



Summit Strategies Group

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Meeting Materials

**City of Jacksonville
Police & Fire Pension Fund**

April 11, 2016

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EXECUTIVE SUMMARY

- The purpose of today's presentation is to review various areas of the current portfolio, including Domestic Equity, International Equity, Fixed Income, and Real Estate, as well as to evaluate potential allocation/manager changes within those areas.
- **Domestic Equity Considerations/Options:**
 - Consolidate the Large Cap Value and Large Cap Growth exposures to improve diversification and reduces fees.
 - Large Cap Value: Terminate GAMCO and allocate to Eagle and/or the S&P 500 Index fund.
 - Large Cap Growth: Terminate Sawgrass and allocate to Brown Advisory and/or the S&P 500 Index fund. If there is desire to keep the local manager, Sawgrass, the Board has the following fee-neutral options:
Terminate Brown Advisory and allocate to Sawgrass and/or the S&P 500 Index fund; or
Reduce allocations to both Brown Advisory and Sawgrass and allocate to the S&P 500 Index fund.
 - Terminate Small Cap Value manager Deprince Race & Zollo and replace with a more consistent, less expensive alternative.
 - A Small Cap Value search is included with possible replacements.
- **International Equity Considerations:**
 - The International Equity portfolio is structured well, with the majority of managers outperforming.
 - Despite recent underperformance, Summit believes Baillie Gifford remains a strong manager and good diversifier to Silchester.
- **Fixed Income Considerations/Options:**
 - Maintain EMD/Bank Loans allocations and hire a Core Plus Fixed Income manager (an updated Core Plus Search is included).
 - Eliminate dedicated EMD/Bank Loans allocations and hire a combination of two complementing Core Plus Fixed Income managers.
 - Eliminate Bank Loans allocation and replace with a dedicated High Yield manager (Summit's High Yield Top Tier is included).
- **Real Estate Considerations:**
 - The Real Estate portfolio is structured well with strong managers.
 - If desired, a few potential Core Plus real estate funds are available for new investment.

CHANGES TO THE TARGET ALLOCATION

- At the March 2016 meeting, the committee approved the follow changes to the Target Allocation:
 - Decreased allocations to U.S. Small Cap Equity, Passive Core Fixed Income, TIPS, and MLPs.
 - Increased allocations to U.S. Large Cap Equity, Core Plus Fixed Income, and Cash.
 - Permit an allocation to Private Equity.

Asset Class	Previous Target	New Target (Approved March 2016)	Difference
Large Cap Core Passive	9.0%	11.0%	2.0%
Large Cap Value Active	8.5%	10.2%	1.7%
Large Cap Growth Active	8.5%	10.2%	1.7%
Non-Large Value Active	4.5%	3.8%	-0.7%
Non-Large Growth Active	4.5%	3.8%	-0.7%
International Developed Passive	5.0%	5.0%	0.0%
International Developed Growth Active	5.0%	5.0%	0.0%
International Developed Value Active	4.0%	4.0%	0.0%
Emerging Markets Active	6.0%	6.0%	0.0%
Private Equity	N/A	0.0%	Now Permissible
Cash	0.0%	1.0%	1.0%
Core Fixed Income Passive	2.5%	1.5%	-1.0%
Core Fixed Income Active	2.5%	2.5%	0.0%
Core Plus Fixed Income Active	7.5%	8.0%	0.5%
Senior Bank Notes Active	2.5%	2.5%	0.0%
TIPS	2.5%	0.0%	-2.5%
Emerging Market Debt Active	5.0%	5.0%	0.0%
Core Real Estate	10.0%	10.0%	0.0%
Non-Core Real Estate	5.0%	5.0%	0.0%
MLP	7.5%	5.5%	-2.0%
Total	100.0%	100.0%	0.0%

DOMESTIC EQUITY REVIEW

U.S. LARGE CAP EQUITY PORTFOLIO – MANAGER EVALUATION

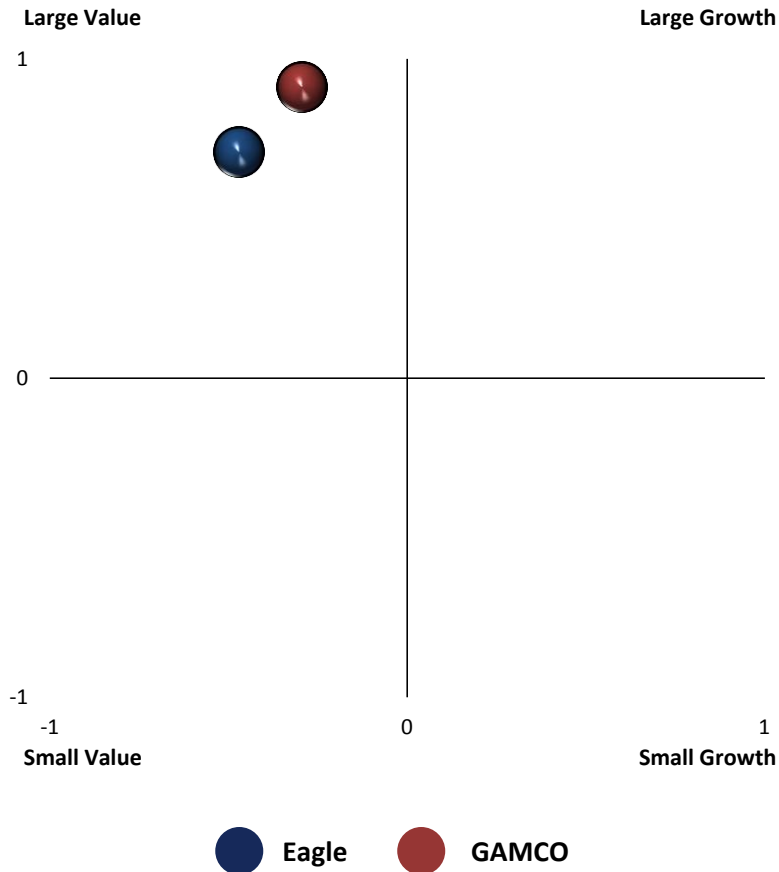
AS OF 02/29/2016

					Performance(%)					Inception Date
	1 Year	3 Year	5 Year	Since Inception	2015	2014	2013	2012	2011	
US Equity										
NT S&P 500 Index Fund	-6.09	10.78	10.13	4.61	1.47	13.69	32.32	15.95	2.08	Jan-1999
<i>S&P 500</i>	-6.19	10.75	10.13	4.62	1.38	13.69	32.39	16.00	2.11	
Difference	0.10	0.03	0.00	-0.01	0.09	0.00	-0.07	-0.05	-0.03	
Eagle Capital Management	-9.80	9.38	-	10.26	1.15	12.28	35.86	17.47	-	Apr-2011
<i>Russell 1000 Value Index</i>	-9.41	8.27	8.81	8.88	-3.83	13.45	32.53	17.51	0.39	
Excess Return	-0.39	1.11	-	1.38	4.98	-1.17	3.33	-0.04	-	
GAMCO	-12.83	6.68	-	7.18	-7.35	8.64	35.46	12.43	-	Apr-2011
<i>Russell 1000 Value Index</i>	-9.41	8.27	8.81	8.88	-3.83	13.45	32.53	17.51	0.39	
Excess Return	-3.42	-1.59	-	-1.70	-3.52	-4.81	2.93	-5.08	-	
Brown Investment Advisory	-4.56	-	-	4.73	7.71	6.86	-	-	-	Nov-2013
<i>Russell 1000 Growth Index</i>	-5.05	12.54	10.95	7.83	5.67	13.05	33.48	15.26	2.64	
Excess Return	0.49	-	-	-3.10	2.04	-6.19	-	-	-	
Sawgrass Asset Management	-3.88	-	-	8.33	1.90	13.72	-	-	-	Nov-2013
<i>Russell 1000 Growth Index</i>	-5.05	12.54	10.95	7.83	5.67	13.05	33.48	15.26	2.64	
Excess Return	1.17	-	-	0.50	-3.77	0.67	-	-	-	

Manager	Category	Structural Fit	Manager Evaluation	Implementation Notes
NT S&P 500 Index	Large Cap	●	●	This strategy is adequately tracking the S&P 500 Index. Consider increasing allocation in a relatively efficient asset class to reduce fees and tracking error.
Eagle Capital	Large Cap Value	●	●	The strategy has been soft closed since 2013. Ravenel Curry has over 40 years of investment experience and has demonstrated the ability as a patient stock picker.
GAMCO	Large Cap Value	●	●	This is a redundant position and can be consolidated by increasing the allocation to Eagle and the S&P 500 Index strategy. This consolidation will marginally decrease the Plan's overall fee.
Sawgrass	Large Cap Growth	●	●	Despite the quality attributes of this manager, this is a redundant position and can be consolidated by increasing the allocation to both Brown and the S&P Index strategy. This consolidation will marginally decrease the Plan's overall fee. Sawgrass was chosen over Brown as it did not offer quite the diversification benefit (relative to Eagle) of Brown.
Brown	Large Cap Growth	●	●	Ken Stuzin has a successful long-term track record of buying companies with strong business models that translate to sustainable earnings power. Though the strategy has been out of favor (2014, 2015), Summit views Brown as a Top Tier manager.

LARGE CAP VALUE PORTFOLIO (GAMCO AND EAGLE)

Trailing 10-Year Returns-Based Style Analysis

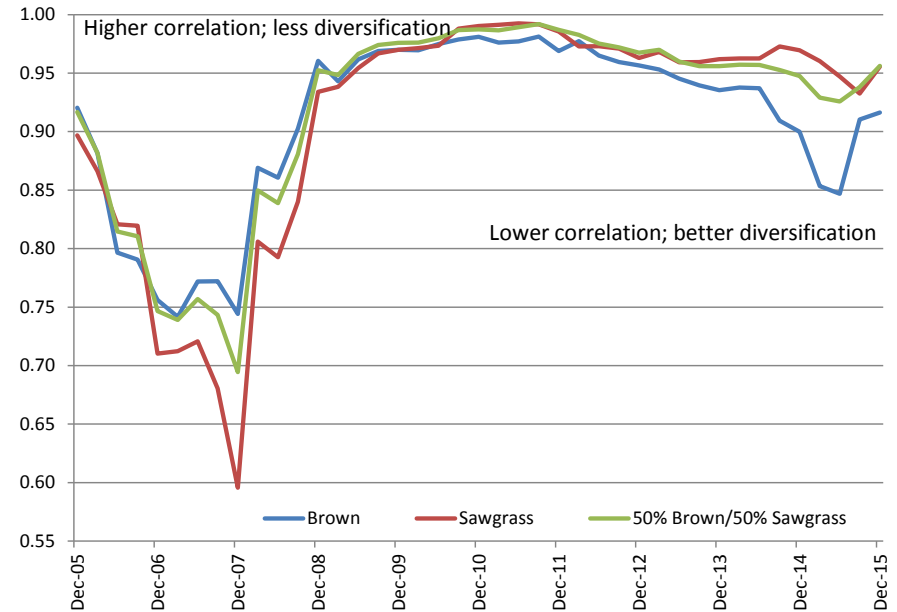


- Both Eagle and GAMCO provide consistent exposure to the large cap value segment of the U.S. equity market.
- While Summit still has confidence in GAMCO, Eagle's returns have been stronger and more consistent since inception in the portfolio.
- Consolidating the large cap value portfolio by removing assets from GAMCO and allocating to Eagle and the S&P 500 Index strategy would marginally decrease the Plan's overall fee.

LARGE CAP GROWTH PORTFOLIO: EAGLE/BROWN VS. EAGLE/SAWGRASS

As of 12/31/2015	50% Eagle/ 50% Brown	50% Eagle/ 50% Sawgrass	50% Eagle/ 25% Brown/ 25% Sawgrass	Russell 1000
3 Year Performance:				
Annualized Return	15.5%	16.5%	16.0%	15.0%
Annualized St. Dev	9.0%	9.4%	9.1%	9.6%
Sharpe Ratio	1.73	1.76	1.75	1.56
Tracking Error	2.2%	1.4%	1.6%	0.0%
Info Ratio	0.25	1.05	0.63	0.00
Batting Average	66.7%	66.7%	75.0%	0.0%
Up Market Capture	100.9%	105.4%	103.2%	100.0%
Down Market Capture	87.6%	82.6%	85.1%	100.0%
5 Year Performance:				
Annualized Return	13.3%	14.6%	13.9%	12.4%
Annualized St. Dev	13.2%	11.8%	12.5%	13.2%
Sharpe Ratio	1.00	1.22	1.11	0.94
Tracking Error	2.0%	2.2%	1.7%	0.0%
Info Ratio	0.42	0.95	0.89	0.00
Batting Average	65.0%	65.0%	70.0%	0.0%
Up Market Capture	105.8%	104.7%	105.3%	100.0%
Down Market Capture	102.0%	81.1%	91.7%	100.0%
7 Year Performance:				
Annualized Return	18.7%	17.0%	17.9%	15.1%
Annualized St. Dev	15.0%	13.3%	14.1%	15.9%
Sharpe Ratio	1.24	1.27	1.26	0.95
Tracking Error	3.5%	3.5%	3.1%	0.0%
Info Ratio	1.01	0.55	0.89	0.00
Batting Average	71.4%	57.1%	67.9%	0.0%
Up Market Capture	107.9%	97.8%	102.9%	100.0%
Down Market Capture	80.7%	75.1%	77.9%	100.0%
10 Year Performance:				
Annualized Return	10.5%	9.2%	9.9%	7.4%
Annualized St. Dev	16.6%	15.2%	15.9%	16.9%
Sharpe Ratio	0.56	0.53	0.55	0.37
Tracking Error	3.3%	3.2%	2.9%	0.0%
Info Ratio	0.96	0.55	0.85	0.00
Batting Average	70.0%	55.0%	60.0%	0.0%
Up Market Capture	109.0%	98.4%	103.7%	100.0%
Down Market Capture	87.3%	84.1%	85.7%	100.0%

Three Year Rolling Correlations with Eagle



- Both managers have exhibited strong long-term relative performance. A decision to remove either manager simply because of performance can be challenged from both sides.
- However, over the past eight years, correlations would indicate that Brown has provided a better diversification benefit for the proposed large cap value sleeve (Eagle) of the portfolio.
- Historical correlations (with Eagle) for a portfolio comprised of 50% Brown and 50% Sawgrass have been in between those of Brown-only and Sawgrass-only portfolios.

EXISTING LARGE CAP MANAGER FEE SCHEDULE

Manager Name		Fee Schedule	Mandate (\$ (as of 02/29/2016)	Prospective Annual Fee (as of 2/29/2016) (bps) (\$)		Peer Fees (at Jacksonville Police & Fire asset levels)
US Equity	NT S&P 500 Index Fund <i>Large Cap - Passive (commingled fund used)</i>	First \$100 million: 2.5 bps Thereafter: 1.5 bps	\$78,790,103	2.5 bps	\$19,698	Evestment Alliance (CF) 25th Percentile: 5 bps Median: 5 bps 75th Percentile: 6 bps
	Eagle Capital Management* <i>Large Cap Value (separate account used)</i>	First \$5 million: 100 bps Thereafter: 75 bps	\$96,215,212	75 bps	\$727,868	Evestment Alliance (SA) 25th Percentile: 48 bps Median: 52 bps 75th Percentile: 59 bps
	GAMCO <i>Large Cap Value (separate account used)</i>	78 bps on all assets	\$65,215,322	78 bps	\$508,680	Evestment Alliance (SA) 25th Percentile: 49 bps Median: 53 bps 75th Percentile: 61 bps
	Brown Investment Advisory* <i>Large Cap Growth (separate account used)</i>	\$0-\$50 million: 65 bps \$50-\$100 million: 55 bps \$100-\$150 million: 45 bps Greater than \$150 million: 40 bps	\$63,382,133	40 bps	\$253,529	Evestment Alliance (SA) 25th Percentile: 53 bps Median: 57 bps 75th Percentile: 66 bps
	Sawgrass Asset Management* <i>Large Cap Growth (separate account used)</i>	<u>New Proposed Schedule**:</u> First \$150 million: 40 bps Thereafter: 35 bps	\$100,588,123	40 bps	\$402,352	Evestment Alliance (SA) 25th Percentile: 49 bps Median: 54 bps 75th Percentile: 62 bps
Total			\$404,190,893	47 bps	\$1,912,126	

*Manager aggregates assets of City of Jacksonville Police & Fire Pension Fund and Employees Retirement System assets for fee purposes.

**Sawgrass proposed fee schedule applies only if the value of Jacksonville Police & Fire Pension Fund's assets exceed \$80 million.

- Both value managers are expensive relative to peers. Removing GAMCO in favor of either indexing and/or Eagle will reduce the Plan's overall fee.
- Sawgrass has proposed a new, asset-based fee schedule (which applies if the account size is greater than \$80 million) that will be fee neutral compared to Brown Advisory. Thus, any changes on the growth side would have no effect on aggregate fees.
- Any increase to passive indexing will decrease the Plan's aggregate fee.

FEE REDUCTIONS THROUGH CONSOLIDATION AND INCREASED LARGE CAP PASSIVE ALLOCATION

50% NT/25% Brown or Sawgrass/25% Eagle	Mandate (\$)	Prospective Annual Fee	
		(bps)	(\$)
NT S&P 500 Index Fund	\$202,095,447	2.5 bps	\$40,314
Eagle Capital Management	\$101,047,723	75 bps	\$764,426
Brown Advisory or Sawgrass Asset Management	\$101,047,723	40 bps	\$404,191
	\$404,190,893	30 bps	\$1,208,931

33% NT/33% Brown or Sawgrass/33% Eagle	Mandate (\$)	Prospective Annual Fee	
		(bps)	(\$)
NT S&P 500 Index Fund	\$134,730,298	2.5 bps	\$30,210
Eagle Capital Management	\$134,730,298	75 bps	\$1,019,235
Brown Advisory or Sawgrass Asset Management	\$134,730,298	40 bps	\$538,921
	\$404,190,893	39 bps	\$1,588,365

20% NT/40% Brown/40% Eagle	Mandate (\$)	Prospective Annual Fee	
		(bps)	(\$)
NT S&P 500 Index Fund	\$80,838,179	2.5 bps	\$20,210
Eagle Capital Management	\$161,676,357	75 bps	\$1,223,082
Brown Advisory	\$161,676,357	40 bps	\$646,705
	\$404,190,893	47 bps	\$1,889,997

20% NT/40% Sawgrass/40% Eagle	Mandate (\$)	Prospective Annual Fee	
		(bps)	(\$)
NT S&P 500 Index Fund	\$80,838,179	2.5 bps	\$20,210
Eagle Capital Management	\$161,676,357	75 bps	\$1,223,082
Sawgrass Asset Management	\$161,676,357	40 bps	\$640,867
	\$404,190,893	47 bps	\$1,884,158

20% NT/20% Brown/20% Sawgrass/40% Eagle	Mandate (\$)	Prospective Annual Fee	
		(bps)	(\$)
NT S&P 500 Index Fund	\$80,838,179	2.5 bps	\$20,210
Eagle Capital Management	\$161,676,357	75 bps	\$1,223,082
Brown Advisory	\$80,838,179	40 bps	\$323,353
Sawgrass Asset Management	\$80,838,179	40 bps	\$323,353
	\$404,190,893	47 bps	\$1,889,997

- As expected, an increased allocation to passive investment (indexing) will significantly reduce the overall large cap aggregate portfolio fees.
- The second fee scenario shown approximates the approved asset allocation target.
- Removing GAMCO in favor of Eagle marginally decreases fees (as those assets move from a fee of 78 bps to 75 bps).
- With Sawgrass's newly proposed, asset-based fee schedule (assuming an account size above \$80 million), allocation changes between Brown and Sawgrass at current asset levels would be fee neutral.

HISTORICAL PERFORMANCE OF VARIOUS ACTIVE/PASSIVE COMBINATIONS

As of 12/31/2015	50% NT/ 25% Eagle/ 12.5% Brown/ 12.5% Sawgrass	33% NT/ 33% Eagle/ 16.5% Brown/ 16.5% Sawgrass	20% NT/ 40% Eagle/ 20% Brown/ 20% Sawgrass	Russell 1000
3 Year Performance:				
Annualized Return	15.6%	15.7%	15.8%	15.0%
Annualized St. Dev	9.2%	9.2%	9.2%	9.6%
Sharpe Ratio	1.68	1.71	1.73	1.56
Tracking Error	0.9%	1.1%	1.3%	0.0%
Info Ratio	0.63	0.66	0.65	0.00
Batting Average	66.7%	75.0%	66.7%	0.0%
Up Market Capture	101.5%	102.1%	102.5%	100.0%
Down Market Capture	90.0%	88.4%	87.0%	100.0%
5 Year Performance:				
Annualized Return	13.3%	13.5%	13.7%	12.4%
Annualized St. Dev	12.6%	12.6%	12.5%	13.2%
Sharpe Ratio	1.05	1.07	1.09	0.94
Tracking Error	1.0%	1.2%	1.4%	0.0%
Info Ratio	0.85	0.89	0.90	0.00
Batting Average	60.0%	70.0%	65.0%	0.0%
Up Market Capture	101.9%	103.0%	103.9%	100.0%
Down Market Capture	93.0%	92.6%	92.2%	100.0%
7 Year Performance:				
Annualized Return	16.3%	16.9%	17.3%	15.1%
Annualized St. Dev	14.8%	14.5%	14.3%	15.9%
Sharpe Ratio	1.10	1.16	1.20	0.95
Tracking Error	1.6%	2.1%	2.5%	0.0%
Info Ratio	0.77	0.84	0.87	0.00
Batting Average	60.7%	67.9%	64.3%	0.0%
Up Market Capture	100.3%	101.1%	101.8%	100.0%
Down Market Capture	88.1%	84.7%	82.0%	100.0%
10 Year Performance:				
Annualized Return	8.6%	9.0%	9.4%	7.4%
Annualized St. Dev	16.1%	16.0%	16.0%	16.9%
Sharpe Ratio	0.46	0.49	0.51	0.37
Tracking Error	1.5%	1.9%	2.3%	0.0%
Info Ratio	0.81	0.84	0.84	0.00
Batting Average	60.0%	60.0%	57.5%	0.0%
Up Market Capture	100.9%	101.8%	102.6%	100.0%
Down Market Capture	91.9%	89.8%	88.2%	100.0%

- Increases to the passive allocation (indexing) do reduce historical alpha and measures of risk-adjusted return.
- However, tracking error is meaningfully reduced as the passive allocation increases.

U.S. NON-LARGE CAP EQUITY PORTFOLIO – MANAGER EVALUATION

AS OF 02/29/2016

	Performance(%)					Inception Date				
	1 Year	3 Year	5 Year	Since Inception	2015	2014	2013	2012	2011	
DePrince Race & Zollo	-16.93	2.09	5.16	9.98	-13.44	3.78	33.13	22.07	-5.83	Sep-1994
<i>Russell 2000 Value Index</i>	<i>-13.35</i>	<i>4.37</i>	<i>5.27</i>	<i>9.22</i>	<i>-7.47</i>	<i>4.22</i>	<i>34.52</i>	<i>18.05</i>	<i>-5.50</i>	
Excess Return	-3.58	-2.28	-0.11	0.76	-5.97	-0.44	-1.39	4.02	-0.33	
Pinnacle	-14.28	7.55	6.41	19.85	-0.17	8.00	37.95	24.68	-10.13	Mar-2009
<i>Russell 2500 Growth Index</i>	<i>-14.65</i>	<i>8.10</i>	<i>7.80</i>	<i>18.60</i>	<i>-0.19</i>	<i>7.05</i>	<i>40.65</i>	<i>16.13</i>	<i>-1.57</i>	
Excess Return	0.37	-0.55	-1.39	1.25	0.02	0.95	-2.70	8.55	-8.56	

Manager	Category	Structural Fit	Manager Evaluation	Implementation Notes
DePrince Race & Zollo	Small Value	●	●	DePrince Race & Zollo has been in the portfolio since 1994 and has only provided 76 bps of net excess return. There are more consistent options in the small cap value space. Summit has provided a presentation outlining potential alternatives.
Pinnacle	Small Growth	●	●	Peter Marron has over 30 years of experience and navigates different markets by applying common sense rather than following the growth benchmark off a cliff. The strategy has only experienced three periods of three-year underperformance to the Russell 2500 Growth Index (across 67 rolling/quarterly observations), gross of fees.

NON-LARGE CAP VALUE SEARCH – EXECUTIVE SUMMARY

- As of February 29, 2016, the Fund had approximately \$91 million or 6% of total assets invested in the DePrince, Race & Zollo (“DRZ”) Small Cap Value portfolio.
- Hired in 1994, DRZ is the second longest tenured manager of the Fund.
 - Over that time, the strategy has outperformed its benchmark by 76 basis points annually (net of fees).
- DRZ’s deep value orientation and yield requirement have led to short-term periods of underperformance relative to peers and the benchmark.
- Summit prepared the following presentation to provide the Board and FAIC with perspective around potentially more consistent, lower fee options in the space.
- Should the Plan desire to interview candidates, Summit would recommend the following managers as options:
 - **AJO Small Cap Absolute Value**
 - Zero-base fee (performance-based fee structure)
 - SMID mandate
 - **WEDGE**
 - Blend of quantitative/fundamental analysis
 - Consistent track-record of strong risk-adjusted returns
 - **William Blair**
 - Relative value approach
 - Attractive historical downside capture profile
 - Additionally, Summit would suggest interviewing DRZ as the incumbent option.

NON-LARGE CAP VALUE – TOP TIER SUMMARY

Firm	Product Name	Separate Account Minimum	Commingled Fund Minimum	Mutual Fund Information	Comments
AJO	Small Cap Absolute Value	\$25 million	n/a	n/a	Quantitative approach based upon a multi-factor ranking of companies within a market cap range of the Russell 2500 Index. The process seeks to identify high quality companies with relatively low market valuations (universe, sector, industry, and peer group) and positive price and earnings momentum.
Dimensional Fund Advisors	US Small Cap Value	\$100 million	n/a	DFSVX; \$2 million; 0.52%	Predicated on three fundamental principles 1) markets are largely efficient 2) rewarded for bearing greater risk and 3) systematic risk factors largely explain returns. Introduced a profitability factor at the end of 2013.
Integrity Asset Management (Victory Capital Management)	Small/Mid Cap Value Equity	\$5 million	n/a	MYISX; \$1 million; 1.25%	Relative value strategy (universe, sector, and history) that seeks to purchase stocks with improving investor sentiment and an identifiable company, industry, or macroeconomic catalyst.
Walthausen & Co.	Select Value	\$5 million	n/a	WSVRX; \$5,000; 1.46%	100% employee-owned, small cap value boutique. High conviction, equally weighted portfolio (40 positions). Seek valuation opportunities where peers who use “screens” might miss. Identify valuation metrics that matter to the business regardless of sector and purchase at a “true” discount to peers.
WEDGE Capital Management	Small Cap Value	\$10 million	n/a	n/a	100% employee owned. 130-160 stock portfolio looking at traditional value characteristics within a quantitative and fundamental process.
William Blair & Company	Small Cap Value Team	\$5 million	n/a	BVDIX; \$500,000; 1.25%	High quality, true value strategy that looks for strong cash flow generation, improving/sustainable return on invested capital, and shareholder-value focused managements. William Blair has historically been a growth shop.

■ Recently Upgraded
 ■ Recently Downgraded

Mutual Fund Information is obtained from eVestment Alliance and additional expenses may apply; refer to firm’s prospectus for exact fees.

DEPRINCE, RACE & ZOLLO – INSTITUTIONAL SMALL CAP VALUE

FIRM DETAILS

Address: 250 Park Ave. South,
Suite 250
Winter Park, FL 32789

Phone: 407.420.9903

Asset Class: Small Cap Value

Benchmark: Russell 2000 Value

Founded: 1995

Ownership: 100% employee owned (12)

Assets Under Management: \$5.8 billion

PRODUCT DETAILS

Inception: June 1995

Assets Under Management: \$1.7 billion

Vehicles Offered: SA

Separate Account Minimum: \$5 million

Portfolio Managers/Dual Role PMs: 2

Avg. Yrs of Experience: 19

Avg. Yrs at Firm: 12

Research Analysts: 2

Avg. Yrs of Experience: 10

Avg. Yrs at Firm: 9

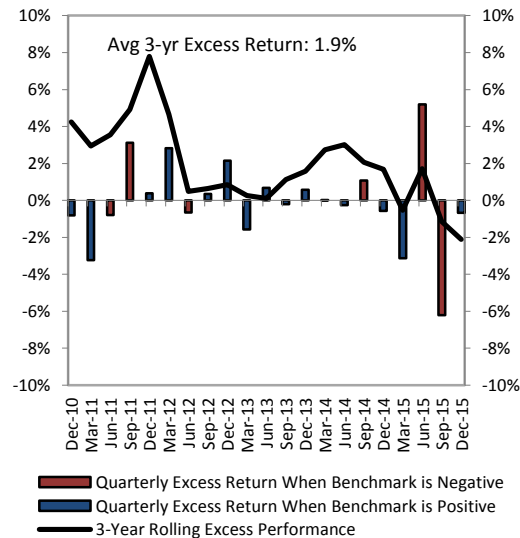
Fee Schedule (SA): 1.00% on first \$65 million
0.75% on next \$35 million
0.65% on balance

CHARACTERISTICS

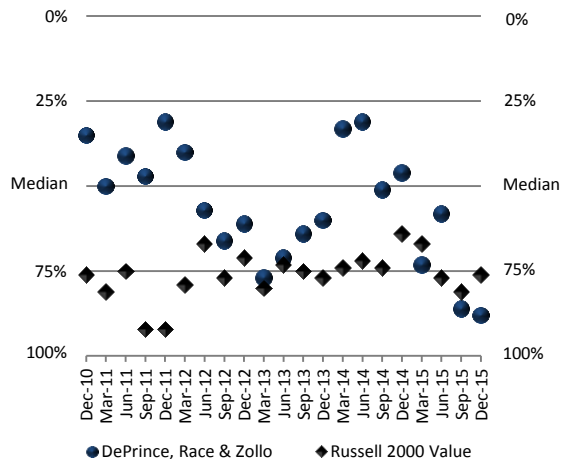
	Portfolio	Benchmark
No of Securities:	60	1,351
Portfolio Turnover:	92%	N/A
Dividend Yield:	3.2%	2.3%
Equity P/E:	19.0x	19.1x
Avg Mkt Cap:	\$1.7 billion	\$1.7 billion
Last 3 Years:		
Tracking Error:	5.4%	N/A
Information Ratio:	-0.4	N/A
Sharpe Ratio:	0.4	0.7

ROLLING PERFORMANCE AND RANKINGS

Three-Year Rolling/Quarterly Excess Performance vs. Russell 2000 Value Index



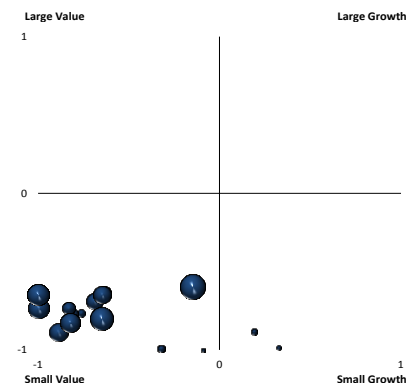
Manager vs. Small Cap Value Universe Rolling Three-Year Periods



QUALITATIVE OVERVIEW

- DePrince, Race & Zollo, Inc., ("DRZ") was founded in 1995 by Gregory DePrince, John Race, and Victor Zollo. A value focused shop, DRZ has employed the same investment process across all of their strategies since the inception of the firm. Ownership has expanded over the years to include 12 employees and the firm plans to continue to distribute equity to the next generation. Over the next three to four years equity ownership amongst the three original founders is expected to be reduced to less than 50%.
- John Race and Victor Zollo are the co-CEOs of DRZ and Gregory DePrince continues to serve on the firm's Management Committee. Gregory Ramsby and Randy Renfrow are the co-portfolio managers of the Small Cap Value strategy and have worked together since 2008. Gregory and Randy are supported by two research analysts.
- The investment process can be characterized as fundamental value with a catalyst and a dividend. DRZ believes undervalued stocks with higher yields provide superior returns while minimizing volatility.
- The process begins with a universe of stocks that have a minimum dividend yield of 1%. Next the team conducts fundamental analysis that results in a relative decile rank that is based upon yield, P/B, P/E, and P/CF. Stocks must exhibit an attractive dividend yield, low relative valuations and a fundamental catalyst. The team establishes a price target for each stock that meets the yield, valuation, and catalyst criteria and ultimately purchase stocks that exhibit a 2:1 upside/downside ratio.

Returns-Based Style Analysis Rolling Three-Year Periods



AJO – SMALL CAP ABSOLUTE VALUE

FIRM DETAILS

Address: 230 South Broad Street
Twentieth Floor
Philadelphia, PA 19102

Phone: 215.546.7500

Asset Class: SMID Cap Value

Benchmark: Russell 2500 Value

Founded: 1984

Ownership: 100% employee owned

Assets Under Management: \$26.3 billion

PRODUCT DETAILS

Inception: December 1998

Assets Under Management: \$1.1 billion

Vehicles Offered: SA

Separate Account Minimum: \$25 million

Portfolio Managers/Dual Role PMs: 7

Avg. Yrs of Experience: 24

Avg. Yrs at Firm: 16

Research Analysts: 11

Avg. Yrs of Experience: 15

Avg. Yrs at Firm: 9

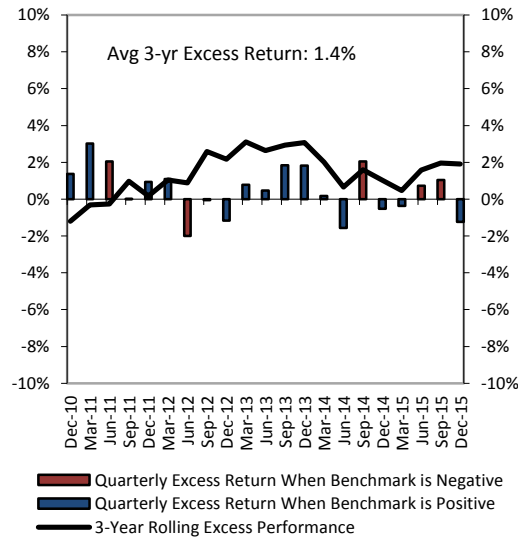
Fee Schedule (SA): 0.65% on all assets
(Performance-based fees are available)

CHARACTERISTICS

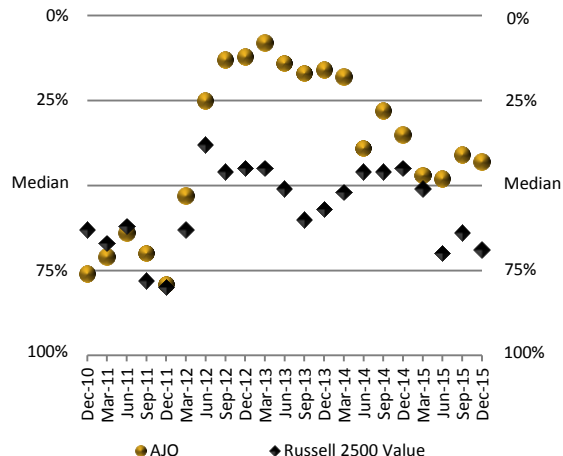
	Portfolio	Benchmark
No of Securities:	163	1,706
Portfolio Turnover:	100%	N/A
Dividend Yield:	2.3%	2.3%
Equity P/E:	14.8x	18.7x
Avg Mkt Cap:	\$2.9 billion	\$3.8 billion
Last 3 Years:		
Tracking Error:	4.1%	N/A
Information Ratio:	0.8	N/A
Sharpe Ratio:	1.0	0.8

ROLLING PERFORMANCE AND RANKINGS

Three-Year Rolling/Quarterly Excess Performance vs. Russell 2500 Value Index



Manager vs. SMID Cap Value Universe Rolling Three-Year Periods



QUALITATIVE OVERVIEW

- Aronson + Johnson + Ortiz (AJO) is a 100% employee-owned limited partnership. The firm has been able to grow assets by leveraging their process across the domestic equity capitalization range. All products are based on the same quantitative process used by the firm since it was established in 1984 and exhibits a strong value bias. Ownership was expanded in January 2014 to include Seth Allen (1%) and Colleen Smith (1%). In addition, three employees increased their ownership by 1%, all ownership redistribution was funded from Ted Aronson and Martha Ortiz.
- The investment team in Philadelphia manages all domestic portfolios. This team is comprised of seven portfolio managers and eleven research analysts. The firm added four research analysts in 2014 to support the domestic research effort.
- A multi-factor model is used to find securities with the highest expected returns. It is value biased, but the process blends value, quality, and momentum. The process seeks to identify well-managed companies with cash profits that are rich in assets with relatively low market valuations and positive price and earnings momentum.
- Portfolios hold 125 to 175 securities, and annual turnover averages 75% to 125%. Targeted excess return of 300-400 bps, tracking error will range from 4 to 6%. The portfolio will be sector neutral relative to the Russell 2500 Value Index. Industry weights within sectors may vary. Stock weightings will be no more than 1.2% above the benchmark weight. This is a "true value" product.

QUALITATIVE RANKING

FIRM	-2	-1	0	1	2
Empl Ownership					●
Mgmt Consistency					●
Integration					●
Cost					●
Litigation					●
Responsiveness					●
TOTAL					+9

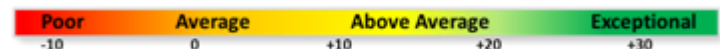
PRODUCT	-2	-1	0	1	2
History					●
Size					●
Growth					●
Asset Split					●
TOTAL					+3

TOTAL QUALITATIVE SCORE:

+29

PERSONNEL	-3	-2	-1	0	1	2	3
Staff Depth							●
Experience							●
Stability							●
Support							●
TOTAL							+6

PHILOSOPHY	-3	-2	-1	0	1	2	3
Philosophy							●
Purchase Discipline							●
Sell Discipline							●
Research							●
Trading Skills							●
Decision Process							●
Characteristics							●
TOTAL							+11



AJO – SMALL CAP ABSOLUTE VALUE

Key Differentiator: A 100% employee-owned shop solely focused on value investing and demonstrated willingness to close products to new assets when potential alpha for existing clients is threatened.

- **Investment Thesis:**

- **Expanded Value Approach** – The strategy seeks to invest in undervalued firms but ones with quality fundamentals, good management, and improving momentum characteristics. This process is designed to avoid value traps but still captures the reversion of underpriced companies back to “replacement cost”.
- **Aligned with Clients** – Performance-based fees are embraced by the firm, aligning AJO with the success of their clients. Ted Aronson is a fierce advocate for his clients and investors, in general. AJO has reduced fees as asset levels have increased, most recently in 2013 where the firm reduced the fee to 65 bps (from 70 bps).
- **History of Enhancements** – AJO has a history of introducing research enhancements to its strategies. 2014 was more of the same as AJO added a fourth sentiment pillar, a measure of Implied Volatility Spread (option market sentiment), and recalibrated the transaction-cost model.

- **Risks/Concerns:**

- **Key Personnel** – While Ted Aronson has purposely built a firm, team, and process that can succeed beyond his time with the firm, Ted is the driving personality of the firm and his departure would be a significant loss.
- **New Products** – The firm recently announced the development of emerging markets and global equity strategies. The new strategies will be managed in a separate office located in Boston making the likelihood of distraction minimal. There is the potential for a combined international and domestic effort as AJO looks to develop a global strategy.

- **Performance Review and Expectations:**

- The strategy underperformed the Russell 2500 Value Index during the 4th quarter 2015 by 123 bps, but outperformed the benchmark by 29 bps for the trailing year. Stock selection was broadly challenged for the quarter as selection in energy and industrials were the only sectors to add value. Outperformance for the year was the result of additive selection in industrials, telecom, and consumer discretionary.
- 100-200 bps of outperformance over three-year rolling periods. Underperformance in highly volatile, low quality market rallies and strong performance in higher quality, fundamentally driven markets.

DIMENSIONAL FUND ADVISORS – US SMALL CAP VALUE

FIRM DETAILS

Address: 6300 Bee Cave Road
Building One
Austin, TX 78746

Phone: 512.306.7400

Asset Class: Small Cap Value

Benchmark: Russell 2000 Value

Founded: 1981

Ownership: 70% employee owned; 30% owned by outside investors

Assets Under Management: \$388.3 billion

PRODUCT DETAILS

Inception: March 1992

Assets Under Management: \$14.9 billion

Vehicles Offered: SA, MF

Separate Account Minimum: \$100 million

Mutual Fund Minimum: \$2 million

Mutual Fund Ticker: DFSVX

Portfolio Managers/Dual Role PMs: 34

Avg. Yrs of Experience: 13

Avg. Yrs at Firm: 10

Research Analysts: 11

Avg. Yrs of Experience: 11

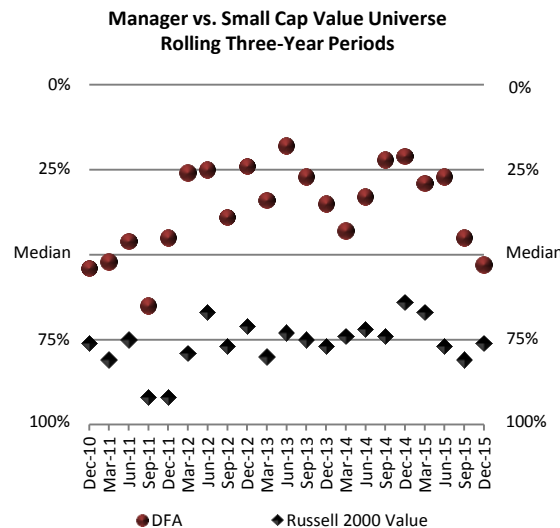
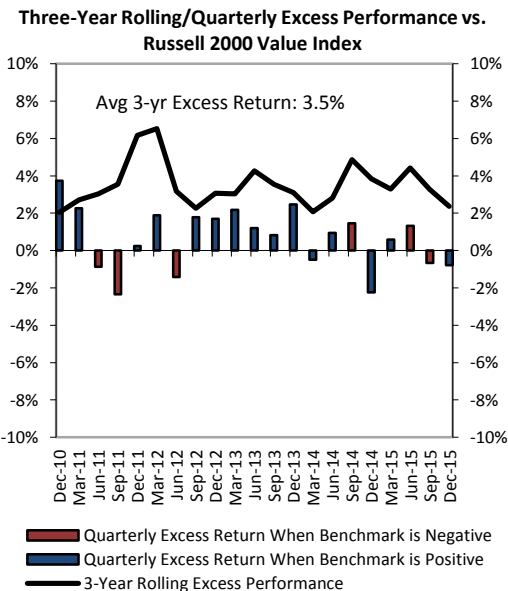
Avg. Yrs at Firm: 8

Fee Schedule (MF): 0.52% on all assets

CHARACTERISTICS

	Portfolio	Benchmark
No of Securities:	1,176	1,351
Portfolio Turnover:	10%	N/A
Dividend Yield:	1.6%	2.3%
Equity P/E:	14.9x	19.1x
Avg Mkt Cap:	\$1.9 billion	\$1.7 billion
Last 3 Years:		
Tracking Error:	2.7%	N/A
Information Ratio:	0.9	N/A
Sharpe Ratio:	0.8	0.7

ROLLING PERFORMANCE AND RANKINGS



QUALITATIVE OVERVIEW

- Dimensional Fund Advisors (DFA) was formed in 1981 and remains employee controlled. Two of the firm's founders, David Booth and Rex Sinquefeld, continue to hold 51% of the total equity. The firm has grown substantially and now has a staff of over 700.
- DFA's roots tie back to work done by Professors Kenneth French and Eugene Fama on size and value dimensions as they pertain to successful investment strategies. The firm first began running small cap portfolios in 1986. This strategy focuses on the smallest 10% of the market universe or smaller than the 1,000th largest US company, whichever results in a higher market capitalization break. From a relative price (P/B) standpoint, only stocks within the lowest 25% of the small cap universe are included.
- Because their process is quantitative in nature and passive, there is no need for traditional fundamental research. Historically, the process focused on three dimensions of expected returns; market (equity premium), company size (small cap premium), relative price (value premium). In the fourth quarter of 2013, DFA introduced a fourth dimension of expected returns, expected profitability (profitability premium). The strategy emphasizes companies with lower market capitalizations, lower relative price, and higher expected profitability.
- A broadly diversified portfolio of 1,000-2,000 stocks is developed. Characteristics support that the team stays true to its proven investment thesis of adding value by exploiting small cap and value-oriented stocks.

QUALITATIVE RANKING

FIRM	-2	-1	0	1	2
Empl Ownership					
Mgmt Consistency					
Integration					
Cost					
Litigation					
Responsiveness					
TOTAL					+4

PRODUCT	-2	-1	0	1	2
History					
Size					
Growth					
Asset Split					
TOTAL					-2

TOTAL QUALITATIVE SCORE:

+21



PERSONNEL	-3	-2	-1	0	1	2	3
Staff Depth							
Experience							
Stability							
Support							
TOTAL							+5

PHILOSOPHY	-3	-2	-1	0	1	2	3
Philosophy							
Purchase Discipline							
Sell Discipline							
Research							
Trading Skills							
Decision Process							
Characteristics							
TOTAL							+14

DIMENSIONAL FUND ADVISORS – US SMALL CAP VALUE

Key Differentiator: Low cost exposure to four persistent market premiums; equity, size, value, and profitability.

- **Investment Thesis:**

- **Roots in Academia** – DFA’s roots tie back to work done by Professors Kenneth French and Eugene Fama on size and value dimensions as they pertain to successful investment strategies. Instead of a traditional capital asset pricing model (CAPM) that assumes one variable (beta) to describe the returns of the market, Fama and French illustrated empirical evidence to suggest that smaller cap stocks with low price-to-book ratios (value stocks) have added a historical premium relative to the market.
- **Diversified but Differentiated** – This is a diversified portfolio of 1,000+ names but has a distinct return advantage baked in on the basis of both size (smaller) and style (value) and now profitability. The firm’s systematic and transparent investment process seeks to add value through thoughtful portfolio structure, skillful management of the of the trade-offs between premiums, costs, and flexible and patient trading.
- **Fees** – At 52 bps, it is one of the lowest cost alternatives in the small cap value universe, both active and passive.

- **Risks/Concerns:**

- **Firm Succession Looming** – Eduardo Repetto was named Co-CEO in 2010, with David Booth acting as Co-CEO. At the time the plan was for David to step down as Co-CEO and remain at the firm as an advisor at the end of 2013. The plan has changed and David will remain as the Co-CEO for the foreseeable future. In April 2014, DFA announced that Gerard O’Reilly was promoted to Co-CIO along with Eduardo. Gerald will remain Head of Research and Eduardo will now be the Co-CEO and Co-CIO of DFA. The issue of transferring the firm into future hands remains.
- **New Factors and Benchmark Risk Controls** – DFA continues to evolve their model. Once simply value and size, it now includes momentum, and the value bias is potentially becoming less pure. More recently, DFA has announced the development of new strategies based on profitability measures. We anticipate this new factor will be used in existing strategies as time goes by – potentially diluting (but not eliminating) some of the deep value characteristics.

- **Performance Review and Expectations:**

- A relative underweight to REITS and utilities were the leading detractors of the strategy during 2015.
- Expect excess returns between 150-300 bps, underperformance in periods where growth and larger cap stocks within the Index are strong, and outperformance when the deeper value names of the index are strong.

INTEGRITY ASSET MANAGEMENT, LLC – SMALL/MID CAP VALUE

FIRM DETAILS

Address: 18500 Lake Road
Suite 300
Rocky River, OH 44116

Phone: 216.920.5280

Asset Class: SMID Cap Value

Benchmark: Russell 2500 Value

Founded: 2003

Ownership: 100% owned by Victory Capital

Assets Under Management: \$33.1 billion

PRODUCT DETAILS

Inception: April 2005

Assets Under Management: \$1.7 billion

Vehicles Offered: SA, MF

Separate Account Minimum: \$5 million

Mutual Fund Minimum: \$1 million

Portfolio Managers/Dual Role PMs: 6

Avg. Yrs of Experience: 24

Avg. Yrs at Firm: 11

Research Analysts: 2

Avg. Yrs of Experience: 12

Avg. Yrs at Firm: 6

Fee Schedule (SA): 1.00% on first \$15 million
0.85% on next \$35 million
0.80% on next \$50 million
0.75% on the balance

(MF): 1.25% on all assets
(Performance-based fees are negotiable)

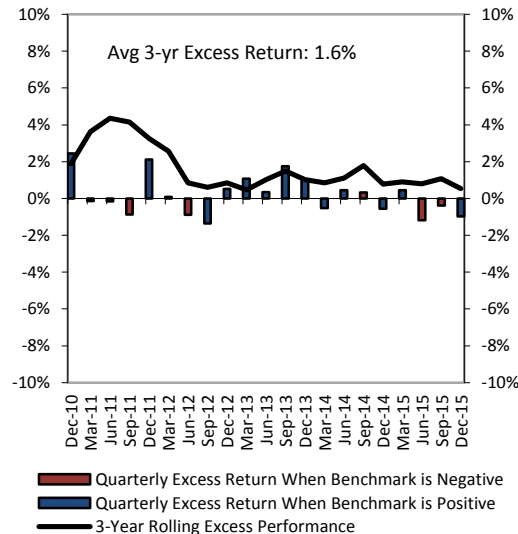
CHARACTERISTICS

	Portfolio	Benchmark
No of Securities:	105	1,706
Portfolio Turnover:	50%	N/A
Dividend Yield:	1.8%	2.3%
Equity P/E:	22.4x	18.7x
Avg Mkt Cap:	\$4.7 billion	\$3.8 billion
Last 3 Years:		
Tracking Error:	1.8%	N/A
Information Ratio:	0.3	N/A
Sharpe Ratio:	0.8	0.8

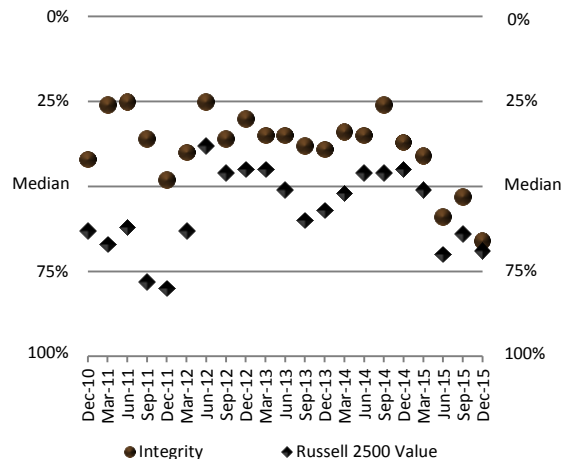
18 Performance reflects gross of fees composite returns.

ROLLING PERFORMANCE AND RANKINGS

Three-Year Rolling/Quarterly Excess Performance vs. Russell 2500 Value Index



Manager vs. SMID Cap Value Universe
Rolling Three-Year Periods



QUALITATIVE OVERVIEW

- Integrity Asset Management was founded in 2003 when four investment professionals lifted out of National City to establish a value shop. On December 31, 2010, Munder Capital (a subsidiary of Crestview Capital) acquired Integrity Asset Management. In October 2014, Victory Capital Management (a subsidiary of Crestview) finalized its acquisition of Munder Capital Management.
- The Smid strategy dates back to April 2005 with the Small Cap Value strategy having history back to mid 1999. The same research group manages small, smid, mid, and large cap value portfolios; the bulk of research is concentrated in non-large cap stocks. Integrity's investment team (led by Dan Bandi) manages portfolios using a team approach.
- The process looks to invest in reasonably-valued stocks with improving investor sentiment. Good companies are defined by those with profitable reinvestment opportunities and/or willingness to return profits to shareholders. Good valuations are those stocks that are statistically cheap (low P/B, P/S, P/FCF) or trading at a discount to their intrinsic value (DDM). They look to purchase when the stock has a catalyst – which can be company, industry, or macroeconomic specific.
- The portfolio typically contains 100 to 130 stocks with a maximum position size of 3%. Maximum sector/industry exposures are +/-10% by comparison to the Russell 2500 Value Index. Turnover is expected to be between 50 and 100%. Expect about 70% of attribution to come from stock selection and 30% from sector allocation.

QUALITATIVE RANKING

FIRM	-2	-1	0	1	2
Empl Ownership					
Mgmt Consistency					
Integration					
Cost					
Litigation					
Responsiveness					
TOTAL					

PRODUCT	-2	-1	0	1	2
History					
Size					
Growth					
Asset Split					
TOTAL					

PERSONNEL	-3	-2	-1	0	1	2	3
Staff Depth							
Experience							
Stability							
Support							
TOTAL							

PHILOSOPHY	-3	-2	-1	0	1	2	3
Philosophy							
Purchase Discipline							
Sell Discipline							
Research							
Trading Skills							
Decision Process							
Characteristics							
TOTAL							

TOTAL QUALITATIVE SCORE:

+20



INTEGRITY ASSET MANAGEMENT, LLC – SMALL/MID CAP VALUE

Key Differentiator: Stable, well-motivated team implementing a clearly defined, repeatable investment process.

- **Investment Thesis:**

- **Team Continuity/Focus** – The entire National City team lifted out in 2003. No professionals have departed the firm since inception. The firm is solely focused on non-large cap value investing. The consistency of the team and focus on non-large cap value has led to a clearly defined, repeatable investment process that is deeply understood by the entire team.
- **Defensive with Good Upside** – Bottom-up valuation and macroeconomic influences help add value in both classic value markets as well as market inflections. By focusing on quality companies at decent valuations, they reduce their stock-specific risk while preserving upside potential. By allowing macro factors to influence their sector weightings, the strategy is not locked into traditional value sectors to add excess return.
- **Research** – A team of sector-specific analysts focused solely on value investing with 12 years of experience and 6 years with the firm. Each sector is covered by two analysts which fosters an environment where new ideas are challenged by the co-analyst of that particular sector.

- **Risks/Concerns:**

- **Sector Bets** – Sector bets are controlled but could lead to periods of underperformance as their ideas may take time to play out.
- **Ownership** – In October 2014, Victory Capital Management finalized the acquisition of Munder Capital Management and its subsidiary Integrity. Under the terms of the deal, current employee owners of Integrity were granted ownership of Victory Capital Management. There have been no changes to the team, philosophy, or process of the strategy. While there are no immediate plans, Summit would not be surprised to see Integrity change its name to Victory Capital Management over time.

- **Performance Review and Expectations:**

- The strategy underperformed the Russell 2500 Value Index by 97 bps in the 4th quarter and by 200 bps over the trailing year. Underperformance for the quarter was driven by stock selection in technology, health care, and energy. Stock selection in financials, industrials, and utilities caused underperformance for the year.
- Expect 150-250 bps of excess return over a full market cycle.

WALTHAUSEN & CO., LLC – SELECT VALUE

FIRM DETAILS

Address: 2691 Route 9, Suite 102
Malta, NY 12020

Phone: 518.371.3450

Asset Class: SMID Cap Value

Benchmark: Russell 2500 Value

Founded: 2007

Ownership: 100% employee owned (6)

Assets Under Management: \$1.2 billion

PRODUCT DETAILS

Inception: September 2007

Assets Under Management: \$311 million

Vehicles Offered: SA, MF

Separate Account Minimum: \$5 million

Mutual Fund Minimum (WSVRX): \$5,000

Portfolio Managers/Dual Role PMs: 1

Avg. Yrs of Experience: 40

Avg. Yrs at Firm: 8

Research Analysts: 4

Avg. Yrs of Experience: 7

Avg. Yrs at Firm: 2

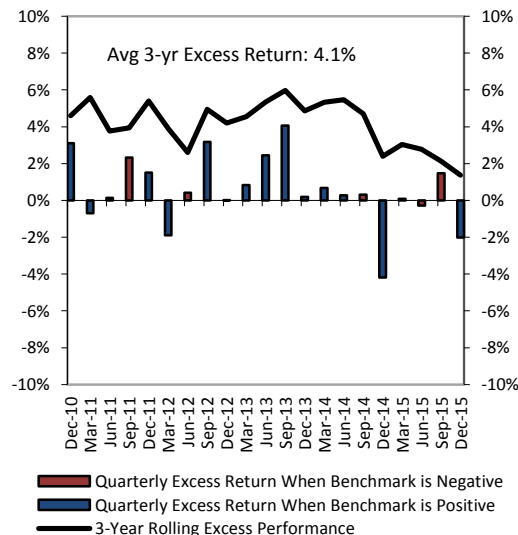
Fee Schedule (SA): 1.00% on all assets
(MF): 1.45% on all assets

CHARACTERISTICS

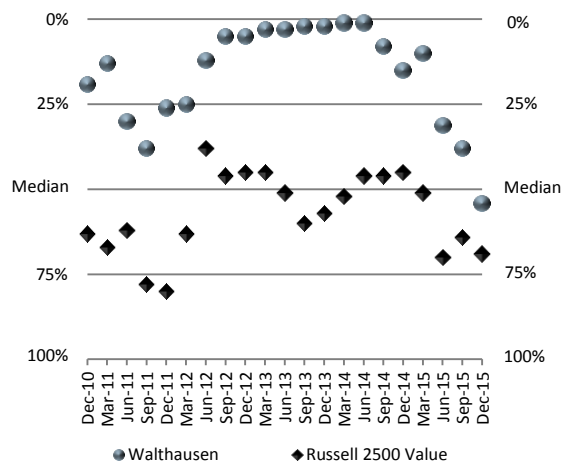
	Portfolio	Benchmark
No of Securities:	41	1,706
Portfolio Turnover:	51%	N/A
Dividend Yield:	1.9%	2.3%
Equity P/E:	15.7x	18.7x
Avg Mkt Cap:	\$3.1 billion	\$3.8 billion
Last 3 Years:		
Tracking Error:	4.1%	N/A
Information Ratio:	0.3	N/A
Sharpe Ratio:	0.9	0.8

ROLLING PERFORMANCE AND RANKINGS

Three-Year Rolling/Quarterly Excess Performance vs. Russell 2500 Value Index



Manager vs. SMID Value Universe Rolling Three-Year Periods



QUALITATIVE OVERVIEW

- The formation of Walthausen & Co., began in 1990 when John Walthausen joined C.L. King and Associates as a research analyst. In 1994, Paradigm Capital Management became the investment advisory arm of C.L. King and John began managing a small cap value strategy. In 2007, John lifted out his investment team to form Walthausen & Co.
- The investment team has spent their entire investment careers investing in non-large cap stocks. The firm offers two non-large cap value strategies and believes the space presents a unique opportunity given the wealth of choices, lack of liquidity, checkered operating histories and narrowly focused businesses.
- The team employs a contrarian screening and research process that focuses on US companies between a market capitalization of \$500 million to \$5 billion. Each stock in the universe is decile ranked by valuation, financial strength, investor enthusiasm, insider actions, and changes in business momentum. The team focuses on companies/businesses where the market does not understand/underappreciates the long-term value of the company. Next, a deep dive is conducted to gain an understanding of the sources and uses of cash within a company. The team is not married to one valuation metric; instead, the team compares appropriate valuation metric relative to peers to determine the most attractive relative valuation.
- The portfolio is comprised of 40-50 equally weighted stocks. A wide universe range has translated into a smaller market cap bias relative to the Russell 2500 Value Index. The majority of the portfolio (approximately 75%) are relative value in nature and are companies with consistently high returns on capital, ample free cash flow, and proven management teams. The remainder of the portfolio (approximately 25%) are deeper value, turnaround stories not recognized by the market.

QUALITATIVE RANKING

FIRM	-2	-1	0	1	2
Empl Ownership	+	+	+	+	+
Mgmt Consistency	+	+	+	+	+
Integration	+	+	+	+	+
Cost	+	+	+	+	+
Litigation	+	+	+	+	+
Responsiveness	+	+	+	+	+
TOTAL	+7				

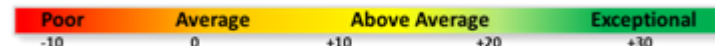
PERSONNEL	-3	-2	-1	0	1	2	3
Staff Depth	+	+	+	+	+	+	+
Experience	+	+	+	+	+	+	+
Stability	+	+	+	+	+	+	+
Support	+	+	+	+	+	+	+
TOTAL	+4						

PRODUCT	-2	-1	0	1	2
History	+	+	+	+	+
Size	+	+	+	+	+
Growth	+	+	+	+	+
Asset Split	+	+	+	+	+
TOTAL	+5				

PHILOSOPHY	-3	-2	-1	0	1	2	3
Philosophy	+	+	+	+	+	+	+
Purchase Discipline	+	+	+	+	+	+	+
Sell Discipline	+	+	+	+	+	+	+
Research	+	+	+	+	+	+	+
Trading Skills	+	+	+	+	+	+	+
Decision Process	+	+	+	+	+	+	+
Characteristics	+	+	+	+	+	+	+
TOTAL	+9						

TOTAL QUALITATIVE SCORE:

+25



WALTHAUSEN & CO., LLC – SELECT VALUE

Key Differentiator: Two-small cap product boutique firm, focused on early identification of misunderstood companies/businesses.

- **Investment Thesis:**

- **Focus** – The firm offers two strategies; Small Cap Value and Select Value. The majority of the investment team has spent their entire careers investing together and within the small cap universe. John Walhausen (lead portfolio manager) has spent his 40+ year career investing in small cap stocks.
- **Contrarian** – The screening and research process is focused on understanding the sources/uses of cash flows within companies that are not widely followed/misunderstood by the market.
- **Stock-Picker** – The team seeks to discriminate a vast universe (2,500+ securities) into a concentrated portfolio of best ideas. In doing so, they attempt to address four of the fundamental issues of small cap investing: a wealth of choices, lack of liquidity, poor stocks with narrow businesses, and historically poor analyst coverage.
- **Capacity-Focused** – The Small Cap Value strategy garnered early institutional adoption and closed at \$1 billion after reaching its five-year track record in 2012. The Select Value strategy has a stated capacity of \$2 billion and the firm will not open any new strategies.

- **Risks/Concerns:**

- **Key Man** – John Walhausen is the lead portfolio manager and architect behind the process. John is approaching 70 and his 40+ years of investment experience cannot be replaced; however, DeForest Hinman (Director of Research) has spent his entire investment career working with John and controls the research agenda of the firm.
- **Cost** – At 100 bps (on all assets) the strategy has fees that are above industry average. That said, given the unambitious goals of the firm (\$3 billion total) and two strategy focus, the fee is considered reasonable.
- **Marketability** – John and DeForest are stock pickers, not marketers. Generally this is a positive attribute; however, their presentation styles focus on stocks, not stories, which may not resonate with all clients.

- **Performance Review and Expectations:**

- The strategy underperformed the Russell 2500 Value Index by 201 bps in the 4th quarter and by 52 bps for the year. Stock selection in consumer discretionary, health care, and industrials was the largest contributor to underperformance for the quarter. An underweight position in financial services and overweights to materials and industrials resulted in underperformance for the year.
- 200-400 bps of excess return over a full market cycle relative to the Russell 2500 Value or the Russell 2000 Value. The strategy has historically maintained a significantly smaller cap orientation relative to the Russell 2500 Value index and SMID peers. Expect the strategy to struggle when REITS and Utilities (an area that is often avoided by the team) are in favor.

WEDGE CAPITAL MANAGEMENT, LLP – SMALL CAP VALUE

FIRM DETAILS

Address: 301 South College Street
Suite 2920
Charlotte, NC 28202

Phone: 704.334.6475

Asset Class: Small Cap Value

Benchmark: Russell 2000 Value

Founded: 1984

Ownership: 100% employee owned

Assets Under Management: \$11.3 billion

PRODUCT DETAILS

Inception: January 1990

Assets Under Management: \$1.6 billion

Vehicles Offered: SA

Separate Account Minimum: \$10 million

Portfolio Managers/Dual Role PMs: 6

Avg. Yrs of Experience: 25

Avg. Yrs at Firm: 9

Research Analysts: 10

Avg. Yrs of Experience: 15

Avg. Yrs at Firm: 9

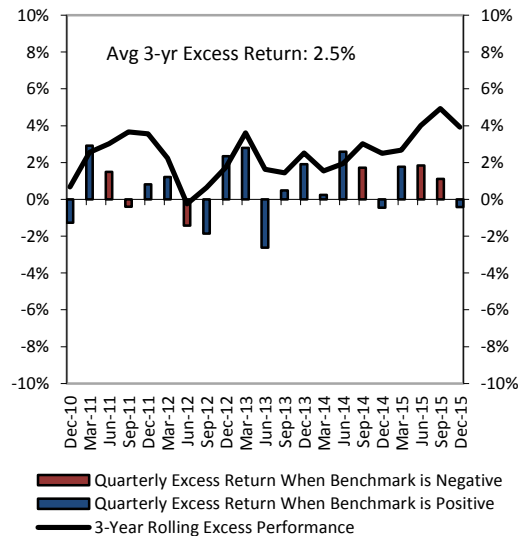
Fee Schedule (SA): 1.00% on all assets
(Performance-based fees are not available)

CHARACTERISTICS

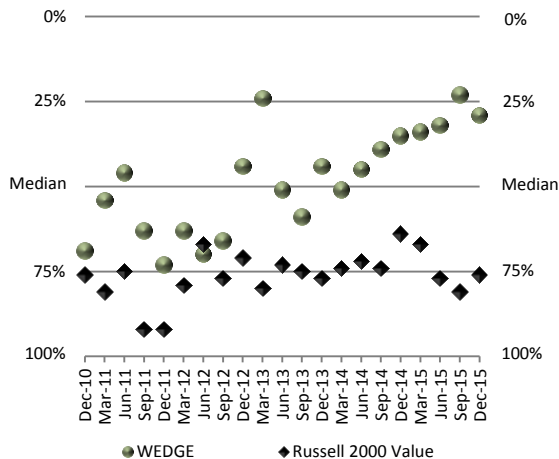
	Portfolio	Benchmark
No of Securities:	107	1,351
Portfolio Turnover:	~30%	N/A
Dividend Yield:	1.9%	2.3%
Equity P/E:	17.0x	19.1x
Avg Mkt Cap:	\$2.4 billion	\$1.7 billion
Last 3 Years:		
Tracking Error:	3.1%	N/A
Information Ratio:	1.3	N/A
Sharpe Ratio:	0.9	0.7

ROLLING PERFORMANCE AND RANKINGS

Three-Year Rolling/Quarterly Excess Performance vs. Russell 2000 Value Index



Manager vs. Small Cap Value Universe Rolling Three-Year Periods



QUALITATIVE OVERVIEW

- WEDGE was originally founded in 1984 with venture capital funding provided by the WEDGE International Group of Houston, Texas. The firm was repurchased by the founders in 1989 and has been independent since. WEDGE is owned by eight partners and has no affiliations or subsidiaries. The firm has a succession plan in place, which distributes firm ownership among its investment professionals and sets the framework for a second generation of management.
- The small cap product was born out of the large cap product when the investment team discovered their screening models could be utilized on small and mid cap stocks. Michael Gardner was hired in 1989 to specialize in researching small cap stocks; he introduced the Small Cap Value product in 1990. Donald Clevon, formerly of Lee Munder, was hired in 2014 as Head of Small Cap Research.
- The investment process is value oriented, using quantitative research enhanced by independent qualitative analysis. The process is focused on buying as much earnings strength and momentum as possible for the lowest price. The portfolio focuses on companies with market caps in line with the Russell 2000 Index. The bottom-up process combined with a macroeconomic view drives sector weights.
- The portfolio typically contains between 125 and 165 stocks. Turnover is expected to be between 25 to 45%, with some sectors regularly turning over more frequently.

QUALITATIVE RANKING

FIRM	-2	-1	0	1	2
Empl Ownership					
Mgmt Consistency					
Integration					
Cost					
Litigation					
Responsiveness					
TOTAL					+6

PRODUCT	-2	-1	0	1	2
History					
Size					
Growth					
Asset Split					
TOTAL					+5

TOTAL QUALITATIVE SCORE:

+23



PERSONNEL	-3	-2	-1	0	1	2	3
Staff Depth							
Experience							
Stability							
Support							
TOTAL							+5

PHILOSOPHY	-3	-2	-1	0	1	2	3
Philosophy							
Purchase Discipline							
Sell Discipline							
Research							
Trading Skills							
Decision Process							
Characteristics							
TOTAL							+7

WEDGE CAPITAL MANAGEMENT, LLP – SMALL CAP VALUE

Key Differentiator: The process blends quantitative valuation and quality screens with a final fundamental assessment of the relative attractiveness of each company.

- **Investment Thesis:**

- **Stability** – 100% employee-owned shop, focused on value investing. Michael Gardner (Director of Research) has been with WEDGE since 1989 and was the driver behind applying the process to small cap investing and is the architect behind the Small Cap Value strategy.
- **Upside Participation/Downside Protection** – The strategy is focused on high quality stocks trading at depressed valuations. Value and momentum factors have been able to add value through traditional value markets and more growth-oriented markets.
- **Consistency** – The strategy has historically exhibited a strong batting average, outperforming the Russell 2000 Value Index over half of the monthly observations since its inception. The development and maintenance of their quantitative tools include business cycle analysis, interest rate cycle analysis, an Accounting Alert Model, a Default Risk Model, and seasonal sector studies. Secular trends analysis gives this strategy an advantage in most market environments.

- **Risks/Concerns:**

- **Allocation of Resources** – While the strategy relies on quantitative screens, it also includes fundamental analysis and is a part of the traditional equity group. WEDGE continues to dedicate resources to their quantitative equity group ahead of asset growth. This does not appear to be distracting to the traditional efforts of the firm at this time but could be as the quantitative strategies become a large portfolio of the firm's assets.
- **Personnel Integration** – In early March 2014, Gary Colter, partner and lead senior small cap analyst of the Small Cap Value strategy, left the firm abruptly. At that time, Michael and Paul VeZolles assumed Gary's responsibilities on an interim basis. In November 2014, Don Cleven left the Lee Munder value team to replace Gary Colter as lead senior small cap analyst of the Small Cap Value strategy. The arrival of Don is viewed as a positive development for the team but given that he was an outside hire his integration will be monitored as a concern.

- **Performance Review and Expectations:**

- The strategy underperformed the Russell 2000 Value by 42 bps in the 4th quarter, but outperformed the index by 416 bps for the year. Underperformance for the quarter was the result of stock selection in consumer discretionary, industrials, and consumer staples. Stock selection in financials and technology and an overweight to health care were the main drivers of outperformance for the year.
- 200-300 bps of outperformance over a full market cycle.

WILLIAM BLAIR & COMPANY, LLC – SMALL CAP VALUE TEAM

FIRM DETAILS

Address: 222 West Adams Street
Chicago, IL 60606

Phone: 312.236.1600

Asset Class: Small Cap Value

Benchmark: Russell 2000 Value

Founded: 1935

Ownership: 100% employee owned

Assets Under Management: \$64.7 billion

PRODUCT DETAILS

Inception: January 1997

Assets Under Management: \$1.6 billion

Vehicles Offered: SA, MF

Separate Account Minimum: \$5 million

Mutual Fund Minimum: \$500,000

Portfolio Managers/Dual Role PMs: 3

Avg. Yrs of Experience: 24

Avg. Yrs at Firm: 12

Research Analysts: 3

Avg. Yrs of Experience: 11

Avg. Yrs at Firm: 8

Fee Schedule (SA): 1.00% on first \$10 million
0.95% on next \$20 million
0.90% on next \$20 million
0.85% on next \$50 million
0.80% on balance

(MF): 1.23% on all assets
(Performance-based fees are not available)

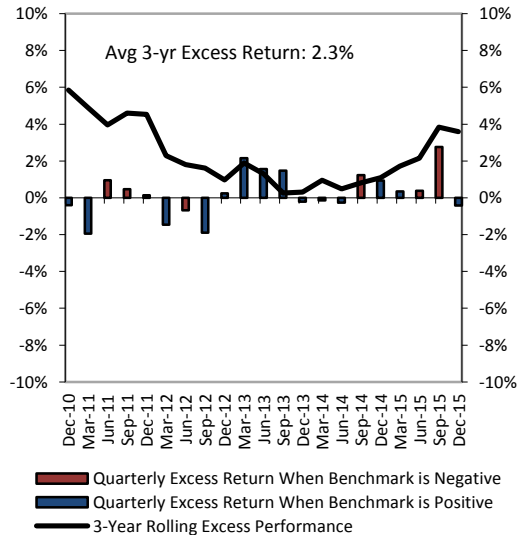
CHARACTERISTICS

	Portfolio	Benchmark
No of Securities:	96	1,351
Portfolio Turnover:	25%	N/A
Dividend Yield:	1.9%	2.3%
Equity P/E:	20.5x	19.1x
Avg Mkt Cap:	\$2.4 billion	\$1.7 billion
Last 3 Years:		
Tracking Error:	2.1%	N/A
Information Ratio:	1.7	N/A
Sharpe Ratio:	0.9	0.7

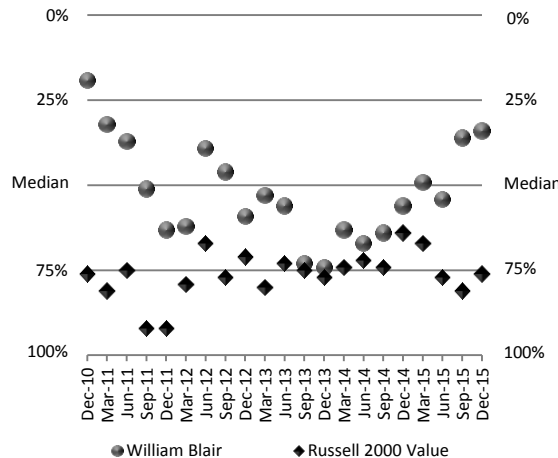
24 Performance reflects gross of fees composite returns.

ROLLING PERFORMANCE AND RANKINGS

Three-Year Rolling/Quarterly Excess Performance vs. Russell 2000 Value Index



Manager vs. Small Cap Value Universe Rolling Three-Year Periods



QUALITATIVE OVERVIEW

- William Blair & Company (WBC) has been in operation since 1935, and has been 100% employee owned since inception. Currently, the firm is owned by about 175 active employees with no single employee holding more than 5%. This broad-based, non-concentrated ownership structure is ideal for the investment management industry.
- The present team consists of portfolio managers David Mitchell, Mark Leslie, Chad Kilmer, and two additional dedicated research analysts. The team came together in early 2006 with Mark Leslie and Chad Kilmer leaving the small cap value product at U.S. Bancorp to join original strategy founder, David Mitchell.
- With an overarching focus on downside risk, the team looks for companies that possess strong cash flow, improving/sustainable ROIC, and shareholder focused managements. The team's balance of valuation and fundamentals tends to lead the team to stocks of quality companies at discounts and corporate transformation stories (i.e., new management, new product, restructure, etc.).
- Typical position sizes are between 0.75% to 1.75%, with 3% positions being the max. At the portfolio level, they deploy BARRA analytics in order to better understand what overall risks are present in the portfolio. Sector weights will be within plus or minus 25% of the Russell 2000 Value. Typically, the portfolio will hold between 80-100 names.

QUALITATIVE RANKING

FIRM	-2	-1	0	1	2
Empl Ownership					
Mgmt Consistency					
Integration					
Cost					
Litigation					
Responsiveness					
TOTAL					+5

PRODUCT	-2	-1	0	1	2
History					
Size					
Growth					
Asset Split					
TOTAL					+2

TOTAL QUALITATIVE SCORE:

+24

PERSONNEL	-3	-2	-1	0	1	2	3
Staff Depth							
Experience							
Stability							
Support							
TOTAL							+7

PHILOSOPHY	-3	-2	-1	0	1	2	3
Philosophy							
Purchase Discipline							
Sell Discipline							
Research							
Trading Skills							
Decision Process							
Characteristics							
TOTAL							+10



WILLIAM BLAIR & COMPANY, LLC – SMALL CAP VALUE TEAM

Key Differentiator: A disciplined focus on inexpensive, quality companies with strong managements offers consistent downside protection.

- **Investment Thesis:**

- **Focused/Experienced Team** – The three portfolio managers have been together since 2006 and have extensive experience analyzing small capitalization companies. Averaging 20+ years industry experience, the team shares a common passion for discovering and investing in small companies.
- **Balance of Fundamentals/Valuation/Downside Risk** – The process is focused on balancing strong fundamentals with attractive valuations while understanding stock-specific downside risk. Particular emphasis is placed on owning companies that possess the following characteristics: shareholder-oriented board of directors and management team, ample and growing free cash flow, conservative capital structure, and above average and/or improving return on invested capital (ROIC).
- **Unanimous Decision Making** – All portfolio construction decisions are consensus-based and each member is fully accountable for each investment. Individual portfolio managers act as sector analysts and are responsible for generating ideas in their specific area of expertise. The process is extremely collaborative in nature and benefits from the team's broad industry expertise while providing a system of checks and balances.

- **Risks/Concerns:**

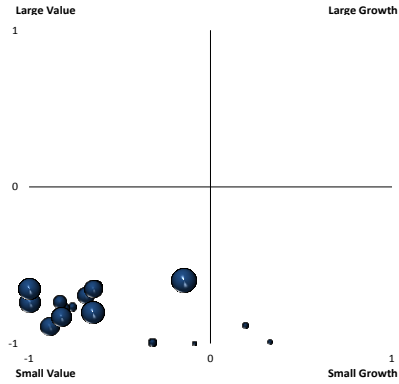
- **Traditionally a Growth-Oriented Firm** – William Blair has historically been a growth-oriented shop. Value strategies still represent around 2% of the firm's overall asset base but the organization continues to state their commitment to this team and diversifying the William Blair business lines. In that effort, this team has rolled out a Smid Value strategy at the beginning of 2011 and has committed to managing a mid cap strategy.
- **Near Capacity** – The strategy entered 2015 at their stated capacity of \$1.5 billion. Summit expects the strategy to close around the first half of 2016.

- **Performance Review and Expectations:**

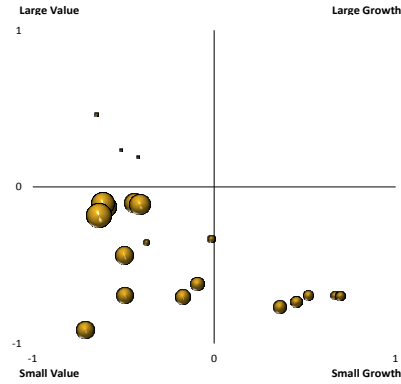
- The strategy underperformed by approximately 43 bps during the 4th quarter but outperformed by approximately 314 bps for the full year 2015. Relative outperformance during the quarter was driven by poor stock selection in health care and utilities – positive stock selection in financials (REITS) was the largest relative contributor. For the full year, a relative value approach, bigger cap bias, and strong stock selection in REITS were the largest contributors to the relative outperformance for the year.
- Performance expectations are in the range of 200-300 basis points with annualized tracking error of 400-600 bps. Expect the strategy to underperform when smaller cap names within the Index are in favor given its higher cap bias.

STYLE ANALYSIS, ROLLING THREE-YEAR PERIODS

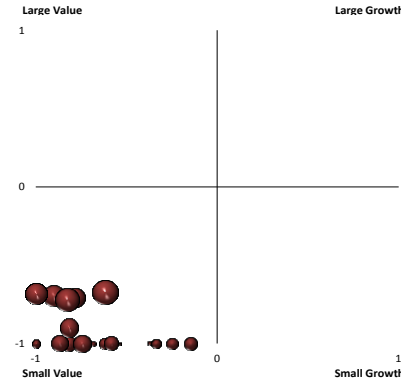
DRZ



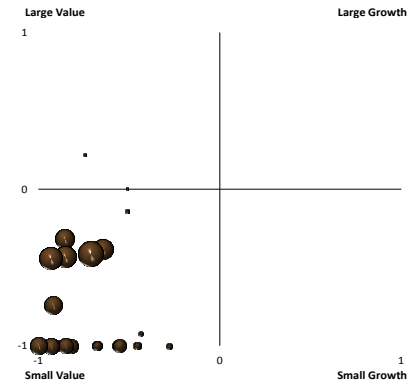
AJO



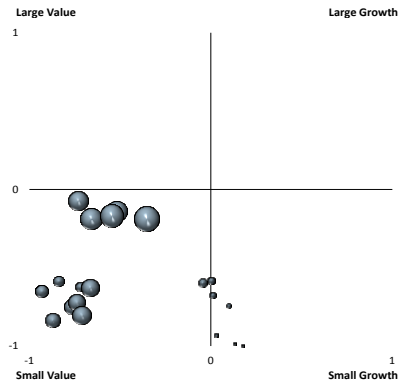
DFA



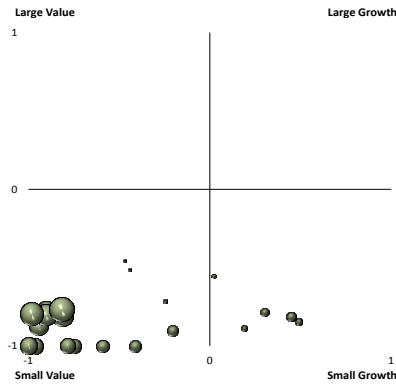
Integrity



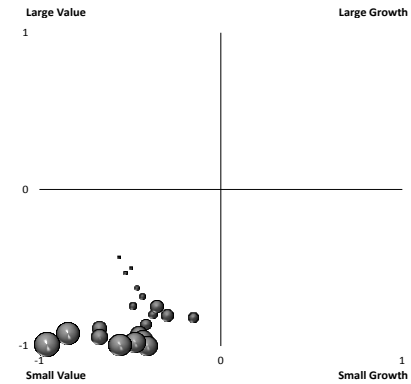
Walthausen



WEDGE



William Blair



SIDE BY SIDE COMPARISON

	Small Cap Value Equity					Smid Cap Value Equity		
	As of 12/31/15	DePrince, Race & Zollo	DFA	WEDGE	William Blair	AJO	Integrity	Walthausen
Firm	Headquarters Location	Winter Park, FL	Austin, TX	Charlotte, NC	Chicago, IL	Philadelphia, PA	Rocky River, OH	Malta, NY
	Firm Assets	\$5.8B	\$388.3B	\$11.3B	\$64.7B	\$26.3B	\$33.1B	\$1.2B
	Ownership	100% employee owned	100% other ownership	100% employee owned	100% employee owned	100% employee owned	100% owned by Victory Capital Management	100% employee owned
Product	Product Inception Date	June 1995	March 1992	January 1990	January 1997	December 1998	April 2005	September 2007
	Product Assets	\$1.7B	\$14.9B	\$1.6B	\$1.6B	\$1.1B	\$1.7B	\$311M
	Vehicle(s) Available	SA	SA, MF	SA	SA, MF	SA	SA, MF	SA, MF
	Separate Account Minimum	\$5M	\$100M	\$10M	\$5M	\$25M	\$5M	\$5M
	Commingled Fund Minimum	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Characteristics	Mutual Fund Minimum	N/A	\$2M	N/A	\$500,000	N/A	\$1M	\$5000M
	Stock Selection Method	Fundamental	Combined	Fundamental	Fundamental	Quantitative	Fundamental	Fundamental
	No. of Securities	60	1,176	107	96	163	105	41
	Portfolio Turnover	92%	10%	30%	25%	100%	50%	51%
	Wtd Avg Market Cap	\$1.7B	\$1.9B	\$2.4B	\$2.4B	\$2.9B	\$4.7B	\$3.1B
	Dividend Yield	3.21%	1.64%	1.94%	1.86%	2.34%	1.78%	1.90%
	P/E (trailing 12-mo)	19.0x	14.9x	17.0x	20.5x	14.8x	22.4x	15.7x
	P/B Ratio	1.4x	1.1x	1.7x	1.9x	1.5x	1.9x	1.9x

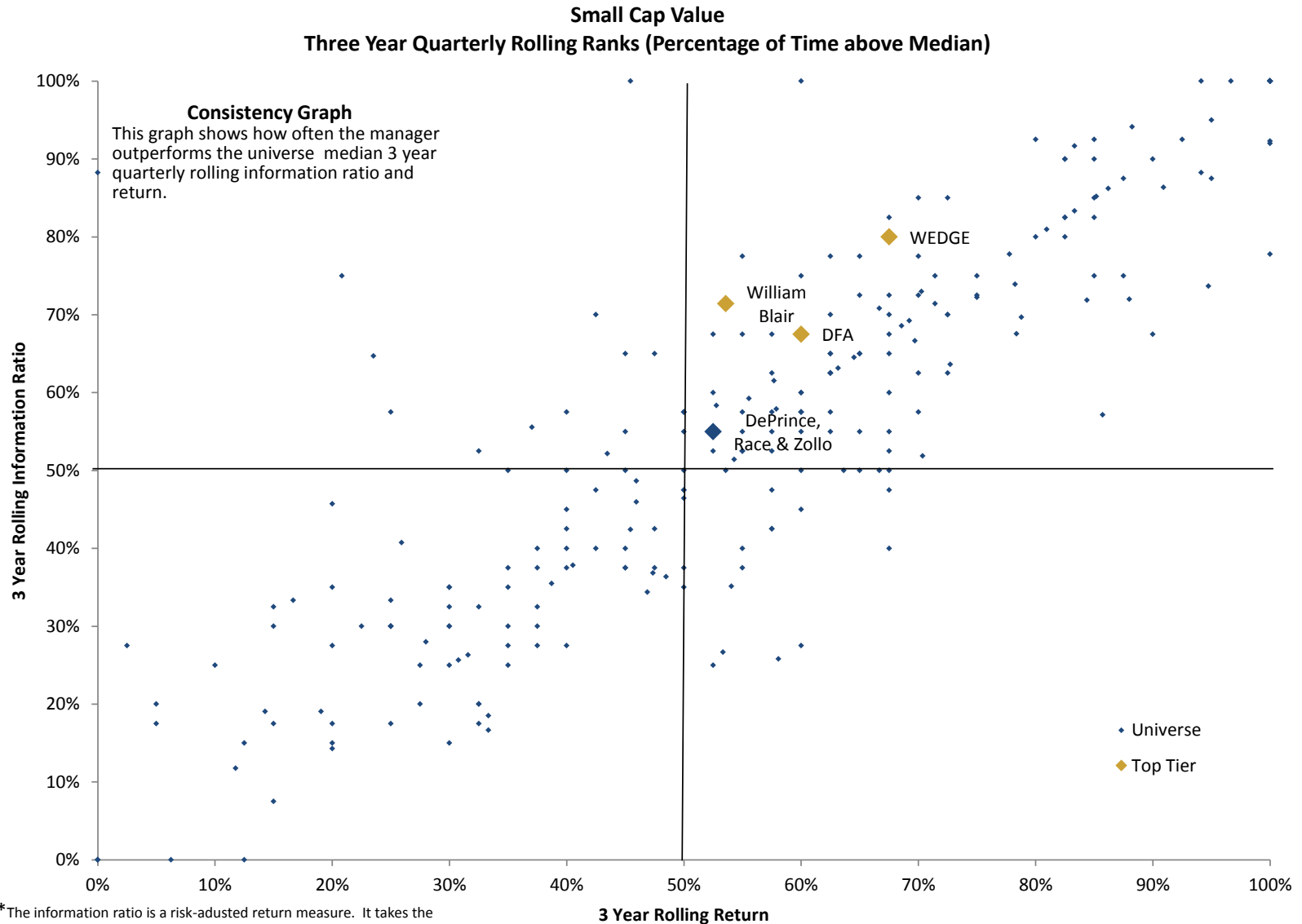
STATISTICAL SUMMARY

As of 12/31/15	DePrince, Race & Zollo*	DFA	WEDGE	William Blair	Russell 2000 Value	AJO	Victory	Walthausen	Russell 2500 Value
3 Year Performance:									
Annualized Return	7.0%	11.4%	13.0%	12.7%	9.1%	12.4%	11.1%	11.9%	10.5%
Annualized St. Dev	15.6%	14.3%	14.0%	13.4%	13.7%	12.4%	13.4%	12.9%	12.5%
Sharpe Ratio	0.44	0.80	0.93	0.94	0.66	1.00	0.82	0.92	0.84
Tracking Error	5.3%	2.7%	3.1%	2.1%	0.0%	2.4%	1.8%	4.1%	0.0%
Info Ratio	-0.39	0.87	1.27	1.73	0.00	0.81	0.30	0.33	0.00
Batting Average	41.7%	66.7%	75.0%	66.7%	0.0%	66.7%	58.3%	75.0%	0.0%
Up Market Capture	88.6%	110.1%	113.4%	111.7%	100.0%	102.6%	106.4%	104.7%	100.0%
Down Market Capture	103.6%	91.1%	79.5%	80.3%	100.0%	79.6%	106.2%	91.7%	100.0%
5 Year Performance:									
Annualized Return	7.4%	9.5%	11.0%	9.0%	7.7%	11.1%	9.3%	11.2%	9.2%
Annualized St. Dev	18.0%	19.0%	18.1%	16.9%	17.4%	17.2%	17.8%	16.4%	16.7%
Sharpe Ratio	0.41	0.50	0.60	0.53	0.44	0.64	0.52	0.68	0.55
Tracking Error	4.9%	3.0%	3.2%	2.5%	0.0%	2.7%	1.9%	3.7%	0.0%
Info Ratio	-0.06	0.61	1.04	0.52	0.00	0.70	0.03	0.54	0.00
Batting Average	50.0%	65.0%	70.0%	60.0%	0.0%	65.0%	50.0%	75.0%	0.0%
Up Market Capture	96.4%	115.1%	113.8%	100.4%	100.0%	105.7%	104.7%	105.0%	100.0%
Down Market Capture	97.6%	105.2%	92.6%	90.7%	100.0%	92.5%	106.3%	90.3%	100.0%
7 Year Performance:									
Annualized Return	14.7%	16.0%	15.0%	14.6%	11.7%	14.4%	15.2%	17.0%	13.8%
Annualized St. Dev	21.4%	23.8%	20.5%	19.8%	21.1%	19.5%	21.2%	19.7%	20.1%
Sharpe Ratio	0.68	0.66	0.72	0.73	0.55	0.73	0.71	0.85	0.68
Tracking Error	7.1%	4.2%	4.5%	3.3%	0.0%	3.5%	2.5%	4.1%	0.0%
Info Ratio	0.42	1.02	0.73	0.87	0.00	0.15	0.53	0.77	0.00
Batting Average	53.6%	67.9%	64.3%	60.7%	0.0%	57.1%	53.6%	75.0%	0.0%
Up Market Capture	103.1%	121.0%	105.6%	102.9%	100.0%	98.9%	107.3%	107.2%	100.0%
Down Market Capture	85.9%	102.1%	87.9%	86.3%	100.0%	94.5%	102.3%	89.9%	100.0%
10 Year Performance:									
Annualized Return	8.1%	6.9%	8.5%	8.6%	5.6%	6.8%	7.8%	N/A	6.5%
Annualized St. Dev	21.7%	23.8%	20.1%	19.5%	20.9%	19.6%	20.7%	N/A	20.1%
Sharpe Ratio	0.31	0.24	0.36	0.37	0.20	0.28	0.31	N/A	0.26
Tracking Error	6.5%	4.6%	4.6%	3.4%	0.0%	3.4%	3.8%	N/A	0.0%
Info Ratio	0.38	0.30	0.64	0.90	0.00	0.09	0.35	N/A	0.00
Batting Average	55.0%	60.0%	65.0%	65.0%	0.0%	55.0%	52.5%	N/A	0.0%
Up Market Capture	107.5%	115.5%	104.4%	102.7%	100.0%	99.1%	107.5%	N/A	100.0%
Down Market Capture	93.7%	107.2%	88.1%	85.5%	100.0%	97.1%	99.9%	N/A	100.0%

ANNUALIZED RETURNS

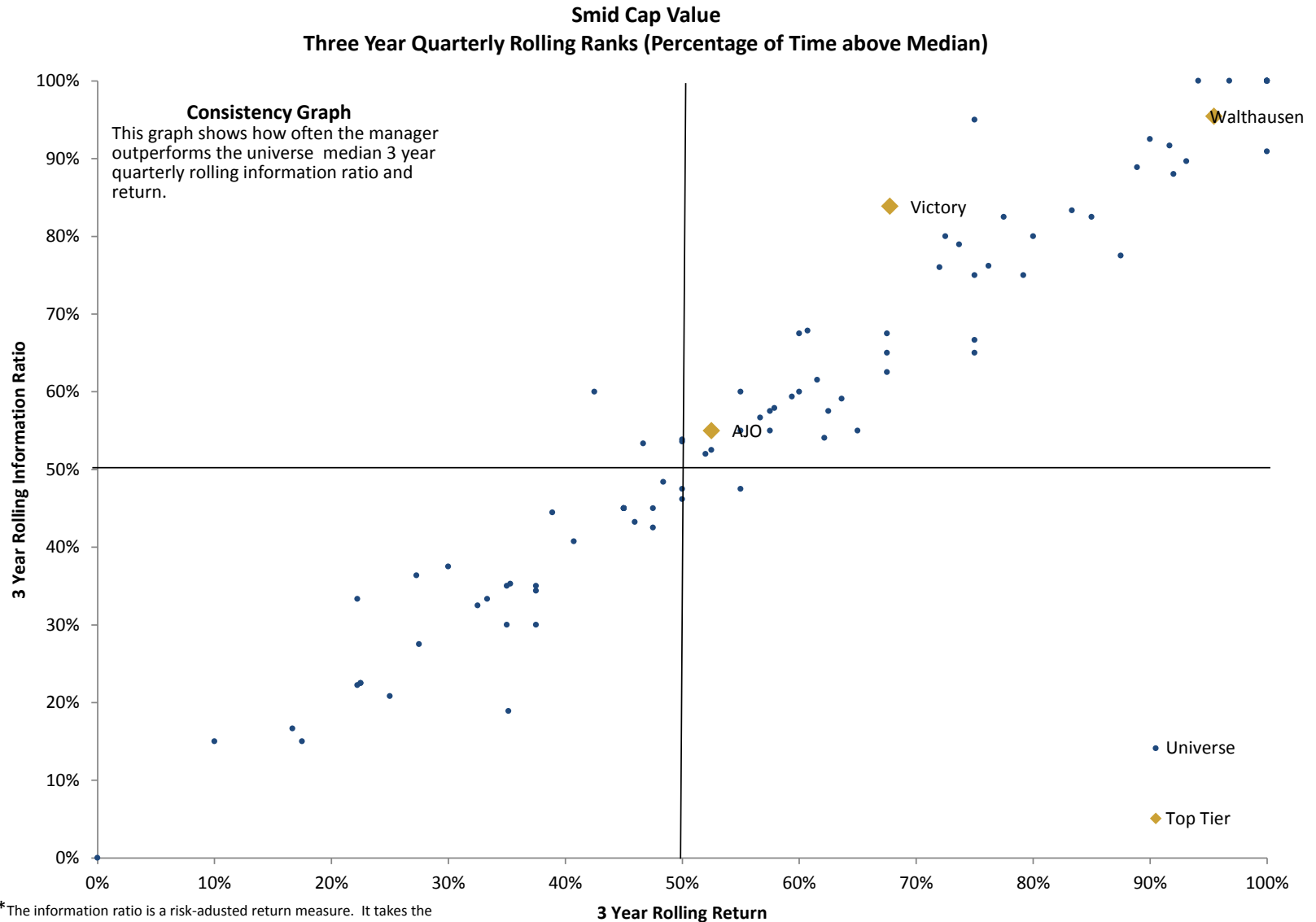
Manager vs Benchmark										
As of 12/31/15	1 year		3 years		5 years		7 years		10 years	
DePrince, Race & Zollo*	-12.72%		6.96%		7.39%		14.71%		8.05%	
DFA	-7.11%		11.44%		9.49%		15.95%		6.95%	
WEDGE	-3.31%		12.99%		10.97%		14.97%		8.50%	
William Blair	-4.33%		12.66%		8.96%		14.63%		8.64%	
Russell 2000 Value	-7.47%		9.06%		7.67%		11.72%		5.57%	
AJO	-5.19%		12.43%		11.11%		14.38%		6.82%	
Victory	-7.49%		11.06%		9.28%		15.18%		7.84%	
Walhausen	-6.01%		11.89%		11.23%		16.99%		N/A	
Russell 2500 Value	-5.49%		10.51%		9.23%		13.84%		6.51%	
Calendar Year Return										
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
DePrince, Race & Zollo*	-12.72%	4.66%	33.95%	23.14%	-5.20%	21.74%	50.32%	-34.12%	0.85%	24.94%
DFA	-7.11%	4.17%	43.00%	22.30%	-7.01%	32.50%	35.15%	-36.79%	-10.39%	22.61%
WEDGE	-3.31%	8.66%	37.30%	18.14%	-1.24%	24.73%	26.46%	-31.00%	3.17%	19.62%
William Blair	-4.33%	6.10%	40.85%	13.87%	-5.65%	32.66%	27.60%	-25.51%	-4.13%	23.35%
Russell 2000 Value	-7.47%	4.22%	34.52%	18.05%	-5.50%	24.50%	20.58%	-28.92%	-9.78%	23.48%
AJO	-5.19%	7.46%	39.48%	16.53%	2.25%	27.76%	18.42%	-30.86%	-8.41%	19.23%
Victory	-7.49%	6.84%	38.58%	17.27%	-2.97%	29.27%	33.48%	-33.69%	0.50%	18.69%
Walhausen	-6.01%	4.18%	43.05%	21.22%	0.27%	32.01%	33.44%	-29.82%	N/A	N/A
Russell 2500 Value	-5.49%	7.11%	33.32%	19.21%	-3.36%	24.82%	27.68%	-31.99%	-7.27%	20.18%

SMALL CAP VALUE TOP TIER PERSISTENCE



*The information ratio is a risk-adjusted return measure. It takes the managers excess return divided by its tracking error.

SMID CAP VALUE TOP TIER PERSISTENCE



*The information ratio is a risk-adjusted return measure. It takes the managers excess return divided by its tracking error.

INTERNATIONAL EQUITY REVIEW

NON-U.S. DEVELOPED LARGE CAP EQUITY PORTFOLIO – MANAGER EVALUATION

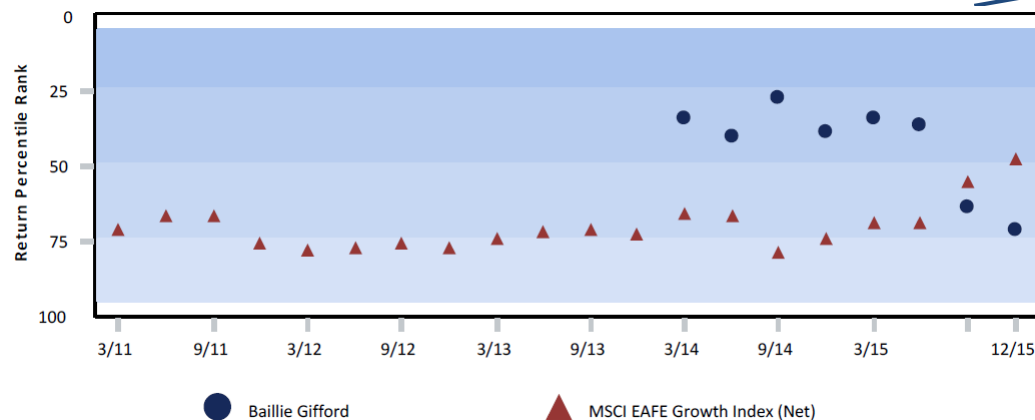
AS OF 02/29/2016

					Performance(%)					Inception Date
	1 Year	3 Year	5 Year	Since Inception	2015	2014	2013	2012	2011	
International Equity										
NT EAFE Index Fund	-15.04	0.55	-	3.04	-0.65	-4.71	22.95	-	-	Apr-2012
MSCI EAFE Index (Net)	-15.18	0.38	0.56	2.84	-0.81	-4.90	22.78	17.32	-12.14	
Excess Return	0.14	0.17	-	0.20	0.16	0.19	0.17	-	-	
Baillie Gifford	-18.45	0.33	1.28	1.28	-2.99	-6.88	28.87	18.83	-	Mar-2011
MSCI EAFE Growth Index (Net)	-10.50	2.18	2.17	2.17	4.09	-4.43	22.55	16.86	-12.11	
Excess Return	-7.95	-1.85	-0.89	-0.89	-7.08	-2.45	6.32	1.97	-	
Silchester	-11.00	-	-	1.93	1.57	-1.67	-	-	-	Sep-2013
MSCI EAFE Value Index (Net)	-19.82	-1.49	-1.12	-3.24	-5.68	-5.39	22.95	17.69	-12.17	
Excess Return	8.82	-	-	5.17	7.25	3.72	-	-	-	
Acadian Emerging Mkts Equity II Fund	-24.85	-	-	-10.60	-17.73	2.11	-	-	-	Jan-2014
MSCI Emerging Markets (Net)	-23.41	-8.90	-5.41	-11.00	-14.92	-2.19	-2.60	18.23	-18.42	
Excess Return	-1.44	-	-	0.40	-2.81	4.30	-	-	-	

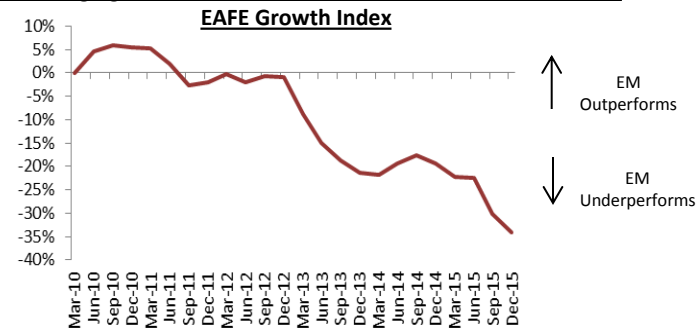
Manager	Category	Structural Fit	Manager Evaluation	Implementation Notes
NT EAFE Index	Non-U.S.	●	●	This strategy is adequately tracking the MSCI EAFE Index.
Silchester	Non-U.S. Value	●	●	This is a disciplined stock-picking strategy in which low debt, balance sheet strength, liquidity, and cash flow really matter. This has been an employee-owned firm with a very stable investment team since its inception. Silchester continues to outperform over all time periods. The strategy is hard-closed to investors.
Baillie Gifford	Non-U.S. Growth	●	●	The strategy seeks to invest in companies with under-appreciated, long-term compounding growth potential. Emerging markets (EM) are a meaningful allocation for this strategy and should be expected to add volatility to the portfolio's benchmark relative performance. This EM allocation has been a primary driver of the portfolio's most recent underperformance
Acadian Emerging Markets	Non-U.S. Growth	●	●	Acadian uses a multi-factor model that evaluates valuation, price and volume trends, quality metrics, and earnings information. These measures are evaluated in a structured and quantitative process to create portfolios from both a top-down and a bottom-up perspective..

BAILLIE GIFFORD & CO. – RECOMMENDATION: MAINTAIN

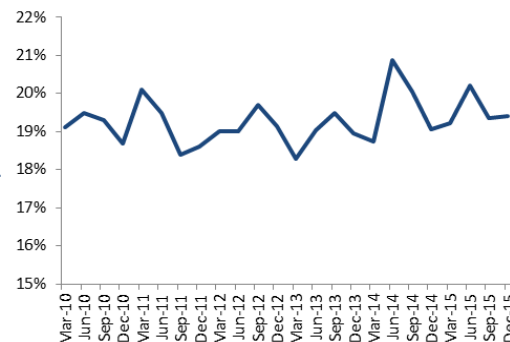
3-Year Rolling Relative Ranking



MSCI Emerging Markets Index Cumulative Excess Return vs. MSCI

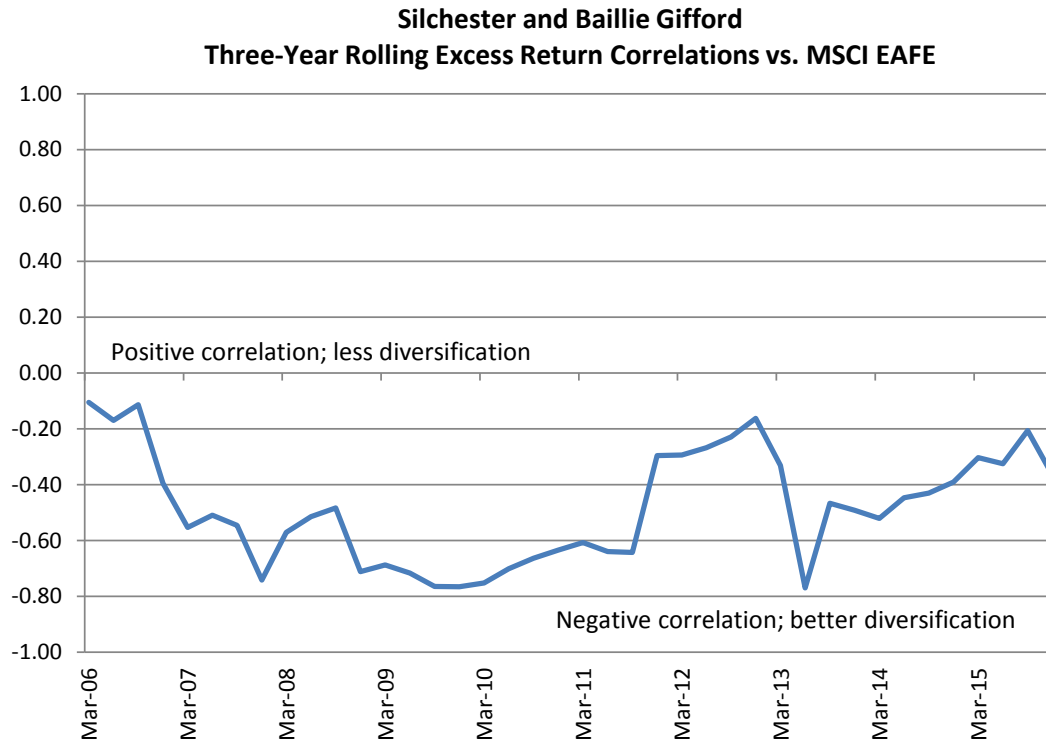


Baillie Gifford Emerging Markets Allocation Through Time



- Since funding in March 2011, the strategy has underperformed, mostly as a result of the poor relative performance over the trailing 12 months.
- Baillie Gifford consistently holds an 18% to 21% allocation to emerging market equities, which are not contained in the benchmark.
- As emerging markets began to underperform international developed markets beginning in 2013, due to growth concerns, this allocation to emerging markets became a detractor to performance. As emerging markets recover, this should bode well for Baillie Gifford.
- Growth concerns in emerging markets also affected Baillie Gifford's developed country stocks (the other 80% of the portfolio), as several of these companies also have emerging markets exposure.

SILCHESTER AND BAILLIE GIFFORD: HISTORICAL EXCESS RETURN CORRELATIONS



Performance reflects gross of fees composite returns.

- Excess return (vs. MSCI EAFE) correlations for Silchester and Baillie Gifford have historically been negative, signifying that the two managers provide differing return and tracking error profiles and stronger diversification benefits.
- Despite Baillie Gifford's recent underperformance, as summarized on the previous page, Summit continues to believe that Baillie Gifford is an appropriate manager to retain in the space and a good diversifier for Silchester.

FIXED INCOME REVIEW

FIXED INCOME PORTFOLIO – MANAGER EVALUATION

AS OF 02/29/2016

	Performance(%)					Inception Date				
	1 Year	3 Year	5 Year	Since Inception	2015	2014	2013	2012	2011	
Fixed Income										
NTGI Aggregate Bond Index	1.53	2.17	-	2.27	0.55	6.07	-	-	-	Feb-2013
<i>Barclays Aggregate</i>	<i>1.50</i>	<i>2.22</i>	<i>3.60</i>	<i>2.32</i>	<i>0.55</i>	<i>5.97</i>	<i>-2.02</i>	<i>4.21</i>	<i>7.84</i>	
Excess Return	0.03	-0.05	-	-0.05	0.00	0.10	-	-	-	
Eaton Vance Instl Senior Loan Trust	-3.20	0.87	-	0.87	-0.78	0.88	-	-	-	Mar-2013
<i>CS Leveraged Loan Index</i>	<i>-3.27</i>	<i>1.63</i>	<i>2.97</i>	<i>1.63</i>	<i>-0.38</i>	<i>2.06</i>	<i>6.15</i>	<i>9.42</i>	<i>1.80</i>	
Excess Return	0.07	-0.76	-	-0.76	-0.40	-1.18	-	-	-	
Thompson Siegel Fixed	1.18	2.22	3.88	6.28	1.24	4.95	-0.83	7.14	5.94	Aug-1991
<i>Thompson Policy Index</i>	<i>1.50</i>	<i>2.22</i>	<i>3.60</i>	<i>6.14</i>	<i>0.55</i>	<i>5.97</i>	<i>-2.02</i>	<i>4.21</i>	<i>7.84</i>	
Excess Return	-0.32	0.00	0.28	0.14	0.69	-1.02	1.19	2.93	-1.90	

Manager	Category	Structural Fit	Manager Evaluation	Implementation Notes
NT Aggregate Bond Index	Core (Passive)	●	●	This strategy is adequately tracking the Barclays Aggregate Bond Index.
Thompson Siegel	Core	●	●	The strategy emphasizes income in the portfolio and expects it to be the primary driver of returns over the long term. The process starts with a top-down analysis focusing on global economic trends, monetary policy outlook, inflation expectations, and risk premiums and culminates with fundamental, bottom-up security analysis. The investment team has remained stable through the years, and long-term performance has been positive.
Eaton Vance	Senior Bank Notes	●	●	Eaton Vance's bank loans strategy has grown above \$35B in AUM, raising concerns that the strategy's alpha generating abilities will be dampened. The preference is for implementing bank loans strategies with lower asset bases and the ability to be more nimble. Holdings for Eaton Vance are approximately 500 issues, illustrating the potential need for Eaton Vance to "buy the market" and lowering alpha expectations.

CORE PLUS FIXED INCOME SEARCH – EXECUTIVE SUMMARY

- On March 17th, the Committee interviewed BlackRock (Model-based), Loomis (Full Discretion), Neuberger Berman, and Western Asset for a Core Plus mandate. Subsequent to the presentation, the Committee tasked Summit with the following:
 - Obtain a final, best efforts fee proposal from each manager, and
 - Explore different options for mixing managers.
- Recommendations:
 - If the Committee wishes to maintain separate allocations to Bank Loans/High Yield and Emerging Markets Debt, Summit recommends the Committee utilize Neuberger Berman.
 - The factors playing into this recommendation include:
 - Neuberger’s unique sector allocation framework,
 - More moderate risk budget, and
 - Highly attractive fee for seeding CIT (15.4 bps on \$115MM).
 - If the Committee wishes to eliminate allocations to Bank Loans/High Yield and Emerging Markets Debt, and maintain a more traditional risk posture in Core Plus, Summit recommends the Committee pair Neuberger with BlackRock’s CorePlus (Model-based) product.
 - The factors playing into this recommendation include:
 - Low realized correlation of excess returns between the two managers,
 - Drastically different investment styles between the two managers,
 - Moderate combined risk budget, and
 - A combined fee of ~20 bps that is highly attractive for the asset class.
 - If the Committee wishes to eliminate allocations to Bank Loans/High Yield and Emerging Markets Debt, and integrate some of the riskiness of those asset classes into the Core Plus mandate, Summit recommends the Committee pair Loomis’s Core Plus Full Discretion product with BlackRock’s CorePlus (Model-based) product.
 - The factors playing into this recommendation include:
 - Low realized correlation of excess returns between the two managers,
 - Drastically different investment styles between the two managers,
 - More aggressive combined risk budget, and
 - The opportunity to combine AUM with the City of Jacksonville for fee calculation purposes leads to a combined fee of ~26 bps.

FINAL FEE PROPOSALS

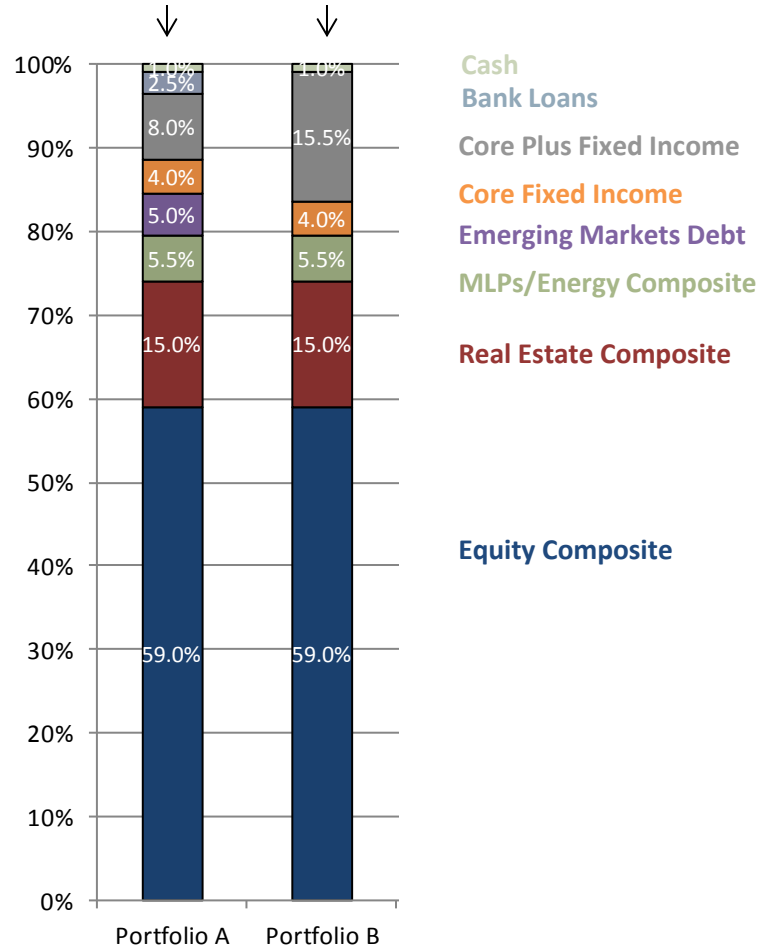
- **BlackRock**
 - Separate Account:
 - 25 bps for approximately \$115MM, Cannot do a separate account below \$100MM
 - Commingled Fund*:
 - 23 bps for approximately \$57MM (Need to confirm fiduciary solution proposed would be acceptable)
- **Loomis**
 - Separate Account:
 - Standard Fee Schedule**: 27.3 bps for approximately \$115MM, 31.2 bps for approximately \$57MM
 - Performance Fee Schedule: 18 bps base fee + 20% in excess of benchmark (net of base fee); Cap = 50 bps on \$57MM, 46 bps on \$115MM
- **Neuberger Berman**
 - Seeding Commingled Fund:
 - 15.4 bps for approximately \$115MM, 18.2 bps for approximately \$57MM
 - Separate Account:
 - 27 bps for approximately \$115MM, 31.5 bps for approximately \$57MM
- **Western**
 - Separate Account:
 - Standard Fee Schedule – Aggregate: 28.7bps for approximately \$115MM, 30 bps for approximately \$57MM
 - Standard Fee Schedule – Universal: 33 bps for approximately \$115MM, 35 bps for approximately \$57MM
 - Performance Fee Schedule – Aggregate: 15 bps base fee + 20% in excess of benchmark; Cap = 35 bps
 - Performance Fee Schedule – Universal: 20 bps base fee + 20% in excess of benchmark; Cap = 35 bps

*Commingled fund is dominated by one very large investor

**Based on aggregated mandate size with City of Jacksonville

ROLLING EMD AND BANK LOANS INTO CORE PLUS ALLOCATION – CHANGES IN EXPECTED RETURN/VOLATILITY

Current (New) Target Allocation EMD and Bank Loans Rolled into Core Plus



10 Year Beta Expected Return	6.6%	6.4%
10 Year Alpha Expected Return	0.5%	0.5%
10 Year Total Expected Return	7.0%	6.8%
Standard Deviation	11.7%	11.1%
Return/Risk	0.56	0.57

Figures may not sum due to rounding.

- Removing dedicated Emerging Markets Debt and Bank Loans allocations and adding them to Core Plus Fixed Income decreases the portfolio's expected return by 0.2% but also decreases the expected standard deviation of the portfolio by 0.6%.

WHAT LEVEL OF AGGRESSIVENESS (TRACKING ERROR) IS NEEDED TO REPLACE DEDICATED PLUS ALLOCATIONS?

- Moving the EMD and Bank Loan/High Yield allocations into Core Plus lowers expected volatility, but also lowered expected return. The Committee's decision on whether it wants to try to re-capture the 20 bps of expected return will drive the recommended blend of Core Plus managers.
- To recoup 20 bps of lower portfolio expected return with 15.5% (the enlarged Core Plus allocation) of the portfolio, the Core Plus allocation will need to beat its alpha assumption (50 bps net of fees) by ~130 bps. This leads to a target of 180 bps net of fees.
 - For the BlackRock/Neuberger mix, this equates to 200 bps gross of fees.
 - For the BlackRock/Loomis mix, this equates to 206 bps gross of fees.
- A manager/portfolio in Core Plus can be thought of as performing well if it delivers an information ratio (excess return divided by tracking error) of 0.5x. For both managers, this equates to about 400 bps tracking error.
- The charge then becomes: which set of managers (1) takes the necessary amount of risk/tracking error and (2) still represents a diversification of styles.
 - The BlackRock/Neuberger mix would not be expected to reach this tracking error level (10 Year tracking error = 160 bps).
 - The BlackRock/Loomis mix would be expected to come far closer, while still offering a more diversified portfolio (10 Year tracking error = 340 bps).
- Therefore, if the Committee was to try to re-capture the 20 bps of lower portfolio expected return, the better blend of products would be Loomis's Core Plus Full Discretion product and BlackRock's CorePlus (Model-based) product.

CORRELATION ANALYSIS: CORRELATION OF EXCESS RETURN

10 Year						
	Eaton Vance	Thompson Siegel	BlackRock	Loomis, Sayles	Neuberger Berman	WAMCO
<u>Current Fixed Income Managers</u>						
Eaton Vance (Bank Loans)	1.00	0.19	0.10	0.77	0.77	0.85
Thompson, Siegel (Core)	0.19	1.00	0.44	0.57	0.45	0.37
<u>Core Plus Fixed Income Managers</u>						
BlackRock	0.10	0.44	1.00	0.14	0.21	0.17
Loomis, Sayles	0.77	0.57	0.14	1.00	0.93	0.87
Neuberger Berman	0.77	0.45	0.21	0.93	1.00	0.87
WAMCO	0.85	0.37	0.17	0.87	0.87	1.00

5 Year						
	Eaton Vance	Thompson Siegel	BlackRock	Loomis, Sayles	Neuberger Berman	WAMCO
<u>Current Fixed Income Managers</u>						
Eaton Vance (Bank Loans)	1.00	0.48	-0.57	0.81	0.79	0.63
Thompson, Siegel (Core)	0.48	1.00	0.14	0.36	0.24	0.46
<u>Core Plus Fixed Income Managers</u>						
BlackRock	-0.57	0.14	1.00	-0.66	-0.78	-0.47
Loomis, Sayles	0.81	0.36	-0.66	1.00	0.91	0.82
Neuberger Berman	0.79	0.24	-0.78	0.91	1.00	0.75
WAMCO	0.63	0.46	-0.47	0.82	0.75	1.00

3 Year						
	Eaton Vance	Thompson Siegel	BlackRock	Loomis, Sayles	Neuberger Berman	WAMCO
<u>Current Fixed Income Managers</u>						
Eaton Vance (Bank Loans)	1.00	0.38	-0.38	0.56	0.42	0.15
Thompson, Siegel (Core)	0.38	1.00	0.39	0.21	0.02	0.61
<u>Core Plus Fixed Income Managers</u>						
BlackRock	-0.38	0.39	1.00	-0.39	-0.50	0.45
Loomis, Sayles	0.56	0.21	-0.39	1.00	0.90	0.52
Neuberger Berman	0.42	0.02	-0.50	0.90	1.00	0.26
WAMCO	0.15	0.61	0.45	0.52	0.26	1.00

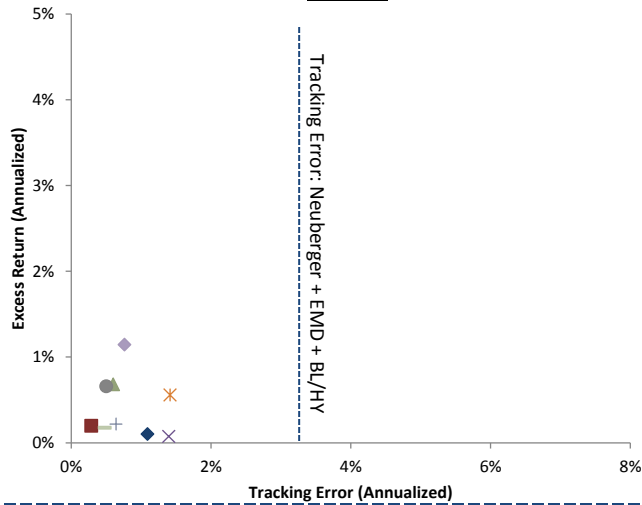
- Over the long-run, medium-run, or short-run, only BlackRock represents a truly unique return stream from the other Core Plus managers.

PERFORMANCE RETURNS

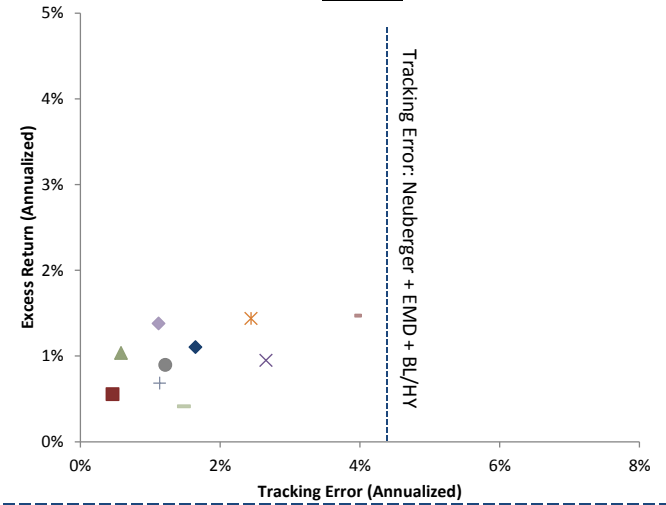
Manager vs Benchmark										
As of 12/31/15	1 year		3 years		5 years		7 years		10 years	
50% BlackRock 50% Loomis	-0.77%		1.61%		4.56%		7.78%		6.24%	
50% BlackRock 50% Neuberger	0.31%		1.70%		4.02%		6.54%		5.74%	
50% BlackRock 50% WAMCO	0.83%		2.19%		4.50%		7.06%		5.63%	
50% Loomis 50% Neuberger	-0.93%		1.58%		4.41%		8.21%		6.18%	
50% Loomis 50% WAMCO	-0.41%		2.06%		4.90%		8.74%		6.06%	
50% Neuberger 50% WAMCO	0.67%		2.16%		4.36%		7.51%		5.59%	
Barclays US Universal	0.43%		1.51%		3.46%		4.70%		4.67%	
Calendar Year Return										
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
50% BlackRock 50% Loomis	-0.77%	6.35%	-0.61%	10.46%	7.88%	10.10%	22.74%	-4.21%	6.09%	6.71%
50% BlackRock 50% Neuberger	0.31%	6.39%	-1.43%	6.99%	8.18%	8.67%	17.76%	1.06%	5.21%	5.48%
50% BlackRock 50% WAMCO	0.83%	7.39%	-1.45%	7.57%	8.55%	9.43%	18.22%	-2.74%	4.23%	5.87%
50% Loomis 50% Neuberger	-0.93%	5.67%	0.12%	11.44%	6.23%	11.41%	25.72%	-7.74%	6.49%	6.68%
50% Loomis 50% WAMCO	-0.41%	6.66%	0.09%	12.04%	6.62%	12.19%	26.17%	-11.32%	5.51%	7.06%
50% Neuberger 50% WAMCO	0.67%	6.70%	-0.73%	8.54%	6.94%	10.74%	21.15%	-6.32%	4.63%	5.84%
Barclays US Universal	0.43%	5.56%	-1.35%	5.53%	7.40%	7.16%	8.60%	2.38%	6.50%	4.97%

TRACKING ERROR AND EXCESS RETURN

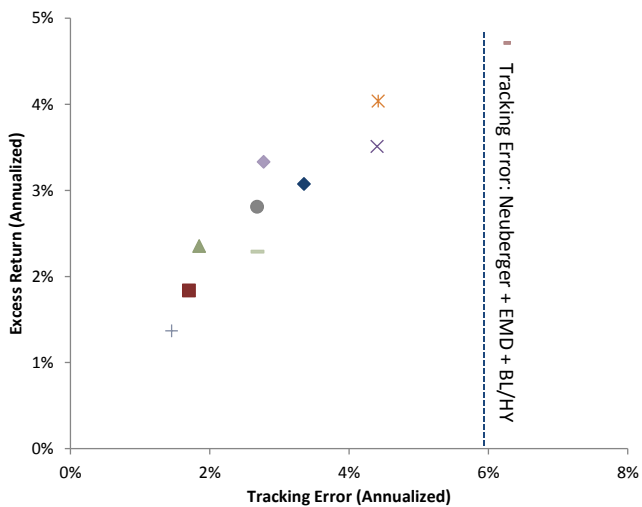
3 Year



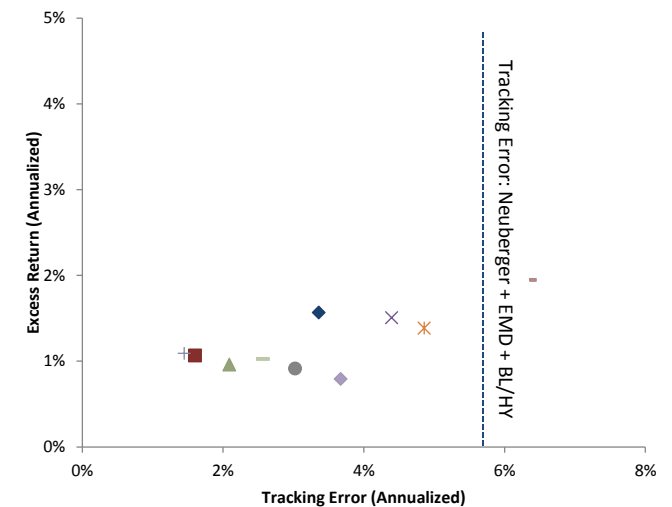
5 Year



7 Year



10 Year



- ◆ 50% BlackRock 50% Loomis
- 50% BlackRock 50% Neuberger
- ▲ 50% BlackRock 50% WAMCO
- ✕ 50% Loomis 50% Neuberger
- ✕ 50% Loomis 50% WAMCO
- 50% Neuberger 50% WAMCO
- + BlackRock
- Loomis, Sayles
- Neuberger Berman
- ◆ WAMCO

STATISTICAL SUMMARY

As of 12/31/15	50% BlackRock 50% Loomis	50% BlackRock 50% Neuberger	50% BlackRock 50% WAMCO	50% Loomis 50% Neuberger	50% Loomis 50% WAMCO	50% Neuberger 50% WAMCO	Barclays US Universal
3 Year Performance:							
Annualized Return	1.6%	1.7%	2.2%	1.6%	2.1%	2.2%	1.5%
Annualized St. Dev	3.2%	2.9%	3.1%	3.2%	3.4%	3.0%	2.7%
Sharpe Ratio	0.48	0.57	0.68	0.47	0.59	0.70	0.53
Tracking Error	1.1%	0.3%	0.6%	1.4%	1.4%	0.5%	N/A
Info Ratio	0.09	0.69	1.13	0.05	0.39	1.31	N/A
Batting Average	41.7%	58.3%	66.7%	58.3%	50.0%	75.0%	N/A
Up Market Capture	111.6%	105.8%	119.6%	110.8%	124.7%	119.0%	N/A
Down Market Capture	115.7%	98.3%	93.0%	116.0%	110.7%	93.3%	N/A
5 Year Performance:							
Annualized Return	4.6%	4.0%	4.5%	4.4%	4.9%	4.4%	3.5%
Annualized St. Dev	3.2%	2.8%	3.0%	3.5%	3.5%	2.8%	2.6%
Sharpe Ratio	1.40	1.42	1.49	1.23	1.37	1.54	1.30
Tracking Error	1.6%	0.5%	0.6%	2.7%	2.4%	1.2%	N/A
Info Ratio	0.67	1.20	1.78	0.36	0.59	0.74	N/A
Batting Average	55.0%	70.0%	75.0%	65.0%	60.0%	75.0%	N/A
Up Market Capture	129.1%	112.5%	122.5%	125.5%	135.8%	119.4%	N/A
Down Market Capture	115.7%	98.3%	93.0%	116.0%	110.7%	93.3%	N/A
7 Year Performance:							
Annualized Return	7.8%	6.5%	7.1%	8.2%	8.7%	7.5%	4.7%
Annualized St. Dev	5.4%	4.1%	4.3%	6.1%	6.2%	4.7%	3.0%
Sharpe Ratio	1.41	1.56	1.58	1.32	1.38	1.56	1.50
Tracking Error	3.4%	1.7%	1.8%	4.4%	4.4%	2.7%	N/A
Info Ratio	0.92	1.08	1.27	0.80	0.91	1.05	N/A
Batting Average	60.7%	75.0%	82.1%	67.9%	64.3%	78.6%	N/A
Up Market Capture	157.8%	132.9%	142.2%	163.4%	172.9%	148.1%	N/A
Down Market Capture	107.7%	94.1%	92.9%	91.8%	90.6%	76.8%	N/A
10 Year Performance:							
Annualized Return	6.2%	5.7%	5.6%	6.2%	6.1%	5.6%	4.7%
Annualized St. Dev	5.3%	3.9%	4.2%	6.0%	6.4%	4.7%	3.1%
Sharpe Ratio	0.93	1.13	1.02	0.81	0.74	0.91	1.08
Tracking Error	3.4%	1.6%	2.1%	4.4%	4.9%	3.0%	N/A
Info Ratio	0.47	0.67	0.46	0.34	0.29	0.30	N/A
Batting Average	57.5%	62.5%	67.5%	67.5%	62.5%	67.5%	N/A
Up Market Capture	135.6%	119.8%	120.1%	134.4%	134.5%	119.1%	N/A
Down Market Capture	140.7%	101.4%	115.0%	140.2%	153.9%	114.2%	N/A

CORE PLUS MANAGER SUMMARY PAGES FROM INITIAL PRESENTATION

BLACKROCK – COREPLUS (MODEL-BASED)

2ND TIER

FIRM DETAILS

Address: 55 East 52nd Street
New York, NY 10055

Phone: 212.810.5300

Asset Class: Core Plus Fixed Income

Benchmark: Barclays Universal

Founded: 1988

Ownership: 78% publicly held;
22% owned by PNC Financial
Services Group

Assets Under Management: \$4.6 trillion

PRODUCT DETAILS

Inception: May 2003

Assets Under Management: \$765 million

Vehicles Offered: SA, CF

Separate Account Minimum: \$100 million

Portfolio Managers/Dual Role PMs: 27

Avg. Yrs of Experience: 16

Avg. Yrs at Firm: 8

Research Analysts: 8

Avg. Yrs of Experience: 13

Avg. Yrs at Firm: 8

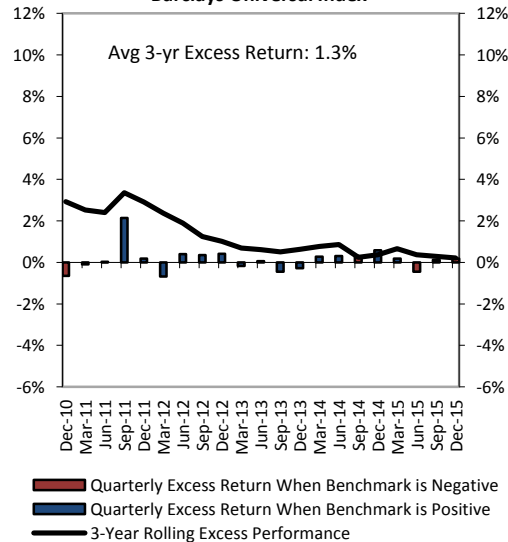
Fee Schedule (SA): 0.30%

CHARACTERISTICS

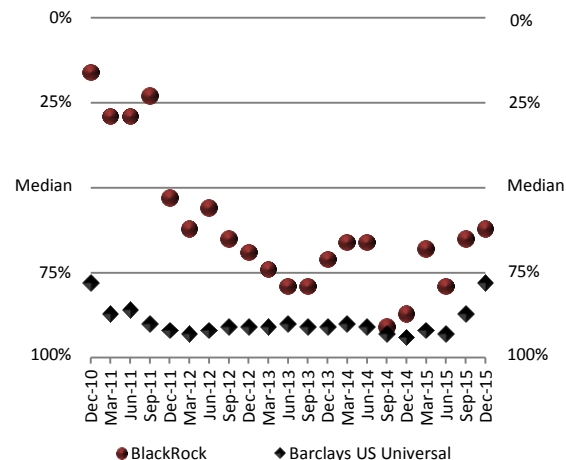
	Portfolio	Benchmark
No of Bonds:	2,156	14,955
Portfolio Turnover:	51%	N/A
Avg Credit Quality:	A	AA
Min Credit Quality:	CCC	NR
Duration:	5.4 yrs	5.4 yrs
<u>Last 3 Years:</u>		
Information Ratio:	0.3	N/A
Sharpe Ratio:	0.6	0.5

ROLLING PERFORMANCE AND RANKINGS

Three-Year Rolling/Quarterly Excess Performance vs.
Barclays Universal Index

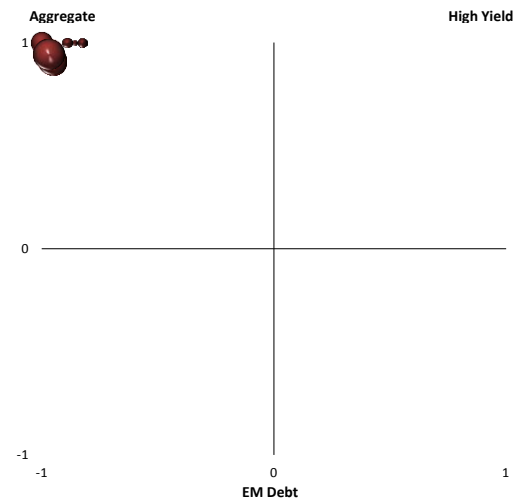


Manager vs. Core Plus Universe
Rolling Three-Year Periods



QUALITATIVE OVERVIEW

- BlackRock was founded in 1988 as an independent organization focused on fixed income. Over time and via acquisitions it has transformed into a \$4.6 trillion AUM, publicly traded behemoth. Led by founder, Larry Fink, BlackRock now provides a multitude of investment solutions and guidance across the active and passive spectrum of long-only equity and fixed income as well as alternative options such as private equity.
- BlackRock's CorePlus strategy is managed by the former BGI Model-based fixed income team based in San Francisco. The investment team is led by Tom Parker, David Horowitz, Scott Radell, Karen Uyehara, and Ralph Smith. The same team of analysts/researchers is used across the suite of model-based fixed income products.
- The philosophy employed by BlackRock's model-based fixed income team is a mixture of quantitative research and market experts. The team is tasked with creating, maintaining, and deploying a set of diversified models/signals for investing in both core and plus sectors. The objective is to construct a highly diversified, high information ratio portfolio that exhibits lower correlations to traditional plus sectors. The team's more quantitative approach is unique within long-only fixed income.
- The process employed by the model-based fixed income team is two-fold. First, the researchers are tasked with developing statistically robust models or signals for investing in conjunction with the market experts. Signals approved by the Research Approval Committee graduate to the opportunity set. Signals within the opportunity set are invested in by the Investment Committee based on the overall risk budget and their expected information ratio. The entire suite of signals is monitored in a standardized manner for their efficacy.



BLACKROCK – COREPLUS (MODEL-BASED)

Key Differentiator: Model-driven fixed income product with low correlation to traditional fixed income plus sectors.

- **Investment Thesis:**

- **Correlation Benefit** – BlackRock’s CorePlus strategy aims to deliver excess returns with a lower correlation to high yield and other traditional plus sectors. Frequently models/signals are designed to be risk neutral, relative value trades. In this way, the strategy is intended to derive its plus from active management rather than carry.
- **Extensive Resources** – BlackRock’s massive asset management empire affords the team access to data and resources that would be the envy of most other firms. From better trade and flow data for monitoring liquidity assumptions to custom built programs, the team has the resources (such as its own Chief Technology Officer) to complete its mission.
- **Unique Perspective** – In a core/core plus market awash with carry-oriented products, BlackRock’s model-based core plus product provides a differentiated approach to portfolio construction that provides greater confidence in its realized correlation benefit.

- **Risks/Concerns:**

- **Capacity** – The CorePlus strategy utilizes many of the long strategies from BlackRock’s closed \$6B Fixed Income GlobalAlpha hedge fund. Remaining capacity for the long only product suite (CoreActive, CoreAlpha, and CorePlus) is estimated at around \$10B.
- **Recent Organizational Shift** – BlackRock recently merged its model-based research and market practitioner sub-investment teams into six new “Centres of Excellence” with each led by a market practitioner/portfolio manager. While this set up makes more sense versus the more fragmented approach used previously, it does risk heightened turnover as the new team dynamics evolve.
- **Model Risks** – Model-based signals can breakdown in unprecedented environments. While the new organizational structure is intended to make the research process more dynamic and reactive, data limitations remain.

- **Performance Expectations:**

- Alpha expectations for this strategy are 100-150 basis points over the next market cycle.

LOOMIS, SAYLES & COMPANY – CORE PLUS FULL DISCRETION (CPFD)

FIRM DETAILS

Address: One Financial Center 25th Floor
Boston, MA 02111

Phone: 617.482.2450

Asset Class: Core Plus Fixed Income

Benchmark: Barclays Universal

Founded: 1926

Ownership: 100% owned by Natixis Global

Assets Under Management: \$229.1 billion

PRODUCT DETAILS

Inception: January 1989

Assets Under Management: \$16.0 billion

Vehicles Offered: SA, CF, MF

Separate Account Minimum: \$50 million

Portfolio Managers/Dual Role PMs: 4

Avg. Yrs of Experience: 34

Avg. Yrs at Firm: 25

Research Analysts: 76

Avg. Yrs of Experience: 13

Avg. Yrs at Firm: 9

Fee Schedule (SA): 0.40% on first \$20 million
0.30% on next \$80 million
0.20% on balance

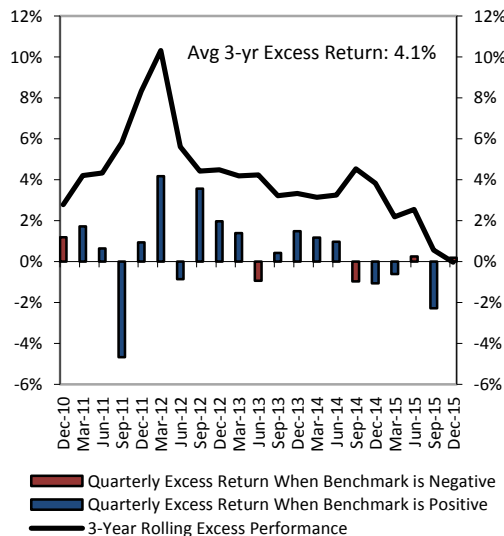
(Performance-based fees are not available)

CHARACTERISTICS

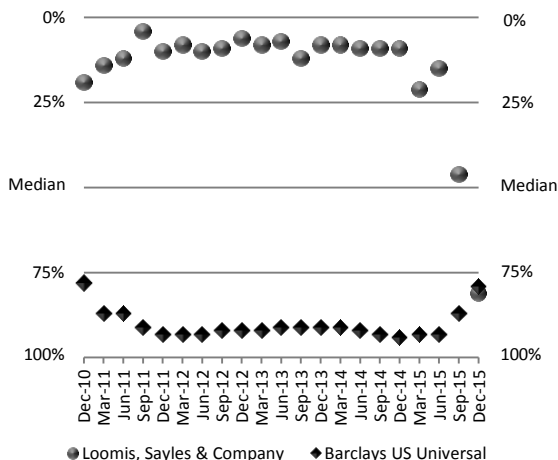
	Portfolio	Benchmark
No of Bonds:	858	14,955
Portfolio Turnover:	23%	N/A
Avg Credit Quality:	A	AA
Min Credit Quality:	CCC	NR
Duration:	4.7 yrs	5.4 yrs
Last 3 Years:		
Information Ratio:	0.0	N/A
Sharpe Ratio:	0.4	0.5

ROLLING PERFORMANCE AND RANKINGS

Three-Year Rolling/Quarterly Excess Performance vs. Barclays Universal Index

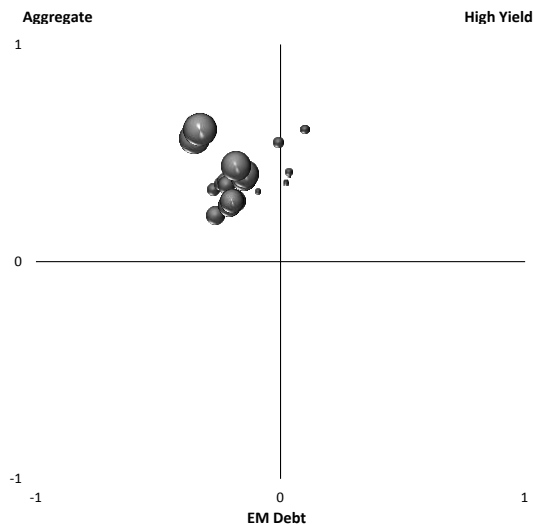


Manager vs. Core Plus Universe Rolling Three-Year Periods



QUALITATIVE OVERVIEW

- Loomis, Sayles & Co. was founded in 1926 by Robert Loomis and Ralph Sayles. Over its existence Loomis has been owned by multiple entities and is currently a wholly-owned subsidiary of Natixis Global Asset Management, L.P. Loomis manages a wide variety of strategies in both equity and fixed income space, but the latter is its core specialty.
- Veteran portfolio manager, Dan Fuss, leads the Core Plus Full Discretion product. The four member portfolio management team averages 34 years total experience and 25 years at the firm. The large and seasoned research staff averages 13 years of total investment experience.
- The team primarily employs a bottom-up approach that seeks to exploit market inefficiencies through fundamental analysis with a heavy emphasis on corporates. This approach is value-driven with emphasis on capturing alpha from market overreactions, mispricing of risk, and technical factors. The strategy is very opportunistic in nature. The team works in concert with their economics group to understand the global relative value set.
- Sector Teams make recommendations across all fixed income products and identify horizon returns and risks for the investment – the macro views of the firm are also incorporated in the research of the Sector Teams. Research analysts use an independent ranking system for the securities they follow; from the security rankings, the portfolio management team selects securities with the best potential for improvement and/or favorable spread compression versus treasuries.



LOOMIS, SAYLES & COMPANY, LP – CORE PLUS FULL DISCRETION (CPFD)

Key Differentiator: Long-standing value-oriented strategy with agnostic view toward volatility when long-term opportunities present themselves.

- **Investment Thesis:**

- **Opportunistic Driven** – As opposed to the tracking error-centric Core Plus manager that is more prevalent in the market, CPFD welcomes volatility and will move aggressively to exploit market inefficiencies generated from market overreactions, mispricing of risk, and technical factors. Their primary driver of returns will be yield which will mean a bias toward credit at most times.
- **Low Turnover** – While performance may whip up and down dramatically given the strategy’s opportunistic lean, the steady hand of the team keeps turnover limited as they seek to generate long-term value.
- **Seasoned and Deep Team** – Dan Fuss is the face of the strategy and his status in the fixed income market is established as one of the veteran voices. He has worked alongside Matt Eagan and Elaine Stokes for 19 and 22 years, respectively, providing a solid foundation for the continuity of the philosophy and process. In addition, Loomis, Sayles has a considerable research effort encompassing 76 analysts with 13 years of average experience.

- **Risks/Concerns:**

- **Tracking Error** – The total return orientation of the strategy comes with a well above market standard dose of volatility/tracking error which could cause consternation for those of a short-term mindset or those looking for fixed income to form the anchor of the portfolio. A credit bias and longer duration profile will expose the strategy during the times of spread widening or rate increases.
- **Fuss Departure** – Although Fuss’s client responsibilities are limited to a handful of relationships now, his direct link to this strategy will likely cause outflows in the event of his departure. At over 80 years old, there is heightened risk although he continues to remain active. However, fellow PM, Eagan, has largely transitioned to be the next generation “face” of the strategy helping to alleviate any concern over a transition.
- **Retail Asset Concentration** – The strategy’s sizable retail base of assets (\$9B of the \$16B) could be susceptible if there is a broad move away from fixed income (rising rate) or more credit-oriented products (high yield defaults).

- **Performance Review and Expectations:**

- Excess return expectations are 150 bps to 250 bps with tracking error of 350 bps to 600 bps.

NEUBERGER BERMAN – CORE PLUS

TOP TIER

FIRM DETAILS

Address: 605 Third Avenue
New York, NY 10158

Phone: 212.476.9000

Asset Class: Core Plus Fixed Income

Benchmark: Barclays Universal

Founded: 1939

Ownership: 100% employee owned

Assets Under Management: \$240.4 billion

PRODUCT DETAILS

Inception: October 1998

Assets Under Management: \$3.2 billion

Vehicles Offered: SA, CF

Separate Account Minimum: \$50 million

Portfolio Managers/Dual Role PMs: 7

Avg. Yrs of Experience: 25

Avg. Yrs at Firm: 13

Research Analysts: 56

Avg. Yrs of Experience: 11

Avg. Yrs at Firm: 5

Fee Schedule: 0.35% on first \$50 million
0.25% on next \$100 million
0.20% on next \$100 million
0.15% on next \$250 million
0.12% on balance

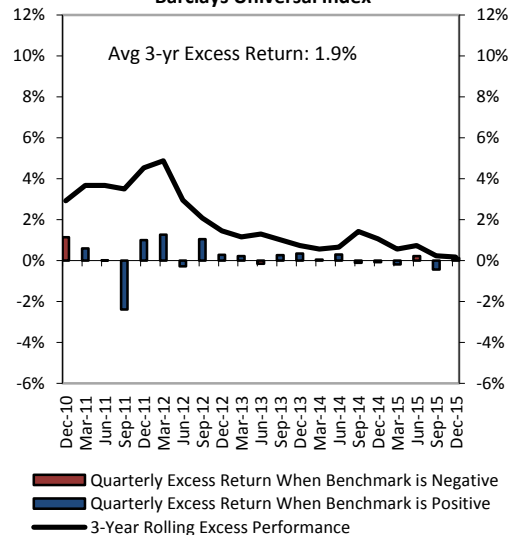
(Performance-based fees are available)

CHARACTERISTICS

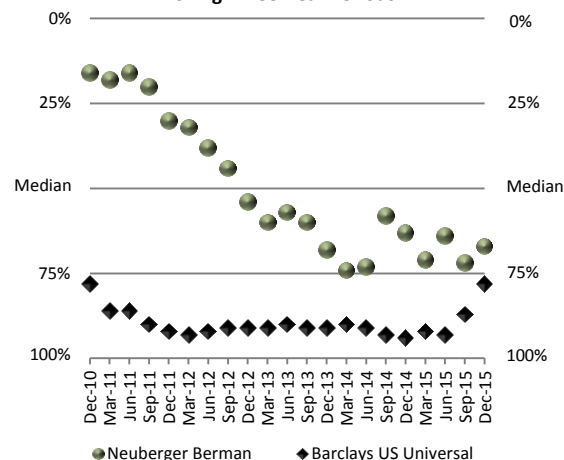
	Portfolio	Benchmark
No of Bonds:	251	14,955
Portfolio Turnover:	78%	N/A
Avg Credit Quality:	A	AA
Min Credit Quality:	CCC	NR
Duration:	5.1 yrs	5.4 yrs
<u>Last 3 Years:</u>		
Information Ratio:	0.4	N/A
Sharpe Ratio:	0.6	0.5

ROLLING PERFORMANCE AND RANKINGS

Three-Year Rolling/Quarterly Excess Performance vs.
Barclays Universal Index



Manager vs. Core Plus Universe
Rolling Three-Year Periods



QUALITATIVE OVERVIEW

- Neuberger Berman is a 100% employee-owned firm made up of a collection of former Lehman's asset management firms including the original Neuberger Berman. The original Neuberger Berman traces its roots back to 1939.
- Andy Johnson and Athanassios Bardas serve as the lead portfolio managers on the Core Plus strategy. The seven portfolio managers average 25 years of experience while the deep pool of analysts average 11 years of experience. An emerging markets debt team was lifted out of ING, providing the Core Plus strategy with a new plus sector.
- Neuberger has adopted the term 'State Space' for their unique take on asset allocation. The State Space analysis is targeted at developing from the bottom up, Neuberger's view on the return potential for a sector as well as its level of confidence in that forecast. Underlying Neuberger's adoption of State Space is the belief that a regimented approach will help them to capture alpha where their views deviate from consensus on expected return and risk. High yield and emerging markets serve as plus sectors and can make up 20% of the portfolio.
- Neuberger's State Space requires sector teams to come up with a manageable amount of potential scenarios for their sector with expected returns and probabilities. These states are then translated into an expected return and confidence interval. Where the team has a differentiated view and is confident, there will be a greater overweight. Sector teams are then responsible for security selection. Analysts present their ideas to sector teams for approval after exhaustive research. Once passed, senior professionals on the Credit Committee then review for approval. Accepted issues will be implemented across all portfolios.

QUALITATIVE RANKING

FIRM	-2	-1	0	1	2
Empl Ownership					
Mgmt Consistency					
Focus					
Cost					
Litigation					
Responsiveness					
TOTAL					+5

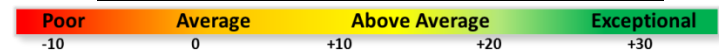
PRODUCT	-2	-1	0	1	2
History					
Size					
Growth					
Asset Split					
TOTAL					+5

TOTAL QUALITATIVE SCORE:

PERSONNEL	-3	-2	-1	0	1	2	3
Staff Depth							
Experience							
Stability							
Support							
TOTAL							+6

PHILOSOPHY	-3	-2	-1	0	1	2	3
Philosophy							
Duration Mgmt							
Curve Mgmt							
Sector Mgmt							
Issue Selection							
Derivatives							
Risk Mgmt							
TOTAL							+9

+25



NEUBERGER BERMAN – CORE PLUS

Key Differentiator: Unique bottom-up scenario generation feeds a robust, risk controlled sector allocation process.

- **Investment Thesis:**

- **Talented Leadership** – Andy Johnson, head of investment grade fixed income, is the architect of the strategy. After the global financial crisis, Andy sought to re-think how Neuberger made sector allocation decisions and has transformed the process in his more mathematically-inclined image. Andy's leadership has provided Neuberger with a clear, market differentiated identity in a sea of vanilla core plus products.
- **Unique Take On Sector Allocation** – As opposed to the more typical top-down, one-size fits all scenario analysis used at other firms, Neuberger takes the unique step of conducting bottom-up scenario analysis ('State Space') that is flexible to the most pertinent issues facing a sector.
- **100% Employee Owned** – The employees of Neuberger have completed the buyback of the firm from the Lehman estate as of late-2014. This alignment of interest with clients is exceedingly rare for a firm of this size.
- **Broad Opportunity Set** – As compared to smaller, more single sector focused core plus managers, the strategy has access to a full suite of plus sector investments. Neuberger, a market leader in high yield, recently added a substantial portion of ING's emerging markets debt team.

- **Risks/Concerns:**

- **Lack of Assets In Commingled Vehicles** – Prior to late-2014, the strategy was only available as a separate account. While an ERISA-only commingled fund has been launched, assets remain low.
- **Limited Track Record Under New Process** – Neuberger's sector allocation process is unique and has yet to be tested in a severe market correction. It relies on the sector analyst to determine overheating in their sector as opposed to a generalist economist.

- **Performance Expectations:**

- Excess return expectations are 75 to 100 bps over a 3- to 5-year market cycle with an expected tracking error of 125 to 175 bps.

WESTERN ASSET MANAGEMENT COMPANY (WAMCO) – US CORE FULL

TOP TIER

FIRM DETAILS

Address: 385 E. Colorado Boulevard
Pasadena, CA 91101

Phone: 626.844.9400

Asset Class: Core Plus Fixed Income

Benchmark: Barclays Universal

Founded: 1971

Ownership: 100% owned by Legg Mason, Inc.

Assets Under Management: \$433.7 billion

PRODUCT DETAILS

Inception: February 1993

Assets Under Management: \$55.6 billion

Vehicles Offered: SA, CF, MF

Separate Account Minimum: \$75 million

Portfolio Managers/Dual Role PMs: 65

Avg. Yrs of Experience: 23

Avg. Yrs at Firm: 10

Research Analysts: 45

Avg. Yrs of Experience: 19

Avg. Yrs at Firm: 8

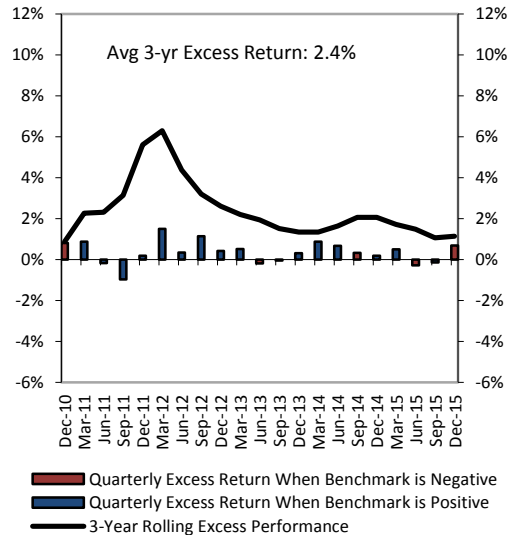
Fee Schedule (SA): 0.30% on first \$100 million
0.20% on balance
(Performance-based fees are available)

CHARACTERISTICS

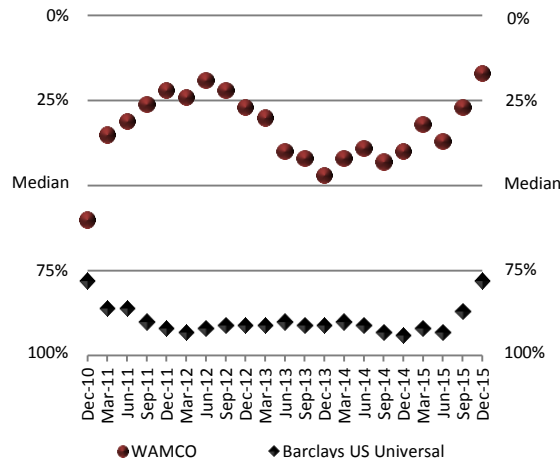
	Portfolio	Benchmark
# of Bonds:	1,147	14,955
Portfolio Turnover:	55%	N/A
Avg Credit Quality:	A	AA
Min Credit Quality:	CCC	NR
Duration:	6.7 yrs	5.4 yrs
Last 3 Years:		
Information Ratio:	1.5	N/A
Sharpe Ratio:	0.8	0.5

ROLLING PERFORMANCE AND RANKINGS

Three-Year Rolling/Quarterly Excess Performance vs. Barclays Universal Index



Manager vs. Core Plus Universe Rolling Three-Year Periods



QUALITATIVE OVERVIEW

- Western Asset Management (WAMCO or Western) was founded in 1971 and was purchased by Legg Mason in 1986. In 2005, WAMCO expanded its capabilities, offices, and strategies through Legg Mason's acquisition of a substantial part of Citigroup Asset Management. WAMCO is focused exclusively on fixed income management and offers a diverse fixed income product line ranging from enhanced cash mandates to unconstrained mandates.
- Carl Eichstaedt and Mark Lindbloom oversee the Core Plus strategy. Additionally, the US Broad Market Committee headed by CIO, Ken Leech, is a major driver of the strategy. Portfolio managers average 23 years of investment experience while research analysts average 19 years of investment experience.
- Philosophically, WAMCO believes in utilizing a diverse range of strategies within a risk-controlled environment to generate excess returns. The firm primarily relies on its sector rotation skills and emphasizes spread sectors, such as corporates and structured product, due to the inherent yield advantage. Treasuries are deemed a poor store of value over the long term.
- The US Broad Market Committee is responsible for setting allocation and duration targets for all the major sectors. These decisions are based on the firm's economic outlook and its potential impact on factors that drive yield spreads. Sector teams are tasked with achieving these targets utilizing their own sector outlook and strategy to guide how they implement. The sector teams are responsible for issue selection within their area of expertise; the teams strive to uncover undervalued/mispriced securities within a sector.

QUALITATIVE RANKING

FIRM	-2	-1	0	1	2
Empl Ownership					
Mgmt Consistency					
Focus					
Cost					
Litigation					
Responsiveness					
TOTAL					+1

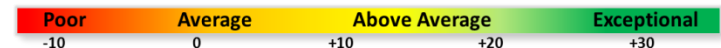
PERSONNEL	-3	-2	-1	0	1	2	3
Staff Depth							
Experience							
Stability							
Support							
TOTAL							+6

PRODUCT	-2	-1	0	1	2
History					
Size					
Growth					
Asset Split					
TOTAL					+3

PHILOSOPHY	-3	-2	-1	0	1	2	3
Philosophy							
Duration Mgmt							
Curve Mgmt							
Sector Mgmt							
Issue Selection							
Derivatives							
Risk Mgmt							
TOTAL							+10

TOTAL QUALITATIVE SCORE:

+20



WESTERN ASSET MANAGEMENT COMPANY (WAMCO) – US CORE FULL

Key Differentiator: Spread sector-focused manager who brings an extensive history of bond management and seasoned professionals to the table.

- **Investment Thesis:**

- **Fixed Income Focus** – Western (WAMCO) has built its reputation solely on its successful management of fixed income portfolios. It remains dedicated to the asset class and has a well-diversified lineup of strategies encompassing domestic and global mandates.
- **Spread Sector Philosophy** – WAMCO is first and foremost a spread sector manager and has not shied away from its fundamental belief in yield. This product will be volatile given its spread-sector bias, but the team has been able to remain steadfast in tough periods and recover short-term underperformance.
- **Deep/Seasoned Team** – Led by CIO, Ken Leech, WAMCO's senior professionals are supported by one of the larger fixed income teams in the industry consisting of 65 portfolio managers and 45 research analysts with 23 and 19 years average experience, respectively. Even in the midst of its worst hours, WAMCO was able to attract experienced, senior level professionals to the firm.

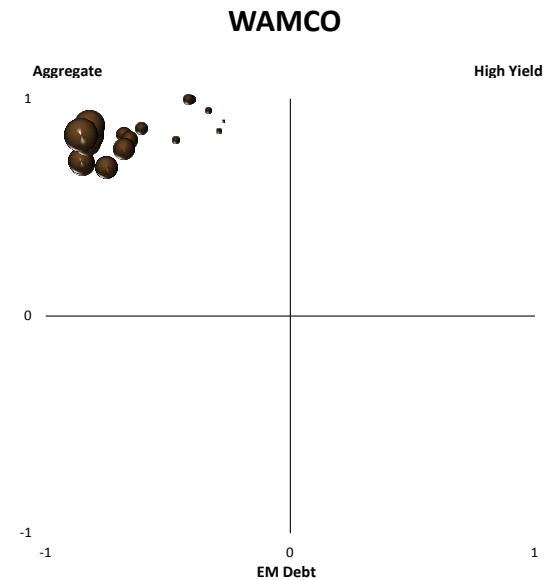
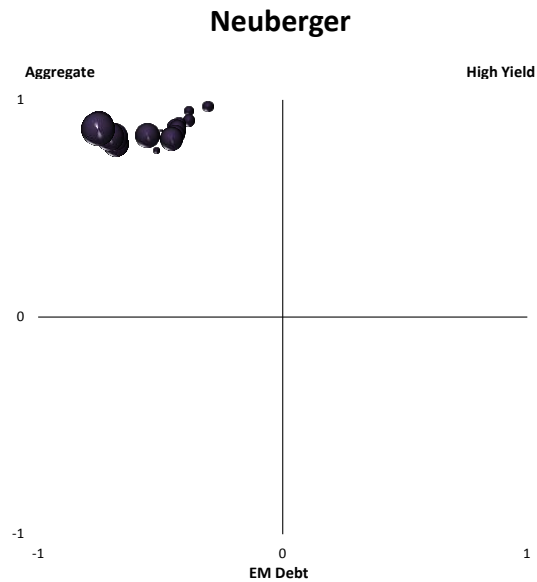
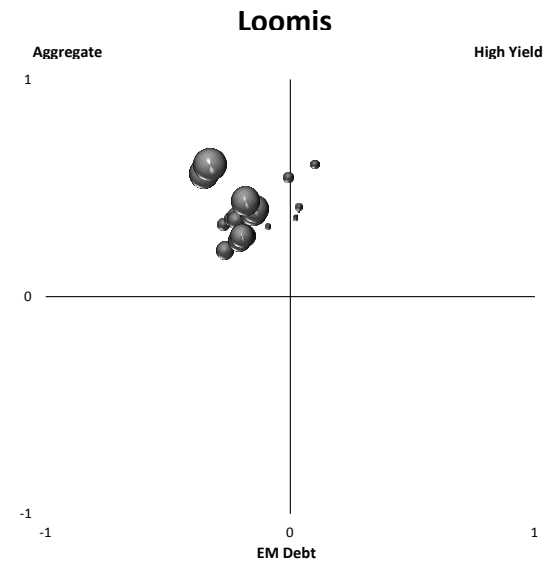
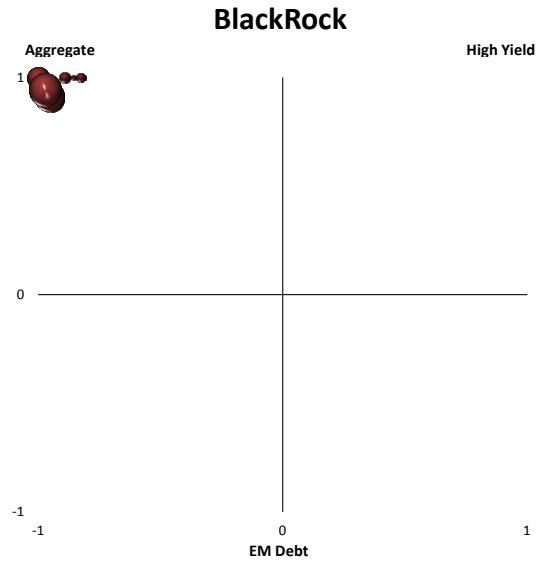
- **Risks/Concerns:**

- **Investment Style** – WAMCO's adherence to its spread philosophy needs to be understood and respected during volatile market periods. Balancing one's exposure to WAMCO with a more stable fixed income strategy is prudent.
- **Succession Plan Announcement** – After successfully transitioning investment leadership from Steve Walsh back to former CIO Ken Leech, WAMCO has moved to further address succession planning. In 1Q2015, Michael Buchanan was named as Deputy CIO to provide greater clarity regarding Ken's eventual successor. While Michael, previously Head of Global Credit, certainly has the background in spread sectors you would expect from WAMCO, he lacks Ken's background in Macro, a potential concern for broad market strategies.
- **Regulatory** – While admitting no guilt or wrongdoing, WAMCO settled and paid a fine to end SEC/DOL investigations. This will be a hit to its reputation over the near-term.

- **Performance Expectations:**

- Excess return expectations are 100-125 basis points over the next market cycle.

STYLE ANALYSIS, ROLLING THREE-YEAR PERIODS



PERFORMANCE RETURNS

Manager vs Benchmark										
As of 12/31/15	1 year		3 years		5 years		7 years		10 years	
BlackRock	0.46%		1.72%		4.14%		6.07%		5.76%	
Loomis, Sayles	-2.83%		1.22%		4.59%		7.41%		6.66%	
Neuberger Berman	0.15%		1.68%		3.87%		6.99%		5.70%	
WAMCO	1.20%		2.65%		4.84%		8.03%		5.47%	
Barclays US Universal	0.43%		1.51%		3.46%		4.70%		4.67%	
Calendar Year Return										
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
BlackRock	0.46%	7.08%	-2.14%	6.02%	9.77%	7.37%	14.87%	4.82%	4.81%	5.51%
Loomis, Sayles	-2.83%	6.91%	-0.18%	11.57%	8.18%	11.06%	18.67%	1.79%	6.88%	6.17%
Neuberger Berman	0.15%	5.71%	-0.70%	7.95%	6.56%	9.96%	20.69%	-2.60%	5.61%	5.45%
WAMCO	1.20%	7.70%	-0.76%	9.12%	7.32%	11.51%	21.61%	-9.95%	3.65%	6.22%
Barclays US Universal	0.43%	5.56%	-1.35%	5.53%	7.40%	7.16%	8.60%	2.38%	6.50%	4.97%

STATISTICAL SUMMARY

As of 12/31/15	BlackRock	Loomis, Sayles	Neuberger Berman	WAMCO	Barclays US Universal
3 Year Performance:					
Annualized Return	1.7%	1.2%	1.7%	2.7%	1.5%
Annualized St. Dev	3.1%	4.0%	2.8%	3.2%	2.7%
Sharpe Ratio	0.55	0.29	0.58	0.80	0.53
Tracking Error	0.6%	2.4%	0.5%	0.8%	N/A
Info Ratio	0.34	-0.12	0.36	1.50	N/A
Batting Average	66.7%	58.3%	58.3%	66.7%	N/A
Up Market Capture	106.4%	103.7%	105.2%	132.9%	N/A
Down Market Capture	98.0%	126.1%	98.6%	88.1%	N/A
5 Year Performance:					
Annualized Return	4.1%	4.6%	3.9%	4.8%	3.5%
Annualized St. Dev	3.3%	3.8%	2.7%	2.9%	2.6%
Sharpe Ratio	1.23	1.19	1.40	1.64	1.30
Tracking Error	1.1%	2.5%	1.5%	1.1%	N/A
Info Ratio	0.60	0.46	0.28	1.24	N/A
Batting Average	70.0%	70.0%	65.0%	70.0%	N/A
Up Market Capture	115.4%	132.0%	109.3%	129.5%	N/A
Down Market Capture	98.0%	126.1%	98.6%	88.1%	N/A
7 Year Performance:					
Annualized Return	6.1%	7.4%	7.0%	8.0%	4.7%
Annualized St. Dev	4.0%	5.1%	4.5%	4.9%	3.0%
Sharpe Ratio	1.46	1.41	1.50	1.59	1.50
Tracking Error	1.5%	3.1%	2.7%	2.8%	N/A
Info Ratio	0.94	0.87	0.85	1.20	N/A
Batting Average	71.4%	71.4%	71.4%	75.0%	N/A
Up Market Capture	126.7%	151.2%	138.7%	157.5%	N/A
Down Market Capture	110.1%	108.7%	78.1%	75.6%	N/A
10 Year Performance:					
Annualized Return	5.8%	6.7%	5.7%	5.5%	4.7%
Annualized St. Dev	3.9%	5.0%	4.3%	5.2%	3.1%
Sharpe Ratio	1.14	1.07	1.01	0.79	1.08
Tracking Error	1.4%	2.8%	2.6%	3.7%	N/A
Info Ratio	0.75	0.70	0.40	0.22	N/A
Batting Average	65.0%	70.0%	65.0%	62.5%	N/A
Up Market Capture	120.4%	141.6%	118.9%	119.2%	N/A
Down Market Capture	102.3%	130.5%	100.6%	127.9%	N/A

GUIDELINE REVIEW

	BlackRock	LM Capital	Loomis, Sayles	Neuberger Berman	Prudential	WAMCO
High Yield	20%	10%	50%	20%	30%	20%
Emerging Markets	20%	20%	40%	20%	30%	20%
Non-Dollar	20%	10%	50%	20%	30%	20%

HIGH YIELD MANAGER OPTIONS

POTENTIAL HIGH YIELD STRATEGIES TO REPLACE EATON VANCE (BANK LOANS)

- If the Committee wishes to maintain separate allocations to EMD and Bank Loans, a potential consideration would be to replace the current Bank Loans manager, Eaton Vance, with a dedicated High Yield manager. Below are the High Yield managers Summit would recommend for initial consideration.

Top Tier

Firm	Product Name	Separate Account Minimum	Commingled Fund Minimum	Mutual Fund Information	Comments
Fort Washington Investment Advisors	High Yield Fixed Income	\$20 million	\$500,000	THIYX \$500,000 0.72%	Fundamental analysis-based strategy led by a seasoned team with an eye toward defensive investing within high yield; Focuses on upper echelons of quality and avoids investments in CCCs.
MacKay Shields	High Yield Active Core	\$75 million	\$2 million	n/a	Philosophy focuses on eliminating uncompensated risk and managing the downside risk; Target average credit quality is B; Four-member portfolio management team is well seasoned and has a 15+ year history working together.
Shenkman Capital Management	High Yield Bond Strategy	\$50 million	\$1 million	HYFAX \$1,000 0.65%	Employee-owned, high yield focused firm led by high yield veteran; Bottom-up, fundamental style with defensive tilt but does not shy from CCCs; Historically overweight to B rated securities; Patented credit scoring system.

2nd Tier/Pipeline

Firm	Product Name	Separate Account Minimum	Commingled Fund Minimum	Mutual Fund Information	Comments
Hotchkis & Wiley	High Yield	\$50 million	n/a	HWHIX \$1 million 0.70%	Former PIMCO high yield lead PMs; Have been with H&W for over five years now and have established themselves; Performance has held up during this transition.
Pacific Income Advisers	High Yield	\$10 million	n/a	PHYSX \$1 million 0.73%	PMs average 20+ years investment experience; Philosophy focuses on industries with low cash flow volatility to service debt regardless of the next macro trend.

Mutual Fund Information is obtained from Morningstar and additional expenses may apply; refer to firm's prospectus for exact fees.

SIDE BY SIDE COMPARISON

High Yield Fixed Income						
	As of 12/31/15	Fort Washington	Hotchkis and Wiley	MacKay Shields	Pacific Income Advisers	Shenkman
Firm	Headquarters Location	Cincinnati, OH	Los Angeles, CA	New York, NY	Santa Monica, CA	New York, NY
	Firm Assets	\$42.9B	\$28.4B	\$89.2B	\$10.1B	\$28.7B
	Ownership	100% owned by Western & Southern Financial Group	54% employee owned; 46% other ownership	100% owned by New York Life Insurance Company	100% employee owned	99% employee owned; 1% owned by outside investor
	Product Inception Date	July 1994	May 2009	July 1997	March 1999	January 1986
Product	Product Assets	\$5.7B	\$2.8B	\$10.1B	\$617M	\$11.4B
	Vehicle(s) Available	SA, CF, MF	SA, MF	SA, CF	SA, MF	SA, CF, MF
	Separate Account Minimum	\$20M	\$50M	\$75M	\$10M	\$50M
	Commingled Fund Minimum	\$500,000	N/A	\$2M	N/A	\$1M
Characteristics	Mutual Fund Minimum	\$500,000	\$1M	N/A	\$1M	\$1,000
	Security Screening Approach	Combined	Bottom-Up	Combined	Combined	Bottom-Up
	No. of Securities	300	158	244	124	240
	Portfolio Turnover	34%	42%	17%	24%	36%
	Average Quality	B	B	BB	B	B
	Yield to Maturity	7.88%	10.91%	9.10%	10.36%	7.43%
	Duration Band Around Index	± 1 year	± 1 year*	± 50%	± 50%	3.5 to 4.5 years**

*Generally aims to be duration neutral

**Absolute Range

PERFORMANCE RETURNS

Manager vs Benchmark										
As of 12/31/15	1 year		3 years		5 years		7 years		10 years	
Fort Washington	-3.82%		1.56%		4.97%		11.62%		6.93%	
Hotchkis and Wiley	-3.72%		2.41%		5.72%		N/A		N/A	
MacKay Shields	-4.95%		1.29%		4.64%		11.98%		7.82%	
Pacific Income Advisers	-0.96%		3.71%		5.96%		12.31%		9.00%	
Shenkman	-2.00%		2.29%		4.96%		9.58%		6.39%	
Barclays US Corporate High Yield	-4.47%		1.69%		5.04%		12.84%		6.96%	
Calendar Year Return										
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Fort Washington	-3.82%	2.50%	6.26%	14.09%	6.63%	13.62%	49.08%	-19.18%	3.38%	8.34%
Hotchkis and Wiley	-3.72%	1.73%	9.65%	19.20%	3.14%	19.98%	N/A	N/A	N/A	N/A
MacKay Shields	-4.95%	1.74%	7.45%	17.28%	2.98%	16.75%	50.75%	-16.59%	3.49%	11.37%
Pacific Income Advisers	-0.96%	3.06%	9.28%	14.63%	4.44%	16.94%	44.33%	-17.70%	7.59%	18.61%
Shenkman	-2.00%	2.91%	6.13%	12.44%	5.87%	12.75%	32.09%	-13.37%	3.76%	8.91%
Barclays US Corporate High Yield	-4.47%	2.45%	7.44%	15.81%	4.98%	15.12%	58.21%	-26.15%	1.87%	11.85%

STATISTICAL SUMMARY

As of 12/31/15	Fort Washington	Hotchkis and Wiley	MacKay Shields	Pacific Income Advisers	Shenkman	Barclays US Corporate High Yield
3 Year Performance:						
Annualized Return	1.6%	2.4%	1.3%	3.7%	2.3%	1.7%
Annualized St. Dev	5.7%	5.8%	5.4%	4.7%	4.9%	5.4%
Sharpe Ratio	0.27	0.41	0.23	0.77	0.45	0.31
Tracking Error	1.0%	1.3%	0.5%	1.2%	1.0%	N/A
Info Ratio	-0.14	0.57	-0.78	1.71	0.57	N/A
Batting Average	50.0%	75.0%	16.7%	83.3%	50.0%	N/A
Up Market Capture	101.1%	117.5%	94.1%	115.5%	98.3%	N/A
Down Market Capture	104.7%	105.2%	102.3%	70.5%	82.9%	N/A
5 Year Performance:						
Annualized Return	5.0%	5.7%	4.6%	6.0%	5.0%	5.0%
Annualized St. Dev	6.2%	7.6%	6.9%	5.7%	5.8%	6.6%
Sharpe Ratio	0.79	0.75	0.67	1.03	0.85	0.75
Tracking Error	1.2%	1.6%	0.9%	1.5%	1.3%	N/A
Info Ratio	-0.06	0.43	-0.46	0.63	-0.06	N/A
Batting Average	40.0%	70.0%	25.0%	60.0%	40.0%	N/A
Up Market Capture	95.5%	115.1%	97.3%	98.6%	90.4%	N/A
Down Market Capture	92.2%	114.4%	104.2%	73.5%	81.2%	N/A
7 Year Performance:						
Annualized Return	11.6%	N/A	12.0%	12.3%	9.6%	12.8%
Annualized St. Dev	9.6%	N/A	10.2%	8.6%	6.8%	11.1%
Sharpe Ratio	1.20	N/A	1.15	1.41	1.39	1.14
Tracking Error	2.2%	N/A	2.0%	3.4%	6.3%	N/A
Info Ratio	-0.56	N/A	-0.42	-0.16	-0.52	N/A
Batting Average	35.7%	N/A	32.1%	57.1%	35.7%	N/A
Up Market Capture	90.1%	N/A	96.0%	89.4%	74.4%	N/A
Down Market Capture	90.9%	N/A	108.2%	63.5%	79.0%	N/A
10 Year Performance:						
Annualized Return	6.9%	N/A	7.8%	9.0%	6.4%	7.0%
Annualized St. Dev	10.3%	N/A	10.2%	10.4%	7.3%	12.2%
Sharpe Ratio	0.54	N/A	0.64	0.74	0.69	0.46
Tracking Error	2.5%	N/A	3.0%	3.9%	6.2%	N/A
Info Ratio	-0.01	N/A	0.29	0.53	-0.09	N/A
Batting Average	40.0%	N/A	40.0%	65.0%	45.0%	N/A
Up Market Capture	89.7%	N/A	95.5%	103.7%	76.7%	N/A
Down Market Capture	79.9%	N/A	76.5%	72.8%	61.9%	N/A

REAL ESTATE REVIEW

REAL ESTATE PORTFOLIO – MANAGER EVALUATION

AS OF 02/29/2016

	Performance(%)					Inception				
	1 Year	3 Year	5 Year	Since Inception	2015	2014	2013	2012	2011	Date
Real Estate										
JP Morgan	13.38	13.48	13.74	8.26	15.24	11.14	15.90	12.12	15.96	Apr-2005
<i>NCREIF Fund Index - ODCE [M]</i>	<i>15.01</i>	<i>13.81</i>	<i>13.66</i>	<i>7.43</i>	<i>15.01</i>	<i>12.50</i>	<i>13.94</i>	<i>10.94</i>	<i>15.99</i>	
Excess Return	-1.63	-0.33	0.08	0.83	0.23	-1.36	1.96	1.18	-0.03	
Principal Global Investments	14.20	-	-	14.12	14.68	13.87	-	-	-	Apr-2013
<i>NCREIF Fund Index - ODCE [M]</i>	<i>15.01</i>	<i>13.81</i>	<i>13.66</i>	<i>13.20</i>	<i>15.01</i>	<i>12.50</i>	<i>13.94</i>	<i>10.94</i>	<i>15.99</i>	
Excess Return	-0.81	-	-	0.92	-0.33	1.37	-	-	-	

Manager	Structural Fit	Manager Evaluation	Implementation Notes
JP Morgan	●	●	The fund focuses on large core assets across the four main property types: office, industrial, retail, and multi-family that are located in major gateway markets. Portfolio Manager Kimberly Adams has been lead PM since 2012 and is supported by Doug Schwartz, Deputy Chief Investment Officer, and 240 other investment professionals across 7 offices. The Fund's investment strategy is designed to generate top returns while maintaining conservative leverage between 25% to 30%.
Principal Global Investments	●	●	The Core real estate fund focuses on high-quality, well-leased properties in the multi-family, office, industrial, retail and hotel sectors. The Fund is designed to maintain a diversified portfolio and meet or exceed the NCREIF-ODCE Index over any market cycle. The income oriented Fund is currently well occupied at 94% across the entire portfolio and holds a very modest level of leverage at 21%.

CORE PLUS / VALUE-ADD REAL ESTATE MANAGER SEARCH

- The Plan is slightly underweight to real estate and has the ability invest in a more Alpha-generating type vehicle.

Open-End Core Real Estate Funds
Accepting New Investments
26

Open-End Core Real Estate Funds
Part of the NFI-ODCE Index
22

Open-End Real Estate Funds
Closely Monitored by Summit
19

Open-End Core Plus Real Estate Funds
Closely Monitored by Summit
8

Core plus funds
Available for new investment
3

1. Summit's Manager Research Team tracks all 26 open-end Core Real Estate Funds raising capital and actively investing in U.S. commercial real estate properties.
2. The NCREIF Fund Index – Open End Diversified Core Equity (NFI-ODCE) is the primary benchmark to which these 26 funds measure themselves.
 - The Index is comprised of 22 firms.
3. Summit-advised clients have exposure to 19 of these real estate funds. The monitoring process includes:
 - Quarterly performance in relation to its benchmark.
 - Use of fund leverage and review of property types and locations.
 - Overall terms and Redemption/Contribution queues.
 - Quarterly conference calls and annual meetings attendance.
4. In addition to the real estate funds that make up the NFI-ODCE index, there are a number of core plus vehicles which benchmark themselves to the same index.
5. Three core plus funds are approved by Summit and could accept new capital.

CORE PLUS FUNDS AVAILABLE FOR NEW INVESTMENT

- **Principal Real Estate Investors: Principal Enhanced Property Fund**

- Pros:
 - Modest leverage of only 38%
 - 2015 gross annualized return of 24%
- Cons:
 - Overweight to Houston
 - 46% of debt is floating

- **JP Morgan: Special Situations Property Fund**

- Pros:
 - 2015 gross annualized return of 21%
 - Balanced portfolio across all major U.S. markets
- Cons:
 - Portfolio is only 74% occupied
 - History of volatile returns

- **Prudential Real Estate: PRISA II***

- Pros:
 - Consistent returns through multiple market cycles
 - Low leverage vehicle with only 30% current LTV
- Cons:
 - Current leadership change with Portfolio Manager

*PRISA II is currently not accepting new capital however, the plan could access the fund through a Secondary Transaction.

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