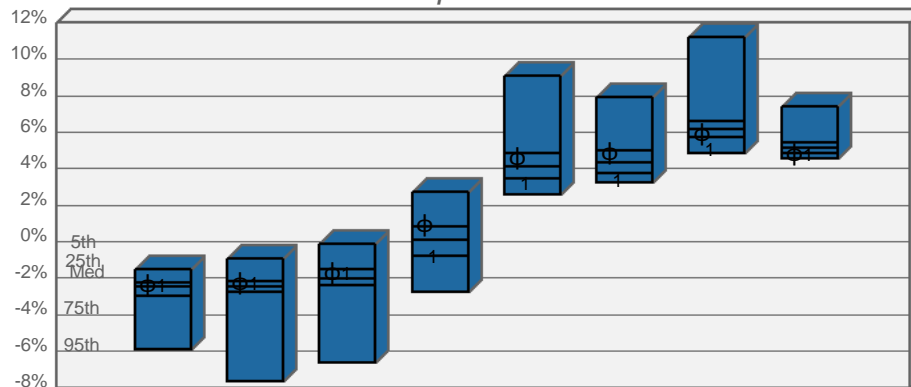
Cumulative Skill Analysis vs Benchmark



Value-Added Analysis vs Benchmark

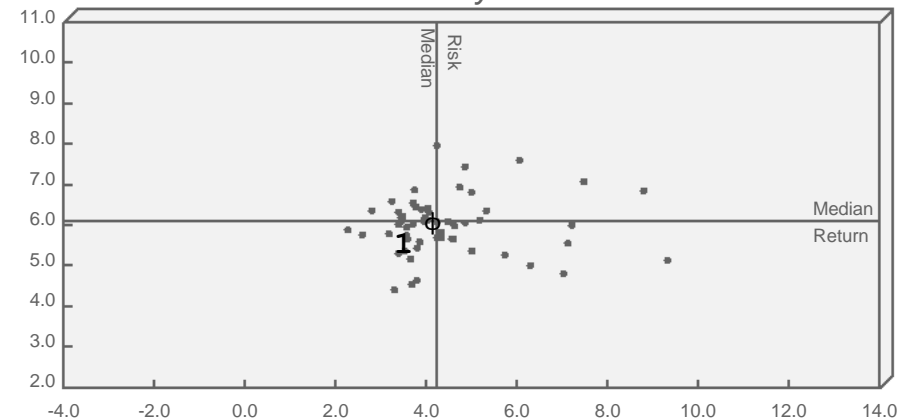


*Performance Comparison vs Peer Universe**



	1 Quarter	2 Quarters	3 Quarters	1 Year	2 Years	3 Years	5 Years	10 Years
Φ Baird Advisors	-2.19 (19)	-2.11 (23)	-1.53 (24)	1.12 (19)	4.75 (28)	5.06 (22)	6.08 (51)	4.99 (55)
I B. Aggregate	-2.32 (30)	-2.44 (44)	-2.24 (64)	-0.69 (71)	3.31 (84)	3.51 (87)	5.19 (89)	4.52 (96)
Median	-2.45	-2.48	-2.01	0.05	4.07	4.32	6.11	5.11
Number of Funds	128	128	122	117	98	85	62	40

*Five Year Risk/Return Analysis vs Peer Universe**



Description	Legend	Gross Fee Ret		Standard Deviation	
		Value	Rank	Value	Rank
Baird Advisors	Φ	6.08	51	4.27	48
Barclays Aggregate	I	5.19	89	3.61	75
Median		6.11		4.22	

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

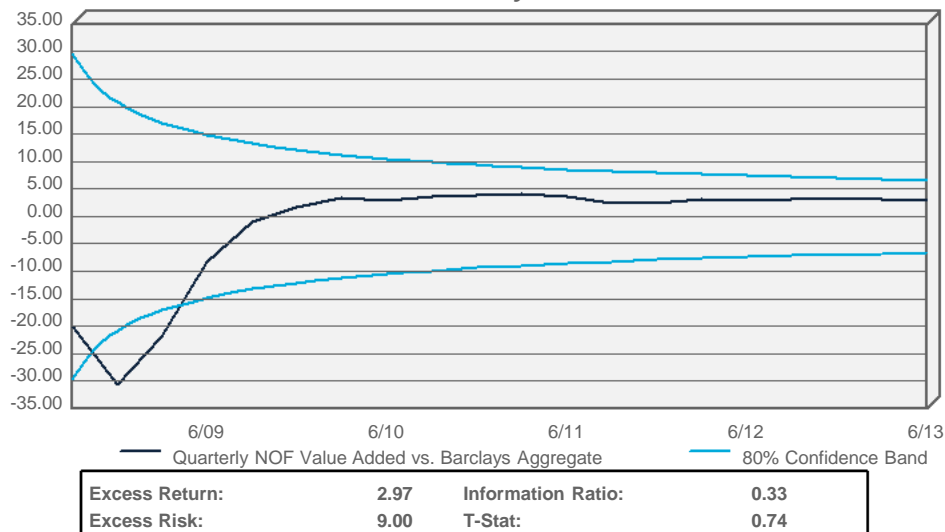
Investment Manager Analysis



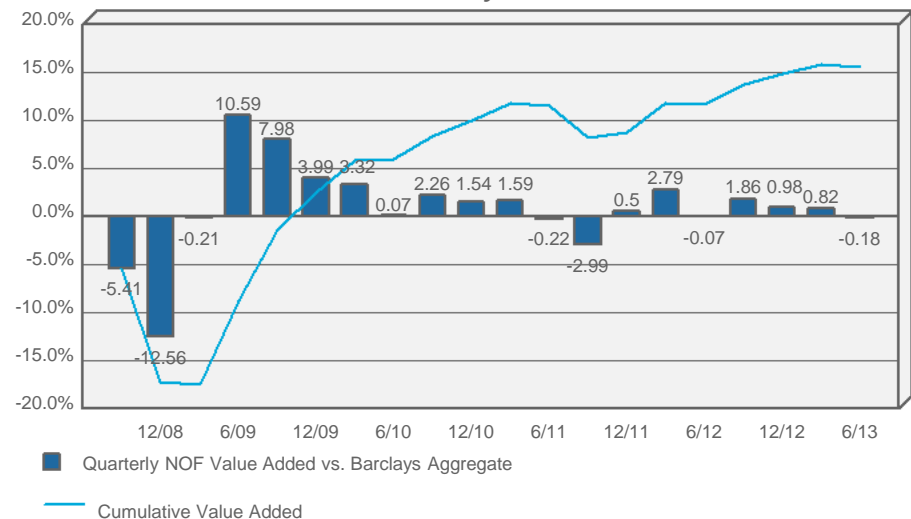
Western Asset Management

June 30, 2013

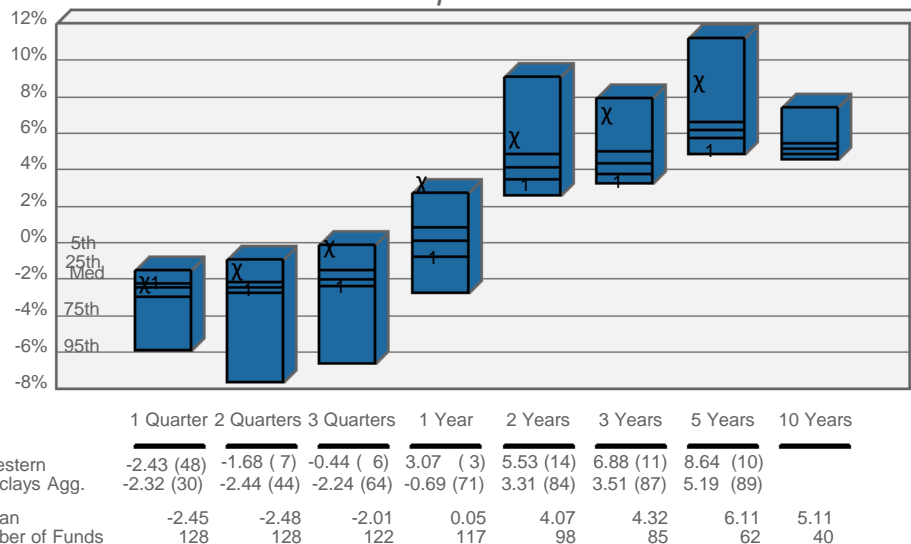
Cumulative Skill Analysis vs Benchmark



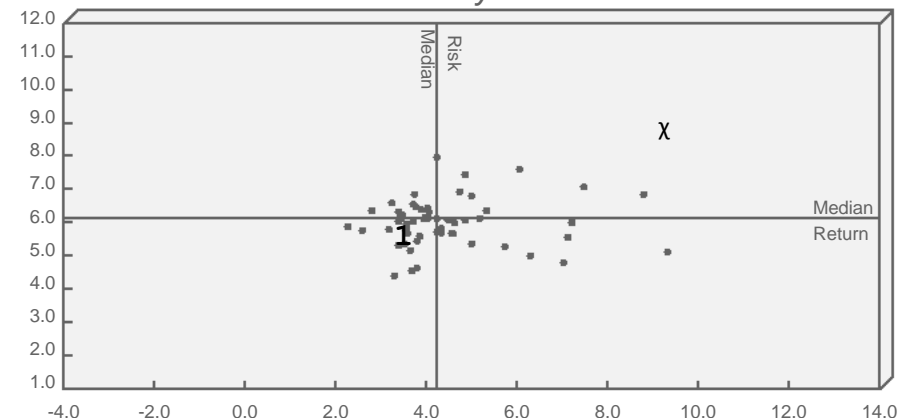
Value-Added Analysis vs Benchmark



Performance Comparison vs Peer Universe*



Five Year Risk/Return Analysis vs Peer Universe*



Description	Legend	Gross Fee Ret		Standard Deviation	
		Value	Rank	Value	Rank
Western Asset Management	X	8.64	10	9.44	10
Barclays Aggregate	1	5.19	89	3.61	75
Median		6.11		4.22	

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

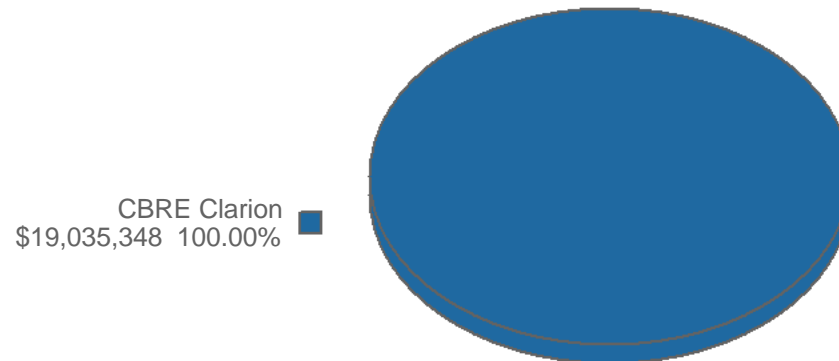
General Retirement System

Real Estate

Manager Allocation

Real Estate Composite

As of June 30, 2013



Performance Comparison



Trailing Returns

Periods Ended June 30, 2013

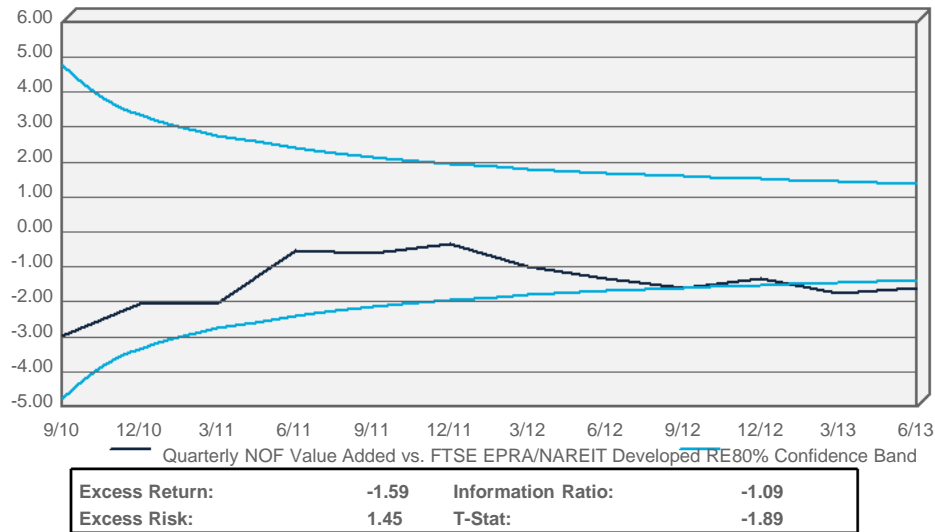
	Quarter	2 Quarters	3 Quarters	1 Year	3 Years	5 Years	10 Years	Incept Date	Incept Ret
CBRE Clarion									
Net of Fee Return	-3.52	0.97	7.04	11.89	14.14			6/30/09	15.96
FTSE EPRA/NAREIT Developed RE	-3.63	2.40	8.31	14.27	15.98			6/30/09	18.17
Value Added	0.11	-1.44	-1.27	-2.39	-1.84			6/30/09	-2.21
Real Estate Composite									
Net of Fee Return	-3.52	0.97	7.01	11.85	14.12			6/30/09	15.96
FTSE EPRA/NAREIT Developed RE	-3.63	2.40	8.31	14.27	15.98			6/30/09	18.17
Value Added	0.11	-1.44	-1.30	-2.42	-1.85			6/30/09	-2.22

Investment Manager Analysis

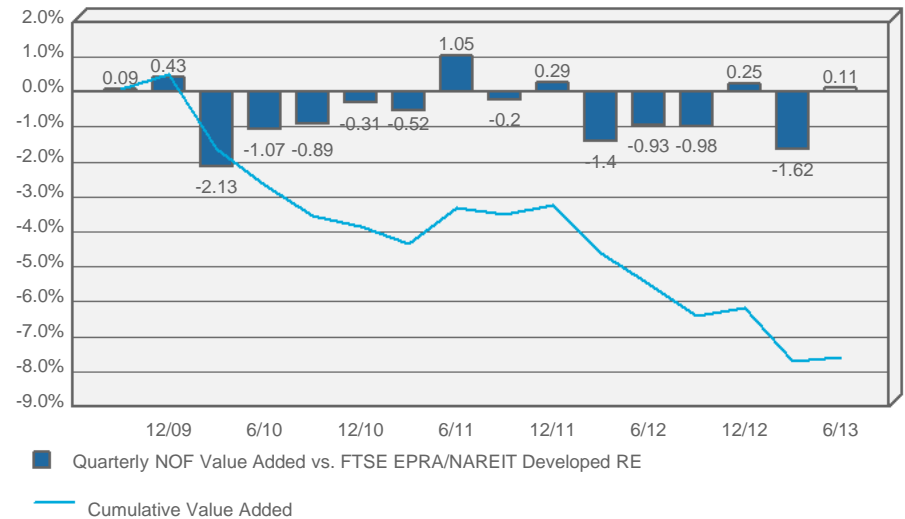
CBRE Clarion

June 30, 2013

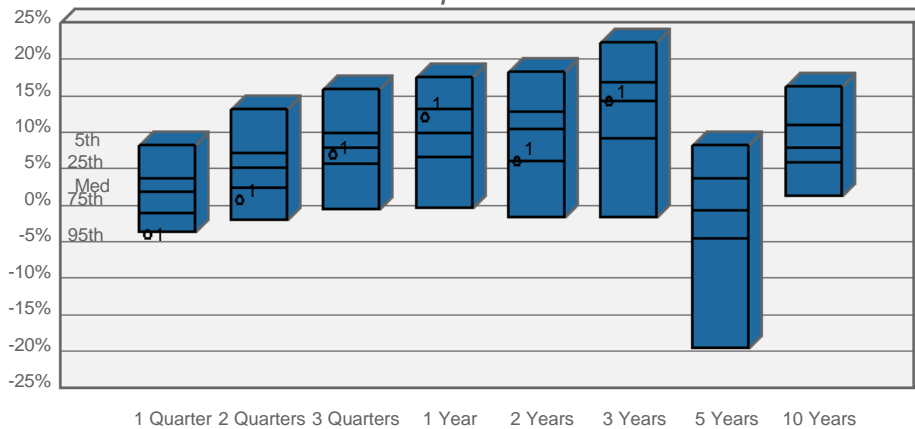
Cumulative Skill Analysis vs Benchmark



Value-Added Analysis vs Benchmark

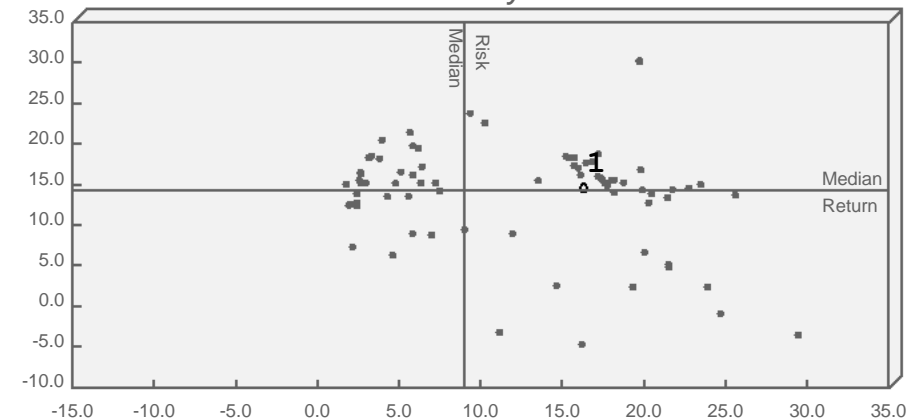


*Performance Comparison vs Peer Universe**



	1 Quarter	2 Quarters	3 Quarters	1 Year	2 Years	3 Years	5 Years	10 Years
CBRE Clarion	-3.35 (91)	1.33 (81)	7.62 (54)	12.69 (27)	6.75 (71)	14.97 (45)		
FTSE EPRA/NAREIT	-3.63 (93)	2.40 (74)	8.31 (41)	14.27 (19)	8.15 (64)	15.98 (30)		
Median	1.77	5.05	7.82	9.81	10.39	14.25	-0.83	7.79
Number of Funds	852	810	767	722	658	588	419	111

*Three Year Risk/Return Analysis vs Peer Universe**



Description	Legend	Gross Fee Ret		Standard Deviation	
		Value	Rank	Value	Rank
CBRE Clarion	1	14.97	45	16.92	23
FTSE EPRA/NAREIT		15.98	30	17.39	21
Median		14.25		8.99	

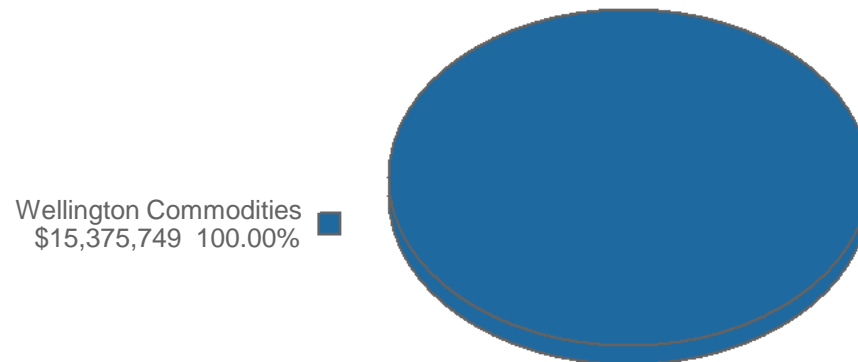
*Wilcop Total Returns of Real Estate Portfolios Universe - Gross of Fees

Commodities

Manager Allocation

Commodities Composite

As of June 30, 2013



Performance Comparison



Trailing Returns

Periods Ended June 30, 2013

	Quarter	2 Quarters	3 Quarters	1 Year	3 Years	5 Years	Since 6/30/10	Incept Date	Incept Ret
Wellington Commodities									
Net of Fee Return	-11.31							3/31/13	-11.31
DJ UBS Commodity Index	-9.44							3/31/13	-9.44
Value Added	-1.87								-1.87
Commodities Composite									
Net of Fee Return	-11.31							3/31/13	-11.31
DJ UBS Commodity Index	-9.44							3/31/13	-9.44
Value Added	-1.87								-1.87

Private Equity

Investment Manager Performance



Private Partnerships

As of June 30, 2013

Partnership	Commitment Value	Inception Date	Capital Called Amount	%	Capital Distributed Amount	%	Fair Value	Total Value / Paid-In Capital ¹	Annualized IRR
Adams Street Direct 2010 Fund	\$500,000	April 27, 2010	\$269,736	54%	\$0	0%	\$295,483	1.10	5.06%
Adams Street Non-US Dev. 2010 Fund	\$1,500,000	April 27, 2010	\$507,805	34%	\$43,228	3%	\$487,875	1.05	3.55%
Adams Street Non-US EM 2010 Fund	\$500,000	January 3, 2011	\$127,000	25%	\$0	0%	\$110,275	0.87	-12.61%
Adams Street US 2010 Fund	\$2,500,000	April 27, 2010	\$893,008	36%	\$104,933	4%	\$955,775	1.19	11.20%
Flag Global Partners	\$5,000,000	January 17, 2012	\$950,000	19%	\$0	0%	\$849,055	0.89	-9.48%
Alternative Investments Composite	\$10,000,000	April 27, 2010	\$2,747,549	27%	\$148,161	1%	\$2,698,463	1.04	2.63%

¹ TVPI = Fair Value + Capital Distributed / Capital Called

Capital Market Review

U.S. Equity

The U.S. stock market posted a total return of 2.8% during the second quarter. The market's quarterly rise was realized despite a down month in June, its first monthly loss since October 2012. The past six months mark the best first half of a calendar year since 1998. Small cap stocks outperformed large caps during the first half. Value outperformed growth within the large cap space. However, the heightened interest-rate sensitivity of small cap value stocks led to these issues underperforming small-cap growth equities.

The best-performing economic sectors in the second quarter reflect stronger consumer sentiment and increased spending; Consumer Discretionary, Financial and Health Care stocks led other sectors.

U.S. real interest rates spiked during the quarter as investors attempted to parse Fed-speak and quickly repriced a higher probability of the Fed tapering its quantitative easing programs later this year. Leaving economic impacts aside, the markets' reaction to Chairman Bernanke's comments reveals just how challenging is the Fed's ultimate task of executing a well-timed and smooth exit from the current unprecedented levels of monetary stimulus.

Non-U.S. Equity

The second quarter of 2013 found the European Union still struggling with political uncertainty in Greece as well as lackluster economic expansion and/or recession throughout the region. The announced upcoming wind-down of the U.S. Fed's long-lived programs of accommodative lending sent markets reeling worldwide. Japan's 2013 rally plunged into a volatile bear run after the Nikkei hit a five-year high on May 22; however, Japanese stocks remain among the strongest performers this year. Emerging markets stocks continued to find performance held back by concerns of China's slowing domestic economy while political unrest in Brazil and Turkey late in the quarter weighed on the markets.

Fixed Income

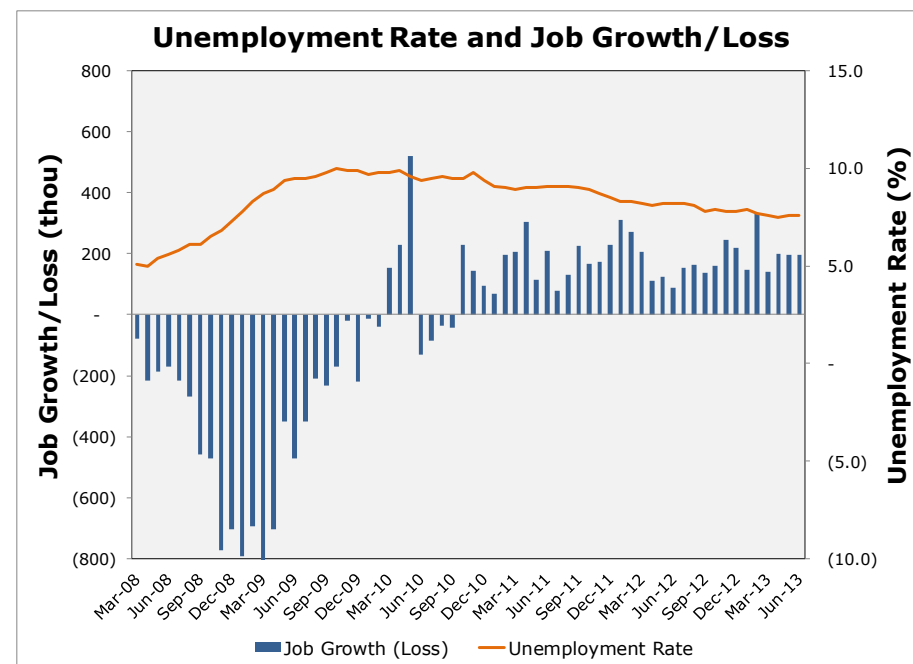
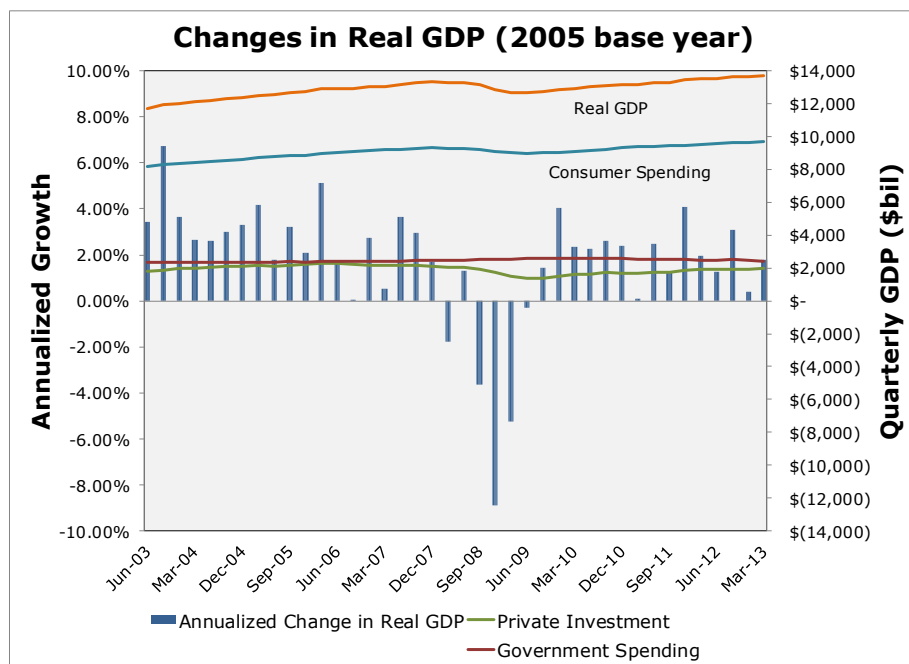
Bond yields drifted lower in April, with the bellwether 10-year U.S. Treasury hitting a near-term low of 1.66% on May 1. Subsequently, yields climbed sharply higher, with the 10-year closing the quarter at 2.52%, fully 65 basis points higher than its March 28 close. With the end of the Fed's "easy money" policy in sight, interest rate-sensitive assets in general suffered losses. Non-U.S. fixed income performed roughly on par with U.S.-based paper.

Asset Class Assumptions Update

	Total Return (%)			Risk (%)
	2013 ACA	Q2 2013	Change vs YE	2013 ACA
<u>Investment Categories:</u>				
U.S. Stocks	7.75	7.25	(0.50)	17.00
Dev ex-U.S. Stocks	7.75	7.25	(0.50)	18.00
Emerging Mkt Stocks	7.75	7.25	(0.50)	26.00
Global Stocks	8.00	7.50	(0.50)	17.30
Private Markets	10.75	10.45	(0.30)	27.50
Cash Equivalents	1.55	1.30	(0.25)	1.25
Core Bonds	3.25	3.75	0.50	5.00
LT Core Bonds	3.10	4.35	1.25	10.00
TIPS	2.60	3.40	0.80	6.00
High Yield Bonds	5.15	5.35	0.20	10.00
Non-U.S. Bonds (Hdg)	2.90	3.40	0.50	3.50
U.S. RE Securities	5.30	4.90	(0.40)	15.00
Private Real Estate	6.05	5.65	(0.40)	12.25
Commodities	4.55	4.05	(0.50)	13.00
Real Asset Basket	6.35	6.15	(0.20)	7.75
Inflation:	2.55	2.05	(0.50)	1.75
<u>Returns minus Inflation:</u>				
U.S. Stocks	5.20	5.20	-	
U.S. Bonds	0.70	1.70	1.00	
Cash Equivalents	(1.00)	(0.75)	0.25	
<u>Stocks minus Bonds:</u>	4.50	3.50	(1.00)	
<u>Bonds minus Cash:</u>	1.70	2.45	0.75	

June 30, 2013		Key Economic Indicators			
CPI (all items) Seasonally adjusted	Monthly Change		Cumulative Change		
	Jun-13	0.5	3-Month	0.3	
	May-13	0.1	12-Month	1.8	
	Apr-13	-0.4	10-Yr Annual	2.4	
Breakeven Inflation	10-Year	2.0			
Consumer Sentiment Unv. of Michigan Survey	Jun-13	84.1			
	May-13	84.5			
	1-Yr Ago	73.2	10-Yr Avg	78.7	
Manufacturing Inst. for Supply Mgmt Purchasing Mngrs' Idx	Jun-13	50.9	Change in Manufacturing Sector		
	May-13	49.0	>50	Expansion	
	1-Yr Avg	51.2	<50	Contraction	

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

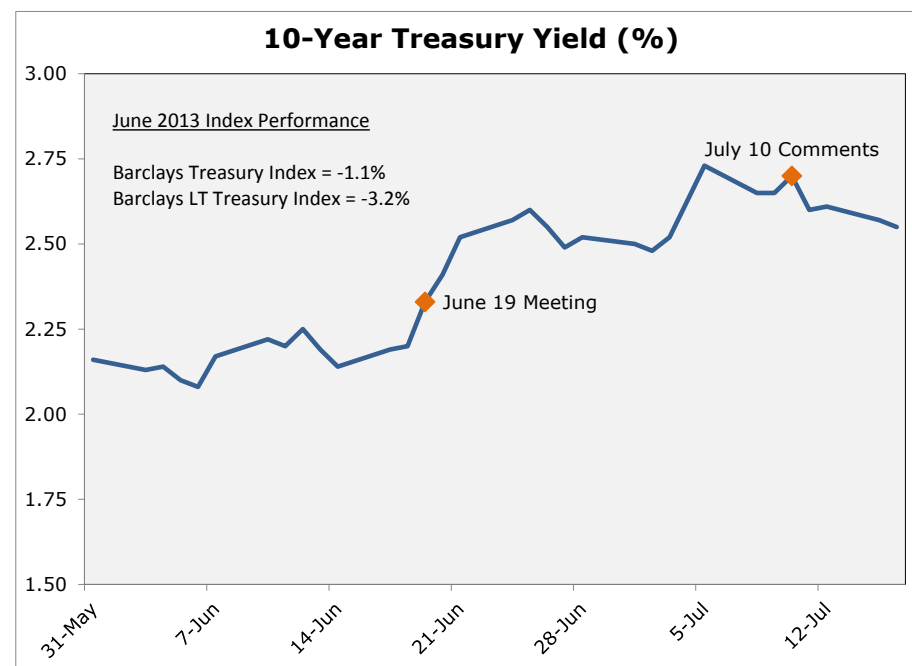


Data sources: Bureau of Economic Analysis, Bureau of Labor Statistics, Federal Reserve Bank of St. Louis, Barclays Capital

- Excerpt from Chairman Bernanke's press conference:

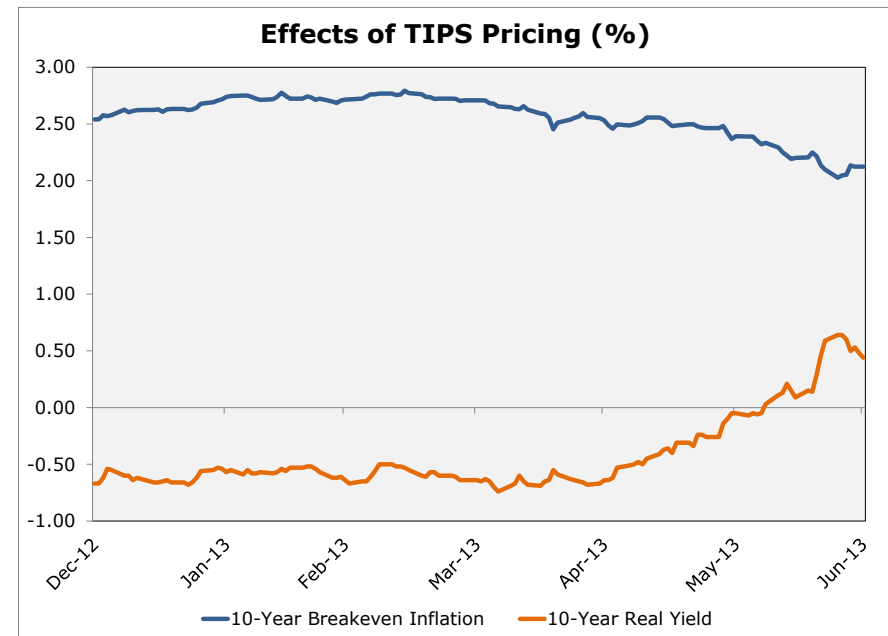
"If the incoming data are broadly consistent with this forecast [of moderate, improving growth], the Committee...anticipates that it would be appropriate to moderate the monthly pace of purchases later this year...ending purchases around midyear [2014]."
- Yields responded quickly with the 10-Year Treasury rate up 40 bps in 5 days
- Equity investors reacted as well, with the equity market down -4.8% in 4 days
- Investors found reassurance in Bernanke's comments of July 10th:

"Highly accommodative monetary policy for the foreseeable future is what's needed"
- Global equities experienced a mini-rally and the 10-Year ticked lower



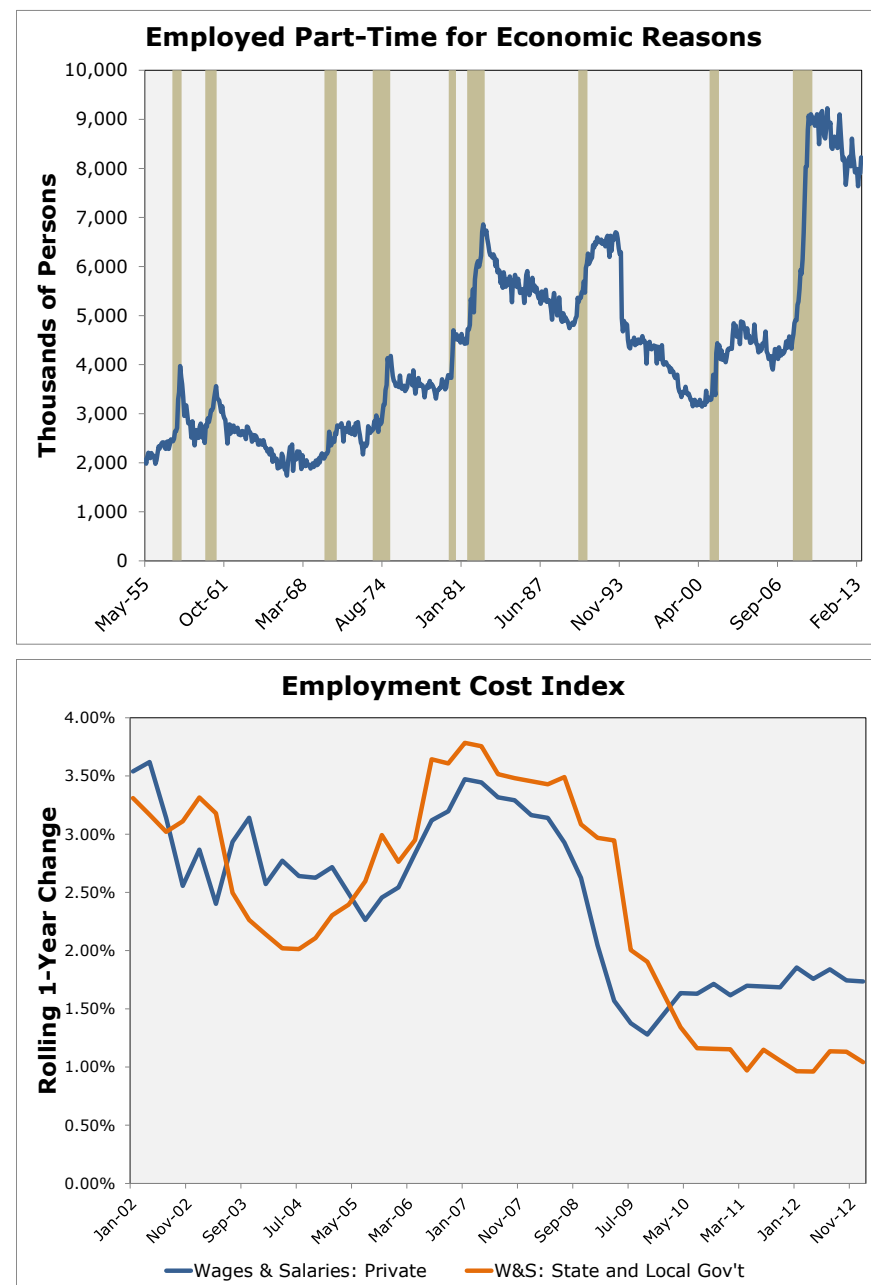
Source: Federal Reserve, U.S. Department of Treasury, Barclays Capital

- Inflation expectations remain subdued as investors don't seem to think moderate growth will lead to higher inflation
- Breakeven inflation was on the decline for most of the quarter
- Real yields have moved dramatically higher along with nominal yields
- Commodity prices have suffered
 - Global economic growth is below the long-term trend
 - Gold prices were down -23% for the quarter
 - DJUBS Commodity Index down -10% for 2013



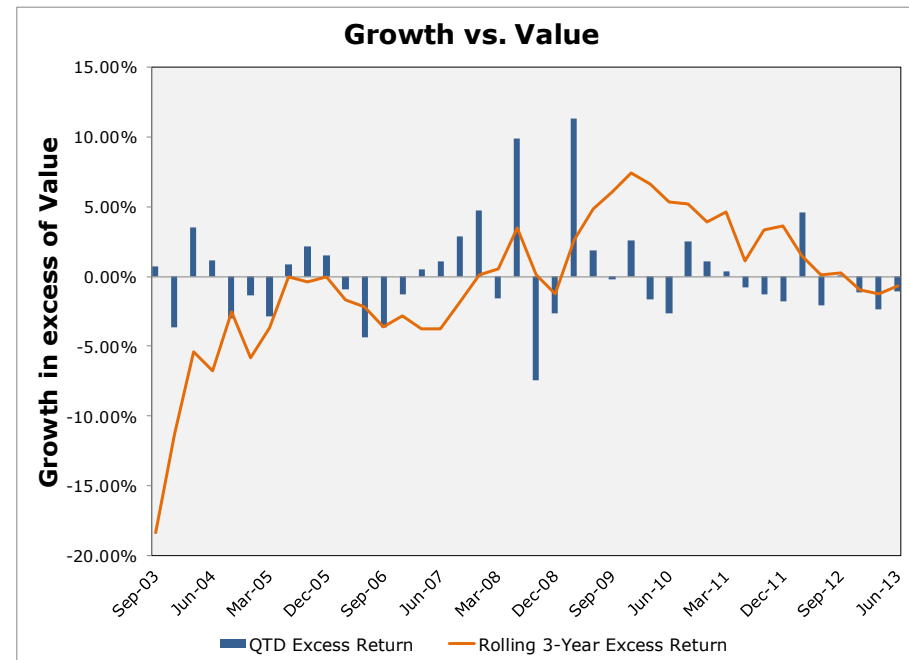
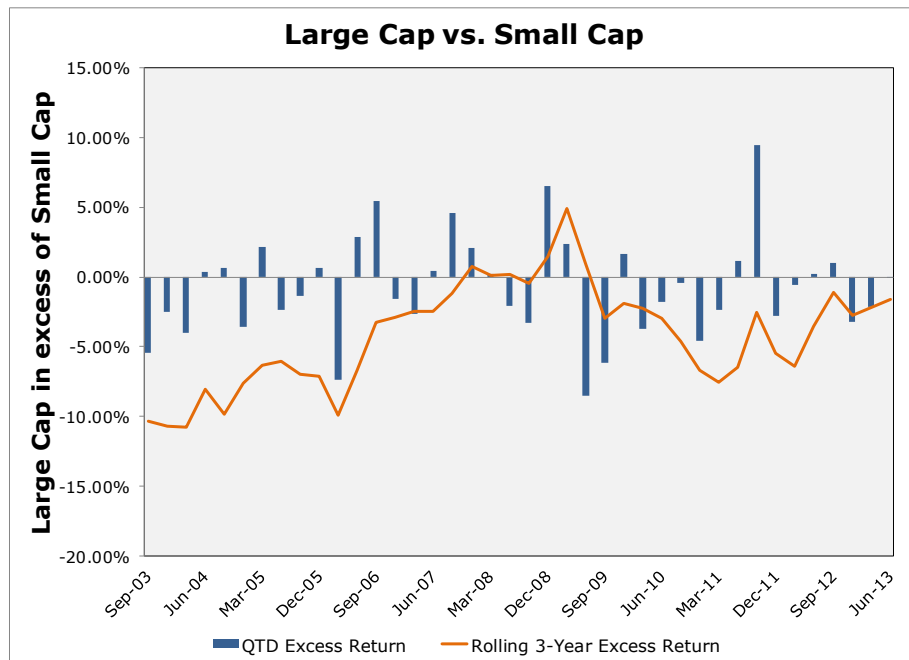
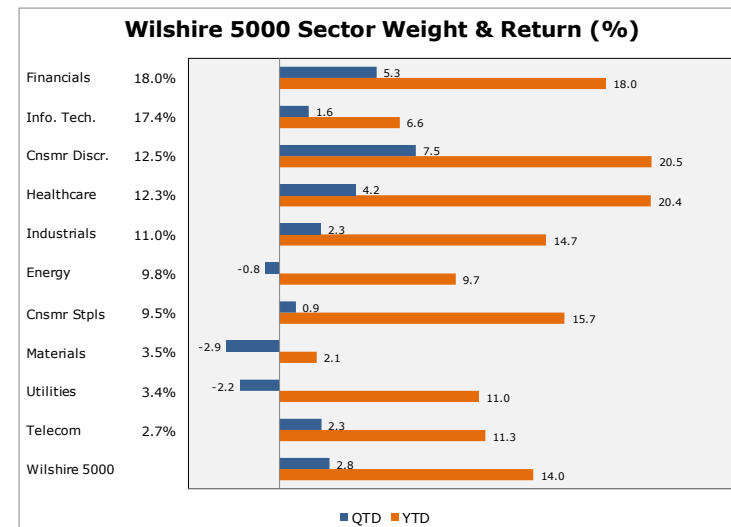
- Employed part-time for economic reasons are those individuals who are unable to find full-time employment
- While this number typically increases during recession (shaded areas), the recent rise was far more dramatic as the number doubled
- Poor job growth has led to stagnant wage growth
- Government, in aggregate, continues to shed jobs

Source: Bureau of Labor Statistics



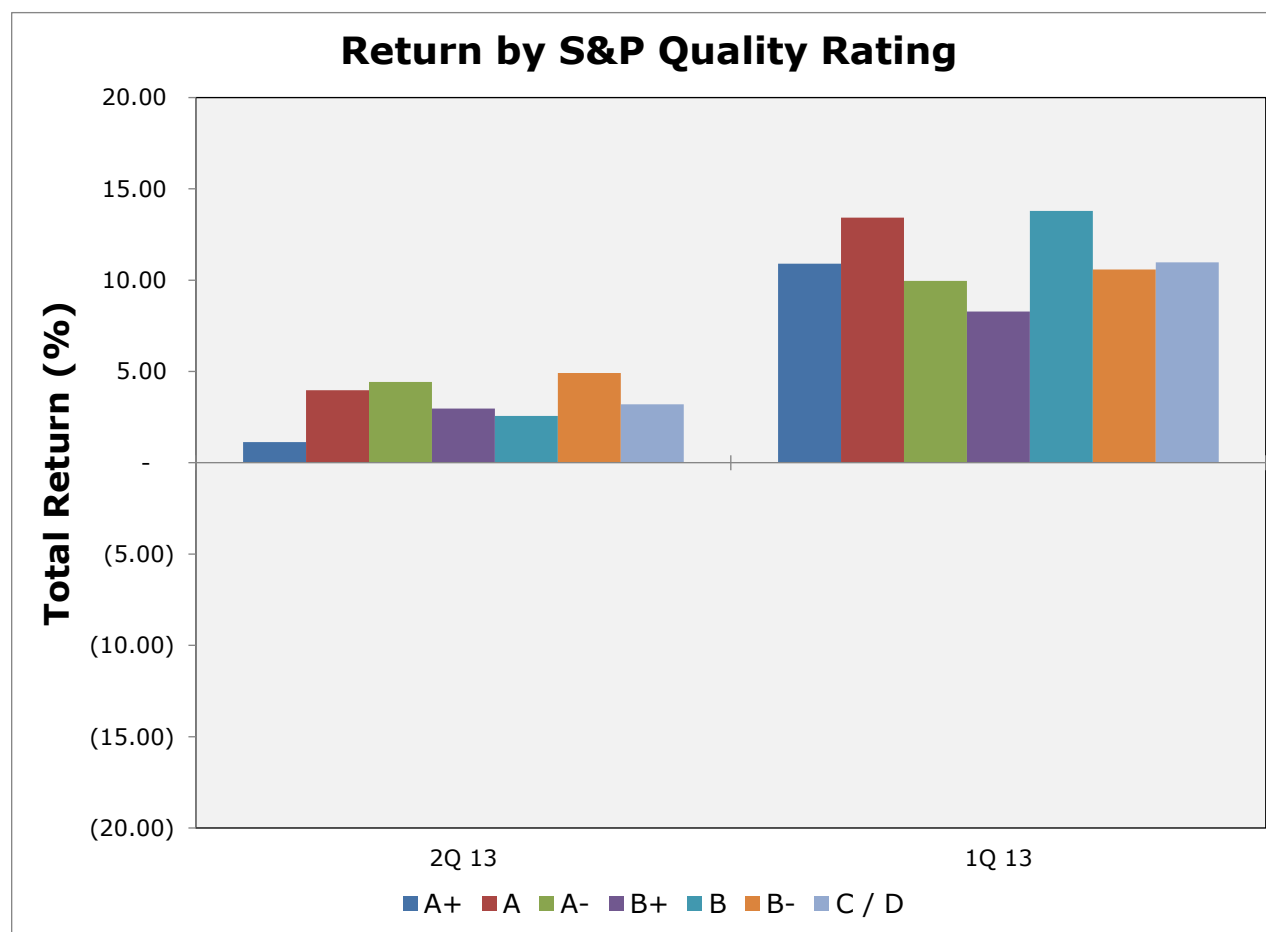
U.S. Equity Market

June 30, 2013	Qtr	Ytd	1 Yr	3 Yr	5 Yr	10 Yr
Wilshire 5000	2.8	14.0	21.1	18.5	7.2	8.0
Wilshire U.S. Large Cap	2.7	13.7	20.5	18.3	6.8	7.6
Wilshire U.S. Small Cap	2.8	16.3	26.1	20.2	10.9	11.2
Wilshire U.S. Large Growth	1.9	11.1	17.3	17.6	6.6	7.4
Wilshire U.S. Large Value	3.5	15.9	23.4	18.8	7.0	7.6
Wilshire U.S. Small Growth	4.6	18.6	26.9	21.2	10.5	11.7
Wilshire U.S. Small Value	1.3	14.3	25.3	19.1	11.3	10.7
Wilshire REIT Index	-1.4	5.9	8.4	18.5	7.2	10.8
MSCI USA Minimum Volatility Index	-0.3	12.9	14.4	18.2	8.7	7.6
FTSE RAFI U.S. 1000 Index	3.5	16.7	27.0	19.4	10.7	n.a.



Data sources: Wilshire Compass, Wilshire Atlas

Although returns in an absolute sense were much lower during 2Q, they were again broadly based like in 1Q

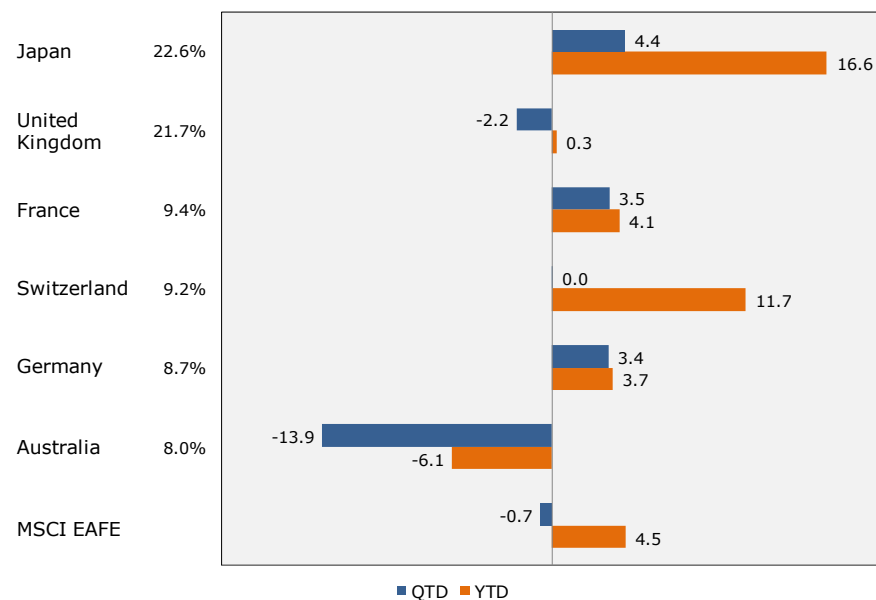


Data sources: Wilshire Atlas

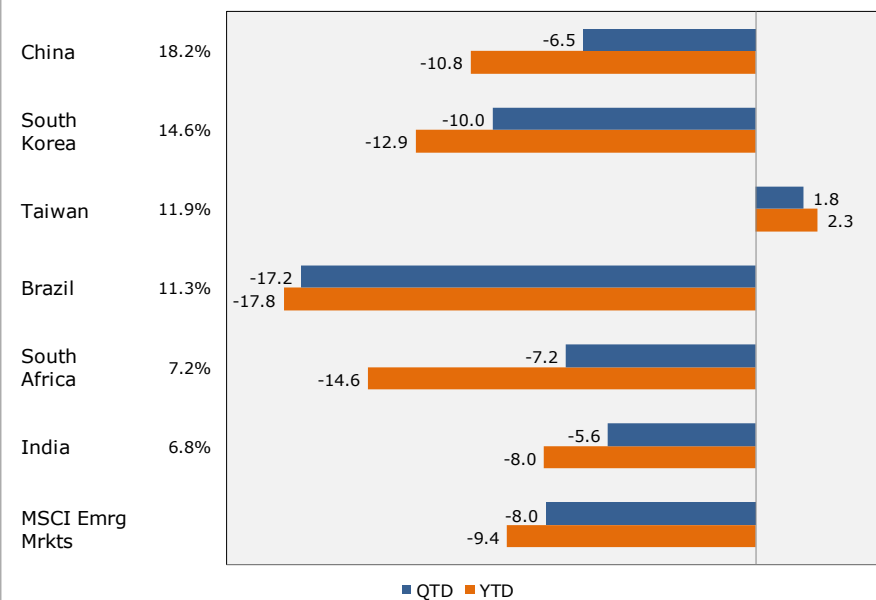
Non-U.S. Equity Market

June 30, 2013	Qtr	Ytd	1 Yr	3 Yr	5 Yr	10 Yr
MSCI ACWI ex-US (\$g)	-2.9	0.3	14.1	8.5	-0.3	9.1
MSCI EAFE (\$g)	-0.7	4.5	19.1	10.5	-0.2	8.2
MSCI Emerging Markets (\$g)	-8.0	-9.4	3.2	3.7	-0.1	14.0
MSCI Frontier Markets (\$g)	3.0	11.5	23.4	7.0	-8.3	8.3
MSCI EAFE Minimum Volatility Idx	-3.1	7.1	15.2	11.3	4.2	10.9
FTSE RAFI Developed ex-US Index	0.8	3.6	19.6	8.8	0.4	n.a.
MSCI EAFE LC (\$g)	1.5	11.4	25.5	9.5	1.6	6.5
MSCI Emerging Markets LC (\$g)	-4.3	-4.7	6.5	5.3	2.4	13.5

MSCI EAFE: Largest Countries and Return

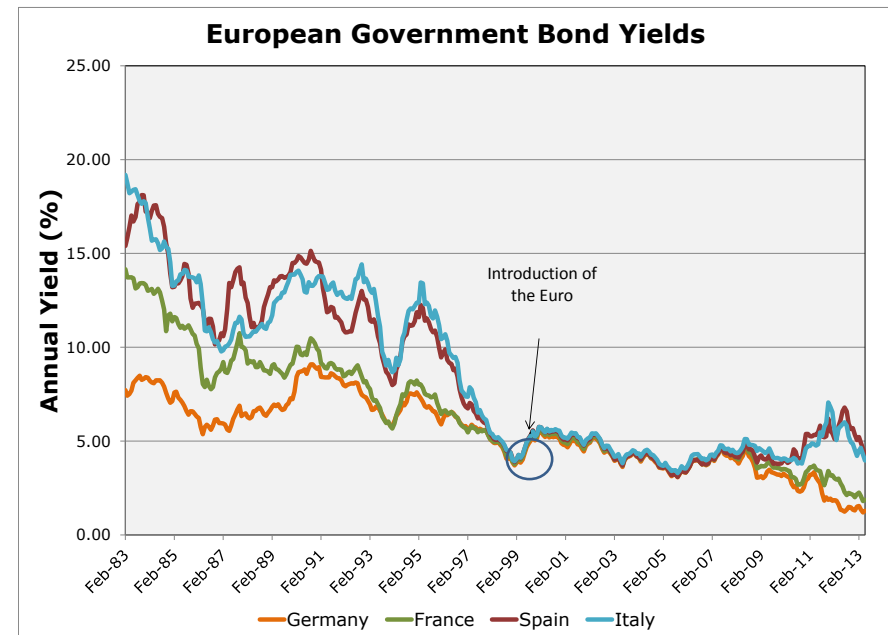
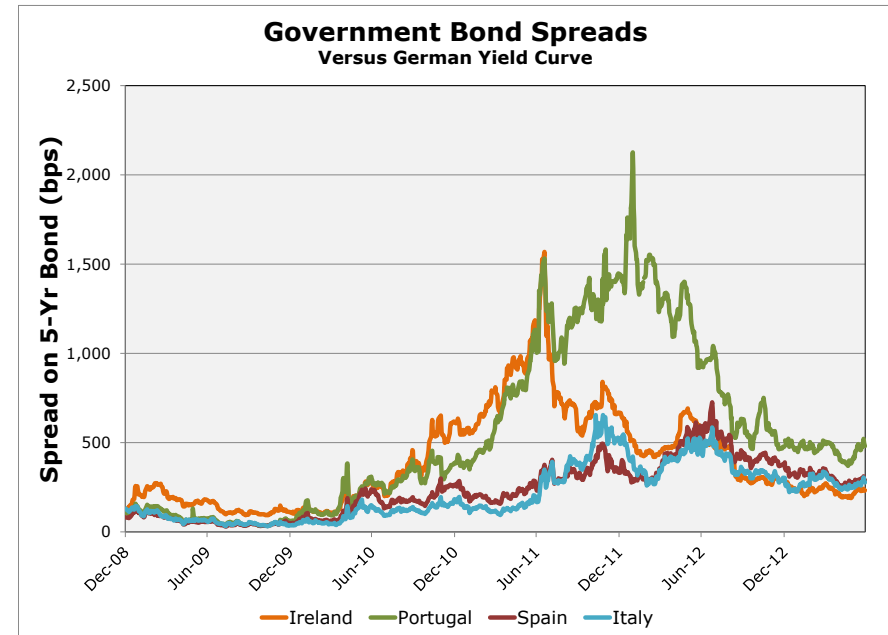


MSCI EM: Largest Countries and Return

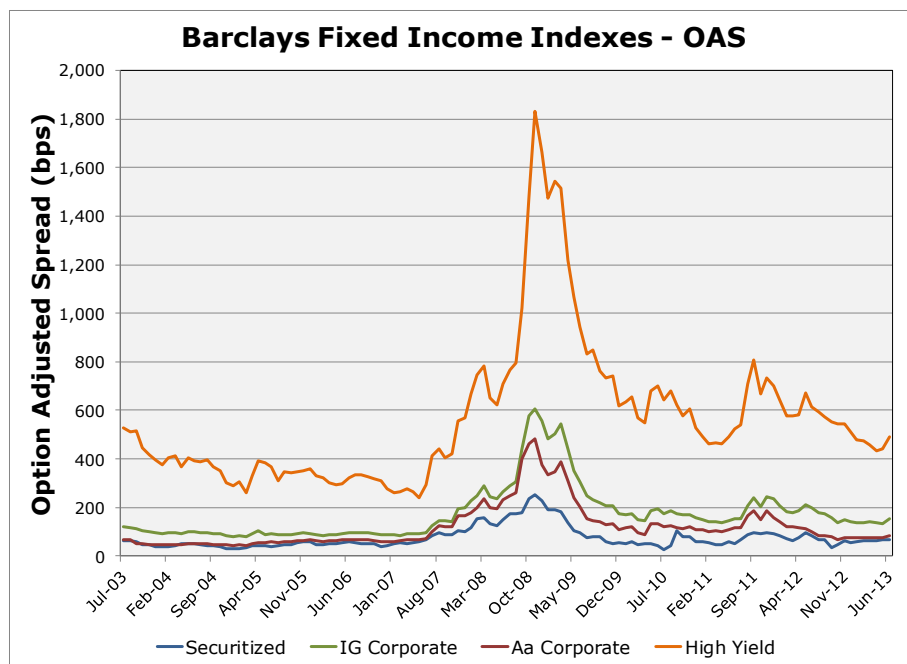


Data sources: Wilshire Compass, MSCI Barra

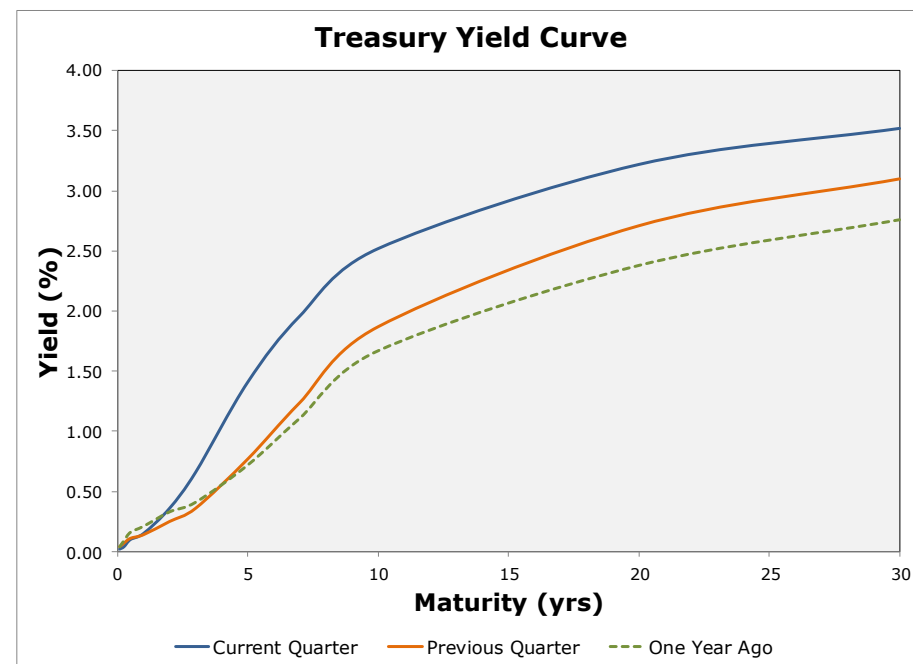
- Spreads have leveled-off to some degree but remain elevated
- Yields on government bonds continue their downward trend, with some spread emerging between France and Germany



June 30, 2013	Qtr	Ytd	1 Yr	3 Yr	5 Yr	10 Yr
Barclays Aggregate Bond Index	-2.3	-2.4	-0.7	3.5	5.2	4.5
Barclays Treasury Index	-1.9	-2.1	-1.6	3.1	4.5	4.1
Barclays Gov't-Related Index	-2.9	-3.1	-1.0	3.0	4.5	4.2
Barclays Securitized Index	-1.9	-1.9	-0.8	2.8	4.9	4.6
Barclays Corporate IG Index	-3.3	-3.4	1.3	5.7	7.3	5.2
Barclays LT Govt/Credit Index	-6.1	-8.0	-4.7	7.0	8.5	6.2
Barclays LT Treasury Index	-5.6	-7.8	-8.4	6.2	7.6	6.1
Barclays LT Govt-Related Index	-8.1	-9.4	-4.6	7.3	7.8	6.5
Barclays LT Corporate IG Index	-5.7	-7.5	-1.3	7.5	9.4	6.2
Barclays U.S. TIPS Index	-7.1	-7.4	-4.8	4.6	4.4	5.2
Barclays High Yield Index	-1.4	1.4	9.5	10.7	10.9	8.9
Treasury Bills	0.0	0.0	0.1	0.1	0.3	1.7



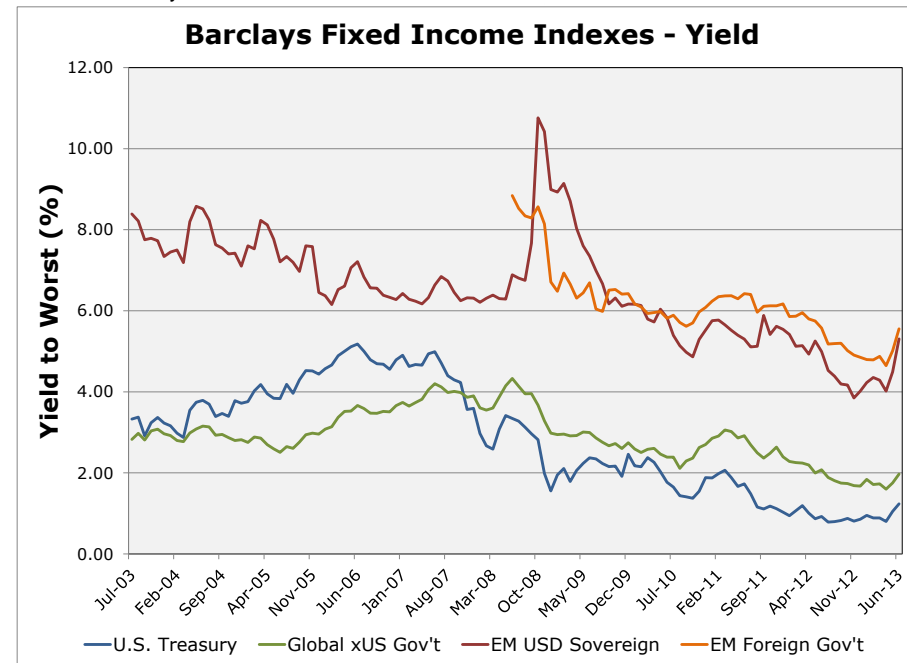
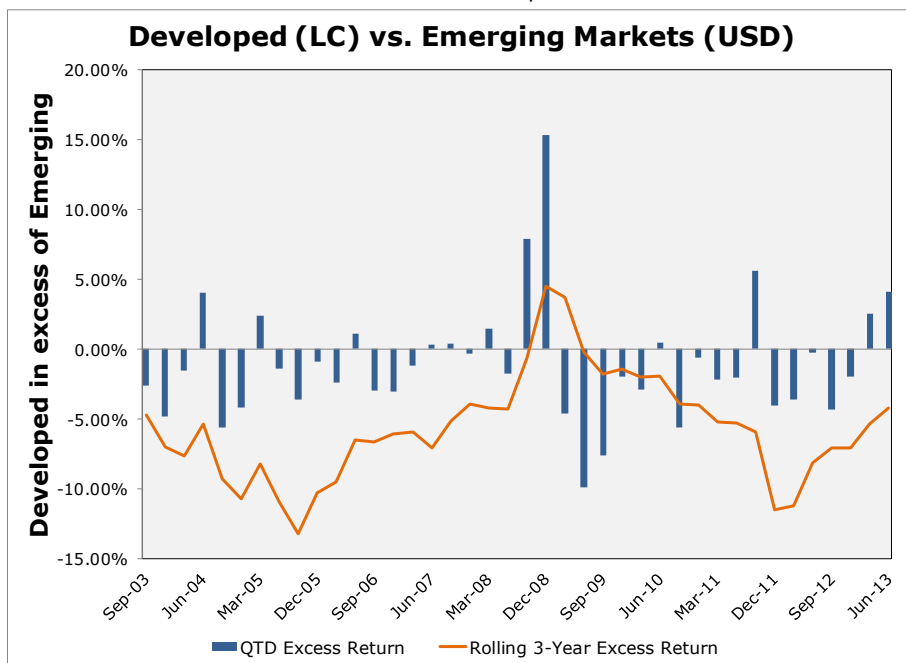
Data sources: Wilshire Compass, Barclays Capital, U.S. Treasury



Non-U.S. Fixed Income Market

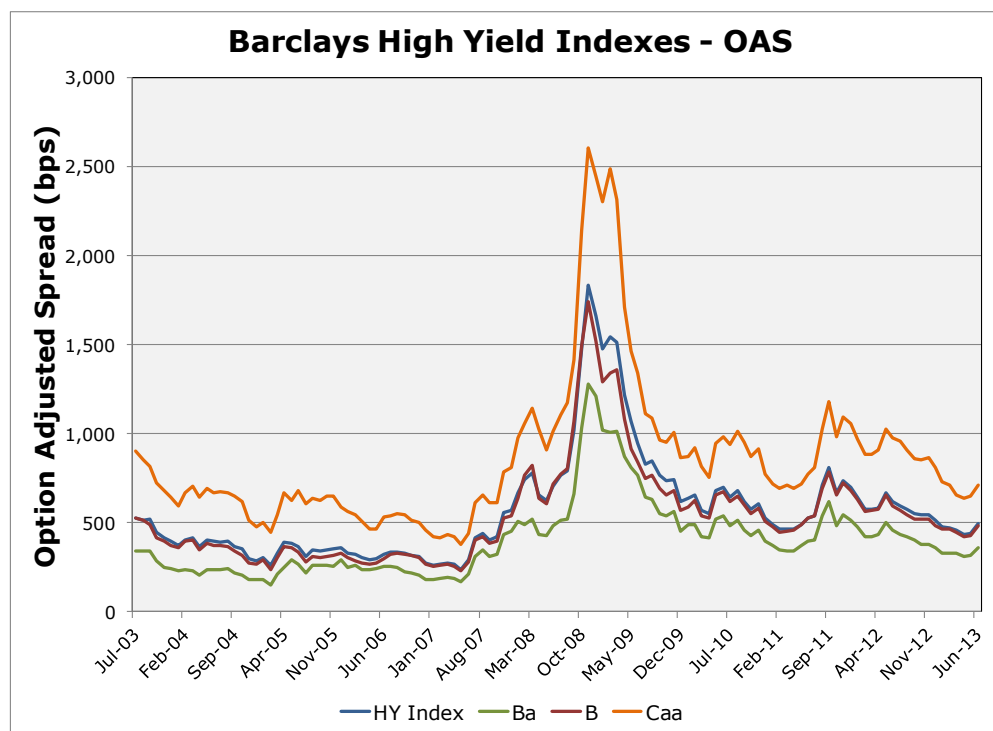
June 30, 2013	Qtr	Ytd	1 Yr	3 Yr	5 Yr	10 Yr
<i>Developed Markets</i>						
Barclays Global Aggregate xUS	-3.1	-6.5	-3.4	3.6	2.7	5.0
Barclays Global Aggregate xUS *	-1.2	-0.2	3.3	3.4	4.8	4.1
Barclays Wrld Govt xUS IL Bond	-6.0	-6.8	-1.5	6.0	1.0	6.0
Barclays Wrld Govt xUS IL Bond *	-5.4	-1.6	1.2	5.0	4.8	5.2
<i>Emerging Mkts (Hard Currency)</i>						
Barclays EM USD Aggregate	-5.1	-6.5	3.1	8.0	8.8	9.0
<i>Emerging Mkts (Foreign Currency)</i>						
Barclays EM Local Currency Govt	-6.4	-6.0	2.8	6.4	4.7	n.a.
Barclays EM Local Currency Govt *	-3.1	-2.0	1.9	3.7	5.4	n.a.
Euro vs. Dollar	1.2	-1.4	2.4	2.0	-3.8	1.2
Yen vs. Dollar	-5.4	-13.0	-19.7	-3.8	1.3	1.9
Pound vs. Dollar	-0.1	-6.7	-3.3	0.5	-5.3	-0.9

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



Data sources: Wilshire Compass, Barclays Capital

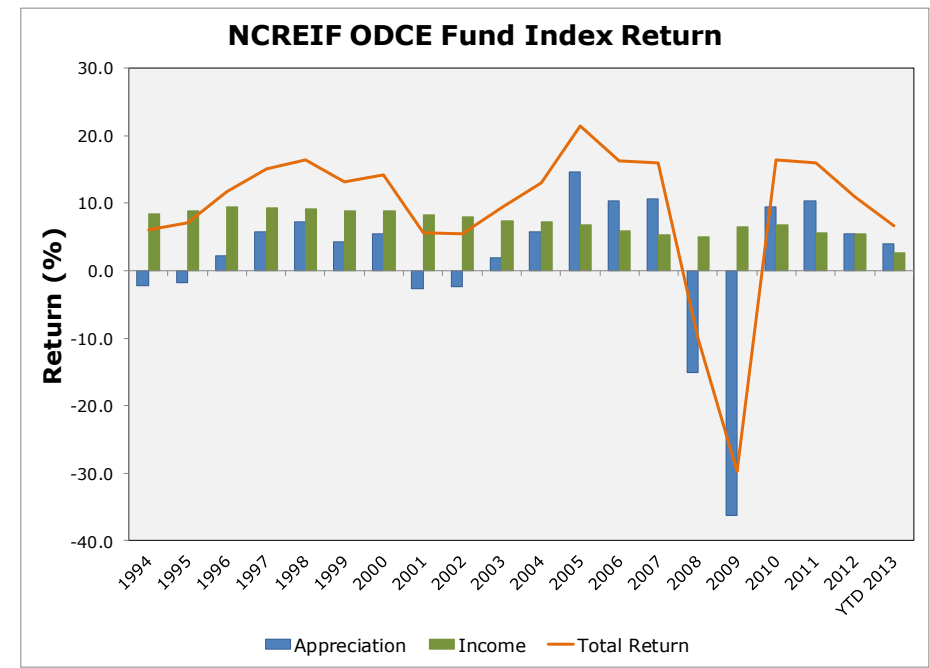
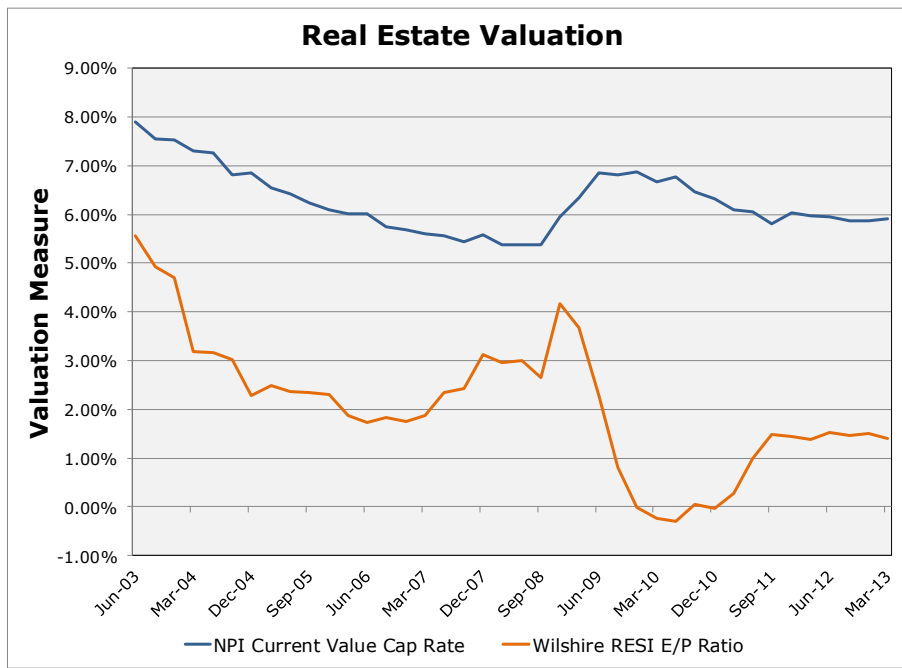
June 30, 2013	Weight	Qtr	Ytd	1 Yr	3 Yr
Barclays High Yield Index	100%	-1.4	1.4	9.5	10.7
Quality Distribution					
Ba U.S. High Yield	38.1%	-1.9	0.1	7.3	10.2
B U.S. High Yield	43.8%	-1.5	1.2	9.5	10.7
Caa U.S. High Yield	16.8%	-0.5	5.3	14.0	12.2
Ca to D U.S. High Yield	0.9%	1.7	0.5	17.5	10.6
Non-Rated U.S. High Yield	0.4%	-2.2	1.6	12.3	13.6



Data sources: Barclays Capital

June 30, 2013	Qtr	Ytd	1 Yr	3 Yr	5 Yr	10 Yr
Barclays U.S. TIPS Index	-7.1	-7.4	-4.8	4.6	4.4	5.2
Dow Jones UBS Commodity Index	-9.4	-10.5	-8.0	-0.2	-11.6	2.4
Global Public Real Estate*	-3.5	3.0	10.5	18.4	6.0	11.3
NCREIF ODCE Fund Index	3.9	6.6	12.2	15.0	-0.1	6.9
NCREIF Timberland Index	0.9	2.5	9.4	3.6	2.0	8.2
Alerian MLP Index (Oil & Gas)	1.9	22.1	28.4	21.0	18.2	16.3

* Wilshire Global Real Estate Securities from March 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

2008	2009	2010	2011	2012	YTD 2013
Core Bond 5.2%	Emrg Mkts 79.0%	REITs 28.6%	U.S. TIPS 13.6%	Emrg Mkts 18.6%	U.S. Equity 14.0%
T-Bills 2.0%	High Yield 58.2%	Emrg Mkts 19.2%	REITs 9.2%	Developed 17.9%	REITs 5.9%
U.S. TIPS -2.3%	Developed 32.5%	U.S. Equity 17.2%	Core Bond 7.8%	REITs 17.6%	Developed 4.5%
High Yield -26.2%	REITs 28.6%	Commodities 16.8%	High Yield 5.0%	U.S. Equity 16.1%	High Yield 1.4%
Commodities -35.6%	U.S. Equity 28.3%	High Yield 15.1%	U.S. Equity 1.0%	High Yield 15.8%	T-Bills 0.0%
U.S. Equity -37.2%	Commodities 18.9%	Developed 8.2%	T-Bills 0.1%	U.S. TIPS 7.0%	Commodities -1.1%
REITs -39.2%	U.S. TIPS 11.4%	Core Bond 6.5%	Developed -11.7%	Core Bond 4.2%	Core Bond -2.4%
Developed -43.1%	Core Bond 5.9%	U.S. TIPS 6.3%	Commodities -13.3%	T-Bills 0.1%	U.S. TIPS -7.4%
Emrg Mkts -53.2%	T-Bills 0.2%	T-Bills 0.1%	Emrg Mkts -18.2%	Commodities -1.0%	Emrg Mkts -9.4%

**Annualized
5-Year**

2008-2012
High Yield 10.3%
U.S. TIPS 7.0%
Core Bond 5.9%
REITs 5.2%
U.S. Equity 2.0%
T-Bills 0.5%
Emrg Mkts -0.6%
Developed -3.2%
Commodities -5.2%

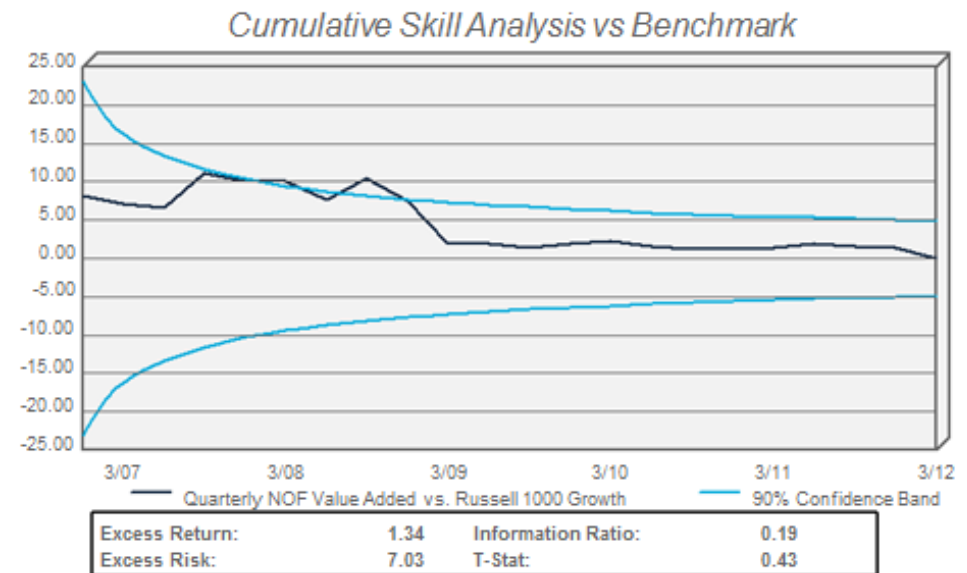
Data sources: Wilshire Compass

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.

